

**A report by the Staff of the
Public Utilities Commission of Ohio**

In the Matter of the Application of Christi Water System,
Inc. for an Increase in Rates and Charges

Case Number 20-1428-WW-AIR

April 7, 2021

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Christi)
Water System, Inc., for an Increase in Rates) Case No. 20-1428-WW-AIR
and Charges)

Jenifer French, Chair

M. Beth Trombold, Commissioner

Lawrence K. Friedeman, Commissioner

Daniel R. Conway, Commissioner

Dennis P. Deters, Commissioner

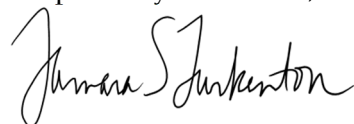
To the Honorable Commission:

In accordance with the provisions of the Ohio Revised Code Section 4909.19, the Staff of the Public Utilities Commission of Ohio (Staff) has conducted its investigation in the above matter and hereby submits its findings to the Commissioners of the PUCO (Commission) in this Staff Report. The Staff Report has been jointly prepared by the Rates & Analysis Department and Service Monitoring and Enforcement Department.

Copies of the Staff Report have been filed with the Docketing Division of the Public Utilities Commission of Ohio (PUCO) and served by certified mail upon the mayors of all affected municipalities and other public officials deemed representative of the service area affected by the application. A copy of this report has also been served upon the utility or its authorized representative. Interested parties are advised that written objections to any portion of the Staff Report must be filed within 30 days of the date of the filing of this report, after which time the Commission will promptly set this matter for public hearing. Written notice of the time, place, and date of such hearing will be served upon all parties to the proceeding.

The Staff Report is intended to present for the Commission's consideration the results of Staff's investigation. It does not purport to reflect the views of the Commission nor should any party to the proceeding consider the Commission as bound in any manner by the representations or recommendations. The Staff Report, however, is legally cognizable evidence upon which the Commission may rely in reaching its decision in this matter. (See *Lindsey v. Pub. Util. Comm.*, 111 Ohio St. 6 (1924)).

Respectfully submitted,



Tamara Turkenton, Director

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Robert Fadley, Director

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BACKGROUND

The Applicant, Christi Water System, Inc. (CWS, Applicant, or Company), is an Ohio corporation and a public utility engaged in the business of providing water service to approximately 196 residents of Christi Meadows Subdivision, River Chase Properties, and Webco Properties in Defiance. CWS has a purchase water agreement with the City of Defiance, Ohio.

The Applicant's current base rates and charges were established pursuant to Case No. 09-569-WW-AIR (2009 Rate Case) and its purchase water rates were last updated in Case No. 15-423-WW-PWA (PWA).

On August 24, 2020, the Applicant filed an application to increase its rates for water service, pursuant to R.C. 4909.18. On September 24, 2020, the Applicant filed a revised application. On November 4, 2020, the Commission accepted the application for filing as of September 24, 2020. The Commission approved CWS's test period as July 1, 2019, to June 30, 2020, and the date certain as December 31, 2019.

The Company proposes to increase rates and establish a new rate structure. A customer using 400 c.f., would see their bill increase approximately 70% under the proposed rates. Under the proposed rate design, a customer's minimum bill would increase from \$26.89 to \$92.79.

RATE BASE AND OPERATING INCOME

Scope of the Investigation

The scope of investigation for an application filed pursuant to the Standard Filing Requirements, Chapter IV, Abbreviated Filing, was designed to determine the reliability and reasonableness of the Applicant's test year information concerning operating income, rate base and other data.

The Staff's investigation included a general review of the Applicant's operation through analyses of PUCO annual reports, other compiled data and numerous conversations with the utility operator's representatives. Actual revenues and expenses recorded on the Applicant's records were analyzed for reasonableness and acceptability for ratemaking purposes. Other analyses were performed by the Staff as considered necessary under the circumstances.

Revenue Requirements

Schedule A-1 presents Staff's determination of the Applicant's revenue requirements. The Staff-recommended revenue increase is also shown on the Schedule A-1. This determination is based on the Staff's examination of the accounts and records of the Applicant for the test year ending June 30, 2020, and date certain of December 31, 2019. The results of its examination are summarized in this report and the schedules, which incorporate Staff's recommended rate of return, rate base and adjusted test year operating income.

