

Joint Use Pole Attachment Program

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TACOMA  POWER
TACOMA PUBLIC UTILITIES

Presentation Objectives

- **What is Joint Use?**
- **Background**
 - **Types of Pole Attachments**
 - **Pole Attachment locations**
 - **Regulations**
 - **Fee methodologies**
- **Why are we making changes to our Joint Use Pole Attachment program?**
- **Consultant recommendations**
- **Staff recommendations**
- **Financial Impacts**

What is Joint Use?

- **Joint Use is the sharing of space on a single set of poles with communication utilities.**
- **Attaching entities pay the pole owner a yearly fee to use the allocated pole space.**

Types of Pole Attachments

Wireline

- Regulated by FCC & WA State
 - FCC-15-151
 - RCW 54.04.045
- Tacoma's "General" fee = \$17.29/Yr.
 - FCC Telecom formula
- Tacoma's "Governmental" fee = \$7.09/Yr.
 - FCC Cable formula



Types of Pole Attachments

Wireless (Antennas)

- Attachment fees are currently “market based” and are typically dependent upon:
 - Antenna & equipment size
 - Asset type e.g. Distribution or Transmission pole
 - Antenna mounting location on asset i.e. Supply Space or Pole Top

Panel antenna

Auxiliary
Enclosure



Types of Pole Attachments

Auxiliary Enclosures

- Tacoma's current fee = \$14.42/Yr.



CATV Power
Supply

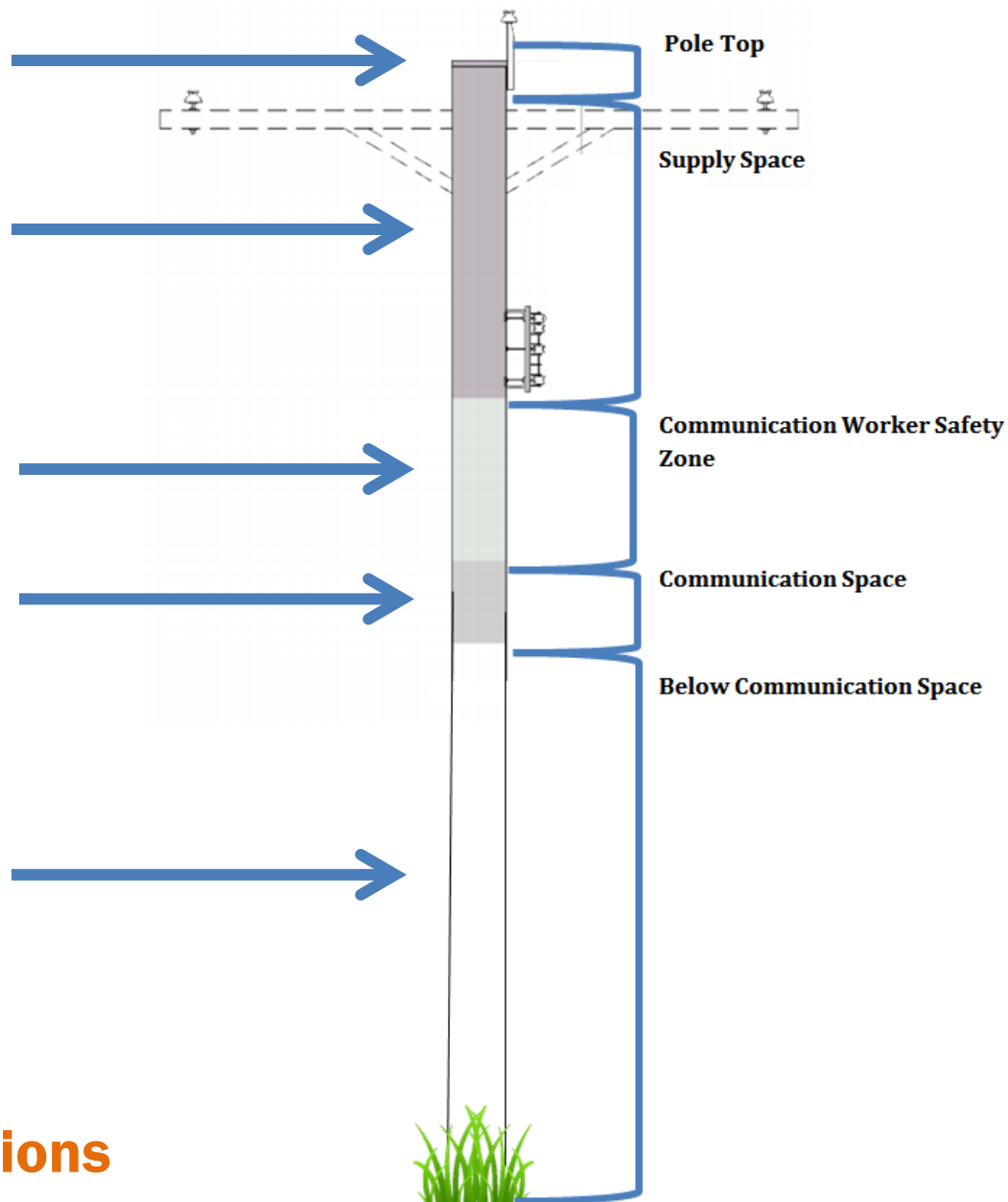
Wireless Attachments
RF emitting Antennas

Wireless Attachments
RF emitting Antennas

No Attachments Allowed

Wireline Attachments
Messenger, Fiber, Coax

Auxiliary Equipment Attachments
Power Supply, Relays, etc.



