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**BY EMAIL AND WEB POSTING**

December 18, 2017

To: **All Licensed Electricity Distributors**

**All Participants in the Consultation Process – Review of Miscellaneous Rates and Charges (EB-2015-0304)**

**All Other Interested Parties**

Re: **Review of Miscellaneous Rates and Charges (EB-2015-0304)**  
**Policy Consultation of Wireline Pole Attachment Charges**  
**OEB File Number: EB-2015-0304**

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Today the Ontario Energy Board (OEB) issued a Draft Report setting out a policy for the wireline pole attachment rates charged by local distribution companies (LDCs) for attachments of telecommunication and cable companies (carriers) to distribution poles. The OEB invites comments on the Draft Report by **January 22, 2018**.

### **Background**

By [letter](#) dated November 5, 2015, the OEB initiated a policy review of the miscellaneous rates and charges applied by electricity distributors for specific activities or services they provide to their customers. These charges generate service revenues that result in lower base distribution rates. Without these revenues, the cost of providing these services would be allocated to distribution customer classes and embedded in distribution rates. The OEB noted that it would commence the review of miscellaneous rates and charges in phases, beginning with the review of wireline pole attachment charges.

Wireline pole attachment charges are the largest miscellaneous charges that LDCs levy and it is important that rates and charges reflect the cost and value to those benefitting to ensure that these activities are not subsidized by rate payers.

As a result of its review, the OEB has determined that it is in the public interest to update the province-wide pole attachment charge, which has been in place since 2005. The OEB proposes to set a province-wide wireline pole attachment rate of \$52.00 per attacher per year per pole, which will apply to those LDCs who do not have a specific OEB-approved rate. As has been the case since 2005, LDCs may apply for a variance of the province-wide charge if it is insufficient to cover their costs.

The current province-wide pole attachment charge of \$22.35 has not changed since 2005 and was based largely on data from 1991 to 1999. In three recent applications for an LDC specific custom charge, the OEB approved charges of \$42 for Toronto Hydro, \$53 for Hydro Ottawa, and \$41.28 for Hydro One. Collectively, these three LDCs represent roughly 90% of electric utility poles in Ontario.

The OEB intends to have its new pole attachment rate effective the first of the month following the issuance of this policy on a final basis.

### **Consultation Process**

In its November 5, 2015 letter, the OEB solicited interest in participating in a pole attachment-working group (PAWG). Based on the expressions of interest received, a group of industry experts was selected to represent carriers, electricity distributors and ratepayer groups. The PAWG was formed to provide advice and guidance on matters such as costing data and the methodology used for determining charges, including the appropriate treatment of any revenues that carriers may receive from third parties.

NGL Nordicity Group (Nordicity) was retained to facilitate the PAWG meetings and to provide expert input and analysis of the key issues identified by the PAWG. In addition, Nordicity was tasked with producing an expert report that would summarize the current pole attachment landscape within the province of Ontario by analyzing relevant regulatory decisions, pole attachment data, and findings from working group meetings. The report was to recommend an appropriate framework methodology for setting wireline pole attachment charges.

In response to the discussions and comments from the members of the PAWG at the first two meetings, participating LDCs were requested to provide accounting data and information related to pole attachment costs. The set of data and information collected represents roughly 90% of the electric utility poles in the province and is considered by Nordicity to be one of the most comprehensive pole attachment data sets ever collected.<sup>1</sup>

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<sup>1</sup> Nordicity report, OEB Wireline Pole Attachment Rates and Policy Framework, p. 3.

Materials related to the PAWG consultation, including Nordicity's report, minutes, and associated documentation are available on the OEB's [website](#).

### **Cost Awards**

Cost awards will be available under section 30 of the *Ontario Energy Board Act, 1998* to those that are eligible to receive them in relation to written comments provided on the Draft Report. Cost awards will be available to a **maximum of 10 hours** per eligible participant.

Costs will be recovered from all rate-regulated licensed electricity distributors, and apportioned based on their respective customer numbers.

Attachment A contains important information regarding cost awards, including in relation to eligibility requests and objections. The deadlines for filing cost eligibility requests and objections will be strictly enforced to facilitate a timely decision on cost eligibility.

### **Stakeholder Comment**

Comments are invited from all interested stakeholders on the Draft Report by **January 22, 2018**.

All communications should be directed to the attention of the Board Secretary at the address below, and filings are to be received no later than **4:45 p.m. on January 22, 2018**.

A member of the public can submit a letter of comment by using the following [link](#) or by sending a letter by email or post using the contact information provided. Additionally, interested parties are requested to follow the document naming conventions and document submission standards outlined in the document entitled "[RESS Document Preparation – A Quick Guide](#)" also found on the e-filing services web page. If the OEB's web portal is not available, electronic copies of filings may be filed by e-mail at [boardsec@oeb.ca](mailto:boardsec@oeb.ca).

All filings to the OEB must quote the file number **EB-2015-0304** and be made in searchable/unrestricted PDF format electronically through the OEB's web portal at <https://www.pes.ontarioenergyboard.ca/eservice/>. If the web portal is not available parties may email their documents to the address below. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file two (2) paper copies.

**ADDRESS**

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**Attention: Board Secretary**

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Any questions relating to this letter or OEB's policy on EB-2015-0304 in this area should be directed to the Case Manager: Michael.Lesychyn [@oeb.ca](mailto:Michael.Lesychyn@oeb.ca) at 416-440-4632.

Yours truly,

*Original Signed By*

Kirsten Walli  
Board Secretary

Attachment A – Cost Awards

## Attachment A

### Cost Awards

#### Cost Award Eligibility

Those participants who were determined to be eligible for cost awards in relation to their participation in the PAWG in the OEB's letter of February 9, 2016 are deemed to be eligible for cost awards in relation to providing comments on the Draft Report. Anyone else intending to request costs for providing comments on the Draft Report must file a written submission with the OEB by **December 29, 2017**, identifying the nature of their interest in this process and the grounds on which they are eligible for cost awards (addressing the OEB's cost eligibility criteria in section 3 of the OEB's *Practice Direction on Cost Awards*). An explanation of any other funding to which the participant has access must also be provided, as should the name and credentials of any lawyer, analyst or consultant that the participant intends to retain, if known. All requests for cost eligibility will be posted on the OEB website.

Licensed electricity distributors will be provided with an opportunity to object to any of the requests for cost award eligibility. If an electricity distributor has any objections to any of the cost eligibility requests, those objections must be filed with the OEB by **January 10, 2018**. Any objections will be posted on the OEB website. The OEB will then make a final determination on the cost eligibility of the requesting participants.

#### Eligible Activities

Cost awards will be available in relation to providing comments on the Draft Report to a **maximum of 10 hours**.

#### Cost Awards

The OEB will apply the principles in section 5 of its *Practice Direction on Cost Awards* when determining the amount of the cost awards. The maximum hourly rates in the OEB's Cost Awards Tariff will also be applied. The OEB expects that groups representing the same interests or same type of participant will make every effort to communicate and co-ordinate their participation in this process. Cost awards are made available on a per eligible participant basis, regardless of the number of professional advisors that an eligible participant may wish to retain.

The OEB will use the process in section 12 of its *Practice Direction on Cost Awards* to implement the payment of the cost awards; i.e., the OEB will act as a clearinghouse for all cost award payments in this process.