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November 1, 2017

Delivered by Email, RESS & Courier

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
Suite 2701
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: InnPower Corporation
2017 Rate Application (EB-2016-0085)
Submissions of InnPower Corporation
on Pole Attachment and microFIT Charges**

Pursuant to Procedural Order No. 6, please find enclosed the Submissions of InnPower Corporation on Pole Attachment and microFIT Charges.

If you require any further information, please contact the undersigned.

Yours very truly,

BORDEN LADNER GERVAIS LLP

Per:

Original signed by Ada Keon on behalf of John A.D. Vellone

John A.D. Vellone

cc: Interveners of record in EB-2016-0085

EB-2016-0085

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Sched. B, as amended (the “Act”);

AND IN THE MATTER OF an Application by InnPower Corporation under Section 78 of the Act for an order approving just and reasonable rates and other charges for electricity distribution to be effective July 1, 2017.

**SUBMISSIONS OF
INNPOWER CORPORATION
ON POLE ATTACHMENT AND MICROFIT CHARGES**

November 1, 2017

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Counsel to the Applicant

INTRODUCTION:

1. InnPower Corporation (“**InnPower**”) makes these written submissions in accordance with Procedural Order No. 6 issued October 10, 2017 on the preliminary question of whether the Ontario Energy Board (the “**OEB**”) should consider a change to InnPower’s pole attachment and microFIT charges in connection with an Application filed by InnPower on November 28, 2016, as amended, under Section 78 of the *Ontario Energy Board Act, 1998* seeking an order of the OEB approving just and reasonable rates and other charges for electricity distribution to be effective July 1, 2017 (the “**Application**”). The Board assigned file number EB-2016-0085 to the Application.
2. The submissions are limited to issue 5.2 as identified in the OEB approved Issues List attached to Decision and Procedural Order No. 4 dated Sept. 20, 2017 (the “**Approved Issues List**”), and are further limited to the preliminary question outlined in Procedural Order No. 6. These submissions are in addition to InnPower’s Argument-In-Chief filed October 6, 2017.
3. InnPower holds the burden of proof with respect to the Application. Specifically, InnPower must satisfy the OEB that all proposed rates and other charges are both just and reasonable. For the reasons outlined below, InnPower does not believe that it can discharge this evidentiary burden with respect to either the proposed change to the pole attachment charge or the proposed change to the microFIT rate. For this reason, InnPower is requesting OEB approval to withdraw its request to change its pole attachment charge and to change its microFIT rate. If the OEB accepts this request to withdraw, the OEB would not consider a change to either charge as part of this Application.

POLE ATTACHMENT CHARGE

4. In the Board’s Decision and Order in RP-2003-0249 dated March 7 2005, InnPower’s license was amended such that a fixed province-wide pole attachment charge would be the default unless a local distribution company (“**LDC**”) applied to modify those rates. This Board’s Decision and Order is clear, only the LDC has standing to make a request to change the pole attachment rate, it is not open to other parties to make such a request.

5. InnPower originally requested a change to the pole attachment charge at page 15 of Exhibit 8 of the Application. Specifically, the evidence provided that InnPower requested an interim change in the Charge for Access to Power Poles charge from \$22.35 to \$47.50, based on a number of activities detailed in Table 8-14 and reproduced below.¹

Table 8-14: Specific Charge for Access to the Power Poles

	TASK	RATE	Hours	OT	Calculated Cost
Admin	Invoicing	\$ 58.00	20		\$ 1,160.00
	GIS	\$ 58.00	40		\$ 2,320.00
	Poles with Attachments	6627			
	Total Admin Costs per Year				\$ 0.53
Replacement	Eng Tech				
	Labour	\$ 58.00	1.5		\$ 87.00
	Vehicle	\$ 19.50	1		\$ 19.50
	Sub-Total-Tech				\$ 106.50
	Poles Replaced per year with Attachments-Eng Cost				150
	Sub-Total				\$ 15,975.00
	Line Staff				
	Labour	\$ 146.25	1		\$ 146.25
	Vehicle	\$ 61.50	1		\$ 61.50
	Sub-Total				\$ 207.75
	Poles Replaced per year with Attachments-Line Cost				150
	Sub-Total				\$ 31,162.50
	Total Replacement				\$ 47,137.50
Field work	Wire Down				
	Labour	\$ 146.25	1		\$ 146.25
	Vehicle	\$ 61.50	1		\$ 61.50
	Sub-Total				\$ 207.75
	Wires reported down				90
	Cost per year wire down				\$ 18,697.50
	Tree on Line				
	Labour	\$ 146.25	1		\$ 146.25
	Vehicle	\$ 61.50	1		\$ 61.50
	Sub-Total				\$ 207.75
	Tree reported on Line				135
	Cost per year Tree on Line				\$ 28,046.25
	Total Cost per Year due to loss in Productivity				\$ 109,856.25
	Poles with Attachments			6627	
	Total cost per pole with Attachment per year				\$ 17.10
Net Embedded Cost per Pole	Used to calculate Capital Carrying Cost				\$ 1,625.00
	Depreciation Expense per Pole (40 Yr)				\$ 40.63
	Pole Maint. Per Pole				\$ 11.90
	Capital Carrying Cost per Year (3% rate)	3%			\$ 48.75
	Total Indirect Cost per Pole				\$ 101.28
	Cost Based on 2 Third Party Attachments	30%			
	Total Indirect Cost per Pole with Attachments				\$ 30.38
	Total Cost per Pole with Attachments per Year				\$ 47.48

