WA Exhibit No. 6

BLUE RIDGE ELECTRIC CPR Master with Balance Querydate : '31-dec-2016 11:59:59 PM' , Co_ID : '1'

Cpr #	Description	Depr Rate	Gldepexp	Gldepacc	Plant Type	CPR Quantity	CPR Amount	Height	
3640038	POLES 20 FT CLASS 7	0.3000	4030000	1086000	D	125	$23,012.46	20	2500
3640039	POLES 30 FT CLASS 1	0.3000	4030000	1086000	D	0	$0.00	30	0
3640040	POLES 30 FT CLASS 2	0.3000	4030000	1086000	D	20	$3,958.87	30	600
3640041	POLES 30 FT CLASS 3	0.3000	4030000	1086000	D	23	$4,295.66	30	690
3640042	POLES 30 FT CLASS 4	0.3000	4030000	1086000	D	52	$9,837.64	30	1560
3640043	POLES 30 CLASS 6	0.3000	4030000	1086000	D	30,411	$6,590,213.58	30	912330
3640044	POLES 35 FT CLASS 1	0.3000	4030000	1086000	D	9	$1,830.60	35	315
3640045	POLES 35 FT CLASS 2	0.3000	4030000	1086000	D	6	$1,177.94	35	210
3640046	POLES 35 FT CLASS 3	0.3000	4030000	1086000	D	75	$14,448.17	35	2625
3640047	POLES 35 FT CLASS 4	0.3000	4030000	1086000	D	443	$81,794.85	35	15505
3640048	POLES 35FT CLASS 5	0.3000	4030000	1086000	D	15,643	$3,448,470.99	35	547505
3640049	POLES 35 FT CLASS 6	0.3000	4030000	1086000	D	6,421	$1,189,818.15	35	224735
3640050	POLES 35 FT CLASS 7	0.3000	4030000	1086000	D	511	$94,333.15	35	17885
3640051	POLES 40 FT CLASS 1	0.3000	4030000	1086000	D	29	$12,697.94	40	1160
3640052	POLES 40 FT CLASS 2	0.3000	4030000	1086000	D	488	$200,681.07	40	19520
3640053	POLES 40 CLASS 3	0.3000	4030000	1086000	D	1,655	$664,066.26	40	66200
3640054	POLES 40 -CLASS 4	0.3000	4030000	1086000	D	26,613	$11,732,579.05	40	1064520
3640055	POLES 40 CLASS 5	0.3000	4030000	1086000	D	10,695	$4,070,547.47	40	427800
3640056	POLES 40 CLASS 6	0.3000	4030000	1086000	D	1,499	$569,146.45	40	59960
3640057	POLES 45 FT CLASS 1	0.3000	4030000	1086000	D	104	$56,906.14	45	4680
3640058	POLES 45 FT CLASS 2	0.3000	4030000	1086000	D	1,368	$661,200.06	45	61560
3640059	POLES 45 FT CLASS 3	0.3000	4030000	1086000	D	3,713	$1,711,544.06	45	167085
3640060	POLES 45 CLASS 4	0.3000	4030000	1086000	D	3,923	$1,498,922.91	45	176535
3640061	POLES 45 FT CLASS 5	0.3000	4030000	1086000	D	745	$282,969.24	45	33525
3640062	POLES 45 FT CLASS 6	0.3000	4030000	1086000	D	46	$17,440.21	45	2070
3640063	POLES 50 CLASS 1	0.3000	4030000	1086000	D	87	$63,761.73	50	4350
3640064	POLES 50 FT CLASS 2	0.3000	4030000	1086000	D	885	$658,685.03	50	44250
3640065	POLES 50 FT CLASS 3	0.3000	4030000	1086000	D	1,139	$953,510.47	50	56950
3640066	POLES 50 CLASS 4	0.3000	4030000	1086000	D	81	$76,470.39	50	4050
3640067	POLES 50 FT CLASS 5	0.3000	4030000	1086000	D	41	$38,707.24	50	2050
3640068	POLES 55 FT CLASS 1	0.3000	4030000	1086000	D	80	$63,372.50	55	4400
3640069	POLES 55 FT CLASS 2	0.3000	4030000	1086000	D	142	$112,785.65	55	7810
3640070	POLES 55 CLASS 3	0.3000	4030000	1086000	D	142	$129,217.13	55	7810
3640071	POLES 55 FT CLASS 4	0.3000	4030000	1086000	D	19	$17,937.50	55	1045
3640072	POLES 60 FT CLASS 2	0.3000	4030000	1086000	D	50	$43,474.24	60	3000
3640073	POLES 65 FT CLASS 2	0.3000	4030000	1086000	D	24	$24,887.93	65	1560
3640074	POLES 65 FT CLASS H2	0.3000	4030000	1086000	D	43	$40,595.40	65	2795
3640075	POLESTEEL 55 -CLASS 1	0.3000	4030000	1086000	D	7	$17,327.94	55	385
3640076	POLE AL 38 #20-865 HAPCO	0.3000	4030000	1086000	D	684	$139,068.20	38	25992
3640077	POLESTEEL 35/3 DIST.	0.3000	4030000	1086000	D	3	$7,544.56	35	105
3640078	POLESTEEL 40/3 DIST.	0.3000	4030000	1086000	D	23	$24,715.92	40	920
3640079	POLE.STEEL 45/3 DIST.	0.3000	4030000	1086000	D	27	$28,813.83	45	1215
3640080	POLESTEEL 50/3 DIST.	0.3000	4030000	1086000	D	12	$13,168.12	50	600
3640089	POLE, 60 FT CLASS1	0.3000	4030000	1086000	D	1	$544.29	60	60
3640090	POLE, 70FT CLASS 1	0.3000	4030000	1086000	D	8	$11,216.00	70	560
3640091	POLE, STEEL 60-H2/LD3	0.3000	4030000	1086000	D	9	$66,388.96	60	540
3640092	POLE, STEEL 55 LD-1	0.3000	4030000	1086000	D	10	$101,647.44	55	550
3640093	POLE,AL 38' BRONZE #20-865-P31	0.3000	4030000	1086000	D	66	$102,289.11	38	2508
3640095	POLES 70 FT CLASS 2	0.3000	4030000	1086000	D	0	-$0.01	70	0
3640096	POLE, STEEL, 35' MT. HG 41'X6", TWO ARMS BRONZE	0.3000	4030000	1086000	D	6	$7,105.35	35	210
3640098	POLESTEEL 85-H2/LD3	0.3000	4030000	1086000	D	5	$28,883.66	85	425
3640099	POLES 65 FT CLASS 1	0.3000	4030000	1086000	D	5	$3,530.01	65	325
3640100	POLES 50FT CLASS H1	0.3000	4030000	1086000	D	1	$697.16	50	50
3640101	POLESTEEL 60'-CLASS 1	0.3000	4030000	1086000	D	2	$7,327.29	60	120
3640102	POLESTEEL 50'-LD1	0.3000	4030000	1086000	D	4	$32,793.57	50	200
3640103	POLE 85 CLASS 1	0.3000	4030000	1086000	D	0	$0.00	85	0
3640106	POLESTEEL 80-H4/LD5	0.3000	4030000	1086000	D	3	$31,719.27	80	240
3640107	POLESTEEL 75-LD4	0.3000	4030000	1086000	D	2	$6,609.70	75	150
3640108	POLESTEEL 75-H4/LD5	0.3000	4030000	1086000	D	1	$7,233.77	75	75
3640109	POLESTEEL 80-H2/LD3	0.3000	4030000	1086000	D	6	$52,196.55	80	480
3640110	POLESTEEL 70-H2/LD3	0.3000	4030000	1086000	D	13	$136,686.35	70	910
3640111	POLESTEEL 70-H1/LD2	0.3000	4030000	1086000	D	2	$23,240.79	70	140
3640112	POLESTEEL 65-H4/LD5	0.3000	4030000	1086000	D	3	$21,090.12	65	195
3640113	POLES 60FT CLASS 4	0.3000	4030000	1086000	D	0	$0.00	60	0
3640114	POLEBOTTOM STL 60-LD1	0.3000	4030000	1086000	D	0	$0.00	60	0
3640115	POLESTEEL 85-H1/LD2	0.3000	4030000	1086000	D	2	$11,669.41	85	170
3640118	POLEBOTTOM STL 65 LD1	0.3000	4030000	1086000	D	2	$11,592.85	65	130
3640119	POLETOP STL 60-90 LD1	0.3000	4030000	1086000	D	2	$13,342.70	60	120
3640120	POLESTEEL 85' CLASS 1	0.3000	4030000	1086000	D	5	$10,800.00	85	425
3640121	POLESTEEL 75-H1/LD2	0.3000	4030000	1086000	D	2	$8,291.63	75	150
3640122	POLESTEEL 90-H3/LD4	0.3000	4030000	1086000	D	7	$44,074.15	90	630
3640123	POLESTEEL 70-H3/LD4	0.3000	4030000	1086000	D	2	$22,592.33	70	140
3640124	POLESTEEL 80-H3/LD4	0.3000	4030000	1086000	D	14	$309,394.36	80	1120
3640125	POLES 60FT CLASS 3	0.3000	4030000	1086000	D	0	$0.00	60	0
3640126	POLES 65 FT CLASS 3	0.3000	4030000	1086000	D	0	$0.00	65	0
3640127	POLESTEEL 65'-CLASS 1	0.3000	4030000	1086000	D	2	$19,135.97	65	130
3640133	POLESTEEL 120-H3/LD4	0.3000	4030000	1086000	D	0	$0.00	120	0
3640134	POLESTEEL 65-CLASS 2	0.3000	4030000	1086000	D	7	$65,932.50	65	455
3640135	POLESTEEL 70' CLASS 1	0.3000	4030000	1086000	D	3	$25,392.03	70	210
3640136	POLESTEEL 75-H2/LD3	0.3000	4030000	1086000	D	4	$38,021.93	75	300
3640137	POLESTEEL 85-H3/LD4	0.3000	4030000	1086000	D	5	$57,970.76	85	425
3640138	POLESTEEL 85-H5/LD6	0.3000	4030000	1086000	D	2	$19,784.25	85	170
3640139	POLESTEEL 90-H1/LD2	0.3000	4030000	1086000	D	2	$17,939.76	90	180
3640140	POLESTEEL 95-H1/LD2	0.3000	4030000	1086000	D	0	$0.00	95	0
3640141	POLESTEEL 95-H4/LD5	0.3000	4030000	1086000	D	0	$0.00	95	0
3640142	POLESTEEL 95-H6/LD7	0.3000	4030000	1086000	D	0	$0.00	95	0
3640143	POLESTEEL 100-H1/LD2	0.3000	4030000	1086000	D	0	$0.00	100	0
3640144	POLESTEEL 100-H7/LD8	0.3000	4030000	1086000	D	0	$0.00	100	0
3640145	POLESTEEL SELF-SUP 90'	0.3000	4030000	1086000	D	0	$0.00	90	0
3640146	POLE, 110 SELF SUPPORT	0.3000	4030000	1086000	D	0	$0.00	110	0
3640147	POLESTEEL 95' BOONE/BR TRANS #BA49	0.3000	4030000	1086000	D	0	$0.00	95	0
3640148	POLESTEEL, 120' H7/LD8	0.3000	4030000	1086000	D	0	$0.00	120	0
3640149	POLE, GALVANIZED STEEL 100'	0.3000	4030000	1086000	D	0	$0.00	100	0
3640150	POLE STEEL 100' H3	0.3000	4030000	1086000	D	0	$0.00	100	0
3640151	POLESTEEL 115-H5/LD6	0.3000	4030000	1086000	D	0	$0.00	115	0
3640152	POLESTEEL 110' H4/LD5	0.3000	4030000	1086000	D	1	$0.00	110	110
3640153	POLESTEEL 100-H3/LD4	0.3000	4030000	1086000	D	0	$0.00	100	0
3640154	POLESTEEL 110-H2/LD3	0.3000	4030000	1086000	D	0	$0.00	110	0
3640155	POLESTEEL 105-H6/LD7	0.3000	4030000	1086000	D	0	$0.00	105	0
3640156	POLESTEEL 105-H3/LD4	0.3000	4030000	1086000	D	1	$538.84	105	105
3640157	POLESTEEL 105' H1/LD2	0.3000	4030000	1086000	D	1	$519.17	105	105
3640159	POLESTEEL 95-H9/LD10	0.3000	4030000	1086000	D	0	$0.00		0
3640160	POLE,POLETOP BRACKET 54" BROWN	0.3000	4030000	1086000	D	0	$0.00		0
3640161	POLE,STEEL 65 LD3	0.3000	4030000	1086000	D	4	$21,810.49	65	260
3640162	POLE,POLETOP BRACKET 54" GREEN	0.3000	4030000	1086000	D	0	$0.00		0
3640164	POLESTEEL 90-H2/LD3	0.3000	4030000	1086000	D	1	$6,182.10	90	90
3640166	POLESTEEL 80-H1/LD2	0.3000	4030000	1086000	D	1	$7,341.74	80	80
3640167	POLES 80 FT CLASS 1	0.3000	4030000	1086000	D	0	$0.00	80	0
3640168	POLE STEEL LD1	0.3000	4030000	1086000	D	2	$21,707.27	75	150 height from Lee Layton email 08/15/16
3640171	POLESTEEL 90-H5/LD6	0.3000	4030000	1086000	D	2	$29,483.00	90	180
3640174	POLESTEEL 105-H4/LD5	0.3000	4030000	1086000	D	1	$657.46	105	105
3640177	POLESTEEL 60-H1/LD2	0.3000	4030000	1086000	D	2	$25,217.89	60	120
3640178	Pole, Steel,115 GPTP115X	0.3000	4030000	1086000	D	0	$0.00	115	0
3640179	Pole, Cell Tower, 60'	0.3000	4030000	1086000	D	0	$0.00	60	0
3640180	Pole, Moto, From RidgeLink	0.2300	4030000	1086000	D	0	$0.00		
						108,330	$36,826,528.67		3994160
						AVERAGE POLE HEIGHT			36.87

WA Exhibit No. 7

United States Department of Agriculture

Rural Electrification Administration

REA Bulletin 181-1

Uniform System of Accounts Prescribed for Electric Borrowers of the Rural Electrification Administration

6. Hollow-core oil-filled cable, including straight or stop joints pressure tanks, auxiliary air tanks, feeding tanks, terminals, potheads and connections, ventilating equipment, etc.
7. Lead and fabric covered conductors, including insulators, compound filled, oil filled, or vacuum splices, potheads, etc.
8. Lightning arresters.
9. Municipal inspection.
10. Permits.
11. Protection of street openings.
12. Racking of cables.
13. Switches.
14. Other line devices.

359 Roads and trails.

This account shall include the cost of roads, trails, and bridges used primarily as transmission facilities.

ITEMS

1. Bridges, including foundation piers, girders, trusses, flooring, etc.
2. Clearing land.
3. Roads, including grading, surfacing, culverts, etc.
4. Structures, constructed and maintained in connection with items included herein.
5. Trails, including grading, surfacing, culverts, etc.

NOTE: The cost of temporary roads, bridges, etc., necessary during the period of construction but abandoned or dedicated to public use upon completion of the plant, shall be charged to the accounts appropriate for the construction.

4. DISTRIBUTION PLANT

360 Land and land rights.

This account shall include the cost of land and land rights used in connection with distribution operations. (See electric plant instruction 7.)

NOTE: Do not include in this account the cost of permits to erect poles, towers, etc., or to trim trees. (See account 364, Poles, Towers and Fixtures, and account 365, Overhead Conductors and Devices.)

361 Structures and improvements.

This account shall include the cost in place of structures and improvements used in connection with distribution operations. (See electric plant instruction 8.)

362 Station equipment.

This account shall include the cost installed of station equipment, including transformer banks, etc., which are used for the purpose of changing the characteristics of electricity in connection with its distribution.

