

OCC EXHIBIT NO. _____

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Aqua)
Ohio, Inc. for Authority to Increase Its) Case No. 16-907-WW-AIR
Rates and Charges for Its Waterworks)
Service.)

**DIRECT TESTIMONY
OF
ROBERT B. FORTNEY**

**On Behalf of
The Office of the Ohio Consumers' Counsel**
*10 West Broad Street, Suite 1800
Columbus, Ohio 43215-3485*

December 19, 2016

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1 **I. INTRODUCTION**

2

3 ***Q1. PLEASE STATE YOUR NAME, ADDRESS AND POSITION.***

4 ***A1.*** My name is Robert B. Fortney. My business address is 10 West Broad Street,
5 Suite 1800, Columbus, Ohio 43215-3485. I am employed by the Office of the
6 Ohio Consumers' Counsel (OCC) as a Rate Design and Cost of Service Analyst.

7

8 ***Q2. WHAT ARE YOUR RESPONSIBILITIES AS A RATE DESIGN AND COST***
9 ***OF SERVICE ANALYST?***

10 ***A2.*** I am responsible for investigating utility applications regarding rate and tariff
11 activities related to tariff language, cost of service studies, revenue distribution
12 and rate design that impact the residential consumers of Ohio. My primary focus
13 is to make recommendations to protect residential consumers from unnecessary
14 utility rate increases and unfair regulatory practices.

15

16 ***Q3. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND.***

17 ***A3.*** I earned a Bachelor of Science degree in Business Administration from Ball State
18 University in Muncie, Indiana in 1971. I earned a Master of Business
19 Administration degree from the University of Dayton in 1979.

1 ***Q4. PLEASE SUMMARIZE YOUR PROFESSIONAL BACKGROUND AS IT***
2 ***RELATES TO UTILITY REGULATION.***

3 ***A4.*** From July 1985 to August 2012 I was employed by the Public Utilities
4 Commission of Ohio (“PUCO”). During that time I held a number of positions
5 (Rate Analyst, Rate Analyst Supervisor, and Public Utilities Administrator) in
6 various divisions and departments that focused on utility applications regarding
7 rates, rate design, and tariff issues. In August 2012 I retired from the PUCO as a
8 Public Utilities Administrator 2, Chief of the Rates and Tariffs Division, which
9 focused on utility rates and tariff matters. The role of that division was to
10 investigate and analyze the rate- and tariff-related filings and applications of the
11 electric, gas, and water utilities regulated by the PUCO and to make PUCO Staff
12 recommendations to the PUCO regarding those filings.

13
14 ***Q5. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THE***
15 ***PUCO?***

16 ***A5.*** Yes. I have testified on numerous occasions to advocate to the Commission the
17 positions of the PUCO Staff. Over the course of my career at the PUCO I often
18 recommended cost allocation methodologies needed to develop a reasonable
19 distribution of revenues to the PUCO. I also was responsible for recommending
20 reasonable rate designs needed to recover the revenue requirement, by class and
21 in total. I also testified for OCC in the Ohio Power Company Case No.14-1693-
22 EL-RDR. A list of proceedings that I have submitted testimony to the PUCO is
23 provided in Attachment RBF-1 to this testimony.

1 ***Q6. WHAT DOCUMENTS HAVE YOU REVIEWED IN THE PREPARATION OF***
2 ***YOUR TESTIMONY?***

3 ***A6.*** I have reviewed various filings by Aqua Ohio, Inc. in Case No. 16-097-WW-AIR.
4 These include the Pre-Filing Notice, the Application, the Standard Filing
5 Requirements (specifically, the E-Schedules), the workpapers associated with the
6 E-Schedules, the testimony filed by Aqua Ohio, Inc.'s ("Aqua" or "Utility"), the
7 Staff Report of Investigation, the Utility's responses to various PUCO Staff data
8 requests, and various responses to OCC Interrogatories.

9
10 ***Q7. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS***
11 ***PROCEEDING?***

12 ***A7.*** My testimony will support OCC's Objection 15 through 19 to the Rates and
13 Tariffs section of the Staff Report of Investigation regarding Aqua Ohio, Inc.'s
14 application for an increase in rates.

