CPS Energy

Annual Pole Attachment Rate and Attachment Connection Fee _ Revised

(Effective on January 1, 2025)

In compliance with the CPS Energy Pole Attachment Standards, this disclosure statement outlines the formula, inputs, and calculation used to derive the annual Attachment Rate and the annual Wireless Installation Rate and is based on data that ties to audited annual financial reports for Fiscal Year Ending (FYE) 2024.

CPS Energy calculates the annual Attachment Rate as provided by Section 54.204(c) of the Texas Utilities Code, which requires application of the pole attachment rate formula adopted by the Federal Communications Commission under 47 U.S.C. § 224(e), where:

Attachment Rate = (**Space Factor**) x (**Cost**)

Space Factor = $\frac{\text{(Space Occupied)} + [(⅔ \times \text{Unusable Space}) \div \text{(Number of Attaching Entities)}]}{\text{(Average Pole Height)}}$

Cost = (0.4484) x (Net Cost of a Bare Pole) x (Carrying Charge Rate)

Totaling: **$21.30 per 1.0 Foot of Attachment Space**

DIRECT INPUTS:

Space Occupied		1	ft
Number of Attaching Entities		3.07	*Per PUCT Order in Docket #36633*
Total Investment FYE 2024	A/C 364 Poles, Towers, & Fixtures	$823,347,714.77	*See endnote i*
Total Investment FYE 2024	A/C 365 OH Conductors & Devices	$551,673,381.89	*See endnote i*
Total Investment FYE 2024	A/C 369 Services	$489,813,593.45	*See endnote i*
Total Investment FYE 2024	Total Electric Plant In-Service (Gross)	$13,353,654,881.00	*See endnote i*
Total Investment FYE 2024	Total Gas Plant In-Service (Gross)	$1,393,702,054.61	*See endnote i*
Total Investment FYE 2024	Total Common Plant In-Service (Gross)	$1,062,658,246.95	*See endnote i*
Total Depreciation FYE 2024	A/C 364 Poles, Towers, & Fixtures	($320,916,585.76)	*See endnote i*
Total Depreciation FYE 2024	A/C 365 OH Conductors & Devices	($219,609,736.23)	*See endnote i*
Total Depreciation FYE 2024	A/C 369 Services	($334,413,792.93)	*See endnote i*
Total Depreciation FYE 2024	Total Electric Plant In-Service (Gross)	($6,655,011,663.93)	*See endnote i*
Total Depreciation FYE 2024	Total Gas Plant In-Service (Gross)	($517,374,481.00)	*See endnote i*
Total Depreciation FYE 2024	Total Common Plant In-Service (Gross)	($275,820,952.18)	*See endnote i*
Total Expense FYE 2024	A/C 408 Payroll & Other Taxes *(Electric Only)*	$8,047,457.05	*See endnote ii*
Total Expense FYE 2024	A/C 593 Maintenance of OH Lines	$63,152,594.65	*See endnote ii*
Total Expense FYE 2024	A/C 920-932 Total Admin & General	$203,188,192.05	*See endnote ii*
Depreciation Rate		4.67%	*CPS Energy Depreciation*
Cost of Capital[1]		9.75%	*FCC Authorized Rate of Return*
Total Number of Poles (A/C 364)		339,999	*CPS Energy Capital Asset Records and Pole Inventory*

i - Based on Capital Asset Classes by FERC report that tie to Audited Annual Financial Report.
ii - Based on Operating and Maintenance by FERC report that tie to Audited Annual Financial Reports.

1 - CPS Energy's FYE 2024 covers the period February 1, 2023 to January 31, 2024.
2 - Federal Communications Commission Order 15-151, effective March 4, 2016
3 - Per FCC Order 16-33, dated 5/25/2016. In this Order, the FCC reduces the default authorized Rate of Return (ROR) by 25 basis points beginning on July 1, 2016 and each July 1, thereafter until the ROR is 9.75%. CPS Energy uses the FCC default ROR since state law does not prescribe a ROR for CPS Energy.

