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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

October 13, 2000

BY HAND DELIVERY

Magalie Roman Salas, Secretary
Federal Communications Commission
Room TW-A325
445 Twelfth Street, SW
Washington, DC 20554

Re: Notice Ex Parte Conference:, CS Dkt No. 97-98

Dear Ms. Salas:

The purpose of this letter is to advise the Commission that on Thursday November 2, 2000 Paul Glist and J. D. Thomas of Cole Raywid & Braverman, LLP met with staff members of the Commission's Cable Services Bureau, Bill Johnson, Warren O'Hearn, Kathleen Costello and Cheryl King. The purpose of this meeting was to discuss issues raised in the Commission's reconsideration of the above-referenced docket which relate to potential revisions to the Commission's pole attachment rate formula. The enclosed materials were discussed at the meeting and left with each of the staff members.

Please contact the undersigned if you have any questions about this matter.

Sincerely,

J. D. Thomas

No. of Copies rec'd 0
List ABCDE

Enclosure

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		A	B	C	D	E	F	G	H	I
						E=D/C		G=F/C	H=(D-F)/C	
		(amounts in 000's)			Gross Salvage		Cost of Removal			
Poles Account	Investment Year Placed	Investment Each Year	Year End Cum. Balance	Plant Retired	Amount	Percent	Amount	Percent	Actual Activity ANS	RBOC Report
2411	1969 & Earlier			$32,297,865	$3,224,024	10.0%	$11,600,785	35.9%	-25.9%	
2411	1970			$1,543,614	$189,984	12.3%	$595,999	38.6%	-26.3%	
2411	1971			$1,846,815	$169,370	9.2%	$605,085	32.8%	-23.6%	
2411	1972			$1,885,548	$243,089	12.9%	$630,129	33.4%	-20.5%	
2411	1973			$1,300,590	$134,735	10.4%	$529,964	40.7%	-30.4%	
2411	1974			$1,342,623	$178,200	13.3%	$623,819	46.5%	-33.2%	
2411	1975			$1,306,172	$198,062	15.2%	$668,528	51.2%	-36.0%	
2411	1976			$1,044,477	$130,056	12.5%	$607,556	58.2%	-45.7%	
2411	1977			$758,320	$169,434	22.3%	$645,004	85.1%	-62.7%	
2411	1978			$601,536	$144,459	24.0%	$761,660	126.6%	-102.6%	
2411	1979			$678,317	$92,807	13.7%	$768,017	113.2%	-99.5%	
	1979 & Earlier	$38,379	$38,379	$44,605,877	$4,874,220	10.9%	$18,036,546	40.4%	-29.5%	-0.30
2411	1980	$2,216	$40,596	$1,101,258	$112,717	10.2%	$1,039,403	94.4%	-84.1%	-0.84
2411	1981	$3,828	$44,424	$1,298,937	$162,400	12.5%	$999,753	77.0%	-64.5%	-0.65
2411	1982	$3,352	$47,776	$1,248,166	$256,676	20.6%	$1,318,518	105.6%	-85.1%	-0.85
2411	1983	$3,369	$51,145	$1,530,284	$139,531	9.1%	$1,395,052	91.2%	-82.0%	-0.82
2411	1984	$4,157	$55,301	$1,029,883	$143,895	14.0%	$1,108,227	107.6%	-93.6%	-0.94
2411	1985	$4,128	$59,429	$1,122,103	$207,278	18.5%	$1,054,325	94.0%	-75.5%	-0.76
2411	1986	$2,913	$62,342	$1,259,370	$60,291	4.8%	$1,026,562	81.5%	-76.7%	-0.77
2411	1987	$2,869	$65,210	$1,517,878	$52,140	3.4%	$1,296,186	85.4%	-82.0%	-0.82
2411	1988	$3,291	$68,502	$1,241,570	$62,512	5.0%	$904,035	72.8%	-67.8%	-0.68
2411	1989	$3,271	$71,772	$972,233	$82,812	8.5%	$813,834	83.7%	-75.2%	-0.75
2411	1990	$3,317	$75,090	$1,085,674	$57,159	5.3%	$994,925	91.6%	-86.4%	-0.86
2411	1991	$3,170	$78,260	$1,207,171	$52,330	4.3%	$1,155,154	95.7%	-91.4%	-0.91
2411	1992	$4,636	$82,896	$1,257,254	$86,341	6.9%	$1,664,118	132.4%	-125.5%	-1.26
2411	1993	$4,143	$87,039	$1,182,921	($67,019)	-5.7%	$1,045,274	88.4%	-94.0%	-0.94
2411	1994	$3,164	$90,203	$1,014,844	$221,049	21.8%	$1,007,455	99.3%	-77.5%	-0.78
2411	1995	$1,868	$92,071	$1,015,000	$26,000	2.6%	$850,000	83.7%	-81.2%	-0.75
2411	1996	$2,040	$94,111	$1,102,000	$12,000	1.1%	$794,000	72.1%	-71.0%	-0.61
2411	1997	$2,971	$97,082	$1,279,000	$40,000	3.1%	$673,000	52.6%	-49.5%	-0.72
2411	1998	$2,873	$99,955	$879,000	$27,000	3.1%	$455,000	51.8%	-48.7%	-0.39
2411	1999	$4,871	$104,826	$1,097,000	$34,000	3.1%	$568,000	51.8%	-48.7%	-0.73
		$104,826		$68,047,423	$6,643,332		$38,199,367	56.1%	-46.4%	

