Q. Please state your name, business address and present position with PacifiCorp, dba Rocky Mountain Power ("Company").

A. My name is Jeffrey M. Kent. My business address is 825 NE Multnomah Street, Suite 1700, Portland, Oregon 97232. My present position is Director Distribution Support in the Construction and Support Services Department.

Q. Briefly describe your educational and professional background.

A. In March of 1978 I was employed by Pacific Northwest Bell Telephone Company and worked in various positions including as a field technician until 1990. In 1988, I graduated from Portland State University with a Bachelor of Science degree in General Studies Science. In 1990 I was promoted and held a number of management positions within the renamed company, U S West Communications and subsequently Qwest Communications, in the Construction and Engineering Department until I retired from Qwest in December 2008. The last five years of my career at Qwest were spent managing Construction Operations and as Program Manager overseeing the Joint Use of poles in Oregon. In December of 2008 I was employed by PacifiCorp in my current position. I have been a member of the Oregon Joint Use Association's Board of Directors since 2004 including President of the Association in 2007. I also serve as a member of Western Energy Institute's annual Joint Use Conference Program Delivery Team.

Q. Have you appeared as a witness in previous regulatory proceedings?

A. I have appeared before the Oregon Public Utilities Commission.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to provide support and explanation for the changes the Company is seeking to the Commission's "Safe Harbor Agreement" adopted by the Commission in Docket No. 04-999-03 and the Company's Electric Service Schedule No. 4.

Q. Please describe the changes the Company is seeking to the Commission's Safe Harbor Agreement.

A. The Company seeks changes to the Safe Harbor in two respects: 1) changes to bring the Safe Harbor into conformity with Commission Rule R746-345 (the "Rule") and Commission directive; and 2) substantive changes to Sections 3.01, 3.02, 3.04 and 5.04 of the Safe Harbor which the Company believes will reduce safety and operational concerns.

Q. Please describe the specific changes the Company is seeking to bring the Safe Harbor into conformity with the Rule and Commission directive.

A. First, two changes are proposed to simply make corrections of an incorrect reference to the section of the Rule that defines a "Pole Attachment" and a reference in the second paragraph of Section 5.01. (The change in Section 5.01 is made in recognition that Pole Owners *and* attaching entities, rather than just Pole Owners, may seek rate changes.) Second, definitions of "Attachment Space" and "Pole" are added, with references to the Rule definitions. Consistent with the definition of Pole, by reference to the Rule's definition of "Distribution Pole", the Company proposes to clarify in the second paragraph of Section 2.01 that the Safe Harbor applies only to attachments to Distribution Poles. Third, the definition of

"Make-ready Work" is revised by inserting a reference to the definition of "Make-ready Work" contained in the Rule. The fourth area of change is in the last paragraph of Section 3.02, which allows applicants who reject Make-ready Work estimates to use approved contractors to self-build the required Make-ready Work, and allowing the Company only 14 days to approve or disapprove that work. The Company proposes to change this section of the Safe Harbor to make it consistent with the specific remedies provided in the Rule – that is, to "exercise any of the self-build options given for the required Make-ready Work subject to the conditions made" (R746-345-3.C.8) or contest the Make-ready Work estimate before the Commission (R746-345-3.C.9). As a matter of clarification, the Company also proposes an addition to the beginning of Section 3.09 to reflect that in the event of conflict between that section and Rule R746-345-3.C, the Commission rule will govern. The last change for conformity with Rule 746-345-3.C.7, and Commission directive, is to the second paragraph of Section 3.09, addressing the time within which a Licensee must reimburse a Pole Owner for Make-ready Work. The proposed change makes that provision of the Safe Harbor consistent with the Rule and Commission directive contained in a letter to the Division of Public Utilities, dated March 27, 2006.

