

1 Q. Reference: *2016 Standby Fuel Deferral Application*, Appendix B, Page B-2.
2 *“Hydro shall report to the Board the balance in this account on a quarterly basis and*
3 *file an Application with the Board no later than March 1, 2017 regarding the*
4 *disposition of any balance in this account.”*

5 Please describe in detail the information Hydro proposes to provide to show that
6 the fuel costs associated with the operation of Standby Generation in 2016 were
7 prudently incurred in the provision of service due to low hydrology.

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10 A. The Standby Fuel Deferral requested in this Application is designed to address the
11 cost of Standby Generation in 2016, driven primarily by low hydrology, but will also
12 include costs incurred to ensure system reliability. To demonstrate that the fuel
13 costs associated with the operation of Standby Generation were prudently incurred,
14 at the end of each quarter, Hydro will provide a daily account of the generating
15 units start and end times, durations and reason(s) for operation. Hydro will also
16 provide a monthly summary of energy by unit, fuel consumption and cost. To
17 demonstrate the operation of Standby Generation for low hydrology, Hydro also
18 proposes to provide its weekly generation guidelines. Hydro already provides,
19 though the quarterly report to the Board, a report on system hydrology, which
20 details the hydrological conditions, including storage levels and inflows for the
21 quarter.