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**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

FEB 13 1998

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of

Implementation of Section 703(e) of the
Telecommunications Act of 1996

Amendment of the Commission's Rules and
Policies Governing Pole Attachments

CS Docket No. 97-151

PETITION FOR RECONSIDERATION

The National Cable Television Association ("NCTA"), respectfully submits this Petition for Reconsideration on two points set forth in the Commission's February 6, 1998 Order.

First, we request that the Commission reconsider its proposed methodology for the telecommunications rate applicable to underground conduit. Specifically, we ask the Commission to reconsider its finding that there exists "unusable" space in conduit for purposes of calculating the "telecommunications" rate. Second, we request the Commission to reconsider the manner in which it proposes to count "attaching entities" for the purposes of allocation of the costs of "unusable" pole space in calculating the "telecommunications" rate for pole attachments.

I. THE COMMISSION SHOULD RECONSIDER ITS PROPOSED METHODOLOGY FOR THE CALCULATION OF CONDUIT RATES FOR TELECOMMUNICATIONS SERVICES

For telecommunication rate purposes, the Commission initially has found that there should be a special accounting for the costs of "unusable" capacity within conduit systems. The Commission suggests that there may be conduit "space," such as excavation, solid fill, and conduit vaults that should be treated as unusable. The Commission's finding appears to be premised on the notion that underground conduit systems contain unusable space without which usable space would not exist, analogous to unusable space (below-ground set and above-grade clearance) that *does* exist for poles.

The statute clearly contemplates that there is unusable pole space required to provide clearance from the ground to the first attachment. The same concepts do not exist in the conduit context. The introduction of this concept to underground conduits, and the assignment of 2/3 of the costs of this "unusable space," raise intractable and unnecessary complications into the conduit-rate formula. The practical effect of this complication may be to treat all costs booked to the conduit asset accounts as unusable, except for the costs of the duct actually used by the attaching licensee.

Attached as Exhibit 1 is a sample calculation of conduit rents under the standard FCC formula. The rate base is the historical investment booked to underground conduit. In both ARMIS (telephone) and FERC (electric) accounting, all relevant labor and material costs are commonly booked to a single account—FCC Part 32 Account 2441 and FERC Account 366 (attached as Exhibit 2). There is no publicly-available data on the basis of which one could disaggregate that investment. Even internal utility data of which we are aware shows that the

subledger data is likewise commingled (unlike subaccounts which distinguish, for example, between investment in bare poles from investment in crossarms, guys, anchors or other pole appurtenances). We have attached samples as Exhibit 3.

Attempting to create a presumption would be fundamentally arbitrary. There is no basis for a presumption that assigns any particular portion of such items. Once assigned, the same difficulties make it almost impossible to rebut a presumption. When the Pole Act was originally adopted, Congress instructed the Commission to adopt implementing regulations which (1) avoided such independent accounting, (2) were simple and expeditious, and (3) relied on publicly-available accounts.¹ The FCC has been true to that directive for the past 20 years,² and the courts have repeatedly upheld the Commission's approach as faithful to the statute and to the Constitution.³ Likewise, Congress has repeatedly reaffirmed the pole attachment formula.⁴ Since statutes are to be read to give effect to all portions, we suggest

¹ S. Rep. No. 580, 95th Cong., 1st Sess. 20 (1977), *reprinted in* 1978 U.S.C.C.A.N. 109, 128.

² *See, e.g., Liberty TV Cable Inc. v. Southwestern Bell Telephone Co.*, File No. PA-80-0012, Mimeo No. 6625 (Sept. 22, 1983); *Amendment of Rules and Policies Governing the Attachment of Cable Television Hardware to Utility Poles*, 2 FCC Rcd. 4387 at ¶ 37 ("our goal is to adopt a formula . . . using publicly-available data . . ."); *Amendment of Rules and Policies Governing the Attachment of Cable Television Hardware to Utility Poles*, 10 F.C.C.2d 412 (1986) at ¶ 12 ("We stress that any proposals . . . should include a simple formula based on publicly available data . . .").

³ *Monongahela Power Co. v. FCC*, 655 F.2d 1254 (D.C. Cir. 1981) (per curiam); *FCC v. Florida Power Co.*, 480 U.S. 245 (1987); *Gulf Power Co. v. United States of America*, 1998 U.S. Dist. LEXIS 3530 (N.D. Fla., Mar. 6, 1998).

