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November 21, 2019

Via Electronic and U.S. Mail

Ms. Shonda D. Green
Department Secretary
Massachusetts Department of Telecommunications and Cable
1000 Washington Street, Suite 820
Boston, MA 02118-6500

RE: Docket No. 18-3, Investigation by the Department of Telecommunications
and Cable on its Own Motion into Accounting Practices and
Recordkeeping of Telecommunications Carriers

Dear Ms. Green:

Enclosed please find the Supplemental Comments of The New England Cable and
Telecommunications Association, Inc. in response to the Department of Telecommunications and Cable
October 22, 2019 Further Request for Comment in connection with the above-referenced proceeding.

Please feel free to contact me should you have any questions related to the submission.

Very truly yours,

David W. Bogan

cc: Service List

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

Investigation by the
Department of Telecommunications and Cable
into Accounting Practices and Recordkeeping
of Telecommunications Carriers

D.T.C. 18-3

November 21, 2019

**SUPPLEMENTAL COMMENTS OF THE NEW ENGLAND CABLE AND
TELECOMMUNICATIONS ASSOCIATION, INC.**

The New England Cable and Telecommunications Association (“NECTA”) hereby provides additional comments in response to the Department of Telecommunications and Cable (“Department”) October 22, 2019 Further Request for Comment in connection with the above-referenced proceeding.

NECTA appreciates the opportunity to provide further input on the very important topic of pole attachment rates charged by price cap carriers (“carriers”) such as Verizon New England Inc. (“Verizon”). NECTA members are attached to over 1 million poles owned by Verizon located in Massachusetts. Currently, NECTA members combined pay approximately \$3.3 million annually in pole attachment rent to Verizon, on top of direct reimbursements for make-ready work. Accordingly, any significant increase in pole attachment rates could negatively impact NECTA members’ annual budgets by many millions of dollars.

As expressed by NECTA in comments filed in response to the Department’s June 25, 2018 NOI,¹ NECTA and its members are concerned that, absent sufficient safeguards, Verizon pole attachment rates will increase significantly if it is permitted to abandon Part 32 USOA accounting and transition exclusively to generally accepted accounting principles (“GAAP”).² As such, NECTA asked the Department to require price cap carriers, i.e., Verizon, to continue maintaining and reporting its Part 32 USOA pole specific plant cost data to the Department on an annual basis.³

Additionally, in the event the Department opted to allow Verizon to transition to GAAP following the framework adopted by the Federal Communications Commission (“FCC”),⁴ NECTA asked the Department to implement further measures based on recommendations submitted in a petition for reconsideration of the FCC framework filed by NCTA – The Internet

¹ July 25, 2018 Comments and August 9, 2018 Reply Comments.

² See Comments at 5 (“Absent safeguards, the accounting change could allow pole owners to increase carrying charges used to calculate pole rents or double charge for previously recovered pole costs.”).

³ Reply Comments at 2-5.

⁴ *Comprehensive Review of the Part 32 Uniform System of Accounts; Jurisdictional Separations and Referral to the Federal-State Joint Board*, Report and Order, WC Docket No. 14-130; CC Docket No. 80-286, 32 FCC Rcd. 1735 (Feb. 24, 2017).

and Television Association, which petition is still pending before the FCC.⁵ Specifically, NECTA asked the Department to: (1) expressly prohibit carriers from inflating pole costs under GAAP above their traditional “original cost” (and thus not permit them to “step up” pole valuation after acquisitions or otherwise); (2) prohibit carriers from charging again for costs of disposal that have already been recovered through depreciation charges; (3) require carriers to track and report annually to the Department and to attaching entities upon request, the plant specific expenses for poles, as currently reported using Class A accounting, rather than the GAAP aggregated expenses for the entire phase-in period; and, (4) direct that those carriers that have already depreciated their pole costs to less than zero under Part 32, such as Verizon, may no longer charge for capital investment, but only for pole expenses.⁶

