

1 Q. Confirm the proposed flat energy rate of 3.811 cents per kWh for Industrial
2 Customers approximately reflects \$24 per barrel No. 6 fuel and a fuel
3 conversion factor of 630 kWh per barrel. (Rates Evidence, page 4, lines 4
4 to 7)

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7 A. The proposed energy rate for the Industrial customers is a fully cost-based
8 rate which reflects their proportionate share of average embedded energy
9 costs on the Island Interconnected system, determined in accordance with
10 Hydro's Cost of Service methodology.

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12 Hydro can confirm that a rate of 3.811 cents per kWh equates to a fuel cost
13 of \$24/bbl, using a fuel conversion factor of 630 kWh/bbl.