EB-2017-0049

Ontario Energy Board

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, (Schedule B);

AND IN THE MATTER OF an Application by **Hydro One Networks Inc.**, pursuant to the *Ontario Energy Board Act* for an Order or Orders approving electricity distribution rates and charges commencing January 1, 2018;

Motion to compel Hydro One to response to Rogers' Supplemental Interrogatories

October 18, 2018

(a) Background

1. Rogers seeks an order that Hydro One Networks Inc ("**HONI"** or "**Hydro One**") serve and file full and complete responses to the following interrogatories of Rogers dated August 2, 2018 (the "**Rogers Interrogatories**") which HONI has refused to answer in the answers of HONI dated August 23, 2018:

(a) Rogers-S02 1(d), 1(e), 2, 3(a), 3(b), and 4;

(b) Rogers-S03 1(b);

(c) Rogers-S05 1, 2(a), 2(b), 2(d), 2(e), 2(f), 3, and 4;

(d) Rogers-S06 3(a), 3(b), 3(c), 3(d), 4(a), 4(b), 5(a), 5(b), and 5(c);

(e) Rogers-S07 1(b), 2(b), 2(d), 2(e), 3(a), 3(b), 3(c), 4(c), 5(a), 5(b), 5(c), 6, and 7; and

(f) Rogers-S08 1(a), 1(b), 2(b), and 3.

2. Rogers wishes to confirm that, contrary to its Notice of Motion, that there is no Rogers-S08 4.

3. Rogers recognizes and accepts the confines of this motion as set forth in Notice of Motion and Procedural Order No. 9, and makes these submissions in that context.

4. In the OEB's March 22, 2018 letter in file number EB-2015-0304, the OEB stated that it "has determined that it is in the public interest to set a province-wide wireline pole attachment charge (the "**Pole Attachment Charge**") of $43.63. The new charge will apply to all licensed distributors that have not received OEB approval for a distributor-specific pole attachment charge." [emphasis added]

5. The authority for a licensed distributor to seek a distributor-specific Pole Attachment Charge arises from the Final Report of the OEB in file number EB-2015-0304, dated March 22, 2018 (the "**Final Report**") at page 52, in which the Board directs:

> "At the time of rebasing, LDCs may choose to select the provincially approved charge or to use utility specific costs and pursue an LDC-specific pole attachment charge that better reflects their cost structures,

> using the OEB's updated methodology. LDCs that choose to apply for a custom charge will be required to submit specific inputs from sub-accounts and file the OEB workform. The OEB's filing requirements and guidelines will provide additional details."

6. The OEB Specific Services Charges – Wireline Pole Attachment Work Form (the "**Workform**") sets out the instructions for using LDC-specific costs:

> "This workform provides a template for distributors to display and report information in a consistent and standardized format, if a distributor specific charge is requested for approval. Please complete Tabs 1 to 4 of this work form, and Tab 4-a if applicable, in order to apply for a variance to the province-wide pole attachment charge at time of rebasing. The costing inputs underpinning direct costs are linked to Tab 3, and those underpinning indirect costs are linked to Tab 4. Attacher and pole population information is requested in Tab 2.
>
> The majority of information in Summary Tab 1 is linked to other spreadsheets and is intended to provide an overview of distributor-specific information pertinent to the calculation of the pole attachment charge. Please refer to the comments for further guidance on completing the workform."

7. The Workform sets out the instructions for using an LDC-specific power deduction factor:

> <u>If a change to the default allocation of 15% power deduction is proposed</u>, please complete Table 10-a on the costs by circuit configuration separating out common and power-only fixture costs, and provide detailed tables on construction costs from sample work orders for the distributor's typical pole designs. Please provide any additional analysis in a new tab.
>
> Hydro One's methodology to confirm the 15% power deduction factor was undertaken in 3 steps:
>
> 1) For each pole design, the labour hours of installation for each work order activity was used to determine a ratio to allocate costs for the 'pole' vs. 'power fixtures'. These ratios were used to separate out any common cost of labour, vehicle (truck) and work equipment into 'power' vs. 'pole' cost categories.
> 2) Material costs can similarly be divided out, using the established ratios; contractor costs for installing the pole were pole related.
> 3) Common and power only costs were weighted by the proportion of poles that have different circuit configurations.

