

RESOLUTION NO. 12-13731

A RESOLUTION DELEGATING TO THE GENERAL
MANAGER THE AUTHORITY TO ADJUST WHOLESAL
TELECOMMUNICATIONS SERVICES FEES AND
CHARGES

FACTUAL BACKGROUND AND REASONS FOR ACTION

As authorized by RCW 54.16.330 et seq., the District has constructed, and may cause to be constructed from time to time, a Broadband System through which the District provides wholesale telecommunications services (hereinafter Telecommunications Services (including services and facilities) to entities (service providers) authorized to provide telecommunications service to the general public and internet service providers at reasonable and nondiscriminatory rates.

The District must comply with the laws of the State of Washington, RCW 54.24.080, sound utility principles and the covenants of the District's Bond resolutions in establishing rates, fees and charges. The District is required to establish, maintain and collect rates, fees and charges which are fair, nondiscriminatory and adequate to provide revenues sufficient for the payment of the principal and interest on such revenue obligations for which payment has not otherwise been provided and all payments which the District is obligated to set aside in any special fund or funds created for such purpose. The District must also collect revenues for the proper operation and maintenance of the public utility and all necessary repairs, replacements and renewals.

In determining non-preferential and nondiscriminatory rates, charges, terms and conditions for Telecommunications Services, RCW 54.16.340 allows the District to consider such matters such as service quality, cost of service, technical feasibility of connection points on the District's system, time of response to service requests, system capacity, and other matters reasonably related to the provision of wholesale telecommunications services.

RCW 54.16.330 requires the District to account for any and all revenues and expenditures related to its Telecommunications Services and separately from revenues and expenditures related to its internal telecommunications operations.

On April 16, 2012, the Commission adopted Resolution No. 12-13719 setting a new Fiber & Telecom System strategic policy direction as outlined in "Alternative 2" of the General Manager's April 9, 2012 recommendation. Further, the Board adopted financial policies on May 21, 2012, by Resolution No. 12-13722 applicable to the Fiber and Telecommunication System.

The Fiber & Telecom System strategic policy direction included, among other actions, that:

1) The District should implement other reasonable and cost effective recommendations from independent experts including: market to existing locations with a service drop; shift some responsibilities and costs to retail service providers; restructure wholesale fiber rates and increase over time; reduce expenses to match work load; invest capital wisely to keep reliability high; expand the system only with revenue generated by fiber-optic network; and

2) In addition, District staff should evaluate and implement reasonable and cost-effective ideas from customer-owners and service providers including review of the existing fiber line extension policy to consider options for those outside existing footprint, self-build options, and fees and charges (e.g. connection fees); and further evaluate rates the District charges to service providers .

The District has collected certain fees and charges as part of its Telecommunications Services operations. The fees and charges are defined generally as a one-time fee (non-recurring charge (“NRC”), initial deposits related to new service providers, or charges based on recovering the costs for providing a particular service and/or facility. Currently, these existing fees and charges are embedded in existing Telecommunications Services Rates Resolution 10-1356 and it is difficult to adjust and update those fees and charges in a timely manner.

Staff is recommending that those fees, charges and deposits (all collectively fees and charges) be revised and that changes be made to them as appropriate over time.

New fees and charges are appropriate to charge the service providers, including but not limited to, end user service installation fees and the costs of upgrading connections from BPON (Broadband Passive Optical Network) to GPON (Gigabit Ethernet Passive Optical Network) and staff recommends the adoption of those fees and charges.

Exhibit A attached to this resolution provides a listing of current and new wholesale telecommunications services fees and charges identified by District staff as necessary to implement the Fiber & Telecom strategic policy directive and adopted financial policies. Utilizing sound and reasonable business practices, Telecommunications Services fees and charges are designed to provide a fair and consistent method for providing Telecommunications Services while adequately recovering costs.

Additionally, Exhibit A includes a category for service provider reimbursement, including amendment, termination and/or addition of reimbursement to service providers where deemed necessary, to be delegated to the General Manager or his designee in a companion rate resolution to this fee resolution.

As District staff works to develop and implement the Commission's Fiber & Telecom System directive and financial policies, which requires constant review of telecommunications technology evolution, business changes and competition, the District will regularly have the need to adjust cost based fees and charges and to create new fees and charges.

The Commission has the authority to delegate its administrative powers and duties provided guidelines and procedures are established. District staff recommends that it is in the best interest of the District to delegate authority to the General Manager, or his designee, to take actions necessary with respect to listed Telecommunications Services fees and charges and any new cost recovery fees and charges. This delegation provides the flexibility needed to do business effectively and efficiently and to reflect the Commission's Fiber & Telecom System strategic planning directives. The Commission has adopted similar delegated fees and charges related to other utility services by Resolution No 07-13163

Specifically, staff recommends that the General Manager analyze and project Telecommunications Services cost adjustments or new fees and charges during the District's annual budget cycle. Further, the General Manager should be able to adjust, change or add fees and charges as needed during a calendar year to promote a sustainable Fiber & Telecom System business over time, taking into consideration cost recovery, along with competition, changes in technology and other factors influencing the Fiber & Telecom System.