15
16 ***Q8. CAN YOU BRIEFLY SUMMARIZE THE TOPICS YOU ARE TESTIFYING***
17 ***ABOUT IN YOUR TESTIMONY?***

18 ***A8.*** Yes, I am testifying about the following topics:

- 19 1. Objection 15: The elimination of the trip charge,
20 2. Objection 16: Staff's proposed reallocation of costs in the Cost of
21 Service Study,

- 1 3. Objection 17: The increase in the customer charge to \$10,
2 4. Objection 18: The typical bill calculation does not include the
3 System Improvement Charge, and
4 5. Objection 19: The approval of rates for unmetered customers.
5

6 **II. TRIP CHARGE**
7

8 ***Q9. WHAT IS THE COMPANY'S PROPOSAL REGARDING THE CURRENT***
9 ***TRIP CHARGE?***

10 ***A9.*** In response to Staff's Data Request No. 29, the Utility stated that it is not
11 planning on retaining the Trip Charge. The response is provided in Attachment
12 RBF-2 to this testimony.
13

14 ***Q10. WHAT IS STAFF'S RECOMMENDATION REGARDING THE TRIP***
15 ***CHARGE?***

16 ***A10.*** The Staff concurs with this plan and recommends approval of deletion of the Trip
17 Charge.
18

19 ***Q11. DO YOU AGREE WITH ELIMINATION OF THE TRIP CHARGE?***

20 ***A11.*** No. In other discussions regarding miscellaneous charges, Staff indicates that,
21 "[t]he cost of dishonored checks should be recovered from the customers who
22 cause these charges to be incurred and not all customers in general"¹ and "[t]he

¹ PUCO Staff Report of Investigation at 15 (Nov. 17, 2016).

1 [account activation] charge is to recover the costs associated with activating an
2 account from those customers who cause the costs to be incurred, rather than the
3 entire customer base.”²

4
5 The purpose of a Trip Charge is to cover the Utility’s cost of making a trip to a
6 customer’s premise to collect payment in lieu of disconnection of service;
7 emergency service calls, when the emergency is not a result of the Applicant’s
8 property or actions; and other issues caused by the customer. It follows that the
9 costs of these “trips” should be borne by the customers who cause the costs to be
10 incurred. Therefore, the Trip Charge should not be eliminated, but should be
11 made applicable to all service areas. The current Mohawk and Tomahawk tariffs
12 contain a Trip Charge and should be retained. The Trip Charge should be
13 applicable only when an Aqua employee makes a trip to the customer’s premise
14 and collects payment in lieu of disconnection. My recommendation is consistent
15 with the regulatory principle of cost causation and should be adopted by the
16 PUCO.

² Id.

III. COST OF SERVICE STUDY

***Q12. WHAT IS STAFF'S POSITION REGARDING THE DISTRIBUTION OF
THE PROPOSED REVENUE INCREASE?***

A12. The PUCO Staff recommends more of a movement towards the Cost of Service Study ("COSS") results regarding the class revenue distribution. Upon comparing the COSS with the Utility's proposed revenue distribution, Staff states that it appears as though the Commercial and Private Fire class revenues should be lessened and the Residential and Sales for Resale classes should be incurring more of the costs and that the other classes appear to be within acceptable ranges. The PUCO Staff recommends that the Commercial, Private Fire, Residential and Sales for Resale classes be brought more in line with the COSS.³

Q13. DO YOU AGREE WITH THAT RECOMMENDATION?

A13. No. The PUCO Staff has not only failed to identify the basis for its conclusions, but it has also failed to provide a remedy to achieve its recommendations. The COSS does not indicate any glaring subsidies among service classes. If there is a rate increase, I recommend an across-the-board revenue adjustment to achieve the goal of moving the classes closer to the costs of service. My recommendation for the distribution of the proposed revenue increase is shown on my Attachment RBF-3. If the PUCO approves an increase other than Aqua has proposed, I recommend that it be evenly distributed (on a percentage basis) to all customer

³ PUCO Staff Report of Investigation at 18 (Nov. 17, 2016).