Pole Attachment Locations

Why are we making changes to our Pole Attachment program?

- **Telecommunications deployment of new **Wireless** technology & requests to attach to our poles**
 - We do not have established fees for Wireless attachments
 - Recently developed a Wireless Construction Standard and Contract Template
- **Tacoma Power has not updated its **Wireline** pole attachment fees since 2011**
- **Telecommunication industry sponsored Small Cell Legislation during the 2017 Legislative Session**
- **Recent growth in number of received Wireline applications**

Regulatory Authority

- **Federal Communications Commission (FCC)**
 - **Municipal Exemption**
 - **Tacoma Power is currently exempt from FCC requirements under Title 47 United States Code Section 224**
- **State of Washington**
 - **One of 20 States certified with the FCC to self-regulate Pole Attachments**
 - **RCW 35.21.455**

State Policy Activity on Pole Attachments

- **During the 2017 Legislative Session, SB 5711 was introduced with strong support of a coalition of telecommunication companies**
- **SB 5711:**
 - **Took away local control and preempted cities on zoning, design standards, and public process**
 - **Jeopardized the ability of public utilities in WA State to set pole attachment rates that fully recover costs**
- **Cities, municipal utilities and public utility districts worked together to raise strong concerns and defeat SB 5711**

State Policy Activity on Pole Attachments

- We anticipate legislation similar to SB 5711 and others will be reintroduced during the 2018 Legislative Session
- TPU continues to partner with the General Government, and other public stakeholders to develop a strategy that:
 - Prepares cities and provides protection for ratepayers as 5G technology and small cells are deployed.
 - Maintains the ability of local governments to regulate rights of way for citizens as they see fit.
 - Maintains current legal standard that allows municipal utilities to charge a, *'fair, reasonable, just and sufficient rate'* that allows for full cost recovery of services.
- Similar legislation has been introduced in many states.

Federal Policy Activity on Pole Attachments

- **Federal law exempts municipal utilities from Federal Communications Commission (FCC) pole attachment regulation.**
- **Federal law allows the FCC to preempt state laws that create, “barriers to entry” for telecommunications companies.**
- **In April 2017, the FCC began rulemaking processes on both wireline and wireless infrastructure, proposing lower pole attachment rates, pole attachment regulations (such as application reviews), amongst other issues. FCC Chairman Ajit Pai and others have testified seeking more FCC oversight.**
- **In the wireline rulemaking, the FCC seeks comment on using its existing authority to preempt state and local pole attachment laws, including those used by municipal utilities.**
- **TPU and our trade associations are engaged in the rulemaking processes and working with our congressional delegation to maintain local control of pole attachment rate setting, consistent with current federal law.**

