

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Cleveland)
Electric Illuminating Company to update its)
pole attachment rate) Case No. 20-1644-EL-ATA

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

On October 30, 2020, Cleveland Electric Illuminating Company (CEI) 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 \$13.34 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.

On November 20, 2020, the Ohio Cable Telecommunications Association (OCTA) filed a Motion to Intervene and objections to the application.

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, CEI amended its application to include an estimate of the number of poles associated with non-unitized Account 364 investment. CEI 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 CEI's estimate of 3,795 poles included in non-unitized Account 364 resulted in the proposed rate decreasing from \$13.34 per year in the original application to \$13.21 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 an Application for Rehearing and Motion in Support. The OCTA points out that CEI'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 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 argues that the calculation should be amended to include the amount of unitized 2019 investment included in the company's CPR at the end of the year. By revising the calculation to include the amount of unitized 2019 investment included in the company's CPR at the end of the year, OCTA's estimate for poles included in non-unitized Account 364 investment rises from 3,795, as estimated by CEI in their amended application, to 4,839.

In reply to a subsequent Staff data request issued on June 15, 2021, CEI 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, CEI's amended application simply stated that the 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 CEI 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's amended calculation is attempting to calculate an estimate of the number of poles contained in non-unitized Account 364 investment by dividing that investment by the average cost of a pole placed and unitized in 2019, then the denominator in the OCTA's calculation of the historic cost of a pole must also be changed as it represents the number of poles associated with unitized Account 364 investment 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 3,890, not 4,839 as proposed by OCTA. Adding 3,890 poles to the original pole attachment rate calculation as opposed to the 3,795 poles CEI added to their amended calculation does not change the rate of \$13.21 as proposed in CEI's amended application.

The fact that the rate is unchanged 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 CEI 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 CEI'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