

BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

THE DAYTON POWER AND LIGHT COMPANY

Case No. 15-1830-EL-AIR
Case No. 15-1831-EL-AAM
Case No. 15-1832-EL-ATA

SUPPLEMENTAL DIRECT TESTIMONY
OF BARRY J. BENTLEY

- ☐ **MANAGEMENT POLICIES, PRACTICES, AND ORGANIZATION**
- ☐ **OPERATING INCOME**
- ☐ **RATE BASE**
- ☐ **ALLOCATIONS**
- ☐ **RATE OF RETURN**
- ☐ **RATES AND TARIFFS**
- ☐ **OTHER**

BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO
SUPPLEMENTAL DIRECT TESTIMONY OF
BARRY J. BENTLEY
ON BEHALF OF
THE DAYTON POWER AND LIGHT COMPANY

TABLE OF CONTENTS

I.	INTRODUCTION.....	1
II.	STAFF REPORT	1
III.	DP&L'S TREE TRIMMING COSTS HAVE INCREASED DRAMATICALLY SINCE THE TEST YEAR.....	2
IV.	CONCLUSION.....	6

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Barry J. Bentley. My business address is 1900 Dryden Road, Dayton, Ohio.

Q. Did you previously file testimony in this case?

A. Yes.

Q. What is the purpose of this testimony?

A. The purpose of this testimony is to support and explain The Dayton Power & Light Company's objection to the Staff Report regarding the adjustment to the Maintenance of Overhead lines expense and to address the material change in DP&L's tree trimming costs that occurred after the test year. The Dayton Power and Light Company ("DP&L"), as well as utilities across the United States, has experienced a significant increase in tree trimming costs, which has forced DP&L to reduce its planned tree trimming. The reduction in trimming trees creates reliability risks for customers and safety risks for the public and DP&L's employees. The Commission should thus allow DP&L to recover an additional \$9,595,099 in operation and maintenance expense, compared to test year expenses, and \$11,268,988 compared to Staff's recommended allowance to allow DP&L to trim its trees on the five-year cycle that has been approved by the Commission.

II. STAFF REPORT

Q. Did the PUCO Staff directly address DP&L's tree trimming costs?

A. Yes. The Staff recommended a reduction to the expense for maintenance of overhead lines in the amount of \$1,673,889. To reach this conclusion, Staff used a three-year

1 average of vegetation management expenses. Staff based its recommendation upon the
2 belief that DP&L performs vegetation maintenance of overhead lines "in rural areas in
3 some years, and urban environments in others."

4 **Q. Do you agree with Staff's recommendation?**

5 A. No. The explanation provided by Staff to support its recommendation is not consistent
6 with the facts. DP&L performs tree trimming on metro, mixed, and rural circuits every
7 year, including the test year, as part of its ongoing maintenance program. Staff's
8 assertion to the contrary is simply not accurate. Employing a three-year average of
9 vegetation management costs dilutes the test year amounts and is not consistent with the
10 costs that DP&L faces as these costs have continued to rise over time. Contrary to Staff's
11 assertion, as I describe below, DP&L's tree trimming cost have increased dramatically
12 since the test year.

13 **III. DP&L'S TREE TRIMMING COSTS HAVE INCREASED**
14 **DRAMATICALLY SINCE THE TEST YEAR**

15 **Q. Has there been a material change in DP&L's tree trimming costs since the test year**
16 **in this case?**

17 A. Yes. DP&L hires contractors to perform tree trimming, and DP&L's tree trimming costs
18 for the test year were \$12,441,136. DP&L recently solicited bids for tree trimming work
19 for the 2018 maintenance year and the sum of the lowest bids from contractors equaled
20 over \$22 million. As shown in the table below, the bids received for the 2018
21 maintenance year are for a combination of metro (or urban), mixed, and rural circuits
22 which had most recently been completed in 2013. As shown below, the cost for this

portion of DP&L's 5-year maintenance plan has risen by 80% since the time that the last bids were received, in 2013.

