

1 Q. **Reference Application Rev. 1, Volume 1, Section C: Projects Over \$500,000, Refurbish**
2 **Ebbegunbaeg Control Structure, pages C-10 to C-13**

3 It is stated that this project is *“required to maintain the reliable operation of the Ebbegunbaeg*
4 *Control Structure and includes addressing existing safety limitations of the stoplog hoist system.”*
5 Please quantify risk, reliability and rate impacts on customers if this project were deferred by
6 two years. With respect to risk, please identify the probability of failure and the consequences
7 of failure. In effect, what is the trade-off between cost to ratepayers, system reliability and risk?

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10 A. The Refurbish Ebbegunbaeg Control Structure project is proposed to execute required
11 sustaining capital works for Newfoundland and Labrador Hydro’s (“Hydro”) existing assets so as
12 to operate, maintain, and renew its infrastructure to achieve required service standards and to
13 optimize the cost of electricity in an environmentally responsible and safe manner.

14 Hydro uses its internal expertise supplemented, when required, by consultants, original
15 equipment manufacturers, and readily available industry information to determine, in Hydro’s
16 opinion, the appropriate timing of capital work to maintain service standards and to optimize
17 costs. As noted in the information presented by Hydro, deferral of this project is not a viable
18 option as it will increase the risk of failures. Hydro believes, based upon its knowledge at this
19 time, deferral would be imprudent. The detail requested for quantification of risk and reliability
20 impact requires analysis capability which, at this time, Hydro does not have within its Asset
21 Management System.

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