

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Aqua       )  
Ohio, Inc. for Authority to Assess a System   )  
Improvement Charge in the Lake / Masury   )  
/ Prior American / Prior Mohawk / Prior       )  
Tomahawk Properties.                               )

Case No. 18-0337-WW-SIC

**DIRECT TESTIMONY  
OF  
WM ROSS WILLIS**

**IN OPPOSITION TO THE SETTLEMENT**

**On Behalf of  
The Office of the Ohio Consumers' Counsel**  
*65 East State Street, 7th Floor  
Columbus, Ohio 43215-4213*

December 10, 2018

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## **ATTACHMENTS**

WRW Attachment A - List of Previous Testimony Filed at the PUCO by Wm. Ross Willis.

WRW Attachment B – PUCO Staff Comments filed in Case No. 18-337-WW-SIC.

WRW Attachment C - Plant Accounts from the 1973 National Association of Regulatory Utility Commissioners Uniform System of Accounts for Class A and B Water Utilities that signatory parties to the Stipulation and Recommendation wish to bind the Commission for recovery in future System Improvement Charge cases.

1    **I.       INTRODUCTION**

2

3    ***Q1.    PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.***

4    ***A1.***    My name is Wm. Ross Willis. My business address is 65 East State Street, 7<sup>th</sup>  
5            Floor, Columbus, Ohio 43215.

6

7    ***Q2.    BY WHOM ARE YOU EMPLOYED?***

8    ***A2.***    I am employed by the Office of the Ohio Consumers' Counsel ("OCC").

9

10   ***Q3.    WHAT IS YOUR CURRENT POSITION WITH OCC AND WHAT ARE***  
11       ***YOUR DUTIES?***

12   ***A3.***    I am a Senior Regulatory Analyst and Electric Industry Team Leader within the  
13            Analytical Department. My duties include performing analysis of impacts on the  
14            utility bills of residential consumers with respect to utility filings before the  
15            Public Utilities Commission of Ohio ("PUCO") and PUCO-initiated  
16            investigations. I examine utility financial and asset records to determine operating  
17            income, rate base, and the revenue requirement, on behalf of residential  
18            consumers.

19

20   ***Q4.    WOULD YOU BRIEFLY STATE YOUR EDUCATIONAL BACKGROUND?***

21   ***A4.***    I earned a Bachelor of Business Administration degree that included a major in  
22            finance and a minor in management from Ohio University in December 1983. In  
23            November 1986, I attended the Academy of Military Science and received a

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1 commission in the Air National Guard. I have also attended various seminars and  
2 rate case training programs sponsored by the PUCO.

3

4 ***Q5. PLEASE OUTLINE YOUR WORK EXPERIENCE.***

5 ***A5.*** I joined the PUCO in February 1984 as a Utility Examiner in the Utilities  
6 Department. I held several technical and managerial positions with the PUCO  
7 over my 30-plus year career. I retired from the PUCO on December 1, 2014. My  
8 last position with the PUCO was Chief, Rates Division within the Rates and  
9 Analysis Department. In that position, my duties included developing, organizing,  
10 and directing the PUCO staff during rate case investigations and other financial  
11 audits of public utility companies subject to the jurisdiction of the PUCO. The  
12 determination of revenue requirements in connection with rate case investigations  
13 was under my purview. I joined OCC in October 2015.

14

15 My military career spans 27 honorable years of service with the Ohio National  
16 Guard. I earned the rank of Lieutenant Colonel and I am a veteran of the war in  
17 Afghanistan. I retired from the Air National Guard in March 2006.

18

19 ***Q6. HAVE YOU PREVIOUSLY TESTIFIED IN CASES BEFORE THE PUCO?***

20 ***A6.*** Yes, WRW Attachment A has a list of the cases in which I have presented  
21 testimony before the PUCO.

1    ***Q7.    WHAT IS THE PURPOSE OF YOUR TESTIMONY?***

2    ***A7.***    The purpose of my testimony is to make recommendations to the PUCO regarding  
3           the Stipulation and Recommendation (“Settlement”) filed by Aqua Ohio, Inc.  
4           (“Aqua” or “Utility”) and the PUCO Staff in this case on November 8, 2018. I  
5           recommend that the PUCO disapprove or modify the Settlement, with the result  
6           of a lower System Improvement Charge (“SIC”) for customers to pay.

7

8    ***Q8.    WHAT ARE THE PUCO’S STANDARDS OF REVIEW FOR EVALUATING***  
9           ***PROPOSED SETTLEMENTS?***

10   ***A8.***    The PUCO uses three criteria for evaluating the reasonableness of a proposed  
11           settlement:

- 12                   1.       Is the settlement a product of serious bargaining among  
13                           capable, knowledgeable parties?
- 14                   2.       Does the settlement, as a package, benefit customers and  
15                           the public interest?
- 16                   3.       Does the settlement package violate any important  
17                           regulatory principle or practice?

18

19           The PUCO also routinely considers whether the parties represent a diversity of  
20           interests.

1    ***Q9. PLEASE SUMMARIZE YOUR OPINIONS REGARDING THE***  
2    ***SETTLEMENT.***

3    ***A9.*** I recommend that the PUCO disapprove the Settlement as filed. The proposed  
4    Settlement, as a package, does not benefit customers and is not in the public  
5    interest. Additionally, the package violates important regulatory principles and  
6    practices.

7

8    **II. EVALUATION OF THE PROPOSED SETTLEMENT**

9

10   ***Q10. WHO ARE THE SIGNATORY PARTIES TO THE SETTLEMENT?***

11   ***A10.*** The Signatory Parties are the PUCO Staff and Aqua (collectively, the “Signatory  
12   Parties”).

13

14   ***Q11. IN YOUR OPINION, DOES THE SETTLEMENT, AS A PACKAGE,***  
15   ***BENEFIT AQUA’S CUSTOMERS AND THE PUBLIC INTEREST?***

16   ***A11.*** No.

17

18   ***Q12. WHY DOES THE SETTLEMENT NOT BENEFIT AQUA’S CUSTOMERS***  
19   ***AND THE PUBLIC INTEREST?***

20   ***A12.*** If adopted, the Settlement will result in Aqua charging customers too much for  
21   the System Improvement Charge, which will harm customers and the public  
22   interest with unreasonable and unjust charges. In Comments in this case and over

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1 the years<sup>1</sup>, the PUCO Staff has recommended limiting charges to customers to  
2 only the specific plant replacement projects listed under R.C. 4909.172(C)(1). In  
3 its Comments, the PUCO Staff recommended a reduction to Aqua's requested  
4 System Improvement Charge by approximately \$2.0 million (net of retirements)  
5 from Aqua's proposal to charge customers for \$16.5 million (net of  
6 retirements).<sup>2</sup> I recommend that the PUCO benefit customers and the public  
7 interest by reducing the charges in the approximate amount of \$2 million (net of  
8 retirements), as the PUCO Staff originally recommended in its Comments. This  
9 full reduction would mean that the charges proposed in the Settlement should be  
10 reduced by an additional \$832,862 (net of retirement), as the Settlement only  
11 reduces the charges by approximately \$1.1 million (net of retirements) instead of  
12 the approximate \$2 million (net of retirements). WRW Attachment B contains  
13 the PUCO Staff's Comments filed in this docket.

