

1 **Q. Reference: Application, Schedule 1, page 6.**

2 Does Manitoba Hydro's Surplus Energy Program include any charges beyond the market-based  
3 energy rate? If so, please detail the charges by type and the purpose of the charges, including  
4 consideration of embedded costs.

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7 **A.** The Surplus Energy Program for Industrial customers includes a monthly basic charge, a  
8 distribution charge, and the previously referenced energy charge. Since the energy charge  
9 recovers energy-only costs, remaining costs are recovered in the other charges. The distribution  
10 charge (per kWh) recovers approximately one-third of embedded costs associated with  
11 distribution, sub-transmission, and transmission that would be allocated were the associated  
12 power firm.