TABLE I.A - OUTSIDE PLANT STATISTICS-CABLE AND WIRE FACILITIES

Row No.	State or Terr (a)	Code (b)	Km of Copper Wire in NonCoax Cable (t)	Equipped Km of Tube in Coax Cable (u)	Number of Poles (v)	Conduit System Trench Km (w)	Conduit System Duct Km (x)
0310	Maryland	MD	52,491,391	0	327,745	3,149	24,996
0910	Total	TO	52,491,391	0	327,745	3,149	24,996

EXHIBIT 14

Account 590 To Total Distribution Plant
(Georgia Power Year End 1996)

Maintenance		
364+365+369	$	1,452,103,043.00
/ Total Distribution Plant	$	4,077,012,165.00
= Ratio 364+365+369 To Total Distr.		0.356
* Account 590	$	14,853,111.00
= 590 To Total Distribution	$	5,290,209.30
/ Account 593	$	35,976,464.00
= % Increase to Maint Carrying Ch.		14.70%

Data Entry			Source
Gross Investment in 364	$	528,387,847.00	p. 207, l. 59 col g
Gross Investment in 365	$	442,879,947.00	p. 207, l. 60 col g
Gross Investment in 369	$	480,835,249.00	p. 207, l. 64 col g
Total 364 + 365 + 369	$	1,452,103,043.00	
Distribution Plant	$	4,077,012,165.00	p. 207, l. 69 col g
Account 593	$	35,976,464.00	p. 322, l. 119 col b
Account 590	$	14,853,111.00	p. 322, l. 116 col. b

Name of Respondent GEORGIA POWER COMPANY	This Report Is: (1) [x] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/30/97	Year of Report Dec. 31, 1996

ELECTRIC PLANT IN SERVICE (Accounts 101,102,103,and 106)(Continued)

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
40	(346) Misc. Power Plant Equipment	$1,692,618	($113,750)
41	TOTAL Other Prod. Plant (Enter Total of lines 34 thru 40)	$308,350,093	$995,558
42	TOTAL Prod. Plant (Enter Total of lines 15, 23, 32, and 41)	$7,829,499,843	$66,334,295
43	3. TRANSMISSION PLANT		
44	(350) Land and Land Rights	134,135,053	1,869,456
45	(352) Structures and Improvements	42,932,393	1,044,101
46	(353) Station Equipment	620,288,186	9,652,321
47	(354) Towers and Fixtures	359,884,878	4,875,579
48	(355) Poles and Fixtures	247,068,625	10,112,259
49	(356) Overhead Conductors and Devices	395,137,048	18,080,058
50	(357) Underground Conduit	3,769,151	
51	(358) Underground Conductors and Devices	1,721,819	110,119
52	(359) Roads and Trails	346,435	
53	TOTAL Transmission Plant (Enter Total of lines 44 thru 52)	$1,805,283,588	$45,743,893
54	4. DISTRIBUTION PLANT		
55	(360) Land and Land Rights	27,250,874	34,113
56	(361) Structures and Improvements	41,053,660	280,788
57	(362) Station Equipment	512,637,641	15,994,754
58	(363) Storage Battery Equipment	0	
59	(364) Poles, Towers, and Fixtures	507,113,384	27,628,560
60	(365) Overhead Conductors and Devices	425,584,270	22,385,115
61	(366) Underground Conduit	185,694,613	2,260,623
62	(367) Underground Conductors and Devices	591,320,517	31,509,479
63	(368) Line Transfomers	785,182,263	28,170,587
64	(369) Services	460,584,349	25,712,443
65	(370) Meters	197,709,448	11,757,088
66	(371) Installations on Customer Premises	359,164	
67	(372) Leased Property on Customer Premises	885,480	82,486
68	(373) Street Lighting and Signal Systems	200,613,122	16,666,352
69	TOTAL Distribution Plant (Enter Total of lines 55 thru 68)	$3,935,988,785	$182,482,888
70	5. GENERAL PLANT		
71	(389) Land and Land Rights	21,540,189	
72	(390) Structures and Improvements	249,063,619	5,525,747
73	(391) Office Furniture and Equipment	40,666,256	1,034,309
74	(392) Transportation Equipment	159,557,339	12,248,903
75	(393) Stores Equipment	1,085,244	26,940
76	(394) Tools, Shop and Garage Equipment	36,419,155	1,960,303
77	(395) Laboratory Equipment	28,087,610	299,435
78	(396) Power Operated Equipment	20,175,041	2,257,959
79	(397) Communication Equipment	175,159,892	22,601,354
80	(398) Miscellaneous Equipment	10,709,295	873,627
81	SUBTOTAL (Enter Total of lines 71 thru 80)	$742,463,640	$46,828,577
82	(399) Other Tangible Property		
83	TOTAL General Plant (Enter Total of lines 81 and 82)	$742,463,640	$46,828,577
84	TOTAL (Accounts 101 and 106) (lines 5,15,23,32,41,53,69,83)	$14,361,390,712	$348,715,077
85	(102) Electric Plant Purchased (See Instr. 8)		
86	(Less) (102) Electric Plant Sold (See Instr. 8)		
87	(103) Experimental Plant Unclassified	1,329,617	1,278,950
88	TOTAL Electric Plant in Service (Enter Total of lines 84 thru 87)	$14,362,720,329	$349,994,027