ITEMS

1. Bus compartments, concrete, brick and sectional steel, including items permanently attached thereto.
2. Conduit, including concrete and iron duct runs not part of building.
3. Control equipment, including batteries, battery charging equipment, transformers, remote relay boards, and connections.
4. Conversion equipment, indoor and outdoor, frequency changers, motor generator sets, rectifiers, synchronous converters, motors, cooling equipment, and associated connections.
5. Fences.
6. Fixed and synchronous condensers, including transformers, switching equipment, blowers, motors, and connections.
7. Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.
8. General station equipment, including air compressors, motors, hoists, cranes, test equipment, ventilating equipment, etc.
9. Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.
10. Primary and secondary voltage connections, including bus runs and supports, insulators, potheads, lightning arresters, cable and wire runs from and to outdoor connections or to manholes and the associated regulators, reactors, resistors, surge arresters, and accessory equipment.
11. Switchboards, including meters, relays, control wiring, etc.
12. Switching equipment, indoor and outdoor, including oil circuit breakers and operating mechanisms, truck switches, disconnect switches.

NOTE: The cost of rectifiers, series transformers, and other special station equipment devoted exclusively to street lighting service shall not be included in this account, but in account 373, Street Lighting and Signal Systems.

363 Storage battery equipment.

This account shall include the cost installed of storage battery equipment used for the purpose of supplying electricity to meet emergency or peak demands.

ITEMS

1. Batteries, including elements, tanks, tank insulators, etc.
2. Battery room connections, including cable or bus runs and connections.
3. Battery room flooring, when specially laid for supporting batteries.
4. Charging equipment, including motor generator sets and other charging equipment and connections, and cable runs from generator or station bus to battery room connections.
5. Miscellaneous equipment, including instruments, water stills, etc.
6. Switching equipment, including end-cell switches and connections, boards and panels, used exclusively for battery control, not part of general station switchboard.
7. Ventilating equipment, including fans and motors, louvers, and ducts not part of building.

NOTE: Storage batteries used for control and general station purposes shall not be included in this account but in the account appropriate for their use.

364 Poles, towers and fixtures.

This account shall include the cost installed of poles, towers, and appurtenant fixtures used for supporting overhead distribution conductors and service wires.

ITEMS

1. Anchors, head arm, and other guys, including guy guards, guy clamps, strain insulators, pole plates, etc.
2. Brackets.
3. Crossarms and braces.
4. Excavation and backfill, including disposal of excess excavated material.
5. Extension arms.
6. Foundations.
7. Guards.
8. Insulator pins and suspension bolts.
9. Paving.
10. Permits for construction.
11. Pole steps and ladders.
12. Poles, wood, steel, concrete, or other material.
13. Racks complete with insulators.
14. Railings.
15. Reinforcing and stubbing.
16. Settings.
17. Shaving, painting, gaining, roofing, stenciling, and tagging.
18. Towers.
19. Transformer racks and platforms.

365 Overhead conductors and devices.

This account shall include the cost installed of overhead conductors and devices used for distribution purposes.

ITEMS

1. Circuit breakers.
2. Conductors, including insulated and bare wires and cables.
3. Ground wires, clamps, etc.
4. Insulators, including pin, suspension, and other types, and tie wire or clamps.
5. Lightning arresters.
6. Railroad and highway crossing guards.
7. Splices.
8. Switches.
9. Tree trimming, initial cost including the cost of permits therefor.
10. Other line devices.

NOTE: The cost of conductors used solely for street lighting or signal systems shall not be included in this account but in account 373, Street Lighting and Signal Systems.

Before the
Federal Communications Commission
Washington, D.C. 20554

CC Docket No. 86-212

In the Matter of

Amendment of Rules and Policies
Governing the Attachment of Cable
Television Hardware to Utility
Poles

REPORT AND ORDER

Adopted: June 10, 1987; Released: July 23, 1987

By the Commission:

TABLE OF CONTENTS

I. INTRODUCTION

1. On June 6, 1986, we released a Notice of Proposed Rule Making (NPRM) in CC Docket No. 86-212, *Amendment of Rules and Policies Governing the Attachment of Cable Television Hardware to Utility Poles*. The NPRM proposed to amend our rules and policies governing the attachment of cable television (CATV) hardware to poles owned or controlled by telephone or electric utilities. This Report and Order addresses those issues raised by the NPRM and the commenters in this proceeding.

II. BACKGROUND

2. Congress mandated that the Commission ensure that the rates, terms, and conditions under which cable television operators attach their hardware to utility poles are just and reasonable (unless the state elects to assert such jurisdiction). 47 U.S.C. § 224. Sections 1.1401 through 1.1415 of the Commission's Rules, 47 C.F.R. §§ 1.1401-1.1415, were promulgated to implement Section 224. *See Adoption of Rules for the Regulation of Cable Television Pole Attachments*, CC Docket 78-144, *First Report and Order*, 68 FCC 2d 1585 (1978); *Second Report and Order*, 72 FCC 2d 59 (1979); *Memorandum Opinion and Order in CC Docket 78 - 144*, 77 FCC 2d 187 (1980), *aff' d, Monongahela Power Co. v. FCC*, 655 F.2d 1254 (D.C. Cir. 1981). Recently the United States Court of Appeals for the District of Columbia Circuit determined in *Alabama Power Company v. FCC*, 773 F.2d 362 (1985) (*Alabama Power*), [1] that the Commission's methodology did not result in the calculation of the maximum just and reasonable rate allowable under the Act and the Commission had not adequately explained its rationale. Accordingly, the NPRM offered proposed policy changes and revised rules for comment, pursuant to Sections 1, 4(i), and 403 of the Communications Act, 47 U.S.C. §§ 151, 154(i), and 403.[2]

A. Legislative History of Section 224

3. It has been common practice for cable television operators to lease space on utility poles in order to provide cable television service to a community. This arrangement was unregulated by any federal authority until the late 1970's, when Congress, in response to concern raised by the cable industry, enacted the Pole Attachment Act of 1978, Pub. Law No. 95-234, § 6, 92 Stat. 33, 35 (codified at 47 U.S.C. § 224). In Section 224 Congress established a range of just and reasonable pole attachment rates which "assures a utility the recovery of not less than the additional costs of providing pole attachments, nor more than an amount determined by multiplying the percentage of the total usable space . . . which is occupied by the pole attachment by the sum of the operating expenses and actual capital costs of the utility attributable to the entire pole . . . ." 47 U.S.C. § 224(d)(1). To determine this just and reasonable pole attachment rate, Congress directed the Commission to "institute an expeditious program which will necessitate a minimum of staff, paperwork and procedures consistent with fair and efficient regulation." S. Rep. No. 95-580,

95th Cong., 1st Sess. 21 (1977). To that end, Congress noted that although there may be some difficulty in determining the components of the operating expenses and actual capital costs of the utility, special accounting measures or studies should not be necessary since the majority of the cost and expense items attributable to the utility pole plant are already established and reported to various regulatory bodies and therefore the information is already a matter of public record. *Id.* at 19-20. Congress did not expect the Commission to reexamine the reasonableness of the cost methodology sanctioned by the various regulatory agencies, and it recognized that the Commission would have to "make its best estimate" of some of the less readily identifiable costs. *Id.* at 20.

4. As indicated above, the range of rates set out by Congress grants the Commission discretion to fix the rate somewhere between the incremental costs of the utility and the cable operator's share of the utility's fully allocated costs. Incremental costs consist of those costs which would not be incurred by the utility's "but for" the presence of cable attachments. *Id.* at 19. Congress noted that incremental costs might include pre-construction survey costs and engineering, make-ready and change-out[3] costs incurred in preparing the utility pole for cable attachments. *Id.* at 19. However, it expected a pole attachment rate based on incremental costs to be minimal, since most of those costs would have been fully recovered in the make-ready charges already paid by the cable company. *Id.*

5. By contrast, fully allocated costs refer to the operating expenses and capital costs incurred by the utility in owning and maintaining poles regardless of the presence of cable. Operating expenses and capital costs of poles include interest on debt, return on equity, depreciation, taxes, administrative and maintenance expenses. *Id.* at 19-20. In practical terms, Congress intended the Commission to establish a formula by which rates could readily be calculated based on the Commission's best judgment as to how to allocate costs between the utility and the cable operator. *Id.*

6. Based on the statutory language, the Commission established the following formula to determine the cable company's share of the utility's fully allocated costs of owning a pole:

Maximum = *Space Occupied by CATV* x (Operating Expenses + Capital Costs of Poles)
Rate Total Usable Space

See , e. g., Continental Cablevision of New Hampshire, Inc. v. Concord Electric Company, Mimeo No. 5536 (released July 3, 1985); *Capital Cities Cable, Inc. v. Southwestern Public Service Co.*, Mimeo No. 5431 (released June 28, 1985). Although operating expenses and capital costs of poles (also known as "carrying charges) can be expressed directly as dollar amounts, these costs may also be expressed as a percentage of pole investment. 47 C.F.R. § 1.1404(g)(9). Thus, the operating expenses and capital costs of poles normally are determined from the cost of a bare pole and the carrying charges attributable to the cost of owning a pole. Consequently, the Commission used the following formula to calculate the maximum just and reasonable rate per pole attachment:

Maximum = *Space Occupied by CATV* x Cost of a x Carrying
Rate Total Usable Space Bare Pole Charges

We determined the cost of a bare pole, that is, the pole with non-pole-related appurtenances removed, from the following formula:

Net Cost of a Gross Pole Depreciation 15% Net Bare Pole[4] = *Investment - Reserve - Pole Investment*
Number of Poles

For the purpose of establishing a just and reasonable rate, the Commission characterized these costs as approximating fully allocated costs, the upper end of the range of rates established by Congress. *Second Report and Order*, CC Docket No. 78-144, 72 FCC 2d 59, 71 (1979) (*Second Report).*

B. Background of Current Rule Making

7. In *Alabama Power* the court found that the so-called "maximum" rate established by the Commission does not accurately reflect the maximum rate allowed under the Act. Specifically, it raised questions about the Commission's computations of the administrative and tax expense components of the carrying charges.[5] Although the Commission usually includes guys and anchors[6] as part of the cost of a bare pole, it excluded them in *Alabama Power* because, contrary to the normal practice, the cable company was required to supply its own. The exclusion of the cost of guys and anchors, the court said, was in error. However, the court raised, but did not consider, the issue of whether requiring the cable company to provide and install guys and anchors is a cost, borne by the cable company, that should be considered part of the maximum rate described by § 224(d)(1) (*i.e.*, a deduction from the maximum rate). Likewise, it questioned whether the items eliminated from the pole line account (FERC Account 364) to obtain the cost of a bare pole are, in fact, pole related, and, if so, erroneously omitted from the Commission's calculations.

8. As to the carrying charges components, the court questioned the Commission's policy of using only pole-related accounts in the numerator of the fraction to determine the administrative expense component but a denominator that represents a utility's total electric plant investment. According to the court, this fraction yields an artificially low percentage. As for the tax component of carrying charges, the court did not dispute *per se* the Commission's policy in pole attachment cases of using the flow-through method of accounting (*i.e.*, taxes actually paid) and rejecting the normalization method.[7] Rather, it pointed out that since a more recent Commission decision (in a non-pole attachment case) adopted the normalization approach, the unexplained inconsistency could not be upheld.[8] In addition, because the Commission made no attempt to establish the utility's incremental costs (the minimum rate), the court rejected the Commission's argument that, although it may not have set the maximum statutory rate, its order should be upheld since the rate fell within the minimum and maximum rates permitted under the statute. Therefore, the court judged the validity of the order solely on the basis of whether the

Commission achieved its stated goal of setting the maximum statutory rate and found that we failed to set the maximum rate.

9. In this Rule Making proceeding we have examined the questions raised by the court since they affect the method traditionally used to determine the operating expenses and capital costs of poles in our maximum rate formula. We have also reviewed whether the Commission need only set a rate within the zone established by the statute, rather than a rate approaching the statutory maximum. At the same time we have reviewed the procedural rules to clarify the steps that should be taken and the information that should be submitted by the parties in each complaint proceeding. Comments and Reply comments relating to these issues have been filed.[9]

III. ADJUSTMENTS TO THE FORMULA

A. Cost of a Bare Pole

1. Non - Pole - Related Appurtenances [10]

10. In our formula to determine the cable company's share of the utility's fully allocated costs of owning a pole, we adjusted the net pole investment by 15 percent to eliminate the investment in crossarms and other non-pole related items. As indicated previously, utility-supplied guys and anchors were always included as part of the cost of a bare pole except when the cable company was required to supply its own. The NPRM sought comments on what items should be classified as non-pole-related, whether the 15 percent adjustment adequately reflects such investment and, if not, what suitable rebuttable presumption should be adopted. It indicated that parties could propose different figures for telephone and electric companies, although we expressed a concern that different figures for different types of utilities might increase the burden on the staff and parties without concommitant public interest benefits. The comments on this issue were extensive, with considerable variation as to what the percentage adjustment should be, how the adjustment should be calculated, and what items should be classified as non-pole related.

11. National Cable Television Association (NCTA) asserts that utility guys and anchors should be classified as non-cable-related. It argues that guys and anchors benefit utilities, not cable systems, and therefore utilities should bear their entire cost. However, it notes that utilities typically do not maintain records which would reveal the embedded investment in guys and anchors separate from other non-cable-related appurtenances. As a result, it suggests that the Commission should establish a new rebuttable presumption for adjustments for non-cable-related appurtenances to reflect utility guys and anchors as non-cable appurtenances. NCTA Comments at 24. Because actual average non-cable-related investment is different for telephone companies and electric companies, it recommends that the adjustment for the electric company appurtenances should be set at 35 percent and the adjustment for telephone companies should be 20 percent. *Id.*[11]

12. Continental Cablevision (Continental) states that, while *Alabama Power* found utility guys and anchors of benefit to all pole users, the Commission must recognize that these guys and anchors stabilize more than just the poles. Therefore, it maintains that the investment in guys and anchors should also be spread across the utility's investment in the overhead plant they stabilize (*e.g.*, aerial cable and aerial wire). Continental Comments at 18. Continental Cablevision recommends that in calculating the amount of investment in utility-supplied guys and anchors to include in the cost of a bare pole, we should first determine the investment in all investment accounts benefitting from the guys and anchors - such as Federal Energy Regulatory Commission (FERC) Accounts 368 (line transformers), 369 (services), 364 (poles), and 373 (street lighting). The utility's investment in guys and anchors would then be allocated to pole investment in the same proportion that Account 364 bears to investment in these other accounts. It asserts that this is the allocation method approved by the court in *Texas Power*.[12] Continental Comments at 27-39 and Reply Comments at 5. Utilizing this methodology, Continental Cablevision submits that the appurtenance ratio for telephone companies of 15 percent should be retained and the appurtenance ratio for electric utilities should be raised to 30 percent. *Id.*

13. Cable Operators and Associations states that accounting for the appurtenance investment must be a matter of approximation, unless the Commission resorts to detailed tariff proceedings. Cable Operators and Associations Comments at 16.[13] It asserts that, based upon a survey of appurtenance investment in pole attachment proceedings before state regulatory commissions, the appurtenance ratio should be 20 percent for electric utilities and 15 percent for telephone companies. *Id.* at 18.

