

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of

THE CATV POLE ATTACHMENT	)	
TARIFF OF MOUNTAIN RURAL	)	ADMINISTRATIVE
TELEPHONE COOPERATIVE	)	CASE NO. 251-14
CORPORATION, INC.	)	

O R D E R

Procedural Background

On September 17, 1982, the Commission issued an Amended Order in Administrative Case No. 251, "The Adoption of a Standard Methodology for Establishing Rates for CATV Pole Attachments," and ordered electric and telephone utilities providing or proposing to provide CATV pole attachments to file tariffs conforming with the principles and findings of the Order on or before November 1, 1982.

On November 1, 1982, Mountain Rural Telephone Cooperative Corporation, Inc., ("Mountain") filed rates, rules, and regulations governing CATV pole attachments. On November 15, 1982, the Commission suspended Mountain's CATV pole attachment tariff to allow the maximum statutory time for investigation and comment from interested persons.

On November 19, 1982, the Kentucky Cable Television Association, Inc., ("KCTA") requested and was granted leave to intervene and comment on Mountain's CATV pole attachment tariff. On January 17, 1983, KCTA filed a statement of objections to various CATV pole attachment tariffs, including Mountain's tariff.

The Commission considers the matter of Mountain's CATV pole attachment tariff submitted for final determination.

Findings

The Commission, having considered the evidence of record and being advised, is of the opinion and finds that:

1. KCTA's objections to Mountain's pole attachment rates are in error. First, Mountain did not file a \$12.00 annual 2-user rate. Mountain did file a \$24.00 annual 2-user rate. Also, the Commission agrees that Mountain should file a 3-user rate. However, the 3-user rate should not be based on the weighted average cost of 30-foot and 35-foot poles, as suggested by KCTA. Instead, it should be based on the weighted average cost of 40-foot and 45-foot poles.

2. KCTA's objection to Mountain's regulation concerning the charging of pole replacement is reasonable and is addressed in another finding.

3. KCTA's objection to Mountain's regulation concerning the fractional billing of pole usage is reasonable and is addressed in another finding.

4. Mountain's rules and regulations governing CATV pole attachments conform with the principles and findings of the Commission's Amended Order in Administrative Case No. 251, and should be approved, except as follows:

(a) Mountain did not file a rule or regulation governing CATV conduit usage. The Commission advises Mountain that in the event it provides or plans to provide CATV conduit space, it should file a CATV conduit usage rate, along with appropriate cost information.

(b) At page 2, section A.3, the Commission advises Mountain that it may charge a CATV operator the entire cost of transferring or rearranging facilities to accommodate a CATV pole attachment; including the cost of pole replacement, less salvage value.

(c) At page 3, section A.6, the Commission advises Mountain that a CATV operator is a customer and cannot be required to execute a contractual agreement. The CATV pole attachment tariff should be filed in sufficient detail to govern the relationship between Mountain and a CATV operator. Therefore, the tariff provision and any similar provisions elsewhere in the tariff should be deleted.

(d) At page 6, section B.13, the Commission advises Mountain that it is not required to provide CATV anchor attachments. However, in the event Mountain provides or plans to provide CATV anchor attachments, it should file a CATV anchor attachment rate, along with appropriate cost information.

(e) At sheet 7, section C.4, the Commission advises Mountain that it established 1-foot as the average CATV pole usage to avoid fractional billing. Therefore, the tariff provision and any similar provisions elsewhere in the tariff should be deleted.

(f) At sheet 8, section D.1.g, the Commission advises Mountain that it cannot confiscate CATV property without due process of law. Therefore, the tariff provision and any similar provisions elsewhere in the tariff should be deleted.

5. Mountain failed to provide sufficient information to verify its calculations of embedded pole cost. Therefore, Mountain should file information from plant records or another reliable source showing the number of 30-foot, 35-foot, 40-foot, and 45-foot poles in service,

and related pole investment. The information should be classified according to vintage year. Also, any discrepancy between the total number of poles shown in the calculations of embedded pole cost and the total number of poles shown in the 1981 Annual Report should be explained.

6. Mountain's calculation of its annual carrying charge should be modified as follows:

(a) The depreciation component should be 6.00 percent, as stated in the 1981 Annual Report.

(b) The cost of money component should be deleted, because the cost of debt was included in the last rate of return authorized by the Commission, in Case No. 7960, "The Application of Mountain Rural Telephone Cooperative Corporation, Inc., For An Upward Adjustment In Rates and Charges For Telephone Service."

(c) The maintenance component should be 1.03 percent, as calculated from the 1981 Annual Report. The maintenance component should be based on the most recent available information. It should not be calculated as a 5-year average or inflated.

(d) The total annual carrying charge should be 18.11 percent, based on calculations from the 1981 Annual Report and the Commission's Order in Case No. 7960.

7. Mountain should be allowed to substitute 1982 Annual Report information to adjust its annual carrying charge, if the information is available and filed with the Commission. Furthermore, any adjusted calculation of the annual carrying charge should be made as outlined in Attachment 1 to this Order, unless a specific deviation is requested and reasonable cause demonstrated.

Orders

IT IS THEREFORE ORDERED that Mountain's CATV pole attachment tariff as filed with the Commission on November 11, 1982, be and it hereby is dismissed.

IT IS FURTHER ORDERED that Mountain shall file revised rates, rules, and regulations governing CATV pole attachments with the Commission within 30 days from the date of this Order, and that the revised rates, rules, and regulations shall conform with the findings of this Order.

IT IS FURTHER ORDERED that Mountain shall file information as outlined in this Order concerning embedded pole cost, at the same time it files its revised rates, rules, and regulations.

Done at Frankfort, Kentucky, this 31st day of March, 1983.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Secretary

Attachment 1  
CATV Annual Carrying Charge

The annual carrying charge should be based on the 1981 or 1982 Annual Report, Form M, to the Public Service Commission of Kentucky, and Commission Orders, as follows:

1. Depreciation

Depreciation on pole lines is stated at Page 31, Line 7, Column (d).

2. Taxes

The formula for calculating taxes is:

$$\frac{\text{Page 16, Lines 6 + 7, Column (b)}}{\text{Page 12, Line 10, Column (b)}}$$

3. Administration and Overhead

The formula for calculating administration and overhead is:

$$\frac{\text{Page 61, Lines 36 + 45 + 51 + 61, Column (b)}}{\text{Page 12, Line 10, Column } \frac{\text{(b + c)}}{2}}$$

4. Maintenance

The formula for calculating maintenance is:

$$\frac{\text{Page 60, Line 1, Column (b)}}{\text{Page 19, Line 11, Column } \frac{\text{(b + h)}}{2}}$$

5. The rate of return should be the most recent rate of return authorized by the Commission.