

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Aqua)
Ohio, Inc. for Authority to Increase its) Case No. 09-1044-WW-AIR
Rates and Charges in its Lake Erie Division.)

ENTRY

The Commission finds:

- (1) Aqua Ohio, Inc. (Aqua or Applicant) is a waterworks company as defined by Section 4905.03(A)(8), Revised Code, and a public utility as defined by Section 4905.02, Revised Code, and, as such, is subject to the jurisdiction of this Commission pursuant to Sections 4905.04, 4905.05, and 4905.06, Revised Code.
- (2) On November 3, 2009, Aqua filed a notice of intent to file an application for an increase in rates for its Lake Erie Division pursuant to Section 4909.43(B) Revised Code, and in compliance with Rule 4901-7-01, Standard Filing Requirements (SFRs), Chapter I, Sections A and B, Ohio Administrative Code. In its notice of intent to file an application for an increase in rates, Aqua has requested waivers from filing various financial and informational data required by this Commission's SFRs. In support of its waiver requests, Aqua states it will provide financial and informational data on a Lake Erie Division only basis, as opposed to providing the information on a total company basis, which is required by the SFRs. Aqua contends it is seeking Commission authority for an increase in base rates and charges in its Lake Erie Division only and, as such, providing data on a total company basis is not relevant in this rate case. Additionally, Aqua states that the information provided in the application will be sufficient so that the Commission Staff (Staff) can effectively and efficiently review the application.
- (3) The application of Aqua for an increase in rates is governed by and must meet the requirements of Sections 4909.17 to 4909.19 and 4904.42, Revised Code.
- (4) With the filing of its notice of intent to file an application seeking Commission authority to increase its base rates, Aqua proposes that its test period begin January 1, 2009, and end December 31, 2009, and that the date certain be March 31, 2009.

(5) Aqua has requested a waiver from filing the following schedules:

- (a) Schedule B-2.3 Gross Additions, Retirements and Transfers - Total Company (Aqua will provide information for each plant account, the balances, gross additions, retirements, and transfers for the Lake Erie Division only from the date certain of the last rate case filed with this Commission to the date certain in this proceeding).
- (b) Schedule B-5.1 Miscellaneous Working Capital Items (Applicant states that the schedule requires an applicant to provide the monthly inventory balances by production, transmission, and distribution, and all other materials and supplies. The Applicant argues that this data is not relevant to a water utility and has not been required by the Staff in previous filings). The Commission notes that if the Applicant requests an allowance for working capital, the miscellaneous working capital items in the format specified in Schedule B-5.1, if applicable, shall be required. Additionally, the Commission determines that if the Applicant should request an allowance for working capital in this rate case, a lead lag study must be filed in support of the request. However, the Applicant is not requesting an allowance for working capital in this proceeding).
- (c) Schedules C-9 & C-9.1 Operation and Maintenance Payroll Costs and C9.1 - Total Company and Payroll Analysis (Aqua proposes to prepare these schedules only for the Lake Erie Division, as it is the only division subject to this rate case).
- (d) Schedules C-12-1& C-12-3 Revenue Statistics - Total Company and Sales Statistics - Total Company (Aqua will provide information for the Lake Erie Division only).

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| (e) | Schedules
D-1.1-, D-2.1,
D-3.1, D-4.1,
D-4.2, & D-5.1 | Rate of Return Summary - Parent Consolidated.
Embedded Cost of Short-Term Debt - Parent Consolidated, Embedded Cost of Long-Term Debt - Parent Consolidated, and Embedded Cost of Preferred Stock - Parent Consolidated, Comparative Financial Data - Parent Consolidated (Applicant will provide information on Aqua Ohio, Inc. only, as opposed to the Aqua American capital structure). |
| (f) | Schedules
F-1 & F-1a | Projected Jurisdictional Income Statement - Current Rates and Projected Jurisdictional Income Statement - Proposed Rates (Aqua proposes to alter the format of the schedule to a format similar to Schedule C-1, including both current and proposed rate data for the Lake Erie Division only). |
| (g) | Schedules
F-4 & F-4a | Projected Statement of Changes in Financial Position - Current Rates and Projected Statement of Changes in Financial Position - Proposed Rates (Aqua proposed to alter the format of the schedule to a format similar to Schedule C-1, including both current and proposed rate data for the Lake Erie Division only). |
- (6) On November 20, 2009, the Office of the Ohio Consumers' Counsel (OCC) filed a memorandum contra Aqua's motion for waiver of various SFRs. In support, the OCC claims that Aqua has failed to show good cause to grant the Applicant's waiver requests. Specific to certain waivers, the OCC argues that the request for waiver of Schedules D-1.1, D-2.1, D-3.1, D-4.1 and D-4.2, and D-5.1 should be denied as there is no market-based cost of capital for Aqua Ohio, Inc. Thus, since the cost of capital analysis will rely on companies comparable to Aqua's parent, Aqua America, the parent-consolidated information should be evaluated rather than information for Aqua or the Lake Erie Division alone. As to Schedules F-1, F-1A, F-4, and F-4A, the OCC submits that information regarding projected net earnings, jurisdictional rate base, capital structure, and changes in financial position on a total company basis, would likely be more reliable than the same information for one territory. Further, the OCC claims that if such information is not made available with the

application, then intervening parties will ultimately request it through data and discovery requests.

- (7) The Commission is of the opinion that the waiver requests discussed in Finding (5) are well-supported with a showing of good cause and, therefore, should be granted as requested.

The Commission's granting of these waivers does not relieve the Applicant of its responsibility to provide additional schedules, work papers, and calculations used in the production of such informational material if, in the determination of the Staff, they become necessary to process the application.

- (8) In relation to the Schedule C waivers discussed in Finding (5) (c) and (d), Staff requests that the information required in Schedules C-11.1 and C-11.2, Comparative Balance Sheets and Comparative Income Statements - Total Company, be provided for the Lake Erie Division only.
- (9) Also, Staff requests that the information required in Schedule C-13, Analysis of Reserve for Uncollectible Accounts - Total Company, be provided for the Lake Erie Division only.

It is, therefore,

ORDERED, That the test period of the Applicant, Aqua Ohio, Inc., shall begin January 1, 2009, and end December 31, 2009, and that the date certain shall be March 31, 2009. It is, further,

ORDERED, That the appropriate method for making any changes to the date certain or test period shall be the filing of a new notice of intent to file an application for an increase in rates and withdrawal of the pending application. It is, further,

ORDERED, That the request for waivers made by the Applicant be granted as set forth in Finding No. (5). It is, further,

ORDERED, That Applicant comply with Findings (8) and (9). It is, further,

ORDERED, That a copy of this Entry be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO



Alan R. Schriber, Chairman



Paul A. Centolella



Ronda Hartman Fergus



Cheryl L. Roberto

Valerie A. Lemmie

HW/JRJ:djb

Entered in the Journal

DEC 02 2009



Renee J. Jenkins
Secretary