

1 Q. **Reference: Program 16: Perform Facilities Refurbishments (2027) Section 3.2 Asset Condition,**
2 **pages 5 to 9**

3 In the 2027 CBA, for the Ramea Diesel Generating Station Powerhouse Hydro is proposing to
4 undertake detailed engineering design of proposed refurbishments for the building structure in
5 2027, with execution of the refurbishment work to be completed in a future year.

6 Explain why the Board should approve an amount for detailed engineering design work in
7 advance of reviewing the specific project scope of work.

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10 A. The purpose of detailed engineering design of the proposed refurbishments for the Ramea
11 Diesel Generating Station Powerhouse is to evaluate refurbishment alternatives and develop the
12 detailed design necessary to define the required scope of work. This process will establish the
13 final project scope, confirm material and construction requirements, identify any associated
14 risks, and produce a more accurate cost estimate for future execution.

15 Approval of the requested engineering expenditures would not constitute approval of the future
16 refurbishment project. Rather, the engineering design work will provide the information
17 necessary for Newfoundland and Labrador Hydro ("Hydro") to present the Board of
18 Commissioners of Public Utilities with a fully developed project proposal for review and
19 approval before the execution of any refurbishment work. The requested budget supports
20 prudent asset management and enables a more informed regulatory review by reducing
21 technical and cost uncertainty prior to seeking approval for the execution phase of the work.

22 Depreciation of the requested engineering expenditures would not begin and will not be
23 recovered from customers until the associated physical assets enter service. In the event that
24 the subsequent project is not approved, Hydro would not seek recovery of the expenditures
25 associated with detailed engineering design.