8. Hydro One has now applied for approval for a distributor-specific Pole Attachment Charge in this proceeding, which it has calculated pursuant to the Workform. However, it has done so without using its own utility-specific costs in a number of instances, relying instead on the input from the Boards' default province-wide rate. In essence, Hydro One has applied for a distributor-specific Pole Attachment Charge by a process of "picking and choosing" between its

own utility-specific costs and the default inputs adopted by the OEB to the province-wide Pole Attachment Charge. In doing so, Hydro One has sought a Pole Attachment Charge that is inconsistent with the methodology adopted by the OEB, not to mention the direction of the Board in the Final Report.

9. Given the clear statement in the Final Report set out in paragraph 4 above, Hydro One may either accept the default province-wide rate (in which case there is no need for this hearing), or may apply for a custom rate using its own LDC-specific evidence and inputs (which it purports to have done). Nowhere in the Final Report does the Board allow an LDC to concoct a hybrid rate, using some of its own inputs and some of the inputs used for the calculation of the default rate. That's is what Hydro One has done here. This apparent "cherry picking" of inputs by Hydro One is inappropriate and methodologically incorrect.

10. Accordingly, Rogers (and all stakeholders participating in EB-2017-0049) require an opportunity to thoroughly understand and test Hydro One's LDC specific data for each variable required to complete the Workform, and disregard Hydro One's use of the default inputs.

11. This is the first case in which an LDC is seeking a utility-specific Pole Attachment Charge. The issues raised by Hydro One's hybrid use of the methodology set out in the Final Report pose significant questions of first impression that will determine how that methodology is to be applied, not only in this case, but in the future. Further, as the largest LDC in the province with the largest number of pole and pole attachments, the determination of these questions will significantly impact all businesses with attachments to Hydro One poles.

(b) An Order Compelling Answers to Interrogatories is Required

12. The Rogers Interrogatories in particular were made to Hydro One in order to seek information relevant to issues defined in this proceeding as they relate to the Pole Attachment Rate, specifically:

(a) Issue 49: "Are the inputs to the cost allocation model appropriate and are costs appropriately allocated?"

(b) Issue 54: "Are the proposed specific service charges for miscellaneous service over the 2018-2022 period reasonable?"

13. Furthermore, the Rogers Interrogatories are intended to address the OEB's focus in this proceeding, as stated by the OEB in its Decision and Procedural Order No. 8 dated July 12,

2018, whether Hydro One's May 28, 2018 updated evidence for the Pole Attachment Charge is consistent with the Final Report.

14. Furthermore, full responses to the following Rogers Interrogatories, as described herein, are required to in order for Rogers to test the utility-specific inputs applied or required to be applied by Hydro One.

15. In the tables below, Rogers sets forth its interrogatories, the Hydro One responses and the reasons why the interrogatory should be answered.

53-Rogers-S02: Costs of installed poles

Responses to the following questions are required to determine the value of Net Embedded Cost (NEC) per pole that is attributable to telecom attachers. The Workform defines NEC as follows:

> *The capital cost of a distribution pole includes the cost of installing a bare pole. This includes the net embedded cost of poles applicable to third party telecom attachers (USoA #1830 - Poles, Towers and Fixtures less accumulated depreciation, multiplied by a power deduction factor).*

Rogers believes that the NEC is inflated by the inclusion of very expensive poles that exceed 45' in height that, for the most part, are not required for telecom attachers. It is unreasonable for Rogers and other Carriers to pay for more expensive poles that are generally required by LDCs and power generators. Responses to the interrogatories are necessary to determine the portion of the NEC which is truly attributable to telecom attachers.

	Question	Response
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?	*Yes*
(b)	If you do not track installed value per pole length, what do you track with respect to the installed costs of your poles?	*In USoA 1830, we track the total capitalized cost of all poles and fixtures less any customer contribution.*
(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.	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. Pole Replacement – Cost per Pole This metric is newly proposed as part of this Application. This cost per unit metric will demonstrate how successful Hydro One is in delivering productivity improvement in this area. In addition, the pole replacement program has been an area of interest in previous applications, with the OEB directing Hydro One to complete a benchmarking study to support this Application. Hydro One completed this study through Navigant and First Quartile, which can be found in Section 1.6 of the Distribution System Plan. This metric will allow for benchmarking over time and will allow for cost per unit comparisons with other distributors. There are many factors that could impact the average cost per pole such as whether it is going into earth or rock, or the height and type of pole required. These circumstances will change the cost of poles and will cause fluctuations within the program, which is why the programs cost per unit should be viewed as a trend versus an individual year. In addition to providing useful information on cost trending, variances in performance between periods will also inform management on factors affecting costs and enable corrective actions and improvements to be made.

