

**SOUTHERN CALIFORNIA JOINT POLE COMMITTEE**

437 So. Cataract Ave. Unit 3  
San Dimas, CA 91773  
Phone (909) 592-4001  
Fax (909) 592-4636

January 7, 2004

A meeting of the **ad hoc Committee on Authorized Cost Elements** took place on the above date, at 9:00 a.m., at the Committee office. Those in attendance were:

Mr. Ernie Solorzano	Southern Calif. Edison
Ms. Sherri Goetz	Southern Calif. Edison
Ms. Paula Haney	Verizon California
Mr. Robert Allen	City of Los Angeles (DWP)
Mr. Dennis Walls	City of Los Angeles (DWP)
Ms. Velma Prouty	SBC Pacific Bell
Mr. Malcolm Brown	Verizon Wireless
Ms. Lynn Prescott	Verizon Wireless
Ms. Lupe Hernandez	AT&T Wireless
Mr. Sheldon Cox	City of Pasadena
Mr. Doug Schmaderer	City of Pasadena
Ms. Jennie Corella	Committee Staff

Chairman, Mr. Solorzano opened the meeting at 9:05 a.m. Initially, Mr. Solorzano distributed copies with proposed Authorized Costs, which have been reviewed and discussed by SCE. The first issue for discussion was **Item 1334: Visibility Strips.** Mr. Solorzano stated that he would be proposing an Authorized Costs for visibility strips. He further stated that in his research, he discovered that there was a \$13.00 cost for strips in 1993-1995. However, the cost was eliminated in 1996. There is no GO 95 requirement for viz strips, but there is a requirement from the Department of Transportation according to their manual. The new item number description will read as follows with the suggested cost: Installation of visibility strips per Dept of Transportation requirement.....\$10.00. (the cost is \$7.00 material and \$3.00 labor.) He informed that members to give the proposed viz strip Authorized cost some thought, and at the next meeting to decide to put this cost on the Board agenda for approval.

The second issue for discussion was **Item 1341: Storm Costs.** Mr. Solorzano referred to Section 2.1, the last two paragraphs. They read as follows: In all cases where Authorized Costs are involved, the Joint Pole Authorization shall specify item number and number of items, so as to facilitate checking by Members concerned.

Labor costs may be increased by special agreement for emergency operations, or for compensation of employee working in excess of eight hours in any one day. Mr. Solorzano stated that he is not aware of the situation of billing for additional labor via special agreement has ever been exercised by SCE. Mr. Solorzano is proposing an Authorized Cost for reimbursement on overtime call to replace poles. The proposal reads as follows: Reimbursement for overtime on call out to replace poles.....\$2078, side note: (15.4 total hours for handling/transporting, digging, erecting, planning and engineering with an additional hour to assemble crew. The hours are based on SCE's submittal for a 45' pole, multiplied by the loaded labor rate). Mr. Solorzano stated that when they contact a crewman, and he accepts the assignment, the clock starts from the moment he accepts the call, not the time of his arrival at the site. Therefore, an additional hour has been added to cover travel to the site. The proposed cost reflects 15.4 hours multiplied by SCE's loaded labor rate. Mr. Solorzano would also like to put item and proposed cost on the next Board agenda for discussion and possible approval.

Next issue up for discussion was crane costs. **Item 1360: Crane Cost** has been assigned to this ad hoc committee. Mr. Solorzano stated that there is no AC item for the use of cranes. It is handled by Section 1.2, special agreement. He reported that in 2002, SCE used a crane on 339 occasions. SCE uses 3 different crane sizes. The breakdown on crane use in 2002 for SCE is as follows: 40 Ton-77 uses, 70 Ton - 151 uses, and 120 Ton - 111 uses. SCE is proposing an AC item for the use of cranes. The proposal reads as follows:

<u>Crane/transport/operator cost is \$160.00/hr min. 4/hr = 640.00</u>	
<u>Support vehicle/groundman cost is \$135.00/hr @ 4/hr = 540.00</u>	
<u>Total cost for 4 hour crane use</u>	<u>1180.00</u>
<u>Each add'l hour = \$295.00</u>	

Mr. Solorzano reiterated that this is the proposal from SCE for an AC item for crane costs, and that he would like the members to review, and consider his proposal. Mr. Cox questioned how current is the data that SCE used to arrive at these costs. Mr. Solorzano replied that the only historical data he has access to at this time is the year 2002. Mr. Cox stated that in his opinion, and recent experience, the costs appear slightly low. Mr. Solorzano responded that this could in fact be the case, but he does not have 2003 data to work with. Mr. Allen stated that a field meet would determine whether a crane is required, therefore, members could arrive at an agreement, and use Section 1.2 special agreement. This is another proposal that SCE would like the members to review, digest, and discuss further at this time.

**Item 1361: Removal of ivy from pole** was a new item issued at this meeting. Currently, Authorized Costs Item 13 reads as follows: Pole Access Obstruction: A) Clearing poles in SRA ...\$16, B) All other by Special Agreement, Section 1.2. SCE is proposing that AC 13.B should be revised to read as follows: Removal of ivy from pole.....\$200 (Cost is \$75/hr, 2-3 man crew, includes drive time, equipment and disposal). Ms. Prescott inquired if there were many SCE poles requiring removal of ivy. Mr. Solorzano answered that there were approximately 100 poles that required removal of ivy in the last year. Ivy must be removed from poles requiring other types of maintenance in order to allow access to SCE's crew. The members will digest and discuss this issue further for possible approval.

Mr. Solorzano stated that he would also like to open the issue of the use of helicopters. He reported that on rare occasions, SCE has used their internal helicopters for joint pole transactions. They are utilized by SCE for patrolling transmissions lines, and transporting SCE executives. He stated that there would be further discussion on the usage of helicopters for pole removal when he has accumulated the required data.

The fourth issue on the agenda was **Item 1350: 2004 Pole Prices**. Ms. Corella briefed the members that at the previous Board meeting the pole prices were on the Discussion calendar. She further reported that this item has been returned to Authorized Cost due to the question of digging and erecting hours submitted by DWP. Ms. Hernandez stated that Mr. Allen reported that his costs were based on worst case scenario (hard set) for setting poles. She further stated that the agreement for setting pole costs should be a blend of difficult and average pole setting situations. Mr. Allen responded that Mr. Walls, who arrived at their pole costs, has used a blend of pole setting situations. Mr. Walls further reported that their submitted digging and erecting hours do not include hand dig, and that he is aware that there is a separate AC item for hand dig. Therefore, in answer to the Committee's question about digging and erecting hours and the inclusion of hand dig hours, Mr. Allen stated that hand digging is not included in the above mentioned submitted hours. The members agreed to move this item to the January Board agenda. Ms. Prouty stated that at this time she would like to speak to Mr. Tony Rabe and obtain his approval for the proposed 2004 pole prices. The final consensus was to have Ms. Prouty contact Ms. Corella as to whether Mr. Rabe approves the proposed costs or would prefer further discussion.

