WELCOME

CPS ENERGY
POLE ATTACHMENT STANDARDS WORKSHOP
MAY 19, 2016



PURPOSE OF TODAY'S WORKSHOP



- Review revised draft of the Pro-Forma Pole Attachment Agreement
- Review key revisions to the Pole Attachment Standards
- Begin implementation work to successfully implement the CPS Energy Pole Attachment Program

HOUSEKEEPING



- Introductions
- Sign-up Sheets
- Restrooms
- Evacuation / Staging
- Cell Phones
- Information Packets
- Purpose of Meeting



TODAY'S AGENDA

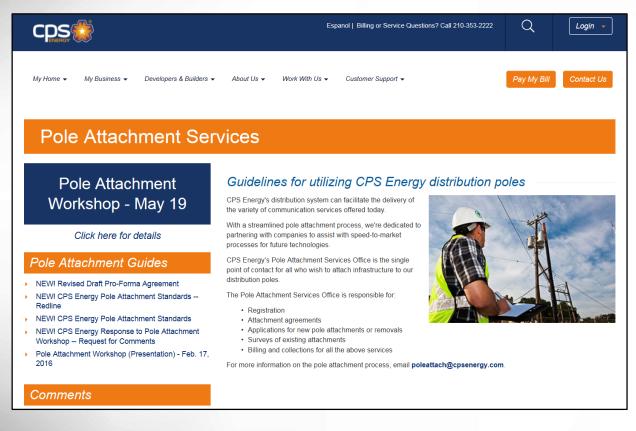


Item #	Start	Topic	Presenter
1	10:00	Introductions / Housekeeping/ Agenda Review	B Bartos
2	10:15	Review of Revised Pro Forma Pole Attachment Agreement	G Garcia
3	11:00	Review of Key Revisions to Pole Attachment Standards	B Bartos / G Garcia
	11:45	Lunch	
3	1:00	Review of Key Revisions to Pole Attachment Standards (Continued)	B Bartos / G Garcia
4	2:00	Discussion of One-Touch Contractor Certification	B Bartos
	2:30	Break	
5	2:45	Discussion of NJUNS	C Valles-Tovar
6	3:10	Pole Inventory Project	B Bartos
	3:45	Break	
7	3:50	Discussion of Wireless Standards Development	B Bartos
8	4:15	Review Time-Line for Program Implementation	B Bartos
9	4:30	Questions & Final Wrap-Up	CPS Team
		Adjourn	

AFFORDABLE • RELIABLE • INNOVATIVE

IMPROVING COMMUNICATIONS





New website

- How is it working?
- Improvements you would like to see?

www.cpsenergy.com/poleattachments

AGENDA ITEM #2



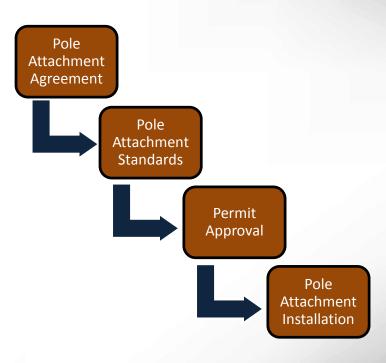
PRO-FORMA POLE ATTACHMENT AGREEMENT

POLE ATTACHMENT AGREEMENT STRUCTURE



The CPS Energy Pole Attachment Program Structure:

- An executed Agreement will grant the entity a license to attach to CPS Energy Poles contingent on securing Attachment Permits
- A Permit will grant authority to attach to a specific Pole provided there is compliance with the **Pole Attachment Standards**
- The Pole Attachment Agreement without compliance with the <u>Pole Attachment</u>
 <u>Standards</u> does not authorize the access to any Poles



REVISED DRAFT AND ADDITIONAL COMMENTS



In late April, CPS Energy decided to delay the approval of the Pro-Forma Pole Attachment Agreement and submit a revised draft for an additional comment period before submitting for CPS Energy executive approval

REASONS FOR REVISIONS



Legal Ruling: On April 15, 2016, the Texas Supreme Court issued its decision in Wheelabrator Air Pollution Control v. City of San Antonio Acting Through the City Public Service Board in which the Court ruled that CPS Energy is not protected by governmental immunity in relation to breach-of-contract claims.

The decision in *Wheelabrator* has forced CPS Energy to reevaluate its risk profile across all contracts, including the pro forma Pole Attachment Agreement.

OVERVIEW OF CONTRACT REVISIONS - CONTRACT SCOPE



- Revised Section 2.1 to clarify that the Pole Attachment Standards are incorporated to the contract as they may be amended from time-to-time
- Amended Section 13 to give Licensee an opportunity to accept or reject amendments to the Pole Attachment Standards each time there is an amendment
- Amended Section 2.7 to specifically include the operation of a "Private Network" as a permitted use, separate from providing Communications Services
- Added definition of "Private Network"

OVERVIEW OF CONTRACT REVISIONS - RATES & LIABILITY



 Amended Section 3 to include the obligation on the part of CPS Energy to assess, and the Licensee's obligation to pay, the annual Attachment Rate based on the FCC Telecommunications Formula

The applicable pole attachment formula, annual Attachment Rate, and discrete inputs to the formula will be posted on CPS Energy's website

- Added Section 23 related to interest on past-due amounts
- Added Section 24 related to attorney's fees
- Added definitions of "Attachment Rate"

OVERVIEW OF CONTRACT REVISIONS - INDEMNIFICATION



The indemnification and insurance provisions were revised, while the performance bond levels stayed the same...

