

**BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION**

GENERAL ORDER

Docket No. R-26968. Louisiana Public Service Commission, Ex Parte. *In re: Review of the General Order dated March 12, 1999 (Pole Attachments).*

(Decided at Open Session held August 6, 2014)

A. Background:

Pursuant to the March 12, 1999 General Order,¹ a rate freeze was implemented for pole attachment rental rates. The March 12, 1999 General Order required the Louisiana Public Service Commission's ("LPSC" or "Commission") approved pole rental rates to be reviewed before the rate freeze could be terminated. Notice of this rulemaking was published multiple times by Commission Staff ("Staff") with additional issues included for comments in the subsequent notifications. The final notice was published in the Commission's Official Bulletin on January 25, 2008. On March 8, 2008, Staff issued a draft rule to the service list and requested comments on that rule. Two rounds of comments were submitted in response to this draft rule; the first round was submitted in June 2008, and the second round was submitted in response to a list of additional issues circulated by Staff via letter dated July 21, 2008.

At the Commission's April 26, 2012 Business and Executive Session, the Commission directed Staff to reopen the instant rulemaking proceeding and to allow additional interested parties an opportunity to file notices of intervention. The matter was then republished in the April 27, 2012 edition of the Commission's Official Bulletin. Under the procedural schedule set by the parties at the October 3, 2012 technical conference, consideration of Staff's proposed recommendation was to take place at the Commission's March 2013 Business & Executive Session. However, at the Business & Executive Session held March 20, 2013, Commissioner Skrmetta issued a directive stating that, although Staff's recommendation was due, it should refrain from issuing its recommendation, and instead, coordinate individually with counsel for all parties to establish a period for conducting an additional investigation.²

Staff was charged with taking such steps as reasonably necessary to ascertain relevant information necessary to support the Commission's ultimate rule in this Docket. Two rounds of comments were submitted by the parties. Staff hired consultants in November of 2013. A technical conference was held in December of 2013. As a result of Staff's review of the

¹ *In Re: Review of LPSC Orders U-14325, U-14325-A and General Order dated December 17, 1984 dealing with agreements for Joint Utilization of Poles and Facilities by Two or More Entities.*

² See Minutes of March 20, 2013 Open Session of the Louisiana Public Service Commission Held in Baton Rouge, Louisiana, 1 (2013), available at http://www.lpsc.louisiana.gov/_docs/_Minutes/3-20-13%20BE%20Minutes.pdf:

The purpose of the above-referenced docket is to consider various issues concerning the rates, terms and conditions of attachments by communications companies to utility poles, including a review of the Commission's long-standing pole-rate freeze and regulations in this area. I believe that the importance of these issues to users and providers of broadband communications in Louisiana, as well as to providers of electric service has generated a large volume of technical and other data in this rulemaking proceeding. In order to address this large volume of material and in order to compile a complete record to support the Commission's ultimate action in this docket, I direct the Commission Staff to conduct an evidentiary hearing, issue data requests and to take such other steps as may be reasonably necessary to produce a Staff Recommendation and ultimate Commission decision that lawfully serves the public interest of the citizens of the state of Louisiana..

numerous filings made by the parties in this Docket and of the discussions by and amongst the parties at the technical conference held December 10, 2013, drafts of a proposed Order were circulated on April 9, 2014 and on June 20, 2014. Comments were received in response to both drafts. The following proposed Order represents the culmination of Staff's analysis of comments received in response to the two 2014 drafts.

B. Jurisdictional Statement:

The Louisiana Constitution, Article IV, Section 21(B), provides:

The commission shall regulate all common carriers and public utilities and have such other regulatory authority as provided by law. It shall adopt and enforce reasonable rules, regulations, and procedures necessary for the discharge of its duties, and shall have other powers and perform other duties as provided by law.

Moreover, 47 U.S.C. Section 224(c) provides that,

[A] State which regulates the rates, terms and conditions of pole attachments shall certify to the [Federal Communications Commission ("FCC")] that . . . [it] consider[s] the interests of the subscribers of the services offered via such attachments, as well as the interests of the consumers of the utility services.

The State of Louisiana ("State") was therefore required to issue and make effective rules and regulations implementing the State's authority over pole attachments before it could be allowed to regulate pole attachments.

The State procedures with respect to pole attachment rental agreements between electric and telephone companies were successfully completed by the LPSC in Docket U-14325 on October 31, 1980. The same procedure was extended to cable television operators in the Commission's General Order dated December 17, 1984. Because of this authority, the LPSC regulates the rates, terms and conditions of pole attachment agreements between telecommunications providers, electric utilities and cable television carriers that are subject to its jurisdiction.³

C. Results of Technical Conference Held December 2013:

The technical conference convened by Staff in this proceeding on December 10, 2013 was held to:

1. Hear the parties' arguments for whether the rate freeze imposed by the General Order dated March 12, 1999 ("Rate Freeze") should continue to remain in effect;
2. Have the parties discuss the establishment of a definition of "pole attachment", including whether that definition should include pedestals, drop poles, any overlashing, ground wires and bond wires;
3. Consider the different formulas that were discussed in the parties' Comments of February 1, 2013 and of March 4, 2013;
4. Provide the parties with a forum to present their arguments for whether Attachers should be required to bear any amount of capital costs that do not arise from the make-ready process; and
5. Allow the parties to discuss potential dispute resolution/complaint processes.

Participating in the conference were the following parties: American Electric Power Company and its subsidiary Southwestern Electric Power Company; the Association of

³ This General Order, and Pole Attachment Rules adopted herein, shall not apply to the attachments to poles, ducts, conduits, or rights-of-way owned by municipalities or other political subdivisions that are not subject to the jurisdiction of the LPSC.

Louisiana Electric Cooperatives, Inc.; Entergy Services, Inc., Entergy Louisiana, LLC and Entergy Gulf States Louisiana, L.L.C. (collectively, "Entergy"); the Small Company Committee of the Louisiana Telecommunications Association; BellSouth Telecommunications, LLC d/b/a AT&T Louisiana ("AT&T"); Cleco Power, L.L.C.; Pointe Coupee Electric Membership Corporation; Cox Communications Louisiana, L.L.C.; the Louisiana Cable and Telecommunications Association, Inc.; CenturyTel of Chatham, LLC, CenturyTel of Central Louisiana, LLC, CenturyTel of East Louisiana, LLC, CenturyTel of Evangeline, LLC, CenturyTel of North Louisiana, LLC, CenturyTel of Northwest Louisiana, Inc., CenturyTel of Ringgold, LLC, CenturyTel of Southeast Louisiana, Inc., and CenturyTel of Southwest Louisiana, LLC; East Ascension Telephone Company, and Lafourche Telephone Company, LLC; Competitive Carriers of the South, Inc.; Lafayette Utilities System; and Dixie Electric Membership Corporation ("DEMCO").

In addition, numerous parties filed for intervention in the proceeding.⁴ Comments detailing the positions of the parties were reviewed by Staff, and these positions were discussed at the technical conference held December 10, 2013.

Based on the December 10, 2013 technical conference and the comments received by the intervenors, Staff filed a Proposed General Order on April 9, 2014. Parties were encouraged to submit comments on the Proposed General Order by or before April 24, 2014.

The comments submitted by the intervenors contained several previously unaddressed, esoteric issues. As such, Staff directed that parties who wished to file reply comments should do so by Friday, May 16th. AT&T, shortly followed by LCTA and the ALEC, then requested an extension of time until Wednesday, May 21st, to file its comments. In light of the multiple requests for an extension, Staff extended the deadline for all parties to file their reply comments to Wednesday, May 21, 2014.

1. Lifting the Rate Freeze:

Staff finds that the rate freeze imposed by the General Order dated March 12, 1999 ("Rate Freeze") should not continue to remain in effect. At the technical conference held December 10, 2013, parties were observed to be in general agreement that the Rate Freeze could be lifted in order to ensure that pole rental rates are appropriately recovering costs associated with pole attachments. However, if lifting the Rate Freeze would result in significant increases in pole attachment rental rates, Staff finds that a stair-stepping mechanism should be implemented to moderate those significant increases, as deemed prudent by the Commission. Therefore, Staff is recommending that the current Rate Freeze, implemented by the Commission's General Order of March 12, 1999 should be lifted, and that the Commission should allow pole rental rates to be modified, based on the most recently-available cost data. Notwithstanding anything to the contrary, Staff acknowledges that the Rate Freeze has been and remains in effect until the effective date of this Order, and nothing in this Order is meant to address any pole rentals or pole rental agreements prior to the effective date of this Order, nor is this Order intended to cure, ratify, endorse, sanction, or pardon any violation of the Rate Freeze that occurred during the pendency of the Rate Freeze. This Order shall only apply prospectively to all pole rentals or pole rental agreements entered into after the effective date of this Order.

2. Definition of a Pole Attachment:

Based on Staff's review of the Comments filed by intervenors and on the positions expressed at the technical conference held December 10, 2013, Staff finds that the Commission should refrain from requiring parties to adopt a strict pole attachment definition absent the decision of excluding Bond or Ground Wires which attach to poles underground. Staff recommends that the Commission instead continue to encourage Pole Owners and Attachers to define "pole attachment" according to privately-negotiated agreements. Whenever unable to agree, the parties will be able to file a complaint with the Commission, under and according to its Pole Attachment Dispute Resolution Rules set forth herein, at which time the Commission may

⁴ Comments were submitted by all the parties listed above in response to at least one of the notices of rule-making. All comments were considered in the development of this Order.

resolve any disagreement utilizing the defined terms found therein.

3. Pole Attachment Rental Rate Formula:

Staff finds that the Commission should adopt a pole attachment rental rate formula based on Pole Owners' utility pole revenue requirements, and that the Commission should apply its formula to resolve docketed disputes brought before it. Staff recommends that the Commission continue to encourage Pole Owners and Attachers to negotiate recurring rental rates privately. Thus, to the extent they are able, parties are free to agree to the proper allocation and treatment of utility pole capital costs. Whenever unable to agree, parties will be able to file a complaint with the Commission, under and according to its Pole Attachment Dispute Resolution Rules found in Section 11 herein, at which time the Commission may resolve any disagreement utilizing its approved pole attachment rental rate formula, which is based on Pole Owners' utility pole revenue requirements. Pole Owners' revenue requirements can be determined from readily-available data sources, such as Federal Energy Regulatory Commission ("FERC") Form 1 data for regulated investor owned utilities, the United States Department of Agriculture Rural Utilities Service ("RUS") Uniform System of Accounts ("USoA") data for not-for-profit utilities, and the USoA established by FCC 47-CFR-P32 for Incumbent local Exchange Carriers (ILECs). Utilizing readily-available data sources that are updated annually facilitates transparency and consistency in the Commission's application of its pole attachment rental rate formula. As such, Staff is recommending that the Commission approve and implement a pole attachment rental rate formula based on Pole Owners' revenue requirements for resolving docketed disputes brought before it under its Pole Attachment Dispute Resolution Rules.

Staff further finds that the use of two feet of space in the Commission's pole attachment rental rate formula is reasonable. Attachers have argued in favor of modifying the current Commission pole rental rate formula to reflect one foot of occupied space as opposed to two feet, stating that this change would mirror the current FCC formula rate. However, the Staff finds that the basis for the Commission's original pole rental rate still remains sound. Under most circumstances, the separation space mandated by the National Electric Safety Code for the protection of communications workers is forty inches; this space is not necessary, but for the Attachments. The Commission's formula does not require Attachers to pay for the entire safety space, but only twelve inches of the mandated forty inches. Therefore, the use of two feet of space in the Commission's formula is reasonable and ensures that Attachers pay a fair portion of the costs caused by their Attachments.

In keeping with the theme of reasonableness and ensuring that Attachers pay a fair portion of the costs caused by their Attachments, Staff finds that Attachers should be responsible for paying Make-Ready Costs directly attributable to their applications. Make-Ready Costs should include only the actual, direct and verifiable costs necessary for a Pole Owner to prepare its utility poles for an Attacher's Attachments. Such Make-Ready Costs can include the costs of materials, labor, engineering, supervision, overhead, and other costs directly attributable to preparing a pole for an Attacher's Attachments. Holding Attachers responsible for paying the actual, direct and verifiable Make-Ready Costs associated with their applications ensures that Attachers pay a fair portion of the costs caused by their Attachments. Accordingly, Staff finds that Attachers should be responsible for paying Make-Ready Costs directly attributable to their applications. Disagreements between a Pole Owner and an Applicant or Attacher over the actual, direct and verifiable Make-Ready Costs associated with preparing a pole for an Attacher's Attachments can be brought before the Commission under and according to its Pole Attachment Dispute Resolution Rules.

4. Formula Allocation and Treatment of Capital Costs that do not arise from the Make-Ready Process:

Staff finds that, at this time, capital costs that do not arise from the make-ready process have insufficient impact on the Commission's pole attachment rental rate formula to warrant a modification to that formula. Accordingly, Staff does not take a position at this time as to whether Attachers should be required to bear any portion of utility pole capital costs that do not arise from the make-ready process.

