

1 Q. **Reference Application Rev. 1, Volume 1, Section C: Projects Over \$500,000, Replace Hydro**  
2 **Personal Computers, pages C-100 to C-103**

3 It is stated with respect to the Deferral Option "*Analysis of this option has shown that the risk is*  
4 *not acceptable.*" Please quantify the risk, reliability and rate impacts on customers if this project  
5 were deferred by a year. With respect to risk, please identify the probability of failure and the  
6 consequences of failure. In effect, what is the trade-off between cost to ratepayers, system  
7 reliability and risk?

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10 A. The Replace Hydro Personal Computers project is proposed to execute required sustaining  
11 capital works for Newfoundland and Labrador Hydro's ("Hydro") existing assets so as to operate,  
12 maintain, and renew its infrastructure to achieve required service standards. Hydro uses its  
13 internal expertise supplemented, when required, by consultants, original equipment  
14 manufacturers, and readily available industry information to determine, in Hydro's opinion, the  
15 appropriate timing of capital work to maintain service standards and to optimize costs. As noted  
16 in the information presented by Hydro deferral of this project is not a viable option as it will  
17 increase the risk of premature failures. Hydro believes, based upon its knowledge at this time,  
18 deferral would be imprudent. Please refer to Hydro's response to CA-NLH-006 of this proceeding  
19 for further detail on Hydro's computer replacement strategy. The detail requested for  
20 quantification of risk and reliability impact requires analysis capability which, at this time, Hydro  
21 does not have within its Asset Management System.

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