

1 Q. **Reference: Long-term Supply Plan for Southern Labrador – Revision 2, Schedule 2, page 5,**  
2 **lines 19 to 21.**

3 Midgard conducted a cost-benefit analysis considering both direct costs, such as  
4 capital investments and operational expenses, and indirect costs, such as  
5 environmental impacts and potential economic benefits.

6 In its cost-benefit analyses, how did Midgard incorporate any decommissioning costs resulting  
7 from the retirement of the existing diesel plants, including dismantling, environmental and any  
8 undepreciated value?

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11 A. *This response has been provided by Midgard Consulting Inc. ("Midgard").*

12 Midgard did include an estimate of the dismantling decommissioning costs in its analysis;  
13 however, Midgard did not incorporate any decommissioning costs relating to undepreciated  
14 value, system reuse, or salvage. If units were decommissioned in any scenario, their residual  
15 value was assumed to be zero instead of being added to the terminal value of their scenario.  
16 Environmental liabilities were not evaluated, as these liabilities currently exist and are common  
17 to every alternative and, therefore, do not materially affect the analysis.