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May 2, 2014

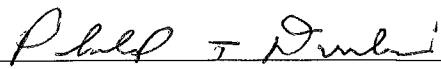
Commonwealth of Massachusetts  
Department of Telecommunications & Cable  
1000 Washington Street, Suite 820  
Boston, Massachusetts 02118  
Attn: Lindsay Roche

**Re: D.T.C. 14-2 Pole Attachment Rate Complaint of Comcast of Massachusetts III,  
Inc. v. Peabody Municipal Light Plan and Peabody Municipal Lighting Commission**

Dear Ms. Roche:

Enclosed for filing, please find the Respondents Answer to the Complaint of Comcast of Massachusetts III, Inc.

Respectfully submitted,  
Peabody Municipal Light Plant and Peabody  
Municipal Lighting Commission  
By its attorney,

  
Philip T. Durkin  
BBO# 139240  
27 Lowell Street  
Peabody, MA 01960  
(978) 406-4222

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND CABLE

Comcast of Massachusetts III, Inc.	)	
Complainant,	)	
	)	
v.	)	PEABODY MUNICIPAL LIGHT
	)	PLANT AND PEABODY MUNICIPAL
	)	LIGHTING COMMISSION RESPONSE
Peabody Municipal Light Plant and	)	TO POLE ATTACHMENT RATE
Peabody Municipal Lighting Commission	)	COMPLAINT
Respondents.	)	

Respondents Peabody Municipal Light Plant and Peabody Municipal Lighting Commission  
("PMLP") hereby responds to Comcast of Massachusetts III, Inc.'s complaint as follows:

**THE PARTIES**

1. PMLP admits to the allegations of Paragraph 1.
2. PMLP admits that the Peabody Municipal Light Plant is a municipal electric department operating pursuant to Chapter 164 of the M.G.L. PMLP denies any contrary allegations contained in Paragraph 2.
3. PMLP admits to the allegations of Paragraph 3.
4. PMLP admits to the allegations of Paragraph 4.

**BACKGROUND FACTUAL INFORMATION**

5. The allegations set forth in Paragraph 5 state a conclusion of law for which no response is required. Further responding, PMLP denies the allegations of Paragraph 5.
6. In response to Paragraph 6, PMLP admits that Comcast and the PMLP were parties to the aerial license agreement attached to Comcast's Complaint as Exhibit 3 and admits that the pole license agreement was originally executed in 1987 and that this agreement has now expired. Further responding, PMLP states that the new license agreement incorporates the new rate that PMLP established in 2011.
7. PMLP admits the allegations of Paragraph 7.
8. In response to Paragraph 8, PMLP admits that prior to the 2<sup>nd</sup> quarter of 2011, PMLP invoiced Comcast annual pole attachment fees that were lower than the fees established in 2011. The original rates were well below the fully allocated costs of services that PMLP provides to Comcast. PMLP adjusted its rates to reflect the fair and reasonable cost that Comcast is required to pay to the PMLP. The increased rate was established in accordance with the provisions of the new aerial license agreement. The original aerial license agreement and the amendment to that agreement (that is attached as exhibits to the Complaint, specifically Article III entitled "Fees and charges, Paragraph (D)) permit PMLP to raise its pole attachment fees. Further responding, PMLP denies any contrary allegations contained in Paragraph 8.

9. PMLP states that the reference letter, dated March 3, 2011, is a matter of record therefore no response is required. Further responding, PMLP denies the remaining allegations contained in Paragraph 9.
10. In response to Paragraph 10, Comcast did not sign the proposed new pole attachment agreement. Further responding, Comcast purposely delayed and neglected to make any reasonable attempt to respond to PMLP's request on the revised agreement. Therefore, PMLP, in accordance with the provisions of the license agreement and the amendment thereto which have expired, increased its rate based on a fair and reasonable formula.
11. PMLP admits that it did receive some communication from Comcast and that the PMLP provided supporting information to justify the increase in the pole rates. Further responding, PMLP denies any contrary allegations contained in Paragraph 11.
12. In response to Paragraph 12, PMLP states that the reference letter, dated April 11, 2013, is a matter of record for which no response is required.
13. PMLP admits to the allegations of Paragraph 13.
14. The allegations set forth in Paragraph 14 state a conclusion of law for which no response is required. Further responding, PMLP states that the reference letter, dated June 4, 2013, is a matter of record for which no response is required. PMLP denies the remaining allegations contained in Paragraph 14.
15. In response to Paragraph 15, PMLP admits that Comcast and PMLP have not entered into a new agreement. Further responding, PMLP increased its pole attachment fees in accordance with the terms and conditions of the amendment, dated February 9, 1995, which is in addition to the aerial license agreement that is attached to Comcast's complaint as Exhibit 3. PMLP denies the remaining allegations of Paragraph 15.
16. PMLP denies the allegations of Paragraph 16.

