



NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

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2011-09-07

Newfoundland and Labrador Hydro
P. O. Box 12400
St. John's, NL A1B 4K7

Attention: Geoffrey P. Young
Senior Legal Counsel

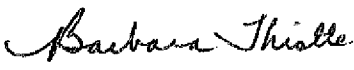
Dear Sir:

**RE: Application for approval of Newfoundland and Labrador Hydro's
2012 Capital Budget – Phase 1 - Requests for Information**

Attached are Information Requests PUB-NLH-1 to PUB-NLH-136 regarding the above noted application.

If you have any questions, please do not hesitate to contact the Board's Legal Counsel, Ms. Maureen Greene, Q.C., by telephone at 726-6781 or e-mail: mgreene@pub.nf.ca.

Yours truly,


(for) Cheryl Blundon
Board Secretary

Attachment

c.c.

Party
Newfoundland Power Inc
Industrial Customers:

Consumer Advocate

Mr. Gerard Hayes
Mr. Paul L. Coxworthy
Mr. Dean Porter
Mr. Thomas Johnson

E-Mail

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IN THE MATTER OF

the *Electrical Power Control Act*, RSNL 1994,
Chapter E-5.1 (the "*EPCA*") and the
Public Utilities Act, RSNL 1990,
Chapter P-47 (the "*Act*"), as amended;

AND

IN THE MATTER OF

an Application by Newfoundland and Labrador Hydro for an Order:

- 1) approving its 2012 capital budget, pursuant to s.41(1) of the *Act*;
- 2) approving its 2012 capital purchases, and construction projects in excess of \$50,000, pursuant to s.41(3)(a) of the *Act*;
- 3) approving its leases in excess of \$5,000 pursuant to s. 41(3) of the *Act*;
- 4) approving its estimated contributions in aid of construction for 2012, pursuant to s. 41(5) of the *Act*; and
- 5) fixing and determining its average rate base for 2010, pursuant to s. 78 of the *Act*.

**PUBLIC UTILITIES BOARD
REQUESTS FOR INFORMATION
PHASE 1**

PUB-NLH-1 to PUB-NLH-136

Issued: September 7, 2011

1 **PUB-NLH-1** In recent years, in Capital Expenditures Reports, Hydro has reported that
 2 planned capital projects have not been completed because of a lack of
 3 resources. Has Hydro addressed this issue and/or accounted for this issue so
 4 that a lack of resources will not be an issue for the 2012 Capital Budget?
 5 Explain what steps Hydro has taken to ensure that lack of resources will not
 6 impact the proposed 2012 Capital Projects.

7
 8 **PUB-NLH-2** Please provide an update to the Generation Planning Issues 2010 July Update.

9
 10 **PUB-NLH-3** Please verify that the total cost of the listing of projects, broken down by
 11 section as found in Volume I, Tab A, for which Hydro is requesting approval
 12 in Phase 1 of the 2012 Capital Budget, agrees with the sum of the costs of the
 13 individual project sheets that have been identified as Phase 1.
 14

15
 16 **2012 Capital Projects Overview p. 2**

17
 18 **PUB-NLH-4** When does Hydro Plan to engage in “more comprehensive discussions” on its
 19 proposed approach to implementing IFRS?
 20

21 **PUB-NLH-5** What is the status of Hydro’s IFRS implementation Plan?
 22

23
 24 **2012 Capital Projects Overview p. 2-3**

25
 26 **PUB-NLH-6** How was the criteria for the capitalization of Major Inspections and Overhauls
 27 developed?
 28

29 **PUB-NLH-7** How was the \$50,000 cost limit for capitalization determined?
 30

31 **PUB-NLH-8** Did Hydro survey other utilities to review their guidelines for capitalization of
 32 major inspections and overhauls? If so, provide details of the survey,
 33 including the names of the utilities included in the survey and the results.
 34

35
 36 **2012 Capital Projects Overview p. 14**

37
 38 **PUB-NLH-9** Using Charts 6 and 7, found on p. 14, please provide a chart, as well as an
 39 explanation of the variances, that gives the dollar values that form the basis
 40 for the information shown.
 41

42 **2012 Capital Plan**

43
 44 On p. 6 it is stated that in 2011 significant effort was devoted to developing and refining the 5
 45 and 20 year capital plans and that Hydro expects “more robust” plans will be developed with a
 46 general increase required in “sustaining capital”.