Derived Inputs:

Average Height of Pole		44.37	*Calculated from Pole Records*

Unusable Space

Defined as: 18.0' + (10% of Average Pole Height) + 2.0' — *Per PUCT Order in Docket #36633*

Unusable Space = 18.0' + [(10%)(44.37')] + 2.0 = 24.44'

24.44

Net Cost of a Bare Pole

Total Investment FYE 2024	A/C 364 Poles, Towers, & Fixtures	$823,347,714.77	
Total Depreciation FYE 2024	A/C 364 Poles, Towers, & Fixtures	+ ($320,916,585.76)	
	Net Investment in Poles	$502,431,129.01	
	Less 15%	($75,364,669.35)	
	Less FCC 17-154 Adjustment	($342,290.83)	
	Total Cost in Bare Poles	$426,724,168.83	
	Total # of CPS Energy Poles	÷ 339,999	
	Net Cost of a Bare Pole	$1,255.07	

Net Electric Plant In-Service

Total Investment FYE 2024	Total Electric Plant In-Service (Gross)	$13,353,654,881.00	*90.55%*
Total Investment FYE 2024	Total Gas Plant In-Service (Gross)	+ $1,393,702,054.61	*9.45%*
	Total Electric and Gas Plant In-Service	$14,747,356,935.61	*100.0%*
Total Investment FYE 2024	Total Common Plant In-Service (Gross)	$1,062,658,246.95	
	Electric Ratio	* 0.91	
	Total Common Plant Allocated to Electric	$962,231,506.85	
	Total Electric Plant In-Service (Gross)	$14,315,886,387.85	
Total Depreciation FYE 2024	Total Electric Plant In-Service (Gross)	($6,655,011,663.93)	*92.79%*
Total Depreciation FYE 2024	Total Gas Plant In-Service (Gross)	+ ($517,374,481.00)	*7.21%*
	Total Accumlated Depreciation	($7,172,386,144.93)	100.00%
Total Depreciation FYE 2024	Total Common Plant In-Service (Gross)	($275,820,952.18)	
	Electric Ratio	* 0.93	
	Total Common Plant Allocated to Electric	($255,924,822.90)	
	Total Electric Plant In-Service (Gross)	$14,315,886,387.85	
	Total Accumulated Depreciation of Plant in Service (Electric)	+ ($6,910,936,486.83)	
	Net Electric Plant In-Service	$7,404,949,901.02	

Derived Inputs: (Cont.)

Carrying Charge Rate

Defined as: *Per PUCT Order in Docket #36633*

Administration Expense + Maintenance Expense + Depreciation Expense + Taxes + Cost of Capital

$$\text{Administration Expense} = \frac{\text{A/C 920-932 Total Admin \& General (Electric Plant Only)}}{\text{Net Electric Plant In-Service}}$$

$$= \frac{\$203,188,192.05}{\$7,404,949,901.02}$$

$$= 2.7440\%$$

$$\text{Maintenance Expense} = \frac{\text{A/C 593 Maintenance of OH Lines + FCC 17-154}}{\text{(Total Investment in A/C 364, 365, 369) - (Total Accum Depr A/C 364, 365, 369)}}$$

$$= \frac{\$63,009,086.11}{\$989,894,575.19}$$

$$= 6.3652\%$$

Depreciation Expense = Depreciation Rate x [(Total Investment A/C 364) ÷ (Net Investment in Poles)]

= 0.0467 x [($823347714.77) ÷ ($ 823347714.77 – $320916585.76)

= 7.6529%

$$\text{Taxes} = \frac{\text{A/C 408 Payroll \& Other Taxes } \textit{(Electric Only)}}{\text{Net Electric Plant In-Service}}$$

=

$$= \frac{8,047,457.05}{\$7,404,949,901.02}$$

= 0.1087%

Taxes = 9.7500% **(From Direct Inputs)**

Therefore, using the derived inputs from above:

Carrying Charge Rate = Administration Expense + Maintenance Expense + Depreciation Expense + Taxes + Cost of Capital

= 2.7440% + 6.3652% + 7.6529% + 0.1087% + 9.7500%

= 26.6208%

Rate Calculation:

Attachment Rate = (**Space Factor**) x (**Cost**)

Space Factor = $\frac{\text{(Space Occupied) + [(⅔ x Unusable Space) ÷ (Number of Attaching Entities)]}}{\text{(Average Pole Height)}}$

and

Cost = (0.4484) x (Net Cost of a Bare Pole) x (Carrying Charge Rate)

Therefore, using both the direct and derived inputs from above:

Space Factor = $\frac{(1) + [(⅔ \times 24.44) \div (3.07)]}{44.37}$ = 14.215% 14.215%

and

Cost = (0.4484) x ($1,255.07) x (26.6208 $149.8140

Resulting in:

Attachment Rate = (14.215%) x ($149.814) = **$21.30 per 1.0 foot of Attachment Space**