Since NECTA’s comments were filed in 2018, Verizon filed its year-end 2018 pole and conduit rental information using ARMIS FCC Report 43-01. Exhibit 1. While neither Verizon’s cover letter accompanying the FCC filing nor the report confirm that Verizon had already transitioned to GAAP at the time of the filing, Verizon’s reported cost information indicates otherwise.⁷ For example, Verizon has stepped up its pole valuation by cutting accumulated depreciation by one-third, from \$557,761,000 to \$372,560,000, resulting in a significant increase in per pole investment and in calculated pole attachment rates as well. Until now, Verizon depreciation had been steadily increasing consistent with its rapid depreciation rate of 7.3%, and Verizon’s accumulated pole plant depreciation exceeded investment in 2016.⁸ As set forth in the carrier transition proposal adopted by the FCC, “GAAP net pole investment always remains positive ... leading to higher GAAP-based rates.”⁹

Moreover, if Verizon pole attachment rates were set using the 2018 (or subsequent) year-end data, we believe based on our initial review that there would in fact be significant rate increases despite Verizon’s earlier statement that the “risk of rate shock is small.”¹⁰ Given this newly available information, it is increasingly important that the Department adopt the protective measures offered by NECTA. Alternatively, the Department could freeze Verizon’s rates at current levels for some number of years so that NECTA members are not unfairly impacted simply because Verizon changed its accounting methods. This would not seem to be a concern to Verizon given its statement in its opening comments that it has only increased rates once in the last 18 years and does not intend to change this approach prospectively.¹¹

⁵ Petition for Reconsideration of NCTA – The Internet & Television Association, *In the Matter of Comprehensive Review of the Part 32 Uniform System of Accounts*, WC Docket No. 14-130, CC Docket No. 80-286 (June 5, 2017).

⁶ Comments at 13-14.

⁷ In fact, Verizon indicated to the Department in its July 25, 2018 comments filed in this docket that it had elected to adopt GAAP for regulatory accounting purposes. See Verizon Comments filed in D.T.C. 18-3 (7/25/18) at 9.

⁸ Verizon’s reported net investment in pole plant for year-end 2017 was negative \$11,225,000. See Exhibit 1, rows 101 (reporting \$546,536,000 gross pole plant investment) and 201 (reporting \$557,761,000 pole plant accumulated depreciation).

⁹ *Comprehensive Review of the Part 32 Uniform System of Accounts*, CenturyLink Ex Parte Letter, WC Docket No. 14-130, at 3 (Jan. 26, 2017) (“FCC Part 32 Order”).

¹⁰ Verizon Comments at 5.

¹¹ Verizon Comments at 4.

NECTA responds to the following questions posed by the Department in its Order:

- 1. How do the data items reported using FCC ARMIS Report 43-01 (or related FCC reporting tools) correspond to the components required to calculate pole attachment rates using the rate formula established in *Complaint & Request for Hearing of Cablevision of Boston Co.*, D.P.U./D.T.E. 97-82, Order at Table 1 (Apr. 15, 1998) (“Massachusetts Formula”), which is appended to this Request?**

Response: All of the data items in FCC ARMIS Report 43-01, other than those that relate specifically to conduit,¹² correspond to components of the Massachusetts Formula. See Exhibit 2, showing how each of the rows of information in FCC ARMIS Report 43-01 corresponds to the Massachusetts Formula. As explained in NECTA’s July 2018 Comments, the information included in this report is essential to attachers’ ability to calculate rates with minimal intervention by the Department. As set forth in response to Question 2, however, additional information from the carrier’s Continuing Property Records may also be necessary to rebut certain presumptions used in the Massachusetts Formula or to verify other information, such as the pole count used to derive the per pole investment figure. In addition, if the Department instructs the carrier to phase in any rate adjustments occasioned by the elimination of Part 32 or any restatement of depreciation, the information related to the phase-in will be necessary as well.¹³

- 2. Which line items in the FCC ARMIS Report 43-01 correspond to the specified line items from the defunct FCC Form M? Is all necessary data for determining pole attachment rates using the Massachusetts Formula provided in FCC ARMIS Report 43-01, or is additional data necessary?**

Response:

The line items in the FCC ARMIS Report 43-01 correspond to the lines in the FCC Form M related to poles and conduits.

Pole rates can be calculated using the Massachusetts Formula and the data in the ARMIS Report provided that certain rebuttable presumptions are used. However, additional information not included in FCC ARMIS Report 43-01 is required in order to rebut these presumptions and to verify reported information, including when reported information results in significant year over year changes. Specifically, the pole owner’s Continuing Property Records is necessary to obtain:

¹² Rows 102, 202, 302, 402, 502.1, 502.2, 502, 602 and 603 all relate specifically to conduit. The cost data reported in these rows is necessary for calculating conduit rent rates using the Massachusetts conduit formula and therefore should also continue to be provided. See *Greater Media, Inc. v. New England Telephone and Telegraph Company*, Order, D.P.U. 91-218 (Mass D.P.U. Apr. 17, 1992).