- 1 **PUB-NLH-10** Describe the “significant effort” that Hydro took in 2011 on capital plans.
2
- 3 **PUB-NLH-11** What does “more robust” capital plans mean and how do such plans compare
4 to past capital plans submitted to the Board?
5
- 6 **PUB-NLH-12** What does “sustaining capital” mean?
7
- 8 **PUB-NLH-13** What plans does Hydro have in place to permit development planning and
9 execution of “more robust” capital plans including the use of human
10 resources?
11
- 12 **PUB-NLH-14** On p. 6 of its 2012 Capital Budget it is stated that the five year plan is under
13 “substantive review” and the five year projection will be updated in
14 December, 2011. What is the current status of this review?
15
- 16 **PUB-NLH-15** Why was the review referred to in PUB-NLH-11 not completed in time to be
17 considered as part of the 2012 Capital Budget Application?
18
- 19 **PUB-NLH-16** On p. 8 of the 2012 Capital Plan, it is stated that a detailed review of Hydro’s
20 asset management strategy will be completed in 2011. Describe the review
21 that is underway, including what is being reviewed, the process of the review,
22 the parties completing the review and when it is expected to be completed.
23
- 24 **PUB-NLH-17** Explain how the realignment of engineering functions into Project Execution
25 and Technical Services functions described on p. 8-9 of the 2012 Capital Plan
26 differs from the prior structure and how it will enhance the design, planning
27 and execution of capital projects.
28
- 29 **PUB-NLH-18** Were additional resources hired or retained under contract as a result of the
30 “extra rigor” applied to resource planning as stated in p. 9 of the 2012 Capital
31 Plan? If yes, provide the details of these additional resources.
32
- 33 **PUB-NLH-19** Describe the “portfolio approach” referred to on p. 10 of the 2012 Capital
34 Plan.
35
- 36 **PUB-NLH-20** On p. 10 of the 2012 Capital Plan, it is stated that resource planning is in the
37 review for approval stage, pending the outcome of the 2012 Capital Budget
38 Application. What does this mean?
39
- 40 **PUB-NLH-21** For the following categories of expenditures for which Hydro provides the
41 forecast average for the next five years on p. 15 of the 2012 Capital Plan
42 provide the average for the last five years:
43

Next Five Years Average

Information System	\$2.5 Million
Telecontrol	\$5.6 Million
Transportation	\$2.9 Million
Administration	\$2.0 Million

PUB-NLH-22 On p. B2 of the 2012 Capital Plan accuracy levels are stated ranging from 10% to 50%. Please explain the basis for these levels and how they were determined.

PUB-NLH-23 In the Twenty-Year Capital Plan, found in Appendix B of the 2012 Capital Plan, the forecast capital expenditures for the years 2013 to 2016 range from \$121.4 million to \$155.2 million, while the remaining years from 2017 to 2031 are expected to decrease to pre-2012 levels. What steps is Hydro taking to manage capital expenditures in an attempt to stabilize the costs over this period?

PUB-NLH-24 What plans has Hydro put in place to ensure that it has sufficient resources, such as labour, during this short intense period of capital spending?

PUB-NLH-25 What are Hydro's long-term plans to manage its resources given that it foresees a significant decrease in spending after 2016?

Section E – Multi-Year Projects

PUB-NLH-26 Section E lists multi-year projects that have already commenced. Please provide a detailed schedule of the multi-year projects to be reviewed in Phase I that will commence or continue in 2012 that are included with the 2012 Capital Budget Application for which approval is being requested. The list should detail forecast future expenditures each year for each multi-year project.

PUB-NLH-27 Section E, multi-year project refers to P.U. 38(2010) for approval of a number of projects. Please outline the relevant sections of P.U. 38(2010) which are relied on by Hydro to state that these projects were approved as multi-year projects.

Page E-2, Replace Static Excitation Systems – Upper Salmon, Holyrood and Hinds Lake, \$2,402,500

PUB-NLH-28 Has the contract been awarded for all three systems as proposed in the 2012 Capital Budget?

