



ELECTRONIC INVESTIGATION OF THE PROPOSED POLE ATTACHMENT TARIFFS OF  
RURAL ELECTRIC COOPERATIVE CORPORATIONS  
CASE NO. 2022-00106

MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION'S RESPONSE TO  
THE COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

**REQUEST NO. 1:** Provide the service lives of distribution poles used to determine the average service life, by type and vintage, to the degree they are broken down.

**RESPONSE:** Meade County RECC does not track the average service life of a pole by its type, age, or the degree of end of life. As stated in the Cooperative's response to Commission Staff's First Request for Information, many poles are fully functional beyond the existing depreciated lives of 29.1 years with some poles still in service from the 1940's. But as with any product, some poles do not last as desired due to deterioration, external damage, wildlife (woodpeckers, etc.), or possibly defective treatments when produced.

**Witness:** David R. Poe, P.E., VP Operations & Engineering

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**REQUEST NO. 2:** Describe your recent efforts, if any, to reduce the number of above ground transmission and distribution lines, and identify the number of poles that have been eliminated in your system in each of the last ten years because the electric lines previously attached to those poles were placed underground.

**RESPONSE:** The service area for Meade County RECC consists of a high volume of rock which makes the installation of underground facilities expensive and time consuming. Only in situations where Meade County RECC deems underground facilities necessary will the Cooperative install it. Most installations are requested and desired by the member who pays the cost difference between the underground installation and the estimated overhead facilities costs. Therefore, the number of poles that have been replaced with the installation of underground facilities have been negligible.

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**REQUEST NO. 3:** Other than identifying specific defective poles through inspections that require replacement, state whether you have a policy or practice of replacing poles in a circuit on a periodic basis or as they reach the end of their useful lives and, if so, describe that policy or practice in detail, including how and when (e.g. how far in advance) such replacements are identified or included in your projected capital spending budget.

**RESPONSE:** Meade County does not inspect or replace poles based solely upon age or location. Because the Cooperative inspects its entire system within a two-year period, the determination of the need of pole replacement hinges upon the condition of the pole and whether it reasonably will withstand the expected forces for at least another 2-4 years.

Meade County does not budget pole replacements based upon inspections but on yearly historical numbers. The Cooperative submits 3-year construction work plans to the Commission for review, which helps the Cooperative budget the pole replacements for the next 3 years.

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**REQUEST NO. 4:** Describe in detail the process you use to budget for future capital expenditures, including when you first develop a preliminary capital spending budget for a particular year (e.g. three years in advance, five years in advance, etc.), how you determine the amounts to include in the preliminary capital budget, the level of specificity included in any preliminary budget, and each step that is taken in the process to get from any preliminary budget to a final capital spending budget for a particular year.

**RESPONSE:** Meade County composes a 9-12 year long-range plan based upon historical loading and economic trends and future anticipated projects (public and private). As described in the Response to Request No. 3 above, three-year work plans are devised and used in a more detailed manner. The plan estimates the construction funds needed for each year.

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**REQUEST NO. 5:** Provide any current joint use agreements.

**RESPONSE:** Current joint use agreements are provided herewith in conjunction with a  
request for confidential treatment.

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**REQUEST NO. 6:** For all except EKPC:

- a. Explain each basis for your contention, upon information and belief, that a market exists for the performance bonds required by Article XXI and Appendix D of the proposed tariff.
- b. Explain each basis for your contention that remedy through an insurance claim is not typically feasible if an attacher is no longer a going concern.
- c. Provide the average cost per attachment for the cooperatives' crews to remove stranded attachments left on the cooperatives used to determine the amount of the performance bond, and explain how that average cost per attachment was reached.

**RESPONSE:**

a. Performance bonds are required by many entities in utilities, including the Ky Department of Highways. These bonds are to provide compensation in the event a contractor or operator does not perform an act or fails to perform an act that creates economic loss or loss of time. The market does exist and has benefited Meade County in a prior event when a government contractor, who had contracted Meade County to relocate facilities, abandoned its facilities and filed bankruptcy. It was in fact the government agency that had required the contractor to have a performance bond that Meade County and the agency were able to be compensated for the work performed and keep the project active.

