

FILE

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 PUCO

***In the Matter of the Application of Water and Sewer LLC for an Increase in its Rates and Charges for Sewage Disposal Service:***

***Case: 11-4509-ST-AIR***

***"APPLICATION FOR REHEARING OF WATER AND SEWER LLC***

I, the consumer, respectfully request PUCO to consider my input and comments as follows.

**Regarding Particulars (1) The PUCO's calculations for insurance expense are incorrect, (2) The PUCO decision with respect to certain insurance expenses are wrong, (3) The Process for future rate reductions is flawed, (3) The PUCO's order to provide tariff changes is burdensome and is wrong:**

After a lengthy and comprehensive analysis by PUCO, Water and Sewer is attempting to re-argue, at additional customer expense, to ensure that the rate increase will be as originally requested. The aforementioned particulars (1), (2) and (3) have been asked, answered, opined and ordered. Since the sewer system will be transitioned within the next year, the August 15, 2012 Opinion and Order should stand. Why is the company attempting to further increase rates while all parties are working to transition the service? Date certain of this transition holds all parties to meet expectations in the interest of the public.

**Regarding Particular (4) The Legal expense allowed by PUCO is wrong:**

In the filing it states on page 21, *"Clearly the number of customers has little bearing on the costs an applicant utility actually incurs in prosecuting a rate case, except for the costs of mailing the post-order notice."*

The number of customers is impacted by the incessant litigation that is passed onto the small customers. I agree with the PUCO Opinion and Order. Historically this company must have costs associated with rate applications. Wouldn't it seem that better planning could have occurred by the company? The costs of mailing to customers is minimal (cost of stamp multiplied by the number of customers is approximately \$40.00) Where is the responsibility of the company to assume the "costs of running a business?" Does the company feel that all costs regardless of limit are due to him in through rates? What if the company mismanages funds, do customers bear the burden of bailing him out? I believe PUCO took this into account in the August 15, 2012 Opinion and Order as it protected the consumer and the company.

Also, *"Fourth, as evidenced by the Commission's decision with respect to the contested issues there can be no question that this case should have been settled and it is certainly not the*

*company's fault that this did not happen. Indeed, up to the very last minute the company assumed that the case would be resolved by stipulation and it was not until the Staff testimony was filed that the company realized that it would have to litigate these issues. Thus it is particularly galling that the Commission would disallow almost half the rate case expense actually incurred by the company to protect its interests when these costs were driven in large measure by the Staff's unwillingness to concede on positions that were contrary to longstanding Commission precedent and common sense."*

To break this all down: *this case should have been settled and it is certainly not the company's fault that this did not happen"*

Why would the company assume from the initial filing that the case should have been settled? I find this particularly insulting as one of the company's customers. Does the company feel that PUCO should simply accept all evidence without further due diligence? What is that adage: when you assume..... aren't we taught "Never to assume?"

And then, *"Indeed, up to the very last minute the company assumed that the case would be resolved by stipulation and it was not until the Staff testimony was filed that the company realized that it would have to litigate these issues. Thus it is particularly galling that the Commission would disallow almost half the rate case expense actually incurred by the company to protect its interests when these costs were driven in large measure by the Staff's unwillingness to concede on positions that were contrary to longstanding Commission precedent and common sense."*

As a member of the Briarwood Residents Committee, I have been uniquely involved in the aspects of the filing. I appreciate the extensive and thoughtful work and analysis performed during this rate case application. The thoroughness of the financial forensics, the inclusion of Public Hearing Testimony and evidentiary testimony detailed in the August 15, 2012 Opinion and Order was not careless. These PUCO examiners exacted the truth and included the public interest and the consumer in its ruling. What is galling is the assumption by the company that the rate application should have been a slam dunk? Why would the company assume that course corrections are not allowed? Why would the company assume that challenges and repeated rate applications wouldn't be questioned and analyzed? I would answer that the PUCO did its job for the company and the consumer.

Why wouldn't this company budget for the additional evidentiary hearing cost? This company certainly knows the process. The Village of Richfield certainly allowed for the expenses. This argument strikes me as disrespectful and highly insulting to the PUCO process. The tone of these arguments seem to be revealing an attitude about the company and calls into question the actual sincerity to transition the sewer system.

