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## **BY RESS and EMAIL**

March 25, 2015

File: EB-2014-0116

Ontario Energy Board  
2300 Yonge Street  
27th Floor  
Toronto, ON M4P 1E4

Attn: Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: File Number EB-2014-0116, Toronto Hydro-Electric System Limited**  
**Application for 2015 Distribution Rate**

This letter is submitted on behalf of Rogers Communications Partnership; Cogeco Cable Inc. on behalf of itself and its affiliates, including Cogeco Cable Canada LP and Cogeco Data Services Inc.; Allstream Inc.; and TELUS Communications Company and its affiliates (the “Carriers”) in accordance with the process established in Procedural Order No. 9 dated March 11, 2015.

The Carriers wish to expand on two aspects of the notice of motion filed March 5, 2014 (the “**Motion**”) namely, the prejudice to the Carriers under the current schedule for considering Toronto Hydro-Electric System Limited’s (“**THESL’s**”) request for a wireline pole attachment rate increase, as well as the absence of prejudice to THESL if either the primary or alternative relief sought by the Carriers in the Motion were to be granted by the Board.

### **Prejudice to the Carriers**

In the Motion, the Carriers stated that they will be significantly prejudiced by the truncated process established to consider THESL’s request for an increase in its wireline pole attachment rate, as there is insufficient time to gather the evidence necessary to properly test THESL’s request. Therefore, in the event the Board determines that it has jurisdiction to consider THESL’s request, the Carriers requested a revised schedule that included a deficiency process prior to the date for filing of intervenor evidence on the pole rate issue.

Following the filing of the Motion, the Carriers received on March 12, 2015 THESL's responses to the Carriers' initial interrogatories. In reviewing these responses and preparing evidence (which, in accordance with the current schedule, must be filed tomorrow), the Carriers have identified inconsistencies and gaps in the evidence filed to date by THESL in respect of *all* of the cost inputs to the pole attachment rate. These gaps and inconsistencies are summarized in Appendix A to this letter.

While the Carriers have been able to make some adjustments to the costs THESL has submitted, it is not possible to verify a number of the inputs or quantify numerous adjustments that appear to be necessary. The inability to address these issues prior to submission of evidence prejudices the ability of the Carriers to test THESL's evidence and develop their own evidence in support of a just and reasonable wireline pole attachment rate.

### **No Prejudice to THESL**

As set out in the Motion, THESL will not suffer any prejudice if the hearing of its wireline pole attachment rate increase request is dismissed pending the filing of an application under section 74 *Ontario Energy Board Act, 1998* or the hearing of this issue is delayed. THESL has admitted that it can seek to have the current rate made interim pending a determination on this issue, which would permit a revised rate to be retroactive to May 1, 2015.

The Carriers also understand that there will be a further hearing in 2015 in which the Board will address the incremental capital model ("ICM") transfer that has been claimed by THESL. THESL has indicated that it expects to be in a position to file information relating to the ICM true-up in 2015Q2 for consideration by the Board later this year. THESL has also indicated that it supports a variance account to capture the difference between the ICM transfer it has claimed in this proceeding and the amount ultimately accepted by the Board and adjustment of the ICM true-up clearance for any revenue requirement consequences. Not only does the ICM transfer have a much more significant impact on THESL's rate base than wireline pole attachment revenues, but the Carriers have also estimated that the ICM transfer represents at least 16% of the net embedded costs of poles (after removing street lighting poles and an estimate of the value of hydro-specific fixtures). It follows that any adjustment that the Board makes to the ICM transfer could have a significant impact on the wireline pole attachment rate. Moreover, if it is possible to finalize the ICM true-up at a later date, there would not appear to be any reason why the revenues from wireline pole attachments cannot also be addressed at a later date, particularly when the delay in addressing this issue is solely due to THESL's failure to provide adequate notice of this issue and file its request as a section 74 application, in accordance with the *Ontario Energy Board Act, 1998*.

### **Conclusion**

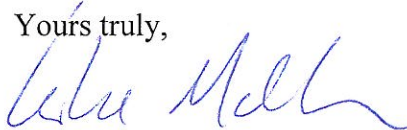
For these reasons and the reasons set out in the Motion, the Carriers respectfully ask the Board to strike THESL's request for an increase in its wireline pole attachment rate in this proceeding or,

in the alternative, establish a revised schedule for the hearing of this issue. As the current schedule requires the filing of intervenor evidence prior to a determination on the Motion, the Carriers request that if the Board decides to grant the alternative relief requested, the schedule be revised as follows:

- to extend the date for responding to the interrogatories due April 2 in respect of information that is relevant to the hearing;
- to establish a deficiency process in respect of these interrogatory responses;
- to permit the filing of additional intervenor evidence following the receipt of initial and any deficiency responses to the April 2 interrogatories prior to the date of the oral hearing; and,
- to establish a new hearing date.

