Q. Ref: Direct Testimony of James Haynes, Eric Downtown and Kenneth McDonald, p.2, lines 11-14. Given that Hydro, similar to many industries and specifically, similar to other Canadian utilities, has experienced problems with the obsolescence of equipment, marked by a lack of manufacturer support or unavailability of spare parts, please indicate whether Hydro has implemented any procurement policy that would mitigate this risk in the future (e.g. Does Hydro attempt to use non-proprietary technologies where available? Does Hydro utilize equipment from multiple vendors where available to avoid dependence on one vendor?)

A. Hydro normally invites proposals from at least three suppliers for new equipment, which ensures that no single manufacturer for a given type of equipment gains monopoly of supply. The issue of obsolescence is difficult, if not impossible, to resolve through the procurement process. The nature of the utility business is that most equipment is manufactured in small quantities or, in many cases, must be custom manufactured for a specific project. This is unlike the situation experienced for mass-market products such as computers and appliances, for which replacement parts can be obtained from other suppliers. Whenever possible, Hydro investigates the availability of replacement parts from other manufacturers (including reverse engineering) but in most cases component design is custom and proprietary and replacements can only be sourced from the original equipment manufacturer. When a manufacturer ceases to support a product and no other reliable support is available, Hydro has no choice but to eventually replace the equipment. It is Hydro’s practice to procure the recommended critical spare parts at the time of procurement of original equipment.