14. Edison Electric Institute (EEI) asserts that the appurtenance ratio should be minimal since the normal standard is armless construction for both electric and telephone utilities. EEI Comments at 5. It states that to the extent that some crossarms are included in pole accounts, these have the effect of making more room available on the pole for CATV attachments and, therefore, cable operators avoid the cost of changeout. *Id.*

15. Bell Atlantic states that crossarms are used almost exclusively by electric utilities (open wire plant). Bell Atlantic Comments at 3. It indicates that because of the economic and technical advantages of insulated wire groups and sheathed cable, open wire facilities have been virtually abandoned by telephone companies. Instead, cable and insulated wire pair are attached directly to the poles, without the need for crossarms. *Id.* Bell Atlantic argues that open wire telephone plant remains in use only in some rural telephone companies where customer density, traffic demands, limited growth, and other factors have not dictated its replacement. *Id.* It recommends that, rather than an overall 15 percent ratio, the Commission should apply a two part test whereby there would be no deduction for crossarm costs for utilities that declare they have no (defined as less than 1 percent of total pole investment) crossarm investment. There would be a presumed deduction of 15 percent or a different, factually supported figure for a utility that declares that it has some (more than 1 percent) crossarm investment. *Id.* at 4.

16. BellSouth and several other utilities maintain that the legislative history makes it clear that it is those costs attributable to the entire pole, irrespective of their relationship to the CATV attachments, that are relevant in defining the maximum rate, and it is irrelevant whether a particular cost is "cable related." Therefore, they assert, there should be no deduction for appurtenances from the pole plant. *See , e. g.*, BellSouth Reply Comments at 7.

17. First, we agree with those commenters who maintain that, in determining which items should be classified as excluded appurtenances, the relevant standard is whether the items are pole-related, rather than whether they are cable-related. Section 224(d)(1) of the Pole Attachment Act defines the maximum rate as "an amount determined by multiplying the percentage of the total usable space . . . which is occupied by the pole attachment by the sum of the operating expenses and actual capital costs of the utility *attributable to the entire pole* . . . ." (Emphasis added.) In discussing Subsection (d) of the Act, the Senate Report states that "the upper end of this range is expressed in terms of a charge to the CATV pole user which reflects its proportionate share of the *total costs of the pole*, such total being the recurring operating expenses and capital costs attributable to the utility pole. Cable's proportionate share would be calculated by determining the percentage of usable space used by the CATV system . . . and multiplying that percentage by the *total of the capital costs and operating expenses of the entire pole.* " (Emphasis added).[14] In addition, the court in *Alabama Power* held that "the question is not whether the investments are cable related, but whether they were pole related . . . ."[15] However, certain appurtenances, although included in the pole line account, are not part of the pole plant itself, but are required for the specific use of the utility. Therefore, a determination must be made as to the proper appurtenance ratio which relects the utility's investment in crossarms and other user-specific items which do not reflect the cost of owning and maintaining poles.

18. We reject the argument that guys and anchors are solely user-related and therefore utility-supplied guys and anchors should be excluded from the net cost of a bare pole. We believe that guys and anchors are required to stabilize the pole plant and are therefore pole-related within the meaning of Section 224(d). Moreover, the court in *Alabama Power* held that the costs of the guys and anchors supplied by the utility may not be excluded from the cost of a bare pole even if the cable company supplied some of its own guys and anchors.[16] Since the investment in guys and anchors was generally already included in the net cost of a bare pole, however, no adjustment to the appurtenance ratio is necessary to reflect our determination that these costs should be included.

19. The comments by both the utilities and cable companies present a wide range of recommended appurtenance ratios for both electric utilities and telephone companies. Several commenters have presented evidence in support of their assertion that the 15 percent figure we have traditionally used as the deduction for crossarms and other non-pole-related investment is conservative as to electric utilities. However, the evidence presented by the parties to support a different figure is not compelling.[17] Therefore, with no extensive engineering analysis in the record as to which items should or should not be classified as non-pole-related appurtenances and the percentage of the pole line account attributable to these items, we adopt a reasonable compromise position and retain the 15 percent figure for electric utilities.[18] The record also indicates, and indeed most commenters agree, that the investment in telephone non-pole-related appurtenance is less than that required by electric utility engineering.[19] Indeed, because telephone companies today generally attach cable and insulated wire directly to the pole instead of using crossarms, which constitute a significant portion of the appurtenances to be removed from the pole line account, the typical telephone company's investment in crossarms appears to be considerably less than that of the electric utility. Therefore, we find that the adjustment for non-pole-related items for telephone companies should be reduced. However, the commenters have not presented evidence in support of a specific ratio and, therefore, we shall adopt a reasonable compromise position and utilize an appurtenance ratio of 5 percent for telephone companies. These ratios shall be rebuttable presumptions to be utilized in the event no party chooses to present probative, direct evidence on the actual investment in non-pole-related appurtenances.

2. Guys and Anchors Provided by the Cable Company

20. As we discussed previously, the court in *Alabama Power* concluded that the cost of the guys and anchors supplied by a utility should be included in the cost of a bare pole even if the cable operator supplied some of its own guys and anchors. However, the court raised the question of whether an offset or credit should be made to the maximum pole attachment rate when the cable company supplies its own guys and anchors. We solicited comments on the issue.

21. The utilities argue that no credit or offset should be given for guys and anchors provided by cable operators. They assert that any guys or anchors the cable company supplies are used to provide support for additional stress caused by the cable company's attachments. The expense, they maintain, is equivalent to make-ready work and is directly associated with the provision of the cable company's service and, as the cost causer, the cable company should bear the expense. *See, e.g.*, Southwestern Bell Comments at 2-3.

22. The cable operators argue that an offset is appropriate. Cable Companies states that the benefit the utility derives from the guys and anchors set by cable systems is the improved overall stability and safety of pole plant. Cable Companies Comments at 7. Cable Operators and Associations maintains that guys and anchors installed by cable companies benefit the utility by further stabilizing the pole against stress. Cable Operators Comments at 26. It also argues that if a CATV company is required to install its own guys and anchors, the utility's chargeable pole attachment investment should be reduced by at least 5 percent. *Id.* at 28.

23. NCTA maintains that the cost of guys and anchors are user-specific and therefore the investment of utilities and cable systems in guys and anchors should be treated as if it were user-specific rather than pole-related. NCTA Comments at 21. It states that, under this approach, cable systems would not be required to contribute to the costs of the guys and anchors necessary to support the utility's wires, but neither would they be entitled to a credit or offset for the costs that they incur for guys and anchors to support CATV wires. *Id.*

24. As we discussed previously, utility guys and anchors have been determined to be of benefit to all pole users. Thus, cable operators must pay a proportionate share of these costs. However, there is no persuasive evidence presented in the record that could lead us to conclude that the guys and anchors provided by the cable company benefit other pole users and therefore entitle the cable companies to a credit or offset for their investment in these items. However, this does not mean that a cable company could not establish that its guys and anchors

benefit other pole users. Therefore, we will allow the cable companies to present evidence on this issue in individual complaint cases. If a cable operator is able to present evidence that guys and anchors which it provides when it attaches its facilities to the poles benefit either the utility or other pole users, we will allow a credit or offset for its investment in these items.[20]

B. Carrying Charges

25. Administration, taxes, cost of capital, depreciation and maintenance are the components within the carrying charge utilized in the formula to determine the cable company's share of the utility's fully allocated costs of owning a pole.

1. Administrative Expenses

26. As we discussed in paragraph 8, *supra*, the court in *Alabama Power* questioned the validity of our approach to allocating administrative expenses (dividing cable related administrative expenses by the total plant investment). The court, in holding that such a division necessarily yields an artificially low percentage, stated that we could properly derive an allocator by dividing total administrative expenses by total plant investment if we determined that the percentage of administrative expenses relating to pole investment approximates the percentage of administrative expenses relating to the overall investment in utility plant.

27. In the NPRM we stated that we would prefer to use a ratio of pole-related administrative expenses to total pole plant investment, but acknowledged the lack of publicly available reports from which pole-related administrative expenses can be determined. We invited comments on whether the ratio of administrative expenses to total plant investment is the same as that of pole-related administrative expenses to pole plant investment and, therefore, an acceptable method by which to calculate the administrative expenses component of the formula. As an alternative method for determining the administrative expense ratio, we proposed, for purposes of computing the rate, to distribute administrative expenses among other operation, maintenance and depreciation expense components of the carrying charge, thereby eliminating a separate category for administrative expenses.

28. Generally, the utilities advocate we adopt total administrative expenses to total plant investment as the ratio to determine administrative expenses associated with pole plant. The cable operators who commented on the issue preferred our proposed distribution ratio.

29. Continental Cablevision states that our "distribution ratio" is a valid method of including administrative expenses in our formula because by applying this ratio to pole related maintenance and depreciation expense, the administrative expenses of pole attachment activity are accounted for in a manner that spreads administrative costs across services by their relative expenses, rather than by their relative investment. It states that the method recognizes the fact that pole attachment service is not heavily labor intensive. Continental Comments at 44-45. However, Continental Cablevision did state that although it believes the "distribution ratio" has merit, it would not oppose the alternative use of the ratio of administrative expenses to net plant. Continental Reply Comments at 9.

30. Cable Operators and Associations states that most of the identifiable costs incurred by a utility in affording pole attachment rights are separately paid for by the cable operators. Cable Operators Comments at 52. It states that, through the utilities' inspection and make-ready practices, utilities have underwritten their routine distribution plant expenses at the cable companies' expense. Thus, it argues, cable operators are paying not only for cable administration but for general distribution plant administration. *Id.* at 54. Cable Operators asserts that when cable companies do pay for routine utility administrative expenses, the utilities' administrative expenses are not routinely adjusted for the reimbursement. *Id.*

31. Cable Companies indicates that it agrees with the concept of the Commission's proposed methodology, which eliminates a separate expense component for administrative expenses. Cable Companies Comments at 10. However, as discussed in more detail in paragraph 41, *infra*, it argues that administrative costs recovered in separate application fees are insignificant, and therefore any administrative cost component should be eliminated from the carrying charges until some verifiable cost data can be supplied. *Id.*

32. Adelphia Communications declares that all non recurring costs which are incurred by a utility to prepare pole plant for CATV attachments (application processing, surveys and inspections, engineering, make-ready rearrangements and pole change-outs) are paid up front by the cable operators. Adelphia Comments at 22. Any recurring costs incurred by a utility for the provision of attachment rights to a cable operator, such as periodic inspections or needed rearrangements, are paid by the cable company. Therefore, the only remaining recurring costs must be limited to the direct administrative costs related to pole attachments and perhaps a share of maintenance expenses. It represents that such costs are minimal. *Id.* at 22-23.

33. In supporting the ratio of total administrative expenses to total plant, Ameritech, Bell Atlantic, Edison Electric Institute and Cincinnati Bell state there is no basis for the Commission's belief that administrative expense relating to poles, in proportion to total investment, is appreciably smaller than administrative expense relating to other utility plant. Ameritech Comments at 9; Bell Atlantic Comments at 8; EEI Comments at 7; Cincinnati Bell Comments at 3. Ameritech argues that, while it is true that poles constitute a relatively simple type of utility asset compared to the more complex plant used to provide utility service, certain administrative expenses are incurred with respect to CATV pole attachment matters which typically are not incurred with respect to other more complex plant (*e. g.*, expenses associated with regulatory Rule Making and complaint proceedings initiated by CATV operators and legislative enactments sponsored by CATV interests). Ameritech Comments at 9. Several utilities, including Cincinnati Bell, BellSouth and Edison Electric Institute, state that while there are no records to isolate pole related administrative expenses, such expenses may actually be higher than that related to other utility plant because the overhead associated with maintenance and repair is higher than, for example, telephone company electronic switches which are relatively maintenance free. *See , e. g.*, Cincinnati Bell Comments at 3; BellSouth Comments at 8; EEI Comments at 7.

34. Arizona Public Service Company supports adoption of the total administrative expenses to total plant ratio and states that, although poles may have less associated overhead than other complex assets, they may also cost less and thus the ratio of administrative expenses to plant investment may remain close to constant as one moves from poles to total company plant investment. Arizona Public Service Comments at 11. Arizona Public Service asserts the proposed distribution ratio can be improved by removing the fuel related expenses since such expenses do not relate to administrative expenses. It also proposes other modifications to the distribution ratio, including loading maintenance of overhead lines to include related supervisory expenses and payroll tax expenses. *Id.* at 13-20.

35. Union Electric, Southern Utilities and Kansas Power & Light do not support the distribution ratio. They maintain that the Commission's proposal to spread administrative expenses among operations and maintenance (O&M) expenses and depreciation expense is not appropriate since administrative expenses are not likely to vary as other O&M expenses vary. They note that a major component of O&M expense for electric utilities is the cost of fuel burned. Also, they assert that administrative expenses are a function of day-to-day operations and do not share a direct relationship with depreciation expenses which are a function of accounting plant life. Union Electric Comments at 3. Southern Utilities Comments at 44-45; Kansas Power & Light Comments at 6.

36. Southwestern Bell and U.S. Telephone Association endorse the ratio of total administrative expenses to total plant investment, but recommend that the denominator be changed to total net plant investment since the resulting factor will be applied to net pole line investment. Southwestern Bell Comments at 7; U.S. Telephone Association Reply Comments at 7.

37. Upon further review, we have determined that the benefits of using a distribution ratio for the calculation of the administrative expenses associated with the pole plant do not outweigh its disadvantages. As we have continuously stressed throughout this proceeding, our goal is to adopt a formula which, using publicly available data, results in a rate which approaches the maximum level within the just and reasonable range. At the same time the components of the formula should be predictable and retain a level of certainty that will facilitate negotiated settlements based on our formula. Indeed, Commission procedures and calculations should remain simple and expeditious and not modelled on ratemaking or complex tariff proceedings. The commenters have proposed a number of additions, deletions, or other modifications of the various components of the distribution ratio which substantially complicate the methodology. Without drawing a conclusion on the relative merit of these proposals, we conclude that a modified distribution ratio does not further our goal of a simple, predictable formula. On the other hand, as for our concern whether the ratio of administrative expenses to total plant is the same as that of pole-related administrative expenses to pole plant investment, there is nothing in the record to demonstrate the actual relationship between these ratios. Therefore, since the proposed distribution ratio is not only more complicated than a total expense to total plant ratio, but is also not demonstrably superior to the total expense to total plant ratio, we will adopt, as suggested in *Alabama Power*, the ratio of total administrative and general expenses to total plant investment.[21]

2. Offsets and Credits

38. We are concerned, however, that there may be a double recovery by some utilities for amounts paid for such expenses as application processing, inspections, and certain make-ready work. We requested comments as to whether cable companies should receive an offset or credit for expenditures they are required to make in addition to the routine make-ready charges and the annual per pole rate.

39. The cable companies argue that they should receive an offset or credit for certain additional fees or charges against expenses included in the administrative expenses component of the carrying charge. They maintain that the costs associated with these extra charges are already recovered by the utilities in the rate, based on fully allocated costs, which the cable operators pay. The utilities oppose such an offset, arguing that those additional charges which cable companies pay relate to costs incurred solely for the benefit of attaching cable facilities to the poles.

40. Cable Companies submits that they are made to pay application fees to attach to the utilities' poles. They maintain that the processing and recordkeeping related to these applications constitute most of the administrative costs incurred by utilities in connection with cable television pole attachments. Cable Companies Comments at 10. They argue that the full costs to the utilities of administering this aspect of pole attachments is directly covered by these fees and that the only direct costs that remain are associated with the annual or semiannual billing and collection of pole attachment fees. Cable Companies asserts that billing and collection do not involve significant costs to the utilities. *Id.* at 10-11. Cable Companies points out that, as with administrative pole costs in general, there are no accurate records to reflect the relationship between application fees paid and costs incurred. *Id.* at 11. It therefore recommends that the administrative cost component be omitted from the carrying charge until some verifiable cost data can be supplied. Alternatively, it recommends that full credit for application fees and other contributions to the pole plant administrative costs must be provided in order to avoid double recovery. *Id.* at 12.

