

LDC COALITION INTERROGATORY #16

INTERROGATORY

Reference: Evidence of Wirebury Connections Inc., August 7, 2003, Paragraph 70

What costs (including upstream costs) does Wirebury propose to include in, and exclude from, the contemplated wheeling rate? Please provide the rationale for the proposed inclusions and exclusions.

RESPONSE

While the design of a wheeling rate is not an issue in this proceeding, Wirebury provides the following comments in the hope that it will be of some assistance to the Board in determining how service area amendments and competition for unserved areas can be accommodated. While it is not Wirebury's role to design a wheeling rate for host LDCs, Wirebury does see merit in the OEB setting a uniform rate across the province. It believes that an appropriate rate would include the return and depreciation expense on a reasonable level of capital that would be required to complete a simple connection. Provision for income taxes and a reasonable level of OM&A expenses for a single connection should also be included. To the extent that the economic evaluation model showed that the wheeling rate did not produce a revenue stream sufficient to support the host connection costs, a capital contribution from the embedded LDC would be required to make the connection feasible for the host.

