

FACT SHEET- WHEELING ISSUE

“Wheeling charges” are currently a very important issue in the REA world, and I wanted to explain the issue to you so that you would understand more of what is going on around us.

1. “Wheeling” refers to distribution companies charging each other for transmitting on each others’ lines. In our case, power going to REA customers often goes over Fortis lines; and power going to Fortis customers often goes over REA lines. From 1948 until now, there have been no charges going back and forth between REA’s and Fortis (or its predecessor companies) because the cost was assumed to be roughly equal.
2. In 2006, some of Fortis’ customers complained at an AUC (Alberta Utilities Commission) hearing that REA’s weren’t paying their share of Fortis’ costs, resulting in these customers having to pay more than they thought they should pay. The AUC asked Fortis to look into the matter.
3. Because there was such a long history of not charging each other, and because South Alta REA and Central REA have specific clauses in their Agreements with Fortis that there would not be any such charges, there was not a lot of concern at first.
4. In April, 2009, Fortis showed the REA’s a “study” that they had done on the subject. This “study” showed that for every \$1.00 that Fortis spent moving REA power; REA’s only spent \$0.40 moving Fortis power. To ‘balance the books’, Fortis says that the REA’s would have to pay \$7,500,000.00 per year to Fortis!
5. The REA’s objected loudly, and Fortis backed off to the extent that they said they would show this study to the AUC; but would not recommend either for or against actually establishing the charge.
6. The REA’s reasons for opposing these charges is as follows:
 - 6.1 Many of the current Fortis lines were REA lines to begin with; and were bought (some would say “stolen”) from REA’s in the 50’s, 60’s and 70’s at extremely low prices. Part of the understanding at that time was that there would not be charges back to the farmers to use the line that had just sold to the power company.
It is not right to have to pay charges to use lines that were originally ours in the first place.
 - 6.2 An alternative to paying these charges might be to build our own lines on the opposite side of the road to the current Fortis lines. This would be needless duplication of services, even though it may be cheaper than paying these fees year after year.
 - 6.3 Past governments have always said that they opposed these charges.
 - 6.4 Some REA’s (including South Alta REA) have legal agreements saying that wheeling charges would not apply.

- 6.5 These charges would destroy many REA's, leaving Fortis with a virtual monopoly. This would allow them to charge almost anything they wanted, and would not be good for any Alberta consumers.
 - 6.6 The current electrical system in rural Alberta is so complex that it is virtually impossible to tell who is using whose lines more. Spans are inter-mingled and the accuracy of Fortis' study cannot be confirmed.
7. REA's are fighting this issue with our MLA's on the political front as follows:
- 7.1 South Alta REA has written to its 5 MLA's and explained our position. The response has been positive.
 - 7.2 Central REA sponsored an MLA dinner in Edmonton- at which South Alta was represented- where 24 MLA's including 6 cabinet ministers (and 4 out of our 5 MLA's) and the Minister of Energy heard the REA concerns.
 - 7.3 The Alberta Federation of REA's (of which South Alta REA was a member) and Central REA met with four cabinet ministers (including the Minister of Energy) last July to explain our case.
 - 7.4 Livingstone-Macleod MLA, Evan Berger, raised the issue at a public Cabinet Policy Committee meeting where AFREA representatives were speaking, and the REA reps were able to state their case to that audience.
 - 7.5 South Alta REA sent representatives to the PC Party's AGM in Red Deer to meet with MLA's and explain our concerns. In response to a question from our Vice-Chair Bill Van Rootselaar, the Premier did state to the entire audience that the government supported REA's.

Although this sounds positive, there is still much to be done. Public knowledge and awareness will certainly help us. Feel free to use the above facts in whatever conversations you may get into about REA's and the current REA situation in Alberta.

You may also contact your MLA to express your opinions:

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