The Carriers also ask the Board to confirm that all parties have an opportunity to file interrogatories on April 2, 2015 in respect of information that is relevant to the hearing and that responses to all such interrogatories (not solely those in respect of intervenor evidence) are due April 13, 2015 or such later date as the Board may establish.

Yours truly,



Leslie J. Milton

cc: Applicant and Intervenors (by email)



## APPENDIX A

COST INPUT		REQUIRED INFORMATION
Direct Costs		
	Administration	<ul style="list-style-type: none"> <li>• Identification of expenses for Asset Attachment and Lease Department in total, for the 2011-2015 period</li> <li>• Data to remove permit and other administration costs recovered through permit and other separate fees</li> <li>• Data to eliminate administration costs attributable to third party and related party overhead attachments other than wireline third party attachments, including the number of permits for overhead attachments, separate for distribution and street lighting poles, and further disaggregated by wireline and non-wireline; and the number of wireline permits issued for attachments subject to the pole attachment rate, with all data provided for the 2011-2015 period</li> <li>• Data to verify what, if any, allocation of shared services costs to wireline third party attachments is appropriate, including data on the total expenses for each component of the shared services costs (finance, legal, human resources)</li> <li>• Explanation of discrepancy between THESL administration costs and the administration costs of other pole owners</li> </ul>

COST INPUT		REQUIRED INFORMATION
<b>Direct Costs</b>		
	Productivity Loss	<ul style="list-style-type: none"> <li>• Identification of specific account level expenses that cover the pole inspection program (PIP) to verify these costs for the 2011-2015 period</li> <li>• Identification of PIP data inputs that relate to third party wireline communications attachments (exclusive of other third party attachments), both in terms of the nature of the data inputs recorded and the total number of data inputs</li> </ul>
<b>Indirect Costs</b>		
	Net Embedded Costs of a Bare Pole	<ul style="list-style-type: none"> <li>• Explanation why THESL's adjustments for contributions and grants are disproportionate to account total</li> <li>• Explanation why THESL's adjustments for the removal of street lighting assets are disproportionate to account total</li> <li>• Quantification of the impact of premature pole replacement by THESL</li> <li>• Quantification of the costs of power-specific fixtures</li> <li>• Explanation of discrepancy between THESL net embedded costs and the net embedded costs of other pole owners</li> </ul>

COST INPUT		REQUIRED INFORMATION
Direct Costs		
	Depreciation	<ul style="list-style-type: none"> <li>• Explanation why THESL's adjustments for contributions and grants are disproportionate to account total</li> <li>• Explanation why THESL's adjustments for the removal of street lighting assets are disproportionate to account total</li> <li>• Quantification of the depreciation costs of power-specific fixtures</li> <li>• Data on annual depreciation expense for poles recorded over life of poles</li> </ul>
	Maintenance	<ul style="list-style-type: none"> <li>• Identification of specific account level expenses that cover the pole inspection program (PIP)</li> <li>• Explanation of disconnect between trends in PIP costs and ostensible benefit of pole replacement program</li> <li>• Apportionment of PIP - Hydro Portion costs that relate to power-specific fixtures</li> </ul>
	Capital Carrying Costs	<ul style="list-style-type: none"> <li>• See required information listed for net embedded costs.</li> </ul>

COST INPUT		REQUIRED INFORMATION
<b>Direct Costs</b>		
<b>Pole Counts</b>		<ul style="list-style-type: none"> <li>• Explanation of variations in reported count of total poles which currently range from 135,411-135,986 (on the record) and up to 140,600 as of May 2014 in other documentation</li> <li>• Explanation of variations in reports of the count of poles with wireline communications and other third party attachers</li> </ul>
<b>Attachers</b>		
	Wireline	<ul style="list-style-type: none"> <li>• Explanation of the methodology used to account for growth in wireline attachments since the attachment information was collected</li> <li>• Explanation of the methodology applied to estimate wireline attachments for poles that have not been surveyed</li> <li>• Identification of number of third party wireline attachers separate from other third party attachments collected through pole inspections, and explanation of discrepancies with attachments based on billing records</li> <li>• Identification of poles with third party wireline attachers, based on pole inspections, and explanation of discrepancies with attachments based on billing records</li> </ul>

COST INPUT		REQUIRED INFORMATION
Direct Costs		
	Other Third Party	<ul style="list-style-type: none"> <li>• Explanation of the methodology used to address growth in other third party attachments since the attachment information was collected</li> <li>• Explanation of the methodology applied to estimate other third party attachments for poles that have not been surveyed</li> <li>• Identification of the number of third party non-wireline attachers, further disaggregated by those that pay for pole rental space, and explanation of discrepancies with attachments based on billing records</li> </ul>
	THESL and Related Party (non hydro)	<ul style="list-style-type: none"> <li>• Explanation of how THESL and related party non-hydro wireline and other non-hydro attachments have been captured</li> </ul>