### **LEGAL BACKGROUND**

17. The allegations set forth in Paragraph 17 state a conclusion of law for which no response is required. Further responding, PMLP denies any contrary allegations contained in Paragraph 17.
18. The allegations set forth in Paragraph 18 state a conclusion of law for which no response is required. Further responding, PMLP denies any contrary allegations contained in Paragraph 18.
19. The allegations set forth in Paragraph 19 state a conclusion of law for which no response is required.
20. PMLP denies the allegations of Paragraph 20. Further responding, PMLP states that the APPA Formula as utilized to establish the current rates for Comcast meets the requirements of Massachusetts General Laws, Chapter 166, sec. 25A and this formula reasonably balances the interests of Comcast and the rate payees of the PMLP. The statute provides for a fully allocated cost of services for licensees such as Comcast. Comcast, in addition to providing cable services,

provides internet and telecommunications throughout the City of Peabody and the Town of Lynnfield. Further responding, PMLP denies any contrary allegations contained in Paragraph 20.

### **DISCUSSION**

21. PMLP denies the allegations of Paragraph 21.
22. The allegations set forth in Paragraph 22 state a conclusion of law for which no response is required. Further responding, PMLP denies the allegations of Paragraph 22.
23. PMLP denies the allegations of Paragraph 23.
24. The allegations set forth in Paragraph 24 state a conclusion of law for which no response is required. Further responding, PMLP denies any contrary allegations contained in Paragraph 24.
25. PMLP admits that it made a payment of \$450,000 in lieu of taxes to the City of Peabody and a \$15,000 payment in lieu of taxes to the Town of Lynnfield. PMLP denies the remaining allegations of Paragraph 25.
26. The allegations set forth in Paragraph 26 state a conclusion of law for which no response is required. Further responding, PMLP denies the allegations of Paragraph 26.
27. The allegations set forth in Paragraph 27 state a conclusion of law for which no response is required. Further responding, PMLP denies the allegations of Paragraph 27.
28. PMLP is without sufficient knowledge, information or documentation to form a belief as to the truth of the allegations contained in Paragraph 28. PMLP further denies any allegations that the so-called Massachusetts Formula applies to the PMLP.

### **COMCAST'S EFFORTS TO RESOLVE THE DISPUTE**

29. In response to Paragraph 29, PMLP admits that Comcast has not signed the new agreement with PMLP. Further responding, PMLP, at all times, provided sufficient notice as required in the aerial license agreement attached to Comcast's complaint as Exhibit 3. PMLP increased its pole attachment rate for Comcast in accordance the APPA Formula which applies to Comcast, providing for a fully allocated cost of services to Comcast as the licensee.
30. PMLP states that the reference letter, dated February 3, 2014, is a matter of record therefore no response is required. Further responding, PMLP denies any contrary allegations contained in Paragraph 30.
31. PMLP states that the reference letter, dated February 17, 2014, is a matter of record, therefore no response is required. Further responding, PMLP at all times mentioned herein states that the APPA rate applied to Comcast is permitted by law. PMLP denies any contrary allegations as contained in Paragraph 31.
32. PMLP admits that Comcast has paid the invoices submitted to Comcast by PMLP beginning in April, 2011. PMLP denies the remaining allegations of Paragraph 32.

