



SLEMCO  
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To: SLEMCO AMI Team

Katama Technologies, as the contracted consulting firm for SLEMCO, has collaborated with the SLEMCO AMI Team to determine that significant benefits will be realized from the acquisition and deployment of an Advanced Metering Infrastructure (AMI) system. Among the key benefits expected include:

- Lower operating costs for meter reading, field services, and system operations
- Improved customer service and customer offerings
- Improved distribution system awareness, asset management, and response
- Reduced system losses
- Modernized infrastructure that better positions the utility for the digital future

Due to the strength of these benefits SLEMCO and KTI evaluated numerous AMI vendors to determine the best strategic partner. The initial evaluation considered all the relevant industry participants which was then narrowed to the finalists, Honeywell and Landis+Gyr. For each of the two finalists, KTI and SLEMCO received an on-site presentation, visited a key reference account and had a final question and answer session at the recent DistribuTECH conference in New Orleans. As a result of this analysis, KTI recommends Honeywell as SLEMCO's preferred strategic partner for the following reasons:

- Honeywell took no exceptions to the SLEMCO technical specifications and use cases.
- Honeywell's communication and metering technology uses a more recent design and provides better performance with lower expected operating costs and a reduced communications footprint.
- Honeywell agrees to a full, five-year warranty for the field hardware.
- Reference checks confirm Honeywell's experience, capabilities and performance.
- Honeywell's software has more advanced features and a more intuitive/modern user interface.
- The Honeywell approach to project management is more aligned with the concepts and needs of SLEMCO.

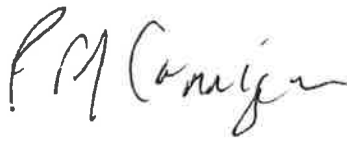
From a financial perspective, it should be noted that there was no discernable difference between the two finalists regarding acquisition costs and the long-term total cost of ownership. Therefore, cost is not a factor in this recommendation.

Katama Technologies recommends that SLEMCO approve the next phase of project and pursue contract negotiations with Honeywell for the implementation of a system-wide AMI system. We also recommend that AMI implementation include an acceptance test process that verifies functionality, performance and business process alignment.

Sincerely,

A handwritten signature in dark ink, appearing to read 'J. Gregor Johnson', with a long horizontal flourish extending to the right.

J. Gregor Johnson  
President

A handwritten signature in dark ink, appearing to read 'Pat M. Corrigan', with a long horizontal flourish extending to the right.

Pat M. Corrigan  
Consultant