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August 2, 2018

**VIA E-MAIL**

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

Dear Ms. Walli:

**Re: EB-2017-0049 – Hydro One Networks Inc. 2018-2022 Distribution Customer IR  
P.O. #8 - Interrogatories of the Vulnerable Energy Consumers Coalition (VECC)**

In accordance with Procedural Order #8, please find VECC's interrogatories regarding the updated evidence on the proposed Joint Use Telecom Charge (Rate Code 30) filed by Hydro One on May 28, 2018.

Yours truly,

*William Harper*

Consultant for VECC

Hydro One:  
Ms. Eryn MacKinnon – [Regulatory@HydroOne.com](mailto:Regulatory@HydroOne.com)  
McCarthy Tetrault LLP:  
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<b>REQUESTOR NAME</b>	<b>VECC</b>
<b>TO:</b>	<b>Hydro One Networks</b>
<b>DATE:</b>	<b>August 2, 2018</b>
<b>CASE NO:</b>	<b>EB-2017-0049</b>
<b>APPLICATION NAME</b>	<b>2018-2022 Distribution Custom Rate Application</b>

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## **I. COST ALLOCATION AND RATE DESIGN**

### **53. Are the proposed specific service charges for miscellaneous services over the 2018 – 2022 period reasonable?**

53-VECC-130

Reference: HONI's Reply to Procedural Order No. 6, Supplemental Explanation of Pole Attachment Rate Calculations, page 1  
HONI Pole Attachment Work Form, Tab 3 (Direct Costs)

- a) With respect to Tab 3 of the Pole Attachment Work Form, please provide the 2017 actual costs for GIS Tracking (Joint Use Database Maintenance) and provide a breakdown as between: i) enhancement costs and ii) annual maintenance costs in the same level of detail as shown under Item #1 on page 1 for 2018.
- b) With respect to Item #1 on page 1, what is the basis for the 50 hours used to determine the annual maintenance costs for 2018 and what were the actual hours for 2017?
- c) Please provide the basis for the \$181/hour rate used for 2018, including a schedule showing the components of the rate.
- d) Please describe the actual Joint Use Database enhancements performed in 2017 and those planned for 2018.
- e) What were the annual enhancement costs for the Joint Use Database for 2013-2016?
- f) What were the actual number of annual maintenance hours and the resulting annual costs for the Joint Use Database for 2013-2016?

53-VECC-131

Reference: HONI's Reply to Procedural Order No. 6, Supplemental Explanation of Pole Attachment Rate Calculations, page 1  
HONI Pole Attachment Work Form, Tab 3 (Direct Costs)

- a) With respect to Item #1 on page 1, what activities are included under Joint Use Staff Specific Labour? In responding please confirm whether or not the activities include issuance and management of permits, invoices and back office support activities. Please also confirm whether these activities are associated just with telecom attachers or with all third party attachers.
- b) How was the forecast cost of \$1,109,258.50 determined?
- c) Please provide the annual Joint Use Staff Specific Labour costs for 2013-2017.
- d) How were actual costs for each year determined?

53-VECC-132

Reference: HONI's Reply to Procedural Order No. 6, Supplemental Explanation of Pole Attachment Rate Calculations, page 1  
HONI Pole Attachment Work Form, Tab 3 (Direct Costs)  
EB-2015-0304: Report of the Ontario Energy Board – Wireline Pole Attachment Charges

- a) With respect to the Pole Attachment Working Group the OEB constituted to provide input into the EB-2015-0304 Report, did HONI provide any data regarding historic Administration Costs?
- b) If yes, please provide the data and reconcile it with the historic data provided in response to VECC 130 and VECC 131.

53-VECC-133

Reference: HONI's Reply to Procedural Order No. 6, Supplemental Explanation of Pole Attachment Rate Calculations, page 1  
HONI Pole Attachment Work Form, Tab 3 (Direct Costs)

- a) With respect to Item #2 on page 1, please explain what DOMC and RLM stand for and what the roles of each are in responding to

trouble calls dispatched on behalf of telecom carriers.

- b) Do the trouble calls dispatched on behalf of telecom carriers include incidents related to wires down, trees on wires and low wires? If not, what types of incidents are excluded and why?
- c) What other types of incidents could lead to trouble calls dispatched on behalf of telecom carriers?
- d) Please explain the basis for each of the “rates” used in the table and provide a schedule setting out the components of each rate.
- e) Please explain why the regular hour rates are materially lower than the rate used in the determination of the annual maintenance costs for the Joint Use Database.
- f) Please provide a table similar to that provided under Item #2, Tab 2 but using 2016 hours data and 2018 labour dollars.