5. Pole Attachment Dispute Resolution Process:

Staff finds that the Commission should adopt a dispute resolution process for resolving disagreements between Pole Owners and Attachers. Many parties suggested that the Commission adopt a procedure for resolving disputes either through alternative dispute resolution means or through a streamlined resolution process. Staff believes that parties who feel aggrieved at any point concerning pole attachment agreements have the option to file a complaint with the Commission. However, the resolution of disputes may be expedited if the Commission were to implement a streamlined complaint process with: (1) a mandatory requirement for settlement discussions prior to the filing of a complaint; (2) an evidentiary hearing before a hearing examiner appointed by the Commission's Executive Secretary; and (3) a final decision to be rendered directly by the Commission. Thus, Staff agrees that implementing streamlined procedures could encourage settlement discussions between the parties and, if a resolution cannot be reached, result in more expeditious Commission decisions. Accordingly, Staff recommends that the Commission adopt rules stating that a party may file a complaint for the purpose of determining the justness and reasonableness of rates, terms or conditions of pole attachment agreements pursuant to the Rules of Practices and Procedures of the Louisiana Public Service Commission, and that timely final action will be taken on any such complaint so filed.

This matter was brought before the Commission at its August 6, 2014 Business and Executive Session. Based upon the comments received, the Staff proposed new pole attachment rules in the form of a Proposed General Order for the Commissioner's consideration. On motion of Commissioner Holloway, seconded by Commissioner Angelle, and unanimously adopted, the Commission voted to accept the Staff recommendation and to adopt the Proposed Rule that was circulated to the Service List on July 9, 2014.

IT IS THEREFORE ORDERED THAT:

The following pole attachment rules are hereby adopted:

1. Definitions:

- a. Attacher: Any entity that has an Attachment on a utility pole to provide a utility, governmental or communications service, including an electric utility, telecommunications service provider (and wireless/CMRS carriers), cable television service provider, or other entity that is otherwise a party to a Pole Agreement with a Pole Owner.
- b. Attachment: The connection of one or multiple of an Attacher's facilities, within that Attacher's Usable Space, to a utility pole. An Attachment shall additionally include wireless and commercial mobile radio services ("CMRS") facilities regardless of where attached on the utility pole.
- c. Bond and Ground Wires: Bond and Ground Wires are those fixtures for the safe grounding of electric, communications and associated facilities. To the extent that Bond and Ground Wires are connected to the Unusable Space of a utility pole, such connections are not to be included in the definition of Attachments for the application of the Commission's pole attachment rental rate formula.
- d. Boxing: The installation of communications or electric lines on both sides of the same pole.
- e. Commission: Louisiana Public Service Commission.
- f. Drop Pole: Shall mean a "service" pole owned by a Pole Owner that has no primary utility cables and only secondary utility cables.
- g. Extension Arms: Brackets extending horizontally from the pole used to support the attachment of wires at the same level as existing wires in order to maintain required clearances.
- h. Make-Ready Costs: The actual, direct and verifiable costs necessary for a Pole Owner to prepare its utility poles for an Attacher's or Applicant's Attachments, or to rearrange or otherwise modify an Attacher's or Applicant's facilities for reasons expressly identified within this Order and these Rules.

- i. Overlashing: An Attacher's lashing of additional facilities to an existing Attachment within the Usable Space.
- j. Pole Agreement: An agreement entered into by a Pole Owner and a Pole Attachment Applicant or Attacher.
- k. Pole Attachment Applicant: ("Applicant") An applicant that either has submitted or is in the process of submitting an application for authorization to attach one or more Attachments to a Pole Owner's utility pole or poles.
- l. Pole Owner: An owner of a utility pole, duct, conduit, or right-of-way to which Attachments may be attached that are subject to the jurisdiction or regulatory authority of the LPSC.
- m. Unusable Space: The space on a utility pole not within the Usable Space, including the amount required to set the depth of the pole; presumed to be the bottom twenty-four (24) feet of a thirty-seven-and-one-half (37.5) foot pole, in the absence of actual measurement or Pole Agreement stating contrary.
- n. Usable Space: The space above the minimum grade level to the top of the pole that can be used for the attachment of wires, cables, and associated equipment, including the space occupied by the pole owner. The Usable Space is presumed to be the top thirteen-and-one-half (13.5) feet of a thirty-seven-and-one-half (37.5) foot pole in the absence of actual measurement or Pole Agreement stating contrary.

2. Pole Attachment Rental Rates:

- a. The "Rate Freeze" enacted by the Commission's General Order of March 12, 1999 is hereby terminated; however, the pole rental rate formula adopted in LPSC Orders U-14325 and U-14325-A shall remain in place, as modified herein.
- b. The termination of the Rate Freeze does not automatically require modification of existing Pole Agreements that are currently in effect and binding on the parties to that Pole Agreement.
- c. Pole Owners shall be allowed to use the most recent revenue requirement accounting data in order to adjust their pole attachment rental rates. Pole Owners who are investor owned electric utilities shall use accounting data reflected in publicly-available filings, such as recent FERC Form 1 filings, in order to adjust pole rental rates. Pole Owners who are electric Co-operatives shall use available data similar to FERC Form 1 filings, such as the RUS USoA, in order to justify adjustments to pole rental rates. Owners who are ILEC's should use the USoA established by FCC 47-CFR-P32 in order to justify adjustments to pole rental rates.
- d. If an existing and effective Pole Agreement contains a provision allowing for the increase of rental rates during the term of the Pole Agreement, and the Pole Owner wishes to modify its Pole Attachment rental rates in light of the Commission's termination of the Rate Freeze enacted by the Commission in the March 12, 1999 General Order, then that Pole Owner must provide an Attacher(s) with a brief summary of the information necessary for the Pole Owner to support the modification of its pole attachment rental rates no later than 60 days prior to the intended effective date of a new pole attachment rate. This brief summary shall set forth the new pole attachment rental rate modifications, and shall include, at a minimum: applicable FERC Form 1, RUS USoA, or USoA established by FCC 47-CFR-P32 filings, the citation for the page from the most recent Commission order establishing the Pole Owner's approved rate of return, a listing from the Pole Owner's continuing property records listing the number of utility poles in inventory, and a worksheet detailing how the Pole Owner arrived at its new pole attachment rental rate.

- i. If an existing and effective Pole Agreement contains no provision allowing for the increase of rental rates during the term of the Pole Agreement, then, prior to the expiration of said Pole Agreement according to its own terms, the rental rates for that Pole Agreement may only be increased by mutual consent of the Pole Owner and Pole Attachment Applicant/Attacher.
 - ii. If any Pole Agreement existing on the effective date of this Order contains rates in violation of the Rate Freeze enacted by the Commission in the March 12, 1999 General Order, and the Attacher desires to challenge the validity of such rates, then the Attacher should bring an action at the Commission to challenge the validity of such rates in accordance with that General Order. If the result of such action is that the Pole Agreement is found to violate the Rate Freeze, then the provisions of this Order would apply to the setting of any new rates.
- e. Disputes related to the rates, terms and conditions of Pole Agreements can be brought before the Commission, under and according to the Commission's Pole Attachment Dispute Resolution Rules, as found in Section 11 herein. Docketed disputes concerning the pole attachment rental rate brought before the Commission will be determined by applying the Commission's pole attachment rental rate formula to the Pole Owner's most recent audited data appropriate for determining the attachment rates, as described in Section 2(b) herein.
- f. If the resulting rates result in rates greater than 50% of the existing rates, pursuant to a request by the Attacher, the Commission can order a multi-year adjustment to achieve the new rates by requiring that the Pole Owner adjust the rates by equal ratable steps of the difference between the new and existing rates over a period of five (5) years. If the resulting rates result in rates greater than 20% of the existing rates, the Commission can order a multi-year adjustment to achieve the new rates by requiring that the Pole Owner adjust the rates by equal ratable steps of the difference between the new and existing rates over a period not to exceed two (2) years. Rate increases of less than 20% shall not require a phase-in period, however, the parties are free to privately agree to one.

3. Necessity for Pole Agreements:

- a. To facilitate the joint use of poles, Applicants/Attachers and Pole Owners must execute a Pole Agreement, which will establish the terms and conditions of the pole use.
- b. Parties must negotiate Pole Agreements in good faith.
 - i. Good faith negotiations require that, within 15 days of an Applicant's/Attacher's request, a Pole Owner shall provide the Applicant/Attacher with a brief summary of the information necessary for the Pole Owner to support its pole attachment rental rates. This brief summary shall set forth the pole attachment rental rate and shall include, at a minimum: applicable FERC Form 1, RUS USoA, or USoA established by FCC 47-CFR-P32 filings, the citation for the page from the most recent Commission order establishing the Pole Owner's approved rate of return, a listing from the Pole Owner's continuing property records listing the number of utility poles in inventory, and a worksheet detailing how the Pole Owner arrived at its pole attachment rental rate.
 - ii. If after 15 days of an Applicant's/Attacher's request, the Pole Owner has not provided the information and data required under Section

3(b)(i) above, the Applicant/Attacher may file a request for relief under and according to the Pole Attachment Dispute Resolution Rules provided, as found in Section 11 herein, and penalties and fines may be assessed on the Pole Owner, in accordance with Section 13, Penalties and Fines, below.

- c. Standard Pole Agreements will not be required in order to allow the parties greater flexibility for negotiations.
- d. The use of a form Pole Agreement shall not prohibit parties from negotiating alternative Pole Agreements, in good faith, to better accommodate particular facts and/or circumstances relating to a particular Attachment application. Parties are also free to negotiate different time periods for the accomplishment of tasks, other than those set out below; however, the Commission recommends that any alternate time periods be specifically set forth in the Pole Agreement.
- e. With the exception of wireless and CMRS facilities (which are considered Attachments no matter where attached), connections made within the Unusable Space of a utility pole are not to be considered Attachments. A Party's access to the Unusable Space of a utility pole, and the terms and conditions of connections made within the Unusable Space of a utility pole, are to be the just and reasonable products of private negotiations conducted in good faith between parties.
 - i. A Party unable to successfully negotiate for just and reasonable access to the Unusable Space of a utility pole, or just and reasonable terms and conditions for connections made within the Unusable Space of a utility pole with a Pole Owner, may file a complaint with the Commission under and according to the Commission's Pole Attachment Dispute Resolution Rules found in Section 11 herein.
 - ii. If, through the application of the Commission's Dispute Resolution Rules, it is found that the Pole Owner's denial of access to the Unusable Space of a utility pole, or the terms and conditions offered for connections made within the Unusable Space of a utility pole are unjust and unreasonable, the Pole Owner shall reimburse the Attacher's reasonable cost of pursuing the complaint and the Pole Owner may further be subject to the Penalties and Fines provisions found in Section 13 herein.
 - iii. If, through the application of the Commission's Dispute Resolution Rules, it is found that that the Pole Owner's reasons for its denial of access to the Unusable Space of a utility pole are just and reasonable, or the terms and conditions offered by the Pole Owner for connections made within the Unusable Space of a utility pole are just and reasonable, and that the Party responsible for filing the complaint acted unreasonably in doing so, that Party shall reimburse the Pole Owner for its reasonable costs in defending the complaint and may further be subject to the Penalties and Fines provisions found in Section 13 herein.
- f. Attachments made without obtaining or in violation of a Pole Agreement are subject to a default payment, as set forth in Section 9(b) below. Additional penalties and fines may be assessed by the Commission, based on the severity of the violation(s), in accordance with Section 13, Penalties and Fines, below.

4. Standard Processes:

a. Application for attachment:

- i. Within 60 days of the date of this order, jurisdictional Pole Owners

shall publish on their respective websites copies of standard applications that must be completed by pole attachment Applicants prior to attachment.

