ORDER NO. 05-583

ENTERED 05/16/05

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1087

CENTRAL LINCOLN PEOPLE'S UTILITY DISTRICT, Complainant,	)	
v.	)	ORDER
VERIZON NORTHWEST INC., Defendant.	)	

DISPOSITION: CONTRACT TERMS ESTABLISHED

On January 19, 2005, the Commission issued Order No. 05-042 denying Central Lincoln People's Utility District's (CLPUD) Petition for Removal of Pole Attachments against Verizon Northwest Inc. (Verizon) and granting Verizon's counter-complaint that CLPUD's proposed contract was unjust and unreasonable. The order also proposed a contract, allowed parties 30 days to provide technical comments on the contract, and stated that the Commission would issue a final contract within 30 days of the comment deadline.

Comments were filed by the two named parties to the proposed contract, CLPUD and Verizon, as well as the Commission Staff (Staff), Oregon Cable Telecommunications Association (OCTA), and Portland General Electric Company (PGE).

Establishment of New Contract

A threshold issue we must address is the process by which the Commission should transition the parties from a prior contract to a new, Commission approved contract. In their comments, CLPUD and Verizon express conflicting views on the nature of this transition. CLPUD notes that, in Order No. 05-042, we concluded that the 1987 contract between the parties "remains in effect, and continues to govern the parties' rights and responsibilities." *See* CLPUD filing at 1 (Mar 11, 2005). Further, in its comments on Section 14.1,[1] CLPUD states, "The existing 1987 Verizon-CLPUD

[1] Section 14.1 states in relevant part: "This Agreement constitutes the entire Agreement between the Parties and it supersedes all prior negotiations, agreements and representations, whether oral or written, between the Parties relating to the subject matter of this Agreement [.] * * * This Agreement can only be modified or amended in writing by authorized representatives of the Parties."

agreement is still in effect and rental obligations of the Parties are still in force and calculated in the methodology of that agreement." *See id.* at 8. Verizon views the process differently: "through this process the Commission is identifying fair terms and conditions for Verizon and CLPUD to utilize in a replacement contract to the 1987 Joint Use Agreement that CLPUD has evidenced every intent to terminate." *See* Verizon filing at 2 (Mar 25, 2005).

CLPUD is correct that, in our prior decision, we concluded that the 1987 contract, was, in fact, never properly terminated and was still in effect. *See* Order No. 05-042 at 8. That conclusion, however, did not end our examination. In its counter-claim, Verizon argued that CLPUD demanded excessive rates and unreasonable terms in crafting a new agreement. *See* Verizon filing at 3 (June 18, 2003). In resolving this aspect of the proceeding, we noted that "it is unclear what legal mechanism terminates [the 1987] contract and installs a new one as determined by this Commission." *See* Order No. 05-042 at 13 n 7. Nonetheless, we found that the actions of the parties indicated an intent to create a new contract, thus providing the basis for issuing a proposed contract setting out terms that we considered just and reasonable.

Our authority to establish a new pole attachment contract comes from ORS 757.279, which states,

> Whenever the Public Utility Commission of Oregon finds, after hearing had upon complaint by a licensee, a public utility, a telecommunications utility or a consumer-owned utility that the rates, terms or conditions demanded, exacted, charged or collected in connection with attachments or availability of surplus space for such attachments are unjust or unreasonable, or that such rates or charges are insufficient to yield a reasonable compensation for the attachment and the costs of administering the same, *the commission shall determine the just and reasonable rates, terms and conditions thereafter to be observed and in force and shall fix the same by order.*

(Emphasis added.)

Although the statute provides for a new contract to be established by the Commission, state law does not clearly provide how the transition is made between the previous contract and the new contract. We note that federal rules provide a specific mechanism for such a transition and allow the Federal Communications Commission (FCC) to terminate unjust and unreasonable rates, terms, or conditions and substitute just and reasonable provisions established by the FCC. *See* 47 CFR § 1.1410. The federal approach is logical; it provides for the continuity of an existing contract while contract provisions are contested before the FCC. Under current state rules, a licensee is required to have a contract in order to attach to poles. *See* ORS 757.271; OAR 860-028-0120(1)(a). Further, a licensee is subject to sanctions for attaching to poles without a contract.

See OAR 860-028-0130. To force a licensee to wait until the contract was terminated to challenge the terms of a new contract would put the licensee in a difficult position during the interim period.

In the absence of specific statutory guidelines, we adopt the federal method to transition parties from a disputed contract to a new, Commission approved contract. This process, which would allow the Commission, after a hearing, to terminate certain provisions and implement new ones, harmonizes ORS 757.279 and ORS 757.271.

Based on the record in this case, we found the rates, terms and conditions demanded by CLPUD to be unjust and unreasonable, *see* Order No. 05-042 at 19, and in combination with this order, "determine[d] the just and reasonable rates, terms and conditions thereafter to be observed and in force." ORS 757.279(1). Accordingly, we terminate the parties' 1987 contract. For reasons set forth in this order and Order No. 05-142, we impose the rates, terms, and conditions of the new contract as set forth in Appendix A.

Scope of Comments

ORS 757.285 states, "Agreements regarding rates, terms and conditions of attachments shall be deemed to be just, fair and reasonable, unless the Public Utility Commission finds upon complaint by a * * * party to such agreement and after hearing, that such rates, terms and conditions are adverse to the public interest and fail to comply with the provisions hereof." CLPUD and Verizon are the parties to the contract at issue, and, in fact, negotiated mutually agreeable language for several undisputed provisions we do not address.

OCTA, Staff, and PGE are parties to the docket and have participated throughout the proceeding. While these comments are helpful to inform the Commission as to generic pole attachment issues, we do not consider them relevant to resolving discrete contractual issues between CLPUD and Verizon. Therefore, we rely solely on Verizon's and CLPUD's comments regarding the contract.

We discuss CLPUD's and Verizon's arguments by provision in the contract proposed in Order No. 05-042. Some provisions may have been subsequently renumbered in the final contract. Where Verizon and CLPUD agree on a change in language, that change is adopted. Where one party proposes new language that is persuasive and unopposed, we include the language in the final agreement. Where parties propose conflicting provisions, we select the language we find most just and reasonable as required by the law and include that language in the final agreement.

Section 2.2 CLPUD and Verizon state that they were working out changes regarding the difference between transmission and distribution poles, also discussed in Section 18, and that the distinctions based on the specific voltages in this section are obsolete. The current language is retained with the understanding that it will be amended when CLPUD and Verizon agree upon language for this section and Section 18.

Section 2.3 CLPUD and Verizon agree on changes stating that the pole owner must have a bona fide plan for the use of reserved space within twelve months in order to reserve that space. The agreed-upon changes are adopted.