<table>
<tr><th></th><th>Question</th><th>Response</th></tr>
<tr><td></td><td></td><td>Total cost of pole replacement program
Number of poles replaced</td></tr>
<tr><td>(d)</td><td>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?</td><td>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.</td></tr>
<tr><td>(e)</td><td>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
<table>
<tr><th>Pole Height</th><th>Installed Cost Relative to 40' pole</th></tr>
<tr><td><=25</td><td></td></tr>
<tr><td>30</td><td></td></tr>
<tr><td>35</td><td></td></tr>
<tr><td>40</td><td>100%</td></tr>
<tr><td>45</td><td></td></tr>
<tr><td>>=50</td><td></td></tr>
</table></td><td>This interrogatory is not relevant to the scope defined by PO8.</td></tr>
<tr><td>2.</td><td>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.
<table>
<tr><th>Pole Height</th><th>Primary purpose or application</th></tr>
<tr><td><=25</td><td>Secondary power and telecom service poles
Backlot construction (No vehicle access)</td></tr>
<tr><td>30</td><td>Secondary power and telecom service poles
Backlot construction (No vehicle access)</td></tr>
<tr><td>35</td><td>Secondary power and Telecom service poles
Road crossing</td></tr>
<tr><td>35</td><td>Guying poles for road crossings (stub pole)</td></tr>
<tr><td>40</td><td>Standard LDC/Telecom JUP
Side of a road</td></tr>
<tr><td>45</td><td>Standard LDC/Telecom JUP
Road or highway crossing</td></tr>
<tr><td>50</td><td>Standard LDC/Generator JUP
Along the side of a road</td></tr>
<tr><td>55-60</td><td>Standard LDC/Generator JUP</td></tr>
</table></td><td>This interrogatory is not relevant to the scope defined by PO8.</td></tr>
</table>

<table>
<tr><th></th><th>Question</th><th>Response</th></tr>
<tr><td></td><td>
<table>
<tr><td></td><td>Road or highway crossing</td></tr>
<tr><td>Above 65</td><td>LDC/Generator JUP (Hydro One + multiple circuits)
Deep ditches and ravines</td></tr>
</table>
</td><td></td></tr>
<tr><td>3.</td><td colspan="2">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.</td></tr>
<tr><td>(a)</td><td>Is this response still valid?</td><td>This interrogatory is not relevant to the scope defined by PO8.</td></tr>
<tr><td>(b)</td><td>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)?</td><td>This interrogatory is not relevant to the scope defined by PO8.</td></tr>
<tr><td>4.</td><td>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).
<table>
<tr><th>Pole Height</th><th>2017</th><th>2018</th></tr>
<tr><td><=25</td><td></td><td></td></tr>
<tr><td>30</td><td></td><td></td></tr>
<tr><td>35</td><td></td><td></td></tr>
<tr><td>35</td><td></td><td></td></tr>
<tr><td>40</td><td></td><td></td></tr>
<tr><td>45</td><td></td><td></td></tr>
<tr><td>50</td><td></td><td></td></tr>
<tr><td>55-60</td><td></td><td></td></tr>
<tr><td>Above 65</td><td></td><td></td></tr>
</table>
</td><td>This interrogatory is not relevant to the scope defined by PO8.</td></tr>
</table>

53-Rogers-S03: Costs per pole vs number of poles

Responses to the following questions are required to understand why the costs of poles have gone up by a third but the number of poles has stayed relatively constant. Rogers and the Carriers ought not to be required to subsidize a pole replacement program.

In response to 53-Rogers-S03 1(b) below, Hydro One did not provide the requested evidence or calculations.

