

Q. Re Kenmount Road Building Entrance Renovation (other) pp. 69-71

Please provide copies of the recent inspection reports, if any, that have concluded that continued maintenance is no long feasible, as stated at p. 69 of 100.

A. Inspections by Newfoundland Power engineers have noted the deficiencies as outlined on page 69 and documented in the photographs in Attachment A, page 71.

The recommendation that continued maintenance is no longer feasible is based upon engineering judgement and supported by a net present value analysis of three alternatives.

Alternative 1 represents the status quo which involves leaving the entrance door as is and refurbishing the concrete steps and railing every 5 years, similar to the 2004 repairs. The net present value of this alternative, including annual maintenance is \$246,000.

Alternative 2 involves replacement of the entrance door, refurbishment of the concrete steps and replacement of the hand railing as described on pages 69 – 71. The net present value of this alternative, including maintenance over the anticipated life is \$176,000.

Alternative 3 involves a combination of Alternatives 1 and 2, whereby the entrance door remains as is, the concrete steps and railing are repaired again in 2011, and the project to replace and refurbish the existing entrance, concrete steps and railing is delayed for an additional 5 years. The net present value of this alternative, including maintenance over the anticipated life is \$188,000.

Based upon analysis of the costs associated with these three alternatives, the Company concluded that continued maintenance of the existing building entrance is no longer feasible.