

Hinton, Daniel E (PSC)

From: ARELLANO, EDUARDO <ea3126@att.com>
Sent: Thursday, February 23, 2023 4:01 PM
To: Hinton, Daniel E (PSC)
Subject: RE: Status of Tariff Filings
Attachments: 2017-Data-KY.pdf; 2023-Data-KY.pdf; 2023 Pole-Conduit Rates - KY-P.xls; Pole-Conduit Rates - KY - IRD-P.xls

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Report Suspicious

Mr. Daniel E. Hinton,

AT&T has prepared responses to the questions you asked on February 14 as shown directly below. We are also providing copies of AT&T Kentucky's rate development support on a non-confidential basis.

Question 1: Explain whether Bellsouth used the methodology approved in the Commission's September 17, 1982 Order Administrative Case No. 251 when calculating its pole attachment rates. If not, explain why not.

Answer 1: AT&T Kentucky does not strictly follow the Commissions Administrative Case No. 251 Order. However, AT&T Kentucky largely complies with the 1982 order with slight necessary deviations explained further below. AT&T Kentucky's asset records do not track investment in poles by height and do not separately identify appurtenance investments. Therefore, AT&T Kentucky uses a single average net embedded cost of a bare pole, the FCC's conservative interpretation of the annual carrying charges (including an "equitable share of all operating and maintenance expenses, taxes, and depreciation and a cost of money return component")(Case 251 Order, p. 11), and the lowest (i.e., most conservative) usable space factor (0.0759) in the Commission's 1982 order (id., p. 15). AT&T Kentucky deviates from the 1982 order, adjusting the appurtenance factor from 78% to 95%, in recognition of AT&T Kentucky's elimination of separate charges for anchors in 2020 and consistent with long-standing FCC precedent for telecommunications firms (2 FCC Rcd 4387 (1987) Order FCC 87-209, ¶19 establishing a 5% rebuttable appurtenance reduction presumption: "telephone companies today generally attach cable and insulated wire directly to the pole instead of using crossarms, which constitute a significant portion of the appurtenances to be removed from the pole line account, the typical telephone company's investment in crossarms appears to be considerably less than that of the electric utility"). AT&T Kentucky's single average rate for pole attachments is also consistent with recent Commission precedent in the 2016 rate cases for Kentucky Utilities (KU) and Louisville Gas and Electric (LG&E) though we conservatively do not include all categories of cost included by KU and LG&E (e.g., Cash Working Capital and Common Plant and any associated return and tax allowances thereon). AT&T Kentucky's rates also include an adjustment required by the FCC in recognition of AT&T Kentucky's adoption of the use of GAAP accounting. This adjustment is effective for rates in 2020 forward for twelve years.

Question 2: Explain whether Bellsouth used the methodology approved in the Commission May 4, 1987 Order in Administrative Case No. 251 (sic) when calculating its conduit occupancy rates. If not, explain why not.

Answer 2: AT&T Kentucky does not follow the Commissions Administrative Case No. 304 Order. However, AT&T Kentucky is using embedded costs in our rate computations which complies with the intent of May 4 1987 Order as

explained further below. AT&T Kentucky is following the conservative FCC rule for developing conduit occupancy rates based on net investment, consistent with pole rate development. AT&T Kentucky includes annual carrying charges (including an “equitable share of all operating and maintenance expenses, taxes, and depreciation and a cost of money return component”)(Case 251 Order, p. 11). AT&T Kentucky does not include a fill factor which was determined to be inappropriate in Administrative Case 304 but instead utilize an FCC space usage factor assumption that reduces full duct rates by 50%. Further, we develop an inner duct rate reflective of an average placement of three inner ducts in a full duct, producing an even lower rate available to attachers. No cheaper innerduct rate was required by the Administrative Cases 251 or 304. AT&T Kentucky’s conduit occupancy rate development is largely consistent with recent Commission precedent in the 2016 rate cases for Kentucky Utilities (KU) and Louisville Gas and Electric (LG&E) which based their rates on net embedded investment and utilized a 50% space usage factor. As with our pole rate development, AT&T Kentucky conservatively does not include all categories of cost included by KU and LG&E (e.g., Cash Working Capital and Common Plant and any associated return and tax allowances thereon). AT&T Kentucky’s rates also include an adjustment required by the FCC in recognition of our adoption of the use of GAAP accounting. This adjustment is effective for rates in 2020 forward for twelve years.