- 1 **PUB-NLH-29** What standard is used to determine the useful life of these systems?
2
3
- 4 **Page E-4, Replace Programmable Logic Controllers – Holyrood, \$901,700**
5
- 6 **PUB-NLH-30** In the table showing the revised project schedule and estimated cost as a result
7 of changes in scope, and the exclusion of the replacement of the control
8 systems for the warm air makeup system, the revised capital expenditure for
9 2012 is \$901,700, which is the same as that forecast for 2012 before the
10 change in scope. Please provide a breakdown of the 2012 budget provided in
11 each table and show how they can be the same number.
12
- 13 **PUB-NLH-31** Does the manual operation of the make-up air units meet occupational health
14 and safety requirements with regard to ventilation and avoid concerns in
15 relation to the freezing of equipment and losses in boiler efficiency?
16
- 17 **PUB-NLH-32** Is it possible that the mechanical issues with the warm air make-up system
18 that have caused it to be delayed may be resolved in time that it could be
19 included with the replacement of the Programmable Logic Controllers at
20 Holyrood in Phase II of the 2012 Capital Budget?
21
22
- 23 **Page E-7, Upgrade Electrical Equipment – Holyrood, \$206,300**
24
- 25 **PUB-NLH-33** Please provide a detailed explanation of the work that will be undertaken in
26 2012 and 2013.
27
28
- 29 **Page E-8, Upgrade Gas Turbine Plant Life Extension – Hardwoods, \$3,366,600**
30
- 31 **PUB-NLH-34** Please provide a detailed explanation of the work to be undertaken in 2012,
32 including an updated detailed breakdown of the costs involved.
33
34
- 35 **Page E-9, New 25 kV Terminal Station – Labrador City, \$3,507,000**
36
- 37 **PUB-NLH-35** Please provide a detailed explanation of the work that will be undertaken in
38 2012.
39
- 40 **PUB-NLH-36** Given the time that has elapsed since the original budget was prepared and the
41 issues that have arisen in obtaining tenders, please provide a revised budget
42 based on the most recent best available information.
43

1 **Page E-16, Voltage Conversion – Labrador City, \$3,840,700**

2
3 **PUB-NLH-37** Has Hydro encountered issues similar to those reported in relation to the
4 Terminal Station in Labrador City with regard to tenders for this project?
5
6

7 **Section H - Capital Expenditures 2007-2016**

8
9 **PUB-NLH-38** The past four years actual forecast capital expenditures are listed in Section H
10 and range from \$35.7 million in 2007 to \$67.3 million in 2011. The forecast
11 capital for the five year period 2012-2017 are also listed in Section H and are
12 forecast to be:
13

14	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
15	\$87,862,000	\$121,369,000	\$151,686,000	\$155,237,000	\$146,973,000

16
17 Using the rate of return on rate base and the operating expenses for the last
18 test year (2007), and setting out any other reasonable assumptions, please
19 calculate the impact on the revenue requirement for each of the upcoming five
20 years that can be attributed directly to the forecast capital expenditures for that
21 period.
22

23 **PUB-NLH-39** Using the same base information used in the previous question and averaging
24 the capital expenditures forecast from 2012 to 2021 to provide a constant
25 capital budget for each of those years, please calculate the impact on the
26 revenue requirement for each of the upcoming five years that can be attributed
27 directly to the forecast capital expenditures for that period.
28

29 **PUB-NLH-40** Other than the impact on revenue requirement what other implications would
30 there be for customers of the increased magnitude of the annual capital
31 expenditure forecast for 2012 to 2017 that are set out in Section H?
32

33 **PUB-NLH-41** Please provide a table, similar to that provided at p. H-1, of the capital
34 expenditures for each year from 2007 to 2015, with all Holyrood Thermal
35 Generating Station expenditures removed.
36

37 **PUB-NLH-42** Please provide a table, similar to that provided at p. H-1, of the capital
38 expenditures for the Holyrood Thermal Generating Station for each year from
39 2007 to 2015.
40

41 **PUB-NLH-43** Please provide a detailed explanation as to why the overall proposed capital
42 budget for 2012 exceeds the actual expenditures for 2007 by 146%.
43

44 **PUB-NLH-45** Please provide a detailed explanation as to why the budgeted generation
45 expenditures for 2012 are over three times the actual expenditures incurred
46 five years ago.

