

Clark Energy Cooperative, Inc.
CATV Pole Attachment Charges
PSC Administrative Case No. 251
(Exhibit A)

Annual Cost for Two-Party Poles

	<u>Quantity</u> <u>in Plant</u>	<u>Historical</u> <u>Embedded Cost</u>	<u>Avg Cost</u> <u>Per Pole</u>	
35 Ft Poles:	10966	\$1,590,366.31	\$145.03	Note: All pole costs are obtained from Clark Energy Continuing Property Records (CPR) Account 364.00 for year ending December 31, 2003.
40 Ft Poles:	16916	\$5,735,459.39	\$339.06	
Total:	27882	\$7,325,825.70	\$262.74	

Weighted Avg Embedded Cost per Pole: \$262.75 for 35 Ft and 40 Ft poles

Annual 2-Party Cost per Attachment = (Wt. Avg. Embedded Cost per Pole x 0.85 Bare Pole Factor - \$12.50 per ground)
x Annual Carrying Charge x 0.1224 CATV Usage Factor for 1 Ft of 8.17 Ft Usable Space

Clark Energy pole costs represent bare poles, i.e. all pole costs do not include costs for any appurtenances and grounds.
So, the 0.85 bare pole factor and \$12.50 per ground do not apply and the annual cost per pole may be calculated as follows:

Annual 2-Party Cost per Attachment = Wt. Avg. Embedded Cost per Pole x Annual Carrying Charge x 0.1224 CATV Usage Factor
 Annual 2-Party Cost per Attachment = \$262.75 per pole x 18.37% Annual Carrying Charge x 0.1224 CATV Usage Factor
Annual 2-Party Cost per Attachment = \$5.91 per Attachment

Annual Cost for Three-Party Poles

	<u>Quantity</u> <u>in Plant</u>	<u>Historical</u> <u>Embedded Cost</u>	<u>Avg Cost</u> <u>Per Pole</u>	
40 Ft Poles:	16916	\$5,735,459.39	\$339.06	Note: All pole costs are obtained from Clark Energy Continuing Property Records (CPR) Account 364.00 for year ending December 31, 2003.
45 Ft Poles:	5787	\$1,733,658.56	\$299.58	
Total:	22703	\$7,469,117.95	\$328.99	

Weighted Avg Embedded Cost per Pole: \$329.00 for 40 Ft and 45 Ft poles

Annual 3-Party Cost per Attachment = (Wt. Avg. Embedded Cost per Pole x 0.85 Bare Pole Factor - \$12.50 per ground)
x Annual Carrying Charge x 0.0759 CATV Usage Factor for 1 Ft of 13.17 Ft Usable Space

Clark Energy pole costs represent bare poles, i.e. all pole costs do not include costs for any appurtenances and grounds.
So, the 0.85 bare pole factor and \$12.50 per ground do not apply and the annual cost per pole may be calculated as follows:

Annual 3-Party Cost per Attachment = Wt. Avg. Embedded Cost per Pole x Annual Carrying Charge x 0.0759 CATV Usage Factor
 Annual 3-Party Cost per Attachment = \$329.00 per pole x 18.37% Annual Carrying Charge x 0.0759 CATV Usage Factor
Annual 3-Party Cost per Attachment = \$4.59 per Attachment

Annual Cost for Two- and Three-Party Anchors

	<u>Quantity</u> <u>in Plant</u>	<u>Historical</u> <u>Embedded Cost</u>	<u>Avg Cost</u> <u>/Anchor</u>	
Anchors	40701	\$5,037,738.54	\$123.77	Note: All anchor costs are obtained from Clark Energy Continuing Property Records (CPR) Account 364.00 for year ending December 31, 2003.

Average Embedded Cost per Anchor: \$123.77 per Anchor

Annual Two-Party Cost per Anchor = Avg. Embedded Cost per Anchor x Annual Carrying Charge x 0.50 CATV Usage Factor
 Annual Two-Party Cost per Anchor = \$123.77 per anchor x 18.37% Annual Carrying Charge x 0.50 CATV Usage Factor
Annual Two-Party Cost per Anchor = \$11.37 per Anchor

Annual Three-Party Cost per Anchor = Avg. Embedded Cost per Anchor x Annual Carrying Charge x 0.33 CATV Usage Factor
 Annual Three-Party Cost per Anchor = \$123.77 per anchor x 18.37% Annual Carrying Charge x 0.33 CATV Usage Factor
Annual Three-Party Cost per Anchor = \$7.50 per Anchor

**Clark Energy Cooperative, Inc.
CATV Pole Attachment Charges
PSC Administrative Case No. 251
(Exhibit B)**

Fixed Charges Based on PSC Annual Report Dated December 31, 2003

1. Return on Rate Base:

Test Year Operating Income: \$1,195,289 (PSC Final Order on 1993 Rate Increase, Case No. 92-219, Page 21)
 Net Operating Income Increase: \$803,113 (PSC Final Order on 1993 Rate Increase, Case No. 92-219, Page 25)
 Approved Test Yr Oper. Income: \$1,998,402 (Sum of Test Year Operating Income and Approved Revenue Increase)

Approved Rate Base: \$26,115,220 (PSC Final Order on 1993 Rate Increase, Case No. 92-219, Page 3)

