



June 23, 2016

**By Email, RESS, and Same Day Courier**

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Dear Sir/Madam:

**Re: OEB File: EB-2015-0141 – Motion by the Carriers for Review and Variance of Decision EB-2013-0416/EB-2014-0247**

The Carriers received an email dated June 15, 2016 from counsel for the VECC enclosing the VECC's Final Submissions in this proceeding. Counsel for the VECC advised that VECC's submission had not been transmitted to the Carriers and filed with the Board and, accordingly, requested the Board's indulgence for the late filing. The VECC suggested that the Carriers be permitted additional time to respond.

Having reviewed VECC's Final Submissions, the Carriers ask that the Board consider the following arguments, in reply to VECC's submission and in supplement to the Carriers' Reply Submissions which were served and filed in this proceeding on June 15, 2016.

***No evidentiary basis for inclusion of vegetation management costs***

VECC argues that that vegetation management costs ought to be included in calculating the Pole Access Charge on the basis that there is no established process for determining how amounts charged to the Carriers could be determined outside of the Pole Access Charge, or procedure for invoicing the Carriers for vegetation management activities. The Carriers' submit that VECC has not provided sufficient reason for the Board to include vegetation management costs in the Pole Access Charge. Hydro One has deliberately disregarded the possibility of charging the Carriers for the vegetation management costs outside of the Pole Access Charge, presumably because the Pole Attachment Rate of \$22.35 set in the 2005 Decision was sufficient for it to recover its vegetation management costs which benefit the Carriers. Furthermore, Hydro One has filed no evidence that justifies vegetation management costs associated with Wireline Attachments being included in pole maintenance costs (and which supports the proposed increase in vegetation management costs to \$82.41 per pole from \$7.61 per pole) in order to recover its costs.

***Any determination of the average number of attachers must properly address the joint use pole-sharing arrangement between Hydro One and Bell Canada.***

Should the OEB determine that the issue of the number of Wireline Attachers is within the scope of the Carriers' R&V Motion (which the Carriers dispute), the Carriers submit that the calculation of the actual number of Wireline Attachers must take into account the joint use pole-sharing arrangement between Bell Canada and Hydro One.

In VECC's submission, it states that "most of the instances where attachers are not paying the 'full rate' represent situations where there is a legitimate quid-pro-quo in terms of reduction to HON's overall revenue requirement. Based on that premise, VECC incorrectly asserts that "incorporating an adjustment for these attachments would not change the 1.3 value." VECC's assertion is entirely unexplained and is unjustified in argument or evidence in the proceeding, and, accordingly, is without merit.

The fatal error in VECC's argument is that it is attempting to equate Bell's forbearance from charging Hydro One to attach to Bell poles, to the Pole Access Charge Bell would otherwise pay if it were a rate-paying Wireline Attacher like the Carriers. Hydro One has failed to present any evidence that there is actually a *quid pro quo* between these two elements. What would Bell charge Hydro One to go on its poles? Would it be more or less than the Pole Access Charge (whatever that might turn out to be)? How many Bell poles does Hydro One attach to? As there is no evidence that would provide answers to these questions, we do not know if these two elements are off-setting.

The determination of a just and reasonable Pole Access Charge is based on whether Hydro One is able to recover a portion of its pole costs from those who benefit from attaching to those poles. It is incorrect and unprincipled to apply an unquantified reduction in Hydro One's operating expenses (by not having to pay to attach to Bell poles) to the proper recovery of Hydro One's costs from Wireline Attachers.

As we are unable to quantify the value of Bell's forbearance from charging Hydro One for Bell poles, the only reasonable approach is to exclude Bell from the picture. As explained in the Carriers' submission, this is done by first, deducting Bell's 40% contribution to the costs of Hydro One's poles, and second, removing Bell from the average number of attachers per pole. As explained previously by the Carriers, at least 1.0 rate-paying Wireline Attachers per pole, and likely 1.1 given that there is more than one Wireline Attacher operating within Hydro One's territory. (If it is less than 1.0, then the Attachers would be paying for poles that they are not



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on.) These adjustments ensure that the remaining costs of Hydro One's poles are properly and fairly allocated to the remaining rate-paying Wireline Attachers and Hydro One is not over-compensated for its costs.

Yours very truly,

A handwritten signature in black ink that reads "Tim Pinos". The signature is written in a cursive, flowing style.

Timothy Pinos  
TP/gmc