NEWGEN STRATEGIES AND SOLUTIONS, LLC

Building a Connected Community: How Pole Attachment Rates Work for Your Utility

In today's electric market, alternative revenue streams are essential for relieving pressure on retail rates. **Pole attachment rates provide utilities with a practical solution to recover a portion of installation, maintenance, and operational costs while benefiting customers.**

Originally designed for conventional telecom cables, pole attachments now support various wireline (cable and fiber) and wireless (antennas, cameras, and sensors) equipment, making poles a cornerstone of modern infrastructure. By sharing poles, telecom providers access existing structures without new construction costs, leading to faster service expansion, reduced environmental impact, and fewer disruptions.

Why Do These Fees Matter?

Today, utility poles now support more than electricity, including:

- High-speed internet and fiber connections
- Cellular service and wireless antennas
- Smart devices like cameras and sensors

Telecom companies increasingly attach equipment to these poles, leading to higher maintenance costs and potential replacements. **Fair compensation** for these attachments **helps reduce lost revenue** and **customer subsidies**, resulting in **customer cost savings.**

POLE ATTACHMENT REGULATION & METHODOLOGIES

The Federal Communications Commission (FCC) regulates pole attachments and associated fees unless a state certifies that it will take over this regulation. The rates charged vary depending on the state and utility type—whether investor-owned or nonprofit. These rates are influenced by approaches from the American Public Power Association (APPA), Tennessee Valley Authority (TVA), and alternative methods used in states like Arkansas, Indiana, and California. Sharing poles contributes to a cleaner environment by minimizing visual clutter and construction disruptions for residents.

FCC Method	APPA Method	TVA Method
This formula applies to FCC-regulated utilities unless the state has certified otherwise. **Key Considerations:** There are two formulas for pole attachments: one for cable attachers and another for all other telecom attachers. The calculation includes the net cost of a bare pole and a carrying charge, which includes a return on investment. **Impacts:** Over time, this method has shifted from a cost-based approach to a policy-based approach, leading to **lower pole attachment rates** and **encouraging broadband deployment**.	APPA developed a "shared-cost" pole attachment method for government-owned and cooperative utilities exempt from FCC oversight. **Key Considerations:** A uniform rate formula that applies to all attachments regardless of service type, with rates based on fully allocated costs, including the net cost of a bare pole and a carrying charge (excluding return on investment). **Impacts:** This method ensures **equity among attachers** and supports **full cost recovery**.	TVA calculates pole attachment fees using this method to ensure fair compensation from telecom companies using their electric system assets. **Key Considerations:** The uniform rate formula for all attachments, regardless of service type, is based on fully allocated costs, considering the net cost of the bare pole, a carrying charge, and a return on investment. **Impacts:** TVA's pole attachment rates are higher than those from the FCC Method because it **assigns all safety space costs to non-electric attachers**, while **support space costs are evenly distributed** among all entities.

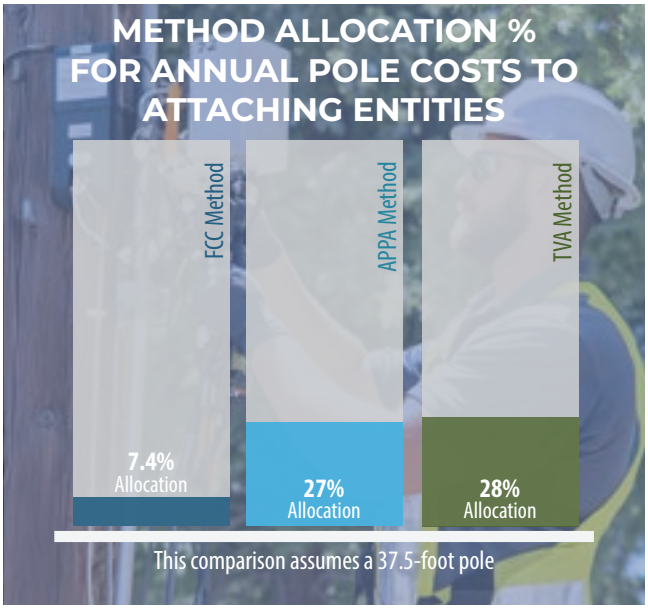
Behind the Fees: Fairness, Safety, and Long-Term Value

The methodologies used by the FCC, APPA, and TVA differ in three key areas:

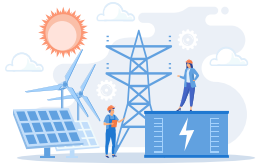
1. Assignment of safety space per the National Electric Safety Code (NESC);
2. Allocation of Unusable (or Support) space to attaching entities; and
3. The permitted rates of return.

These differences can impact a utility's future revenue and cost recovery capabilities.

Utility companies must understand their options, the implications of these methodologies, and relevant regulations to optimize and justify their fees. Pole attachment rates should be cost-based; if set too low, communications attachers do not contribute fairly to expenses, shifting the cost burden to electric customers who subsidize communications companies.

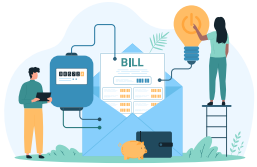


BENEFITS TO THE UTILITY AND THEIR CUSTOMERS



Utility Benefits

By keeping pole attachment fees up to date and based on current costs, the utility can **generate steady revenues** that cover the maintenance and operation of utility poles and ensure utilities **recover a portion of their investment**.



Customer Benefits

Electric utility customers benefit when **revenues from pole attachers help offset the costs** of installing and maintaining utility poles. Moreover, **expanding fiber or broadband services**—especially in underserved or rural areas—can reduce expenses for telecommunications providers, thus further benefiting customers. Sharing poles also **reduces visual clutter and construction disruptions**, creating a cleaner environment.

NewGen can develop a model that utilities update annually to ensure their rates generate sufficient revenue. This capability is crucial given the current pole replacement initiatives driven by aging infrastructure. By implementing regular updates to rates and tariffs, utilities can streamline the rate-setting process and help reduce disputes with attachers.

WANT TO LEARN MORE?

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