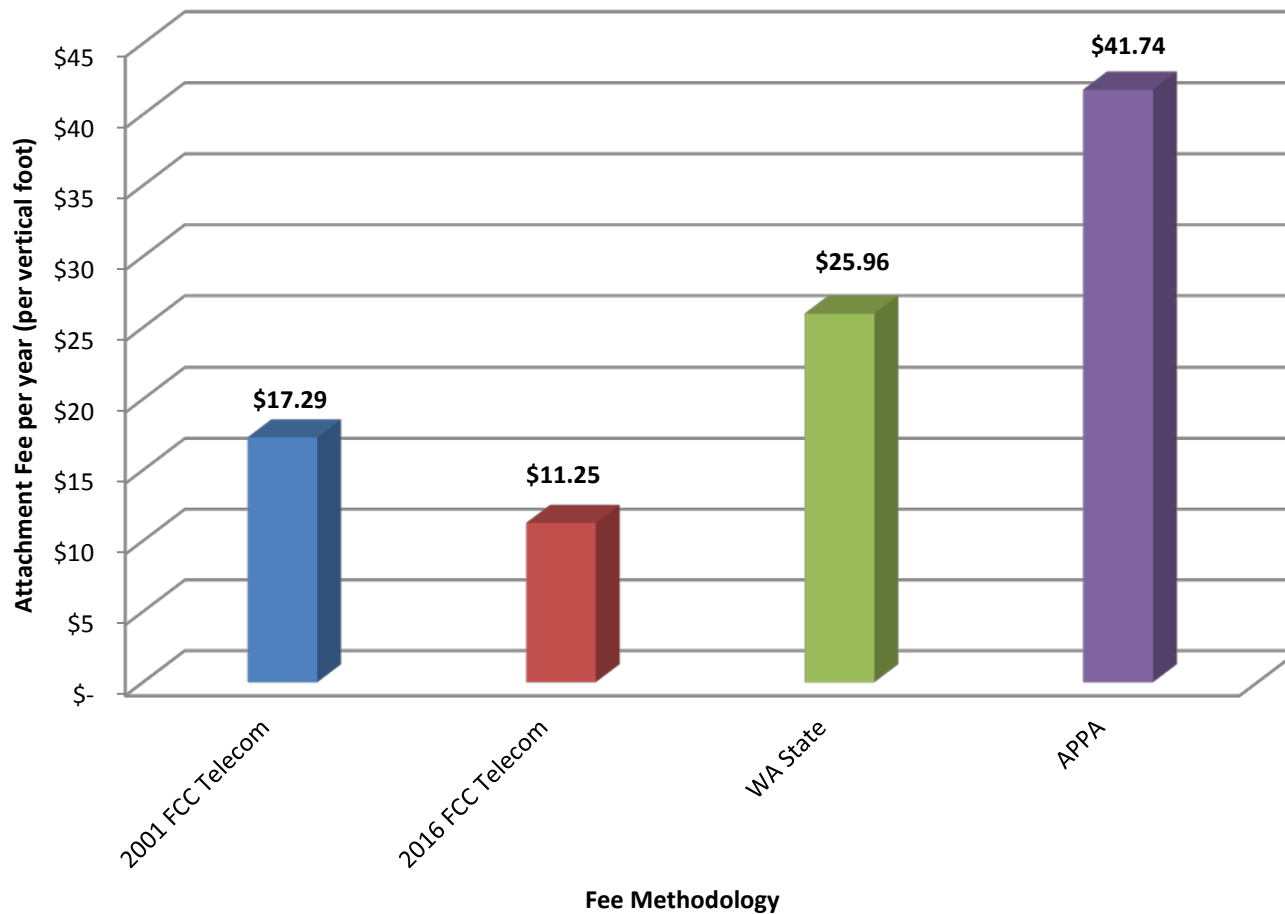
Fee Methodologies for Wireline Attachments

- **FCC Cable Method**
 - 1978 original formula
- **FCC Telecom Method**
 - 2001 original formula
 - 2016 formula (effectively lowered fee \approx cable fee)
- **American Public Power Association (APPA) Method**
 - Sharing of Safety Space costs
 - No limit to recovery of Common Space costs (vs. 2/3)
 - All pole costs taken into account (vs. 66% urban or 44% rural)
- **Washington State Method RCW 54.04.045** (effectively averages the APPA & FCC Telecom fees)

General Attributes of Wireline Fee Methodologies

- **“Cost-based”**
 - **Formula components**
 - **Net Cost of a Bare Pole**
 - **Carrying Charge Rate**
 - **Depreciation**
 - **Administrative expense**
 - **O&M expense**
 - **Taxes**
 - **Space Occupied**
- **FCC methodologies contain inherent subsidies**
 - **Only allow the utility to charge a percentage of fully-allocated costs**

Wireline Attachment Fee by Methodology



Fee Methodologies for Wireless Attachments

- **There aren't any!**
- **Currently “market based” or “value based”**
 - **Avoided cost to the renter i.e. cost of permitting, installing, and maintaining their own pole.**

Consultant Recommendations - Wireline

- **Adopt the Washington State methodology RCW 54.04.045 for calculating the wireline Pole Attachment fee. Why?**
 - **More fairly and equitably recovers costs from third party attachments to the City's poles**
 - **Has been upheld by Washington courts as “just and reasonable”**
- **Increase the base application fee from \$100 to \$175 to better recover administrative costs**

Consultant Recommendations - Wireline

Location: Communication Space

Puget Sound Energy - \$11.96 (2017)

Avista - \$12.27 (2017)

Lewis County PUD - \$15.42 (2017)

SnoPud - \$16.88 (2017)

Grant County PUD - \$17.55 (2017)

