



Tennessee Valley Authority, PO Box 292409, OCP 1F, Nashville, Tennessee 37229-2409

January 24, 2013

Dear Kentucky Distributors:

It has come to our attention that the Kentucky Public Service Commission (KPSC) is considering a petition from the Kentucky Cable Telecommunications Association (KCTA) seeking to demonstrate that the KPSC has the authority to regulate pole attachment terms for Tennessee Valley Authority electric cooperatives. In light of this development, we have been asked about TVA's position on the regulation of the pole attachment terms for the distributors of TVA power.

As you know, TVA is the exclusive retail rate regulator for the distributors of TVA power, including the five Kentucky cooperatives. As the regulator, TVA works with its distributors to keep retail rates as low as feasible and to ensure that the operations of the electric system are primarily for the benefit of the consumers of electricity. TVA becomes concerned when any electric asset gets used for other purposes. In the interest of efficiency and economy, a power distributor may use property and personnel jointly for the electric systems and other operations subject to agreement between distributor and TVA as to appropriate cost allocations.

Regarding pole attachment rental fees, TVA requires that a distributor recover its full cost associated with the pole attachment and not place any unfair burdens on the electric ratepayers by ensuring full cost recovery. TVA does not object to joint facilities as long as the power distributor recovers the costs associated with pole attachment rentals and that the electric rate payers do not subsidize the costs of these rentals.

TVA is committed to working with distributors to ensure that together, we carry out the objective of the TVA Act, which is to sell power to all of the ratepayers at the lowest rates feasible.

Please do not hesitate to contact me at (615) 232-6865 if you have further questions.

Sincerely,

A handwritten signature in cursive script that reads "Cynthia L. Herron".

Cynthia L. Herron
Director
Retail Regulatory Affairs