

**METHODOLOGY FOR ESTABLISHING
RATES FOR POLE ATTACHMENTS
JULY 30, 2012**

This Appendix describes the basic principles and guides which have been used under this Agreement in setting the rental rate specified in Article X and which are to be used in calculating rental rates each year.

The weighted average of Two Party and Three Party Attachments assume all CATV cable attachments to be three party.

$$\text{Percent of Pole Company is Responsible For} = \frac{\text{Party Allocated Space} + \frac{\text{Safety Space}}{\text{\# of Comm. Co.}} + \frac{\text{Unallocated Space} \times \text{Party Allocated Space}}{\text{Total Allocated Space}}}{\text{Length of Joint Use Pole}}$$

Two Party Pole (Electric & Telephone) 40' Pole:

			Pole Space
Tel. % of Pole	$= 2 + \frac{3.33}{1} + \frac{26.67 \times 2}{10}$	$= 26.66 \%$	40.00 Pole Height
	$\frac{40}{40}$		-8.00 Electric
			-3.33 Safety
			<u>-2.00 Telephone</u>
			26.67 Unallocated

Three Party Pole (Electric, CATV & Telephone) 40' Pole:

			Pole Space
Tel. % of Pole	$= 2 + \frac{3.33}{2} + \frac{25.67 \times 2}{11}$	$= 20.83 \%$	40.00 Pole Height
	$\frac{40}{40}$		-8.00 Electric
			-3.33 Safety
			-2.00 Telephone
			<u>-1.00 CATV</u>

25.67 Unallocated

Two Party Pole (Electric & CATV) 40' Pole:

$$\begin{array}{r}
 \text{CATV. \%} \\
 \text{of Pole}
 \end{array}
 1 + \frac{3.33}{1} + \frac{27.67 \times 1}{9}$$

$$\frac{\phantom{1 + \frac{3.33}{1} + \frac{27.67 \times 1}{9}}}{40} = 18.51 \%$$

Pole Space

40.00 Pole Height

-8.00 Electric

-3.33 Safety

-1.00 CATV

27.67 Unallocated

Three Party Pole (Electric, CATV & Telephone) 40' Pole:

$$\begin{array}{r}
 \text{CATV. \%} \\
 \text{of Pole}
 \end{array}
 1 + \frac{3.33}{2} + \frac{25.67 \times 1}{11}$$

$$\frac{\phantom{1 + \frac{3.33}{2} + \frac{25.67 \times 1}{11}}}{40} = 12.50 \%$$

Pole Space

40.00 Pole Height

-8.00 Electric

-3.33 Safety

-2.00 Telephone

-1.00 CATV

25.67 Unallocated

Annual Costs In Percent Include:

	O + M (Acct. 583 & 593 - TVA Report P. 5 & 6)				
O & M	=	-----	x 100	=	
		Dstb. Plant (Acct. 364 & 365 - TVA Report P. 9)			
O & M	=	$\frac{1509684.9 + 4808704.8}{47199198 + 25203809}$	x 100	=	$\frac{6318389.6}{72403007} = 8.73 \%$
Taxes	=	$\frac{\text{Total Taxes (TVA Report P. 9)}}{\text{Gross Plant (TVA Report P. 1)}}$	x 100	=	$\frac{1166099.8}{171492132} = 0.68 \%$
Depr.	=	Depr. Rate (Acct. 364, TVA Report P. 11)		=	4.00 %
Interest	=	$\frac{\text{Int. Paid (TVA Report P. 3)}}{\text{Total Debt (TVA Report P. 2)}}$	x 100	=	$\frac{1173544.9}{24062443} = 4.88 \%$
Insurance	=	$\frac{\text{Property + Injuries}}{\text{Gross Plant (TVA Report P. 1)}}$	x 100	=	$\frac{0}{171492132} = 0.00 \%$
A & G	=	$\frac{\text{A \& G. (acct. 625 P. 6)}}{\text{Dstb. Plant (Acct. 364 \& 365 - TVA Report P. 9)}}$	x 100		
A & G	=	$\frac{1687481.1}{47199198 + 25203809}$	x 100	=	$\frac{1687481.1}{72403007} = 2.33 \%$
Annual Cost Factor	=				20.61 %