

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

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

O R D E R

Procedural Background

On May 27, 1983, the Commission issued an Order rejecting the CATV pole attachment tariff filing of Kentucky Power Company ("Kentucky Power") and directed Kentucky Power to file revised rates, rules, and regulations governing CATV pole attachments. On June 16, 1983, Kentucky Power filed a petition for reconsideration of findings 3 and 4 of the May 27, 1983, Order. On June 24, 1983, Kentucky Power filed a revised pole attachment tariff and supporting work papers. On July 1, 1983, the Kentucky Cable Television Association, Inc., ("KCTA") filed an Opposition to Petition for Reconsideration.

Findings

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

1. In finding 3 of the May 27, 1983, Order, the Commission sustained the objection of KCTA to the addition of 7.6 percent to the pole account for anchors in Kentucky Power's calculation of pole attachment rates. Kentucky Power's petition for

reconsideration argues that the Commission's Order of September 17, 1982, provides for a 15 percent deduction from the pole account for minor appurtenances including anchors and that failing to add 7.6 percent for anchors before deducting the 15 percent would result in a calculated bare pole cost less than the actual cost shown on Kentucky Power's books.

The CATV pole attachment tariff filing of Louisville Gas and Electric Company ("LG&E") presents a similar situation. In that case LG&E did not deduct 15 percent for minor appurtenances but rather used the actual embedded costs of bare poles including such items as excavation and backfill necessary to set a pole, pole top extensions, replacement of paving, permits for construction, labor and equipment cost of settings, and gaining, roofing and stenciling done by the supplier of the poles. KCTA did not object to this treatment. In its Order of September 17, 1982, the Commission established a method of estimating bare pole costs for those utilities that do not account separately for all appurtenances. The method consisted of excluding the cost of major appurtenances and deducting 15 percent for minor appurtenances. Although the Order could have been clearer on the issue of whether anchors were major or minor appurtenances, a review of the language in the Order and the record in that proceeding shows that the Commission in determining the 15 percent deduction considered anchors to be major appurtenances. In cases where the cost of minor appurtenances can be separately determined, there is no need to estimate embedded bare pole costs. Kentucky Power states that its proposed method results in a bare

pole cost equal to the actual embedded bare pole costs shown on Kentucky Power's books.

Kentucky Power should either show that the actual embedded costs of bare poles are available and used in calculating pole attachment rates or deduct 15 percent for minor appurtenances according to the Commission's uniform method of estimating bare pole costs.

2. In finding 4 of the May 27, 1983, Order the Commission sustained KCTA's objection regarding the operation and maintenance component of carrying costs and directed Kentucky Power to "include investment in appurtenances and overhead lines in the denominator of the operation and maintenance component of the carrying cost." Kentucky Power's petition for reconsideration proposes to amend this finding to "include the initial investment in FERC Form 1, Account 364: Poles, Towers and Fixtures in the denominator of the operation and maintenance component of the carrying cost" as the numerator does not include expenses related to overhead lines. The proposed amended language agrees with the language in KCTA's objection as stated in Exhibit E of Objections of Kentucky Cable Television Association, Inc., to Utility CATV Tariff Filings filed January 17, 1983.

In its July 1, 1983, Opposition, KCTA argues that the numerator does include expenses related to overhead lines, subaccounts of Account 593, Maintenance of Overhead Lines. Expenses in Account 593 relate to investment in poles, towers and fixtures as well as overhead conductors and devices and services. Kentucky Power has included approximately one-half of the expenses

in Account 593 as maintenance expenses related to poles, towers and fixtures which is an appropriate approximation of the corresponding amounts included in the denominator. Including all investment in overhead lines in the denominator of the operation and maintenance carrying cost calculation would distort the resulting charge. Therefore, Kentucky Power's proposed amended language is reasonable.

3. Kentucky Power's rules and regulations governing CATV pole attachments conform to the principles and findings of the Commission's Order of May 27, 1983, and would be approved, except for the following objections:

(a) On sheet 16-3 Indemnity, Kentucky Power should state that it is responsible for its own negligence in a joint act causing damage or injury.

(b) On sheet 16-4 Default or Non-Compliance, Kentucky Power should state that it is responsible for any negligent destruction of the CATV equipment in any relocation or removal.

ORDERS

IT IS THEREFORE ORDERED that Kentucky Power's CATV pole attachment tariff filed with the Commission on June 24, 1983, 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 6th day of July, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary