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BY EMAIL and RESS

November 12, 2015
Our File No. 20150003

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
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Attn: Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: EB-2015-0003 – Hydro Ottawa Limited 2016-2020 – SEC Final Argument

1. We are counsel for the School Energy Coalition ("SEC"). This is SEC's Final Argument on the appropriate pole attachment rate[1] to be charged by Hydro Ottawa Limited ("Hydro Ottawa") as part of its 2016-2020 Custom IR application.

2. In Procedural Order No. 9, the Board determined that the methodology for determining the pole attachment rate would not be at issue in this proceeding. Thus, all that is to be determined by the Board is if, using the methodology approved by the Board in the CCTA proceeding (RP-2003-0249), Hydro Ottawa has included the appropriate cost inputs.

3. SEC has a number of concerns in respect to Hydro Ottawa's input costs to the approved CCTA methodology, including:

- ***Forecast v. Historical Costs.*** Hydro Ottawa is using historical 2013 cost information to set 2016 to 2020 rates. It should be using forecast cost information consistent with the rate setting for distribution ratepayers.
- ***Direct Costs and Indirect Costs.*** A number of adjustments have been proposed to various categories of Direct and Indirect Costs.
- ***Number of Poles Attachers.*** Hydro Ottawa is using a number of attachments that is not supported by its own evidence.

[1] Issue 4.11: Are the costs underpinning the proposed new charges for the specific charge for Access to Power Poles appropriate and is the rate design appropriate?

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Forecast v. Historical Costs

4. Hydro Ottawa cost inputs for the purposes of setting the pole attachment rate are based on historical 2013 amounts, not 2016-2020 forecasts. This is not appropriate and is inconsistent with the method of determining rates for distribution ratepayers.

5. Hydro Ottawa's application and subsequent settlement agreement sets distribution rates by determining reasonable forecast costs, and then allocating them to customers. It does not use historical costs. If pole attachers' costs are being set on a historical cost basis, but distribution ratepayers' costs on a forecast cost basis, then distribution ratepayers will continue to be subsidising pole attachers, since Hydro Ottawa's costs rise over time.

6. Hydro Ottawa's use of 2013 historical information was not based on any principled reason. It's simply based on the fact that they had final 2013 CGAAP results when they were preparing this part of the application.[2] Hydro Ottawa admitted during the oral hearing that it is preferable to use forecasts in setting the pole attachment rate.[3]

7. The Carrier's expert, Mr. McKeown, agreed at the Technical Conference that using future cost information is preferable if the information is reliable:

> MR. MCKEOWN: My view is, if you are setting future rates then it's best to use future cost to the extent that you can do that. To the extent that those projections are reliable.[4]

8. At the oral hearing he was asked why, for example, if the 2016 net book value is known, the Board should not use that number to determine the 2016 pole attachment rate:

> MR. RUBENSTEIN: So if we have the 2016 net book value of poles on a similar basis that you had for 2013, why shouldn't we use that number?
>
> MR. MCKEOWN: Because we don't -- so as I said, the best approach is to look at future-looking -- forward-looking costs, incremental costs. We don't have that. So the second-best alternative is to look at actual historical costs. So the costs that have been identified, recorded, and can be proven, if you will.[5]

9. Mr. McKeown's view - that we should not use future looking costs because they are not known - is simply incorrect. Future forecast costs that are built into the rates agreed to in the Settlement Agreement are known. Insofar as Hydro Ottawa's actual costs may differ from those, that is a simple fact of ratemaking, and there is no reason for pole attachers to be treated any differently from distribution ratepayers.

10. Mr. McKeown's other rationale for not using forecast costs are based not on issues with the 2016-2020 information per se, but based on his views of the broader methodology approved by the Board in the CCTA decision. Mr. McKeown spent considerable time at the oral hearing explaining his view on the problems with allocating the large common costs.[6] While SEC disagrees with this view, it is not a question about what is the correct input into the methodology, but of the methodology itself. That is an issue that is out of scope in this proceeding.