<table>
<tr><th></th><th>Question</th><th>Response</th></tr>
<tr><td>1.</td><td colspan="2">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.
<table>
<tr><th></th><th>2014 actuals</th><th>2015 actuals</th><th>2016 actuals</th><th></th><th>2017 actuals</th><th>2018 forecast</th></tr>
<tr><td>Total poles % change</td><td>--</td><td>-0.2%</td><td>-0.8%</td><td></td><td>-0.7%</td><td>-0.6%</td></tr>
<tr><td>Joint use poles % change</td><td>--</td><td>-0.40%</td><td>-10.9%</td><td></td><td>-8.8%</td><td>-6.7%</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Percentage change</td><td>--</td><td>8%</td><td>19%</td><td></td><td>25%</td><td>31%</td></tr>
<tr><td>Percentage change</td><td>--</td><td>12%</td><td>25%</td><td></td><td>31%</td><td>37%</td></tr>
</table></td></tr>
<tr><td>(a)</td><td>Please confirm the values provided in the above table, fill in the missing values and correct any errors.</td><td>Complete</td></tr>
<tr><td>(b)</td><td>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.</td><td>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.</td></tr>
</table>

53-Rogers-S04: Number of poles and attachers

Responses to the following questions are required to reconcile apparent inconsistencies in Hydro One's numbers. For example:

- How can the number of joint use poles (i.e., poles with attachments) increase but not the number of attachments?
- Why are threre considerably more 50' poles than power attachers, when it is primarily power attachers that use these poles?

Hydro One has answered the questions but has not provided the requested detail and back-up data to support their responses.

<table>
<tr><th></th><th>Question</th><th>Response</th></tr>
<tr><td></td><td>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.
<table>
<tr><th>Total Poles</th><th>2017</th><th>2018</th><th>Delta</th></tr>
<tr><td>30</td><td>223,024</td><td>218,682</td><td>-4,342</td></tr>
<tr><td>35</td><td>500,014</td><td>496,621</td><td>-3,393</td></tr>
<tr><td>40</td><td>432,907</td><td>437,937</td><td>5,030</td></tr>
<tr><td>45</td><td>233,978</td><td>237,925</td><td>3,947</td></tr>
<tr><td>50 and higher</td><td>163,968</td><td>165,657</td><td>1,689</td></tr>
<tr><td>Unknown</td><td>10,737</td><td>9,450</td><td>-1,287</td></tr>
<tr><td>Total</td><td>1,564,628</td><td>1,566,272</td><td>1,644</td></tr>
<tr><th>Joint Use Poles</th><th>2017</th><th>2018</th><th>Delta</th></tr>
<tr><td>30</td><td>48,615</td><td>48,775</td><td>160</td></tr>
<tr><td>35</td><td>143,681</td><td>146,379</td><td>2,698</td></tr>
<tr><td>40</td><td>151,467</td><td>156,110</td><td>4,643</td></tr>
<tr><td>45</td><td>108,754</td><td>112,277</td><td>3,523</td></tr>
<tr><td>50 and higher</td><td>71,930</td><td>73,139</td><td>1,209</td></tr>
<tr><td>Unknown</td><td>1,045</td><td>1,039</td><td>- 6</td></tr>
<tr><td>Total</td><td>525,492</td><td>537,719</td><td>12,227</td></tr>
<tr><th>ATTACHERS</th><th>2017</th><th>2018</th><th>Delta</th></tr>
<tr><td>Telecom</td><td>302,268</td><td>303,394</td><td>1,126</td></tr>
<tr><td>Overlashers</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Bell Canada</td><td>331,238</td><td>331,238</td><td>-</td></tr>
<tr><td>Streetlights</td><td>77,341</td><td>77,341</td><td>-</td></tr>
<tr><td>LDC Generators</td><td>14,263</td><td>14,267</td><td>4</td></tr>
<tr><td>Total</td><td>725,110</td><td>726,240</td><td>1,130</td></tr>
</table></td><td></td></tr>
<tr><td>(a)</td><td>Please confirm the values provided in the table above. If there are any errors or omissions, please correct them.</td><td>Confirmed</td></tr>
<tr><td>(b)</td><td>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.</td><td>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.</td></tr>
</table>

	Question	Response
(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.	*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.*

53-Rogers-S05: Poles that are replaced

Responses to the following questions are required to determine the value of NEC per pole that is attributable to telecom attachers, an LDC-specific entry to the Workform.