⁴ Communications Amendment Act of 1982, Pub. L. No. 97-259 (1983). Cable Communications Policy Act of 1984, Pub. L. No. 98-549, 98 Stat. 2779 (1984). Cable Television Consumer Protection and Competition Act of 1992, Pub. L. No. 102-385, 106 Stat. 1460 (1992). Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996).

that the Commission should question whether its initial approach, which compels reliance on internal data and the development of special accounting measures, is the best interpretation of the Act.

Even by analogy to poles, the Commission has never treated the ground in which a pole is set; or the costs of augering that ground; or the costs of pole steps; or the cost of wood between line attachments; or the airspace surrounding a pole in a utility right-of-way as "unusable." Unusable space exists as a cost allocation technique for poles because *the pole itself* can be divided into usable and unusable components *and* is easily allocable according to actual feet of pole space used for such separation. No such application can be made in the conduit context. To the contrary, the record evidence offered by large owners of large conduit systems (such as Ameritech and Bell Atlantic)⁵ indicates that all space is usable.

The Act itself supports this common sense approach. "Usable space" (and its antonym, "unusable space") are in the Act and are explicitly aerial concepts. The Act defines "usable space" in purely aerial terms, as "the space *above the minimum grade level* which can be used for the attachment of wires, cables, and associated equipment." Minimum grade clearance has no meaning in underground conduit. Conduit costs are to be allocated according to "*the percentage of the total duct or conduit capacity*" used.⁶

⁵ See, e.g., Order ¶ 110, n. 354.

⁶ Indeed, this point is made clear in state statutes modeled on Section 224, such as California Gov. Code 767.5(c)(2)(B) ("For support structures used by the cable television corporation, other than poles or anchors, a percentage of the annual cost of ownership for the support structure, computed by dividing the volume or capacity rendered unusable by the cable television corporation's equipment by the total usable volume or capacity. As used in this paragraph, 'total usable volume or capacity' means all volume or capacity in which the public utility's line, plant, or system could legally be located, including the volume or

Creating special allocations for segments of conduit investment would produce conduit rents far out of line with a fair apportionment of costs. If 24/37.5 of conduit costs were treated as "unusable," the first attaching entity would face a prohibitive rent increase. In a conduit of nine ducts with a standard rent of 40¢ per foot, it would face a rent increase to approximately \$3.00 per foot, far surpassing even the anticompetitive rents which led to the Commission's first conduit decision.⁷

The Commission's initial approach would discourage, not promote, facilities deployment because it would offer conduit owners a way by which they could shift the vast majority of their conduit costs to would-be attaching parties, and set artificially high occupancy rates. It would also create the need for hearings, rather than promoting the out-of-Commission rate calculations which has made the pole formula so successful. Thus, the fairest way of adhering to Congress's accounting instructions, and to its definition of usable space, is to have no special assignment of "unusable" conduit costs.

II. COUNTING ENTITIES ON POLES

NCTA also requests that the Commission reconsider or clarify the manner in which it has proposed counting "attaching entities" on a pole for purposes of dividing non-usable space costs in the telecommunication rate formula. The Commission appears not to count as an "attaching entity" an electric utility not providing telecommunications services. As a practical matter and as a matter of statutory construction, the definition of "attaching entities" should

capacity rendered unusable by the cable television corporation's equipment.")

⁷ *Multimedia Cablevision, Inc. v. Southwestern Bell Telephone Company*, 11 FCC Rcd. 11,202 (Sept. 3, 1996).

include the electrical utility.

In practical reality, there is no doubt that electrical utilities are clear beneficiaries of the "non-usable" space on poles, and disproportionately so. Poles that carry only telecommunications attachments may be shorter and less costly than poles that contain power attachments. One may install telecommunications lines at lower minimum grade clearances than power lines. Electric utilities disproportionately occupy more usable space (for primaries, secondaries, streetlights, and the prescribed clearances among circuits of differing voltages) than required by communications attachers. The taller the pole, the greater the unusable space, because pole setting depth below ground increases as a function of pole height (2 feet plus 10% of the pole length is standard.) Thus, in practical field reality electric utilities are entities which benefit from non-usable space on a pole.

The legislative history of the Act corroborates this practical reality. An early version of the bill apportioned nonusable space in proportion to usable space used, as has been the case since 1978.⁸ The Senate legislation passed on June 15, 1995 allocated the nonusable space equally among all *attachments* on the pole.⁹ The adopted legislation was charged 2/3 of the support costs equally among attaching "entities" — not "some of" the entities excluding owners. The legislative history clarifies that "entities" referred both to "entities that hold an ownership interest in the pole" and to "an entity that obtains an attachment through a license."¹⁰ Likewise, the Act defines pole owners as "entities."¹¹ ILECs are also "entities."