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[2] Technical Conference Transcript, August 13 2015, p.48
[3] Tr.2, p.84
[4] Technical Conference Transcript, August 25, p.31
[5] Tr.2, p.166
[6] See Tr.2, p.162-163, 165-166

11. SEC submits the Board should give very little, if any, weight to Ms. McKeown's evidence. He has no prior experience in electricity distribution costing, only costing in telecommunications.[7] His lack of experience and knowledge was evident, for example, when he admitted that it was only after reviewing Hydro Ottawa's application that he was aware that the Board uses a sophisticated cost allocation model.[8]

Direct Costs

12. As discussed above, SEC submits that forecast direct costs for 2016 through to 2020 should be used, not 2013 historic costs. Since there are no specific amounts for each category of direct costs for 2016-2020, the most appropriate way to set those amounts is to escalate the 2013 amounts by a reasonable amount. SEC proposes using the 1.9% annual OM&A escalator that was agreed upon in the Settlement Proposal for this purpose. SEC recognizes that this is a conservative escalator, as Hydro Ottawa's actual OM&A costs increased by more than 1.9%, from 2013 to the agreed upon 2016 costs included in the Settlement Proposal.

13. The only remaining dispute is whether direct costs should be divided by the number of poles with attachments, or in addition, divided by the average number of attaches. Hydro Ottawa has taken the costs and divided it by the number of poles with attachments, while Mr. McKeown believes there should be a subsequent adjustment for the average number of attachers. While Mr. McKeown may be correct that his method is more appropriate, the only question for the Board in this proceeding is what method was approved by the Board in the CCTA decision.

14. For loss of productivity costs, a review of the CCTA decision indicates they are divided on a per pole attacher basis.[9] Hydro Ottawa should make this adjustment and have indicated so in their Argument-in-Chief.[10]

B	Loss in Productivity	$1.23	MEA estimate 1991 = $3.08, plus inflation, and divided between 2.5 pole attachers

[11]

15. With respect to the administration portion of the direct cost, the decision itself does not directly indicate if the amount is divided by a pole or per attacher basis.

A	Administration Costs	$0.69	CRTC estimate 1999 $0.62, plus inflation

[12]

16. However, a review of the underlying evidence in that proceeding shows that it is in fact on a per pole basis only. The evidence of Donald Ford, filed by the CCTA in support of their request, indicates that the $0.62, which was the underlying number taken from a CRTC decision that was later escalated to account for inflation, is on a per pole basis only:

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[7] Tr.2, p.163
[8] Tr.2, p.160
[9] Decision and Order (RP-2003-0249), March 7 2005 ["CCTA Decision"], Appendix 2: "MEA estimate 1991 = $3.08, plus inflation, and divided between 2.5 pole attachers" [emphasis added] (See **Appendix B**)
[10] Hydro Ottawa Argument-in-Chief, para 30
[11] CCTA Decision, Appendix 2 (See **Appendix B**)
[12] CCTA Decision, Appendix 2 (See **Appendix B**)

> In Telecom Decision CRTC 99-13, the Commission arrived at an estimate of $0.62 per pole. Using the latter figure along with the increase in the CPI from 1993 to 2003 provides an estimate of the annual administration cost per pole of $0.69. [emphasis added][13]

17. It would appear that the Board used this information to determine the administration costs in the CCTA decision.

18. While Hydro Ottawa's approach would appear to be correct, in its Argument-in-Chief, it stated that it sees "merit in dividing the Administration Costs…by the number of "charge-paying attachment instead of poles" and provided an alternative calculation to that effect.[14] SEC is not opposed to such adjustment because it is the more appropriate method, but doing so would not be consistent with CCTA methodology. There is a legitimate question whether, if the methodology is out of scope, an exemption should be for this one component, but other methodology issues are ignored.

Indirect Costs

19. ***Net Embedded Cost Poles.*** Hydro Ottawa has calculated the net embedded cost based on 2013 year-end amounts. Consistent with how distribution rates are determined, pole attachers should pay the 2016 to 2020 net embedded cost per pole agreed to in the Settlement Proposal, not the 2013 amount. Those amounts are included in the Appendix 2-BA - Fixed Assets Continuity Schedules.

20. SEC does agree with Mr. McKeown that the amount should be based on average net book value, not year-end amount, (which Hydro Ottawa used) to be consistent with the CCTA decision.

21. Mr. McKeown's evidence is that the embedded cost per pole should be discounted since Account #1830 includes not just the cost of the pole but also power fixtures that are attached to the pole. Since attachers do not uses these power only fixtures, they should not form part of the indirect cost that they are being allocated. To account for this, Mr. McKeown suggests removing 15% of the net embedded cost per pole at account for these power only fixtures, which he justifies by pointing to decisions of the Federal Communications Commission and a proposal in 2008 made by New Brunswick Power to their regulator.