<u>Circuit Type</u>	<u>2013 Total Bid</u>		<u>2018 Total Bid</u>		<u>Increase (\$)</u>	<u>Increase (%)</u>
Metro	\$	5,460,248.07	\$	11,570,970.00	\$ 6,110,721.93	112%
Mixed	\$	3,025,418.96	\$	5,104,424.00	\$ 2,079,005.04	69%
Rural	\$	<u>3,774,292.86</u>	\$	<u>5,360,841.00</u>	<u>\$ 1,586,548.14</u>	<u>42%</u>
	\$	12,259,959.89	\$	22,036,235.00	\$ 9,776,275.11	80%

*Test Year total expense is \$12,441,136

Q. Do you know what is causing the significant increase in costs?

A. Yes. I understand that tree trimming contractors are having difficulty attracting and maintaining the labor necessary to perform the tree trimming. In order to attract and keep personnel who are capable of doing this work, the contractors have had to increase their wages significantly. In submitting their bids, all of the contractors have explained and justified their increase for this reason. There are various reasons that tree trimming contractors are having difficulty attracting and keeping labor, but one of the principal reasons is that the employees are taking higher paying jobs working in the fracking industry. (See attached letter from Dennis Brown, Senior Vice President and Chief Operating Officer of Lewis Tree Service that we received in the ordinary course of business in response to the Company's request for a proposal). I am familiar with the labor market, and the factors identified by Mr. Brown are accurate.

Q. Is DP&L the only utility experiencing this problem?

A. No. Consistent with Mr. Brown's summary in his letter, I understand that utilities throughout the United States are experiencing similar issues.

Q. Can you describe DP&L's recent reliability performance?

1 A. Yes. While DP&L historically has met its reliability goals, DP&L's Rule 10 Report in
2 Case No. 18-0995-EL-ESS (page 2) reflects that DP&L was unable to achieve its
3 Customer Average Interruption Duration Index ("CAIDI") performance standard for
4 2017. This performance wasn't solely due to vegetation issues, but if DP&L is unable to
5 maintain its 5-year maintenance trimming cycle, then the Company will begin to see
6 upward pressure on DP&L's frequency of interruptions (SAIFI), which will also lead to
7 extended restoration periods when DP&L must respond to future outages. This increased
8 frequency of outage events and extended restoration will adversely affect customer
9 satisfaction and reliability of DP&L's service.

10 **Q. Can you describe DP&L's typical tree trimming schedule?**

11 A. Yes. As mentioned above, each year, including the test year, DP&L trims a combination
12 of metro, mixed, and rural circuits such that, absent the recent significant increase in
13 costs, all DP&L circuits would be trimmed over a five-year cycle. The Commission
14 approved that cycle in 2009 for implementation beginning in 2010.

15 **Q. Has the increase in tree trimming costs affected DP&L's ability to trim its trees on a**
16 **five-year cycle?**

17 A. Yes. As a result of the significant increase in costs and DP&L's financial condition,
18 starting in 2017, DP&L reduced its tree-trimming schedule. Specifically, DP&L delayed
19 maintenance trimming on rural and mixed vegetation density circuits and will continue to
20 delay the trimming of these types of circuits if it is not able to recover the increased tree
21 trimming costs. These circuits currently have less vegetation risk but will present higher
22 reliability risk with continued deferral of the work. Given the substantial cost increases

1 for tree trimming, additional reductions on tree trimming scope will be necessary if
2 DP&L is not able to recover those increased tree trimming costs.

3 **Q. Will those reductions in tree trimming affect DP&L's ability to provide reliable**
4 **service to its customers?**

5 A. Yes. A leading cause of customer outages is vegetation, including vegetation that causes
6 downed power lines during storms. From 2002-2009 on average, DPL experienced 457
7 storm related outages (with the exception of Major Event Days ("MEDs")) which
8 interrupted service to 14,261 customers per year and caused 18,384,478 Customer
9 Minutes of Interruption (CMI). Subsequent to our 5-year cycle implementation, storm
10 outages were reduced by 67%, Customer Interruptions (CI) were reduced by 49% and
11 CMIs were reduced by 54% on average. Thus, it is important for customer reliability to
12 trim trees on a five-year cycle.

13 Further, as mentioned above, DP&L was not able to achieve its CAIDI goal for 2017.
14 The reduction in tree trimming will make it difficult for DP&L to achieve its reliability
15 targets in the future.

