

**RP-2003-0044 – ONTARIO ENERGY BOARD COMBINED SERVICE AREA  
AMENDMENT PROCEEDING**

**TORONTO HYDRO-ELECTRIC SYSTEM AND LDC COALITION RESPONSES TO  
HYDRO ONE NETWORKS INC. ("NETWORKS") INTERROGATORIES ON THE  
REPORT OF DR. ADONIS YATCHEW FILED ON NOVEMBER 27, 2003**

**NETWORKS INTERROGATORY #1**

*Is it your opinion that the minimum efficient scale is still achieved at “about 20,000 customers” for LDCs that are not contiguous, such as would be the case Wirebury, or is this number just the case for LDCs that are contiguous?*

**Response**

The statistical analyses upon which the conclusion is based involve utilities typically serving contiguous areas. The minimum efficient scale of 20,000 customers cannot be directly extrapolated to LDCs serving multiple discontinuous areas. It may be that such LDCs have a substantially higher minimum efficient scale.

## NETWORKS INTERROGATORY #2

*(Reference page 18, line 22-24, specifically the reference to “exit”, and section 5). Some parties in this proceeding propose that the legislation was intended for there to be competition in distribution wires as expressed through “customer choice” of connection, although not choice for “exit”. Can a market be considered “competitive” if there is no “exit”?*

### **Response**

No. The “distribution wires market” where the customer does not have the option of switching distributors cannot be considered to be competitive.