Rate Base

The rate base represents the net value of the Applicant's net investment in plant, materials and supplies, and other assets as of the date certain, December 31, 2019 that were used and useful in providing water utility service to its customers and upon which its investors are entitled to the opportunity to receive a fair and reasonable rate of return.

Staff's analysis of the rate base is divided into Plant In Service, Depreciation, Construction Work in Progress, Working Capital, and Other Rate Base Items. A comparison of the rate base submitted by the Applicant and Staff's recommendation is shown on Schedule B-1. Schedules B-2 through B-6 provide support for the Staff findings.

Plant In Service

The Applicant's plant in service is the surviving original cost of the plant that is used and useful in providing water service to the Applicant's customers. Staff reviewed pertinent data including annual reports to the Commission and Applicant's prior rate case documents to verify plant balances. Staff determined that there are plant accounting issues that the Applicant needs to correct.

As a result of its investigation, Staff recommends adjustments to the Applicant's date certain plant investment for ratemaking purposes. The adjustments are identified below and reflected on Schedule B-2.1. Plant accounting recommendations are included in the Management and Operations Review section of this Staff Report.

Plant Exclusions

Staff excluded a couple items from the Applicant's date certain plant investment. The Applicant was not able to provide Staff with the appropriate documentation to support the increase to the account balances, in Accounts 346-Meters and 379-Other General Equipment, from the date certain in the Applicant's 2009 Rate Case, to the date certain of this case. Staff's adjustments are shown on Schedule B-2.1a.

Plant Reclassification

Staff discovered that the account balances in Accounts 345-Services and 348-Hydrants had been reclassified to Account 343-Trans. and Distr. Mains. Staff determined the account balances for each account and reclassified the respective balances to the proper accounts. This reclassification adjustments are shown on Schedule B-2.1b.

Plant Not Used for a Utility Purpose – Land and Land Rights

Staff discovered that certain plant items included in the Applicant's plant in service balance as filed were not used for a utility purpose. The adjustment is shown on Schedule B-2.1c.

Plant Investment

Staff discovered a few plant items that had not been included in the Applicant's plant in service balance as filed. One of these adjustments was for a purchase of meters that Staff removed from an expense account and reclassified to Account 346-Meters. The other adjustment was for the installation of plant charged to customers by the Applicant that Staff removed from a revenue account and reclassified to Account 345-Services. This adjustment also created a contribution in aid of construction, which is discussed in more detail under the Other Rate Base Items section. These plant investment adjustments are shown on Schedule B-2.1d.

Depreciation

Depreciation accounting is the process that distributes the original cost of depreciable assets, adjusted for net salvage, over the normal useful life of the property in a systematic and rational manner. Staff's investigation of depreciation is segregated in two areas: Depreciation Reserve and Depreciation Accrual Rates and the corresponding Depreciation Expense. Each of these areas is discussed in detail in the following sections.

Depreciation Reserve

The Applicant keeps its book depreciation reserve based on tax depreciation. However, the Applicant did include a depreciation reserve shown by plant account in the Applicant's annual report to the Commission for the year ended December 31, 2019. Staff, as part of our investigation, tested the Applicant's depreciation reserve as reflected in the Applicant's annual report against a calculated theoretical reserve based on the current accrual rates and December 31, 2019 plant balances as a guide to whether the reserve was appropriate. The Staff determined that the level of the overall depreciation reserve is not reasonable in comparison with the theoretical reserve calculation. Therefore, it is Staff's opinion that the actual jurisdictional reserve, as adjusted by Staff and shown on Schedule B-3, is proper and adequate and should be used for purposes of this proceeding.

Depreciation Accrual Rates and Expense

The current accrual rates for the Applicant's plant were originally prescribed by the Commission in Case No. 85-859-WW-AIR and affirmed in the 2009 Rate Case. Staff reviewed these accrual rates by comparing them to accrual rates approved by this Commission for other similar utility companies. However, the accrual rates prescribed by the Commission did not provide an accrual rate for Account 372-Office Furniture and Equipment since there was no plant items assigned to that account. Therefore, Staff adopted an accrual rate approved by the Commission for another similar utility. Staff is of the opinion that the adopted accrual rate and the Applicant's current accrual rates are proper and adequate.

Staff's calculation of depreciation expense based on the jurisdictional plant in service balances at date certain and the accrual rates discussed above is shown on Schedule B-3.2.