Summary

Total amount FNS=	$	**50,714,481**
less total amount due to actual net salvage =	$	**(31,556,035)**
Equals Total Investment to recover	$	**19,158,446**

Sources:

	1995 Depreciation Study
	ARMIS Sources

Poles Account	Investment Year Placed	J RBOC Implied Actual Net Salvage	K K=D-F Actual Net Salvage	L Per Study FNS	M Estimated Rem Life Note 1	N N=(-L)/M Estimated FNS Component	O O=N*B Estimated FNS Component Plant Balance
2411	1969 & Earlier		$ (8,376,761)				
2411	1970		$ (406,015)				
2411	1971		$ (435,715)				
2411	1972		$ (387,040)				
2411	1973		$ (395,229)				
2411	1974		$ (445,619)				
2411	1975		$ (470,466)				
2411	1976		$ (477,500)				
2411	1977		$ (475,570)				
2411	1978		$ (617,201)				
2411	1979		$ (675,210)				
	1979 & Earlier	$ (11,703,420)	$ (13,162,326)	-0.30	24.00	1.27%	$ 487,642
2411	1980	$ (1,861,626)	$ (926,686)	-0.76	24.00	3.17%	$ 1,215,345
2411	1981	$ (2,488,368)	$ (837,353)	-0.76	24.00	3.17%	$ 1,285,525
2411	1982	$ (2,849,206)	$ (1,061,842)	-0.76	24.00	3.17%	$ 1,406,753
2411	1983	$ (2,762,546)	$ (1,255,521)	-0.76	24.00	3.17%	$ 1,512,900
2411	1984	$ (3,907,285)	$ (964,332)	-0.81	24.00	3.38%	$ 1,726,136
2411	1985	$ (3,137,027)	$ (847,047)	-0.81	24.00	3.38%	$ 1,866,424
2411	1986	$ (2,242,680)	$ (966,271)	-0.81	24.00	3.38%	$ 2,005,733
2411	1987	$ (2,352,297)	$ (1,244,046)	-0.81	24.00	3.38%	$ 2,104,032
2411	1988	$ (2,238,108)	$ (841,523)	-0.89	24.00	3.71%	$ 2,418,217
2411	1989	$ (2,453,084)	$ (731,022)	-0.89	24.00	3.71%	$ 2,540,270
2411	1990	$ (2,852,881)	$ (937,766)	-0.89	24.00	3.71%	$ 2,661,562
2411	1991	$ (2,884,972)	$ (1,102,824)	-0.89	24.00	3.71%	$ 2,784,578
2411	1992	$ (5,841,843)	$ (1,577,777)	-0.89	24.00	3.71%	$ 2,902,144
2411	1993	$ (3,893,996)	$ (1,112,293)	-0.77	24.00	3.21%	$ 2,659,594
2411	1994	$ (2,468,260)	$ (786,406)	-0.77	24.00	3.21%	$ 2,792,501
2411	1995	$ (1,396,502)	$ (824,000)	-0.93	24.00	3.88%	$ 3,495,383
2411	1996	$ (1,247,375)	$ (782,000)	-0.93	24.00	3.88%	$ 3,567,754
2411	1997	$ (2,141,836)	$ (633,000)	-0.93	24.00	3.88%	$ 3,646,810
2411	1998	$ (1,120,821)	$ (428,000)	-0.93	24.00	3.88%	$ 3,761,929
2411	1999	$ (3,569,820)	$ (534,000)	-0.93	24.00	3.88%	$ 3,873,249
		$ (65,413,952)	$ (31,556,035)				$ 50,714,481

