

k 2.3

VECC EXHIBIT #1

SPECIFIC CHARGE FOR POLE ACCESS
HYDRO OTTAWA METHODOLOGY USING FORECAST COSTS AND INPUT VALUES

| <u>Line #</u> | <u>Item</u> | <u>2013</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>Basis for 2016-2-2020 Forecast</u> |
|---------------|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|---|
| A | Direct Cost | \$12.68 | \$13.50 | \$13.78 | \$14.07 | \$14.36 | \$14.67 | 2013-2020: 2.1%/annum per Carriers #18 |
| B | NBV-Year End (M) | \$75.27 | \$96.96 | \$103.74 | \$111.31 | \$117.99 | \$124.90 | Settlement Proposal - Appendix 2-BA |
| C | In-Service Poles | 47,978 | 47,453 | 47,278 | 47,103 | 46,928 | 46,753 | 2013 Count Reduced by 175/year per Carriers #11 f) |
| D | NBV / Pole | \$1,568.81 | \$2,043.31 | \$2,194.19 | \$2,363.14 | \$2,514.26 | \$2,671.59 | B/C |
| E1 | Carrying Cost (%) | 6.70% | 5.78% | 5.81% | 5.85% | 5.89% | 5.90% | Settlement Proposal - RRWFs |
| E2 | Carrying Cost/Pole | \$105.11 | \$118.10 | \$127.48 | \$138.24 | \$148.09 | \$157.62 | D * E-1 |
| F1 | Depreciation (M\$) | \$1.98 | \$2.55 | \$2.77 | \$3.00 | \$3.23 | \$3.46 | Settlement Proposal - Appendix 2-AB |
| F2 | Depreciation/Pole | \$41.26 | \$53.78 | \$58.67 | \$63.69 | \$68.82 | \$74.06 | F1/C |
| G1 | Maintenance (K\$) | \$605.08 | \$552.59 | \$563.15 | \$573.90 | \$584.86 | \$596.03 | Settlement Proposal - Cost Allocation Models, Tab B3, Account #5120 |
| G2 | Maintenance/Pole | \$12.61 | \$11.65 | \$11.91 | \$12.18 | \$12.46 | \$12.75 | G1/C |
| G | Total Indirect Cost/Pole | \$158.98 | \$183.53 | \$198.07 | \$214.12 | \$229.37 | \$244.43 | E2+F2+G2 |
| H | Indirect Cost Allocation per Attacher | \$41.18 | \$47.53 | \$51.30 | \$55.46 | \$59.41 | \$63.31 | G * 25.9% |
| I | Total Cost per Attacher | \$53.86 | \$61.03 | \$65.08 | \$69.53 | \$73.77 | \$77.97 | A+H |
| | Five Year Average | | | | \$69.48 | | | |