

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

RURAL LOCAL EXCHANGE CARRIERS’ RESPONSES TO THE COMMISSION
STAFF’S SECOND REQUESTS FOR INFORMATION

Mountain Rural Telephone Cooperative Corporation (“Mountain Rural” or the “Company”) by counsel, files its responses to the Commission Staff’s Second Requests for Information, issued in the above-captioned case on May 19, 2022.

FILED: June 2, 2022

ELECTRONIC INVESTIGATION OF THE PROPOSED POLE ATTACHMENT TARIFFS OF
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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 Mountain Rural's service territory, Mountain Rural 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. Some new construction and specific locations where a pole is not practical (such as lack of clearance) may result in facilities being placed underground. As a result, the number of poles eliminated in Mountain Rural's system is nominal.

Witness) Steven Gullett

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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: Mountain Rural does not have a specific policy that requires replacement of any poles on a periodic basis. Rather, as a matter of responsible spending, Mountain Rural 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.

Mountain Rural does not specifically budget for periodic replacement of poles.

Witness) Steven Gullett

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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: Each manager reviews his/her own departmental needs for capital expenditures for the upcoming one-year budget period. When budgeting for capital expenditures, prior average capital expenditures up to a seven-year average are considered, depending upon the category of service. The final capital budget reflects identified changes in costs and any projects or future endeavors that are outside of typical maintenance and would not otherwise be budgeted.

Each preliminary budget prepared by the department manager is reviewed by senior management for prioritization, and projected costs or project scope may be modified depending upon available resources. Once the budget is finalized, it is presented to the Board for final review and approval.

Witness) Steven Gullett

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

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

Witness) **Steven Gullett**

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REQUEST NO. 11: For Mountain Telephone only: Refer to Mountain 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 Mountain Telephone is relying on market survey rates of other entities and not developing an estimate based on its own unique circumstances.

c. Explain whether Mountain 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 Mountain 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 Mountain Rural accommodated that request.**

(b) **Mountain Rural has historically had little to no attachment requests. This per pole survey fee estimate has proved workable and manageable since execution of the agreement with the Commonwealth. Taking into all factors, 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 rate that provides Mountain Rural with reasonable**

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security before proceeding, while protecting both Mountain Rural 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 Eastern 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 invoice).

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Requests for Information Not Directed to Mountain Rural: Commission Staff's

**Second Request for Information Nos. 5-10 and 12-15 are not directed to Mountain Rural,
and no response is required.**

