

1 Q. Would Hydro require a deferral account due to low hydrology if Holyrood was  
2 operating at full capacity? Why or why not?

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5 A. Since 2013, Hydro's DAFOR performance for Holyrood TGS has been on an  
6 improving trend.<sup>1</sup> The single largest contributor of boiler down time for Units 1 and  
7 2 in the January -February 2016 time frame has been reheat tube failures. Hydro's  
8 boiler maintenance and operation practices, including the reheat tubes, are guided  
9 by OEM recommendations for best practice and validated by Hydro's third party  
10 boiler maintenance contractor, B&W.<sup>2</sup>

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12 Since early January of 2016, there have been a number of issues with the Holyrood  
13 units that have resulted in outages or significant longer term deratings. This has  
14 limited Hydro's ability to produce the required amount of thermal energy to  
15 support its declining reservoir systems and therefore, other thermal energy in the  
16 form of standby energy, is required to supplement this deficiency. If Holyrood was  
17 available at full capacity, Hydro would not need a deferral account with respect to  
18 standby fuel costs attributable to low hydrology. Instead, this energy would be  
19 produced at the Holyrood TGS and this energy would be recovered through the  
20 mechanisms of Hydro's existing Rate Stabilization Plan.

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<sup>1</sup> Please see CA-NLH-011

<sup>2</sup> Please see CA-NLH-010