

HQE02F60 600 Hidden Ridge Irving, TX 75038

Phone 972 718-3418 Fax 972 719-7948

Kim Douglass Senior Staff Consultant Northwest Regulatory

October 2, 2006

# VIA EMAIL and DHL

Oregon Public Utility Commission Attention: Filing Center 550 Capitol Street, N.E., Suite 215 Salem, OR 97308-2148

# **Re:** AR 506: In the Matter of Rulemaking to Amend and Adopt Permanent Rules in OAR 860, Division 028 Regarding Pole and Conduit Attachments

Enclosed for filing in the above-captioned docket is an Erratum to Verizon Northwest Inc.'s Opening Comments that were filed on September 28, 2006.

If you have any questions, please contact Renee Willer at 503-645-7909.

Sincerely,

Kim Douglass

c: AR 506 Service List

Enclosure

## **BEFORE THE PUBLIC UTILITY COMMISSION**

#### **OF OREGON**

#### AR 506

In the Matter of a Rulemaking to Amend and	)	Erratum to Opening Comments
Adopt Permanent Rules in OAR 860,	)	of Verizon Northwest Inc.
Division 028 Regarding Pole and Conduit	)	
Attachments (Phase 2)	)	

Verizon Northwest Inc. ("Verizon") files this erratum to its opening comments in

Phase 2 of this proceeding addressing the Division 28 rules proposed in this docket.

This errata relates to Verizon's comments addressing Rule 860-028-0020(33). This

section 9 should be changed to state as follows:

#### 9. Rule Number: 860-028-0020(33)

Verizon supports Staffs revisions to the definition of "usable space", but urges the

Commission add the new language proposed by Verizon. This addition clarifies the

method of calculating the rental rate and will avoid disputes regarding the application of

OAR 860-028-0110(4). Verizon proposes that this rule be modified to state:

"Usable space" means all the space on a pole, except: the portion below ground level, the 20 feet of safety clearance space above ground level, and the safety clearance space between the communications and power circuits. There is a rebuttable presumption that six feet of a pole is buried below ground. <u>Safety clearance space, which averages 20 feet, may be</u> <u>included in the definition of usable space in determining the rental</u> <u>rate formula if the owner charges for attachments made in this space.</u>

The proposed rule and text previously submitted on September 28, 2006,

under subsection 9 of Verizon's opening comments should be deleted.

Dated: October 2, 2006

VERIZON NORTHWEST INC.

Thmas J. A ر By

Thomas F. Dixon 707 – 17<sup>th</sup> Street, #4200 Denver, Colorado 80202 303-390-6206 303-390-6333 (fax) thomas.f.dixon@verizon.com

#### CERTIFICATE OF SERVICE AR 506

I certify that on October 2, 2006, I served the Comments of Verizon Northwest Inc. by electronic mail and Overnight Mail to:

Filing Center Public Utility Commission of Oregon 550 Capitol Street NE, Suite 215 Salem, OR 97301-2551 puc.filingcenter@state.or.us

I further certify that I have this day sent the above-referenced document(s) upon all parties of record in this proceeding by mailing a copy properly addressed with the first class postage prepaid, and by electronic mail pursuant to OAR 860-013-0070, to the following parties or attorneys of parties:

Susan K. Ackerman Attorney P.O. Box 10207 Portland, OR 97296-0207

Roger Kuhlman 633 7th St, NW Salem, OR 97304

Denise Estep Central Lincoln PUD P.O. Box 1126 Newport, OR 97365

Doug Cooley CenturyTel of Oregon Inc. 707 13th Street, Ste 280 Salem, OR 97301

Gary Lee Charter Communications Corp. 521 NE 136th Ave Vancouver, WA 98684

Bill Kiggins Clear Creek Mutual Telephone Co. 18238 S. Fischers Mill Rd. Oregon City, OR 970445-9696 Jim Deason Attorney at Law 521 SW Clay St, Ste 107 Portland, OR 97201-5407

Scott Johnson City of Ashland 90 North Mountain Ave Ashland, OR 97520

Michael L. Wilson Central Lincoln PUD 2129 N. Coast Hwy Newport, OR 97365-0090

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Stephen R. Cieslewicz CN Utility Consulting P.O. Box 746 Novato, CA 94948-0746 Scott Thompson Cole Raywid & Braverman LLP 1919 Pennsylvania Av NW, Ste 200 Washington, DC 20006