Specifically, responses to the following questions are required to determine whether Hydro One has undertaken an aggressive pole replacement program beyond replacing poles that are rotted or falling down or whether Hydro One is replacing poles for the needs of other attachers. It is Rogers' submission that Rogers and other Carriers should not be paying for poles which Hydro One replaced before the end of their natural life. Accordingly, and contrary to the position of Hydro One, the interrogatories are relevant to this application.

<table>
<tr><th></th><th>Question</th><th>Response</th></tr>
<tr><td>1.</td><td>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.</td><td>This interrogatory is not relevant to the scope defined by PO8.</td></tr>
<tr><td>2.</td><td colspan="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.</td></tr>
<tr><td>(a)</td><td>If you do not track to this level of granularity, what do you track with respect to pole replacements?</td><td>This interrogatory is not relevant to the scope defined by PO8.</td></tr>
<tr><td>(b)</td><td>Please describe the reasons or the conditions under which you replace poles.</td><td>This interrogatory is not relevant to the scope defined by PO8.</td></tr>
<tr><td>(c)</td><td>Which account codes are used to record pole replacement expenditures?</td><td>USoA 1835 is used to record expenditures associated with overhead conductors and devices (i.e. insulators, wire if needed).</td></tr>
<tr><td>(d)</td><td>How do you identify which poles require replacement?</td><td>This interrogatory is not relevant to the scope defined by PO8.</td></tr>
<tr><td>(e)</td><td>How do you budget which poles will be replaced in a given year and in future years?</td><td>This interrogatory is not relevant to the scope defined by PO8.</td></tr>
<tr><td>(f)</td><td>Please complete the following tables regarding the number of poles replaced for each year stated.
Total poles replaced
<table>
<tr><th>Pole Height</th><th>2014</th><th>2015</th><th>2016</th><th>2017</th></tr>
<tr><td><=25</td><td></td><td></td><td></td><td></td></tr>
<tr><td>30</td><td></td><td></td><td></td><td></td></tr>
</table></td><td>This interrogatory is not relevant to the scope defined by PO8.</td></tr>
</table>

	Question	Response

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?	*This interrogatory is not relevant to the scope defined by PO8.*
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.	*This interrogatory is not relevant to the scope defined by PO8.*

53-Rogers-S06: Number and types of attachers

Responses to the following questions are required to understand exactly who is using Hydro One poles and what they are paying to do so. In doing so, Rogers seeks to understand the basis upon which streetlights are paying $2 per pole.

<table>
<tr><th></th><th>Question</th><th>Response</th></tr>
<tr><td>1.</td><td>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.
<table>
<tr><th>Attacher</th><th>Qty (end of 2017)</th><th>Current Rate</th><th>2017 Rate</th><th>2018 Rate</th></tr>
<tr><td colspan="5">Telecom attachers</td></tr>
<tr><td>Bell pole-sharing (Full)</td><td>298,114</td><td>N/A</td><td>N/A</td><td>N/A</td></tr>
<tr><td>Bell pole-sharing (Clearance)</td><td>33,124</td><td>N/A</td><td>N/A</td><td>N/A</td></tr>
<tr><td>Other Telecom (Full)</td><td>274,463</td><td>$41.28</td><td>$41.28</td><td>$47.43</td></tr>
<tr><td>Other Telecom (Clearance)</td><td>24,122</td><td>$30.96</td><td>$30.96</td><td>$47.43</td></tr>
<tr><td>Generator Telecom</td><td>3,683</td><td>$41.28</td><td>$41.28</td><td>$47.43</td></tr>
<tr><td>Total Telecom</td><td>633,506</td><td></td><td></td><td></td></tr>
<tr><td colspan="5">Other attachers</td></tr>
<tr><td>Generator and LDC power</td><td>14,263</td><td>10 ft.= $47.82</td><td>10 ft. = $47.82</td><td>$85.25</td></tr>
<tr><td>Streetlights</td><td>77,341</td><td>$2.04</td><td>$2.04</td><td>$2.04</td></tr>
<tr><td>Total Other</td><td>725,110</td><td></td><td></td><td></td></tr>
<tr><td colspan="5">Wireless attachers</td></tr>
<tr><td>Bell antennas and wireless equip.</td><td>0</td><td>N/A</td><td>N/A</td><td>N/A</td></tr>
<tr><td>Other antennas and wireless equip</td><td>0</td><td>N/A</td><td>N/A</td><td>N/A</td></tr>
<tr><td>Total Wireless</td><td>0</td><td></td><td></td><td></td></tr>
</table></td><td>Completed.</td></tr>
<tr><td>3.</td><td colspan="2">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.</td></tr>
<tr><td>(a)</td><td>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.</td><td>This interrogatory is not relevant to the scope defined by PO8.</td></tr>
<tr><td>(b)</td><td>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</td><td>This interrogatory is not relevant to the scope defined by PO8.</td></tr>
</table>