¹³ See FCC Part 32 Order at ¶39 (“Thus, if a pole attacher informs the Commission of a suspected problem with pole attachment rates, the Commission will require the price cap carrier to file its pole attachment data for the state in question.”)

- Actual investment in appurtenances. The Massachusetts Formula employs a rebuttable presumption in deriving the cost of a bare pole. Specifically, the formula presumes that 5% of a LEC's net investment in pole plant constitutes "appurtenances," i.e., items such as brackets, crossarms and braces, extension arms, guards, suspension bolts, racks, towers, and platforms which are not used by the attachers. If a party wants to rebut the presumption, detailed information from the pole owners' Continuing Property Records is required to determine actual investment in appurtenances.
- Actual average pole height. The allocation of usable space is based on the rebuttable presumption of an average pole height of 37.5 feet. Today, the average pole height is usually taller. Again, where a party wants to rebut the pole height presumption, access to Continuing Property Records is necessary to confirm a LEC's average pole height.
- Actual pole counts.

In addition, other accounting information may be necessary if adjustments are necessary to account for accounting practices that unreasonably impact pole attachment rate calculations. For example, after the Tax Cut and Jobs Act, utilities shifted accumulated deferred taxes (typically subtracted from investment) into accounts not captured in the pole attachment formula. Regulators have required these utilities to account for these adjustments in the pole formula using information booked to other accounts not included in this report. Finally, as set forth above, if the Department instructs the carrier to phase in any rate adjustments occasioned by the elimination of Part 32, the information related to the phase-in will be necessary as well.

3. What pole attachment rates are currently charged (if not uniform statewide, provide as much information as is feasible, such as the average, median, and range) by pole-owning telecommunications providers in Massachusetts?

Response: Verizon's current annual pole attachment rates charged to NECTA members are \$6.32 and \$3.16 for attachments on solely-owned and jointly-owned poles respectively. NECTA would like to know the test year (i.e., the year-end data) used for the development of these rates.

a. What would these rates be if the pole-owning telecommunications providers used GAAP-derived inputs in the Massachusetts Formula?

Response: As set forth above, NECTA members cannot confirm whether Verizon's publicly reported inputs in its Form 43-01 pertaining to either 2017 or 2018 year-end data submitted to the FCC are derived using GAAP or USOA. Accordingly, NECTA members look to Verizon to supply this information and will provide responsive comments in reply.

b. What would these rates be if the pole-owning telecommunications providers used Uniform System of Accounts ("USOA")-derived inputs in the Massachusetts Formula?

Response: As set forth above, NECTA members cannot confirm whether Verizon's publicly reported inputs in its Form 43-01 pertaining to either 2017 or 2018 year-end data submitted to the FCC are derived using GAAP or USOA. Accordingly, NECTA members look to Verizon to supply this information and will provide responsive comments in reply.

- c. What would these rates be if the pole-owning telecommunications providers used the version of USOA accounting that the FCC required prior to the *Accounting Order* in the Massachusetts Formula?**

Response: NECTA believes the Verizon – Massachusetts Form 43-01 for 2016 was based on the FCC's Part 32 USOA accounting. Using the information from that form, attached hereto as Exhibit 3), NECTA estimates that the rates would be \$6.06 for wholly owned poles and \$3.03 for jointly owned poles (again, using standard presumptions).

- d. If feasible, please provide sample calculations by completing the attached table using each of GAAP, USOA prior to the *Accounting Order*, and USOA after the *Accounting Order*, with the most recent available data**

Response: *See Exhibit 3.*

MA DTC should continue to require Part 32 accounting. Nevertheless, if MA DTC moves to GAAP, then it should require adoption of the FCC's framework with the additional safeguards requested by NECTA in its July Comments.

Respectfully submitted,

NEW ENGLAND CABLE &
TELECOMMUNICATIONS
ASSOCIATION, INC.