Name of Respondent GEORGIA POWER COMPANY	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/30/97	Year of Report Dec. 31, 1996

ELECTRIC PLANT IN SERVICE (Accounts 101,102,103,and 106)(Continued)

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of year (g)		Line No.
$200		($113,685)	$1,464,983	(346)	40
$283,807		($70,367)	$308,991,477		41
$13,942,844	0	$195,651	$7,882,086,945		42
					43
92,768		(9)	135,911,732	(350)	44
48,323		95,671	44,023,842	(352)	45
3,368,515		(215,456)	626,356,536	(353)	46
(137,324)		(47,202)	364,850,579	(354)	47
1,386,408		(13,129)	255,781,347	(355)	48
1,259,943		60,340	412,017,503	(356)	49
			3,949,196	(357)	50
			1,831,938	(358)	51
			346,426	(359)	52
$6,018,633		($119,785)	$1,844,889,063		53
					54
586,649		(25,265)	26,673,073	(360)	55
73,191		255,359	41,516,616	(361)	56
5,307,293		816,089	523,299,837	(362)	57
			0	(363)	58
6,354,097			528,387,847	(364)	59
5,089,438			442,879,947	(365)	60
374,738			187,580,498	(366)	61
6,110,738			616,693,993	(367)	62
6,951,920			806,400,930	(368)	63
5,461,543			480,835,249	(369)	64
3,601,623			205,864,913	(370)	65
			359,164	(371)	66
42,157			925,809	(372)	67
2,552,304			214,727,670	(373)	68
$42,505,691		$1,046,183	$4,077,012,165		69
					70
593,807			20,946,382	(389)	71
4,369,772			250,219,594	(390)	72
4,258,086			37,442,479	(391)	73
28,858,414		(283,660)	142,664,168	(392)	74
107,163			1,005,021	(393)	75
976,785			37,402,673	(394)	76
4,086,569			24,300,476	(395)	77
3,905,211			18,527,789	(396)	78
8,458,362			189,302,884	(397)	79
359,061			11,223,861	(398)	80
$55,973,230		($283,660)	$733,035,327		81
				(399)	82
$55,973,230	0	($283,660)	$733,035,327		83
$118,440,398	0	$838,389	$14,592,503,780		84
				(102)	85
					86
			2,608,567	(103)	87
$118,440,398	0	$838,389	$14,595,112,347		88

Name of Respondent GEORGIA POWER COMPANY	This Report Is: (1) [x] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/30/97	Year of Report Dec. 31, 1996

