Q. **Unit 1 Stack Breeching:** With reference to page 8-112 of the Holyrood Condition Assessment and Life Extension Study report filed with the Board on May 2, 2011, does Hydro agree that the safety risk from corrosion/failure of Unit 1 stack breeching is low?

A. As indicated on Page 8-111 of the Holyrood Condition Assessment and Life Extension Study report, AMEC concludes that the stack breeching will not meet the 2020 service life unless the stack breeching is refurbished. As well, AMEC did not have the results of a detailed inspection of the breeching supports that determined the extent of deterioration and how poor the condition of the supports truly was, as described below.

The condition assessment and life extension study that was performed by AMEC for Holyrood is referred to as a Level 1 study in the thermal power generation industry. It is a high level study with its information gathered from visual observation by walking through a plant without equipment being disassembled and also by review of historic operating and maintenance information. A Level 1 study normally makes recommendations to be included in a subsequent more detailed assessment, referred to as Level 2 study. Recommendations often include non-destructive testing of certain pieces of equipment or structures by specialized testing agencies.

To further justify this project which was initially submitted to the Board in 2010, but deferred for future re-evaluation pending the provision of additional information, Hydro engaged another engineering consultant, Hatch, to perform a more detailed assessment of the support structures and included non-destructive testing. The Hatch report has been provided in Appendix C of the July 2011 report submitted to

the Board. It recommends that the supports be replaced or refurbished immediately. When AMEC completed the Level 1 condition assessment and life extension study in early 2011 the Hatch study was not available to them.

Accordingly, based upon the additional information to which Hydro had access subsequent to the AMEC activity, Hydro believes the safety risk reported on page 8-112 of the Holyrood Condition Assessment and Life Extension Study would be greater.