Construction Work in Progress

The Applicant does not account for allowance for construction work in progress. This is reflected on Schedule B-4.

Working Capital

Working capital is generally defined as the average amount of capital provided by investors in the company over and above the investments in plant and other specifically identified rate base items. This bridges the gap between the time expenditures are required to provide service and the time collections are received for the service. Staff calculated the allowance for cash working capital based on the formula approach, which has been approved by the Commission in previous abbreviated rate cases. Under this method, the expense lag dollars component of working capital represents one-twelfth of the adjusted operation and maintenance expense. One-fourth of the adjusted operating taxes are used to partially offset working capital. The calculation of the recommended allowance for working capital is shown on Schedule B-5.

Other Rate Base Items

Deferred Income Taxes

Staff found that the Applicant has not maintained accounting reserves that reflect differences between taxes payable and taxes on a normalized basis.¹ As a result, Staff was unable to determine the exact balance of accumulated deferred income taxes (ADIT) by which rate base should be adjusted. Therefore, Staff did not include an adjustment in Other Rate Base Items for deferred income taxes. Going forward, Staff recommends the Applicant begin accounting for accumulated deferred income taxes consistent with Staff recommendations in the Management and Operations Review section of this Staff Report.

Contribution in Aid of Construction

Contribution in aid of construction (CIAC) is defined as donations or contribution in cash, service, or property from states, municipalities, or other government agencies, individuals, and

¹ This reserve is typically referred to as "Accumulated Deferred Income Taxes"

others for construction purposes.² In the water and sewer industry, the contribution is accounted for separately from the plant in service and is used to offset the plant balance that is included in rate base. The balance should be amortized over the life of the contributed plant.

As discussed above in Plant Investment, Staff calculated the contributed capital based upon the amount charged to the Applicant's customers to install plant, such as curb stops and risers, resulting in contributed capital of \$1,406. Staff used this amount as a rate base deduction on Schedule B-6. Staff also calculated the date certain amortized CIAC using the Applicant's current depreciation rates. The cumulative amortized balance at date certain is used to partially offset the total CIAC balance and the annual amortization is used to partially offset the Staff's recommended depreciation expense. The rate base adjustment is shown on Schedule B-6, and the annual amortization used to reduce Staff's depreciation expense is shown on Schedule B-3.2. Accounting recommendation for CIAC are included in the Management and Operations Review portion of this Staff Report.

Allocations

Because this case involves the Applicant's entire service area, no jurisdictional allocations are necessary.

Operating Income

The Applicant's test year revenues consist of 12 months of historical data for the period of July 1, 2019, through June 30, 2020. Application reflects test year expenses at \$207,151.78. Staff included on Schedule C-2 unadjusted test year expenses of \$217,151.78, which are reflected on the company's general ledger. Staff adjusted the Applicant's test year operating income as required to render it an appropriate basis for setting rates.

Staff's pro forma operating income is Staff's adjusted test year operating income modified to reflect the Applicant's proposed increase in rates and the associated increases in federal income taxes. Staff's pro forma adjustments are shown on Schedule C-1.

Schedules C-1 and C-2 present Staff's determination of operating income. The calculations, methodologies, and rationale used to develop Staff's adjusted and pro forma operating income are detailed on schedules A-1, C-1.1, C-3.1 through C-3.12, and C-4.

Pro forma Adjustments

Schedule C-1.1 shows the proposed increase in operating revenues based on the Applicant's proposed rates and the associated increases in federal income taxes. Staff's Schedule C-1.1a quantifies the proposed revenue increase using Staff's adjusted usage, current rates and proposed rates.

² 1973 Uniform System of Account for Class D Water Utilities.

Current Adjustments

Base Revenue

The Applicant provided revenue and usage for the July 1, 2019 to June 30, 2020 test year based on readings from meters and billings. Staff found that the Company's general ledger for revenue recorded from July 1, 2019 to June 30, 2020 had included thirteen billed months. Staff used the test year usage as the baseline for the revenue, which lowers the Company's reported revenue by one month. Staff also adjusted the test year usage in DR 3 to include usage from previous customers that the Company had listed as inactive. Staff's adjustment decreases the test revenue by \$11,760 and is shown on Schedule C-3.1.

