



Subject Utility Corridors on Public Land		Policy PL 4.10.03	
Compiled by - Branch Lands and Waters	Section Land Management	Date Issued October 27, 2006	
Replaces Directive Title Utility Corridor Management	Number PL 4.10.03	Dated January 1, 2002	Page 1 of 12

1.0 DEFINITIONS

In this policy,

“distribution” means the lesser capacity portion of a company’s utility corridor network used for the delivery of hydrocarbons, electrical energy or telecommunication services to customers within a market area;

“memorandum of agreement” means an agreement negotiated between MNR and another party (e.g. a utility company) acknowledging the party's use of certain public lands under the jurisdiction of the Ministry for the construction, maintenance and operation of utility services;

“public land” means land under the control and management of the Minister of Natural Resources including lands managed under the Public Lands Act and Provincial Parks and Conservation Reserves Act and more specifically:

- ungranted public lands (i.e. unpatented Crown land);
- acquired property which has been deemed to be public lands in accordance with subsection 38 (2) of the Public Lands Act;
- common and public highways in territory without municipal organization; and
- lands under water which are deemed public lands under provisions of the Beds of Navigable Waters Act.

“multi site land use permit” means a Public Lands Act land use permit which includes multiple locations for the same use (e.g. lines, cables, ground beds) which are identified on an Appendix accompanying the permit;

“transmission” means the higher capacity portion of a company’s utility corridor network used for the transportation of hydrocarbons, electrical energy or telecommunication services over large distances to market areas; and

“utility corridor” means linear strips of land that run through public land to secure access between two points for the purpose of transmitting and distributing hydrocarbons, electrical energy or telecommunication services and includes such facilities as poles, towers, wire, cable (including fibre optic cable), apparatus or other thing that is used or is capable of being used for any operation directly connected with providing the service.

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2.0 INTRODUCTION

The Ministry of Natural Resources supports the continued development, maintenance and use of utility infrastructure on public land, consistent with the Ministry's vision of sustainable development. Ontario currently has over 36,000 hectares of public land under occupational authority by the various utility companies. A lineal network of transmission and distribution lines provides electrical and hydrocarbon energy transmission and distribution throughout the Province and assists in providing accessibility to new energy generating projects.

The development of new utility corridors and the expansion of existing corridors is generally based on the location of the generating facility relative to the existing network of pipelines and hydro transmission corridors and the ultimate destination served (i.e. urban areas). Expansion proposals can take the form of new lines or widening of existing lines and is subject to receiving all necessary approvals (e.g. Environmental Assessment Act).

Prior to submitting an application to establish a new utility corridor on Crown land, an applicant is encouraged to pre-consult the local Ministry field office in order to pre-identify and scope any land use issues or environmental and social constraints that may affect locational and development approval of the facility and related infrastructure (e.g. roads). Co-location of additional lines within an existing right of way is encouraged, in order to reduce the overall impact on the Crown land base.

The Ministry's Crown Land Use Policy Atlas (CLUPA) is a useful tool for obtaining information on the land use policies affecting Crown lands in central and northern Ontario. Generally, utility corridors and related infrastructure may be permitted in all Crown land use designations, save and except conservation reserves and provincial parks, where differing land use direction, management plan or permitted use direction may apply.

MNR will review an application for a location consistent with the Ministry's legislative, policy, and procedural requirements, including those detailed in:

- Class Environmental Assessment for MNR Resource Stewardship and Facility Development Projects;
- Class Environmental Assessment for Provincial Parks and Conservation Reserves;
- PL 4.02.01 Application Review and Land Disposition Process; and
- PL 4.10.03 Utility Corridors on Public Land (Procedure).

The accompanying procedure provides greater detail with respect to the application, review, approval and issuance of tenure for a new utility corridor.

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3.0 PROGRAM DIRECTION

3.1 Goal

To provide clear and consistent policy direction to the utility industry, Ministry staff and the public on land tenure arrangements and the rental fee structure for utility corridors situated on public land in Ontario.

3.2 Objectives

The objectives of this policy are to:

- provide a standardized and consistent approach to land tenure for utility corridors situated on public land;
- provide a standardized and consistent rental fee structure for utility corridors; and
- provide a fair market return to Ontario for the use of public land by the utility industry.