Option Certification	Commercial Liability (Each Occurrence)	Commercial Liability (General Aggregate)	Auto Coverage (Combined BI & PD)	Excess Coverage	Performance Bond
Option A	\$1,000,000	\$2,000,000	\$500,000	Exempt	Exempt
Option B	\$2,000,000	\$5,000,000	\$1,000,000	\$8,000,000	\$25,000
Option C	\$2,000,000	\$5,000,000	\$1,000,000	\$8,000,000	\$100,000
Option D	\$2,000,000	\$5,000,000	\$1,000,000	\$8,000,000	\$500,000

OVERVIEW OF CONTRACT REVISIONS - CLARIFICATIONS



Clarifications were made to the following provisions:

- Section 11 (Termination of Agreement)
- Section 12 (Term of Agreement)
- Section 16 (Receivership, Foreclosure, or Act of Bankruptcy)
- Section 19 (Severability)
- Section 21 (Incorporation of Recitals, Appendices, and Pole Attachment Standards)
- Others clarifications throughout the Agreement

PRO-FORMA TIMELINE



- May 11 CPS Energy posted the revised draft of the Pro-Forma Agreement
- June 10 Comments on revised draft of Pro-Forma Agreement due to CPS Energy by 5:00 PM (email to bdbartos@cpsenergy.com)
- June 30 CPS Energy to publish approved Pro-Forma Pole Attachment Agreement
- July 31 Deadline for Attaching Entities to execute the Pro-Forma Pole Attachment Agreement

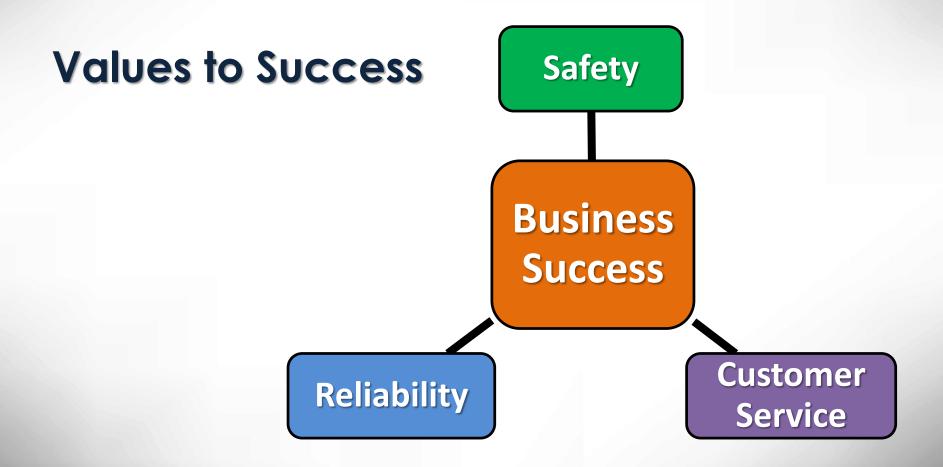
AGENDA ITEM #3



REVIEW OF KEY REVISIONS TO THE POLE ATTACHMENT STANDARDS

CPS ENERGY POLE ATTACHMENT PROGRAM





PROGRAM EXPECTATIONS



Safety

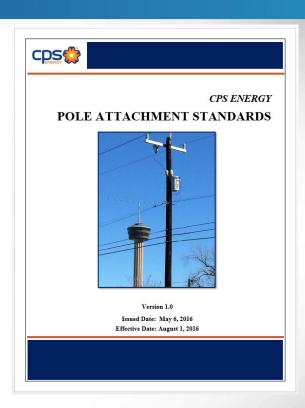
 Keep our employees and the public safe at all times

Reliability

- Continuous compliance with all standards
- Timely reporting & resolution of violations/noncompliance

Customer Service

- Non-discriminatory & transparent processes
- More control over & options for your project
- Less disruption to the community
- Appropriate cost recovery



REVIEW OF COMMENTS



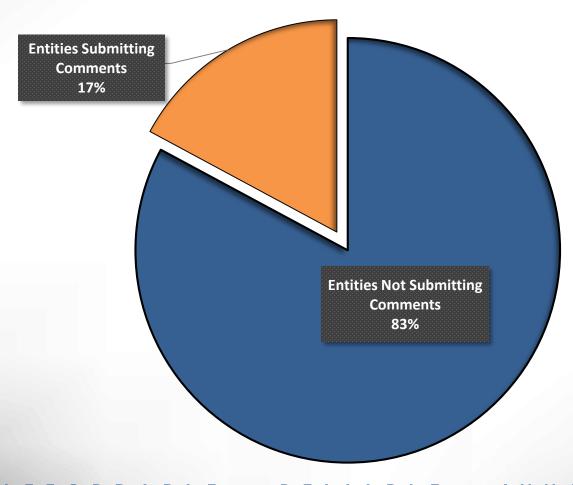
At the conclusion of the February 17th workshop, CPS Energy solicited comments on 10 questions related to the proposed CPS Energy Pole Attachment Standards and the Pro-Forma Pole Attachment Agreement