Q. Please describe the first specific changes the Company is seeking in Section 3.01.

A. The Company first proposes to revise Section 3.01 to provide that Rental Fees will commence upon the approval of an attachment Application, rather than upon the attachment actually being physically in place. In practice, when the Company

approves an Application to attach to a Pole, the space is reserved for the use of the applicant. When the Company approves the Application, the Company updates its record of attachment to each Pole in order to ensure any additional requests to attach do not conflict with or take precedence over pre-existing approvals. Under the terms of Section 3.08 of the Safe Harbor Agreement, the Licensee must complete installation of its Attachments within ninety (90) days of an approved Application. As written, the current language in effect requires the Licensee to affirmatively report each and every installation after the fact. Experience has shown Licensees have difficulty meeting that burden and more often than not the Company doesn't get confirmation from Licensees that they've constructed within the ninety (90) days. The language proposed by the Company will allow the Company to invoice for installations without having to rely on notifications from Licensees (which may be untimely or never sent), and at the same time prevents conflicts with other attaching entities who may request the same space. There is little if any financial impact to the Licensee under the Company's proposal. In practice, the Company invoices Rental Fees annually, or in some cases twice yearly. The Company does not invoice or prorate Rental Fees at the time of approval or physical attachment. Instead, either on an annual or twice yearly cycle, the Company takes a snapshot of the quantity of attachments for each Licensee and invoices Rental Fees for the forward looking period. For example, assume that a Licensee's Rental Fee cycle is January to December with invoicing occurring each January for the forward looking twelve (12) months. Throughout the course of any given year leading up to December 31, the Licensee

may have attachment activity that results in approved new attachments which increases the quantity and/or reported removal of attachments which reduces the quantity. On or about January 1, of each year the Company takes a snapshot of the quantity of active attachments and invoices that quantity times the Rental Fee. Between invoicing periods, Licensees can add attachments without incurring any Rental Fees. For example, if a Licensee received approval on January 15, from the Company on an Application to attach to 25 Poles, the Licensee would not be invoiced Rental Fees for those 25 Poles until January of the following year, thereby receiving the benefit of no Rental Fee for nearly a full year. Conversely, if the Licensee were to inform the Company on January 15, that the Licensee removed its attachments from 25 Poles, the Rental Fee on those 25 Poles would have already been invoiced for the year. The 25 Pole attachment removals would be reflected in the invoicing cycle for the following year. The language changes proposed by the Company when put into practice have little if any financial impact on the Company or the Licensees, ensures space is reserved for Licensee's on a first come first served basis and relieves the Licensee and the Company of the additional administrative burden of tracking and communicating installation dates.

Q. What are the proposed changes to Sections 3.01 and 3.02 regarding service drops?

A. The Company proposes that the first paragraph of Section 3.01 and the second-to-last paragraph of Section 3.02, regarding service drops, be revised. The Company believes the existing language in the Safe Harbor regarding the installation of

service drops is unclear. The language changes proposed by the Company clarify safety requirements, enable needed record keeping and allow for proper invoicing of Rental Fees. First and foremost, the Company's proposed language does not change a Licensee's ability to install a service drop to serve their customer prior to submitting an Application or making notification to the Company, or impose an obligation to make any prior payment to the Company with respect to that service drop. Exhibit RMP_(JMK-1) further explains the instances when an after-the fact Application is required versus when an after the fact notification will suffice, and Exhibit RMP_(JMK-2) and Exhibit RMP_(JMK-3) depict the specific safety requirements.

Q. What are the proposed changes that clarify safety requirements for service drops?

A. The Company's proposed language specifies when an after-the-fact Application is required for newly installed service drops to poles so the Company can review the installation for compliance with the National Electrical Safety Code (NESC). Specifically, the Company is concerned about new service drop installations to Poles which may result in either violations of NESC Rule 235(C)(1)(b), vertical clearance between supply lines and communication lines, commonly known as the "40 inch" violation, and/or violations of NESC Rule 236, climbing space. Exhibit RMP_(JMK-2) depicts a graphical representation of the safety requirements for climbing space and Exhibit RMP_(JMK-3) details the clearance between supply lines and communication lines at the Pole. Exhibits RMP_(JMK-6) provide photographic examples supporting the Company's safety concerns.

The Company's proposed change requiring a shortened interval for Licensee communications to the Company related to service drop attachments allows the Company to review the installation of the service drops to ensure compliance with the NESC and address the safety concerns described above in a timely manner.

Q. What are the proposed changes that enable needed record keeping and allow for proper invoicing of rent and other fees for service drop attachments?

