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# Ontario Energy Board Commission de l'énergie de l'Ontario



## **Policy Review of Wireline Pole Attachment Charges (EB-2015-0304)**

**Presentation to Pole Attachment Working Group**

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# Agenda

- ✓ Background
- ✓ Objective
- ✓ Progress
- ✓ Timeline
- ✓ Issues
- ✓ Suggestions

# Background

- ✓ Policy review initiated Nov. 2015 of miscellaneous (misc.) rates & charges applied by LDCs
- ✓ Encompasses many different categories of rates and charges
- ✓ Conducted through number of phases and components
- ✓ Phase 1 – charges as defined in OEB's 2006 Dx Rate Handbook
- ✓ Charges generate misc. revenues that result in lower Dx rates
- ✓ Charges include customer administration, non-payment of accounts, service calls, temporary services, **pole attachments** and LDC specific services
- ✓ The first component of Phase 1 is a review of wireline pole attachments through the establishment of a working group comprised of representatives from wireline industry, LDCs and consumer groups
- ✓ It is expected the working group will meet approximately **four times**
- ✓ Nordicity retained as an expert consultant on pole attachments and cost allocation methodologies
- ✓ Current Rate - **\$22.35/pole** based on 2005 OEB decision
- ✓ 3 Recent Pole Attachment Rate Decisions:
  - ✓ Hydro Ottawa - **\$53/pole**
  - ✓ Hydro One - **\$37.03/pole**
  - ✓ Toronto Hydro - **\$42/pole**

# Objectives - Wireline Pole Attachments

- ✓ Assess a number of technical issues and details related to pole attachments;
- ✓ Review of the current cost methodology for setting wireline rates for pole attachments in the province of Ontario;
- ✓ Determine how to treat and allocate any revenues that wireline carriers may receive from third parties with respect to wireline pole attachments; and
- ✓ Determine the appropriate treatment and allocation of other costs (e.g. vegetation removal).
- ✓ Achieve consensus on all issues, within the working group if possible.

# Progress

## ➤ Progress to Date:

Action	Timing
Kick Off Letter	November 5, 2015
Nordicity retained	April 2016
1st Working Group Meeting	May 20, 2016
1st Data Request	June 3, 2016
2nd Working Group Meeting*	July 27, 2016
2 <sup>nd</sup> Data Requests from LDCs	September 13, 2016
3 <sup>rd</sup> Data Request from LDCs	October 18, 2016
<b>3<sup>rd</sup> Working Group Meeting</b>	<b>Scheduled for November 24, 2016</b>

➤ \*Note: No further comments were received on minutes except from Hydro Ottawa, as such they will now be published.

# Planned Activities

## ➤ Timeline:

Action	Timing
Draft Expert Report Completed	December 2016
WG Comments	December 2016
Finalize Expert Report	January 2017
4 <sup>th</sup> WG Meeting – Final Report	February 2017
Summarize Feedback From WG Meeting	February 2017
Present Final Report Findings with Recommendations to OEB Board	March 2017
OEB issues Policy Decision with new Pole Attachment Rate or Methodology	April 2017

# Issues

- Materiality of the data inputs
  - low impact versus high impact on the end result  
E.g. # Attachers
- Consistency of the information across the sector
  - collection and tracking of data going forward
- Mechanism to Adjust Charge going forward E.g. CPI
- Timing regarding future Policy Reviews
- Single Rate (rural vs. urban) or Methodology
- Lack of Data related to overlashing
- Consensus

