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## Vulnerable Energy Consumers' Coalition (VECC) INTERROGATORY #5

## **Interrogatory**

Reference:

February 28, 2003 Response to Centre Wellington's Application for Distribution Service Area Amendment, page 2, lines 24-26 and page 3, lines 5-7

a) Please explain how the impacts of these factors (i.e., regional impacts on load balancing, efficient use of available capacity, and loss minimization) could be determined and incorporated into the consideration of applications for service area amendments.

## Response

See Networks' Exhibit J8-11-21. With specific connection information (i.e., location and load requirements), the incumbent LDC can perform an assessment of its existing facilities to determine if the new load can be accommodated. The incumbent will invariably have capacity in place because upstream distribution assets, such as distribution stations and feeders, must be constructed in increments for the greatest capital planning efficiency. With the available upstream capacity, individual customers can then be readily connected by the incumbent LDC.

In the case of the incumbent LDC being subject to general expansion applications, whether they result in overlapping territories or quasi-annexations, planning for regional load requirements would become a speculative exercise. The incumbent LDC would be left in the unenviable situation of managing planning risk, with the business incentives now geared to planning for incremental growth, at higher overall cost to customers, rather than to planning comprehensively at optimal costs.