Stuart Sloan Consumer Power Inc. P.O. Box 1180 Philomath, OR 97370

Linda Spurgeon Coos Curry Electric Cooperative P.O. Box 1265 Port Orford, OR 97465

Michael Weirich Department of Justice 1162 Court St, NE Salem, OR 97301-4096

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Brian Thomas Time Warner Telecom of Oregon 223 Taylor Ave, N. Seattle, WA 98109-5017

Richard Stewart Verizon Northwest Inc. 600 Hidden Ridge-HQE03J28 Irving, TX 75038

Cindy Manheim Cingular Wireless P.O. Box 97061 Redmond, WA 98073

J. White City of Monmouth 151 W. Main Street Monmouth, OR 97361

Jennifer Busch Portland General Electric 121 SW Salmon Street Portland, OR 97204 John Wallace Public Utility Commission P.O. Box 2148 Salem, OR 97308-2148

Jeff Kent Qwest 8021 SW Capitol Hill Rd., Rm 180 Portland, OR 97219

Barbara Young Sprint Communications Co LP 902 Wasco St-ORHDRA0412 Hood River, OR 97031-3105

Kevin O'Connor Time Warner Telecom 520 SW 6th Ave Portland, OR 97204

Steven Lindsay Verizon P.O. Box 1033 Everett, WA 98206

Marty Patrovsky Wantel Inc. 1016 SE Oak Ave Roseburg, OR 97470

Richard J. Busch Graham & Dunn PC Pier 70 2801 Alaskan Way, Ste 300 Seattle, WA 98121-1128

Sandra Flicker Oregon Rural Electric Coop Assn 707 13th Street, SE, Ste 200 Salem, OR 97301-4005

Randall Dahlgren Portland General Electric 121 SW Salmon Street, 1WTC-13 Portland, OR 97204 Kristin L. Jacobson Sprint Nextel 201 Mission Street, Ste 1400 San Francisco, CA 94105

Mark P. Trinchero Davis Wright Tremaine 1300 SW Fifth Avenue, Suite 2300 Portland, OR 97201

Dave Wildman City of Monmouth 401 N Hogan Rd Monmouth, OR 97361 Jill M. Valenstein Cole, Raywid & Braverman, L.L.P. 1919 Pennsylvania Avenue, NW, Suite 200 Washington, DC 20006

Kevin L. Saville Frontier Communications of America Inc 2378 Wilshire Blvd Mound, MN 55364

William Eaquinto Pacific Power & Light 825 NE Multnomah Ste 1700 Portland, OR 97232

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Enclosed for filing in the above-captioned docket is Attachment A to Verizon Northwest Inc.'s ("Verizon") Opening Comments that were filed on September 28, 2006. This is a redlined document of Verizon's proposed changes.

If you have any questions, please contact Renee Willer at 503-645-7909.

Sincerely,

Kim Douglass

c: AR 506 Service List

Enclosure

#### 1. Rule Number: 860-028-0020(2)

Verizon proposes that this rule be modified to state:

(2) "Authorized attachment space" means the space occupied by SPECIFIED BY THE OWNER AND OCCUPANT IN A POLE ATTACHMENT AGREEMENT AS THE AVERAGE AMOUNT OF SPACE FOR one or more attachments on a pole by a licensee THE OCCUPANT with the pole owner's permission pursuant to a pole attachment agreement. THE AUTHORIZED ATTACHMENT SPACE MUST NOT BE LESS THAN 12 INCHES. ADDITIONAL ATTACHMENT SPACE MAY BE AUTHORIZED IN INCREMENTS OF ONE INCH OR MORE.

## 2. Rule Number: 860-028-0020(3)

Verizon proposes that this rule be modified to state:

(3) "Carrying Charge" means the costs incurred by the owner in owning and maintaining distribution poles or conduits regardless of the presence of pole attachments or occupation of any portion of the conduits by licensees. The carrying charge is expressed as a percentage. The carrying charge is the sum of the percentages calculated for the following expense elements, using owner's data from the most recent calendar year and that are publicly available to the greatest extent possible:

(a) The administrative and general percentage is total general and administrative expense as a percent of total plant net investment.

(b) The maintenance percentage is maintenance of overhead lines expense or conduit maintenance expense as a percent of net investment in overhead plant facilities or conduit plant facilities.

(c) The depreciation percentage is the depreciation rate for gross pole or conduit investment multiplied by the ratio of gross pole or conduit investment to net investment in poles or conduit.

(d) Taxes are total operating taxes, including, but not limited to, current, deferred, and "in lieu of" taxes, as a percent on net investment in total plant.

