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March 8, 2020

Mr. Reese McAlister
Executive Secretary
Georgia Public Service Commission
244 Washington Street, SW Atlanta,
GA 30334-5701

RE: Diverse Power Incorporated & Kudzu Networks, Inc.
Cost Allocation Manual
Docket: 42744

Dear Mr. McAlister:

Please find enclosed for filing an original and 15 copies of Diverse Power Incorporated & Kudzu Networks, Inc. Cost Allocation Manual.

Diverse Power was the only bidder to respond to a Request For Proposal dated July 31, 2019 from the USDA – RUS; and as a result was awarded the bid to purchase the South Georgia Regional Information Technology Authority (SGRITA). SGRITA is currently providing wireless internet service to over 600 customers Early, Miller, Baker, Calhoun and Mitchell counties which will become customers of Kudzu Networks.

Diverse Power and Kudzu needs to be prepared to close the transaction in approximately forty-five days.

If you have any questions, please do not hesitate to contact me at (706) 298-0814 or wayne.livingston@diversepower.com.

Very truly yours,



Wayne Livingston
President/CEO

Headquarters

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March 8, 2020

Ms. Rachael Young
Manager
Political and Regulatory Affairs
Georgia Electric Membership Corp.
75 5th Street NW -Suite 710
Atlanta, Georgia 30308

Re: Diverse Power Incorporated
Broadband Affiliate
Cost Allocation Manual

Dear Rachael:

ENCLOSURE: Original Filing of Diverse Power Incorporated & Kudzu Networks, Inc.
Broadband Affiliate Cost Allocation Manual

Pursuant to our recent communications, I enclose the above for filing with the PSC. As requested, I am also enclosing a cover letter to Reece McAlister at the PSC authorizing Georgia EMC to file on Diverse Power's behalf. I have also enclosed 15 copies of the original filing.

Diverse Power was the only bidder to respond to a Request For Proposal dated July 31, 2019 from the USDA – RUS; and as a result was awarded the bid to purchase the South Georgia Regional Information Technology Authority (SGRITA). SGRITA is currently providing wireless internet service to over 600 customers Early, Miller, Baker, Calhoun and Mitchell counties which will become customers of Kudzu Networks.

The closing time frame is approximately 45 days. In light of this deadline, please call me and let me know when this item is placed on a Telecommunications Committee Agenda for consideration and subsequently on an Administrative Session Agenda for final approval.

Thank you for your assistance in this matter.

Wayne Livingston
President/CEO

Diverse Power Incorporated

and

Kudzu Networks, Inc.

LaGrange, Georgia

Cost Allocation Manual

January 31, 2020

Diverse Power Incorporated
and
Kudzu Networks, Inc.

Cost Allocation Manual

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I. Introduction

In 2019, the Georgia General Assembly passed Senate Bill 2 (Georgia Law), which amended Chapter 3 of Title 46. This bill allows electric membership corporations to engage in certain activities in order to facilitate the provision of broadband services; to specifically authorize electric membership corporations and their affiliates to provide broadband services; to provide for and revise definitions; to authorize certain financing and partnerships for the provision of broadband services.

In accordance with Georgia Law:

- a. No electric membership corporation, broadband affiliate, or gas affiliate shall permit cross-subsidization between its electricity services activities, its broadband services activities, or its gas activities. To prevent cross-subsidization between broadband services activities and gas activities and between broadband services activities and electricity services activities, any electric membership corporation with a broadband affiliate that provides retail broadband services shall:
 - 1) Fully allocate all costs of electricity services activities and broadband services activities, including costs of any shared services, between electricity services activities and such broadband affiliate's broadband services activities, in accordance with:
 - a. The provisions of this Code section, and
 - b. The applicable uniform system of accounts and generally accepted accounting principles that are applicable to electric membership corporations under federal and state laws, rules, and regulations.
 - 2) Not charge any costs of electricity services activities or gas activities to the broadband services customers of the broadband affiliate,
 - 3) Not charge any costs of broadband services activities to the electricity services customers of such electric membership corporation or to the gas activities customers of its gas affiliate, and
 - 4) Not use below-market loans or below-market funding from programs that are not intended to support the deployment of broadband facilities or broadband services in order to support broadband facilities or to provide broadband services unless the electric membership corporation or its broadband affiliate imputes the difference between market rates and the below-market loans or below-market funding into the costs of its broadband facilities and broadband services. The provisions of this paragraph shall not apply to loans or funding from programs that are intended to support the deployment of broadband facilities or broadband services.

