

LDC COALITION INTERROGATORY #10

INTERROGATORY

Reference: Evidence of Wirebury Connections Inc., August 7, 2003, Paragraph 34:

"In addition to these costs, existing customers or the LDC they are switching to must pay the costs associated with any stranding of customer specific assets."

- (a) For what "customer specific assets", would the incumbent LDC be eligible for payment by the existing customer or the LDC to which the customer is switching?
- (b) What upstream costs does Wirebury propose to include in, and exclude from, the contemplated payment? Please provide the rationale for the proposed inclusions and exclusions.
- (c) Under the Distribution System Code, a customer requesting an expansion of the LDC's distribution system may be liable to make a capital contribution in respect of the expansion. Who will pay any capital contributions calculated by the incumbent LDC for expansions of the incumbent LDC's distribution system that may be necessary to serve a development in which Wirebury intends to be the distributor? Please provide the rationale for the choice of payor.

RESPONSE

- (a) The incumbent would be compensated for assets which were constructed solely for the specific customer and which upon the customer switching, are no longer used or useful to serve the incumbent's customers, either now or in the future.
- (b) Compensation paid to the incumbent LDC would be based on the net book value of the stranded assets and a corresponding amount would be removed from the incumbent's rate base.
- (c) Connection costs will be paid by Wirebury and recovered from the connecting customer(s) as part of the overall cost of providing the new distribution services. The connecting customer will be asked to pay a contribution if Wirebury's rates are not sufficient to recover all of the connection costs as determined by the Board's economic feasibility formula.