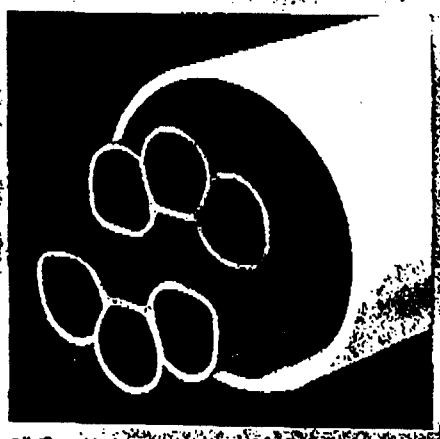
ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount For Previous Year (c)
104	3. DISTRIBUTION Expenses (Continued)		
105	(581) Load Dispatching	$1,164,074	$925,754
106	(582) Station Expenses	1,675,034	1,391,873
107	(583) Overhead Line Expenses	3,979,165	5,004,252
108	(584) Underground Line Expenses	3,971,345	3,690,785
109	(585) Street Lighting and Signal System Expenses	3,973,346	2,457,265
110	(586) Meter Expenses	14,000,393	14,109,294
111	(587) Customer Installations Expenses	3,778,203	4,661,239
112	(588) Miscellaneous Expenses	4,143,885	5,955,461
113	(589) Rents	2,280,521	2,095,493
114	TOTAL Operation (Enter Total of lines 103 thru 113)	$50,444,611	$48,558,235
115	Maintenance		
116	(590) Maintenance Supervision and Engineering	$14,853,111	$12,411,882
117	(591) Maintenance of Structures	61,008	63,720
118	(592) Maintenance of Station Equipment	5,990,683	5,876,845
119	(593) Maintenance of Overhead Lines	35,976,464	30,182,964
120	(594) Maintenance of Underground Lines	14,272,223	8,325,024
121	(595) Maintenance of Line Transformers	5,234,973	5,544,296
122	(596) Maintenance of Street Lighting and Signal Systems	2,415,743	3,043,308
123	(597) Maintenance of Meters	741,604	814,076
124	(598) Maintenance of Miscellaneous Distribution Plant	260,434	348,528
125	TOTAL Maintenance (Enter Total of lines 116 thru 124)	$79,806,243	$66,610,643
126	TOTAL Distribution Expenses (Enter Total of lines 114 and 125)	$130,250,854	$115,168,878
127	4.CUSTOMER ACCOUNTS EXPENSES		
128	Operation		
129	(901) Supervision	$8,175,772	$5,125,995
130	(902) Meter Reading Expenses	10,368,180	12,225,461
131	(903) Customer Records and Collection Expenses	43,177,115	44,184,598
132	(904) Uncollectible Accounts	11,815,049	15,875,096
133	(905) Miscellaneous Customer Accounts Expenses	2,357,400	2,924,056
134	TOTAL Customer Accounts Expenses (Enter Total of lines 129 thru 133)	$75,893,516	$80,335,206
135	5. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
136	Operation		
137	(907) Supervision	$6,313,608	$7,360,850
138	(908) Customer Assistance Expenses	46,550,435	50,251,874
139	(909) Information and Instructional Expenses	3,116,075	3,328,574
140	(910) Miscellaneous Customer Service and Information Expenses	8,303,166	5,941,758
141	TOTAL Cust. Service and Informational Exp.(Enter Total of lines 137 thru 140)	$64,283,284	$66,883,056
142	6. SALES EXPENSES		
143	Operation		
144	(911) Supervision		
145	(912) Demonstrating and Selling Expenses	33,356,757	20,454,336
146	(913) Advertising Expenses	200,027	247,571
147	(916) Miscellaneous Sales Expenses		
148	TOTAL Sales Expenses (Enter Total of lines 144 thru 147)	$33,556,784	$20,701,907
149	7. ADMINISTRATIVE AND GENERAL EXPENSES		
150	Operation		
151	(920) Administrative and General Salaries	$32,146,456	$50,182,150
152	(921) Office Supplies and Expenses	35,273,526	35,045,297
153	(Less) (922) Administrative Expenses Transferred--Credit	1,897,723	4,702,734

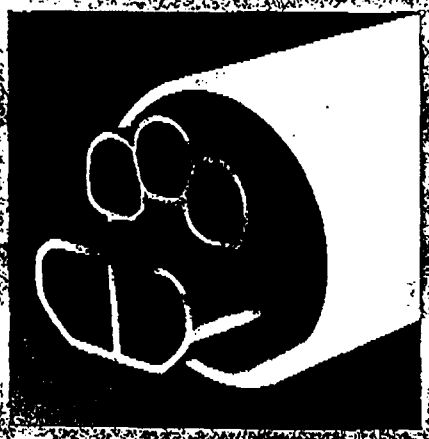
EXHIBIT 15

FoDuct Innerduct

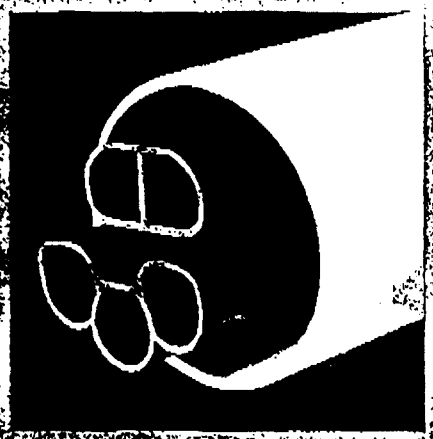
FoDuct innerduct is a multi-port duct liner that joins up to three individual channels in one continuous segment, extruded of tough, flexible polyethylene. Since you can choose from three I.D.'s and use them in up to six combinations, you can make maximum use of available conduit capacity and match it to your design criteria. You can place a single cable, six cables, or any number in between with just two reels of FoDuct Innerduct. Just look at the combinations available.



