

1 Q. Reference: *Purchase 12MW of Diesel Generation (Revised)*, Page 14, Line 28 to
2 Page 15 Line 2.

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4 *“While 80% of all lease payments made to date with respect to the units proposed*
5 *to be purchased would qualify under this provision to reduce the end-of-lease*
6 *purchase price, Hydro is seeking the deferral and recovery of 80% of the lease*
7 *payments for six of the eight diesel units made since July of 2015 to April 2016.”*

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9 Why is Hydro not seeking deferral and recovery of 80% of the lease payments prior
10 to July 2015?

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13 A. Pursuant to Order No. P.U 38 (2013), Hydro deferred the lease payments of \$5.2
14 million to July 2015 and applied for recovery of the balance in the 2013 Amended
15 Application (GRA) on a straight line basis over a five year period. Subsequently, the
16 Board included the deferred lease payments as a matter to be considered in the
17 Prudence Review (which was heard with Hydro’s GRA). Hydro continues to seek
18 approval of the recovery of the lease payments to July 2015. A final decision on
19 recoverability of the lease payments to July 2015 is expected upon the final order of
20 the GRA.