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2



Public Utilities Commission

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March 9, 2011

Renee J. Jenkins
Director of Administration
Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43266-0573

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RECEIVED-DOCKETING DIV

Re: Report of Rate Structure Collaborative
Water and Sewer LLC
Case No. 08-227-WS-AIR
Case No. 10-52-ST-ATA

Dear Ms. Jenkins:

In accordance with the stipulation approved by the Commission's May 27, 2009 opinion and order in Case No. 08-227-WS-AIR ("Stipulation"), the parties to the case convened a Rate Structure Collaborative ("Collaborative") in December 2010 to discuss the design of the rate for sewer service provided by the applicant, Water and Sewer, LLC ("Company"). The participants in the Collaborative were Mayor Michael Lyons and Law Director Charles Riehl on behalf of the Village of Richfield ("Village"), Richard Reese and Laura Galleger on behalf of the Office of the Ohio Consumers' Counsel ("OCC"), Barth Royer on behalf of the Company, and Sue Daly on behalf of the Commission staff ("Staff"). The Collaborative met by conference call on several occasions, and the participants also conferred through numerous email exchanges. I have been authorized by the Collaborative to report its conclusions and, thus, request that this letter be included in the docket as part of the record of the proceeding.

Pursuant to the Stipulation, the issue to be addressed by the Collaborative was whether the Company should continue to charge the fixed, flat rate for sewer service authorized by the Commission in Case No. 08-227-WS-AIR or, in lieu thereof, implement a volumetric rate for sewer service based on the customer's water consumption. Because the Company is no longer the provider of water service to its sewer customers, the Company would be required to obtain water usage data from the new provider, the City of Cleveland, to change to usage-based billing. As provided in the Stipulation, the Company would be entitled to charge customers for the cost of securing the necessary water consumption data if this change were made. Although the methodology prescribed by the Stipulation would be revenue neutral from the Company's standpoint, changing the rate design in this manner would require the Company's customers to absorb this additional cost. Because of the additional administrative burden usage-based billing would impose, the Company indicated that its strong preference is to retain the current rate design.

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The Collaborative recognizes that higher-use customers are better off under a flat-rate, while lower-use customers would find a usage-based rate more advantageous. Although the Collaborative was unable to obtain the water usage information that would be necessary to determine the specific number of customers that would benefit from a rate based on their water consumption versus the current flat rate, the Collaborative recognizes that the additional cost of obtaining water usage data would tend to reduce the number of customers that might otherwise benefit from a usage-based rate.

The Village conducted a straw poll of the Company's customers and OCC and Staff queried their respective call centers in an attempt to gauge the extent of customer dissatisfaction, if any, with the current rate design. The Village reported that the results of the straw poll were inconclusive, and the fact that the customer inquiries or complaints received by the call centers was negligible suggests that any customer dissatisfaction with the current rate design is not sufficient to warrant further investigation or a change in the rate design at this time.

Based on foregoing considerations and information, the Collaborative participants are in agreement that Company should retain its current rate design. Obviously, this conclusion does not foreclose any party from proposing an alternative rate design in a subsequent proceeding.

By its application in Case No. 10-52-ST-ATA, Company requested Commission approval of a revised bill format and certain tariff provisions establishing a prohibition against the discharge of clean waters into its system. The Commission granted the application by its finding and order in that docket of March 17, 2010, but determined that any issues with respect to enforcement of the new prohibition against the discharge of clean waters should be discussed in context of the Collaborative created by the Stipulation in Case No. 08-227-WS-AIR. The Company and Staff have discussed this matter and agree that the existing enforcement mechanisms in the Company's tariff apply to violations of this provision.

Thank you for your attention to this matter.

Respectfully submitted,



Sue Daly
Utilities Department
The Public Utilities Commission of Ohio

cc: Parties of Record, Case No. 08-227-WS-AIR