

Hydro Plants Facility Rehabilitation, Schedule B, (\$1,222,000) [sic \$1,122,000]

Q. Please provide copies of the cost benefit analysis completed for each individual project under this heading listed in Appendix 1, pages 1 – 5.

A. No specific cost benefit analysis has been completed for the individual projects included in the Hydro Plant Facility Rehabilitation category. Project justification is based on the continued safe and effective operation of the hydroelectric plants. If these projects are not completed, the plants will be unable to continue operating and the Company will be unable to take advantage of lower cost hydroelectric production.

For example, the \$91,000 project to replace the Pierre's Brook penstock head gate is required to operate the plant and inspect and maintain the penstock and surge tank in a safe manner. The benefit can only be described qualitatively. If the project is not completed, at some point in the future the penstock and surge tank will become unsafe due to the inability to do internal inspections and maintenance and would necessitate the shutdown of the hydro plant and loss of 25.3 GWh annual hydro production.