

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

Duo County Telephone Cooperative Corporation, Inc. (“Duo County” 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: Duo County's engineers engage in ongoing efforts to reduce the number of poles where possible. However, these efforts are limited by the rocky area in southern Kentucky served by Duo County. When Duo County is able to acquire right of way across private and public land to allow for the placement of cable underground, it is typically cost effective to replace all poles on the route, rather than eliminating a single pole at a time.

In the last 10 years, Duo County has removed approximately 400 poles from its system, including pole attachments on a utility pole owned by an electric utility.

Witness) Mark Henry

ELECTRONIC INVESTIGATION OF THE PROPOSED POLE ATTACHMENT TARIFFS OF
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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: Duo County does not have a specific policy that requires replacement of any poles on a periodic basis. Rather, as a matter of responsible spending, Duo County replaces its poles when it is determined those poles are no longer safe for use. This determination could result from damage caused by a storm, damage caused by a car accident, or for any safety issues discovery during inspections, such as those described in Response to the Commission Staff's First Requests for Information No. 11.

Duo County budgets for costs associated with pole replacement by reviewing prior year's actual expenditures on pole replacement, and adjusts those expenditures by anticipated cost changes.

Witness) Mark Henry

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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: Duo County prepares a working capital budget five years in advance, typically relying upon the most recent prior two years' actual expenditures as a guidepost. Pole attachment replacement expenses are located in the Work Order activity category, which includes small scale construction to customer, cable additions, repairs necessitated by storm damage, car accidents, and similar events. The final budgeted amount for a capital spending budget in a particular year is based on the prior year's activity, with adjustments for anticipated cost increases or any known or foreseeable events that may increase or decrease the need for such expenses.

Witness) Mark Henry

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

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

Witness) **Mark Henry**

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REQUEST NO. 6: For Duo County only: Refer to Duo County Telephone's response to Staff's First Request, Item 3(a) regarding the per pole survey fee.

- a. Explain and provide detailed supporting calculations for how the hourly rate of \$64 was derived.
- b. Provide support for the assertion that travel would take three hours per pole.
- c. Explain how the mileage rate of \$0.59 per mile was determined.
- d. Provide support for using 110 miles per pole in the mileage calculation.
- e. Provide support for the 15 percent contingency component of the fee and explain what would be covered by it.

RESPONSE: (a) **The \$64 hourly rate is the same rate charged to Duo County by the third-party contractor Duo County engages to perform similar work.**

(b) **The estimated three hours of time to complete the survey is comprised of the average travel time it takes to reach a utility pole in Duo County's service territory (the average mileage to a pole in Duo County's service territory is 55 miles), approximately one hour to examine and inspect the affected poles, and approximately one hour of travel time to return to Duo County's headquarters.**

(c) **The mileage rate of \$0.59 is the current IRS reimbursement rate (\$0.585)¹ rounded to the nearest whole cent, which is the same rate customarily charged by third-party contractors when performing work for Duo County.**

¹ See <https://www.irs.gov/tax-professionals/standard-mileage-rates>.

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(d) **The average mileage to a utility pole in Duo County's service territory from Duo County's headquarters is 55 miles. Thus, on average, the trip to the pole and the return trip to headquarters totals 110 miles.**

(e) **The contingency allows for any assurances from travel delays caused by road construction, etc., additional work time that may be required when surveying the affected poles, and any time spent coordinating with the requesting attacher. Please also see Duo County's Response to Commission Staff's Request for Information No. 3(b).**

Witness) Mark Henry

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

Request for Information Nos. 5 and 7-15 are not directed to Duo County and no response is required.

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VERIFICATION

I, Mark Henry, verify, state, and affirm that the information request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



Name: Mark Henry

Title: VP Operations

COMMONWEALTH OF KENTUCKY)
) ss:
COUNTY OF RUSSELL)

SUBSCRIBED AND SWORN TO before me by Mark Henry on this the 31 day of May 2022.

My commission expires: 03-02-2023


Notary Public