1 classes. OCC Witness Willis has recommended an overall revenue decrease of
2 \$2,025,799 or 3.23%. I have calculated the average bill impact for a residential
3 customer using 3,000 gallons a month under Aqua's, PUCO Staff's and OCC's
4 revenue recommendations in RBF Attachment-6. For example, under Aqua's
5 proposed increase, a residential customer in Lake Erie East using 3,000 gallons a
6 month would see an increase of \$4.49 per month. Under OCC's proposed revenue
7 decrease, the same customer would see a reduction of \$1.55 a month from their
8 current bill. This results in a difference of \$6.48 per month or \$72.48 a year when
9 comparing OCC and Aqua's recommendations.

10
11 **IV. CUSTOMER CHARGE**

12
13 ***Q14. WHAT IS THE PUCO STAFF'S RECOMMENDATION REGARDING THE***
14 ***RESIDENTIAL CLASS CUSTOMER CHARGE?***

15 ***A14.*** The PUCO Staff recommends that the PUCO approve the Utility's proposed fixed
16 Customer Charge (\$10.00).⁴ Staff reasons that, in addition to being a better
17 reflection of cost causation, the \$10 fixed charge accomplishes other rate
18 objectives. Staff maintains it provides consistency to customers' bills. And, it
19 "reduces the revenue deterioration of a utility in a time of reduced consumption,
20 thus reducing the need for frequent rate cases."⁵

21

⁴ Staff Report of Investigation at 20 (Nov. 17, 2016).

⁵ Id.

**Q15. DO YOU AGREE WITH THE RATIONALE SUPPORTING THE \$10
CUSTOMER CHARGE?**

A15. No. The PUCO Staff failed to explain how the increased customer charge is a better reflection of cost causation. Using the same methodology as the Applicant used on pages 31 and 32 of its COSS (Schedule E-3.2e), but utilizing data only for the Residential class, my Attachment RBF-4 indicates a Residential Customer Charge of \$9.30 is a better reflection of cost causation.

The PUCO Staff failed to show that there was revenue deterioration since the last rate case due to reduced consumption. In the three-year period from 2013 to 2015, consumption decreased by less than .2% (see Attachment RBF-5). This is not a material deterioration in the volume of water sold and does not warrant a significant increase to the customer charge.

Staff used the same rationale that an increased fixed charge reduced the need for more frequent rate cases in the last Aqua Case No. 13-2124-WW-AIR. Staff stated that the higher customer charge “reduces the revenue deterioration of a utility in a time of reduced consumption, thus, reducing the need for frequent rate cases.”⁶ The Utility filed new tariffs in Compliance with the PUCO’s Order of September 10, 2014, and then on April 28, 2016. A year-and-a-half later, the Aqua filed a notice of intent to file a new application for an increase in rates. Increasing the customer charge in Aqua’s previous rate case has not resulted in reducing the frequency of rate cases for the Utility.

⁶ Staff Report of Investigation at 20 (Nov. 17, 2016).

1 **V. SYSTEM IMPROVEMENT CHARGE**

2

3 ***Q16. DO YOU HAVE ANY CONCERNS REGARDING PUCO STAFF'S***
4 ***CALCULATION OF THE CUSTOMERS' TYPICAL BILLS AFTER THE***
5 ***RATE INCREASE?***

6 ***A16.*** Yes. By not including the System Improvement Charges, PUCO Staff understates
7 the amounts customers are actually paying in their bills. For example, instead of
8 the \$26.56 (Lake Erie), \$32.63 (Lake Erie East, Masury and Norlick), \$33.44
9 (Mohawk) and \$49.65 PUCO Staff has shown for the current typical bills for a
10 residential customer using 3,000 gallons⁷, those customers actually pay \$27.69,
11 \$34.01, \$33.96 and \$51.78 respectively. PUCO Staff also shows the current
12 Unmetered Flat Rates without the SIC charge. Current flat rates for Aqua (OA),
13 Auburn and Seneca are shown as \$52.36, \$41.93 and \$41.93 respectively.⁸ The
14 corresponding charges including the SIC are \$54.59, \$43.71 and \$43.71.

⁷ Staff Report of Investigation at 22-23 (Nov. 17, 2016).