16 **Q. Will the reductions in tree trimming affect DP&L's ability to provide safe and**
17 **reliable service?**

18 A. Yes. Downed power lines and impacted facilities caused by vegetation can create a
19 safety risk to both the public and to the persons who work to repair those lines and
20 facilities. If DP&L is not able to perform needed vegetation management, then more
21 power lines and electrical distribution facilities will be impacted by trees, which will
22 cause an increase in downed power lines and corresponding power outages. That

1 increase in downed power lines will increase safety risks for those around and working
2 on the power lines and the corresponding power outages will lead to extended restoration
3 periods. The successful execution of DP&L's 5-year maintenance trimming cycle is
4 necessary to enable DP&L to provide safe and efficient service.

5 **Q. Could delay in recovery of escalating tree trimming costs cause an increase in**
6 **DP&L's long-term costs?**

7 A. Yes. Those delays will cause DP&L to spend more money on repairs. Storm restoration
8 costs are some of the highest costs that DP&L incurs. In cases of severe storm damage,
9 DP&L must mobilize off property or mutual aid crews, which can become extremely
10 expensive and difficult to mobilize in a timely manner. Thus, increased vegetation
11 management efforts reduce the risk of downed power lines and limit the amount of
12 resultant storm damage costs.

13 **Q. What is your recommendation in this case?**

14 A. I recommend that the PUCO reject the Staff recommended disallowance of \$1,673,889 in
15 overhead line maintenance. I further recommend that the Commission allow DP&L to
16 recover an additional \$9,595,099 in operation and maintenance expenses, compared to
17 the test year, associated with increased tree trimming expense so that DP&L can continue
18 to provide safe and reliable service.

19 **IV. CONCLUSION**

20 **Q. Does that conclude your supplemental direct testimony?**

21 A. Yes, it does.

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Supplemental Direct Testimony of Barry J. Bentley has been served via electronic mail upon the following counsel of record, this 11th day of April, 2018:

Thomas McNamee
Natalia Messenger
Public Utilities Commission of Ohio
30 East Broad Street, 16th Floor
Columbus, OH 43215-3793
Email:
thomas.mcnamee@ohioattorneygeneral.gov
natalia.messenger@ohioattorneygeneral.gov

Attorneys for PUCO Staff

Christopher Healey (Counsel of Record)
Terry Etter
Assistant Consumers' Counsel
Office of The Ohio Consumers' Counsel
65 East State Street, 7th Floor
Columbus, OH 43215-4203
Email: christopher.healey@occ.ohio.gov
terry.etter@occ.ohio.gov

Attorneys for Appellant
Office of the Ohio Consumers' Counsel

Frank P. Darr (Counsel of Record)
Matthew R. Pritchard
McNees Wallace & Nurick
21 East State Street, 17th Floor
Columbus, OH 43215
Email: fdarr@mwncmh.com
mpritchard@mwncmh.com

Attorneys for Appellant
Industrial Energy Users - Ohio

Joel E. Sechler
Angela Paul Whitfield
Carpenter Lipps & Leland LLP
280 North High Street, Suite 1300
Columbus, OH 43215
Email: sechler@carpenterlipps.com
paul@carpenterlipps.com

Attorneys for The Kroger Company

David F. Boehm
Michael L. Kurtz
Kurt J. Boehm
Jody Kyler Cohn
Boehm, Kurtz & Lowry
36 East Seventh Street, Suite 1510
Cincinnati, OH 45202
Email: dboehm@BKLawfirm.com
mkurtz@BKLawfirm.com
kboehm@BKLawfirm.com
jkylercohn@BKLawfirm.com

Attorneys for Ohio Energy Group

Kimberly W. Bojko (Counsel of Record)
Brian W. Dressel
Carpenter Lipps & Leland LLP
280 North High Street, Suite 1300
Columbus, OH 43215
Email: bojko@carpenterlipps.com
dressel@carpenterlipps.com

Attorneys for The Ohio Manufacturers'
Association Energy Group

Madeline Fleisher
Kristin Field
Environmental Law & Policy Center
21 West Broad Street, Suite 500
Columbus, OH 43215
Email: mfleisher@elpc.org
kfield@elpc.org