The General Manager has reviewed staff's recommendation and concurs in the same.

ACTION

IT IS RESOLVED BY THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON, as follows:

Section 1. The Commission finds that it is in the District's best interests to adopt the fees and charges set forth in Exhibit A.


Section 2. The Commission finds that it is in the District's best interests to delegate to the General Manager or his designee the authority to adjust the fees and charges listed on Exhibit A or add fees and charges when necessary to promote a sustainable Fiber & Telecom System over time, taking into consideration cost recovery, along with competition, changes in technology and other factors influencing

the District's Fiber & Telecom System. Prior to making changes to the fees and charges, the General Manager will only act according to the following procedures:

- a. An analysis shall be prepared that identifies existing or forecasted changes in fees and charges and/or their drivers.
- b. The General Manager or designee will discuss the revised fees and charges and the analysis with the District's Commission during an informational or budget presentation at a regularly scheduled Commission meeting.
- c. Discussion with the Commission will occur prior to any changes being finalized.
- d. In addition, changes that may impact service providers will be communicated at the earliest possible opportunity.

Section 3. The General Manager is authorized to enter into such agreements and/or amend current agreements with service providers to implement this resolution and to take other such actions as appropriate.

DATED this 13th day of June 2012.

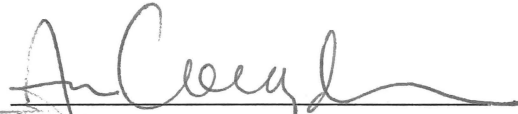


President

ATTEST:



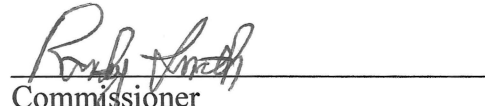
Vice President



Secretary



Commissioner



Commissioner

Seal

BACKGROUND

As District staff works to develop and implement the Commission's Fiber & Telecom System directive and financial policies, which requires constant review of telecommunications technology evolution, business changes and competition, the District will regularly have the need to adjust cost based fees and charges and to create new fees and charges. Previously, these fees and charges were set forth in the Telecommunications Services Rate Resolution No. 10-13569, which was superseded by Resolution No. 12-13730, which established new Telecommunications Services rates and authorized the General Manager or designee to take actions necessary with respect to Service Provider reimbursement.

The following policy section identifies District policies that are subject to changes by the General Manager of Chelan County Public District. Per Resolution No. 12-13731, dated June 13, 2012, the Board of Commissioners authorized the General Manager to take actions necessary with respect to listed Telecommunications Services fees and charges and any new cost recovery fees and charges. This delegation provides the flexibility needed to do business effectively and efficiently and to reflect the Commission's Fiber & Telecom System strategic planning directives.

The Commission has adopted similar delegated fees and charges related to other utility services by Resolution No 07-13163; however, the Network Line Extension Fees and Charges referenced in that Resolution were superseded by Resolution No.11-13641 with the adoption of the Telecommunications Line Extension Policy, with fees and charges continued to be delegated to the General Manager.

The General Manager or his designee has the authority to adjust the fees and charges, along with any reimbursement to Service Providers, listed on Exhibit A, or add fees and charges when necessary to promote a sustainable Fiber & Telecom System over time, taking into consideration cost recovery, along with competition, changes in technology and other factors influencing the District's Fiber & Telecom System. Prior to making changes to the fees and charges, or reimbursement to Service Providers, the General Manager will only act according to the following procedures:

- a. An analysis shall be prepared that identifies existing or forecasted changes in the fees and charges and/or their drivers.
- b. The General Manager or designee will discuss the revised fees and charges and the analysis with the District's Commission during an informational or budget presentation at a regularly scheduled Commission meeting.
- c. Discussion with the Commission will occur prior to any changes being finalized.
- d. In addition changes that may impact Third Party Service Providers will be communicated at the earliest possible opportunity.

1. TELECOMMUNICATIONS SERVICES FEES AND CHARGES

A. Definitions. Definitions and terms used in the Telecommunications Services Rates Resolution and in the District’s Utility Services Regulations, including the Telecommunications Line Extension Policy, as now exist or as may be hereafter amended, may apply to the fees and charges established herein. Unless the context clearly provides otherwise, they will apply and the following words and phrases will have the following meanings:

BPON: Broadband Passive Optical Network

GPON: GigabitEthernet Passive Optical Network

ONT: Optical network terminal also may be referred to as a premises gateway devise (PGD) or customer premises equipment (CPE)

End User Service Installation: Lit Premises which need a Fiber Drop and an ONT or need just an ONT.

B. Telecommunications Line Extension Fees and Charges. All Line Extension fees and charges must follow the Telecommunications Services Line Extension Policy.

