Q. **Refurbishment of the Fuel Oil Storage Facility, Holyrood Thermal Generating Station**

If NLH has opened and inspected the tank during or after 2009, please provide a summary of the report. If not, please provide the reasons why not.

A. The tank has not been opened and inspected during or after 2009. Because of the large cost of performing an internal inspection it was considered to be cost effective to perform the internal inspection during the same year that refurbishment work would take place. With consideration to the SGE Acres report dated 2006, the full tank farm needed refurbishment in the immediate coming years. This included each of the four storage tanks and also the dyke system. Hydro decided to proceed by applying to the Board on an annual basis for approval to perform a specific piece of work for each of five years. One tank would be refurbished each year and the dyke system refurbished in a separate year. The scope of work for each year would be decided so that the most urgent needs would be addressed first. The priorities were decided as follows:

a. 2008: Refurbish Tank 2
b. 2009: Refurbish Dyke System
c. 2010: Refurbish Tank 4
d. 2011: Refurbish Tank 3
e. 2013: Refurbish Tank 1

It was decided to spread the tank farm refurbishment program over five years because of the overall high capital cost and the need to schedule the work to meet outage schedules. Items a, b, and c above have been approved by the Board through previous applications and the projects are now complete. Tank 2 was

ranked as the highest priority because it had developed problems whereby it had to be taken out of service. It was decided that refurbishment of the dyke in 2009 would slow the rate of bottom corrosion for all tanks and reduce the risk of failure of other tanks to an acceptable level until the earliest time that the remaining tanks could be scheduled for refurbishment. Prior to the dyke refurbishment, bottom corrosion of the storage tanks was taking place faster then normal because of standing water inside the dyke, due to poor drainage. After dyke refurbishment was completed Tank 4 was considered to be the next priority, with work to be completed in 2010, because of its poor floor condition. Tank 3 is then the next priority and scheduled for 2011 approval. The scope of work includes opening up the tank and cleaning it so that an internal inspection could take place at an estimated cost of $375,000. The inspection report would then determine the details of the refurbishment work that would then take place while the tank was still open and clean. To open the tank in a year earlier to 2011 for the sole purpose of cleaning and inspection would cost approximately $375,000. That same cost would have to be incurred again in 2011 to prepare the tank for internal refurbishments (i.e. steel installations). By performing all work in one year, Hydro avoids cost duplication of opening and cleaning the tank.