22. SEC submits that the approach taken by Mr. McKeown is appropriate and consistent with the CCTA methodology. In the CCTA decision, the cost input for the net embedded cost per pole was based on a bare pole, i.e. a pole with no fixtures.[15] Without specific evidence about the actual adjustment that would need to be made to Hydro Ottawa's net embedded cost per pole to remove power specific fixtures, a reduction of 15% as proposed by Mr. McKeown is an appropriate proxy.

23. During the oral hearing, Hydro Ottawa testified that there were a number of costs that were not included in account 1830 that are properly shared costs that are used by pole attachers. This would include costs for Hydro Ottawa's natural and ground system, and utility easement and right of

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[13] Evidence of Donald A. Ford on behalf of the Canadian Cable Television Association dated December 15, 2003, Appendix C to the Application of the Canadian Cable Television Association (RP-2003-0249), p.23 http://www.ontarioenergyboard.ca/documents/cases/RP-2003-0249/application_appc_150404.pdf

[14] Hydro Ottawa Argument-in-Chief, para 40

[15] The net embedded cost in the CCTA decision was derived from an amount provided in a cost study done for Milton Hydro and used by the Municipal Electrical Association before the CRTC in Decision 99-13. In that decision, the CRTC noted "The MEA noted that it agreed with the CCTA claims that items such as cross arms should be excluded from the capital costs of power utility poles and added that it had removed such costs from the figures it proposed. The MEA further added that any cost-based model should be grounded on the costs inherent in the poles in question, i.e., power utility poles." (CRTC Decision 99-13, para 199).

way costs. SEC accepts these are costs that ideally would be included in the indirect costs that are allocated to pole attachers. However, to do so in this proceeding would not be consistent with the CCTA methodology.

24. Allstream has filed evidence that demonstrates in his view that Hydro Ottawa's net embedded costs are unreasonably high.[16] The evidence is a chart showing Hydro Ottawa's proposed net embedded cost per pole as compared to a few others that make up approved pole attachment rates in other jurisdictions. It is hard for SEC to come to any conclusion on AllStream's claim. Without knowing at the very least the demographics of the distribution system. Newer poles will have a higher net embedded cost. It is impossible to draw any useful conclusions from the chart. More importantly though, the average net embedded cost is the same amount that distribution ratepayers will have included in their rates. There is no reason that the amount should be considered unreasonable for pole attachers, but reasonable for distribution customers.

25. ***Depreciation Expense.*** As discussed previously, SEC submits 2016-2020 amounts should be used as set out in the Settlement Proposal instead of the 2013 amount. This should apply to depreciation expense well. Furthermore, a similar 15% reduction to the depreciation expense should be made to account for the power specific fixtures included in account 1830.

26. ***Maintenance Expense*** As discussed previously, SEC submits 2016-2020 amounts should be used as set out in the Settlement Proposal instead of the 2013 amount. The specific maintenance costs for poles for 2016-2020 can be determined by looking to the Cost Allocation models filed with the Settlement Proposal. Those models will include an amount allocated to Account 5120 (Maintenance of Poles, Towers and Fixtures).

27. SEC submits an adjustment should be made to account for maintenance costs for power specific fixtures which would be included in that account. SEC submits the 15% reduction discussed above for the net embedded cost and depreciation costs is similarly applicable here.

28. ***Capital Carrying Cost.*** Hydro Ottawa has proposed to use its 2013 weighted average cost of capital ("WACC") and apply it to its net embedded cost per pole to determine the capital carrying cost. SEC submits that Hydro Ottawa should use the forecast WACC included in the Settlement Proposal for each year between 2016 and 2020, for the reasons discussed previously.

29. Furthermore, the WACC used should be the pre-tax, not after tax amount. Hydro Ottawa had used an after tax amount in its original calculation. This is inconsistent with the CCTA decision where the approved methodology is one of applying a pre-tax WACC.

G	Capital Carrying Cost	$45.41	Pre-tax weighted average cost of capital 9.5% applied to net embedded cost per pole (D)

[17]

30. In Undertaking J2.4, Hydro Ottawa provided the pre-tax equivalent for the 2016-2020 after tax WACC included in the Settlement Proposal.