Furthermore, Georgia Law requires any Electric Membership Corporation that plans to provide retail broadband services through a broadband affiliate to develop and maintain a cost allocation manual to be approved by the Public Service Commission (PSC).

In order to assure compliance with Georgia law, Diverse Power Incorporated has developed and will maintain a Cost Allocation Manual. The Cost Allocation Manual identifies the physical assets, administrative, management and corporate support services provided by Diverse Power Incorporated to Kudzu Networks, Inc., the broadband affiliate, and specifies the allocation method used to reasonably assign costs. The manual will be reviewed annually and revised when there are significant changes in cost allocation methodologies. Any changes will be provided to the PSC for approval.

II. General

Diverse Power Incorporated and Kudzu Networks, Inc. will maintain separate books of accounts and records that are subject to inspection and compliance with the cost allocation manual as required by Georgia Law.

The cost of forming the broadband affiliate, Kudzu Networks, Inc., will not be borne by Diverse Power Incorporated ratepayers.

Diverse Power Incorporated and Kudzu Networks, Inc. will file a joint statement with the PSC certifying compliance with the approved Cost Allocation Manual each year. Accordingly, Diverse Power Incorporated has included in Appendix A a sample management statement certifying compliance and in Appendix B a sample report to be provided by Diverse Power Incorporated's independent accountant.

The remainder of this manual is devoted to establishing rules for the pricing of transactions between Diverse Power Incorporated and Kudzu Networks, Inc., including the transfer of assets and setting of interest rates for any loans between the two entities.

III. Allocation Methodologies

A. General

The intent of the Cost Allocation Manual is to ensure that cross-subsidizations do not occur between the electric activities of an Diverse Power Incorporated and the broadband activities of Kudzu Networks, Inc. by, among other things, establishing rules for the pricing of transactions between Diverse Power Incorporated and Kudzu Networks, Inc.

The following principles apply whenever personnel, services, equipment, or tangible and intangible property are provided by Diverse Power Incorporated to Kudzu Networks, Inc.:

1. To the extent practicable, the costs are accumulated and charged on a direct basis.
2. Any allocation methods applied provide equitable cost sharing between the parties and prevent subsidization by Diverse Power Incorporated of the products or services provided by Kudzu Networks, Inc.
3. Any allocation methods applied provide equitable cost sharing between the parties and prevent subsidization by Kudzu Networks, Inc. of the products or services provided by Diverse Power Incorporated.
4. Transactions between Diverse Power Incorporated and Kudzu Networks, Inc. are adequately documented and traceable in the books of Diverse Power Incorporated and Kudzu Networks, Inc. Likewise, any allocation methods utilized are adequately documented.

Cost is accumulated on Diverse Power Incorporated's books in accordance with the Federal Energy Regulatory Commission (FERC) Uniform System of Accounts. Costs that benefit both electric service customers and broadband service customers are allocated in accordance with the information below.

B. Shared Services

Diverse Power Incorporated will provide management, customer support, billing and collections, marketing, accounting, administrative and other support services to Kudzu Networks, Inc. The fully allocated costs for providing these services to Kudzu Networks, Inc. will be charged to Kudzu Networks, Inc. on a monthly basis.

The primary component of shared services will be personnel costs expended for the benefit of Kudzu Networks, Inc. These costs include payroll, payroll taxes, employee benefits, travel and other expenses directly related to the employees of Diverse Power Incorporated.

To the extent possible, employees will charge their time according to the tasks performed for Diverse Power Incorporated and Kudzu Networks, Inc. For employees where this is not feasible, a reasonable portion of their time will be allocated to Kudzu Networks, Inc. by tracking their time for a representative period or based on the allocation of those working under their supervision, or by the utilization of another equitable method of allocation such as number of customers served or full-time equivalent (FTE) employee costs.

Supplies, IT services, office equipment, third party services, office expenses or other expenses related to shared services will be allocated using a reasonable allocation factor. These factors will include number of bills, FTE's, number of customers receiving services, square footage and other allocation factors.

Office space and related expenses will utilize a reasonable allocation factor as addressed in the above paragraph.