1 **PUB-NLH-46** Please provide a detailed explanation as to why the budgeted 2012
2 expenditures for transmission and rural operations are over two times the
3 actual that were incurred five years earlier.
4

5

6 **B-14, Upgrade Burnt Dam Spillway \$1,703,000**

7

8 **PUB-NLH-47** For each of the years of the Burnt Dam Spillway project, beginning in 2011,
9 please provide a breakdown of the costs, as well as an overall total cost, of
10 each of the major components: stop log hoist and associated components, stop
11 logs, stop log storage system, spillway gates and associated components,
12 emergency hydraulic drive, diesel power generation, and any other
13 components not already included in this question.
14

15 **PUB-NLH-48** Using the components of the overall project listed above, please provide
16 references to the Hatch Report, found in Volume II, Tab 6, Appendix A, and
17 the Weir Report, found in Volume II, Tab 6, Appendix B, regarding
18 recommendations that each of these components be undertaken at this time.
19

20 **PUB-NLH-49** In the 2011 Capital Budget the forecast expenditure for 2012 was \$692,000,
21 while the forecast amount in the 2012 Capital Budget is \$1,702,800. Please
22 explain this variance.
23

24

25 **B-25, Replace Emergency Diesel Generator, \$611,400**

26

27 **PUB-NLH-50** In what year did the existing 200 kW diesel generator become “undersized for
28 the task”?
29

30 **PUB-NLH-51** If the 200 kW diesel unit is too small to supply station service can it be
31 assumed that all other generating units would be off line at that time?
32

33 **PUB-NLH-52** In each of the past years from 2001 to 2010, how many times have all of the
34 units that might supply station service been off line at the same time?
35

36 **PUB-NLH-53** Is the Bay D’Espoir plant equipped with battery run emergency lighting that
37 would be automatically activated when the generating units are off line?
38

39 **PUB-NLH-54** Since Hydro has used this 200 kW diesel unit since 2003 despite the fact that
40 it is undersized, that it is 43 years old, and that replacement parts are
41 unavailable, why is it essential that the unit be replaced in 2012?

- 1 **PUB-NLH-55** Please provide a comparison of the advantages and disadvantages, other than
 2 capital cost, from the experience of Hydro and from other utilities, of the
 3 purchase of a containerized unit versus the purchase of a diesel genset and the
 4 construction of a new building to house it.
 5
- 6 **B-29, Install Additional 230 kV Transformer, \$3,535,200**
 7
- 8 **PUB-NLH-56** Is it possible to specify an impedance value (range) for the proposed T4
 9 addition at Oxen Pond in order to minimize the loss of firm capacity due to
 10 the mismatch of impedances?
 11
- 12 **PUB-NLH-57** How does the age of the 47 MVA transformers at Hardwoods and Oxen Pond
 13 affect the replacement/addition strategy of transformers in the Hardwoods-
 14 Oxen Pond loop?
 15
- 16 **PUB-NLH-58** Can B1L36 and B1L18 from Oxen Pond be used as spares for other breakers
 17 on the system?
 18
 19
- 20 **B-32, Provide Service Extensions \$4,172,000**
 21
- 22 **PUB-NLH-59** What information, if any, other than historical expenditures was used to
 23 determine the forecast for service connections?
 24
- 25 **PUB-NLH-60** Why was an escalation factor of 5% applied to historical expenditures to
 26 convert to 2010 dollars?
 27
 28
- 29 **B-34, Upgrade Distribution Lines, \$1,385,200**
 30
- 31 **PUB-NLH-61** Under which regulatory authorities has it been determined that blackjack poles
 32 are environmentally unacceptable?
 33
- 34 **PUB-NLH-62** When did Hydro adopt the policy to remove and discard all blackjack poles?
 35
 36
- 37 **B-36, Perform Wood Pole Management Program, \$2,513,300**
 38
- 39 **PUB-NLH-63** Are the increased costs of construction referred to on page 14-15 of the Report
 40 in Volume II, Tab 13 included in the budget for 2012 in Table 8 on p. 17 of
 41 the same Report? If yes, why is the budget for 2012 lower than the other
 42 years in the forecast?
 43
- 44 **PUB-NLH-64** Please provide the ice and wind loading design criteria for 230 kV, 138 kV
 45 and 66 kV lines.