⁸ See, e.g., S. Rep. No. 104-23 (March 30, 1995).

⁹ 141 Cong. Rec. S8570, S8579 (June 16, 1995).

¹⁰ S. Rep. No. 104-23 (March 30, 1995).

They were excluded from the definition of *telecommunications carriers* who would otherwise be entitled to invoke the price formula for 224(e), so that their joint use agreements with power would not be subject to the new formula. An "*attaching entity*" for allocating nonusable space is not so narrowly defined.

Excluding electric utilities from the count of attaching entities could lead to results plainly at odds with the underlying statutory purpose. The first CLEC would pay all of the allocable (2/3) costs for nonusable space when using a two-party pole—that is more than the pole owner itself.¹²

Even if the Commission were not to reconsider its decision to exclude electric utilities not providing communications as "entities," the Commission should clarify that any utility "counts" as an entity that has communications attachments if the utility conducts communications for internal purposes. This harmonizes with the Commission's approach in the *Interconnection Order*,¹³ in which it found that a utility's use of its poles even for internal communications triggers the mandatory access provisions of Section 224.

We reject the contention that, because an electric utility's internal communications do not pose a competitive threat to third party cable operators or telecommunications carriers, such internal communications are not "wire

¹¹ 47 U.S.C. § 224(i) (emphasis added).

(i) An entity that obtains an attachment to a pole, conduit, or right-of-way shall not be required to bear any of the costs of rearranging or replacing its attachment, if such rearrangement or replacement is required as a result of an additional attachment or the modification of an existing attachment sought by any other entity (including the owner of such pole, duct, conduit, or right-of-way)

¹² See, e.g., Reply Comments of Comcast *et al.* at 11-12.

¹³ *Implementation of Local Competition Provisions in the Telecommunications Act of 1996*, CC Docket 96-98, 11 FCC Rcd. 15499 (Aug. 8, 1996) ("*Interconnection Order*").

communications" and do not trigger access obligations. Although internal communications are used solely to promote the efficient distribution of electricity, the definition of "wire communication" is broad and clearly encompasses an electrical utility's internal communications.

Interconnection Order ¶ 1174.

As a practical matter, if all investor-owned utilities subject to the Act diversify into telecommunications by 2001, they and their affiliates will count as entities even under the FCC's approach. Commission reconsideration or clarification to count "traditional" electric utilities will reduce factual disputes about what telecommunications functions count. The likelihood of such disputes is strong given that utility pole owners are given initial responsibility to count entities for allocating unusable pole space, and many electric utilities chronically resist FCC pole pricing.

Since the purpose of the rules should be to reduce *unnecessary* factual disputes, we believe that the Commission should take every opportunity to eliminate potential controversies. While NCTA is hopeful that there will be few disputes with the pole owners concerning their counting of entities, this area remains rife with dispute potential. Therefore, as the February 8, 2001 phase-in implementation date approaches, it may become necessary to request the Commission to re-examine its proposal to entrust utilities with providing accurate entity data. NCTA continues to believe that the interests of simple, predictable and non-controversial rate setting will be best served by the establishment of entity-attachment presumptions—comparable to that employed for usable space—that the pole owner or other party can rebut with credible contrary evidence.

III. CONCLUSION

For these reasons the NCTA respectfully requests the Commission to reconsider its February 6, 1998 Order in the above-captioned docket in a manner consistent with this Petition.

Respectfully submitted,

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Its Attorneys

April 13, 1998

Exhibit 1

Maximum Conduit Rate

CALCULATION OF MAXIMUM CONDUIT RENTAL RATE

Sample Telephone Company

Year End 1997

Calculated: 4/13/98

Calculated by: Paul Glist

97-98
Calculation

Net Investment Per Conduit Foot

Gross Investment in Conduit	\$100,000,000.00
-Depreciation Reserve for Conduit	\$50,000,000.00
-Accumulated Deferred Taxes	\$13,333,333.33
= Net Investment in Conduit	\$36,666,666.67
/Conduit Feet (see Data Entry for Calc)	3,280,930
= Net Investment per Conduit Foot	\$11.18