⁸ Staff Report of Investigation at 24 (Nov. 17, 2016).

1 **VI. UNMETERED RATES**

2

3 ***Q17. WHAT IS THE UTILITY'S PROPOSAL FOR CUSTOMERS ON***
4 ***UNMETERED RATES?***

5 ***A17.*** Aqua proposes to be able to install meters for customers on unmetered rates.
6 Once the meters are installed, Aqua would charge customers the appropriate
7 metered rates.

8

9 ***Q18. WHAT IS THE PUCO STAFF'S RECOMMENDATION REGARDING THIS***
10 ***PROPOSAL?***

11 ***A18.*** The PUCO Staff correctly finds the proposal to install meters at the Company's
12 discretion and begin charging metered rates to be unreasonable.⁹ However, Staff
13 additionally states that it does not recommend of the provision without further
14 discussion and the Utility's presentation of additional data.¹⁰

15

16 ***Q19. DO YOU AGREE WITH STAFF'S RECOMMENDATION?***

17 ***A19.*** I agree that the proposal is unreasonable at this time. The PUCO Staff should
18 have recommended that the PUCO deny this proposal in this case and direct the
19 Applicant to pursue the proposal to charge these customers the appropriate
20 metered rates in a future proceeding only after the meters have been installed and
21 additional data regarding the impact on these customers is available and provided.

⁹ Id.

¹⁰ Id.

1 **VII. CONCLUSION**

2

3 ***Q20. DOES THIS CONCLUDE YOUR TESTIMONY?***

4 ***A20.*** Yes. However, I reserve the right to incorporate new information that may
5 subsequently become available. I also reserve the right to supplement my
6 testimony in the event Aqua, the PUCO Staff or other parties submit new or
7 corrected information in connection with this proceeding.

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing *Direct Testimony of Robert B. Fortney on Behalf of the Office of the Ohio Consumers' Counsel* was served via electronic transmission to the persons listed below on this 19th day of December 2016.

/s/ Kevin Moore

Kevin Moore
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Robert Fortney
 Proceedings with Testimony Submitted to the Public Utilities Commission of Ohio

Company	Docket No.	Date
Cleveland Electric Illuminating Company	85-675-EL-AIR	1986
Cleveland Electric Illuminating Company	86-2025-EL-AIR	1987
Toledo Edison Company	86-2026-EL-AIR	1987
Ohio Edison Company	87-689-EL-AIR	1987
Cleveland Electric Illuminating Company	88-170-EL-AIR	1988
Toledo Edison Company	88-171-EL-AIR	1988
Ohio Edison Company	89-1001-EL-AIR	1990
Cincinnati Gas & Electric Company	91-410-EL-AIR	1991
Columbus Southern Power Company	91-418-EL-AIR	1992
Cincinnati Gas & Electric Company	92-1464-EL-AIR	1993
Ohio Power Company	94-996-EL-AIR	1994
Toledo Edison Company	94-1987-EL-CSS	1995
Cleveland Electric Illuminating Company	94-1964-EL-CSS	1995
Toledo Edison Company	95-299-EL-AIR	1995
Cleveland Electric Illuminating Company	95-300-EL-AIR	1996
All Electric Companies (Rulemaking Proceeding)	96-406-EL-COI	1998
Cleveland Electric Illuminating Company	97-358-EL-ATA	1998
Toledo Edison Company	97-359-EL-ATA	1998
Cleveland Electric Illuminating Company	97-1146-EL-COI	1998
Toledo Edison Company	97-1147-EL-COI	1998
FirstEnergy	96-1211-EL-UNC	1998
Columbus Southern Power Company	01-1356-EL-ATA	2002
Columbus Southern Power Company	01-1357-EL-AAM	2002
Rulemaking Proceeding	01-2708-EL-COI	2002
FirstEnergy	01-3019-EL-UNC	2002
Ohio Power Company	01-1358-EL-ATA	2002
Ohio Power Company	01-1359-EL-AAM	2002
The Dayton Power and Light Company	02-0570-EL-ATA	2003
Dayton Power and Light Company	02-2364-EL-CSS	2003
Dayton Power and Light Company	02-2879-EL-AAM	2003
Dayton Power and Light Company	02-2779-EL-ATA	2003
FirstEnergy Corporation	03-2144-EL-ATA	2004
Cincinnati Gas & Electric Company	03-0093-EL-ATA	2004
Cincinnati Gas & Electric Company	03-2079-EL-AAM	2004
Cincinnati Gas & Electric Company	03-2081-EL-AAM	2004
Monongahela Power Company	04-0880-EL-UNC	2004
Monongahela Power Company	05-0765-EL-UNC	2005
Dayton Power and Light Company	05-0276-EL-AIR	2005
FirstEnergy	07-0551-EL-AIR	2008
FirstEnergy	08-0936-EL-SSO	2008

