



Jonathan L. Holmes
Executive Director
regulatory@itpa.ca

9 February 2018

By email

Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, Suite 2700
Toronto, Ontario
M4P 1E4
Email: boardsec@oeb.ca

Subject: Review of the Miscellaneous Rates and Charges (EB-2015-0304) Draft
Report of the Board – Framework for Determining Wireline Pole
Attachment Charges

1. The Independent Telecommunications Providers Association (“the ITPA”) represents the interests of 22 small Incumbent Local Exchange Carriers (“SILECs”), 19 of which operate in rural Ontario offering advanced broadband, telecommunications and broadcasting services. The ITPA was founded over 50 years ago by rural Independent telephone systems across Canada. These companies were established independently of the Bell system in the early 1900s because Bell indicated that it was concentrating its efforts in large cities and was not prepared to incur the additional higher costs of serving rural Ontario.

2. In many ways, the situation has not changed appreciably over the past 50 years. Rural Ontario continues to be characterized by high deployment and maintenance costs and SILECs and other small service providers continue to be key lynchpins in the

provision of broadband infrastructure, increasingly over Fibre-to-the-Home networks, in towns and villages such as Exeter, Mount Forest and Wartburg, to name just a few.

3. The ITPA has reviewed the OEB's Draft Report – Framework for Determining Wireline Pole Attachment Charges, and has serious concerns about the conclusions in the Draft Report and, in particular, the intention to impose a \$52 rate across Ontario.

4. When it comes to the economics of pole attachments, the equation that is leveraged in densely populated areas is the following:

X customers served per pole.

5. This is turned on its head in rural areas where the equation becomes:

X poles per customer.

6. The pole attachment rate itself is critically important to small service providers but its importance is magnified because of the rural equation noted above, where it is commonly the case that multiple poles are required to service a single customer.

7. The proposed increase would have a disproportionate impact on small rural service providers. ITPA members report that they will have to scale back their broadband upgrades, modernization and new projects. Maintenance and service levels will suffer as valuable resources are redirected to these fees, out of the company and away from the network. It is for these reasons that the ITPA has serious concerns about the proposed rate of \$52.

8. In addition, the ITPA has had the opportunity to review the submissions of Rogers Communications and agrees with its position completely. The ITPA would like to take the opportunity to highlight a number of the arguments contained in Rogers' evidence.

9. As a trade association the ITPA actively engages in regulatory proceedings before the Canadian Radio-television and Telecommunications Commission ("the CRTC"), which much like the Ontario Energy Board is a quasi-judicial agency. When the ITPA participates in a proceeding before the CRTC it has confidence that the CRTC's own processes will be followed in a clear and predictable fashion, in a manner that ensures

fairness and transparency. Rogers' evidence demonstrates, in comparison, that in this case the OEB did not follow its own rules in a number of important ways, thereby undermining confidence in the OEB's decisions and subjecting Telecom Attachers to undue disadvantage.

10. Furthermore, as noted by Rogers, the OEB has a statutory mandate to set just and reasonable rates for all customers and classes of customers. The ITPA agrees with Rogers that "Telecom Attachers" are a class of customers of the Local Distribution Companies ("the LDCs"). The principle of just and reasonable rates must not be applied only to residential customers but to Telecom Attachers as a class of customer of the LDCs. Moreover, this principle must not only be applied across classes of customers but between customers of the same class, which means that the OEB cannot ignore the Bell Canada and LDC reciprocal agreement as it sets rates. The effect of the reciprocal agreement is to reduce the LDCs' pole costs.

11. As noted by Rogers, setting just and reasonable rates is the Board's ultimate duty. The proposed rate increase of 233% over a relatively short period of time cannot, for the reasons provided by Rogers, be considered just and reasonable.

Yours truly,

A handwritten signature in dark ink that reads "Jonathan Holmes". The signature is written in a cursive, slightly slanted style.

Jonathan L. Holmes