Q. (Reference Application, Sandy Brook Penstock Replacement, page 7) It is stated "*Significant environmental damage would also result from the fast flowing water escaping from the failed penstock. The Plant is located on a tributary of the Exploits River. The Exploits River is a sensitive ecological environment and has a significant population of Atlantic salmon. Failure of the penstock would result in debris and sedimentation entering the Exploits River potentially causing harm to the Atlantic salmon population.*"

a) Is it possible that the proposed replacement penstock could fail, leading to significant environmental damage and potential harm to the Atlantic salmon population? What is the estimated reduction in risk of environmental damage resulting from the proposed penstock replacement project?

b) What alternatives to penstock replacement were considered beyond the "*do nothing*" alternative?

c) Was returning the site to an environmentally safe condition without power production considered? Was a cost and risk comparison done between the proposed penstock replacement and plant retirement that gives full consideration to environmental risk reduction and public benefits relating to tourism and other uses of the river system that might be enhanced by removal of the power plant, wires, and substation infrastructure relative to dubious capacity and energy benefits in a Muskrat Falls Project era with increased capacity and energy supply and its significant impact on rates?

d) What is the probability that the Sandy Brook plant will become a stranded asset in the future?

A. a) The replacement penstock will have a very low risk of failure. Replacement of the woodstave penstock with a modern alternative such as steel or fiberglass will significantly reduce the risk of failure and the resulting environmental damage.

b) No additional alternatives were considered beyond the replacement and do nothing alternatives. The Sandy Brook Plant penstock has reached the end of its useful service life. Deterioration was detected along the entire length of the penstock and partial replacement is not a viable alternative. Maintenance efforts on the penstock have been exhausted and, based on the condition assessment completed by Kleinschmidt, penstock replacement is required.[1]

c) No, the economic analysis completed as part of the *2022 Capital Budget Application* has proven that replacement of the penstock will allow the Sandy Brook Plant to continue to provide low-cost energy to the Island Interconnected System. The project will benefit customers by providing least-cost, reliable energy.[2]

[1] See the *2022 Capital Budget Application, Report 1.2 Sandy Brook Plant Penstock Replacement, Appendix B, Penstock Inspection Report.*

[2] See the *2022 Capital Budget Application, Report 1.2 Sandy Brook Plant Penstock Replacement, Appendix A, Sandy Brook Plant Economic Evaluation.*

d) There is a very low probability of the Sandy Brook Plant becoming a stranded asset. As shown in the economic analysis, the facility will continue to provide low-cost power to customers into the future.