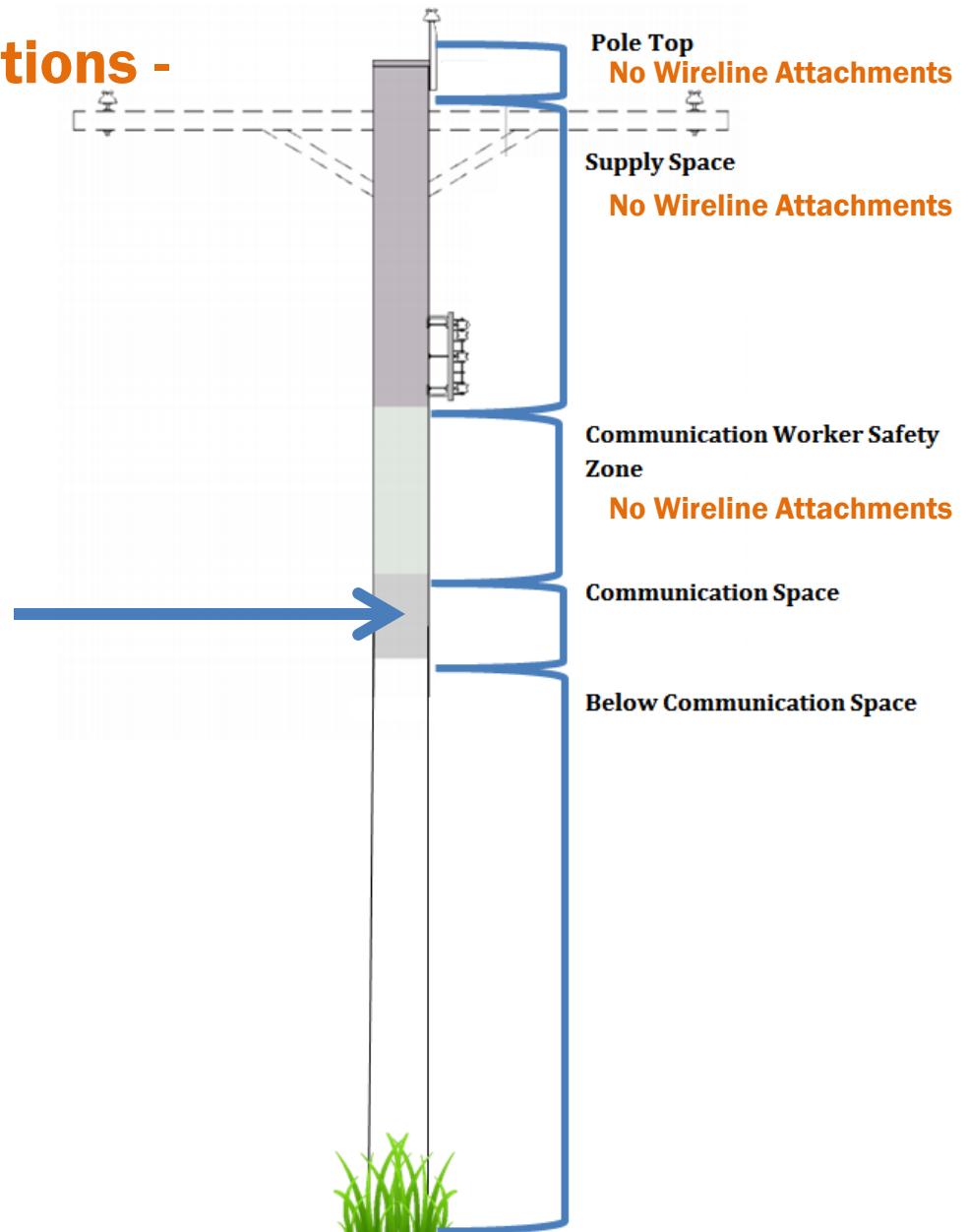
Clark County - \$19.61 (2017)

Cowlitz PUD - \$19.70 (2010)

Seattle City Light - \$31.45 (2018)

Current TPU Fee - \$17.29

TPU – Recommendation : \$25.96



Consultant Recommendations - Wireless

Location: Pole Top

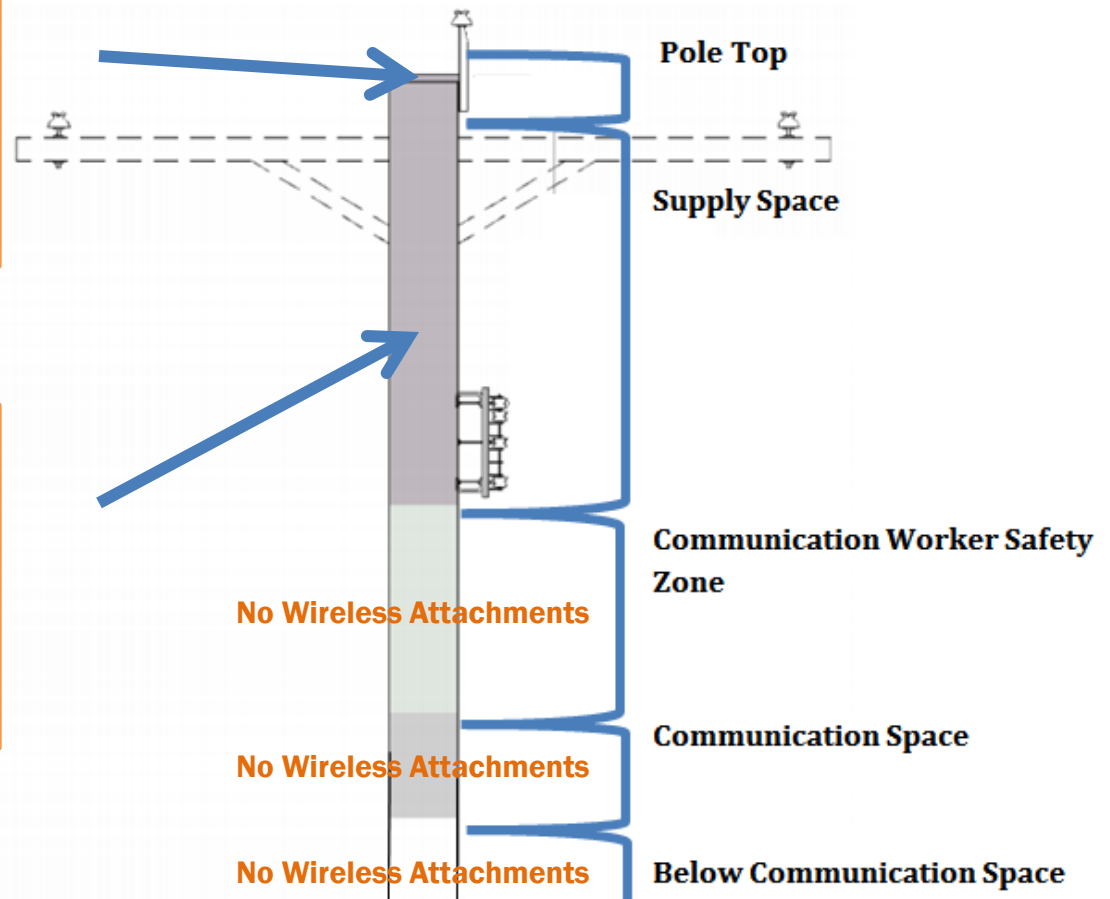
SnoPud - \$8000 (2017)
Puget Sound Energy - \$6220 (2017)
Seattle City Light - \$7203 (2018)

