



# Policy

## Fiber Optic Network Accounting Policy

### **Purpose:**

To establish cost responsibility and accounting treatment for the fiber optic network and associated assets primarily installed for electric operation communications. For purposes of this policy the term “fiber optic network” includes the cables with co-located fiber bundles on the local fiber loops within the owner communities as well as the long-haul cables and fiber bundles that interconnect the owner communities, irrespective of ownership of the individual fibers. Fiber optic network does not include the fiber laterals spliced onto the fiber optic network. For the purposes of this policy the term “associated assets” means those assets that are co-located with Platte River’s communication system within the fiber optic network. The associated assets include, but are not limited to, the fiber cable jacket, vaults, splice cases, splice trays and patch panels, irrespective of ownership.

Without the fiber optic cables and associated assets connecting transmission substations, Platte River could not monitor, control, or protect the transmission system. The fiber optic network contains excess capacity beyond that necessary for Platte River operations, and this excess capacity is dedicated for municipal uses. Platte River requires a fiber optic network for electric operations independent of the other benefits provided by the extra capacity. It is for this reason, and in recognition that the cost to add the extra capacity was immaterial and would have little to no impact on the rate setting process, that Platte River is proposing the accounting treatment detailed in this policy.

### **Policy:**

This policy covers expenses incurred for the installation of capital fiber assets as well as ongoing operations and maintenance costs.

### **Capital Costs**

Platte River will assume all capital costs for newly installed fiber optic cables with co-located fiber bundles and associated assets or for any replacement after the initial installation of the fiber optic network as a capital asset, regardless of fiber strand or asset ownership. The replacement asset will be depreciated as a Platte River asset and will be recovered through Platte River’s rates in the same manner as other capital assets.

If portions of the fiber optic network or associated assets require replacement, Platte River will assume the costs for replacing the fiber optic network and associated assets and Platte River owned laterals only. The cost for re-splicing other laterals into the system will be borne by the owner of the lateral.

The accounting treatment applied in 1998 for the costs of the original fiber optic assets remained the same, which assets were fully depreciated in 2018.

As discussed with Platte River’s auditors, this policy does not require the use of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*, Regulated Operations, paragraph 476-500, treatment because the incremental cost to install additional fiber strands beyond those needed for Platte River communications would have little to no impact on the rate setting process.

	<h1>Policy</h1>	Version #: 2.0 Original Effective Date: 12/07/2017 Next Review Date: 5/30/2024
	Fiber Optic Network Accounting Policy	Page 2 of 2

**Operations and Maintenance Costs**

Costs associated with operations and maintenance of the fiber optic network and associated assets will be borne by Platte River. The relocation costs of the fiber optic network and associated assets, or any portion thereof, will be borne by the entity requesting the relocation. The cost for splicing laterals into the system will be borne by the owner of the lateral cable. Costs to repair damage to the fiber optic network shall be borne by the entity legally responsible for causing such damage.

**Implementing Parties and Assigned Responsibilities:**

The Controller reviews and implements this policy. During review, the incremental cost will be assessed, in conjunction with the auditors, for materiality and impacts on the rate setting process. Necessary revisions will be brought before the Platte River Board of Directors.

**Associated Items (if applicable):**

September 2017 Fiber Asset Ownership Whitepaper  
Fiber optic network asset accounting treatment procedure and Resolution No. 03-19.

**Definitions (if applicable):**

<b>Document Owner:</b> Controller	<b>Original Effective Date:</b> 12/07/2017
<b>Authority:</b> Board of Directors	<b>Review Frequency:</b> Every 5 years
<b>Counsel Review:</b> General Counsel or Associate General Counsel	<b>Current Effective Date:</b> 05/30/2019

Version	Date	Action	Author	Change Tracking (new, review, revision)
1.0	12/07/2017	Original Policy by Board Resolution No. 16-17	Shelley Nywall	New
2.0	5/30/2019	Updated Policy by Board Resolution No. 03-19	Shelley Nywall	Revision