All comments received and CPS Energy's Response to Comments are posted at: www.cpsenergy.com/poleattachments

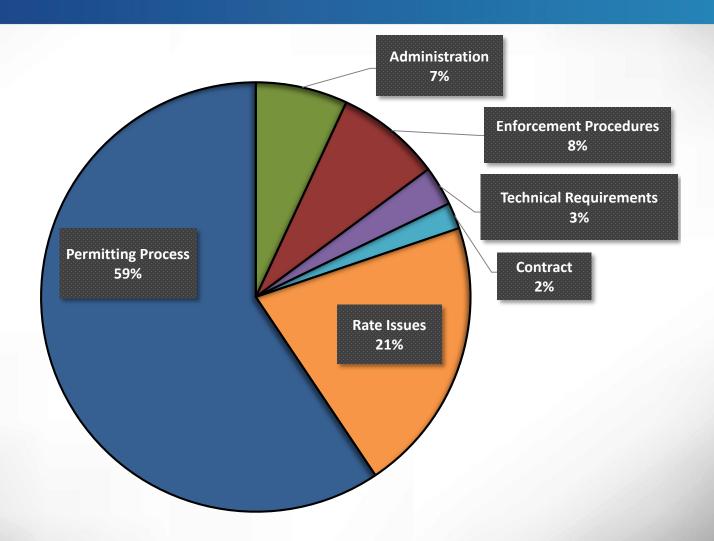
RESPONSE FROM ATTACHING ENTITIES





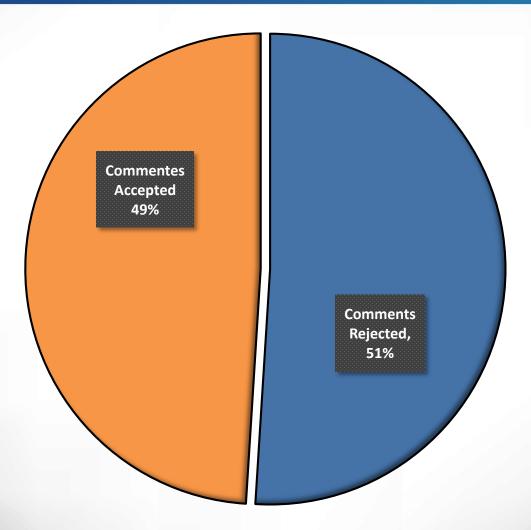
CATEGORY/CONCERN





ACCEPTED / REJECTED





ACCEPTANCE



In accepting revisions and/or recommendations, CPS Energy amended the Standards by:

- Accepting the recommendation in part or in total;
- Clarifying the concern raised; or
- Revising language in an alternative manner than the one recommended to address the issue raised

Review of Key Revisions to the Pole Attachment Standards



CPS Energy appreciates all the comments and proposed revisions submitted.

KEY REVISIONS TO SECTION II.A.1 (DEFINITIONS)



Definition	Revision Made
Attachment	Clarified that an Attachment is affixed to one foot (1') or less on a Pole
Certified Provider	New definition
Communication Services	Added language to clarify Communication Services did not apply to private networks not engaged in commercial communications
Complex Transfer	Clarified that the definition applied to the cutting and splicing of the Communication Facility, not the Attachment
Critical Communication Facility	New definition
Make-Ready Engineering	Added clarifying language that not all Make-Ready Engineering required a Professional Engineer approval

KEY REVISIONS TO SECTION II.A.1 (DEFINITIONS)



Definition	Revision Made
Riser	Added definition
Simple Transfer	Clarified definition to not require cutting and splicing
Tag	Revised definition to provide flexibility in Tag design (Appendix K)
Unauthorized Attachment	Revised definition for compliance with conditions of Permit.



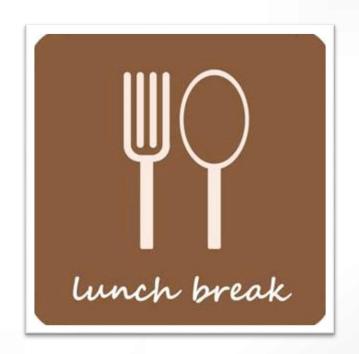
Section	Title	Revision Made
Section II.G	Notices	Clarified that Standards were not retroactive to previously Permitted Attachments unless modified or required by law. Added language to include quarterly meetings Attaching Entity input in Standard development
Section II.I	Fees & Charges	Will eliminate the Application Fee effective Jan 1, 2017. Revised language for "true-up". Will make Annual Attachment Connection Fee information available on website. Added language to clarify and revise Unauthorized Attachment Charge.



Section	Title	Revision Made
Section II.K.3	Safety Violations	Added and revised language to clarify the intent of the Safety Violation. Bifurcated the responsibility to cure from the responsibility to pay Assessment. Reduced Safety Violation Assessment to \$500 from \$1,000. Added language to include an expanded dispute process for the responsibility of the Assessment.