The last issue on the agenda was **Item 1351: 2004 Authorized Costs**. Mr. Solozano reported that his organization reviewed the current Authorized Costs and could not find any major changes required. He further stated that historically, the Committee has increased all Authorized Costs items by an agreed upon percentage. The members discussed this option, and it was agreed to increase all Authorized Costs by 6%. Mr. Solozano inquired if the 6% increase would be line with the communication and

wireless members. Ms. Hernandez stated that in her opinion, a meeting among the wireless members should be arranged to discuss Authorized Costs and if they are reflecting how business is transacted today. She further stated that the Routine Handbook should also be reviewed to ensure that the language is specific to the wireless/communication industry. The final consensus is to move this item to the Discussion Calendar of the January Board meeting.

There were no miscellaneous items

The meeting adjourned at 11:15 a.m., until February 2004.

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Jennie Corella, Office Manager

## SOUTHERN CALIFORNIA JOINT POLE COMMITTEE

437 So. Cataract Ave. Unit 3

San Dimas, CA 91773

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March 24, 2004

A meeting of the **ad hoc Committee on Authorized Cost Elements** took place on the above date, at 9:00 a.m., at the Committee office. Those in attendance were:

Mr. Ernie Solorzano	Southern Calif. Edison	
Ms. Sherri Goetz	Southern Calif. Edison	
Mr. Dan Lewis	Southern Calif. Edison	
Ms. Paula Haney	Verizon California	
Mr. Dennis Walls	City of Los Angeles (DWP)	
Ms. Velma Prouty	SBC Pacific Bell	
Mr. Malcolm Brown	Verizon Wireless	
Ms. Lynn Prescott	Verizon Wireless	
Ms. Lupe Hernandez	AT&T Wireless	
Ms. Kathy Dell	AT&T Wireless	
Mr. Sheldon Cox	City of Pasadena	
Mr. Doug Schmaderer	City of Pasadena	
Mr. Randall Starkey	Adelphia Communications	
Mr. Charles Vranek	Cingular Wireless	
Ms. Jennie Corella	Committee Staff	
Guests	Mr. Tony Rabe	SBC – West
Via Call	Mr. Steve Grimes	Pacific Gas & Electric

Chairman, Mr. Solorzano opened the meeting at 9:10 a.m. Mr. Rabe opened the discussion addressing **Item 1350: 2004 Pole Prices**. Mr. Rabe stated that the NCJPA has worked on a pole price matrix. He distributed a copy of the proposed matrix inclusive of a cover letter (see attached). Mr. Rabe stated that he has requested information from NCJPA members on pole pricing, however, received a small response. The NCJPA pole price committee will review what members have submitted. He stated that the North is moving toward using the number of poles owned, versus the number of poles placed. Their opinion is that this is a more equitable pricing methodology, and the North wanted to explore another weighted method as opposed to number of poles set. He stated that some members are in favor of the new method, while others are unsure. Mr. Solorzano questioned why the NCJPA favors the pole ownership method. Mr. Rabe responded that the pole setting method is one-sided leaning toward the pole

setting entity prices. Mr. Solorzano questioned the response the NCJPA receives when soliciting pole prices. Mr. Rabe responded that, as is in the South, only the big players respond. He is of the opinion that the small response is due to the mind set that the small players have no impact on pricing. Mr. Rabe stated that he would like to convince the small players, that this is not the case, and pricing is equal to all not only the primary players. The North is not yet in agreement as to what methodology would be implemented by the NCJPA, however, there are meetings scheduled to discuss this issue.

Ms. Dell stated that what the NCJPA is striving for is that all members have a full understanding of the elements, in order that their pole prices are truly reflected and that there is not a large range between prices submitted. Historically, in the South, some members have had to rework their prices, because they did not have a complete understanding of the description of the elements. She is of the opinion that a clear and concise method of pole pricing should be established for all members, present and future.

Mr. Solorzano questioned Mr. Rabe as to what are the significant differences in elements between the North and the South. Mr. Rabe responded that the questionable elements are supply expense, loaded labor rate, and engineering and pre-planning. However, he is of the opinion that the latter element may be a wash, since, this operation is mutually beneficial.

Ms. Corella noted that on Element #12 – Joint Pole Sets, the North counts poles from the previous year, where the South counts poles from the five previous years. Mr. Rabe responded that the choice to use one year, as opposed to five was driven by the GO 165 compliance of pole replacement, however; after fifteen years the poles replaced on an annual basis should decrease substantially.

Mr. Steve Grimes called in for a conference call. It was agreed that the primary focus of this discussion was around pole replacement as opposed to pole sets. Mr. Solorzano questioned if the NCJPA uses qualified technicians for pole replacement projects, and is using the labor rate associated with this class of techs in their pole price matrix. Mr. Solorzano stated that the power utilities would expect communications to hire/contract personnel with the ability to handle pole replacements that are being worked hot. This expectation is based on the fact that most pole replacements are worked hot, and communications techs should have the skill to handle this type of replacement. Mr. Solorzano inquired if SBC was ready with their pole replacement program proposal. Mr. Rabe responded that they were not at this time, because this would require extensive discussions among the Members due to the many issues that should be addressed. Mr. Grimes stated that the North is moving toward equally replacement of poles between power and communications. Mr. Walls stated that would not work for DWP, because among the pole setting entities his prices are the highest, which would result in DWP losing monies.

Mr. Rabe stated that if power constructs a complex build and must replace the pole, communications should not share in the cost. Mr. Cox stated that 90% of pole replacement and rearrangement is to accommodate communications. Communications does not choose to share in this cost, which in Mr. Cox's opinion does not sound equitable.

Mr. Lewis recommended issuing an item number to review the NCJPA proposed pole price matrix. **Item 1363: Pole Price Matrix** – has been assigned to the Authorized Costs Committee. The Members would take the proposed matrix back to their offices, review it, and upon returning discuss this further. Mr. Walls stated that the ideal pole pricing method, would be each utility use their respective pole prices.

Mr. Lewis reiterated that the SCJPC must review, and work on the Northern proposed price matrix to ensure that the elements are in line with what is transpiring in the South.

The remaining items on the agenda were not discussed at this meeting. There were no miscellaneous items

The meeting adjourned at 11:15 a.m. The next meeting would be announced at a future date.