[16] Evidence of AllStream Inc, filed August 21 2015
[17] CCTA Decision, Appendix 2 (See **Appendix B**)

31. SEC notes that, unlike other aspects of the Settlement Proposal, the WACC will be updated for 2019 and 2020.[18] SEC submits to be consistent, it would be appropriate to adjust the pole attachment rate at that time to account for any changes to the WACC.

32. ***Number of In-Service Poles.*** For the purposes of calculating the indirect costs, which are on a per pole basis, it is important to have the correct forecast in-service pole count for 2016-2020. During the proceeding, Hydro Ottawa updated the number of its total poles in service as of August 2015 to 48,449.[19] Hydro Ottawa's evidence was that the number will remain steady for each of the next 5 years.[20]

33. SEC submits based on that evidence that the forecast in-service pole count for 2016-2020 should remain at the current level of 48,449. '

Number of Attachers Per Pole

34. Hydro Ottawa has assumed 2 attachers per pole in its calculation. The number is important for calculating aspects of both the direct and indirect costs. The evidence on the record is that Hydro Ottawa, as of August 2015, has only 1.68 attachers per pole, significantly less than the assumed 2. In Undertaking J2.3, Hydro Ottawa provided a revised number of 1.71 attachers per pole which includes all attachers per pole, not just those paying the current Board approved rate. SEC agrees this is the correct approach, including the fact that Hydro Ottawa has calculated an attachment equivalency for the additional attachments based on the actual percentage of the approved rate they pay.

35. Consistent with other aspects of these submissions, the number of attachers per pole should be a forecast for each year of Hydro Ottawa's Custom IR plan. Hydro Ottawa's evidence is that the number of attachers per pole is likely to decrease, not increase.[21]

36. Mr. McKeown's evidence is that the appropriate number is 2.5 attachers per pole, the same as in the CCTA decision. SEC disagrees with this for a number of reasons. First, Mr. McKeown relies on his expectation that there will be a significant roll out of fibre expansion in Ottawa, which will increase the total number of attachers per pole.[22] The evidence he points to is a Bell press release he himself admitted references other markets but not Ottawa.[23] More importantly, Hydro Ottawa, who has actually spoken to Bell, testified that the fibre roll out in Ottawa is complete.[24] Second, Mr. McKeown, in his evidence and during the oral hearing, stated that there are a number of other attachers that are not included in Hydro Ottawa's calculation. This includes various banners[25], RCMP[26], and Hydro One attachments[27], and potentially, in the future increase in wireless attachments based on the Board's indication, it will set a market rate for these attachments.[28] It is

[18] The Settlement Proposal provides that Hydro Ottawa will subsequently update its cost of capital for 2019 and 2020 to include: i) the ROE for electricity distributors established by the OEB in 2018 for January 1 2019 rates. ii) new Consensus long-term debt rate forecast to be issued in October 2018, and iii) any changes in the Board's deemed capital structure. (Settlement Proposal, p.19)
[19] J2.3
[20] Tr.2, p.51
[21] Tr.2, p.169
[22] Expert Evidence pf David McKeown, dated August 21 2015 (updated and corrected in JTC 3.4) ["McKeown Evidence"], para. 106
[23] Technical Conference Transcript August 25 2015, p.13
[24] Tr.2, p.68
[25] Tr.2, p.171
[26] Tr.2, p.171
[27] Tr. 2, p.171
[28] McKeown Evidence, para. 107

sufficient to note that the total amount of these banners and RCMP attachments is immaterial to any final calculation.[29]

37. It should not now come as a surprise that the actual number of attachers per pole is significantly less than the 2.5 attachers presumed to materialize in the CCTA decision. Contrary to the position of Mr. McKeown, the evidence is that there will be increasingly fewer attachers not more.[30] There has been considerable consolidation in the telecommunication industry. The CCTA methodology is per attacher, not per attachment. Regardless of whether attachments are increasing, attachers are decreasing. Evidence on the record in Ottawa alone demonstrates this. Of those Carriers represented in this proceeding, Rogers purchased the attachments of both McLean Hunter and Atria (who has previously purchased the attachments from Telecom Ottawa). AllStream has purchased the attachments of AT&T Unitel.[31]

38. SEC submits the Board should use 1.71 attachers per pole for each year between 2016-2020. This is the most accurate information available.

