

Ontario Energy Board

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c.15, (Schedule B);

AND IN THE MATTER OF an Application by InnPower
Corporation, pursuant to the *Ontario Energy Board Act* for an
Order or Orders approving electricity distribution rates and
charges commencing July 1, 2017;

**Interrogatories of
Rogers Communications Canada Inc.
to InnPower Corporation**

December 4, 2017

A. Attachers and Attachments

Rogers-01

Ref: *InnPower_APPL_Pole Attachment_20171127, Amended Evidence with respect to Pole Attachments (“Pole Attachment Spreadsheet”)*

- *Table 3-44 - Account 4120 Revised (Nov 27 2017) (“Table 3-44”)*
- *Field Verification Table*

Exhibit 8 – Rate Design, Tab 1/Sch.10 - Specific Service Charges (June 3 2016)

The number of billable units charged paying a pole attachment rate can be derived from *Table 3-44* as follows:

Attacher	No. of billable units	Current		Proposed	
		Rate	Revenues	Rate	Revenues
Rogers	3,871	\$22.35	\$ 86,517	\$64.24	\$248,692
Rogers (Atria)	879	\$22.35	\$19,646	\$64.24	\$56,471
Hydro One	69	\$28.61	\$1,974	\$64.24	\$4,433
Bell	1,703	\$22.35	\$38,062	\$64.24	\$109,409
Vianet	9	\$22.35	\$201	\$64.24	\$578
MTS Allstream	95	\$22.35	\$2,123		-
TOTAL	6,626		\$148,523.00		\$419,583.00

General

1. Please confirm that attachers are billed based on the number of poles to which they are attached on not on the number of attachments they have on each pole. For example, if Rogers has two separate attachments on the same pole, it would be billed a single pole attachment fee.
2. In the above table, confirm the number of billable units for each attacher. If the number is incorrect for any attacher, provide the correct number.
3. In your original submission for the pole access charge (page 17 of Exhibit 8), you show 6,627 poles with attachments. Please reconcile this number with the revised figure of 6,095 poles with attachments set out in the Pole Attachment Spreadsheet.

4. On the “Field Verification Tab” of the Pole Attachment Spreadsheet, you list 40 different locations where there are joint use poles with attachments. For each of these 40 locations, provide:
 - (a) the names of each attacher; and
 - (b) the length of poles used.

Rogers-02

Relationship with Bell Canada (“Bell”)

1. Based on the information in Table 3-44, Rogers is on 4,750 joint use poles for which it pays the full attachment rate while Bell is on only 1,703. It is counterintuitive that Bell would be on so few poles, particularly considering that it is the incumbent provider. Therefore, we are seeking to confirm that there are other arrangements that allow Bell to utilize, through a shared arrangement or otherwise, InnPower joint use poles.
 - (a) On how many InnPower joint use poles does Bell have wireline attachments for which it does not pay the current pole attachment fee of \$22.35?
 - (b) What compensation or other consideration does Bell provide to InnPower for these wireline attachments?
2. Does InnPower currently have a joint use or pole sharing agreement with Bell under which each party has reciprocal access to the joint use poles owned by the other? If the answer is yes, please provide a copy of the current version of the agreement, as well as any prior agreements since 2013.
3. In respect of the agreement or pole-sharing arrangement with Bell:
 - (a) What percentage of poles has InnPower agreed to contribute and what percentage of poles has Bell agreed to contribute as part of the pole-sharing arrangement?
 - (b) Currently, how many joint use poles are owned by Bell and how many joint use poles are owned by InnPower?
 - (c) How many InnPower poles is Bell on? What consideration, if any, does Bell pay to attach to these InnPower poles?
 - (d) How many Bell poles is InnPower on? What consideration does InnPower pay to attach to these Bell poles?
 - (e) When an InnPower joint use pole that is part of the pole sharing agreement requires replacement, does Bell contribute to the replacement cost of the new pole? If so, what amount does Bell contribute?

- (f) When a Bell joint use pole that is part of the pole sharing agreement requires replacement, does InnPower contribute to the replacement cost of the new pole? If so, what amount does InnPower contribute?
4. Does InnPower provide to Bell, pursuant to an agreement or otherwise:
- (a) any services for work it performs on Bell joint use poles (e.g., pole replacement, pole straightening, wires down, trees on wire, vegetation management, storm or emergency repairs); or
 - (b) any administrative services in relation to Bell poles (e.g., processing permit applications, GIS and inventory, invoicing)?