41. Continental Cablevision submits that the matters covered by application fees and inspection fees are included in the administrative expenses component of the carrying charge. Continental Cablevision Reply Coments at 11. It states that it is not proper to charge cable operators for all additional costs and then to require them to also pay a rate based on fully allocated costs. *Id.*

42. Adelphia Communications maintains that it is appropriate to limit administrative expenses to "additional costs" - those costs which would not have been incurred by a utility but for the provision of attachment rights to a cable operator. Adelphia Comments at 22. It states that nonrecurring additional costs are those of a one-time nature which are incurred to prepare pole plant for CATV attachments and include application processing, surveys and inspections, engineering, make-ready rearrangements[22] and pole change-outs. It points out that all of these costs are paid up front by the cable operator. *Id.* Thus, Adelphia Communications argues, the only additional costs remaining are those consisting of recurring expenses. It argues that, since any periodic inspections or

needed rearrangements are paid by the cable operator, the recurring expenses must be limited to the direct administrative costs related to pole attachments and perhaps a share of maintenance expense. *Id.* Such costs. Adelphia Communications asserts, never exceed one dollar per pole. *Id.* at 23.

43. In opposing any offset or credit for application fees, the utilities argue that the application fee is charged to cover the direct expense of processing the CATV pole attachment contract. They state that such costs are incurred solely for the benefit of the CATV operator. *See* , *e.g.*, BellSouth Reply Comments at 6; Bell Atlantic Reply Comments at 7-8. The utilities maintain that, in addition to the costs associated with processing the contract, the utilities incur administrative costs relating to its pole plant that are separate and apart from the application process. *Id.*

44. A separate charge or fee for items such as application processing or periodic inspections of the pole plant is not justified if the costs associated with these items are already included in the rate, based on fully allocated costs, which the utility charges the cable company since the statute does not permit utilities to recover in excess of fully allocated costs.[23] Therefore, we find it appropriate to allow a cable company to present evidence to justify a refund to it for expenditures it has made and which it believes relate to costs which are already covered in the carrying charges. We will indeed look closely at make ready inspection and other charges which the cable companies may be paying to ensure that there is no double recovery by the utilities for expenses for which they will be or have already been reimbursed through the annual pole rental fee.[24]

3. Taxes

45. Traditionally, we have used a "taxes paid" (flow through) methodology when calculating the tax component of the carrying charges which reflects total tax liability in the year in which such liability is incurred. The court in *Alabama Power* questioned this approach because it is contrary to the tax accounting method that we employed for determining rates in other Commission dockets.[25]

46. Under tax normalization, for financial reporting purposes, utilities depreciate equipment over its estimated useful life (straight line tax depreciation). However, for tax purposes, through claiming accelerated depreciation and investment tax credits on their tax returns, utilities claim higher depreciation expense in the early years of the service life of an asset and lower depreciation in later years. The effect is to produce lower tax payments with respect to the early years which are offset by increased tax payments in the later years. The amount of income taxes deferred through the use of accelerated depreciation is recorded for accounting purposes in an accumulated deferred tax reserve and represents funds provided for capital investment. Most regulatory commissions, concluding that the accumulated deferred tax reserve represents cost free capital, adjust for the cost-free nature of the reserve in one of two ways to prevent the utility from earning a return on the portion of its investment financed by the reserve. The majority of commissions which follow the normalization practice deduct the depreciation related deferred income taxes from the utility's rate base, creating a smaller rate base upon which the allowed rate of return may be earned. Some commissions follow the alternative ratemaking treatment of including the reserve in the utility's capital structure at zero cost, which has the effect of reducing the authorized rate of return.[26]

47. In the NPRM, we recognized that the current trend in ratemaking is to adopt the tax normalization method and expressed a preference for the tax normalization approach in resolving pole attachment cases. We solicited comments on how tax normalization can be accomplished for both telephone and electric utilities with publicly available data.

48. Most of the commenters support normalized taxes for the development of CATV pole attachment rates, with many of them presenting a proposed methodology. Several commenters support the use of a tax normalization approach but assert that there should be an adjustment to either the utility's pole investment or its cost of capital to prevent the utility from earning a return on the accumulated deferred tax reserve. *See* , *e.g.*, NCTA Comments at 30. Edison Electric Institute supports tax normalization but believes that since more than one method of calculating normalized taxes may be lawful, each utility should be permitted to use the method used by the public utility commission in its jurisdiction. EEI Comments at 9. Texas Power & Light, while supporting normalization, asserts that the Commission should approve more than one method for calculating normalized taxes. It argues that a utility should be permitted to develop acceptable alternatives to meet its unique and specific needs. Texas Power Comments at 8.

49. Cable Operators and Associations and Cable Companies object to normalization. Cable Operators maintains that tax normalization was designed not to anticipate actual tax payments, but to create an interest-free pool of revenue loaned from utility ratepayers to utilities in order to promote expansion. Cable Operators Comments at 56. It also asserts that normalization is applied to stabilize rates and minimize the frequency of utility rate increase requests. It states that, by contrast, pole attachment rates are calculated annually. *Id.* at 57. Cable Operators also argues that normalization is applied exclusively to utility services, and the Commission and state jurisdictions have long held that pole attachments are not utility services. *Id.*

50. Bell Atlantic maintains that, contrary to the assertions of Cable Operators and Associations, normalization does not represent "an interest-free loan" to the utility since it is an accounting principle that requires that current and future ratepayers share in the tax benefits of capital formation incentives (*e.g.*, accelerated depreciation, investment tax credits). It enables all customers that bear the cost of the underlying asset to share in the tax benefits derived from that asset. Bell Atlantic Reply Comments at 9.

51. Mountain States Telephone argues that depreciation related deferred income taxes should not be deducted from the tax normalization calculation. It states that, unlike its ratepayers, cable operators have always paid pole attachment rates based on taxes paid, and as a result, the full benefit of accelerated tax depreciation was "flowed-through" to cable companies up front. Mountain States Comments at 15-16. Mountain States maintains that cable operators have contributed nothing toward the deferred tax reserve and to now exclude deferred tax reserves from the pole investment would provide cable operators with this benefit a second time. *Id.* at 16.

52. We have reviewed the evidence presented and have concluded that we should employ a normalized tax calculation in determining the operating expenses and capital costs of the utility in owning and maintaining its poles. None of the commenters have advanced persuasive reasons to dissuade us from utilizing tax normalization in the formula to determine pole attachment rates. Indeed, we recognize that the current trend in ratemaking is to adopt the tax normalization method. We have studied the proposed methods of calculating normalized taxes and, in doing so, we reject the arguments of some commenters that each utility should develop its own methodology. It is essential that a uniform method for the normalization of taxes be utilized to permit interested parties to independently verify, from publicly available data, the reasonableness of a utility's procedure for determining the tax component of the carrying charge. Consistent with our goal of utilizing a simple and predictable approach, we have chosen formulas which are both reasonable and straight- forward. The FERC and FCC accounts and the formulas that we will use for determining the normalized tax component are listed in Appendix B.[27] We have also determined that our application of tax normalization should include an adjustment to reflect the state regulatory commissions' treatment of accumulated deferred tax reserve. To more closely align our formula with state ratemaking practices the adjustment will be reflected in one of the two ways previously discussed.[28] If the state regulatory commission treats deferred taxes as a rate base deduction the formula for determining pole attachment rates should include a deduction of the accumulated tax reserve from the utility's pole investment. If the state regulatory commission includes the reserve in the utility's capital structure at zero cost, no further adjustment by the Commission would be required in pole attachment proceedings. By our adoption of the state-authorized rate of return there is an automatic adjustment for the cost-free nature of the portion of the utility's investment that consists of the accumulated deferred tax reserve.[29]

C. Minimum Rate Versus Maximum Just and Reasonable Rate

53. As we stated in the NPRM, it has been Commission policy to identify only a rate approaching the statutory just and reasonable maximum rate which is based on fully allocated costs.[30] The court in *Alabama Power* noted that, because our methodology focused exclusively on the maximum rate range, we made no effort to establish the minimum rate based on incremental costs. The court reasoned that if we have not established both the upper and lower level of the statutory range, a less than maximum rate determined by the Commission's formula may not be supported if the lower end of the zone of reasonableness is not defined. Our policy of identifying only a rate approaching the maximum level was established by a statutory scheme under which virtually all complaints were filed by cable companies alleging that a utility is charging in excess of its fully allocated costs. In addition, in those few cases filed by utilities, the utility argued that the rate being charged should be at the maximum level under the statute. We foresee that complaints by cable companies claiming that a rate exceeds fully allocated costs will continue to be the norm and, therefore, we will continue to focus on the upper end of the statutory range. Thus we proposed in the NPRM not to establish the minimum rate in routine cases. Instead, we proposed the change to Section 1.1409(b) of our Rules which would formalize the presumption that the pole attachment rate determined by the formula falls above the utility's incremental costs.[31] If the utility wished to rebut this presumption, it would have the burden of proving the minimum statutory rate.[32]

54. We requested comments on a method that would result in a rate approaching the maximum statutory rate without the need for complex calculations or excessive reliance on internal company records. Most of the utilities emphasized their assertion that establishing the maximum just and reasonable rate must be the primary goal in pole attachment ratemaking and that the minimum rate should rarely be an issue.[33] However, the cable companies generally proposed a rate less than the statutory maximum rate. They urge that we consider an overall rate adjustment based on the status of cable operators as subordinate users of poles. NCTA, whose comments on the matter mirror those of the other cable company commenters, asserts that while Congress gave the Commission the flexibility to establish rates within the boundaries of incremental and fully allocated costs, it expected the Commission to consider the nature and value of the rights conferred by the utilities in deciding where, between these two extremes, an appropriate rate lies. NCTA Comments at 3, citing Senate Report 95-580 at 19. It states that where the cable operator and the utility share use of the poles with fully equivalent rights, a rate based on fully allocated costs is appropriate. The more a cable operator's pole rights are subordinate to those of the utility, it believes, the more the rate should approach the incremental costs of providing pole attachments. *Id.* NCTA states that the difference between fully allocated costs and incremental costs in the context of pole attachments is not trivial and, thus, establishing a rate that takes into account cable's subordinate status, rather than automatically setting the maximum statutory rate, will have a significant economic impact.[34]

55. NCTA and the other commenting companies argue that there should be a "subordinate user" factor to reflect that, under the typical pole attachment agreement, the cable operator is given a "mere revocable license." *See*, *e.g.*, Continental Comments at 10. They propose that the Commission reduce the maximum rate established by the Commission's formula by this factor to compensate for their subordinate rights on poles. The cable companies maintain that a set of the terms and conditions under which they must operate will demonstrate a number of inequities within the pole attachment agreements to which they are a party. For example, they state that pole attachment agreements commonly require that the cable television system pay the utility in advance for all costs associated with its initial attachment to the pole (make-ready charges) even though they may not be permitted to attach to the poles for several months. These costs frequently include such items as inspections and pole change-outs. Moreover, despite these payments, the contracts frequently stipulate that the cable system may be removed from the pole at any time, for whatever reason, and, in many instances, with little advance notice. All of the commenting cable operators listed specific allegations which they argue demonstrate that the proper just and reasonable rate should be less than a statutory maximum rate based on fully allocated costs. Many of the arguments presented by the cable operators to demonstrate that a "subordinate user" factor is appropriate were also dis-

cussed in relation to the "double recovery" issue regarding cable operators' payment of fees for costs which may already have been compensated for in the carrying charges of the formula.[35]

56. Cable Companies state that cable operators pay for inspections and upgrades of pole plant which benefit only the utility and its own use of its poles, but which are paid for solely by the cable operator. Cable Companies Comments at 3. It states that the fees assessed by some utilities for inspections remain excessively high in many cases and contract terms continue to be completely one-sided, with utilities refusing any attempts to equalize even minor aspects of the relative contractual obligations of the parties. *Id.*

57. Adelphia Communications states that under the typical attachment agreement make-ready charges are often applied in a manner designed to harass and delay the cable operator. Adelphia Comments at 11. It argues that CATV installation is not a priority for most utilities and there are many instances of cable operators waiting months for make-ready work to be completed. According to Adelphia Communications, utilities will not allow a cable operator to do the work itself or even hire an outside contractor. *Id.* Both Adelphia Communications and NCTA assert that one of the clearest illustrations of cable's subordinate status is the standard provision in pole attachment contracts that requires cable systems to pay all costs arising from pole change-outs. NCTA states that it would be appropriate to charge the CATV operator a certain percentage of these pole change-out replacement costs, but the typical contract requires the cable company to pay all of these costs, including the entire cost of the new pole, even when the need for such a changeout is not caused by the attachment of cable facilities, but rather by the additional requirements or attachments of some other user, including the utility itself. NCTA Comments at 11. Adelphia Communications adds that there have been a number of incidents where the utility has required a larger replacement pole even though there is enough space on the old pole to accommodate the cable facilities. Adelphia Comments at 15. Both commenters state that another manifestation of cable's subordinate rights is the utility's inspection of cable pole attachments at unpredictable and frequent times and the requirement that the cable operator pay for the inspection. They maintain that the frequency and extent of periodic inspection has increased greatly and that when the utility conducts such inspections it also inspects its own wires and equipment which may need adjustment. Nevertheless, the common contractual provisions require cable operators to pay the entire cost of the pole inspection. NCTA Comments at 11-12; Adelphia Comments at 16. In addition, Cable Operators and Associations asserts that most pole attachment agreements require cable operators to hold utilities harmless from claims, even when the utilities are negligent. Cable Operators Comments at 42.

58. The commenting cable operators offered proposals as to how this "subordinate user" factor could be quantified and included as a deduction to the formula utilized to determine the pole attachment rates. Adelphia Communications suggests that where a utility offers a standard industry contract, the terms of which include those elements that are indicative of the cable operator's subordinate status, the proper rate should be one-half the calculated maximum so long as that rate exceeds the minimum. The percentage of the maximum would increase as the rights granted to the cable operator increased. Adelphia Comments at 23. Maryland/Delaware Cable Television Association and Continental Cablevision propose that cable pole attachment rates be set at 75 percent of the maximum rate.[36] Maryland/Delaware Cable Comments at 12; Continental Comments at 13-16. They state that any concern that such an approach might result in a rate which recovers less than the incremental costs could be addressed through the Commission's proposed procedural change, whereby the utility would have the burden of establishing that such rate is below the statutory minimum just and reasonable rate.[37] Cable Operators and Associations also proposes a 75 percent figure, but it applies the figure to a different base. It argues that the Commission's formula should calculate net chargeable pole investment as 75 percent of the net pole investment since subordination of cable's interests in the pole plant must be accounted for in the rate base. Cable Operators Comments at 45-50.

59. NCTA and Cable Companies state that an acceptable approach to assessing the magnitude of rate reduction that should result from cable's subordinate user status is to model it on the discount practice found in the utility industries (interruptible rate schedules for gas and electric customers) and the satellite communications business (preemptible transponder users).[38] In making a comparable discount for cable operators to reflect their subordinate status NCTA recommends that there should be a reduction of 30 percent of the net cost of a bare pole while Cable Companies recommends that a discount of 25 percent be applied to the lease rate itself. NCTA Comments at 15; Cable Companies Comments at 15.

60. None of the utilities believe that the status of cable operators under pole attachment agreements requires an adjustment to the formula rate to reflect a subordinate status. Several commenting utilities argue that the statutory maximum rate already incorporates a substantial discount for cable operators. BellSouth argues that there are significant financial advantages to cable operators attaching to utility poles rather than building their own plant. BellSouth Reply Comments at 3-4. According to Bell Atlantic, cable operators already receive substantial concessions through discounts for telephone utilities' nonexistent crossarm investment, the use of embedded rather than current costs and the understatement of the amount of usable space that cable occupies. Bell Atlantic Reply Comments at 2.

