



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



Review of Miscellaneous Rates and Charges – Wireline Pole Attachment Charges

Presentation to the Pole Attachment Working Group
May 20, 2016

Current Charges for Pole Attachments

- The OEB in 2005, as part of the Canadian Cable Television Association proceeding, approved a charge of \$22.35 per pole attachment per year.
- Pole Attachment Charges
 - Distributors are currently required to apply a charge of \$22.35 per pole attachment per year.
 - Hydro One, Hydro Ottawa and Toronto Hydro applied for increased charges.

Recent Decisions on Pole Attachments

- On July 23, 2015, Toronto Hydro received OEB approval to charge \$42 per pole/per year.
- On February 25, 2016 Hydro Ottawa received OEB approval to have a pole attachment charge of \$53 per pole/per year.
- On March 12, 2015 Hydro One received OEB approval to have a pole attachment charge of \$37.05 per pole/per year. On April 17, 2015, the OEB determined that the charge of \$22.35 for Hydro One will remain an interim charge until the Motion to Review the Decision is complete.

Toronto Hydro Decision – July 23, 2015

- On June 11, 2015 Toronto Hydro filed a settlement proposal with the OEB regarding the pole attachment charge.
- The settlement proposal represented an agreement to set the charge at \$42 per pole/per year.
- The evidence identified a range of \$15.28 to \$66.49 per pole/per year.
- The rate of \$42 per pole/per year was approved.

Hydro Ottawa Decision - February 25, 2016

- On February 25, 2016 Hydro Ottawa received OEB approval to have a pole attachment charge of \$53 per pole/per year.
- The OEB in its Decision, stated that the use of 1.74 instead of 2.5 attachers per pole is appropriate. This number is based on the number of attachers per pole specific to Hydro Ottawa at the end of 2013.

Announcement of the Review

- In November, 2015, the OEB issued a letter announcing that the OEB is initiating a comprehensive policy review of miscellaneous rates and charges applied by electricity distributors.
- The letter also indicated that the OEB will prioritize the review of wireline pole attachment charges and sought expressions of interest to participate in the Pole Attachment Working Group (PAWG).

Selection Criteria

The members of the PAWG were selected based on the following criteria:

- Technical expertise and experience related to pole attachments;
- Participation in OEB proceedings regarding pole attachments;
- Experience with cost allocation methodologies used for determining service charges; and
- Representation of small and large electricity distributors, wireline industry, and ratepayers groups, while maintaining a group of reasonable size.

Pole Attachments Working Group

	Organization	Primary Representative(s)
	Electricity Distributors and Associations	
1	Hydro One Networks Inc.	John Boldt
2	Cornerstone Hydro Electric Concepts Association Inc.	Roy Rogers
3	London Hydro	Jagoda Borovickic
4	Hydro Ottawa Limited	Casey Malone
5	Horizon Utilities	David Haddock
6	Canadian Electricity Association	Arjun Devdas
	Ratepayers Groups	
7	School Energy Coalition	Mark Rubenstein
8	Vulnerable Energy Consumer's Coalition	William Harper
	Carrier Companies	
9	BH Telecom	G. Kris Eby
10	The Carriers Cogeco Cable Canada LP Rogers Communication Tbaytel	Tim Brown Michael Piaskoski David Wilkie

Expert Consultant

- Staff has retained the Nordicity Group as an expert consultant with technical expertise in pole attachments and cost allocation methodologies for determining wireline pole attachment charges.
- The expert consultant is expected to:
 - Review the methodology used by the OEB to establish the current wireline charges; and
 - With input and advice from the PAWG, produce a report.

Objectives of the Review

The main objectives of the wireline pole attachments review are the following:

- 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).

Expectations of the Working Group

- Goal is to achieve consensus on all issues, if possible.
 - However, there is no requirement to have agreement on all issues.
- If there is consensus or not, it is anticipated that this would be included in the Nordicity report.
 - Nordicity would make a recommendation on all issues discussed at the working group meetings.

Consultant's Report

- The consultant's report will take into consideration the following topics and issues:
 1. Detailed description on what are wireline pole attachments, including what makes up the charge and what kinds of attachments are considered wireline pole attachments;
 2. Review of current methodologies used by Ontario distributors that have applied to the Board for an increase in the wireline pole attachments (Toronto Hydro, Hydro One, Hydro Ottawa)
 3. What is an appropriate methodology for setting a charge for wireline attachments?
 4. Identify any technical issues that should be taken into consideration in determining the charge;

Expert Consultant's Report, Cont'd

5. In addition to distributors and carrier companies, a detailed description of what other parties have access to the poles and any related conditions to access;
6. A discussion and findings related to the treatment and allocation of various wireline costs (including, at a minimum, vegetation removal costs etc.)
7. A discussion and findings with respect to whether differences between distributors or regions would affect the setting of a province-wide wireline pole attachment charge;
8. A discussion and findings related to the direct and indirect costs used in calculating the wireline pole attachment charge, including, at a minimum, analysis related to the use of historical costs or forecasted costs;

Expert Consultant's Report, Cont'd

9. Analysis related to parties wishing to use electricity distributor poles, including, at a minimum, the appropriate number of attachers, and the standard wireline attachment charge related to the number of attachers;
10. What is the appropriate treatment of any revenues that wireline carriers may receive from third parties?