**Regarding Particular (5) The requirement that they file a "substitution of service" application (i.e. for the Village to provide sewer service to the neighborhood after constructing a new force main and pump stations) by December 2013 is unreasonable and unlawful.**

On Page 23, ***“The Company agrees with the Commission’s finding that this effort is in the public interest and in fact, has attempted to initiate discussions regarding the sewer service to its customers ever since it exited the water business in 2009. Although the company is committed to working cooperatively with Richfield to effectuate this result, the ball is in Richfield’s court with respect to issues such as securing the required funding, obtaining necessary land rights and managing the pace of construction. Because these matters beyond the company’s control, a firm requirement that Water and Sewer file a substitution of service application by a specific date is unreasonable and unlawful.”***

To break this down, ***“The Company agrees with the Commission’s finding that this effort is in the public interest and in fact, has attempted to initiate discussions regarding the sewer service to its customers ever since it exited the water business in 2009...”***

As a member of the Briarwood Residents Committee this is a complete falsehood. Could the company cite dates and the person the company spoke with in order to transition service for the good of public interest? It is a **FACT** that this company **DID NOT** initiate discussion regarding the sewer service since 2009.

It is true that since 2009 engineering was performed by the Village and was suspended due to lack of interest by the company. The engineering and other activities commenced again in earnest the fall of 2011. Final engineering specifications will be completed once a decision is made on the first location of the lift station. There are two locations being considered and negotiations and analysis are underway between those parties. The company is not impacted by this activity.

Then, ***“Although the company is committed to working cooperatively with Richfield to effectuate this result, the ball is in Richfield’s court with respect to issues such as securing the required funding, obtaining necessary land rights and managing the pace of construction. Because these matters beyond the company’s control, a firm requirement that Water and Sewer file a substitution of service application by a specific date is unreasonable and unlawful.”***

These activities are currently underway and are parallel to the discussions between the Village and the company. The activities listed in the rehearing filing by the company are not the company’s responsibility.

If PUCO obtains the Village timeline of the sewer system, PUCO will note that the Village is committed to this final resolution for the good of the public. The timeline is an aggressive schedule. Why is the company reluctant to follow the Opinion and Order when the company has stated on the record to seek relief by exiting the sewer business as quickly as possible? Why are these comments diametrically in opposition with statements that the company has been trying since 2009 to work with the Village? Isn’t this a false argument and incongruent with the company’s position on the record of transitioning?

The PUCO Opinion and Order clearly stated that the ***“company is required to work cooperatively with Richfield to effectuate this result and provide monthly progress reports.”***

This means regular meetings and forward progress since all parties want the same thing; i.e. to alleviate the company's burden of operating a sewer system and provide another sewer system. One big hurdle was stated in the Joint Stipulation that has the company transferring the existing sewer lines to the Village at no cost to the Village. With the burden of providing the alternate sewer system on the Village, why is a December 2013 date so difficult to meet? The Village certainly has demonstrated their commitment to achieving an alternate system, so this argument rings suspicious for the company who has desired this since 2009. Does PUCO know that a September 12, 2012 meeting between Richfield and the company was cancelled by the company's request the day after the company's filing for a rehearing?" Isn't this a violation of the Opinion and Order? Does the company feel confident that PUCO will soften the original Opinion and Order? What are the ramifications to the company if the requirement to meeting monthly are not met? Fines? And then does the company apply in three years for another increase and includes that expense?

A relaxation from the original Opinion and Order would cause a series of unintended consequences that I don't think PUCO desires. Here are just a few:

1. Provides the company the ability to "run out the clock" as long as possible
2. Causes the customers (consumers) to pay the increase for an extended period of time
3. Causes the cost of the project to increase
4. Causes an increase to the assessments
5. Adds more real estate and property value issues in an already depressed housing market

Please uphold your August 15, 2012 Opinion and Order and aggressively monitor the transition of sewer service. Please don't allow a company to disrespect and mock the PUCO process and regulations.

Sincerely,



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