- 1 **PUB-NLH-65** Please provide details of the financial and technical support that was provided
 2 by Hydro to the Graduate Student in Engineering program at Memorial
 3 University of Newfoundland in order to research and develop a Non-
 4 Destructive Evaluation of wood poles.
 5
- 6 **PUB-NLH-66** Have the costs of the financial and technical support provided to Memorial
 7 University of Newfoundland been recorded by Hydro as regulated or non-
 8 regulated expenses?
 9
- 10 **PUB-NLH-67** What was found to be the condition of the poles on line TL-240, Labrador,
 11 during the testing performed in 2010?
 12
- 13 **PUB-NLH-68** Why isn't Hydro seeking approval of this project as a multi-year project?
 14
- 15 **PUB-NLH-69** How many customers are served by line TL-240 in Labrador?
 16
- 17 **PUB-NLH-70** For each of the years from 2008 to 2011 please provide the reliability statistics
 18 for line TL-240 in Labrador.
 19
 20
- 21 **B-42, Distribution System Additions, \$2,172,100**
 22
- 23 **PUB-NLH-71** Please provide a copy of the most recent version of the *Newfoundland and*
 24 *Labrador Hydro Planning Criteria*.
 25
- 26 **PUB-NLH-72** On p. 41 of the report on *Distribution System Additions To Accommodate*
 27 *Load Growth – 2012, Bay D'Espoir, Happy Valley – Goose Bay, Wabush,*
 28 *July 2011*, found in Volume II, Tab 14 of the application, Hydro states, in
 29 paragraph 2, that the net present value is included in Table 11. Please provide
 30 a revised Table 11 which includes the net present value of the alternatives.
 31
- 32 **PUB-NLH-73** What role has the consideration of the impact of Hydro's Conservation and
 33 Demand Management Program played in the evaluation of the options
 34 considered?
 35
 36
- 37 **B-45, Upgrade Circuit Breakers, Various Sites, 1,677,000**
 38
- 39 **PUB-NLH-74** What are the capital budgetary implications if the extension to 2025 is not
 40 granted for the end of use date for equipment containing PCBs that are above
 41 500 mg/kg?
 42
- 43 **PUB-NLH-75** Is Hydro seeking approval of this project as a multi-year project?

- 1 **PUB-NLH-76** How has it been determined by Hydro that "...for new high voltage circuit
2 breakers the only option available on the market today is SF6 circuit
3 breakers"?
- 4
- 5 **PUB-NLH-77** In making a determination that "Many utilities in North America are in a
6 similar position..." what utilities were surveyed by Hydro, and what solutions
7 have been implemented by these utilities?
- 8
- 9 **PUB-NLH-78** Since it appears from the above statement that "many utilities" are facing the
10 same issues of aging infrastructure, what information does Hydro have on
11 how other utilities that are not now facing these same issues have avoided
12 finding themselves in this situation?
- 13
- 14 **PUB-NLH-79** On p. 17 of the report *Upgrade Circuit Breakers, July 2011*, Volume II, Tab
15 15, Hydro states that "One breaker replacement will be completed in 2012...",
16 while in Appendix E, p. E2, Hydro lists two Air Blast breakers that will be
17 replaced in 2012. Please confirm the number of air blast breakers that will be
18 replaced in 2012.
- 19
- 20
- 21 **B-48, Increase Generation Capacity – Mary's Harbour \$1,489,000**
- 22
- 23 **PUB-NLH-80** On p. 3 of the Report "Increase Generating Capacity Mary's Harbour Diesel
24 Generating Station", Volume II, Tab 16 reference is made to a study of small
25 hydroelectric potential in the coastal Labrador region. In a letter dated May
26 25, 2011 in answer to Board question #14 on increasing the generating
27 capacity in the Charlottetown Plant, it was stated that an application to the
28 Board for approval of this study had been prepared. What is the status of this
29 application?
- 30
- 31 **PUB-NLH-81** According to page 3 of the report found in Volume II, Tab 16 of the
32 Application "In 2009, the Provincial Government provided funding to Hydro
33 to complete phase 1 of an alternative energy study" and then provided an
34 additional \$2.5 million to further study small hydroelectric potential in coastal
35 Labrador. What is the status of any further work on this project?
- 36
- 37 **PUB-NLH-82** Please provide a copy of the draft report Coastal Labrador Alternative Energy
38 Study that was completed in December 2009.
- 39
- 40 **PUB-NLH-83** Has Hydro considered developing a policy for isolated diesel communities
41 that would require a large commercial user, such as the crab plant in Mary's
42 Harbour, to make a contribution to significant capital costs required to meet
43 that customer's load? If yes, what is the status of the policy? If not, why not?
- 44
- 45 **PUB-NLH-84** What will be the impact on the Rural Deficit of the proposed new mobile
46 diesel plant?

