



**K. R. Saline
& Associates, PLC**

160 N Pasadena, Ste 101
Mesa, AZ 85201-8764
+1.480.610.8741

MEMORANDUM

TO: Rainie Torrance
FROM: Kent Simer, Ashley Blank
DATE: September 3, 2025

RE: Joint-Use Attachment Fee

KRSA has completed an analysis of NPUA's electric joint-use attachment fees. This analysis included a review of NPUA's electric plant and FY2024 financial outcome as provided in the Annual Report to Bond Owners prepared by Urban Futures, Inc. Based on our review, the current joint-use fee of \$7.78 per pole is underpriced comparative to the analysis outcome of \$22.41 per pole. Provided below is a summary of the joint-use analysis results:

NEEDLES PUBLIC UTILITY AUTHORITY CALCULATION OF JOINT ATTACHMENT FEE		
<u>Line No</u>	<u>Description</u>	<u>Factors</u>
1	Length of Pole	45
2	Buried Depth	6
3	Ground Clearance Required	18
4	Safety Worker Space	3.3
5	Reserved Utility Space	1
6	Total Usable Space	16.7
7	Space Occupied by Attachment	1
8	Number of Attaching Entities	1
9	Number of Distribution Poles	1271
10		
11	Space Factor	6.0%
12	Bare Pole Factor	0.85
13	Gross Pole Investment	\$1,837,549
14	Carrying Charge Rate	30.5%
15		
16	Maximum Rate Per Pole	\$22.41

Figure 1 - Determination of Joint-Use Rate

AB 1027/PUC §9512, the utility pole attachment fee recovers a proportional share of NPUA's 'annual cost of ownership' for utility poles. NPUA's annual cost of ownership for utility poles consists of 1) its annual operations and maintenance cost (O&M), and 2) its capital maintenance and replacement cost. The utility pole attachment fee was calculated for the test year fiscal year (FY) 2024. Total Usable Space was determined from NPUA's standard use of 45' as supported by NPUA staff. The 'annual cost of ownership' is detailed in the following table and details the "Carrying Charge" of the plant investment.

NEEDLES PUBLIC UTILITY AUTHORITY CALCULATION OF CARRYING CHARGE RATE		
<u>Line No</u>	<u>Administrative Charge</u>	
1	Total General and Administrative Expenses	\$1,339,644
2	Gross Plant Investment	\$20,253,018
3	Administrative Charge Rate (Line 1/ Line 2)	6.6%
4		
5	<u>Maintenance Charge</u>	
6	Total Maintenance Expenses	\$389,427
7	Gross Pole Investment	\$1,837,549
8	Maintenance Charge Rate (Line 6/ Line 7)	21.2%
9		
10	<u>Depreciation Charge</u>	
11	Service Life	80
12	Depreciation Charge Rate (1 / Line 11)	1.3%
13		
14	<u>Cost Escalation (CPI)</u>	
15	Factor	2.7%
16	Net Plant Poles	\$1,263,782
17	Cost Escalation Charge (Line 15/ Line16)	0.00%
18		
19	<u>Capital Carrying Charge</u>	
20	Gross Pole Investment Financed	665,922.68
21	Finance Rate	3.86%
22	Interest	\$25,705
23	Gross Pole Investment	\$1,837,549
24	Capital Carrying Charge (Line 22/ Line 23)	1.40%
25		
26	Total Carrying Charge (Lines 3+8+12+17+24)	30.5%

Figure 2 - Determination of NPUA Pole Investment Carrying Charge

Determination of Administrative and Maintenance Charges. This analysis relied on the FY2024 results presented in the Annual Report to Bond Owners. Administrative charges include the sum of supplies, administrative and management, power and utilities (exclusive of electric power

purchased), contractual services, and insurance. Maintenance charges include the Maintenance and Operations line item, plus a portion of lineman labor costs multiplied by the Net Pole Plant Investment / Net Gross Plant.

	Gross Investment	Depreciation	Net Plant
Poles	1,837,549.11	573,767.58	1,263,781.53
Transmission	3,787,251.10	2,530,596.99	1,256,654.11
Distribution	15,625,494.81	8,503,969.74	7,121,525.07
General	840,271.90	709,656.45	130,615.45
Total Plant	20,253,017.81	11,744,223.17	8,508,794.63

Figure 3 - Electric Plant

Application Fees

In addition to the annual pole-attachment fee, it is appropriate to assess a one-time application to account for the administrative burden to review and process joint-use applications. This fee should be proportionate to the amount of time spent processing the application and charged at the fully burdened labor cost. For Example:

	Hours/Pole	Labor Rate	Cost
Engineering Review	.5	\$254.52	\$127.26
Field Review	.5	\$144.92	\$72.46
Application Processing	.5	\$93.16	\$46.58
Total Application Fee \$/Pole			\$246.30

This review did not do a formal review of NPUA's current processes for processing applications. The above example should be used as a guide and adopted for NPUA's prevailing burdened labor costs and processing times.