

**Procurement of 12 MW Diesel Generation at Holyrood (Revised)**

1 Q. Page 3, Paragraph 9 of the Application: Please provide a breakdown of the 1.3  
 2 million paid in 2015 and in 2016.

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 5 A. While all lease payments made to date with respect to the units proposed to be  
 6 purchased would qualify under this provision to reduce the end-of-lease purchase  
 7 price accordingly, in this Application Hydro is seeking the deferral and recovery of  
 8 80% of the lease payments for six of the eight diesel units made from July of 2015  
 9 to April 2016, in the amount of \$1.3 million. The following is the breakdown of the  
 10 calculation of \$1.3 million for that period:

	<b>Rental</b>	<b>80% PURCHASE</b>	<b>DEFERRAL OF PURCHASE</b>
	<b>Rate Per Unit</b>	<b>PRICE REDUCTION<sup>1</sup></b>	<b>PRICE REDUCTION - 6 UNITS<sup>2</sup></b>
July, 2015	30,000	24,000	144,000
August, 2015	30,000	24,000	144,000
September, 2015	30,000	24,000	144,000
October, 2015	30,000	24,000	144,000
November, 2015	30,000	24,000	144,000
December, 2015	30,000	24,000	144,000
January, 2016	30,000	24,000	144,000
February, 2016	30,000	24,000	144,000
March, 2016	30,000	24,000	144,000
Deferral of Purchase Price Reduction since July, 2015 <sup>2</sup> :			<u>1,296,000</u>

<sup>1</sup> The purchase is reduced by 80% of the rental payments already incurred on the units being purchased.

<sup>2</sup> Hydro has applied to defer the purchase price reduction payments for the period of July, 2015 - April, 2016. Pursuant to Order No. P.U 38 (2013), the lease payments between January, 2014 and June, 2015 have been deferred and the Board is considering recovery in the Prudence Review. Please refer to DG-NP-NLH-009 for further information.