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Frank D'Andrea
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BY COURIER

August 23, 2018

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms. Walli,

EB-2017-0049 - Hydro One Networks Inc. 2018-2022 Distribution Custom IR Application (the"Application") - Joint Use Telecom Charge (Rate Code 30) – Interrogatory Responses

Pursuant to the OEB's Procedural Order 8 issued on July 12th, 2018 pertaining to Hydro One's Joint Use Telecom Charge (Rate Code 30) in regards to the above noted proceeding, please find enclosed Hydro One's interrogatory responses to interrogatories received on August 2, 2018.

In responding to interrogatories, Hydro One has followed the OEB's direction in Procedural Order 8 (PO8) which directed that:

- "…the OEB considers Hydro One's May 28, 2018 updated evidence related to its proposed Joint Use Telecom Charge (Rate Code 30) to have superseded its pre-filed evidence in this regard. Accordingly, the OEB denies Rogers' request for an Order requiring Hydro One to respond to interrogatories on evidence on which Hydro One no longer relies. This Decision and Procedural Order provides for interrogatories in respect of Hydro One's updated evidence on its proposed Joint Use Telecom Charge." (p. 3)

- "The OEB's focus in this proceeding is on whether Hydro One's updated evidence with respect to its proposed Joint Use Telecom Charge (Rate Code 30), is consistent with the methodology adopted by the OEB in the pole attachment report." (p. 4)

Hydro One has therefore not responded to interrogatories that fall outside the scope of PO8 and has provided complete responses to interrogatories regarding whether Hydro One's updated evidence is consistent with the 2018 Pole Attachment Report methodology.

In response to the Carriers' letter submitted on August 2, 2018, Hydro One believes the OEB has effectively dealt with the Carriers' Motion and that no further steps need to be taken. Hydro One looks forward to contributing to an expeditious resolution to this matter and is prepared to file its written submissions by any date that the Board directs.

This filing has been submitted electronically using the Board's Regulatory Electronic Submission System and two (2) hard copies will be sent via courier.

Sincerely,

ORIGINAL SIGNED BY JEFFREY SMITH ON BEHALF OF FRANK D'ANDREA

Frank D'Andrea

Cc: EB-2017-0049 Intervenors

Rogers Communications Interrogatory #S1

Issue:

Issue 54: Are the proposed specific service charges for miscellaneous services over the 2018 – 2022 period reasonable?

Reference:

Ex H1 - Joint Use Charges (31-Mar-2017)
Ex H1 - Joint Use Charges (07-Jun-2017)
Pole Rate Calculations (28-May-2018)
Pole Rate Work Form
EB-2015-0141 Decision

Interrogatory:

1. We have inserted the values provided by Hydro One throughout this proceeding in the following table. Please confirm the values shown and complete the table by filling in the missing values.

	EB-2015-0141 Decision	Ex H1 - Joint Use Charges (31-Mar-2017)	Ex H1 - Joint Use Charges (07-Jun-2017)	Pole Rate Calculations (28-May-2018)	Pole Rate Calculations (28-May-2018)
	2014 actuals	**2015 actuals**	**2016 actuals**	**2017 actuals**	**2018 forecast**
DIRECT COSTS					
Admin Costs	$0.90	$ 0.92	$ 0.93		$1.59
Loss in productivity	$3.09	$ 3.15	$ 3.18		$3.20
Total Direct Costs	**$3.99**	**$ 4.07**	**$ 4.11**		**$4.79**
INDIRECT COSTS					
Net embedded cost	$944.49	$1,058.06	$1,178.33	$1,237.22	$1,290.58
Depreciation rate				1.82%	1.82%
Pre-tax carrying cost	8.49%	7.87%	7.79%		7.49%
Depreciation cost	$23.83	$25.77	$28.47	$31.97	$ 33.35
Pole maintenance	$4.69	$3.92	$4.08	$7.13	$7.25
Capital carrying cost	$80.19	$83.27	$91.79		$ 96.66
Total Indirect Costs	**$108.71**	**$112.96**	**$124.34**		**$137.26**
ALLOCATION					
No. of attachers	**1.3**	**1.3**	**1.3**	**1.38**	**1.35**
Allocation factor	**34.3%**	**34.3%**	**34.3%**	**30.57%**	**31.24%**

Allocate Indirect costs	$37.29	$38.75	$42.65		$ 42.88
Calculated rate	$41.28	$42.82	$46.76		$47.67
Adjust to 2018		**$43.99**	**$47.43**		**$47.67**

Response:

	EB-2015-0141 Decision	Ex H1 - Joint Use Charges (31-Mar-2017)	Ex H1 - Joint Use Charges (07-Jun-2017)	Pole Rate Calculations (28-May-2018)	Pole Rate Calculations (28-May-2018)
	Determined using Old Methodology			Determined using OEB Methodology, described in EB-2015-0304	
	2014 actuals	2015 actuals	2016 actuals	2017 actuals	2018 forecast
DIRECT COSTS					
Admin Costs	$0.90	$ 0.92	$ 0.93	$1.60[1]	$1.59
Loss in productivity	$3.09	$ 3.15	$ 3.18	$3.20	$3.22[2]
Total Direct Costs	**$3.99**	**$ 4.07**	**$ 4.11**	**$4.80**	**$4.81**
INDIRECT COSTS					
Net embedded cost	$944.49	$1,058.06	$1,178.33	$1,237.22	$1,290.58
Depreciation rate	1.7%	1.7%	1.7%	1.82%	1.82%
Pre-tax carrying cost	8.49%	7.87%	7.79%	7.33%[3]	7.49%
Depreciation cost	$23.83	$25.77	$28.47	$31.97	$ 33.35
Pole maintenance	$4.69	$3.92	$4.08	$7.13	$7.25
Capital carrying cost	$80.19	$83.27	$91.79	$90.69	$ 96.66
Total Indirect Costs	**$108.71**	**$112.95[4]**	**$124.34**	**$129.79**	**$137.26**
ALLOCATION					
No. of attachers	**1.3**	**1.3**	**1.3**	**1.38**	**1.35**
Allocation factor	**34.3%**	**34.3%**	**34.3%**	**30.57%**	**31.24%**
Allocate Indirect costs	$37.29	$38.74[4]	$42.65	$39.68	$ 42.88
Calculated rate	$41.28	$42.78[4]	$46.75[4]	$44.48	$47.69[2]
Adjust to 2018		**$43.99[5]**	**$47.43[5]**	**$45.01**	$47.69[2]

[1] $9,000 (as filed in 1-54-VECC-S130(a)) + $1,151,190 (as filed in I-54-VECC-S131(c))
[2] As corrected in I-54-VECC-134(c)
[3] Refer to I-54-VECC-S140(b)
[4] Amount corrected as it did not correspond to filed evidence.
[5] This rate was determined using the Old Methodology and is not comparable to the rates determined by the New Methodology.

Rogers Communications Interrogatory #S2

Issue:

Issue 54: Are the proposed specific service charges for miscellaneous services over the 2018 – 2022 period reasonable?

Reference:

Responses to Rogers Interrogatories

Interrogatory:

1. In **Rogers-03(1)**, we asked you to provide the 2017 average Net Embedded Cost (NEC) and the average current installed cost for various sizes of poles. You responded as follows:

   Hydro One does not track installed value per pole length. Hydro One's average pole cost in all types of situations, and setting conditions, for the yearly pole replacement program for 2016 is $8,350.

a) Is this response still valid?

b) If you do not track installed value per pole length, what do you track with respect to the installed costs of your poles?

c) If you do not track installed value per pole length, how did you come up with an average value of $8,350 for 2016? Is this a weighted average? What is it based on? Please show the calculation you used to come up with this value.

d) You claim that you do not track installed value per pole length, but if your auditors, shareholders or the Board were to ask you how much more expensive it is to install a 50-foot pole with multiple power facilities versus a 40-foot foot pole with only single power facilities (on average and under similar installation conditions), what information would you provide?

e) For the purpose of this question, assume the most common installation conditions for a pole in Hydro One's territory. If we assign a value of 100% as a baseline for the installation costs (materials and labour) of a 40-foot pole, provide the relative installation costs, as a percentage of the 40-foot pole, for the other lengths of joint use poles. Please use 2017 values.

Pole Height	Installed Cost Relative to 40' pole
<=25	
30	
35	
40	100%
45	
>=50	

2. In **Rogers-03(3)**, we asked you to describe under what circumstances poles other than the standard 40-foot pole would be used. While we understand that any size of pole can accommodate a telecom attachment, it would appear that each size or type of pole is designed for a particular purpose or application. Under this assumption, we have attempted to interpret and reproduce your responses in the table below in order to describe the primary or principle application of each type of pole. Please review this table and confirm that we have done so properly. If we have not done so, please make the necessary corrections.

Pole Height	Primary purpose or application
<=25	- Secondary power and telecom service poles - Backlot construction (No vehicle access)
30	- Secondary power and telecom service poles - Backlot construction (No vehicle access)
35	- Secondary power and Telecom service poles - Road crossing
35	- Guying poles for road crossings (stub pole)
40	- Standard LDC/Telecom JUP - Side of a road
45	- Standard LDC/Telecom JUP - Road or highway crossing
50	- Standard LDC/Generator JUP - Along the side of a road
55-60	- Standard LDC/Generator JUP - Road or highway crossing
Above 65	- LDC/Generator JUP (HONI + multiple circuits) - Deep ditches and ravines

3. In **Rogers-03(4)**, we asked you why telecom attachers should contribute to the costs of larger poles in circumstances where they do not require the additional height, and you responded as follows:

For long road crossings, and in designing at maximum sag, poles above 40 ft. need to be used to allow the carrier to be able to stay a safe distance above the ground. This is also the case when crossing a road that has deep ditches, as well as when running parallel to a highway to cross driveways, or obstacles.

a) Is this response still valid?

b) Of the total number of poles 50 feet or higher, how many are required for clearance issues (*i.e.*, road crossings, deep ditches and ravines)?