Recommendation - \$TBD

Location: Supply Space

SnoPud - \$???? (2018)
Puget Sound Energy - \$600 (2017)
Seattle City Light - \$1800 (2018)

Recommendation - \$TBD



Staff Recommendations

Wireline

- **Support consultants recommendation to adopt the Washington State methodology to calculate the attachment fee**
- **Eliminate the “Governmental Fee” in favor of one fee independent of organization or service type**

Auxiliary Wireline Enclosures

- **Calculate fee based upon the Wireline fee times the vertical pole space occupied e.g. $\$25.96 \times 2' = \51.92**

Wireless

- **More information needed before we can make a recommendation**

Financial Impact by Customer

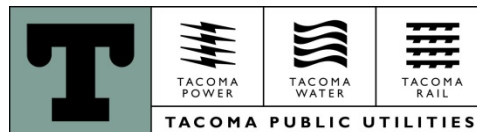
Customer	2017 Total	Proposed Total	Difference	% Change
Comcast (Wireline)	\$610,441	\$916,544	\$306,103.02	50%
Astound/Wave Broadband	\$45,819	\$68,794	\$ 22,975.50	50%
Comcast [Power Supplies]	\$5,869	\$21,131	\$ 15,262.50	260%
Rainier Connect/Mashell	\$25,987	\$39,018	\$ 13,031.01	50%
City of University Place	\$3,779	\$13,837	\$ 10,057.71	266%
Integra Holdings	\$18,673	\$28,037	\$ 9,363.60	50%
MCImetro (Verizon fiber)	\$16,719	\$25,103	\$ 8,383.89	50%
City of Fircrest	\$3,070	\$11,241	\$ 8,170.71	266%
ZAYO Group	\$16,183	\$24,299	\$ 8,115.12	50%
FatBeam	\$10,218	\$15,342	\$ 5,123.97	50%
Clover Park School Dist.	\$1,411	\$5,166	\$ 3,755.13	266%
PSE (AMR)	\$1,798	\$5,200	\$ 3,401.84	189%
Lakeview Light & Power		\$2,440	\$ 2,440.24	
Elmhurst Power & Light		\$1,661	\$ 1,661.44	
Pierce County	\$430	\$1,895	\$ 1,465.08	341%
Unite Private Networks	\$2,887	\$4,335	\$ 1,447.89	50%
UP School District	\$350	\$1,661	\$ 1,311.44	375%
AT&T	\$2,542	\$3,816	\$ 1,274.49	50%
Port of Tacoma	\$1,936	\$2,908	\$ 971.04	50%
PSE (Wireline)	\$1,511	\$2,310	\$ 799.22	53%
City of Lakewood	\$284	\$1,038	\$ 754.80	266%
Rainier Connect [Power Supplies]	\$173	\$623	\$ 450.00	260%
Sprint	\$640	\$961	\$ 320.79	50%
OHOP Mutual Light		\$234	\$ 233.64	
University of Washington	\$350	\$493	\$ 143.24	41%
Parkland Light		\$78	\$ 77.88	
Zayo (Co-lashed onto City of Lakewood)	\$900	\$0	\$ (900.00)	-100%
Rainier Connect [Oversized Equipment]	\$5,740	\$4,309	\$ (1,430.92)	-25%
	\$777,711	\$1,202,475	\$424,764	

Next Step

- **Request for Board Resolution Approving**
 - **Wireline Master Pole Attachment Agreement (MPAA) contract template**
 - **Wireless MPAA contract template**
 - **Pole Attachment Fee Schedule**

FLEET PURCHASING UPDATE

Don Ashmore, Fleet Manager
September 13, 2017



FLEET PURCHASE CHANGES

A change in practice to better align with policy.