Section 3.1 CLPUD and Verizon agree on changes incorporating language related to notice by the National Joint Use Notification System (NJUNS). The agreed-upon changes are adopted.

Section 3.2 CLPUD and Verizon agree on changes incorporating language related to notice by NJUNS. The agreed-upon changes are adopted. Verizon also proposes a change allowing Verizon to modify its equipment to rectify safety concerns, without notifying CLPUD. CLPUD does not object to Verizon's proposed language, so it is adopted.

Section 3.5 CLPUD proposes a change stating that Verizon shall be responsible for costs if Verizon's equipment interferes with new CLPUD equipment to be placed on the pole. As noted by Verizon, that proposal squarely violates federal law, specifically 47 USC § 224(i). CLPUD's proposal is rejected.

Sections 5.1 and 5.2 CLPUD proposes changing the dates to reflect the calendar year for billing. Verizon does not object, so those changes are adopted. CLPUD also proposes stating that its tabulation would include "jointly used poles and attachment space utilized." Verizon states that CLPUD is attempting to impose a "per attachment point" requirement, whereas Verizon prefers to place its attachments within its 1.5 feet of traditionally allocated space. We quote our initial order, in which we concluded that, "the minimum space for a single attachment point on a pole is one foot, but if there is more than one attachment point on a pole, the rental rate should be calculated based on the actual space used, and the attachment points must be made in compliance with accepted industry safety standards, such as the NESC." *See* Order No. 05-042 at 15. CLPUD's proposed change appears to comport with our earlier order and is adopted.

Section 5.4 CLPUD and Verizon propose similar, but slightly different changes. CLPUD's language mirrors language used in other Commission rules. *See* OAR 860-024-0050(4); OAR 860-028-0195. Therefore, we adopt CLPUD's proposal.

Section 6.1 This section relates to periodic adjustment of rentals. CLPUD proposes changes related to its change in billing cycle. As noted in Section 5.1, Verizon does not object, so those changes are adopted.

CLPUD also proposes allowing it to change the rate per foot of rental space, sending notice of the change to Verizon. Verizon objects to the "default one foot" language proposed by CLPUD. The rental rate must be calculated in accordance with Order No. 05-042, and language regarding the default one foot rate is not adopted.

CLPUD proposes omitting dispute resolution language, stating, "Revisions to the OAR's in 860-28-0110" render the dispute resolution language unnecessary. Verizon proposes adding a mediation requirement prior to further litigation. It is unclear what "revisions" CLPUD refers to in OAR 860-028-0110. The rule applies to complaints filed under applicable statutes, sets out the applicable formula if a rental rate is disputed, and requires all attachments to be reported and meet certain safety standards. However, in the absence of agreement on a separate procedure to resolve rate disputes, we rely on ORS 757.279 and 759.660 and related rules to allow a party to initiate proceedings if a rate perceived as unreasonable is charged.[2] We recognize that special procedures may be required depending on the situation so that the dispute can be resolved before the next billing cycle, but we leave it to the parties to propose appropriate procedures when necessary. Verizon expresses the concern that it is burdensome to allow the pole owner to raise rates subject to challenge at the Commission. We recognize that there may be some difficulty, but conclude that it can be mitigated by the parties proposing special procedures to expedite the dispute at the Commission on a case by case basis. Verizon did propose a change related to requiring mediation prior to initiating a dispute at the Commission, CLPUD did not object, and that language is adopted.

Section 9.1 CLPUD refers to subsection (a) of this section, but we believe the proposed change actually relates to subsection (b). CLPUD's proposed change indicates that it will not replace a pole to accommodate Verizon's need to keep its wires clear of trees. Verizon does not oppose the change, and it is adopted.

Section 9.6 CLPUD and Verizon agree that this section should be deleted. The agreed-upon change is adopted.

Section 9.9 CLPUD and Verizon propose some changes which are the same and some which are different. Both agree that the sentence relating to the pro rata share of non-routine inspections should be stricken; the agreed-upon change is adopted. CLPUD also proposes striking the notice requirement in the next sentence; Verizon does not object; the change is adopted. CLPUD proposes adding a sentence stating that costs for non-routine inspections will be recovered in sanctions under the applicable administrative rules. Verizon makes no provision for non-routine inspections, and argues

[2] CLPUD also proposes a change allowing only it to alter rental rates. The change is adopted because Verizon has the statutory right to file with the Commission at any time to protest CLPUD's rates. *See* ORS 757.279; ORS 759.660.

that all inspections are part of the routine maintenance and administration of CLPUD's poles and should be recovered in rent. Adopting the proposed deletions in the section appears to eliminate the differences between routine and non-routine inspections, so the costs of all inspections should be recovered in the rent. CLPUD may also recover sanctions under OAR 860-028-0140 through 860-028-0220, the amount of which are not dependent on individual costs, such as inspections

Section 9.10 CLPUD and Verizon agree that this section should be deleted. The agreed-upon change is adopted.

Section 10.1 CLPUD proposes deleting the last sentence, and Verizon agrees. The agreed-upon change is adopted.

Section 10.2 CLPUD and Verizon agree on changes incorporating language related to notice by NJUNS. The agreed-upon changes are adopted.

Section 10.4 CLPUD and Verizon agree on changes allowing thirty days notice, and the agreed-upon change is adopted. CLPUD also proposes other changes not opposed by Verizon. Those changes are also adopted.

Section 10.5 CLPUD and Verizon agree that this section should be deleted. The agreed-upon change is adopted.

Section 10.6 CLPUD and Verizon agree that this section should be deleted. The agreed-upon change is adopted.

Section 11.1 Verizon proposes changes incorporating language related to notice by NJUNS. CLPUD does not object. The change is adopted.

Section 11.2 Verizon proposes changes incorporating language related to notice by NJUNS. CLPUD does not object. The change is adopted.

Sections 12.1 and 12.2 CLPUD and Verizon both propose different changes to Sections 12.1 and 12.2, regarding the ability of Verizon to attach to anchors, and whether Verizon should be billed for attaching to CLPUD anchors. CLPUD proposes that if Verizon applies to attach to CLPUD anchors, and in the sole opinion of CLPUD its anchors are adequate to handle the load, Verizon may attach at an annual rental rate. If, in CLPUD's opinion, the anchors are not adequate, CLPUD will install the required anchors at Verizon expense. Verizon leaves in place a sentence which states that "Verizon shall attach its guys only to its own anchors," but then states that Verizon may attach to a CLPUD anchor after submission of a permit as described in Section 3.1. Verizon agrees with CLPUD's language regarding grounding, but expresses concern about CLPUD's proposed "sole discretion" language and states that the permit process should apply. Further, Verizon argues that CLPUD should not be able to charge extra rent for existing anchors.