4. Please provide the total number of telecom attachers per joint use pole for each size of pole listed for the years 2017 and 2018 (forecast).

Pole Height	2017	2018
<=25		
30		
35		
35		
40		
45		
50		
55-60		
Above 65		

Response:

1.

a) Yes

b) In USoA 1830, we track the total capitalized cost of all poles and fixtures less any customer contribution.

c) The calculation that underpins the data for Pole Replacement Gross Cost per unit is found in Exhibit B1-1-1 DSP 1.4 page 6.

d) – e)

The OEB's Procedural Order 8 ("PO8") provides for interrogatories to address the consistency of Hydro One's updated evidence on its proposed Joint Use Telecom Charge

with the methodology adopted by the OEB in the pole attachment report. This interrogatory is not relevant to the scope defined by PO8.

2. Please refer to I-54-Rogers-S2 Q1 d).

3. Please refer to I-54-Rogers-S2 Q1 d).

4. Please refer to I-54-Rogers-S2 Q1 d).

Rogers Communications Interrogatory #S3

Issue:

Issue 54: Are the proposed specific service charges for miscellaneous services over the 2018 – 2022 period reasonable?

Reference:

EB-2015-0141 Decision
Ex H1 - Joint Use Charges (31-Mar-2017)
Ex H1 - Joint Use Charges (07-Jun-2017)
Pole Rate Calculations (28-May-2018)

Interrogatory:

1. The table below was created using the data provided by Hydro One throughout this proceeding and the EB-2015-0141 proceeding. We have calculated the percentage changes since 2014.

	2014 actuals	2015 actuals	2016 actuals	2017 actuals	2018 forecast
Total poles	1,575,195	1,571,384	1,562,984	1,564,628	1,566,272
Percentage change	--	*-0.2%*	*-0.8%*	*-0.7%*	*-0.6%*
Joint use poles	576,068			525,492	537,719
Percentage change	--			*-8.8%*	*-6.7%*
Gross book value	$1,649	$1,783	$1,970	$2,067	$ 2,158
Percentage change	--	*8%*	*19%*	*25%*	*31%*
NEC	$1,111	$1,245	$1,386	$1,456	$ 1,518
Percentage change	--	*12%*	*25%*	*31%*	*37%*

a) Please confirm the values provided in the above table, fill in the missing values and correct any errors.

b) Since 2014, the total number of poles for 2017 and 2018 have decreased by 0.7% and 0.6% respectively. Yet, for the same years, the gross book value per pole increased by 25% and 31%, and the NEC per pole increased by 31% and 37%.

Please explain how the number of poles can drop slightly but the NEC can increase by a wide margin. What is driving the increase to net embedded cost?

In responding to this question, please provide all evidence and calculations that substantiate your response.

Response:

1. a)

	2014 actuals	2015 actuals	2016 actuals	2017 actuals	2018 forecast
Total poles	1,575,195	1,571,384	1,562,984	1,564,628	1,566,272
Percentage change relative to 2014[1]	--	*-0.2%*	*-0.8%*	*-0.7%*	*-0.6%*
Joint use poles	576,068[2]	573,780[3]	513,265[4]	525,492	537,719
Percentage change relative to 2014[1]	--	*-0.40%*	*-10.9%*	*-8.8%*	*-6.7%*
Gross book value	$1,649	$1,783	$1,970	$2,067	$ 2,158
Percentage change relative to 2014[1]	--	*8%*	*19%*	*25%*	*31%*
Net Embedded Cost	$944.49	$1,058.06[5]	$1,178.33[6]	$1,237.22[7]	$1,290.58[8]
Percentage change relative to 2014[1]	--	*12%*	*25%*	*31%*	*37%*

[1] Hydro One has clarified this description.
[2] As filed in EB-2015-0141, on September 8, 2015, I-3-5(b) (VECC), page 2 of 3
[3] As filed in EB-2017-0049, on February 12, 2018, I-51-VECC-119(a), page 2 of 2
[4] As filed in EB-2017-0049, on February 12, 2018, I-54-Staff-260(b), page 2 of 2
[5] As filed in EB-2017-0049, original filing on March 31, 2017, H1-02-03, page 103 of 112
[6] As filed in EB-2017-0049, Blue Page Update filed on June 7, 2017, H1-02-03, page 103 of 112
[7] As filed in OEB workform on May 28, 2018.
[8] As filed in OEB workform on May 28, 2018.

Gross Book Value is calculated as Acquisition Value, divided by the Total Number of Poles. Net Embedded Cost is calculated as [(Acquisition Value-Accumulated Depreciation)/Total Number of Poles]*85%.

b) Please refer to I-54-Staff-S3 (a).

Rogers Communications Interrogatory #S4

Issue:

Issue 54: Are the proposed specific service charges for miscellaneous services over the 2018 – 2022 period reasonable?

Reference:

Ex H1 - Joint Use Charges (07-Jun-2017)
Ex H1 - Joint Use Charges (26-Jun-2018)
Pole Rate Calculations (28-May-2018)
Pole Rate Work Form
EB-2015-0141 Decision

Interrogatory:

1. The table below was created using the data provided by Hydro One throughout this proceeding and the EB-2015-0141 proceeding. We have calculated the change between 2017 and 2018.

Total Poles	**2017**	**2018**	**Delta**
30	223,024	218,682	-4,342
35	500,014	496,621	-3,393
40	432,907	437,937	5,030
45	233,978	237,925	3,947
50 and higher	163,968	165,657	1,689
Unknown	10,737	9,450	-1,287
Total	**1,564,628**	**1,566,272**	1,644
Joint Use Poles	**2017**	**2018**	**Delta**
30	48,615	48,775	160
35	143,681	146,379	2,698
40	151,467	156,110	4,643
45	108,754	112,277	3,523
50 and higher	71,930	73,139	1,209
Unknown	1,045	1,039	- 6
Total	**525,492**	**537,719**	**12,227**
ATTACHERS	**2017**	**2018**	**Delta**
Telecom	302,268	303,394	1,126
Overlashers	-	-	-

Bell Canada	331,238	331,238	-
Streetlights	77,341	77,341	-
LDC Generators	14,263	14,267	4
Total	**725,110**	**726,240**	**1,130**

a) Please confirm the values provided in the table above. If there are any errors or omissions, please correct them.

b) Between 2017 and 2018, you forecast that joint use poles (*i.e.*, poles with third party attachers) will increase by 12,227. However, the number of attachers will only increase by 1,130. Intuitively, this does not seem to correlate. How can joint use poles increase without a corresponding increase in the number of attachers on those poles? Please explain, providing all necessary supporting calculations and assumptions, how this is possible.

c) If LDC/Generator attachers always use joint use poles that are at least 50 feet, how is it possible that, for 2017, there are 71,930 joint use poles that are 50 feet or higher, but only 14,263 LDC/Generator attachers?

What kinds of attachers are on the remaining 57,677 poles?

Please explain, with all necessary supporting calculations and assumptions.

d) If telecom attachers that overlash to the existing strand of other telecom attachers are required to get a permit and pay the pole attachment charge, why do you show the number of overlashers as zero?

Response:

a) Confirmed.

b) Hydro One's pole data regarding Joint Use poles are constantly being updated by data collection activities. Furthermore, the number of Joint Use poles can increase due to new pole installations (for example new road crossing poles, new interspaced poles for new services, asset sales and purchases, or line relocations and sustainment work that require shorter spans). Because permits may not be updated and submitted when these new attachments are made there is a lag in the database until the next inspection cycle. Please refer to interrogatory I-VECC-S136 for a derivation of 12,227.

c) The remaining 57,677 poles are occupied by either telecom carriers, or streetlights. Where Hydro One and a carrier are on the pole, poles 50 ft. or greater may be required due to terrain changes, grading of poles, and/or ravines.

d) Hydro One does not separately track overlashers. The overlashers are tracked as a regular telecommunications attachment.

Rogers Communications Interrogatory #S5

Issue:

Issue 54: Are the proposed specific service charges for miscellaneous services over the 2018 – 2022 period reasonable?

Reference:

Responses to Rogers Interrogatories

Interrogatory:

1. Please provide a detailed description of what process is required for Hydro One to replace a joint use pole (*i.e.*, a pole that has third party attachers on it). In your description, please include:
    - Notification of attachers and timelines;
    - Design and engineering;
    - Make-ready work and apportionment of make-ready costs;
    - Cutover or transfer of Hydro One facilities and all attacher facilities to the replacement pole.

2. In **Rogers-04(1),** we asked you to provide the number of joint use poles that were replaced pursuant to a proactive pole replacement or other capital program (as opposed to replacement as part of ongoing maintenance). You responded as follows:

   Hydro One is unable to supply this information because we do not track to this level of granularity.

a) If you do not track to this level of granularity, what do you track with respect to pole replacements?

b) Please describe the reasons or the conditions under which you replace poles.

c) Which account codes are used to record pole replacement expenditures?

d) How do you identify which poles require replacement?

e) How do you budget which poles will be replaced in a given year and in future years?

