

1 Q. **Re: B-5, Rewind Generator Units 1 and 2, \$112,200 in 2012, \$1,107,600 in 2013,**
2 **and \$10,681,400 in future years**

3 On page 8 of the Report *Unit 1 and Unit 2 Generator Stator Rewind*, Volume I, Tab 2
4 of the Application, Hydro states that General Energy Services (GE) produced
5 inspection reports for Unit 1 in 2003, and for Unit 2 in 2005, and the 2003 Unit 1
6 inspection report found “*serious indications of a potential winding failure*”. On
7 page 9 it is stated that GE recommended a full generation stator rewind for this unit
8 in the “*near future*”. The 2005 report on Unit 2 winding also recommended it be
9 replaced in the “*near future*”. The 2012 Capital Budget proposal includes replacing
10 the Unit 2 winding in 2014, twelve years after the GE recommendation to do the
11 replacement in the “*near future*” and Unit 1 winding in 2015, some 9 years after the
12 recommendation. What weight did Hydro place on the GE 2003 and 2005
13 inspection reports in submitting its capital budget proposal at this time, and why
14 was action not taken sooner?

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17 A. Hydro places considerable weight on any recommendations by equipment OEM
18 (Original Equipment Manufacturer). Given that Holyrood units only run for an
19 average of approximately six months per year, from an operating hours point of
20 view, each additional calendar year since the 2003 (Unit 1) and 2005 (Unit 2)
21 inspection reports has equated to approximately half a year of service for the units.
22 This, coupled with the decreased load on the Island Interconnected System over the
23 past five years, has resulted in lower average loading requirements during the
24 approximate six-month operating period of each unit per year.

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26 Based on these conditions, the decision has been made (based on careful analysis
27 of online condition monitoring) year by year to maximize the value of the present

1 stator winding assets for Units 1 and 2. This approach has been successful to date.
2 Given the accumulating operating hours since the respective major outage reports
3 from GE, combined with the 2011 condition assessment report from AMEC and the
4 increased load forecasted to be supplied by Holyrood generation in the years to
5 come, the decision was made to submit the budget proposal for rewind at this time.