

1 Q. **Reference: Program 1 Overhaul Turbine and Valves Unit 3**

2 Page 12 of the Provisional Capital Budget Application Guidelines (“Provisional Guidelines”)  
3 define programs as capital investments comprised of a number of asset-related activities that  
4 are (i) high volume, (ii) repetitive, and (iii) like-for-like capital replacements, enhancements, or  
5 additions that are expected to continue into the foreseeable future. Please explain how the  
6 overhaul of the turbine, turbine valves, and steam chest welding crack repair conforms with the  
7 definition of program as established in the Provisional Guidelines.

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10 A. Newfoundland and Labrador Hydro (“Hydro”) categorizes routine overhauls that are completed  
11 at regular frequency intervals as programs, as they are repetitive with regards to the scope,  
12 justification, and frequency of execution. The components identified for like-for-like  
13 replacement or refurbishment are anticipated to continue operation in a reliable condition for  
14 the foreseeable future, or at least until the next scheduled overhaul.<sup>1</sup> As the steam chest is a  
15 major component in the turbine, each turbine overhaul includes the inspection of the steam  
16 chest and completion of repair/replacement, if required. While the steam crack repair itself is  
17 not expected to be repetitive, it is Hydro’s position that the steam crack repair constitutes a  
18 component of the turbine and turbine valve overhaul, and grouping this scope with the routine  
19 overhaul program scope provides administrative, regulatory, and execution efficiency.

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<sup>1</sup> The overhaul schedule is based on a frequency of three years for the turbine valves and nine years for the turbine.