

Q. ENERGY SUPPLY

PUB 2.0 (RE: p. 12 & 13 of 73) Wesleyville Gas Turbine Overhaul (\$1,124,000)

PUB 2.1

Is it anticipated that there will be a difference in the overall cost of this project if the gas turbine is rebuilt or if it is replaced.

A. Earlier this year, Newfoundland Power reviewed the requirements to overhaul the generator unit with the original equipment manufacturer and other companies having expertise in the overhaul of Rolls Royce gas generators. The two alternatives identified were rebuilding the existing unit and replacing the existing gas generator with a refurbished unit.

A competitive bidding process to provide detailed information on the cost of each alternative has not yet been conducted. However, Newfoundland Power does not expect that there will be a significant cost difference between the alternatives.

The main factors impacting the cost of the rebuild option include the extent of the damage to the internal components of the unit, the expertise and competitiveness of the overhaul service provider and the warranty coverage requested. The main factors that will influence the cost of the replacement option include the vintage and service history of the refurbished unit, the warranty coverage requested and the trade-in value allowed for the existing unit.

Ultimately, Newfoundland Power will pursue the alternative that in its judgment provides the most reliable gas generator at the lowest life cycle cost.