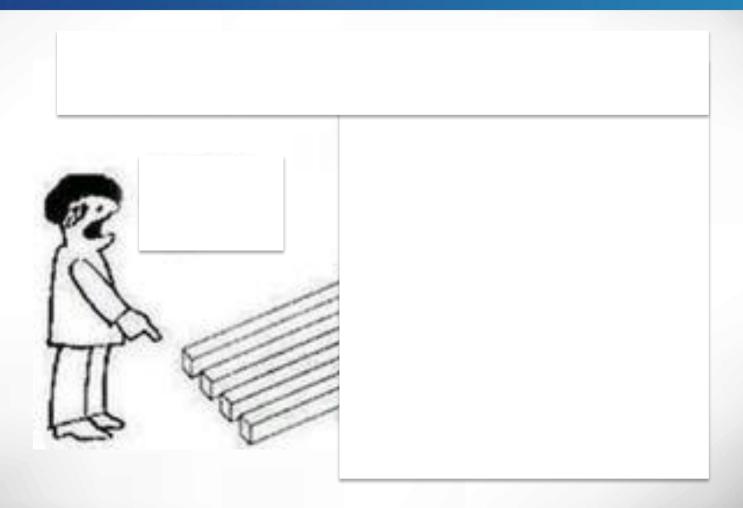


LUNCH



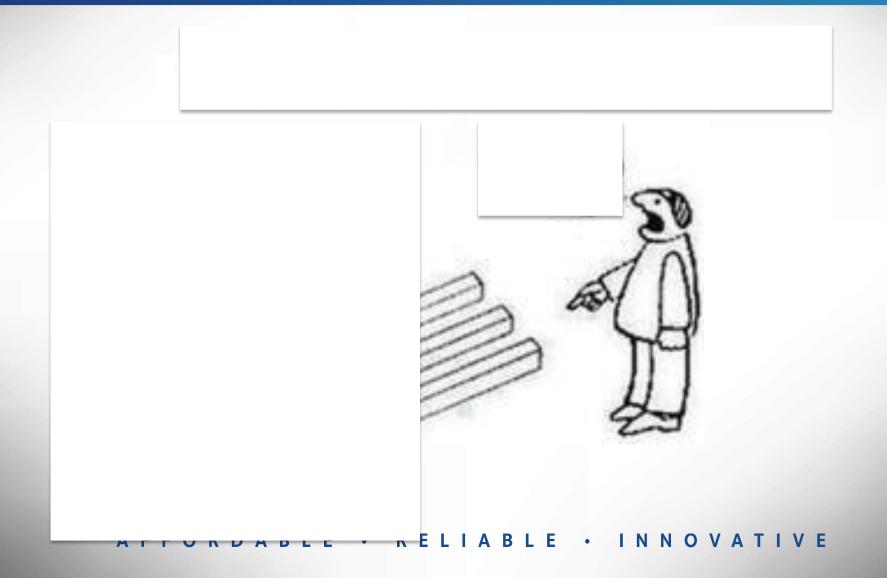
HOW MANY BOARDS?





ARE YOU SURE?

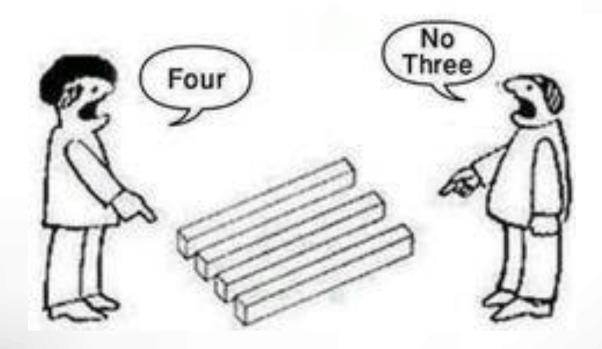




SO, WHO IS RIGHT?



It is really confusing!!!





Section	Title	Revision Made
Section III.A.1	Professional Engineer	Revised language to clarify that PE's are only required to approve electrical Make-Ready design and Pole Loading Analysis calculations
Section III.A.5	Conflicts within the Standards	Revised language to include a provision that Attaching Entities would not be sanctioned for violation of the Standards under certain circumstances due to conflicting interpretation and notice
Section III.A.7	Tagging	Revised language to allow flexibility in providing a Tagging Plan and deleted the requirement for monthly reporting
Section III.A.9	Performance Interference	Revised language to require CPS Energy to reimburse testing costs if tests indicate CPS Energy is the cause of the interference
Section III.A.11	Vegetation Management	Revised language to require trimming based on industry and local standards



Section	Title	Revision Made
Section III.B.4 / Section III.B.5	Aesthetics / Underground Relocation	Revised language to clarify that CPS Energy will notice Attaching Entity as soon as reasonably practical for aesthetic or underground relocation projects
Section III.C	Overlashing	Revised language to delete the requirement that a PE had to approve all Overlash Applications. Revised language to clarify notice periods for Overlashing and Attachment not exceeding, and exceeding, 3.5" in diameter. Added language to specifically state that all Overlashing must be in compliance with the standards in place at the time of the Overlash unless required to change by law.



