

1 Q. Reference: The Board's Interim Report, Investigation and Hearing into Supply  
2 Issues and Power Outages on the Island Interconnected System, May 15, 2014,  
3 Page 15.  
4 *"Liberty found that Hydro was slow in implementing the required steps to allow*  
5 *for maintaining full steam flow during the Unit 2 control valve failure. An inability*  
6 *to obtain software vendor support over the holiday period also complicated repair*  
7 *efforts for Unit 2. There was also no spare motor available for the forced draft fan*  
8 *at Unit 3 and, even with an expedited repair, Hydro was not able to bring Unit 3*  
9 *fully back on-line until January 12. According to Liberty the de-rating of the two*  
10 *units at the Holyrood Thermal Generating Station in late December may have*  
11 *been avoided or minimized."*

12 Please indicate the reduced capacity that would have been required from the  
13 interruptible arrangement with CBPP in January if these events associated with  
14 Units 2 and 3 at Holyrood were (i) avoided or (ii) minimized.  
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17 A. The events associated with Unit #2 (control valve spindle failure) and Unit #3  
18 (forced draft fan motor) could not have been avoided and were minimized to the  
19 extent possible, as the response to these issues was executed on an emergency  
20 basis throughout the whole duration of the derating. Therefore, there would be no  
21 reduction in the capacity required from the interruptible contract. As noted, the  
22 Board's and Liberty's findings (which are similar to Hydro's report of March 24,

1 2014<sup>1</sup>) are that if Hydro had a quantity of spare 4 kV motors<sup>2</sup> available, the  
2 response time may have been reduced. These items were not in place and  
3 therefore the question is speculative and not meaningful, as it would also have to  
4 speculate that prior to this incident (at some point in time to allow for the changes  
5 to be made and based on the history of the performance of the Holyrood facility  
6 and its remaining life), the Board would have agreed that Hydro should have  
7 incurred the additional costs for recovery in customer rates.

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<sup>1</sup> Hydro's recommendation was: "complete the planned initiative in Hydro's Integrated Critical Spares Strategy as well as implement improvements identified by the Critical Spares Council in 2013. In the process revisit Hydro's critical spares philosophy for Holyrood and other generation assets within Hydro's system, and implement any changes in time for the 2014/15 season."

<sup>2</sup> It would not have been possible to know which of the 4 kV motors at Holyrood might fail. Therefore Hydro would have to have enough 4 kV motors to cover each of the different sizes and applications used in the facility.