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BY E-MAIL ONLY

March 22, 2018

To: All Rate Regulated Licensed Electricity Distributors

**Re: Updated Pole Attachment Charge for Wireline Pole Attachments
OEB File Number: EB-2015-0304**

On March 22, 2018, following a consultation process with distributors, telecommunications and cable carriers, and ratepayers, the Ontario Energy Board (OEB) issued its [Report on Wireline Pole Attachment Charges](#), updating the OEB's approach to wireline pole attachments which had been unchanged since 2005.

The OEB has determined that it is in the public interest to set a province-wide wireline 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. However, the charge will not be effective the first of the month following the issuance of the final Report (as proposed in the draft report). As a transitional measure, to mitigate the impact of the increase from the current \$22.35 to the new \$43.63, LDCs without an LDC-specific charge will charge the province-wide pole attachment charge of \$28.09 from September 1, 2018 to December 31, 2018. The \$28.09 was calculated by escalating the current \$22.35 by the OEB's annual inflation factor to cover the period 2005 to 2018. The charge will increase to \$43.63 effective January 1, 2019. The pole attachment charge will be adjusted annually based on the OEB's inflation factor commencing on January 1, 2020.

As a result of the OEB's March 7, 2005 decision on pole attachments (RP-2003-0249), distribution licences include a condition that:

The Licensee shall provide access to its distribution poles to all Canadian carriers, as defined by the Telecommunications Act, and to all cable companies that operate in the Province of Ontario. For each attachment, with the exception of wireless attachments, the Licensee shall charge the rate approved by the Board and included in the Licensee's tariff.

The OEB has approved the new pole attachment charge pursuant to this licence condition, in accordance with section 70(1.1) of the *Ontario Energy Board Act, 1998*.

Because the increase in the pole attachment charge will result in distributors earning revenue above what is reflected in their current rates, the excess incremental revenue will need to be recorded in a new variance account related to pole attachment charges, with the closing balance ultimately refunded to ratepayers in the distributor's next cost-based rate application. The OEB will issue accounting directions later this spring to address the accounting details related to the establishment of the variance account.

Any questions relating to this letter should be directed to the OEB's Industry Relations Enquiries at industryrelations@oeb.ca.

Yours truly,

Original Signed By

Kirsten Walli
Board Secretary