Both parties appear to assume that Verizon can attach to CLPUD anchors in certain circumstances, so a change is made to say that "typically" Verizon shall attach only to its own anchors. The agreed-upon changes regarding the grounding language is adopted. Between CLPUD's "sole discretion" language and Verizon's language regarding the permit, Verizon's language is adopted because it allows for a consistent process by which CLPUD evaluates proposed attachments. In addition, if Verizon applies to attach to an anchor which is not adequate, Section 3.4 sets forth procedures that can easily be modified to allow correspondence between the parties to resolve whether Verizon still wants to attach to a CLPUD anchor, and if so, how CLPUD will recover from Verizon the costs for replacement of its anchor.

As to how the cost of existing CLPUD anchors shared by CLPUD guys and Verizon guys should be allocated, we return to ORS 757.270(1), which defines an attachment as "any wire or cable * * *, and any related device, apparatus, or auxiliary equipment, installed upon any pole * * *." It appears that a Verizon guy attached to a CLPUD anchor is not, in fact, installed on the pole, and the amount could not be recovered under the rental rate under OAR 860-028-0110. At hearing, the parties indicated that it is the Equipment attached to the pole for which rent is charged, not the wires attached to the Equipment. *See* Hearing TR 134. Therefore, CLPUD's proposed change seeking additional rent for Verizon guys attached to its anchors is rejected.

Section 15.2 CLPUD and Verizon agree to change the reference to thirty days to forty-five days. The agreed-upon change is adopted.

Section 20.4 Verizon states that CLPUD believed it was not subject to the indemnifying clause is Section 20.3, which was acceptable to Verizon if its proposed Sections 20.4 through 20.7 are adopted regarding insurance or bonds. CLPUD was silent on the subject. Verizon raises a valid concern, and its proposal is adopted.

Section 25.3 Verizon also proposes a change of law provision, to which CLPUD does not object. The language is adopted.

Attachment F Verizon set forth language for an Attachment which establishes the information required for a permit application. CLPUD does not object to the proposed attachment, and the language is adopted, and attached to Appendix A as Attachment F.

ORDER

IT IS ORDERED that:

(1) The existing pole attachment contract between Central Lincoln People's Utility District and Verizon Northwest Inc., executed in 1987, is terminated.

(2) The pole attachment contract, as set forth in Appendix A, is to be observed and in force between Central Lincoln People's Utility District and Verizon Northwest Inc., as of the effective date of this order.

Made, entered, and effective MAY 16 2005.

Lee Beyer
Chairman

John Savage
Commissioner

Ray Baum
Commissioner

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order to a court pursuant to applicable law.

GENERAL AGREEMENT

FOR

JOINT USE OF FACILITIES

BETWEEN

CENTRAL LINCOLN PEOPLE'S UTILITY DISTRICT

AND

VERIZON NORTHWEST INC.

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POLE ATTACHMENT AGREEMENT

This Pole Attachment Agreement is made and entered into this _____ day of _____, 2005, between Central Lincoln People's Utility District ("District"), and Verizon Northwest Inc. ("Verizon").

WITNESSETH

WHEREAS, the District is engaged in the business of providing electric service to customers in certain areas within the state of Oregon; and

WHEREAS, Verizon conducts its communication business in a number of the same areas within the state; and

WHEREAS, Verizon and the District sometimes place and maintain poles or pole lines upon or along the same highways, streets, or alleys and other public or private places for the purpose of supporting the wires and facilities used in their respective businesses; and

WHEREAS, applicable federal and state law provide that a utility pole owner may only deny access to poles and rights-of-way where there is insufficient capacity or for reasons of safety, reliability and generally applicable engineering purposes;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein, the Parties hereby agree as follows:

ARTICLE I
DEFINITIONS

1.1 "Agreement" means this Pole Use Agreement entered into between the District and Verizon.

1.2 "The District" means the Central Lincoln People's Utility District and its successors.

1.3 "Equipment" means the wires and facilities that the District may give Verizon written permission to install on a pole.

1.4 "Jointly used pole" means a pole owned by the District on which the District and Verizon both have attached Equipment.

1.5 "Party" means the District or Verizon, as the context requires. "Parties" means the District and Verizon.

1.6 "Verizon" means Verizon Northwest Inc., and its successors.

ARTICLE II
SCOPE OF AGREEMENT

2.1 This Agreement shall apply to all areas served by the Parties in the State of Oregon and shall cover all District-owned poles within said state which are presently jointly used, as well as poles which are now existing or which shall hereafter be erected in areas mutually served when such poles are included within the scope of this Agreement in accordance with the procedures hereinafter set forth.

2.2 With the exception of increases in circuit voltage on joint use poles, as provided in Article XVIII, this Agreement shall not apply to the use by Verizon of District poles which are used for transmission. All applications for the joint use of transmission poles shall be considered individually and shall, if granted, be covered by a separate agreement.

2.3 The District reserves the right to reject applications for attachment to its poles where there is insufficient capacity or for reasons of safety, reliability, and generally applicable engineering purposes. Notwithstanding the foregoing, the District may reserve space on its poles if it has a bona fide plan for the use of that space in the provision of its core utility service within the next twelve (12) months. The District shall permit use of its reserved space until such time as it has an actual need for that space. At that time, the District may recover the reserved space for its own use. The District shall give Verizon the opportunity to pay for any reasonable modifications needed to accommodate its displaced attachments.

ARTICLE III
ESTABLISHING JOINT USE OF POLES

3.1 Whenever Verizon desires to places its Equipment on any pole owned by the District, it shall apply via a "PA" ticket, furnishing the permit information set forth in Attachment F using the National Joint Use Notification System (NJUNS). Verizon shall direct the application to the District's NJUNS Member Code, and the application shall contain the District's facility identification number, and all required information set forth on the standard NJUNS permit application. The District shall return the application to Verizon's Member Code via the NJUNS. If the application is approved, the District shall, within thirty (30) days after receipt of this application, respond through the NJUNS system. If Verizon has not received notice from the District within thirty (30) days, the application shall be deemed approved and Verizon may proceed with the attachment. If the application is rejected, the District shall, within said thirty (30) day period, provide the rejection to Verizon through NJUNS and Verizon shall remove any equipment that may have been placed on the District's pole. Any denial of an application must be in writing and describe with specificity all relevant evidence and information related to the lack of capacity, safety, reliability, or generally applicable engineering standards. In the event that Verizon submits applications for large projects that exceed the District's ability to respond within thirty (30) days, the parties shall confer on a mutually agreeable response time. Large projects are those that involve a permit to attach to fifty (50) or more District poles.

