



Toronto Hydro-Electric System expands Elster's EnergyAxis[®] System to meet its smart metering needs

Toronto Hydro-Electric will deploy 400,000 EnergyAxis electricity meters for the first phase of the Ontario Smart Meter Initiative, one of the largest AMI projects in the world using interval data for residential metering

Raleigh, North Carolina, U.S.A., October 31, 2006 – Elster, a leading provider of metering solutions worldwide, announces that Toronto Hydro-Electric System Limited is expanding the EnergyAxis System they began testing in 2004. Toronto Hydro-Electric System selected the EnergyAxis System after piloting a variety of technologies and completing a competitive bid process. The system enables Toronto Hydro-Electric System to collect hourly interval and time-of-use metering data on electricity consumption from apartments, townhouses, and single-family residences. The system uses a two-way controlled mesh network which has the ability to penetrate most meter rooms, parking decks, and foliage in a dense urban environment.

Toronto Hydro-Electric System is committed to fulfilling its obligations under the Government of Ontario's Smart Meter Initiative, which is designed to help meet electricity demand challenges in the province. The Government of Ontario has established targets for the installation of 800,000 smart electricity meters by December 31, 2007 and the installation of smart electricity meters for all of the over 4.5 million Ontario electricity consumers by December 31, 2010.

"After testing the system for a year we concluded that the EnergyAxis System is suited for our interval data metering needs," says Blair Peberdy, vice president of Marketing, Communications and Public Affairs at Toronto Hydro Corporation. "Elster Metering (Canada) has to date demonstrated its ability to meet Toronto Hydro's requirements for reliable delivery of large quantities of Measurement Canada sealed meters and provide local technical support."

"We are excited that Toronto Hydro has chosen to implement the EnergyAxis System to meet the Government of Ontario's Smart Meter Initiative," stated Jack Robertson, vice president and general manager of Elster Metering in Canada. "Toronto Hydro has put together an impressive program to meet its commitments to the Smart Meter Initiative. The company has a very knowledgeable team that understands the technology options and what it takes to make a project of this size a reality. I am very pleased at the confidence they have shown in Elster to deliver the technology they need now, and for the future."

About the EnergyAxis System

The EnergyAxis System uses a powerful two-way RF communications system to retrieve metering information directly from meters. The communication network uses a spread spectrum, frequency-hopping technology with self-registration to provide

secure, reliable communications between meters and data collectors. This technology enables individual meters to act as repeaters, creating a dynamic communication path that optimizes signal strength of the RF and reliability of the communication link. With residential REX® meters, A3 ALPHA® meter collectors, and polyphase A3 ALPHA meters, the EnergyAxis System is a complete metering automation solution that enables utilities to deploy a system that provides thorough territorial coverage.

About Toronto Hydro-Electric System Limited

A wholly owned subsidiary of Toronto Hydro Corporation, Toronto Hydro-Electric System Limited delivers electricity through a complex network of poles, wires and underground structures to 677,000 customers and distributes approximately 20 percent of the electricity in the province of Ontario. It has a peak demand of approximately 5000 megawatts and annual revenues of \$2.5 billion. Toronto Hydro Corporation is owned 100 percent by the City of Toronto. For more information, visit www.torontohydro.com

About Elster Electricity, LLC

Elster Electricity is a provider of advanced metering infrastructure solutions to help utilities improve their revenue cycle services, customer service, delivery reliability, and workforce utilization. Elster Electricity is located in Raleigh, North Carolina and is part of the world's largest multi-utility metering company for electricity, water, and gas metering. For more information, visit www.elsterelectricity.com

About Elster Metering (Canada)

Elster Metering is a leading supplier of electricity and water meters and related AMR equipment and systems in Canada. Elster Metering is a division of Canadian Meter Company, Canada's leading gas meter supplier, and part of the Elster Group. Elster Metering is located in Burlington, Ontario. For more information, visit www.elstermetering.com

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