14  
15 ***Q13. HOW HAS THE PUCO STAFF'S POSITION IN THE SETTLEMENT***  
16 ***CHANGED FROM ITS POSITION IN FILED COMMENTS?***

17 ***A13.*** As stated, the Staff agreed to only an approximate \$1.1 million (net of  
18 retirements) reduction to Aqua's request for charges to customers, instead of the  
19 approximate \$2.0 million reduction it originally recommended for Aqua's  
20 proposed System Improvement Charge. The Settlement would permit Aqua to

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<sup>1</sup> PUCO Staff filed similar comments in Aqua's previous SIC case, Case No. 15-0863-WW-SIC, an analysis that the PUCO approved without modification in its Finding and Order. *See*, In the Matter of the Application of Aqua Ohio, Inc. for Authority to Assess a System Improvement Charge, Case No. 15-0863-WW-SIC (October 7, 2015).

<sup>2</sup> March 1, 2018, Application Schedule 1, and July 11, 2018 PUCO Staff Comments at 4.

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1 collect from customers costs related to the replacement of an elevated storage  
2 tank roof (net of retirement) valued at \$832,862.<sup>3</sup> Elevated storage tank roofs are  
3 not an eligible item included on R.C. 4909.172 for consideration under a System  
4 Improvement Charge.

5  
6 ***Q14. DOES THE SETTLEMENT HARM CUSTOMERS AND THE PUBLIC***  
7 ***INTEREST IN ANY OTHER WAYS?***

8 ***A14.*** Yes. The proposed settlement expands the eligible list of capital plant projects  
9 that may be included under R.C. 4909.172 for inclusion in future System  
10 Improvement Charge proceedings (See Settlement at page 2). It would not  
11 benefit customers or the public interest for the PUCO to commit to any future  
12 Aqua SIC filing that is contrary to both Ohio statute and past PUCO practices.

13  
14 ***Q15. DOES THE SETTLEMENT VIOLATE ANY IMPORTANT REGULATORY***  
15 ***PRINCIPLES OR PRACTICES?***

16 ***A15.*** Yes. As I stated above, the proposed settlement is flawed in two ways. First, it  
17 would permit collection of costs from customers for the replacement of an  
18 elevated storage tank roof not permitted under the regulatory principle embodied  
19 in R.C. 4909.172. Second, the proposed Settlement broadens the R.C. 4909.172  
20 list to include account numbers rather than specific plant items identified by the  
21 Ohio statute for future System Improvement Charge cases.

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<sup>3</sup> The proposed settlement also permits Aqua to collect from customers an additional \$54,585 that OCC is not opposed to.

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1 The Settlement would deviate, for the first time since enactment of R.C. 4909.172  
2 in 2004, from a System Improvement Charge that collects from customers more  
3 than costs for items that are specifically listed in the statute. To deviate from the  
4 statute is inconsistent with PUCO principles and practices. Limiting System  
5 Improvement Charges to the specific items listed on R.C. 4909.172 is consistent  
6 with PUCO past practices.<sup>4</sup> Until this proposed Settlement, the PUCO Staff has  
7 appropriately recommended, and the PUCO has approved, collection of only the  
8 very specific plant replacement projects authorized and listed under R.C.  
9 4909.172(C)(1), as thoroughly explained in Staff's Comments filed in this  
10 proceeding.

11  
12 ***Q16. WERE THE PUCO STAFF'S FILED COMMENTS CONSISTENT WITH***  
13 ***YOUR OPINION THAT THE SETTLEMENT VIOLATES IMPORTANT***  
14 ***REGULATORY PRINCIPLES AND PRACTICES?***

15 ***A16.*** Yes. In support of my position I note that the first full sentence on page two of the  
16 PUCO Staff's Comments reads "[t]he revised language [O.R.C. 4909.172  
17 effective in 2013] **added the following to eligible water capital improvements**  
18 (emphasis added): replacement of existing plant including chemical feed systems,  
19 filters, pumps, motors, plant generators, meters, service lines, hydrants, mains,  
20 and valves, main extensions that eliminate dead ends to resolve documented water

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<sup>4</sup> See, e.g., In the Matter of the Application of Aqua Ohio, Inc. for Authority to Assess a System Improvement Charge, Case No. 15-0863, Finding and Order (October 7, 2015).

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1 supply problems presenting significant health or safety issues to then existing  
2 customers; and main cleaning or relining.”<sup>5</sup>

3  
4 Consistent with Staff’s recommendations in this proceeding, I note that R.C.  
5 4909.172 (C) regarding system improvement charges lists allowable costs, in part,  
6 as follows:

7  
8 For purposes of this section, a company’s costs of infrastructure  
9 plant may include depreciation expenses. Such infrastructure plant  
10 **may consist of the following capital improvements** (emphasis  
11 added) that the commission determines are used and useful in  
12 rendering public utility service: In the case of a waterworks  
13 company, replacement of existing plant including chemical feed  
14 systems, filters, pumps, motors, plant generators, meters, service  
15 lines, hydrants, mains, and valves, main extensions that eliminate  
16 dead ends to resolve documented water supply problems  
17 presenting significant health or safety issues to then existing  
18 customers, and main cleaning or relining;<sup>6</sup>  
19

20 The proposed Settlement in this proceeding goes well beyond what is permitted  
21 under the statute. Nowhere in R.C. 4909.172 does it state that the cost of an  
22 elevated storage tank roof may be collected from customers. The signatory  
23 parties also seek to go beyond what is enumerated in the statute by permitting  
24 costs on a going forward basis that are classified into 13 different account  
25 numbers, which is much broader than what the statute allows.

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<sup>5</sup> PUCO Staff Comments at 2, July 11, 2018.

<sup>6</sup> 4909.172 O.R.C. paragraph (C)(1).

1    ***Q17. HOW DOES THE SETTLEMENT SEEK TO GO BEYOND WHAT IS***  
2            ***ENUMERATED IN THE STATUTE BY PERMITTING COSTS ON A GOING***  
3            ***FORWARD BASIS?***

4    ***A17.*** The proposed Settlement would permit collecting from customers any costs that  
5            are classified in the following National Association of Regulatory Utility  
6            Commissioners Uniform System of Accounts through a System Improvement  
7            Charge:<sup>7</sup>

- 8            •       323 – Other Power Production Equipment  
9  
10           This account shall include the cost installed of any equipment used for the production of  
11           power, other than boiler plant equipment, principally for use in pumping operations.  
12           Subdivisions shall be maintained hereunder for the cost of equipment used for each type  
13           of power produced. such as hydraulic works, generators, etc.  
14
- 15           •       324 – Steam Pumping Equipment  
16                    8 Items included in this account
- 17           •       325 Electric Pumping Equipment  
18                    8 Items included in this account
- 19           •       326 – Diesel Pumping Equipment  
20                    8 Items included in this account
- 21           •       327 – Hydraulic Pumping Equipment  
22                    7 Items included in this account
- 23           •       328 – Other Pumping Equipment  
24                    This account shall include cost of equipment used in pumping operations not properly  
25                    includible in accounts 324, 325, 326 and 327, such as gas engine and gasoline engine  
26                    pumping equipment. Subdivisions shall be maintained hereunder for each type of  
27                    pumping equipment.  
28
- 29           •       332 – Water Treatment Equipment  
30                    73 Items included in this account
- 31           •       342 – Distribution Reservoirs & Standpipes

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<sup>7</sup> Stipulation and Recommendation at page 2.

