

1 Q. **Reference Application Rev. 1, Volume 1, Section D: Projects Over \$200,000 but less than**  
2 **\$500,000, Perform Hydro Software Upgrades & Minor Enhancements, pages D-49 to D-53**

3 a. Please quantify the expected efficiency improvements resulting from this project.

4 b. Please quantify the risk, reliability and rate impacts on customers if this project were  
5 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.

11 a. Efficiency improvements have not been quantified as the purpose of the projects identified  
12 is to ensure existing software to support the Energy Management System and specific  
13 business needs are updated to the current versions, will be vendor supported, and are  
14 secure to support reliable operations.

15 b. The Perform Hydro Software Upgrades and Minor Enhancements project is proposed to  
16 execute required sustaining capital works for Newfoundland and Labrador Hydro's ("Hydro")  
17 existing assets so as to operate, maintain, and renew its infrastructure to achieve required  
18 service standards.

19 Hydro uses its internal expertise supplemented, when required, by consultants, original  
20 equipment manufacturers, and readily available industry information to determine, in  
21 Hydro's opinion, the appropriate timing of capital work to maintain service standards and to  
22 optimize costs. Hydro believes, based upon its knowledge at this time as noted in the  
23 information presented by Hydro in the application, deferral would be imprudent. The detail  
24 requested for quantification of risk and reliability impact requires analysis capability which,  
25 at this time, Hydro does not have within its Asset Management System.

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