- 1 **PUB-NLH-85** P. 19 of the report in Volume II, Tab 16 refers in Table 13 to the new unit at
 2 the Charlottetown Diesel Plant. A letter from Newfoundland and Labrador
 3 Hydro to the Board dated April 27, 2011 stated that an application to restore
 4 the allowance for Unforeseen Items depleted for the new unit for
 5 Charlottetown would be made "in the near future". When does Hydro plan to
 6 file this application?
 7
- 8 **PUB-NLH-86** In Table 14, p. 23 of the report in Volume II, Tab 16, Hydro forecasts load for
 9 each year from 2011 to 2017. Please provide information on the actual load
 10 for 2011, showing the gross peak and net peak for the summer of 2011.
 11
- 12 **PUB-NLH-87** For each year from 2005 to 2010 please provide a chart showing the reasons
 13 for outages on the Mary's Harbour System, along with the number of times
 14 that an outage can be attributed to each reason and the number of customer
 15 minutes that can be attributed to each reason.
 16
- 17 **PUB-NLH-88** In the event that the proposed mobile generator is replaced with a more
 18 permanent solution in the next three years, please provide an explanation of
 19 the requirement and use for the mobile generator on Hydro's isolated or
 20 interconnected systems.
 21
- 22 **PUB-NLH-89** Does the scheduled completion date of the new crab plant continue to be the
 23 spring of 2012?
 24
 25
- 26 **B-49, Upgrade Power Transformers \$1,246,000**
 27
- 28 **PUB-NLH-90** Is Hydro seeking approval of this project as a multi-year project as Table 9 on
 29 p. 27 of the Report in Volume II, Tab 17 sets out the five year work plan to
 30 upgrade Power Transformers? If not, why not?
 31
- 32 **PUB-NLH-91** Please provide a listing of the spare transformers held in Hydro's inventory,
 33 including the rating and the location where it is stored
 34
- 35 **PUB-NLH-92** Please provide a listing of the transformers that Hydro has in service,
 36 including the rating and the location where it is in service.
 37
 38
- 39 **B-53, Automated Meter Reading, \$380,000**
 40
- 41 **PUB-NLH-93** At what point, after the installation of AMR meters, does Hydro expect to
 42 realize savings as a result of the reduction in labour costs as meter readers are
 43 no longer necessary?

1 **PUB-NLH-94** In Volume I, Tab E of the Application, Hydro reports, on p. E-22, that the
 2 implementation of AMR in the service area of Port au Choix has been
 3 cancelled as the meter reader position did not become vacant, as had been
 4 originally forecast. Please provide an evaluation of this change in plan, given
 5 the original evaluation of the project.
 6
 7

8 **B-58, Replace Battery Banks and Charges \$881,000**
 9

10 **PUB-NLH-95** On p. 1 of the Report in Volume II, Tab 21, it is stated that Hydro's Stationary
 11 Battery Replacement Program is an "ongoing program" and Appendix A
 12 provides a five year Battery Replacement Schedule. Is Hydro seeking
 13 approval of this project as a multi-year project? If not, why not?
 14
 15

16 **B-56, Replace Vehicles and Aerial Devices 1,711,400**
 17

18 **PUB-NLH-96** Why is this treated as a two year project that is requested every year?
 19
 20

21 **B-60 Upgrade JD Edwards – Hydro Place**
 22

23 **PUB-NLH-97** Are all modules of this system fully functioning and utilized? Describe how
 24 they are utilized by Hydro.
 25