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1                               23 Items included in this account

2               •       343 - Transmission & Distribution Mains

3                               22 Items in this account

4               •       345 – Services

5                               12 Items in this account

6               •       346 – Meters

7                               2 Items in this account

8               •       347 – Meter Installations

9                               7 Items in this account

10              •       348 – Hydrants

11                              8 Items in this account

12

13           WRW Attachment C contains a list of all the different items that are included  
14           within each Account Number identified above. The list is too large to list here.

15

16           R.C. 4909.172 is very specific as to what System Improvement Charges are  
17           allowable for a waterworks company. The statute does not identify any account  
18           numbers as being eligible. The statute specifically allows for the replacement of  
19           only existing plant including chemical feed systems, filters, pumps, motors, plant  
20           generators, meters, service lines, hydrants, mains, and valves, main extensions  
21           that eliminate dead ends to resolve documented water supply problems presenting  
22           significant health or safety issues to then existing customers, and main cleaning or  
23           relining.

24

25           Consequently, because the Settlement deviates from past PUCO practices  
26           of what System Improvement Charges should be allowed, and includes

1 additional items not identified by Ohio statute, combined with the fact that  
2 this new interpretation will apply in any future Aqua proceedings, the  
3 Settlement violates important regulatory principles and practices.  
4

5 **III. CONCLUSION**  
6

7 Because the proposed settlement includes accounts as being eligible for charges to  
8 customers that are beyond what is permitted under Ohio statute and deviate from  
9 prior PUCO practice for a System Improvement Charge, the Settlement should be  
10 disapproved. The PUCO instead should adopt my recommendation and the  
11 analysis originally set forth in its Staff's Comments, which provide for a lower  
12 charge to customers.  
13

14 **Q18. DOES THIS CONCLUDE YOUR TESTIMONY?**

15 **A18.** Yes. However, I reserve the right to incorporate new information that may  
16 subsequently become available. I also reserve the right to supplement my  
17 testimony if other parties submit new or corrected information in connection with  
18 this proceeding.

### **CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing *Direct Testimony of Wm. Ross Willis on behalf of the Office of the Ohio Consumers' Counsel* has been served upon those persons listed below via electronic service this 10th day of December 2018.

/s/ Amy Botschner-O'Brien  
Amy Botschner-O'Brien  
Assistant Consumers' Counsel

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***Testimony before The Public Utilities Commission of Ohio***

*Columbia Gas of Ohio, Inc. – Case No. 17-2202-GA-ALT*

*Ohio Power Company – Case No. 18-1007-EL-UNC*

*Dayton Power & Light Company – Case No. 15-1830-EL-AIR*

*Commission Ordered Investigation (TCJA) – Case No. 18-47-AU-COI*

*Ohio Gas Company – Case No. 17-1139-GA-AIR*

*Aqua Ohio, Inc. – Case No. 16-907-WW-AIR*

*Globe Metallurgical, Inc. - Case No. 16-737-EL-AEC*

*Ohio Power Company - Case No. 13-2385-EL-SSO*

*Aqua Ohio, Inc. – Case No. 13-2124-WW-AIR*

*Camplands Water LLC. - Case No. 13-1690-WW-AIR*

*Duke Energy Ohio, Inc. - Case No. 12-1685-GA-AIR*

*Duke Energy Ohio, Inc. - Case No. 12-1682-EL-AIR*

*Ohio American Water Company - Case No. 11-4161-WS-AIR*

*Water and Sewer LLC. - Case No. 11-4509-ST-AIR*

*Aqua Ohio, Inc. - Case No. 09-1044-WW-AIR*

*Duke Energy Ohio, Inc. - Case No. 08-709-EL-AIR*

*Ohio Edison Company, The Cleveland Electric Illuminating Company  
And The Toledo Edison Company - Case No. 07-551-EL-AIR*

*Northeast Ohio Natural Gas Corp. - Case No. 03-2170-GA-AIR*

*Water and Sewer LLC. – Case No. 03-318-WS-AIR*

*Southeast Natural Gas Company – Case No. 01-140-GA-AEM*

*Masury Water Company - Case No. 00-713-WW-AIR*

*Akron Thermal, Limited Partnership - Case No. 00-2260-HT-AEM*

*GTE North, Inc. - Case No. 87-1307-TP-AIR*

*The Cleveland Electric Illuminating Company - Case No. 85-675-EL-AIR*

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**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Aqua :  
Ohio, Inc. for Authority to Assess a : Case No. 18-0337-WW-SIC  
System Improvement Charge in the Lake :  
/ Masury / Prior American / Prior :  
Mohawk / Prior Tomahawk Properties :

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**COMMENTS  
SUBMITTED ON BEHALF OF THE STAFF OF  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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July 11, 2018

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**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

The Matter of the Application of Aqua	:	
Ohio, Inc. for Authority to Assess a	:	Case No. 18-0337-WW-SIC
System Improvement Charge in the Lake	:	
/ Masury / Prior American / Prior	:	
Mohawk / Prior Tomahawk Properties	:	

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**COMMENTS  
SUBMITTED ON BEHALF OF THE STAFF OF  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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**I. BACKGROUND**

Effective 2004 the Ohio General Assembly enacted Section 4909.172 of the Revised Code (R.C.), which authorized water and wastewater companies to recover certain costs associated with plant improvements through an infrastructure improvement surcharge, commonly known as a system improvement charge or SIC. At that time, such infrastructure consisted of service lines for, and hydrants, mains and valves installed as part of, a replacement project for an existing facility. The SIC was not to exceed three percent of the Company's tariffed rates. The Commission adopted and approved the mechanism in Case No. 03-2266-WS-SIC<sup>1</sup>.

Effective 2013, the General Assembly amended R.C. 4909.172, increasing the maximum water SIC from 3.00% to 4.25% and expanding the capital improvements

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<sup>1</sup> In the Matter of the Information Requirement for System Infrastructure Improvement Surcharge, Case No. 03-2266-WS-SIC, Entry (February 11, 2004).

appropriate for inclusion in calculating the SIC. The revised language added the following to eligible water capital improvements: replacement of existing plant including chemical feed systems, filters, pumps, motors, plant generators, meters, service lines, hydrants, mains, and valves; main extensions that eliminate dead ends to resolve documented water supply problems presenting significant health or safety issues to then existing customers; and main cleaning or relining.

On March 1, 2018, Aqua Ohio, Inc. (Applicant or Company) filed an application in Case No. 18-0337-WW-SIC to collect an infrastructure improvement surcharge of 3.937% from water customers in its Lake Erie Division, Masury Division, and service areas formerly served by Ohio American Water Company, Mohawk Utilities, Inc., and Tomahawk Utilities, Inc. This filing was amended on June 21, 2018. The Applicant currently does not have a water SIC in effect in any of its Ohio districts.

On April 11, 2018, the Attorney Examiner issued an Entry establishing the deadline for filing comments by July 11, 2018.

## **II. SCOPE OF INVESTIGATION**

The scope of Staff's investigation was to determine if the Applicant's filed exhibits, schedules, and other documents comply with the Commission's guidelines, are reasonable for ratemaking purposes, and supported by financial records that are reasonable and reliable. Staff interviewed the Applicant's key personnel and reviewed internal

reports. The original cost of property was reviewed for reasonableness through an examination of the Applicant's continuing property records and other independent analyses, which were performed by Staff as necessary.

