

VECC INTERROGATORY #4

INTERROGATORY

Reference: Evidence of Wirebury Connections Inc., paragraphs 12, 20, 57, and 60
Distribution Service Code, Section 3.4.1

Preamble: “an applicant or connecting customer compensate an affected distributor for unpaid assets dedicated exclusively to the lands and structures which are the subject of the service area amendment”
“it is only those assets which are required and dedicated exclusively to connect the lands and structures which are the subject of a service area amendment for which a host distributor may seek compensation”
“the risk of ... stranded assets is eliminated by the principle of fair reimbursement for any customer specific plant investment”
“Where the surplus assets are not required to service the new connection or are considered to be system costs, the associated costs would be the responsibility of the incumbent LDC”
“A distributor shall continue to plan and *build* the distribution system for *reasonable forecast growth* (emphasis added)” - excerpt from DSC

- a) Please clarify what types of assets/facilities Wirebury would consider as potentially stranded assets in the case of new connections that bypass an incumbent's system.
- b) In particular, given the section 3.4.1 requirements of the DSC, please explain why it is inappropriate for distribution network system costs and other shared facilities costs incurred by the incumbent LDC to meet reasonable forecast load growth in the contested service area to be considered stranded assets.
- c) In the case of existing connections, what is Wirebury's position whether a portion of the distribution system network and other shared facilities used by the incumbent to serve the connected customer could be considered as potentially stranded assets and, if so, under what circumstances?

RESPONSE

- a) Wirebury does not envision circumstances in which assets are stranded as a result of new connections since it does not plan to duplicate assets installed by the incumbent distributor but rather connect to the incumbent's upstream facilities.



Where new connections are allowed to bypass the incumbent's system only the assets specifically dedicated to the customer would be stranded as described in Wirebury's response to Board Staff at Ex. J12, T10, S7.

- b) Where assets have been built to serve specific customers but other customers can use the assets now or in the future, no stranding would occur. Assets that are built to meet future system growth should be treated as system or network assets rather than customer specific assets. As mentioned above in response (a), Wirebury would expect to use the assets built for the new service area so there is no stranding.
- c) Wirebury sees the test for determining stranding of assets as being the "no longer used nor useful" test. Where assets meet this threshold, appropriate compensation to the host LDC is warranted.

