

1    Q.    Further to the response to PUB-NLH-018, with the increase in the legislated threshold amount  
2           to \$750,000, is the in-service failure amount of \$100,000 still necessary?

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5    A.    The in-service failure component of this program will allow Newfoundland and Labrador Hydro  
6           (“Hydro”) to undertake timely refurbishment and replacement work that is not included in its  
7           Preventive Maintenance Program, supporting Hydro’s effort to maintain safe and reliable  
8           operations. Any delay in addressing existing equipment that has failed or is underperforming has  
9           the potential to disrupt safe and reliable operation of the asset.

10          Hydro’s practices regarding projects that are under the legislated threshold amount of \$750,000  
11          are to internally open, approve, and manage the projects as individual supplemental projects.  
12          These are then reported in Hydro’s quarterly regulatory reports, as well as in the capital  
13          expenditure reports and the annual capital budget applications. By including the in-service  
14          failure amount of \$100,000 within the budget for Replace Light-Duty Vehicles, this  
15          administrative workload is removed. Including an in-service failure amount within this program  
16          also enables trending of failure quantities and costs in the interest of transparency and budget  
17          estimating.