BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio Edison Company for Approval of a Tariff Change	**)** **)** **)**	**Case No. 19-1037-EL-ATA**

RESPONSE OF OHIO EDISON COMPANY TO OBJECTIONS OF THE OHIO CABLE TELECOMMUNICATIONS ASSOCIATION

Once again the Ohio Cable and Telecommunications Association ("OCTA") has come before the Public Utilities Commission of Ohio ("Commission") with an objection to the formula rate process that it advocated for in the underlying rulemaking, Case No. 13-579-AU-ORD. This time, OCTA asserts that the treatment of non-unitized costs in the calculation of the appurtenance factor of Ohio Edison Company ("Ohio Edison" or "Company") somehow distorts the rate. OCTA's Objection is conjecture that does not amount to a reasonable basis for objection. The Commission previously rejected an OCTA challenge to the Company's appurtenance factor, and this latest challenge should also be rejected. For the reasons stated below, the Commission should allow the tariff update process to proceed as normal.

I. ARGUMENT

A. The Commission previously rejected OCTA's challenge to the Company's appurtenance factor calculation.

This objection is essentially a repeat of an earlier OCTA objection. In Case No. 15-975-EL-ATA, the Company's first tariff filing in compliance with the Commission's Order in the underlying rulemaking proceeding, OCTA challenged the Company's use of its calculated appurtenance factor to determine the appropriate investment amount in the new rate formula that

had been adopted by the Commission.[1] In that case, OCTA challenged the Company's appurtenance factor that was "calculated by dividing the total book dollars represented in the wood pole retirement unit by the total book dollars of all retirement units associated to wood pole construction."[2] The Commission reviewed all of the relevant information and concluded that the Company's appurtenance factor calculation was appropriate:

> The Commission has reviewed information contained in the Companies' continuing property records that were provided in response to OCTA's interrogatories and finds that the documentation provides enough detail to determine the actual percentage of appurtenance investment contained in FERC Account 364. As such, Ohio Edison and Ohio Edison have provided probative, direct evidence on the actual investment in non-pole-related appurtenances and are permitted to use the proposed company-specific appurtenance factors in their calculations.[3]

The Company's appurtenance factor calculation in this case follows exactly the same methodology that Ohio Edison and Toledo Edison followed in 2015. OCTA has presented no evidence nor even an allegation that the Company has done anything different to the manner in which the appurtenance factor is calculated. OCTA simply speculates as to the possibility of an adverse impact, and demands that all non-unitized pole investment be excluded from the calculation. However, the Commission has already thoroughly reviewed the Company's detailed records supporting its appurtenance factor calculations and permitted their use in the formula rates. For this reason alone, the Commission should again reject OCTA's objection to the Company's appurtenance factor.

Moreover, OCTA's proposed remedy regarding the amount of the non-unitized account 364 pole investment is unreasonable. OCTA proposes to exclude 100% of the non-unitized amount, which assumes that all of the investment is appurtenance-related and none of it is pole-

[1] Objections of Ohio Cable Telecommunications Association, Case No. 15-975-EL-ATA, August 3, 2015, p. 5-6.
[2] *Id*.
[3] Finding and Order, Case No. 15-975-EL-ATA, September 7, 2016, p. 5.

related. OCTA goes on to speculate without foundation that the investment might have nothing to do with poles at all. This speculation, however, ignores the fact that these are the amounts reflected in the Company's FERC Form 1 data that the Commission has ordered be used for the pole rental rate calculation formula. OCTA also overlooks that appurtenance costs are removed from the non-unitized amounts via line 16, Exhibit C where the total net pole cost is multiplied by the appurtenance factor. Further, while increased pole investment can come from replacing poles or making them more resilient, OCTA speculates that the rate has been improperly affected because it cannot tell whether the number of poles has not commensurately increased.[4]

Conversely, the Company's approach is reasonable because it has the effect of treating the non-unitized account 364 investment amount in exactly the same proportion as the remaining 98.2% of the account 364 investment that has been unitized. Until the unitization process is completed, the most reasonable estimate of the proportion representing appurtenances is the appurtenance factor characterized by the overwhelming majority of the overall investment. In other words, the Company *prevents* non-unitization from distorting the appurtenance factor. Any other estimate of the proportion is speculative and has no basis in fact. Notably, the 86.41% pole factor in this case is more favorable to OCTA members than the 87.62% approved by the Commission in the 2015 case, and both cases used exactly the same approach.

B. The Company's tariff language regarding the effective date for its rate update is consistent with the Companies' approved tariff.

OCTA objects to the Company's tariff language stating that rates will become automatically effective within sixty days unless otherwise ordered by the Commission. OCTA claims that the current process is for rate updates to become effective on the 61st day and cites the

[4] OCTA Objection at p. 2. However, a comparison of the 2019 and 2018 updates shows an increase of nearly 2,000 poles. *See* Case No. 18-564-EL-ATA, Application, Exhibit C; and Exhibit C in this proceeding (274,764 – 272,961 = 1,803).

Commission's November 30, 2016 Entry in Case No. 13-579-AU-ORD at ¶17. However, ¶17 of that Entry states "At this time, the Commission determines that all such tariff amendment applications, including that of AT&T Ohio in 16-2117, should be subject to a 60-day automatic approval process." The Company's proposed language is consistent with the cited Entry.

Moreover, this proposed revision is consistent with the Commission's August 28, 2019 Entry on Rehearing in Case No. 18-564-EL-ATA, which ordered the Company to implement the Stipulation by removing language from its tariff regarding filing updates no later than May 1 of each year. That Entry said nothing about rates becoming effective on the 61st day after application. Further, any objection based on OCTA's speculation that the pending rule amendment proceeding in Case No. 19-834-AU-ORD might change the process is premature.

II. CONCLUSION

The Company's treatment of non-unitized account 364 pole plant investment is reasonable has not changed since the Commission approved the Company's appurtenance factor in Case No. 15-975-EL-ATA. Similarly, the Company's proposed language revision regarding the effective date of annual updates is consistent with prior Commission orders. The Commission should reject OCTA's Objections and allow the automatic approval process to proceed.

Respectfully submitted,

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On behalf of Ohio Edison Company

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Response was served via electronic mail to the following person on this 2nd day of December 2019.

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/s/ *Robert M. Endris*
An Attorney for Ohio Edison Company

Summary: Response Response of Ohio Edison Company to Objections of the Ohio Cable Telecommunications Association electronically filed by Mr Robert M Endris on behalf of Ohio Edison Company