4.0 AUTHORIZATION AND TENURE

A standardized approach to the granting of tenure and the establishment and collection of rent for the occupation of public land by utility companies provides for fairness, consistency and equity. Rental rates, length of term, tenure type and terms and conditions within tenure documents will be applied uniformly across the province.

4.1 Memorandums of Agreement

In order to support a more efficient business relationship, this policy supports the use of memorandums of agreement (MOA) between the Ministry and utility companies for those utility companies operating either regionally or provincially. The MOA is utilized to document the number and location sites and tenure documents and provides efficiencies in invoicing and administration through tenure consolidation. The MOA is complementary to site specific tenure documents (e.g. land use permit). A new and/or extension to an existing MOA is negotiated at the end of the term, which is generally 20 years in length.

4.2 Occupational Authority and Land Tenure

The Ministry will use the following occupational authority or land tenure for utility corridors and related installations on public land:

Installation Type	Multi Site Land Use Permit	Crown Easement	Crown Lease	Crown Patent
<ul style="list-style-type: none"> • electrical transmission and distribution lines/cables • copper telephone lines/cables • distribution fibre optic lines/cables • water based/submarine transmission fibre optic lines/cables • cable television lines/cables • ground beds associated with pipelines • roads 	X			
<ul style="list-style-type: none"> • transmission fibre optic lines and cables • all types of pipelines (natural gas, water, etc.) 		X		
<ul style="list-style-type: none"> • telephone switching stations 			X	
<ul style="list-style-type: none"> • compressor stations associated with pipelines • electrical sub-stations and transformer stations 				X

5.0 RENTAL RATES AND FEES

5.1 Rental Formula

Rental rates for utility corridors are established by the Ministry consistent with *Appendix A Formula for Determining Rent for Utility Corridors*, based upon application of the following factors:

- land value per hectare;
- area occupied;
- impact on fee simple ownership; and
- an annual rate of return.

5.2 Co-Location or Multiple Use of Utility Corridors

Subject to the consent of the existing occupant of a utility corridor on Crown land, applicants proposing to install new lines, cables, pipe, etc. will be encouraged to co-locate improvements within an existing corridor. If approved, the secondary tenant will be issued the appropriate occupational authority (e.g. land use permit or easement).

The rent for additional users occupying an existing corridor is calculated as if the additional user were the only occupant of the corridor. In other words, there is no discount provided for multiple users in the same corridor, nor is there a dominant use in terms of calculating the rental formula.

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For example, a telecommunication company sharing a corridor with a pipeline company would pay a rent based on the value of the easement for telecommunication corridor use, rather than the rental formula for pipeline purposes. Note: Section 42 of the Electricity Act, 1998 may exempt additional compensation.

Upgrading an existing facility (e.g. replacing existing pipelines, poles, lines, etc.) is considered part of maintaining the service and is not subject to a rental adjustment, even if the capacity of the facility is increased as a result of the upgrade.

5.3 Fibre Optic Cable Corridors

Fibre optic cable corridors are generally developed within existing single purpose utility corridors, but may also be established within new dedicated corridors. Fibre optic cable providers are required to pay fair market value to the Crown for the use of public land. Rental rates are based on a linear rate (per metre), rather than an area rate (per hectare).

Most fibre optic cable rental rates across North America are generally established at a rate based on the prevailing market conditions at the time of land disposition. Fibre optic cable values indicated in Appendix A are based on recent Ministry negotiations with the industry and are categorized more specifically as follows:

- transmission – interconnection between switching centers commonly referred to as trunk, toll or intertoll networks; or
- distribution – connection between switching centers and customers commonly referred to as feeder or access networks.

5.4 Trans Boundary Crossings

The rental formula for utility corridors that occupy public land for purposes of trans boundary crossings (e.g. New York State, Manitoba, Quebec) may be subject to individual rental review by the Ministry.

Rental rates may be determined through a site specific, market value appraisal or through analysis of the rental rate used by the connecting jurisdiction, in order to ensure consistency with the rent assessed by adjoining jurisdictions.