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Dated: November 21, 2019

Exhibit 1

Roy E. Litland
Assistant General Counsel
Federal Regulatory Affairs



April 3, 2017

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Washington, DC 20005-7101

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Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: CC Docket No. 86-182
Report: Pole Attachment Data
Year of Data: 2016
Submission No.: 1

Dear Ms. Dortch:

Pursuant to the Commission's *Revisions to ARMIS Filing Procedures Order* (DA 14-1387), released September 24, 2014, Verizon is providing the attached pole attachment data and certification for calendar year 2016.

Please let me know if you have any questions.

Sincerely,

Roy Litland

FCC Report 43-01
ARMIS Annual Summary Report

Company: VERIZON NEW ENGLAND INC.
Study Area: MASSACHUSETTS
Period: From: January 2016 To: December 2016
COSA: NEMA

Submission: 01

Page 1 of 1

Table III - Pole and Conduit Rental Calculation Information
(Dollars in thousands; Operating data in actual units)

Row	Row Title (a)	Amount (b)
Financial Information (\$000)		
100	Telecommunications Plant-in-Service	12,335,981
101	Gross Investment – Poles	528,494
102	Gross Investment – Conduit	859,937
200	Accumulated Depreciation – Total Plant-in-Service	12,144,620
201	Accumulated Depreciation – Poles	520,686
202	Accumulated Depreciation – Conduit	504,493
301	Depreciation Rate – Poles	7.30
302	Depreciation Rate – Conduit	2.20
401	Net Current Deferred Operating Income Taxes – Poles	-
402	Net Current Deferred Operating Income Taxes – Conduit	-
403	Net Current Deferred Operating Income Taxes – Total	-
404	Net Non-current Deferred Operating Income Taxes – Poles	(46,875)
405	Net Non-current Deferred Operating Income Taxes – Conduit	(76,272)
406	Net Non-current Deferred Operating Income Taxes – Total	(1,094,137)
501.1	Pole Maintenance Expense	4,991
501.2	Pole Rental Expense	214
501	Pole Expense	5,205
502.1	Conduit Maintenance Expense	2,815
502.2	Conduit Rental Expense	1
502	Conduit Expense	2,817
503	General & Administrative Expense	415,825
504	Operating Taxes	(58,310)
Operational Data (Actual)		
601	Equivalent Number of Poles	753,211
602	Conduit System Trench Kilometers	13,431
603	Conduit System Duct Kilometers	64,632
700	Additional Rental Calculation Information	-

Roy E. Littland
Associate General Counsel
Federal Regulatory Affairs



April 2, 2018

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Washington, DC 20005-7101

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Study Area: MASSACHUSETTS
Period: From: January 2017 To: December 2017
COSA: NEMA

Submission: 01

Page 1 of 1

Table III - Pole and Conduit Rental Calculation Information
(Dollars in thousands; Operating data in actual units)

Row	Row Title (a)	Amount (b)
Financial Information (\$000)		
100	Telecommunications Plant-in-Service	12,571,900
101	Gross Investment – Poles	546,536
102	Gross Investment – Conduit	864,731
200	Accumulated Depreciation – Total Plant-in-Service	12,686,006
201	Accumulated Depreciation – Poles	557,761
202	Accumulated Depreciation – Conduit	523,722
301	Depreciation Rate – Poles	7.30
302	Depreciation Rate – Conduit	2.20
401	Net Current Deferred Operating Income Taxes – Poles	-
402	Net Current Deferred Operating Income Taxes – Conduit	-
403	Net Current Deferred Operating Income Taxes – Total	-
404	Net Non-current Deferred Operating Income Taxes – Poles	(37,040)
405	Net Non-current Deferred Operating Income Taxes – Conduit	(58,605)
406	Net Non-current Deferred Operating Income Taxes – Total	(852,033)
501.1	Pole Maintenance Expense	5,995
501.2	Pole Rental Expense	564
501	Pole Expense	6,559
502.1	Conduit Maintenance Expense	9,246
502.2	Conduit Rental Expense	-
502	Conduit Expense	9,246
503	General & Administrative Expense	1,170,973
504	Operating Taxes	(111,762)
Operational Data (Actual)		
601	Equivalent Number of Poles	742,456
602	Conduit System Trench Kilometers	13,133
603	Conduit System Duct Kilometers	63,067
700	Additional Rental Calculation Information	-

Roy E. Litland
Associate General Counsel
Federal Regulatory Affairs



April 1, 2019

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Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: CC Docket No. 86-182
Report: Pole Attachment Data
Year of Data: 2018
Submission No.: 1