(e) The cost of money is calculated as follows:

(A) For a telecommunications utility, the cost of money is equal to the rate of return on investment authorized by the Commission in the pole or conduit owner's most recent rate or cost proceeding:

(B) For a public utility, the cost of money is equal to the rate of return on investment authorized by the Commission in the pole or conduit owner's most recent rate or cost proceeding; or

(C) For a consumer-owned utility, the cost of money is equal to the weighted average of the consumer-owned utility's embedded cost of debt and the most recent cost of equity authorized by the Commission for ratemaking purposes for an electric company as defined in OAR 860-038-0005.

(F) THESE CARRYING CHARGE EXPENSE ELEMENTS INCLUDE ADMINISTRATIVE COSTS RELATED TO PROCESSING NEW ATTACHMENTS, EMPLOYEE AND CONTRACTOR EXPENSES, ROUTINE INSPECTIONS AND OTHER ADMINISTRATIVE EXPENSES RELATED TO OPERATION AND MAINTENANCE.

(G) THE CARRYING CHARGE MUST NOT INCLUDE NET INCOME AND CUSTOMER, ADVERTISING, MARKETING AND SIMILAR EXPENSES.

(H) THE CARRYING CHARGE MUST BE CALCULATED USING THE FOLLOWING ACCOUNTS:

(A) FOR A UTILITY PROVIDING COMMUNICATIONS SERVICE, APPENDIX E-1 SECTION 224(E) TELECOM FORMULA FOR DETERMINING MAXIMUM RATE FOR USE OF LEC UTILITY POLES USING FCC ARMIS ACCOUNTS; OR

(B) FOR UTILITY PROVIDING ELECTRIC OR POWER SERVICE, APPENDIX E-2 SECTION 224(E) TELECOM FORMULA FOR DETERMINING MAXIMUM RATE FOR USE OF ELECTRIC UTILITY POLES USING FERC FORM 1 ACCOUNTS.

#### 3. Rule Number: 860-028-0020(11)

Verizon proposes that this rule be modified to state:

<u>"Make ready work" means</u> REARRANGEMENT, CHANGE-OUT OR REPLACEMENT <u>administrative, engineering, or construction work</u> <u>necessary to make</u> PREPARE <u>a pole, conduit, or other support</u> <u>equipment structure available for a new attachment, modified</u> <u>attachment</u> MODIFICATIONS, <u>or additional facilities and may</u> <u>include a field inspection of such structure if such inspection is</u> <u>necessary to determine if the structure is suitable</u>. <u>Make ready work</u> <u>costs are nonrecurring costs, and are not contained in carrying</u> <u>charges</u> SHALL NOT INCLUDE WORK PERFORMED TO CONDUCT A ROUTINE INSPECTION, TO PROCESS AN APPLICATION OR PERMIT OR TO PERFORM ANY OTHER WORK FOR WHICH CHARGES ARE INCLUDED IN THE CARRYING CHARGE COMPONENT OF THE POLE ATTACHMENT RENTAL RATE.

#### 4. Rule Number: 860-028-0020(17)

Verizon proposes the following definition:

"<u>Pattern" means a course pattern of behavior</u> DOCUMENTED BY THE COMMISSION <u>that results in a material breach of a contract, or</u> <u>permit, or in flagrant violation of OAR 860-028-120</u>. A COURSE OF BEHAVIOR ONLY CONSTITUTES A PATTERN IF ALL OF THE EVENTS COMPRISING THE PATTERN BEGAN AFTER THE ENACTMENT OF THIS PROVISION.

## 5. Rule Number: 860-028-0020(20)

Verizon recommends that the rule be modified to state:

(20) "Pole Cost" means the depreciated original installed cost of an average bare DISTRIBUTION <u>pole to include support equipment of</u> the pole owner, from which is subtracted related accumulated deferred taxes, if any. There is a rebuttable presumption that the average bare DISTRIBUTION <u>pole is 40 feet and the ratio of bare</u> DISTRIBUTION <u>pole to total</u> DISTRIBUTION <u>pole for a public utility</u> or consumer–owned utility is 85 percent, and 95 percent for a telecommunications utility.

# 6. Rule Number 860-028-0020 (21)

Verizon recommends that this rule be modified to state:

**"Post construction inspection" means work performed** INSPECTION ON NEW ATTACHMENTS to verify and ensure the construction complies with the permit, THE POLE ATTACHMENT governing agreement, and the Commission safety rules.

