

1 **Construction of New Diesel Plant, p. B-78, \$2,226,500**

2 Q. Please provide a copy of any cost/benefit studies or other documentation that
3 supports the decision to overhaul an engine no more than five times.

4

5

6 A. Hydro does not complete any cost/benefit studies related to the decision not
7 to overhaul an engine more than five times. The criteria that triggers the
8 review for replacement is the 120,000 hours and the five overhauls. As this
9 point is approached, the condition of the unit is evaluated on the basis of
10 such things as lube oil consumption, fuel consumption, parts costs and
11 availability and labor costs. All this is combined with the manufacturer's
12 recommendation and the general condition of the unit and the decision to
13 replace is confirmed.

14

15 Hydro's experience has determined that it is not effective to overhaul an
16 engine more than five times, or run the unit for more than 120,000 hours.
17 Some Canadian utilities have no formal replacement program or criteria while
18 other's criteria range from a low of 66,000 hours to a high of 100,000 hours
19 with no criteria on the number of overhauls. None of the utilities use
20 cost/benefit analysis to determine overhaul limits or replacement times.