



BY EMAIL AND WEB POSTING

December 16, 2021

**To: All Licensed Electricity Distributors
All Intervenors in Electricity Distributor Cost of Service Proceedings for
2022 Rates
All Other Interested Stakeholders**

Re: Accounting Guidance for Wireline Pole Attachment Charges

On March 22, 2018, the Ontario Energy Board (OEB) issued its [Report on Wireline Pole Attachment Charges](#) (the Report), updating the OEB's approach to wireline pole attachments. In a [letter](#) issued March 22, 2018, the OEB instructed distributors to record the excess incremental revenue as of September 1, 2018 until the effective date of its rebased rates in a new variance account related to pole attachment charges. On July 20, 2018, the OEB provided specific [accounting guidance](#) related to these charges, establishing a new variance account, Account 1508 – Sub-account – Pole Attachment Revenue Variance for distributors that do not have an OEB-approved distributor-specific pole attachment charge. The OEB stated that once a distributor has had the new pole attachment charge incorporated in a cost-based rate application, the variance account would no longer be required and must be closed after disposition of the last of the amounts that have been tracked.

On December 16, 2021, the OEB issued an [Order](#), establishing a new pole attachment charge for 2022 in accordance with the methodology outlined in O. Reg. 842/21 (Electricity Infrastructure (Part VI.1 of the OEB Act)).¹ The Order also made the 2021 pole attachment charge final, which was previously established on an interim basis.

For most distributors, the Order will have no impact on the operation of the variance account. Distributors are to continue to record the incremental revenue impact associated with the difference between the OEB-approved charge in effect in any given

¹ EB-2021-0302

month and the charge assumed in base distribution rates (\$22.35 per pole for distributors that have not since rebased and incorporated an updated charge in accordance with the Report).

Since the establishment of the account, some distributors have rebased their rates and incorporated an updated pole attachment charge into their rates. Effective January 1, 2021, these distributors shall record any revenue impact associated with the difference between the OEB-approved charge in effect in any given period and the charge embedded in their underlying rate structure.

Some of the distributors referred to above, who have rebased since the issuance of the Report, also closed the variance account in accordance with the OEB's instructions in the 2018 accounting guidance. The OEB is confirming that these distributors are permitted to re-open this account, effective January 1, 2021, to record any revenue impact resulting from the changes to the pole attachment charge set by the Order, and from the pole attachment charge set under the Regulation for subsequent years, until the effective date of their next rebasing application.

Appendix A to this guidance outlines sample journal entries for this account.

Yours truly,

Original Signed By

Theodore Antonopoulos
Vice President Application

Appendix A: Sample Journal Entries

Dr./Cr. 1508 Other Regulatory Assets, Sub-account Pole Attachment Revenue Variance
Cr./Dr. 4210 Rent from Electric Property

To record, on a monthly basis, the difference between the pole attachment revenue calculated using the prevailing charge approved by the OEB and the charge incorporated into the distributor's base distribution rates.

Dr./Cr. 1508 Other Regulatory Assets, Sub-account Pole Attachment Revenue Variance
Carrying Charges
Cr./Dr. 6035 Other Interest Expense

To record the carrying charges on the monthly opening balance in Account 1508 Other Regulatory Assets, Sub-account Pole Attachment Revenue Variance.