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Jennie Corella, Office Manager

## NCJPA POLE PRICE MATRIX COVER LETTER

You have just received the revised NCJPA Pole Pricing Matrix Worksheet with definitions and instructions of how to fill out the Pole Pricing Matrix Worksheet. Please review the documents and submit your company's expense data related to pole setting and/or replacement by the specified response date.

This is a revised worksheet to reflect work done by the NCJPA Price Committee to address the following issues;

1. There were little or no responses received from the majority of the NCJPA membership, particularly the members who have a smaller percentage of the shares (i.e., joint poles owned). A review of this issue determined that the prior worksheet and worksheet completion instructions were not clearly written and did not define what type of information was requested for establishing annual pole pricing. A re-write of the Pole Price Matrix worksheet and definitions makes the information sought better defined and the related worksheet instructions have examples included.
2. For the past several years, the worksheet had not been used and instead a broad brush percent increase was used to incrementally increase the pole price. Concerns were voiced by the members who owned larger shares of poles and were most impacted by the rising costs. Pole replacements (which vary) currently and primarily are driven by GO 165.
3. This revision specifies pricing of that labor which is done only for the mutual benefit of all joint owners on the pole. It is anticipated that the use of average costs and average field conditions, as defined in the worksheet's definitions, will eliminate duplicate expenses and will provide more accurate pricing.

Your company's response and submittal of your respective pole setting/replacement expense data is important to the whole NCJPA membership and assists the NCJPA Price Committee in the pole price setting process.

As always, should you have any questions, please call the NCJPA Office or any of the members who participate on the NCJPA Price Committee for assistance.

Please retain and save your company pole price source data for any follow up discussions should that be necessary.

Thank you, we look forward to your response.

NCJPA Price Schedule Committee

Steve Grimes, PG&E - 925-974-4062, Chairman  
Tony Kennerly, PG&E - 925-974-4065  
Bob Wolfe, Pacific Bell/SBC West - 408-980-6714  
Tony Rabe, Pacific Bell/SBC West - 916-972-4173  
Bob Manning, Modesto Irrigation District - 209-526-7421  
Keith Heuer, Sacramento Municipal Utility District - 916-732-5749  
Kathleen Dell, AT&T Wireless - 805-526-1141

## NCJPA Pole Price Matrix Definitions of Matrix Cost Elements

1. **Pole Length** – The length and class of pole the pole price elements are based upon. For the purposes of the NCJPA use, a Class 3, 45' to 50' pole is used as the predominate jointly owned pole class/length used in a majority (estimated between 65% to 80%) of jointly owned poles replaced.
2. **Direct Labor (Loaded)** – The **AVERAGE** non-premium hourly rate of field workmen (shown in US dollars) that includes cost of associated benefits (i.e., medical, dental, vision, vacation, sick leave, etc.). The average non-premium hourly rate is average between the high and the low hourly rate of the labor classification (or title) directly involved in setting the pole.
3. **Transport and Handling** – The **AVERAGE** amount of time (in hours and/or quarter hour increments) directly related to the workmen who load a pole onto a pole dolly, transport to the job site and return to the yard.
4. **Excavating and Erecting** – The **AVERAGE** number of man hours of an average sized crew to excavate the pole hole, erect the pole, plumb the pole, backfill and compaction tamp the pole in place. The average total man hours include set-up and take down of the work operation.
5. **Total Direct Labor (Loaded)** – This is calculated by multiplying direct labor (loaded) rate in column #2 times the hours in columns #3 and column #4 on the Pole Price Matrix Worksheet. The total direct labor (loaded) is calculated by then summing or adding the results of these calculations together.
6. **Material Cost (F.O.B.) Pole (wood)** – The **AVERAGE** material expense (in US dollars including sales tax and transportation costs from supplier) of a pole delivered to the first destination point (usually a purchaser's construction yard).

This material cost is for wood poles only. The costs of poles other than wood (i.e., fiberglass composite, steel and concrete) shared between NCJPA members shall be negotiated on a case by case basis.

7. **Supply Expense** – The average expense for storing the pole prior to use (shown in US dollars), i.e., cost of storage (inventory expense). This is usually derived or calculated as a percentage of the material cost of the pole.

If the Supply Expense is already included within another defined expense on the Pole Price Matrix expense categories [i.e., Direct Labor (Loaded) or General & Administrative], use the appropriate designator provided in the "NOTES" of the Pole Price Matrix Worksheet to show under which pricing element these costs are already included.

## **NCJPA Pole Price Matrix Definitions of Matrix Cost Elements**

- 8. Equipment Expense** – The expense (shown in US dollars) of the equipment directly used in the placement or replacement of a jointly owned pole. The expenses should include fuel, oil and average maintenance costs. For example, a combination digger/derrick vehicle, aerial personnel lift and direct supervision pickup truck are commonly associated directly with the pole replacement activity.

If the Equipment Expense is already included within another defined expense on the Pole Price Matrix expense categories [i.e., Direct Labor (Loaded) or General & Administrative], use the appropriate designator provided in the "NOTES" of the Pole Price Matrix Worksheet to show under which pricing element these costs are already included.

- 9. Engineering and Planning** – The average expense (shown in US dollars) for site survey, pole loading calculation and JPA document preparation for set/replacement of a jointly owned pole. This is calculated by labor hours for engineering and planning for the defined work steps multiplied by the average direct (loaded), non-premium labor rate of the labor class (or title) doing the engineering and planning work. (That portion of work that is directly related to the joint pole replacement. This should not include work that is for the sole benefit of any member on record.)
- 10. General & Administrative** – The average expense for additional labor (shown in US dollars) for direct clerical support, direct supervision of the field crew and indirect supervision of the crew placing the pole. This is usually derived or calculated as a percentage of Direct Labor Rate.
- 11. Total Cost** – The total cost to set/replace a jointly owned pole (shown in US dollars). The Total Cost is calculated by summing or adding together the dollar values shown in columns #5, #6, #7, #8, #9, and #10 of the Pole Price Matrix Worksheet.
- 12. Total # of Joint Poles Set** – This is the number of jointly owned poles set by a member utility in the previous year. The number set may change year to year. For the purposes of the Pole Price Matrix is defined as the time period from July of the previous year to July of the current year the NCJPA Price Committee begins the annual pole price setting discussions.