33. PMLP is without sufficient knowledge, information or documentation to form a belief as to the truth of the allegations contained in Paragraph 33.
34. PMLP denies the allegations of Paragraph 34. Further responding, PMLP has at all times mentioned herein made every effort to communicate and update and renew a reasonable license agreement with Comcast to provide reasonable increase in the rates for pole attachments to Comcast all in accordance with the statute. However, Comcast has steadfastly refused to cooperate with the PMLP or consider any new proposed agreement, relying on the rates established in the original agreement dating back to 1987.

### **WAIVER OF REQUEST FOR HEARING**

35. In response to Paragraph 35, PMLP disagrees with Comcast's position and maintains that, as a matter of law, PMLP is in full compliance with the rates that PMLP established for Comcast in 2011. Comcast's Complaint raises factual issues in addition to legal issues. Consequently, a factual hearing is necessary and appropriate to provide all parties the opportunity to adequately respond to the issues of law raised in Comcast's Complaint and further the factual allegations relied upon by Comcast.
36. PMLP denies that Comcast is entitled to the relief requested in Paragraph 36.
37. The allegations set forth in Paragraph 37 state a conclusion of law for which no response is required. Further responding, PMLP denies the allegations contained in Paragraph 37 and further denies that Comcast is entitled to the relief requested in Paragraph 37.

### **AFFIRMATIVE DEFENSES FIRST DEFENSE**

The referenced aerial license agreement, dated 1987, and the amendment to that agreement, dated February 9, 1995, provided for a five (5) year term and therefore both agreements have now expired. As a consequence thereof, PMLP prepared a new license agreement which Comcast has failed and neglected to sign and therefore the parties have no agreement.

### **SECOND DEFENSE**

Comcast and its predecessors originally provided cable services only. However, Comcast, by its own admission, not only provides cable services but also other communication services including internet and other related telecommunications services which collectively represents the primary purpose of Comcast's business interests.

### **THIRD DEFENSE**

Comcast must be treated the same as other licensee providers who provide similar telecommunications services. As a result, PMLP must include Comcast in the fees assessed to other providers who are attached to PMLP's poles.

#### **FOURTH DEFENSE**

Comcast is attempting to force municipal light plants, including the PMLP, into having all of Comcast's business interests (internet and other related communication services) subsidized by Peabody Municipal Light Plant's rate payers. This is unreasonable and unfair and does not comply with Massachusetts General Laws, Chapter 166, section 25A.


#### **FIFTH DEFENSE**

In order to comply with Massachusetts General Laws, Chapter 166, section 25A, the municipal utility, in this case PMLP, must establish a rate that recoups the fully allocated costs in the best interest of PMLP's electric consumers and avoid subsidies. Therefore, the PMLP has adopted the APPA rate formula in calculating Comcast's fully allocated costs on the attachments to the PMLP poles. This formula meets the requirements of the statute. See attached Affidavit of Richard La Carpa, attached hereto and incorporated herein by reference, prepared in support of PMLP's position.

#### **REQUEST FOR RELIEF**

1. PMLP respectfully requests that, after hearing, the Commonwealth of Massachusetts Department of Telecommunication and Cable make a declaratory determination that the rate established by the PMLP meets the requirement of the statute and Massachusetts law and is appropriate and reasonable.
2. PMLP further requests the Department require Comcast to reimburse PMLP its attorney's fees and other related costs associated in responding and defending Comcast's Complaint.

Respectfully submitted,  
Peabody Municipal Light Plant and Peabody  
Municipal Lighting Commission  
By its attorney,

  
Philip T. Durkin  
BBO# 139240  
27 Lowell Street  
Peabody, MA 01960  
(978) 406-4222

Dated: May 2, 2014

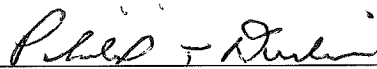
CERTIFICATE OF SERVICE

I, Philip T. Durkin, do hereby certify that on May 2, 2014, I served a true copy of the foregoing Answer to Complaint by mailing same first class postage, prepaid, to:

Kevin C. Conroy, Esq.  
Foley Hoag, LLP  
Seaport West  
155 Seaport Boulevard  
Boston MA 02210-2600

Tracy Haslett, Esq.  
Comcast Cable Legal Department  
1701 John F. Kennedy Parkway  
Philadelphia, PA 19103