3.2 Verizon shall notify the District within thirty (30) days of completing the work associated with the permit, through NJUNS. Verizon shall have the right to install, maintain, and

use its Equipment described in the application upon the joint use poles identified therein in accordance with the terms of the application and this Agreement. With the exception of service drops, Verizon shall not have the right to place, nor shall it place, any Equipment in addition to that initially authorized without first making application and receiving permission to do so, nor shall Verizon change the position of any Equipment attached to any pole without the District's prior written approval, with the exception that Verizon may change the position of its Equipment to correct NESC violations identified by the District, OPUC safety staff, or self-identified by Verizon.

3.3 Verizon shall complete the installation of its attachments upon the pole(s) covered by each approved application within ninety (90) days of approval by the District. Verizon may request, in writing, an extension of time for installation of large projects subject to written approval by the District. The District shall approve such requests for extension of time unless the District identifies a reasonable justification for denial of such request. In the event Verizon should fail to complete the installation within the prescribed time limit, the permission granted by the District to place the Equipment upon the poles shall thereupon be revoked and Verizon shall not have the right to place the Equipment upon the poles without first reapplying for and receiving written permission to do so.

3.4 If in the sole judgment of the District, the accommodation of any new Equipment to be attached by Verizon to the District's poles necessitates the rearrangement or addition of any existing facilities on an existing pole, or the replacement of any existing pole, the District shall specify on the application the changes necessary to accommodate the Equipment and the estimated cost thereof and return it to Verizon. If Verizon still desires to use the pole and returns the application marked to so indicate, the District shall make such rearrangements, transfers and replacements of existing facilities, and additions of new facilities, as may be required, and Verizon shall reimburse the District for any additional expenses thereby actually incurred by the District that are not prescribed in Article IX, Division of Costs, Poles.

3.5 With the exception of increases in circuit voltage on poles, which are provided for under Article XVIII, if, in the District's sole judgment, Verizon's existing Equipment on any pole interferes with the District's existing Equipment or prevents the District from placing any additional Equipment necessary for its core function on an existing pole, the Parties shall take action as follows:

a. The District will notify Verizon of the rearrangements of Equipment, or pole replacement and Equipment transfer, required in order to continue the accommodation of Verizon's Equipment, together with an estimate of the cost of making any such changes.

b. If Verizon desires to continue to maintain its attachments on the pole, and so notifies the District within thirty (30) days, Verizon may perform the necessary work, or Verizon shall authorize the District to perform the work. Should Verizon authorize the District to perform the work, the District shall make such changes as may be required.

c. If Verizon's existing Equipment interferes with the District's existing Equipment, Verizon shall be responsible for the reasonable and actual cost of making the changes set out in subsection b above. If Verizon's existing Equipment interferes with new Equipment to be attached by the District, the District shall be responsible for the reasonable and actual cost of making the changes set out in subsection b above.

d. If Verizon does not so notify the District of its intent to perform the necessary work or authorize the District to perform the work, Verizon shall remove its attachments from the affected pole or poles within an additional thirty (30) days from such original notification by the District for a total of sixty (60) days; provided, however, that the District in any emergency may require Verizon to remove its attachments within the time required by the emergency.

e. If Verizon has not removed its attachments at the end of the sixty (60) day period, or, in the case of emergencies, within the period specified by the District, the District may remove Verizon's Equipment at Verizon's sole risk and expense, and Verizon shall pay the District for all reasonable and actual costs incurred.

ARTICLE IV
RIGHTS OF OTHER PARTIES

4.1 Nothing herein contained shall be construed as affecting any rights or privileges previously conferred by either Party, by contract or otherwise, to others not party to this Agreement to use any poles owned by such Party. Further, nothing herein contained shall be construed to affect either Party's right to continue, modify, extend or amend such existing rights or privileges, or to grant others the right or privilege to use poles owned by the Party.

4.2 Verizon shall not enter into any agreement with third parties for attachment to a pole owned by the District within the Verizon's allocated space or otherwise. The District may enter into attachment agreements with third parties and will administer all third party attachments for space outside Verizon's allocated space. As to any such agreements between Verizon and third parties that predate this Agreement, Verizon will, by appropriate means, transfer the administration of such attachments to the District.

ARTICLE V
RENTALS

5.1 On or about January 1 of each year, but not later than January 31, the District shall make a tabulation of the total number of its jointly used poles and attachment space utilized as of December 31 of the preceding year. For the purpose of the tabulation, any District-owned pole which is used by Verizon for the purpose of attaching Equipment thereto, either directly or by means of a pole top extension fixture, shall be considered a jointly used pole and subject to rental fees. Rental fees will not be prorated for Equipment which occupies a pole for less than the full one-year period.

5.2 Within sixty (60) days after the completion of the tabulation referred to in Section 5.1, the District shall invoice Verizon for the rental amount owing, as calculated in accordance with Attachment A, which is attached hereto and incorporated herein by this reference, specifying on such invoice the rental period covered. Payment of the invoiced amount shall be made within thirty (30) days of receipt of the invoice and shall constitute payment in advance for rental for the twelve (12) month period beginning January 1. Past due rental amounts shall bear interest at the maximum rate permitted by applicable law.

5.3 Compensation payable by third parties for the joint use of poles shall be collected and retained by the District.

5.4 If Verizon attaches Equipment to a pole without obtaining prior authorization from the District in accordance with this Agreement, the District may assess Verizon an unauthorized attachment charge per pole in accordance with OAR 860-028-0140. The unauthorized attachment charge shall be payable to the District within thirty (30) days after receipt of the invoice for that charge.

ARTICLE VI
PERIODIC ADJUSTMENT OF RENTALS

6.1 On or about July 1 following the effective date of this Agreement, and on each July 1 thereafter, the District may adjust its rental amount for joint use pole attachment rental space. The rental rate shall be calculated by completing the appropriate fields in the ANNUAL RATE WORKSHEET at Attachment A. The District will forward a copy of the worksheet and appropriate supporting documents to Verizon by August 1. If a dispute as the rental rate arises, the parties will engage in mediation before a mutually agreed mediator prior to any further dispute resolution. In the event the Parties are unable to resolve the issue, either party may commence a proceeding as specified by ORS 757.279 and ORS 759.660. The adjusted rate will become effective the following January rental billing period.

ARTICLE VII
PAYMENT OF TAXES

7.1 The District shall pay promptly all taxes and assessments lawfully levied on its poles and its own property attached to jointly used poles, except that any tax, fee, or charge levied on the District's poles solely because of their use by Verizon shall be paid by Verizon.

ARTICLE VIII
PAYMENT FOR WORK

8.1 Upon the completion of work performed hereunder by either Party, the expense of which is to be borne wholly or in part by the other Party, the Party performing the work shall present to the other Party an itemized statement of the costs incurred, and such other Party shall, within forty-five (45) days after such statement and invoice are presented, pay to the Party doing the work such other Party's proportion of the cost of said work. Past due payments shall bear interest at the maximum rate permitted by applicable law.