6.0 REFERENCES

6.1 Legislative

- Electricity Act 1998
- Public Lands Act
- Provincial Parks and Conservation Reserves Act

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6.2 Directives

- PL 4.02.01 Application Review and Land Disposition Process
- PL 4.10.03 Utility Corridors on Public Land (Procedure)
- PL 4.11.04 Easements - Grants of
- PL 6.02.01 Administrative Fees for Public Land Transactions

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Appendix A

Formula for Determining Rent for Utility Corridors

(A) Electrical, Hydrocarbon and Telecommunication Lines

The rental formula for electrical, hydrocarbon and certain types of telecommunication lines is based on Ministry consultation with the industry.

The annual rent formula is established based on the land value per hectare, multiplied by the area occupied (ha), multiplied by the impact on fee simple (expressed as a %) and multiplied by the established rate of return (8-10%).

Components pieces of the rental formula include:

- land value per hectare: represents the market value of the subject and surrounding lands, expressed in terms of dollars per hectare, based on the zonal land values identified in Appendix B.
- area occupied: the area public land (hectares) occupied by one or more lines, cables, pipes etc., based on the length and width of the corridor as determined through review with the utility company.
- impact on the fee simple: that portion of the total bundle of rights (expressed as a percentage) conveyed to the tenure holder, or the degree to which other uses are precluded from the public land, including loss of resource management potential, site disturbance and longer term environmental impact. The percentage of impact on fee simple for specific utilities is as follows:
 - electrical transmission lines (115 kv & higher) - 75%
 - electrical distribution lines (less than 115 kv) – 25%
 - hydrocarbon transmission and distribution Pipelines – 50%
 - telecommunication lines – 25%
- rate of return: a formula established and applied by the Ministry on an annual basis (expressed as a percentage), based upon a number of factors including the Bank of Canada bank rate, risk of endeavor, future liability, management costs, liquidity of the asset and location.

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(B) Fibre Optic Lines

The annual rent formula for fibre optic lines is established based on the linear value (\$) per metre, multiplied by the length of the corridor (metres).

The linear value per metre represents the “value in use” of the fibre optic cable, based upon a Ministry review of market transactions within the fibre optics industry, which indicated that the rate per metre was the most common basis for determining value. Fibre optic cable has a value in excess of the underlying land value and therefore represents a value in use.

The linear value will be established based on the following:

- transmission lines: \$0.10 per metre;
- distribution lines within urban municipalities in Northern and Southern Ontario with a population greater than 30,000: \$1.00 per metre;
- all other distribution lines: \$0.06 per metre

Where any of the above formulas in parts A or B of this Appendix result in a rental amount *on a per tenure document basis* that is less than \$200.00, a minimum rent of \$200.00 shall be charged.

(C) Telephone Switching Stations

The initial annual rent for all telephone switching stations shall be \$1,070.00.

(D) Rent Adjustment in Subsequent Years

The zonal values are normally adjusted every five years based on the updated zonal studies. After the first year and in each of the next four years subsequent to the implementation of the initial rent, the rent will be adjusted by the year over year increase in the annual average Consumer Price Index, seasonally adjusted for Ontario.

(E) Other Fees

Administrative fees for document issuance and renewal will be charged, as set out in other relevant Land Management policy directives. Administrative fees will however not be charged when adding or removing a location to or from an existing tenure document (e.g. adding or removing a distribution line to or from an existing multi-site land use permit).

Appendix B

Zonal Land Values

For most utility corridors, the zonal approach is appropriate where the corridor traverses a large area crossing multiple economic zones. The zonal values are an averaging of the various land categories to develop “an overall blended land value rate” for the applicable zone. Where a utility company has extensive holdings that cross both northern zones, a blended northern rate is applied.

The following zonal values will be applied for the period of January 2006 to December 31, 2010, based upon a 2005 market analysis. For location identification, reference Appendix C maps.

Northwest Zone \$1,200.00/ha (\$500.00/acre)

Northeast Zone 20 mile wide Highway 17 corridor: \$830.00/ha (\$335.00/acre)
20 mile wide Highway 11/101/17 corridors: \$520.00/ha (\$210.00/acre)
Other: \$430.00/ha (\$175.00/acre)

Northern Blended Zone Rate: \$750.00/ha (\$305.00/acre) for utility corridors traversing both the Northwest and Northeast zones.

