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**BY E-MAIL**

December 4, 2017

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: InnPower Corporation (InnPower)  
Application for Rates  
Ontario Energy Board File Number: EB-2016-0085  
OEB Staff Interrogatories – Pole Attachment Charge Issue**

In accordance with the OEB's Decision and Procedural Order No. 7, please find attached OEB staff's interrogatories in the above noted proceeding. InnPower and all intervenors have been copied on this filing.

InnPower's responses to interrogatories are due by December 18, 2017.

Yours truly,

*Original Signed By*

Fiona O'Connell  
Project Advisor, Major Applications

Encl.

**InnPower Corporation**  
**EB-2016-0085**  
**OEB Staff Interrogatories – Pole Attachment Charge**  
**December 4, 2017**

**Exhibit 8**

**8-Staff Pole Attachment-1**

**Ref: InnPower\_APPL\_Pole Attachment\_20171127**  
**Exhibit 8, Section 5**

**Preamble:**

As per InnPower's evidence filed November 27, 2017, InnPower provided an updated pole attachment rate of \$64.24. OEB staff notes that this is a 187% increase from the current rate of \$22.35

**Question(s):**

- a) Please define which corporate customers (i.e. 3<sup>rd</sup> party attachers) are impacted by the joint use pole attachment charge.
- b) How many corporate customers are directly affected by the change to the access to power poles charge?
- c) Please describe any initiatives undertaken by InnPower to inform these corporate customers of its proposed changes to this charge, prior to and after filing the application.
- d) Please describe any feedback received from these corporate customers prior to and after filing the application.
- e) If feedback was received, please describe any changes made by InnPower to its proposals prior to and after filing the application.

## 8-Staff Pole Attachment-2

Ref: InnPower\_APPL\_Pole Attachment\_20171127  
EB-2015-0004 February 25, 2016 Hydro Ottawa Decision

### Preamble:

OEB staff notes that in the Hydro Ottawa Decision page 7, the OEB stated that it “will rely on the number of attachers per pole information filed by Hydro Ottawa”. InnPower has submitted its evidence and calculated its proposed pole attachment charge in terms of the number of attachments per pole, instead of the number of attachers per pole. OEB staff notes that InnPower’s calculation is inconsistent with the Hydro Ottawa’s Decision despite InnPower stating in its November 27, 2017 filing, “InnPower has, to the maximum extent possible, proposed a methodology that is consistent with the Hydro Ottawa Decision...”. OEB staff notes that it has provided further interrogatories below which may assist InnPower in resubmitting its evidence, although this may not a complete list of required updates.

### Question(s):

- a) Please resubmit InnPower’s evidence to be fully consistent with Hydro Ottawa’s Decision. For example, the number of attachers per pole needs to be calculated. InnPower has submitted the number of attachments per pole, instead of the number of attachers per pole. Updates to the costs in sections A to K of the November 27, 2017 filing and inputs need to be revised to reflect the number of attachers per pole and other associated data.
- b) On page 8 of the EB-2015-0004 February 25, 2016 Hydro Ottawa Decision, the OEB preferred to rely on actual information when available, rather than a projection. The OEB determined that the number of attachers per pole should be based on the number of attachers per pole specific to Hydro Ottawa at the end of 2013. Please confirm the following:
  - i. Is InnPower’s revised Number of Attachers per pole based on InnPower’s historical data at the end of 2016? Please explain.
  - ii. If this is not the case, please explain.

### **8-Staff Pole Attachment-3**

**Ref:** InnPower\_APPL\_Pole Attachment\_20171127

**Preamble:**

The allocation of indirect costs was based on a pole height of 40 feet as referenced in Section "I Allocation Factor" on page 5. OEB staff notes that other factors also contributed to InnPower's computed allocation percentage.

**Question(s):**

- a) Please provide further details on the assumptions that InnPower used to calculate the 39.85% allocation, such as:
  - i. Height of Pole
    - i. What % of 40 foot poles comprise InnPower's total joint use poles?
    - ii. Please explain why only 40 foot poles were included?
  - ii. Buried depth
  - iii. Clearance Space
  - iv. Telecommunication Space
  - v. Separation Space
  - vi. Power Space
  - vii. Total of Equal Sharing Allocation of spaces

### **8-Staff Pole Attachment-4**

**Ref:** InnPower\_APPL\_Pole Attachment\_20171127

**Preamble:**

Regarding Section "A - Administration Costs Per Pole" and Section "B – Loss in Productivity", several hourly burden rates are included.

**Question(s):**

- a) Please show how these hourly burden rates are generated and explain further.

### **8-Staff Pole Attachment-5**

**Ref: InnPower\_APPL\_Pole Attachment\_20171127  
EB-2015-0004 February 25, 2016 Hydro Ottawa Decision**

#### **Preamble:**

Regarding Section “B – Loss in Productivity” (LIP), certain pole replacement costs are included.

