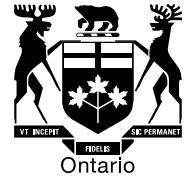


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BY EMAIL AND WEB POSTING

March 22, 2018

To: All Licensed Electricity Distributors

All Participants in the Consultation Process – Review of Miscellaneous Rates and Charges (EB-2015-0304)

All Other Interested Parties

**Re: Policy Consultation on Wireline Pole Attachment Charges
Issuance of Final OEB Report and Notice of Hearing for Cost Awards
OEB File Number: EB-2015-0304**

On December 18, 2017, the OEB issued for public comment the *Draft Report of the Board: Framework for Determining Wireline Pole Attachment Charges*, along with an expert report from NGL Nordicity Group (Nordicity), the *OEB Wireline Pole Attachment Rates and Policy Framework*.

The OEB has now issued a final [Report](#) setting out a policy for the wireline pole attachment charge and a new default province-wide charge. The final Report establishes a province-wide charge (for utilities that do not have a specific OEB-approved charge) of \$43.63 (per attacher, per year, per pole) to be charged by local distribution companies (LDCs) for attachments of cable and telecommunication carriers to distribution poles. Beginning in 2020, the pole attachment charge will be adjusted annually based on the OEB's inflation factor.

The reduction in the charge from that proposed in the OEB's draft report (\$52.00) to \$43.63 reflects the OEB's decision to remove vegetation management from the charge at this time, and to defer consideration of this cost input until Part II of the pole attachment charge review.

To mitigate the impact for carriers – many of which, particularly smaller, rural carriers, have said that pole attachment charges are a significant expense and a potential barrier to expansion – the OEB will phase in the new charge. As a transitional measure, from

September 1, 2018 to December 31, 2018, the pole attachment charge will be \$28.09, which represents the escalation of the 2005 charge by inflation. The \$43.63 will take effect January 1, 2019.

In the OEB's view, the new default charge represents a reasonable increase given the rate freeze that carriers benefited from over the last 13 years, despite an escalation of distribution costs. The existing province-wide pole attachment charge of \$22.35 had not changed since 2005 and was based largely on data from the 1990s. In four recent applications for an LDC-specific charge, the OEB approved charges of \$42.00 for Toronto Hydro, \$53.00 for Hydro Ottawa, \$41.28 for Hydro One, and \$38.82 for InnPower. Collectively, these LDCs own roughly 90% of electricity poles in Ontario. The balance of the LDCs in the province have continued to charge \$22.35.

The final report is the result of a consultation process that involved a Pole Attachment Working Group (PAWG) comprising industry experts representing carriers, LDCs, and ratepayer groups, as well as the assistance of an expert consultant. The OEB considered the views expressed by the members of the PAWG and the many public submissions on the draft report, in addition to Nordicity's report. The OEB thanks everyone who took the time to submit comments on the draft report. Particular thanks are owed to the members of the PAWG who contributed to this initiative.

The following section summarizes the key changes from the draft report:

1. The OEB has removed vegetation management costs from the pole attachment charge at this time given the varying opinions as to what constitutes a reasonable allocation to carriers and the fact that there is no standard across the province for how vegetation management is implemented or paid for. The OEB is aware that vegetation management has a significant impact on the overall pole attachment charge, and so the OEB will address this aspect of the charge in its Part II review, when more data has been collected and analyzed. The OEB expects that in the meantime, LDCs will focus their efforts on the vegetation management that they would otherwise need to do as part of the normal maintenance of their own assets.
2. The OEB has adopted the LDCs' recommendation to establish a working group to determine implementation and accounting details for its requirement for LDCs to now collect pole attachment specific-cost data in sub-accounts. The OEB is cognizant of additional regulatory burden and will also utilize the working group to streamline data collection for the LDCs as much as possible by focusing collection on the most critical inputs affecting the pole attachment charge and developing typical cost allocations to the extent possible. The OEB will provide further direction related to the working group in due course.

3. The OEB has determined that it is in the public interest to set a province-wide wireline pole attachment charge of \$43.63. However, the charge will not be effective the first of the month following the issuance of this Report (as proposed in the draft report). As a transitional measure, to mitigate the impact of the increase from the current \$22.35 to the new \$43.63, LDCs without an LDC-specific charge will charge a province-wide pole attachment charge of \$28.09 from September 1, 2018 to December 31, 2018. The \$28.09 was calculated by escalating the current \$22.35 by the OEB's annual inflation factor to cover the period 2005 to 2018. The charge will increase to \$43.63 effective January 1, 2019.

The issuance of this OEB Report marks the conclusion of Part I of the OEB's review of pole attachment charge. Materials related to the review, including reports, minutes of the PAWG, and associated documentation are available on the OEB's [website](#).

Notice of Hearing for Cost Awards

In the November 5, 2015 [letter](#) initiating this consultation, OEB indicated that cost awards would be available under section 30 of the *Ontario Energy Board Act, 1998* for participation in cost eligible activities. In a [letter](#) dated February 9, 2016, the OEB determined that the School Energy Coalition (SEC) and the Vulnerable Energy Consumers Coalition (VECC) are eligible for cost awards.

The OEB's December 18, 2017 [letter](#) that accompanied the issuance of the draft report for comment extended the cost eligibility to SEC and VECC for the submission stage of this consultation. The OEB also provided for an opportunity for other parties to seek cost eligibility status and for any licensed distributor to object. The OEB provided for a maximum of 10 hours in relation to cost eligible parties providing comments on the draft report.

In response to the OEB's request for stakeholder comments, London Property Management Association (LPMA) filed a request on December 19, 2017 for cost award eligibility. The OEB received no objections. The OEB approves LPMA's cost award eligibility.

The OEB is initiating a hearing on its own motion in order to determine the cost awards for eligible participants.

1. Eligible participants shall file their cost claims with the OEB by **April 12, 2018**. The OEB will post the claims received on its [website](#). The cost claims must be completed in accordance with section 10 of the OEB's *Practice Direction on Cost Awards*.

2. Rate regulated electricity distributors will have until **April 26, 2018** to object to any aspect of the costs claimed. The objection must be filed with the OEB and one copy must be served on the eligible participant against whose claim the objection is being made.
3. The eligible participant whose cost claim was objected to will have until **May 3, 2018** to file with the OEB a reply submission as to why its cost claim should be allowed. One copy of the reply submission is to be served on the objecting party.
4. The OEB will then issue its decision on cost awards. The OEB's costs may also be addressed in the cost awards decision.

The OEB will use the process set out in section 12 of its *Practice Direction on Cost Awards* to implement the payment of the cost awards. Therefore, the OEB will act as a clearing house for all payments of cost awards in this process.

Parties must file two paper copies and one electronic copy of their filings with the Board Secretary by **4:45 pm** on the required dates. All filings must quote file number **EB-2015-0304** and include the party's name, address, e-mail address and telephone number. All filings in this hearing (i.e., cost claims, objections, or replies), will form part of the public record. Copies of the filings will be available for inspection at the OEB's office and the filings will be published on the OEB's website.

Any inquiries relating to the Report or this letter should be addressed to the OEB's Industry Relations Enquiries at industryrelations@oeb.ca.

Yours truly,

Original Signed By

Kirsten Walli
Board Secretary