

Q. Provide an explanation of how the attachment rates are generally calculated, though it is acknowledged that the ultimate rate is set by agreement or the regulator.

A. Joint Use Support Structure third party attachment rates provide for an equitable sharing of revenue based upon the costs incurred to install and maintain the Support Structures.

Exhibit 3 of the Evidence filed with the Application illustrates the representative Joint Use Support Structure used to determine third party attachment rates.¹ For the purpose of allocating cost only the 17.5 feet of useable space on the 40 foot Support Structure is used. Table 1 calculates the space allocation factor for the representative Joint Use Support Structure as illustrated in Exhibit 3.

Table 1
Space Allocation Factor

	Space Available (feet)	Newfoundland Power (feet)	Bell Aliant (feet)	3rd Party (feet)
Electric Utility Space	10.50	10.50	0.00	0.00
Separation Space	5.00	1.67	1.67	1.67
Communications Space	<u>2.00</u>	<u>0.0</u>	<u>1.00</u>	<u>1.00</u>
Total	17.50	12.17	2.67	2.67
Percent Allocation				15.3%

The attachment rates for third parties are calculated as follows:

$\text{Embedded Cost per Pole} \times \text{Annual Carrying Charge Rate}^2 \times \text{Space Allocation Factor}.$

¹ The representative Joint Use Support Structure for the purposes of allocating cost is the 40 foot pole.

² The Annual Carrying Charge Rate includes an amount for operating and maintenance, capital amortization, Cost of Capital and associated income tax effects.