



EB-2017-0049

Hydro One Networks Inc.

**Application for electricity distribution rates beginning
January 1, 2018 until December 31, 2022**

DECISION AND PROCEDURAL ORDER NO. 11

October 26, 2018

Hydro One Networks Inc. (Hydro One) filed a 5-year Custom Incentive Rate-setting application with the Ontario Energy Board (OEB) on March 31, 2017 under section 78 of the *Ontario Energy Board Act, 1998*,¹ seeking approval for changes to its distribution rates, to be effective January 1, 2018 to December 31, 2022.

Background

On May 18, 2018, the OEB issued its Decision on Confidentiality and Procedural Order No. 6 in this proceeding, which provided for submissions by Hydro One, Rogers Communications Canada Inc. (Rogers) and other parties on how the OEB might move forward on the matter of pole attachments in light of the March 22, 2018 issuance of the *Report of the Ontario Energy Board – Wireline Pole Attachment Charges* (the Pole Attachment Report).

The OEB received submissions on this matter from Hydro One, OEB staff, Rogers and a number of other intervenors. Hydro One's submission, filed on May 28, 2018 included updated evidence on its pole attachment charge. Hydro One stated that its updated calculation of the 2018 charge is based on the application of the OEB's methodology set out in the Pole Attachment Report.

¹ S.O. 1998, c. 15, (Schedule B)

On September 4, 2018, after a number of other procedural steps which included supplementary interrogatories on Hydro One's updated evidence, Rogers filed a motion (the motion) which requested the following two items of relief:

- An Order that Hydro One serve and file full and complete responses to the interrogatories listed in Rogers' Notice of Motion, which Rogers asserted Hydro One had refused to answer in the August 23, 2018 responses to interrogatories.
- An Order that, following the hearing of and decision on this motion, and the provision of any supplementary responses provided by Hydro One pursuant to that decision, a technical conference be held with respect to any matters arising from the interrogatories and all of Hydro One's responses, on a date to be set by the OEB.

On September 26, 2018, the OEB, in Notice of Motion Hearing and Procedural Order No. 9, determined that it would hear this motion by way of an oral hearing which was held on October 18, 2018.

Findings

The OEB notes that, during the oral hearing of the motion, the Pole Attachment Report and its relationship to the associated workform was the subject of considerable discussion. The OEB considers it necessary that this matter be dealt with before it can proceed to make a decision on the motion.

The OEB finds that the Power Deduction Factor and the Maintenance Cost Allocation to Third Parties must be based on Hydro One-specific costs when it is seeking approval for a custom pole attachment charge.

The OEB acknowledges that the Pole Attachment Report references the workform.² The workform is pre-populated with values for the Power Deduction Factor (15%) and the Maintenance Cost Allocation to Third Parties (48.5%), and provides the option of overriding these values with local distribution company (LDC)-specific values. The OEB agrees with Hydro One that while the workform may have been prepared by OEB staff, it is an OEB document.

² On pages 35 and 52.

The Pole Attachment Report states that “LDCs may apply for a custom pole attachment charge using the OEB’s methodology and their own specific costs where the province wide rate does not reflect their specific costs.”³ The Pole Attachment Report does not explicitly state that the percentages for the Power Deduction Factor or the Maintenance Cost Allocation to Third Parties (15% and 48.5%, respectively) are part of the OEB’s methodology; they are the percentages used in the calculation of the province-wide pole attachment charge. Therefore, the OEB finds that these factors must be based on Hydro One-specific costs when it is seeking approval for a custom pole attachment charge.

The Pole Attachment Report is the statement of the OEB’s policy for wireline pole attachments. The workform, as referenced in the Pole Attachment Report, is intended to be the tool to facilitate the implementation of that policy. The OEB has determined that the workform provided an option (i.e. using the pre-populated values) that was not explicitly provided for in the Pole Attachment Report. The OEB, therefore, finds that the options that should be available to Hydro One are to either use the province-wide rate or to apply for a custom pole attachment charge using the OEB’s methodology and its own specific costs, including the Power Deduction Factor and Maintenance Cost Allocation to Third Parties values.

Given the OEB’s determination that the pre-populated values for the Power Deduction Factor (15%) and the Maintenance Cost Allocation to Third Parties (48.5%) cannot be used for the calculation of an Hydro One-specific pole attachment charge, the OEB is providing Hydro One with the opportunity to reassess whether it will proceed with an LDC-specific calculation. If Hydro One determines that it will proceed, it is required to file revised values using its specific costs to replace the percentages used in the calculation of the province-wide charge.

The OEB will then make its determination on whether responses will be required to the interrogatories identified by Rogers in its motion.

On October 16, 2018, Rogers filed supplementary motion material in which it discussed its reasons for requesting further responses to various interrogatories. In that material, Rogers noted that if Hydro One were to accept the default province-wide rate, “there is no need for this hearing.”⁴ The OEB agrees. If Hydro One accepts the province-wide

³ Pole Attachment Report, p. 35.

⁴ Rogers Communications Canada Inc., “Responses to Rogers Supplemental Interrogatories,” p. 4, para 9.

rate, the motion will become moot and no further responses to the interrogatories in question will be required.

Hydro One is required to notify the OEB as to how it plans to proceed by November 2, 2018.

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Hydro One shall advise the OEB as to whether it will adopt the province-wide pole attachment rate, or continue to proceed with an LDC-specific rate, and copy intervenors by November 2, 2018.

All filings to the OEB must quote the file number, EB-2017-0049, be made in searchable /unrestricted PDF format electronically through the OEB's web portal at <https://www.pes.ontarioenergyboard.ca/eservice/>. Two paper copies must also be filed at the OEB's address provided below. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at <http://www.oeb.ca/Industry>. If the web portal is not available parties may email their documents to the address below. Those who do not have internet access are required to submit all filings on a flash drive in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Martin Davies, at martin.davies@oeb.ca and OEB Counsel, James Sidlofsky, at james.sidlofsky@oeb.ca.

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DATED at Toronto, October 26, 2018

ONTARIO ENERGY BOARD

Original Signed by

Kirsten Walli
Board Secretary