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Washington Water Power

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UTILITY DIVISION
WASHINGTON STATE
DEPARTMENT OF
TRANSPORTATION

November 6, 1997

Steve McLellan, Secretary
Washington Utilities and Transportation Commission
PO Box 47250
Olympia, Washington 98504-7250

Re: Docket No. UT-970723, Adopt a methodology for determination of just and reasonable rates for attachments to transmission facilities.

Dear Mr. McLellan:

Washington Water Power is pleased to provide comments on Docket No. UT-970723. An original and 11 copies are enclosed along with a disk on which the document has been saved as WordPerfect version 5.x for Windows.

I expect to attend the workshop on December 3 in Olympia. Please advise me if there is any change of schedule. My phone number is 509-482-4426, fax is 509-482-4060 and e-mail is trahman@wwpco.com.

Sincerely,

A handwritten signature in cursive script that reads "Timothy J. Rahman".

Timothy J. Rahman, P.E.
Joint Use Administrator

**DISK
AVAILABLE**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

Adopt a methodology for determination of just and reasonable rates for attachments to transmission facilities

Docket No. UT-970723

Ref: TCI Petition for Rulemaking dated April 28, 1997

Washington Water Power (WWP) provides the following comments on the proposed rule making by the Washington Utilities and Transportation Commission (WUTC) on "a methodology for determination of just and reasonable rates for attachments to transmission facilities."

The term "transmission" in the title is very limiting. From the perspective of an electric utility, this would refer to facilities supporting voltages over 60 kV. The accounts in the formula are only for distribution facilities (those which are less than 60 kV). A more universal title would be "a methodology for determination of just and reasonable rates for attachments to utility facilities."

TCI 5. The WUTC is not required to follow the FCC formula to the letter. The formula should represent the facilities in the WUTC jurisdiction and those facilities may be different from those average nationwide facilities which are represented by the FCC formula.

The FCC formulas are complicated. For WWP, the calculation for TV cable attachments on distribution poles in the State of Washington involves

- 30 items from FERC Form 1,
- 11 items from studies by WWP's Finance Department ,
- 1 pole count and
- 7 allocation calculations.

The 11 items from Finance are those figures that are not reported publicly. They include allocation of common plant, depreciation for electric plant by state and FERC account and accumulated deferred income tax (ADIT) allocation by state.

The pole count is the result of a continuous rotating field audit that WWP started in 1984. The data provides an accurate count of distribution poles and identifies unauthorized attachments.

The 7 allocations are necessary to divide system values between states.

The WUTC should develop a formula that is fair and clear to both licensee and licensor without being an administrative burden to the WUTC or the utility.

TCI 6. WWP supports the adoption of one or more formulas to cover attachments of TV cable, telephone cables and telecommunications (fiber optic) cables to

- distribution poles,
- transmission poles,
- distribution ducts and
- transmission ducts.

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These formulas should be tailored to the type of user and the type of utility structure. They should include the utility's investment in the structure, the scarcity of the available space, the cost of alternatives and the value of the attachment to the licensees. Traditionally, the FCC has based the rate on the utility's original cost less depreciation. However, the book value of older facilities like downtown network duct systems are considerably less than the cost of replacement and much less than the market value of the space.

All revenue realized from the rental of space is treated as a reduction in the cost to serve the utility's retail customers.

The Legislature intended that the playing field be level for all participants in telecommunications development. This does not mean that the rates should be rock bottom, just that they be "fair and reasonable."

It is not likely that any formula will eliminate complaints about rates. The FCC has already stated that a number of its assumptions are refutable with additional data. In addition it has invited comments on major changes to its methodology (FCC Docket numbers 97-98 and 97-151).

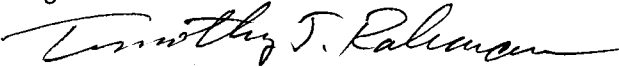
WWP supports the initiation of a dialogue between the WUTC, utilities and telecoms in the state. However, the FCC has two major Notice of Proposed Rule Makings open at this time (FCC Docket Nos. 97-98 and 97-151). Orders could be issued at any time and are expected no later than February 1998. There may be court challenges following the orders.

It would be premature to enter too deeply into discussions, comments and rule making before the FCC orders are issued.

WWP will participate in the December 3 workshop. This will be an opportunity for the WUTC to better understand the positions and concerns of the parties who will be affected by future rate formulas and rule making for telecom attachments on utility structures.

Respectfully submitted this 6th day of November, 1997.

Washington Water Power

By: 
Timothy J. Rahman, P.E.
Joint Use Administrator