Witness: BOLDT John

f) Please complete the following tables regarding the number of poles replaced for each year stated.

Total poles replaced

Pole Height	2014	2015	2016	2017
<=25				
30				
35				
35				
40				
45				
50				
55-60				
Above 65				

Joint use poles replaced

Pole Height	2014	2015	2016	2017
<=25				
30				
35				
35				
40				
45				
50				
55-60				
Above 65				

3. In each of the years 2014 to 2017, how many poles were replaced as part of (1) ongoing pole maintenance and (2) a proactive pole replacement program due to the requirements of Hydro One, other LDCs or third party generators?

4. In each of the years 2014 to 2017, how many joint use poles that had telecom attachers were replaced?

   If your response is that Hydro One does not track to this level of granularity, please explain how you can conduct pole replacements without knowing who is on the poles and arranging the transfer to the replacement pole.

Response:

1. Please refer to I-54-Rogers-S2 Q1 d).

2. a) – b), d) – f) Please refer to I-54-Rogers-S2 Q1 d).

   c) USoA 1830 (Dx Poles, Towers and Fixtures) is used to record pole replacement costs associated with the poles and fixtures (crossarms, brackets, down guys, etc.).

   USoA 1835 is used to record expenditures associated with overhead conductors and devices (i.e. insulators, wire if needed).

3. - 4. Please refer to I-54-Rogers-S2 Q1 d).

Rogers Communications Interrogatory #S6

Issue:

Issue 54: Are the proposed specific service charges for miscellaneous services over the 2018 – 2022 period reasonable?

Reference:

Responses to Rogers Interrogatories

Interrogatory:

1. Please complete and confirm the entries in the following table using the most current information available (2017). Please enter actual numerical values and not references to OEB orders or evidentiary documents.

Attacher	Qty (end of 2017)	Current Rate	2017 Rate	2018 Rate
Telecom attachers				
Bell pole-sharing (Full)		N/A		N/A
Bell pole-sharing (Clearance)				
Other Telecom (Full)		$41.28		$47.43
Other Telecom (Clearance)		$30.96		$47.43
Generator Telecom		$41.28		$47.43
Total Telecom				
Other attachers				
Generator power facilities				$85.25
LDC power facilities				$85.25
Streetlights		$2.04		$2.04
Total Other				
Wireless attachers				
Bell antennas and wireless equip.				
Other antennas and wireless equip				
Total Wireless				

2. In your response to **Rogers-05(1)** regarding the number of Bell clearance poles, you responded with "N/A". What does this mean? Is it that Bell does not have any clearance poles? Or is it that Bell clearance poles are included in a different row in the table? Regardless of the answer, please provide the number of clearance poles used by Bell.

3. In **Rogers-05(2)**, **Rogers-05(8)(b)** and **Rogers-05(8)(c)**, we asked you why streetlights continue to pay only $2.04 when compared to other pole attachers, and whether Hydro One was under-recovering its costs and therefore requiring the ratepayers to subsidize these attachments. You responded as follows:

   For streetlight rates of $2.04 per year, $2.04 is a rate that was negotiated over 25 years ago for a light to be attached to a distribution 20 pole. Over the years, municipalities have lobbied the provincial government for the right to charge utilities for poles occupying their municipal right of ways. If Hydro One were to increase that rate, there is a risk that municipalities may get the right to charge for poles on right of ways, which would significantly increase the burden on the Hydro One ratepayer.

a) To your knowledge, when was the last time a municipality lobbied the provincial government for the right to charge utilities for their poles on municipal rights-of-way? Please provide evidence of such lobbying efforts.

b) You state that if Hydro One were to increase the streetlight rate, there is a risk that municipalities may obtain the right to charge for poles on their rights-of-way. Please describe the nature and quantum of this "risk". What would have to be done from a legislative point of view to make this happen?

c) You state that if municipalities get the right to charge for poles on municipal rights-of-way, this would *significantly* increase the burden on Hydro One ratepayers.

   i. What do you mean by "significantly"?

   ii. Have you actually assessed the quantum of this risk that this may impose on residential ratepayers? If so, what is that value? How much more would residential ratepayers end up paying?

d) Provide a list of the top ten municipalities that are using Hydro One poles for streetlights and show how many poles each municipality utilizes. Please use 2017 numbers.

4. We understand that Bell and Telus have been very active in the deployment of small cell antennas in the Province of Ontario, including on utility poles.

a) Has Hydro One entered into any agreements with Bell or other telecoms to allow them to attach antennas or other wireless equipment to Hydro One's joint use poles, now or in the future?

b) What is the pole attachment rate under these agreements?

5. In **Rogers-05(2)**, we asked how Hydro One intends to treat the revenues it may receive from wireless attachments, and whether it would adjust the wireline telecom pole attachment rate to reflect the additional revenues derived from these new pole attachments. You responded as follows:

Wireless attachment revenue will not be used to reduce the regulated amount for wireline attachments. It will be reported as external revenue, which will reduce Hydro One's distribution rate revenue requirement.

a) Does this statement still reflect your views?

b) If you do not intend to adjust the wireline attachment rate, please provide a rationale for this decision and explain why it would still be reasonable from a rate-making perspective.

c) Has this treatment of wireless attachment revenues been approved by the OEB? What makes you think that the Board would approve this approach?

Response:

1.

Attacher	Qty (end of 2017)*	Current Rate	2017 Rate	2018 Rate
Telecom attachers				
Bell pole-sharing (Full)	298,114	N/A	N/A	N/A
Bell pole-sharing (Clearance)	33,124	N/A	N/A	N/A
Other Telecom (Full)	274,463	$41.28	$41.28	$47.69[1]

[1] Correction to Rogers Interrogatory. See I-54-VECC-S134(c).

Attacher	Qty (end of 2017)*	Current Rate	2017 Rate	2018 Rate
Other Telecom (Clearance)	24,122	$30.96	$30.96	$47.69[1]
Generator Telecom	3,683	$41.28	$41.28	$47.69[1]
Total Telecom	633,506			
Other attachers				
LDC & Generator power facilities	14,263	Sliding Scale, 10 ft. of space = $47.82	Sliding Scale, 10 ft. of space = $47.82	$85.25
Streetlights	77,341	$2.04	$2.04	$2.04
Total Other	725,110			
Wireless attachers				
Bell antennas and wireless equip.	0	N/A	N/A	N/A
Other antennas and wireless equip	0	N/A	N/A	N/A
Total Wireless	0			

*The attacher numbers submitted in the first column ("Qty. (end of 2017)) represent the volumes at the beginning of 2017 as these would have been used for billing in 2017.

2. The clearance poles were included in the total number of Bell attachments in Rogers 5(1). The number of Bell attachments are separated in the table above.

3. - 5. Please refer to I-54-Rogers-S2 Q1 d).

Rogers Communications Interrogatory #S7

Issue:

Issue 54: Are the proposed specific service charges for miscellaneous services over the 2018 – 2022 period reasonable?

Reference:

Pole Rate Calculations (28-May-2018)
Pole Rate Work Form
EB-2015-0141 Decision
Pole Attachment Report
Responses to Rogers Interrogatories

Interrogatory:

1. In your response to **Rogers-06(1)**, you stated that no pole replacement costs had been included in *Pole Maintenance Expenses*. You also stated that poles replaced at the request of a third party are capitalized at the cost, less the third party's contribution, and the third party's contribution is inserted into *Account 1830* as a negative value.

a) Are these responses still valid?

b) Please provide a page from your audited financial statements or other suitable documents that demonstrates this practice of including a third party's contribution as a negative value in *Account 1830*.

2. In your response to **Rogers-06(2)**, you confirmed that power assets and other equipment owned or operated by Hydro One that are located on poles owned by other parties such as Bell are included in *Account 1830*, and therefore the calculation of NEC.

   We then asked you to provide a value for these assets (or your best estimate) for the years 2015, 2016 and 2017. You responded that Hydro One does not specifically track the cost of these fixtures separately in *Account 1830*.

a) If you do not "specifically track the cost of these fixtures separately", then please explain what you do track with respect to these fixtures.

b) If you still claim to have no viable numbers, please provide your best estimate. In doing so, please show how the number was obtained with supporting calculations, documents, assumptions and rationale. Who from Hydro One (including their title and job description) prepared this estimate?

c) Do you agree that these costs should not be included in the common costs of the pole that are shared with the telecom attacher?

d) Please describe what fixtures and other equipment Hydro One has installed on Bell-owned poles.

e) How many Bell-owned poles does Hydro One use for its power facilities? Please provide your answer for each of the years 2014-2018.

3. The following questions have to do with make-ready costs paid by telecom attachers.

a) Please describe the process under which a prospective telecom attacher is required to pay make-ready costs to attach to a joint use pole.

b) In **Rogers-06(2)(a)**, we asked you to provide the value of make-ready costs paid by telecom attachers in each of the years 2015-2017. You responded that you do not "track to this level of granularity".

Please explain how it is that you do not have records of make-ready costs paid by telecom attachers when you have to invoice them for such costs? What records of make-ready costs do you maintain?

c) In your response to **Rogers-06(2)(b)**, you asserted that telecom make-ready costs are included as a negative value in *Account 1830*. Please provide evidence from your 2017 audited financial statements that demonstrates this practice.

