

1 **Generation**

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3 **Q. Reference: "2025 Capital Budget Application," Newfoundland Power Inc.,**
4 **June 28, 2024, sch. B, Mobile Hydro Plant Penstock Refurbishment, p. 98.**

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6 **The Mobile penstock is original to the plant's construction and will be 74**
7 **years old in 2025. If protective coatings are not replaced the penstock life**
8 **expectancy will be reduced.**

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10 **a) The presence of hazardous materials (i.e., lead, coal, tars) in coating**
11 **systems of this vintage may require additional efforts for safe removal,**
12 **containment, and disposal to protect workers and the environment. Has**
13 **the existing coating system on the Mobile penstock been tested to**
14 **determine whether hazardous materials are present? If not, why not?**
15 **b) Upon its removal, has containment and disposal of the existing coating**
16 **system been considered in the project budget?**

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18 A. a) No, testing has not been performed on the penstock to date. Newfoundland Power's
19 operating experience with Mobile Hydro Plant and with coatings of this age and
20 appearance has been that the coating is coal tar-based and presumed to contain
21 lead. The estimate has been prepared under the assumption that the coating will
22 require abatement for hazardous materials. Testing will be completed prior to
23 removal by a certified contractor to determine the removal technique and disposal
24 method to be used.

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26 b) Generally, costs of this nature would be part of the future removal and site
27 restoration provision, which is pre-collected through depreciation expense.¹ On this
28 basis, costs associated with the removal, containment and disposal of the existing
29 coating system would not be considered capital expenditures for the purpose of this
30 project budget.

¹ See Newfoundland Power's *2023 Annual Report to the Board* for further explanation of the provision.