Appendix E-2
Section 224(e) *Telecom Formula* for Determining Maximum Rate For Use of Electric Utility Poles
Using FERC Form 1 Accounts

$$\text{Maximum Rate} = \left[\frac{\left(\text{Space Occupied}\right) + \left(\frac{2}{3} \times \frac{\text{Unusable Space}}{\text{No. of Attaching Entities}}\right)}{\text{Pole Height}}\right] \times \frac{\text{Net Pole Investment}}{\text{Number of Poles}} \times \left[\begin{matrix}\text{Carrying}\\ \text{Charge}\\ \text{Rate}\end{matrix}\right]$$

Where:

Space Occupied = 1 foot (presumed, but rebuttable)

Unusable Space = 24 feet (presumed, but rebuttable)

Number of Attaching Entities = 3 (non-urbanized) and 5 (urbanized) (presumed, but rebuttable)

Pole Height = 37.5 feet (average, presumed, but rebuttable)

$$\begin{matrix}\textit{Net Pole}\\ \textit{Investment}\end{matrix} = \textit{Gross Pole Investment (Account 364)} - \textit{Accumulated Depreciation (Account 108)(Poles)} - \textit{Accumulated Deferred Income Taxes (Account 190, 281-283)(Poles)}$$

Carrying Charge Rate = Administrative + Maintenance + Depreciation + Taxes + Return

$$\begin{matrix}\text{Administrative}\\ \text{Element}\end{matrix} = \frac{\text{Total General and Administrative}}{\text{Gross Plant Investment (Electric)} - \text{Accumulated Depreciation (Account 108)} - \text{Accumulated Deferred Taxes (Plant)(Accounts 190, 281 – 283)}}$$

$$\begin{matrix}\text{Maintenance}\\ \text{Element}\end{matrix} = \frac{\text{Account 593}}{\text{Pole Investment in Accounts 364, 365, \& 369} - \text{Depreciation (Poles) Related to Accounts 364, 365, \& 369} - \text{Accumulated Deferred Income Taxes related to Accounts 364, 365, \& 369}}$$

$$\begin{matrix}\text{Depreciation}\\ \text{Element}\end{matrix} = \frac{\text{Gross Pole Investment (Account 364)}}{\text{Net Pole Investment}} \text{ x } \text{Depreciation Rate for Gross Pole Investment}$$

$$\begin{matrix}\text{Taxes}\\ \text{Element}\end{matrix} = \frac{\text{Accounts 408.1 + 409.1 + 410.1 + 411.4 – 411.1}}{\text{Gross Plant Investment (Total Plant)} - \text{Accumulated Depreciation (Account 108)} - \text{Accumulated Deferred Taxes (Plant) (Account 190,281 – 283)}}$$

$$\begin{matrix}\text{Return}\\ \text{Element}\end{matrix} = \text{Applicable Rate of Return (default} \equiv 11.25\%)$$