

1 Q. (Reference 2017 GRA Volume I, page 5.27) It is stated (lines 8 to 11) “*Hydro has also*
2 *updated its wheeling rate from 0.443¢ per kWh to 0.980¢ per kWh for Island*
3 *Industrial Customers to reflect 2019 Test Year costs. There are no customers*
4 *currently accessing the wheeling rate. However, Hydro is proposing to maintain the*
5 *rate in the event that it may be required.*” Why has this rate more than doubled,
6 and does the magnitude reflect that of the transmission tariff that Hydro would be
7 filing in an open access regime? What are the components of the wheeling rate as
8 devised to reflect the stated costs?

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11 A. The proposed wheeling rate was revised to 0.911¢ per kWh in Hydro’s 2017 GRA
12 Revision 3 filed October 27, 2017.

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14 The proposed wheeling rate has more than doubled as a result of the transmission
15 revenue requirement on the Island Interconnected System for the 2019 Test Year
16 (approximately \$64 million), more than doubling when compared to the approved
17 2015 Test Year transmission revenue requirement (\$29.6 million); whereas the
18 transmission energy output is approximately the same for each test year
19 (approximately 7,000,000 MWh). The derivation of the wheeling rate is provided in
20 Schedule 1.7, page 1 of 1 provided on page 22 of 108 of the 2019 Test Year Cost of
21 Service Study.

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23 The transmission tariff to meet open access requirements will be established
24 though a separate process and is not relevant to Hydro’s 2017 General Rate
25 Application.