**NCJPA Instructions For  
Completing the Pole Price Matrix Worksheet**

1. **Column #1 – “Pole Length (Class 3)”** – No data input required for this column.
2. **Column #2 – “Direct Labor (Loaded)”** – Input the hourly rate that field technicians or linemen are compensated that includes health benefits, vacation, sick leave, etc.
3. **Column #3 – “Transport and Handling (Total Man Hours)”** – Input the average number of man hours for those workers who are directly involved with loading a pole onto a pole dolly from the pole pile and transport the pole out to the job site. Includes the average amount of time to return to the yard.

**EXAMPLE:** There are two (2) workers involved loading a pole onto a pole dolly and transporting the pole out to the job site. It takes an average of 30 minutes to load the pole and an average of 1 ½ hours to transport out to the job site and return to the yard, for a total of 2 hours. To calculate the Total Man Hours for loading and transporting a pole, multiply the average number of workers times the average number of man hours.

**Formula:**

Average Number of workers X Average Number of Man Hours =  
Total Man Hours to load and transport a pole.

2 Men X 2 Hours = 4 Total Man Hours.

4. **Column #4 – “Digging and Erecting (Total Man Hours)”** – Input the average number of man hours for those workers who are directly involved with the digging and erecting of a pole at the job site. This is for only that work that is of direct mutual benefit to joint owners.

**EXAMPLE:** There are four (4) workers involved in the digging and erecting of a pole for joint use at the job site. It takes an average of 3 hours to dig the pole hole and erect the pole. To calculate the Total Man Hours for digging and erecting a pole, multiply the average number of workers times the average number of man hours.

**Formula:**

Average Number of workers X Average Number of Man Hours =  
Total Man hours for digging and erecting a pole.

4 Workers X 3 Hours = 12 Total Man Hours

**NCJPA Instructions For  
Completing the Pole Price Matrix Worksheet**

5. **Column #5 – “Total Direct Labor”** – To calculate the Total Direct Labor, add the total man hours from Columns #3 and #4 and multiply that hourly sum by the Direct Labor (Loaded) in Column # 2.

**EXAMPLE:** The total number of man hours calculated for loading and transporting a pole from column #3 was 4 man hours. The total number of man hours calculated for digging and erecting a pole was 12 man hours. The direct labor (loaded) from column #2 was \$60.00 per hour.

**Formula:**

Man Hours for Transport & Handling of pole + Man Hours for Digging & Erecting a pole X Direct Labor (Loaded) hourly rate = Total Direct Labor (\$)

[4 Man Hours + 12 Man Hours = 16 Total Man Hours] X \$60.00 = \$960.00 Total Direct Labor.

6. **Column #6 – “Material Cost (FOB)”** – Input the actual material purchase price (including transportation expense) of a pole from a supplier.
7. **Column #7 – “Supply Expense”** – Input the Supply Expense (also known as inventory carrying expense) for keeping a pole in inventory. This is usually calculated as percentage of the purchase price.

If there is no inventory carrying expense, input the value of zero (0) in this column. Or if this costs is already factored into another Price Matrix Column, select the appropriate description from the “NOTES” located at the bottom of the Price Worksheet and put that into this column, i.e., (\*), (\*\*), or (\*\*\*)

**Formula:**

Cost of Pole X Inventory Carrying Expense = Supply Expense

\$900.00 Material cost X 1.5% Inventory Expense = \$13.50  
Supply Expense

8. **Column #8 - “Equipment Expense”** – Input the average expense of the equipment directly related to the setting/replacing a pole.

If this costs is already factored into another Price Matrix Column, select the appropriate description from the “NOTES” located at the bottom of the Price Worksheet and put that into this column, i.e., (\*), (\*\*), or (\*\*\*)

**NCJPA Instructions For  
Completing the Pole Price Matrix Worksheet**

9. **Column #9 – “Engineering & Planning”** – Input the total average costs for engineering & planning directly related to setting the pole, is only for mutual benefit and that is for work that is not done by the non pole placing joint owner.

If there is no engineering & planning expense, input the value of zero (0) in this column. Or if this costs is already factored into another Price Matrix Column, select the appropriate description from the “NOTES” located at the bottom of the Price Worksheet and put that into this column, i.e., (\*), (\*\*) or (\*\*\*)).

10. **Column #10 - “General & Administrative”** – Input the total average costs for general & administrative directly related to setting the pole and is only for mutual benefit.

If there is no general & administrative expense, input the value of zero (0) in this column. Or if this costs is already factored into another Price Matrix Column, select the appropriate description from the “NOTES” located at the bottom of the Price Worksheet and put that into this column, i.e., (\*), (\*\*) or (\*\*\*)).

11. **Column #11 – “Total Costs”** – Input the sum of the values from Columns #5, Column #6, Column #7, Column #8, Column #9 and Column #10.

12. **Column #12 – “Total Number of Joint Poles Set/Replaced)”** – Input the total number of joint poles set/replaced (study period from July of previous year to July of current year). This data may change year to year.

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Phone (909) 592-4001

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April 14, 2004

A meeting of the **ad hoc Committee on Authorized Cost Elements** took place on the above date, at 10:00 a.m., at the Committee office. Those in attendance were:

Mr. Ernie Solorzano	Southern Calif. Edison
Ms. Sherri Goetz	Southern Calif. Edison
Mr. Dan Lewis	Southern Calif. Edison
Ms. Paula Haney	Verizon California
Ms. Velma Prouty	SBC Pacific Bell
Mr. Malcolm Brown	Verizon Wireless
Ms. Lynn Prescott	Verizon Wireless
Ms. Sue Thomas	Sprint PCS
Mr. Doug Schmaderer	City of Pasadena
Ms. Jennie Corella	Committee Staff
Guests	
Mr. Tony Rabe	SBC – West
Mr. Bob Robinson	Southern Calif. Edison
Mr. Bill (illegible)	Southern Calif. Edison

Chairman, Mr. Solorzano opened the meeting at 10:15 a.m.

