

FILE

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BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio- )  
American Water Company to Increase Its ) Case No. 11-4161-WS-AIR  
Rates for Water and Sewer Service. )

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PREPARED TESTIMONY  
Of  
Sue Daly

Utilities Department  
Rates and Tariffs, Energy and Water Division  
Staff Exhibit  
March 19, 2012

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1 1. Q. Would you please state your name, business address and position?  
2 A. Sue Daly, 180 East Broad Street, Columbus, Ohio 43215-3793. The  
3 Public Utilities Commission of Ohio employs me as a Utility  
4 Specialist III, Water/Wastewater Section, Rates and Tariffs, Energy  
5 and Water Division of the Utilities Department.  
6  
7 2. Q. Please summarize our responsibilities with the Public Utilities  
8 Commission.  
9 A. The duties include planning the review and evaluation of tariff and  
10 rate issues in various proceedings before the Commission. This  
11 involves preparing the Staff Report of Investigation, analyzing data  
12 filed by the utility companies, preparing and/or reviewing necessary  
13 documentation and workpapers based on the results of the  
14 investigation and preparing and presenting testimony in support of  
15 the Staff's position.  
16  
17 3. Q. Please state your background and qualifications.  
18 A. I graduated from Ohio State University in September 1982 with a  
19 Bachelor's Degree in Finance. In December 1979, I began at the  
20 Public Utilities Commission as a Utility Rate Specialist in the

1 Electric Section of the Rates and Tariffs Division. I began my  
2 current duties with the Commission in October 1984. I have  
3 attended various seminars and rate case training programs sponsored  
4 by this Commission. I have previously testified before the  
5 Commission.

6  
7 4. Q. Briefly state your activities in connection with professional  
8 organizations and associations.

9 A. I am the Chair to the National Association of Regulatory Utility  
10 Commissioners (NARUC) Staff Subcommittee on Education and  
11 Research, past co-chair of the NARUC Staff Subcommittee on  
12 Water and a member of the NARUC Staff Subcommittee on Critical  
13 Infrastructure, a member of the Ohio Water Resources Council, the  
14 State Coordinating Committee on Ground Water, and the Drinking  
15 Water Advisory Committee, an Advisor to USEPA Region V on the  
16 topic of Capacity Development, and the National Associations of  
17 Water Companies (NAWC), Small Companies Committee. I am  
18 also a member of the American Water Works Association. I am an  
19 instructor for the NARUC Water Rate School. I have authored the  
20 following publications: small Water Company Regulation: Choices  
21 for Commissions, 1998; Capacity Development Program PUCO  
22 Water/Wastewater Companies, 1998; And Why Isn't Water Free?

1 1997. I have written several articles for the NAWC magazine  
2 "Water". I authored the "Water Conservation" brochure and "The  
3 Price of Safe Drinking Water" handout for the Public Utilities  
4 Commission of Ohio.

5 5. Q. What is the purpose of your testimony?

6 A. The purpose of my testimony is to address the objections to the  
7 Rates and Tariffs portion of the Staff Report.

8  
9 6. Q. Are there any corrections which should be made to the Staff Report  
10 of Investigation?

11 A. Yes. In the Joint Application of American Water Works Company,  
12 Inc., Ohio American Water Company and Aqua Ohio, Inc. for  
13 Approval of the Purchase of Common Stock of Ohio American  
14 Water Company by Aqua Ohio, Inc., Case No. 11-5102-WS-ATR,  
15 all parties signed a Stipulation and Recommendation on January 27,  
16 2011. The stipulation contained the following statement: "Because  
17 any change in Operation and Maintenance Expense that may occur  
18 under the ownership and management of Aqua during the rate  
19 effective period cannot necessarily be known with certainty at this  
20 time, the Signatory Parties recommend to the Commission and agree  
21 that test year Pro Forma Operation and Maintenance expense in the  
22 Pending Rate Case remain at the level approved as just and

1 reasonable in Case No. 09-391-WS-AIR.” In its Finding and Order  
2 journalized February 14, 2012, the Commission ordered that Ohio  
3 American and Aqua comply with the terms of the Stipulation. As  
4 the Stipulation and later approval of such were done after the Staff  
5 Report of Investigation was issued, Staff proposed miscellaneous  
6 charges (reconnection, account activation and dishonored payment)  
7 as well as Staff recommended softening and reverse osmosis  
8 surcharges should be recalculated using the costs from Case No.  
9 Case No. 09-391-WS-AIR.

10 In addition, to the degree that Staff erred in the calculation of  
11 Federal Income Tax Expense Adjustment, the softening and reverse  
12 osmosis surcharges should be corrected accordingly.

13  
14 7. Q. What is Staff’s recommendation concerning the customer charge?

15 A. As stated in the Staff Report of Investigation, page 345, “Staff  
16 recommends that regardless of the amount of revenue authorized by  
17 the Commission, Staff’s recommended customer charges not be  
18 altered.”

19 The exclusion of hydrants and a portion of a management fee were  
20 approved in prior Case No. 09-391-WS-AIR, and therefore, also  
21 excluded in this case.

1 8. Q. What is Staff's recommendation concerning the Low-income  
2 Assistance Program?

3 A. H2O is a low-income assistance program where contributions made  
4 by customers and employees for bill payment assistance to  
5 residential customers are matched up to \$500 per month by the  
6 Company. Staff finds this to be a reasonable arrangement.

7 9. Q. Does this conclude your prepared testimony?

8 A. Yes it does.

## PROOF OF SERVICE

I hereby certify that a true copy of the foregoing Testimony, submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served by regular U.S. mail, postage prepaid, or hand-delivered, upon the following parties of record, this 19<sup>th</sup> day of March, 2012.



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