

**Q. On page 13, lines 10 to 15, Mr. Brockman indicates that only a few places in North America have multiple distribution companies because the inefficiencies and waste associated with multiple distribution entities is considered to far outweigh any competitive gains. Mr. Brockman uses Texas as an example of a state that has multiple distribution companies.**

**(a) Why s Texas doing this when it is inefficient and wasteful?**

**(b) Mr. Brockman states that he thinks that the formation of multiple distribution companies to compete against each other cannot be accomplished. Please explain why it can be done in Texas but not in the province of Newfoundland and Labrador.**

A. (a) Mr. Brockman has not made a study of the few small towns in Texas that allow multiple distribution companies. He simply pointed out in his evidence that of the tens of thousands of towns in North America, only a very small fraction seem to think that having multiple distribution companies is a good idea.

(b) Mr. Brockman makes no statement in his evidence that the task of having multiple distribution companies cannot be accomplished. The exact quote of his words from his supplemental evidence is,

"There are only a few places in North America (in Texas, for example) that have multiple distribution companies. This is because the inefficiencies and waste associated with having multiple distribution systems is considered to far outweigh any competitive gains from such systems. In fact, in most states in the U.S. with more than one distribution utility, regulatory commissions assign territories to each utility to prevent such duplication."

Mr. Brockman believes that there is some value in considering the conclusions that most other regulators have made on this issue, before recommending such a course for Newfoundland.