- ii. Application fees shall be just and reasonable and are to be limited to the recovery of the actual costs of the Pole Owner's processing of the application. Application fees shall be posted on the Pole Owner's website, including a breakdown of the fees, if necessary.
- iii. Pole Owners shall protect confidential information submitted by Attachers in the attachment process from disclosure for any purpose unrelated to the attachment process, including from disclosure to the employee or contractor of any telecommunications, cable or broadband over power line subsidiary or affiliate. Pole Owners are encouraged to establish written policies on how they intend to meet this obligation.

b. Processing of application for attachment:

- i. Applicants must submit all information reasonably required by Pole Owners.
- ii. For applications of up to 20 poles, the Pole Owner shall provide written and electronic notice to the Applicant within 15 days of the application receipt date confirming receipt and either: (a) approving the application, or (b) alternatively listing any deficiencies with the application, including missing information. If required information is missing, and the Applicant has not provided a reasonable justification for its omission, the Pole Owner may suspend processing of the application until the missing information is provided. Once the missing information is provided, the Pole Owner will have 15 days from receipt of missing information to approve or reject the application.
- iii. For applications in excess of 20 poles, but less than 301 poles, the time periods required for the Pole Owner to process the application as provided in 4(b)(ii) above will be 30 days, instead of 15 days.
- iv. For applications in excess of 300 poles, the time periods required for the Pole Owner to process the application as provided in 4(b)(ii) above will be 45 days, instead of 15.
- v. If any information requested through an application is not available to the Applicant, the Applicant shall identify such information and provide a reasonable justification as to why the information cannot be obtained. The Pole Owner may consider the application complete upon reasonable justification by the Applicant for why the information cannot be obtained. An Applicant may challenge a Pole Owner's decision not to consider the Application complete according to the Commission's Dispute Resolution Rules provided herein.
- vi. If a Pole Owner rejects an application for any reason, it must state the specific reasons in support of its decision. Applicants may appeal to the Commission if they do not agree with the Pole Owner's decision, under and according to the Commission's Pole Attachment Dispute Resolution Rules.
- vii. Pole Owners found by the Commission, under its Dispute Resolution Rules, to have unreasonably delayed or denied an Applicant's application shall be subject to the Penalties and Fines provisions found in Section 13 herein.

c. Pre-construction survey:

- i. For pole attachment applications of 20 poles or less, the Pole Owner must perform a pre-construction survey within 45 days of the approval of the application.
- ii. For applications in excess of 20 poles, but less than 301 poles, the Pole Owner must perform a pre-construction survey within 60 days of the approval of the application.
- iii. The Pole Owner will be required to respond in a reasonable time period for applications in excess of 300 poles, but the time period shall not exceed 75 days after the approval of the application.
- iv. If the Pole Owner believes that a pre-construction inspection cannot be performed within the time periods set forth above, it must notify the Applicant of its determination within the time allotted under Section 4(b) above. Thereafter, the Applicant may select an outside contractor to perform the pre-construction inspection. The outside contractor must be selected from a list of contractors that has been pre-approved by the Pole Owner. Within 60 days from the date of this order, Pole Owners will provide and maintain on their websites a list of pre-approved contractors who are qualified to perform pre-construction surveys. Applicants or Attachers may submit a list of outsider contractors to a Pole Owner for the Pole Owner to consider including on its list.
- v. Charges for pre-construction surveys shall be reasonable and shall be posted on the Pole Owner's website and, upon request, the Pole Owner must supply Attachers with all work papers supporting the fees. Charges assessed by the pre-approved outside contractors for pre-construction surveys shall be made available to Applicants or qualified interested parties.
- vi. A Pole Owner found by the Commission under its Dispute Resolution Rules to have violated any of the requirements of this section shall be subject to the Penalties and Fines provisions found in Section 13 herein.

d. Estimate of Make-Ready Costs:

- i. After the pre-construction inspection is completed, the Pole Owner must provide an estimate of any Make-Ready Costs to the Applicant and/or Attacher within:
 1. 15 days of completing the survey for applications of 20 poles or less;
 2. 30 days for applications of greater than 20 poles, but less than 301 poles; and
 3. 45 days for applications in excess of 300 poles.
- ii. A Pole Owner found by the Commission, under its Dispute Resolution Rules, to have unreasonably delayed in providing an Applicant or Attacher an estimate of any Make-Ready Costs, shall be subject to the Penalties and Fines provisions found in Section 13 herein.
- iii. Applicants and/or Attachers will have 30 days from the date of receipt of Make-Ready Costs estimates to accept and pay for the make-ready work. Acceptance must be provided to the Pole Owner in writing (e-mail or facsimile may be utilized). Upon receipt of payment from

Applicants and/or Attachers for the Make-Ready Costs, the Pole Owner must perform work within 60 days.

- iv. If the Pole Owner believes that the make-ready work cannot be performed within the time periods set forth above, it must notify the Attacher of its determination at the time the make-ready estimate is provided. Thereafter, the Attacher may select an outside contractor to perform the make-ready work. The outside contractor must be selected from a list of contractors that has been pre-approved by the Pole Owner. Within 60 days from the date of this Order, Pole Owners will provide and maintain on their website a list of pre-approved contractors who are qualified to perform make-ready work. Attachers may submit a list of outsider contractors to a Pole Owner for the Pole Owner to consider including on its list.⁵
- v. A Pole Owner found by the Commission under its Dispute Resolution Rules to have violated any of the requirements of this section shall subject to the Penalties and Fines provisions found in Section 13 herein.
- vi. If additional work is required that changes the original estimate of Make-Ready Costs, the changes will be provided to the Applicant for review. The Applicant will have 5 days from the date of receipt of the changed estimate to decide whether to proceed with the work and provide any additional payment. Applicants may appeal to the Commission if they do not agree with the additional Make-Ready Costs, under and according to the Commission's Pole Attachment Dispute Resolution Rules.
- vii. Make-Ready Costs estimates must include, at a minimum, the following information: (1) date of work; (2) description of work; (3) location of work; (4) unit cost or labor cost per hour; (5) costs of itemized materials and (6) any miscellaneous charges. Applicants may appeal to the Commission if they do not agree with the Make-Ready Costs estimates, under and according to the Commission's Pole Attachment Dispute Resolution Rules.
- viii. In the event an Applicant disputes the Make-Ready Cost estimates, the Applicant may elect to pay the costs under protest and seek reimbursement of potential excessive costs in accordance with the dispute resolution provisions provided herein. A Pole Owner shall not stop or delay the processing of an application for attachment or the completion of make-ready work due to a dispute between the Applicant and Pole Owner, unless that dispute directly concerns safety or the Applicant's authorization to construct attachments.
- e. Post-construction inspection: Applicant/Attachers shall provide written notice (email or facsimile may be utilized) to the Pole Owner upon completion of the work related to attachments under an Application for Attachment. Pole Owners may choose to perform post-construction inspections within 30 days after receipt of notification of completion of the attachments or within 180 days of the Pole Owner's approval of the Application in the absence of notice of completion, and the costs associated with such post construction services shall be considered as part of Make-Ready Costs.
 - i. If a Pole Owner plans to perform a post-construction inspection, it

⁵ The foregoing shall not abrogate any existing or future agreements between a Pole Owner and a labor union (e.g., Communications Workers of America) that requires that make-ready work be performed exclusively by the labor union. Such Pole Owners shall be exempt from this provision.

shall notify the Applicant/Attacher in writing regarding when the survey will be performed to allow the Applicant/Attacher to participate.

- ii. If a Pole Owner performs a post-construction inspection, it shall provide the Attacher a written copy of any non-compliant inspection findings, and the Attacher shall be responsible for correcting any of that Attacher's non-compliant Attachments.

5. Rearrangements:

- a. When a rearrangement is required as a result of a new Pole Attachment Applicant's request for Attachment, existing Attachers, shall not pay the costs associated with the rearrangement. Instead, the new Pole Attachment Applicant shall pay the direct, actual and verifiable costs of the rearrangement.
- b. When a rearrangement is required as the result of an existing Attacher's request for the modification of an existing Attachment, the non-requesting Attachers forced to rearrange shall not pay the costs associated with the rearrangement. Instead, the existing Attacher requesting the modification shall pay the direct, actual and verifiable costs of the rearrangement.
- c. When a rearrangement is required as the result of a Pole Owner's request for the modification of existing Attachments in order for the Pole Owner to perform maintenance or upgrades to, or in order for the Pole Owner to replace a utility pole, the Attachers forced to rearrange shall pay only their share of the direct, actual and verifiable costs necessary to perform the rearrangement.
- d. When a rearrangement is required as a result of a governmental action, the cost related to the rearrangement shall be shared equally among the Pole Owner and all Attachers.
- e. If a rearrangement is required, because of pre-existing violations of safety violations, the NESC or a Pole Owner's engineering standards, or any other non-compliance issues, the direct, actual and verifiable costs related to the rearrangement shall be treated as follows:
 - i. Where it can reasonably be determined which Attachment necessitated the corrections, the direct, actual and verifiable cost of corrections shall be borne by the Attacher that installed or contracted for the installation of the Attachment.
 - ii. Where it cannot reasonably be determined which Attachment necessitated the corrections, the direct, actual and verifiable costs related to the rearrangement shall be shared equally among the Pole Owner and all Attachers.
- f. Whenever the owner of a pole, duct, conduit, or right-of-way intends to modify or alter such pole, duct, conduit, or right-of-way, the owner shall provide advanced written notification, or verbal notice in the case of emergency situations, of such action to any Attacher that has obtained an Attachment to such pole, duct, conduit or right-of-way so that such Attacher may have a reasonable opportunity to add to or modify its existing Attachment.

6. Boxing and Extension Arms:

- a. The determination of whether to employ boxing or extension arms shall be made on a case-by-case basis and at the reasonable discretion of the Pole Owner, subject to Commission review. Boxing and extension arms shall only be considered on a pole if the pole can be safely accessed by ladders, bucket

trucks, or emergency equipment, so that worker safety is not compromised.

- b. Where a Pole Owner does not permit boxing of facilities or use of extension arms, the Pole Owner must identify, in writing, the reasons for the denial. Applicants may appeal to the Commission if they do not agree with the decision of the Pole Owner, under and according to the Commission's Pole Attachment Dispute Resolution Rules.

7. Overlashing:

- a. Any Attacher wishing to overlash facilities must provide a Pole Owner with reasonable notice of its intent to overlash facilities by filing a written request with the Pole Owner identifying what existing and proposed facilities are to be attached and/or overlashed, all entities served by the overlash, all design information to perform pole loading analysis, where such facilities will be attached and/or overlashed, and when such facilities will be attached and/or overlashed. In the event of an emergency where a line must be replaced or repaired to restore service to customers and advanced notice is not feasible, the Attacher shall provide notice of overlashing as soon as reasonably practical.
- b. A Pole Owner shall conduct any pre-construction inspection reasonably necessary within a reasonable time of receipt of the Attacher's written request to overlash and provide the Attacher with a written estimate of the Make-Ready Costs, if any, associated with the overlash.
- c. Where a Pole Owner does not wish to permit the attachment or overlashing of facilities because it has determined that a requested overlash cannot be performed in compliance with applicable engineering, construction and safety standards, the Pole Owner must identify, in writing, the reasons for the denial within 15 days of receipt of the Attacher's written request. The Applicant/Attacher and the Pole Owner shall work cooperatively in good faith to determine whether an alternative method of attachment is feasible. Applicants/Attachers may appeal to the Commission if they do not agree with the decision of the Pole Owner, under and according to the Commission's Pole Attachment Dispute Resolution Rules found in Section 11 herein.
- d. To the extent an Attacher causes any costs associated with overlashing, the cost-causing Attacher will be required to pay the direct, actual and verifiable costs associated with its requested overlash. The Pole Owner will file a schedule of the fees/costs associated with overlashing with the Commission's Utilities Division, and such filings may be made under seal in accordance with Rule 12.1 of the Rules of Practices and Procedures of the Louisiana Public Service Commission.
- e. An Attacher with existing facilities may overlash those facilities with other facilities owned by that Attacher without incurring an additional pole rental charge.
- f. Where facilities are overlashed with facilities owned by an unrelated third-party, such overlashed facilities will be considered a new and separate attachment, and it will be charged the applicable pole attachment rental rate, unless, prior to overlashing the facilities, the Pole Owner and overlashing Attacher agree in writing to a different rate for the overlashed facilities.

8. Drop Poles:

- a. Attachers shall not be required to submit individual written permit applications for the attachment of customer service drops to a Drop Pole, provided that the Attacher has received pre-authorization from the Pole Owner for the type of installation (e.g. installation by a "J" hook) and the installation is performed in compliance with applicable engineering, construction and

safety standards. Attachers shall provide notice to the Pole Owner of the location of any customer service drops installed pursuant to this Section within thirty (30) days of the installation of such facilities.

- i. An Attacher unable to successfully negotiate for the just and reasonable terms and conditions regarding connecting to Drop Poles with a Pole Owner, may file a complaint with the Commission under and according to the Commission's Pole Attachment Dispute Resolution Rules found in Section 11 herein.
- ii. If, through the application of the Commission's Dispute Resolution Rules, it is found that the Pole Owner's terms and conditions offered for connections to Drop Poles are unjust or unreasonable, the Pole Owner shall reimburse the Attacher's reasonable cost of pursuing the complaint and the Pole Owner may further be subject to the Penalties and Fines provisions found in Section 13 herein.
- iii. If, through the application of the Commission's Dispute Resolution Rules, it is found that the terms and conditions offered by the Pole Owner for connections to Drop Poles are just and reasonable, and that the Attacher responsible for filing the complaint acted unreasonably in doing so, that Attacher shall reimburse the Pole Owner for its reasonable costs in defending the complaint and may further be subject to the Penalties and Fines provisions found in Section 13 herein.

