

K2.5

TECHNICAL CONFERENCE UNDERTAKING RESPONSE TO ENERGY PROBE RESEARCH FOUNDATION

1 **UNDERTAKING NO. JTC3.11:**

2 **Reference(s):**

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4 To provide alternate scenarios with attachments per pole of 2.01 and 2.51, excluding
 5 Toronto Hydro power.

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7 **RESPONSE:**

Item	Type of cost	April 24th Update @ 1.61 Attachers	Scenario @ 2.01 Attachers	Scenario @ 2.51 Attachers	Explanation
DIRECT COST					
A	Administration Costs	\$ 5.03	\$ 4.03	\$ 3.23	2015 estimate
B	Loss in Productivity	\$ 5.72	\$ 4.58	\$ 3.67	TH estimate 2015 = \$9.19 and divided between 1.61/2.01/2.51 pole attachers
C	Total Direct Costs	\$ 10.75	\$ 8.61	\$ 6.89	A + B
INDIRECT COST					
D	Net Embedded Cost per pole	\$ 1,922.08	\$ 1,633.77	\$ 1,633.77	2015 MIFRS Forecast Data
E	Depreciation Expense	\$ 58.64	\$ 49.85	\$ 49.85	2015 MIFRS Forecast Data
F	Pole Maintenance Expense	\$ 5.46	\$ 5.46	\$ 5.46	2015 Forecast Data
G	Capital Carrying Cost	\$ 118.98	\$ 101.13	\$ 101.13	Pre-tax weighted average cost of capital 6.19% applied to net embedded cost per pole (D)
H	Total Indirect Costs per Pole	\$ 183.08	\$ 156.44	\$ 156.44	E+F+G
I	Allocation Factor	30.4%	25.8%	21.8%	Allocation based on 1.61/2.01/2.51 attachers
J	Indirect Costs Allocated	\$ 55.74	\$ 40.42	\$ 34.09	H x I
K	Estimated Annual Cost	\$ 66.49	\$ 49.03	\$ 40.98	Total Direct + Indirect Costs (C + J)

Note: For Items D and E in the scenarios, Toronto Hydro applied the 85% factor proposed by the Carriers to exclude Toronto Hydro power-specific fixtures.