

1 Q. **Reference: Application, Attachment 1, Page 18, Lines 18 - 22**

2 Please complete the economic analysis for Alternatives 1 and 2 assuming that the requirement
3 for new diesel plants in St. Lewis, Mary's Harbour and Port Hope Simpson are not required.

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6 A. In the event that the St. Lewis, Mary's Harbour, and Port Hope Simpson Diesel Generating
7 Stations were not to be replaced as scheduled, a refurbishment and/or extension would
8 unquestionably be required based on the existing conditions and installed design capacity of
9 each diesel generating station.

10 The Mary's Harbour and Port Hope Simpson Diesel Generating Stations have reached or
11 exceeded their designed installed capacity; therefore, an extension would be unavoidable given
12 the current forecasted growth expected for those communities. A condition assessment would
13 also have to be conducted to determine the detailed scope and cost of a refurbishment. Based
14 on the current conditions of these diesel generating stations, Hydro expects there would be a
15 significant amount of capital investment required to extend the serviceable life of these diesel
16 generating stations to the end of the study period.

17 Additional sensitivity analysis was performed and it was concluded that the future capital costs
18 of diesel generating station replacements would have to reduce by 80% for Alternative 1 to be
19 the preferred long-term solution to supply the communities in southern Labrador. Hydro fully
20 expects the cost of a refurbishment/extension to be far more expensive than 20% of the cost of
21 a new diesel generating station, which would be approximately \$3 to \$4 million. As a reference,
22 the Makkovik Diesel Generating Station extension that is currently under construction is
23 projected to cost approximately \$10 million.