Q. Has Newfoundland Power undertaken an analysis to determine whether any of its hydro production facilities should be retired in the near to medium-term (e.g., twenty years)? If yes, please include the latest analysis.

A. Newfoundland Power has not completed an analysis to determine whether any of its hydro production facilities should be retired in the near to medium term. However, the Company has commenced such an evaluation of one of its hydro production facilities.

As part of any assessment that may result in capital expenditure proposals to extend the life of one of the Company's hydro production facilities, Newfoundland Power undertakes a detailed economic analysis including estimated cost, customer benefit, marginal energy cost and value of avoided new capacity additions.[1] Only those projects where the economic analysis concludes that life extension and continued operation of the facility is economically viable over the long term are presented in Capital Budget Applications for approval by the Board.

In the event that such an analysis indicates it may not be economically justifiable to invest in the life extension of a hydro production facility, a more extensive evaluation, which would include a detailed site-specific evaluation of the costs of decommissioning the hydro production facility, would be undertaken.[2] Should that evaluation conclude that a proposal to extend the life of the facility is not justifiable, the Company would submit an application to decommission the facility in accordance with the abandonment of plant provisions of the *Public Utilities Act*.

[1] For example, see Appendix B, Petty Harbour Economic Evaluation, to report *1.3 Petty Harbour Hydro Plant Refurbishmen*t filed with Newfoundland Power's *2020 Capital Budget Application*.

[2] Newfoundland Power prepares decommissioning studies for all of its hydro generating plants as part of its routine depreciation studies. However, these decommissioning studies assume, in effect, that hydroelectric developments are perpetual assets and retirement costs reflect ongoing replacement of components of the development. No allowance or estimate is made of the costs necessary to return the development to the natural state that existed prior to construction of the facility. The decommissioning of a hydroelectric development would necessarily require an environmental assessment, and would include significant costs associated with restoring the site and the environment to a standard that is acceptable from an environmental perspective. In addition to environmental and other regulatory requirements, Newfoundland Power would expect that the interests of other stakeholders, such as the owners of properties adjacent to the hydro development, would have to be addressed as part of the decommissioning process.