

BOARD STAFF INTERROGATORY #9

INTERROGATORY

Paragraph 36 notes that “consumers make decisions based on service value “and that the price of distribution services as reflected in current rates is one decision factor that customers consider when...choosing a service provider...there is no better price indicator available to customers.” Moreover, the submission states that “current rates provide a reasonable indication of the relative price difference between service providers.”

However, if the price of distribution services is not properly reflected in rates, due for example to outdated cost allocation information, is it not possible that the customer may lack accurate information to make an informed decision and that stated relative price differences provide incorrect pricing signals?

RESPONSE

Current rates provide the best information available for customers making connection decisions now and possibly over the next three years. In addition, Wirebury believes that current rates are sufficiently indicative of the relative differences between the future rates of most distributors, now and in the future, to be of assistance to the Board and customers when making decisions on distribution services.

As discussed in more detail in Wirebury’s response to the LDC Coalition at Ex. J12, T15, S11, current rates offer a useful cost comparison between competing distributors as these rates were set by Ontario Hydro using a consistent cost allocation methodology. The expectation is that a consistent cost allocation methodology will form the basis for any future rate changes approved by the OEB.

Where the rates of an individual distributor need to be changed as a result of differences identified in the subsequent cost allocation studies, the Board has the authority to ensure that the required rate changes are phased in to avoid rate shock. However, until such time as the cost studies can be completed and rates can be compared and adjusted as required, existing rates provide the best available economic comparison of value.



Witness:

