

1           **Ontario Energy Board (Board Staff) INTERROGATORY #10 (Prefiled Evidence)**

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3           **Interrogatory**

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5           At page 9, lines 7 through 11, Networks states that prudent planning may involve initial  
6           underutilization of distribution assets.

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8           a) Is this equally true for all distributors, or only for Networks?

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10          b) Should the Board, in considering a service area amendment application, compromise  
11          customer preference in order to avoid stranding or devaluing the assets of the incumbent  
12          distributor?

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14          c) If the answer to (b) is yes (for some or all applications), should the Board try to assess  
15          whether the incumbent distributor exercised prudence in its system planning for the area?

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18          **Response**

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20          (a) Yes, it is true for all distributors. Prudent planning as supported by DSC Section  
21          3.4.1 may involve initial under-utilization of distribution assets.

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23          (b) While Networks recognises individual customer preference as an important factor to  
24          be considered in assessing a customer's request for service, the public interest  
25          considerations for the broader pool of customers should be the paramount  
26          consideration.

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28          (c) Networks does not consider it appropriate for the Board to question the prudence of  
29          the investment of assets that was made under previous legislation. The Board may  
30          wish to assess prudence of investments once the principles are determined in this  
31          proceeding. It would be helpful to LDCs if the Board could provide further guidance  
32          respecting their planning obligations once a policy direction is enunciated respecting  
33          the principles to be applied in considering service area amendments.

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