Carrying Charges

Maintenance

Conduit Expenses Chargeable to Maintenance	\$500,000.00
= Net Investment in Conduit Plant	\$36,666,666.67
= Maintenance Carrying Charge	1.36%

Depreciation

Annual Depreciation Rate for Conduit	4.00%
Gross Investment in Conduit	\$100,000,000.00
= Net Investment in Conduit	\$36,666,666.67
= Gross/Net Adjustment	272.73%
Deprec Rate Applied to Net Conduit	10.91%

Administrative

Administrative Expenses	\$70,500,000.00
Total Plant In Service	\$1,500,000,000.00
-Depreciation Reserve for TPIS	\$650,000,000.00
-Accumulated Deferred Taxes	\$200,000,000.00
= Net Plant in Service	\$650,000,000.00
Administrative Carrying Charge	10.85%

Taxes

Normalized Tax Expense	\$50,000,000.00
Total Plant In Service	\$1,500,000,000.00
-Depreciation Reserve for TPIS	\$650,000,000.00
-Accumulated Deferred Taxes	\$200,000,000.00
= Net Plant in Service	\$650,000,000.00
Tax Carrying Charge	7.69%

Return

Maximum Conduit Rate

Return Authorized by State	11.25%
Total Carrying Charges	42.06%

Allocation of Annual Carrying Costs

Based on Usable Space

Portion of Cost allocated as "Usable"	100%
Conduit Feet	3,280,929.60
"Usable" Duct Feet	26,247,436.77
Average Number of "Usable" Ducts per Foot	8.0
Average Number of Ducts Per Conduit Foot	9.0
Space Occupied by Cable (Half Duct)	0.5
Usable Conduit Space Assigned to Cable per Duct Foot	0.0625
Charge Factor -- Usable Space	6.25%

Maximum Rate

Net Investment per Conduit Foot	\$11.18
*Carrying Charges	42.06%
= Annual Carrying Cost	\$4.70
*Charge Factor	6.25%
= MAXIMUM RATE PER CONDUIT FOOT	\$0.29

DATE ENTRY AND SOURCE

Gross Investment in Conduit 2411(af)	\$100,000,000.00
Gross Investment in Total Plant 240(af)	\$1,500,000,000.00
Depreciation Reserve for Conduit 0390(j)	\$50,000,000.00
Depreciation Reserve for TPIS 0490(j)	\$650,000,000.00
Booked Conduit Maintenance Expense 6441(ab)	\$1,000,000.00
Rents	\$400,000.00
Pensions	\$100,000.00
Conduit Expenses Chargeable to Maintenance 6441(ac)	\$500,000.00
Conduit Expenses Chargeable to Administration 6441(af)	\$500,000.00
Administrative Expense 6710(ab)	\$50,000,000.00
Administrative Expense 6720(ab)	\$20,000,000.00
Total Administrative Expenses	\$70,500,000.00
Annual Depreciation Rate for Conduit B-7-1	4.00%
Taxes 7200(bb)	\$50,000,000.00
Accumulated Deferred Taxes 4100(bb), 4340(bb)	\$200,000,000.00
Accumulated Deferred Taxes (Prorated to Conduit)	\$13,333,333.33
Overall Rate of Return (Last Rate Case)	11.25%
Conduit Trench KM 43-08, S-1	1,000.00
Duct KM	9,000.00
Maintenance (Enter zero unless used by cable)	1,000.00
Usable Duct KM	8,000.00
Mile Per KM	0.6214
Feet per Mile	5,280.00
Conversion Factor: KM to Feet	3,280.93

Maximum Conduit Rate

Total Conduit Feet	3,280,929.60
Usable Duct Feet	26,247,436.77
Unusable Duct Feet	3,280,929.60
Total Duct Feet	29,528,366.37

Exhibit 2

4. Excavation and backfill, including disposal of excess excavated material.
5. Extension arms.
6. Foundations.
7. Guards.
8. Insulator pins and suspension bolts.
9. Paving.
10. Permits for construction.
11. Pole steps and ladders.
12. Poles, wood, steel, concrete, or other material.
13. Racks complete with insulators.
14. Railings.
15. Reinforcing and stubbing.
16. Settings.
17. Shaving, painting, galling, roofing, stenciling, and tagging.
18. Towers.
19. Transformer racks and platforms.

365 Overhead conductors and devices.

This account shall include the cost installed of overhead conductors and devices used for distribution purposes.