C. Broadband Equipment

Broadband equipment includes optical fibers, optical amplifiers, conduit, fiber to the node, fiber to the premise, wireless equipment, last mile fiber/equipment and asymmetrical/symmetrical connection equipment. For equipment used solely by the Diverse Power Incorporated or Kudzu Networks, Inc., costs are charged directly on a per unit charge.

Broadband equipment used by both entities will be allocated based on the number of electric customers benefitting and the number of broadband customers benefitting from the investment. A contractual agreement will address the appropriate items and conditions.

D. Facilities

Office space or land used solely by Kudzu Networks, Inc. facility costs are allocated directly to Kudzu Networks, Inc. based on square footage or by another equitable method of allocation.

Office space or land used by employees of Diverse Power Incorporated who provide services to Kudzu Networks, Inc., facility costs will be billed based on the method utilized above times a reasonable allocation method related to usage.

E. Other Tangible and Intangible Property

Other tangible and intangible property used solely by Kudzu Networks, Inc., costs are allocated directly on a per unit charge.

Where property is used by employees of Diverse Power Incorporated to provide services to Kudzu Networks, Inc., costs are allocated using an equitable allocation factor.

F. Transfer of Capital Assets

Capital assets transferred from Diverse Power Incorporated to Kudzu Networks, Inc. or vice versa are transferred at fair market value or net book value, whichever is higher.

G. Loans

Any loans from Electric Membership Corporation to Kudzu Networks, Inc. will be based on market rates. The market rate will be based on the rate at which Kudzu Networks, Inc. could borrow money in the marketplace and all such rates will be documented and maintained as support for the rates charged. Stated interest rates will be utilized for loans specifically to support the deployment of broadband facilities or broadband services as described in Georgia law.

H. Pole Attachments

Kudzu Networks, Inc. will be charged a pole attachment fee for property it owns that is attached to poles owned by Diverse Power Incorporated. The pole attachment fee charged to Kudzu Networks, Inc. will be at the highest rate presently charged to a similarly situated communications service provider.

Where Diverse Power Incorporated owns property that is solely used by Kudzu Networks, Inc. the process in the preceding paragraph will be utilized.

Broadband equipment utilized by both entities that is attached to a pole will be charged as above and allocated as a shared service utilizing the same methodology as broadband equipment. Terms and conditions will be documented in an agreement between the parties.

**Cost Certification Statement
For the Year Ended December 31, 202X**

We hereby certify that to the best of our knowledge and belief Diverse Power Incorporated and Kudzu Networks, Inc. its broadband affiliate, have complied with the Cost Allocation Manual approved by the Public Service Commission (PSC). Furthermore, we certify that:

- All costs, including shared services, have been fully allocated between Diverse Power Incorporated electric activities and the broadband activities of Kudzu Networks, Inc.
- Any transfer of assets from Diverse Power Incorporated to Kudzu Networks, Inc. or vice versa has been at fair market value or net book value, whichever is higher.
- Loans from Diverse Power Incorporated to Kudzu Networks, Inc. have been at market rates, except for loans made specifically for broadband services as described in Georgia law.
- Diverse Power Incorporated and Kudzu Networks, Inc. maintain separate books and records which are available for inspection as required by Georgia law.
- All costs have been allocated in accordance with the Cost Allocation Manual in order to assure compliance with Georgia law prohibiting cross-subsidization.

This certification is intended solely for the purpose of satisfying the requirements of the Diverse Power Incorporated's Cost Allocation Manual and should not be relied on for any other purpose.

Diverse Power Incorporated

Kudzu Networks, Inc.

Independent Accountants' Report

We have examined management's assertion, included in the accompanying Cost Certification Statement Required by Diverse Power Incorporated Cost Allocation Manual (CAM), that Diverse Power Incorporated and Kudzu Networks, Inc. complied with cost certification requirements of the CAM during the year ended December 31, 202X. Management is responsible for Diverse Power Incorporated and Kudzu Networks, Inc.'s compliance with those requirements. Our responsibility is to express an opinion on Diverse Power Incorporated and Kudzu Networks, Inc.'s compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence related to Diverse Power Incorporated and Kudzu Networks, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, Diverse Power Incorporated and Kudzu Networks, Inc. complied, in all material respects, with the aforementioned requirements for the year ended December 31, 202X.

This report is intended solely for the information and use of the Georgia Public Service Commission, Diverse Power Incorporated and Kudzu Networks, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Diverse Power Incorporated

Kudzu Networks, Inc.