

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the 2018 Review of	:	
The Delivery Capital Recovery	:	
Rider of Ohio Edison Company, The	:	Case No. 18-1542-EL-RDR
Cleveland Electric Illuminating	:	
Company, and The Toledo Edison	:	
Company.	:	

In the Matter of the 2019 Review of the	:	
Delivery Capital Recovery Rider	:	
Contained in the Tariffs of Ohio Edison	:	Case No. 19-1887-EL-RDR
Company, the Cleveland Electric	:	
Illuminating Company, and the Toledo	:	
Edison Company.	:	

**REPLY COMMENTS
SUBMITTED ON BEHALF OF THE STAFF OF
THE PUBLIC UTILITIES COMMISSION OF OHIO
FOR THE 2018 DCR RIDER REVIEW**

INTRODUCTION

On April 30, 2019, Blue Ridge Consulting Inc. filed the annual compliance audit of 2018 expenditures recovered through the Delivery Cost Recovery Rider (DCR). On September 29, 2020 the Attorney Examiner issued an entry stating that all interested parties file initial and reply comments regarding the auditor's report by October 30, 2020, and November 13, 2020, respectively. In addition to the Staff of the Public Utilities Commission of Ohio (Staff), Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company (collectively, Companies) and the Office of the Ohio Consumers' Counsel (OCC) filed initial comments. Staff has reviewed the

comments filed by the Companies and finds no compelling reason or evidence why the recommended vegetation management accounting exclusions made by Blue Ridge should not be implemented. Notably, the Companies continue to not provide any evidence that their accounting policy is in accordance with the Federal Energy Regulatory Commission Uniform System of Accounts (USoA), but rather rely on the argument that the Commission does not have to follow the USoA. For the reasons stated by the Auditor in its Audit Report¹, and in two other DCR Compliance Audits, any vegetation costs that are not associated with the establishment of an initial right-of-way (ROW) or official expansion of a utility's right-of-way should be expensed. Using the Companies' vegetation accounting policy, what would normally be accounted for as a maintenance expense would become eligible to be capitalized simply because the Companies did not conduct vegetation management inside its right-of-way for an extended period of time, allowing the tree inside the right-of-way to grow taller than a certain height (above the height zone which the Companies define as the boundary of their right-of-way corridor). The height of the vegetation is a situation entirely within the Companies' control and the Companies' actions regarding such should not be allowed to be manipulated to change how an activity is treated for accounting purposes. The Companies offer as additional evidence the proposition that the treatment of overhanging limbs or removal of trees removes the threat of large trees falling into and damaging the circuit conductors that

¹ *In the Matter of the 2017 Review of the Delivery Capital Recovery Rider of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company*, Case No. 17-2009-EL-RDR, Audit Report at 10, 15, 23, 62-64 (May 11, 2018), *In the Matter of the 2018 Review of the Delivery Capital Recovery Rider of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company*, Case No. 19-1887-EL-RDR, Audit Report at 9, 10, 11, 16-17, 22-23, 29, 36-39, 59-61, 77-79 (June 12, 2020).

would otherwise shorten the useful life of the conductors. They argue that the activities represent an “initial expansion of the cleared zone”. However, these activities are not an “initial expansion of a clear zone”. They are not associated with the establishment of right-of-way or the establishment of an expanded right-of-way, and therefore, they do not qualify as vegetation management to be capitalized, even if the Companies policies assert otherwise.

Staff reiterates its recommendation that *if* the Commission allows the Companies to continue capitalizing the treatment of trees due to the sole factor of tree height – and we recommend that it should not – then a photograph of the tree (or limb) that demonstrates its distance from the corridor, both horizontally and vertically, prior to treatment, should be the required documentation for any tree that is treated. Otherwise, once the tree is gone, there is no way to verify that tree met the conditions for removal and capitalization.

CONCLUSION

For the reasons stated above, Staff recommends that the Commission adopt the findings and recommendations of the Auditor. Should the Commission not agree to adopt Blue Ridge’s recommendation regarding expensing certain vegetation management, Staff recommends that the Commission order the Companies to submit verification, as is recommended herein, for the treatment of vegetation management that is being capitalized.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing was delivered via U.S. mail (postage prepaid), personal, or electronic mail delivery on this the 16th day of November 2020, to the parties of record below.

/s/ Robert Eubanks

Robert Eubanks

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Case No(s). 18-1542-EL-RDR, 19-1887-EL-RDR

Summary: Reply Comments Submitted on Behalf of the Staff of The Public Utilities
Commission of Ohio for the 2018 DCR Rider Review electronically filed by Mrs. Kimberly M
Naeder on behalf of PUCO