Summary

Total amount FNS=
less total amount due to actual ne
Equals Total Investment to recov

Note 1

If ARL is longer in earlier years, as is likely
The investment left to recover is smaller

CALCULATION OF MAXIMUM POLE ATTACHMENT RATE

Year End 1998
Calculated: 11/1/00

		Pre-97-98	Utility Proposed	Without Synch	With Synch
1	**Net Investment Per Bare Pole**	$23.41	$88.41	$62.61	$62.61
2					
3	Gross Investment in Pole Plant	$102,237,000.00	$102,237,000.00	$102,237,000.00	$102,237,000.00
4	-Depreciation Reserve for Poles	$83,006,000.00	$51,238,271.60	$63,847,554.37	$63,847,554.37
5	-Accumulated Deferred Taxes	$7,792,900.17	$7,792,900.17	$7,792,900.17	$7,792,900.17
6	=Net Investment in Pole Plant	$11,438,099.83	$43,205,828.22	$30,596,545.45	$30,596,545.45
7	-Net Investment in Appurtenances (5%)	$571,904.99	$2,160,291.41	$1,529,827.27	$1,529,827.27
8	=Net Investment in Bare Pole Plant	$10,866,194.84	$41,045,536.81	$29,066,718.18	$29,066,718.18
9	/Number of Poles	464,263	464,263	464,263	464,263
10	=Net Investment per Bare Pole	$23.41	$88.41	$62.61	$62.61
11					
12	**CARRYING CHARGES**				
13					
14	**Maintenance**				
15	Chargeable Maintenance Expenses	$3,240,000.00	$3,240,000.00	$3,240,000.00	$3,240,000.00
16	/Net Investment in Pole Plant	$11,438,099.83	$43,205,828.22	$30,596,545.45	$30,596,545.45
17	=Maintenance Carrying Charge	28.33%	7.50%	10.59%	10.59%
18					
19	**Depreciation**				
20	Annual Depreciation Rate for Poles	4.90%	4.90%	4.90%	4.13%
21	Gross Investment in Pole Plant	$102,237,000.00	$102,237,000.00	$102,237,000.00	$102,237,000.00
22	/Net Investment in Pole Plant	$11,438,099.83	$43,205,828.22	$30,596,545.45	$30,596,545.45
23	=Gross/Net Adjustment	893.83%	236.63%	334.15%	334.15%
24	Deprec Rate Applied to Net Pole Plant	43.80%	11.59%	16.37%	13.79%
25					

