

1 Q. Considering the age of the roof and the timeline required for installation of a new roof, please
2 explain whether it was an operations decision or a regulatory decision that the project to
3 replace the roof was not included in the 2022 Capital Budget Application. Include an explanation
4 of the monitoring performed by Hydro that led to the determination that the degree of
5 deterioration did not warrant an earlier replacement request from the planned 2024-2025 time
6 period.

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9 A. When identifying its capital portfolio for submission in its capital budget applications,
10 Newfoundland and Labrador Hydro (“Hydro”) seeks to balance cost and reliability. Decisions
11 regarding capital expenditures are made in consultation with Operations, Engineering Services,
12 and Regulatory Affairs to ensure Hydro’s approach is aligned with its mandate to provide least-
13 cost, reliable service.

14 Operations staff at the Makkovik Diesel Generating Station perform daily visual inspections of
15 plant equipment and property. Minor leakage was evident in recent years, but Hydro believed
16 this leakage was manageable and that the degree of roof deterioration did not warrant
17 replacement in its 2022 Capital Budget Application. As such, Hydro did not propose the roof
18 replacement at that time. Given the leak and the subsequent inadvertent activation of the fire
19 suppression system that occurred in August 2021, it is apparent that Hydro underestimated the
20 severity of the roof condition through these visual inspections. Hydro will consider its
21 experience in Makkovik when evaluating its building maintenance and monitoring procedures,
22 and prioritization of similar work in the future.