## 7. Rule Numbers: 860-028-0020(26), (27), and (28)

The definitions and use of the terms "special inspection," "support equipment"

and "support equipment cost" should be deleted throughout the proposed rules.

#### 8. Rule Number: 860-028-0020(32)

Verizon proposes that this rule be modified to state:

#### "Unauthorized attachment" means an attachment made to a pole without a permit-and a governing agreement.

#### 9. Rule Number: 860-028-0020(33)

Consistent with its erratum filed October 2, 2006, Verizon proposes that this rule

be modified to state:

"Usable space" means all the space on a pole, except: the portion below ground level, the 20 feet of safety clearance space above ground level, and the safety clearance space between the communications and power circuits. There is a rebuttable presumption that six feet of a pole is buried below ground. SAFETY CLEARANCE SPACE, WHICH AVERAGES 20 FEET, MAY BE INCLUDED IN THE DEFINITION OF USABLE SPACE IN DETERMINING THE RENTAL RATE FORMULA IF THE OWNER CHARGES FOR ATTACHMENTS MADE IN THIS SPACE.

#### 10. Rule Number: 860-028-0020(XX)

The term "routine inspection" should be added to the definitions as follows:

"ROUTINE INSPECTION" MEANS, IN ORDER TO ENSURE PROPER CONSTRUCTION, AN INSPECTION BY AN OWNER OF ALL POLES, DUCTS, CONDUITS OR RIGHTS-OF-WAY FOR NEW LINE INSTALLATIONS AND ATTACHMENTS THERETO INCLUDING THOSE OF POLE OCCUPANTS AND SAFETY INSPECTIONS TO IDENTIFY VIOLATIONS OF THE COMMISSION SAFETY AND INSPECTIONS FOR UNAUTHORIZED ATTACHMENTS, OR OTHER DEFECTS OR DETERIORATIONS. THE COSTS FOR ROUTINE INSPECTIONS CAN NOT BE PASSED ON TO THE POLE OCCUPANTS DIRECTLY. THESE COSTS ARE PART OF NORMAL MAINTENANCE.

#### 11. Rule Number: 860-028-0050(2) - Owner Correction

This proposed rule should be deleted.

### 12. Rule Number: 860-028-0050(3)

Verizon recommends deletion of this section.

#### 13. Rule Number: 860-028-0060

Verizon proposes that this rule be modified to state:

Attachment Contracts (1) Any entity requiring pole attachments to serve customers should use poles jointly as much as practicable.

(2) To facilitate joint use of poles, entities must execute contracts establishing rates, terms, and conditions of pole use in accordance with OAR 860-028-0120.

(1) UNLESS OTHERWISE ALLOWED BY CONTRACT BETWEEN THE PARTIES, OWNERS AND OPERATORS SHALL NOT PLACE POLES IN OR NEAR AN EXISTING POLE OR POLE LINE OF ANOTHER COMPANY.

(2) Parties must negotiate pole attachment-agreements CONTRACTS in good faith.

(3) Unless otherwise provided for by contract, the last effective contract between the parties will continue in effect until a new <del>or</del> amended contract between the parties goes into effect.

# 14. Rule Number: 860-028-0070(2) and (4)(e)(C)

Verizon proposes that this proposed rule be modified to state:

(2) Before a complaint is filed with the Commission, one party must request, in writing, REQUEST negotiations for a new or amended attachment agreement OR FOR RESOLUTION OF THE DISPUTED ISSUES from the other party.

(C) If the owner does not provide the data and information required by this rule after a request by the licensee the OCCUPANT, licensee OCCUPANT will include a statement indicating the steps taken to obtain the information from the owner, including the dates of all requests. IF THE OWNER HAS NOT SUBMITTED THE DATA AND INFORMATION IN RESPONSE TO THE OCCUPANT'S REQUEST, THE OWNER MUST SUPPLY IT IN ITS RESPONSE TO THE COMPLAINT.

## 15. Rule Number: 860-028-0100(2)

This subsection should be modified as follows:

UNLESS OTHERWISE AGREED TO BY THE PARTIES IN THEIR JOINT USE AGREEMENTS OR AS OTHERWISE DIRECTED BY THE COMMISSION, <u>An applicant requesting a new or modified</u> <u>attachment will submit and application providing the following</u> <u>information in writing or electronically to the owner:</u>

## 16. Rule Number: 860-028-100(3)

Verizon recommends deleting this rule.