39. 1.71 attachers per pole results in an allocation factor 29.1%.[32]

Pole Attachment Rate Summary

40. Based on the adjustments discussed above, SEC submits the appropriate pole attachment rate for each year of the Custom IR plan is the following:[33]

2016	2017	2018	2019	2020
$58.80	$63.02	$67.23	$71.47	$75.51

41. A detailed calculation can be found in the Appendix A to these submissions.

Interim versus Final Rates

42. The Board has sought submissions from parties on the question that in light of the announced policy review on the pole attachment rate methodology, should the rates determined in this proceeding be declared interim. SEC submits they should not. Rates should be declared final and not be allowed to be adjusted retrospectively to account for any potential change in methodology. As the Board stated in response to a request from SEC to update the Working Capital Allowance:

> As you may be aware, the Board's practice to date has been to apply any changes to policies prospectively. Therefore, the existing policy will remain in effect until the completion of the policy review".[34]

43. The Board is regularly conducting reviews of its policies which may have an effect on rates. Its policy is not to apply those changes to rates that have already been approved but only to do so prospectively. If rates were always interim pending the outcome of announced or upcoming policy reviews, rates would never be final.

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[29] As of August 2015, there are 36 banner attachments, 2 RCMP attachments, and 602 Hydro One attachment (See J2.3)
[30] McKeown Evidence, para. 102-103
[31] Tr.2, p.146
[32] See formula in Interrogatory Response H-7-1(Carriers #4), part(c)
[33] See **Appendix A**
[34] Letter to School Energy Coalition, Re: Electricity Distributors – Working Capital Allowance (EB-2014-0198) dated October 7 2014

44. The Board has previously dealt with similar requests in the midst of individual proceedings. In both the most recent Horizon (EB-2014-0002) and Hydro One Custom IR (EB-2013-0416) proceedings, the Board denied a motion brought by the City of Hamilton to have streetlight rates set on an interim basis on the basis that there was an ongoing policy review regarding the cost allocation methodology for streetlights.[35]

45. To be clear, SEC is not saying that rates for all years should be set on a final basis now and that the outcome of any policy review cannot be taken into account in the future, only that rates should not be changed retrospectively by declaring them interim. For example, if the Board finishes its policy review in time to make an adjustment for 2017 rates, then the Board should allow those changes to be incorporated for 2017. However, it should not go back and retrospectively adjust 2016 rates. It should only make the changes on a prospective basis. This is consistent with the treatment in the Settlement Proposal for changes in Board's policy on cost of capital.[36]

All of which is respectfully submitted.

Yours very truly,
JAY SHEPHERD P. C.

Original signed by

Mark Rubenstein

cc: Wayne McNally, SEC (email)
Interested Parties (email)

[35] Decision (EB-2014-0002), dated October 29 2014, Ruling (EB-2013-0416), Tr.6, p.89-101.
[36] Settlement Proposal, p.19

