

1 Vulnerable Energy Consumers' Coalition (VECC) INTERROGATORY #13

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3 Interrogatory

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5 Reference: August 7th, 2003 Prefiled Evidence of Hydro One, Appendix B, page4
6 (lines 118-119)

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8 Preamble: "The application should provide a statement of rate impacts resulting from
9 the proposed licence amendment"

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11 Question:

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13 a) Please clarify whether the rate impact statement would be for the applicant
14 distributor, the incumbent distributor or both?
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16 b) In the case of the applicant distributor, please outline the circumstances that
17 would give rise to rate impacts – given that the DSC and the associated capital
18 contribution calculations for system expansions are intended to hold existing
19 customers harmless.
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22 Response

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24 (a) The rate impact statement should be for both the applicant and incumbent LDCs.

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26 (b) Given the transitional nature of rates:

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28 (i) Where rates of the applicant are over-recovering, a smaller capital contribution
29 will be the result for the connecting customer. However, once cost
30 allocation/cost of service is undertaken to re-base rates there will be upward
31 pressure on rates, hence detriment to the greater pool of customers and benefit to
32 the connecting customer.
33
34 (ii) Where rates of the applicant are under-recovering, a larger capital contribution
35 will be the result for the connecting customer. However, once cost
36 allocation/cost of service is undertaken to re-base rates there would be
37 downward pressure on rates, hence benefit to the greater pool of customers and
38 detriment to the connecting customer.
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