4. In your response to **Rogers-06(4),** you confirmed that, unless a common anchor is used, a telecom attacher is responsible for the costs of its own guying and anchors.

a) Is this response still valid?

b) Are the costs of guying and anchoring for all poles included in *Account 1830*? What is the value of these costs for the years 2017 and 2018.

c) If your response is that you do not track to this level of granularity, then please provide an estimate, including all assumptions and rationale to support the estimate. Who from Hydro One, including their title and job description, prepared this estimate?

d) If a telecom attacher is responsible for its own guying and anchors, why should guys and anchors be included as part of the NEC for the purpose of determining the pole attachment rate? Shouldn't these fall under pole-specific costs? Explain why or why not.

5. In your response to **Rogers-07(1)**, you stated that, over the last 10 years, 3,356 poles were replaced to accommodate the facilities of generators.

a) How many poles were replaced for this purpose in each of the years 2014 to 2017?

b) How many poles do you expect to replace for this purpose in 2018?

c) What is the value of the capital contributions provided by the generators for these poles in each of the years 2014 to 2017?

d) You also stated that these capital contributions were included as a negative value in *Account 1830*. Please provide evidence from your audited financial statements that demonstrate this transaction.

6. Hydro One has chosen to complete the OEB's Work Form, which allows an LDC to input its "Distributor Specific Inputs". Hydro One has done this for all the cost inputs and number of poles and attachers. Yet, despite the Work Form having a cell to input a specific percentage for power-only assets, you have simply chosen to use 15%.

In the Pole Attachment Working Group (PAWG) proceeding leading up to the *Pole Attachment Report*, Hydro One provided a detailed "proxy" for calculating the percentage of power-specific assets on joint use poles. This proxy methodology came up with a ratio of 17%, which was then whittled down to 15% to take into account certain extraordinary expenses. (It should be noted that the calculations and assumptions in this proxy were not challenged or substantiated.)

Given that Hydro One has now decided to seek a pole attachment rate based on its distributor-specific factors, please provide a detailed analysis that calculates the power-specific asset percentage, using a methodology similar to the proxy provided by Hydro One in the PAWG proceeding. (Rogers reserves the right to review and challenge whatever Hydro One prepares, whether through additional interrogatories or a technical conference.)

7. Does Account 1830 include structures such as towers that are not poles? If so, what is the 2017 and 2018 (forecast) values of these assets?

Response:

1. a) The amounts capitalized in USoA 1830 are the costs, minus the third party contributions.

   b) All Hydro One plant and equipment is recorded at original cost, net of customer contributions, and any accumulated impairment losses. The cost of additions, including betterments and replacement asset components, is included on the Consolidated Balance Sheets as property, plant and equipment[1].

2. a) USoA 1830 tracks all Hydro One owned poles and fixtures.

   b) Please refer to I-54-Rogers-S2 Q1 d).

   c) Yes. The OEB methodology includes a 15% reduction of Net Embedded Costs to remove power specific assets.

   d) The types of fixtures and other equipment that Hydro One has installed on Bell-owned poles are the same that Hydro One has attached to our own poles.

   e) Please refer to I-54-Rogers-S2 Q1 d).

[1] Interrogatory I-01-SEP-001 Attachment 1, page 9.

3. Please refer to I-54-Rogers-S2 Q1 d).

4.

a) Yes

b) Yes, the costs of guying and anchoring for all poles are included in USoA 1830. Hydro One is unable to distinguish these costs in USoA 1830.

c) Following the OEB's accounting guidelines, Hydro One is unable to distinguish these costs in USoA 1830.

d) Guying and anchoring costs are included as fixtures in USoA 1830. In following the OEB's workform, Net Embedded Cost is reduced by 15% to account for these fixtures.

5. a) - c) Please refer to I-54-Rogers-S2 Q1 d).

d) Please refer to 1 b) above.

6. Please refer to I-54-Rogers-S2 Q1 d).

7. Distribution steel towers are included in USoA 1830. The total value of these assets is below the materiality threshold.

Rogers Communications Interrogatory #S8

Issue:

Issue 54: Are the proposed specific service charges for miscellaneous services over the 2018 – 2022 period reasonable?

Reference:

Ex H1 - Joint Use Charges (26-Jun-2018)
Pole Rate Calculations (28-May-2018)
Pole Rate Work Form

Interrogatory:

1. In all versions of your calculations for the LDC/Generator pole attachment rate, you applied Hydro One's productivity factor to a variety of components of that rate, including:
    - the CPI adjustment to determine the rates from 2018 to 2022;
    - loss of productivity costs; and
    - administrative costs.

a) How come you use a productivity factor for the pole attachment rate for LDC/Generator attachers but not for telecom attachers? It is, after all, the same pole. Please explain this inconsistency.

b) If your answer is that, in the **Pole Attachment Report**, the OEB determined that there should be no productivity factor for telecom attachers, then please explain why this inconsistency in rate-making practice should exist and should not offend regulatory principles.

2. When calculating the 2018 LDC/Generator pole attachment rate, you used 2016 actuals for NEC to derive a 2017 rate. You then adjusted the 2017 rate with CPI and your productivity factor in order to come up with a 2018 rate. Yet, in calculating the 2018 pole attachment rate for telecom attachers, you used forecast numbers for 2018.

a) Please confirm that, in the **EB-2015-0141 Decision**, the OEB directed that Hydro One should use historical, and not forecast, numbers when calculating the telecom pole attachment rate. If this is not the case, then provide your understanding of this decision.

b) Please confirm that the **Pole Attachment Report** does not require an LDC to use forecast costs for the telecom pole attachment rate. If this is not the case, then provide your understanding of this report.

c) Please explain why the pole attachment rate for LDC/Generator attachers uses *historical* numbers (actuals) but the rate for telecom attachers uses *forecast* figures? It is, after all, the same pole. Please explain this inconsistency.

d) If your answer is that the **Pole Rate Work Form** includes a column for 2018 forecast numbers, then please explain why this inconsistency in rate-making should exist and should not offend regulatory principles.

3. In *Figure 1* at p.106 of **Ex H1 - Joint Use Charges (26-Jun-2018)**, you demonstrate that each of the two power attachers, Hydro One and the LDC/Generator, is responsible for 38.6% of the space on a 50 foot pole. Combined, the two power attachers are responsible for 77.2% of the pole and the associated common costs. This leaves 22.8% for the telecom attachers.

   However, the methodology you use for telecom attachers assigns 31.2% of the space (and 31.2% of the common costs) to the telecom attachers. As we see it, for these kinds of poles, Hydro One is recovering at least 108.4% of its common costs.

   Please confirm our understanding and explain why Hydro One is over-recovering its common costs by 8.4% and explain why the telecom attacher allocation factor for these poles should not be 22.8%. If you do not agree, please explain why.

Response:

1. a) Hydro One has applied the OEB's methodology for determining the telecom Joint Use rate.

   b) Please refer to I-54-Rogers-S2 Q1 d).

2. a) Please refer to I-54-Rogers-S2 Q1 d).

   b) The OEB workform uses 2018 forecasted costs to determine the current pole attachment charge.

c) Hydro One has applied the OEB's methodology for determining the telecom Joint Use rate.

d) Please refer to I-54-Rogers-S2 Q1 d).

3. Please refer to I-54-Rogers-S2 Q1 d).

Rogers Communications Interrogatory #S9

Issue:

Issue 54: Are the proposed specific service charges for miscellaneous services over the 2018 – 2022 period reasonable?

Reference:

Pole Rate Calculations (28-May-2018)
Pole Rate Work Form
Pole Attachment Report
Ex H1 - Joint Use Charges (26-Jun-2018)

Interrogatory:

1. In the PAWG Proceeding, two LDCs provided estimates of what portion of pole maintenance costs should be allocated to telecom attachers. Hydro One, with a pole population of roughly 1.5 million poles, proposed 5% and Hydro Ottawa, with just over 3% of Hydro One's pole population, proposed 92%. In the absence of any additional data and, without an exploration of why this huge disparity existed, the Board determined that it would be appropriate to use the median or average of **5%** and **92%,** to come up with **48.5%.**

a) Please confirm if that is also your understanding of how the Board came up with a figure of **48.5%.**

b) If this is not your understanding, provide what your understanding is.

2. Hydro One has chosen to complete the OEB's Work Form, which allows an LDC to input its "Distributor Specific Inputs". Hydro One has done this for all the cost inputs, as well as the number of poles and attachers. Yet, despite the Work Form requiring a specific input for allocation of pole maintenance costs, Hydro One has chosen to use **48.5%.**

a) Please explain why Hydro One has used **48.5%** when it calculated and proposed **5%** in the PAWG Proceeding.

b) Please substantiate why you believe **48.5%** is the appropriate number in light of your **5%** calculation.

3. At page 109 of ***Ex H1 - Joint Use Charges (26-Jun-2018)***, you calculate pole maintenance cost for LDC/Generator attachers, arriving at a figure of **$4.08** per pole. Yet, in this proceeding, you are proposing **$7.13** for telecom attachers.

   Please explain why you think it is reasonable for telecom attachers to pay a larger share of the pole maintenance costs than the LDC/Generators when the LDC/Generators take up more space on a pole.

4. Please demonstrate how you determined the **5%** allocation in the PAWG Proceeding, showing all calculations and assumptions.

5. Please provide a detailed calculation for *Pole Maintenance Expenses*, similar to what you have provided in your calculations for the LDC/Generator pole attachment rates.