James F. Ireland III, Esq.  
James W. Tomlinson, Esq.  
Davis Wright Tremaine, LLP  
1919 Pennsylvania Avenue NW, Suite 800  
Washington DC 20006-3401

  
\_\_\_\_\_  
Philip T. Durkin

**COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND CABLE**

Comcast of Massachusetts III, Inc.	)	
	)	
Complainant	)	
	)	
v.	)	D.T.C. 14- <u>2</u>
	)	
Peabody Municipal Light Plant and	)	
Peabody Municipal Lighting Commission	)	
	)	
Respondents	)	

**AFFIDAVIT OF RICHARD LA CAPRA**

I, Richard La Capra, do hereby state as follows:

1. I am a consulting engineer specializing in the economics of regulated industries. I am the founder of La Capra Associates, established in 1980 with a goal of providing state-of-the-art, innovative technical analysis to regulated industries. I served as president of La Capra Associates from its founding until 2002. I have over thirty- five years of consulting experience in the planning and pricing of services for regulated industries. I have provided expert testimony in 30 states and federal jurisdictions in the general areas of the dynamics and structure of competitive markets, power and transmission requirements and reliability, competitive bidding, power procurement, regulated rate of return, regulated cost of service, and financial feasibility. My resume is appended to this affidavit as Appendix A.

2. Peabody Municipal Light Plant ("PMLP") retained me to provide expert analysis and testimony in connection with the pole attachment complaint ("Complaint") brought by Comcast of Massachusetts III, Inc. ("Comcast") against PMLP at the Department of Telecommunications and Cable ("Department")



3. PMLP is a Massachusetts municipal light department providing electric service to residents and businesses in Peabody and parts of Lynnfield, Massachusetts. The Peabody Municipal Light Commission, whose five members are elected by the voters of Peabody, oversees the not-for-profit operation of the PMLP. PMLP has no stock holders. All of its costs are paid by its ratepayers.

4. I have reviewed the applicable Massachusetts statute, G.L. c. 166, § 25A, the Department's regulation, 220 C.M.R. 45.00, and the Complaint with its associated materials as filed by Comcast.

5. G.L. c. 166, § 25A gives the Department authority to regulate the rates applicable to pole attachments, and directs the Department to consider the "interest of subscribers of cable television and wireless communications services as well as the interest of consumers of utility services." Based on my experience, this direction is consistent with the well-established principle that users of utility services, including Comcast, should bear their proportionate cost associated with the provision of service. In this case that service is the use of a pole also used for electric service. No class of customer – or licensee attaching to a pole – should be given a free ride for a service at the expense of other customers or licensees.

6. G.L. c. 166, § 25A states that the Department is to "assure the utility recovery of not less than the additional costs of making provision for attachments nor more than the proportional capital and operating costs attributable with that portion of the pole, duct or conduct occupied by the attachment." In the parlance of electric utility ratemaking, the pole attachment rate should not be less than the incremental cost of providing the attachment or more than the fully allocated cost. In accordance with proper ratemaking practice, the pole attachment rate must be set at the fully allocated cost in order to take into account the interests of Peabody's electric consumers and ratepayers and avoid subsidies

7. The rate attachment formula proposed by Comcast is not based on fully allocated costs. Comcast proposes that the pole attachment rate should be based only on the space to which wires can be attached or the “usable space” on the pole. This formulation violates both traditional fully allocated cost principles and the laws of physics.

8. The usable space on a pole cannot exist without the underlying support space on the pole and its attendant costs. In other words, one cannot have a top without a bottom. Costs attributable to the usable space necessarily include the costs associated with the support space. To not account for those costs in the provision of the pole attachment service would result in consumers of utility services improperly subsidizing Comcast’s telecommunication services.

9. The cost of service determination has become the standard in regulated industries because it assigns all incurred costs first to how they arose and second to the customers or customer classes whose service caused those costs to be incurred.

10. A fully allocated cost insures that all costs are allocated to customers or customer classes responsible for those costs. Absent a fully allocated cost of service, the method proposed by Comcast, the unallocated costs do not disappear. Rather such unallocated costs become the burden of other customers whose service did not cause those costs to arise. Stated differently, costs expended for a pole, if used solely for electric service should be allocated to electric service. However, costs expended for a pole used for both electric and other services if not properly allocated among the services become a burden for one service and subsidy for the other.

