

1 **Q: Re: Brattle Group Report, pages 6 and 35.**

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Citation 1 (page 6):

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We find the approach that all requesting customers must pay an upstream connection charge even if there are no network upgrade costs required and Hydro “banking” the funds until they are needed to be uncommon in our survey of jurisdiction’s NAPs. (underlining added)

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10 **Citation 2 (page 35):**

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Looked at it another way, the Upstream Capacity Charge is not tied to the actual costs that Hydro incurs to upgrade the network charge to accommodate the request of the cost-causing customer. It serves as a form of “banking,” essentially lending Hydro the money until it makes the upgrades. We find this approach uncommon in our review of regulatory jurisdictions, not in line with our view of cost causation principles and complicating the problem needlessly. (underlining added)

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20 **Has Brattle identified any regulatory jurisdictions in which new customers are charged a network upgrade cost based on future expansion costs? If so, please identify them.**

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A. The concept of future expansion costs is somewhat related to advancement costs. Brattle has found the concept of advancement costs to be used as an element, but not the only element, of network upgrade costs in three jurisdictions that we surveyed in the Brattle Report - Alberta, Ontario, and Saskatchewan. We have not, however, identified any regulatory jurisdiction where the network upgrade cost was based on advancement cost solely.

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For more context, in Alberta, Ontario and Saskatchewan, we found that network upgrades costs included not only the actual costs of the network upgrade but also advancement costs, usually within a fixed amount of time. In Alberta, “participant related costs” include “the advancement of radial transmission facilities that are planned to be networked within five years,” (see the Brattle Report page 12). In Ontario, the need for new investments from a network upgrade includes the costs of new facilities, upgrades to existing facilities and the advancement costs of planned facilities (see the Brattle Report page 17). In Saskatchewan, in addition to the actual cost of the network upgrade, advancement costs are another element in the network upgrade charge formula (see Brattle Report at pages 18-19).