9. Establishing a Baseline of Existing Attachments:

a. In order to provide a common understanding of existing Attachments, a Pole Owner and the Attachers to a pole shall be responsible for agreeing to or arriving at a baseline that establishes the type of, as well as the number of, Attachments that are on an individual pole within three years of the date of this Order. This baseline may be established by one of two methods explained herein below: stipulated agreement or conducting an audit. Parties are encouraged to compare current records before choosing whether to stipulate or to conduct audits.

i. Stipulated Agreement: A Pole Owner and Attacher may choose to agree, based on their current records, to a baseline that establishes the type of, as well as the number of, Attachments that are on individual poles.

1. The agreement shall be arrived at within three (3) years of the date of this Order.

ii. Audit: In the absence of a Stipulated Agreement or other agreement between a Pole Owner and an Attacher(s), a Pole Owner may engage a qualified, independent third-party to conduct an audit to determine a baseline identifying the type of, as well as the number of, Attachments that are on individual poles.

1. The audit shall be completed within three years of the date of this Order.

2. The costs related to performing the audit shall be assessed among existing Attachers and the Pole Owner.

3. Pole Owners are encouraged to provide Attachers with the opportunity to participate in the audit.

4. Selection of an Auditor:

A. In the event that a Pole Agreement confected prior to

the effective date of this Order specifies the selection of an Auditor, the parties must adhere to the contractually agreed upon terms. However, the existence of such a provision in an agreement does not preclude an Attacher from challenging the audit results in accordance with Section 9(a)(ii)(5)(D), or challenging the basis of the Pole Agreement on other grounds.

B. In the absence of the agreement by the parties in a fully-executed Pole Agreement or otherwise, the Pole Owner shall select an auditor (“Pole Owner’s Auditor”) to conduct an audit to determine a baseline identifying the type of, as well as the number of, Attachments that are on individual poles (“Pole Owner’s Audit”).

i. Pole Owners, within thirty (30) days of selection of an auditor, shall provide an Attacher(s) notice of its selection of an auditor to conduct an audit to determine a baseline identifying the type of, as well as the number of, Attachments that are on individual poles (“Pole Owner Auditor Selection Notice”).

1. Such notice shall include the name of the auditor selected, a statement of the auditor’s experience and qualifications, as well as a detailed cost proposal from the auditor that breaks out its not-to-exceed, capped-bid to perform the agreed upon procedures.

C. In any complaint proceeding brought pursuant to the Pole Attachment Dispute Resolution Process described in Section 11 herein, a hearing examiner may consider the justness and/or reasonableness of a selection of an auditor, and in so doing may consider evidence including but not limited to the arrangement for financial compensation for the auditor’s services (e.g., contingency-based contracts).

5. Establishment of Audit Parameters:

A. In the event that a Pole Agreement conflicted prior to the effective date of this Order specifies the parameters of an audit, the parties must adhere to the contractually agreed upon terms. However, the existence of such a provision in an agreement does not preclude an Attacher from challenging the audit results in accordance with Section 9(a)(ii)(5)(D), or challenging the basis of the Pole Agreement on other grounds.

B. In the absence of an agreement by the parties in a fully-executed Pole Agreement or otherwise, the selection of audit parameters for determining the type of, as well as the number of, Attachments that are on an individual pole shall be determined by a Pole Owner (“Pole Owner Audit Parameters”).

i. Pole Owners shall provide an Attacher(s) notice of its determination and establishment of audit parameters for conducting an audit to determine

a baseline identifying the type of, as well as the number of, Attachments that are on individual poles, within thirty (30) days of their completion (“Pole Owner Audit Parameter Notice”).

1. Such notice shall identify the audit parameters selected and include a statement describing the Pole Owner’s reasoning for so establishing the audit parameters.
 - ii. In the event that one or more Attacher(s) do not agree with a Pole Owner’s Audit Parameters, as provided for in Section 9(a)(ii)(5)(B) herein, then in an effort to facilitate an early settlement on the matter the Attacher(s) may, at any time within thirty (30) days after receipt of the Pole Owner’s proposed audit parameters, submit written notice to the Pole Owner objecting to its audit parameters and expressing the Attacher(s) intent to challenge any and all findings of an audit completed under the Pole Owner’s Audit Parameters through filing a complaint under and according to the Commission’s Pole Attachment Dispute Resolution Rules.
- C. Results of Audits: Pole Owners shall provide the Attacher(s) with a copy of the report or opinion resulting from the Pole Owner’s Audit, within thirty (30) days of receipt from the Pole Owner’s Auditor
- D. Challenging Audit Results:
- i. Attacher(s) may challenge the utilization of the results of Pole Owner’s Audit to determine a baseline identifying the type of, as well as the number of, Attachments that are on individual poles through the following means:
 1. The Attacher(s), within sixty (60) days of its receipt of a copy of the report or opinion resulting from the Pole Owner’s Audit, shall provide a Pole Owner with written notice expressing the Attacher(s) objection to and intent to challenge the utilization of the Pole Owner’s Audit to determine a baseline identifying the type of, as well as the number of, Attachments that are on individual poles through filing a complaint under and according to the Commission’s Pole Attachment Dispute Resolution Rules.
 2. The Attacher(s) may engage a qualified, independent third-party (“Attacher(s) Auditor”) to conduct a separate audit to determine a baseline identifying what, as well as the number of, Attachments that are on individual poles (“Attacher(s) Audit”).

3. The Attacher shall present the results of any separate audit and attempt to reach a resolution with the Pole Owner on establishing the baseline.
 4. If the Pole Owner and the Attacher cannot reach a resolution then the Attacher shall file the findings of both the Pole Owner's Audit and the Attacher(s) Audit, as well as a brief detailing the Attacher(s) reasons for challenging the results of a Pole Owner's Audit and supporting the results of the Attacher(s) Audit with the Commission under and according to the Commission's Pole Attachment Dispute Resolution Rules.
- ii. If, through application of the Commission's Pole Attachment Dispute Resolution Rules, the Commission determines that:
1. The results of the Pole Owner's Audit were neither unjust nor unreasonable, the findings of the Pole Owner's Audit shall be utilized to determine a baseline identifying the type of, as well as the number of, Attachments that are on individual poles, and the Attacher(s) who challenged the Pole Owner's Audit shall be responsible for paying the fees costs associated with the Attacher(s) Audit.
 2. The results of the Pole Owner's Audit were unjust and unreasonable, the findings of the Attacher(s) Audit shall be utilized to determine a baseline identifying the type of, as well as the number of, Attachments that are on individual poles, and the Pole Owner shall be responsible for paying the fees and costs associated with the Attacher(s) Audit.
- b. Once the base line is established by either agreement or by an audit, unauthorized Attachments found pursuant to a subsequent audit or inventory, made by an Attacher that has been determined, through a proceeding brought under and according to the Commission's Dispute Resolution Rules as found in Section 11 herein, to have made such unauthorized Attachments willfully and knowingly, shall be subject to a penalty equal to three times the pole rental rate per Attachment dating back to the most recently-established baseline, or five years, whichever is shorter.

10. Safety Inspections and Inventories:

- a. At its reasonable discretion, a Pole Owner may undertake a safety inspection and inventory of its utility poles at any time.
- b. A Pole Owner may only seek direct recovery of each Attacher's allocable portion of the direct, actual costs of one inventory of its utility poles every

five years, provided that the Attacher(s) are allowed to participate in the processes of contractor selection, inspection planning, and the design and implementation processes of the inventory of the Pole Owner's utility poles. Pole Owner and Attacher(s) shall agree upon a method for allocation of the costs associated with the inventory of the Pole Owner's utility poles; if the parties cannot reach an agreement, then either party may file a complaint with the Commission, under and according to its Pole Attachment Dispute Resolution Rules found in Section 11 herein.

- c. A Pole Owner may only seek direct recovery of each Attacher's allocable portion of the direct, actual and verifiable costs of safety inspections that are proven to have been reasonably necessary, provided that the Attacher(s) are allowed to participate in the processes of contractor selection, safety inspection planning, and the design and implementation processes of the safety inspection. Pole Owner and Attacher(s) shall agree upon a method for allocation of the safety inspection costs; if the parties cannot reach an agreement, then either party may file a complaint with the Commission, under and according to its Pole Attachment Dispute Resolution Rules found in Section 11 herein.
- d. If any safety inspection or inventory of a Pole Owner's utility poles reveals that an Attacher's Attachments are not in compliance with industry-accepted safety standards mutually agreed to by the Pole Owner and Attacher(s), the Pole Owner and Attacher(s) shall work together to determine the cause of the non-compliance. In the event a modification to facilities by a Pole Owner results in a violation related to an Attacher's facilities, the cause of non-compliance shall be the Pole Owner, not the Attacher. Attacher(s) determined by the mutual agreement of Pole Owner and Attacher(s) to have caused a non-compliant condition, shall be responsible for the direct, actual costs necessary to make all appropriate corrections. Such corrections shall be made pursuant to procedures and a schedule that the Pole Owner and Attacher(s) mutually agree to, with the most serious violations being corrected first.
- e. In the event of a discrepancy or dispute between the parties with respect to the results of a safety inspection the parties shall first attempt to resolve such discrepancy or dispute privately in good faith. Whenever unable to agree, parties may file a complaint with the Commission, under and according to its Pole Attachment Dispute Resolution Rules found in Section 11 herein.

11. Pole Attachment Dispute Resolution Rules:

a. Dispute Resolution Process:

- i. The Commission encourages Pole Owners and Attachers ("Party" or "Parties") to resolve disputes through private negotiation prior to filing a complaint with the Commission. In keeping with this stated policy objective, and as detailed in Paragraph 11(b)(viii) of the Form of Complaint section contained herein, when an entity files a complaint with the Commission, the complaining Party must certify that settlement discussions have either taken place between the Applicant/Attacher and the Pole Owner, and that settlement negotiations have concluded without resolution, or that the complaining Party attempted to initiate negotiations and the defendant refused to participate, either by affirmative refusal or by unwillingness/inability to conduct negotiations within a reasonable time.
- ii. When a complaint is filed, the proposed Attachment and any related work or processing will be suspended until after the complaint has been resolved either by a formal or an informal settlement agreement or by a final order of the Commission. However, if any work related to, or the processing, of a proposed Attachment is suspended, and the

Commission determines in a final order that a party to a complaint has acted unreasonably, the party found to have acted unreasonably shall be subject to the Penalties and Fines provisions found in Section 13 herein. With respect to financial disputes, a complainant may elect to pay the disputed amount under protest, continue with installation of the Attachment and seek reimbursement of excessive fees through the dispute resolution process described in this Section.

- iii. The defendant shall be deemed a Party to the proceeding without the filing of a formal intervention pleading.
- iv. Filed complaints will be docketed and assigned to Commission Staff. Commission Staff will be responsible for reviewing filed complaints to ensure their compliance with the Form of Complaints requirements contained in Section 11(b) herein within 30 days of receipt of a complaint.
 1. Complaints in compliance with the Form of Complaints requirements contained in Section 11(b) herein will proceed to a Staff investigation to be docketed and published in the next practicable edition of the Commission's Official Bulletin. The notice in the Commission's Official Bulletin will specify an intervention period of 15 days.
 2. The Commission shall grant requests for expedited complaint processing and treatment upon a showing of good cause. In the event of expedited treatment, the Commission shall issue a dispositive ruling and order on the complaint within 90 days of the filing of such complaint.
 3. Complaints not in compliance with the Form of Complaints requirements contained in Section 11(b) herein will be returned to the complaining Party, along with a list of issues and reasons for why the complaint was deficient.
 - A. The complaining Party shall then have fifteen (15) days to correct any deficiencies and file an amended complaint with the Commission.
- v. If an amended complaint is not filed with the Commission within fifteen (15) days, or if it does not address all of the deficiencies identified by Staff, then the complaint may be dismissed without prejudice. Staff will perform an investigation on complaints filed in compliance with the Form of Complaints requirements contained in Section 11(b) herein and render a Staff Opinion on the matter. If either Party disagrees with the Staff Opinion, the matter shall proceed on an expedited basis to a hearing, to be held before a hearing examiner, at the soonest practicable opportunity. At the hearing, the hearing examiner shall utilize the Commission's pole attachment rules and pole attachment rental rate formula to evaluate the merits of the complaint. The hearing examiner shall be appointed by the Executive Secretary of the Commission.
- vi. The hearing examiner shall prepare a record of the proceedings and a recommendation, and place the matter on the next available Commission Business and Executive Session Agenda for a final determination.
- vii. A hearing for a docketed complaint may, upon written request by the Parties, be held in abeyance so that additional settlement discussions

can be conducted between the parties with the aid of the Commission Staff.

