

MYTHS AND FACTS

The following are some of the most commonly circulated myths, followed by facts supported by research.

Myth: Smart meter wireless signals create a health threat.

Fact: A smart meter emits radio frequency (RF) energy just like other wireless devices, and emit far less than many, including common household items like cordless phones, microwaves and baby monitors. RF emitted by smart meters is well below the limits set by the Federal Communications Commission. With more than 25,000 articles published on the topic over the last 30 years, scientific knowledge in this area is now more extensive than for most chemicals.

Myth: Smart meters will not keep my data secure.

Fact: Information sent wirelessly from smart meters is secured, encrypted, and includes only the meter number and the amount of energy used. No identifying personal information, such as name, address, or account number is ever included. CPS Energy never releases or sells customer data, and that will not change with the use of smart meters.

Myth: Smart meters are an invasion of privacy.

Fact: Smart meters measure how much energy you use based on time of day, not how energy is used. Furthermore, CPS Energy follows strict guidelines to ensure that your data is kept private and secure. In addition, meter readers no longer will have to enter customer backyards to read meters.

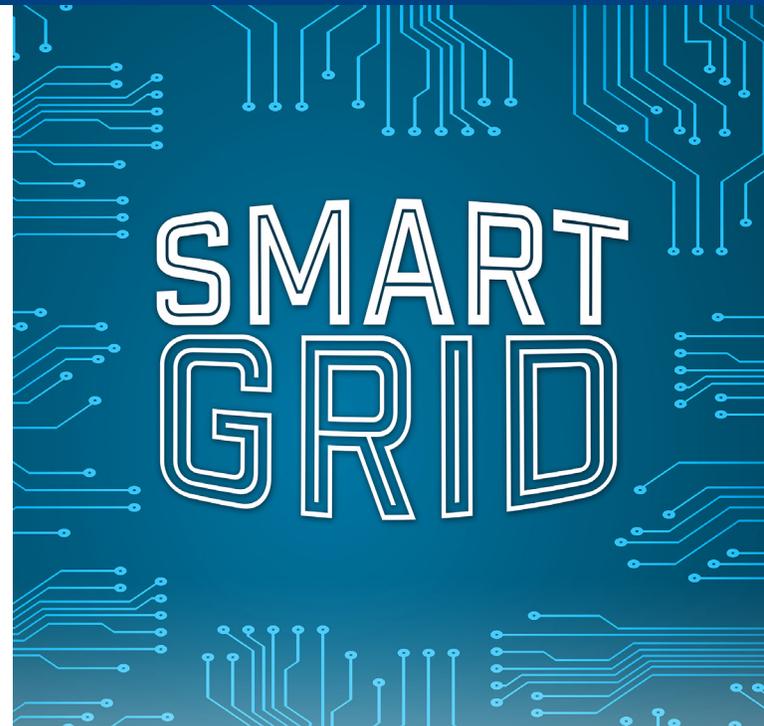
Myth: Smart meters will allow the utility to control my A/C or monitor my activities.

Fact: A smart meter is simply a measuring device, exactly like a traditional meter. It records the amount of electricity you use, but not how or where you use it. The meter does not allow CPS Energy to control any of your appliances.

Myth: Smart meters can cause fires.

Fact: Meters do not cause fires. "Arcing" or "sparking" can occur if the meter enclosure on the building has deteriorated. Safety is our first priority, and we understand the importance of proper installation. That's one reason why we've partnered with installers experienced in meter installations.

To find out more about smart meters and the benefits of the smart grid, call us at 210-353-4264 or email smartgrid@cpsenergy.com. More information and most recent version of this document can be found at cpsenergy.com - search "smart grid."



CPS ENERGY'S SMART GRID INITIATIVE

CPS Energy's Smart Grid Initiative is a major upgrade to our electrical grid, allowing us to keep pace with 21st century demands. When completed in 2018, the smart grid will allow automated, two-way communication between customers and CPS Energy. The smart grid will support increased electric and gas reliability, boost efficiency and reduce costs, increase your privacy and allow you to see the energy you're buying as you go.

The smart grid is made up of three main components:

- 1 Communications network of devices installed on utility poles, street lights and substations
- 2 Advanced Distribution Management System, which allows us to remotely manage the grid and smart meters
- 3 Customer portal to view and manage energy usage, and access to future products and services



When will I receive a smart meter?

Customers will be notified by mail and phone several weeks before installation. In most cases, the meter can be installed without turning off electricity or gas. You do not need to be home during installation.

Are the meter installers licensed electricians?

No. The work being performed by our installers is routine work. Similarly, a CPS Energy technician performing the same work would not require a license.

What happens if the installer comes across a potential safety hazard?

At any point in time if an installer encounters an unsafe condition, they notify CPS Energy of that condition. Personnel with the proper skillset to remediate the condition will be dispatched and will meet the installer onsite.

What can I do to prepare?

Confirm that CPS Energy has a current contact phone number on file through Manage My Account at cpsenergy.com. Make sure installers have a clear pathway to the current meter.

How does a smart meter help me?

