

1 Q. Given that transmission costs are allocated on the basis of coincident peak,  
2 why is the Wheeling Charge rate calculated on the basis of energy (i.e.,  
3 \$/kWh)?  
4

5 A. Hydro's transmission system was sized to serve peak load, which is why  
6 costs are allocated based on a demand allocator. Wheeling is incidental,  
7 rather than a component for which the system was designed. Billing  
8 wheeling on an energy basis is consistent with system usage.  
9

10 The revenues from the wheeling service are credited to the transmission cost  
11 of service, thereby reducing other customers' rates.