- viii. To the extent that any provisions of this process conflict with Rule 6 of the Commission's Rules of Practice and Procedure, the provisions of this Order shall govern for purposes of the resolution of pole attachment complaints/disputes.

b. Form of Complaints:

- i. The complaint shall contain the name and address of the complainant, name and address of the respondent, and shall contain verification, signed by the complainant or officer thereof if complainant is a corporation, showing complainant's direct interest in the matter complained of. Counsel for the complainant may sign the complaint. Complainants may join together to file a joint complaint. Complaints filed by associations shall specifically identify each utility, cable television system operator, telecommunications carrier, or other LPSC-jurisdictional entity who is a Party to the complaint, as well as any LPSC-jurisdictional affiliates of the parties to the complaint, and shall be accompanied by a document from each identified member certifying that the complaint is being filed on its behalf.
- ii. The complaint shall be accompanied by a certificate of service on the named respondent, including a sworn statement by the initiating Party (through counsel or an official representative) that a copy of this rule and copies of the complaint, supporting testimony and exhibits have been served by certified mail on the opposing Party. United States Post Office certificates evidencing proof of certified mail service shall be filed with the Commission upon receipt.
- iii. The complaint shall be accompanied by a copy of the Pole Agreement, if any, between the Pole Owner and Applicant/Attacher. Such Pole Agreements may be filed under seal in accordance with Rule 12.1 of the Rules of Practices and Procedures of the Louisiana Public Service Commission. If there is no present Pole Agreement, the complaint shall contain:
 1. A statement that the Pole Owner owns or controls poles in whole or in part; and
 2. A statement that the Applicant/Attacher currently has or has applied to place attachments on the Pole Owner's poles.
- iv. The complaint shall state with specificity the pole attachment rate, term or condition which is claimed to be unjust or unreasonable.
 1. If necessary, the complaint may be filed under seal in accordance with Rule 12.1 of the Rules of Practices and Procedures of the Louisiana Public Service Commission to protect highly sensitive/proprietary materials.
- v. If a complaint is thus filed under seal, a public, redacted version of the complaint must be filed concurrently.
- vi. Where it is claimed that either a rate is unjust or unreasonable, or a term or condition is unjust or unreasonable and examination of such term or condition requires review of the associated rate, term or condition, the complaint shall include as an attachment sworn testimony providing evidence, including data and information,

supporting the allegations contained in the complaint. The data and information shall include, where applicable:

1. The gross investment by the Pole Owner for pole lines;
2. The investment in crossarms and other items which do not reflect the cost of owning and maintaining poles, if available;
3. The depreciation reserve from the gross pole line investment (if unavailable, depreciation may be estimated using company-wide ratios);
4. The depreciation reserve from the investment in crossarms and other items which do not reflect the cost of owning and maintaining poles, if available; if unavailable, a cross-member factor ("CMF") of 85% for electrical utilities or 95% for Incumbent Local Exchange Carriers is used to net crossarm costs from the cost of a pole (labeled bar cost of the pole);
5. The total number of poles:
 - A. Owned; and
 - B. Controlled or used by the Pole Owner. If any of these poles are jointly owned, the complaint shall specify the number of such jointly owned poles and the percentage of each joint pole or the number of equivalent poles owned by the subject Pole Owner;
6. The total number of poles which are the subject of the complaint;
7. The number of poles that are controlled or used by the Pole Owner through lease between the Pole Owner and other owner(s), and the annual amounts paid by the Pole Owner for such rental;
8. The number of poles that are owned by the Pole Owner and that are leased to other users by the Pole Owner;
9. The annual carrying charges attributable to the cost of owning a pole, if identifiable, which may be filed under seal in accordance with Rule 12.1 of the Rules of Practices and Procedures of the Louisiana Public Service Commission. The Pole Owner shall submit these charges separately for each of the following categories: Depreciation, rate of return, taxes, maintenance, and administrative. These charges may be expressed as a percentage of the net pole investment. With its complaint or responsive pleading, the Pole Owner shall file a copy of the latest decision of the state regulatory body or state court that determines the treatment of accumulated deferred income taxes ("ADIT") if it is at issue in the proceeding and shall note the section that specifically determines the treatment and amount of ADIT;
10. The rate of return authorized for the Pole Owner for investor owned utilities, or the cost of debt for not-for-profit Pole Owners or the ILECs;

- A. With its pleading, an investor owned utility Pole Owner shall file a copy of the latest decision of the Louisiana Public Service Commission that establishes this authorized rate of return if the rate of return is at issue in the proceeding and shall note the section which specifically establishes this authorized rate and whether the decision is subject to further proceedings before the Louisiana Public Service Commission or a court;
 - B. A not-for-profit utility that received approval from the Commission in the utility's most recent rate case to include equity-like capital resulting from membership fees (also known as patronage capital) in the utility's weighted cost of capital calculation, may also include such patronage capital in the calculation of its applicable pole attachment rental rate. Documentation of the equity structure and a copy of the latest decision of the Louisiana Public Service Commission that establishes the utility's authorized use of patronage capital in calculating its authorized rate of return, noting specifically the section that establishes this authorized rate, must be included in the utility's filings. Attachment D herein provides a template for documenting a capital structure and return on alternative sources of capital.
11. The average amount of usable space per pole for those poles used for pole attachments (a 13.5 foot presumption may be used in lieu of actual measurement, but the presumption may be rebutted);
12. Reimbursements received from Attachers for non-recurring costs.
- vii. Data and information should be based upon historical or original cost methodology, insofar as possible. Data should be derived from FERC Form 1 data, RUS USoA data, the Uniform System of Accounts established by FCC 47-CFR-P32 or other reports filed with state or federal regulatory agencies (identify source). Calculations made in connection with these figures must be provided to the complainant. The complainant shall also specify any other information and argument relied upon to attempt to establish that a rate, term, or condition is not just and reasonable.
 - viii. If any of the information and data required in this section is not provided to the Applicant/Attacher by the Pole Owner upon reasonable request, the Applicant/Attacher shall include a statement indicating the steps taken to obtain the information from the Pole Owner, including the dates of all requests. No complaint filed by an Applicant/Attacher shall be dismissed where the Pole Owner has failed to provide the information required under the paragraphs of this section, as applicable, after such reasonable request. A Pole Owner must supply an Applicant/Attacher the information required in the paragraph of this section, as applicable, along with the supporting pages from its FERC Form 1, RUS USoA, or other report to a regulatory body, within 15 days of the request by the Applicant/Attacher. The Applicant/Attacher, in turn, shall submit these pages with its complaint. If the Pole Owner did not supply these pages to the Applicant/Attacher in response to the information request, the Pole Owner shall supply this information in its response to the complaint.

- ix. The complaint shall include a certification that the complainant has, in good faith, engaged or attempted to engage in executive-level discussions with the respondent to resolve the pole attachment dispute. Executive-level discussions are discussions among representatives of the parties who have sufficient authority to make binding decisions on behalf of the company they represent regarding the subject matter of the discussions. Such certification shall include a statement that, prior to the filing of the complaint, the complainant mailed a certified letter to the respondent outlining the allegations that form the basis of the complaint, that the complainant anticipated filing it with the Commission, inviting a response within a reasonable period of time, and offering to hold executive-level discussions regarding the dispute.
- x. Factual allegations shall be supported by affidavit of a person or persons with actual knowledge of the facts, and exhibits shall be verified by the person who prepares them.
- xi. In a case where an Applicant/Attacher claims that it has been denied access to a pole or right-of-way, the complaint shall include the data and information necessary to support the claim, including:
 - 1. The reasons given for the denial of access to the Pole Owner's poles or rights-of-way;
 - 2. The basis for the complainant's claim that the denial of access is unlawful;
 - 3. The remedy sought by the complainant;
 - 4. A copy of the written request to the Pole Owner for access to its poles or rights-of-way; and
 - 5. A copy of the Pole Owner's response to the written request including all information given by the Pole Owner to support its denial of access. A complaint alleging unlawful denial of access will not be dismissed if the complainant is unable to obtain a Pole Owner's written response, or if the Pole Owner denies the complainant any other information needed to establish a prima facie case.

c. Application of this Order:

- i. The Pole Attachment Dispute Resolution Process created by Section 11 of this Order shall apply prospectively to complaints filed with the Commission following the effective date of this Order.
- ii. Complaints initiated with the LPSC prior to the effective date of this Order shall not be adjudicated pursuant to the Pole Attachment Dispute Resolution Process created by Section 11 of this Order, unless: (1) the parties to such a dispute mutually consent, by affirmative motion, to a conversion of the ongoing proceedings to a proceeding governed by the Pole Attachment Dispute Resolution Process; and (2) the Administrative Law Judge presiding over said ongoing dispute affirmatively authorizes the conversion.

12. Pole Attachment Rental Rate Formula:

- a. The revenue requirement for pole attachments in Louisiana is designed to use available data – (1) FERC Form 1 data for investor owned utilities, (2) the RUS USoA for not-for-profit Electrical Cooperatives or (3) FCC 47 CFR ch1.

Part 32 (2009), Uniform System of Accounts for Telecommunication Companies (Incumbent Local Exchange Carriers (“ILECs”). Most accounts are updated annually. For non-profit cooperative and municipal utilities, the RUS USoA uses virtually identical definitions and accounting indexes. Though similar, revenue requirements for non-profits do not include income taxes or have ADIT and the overall return on capital is solely based on debt financing. There are two significant data elements that are not generally available through FERC Form 1; (1) the number of distribution poles (necessary for the calculation of per pole costs) and (2) the return on equity set by the Commission.

- b. The USoA for ILECs has a different numbering system for accounts than FERC or RUS. However, there is approximate correspondence between FERC accounts and FCC Part 32 accounts that are necessary to calculate pole attachment rental rates formula. These accounts are detailed in the subsequent example calculations (Attachments A – C) on pole rates for ILECs.
- c. Vintage versus RUS average accounting for the pole inventory:
 - i. Where a Pole Owner attempts to make valuation adjustments to the value of its pole inventories based on retirement and depreciation methodologies different from those used in Commission approved rate cases, and the Attacher/Applicant objects to the use of the valuation adjustment in the calculation of the Attachment rental rate, then the Pole Owner must first provide to the Attacher/Applicant data and information based upon historical or original cost methodology as defined in Section 11(b)(vii) herein during negotiations with the Attacher/Applicant.
 1. If the Pole Owner has provided the Attacher/Applicant with data and information based upon historical or original cost methodology as defined in Section 11(b)(vii) herein during negotiations, and the Pole Owner still wishes to make a valuation adjustment to the value of its pole inventories based on retirement and depreciation methodologies different from those used in Commission-approved rate cases, then the Pole Owner must first apply to the Commission for authorization to make the valuation adjustment before implementing the valuation adjustment into its Pole Attachment rental rates.
 - A. The Pole Owner’s application for authorization shall be conducted according to the Pole Attachment Dispute Resolution Process described in Section 11 herein.
 - B. In such instances, the Pole Owner shall bear the burden of proof:
 - i. That the adjustment is being made pursuant to a reasonably acceptable accounting practice; and
 - ii. That the result of the adjustment provides a just and reasonable valuation of the Pole Owner’s pole inventory which does not result in Attachers subsidizing the Pole Owners.
 2. Further, if the adjustment is found to be unwarranted, then the Pole Owner must pay the Attacher’s reasonable costs of challenging the adjustment, and if the Commission determines that the adjustment was in bad faith, the Commission may impose fines and penalties in accordance with Section 13 herein.

- ii. Nothing in this Section shall prohibit mutually consenting parties from negotiating an agreement in which the Attachment rental rate is calculated using a valuation adjustment to the value of the Pole Owner's pole inventory based on retirement and depreciation methodologies different from those used in Commission-approved rate cases.
- d. As noted earlier, non-profits may have member-contributed patronage capital classified as equity. Attachment D outlines a methodology for including patronage capital as an equity component in such a Pole Owner's cost of capital calculation.
- e. Return on investment: For investor owned utility Pole Owners, the return on investment should be the weighted cost of capital ("COC") established in the last Commission rate case proceedings. For non-profit Pole Owners the return on investment should be weighted cost of all debt used as sources of capital. If the non-profit has patronage equity, Attachment D outlines a template for calculation of the COC.⁶
- f. The pole attachment rate of Louisiana follows this standard revenue requirement procedure. There are five basic steps. An attachment rate is calculated in examples for (1) an investor owned electric utility ("Attachment A"), (2) a non-profit electric cooperative ("Attachment B"), and (3) an Incumbent Local Exchange Carrier ("ILEC") ("Attachment C"). These examples are for illustration only – numbers are not representative of any actual utility nor should they be construed as suggesting an appropriate attachment rate. For calculations, all decimals are rounded to four places. There are five basic formula components:

1. Net value in pole inventory = Gross pole investment – acc. dep. – ADIT;

2. Net cost per bare pole = (Net Value in pole inventory/number of poles) × CMF⁷;

3. Annual carrying charge = administration + maintenance + depreciation + tax.

a. Administration charge = A&G ÷ net plant;

b. Maintenance charge = overhead maintenance expense ÷ net overhead investment;

c. Depreciation charge = pole depreciation rate × ratio of (gross plant value ÷ net plant value);

d. Tax charge = total of federal and state income taxes ÷ net plant value⁸; and

e. Sum of individual charges = annual carrying charge.

