

1 Q. Reference: *2016 Standby Fuel Deferral Application*, Page 9, Lines 7-9.  
2 *“Hydro is estimating that overall Standby Generation levels will be in excess of 200*  
3 *GWh, as opposed to the 11 GWh forecast in the 2015 Test Year.”*

4 Please indicate any additional operating, maintenance or capital costs in 2016 or  
5 future years associated with the increased level of production required from  
6 Hydro’s Standby Generation.

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9 A. For the standby generation facilities, Hydro has a maintenance plan in place that  
10 considers OEM recommendations and oversight, as required. The plan is based  
11 upon runtime as well as condition assessments. Maintenance costs for this plan are  
12 in the 2015 Test Year Budget, and as it applies to 2016, the overall Hydro budget  
13 will be managed to include all non-fuel variable costs of running all the standby  
14 generation assets.

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16 Hydro does submit that the time between maintenance interventions will be  
17 shortened with the increased runtime but that the overall maintenance  
18 requirements over the life of the assets, and therefore overall costs, will remain as  
19 was expected considering the useful life of the assets.

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21 With respect to capital costs, Hydro evaluates assets and identifies any required  
22 investment through its normal course of operations and budgeting cycle, then  
23 submitting to the Board such investments for review. Hydro proceeds with  
24 proposals to the Board only when the firm decision is made that an investment is  
25 necessary. Any required investment on the standby generation assets will be  
26 identified and submitted at the appropriate time.