Miscellaneous Revenue

The Applicant provided miscellaneous revenue and for the July 1, 2019 to June 30, 2020 test year based on the general ledger. Staff made three adjustments to the miscellaneous revenues. First, Staff removed the gain on sale of assets. The land that was sold was not included in rate base and not used for utility purposes. Second, Staff removed the labor and materials revenue. This revenue should no longer be collected. See the Tariff Analysis section of this report for more details. Lastly, Staff removed the revenue from the refund of the bank service charges since this will not be a reoccurring revenue source. Staff's adjustment decreases the test revenue by \$3,675 and is shown on Schedule C-3.2.

Rate Case Expense

Staff adjusted rate case expense by re-categorizing outside services employed expenses to rate case expense and updating to include appropriate rate case expenditures. Staff then amortized these expenses over five years. Staff's adjustment reduces overall expense by \$5,930 and is shown on Schedule C-3.3.

Outside Services Employed Expense

Staff adjusted Outside Services Employed to remove services expensed during the test year but provided prior to the test year. Staff's adjustment reduces overall Outside Services Employed expense by \$5,088 and is shown on Schedule C-3.4.

Repairs of Water Plant Expense

Staff adjusted the Maintenance Expense to remove purchases of meters and other parts that should be recategorized to plant accounts. Staff's adjustment reduces Repairs of Water Plant Expense by \$5,906 and is shown on Schedule C-3.5.

Miscellaneous General Expenses: Rent Expense

Staff adjusted Account 689 - Miscellaneous General Expenses to reflect historical expenditure levels associated with rent of storage facilities. During the course of its investigation, Staff learned that a recent large increase in the rent was due to the fact that the storage facility was now heated. Staff does not believe heating of the storage facility benefits customers. Staff's adjustment reduces Miscellaneous General Expenses by \$5,500 and is shown on Schedule C 3.6.

Taxes Other than Income Taxes Utility Operating Income Expense

Staff adjusted Taxes Other than Income Taxes Utility Operating Income expense to remove property taxes associated with non-utility property included in the test year. Staff's adjustment decreases overall expenses by \$3,593 and is shown on Schedule C-3.7.

Interest Expense

The Company's recorded \$4,414 in interest expense during the test year. Staff adjusted test year expenses to remove the interest expense. Staff's adjustment is shown on Schedule C-3.8.

Depreciation Expense

Staff adjusted the depreciation expense to reflect Staff's recommended depreciable plant in service as of the date certain. Staff's adjustment is shown on Schedule C-3.9. Further discussion on depreciation can be found in the Rate Base section of this report.

Federal Income Tax Expense

The Applicant is a Subchapter S Corporation. Therefore, on Schedule C-4, Staff calculated the income tax expense based on personal tax rates. In addition, on Schedule C-4.1, Staff calculated the Qualified Business Income (QBI) deduction, which the Applicant is eligible to take. Staff's recommended current and proposed test year federal income tax expense is shown on Schedule C-4.

RATE OF RETURN

Staff recommends a rate of return in the range of 8.8 percent to 9.8 percent with a mid-point of 9.3 percent. Staff developed the recommended rate of return using the average authorized return on equity granted to domestic utilities for the last year and then discounting the average to remove issuance cost.

Calculation of the Rate of Return

In determining a fair rate of return, three economic criteria were established in the landmark *Bluefield* and *Hope* cases.³ These cases establish that the rate of return should be sufficient to enable the regulated utility to: (1) maintain its credit standing and financial integrity; (2) attract new capital at reasonable costs; and (3) have a return commensurate with returns being earned on investments attended by corresponding risk.⁴ However, *Bluefield* also indicates that a utility is not entitled to earn a level of return generally associated with highly profitable enterprises or speculative ventures.⁵ These criteria simply acknowledge the basic economic realities that a regulated company must be able to generate sufficient revenues from the rates set by the regulatory agency to cover all costs (operating expenses and capital costs) incurred under prudent, honest and efficient management. The regulatory commission must, therefore, give the investor the opportunity to receive fair compensation for its investment in a utility.

Staff has taken the averages of the published return on equity granted for domestic companies for the last year and organized them into quadrants. Staff then averaged quadrants two and three in order to eliminate outliers and rider only cases. Staff then discounted this average by the generic issuance cost that Staff has used for at least the last 25 years (Staff Workpaper Rate of Return). The reason Staff removed the generic issuance cost is because typically smaller utilities are not accessing equity capital through markets but from direct contributions from owners of the entities and therefore don't incur issuance costs.