4. Annual cost per pole = net cost per bare pole × annual carrying charges;

5. Attachment rate = annual cost per pole × useful space allocation (%).

Examples of how to apply this formula are detailed in Attachments A, B, and C below.

⁶ If not previously established in the Pole Owner's most recent rate case, the return to patronage capital must be established by a Commission ruling.

⁷ Cross-member factor ("CMF") is used to adjust the pole value for cross-member costs which support specific purpose lines. For electrical utilities poles, a cross member factor of 0.85 to adjust the pole value. For poles designed for telecommunications, CMF is 0.95. The cross-members do not support the same weight as power and are not as costly, thus a 0.95 factor is used to reflect cost of cross-members.

⁸ Not relevant for non-profits.


13. Penalties and Fines:

- a. No provision herein shall prohibit the Commission's ability to assess reasonable penalties and fines upon parties found to be in knowing and willful violation of this Order.

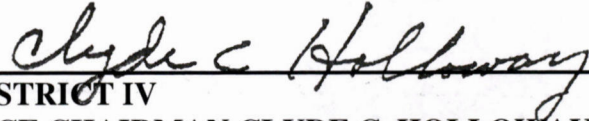
This Order shall be effective immediately.

**BY ORDER OF THE COMMISSION
BATON ROUGE, LOUISIANA**


September 4, 2014



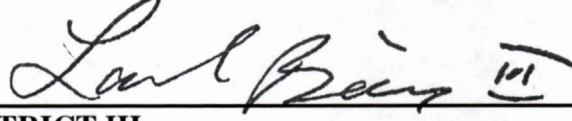
**DISTRICT I
CHAIRMAN ERIC F. SKRMETTA**



**DISTRICT IV
VICE CHAIRMAN CLYDE C. HOLLOWAY**



**DISTRICT V
COMMISSIONER FOSTER L. CAMPBELL**



**DISTRICT III
COMMISSIONER LAMBERT C. BOISSIERE, III**



**EVE KAHAO GONZALEZ
SECRETARY**

**DISTRICT II
COMMISSIONER SCOTT A. ANGELLE**

Attachment A- Investor Owned Electric Utility

1. Retrieve relevant plant and distribution data from the Pole Owner's FERC Form 1 data:
 - a. Gross plant investment: sum of accounts 101-107, 114;
 - b. Accumulated plant depreciation: sum of accounts 108, 110, 111, 115;
 - c. Accumulated deferred income taxes ("ADIT"): sum of accounts 190, 281- 283;
 - d. Pole investment: account 364;
 - e. Total A&G expenses: sum of accounts 920- 931, 935;
 - f. Current and deferred taxes: sum of accounts 408.1, 410.1, 411.4 and net of 411.1;
 - g. Overhead line investment: sum of 364, 365, 369;
 - h. Distribution investment: sum of accounts 360- 374; and
 - i. Maintenance of overhead lines: account 593.

2. Determine the net cost per bare pole: The estimate starts with gross investment in poles (FERC Form 1 account 364 – distribution) net of accumulated depreciation (depreciation reserve) and ADIT associated with poles for a net pole value (rate base⁹ per pole). Accumulated depreciation and ADIT are allocated to poles using companywide allocation factors as follows:
 - a. Accumulated depreciation for the pole inventory is estimated using an allocation factor based on accumulated depreciation for total plant divided by gross plant investment (the sum of accounts 101- 107, 114). ADIT for the pole inventory is also calculated using an allocation factor of plant ADIT (accounts 190, 281, 282, 283) divided by gross plant. For example, assume the following:
 - i. Gross plant (the sum of accounts 101- 107, 114): \$1,500,000,000;
 - ii. Plant depreciation reserve (sum of accounts 108, 110, 111 115): \$500,000,000;
 - iii. Plant ADIT: \$205,500,000;
 - iv. Net plant: $\$1,500,000,000 - \$500,000,000 - \$205,500,000 = \$794,500,000$;
 - v. Gross pole investment (Account 341): \$8,000,000;
 - vi. Depreciation reserve allocation factor: $(\$500,000,000 \div \$1,500,000,000) = 0.3333$;
 - vii. Pole inventory accumulated depreciation: $\$8,000,000 \times 0.3333 = \$2,666,400$;
 - viii. ADIT allocation factor: $\$205,500,000 \div \$1,500,000,000 = 0.1370$;
 - ix. Pole ADIT: $\$8,000,000 \times 0.1370 = \$1,096,000$; and
 - x. Net value of pole inventory: $\$8,000,000 - \$2,666,400 - \$1,096,000 = \$4,237,600$.

 - b. The net value of the pole inventory is then reduced to per pole basis by dividing by the number of distribution poles.¹⁰ The net value is also adjusted by a 0.85 factor to reflect cost of cross-members.

⁹ A reduced version of rate base is used by the FCC (gross investment – accumulated depreciation – ADIT). Other common elements of rate base, such as working cash capital, are not included.

¹⁰ Note that the exact number of distribution poles is data that is not contained in FERC Form 1.

- i. Number of poles: 15,000
 - ii. Net value per pole: $\$4,237,600 \div 15,000 = \282.51
 - iii. Net value per bare pole: $\$282.51 \times 0.85 = \240.13
3. Determine carrying charges per pole: The carrying charges represent the other elements of the revenue requirements. Carrying charges are calculated as a percentage of net plant investment to conform to the bare cost of pole (net investment per pole).
- a. Administration charge: the administration charge percent is calculated on a plant basis (administration costs (sum of accounts 920 – 931, 935) divided by net plant).
 - i. Plant administration expenses: \$45,000,000;
 - ii. Net plant: \$794,500,000;
 - iii. Administration carrying charge: $\$45,000,000 \div \$794,500,000 = 0.0566$.
 - b. Maintenance charge: The maintenance charge is more specifically estimated using maintenance cost for overhead distribution facilities divided by the overhead distribution net investment. Accounts 364, 365 and 369 represent gross investment in the “overhead” distribution system. This amount is reduced by accumulated depreciation¹¹ and ADIT (using plant-wide allocation factors) for net value. The maintenance for overhead distribution (account 593) is divided by this net value for the maintenance carrying charge.
 - i. Investment overhead lines: \$19,000,000;
 - ii. Depreciation plus ADIT factors: $(0.3333 + 0.1370) = 0.4703$;
 - iii. Net overhead investment: $\$19,000,000 \times (1 - 0.4703) = \$10,064,300$;
 - iv. Overhead line maintenance: \$500,000;
 - v. Maintenance carrying charge: $\$500,000 \div \$10,064,300 = 0.0497$.
 - c. Depreciation charge: Depreciation is calculated with a depreciation rate for poles of 0.037 (useful life 27 years). This rate is adjusted by the ratio of gross pole investment divided by net investment in poles.
 - i. Pole depreciation rate: 0.037;
 - ii. Gross pole investment: \$8,000,000;
 - iii. Net pole investment: \$4,237,600;
 - iv. Gross to net depreciation adjustment: $\$8,000,000 \div \$4,237,600 = 1.888$;
 - v. Depreciation carrying charge: $0.037 \times 1.888 = 0.0699$.
 - d. Tax charge: The tax charge is similarly calculated by applying a plant-wide tax ratio of income taxes (sum of accounts 408.1, 409.1, 410.1, 411.4, net of 411.1) to net plant investment.
 - i. Total current and deferred income taxes (federal and state): \$58,000,000;
 - ii. Net plant investment: \$794,500,000;
 - iii. Tax carrying charge: $\$58,000,000 \div \$794,500,000 = 0.0730$.

¹¹ The accumulated depreciation for overhead distribution can be more precisely estimated using the percentage total distribution reserve divided by gross distribution investment (available in FERC Form 1). The FCC uses a plant wide percentage.

e. Return on investment: This is often referred to as “after tax the cost of capital.” An element of the cost of capital is the Commission’s approved rate of return on equity (also not available in FERC Form 1). Return should be the after tax cost of capital (equity).

i. For purposes of this example, assume that the cost of capital (rate of return) is 10%.

f. Sum of all carrying charges:

| | | |
|------|-------------------------|---------------|
| i. | Administration charge: | 0.0566 |
| ii. | Maintenance charge: | 0.0497 |
| iii. | Depreciation charge: | 0.0699 |
| iv. | Tax charge: | 0.0730 |
| v. | Rate of return: | <u>0.1000</u> |
| vi. | Total carrying charges: | 0.3492 |

g. All carrying charges (specified as percent of net investment in poles) are then multiplied by the net cost per pole to derive the annual cost (revenue requirement) per pole.

i. Net cost per bare pole: \$240.13

ii. Total carrying charge: 0.3492

iii. Annual cost of pole: $\$240.13 \times 0.3492 = \83.85

4. Attachment allocation factor and maximum rate: Currently, Louisiana cable Attachers pay based on a percentage use of available space on the pole, according to the following formula:

$$\text{Maximum Rate} = \frac{\text{Space Occupied by Attachment}}{\text{Total Usable Space}} \times \text{Annual Cost of Pole}$$

where

i. Space occupied: 2.0 ft.

ii. Total usable space: 13.5 ft.

iii. Allocation factor: $2 \div 13.5 = 0.1481$

iv. Annual cost per pole: \$83.85

v. Annual attachment rate: $\$83.85 \times 0.1481 = \12.42

Attachment A Table 1: Louisiana Pole Attachment Formula and Calculation for Public Utilities

Numbers are for Illustration Purposes Only and Do not reflect actual Revenue Requirements

| | | Ferc Form 1 Input Data | | | | | |
|------------------------------------------------|---------------------------------------------------------|------------------------|---------------|--------------------------|---------------------|------------------|--|
| <u>Data Source</u> | | Page | Line | Column | USoA | Amount | |
| 1 | Gross Plant | 110 | 4 | c | 101 - 106, 114, 107 | 1,500,000,000 | |
| 2 | Plant Depreciation Reserve | 110 | 6 | c | 108,110,111,115 | 500,000,000 | |
| 3 | <u>Plant Net Deferred Operating Income Taxes (ADIT)</u> | | | | | | |
| 4 | | 234 | 8 | c | 190 | 150,000,000 | |
| 5 | | 272 | 8 | k | 281 | 10,000,000 | |
| 6 | | 274 | 2 | k | 282 | 15,000,000 | |
| 7 | | 276 | 9 | k | 283 | 30,500,000 | |
| 8 | subtotal | | | | | 205,500,000 | |
| 9 | Plant Administration Expenses | 323 | 197 | b | 920-931, 935 | 45,000,000 | |
| <u>Total Current and Deferred income Taxes</u> | | | | | | | |
| 11 | | 113 | 14 | | 408.1 | 12,000,000 | |
| 12 | | 113 | 15 | | 409.1 | 50,000,000 | |
| 13 | | 113 | 17 | | 410.1 | 3,000,000 | |
| 14 | | 113 | 19 | | 411.4 | 500,000 | |
| 15 | | 113 | 18 | | 411.1 | 7,500,000 | |
| 16 | net of Sum(408.1, 409.1,410.1,411.4) - 411.1 | | | | | 58,000,000 | |
| <u>Overhead Distribution Investment</u> | | | | | | | |
| 18 | Poles, Towers and Fictures | 206 | 64 | g | 364 | 8,000,000 | |
| 19 | Overhead Conductors and Devises | 206 | 65 | g | 365 | 5,000,000 | |
| 20 | Services | 206 | 69 | g | 369 | 6,000,000 | |
| 21 | subtotal | | | | | 19,000,000 | |
| <u>Total Distribution</u> | | | | | | | |
| 23 | Gross Invetsment (distribution) | 206 | 75 | g | 360 -374 | 250,000,000 | |
| 24 | Depreciation Reserve (distribution) | 219 | 26 | c | NA 1/ | 100,000,000 | |
| 25 | Overhead Distribution Maintenance | 322 | 149 | b | 593 | 500,000 | |
| <u>Net Cost of Pole</u> | | | | | | | |
| | | | | <u>reference Line #s</u> | | | |
| 26 | Gross Plant Investment | | 1 | | | \$ 1,500,000,000 | |
| 27 | Depreciation Reserve | | 2 | | | \$ 500,000,000 | |
| 28 | Plant Net Deferred Operating Income Taxes (ADIT) | | 8 | | | \$ 205,500,000 | |
| 29 | Net Plant | | L26 -127 -128 | | | \$ 794,500,000 | |
| 30 | Gross Pole Investment | | 18 | | | \$ 8,000,000 | |
| 31 | Depreciation reservve allocation factor | | | | | 0.333 | |
| 32 | Pole Inventory Depreciation Reserve | | L30 * L31 | | | \$ 2,666,667 | |
| 33 | ADIT Allocation Factor | | L8 / L29 | | | 0.137 | |
| 34 | Pole ADIT | | L23 * L30 | | | \$ 1,096,000 | |
| 35 | Net Value of Pole Inventory | | | | | \$ 4,237,333 | |
| 36 | Number of Poles | | NA /1 | | | 15,000 | |
| 37 | Net Value per Pole | | L35/L36 | | | \$ 282.49 | |
| 38 | Net Value Per Bare Pole (85%) | | 0.85 * L37 | | | \$ 240.12 | |
| 1/ | The number of Poles is not available from FERC Accounts | | | | | | |

