

Special Meeting Agenda
PUD Board of Commissioners
Tues, Oct 27, 2020 10:00 AM
Online Via Webex
Port Townsend, WA 98368



To join online go to: <https://jeffpud.my.webex.com/meet/JPUD>. Follow the instructions to login. Meetings will open 5 minutes before they begin. CALL IN #: Dial 360-379-5833. No additional log-ins needed.

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1. Call to Order

Per the Governor's Extended Proclamation 20-28 and in response to the COVID-19 Pandemic, Jefferson County PUD is no longer providing an in-person room for meetings of the BOC. All meetings will be held remotely via Webex until otherwise informed by the Governor. Participant audio will be muted upon entry. Please unmute at the appropriate time to speak. If you are calling in, use *6 to mute and unmute.

2. Agenda Review

3. Presentation

3.1. Pole Attachment Fee Presentation by FCS Group

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[JPUD Board Meeting Pole Attachments FINAL.pdf](#) 

3.2. Broadband Business Planning Proposal from CCG Consulting

4. Discussion

5. Adjourn

Board of Commissioners Meeting



Pole Attachment Fee Update

Presented by:
Matt Hobson
Sergey Tarasov

October 27, 2020



Presentation Overview

- **Pole Attachment Fees: What Are They?**
- **Assumptions and Methodology**
- **Results and Impacts**
- **Next Steps**
- **Questions / Discussion**

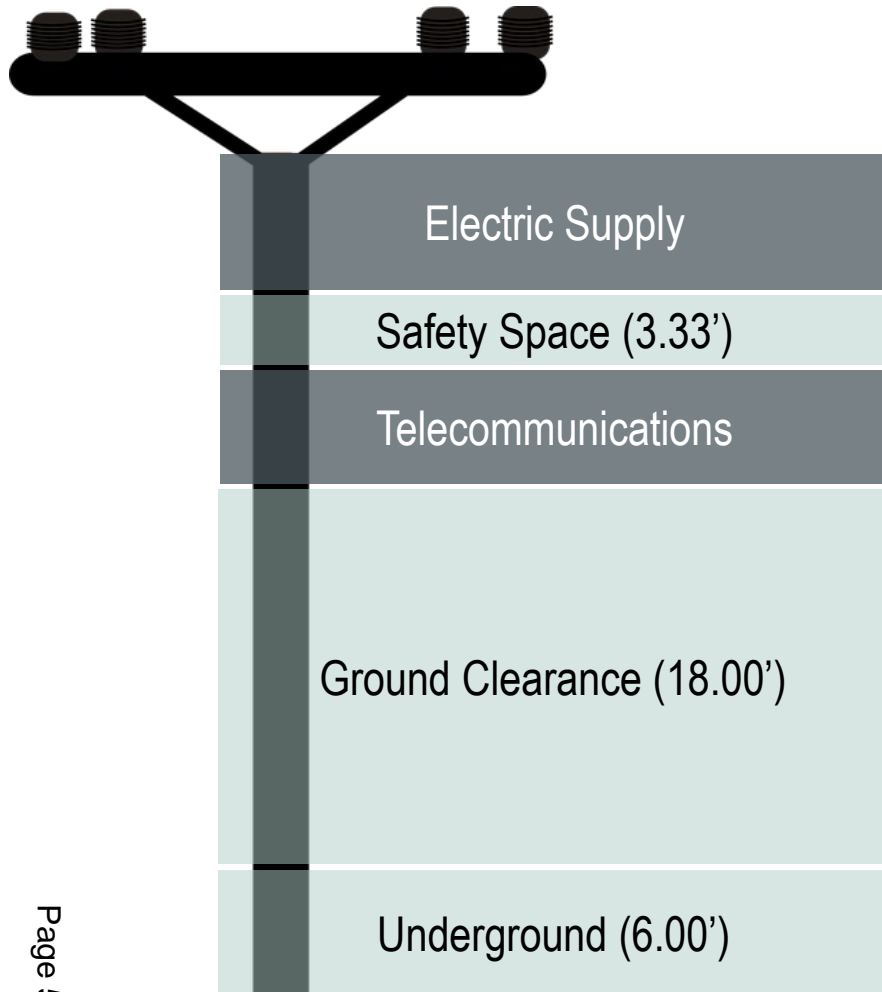


Pole Attachment Fees: What Are They?