ARTICLE IX
DIVISION OF COSTS, POLES

9.1 The cost of erecting new joint poles, constructing new pole lines, making extensions to existing pole lines, or replacing existing poles, pursuant to this Agreement shall be borne by the Parties as follows:

a. Poles should be erected at the sole expense of the District.

b. If a pole larger than that which is already installed is necessary, due wholly to Verizon's requirements, Verizon shall pay to the District a sum equal to the difference between the cost, in place, of such pole and the cost, in place, of the existing pole. The District shall bear the rest of the cost of erecting such pole, except as otherwise provided in Section 9.3.

c. If a pole larger than that which is already installed is necessary, due to the requirements of both Parties, or the requirements of public authorities or of property owners (other than requirements with regard to keeping the wires of one Party only clear of trees), Verizon shall pay to the District a sum equal to one-half the difference between the cost, in place, of such pole and the cost, in place, of the existing pole; the District shall bear the rest of the cost of erecting such pole. Where there are more than the two Parties to this agreement attached to a pole, the cost of such pole replacements will be divided equally among all Parties attached to the pole.

d. In the case of an interset pole required solely by Verizon in the District's alignment, the District shall erect and own such pole and retain ownership, and Verizon shall pay to the District a sum equal to the cost in place of the interset or midspan pole.

9.2 Any payments for poles made by Verizon shall not entitle Verizon to the ownership of any part of said poles.

9.3 Where an existing pole is prematurely replaced (for reasons other than normal or abnormal decay) by a new pole solely for the benefit of Verizon, or in order to permit joint use, the cost of the new pole shall be borne by the Parties as specified in Section 9.1, and Verizon shall also pay the District the remaining life value of the old pole in place, plus the cost of removal, less the salvage value of such pole. The District shall remove, and may retain or dispose of, such pole as sole owner thereof.

9.4 Each Party shall place, maintain, rearrange, transfer, and remove its own attachments at its own expense, except as otherwise expressly provided.

9.5 The expense of the poles shall be borne by the District except that the cost of replacing poles shall be borne by the Parties hereto in the manner provided in Sections 9.1 and 9.3.

9.6 The District shall bear the cost of the original tree trimming, brushing and clearing required for the placement of a new pole line. All tree trimming and brush cutting in connection with the initial placement of wires or equipment on an existing pole line shall be borne entirely by the Party placing the wires or equipment. Unless the Parties otherwise agree, each Party shall be responsible for any and all additional tree trimming and brush cutting related to its wires or equipment.

9.7 Nothing herein shall preclude the establishment of other arrangements for the division of costs of joint poles as the Parties may agree to in writing.

9.8 The District shall have the right to perform an inspection of Verizon's Attachments and other Equipment upon, and in the vicinity of, the District's poles at any time. The District shall recover the costs for all Inspections in the annual rent. Such inspections, whether made or not, shall in no manner relieve Verizon of any responsibility, obligation, or liability assumed under this Agreement or arising otherwise.

ARTICLE X
MAINTENANCE OF POLES

10.1 The expense of maintaining jointly used poles shall be borne by the District, and the District shall maintain its jointly used poles in a safe and serviceable condition, and shall, under the provisions of Article XIII, replace, reinforce, or repair such poles as become defective. The District shall be solely responsible for collection for damages for poles broken or damaged. The Party with Equipment attached to the pole shall be responsible for collecting damages to its own Equipment.

10.2 Whenever it is necessary to replace, move, reset, or relocate a jointly used pole, the District shall, before making such replacement, move, or relocation, give written notice thereof to Verizon through NJUNS (except in case of emergency, when oral notice shall be given and subsequently confirmed in writing or through NJUNS), specifying in such notice the work to be performed and the time of such proposed replacement or relocation. Verizon shall arrange to transfer such Equipment promptly to the new pole and shall notify the District when the transfer has been completed. Except as specified in Paragraph 10.3, in the event such transfer is not completed within thirty (30) days after the time specified in the notice given by the District, Verizon shall assume ownership of the original pole for all purposes at the conclusion of such thirty (30) day period, shall indemnify and hold harmless the District from all obligations, liabilities, damages, costs, expenses, or charges incurred in connection with such pole thereafter, and shall pay to the District the remaining life value of the pole, if any, upon delivery of a bill of sale. In the event that third parties, not subject to this agreement, have equipment attached to the District's pole, such thirty (30) day period shall commence upon removal of third party attachments. Should either Party perform any work for the other Party to facilitate completion of the above work or in cases of emergency, such as transferring equipment, setting or lowering poles, digging holes, hauling poles, etc., the Party for whom work was performed shall pay, upon receipt of an invoice, the actual cost of such work.

10.3 The District reserves the right to transfer Verizon's Equipment from the replaced pole to the replacement pole in a reasonable manner consistent with industry practices (a) as an accommodation to, and upon the request or consent of, Verizon, or (b) upon Verizon's failure to transfer its Equipment after the District has given an additional ten (10) working days' advance notice, and Verizon will reimburse the District for all actual costs incurred. Should the District give up the right to serve additional notice immediately following the initial thirty (30) day period, Verizon shall assume ownership of the pole subject to the terms of Paragraph 10.2. In the event that third parties, not subject to this agreement, have Equipment attached to the District's pole, such thirty (30) day period shall commence upon removal of third party attachments.

10.4 When a jointly used pole carrying underground conduit connections needs to be replaced, the District shall provide Verizon with thirty (30) days' notice of its intent and give Verizon an opportunity to respond. Thereafter, the District shall set the new pole in a location mutually agreed to by the Parties, or without communication from Verizon before the setting date, set the new pole in a location generally adjacent to the previous hole. The District shall reimburse Verizon its excess costs to modify its facilities to attach to the replacement pole if the District set the new pole before the notified pole-setting date or in a new location that was not mutually agreed upon before the setting date, except where the District replaced the pole pursuant to a requirement of the requisite local governing body.

10.5 When either Party performs maintenance to or removes or replaces its equipment on the District's poles, it must chemically treat all field drilled holes and plug any unused holes, such as those resulting from removal of equipment.

ARTICLE XI
ABANDONMENT OF JOINTLY USED POLES

11.1 If the District desires at any time to abandon the use of a jointly used pole, it shall give Verizon notice via NJUNS at least thirty (30) days prior to the intended date of abandonment. In the event that Verizon has not removed all of its attachments from that pole by the specified date, Verizon shall become the owner of the pole, shall indemnify and hold harmless the District from all obligation, liability, damages, costs, expenses, or charges incurred in connection with such pole thereafter; and upon receipt of an invoice and bill of sale therefor, shall pay to the District the value, in place, at that time, of such abandoned pole, less cost of removal, but in no event less than zero. Credit shall be allowed for any payments made by Verizon under the provisions of Article IX; however, such sales will not exceed pole heights of forty (40) feet for pricing purposes. In the event that third parties, not subject to this agreement, have equipment attached to the District's pole, such thirty (30) day period shall commence upon removal of third party attachments.

