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## Myth vs. Fact: Broadband Pole Attachments

Electric cooperatives own and maintain poles and rights-of-way to deliver safe and reliable electricity to their members. When feasible from a safety and capacity perspective, co-ops allow communications companies to use their electric infrastructure to support the delivery of broadband, cable television, and other communications services. This relationship provides communications companies with valuable access to an existing network of poles for a small fraction of the significant costs that co-ops have incurred to build and maintain reliable electricity across 56% of the nation.

Pole attachment fees charged to communications companies by electric co-ops reflect the unique geographic and demographic characteristics of each co-op's service territory, but in every case provide enormous cost savings to communications attachers. Despite this tremendous benefit, some for-profit communications companies contend that pole attachment rental rates and pole replacement fees are preventing them from providing broadband services to rural communities. These are false claims.

**MYTH:** Electric Cooperative pole attachment fees are a barrier to rural broadband deployment.

**FACT:** Even when offered discounted or free pole attachment rates, for-profit providers have still refused to serve sparsely populated, rough-terrain areas served by co-ops. Executives at some large for-profit providers have conceded that pole attachment rates are not the primary barrier, and that eliminating the charge altogether would not necessarily encourage them to deploy broadband to rural areas.<sup>1</sup> Other factors, primarily low population density, have been cited as more significant and prohibitive. Independent analyses by federal and state entities<sup>2</sup> demonstrate that cost-based pole attachment rental rates have little, if any, influence on decisions by for-profit communications companies to invest in broadband infrastructure in rural America. The same economic factors that dissuaded for-profit electric utilities from extending service to rural areas in the 1930s exist today to dissuade for-profit communications companies to provide broadband.

**MYTH:** Pole attachment fees are a profit center for utility pole owners.

**FACT:** Electric co-ops charge cost-based rates to cover a small portion of the network's ongoing basic costs, such as those related to ongoing infrastructure maintenance and vegetation management. Pole attachment rental rates are a small fraction of the overall cost to build broadband systems in rural areas and represent a significant cost savings for entities deploying broadband. By renting space on existing electric cooperative poles, communications companies avoid the far greater cost and responsibility of building and maintaining their own distribution pole network.

**MYTH:** Utility pole owners let their infrastructure deteriorate until there is a request for attachments, so the third-party provider bears the cost of pole replacements.

**FACT:** Cooperatives and other utilities are obligated through electric service agreements to conduct ongoing maintenance of their infrastructure to ensure electric grid resilience and reliability. Routine pole inspections are performed to meet these obligations. Pole replacements paid for by new attachers are not usually due to the age or

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<sup>1</sup> *Rural Electric Cooperatives: Pole Attachment Policies and Issues, Broadband Deployment in Rural America Not Impeded by Pole Attachment Rates*, NRECA White paper, Updated January 2020, p.12.

<sup>2</sup> U.S. Government Accountability Office, U.S. Small Business Administration, the Congressional Research Service, the Virginia State Corporation Commission, and a Tennessee intergovernmental advisory committee.

condition of the pole, but occur instead because a stronger or taller pole is necessary to accommodate the proposed communications attachments. When replacements are required to accommodate proposed attachments, the co-op charges the replacement costs to the company whose attachment request necessitated the new pole. No profit is made by the co-op, nor should a non-profit co-op be required to subsidize the broadband deployment of large for-profit providers.

**MYTH:** Utilities entering the broadband business undertake anti-competitive measures to disadvantage broadband providers that want to use their poles.

**FACT:** Electric co-ops recognize the need for high-speed internet connections in their communities and partner with a variety of organizations to provide that service. To that end, co-ops engage in good-faith negotiations with communications providers regarding pole attachment fees, with the shared goal of accelerating broadband expansion while ensuring the safety and reliability of the infrastructure. Cooperatives offering broadband service treat their own broadband affiliate or subsidiary the same way they do any third-party requesting an attachment. In many states, this is a statutory requirement. Claims of anti-competitive behavior are false and made without any evidence.

**MYTH:** Pole rental fees place a disproportionate cost burden on the third-party provider's rural broadband customers.

**FACT:** Reaching rural customers is a capital-intensive process, but the pole rental rates charged by cooperatives considerably reduce that cost by providing enormous savings to companies that would otherwise have to build and maintain their own pole infrastructure. One electric utility recently calculated that it would cost more than \$60,000 per mile to duplicate its pole infrastructure in rural areas. By comparison, the cost to attach to a co-op's pole at an annual rate of \$15.39 at 18 poles per mile would cost an attacher \$277 per mile per year. At this rate, it would take a cable attacher more than 200 years in pole attachment fees to match the initial cost of building one mile of pole infrastructure. This does not include millions in ongoing maintenance, vegetation management, and other costs associated with managing this infrastructure. The data clearly show that the savings to communications attachers are substantial.

**MYTH:** Regulating pole rental rates will increase investment in rural broadband.

**FACT:** One-size-fits-all rates do not accurately reflect the cost of attachments and maintenance to co-ops, and would only benefit the communications attacher by shifting their deployment costs to the co-op (and ultimately its members). A discount from equitable, cost-based rental rates will not create an economic incentive for communications companies to invest in unserved rural areas. If co-ops were forced into a one-size-fits-all below cost attachment rate, there is nothing to stop these for-profit entities from simply pocketing the savings, or from spending it on urban and suburban systems instead of investing in rural deployment.

**MYTH:** Utility pole owners don't respond quickly to requests for new attachments.

**FACT:** Electric cooperatives serving rural America are eager to see all their members receive broadband services and work with many partners to make that happen. Every distribution co-op member is classified as a small business entity by the U.S. Small Business Administration. As small, not-for-profit entities, co-ops often initially lack resources to immediately address large, unanticipated pole attachment applications. At the same time, for-profit broadband providers initially lack an understanding of the local conditions and resources. Nevertheless, because of the keen interest on both sides to deploy broadband to unserved areas, these initial hurdles are overcome by both sides working together. Given their shared interest, both sides regularly find a way to work together in good faith to reach a mutually agreeable resolution.