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**UTILIMETRICS OFFERS OPTIMISTIC
STATE-OF-THE-INDUSTRY ADDRESS AT ANNUAL CONFERENCE**

Chicago, Ill – [Utilimetrics](http://utilimetrics.org), the world's premier utility technology association, reported industry survey results indicating the market is bullish at its annual conference and expo last month.

Utilimetrics CEO Joel Hoiland gave the association's first state-of-the-industry address to nearly 1,400 Autovation® attendees in Denver. His remarks were based on information gleaned from Utilimetrics' early September survey designed to capture utility professionals' perceptions of current regulatory and market trends. There were definitive responses to 40 survey items from nearly 70 utilities across North America.

"Utility professionals clearly believe that even in an overall period of economic downturn, the prospects for the utility technology industry itself are extremely positive in terms of both the regulatory and the economic environment," Hoiland said.

However, more than 80 percent of the utilities surveyed expect the uncertain economy to continue to have lingering effects on their business. In fact, when asked directly whether the economy will rebound by the end of this year, the clear majority of respondents believe the economy will remain depressed well into next year. Yet across the board, the recession has not resulted in significant layoffs or incentives for early retirement – as just under two-thirds of

survey respondents report that their organizations have not engaged in layoffs or early retirement programs. In fact, only 12 percent indicated some form of downsizing. Instead, the economic environment may have significantly impacted organizational structure rather than composition in that 39 percent of respondents say that their organizations have eliminated marginally productive business units or projects within the last year.

“In addition, the outcome of public policy and regulatory issues obviously plays a prominent role in our industry, and will continue to do so throughout the next two years,” Hoiland added. According to survey results, industry experts hope that climate change legislation will pass by December, when President Barack Obama plans to attend the U.N. Climate Change Conference in Copenhagen. “By some accounts, a clean energy bill could streamline upward of \$190 billion into energy-related projects, helping to create numerous green jobs and jump start smart-metering initiatives.”

Industry experts are looking to the \$787 billion economic stimulus package to boost the industry itself. Just more than two-thirds of Utilimetrics members have applied for stimulus funds, while nine percent – mostly in the water side of the business -- have already received stimulus funding.

Hoiland added, “As a result of stimulus funding, several utilities are now accelerating existing projects or examining new ones while awaiting stimulus monies. Many are increasing the size of projects according to stimulus dollars they receive -- above and beyond what they had originally budgeted for the year. Utilities are also applying for stimulus dollars for new

technologies they hadn't previously considered that will help them reduce water losses and aid in conservation efforts."

"Nearly 90 percent of our survey respondents indicate that investments in strategies and technology to optimize utility efficiency and meet changing consumer needs are increasing despite continuing economic turbulence," Hoiland said.

Results strongly indicate, for example, that utilities are continuing to commit their capital expense dollars at an accelerated pace toward specific technologies including smart meters, demand response, and solutions that link their smart-metering data to enterprise-wide information technologies and processes.

The majority of respondents believe that smart meters will be an important factor in carbon reductions, greening efforts, and demand-response solutions. Additionally, with only a six percent North American rollout benchmark – the North American market alone, is extraordinary and respondents clearly concur. In fact, nearly 70 percent indicate that they are either planning or already executing smart-meter deployment projects this year or in 2010. Another 12 percent are considering when to deploy.

Of course activity is not limited to the North American market. In Europe - Norway, Sweden and Italy - have already mandated the use of smart meters, and the European Union is reportedly close to mandating smart meter use for all of its other member nations. There are also considerable smart meter initiatives in Australia, and the industry can look to rapid rollout when and if China makes a decision to deploy.

Key issues of concern include the long-term impact of rapid-market penetration, interoperability and rate-recovery concerns.

“More than a handful of industry experts warn that the anticipated sudden increase in stimulus funds could result in the industry rolling out smart meters at a pace that leads to market saturation on an unnaturally abbreviated lifecycle pattern which will ultimately create negative overall market outcomes,” Hoiland said. “Additionally, there is some concern that an accelerated rollout could lead to considerable consumer push-back, especially when privacy concerns are not addressed prior to rollouts.”

While overall respondents agree that smart-meter deployments will continue to increase, ensuring interoperability is considered a key factor impacting both procurement and deployment decisions. Using a five-point measurement scale, interoperability factors emerged as one of the most significant issues across all smart-meter deployment items with a mean response of 3.89.

“Interestingly, rate adjustment items produced somewhat conflicting results,” Hoiland said.

“When asked if deployments would be stalled without rate adjustments, respondents indicated that they believed deployments would be stalled, but when asked if they were concerned about rate recovery issues should they deploy a smart meter project, the mean response rate clearly declined.”

Hoiland summarized his state-of-the-industry address by saying, “This is an industry perched on the edge of both rapid change and expansion. Certainly there remain points of contention and opportunities for collaborative technological growth and development. But in a legislative

environment committed to sustainability, reinvestment and smart technology – utility professionals agree – the market is bullish indeed.”

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