

Exhibit 3

**Excerpts of the
Tri-County Deposition**

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

The Petition of the Kentucky Cable)
Telecommunications Association for)
a Declaratory Order that the) Case No. 2012-00544
Commission Has Jurisdiction to)
Regulate the Pole Attachment Rates,)
Terms, and Conditions of Cooperatives)
That Purchase Electricity from)
the Tennessee Valley Authority)

DEPOSITION FOR PETITIONER

*** **

DEPONENT: PAUL THOMPSON, CR 30.02(6) Designee of
Tri-County Electric Membership Corporation

TAKEN: MARCH 13, 2015

REPORTER: THERESA R. REID

Copyright, Video Court Reporting Services, Inc., 2015.
Permission to reproduce in any manner, including sending
this file electronically, is hereby granted to
COUNSEL and Co-Counsel only.

1 parties?

2 A. Yes, sir.

3 Q. Okay. That's one of your responsibilities?

4 A. Yes, sir.

5 Q. Okay. What did you do to prepare for the
6 deposition today?

7 A. I looked over the information that was sent to
8 me, but that's -- that's essentially it.

9 Q. Okay. When you say the information that was sent
10 to you, what do you mean?

11 A. The exhibit that you gave me.

12 Q. In other words, you looked over the topics of the
13 deposition?

14 A. Yes, sir.

15 Q. Okay. Did you meet with your counsel?

16 A. We did. Last Friday.

17 Q. Okay. You met with your counsel and with
18 representatives of the other cooperatives, correct?

19 A. Yes, sir.

20 Q. And about how long did that meeting take?

21 A. I'm guessing, thinking back, a couple of hours.

22 Q. Okay. What did you do at that meeting?

23 A. Reviewed these topics, not in detail but what
24 topics were going to be discussed.

25 Q. Okay. So, other than that couple-of-hour

1 meeting, what else did you do to prepare for this deposition?

2 A. That's it.

3 Q. Okay. Do you understand that you have any
4 obligations to review any matters so that you can respond to
5 the questions in the areas in the deposition notice?

6 A. Yes. I think that what I'm supposed to do is
7 answer the questions. What I was directed by our counsel to
8 do was to answer the questions honestly and as completely and
9 thoroughly as I could. And since I have been involved, then
10 yes, I think I'm prepared to answer those questions.

11 Q. Okay. But you didn't do anything to educate
12 yourself on these subjects?

13 A. No, sir.

14 Q. Okay. Marked as Exhibit 40, Tri-County's first
15 -- Well, Tri-County's responses to the first set of requests
16 for information in this matter.

17 (WHEREAS, EXHIBIT NO 40 WAS ENTERED)

18 Q. And then, we'll have marked, as Exhibit No. 41,
19 the responses by Tri-County to the supplemental data
20 requests.

21 (WHEREAS, EXHIBIT NO 41 WAS ENTERED)

22 Q. Just for the record, the verification to Exhibit
23 No. 41 is not stapled to it. Hopefully, we can keep it
24 together. Mr. Thompson, are you familiar with these
25 documents?

1 Q. Okay. Has Tri-County determined what its costs
2 associated with pole attachment rentals are?

3 A. Yes, sir.

4 Q. Okay. And when did it do that?

5 A. It would be prior to me coming to Tri-County,
6 prior to '98.

7 Q. Prior to 1998?

8 A. Yes, sir.

9 Q. That was the last time it was done?

10 A. No, sir. We look at that on an annual basis.

11 Q. All right. Well, let's go back to the -- the
12 costs associated with rentals on a -- prior to 1998. And how
13 was that accomplished?

14 A. I do not know.

15 Q. Okay. And why do you believe that the costs
16 associated with pole rentals were analyzed at that time?

17 A. To my knowledge, it was done annually prior to me
18 being there, but the only thing I can speak to is since my
19 time at Tri-County, and I came in March of 1998.

20 Q. Okay. And what is done annually then?

21 A. We review, through a formula, what our costs are.

22 Q. Okay. And what costs do you consider?

23 A. We look at the cost of a bare pole and we look at
24 anything that -- carrying costs of all the poles in our
25 system. We also allocate some space based on minimum safety

1 height -- or, clearances. We also consider the safety space
2 that is required by the National Electric Safety Code. And
3 then, we look at the space that an attacher is requesting to
4 use, specifically what usable space do they want. And then,
5 through our formula, we calculate the rate.

