

THESI INTERROGATORY #2

INTERROGATORY

Reference: Report of John Todd, filed September 26, 2003, Page 2, lines 20-28

The application of your definition of “unserved location” includes a geographic area under development that “lies along” the lines of an incumbent distributor. Since distributors have the obligation to connect a customer that “lies along” their lines and that in planning for future load growth resources are likely prospectively allocated to the anticipated development of this load, would the introduction of competition in distribution in these situations have the potential to result in the stranding of distributor capital investment costs? Please discuss.

RESPONSE

Distributors do not have an obligation to connect customers simply because the customers lie along their distribution lines. The customer must request connection in writing and agree to accept the terms and conditions of service contained in the distributor’s responding offer to connect. To the extent that the customer connection uses the same upstream facilities and capacity that the incumbent LDC would have used, there is no potential stranding of the incumbent’s capital investments.

