

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE CATV POLE ATTACHMENT)	ADMINISTRATIVE
TARIFF OF KENTUCKY)	CASE NO. 251-24
POWER COMPANY)	

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 to the principles and findings of the Order on or before November 1, 1982.

On October 29, 1982, Kentucky Power Company ("Kentucky Power") filed rates, rules, and regulations for CATV pole attachments. On November 15, 1982, the Commission suspended Kentucky Power'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 Kentucky Power's CATV pole attachment tariff. On January 17, 1983, KCTA filed a statement of

objections to various CATV pole attachment tariffs, including those of Kentucky Power.

On April 13, 1983, the Commission received an extension of time in which to consider Kentucky Power's CATV pole attachment tariff.

Findings

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

1. Kentucky Power's rules and regulations for CATV pole attachments conform to the principles and findings of the Commission's Amended Order in Administrative Case No. 251, and would be approved, except for the following objections:

- (a) A CATV operator is a customer of the utility, not a licensee. Kentucky Power should file a tariff incorporating its rules for provision of service to the CATV operator. Kentucky Power's proposed contract is not acceptable.
- (b) Billing: the late payment provision should be the same as that applied to other customers of Kentucky Power.
- (c) KCTA objects to indemnification and hold harmless provisions which require indemnity from the CATV operator even when Kentucky Power is solely liable. This is a reasonable objection, and should be corrected in the tariff. Kentucky Power may require indemnification and hold harmless provisions in cases of alleged sole or

joint negligence by the CATV operator, but cannot require same merely because of the existence of CATV attachments and equipment on Kentucky Power's poles.

- (d) KCTA objects to lack of tariff provisions which would provide for reduction or lifting of bonding requirements after the CATV operator has proven to be a reliable customer. This is a reasonable objection. If a bond is furnished by the CATV operator to assure performance of required indemnity and hold harmless provisions, such bond should be in a form and amount reasonably calculated to cover the undertakings specified during the "make-ready" and construction phases of the CATV system's operation.

The amount of the bond may be reduced after the CATV operator has proven itself to be a reliable utility customer. Allowance of such reduction should not be unreasonably denied.

- (e) Abandonment by the CATV Operator: Kentucky Power's tariff provision requiring the CATV operator to pay rental for the then current year is unreasonable. Just as with any other customer, the CATV operator can only be held responsible for rental for the then current month when the CATV operator abandons the pole.

2. Kentucky Power should be allowed to substitute 1982 Annual Report information to adjust its annual carrying charge, if the information is filed with the Commission.

3. KCTA objected to Kentucky Power's adding 7.6 percent to the pole account for anchors in its calculation of pole attachment rates. KCTA's objection is reasonable. Anchors and other appurtenances not installed for CATV purposes should be excluded to establish the cost of a bare pole. Therefore, Kentucky Power's calculation of pole attachment rates should be modified to exclude the 7.6 percent addition for anchors.

4. KCTA objected to Kentucky Power calculating the operation and maintenance component of carrying costs by dividing expenses related to poles and overhead lines by investment in only bare utility poles and grounds. KCTA's objection is reasonable. Therefore, Kentucky Power's calculation should be modified to include investment in appurtenances and overhead lines in the denominator of the operation and maintenance component of the carrying cost.

5. Kentucky Power calculates the operation and maintenance component of carrying costs by dividing applicable operation and maintenance expenses by investment in poles and grounds net of depreciation. This carrying cost is then applied to the embedded cost of poles and grounds before depreciation. The result is an over allocation of operation and maintenance expenses to CATV pole attachment rates. Therefore, Kentucky Power's calculation of the operation and maintenance component of

carrying costs should be modified to include applicable investment before depreciation in the denominator.

6. KCTA objects to Kentucky Power's tariff provision concerning the cost of pole replacements necessary to accommodate CATV pole attachments. The Commission advises Kentucky Power 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.

7. KCTA objected to Kentucky Power's initial contact fee of \$1.25. KCTA's objection is reasonable. The carrying charge already reflects the CATV operator's contribution to general expenses including costs of processing applications. Therefore, this tariff provision should be deleted.

8. KCTA objects that Kentucky Power charges interest for late payment of bills but inconsistently does not accrue interest on advance payments. Kentucky Power's delayed payment charge is a penalty for failure to pay on time and not an interest charge. Therefore, interest need not be accrued on advance payments.

ORDERS

IT IS THEREFORE ORDERED that Kentucky Power's CATV pole attachment tariff filed with the Commission on October 26, 1982, be and it hereby is rejected.

IT IS FURTHER ORDERED that Kentucky Power 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 to the findings of this Order.

IT IS FURTHER ORDERED that Kentucky Power shall file detailed workpapers supporting its revised rates at the same time it files its revised rates, rules and regulations.

Done at Frankfort, Kentucky, this 27th day of May, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary