Wireless Attachment Market Report

Executive Summary

UTC conducted a wireless attachment survey in July 2007 and collected 21 responses from three types of electric utilities: investor-owned utilities (IOUs), co-operatives (co-ops), and municipalities (munis). The purpose of the survey was to discover how utilities are dealing with the apparently increasing demand for wireless co-location on their distribution infrastructure and whether there is a business case to be made.

The Federal Communications Commission (FCC) has authority in many states over the distribution infrastructure of investor-owned utilities (IOUs) for the purposes of pole attachments, including wireless attachments. IOUs, municipal and co-operative utilities, however, may also be subject to state collocation laws that sometimes preempt federal guidance, resulting in a broad variety of regulations, and corresponding utility business and risk mitigation models across the U.S.

Interviews conducted with industry IOUs, co-ops and munis provide case studies of successful business arrangements made with wireless carriers. UTC found that the most important factors affecting utility decisions to allow wireless attachments are the safety, regulatory, engineering, and business risks associated with collocation, particularly in the primary space. Nonetheless, wireless collocation on electric utility assets has grown by more than 20% over the past two years, and a majority of respondents to the survey reported that they allow some form of wireless attachments on their distribution or street light poles. Also nearly half of the respondents are charging-market based rental rates for these attachments.

The report discusses trends in the wireless collocation market, and outlines some of the business and risk mitigation tactics that utilities are using as their wireless collocation strategies evolve, including:

- Some utilities are creating separate asset management businesses for attachments;
- Other utilities are building special towers near electric substations to provide collocation, while others are building poles and lines exclusively for wireless services;
- Utilities reported that the majority of wireless attachments are intended for Internet access services, for which regulations allow utilities to negotiate market-based rates.

Clearly, some utilities are likely to be more comfortable providing wireless co-locations than others, but as wireless technologies improve and as utilities develop standard specifications and agreements they are likely to be more comfortable providing wireless collocation. UTC's newly formed affiliate, the Utiliisite Council, aims to help utilities develop best practices and procedures to speed market responsiveness in the carrier support marketplace.