11. Since a utility like PMLP is a not-for-profit public entity, with no stockholders it must recover all its costs of providing service each year. Consequently, any customer or class of customers not paying its full share improperly receives a subsidy from one or more other customer or class of customers.

12. The Department has some discretion in allowing certain subsidies to exist if it determines that there is a greater public good served;- for example, a economic development rate. In my review of prior Department cases, however, I found no ruling requiring or even allowing a subsidy to Comcast.

13. The cost of service, in its most basic form, computes all the costs of providing a service and then adds a return on the capital invested to provide that service. So a cost of service is equal to  $\text{Expenses to Provide Service} + (\text{Plant Investment to Provide Service}) * (\text{Rate of Return})$ . Comcast's proposal simply chooses to eliminate the first part of this equation.

14. Since many costs are common to many customers, i.e., joint costs, such as a pole or a transformer, there are tested, traditional methods for allocating these joint costs to various customers or customer classes. In no traditional method are such costs simply ignored.

15. Often, the allocation is simplified when the separation of these joint costs could be extremely tedious or burdensome. In these cases, a carrying charge which includes not only the cost of capital but a typical percentage of maintenance cost per dollar of invested capital. In this case the cost of service formula is  $(\text{Plant Investment to Provide Service}) * (\text{Carrying Charge})$ . Thus, the carrying charge is analogous to the rate of return but also includes a percentage for operating and maintaining the equipment rather than adding in all the expenses individually. The inclusion of maintenance operation supervision, etc by either direct computation or as a percentage of plant is a critical step since one can hardly imagine plant investment with no upkeep, inventory or associated payroll.

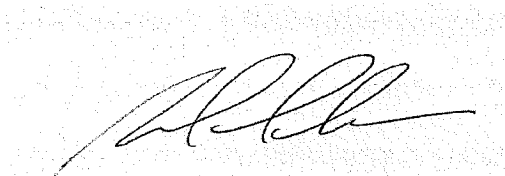
16. For pole attachment rates, it is most common to use the invested capital times the carrying charge approach. This is quite common in many types of utility analyses although either cost of service formulation would be appropriate.

17. I have prepared a fully allocated cost of service study in accordance with traditional and long standing cost of service principles which properly takes into account both the usable space

and the support space. My study is attached as Appendix B and consists of three Exhibits which show, first, the derivation of the appropriate level of allocated plant associated with bare poles, second the development of a carrying charge which accounts for all incurred costs, and third, the computation of a solely owned and jointly owned pole attachment rate . The study is based on the cost data from PMLP's 2012 Return to the Department of Public Utilities, a copy of which is provided as Exhibit 14 to Comcast's Complaint.

18. In summary, Appendix B, Exhibit 1, lays out the procedure for calculating the true cost of a single bare pole. As the Exhibit shows, the cost of a single bare pole, based on PMLP's 2012 Return to the Department of Public Utilities is \$672.21. In Exhibit 2, the full carrying charge for a distribution pole is developed. The appropriate carrying charge for a PMLP pole is currently 20.16% of invested plant. Lastly, Exhibit 3 develops the solely owned and jointly owned rate for pole attachments based on the two earlier analyses. The resulting compensatory rate for PMLP is \$28.23 for a solely owned pole and \$14.12 for a jointly owned pole

19. The foregoing statements are true and correct to the best of my knowledge and belief.

A handwritten signature in black ink, appearing to read 'R. La Capra', is centered on the page. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

---

Richard La Capra, Consulting Engineer

**RICHARD LA CAPRA**  
**CONSULTING ENGINEER**

Richard La Capra is a consulting engineer specializing in the economics of regulated industries. Mr. La Capra is the founder La Capra Associates ([www.lacapra.com](http://www.lacapra.com)), established in 1980 with a goal of providing state-of-the art, innovative technical analysis to regulated industries. Mr. La Capra served as the president of La Capra Associates from its founding to 2002 and as a Director until 2008. He has over thirty-five years of consulting experience in the planning and pricing of services for regulated industries. His experience encompasses financial management, rate of return, competitive procurement and auction strategies, valuation and pricing. Mr. La Capra has negotiated comprehensive restructuring settlements and provided expert consulting services in mergers and acquisitions of regulated industries, valuation, and new venture feasibility. He has been involved in major bidding and procurement activities in both energy and transportation and has presented expert testimony in the energy, telecommunications, water resources, lending and transportation industries. Mr. La Capra is a sought-after teacher and lecturer for industry, trade and research organizations.

