

VECC INTERROGATORY #12

INTERROGATORY

Reference: The Report, page 2, lines 2-3

Preamble: 'it is more appropriate to focus directly on ensuring that duplication of facilities is avoided'

- a) How is "duplication of facilities" defined for purposes of the Report? In responding, please comment the differences between the Report's definition and that provided by Hydro One on September 26<sup>th</sup> in response to VECC Interrogatory #7.

RESPONSE

The use of the word "duplication" in the Report is consistent with the Hydro One's definition of "duplication of assets" in its response to VECC Interrogatory #7.

Duplication will occur if:

- (i) new facilities must be constructed by the alternate distributor that would not be built in the absence of the potential attachment, and
- (ii) equivalent facilities would not be required by the incumbent as the facilities required for the attachment already are available.

It should be noted that in the Report duplication of facilities is not in itself a reason for denying an alternate distributor from connecting an unserved or underserved location. It is possible that the even if there is some duplication of assets, the alternate distributor will offer greater customer value, taking into account both the cost of connection and the service package offered. Of course, the greater the extent of duplication of assets the less likely that the alternate supplier would be the preferred alternative because the duplicated assets would be included in the incremental costs of the alternate supplier but would be excluded from the incremental costs of the incumbent.