Approved Return on Rate Base = $\frac{\text{Approved Test Year Operating Income}}{\text{Approved Rate Base}} \times 100\% = \frac{\$1,998,402}{\$26,115,220} \times 100\% = 7.65\%$

Utility Plant (101-107, 114): \$75,927,476 (Balance Sheet, Ref Page 1 of Dec 31, 2003 PSC Annual Report)
 Net Utility Plant: \$66,372,594 (Balance Sheet, Ref Page 1 of Dec 31, 2003 PSC Annual Report)

Ratio of Net Utility Plant/Total Utility Plant = $\frac{\text{Net Utility Plant}}{\text{Utility Plant (101-107, 114)}} \times 100\% = \frac{\$66,372,594}{\$75,927,476} \times 100\% = 87.42\%$
 (* See reference below on past PSC orders.)

Adjusted Gross Rate of Return = 7.65% Approved Return on Rate Base x 87.42% Net/Total Plant Ratio = **6.69%**

2. Embedded Cost of Distribution O&M Expense

Total Distribution O&M Expense: \$3,199,986 (O&M Expenses, Ref Page 15 of Dec 31, 2003 PSC Annual Report)
 Utility Plant (101-107, 114): \$75,927,476 (Balance Sheet, Ref Page 1 of Dec 31, 2003 PSC Annual Report)

Embedded Distribution O&M Expense = $\frac{\text{Total Distribution O\&M Expense}}{\text{Utility Plant (101-107, 114)}} \times 100\% = \frac{\$3,199,986}{\$75,927,476} \times 100\% = 4.21\%$

3. Embedded Cost of Depreciation Expense

Depreciation Expense (403): \$2,350,366 (Statement of Income, Ref Page 13 of Dec 31, 2003 PSC Annual Report)
 Utility Plant (101-107, 114): \$75,927,476 (Balance Sheet, Ref Page 1 of Dec 31, 2003 PSC Annual Report)

Embedded Depreciation Expense = $\frac{\text{Depreciation Expense (403)}}{\text{Utility Plant (101-107, 114)}} \times 100\% = \frac{\$2,350,366}{\$75,927,476} \times 100\% = 3.10\%$

4. Embedded Cost of Administrative & General Expense

Total Admin & General Expense: \$2,045,126 (O&M Expenses, Ref Page 15 of Dec 31, 2003 PSC Annual Report)
 Utility Plant (101-107, 114): \$75,927,476 (Balance Sheet, Ref Page 1 of Dec 31, 2003 PSC Annual Report)

Embedded Admin & General Expense = $\frac{\text{Total Admin \& Gen Expense}}{\text{Utility Plant (101-107, 114)}} \times 100\% = \frac{\$2,045,126}{\$75,927,476} \times 100\% = 2.69\%$

5. Embedded Cost of Customer-Related Expenses

Customer Accts Expense: \$1,102,400 (O&M Expenses, Ref Page 15 of Dec 31, 2003 PSC Annual Report)
 Customer Svc & Info Expense: \$224,982 (O&M Expenses, Ref Page 15 of Dec 31, 2003 PSC Annual Report)
 Total Customer Expenses: \$1,327,382
 Utility Plant (101-107, 114): \$75,927,476 (Balance Sheet, Ref Page 1 of Dec 31, 2003 PSC Annual Report)

Embedded Customer-Related Expense = $\frac{\text{Total Customer Expenses}}{\text{Utility Plant (101-107, 114)}} \times 100\% = \frac{\$1,327,382}{\$75,927,476} \times 100\% = 1.45\%$

6. Embedded Cost of Sales Expense

Total Sales Expense: \$134,970 (O&M Expenses, Ref Page 15 of Dec 31, 2003 PSC Annual Report)
 Utility Plant (101-107, 114): \$75,927,476 (Balance Sheet, Ref Page 1 of Dec 31, 2003 PSC Annual Report)

Embedded Sales Expense = $\frac{\text{Total Sales Expense}}{\text{Utility Plant (101-107, 114)}} \times 100\% = \frac{\$134,970}{\$75,927,476} \times 100\% = 0.18\%$

7. Embedded Cost of Tax Expense

Total Taxes - Other (408.1): \$34,991 (Taxes Other Than Income Taxes, Ref Page 16 of Dec 31, 2003 PSC Annual Report)
 Utility Plant (101-107, 114): \$75,927,476 (Balance Sheet, Ref Page 1 of Dec 31, 2003 PSC Annual Report)

Embedded Tax Expense = $\frac{\text{Total Taxes - Other (408.1)}}{\text{Utility Plant (101-107, 114)}} \times 100\% = \frac{\$34,991}{\$75,927,476} \times 100\% = 0.05\%$

Note: Property taxes are now capitalized into historical embedded cost of poles per RUS plant accounting changes.

8. Annual Carrying Charges (Sum of Embedded Costs Calculated in Items 1-7 Above): **18.37%**

* Represents net-to-gross ratio of utility plant adjustment to the approved rate of return based on year-end accumulated depreciation, pursuant to the 2/26/01 PSC Order in Case No. 2000-359, Application of Cumberland Valley Electric, Inc. to Adjust CATV Rates and the 5/7/01 PSC Order in Case No. 2000-529, Application of Clark Energy Cooperative, Inc. to Adjust CATV Rates.