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December 4, 2017

VIA E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

**Re: EB-2016-0085 InnPower Corporation 2017 Rates
Pole Attachment Charges - Interrogatories of the Vulnerable Energy Consumers
Coalition (VECC)**

In accordance with Procedural Order No. 7 please find VECC's interrogatories with respect to the proposed pole attachment charge.

Yours truly,

William Harper

Consultant for VECC

Brenda L. Pinke
Email: brendap@innpower.ca

REQUESTOR NAME	VECC
INFORMATION REQUEST ROUND:	Part 3 – Pole Attachment Charges
TO:	InnPower Corporation
DATE:	December 4, 2017
CASE NO:	EB-2016-0085
APPLICATION NAME	2017 COS Application – Pole Attachment Charge

(Note: Numbering resumes from last VECC TC question)

1.0 DIRECT COSTS

1.0-VECC-58

Reference: InnPower Response to PO#7, pages 3-4
Pole Attachment Excel Model, Data & Calculations Tab
Exhibit 8, page 15

- a) With respect to the calculation of Administration costs, why is the hourly rate different for Billing vs. GIS System Updating and Joint Use Permitting?
- b) With respect to the calculation of Administration costs, please indicate what costs are included in the hourly burdened rates and what year they are based on.
- c) With respect to the calculation of Administration costs, what year is the 40 hours for each activity based on?
- d) With respect to the calculation of Administration costs, please explain why the hourly rates used in the Response to PO#7 for Invoicing and GIS differ from those set out in Exhibit 8, page 15.

1.0-VECC-59

Reference: InnPower Response to PO#7, pages 3-4
Pole Attachment Excel Model, Data & Calculations Tab
Exhibit 8, page 15

- a) With respect to the calculation of Loss in Productivity, please indicate what costs are included in the hourly burdened rates and what year they are based on.
- b) With respect to the calculation of Loss in Productivity, why is the hourly rate different for Pole Replacement versus Wire Down and Tree on Line?
- c) With respect to the calculation of Loss in Productivity, please explain why

the hourly rates used for Wires Down and Tree on Line in the Response to PO#7 differ from those used in Exhibit 8, page 15.

- d) With respect to the calculation of Loss in Productivity, please explain the incremental activities performed by InnPower as result of 3rd party pole attachments for each of: i) Wires Down, ii) Pole Replacement and iii) Tree on Line.

2.0 NUMBER OF POLES, NUMBER OF POLES WITH ATTACHMENTS AND NUMBER OF ATTACHMENTS

2.0 – VECC-60

Reference: InnPower Response to PO#7, page 4
Pole Attachment Excel Model, Data and Calculations Tab
Exhibit 2, DSP page 8

- a) InnPower indicates that the 10,210 poles in-service is taken from the DSP. At what point in time is this pole count based on?
b) What was InnPower's in-service pole count as of the 2016 year-end?

2.0 – VECC-61

Reference: InnPower Response to PO#7, pages 4 and 7
Pole Attachment Excel Model, Data and Calculations Tab

Preamble: InnPower indicates that the number of 3rd party "attachments" is 6,627 based on invoices.

- a) For what year/period is the invoice count based on?
b) Does InnPower have poles where the same company/corporation would have more than one attachment?
c) If the response to part (ii) is yes, please clarify whether the 6,627 is the number of attachers (i.e., companies with attachments) or the number of attachments.
d) Is pole access charge currently applied per attachment or per attacher?
e) Does InnPower plan to apply its proposed pole attachment charge per attachment or per attacher?

2.0 – VECC-62

Reference: InnPower Response to PO#7, pages 4 and 7

Preamble: Page 7 sets out the rent received from pole attachment charges for 2013-2015.

