

Estimated Incremental Revenue Requirement through Year 3 (\$000s)

	2021	2022	2023	
	Year 1	Year 2	Year 3	
Rate Base:				
Rate Base End of Period				
Average Net Plant				
Return on average rate base				Average rate base x WACC
Depreciation Expense				Book depreciation
O&M -pole transfer	2.8	1.0	1.1	# Poles inspected x # Poles replaced x Transfer cost per pole
O&M inspection costs	1.7	1.1	1.0	# Poles inspected x Inspection cost per pole + Other upfront costs
Gross Rev Req JO Poles	8.6	7.0	7.3	Sum Lines 18 through 21
Pole Attach. (PA) Revenues:				
Third Party excluding CCI	(2.1)	(2.1)	(1.0)	# Third party attachments x Attachment rate
CCI as attacher	(5.0)	(5.0)	(3.6)	# CCI attachments x Attachment rate
Total PA Revenues	(7.1)	(7.1)	(4.6)	Line 26 + Line 27
Net Revenue Requirement	1.5	(0.1)	2.7	Line 22 + Line 28
Property Tax Expense (1)	0.9	1.1	1.2	Average net plant x Property tax mill rate/100
Vegetation Management Expense (2)	7.0	7.2	7.4	Historical reimbursement level
Total	\$ 9.4	\$ 8.2	\$ 11.3	Line 30 + Line 32 + Line 34

(1) Property tax expense to be included in property tax expense reconciliation component of annual RRA mechanism
(2) Vegetation management expense to be included in vegetation management program reconciliation component of annual RRA mechanism

Assumptions:

- WACC = Pre-tax WACC per DE 19-057
- Depreciation rate = 3.206%
- Pole replacements/year = 2,310 poles (estimated Yr 1), 2% (Yr 2-3)
- Transfer cost/pole = \$1,200
- Replacement cost/pole = \$5,400
- Inspection cost/pole = \$21.22
- Upfront inspection costs = \$0.25M (Yr 1), \$0.2M (Yr 2), \$0.075M (Yr 3)
- # Poles inspected/year = 70,295 (Yr 1), 42,177 (Yr 2-3)
- Average remaining life = 27.3 years
- Existing third party attachments (estimated) = 312,704
- CCI solely owned third party attachments (estimated) = 9,824
- CCI attachments (estimated) = 403,140
- Property tax mill rate = \$2.95