

Appendix M: Calculation of Fees Charged under TVA Pole Attachment Fee Formula and FCC Formulas

Annual per-pole fees calculated using TVA and FCC formulas for the example developed by TVA in attachment A are shown below. The calculations each rely on the same assumptions for space allocation and annual pole cost used by TVA in attachment A.

| General Assumptions | |
|--|------|
| Total Number of Attachers | 3 |
| Space Occupied by Attacher (feet) | 1 |
| Safety Space (feet) | 3.33 |
| Total Space Used for Attachments (feet) | 13.5 |
| Total Space Below Lowest Attachment (feet) | 24 |
| Pole Length (feet) | 37.5 |

| Annual Pole Cost Assumptions | |
|---|-----------------|
| Net Pole Investment Acc. 364 | \$ 5,572,436.68 |
| Total Number of Poles | 16,981 |
| Administrative Expense* | 3.26% |
| Maintenance Expense* | 8.56% |
| Taxes* | 2.23% |
| Depreciation* | 4.06% |
| Return on Investment | 8.50% |
| Cost Modifier for FCC Telephone Formula A** | 44% |

| | TVA Formula | FCC Formulas*** | | |
|---|-------------|-----------------|-------------|-------------|
| | | Cable | Telephone A | Telephone B |
| Space Allocation Percentage (use formulas in appendix B) | 28.44% | 7.41% | 16.89% | 16.89% |
| Estimated Annual Pole Cost (use formulas in appendix B) | \$ 74.22 | \$ 74.22 | \$ 32.66 | \$ 32.97 |
| Annual Per-Pole Fee (allocation percentage x est. annual pole cost) | \$ 21.11 | \$ 5.50 | \$ 5.52 | \$ 5.57 |

* Expressed as a percentage of net investment; see calculations in attachment A.

** The annual pole-cost modifier in FCC telephone formula A assumes three total attachers; see attachment B.

*** FCC telephone formula B results in a greater fee than telephone formula A and would be used under FCC guidelines for attachers that are telephone companies.

Source: Calculations by TACIR staff based on example developed by TVA in attachment A.