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March 20, 2014

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 2700
2300 Yonge Street
27th floor
Toronto, ON
M4P 1E4

VIA E-mail

Dear Ms. Walli:

Re: Board File No. EB 2013-0234
Toronto Hydro-Electric System Limited (THESL)
Interrogatories of Vulnerable Energy Consumers Coalition (VECC)

As per Procedural Order No. 4, we have enclosed the Interrogatories of the Vulnerable Energy Consumers Coalition (VECC) for Board Staff Witness Dr. Van Audenrode in the above-noted matter. We have also directed a copy to the applicant as well as the interested parties via email.

Thank you.

Yours truly,

Michael Janigan
Counsel for VECC

Cc: THESL – Amanda Klein – aklein@torontohydro.com
Counsel – Rob Barrass – rbarrass@torontohydro.com
Interested Parties – via email

Interrogatories of
Vulnerable Energy Consumers Coalition (VECC)
Toronto Hydro-Electric System Limited (THESL)
No. EB 2013-0234

INTERROGATORIES

FOR DR. MARC VAN AUDENRODE

ISSUE 4 (b) / VECC / 1

At paragraph 80 of his evidence, Dr. van Audenrode states:

Given the difficulty for THESL to identify particular locations where there are few good economic substitutes to access to THESL poles from locations with plenty of reasonable siting alternatives for wireless carriers, it is appropriate to define the upstream geographic market to be THESL's service territory, the City of Toronto. [footnote omitted]

At paragraph 74, Dr. van Audenrode states:

The City of Toronto has issued a licence fee schedule as part of its agreement with Rogers (and any other carriers): The annual license fee for 2014 for a pole with height less than 15 meters ranges from \$8,000 to \$15,000, depending on city zone and proximity to major highways.[footnote omitted]

Does Dr. van Audenrode believe that THESL could use the same criteria for differential pricing of poles and pole attachment locations as does the City of Toronto? If so, does Dr. van Audenrode agree that the pertinent geographic markets are smaller than the entire City of Toronto?

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INTERROGATORIES

FOR DR. MARC VAN AUDENRODE

ISSUES 7 AND 11 / VECC /2

At paragraph 93 of his evidence, Dr. van Audenrode states:

The Board may consider exercising its discretion to forbear if the continued regulatory burden exceeds the benefits to the public even if THESL has market power in the provision of pole access for wireless attachments. [footnote omitted]

At paragraph 94 Dr. van Audenrode goes on to say:

Rate regulation can be highly detailed, contentious, time-consuming and expensive for all parties involved. In addition to these direct administrative costs of regulation, a regulated pole attachment rate is inflexible and unresponsive to a changing market environment (costs of providing pole access, technological change).

- (a) Does Dr. van Audenrode agree that the relevant regulatory burden (i.e. direct administrative costs) is the incremental costs, resources, and time of regulating pole access rates, given the continuing regulation of other services under the Board's current regulatory scheme?
- (b) If yes, please quantify, to a rough order of magnitude, the ongoing incremental regulatory burden (i.e. putting aside the present proceeding).
- (c) If it is not possible to quantify the incremental burden, please describe the incremental elements required to continue to regulate pole attachment rates, given that the rest of the regulatory framework will continue.
- (d) Please provide Dr. van Audenrode's views on how existing regulation of pole attachment rates limit or retard changes in the costs of providing poles and pole access.
- (e) Please provide Dr. van Audenrode's views on how existing regulation of pole attachment rates influences technological change in the provision of poles and pole access. As part of the answer, please describe technological changes that have taken place in the past, and changes that could have taken place, but didn't, because of regulation.