6. The OEB communicated the intent to establish a working group to review pole attachment charges on November 5, 2015 – the Pole Attachment Working Group (the “PAWG”)

¹ Application, Exhibit 8 p. 15, lines 2-11.

(EB-2015-0304). When the original custom IR application was submitted, PAWG's progress was minimal. This was another reason why InnPower requested interim pole attachment rates.

7. During the interrogatory process, Board staff, the School Energy Coalition ("SEC") and the Vulnerable Energy Consumers Coalition ("VECC") asked several questions for additional information in regards to this proposal: 8-Staff-73, 8-Staff-74, 8-SEC-45, 8-VECC-49, 8-VECC-50.²
8. In attempting to prepare responses to these requests, InnPower discovered that the individuals who prepared the evidence in respect of the proposed pole attachment charge were no longer with the organization. In addition, InnPower's current team was unable to reproduce the calculations. As a consequence, InnPower was unable to defend the pole attachment rate setting methodology as originally proposed in the Application.
9. InnPower responded to the IR's on August 4, 2017 at which point PAWG had released a list of key issues drafted by OEB staff to carrier companies, distributors and ratepayer groups on February 16, 2017. InnPower believed that a methodology for determining pole attachment rates would be imminently forthcoming. Accordingly, rather than attempting to create a new methodology, InnPower indicated at page 4 of the Responses to Interrogatories Service Charge Specific, Procedural Order No. 2, dated August 4 2017 that it would prefer to withdraw its requested change to the pole attachment rate. In support of this request to withdraw the change, InnPower noted that it would be premature for management to invent a new pole attachment methodology for a single utility. InnPower further noted that given that the OEB is in the midst of a review of pole attachment charges, it would be premature to implement new rates until after PAWG had given their recommendations.
10. If asked to recalculate the new pole attachment rates using only those numbers which InnPower believes to be defensible, the result would be a pole attachment rate considerably lower than the \$43.70 proposed in the Application, but still marginally

² InnPower Application, EB-2016-0085 Response to Interrogatories Service Charge Specific Procedural Order No. 2 dated August 4, 2017 at pgs. 7, 10 – 11.

higher than the rate of \$22.35 ordered in OEB Board decision RP-2003-0249. All in, the total value of the incremental pole attachment revenue in a year would be less than InnPower's materiality threshold of \$61,927 for this Application. Given this, InnPower submits that the issue does not merit the time and expense associated with a hearing on this issue. InnPower submits that its request to withdraw the change to the pole attachment rate be accepted.

11. Finally, it does not make sense to have a discrete pole attachment rate setting methodology for InnPower's service area and then a completely different methodology established for the rest of the province through PAWG. InnPower is in no way unique with regards to its underlying cost drivers for pole attachments, so as to merit a unique methodology that is different than what the PAWG recommends.

MICROFIT RATE

12. InnPower originally requested a change to the microFIT Rate class to include Net Metering Accounts and to increase the monthly service charge from \$5.40 to \$10.00 monthly. The Application stated "[t]his change is consistent with the approved rates for Wasaga Distribution in case EB-5 2015-0107."³
13. Both Board staff and VECC had questions about the costs the microFIT raise was intended to cover: 8-VECC-43, and 8-Staff-75. In response to 8-VECC-43, InnPower responded:
 - a) The cost descriptions identified at lines 10 – 15 are as follows,
 - a. Feeder capacity verification – occurs for every connection request received – one time cost
 - b. Maintenance of Feeder capacity thresholds – monthly/annually,
 - c. Managing IESO portal – monthly/annually and 1 dependent on activity of the generation account, example transfer of generation account, name change of generation account and or transfer of IESO contract.⁴
14. In response to 8-Staff-75, InnPower submitted:

³ Application Exhibit 8 p. 7, lines 3-6.

