

Q. Please provide a complete and full explanation of the operation of Section 15 of the Administration Practices in relation to Rentals from Others, explaining the proportional 4/7 and 3/7 sharing and also the Bell Aliant Share and Newfoundland Power Share in Appendix B.

A. The methodology used for sharing of rentals from others as detailed in Section 15 and Appendix B of the Administration Practices has formed part of joint use agreements going back to 1979. The ratios detailed in Section 15 are applicable to sharing after 2011. Sharing in 2011 as shown in Appendix B is based on ratios used in prior joint use agreements.¹

The methodology in the 2011 Joint Use Agreement (“2011 JUA”) is based upon ratios taken from the representative Joint Use Support Structure as illustrated in Exhibit 3 of the Application. Space related to third party rentals includes 5 feet of separation space and 2 feet of communications space based on the typical 40 foot Joint Use Support Structure.² The sharing of rentals from others between Newfoundland Power and Bell Aliant is based upon their share of the communication space and the separation space.

Table 1 shows the sharing of the communications space and separation space.

Table 1
Sharing of Communications Space and Separation Space

	Newfoundland Power (NP) Share(ft)	Bell Aliant (BA) Share(ft)	Total(ft)	Comments
Communications Space	0	2	2	100% BA
Separation Space	<u>3</u>	<u>2</u>	<u>5</u>	60% NP , 40% BA
	3	4	7	

Table 1 determines a 3/7 share for Newfoundland Power and a 4/7 share for Bell Aliant. The higher Bell Aliant share is indicative of the fact that the 3rd party cable is placed in the communications space for which Bell Aliant is allocated 100% of the cost.

The 3/7 share for Newfoundland Power and 4/7 share for Bell Aliant applies to all circumstances except where Newfoundland Power’s third party attachment rate is higher than Bell Aliant’s third party attachment rate. In such a circumstance, it was negotiated that the ratios would reverse for any incremental amount over and above the common

¹ In prior joint use agreements sharing was based on 37.5% to Newfoundland Power and 62.5% to Bell Aliant as compared with 3/7 to Newfoundland Power and 4/7 to Bell Aliant under the 2011 JUA.

² In prior joint use agreements the separation space was 3.25 ft, resulting in sharing based upon 37.5% to Newfoundland Power 62.5% to Bell Aliant.

1 rate.³ That is Newfoundland Power would get 4/7 and Bell Aliant would receive 3/7 of
2 the incremental amount.

3
4 Section 15 of the 2011 JUA also encourages the parties to collect all of the attachment
5 revenue that they are entitled to collect. This is important to the other party since revenue
6 is shared. In this regard the companies have agreed to monitor:

- 7
8 1. The amounts collected versus the amounts billed; and
9 2. The relative change in third party poles owned by one party versus the other.

10
11 Appendix B of the Administration Practices provides an estimate of the 2011 revenue
12 sharing based upon an estimated 112,600 third party attachments, and employing the
13 methodology described in Section 15 of the Administration Practices except using
14 sharing ratios from previous agreements.

³ One circumstance where Newfoundland Power is entitled to collect a higher rate is for attachments on service poles and overhead guy poles. Under current CRTC rules Bell Aliant is not entitled to collect an attachment rental for service poles and over head guy poles. For those poles the common rate will be \$0.