

1 Q. **Tab C; Volume I: Projects \$500,000 and Over (Hydraulic Generation In-Service**
2 **Failures)**

3 Hydro states on page C-30 that “Similar to Hydro’s Terminal Station In-Service
4 Failures Project, Hydro will use a standby pool of equipment (formerly referred to
5 as Capital Spares) and undertake the timely refurbishment and replacement work
6 required to maintain the integrity and reliability of the electrical system.”

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8 Please provide details on Hydro’s overall critical spares program and how the
9 purchase of critical spares under these In-Service Failures projects relates to the
10 overall critical spares program. Will these spares be part of the overall critical
11 spares program, in addition to the critical spares program, or has the critical spares
12 program been replaced by similar individual budget allocations within various
13 projects?

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16 A. The Critical Spares Program is based on a broad view of the equipment Hydro
17 requires to be available in a timely fashion in order to restore service as quickly as
18 possible when equipment fails, or is deteriorated to a point that reliable service is
19 no longer possible. Critical spares are analyzed through a structured process based
20 on relative asset criticality. This structured process determines if parts are critical to
21 retain as spares based on considerations as to the operational impact if the in-
22 service equipment fails, if delivery time is long, whether there is the ability to detect
23 a failure in advance, and the failure history for similar equipment.

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25 The Critical Spares Program has not been replaced, as it has items that are either
26 operating in nature or capital in nature and this proposed project will involve only
27 those purchases that are capital in nature.

1 The proposed capital spares equipment purchase under the Generation In-Service
2 Failures project comprises the capital portion of the Critical Spares Program. All
3 Hydraulic Generation Critical Spares that are capital in nature will now be
4 purchased under this project.