

1 Q. **Reference: Volume I, 2020 Capital Projects Over \$500,000, Overhaul Diesel Units, page C-53,**  
2 **lines 15 to 17**

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4 Hydro has determined, based upon the cost of replacement parts, that it may be  
5 cost comparable to replace the engine instead of overhauling an engine, if the  
6 engine is available with acceptable delivery.  
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8 Please describe, with examples, what Hydro would consider to be “cost comparable?”  
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11 A. Newfoundland and Labrador Hydro considers replacing an engine rather than overhauling cost  
12 comparable when the overall cost of the purchase and installation of the replacement engine is  
13 less than the purchase and installation of the overhaul parts. This approach is not available in all  
14 cases; however, where it is an option the overall costs are compared and the least-cost  
15 approach is taken. From a warranty perspective, the replacement engine is provided with a 12-  
16 month warranty whereas the overhaul parts are provided with a warranty of 3 months.  
17

18 Depending on the specific case, savings may be realized in material cost, installation cost  
19 (including travel costs), or both. In the case of the overhaul of a 150 kW unit, the replacement  
20 engine cost was \$16,728 and the quoted overhaul parts cost was \$47,834; a savings of just over  
21 \$30,000. A comparison of installation costs in this case indicates an additional savings of  
22 \$15,000, for an overall savings of \$45,000. For the overhaul of a 1,275 kW unit, the engine cost  
23 was \$365,000 while the quoted parts cost was \$364,000, an increase in material cost of \$1,000.  
24 In this case the installation cost savings were approximately \$168,000 as the installation time  
25 was reduced from nine weeks to two weeks. This results in an overall savings of \$167,000.