

1                    **Vulnerable Energy Consumers' Coalition (VECC) INTERROGATORY #7**

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3                    **Interrogatory**

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5                    Reference:     August 7<sup>th</sup>, 2003 Prefiled Evidence of Hydro One, page 17 (lines 1-2 and  
6                    16-17)

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8                    Preamble:     “Creation of a duplicate system would be expensive and inefficient”

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10                  Question:

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12                  a) Please explain what circumstances Hydro One would consider to be  
13                  duplication of assets. In particular, please comment on the definition offered  
14                  by other parties to this proceeding that duplication of assets is the construction  
15                  of distribution circuits of the same voltage in locations to potentially serve  
16                  existing customers (e.g. Veridian Connections response to VECC  
17                  Interrogatory 13).

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20                  **Response**

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22                  Duplication of assets occurs when an applicant distributor must construct assets that  
23                  would not be required if the incumbent LDC connected the customer. This arises from  
24                  the incumbent LDC’s obligation to plan for customer growth in its service territory and to  
25                  make upstream investments to be able to serve new load as the new load materializes.  
26                  With regard to the definition provided by Veridian, Networks does not believe that  
27                  duplication exists only when distribution circuits of the same voltage are used to serve  
28                  existing customers of the incumbent LDC. In addition to construction of distribution  
29                  circuits, there would also be duplication should the applicant distributor need to make  
30                  further investment in information technology, billing, collection, and other support  
31                  services.  
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