The meeting opened with the discussion around **Item 1363: Pole Price Matrix**. Mr. Rabe opened the discussion with the supply expense element of the proposed matrix. He stated that this element should include the cost of property taxes as a carrying expense. Mr. Solorzano questioned if all the members of the NCJPA, including SBC, completed the price matrix and submitted their costs. Mr. Rabe stated that the deadline for submitting costs in the North is April 19<sup>th</sup>. Mr. Walls reported that after reworking DWP pole prices, their costs were reduced. Mr. Solorzano questioned Mr. Rabe if they are replacing many poles in the North, which would be a reflection of their inventory costs. Mr. Rabe responded that they are replacing many solely owned poles, versus, joint poles. Mr. Rabe stated that they are replacing approximately 11,000 poles in the North, and 9,500 in the South. Mr. Rabe reported that a major Northern utility had a concern with the planning and engineering element of the matrix. They are of the opinion that this is a mutual benefit. Mr. Solorzano responded that aside from the pole replacement process, a separate issue that is not captured in any element is

reimbursement for a third party recipient, such as SCE. When other members desire to attach to their poles, the cost for fielders to dispatch to the site to inspect the situation on foreign JPAs is not included in any total costs. The third party recipient absorbs this cost. He questioned if the members would agree to the suggestion of creating a cost to cover the fieldwork for site analysis by third party recipients, when members propose to attach to a pole, but has nothing to do with pole replacement. Mr. Lewis remarked that when pulling charges were reviewed, they were increased to accommodate the same type scenario. Mr. Solorzano added that both SBC, and Verizon California historically raised this issue. Ms. Prescott stated that all parties involved in attachments must engineer the field site. Mr. Schmaderer stated that placing a pole requires greater planning, and engineering, than third party inspections for the transferring of facilities. Mr. Rabe stated that the North has a zero value for planning, and engineering. Mr. Walls stated that DWP assigns 1 hour to planning, and engineering, and in his opinion, this is reasonable. He further stated that DWP accepts the matrix provided by the NCJPA. Mr. Solorzano inquired if there is a difference in costs for SBC between the North and the South. Mr. Rabe replied the only difference is due to regional locations. Labor rates are higher in the South. The members agreed to accept the proposed matrix created by the NCJPA. The Board members would be sent the matrix, and requested to complete the new matrix. The ad hoc Committee upon its return would than compare costs of using the old matrix versus the new. The members need only complete the 45 and 50 foot pole

The next item on the agenda was **Item 1330: Revised 2002 Steel Prices**. The ad hoc Committee agreed to put this item on the Discussion Calendar of the April 21, 2004 Administrative Board meeting.

The members then discussed **Item 1351: 2004 Authorized Costs**. Mr. Rabe stated that in regards to Authorized Costs, the NCJPA, like the SCJPC, is considering an incremental increase across the board on all Authorized Costs. However, there are some costs that have a higher volume than other costs. He further stated that some costs are used inappropriately. The problem could be a training issue, and new personnel. However, Mr. Rabe further stated that Authorized Costs has evolved into a complex exercise. SBC is discovering that they were overcharged in some instances, and charged for work that was never done. Currently, SBC is working on a project to attempt to recover some of these costs.

Mr. Rabe noted that certain items in Authorized Costs have not been used in several years, and other items are not in line with the technology of today. The NCJPA is considering eliminating some costs. SBC is of the opinion that costs should not be increased across the board, but reviewed item per item, as well as reviewing those frequently used costs for an increase. Mr. Solorzano responded that SCE would be in support of eliminating some costs that are no longer in line with the technology of

today. Mr. Solorzano responded that the practice within the SCJPC is to review the costs every two years. Ms. Prescott stated that the last Authorized Costs review was in her opinion, very extensive. The members agreed that they would consider a reasonable time factor for reviewing costs. Mr. Solorzano questioned what would be a reasonable increase for SBC. Mr. Rabe responded that the North would like to tie it to an index related to the economy, CPI, or COLA. Another factor that SBC considers is contractual labor rates. Ms. Haney stated that she would like to research what Verizon contractors rates are, and compare the annual increases. Mr. Solorzano suggested consideration by the members to agree upon an increase, and review the costs within the next three months for accuracy. The members agreed upon a 2.5 percent increase for 2004, and 2005, with the caveat that the costs are reviewed within the next six months, and if necessary, increase/decrease those that warrant other than a 2.5 percent increase. Mr. Solorzano stated that SCE would review those commonly used costs by SCE, and share it with the members for agreement that the costs are frequently used costs. Mr. Brown remarked if this is accomplished by the fourth quarter, then the Committee should have the agreed upon percentage change by 2005. Mr. Walls recommended creating a list of those commonly used costs for review. The proposed 2.5 percent increase across the board for Item 1351: 2004 Authorized Costs, was agreed by the members to be placed on the April 21, 2004 Board Discussion Calendar.

The next issue discussed was **Item 1330: Revised 2002 Steel Prices.** Mr. Solorzano reported that the original concern was the crane cost imbedded in these prices, raised by the previous SBC representative. However, Mr. Solorzano reiterated that 40 foot poles, and greater, are manufactured in two parts. Ms. Prouty stated that SBC does not have an issue with the imbedded crane costs today. Mr. Solorzano inquired if the Committee was in agreement of placing this item on the April 21, 2004 Board Discussion Calendar. The members agreed.

Mr. Walls questioned SBC, and Verizon California, if DWP could implement placing composite fiberglass poles. Mr. Rabe responded that he did not have a problem. Ms. Haney responded that she would need time to inquire within her organization.

The next topic for discussion was **Item 1334: Visibility Strips.** Mr. Solorzano opened the discussion stating that historically, there had been an Authorized Costs for viz strips. Viz strips are a Department of Transportation requirement. As part of their pole inspection program, SCE is applying viz strips on poles where it is applicable, and required. SCE researched and arrived at a \$10.00 cost, inclusive of materials and labor. Mr. Rabe stated that he would like to see these viz strips applied only where necessary, and required. Mr. Solorzano agreed. The members discussed that the criterion is to put viz strips in traffic view areas. Authorized Costs

Item 15.b.=Visibility Strips...\$10.00, will be on the April 21, 2004 Board Discussion Calendar.

The next issue discussed was **Item 1361: Removal of Ivy.** Mr. Solorzano distributed pictures of poles reflecting ivy obstruction. SCE is proposing an Authorized Costs of \$200.00 for this action. Ms. Haney stated she has a difficult time accepting this cost to clear a pole obstruction. She is of the opinion that this could be handled via Section 1.2, Special Agreement. Ms. Prouty stated that SBC would accept this cost, contingent on a photo of the obstructed pole attached to the JPA. Ms. Solorzano agreed to attach a photo to JPAs initially. Ms. Prouty, and Ms. Haney, stated that they wanted to ensure that the monies paid out by their respective organizations would be warranted. The members agreed that this item would also be on the April 21, 2004 Board Discussion Calendar.

The last item discussed was **Item 1341: Storm Costs.** Mr. Solorzano explained that this cost deals with the premium labor rates for work done evening, and weekends, in order to restore service to customers when poles are down due to a storm. Ms. Haney questioned Mr. Solorzano about CEMA. Mr. Solorzano responded that this issue is completely separate from CEMA. Ms. Prouty stated if approved, she would not like to see this cost on a two year old JPAs. The members agreed that this item was not ready for Board discussion, and that it required further discussion within the ad hoc Committee. It was agreed to table this item at this time, for further discussion at the next Authorized Costs meeting.