FirstEnergy	08-0935-EL-SSO	2008
Ormet Primary Aluminum Corporation	09-0119-EL-AEC	2009
Cleveland Electric Illuminating Company	08-1238-EL-AEC	2009
Columbus Southern Power Company	09-0516-EL-AEC	2009
FirstEnergy	10-0388-EL-SSO	2010
FirstEnergy	10-0176-EL-ATA	2011
Columbus Southern Power Company	11-0346-EL-SSO	2011
Ohio Power Company	11-0348-EL-SSO	2011
Columbus Southern Power Company	10-0343-EL-ATA	2011
Ohio Power Company	10-0344-EL-ATA	2011
AEP Ohio	10-2376-EL-UNC	2011
AEP Ohio	10-2929-EL-UNC	2011
AEP Ohio	11-4921-EL-RDR	2011
FirstEnergy	12-1230-EL-SSO	2012
AEP Ohio	14-1693-EL-RDR	2015

Fortney, Robert

From: Saluga, Stephen J. <SJSaluga@aquaamerica.com>
Sent: Friday, July 01, 2016 11:40 AM
To: Daly, Sue
Cc: PUCO Aqua Ohio 16-0907-WW-AIR; Andrew Campbell; 'Becky Glover'
Subject: FW: DR 29 Tomahawk System ---Aqua Ohio Response DR#29
Attachments: DR #29 Aqua Response--Tomahawk strike through tarif sheets.pdf

Aqua Ohio Response to PUCO DR # 29

The Tomahawk system tariff currently has a:

- 1) Trip Charge of \$10. The proposed tariff does not show this language and the scored tariff does not address whether this charge is proposed to be deleted. Please explain the Company intent and rationale for a trip charge.

Aqua response: We are not planning on retaining trip charge. See attached file.

- 2) Availability charge of \$18.99 that the Company proposes to delete. Please explain the rationale for the deletion.

Aqua Response: The long term goal is to have consolidated rates. Currently Tomahawk and Mohawk are the only areas that have availability charges. Aqua is proposing to eliminate the availability charges in case 16-0907-ww-air. Elimination of these charges would be consistent with how Aqua handled the Seneca acquisition (which had availability charges) and help Aqua move to consolidated rates.

- 3) The Company is proposing to retain the flat rate structure while also proposing metered charges. If flat rates are being retained, why is the ³Method of Billing² definitions not being retained?

Aqua Response: See attached file.