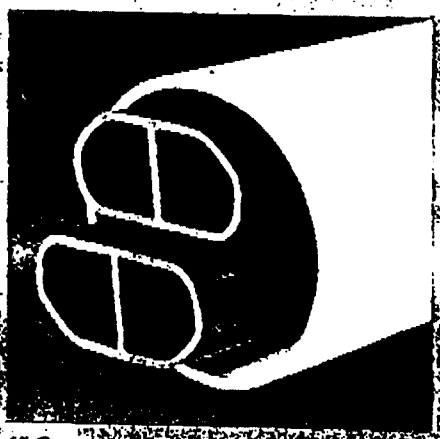
4" Conduit



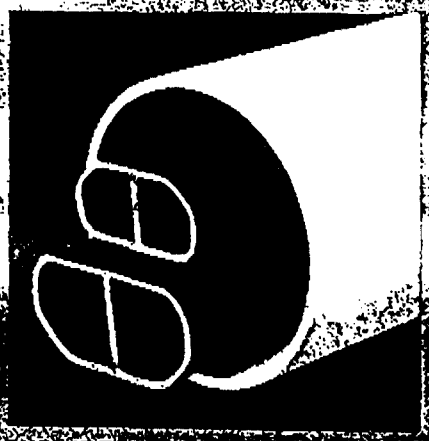
4" Conduit



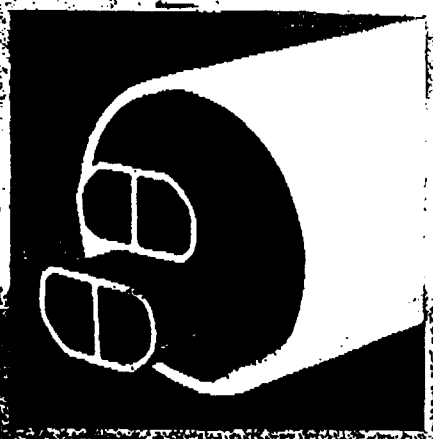
3½"–4" Conduit



4" Conduit



3½"–4" Conduit



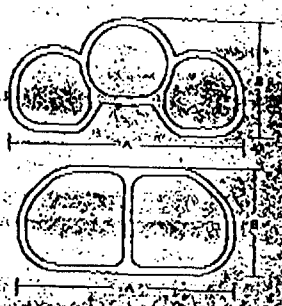
3" Conduit

	ASTM	VALUE
Low Temp Flex	D-746	Less than -76°C
Stress Cracking More Than 680 Hrs.	D-1693	0/10/18
Tensile Yield	D-638	1,600 psi
Flexural Modulus	D-790	36,000 psi
Dielectric Strength	D-149	450 volts/mil
Volume Resistivity	D-257	More than 10^{15} ohms-cm

	ASTM	VALUE
VICAT Softening Pt.	D-1525	180°C
Elongation	D-638	More than 780%
Coefficient of Friction	D-1894	
PE to Metal Kinetic Coefficient		.25
PE to PVC Kinetic Coefficient		.27
Abrasion Resistance	D-1242	.004g/100 Rev.

Taber Abraser: Weight–1000 grams
Abrasion Wheel–CS-17
Halogen Content: Less than 10 parts per million

Maximum Recommended Pulling Force	
3 Channel	1,100 psi
2 Channel (large)	1,200 psi
2 Channel (small)	800 psi



FoDuct Innerduct Part #	Channels	Duct I.D. Size	A	B	Pipe Size
PE5003	2	.9375"	2.30"	1.20"	3" & 3½"
PE5004	2	1.250"	3.12"	1.56"	4"
PE5005	3	1"	3.17"	1.725"	4"

...plings, transition

...duct is a registered trademark of Aero-Quip Corporation

Various types of innerduct

...inc.

614-385-6869 • TOLL FREE ...-843-9427 • FAX 614-385-8016

EXHIBIT 16

INNERDUCT PLACING
UNDERGROUND

CONTENTS PAGE

1. GENERAL 1

2. PRECAUTIONS 1

3. DESCRIPTION 1

4. PLACING INNERDUCT 2

PREPARATION 2

FEEDING AND PULLING 3

5. LUBRICATING INNERDUCT 4

6. PLACING MEASURING TAPE AND PULLING LINE 4

7. SEALING INNERDUCTS 5

1. GENERAL

1.01 This section covers innerduct placing methods and recommends tools and equipment for use in the placing operation.

1.02 Whenever this section is reissued, the reason for reissue will be given in this paragraph.

1.03 The B innerduct (AT-8954) is a nominal 1-inch ID polyethylene pipe that is placed in an existing duct in a conduit structure for the purpose of housing a single LGA-1-type lightguide cable. As many as four innerducts may be placed in an existing 3-1/2 inch square or 4-inch square or round duct. As many as three innerducts may be placed in an existing 3-1/2 inch round duct.

1.04 The methods used for placing innerduct are essentially the same as for placing any underground cable. Refer to Sections 628-200-208 and 628-200-209 for instructions regarding presurvey, placing pulling lines, manhole setups, and tool and equipment requirements.

2. PRECAUTIONS

2.01 Before starting innerduct placing operations, all personnel must be thoroughly familiar with the 620 Division of the Bell System Practices. The sections covering the following should be given special emphasis:

(a) Guarding and protecting work areas

(b) Testing and ventilating manholes

(c) Occupational exposure to lead dust

(d) Precautions pertaining to smoking or use of open flames around manholes

(e) Removing and replacing manhole covers

(f) Signals used in outside plant construction work.