Response:

1. Please refer to I-54-Rogers-S2 Q1 d).

2.

   a) Hydro One has applied the OEB's methodology and pole maintenance cost allocation factor for determining the Telecom Joint Use rate.

   b) Please refer to I-54-Rogers-S2 Q1 d).

3. Please refer to I-54-Rogers-S2 Q1 d).

4. Please refer to I-54-Rogers-S2 Q1 d).

5. Hydro One has applied the OEB's methodology to pole maintenance costs, Account 5120, and presented these costs in the OEB work form.

Rogers Communications Interrogatory #S10

Issue:

Issue 54: Are the proposed specific service charges for miscellaneous services over the 2018 – 2022 period reasonable?

Reference:

Pole Rate Calculations (28-May-2018)

Interrogatory:

In your Admin Costs of **$1.59** per pole, you include $1,109,258 for "Joint Use Staff Specific Labour".

1. Please describe in detail each of the applicable staff, including their job title and the functions they perform in their roles in support of these Admin Costs.

2. In addition to telecom attachments, do these staff members perform administrative work in respect of LDC/Generator attachments, Bell attachments (under pole-sharing arrangements) and streetlights?

3. In the years 2015, 2016 and 2017, how many permits did they review and issue for:

a) Telecom attachments that are required to pay the pole attachment rate;

b) LDC/Generator attachments;

c) Bell attachments (under pole-sharing arrangements); and

d) Streetlights.

Response:

1. The team consists of one clerk, three Joint Use officers, a supervisor, and a senior manager. The team monitors approximately 580 agreements, creates memos, resolves disputes, trains staff, monitors permits, issues invoices, monitors accounts receivables, performs Regulation 22/04 audits, works with joint use standards, distribution rate filings and, writes and negotiates new agreements.

Witness: BOLDT John

2. Yes.

3. The team does not review and issue permits. This work is performed by field staff.

Rogers Communications Interrogatory #S11

Issue:

Issue 54: Are the proposed specific service charges for miscellaneous services over the 2018 – 2022 period reasonable?

Reference:

Pole Rate Calculations (28-May-2018)

Interrogatory:

1. For your Loss of Productivity Costs of **$3.20** per pole, you use $2,321,078 for labour and vehicles associated with trouble calls dispatched on behalf of telecom attachers.

a) In 2017, how many, and what percentage, of these trouble calls were associated with Bell attachments (under pole-sharing arrangements)?

b) You describe numerous activities (Labour Types) required in connection with these trouble calls, such as DOMC, RLM and Clerical – Scheduling/CIS. For each Labour Type in this table, please describe what the acronyms mean and what activities are undertaken.

2. You state that the Loss of Productivity costs are based on 2017 hours and 2018 Labour Dollars. What is the difference between 2017 Labour Dollars and 2018 Labour Dollars? How were 2018 Labour Dollars determined?

Response:

1.

a) Trouble calls related to telecom wires are grouped together; the telecom attacher is not recorded.

b) DOMC stands for Distribution Operations Maintenance Centre. The staff in the DOMC will receive trouble calls from the customers, and dispatch the crews to address the trouble call.
RLM stands for Regional Line Maintainers. They respond to the trouble call.
Clerical – Scheduling/CIS (Customer Information System) staff complete the paperwork after the call.

2. Please see the table below for a comparison of the 2017 and 2018 fully burdened labour rates. Please refer to I-54-VECC-134(c) for the correction to the Loss of Productivity cost from $3.20 per pole, per attacher, to $3.22 per pole, per attacher.

Resource Type	2017 Labour Rate	2018 Labour Rate	Increase in 2018
DOMC Staff	$124.00	$125.00	$1.00
Regional Line Maintainer*	$123.00	$124.00	$1.00
Clerical – Scheduling/CIS*	$124.00	$125.00	$1.00

*The overtime rates are applied at 140% of the regular hours rates.

2018 Labour rates were determined based on standard labour rates for the resource doing the work.

Rogers Communications Interrogatory #S12

Issue:

Issue 54: Are the proposed specific service charges for miscellaneous services over the 2018 – 2022 period reasonable?

Reference:

Responses to Rogers Interrogatories

Interrogatory:

1. Will the proposed pole attachment rate for Hydro One apply to Norfolk Power, Haldimand County Hydro and Woodstock Hydro? If not, what pole attachment rate will apply to these three LDCs and when will it come into effect?

2. Have you done any kind of analysis to demonstrate that these three LDCs share substantially similar pole costs and number or telecom attachers as Hydro One has used in this proceeding?

Response:

1. Hydro One's proposed rate in this application will apply to the Acquired Utilities when they are integrated in 2021.

   Hydro One will apply the OEB's province-wide wireline pole attachment charge as set out in its *Accounting Guidance on Wireline Pole Attachment Charges* issued July 20th, 2018 to the Acquired Utilities' Telecom customers, until their integration in 2021.

2. No.

OEB Staff Interrogatory # S1

Issue:

Issue 54: Are the proposed specific service charges for miscellaneous services over the 2018 – 2022 period reasonable?

Reference:

Supplemental Explanation of Pole Attachment Rate Calculations, page 1;
HONI_SUB_Pole Attachment Workform_20180528, Tab 3. Direct Costs

Interrogatory:

Preamble:

In Tab 3 – Direct Costs of the Pole Attachment Workform, Table 4 - Administration Costs, Hydro One has entered zero dollars for both Direct Labour Costs related to billing and permit processing costs as well as for Inventory / direct purchases.

a) Please confirm there are no costs related to these sub accounts for all joint-use poles.

b) Are any costs related to these sub accounts being directly billed to carriers?

Response:

a) Confirmed.

Billing Costs: These costs are part of the Joint Use team's labour costs (Other Support Services Costs). Included is the Business Support Clerk, who verifies and releases bills for printing and mailing. The clerk also monitors Account Receivables and handles communication about invoices and bill collection. Hydro One's third party accounts receivable contractor prints the bills, mails them to the customer and enters the payments into the system once received. The work associated with the contractor is minimal, and is part of a larger contract, and therefore excluded from the calculation of the Joint Use rate.

Permit Processing Costs: The design technician work and permit processing costs would be billed directly to the carrier

Inventory/Direct Purchases: The inventory administration costs for the provincial Joint Use team are immaterial.

Witness: BOLDT John

If there are any direct purchases associated with work in the field, those costs would be billed directly to the carrier.

b) If there are any direct purchases associated with work in the field, those costs would be billed directly to the carrier.

OEB Staff Interrogatory # S2

Issue:

Issue 54: Are the proposed specific service charges for miscellaneous services over the 2018 – 2022 period reasonable?

Reference:

Supplemental Explanation of Pole Attachment Rate Calculations, page 1;
HONI_SUB_Pole Attachment Workform_20180528, Tab 3. Direct Costs

Interrogatory:

Preamble:

In Section 1.0 of the Supplemental Explanation, page 1, Hydro One provided the breakdown of Admin Costs of $1.59 per attacher, per pole as follows:

GIS Tracking (Joint Use Database Maintenance):
(2018 Joint Use Database enhancement costs = $38,378) + (Annual maintenance costs = 50 hours x $181/hour = $9,050) = $47,428

Joint Use Staff Specific Labour: $1,109,258.50

Total Administration Costs = $47,428+$1,109,258.50 = $1,156,686.50

Administration Cost Per Pole, Per Attacher = (2018 Total Administration Costs/Qty. of Joint Use Poles Extrapolated for 20,181)/2018 Number of Attachers Per Pole

Administration Cost Per Pole, Per Attacher = ($1,156,686.50/537,719)/1.35 = $1.59

a) Please confirm that the Joint Use Database enhancement costs of $38,378 are one-time costs. What types of activities are included as part of Hydro One's GIS tracking costs?

b) Please confirm whether there are additional Joint Use Database enhancements planned in the 5-year period. If yes, how will Hydro One take this cost increase into account going forward?

Witness: BOLDT John

c) Hydro One has submitted a cost for Joint Use Labour of $1,109,258.50. Please provide more detail on the types of labour activities that have been completed that are directly related to carrier pole attachments.

d) Could any of the labour activities identified above be considered "make ready"?

e) Why does Hydro One consider its Administrative Cost to be reasonable?

Response:

a) The Joint Use Database enhancement costs of $38,378 are one-time costs for 2018. There are also annual costs associated with the maintenance of a database.

Hydro One does not track GIS costs separately for Joint Use Poles. As submitted in Hydro One's May 28th, 2018 Supplemental Explanation, the Joint Use Database costs have been included under the GIS Tracking Cost.

b) No, however future enhancements to the database may be made where an update to the system is required.

c) The labour that has been submitted is the labour associated to the overall provincial Joint Use program. The team monitors agreements, creates memos, resolves disputes, trains staff, monitors permits, issues invoices, monitors accounts receivables, performs Regulation 22/04 audits, works with joint use standards, distribution rate filings and writes and negotiates new agreements.

d) No.

e) Hydro One has applied the OEB's methodology using the OEB workform to determine its Administration Cost. Hydro One has captured its Joint Use Database costs and total labour costs that are not collected through make ready work, as make ready work costs are billed directly to the third party.

OEB Staff Interrogatory # S3

Issue:

Issue 54: Are the proposed specific service charges for miscellaneous services over the 2018 – 2022 period reasonable?