- **The PUD rents space on its utility poles to telecommunication providers**
 - » Approximately 11,700 private attachments
 - » PUD also maintains 920 fiber attachments
 - » Pole attachment rental revenue totaled \$150,000 in 2019
- **Washington State regulates pole attachment fees for local utilities (RCW 54.04.045).**
 - » Establishes cost basis for “just and reasonable” rate
 - » Provides guidance on calculation
- **Fees should be reviewed periodically to ensure that they do not exceed the PUD’s actual capital and operating expenses related to pole attachments.**



Fundamentals of Pole Attachment Fees



Usable Space:
Rentable space (in feet) for telecommunications or space used by the utility for electric supply. Each pole attachment is allocated its usable space (presumed at 1 foot)

Support and Clearance Space:
Common space (in feet) that is allocated to all attachments. The amount of this space that is allocated to a pole attachment is calculated based on several methods.



Pole Attachment Fees: Current Issues

- Pole attachment fees are based on two calculations. The result of each calculation is assigned a 50 percent weight to determine a fair and reasonable rate.

	Pre-2019	Post-2019
Calculation #1	FCC Telecom Method	Method outlined in April 2019 WA State Court of Appeals ruling
Calculation #2	APPA Method	Method outlined in April 2019 WA State Court of Appeals ruling

Notes:

March 16, 2011 Superior Court ruling (07-2-00484-1) identified the FCC Telecom method and the APPA method as the sources for the two calculations; FCC method was later revised in 2015

April 2019 interpretation based on Washington State Court of Appeals ruling No. 77310-1-I, pg 35 PUD No. 2 v. Comcast.



Pole Space Allocation

- **The amount of pole space allocated to each attachment varies based on the methodology.**
 - » All methods assign 1 foot of usable space to each attachment
 - » The support and clearance space allocated to each attachment varies based on the method

**Pole Space Allocated to Each Attachment
(as a percent of total pole space)**

	Pre-2019	Post-2019
Calculation #1	6.07%* (FCC Telecom Method)	7.09%
Calculation #2	35.39% (APPA Method)	35.39%

Notes:

FCC Telecom method includes 0.31 cost adjustment factor for utility with 2 attachments per pole



Key Assumptions and Factors

Assumption/Factor	FCC Telecom Method	APPA Method	2019 Court of Appeals Method
Average Pole Height (in feet)	41.44	41.44	41.44
Space Occupied per Attachment (in feet)	1.00	1.00	1.00
Gross Investment per Pole	N/A	\$856.28	\$856.28
Net Investment per Pole	\$436.74	N/A	N/A
Carrying Charge	27.39%	15.65%	15.65%
Attachments per Pole	2.00	2.00	2.00
Space Factor Adjustment	0.31	N/A	N/A



Results: FCC Telecom/APPA Method

	Allocated Space (A)	Average Investment Cost per Pole (B)	Carrying Charge (C)	Multiply by 50 Percent (D)	Result A x B x C x D
Calculation #1	6.07%	\$436.74 (net investment)	27.39%	50.00%	\$4.03
Calculation #2	35.39%	\$856.28 (gross investment)	15.65%	50.00%	\$23.71
Attachment Fee					\$27.74