	Question	Response
	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"?	*This interrogatory is not relevant to the scope defined by PO8.*
(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?	*This interrogatory is not relevant to the scope defined by PO8.*
(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.	*This interrogatory is not relevant to the scope defined by PO8.*
Responses to the following questions are required to understand how Hydro One intends to treat revenues from wireless attachments compared to wireline attachments. Wireless attachment fees are unregulated and based on "market rates". As these fees are unregulated, they appear to be outside of the fees that are used to recover the costs of the pole, requiring that the wireline attachers are required to disproportionately bear pole costs.		
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?	*This interrogatory is not relevant to the scope defined by PO8.*
(b)	What is the pole attachment rate under these agreements?	*This interrogatory is not relevant to the scope defined by PO8.*
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?	*This interrogatory is not relevant to the scope defined by PO8.*
(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.	*This interrogatory is not relevant to the scope defined by PO8.*
(c)	Has this treatment of wireless attachment revenues been approved by the OEB? What makes you think that the Board would approve this approach?	*This interrogatory is not relevant to the scope defined by PO8.*

53-Rogers-S07: NEC and power-specific assets

Responses to the following questions are required to determine the value of NEC per pole that is attributable to telecom attachers, an LDC-specific entry to the Workform.

Responses are also required to ensure that the NEC excludes capital contributions to the pole inventory coming from other parties (e.g., poles provided by power generators, poles installed by telecom attachers as part of make-ready). It would appear that Hydro One has confirmed that third party contributions are netted out, but did not provide the requested evidence of that practice.

	Question	Response
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?	*The amounts capitalized in USoA 1830 are the costs, minus the third party contributions.*
(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*.	*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.*
In the next set of questions, Rogers sought to determine whether the NEC excluded certain power assets (cross arms, etc.) that Hydro One has installed on Bell poles. Hydro One responded that it did not track this level of detail and refused to provide an estimate, saying that it is irrelevant.		
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.	*USoA 1830 tracks all Hydro One owned poles and 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?	*This interrogatory is not relevant to the scope defined by PO8.*
(c)	Do you agree that these costs should not be included in the common costs of the pole that are shared with the telecom	*Yes. The OEB methodology includes a 15% reduction of Net Embedded Costs to remove power specific*

	Question	Response
	attacher?	*assets.*
(d)	Please describe what fixtures and other equipment Hydro One has installed on Bell-owned poles.	*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)	How many Bell-owned poles does Hydro One use for its power facilities? Please provide your answer for each of the years 2014-2018.	*This interrogatory is not relevant to the scope defined by PO8.*
Responses to the following questions are required to determine if the NEC excluded the cost of make-ready work that is performed on the poles to allow Rogers to attach (including guying and anchors for poles). These costs should not be included because Rogers and other Carriers are paying them directly. Also, the original guys and anchors should not be provided because Rogers and the Carriers guys and anchors when cables are installed. Therefore the questions about make-ready are relevant because their value should be excluded from the NEC.		
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.	*This interrogatory is not relevant to the scope defined by PO8.*
(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?	*This interrogatory is not relevant to the scope defined by PO8.*
(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.	*This interrogatory is not relevant to the scope defined by PO8.*
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?	*Yes*
(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?	*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.* ***Rogers Note: Here is Hydro One admitting that these costs are included but cannot determine them.***
(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	*Following the OEB's accounting guidelines, Hydro One is unable to distinguish these costs in USoA 1830.*

