Q. **Reference: Five-year Capital Plan Detailed Breakdown by Major and Minor - Asset Category; Response to CA-NLH-069, Table 1**

Explain why both capital costs and operating and maintenance costs are increasing for metering. Address whether the proposed capital investments are expected to generate operating savings and, if so, when those savings are expected to be realized.

A. Newfoundland and Labrador Hydro ("Hydro") has forecasted increases in both capital costs and operating and maintenance costs for metering, as noted in its response to CA-NLH-069 of this proceeding.

The increase in total capital costs is primarily associated with capital projects to replace obsolete meters for Hydro's residential, commercial and industrial customers. The Replace Metering System capital project began in 2022 and was completed in 2025; this project replaced approximately 31,000 manually read meters with drive-by meters (automated meter readings). The Upgrade PLX Metering System (2026–2028) project includes the purchase of automated meters to replace the existing obsolete PLX meters in Happy Valley-Goose Bay, Sheshatshiu, and the Northwest River area. The Automate Bulk Metering project (2024–2026) will replace 44 obsolete electromechanical kWh meters and associated test switches with industrial meters that have demand, load profile, and remote communication capabilities. These meters will be given a network connection to facilitate remote reading, which will improve the accuracy of meter readings and provide potential cost savings by enabling Hydro to improve its business processes.

Implementation of automated meter reading technology has reduced estimated meter readings by approximately 80%, leading to fewer billing-related customer inquiries and improved billing accuracy. Hydro updated its cost-benefit analysis to confirm the least-cost alternative for replacement of its metering system in its response to CA-NLH-058, filed in the 2025 Capital Budget Application ("CBA") proceeding.[1] That analysis demonstrated that the drive-by

[1] The response was also filed as an attachment to CA-NLH-068 in the 2026 CBA proceeding.

automated meter reading system remained the least cost option by a cumulative present worth margin of approximately $2.1 million, with an anticipated payback by 2031.

The operating and capital forecasts shown in Table 1 of Hydro's response to CA-NLH-069 of this proceeding are related to Hydro's Revenue Metering department, which is responsible for the execution of the aforementioned capital projects and managing Hydro's meter inventory and replacements with support from Engineering Services. The department is comprised of metering technology and management staff; however, it does not include meter reading personnel who are within the Customer Service department. With the introduction of advanced metering technology to better serve customers, such as automated meter reading and other communications-read metering equipment, there was an increase in the scope of work in both the execution of the capital metering projects and work required to maintain Hydro's meter fleet. Therefore, the primary drivers of the forecasted increase are related to the addition of approximately two full-time equivalent's and salary adjustments for staff.