2.02 All precautions in Section 628-200-208 shall be considered a part of this section and shall be strictly observed.

2.03 Innerduct being placed in an existing duct shall be of one continuous length, ie, shall not be two or more short lengths coupled together. The innerduct coupling described in Section 628-200-216 shall not be used to join innerduct lengths for placing. The innerduct coupling is used for joining innerduct in manholes for racking or for repairing innerduct already in place.

3. DESCRIPTION

3.01 B innerduct is a polyethylene pipe with nominal 1-inch ID and 3/16-inch wall thickness. It is available in maximum reel lengths of 1650

NOTICE
Not for use or disclosure outside the
Bell System except under written agreement

EXHIBIT 17

COLE, RAYWID & BRAVERMAN, L.L.P.

ATTORNEYS AT LAW
SECOND FLOOR
1919 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20006-3458
(202) 659-9750

JOHN P. COLE, JR.
BURT A. BRAVERMAN
ROBERT L. JAMES
JOSEPH R. REIFER
FRANCES J. CHETWYND
JOHN D. SEIVER
WESLEY R. HEPPLER
PAUL GLIST
DAVID M. SILVERMAN
JAMES F. IRELAND, III
STEVEN J. HORVITZ
CHRISTOPHER W. SAVAGE
ANN FLOWERS
ROBERT G. SCOTT, JR.
SUSAN WHELAN WESTFALL
THERESA A. ZETERBERG
JOHN C. DODGE
FREDERICK W. GIROUX
JOHN DAVIDSON THOMAS
MARIA T. BROWNE
DONNA C. RATTLEY
THOMAS SCOTT THOMPSON

ALAN RAYWID
(1930-1991)

CABLE ADDRESS
"CRAB"

TELECOPIER
(202) 452-0067

October 26, 1995

VIA TELECOPIER (214) 812-8679

Mr. Jack P. Hilliard
Texas Utilities Services, Inc.
Energy Plaza, 29th Floor
1601 Bryan Street
Dallas, TX 75201-3411

Re: Marcus Cable Pole Attachment Agreement

Dear Mr. Hilliard:

Here are the items that I mentioned to you by telephone this morning. This list contains only those provisions that Marcus hopes can be specifically addressed prior to execution. I understand that there are many other provisions not discussed below that operators have attempted to negotiate with TU Electric in the past, but which still remain in the Agreement. Notwithstanding Marcus's concerns regarding both the provisions outlined below and those not discussed here, Marcus looks forward to a long and mutually beneficial relationship with TU Electric.

Our specific comments are as follows:

MAKEREADY/REPLACEMENTS/INSPECTIONS

Section 4.9

Marcus believes that it may streamline the entire permitting, makeready and construction process, and ease the burdens both on Marcus and TU Electric crews and administrative personnel, if cable is permitted to attach

immediately upon receipt of receiving its attachment permit, rather than be required to provide TU Electric with an additional 30 days' notice after receipt of the permit and prior to attaching. Accordingly, Marcus requests that this provision be revised to reflect this principle and eliminate the 30-day pole access notice requirement.

Section 10.7

Marcus believes that TU Electric has a legitimate and significant interest to ensure the integrity of its poles and attachments thereto and protect its ability to serve its core customers. Marcus also believes that those interests are well protected by the permitting procedures set forth at Paragraph 4.6, TU Electric's right to inspect cable operator facilities as addressed in Paragraph 10.6 (with Marcus's proposed modifications) the emergency access provisions of Paragraph 7.2, and other provisions in the Agreement. Indeed, it appears that the protections provided by these provisions are in-line with industry custom and practice. While Marcus will endeavor to expediently resolve any issues concerning attachment of its facilities to TU Electric poles, it believes that such resolution is readily accomplished through the existing provisions, custom and practice, relationships in the field, and, the general spirit of cooperation between company personnel, without establishing by contract a TU Electric right of access to Marcus's books and records. Marcus, therefore, requests that this provision be deleted.

INDEMNITY/INSURANCE/BOND

Section 13.1

Marcus requests that this paragraph be revised so that Marcus indemnifies TU Electric only for conduct directly caused by Marcus's own negligence or other wrongful conduct in connection with its attachment to TU Electric poles. Marcus believes that it is commercially and operationally unreasonable for Marcus to indemnify TU Electric for TU Electric's own negligence, strict tort liability, breach of warranty or other fault, notwithstanding the importance of the service that TU Electric provides to its customers. Marcus as required by the contract and as a matter of

practice will take all reasonable precautions to ensure that Marcus does not interfere with TU Electric's operations and facilities.