ITEMS

1. Circuit breakers.
2. Conductors, including insulated and bare wires and cables.
3. Ground wires, clamps, etc.
4. Insulators, including pin, suspension, and other types, and tie wire or clamps.
5. Lightning arresters.
6. Railroad and highway crossing guards.
7. Splices.
8. Switches.
9. Tree trimming, initial cost including the cost of permits therefor.
10. Other line devices.

NOTE: The cost of conductors used solely for street lighting or signal systems shall not be included in this account but in account 373, Street Lighting and Signal Systems.

366 Underground conduit.

This account shall include the cost installed of underground conduit and tunnels used for housing distribution cables or wires.

ITEMS

1. Conduit, concrete, brick and tile, including iron pipe, fiber pipe, Murray duct, and standpipe on pole or tower.
2. Excavation, including shoring, bracing, bridging, backfill, and disposal of excess excavated material.
3. Foundations and settings specially constructed for and not expected to outlast the apparatus for which constructed.
4. Lighting systems.
5. Manholes, concrete or brick, including iron or steel frames and covers, hatchways,

gratings, ladders, cable racks and hangers, etc., permanently attached to manholes.

6. Municipal inspection.
7. Pavement disturbed, including cutting and replacing pavement, pavement base, and sidewalks.
8. Permits.
9. Protection of street openings.
10. Removal and relocation of subsurface obstructions.
11. Sewer connections, including drains, traps, tide valves, check valves, etc.
12. Sumps, including pumps.
13. Ventilating equipment.

NOTE: The cost of underground conduit used solely for street lighting or signal systems shall be included in account 373, Street Lighting and Signal Systems.

367 Underground conductors and devices.

This account shall include the cost installed of underground conductors and devices used for distribution purposes.

ITEMS

1. Armored conductors, buried, including insulators, insulating materials, splices, potheads, trenching, etc.
2. Armored conductors, submarine, including insulators, insulating materials, splices in terminal chamber, potheads, etc.
3. Cables in standpipe, including pothead and connection from terminal chamber or manhole to insulators on pole.
4. Circuit breakers.
5. Fireproofing, in connection with any items listed herein.
6. Hollow-core oil-filled cable, including straight or stop joints, pressure tanks, auxiliary air tanks, feeding tanks, terminals, potheads and connections, etc.
7. Lead and fabric covered conductors, including insulators, compound-filled, oil-filled or vacuum splices, potheads, etc.
8. Lightning arresters.
9. Municipal inspection.
10. Permits.
11. Protection of street openings.
12. Racking of cables.
13. Switches.
14. Other line devices.

NOTE: The cost of underground conductors and devices used solely for street lighting or signal systems shall be included in account 373, Street Lighting and Signal Systems.

368 Line transformers.

A. This account shall include the cost installed of overhead and underground distribution line transformers and poletype and underground voltage regulators owned by the utility, for use

§ 32.2425

47 CFR Ch. I (10-1-97 Edition)

maintained for nonmetallic submarine cable and metallic submarine cable.

(1) *Nonmetallic cable.* This subsidiary record category shall include the original cost of optical fiber cable and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(2) *Metallic cable.* This subsidiary record category shall include the original cost of single or paired conductor cable, wire and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(b) The cost of permits and privileges for the construction of cable and wire facilities shall be included in the account chargeable with such construction.

§ 32.2425 Deep sea cable.

(a) This account includes the original cost of deep sea cable and other material used in the construction of such plant. Subsidiary record categories, as defined below, are to be maintained for nonmetallic deep sea cable and metallic deep sea cable.

(1) *Nonmetallic cable.* This subsidiary record category shall include the original cost of optical fiber cable and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(2) *Metallic cable.* This subsidiary record category shall include the original cost of single or paired conductor cable, wire and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(b) The cost of permits and privileges for the construction of cable and wire facilities shall be included in the account chargeable with such construction.

§ 32.2426 Intrabuilding network cable.

(a) This account shall include the original cost of cables and wires located on the company's side of the demarcation point or standard network interface inside subscribers' buildings or between buildings on one customer's same premises. Intrabuilding network cables are used to distribute network access facilities to equipment rooms, cross-connection or other distribution

points at which connection is made with customer premises wiring. Subsidiary record categories, as defined below, are to be maintained for nonmetallic intrabuilding network cable and metallic intrabuilding network cable.