⁴ 8-VECC-43 at p. 239, lines 23-35 to p. 240, lines 1-4.

a) In response to 8.0 VECC – 43 [sic] in Procedural Order #1, InnPower noted the following descriptions of work activities that are outside the normal billing and collections activities for microFIT.

a. Feeder capacity verification – occurs for every connection request received for either microFIT and or Net Metering. This is a one time cost for all connection requests regardless of a physical connection. The activity also includes notification to the end customer of capacity.

b. Maintenance of Feeder capacity thresholds (microFIT and Net Metering) – based on connection requests received and updated for expired connection requests (no connection after 6 months). This information is provided to Hydro One on a quarterly and annual basis as InnPower is embedded to Hydro One. The report is also utilized for OEB RESS quarterly and annual reporting.

c. Managing the IESO portal - updating and providing information to IESO on all phases of a connection (minimum 4 times at 5 mins per update) to ensure that all timelines are adhered to and that the end customer has e-signed the contract to commence payment.

b) With the changes from the amended application and IRR's the cost allocation model reflects a charge of \$5.26 for microFIT. The O3.6 Cost Allocation Output tab does not address the additional functions identified in InnPower's response to 8.0 Staff – 75 (a). InnPower has updated the cost allocation output tab O3.6 in response to 8.0 Staff – 75 (e).

c) InnPower has not yet had a Net Metering customer physical connect to achieve billing thus no service charge has been applied.

d) The additional functions identified in response to a) and e) have been performed since the rollout of microFIT and the introduction of the IESO portal. These functions are outside the billing activities for microFIT and are not performed in the billing CIS.

e) InnPower has updated output Tab O3.6 for the microFIT rate class. The updated table is presented on the next page.⁵

15. InnPower submitted an updated output Tab O3.6 for the microFIT rate class in response to 8-Staff-75, which is reproduced below.⁶

⁵ 8-Staff-75 at p. 8 lines 17-29 to p. 10 line 1.

⁶ 8-Staff-75 at p. 10.

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Sheet O3.6 MicroFIT Charge Worksheet -

Instructions:
More Instructions provided on the first tab in this workbook.

ALLOCATION BY RATE CLASSIFICATION

<u>Description</u>	Residential	Monthly Unit Cost
Customer Premises - Operations Labour (5070)	\$ 48,233.73	\$ 0.26
Customer Premises - Materials and Expenses (5075)	\$ 87,480.04	\$ 0.47
Meter Expenses (5065)	\$ 211,798.79	\$ 1.14
Maintenance of Meters (5175)	\$ 22,481.37	\$ 0.12
Meter Reading Expenses (5310)	\$ 3,039.41	\$ 0.02
Customer Billing (5315)	\$ 430,585.45	\$ 2.32
Amortization Expense - General Plant Assigned to Meters	\$ 33,877.28	\$ 0.18
Admin and General Expenses allocated to O&M expenses for meters	\$ 105,136.62	\$ 0.57
Allocated PLS (general plant assigned to meters)	\$ 1,501.90	\$ 0.01
Interest Expense	\$ 11,478.47	\$ 0.06
Income Expenses	\$ 19,480.28	\$ 0.11
Total Cost	\$ 975,093.34	\$ 5.26
1. Feeder Capacity Checks per connection application	\$ 4,004.00	\$ 1.90
2. Maintenance of Feeder Capacity Spreadsheet	\$ 273.00	\$ 0.13
3. 20 minutes per connection request maintaining IESO portal	\$ 6,006.00	\$ 2.84
Number of Residential Customers	15459.36449	\$ 10.13

1. 30 minutes per connection request, includes updating of tracking spreadsheet and notification to consumer @ burdened rate of \$45.5
2. 1/2 hour monthly @ burdened rate of \$45.5
3. 20 minutes per connection request @ burdened rate of \$45.5

16. In a letter of August 23, 2017, InnPower asked to withdraw its request to increase the microFIT rate. The letter indicated that the activities identified in response to 8-Staff-75(a) are all one-time costs that occur before a microFIT customer is connected, and are consequently not appropriate to include in the determination of a monthly microFIT service charge.
17. Specifically, on further investigation it was determined in reference to each of the cost drivers identified in 8-Staff-75(a) - (i) the feeder capacity verification, (ii) the maintenance of feeder capacity thresholds, and (iii) the management of the IESO portal – these are all activities that occur upon receipt of the microFIT customer’s application to connect to the system, but are completed upon that customer’s physical connection. As a consequence, these are of the nature of one time costs that are not appropriately included in the calculation of a monthly service charge that is billed in perpetuity.
18. This is consistent with the response to 8-Staff-75, and 8-VECC-43 reproduced above, InnPower characterized feeder capacity verification costs as “one time” costs. However, InnPower’s response to 8-VECC-43 characterized both maintenance of feeder capacity

thresholds and managing the IESO portal as monthly/annual costs.⁷ While it is true that InnPower does incur costs to maintain feeder capacity thresholds and manage the IESO portal month to month – those costs are related to different microFIT customers as they progress through the connection process. With respect to a particular microFIT customer, all of these costs are incurred prior to the customer’s physical connection to the distribution system.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 1ST DAY OF NOVEMBER, 2017

BORDEN LADNER GERVAIS LLP

Per:

*Original signed by Ada Keon on behalf of
John A.D. Vellone*

John A.D. Vellone

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⁷ 8-VECC-43 at p. 239, lines 23-35 to p. 240, lines 1-4.