61. U.S. Telephone Association maintains that the subordinate user discount is beyond the scope of the NPRM and should be addressed, if at all, to the Congress. U.S. Telephone Comments at 12. It states that if the Commission accepts cable's contention that a subordinate user discount should be entertained, it must set forth a new Rule Making to address that issue. *Id.* U.S. Telephone Association also argues that the discount is unwarranted because the Commission has historically utilized a fully distributed cost methodology to measure the maximum statutory rate and the subordinate user discount is an incremental cost adjustment. It also argues that the use of, and thus the wear and tear on, poles is increased by cable attachments and, in general, cable facilities make more frequent attachments and cause more maintenance concerns than do utility users. *Id.*

62. Ameritech states that there is no basis for a rate discount since cable operators pay a rate based on no more than 8 percent of the costs of a pole. Ameritech

Comments at 9-10. Ameritech states that the Pole Attachment Act specifically recognizes that a pole attachment contract containing terms and conditions which recognize the priority rights of the utility may also include a rate based on the utility's fully allocated costs. *Id.* at 9.

63. Southwestern Bell concedes that it does give telephone companies a higher priority than cable companies for restorative measures since telephone service is often needed for life-or-death emergencies and franchised telephone companies are required by law to provide reasonably continuous service to their customers. It maintains that seldom are there emergency situations for cable operators or statutory requirements concerning continuity of service. *Id.* at 5.

64. Mountain States Telephone asserts that if a cable company believes that a particular term or condition is unjust and unreasonable, the cable company should ask the utility to negotiate that portion of the contract. If the cable operator is unsuccessful, it can petition the Commission to revise those terms or conditions at issue. Mountain States Comments at 10. Mountain States maintains that as long as an attachment fee is within the statutory zone of reasonableness, the Commission is without authority to lower a contractually agreed-to rate.

65. In response to the cable companies' analogy of the discount practices of utilities and the satellite communications business, Edison Electric Institute maintains that there is no valid comparison between interruptible rates and rates for allegedly subordinate users of a pole. EEI Comments at 10. EEI states that for interruptible rates and customers, an electric utility can actually quantify its savings. It argues that there are no savings to the utility in the case of cable attachments, even assuming that such attachments could in some circumstances be removed from the pole. *Id.*

66. Texas Power asserts that by requesting a substantial discount from fully-allocated-cost-based rates because of a status as a subordinate user, the cable companies are seeking to apply a value of service concept to the Commission's rate formula which it believes is an incorrect standard. Texas Power Comments at 3. Texas Power also states that the mere existence of certain contract provisions does not necessary imply that actual practices in the field reflect a subordinate status. *Id.* at 4.

67. Alabama Power argues that, since pole attachment rates are designed to reflect the underlying cost of providing service, the "subordinate user discount" proposal, which is based on the concept of value of service, should be rejected. Alabama Power Comments at 3. It states that cable operators are very seldom displaced from any particular pole and while a cable system may face interruption on a few of its poles during a year, it seldom will face interruption on a significant number of poles. *Id.* at 4. Alabama Power also states that it is inappropriate for cable operators to compare their position under a pole attachment agreement with those of parties to a joint-use pole agreement since successful joint-use pole agreements are based upon mutual benefits and responsibilities. Alabama Power argues that there are no such mutual benefits available to utilities under pole attachment agreements with cable companies. *Id.* at 6.

68. In response to the cable companies' assertion that the manner in which utilities conduct their inspection programs demonstrates cable's subordinate status, Virginia Electric alleges that its inspection program is not designed to reengineer its own plant at the cable operator's expense but, instead, to correct numerous safety violations and detect unauthorized cable attachments. Virginia Electric Comments at 3. Virginia Electric states that it is accompanied by a representative of each cable system surveyed during its inspection of that company's attachments and at that time inspection sheets are prepared that document any safety violations.

69. With respect to the provision in pole attachment agreements that CATV operators indemnify utilities "even against the utilities' own negligence", Southern Utilities asserts that such a provision is justified. It states that, because the attachment of cable facilities to its poles increases the universe of persons who may be expected to be on and near the utility's poles and in proximity to its lines and cables, CATV attachments significantly increase a utility's potential exposure to damage liability whether or not it is negligent. Southern Utilities Comments at 10. Southern Utilities states that an award of damages in such a case may exceed the utility's aggregate CATV pole attachment revenues for several years, yet if the injury would not have occurred but for the presence of CATV facilities, then the damages award is a direct cost of permitting pole attachments, whether or not the injury resulted from the utility's sole negligence. *Id.* Southern Utilities reasons that it may be appropriate to permit a cable company to demonstrate that its rights under a particular pole attachment agreement are materially inferior to those of other users of the utility's poles such that it should be entitled to a discount from the maximum rate. It states that such a showing could be based upon a comparison of contract provisions and of the individual utility's actual practices, but not merely by general allegations of asserted "industry practices." *Id.* at 32. However, Southern Utilities argues that such an approach must also be consistent with value of service pricing and, as a consequence, must recognize that the maximum rate level from which such a discount is allowed is the cost of alternatives available to the CATV operator, or the rate levels paid by other non-owner users, and not a small percentage of the stripped down, CATV-only pole. *Id.*

70. Arizona Public Service Company states that costs associated with pole arrangements and change-outs subsequent to cable attachment, if required by the utility, might be construed as a burden imposed on cable operators by a utility. However, but for the presence of cable, there would be ample room on the pole for the desired use by the utility. It explains that cable is not charged by Arizona Public Service for a subsequent change-out unless cable's presence caused the change-out. Arizona Public Service Comments at 7. In addition, it concurs with EEI that it is inappropriate to compare cable pole users with interruptible rate customers. *Id.* at 8-10. It also asserts that cable operators should be given fewer contractual rights than the owner of the pole since cable operators do not have the attendant rights or the responsibilities that the pole owner has. *Id.* at 15. It argues that abuses of the make-ready and inspection fee provisions should be handled in individual enforcement proceedings rather than an overall deduction from all fully allocated cost-based rates. *Id.* at 16.

71. In enacting the Pole Attachment Act, Congress directed that, to be "just and reasonable", a rate must fall somewhere between the lower limit of the utility's incremental costs associated with the pole and the upper bound of the cable company's proportionate share of the

fully allocated costs that are pole-related.[39] A review of the Senate Report reveals that "the standard permits the contracting parties, or the Commission, to determine a CATV pole attachment rate somewhere between avoidable costs and fully allocated costs."[40]

72. In enacting Section 224 of the Act, Congress was aware that utilities conferred subordinate rights on cable operators in relation to their own use of pole space. Congress contemplated that pole attachment rates might be established at less than the statutory maximum in order to reflect these subordinate rights. The Senate Report states that a pole attachment fee designed to recover all of the utility's fully allocated costs might justify conferring on cable operators all of the rights other utility users have with respect to the poles. By contrast, treating cable as a clearly secondary user, subordinate vis-a-vis the provision of electric and telephone service, would be reflected in a fee designed to recover only a utility's avoidable costs, which, the Report states, could be expected to be minimal.[41]

73. None of the cable operators has made a persuasive showing that they in practice enjoy such subordinate rights to justify that we mandate in this proceeding rates based on less than fully allocated costs. This is particularly true in light of the fact that no party could to our satisfaction translate any alleged subordinate right into a specific dollar amount to be subtracted from the statutory maximum rate.[42]

74. What is more, the vast majority of the "subordinate rights" raised by the parties in reality are allegations that cable operators are paying additional unreasonable charges or being subjected to unreasonable practices. Rather than rectifying these problems by mandating reductions to the per-pole rate, it would be wiser to address these issues directly. In theory, if a utility is purportedly charging a rate based on fully allocated costs, then it should not also be charging additional fees because, by definition, fully allocated costs encompass all pole-related costs. In addition, if a particular condition is so onerous as to be unreasonable, we will eliminate the unreasonable condition rather than adjusting the rate.[43] Therefore, as proposed in the NPRM, we will continue to focus on the maximum rate. If, however, a cable operator can make a specific, quantifiable and supportable proposal for a rate which falls between the statutory minimum and maximum rates, we will examine the proposal. We note, however, that such a showing cannot be based on "inferior rights" which are the result of double payment of costs or from unreasonable terms or conditions in the pole attachment contract which should be eliminated.

75. While we will not go so far as to establish a formula to calculate a minimum rate routinely due to cable operators with subordinate status, we believe that an adjustment to that rate which approaches the statutory maximum just and reasonable rate may be appropriate in those cases where a cable operator is a party to a pole attachment agreement with onerous contractual provisions. Our experience in adjudicating pole attachment complaints and the record in this proceeding reveal a broad range of contractual terms and conditions, some of which are onerous in the circumstances of the case. Where onerous terms exist the cable company may be entitled to compensation or reimbursement.

76. For example, assuming all other factors are equal, the rate should not be the same for a cable company which is required to pay the entire cost of change-outs, even when not caused by the cable's presence, as for a cable company which only pays for the change-outs it causes. While we reject the arguments advanced by the cable commenters that we should adopt an overall deduction from the fully-allocated-cost-based rates because of a cable operator's subordinate status on the poles, we will address allegations that unreasonable make-ready, or inspection, change-out requirements or other abuses are in violation of the Act in individual complaint proceedings. Therefore, while there is a presumption that the rate calculated from the formula adopted in this proceeding results in a just and reasonable rate, a cable operator may rebut this presumption with evidence to the contrary. The cable operator will have the burden of proving that specific contract provisions are unreasonable, which should result in a reduced annual rental rate or other offset. Any showing by the cable company must be based upon an analysis of specific contract provisions and the individual utility's actual practices, as well as prevailing practices in the industry or in the state in which the cable company operates. We will not adopt any substantive guidelines as to which terms or conditions may warrant a deduction or the quantification of any such deduction. However, we note that a number of terms and conditions have been brought to our attention which should be given close scrutiny in individual complaint cases.[44]

77. We concur with the utilities that if a cable company believes that a particular term or condition is unjust and unreasonable, the cable company could request that the utility renegotiate the contract. If unsuccessful, the cable company should file a complaint with the Commission seeking to be relieved of that term or condition. However, we also recognize that, even with regulation of the utilities' pole attachment rates, utilities still maintain a superior bargaining position over CATV systems in negotiating the rates, terms and conditions for pole agreements and scheduling make-ready work for the attachment of cable facilities. Our willingness to review contract provisions and the possibility of either revising an unlawful term or condition or ordering an adjustment to the maximum rate because of an onerous term or condition should serve as an impetus to utilities to negotiate in good faith with regard to terms and conditions of the agreement before they are presented to the Commission.[45]

IV. PROCEDURAL RULES AND INFORMATION REQUESTS

78. As previously stated, this Rule Making also proposed revising our rules to simplify and clarify those procedures that should be followed and the information that should be submitted by the parties in each pole attachment complaint proceeding. To simply the process for handling pole attachment complaints, we proposed to expand the definitions of "complaint" and "complainant" to allow for a complaint to be filed by a cable television association or an association of utilities. Most of the utilities opposed these definitional changes. They state that the statute contemplates case-by-case, individual negotiations and that increasing the number of parties only decreases the likelihood of any settlement and inhibits the timely resolution of the controversy. EEI Comments at 11; Ameritech Comments at 14; Arizona PSC Comments at 29. The clear and convincing evidence leads to a contrary conclusion. As we stated in the NPRM, a utility will typically enter into comparable agreements with sev-

eral CATV operators within the utility's service area, and the issues in contention with that utility usually focus on the same or similar contractual provisions.[46] Therefore, any settlement that is agreed to by all the parties will serve as precedent to resolve complaints which otherwise would have been resolved on a more time consuming, case-by-case basis. Allowing cable associations to file complaints will further facilitate settlement in those situations by providing a more centralized group with which the utilities can negotiate. Indeed, we note that even under our old Rules, cable associations were instrumental in developing state- or region-wide settlements in pending proceedings.

79. It has also been argued that the proposed modifications of Sections 1.1402(d) and (e) of the Rules are not necessary because Section 1.1404(a) of the Commission's Rules expressly provides that "complainants may join together to file a joint complaint." EEI Comments at 12; Arizona PSC Comments at 28; BellSouth Comments at 10. While the current rules do provide for joint complaints, they do not permit complaints by trade associations in their own name. The proposed change would, for example, allow a CATV operators' association to request information from the utility and file one joint complaint if one set of data applies to several CATV operators. The utility could then supply one set of data to the association instead of responding to numerous cable operator information requests and multiple complaints.

80. Several commenters point out that if the proposed changes to Section 1.1402(d) and (e) are adopted, as a condition to permitting a complaint by an association, the complaint should identify all members of the association and should include the pole attachment contracts covered by the complaint as well as a certification from each member of the association that the complaint is being filed on its behalf. We agree that the real parties in interest who would be bound by our decision should be identified. Therefore, in adopting the proposed modifications to Section 1.1402(d) and (e) we will supplement Section 1.1404(a) of the Rules to read "Complaints filed by associations shall specifically identify each utility or cable television company who is a party to the complaint and shall be accompanied by a document from each identified member certifying that the complaint is being filed on its behalf." This change will go far to resolving the problems raised by the utilities, while also permitting a more efficient proceeding involving similarly situated cable operators.[47]

81. We proposed several changes in our Rules regarding information that must be included in a complaint. We proposed to eliminate the requirement in Section 1.1404(d)(1) and (2) that a complainant submit evidence that a utility uses or controls poles or that the cable system actually has attachments on the poles. Instead of providing specific evidence, the complainant would only be required to submit verified statements of the relevant facts unless those facts were disputed by the respondent. Alabama Power argues that the rule change "would, in effect, shift the burden of proof with respect to these items to the utility." Alabama Power Comments at 19. Ameritech asserts that the existing rule remains necessary because the pole attachment proceedings are conducted "without resort to extensive discovery and evidence to supplement the pleadings." Ameritech Comments at 15. These contentions are without merit. Our proposals neither shift the burden of proof nor unduly restrict the evidentiary record since the complainant would still be required to submit additional data in response to a dispute initiated by the respondent regarding these matters. Therefore, the proposed changes to Sections 1.1404(d)(1) and (2) will be adopted as proposed.

82. Sections 1.1404(g)(2) and (4), 47 C.F.R. §§ 1.1404(g)(2) and (4), require respectively that a complaint contain the crossarm investment for pole lines and the depreciation reserve associated with the crossarm investment. To clarify these sections we proposed to revise the phrase to read: "the investment in crossarms and other items which do not reflect the cost of owning and maintaining poles, if available." This change would recognize that the adjustment for items not related to the cost of owning or maintaining a pole consists of more than crossarms themselves and that many utilities do not keep the detailed subaccounts from which they could supply this information. The only opposition to the elimination of any portion of the investment in pole line accounts. Therefore, the proposed revisions to Sections 1.1404(g)(2) and (4), 47 C.F.R. § 1.1404(g)(2) and (4), are adopted as proposed.

83. Section 1.1404(g)(5), 47 C.F.R. § 1.1404(g)(5), requires that the complaint contain the total number of poles owned and controlled by the utility. In determining the cost of a bare pole, the total number of poles must be adjusted if some of the utility's poles are jointly owned with another entity. We proposed to require that the complaint specify the number of jointly owned poles, if any, and the percentage of each joint pole owned by the subject utility. None of the parties commenting in this proceeding opposed the proposed revisions. Accordingly, the proposed changes to Section 1.1404(g)(5), 47 C.F.R. § 1.1404(g)(5), are adopted.[48]

84. Our Rules state that the complaint shall also include, *inter alia*, the rate of return figure authorized for the utility for intrastate service in the jurisdiction in which the cable company obtains pole attachment services. 47 C.F.R. § 1.1404(g)(10). We will continue to utilize the most recent authorized intrastate rate of return as the cost of capital figure in our computation of pole attachment rates. Our proposed change would require a utility to supply a copy of the state administrative or court decision as an attachment to its response to the complaint if the rate of return is at issue in the proceedings, noting the section of the decision which specifically establishes the authorized rate of return. BellSouth maintains that utilities should not be required to provide copies of publicly available documents. BellSouth Comments at 11. We disagree. As we stated in the NPRM, the utility is in the best position to know the most recent decision regarding its rate of return.[49] By requiring the utility to furnish the relevant document it will ensure that the Commission has the most recent figure in its possession. Furthermore, we have modified the proposed rule to require that the utility inform the Commission whether the decision is final or subject to any further proceedings either before the state regulatory body or in a court. Clearly, these requirements would not be burdensome and would go far toward ensuring that accurate, up to date information is utilized in pole attachment proceedings. Therefore, Section 1.1404(g)(10) is adopted as modified herein.