Current State

Purchase requests are created by **workgroup**. A fleet order is created and the vehicle is purchased. This process does not account for other similar type vehicles purchased from the same vendor in other workgroups.



Going Forward

Contracts for all similar vehicle purchases will be consolidated **by vendor** and brought to the Public Utility Board for approval if over \$200,000. Divisions will evaluate and approve vehicle purchases as vehicles are identified for replacement.

FLEET CONTRACTS

Three approvals requested, additional details necessary

D-1
(6)

Fine Family LLC dba Trailer Boss

Various trailers
planned for
replacement

2017-2021

\$682,614.50

WA State Trailer Contract

D-1
(4)

72 Hour LLC dba National Auto Fleet Group

Various vehicles
planned for
replacement

2017-2018

\$1,720,000

NJPA Vehicle Contract

D-1
(3)

Columbia Ford Lincoln

\$1,730,000

Northsound Auto Group LLC

\$960,000

New Vehicle Purchases
2017-2018

WA State Vehicle Contract

Tacoma Power

Proposed Budget and Rate Process and Timeline

Bill Berry

Rates, Planning, and Analysis Manager

Presentation to Public Utility Board

September 13, 2017



Overview

Objectives

- Present ideas on how to best meet policy-maker requests for the 2019/2020 budget and rate process
- Solicit feedback from the Board
- Organize our work to meet expectations



Long-Range Financial Plan



Rate Policy Workshops



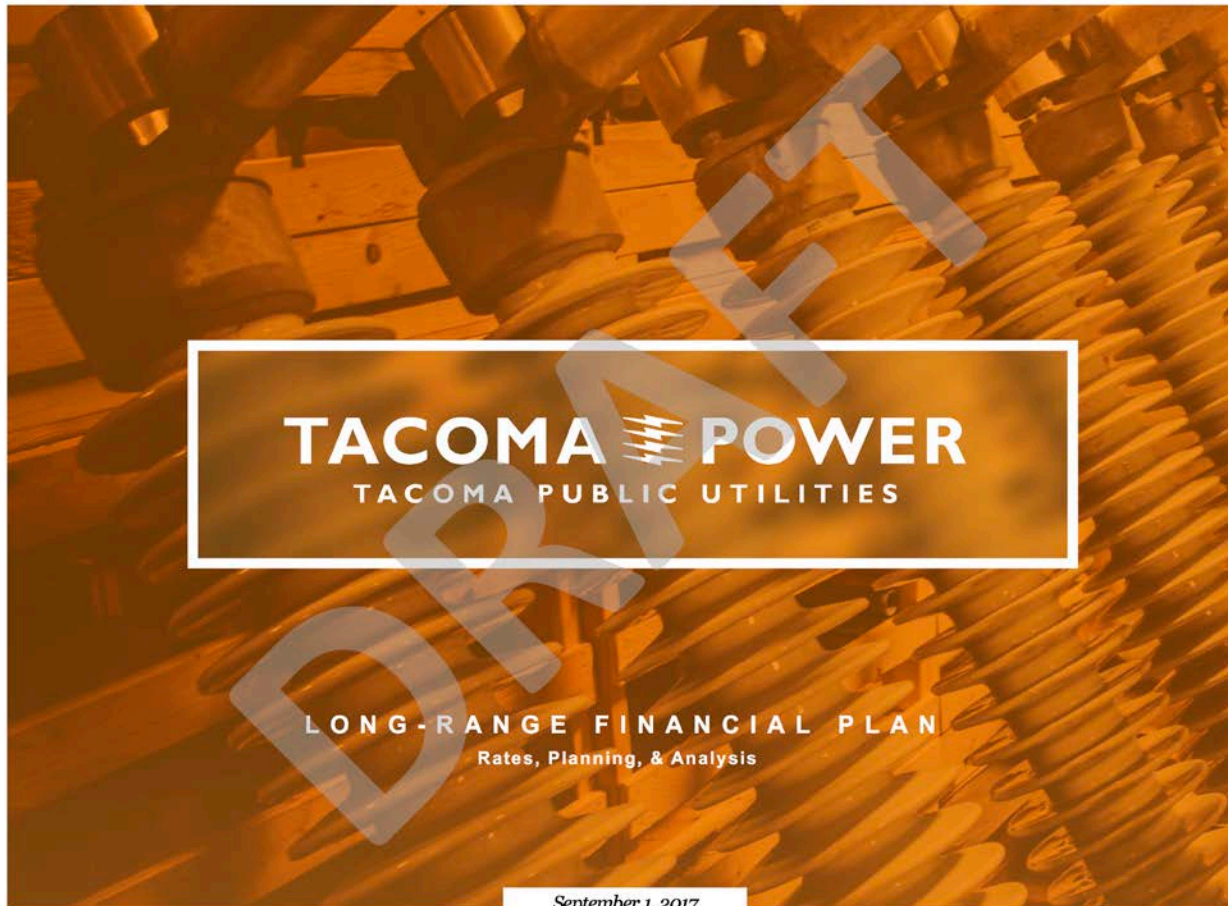
Budget & Rate Timeline

Long-Range Financial Plan



Long-Range Financial Plan

What is the Long-Range Financial Plan?