#### 53-VECC-134

Reference: HONI’s Reply to Procedural Order No. 6, Supplemental Explanation of Pole Attachment Rate Calculations, page 1  
HONI Pole Attachment Work Form, Tab 3 (Direct Costs)

- a) With respect to the Table under Item #2 on page 1, please confirm that the table only includes trouble calls dispatched that involved telecom carriers’ facilities.
- b) If confirmed in part (a), would there have been other trouble calls dispatched that were related to lines/equipment owned by other 3<sup>rd</sup> party attachers?
- c) Please explain why, if the trouble call volumes are based on trouble calls associated only with telecom carriers’ facilities, the cost per pole for Trouble Calls (i.e., \$3.20) is calculated using the total number of 3<sup>rd</sup> party attachers per pole as opposed to just the number of telecom carrier attachers per pole.

#### 53-VECC -135

Reference: HONI’s Reply to Procedural Order No. 6, Supplemental Explanation of Pole Attachment Rate Calculations, page 1  
HONI Pole Attachment Work Form, Tab 3 (Direct Costs)

- a) Are there any other activities that HON undertakes specifically on behalf of telecom carriers that are classified as OM&A as opposed

to capital expense?

- b) Are there any other OM&A-related activities that HON performs on its own distribution assets where there are incremental costs directly as a result of the existence of telecom attachers? If so, what are they and what are the estimated incremental costs for 2017?

53-VECC-136

Reference: HONI's Reply to Procedural Order No. 6, Supplemental Explanation of Pole Attachment Rate Calculations, pages 1-2  
HONI Pole Attachment Work Form, Tab 2 (Attacher and Pole Data)

- a) Please provide data similar to that in Tab 2 (Tables 1, 2 and 3) for each of the years 2013-2016.
- b) With respect to footnote 1 on page 1, please provide the calculations supporting the assumed average increase of 12,227 in Joint Use Poles per year and the assumed average annual increase of 1,644 in Total Poles per year.
- c) With respect to Table 1 in Tab 2, please confirm that the volumes represent the number of attachers and not the number of attachments on HONI poles. If not, please provide a revised Tables 1 and 3 for 2013-2018 based on the number of attachers.
- d) With respect to Table 1 in Tab 2, are the volumes for non-telecom attachers based on: i) the number of attachers regardless of whether or not the pole concerned has a telecom attacher or ii) the number of attachers on poles that also have a telecom attacher?
- e) If Table 1 in Tab 2 sets out the number of non-telecom attachers on all HONI poles regardless of whether or not there is a telecom attacher (i.e., case (i)), please provide a revised Table 1 based on case (ii) that sets out the values for 2013-2017. (Note: Please also ensure the tables reflect attachers and not attachments).
- f) With respect to Table 1 in Tab 2, please clarify whether: i) there are no traffic lights attached to HONI poles; ii) there are traffic light attachers but they are included under street lighting or iii) there are traffic lights attached but no "charge" is levied.
  - If case (i), please reconcile with the response to EB-2015-0141, Exhibit I, Tab 4, Schedule 1 c) which indicates that HONI has agreements with municipalities regarding traffic light attachments.

- If case (ii), please reconcile the number reported for 2017 of 77,341 with the 2015 value of 101,859 reported in EB-2015-0141, Exhibit I, Tab 4, Schedule 1 d). Also, please separate out the number of street lights vs. traffic lights for 2013-2018
  - If case (iii) please reconcile with the response to EB-2015-0141, Exhibit I, Tab 4, Schedule 1 c) which indicates that HONI has agreements that set the rate at \$2.04 per year. Also, please provide the number of traffic light attachers for 2013-2018.
- g) With respect to Table 1 in Tab 2, does the row “LDC Generator” include both LDC power attachers as well as Generator power attachers? If yes, please provide a breakdown. If not please explain where each of these two types of attachers are accounted for in Table 1.
- h) With respect to Table 1 in Tab 2, please break the 302,268 telecom attachers/attachments reported for 2017 down into the various categories used in the response to EB-2015-0141, Exhibit JT3 (i.e., Full Telecom, Telecom Service and Bell MEU). If Telecom Service Poles or Bell MEU poles are not included in Table 1 please: i) explain why not; ii) indicate the number of such attachments for 2017; and iii) indicate the current rate paid.
- i) Are there any other third party attachers to HONI’s poles that have not been included in Table 1? If so please indicate: i) who they are; ii) the volumes in 2017 (based on attachers not attachments) and iii) the rate paid (if any).