If yes, provide the rates and amounts received by InnPower for any such work for each of the years 2014, 2015 and 2016. Indicate whether the amounts received by InnPower allowed it to fully recover its costs for performing such work.

5. Does Bell provide to InnPower, pursuant to an agreement or otherwise:
- (a) services for work it performs on InnPower joint use poles (e.g., pole replacement, pole straightening, wires down, trees on wire maintenance related to vegetation, storm or emergency repairs); or
 - (b) administrative services in respect of InnPower poles?

If yes, provide the rates and amounts paid to Bell for such work for each of the years 2014, 2015 and 2016.

Rogers-03

Other attachers

1. Provide a list of the names of attachers that currently have wireless attachments on one or more joint use poles. For each wireless attacher identified, indicate what pole attachment fee or other compensation, if any, it pays to InnPower.
2. Provide a list of the names of other attachers that currently have non-wireline attachments (e.g., generator facilities, streetlights, traffic signals, signs, banners, flower pots, windmills) on InnPower's joint use poles. For each non-wireline attacher identified, describe the types of attachments it has installed, how many joint use poles it is attached to, where on the pole the attachments are located, and indicate what pole attachment fee or other compensation, if any, it pays for its attachments. If InnPower does not track this information, please explain why. (In any event, indicate what pole attachment fee each attacher pays to InnPower for its other attachments.)

3. Please describe the kinds of attachments and attachers for which InnPower charges no pole attachment fee. For each such kind of attachment or attacher that does not pay a pole attachment fee, explain why this is the case.
4. Have the revenues, if any, derived from pole attachment fees for wireless or other non-wireline attachments been taken into account in InnPower's calculations for its proposed wireline pole attachment fee? If so, please explain how such revenues were used in the calculations.
5. Explain whether the InnPower's proposed pole attachment rate in this proceeding will apply to:
 - (a) Bell wireline attachments pursuant to its pole-sharing arrangement with InnPower;
 - (b) Bell wireline attachments outside of its pole-sharing arrangement with InnPower;
 - (c) wireless attachments;
 - (d) other non-wireline attachments; and
 - (e) poles operated or controlled by InnPower but owned by third parties.

Where the proposed pole attachment rate will not apply to any of above, advise what rate will apply and why the proposed pole attachment rate will not apply.

6. Has InnPower installed any of its own attachments or equipment within the communications space on its joint use poles? If so, how many poles have such attachments and describe the type and purpose of these attachments.
7. Why are there no proposed revenues listed for the 95 MTS Allstream poles in *Table 3-44*?
8. Describe the type attachments Hydro One has installed on InnPower's joint use poles.

B. Allocation Factor

Ref: Allocation factor of 39.85%; Average number of attachers per pole of 1.09

Rogers-04

1. Your Allocation Rate of 39.85% is based on an average number of third party attachers per pole of **1.09**. Please provide all steps in the calculation of the average number of attachers per pole. Include all data inputs, supporting evidence and assumptions employed.
2. If one were to accept the results of InnPower's field audit as representative of, or a fair proxy for, the entire pole population of InnPower, wouldn't the correct average number of attachments be determined by taking the total number of attachments (2,040) and dividing that number by the total number of poles with attachments (1,276), to come up with a number of **1.47**?

If you don't agree with this, how would you properly calculate the average number of attachers per pole using the results of the field audit?
3. Please explain why InnPower undertook a field survey of 20% of its pole population to determine the number of attachments it has on its poles? Does InnPower not keep records of all of its attachments? How does this reconcile with the fact that you produced attachment numbers for the purpose of revenues in *Table 3-44*?

C. Net Embedded Cost

Ref: *Net Embedded Cost of \$857.83 per pole*

Appendix 2-BA, Fixed Asset Continuity Schedule

Rogers-05

1. It appears that you have calculated the Net Embedded Cost of **\$857.83** per pole using the average of the 2016 opening and closing balances for *Account 1830 – Poles, towers & fixtures* in Appendix 2-BA to come up with an average of \$9,219,399. Yet, in the same Schedule, the “Net Book Value” is shown as \$9,022,429. Please explain why you calculated Net Embedded Cost in this fashion. Provide all calculations and source references to enable replication of the calculations.
2. Provide the values of the Net Embedded Costs per pole for each of the years 2014, 2015 and 2016.
3. For the following table, provide the information show below in respect of the sizes or classes poles shown. Identify the total number of poles and types of poles (e.g., joint use poles, single use poles, other types of poles) used to determine a per joint use pole cost.

