

1 Q. With regard to the G. H. Mitchell evidence (Table 4, page 14), why is there no
2 change to the rates for Industrial Non-Firm and Industrial Wheeling?

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5 A. The rate for Industrial Non-Firm energy on the Island Interconnected system
6 is calculated monthly and is based on the monthly average cost of fuel
7 consumed. This method of calculation is the same for the 2007 proposed
8 rates and will reflect no change after this General Rate Application (GRA).

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10 The rate for Industrial Wheeling energy on the Island Interconnected system
11 is set whenever there is a GRA by Hydro. The rate is calculated by dividing
12 the Island Interconnected Transmission Revenue Requirement by the
13 kilowatt-hours of Island Interconnected Transmission Energy Output. Those
14 two components have each decreased by approximately 4% for the 2007
15 Test Year when compared to the 2004 Test Year. As a result, the rate
16 remains the same.