

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Ohio)
Edison Company to update its pole attachment)
rate) Case No. 20-1643-EL-ATA

**SUPPLEMENTAL REVIEW AND RECOMMENDATION
SUBMITTED ON BEHALF OF THE STAFF OF
THE PUBLIC UTILITIES COMMISSION OF OHIO**

On October 30, 2020, Ohio Edison Company (OE) filed an application to revise its pole attachment rate using 2019 FERC Form 1 data initially seeking to increase the rate from \$12.06 per year to \$12.29 per year.

This application was filed pursuant to Ohio Adm.Code 4901:1-3-4 as adopted in Case No. 13-579-AU-ORD, Commission Entry dated November 30, 2016 in Case No. 13-579-AU-ORD and Commission Finding and Order dated October 24, 2018 in Case No. 18-47-AU-COI. Pursuant to Commission Entry dated November 30, 2016, in Case No. 13-579-AU-ORD, the application is subject to a 60-day automatic approval process.

During the course of the investigation, Staff determined that poles associated with non-unitized investment in Account 364 were not included in the pole count used in the rate calculation. On December 23, 2020, OE amended its application to include an estimate of the number of poles associated with non-unitized Account 364 investment. OE explained in a footnote that the revised number of poles “[i]ncludes an estimate for the number of poles associated with non-unitized plant balances in FERC account 364, based on historical average costs per pole.”

Staff docketed its Review and Recommendation on December 28, 2020. In this document, staff stated that the estimate of the number of poles contained in non-unitized account 364 investment was calculated by dividing the non-unitized pole investment in Account 364 by the average cost of a pole placed and unitized in 2019. Instead, the Review and Recommendation should have stated that the estimate of the number of poles contained in non-unitized account 364 investment was calculated by dividing non-unitized account 364 investment by the average cost of a pole placed in 2019 and unitized as November 30, 2020.

Increasing the number of poles used in the original calculation by OE's estimate of 5,412 poles included in non-unitized Account 364 resulted in the proposed rate decreasing from \$12.29 per year in the original application to \$12.17 per year in the revised application.

By operation of law the application was automatically approved on December 29, 2020.

On January 28, 2021, the OCTA filed Motion for Leave to Intervene and an Application for Rehearing and Motion in Support. OCTA contends that OE used the same methodology and approach to the inputs as was used to calculate an estimate of non-unitized poles for its Ohio affiliates in Case No. 20-1644-EL-ATA and Case No. 20-1645-EL-ATA. In those cases the OCTA points out that OE's calculation to estimate the number of poles in non-unitized Account 364 investment is not based on the actual, average cost of a pole placed and unitized in 2019 as depicted by Staff. OCTA contends that the inputs were not identified in the amended application filing and OE provided no further explanation

In Case No. 20-1644-EL-ATA and Case No. 20-1645-EL-ATA, OCTA points out that the numerator used in the calculation in the historic cost of a pole in the revised calculation does not match the 2019 unitized pole investment included in the company's Continuing Property Records (CPR) at the end of 2019. The OCTA argued in those cases that the calculations should be amended to include the amount of unitized 2019 investment included in the company's CPR at the end of the year.

In reply to a subsequent Staff data request issued on June 15, 2021, OE explained that the pole count and associated account 364 investment used to calculate the historic average cost of a pole in FE's amended applications were based on the poles placed in 2019 and their associated investment, that had been unitized as of November 30, 2020. As stated above, OE's amended application simply stated that estimate for the number of poles included in non-unitized Account 364 investment was based on historical average cost per pole. Staff believes that the method actually used by OE should also yield a reasonable estimate of the number of poles associated with non-unitized Account 364 investment at the end of 2019.

If OCTA is suggesting that the estimate of the number of poles contained in non-unitized Account 364 investment should be derived by dividing that investment by the average cost of a pole placed and unitized in 2019, then the denominator in the calculation of the historic cost of a pole must also be changed as the denominator in OE's calculation is the number of poles placed in 2019 and unitized as of November 30, 2020. When the denominator is changed to represent the number of poles placed and unitized as of the end of 2019, the estimate for the number of poles would be 4,904, not 5,412 as proposed by OE in their amended filing. Reducing the estimate for the number of poles contained in non-unitized Account 364 investment from 5,412 in the amended application to 4,904 would increase the proposed amended rate from \$12.17 to \$12.18.

The fact that the rate only changes by \$.01 supports the staff's position that either method should yield a reasonable estimate of the number of poles associated with non-unitized Account 364 investment at the end of 2019. However, given that most of the formula inputs are end of year FERC Form 1 data, staff recommends that future filings use an estimate of the number of poles contained in non-unitized investment using the number of poles placed and unitized as of the end of the FERC Form 1 calendar year.

Staff has reviewed the pole attachment rate calculations including the supplemental source of the data used in the calculations provided by OE and has found them to be consistent with the formula contained in Ohio Adm.Code 4901:1-3-4(D)(2) as well as prior Commission decisions. Staff believes OE's methodology for estimating the number of poles associated with non-unitized Account 364 investment is reasonable but suggests a minor change in the methodology, as noted above, going forward.

As such, Staff believes that approval of the application will promote public convenience and result in the provision of adequate service for a reasonable rate, rental, toll, or charge. Therefore, Staff recommends that the application be allowed to remain in effect.

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Summary: Staff Review and Recommendation electronically filed by Mrs. Tanika Hawkins on behalf of PUCO Staff