# SUGGESTIONS



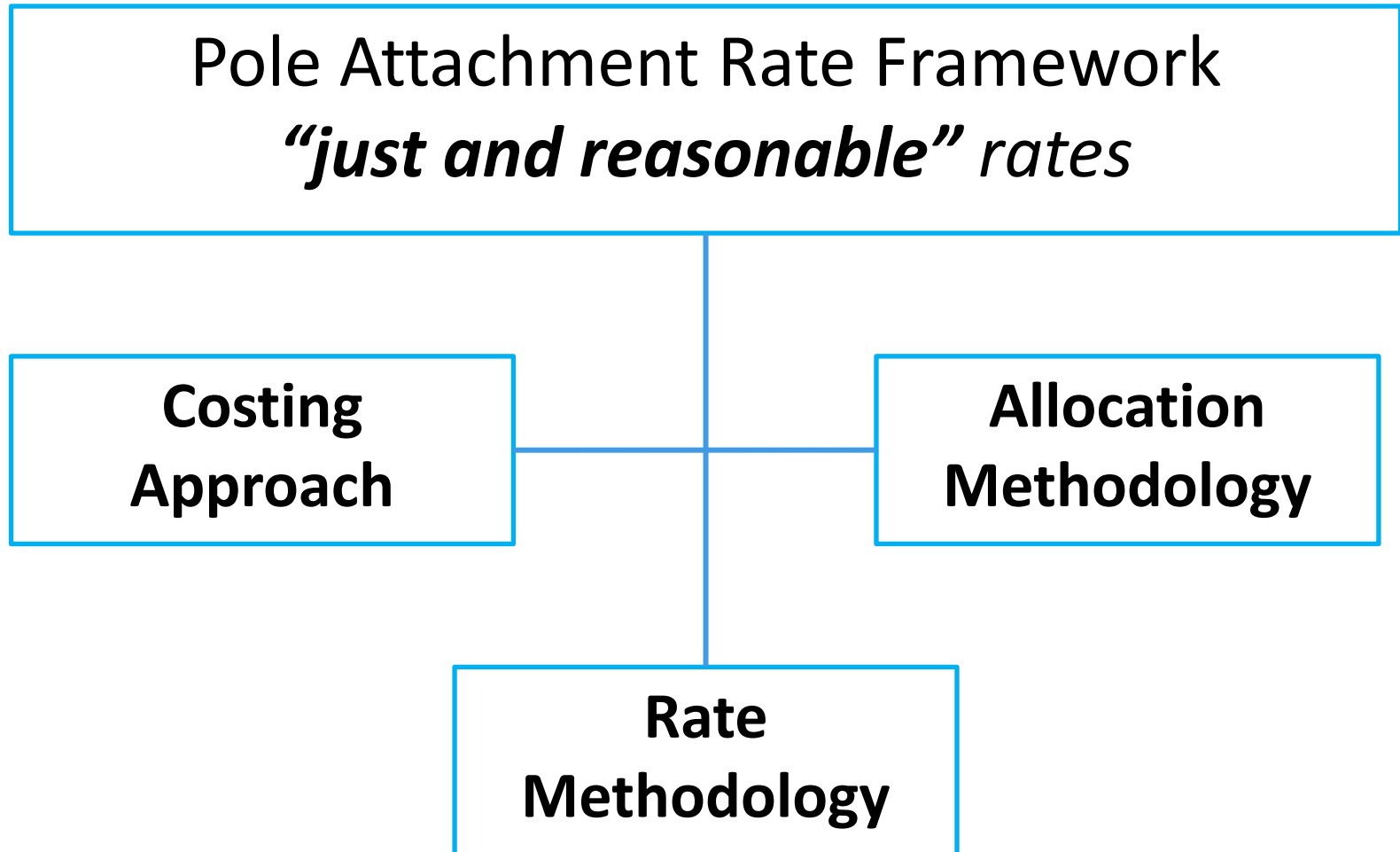
# PAWG – Break Out Discussion

WG group to be broken into 2 groups tasked with identifying key Issues as they relate to the analysis and model presented by Nordicity. OEB/Nordicity staff will participate in the groups as facilitator's and scribes to ensure all comments/discussion is captured.

To facilitate the session the groups will be asked to address the following questions as they relate to the:

“Key Elements of Pole Attachment Rate Model” presented on slide 20 by Nordicity.

You will be given 10 minutes to complete each question, followed by 5 minute presentation by Nordicity which will summarize the information on the flip chart that you helped prepare.



# Costing Approach

- What cost data should be collected and tracked going forward. List.

# Rate Methodology

- 1 a) Should there be a single rate for the entire province? Pros/Cons?
- 1 b) Should the OEB adopt a methodology and each LDC apply for approval based on their cost structure? Pros/Cons?

2) Thinking about regional differences what would the impacts be on 1a) and 1b)?

# Rate Methodology

- 3) How might the rates be adjusted in the future (E.g. CPI)

# Allocation Methodology

1 a) Should the allocation be based on the number of Attachers versus the number of Attachments?

1 b) How should the revenues from overlashing be treated?

2) Looking at the Framework and the approach that Nordicity has just presented which parts are you in favour of and why?