



POLE ATTACHMENT REFORM

OBJECTIVE:

To ensure that reasonable terms and conditions of pole attachment contracts will be standard in Tennessee.

BACKGROUND:

In order to deliver services, such as cable television and high-speed Internet access, communications companies must attach their wires to utility poles owned by municipal electric systems and rural electric cooperatives. These are known as pole attachments.

In Tennessee, municipal electrics and rural coops require cable companies to sign pole attachments contracts. These contracts are currently Non-negotiable due to the inherently unequal bargaining power of utilities. The cable industry has no venue to resolve pole negotiation issues.

Unlike private electric providers, TN municipal electric cooperatives are publicly owned and not regulated by the federal law due to an exemption in the 1978 Federal Pole Attachment Act. This is critical because federal law provides extensive regulation including a formula for the calculation of reasonable cost-based rates.

SITUATION:

Over the last several years, cable operators and other attachers to municipally or cooperatively owned utility poles in TN have struggled to obtain fair, reasonable and non-discriminatory rates, practices and procedures for the use of those facilities. Fair and reasonable terms are the standard for investor-owned utilities and should apply to municipal electrics and rural electric cooperatives in Tennessee. Exorbitant pole rates inhibit the deployment of digital cable television, telephone and broadband services – especially in rural areas.

In Tennessee, the average rate for the three largest investor-owned utilities – American Electric Power, CenturyLink and AT&T – is \$5.80. The average national regulated utility pole attachment rate for investor-owned utility is approximately \$7.00 per pole.

In stark contrast the average municipal electric pole rate is \$23.00 per pole and the average rural electric cooperative pole rate is \$10.85 per pole in Tennessee.

In addition, cable operators are also subject to arbitrary fees such as application fees, make ready cost and anchor fees that amount to over \$3 million per year. Pole attachment rates have become a profit-making venture not reasonably related to the costs.

The rates are no longer fees in Tennessee... they are outrageous taxes applied arbitrarily and without statutory authority.

In Tennessee:

Municipal electric rates are as high as \$34.72 per pole and as low as \$4.91 per pole.
Rural electric cooperative rates are as high as \$19.61 per pole and as low as \$4.75 per pole.