85. In assessing whether a rate is too high a cable company requests certain information from the utility which, in our experience more often than not, cooperates

by providing the information. To address those few instances of untimely cooperation or unresponsiveness by a utility, we propose to amend Section 1.1404(h), 47 C.F.R. § 1.1404(h), to emphasize that the utility should supply the information listed in Section 1.1404(g), along with the relevant supporting pages from its FERC Form 1, its FCC Form M, or other public report, within 30 days of the request by the cable operator. BellSouth and Texas Power argue that it should not be necessary to supply information which is publicly available. BellSouth Comments at 12; Texas Power Comments at 12. We do not agree. As we stated in the NPRM,[50] some of the information, for instance, the total number of poles owned, controlled, or used by an electric utility (*see* Sections 1.1404(g)(5) and (6) of the Rules), is within the sole control of the utility. Moreover, there is often a delay in obtaining the most recent data from publicly available records. As a result, the complaint has often been based on older data than that used by the utility in its response. If the utility supplies the actual supporting pages from its report, the determination of the pole attachment rate should be simplified since all of the parties and the Commission will be using the same data and will have the necessary supporting data to resolve any discrepancies. If a complaint is eventually filed, the cable company will be required to submit these supporting pages with its complaint. We expect utilities to provide documents even though a complaint has not yet been filed in order to promote prompt resolution of matters in controversy. Also, we would emphasize that we are expediting the complaint process by imposing a definite time period within which utilities must respond. Therefore, Section 1.1404(h) is adopted as proposed.

86. Section 1.1404(i), 47 C.F.R. § 1.1404(i), provides that the complaint shall include a brief summary of all steps taken to resolve the dispute prior to filing. We proposed to amend Section 1.1404(i) by adding language allowing the complainant to explain that negotiations did not take place because they appeared to be useless under the circumstances and why it believes such steps were fruitless. Several commenters oppose this amendment because they believe that it would relieve the cable operator of any obligation to try to resolve the dispute between the parties. EEI Comments at 12; Arizona PSC Comments at 31. We disagree. It is in the interests of both the utility and the cable company to resolve disputes without resorting to filing a complaint before the Commission. If the utility wants to begin negotiations, it simply has to offer to negotiate since it is on notice that a cable company may be contemplating filing a rate complaint when the utility receives an information request from a cable company prior to filing a complaint. Accordingly, the proposed change to Section 1.1404(i) is adopted as modified herein.[51]

87. As previously discussed, if a utility argues that the proposed rate is below its incremental costs, it will have the burden of showing that this figure is below the minimum statutory rate. We, therefore, proposed to amend Section 1.1409(b), 47 C.F.R. § 1.1409(b), to reapportion the burden of establishing a prima facie case. Several commentors argued that the issue of a minimum rate is rarely raised and, therefore, there is no justification for shifting the traditional burden of proof away from the complainant. We agree that the minimum rate will probably be raised only infrequently in complaint proceedings. However, we find that it is appropriate that the utility have the burden of setting forth a prima facie case in such cases since information regarding incremental costs would be solely within the control of the utility. This is consistent with traditional burdens of going forward with the evidence in complaint proceedings.[52] Accordingly, the proposed amendment to Section 1.1409(b) is adopted.[53]

V. REGULATORY FLEXIBILITY ACT INITIAL ANALYSIS

88. *Reason for Action.* The Commission is issuing this Report and Order because of the need to modify our policies governing cable television attachments to utility poles and to clarify certain rules regarding pole attachment complaints, pursuant to the findings of the U.S. Court of Appeals in *Alabama Power, supra.*

89. *The Objective.* The objective of this Report and Order is to adopt changes to our pole attachment rate formula and Rules. The Commission has modified its pole attachment formulas and adopted revised rules which will facilitate the prompt resolution of complaints concerning the rates, terms and conditions of pole attachments.

90. *Legal Basis.* The authority for this Report and Order is contained in Sections 1, 4(i), 224, and 403 of the Communications Act. 47 U.S.C. §§ 151, 154(i), 224, and 403.

91. *Description, potential impact and number of small entities affected.* The adopted changes will have the net effect of not increasing the burden either on small cable operators who wish to file complaints or on small utilities which must respond to the complaints. In keeping with our Congressional mandate, the adopted policy and rule changes will continue to utilize a formula which relies on publicly available data.

92. *Recording, recordkeeping and other compliance requirements.* No additional recording or recordkeeping will be required by the items adopted in this Report and Order. At present we request electric utilities to supply certain information with their response to the complaint. The adopted rules will request the utility to supply that information to the cable company or the cable association which, in turn, will include those pages with the complaint. In addition, if the allowed rate of return or treatment of accumulated deferred taxes is at issue, the utility will be required to submit the order from the state regulatory body which sets the rate of return or determines the treatment of deferred taxes. These changes will affect the timing of submitting material to the Commission, but the material itself is already in the possession of one of the parties and is usually submitted in the course of the pleading cycle in any event. By submitting the data at an earlier stage, the issues to be pleaded should be simplified.

93. *Federal rules which overlap, duplicate or conflict with this rule.* None

94. *Any significant alternatives minimizing impact on small entities* and consistent with stated objectives. There are no significant alternatives which would minimize the impact on small entities. The Commission's alternative would be to take no steps to improve the complaint process in response to the concerns raised by the court in Alabama Power, supra. This would be inconsistent with

the current Commission objective of providing service to the public in the most efficient, expeditious manner possible.

VI. PAPERWORK REDUCTION ACT STATEMENT

95. The decisions contained herein have been analyzed with respect to the Paperwork Reduction Act of 1980 and found to impose a new or modified information collection requirement on the public. Implementation of any new or modified requirement will be subject to approval by the Office of Management and Budget as prescribed by the Act.

VII. ORDERING CLAUSES

96. Accordingly, IT IS ORDERED that, pursuant to Sections 4(i), 4(j), 201-205, 218, 220, 403, and 404 of the Communications Act of 1934, 47 U.S.C. §§ 154(i), 154(j), 201-205, 218, 220, 403 and 404, the policies and requirements set forth herein ARE ADOPTED.

97. IT IS FURTHER ORDERED that, pursuant to the authority contained in Sections 4(i) and 224 of the Communications Act, 47 U.S.C. §§ 154(i), 224, Subpart J of Part 1 of the Commission's Rules and Regulations ARE AMENDED, as set forth in the attached Appendix D, effective September 28, 1987.

FEDERAL COMMUNICATIONS COMMISSION

William J. Tricarico
Secretary

APPENDIX A

Comments have been filed by the following:

West Penn Power Company
Kansas Power & Light Company
Union Electric Company
Potomac Edison Company
Utah Power & Light Company
National Cable Television Association, Inc (NCTA)
Consolidated Edison Company of New York
Kentucky Cable Television Association
Arizona Public Service Company
Pacific Bell and Nevada Bell (Pacific Companies)
Montana Power Company
Alabama Power Company
Cincinnati Bell Telephone Company
Edison Electric Institute (EEI)
Maryland/Delaware Cable Television Association, Inc.
Southwestern Bell Telephone Company
United States Telephone Association
Virginia Electric & Power Company
Adelphia Communications Corporation, *et al.*
Ameritech operating Companies (Ameritech)
comprising Illinois Bell, Indiana Bell, Michigan Bell, Ohio Bell and Wisconsin Bell
Bell Atlantic Telephone Companies
comprising Bell of Pennsylvania, Diamond State Telephone, the four Chesapeake and Potomac Telephone Companies and New Jersey Bell
BellSouth Corporation
comprising South Central Bell and Southern Bell
Cable Companies
comprising ACI, Inc., Cablevision Industries, Inc., Cardinal Communications, Colony Communications, Comsat Cable Communications, Cox Cable Communications, Mickelson Media, Multimedia Cablevision, New Channel Corp., New England Cablevision, Par Cable, Sammonis Communications, Sonic Communications, Televenets, Inc., Triax, GP, Inc., US Cable Corporation
Continental Cablevision
Southern Utilities
comprising Georgia Power Company, Gulf Power Company and Mississippi Power Company
Mountain States Telephone & Telegraph Company, Northwestern Bell Telephone Company and Pacific Northwest Bell Telephone Company
Texas Power & Light Company, Dallas Power & Light Company and Texas Electric Service Company
Western Communications Inc. and Gill Industries, Inc.
Arizona Public Service Company
Cable Operators and Associations
comprising Texas Cable TV Assn., California Cable Television Assn., Georgia Cable Assn., Indiana Cable Television Assn., Virginia Cable Television Assn., American Cablesystems Corp., Cablevision Service Company, Chasco Cablevision, Ltd., Daniels and Associates, Inc., Harron Communications Corp., Multi-Channel TV Cable Company, Perry Cable TV Corp., Rogers Cablesystems of America, St. Charles CATV, Inc., Telecable Corporation, Tele-Communications, Inc., United Artists Cablesystems Corp., United Cable Television Corp.
Kansas City Power & Light Company
Mississippi Power & Light Company

Lincoln Electric System

Reply Comments have been filed by the following:
Alabama Power Company
Arizona Public Service Company
Edison Electric Institute
National Cable Television Association
Southwestern Bell Telephone Company
Virginia Electric & Power Company
Texas Power & Light Company
United States Telephone Association
Adelphia Communications Corporation, *et al.*
Ameritech Operating Companies
Bell Atlantic Telephone Companies
BellSouth Corporation
Cable Companies
Continental Cablevision, *et al.*
Cable Operators and Associations
Southern Utilities
Mountain States Telephone & Telegraph Company, Northwestern Bell Telephone Company and Pacific Northwest Bell Telephone Company
New York Telephone Company and New England Telephone & Telegraph Company (NYNEX)
Pacific Bell and Nevada Bell

WA Exhibit No. 9
BREMC Appurtenance Factor Calculation
YE 2016 CPR Data

BLUE RIDGE ELECTRIC CPR Master with Balance Querydate : '31-dec-2016 11:59:59 PM' , Co_ID : '1'

Cpr #	Description	Depr Rate	Gldepexp	Gldepacc	Plant Type	CPR Quantity	CPR Amount
3640001	ANCHORS EXP 8 120IN 2MI ++	0.3000	4030000	1086000	D	98	$20,893.07
3640002	ANCHOR EXP 10 200 IN 2 MIN	0.3000	4030000	1086000	D	17,894	$1,412,896.20
3640003	ANCHOR ROCK 15 IN	0.3000	4030000	1086000	D	40	$6,152.91
3640004	ANCHOR ROCK 30 IN	0.3000	4030000	1086000	D	234	$45,216.12
3640005	ANCHORS ROCK 53 IN	0.3000	4030000	1086000	D	267	$38,274.93
3640006	ANCHORHELIX DBL PIS 8 10	0.3000	4030000	1086000	D	577	$137,793.67
3640007	ANCHORDBL.DIST. 10 /10	0.3000	4030000	1086000	D	225	$26,380.67
3640008	ANCHOR HELIX 10 PIS	0.3000	4030000	1086000	D	69,234	$6,209,142.82
3640009	ANCHOR HELIX 8 PIS	0.3000	4030000	1086000	D	15	$1,343.09
3640010	ARMDAVIT 6 FT 115 KV	0.3000	4030000	1086000	D	0	$0.00
3640011	ARMDAVIT 8 FT 115 KV	0.3000	4030000	1086000	D	2	$1,729.85
3640012	BRACES X-ARM WOOD 36IN PR	0.3000	4030000	1086000	D	16,451	$2,556,673.16
3640013	ARMSTEEL 8 (DIST.) #D-3001	0.3000	4030000	1086000	D	12	$4,414.75
3640014	CROSSARM10 STEEL D30-422	0.3000	4030000	1086000	D	139	$62,664.26
3640015	STEEL ARMTAN.GALV. 3.5X3.5X	0.3000	4030000	1086000	D	44	$33,946.44
3640016	ARMSTEEL 10 DEADEND	0.3000	4030000	1086000	D	347	$74,844.62
3640017	ARMTANG. F.GLASS HD 8	0.3000	4030000	1086000	D	3	$1,250.48
3640018	ARMTANG. F.GLASS HD 10	0.3000	4030000	1086000	D	101	$19,731.97
3640019	ARMTANG F.GLASS HD 12	0.3000	4030000	1086000	D	93	$44,356.96
3640020	ARMDE F.GLASS 10 /4 POS.	0.3000	4030000	1086000	D	79	$15,686.29
3640021	ARMDE F.GLASS 12 /4 POS.	0.3000	4030000	1086000	D	34	$18,323.65
3640022	BRACKET CUTOUT MTG 3 PH	0.3000	4030000	1086000	D	806	$335,533.00
3640023	BRACKETALUMAFORM (1-PB)	0.3000	4030000	1086000	D	17	$1,092.67
3640024	CROSSARM FIBERGLASS 4	0.3000	4030000	1086000	D	2	$269.95
3640025	CROSSARM STEEL 4 FT	0.3000	4030000	1086000	D	218	$48,650.41
3640026	CROSSARMSTEEL 5 FT	0.3000	4030000	1086000	D	0	$0.00
3640027	8 SINGLE X-ARM ASSMY	0.3000	4030000	1086000	D	262	$87,130.57
3640028	8 DBL. X-ARM ASSBLY	0.3000	4030000	1086000	D	322	$101,126.69
3640029	10 SINGLE X-ARM ASSMY	0.3000	4030000	1086000	D	73	$16,382.54
3640030	10 DBL. X-ARM ASSMY	0.3000	4030000	1086000	D	173	$70,658.56
3640031	X-ARM 3 5/8 X 4 5/8 X 8 FT	0.3000	4030000	1086000	D	12,160	$1,704,396.40
3640032	X-ARM 3 5/8 X 4 5/8 X 10 FT	0.3000	4030000	1086000	D	4,618	$797,614.70
3640033	XARM 3 3/4X5 3/4X 16 18	0.3000	4030000	1086000	D	0	-$0.01
3640034	XARM 5 3+4X7 3+4X22 FT	0.3000	4030000	1086000	D	17	$10,934.91
3640035	X ARM STEEL 10 FT	0.3000	4030000	1086000	D	241	$113,935.78
3640036	HANGER TRANS CLUSTER	0.3000	4030000	1086000	D	64	$16,625.08
3640037	HANGR TRANS OR REG CLSTR HD	0.3000	4030000	1086000	D	25	$11,987.09
3640038	POLES 20 FT CLASS 7	0.3000	4030000	1086000	D	125	$23,012.46
3640039	POLES 30 FT CLASS 1	0.3000	4030000	1086000	D	0	$0.00
3640040	POLES 30 FT CLASS 2	0.3000	4030000	1086000	D	20	$3,958.87
3640041	POLES 30 FT CLASS 3	0.3000	4030000	1086000	D	23	$4,295.66
3640042	POLES 30 FT CLASS 4	0.3000	4030000	1086000	D	52	$9,837.64
3640043	POLES 30 CLASS 6	0.3000	4030000	1086000	D	30,411	$6,590,213.58
3640044	POLES 35 FT CLASS 1	0.3000	4030000	1086000	D	9	$1,830.60
3640045	POLES 35 FT CLASS 2	0.3000	4030000	1086000	D	6	$1,177.94
3640046	POLES 35 FT CLASS 3	0.3000	4030000	1086000	D	75	$14,448.17
3640047	POLES 35 FT CLASS 4	0.3000	4030000	1086000	D	443	$81,794.85
3640048	POLES 35FT CLASS 5	0.3000	4030000	1086000	D	15,643	$3,448,470.99
3640049	POLES 35 FT CLASS 6	0.3000	4030000	1086000	D	6,421	$1,189,818.15
3640050	POLES 35 FT CLASS 7	0.3000	4030000	1086000	D	511	$94,333.15
3640051	POLES 40 FT CLASS 1	0.3000	4030000	1086000	D	29	$12,697.94
3640052	POLES 40 FT CLASS 2	0.3000	4030000	1086000	D	488	$200,681.07
3640053	POLES 40 CLASS 3	0.3000	4030000	1086000	D	1,655	$664,066.26
3640054	POLES 40 -CLASS 4	0.3000	4030000	1086000	D	26,613	$11,732,579.05
3640055	POLES 40 CLASS 5	0.3000	4030000	1086000	D	10,695	$4,070,547.47
3640056	POLES 40 CLASS 6	0.3000	4030000	1086000	D	1,499	$569,146.45
3640057	POLES 45 FT CLASS 1	0.3000	4030000	1086000	D	104	$56,906.14
3640058	POLES 45 FT CLASS 2	0.3000	4030000	1086000	D	1,368	$661,200.06
3640059	POLES 45 FT CLASS 3	0.3000	4030000	1086000	D	3,713	$1,711,544.06
3640060	POLES 45 CLASS 4	0.3000	4030000	1086000	D	3,923	$1,498,922.91
3640061	POLES 45 FT CLASS 5	0.3000	4030000	1086000	D	745	$282,969.24
3640062	POLES 45 FT CLASS 6	0.3000	4030000	1086000	D	46	$17,440.21
3640063	POLES 50 CLASS 1	0.3000	4030000	1086000	D	87	$63,761.73
3640064	POLES 50 FT CLASS 2	0.3000	4030000	1086000	D	885	$658,685.03
3640065	POLES 50 FT CLASS 3	0.3000	4030000	1086000	D	1,139	$953,510.47
3640066	POLES 50 CLASS 4	0.3000	4030000	1086000	D	81	$76,470.39

