

John A.D. Vellone
T (416) 367-6730
F 416.367.6749
jvellone@blg.com

Ada Keon
T (416) 367-6234
F 416.367.6749
akeon@blg.com

Borden Ladner Gervais LLP
Bay Adelaide Centre, East Tower
22 Adelaide Street West
Toronto, ON, Canada M5H 4E3
T 416.367.6000
F 416.367.6749
blg.com



November 27, 2017

Delivered by Email, RESS & Courier

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
Suite 2701
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: InnPower Corporation
2017 Rate Application (EB-2016-0085)
Response to Procedural Order No. 7**

Pursuant to Procedural Order No. 7, please find enclosed herewith updated evidence at Exhibit 8, Section 5, Table 3-44 Account 4210 Rent from Electric Property, and Appendix 2-H Other Operating Revenue.

If you require any further information, please contact the undersigned.

Yours very truly,

BORDEN LADNER GERVAIS LLP

Original signed by John A.D. Vellone

Per:

John A.D. Vellone

cc: Intervenors of record in EB-2016-0085

INNPOWER CORPORATION

EB-2016-0085

**RESPONSE TO PROCEDURAL ORDER NO. 7
SPECIFIC SERVICE CHARGE
POLE ATTACHMENT CHARGE**

November 27, 2017



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1 **Response to Procedural Order No. 7**

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3 In response to Procedural Order No. 7 issued on November 7, 2017, InnPower Corporation is
4 providing updated evidence with respect to a request for a revised Pole Attachment rate under
5 Specific Service Charges for Case Number EB-2016-0085.

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7 This evidence supersedes and replaces InnPower Corporation’s proposed Pole Attachment Rate
8 and updates to Exhibit 8 Section 5 Table 3-44 Account 4210 Rent from Electric and an updated
9 Appendix 2-H Other Operating Revenue.

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12 **Proposed Pole Attachment Charge**

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14 InnPower has utilized the methodology as set out in Appendix 2: Shared Costs from the CCTA
15 Decision RP-2003-0249 issued March 7, 2005. The following evidence includes InnPower’s
16 number of attachments per pole and distinguishes direct and indirect costs. InnPower has, to
17 the maximum extent possible, proposed a methodology that is consistent with the Hydro
18 Ottawa Decision on pole attachment charges in EB-2015-0004 issued on February 25, 2016. For
19 example, the OEB found in the Hydro Ottawa decision that the use of historical costs with no
20 annual inflation adjustment is consistent with the methodology in the 2005 CCTA Decision. For
21 this reason, InnPower is proposing to utilized 2016 actual costs as the basis of its proposed pole
22 attachment charge.

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1 **Proposed Pole Attachment Charge**

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3 The following summarizes the methodology utilized to calculate Innpower’s proposed Pole
 4 Attachment Charge.

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6 The proposed Pole Attachment Charge is \$64.24 based on InnPower specific data.

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InnPower Appendix: Calculation of Pole Attachment Charge			
	Price Component - Per Pole	\$	Explanation
	Direct Costs		
A	Administration Costs	\$ 0.99	Refer to Data & Calculation Tab
B	Loss In Productivity	\$ 4.00	Refer to Data & Calculation Tab
C	Total Direct Costs	\$ 5.00	A + B
	Indirect Costs		
D	Net Embedded Cost Per Pole	\$ 857.83	Based on 2016 FA Continuity TC
E	Depreciation Expense	\$ 23.66	Based on 2016 FA Continuity TC
F	Pole Maintenance Expense	\$ 22.07	
G	Capital Carrying Cost	\$ 102.94	2016 WACC
H	Total Indirect Costs Per Pole	\$ 148.67	E + F + G
I	Allocation Factor	39.85%	Based on 1.09 attachments per pole
J	Indirect Costs Allocatted	\$ 59.25	H x I
K	Annual Pole Rental Charge	\$ 64.24	C + J

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11 Following this summary is a detailed breakdown by component of the data sources and
 12 assumptions utilized.

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IPC Data and Calculations						
A	Administration Costs Per Pole	Hourly Rate Burdened	Hours	Allocation	Total	Data Source
	Prepare Billing/Financial Reconciliations/Annual Statements	\$ 48.50	40	1	\$ 1,940.05	Time sheets
	GIS System Updates/Maintenance	\$ 51.55	40	1	\$ 2,062.06	Time sheets
	Joint use permit application processing	\$ 51.55	40	1	\$ 2,062.06	Time sheets
	Total Admin Cost Per Year				\$ 6,064.16	
	Total Number of IPC poles (in service)	10,210				IPC Distribution System Plan
	Number of Pole Attachments	6,627				Determined from Invoices
	Number of Attachments per pole	1.09				Field survey if 1/5 of IPC's Service Territory
	Number of Poles with Attachments	6,095				
	Total Admin Cost per pole	\$ 0.99				
B	Loss In Productivity	Hourly Rate Burdened	Hours	Allocation	Total	Data Source
	Wires Down	2016				
	Labour - Line Crew	\$ 63.45	90	2	\$ 11,421.04	Outage Management System/Timesheets
	Vehicle	\$ 61.50	90	1	\$ 5,535.00	Financial Records
					\$ 16,956.04	
	Pole Replacement					
	Labour - Technician	\$ 51.55	150	1	\$ 7,732.71	Outage Management System/Timesheets
	Vehicle - small	\$ 19.00	150	1	\$ 2,850.00	Financial Records
					\$ 10,582.71	
	Tree on Line					
	Labour - Line Crew	\$ 63.45	135	1	\$ 8,565.78	Outage Management System/Timesheets
	Vehicle	\$ 61.50	135	1	\$ 8,302.50	Financial Records
					\$ 16,868.28	
	Total LIP Costs				\$ 44,407.02	
	Total LIP Costs per pole				\$ 4.00	Total loss in Productivity per/# of Pole Attachments/ # of Attachments per pole

