

1 Q. It is understood from Newfoundland Power’s 2023 Capital Budget Application that it will  
2 conduct a study on AMI (advanced metering infrastructure).

3 a) Is Hydro participating in this study, or alternatively, undertaking its own study of AMI?

4 b) Is Hydro concerned that its current metering infrastructure could soon become stranded?

5 c) What is the expected cost for Hydro to implement AMI infrastructure?  
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8 A. a) The Board of Commissioners of Public Utilities (“Board”) approved Newfoundland and  
9 Labrador Hydro (“Hydro”) to implement automated meter reading (“AMR”) through  
10 approval of Hydro’s 2022 Capital Budget Application.<sup>1</sup> Therefore, Hydro is not studying  
11 transitioning to automated metering infrastructure (“AMI”) at this time. Hydro has not been  
12 in discussions with Newfoundland Power Inc. (“Newfoundland Power”) to participate in an  
13 AMI study.

14 b) Hydro is not concerned that its AMR infrastructure that is currently being implemented will  
15 soon become stranded.

16 The capital cost premium to implement the most affordable AMI technology was  
17 approximately \$7.0 million greater than the \$5.4 million for the approved AMR project. The  
18 Dunsky Report<sup>2</sup> could not justify AMI based on savings through dynamic rates until 2034.  
19 Given the magnitude of the Newfoundland Power load requirements relative to the load  
20 requirements of Hydro Rural interconnected system, the uncertainty of the timing and  
21 magnitude of benefits of implementing dynamic rates for Hydro Rural customers, the risk of  
22 technological obsolescence in selecting a metering system in 2021 for use in implementing  
23 dynamic rates post-2030, and the additional investment-required time to install AMI

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<sup>1</sup> Hydro’s 2022 Capital Budget Application was approved in Public Utilities Act, RSNL 1990, c P-47, Board Order No. P.U. 37(2021), Board of Commissioners of Public Utilities, December 20, 2021.

<sup>2</sup> “Conservation Potential Study – Final Report (Volume 1 – Results),” Dunsky Energy Consulting, submitted as Attachment A to Newfoundland Power’s response to PUB-NP-104 in relation to the *Rate Mitigation Options and Impacts Reference* proceeding, <<http://www.pub.nl.ca/applications/2018ratemitigation/responses/PUB-NP-104.PDF>>

1 infrastructure that would increase the rural deficit for at least the next ten years, Hydro  
2 determined it would not be prudent to invest in AMI at this time.

3 Hydro has chosen the AMR approach to reduce the cost of providing service to its Hydro  
4 Rural customers and contribute to a reduction in the rural deficit. Hydro has confidence that  
5 the immediate benefits of proceeding with the AMR drive-by system reflected in the net  
6 present value analysis<sup>3,4</sup> demonstrate its decision to proceed with AMR was prudent. These  
7 include:

- 8 • Savings in meter reading costs;
- 9 • Savings in maintenance costs on the TS1 PLC system;
- 10 • Savings in administrative costs associated with a reduction in billing adjustments  
11 and dealing with customer inquiries as a result of not being required to estimate  
12 customer bills on a regular basis, and
- 13 • Savings from not being required to perform Government Retest Orders on the new  
14 meters for up to ten years.

15 c) When Hydro prepared its 2022 Capital Budget Application, the estimated capital cost for  
16 AMI was \$12.4 million compared to \$5.4 million for the approved AMR project.

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<sup>3</sup> Summarized in "2022 Capital Budget Application," Newfoundland and Labrador Hydro, rev. September 17, 2021 (originally filed August 2, 2021), vol. II, sch. 8, tab. 15, p. 5, Table 1.

<sup>4</sup> Provided in Attachment 1 of Hydro's response to PUB-NLH-016 as part of its 2022 Capital Budget Application.