We are seeing more small CATV entities shutting down operations in specified areas and/or selling them to anyone willing to accept the remaining liabilities. Within the last month,

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Meade County has been informed of such a situation. We do not know the purchasing entity's purpose or intentions at this time but existing, needed pole transfers are still present.

b. The intention of the performance bond requirement is chiefly to ensure the Cooperative has recourse in the event an attacher is unwilling or unable to remove its attachments upon discontinuance of business and non-payment of rental fees. In such a case, recovery through insurance is unlikely, both due to the nature of the possible claim and the low probability that the defunct attacher continued to maintain its policy. Performance bonds and insurance are related but distinct risk-mitigation tools often employed together in the context of commercial contracts, and again, have worked alongside each other in Commission-approved pole attachment tariffs for decades. Additionally, too often insurance claims involve litigation, meaning more resources being spent by the Cooperative and burdening the end user, the member.

c. Fortunately, this Cooperative has not needed to implement steps to clear stranded attachments to date. However, the sum of \$25,000 for the first 25,000 attachments and \$1,000 for each 100 thereafter is not unreasonable. A two-man utility crew capable of removing cabling, anchors, guying, and disposing of the material costs the Cooperative approximately \$200/hour. If 1000 poles were involved at 15 minutes/pole, that equates to \$50,000. Most, if not all, of MCRECC's CATV attachers have at least 500 poles which equates to \$25,000.

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**REQUEST NO. 45:** For Meade County RECC only: Refer to Meade County RECC's response to Staff's First Request, Item 11.

- a. Describe in detail how Meade County RECC conducts the pole inspections, including how often the inspector conducts inspections, what it does specifically as part of each such inspection, what the inspector does when they identify a defect with a pole, and each step thereafter.
- b. Describe in detail the findings of an inspection that would result in the pole being replaced.
- c. Provide the typical timeline for replacing a pole when a defect requiring replacement is identified.
- d. Explain whether there is a follow-up process if a defect not requiring replacement is identified.
- e. Explain in detail how you keep track of when poles are inspected and how you track the condition of the pole at the time of inspection.

**RESPONSE:**

a. The entire distribution system is inspected within a two-year period. Once that 2-year period is complete, it begins again. The inspector visits each pole and meter, looking for defects and code violations. The inspector visually scans each facility for cracks, holes, decay, and broken or compromised hardware. The results are then entered into an electronic tablet whose data is uploaded into the Cooperative's database at the office. Each record indicates the status of that pole, showing the items that are acceptable and those that may not be acceptable. If there are

Meade County's Response to PSC No. 45

Witness: David R. Poe

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unacceptable items noted, a service order is formed and forwarded to appropriate department. If the health of a pole or an attachment issue is noted, the service order is forwarded to the staking department for further review.

b. Upon the reception of the forwarded service order, the staking technician will review the request and either confirm or deny the request based upon their knowledge of pole strengths needed for the application. If the pole is deemed deficient or questionable to withstand the forces needed for 2-4 years, then the technician will formulate a work order to have the pole replaced.

c. There are many factors involved in the process of determining the timeline of the pole replacement. The first is when the inspector initially visits the pole, he may determine the need for replacement is immediate. If that occurs, the staking technician will then visit the pole and, upon agreement, formulate the work order to replace the pole and deliver it to the district supervisor for immediate attention and replacement.

Other factors are the use, the location, and criticality of the pole. A mainline, three-phase pole would be more critical than one that simply supports a service wire or a yard light. Weather and soil conditions also determine when and where access to a pole can be available. Cropland must also be factored into the timing of a pole's replacement. Overall, the replacement of a pole not scheduled for immediate replacement could range from 2-8 months.

As of now, the procurement of material is also a major concern. Poles, hardware, insulators, crossarms, transformers, and conductor are all in low supply and have long lead times. Only poles that are critical are being addressed now.

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d. When a deficiency is found not requiring a pole replacement, the service order is forwarded to the district supervisor for either repair or other maintenance.

e. As stated in response to item (a) above, each time an inspector visits a pole, a digital record is created on an electronic tablet which is uploaded at the office. Each record indicates the status of that pole, showing the items that are acceptable and those that may not be acceptable. If there are unacceptable items noted, a service order is formed and forwarded to the appropriate department.

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**REQUEST NO. 46:** For Meade County RECC only: Refer to Meade County RECC's response to Staff's First Request, Item 16, regarding the estimated per pole survey costs.

- a. Provide detailed support for the labor and overhead cost of \$89.60 per hour.
- b. Provide support for the assertion that the surveys take 15 minutes per pole.

**RESPONSE:**

- a. Staking Technician A, labor and overhead cost per hour - \$123.16  
Staking Technician B, labor and overhead cost per hour - \$75.55  
Staking Technician C, labor and overhead cost per hour - \$70.09  
Labor + OH (average of all Staking Technicians) - \$89.60
- b. During a survey, a Staking Technician will inspect the pole, focusing on the integrity of the pole, cross arms, insulators, conductors, guy wires and anchors, and similar infrastructure required to maintain electric reliability and safe system operation. The Staking Technician will then take measurements to determine whether the pole is sufficient in height for the new attachment. Based on this required volume of work and the uncertainty associated with a pole's location (near the road, back in the woods, etc.) and complexity (amount of equipment and existing attachments on the pole), Meade County RECC believes 15 minutes is a reasonable average time to survey a pole.

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