

1            **Ontario Energy Board (Board Staff) INTERROGATORY #8 (Prefiled Evidence)**

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3            **Interrogatory**

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5            At pages 4 to 5, Networks provides evidence of customer connections and losses.

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7            a) Given the acquisition of several LDCs by Networks, is it still the case that about half  
8            the new connections are near the borders of other LDCs or in municipalities where power  
9            is supplied by another LDC?

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11            b) Networks indicates that it experiences about 5000 disconnections per year.  
12            Approximately how many of these customers (or locations) reconnect to Networks? Are  
13            these reconnections included in the total of new connections (ie. the 18,000 referred to?)

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15            c) If Networks were subject to “losing” only new customers (no decline in customer  
16            base), would higher rates for all of Network’s customers result?

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18            d) In assessing the value of existing or potential customer connections, is density a  
19            factor? Are some customers more “valuable” than others?

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22            **Response**

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24            a) Yes. Most of the acquisitions were small LDCs in rural low growth areas.

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26            b) Networks wishes to clarify the context of the term disconnection on page 5 line 8 of  
27            its pre-filed submission: "...5,000 disconnections per year." should have read  
28            "...5,000 service cancellations per year."

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30            A service cancellation is defined as the permanent removal of customer specific  
31            connection assets, resulting in permanent loss of the customer, and their load from the  
32            distribution system. Service cancellations are therefore a necessary consideration in  
33            determining the net customer growth on a LDC’s distribution system.

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35            Disconnect/reconnects and move-in/move-outs utility industry terms referring to  
36            activities involving customer requested service interruptions, customers moving from  
37            one premise to another and bad debt account management. All of these activities are  
38            temporary in nature and are not part of a utility’s net customer growth statistics.  
39            Networks experiences approximately 9000 disconnect/reconnects and 177,000 move-  
40            in/move-outs.

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42            c) Yes, please refer to page 5 of 22 of Networks’ pre-filed evidence and Networks’

- 1 Exhibit J8-12-5. If Networks were to lose all new growth, its customer base would  
2 decline by an average of 5,000 customers per year as a result of service cancellations.  
3 If all growth in new customers were lost, then the impact would be even larger than  
4 the 5 percent impact included in Networks' Prefiled Evidence, page 4, lines 10 to 14.  
5 The answer in Networks' Exhibit J8-12-5 was based on losing only 50% of the  
6 growth in new customers. Should Networks lose all new customers, it is very likely  
7 that the credit rating agencies would re-assess Hydro One's credit rating, possibly  
8 leading to higher cost of debt.  
9  
10  
11 d) Yes, density is a factor. High density customers tend to cost less to serve and  
12 maintain.