A new item was assigned to this Committee at the request of DWP. The new issue is **Item 1365: Concrete/Asphalt Break-Temporary Asphalt Patch.**

The meeting adjourned at 12:15 p.m. The next meeting would be announced at a future date.

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Jennie Corella, Office Manager



## SOUTHERN CALIFORNIA JOINT POLE COMMITTEE

437 So. Cataract Ave. Unit 3

San Dimas, CA 91773

Phone (909) 592-4001

Fax (909) 592-4636

May 04, 2004

A meeting of the **ad hoc Committee on Authorized Cost Elements** took place on the above date, at 9:00 a.m., at the Committee office. Those in attendance were:

Mr. Ernie Solorzano	Southern Calif. Edison
Ms. Sherri Goetz	Southern Calif. Edison
Ms. Lupe Hernandez	AT&T Wireless
Ms. Paula Haney	Verizon California
Ms. Lynn Prescott	Verizon Wireless
Ms. Sue Thomas	Sprint PCS
Mr. Doug Schmaderer	City of Pasadena
Ms. Jennie Corella	Committee Staff

Via Conference Call:

Mr. Tony Rabe	SBC – Pacific Bell
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Chairman, Mr. Solorzano called the meeting to order at 9:15 a.m., and opened with **Item 1363: Pole Price Matrix**. Mr. Solorzano stated that the objective for this item is to agree on the pole prices, and list it on the May Board meeting discussion agenda. The members reviewed, compared, and discussed the pole price work sheets reflecting prices using the old and new price matrix. It was agreed to remove the percent change from the work sheets. Mr. Rabe questioned the supply expense column from the City of Anaheim, Southern California Water, City of Los Angeles, City of Pasadena, and Verizon California matrix sheets. Ms. Corella was instructed to contact the above-mentioned members for an explanation at how they arrived at the value for their supply costs. Mr. Rabe explained the column titled Equipment Expense. This is not a labor expense cost, but a cost for equipment used on an average pole set (example: digger, derrick). Mr. Rabe stated that he still has a concern with the pre-planning and engineering column. He is of the opinion that this cost is not a mutual benefit to all joint owners. Mr. Solorzano stated that in 2002 the ad hoc Committee had agreed that one hour of loaded labor for pre-planning and engineering was reasonable. The Administrative Board approved this element in that year.

Mr. Rabe remarked that it was addressed in the North, after it had been adopted in the South. Mr. Rabe is of the opinion that this element requires further review and discussion. Mr. Solorzano inquired from the members, if in their opinion, this element required further review and discussion. Mr. Schmaderer stated that in his opinion setting a pole requires an excess of planning and engineering as opposed to the transferring of facilities. Ms. Thomas remarked that although SCE used one hour loaded labor rate for this element, many other members exceed the one-hour rate. Ms. Hernandez interjected that the cost hinges on who is engineering a job. If it were an engineer, an engineers loaded labor rate would differ from that of a lineman. She further remarked that this element was also included in the PTD charges. Therefore, power received one hour in setting a pole, and communications received one hour in pulling a pole. The members had agreed that this was a compromise. Mr. Rabe commented that he does not support this element imbedded in pole costs. He is of the opinion that there is another method to capture this cost. Mr. Solorzano questioned what other method would Mr. Rabe support. Mr. Rabe responded that he did not know at this time, but is of the opinion that the element requires further review and discussion. Mr. Solorzano stated that reviewing the submitted matrix sheets, the majority of the members agree that the element is reasonable. Ms. Precott stated that the newer members attaching as third parties are charged at both ends. Mr. Solorzano agreed with Ms. Prescott, and stated that third parties have a legitimate claim for inequity. However, if that were the situation, then SCE would allow third parties to set poles. Since SBC is the primary member that has a concern with the pre-planning and engineering element, Mr. Solorzano requested a proposal from SBC on this issue. The members agreed that the proposed pole prices would be on the May Administrative Board Discussion Calendar.

Mr. Solorzano stated that the Committee would hold discussion on **Item 1341: Storm Costs**, and **Item 1365: Concrete/Asphalt Break-Temporary Asphalt Patch** until the next meeting. Item 1365 was brought to the table by the City of Los Angeles; however, since they were not in attendance the members agreed to discuss this item upon their return. Ms. Corella reported that Mr. Walls of DWP had stated that he would like to further research the proposed cost for this item. Therefore, this item remains open at this time.

Mr. Solorzano moved next to **Item 1361: Removal of Ivy**. He distributed pictures of poles obstructed with ivy to the members, as a visual aide when referring to this item. Ms. Haney stated that Verizon California is on the path of obtaining better control over the method of constructing business. Therefore, Verizon California is not convinced that this issue should become an Authorized Costs. She is of the opinion that the SCJPC should continue handling this issue as a Special Agreement Section 1.2. Ms. Prouty stated that SBC is in agreement with Verizon California. Mr.

Solorzano stated that if this is to remain a Section 1.2, he suggested an hourly rate Authorized Cost, and the members agree on the length of time required on a case by case basis. He further stated that in his opinion, this option would prove cost ineffective versus the \$200.00 flat rate. Ms. Haney responded that Verizon would have the opportunity to agree or disagree on the length of time, and costs, which would not be utilized when applying a fixed flat rate. She further stated that if the cost exceeds the fixed rate, than, SCE would not be fairly reimbursed. Ms. Haney stated that she would like to propose closing this item at this time. Mr. Solorzano stated that he would return to his organization to arrive at an hourly rate to be used in conjunction with Section 1.2. This item will remain open at this time.

The last item on the agenda was **Item 1366: Review Anchor, Overhead and Down Guys**. Ms. Hernandez briefed the members on this issue. She stated that as an example, there is a section in the Routine Handbook that requires purchase of an overhead guy when a member attaches to a pole, but there is no benefit for the incoming member. The cost of an anchor exceeds the cost of a pole. The members agreed that this issue would be assigned to both Authorized Costs, and Routine Revision.

There were no miscellaneous issues for discussion.

The meeting adjourned at 12:15 p.m. The next meeting would be announced at the next Board meeting.