Pole Height (feet)	No. of poles in inventory	Number of poles with telecom attachments	Average installed cost
30			
35			
40			
45			
50			
55			
60			
65			
Above 65			
	10,210		

4. If a standard or typical joint use pole designed to accommodate wireline attachments is 40 feet in length, please explain under what circumstances a pole would need to be either less than 40 feet or more than 40 feet, including a description of the type of attacher and attachments would be used.
5. Confirm that the capitalized costs associated with the replacement of InnPower’s joint use poles are included in *Account 1830* and hence your calculation for the Net Embedded Cost per pole.

Please provide a value for such costs (or your best estimate) for each of the years 2014, 2015 and 2016.

6. Confirm that power assets and other equipment belonging to InnPower that are located on poles owned by Bell or other third parties are included in *Account 1830* and hence your calculation for Net Embedded Cost per pole.

Please provide a value for such costs (or your best estimate) for each of the years 2014, 2015 and 2016.

7. Confirm that third party make-ready costs and other contributions to the capitalized installed costs are included in *Account 1830* and hence your calculation for Net Embedded Cost per pole.

Please provide a value for such costs (or your best estimate) for each of the years 2014, 2015 and 2016.

8. Confirm that the costs of guying and anchoring required for a joint use pole without any wireline attachments are included in *Account 1830* and hence your calculation for Net Embedded Cost per pole.

Please provide a value for such costs (or your best estimate) for each of the years 2014, 2015 and 2016.

9. Confirm that, when the addition of a wireline attachment requires additional guying and anchors for a pole, the wireline attacher is responsible for the costs of such guying and anchors.

D. Depreciation

*Ref: Depreciation expense of \$23.66 for per pole and depreciation rate of 2.8%
Appendix 2-CG - Depreciation and Amortization Expense - MIFRS (Year
6) – 2017*

Rogers-06

1. Describe in detail the methodology, including applicable cost inputs, that was used to determine the Depreciation Expense per pole of **\$23.66**. Describe how the costs of power-specific assets were excluded from the calculation. Include all supporting evidence, assumptions and calculations employed.
2. Reconcile the Depreciation Expense per pole of **\$23.66** and the Depreciation Rate of 2.8% with *Appendix 2-CG*, which shows a depreciation rate for Account 1830 of 2.2%. Please explain which number is correct and why the other number is incorrect.
3. Is the expected life of a joint use pole 45 years? If not, provide the expected life of such joint use poles and indicate why it differs from 45 years. Provide any evidence or policy to support such expected life.
4. If the expected life of a joint use pole varies with the size of the pole, please provide the expected life for each of the different lengths of poles.
5. Provide the number of joint use poles that are currently at or near end-of-life.
6. Provide the number of joint use poles that remain in use and are fully depreciated. Indicate whether or not these poles have been included in the count of poles used to determine the Net Embedded Cost per pole and the Depreciation Expense per pole.
7. Provide the number of joint use poles that were replaced in each of 2014, 2015 and 2016 pursuant to a proactive replacement program or other capital program. Identify the nature of the capital program(s) for these replacements.

8. Complete the table below with respect to joint use poles replaced as part of a proactive replacement program.

	2014	2015	2016
Number of joint use poles replaced			
Percentage of poles replaced			
Percentage of poles replaced that are beyond their expected life			

9. Complete the following table.

	2017	2018	2019	2020
Number of poles to be replaced				
Number of poles to be replaced that are beyond their expected life				

10. In each of the years 2014, 2015 and 2016, how many poles were replaced prematurely due to the requirements of InnPower, other LDCs or third party generators?
11. Is it InnPower's practice to automatically replace all poles that are older than their expected useful life? If not, describe how InnPower determines how many poles to replace each year and which poles are replaced. Provide copies of any guidelines, policies or other documents that relate to pole replacement.