### III. STAFF FINDINGS

#### A. Infrastructure Plant

The Applicant requests recovery of costs associated with the accounts shown below for the period of April 1, 2016 to December 31, 2017, in the amount of \$19,041,151. Subsequently, through Staff data request 11, the Company revised certain accounts on Schedule 2; the revision did not affect the total of \$19,041,151.

Account 311	Structures & Improvements	\$6,581
Account 313	Lake, River & Other Intakes	68,069
Account 314	Wells and Springs	96,088
Account 316	Supply Mains	8,618
Account 321	Structures & Improvements	28,076
Account 323	Other Power Production Equipment	38,624
Account 325	Electric Pumping Equipment	220,224
Account 328	Other Pumping Equipment	244,616
Account 331	Structures and Improvements	640,945
Account 332	Water Treatment Equipment	979,330
Account 342	Distribution Reservoirs & Standpipes	1,066,331
Account 343	Mains	7,752,108
Account 345	Service Replacement	3,133,461
Account 346	Meters	2,116,655
Account 347	Meter Installations	1,865,535
Account 348	Hydrants	728,333
Account 395	Laboratory Equipment	10,600
Account 397	Communication Equipment	36,957
<b>Total</b>		<b>\$19,041,151</b>

To determine the reasonableness of the assets listed above, Staff evaluated projects from all the accounts and reviewed supporting documentation, including task orders,

continuing property records and selected invoices. In all, Staff examined \$16,699,605 (or approximately 88%) of all plant additions.

Staff does not believe that the revised legislation allows for the recovery of *all* plant replacement through a SIC; limits on the items that can be recovered through a SIC still exist. Staff believes such ineligible items include, but are not limited to: structural repairs such as tuck pointing, brick restoration, lead abatement, miscellaneous plant concrete structures; renovations to the water treatment plant, including wire, electrical and electric service upgrades; replacement of railings; settling tanks; tank roof; fences; retaining walls; catwalks; and SCADA equipment. Conversely, the Applicant has included all accounts and projects that are related to water capital improvements in this application. Staff finds that these items are not recoverable in a SIC case, but the Applicant may request recovery in a base rate case application. As such, Staff recommends the removal of \$2,207,369 of plant additions and the accompanying retirements of \$201,909 from its SIC calculation summarized in Attachment A.

## **B. Depreciation**

Staff reviewed and analyzed the Applicant's Schedule 4 (Provisions for Depreciation), Schedule 5 (Annualized Depreciation Associated with Additions), and Schedule 6 (Annualized Reduction in Depreciation for Retirements). Staff's review included verifying that the Applicant is using the correct depreciation accrual rates prescribed in Case No. 16-0907-WW-AIR.

**C. Property Taxes**

Staff reviewed and analyzed the Applicant's Schedule 5.1 (Annualized Addition in Property Taxes for Additions) and Schedule 6.1 (Annualized Reduction in Property Taxes for Retirements). Staff recognizes that these schedules are consistent with Staff recommendations in prior SIC cases.

**D. Rate of Return**

Staff reviewed Schedule 7 in electronic form as provided by the Company. Staff also verified information used from the Company's most recent rate case, Case No. 16-907-WW-AIR. Staff found that the calculation formulas used in the Company's spreadsheet created some rounding issues causing the numbers shown in Schedule 7 to differ from authorized amounts from the most recent rate case. For example, using the same ratio of capital from the rate case, the Company presented a weighted average cost of capital (WACC) of 7.480 percent. However, the Company was authorized to earn a return on rate base of 7.47 percent. Staff modified the formula used in the Company's WACC calculation, and when using the same inputs the Company provided in its Schedule 7, Staff's modified WACC calculation resulted in 7.473 percent or 7.47 percent when rounded to the nearest hundredth of a percent. Carrying the calculation through to the gross-up process to account for tax impacts yielded similar results. The Company showed a pre-tax WACC of 9.29 percent. However, by using the same inputs and removing the rounding formulas, Staff calculated a pre-tax WACC of 9.277 percent or 9.28 percent when rounded to the nearest hundredth of a percent. Staff recommends

making these minor formula adjustments to the Company's Schedule 7 as it affects the surcharge.

#### **E. Revenue Distribution**

R.C 4909.172 states that an infrastructure improvement surcharge must be uniform to each affected customer class of the company. For a waterworks company, the surcharge shall not exceed 4.25% of the rates and charges applicable to the class and in effect on the filing date of the application. Further, the Commission shall not authorize a company to have more than three surcharges in effect at any time.

On March 1, 2018, the Applicant filed and on June 21, 2018, amended a tariff with a proposed SIC of 3.937%. The proposed surcharge would apply to all bills issued after the approval of the tariff and would be in addition to the charges provided for in the tariff for the customers in the Lake Erie Division, Masury Division, and the service areas formerly served by Ohio American Water Company, Mohawk Utilities, Inc., and Tomahawk Utilities, Inc.

The surcharge of 3.937% would apply to all bills issued with the exception of the four contract customers; Whirlpool, Poet, Ashtabula County and the Village of Roaming Shores. The customers, Village of Roaming Shores and Ashtabula County, while included in this filing under "Sales for Resale," have been removed as they are under contracts. Staff concurs that the surcharge should not apply to these contract customers.

Staff finds that the proposed surcharge does not exceed the 4.25% statutory limit, is distributed uniformly to all classes, and does not exceed the three surcharge maximum.

If the authorized cost recovery revenue is less than the amount requested by the Company, the Company should adjust the revenue distribution so as to maintain a uniform distribution to all affected customer classes.

**F. Tariff Filings**

This instant proceeding, Case No. 18-337-WW-SIC, was filed prior to the finalization of Aqua Ohio's tariffs in Case No. 17-1718-WS-ATA. The latter case was the addition of Firestone Trace to the Aqua Ohio holdings and final tariffs were effective on March 7, 2018. This changed the referenced and dates of the current tariffs, and as a result, the tariff pages submitted in the instant proceeding do not contain correct information. Staff recommends that draft tariffs be sent to Staff for review prior to finalization.

**G. Customer Notice**

The Applicant filed a proposed customer notice as Schedule 11 of the filing. Staff has reviewed the proposed customer notice and recommends that the customer notice be approved.

**IV. STAFF RECOMMENDATION**

After a thorough review of this application, Staff believes that, subject to the above recommendations, the Applicant's March 1, 2018, as amended on June 21, 2018, filing is reasonable and recommends Commission approval of the proposed surcharge. The Applicant's requested surcharge revenues comply with the 4.25% limitation

established in R.C. 4909.172(B)(2). Staff's recommended adjustments, summarized in Attachment A, will reduce the Applicant's annualized revenue requirement reflected on Schedule 1. These recommendations will impact the Applicant's requested surcharge of 3.937% by reducing the percentage to 3.464%. Staff's proposed surcharge will recover only those costs specifically related to eligible infrastructure improvements and does not provide any additional base revenue to the Company.