Section	Title	Revision Made
Section III.D.1	Inspections	Added language to require Attaching Entities to "install, maintain, and inspect their Attachments and/or Overlashings to ensure they are in good order and safe to the general public at all times".
Section III.D.3	Formal Inventory	Revised language to include for the limited purposes of determining pro-rata share of cost that CPS Energy will be 1 Attachment on all Poles.
		Revised language to expand on involvement of Attaching Entities during the Inventory process.
		Revised and extended time for final review and dispute period
Section III.D.5	Attaching Entity Conducted Inventory	Revised language to include that CPS Energy would consider the results of such Inventory subject to certain requirements.



Section	Title	Revision Made
Section III.E.1	Unauthorized Attachments	Revised language to require CPS Energy to identify specific location of Pole and nature of Unauthorized Attachment



Section	Title	Revision Made
Section IV.A	Pole Attachment Application Process	 Revised language to: Separate Application process for Private Networks and Competitive Providers; Allow for Attaching Entity designated choice when undertaking a network upgrade or new network deployment; Set thresholds on Pole replacements instead of Attachments; Require Attaching Entities who are undertaking a network deployment or a network upgrade to coordinate with CPS Energy regarding the need for a Deployment Plan

APPLICATION PROCESS



Process Step	Competitive Provider	Competitive Provider Network Upgrade	Competitive Provider Area Wide Network Deployment	Private Network
Eligibility Criteria	Default Process for Attaching Entities providing Communication Services	Process required for Attaching Entities deploying a network upgrade.	Process Required of Entities deploying a new wide-area network	Entities not engaged in providing competitive Communication Services
Make-Ready Electrical Engineering (MREE)	Attacher	Attacher	Attacher	CPSE
Make-Ready Electrical Construction (MREC)	CPSE	Attacher or CPSE (Option)	Attacher	CPSE
Make-Ready Communication Construction (MRCC): 1-Touch Transfer-Simple	Attacher	Attacher	Attacher	Attacher
MRCC: Complex- Transfer	Attacher / Owner	Attacher / Owner	Attacher / Owner	Attacher/ Owner
Post- Construction Inspections	CPSE	CPSE	CPSE	CPSE
Control over Contractors	Attacher & CPSE	Attacher & CPSE	Attacher	Attacher & CPSE
Application Review Period	21 Days	21 Days	21 Days	45 Days

AFF

TIVE

KEY REVISIONS TO SECTION IV



Section	Title	Revision Made
Section IV.B.4	Make-Ready Electrical Construction	Revised language to include a provision that if CPS Energy can not complete the Make-Ready Electrical Construction within 60 days, the Attaching Entity may employ temporary Attachments subject to requirements.

KEY REVISIONS TO SECTION IV



Section	Title	Revision Made
Section IV.B.5	Make-Ready Communication – One Touch Transfer	Revised language to specifically include the requirement for Attaching Entity input in the certification of the One-Touch contractor. Extended advance notice requirements for Simple
		Transfer from 48 to 72 hours
		Included a provision for Attachment owner to object to a Simple Transfer subject to certain requirements including owner relocating Attachment within 10 days
		Clarified language regarding the owner's responsibility during the 15 day post-transfer inspection period

KEY REVISIONS TO SECTION IV



Section	Title	Revision Made
Section IV.B.6	Make-Ready Communication – Complex Transfers	Revised language to remove the designation of an "Unauthorized Attachment" in the Complex Transfer escalation process. Replaced with "non-compliant" Attachment to accurately reflect CPS Energy's initial intent

KEY REVISIONS TO APPENDICES



Appendix	Title	Revision Made
Appendix D	Specifications for Attachments	Removed language with equated a violation of NESC with a Safety Violation, clarified other areas
Appendix G	Pole Loading Requirements	Revised PLA requirements Allowed for limited PLA exceptions
Appendix H	Schedule of Pole Attachment Rates, Fees, and Charges	Removed the FCC Rate Formula – Will be on website
Appendix I	Minimum Insurance Requirements	Removed from Standards – Will be in Construction Agreement
Appendix K	Pole Attachment List & Detail	Allow for flexibility in Tag requirements

AGENDA ITEM #4



DISCUSSION OF ONE-TOUCH CONTRACTOR CERTIFICATION

MISCONCEPTION AS TO PROCESS



What it is:

- A criteria-driven qualification process open to one or more communication contractors
- Attaching Entities would select from this list and engage the qualified contractor directly

What it is not:

 An RFP process whereby CPS Energy engages a single qualified contractor on behalf of all Attaching Entities

QUESTION 4



In its Request for Comments, CPS Energy requested Attaching Entities to comment on "specific qualifications to consider in developing the certification criteria" for One-Touch Contractors and any recommendations of specific contractors in the San Antonio area to consider...