11.2 Verizon may, at any time, abandon the use of a jointly used pole by giving the District notice via NJUNS and by removing any and all attachments Verizon may have thereon. Verizon shall continue to be subject to rental obligations on the abandoned pole until its Equipment has been removed from the pole, and Verizon shall not be entitled to any refund or credit related to the annual rental for the use of such pole.

11.3 The Parties acknowledge that during the period covered by this Agreement, an agency of the federal, state, or local government may classify chemicals used as a preservative or other treatment of wood poles subject to this Agreement as hazardous or toxic waste requiring special disposal procedures. The Party which is the owner of a given pole at the time of disposal shall bear the full cost of any special disposal procedures, except that where a Party takes ownership pursuant to abandonment by the other Party, the new owner shall bear such costs only if (1) it has given notice in writing to the abandoning Party that it intends to maintain such pole, or (2) it maintained attachments on the pole for a period exceeding sixty (60) days from the date on which it acquired title by abandonment under this Agreement. For purposes of this Article, such sixty (60) day period for transfer of facilities shall commence upon transfer or removal of facilities owned by third parties licensed by the original Owner.

ARTICLE XII
ANCHORS

12.1 When Verizon requests attachment of Equipment to a new pole, it shall be responsible for the installation of anchors and guys sufficient in size and strength to support its Equipment on the new pole. Typically, Verizon shall attach its guys only to its own anchors.

12.2 Verizon may also attach to a District anchor only after submission of an attachment permit application as specified in Section 3.1. When existing District anchors are adequate in size and strength to support the equipment of both Parties, Verizon may attach its guys thereto at no additional cost. The District Guy and Anchor system are grounded, and Verizon will be required to ground the tail of its guy to the anchor and pole ground if the guy is not insulated. When District anchors are not of adequate size and strength and Verizon is requesting to attach its guys to District anchors, the District will correspond with Verizon in accordance with the procedures in Section 3.4 to determine whether to replace the anchor and charge Verizon for the cost.

ARTICLE XIII
SPECIFICATIONS

13.1 The specifications of each Party for the construction, operation, and maintenance of its respective poles and other facilities that are jointly used, or involved in joint use, shall be in accordance with accepted modern practices and shall be no less stringent than the requirements of the National Electrical Safety Code, provided that in the event a lawful requirement of any governmental authority or agency having jurisdiction may be more stringent, the latter will govern. Modification of, additions to, or construction practices supplementing the requirements of the National Electrical Safety Code, wholly or in part, will also govern joint use of poles.

13.2 Verizon's attachments on a District-owned pole shall be made and maintained in accordance with a reasonable aesthetic criteria mutually agreed to by both Parties. Such aesthetic criteria shall apply without being limited to the type and design of the attachment, circuit arrangements, conductor or cable sags, and service drop arrangements within the provisions of Section 13.1.

13.3 Verizon (including its employees and contractors) shall not enter the electric utility space on District poles for any purpose including making connections to the District neutral. If Verizon requires grounding on an existing District pole where a grounding conductor does not exist, Verizon shall request the District to install grounding at the sole expense of Verizon. If the District is unable to install said grounding within thirty (30) days of the date requested, Verizon has the option of hiring qualified electrical contractors to perform this work. Verizon, its employees and its contractors, shall at all times exercise its rights and responsibilities under the terms of this Agreement in a manner that treats all electric facilities as energized at all times. Verizon shall assume complete responsibility for its employees' conduct and Verizon shall determine and provide the appropriate training and safety precautions to be taken by its employees and contractors. Verizon shall indemnify, defend, and hold the District harmless from any liability of any sort derived from Verizon's employees' or contractors' failure to abide by the terms of this Section except to the extent of the District's negligence or willful misconduct.

ARTICLE XIV
EXISTING CONTRACTS

14.1 This Agreement constitutes the entire Agreement between the Parties and it supersedes all prior negotiations, agreements and representations, whether oral or written, between the Parties relating to the subject matter of this Agreement; provided, however, that (i) Equipment currently attached to poles in accordance with approvals granted by the Owner under prior agreements and applications in progress for permits, shall continue in effect under the terms and conditions of this Agreement; (ii) nothing herein shall relieve either Party from obligations and liabilities that arose or were incurred under prior agreements; and (iii) any rental obligations of the Parties currently in arrears under any prior agreement shall be recalculated according to the terms of this Agreement as of the effective date hereof. This Agreement can only be modified or amended in writing by authorized representatives of the Parties.

ARTICLE XV
BREACH AND REMEDIES

15.1 If either Party shall default in any of its obligations under this Agreement and such default continues thirty (30) days after notice thereof has been provided to the defaulting Party, the Party not in default may exercise any of the remedies available to it. The remedies available to each Party shall include, without limitation: (i) refusal to grant any additional joint use to the other Party until the default is cured; (ii) termination, without further notice, of this Agreement as far as it concerns the further granting of joint use; (iii) litigation for injunctive relief; (iv) litigation for damages and costs; (v) substitute performance as provided in Section 15.2; and (vi) litigation to recover sums due.

15.2 If either Party shall default in the performance of any work that it is obligated to do under this Agreement, the other Party may elect to do such work, and the party in default shall reimburse the other Party for the cost thereof within forty-five (45) days after receipt of an invoice therefor.

15.3 In the event either Party is required to bring suit for the collection of amounts due or the enforcement of any right hereunder, the prevailing Party shall be entitled to recover its reasonable attorney's fees, including attorney's fees at trial and on appeal.

15.4 Notwithstanding the aforementioned remedies, appropriate representatives of the Parties shall meet promptly upon request and attempt in good faith to resolve disputes that arise concerning this Agreement. If the Parties are unable to reach a resolution themselves, a Party may, by written notice, request the other Party to agree to an alternative dispute resolution procedure (e.g. non-binding mediation, binding arbitration) for the dispute, and the other Party shall respond in writing within ten (10) working days.

ARTICLE XVI
RIGHT TO TERMINATE FURTHER GRANTING OF JOINT USE

16.1 Subject to the provisions of Article XV, this Agreement may be terminated by either Party, so far as it concerns further granting of joint use by either Party, upon sixty (60) days' notice to the other Party; provided, however, that notwithstanding such termination, this Agreement shall remain in full force and effect with respect to all poles jointly used under the terms of this Agreement by the Parties at the time of such termination.

