

1 Q. **Tab 2; Volume II: Hydraulic Generation Refurbishment and Modernization (2021-2022)**

2 Hydro has proposed the continuation of a number of programs including Hydraulic Generation
3 Refurbishment and Modernization (and a similar program for Terminal Stations).

4 What are the quantifiable risks associated with reducing the size of these programs by 25% and
5 50%, as separate alternatives. Has Hydro performed any risk analysis of this nature concerning
6 these programs? If so, please provide details. If not, please explain and outline if Hydro has any
7 plans to do so in the future.

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10 A. The Hydraulic Generation Refurbishment and Modernization project (and a similar program for
11 Terminal Stations) is proposed to execute required sustaining capital works for Newfoundland
12 and Labrador Hydro's ("Hydro") existing assets so as to operate, maintain, and renew its
13 infrastructure to achieve required service standards and to optimize the cost of electricity in an
14 environmentally responsible and safe manner.

15 Hydro uses its internal expertise supplemented, when required, with consultants, original
16 equipment manufacturers, and readily available industry information to determine the
17 appropriate timing of capital work to maintain safe, least-cost, reliable service. Deferral of a
18 project (or a portion thereof, as suggested) is considered as part of Hydro's assessment of all
19 capital investments prior to submission to the Board of Commissioners of Public Utilities. Hydro
20 believes, based upon its knowledge at this time, such reductions would be imprudent and lend
21 to increased premature equipment failures.

22 Quantification of overall system related risk related to a reduction in the proposed project
23 would require Hydro's asset management system to be further matured than its current state.
24 Please refer to CA-NLH-001 for further information on Hydro's Asset Management System.