CPS Energy received no comments related to the specific questions posed above

COLLABORATIVE EFFORT



CPS Energy will conduct a series of technical workshops in June to work in a collaborative effort with interested parties in the development of CPS Energy's certification criteria for One-Touch contractors

POTENTIAL CONSIDERATIONS



- Firm's experience installing, relocating, and Make-Ready work of telecommunications facilities
- Firm's recent past history with Attaching Entities
- Local safety and violations records
- References other than Attaching Entities
- List of key personnel
- Firm's training requirements
- Qualified to execute a valid performance bond
- Firm's financial statements

TECHNICAL WORKSHOPS



(ONE-TOUCH CONTRACTOR)

When: June 2, 2016 9:00 AM to 12 Noon

June 10, 2016 9:00 AM to 12 Noon

Where: EMC Auditorium
4514 Frank Bryant Lane

Agenda

- Develop Certification Criteria (1st Mtg)
- Review List of Potential Contractors (Both Mtgs)
- Finalize Criteria (2nd Mtg)



BREAK



AGENDA ITEM #5



NJUNS

WHAT IS NJUNS?



The National Joint Utilities Notification System (NJUNS) is a national organization of member utilities formed for the purpose of improving the coordination of joint ventures such as:

- Pole Transfer Module
- Permits for New Attachments
- Joint Trench



NJUNS



- NJUNS membership is funded by pole owners by individual state
 - No cost to Attaching Entities
- Uses web-based software accessible to all parties
- Provides permanent documentation and archive of transfer notifications and response
- Access to the system requires member code and logon obtained through NJUNS website
- CPS Energy will provide required member codes for each Attaching Entity

PROPOSED USE



CPS Energy is proposing to use 3 types of NJUNS transfer notifications:

- Simple Transfer
 Notification Process
- Complex Transfer
 Notification Process
- Internal CPS Energy
 Project Notification
 Process



CPS Energy will replace its current in-house notification system with the implementation of NJUNS

NJUNS WORKSHOP



Training Workshop

When: July 21, 2016 9:00 AM to 2:00 PM

Where: CPS Energy Oak Rooms 1&2 (Main Office)

- Register accounts for Attaching Entity's use of NJUNS
- Introduce the workflows for CPS Energy's transfer processes
- Provide additional training materials and training opportunities

AGENDA ITEM #6



POLE ATTACHMENT INVENTORY

POLE INVENTORY PROJECT



As a final closeout of the current agreements terminating in July, CPS Energy will undertake an Inventory to:

- 1) Validate the total number of CPS Energy-owned Poles; and
- 2) Validate the total number of Attachments on CPS Energy-owned Poles

Contractor to begin Inventory work in June 2016 and take an estimated one-year to complete

PROJECT CONTRACTOR



Earlier this year, CPS Energy solicited for a RFP for the Pole Inventory Project

- Held a pre-bid conference (23 vendors attended)
- Received bids from 10 vendors
- Vendor selected based on a rigorous analysis
- Contract awarded to Davey Resources, Inc.

CPS Energy and Davey are to begin preliminary project process and procedure discussions on May 23rd



Scott Carlin
Vice President,
Asset Management Services



POLE INVENTORY COST ALLOCATION



- CPS Energy will invoice
 Attaching Entities based
 on the total number of
 Attachments identified.
- For the limited purposes of this Inventory, CPS Energy will be counted as one Attachment on each CPS Energy Pole.



COST ALLOCATION EXAMPLE



For illustrative purposes...

- 300,000 CPS Energy Poles inventoried
- Total cost of Inventory: \$3,000,000
- Total number of Attachments Inventoried (including CPS Energy's 1/Pole): 675,000
- Cost per Attachment: \$3,000,000/675,000 or \$4.44 per Attachment

So for this example, CPS Energy's share of the cost is \$1,332,000; and If an Attaching Entity had 100,000 Attachments, their share of the cost would be 444,000.

PROJECT EXPECTATIONS



CPS Energy will:

- Effectively and efficiently manage the project
- Will conduct monthly project meetings with Attaching Entities
- Will provide notice & project status on webpage
- Will provide final data for each Attaching Entity review

Attaching Entities will:

- Cooperate and participate with the project
- Provide data to the CPS
 Energy for Contractors use
 in identifying Attachments
- Review final results for acceptance
- Pay allocated share of the project costs

PROJECT REVIEW MEETINGS



Monthly Meeting to be held 1st Tuesday of each Month from 1:30 PM to 3 PM to provide project status

June 7

Dec 6

July 5

Jan 3

Aug 2

Feb 7

Sept 6

Mar 7

Oct 4

Apr 4

Nov 1

May 2

Meetings will be held in the Riverside Conference Room, CPS Energy Main Office

WHY NOW?



