

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE CATV POLE ATTACHMENT)	
TARIFF OF PEOPLES RURAL)	ADMINISTRATIVE
TELEPHONE COOPERATIVE)	CASE NO. 251-16
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 3, 1982, Peoples Rural Telephone Cooperative Corporation, Inc., ("Peoples") filed rates, rules, and regulations governing CATV pole attachments. On November 15, 1982, the Commission suspended Peoples' 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 Peoples' CATV pole attachment tariff. On January 17, 1983, KCTA filed a statement of objections to various CATV pole attachment tariffs, including Peoples' tariff.

The Commission considers the matter of Peoples' 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 objection to Peoples' failure to establish a 3-user pole attachment rate is reasonable and is addressed in another finding.
2. KCTA's objection to Peoples' including the current cost of pole numbering in its CATV pole attachment rate calculation is reasonable. In response to KCTA's information and data request, Peoples stated that it includes the cost of pole numbering in the embedded cost of poles, as calculated from plant records. If the cost of pole numbering is included in the embedded cost of poles, then Peoples should not include the current cost of pole numbering in its CATV rate calculation.
3. KCTA's objection to Peoples' regulation concerning the cost of pole replacements necessary to accommodate CATV pole attachments is reasonable. The Commission advises Peoples that it may charge a CATV operator the total cost of pole replacements necessary to accommodate CATV pole attachments, less the salvage value of any pole that is removed.
4. KCTA's objection to Peoples' regulation concerning the recovery of pole space in use by a CATV operator is reasonable. The Commission advises Peoples that the service requirements of a CATV operator cannot be subordinated to the service requirements of other customers. If pole attachment space is available or can be made

available, then Peoples cannot deny service to a CATV operator. Therefore, the tariff provision and any similar provisions elsewhere in the tariff should be deleted.

5. KCTA's objection to Peoples' failure to file a regulation governing pole rearrangements is reasonable. The Commission advises Peoples that it may charge a CATV operator the total cost of pole rearrangements necessary to accommodate CATV attachments, but should file a regulation governing pole rearrangements.

6. Peoples' rules and regulations governing CATV pole attachments do not conform with the principles and findings of the Commission's Amended Order in Administrative Case No. 251, and should be denied.

7. Peoples did not file a rate, rule, or regulation governing CATV conduit usage. The Commission advises Peoples 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.

8. Peoples failed to provide sufficient information to verify its calculations of embedded pole cost. Therefore, Peoples 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.

9. Peoples' calculation of its annual carrying charge should be modified as follows:

(a) The cost of money component should be deleted, because the cost of debt was included in the past rate of return authorized by the Commission.

(b) The taxes component should be 0.94 percent, as calculated from the 1981 Annual Report.

(c) The maintenance component should be 9.05 percent, as calculated from the 1981 Annual Report.

(d) The rate of return component should be 6.20 percent, as authorized by the Commission in Case No. 8270, "Application of Peoples Rural Telephone Cooperative Corporation, Inc., For (1) An Upward Adjustment in Rates and Charges For Telephone Service, and (2) A Certificate of Public Convenience and Necessity For the Purposes of Constructing Additional Telephone Lines and Facilities, and (3) Approval of the Proposed Plan of Financing of Said Project."

(3) The total annual carrying charge should be 23.95 percent, based on calculations from the 1981 Annual Report and the Commission's Order in Case No. 8270.

10. Peoples 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

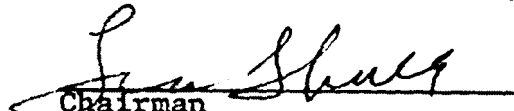
IT IS THEREFORE ORDERED that Peoples' CATV pole attachment tariff as filed with the Commission on November 3, 1982, be and it hereby is dismissed.

IT IS FURTHER ORDERED that Peoples 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 Peoples 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:

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.