A. The Company's proposed language provides clarification of when an after-the-fact Application is required versus when a notification will suffice and the timeliness of both. The clarification is needed to enable the Company to update its records to account for additional Attachment Space used by the Licensee, both where the Licensee has pre-existing approved attachments and attaches a new service drop outside of its approved Attachment Space, and where a Licensee installs a service drop on a Pole with no pre-existing approved attachments. In either example, the Licensee, by installation of the new service drop, has occupied usable space on the Pole that was previously not approved and accounted for in the Company's records and is subject to Rental Fees and other fees under the Commission's Rule. The Company believes attaching to a new Attachment Space requires an Application. The Company proposes to change the existing Safe Harbor requirement regarding service drops, to require communication by the Licensee within ten (10) business days after installation, both for service drops requiring Applications as well as those requiring only notifications. The ten (10) business day interval allows the Company to make timely updates to its attachment records to account for the needed Rental Fees, as well as show the

space on the Poles occupied, such that additional Applications for the same space on a Pole can be appropriately managed. To further explain what the Company is seeking, I offer the following examples and illustrate the points with Exhibit RMP_(JMK-1), attached hereto. Under the Company's proposed language, Licensee's off-the-Pole service drop installations, also known as mid-span service drop attachments, are allowed without any Application or notification to the Company. Where the Licensee has pre-existing approved attachments on the Company's Pole and attaches a new service drop to the Pole itself within the Licensee's authorized Attachment Space (within six inches above or below the existing attachment), such attachments are allowed without any Application, but do require notification to the Company. Where the Licensee has pre-existing approved attachments on the Company's Pole and attaches a new service drop to the Pole itself *outside* of the Licensee's authorized Attachment Space (more than six inches above or below the existing attachment), and when a Licensee installs a service drop on a Pole for which it has no pre-existing approved attachments, such attachments require the Licensee to submit an after-the-fact Application to the Company. The reason for the Application is so that the Company can review the attachment for compliance with NESC and the Company's construction standards, as well as account for the additional Attachment Space used by the Licensee in its records and invoice Rental Fees and other fees accordingly under the Commission's Rule. As stated above, the Company believes attaching to a new Attachment Space requires an Application.

Q. Please explain the proposed changes to Sections 3.01, 3.04 and 5.04 regarding overlashings.

A. Revisions to Section 3.01 first reflect the Company's position as to when overlashings by a permitted Licensee should be allowed without prior approval pursuant to an Application. The Company believes the current language in the Safe Harbor is not adequate to mitigate safety concerns involving overhead lines. The current language allows Licensees to overlash any number and size of conductors to existing attachments without first making Application to the Company and receiving approval to do the work. To mitigate safety concerns with overloading Poles and compounding existing clearance problems, the Company proposes language that limits such activity to relatively light weight and small diameter conductors, and requires the Licensee to correct any of Licensee's existing noncompliant facilities at the time of the overlashing work such that the Licensee's facilities are made to comply with the NESC and other applicable standards. Further, for the same safety reasons cited above, the Company prohibits overlashing prior to approving the Applications on existing slack-spans (un-guyed spans) and on existing messengers attached to Poles carrying voltages of 34.5kV or above (i.e. transmission voltage). Under the Company's proposed language, overlashing may be allowed on slack-spans and messengers attached to Poles carrying voltages of 34.5kV or above, only after the Licensee has submitted an Application, and the Company has reviewed and approved the Application, including evaluation of any needed Make-ready Work.