Section 13.1A

Marcus believes that TU Electric's legitimate concern that it not be made liable in connection with transmissions made over Marcus facilities attached to TU Electric poles is adequately protected by the reasonable indemnity proposed by Marcus at Paragraph 13.1, the liability disclaimer at Paragraph 13.3 (with the Marcus modifications), the insurance provisions at Paragraph 14.1 (with the Marcus modifications) and the bond provision at Paragraph 14.8 (with the Marcus modifications). Marcus, therefore, requests that this provision, and any requirement that Marcus obtain the customer acknowledgment and release similar to that attached as Exhibit D be deleted.

Section 13.3

Marcus requests that this provision be modified so that TU Electric possesses responsibility for interruption of service caused by TU Electric's negligent, reckless or willful damage to Marcus facilities.

Section 14.1

Marcus recognizes that TU Electric has an important interest in ensuring that its pole tenants possess adequate insurance to protect against reasonable risk of loss. Marcus believes, however, that the specific requirements set forth in this section greatly exceed both the industry norm in pole attachment agreements between similarly situated parties and the likely risk involved. Therefore, Marcus requests that the insurance coverage requirements contained in this section should be adjusted to more accurately reflect the actual reasonable risks and industry standards, particularly in light of the fact that subsection (e) reserves to TU Electric the right to require additional insurance coverage. In addition, Marcus notes that the bond, indemnity and other clauses in the Agreement provide TU Electric with substantial additional protection that should be adequate to address TU Electric's concerns.

Section 14.4

While Marcus will attempt to secure the insurance policy endorsements set forth in this Section, it cannot ascertain at this time whether its insurance carriers will agree to language exactly as it appears here. Marcus, therefore, requests the provision be revised to require that Marcus use its ***best efforts*** to secure the endorsement TU Electric requests.

Section 14.8

Similar to Marcus's insurance concerns set forth in Section 14.1, Marcus believes that the bond requirements of this Section do not reflect industry norms or practice. Accordingly, Marcus requests that this provision be revised to require a bond in an amount not to exceed $75,000.

FEES & CHARGES

Sections 11.1 thru 11.9

Marcus believes that TU Electric should be compensated for costs it incurs in connection with Marcus's pole attachments by agreeing to be bound to pay the annual pole rental rate, and reasonable makeready, rearrangement and any facilities transfer charges, Marcus believes that it satisfies its obligations to defray TU Electric's legitimate costs in this regard and that the specific identification of cost categories and cost accounts needlessly complicate compensation procedures and will prove to be extremely difficult to administer.

Paragraphs 11.2 thru 11.9 contain numerous actual or potential cost categories that themselves would seem difficult to verify; the identification and tracking of specific costs booked to each of these categories, Marcus believes, would prove to be even more difficult. In other words, while Marcus is willing to pay the legitimate, reasonable and verifiable costs associated with its pole occupancy, it is reluctant to accept specific contractual liability for cost categories set forth in these paragraphs that may or may not be relevant to its occupancy. For these reasons, Marcus requests that these provisions be deleted from the Agreement.

DEFAULT

Section 12.3

In the event that the contract is cancelled or terminated, Marcus requests that the agreement require TU Electric to refund to Marcus any funds held by TU Electric, including but not limited to funds held in escrow, funds prepaid by Marcus for makeready or transfers and any pole rentals for future billing periods. In addition, Marcus believes it is unreasonable for this and other provisions to survive termination or assignment (*see, e.g.,* Section 16.2). Accordingly, Marcus requests that this provision be deleted.

TERM

Section 9

Marcus requests that the Agreement be effective for 5-year renewable terms.

ASSIGNMENT

Section 16.2

Marcus requests that this provision be revised so that Marcus's obligations are extinguished upon assignment. The provision as currently structured is contrary to general principles of contract law and the law of assignments.

VENUE

Revise the last sentence to read: *"The venue of any legal proceeding relative to this Agreement shall be any tribunal of competent jurisdiction including the FCC."*

OTHER

Section 29

Because this provision is in conflict with principles of contract law, Marcus requests that it be deleted.

Thank you again for your consideration. I look forward to speaking with you tomorrow regarding these items.

Sincerely,

J. D. Thomas

EXHIBIT 18

In the event Licensee remains in possession of Licensor's Facilities after the expiration of this Agreement, Licensee shall be deemed to be doing so from month to month only, at twice the rate of the fee in effect during the last month of the Term of the Agreement, and subject in all respects, except as to the duration of the tenancy, to the provisions of this Agreement. Either Licensor or Licensee may terminate such tenancy upon at least thirty (30) days' prior written notice.

Any holding-over by Licensee after the expiration of the term of this Agreement shall be considered a Default by Licensee.