Robert Kelter (Senior Attorney)
Justin Vickers (Staff Attorney)
Environmental Law & Policy Center
55 East Wacker Drive, Suite 1600
Chicago, IL 60601
Email: rkelter@elpc.org
jvickers@elpc.org

Attorneys for the Environmental Law &
Policy Center

Steven D. Lesser
James F. Lang
N. Trevor Alexander
Calfee, Halter & Griswold LLP
41 South High Street
1200 Huntington Center
Columbus, OH 43215
Email: slesser@calfee.com
jlang@calfee.com
talexander@calfee.com

Attorneys for Honda America Mfg., Inc. and
The City of Dayton

Stephanie M. Chmiel
Thompson Hine LLP
41 South High Street, Suite 1700
Columbus, OH 43215-6101
Email: stephanie.chmiel@thompsonhine.com

Attorneys for Buckeye Power, Inc.

Trent Dougherty (Counsel of Record)
Miranda Leppla
1145 Chesapeake Avenue, Suite 1
Columbus, OH 43212-3449
Email: tdougherty@theoec.org
mleppla@theoec.org

John Finnigan
Senior Regulatory Attorney
Environmental Defense Fund
128 Winding Brook Lane
Terrace Park, OH 45174
Email: jfinnigan@edf.com

Attorneys for the Ohio Environmental Council
and Environmental Defense Fund

Robert Dove
P.O. Box 13442
Columbus, OH 43213
Email: rdove@attorneydove.com

Samantha Williams (Staff Attorney)
Natural Resources Defense Council
20 N. Wacker Drive, Suite 1600
Chicago, IL 60606
Email: swilliams@nrdc.org

Attorneys for Natural Resources
Defense Council

Colleen L. Mooney
Ohio Partners for Affordable Energy
231 West Lima Street
P.O. Box 1793
Findlay, OH 45839-1793
Email: cmooney@ohiopartners.org

Attorney for Ohio Partners for
Affordable Energy

Derrick Price Williamson
Spilman Thomas & Battle, PLLC
1100 Bent Creek Blvd., Suite 101
Mechanicsburg, PA 17050
Email: dwilliamson@spilmanlaw.com

Carrie M. Harris
Spilman Thomas & Battle, PLLC
310 First Street, Suite 1100
P.O. Box 90
Roanoke, VA 24002-0090
Email: charris@spilmanlaw.com

Lisa M. Hawrot
Spilman Thomas & Battle, PLLC
Century Centre Building
1233 Main Street, Suite 4000
Wheeling, WV 26003
Email: lhawrot@spilmanlaw.com

Steve W. Chriss
Senior Manager, Energy Regulatory Analysis
Greg Tillman
Senior Manager, Energy Regulatory Analysis
Wal-Mart Stores, Inc.
2001 SE 10th Street
Bentonville, AR 72716-0550
Email: stephen.chriss@walmart.com
greg.tillman@walmart.com

Attorneys for Wal-Mart Stores East, LP
and Sam's East, Inc.

Matthew W. Warnock
Dylan F. Borchers
Devin D. Parram
Bricker & Eckler LLP
100 South Third Street
Columbus, OH 43215-4291
Email: mwarnock@bricker.com
dborchers@bricker.com
dparram@bricker.com

Attorneys for The Ohio Hospital Association

Joseph Olikier
Michael Nugent
Interstate Gas Supply, Inc.
6100 Emerald Parkway
Dublin, OH 43016
Email: joliker@igsenergy.com
mnugent@igsenergy.com

Attorneys for Interstate Gas Supply, Inc.

Lt Col John C. Degnan
Thomas A. Jernigan
Ebony M. Payton
Federal Executive Agencies (FAE)
139 Barnes Drive, Suite 1
Tyndall AFB FL 32403
Email: John.Degnan@us.af.mil
Thomas.Jernigan.3@us.af.mil
Ebony.Payton.ctr@us.af.mil

Attorney for Federal Executive Agencies

Ellis Jacobs
Advocates for Basic Legal Equality, Inc.
130 West Second Street, Suite 700 East
Dayton, OH 45402
Email: ejacobs@ablelaw.org

Attorney for The Edgemont Neighborhood
Coalition

John R. Doll
Matthew T. Crawford
Doll, Jansen & Ford
111 West First Street, Suite 1100
Dayton, OH 45402-1156
Email: jdoll@djflawfirm.com
mcrawford@djflawfirm.com

Attorneys for Utility Workers of
America Local 175

Michael J. Settineri (Counsel of Record)
Gretchen L. Petrucci
Vorys, Sater, Seymour and Pease LLP
52 East Gay Street
P.O. Box 1008
Columbus, Ohio 43216-1008
Email: mjsettineri@vorys.com
glpetrucci@vorys.com

Attorneys for Constellation NewEnergy, Inc.

