

1 Q. **Reference: Application, 2023 Capital Expenditures Overview, page 5**

2 It is stated

3 Increased project contingency due to the likelihood of additional required scope
4 of work that may be identified following disassembly and inspection of the unit,
5 including possible requirements to remove rotor poles for cleaning and
6 completing stator repairs.

7 Why is this contingency being added now rather than at the time the original budget estimate
8 was developed?

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11 A. Newfoundland and Labrador Hydro (“Hydro”) developed the estimate for this supplemental
12 application¹ based on its history of work at the Upper Salmon Hydroelectric Generating Station
13 (“Upper Salmon Station”) and similar projects completed for Unit 7 at the Bay d’Espoir
14 Hydroelectric Generating Facility. With this knowledge, a contingency of 10% was determined to
15 be appropriate. The additional contingency has since been added due to unforeseen issues
16 identified during regular inspections² of the generator at the Upper Salmon Station and the
17 likelihood of additional scope work following generator disassembly.

¹ “Application for Approval to for Rotor Rim Shrinking and Stator Recentering at the Upper Salmon Hydroelectric Generating Station,” Newfoundland and Labrador Hydro, April 26, 2022, approved as per *Public Utilities Act*, RSNL 1990, c. P-47, Board Order No. P.U. 18(2022), Board of Commissioners of Public Utilities, May 20, 2022.

² These inspections were recommended by the original equipment manufacturer after discovering the initial mechanical damage to the Upper Salmon generator.