Respectfully submitted,

**Michael DeWine**  
Ohio Attorney General

**William L. Wright**  
Section Chief

/s/Robert A. Eubanks

**Robert Eubanks**

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**Counsel for the Staff of  
The Public Utilities Commission of Ohio**

**PROOF OF SERVICE**

I hereby certify that a true copy of the foregoing Comments submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served via electronic mail, upon applicant's counsel, Rebekah J. Glover ([glover@whitt-sturtevant.com](mailto:glover@whitt-sturtevant.com)), Whitt Sturtevant, 88 East Broad Street, Suite 1590, Columbus, Ohio, 43215, this 11th day of July, 2018.

/s/Robert A. Eubanks

**Robert Eubanks**

Assistant Attorney General

AQUA OHIO INC.  
CASE NO. 18-0337-WW-SHC  
ATTACHMENT A

LINE NO.	FERC ACCOUNT	PROJECT AUTHORIZATION #	ACCOUNT TITLE	COMPANY PLANT ADDITIONS	STAFF ADJUSTMENTS	ADJUSTED COMPANY PLANT ADDITIONS	COMPANY RETIREMENTS	STAFF ADJUSTMENTS	ADJUSTED COMPANY RETIREMENTS	COMPANY PROJECT DESCRIPTION	COMPANY RETIREMENT DESCRIPTION
1	311	23046065757	COOK BOOSTER CIRCUIT BREAKER REPLAC	\$ 542.99	\$ (542.99)	\$ -	\$ (352.52)	\$ 352.52	\$ -	COOK BOOSTER CIRCUIT BREAKER REPLACEMENT	Retire Circuit Breaker at Cook Booster
2	311	23047152265	Misc Plant Projects - LT	\$ 6,037.71	\$ (6,037.71)	\$ -	\$ -	\$ -	\$ -	Purchase Gison Engineering Sales - Level Transducer for reaction tank at Lake Tomahawk Pump Station; Pressure Transmitter with Display for Lake Tomahawk Pump Station; Flow mag meter for Lake Tomahawk pump station; Process Transmitter for Lake Tomahawk pump station; OH Edison-service upgrade at 48490 Dyke Rd	See WOW23047152265; act 331
3	313	23046062103	INTAKE HEATER EQUIPMENT REPLACEMENT	\$ 19,916.59	\$ (19,916.59)	\$ -	\$ (7,015.24)	\$ 7,015.24	\$ -	INTAKE HEATER EQUIPMENT REPLACEMENTS	Retire intake heater units
4	313	23046152166	Soloto River Intake Electric Upg	\$ 48,152.30	\$ (48,152.30)	\$ -	\$ (3,046.12)	\$ 3,046.12	\$ -	Soloto River Intake Electric Upgrades	Retire Soloto River intake electrical upgrade change out switch gear
6	314	23046470493	System 7 Well 2 Rebuild 2016	\$ 17,294.97	\$ (17,294.97)	\$ -	\$ (8,985.00)	\$ 8,985.00	\$ -	North Esley well pump replacement	Retire well pump & motor
7	314	23047161204	Replace HS Pumps 1 and 2	\$ 52,292.05	\$ (52,292.05)	\$ -	\$ (358.00)	\$ 358.00	\$ -	Replace high service pumps 1 and 2, including valves and limited piping. Replaced electrical svc and controls to match pump voltage.	Retire well pump motor & starter
9	316	23047161204	Replace HS Pumps 1 and 2	\$ 8,617.54	\$ (8,617.54)	\$ -	\$ -	\$ -	\$ -	Replace high service pumps 1 and 2, including valves and limited piping. Replaced electrical svc and controls to match pump voltage.	Memo retirement - no asset value in CPR
10	321	23046180870	Victory Rd Booster Elect. Upgrade	\$ 6,020.14	\$ (6,020.14)	\$ -	\$ (202.12)	\$ 202.12	\$ -	Change out the 400 amp disconnect to a main breaker w/ adjustable trip settings to mitigate the arc flash hazard. Replace 2 sets of 300 amp RES fuses w/ a dual element time delay & replace 1 set of 200 amp RES fuses to a dual element time delay fuse.	Retire portion of electric for upgrade at Victory Road Booster.
11	321	23047161204	Replace HS Pumps 1 and 2	\$ 14,267.86	\$ (14,267.86)	\$ -	\$ -	\$ -	\$ -	Replace high service pumps 1 and 2, including valves and limited piping. Replaced electrical svc and controls to match pump voltage.	Memo retirement - no asset value in CPR
12	323	23047161204	Replace HS Pumps 1 and 2	\$ 5,920.27	\$ (5,920.27)	\$ -	\$ -	\$ -	\$ -	Replace high service pumps 1 and 2, including valves and limited piping. Replaced electrical svc and controls to match pump voltage.	Memo retirement - no asset value in CPR
13	325	23047080295	Electrical Upgrades - SIC	\$ 81,708.44	\$ (81,708.44)	\$ -	\$ (5,238.04)	\$ 5,238.04	\$ -	Project includes the replacement of electrical components of well pumps and motors: including disconnects, conduits, mounting, grounding per NEC, motor starters for wells, and labeling at the filter buildings, remote well sites, and w	Retire electrical starters, service panel, and service disconnects for replacement
15	325	23047161204	Replace HS Pumps 1 and 2	\$ 76,112.22	\$ (76,112.22)	\$ -	\$ (4,044.00)	\$ 4,044.00	\$ -	Replace high service pumps 1 and 2, including valves and limited piping. Replaced electrical svc and controls to match pump voltage.	Retire pumping equip
14	328	23046056002	Cook Rd Booster Pump Sta	\$ 1,986.94	\$ (1,986.94)	\$ -	\$ (1,063.81)	\$ 1,063.81	\$ -	Cook Rd Booster Pump Station Replacement	Retire parts of Cook Rd Booster pump during repairs/Retire parts of Cook Rd Booster pump during repairs
16	331	23016052063	Misc Plant Project - Shepard Hills	\$ 976.90	\$ (976.90)	\$ -	\$ (764.42)	\$ 764.42	\$ -	Replace electrical equipment for WTP upgrades	Retire electrical equipment for electrical upgrades made at WTP

