

1 Q. Reference: *2016 Standby Fuel Deferral Application*, Page 10, Table 7.

2 Please explain the difference between the marginal production cost for Stephenville  
3 GT (27.70 ¢/kwh) and Hardwoods GT (21.10 ¢/kwh).

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6 A. The standby production costs indicated in Table 7 of Hydro's application reflect the  
7 average costs to generate in 2016, based on starting inventories, latest fuel prices,  
8 and expected deliveries. The average production cost for 2016 at the Stephenville  
9 GT is forecast to be higher than at the Hardwoods GT due to a higher starting fuel  
10 inventory cost and fewer deliveries of lower priced fuel throughout the year.