

THESI INTERROGATORY #10

INTERROGATORY

Reference: Report of John Todd, filed September 26, 2003, Page 7, Lines 15-17

Are you aware of any evidence that incremental costs of incumbent LDCs are higher than those of non-incumbent LDCs?

RESPONSE

The author of the Report is not aware of any evidence that incremental costs of incumbent LDCs are higher than those of non-incumbent LDCs for adding the same customers.

Often, the incumbent should have the same or lower incremental costs unless it is less efficient than alternate providers, as alternate providers would not normally have facilities that make it easier to connect new customers in the incumbent's service area.

Of course, in instances where the alternate distributor is planning to utilize the incumbent's upstream facilities, there will be no difference between the two providers other than the package of services they offer and the cost-effectiveness they have in installing distribution facilities in unserved and underserved locations.