6 Q. Okay. So, you calculate this rate annually?

7 A. Yes.

8 Q. And you base your pole attachment rates on this
9 calculation?

10 A. We base our rates on the calculations. We
11 only renew at the request of some of our attachers. In fact,
12 the majority wanted to do three-year terms. And so, we
13 review those attachment rates annually. But then, we do
14 amendments to our agreements on a three-year term for all but
15 AT&T, and there was a negotiated rate that was done by them
16 with TVPPA.

17 Q. Okay. The -- The analysis that you do, do you
18 provide that to TVA?

19 A. Yes.

20 Q. Okay. And when have you done that? When have
21 you provided that to TVA?

22 A. I don't recall the last time we've given it to
23 them.

24 Q. Were you provided a copy of -- Well, let me --
25 Was that in writing?

1 BY MR. GILLESPIE:

2 A. In my opinion, it was a statement to TVA of how
3 we determine our rates.

4 Q. Do you consider a statement to be a
5 communication?

6 MR. DEPP: Same objection.

7 Q. Do you?

8 A. I've answered.

9 Q. That's the best answer you can give?

10 A. Yes.

11 MR. DEPP: He's answered that now.

12 Q. Has Tri-County provided the pole attachment rates
13 that it charges to TVA?

14 MR. DEPP: To whom?

15 Q. To TVA.

16 A. I don't recall.

17 Q. You don't recall whether Tri-County has provided
18 that information to TVA?

19 A. I know monthly Tri-County reports to TVA the
20 revenue from pole attachments.

21 Q. Right.

22 A. TVA also knows the number of poles that we have.
23 So yes, we provide them with significant information, enough
24 information that they can make that calculation.

25 Q. And do you know whether TVA makes that

1 calculation?

2 A. No, sir. I do not know.

3 Q. And how does TVA know the number of poles that
4 you have?

5 A. That would be in part of our plant report.

6 Q. Okay. They know the number of poles that you
7 have. Do they know the number of attachments that are made
8 to Tri-County's poles?

9 A. I don't know.

10 Q. You don't report that information to TVA, do you?

11 A. No.

12 Q. Without knowing the number of attachments, even
13 if they have the revenues, they can't determine what the
14 rates are, isn't that true?

15 A. Specific rates, no. But they're looking at total
16 revenues.

17 Q. Okay. Well, they can -- I understand that they
18 can understand the total revenues, but in terms of the rates,
19 they can't determine the rates based on the revenues without
20 knowing the number of attachments, isn't that true?

21 A. You couldn't get an exact number. You're right.

22 Q. Exact number. You can't get any sort of -- any
23 sort of number without knowing the number of attachments,
24 isn't that true?

25 MR. DEPP: This has been answered three times.

1 under that formula, the length of the pole is of significance
2 because it changes the percentage.

3 Q. It changes the allocation factor?

4 A. Yes, sir.

5 Q. Okay. And in 2009, the analysis that Tri-County
6 did indicates that the appropriate pole rate for a 35-foot
7 pole should be \$19.01; is that right?

8 A. Yes, sir.

9 Q. And the appropriate pole rate for a 40-foot pole
10 of Tri-County's would be \$24.48; is that right?

11 A. Yes, sir.

12 Q. Now -- And --

13 A. I should -- I should clarify something. AT&T --
14 As I stated earlier in my testimony, AT&T is the exception of
15 the formula at Tri-County. There is a TVPPA negotiated
16 agreement with them, so my previous statements about our
17 formula reflecting that would be incorrect. AT&T is charged
18 based on the TVPPA negotiated agreement. The rest of the
19 attachers are -- are based off of our formula.

20 Q. Okay. So, the AT&T numbers are not the product
21 of your formula; is that right?

22 A. No, sir. No, sir.

23 Q. Is that correct?

24 A. That's correct.

25 Q. Okay. The North Central Telephone Company shows

1 A. No. We -- Tri-County Electric attaches these.
2 The National Electrical Safety Code is not there for electric
3 utilities and their employees. It's there for those people
4 who are not qualified to crown inside that space.

