

BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

THE DAYTON POWER AND LIGHT COMPANY
D/B/A AES OHIO

CASE NO. 20-1651-EL-AIR
CASE NO. 20-1652-EL-AAM
CASE NO. 20-1653-EL-ATA

SUPPLEMENTAL DIRECT TESTIMONY
OF MARK L. VEST

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

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TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	AES OHIO'S PROPOSED LINE CLEARANCE PROGRAM.....	2
III.	SMALL CONSTANT UNMETERED SERVICE	5

1 **I. INTRODUCTION**

2 **Q. Please state your name, employer, and position.**

3 A. My name is My name is Mark L. Vest. My business address is 1900 Dryden Rd.,
4 Dayton, Ohio, 45439. I am employed by AES US Services, LLC as Sr. Director, Ohio
5 T&D Operations in the U.S., and Utilities Strategic Business Unit ("U.S. SBU") of The
6 AES Corporation ("AES"), with responsibilities for The Dayton Power & Light Company
7 d/b/a AES Ohio ("AES Ohio" or "Company") and other AES businesses.

8 **Q. Did you previously file testimony in these matters?**

9 A. Yes.

10 **Q. Please describe your duties as Sr. Director, Ohio T&D Operations**

11 A. In my current position, I am responsible for all transmission and distribution operations at
12 AES Ohio and ultimately the safe and reliable delivery of electric service to all our Ohio
13 customers.

14 **Q. What is the purpose of this testimony?**

15 A. The purpose of this testimony is to support and explain the following objections of AES
16 Ohio to the July 26, 2021, Staff Report:

17 **Objection No. 12 - Vegetation Management Expense:** AES Ohio objects to the
18 recommendation in the Staff Report of an annual baseline of \$17,500,000 for vegetation
19 management expenses. Staff Report, pp. 15, 92 (Schedule C-3.9). That recommendation

1 is unreasonable and unlawful because the expected level of annual vegetation
2 management expenses is \$30,000,000. AES Ohio Schedule C-3.9.

3 **Objection No. 13 - Deferred Vegetation Management Expense:** In the alternative to
4 AES Ohio Objection No. 12, AES Ohio objects to the recommendation in the Staff
5 Report for the Company to continue deferral of its incremental vegetation management
6 expenses in excess of \$17,500,000, subject to a \$5,000,000 annual cap. Staff Report, pp.
7 15. That recommendation is unreasonable and unlawful because to the extent the
8 Commission adopts a \$17,500,000 baseline for vegetation management expense, there
9 should be no annual cap on the deferral of incremental vegetation management expense
10 or, at a minimum, at a cap of no less than \$12,500,000 annually.

11 **Objection No. 35 - Small Constant Unmetered Service:** AES Ohio objects to the
12 recommendation in the Staff Report to disallow the Company's proposed rate for Small
13 Constant Unmetered Service. Staff Report, p. 24. That recommendation is unreasonable
14 and unlawful because this service aligns with customer needs where metered service is
15 not readily available, and the customer's equipment draws less power than can be
16 practically or economically metered at each individual service location.

17 **II. AES OHIO'S PROPOSED LINE CLEARANCE PROGRAM**

18 **Q. Please explain AES Ohio Objection No. 12 to the Staff Report regarding AES Ohio's**
19 **Proposed Line Clearance Program.**

20 A. My initial testimony showed that AES Ohio needed \$30 million per year to maintain its
21 distribution lines and provide safe and adequate service. The Staff Report recommends

1 an annual baseline of \$17.5 million plus incremental deferrable expenses capped at \$5
2 million per year for AES Ohio's Proposed Line Clearance program. Staff Report, p. 15.

3 The \$17.5 million plus \$5 million of deferrable incremental expenses is inadequate to
4 mitigate vegetation risk safely and effectively in the "right of way" (ROW) and "out of
5 the ROW" across the 10,500 miles of primary and secondary voltage lines that make up
6 AES Ohio's distribution system. Labor constraints in the utility vegetation management
7 industry will continue as utilities across the country are executing on reliability and
8 capital infrastructure projects, which further strain the limited qualified resources and
9 drives competitive rates up.

10 These cost increases and limited availability of crews over the past several years have
11 caused cost escalation in AES Ohio's program, thereby causing AES Ohio to defer
12 routine circuit maintenance trimming on circuits with lower vegetation density and
13 reliability risk. This deferral of circuit maintenance work is not a sustainable solution.
14 This deferral of work creates a condition known in the industry as "class jumping"
15 whereby the additional growth allowed during the deferral timeframe causes vegetation
16 to grow from one class size which is less expensive to mitigate to a larger class size that
17 is more expensive to mitigate. This escalation across size classes not only makes the
18 work more expensive but it makes it more complex and more hazardous.