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D Net Embedded Cost per Pole						Data Source
		2016				
Total Opening NBV (Account 1830)		\$ 8,711,433				2016 Fixed Asset Continuity Schedule - Appendix 2-BA Account 1830 (Line 288)
Total Closing NBV (Account 1830)		\$ 9,727,364				2016 Fixed Asset Continuity Schedule - Appendix 2-BA Account 1830 (Line 288)
Total Average NBV		\$ 9,219,399				Total of 2016 Opening & Closing NBV balance /2
Adjusted Average NBV		\$ 8,758,429				5% adjustment to account for inclusion of power specific assets, EB-2015-0004
NBV per pole		\$ 857.83				Total Adjusted NBV/Number of In service Poles
E Depreciation Expense						Data Source
		2016				
Additions		255,275				2016 Fixed Asset Continuity Schedule - Appendix 2-BA Account 1830 (Line 288)
Disposals		(1,043.00)				2016 Fixed Asset Continuity Schedule - Appendix 2-BA Account 1830 (Line 288)
Total Depreciation Expense		\$ 254,232				Total Depreciation Expense (Additions & Disposals)
Adjusted Depreciation		\$ 241,520				5% adjustment to account for inclusion of power specific assets, EB-2015-0004
Depreciation Expense per Pole		\$ 23.66				Total Depreciation Expense/Number of In service Poles
F Pole Maintenance Costs						Data Source
		2016				
Account 5135		\$ 208,775				2016 Actuals
Pole Testing Costs		\$ 26,410				
Total Pole Maintenance		\$ 237,201				
Adjusted Total Pole Maintenance		\$ 225,341				5% adjustment to account for inclusion of power specific assets, EB-2015-0004
Pole Maintenance Cost per pole		\$ 22.07				Total Adjusted Maintenance Costs/Number of In service poles
G Capital Carrying Costs						Data Source
		2016				
WACC		12%				2016 WACC
Capital Carrying Cost per Pole		\$ 102.94				Net Embedded Cost per Pole/WACC
I Allocation Factor		Feet	IPC	3rd Party	Equal Sharing	Data Source
Height of Pole		40				40 foot pole is divided into five vertical spaces. Each space is then allocated to IPC and or the 3rd party Attachers based on the proportionate usage space
Buried depth		6	1	1.09	2.87	Allocatted to IPC and 3rd party attachers
Clearance Space		17.25	1	1.09	8.25	Allocatted to IPC and 3rd party attachers
Telecommunication Space		2	0	1.09	1.83	Allocatted soley to 3rd party attachers
Separation Space		3.25	0	1.09	2.98	Per CSA C22.3 No.1 Standard, alloccted soley to 3rd party aattachers
Power Space		11.5	1	0		Allocatted soley to IPC
Total of Equal Sharing Allocation of spaces					15.94	
Allocation Rate					39.85%	
Average Number of electrical Companies in power space		1				The allocation factor assumes an average of 2.09 users per pole based on the
Average Number of 3rd Party attachers on a IPC Pole		1.09				Field Verification data
Average Number of Users Per Pole		2.09				

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1 **Determination of Attachments Per Pole**
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3 The following outlines the methodology InnPower utilized to determine the number of
 4 attachments per pole. InnPower has also filed the excel file which contains the areas that were
 5 field verified.
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InnPower Appendix: Summary of Attachment Verification			
Pole Attachment Field Verification		Verification %'s	Extrapolated # of Poles
Total Poles with Attachments	1,276	63%	6,384
Total Poles W/O Attachments	765	37%	3,826
Total Number of Poles in Field Audit	2,040		10,210
Number of Attachments in Field Audit	1,876		
Total IPC In Service Poles	10,210		
% of Poles in Verification	20%		
Estimated # of Attachments per pole	1.09		
Methodology			
The Field Verification tab identifies the actual areas in IPC's service territory where the number of attachments per pole were recorded. IPC field visited 1/5 of our actual territory including urban hubs and rural areas. The average span was also recorded which was then utilized to estimate the number of poles for the verified area.			