***ACCOMPLISHMENTS***

Mr. La Capra has provided expert testimony in 30 states and federal jurisdictions in the areas of dynamic and structure of competitive-regulated markets, power and transmission requirements and reliability, competitive bidding, power procurement, regulated rate of return, regulated cost of service, and financial feasibility.

Some of his major assignments have included:

Assisting the financial reorganization of cooperative utilities, including reconfiguring their power supply assets and contracts, and restructuring \$100 million in debt;

Managing large asset bids for purchasers or sellers;

Serving as Special Advisor to the City of Boston Police Commissioner in the development of hackney carriage service standards and pricing, and managing the auction process for distributing taxi medallions in the City of Boston;

Designing and managing the auction process for the sale of small utilities;

Designing and managing the auction process for the sale of the power supply infrastructure of several major universities.

Negotiating transmission contracts, wheeling rates, and distribution leases for a number of utilities and independent power producers.

Providing advice to numerous State jurisdictions on the developmental rules and codes of conduct for wholesale markets;

Providing advisory services to public and private utilities in the areas of cost of service, pricing, power supply procurement strategies, negotiation of inter-utility contracts, and market hedging strategies;

Managed developmental load research programs in six mid-western and eastern states;

Devised and presented professional development programs for the Electric Council of New England, the Center for Professional Advancement, the New England Rate Forum, the Electric Power Research Institute, the American Gas Association, the University of Michigan and the University of Missouri;

Directed feasibility studies assessing privatization potential for publicly owned energy facilities;

Along with his various project assignments, Mr. La Capra has also served as Principal Consultant to the Electric Power Research Institute in the areas of electric cost of service, utility pricing and customer research;

### ***EMPLOYMENT***

Consulting Engineer  
Electric Power and Pricing

La Capra Associates  
Founder and Principal

Charles T. Main, Inc.  
Manager - Rates, Financial Services and  
Utility Management Consulting Groups

American Electric Power Service Corporation  
Rate and Load Research Supervisor

Pennsylvania-New Jersey-Maryland (PJM) Power Pool  
Planning Engineer

### ***EDUCATION***

Certificate in Advanced Finance, New York University

M.B.A., Fairleigh Dickinson University  
Economics

B.S., Stevens Institute of Technology  
Electrical and Mechanical Engineering

APPENDIX B EXHIBIT 1

PEABODY MUNICIPAL LIGHT PLANT  
Development of Rate Base per Pole

Plant in Service	A Source	B Net Plant	C General Plant Fold-In	Description
1 Production	DPU p16 Ln19	\$7,335,396	\$8,904,408	$C1=B1+(B1/(B1+B2+B3)) \times B4$
2 Transmission	DPU p16 Ln31	\$347,397	\$421,704	$C2=B2+(B2/(B1+B2+B3)) \times B4$
3 Distribution	DPU p17 Ln16	\$22,866,483	\$27,757,533	$C3=B3+(B3/(B1+B2+B3)) \times B4$
4 General	DPU p17 Ln29	\$6,534,369		
5 Total Net Plant		\$37,083,645	\$37,083,645	$C5=C1+C2+C3$
6 Net Plant -Poles (a/c364)	DPU p17 Ln6	\$2,799,093	\$3,397,808	$C6=B6 \times (C3/B3)$
7 Working Capital				
8 Distribution O&M	DPU p41 Ln25	\$2,886,489		
9 45 Days Distribution O&M		\$360,811		$B9=B8 \times (45/360)$
10 As % of Distribution Plant		1.30%		$B10=B9/C3$
11 Working Capital- Poles			\$44,167	$C11=C6 \times B22$
12 Material & Supplies	DPU p10 Ln24	\$1,090,363		
13 As % of Total Plant		2.94%	\$99,905	$C13=C6 \times B13$
14 PrePayments	DPU p10 Ln26	\$3,049,630		
15 As % of Total Plant		8.22%	\$279,424	$C15=C6 \times B15$
16 Total Rate Base - Poles			\$3,821,304	$C16=C6+C11+C13+C15$
17 Less Appurtenance Offset 15%			(\$573,196)	$C17=C16 \times .15$
18 Net Investment in Poles			\$3,248,108	$C18=C16+C17$
19 Solely Owned Poles		960		
20 Jointly Owned Poles		7,040		
21 Jointly Owned Poles x 55%		3,872		
22 Pole Equivalents			4,832	$C22=C19+C21$
23 Plant Investment per Pole			\$672.21	$C23=C18/C22$