26 **Administrative**				
27 Administrative Expenses	$223,924,000.00	$223,924,000.00	$223,924,000.00	$223,924,000.00
28 Total Plant In Service	$10,190,390,000.00	$10,190,390,000.00	$10,190,390,000.00	$10,190,390,000.00
29 -Depreciation Reserve for TPIS	$5,035,112,000.00	$5,035,112,000.00	$5,035,112,000.00	$5,035,112,000.00
30 -Accumulated Deferred Taxes	$776,751,000.00	$776,751,000.00	$776,751,000.00	$776,751,000.00
31 =Net Plant in Service	$4,378,527,000.00	$4,378,527,000.00	$4,378,527,000.00	$4,378,527,000.00
32 Administrative Carrying Charge	5.11%	5.11%	5.11%	5.11%
33				
34 **Taxes**				
35 Normalized Tax Expense	$539,490,000.00	$539,490,000.00	$539,490,000.00	$539,490,000.00
36 Total Plant In Service	$10,190,390,000.00	$10,190,390,000.00	$10,190,390,000.00	$10,190,390,000.00
37 -Depreciation Reserve for TPIS	$5,035,112,000.00	$5,035,112,000.00	$5,035,112,000.00	$5,035,112,000.00
38 -Accumulated Deferred Taxes	$776,751,000.00	$776,751,000.00	$776,751,000.00	$776,751,000.00
39 =Net Plant in Service	$4,378,527,000.00	$4,378,527,000.00	$4,378,527,000.00	$4,378,527,000.00
40 Tax Carrying Charge	12.32%	12.32%	12.32%	12.32%
41				
42 **Return**				
43 Return Authorized by State	11.25%	11.25%	11.25%	4.21%
44				
45 **Total Carrying Charges**	100.81%	47.78%	55.65%	46.02%
46				
47				
48 **Allocation of Annual Carrying Costs**				
49 Space Occupied by Cable	1.0	1.0	1.0	1.0
50 /Total Useable Space	13.5	13.5	13.5	13.5
51 Charge Factor	7.41%	7.41%	7.41%	7.41%
52				
53 **Maximum Rate**				
54 Net Investment Per Bare Pole	$23.41	$88.41	$62.61	$62.61
55 *Carrying Charges	100.81%	47.78%	55.65%	46.02%
56 *Charge Factor	7.41%	7.41%	7.41%	7.41%
57 **=MAXIMUM RATE**	**$1.75**	**$3.13**	**$2.58**	**$2.13**
58				
59 **DATA ENTRY**				
60 Gross Investment in Pole Plant	$102,237,000.00	$102,237,000.00	$102,237,000.00	$102,237,000.00
61 Gross Investment in Total Plant	$10,190,390,000.00	$10,190,390,000.00	$10,190,390,000.00	$10,190,390,000.00
62 Depreciation Reserve for Pole Plant	$83,006,000.00	$83,006,000.00	$83,006,000.00	$83,006,000.00

63	Depreciation Reserve for TPIS	$5,035,112,000.00	$5,035,112,000.00	$5,035,112,000.00	$5,035,112,000.00
64					
65	Pole Maintenance Expense 6411	$3,598,000.00	$3,598,000.00	$3,598,000.00	$3,598,000.00
66	Pole Rents	$358,000.00	$358,000.00	$358,000.00	$358,000.00
67	Chargeable Pole Maintenance	$3,240,000.00	$3,240,000.00	$3,240,000.00	$3,240,000.00
68	Depreciation rate for Poles	4.90%	4.90%	4.90%	4.13%
69	Executive & Planning 6710	$10,057,000.00	$10,057,000.00	$10,057,000.00	$10,057,000.00
70	General & Administrative 6720	$213,867,000.00	$213,867,000.00	$213,867,000.00	$213,867,000.00
73	Total General and Administrative	$223,924,000.00	$223,924,000.00	$223,924,000.00	$223,924,000.00
74	Taxes	$539,490,000.00	$539,490,000.00	$539,490,000.00	$539,490,000.00
75	Accumulated Deferred Taxes	$776,751,000.00	$776,751,000.00	$776,751,000.00	$776,751,000.00
76	Accumulated Deferred Taxes (Poles)	$7,792,900.17	$7,792,900.17	$7,792,900.17	$7,792,900.17
77	Overall Rate of Return	11.25%	11.25%	11.25%	4.21%
78	Number of Poles	464,263	464,263	464,263	464,263
79	Percent Pole Investment to Be Depreciated		100%		
80	Future Net Salvage	$0.00	-62%	$19,158,445.63	$19,158,445.63
81	Balance Depreciation Reserve Poles	$83,006,000.00	$51,238,271.60	$63,847,554.37	$63,847,554.37

