

Centre Wellington Hydro Response To Wirebury Connections Inc. Interrogatories

Combined Distribution Service Area Amendments Proceeding RP-2003-0044

1. On the issue of customer preference:

(a) What is your Company's position with respect to customer choice?

I1.12.1a. New customers should have a choice of distributor. Customers should have the opportunity to choose their distributor when a viable option is available.

(b) Should new (i.e. unattached or non-metered) customers be able to request service from a distributor of their choice?

I1.12.1b. Yes, providing the distributor they are requesting service from has existing infrastructure to connect to. If they are stranding assets from the incumbent distributor, the customer should be required to pay all associated costs.

(c) If the answer to (b) is no, please reconcile your response with Objective 2 of the *Ontario Energy Board Act 1998* (the "OEB Act") and Section 28 of the *Electricity Act, 1998* (the "Electricity Act").

2. What are the advantages and disadvantages, if any, of allowing new (i.e. unattached or non-metered) customers to choose their distributor?

I1.12.2. The customer is in the best position to answer this question.

3. Does your Company agree that the obligation to connect is triggered by a written request from the customer as described in subsection 28(b) of the Electricity Act? Please explain your response?

I1.12.3. Yes. The statute states this point.

4. Parties who made submissions to the jurisdictional question raised by Hydro One in this proceeding took the position that overlapping service areas were permitted by subsection 70(6) of the OEB Act.

(a) If your Company does not agree with this conclusion, please explain why.

I1.12.4a.

(b) Would allowing licenses to overlap be a more efficient way for the Board to manage changes to service areas or should the current practice of amending the incumbent and applicant's licenses be continued?

I1.12.4b. It may be more efficient. The objective should be to continually strive toward keeping the costs to customers as low as possible.

(c) Please explain why your Company prefers the option it selected in (b).

I1.12.4c. See response to b).

(d) Please describe any alternatives that your Company thinks might be better than the options described in (b).

I1.12.4d. N/A

5. Should system expansion and customer growth for your Company be limited to its existing service area or should the Company be able to compete for attachments outside its authorized service area? Please explain your response.

I1.12.5. Centre Wellington Hydro will not be competing for customers. It proposes to offer new customers alternative choice when there is a viable option available.

6. (a) Does your Company believe that it could connect to Hydro One's grid as an embedded distributor and serve customers in green-field developments just as or more efficiently than Hydro One?

I1.12.6a. Centre Wellington Hydro is currently an embedded distributor that is connected to Hydro One's distribution network and is also a wholesale market participant.

(b) If the answer to (a) is no, please explain why and indicate whether you think your Company could compete effectively through contiguous expansion of its existing service area.

I1.12.6b. See 5 above.

- (c) If the answer to (a) is yes please explain why you think your utility could do this and how your new (i.e. unattached or non-metered) customers would benefit without harming Hydro One's existing (i.e., connected or metered) customers.

I1.12.6c. N/A

- (d) Does your Company believe that there other distributors that could effectively compete with Hydro One? If so, please explain how these distributors could serve customers more efficiently than Hydro One either by expanding their systems or connecting to Hydro One's network as an embedded distributor?

I1.12.6d. Centre Wellington Hydro has no opinion on this matter.

7. (a) Should the ability of a LDC to provide customer benefits be limited to contiguous expansion or should it also be allowed to expand its customer base as an embedded distributor (i.e. connecting its distribution facilities to and downstream of the host distributor's system)?

I1.12.7a. For the purpose of this Application Centre Wellington Hydro is proposing a "contiguous" expansion approach.

- (b) If the answer to (a) is contiguous expansion only, please explain why there would be any difference between the customer benefits derived from contiguous expansion and those derived from embedded distribution.

I1.12.7b. Customers should make this decision based on the criteria they use to make such decisions.

- (c) Please indicate how and to what degree customers might benefit from LDCs being allowed to expand their services outside their service areas?

I1.12.7c. Centre Wellington Hydro's approach to this matter is simple. When there is an opportunity or opportunities for new customers to make a connection choice between distribution companies they should be able to weigh the advantages and disadvantages (as they determine them) and make their best decision.

8. If the Board decides to limit access to and competition for distribution services to new (i.e. unattached or non-metered) customers,

(a) what would happen to the benefits of open access and customer choice, and,

I1.12.8a. Centre Wellington Hydro will comply with the decision(s) of the Board.

(b) Would customers still benefit from competition, and if not, why not?

I1.12.8b. This would depend on the outcome of the Board's determination.

9. Hydro One has suggested that network assets will be stranded if other distributors are allowed to serve new (i.e. unattached or non-metered) customers in Hydro One's current area of service.

(a) What assets, if any, does your Company think would be stranded if new customers were served by your Company, another LDC or an embedded distributor using the same upstream network assets that Hydro One would use to serve the same customers? In responding to this question, please assume that the customers are served through an embedded distribution connection to Hydro One's system rather than a contiguous connection to your system.

I1.12.9a. Centre Wellington Hydro plans to serve new customers from its own distribution system and does not know what assets would be "stranded" if any, and under what circumstance this might happen. This would require discussions with Hydro One and other parties as appropriate..

(b) If the answer to (a) is there would be no stranding, please explain why.

I1.12.9b. N/A

10. Section 28 of the Electricity Act states that a distributor has an obligation to connect buildings that are located along the distributor's distribution system if the owner, occupant or other person in charge of the building has requested the connection in writing. This section appears to ensure that in every situation, an obligation to connect exists.

(a) Would your Company agree that the obligation to connect remains in effect and is driven by customer choice and proximity, even in the case of overlapping licenses?

I1.12.10a. Yes.

(b) If the answer to (a) is no, please explain your response.

I1.12.10b. N/A

11. With regard to overlapping service areas:

(a) Would customers in an overlapping service area benefit more from having access to two or more readily available distributors than customers in a single service area? Please explain your response.

I1.12.11a. There may or may not be benefits for the customer. This would depend on what criteria the customer uses to make a decision.

(b) Would customers be able to request service from any of the overlapped utilities? Please explain your response.

I1.12.11b. If the option was available to them that could be their choice.

(c) How would the obligation to connect be ensured and administered where there are two or more LDCs authorized to serve customers in the same area?

I1.12.11c. The obligation could fall jointly on two or more of the utilities and it would depend on which offer to connect the customer chooses in the end.

12. Under section 4.0.1(1) of Regulation 161/99, certain building/land owners or operators are exempt from certain licensing and rate requirements under the OEB Act. Having regard to this section, please respond to the following:

(a) Are any assets of a host distributor stranded when exempt landlords or building owners decide to or continue to operate as unlicensed distributors downstream of the host distributor's bulk meter?

I1.12.12a. For the purpose of CWH's Application the Company has no opinion on this matter.

(b) Would your response to (a) change if in addition the exempt land/building owner decides to install individual meters in each suite?

I1.12.12b. For the purpose of CWH's Application the Company has no opinion on this matter.

(c) Would your answer to (a) or (b) change if the building was sold and the

new owner wanted to continue to own and operate the unlicensed distribution system?

I1.12.12c. No. This is a matter for the regulator to decide on.

(d) Would your response be different if the operation of the distribution system was subcontracted to a third party?

I1.12.12d. See response to 12b.

(e) Would the same be true if the ownership of the distribution facilities was transferred as well to the third party in (d)?

I1.12.12e. See response to 12b

(f) If the answer to any of the questions in (a) through (e) is yes, please explain why?

I1.12.12f. N/A.