WA Exhibit No. 9
BREMC Appurtenance Factor Calculation
YE 2016 CPR Data

BLUE RIDGE ELECTRIC CPR Master with Balance Querydate : '31-dec-2016 11:59:59 PM' , Co_ID : '1'

Cpr #	Description	Depr Rate	Gldepexp	Gldepacc	Plant Type	CPR Quantity	CPR Amount
3640067	POLES 50 FT CLASS 5	0.3000	4030000	1086000	D	41	$38,707.24
3640068	POLES 55 FT CLASS 1	0.3000	4030000	1086000	D	80	$63,372.50
3640069	POLES 55 FT CLASS 2	0.3000	4030000	1086000	D	142	$112,785.65
3640070	POLES 55 CLASS 3	0.3000	4030000	1086000	D	142	$129,217.13
3640071	POLES 55 FT CLASS 4	0.3000	4030000	1086000	D	19	$17,937.50
3640072	POLES 60 FT CLASS 2	0.3000	4030000	1086000	D	50	$43,474.24
3640073	POLES 65 FT CLASS 2	0.3000	4030000	1086000	D	24	$24,887.93
3640074	POLES 65 FT CLASS H2	0.3000	4030000	1086000	D	43	$40,595.40
3640075	POLESTEEL 55 -CLASS 1	0.3000	4030000	1086000	D	7	$17,327.94
3640076	POLE AL 38 #20-865 HAPCO	0.3000	4030000	1086000	D	684	$139,068.20
3640077	POLESTEEL 35/3 DIST.	0.3000	4030000	1086000	D	3	$7,544.56
3640078	POLESTEEL 40/3 DIST.	0.3000	4030000	1086000	D	23	$24,715.92
3640079	POLE.STEEL 45/3 DIST.	0.3000	4030000	1086000	D	27	$28,813.83
3640080	POLESTEEL 50/3 DIST.	0.3000	4030000	1086000	D	12	$13,168.12
3640081	TRANSFORMER PLATFORM 13	0.3000	4030000	1086000	D	10	$20,809.76
3640082	OVERHEAD SUPPORT AL 14FT	0.3000	4030000	1086000	D	19	$38,285.20
3640083	TRANSFORMER PLATFORM 16	0.3000	4030000	1086000	D	12	$29,963.96
3640084	ANCHOR EXP. 300 SQ IN	0.3000	4030000	1086000	D	57	$21,412.87
3640085	X ARM 5 5/8 X 7 3/8 X 26 FT	0.3000	4030000	1086000	D	33	$36,389.21
3640086	X ARM 4 3+4X5 3+4X8 FT	0.3000	4030000	1086000	D	11	$9,179.70
3640087	X ARM 4 3+4X5 3+4X10 FT	0.3000	4030000	1086000	D	2	$1,228.60
3640088	ARM, STEEL 8'	0.3000	4030000	1086000	D	6	$2,157.36
3640089	POLE, 60 FT CLASS1	0.3000	4030000	1086000	D	1	$544.29
3640090	POLE, 70FT CLASS 1	0.3000	4030000	1086000	D	8	$11,216.00
3640091	POLE, STEEL 60-H2/LD3	0.3000	4030000	1086000	D	9	$66,388.96
3640092	POLE, STEEL 55 LD-1	0.3000	4030000	1086000	D	10	$101,647.44
3640093	POLE,AL 38' BRONZE #20-865-P31	0.3000	4030000	1086000	D	66	$102,289.11
3640094	ARMSTEEL 10' TANGENT(DIST)	0.3000	4030000	1086000	D	60	$22,808.80
3640095	POLES 70 FT CLASS 2	0.3000	4030000	1086000	D	0	-$0.01
3640096	POLE, STEEL, 35' MT. HG 41'X6", TWO ARMS BRONZE	0.3000	4030000	1086000	D	6	$7,105.35
3640097	XARM, STEEL, D.E. 60"	0.3000	4030000	1086000	D	14	$1,392.18
3640098	POLESTEEL 85-H2/LD3	0.3000	4030000	1086000	D	5	$28,883.66
3640099	POLES 65 FT CLASS 1	0.3000	4030000	1086000	D	5	$3,530.01
3640100	POLES 50FT CLASS H1	0.3000	4030000	1086000	D	1	$697.16
3640101	POLESTEEL 60'-CLASS 1	0.3000	4030000	1086000	D	2	$7,327.29
3640102	POLESTEEL 50'-LD1	0.3000	4030000	1086000	D	4	$32,793.57
3640103	POLE 85 CLASS 1	0.3000	4030000	1086000	D	0	$0.00
3640104	ANCHOR,TRIPLE SCREW, TRANS	0.3000	4030000	1086000	D	11	$2,695.45
3640105	ARMSTEEL DAVIT 9.5' 230KV	0.3000	4030000	1086000	D	0	$0.01
3640106	POLESTEEL 80-H4/LD5	0.3000	4030000	1086000	D	3	$31,719.27
3640107	POLESTEEL 75-LD4	0.3000	4030000	1086000	D	2	$6,609.70
3640108	POLESTEEL 75-H4/LD5	0.3000	4030000	1086000	D	1	$7,233.77
3640109	POLESTEEL 80-H2/LD3	0.3000	4030000	1086000	D	6	$52,196.55
3640110	POLESTEEL 70-H2/LD3	0.3000	4030000	1086000	D	13	$136,686.35
3640111	POLESTEEL 70-H1/LD2	0.3000	4030000	1086000	D	2	$23,240.79
3640112	POLESTEEL 65-H4/LD5	0.3000	4030000	1086000	D	3	$21,090.12
3640113	POLES 60FT CLASS 4	0.3000	4030000	1086000	D	0	$0.00
3640114	POLEBOTTOM STL 60-LD1	0.3000	4030000	1086000	D	0	$0.00
3640115	POLESTEEL 85-H1/LD2	0.3000	4030000	1086000	D	2	$11,669.41
3640116	ARMSTEEL 8' TANGENT [DIST]	0.3000	4030000	1086000	D	0	$0.00
3640117	ANCHOR ROCK 8' (TRANSM)	0.3000	4030000	1086000	D	35	$8,388.97
3640118	POLEBOTTOM STL 65 LD1	0.3000	4030000	1086000	D	2	$11,592.85
3640119	POLETOP STL 60-90 LD1	0.3000	4030000	1086000	D	2	$13,342.70
3640120	POLESTEEL 85' CLASS 1	0.3000	4030000	1086000	D	5	$10,800.00
3640121	POLESTEEL 75-H1/LD2	0.3000	4030000	1086000	D	2	$8,291.63
3640122	POLESTEEL 90-H3/LD4	0.3000	4030000	1086000	D	7	$44,074.15
3640123	POLESTEEL 70-H3/LD4	0.3000	4030000	1086000	D	2	$22,592.33
3640124	POLESTEEL 80-H3/LD4	0.3000	4030000	1086000	D	14	$309,394.36
3640125	POLES 60FT CLASS 3	0.3000	4030000	1086000	D	0	$0.00
3640126	POLES 65 FT CLASS 3	0.3000	4030000	1086000	D	0	$0.00
3640127	POLESTEEL 65'-CLASS 1	0.3000	4030000	1086000	D	2	$19,135.97
3640128	X ARM 3 5/8 X 9 1/2 X 40 FT	0.3000	4030000	1086000	D	0	$0.00
3640129	BRACE X ASY TM-110-10FT 6IN	0.3000	4030000	1086000	D	0	$0.00
3640130	BRACE V 8FT	0.3000	4030000	1086000	D	0	$0.01
3640131	X-ARM 3 5/8 X 9 1/2 X 23'	0.3000	4030000	1086000	D	0	$0.00
3640132	X-ARM 3 5/8 X 9 1/2 X 20'	0.3000	4030000	1086000	D	1	$295.09

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BREMC Appurtenance Factor Calculation
YE 2016 CPR Data

BLUE RIDGE ELECTRIC CPR Master with Balance Querydate : '31-dec-2016 11:59:59 PM' , Co_ID : '1'

Cpr #	Description	Depr Rate	Gldepexp	Gldepacc	Plant Type	CPR Quantity	CPR Amount
3640133	POLESTEEL 120-H3/LD4	0.3000	4030000	1086000	D	0	$0.00
3640134	POLESTEEL 65-CLASS 2	0.3000	4030000	1086000	D	7	$65,932.50
3640135	POLESTEEL 70' CLASS 1	0.3000	4030000	1086000	D	3	$25,392.03
3640136	POLESTEEL 75-H2/LD3	0.3000	4030000	1086000	D	4	$38,021.93
3640137	POLESTEEL 85-H3/LD4	0.3000	4030000	1086000	D	5	$57,970.76
3640138	POLESTEEL 85-H5/LD6	0.3000	4030000	1086000	D	2	$19,784.25
3640139	POLESTEEL 90-H1/LD2	0.3000	4030000	1086000	D	2	$17,939.76
3640140	POLESTEEL 95-H1/LD2	0.3000	4030000	1086000	D	0	$0.00
3640141	POLESTEEL 95-H4/LD5	0.3000	4030000	1086000	D	0	$0.00
3640142	POLESTEEL 95-H6/LD7	0.3000	4030000	1086000	D	0	$0.00
3640143	POLESTEEL 100-H1/LD2	0.3000	4030000	1086000	D	0	$0.00
3640144	POLESTEEL 100-H7/LD8	0.3000	4030000	1086000	D	0	$0.00
3640145	POLESTEEL SELF-SUP 90'	0.3000	4030000	1086000	D	0	$0.00
3640146	POLE, 110 SELF SUPPORT	0.3000	4030000	1086000	D	0	$0.00
3640147	POLESTEEL 95' BOONE/BR TRANS #BA49	0.3000	4030000	1086000	D	0	$0.00
3640148	POLESTEEL, 120' H7/LD8	0.3000	4030000	1086000	D	0	$0.00
3640149	POLE, GALVANIZED STEEL 100'	0.3000	4030000	1086000	D	0	$0.00
3640150	POLE STEEL 100' H3	0.3000	4030000	1086000	D	0	$0.00
3640151	POLESTEEL 115-H5/LD6	0.3000	4030000	1086000	D	0	$0.00
3640152	POLESTEEL 110' H4/LD5	0.3000	4030000	1086000	D	1	$0.00
3640153	POLESTEEL 100-H3/LD4	0.3000	4030000	1086000	D	0	$0.00
3640154	POLESTEEL 110-H2/LD3	0.3000	4030000	1086000	D	0	$0.00
3640155	POLESTEEL 105-H6/LD7	0.3000	4030000	1086000	D	0	$0.00
3640156	POLESTEEL 105-H3/LD4	0.3000	4030000	1086000	D	1	$538.84
3640157	POLESTEEL 105' H1/LD2	0.3000	4030000	1086000	D	1	$519.17
3640158	XARM STEEL TANGENT 12' DIXIE/MCLEAN	0.3000	4030000	1086000	D	40	$55,711.29
3640159	POLESTEEL 95-H9/LD10	0.3000	4030000	1086000	D	0	$0.00
3640160	POLE,POLETOP BRACKET 54" BROWN	0.3000	4030000	1086000	D	0	$0.00
3640161	POLE,STEEL 65 LD3	0.3000	4030000	1086000	D	4	$21,810.49
3640162	POLE,POLETOP BRACKET 54" GREEN	0.3000	4030000	1086000	D	0	$0.00
3640163	PLATFORM TRANSF, 14'AL	0.3000	4030000	1086000	D	6	$24,773.13
3640164	POLESTEEL 90-H2/LD3	0.3000	4030000	1086000	D	1	$6,182.10
3640165	X-ARM, 5-5/8" X 7-3/8" X 32'	0.3000	4030000	1086000	D	10	$12,170.43
3640166	POLESTEEL 80-H1/LD2	0.3000	4030000	1086000	D	1	$7,341.74
3640167	POLES 80 FT CLASS 1	0.3000	4030000	1086000	D	0	$0.00
3640168	POLE STEEL LD1	0.3000	4030000	1086000	D	2	$21,707.27
3640169	ANCHOR, 6" 3/4" x 5.5'RO	0.3000	4030000	1086000	D	0	$0.00
3640170	SUBSTATION PACKAGE	0.3000	4030000	1086000	D	1	$11,396.26
3640171	POLESTEEL 90-H5/LD6	0.3000	4030000	1086000	D	2	$29,483.00
3640172	XARM,STEEL,DE,12',DIST	0.3000	4030000	1086000	D	14	$17,556.35
3640173	ARM,CROSS,STEEL.DE,14'	0.3000	4030000	1086000	D	2	$12,135.66
3640174	POLESTEEL 105-H4/LD5	0.3000	4030000	1086000	D	1	$657.46
3640175	ANCHOR,10"HUB STYLE,HD 12,000LB	0.3000	4030000	1086000	D	21	$4,420.33
3640176	ANCHOR,DOUBLE HELIX,TRANS	0.3000	4030000	1086000	D	2	$1,428.33
3640177	POLESTEEL 60-H1/LD2	0.3000	4030000	1086000	D	2	$25,217.89
3640178	Pole, Steel,115 GPTP115X	0.3000	4030000	1086000	D	0	$0.00
3640179	Pole, Cell Tower, 60'	0.3000	4030000	1086000	D	0	$0.00
3640180	Pole, Moto, From RidgeLink	0.2300	4030000	1086000	D	0	$0.00
(1)	Total Account 364					233,584	$51,209,181.87

(2) Total Poles/Anchors/Guys (shaded) $ 44,762,968.10

Appurtenance Factor (Line 2 / Line 1) 87.41%

WA Exhibit No. 10
Charter Communications Space
Number of Attachments - Number of Poles

2016 BREMC Inventory Results

Entity (NJUNS Code)	***Att's***	***Poles***	***Avg Att's per pole***	***Foreign Poles***
CHA-B (CHAWAT)	15990	14264	1.12	0
CHA-L (CHALEN)	10673	9694	1.10	0
CHA-W (CHAWKL)	1011	930	1.09	0
Total Charter	**27674**	**24888**	**1.11**	**0**

OUTSIDE PLANT ENGINEERING HANDBOOK

August 1994

AT&T reserves the right to make changes to the product(s) described in this document in the interest of improving internal design, operational function, and/or reliability. AT&T does not assume any liability which may occur due to the use or application of the product(s) or circuit layout(s) described herein.