AQUA Testimony Table

Class of Service	Jurisdictional Rate Base	Current NOI	Current RoR	Current <i>RoR Index</i> <i>On Sales</i>	Current Revenue	% Current Rev To Sales Rev	Current <i>RoR Index</i> <i>On Tot Rev</i>	AQUA Proposed NOI	AQUA Proposed RoR	<i>Aqua Proposed RoR Index</i> <i>On Sales</i>	AQUA Proposed Rev	% Proposed Rev To Sales Rev	AQUA Proposed Rev Increase	AQUA % Rev Increase	AQUA Proposed Distribution of Rev Incr	<i>AQUA Proposed RoR Index</i> <i>On Tot Rev</i>	
Residential	\$ 115,485,676	\$ 5,406,948	4.68%	0.95	\$ 40,502,227	67.93%	0.83	\$ 7,850,989	6.80%	0.97	\$ 44,490,479	68.15%	\$ 3,988,252	9.85%	70.54%	0.89	
Commercial	\$ 24,913,804	\$ 1,182,558	4.75%	0.96	\$ 9,662,500	16.21%	0.84	\$ 1,801,451	7.23%	1.04	\$ 10,672,427	16.35%	\$ 1,009,927	10.45%	17.86%	0.94	
Industrial	\$ 11,565,790	\$ 700,880	6.06%	1.23	\$ 3,772,137	6.33%	1.08	\$ 869,307	7.52%	1.08	\$ 4,046,981	6.20%	\$ 274,844	7.29%	4.86%	0.98	
Public Authority	\$ 7,901,311	\$ 443,769	5.62%	1.14	\$ 2,529,424	4.24%	1.00	\$ 587,944	7.44%	1.07	\$ 2,764,692	4.24%	\$ 235,268	9.30%	4.16%	0.97	
Sales for Resale	\$ 5,044,753	\$ 381,756	7.57%	1.54	\$ 1,528,822	2.56%	1.34	\$ 381,769	7.57%	1.08	\$ 1,528,844	2.34%	\$ 22	0.00%	0.00%	0.99	
Private Fire Protection	\$ 3,987,917	\$ 207,802	5.21%	1.06	\$ 1,630,332	2.73%	0.92	\$ 296,813	7.44%	1.07	\$ 1,775,583	2.72%	\$ 145,251	8.91%	2.57%	0.97	
Total	\$ 168,899,251	\$ 8,323,713	4.93%	1.00	\$ 59,625,442	100.00%	0.87	\$ 11,788,273	6.98%	1.00	\$ 65,279,006	100.00%	\$ 5,653,564	9.48%	100.00%	0.91	
Other		\$ 1,196,621			\$ 1,215,775		0.00	\$ 1,166,305			\$ 1,166,305		\$ (49,470)	-4.07%		0.00	
Total		\$ 9,520,334	5.64%		\$ 60,841,217		1.00	\$ 12,954,578	7.67%		\$ 66,445,311		\$ 5,604,094	9.21%		1.00	
								OCC Proposed NOI	OCC Proposed RoR	<i>OCC Proposed RoR Index</i> <i>On Sales</i>	OCC Proposed Rev	OCC % Proposed Rev To Sales Rev	OCC Proposed Rev Increase	OCC % Rev Increase	OCC Proposed Distribution of Rev Incr	<i>OCC Proposed RoR Index</i> <i>On Tot Rev</i>	
GRCF	1.631827				Residential			\$ 7,760,347	6.72%	0.96	\$ 44,342,566	67.93%	\$ 3,840,339	9.48%	67.93%	0.88	
					Commercial			\$ 1,744,002	7.00%	1.00	\$ 10,578,679	16.21%	\$ 916,179	9.48%	16.21%	0.91	
					Industrial			\$ 920,062	7.96%	1.14	\$ 4,129,803	6.33%	\$ 357,666	9.48%	6.33%	1.04	
					Public Authority			\$ 590,742	7.48%	1.07	\$ 2,769,259	4.24%	\$ 239,835	9.48%	4.24%	0.97	
					Sales for Resale			\$ 470,589	9.33%	1.34	\$ 1,673,782	2.56%	\$ 144,960	9.48%	2.56%	1.22	
					Private Fire Protection			\$ 302,533	7.59%	1.09	\$ 1,784,917	2.73%	\$ 154,585	9.48%	2.73%	0.99	
					Total			\$ 11,788,274	6.98%	1.00	\$ 65,279,006	100.00%	\$ 5,653,564	9.48%	100.00%	0.91	
								Other			\$ 1,166,305		\$ (49,470)	-4.07%			
								Total			\$ 12,954,579	7.67%	\$ 66,445,311		\$ 5,604,094	9.21%	1.00