AQUA OHIO INC.  
CASE NO. 18-0337-WW-SHC  
ATTACHMENT A

LINE NO.	FERC ACCOUNT	PROJECT AUTHORIZATION #	ACCOUNT TITLE	COMPANY PLANT ADDITIONS	STAFF ADJUSTMENTS	ADJUSTED COMPANY PLANT ADDITIONS	COMPANY RETIREMENTS	STAFF ADJUSTMENTS	ADJUSTED COMPANY RETIREMENTS	COMPANY PROJECT DESCRIPTION	COMPANY RETIREMENT DESCRIPTION
17	331	23016078950	REPLACE ELECTRIC TO WELLS 2 & 4	\$ 84,587.11	\$ (84,587.11)	\$ -	\$ (9,415.85)	\$ 9,415.85	\$ -	REPLACE ELECTRIC SYSTEM TO SEPARATE SERVICE TO WELLS 2 AND 4 AND BRING UP TO CODE	Retire 3,200' of existing 4" buried conduit & conductors for electrical upgrade at Shephard Hills WTP
18	331	23046067722	ATB WTP Pump Sta Retaining Wall Repl	\$ 170,119.71	\$ (170,119.71)	\$ -	\$ (4,500.00)	\$ 4,500.00	\$ -	WTP Retaining wall replacement- The failing retaining wall on the south side of the High Service Pump Building was a safety hazard with a high potential of causing significant damage to the pump room and the equipment within. The failure of the wall would allow water and earth from the hillside above to flow into the building causing catastrophic damage to pumps and electrical equipment. The loss of this equipment would seriously interrupt our ability to supply water to the distribution for an extended period of time placing the health and safety of the customers at risk.	Retire retaining wall for replacement at WTP Pump Station
19	331	23046162402	Electric Wiring H.S. Building	\$ 1,748.98	\$ (1,748.98)	\$ -	\$ (2,666.84)	\$ 2,666.84	\$ -	Replace wire from the junction box in high service building to weather head that feeds overhead conductors to the service building and the little river switch gear.	Retire Wiring at High Service Building
20	331	23046173455	LED Outside Lighting at WTP	\$ 6,608.97	\$ (6,608.97)	\$ -	\$ (3,000.00)	\$ 3,000.00	\$ -	Work done by Owens Electric - Replace outside barn style light fixtures w/ LED roadway light fixtures. New fixture to be a 95w that produces 11,000 Lumen. Price includes: 4 wall packs (2 on filter building & 2 on high service building). 78w LED flood light	Retire 8 light fixtures
21	331	23046174316	Green Camp Fence (Replacement)	\$ 985.09	\$ (985.09)	\$ -	\$ (352.92)	\$ 352.92	\$ -	Replace Green Camp Fence	Retire 20' of fence for replacement
23	331	23046274110	Tallrace Wall Boring	\$ 32,062.71	\$ (32,062.71)	\$ -	\$ (788.17)	\$ 788.17	\$ -	Replacement of tall race and mixer plant concrete structures	Retire portion of tall race for rehab
24	331	23046275034	REP/REPL EAST CHANNEL WALL	\$ 32,973.65	\$ (32,973.65)	\$ -	\$ (7,287.19)	\$ 7,287.19	\$ -	Remove yellow railings, surface replacement of top and building side of this wall area, approx 60 LF, install 1-1/4" aluminum railing, and 1/8" cap, replace exposed curb at bottom of brick wall, along wooden entry area at building, remove wooden platform	Retire portion of East Channel/Mill Race Wall for repair to exposed curb and top and building sides of wall area.
25	331	23046275047	Rep Concrete Column & Intake Wall	\$ 6,083.61	\$ (6,083.61)	\$ -	\$ (161.82)	\$ 161.82	\$ -	Chip and replace concrete to sound material, pressure inject grout and form concrete material to provide smooth surface	Retire portion of concrete column & intake wall for repair
26	331	23046275052	Restoration South Side & New Walk	\$ 14,025.40	\$ (14,025.40)	\$ -	\$ (373.08)	\$ 373.08	\$ -	Removal and Replacement of Approx 100 LF of 4' walk installation of lean concrete fill under walk way near new metal platform, raise grade to promote positive drainage towards intake structure, valve box adjustment, seeding/mulching disturbed area.	Retire per Handy Whitman Trend portion of South Side & Walk for Restoration
27	331	23046276379	Mix Tank Wall Cap	\$ 10,125.55	\$ (10,125.55)	\$ -	\$ (824.22)	\$ 824.22	\$ -	Mixing Tank perimeter exposed wall cap replacement - chip and replace concrete to sound material not to exceed 12" depth, form and place concrete repair material to reform perimeter wall cap	Retire 8" concrete wall with 6" concrete fill around tank for repair to Mix tank wall cap

AQUA OHIO INC.  
CASE NO. 18-0337-WW-SIC  
ATTACHMENT A

LINE NO.	FERC ACCOUNT	PROJECT AUTHORIZATION #	ACCOUNT TITLE	COMPANY PLANT ADDITIONS	STAFF ADJUSTMENTS	ADJUSTED COMPANY PLANT ADDITIONS	COMPANY RETIREMENTS	STAFF ADJUSTMENTS	ADJUSTED COMPANY RETIREMENTS	COMPANY PROJECT DESCRIPTION	COMPANY RETIREMENT DESCRIPTION
28	331	23046277604	East Side Wall Tail Race	\$ 14,345.67	\$ (14,345.67)	\$ -	\$ (382.11)	\$ 382.11	\$ -	At East Side - no sheeting to be installed. Deteriorated wall above grade level will be removed and replaced with new concrete wall dowelled into existing wall below	Retire portion of tail race for repair of East side wall
29	331	23046277960	Tail Race West Wall Improvements	\$ 101,276.20	\$ (101,276.20)	\$ -	\$ (3,829.11)	\$ 3,829.11	\$ -	Tail Race West Wall Improvements	Retirement of wall for improvements made to tail race
30	331	23046280171	Tuck Point brick at WTP	\$ 52,551.41	\$ (52,551.41)	\$ -	\$ (645.88)	\$ 645.88	\$ -	Tuck Point Brick at WTP - repack existing brick at WTP	Retire tuck point brick at WTP for repairs to existing brick
31	331	23046282152	Settle tank 2 Catwalk Replacement	\$ 78,312.56	\$ (78,312.56)	\$ -	\$ (3,200.00)	\$ 3,200.00	\$ -	Tiffin WTP - Replacement of the Existing Catwalk across Settle tank 2 and the tread across the existing Mix tank. This includes replacement lights and electric	Retire existing catwalk
33	331	23046472297	System 4 Electric Service Replmnt	\$ 3,040.52	\$ (3,040.52)	\$ -	\$ (1,451.24)	\$ 1,451.24	\$ -	Replace electric service and meter panel due to age and condition.	Retire electric service on Mansfield system #4
34	331	23047152265	Misc Plant Projects - LT	\$ -	\$ -	\$ -	\$ (871.00)	\$ 871.00	\$ -	Purchase Gison Engineering Sales - Level Transducer for reaction tank at Lake Tomahawk Pump Station; Pressure Transmitter with Display for Lake Tomahawk Pump Station; Flow mag meter for Lake Tomahawk pump station; Process Transmitter for Lake Tomahawk pump station; OH Edison- service upgrade at 48490 Dyke Rd	Retire pressure transmitter, flow mag meter, process transmitter, level transducer
35	332	23046368330	HRWTP RO System Controls	\$ 147,637.17	\$ (147,637.17)	\$ -	\$ (66,573.36)	\$ 66,573.36	\$ -	RO Systems Controls Upgrade - Huber Ridge Water Treatment Plant	Retire process monitoring equipment
37	342	23046182773	REPLACE VICTORY RD TANK ROOF	\$ 890,065.95	\$ (890,065.95)	\$ -	\$ (57,204.05)	\$ 57,204.05	\$ -	Replace Victory Road Tank Roof	Retire roofing materials
38	342	23046277172	Tiffin WTP Modify Steel Sett Tank	\$ 171,875.62	\$ (171,875.62)	\$ -	\$ -	\$ -	\$ -	Modify steel (circular) settling tank to create a redundant flocc tank per OEPA mandate	No retirement - required by OEPA
39	342	23047161204	Replace HS Pumps 1 and 2	\$ 1,539.27	\$ (1,539.27)	\$ -	\$ -	\$ -	\$ -	Replace high service pumps 1 and 2, including valves and limited piping. Replaced electrical svc and controls to match pump voltage.	Memo retirement - no asset value in CPR
40	395	23047161204	Replace HS Pumps 1 and 2	\$ 10,599.50	\$ (10,599.50)	\$ -	\$ -	\$ -	\$ -	Replace high service pumps 1 and 2, including valves and limited piping. Replaced electrical svc and controls to match pump voltage.	Memo retirement - no asset value in CPR
41	397	23015063278	Alder Booster Telemetry Replacement	\$ 13,637.73	\$ (13,637.73)	\$ -	\$ (6,594.13)	\$ 6,594.13	\$ -	Replace existing obsolete telemetry box with new updated controls and enclosure	Retire PLC Control Panel & Momentum Processor for Alder Booster Telemetry Replacement
42	397	23046766002	Replace Foxboro Press Transmitter	\$ 1,340.11	\$ (1,340.11)	\$ -	\$ (718.84)	\$ 718.84	\$ -	Replacement of Foxboro Pressure Transmitter for Sandusky Tank's Scale.	Retire 1 pressure transmitter for Tank's scale
43	397	23047152265	Misc Plant Projects - LT	\$ 3,975.91	\$ (3,975.91)	\$ -	\$ -	\$ -	\$ -	Purchase Gison Engineering Sales - Level Transducer for reaction tank at Lake Tomahawk Pump Station; Pressure Transmitter with Display for Lake Tomahawk Pump Station; Flow mag meter for Lake Tomahawk pump station; Process Transmitter for Lake Tomahawk pump station; OH Edison- service upgrade at 48490 Dyke Rd	See WOW23047152265; act 331