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Company: VERIZON NEW ENGLAND INC.
Study Area: MASSACHUSETTS
Period: From: January 2018 To: December 2018
COSA: NEMA

Submission: 01

Page 1 of 1

Table III - Pole and Conduit Rental Calculation Information
(Dollars in thousands; Operating data in actual units)

Row	Row Title (a)	Amount (b)
Financial Information (\$000)		
100	Telecommunications Plant-in-Service	11,292,483
101	Gross Investment – Poles	655,632
102	Gross Investment – Conduit	870,148
200	Accumulated Depreciation – Total Plant-in-Service	8,137,083
201	Accumulated Depreciation – Poles	372,560
202	Accumulated Depreciation – Conduit	523,179
301	Depreciation Rate – Poles	7.30
302	Depreciation Rate – Conduit	2.20
401	Net Current Deferred Operating Income Taxes – Poles	-
402	Net Current Deferred Operating Income Taxes – Conduit	-
403	Net Current Deferred Operating Income Taxes – Total	-
404	Net Non-current Deferred Operating Income Taxes – Poles	9,470
405	Net Non-current Deferred Operating Income Taxes – Conduit	12,569
406	Net Non-current Deferred Operating Income Taxes – Total	163,111
501.1	Pole Maintenance Expense	12,595
501.2	Pole Rental Expense	560
501	Pole Expense	13,154
502.1	Conduit Maintenance Expense	7,773
502.2	Conduit Rental Expense	0
502	Conduit Expense	7,773
503	General & Administrative Expense	210,538
504	Operating Taxes	125,238
Operational Data (Actual)		
601	Equivalent Number of Poles	745,216
602	Conduit System Trench Kilometers	13,133
603	Conduit System Duct Kilometers	63,067
700	Additional Rental Calculation Information	-

Exhibit 2

EXHIBIT 2

DPU/DTE 97-82
Table 1
Calculation of Pole Attachment Rate

Net Investment Per Pole	\$	Source	ARMIS 43-01 Row
A. Total Gross Investment in Pole Plant	\$		101
B. Accumulated Depreciation (Poles)	\$		201
C. Accumulated Deferred Taxes (Poles)	\$		401, 404
D. Net Investment in Pole Plant	\$	$(D) = (A) - (B) - (C)$	CALC
E. Net Investment in Appurtenance	\$		Presumption
F. Net Investment in Bare Pole Plant	\$	$(F) = (D) - (E)$	CALC
G. Number of Pole Equivalents			601
H. Net Investment Per Pare Pole	\$	$(H) = (F) / (G)$	
Carrying Charges			
Administrative			
I. Administrative Expense	\$		503
J. Total Plant in Service	\$		100
K. Deprec. Reserve for Total Plant in Service	\$		200
L. Accumulated Deferred Taxes	\$		403, 406
M. Net Plant in Service	\$	$(M) = (J) - (K) - (L)$	CALC
N. Administrative Carrying Charge	%	$(N) = (I) / (M)$	
Tax			
O. Normalized Tax Expense	\$		504
P. Total Plant in Service	\$	$(P) = (J)$	100
Q. Deprec. Reserve for Total Plant in Service	\$	$(Q) = (K)$	200
R. Accumulated Deferred Taxes	\$	$(R) = (L)$	403, 406
S. Net Plant in Service	\$	$(S) = (P) - (Q) - (R)$	CALC
T. Tax Carrying Charge	%	$(T) = (O) / (S)$	CALC
Maintenance			
U. Maintenance Expense	\$		501.1
V. Net Investment in Poles	\$		CALC
W. Maintenance Carrying Charge	%	$(W) = (U) / (V)$	CALC
Depreciation			
X. Annual Depreciation for Poles	%		301
Y. Gross Investment in Pole Plant	\$	$(Y) = (A)$	101
Z. Net Investment in Pole Plant	\$	$(Z) = (D)$	CALC
AA. Gross/Net Adjustment	%	$(AA) = (Y) / (Z)$	CALC
BB. Depreciation Carrying Charge	%	$(BB) = (X) * (AA)$	CALC
Return			
CC. Rate of return	%		Default
Allocation of Usable Space			
DD. Assumed Cable Attachment Space		1	
EE. Usable Space		13.5	Not provided in ARMIS
FF. Usage Factor	%	$(FF) = (DD) / (EE)$	
Pole Attachment Rate			
GG. Net Investment Per Bare Pole	\$	$(GG) = (H)$	
HH. Total Carrying Charge	%	$(HH) = (N) + (T) + (W) + (BB) + (CC)$	
Usage Factor			
II. Calculated Rate	%	$(II) = (FF)$	
	\$	$(JJ) = (GG) * (HH) * (II)$	