(1) *Nonmetallic cable.* This subsidiary record category shall include the original cost of optical fiber cable and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(2) *Metallic cable.* This subsidiary record category shall include the original cost of single or paired conductor cable, wire and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(b) The cost of pumping water out of manholes and of cleaning manholes and ducts in connection with construction work and the cost of permits and privileges for the construction of cable and wire facilities shall be included in the account chargeable with such construction.

(c) Intrabuilding network cable does not include the cost of cables or wires which are classifiable as network terminating wire, nor the cables or wires from the demarcation point or standard network interface to subscribers' stations.

§ 32.2431 Aerial wire.

(a) This account shall include the original cost of bare line wire and other material used in the construction of such plant.

(b) The cost of permits and privileges for the construction of cable and wire facilities shall be included in the account chargeable with such construction.

(c) The cost of drop and block wires served by aerial wire shall be included in Account 2421, Aerial Cable.

§ 32.2441 Conduit systems.

(a) This account shall include the original cost of conduit, whether underground, in tunnels or on bridges, which is reusable in place. It shall also include the cost of opening trenches and of any repaving necessary in the construction of conduit plant.

(b) The cost of pumping water out of manholes and of cleaning manholes and ducts in connection with construction work and the cost of permits and privileges for the construction of cable and wire facilities shall be included in the account chargeable with such construction.

(c) The cost of protective covering for buried cable shall be charged to Account 2423, Buried Cable, as appropriate, unless such protective covering is reusable in place. The amounts thus charged shall be included in the non-metallic buried cable or metallic buried cable subsidiary record category, as appropriate.

(d) The cost of pipes or other protective covering for underground drop and block wires shall be included in Account 2421, Aerial Cable, or Account 2423, Buried Cable, as appropriate. The amounts thus charged shall be included in the nonmetallic or metallic subsidiary record category, as appropriate.

§ 32.2680 Amortizable tangible assets.

This account shall be used by Class B carriers to record amounts for property acquired under capital leases and the original cost of leasehold improvements of the type of character required of Class A companies in Accounts 2681 and 2682.

§ 32.2681 Capital leases.

(a) This account shall include all property acquired under a capital lease. A lease qualifies as a capital lease when one or more of the following criteria is met:

(1) By the end of the lease term, ownership of the leased property is transferred to the lessee.

(2) The lease contains a bargain purchase option.

(3) The lease term is substantially (75% or more) equal to the estimated useful life of the leased property. However, if the beginning of the lease term falls within the last 25% of the total estimated economic life of the leased property, including earlier years of use, this criterion shall not be used for purposes of classifying the lease.

(4) At the inception of the lease, the present value of the minimum lease payments, excluding that portion of the payments representing executory

costs to be paid by the lessor, including any profit thereon, equals or exceeds 90% or more of the fair value of the leased property. However, if the beginning of the lease term falls within the last 25% of the total estimated economic life of the leased property, including earlier years of use, this criterion shall not be used for purposes of classifying the lease.

(b) All other leases are operating leases.

(c) The amounts recorded in this account at the inception of a capital lease shall be equal to the original cost, if known, or to the present value not to exceed fair value, at the beginning of the lease term, of minimum lease payments during the lease term, excluding that portion of the payments representing executory costs to be paid by the lessor, together with any profit thereon.

§ 32.2682 Leasehold improvements.

(a) This account shall include the original cost of leasehold improvements made to telecommunications plant held under a capital or operating lease, which are subject to amortization treatment. This account shall also include those improvements which will revert to the lessor.

(b) Improvements to leased telecommunications plant which are of a relatively minor cost or short life or for which the period of the lease is one year or less shall be charged to the account chargeable with the cost of repairs to such plant.

(c) Amounts contained in this account shall be amortized over the term of the related lease.

§ 32.2690 Intangibles.

(a) This account shall include the cost of organizing and incorporating the company, the original cost of government franchises, the original cost of patent rights, and other intangible property having a life of more than one year and used in connection with the company's telecommunications operations.

(b) Subsidiary records for this account shall include a description of each class of intangible property.