AQUA Customer Charge							
A/C #	Description	Total Gross Plant	Total Depreciation Reserve	Total Net Plant		Residential Net Plant From E-3.2c, p. 27 - 28)	
345	Services	\$ 27,671,549	\$ 14,670,437	\$ 13,001,112		\$ 9,314,390	
346	Meters	\$ 10,395,686	\$ 5,072,984	\$ 5,322,702		\$ 4,121,629	
347	Meter Installations	\$ 10,544,698	\$ 1,994,231	\$ 8,550,467		\$ 7,023,354	
348	Hydrants	\$ -	\$ -	\$ -		\$ -	
389	Land & land rights	\$ 77,996	\$ -	\$ 77,996		\$ 388,800	
390	Off Struc & Improv	\$ 5,904,521	\$ 1,716,041	\$ 4,188,480		\$ 3,534,948	
391	Off Furn & Equip	\$ 1,244,694	\$ 2,620,694	\$ (1,376,000)		\$ 124,022	
	Total	\$ 55,839,144	\$ 26,074,387	\$ 29,764,757		\$ 24,507,143	
	Proposed Rate of Return On Rate Base			7.67%		7.67%	
	Proposed return			\$ 2,282,957		\$ 1,879,698	
	O&M Expenses						
663	Meter Expense			\$ 9,558		\$ 7,851	
664	Meter Installation Expense						
675	Service Maintenance			\$ 59,219		\$ 48,128	
676	Mete & Meter Install Exp						
677	Hydrant Exp						
	Total O&M			\$ 68,777		\$ 55,979	
	Taxes						
	Property			\$ 11,525,784		\$ 7,880,179	
	Gross Receipts			\$ 3,123,959		\$ 2,172,401	
	PUCO & OCC			\$ 78,552		\$ 54,625	
	Federal Inc			\$ 4,812,593		\$ 3,290,370	
	Tot Taxes			\$ 19,540,888		\$ 13,397,575	
	Customer Coversion Factor (Net Cust-Related Plant/Tot RB)			17.62%		14.51%	
	Total Customer Variable Taxes			\$ 3,443,649		\$ 1,943,977	
	Depreciation Expense						
345	Sevices			\$ 781,636		\$ 635,236	
346	Meters			\$ 457,785		\$ 376,025	
347	Meter Installations			\$ 320,316		\$ 263,107	
348	Hydrants			\$ -		\$ -	
389	A&G Land			\$ -		\$ -	
390	Off Struc & Improv			\$ 130,015		\$ 96,055	
391	Off Furn & Equip			\$ 338,019		\$ 249,729	
	Total Depreciation Expense			\$ 2,027,771		\$ 1,620,152	
	SUMMARY						
	Return on Customer Rate Base			\$ 2,282,957		\$ 1,879,698	
	Total O&M Expense			\$ 68,777		\$ 55,979	
	Total Customer Variable Taxes			\$ 3,443,649		\$ 1,943,977	
	Total Customer Plant Depreciation Expense			\$ 2,027,771		\$ 1,620,152	
	Total Variable Expense			\$ 7,823,154		\$ 5,499,806	
	Total Monthly Meters (97,269 X 12)			1,167,228		958,788	
	Monthly Customer Variable Cost			\$ 6.702		\$ 5.736	
	Fixed Costs						
901	Supervision						
902	Meter Reading Expenses						
903	Customer Records Labor			\$ 1,242,500		\$ 1,140,615	
903 - 905	Other Customer Expense			\$ 1,888,097		\$ 1,733,273	
	Total Customer Accounting Expenses			\$ 3,130,597		\$ 2,873,888	
	Customer Payroll-Related Costs						
	Payroll Related Taxes & Employee Benefits			\$ 3,697,867		\$ 2,609,215	
	Cust Acct Payroll/Total O&M Payroll (1242500/6414089)			19.37%		17.78%	
	Total Customer Payroll Taxes and Employee Benefits			\$ 716,329	\$ -	\$ 463,996	
	Summary of Customer Fixed Expense						
	Total Customer Accounting Expense			\$ 3,130,597		\$ 2,873,888	
	Payroll Customer Payroll Taxes & Employee Benefits			\$ 716,329		\$ 463,996	
	Total Fixed Expense			\$ 3,846,926		\$ 3,337,884	
	Divide by Total Annual Customer Bills			1,018,619		934,464	
	Monthly Customer Fixed Costs			\$ 3.777		\$ 3.572	
	SUMMARY						
	Monthly Customer Variable Costs			\$ 6.702		\$ 5.736	
	Monthly Customer Fixed Costs			\$ 3.777		\$ 3.572	
	Total Monthly Customer Costs			\$ 10.479	\$ -	\$ 9.308	
	Company Proposed Monthly Customer Charge			\$10.00		\$9.30	

