

1 Q: Citation:

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**Brattle is proposing that additional customers also be required to make capital contributions to the cost of the prior network upgrades without which it would not have been possible to provide service to them. The remaining net book value of the network upgrade would be allocated among the additional customers and the original customer in proportion to peak demand. Please also refer to the response to LAB-PUB-009 part c.**

**a) Please explain in detail how the Brattle Group’s proposed policy (of requiring additional customers to make capital contributions to the cost of the prior network upgrades without which it would not have been possible to provide service to them) would apply in the case of the DND boiler conversion project, which could not have been served “but for” the MFHVI project, had the policy been in effect at the time when the MFHVI project was approved.**

**b) In the context of the transition from the current system to the one proposed by the Brattle Group, is there any reason that one could not consider additions paid for by the current customer base to also be eligible for refunds, from a new customer that could not have been served “but for” that addition? Please elaborate.**

**c) More specifically, in the event that DND goes ahead with its boiler conversion project, which could not have been served “but for” the MFHVI project, could DND be assessed a capital contributions to the cost of the that project, if the Board found such an assessment to be consistent with its network addition policy and in the public interest?**

a) The specific treatment of any individual load addition would require an understanding of factors at the time that the service was requested by the load. With regard to the DND project and MFHVI transmission upgrade, there are two parallel analyses that would need to be performed. First, an analysis would be required to determine if the DND project could not have proceeded but for the MFHVI network upgrade. Second, an analysis would need to be performed to determine whether the MFHVI upgrade should be considered a network upgrade (i.e., determine if the MFHVI would be treated under the Network Additions Policy if that policy was in place at the time the MFHVI was developed). If the

- 1 DND project could not have proceeded but for the MFHVI transmission upgrade  
2 and the MFHVI transmission upgrade would have been treated as a network  
3 upgrade, then the next step would be to identify the remaining net book value of  
4 the MFHVI network upgrade and re-allocate the cost following the procedure  
5 discussed in our report.  
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- 7 b) One possible reason from a regulatory policy perspective is to avoid retroactive  
8 ratemaking. In order to do so, a transition plan should attempt to prevent the  
9 instances where a customer is, as a result of the transition plan charged or made  
10 to pay more for decisions that were made under a previous policy regime. In  
11 addition to sound regulatory policy, this question would require a legal  
12 determination in reference to application of our recommendations.  
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- 14 c) Please see response to part b) above.