AQUA OHIO INC.  
CASE NO. 18-0837-JWM-SIC  
ATTACHMENT A

LINE NO.	FERC ACCOUNT	PROJECT AUTHORIZATION #	ACCOUNT TITLE	COMPANY PLANT ADDITIONS	STAFF ADJUSTMENTS	ADJUSTED COMPANY PLANT ADDITIONS	COMPANY RETIREMENTS	STAFF ADJUSTMENTS	ADJUSTED COMPANY RETIREMENTS	COMPANY PROJECT DESCRIPTION	COMPANY RETIREMENT DESCRIPTION
44	397	23047161204	Replace HS Pumps 1 and 2	\$ 18,003.46	\$ (18,003.46)	\$ -	\$ -	\$ -	\$ -	Replace high service pumps 1 and 2, including valves and limited piping. Replaced electrical svc and controls to match pump voltage.	Memo retirement - no asset value in DPR
45				\$ 2,207,368.78	\$ (2,207,368.78)	\$ -	\$ (201,909.08)	\$ 201,909.08	\$ -		

**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

**7/11/2018 3:35:45 PM**

**in**

**Case No(s). 18-0337-WW-SIC**

**Summary: Comments electronically filed by Ms. Tonnetta Scott on behalf of PUC**

**NATIONAL ASSOCIATION  
OF  
REGULATORY UTILITY  
COMMISSIONERS**

**1973  
UNIFORM SYSTEM OF ACCOUNTS  
FOR  
Class A and B  
Water Utilities**

Pursuant to action by the National Association of Regulatory Utility Commissioners this System of Accounts is recommended to the Commissions represented in the membership of this Association for consideration, and for adoption in their respective jurisdictions, with such modifications only as they may deem necessary in the public interest.

**UTILITY PLANT ACCOUNTS**

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**323. Other Power Production Equipment.**

**A. This account shall include the cost installed of any equipment used for the production of power, other than boiler plant equipment, principally for use in pumping operations.**

**B. Subdivisions shall be maintained hereunder for the cost of equipment used for each type of power produced, such as hydraulic works, generators, etc.**

## UTILITY PLANT ACCOUNTS

**324. Steam Pumping Equipment.**

This account shall include the cost installed of pumping equipment driven by steam.

**ITEMS**

1. Engines for driving pumps.
2. Pumps, including setting, gearing, shafting, and belting.
3. Water piping within station, including valves.
4. Auxiliary equipment for engines and pumps such as oiling systems, cooling systems, condensers, etc.
5. Steam lines and valves.
6. Regulating, recording and measuring devices.
7. Foundations, frames and bed plates.
8. Ladders, stairs and platforms if a part of pumping unit.

**325. Electric Pumping Equipment.**

This account shall include the cost installed of pumping equipment driven by electric power.

**ITEMS**

1. Motors for driving pumps.
2. Pumps, including setting, gearing, shafting and belting.
3. Water piping within station, including valves.
4. Auxiliary equipment for motors and pumps such as oiling systems, cooling systems, condensers, etc.
5. Electric power lines and switching.
6. Regulating, recording and measuring devices.
7. Foundations, frames and bed plates.
8. Ladders, stairs and platforms if a part of pumping unit.

**326. Diesel pumping Equipment.**

This account shall include the cost installed of pumping equipment driven by diesel engines.

**ITEMS**

1. Engines for driving pumps.
2. Pumps, including setting, gearing, shafting and belting.
3. Water piping within station, including valves.
4. Auxiliary equipment for engines and pumps such as oiling systems, cooling systems, condensers, etc.

## UTILITY PLANT ACCOUNTS

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5. Oil supply lines and accessories.
6. Regulating, recording and measuring devices.
7. Foundations, frames and bed plates.
8. Ladders, stairs and platforms if a part of pumping unit.

**327. Hydraulic Pumping Equipment.**

This account shall include the cost installed of pumping equipment driven by hydraulic power.

## ITEMS

1. Water wheels and turbines for driving pumps.
2. Pumps, including setting, gearing, shafting and belting.
3. Water piping within station, including valves.
4. Auxiliary equipment for water wheels and turbines and pumps such as oiling systems, cooling systems, condensers, etc., (within walls of pumping station structure).
5. Regulating, recording and measuring devices.
6. Foundations, frames and bed plates.
7. Ladders, stairs and platforms if a part of pumping unit.

**328. Other Pumping Equipment.**

This account shall include cost of equipment used in pumping operations not properly includible in accounts 324, 325, 326 and 327, such as gas engine and gasoline engine pumping equipment. Subdivisions shall be maintained hereunder for each type of pumping equipment.

## 4. WATER TREATMENT PLANT

**332. Water Treatment Equipment.**

This account shall include the cost installed of apparatus, equipment and other facilities used for the treatment of water.

## UTILITY PLANT ACCOUNTS

## ITEMS

**Aerators (when installed as an integral part of the Water Treatment Plant):**

1. Air compressor.
2. Piping system. including valves.
3. Spray nozzles.
4. Substructures.

**Chemical Treating Plant:**

1. Agitating equipment.
2. Ammonia machines.
3. Carbonating equipment.
4. Chemical manufacturing plants.
5. Chemical pumps.
6. Chemical handling equipment.
7. Chlorine machines.
8. Coke.
9. Dry feed machines.
10. Dry storage bins.
11. Electrolytic cell.
12. Elevator (when not part of building).
13. Fluoridation equipment.
14. Gauges.
15. Gravity feed or pump feed apparatus.
16. Motors.
17. Piping system. including valves.
18. Rate controllers.
19. Sludge pumps.
20. Softening equipment.
21. Solution feed equipment.
22. Solution tanks.
23. Switchboards.
24. Weighing equipment.