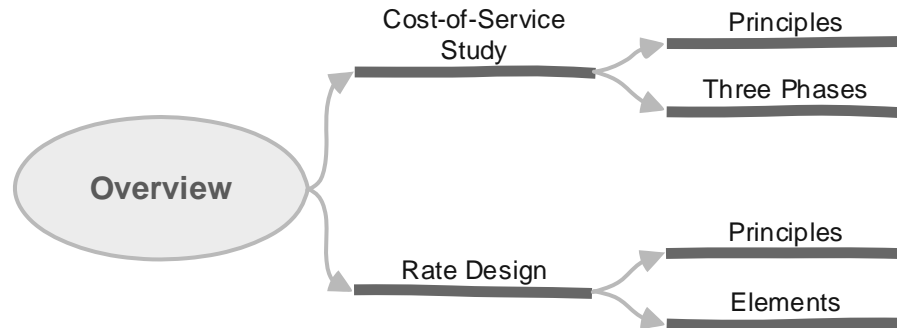
Rate Policy Workshops



Rate Policy Workshops

Workshop #1: Ratemaking Overview

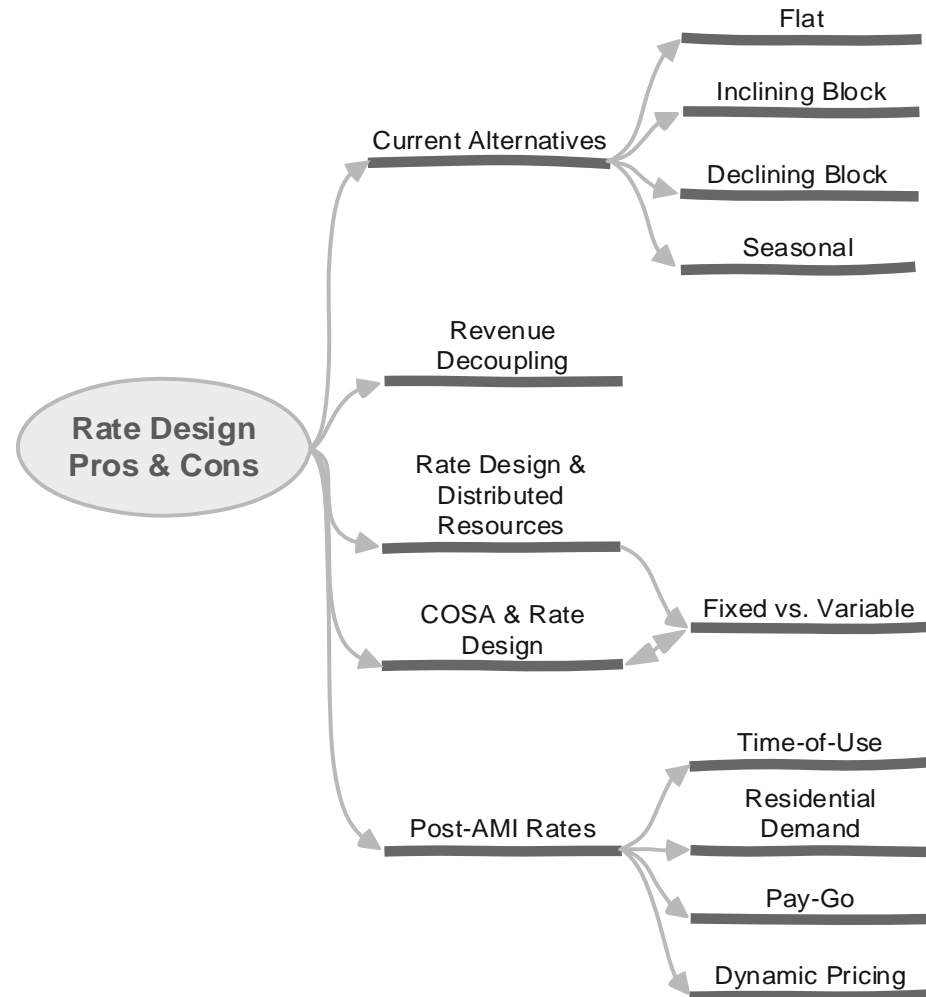
- ✓ Brief overview of cost-of-service study and rate design
- ✓ Facilitated discussion of overarching **principles**
- ✓ Applicable to both Tacoma Water and Tacoma Power