- a) Please indicate what the revenues received from Vianet Internet Solutions and Atria Networks were for. If for pole attachment charges, what were the rates charged?
- b) Please explain why, for Rogers, some of revenues are based on a rate of \$5.59. If approved, will the new proposed charge be applied in this circumstance or will the \$5.59 continue to apply?
- c) Please explain why, for Hydro One, the revenues are based on a rate of \$28.61. If approved, will the new proposed charge be applied in this circumstance or will the \$28.61 continue to apply?
- d) Based on the 2015 revenues and unit charges, the number of units billed in 2015 were:

		2015	2015		
		<u>Revenue</u>	<u>Rate</u>	<u>Units*</u>	
	Rogers	\$86,517	\$22.35	3871	
	Rogers	\$7,261	\$5.59	1299	
	Rogers	\$19,646	\$22.35	879	
	HON	\$1,974	\$28.61	69	
	Bell	\$38,084	\$22.35	1704	
	MTS	\$2,123	\$22.35	95	
	Total			7917	
	* Based on Revenue divided by the Rate				

Please reconcile the 6.627 number of attachments quoted on page 4 with the 7,917 number calculated above.

- e) The table on page 7 does not show the amount of revenue by source for 2016. Please provide the 2016 revenues from each source.
- f) Please confirm that there are no streetlights, traffic lights or other 3rd party attachments on any of InnPower’s poles.
- g) If part (f) not confirmed, please indicate why these attachments are not subject pole attachment charge and revenues reported on page 7.
- h) If not confirmed, were these “attachments” included in the field audit results?

2.0 – VECC-63

Reference: InnPower Response to PO#7, pages 4 and 6
Pole Attachment Excel Model, Data and Calculations Tab
Pole Attachment Excel Model, Field Verification Tab

- a) Please confirm that the pole sample audit assessed an estimated total of 2,040 poles of which 1,276 were found to have a total of 1,876 attachments and 765 were found have no attachments. (Note: Minor difference in totals due to rounding)
- b) Is the estimated 1.09 attachments per pole meant to represent: i) the number of attachments / pole where the denominator includes only poles with attachments or ii) the number of attachments / pole where the denominator includes all poles?
- c) It is noted that the 1.09 is calculated as the ratio of: i) the total number of poles in the sample over ii) then number of attachments identified in the sample. Please explain how this ratio represents the intended value per the response to part (b).
- d) Please confirm that, based on the sample, the number of attachments per pole (based on just poles with attachments) is 1.47 (i.e., 1876/1276).
- e) Please explain why, if the number of attachments is assumed to be 6,627, the estimate number of poles with attachments won't be 4,508 (i.e., 6,627/1.47).

3.0 INDIRECT COSTS

3.0 –VECC -64

Reference: InnPower Response to PO#7, page 5
Pole Attachment Excel Model, Data and Calculations Tab
EB-2015-0004, Decision, pages 12-13

- a) Please explain why InnPower used the average net book value for the most recent historic year when, for Hydro Ottawa, the Board directed that the year-end value be used.
- b) Please explain why InnPower used a “power specific adjustment factor” of 5% when, as noted in the Board’s Ottawa Hydro Decision, this value is based specifically on the configuration of Hydro Ottawa’s assets.
- c) Please provide a reference as where in the EB-2016-0085 materials the actual 2016 OM&A for account 5135 can be found.
- d) Please indicate in what account pole testing costs are recorded such that they must be added in separately to determine total maintenance costs.

e) Please provide the derivation of the 12% WACC used in the calculation.

4.0 RATE DERIVATION

4.0 -VECC -65

Reference: InnPower Response to PO#7, page3 3-5

Pole Attachment Excel Model, Data and Calculations Tab

- a) If the pole attachment charge is to be applied per attachment/attacher, why isn't the total Administration costs divided by the number of attachers/attachments as opposed to being divided by the number of poles with attachments?
- b) .The formula used to actually determine the LIP per pole includes the use of "brackets" such that it does not match that set out in cell H29 of the Data and Calculations Tab. Please review and reconcile.
- c) Again, if the pole attachment charge is to be applied per attachment/attacher, why isn't the total LIP costs simply divided by the number of attachers/attachements in order to determine the contribution of LIP costs to the "rate"?

4.0 -VECC -66

Reference: InnPower Response to PO#7, page3 3-5

Pole Attachment Excel Spreadsheet, Data and Calculations Tab

- a) Please update the proposed pole attachment charge calculation to reflect any corrections/revisions identified as a result of the interrogatory process.

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