

LDC COALITION INTERROGATORY #3

INTERROGATORY

Reference: Evidence of Wirebury Connections Inc., August 7, 2003, Paragraph 6

To what is Wirebury referring when it writes of the "ongoing transition of distribution services"?

RESPONSE

The transition of distribution services refers to the changes that have occurred and continue to occur since the Macdonald Report was written and the recommendations from the Report that were accepted by the government and put into action through the White Paper and ensuing governing legislation. The transition includes the unbundling of non-distribution services and the transition to profit-oriented companies operating under the *Ontario Business Corporation Act*.

The Macdonald Report noted that its recommendations were just the start of changes that would occur in the electricity market (para. 4 in the cover letter to the Minister of Environment and Energy). The Advisory Committee referred to the expected distribution transition in a number of areas of its Report:

- "market changes will lead to "a restructuring in distribution" and a "new role for distributors" (para. 4, p.73);
- "the distribution utility will be forced to compete for customers" (para. 5, p.73); and
- electrical utility businesses will require commercial acumen in "searching out new customers, and investigating new services and technologies" (para. 4, p.73).

Hydro One recognizes the change that has occurred already and refers to the transition in its evidence as a movement away from the "public utility environment of the *Power Corporation Act*" towards the "commercial utility environment of the *Energy Competition Act*" (para. 2, p.7, Appendix A). The transition is further evident in the applications underlying this proceeding, with applicant distributors competing to serve customers. The presence of new entrants such as Wirebury, and their ability to provide innovative services such as new metering technologies to new customers, represent some of the most recent developments. This is all part of the distribution services transition that is underway and gathering momentum.

