

1 Q. **Reference: Application, 2025 Capital Expenditures Overview, page 20, Replace Metering**
2 **System**

3 It is stated *"Hydro reviewed the cost-benefit analysis of alternatives and confirmed that the*
4 *solution being implemented remains the least-cost alternative."*

5 a) Please confirm that Hydro has gone about 53% over-budget on a project to install AMR
6 meters that its consultant, Util-Assist states (CA-NLH-012, Attachment 1, page 8 of 64
7 pertaining to Hydro's 2025 CBA) *"the technological limitations to a drive-by solution are*
8 *too great. As noted in Section 2: Technology and Trends, the trend amongst utilities in*
9 *Canada and really across North America is toward the deployment of AMI. Drive-by AMR*
10 *meter reading is something that electric utilities are moving away from and not towards.*
11 *As the utility industry is searching for ways in which to improve Customer Experience,*
12 *drive-by metering does the opposite in that it improves the utility's experience while*
13 *preventing any meaningful impact to the customer."*

14 b) Please file the referenced cost-benefit analysis of alternatives along with all
15 assumptions.

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18 A. a) Yes, it is confirmed.

19 b) Please refer to Newfoundland and Labrador Hydro's response to CA-NLH-058, as filed in
20 the 2025 Capital Budget Application, provided as CA-NLH-068, Attachment 1.

Q. Reference: Application, 2024 Capital Expenditures Overview, page 10

It is stated “Hydro reviewed the cost-benefit analysis of alternatives and confirmed that the solution being implemented remains the least cost alternative. Hydro is proceeding with execution.” Please provide the cost-benefit analysis and confirm that smart meters were one of the alternatives considered.

A. In the initial cost-benefit analysis and alternatives presented in the Replace Metering System Project proposal in Newfoundland and Labrador Hydro’s (“Hydro”) 2022 Capital Budget Application, Hydro did consider smart metering as an alternative; however, the least-cost solution was determined to be a drive-by automatic metering reading (“AMR”) system. At the time, smart metering represented an increase in the overall cost-benefit analysis values of just under \$4.6 million over the chosen alternative.

Hydro has updated its cost-benefit analysis to confirm the least-cost alternative for replacement of its metering system, with the cumulative present worth (“CPW”) for each alternative presented in Table 1. This analysis demonstrates that the drive-by AMR system remains the least cost option by a CPW margin of approximately \$2.0 million, with an anticipated payback by 2034. Hydro also notes that while Hydro anticipates that the capital costs of each alternative considered would likely increase due to the same factors driving the cost increase for drive-by AMR system, Hydro updated the drive-by AMR system costs only. Cost increases for other alternatives would further increase the CPW margin in favor of drive-by AMR system.

**Table 1: Updated Replace Metering System Cost-Benefit Analysis
with updated AMR Capital Costs**

Alternative	CPW Value	CPW Difference between Alternative and Least-Cost Alternative
AMR Drive By System	11,885,988	
Mesh AMI ¹ System	13,901,879	2,015,891
Continue with Manually-Read Meters	15,614,913	3,728,925

¹ Advanced metering infrastructure (“AMI”).