ARTICLE 37 - PARTIAL INVALIDITY

In the event any term, covenant or condition of this Agreement, or the application thereof, to any person or circumstance shall be deemed by the appropriate jurisdictional governing or legal authority to be invalid or unenforceable, the remainder of this Agreement or the application of such term, covenant, condition or provision to persons or circumstances other than those as to which it is held unenforceable, shall not be affected thereby and each term, covenant, condition or provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

ARTICLE 38 - WAIVER OF JURISDICTION

Licensee acknowledges and agrees that Licensor makes its facilities available pursuant to and in consideration of this Agreement only. By execution of this Agreement by its duly authorized representative, Licensee accepts that the relationship of the parties will be governed exclusively by this Agreement and Licensee waives any and all jurisdiction of federal, state or local regulatory authorities over the terms and conditions of this Agreement, access to Licensor's facilities, or any other matter respecting attachments to Licensor's facilities, including without limitation the fees, charges or rent due hereunder, for a period of two years from the effective date of this Agreement. In the event that Licensee seeks relief before any federal, state or local court or authority regarding any such matter, or seeks judicial relief from or alteration of any term or condition of this Agreement in whole or in part on the basis of any alleged jurisdiction of federal, state, or local regulatory authority within two years of the effective date of this Agreement, this Agreement shall immediately terminate and Licensee agrees that it shall promptly remove all its attachments from Licensor's facilities pursuant to this Agreement. Should Licensee fail to effect such removal(s) within one hundred twenty (120) days of having initiated any such action or proceeding, Licensor shall have the right without liability to remove or cause to be removed Licensee's attachments and equipment, at Licensee's sole expense, pursuant to the terms of this Agreement. Licensee further acknowledges and agrees that Licensee shall provide Licensor with one hundred and twenty (90) days advance written notice of its intent to institute an action or proceeding before any federal, state, or local court or authority for the purpose of seeking the alteration of or relief from any term of this Agreement, in whole or in part. Licensee and Licensor agree that, during such 90 day period, they will actively negotiate in good faith to attempt to resolve the dispute for which Licensee intends to bring the action. This waiver

shall not preclude Licensee from bringing an action for breach of contract in federal, state or local court.

ARTICLE 39 - GOVERNING LAWS

The interpretation of the provisions of this Agreement and of the rights of the parties hereto shall be under the laws of the state in which the facilities are located.

ARTICLE 40 - JURISDICTION

Licensee acknowledges that Licensor and other utility companies have taken and/or may take the position that the Pole Attachment Act of 1978 as amended (the "Act"), or regulations promulgated with respect thereto, are unconstitutional on their face or as applied or are otherwise defective as a matter of law. Licensee further acknowledges and agrees that in the event the Act or regulations promulgated with respect thereto are held by a court or administrative agency of competent jurisdiction to be unconstitutional or otherwise defective as a matter of law in whole or in part, and such decision becomes final or is otherwise upheld, in whole or in part, by a final decision upon appeal to the highest court or body to which appeal is sought, Licensor and Licensee agree to renegotiate, in good faith, the terms and conditions of this Agreement. If, following a period of ninety (90) days or such other period as may be mutually agreed upon by the parties, such renegotiation is unsuccessful, Licensor, in its sole discretion, may terminate this Agreement without liability or further obligation upon one hundred twenty (120) days' written notice, in which event Licensee promptly shall remove or cause to be removed any and all of its attachments and equipment from Licensor's poles, ducts, conduits, or rights-of-way. Should Licensee fail to effect such notice of Licensor's intent to terminate this Agreement pursuant to this Article 41, Licensor shall have the right, without liability to remove or cause to be removed Licensee's attachments and equipment, at Licensee's sole expense, pursuant to the terms of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed in duplicate on the day and year first above written, each party hereto retaining an executed copy hereof.

ENTERGY SERVICES, INC.
LICENSOR

BY:_____

TITLE:_____

WITNESS:_____

DECLARATION OF PATRICIA D. KRAVTIN

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of Amendment of Rules and Policies Governing Pole Attachments	CS Docket No. 97-98

DECLARATION OF PATRICIA D. KRAVTIN

I. Introduction and Background

I, Patricia D. Kravtin, do hereby state:

1. I am Vice President and Senior Economist at Economics and Technology, Inc. ("ETI"), a research and consulting firm specializing in telecommunications economics, regulation, management and public policy. I am an expert in telecommunications regulatory economics, including matters relating to determining the costs that telephone companies and other utilities incur in performing their functions and providing their services. In my role as ETI's Vice President/Senior Economist, I have either been personally involved in or supervised our staff in a large number of state Public Service Commission ("PSC") proceedings involving the allocation of costs of incumbent providers of local telecommunications network services and interpretation of cost standards generally applicable to incumbent network service providers. One critical network component of the local network, essential for the provision of competitive communications services, with which I am also thoroughly familiar and that has become the subject of considerable regulatory (and competitive focus), are pole attachments. A detailed Statement of Qualifications is provided in Attachment 1 to this Declaration.