(c) The cost of other intangible assets having a life of one year or less shall be

Exhibit 3

CORP: SCL
FUND: 41000

SEATTLE CITY LIGHT
SEATTLE FINANCIAL MANAGEMENT SYSTEM
MONTHLY SUBLEDGER
FOR PERIOD 13 ENDING 12/31/92

REPORT ID : VLM282L
RUN DATE : 04/05/93
RUN TIME : 11:47:34
PAGE NO. : 107

ACCOUNT	DESCRIPTION	CURRENT YEAR YEAR TO DATE	BEGINNING BAL FOR PERIOD 13	CURRENT MONTH	ENDING BALANCE 12/31/92
	TOTAL PRIME FUNCTION 365	3,266,816.35	48,442,194.68	673,006.14	49,115,200.82
FUNCTION: 366010	U/G CONDUIT(INCL XFMR VLTS)-GENERAL				
321	INVESTM IN GEN FXD A-BEGIN BAL	.00	60,930,576.06	.00	60,930,576.06
322	INVESTM IN GEN FXD A ADDS-NEW	1,994,320.14	2,795,920.91	388,303.68	3,184,224.59
323	INVESTM IN GEN FXD A ADDS-REPL	1,041,139.81	2,008,620.67	126,759.55	2,135,380.22
984	WORK ORDER CLOSE-OTHR SVC/CHRG	.00	.00	.00	.00
	TOTAL SUB FUNCTION 010	3,035,459.95	65,735,117.64	515,063.23	66,250,180.87
FUNCTION: 366064	NETWORK UG CONDUIT				
322	INVESTM IN GEN FXD A ADDS-NEW	144,626.03	367,555.76	4,992.98	372,548.74
323	INVESTM IN GEN FXD A ADDS-REPL	904,107.94	1,493,788.49	216,232.94	1,710,021.43
	TOTAL SUB FUNCTION 064	1,048,733.97	1,861,344.25	221,225.92	2,082,570.17
	TOTAL PRIME FUNCTION 366	4,084,193.92	67,596,461.89	736,289.15	68,332,751.04
FUNCTION: 367010	U/G CNDCTRS/DEVICES-GENERAL				
321	INVESTM IN GEN FXD A-BEGIN BAL	.00	78,206,618.05	.00	78,206,618.05
322	INVESTM IN GEN FXD A ADDS-NEW	1,194,600.05	2,182,943.32	45,556.37	2,228,499.69
323	INVESTM IN GEN FXD A ADDS-REPL	1,871,705.15	3,722,734.14	351,544.21	4,074,278.35
324	INVESTM IN GEN FXD A RETIREM	47,691.79	227,806.14	.00	227,806.14
333	ACCUM DEPRECIATION-ASSET RETIR	3.60	3.60	.00	3.60
	TOTAL SUB FUNCTION 010	3,018,609.81	83,884,485.77	397,100.58	84,281,586.35
FUNCTION: 367064	NETWORK UG CONDUCTORS & DEVICES				
322	INVESTM IN GEN FXD A ADDS-NEW	555,536.34	1,299,288.19	194,958.92	1,494,247.11
323	INVESTM IN GEN FXD A ADDS-REPL	1,034,466.71	3,362,441.06	727,147.06	4,089,588.12
324	INVESTM IN GEN FXD A RETIREM	14,626.48	56,988.49	.00	56,988.49
	TOTAL SUB FUNCTION 064	1,575,376.57	4,604,740.76	922,105.98	5,526,846.74
	TOTAL PRIME FUNCTION 367	4,593,986.38	88,489,226.53	1,319,206.56	89,808,433.09
FUNCTION: 368013	LINE XFMRs-RESERVE STOCK				
321	INVESTM IN GEN FXD A-BEGIN BAL	.00	8,953,994.25	.00	8,953,994.25
327	INVESTM IN GEN FXD A-ADJUSTMTS	865,716.95	8,953,994.25	9,428,560.17	474,565.92
	TOTAL SUB FUNCTION 013	865,716.95	.00	9,428,560.17	9,428,560.17
FUNCTION: 368014	LINE XFMRs-OVERHEAD				
321	INVESTM IN GEN FXD A-BEGIN BAL	.00	41,574,573.83	.00	41,574,573.83

CORP: SCL
 FUND: 41000

SEATTLE CITY LIGHT
 SEATTLE FINANCIAL MANAGEMENT SYSTEM
 MONTHLY SUBLEDGER
 FOR PERIOD 13 ENDING 12/31/95

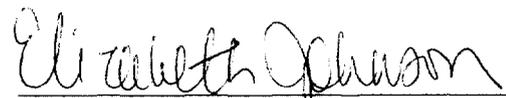
REPORT ID : VLM282L
 RUN DATE : 03/16/96
 RUN TIME : 11:58:22
 PAGE NO. : 118