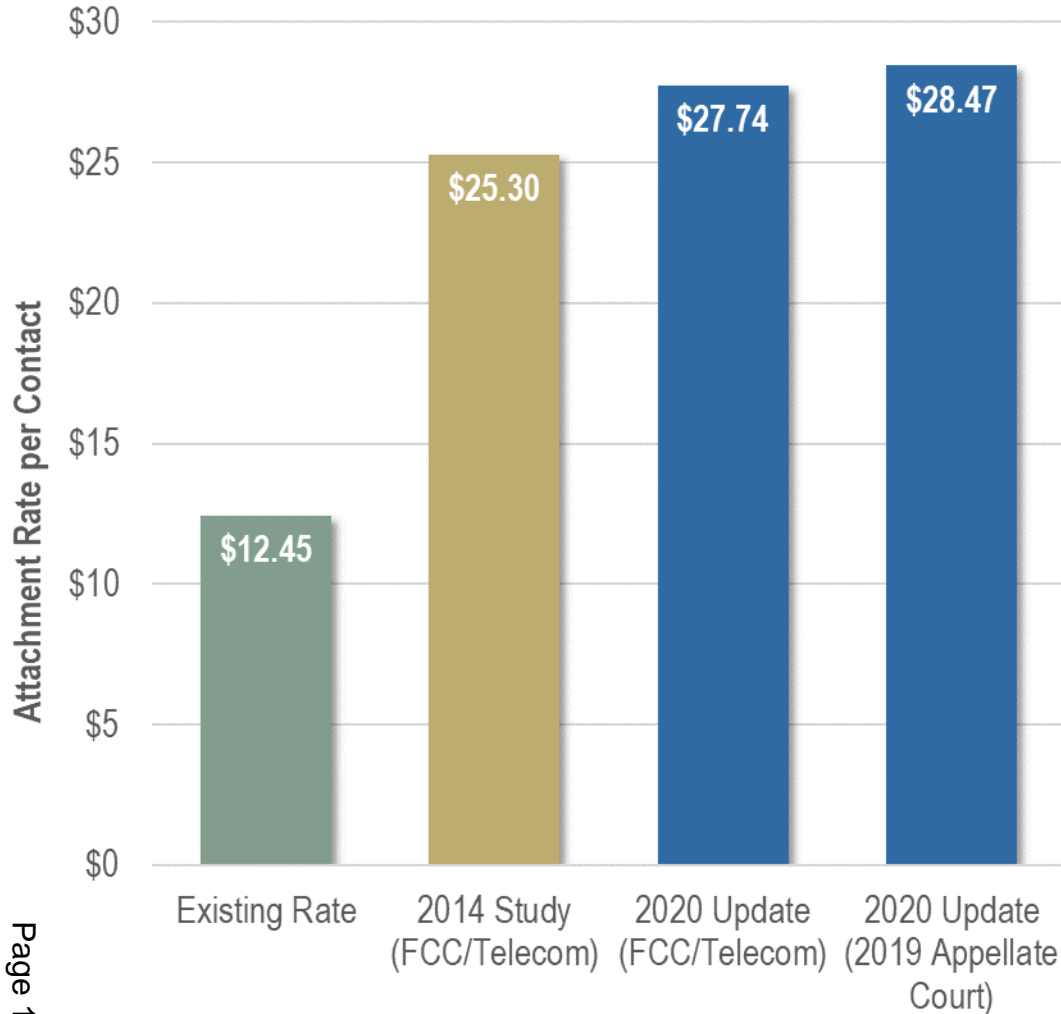


Results: 2019 Appellate Court Ruling

	Allocated Space (A)	Average Investment Cost per Pole (B)	Carrying Charge (C)	Multiply by 50 Percent (D)	Result A x B x C x D
Calculation #1	7.09%	\$856.28 (gross investment)	15.65%	50.00%	\$4.75
Calculation #2	35.39%	\$856.28 (gross investment)	15.65%	50.00%	\$23.72
Attachment Fee					\$28.47



Attachment Rate Results and Impacts



- 2014 and 2020 study results for pole attachment rates are higher than existing rate of \$12.45 per attachment
- 2020 updated rate (\$28.47) would generate an additional \$187,000 in electric utility revenue compared to existing rate (\$12.45)



Next Steps

- **Based on the study results, the PUD is under-recovering pole rental revenue from private attachments.**
 - » Lower pole attachment fees translate to higher electric rate revenue needs
- **Should the PUD adjust its pole attachment fee to \$28.47?**
 - » If not, should it consider gradually phasing the existing fee towards the calculated rate?
- **Due to recent legal action of pole attachment rates in Washington, we recommend that any change to the existing rate be reviewed by the PUD's legal counsel prior to implementation**

Thank you!
Questions?

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