Rate Policy Workshops

Workshop #2: Rate Design Pros & Cons

- ✓ Exploration of different rate structures, including discussion of potential benefits and negative impacts for each
- ✓ Potential rate structures for deployment and use with Automated Metering Infrastructure (AMI)



Rate Policy Workshops

Workshop #3: 2019/2020 Rate Process

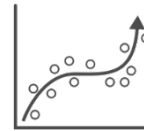
2019/2020 Rate Process

- ✓ Review several potential projects for possible implementation as part of the 2019/2020 rate case
- ✓ Enable the Public Utility Board to provide guidance to staff about project priority

Active Projects



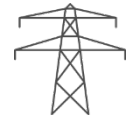
New COSA Model



Load Forecasting Model



Rates & Budget Timeline



OATT

Potential Projects



Multifamily Rate



Industrial Rate Design




Commercial Rate Design



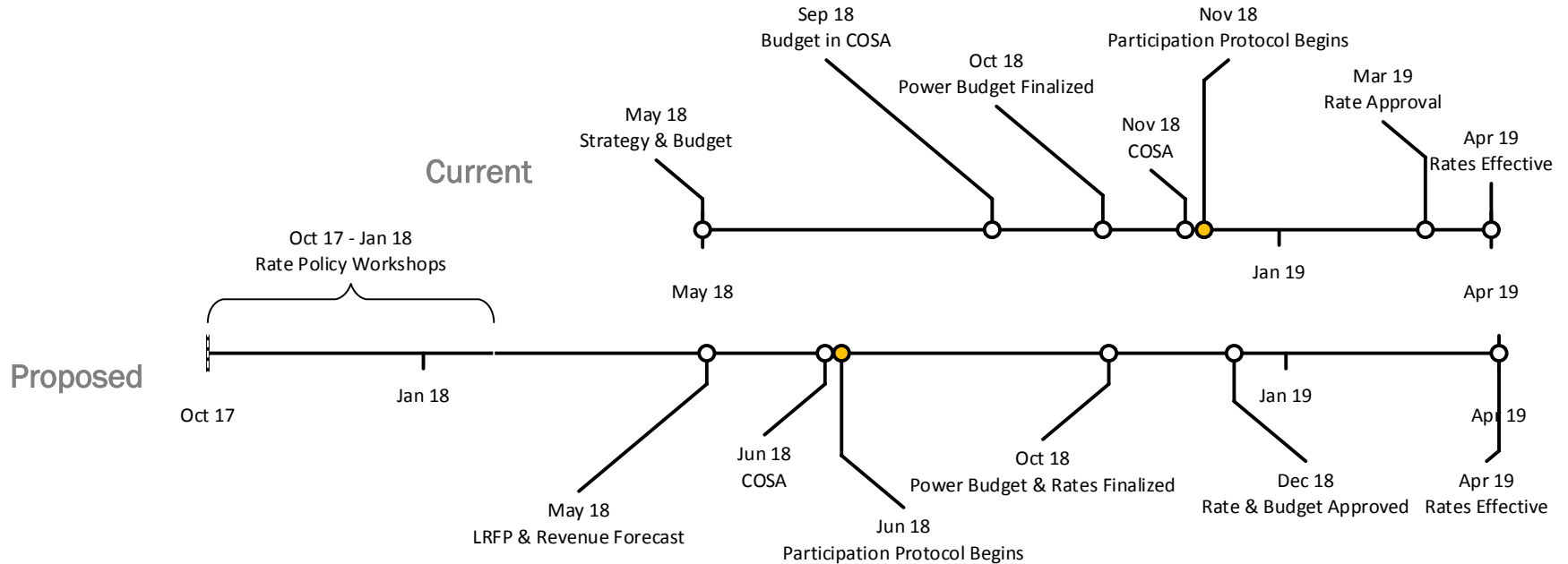
Residential Rate Analysis

2019/2020 Budget & Rate Timeline

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2019/2020 Budget & Rate Timeline

Proposed Process Changes




Revenue Requirement Forecast

- Developed by Tacoma Power staff using the best information available in May 2018
- “Decoupled” from the official budget
- Defines costs to be recovered in the 2019/2020 biennium
- Would be included in an updated LRFP, presented to the PUB in May 2018, and used to complete the Cost of Service Analysis in June 2018

Official Budget

- Compiled on the same timeline as the current process
- Could differ from the Revenue Requirement
- No major changes made to the capital or O&M budgeting processes

Feedback and Decisions



2019/2020 Budget & Rate Timeline

Feedback and Decisions

Public Utility Board

- ✓ Agreement to read the Draft LRFP document
- ✓ Follow-up presentation at October 11, 2017, Study Session to solicit Board feedback on the draft LRFP and how it would be used
- ✓ Feedback on approach, content, plan, and timing of Rate Policy Workshops for the Board
- ✓ Feedback on the proposed process and timeline for development and approval of 2019/2020 Budget and Rates