Staff is attempting to create a rate of return for small utilities that is market-based and allow companies to meet the criteria that was established by *Bluefield* and *Hope*. Staff believes that the risk associated with equity regulated returns closely resembles the risk faced by owner/investors of small utilities when deploying additional capital.

³ *Bluefield Waterworks & Improvement Co. v. Pub. Serv. Comm. Of W.Va.*, 262 U.S. 679 (1923) and *Fed. Power Comm. V. Hope Natural Gas Co.*, 320 U.S. 591 (1944).

⁴ *Bluefield* at 692--93; *Hope* at 603.

⁵ *Bluefield* at 693.

RATES AND TARIFFS

Introduction

Staff investigated the rates proposed by the Applicant and reviewed the current tariffs on file with the PUCO. The results of Staff's investigation are reported herein. Staff's intent is to provide analysis with respect to the acceptability and reasonableness of the revenue recovery mechanisms contained in the application and to review the current tariffs for compliance with current PUCO rules and requirements. The rates and charges in this section may require adjustment to generate the revenue requirement authorized by the Commission. Typical customer bills under Applicant-proposed and Staff-proposed rates are presented at the end of this section.

Miscellaneous Charges

Dishonored Payment Charge

Staff finds that a dishonored check charge is appropriate and that it should reflect the actual costs incurred by the Company to process such payments. The Applicant currently has a \$49 dishonored check charge. The response to Staff's Data Request 6 stated that the Applicant is assessed a \$5 Returned Check Fee charge by its bank when a check is dishonored. Staff finds that the Company should be permitted to recover the bank's fee and therefore recommends the dishonored check charge be decreased from the current \$49 to \$5.

Reconnection Charge

The Applicant's current reconnection charge is \$33. The Applicant's response to Staff Data Requests 7 and 8 stated that no reconnections or disconnections were performed during the test year. Staff recommends that the charge should be based upon actual out-of-pocket expenses when performing the reconnection.

Rate and Revenue Analysis

General guidelines or objectives are followed in Staff's review of rate schedules and designs. The applicable schedules should provide the utility the opportunity to recover the authorized revenue. The various rate schedules should represent a reasonable distribution of revenue between the various customer groups. The schedule should be equitable and reasonable to all customers within a group and should provide for customer understanding, continuity of rates, and minimal customer impact.

The rate design criteria are interrelated and are to be viewed as a package. Although each item can separately be identified and applied to rate schedule determinations, no single standard is overriding in determining proper rate design. The rate schedules that comprise a utility's tariff should provide for the recovery of costs found proper in the course of a regulatory proceeding. If the rate schedule design is based on cost causation, it will provide for cost recovery in the long term, given changes in customer usage characteristics. Normally, and to the extent sufficient information is available, cost of service studies and related cost analyses are necessary to determine the appropriate level of revenue to be generated and the appropriate recovery of such revenue.

The rate schedules should be designed to be equitable and reasonable to the customers served pursuant to their applicability. This criterion involves several considerations. The schedules should, to the extent practicable, be predicated upon the costs associated with a service rendered. Customers receiving like services should experience the same charges and provisions. Also, differences in the applicable charges should be representative of differences in costs.

From a practical rate design standpoint, absolute equality between costs and revenue may be difficult to achieve in the short term. While it may be viewed as equitable to set rates at costs, if there is a substantial divergence in the current rates the resulting impact on individual customers may be viewed as unreasonable. While desiring cost supported charges, Staff also considers such items as typical customer billings and revenue increases, which would occur. These tests help provide benchmarks regarding the reasonableness of charges and rate forms. While it is Staff's position that rates should reflect costs, it is also important to consider the continuity associated with the current and proposed pricing structures. This may result in movement towards more closely aligning revenues with costs rather than an absolute match at a particular time period.

When employing these standards to develop and design a rate, the results should be understandable to the customers billed under the schedule.

Revenue Analysis

Because the Company services one customer class (residential) and has not had changes in customer make-up that would cause a shift in cost causation, Staff finds it unreasonable to request that the Company prepare a cost of service study.

Revenue Distribution

Because the customer base is homogenous, there is no need for a revenue distribution between customer classes.