Q. What are the other changes regarding third-party overlashing?

A. Further changes to Sections 3.01 and 3.04, and the deletion of Section 5.04, reflect the Company's position that, as to any rights and obligations vis-à-vis the Company and a third-party, any overlashing by a third-party should be governed under an Agreement between the Company and that third-party. Under the current language in the Safe Harbor, any Licensee is allowed to grant permission to any third-party to overlash its conductors to the Licensee's existing attachments. The Company objects to this language for several reasons. First, the Commission's Rule requires each attaching entity to enter into a Pole attachment Agreement with the Pole Owner. Without such Agreements in place, there are no rates, terms or conditions which govern the attachments. Furthermore, the Company would have exposure to liability without the third-party overlasher meeting insurance, bond and indemnification obligations. The existing language in the Safe Harbor makes no mention of such requirement for third-party overlashing. Second, the Commission's Rule requires allocation of Attachment Space be approved by the Pole Owner for the exclusive use of the Licensee approved for such space. This is the basis by which Pole Rent Fees are invoiced. There is nothing in the Rule that contemplates invoicing more than one party for the same Attachment Space on a Pole. Additionally there is no governance of what dollar amount an existing Licensee could seek from third-parties for overlashing. The Pole Rental Fees the Company charges are based upon the Commission's rate formula and must be approved by the Commission. It is plausible for a third-party to overlash to an existing Licensee's messenger without the third-party ever needing to attach to

any other Company owned Poles. I don't believe it is appropriate to require the Company to allow third-parties to install facilities that impose burdens on the Company's poles without requiring those third-parties to have a contractual relationship with the Company. The current language also does not contemplate the safety and operational issues related to third-party overlashing. In addition to the safety concerns cited above of Pole loading and clearances related to overlashing, the 2007 version of the NESC which was published August 6, 2006 contains NESC Rule 235H (2) requiring that "clearances between the conductors, cable and equipment of one communications utility to those of another, anywhere in the span, shall be not less than 100mm (4 in.), except by agreement between the parties involved". The 2012 version published August 1, 2011 contains the same Rule and language and adds the words "including the Pole Owner" to the end of the sentence. Thus, the Company interprets "parties involved" to include the Pole Owner even though not explicitly called out in the 2007 version. The Company as Pole Owner does not agree to allow less than 4 inches between the parties' conductors and equipment and therefore does not allow third-party overlashing. Further, NESC Rule 220(D) states that "all conductors of electric supply and communications lines should be arranged to occupy uniform positions throughout, or shall be constructed, located, marked, numbered or attached to distinctive insulators or crossarms, so as to facilitate identification by employees authorized to work thereon". Third-party overlashing causes problems with identification of facilities which further contributes to operational issues related to inspection and maintenance activities by all the attaching entities. Third-party overlashing is

simply not an appropriate practice to impose on electric utilities' distribution systems.

Q. Please describe the reason for filing the fee schedule in this Docket.

A. The reason for this part of the filing is primarily to comply with R.746-345-3.A.2.c by incorporating a fee schedule into Schedule 4. The Company has in place a fee schedule which has been in use since 2002 and lists the non-recurring charges not included in the Pole attachment rental rate. The fee schedule is a part of contracts which have been approved by the Commission, but the fee schedule itself has not been filed as part of the Company's Schedule 4.

Q. Is the Company proposing changes to the non-recurring charges in the fee schedule currently made a part of existing contracts?

A. Yes, the Company is proposing changes to its fee schedule in conformance with the Commission's Rule and directive contained in a letter to the Division of Public Utilities, dated September 6, 2005. The Company proposes to eliminate inspection fees, topping fees and return trip fees as discrete fees, replace its application and per pole fee with a per pole application fee that incorporates the recovery of costs allowed by the Commission's directive described above, keep in place the Unauthorized Attachment fee as discussed below and propose a fee category of "Other" to account for its historic practice of invoicing for other costs, for example, actual costs incurred on behalf of the Licensee during emergency restoration work. A copy of proposed Schedule 4 is included with the Company's Amended Application as Exhibit B.

Q. Please explain why the Company proposes incorporating pre-inspection fees into a per Pole Application Fee and eliminating post-inspection fees altogether.

A. The Company's current fee schedule, which has been in use since 2002 and has been approved by the Commission in numerous Pole attachment contracts, utilizes pre-inspection fees and post-inspection fees associated with Licensee Applications to attach. In section 1. of the Commission's September 6, 2005 letter to the parties in Docket No. 04-999-03, the Commission provided direction on fees Pole Owners may charge. The Commission's direction was for Application fees to cover the expected costs of doing the survey and engineering work required to determine what Make-ready Work must be done to accommodate the Application. The Commission further directed that the fee may be a per Pole fee, or it may be charged in groups of quantities contained in the Application. The Commission did not prescribe an amount for such fees, and it's reasonable to assume such fees are to be based on actual costs. Finally, the Commission believed that post-construction and removal verification inspection fees are to be recovered through the Pole attachment rental charges.