Developed by
AT&T Network Systems Customer Education & Training

Cable Sags

AT&T 627-210-018

Significant changes concerning vertical clearances were made in the 1990 edition of the National Electrical Safety Code (NESC). Primarily, rather than specify the minimum vertical clearance under nominal operating conditions, that is, no load conditions at 60°F (15.5°C), NESC Rule 232 specifies that vertical clearances apply during maximum sag conditions. For telephone cable, maximum sag may occur at either the high-temperature condition of 120°F (48.9°C) or at 32°F (0°C) with an ice load. The condition that results in the largest cable sag must be used with the minimum clearance requirements to determine the required pole attachment height.

The expected worse-case sag for copper cable supported by 6M, 6.6M, 10M, 16M, and 25M strand in the light, medium, and heavy storm-load region is shown in the following graphs. The sag is based on the recommended stringing-tension shown in the table on page 10-39.

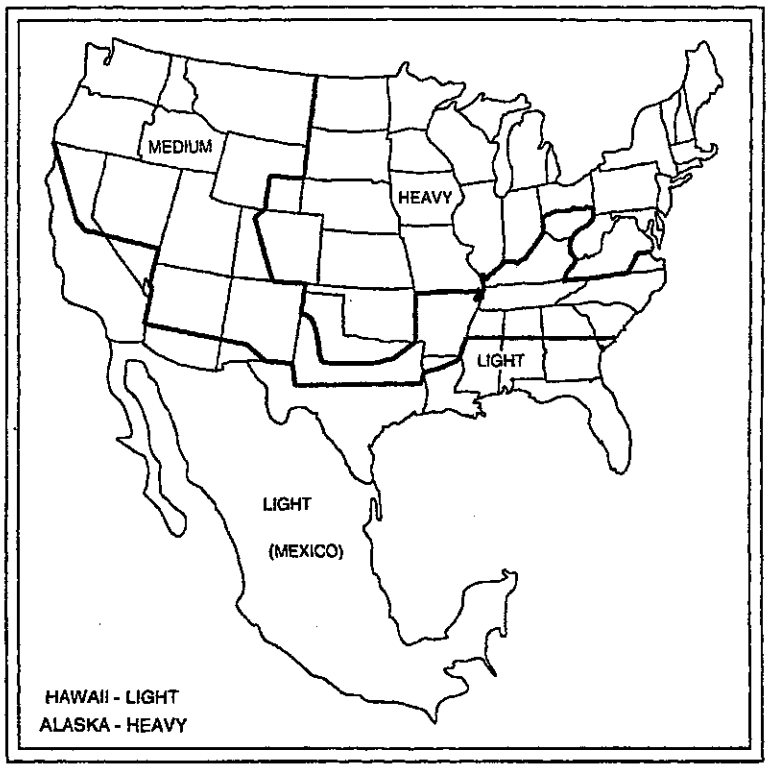
To use the graphs, first select the one that applies to the particular strand and storm-load region of interest. Next, select the curve on the graph that corresponds to the proper cable weight. Cable weights are shown in AT&T 626-101-005 and 626-xxx-xxx and in Section 14, "CABLE AND WIRE" of this document. Locate the span length of interest on the horizontal axis, and draw a vertical line from that point to the appropriate cable-weight curve. From that point, draw a horizontal line that intersects with the vertical axis. This point on the vertical axis corresponds to the worse-case sag condition.

This worse-case sag must be added to the minimum required vertical clearance (see Section 11, "CLEARANCES FOR AERIAL PLANT") to determine the minimum pole-attachment height for that particular combination of cable weight, span length, strand, and storm-load region.

Storm Loading Areas

AT&T 919-120-200, 1993 NESC Section 25

The National Electric Safety Code (NESC) divides the United States into three storm loading areas based on the frequency, severity, and damaging effects of ice and wind storms. These areas and the design load data for each are defined below.



Unexposed guys need not be grounded for protection reasons; however, connecting anchor guys to a grounded telephone cable strand is recommended, as it will lower the cable-to-ground impedance. This helps to reduce cable damage caused by lightning. It also helps to reduce telephone noise by increasing the effectiveness of the cable shield.

SAGS AND TENSIONS — COPPER CABLE

Suspension Strand

AT&T 627-200-015

Galvanized suspension strand is available in two types. Class A is for general use under normal field conditions. Class C is for use where severe corrosion problems exist, for example, in industrial or coastal areas.

The 6.6M strand is made of extra high-strength steel and is smaller, lighter, and less expensive than 6M strand. For guying, they are interchangeable. As suspension strands, however, they are limited to different span lengths, as shown on Page 10-39.

The 2.2M strand should not be used to support aerial cable, except small cables in pole-to-building or building-to-building construction.

Dimensions and breaking strengths of strand are shown below.

GALVANIZED STRAND			
Size	Breaking Strength (lb)	Diameter (in.)	Weight (lb/ft)
2.2M	2400	3/16	0.077
6M	6000	5/16	0.225
6.6M	6650	1/4	0.121
10M	11500	3/8	0.270
16M	18000	7/16	0.390
25M	25000	1/2	0.510

Stringing Tension for Strand

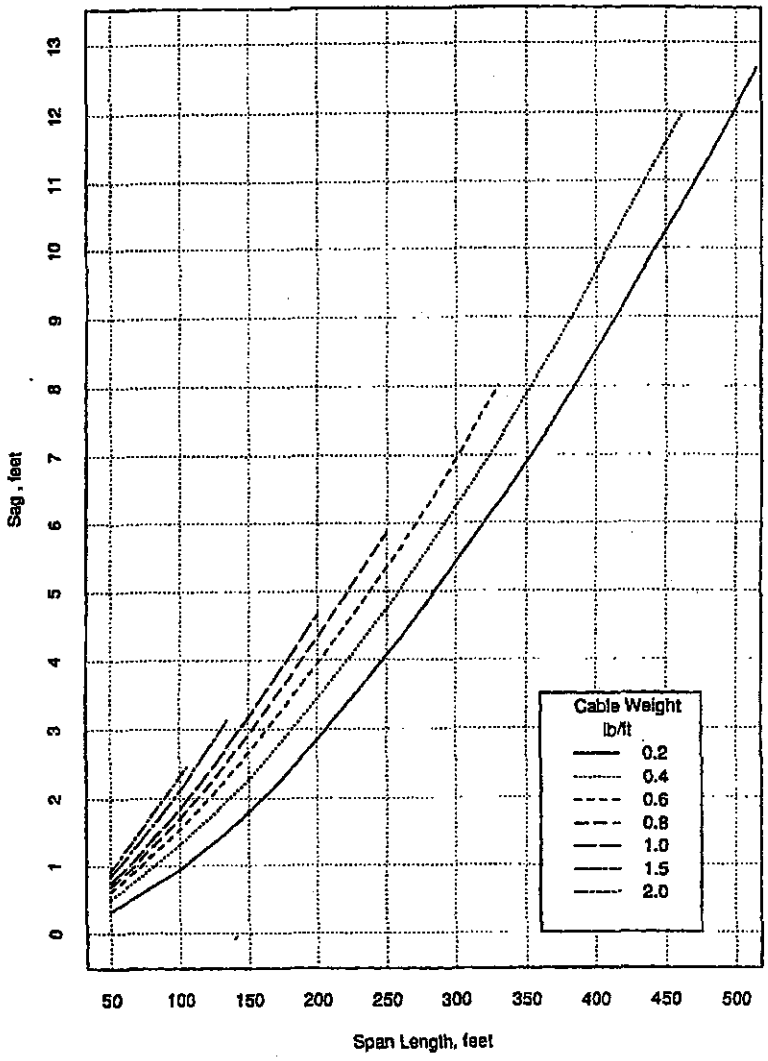
AT&T 627-210-018, 919-565-400

The proper stringing tension is a compromise between high tension (which causes cable bowing and creeping) and low tension (which results in excessive sag and requires taller poles to obtain clearances). Recommended stringing tensions for supporting strand are shown in the following table.

Strand	Span Length (ft)	Stringing Tension (lb) at Temperature (°F)					
		0°	20°	40°	60°	80°	100°
6M	Up to 250	1550	1400	1250	1100	900	825
	250-450	1475	1350	1225	1100	1000	900
	Over 450	1375	1275	1175	1100	1025	950
6.6M	Up to 250	900	800	700	600	500	425
	250-450	850	750	675	600	525	475
	Over 450	775	700	650	600	550	525
10M	Up to 400	2675	2475	2275	2100	1900	1725
	Over 400	2600	2425	2250	2100	1925	1800
16M	Any	4425	4150	3875	3600	3325	3075
25M	Any	9125	8800	8400	8000	7625	7250

The proper stringing tension for self-supporting cable depends not only on temperature and span lengths, but also on cable weight. The tables for self-supporting cables are too voluminous to be included here. See AT&T 627-700-011.

6.6 M Strand - Medium Loading Region
(Based on NESC Rule 232)



Alpeth Sheath (Air Core)

These cables are primarily designed for aerial use. ***They should not be used for buried installation.*** If the environment where they are being installed is subject to sheath damage due to wildlife, etc., the Alpeth-UM design shown on Page 14-16 should be used.

ALPETH SHEATH (AIR CORE)

Cable Code	No. Of Pairs	AWG	Avail-ability	Standard Length #420 Reel Ft.(m)	Nominal Outside Dia. In.(mm)	Nominal Weight		Comcode
						Lbs./Ft.	Gr./m	
BHBA	0025	19	S	9720(2963)	0.82(21)	0.33	491	100022151
	0050	19	NS	4860(1482)	1.09(28)	0.59	878	100022185
	0100	19	NS	3240(988)	1.48(38)	1.12	1667	100022243
	0200	19	NS	2400(732)	1.97(50)	2.18	3244	100022300
	0300	19	NS	1590(485)	2.36(60)	3.21	4777	100022334
BHAA	0025	22	S	9810(2991)	0.62(16)	0.19	283	100021146
	0050	22	S	9810(2991)	0.80(20)	0.33	491	100021179
	0100	22	S	4900(1494)	1.09(28)	0.60	893	100021237
	0200	22	S	3920(1195)	1.45(37)	1.13	1682	100021294
	0300	22	S	3270(997)	1.68(43)	1.67	2485	100021328
	0400	22	S	2170(662)	1.93(49)	2.18	3244	100021351
	0600	22	S	1360(415)	2.28(58)	3.21	4777	100021385
	0900	22	S	1190(363)	2.82(72)	4.75	7069	103711339
BKMA	025	24	S	11340(3457)	0.58(15)	0.13	193	100023043
	0050	24	S	10200(3109)	0.70(18)	0.22	327	100023076
	0100	24	S	8500(2591)	0.88(22)	0.39	580	100023134
	0200	24	S	5430(1656)	1.18(30)	0.72	1071	100023191
	0300	24	S	4240(1293)	1.38(35)	1.05	1563	100023225
	0400	24	S	3770(1150)	1.53(39)	1.39	2069	100023258
	0600	24	S	2390(729)	1.87(47)	2.03	3021	100023282
	0900	24	S	1670(510)	2.31(59)	2.97	4420	100023316
	1200	24	S	1360(415)	2.53(64)	4.00	5953	103711313
	1500	24	S	1020(311)	2.86(73)	4.95	7366	103711305
	1800	24	S	910(278)	3.04(77)	5.92	8810	103711297

ALPETH SHEATH (AIR CORE) (Contd)								
Cable Code	No. Of Pairs	AWG	Avail-ability	Standard Length #420 Reel Ft.(m)	Nominal Outside Dia. In.(mm)	Nominal Weight		Comcode
						Lbs./Ft.	Gr./m	
BKTA	0025	26	NS	10580(3225)	0.52(13)	0.10	149	100024025
	0050	26	S	10580(3225)	0.58(15)	0.16	238	100024058
	0100	26	S	10580(3225)	0.70(18)	0.27	402	100024116
	0200	26	S	8820(2689)	0.94(24)	0.48	714	100024173
	0300	26	S	7500(2287)	1.09(28)	0.70	1042	100024207
	0400	26	S	5240(1598)	1.29(33)	0.91	1354	100024231
	0600	26	S	3720(1134)	1.54(39)	1.33	1979	100024264
	0900	26	S	2610(796)	1.81(46)	1.94	2887	100024298
	1200	26	S	2140(653)	2.01(51)	2.54	3780	103711248
	1500	26	S	1430(436)	2.28(58)	3.15	4688	103711255
	1800	26	S	1430(436)	2.42(61)	3.75	5581	103711412
	2100	26	NS	1160(354)	2.61(66)	4.35	6473	103711404
	2700	26	NS	910(278)	2.90(74)	5.56	8274	103711396

Notes:

1. AWG metric equivalent: 19 Ga = 0.9 mm, 22 Ga = 0.6 mm, 24 Ga = 0.5 mm, 26 Ga = 0.4 mm.
2. Pulling eye available on all pair sizes.
3. Longer lengths are available: contact an AT&T Sales Representative.

Depth of Setting Poles

AT&T 919-120-600, -700

Length of Pole (ft)	Depth of Set (ft)	
	Firm Earth	Solid Rock
20	4	3
25	5	3
30	5-1/2	3-1/2
35-40	6	4
45	6-1/2	4-1/2
50	7	4-1/2
55	7-1/2	5
60	8	5
65	8-1/2	6
70	9	6
75	9-1/2	6
80	10	7
85	10-1/2	7
90-100	11	7
105-125	12	8

In sloping ground, increase the depth of set by amount A, as shown on the next page.

For depth of setting unguyed corner and dead-end poles, see Page 10-25.

WA Exhibit No. 12

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Feedback (//www.commscope.com/feedback)

This software package helps system engineering and construction groups model and optimize conduit cable pulls before construction begins. This software provides a user-friendly technique for predicting expected tensions and fill ratios for a specific cable pull. The construction process can them be optimized and "best pull" locations identified, thus helping to reduce frustration and cost for crews in the field.

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Metric Version (/uploadedFiles/CommScopecom/Resources/Downloads/SpanMaster_Metric.zip)(.zip) | Standard Version (http://www.commscope.com/uploadedFiles/CommScopecom/Resources/Downloads/SpanMaster_S (.zip) | README FILE (/uploadedFiles/CommScopecom/Resources/Downloads/SpanMaster_READ_ME.txt) | README FILE for Windows Vista (/uploadedFiles/CommScopecom/Resources/Downloads/SpanMaster_READ_ME_Vista.txt)

CommScope's SpanMaster software is a tool designed for use in the calculation of sag and tension of single or multiple cable combinations under various environmental loading conditions. SpanMaster software takes the user through a logical step-by-step process of information entry and produces sag and tension results for any cable span.

SpanMaster is a great tool for determining the "what ifs" of aerial plant design. SpanMaster makes it easy to conduct a design "checkup" before actual installation begins to determine how strand size, cable bundle size, span length, and the amount of sag will affect the tension being applied to the span's poles under loaded conditions. With SpanMaster the user can easily change design variables one at a time and watch as the resultant span tension changes in response. Finally, the printed documentation provided by SpanMaster can be a very important tool when using jointly shared poles.*Download Patch:* After you download SpanMaster and try to open it, you may receive an error message stating that your computer is missing MSVBVMSD.DLL. Msvbvm50.exe is a self-extracting file that installs the latest versions of the Microsoft Visual Basic run-time files that all applications created with Visual Basic 5.0 need in order to work. If this happens, go to MicroSoft site and download the patch (http://support.microsoft.com/kb/180071).

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