



Electric Metering Approach - Sensitivity Analysis



**Citizen Advisory Board
Meeting**

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Base Case Results – Net Present Value

Change in Net Revenue - Net Present Value at 2.50%

Digital Hand Read	(\$22,800,000)
Mechanical Hand Read	(\$20,300,000)
AMR Drive By	\$7,500,000
Hybrid AMR	\$14,500,000
AMI	\$14,500,000

- **Original Base Case**

Change in Net Revenue - Net Present Value at 2.50%

Digital Hand Read	(\$22,800,000)
Mechanical Hand Read	(\$20,300,000)
AMR Drive By	\$7,500,000
Hybrid AMR	\$14,200,000
AMI	\$14,200,000

- **Revised Base Case**



Sensitivity Analysis – Variables Tested

Scenario Assumptions	Base Case	Scenario A	Scenario B	Scenario C	A+B+C
Meter Accuracy:					
Assumed Meter Accuracy Loss	1.00%	0.25%	1.00%	1.00%	0.25%
Assumed Meter Reporting Loss	1.43%	0.71%	1.43%	1.43%	0.71%
Number of Collectors:					
# Collectors as Multiple of Base Case	1.0	1.0	3.0	1.0	3.0
Assumed Number of Collectors	73	73	219	73	219
Assumed Years of Useful Life	20	20	20	15	15



Results of Sensitivity Analysis – 25-Year Forecast

Change in Net Revenue - Net Present Value at 2.50%	Base Case	Scenario A	Scenario B	Scenario C	A + B + C
25-Year Forecast	Original Assumptions	Higher Meter Accuracy	More Collectors	Shorter Useful Life	Combined Scenario
Digital Hand Read	(\$22,800,000)	(\$31,100,000)	(\$22,800,000)	(\$22,700,000)	(\$31,000,000)
Mechanical Hand Read	(\$20,300,000)	(\$28,600,000)	(\$20,300,000)	(\$20,300,000)	(\$28,600,000)
AMR Drive By	\$7,500,000	(\$800,000)	\$7,500,000	\$7,600,000	(\$700,000)
Hybrid AMR	\$14,200,000	\$5,900,000	\$11,500,000	\$14,300,000	\$3,300,000
AMI	\$14,200,000	\$5,900,000	\$11,400,000	\$14,300,000	\$3,200,000



35-Year Forecast Results

Change in Net Revenue - Net Present Value at 2.50%					
	Base Case	Scenario A	Scenario B	Scenario C	A + B + C
35-Year Forecast	Original Assumptions	Higher Meter Accuracy	More Collectors	Shorter Useful Life	Combined Scenario
Digital Hand Read	(\$37,400,000)	(\$48,000,000)	(\$37,400,000)	(\$39,300,000)	(\$49,900,000)
Mechanical Hand Read	(\$34,900,000)	(\$45,500,000)	(\$34,900,000)	(\$34,900,000)	(\$45,500,000)
AMR Drive By	\$10,200,000	(\$400,000)	\$10,200,000	\$7,100,000	(\$3,500,000)
Hybrid AMR	\$21,100,000	\$10,600,000	\$17,700,000	\$18,000,000	\$4,000,000
AMI	\$21,400,000	\$10,900,000	\$18,000,000	\$17,900,000	\$3,900,000



Summary of Sensitivity Analysis Findings

- **The original findings are very robust – they hold up even with much more conservative assumptions**
- **Relative economic favorability**
 - » AMI and Hybrid are the most economically advantageous
 - » Both hand-read options are the least economical
 - » AMI Drive option is in between
- **Non-economic factors differentiate between Hybrid AMR and AMI**
 - » Among those two, functional capability makes AMI the recommended approach
- **AMI has a positive net present value compared to the status quo—in other words, it pays for itself**
 - » It wouldn't have to have a positive net present value in order to be recommended, but it is an additional advantage that it does



Questions?