43-02: Table B5. Analysis of Entries in Accumulated Depreciation

					CREDITS			CHARGES				
Year	COSA	Company Name	Row Title	Beginning Balance	Accruals	Salvage	Others	Retir w Traff	Retir wo Traff	Cost of Removal	Others	Ending Balance
1992	LBIL	Illinois Bell	Poles	65233	3432	87	0	0	1257	1664	0	65831
1993	LBIL	Illinois Bell	Poles	65831	3563	-68	0	0	1183	1045	0	67098
1994	LBIL	Illinois Bell	Poles	67098	4592	221	0	0	1015	1007	0	69889
1995	LBIL	Illinois Bell	Poles	69889	4671	26	0	0	1102	850	0	72634
1996	LBIL	Illinois Bell	Poles	72634	4525	12	0	0	1279	794	0	75098
1997	LBIL	Illinois Bell	Poles	75098	4695	40	1370	0	879	673	0	76911
1998	LBIL	Illinois Bell	Poles	79651	4880	27	0	0	1097	455	0	83006
1999	LBIL	Illinois Bell	Poles	83006	5006	34	0	0	730	568	0	86748
Sum					35364	379	1370	0	8542	7056	0	

Source: FCC, Ameritech ARMIS filings.

43-02: Table B1b. Balance Sheet Accounts (Plant Accounts)

Year	COSA	Company Name	Sub_#	Row_#	Row_Title	Beginning_Balance_ab	Additions_ac	Retirements_ad	Transfer_Adjustments_ae	Ending_Balance_af
1991	LBIL	Illinois Bell	2	2411	Poles	82225	3310	1207	0	84328
1992	LBIL	Illinois Bell	3	2411	Poles	84328	4630	1257	0	87701
1993	LBIL	Illinois Bell	2	2411	Poles	87701	4027	1183	0	90545
1994	LBIL	Illinois Bell	4	2411	Poles	90545	3448	1015	0	92978
1995	LBIL	Illinois Bell	3	2411	Poles	92978	1948	1102	0	93824
1996	LBIL	Illinois Bell	2	2411	Poles	93824	2061	1279	2	94608
1997	LBIL	Illinois Bell	1	2411	Poles	94608	3003	879	2090	98822
1998	LBIL	Illinois Bell	2	2411	Poles	98822	4515	1097	-3	102237
1999	LBIL	Illinois Bell	2	2411	Poles	102237	3442	730	-123	104826

Source: FCC, Ameritech ARMIS filings.

Unbundled depreciation calculation

Recovery of Original Cost	
Original Cost	100%
Adjusted Reserve	74%
Av. Rem. Life	24
Rate	1.08%
Recovery of Future Net Salvage	
Future Cost	93%
Adjusted Reserve	0%
Av. Rem. Life	24
Rate	3.88%

Synchronization of Depreciation

Applied Depreciation Rate	4.90%
Pre-Adjusted Gross Pole	$102,237,000.00
Approved Depreciation Charge	$5,009,613.00
Pre-Adjusted Gross Pole	$102,237,000.00
FNS Adjustment	$19,158,445.63
Adjusted Gross	$121,395,445.63
Approved Depreciation Charge	$5,009,613.00
Deprec Charge / Adjusted Gross	4.13%