APPENDIX B EXHIBIT 2

PEABODY MUNICIPAL LIGHT PLANT  
Development of Pole Carrying Charge

	A Source	B	C	Description
1 Total Net Plant	Exhibit 1 C5	\$37,083,645		
2 Total Distribution Plant in Service	DPU p8B Ln16	\$55,774,458		
3 Plant per Pole	Exhibit 1 C23	\$672		
Carrying Charge				
Administrative & General				
4 A&G Expense ( a/c 920-932)	DPU p41 Ln55	\$6,999,199		
5 Customer Records/Collection (a/c 903)	DPU p41 Ln30	\$218,175		
6 Total Administrative Expense		\$7,217,374		B6=B4+B5
7 Administrative Carrying Charge			7.81%	C7=B6/B14
Operation & Maintenance				
8 Distribution Supervision & Engineering (a/c 580)	DPU p41 Ln13	\$542,528		
9 Overhead Line Operation (a/c 583)	DPU p41 Ln16	\$0		
10 Overhead Line Maintenance (a/c 593)	DPU p41 Ln18	\$119,479		
11 Total O&M Expense		\$662,007		C11=B8+B9+B10
12 O&M Carrying Charge			1.19%	C12=B11/B2
Depreciation				
13 Depreciation Expense (a/c 403)	DPU	\$2,607,073		
14 Gross Electric Plant	DPU p8B Ln34	\$92,371,461		
15 Depreciation Carrying Charge			2.82%	C15=B13/B14
Financial				
16 Payment in Lieu of Taxes (a/c 435)	DPU p21 Ln24-25	\$495,000		
17 PILOT Carrying Charge			1.33%	C15=B14/B1
18 Cost of Capital Carrying Charge			8.00%	Ma Statutory Limit
19 Total Carrying Charge			21.16%	



APPENDIX B EXHIBIT 3

PEABODY MUNICIPAL LIGHT PLANT  
Development of Pole Attachment Rate

	A	B	C	Description
	Source			
1 Total Net Plant	Exhibit 1 C5	\$37,083,645		
2 Total Distribution Plant	Exhibit 1 C3	\$27,757,533		
3 Plant per Pole	Exhibit 1 C23	\$672		
4 Pole Carrying Charge	Exhibit 2 C19	21.16%		
4 Average Pole Height - Feet	PMLP Data	37.50		
5 Assigned Space - Feet	DPU Standard	13.50		
6 Assigned Space - Safety Set Aside - Inches	APPA Standard	40.00		
7 Net Assigned Space			10.167	C7=B5-(B6/12)
8 Assignable Space Percentage Excluding Set Aside			36.00%	C8=B5/B4
9 Space per CATV Attachment - feet	Industry Standard	1.00		
10 Add back Safety Space		1.11		
11 CATV Support Space - feet			2.11	C11=C9+C10
12 Assigned Space Factor	APPA Formula		\$8.00	C12=(B11/B5)x(B5/B4)xB3xB4
13 Support Space - feet		24.00		
14 Average Pole Height - feet		37.50		
15 Support Space Percentage			64.00%	C15=(B13/B14)
16 Support Space Percentage per Attacher			21.33%	C16=C15/3
17 Support Space Factor	APPA Formula		\$20.23	C17=(B13/B14)*(B3/3)*B4*.667
18 Cost per Pole - CATV (SO)			\$28.23	C18=C12+C17
19 Cost per Pole - CATV (JO)			\$14.12	C19=C18/2