5 Q. All right. The National Electric Safety Code has
6 separation requirements for facilities on poles, correct?

7 MR. DEPP: I'm sorry. Is counsel testifying now?
8 We are having a discussion about --

9 MR. GILLESPIE: I asked him a question.

10 MR. DEPP: -- the national -- We are having a
11 discussion about the National Electric Safety Code in a case
12 regarding TVA jurisdiction. It has no business being in this
13 deposition. If you'd like to testify, there is a form in
14 which you can do that. It's in a legal document. It's not
15 in this deposition.

16 BY MR. GILLESPIE:

17 Q. Okay. This has to do with the witness' testimony
18 about the rate that's charged and he has asserted that this
19 rate covers their costs in this situation, right?

20 A. I assert that the Board set those charges. Tri-
21 County Electric's Board of Directors set those charges.

22 Q. Right, okay. That's -- That's the basis of the
23 charges?

24 A. Yes, sir.

25 Q. All right. Okay. And based on the information

1 that is submitted to TVA by Tri-County, is there any way for
2 TVA to know what rates are being charged by Tri-County to
3 AT&T?

4 A. I don't know what -- I don't know what TVA knows
5 about those specific rates.

6 Q. Okay. And is there any way for TVA to determine
7 what rates are being charged, for example, to the cable
8 companies?

9 A. Other than what I've stated before about revenues
10 and poles, I don't know of any other.

11 Q. Okay. And is there any way for them to know what
12 rates are charged to Dollar General and the other companies
13 listed here that have \$5 rates?

14 A. Same answer.

15 Q. Okay. Now, the -- Looking at Exhibit 43, the
16 rate for AT&T went from \$19.01 and \$24.48 in 2009 to \$27 in
17 2010, correct?

18 A. Yes, sir.

19 Q. Do you know whether Tri-County provided -- Do you
20 know whether Tri-County discussed with TVA this rate increase
21 prior to its being adopted?

22 A. No, I do not know.

23 Q. Okay. Now, the rate for AT&T to attach, is that
24 the same rate that AT&T charges for Tri-County to use its
25 poles?

1 A. Yes, sir.

2 Q. In other words, the pole attachment rates charged
3 by the other parties?

4 MR. DEPP: Object to that last part of that
5 question or statement.

6 MR. GILLESPIE: On what basis?

7 MR. DEPP: I don't understand it. It's vague and
8 I'm not sure it was a question to begin with. You can re-ask
9 it if you understood it.

10 BY MR. GILLESPIE:

11 Q. Do you understand the question?

12 A. No, sir. I did not.

13 Q. Well, I was just clarifying that when -- Well,
14 let me -- Let me rephrase the whole question. So, the number
15 of total revenue of 2009 that's shown here is the revenue
16 that is received by Tri-County for other parties attaching to
17 its poles less the expenses for third-party charges for Tri-
18 County to attach to their poles?

19 A. Yes.

20 Q. Okay. All right. I'd like marked, as Exhibit
21 No. 45, the annual reports that are -- have been provided to
22 us, submitted by Tri-County to the TVA.

23 (WHEREAS, EXHIBIT NO 45 WAS ENTERED)

24 Q. Mr. Thompson, are you familiar with these
25 reports?

1 A. Yes, sir.

2 Q. Okay. Do these reports contain information
3 related to pole attachments?

4 A. Yes, sir.

5 Q. Where?

6 A. Page three, top of the page under operating
7 revenue, rent from electric property.

8 Q. Okay. And that number includes pole attachment
9 revenues plus other rents from electric property; is that
10 right?

11 A. Yes.

12 Q. Okay. Is this the net number received for pole
13 attachment revenues?

14 A. Yes, sir.

15 Q. Okay. So, that's the number received for pole
16 attachment revenues less the amounts that Tri-County has paid
17 to other pole owners for use of their poles?

18 A. In addition to any other miscellaneous items that
19 may be there.

20 Q. Right. Is there any other reference in these
21 reports to pole attachment revenues?

22 A. Not to my knowledge.

23 Q. And is there anyplace where pole attachment costs
24 are reflected?

25 A. Not to my knowledge.