

1 Q. **Reference Application Rev. 1, Volume 1, Section C: Projects Over \$500,000, Wood Pole Line**
2 **Management Program, pages C-55 to C-57**

3 It is stated "*There are no alternatives to undertaking the activities outlined in this program*".
4 Please quantify risk, reliability and rate impacts on customers if this project were deferred by
5 two years. With respect to risk, please identify the probability of failure and the consequences
6 of failure. In effect, what is the trade-off between cost to ratepayers, system reliability and risk?

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9 A. The Wood Pole Line Management Program is proposed to execute required sustaining capital
10 works for Newfoundland and Labrador Hydro's ("Hydro") existing assets so as to operate,
11 maintain, and renew its infrastructure to achieve required service standards and to optimize the
12 cost of electricity in an environmentally responsible and safe manner.

13 Hydro uses its internal expertise supplemented, when required, by consultants, original
14 equipment manufacturers, and readily available industry information to determine, in Hydro's
15 opinion, the appropriate timing of capital work to maintain service standards and to optimize
16 costs. As noted in the information presented by Hydro, deferral of this project is not a viable
17 option. The program employs a balanced ten-year inspection cycle that includes inspection,
18 treatment, and replacement, as required. Deferral of the program would be detrimental to
19 program execution, effectiveness, and resource balancing. Hydro believes, based upon its
20 knowledge at this time, deferral would be imprudent. The detail requested for quantification of
21 risk and reliability impact requires analysis capability which, at this time, Hydro does not have
22 within its Asset Management System.

23 With respect to rate impact, Hydro does not compute rate impact on an individual project basis.
24 Hydro's pro forma computation of revenue requirement impact on a total capital budget basis
25 was included in its 2021 Capital Projects Overview.