26 **PUB-NLH-98** Has Hydro completed a performance review of this system? If yes, provide a
 27 copy. If not, why not?
 28

29 **PUB-NLH-99** Provide the most recent information on the support dates in Appendix A.
 30
 31

32 **B-70, Overhaul Diesel Units, \$974,100**
 33

34 **PUB-NLH-100** In the 2010 Capital Budget it was noted that "Hydro's current practice is to
 35 replace diesel engines after four overhauls, each completed after
 36 approximately 20,000 hours of operation. ...an older asset management
 37 practice was to perform five overhauls, each after approximately 15,000 hours
 38 of operation." Please provide an analysis of the benefits of a change in the
 39 criteria employed by Hydro, both from a financial and from a reliability
 40 perspective.
 41

42 **PUB-NLH-101** From the information provided on pgs. 4 and 5 of the report *Overhaul Diesel*
 43 *Engines, July 2011*, Volume II, Tab 26, it can be determined that Hydro has
 44 been using the long block replacement program since 2006. What information
 45 has Hydro gathered, from its own experience or from the experience of other
 46 utilities, regarding the benefits of continuing this program?

- 1 **PUB-NLH-102** On p. 13 of the report found in Volume II, Tab 26, Hydro states that "... an
2 isolated diesel plant has no other generation on which to rely which means
3 that there is a higher probability that the loss of a diesel unit will result in a
4 load reduction and/or customer outage." Since the planning criteria requires
5 that the load of a system must be capable of being met with the largest unit out
6 of service, what evidence can Hydro provide to support this statement?
7
- 8 **PUB-NLH-103** Please provide a revised Appendix A, Volume II, Tab 26, showing the
9 location of each diesel unit scheduled for overhaul, the number of operating
10 hours on each unit as of August 31, 2011, and the number of overhauls that
11 have already been performed on the unit.
12
- 13 **PUB-NLH-104** Please provide a listing of the portable diesel units in Hydro's fleet, the ages
14 of the units, the number of operation hours of each unit as of August 31, 2011,
15 and the location of each unit.
16
17
- 18 **C-3, Replace Fuel Tank, \$207,500**
19
- 20 **PUB-NLH-105** On p. C-3 Hydro states that "There is no record of maintenance or repairs
21 performed on the tank in the last five years." Please explain how Hydro uses
22 work orders or other sources of information to track work that is performed by
23 staff.
24
25
- 26 **C-10, Replace Fuel Storage Tanks, St. Lewis, \$465,100**
27
- 28 **PUB-NLH-106** With the change in delivery schedule to a monthly delivery, is there any risk
29 that there will be a shortage of fuel at some point in the future?
30
- 31 **PUB-NLH-107** What, specifically, is the commitment of Hydro with regard to the contract
32 with the supplier for the supply of fuel to St. Lewis?
33
- 34 **PUB-NLH-108** How is the current price of fuel paid by Hydro, for normal deliveries and for
35 deliveries outside of the terms of the original contract, determined?
36
- 37 **PUB-NLH-109** How many suppliers of fuel deliver to St. Lewis, either by road or by ship?
38
- 39 **PUB-NLH-110** If the existing marine supply twice a year was maintained, would it be
40 possible to reduce the number of tanks by reducing the amount of reserve that
41 would be required? If so, please provide a cumulative net present value of
42 this additional scenario and compare it to the others provided in Table 3, p. C-
43 17.

1 **C-113, Replace Insulators, \$411,600**

2

3 **PUB-NLH-111** On p. C-114 Hydro states that "There are approximately 47 percent left to be
4 replaced." What percentage of the insulators does Hydro intend to replace in
5 2012?
6

7

8 **PUB-NLH-112** Since Hydro has stated that it intends to have its insulator replacement plan
9 completed by 2013, what plan does Hydro have in place to deal with the
10 labour requirements and the outage requirements over the 2012 – 2013
11 period?

12

13 **PUB-NLH-113** On p. C-115 Hydro notes that "... in situations where the insulators are under
14 structural stress, the cement growth condition will lead to a failure of the
15 insulator." Please explain the conditions that would cause the insulators to be
16 under stress, structural or otherwise.