2. I have been retained by the National Cable Television Association ("NCTA") and others in the cable television industry to evaluate certain components of recent Federal Communications Commission ("FCC" or "Commission") proposals to modify the current pole attachment formula that the Commission uses for the calculation of maximum pole attachment rates. This Declaration relates to two areas raised in the Commission's March 14, 1997 Notice of Proposed Rulemaking ("Notice").

3. First, I will address certain issues related to the Commission's treatment of the depreciation reserve for pole plant where the depreciation reserve exceeds the balance in the pole asset account.

4. Second, I will address various utility proposals to include additional expense accounts in the administrative and maintenance components of the carrying charges.

II. Treatment Of The Depreciation Reserve (SWBT Petition)

5. In 1994, SWBT first brought to the Commission's attention an anomaly in the pole attachment formula which occurs where a utility carries poles as a negative rate base item. This arises from an accounting mechanism for "negative net salvage" used by many local exchange carriers ("LECs") to bolster cash flow to finance their entry into competitive ventures.

6. Until relatively recently, standard depreciation practice was to amortize historic investment over the anticipated useful life of the pole, such as 1/40 years or 2.5%. Sometimes the depreciation reserve account would be adjusted for the anticipated costs of removal, where removal was expected to exceed salvage value. A modest example illustrates the point. If "negative net salvage" was expected to equal 5% of the original cost of the pole, then the current depreciation allowed would be (1+.05)/40, or 2.63%.

7. Almost from their birth in 1984, the Regional Bell Holding Companies (RBHCs) have been engaged in the pursuit of a broad range of business activities outside the scope of local telephone service operations. The regulated Bell Operating Companies (BOCs) represent the dominant share of each RBHC's revenues, assets, and earnings. Thus, while technically separated from the regulated BOCs, the other RBHC ventures have derived the overwhelming majority of their capital from funds generated at the BOC level. For the past several years, ETI has been tracking the manner in which the RBHCs have been financing these diversification efforts, by examining several measures of financial performance, including cash flow, net income, return on equity, and market-to-book ratios, over the post-divestiture period.

8. Over the past decade, the BOCs have pursued regulatory strategies designed to achieve higher depreciation rates and accelerated depreciation practices. While the BOCs have argued that more rapid investment recovery was essential for the financing of new modern infrastructure, in fact, cash flow generated by the increased depreciation charges has been flowed through to the parent (in the form of undistributed dividends) and used to fund investment in non-BOC businesses.[1]

9. As utilities sought to maximize cash flow to finance new ventures, their estimates of the costs of compliance with environmental and disposal rules soared, the negative net salvage estimates was no longer 5%, but increased in some cases to $120 for disposing of an original investment of only $100 of plant. The anticipated costs of removal was added to the

---

[1] Interestingly, while all seven regional companies have been in recent years reinvesting far less of their BOC earnings back into the BOC asset base than they did immediately following divestiture, some RBHCs are shown to actually have been disinvesting in their BOCs, in that annual depreciation charges since the late 1980s have regularly exceeded the total plant acquired by the BOC in a given year. *See*, "Patterns of Investment by the Regional Bell Holding Companies: An Examination of the Sources of Financing and the Relative Performance of the Bell Operating Company and the non-BOC Businesses," ETI Research Report, 1997 Update (forthcoming).

derivation of the depreciation, (1+1.2)/40. Thus, the depreciation charge increased to 5.5%, and so did cash flow.

10. A simple hypothetical illustrates the difficulties that this accounting practice produces. Suppose that the costs of disposal are not so high; or actual retirements are postponed beyond predicted useful lives; or both. In either case, the rate base erodes rapidly until it is negative. In other words, the total depreciation taken over the *actual* (as opposed to estimated) useful life of the pole exceeds the original investment. The utility's recovery of cost of removal from ratepayers through depreciation charges over time has created, in effect, a regulatory asset. The Commission proposes a reasonable solution which results in only minor adjustments to the formula. The Commission proposes that only in those rare circumstances in which the utility has a negative rate base for poles, then the cost of pole removal (or negative net salvage value) be removed from the poles' depreciation reserve. To compensate for this removal, the Commission proposes adjustments to the way in which the carrying charges should be calculated.

11. First, the Commission proposes to calculate the return element of the carrying charge on the pre-adjustment balance of ratebase. The product of this calculation would be a negative return element, which then would be added to the other carrying charges. This approach is essential to remove the return calculated on investment which has already been fully recovered through depreciation. Stated another way, utility ratepayers have compensated the utility for its pole investment, making it inequitable to continue to impose a return element on the ratepayers for the very assets that they already have paid for. Calculating the return component and removing it from the rate calculation makes part of this adjustment.

12. The Commission also proposes to eliminate the income tax carrying charge,