

1 **Q. GENERATION - HYDRO**

2
3 **Rattling Brook Hydro Plant Refurbishment (Clustered) - \$18,242,000**

4
5 **PUB 5.0 NP**

6
7 **Since the incremental cost of replacement energy that would be incurred in the event**
8 **of a catastrophic failure would not have been included in test year costs, how would**
9 **Newfoundland Power Inc. plan to deal with such additional costs?**

10
11 **A. 1.0 General**

12
13 In the normal course, Newfoundland Power does not create plans to deal with the cost
14 consequences of catastrophic engineered facility failure. Prudent engineering practice
15 indicates that catastrophic failure is unacceptable and should be avoided by appropriate
16 asset management practice.

17
18 It is Newfoundland Power's position that appropriate asset management practice
19 indicates that the Rattling Brook Refurbishment Project should proceed in 2007.

20
21 **2.0 Costs**

22
23 The Rattling Brook hydroelectric plant is Newfoundland Power's largest energy
24 producing facility.

25
26 Please refer to the Response to PUB-4.0 NP for an indication of the possible costs
27 associated with a catastrophic failure of Rattling Brook plant.

28
29 **3.0 Possible Replacement Energy Costs Recovery**

30
31 If, as a result of a catastrophic failure of the Rattling Brook plant, Newfoundland Power
32 experienced an increase in its power supply costs which jeopardized its ability to recover
33 all of its prudently incurred costs, the Company would be practically required to apply to
34 the Board for relief.

35
36 In 1984, Newfoundland Power's system was exposed to a severe sleet storm giving rise
37 to extraordinary costs not contemplated in setting electricity rates. In Order No. P.U. 37
38 (1984), the Board authorized Newfoundland Power's recovery of the extraordinary
39 operating costs related to this storm over a 4 year period from 1984 through 1987.

40
41 In the event Newfoundland Power experienced extraordinary costs resulting from a
42 catastrophic failure at the Rattling Brook hydroelectric plant, an application to the Board
43 for relief would be a possible course Newfoundland Power would undertake to recover
44 those costs.