

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 TE's estimate of 1,338 poles included in non-unitized Account 364 resulted in the proposed rate decreasing from \$10.51 per year in the original application to \$10.45 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 TE'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 1,338, as estimated by TE in their amended application, to 1,979.

In reply to a subsequent Staff data request issued on June 15, 2021, TE 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, TE'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 TE 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 1,359, not 1,979 as proposed by OCTA. Adding 1,359 poles to the original pole attachment rate calculation as opposed to the 1,338 poles TE added to their amended calculation does not change the rate of \$10.45 as proposed in TE'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 TE 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 TE'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