Exhibit 3

EXHIBIT 3

D.T.C. 18-3, October 22, 2019

Investigation by the Department of Telecommunications and Cable on its own Motion into Accounting Practices and Recordkeeping of Telecommunications Carriers
 FURTHER REQUEST FOR COMMENT

Verizon FCC Report 43-01 for the Year 2016

ARMIS ROW	Description	MA (2016)
100	Telecommunications Plant in Service - Account 2001	\$ 12,335,981
101	Gross Investment - Poles - Account 2411	\$ 528,494
102	Gross Investment - Conduit - Account 2441	\$ 859,937
200	Accumulated Depreciation - Total Plant in Service - Account 3100	\$ 12,144,620
201	Accumulated Depreciation - Poles - Account 3100 (2411)	\$ 520,686
202	Accumulated Depreciation - Conduit - Account 3100 (2441)	\$ 504,493
301	Depreciation Rate - Poles (Eg. If rate is 5.1% Enter as 5.10)	7.30%
302	Depreciation Rate - Conduit (Eg. If rate is 3.2% Enter as 3.20)	2.20%
401	Net Current Deferred Operating Income Taxes Poles - Account 4100 (2411)	\$ -
402	Net Current Deferred Operating Income Taxes Conduit - Account 4100 (2441)	\$ -
403	Net Current Deferred Operating Income Taxes - Total - Account 4100	\$ -
404	Net Non - Current Deferred Operating Income Taxes - Poles - Account 4340 (2411)	\$ (46,875)
405	Net Non - Current Deferred Operating Income Taxes - Conduit - Account 4340 (2441)	\$ (76,272)
406	Net Non - Current Deferred Operating Income Taxes - Total - Account 4340	\$ (1,094,137)
501.1	Pole Maintenance Expense - Account 6411 (Excl. Pole Rental Expense)	\$ 4,991
501.2	Pole Rental Expense - Account 6411 (Excl. Pole Maintenance Expense)	\$ 214
501	Pole Expense - Account 6411 (Rows 501.1 + 501.2)	\$ 5,205
502.1	Conduit Maintenance Expense - Account 6441 (Excl. Conduit Rental Expense)	\$ 2,815
502.2	Conduit Rental Expense - Account 6441 (Excl. Conduit Maintenance Expense)	\$ 1
502	Conduit Expense - Account 6441 (Rows 502.1 + 502.2)	\$ 2,817
503	General & Administrative Expense - Accounts 6710 and 6720	\$ 415,825
504	Operating Taxes - Sum of Accounts 7210 thru 7250	\$ (58,310)
601	Equivalent Number of Poles	753,211
602	Conduit System Trench Kilometers	13,431
603	Conduit System Duct Kilometers (Number of Ducts times the Trench Kilometers)	64,632

Maximum Pole Attachment Rate Calculation - FCC Formula

	Net Calc
Investment Per Bare Pole	
Gross Investment in Pole Plant	\$ 528,494,000
- Accumulated Depreciation for Poles	\$ 520,686,000
- Accumulated Deferred Taxes	\$ (46,875,000)
Net Investment in Pole Plant	\$ 54,683,000
- Gross Investment in Appurtenances (5%)	\$ 2,734,150
= Gross Investment in Bare Pole Plant	\$ 51,948,850
/ Number of Poles	753,211
<i>Gross Investment per Bare Pole</i>	\$ 68.97
Carrying Charges	
<i>Maintenance</i>	
Chargeable Maintenance Expenses	\$ 4,991,000
/ Investment in Pole Plant	\$ 54,683,000
= Maintenance Carrying Charge	9.13%
<i>Depreciation</i>	
Annual Depreciation Rate for Poles	7.30%
Gross Investment in Pole Plant	\$ 528,494,000

/ Net Investment in Pole Plant	\$	54,683,000
= Gross/Net Adjustment		966.47%
Depr Rate Applied to Net Pole Plant		70.55%

