Q. (Reference Application Schedule B, Sandy Brook Plant Penstock Replacement, page 5 of 99) The estimated levelized cost of electricity at Sandy Brook is given as 3.22 cents per kWh over a 50-year period. The associated economic analysis in Attachment D to Appendix A of *Sandy Brook Plant Penstock Replacement* (page A-13) shows that this levelized cost is estimated over the period 2022 to 2071 with no capital investment in the facility after 2047. Is it realistic to assume that no such investment would be required for the 24-year period from 2048 to 2071? If capital investment would be required after 2047, then how would the levelized cost estimate be affected?

A. The continued operation of Sandy Brook Plant will require some level of capital investment after 2047. These capital expenditures were not included in the analysis as they are expected to have minimal impact on the lifecycle investment due to the discounting of future costs in the present value analysis.

Newfoundland Power reviewed potential capital expenditures for the Sandy Brook Plant beyond 2047. All major components that typically require refurbishment are being addressed in the initial 25 years of the study period. No major components are expected to require refurbishment between 2047 and 2071.

Table 1 lists the capital expenditures that are expected to be required over the period 2047 to 2071.

Table 1
Sandy Brook Hydroelectric Plant
Capital Expenditures
(2047 to 2071)

Year	Expenditure	Description
2061	$35,000	Replace Batteries and Charger
2061	$550,000	Rehabilitation of Powerhouse and Crane Replacement
Total	**$585,000**	

Including these capital expenditures does not materially change the levelized cost of production. The levelized cost of production increases by approximately 1% from 3.22 ¢/kWh to 3.26 ¢/kWh when including these capital expenditures. This demonstrates the minimal impact on the lifecycle investment of capital expenditures in later years due to the discounting of future costs in the present value analysis.