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Vice President, Chief Regulatory Officer,
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BY COURIER

February 9, 2018

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms. Walli,

**EB-2015-0304 - Hydro One Networks Inc.'s Comments – OEB's Draft Report on Framework for Determining Wireline Pole Attachment Charges**

On December 18, 2017, the Ontario Energy Board ("OEB") issued A Draft Report of the Board entitled "*Framework for Determining Wireline Pole Attachment Charges*" and invited comments on the Draft Report to be filed by January 22, 2018. The date for comment was later extended to February 9, 2018, by the OEB in a letter dated January 12, 2018, in response to letters from the Independent Telecommunication Providers Association and the Canadian Cable Systems Alliance.

Hydro One actively participated in the policy review as part of the Pole Attachment Working Group ("PAWG"). John Boldt, Manager, Program Integration was Hydro One's PAWG representative. Hydro One has reviewed and fully supports the PAWG LDC submission. Hydro One has also reviewed and supports the submission of the Canadian Electricity Association.

Hydro One is one of three LDC's with an OEB approved specific custom charge for wireline attachments. The OEB in its EB-2015-0141 Decision approved a rate of $41.28. Following the approved methodology from that decision, Hydro One has applied for a custom rate of $47.43 for 2018 in its EB-2017-0049 Distribution Rate Application. The requested rate excludes vegetation management costs consistent with the OEB's decision.

Hydro One will no longer be providing vegetation management services for wireline attachers as part of its new strategy for vegetation management as described in Exhibit Q, Tab 1, Schedule 1 of the EB-2017-0049 application.

Below are Hydro One's general comments with respect to the Draft Report Findings and specific comments with respect to the nine key policy issues in the report.

**General Comments**

Overall, Hydro One supports the OEB's policy review and findings for the determination of a province wide wireline attachment rate while allowing LDCs to apply for a custom rate reflecting company specific costs. The company also supports the OEB plan for a follow-up policy consultation – Part II of the Pole Attachment Review which intends to better understand the value access to Ontario's vast network provides third-party attachers and whether a value-based approach should be adopted.

**Allocation Methodology – "Principles for Allocating Common Costs"**

The OEB will adopt Nordicity's recommendation and move forward with allocating common costs based on the hybrid equal sharing methodology. Consistent with the 2005 Decision (RP-2003-0249), third party attachers will be responsible for their direct costs. The OEB is of the view that the hybrid equal sharing methodology is an efficient and fair cost allocation to be applied to third party attachers at this time.

Hydro One supports the PAWG LDC's response.

In the PAWG meetings, and as referred to on page 64 of Nordicity's report, Hydro One indicated that there is possibility other USofA accounts may be used by utilities to capture pole related costs. As noted in the Nordicity report, Hydro One captures yearly pole inspection costs in USofA account 5020. Within USoA 5020, Hydro One tracks Distribution Patrols in subaccount 1468. 77.5% of Distribution Patrols (subaccount 1468) is allocated to USofA 5020. Within Hydro One, Distribution Patrols (subaccount 1468) is also allocated to three other USofA accounts: 5% to USofA 5005 (Supervision), 9% to 5025 (Overhead Dx Lines and Feeders – Non-Labour), and 8.5% to 5085 (Miscellaneous Dx Expense). In support of the PAWG LDC's statement, Hydro One believes that the labour associated with Distribution Patrols related to poles only, regardless of the USoA account where tracked, should be included within the calculation of the OEB provincial wide rate.

**LDC-Specific or Province-Wide Rate**

The OEB will implement a province-wide rate in 2018 of $52 per attacher, per year, per pole. The new charge includes inflation from 2015 to 2018 based on the OEB's Input Price Index (IPI). LDCs may apply for a custom pole attachment rate using the OEB's methodology and their own specific costs where the province-wide rate will not cover their specific costs.

Hydro One supports the PAWG LDC's response.

**Inflationary Adjustments**

The OEB will implement an annual inflationary adjustment mechanism to the single province-wide rate. The adjustment will be based on the base IPI with no productivity and stretch factor applied.

Hydro One supports the PAWG LDC's response.

**LDC Collection of Cost Data**

The OEB will require all LDCs to set up sub-accounts to track cost inputs to track pole attachment costs directly attributed to carrier attachments. The costs associated with set up and maintenance of this system are permitted to be added to direct administrative costs. For simplicity, the OEB envisions that one sub-account be set-up per USoA account to track all costs dedicated to attachers within that account. It is anticipated that sub-account data would be directly entered into the OEB's work form for those LDCs applying for their own specific rate.

Hydro One supports the PAWG LDC's response.

**Separation Space**

Consistent with the 2005 Decision, separation space will be included as part of communication space. CSA standards are clear that separation space is needed to ensure the safety of communication workers who need access to communication attachments on joint use poles.

Hydro One supports the PAWG LDC's response.

**Allocation of Vegetation Management Costs**

The OEB will require vegetation management costs to be recovered through the wireline pole attachment charge. The OEB will require these charges to be recovered through the wireline pole attachment rate going forward, rather than through joint use agreements. The OEB will include the vegetation management costs embedded in account #5135 in the province-wide rate, based on the 33% allocation put forth by Hydro One.

Hydro One supports the PAWG LDC's response.

**Allocation of Neutral Power Wire Costs**

The OEB will not allocate the costs associated with an LDC distribution pole neutral wire into the common cost of the poles at this time. The OEB finds that this is a requirement of power utilities and the costs should not be shared by carriers. The OEB notes, however, that the costs of carriers bonding to the neutral should continue to be paid for by carriers, separate from the wireline pole attachment rate.

Hydro One supports the CEA and PAWG LDC responses.

**Overlashing Revenues**

As noted by the OEB, LDCs currently track the number of attachers, or entities, and not the number of attachments on the pole. In the Draft Report. The OEB has indicated it will require LDCs to begin to collect and track carrier attachment data going forward, so that the number of overlashers can be better understood.

Hydro One supports the PAWG LDC's response.

**Bell Canada Agreement with LDCs**

The OEB has determined that it will not consider the Bell and LDC reciprocal agreements as part of the new pole attachment rate methodology.

Hydro One agrees with the OEB's findings.

Should there be any questions with respect to this submission please feel free to contact Hydro One's PAWG representative, Mr. John Boldt.

Sincerely,

ORIGINAL SIGNED BY FRANK D'ANDREA

Frank D'Andrea
Encls.
cc: EB-2015-0304 parties (electronic)