Q. **Project - Upgrade Waste Water Equalization System - Holyrood**

With reference Table A-1 2021 Project Prioritization (2021 Capital Projects Overview Appendix A), please explain in detail how and why this project was assigned a rank of 4, while Overhaul Unit 3 Generator - Holyrood, Overhaul Unit 3 Generator - Holyrood, Boiler Condition Assessment and Miscellaneous Upgrades - Holyrood, and Inspect Chemical Tanks_ Holyrood, were all ranked 29 lower. In providing such detailed explanation, please provide complete copies of all internal Hydro work product (the completed prioritization matrix templates; prioritization scoring by Asset Planners; reports; memoranda; emails) , and of the work product of any external consultants, documenting the project prioritization process in relation to the foregoing projects, and please reconcile such explanation with the "two-pronged approach to prioritizing capital investments" summarized at page 14 of the September 16, 2020 presentation to the Board.

A. In Newfoundland and Labrador Hydro's ("Hydro") 2021 Project Prioritization, Table A-1, the Upgrade Waste Water Equalization System project was assigned a ranking of 4, the Overhaul Unit 3 Generator - Holyrood project was assigned a ranking of 5, the Boiler Condition Assessment and Miscellaneous Upgrades - Holyrood project was assigned a ranking of 6 and the Inspect Chemical Tanks – Holyrood project was assigned a ranking of 8. As outlined in IC-NLH-014, Attachment 1, the scores for these projects were within a close range. The waste water equalization system vital to the operation of the Holyrood Thermal Generating Station has severely deteriorated, and poses a safety concern for employees due to the mold growth within the facility and the corroded structural steel members; it therefore ranked higher than the other projects. However, when considering the range of scores produced, they are all high and are of fairly equivalent ranking priority. Project scoring is completed by Hydro's Long-Term Asset Planners based on their knowledge and experience with the assets. All projects put forward in Hydro's annual capital budget submissions are required to ensure that Hydro provides safe, reliable, least-cost service.

As outlined in Hydro's capital budget application overview presentation, Hydro takes a two-pronged approach to prioritizing its capital investments. First, Hydro qualitatively undertakes an assessment of projects that are put forward by operations and asset management professionals. Projects are assessed based on their scope and justification and critically evaluated as to whether there is opportunity for deferral. Once satisfied that the projects should be considered as part of the annual capital submission, they are then prioritized based on the matrix model. Once the algorithm produces a priority list based on the scores, the resultant list is then reviewed to ensure the ranking reflects investment priorities and adjusted if required.

It is Hydro's position that the additional records requested above are unnecessary as the information in the Capital Budget Application, Capital Budget Application Overview Presentation, and the above-noted response is sufficient for a satisfactory understanding of the matters before the Board of Commissioners of Public Utilities.

NEWFOUNDLAND AND LABRADOR HYDRO
2021 CAPITAL BUDGET APPLICATION
2021 PROJECT PRIORITIZATION

Confidence Level:	Low = 1 Medium = 2 High = 3

Probability:	Not Likely = 1 Low Likelihood = 2 Likely = 3 Highly Likely = 4 Near Certain = 5

*	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV	
Extreme Safety OR Mandatory OR Load Driven (If "Yes" then HIGH priority)	Work Classification Normal=5 Justifiable: Payback(70)=15 Payback(40)=45 Payback(10)=85	Net Present Value NPV($0)=0 NPV(<$100K)=5 NPV(<$500K)=15 NPV(<$1M)=45 NPV(>$1M)=85	Goal 1 Safety Minor=10 Treatment=50 Lost Time=80 Disability=100	Goal 2 Environment None=10 Minor=50 Moderate=80 Significant=100	Goal 3-5 Alignment None=15 Maps but no document.=40 Maps but with document.=65	Schedule Risk Externals & Internal Conflicts=10 Externals Affecting Completion=20 NO Extr. but Intr. Conflicts=40 NO Conflicts=65	Continue Service to Customers Can=20 Can but with High Costs=50 Cannot=70	# Customers Impacted <100=10 <1000=30 <10000=50 >10000=70	System Impact: Critical to ..... None Specific=5 System with Standby Unit=50 Plant or Station=70 Entire System=90	Impact Intensity Minor=5 Moderate=40 Significant=70 High=90	Loss Type: Loss of ..... No Type=5 Equipment=40 Facility=50 Production=70 Customer Delivery=90	Loss Mitigation Redundant Unit=30 Backup Option=60 Nothing=90	% Improvement: 5 Yr Avg. SAIDI or SAIFI %Improve(0)=0 %Improve(<1)=10 %Improve(<2)=15 %Improve(<3)=30 %Improve(>3)=50	Estimated Project Cost Range N.R.P.=0 >$1M=5 $500K-$1M=15 $200K-$500K=30 <$200K=50	SCORE

PROJECT DESCRIPTION

		Impact	*Con Lvl*	*Impact*	*Con Lvl*	*Impact*	*Prob.*	*Impact*	*Prob.*	*Impact*	*Con Lvl*	*Impact*	*Con Lvl*	*Impact*	*Con Lvl*	*Impact*	*Prob.*	*Impact*	*Con Lvl*	*Impact*	*Prob.*	*Impact*	*Con Lvl*	*Impact*	*Con Lvl*	*Impact*	*Con Lvl*	*Impact*	*Con Lvl*	
Upgrade Waste Water Equalization System - Holyrood	**No**	5	3	0	3	100	4	100	3	40	3	40	3	50	2	70	3	90	2	90	2	90	2	60	3	0	3	5	3	2,000
Overhaul Unit 3 Generator - Holyrood	**No**	5	3	0	3	100	2	100	1	65	3	65	3	50	2	70	2	70	3	90	2	70	3	60	3	0	3	15	3	1,770
Boiler Condition Assessment and Miscellaneous Upgrades - Holyrood	**No**	5	3	0	3	100	2	100	1	65	3	65	3	50	2	70	2	70	3	90	2	70	3	60	3	0	3	5	3	1,740
Inspect Chemical Tanks - Holyrood	**No**	5	3	0	3	100	2	80	1	65	3	40	3	50	2	70	2	90	2	90	2	90	3	60	3	0	3	15	3	1,705

IC-NLH-014, Attachment 1
2021 Capital Budget Application
Page 1 of 1