Southcentral Zone \$2,200/ha (\$900.00/acre)

Southeastern Zone \$3,800.00/ha (\$1,550.00/acre)

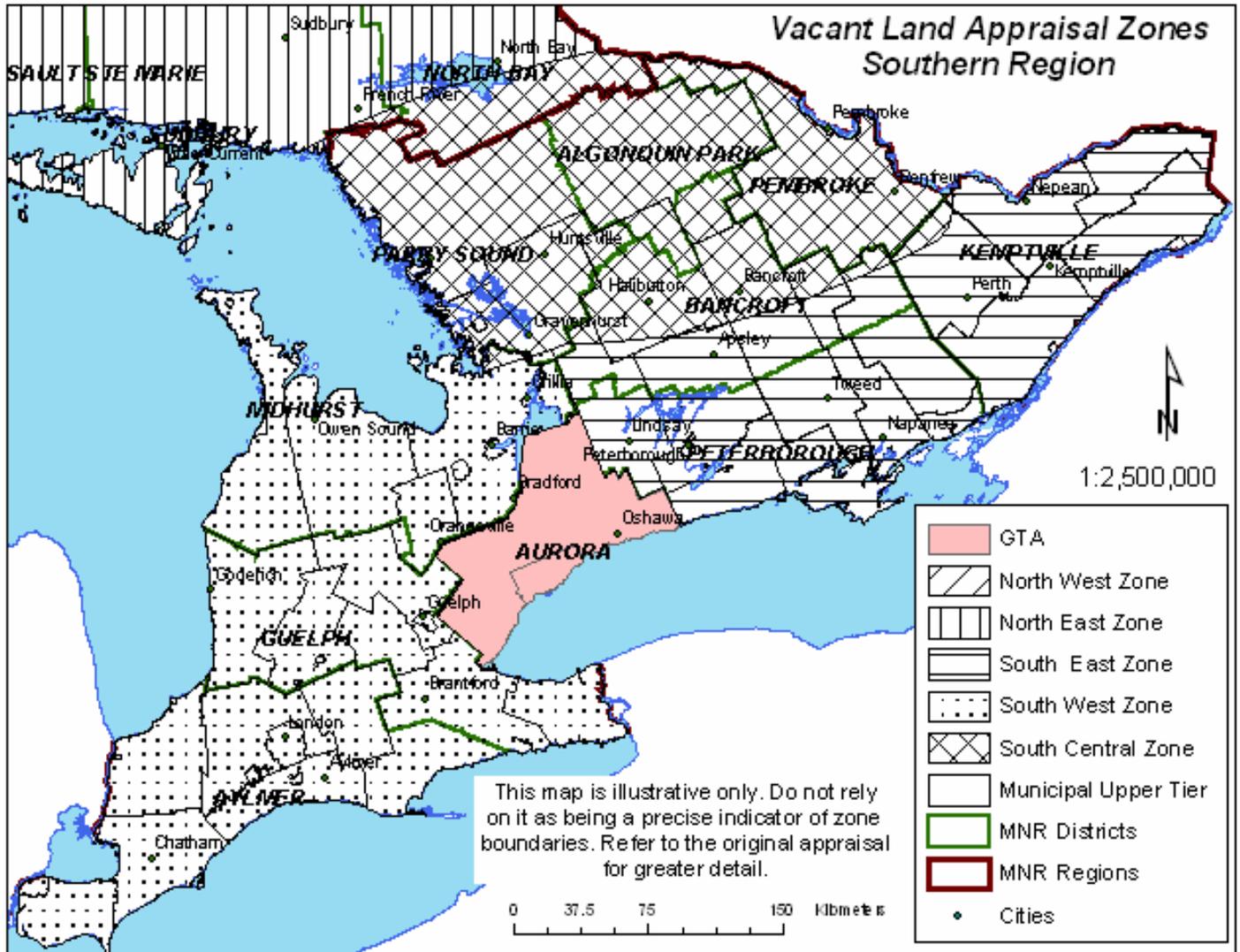
Southwestern Zone \$10,100.00/ha (\$4,100.00/acre)

Greater Toronto Area Zone: Individual market value appraisals will normally be required for each property being considered for use by a utility company.