**Clear Water Basin:**

1. Basin.
2. Gauges.
3. Piping system. including valves.
4. Substructures.

**Filter Plant:**

1. Air blower and compressor.
2. Filters.
3. Gauges.
4. Piping system.
5. Rate Controllers.
6. Sand, gravel or other filtering media.

## UTILITY PLANT ACCOUNTS

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7. Substructures.
8. Surface work equipment.
9. Valve control tables.
10. Valve operating mechanism.
11. Valves.
12. Wash troughs.
13. Wash water pumps.
14. Wash water tanks.

**Mixing Chambers:**

1. Piping system, including valves.
2. Chambers.
3. Mechanical mixers.

**Sedimentation or Coagulation Basin:**

1. Basins.
2. Coagulant storage tanks.
3. Feeder equipment.
4. Industrial railroad.
5. Mechanical mixers.
6. Orifice devices.
7. Piping system, including valves.
8. Screens and hoists.
9. Sludge removal apparatus.

**Softening Plant:**

1. Carbonating chambers and equipment.
2. Clear water basins.
3. Gauges.
4. Gravel.
5. Meters.
6. Mixing tanks and chambers.
7. Permanent chemical softening agents.
8. Piping system, including valves.
9. Salt solution or brine tanks and appurtenances.
10. Salt solution pumps.
11. Salt storage bins.
12. Sedimentation or coagulation basis.
13. Substructures.
14. Underdrain systems.
15. Wash water controllers.

Note. — Protecting superstructures shall be included in account 331, Structures and Improvements.

**5. TRANSMISSION AND DISTRIBUTION PLANT**

## UTILITY PLANT ACCOUNTS

**342. Distribution Reservoirs and Standpipes.**

This account shall include the cost in place of reservoirs, tanks, standpipes, and appurtenances used in storing water for distribution. (See Utility Plant Instruction 8.)

**ITEMS**

1. Aerators (when installed as an integral part of distribution reservoirs.)
2. Bridges and culverts.
3. Clearing land.
4. Dams.
5. Embankments.
6. Fences.
7. Foundations.
8. Gates and gate houses.
9. Landscaping.
10. Lighting systems.
11. Piping system within reservoirs.
12. Retaining walls.
13. Roads and paths.
14. Rust-proofing apparatus.
15. Sewers.
16. Spillways and channels.
17. Standpipes.
18. Superstructures.
19. Tanks.
20. Towers.
21. Valves and appurtenances.
22. Valve vaults and houses.
23. Water level control apparatus.

**343. Transmission and Distribution Mains.**

A. This account shall include the cost installed of transmission and distribution mains and appurtenances. (See Utility Plant Instruction 14 and note to account 673. Maintenance of Transmission and Distribution Mains.)

B. Records supporting this account shall be so kept as to show separately the

## UTILITY PLANT ACCOUNTS

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cost of mains of different sizes and types and of each tunnel, bridge, or river crossing.

## ITEMS

1. Air chambers.
2. Blow-offs and overflows.
3. Bridges and culverts.
4. Electrolysis control equipment.
5. Gauges and recorders.
6. Jointing and jointing material.
7. Manholes.
8. Meters and appurtenances.
9. Municipal inspection or permits.
10. Pavement disturbed, including cutting and replacing pavement, pavement base and sidewalks.
11. Pipes.
12. Placing mains and accessories.
13. Pressure regulators.
14. Protection of street openings.
15. Shut-offs.
16. Special castings.
17. Sterilizing new mains.
18. Surge tanks.
19. Trenching, including shoring, bracing, bridging, pumping, backfill and disposal of excess excavated material.
20. Tunnels.
21. Valves and appurtenances.
22. Valve vaults.

## 345. Services.

A. This account shall include the cost installed of service pipes and accessories leading to the customers' premises.

B. A complete service begins with the connection on the main and extends to but does not include the connection with the customer's meter. A stub service extends from the main to the property line, or the curb stop.

C. Services which have been used but have become inactive shall be retired from utility plant in service immediately if there is no prospect for reuse, and,

## UTILITY PLANT ACCOUNTS

in any event, shall be retired by the end of the second year following that during which the service became inactive unless reused in the interim.

## ITEMS

1. Corporation stops or tees.
2. Gate valves and boxes.
3. Goose necks.
4. Jointing and jointing material.
5. Municipal inspection or permits.
6. Pavement disturbed, including cutting and replacing pavement, pavement base and sidewalks.
7. Pipes.
8. Placing pipes and accessories.
9. Protection of street openings.
10. Service or curb boxes.
11. Service or curb stops.
12. Tapping main.

Note A. — When a customer pays all or a part of the cost of the service and such cost is properly includable in this account, the amount borne or contributed by the customer shall be credited to account 271, Contributions in Aid of Construction.

Note B. — The cost of rearranging, reconnecting and changing the location of services not retired shall be charged to account 675, Maintenance of Services.

**346. Meters:**

A. This account shall include the cost of meters, devices and appurtenances attached thereto, used for measuring the quantity of water delivered to users, whether actually in service or held in reserve.

B. When a meter is permanently retired from service, the amount at which it is included herein shall be credited to this account.

C. The records covering meters shall be so kept that the utility can furnish information as to the number of meters of each type and size in service and in reserve as well as the location of each meter included in this account.

## ITEMS

1. Meters, including badging and initial testing.
2. Remote meter registers.

Note A. — This account shall not include meters for recording the output of a supply or treatment plant, or those located on mains. It includes only those meters to record water delivered to customers, including company use and for those used elsewhere in the system if a type available for general use.

Note B. — The utility shall maintain a statistical record to show separately the number of each type and size of meter or group of types and sizes as carried in the continuing property record. Underlying records shall be kept so that the utility can determine readily for each such classification the number of company-owned meters in service (subdivided between active and inactive) and the number of meters carried herein but not in service, the latter to include meters undergoing repairs; and the number of meters in service owned by customers.

## UTILITY PLANT ACCOUNTS

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**347. Meter Installations.**

A. This account shall include the cost of labor employed, materials used and expenses incurred in connection with the original installation of customers' meters and devices and appurtenances attached thereto.

B. When a meter installation is permanently retired from service, the cost thereof shall be credited to this account.

**ITEMS**

1. Installation labor (first installation only).
2. Meter coupling.
3. Meter bars.
4. Meter yokes.
5. Meter fittings, connections and shelves.
6. Meter vaults or boxes.
7. Stops.

Note A. — The cost of removing and resetting meters shall be charged to account 663, Meter Expenses to which account shall be credited the salvage recovered from minor items when a meter is removed from service but not permanently retired.

Note B. — The utility may include the cost of meter installations in account 346, Meters.

**348. Hydrants.**

A. This account shall include the cost installed of hydrants in service owned by the utility.

B. Records shall be kept so as to show number, size (nominal diameter of bottom connection), number and size of hose connections, diameter of main to which attached and type of hydrants classified as to public use and private use.

**ITEMS**

1. Connections to main.
2. Excavation, backfill, and disposal of excess excavated material.
3. Hydrants and fittings, including barrel and shoe.
4. Manholes.
5. Pavement disturbed, including cutting and replacing pavement, pavement base and sidewalks.
6. Pipe including leads and drains.
7. Tee at main.
8. Valves and valve boxes.

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Summary: Testimony Direct Testimony of WM Ross Willis in Opposition to the Settlement electronically filed by Ms. Jamie Williams on behalf of Botschner-O'Brien, Amy Ms.