

1 Q. Reference: 2017 General Rate Application, response to Request for Information
2 NP-NLH-038, Attachment 1, Establishing a Robust Operational Philosophy and
3 Enhancing Skills and Capabilities Relating to Systems Reliability and Analysis, Page
4 2, lines 6-11.

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6 *“In 2016, Hydro experienced boiler tube issues at the Holyrood Thermal Generating*
7 *Station (HTGS) and took deliberate actions to ensure minimal customer outages. The*
8 *thermal generating units were run at lower loads and the gas turbines were started*
9 *in advance to ensure service continuity. There was no visibility to cost recovery for*
10 *the operation of the gas turbines; Hydro took this action solely to ensure reliability*
11 *of the system for customers.”*

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13 What is meant by the phrase “no visibility to cost recovery”?

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16 A. Hydro received approval for the Energy Supply Cost Variance Deferral Account in
17 Order No. P.U. 49(2016), issued on December 1, 2016.¹ As such, when Hydro
18 experienced boiler tube issues early in 2016 the Board’s decision regarding the
19 proposed deferral of these costs was not yet issued. In this regard, Hydro took
20 action in the best interest of customers regardless of the uncertainty surrounding
21 cost recovery.

¹ P.U. 49(2016), Page 119, lines 26 and 27.