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Jennie Corella, Office Manager

## SOUTHERN CALIFORNIA JOINT POLE COMMITTEE

437 So. Cataract Ave. Unit 3

San Dimas, CA 91773

Phone (909) 592-4001

Fax (909) 592-4636

August 11, 2004

A meeting of the **ad hoc Committee on Authorized Cost Elements** took place on the above date, at 9:00 a.m., at the Committee office. Those in attendance were:

Ms. Velma Prouty	SBC-Pacific Bell
Ms. Sherri Goetz	Southern Calif. Edison
Ms. Lupe Hernandez	AT&T Wireless
Ms. Paula Haney	Verizon California
Ms. Lynn Prescott	Verizon Wireless
Ms. Sue Thomas	Sprint PCS
Mr. Sheldon Cox	City of Pasadena
Ms. Jennie Corella	Committee Staff

Chairperson, Ms. Goetz called the meeting to order at 9:05 a.m.

Ms. Goetz stated that the Committee would postpone discussion on **Items 1341: Storm Costs, 1360: Crane Costs, and 1361: Removal of Ivy** until the next meeting. She then opened discussion on **Item 1365: Concrete/Asphalt-Temporary Asphalt Patch**. Mr. Walls distributed a sheet reflecting the proposed cost for this item. He stated that SBC, DWP and Verizon California had conducted a conference call to discuss and clarify this proposal. Mr. Walls explained how DWP arrived at the proposed cost. Ms. Prouty reported that she discussed this cost with the engineers within her organization. The response Ms. Prouty received from her engineers is that the work performed is, and has always been considered an absorbed cost, because it is performed for the public safety only. Ms. Haney agreed, and stated that it has always been an absorbed cost. The concern of public safety is beneficial to all utilities, therefore, no one utility should be compensated for the work/costs. Therefore, SBC would not approve the proposed cost. The members discussed Authorized Costs Item 10 a, and b. Ms. Prouty recommended using the current established costs in Item 10, and /or revising the costs of Item's 10 (a) and (b) to accommodate the concerns of DWP. In her opinion this would be a better option to creating another cost. Mr. Walls suggested redefining Item 10 (a), and add the word "temporary". Ms. Hernandez stated that Item 10 (a) does not specify temporary, or permanent, therefore; in her opinion this item number could

be used in both instances, and rewording is not required. The members agreed that Item 10 (a) should address the DWP concern, and that this now becomes a training issue within their respective organizations. Ms. Walls remarked that he is satisfied with the solution to the DWP concern. Item 1366 is closed.

The last item on the agenda was **Item 1366: Review Anchor, Overhead and Down Guys**. Ms. Hernandez briefed the members on this issue. She stated that she needs clarification on an instance when a wireless utility wishing to attach to an pole that has an overhead guy, but the pole has been over-guyed by another joint owner. Her concern, and the opinion within the wireless industry, is that if the guying is adequate, the wireless utility should not be required to purchase interest in the overhead guy. The Routine Handbook currently states that the incoming member is required to purchase interest in the overhead guy. The result is that the wireless utility is paying a greater cost for the anchor than the cost of the pole. Ms. Thomas stated that currently poles are depreciated, however, anchors are not. Ms. Thomas stated that perhaps anchors should also be depreciated. The members further reviewed Item 10, and arrived at an agreement that the notation associated with the item should be revised. A proposal for revising the notation has been approved by the ad hoc. In reference to the anchors excessive cost, Mr. Walls suggested creating rates for anchors, rather than a depreciation schedule. Mr. Cox suggested depreciating anchors every ten years. Ms. Prescott suggested inserting a calculated rate of 70% of Item 111(b). After extensive discussion the members agreed on the proposal suggested by Ms. Prescott to address this issue (see attached for proposals). The consensus is to place this item number, and proposals on the discussion calendar of the next Administrative Board meeting.

**Item number 1370 has been assigned to 2005 Pole Prices.** Ms. Corella has been instructed to email the pole price matrix to the Board members requesting a turn-around response no later than September 8, 2004. The objective is to get the proposed 2005 pole prices on the October Board Discussion Calendar.

The meeting adjourned at 10:15 a.m. The next meeting would be announced at the next Board meeting.

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Jennie Corella, Office Manager

Item 1366: Review Anchor, Overhead and Down Guys

Installation cost – Authorized Costs Item 111 - Anchors

Proposed new cost:

EXISTING ANCHOR PURCHASE

g. no truck access \$626

h. truck access \$212

NOTE: When purchasing an existing anchor within one year of installation use Items 111 a, b, c, or d. When purchasing an existing anchor more than one year after installation use Items g or h.

*(\*Items 111 g & h are calculated at 70% of Items 111 a & c respectively.)*

Strike NOTE under Item 111

~~For existing anchors of an unknown type use Item 111b. (SCJPC recommends using a standard 1-1/4" anchor in all instances)~~

## SOUTHERN CALIFORNIA JOINT POLE COMMITTEE

437 So. Cataract Ave. Unit 3

San Dimas, CA 91773

Phone (909) 592-4001

Fax (909) 592-4636

September 9, 2004

A meeting of the **ad hoc Committee on Authorized Cost Elements** took place on the above date, at 9:00 a.m., at the Committee office. Those in attendance were:

Ms. Velma Prouty	SBC-Pacific Bell
Ms. Sherri Goetz	Southern Calif. Edison
Ms. Lupe Hernandez	AT&T Wireless
Ms. Paula Haney	Verizon California
Ms. Lynn Prescott	Verizon Wireless
Ms. Sue Thomas	Sprint PCS
Mr. Dennis Walls	City of Los Angeles
Ms. Jennie Corella	Committee Staff

Chairperson, Ms. Goetz called the meeting to order at 9:05 a.m.

**Items 1341: Storm costs, 1360: Crane costs and Item 1361: Removal of Ivy** were tabled until the next ad hoc meeting.

The members discussed **Item 1370: 2005 Pole Prices**. They agreed to extend the deadline for submission of pole costs to the JPC office until September 15, 2004. Absolutely no costs are to be accepted after September 15, 2004. Those members who do not submit their costs by the deadline will default to the weighted-average. Ms. Corella will take the submitted costs and create pole price worksheets. The worksheets are to be emailed to the Board on September 22, 2004 for their thorough review of the proposed costs. Item 1370 and the compiled submitted pole prices are to be on the discussion calendar of the October Board agenda to be discussed extensively.

