

1 Q. **Reference: Schedule 1 – Upgrade Report – Penstock 1 Life Extension – Bay d’Espoir.**

2 The Application states on page 14, lines 17-19, that Option 3

3 ...would see operational constraints lifted and Units 1 and 2 return to normal
4 operation, thus increasing operational flexibility of the plant. Annual inspections
5 could be reduced to every three to five years.

6 Are the impacts of this increased flexibility and reduction in inspections accounted for in the
7 revenue requirement and customer rate impact included on page 24, lines 5-6? If not, please
8 provide savings estimates and any impact on revenue requirements or customer rates.

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11 A. The revenue requirement and customer rate impact included in the application¹ considered only
12 the project capital cost. The anticipated savings and revenue requirement reduction associated
13 with reduced inspections is approximately \$80,000 per avoided inspection, resulting in a
14 negligible impact to customer rates. While it is expected that removal of the operating
15 restrictions would enable more efficient operation of the Bay d’Espoir Hydroelectric Generating
16 Facility in the long term, Newfoundland and Labrador Hydro is not able to quantify any
17 associated cost savings.

¹ “Application for Approval of Capital Expenditures for Section Replacement and Weld Refurbishment for Bay d’Espoir Hydroelectric Generating Facility Penstock 1,” Newfoundland and Labrador Hydro, December 7, 2022, sch. 1, p. 24/5–6.