17

18 **PUB-NLH-114** Please provide details of how Hydro calculates the annual budget for the
19 replacement of insulators.
20

21

22

23 **C-126, Replace Disconnects, \$351,800**

24

25 **PUB-NLH-115** Since the disconnect switches will be purchased under a multi-year contract in
26 order to improve the delivery time and the price from the manufacturer, how
27 many years does Hydro intend to include in the purchase contract?

28

29 **PUB-NLH-116** Since Hydro intends to purchase the disconnect switches under a multi-year
30 contract, why has it not applied to the Board for approval of this project as a
31 multi-year project?

32

33 **PUB-NLH-117** Please provide a breakdown of the costs for each of the projects outlined on p.
34 C-126.
35

36

37

38 **C-136, Upgrade Transmission Line Access Trails \$313,000**

39

40 **PUB-NLH-118** How were the standards for the trails set out in Appendix A, on p. C-143-144,
41 developed?

42

43 **PUB-NLH-119** Were other alternatives to this project considered? If yes, what were they?

44

45 **PUB-NLH-120** Does Hydro have an agreement permitting it to use these trails? If so, provide
a copy. If not, why not?

46

47 **PUB-NLH-121** Why is the cost for this project not considered to be an operating expense?

- 1 **PUB-NLH-122** Please provide a listing of all of the ATV accidents, including near misses,
2 that have occurred since 2003, indicating the actual accident, the injury
3 sustained, and the time lost from work.
4
- 5 **PUB-NLH-123** Does Hydro require employees to participate in training programs that focus
6 on the safe use of ATVs and snowmobiles?
7
- 8 **C-166, Replace Compressed Air Piping and Install Air Monitor, \$28,400**
9
- 10 **PUB-NLH-124** Please provide a breakdown of the various components of the project for each
11 year: including the compressed air distribution piping, the back-up air dryer
12 and the dew point monitor.
13
- 14 **PUB-NLH-125** For how many years has the Buchans Terminal Station operated with a single
15 compressed air dryer?
16
- 17 **PUB-NLH-126** Please provide reasons why or why not it would be possible and feasible to
18 delay the installation of a second compressed air dryer for one year or two?
19
20
- 21 **C-194, Replace Personal Computers \$491,000**
22
- 23 **PUB-NLH-127** Describe the work to be performed in the category "Consultant" shown in
24 Table 1 on p. C-194.
25
26
- 27 **C-199, Replace Peripheral Infrastructure \$328,000**
28
- 29 **PUB-NLH-128** On p. C-200 in Table 1 should the year "2011" be "2012"?
30
- 31 **PUB-NLH-129** It is stated that this budget includes funds for expanding the video
32 conferencing bridge for an increased number of video end-points. How many
33 locations currently have video conferencing and how many will be added with
34 this project?
35
- 36 **PUB-NLH-130** What is the cost included in the costs on p. C-200 to expand the video
37 conference capabilities?
38
39
- 40 **C-205, Remove Safety Hazards \$249,100**
41
- 42 **PUB-NLH-131** What is the process used and the criteria applied to determine which projects
43 are undertaken in this capital project from those identified in the Safe Work
44 Observation Program?
45
- 46 **PUB-NLH-132** How is the budget estimate for this project determined?

1 **PUB-NLH-133** Describe the 2011 project referred to on p. C-208 being completed for
2 \$252,400.

3
4 **C-215, Overhaul Turbine/Generator Units, \$456,600**

5
6 **PUB-NLH-134** Please provide the dates of previous overhauls of the Upper Salmon River
7 turbine/generator unit and of the Granite Canal turbine/generator unit, as well
8 as explanations of variances, if any, from the six-year overhaul schedule.

9
10
11 **D-98, Legal Survey of Primary Distribution Line Right of Way, \$197,900**

12
13 **PUB-NLH-135** Does Hydro plan to replace the retired Licensed Surveyor?

14
15
16 **D-131, Engineering Design for Diesel Plant Remediations \$110,000.**

17
18 **PUB-NLH-136** What weight will be given to the Hatch Report referred to in p. D-132 in the
19 preparation of the remedial plan proposed by this project?

DATED at St. John's, Newfoundland this 7th day of September, 2011.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Per Barbara Thistle
(for) Cheryl Blundon
Board Secretary