

1 Q. **Reference Application Rev. 1, Volume 1, Section D: Projects Over \$200,000 but less than**  
2 **\$500,000, Replace Radomes, pages D-73 to D-80**

3 Please quantify the risk, reliability, efficiency improvements and rate impacts on customers if  
4 this project were deferred by a year. With respect to risk, please identify the probability of  
5 failure and the consequences of failure. In effect, what is the trade-off between cost to  
6 ratepayers, system reliability and risk?

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

13 Hydro uses its internal expertise supplemented, when required, by consultants, original  
14 equipment manufacturer, 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 as it will increase the risk of failures that could negatively impact the integrity of Hydro's  
18 energy systems. Hydro believes, based upon its knowledge at this time, deferral would be  
19 imprudent. The detail requested for quantification of risk and reliability impact requires analysis  
20 capability which, at this time, Hydro does not have within its Asset Management System.

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