NP-CA-014 Further to the response to CA-NP-013, please describe the notion that 1 2 the requirement for generation supply from Sandy Brook, which has been in service since 1963, is based on the future need for generation 3 materializing. 4 5 6 **RESPONSE:** The economic analysis of any investment option is based on forward looking costs that are avoidable. This is universal practice consistent with 7 the concept of incremental costs. All costs incurred in the past are sunk 8 costs and unavoidable, and hence irrelevant for an investment decision. 9 10 11 The determination that an alternative is the least cost alternative is based on a comparison of forward looking costs. If sunk costs dating back almost 60 12 years are used to justify a project that is not the lowest cost alternative based 13 on forward-looking costs, the action can be characterized as "throwing good 14 (avoidable) money after bad (sunk)". 15