The last item discussed was **Item 1366: Review Anchor, Overhead and Down Guys**. The issue for this item is the idea of depreciating anchors and guys. At the previous ad hoc meeting the members had agreed on a proposed authorized costs that was on the August Board calendar. However, it was decided that this item was not ready for the Board, therefore, it has been moved back to the ad hoc for further review and discussion. Mr. Allen stated that after further review, he is not in agreement of depreciating

anchors. Ms. Hernandez reiterated that incoming members must buy into existing anchors at a cost higher than the cost of purchasing into a pole. Ms. Hernandez stated that some anchors have been in the field for over 25 years, and incoming members must purchase at original cost. Mr. Allen responded that anchors do not deteriorate like poles do, and they do not fail at the rate of poles. Mr. Walls stated that if you depreciate anchors, this could lead to other items being considered for depreciation. Ms. Haney stated that in certain soils, there is the possibility of anchors deteriorating. Ms. Thomas questioned the members as to which type of anchor is in common use. Mr. Walls responded that the screw anchor is most common. Ms. Thomas stated that according to her experience, the most commonly billed anchor is the expanding plate, which is a higher cost than the screw anchor. Ms. Prescott suggested obtaining specifications from anchor manufacturers on the longevity of their anchors. She further stated that if the life expectancy of their product is over fifty years, then perhaps anchors should not be depreciated. Mr. Allen stated that he might consider anchor depreciation moving forward, however, not on existing anchors since there is no record currently on when an anchor was placed. Ms. Thomas stated that one could assume when an anchor was placed by the date the pole was set. The consensus is to obtain the specifications on the life expectancy of anchors from the manufacturers, and review them upon the members return at the October ad hoc meeting.

The meeting adjourned at 9:50 a.m. The next meeting would be announced at the next Board meeting.

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Jennie Corella, Office Manager

## SOUTHERN CALIFORNIA JOINT POLE COMMITTEE

437 So. Cataract Ave. Unit 3

San Dimas, CA 91773

Phone (909) 592-4001

Fax (909) 592-4636

November 10, 2004

A meeting of the **ad hoc Committee on Authorized Cost Elements** took place on the above date, at 10:30 a.m., at the Committee office. Those in attendance were:

Ms. Velma Prouty	SBC-Pacific Bell
Mr. Ernie Solorzano	Southern California Edison
Mr. Malcolm Brown	Verizon Wireless
Ms. Paula Haney	Verizon California
Ms. Lynn Prescott	Verizon Wireless
Ms. Sue Thomas	Sprint PCS
Ms. Lupe Hernandez	AT&T Wireless
Ms. Jennie Corella	Committee Staff

Chairman, Mr. Solozano called the meeting to order at 9:05 a.m.

**Items 1341: Storm costs, 1360: Crane costs and Item 1361: Removal of Ivy**, remain open at this time for further discussion at future meetings.

The first item discussed was **Item 1366: Review Anchor, Overhead and Down Guys**. The issue for this item is the idea of depreciating anchors for incoming members who are currently buying into them at full cost. At the previous ad hoc meeting proposed language was created, as well as costs. Ms. Hernandez distributed a worksheet reflecting the percentage rate of increases in the cost of anchors in the last ten years. Ms. Prescott stated that some members are of the opinion that anchors should not be depreciated. While other members are of the opinion that incoming members should not have to pay full cost on anchors. Ms. Hernandez stated that in the Routine Handbook, the costs of anchors increase annually; they do not decrease (depreciate) in value. The members stated that at the last ad hoc meeting, Mr. Allen was in disagreement of placing a depreciation value on anchors; however, Mr. Allen was not present at this meeting. Mr. Solorzano stated that perhaps Mr. Allen's logic in not agreeing on depreciating anchors is that since anchors have a long life expectancy, incoming members should pay the current costs of installing an anchor. If a new anchor needed to be installed, they would be sharing in the current

costs. Therefore, the cost should be shared whether it is a new or existing anchor. The response is that the current method in the Routine Handbook is handled as described by Mr. Solorzano. Ms. Prescott stated that she believes the members are not proposing to depreciate anchors, but perhaps the allowance of a discount to incoming members. The consensus is to table this item until the next ad hoc meeting. They members agreed that they would like input on this item from Mr. Allen from the City of Los Angeles (DWP).

Next, the members discussed **Item 1370: 2005 Pole Prices**. Mr. Solorzano reported that from the previous ad hoc meeting, there were revisions and action items for the pole prices. The issues were AT&T Communications transporting and handling hours, Edison steel pole FOB costs, the City of Pasadena not submitting costs for all length poles, and Verizon California being removed from the weighted average. Ms. Corella reported that City of Pasadena submitted their additional costs, AT&T Communications submitted their corrected hours, and Verizon California has been removed from the weighted average and their individual spreadsheet has been created. Mr. Solorzano reported that Edison has deleted the 40, 45, and 50-foot steel pole costs. Mr. Solorzano reported that the Edison criteria for utilizing steel poles would be only in transmission application for distribution, in which some poles may be jointly owned. Most of the instances of steel pole usage by Edison are on E-all pole leads. However, he stated the one exception of steel pole setting was in Arcadia when a storm took out 65-foot wood poles, which were replaced by steel. Mr. Solorzano distributed and discussed a sheet describing criteria for steel pole usage by Edison (see attachment). He further stated that the cost of steel has increased. Edison does not anticipate setting many steel poles in the incoming year. Therefore, Edison does not get the benefit of purchasing in bulk quantity as they benefit in purchasing wood poles in bulk, a savings they pass on to the joint members.

The final consensus is to place the proposed 2005 pole prices on the discussion calendar of the November board agenda.

The meeting adjourned at 11:15 a.m. The next meeting would be announced at the next Board meeting.

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Jennie Corella, Office Manager

(Attachment)

To: SCJPC Members

From: Ernie Solorzano

Re: SCE's 2005 Steel Pole Prices

SCE's steel pole prices have increased over the past few years for a variety of cost reasons. Steel prices began to rise over the past two years. The world cost of steel has increased from \$1.25 per foot to approximately \$2.00 per foot. The cost of a 55' pole in 2003 was \$1548. Last year's price was \$1846. Today the same pole costs \$2581.

Freight costs have increased from \$125 per pole to \$170 per pole over the past few years. The F.O.B. is Tulsa, Oklahoma, which is where one of the Valmont manufacturing plants is located, and from which 95% of SCE's poles come from. The other plant is in Valley, Nebraska.

Unlike purchasing wood products, we are not buying steel poles in bulk as we had in the past, therefore the cost on a per pole basis is significantly higher.

Steel poles will be utilized in transmission/distribution under build applications only. The typical height begins at 55 feet. The following criteria will be followed in determining that a steel pole is the proper engineering use in the field;

- When the vertical and wind load calculations exceed a class H6 wood pole equivalent
- When proper guying cannot be accommodated based on pole placement
- When it is a permit requirement over freeways or other critical crossings

Approximately 200 steel poles will be placed in service in 2005. Based on SCE data, we show 24k or 16% of our Transmission poles as jointly owned. To that end, less than 50 poles will be in a joint use application.

As a side note, SCE's steel pole prices have remained constant since 2003.