ARTICLE XVII
TERMINATION OF AGREEMENT

17.1 This Agreement shall remain in full force and effect unless and until either Party terminates it upon three hundred sixty-five (365) days' notice to the other Party. Notice shall be in writing and mailed by certified mail, return receipt requested, postage prepaid, or delivered by a reputable overnight courier with tracking capabilities, addressed to the parties as indicated in Section 22.1 of this agreement. If this Agreement is terminated, Verizon shall remove all of its Equipment from the District's poles and the District shall remove all of its Equipment from Verizon's poles within two years after termination of this Agreement. All of the applicable provisions of this Agreement, specifically including the payment of rent for joint use poles, shall remain in full force and effect with respect to any and all Equipment of either Party remaining upon poles of the other Party until such time as all such Equipment has been removed.

ARTICLE XVIII
PROCEDURE INVOLVING INCREASES IN ELECTRIC SYSTEM NOMINAL CIRCUIT VOLTAGES

18.1 Whenever the District desires to raise the voltage of its primary distribution circuits on its jointly used poles to levels up to and including 34,500 volts nominal, the District shall give Verizon ninety (90) days' notice of the change and shall furnish a sketch showing the circuits involved and the proposed settings of circuit breaker relays and fuse sizes. The District shall make available to Verizon the maximum values of expected fault current.

18.2 All costs for additions to, or modifications of, Verizon's circuits, including reestablishing such circuits in a new location, which are determined to be necessary by Verizon

to protect or coordinate the communication circuits at distribution system voltage levels up to and including 34,500 volts nominal, shall be borne by Verizon.

18.3 Where the increase is to more than nominal 34,500 volts but not to exceed nominal 230,000 volts, with or without grounded neutral, and in the opinion of Verizon joint use of poles carrying such voltage is not practicable, the Parties shall determine the most practical and economical method of effectively providing for separate lines, either overhead or underground, and the Party whose circuits are to be moved shall promptly carry out the necessary work.

18.4 The total cost of reestablishing such circuits in the new location shall be equitably apportioned between the Parties hereto. In the event of disagreement as to what constitutes an equitable apportionment of such cost, it shall be borne equally.

18.5 Unless otherwise agreed by the Parties, ownership of any new line or underground facilities constructed under the foregoing provisions in a new location shall vest in the Party for whose use it is constructed.

ARTICLE XIX
OBTAINING NECESSARY CONSENTS FOR ATTACHMENTS

19.1 The Parties will cooperate as far as may be practicable in obtaining rights-of-ways and easements for both Parties on joint poles. However, Verizon shall be responsible for obtaining from public authorities and private owners of real property and maintaining in effect any and all consents, permits, licenses or grants necessary for the lawful exercise of the permission granted under any approved application to locate its Equipment on a District-owned pole. The District shall in no way be liable or responsible in the event Verizon shall at any time be prevented from placing or maintaining its Equipment on the District's poles because Verizon lacks the necessary consents, permits, licenses, or grants.

ARTICLE XX
LIABILITY AND DAMAGES

20.1 Verizon agrees to indemnify and hold harmless the District, its directors, officers, employees, and agents against and from any and all claims, demands, suits, losses, costs, and damages, including attorneys' fees, for or on account of bodily or personal injury to, or death of, any person(s), including, without limitation, Verizon's employees, agents, representatives and subcontractors of any tier, or loss of or damage to any property of Verizon, or any third party, to the extent resulting from any negligent act, omission, or fault of Verizon, its employees, agents, representatives, or subcontractors of any tier, their employees, agents, or representatives, in the exercise, performance or nonperformance of Verizon's rights or obligations under this Agreement. Except for liability caused by the sole negligence of the District, Verizon shall also indemnify and hold harmless the District from and against any and all claims, demands, suits, losses, costs, and damages, including attorney's fees, arising from any interruption, discontinuance, or interference with Verizon's service to its customers which may be caused, or

which may be claimed to have been caused, by any action of the District pursuant to or consistent with this Agreement.

20.2 The District agrees to indemnify and hold harmless Verizon, its directors, officers, employees and agents against, and from any and all claims, demands, suits, losses, costs, and damages, including attorneys' fees, for or on account of bodily or personal injury to, or death of, any person(s), including, without limitation, the District's employees, agents, representatives and subcontractors of any tier, or loss of or damage to any property of the District, or any third party, to the extent resulting from any negligent act, omission, or fault of the District, its employees, agents, representatives, or subcontractors of any tier, their employees, agents, or representatives, in the exercise, performance or non performance, of the District's rights or obligations under this Agreement. Except for liability caused by the sole negligence of Verizon, the District shall also indemnify and hold harmless Verizon from and against any and all claims, demands, suits, losses, costs, and damages, including attorney's fees, arising from any interruption, discontinuance, or interference with the District's service to its customers which may be caused, or which may be claimed to have been caused, by any action of Verizon pursuant to or consistent with this Agreement.

20.3 The indemnifying Party shall have the right, but not the obligation, to defend the other regarding any claims, demands or causes of action indemnified against. Each Party shall give the other prompt notice of any claims, demands or causes of actions for which the other may be required to indemnify under this Agreement. Each Party shall fully cooperate with the other in the defense of any such claim, demand or cause of action. Neither shall settle any claim, demand or cause of action relating to a matter for which such Party is indemnified without the written consent of the indemnitor.

20.4 The District shall maintain during the term of this Agreement and for a period of two years thereafter all insurance and/or bonds necessary to satisfy its obligations under this Agreement and this Section, and all insurance and/or bonds required by applicable law. Verizon acknowledges that the District’s liability under this section is limited to the amounts of such insurance as set forth herein. The insurance and/or bonds shall be obtained from an insurer having an A.M. Best insurance rating of at least A-, financial size category VII or greater. At a minimum and without limiting the foregoing undertaking, the District shall maintain the following insurance:

a. Commercial General Liability Insurance, on an occurrence basis, including but not limited to, premises-operations, broad form property damage, products/completed operations, contractual liability, independent contractors, and personal injury, with limits of at least $2,000,000 combined single limit for each occurrence.

b. Commercial Motor Vehicle Liability Insurance covering all owned, hired and non-owned vehicles, with limits of at least $2,000,000 combined single limit for each occurrence.

c. Excess Liability Insurance, in the umbrella form, with limits of at least $10,000,000 combined single limit for each occurrence.

d. Worker's Compensation Insurance as required by Applicable Law and Employer's Liability Insurance with limits of not less than $2,000,000 per occurrence.

e. All risk property insurance on a full replacement cost basis for all of the District's real and personal property located on or in any Verizon premises (whether owned, leased or otherwise occupied by Verizon) facility, equipment or right-of-way.

20.5 Any deductibles, self-insured retentions or loss limits ("Retentions") for the foregoing insurance must be disclosed on the certificates of insurance to be provided to Verizon pursuant to Sections 20.4 and 20.6, and Verizon reserves the right to reject any such Retentions in its reasonable discretion. All Retentions shall be the responsibility of the District.