	Question	Response
	from Hydro One, including their title and job description, prepared this estimate?	***Rogers Note: We asked Hydro One to provide an estimate. They simply responded by saying, "we can't".***
(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.	*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.* ***Rogers Note: This statement is blatantly false. Anchors and guy guards are shown as "Pole Related (Common) Costs" and not as "Power Fixture Costs (Only)". Therefore, they cannot be part of the 15%.***
Responses to the following questions are required to determine whether the NEC excludes new and bigger poles that were installed at the request of a third party generator, on the same basis as Question 1.		
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?	*This interrogatory is not relevant to the scope defined by PO8.*
(b)	How many poles do you expect to replace for this purpose in 2018?	*This interrogatory is not relevant to the scope defined by PO8.*
(c)	What is the value of the capital contributions provided by the generators for these poles in each of the years 2014 to 2017?	*This interrogatory is not relevant to the scope defined by PO8.*
(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.	*Please refer to 1 b) above.* ***Rogers Note: Again, the requested evidence was not provided.***
Responses to the following questions are required to determine why Hydro One chose to use the LDC cost- specific Workform but did not use their own specific value for the power-only deduction. Instead, they used the default value of 15%. The Workform states as follows: *Instructions: If a change to the default allocation of 15% power deduction is proposed, please complete Table 10-a on the costs by circuit configuration separating out common and power-only fixture costs, and provide detailed tables on construction costs from sample work orders for the distributor's typical pole designs. Please provide any additional analysis in a new tab.* Hydro One cannot apply for a distributor-specific Pole Attachment Charge by a process of "picking and choosing" between its own utility-specific costs and the default inputs adopted by the OEB in calculating the province-wide Pole Attachment Charge. In doing so, Hydro One seeks a Pole Attachment Charge that is inconsistent with the methodology adopted by the OEB.		
6.	Hydro One has chosen to complete the OEB's Work Form, which allows an LDC to input its "Distributor Specific	*This interrogatory is not relevant to the scope defined by PO8.*

	Question	Response
	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?	*Distribution steel towers are included in USoA 1830. The total value of these assets is below the materiality threshold.* ***Rogers Note: Hydro One did not answer the question. They did not provide a value.***

53-Rogers-S08: LDC/Generator Pole Attachment Rate

Responses to the following questions are required to identify inconsistencies between the rate-making methodology for LDC/Generator attachers and telecom attachers, even though they are using the very same pole. While the OEB rewrote the methodology for poles in the PAWG Report, it did nothing to change the methodology for these power attachers. The result is that telecom attachers are operating under a more punitive regulatory regime than other parties attaching to the very same pole.

	Question	Response
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.	*Hydro One applied the OEB's methodology.*
(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.	*This interrogatory is not relevant to the scope defined by PO8.*
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.	*This interrogatory is not relevant to the scope defined by PO8.*
(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.	*The OEB workform uses 2018 forecasted costs.*
(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.	*Hydro One applied the OEB's methodology.*
(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.	*This interrogatory is not relevant to the scope defined by PO8.*

	Question	Response
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.	*This interrogatory is not relevant to the scope defined by PO8.*

53-Rogers-S09: Pole Maintenance

Hydro One chose to use the LDC-specific Workform. The Workform provides as follows:

Allocation to Third Parties (default) is set at 48.5%

It then asks the LDC to provide a percent breakdown of the following cost components:

-Pole related costs

-Power fixture costs

It then asks the LDC to provide "Notes or Rationale for Change", presumably for the change from the 48.5%.

The default value of 48.5% is the median average of 5% (number provided by Hydro One) and 92% (number provided by London Hydro). Hydro One did not insert its own allocation factor. Instead, it is taking advantage of the skewed default value.

Responses to the following questions are required to expose this flagrant and illogical inequity. Since Hydro One has chosen to use LDC-specific inputs, all of these inputs are reviewable. Hydro One cannot be permitted to pick and choose default values in order to achieve the most beneficial result.

	Question	Response
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%.**	*This interrogatory is not relevant to the scope defined by PO8.*
(b)	If this is not your understanding, provide what your understanding is.	*This interrogatory is not relevant to the scope defined by PO8.*
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.	*Hydro One applied the OEB's methodology and pole maintenance cost allocation factor.*
(b)	Please substantiate why you believe **48.5%** is the appropriate number in light of your **5%** calculation.	*This interrogatory is not relevant to the scope defined by PO8.*
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	*This interrogatory is not relevant to the scope defined by PO8.*

	Question	Response
	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.	*This interrogatory is not relevant to the scope defined by PO8.*
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.	*Hydro One applied the OEB's methodology to pole maintenance costs, Account 5120, and presented these costs in the OEB work form.*