Attachment A Table2: Louisiana Pole Attachment Formula and Calculation for Public Utilities (continued)

Numbers are for Illustration Purposes Only and Do not reflect actual Revenue Requirements

| | reference Line #s | |
|----------------------------------------------|---------------------|----------------|
| <u>Carrying Charges</u> | | |
| Administrative Charge | | |
| 36 Plant Administration Expenses | 9 | \$ 45,000,000 |
| 37 Net Plant | 29 | \$ 794,500,000 |
| 38 Administration carrying Charge | L9/L29 | 0.0566 |
| Maintenance Charge | | |
| 39 Investment in Overhead Distribution | 21 | \$ 19,000,000 |
| 40 Depreciation plus ADIT allocation Factors | L31 + L33 | 0.4703 |
| 41 Net Overhead Investment | B39 * (1-L40) | \$ 10,064,300 |
| 42 Overhead Distribution Maintenance | 25 | \$ 500,000 |
| 43 Maintenance Carrying Charge | L42/L41 | 0.0497 |
| Depreciation Charge | | |
| 40 Depreciation Rate | | 0.037 |
| 41 Gross Pole Investment | 18 | \$ 8,000,000 |
| 42 Net Pole Investment | 35 | \$ 4,237,333 |
| 43 Gross to net adjustment | L41/L40 | 1.888 |
| 44 Depreciation Carrying Charge | L43 * L40 | 0.0699 |
| Taxes | | |
| 45 Total Current and Deferred income Taxes | 16 | \$ 58,000,000 |
| 46 Net Plant Investment | 29 | \$ 794,500,000 |
| 47 Tax Carrying Change rate | L46/L47 | 0.0730 |
| 48 Return on Investment | | 10% |
| <u>Sum of all Carrying Charges</u> | | |
| 48 Administrative Charge | 38 | 0.0566 |
| 49 Maintenance Charge | 43 | 0.0497 |
| 50 Depreciation Charge | 44 | 0.0699 |
| 51 Tax Charge | 47 | 0.0730 |
| 52 Return on Investment | 48 | 0.1000 |
| 53 Total Carrying Charges | L48+L49+L50+L51+L52 | 0.3492 |
| <u>Annual Cost of Pole</u> | | |
| 54 Net Cost of Bare Pole (L11) | 38 | \$ 240.12 |
| 55 Total Carrying Charges | 53 | 0.3492 |
| 56 Annual Cost of Pole | L53 * L54 | \$ 83.85 |
| <u>Maximum Rate</u> | | |
| 56 Space Occupied | | 2.00 |
| 57 Total Usuable Space | | 13.50 |
| 58 Percentage use of Usuable Space | L56/L57 | 14.81% |
| 59 Annual Cost of Pole | 56 | \$ 83.85 |
| 60 Maximum Rate per attachment | L58 * L59 | \$ 12.42 |

Attachment B: Non-Profit Electric Cooperative

It should be noted that while investor owned electric utilities are mandated to file FERC Form 1 and are subject to audit, municipally owned electric utilities and non-profit electric cooperatives have no such requirements unless they are applying for federal loans and grants. Municipal and Cooperative Utilities are generally governed by the RUS accounting procedure. As noted, the RUS USoA is virtually identical in account definitions to the USoA used in the FERC Form 1. With the exception of taxes (non-income and franchise taxes are included in administrative expenses) and ADIT, municipal and cooperative utilities have a similar template for estimating revenue requirements for Attachers.

1. Retrieve relevant plant and distribution data from the Pole Owner's RUS USoA:
 - a. Gross plant investment: sum of accounts 101-107, 114;
 - b. Accumulated plant depreciation: sum of accounts 108, 110, 111, 115;
 - c. Pole investment: account 364;
 - d. Total A&G expenses: sum of accounts 920- 931, 935;
 - e. Overhead line investment: sum of 364, 365, 369;
 - f. Distribution investment: sum of accounts 360-374;
 - g. Maintenance of overhead lines: account 593; and
 - h. Non-income property taxes (account 408).

2. Determine the net cost per bare pole: The estimate starts with gross investment in poles (RUS account 364 – distribution), net of accumulated depreciation (depreciation reserve) associated with poles for a net pole value. Accumulated depreciation is allocated to poles using companywide allocation factors as follows:
 - a. Accumulated depreciation for the pole inventory is estimated using an allocation factor based on accumulated depreciation for the utility divided by gross plant investment (the sum of accounts 101-107, 114). For example, assume the following:
 - i. Gross plant (the sum of accounts 101-107, 114): \$1,500,000,000;
 - ii. Plant depreciation reserve (sum of accounts 108, 110, 111 115): \$500,000,000;
 - iii. Net plant: $\$1,500,000,000 - \$500,000,000 = \$1,000,000,000$;
 - iv. Gross pole investment (account 341): \$8,000,000;
 - v. Depreciation reserve allocation factor: $(\$500,000,000 \div \$1,500,000,000) = 0.3333$;
 - vi. Pole inventory accumulated depreciation: $\$8,000,000 \times 0.3333 = \$2,666,400$;
 - vii. Net Value of pole Inventory $(8,000,000 - 2,666,400) = \$5,333,600$.

 - b. The net value for pole inventory is then reduced to a per pole basis by dividing by the number of distribution poles.¹² The rate base is also adjusted by a 0.85 factor to reflect cost of cross-members:
 - i. Number of poles: 15,000;

¹² Note that the exact number of distribution poles is not contained in RUS USoA data.

- ii. Net value per pole: $\$5,333,600 \div 15,000 = \355.57 ;
 - iii. Net value per bare pole: $\$355.57 \times 0.85 = \302.23 .
3. Carrying charges per pole. The carrying charges represent the other elements of the revenue requirements. Carrying charges are calculated as a percentage of net value to conform to the bare cost of pole (net value or cost per pole).
- a. Administration charge: the Administration charge percent is calculated on a plant basis (administration costs (sum of accounts 920 – 931, 935, and 408) divided by net plant).
 - i. Plant administration expenses: $\$45,000,000$;
 - ii. Net plant: $\$1,000,000,000$;
 - iii. Administration carrying charge: $\$45,000,000 \div \$1,000,000,000 = 0.045$.
 - b. Maintenance charge: The maintenance charge is more specifically estimated using maintenance cost for overhead distribution facilities divided by the overhead distribution rate base. Accounts 364, 365 and 369 represent gross investment in the “overhead” distribution system. This amount is reduced by accumulated depreciation (using plant-wide allocation factors) for net overhead investment. The maintenance for overhead distribution (account 593) is divided by this net.
 - i. Investment overhead lines: $\$19,000,000$;
 - ii. Depreciation: 0.3333 ;
 - iii. Net overhead investment: $\$19,000,000 \times (1 - 0.3333) = \$12,667,300$;
 - iv. Overhead line maintenance: $\$500,000$;
 - v. Maintenance carrying charge: $\$500,000 \div \$12,667,300 = 0.0395$.
 - c. Depreciation Charge: Depreciation is calculated starting with a depreciation rate for poles of 0.037 (useful life 27 years). This rate is adjusted by the ratio of gross pole investment divided by net investment in pole.
 - i. Pole depreciation rate: 0.037 ;
 - ii. Gross pole investment: $\$8,000,000$;
 - iii. Net pole investment: $\$5,333,600$;
 - iv. Gross to net depreciation adjustment: $\$8,000,000 \div \$5,333,600 = 1.4999$;
 - v. Depreciation carrying charge: $0.037 \times 1.4999 = 0.0555$.
 - d. Return on investment: For non-profits, return should be the cost of capital (debt).
 - i. For purposes of this example, assume that the cost of capital for a non-profit (cost of debt) is 5% .
 - e. Sum of all carrying charges:
 - i. Administration charge: 0.0450
 - ii. Maintenance charge: 0.0395
 - iii. Depreciation charge: 0.0555
 - iv. Rate of return: 0.0500

v. Total carrying charge: 0.1900

f. Total carrying charge (specified as percent of net investment in poles) is then multiplied by the net cost per pole to derive the annual cost (revenue requirement) per pole.

i. Net cost per bare pole: \$302.23;

ii. Total carrying charge: 0.1900;

iii. Annual cost of pole: $\$302.24 \times 0.1900 = \57.42 .

4. Attachment allocation factor and maximum rate: Currently, Louisiana cable Attachers pay based on a percentage use of available space on the pole, according to the following formula:

$$\text{Maximum Rate} = \frac{\text{Space Occupied by Attachment}}{\text{Total Usable Space}} \times \text{Annual Cost of Pole}$$

where

i. Space occupied: 2.0 ft.,

ii. Total usable space: 13.5,

iii. Allocation factor: $2 \div 13.5 = 0.1481$,

iv. Annual cost per pole: \$57.42,

v. Annual attachment rate: $\$57.42 \times 0.1481 = \8.50

Attachment B Table 1: Louisiana Pole Attachment Formula and Calculation for non-profit Public Utilities

Numbers are for Illustration Purposes Only and Do not reflect actual Revenue Requirements

| | | RUS Uniform System of Accounts | |
|-----------------------------------------|---------------------------------------------|--------------------------------|------------------|
| <u>Data Source</u> | | USoA | Amount |
| 1 | Gross Plant | 101 - 106, 114, 107 | 1,500,000,000 |
| 2 | Plant Depreciation Reserve | 108,110,111,115 | 500,000,000 |
| 3 | Plant Administration Expenses | 920-931, 935 | 40,000,000 |
| Overhead Distribution Investment | | | |
| 4 | Poles, Towers and Fictures | 364 | 8,000,000 |
| 5 | Overhead Conductors and Devises | 365 | 5,000,000 |
| 6 | Services | 369 | 6,000,000 |
| 7 | subtotal | | 19,000,000 |
| Total Distribution | | | |
| 8 | Gross Investment (distribution) | 360 -374 | 250,000,000 |
| 9 | Depreciation Reserve (distribution) | NA 1/ | 100,000,000 |
| 10 | Overhead Distribution Maintenance | 593 | 500,000 |
| 11 | Taxes Other than Income Taxes | 408 | 5,000,000 |
| Net Cost of Pole | | Reference Line # | |
| 12 | Gross Plant Investment | 1 | \$ 1,500,000,000 |
| 13 | Depreciation Reserve | 2 | \$ 500,000,000 |
| 14 | Net Plant | L12 - L13 | \$ 1,000,000,000 |
| 15 | Gross Pole Investment | 4 | \$ 8,000,000 |
| 16 | Depreciation reserve allocation factor | L13/L12 | 0.333 |
| 17 | Pole Inventory Depreciation Reserve | L15 * L16 | \$ 2,666,667 |
| 18 | Net Value of Pole Inventory | L15 - L17 | \$ 5,333,333 |
| 19 | Number of Poles | NA /1 | 15,000 |
| 20 | Net Value per Pole | L18 / L19 | \$ 355.56 |
| 21 | Net Value Per Bare Pole (85%) | 0.85 * L20 | \$ 302.22 |
| 1/ | This data is kept separately by the utility | | |

Attachment B Table 2: Louisiana Pole Attachment Formula and Calculation for non-profit Public Utilities (continued)

Numbers are for Illustration Purposes Only and Do not reflect actual Revenue Requirements

| | | Reference Line # | |
|------------------------------------|-------------------------------------|------------------|------------------|
| Carrying Charges | | | |
| Administrative Charge | | | |
| 22 | Plant Administration Expenses | 3 | \$ 40,000,000 |
| 23 | Taxes Other than Income Taxes | 11 | \$ 5,000,000 |
| 24 | Net Plant | 14 | \$ 1,000,000,000 |
| 25 | Administration Carrying Charge | (L22 + L23)/L24 | 0.0450 |
| Maintenance Charge | | | |
| 26 | Investment in Overhead Distribution | 7 | \$ 19,000,000 |
| 27 | Depreciation allocation Factor | 16 | 0.3333 |
| 28 | Net Overhead Investment | L26 * (1-L27) | \$ 12,667,300 |
| 29 | Overhead Distribution Maintenance | 10 | \$ 500,000 |
| 30 | Maintenance Carrying Charge | L29 / L25 | 0.0395 |
| Depreciation Charge | | | |
| 31 | Depreciation Rate | | 0.037 |
| 32 | Gross Pole Investment | 4 | \$ 8,000,000 |
| 33 | Net Pole Investment | 18 | \$ 5,333,333 |
| 34 | Gross to net adjustment | L33/L32 | 1.500 |
| 35 | Depreciation Carrying Charge | L31 * L34 | 0.0555 |
| 36 | Return on Investment | | 5% |
| Sum of all Carrying Charges | | | |
| 37 | Administrative Charge | 25 | 0.0450 |
| 38 | Maintenance Charge | 30 | 0.0395 |
| 39 | Depreciation Charge | 35 | 0.0555 |
| 40 | Return on Investment | 36 | 0.0500 |
| 41 | Total Carrying Charges | L37+L38+L39+L40 | 0.1900 |
| Annual Cost of Pole | | | |
| 42 | Net Cost of Bare Pole | 21 | \$ 302.22 |
| 43 | Total Carrying Charges | 41 | 0.1900 |
| 44 | Annual Cost of Pole | L42 * L43 | \$ 57.42 |
| Maximum Rate | | | |
| 45 | Space Occupied | | 2.00 |
| 46 | Total Usuable Space | | 13.50 |
| 47 | Percentage use of Usuable Space | L45/L46 | 14.81% |
| 48 | Annual Cost of Pole | 44 | \$ 57.42 |
| 49 | Maximum Rate per attachment | L47 * L48 | \$ 8.51 |

Attachment C: Incumbent Local Exchange Carriers

1. Retrieve relevant plant and distribution data from the Pole Owner's FCC Part 32 Uniform System of Accounts data:
 - a. Gross plant investment: account 32.2001;
 - b. Accumulated plant depreciation: account 32.3100;
 - c. Current and non-current deferred income taxes ("DIT"): sum of accounts 32.4100 and 32.4340;
 - d. Pole investment: account 32.2411;
 - e. Total A&G expenses: account 32.6720;
 - f. Operating taxes: sum of accounts 32.7200 series of accounts; and
 - g. Maintenance of poles expense: account 32.6411.

