

1 Q. With reference to IC-NLH-3, IC-NLH-4, and IC-NLH-5, provide a detailed comparison
2 of the present and future rate impacts for Hydro's customers (as determined by
3 what rates would be applied for by Hydro, and assuming the applied for rates were
4 approved by the Board) of having proceeded with installation of a new combustion
5 turbine at Holyrood for operational status in late 2014 (including any associated
6 changes in the operation of the Hardwoods gas turbine facility per IC-NLH-4 and of
7 other generation facilities per IC-NLH-5), on the one hand, as compared to the
8 lease, installation, maintenance and use of the diesel units which are the subject of
9 the present Application until late 2015 and the installation of a new combustion
10 turbine for operational status in late 2015, on the other hand.

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13 A. As indicated in Hydro's response to PUB-NLH-002, generation expansion options are
14 still being evaluated which include, but are not limited to, a combustion turbine.
15 Further, as indicated in Hydro's response to PUB-NLH-004, if a combustion turbine
16 was the chosen option, late 2015 was the earliest in-service date considered in the
17 2012 decision analysis due to the overall project schedule.

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19 The table below summarizes the revenue requirement impacts of installing a new
20 combustion turbine in late 2015 compared to late 2014 assuming installation at this
21 time was possible. Please also refer to Hydro's response to IC-NLH-015.

Holyrood Blackstart Diesel Units Application

| | Revenue Requirement Impacts ¹ Combustion Turbine Installation (\$000s) | | | |
|---|---|--------------|----------------|---------------|
| | 2014 | 2015 | 2016 | Total |
| Installation late 2014 | | | | |
| Combustion Turbine ² | 4,121 | 11,317 | 11,116 | 26,553 |
| Leased Assets ³ | 1,302 | 1,350 | 1,255 | 3,907 |
| Fuel Savings at Holyrood ⁴ | - | (6,789) | (6,789) | (13,578) |
| | <u>5,423</u> | <u>5,877</u> | <u>5,582</u> | <u>16,882</u> |
| Installation late 2015 | | | | |
| Combustion Turbine ² | - | 4,121 | 11,338 | 15,459 |
| Leased Assets ³ | 2,281 | 2,366 | 2,253 | 6,900 |
| Fuel Savings at Holyrood ⁴ | - | - | (6,789) | (6,789) |
| | <u>2,281</u> | <u>6,487</u> | <u>6,802</u> | <u>15,570</u> |
| Increase (Decrease) in Revenue Requirement | 3,142 | (610) | (1,220) | 1,312 |

¹ Includes depreciation, fuel, operating costs and return.

² For the purpose of this analysis, the cost of the combustion turbine is included in both scenarios at \$99,444.6, per Hydro's 2014 Capital Plan.

³ Includes the amortization of capital and lease costs amortized over a three year period commencing January 1, 2014. Lease costs for installation in late 2014 versus late 2015 are \$2,360 (six month lease) and \$5,240 (18 month lease) respectively.

⁴ For the purposes of this analysis, Hydro has assumed that the Holyrood fuel savings in 2016, resulting from the availability of the new combustion turbine, are the same as those estimated for 2015 (refer to Hydro's response to IC-NLH-006).