Administrative

Administrative Expenses	\$	415,825,000
Total Plant In Service	\$	12,335,981,000
- Depr. Reserve for TPIS	\$	12,144,620,000
- ADT for TPIS	\$	(1,094,137,000)
= Net Plant In Service	\$	1,285,498,000
Administrative Carrying Charge		32.35%

Taxes

Normalized Tax Expense	\$	(58,310,000)
Total Plant In Service	\$	12,335,981,000
- Depr. Reserve for TPIS	\$	12,144,620,000
- ADT for TPIS	\$	(1,094,137,000)
= Net Plant In Service	\$	1,285,498,000
Tax Carrying Charge		-4.54%

Return

Gross Investment in Pole Plant	n/a
- Depreciation Reserve for Pole Plant	n/a
- Accumulated Deferred Taxes	n/a
= Net Investment in Pole Plant	n/a
FCC Default Rate	11.13%
Return Element	11.13%
Total Carrying Charges	118.62%

Space Factors

Space Occupied	1.0
Usable Space	13.5
Unusable Space	24.0
Pole Height	37.5
Cable TV	7.41%
Telecom - 5 AE's (Urban Presumption)	11.20%
Telecom - 4 AE's	13.33%
Telecom - 3 AE's (Rural Presumption)	16.89%
Telecom - 2 AE's	24.00%

Maximum Rates

Cable TV	\$	6.06
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Maximum Conduit Rate Calculation - FCC Formula

	Net Calc
Net Investment Per Conduit Foot	
Gross Investment in Conduit	\$ 859,937,000
- Depreciation Reserve for Conduit	\$ 504,493,000
- Accumulated Deferred Taxes	\$ (76,272,000)
= Net Investment in Conduit	\$ 431,716,000
/ Conduit Feet (see Data Entry for Calc)	44,066,165
= Net Investment per Conduit Foot	\$ 9.80
Carrying Charges	
<i>Maintenance</i>	
Conduit Maintenance Expenses	\$ 2,815,000
/ Net Investment in Conduit	\$ 431,716,000
= Maintenance Carrying Charge	0.65%
<i>Depreciation</i>	
Annual Depreciation Rate for Conduit	2.20%
Gross Investment in Conduit	\$ 859,937,000
/ Net Investment in Conduit	\$ 431,716,000


= Gross/Net Adjustment	1.992
Deprec Rate Applied to Net Conduit	4.38%
<i>Administrative</i>	
Administrative Expenses	\$ 415,825,000
Total Plant In Service	\$ 12,335,981,000
- Depreciation Reserve for TPIS	\$ 12,144,620,000
- Accumulated Deferred Taxes	\$ (1,094,137,000)
= Net Plant in Service	\$ 1,285,498,000
Administrative Carrying Charge	32.35%
<i>Taxes</i>	
Normalized Tax Expense	\$ (58,310,000)
Total Plant In Service	\$ 12,335,981,000
- Depreciation Reserve for TPIS	\$ 12,144,620,000
- Accumulated Deferred Taxes	\$ (1,094,137,000)
= Net Plant in Service	\$ 1,285,498,000
Tax Carrying Charge	-4.54%
<i>Return</i>	
Return	11.13%
Total	43.97%
Space Factor	
Conduit trench km	13,431
Duct km	64,632
Mile per km	0.6214
Feet per Mile	5280
Conversion Factor: km to feet	3280.9
Total Conduit Feet	44,066,165
Total Duct Feet	212,053,042
Duct per Conduit	4.81
Cost Allocation Per Duct Foot	20.78%
Maximum Rate	
Net Investment per Conduit Foot	\$ 9.80
* Carrying Charges	43.97%
* Cost Allocation per Duct Foot	20.78%
Max. Rate (1/2 duct)	\$ 0.45
Max. Rate (full duct)	\$ 0.90

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

Re: Investigation by the Department of : D.T.C. 18-3
Telecommunications and Cable on its own :
Motion into Accounting Practices and :
Recordkeeping of Telecommunications Carriers : November 21, 2019

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing Supplemental Comments of the New England Cable and Telecommunications Association, Inc., via first class or electronic mail, upon the following parties on the Service List in the above-captioned proceeding as of this date, in accordance with the requirements of 207 C.M.R. 1.05 of the Department's Rules of Practice.



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