Far North Zone: Zonal value appraisals have not been completed for areas within the Far North. Appropriate values will be established per area by the Ministry’s Land Management Section, as opportunities warrant.

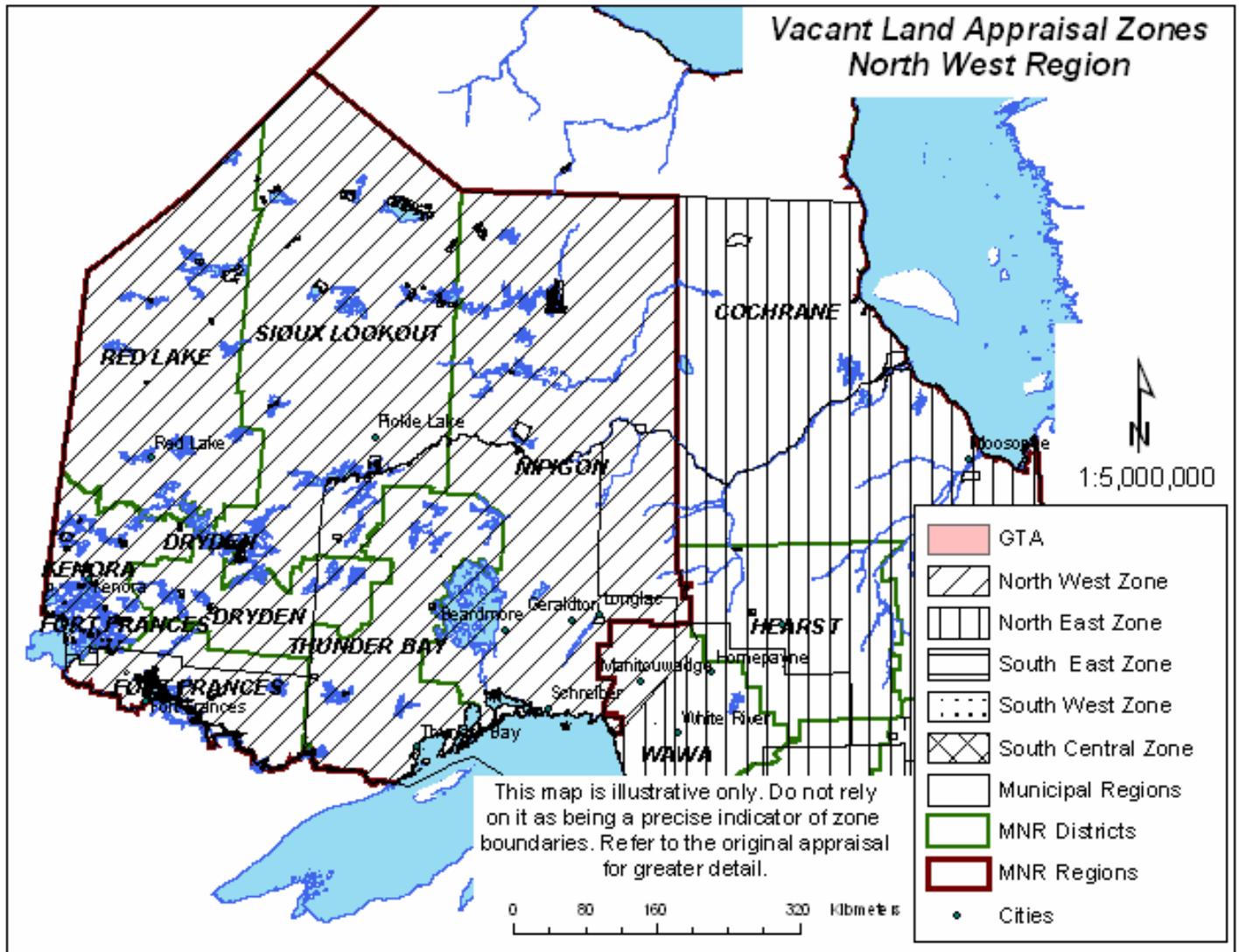
Appendix C

Zonal Land Value Map – Southern Ontario



Appendix C

Zonal Land Value Map – Northwestern Ontario



Appendix C

Zonal Land Value Map – Northeastern Ontario

