

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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

TESTIMONY OF

ROBERT G. LIPTAK

ON BEHALF OF
AQUA OHIO, INC.
LAKE ERIE DIVISION

1 **Q. Mr. Liptak, would you please state your name and business address?**

2 A. My name is Robert G. Liptak, and my business address is 665 South Dock Street,
3 Sharon, Pennsylvania 16146.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am President of Aqua Ohio, Inc.

6 **Q. Please outline your educational and professional background.**

7 A. I graduated from Bucknell University in 1970 with a Bachelor of Science in Civil
8 Engineering. I am a licensed professional engineer in New Jersey.

9 **Q. How long have you been employed by the Company?**

10 A. Since 1977.

11 **Q. Would you please outline relevant positions you have held with the Company
12 or other water service companies in your career?**

1 A. In 1977, after three years as a hydraulic engineer with the New Jersey Department
2 of Environmental Protection and four years as project engineer with a consulting
3 firm, I joined the Consumers family of water utilities working for Garden State
4 Water Company (now Aqua New Jersey). I was Vice President of Engineering
5 for Garden State Water Company until becoming President and CEO of
6 Consumers Pennsylvania Water Company in 1981. After the merger of
7 Consumers Water Company with Philadelphia Suburban Corporation in 1999, I
8 was named President of Consumers Water Company. The various former
9 Consumers Water Company state operations comprise 85% of what has now
10 become Northern Operations for Aqua America.

11 **Q. Mr. Liptak, what is your primary area of responsibility?**

12 A. Beginning in December 2009 my primary responsibility will be to serve as
13 President of Aqua Ohio, Inc. In this role I manage the overall operations of Aqua
14 Ohio.

15 **Q. Mr. Liptak, are you familiar with the Supplemental Information filed in this**
16 **Case on Schedules S-4.1 and S-4.2, and are you prepared to answer questions**
17 **directed to these schedules by any party to these proceedings?**

18 A. Yes, as to both questions, I am.

19 **Q. Mr. Liptak, as President of Aqua Ohio, Inc., would you please discuss the**
20 **operations of Aqua Ohio, Inc?**

21 A. Aqua Ohio, Inc. has four separate divisions that supply potable water to the
22 Company's customers. The locations and pertinent information regarding each
23 are as follows:

1 1. Lake Erie Division – This Division consists of the City of Mentor and
2 surrounding communities, the former Lake Erie East Division of Aqua Ohio, Inc.,
3 the former Norlick Place Water Company, and the former Seneca Utilities, Inc.
4 Water Company, and has 32,117 metered customers. The former Lake Erie East
5 Division, Norlick Place Water Company and Seneca Utilities Inc. Water
6 Company were merged into the Lake Erie Division in Case No. 05-1378-WW-
7 UNC. This Division accounts for 37% of our total customer base, and has 30
8 employees.

9 2. Stark Regional Division – This Division is located in Stark and Summit
10 Counties. It serves 34,529 metered customers and constitutes 40% of our
11 customers in Aqua Ohio Inc. We have 30 employees at this location.

12 4. Struthers Division – This Division is contiguous to the southern boundary
13 of Youngstown, Ohio. It serves 19,071 metered customers, is 22% of our total
14 customer base, and has 22 employees at this location.

15 Masury Division – This Division was originally a stand-alone company.
16 However, on December 13, 2001, in Case No. 001-1766-WW-UNC, the
17 Commission approved a reorganization that made Masury a division of Aqua
18 Ohio Inc., The Division is located in Trumbull County. It serves 1,521 metered
19 customers, and is 2% of our total customer base. There are no employees at this
20 location.

21 **Q. Mr. Liptak, having operations located throughout the State of Ohio, how are**
22 **your employees managed and to whom do they report?**

1 A. Aqua Ohio, Inc. has a central operations office located at 6650 South Avenue in
2 Boardman Township, Mahoning County, where management personnel in
3 operations, engineering, accounting and finance, and ratemaking are located.
4 Each Division (except Masury) has an on site Vice President and department
5 manager who direct the local workforce. All Division Managers report to the
6 President of Aqua Ohio Inc.