- Ensure Public Safety
- Ensure Safety of Utility Pole Workers
- Verify Attachments
- Resolve Pole
 Ownership Disputes
- Avoid NESC Violations

- Determine Serviceability
- Avoid Overloading
- EmergencyPreparedness
- Recover Lost Revenues
- Prove Due Diligence



BREAK



AGENDA ITEM #7



DEVELOPMENT OF WIRELESS STANDARDS

COLLABORATIVE EFFORT



CPS Energy will conduct a series of technical workshops in June and July to work in a collaborative effort with interested parties in the development of CPS Energy's Wireless Installation Standards (Section V of the Pole Attachment Standards

HIGH-LEVEL CRITERIA FOR WIRELESS STANDARDS



- Wireless Installations will require a separate Wireless Installation Agreement
- Wireless Installation Standards must be compatible and complimentary with the Pole Attachment Standards
- Must address all safety and performance interference concerns
- Must address differing technologies
- Shall not unreasonably discriminate among providers of functionally equivalent services
- Remain true to CPS Energy's Pole Attachment Program's fundamental values of Safety, Reliability, and Customer Service

OUT OF SCOPE



- Development of Annual Wireless Attachment Rate
- Insurance, Indemnification, Performance Bond requirements

CPS Energy will provide a more detailed scope of work at the 1st technical workshop

TIMELINE FOR WIRELESS STANDARD DEVELOPMENT



June 2nd Technical Workshop

July 11th Technical Workshop

August 19th CPS Energy to Publish Draft for

Comments

September 9th Comments Due to CPS Energy

October 1st CPS Energy to Publish Approved

Wireless Standards

January 1st Wireless Standards Effective &

Enforceable

TECHNICAL WORKSHOP

(WIRELESS STANDARDS)



When: June 2, 2016 1:30 PM to 4:30 PM

July 11, 2016 10:00 AM to 3:00 PM

Where: EMC Auditorium

4514 Frank Bryant Lane

Agenda (June 2)

- Develop Key Concepts
- Develop/Review "Strawman"

Agenda (July 11)

Review Draft



TIMELINE REVIEW FOR PROGRAM IMPLEMENTATION

TIMELINE AT A GLANCE



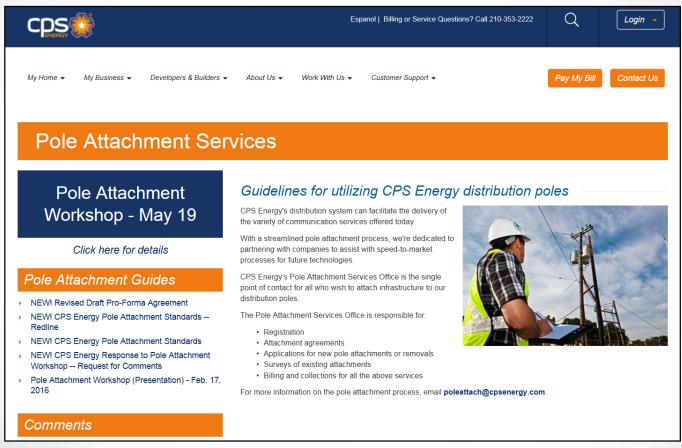
CPS ENERGY

Pole Attachment Services - 2016 Program Implementation Schedule

DA	ATE	EVENT
May	05/19/16	2nd Pole Attacher's Workshop
	05/02/16	Technical Wedness One Touck Contractor Contification
June	06/02/16	Technical Workshop - One-Touch Contractor Certification
	06/02/16	Technical Workshop - Wireless Standards Development
	06/03/16	CPS Energy to Publish Approved Contractors List (Eng, Construction)
	06/10/16	Technical Workshop - One-Touch Contractor Certification
	06/10/16	Comments Due on Revised Draft of Pro-Forma Pole Attachment Agreement
	06/15/16	CPS Energy to Publish One-Touch Contractor Certification Documents
	06/30/16	CPS Energy to Publish Approved Pro-Forma Pole Attachment Agreement
July	07/08/16	CPS Energy to Publish Approved One-Touch Contractors
	07/11/16	Technical Workshop - Wireless Standards Development
	07/21/16	Technical Workshop - NJUNS Training
	07/31/16	Deadline for Executing New Pole Attachment Agreements with CPS Energy
August	08/01/16	Pole Attachment Standards Effective & Enforceable
	08/19/16	CPS Energy to Publish Draft Wireless Standards for Comment
	08/22/16	Quarterly Pole Attacher's Workshop
September	09/09/16	Comments due to CPS Energy on Draft Wireless Standards
		· ·
October	10/01/16	CPS Energy to Publish Approved Wireless Standards
November	11/14/16	Quarterly Pole Attacher's Workshop
January	01/01/17	Wireless Standards Effective & Enforceable