Question 3: For the pole attachment rates, Bellsouth used 95 percent as the appurtenance factor. The Commission’s September 17, 1982 Order in Administrative Case No. 251 directed telephone utilities to use a bare pole factor of 78 percent to exclude investment attributable to appurtenances. Explain why Bellsouth has used 95 percent as the appurtenance factor instead of 78 percent.

Answer 3: See response to Question 1.

Question 4: Your last email contained information which you indicated was confidential. However, we have a process for how confidential information is to be filed. I’ve included a link below to our rules of procedure. Section 13(3) deals with confidential material filed outside of a formal case. The only change to that procedure is that we do not accept paper filings any more. So, the unredacted version of the confidential information should be emailed to psced@ky.gov

Answer 4: Upon further review AT&T Kentucky withdraws its request for confidential treatment and is providing our data without confidential markings.

Sincerely,

Eduardo Arellano
AT&T
Area Manager – Regulatory Relations
773-230-2786

From: Hinton, Daniel E (PSC) <dehinton@ky.gov>
Sent: Tuesday, February 14, 2023 2:13 PM
To: ARELLANO, EDUARDO <ea3126@att.com>
Cc: TYLER, JOHN T (Legal) <jt9523@att.com>
Subject: RE: Status of Tariff Filings

Mr. Arellano,

In reviewing the documents submitted last week, Staff has a couple of questions.

1. Explain whether Bellsouth used the methodology approved in the Commission’s September 17, 1982 Order Administrative Case No. 251 (see link below) when calculating its pole attachment rates. If not, explain why not.
2. Explain whether Bellsouth used the methodology approved in the Commission May 4, 1987 Order in Administrative Case No. 251 (see link below) when calculating its conduit occupancy rates. If not, explain why not.

3. For the pole attachment rates, Bellsouth used 95 percent as the appurtenance factor. The Commission's September 17, 1982 Order in Administrative Case No. 251 (see link below) directed telephone utilities to use a bare pole factor of 78 percent to exclude investment attributable to appurtenances. Explain why Bellsouth has used 95 percent as the appurtenance factor instead of 78 percent.
4. Your last email contained information which you indicated was confidential. However, we have a process for how confidential information is to be filed. I've included a link below to our rules of procedure. Section 13(3) deals with confidential material filed outside of a formal case. The only change to that procedure is that we do not accept paper filings any more. So, the unredacted version of the confidential information should be emailed to psced@ky.gov.

Responses to the above requests can be emailed to me at this address.

If you have any questions, please let me know.

Thanks.

Daniel

[19000251_09171982_1.pdf \(ky.gov\)](#)

[19000304_05041987.pdf \(ky.gov\)](#)

From: ARELLANO, EDUARDO <ea3126@att.com>

Sent: Thursday, February 9, 2023 3:16 PM

To: Hinton, Daniel E (PSC) <dehinton@ky.gov>; Rogness, Benjamin (PSC) <benjamin.rogness@ky.gov>

Subject: RE: Status of Tariff Filings

****CAUTION** PDF attachments may contain links to malicious sites. Please contact the COT Service Desk ServiceCorrespondence@ky.gov for any assistance.**

Mr. Daniel E. Hinton,

Please see the attached cover letter from AT&T Kentucky counsel along with the supporting documentation you requested regarding customer notification and the calculation used to arrive at new rates. As AT&T Kentucky counsel states in his cover letter, some of the information provided is confidential/proprietary and should not be made publicly available: please handle it accordingly.

Thanks for your time and attention.

Eduardo Arellano
AT&T

From: Hinton, Daniel E (PSC) <dehinton@ky.gov>

Sent: Wednesday, February 8, 2023 1:12 PM

To: ARELLANO, EDUARDO <ea3126@att.com>; Rogness, Benjamin (PSC) <benjamin.rogness@ky.gov>

Cc: FLEWALLEN, MICHAELA <mb8665@att.com>

Subject: RE: Status of Tariff Filings

Can you send us the notice that was provided in October and the calculation used to arrive at the new rates?