Q. Describe the Company's proposed per Pole Application Fee.

A. The Company's proposed per Pole Application fee of $58.30 is based upon the most recent full calendar year's actual costs for performing the work to determine what Make-ready Work must be done to accommodate the Application, coordinate such work with the Licensee and other attaching entities, update the Company's records and perform the specific invoicing associated with the

Licensee Application. The work described above is performed by a combination of Company employees who charge their time to specific time reporting orders dedicated to capture the costs of such work. A listing of the time reporting orders used to track such costs, their description and the amounts from the most recent full calendar year can be found in Exhibit RMP_(JMK-4). In order to derive the per Pole cost, the Company divided the actual costs it incurs by the number of Poles on Applications which made it all the way through the process to invoicing for the same period. The calculations of the proposed per Pole Application fee can be found in Exhibit RMP_(JMK-5). It should be noted that the costs the Company incurs for its employees to perform this work do not settle to the FERC accounts included in calculations of the Pole Rental Fee.

Q. Describe the Company's proposed Unauthorized Attachment Fee.

A. The Company has set the Unauthorized Attachment Fee at $100 per Pole, in addition to back rent, as a deterrent against attaching to the Company's Poles without permission. This amount is the same amount the Company charges in contracts it negotiates throughout its six state service territory and the amount approved in numerous contracts approved by the Utah Commission. An Unauthorized Attachment fee of $250 per Pole was originally codified into Administrative Rules in the state of Oregon in calendar year 2000 and then revised with input from the industry during rulemaking in 2007 to the current amount of $100. The current amount was recently upheld by the Federal Communications Commission in its Order 11-50, dated April 7, 2011, as presumptively reasonable. The current Safe Harbor language in section 5.02

indicates Pole Owners may charge a Licensee the amounts shown in the Pole Owners fee schedule, contemplating the fee would be set by the Pole Owner and approved by the Commission. The Commission direction in September of 2006 was that fee be $25 plus back rent to the last audit. Since then, the FCC and others have provided guidance that the $25 is not an adequate deterrent, and $100 is presumptively reasonable, and the Company supports that position. FCC Order 11-50 dated April 7, 2011 on page 51 states "…there appears to be a well-founded concern that an unauthorized attachment payment amounting to no more than back rent provides little incentive for attachers to follow authorization processes…" The FCC Order goes on to state on page 52, "Specifically, going forward, we will consider contract-based penalties for unauthorized attachments to be presumptively reasonable if they do not exceed those implemented by the Oregon PUC." Further, if a Licensee were to attach without permission from the Pole Owner, the Licensee circumvents the intent of the Commission Rule with respect to Make-ready Work and approval to attach and undermines the Company's ability to collect rent and other fees as well as the Company's opportunity to ensure the Licensee's installed Attachments are in compliance with safety requirements. An adequate deterrent, such as the amount the Company is proposing, is needed as disincentive for attaching without permission. Finally, the Company expects that Licensees should understand the legal requirement that attaching to Poles is allowed only after receiving permission from the Pole Owner, and as such, would not engage in the behavior of making Unauthorized Attachments, therefore avoiding the Unauthorized Attachment Fee altogether.

Q. Please describe the category of "Other Miscellaneous Fees" in the proposed fee schedule.

A. This fee is applicable to recover the cost of work necessitated by Licensee requests not otherwise recovered in the annual Rental Fee or other fee categories, such as actual or estimated costs for Make-ready Work and labor for emergency restoration work performed on behalf of the Licensee.

Q. Why is it important for the Commission to approve the Company's fee schedule?

A. The Company incurs costs caused by Licensees. Recovery of these costs from the Licensees, rather than from the Company's electric customers, in the form of both recurring and non-recurring charges is appropriately allowed by law. The cost based fees proposed in the Company's Schedule 4 are consistent with Commission Rule and are based on actual costs the Company incurs for the Licensees. If the proposed fee schedule is approved by the Commission, the Company can properly recover the costs from Pole occupants who are causing the costs.

Q. Does this conclude your direct testimony?

A. Yes.