Reference:

Supplemental Explanation of Pole Attachment Rate Calculations, pages 1-2;
Evidence Updated: 2017-0607, Exhibit H1, Tab 2, Schedule 3, page 103

Interrogatory:

Preamble:

In Section 3.0 of the Supplemental Evidence, Hydro One provided the calculation of the 2018 Net Embedded Cost:

**Net Embedded Cost (NEC) of $1,290.58** = {[2018 Forecasted Year End Acquisition Value, as stated in D2-01-02-01, Page 5 of 5, USoA 1830, Cost, Closing Balance ($3,380,110,026.80) – 2018 Forecasted Year End Acquisition Value, as stated in D2-01-02-01, Page 5 of 5, USoA 1830, Accumulated Depreciation, Closing Balance ($1,002,000,428.80) = $2,378,109,598.00]/Qty. of Poles Extrapolated for 2018 (1,566,272)}* 85%

And in Section 1, Hydro One provided the calculation of the 2016 Net Embedded Cost:

**2016 Net Embedded Cost (NEC) of $1,178.33** = {[2016 Year End Acquisition Value, ($3,079,485,436) – 2016 Accumulated Depreciation ($912,770,751) = $2,166,714,685]/Qty. of Poles December 31, 2016 (1,562,984)}* 85%

a) The Net Embedded Cost has increased by 9.5% (by staff's calculations, $1,290.58 - $1,178.33 = $112.25 increase). Please describe the factors that are driving this increase which ultimately drives higher carrying charges.

b) Given Hydro One's pole replacement programs over the next 5 years and planned mergers and acquisitions of smaller utilities, does Hydro One anticipate similar year-over-year increases in the Net Embedded Cost per pole?

Witness: BOLDT John

c) If Hydro One's Net Embedded Cost does escalate at the same rate over the next 5 years, would the annual inflationary adjustment to the Hydro One's new Pole Attachment charge cover this increase?

Response:

a) Over the two year period (2016 to 2018), the driving factor for the increase has been the addition of capital costs related to pole replacements (less the customer contribution). As older poles are replaced year over year, the cost of the replacement poles are capitalized within USoA 1830.

b) USoA 1830 will continue to reflect Hydro One's capital investments. The impact of a merger and acquisition on Hydro One's Net Embedded Cost per pole would depend on the value of the acquired utility's USoA 1830 and the number of poles.

c) To the extent that costs inflate greater than the annual inflationary adjustment, the new pole attachment charge would not cover the total increase.

OEB Staff Interrogatory # S4

Issue:

Issue 54: Are the proposed specific service charges for miscellaneous services over the 2018 – 2022 period reasonable?

Reference:

Supplemental Explanation of Pole Attachment Rate Calculations, page 2;
Updated Evidence: 2017-0607, Exhibit H1, Tab 2, Schedule 3, page 103

Interrogatory:

Preamble:

In Section 4.0 of the Supplemental Explanation page 2, Hydro One provided Depreciation Cost of $33.45:

4.0 Depreciation Cost of $33.35

- Depreciation Rate = 1.82%
  Depreciation Rate = 1/Hydro One's Useful Life of Poles (as stated in C1-06-01, Attachment 1, Page 22) = 1/55 = 1.82%

and Updated Evidence: 2017-06-07, Exhibit H1, Tab 2, Schedule 3, page 103 Hydro One provided:

2016 Depreciation Cost of $28.47 = [2016 Year End Acquisition Value ($3,079,485,436)*HONI Depreciation Rate (1.7%)*85% allocation factor remove any pole-associated assets]/Qty. of Poles (1,526,984).

In the HONI_SUB_Pole Attachment Workform_20180528, Tab Appendix Provincial Rate, the other utilities that participated in the Pole Attachment Consultation had higher depreciation rates.

Hydro One's supplemental evidence uses a depreciation rate based on a useful pole life of 55 years. In its evidence from 2017 noted above, Hydro One uses a 60 year pole life.

a) Please confirm that Hydro One is requesting that depreciation expense be calculated from a useful life of 55 years.

Witness: BOLDT John

b) Please provide rationale for the decrease in the useful lives of poles from 60 years to 55 years.

c) Does Hydro One have any evidence to show that joint-use poles have a shorter pole life expectancy because of additional stresses placed on them because of third party attachments? Should joint-use poles be depreciated at a different rate than dedicated power poles?

d) Will Hydro One's planned pole replacement program impact the average pole useful life that it assumes?

e) Does pole size impact the useful life of Hydro One poles? Has this been factored into the average pole life that Hydro One assumes for its pole population?

f) What impact does geographical location have on pole life? Has this been factored into the average pole life that Hydro One assumes for its pole population?

g) Are Hydro One poles more susceptible to storm damage than other utilities because of their average age?

Response:

a) Confirmed.

b) Hydro One has followed the OEB methodology in the OEB's workform, Hydro One inputted the useful life of poles at 55 years found in Exhibit C1-06-01, Attachment 1 page 22. Hydro One did not use a useful life of 60 years previously.

c) Please refer to I-54-Rogers-S2 Q1 d). However, for the benefit of the Board and the parties, Hydro One can advise that it did not make any evidentiary submissions that could assist with this interrogatory.

d) Changes to Hydro One's pole replacement program that impact the expected useful service life of poles, may impact depreciation rates. Hydro One would need to engage its external depreciation consultant, Foster Associates, to review the program changes and assess any impact on rates.

e) – g) Please refer to I-54-Rogers-S2 Q1 d).

OEB Staff Interrogatory # S5

Issue:

Issue 54: Are the proposed specific service charges for miscellaneous services over the 2018 – 2022 period reasonable?

Reference:

Supplemental Explanation of Pole Attachment Rate Calculations, page 2
HONI_SUB_Pole Attachment Workform_20180528, Tab Appendix Provincial Rate.

Interrogatory:

Preamble:

In Section 6.0 of the Supplemental Evidence, Hydro One provided the calculation of Capital Carrying Cost of $96.66:

6.0 Capital Carrying Cost of $96.66 = 2018 Forecasted Net Embedded Cost as calculated in Line 3 above ($1,290.58) * 2018 Before Tax Weighted Average Cost of Capital (WACC) (7.49%)

a) Please provide the breakdown of the calculation of the pre-tax WACC, and a comparison of the changes in the pre-tax WACC for the bridge and test years.

b) Why is Hydro One's pre tax WACC higher than the WACC of other utilities that participated in the pole attachment consultation? (Please reference File: HONI_SUB_Pole Attachment Workform_20180528, Tab Appendix Provincial Rate)

c) Does Hydro One anticipate this rate decreasing or increasing significantly in the next five years or remaining approximately the same?

Response:

a) The pre-tax WACC is calculated as follows:
Pre-tax WACC = (Target Long Term Debt Ratio * Medium & Long Term Borrowing Rate) + (Target Short Term Debt Ratio * Short Term Borrowing Rate) + (Target Equity Ratio * Target Before Tax Return on Equity)

The rates below, also filed in EB-2017-0049, Exhibit Q, Tab 1, Schedule 1, Section 1.3, Table 8, show the Hydro One rates for 2018:

Distribution WACC	**2017**	**2018**
Rates		
Short term borrowing rate	1.76%	2.29%
Medium & Long Term Borrowing Rate	4.43%	4.47%
Allowed Return on Equity	8.78%	9.00%
Capital structure		
Target Short-term debt ratio	4.00%	4.00%
Target Long-term debt ratio	56.00%	56.00%
Preferred shares	0.00%	0.00%
Target Equity Ratio	40.00%	40.00%
Proxy Income Tax Rate	26.50%	26.50%
Pre-tax WACC	7.33%	7.49%

The 2018 target pre-tax Return on Equity is calculated as follows: Allowed Return on Equity/(1-Proxy Income Tax Rate) = 9.00%/(1-26.50%) = 9.00%/73.50% = 12.24%.

Therefore, the 2018 pre-tax WACC = (56% * 4.47%) + (4% * 2.29%) + (40% * 12.24%)
= 2.5032% + 0.0916% + 4.896%
= **7.49%**

b) Hydro One is unable to answer this question as we don't have the data that was used to compute the other utilities' pre-tax WACC.

c) To determine the Joint Use Telecom Charge (Rate Code 30) over the application period, the 2018 WACC rate is used to determine the 2018 charge. The 2018 charge is then inflated annually by the projected Implicit Price Index.

OEB Staff Interrogatory # S6

Issue:

Issue 54: Are the proposed specific service charges for miscellaneous services over the 2018 – 2022 period reasonable?

Reference:

Supplemental Explanation of Pole Attachment Rate Calculations, page 2
Updated Evidence: 2017-06-07, Exhibit H1, Tab 2, Schedule 4, page 103

Interrogatory:

Preamble:

In Section 5.0 of the Supplemental Evidence, Hydro One provided Pole Maintenance Cost of $7.25:

5.0 Pole Maintenance Costs of $7.25

= [USoA 5120, as stated in G1-03-01, Attachment 3, Sheet I3 Trial Balance Data, Cell H392 ($23,422,812.70)/ Qty. of Poles Extrapolated for 2018 (1,566,272) = $14.95]*Allocation to Third Parties Determined by OEB (48.50%) = $7.25

and

Updated Evidence: 2017-06-07, Exhibit H1, Tab 2, Schedule 3, page 104 Hydro One provided:

3. 2016 Pole Maintenance Costs of $4.08

Lines Maintenance

USofA 5120: Maintenance of Poles, Towers and Fixtures

Sub Account 1464 - Trouble Calls ($14.14M) + Subaccount 1467 - OM&A Cost Storm Response ($1.56M) + Subaccount 1469 - Defect Corrections ($1.34M) = $17.04M
$17.04M x 5% (5% of the time work is pole related) = $0.85M

Witness: BOLDT John

a) Why has account 5120 increased from $17.04 M to $23.4 M, a 37% increase in less than 2 years?

b) Please confirm whether the costs in subaccount 1464 as filed represent the breakdown of costs in account 5120.

c) Does Hydro One have any indication that this account will keep increasing at this rate over the next 5 years?

d) In its May 28, 2018 supplemental explanation of evidence, Hydro One has used an allocation factor of 48.5% (as determined by OEB1) of account 5120 rather than 5% as per updated evidence filed on June 7, 2017. In Hydro One's view, does the 48.5% represent a more accurate allocation for pole maintenance attributed to communication carriers for its pole population?

e) Going forward, could Hydro One break out maintenance costs by sub account for joint-use poles only?

