Ontario Energy Board VIA EMAIL
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Attention: Board Secretary
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February 9, 2018

RE: Review of Miscellaneous Rates and Charges (EB-2015-0304)
Draft Report of the Board dated December 18, 2017
Framework for Determining Wireline Pole Attachment Charges

Beanfield Technologies Inc. is writing to the Ontario Energy Board in response to the Board's invitation to comment on its Draft Report of the Board - Framework for Determining Wireline Pole Attachment Charges dated December 18, 2017. Beanfield is a privately-held, Canadian-owned company that owns and operates the largest private fibre optic network throughout Toronto and the GTA, specializing in fibre optic internet, business phone, transparent LAN, dark fibre and broadcast services. The Board's draft report has proposals that will negatively affect Beanfield and its customers. Beanfield urges the Board to re-consider the draft report because it will have direct consequences on business investment, expansion of broadband service, and internet affordability for customers.

Beanfield's main objection is the magnitude of the proposed rate increase. The draft report proposes a significant increase to the rate charged for third-party attachments to poles owned by hydro LDCs. The Province-wide rate is proposed to be $52, an increase of 133% over the existing Province-wide rate of $22.35. The proposed rate is not in alignment with rates currently being charged in other Canadian jurisdictions for the same service. For example, Bell Canada's rate is $12.48 and hydro LDCs (outside of Ontario) charge rates between $14.15 and $26.71. Beanfield is concerned that the proposed rates will serve to dampen new investment in broadband services, including expansion to currently underserved areas. Higher carrier operating costs are also likely to be passed on to customers in the form of higher internet service charges. There is a risk that the higher pole costs will lead to some carriers building their own pole network, duplicating what already exists. This would not be in the public interest.

Beanfield is very concerned that the draft report is not in alignment with the Government of Canada's stated objective to provide Canadians in urban, rural, and remote areas access to affordable, high-quality telecommunications services. The Board's pole attachment proposals will reduce affordability, lessen the development of competitive service offerings, and may stall new investment in much-needed, high-quality telecommunications infrastructure because such investments may become uneconomic under the draft report.

Beanfield is troubled with the manner in which the Board's process was carried out in developing the draft report. Beanfield observes that, unlike typical Board proceedings where evidence is presented and tested before a panel of the Board, this process took place as a staff-led policy consultation comprised of participants with starkly divergent views. There was only one economic expert available to the consultation. Beanfield believes that in considering an issue with this level of importance, and having consequences extending beyond the issue of simply allocating costs, it would be appropriate to hold a formal hearing before a panel of the Board.

Beanfield is concerned with the draft report's potential for a "Part II" with its stated purpose "to better understand the value to third-party attachers of having access to Ontario's vast network of more than 200,000 km of low voltage distribution lines (for example, in terms of servicing their existing customers and providing new customer offerings such as broadband in rural areas)." Part II will consider "moving from a cost-based approach to a value-based approach which is more reflective of a competitive market and the OEB's approach to wireless attachments". To Beanfield, this implies that monopoly LDCs may be given the flexibility to dictate terms and conditions of service as opposed to using regulated cost-based rates. Beanfield is concerned that this will lead to unfair practices by the hydro LDCs with no readily available recourse or oversight by a regulator.

Beanfield is also concerned about possible carry-over impacts that the updated pole rate-setting methodology may have for third-parties accessing monopoly, hydro-owned underground conduits on reasonable terms. Beanfield believes that pole attachments and access to underground conduits is conceptually a similar service. This matter was not addressed in the draft report. Beanfield uses the underground facilities of hydro LDCs and has found that the conditions of service are unfair. Beanfield intends to pursue this matter.

Should the Board be inclined to address underground conduits in any future proceeding, Beanfield would appreciate an invitation to participate.

As an alternative to the proposed $52 rate, Beanfield offers that the Board could increase the 2005 approved rate by an annual inflation factor to arrive at a new 2018 rate. If the Board is inclined to move ahead with the proposed higher pole charge, Beanfield respectfully requests that the rate be phased in over 5 years in equal increments, to allow the industry time to manage the change.

In conclusion, Beanfield's view is that the draft report is unfair and will lead to unintended consequences in the development of broadband services in the Province.

Beanfield is very appreciative of the Board providing the opportunity for our comment on the pole attachment proposals.

Regards,

Chris Amendola

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