7 **Q. Mr. Liptak, do you have tables of organization that indicate the line and staff**
8 **responsibilities within each of your Divisions and the lines of responsibilities**
9 **between the Divisions and the members of the central operations office?**

10 A. Yes, we do, and they are part of Schedule S-4.2 of the Standard Filing
11 Requirements.

12 **Q. Mr. Liptak, does Aqua Ohio, Inc. have policies and procedures for its**
13 **employees?**

14 A. Aqua Ohio, Inc. does have written policies and procedures covering various facets
15 of our operations and they constitute the policies and procedures for our
16 personnel. Our hourly workers are members of the AFL-CIO Utility Workers
17 Union of America. The Union agreement delineates the workers' rights, hourly
18 wages, holidays, sick leave and all other types of benefits and working conditions
19 that apply to our unionized employees.

20 **Q. Please describe the planning activities that are ongoing in Aqua Ohio, Inc?**

21 A. Aqua Ohio, Inc. uses a business planning process, which incorporates a five-year
22 capital construction program which is updated annually, a current annual
23 construction budget, a current annual operating budget, goals and objectives for

1 all exempt employees, monthly reporting requirements and monthly reviews of
2 construction and operating budgets.

3 **Q. What procedures are in place to evaluate the productivity of people in the**
4 **field?**

5 A. We have a formal performance planning process which identifies corporate
6 objectives for each calendar year and serves as a basis for evaluating progress
7 toward the agreed to outcomes. Each Division manager and department
8 supervisor within the Division have established performance plans which are
9 monitored routinely by the Division Manager.

10 **Q. Is the quality of your Company's product being presently evaluated?**

11 A. The quality of the drinking water that we sell, as well as the service that we
12 provide, is constantly being evaluated by our customers. In addition to our
13 customers, we are regulated by: 1) the Ohio Environmental Protection Agency as
14 to water quality and quantity through inspections and monthly reports; 2) by the
15 Public Utilities Commission of Ohio staff members through their periodic
16 inspections and reviews; 3) and also on an ongoing basis by the management
17 personnel of Aqua Ohio, Inc. and Aqua America, Inc.

18 **Q. How does the productivity of the people working in Aqua Ohio, Inc. compare**
19 **to those working in other water companies that you are acquainted with?**

20 A. I have been in the water business for 32 years and during that period of time, I
21 have had an opportunity to evaluate various companies and their operations. The
22 most common measure of productivity in our industry is customers per employee.
23 The industry average ranges between 350 and 500. Currently, Aqua Ohio, Inc.

1 has a ratio of 890. This outstanding productivity measure has been achieved
2 through a concerted effort by our organization to institute ongoing training
3 programs for our employees, embracing the latest technology and purchasing of
4 modern equipment.

5 Our productivity improvement has been achieved without compromising
6 the quality of our products or service. Our customer surveys consistently rank us
7 as a highly valued water service provider. The cost savings which emanate from
8 the productivity improvements also have mitigated the need for more frequent
9 rate requests.

10 We focus our efforts to ensure employees are productive, our customers
11 receive dependable and affordable service, and investors receive an adequate
12 return on their investment in our company.

13 Quality service can only be obtained when efficient employees are justly
14 compensated, operations and equipment are satisfactorily maintained to provide
15 customers with consistent and reliable service and investors are allowed to obtain
16 a competitive rate of return on their investment.

17 **Q. Thank you, Mr. Liptak. Does this conclude your testimony?**

18 **A. Yes, it does.**

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing *Direct Testimony of Robert G. Liptak* was served upon the following parties of record or as a courtesy, via U.S. Mail postage prepaid, express mail, hand delivery, or electronic transmission, on December 21st, 2009.

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