E. Capital Cost

Ref: *Capital Carrying Cost of \$102.94 per pole; WACC of 12%*

Exhibit 1 – Administrative Documents (filed November 28, 2016)

Rogers-07

1. When you refer to the Weighted Average Cost of Capital (WACC), please confirm that you are referring to the cost of capital adjustment described at paragraph 9 of the Board's Decision and Order in RP-2003-02 (the CCTA decision).
2. Confirm whether or not the Capital Carrying Cost of **\$102.94** per pole is based on a WACC of 12.0%. Explain in detail how the WACC of 12.0% was determined. Describe all assumptions and factors relied on and provide any supporting documents.
3. Reconcile the WACC of 12.0% with the cost of capital of 5.67% provided in Section 2.1.5.f: Cost of Capital in *Exhibit 1* in your general rate application. Please explain which number is correct and why the other number is incorrect.
4. If the cost of capital used to calculate the proposed pole attachment fee is not equal to the cost of capital used in your general rate application, provide an explanation for the difference.

F. Pole Maintenance

Ref: Pole Maintenance Expense of \$22.07 per pole

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,
Pole Maintenance Cost per pole	\$ 22.07	Total Adjusted Maintenance Costs/Number of In service poles

Rogers-08

1. Confirm that your reference to Account 5135 means *Account 5135 - Overhead distribution lines and feeders: right of way*. Please break down the total costs of \$208,775 by subaccount within Account 5135 (*i.e.*, Storm Response, Brush Control, Line Clearing, Customer Notifications, *etc.*), and explain what kind of activities are covered by each of these subaccounts.
2. Please confirm that the pole maintenance costs shown here are in respect of InnPower's entire pole population.
3. Confirm that, pursuant to Article 10 of the Pole Attachment Agreement dated January 1, 2009 between InnPower and Rogers, Rogers is solely responsible for the trimming or removing of trees, underbrush and any other items as required to establish clearance for its attachments on InnPower's poles.
4. Please describe in detail what functions are performed in the activity, "Pole Testing Costs", including how many poles are tested.
5. For each of the years 2014, 2015 and 2016, provide all amounts paid to InnPower by third parties for any activities included in Pole Maintenance Costs (excluding tree trimming or vegetation management).

G. Administration Cost

Ref: Administration costs of \$0.99 per pole.

Administration Costs Per Pole	Hourly Rate Burdened	Hours	Allocation	Total	Data Source
Prepare Billing/Financial Reconciliations/Annual Statements	\$48.50	40	1	\$1,940	Time sheets
GIS System Updates/Maintenance	\$51.55	40	1	\$2,062	Time sheets
Joint use permit application processing	\$51.55	40	1	\$2,062	Time sheets
Total Admin Cost Per Year				\$6,064	

Rogers-09

1. Please describe in detail the activities or tasks that comprise each of the above three tasks and how they are directly related to the presence of wireline attachments on InnPower's joint use poles.
2. Do the costs described above include activities performed in respect of all of InnPower's poles or just the joint use poles with wireline attachments?
3. How many joint use permits were processed in 2016?

H. Loss of Productivity Cost

Ref: Loss of Productivity costs of \$4.00 per pole.

Loss In Productivity	Hourly Rate Burdened	Hours	Allocation	Total	Data Source
Wires Down					
Labour - Line Crew	\$63.45	90	2	\$11,421	Outage Management System/Timesheets
Vehicle	\$61.50	90	1	\$5,535	Financial Records
				\$16,956	
Pole Replacement					
Labour - Technician	\$51.55	150	1	\$7,733	Outage Management System/Timesheets
Vehicle – small	\$19.00	150	1	\$2,850	Financial Records
				\$10,583	
Tree on Line					
Labour - Line Crew	\$63.45	135	1	\$8,566	Outage Management System/Timesheets
Vehicle	\$61.50	135	1	\$8,302	Financial Records
				\$16,868	
Total LIP Costs				\$44,407	
Total LIP Costs per pole				\$ 4.00	Total loss in Productivity per/# of Pole Attachments/ # of Attachments per pole

Rogers-10

1. Wires Down

- Please describe in detail the activities or tasks that comprise the “Wires Down” work described above and how or why the work is directly related to the presence of wireline attachments on the poles.
- How many separate incidents make up the 90 hours of time allocated to this work?
- Do the 90 hours represent time spent for hydro wires?