Response:

a) USoA 5120 has not increased by 37%. The $17.04M filed in Exhibit H1-02-03, page 103 is made up of only certain subaccounts, as further stated in H1-02-03, page 104 of 112. In following the OEB's methodology, the $23.04M filed in Hydro One's Supplemental Explanation, is the forecasted 2018 year-end balance of USoA 5120.

b) A portion of subaccount 1464 is allocated to USoA 5120, and for 2016, that portion is shown in Exhibit H1-02-03, page 104 of 112.

c) The rate of increase calculated in a) is not accurate. Please refer to a) above.

d) Hydro One has applied the OEB's methodology and pole maintenance cost allocation factor for determining the telecom Joint Use rate.

e) Yes, it could be possible.

OEB Staff Interrogatory # S7

Issue:

Issue 54: Are the proposed specific service charges for miscellaneous services over the 2018 – 2022 period reasonable?

Reference:

Supplemental Explanation of Pole Attachment Rate Calculations, page 2
Evidence Updated: 2017-06-07, Exhibit H1, Tab 2, Schedule 4, page 103

Interrogatory:

Preamble:

In Section 7.0 of the Supplemental Explanation page 2, Hydro One provided the calculation of the Average Number of Attachers Per Pole.

Average Number of Attachers Per Pole = (2018 Total Number of Permitted Poles for All Attachers /Qty. of Joint Use Poles Extrapolated for 2018) = 726,240/537,719 = 1.35

a) Based on Hydro One's proposed pole replacement program and planned mergers and acquisitions of utilities, does Hydro One project the count to increase or decrease in the upcoming 5 years or remain relatively stable?

b) If Hydro One is predicting a change in the count going forward, please provide a range.

Response:

a) When the three acquired utilities are integrated into Hydro One, the average number of attachers per pole will remain relatively stable.

b) The three acquired utilities would result in an increase from 1.35 to 1.37 Average Number of Attachers Per Pole.

Average Number of Attachers Per Pole = (2018 Total Number of Permitted Poles for All Attachers, including three acquired utilities /Qty. of Joint Use Poles Extrapolated for 2018,

including three acquired utilities) = (726,240+18,916[1])/(537,719+5,811[2]) = 745,156/543,530 = 1.37

[1] I-42-VECC-58 shows the number of telecom attachments being integrated from the acquired LDCs. I-42-VECC-63 shows the number of streetlight attachments being integrated from the acquired LDCs.
[2] Poles integrated from acquired utilities: Norfolk Power – 3,072, Haldimand Hydro – 1,347, Woodstock Hydro – 1,392.

Vulnerable Energy Consumers Coalition Interrogatory #S130

Issue:

Issue 54: Are the proposed specific service charges for miscellaneous services over the 2018 – 2022 period reasonable?

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)

Interrogatory:

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?

Response:

a) i) There were no enhancement costs in 2017.
ii) Annual maintenance costs = 50 hours x $180/hour[1] = $9,000

[1] This is the fully burdened labour rate for 2017. In 2018, the fully burdened labour rate increased to $181/hour.

b) The 50 hours are for ongoing maintenance to the database system that is used to track billing information for joint use partners, and create, maintain and supersede permits. It is a web-based application used to track all executed joint use agreements. The actual hours for 2017 were 50 hours, as shown in 1. a) above. The maintenance team allocates approximately one hour every week for Joint Use database maintenance. They address a number of issues including: breaks in the code where the system goes down, permit applications which did not upload properly, server maintenance, billing assistance for the joint use database billing system.

c) This is a fully burdened labour rate for the staff performing Joint Use Database enhancement work in 2018. The components of fully burdened labour rates are described in Exhibit C1-03-01-01.

d) There were no enhancements to the database in 2017. Enhancements completed in 2018 were to provide new options for telecommunication companies in regards to standard deviations. The specific items were:
   i) Ability for Hydro One technicians to input the poles which have these deviations.
   ii) Additional reports which can be run to provide the updates to the Electrical Safety Authority for these deviations.
   iii) Changes to all forms on the Joint Use Database to show the deviations to the users[2].
   iv) Added an additional search field in the Joint Use Database for the users to find permits by streets.

e) The only enhancement was undertaken in 2016, at a cost of $22,400.

f) In the years 2013-2016, 50 hours has consistently been allocated to maintenance of the Joint Use database, at that year's appropriate labour rate.

[2] The user of the form is primarily a technician, but the form may also be used by the Joint Use team or other employees inside Hydro One

Vulnerable Energy Consumers Coalition Interrogatory #S131

Issue:

Issue 54: Are the proposed specific service charges for miscellaneous services over the 2018 – 2022 period reasonable?

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)

Interrogatory:

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?

Response:

a) The labour that has been submitted is the labour associated to the overall provincial Joint Use program. The team monitors agreements, creates memos, resolves disputes, trains staff, monitors permits, issues invoices, monitors accounts receivables, performs Regulation 22/04 audits, works with joint use standards, distribution rate filings and writes and negotiates new agreements. These activities are associated with all attachers. Please also see I-54-Staff-S2(c).

b) $1,109,258.50 is the labour cost that will be incurred in 2018 by the provincial Joint Use team at Hydro One.

c)

Year	Joint Use Staff Specific Labour Cost
2013	$1,026,373
2014	$1,080,772
2015	$1,114,082
2016	$1,242,163
2017	$1,151,190

d) These are the annual labour costs incurred by the provincial Joint Use team at Hydro One.

Vulnerable Energy Consumers Coalition Interrogatory #S132

Issue:

Issue 54: Are the proposed specific service charges for miscellaneous services over the 2018 – 2022 period reasonable?

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

Interrogatory:

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.

Response:

a) No.

b) Please see I-54-Rogers-S2 Q1 (d).

Vulnerable Energy Consumers Coalition Interrogatory #S133

Issue:

Issue 54: Are the proposed specific service charges for miscellaneous services over the 2018 – 2022 period reasonable?

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)

Interrogatory:

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.

Response:

a) DOMC stands for Distribution Operations Maintenance Centre. The staff in the DOMC will retrieve trouble calls from the customers, and dispatch the crews to address the trouble call.

RLM stands for Regional Line Maintainers. They are the workers that respond to the trouble call.

b) Yes.

c) Hydro One responds to any trouble calls related to a telecom related asset that is relayed to us from an Ontario resident or a first responder. Hydro One does not have the ability to determine if it is only telecom related at the time that the call is received. To positively identify, a trouble truck is dispatched to the location, and if hazardous, the Hydro One crew will control the hazard for the safety of the public and notify the appropriate carriers.

d) The composition of the rates is described in C1-03-01, Attachment 1 for labour rates, and C1-03-01, Attachment 2 for fleet rates.

e) Different staff with a different labour rate performs the annual maintenance costs for the Joint Use Database.

f) Below is the requested information. Note, Hydro One received fewer trouble calls in respect of telecom assets in 2016 than in 2017.

2016 Trouble Calls on Behalf of Telecom Companies, with 2018 Labour Rates Applied

Labour Type	2016 Duration of Call (Minutes)	Quantity of Personnel	2016 Total Labour Hours	2018 Labour Rate	Total Labour Dollars
Distribution Operations Maintenance Centre (Reg. Hours)	95207.01667	1	1586.783611	$132.00	$209,455.44
Regional Line Maintainer (regular hours)	90292.03333	2	3009.734444	$124.00	$373,207.07
Regional Line Maintainer (Overtime)	104359.8167	2	3478.660556	$172.20	$599,025.35
Large Vehicle for Regional Line Maintainer	194651.85	1	3244.1975	$57.00	$184,919.26
Clerical - Scheduling (Reg. Hours)	559.3	1	9.321666667	$125.00	$1,165.21
Clerical - Scheduling (Overtime)	2582.166667	1	43.03611111	$175.00	$7,531.32
					$1,375,303.64
			Labour Only		$1,190,384.38

Vulnerable Energy Consumers Coalition Interrogatory #S134

Issue:

Issue 54: Are the proposed specific service charges for miscellaneous services over the 2018 – 2022 period reasonable?

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)

Interrogatory:

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 3rd 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 3rd party attachers per pole as opposed to just the number of telecom carrier attachers per pole.

Response:

a) Confirmed.

b) Yes, Hydro One does dispatch trouble calls related to lines and equipment owned by other 3rd party attachers. The times associated with these trouble calls are not included in the Table under Item #2 on page 1.

c) In accordance with the OEB workform, we used the total joint use poles and the associated allocation factor to determine the Loss of Productivity rate.