APPENDIX A

SEC Pole Attachment Rate Derivation Table

	Price Component	2016	2017	2018	2019	2020	Explanation	Argument Paragraph
	Direct Costs							
A	**Adminstration Cost per pole**	**$ 4.20**	**$ 4.28**	**$ 4.36**	**$ 4.44**	**$ 4.53**	$3.97 (2013) escalated by 1.9% per year	12, 15-18
B	**Loss in Productivity per pole per attachment**	**$ 5.38**	**$ 5.49**	**$ 5.59**	**$ 5.70**	**$ 5.80**	(Total Loss in Prodctivity per pole/ Number of Attachers per pole [1.71])	
	Total Loss in Productivity per pole	$ 9.21	$ 9.38	$ 9.56	$ 9.74	$ 9.93	$8.70 (2013 per HOL Argument in Chief, p.12) escalated by 1.9% per year	12, 14
	Number of Attachments per Pole	1.71	1.71	1.71	1.71	1.71		34-38
C	**Total Direct Cost**	**$ 9.58**	**$ 9.77**	**$ 9.95**	**$ 10.14**	**$ 10.33**	A+B	
	Indirect Costs							
D	**Net Embedded Cost per pole**	**$ 1,628.58**	**$ 1,760.55**	**$ 1,886.43**	**$ 2,011.45**	**$ 2,130.70**	(Total Adjusted Average NBV)/ (Number of In-Service Poles)	
	Total Opening NBV	$ 88,692,635	$ 96,961,289	$ 103,737,099	$ 111,311,125	$ 117,989,417	Settlement Proposal - Appendix 2-BA (D25-I25)	19
	Total Closing NBV	$ 96,961,289	$ 103,737,099	$ 111,311,125	$ 117,989,417	$ 124,904,813	Settlement Proposal - Appendix 2-BA (G25-L25)	19
	Total Average NBV	$ 92,826,962	$ 100,349,194	$ 107,524,112	$ 114,650,271	$ 121,447,115	(Total Opening NBV + Total Closing NBV)/2	20
	Total Adjusted Average NBV	$ 78,902,918	$ 85,296,815	$ 91,395,495	$ 97,452,730	$ 103,230,048	Total Average NBV * 0.85	21-22
	Number of In-Service Poles	48,449	48,449	48,449	48,449	48,449		32
E	**Depreciation Expense per pole**	**$ 44.78**	**$ 48.67**	**$ 52.64**	**$ 56.66**	**$ 60.75**	(Total Adjusted Depreciation Expense) / (Number of In-Service Poles)	
	Total Depreciation Expense	$ 2,552,177	$ 2,773,954	$ 3,000,146	$ 3,229,444	$ 3,462,640	Settlement Proposal - Appendix 2-BA (J25)	25
	Adjusted Depreciation Expense	$ 2,169,350	$ 2,357,861	$ 2,550,124	$ 2,745,027	$ 2,943,244	Total Depreciation Expense * 0.85	25
	Number of In-Service Poles	48,449	48,449	48,449	48,449	48,449		32
F	**Pole Maintenance Expense per pole**	**$ 9.69**	**$ 9.88**	**$ 10.07**	**$ 10.26**	**$ 10.46**	(Total Maintenance Expense Depreciation Expense) / (Number of In-Service Poles)	
	Total Maintenance Expense	$ 552,591	$ 563,145	$ 573,902	$ 584,863	$ 596,034	Settlement Proposal - Cost Allocation Models, Tab I3, D391	26
	Adjusted Maintenance Expense	$ 469,702	$ 478,673	$ 487,817	$ 497,134	$ 506,629	Total Maintenance Expense * 0.85	26
	Number of In-Service Poles	48,449	48,449	48,449	48,449	48,449		32
G	**Capital Carrying Cost per pole**	**$ 114.65**	**$ 124.47**	**$ 134.12**	**$ 143.82**	**$ 152.77**	D * (Pre-Tax WACC)	
	Pre-Tax WACC	7.04%	7.07%	7.11%	7.15%	7.17%	J2.4	28-31
H	**Total Indirect Costs per pole**	**$ 169.12**	**$ 183.02**	**$ 196.83**	**$ 210.74**	**$ 223.98**	E+F+G	
I	**Total Indirect Cost Allocation per pole**	**$ 49.21**	**$ 53.26**	**$ 57.28**	**$ 61.32**	**$ 65.18**	Total Indirect Cost per pole (G) * Allocation Factor of 29.1% (1.71 attachments per pole)	38-39
J	**Total Cost Per Attacher**	**$ 58.80**	**$ 63.02**	**$ 67.23**	**$ 71.47**	**$ 75.51**	C+I	

APPENDIX B

Appendix 2: 2.5 Attachers - Shared Costs Evenly Spread Amongst All Users

	Price Component - Per Pole	***$***	***Explanation***
	DIRECT COST		
A	Administration Costs	$0.69	CRTC estimate 1999 $0.62, plus inflation
B	Loss in Productivity	$1.23	MEA estimate 1991 = $3.08, plus inflation, and divided between 2.5 pole attachers
C	Total Direct Costs	$1.92	A + B
	INDIRECT COST		
D	Net Embedded Cost per pole	$478.00	Milton Hydro 1995 = $478
E	Depreciation Expense	$31.11	Milton Hydro 1995 = $31.11
F	Pole Maintenance Expense	$7.61	Milton Hydro 1995 = $6.47, plus inflation
G	Capital Carrying Cost	$54.59	Pre-tax weighted average cost of capital 11.42% applied to net embedded cost per pole (D)
H	Total Indirect Costs per Pole	$93.31	E+F+G
I	Allocation Factor	21.9%	Allocation based on 2.5 attachers
J	Indirect Costs Allocated	$20.43	H x I
K	Annual Pole Rental Charge	$22.35	C + J