

1 Q. **Reference Application Rev. 1, Volume 2, Replace Transfer Switches and Associated Hardware**
2 **– Hydro Place**

3 a. Will Maderra be allowed to bid any follow-on work associated with this project if approved
4 by the Board?

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

9 c. Please provide all documentation between Hydro and Maderra over the course of the
10 Maderra study.

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13 A.

14 a. Yes. Maderra Engineering Inc. (“Maderra”) would be allowed to bid on any follow up work if
15 this project, and any subsequent work, is approved by the Board of Commissioners of Public
16 Utilities (“Board”). At this time, there are no known conflict of interest reasons to prevent
17 the supplier from bidding. All of Newfoundland and Labrador Hydro’s (“Hydro”) open calls
18 include language to address conflict of interest situations. Hydro's procurement is
19 conducted in accordance with the *Public Procurement Act* Framework, including the Public
20 Procurement Policy, the intent of which is to enable public bodies to achieve best value,
21 transparency, and accountability in procurement.

22 b. The Replace Transfer Switches and Associated Hardware – Hydro Place project is proposed
23 to execute required sustaining capital works for Hydro’s existing assets so as to operate,
24 maintain, and renew its infrastructure to achieve required service standards and to optimize
25 the cost of electricity in an environmentally responsible and safe manner.

1 Hydro uses its internal expertise supplemented, when required, by consultants, original
2 equipment manufacturer, and readily available industry information to determine, in
3 Hydro's opinion, the appropriate timing of capital work to maintain service standards and to
4 optimize costs. As noted in the information presented by Hydro, deferral of this project is
5 not a viable option as it will increase the risk of failure. Hydro believes, based upon its
6 knowledge at this time, deferral would be imprudent. The detail requested for
7 quantification of risk and reliability impact requires analysis capability which at this time
8 Hydro does not have within its Asset Management System.

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

12 **c.** Madera was contracted to provide a condition assessment of the emergency power
13 system. Hydro utilized this report to determine the proposed course of action, as detailed in
14 its Capital Budget Application. It is Hydro's position that the requested information is not
15 necessary for a satisfactory understanding of the matters before the Board.