

1 **Vulnerable Energy Consumers' Coalition (VECC) INTERROGATORY #6**

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3 **Interrogatory**

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5 Reference: August 7th, 2003 Prefiled Evidence of Hydro One, page 14 (lines 4-5)

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7 Preamble: “In Networks’ view, transitional distribution rates, as distinct from
8 connection costs, are not appropriate criteria for deciding whether to make
9 licence amendments”

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11 Question:

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13 a) Would Hydro One agree that current distribution rates when taken together
14 with the capital contribution required (as calculated under the DSC) are an
15 appropriate criteria for deciding whether to make licence amendments? If not,
16 why not?

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19 **Response**

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21 No. The appropriate decision criteria are the incremental cost to connect a customer,
22 including the impact of stranding or under-utilization of the incumbent’s assets and the
23 resulting impact on the rates for the incumbent’s remaining customer base. Current rates
24 do not reflect the cost of service and are inappropriate for making decisions on licence
25 amendments. The capital contribution requirement of an Applicant as set out in the
26 Distribution System Code will not capture the impact on stranding or underutilization of
27 the incumbent’s assets, or any associated impact on the incumbent’s rates.
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