Residential Consumption

Service Area	2013	2014	2015	% Change	
East	480,990	475,283	483,405	2,415	0.50%
Masury	562,960	546,882	540,118	(22,842)	-4.06%
Lake	17,001,450	16,194,335	16,292,015	(709,435)	-4.17%
Prior AM	19,419,120	19,303,630	19,092,536	(326,584)	-1.68%
Sub Total	37,464,520	36,520,130	36,408,074	(1,056,446)	-2.82%
Mohawk			314,308		
TOT RES*	37,464,520	36,520,130	36,722,382		

Total Consumption

Service Area	2013	2014	2015	% Change	
East	1,210,060	1,181,511	1,194,021	(16,039)	-1.33%
Masury	740,290	717,380	743,677	3,387	0.46%
Lake	22,880,570	22,460,777	22,496,146	(384,424)	-1.68%
Prior AM	40,651,100	41,989,889	40,951,107	300,007	0.74%
Sub Total	65,482,020	66,349,557	65,384,951	(97,069)	-0.15%
Mohawk			314,308		
TOTAL*	65,482,020	66,349,557	65,699,259		

Does not include Norlick

Comparison Between Applicant, Staff and OCC Proposed Revenue & Revenue Increases

	AQUA	STAFF Midpoint	OCC
Current Total Revenue	\$ 60,841,217	\$ 61,051,317	\$ 62,801,542
Proposed Increase	\$ 5,604,094	\$ 3,734,824	\$ (2,025,799)
Proposed Total Rev	\$ 66,445,311	\$ 64,786,141	\$ 60,775,743
Proposed % Rev Increase	9.21%	6.12%	-3.23%
Current Residential Revenue	\$ 40,502,227	\$ 40,642,091	\$ 40,502,227
Proposed Increase	\$ 3,988,252	\$ 2,700,630	\$ (1,376,125)
Proposed Residential Revenue	\$ 44,490,479	\$ 43,342,721	\$ 39,126,102
Proposed % Res Rev Increase	9.85%	6.64%	-3.40%

SAMPLE RESIDENTIAL BILLS			Proposed Bill	Proposed Increase	Proposed Increase %
District	Usage	Current Bill	AQUA	AQUA	AQUA
Lake Erie Division	3,000 Gal	\$ 27.69	\$ 30.34	\$ 2.65	9.57%
Lake Erie East	3,000 Gal	\$ 34.01	\$ 38.50	\$ 4.49	13.20%
Mohawk	3,000 Gal	\$ 33.96	\$ 38.50	\$ 4.54	13.37%
Prior Ohio American	3,000 Gal	\$ 41.16	\$ 45.04	\$ 3.88	9.43%
			STAFF	STAFF	STAFF
Lake Erie Division	3,000 Gal	\$ 27.69	\$ 29.48	\$ 1.79	6.46%
Lake Erie East	3,000 Gal	\$ 34.01	\$ 37.04	\$ 3.03	8.91%
Mohawk	3,000 Gal	\$ 33.96	\$ 37.02	\$ 3.06	9.02%
Prior Ohio American	3,000 Gal	\$ 41.16	\$ 43.78	\$ 2.62	6.36%
			OCC	OCC	OCC
Lake Erie Division	3,000 Gal	\$ 27.69	\$ 26.78	\$ (0.91)	-3.30%
Lake Erie East	3,000 Gal	\$ 34.01	\$ 32.46	\$ (1.55)	-4.56%
Mohawk	3,000 Gal	\$ 33.96	\$ 32.39	\$ (1.57)	-4.61%
Prior Ohio American	3,000 Gal	\$ 41.16	\$ 39.82	\$ (1.34)	-3.25%

Variation Between OCC and AQUA Proposed Rev Increa: \$ (7,629,893)

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Case No(s). 16-0907-WW-AIR

Summary: Testimony Direct Testimony of Robert B. Fortney on Behalf of the Office of the Ohio Consumers' Counsel electronically filed by Ms. Deb J. Bingham on behalf of Moore, Kevin F. Mr.