Rate Analysis

The Applicant's current rates are separated between base rates and purchased water rates. Both rates follow the same usage brackets and have an established fixed fee also called a minimum charge for the first usage bracket. The usage brackets for both rates are the following:

- 0-50 c.f.
- 51-310 c.f.
- 311-1500 c.f.
- Over 1500 c.f.

The base rates have an inclining variable rate per c.f. while the purchase water rates have a declining block rate structure. The combined rates result in a declining block structure.

The Applicant proposed a consolidated rate with simplified usage brackets of 0-350 c.f. with a minimum charge of \$92.79 and a single volumetric rate for usage over 351 c.f.⁶

The Applicant's request would cause a substantial rate increase for the lower usage customers. A customer's minimum bill would more than triple from \$26.89 to \$92.79. This change would cause rate shock. Staff recommends that the lower rate block stay in place at 0-50 c.f.

The Applicant's request to change to a single volumetric rate is reasonable. This structure would simplify billing and would further encourage conservation by removing the declining block rates. This would result in the following usage brackets:

- 0-50 c.f.
- Over 51 c.f.

Minimum Charge

A minimum charge is a fixed fee that includes an allotment of water consumption. In this case, 50 c.f. of water are included in the minimum charge. Over the years, Staff has recommended replacing the minimum charge with a customer charge. However, elimination of the minimum charge coupled with Staff's recommended increase over current rates shown on Schedule A-1 could cause rate shock to the Applicant's customers. This could also cause additional costs to the Company in billing program modifications. Staff, therefore, recommends the retention of a minimum charge in this case.

The Applicant is proposing to increase the minimum charge to \$92.79 with an allotment of 350 c.f. of water. The current minimum charge for base rates is \$10.00 per month. The purchased water minimum charge is currently \$16.89 per month. This totals \$26.89 per month in minimum charges. Increasing the minimum charge from \$26.89 to \$92.79 would result in a 245% increase. Staff is recommending keeping the water allotment to 50 c.f. to avoid rate shock for lower usage customers.

Staff has calculated the new minimum charge based on four factors. The first is the meter and services cost, which would recover the cost and expenses related to the current meters. The second being the billing and collecting costs, which would recover the cost to bill customers. The third is the fixed charge that the City of Defiance charges to sell water. And the fourth is a consumption charge. After analyzing these four categories, Staff finds the new minimum charge should be \$34.34, which results in a 28% increase.

Rate Blocks/ Volumetric Rates

As previously discussed, Staff has reviewed the Applicant's proposed usage brackets and proposed rates and found them be unreasonable due to the customer bill impacts. The Applicant's and Staff's proposed usage brackets and rates are below in Table 2 and 3.

⁶ CWS is eligible to apply for future PWA to recoup increases in cost of purchasing water from the City of Defiance. The rate case revenue requirement includes \$85,835 in purchase water expenses incurred during the test year.

Table 1 - Current and Applicant's Proposed Monthly Rates

Usage Brackets	Current Rates*	Proposed Usage Brackets	Proposed Rates	Dollar Increase	Percent Increase
0-50 c.f./month	\$26.89	0-350 c.f./month	92.79	\$65.90	245.07%
51-310 c.f.	0.0891	351 c.f. and up	0.102	0.0129	14.48%
311-1500 c.f.	0.0827	351 c.f. and up	0.102	0.0193	23.34%
Over 1500 c.f.	0.0807	351 c.f. and up	0.102	0.0213	26.39%

*Current rates include the base rate plus the purchased water rate

Table 2 - Current and Staff's Proposed Monthly Rates

Usage Brackets	Current Rates*	Staff Proposed Rates**	Dollar Increase	Percent Increase
0-50 c.f./month	\$26.89	\$34.34	\$7.45	27.69%
51-310 c.f.	0.0891	0.123070	0.033970	38.13%
311-1500 c.f.	0.0827	0.123070	0.040370	48.82%
Over 1500 c.f.	0.0807	0.123070	0.042370	52.50%

*Current rates include the base rate plus the purchased water rate

** Staff's proposed rates are based on the midpoint revenue requirement in Staff Sch A-1

Typical bills resulting from both the Applicant's and Staff's proposed rate increases are shown in Table 3 below. Staff's proposed rate is calculated using the midpoint of the revenue requirement on Schedule A-1.

