

1 Q. Reference: Hydro's November 30, 2016 *Energy Supply Risk Assessment*
2 On Page 1 of Hydro's *Gas Turbine Failure Analysis – Preliminary Report*, dated
3 December 6, 2016, it states:

4 *"This report contains Hydro's preliminary findings to date and is subject to change*
5 *pending completion of the root cause analysis. Hydro's report containing the*
6 *conclusions of the root cause analysis will be submitted by January 11, 2017."*

7 Please explain the extent to which the failure analysis of the Hardwoods and
8 Stephenville gas turbines may affect the conclusions reached in Hydro's November
9 30, 2016 *Energy Supply Risk Assessment*.

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12 A. Hydro engaged an outside consultant for the failure analysis for Stephenville. The
13 report has resulted in a set of recommendations for improvements that will
14 positively impact reliability at Stephenville and these recommendations have, in
15 most cases, been initiated and the remaining recommendations will be initiated in
16 the short term. Many of these recommendations are also applicable to Hardwoods
17 engines. This is discussed in the final report submitted on January 11, 2017.

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19 The reliability metric, UFOP, utilized in the Energy Supply Risk Assessment for the
20 system analysis, is based on the most recent couple of year's history, as well as in
21 consideration of the resources, human and asset management, now applied to
22 these assets. Hydro believes the reliability of the units will be enhanced in the
23 coming years and will meet or exceed the planning criteria used in the Energy
24 Supply Risk Assessment. Further, in the event there is an issue with an engine, as is
25 currently the case with one of the Stephenville engines, the leased unit will be
26 maintained while improvements are made over the coming years. Therefore, the

- 1 assumptions of the Energy Supply Risk Assessment remain cautious and
- 2 appropriate, in Hydro's opinion, and therefore the conclusions remain supported.