1   Q.   Wheeling:

2   a)   What is the current wheeling charge for Industrial Customers? How

3   was it determined? When was it last changed, and why was it then

4   changed?

5   b)   Explain in detail, setting out all calculations and indicating the source

6   of all information as required in Schedule 1.5 of the Cost of Service

7   Study (particularly the source of the line 2 MWh estimate) how the

8   proposed wheeling rate was determined. Explain why the wheeling

9   rate has increased by 7.1% (see P.R. Hamilton, Table 2 at page 9).

10   c)   Explain how forecast revenue from wheeling ($6,950, as referenced in

11   (b) above) is derived and applied in the calculation of revenue to Cost

12   Coverage ratios in Schedule 1.2. Confirm that wheeling revenue is

13   included as an "expense credit" for Transmission Demand costs in

14   Schedule 2.1A.

15

16   A.   a)   The current wheeling charge for Industrial Customers is $0.00649 per

17   kilowatt hour. It was determined in the same manner as the proposed

18   rate (refer to response to part b, below), using 1994 budget data.   It

19   was last changed in 1994, based on that budget, as were other

20   industrial rates.

21

22   b)   The proposed wheeling rate was determined as follows:

23   Island Interconnected Transmission

24   Revenue Requirement $43,918,606

25   (Source: Exhibit JAB-1, page 28, Column 5)

26

27   Divided by:

28

1	Transmission Energy Output (MWh)		6,315,428
2	Source:		
3	Total Sales and Bulk Deliveries	6,346,400	
4	(Source H.G. Budgell, Schedule 5)		
5	Less: Compensation	(31,000)	
6	Plus: Rounding	28	
7		6,315,428	
8	Divided by	1,000	
9	Equals	$.00695 ($/kWh)	

10

11   The increase in the wheeling rate is due to the increased costs from

12   1994 to 2002. As the transmission energy has also increased, the

13   resultant increase to the rate was somewhat mitigated.

14

15   c)   The forecast revenue from wheeling is derived as follows:

16	Wheeling energy forecast (kWh)	1,000,000
17	Multiplied by Rate per kWh	$0.00695
18		$ 6,950

19   The wheeling revenue is included as an expense credit, reducing the

20   total transmission demand costs assigned to the Island Interconnected

21   System (Schedule 2.1 A., Line 14, Column 5). This results in a lower

22   Cost of Service, which is the denominator in the Revenue to Cost

23   Coverage calculation.