ACCOUNT	DESCRIPTION	CURRENT YEAR YEAR TO DATE	CURRENT MONTH	BEGINNING BAL FOR PERIOD 13	ENDING BALANCE 12/31/95
FUNCTION: 365010 O/H CNDCTRS/DEVICES-GENERAL					
321	INVESTM IN GEN FXD A-BEGIN BAL	.00	.00	43,677,311.28	43,677,311.28
322	INVESTM IN GEN FXD A ADDS-NEW	271,316.55	76,567.17	2,644,185.92	2,720,753.09
323	INVESTM IN GEN FXD A ADDS-REPL	3,931,521.28	362,519.83	14,925,653.13	15,288,172.96
324	INVESTM IN GEN FXD A RETIREM	154,074.12	57,047.82	821,625.50	878,673.32
TOTAL SUB FUNCTION 010		4,048,763.71	382,039.18	60,425,524.83	60,807,564.01
TOTAL PRIME FUNCTION 365		4,048,763.71	382,039.18	60,425,524.83	60,807,564.01
FUNCTION: 366010 U/G CONDUIT(INCL XFMR VLTS)-GENERAL					
321	INVESTM IN GEN FXD A-BEGIN BAL	.00	.00	60,930,576.06	60,930,576.06
322	INVESTM IN GEN FXD A ADDS-NEW	4,463,421.05	188,183.67	16,153,205.23	16,341,388.90
323	INVESTM IN GEN FXD A ADDS-REPL	2,136,441.33	33,127.84	6,304,881.06	6,271,753.22
327	INVESTM IN GEN FXD A-ADJUSTMTS	.00	.00	10,382.19	10,382.19
TOTAL SUB FUNCTION 010		6,599,862.38	155,055.83	83,378,280.16	83,533,335.99
FUNCTION: 366064 NETWORK UG CONDUIT					
322	INVESTM IN GEN FXD A ADDS-NEW	933,081.61	158,611.73	4,863,263.05	5,021,874.78
323	INVESTM IN GEN FXD A ADDS-REPL	2,311,938.48	1,833,048.76	9,000,389.68	10,833,438.44
327	INVESTM IN GEN FXD A-ADJUSTMTS	.00	.00	10,294.77	10,294.77
TOTAL SUB FUNCTION 064		3,245,020.09	1,991,660.49	13,873,947.50	15,865,607.99
TOTAL PRIME FUNCTION 366		9,844,882.47	2,146,716.32	97,252,227.66	99,398,943.98
FUNCTION: 367010 U/G CNDCTRS/DEVICES-GENERAL					
321	INVESTM IN GEN FXD A-BEGIN BAL	.00	.00	78,206,618.05	78,206,618.05
322	INVESTM IN GEN FXD A ADDS-NEW	1,386,194.70	103,463.93	8,503,099.30	8,606,563.23
323	INVESTM IN GEN FXD A ADDS-REPL	1,521,024.20	134,705.78	9,580,950.88	9,715,656.66
324	INVESTM IN GEN FXD A RETIREM	296,256.33	2,845.50	774,237.03	777,082.53
327	INVESTM IN GEN FXD A-ADJUSTMTS	.00	.00	59,941.48	59,941.48
333	ACCUM DEPRECIATION-ASSET RETIR	.00	.00	.00	.00
TOTAL SUB FUNCTION 010		2,610,962.57	235,324.21	95,456,489.72	95,691,813.93
FUNCTION: 367064 NETWORK UG CONDUCTORS & DEVICES					
322	INVESTM IN GEN FXD A ADDS-NEW	1,559,199.29	555,271.30	4,659,829.82	5,215,101.12
323	INVESTM IN GEN FXD A ADDS-REPL	3,586,436.03	275,094.77	9,485,228.84	9,760,323.61
324	INVESTM IN GEN FXD A RETIREM	18,828.47	16,106.87	456,375.31	472,482.18
327	INVESTM IN GEN FXD A-ADJUSTMTS	.00	.00	58,013.63	58,013.63
TOTAL SUB FUNCTION 064		5,126,806.85	814,259.20	13,746,696.98	14,560,956.18
TOTAL PRIME FUNCTION 367		7,737,769.42	1,049,583.41	109,203,186.70	110,252,770.11

CERTIFICATE OF SERVICE

I, Elizabeth Johnson, hereby certify that on this 13th day of April 1998, copies of the foregoing was hand-delivered to the following:

Elizabeth Beaty
Federal Communications Commission
2033 M Street, NW
Suite 804-Q
Washington, DC 20554


Elizabeth Johnson
Elizabeth Johnson