

1 Q. The Board's Interim Report dated May 15, 2014 provides a summary of key priority
2 actions. Please provide a table identifying each of the key priority actions identified
3 in the Board's Interim Report, Hydro's proposed completion/in-service date, the
4 estimated cost in Dollars, and the estimated impact on rates. Please include a
5 comments section that discusses in general terms the expected value provided to
6 customers from each of these key priority actions; i.e., identify expected reliability
7 improvement such as reductions in energy not supplied.

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10 A. Please refer to CA-NLH-023 Attachment 1 for a summary of expected
11 completion/in-service dates and related estimated costs associated with the Key
12 Priority Actions identified in the Board's Interim Report.

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14 Hydro has yet to finalize which costs related to the January 2014 supply issues and
15 power outages and the ensuing inquiry by the Board, including those costs
16 indicated in CA-NLH-023 Attachment 1, it will seek to have included in its rate base,
17 or otherwise dealt with. It is therefore not possible at this time to estimate the
18 associated impact on rates. This is expected to be the subject of a separate
19 application or applications to the Board and certain costs may, as well, be reflected
20 in Hydro's Amended General Rate Application.

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22 The Key Priority Actions identified by the Board are substantially concerned with
23 ensuring the availability of sufficient generation and transmission system reliability.
24 In particular, the addition of a new generation source, originally planned by Hydro
25 for the 2015/16 winter season but accelerated by the company into 2014/15, and
26 the intensified 2014 testing and maintenance programs for transformers and circuit

1 breakers, are measures which will enhance reliability for the Island Interconnected
2 System.

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4 A fuller description of the rationale and need for proceeding with the installation of
5 120 MW of additional combustion turbine generation in 2014 is outlined in Hydro's
6 application to the Board dated April 10, 2014. This additional generating capacity
7 (in and of itself) will provide a significantly higher level of system reliability.

Key Priority Actions From PUB Interim Report		
Key Priority Action	Estimated Completion/ In-Service Date	Estimated Cost¹
<p>Load Forecasting and Generation Planning</p> <p>By December 1, 2014 Hydro should:</p> <ul style="list-style-type: none"> a) Implement changes to its short-term forecasting process to appropriately incorporate impacts of weather conditions and any significant load changes, from losses or otherwise, resulting from various system configurations. b) Incorporate sensitivity analyses to weather extremes in all forecasting and supply and planning decision evaluations. 	<ul style="list-style-type: none"> a) Dec 1, 2014 b) Nov 15, 2014 	\$10,000
<p>Generation Availability</p> <p>By December 1, 2014 Hydro should:</p> <ul style="list-style-type: none"> a) Complete the work necessary to ensure winter readiness of its generation assets. b) Address the issue of critical spares of its generation assets. c) Complete negotiations in relation to interruptible loads and, to the extent that it can secure economically available interruptible load, have a contract in place. d) Complete the procurement and installation of the 100 MW (nominal) gas turbine. 	<ul style="list-style-type: none"> a) Nov 30, 2014 b) Dec 15, 2014 c) Nov 30, 2014 d) Dec 14, 2014 	<ul style="list-style-type: none"> a) ² b) N/A³ c) ⁴ d) \$119,000,000
<p>Terminal Station Transformers</p> <p>By December 1, 2014 Hydro should:</p> <ul style="list-style-type: none"> a) Complete all 2014 and outstanding prior year testing and maintenance on critical transformers. b) Take appropriate action in relation to critical transformers which have questionable levels of combustible gas. 	<ul style="list-style-type: none"> a) Nov 15, 2014 b) Nov 15, 2014 	<ul style="list-style-type: none"> 2014 - \$480,000 2015 - \$542,000

¹ These estimates do not necessarily indicate new costs that will be incremental to Hydro's operating expenses on a go-forward basis.

² Hydro is completing its winter readiness self-assessment, which is to be completed at the end of July 2014. Any incremental costs will be identified following this assessment.

³ A review of critical spares requirements for Hydro's generation assets is ongoing and a list of new or additional critical spares and their associated costs will not be finalized until the end of September 2014. The potential variance in cost is quite high depending on the additional spares identified and procured.

⁴ The arrangements for interruptible loads (including costs) is still under negotiation. Please see Hydro's response to CA-NLH-011.

Key Priority Actions From PUB Interim Report		
Key Priority Action	Estimated Completion/ In-Service Date	Estimated Cost¹
<p>Air Blast Circuit Breakers By December 1, 2014 Hydro should:</p> <ul style="list-style-type: none"> a) Properly exercise all air-blast circuit breakers. b) Complete all 2014 and outstanding prior year testing and maintenance on its critical air blast circuit breakers. 	<ul style="list-style-type: none"> a) Oct 31, 2014 b) Nov 30, 2014 	<ul style="list-style-type: none"> 2014 - \$560,000 2015 - \$622,000
<p>Protection and Control Systems By December 1, 2014 Hydro should check and modify slow trip coil connections on the air-blast circuit breakers.</p>	Nov 30, 2014	\$70,000
<p>Hydro Place Emergency Power By December 1, 2014 Hydro should complete all reasonable and necessary work in relation to the emergency generation system and appropriate emergency lighting at Hydro Place.</p>	Aug 30, 2014	\$30,000
<p>Inter-Utility Coordination By December 1, 2014 Hydro and Newfoundland Power should make improvements in operational and customer information and communication coordination.</p>	Dec 1, 2014	\$20,000