- **Manage Your Energy:** through a secure portal, you can see a detailed hour-by-hour breakdown of your energy use; energy-efficiency tips, customized plan to save, and more. If you haven't already, sign up for our free Manage My Account service at cpsenergy.com and click on the My Energy Usage tab.
- **Outage Alerts:** the smart meter sends us an alert when your power goes out.
- **Faster Restoration:** with automatic outage reports, our crews can respond to isolated outages quicker, making power restoration more efficient.
- **More Privacy:** after 1-3 months of validation, meter readers will no longer need to enter your property to read the meter. Periodic maintenance will still occur when needed.

How will CPS Energy use smart meters?

Smart meters measure and transmit your energy usage directly to your utility, eliminating the practice of estimated bills, which means no more surprises on your electric bill. By receiving energy use information wirelessly, CPS Energy will no longer need to enter your yard on a monthly basis to read the meter(s).

Additionally, because smart meters offer two-way communications, customers will now be able to have their electric service connected or disconnected without the waiting period it takes to send a technician to the home or business.

What information does the smart meter send to CPS Energy?

Unlike analog meters or Offsite Meter Read meters, smart meters provide visibility into voltage fluctuations, high temperature alerts at the meter and automatic outage detection. This information can be used to ensure power quality and improve outage restoration efforts.

Will anyone verify that the information the meter is sending to CPS Energy is accurate?

Prior to transitioning to relying solely on wireless meter reads, our meter readers validated the meter reads for a period of 1-3 months. During that time, we found that the information we received from the meter was accurate.

Will I be responsible for any energy use that my previous meter may have not registered?

Yes. However, it is difficult to determine for how long a meter may have been inaccurately providing consumption information. For this reason, CPS Energy will use the daily average reads of the new meter to calculate three months of bills. A bill for this amount will be sent to the customer. If needed, customers will have the option of making payment arrangements.

In the event the pre-existing meter was found to not be functioning, CPS Energy will use the daily average reads of the new meter to calculate six months of bills. A bill for this amount will be sent to the customer. If needed, customers will have the option of making payment arrangements.

How will my services be reconnected or disconnected with smart meters?

Smart meters allow us to offer enhanced customer service through the benefit of two-way communications. This capability allows CPS Energy to send a signal to the meter to turn on or off the power without having to send a technician to the address.

Customers will no longer need to wait a minimum of two working days for us to obtain a final meter read. Additionally, customers

will enjoy the benefit of nearly instantaneous service when starting, transferring or reconnecting an account.

How quickly can my services be reconnected?

Reconnection can occur near real-time. Once the order is issued to the meter, the electricity will once again be available to the customer.

When will my services be disconnected?

When a disconnect order is issued, the customer will be responsible for the electric consumption through midnight of the same day.

Will an order be automatically generated to have my services reconnected if I make payment online?

Not at this time. This is a future enhancement that CPS Energy will be working to provide customers. Until then, customers must contact CPS Energy, prior to 7:00 pm, Monday through Friday, to advise of the payment made. If the required amount has been paid and CPS Energy is able to confirm the payment, services will be restored.

I'm moving into a home with a smart meter and the electricity is on, from what point will I be responsible for the electricity?

When you provide us with your move-in date, we will have the capability to take a meter read on demand. At midnight, you will be responsible for any consumption beyond this point.

Can I opt-out of receiving a smart meter?

Yes. Our opt-out policy includes:

- Only the customer whose name is on the bill can opt-out.
- You must remain opted-out for 12 months.
- Customers turned off for non-payment three times in any 12-month period are not eligible.
- We will install an Offsite Meter Read (OMR) meter in place of a smart meter. A one-time \$175 meter exchange fee will apply if:
 - a smart meter has already been installed and must be removed.
 - a non-communicating meter may be requested.
- There is a \$20 monthly fee for manual meter read.

Why has my bill increased now that I have a smart meter installed?

There are several factors that might contribute to a customer's bill increasing. Depending on the time of year the smart meter was installed, weather may be a factor. In San Antonio, Summer bills as well as Winter bills could cause an increase in electric and natural gas consumption.

Are the smart meters tested for accuracy?

Smart meters are tested for accuracy before they leave the manufacturing plant to ensure they meet performance standards set by the American National Standards Institute. Additionally, CPS Energy performs testing on batches of new meters when they are received.

I never saw high bills with my previous meter, why is that?

The design of a standard residential electricity meter and particularly the electromechanical meters are extremely reliable and accurate. However, like all electromechanical devices, they do fail. The most common "failure" mode is reduced registration. Anything that increases the drag on the rotating disk can cause a meter to run slow, resulting in reduced bills. Worn gears, corrosion, moisture, dust, and insects can all cause drag and result in an electromechanical meter that does not capture the full consumption of the premise over a 20-25 year period. When a new smart meter is installed, the more accurate consumption usage read creates a noticeable variance from what one might have considered to be a "normal" bill.

Are all meters that are being replaced result in higher bills?

No. While the average meter might be only slightly slow, a few could be significantly so. Typical test results show that 98.6% of electro-mechanical meters tested registered within 2% and only 0.3% registered less than 90% of actual consumption. Although 0.3% is small as a percentage, in a service area of a million meters, it represents 3,000 residences that might be under-billed by 10 to 20% prior to a new meter being deployed.

