

Report VIII

Volume 2007

August 16, 2007

C-NESTTM MARKETING

From the Desk of Rod Lighthipe...

As I indicated in the July Newsletter, the Company was undertaking an update of both software and hardware based upon new products from two of our closet meter manufacturing relationships.

That being said... on August 8th, our subcontractor for hardware and software development demonstrated these updates for CNES Management. Twenty meters were successfully read in two hop layers with live reads being updated in real time every seven seconds. These reads were of course all wireless including the incorporation of cellular transmission of the data to the Company's servers. (Data had previously been transmitted by landline from the BaseStation.)

The bottom line on the August 8th demonstration is as follows:

- Updated hardware has been successfully demonstrated that incorporates (1) a more flexible and cost effective design, (2) a higher powered radio and (3) cellular telephone capability from the BaseStation.
- This updated design will allow greater distances between hop layers, improve customer reliability and permit greater flexibility regarding the location of BaseStations (we are no longer restricted by the availability of a telephone landline being close to a BaseStation).
- Our software update is now fully integrated with the latest software advancements from our closest meter manufacturing relationship.

Items left to accomplish in this current phase of development include:

- Integrating these latest software updates into our server applications
- Completing the new website display and integration of the data from the meter reads into this user friendly display. (Please recall I mentioned this new display and its features in the July Newsletter.)

Regarding other matters; (1) Ms. Casspi and I continue our focus on the development of long term customer relationships with prospective electric utilities and (2) work continues on the Total System Solution mentioned last month.

For reference... [July Newsletter](#)

Please enjoy the last days of summer and I look forward to speaking with you next month.

Sincerely yours,
Rod Lighthipe

Marketing Update

The Company is looking forward to attending Autovation 2007, The AMRA International Symposium. September 30th – October 3rd.

AutovationSM 2007 - THE ESSENTIAL AMR/AMI EDUCATIONAL EVENT

The AutovationSM focus on AMR/AMI provides your team with a wealth of information whether your utility is exploring implementation options or involved in advanced applications such as outage management, time-based pricing and meter data management For more:

<http://www.amra-intl.org/autovation/autovation07.cfm>**THIS**

MONTHS ARTICLE:

Raising the Bar for AMI Technology

By Tim Wolf, Itron

In “Crossing the Chasm,” the widely read book on marketing high-technology that was first published in 1991, author Geoffrey Moore asserted that for new and innovative technology to “cross the chasm” from a few early adopters to broad market acceptance, three things are vital: regulation or legislation favorable to its wider adoption; a “killer app” that fulfills the technology needs of a hungry market; and, standardization to deliver the same technology to multiple suppliers that levels the playing field and opens new doors for innovation.

For Moore, one out of three would typically be enough to traverse his chasm and propel widespread adoption. In the rapidly changing category of Advanced Metering Infrastructure (AMI), you could make a very strong argument that all three catalysts are present and accounted for.

According to industry estimates, within the last year, utilities in the U.S. and Canada have issued request for proposals (RFPs) for more than 25 million AMI electricity meters. The value of these RFPs is estimated to be well over \$2 billion. It would appear the bridge has been laid across the chasm.

Looking at these three drivers of technology adoption, it’s fairly clear that Moore’s construct is at work with AMI technology. In terms of regulation, EPACT 2005 provided clear impetus for states and their commissions to begin looking at advanced metering, time-based pricing and demand response technologies. And while many states have not responded affirmatively to the EPACT standard calling on commissions and utilities to begin putting the technology in place, that legislation clearly shined the light on advanced metering as part of the solution to the challenges of rising energy costs, delivery system reliability, and environmental stewardship. In addition, an increasing number of states and commissions have set out with their own plans and programs to encourage deployment of AMI

technology, with California, Texas and Ontario leading the way.

[CLICK HERE FOR THE ARTICLE...](#)

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: The statements contained herein and in the Monthly Report that are not historical are forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements including, but not limited to: the level of cost-effectiveness and efficiency of the Company’s H-Net™ automatic meter reading products or technologies; changes in the Company’s policies regarding communications with shareholders and the general public; the success or failure of the Company’s marketing efforts and the particular efforts to be employed; the Company’s ability or inability to commercialize, sell, license or further develop its H-Net™ automatic meter reading products or technologies; and other risks detailed from time to time in the Company’s periodic reports and other filings with the Securities and Exchange Commission.



[FOR LIVE METER READS FOLLOW THE LINK...](#)



SEE OUR H-NET™
ILLISTARTED NETWORK

[LEARN MORE ABOUT OUR COMPANY
GO TO THE CONECTISYS AUDIO
PRESENTATION](#)

