

ELECTRONIC INVESTIGATION OF THE PROPOSED POLE ATTACHMENT TARIFFS OF
RURAL LOCAL EXCHANGE CARRIERS
CASE NO. 2022-00107

RURAL LOCAL EXCHANGES CARRIERS' RESPONSES TO THE COMMISSION
STAFF'S SECOND REQUESTS FOR INFORMATION

REQUEST NO. 1: Describe your recent efforts, if any, to reduce the number of above ground lines, and identify the number of poles that have been eliminated in your system in each of the last ten years because the lines previously attached to those poles were placed underground.

RESPONSE: Due to the hilly and rocky terrain of Foothills' service territory, Foothills has not made any efforts to reduce the number of above ground lines in its service territory as it is typically not economical or feasible to do so. To the extent feasible in new construction, Foothills buries facilities in lieu of deploying poles.

Witness) **Ruth Conley**

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REQUEST NO. 2: Other than identifying specific defective poles through inspections that require replacement, state whether you have a policy or practice of replacing poles 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: Foothills does not have a specific policy that requires replacement of any poles on a periodic basis. Rather, as a matter of responsible spending, Foothills replaces poles when it is determined those poles are no longer safe for use. This determination could result from unexpected damage (such as a car collision) or through periodic inspections of the poles, such as those described in Response to Commission Staff's First Requests for Information No. 11.

Foothills does not specifically budget for periodic replacement of poles, but the annual budget currently includes \$1 million for both pole repair and replacement.

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REQUEST NO. 3: 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: Foothills' capital budget is completed annually, with a five-year projection. A draft budget is completed by the Accounting Manager using historical and projected financial data. Budgeted capital expenditures are based on the projected costs of future projects, as well as potential repairs during the year. Following completion of the draft budget, the Foothills CEO meets with all department managers to discuss upcoming projects and confirm that the budget accurately covers projected expenses. The final draft projected budget is then presented to the Board for discussion and approval. In the rare event actual capital expenditures exceed the budgeted amount for a project, new construction on the project is halted until the budget can be revised and approved by the Board.

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REQUEST NO. 4: Provide any current joint use agreements.

RESPONSE: Please see the **CONFIDENTIAL** agreements provided herewith.

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REQUEST NO. 7: For Foothills Telephone only: Refer to Foothills Telephone's response to Staff's First Request, Item 3(a), regarding the per pole survey fee.

a. Explain the circumstances under which the per pole survey fee estimate of \$119 was negotiated with the Commonwealth of Kentucky.

b. Explain why Foothills Telephone is relying on market survey rates of other entities and not developing an estimate based on its own unique circumstances.

c. Explain whether Foothills Telephone has any other support for the \$119 per pole survey fee estimate other than it was the rate negotiated with the Commonwealth of Kentucky based upon market survey rates of other entities. If so, provide additional support for the \$119. If not, provide the information Foothills Telephone relied upon to arrive at the \$119 amount.

RESPONSE: (a) **The per pole survey fee estimate of \$119 was negotiated with the Commonwealth of Kentucky in conjunction with the construction of the KentuckyWired network. The Commonwealth of Kentucky requested a uniform per pole survey fee across the service territory of all partner companies of East Kentucky Network, and Foothills accommodated that request.**

(b) **Foothills has historically had little to no attachment requests upon which to reasonably form an estimated survey fee. This per pole survey fee estimate has proved workable and manageable since execution of the agreement with the Commonwealth. Taking all factors into account, including that the pre-paid per pole survey fee estimate is subject to a mandatory true-up under 807 KAR 5:015, the \$119 per pole survey fee is a fair and just**

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rate that provides Foothills with reasonable security before proceeding, while protecting both Foothills and an attacher due to the regulation's true-up mechanism.

(c) The rate negotiated with the Commonwealth of Kentucky was based upon a review of various then-current invoices sent to an affiliated entity for survey fees which were calculated on a per pole basis, and used to develop a uniform rate across the East Kentucky Network partner companies' service territory as requested by the Commonwealth of Kentucky (at a rate slightly lower than the average cost represented by the then-current invoices).

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Requests for Information Not Directed to Foothills: Commission Staff's Second

Request for Information Nos. 5, 6, and 8-15 are not directed to Foothills, and no response is required.