I've set the filing to amendment expected so you should be able to file directly into the filing you made earlier today (TFS2023-00091). If it does not give you that option, you can also email the information to us.

If you have any questions, please let us know.

Thanks.

Daniel

From: ARELLANO, EDUARDO <ea3126@att.com>
Sent: Tuesday, February 7, 2023 2:28 PM
To: Hinton, Daniel E (PSC) <dehinton@ky.gov>; Rogness, Benjamin (PSC) <benjamin.rogness@ky.gov>
Cc: FLEWALLEN, MICHAELA <mb8665@att.com>
Subject: RE: Status of Tariff Filings

Okay, Thanks Daniel.

From: Hinton, Daniel E (PSC) <dehinton@ky.gov>
Sent: Tuesday, February 7, 2023 1:26 PM
To: ARELLANO, EDUARDO <ea3126@att.com>; Rogness, Benjamin (PSC) <benjamin.rogness@ky.gov>
Cc: FLEWALLEN, MICHAELA <mb8665@att.com>
Subject: RE: Status of Tariff Filings

It would probably be best as a complete new filing.

From: ARELLANO, EDUARDO <ea3126@att.com>
Sent: Tuesday, February 7, 2023 2:24 PM
To: Hinton, Daniel E (PSC) <dehinton@ky.gov>; Rogness, Benjamin (PSC) <benjamin.rogness@ky.gov>
Cc: FLEWALLEN, MICHAELA <mb8665@att.com>
Subject: RE: Status of Tariff Filings

Mr. Daniel Hinton,

For TFS2023-00036, do I have to make a complete new filing, or can I revise the existing filing?

Ed

From: Hinton, Daniel E (PSC) <dehinton@ky.gov>
Sent: Tuesday, February 7, 2023 12:28 PM
To: ARELLANO, EDUARDO <ea3126@att.com>; Rogness, Benjamin (PSC) <benjamin.rogness@ky.gov>
Cc: FLEWALLEN, MICHAELA <mb8665@att.com>
Subject: RE: Status of Tariff Filings

Mr. Arellano,

I spoke with our Legal Staff about TFS2023-00036 and they indicated that we would not be able to stamp that one effective January 1 as the tariff was filed on January 24, well after the effective date. They suggested that Bellsouth refile the tariff and request for the reduced notice pursuant to KRS 278.180(2) and that Bellsouth make the effective date 1 day after making the revised filing. So, if it was filed tomorrow, the effective date could be February 9.

The other filing (TFS2023-00033) is still under review. If Staff does not note any issues with the filing, it will be stamped effective December 28, 2022 pursuant to the Order in Case No. 2022-00108.

If you have any questions, please let me know.

Thanks.

Daniel

From: ARELLANO, EDUARDO <ea3126@att.com>

Sent: Wednesday, February 1, 2023 4:48 PM

To: Hinton, Daniel E (PSC) <dehinton@ky.gov>; Rogness, Benjamin (PSC) <benjamin.rogness@ky.gov>

Cc: FLEWALLEN, MICHAELA <mb8665@att.com>

Subject: RE: Status of Tariff Filings

Mr. Daniel Hinton,

I just want to confirm that the following tariff filings have become effective:

- TFS2023-00033
- TFS2023-00036

Thank you,

Eduardo Arellano

From: ARELLANO, EDUARDO

Sent: Thursday, January 26, 2023 3:47 PM

To: Hinton, Daniel E (PSC) <dehinton@ky.gov>; Rogness, Benjamin (PSC) <benjamin.rogness@ky.gov>

Cc: FLEWALLEN, MICHAELA <mb8665@att.com>

Subject: Status of Tariff Filings

Mr. Daniel Hinton,

I just want to confirm that the following tariff filings have become effective:

- TFS2023-00033
- TFS2023-00036

Thank you,

Eduardo Arellano

AT&T

ea3126@att.com