On page 10 of the EB-2015-0004 February 25, 2016 Hydro Ottawa Decision, the OEB did not approve the cost of returning crews for pole replacement in the LIP calculation as these costs were already being recovered through distribution rates.

#### **Question(s):**

- a) Please confirm that the cost of returning crews for pole replacement are excluded in the LIP calculation as these costs are currently recovered through distribution rates.
- b) If this is not the case, please explain and update the evidence with the cost of returning crews excluded.

### **8-Staff Pole Attachment-6**

**Ref: InnPower\_APPL\_Pole Attachment\_20171127  
EB-2015-0004 February 25, 2016 Hydro Ottawa Decision  
EB-2015-0141 August 4, 2016 Hydro One Decision**

#### **Preamble:**

On page 13 of the EB-2015-0004 February 25, 2016 Hydro Ottawa Decision, the OEB determined that a 5% reduction in the net embedded cost per pole is reasonable to account for inclusion of power-specific assets. On page 12 of the same decision, the OEB concluded that a net embedded cost based on 2013 year-end net book value was consistent with the findings in the decision.

On page 11 of EB-2015-0141 Hydro One Decision, the OEB accepted 15% as a reasonable reduction to the net embedded cost per pole to account for the power-specific assets. All parties to this application agreed that 15% was a reasonable reduction.

Regarding Section “D – Net Embedded Cost per Pole” of the above noted reference, InnPower included the average Net Book Value (NBV) of Account 1830 as per the 2016 Fixed Asset Continuity Schedule.

OEB staff notes that InnPower has included a 5% reduction to the balance in Section “D – Net Embedded Cost per Pole”, Section “E – Depreciation Expense”, and Section “F – Pole Maintenance Costs” to account for inclusion of power-specific assets.

OEB staff also notes that the average of the Gross Cost of Account 1830, as per the 2016 Fixed Asset Continuity schedule, is utilized in the calculation of the Net Embedded Cost per Pole, rather than the NBV amount. OEB staff also notes that an average calculation is used, rather than using the balance as at December 31, 2016.

**Question(s):**

- a) Please update the calculations to reflect the NBV amount of Account 1830 as at December 31, 2016, rather than using average of the opening and closing Gross Cost.
- b) Please clarify and explain why a 5% reduction to the balances in Section “D – Net Embedded Cost per Pole”, Section “E – Depreciation Expense”, and Section “F – Pole Maintenance Costs” to account for inclusion of power-specific assets is appropriate, versus a different percentage such as 15%, please update evidence as required.
- c) On page 9 of the EB-2015-0004 February 25, 2016 Hydro Ottawa Decision, the OEB approved the use Hydro Ottawa’s 2013 historical cost as the basis for determining the pole attachment charge with no inflation adjustment. Please confirm that all costs incorporated into InnPower’s revised pole attachment charge is based on 2016 historical costs with no inflation adjustment. If this is not the case, please explain.

**8-Staff Pole Attachment-7**

**Ref: InnPower\_APPL\_Pole Attachment\_20171127**

**Preamble:**

Regarding Section “F – Pole Maintenance Costs”, OEB staff notes that InnPower has included a balance of \$208,775 relating to Account 5135. OEB staff is unclear why this balance is included as Account 5135 relates to “Overhead Distribution Lines and

Feeders - Right of Way". Account 5135 includes labour with payroll burden, material, trucking and other expenses incurred in connection with tree trimming and other costs associated with maintaining a right of way following construction of a line. Part of the balance in Account 5120 which relates to "Maintenance of Poles, Towers and Fixtures" may also relate to poles.

**Question(s):**

- a) Please clarify the correct balance and account numbers to use in the calculation of Pole Maintenance Costs and Maintenance Costs associated with maintaining the right of way. Please explain and update evidence as required.

**8-Staff Pole Attachment-8**

**Ref: InnPower\_APPL\_Pole Attachment\_20171127  
EB-2015-0004 February 25, 2016 Hydro Ottawa Decision  
RP-2003-0249 March 7, 2005 Decision**

**Preamble:**

On page 14 of the EB-2015-0004 February 25, 2016 Hydro Ottawa Decision, the OEB determined that it was appropriate to use the pre-tax carrying cost of capital, which is consistent with the methodology in the 2005 Decision.

Regarding Section "G – Carrying Costs", InnPower has included a WACC of 12% but has provided no support for this percentage.

**Question(s):**

- a) Please provide support for the 12% WACC.
- b) Please explain how the 12% WACC is consistent with the pre-tax carrying cost of capital as articulated in 2005 Decision and 2016 Hydro Ottawa Decision.
- c) Please explain why InnPower's 2017 cost of capital for the test year, as outlined in InnPower's general 2017 cost of service application, is not being used for the purposes of Section "G Carrying Costs"?