2. Pole Replacement

- Please describe in detail the activities or tasks that comprise the “Pole Replacement” work described above and how or why this work is directly related to the presence of wireline attachments on the poles.
- How many separate incidents (*i.e.*, poles replaced) make up the 150 hours of time allocated to this work?

- (c) Do the 150 hours represent time spent for all pole replacements in 2016 (including single use poles) or just joint use poles?
- (d) Do the costs for pole replacement and the number of poles replaced include poles for which InnPower received separate payment to replace these poles (e.g., customer-requested replacements or relocations, make-ready work to accommodate wireline attachments)? If so, provide the amount of revenues received and the corresponding number of joint use poles replaced for each of the years 2014, 2015 and 2016.
- (e) Provide a description of the differences in crew, equipment, time and number of visits required to complete pole replacements of single use poles or poles without wireline attachments as compared to joint use poles with wireline attachments.
- (f) Please confirm that pole replacement costs are capitalized and included in the net embedded costs recorded in Account 1830. If this is not the case, demonstrate that such costs have not been capitalized as such.

3. **Tree on Line**

- (a) Please describe in detail the activities or tasks that comprise the “Tree on Line” work described above and how or why this work is directly related to the presence of wireline attachments on the poles.
- (b) How many separate incidents make up the 135 hours of time allocated to this work?
- (c) Do the 90 hours represent time spent include hydro wires?

4. **Historical costs** - Complete the table below with respect to the *Loss of Productivity Costs* for each of the years 2014, 2015 and 2016.

Loss of Productivity Costs	2013	2014	2015	2016
Wires down				\$16,956
Pole Replacement				\$10,583
Tree on Wires				\$16,868
Total LIP Costs				\$44,407

I. Process for Attaching to Joint Use Poles (Applications, Permits)

Rogers-11

1. Provide a detailed description of the process for a wireline attacher to receive approval to install:
 - (a) its first wireline attachment on a joint use pole; and
 - (b) each subsequent wireline attachment.

2. Provide copies of all forms, permit applications or similar documents that InnPower requires wireline attachers to complete.

3. Does InnPower charge a separate permit application fee for wireline attachers to install their attachments on a joint use pole? If so, what is the current fee and what fees did InnPower collect for each of the years 2014, 2015 and 2016.

4. For the following kinds of attachers, please advise whether (i) they are required to obtain a permit to install their attachments on InnPower's poles and (ii) InnPower charges a permit application fee to review and process their applications:
 - (a) Bell pursuant to the pole-sharing arrangement;
 - (b) Bell outside the pole-sharing arrangement;
 - (c) Wireless attachers; and
 - (d) Non-wireline attachers.

Provide details of the amount of the fees charges and the total revenue received from each of these attachers for each of the years 2014, 2015 and 2016.

5. Confirm that a request from a wireline attacher to install its attachments on a joint use pole is subject to that pole having sufficient space or structural integrity (*i.e.*, spare capacity). Is the determination of whether there is spare capacity on that pole made solely by InnPower? If not, identify any other party that may participate in the determination of whether there is spare capacity.

6. If no spare capacity is available, confirm that there is a process by which InnPower will modify or replace the joint use pole to accommodate the wireline attachment, subject to the attacher paying for the costs associated with such work ("**Make-ready Work**"). Confirm whether any portion of the payments InnPower receives from wireline attachers for Make-ready Work is included in the Net Embedded Cost used for the proposed pole attachment fee.

7. Further to Question 6, provide the total annual payments received from wireline attachers for make-ready work for each of the years 2014, 2015 and 2016.

J. Pole Attachment Revenues

Rogers-12

1. Do you agree with the statement, “The owner of a joint use pole should be entitled to recover the direct and indirect costs it incurs from third parties who use and occupy that pole”?
2. Calculate the expected revenues from the following pole attachment rates.

Pole Attachment rate	Revenues	Increase in revenues using \$22.35 as a base point
\$22.35		
\$30.00		
\$40.00		
\$50.00		
\$64.24		

3. For the various Pole Attachment Rates shown below, please determine what the corresponding monthly electricity rates would be for each class of customer.

Class & No. of Customers		Pole Attachment Rate				
		\$22.35	\$30.00	\$40.00	\$50.00	\$64.24
Residential	15,555					
GS < 50	1,034					
GS > 50 to 4,999	88					
Sentinel Lights	161					
Streetlights	2,995					
USL	74					