

1 Q. **Reference: Application, Inspection Report of the Superstructure and the Access - Salmon River**  
2 **Spillway)**

3 a) Was RDEnergie requested to quantify the risk of failure if the project were deferred by a  
4 year or two? Do they have this expertise?

5 b) Did RDEnergie provide cost estimates consistent with the requirements set out in the  
6 Provisional Capital Budget Application Guidelines? Do they have this expertise?

7 c) Will Hydro, in future, require its contractors to have and apply expertise to meet the risk  
8 quantification and estimate accuracy required under the provisional guidelines?

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11 A. a) RDEnergie is an engineering firm specializing in the design, construction and rehabilitation  
12 of hydraulic structures. With more than 25 years of industry experience they have  
13 completed projects throughout the Atlantic Provinces, Quebec and the United States.

14 In 2021, RDEnergie was commissioned to complete a condition assessment for the Salmon  
15 River Spillway's Steel Superstructure and provide recommendations as to the scope of  
16 refurbishment work required to ensure its safe, reliable operation. All of the recommended  
17 refurbishments were prioritized using the following classification system:

- 18 • Priority A: Urgent;
- 19 • Priority B: Within two years; and
- 20 • Priority C: Within five years.

21 RDEnergie was not requested to quantify the risk of failure if the recommended work was  
22 deferred.

23 b) RDEnergie provided a Class 3 cost estimate, as defined by the Association for the  
24 Advancement of Cost Engineering ("AACE"). The AACE defines a Class 3 estimate as having  
25 an expected degree of accuracy in the range of -20% to +30%. Class 3 estimates provide an  
26 accuracy range typically utilized for budget authorization. The provisional Capital Budget

- 1           Application Guidelines<sup>1</sup> are not prescriptive with regards to the estimate class to be utilized,  
2           nor with regards to the methodology to be used to determine estimate accuracy.
- 3           **c)** Please refer to Newfoundland and Labrador Hydro’s response to CA-NLH-049 of this  
4           proceeding.

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<sup>1</sup> “Capital Budget Application Guidelines (Provisional),” Board of Commissioners of Public Utilities, January 2022.