

1 Q. Reference: Tab c; Volume I: Capital Projects Over \$500,000 (Overhaul Diesel Units)

2
3 Hydro states on page C-54, lines 21-24:

4 Occasionally, a unit in one of the diesel plants across Hydro's operating area
5 experiences an issue that necessitates an unplanned overhaul, or reaches the
6 numbers of operating hours earlier than anticipated. Where appropriate, Hydro
7 may complete such an overhaul under this project and, if possible, defer one of
8 the units noted above that are planned for completion.
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11 Please detail the steps Hydro would take to notify and obtain Board approval for the change in
12 the units which are being overhauled.
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15 A. As execution of the annual Overhaul Diesel Units project ("Project") is carried out up to 18
16 months after the Project proposal¹ is filed with the Board, specific determination of scope and
17 timing of the work at the time of submission of the proposal to the Board is not possible.
18 Hydro's Project proposal seeks approval of the execution strategy outlined within the proposal
19 and is intended to ensure that the time-based overhauls for diesel generators are executed at
20 an optimum time and at least-cost. If there is a change in the unit being overhauled, Hydro
21 assesses whether the required overhaul aligns with the execution strategy. If there is alignment,
22 Hydro proceeds with the overhaul as it meets the approach previously outlined to and approved
23 by the Board. Hydro was not aware of a requirement to obtain further approval from the Board.
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25 In the 2020 Capital Budget Project Proposal, Hydro provided additional detail of overhauls
26 completed under Overhaul Diesel Units projects in previous Capital Budget Applications in an
27 effort to ensure transparency. Specifically, Hydro noted that:

28 In 2019 three engines previously approved for overhaul will not reach their
29 forecasted hours and were subsequently moved to the 2020 Overhaul Diesel
30 Units project. These units were Little Bay Islands 2058, McCallum 2063, and
31 Charlottetown 2089. In 2019 three units (McCallum 2064, Mary's Harbour 2093,
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¹ "2020 Capital Budget Application," Newfoundland and Labrador Hydro, August 1, 2019, vol. II, tab 13.

1 and Charlottetown 2092) will reach their overhaul timing earlier than planned
2 and will be executed under the 2019 Overhaul Diesel Units project.²
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4 Hydro intends to provide this type of additional detail in future Overhaul Diesel Units proposals
5 for transparency on project execution, and will also provide additional details in the annual
6 Capital Expenditures and Carryover Report. This detail will include circumstances when it was
7 more cost effective to replace a unit versus overhaul, as well as circumstances when a unit was
8 overhauled that was not originally in the proposal. Since the Overhaul Diesel Units is an annual
9 proposal, Hydro will discuss the proposal contents with Board staff to gain additional
10 clarification and further refine the proposal prior to the next Capital Budget Application.

² "2020 Capital Budget Application," Newfoundland and Labrador Hydro, August 1, 2019, vol. II, tab 13, at p.4/69-74.