Correction to Supplemental Evidence
In Hydro One's submission on May 28, 2018, we submitted that the Total Cost of Wires Down that Hydro One incurred on behalf of telecom carriers was $2,321,078.13, and that

was calculated based on 2017 trouble call data. Our submission stated that we applied 2018 labour rates to determine the amount. In error, 2017 labour rates were used in that calculation.

Using the 2018 labour rates, with the 2017 trouble call data, the Total Cost of Wires Down amount comes to $2,336,836.55. This would increase the Total Loss of Productivity, per pole, per attacher by two cents, to $3.22, and would also increase the 2018 pole attachment charge by two cents from $47.67 to $47.69.

Vulnerable Energy Consumers Coalition Interrogatory #S135

Issue:

Issue 54: Are the proposed specific service charges for miscellaneous services over the 2018 – 2022 period reasonable?

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)

Interrogatory:

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?

Response:

a) In the OEB's decision, the OEB did not include costs for primary neutrals, copper down grounds and grounding rods, which Carriers bond/connect to based on CSA standards. Hydro One has not submitted them following the OEB approved work form.

b) No.

Vulnerable Energy Consumers Coalition Interrogatory #S136

Issue:

Issue 54: Are the proposed specific service charges for miscellaneous services over the 2018 – 2022 period reasonable?

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)

Interrogatory:

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).

Response:

a) Hydro One began tracking data at this level beginning in 2016. Please see below for the data in Tab 2, Tables 1 through 3 for 2016. See also in I-54-Staff-260(b) which includes similar information for attacher data only.

Type of Attacher	**2016 Actual Volumes**
Telecom Attacher	300,126
Bell Canada	331,238
Streetlights	83,238
LDC & Generators	15,176
Total	**729,778**

b) Please see the tables below as well as I-54-Rogers-S04:

Total Joint Use Pole Count Extrapolated for 2018 using 2016-2017 Data			
Height	YE 2016 Poles with Joint Use	YE 2017 Poles with Joint Use	Increase in JU Pole Count 2016-2017
30'	48,455	48,615	160
35'	140,983	143,681	2,698
40'	146,824	151,467	4,643
45'	105,231	108,754	3,523
"=>50'"	70,721	71,930	1,209
"<=25' or Unknown	1,051	1,045	-6
Total	513,265	525,492	12,227

Total Pole Count Extrapolated for 2018 using 2016-2017 Data			
Height	YE 2016	YE 2017	Increase in Pole Count 2016-2017
30'	227,366	223,024	-4,342
35'	503,407	500,014	-3,393
40'	427,877	432,907	5,030
45'	230,031	233,978	3,947
"=>50'"	162,279	163,968	1,689
"<=25' or Unknown	12,024	10,737	-1,287
Total	1,562,984	1,564,628	1,644

c) Confirmed.

d) Confirmed that i) is correct, the numbers in Table 1 reflect the number of attachers regardless of whether or not the pole concerned has a telecom attacher.

e) Please see I-54-Rogers-S2 Q1 (d).

f) Confirmed that ii) is correct. There was an internal audit on streetlights performed to confirm the number of lights being billed to municipalities, and the number was corrected in 2017. We do not track streetlights separately from traffic lights.

g) LDCs are attached to 10,144 poles for power space, and Generators are attached to 4,123 poles for power space.

h) Please see I-54-Rogers-S2 Q1 (d).

i) No.

Vulnerable Energy Consumers Coalition Interrogatory #S137

Issue:

Issue 54: Are the proposed specific service charges for miscellaneous services over the 2018 – 2022 period reasonable?

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)

Interrogatory:

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.

Response:

a) The volumes shown for Joint Use poles are based on i) the number of joint use poles regardless of whether or not the pole concerned has a telecom attacher.

b) Please see I-54-Rogers-S2 Q1 (d).

Vulnerable Energy Consumers Coalition Interrogatory #S138

Issue:

Issue 54: Are the proposed specific service charges for miscellaneous services over the 2018 – 2022 period reasonable?

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)

Interrogatory:

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.

Response:

a) HONI did not attempt to complete Table 10 in Tab 4-a because HONI already showed the derivation of the 15% during the Pole Attachment Working Group ("PAWG") meetings, and accepts the OEB's direction at 15% to remove power related fixtures. Please see the instructions at the top of Tab 4a) which state: "Instructions: If a change to the default allocation of 15% power deduction is proposed, please complete Table 10-a".

b) N/A

Vulnerable Energy Consumers Coalition Interrogatory #S139

Issue:

Issue 54: Are the proposed specific service charges for miscellaneous services over the 2018 – 2022 period reasonable?

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

Interrogatory:

a) 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.

b) What was the applicable depreciation rate for Account 1830 for each of the years 2013-2017?

Response:

a) The 2018 forecasted depreciation expense was derived below, using the half-year rule for additions and disposals to the asset base.

2018 YE Asset Base	$	3,200.7
x Depreciation rate		1.70%
Depreciation Expense	$	54.4

b) The depreciation rate for Account 1830 was[1]:
   a. 2013-2014: 1.83%
   b. 2015-2017: 1.7%

[1] EB-2013-0416 C1-06-01 Attachment 1 page 22.

Vulnerable Energy Consumers Coalition Interrogatory #S140

Issue:

Issue 54: Are the proposed specific service charges for miscellaneous services over the 2018 – 2022 period reasonable?

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)

Interrogatory:

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?

Response:

a) The pre-tax WACC is calculated as follows:
Pre-tax WACC = (Target Long Term Debt Ratio * Medium & Long Term Borrowing Rate) + (Target Short Term Debt Ratio * Short Term Borrowing Rate) + (Target Equity Ratio * Target Before Tax Return on Equity)

The rates below, also filed in EB-2017-0049, Exhibit Q, Tab 1, Schedule 1, Section 1.3, Table 8, show the Hydro One rates for 2018:

Distribution WACC	**2017**	**2018**
Rates		
Short term borrowing rate	1.76%	2.29%
Medium & Long Term Borrowing Rate	4.43%	4.47%
Allowed Return on Equity	8.78%	9.00%
Capital structure		
Target Short-term debt ratio	4.00%	4.00%
Target Long-term debt ratio	56.00%	56.00%
Preferred shares	0.00%	0.00%
Target Equity Ratio	40.00%	40.00%
Proxy Income Tax Rate	26.50%	26.50%
Pre-tax WACC	7.33%	7.49%

The 2018 target pre-tax Return on Equity is calculated as follows: Allowed Return on Equity/(1-Proxy Income Tax Rate) = 9.00%/(1-26.50%) = 9.00%/73.50% = 12.24%.

Therefore, the 2018 pre-tax WACC = (56% * 4.47%) + (4% * 2.29%) + (40% * 12.24%)
= 2.5032% + 0.0916% + 4.896%
= **7.49%**

See also I-54-Staff-S5(a).

b) The 2017 Before Tax Weighted Average Cost of Capital was 7.33%. Please see below for the derivation.

Distribution WACC	**2017**
Rates	
Short term borrowing rate	1.76%
Medium & Long Term Borrowing Rate	4.43%
Allowed Return on Equity	8.78%
Capital structure	

Target Short-term debt ratio	4.00%
Target Long-term debt ratio	56.00%
Preferred shares	0.00%
Target Equity Ratio	40.00%
Proxy Income Tax Rate	26.50%

As shown in I-54-Staff-S5(a), the pre-tax WACC is calculated as follows:
Pre-tax WACC = (Target Long Term Debt Ratio * Medium & Long Term Borrowing Rate) + (Target Short Term Debt Ratio * Short Term Borrowing Rate) + (Target Equity Ratio * Target Before Tax Return on Equity)

The Target Before Tax Return on Equity is calculated as follows:
Allowed Return on Equity/(1-Proxy Income Tax Rate) = 8.78%/(1-26.50%) = 8.78%/73.50% = 11.95%.

Therefore, the pre-tax WACC is: = (56% * 4.43%) + (4% * 1.76%) + (40% * 11.95%)
= 2.4808% + 0.0704% + 4.776%
= **7.33%**

c) No. Hydro One's submissions request to use the 2018 WACC rate to determine the 2018 charge and then to inflate the 2018 charge annually by the projected Implicit Price Index.

Vulnerable Energy Consumers Coalition Interrogatory #S141

Issue:

Issue 54: Are the proposed specific service charges for miscellaneous services over the 2018 – 2022 period reasonable?

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)

Interrogatory:

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.

Response:

a) No.

Only telecom attachers are located in the telecom space. There are 633,506 attachers in the telecom space.

The LDCs and generator attachers are located in the power space. The streetlight attachers are located above the telecom space.

Vulnerable Energy Consumers Coalition Interrogatory #S142

Issue:

Issue 54: Are the proposed specific service charges for miscellaneous services over the 2018 – 2022 period reasonable?

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

Interrogatory:

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.

Response:

a) Please see I-54-Rogers-S2 Q1 (d).

b) Please see I-54-Rogers-S2 Q1 (d).

Witness: BOLDT John

Vulnerable Energy Consumers Coalition Interrogatory #S143

Issue:

Issue 54: Are the proposed specific service charges for miscellaneous services over the 2018 – 2022 period reasonable?

Reference:

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

Interrogatory:

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?

Response:

a) Yes.

b) HONI is projecting the rate for 2019-2022 based on forecasted IPI to offer the telecommunications companies the ability to forecast their future expenses.