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via RESS e-filing – signed original to follow by courier

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
PO Box 2319
2300 Yonge Street, 27th floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Toronto Hydro-Electric System Limited (“THESL”)
Application for an Order pursuant to Section 29 of the Ontario Energy Board Act, 1998 –
Updated Interrogatory Response (Tab D, Sch. 3-9) OEB No. EB-2013-0234**

THESL writes to the Ontario Energy Board (“OEB”) in respect of the above-noted matter.

Counsel for the Vulnerable Energy Consumers Coalition (“VECC”) has informed THESL that VECC provided an incorrect reference in its interrogatory number 9 (Tab D, Schedule 3-9). THESL has updated its response based on VECC’s clarification. A copy of THESL’s updated response is enclosed.

Please do not hesitate to contact me if you have any questions.

Yours truly,

[original signed by]

Rob Barrass

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:RB/DC

cc: Intervenor of Record for EB-2013-0234
Robert B. Warren of WeirFoulds LLP, Counsel for THESL

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

1 **INTERROGATORY 9:**

2 **Reference(s):** **Evidence of Dr. Church**

3

4 **ISSUE(S):** **4**

5

6 For each of the alternatives specified in the answer to VECC/5 above, please provide Dr.
7 Church's best estimate of the cross-price elasticity with utility pole attachments, i.e. the
8 impact on the demand for the alternative of a small but significant increase in the price
9 (or rental rate) of pole attachments. If Dr. Church does not have a quantitative estimate,
10 please provide his best qualitative estimate, including supporting details.

11

12 **RESPONSE:**

13 VECC has clarified that this question was intended to reference VECC interrogatory 7,
14 not VECC interrogatory 5.

15

16 Dr. Church does not have a complete list of alternative siting structures for small cell
17 antennas, and does not know what the cross-price elasticity of each of these alternatives
18 is with respect to utility pole attachments. Even if Dr. Church had a complete list of such
19 alternative siting structures, Dr. Church's analysis does not address binary comparisons,
20 nor does his analysis require specific binary comparisons. The relevant issue for market
21 definition is whether the Hypothetical Monopolist Test is satisfied. This requires an
22 assessment of the collective impact of all substitution at the margin, not binary
23 comparisons between alternatives. While cross price elasticities might be informative,
24 ultimately the relevant elasticity is the own price elasticity of demand. This elasticity
25 shows the decrease in demand when the hypothetical monopolist assesses the profitability
26 of a small, but significant and nontransitory increase in price. As discussed at length in

RESPONSES TO VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES

- 1 Dr. Church's Evidence the sources of substitution upstream include not only other sites
2 for small cells, but also other inputs.
3
4 The question that Dr. Church attempts to answer is whether pole access provided by
5 THESL is the relevant product market. Dr. Church's conclusion is that: "Pole access for
6 wireless attachments is not likely a relevant input market in its own right, but an input
7 that is part of a broader relevant market." Please refer to Dr. Church's response to Energy
8 Probe interrogatory 4 (Tab D, Schedule 5-4) for the logic and evidence that support this
9 conclusion.