CHECK WEBSITE FOR UPDATED INFORMATION





www.cpsenergy.com/poleattachments

AGENDA ITEM #9



QUESTIONS

THANK YOU FOR PARTICIPATING IN TODAY'S WORKSHOP

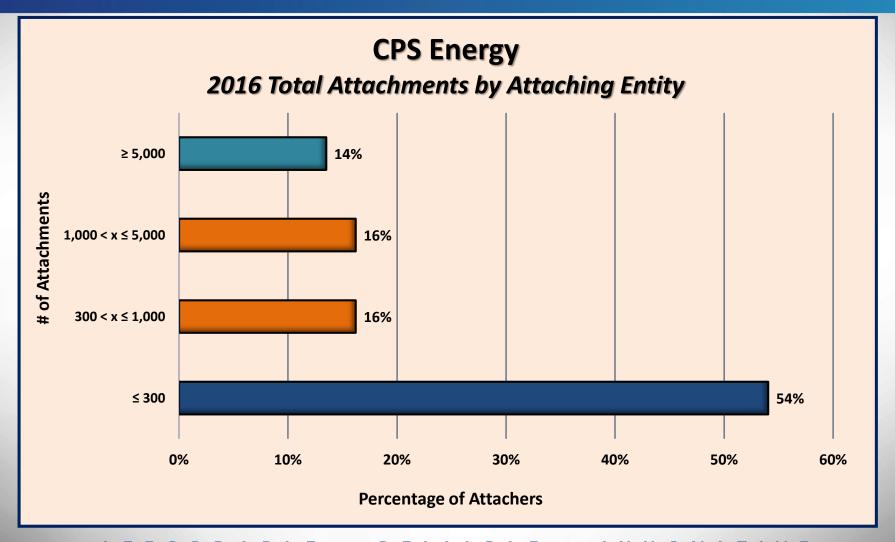


HIP POCKET SLIDES



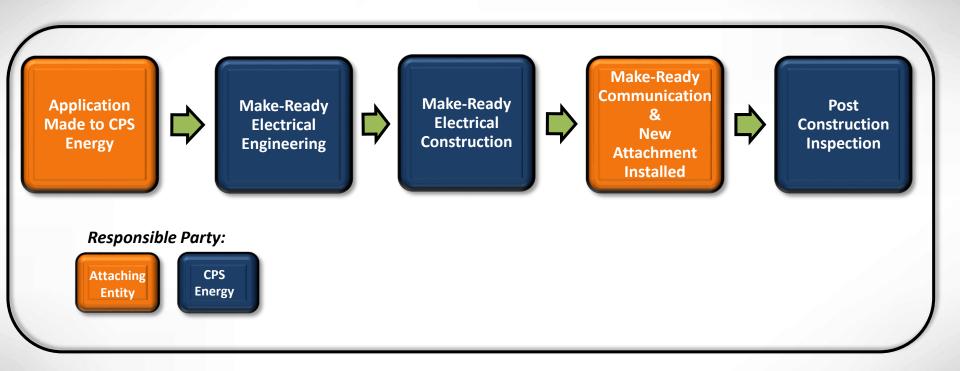
ATTACHMENTS BY ENTITY





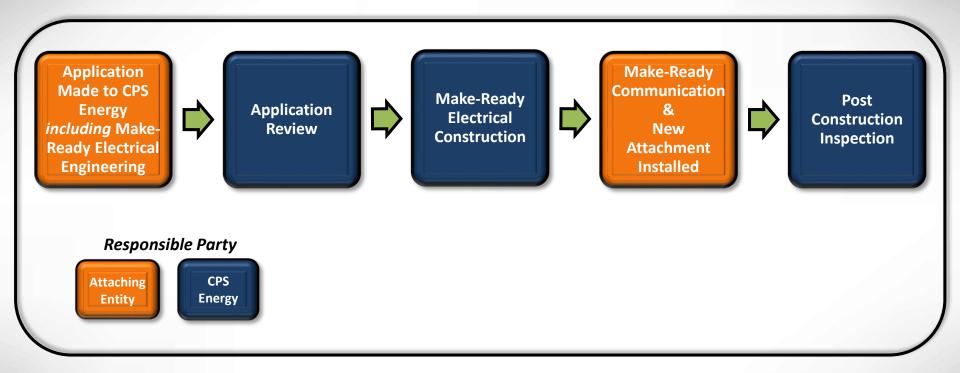
PRIVATE NETWORK PROCESS





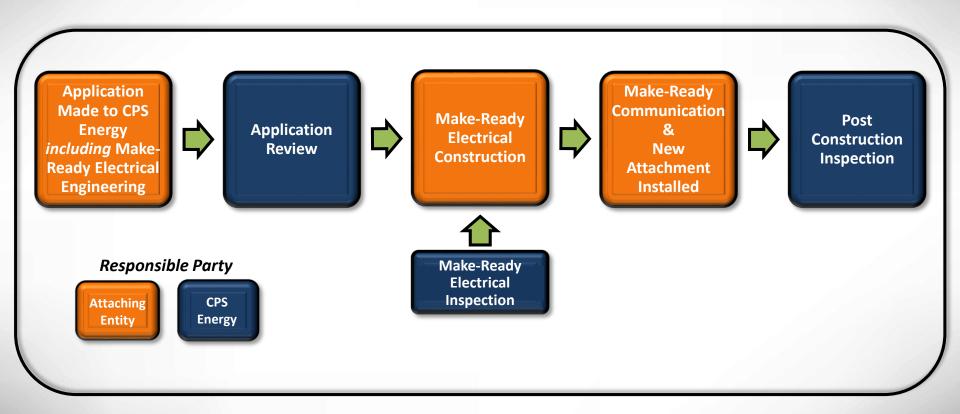
COMPETITIVE PROVIDER - STANDARD PROCESS





COMPETITIVE PROVIDER – AREA WIDE NETWORK DEPLOYMENT





COMPETITIVE PROVIDER – NETWORK UPGRADE PROCESS