20.6 The District shall name Verizon and Verizon's Affiliates as additional insureds on the foregoing liability insurance.

20.7 The District shall, within two (2) weeks of the Effective Date hereof at the time of each renewal of, or material change in, the District's insurance policies, and at such other times as Verizon may reasonably specify, furnish certificates or other proof of the foregoing Insurance reasonably acceptable to Verizon.

ARTICLE XXI
ASSIGNMENT OF RIGHTS

21.1 Neither Party shall assign, transfer, or otherwise dispose of this Agreement or any of its rights, benefits, or interests under this Agreement without the prior written consent of the other Party, which consent shall not be unreasonably withheld. No assignment of this Agreement shall operate to discharge the assignor of any duty or obligation hereunder without written consent of the other Party. Each Party may assign all its rights and obligations under this Agreement to its parent corporation, to its subsidiary corporation, to a subsidiary of its parent corporation, to its survivor in connection with a corporate reorganization, to any corporation acquiring all or substantially all of its property, or to any corporation into which it is merged or consolidated.

ARTICLE XXII
NOTICE

22.1 Unless otherwise specified herein, all notices concerning this Agreement shall be addressed to:

The District at:

Central Lincoln People's Utility District
Attn: Joint Use Administrator
2129 North Coast Highway
P.O. Box 1126
Newport, Oregon 97365

For Agreement Administration at Verizon:

Verizon Northwest Incorporated
Joint Use - WA0103NP
P.O. Box 1003
Everett, Washington 98206

or at such other addresses as may be designated in writing to the other party.

22.2 Unless otherwise provided herein, notices to the addressees specified in Section 22.1 shall be sent by United States mail, electronic transmission, or by personal delivery.

ARTICLE XXIII
CHOICE OF LAW

23.1 In the event of any legal action to enforce any of the terms, conditions or covenants of this Agreement, the Parties agree that this Agreement shall be interpreted in accordance with the laws of the State of Oregon.

ARTICLE XXIV
WAIVER

24.1 The failure of either Party to enforce or insist upon compliance with any of the terms or conditions of this Agreement shall not constitute a general waiver or relinquishment of any such terms or conditions, but the same shall be and remain, at all times, in full force and effect.

ARTICLE XXV
MISCELLANEOUS

25.1 The provisions of this Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors and assigns.

25.2 All obligations of the Parties to indemnify, release or make payments to each other, which have accrued prior to the termination of this Agreement, shall survive such termination.

25.3 The parties agree that the terms and conditions of this Agreement were composed in order to effectuate the legal requirements in effect at the time the Agreement was produced. Should there be any modifications to those requirements, the parties will promptly meet and confer on those issues. Should the Parties be unable to confer, they will use the same procedures to resolve their dispute as set forth in Section 6.1.

ARTICLE XXVI
INTERPRETATION

26.1 References to Articles and Sections are references to relevant portions of this Agreement.

26.2 A reference to business or working days shall refer to days other than a Saturday, Sunday, or federal holiday when banks are authorized to be closed.

26.3 The headings are inserted for convenience and shall not affect the construction of this Agreement.

26.4 Attachments A and F are attached hereto and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized officers as of the date first herein written

VERIZON NORTHWEST INC.

By: _____

Title: _____

Date: _____

CENTRAL LINCOLN PEOPLE'S UTILITY DISTRICT

By: _____

Title: _____

Date: _____

RENTAL RATE WORKSHEET
ANNUAL RATE THE DISTRICT WILL CHARGE VERIZON

Total Value of Poles & Fixtures			$15,233,492
Less Depreciation Reserves			$8,447,413
Net Value of Poles & Fixtures			$6,786,079
Ratio of Bare Pole to Total Pole			85%
Value of all Bare Poles			$5,768,167
Number of Poles			25,623
Average Cost per Pole			**$225**

Annual Carrying Charge

Operation expense	$1,835,120	2.82%	
Maintenance expense	$1,677,359	2.57%	
Customer expense	$0	0.00%	
Admin. & General expense	$3,572,010	5.48%	
Taxes	$2,228,316	3.42%	
Depreciation	$6,063,335	9.31%	
Bond Debt Interest/Amortization Expense	$802,960	1.23%	
Current net income	$0	0.00%	
Totals	$16,179,100		**24.84%**
Net Book Value		$65,146,078	

Carrying Charge per Total Usable Space ($225 Ave. Cost/Pole x 24.84% Carrying Charge)			**$55.88**
Available Usable Space (in feet) (11.8' from VZ -124 + 1.67' safety (20"))			13.50
Rental Rate PER FOOT			**$4.14**
Space Occupied (in feet)		1.5	
Rental Rate PER POLE			**$6.21**

ATTACHMENT PERMIT APPLICATION INSTRUCTIONS

Required Information:

To accurately process Pole Attachment Permit Applications, Central Lincoln PUD requires the following information:

1. Renter Code (Entered by Licensee)
2. Permit Number (Assigned by Licensee)

- Indicate applicable permit type
- Provide scheduled construction date or installation date if already installed

4. Central Lincoln PUD Pole Number
5. Central Lincoln PUD Map Number (Grid#, ie D11-13B)
6. Applicant Sketch/Map# (Identify pole location)
7. Location/Address: Please include exact address (If not available, please give street and cross street or reference poles)
8. Pole Height, Class, Year Set
9. Equipment Type:
   (you may use the following abbreviations)
   ML = Mainline of any type. Including hybrid-fiber coax (HFC), coax, fiber, large telco conductor, etc.
   SD = Service Drop
   PS = Power Supply
   GUY = This will be used for overhead guys and extended messengers.
   ***GUY* X 2 (2nd Bolt)** = Used when a 2nd bolt was used for either a down guy or OH guy extension.
   RISER = Indicate desire to use Central Lincoln PUD or Licensee standoff brackets
10. Total Diameter: Please provide total diameter (in inches) of cable attachment or over-lash bundle.
11. Max Working Tension (not ultimate or breaking strength)
12. Arm Type: Indicate "A" for Alley Arm, "C" for Crossarm, "F" for Fiberglass extension arm (note: Fiberglass extension arms, ≤ 30 inches in length, are not considered an additional attachment)
13. Arm Length
14. Conduit Riser: Indicate if intending to use Central Lincoln PUD standoff brackets, indicate if intending to use Licensee standoff brackets.
15. Span Lengths: Indicate spans both directions from pole.
16. Requested Attachment Height
17. FS or SS**:** Indicate whether attachment is intended to be on Field Side or Street Side.
18. Attach to Anchor: Indicate intending to attach guy to existing Central Lincoln Anchor, indicate if Licensee intends to install own anchor.