19 AES Ohio spent \$20,421,298 in 2019 and \$19,840,757 in 2020 and has continued to
20 defer circuit maintenance work, providing evidence that the \$17.5 million annual baseline
21 plus \$5 million deferrable incremental cost is not sufficient. Due to weather conditions

1 late in the year during 2020 AES Ohio was unable to spend the \$20.3 million (\$15.7
2 Annual baseline plus \$4.6 million deferrable incremental expenses). Nonetheless, the
3 \$20.4 million spent in 2019 and the \$19.84 million spent in 2020 were not sufficient to
4 allow AES Ohio to adhere to its 5-year cycle and provided no funding for the mitigation
5 of trees out of the ROW or intra-cycle reliability trimming. Additionally, these cost
6 increases and associated maintenance deferrals have made it difficult for AES Ohio to
7 address "out of ROW" vegetation threats that have been the cause of most vegetation-
8 related outages.

9 As mentioned in my initial testimony AES Ohio expects that \$25 million per year is
10 required to address all annual circuit maintenance based upon current cost estimates and
11 assumptions around future crew availability and qualification and to recover to a more
12 suitable cycle program with limited work deferral. An additional \$3.5 million is needed
13 to proactively address "out of ROW" vegetation threats, which have, as mentioned
14 previously, caused a significant percentage of the vegetation outages across AES Ohio's
15 system and were a driver in AES Ohio missing its CAIDI performance standard in 2019
16 and 2020. An additional \$1.5 million is necessary to provide funding for focused hot-
17 spotting and tree removal to address storm hardening, minor storm restoration and intra-
18 cycle reliability trimming in support of the cyclical circuit maintenance program.

19 AES Ohio's proposed program is designed to address all the vegetation threats in a timely
20 manner. The proposed \$30 million funding level would equate to \$4.17/month per
21 customer to provide safe and reliable electric service and address the labor, reliability,
22 and safety challenges associated with utility vegetation management.

1 **Q. Do you have an alternative proposal?**

2 A. Yes. If the expenses are capped at \$17.5 million, I would also disagree with Staff's
3 recommendation to cap the deferrable incremental vegetation management expenses at \$5
4 million annually. As asserted in Objection No. 13, I would submit that this cap on
5 deferrable incremental expenses be eliminated or at least increased to \$12.5 million
6 annually to better position AES Ohio to maintain the effectiveness of its program and
7 continue to provide the safe and reliable service that our customers deserve and be
8 protected from on-going or intermittent cost disturbances in the utility vegetation
9 management industry.

10 **III. SMALL CONSTANT UNMETERED SERVICE**

11 **Q. Please explain AES Ohio Objection No. 32 to the Staff Report regarding AES Ohio's**
12 **Proposed Small Constant Unmetered Service.**

13 A. As described in the initial testimony of AES Ohio witness Bentley (which I am adopting),
14 in response to customer inquiries, AES Ohio has proposed to implement Small Constant
15 Unmetered Service. The Staff Report (p. 24) recommends against implementing this new
16 service.

17 I disagree with the Staff's objection to AES Ohio's proposed new service for small
18 constant loads limited to 25 watts as an unnecessary service for the following reasons:

19 1. These small constant loads are so small that the cost of installing meter infrastructure
20 (meter base, meter socket etc.) is unnecessary and excessive. It would not be

1 practical or economic to incur the costs of installing meters to measure such a small
2 draw of power. Further, the meters would serve no true benefit either to AES Ohio or
3 the customer as the load is very easily estimated and billing easily processed.

4 2. AES Ohio strives, to the best of its ability, to keep its poles and structures free from
5 unnecessary equipment as these components can present access and safety issues for
6 technicians and can delay the transfer of facilities from one pole to another in the
7 event that the pole needs to be replaced either due to storm conditions, vehicle
8 accidents, etc. Adding meters and associated equipment to poles to measure those
9 small constant loads would create additional operational and safety risks.

10 3. Many cities and counties in the coming years will be building out "Smart"
11 technologies and networks, including "Shot Spotter" technology, which law
12 enforcement organizations are installing to provide rapid information to their police
13 departments regarding the location of shooting incidents in their jurisdictions. Many
14 of these technology applications will qualify as small constant loads limited to 25
15 watts. If AES Ohio is able to offer and employ this unmetered service, AES Ohio
16 would be able to reduce the cost to the customer of installing unnecessary metering
17 equipment and thus be in a position to offer its poles more openly for attachment of
18 these devices. It would not be economical to install many of these technologies
19 without small constant unmetered service.

20 **Q. Does this conclude your testimony?**

21 **A. Yes.**

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing supplemental testimony has been served via electronic mail upon the following counsel of record, this 25th day of August, 2021:

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Summary: Testimony Supplemental Direct Testimony of Mark L. Vest electronically filed by Mr. Jeffrey S. Sharkey on behalf of The Dayton Power and Light Company