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 $2.1 million, with an anticipated payback by 2031. 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	14,184,122	
Mesh AMI[1] System	16,322,023	2,137,901
Continue with Manually-Read Meters	20,298,727	6,114,605

[1] Advanced metering infrastructure ("AMI").