#### 53-VECC-137

Reference: HONI’s Reply to Procedural Order No. 6, Supplemental Explanation of Pole Attachment Rate Calculations, pages 1-2  
HONI Pole Attachment Work Form, Tab 2 (Attacher and Pole Data)

- a) With respect to Table 2 in Tab 2, are the volumes shown for Joint Use Poles based on: i) the number of joint use poles regardless of whether or not the pole concerned has a telecom attacher or ii) the number of joint use poles that have a telecom attacher?
- b) If Table 2 in Tab 2 sets out the number of joint use poles regardless of whether or not there is a telecom attacher (i.e., case (i)), please provide revised Joint Use Pole data per Table 2 based on case (ii)

for each year 2013-2017.

53-VECC-138

Reference: HONI's Reply to Procedural Order No. 6, Supplemental Explanation of Pole Attachment Rate Calculations, pages 1-2  
HONI Pole Attachment Work Form, Tab 4-a (Power Deduction Factor)

- a) Did HONI attempt to complete Tab 10 a) in Tab 4-a based on HONI's information? If not, why not?
- b) If yes, please provide the results.

53-VECC-139

Reference: HONI's Reply to Procedural Order No. 6, Supplemental Explanation of Pole Attachment Rate Calculations, page 2, Item 4  
HONI Pole Attachment Work Form, Tab 4 (Indirect Costs)  
Exhibit D2, Tab 1, Schedule 1, Attachment 1, page 5

- c) Please provide the derivation of the \$54 M depreciation expense shown for Account 1830 for 2018 (per Exhibit D2., Tab 1, Schedule 1, Attachment 1) and, in doing so, show the depreciation rate used.
- d) What was the applicable depreciation rate for Account 1830 for each of the years 2013-2017?

53-VECC-140

Reference: HONI's Reply to Procedural Order No. 6, Supplemental Explanation of Pole Attachment Rate Calculations, page 2, Item 6  
HONI Pole Attachment Work Form, Tab 1 (Summary Tab)

- a) Please provide the derivation of the 2018 Before Tax Weighted Average Cost of Capital (7.49%) including references to where in the Application the various inputs used can be found.
- b) What was HONI's 2017 Before Tax Weighted Average Cost of Capital based on its actual 2017 cost of debt, the Board's approved

return on equity for 2017 and the Board's approved capital structure. Please provide the derivation.

- c) HONI is proposing to update its cost of capital calculation in 2021. Does HONI plan to revise the Pole Attachment Charge calculation in 2021 to reflect the updated value for the Before Tax Weighted Average Cost of Capital?

53-VECC-141

Reference: HONI's Reply to Procedural Order No. 6, Supplemental Explanation of Pole Attachment Rate Calculations, page 2, Item 7  
HONI Pole Attachment Work Form, Tab 2 (Attacher and Pole Data)

- a) Are all of the attachers shown in Table 1 (Tab 2) located in the telecom (communications) space? If not, please provide a schedule setting out, for 2017, the number of each type of attacher located in the telecom space. Please also confirm the location of the balance of the attachers.

53-VECC-142

Reference: HONI's Reply to Procedural Order No. 6, Supplemental Explanation of Pole Attachment Rate Calculations, page 2, Item 7  
HONI Pole Attachment Work Form, Tab 2 (Attacher and Pole Data)  
EB-2015-0304: Report of the Ontario Energy Board – Wireline Pole Attachment Charges, pages 32-33

Preamble: The Board Report's discussion of Nordicity's "hybrid methodology" assumes that all third party attachers are located in the communications space. This is evidenced by the fact the discussion assumes space related directly to third party attachers is the 2 feet of communications space plus the 3.25 feet of separation space.

- a) Does HONI accept the premise set out in the above Preamble? If not, why not?  
b) Please recalculate the allocation factor where the portion of the



space attributable to communication space users (i.e., 100% of the communications and separation space plus 50% of the common space) is divided by the number of attachers per pole in the communications space.

53-VECC-143

Reference: HONI's Reply to Procedural Order No. 6, Supplemental Explanation of Pole Attachment Rate Calculations, page 3

- a) Please confirm that HONI is requesting the OEB to approve (on a final basis) the 2019-2022 Pole Attachment Charges set out on page 3. If not, what is HONI's proposal regarding the determination and approval of the Pole Attachment Charges for 2019-2022?
- b) Why isn't HONI requesting that the 2019-2022 Charges be determined by applying the annual IPI value as approved by the Board?

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