Synchronization of Return

Applied Return Rate	11.25%
Pre-Adjusted Net Pole	$11,438,099.83
Approved Return	$1,286,786.23
Adjusted Net Pole	$30,596,545.45
Approved Return	$1,286,786.23
Return / Adjusted Net	4.21%

Pole Attachment Example

Submitted 10/26/00

(amounts in 000's)

		A	B	C	D=C-B	E =A * D	E =A*D	F=(A*B)	F=A*B
Poles	Investment	Investment	Per Study	Actual Activity	Diff b/t FNS & ANS			**Salvage part of**	**Salvage part of**
Account	Year Placed	12/31/99 Balance	FNS	ANS	%	$		**Reserve**	**Reserve**
2411	1979 & Earlier	$38,379	-0.30	-0.30	0.00	$0	$0	($11,703,420)	($11,703)
2411	1980	$2,216	-0.76	-0.84	-0.08	($177,298)	($177)	($1,684,328)	($1,684)
2411	1981	$3,828	-0.76	-0.65	0.11	$421,108	$421	($2,909,477)	($2,909)
2411	1982	$3,352	-0.76	-0.85	-0.09	($301,681)	($302)	($2,547,525)	($2,548)
2411	1983	$3,369	-0.76	-0.82	-0.06	($202,138)	($202)	($2,560,409)	($2,560)
2411	1984	$4,157	-0.81	-0.94	-0.13	($540,369)	($540)	($3,366,916)	($3,367)
2411	1985	$4,128	-0.81	-0.76	0.05	$206,383	$206	($3,343,410)	($3,343)
2411	1986	$2,913	-0.81	-0.77	0.04	$116,503	$117	($2,359,183)	($2,359)
2411	1987	$2,869	-0.81	-0.82	-0.01	($28,687)	($29)	($2,323,611)	($2,324)
2411	1988	$3,291	-0.89	-0.68	0.21	$691,180	$691	($2,929,288)	($2,929)
2411	1989	$3,271	-0.89	-0.75	0.14	$457,909	$458	($2,910,992)	($2,911)
2411	1990	$3,317	-0.89	-0.86	0.03	$99,519	$100	($2,952,401)	($2,952)
2411	1991	$3,170	-0.89	-0.91	-0.02	($63,406)	($63)	($2,821,566)	($2,822)
2411	1992	$4,636	-0.89	-1.26	-0.37	($1,715,462)	($1,715)	($4,126,381)	($4,126)
2411	1993	$4,143	-0.77	-0.94	-0.17	($704,233)	($704)	($3,189,763)	($3,190)
2411	1994	$3,164	-0.77	-0.78	-0.01	($31,644)	($32)	($2,436,616)	($2.437)
2411	1995	$1,868	-0.93	-0.75	0.18	$340,414	$340	($1,736,916)	($1,737)
2411	1996	$2,040	-0.93	-0.61	0.32	$649,959	$650	($1,897,334)	($1,897)
2411	1997	$2,971	-0.93	-0.72	0.21	$621,031	$621	($2,762,866)	($2,763)
2411	1998	$2,873	-0.93	-0.39	0.54	$1,550,845	$1,551	($2,671,666)	($2,672)
2411	1999	$4,871	-0.93	-0.73	0.20	$960,182	$960	($4,530,002)	($4,530)
		$104,826				**$2,350,116**	**$2,350**	**($67,764,069)**	**($67,764)**
				Difference between FNS & ANS (E)				**$2,350,116**	**$2,350**
				Total amount to be recovered (A * B) less E equals				**($65,413,952)**	**($65,414)**

Summary

Total amount to be recovered = (104,826+65,414)	$170,240
less total amount due to net salvage =	$65,414
Equals Total Investment to recover	$104,826
Estimated Net Salvage (total column F/A)	**-62%**

Legend

A: Investment per General ledger
B: Per Illinois depreciation studies
C: Per 1995 Illinois depreciation study
D: Difference between FNS & ANS
E: Estimate of net salvage included in reserve after assets retired
F: Estimate of amount of reserve related to net salvage