## 17. Rule Number: 860-028-0100(5)

Verizon proposes that this proposed rule be modified as follows:

If the owner approves an application that requires make ready work. AND THE APPLICANT APPROVES THE ESTIMATE OF COSTS FOR SUCH MAKE READY WORK, THEN <u>the owner will perform such</u> work at the applicants' expense. This work will be completed as quickly and inexpensively as is reasonably possible consistent with applicable legal, safety, and reliability requirements. Where this work requires more than 30 business days to complete, the parties will negotiate a mutually satisfactory longer time frame to complete the make ready work.

#### 18. Rule Number (or proposed location): 860-028-0110(3)

This proposed subsection should be deleted.

# **19.** Rule Number: 860-028-0110(4)(c)

Verizon proposes this rule be modified as follows:

<u>An additional or modified attachment by the licensee</u> OCCUPANT that that meets the Commission safety rules and is placed within the licensee occupant's existing authorized attachment space will be considered a component of the existing pole permit for rental rate determination purposes. Such attachment additions or modifications may include, but are not limited to, cabinets, splice boxes, load coil cases, bonding wires and straps, service drops, guy wires, vertical risers, or cable over-lashings.

## 20. Rule Number: 860-028-0110(6)

An owner may not assess a fee or charge to an occupant in addition to the annual pole attachment rate for any cost included in the calculation of its pole attachment rental rate.

This proposed language is appropriate because all costs incurred by the owner that

are included annual pole attachment rental rate cannot be included or in the recovery of

make ready work charges. This addition is supported by the Commission's Order 05-492

entered in Case No. UM 1087.

#### 21. Rule 860-028-0310(6)

This subsection should be deleted

#### CERTIFICATE OF SERVICE AR 506

I certify that on October 2, 2006, I served the Comments of Verizon Northwest Inc. by electronic mail and Overnight Mail to:

Filing Center Public Utility Commission of Oregon 550 Capitol Street NE, Suite 215 Salem, OR 97301-2551 puc.filingcenter@state.or.us

I further certify that I have this day sent the above-referenced document(s) upon all parties of record in this proceeding by mailing a copy properly addressed with the first class postage prepaid, and by electronic mail pursuant to OAR 860-013-0070, to the following parties or attorneys of parties:

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Brian Thomas Time Warner Telecom of Oregon 223 Taylor Ave, N. Seattle, WA 98109-5017

Richard Stewart Verizon Northwest Inc. 600 Hidden Ridge-HQE03J28 Irving, TX 75038

Cindy Manheim Cingular Wireless P.O. Box 97061 Redmond, WA 98073

J. White City of Monmouth 151 W. Main Street Monmouth, OR 97361

Jennifer Busch Portland General Electric 121 SW Salmon Street Portland, OR 97204 John Wallace Public Utility Commission P.O. Box 2148 Salem, OR 97308-2148

Jeff Kent Qwest 8021 SW Capitol Hill Rd., Rm 180 Portland, OR 97219

Barbara Young Sprint Communications Co LP 902 Wasco St-ORHDRA0412 Hood River, OR 97031-3105

Kevin O'Connor Time Warner Telecom 520 SW 6th Ave Portland, OR 97204

Steven Lindsay Verizon P.O. Box 1033 Everett, WA 98206

Marty Patrovsky Wantel Inc. 1016 SE Oak Ave Roseburg, OR 97470

Richard J. Busch Graham & Dunn PC Pier 70 2801 Alaskan Way, Ste 300 Seattle, WA 98121-1128

Sandra Flicker Oregon Rural Electric Coop Assn 707 13th Street, SE, Ste 200 Salem, OR 97301-4005

Randall Dahlgren Portland General Electric 121 SW Salmon Street, 1WTC-13 Portland, OR 97204 Kristin L. Jacobson Sprint Nextel 201 Mission Street, Ste 1400 San Francisco, CA 94105

Mark P. Trinchero Davis Wright Tremaine 1300 SW Fifth Avenue, Suite 2300 Portland, OR 97201

Dave Wildman City of Monmouth 401 N Hogan Rd Monmouth, OR 97361 Jill M. Valenstein Cole, Raywid & Braverman, L.L.P. 1919 Pennsylvania Avenue, NW, Suite 200 Washington, DC 20006

Kevin L. Saville Frontier Communications of America Inc 2378 Wilshire Blvd Mound, MN 55364

William Eaquinto Pacific Power & Light 825 NE Multnomah Ste 1700 Portland, OR 97232

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Kim Douglass