2. Determine the net cost per bare pole: The estimate starts with gross investment in poles (32.2411) net of accumulated depreciation for poles and DIT (deferred current and non-current income taxes) associated with poles for a net pole value (rate base per pole). Accumulated depreciation and DIT are allocated to poles using companywide allocation factors as follows:
 - a. Accumulated depreciation for the pole inventory can be directly entered from account 3124.11 or if unavailable estimated using an allocation factor based on accumulated depreciation for total plant divided by gross plant investment (accounts 32.2001 and 32.3100). DIT for the pole inventory is also calculated using an allocation factor of plant DIT (accounts 32.4100 plus 32.4340) divided by gross plant. For example, assume the following:
 - i. Gross plant (account 32.2100): \$5,000,000;
 - ii. Plant depreciation reserve (account 32.3100): \$2,000,000;
 - iii. Plant DIT: 300,000;
 - iv. Net plant: $\$5,000,000 - \$2,000,000 - \$300,000 = \$2,700,000$;
 - v. Gross pole investment (32.2411): \$1,000,000;
 - vi. Depreciation reserve allocation factor: $\$2,000,000 \div \$5,000,000 = 0.4000$;
 - vii. Pole inventory accumulated depreciation: $\$1,000,000 \times 0.4000 = \$400,000$;
 - viii. DIT allocation factor: $\$300,000 \div \$5,000,000 = 0.0600$;
 - ix. Pole DIT: $\$1,000,000 \times 0.0600 = \$60,000$;
 - x. Net value of pole inventory: $(\$1,000,000 - \$400,000 - \$60,000) = \$540,000$.

 - b. The net value of the pole inventory is then reduced to per pole basis by dividing by the number of distribution poles. For poles designed for telecommunications, the cross-members do not support the same weight as power and are not as costly. A 0.95 factor is used to reflect cost of cross-members.
 - i. Number of poles: 1,500;
 - ii. Net value per pole: $\$540,000 \div 1,500 = \360.00 ;
 - iii. Net value per bare pole: $\$360.00 \times 0.95 = \342.00 .

3. Determine carrying charges per pole: The carrying charges represent the other elements of the revenue requirements. Carrying charges are calculated as a percentage of net plant investment to conform to the bare cost of pole (net investment per pole).
 - a. Administration charge: the administration charge percent is calculated on a plant basis (administration costs divided by net plant).
 - i. Plant administration expenses (account 32.6720): \$80,000;
 - ii. Net plant: \$2,700,000;
 - iii. Administration carrying charge: $\$80,000 \div \$2,700,000 = 0.0296$.
 - b. Maintenance charge: The maintenance for pole expenses (account 32.6411) is divided by net value of pole inventory for the maintenance carrying charge.
 - i. Net investment in pole inventory: \$540,000;
 - ii. Pole maintenance (account 32.6411): \$60,000;
 - iii. Maintenance carrying charge: $\$60,000 \div \$540,000 = 0.1111$.
 - c. Depreciation charge: Depreciation is calculated with a depreciation rate for poles of 0.037 (useful life 27 years). This rate is adjusted by the ratio of gross pole investment divided by net investment in poles.
 - i. Pole depreciation rate: 0.037;
 - ii. Gross pole investment: \$1,000,000;
 - iii. Net pole investment: \$540,000;
 - iv. Gross to net depreciation adjustment: $\$1,000,000 \div 540,000 = 1.8516$;
 - v. Depreciation Carrying Charge: $0.037 \times 1.8516 = 0.0685$.
 - d. Tax charge: The tax charge is similarly calculated by applying a plant-wide tax ratio of income taxes to net plant investment.
 - i. Total operating taxes (sum of accounts 32.7200 series of accounts): \$20,000;
 - ii. Net plant investment: \$2,700,000;
 - iii. Tax carrying charge: $\$20,000 \div \$2,700,000 = 0.0074$.
 - e. Return on investment: This is often referred to as “after tax the cost of capital.” An element of the cost of capital is the Commission’s approved rate of return on equity. Return should be the after tax cost of capital (equity).
 - i. For purposes of this example, assume that the cost of capital (rate of return) is 10%.
 - f. Sum of all carrying charges:

| | |
|---------------------------|--------|
| i. Administration charge: | 0.0296 |
| ii. Maintenance charge: | 0.1111 |
| iii. Depreciation charge: | 0.0685 |
| iv. Tax charge: | 0.0074 |

- v. Rate of return: 0.1000
- vi. Total carrying charges: 0.3166

g. All carrying charges (specified as percent of net investment in poles) are then multiplied by the net cost per pole to derive the annual cost (revenue requirement) per pole.

- i. Net cost per bare pole: \$342.00;
- ii. Total carrying charge: 0.3166;
- iii. Annual cost of pole: $\$342.00 \times 0.3166 = \108.28 .

4. Attachment allocation factor and maximum rate: Currently, Louisiana Attachers pay based on a percentage use of available space on the pole, according to the following formula:

$$\text{Maximum Rate} = \frac{\text{Space Occupied by Attachment}}{\text{Total Usable Space}} \times \text{Annual Cost of Pole}$$

where

- i. Space occupied: 2.0 ft.;
- ii. Total usable space: 13.5 ft.;
- iii. Allocation factor: $2.0 \div 13.5 = 0.1481$;
- iv. Annual cost per pole: \$108.28;
- v. Annual attachment rate: $\$108.28 \times 0.1481 = \16.04 .

Attachment C: Table 1: Louisiana Pole Attachment Formula and Calculation for Incumbant Local Exchange Carriers

Numbers are for Illustration Purposes Only and Do not reflect actual Revenue Requirements

| | | Account (32) | Amount |
|----------------------------------------------------|---------------------------------------------------|-------------------|--------------|
| <u>Data Source</u> | | | |
| 1 | Gross Plant Investment | 2001 | \$ 5,000,000 |
| 2 | Plant Depreciation reserve | 3100 | \$ 2,000,000 |
| 3 | Plant Net Deferred Operating Income Taxes (ADIT) | 4100 | \$ 200,000 |
| 4 | Plant Net Deferred Operating Federal Income Taxes | 4340 | \$ 100,000 |
| 5 | subtotal | | \$ 300,000 |
| 7 | Plant Administration Expenses | 6720 | \$ 80,000 |
| <u>State and Federal Income Taxes, Other Taxes</u> | | | |
| 8 | Federal | 7220 | \$ 10,000 |
| 9 | State | 7230 | \$ 5,000 |
| 10 | Operating Other Taxes | 7240 | \$ 5,000 |
| 11 | sum of taxes | | \$ 20,000 |
| 12 | Pole Maintenance | 6411 | 60,000 |
| 13 | Pole Investment | 2411 | \$ 1,000,000 |
| | | <u>Line Ref #</u> | |
| <u>Net Plant Investment</u> | | | |
| 14 | Gross Plant Investment | 1 | 5,000,000 |
| 15 | Depreciation Reserve | 2 | 2,000,000 |
| 16 | Plant Net Deferred Operating Income Taxes (ADIT) | 0 | 300,000 |
| 17 | Net Plant | L1-L2-L5 | 2,700,000 |
| <u>Net Cost per Pole</u> | | | |
| 18 | Pole Investment | 13 | 1,000,000 |
| 19 | Depreciation Reserve allocation factor | L2/L1 | 0.4000 |
| 20 | Pole Investment Depreciation Reserve | L18*L19 | \$ 400,000 |
| 21 | ADIT allocation factor | L5/L1 | 0.0600 |
| 22 | Pole ADIT | L21*L18 | \$ 60,000 |
| 23 | Net Value of Pole Inventory | L18-L20-L22 | \$ 540,000 |
| 24 | Number of Poles | | 1,500 |
| 25 | Net Value per Pole | L23/L24 | \$ 360.00 |
| 26 | Net Value per Bare Pole | L25 * 0.95 | \$ 342.00 |

Attachment C: Table 2: Louisiana Pole Attachment Formula and Calculation for Incumbant Local Exchange Carriers (continued)

Numbers are for Illustration Purposes Only and Do not reflect actual Revenue Requirements

| | | Line Ref # | |
|------------------------------|---------------------------------------|---------------|--------------|
| <u>Carrying Charges</u> | | | |
| <u>Administrative Charge</u> | | | |
| 27 | Plant Administration Expenses | 7 | \$ 80,000 |
| 28 | Net Investment (Plant) | 17 | \$ 2,700,000 |
| 29 | Administrative Charge | L27/L28 | 0.0296 |
| <u>Maintenance Charge</u> | | | |
| 30 | Maintenance Expenses (Overhead Lines) | 12 | \$ 60,000 |
| 31 | Net Investment (overhad distribution) | 23 | \$ 540,000 |
| 32 | Maintenance Charge | L30/L31 | 0.1111 |
| <u>Depreciation Charge</u> | | | |
| 33 | Depreciation Rate | | 0.037 |
| 34 | Gross Pole Investment | 18 | \$ 1,000,000 |
| 35 | Net Investment poles | 23 | \$ 540,000 |
| 36 | Depreciation Charge | L33*(L34/L35) | 0.06850 |
| <u>Tax Charge</u> | | | |
| 37 | Total Current and Deferred Taxes | 11 | \$ 20,000 |
| 38 | Net Plant Investment | 17 | \$ 2,700,000 |
| 39 | Tax rate | L37/L38 | 0.0074 |
| 40 | Return On Invetsment | | 10% |
| <u>Carrying Charges</u> | | | |
| 40 | Administrative Charge | 29 | 0.0296 |
| 41 | Maintenance Charge | 32 | 0.1111 |
| 42 | Depreciation Charge | 36 | 0.0685 |
| 43 | Taxes | 39 | 0.0074 |
| 44 | Return on Investment | 40 | 0.1000 |
| 45 | Total Carrying Charges | | 0.3166 |
| <u>Annual Cost of Pole</u> | | | |
| 46 | Net Cost of Bare Pole | 26 | \$ 342.00 |
| 47 | Total Carrying Charges | 45 | 0.3166 |
| 48 | Annual Cost of Pole | L46*L47 | \$ 108.28 |
| <u>Maximum Rate</u> | | | |
| 49 | Space Occupied (ft) | | 2.00 |
| 50 | Total Usauable Space (ft) | | 13.50 |
| 51 | Percentage use of Usuable Space | L49 / L50 | 14.81% |
| 52 | Annual Cost of Pole | 48 | \$ 108.28 |
| 53 | Maximum Rate per attachment | L51*L52 | \$ 16.04 |

Attachment D: Cost of Capital for Patronage Capital

| Attachment D: Table 1: Weighted Cost of Capital for a Non-Profit Utility with Patronage Equity | | | | | | |
|------------------------------------------------------------------------------------------------|-----------------------|----------------------|------------------|---------------------------|--|-------|
| <u>DESCRIPTION</u> | <u>CAPITAL AMOUNT</u> | <u>CAPITAL RATIO</u> | <u>COST RATE</u> | <u>WEIGHTED COST RATE</u> | | |
| 1 LONG TERM DEBT | 53,000,000 | 53.00% | 5.00% | | | |
| 2 SHORT TERM DEBT | 7,000,000 | 7.00% | 8.00% | | | |
| 3 Total Debt | 60,000,000 | 60.00% | 5.35% | | | 3.21% |
| 5 MEMBER EQUITY | 40,000,000 | 40.00% | 6.50% | | | 2.60% |
| 6 TOTAL CAPITALIZATION | 100,000,000 | 100.00% | N/A | | | 5.81% |