Katie Johnson Treadway
One Energy Enterprises, LLC
12385 Township Rd. 215
Findley, OH 45840
Email: ktreadway@oneenergylle.com

Attorney for One Energy Enterprises, LLC

Mark A. Whitt
Andrew J. Campbell
Rebekah J. Glover
Whitt Sturtevant LLP
The KeyBank Building, Suite 1590
88 East Broad Street
Columbus, OH 43215
Email: whitt@whitt-sturtevant.com
campbell@whitt-sturtevant.com
glover@whitt-sturtevant.com

Attorneys for Retail Energy Supply
Association

/s/ Christopher C. Hollon
Christopher C. Hollon



TREE SERVICE

December 26, 2017

Mr. Mark Vest
Director: Maintenance, Inspection & Contract Mgt.
Indianapolis Power Light, Dayton Power & Light.

Mark,

Thank you for the conversation earlier this month and the opportunity to share my observations regarding the challenging labor market in the utility vegetation management industry. As Chief Operations Officer for Lewis Tree Service Inc., I have visibility to the markets in the East, South East, South Central and Midwest and wanted to start by saying that the challenges we discussed are not limited to the Mid-West or Central United States. I will do my best to capture what I believe some of the conditions are.

Let me start by defining the issue; currently there is not enough qualified labor in the utility vegetation management industry to effectively meet the increasing needs of electricity providers, resulting in rising costs to utilities as well as schedule completion shortfalls.

Below are some of the contributing factors to the resource struggle.

- As the economy improves, the labor that our industry used to attract can command similar or better earnings in far less demanding markets like, construction, manufacturing, hospitality, commodities transport, and agriculture.
- Tighter restrictions and scrutiny on immigration and the migrant workforce.
- Wages in the industry have been flat for years due to the economy and cost control pressures from customers.
- The potential employee base for the Utility Vegetation Management Industry is difficult to market to, making attraction challenging.
- The Utility Vegetation Management Industry has traditionally not provided geographic stability to employees. The existing competitive bid process and strategies that utilities use to go to market make it difficult for individuals to remain with their preferred employers.
- The industry safety and productivity expectations have reduced the number of employees in the industry. While unfavorable, neither contractor nor customer can compromise their positions in this area.
- During contract changes or major storm events, employees are enticed away from existing utilities and employers to pursue increased short term compensation. Another



- factor is the labor's understanding of their power in the "supply and demand" quotient. (little or no repercussions for abandoning current job)
- Failure of majority of customers to realize the value of the utility vegetation management worker and lack of willingness to elevate the craft workers stature.

I believe we are experiencing a market adjustment in relation to labor costs due to the supply and demand issues. The recent undocumented workforce penalties incurred by an industry provider has also created a gap in available labor. I believe that there are two strategies on the path to normalization. One is the short term strategy of increasing wages and providing competitive benefits, resulting in the retention of and attraction of labor. The next is the long term strategy of attracting, retaining and creating new labor feeder pools. This will require a combined effort between vegetation management providers, industry associations like the Utility Arborists Association and the Utilities that require the service. This labor needs to be recognized and treated as a group of professionals and not a commodity. Lewis Tree service is actively working on the long term strategy, through marketing, outreach, working with industry partners as well as listening to and understanding the employee voice so we can solve this challenge. We are always open to any suggestions or any partnering opportunities that present themselves.

Best Regards,
Dennis Brown

SVP/COO Lewis Tree Service Inc.

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

4/11/2018 3:28:38 PM

in

Case No(s). 15-1830-EL-AIR, 15-1831-EL-AAM, 15-1832-EL-ATA

Summary: Testimony Supplemental Direct Testimony of Barry J. Bentley electronically filed by Mr. Jeffrey S Sharkey on behalf of The Dayton Power and Light Company