

1 **Q. ENERGY SUPPLY**

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3 **PUB 32.0 (RE: B-14, Rattling Brook Refurbishment)**

4
5 **PUB 32.1**

6 **Does NP consider this project to be a multi-year project that, once approved by the**
7 **Board, would be approved for subsequent years?**

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9 A. Although Newfoundland Power has provided estimates of capital expenditures for 2006
10 and 2007 in its filing in this proceeding, the Application seeks approval of the
11 expenditure of \$350,000 for detailed engineering assessment and design associated with
12 the requirements to refurbish the Rattling Brook hydroelectric generating station.

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14 In November 2003, independent engineering consultants SGE Acres identified the need
15 to replace the penstock in the near future and replace portions of the surge tank within 5
16 years. In order to accomplish this, it is necessary to proceed with detailed engineering in
17 2005.

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19 While the Company has provided cost estimates of all of the work that it expected to be
20 required to complete the full plant refurbishment, these estimates will be refined during
21 the course of the detailed engineering assessment proposed to be undertaken in 2005.

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23 In light of the fact that the cost estimates for the entire multi-year refurbishment project
24 will be refined as the entire scope of work is more definitively identified, the Company
25 does not consider the approval of detailed engineering assessment as approval of the
26 actual capital expenditures for the construction phase of the project. This will likely
27 occur at 2006 Capital Budget Application to permit construction in accordance with the
28 proposed schedule outlined at page 5 of the report entitled *Project Justification - Rattling*
29 *Brook Refurbishment Project* in Volume II, Energy Supply, Appendix 3, Attachment B.

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31 Given this state of affairs, Newfoundland Power does not require the Board to approve
32 the multi-year expenditure in 2005. It does, however, require approval of the engineering
33 work necessary to complete the necessary refurbishment at this time. Newfoundland
34 Power is mindful that the Board, in exercising its broad oversight responsibilities,
35 practically needs to be informed of Newfoundland Power's general plan to properly
36 consider approval of the design work.