C. Ethernet Transport. Initial deposit of \$1,000 required to begin offering services. Reconnection or re-provisioning will require payment of a new NRC fee by the Service Provider prior to service. A service change from one Service Provider to another will result in an NRC of 20% of the standard NRC for that service.

| Fixed Rate Point-to-Point | NRC per VLAN per Port | |
|---------------------------|-----------------------|---------------|
| | In County | Out of County |
| 10 Mbps | \$565.00 | \$280.00 |
| 20 Mbps | \$565.00 | \$280.00 |
| 100 Mbps | \$565.00 | \$280.00 |
| 1 Gbps | \$1,125.00 | \$565.00 |

| Burstable Rate Point-to-Point (Minimum Commitment) | NRC per VLAN per Port | |
|--|-----------------------|---------------|
| | In County | Out of County |
| 10 Mbps (Max. burst is 100 Mbps) | \$565.00 | \$280.00 |

| | | |
|--|-------------------|-----------------|
| 20 Mbps (Max. burst is 100 Mbps) | \$565.00 | \$280.00 |
| 100 Mbps (Max. burst is 1 Gbps) | \$1,125.00 | \$565.00 |

D. Data Local Loop. Initial deposit of \$500 required to begin offering services.

E POTS Local Loop (Plain Old Telephone Service). Initial deposit of \$1,000 required to begin offering services.

F. Internet Bandwidth. Initial deposit of \$1,500 required to begin offering services. Reconnection or re-provisioning will require payment of a new NRC fee by the Service Provider prior to service.

| Internet Bandwidth (Minimum commitment) | NRC |
|--|-----------------|
| 1 Mbps | \$500.00 |
| 3 Mbps | \$500.00 |
| 5 Mbps | \$500.00 |
| 10 Mbps | \$500.00 |

G. Co-Location. A service change from one Service Provider to another will result in an NRC of 20% of the standard NRC for that service.

| Co-Location | NRC |
|---|--|
| Non-caged per full rack (42 units) | \$315.00 |
| Non-caged per unit of rack (1.75 inch vertical x 19 or 23 inch wide) There is an initial NRC per Service Provider for up to 20 rack units. Additional rack units requested by a Service Provider will be charged a NRC of \$15 per unit. | \$315.00 Initial \$17 per unit thereafter |
| Caged Floor Space per Cage (10' x 10') | \$525.00 |
| Additional 20 amp 120 volt AC power | \$525.00 |
| Miscellaneous services (such as cable installation between racks or to the Meet-me room, rack lock installation and similar services) Per Hour Rate plus materials | \$105.00 |

H. Pathway. Service Providers shall be charged on a monthly basis according to the NRCs set forth herein. Reconnection or re-provisioning will require payment of a new NRC fee by the Service Provider prior to service.

| Dark Fiber Pathway | NRC |
|--|-------------------|
| Single pair, non-redundant Minimum 14 miles required. | \$1,050.00 |
| Four fiber strands, redundant full duplex Minimum 14 miles required. | \$1,050.00 |
| Single fiber Minimum 14 miles required. | \$1,050.00 |

| Critical Path Dark Fiber Pathway | NRC |
|--|-------------------|
| Single pair, non-redundant Minimum 14 miles required. | \$2,100.00 |
| Four fiber strands, redundant full duplex Minimum 14 miles required. | \$2,100.00 |
| Single fiber Minimum 14 miles required. | \$2,100.00 |

I. DS-1 (T-1) Business Transport Services. Initial deposit of \$1,000 required to begin offering services. A service change from one Service Provider to another will result in an NRC of 20% of the standard NRC for that service.

| Business Transport Service | NRC |
|-----------------------------------|-----------------|
| DS-1 (1.544Mbps) | \$262.50 |

J. Advanced Business Transport Services. A service change from one Service Provider to another will result in an NRC of 20% of the standard NRC for that service.

| Advanced Business Transport Service | NRC |
|---|-------------------|
| STS-1 (51.84Mbps) – Short Haul 2 network segments | \$3,822.00 |
| STS-1 (51.84Mbps) – Long Haul 3 or more network segments | \$3,822.00 |

K. Video Transport Services. Initial deposit of \$1,000 required to begin offering services.

L. End User Service Installation Fees.

| Installation Services | Fee |
|--|-----------------|
| End User Service Installation Fee | \$100.00 |

M. BPON to GPON Upgrade Fee. Service Provider requesting an upgrade from a BPON ONT to a GPON ONT will be required to pay in advance a fee for replacement of the unit.

| BPON to GPON Upgrade | Fee |
|--|-----------------|
| Replacement of BPON ONT to GPON ONT | \$400.00 |

N. Service Provider Reimbursement. Service Providers will be reimbursed for requested services as requested by the District. Service Providers will be responsible for any other required materials to complete the installation or replacement.

| Services Reimbursement Pricing | NRC |
|--|----------------|
| Battery removal or replacement in UPS for ONT | \$60.00 |