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11 **Table 3-44 Account 4210 Revised**
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13 With the proposed pole attachment rate of \$64.24 Table 3-44 Account 4210 is presented
 14 below.
 15 The change results in an increase from \$162,034 to \$426,812 or a total increase of \$264,778.

Account 4210 - Rent from Electric Property

	2013 Actual	2014 Actual	2015 Actual ¹	Actual Year ²	Bridge Year ²	Test Year
				2015	2016	2017
Reporting Basis	CGAAP	CGAAP	CGAAP	MIFRS	MIFRS	MIFRS
Rogers - 2013 per OEB @ \$22.35	\$ 85,332	\$ 86,517	\$ 86,517	\$ 86,517		\$ 248,673
Rogers - 2013 per OEB @ \$5.59	\$ 7,261	\$ 7,261	\$ 7,261	\$ 7,261		\$ 7,261
Rogers Cable Inc (Previously Atria Networks) @ \$22.35	\$ 19,646	\$ 19,646	\$ 19,646	\$ 19,646		\$ 56,467
Hydro One @ \$28.61	\$ 1,774	\$ 1,774	\$ 1,974	\$ 1,974		\$ 4,433
Bell Canada @ \$22.35	\$ 36,252	\$ 37,772	\$ 38,084	\$ 38,084		\$ 109,401
Vianet Internet Solutions	\$ -	\$ 201	\$ 201	\$ 201		\$ 578
MTS Allstream Inc. - 2013 per OEB @ \$22.35	\$ 2,123	\$ 2,123	\$ 2,123	\$ 2,123		
Atria Networks (Pop use land fee)	\$ 900	\$ 14,325	\$ 5,400	\$ 5,400		
Actual					-\$ 162,034	
Total	\$ 153,288	\$ 169,619	\$ 161,207	\$ 161,207	-\$ 162,034	\$ 426,812

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Appendix 2-H Other Operating Revenue

The change in Account 4210 increases the Other Operating Revenue from \$975,758 to \$1,240,536.

Appendix 2-H Other Operating Revenue

USoA #	USoA Description	2013 Actual	2014 Actual	2015 Actual ¹	Actual Year ²	Bridge Year ²	Test Year
		2013	2014	2015	2015	2016	2017
	Reporting Basis	CGAAP	CGAAP	CGAAP	MIFRS	MIFRS	MIFRS
4210	Rent from Electric Property	-\$ 153,289	-\$ 169,620	-\$ 161,207	-\$ 162,034	-\$ 162,034	-\$ 426,812
4225	Late Payment Charges	-\$ 73,904	-\$ 84,703	-\$ 96,925	-\$ 96,925	-\$ 111,252	-\$ 111,252
4235	Specific Service Charges	-\$ 116,157	-\$ 139,676	-\$ 156,170	-\$ 156,170	-\$ 159,223	-\$ 170,000
4245	Deferred Revenues - Contributions	\$ -	\$ -	\$ -	-\$ 313,330	-\$ 376,051	-\$ 522,116
4355	Gain on Dispositions	\$ -	-\$ 4,450	-\$ 440,397	-\$ 440,397	\$ 8,791	\$ 183,094
4375	Revenues from Non Utility Operations	-\$ 682,460	-\$ 801,855	-\$ 775,120	-\$ 775,120	-\$ 1,354,978	-\$ 1,087,311
4380	Expenses of Non Utility Operations	\$ 627,785	\$ 718,395	\$ 689,823	\$ 689,823	\$ 1,250,847	\$ 983,861
4390	Misc Non Operating Expense	-\$ 11,015	-\$ 10,882	-\$ 30,116	-\$ 30,116	-\$ 57,992	-\$ 60,000
4405	Interest and Dividend Income	-\$ 26,558	-\$ 39,974	-\$ 27,918	-\$ 27,918	-\$ 29,388	-\$ 30,000
	Total	-\$ 435,598	-\$ 532,765	-\$ 998,029	-\$ 1,312,186	-\$ 991,280	-\$ 1,240,536
	Specific Service Charges	-\$ 116,157	-\$ 139,676	-\$ 156,170	-\$ 156,170	-\$ 159,223	-\$ 170,000
	Late Payment Charges	-\$ 73,904	-\$ 84,703	-\$ 96,925	-\$ 96,925	-\$ 111,252	-\$ 111,252
	Other Operating Revenues (4210 & 4245)	-\$ 153,289	-\$ 169,620	-\$ 161,207	-\$ 475,364	-\$ 538,084	-\$ 948,928
	Other Income or Deductions (4355, 4375, 4380, 4390, 4405)	-\$ 92,248	-\$ 138,766	-\$ 583,728	-\$ 583,728	-\$ 182,721	-\$ 10,356
	Total	-\$ 435,598	-\$ 532,765	-\$ 998,029	-\$ 1,312,186	-\$ 991,280	-\$ 1,240,536

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~Respectfully Submitted~