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February 12, 2018

Ms. Kirstin Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, 27th Floor  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Review of Miscellaneous Rates and Charges (EB-2015-0304)  
Policy Consultation of Wireline Pole Attachment Charges  
OEB File Number: EB-2015-0304**

London Hydro herein submits its comments with respect to the OEB Review of Miscellaneous Rates and Charges (EB-2015-0304), Policy Consultation of Wireline Pole Attachment Charges OEB File Number: EB-2015-0304.

London Hydro generally supports the OEB determinations in this proceeding with the exception to the following key policy issues.

**Allocation Methodology – “Principles for Allocating Common Costs”**

The OEB is proposing to proceed with Nordicity’s recommendation and move forward with allocating common costs based on the hybrid equal sharing methodology. Consistent with the 2005 Decision, 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.

London Hydro agrees and supports the OEB’s decision of adopting Hybrid model as a fair methodology to allocate common costs.

London Hydro is also in agreement with the OEB’s calculation of Direct and Indirect Costs with one exception. London Hydro is of opinion that for the Indirect Cost calculation the OEB should allow for LDCs to bring forward other USoA accounts that capture pole maintenance, vegetation or other relevant operational costs aside from the three specific USoA accounts put forth in the report. One of the examples is LDCs attending to the “Wires Down” calls when a joint use wire is down.



## **LDC Collection of Cost Data**

The OEB is proposing to require all LDCs to begin collecting and tracking the number of attachments on each pole, in addition to the number of attachers (parties) on each joint-use pole so that information regarding the number of overlashers and strand owners is available in the future. In addition, the OEB will require all LDCs to set up sub accounts to track pole attachment costs directly attributed to carrier attachments.

London Hydro does not believe that tracking attachments per pole, is an exercise that has benefit, as the administrative cost to start to capture, audit and maintain it could be significant. The cost to develop or modify systems could be very large and the audit required to catalogue attacher data, could take a significant amount of time. Also, if this is required, the carriers would be required to send in detailed comparison attachment records for what they have attached. London Hydro would suggest that further evaluation of whether the administrative costs to collect such information are warranted for the anticipated benefit.

London Hydro believes that once the OEB gives clear direction on what sub-accounts need to be set up, under the appropriate USofA, it should be reviewed and discussed further before being implemented. The issue that may exist even with having more sub-accounts, as directed by the OEB, is that they need to be very clear what is being requested. More direction around exactly what the OEB wants here, by USofA, will need to be identified as it is lacking in this report. Moreover, the belief is that the benefits foreseen through the setup of sub-accounts under specific USofA accounts to track pole attachment costs directly attributed to carrier attachments would need to outweigh the level of effort required for LDCs to institutionalize such changes within their respective organizations.

London Hydro would conclude that should the OEB continue to propose the requirement for collection of additional data that the LDC's be appropriated additional consideration in the proposed pole rental rate.

### **Allocation of Vegetation Management Costs**

In the existing pole rental rate, vegetation management costs were not included in the annual pole attachment charge, however, some carriers have indicated that many of their joint use agreements with LDCs contain provisions for vegetation management. In order to ensure fair allocation of costs, the OEB is proposing that vegetation management costs to be recovered through the wireline pole attachment charge.

London Hydro proposes that the OEB consider setting two rates, with and without vegetation maintenance. London Hydro believes that each LDC should have the right to determine if they are going to actually perform the vegetation maintenance for the carriers on the pole. London Hydro would suggest that some utilities may not have the resources to perform telecom vegetation management and the OEB has to allow them to opt out of doing it for the carriers and allow the carriers to do their own maintenance on their attachments. Further should the LDC accept charging for vegetation management there may be unexpected or unanticipated liability issues related to possible service interruptions. It has been London Hydro's practice not to maintain vegetation in the communication zone and desire not to engage in this practice.



## Dynamic Specific Service Charges

London Hydro recognizes that this is the first review conducted in the overarching comprehensive policy review of miscellaneous rates and charges applied by electricity distributors for specific activities or services they provide to their customers. The following is off topic but relevant to the topic of this overall policy review. London Hydro submits this for consideration.

Section 78 of the Ontario Energy Board Act prohibits a distributor from charging "for the distribution of electricity or for meeting its obligations under section 29 of the Electricity Act, 1998 except in accordance with an order of the Board".

The same requirement is included in Section 11.1 of London Hydro's electricity distribution licence as follows:

*The Licensee shall not charge for connection to the distribution system, the distribution of electricity or the retailing of electricity to meet its obligation under section 29 of the Electricity Act except in accordance with a Rate Order of the Board.*

The issue at hand is that utilities cannot dynamically address reasonable cost recovery in the new market place we are facing. Case in point, we are seeing continual requests for changes to FIT contract owners. Each one of these requests come with the need for distribution staff's attention to revise paperwork to accommodate change in ownership. While the utility does have the option to address each request based on a work order for time and materials recovery, the process is bogged down in recording and costing out the invoice. It would be much simpler to apply a standard specific service charge which would reasonable to recover costs on a fair basis. The rub here is that by licence we cannot do this without a rate order. For reference the OEB issued a letter to Guelph on November 30, 2015 Guelph Hydro Electric Systems Inc.'s non-compliance with a condition of their distribution licence on the subject of bond connections. Guelph failed to get OEB approval for applying a standard charge and hence was reprimanded by the OEB. In 2016 London Hydro applied (EB-2016-0146) to have a specific service charge created to recover cellular meter read costs recovered, only to have it punted to our Cost of Service.

As an industry we need to address this with the OEB to allow utilities latitude to dynamically address cost recovery requirements without attracting compliance activity. The timing right now is prime for addressing this as the OEB is directed to look for utility efficiency. To further support this proposal London Hydro would reference the Minister of Energy's directive on October 25, 2017 to the OEB setting out the Government of Ontario's requirements respecting the implementation of the Long-Term Energy Plan, 2017 by the OEB. More specifically under 1. Delivering Efficiency and Value paragraph 1.1. "Having regard to the Board's performance-based approach to regulating electricity transmitters and distributors ("Utilities"), examine and identify steps for strengthening Utility accountability and reporting in relation to service quality issues identified by their customers, including but not limited to customer reliability and power quality. In doing this, the Board shall consider transparency, responsiveness to customers, efficiency and cost-effectiveness, in addition to such other principles as the Board considers appropriate."



London Hydro is herein requesting that some relaxation of the Licence requirement be considered for further discussion by the OEB.

Yours Truly,

A handwritten signature in black ink, appearing to read "M Benum". The signature is fluid and cursive, with the first letter of the last name being a large, stylized 'B'.

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