

Q. In Section 2.2 of the Evidence, it is stated that the rental rate per Bell Aliant attachment under a Joint Use Facilities Partnership Agreement renewal for 2011 would have been lower than the 2010 rate. Provide the calculations that form the basis of this statement showing the actual 2010 revenue and the estimated 2011 renewal rate.

A. Table 1 shows the calculation of the 2011 Bell Aliant Attachment Rental Rate based on a renewal of the 2001 Joint Use Facilities Partnership Agreement ("JUFPA") to reflect current financial parameters (the "Renewal").¹

Table 1
2011 Bell Aliant Attachment Rental Rate
Based on Renewal

Estimated Average Embedded Cost per Pole	\$816.00
Annual Carrying Charge	<u>11.7%</u>
Total Annual Cost per Pole	95.46
Portion Allocated to Bell Aliant (40%)	38.18
Less Average Recovery per Pole from CATV	<u>-7.65</u>
Bell Aliant Attachment Rental Rate	\$30.53

The 2011 attachment rental rate of \$30.53 based on Renewal is less than the actual rate used in 2010 to bill Bell Aliant of \$35.66.

Table 2 shows a comparison of actual 2010 revenue from Bell Aliant and forecast 2011 revenue based on Renewal.

Table 2
Computation of Bell Aliant Attachment Rental Revenue
Actual 2010 and Forecast 2011 Based on Renewal

	Actual 2010	Estimated 2011 Renewal
Total Distribution Poles	284,022	289,310
Bell Aliant Joint Use Poles (72.43%)	205,717	209,547
Attachment Rental Rate (\$ per pole)	<u>35.66</u>	<u>30.53</u>
Total Pole Rental Charge	\$7,335,868	\$6,397,469

¹ The 2001 JUFPA provides that the annual attachment rental rate on renewal be based upon the embedded cost per pole times the carrying charge. This is the same methodology as used to calculate the rental rate for the previous term of the agreement. For 2011, the carrying charge is based on a cost of capital of 7.96%. In 2001, the cost of capital was 10.56%.