Table 3 - Typical Bill Analysis

Usage	Current Bill	Proposed Bill		Dollar Increase		Percent Increase	
Cubic Feet		Applicant	Staff	Applicant	Staff	Applicant	Staff
50	\$ 26.89	\$92.79	\$34.34	\$ 65.90	\$ 7.45	245.1%	27.7%
100	\$ 31.35	\$92.79	\$40.49	\$ 61.45	\$ 9.14	196.0%	29.2%
200	\$ 40.26	\$92.79	\$52.80	\$ 52.54	\$ 12.54	130.5%	31.2%
300	\$ 49.17	\$92.79	\$65.10	\$ 43.63	\$ 15.94	88.7%	32.4%
400	\$ 57.50	\$97.89	\$77.41	\$ 40.39	\$ 19.91	70.2%	34.6%
500	\$ 65.77	\$108.09	\$89.72	\$ 42.32	\$ 23.95	64.3%	36.4%
600	\$ 74.04	\$118.29	\$102.02	\$ 44.25	\$ 27.99	59.8%	37.8%
700	\$ 82.31	\$128.49	\$114.33	\$ 46.18	\$ 32.02	56.1%	38.9%
800	\$ 90.58	\$138.69	\$126.64	\$ 48.11	\$ 36.06	53.1%	39.8%
900	\$ 98.85	\$148.89	\$138.95	\$ 50.04	\$ 40.10	50.6%	40.6%
1000	\$ 107.12	\$159.09	\$151.25	\$ 51.97	\$ 44.13	48.5%	41.2%
1500	\$ 148.47	\$210.09	\$212.79	\$ 61.62	\$ 64.32	41.5%	43.3%
3000	\$ 269.52	\$363.09	\$397.39	\$ 93.57	\$ 127.87	34.7%	47.4%

Tariff Analysis

During the course of the investigation, the Applicant has proposed changes to the existing tariff. Staff has reviewed the existing tariff as well as the changes proposed by the Applicant for compliance with Ohio Revised Code and Ohio Administrative Code.

Staff recommends the following changes to the Applicant's tariffs:

PUCO No. 3 Original Sheet No. 2 includes a new provision for meter replacement. The provision would require customers to pay for meter replacement. Meters are not typically the responsibility of the customer for replacement. Rather the Company usually owns, maintains, and furnishes meters. Meters are a vital piece of any utility distribution service and thus the responsibility of the Company. Moreover, many of the other provisions of the Company's tariff will be in conflict with customer owned meters such as the requirement to have all meters sealed by the Company at the time of installation, routine inspections and testing, and location of meters. Furthermore, the Commission may lack jurisdiction of customer owned equipment creating increased uncertainty to the tariffs. Staff does not recommend this provision to create customer owned, maintained and furnished water meters and believes that the Company is responsible for the cost to replace a meter. However, in the event that the replacement of the meter is necessary, not due to ordinary wear and tear, but the result of the customer's negligence or a purposeful act, Staff believes that the customer would be responsible for the cost of the replacement meter.

PUCO No. 3 Original Sheet No. 3 includes a new provision to require the owner of a rental property to pay a tenant's bill. Ohio Adm.Code Chapter 4901:1-17 details the rules for the establishment of credit for residential service for a waterworks utility company. Besides the obvious lack of privity of contract, the rules in Chapter 17 do not provide for a property owner to be responsible for a tenant's utility service. The Company can avail themselves of multiple means to protect themselves from a defaulted customer such as guarantors, deposits, and reversion agreements that do not conflict with Ohio law. Staff does not recommend this provision to assign bill responsibility to unsuspecting property owners.

PUCO No. 3 Original Sheet No. 4 includes a new provision that eliminates the company's responsibility for installation and maintenance of meters. The new provision conflicts with the provision preceding it indicating that the meter is the property of the Company and the Company reserves the right to repair, replace, maintain, and remove it. The Company has categorized meters like customer owned water lines with the new provision, yet wishes to also repair, maintain, and remove them. The Company's proposal to put the cost of meters, including maintenance, on the customer while retaining control and ownership of said meter blurs customer and company responsibilities for meters. Staff does not recommend this provision to assign responsibility for installation and maintenance of meters to customers.

PUCO No. 3 Original Sheet No. 4 includes a reference to the Meter Replacement provision in Sheet No. 2 mentioned above in the location of meters provision. Staff does not recommend the Meter Replacement provision referenced here for the same concerns as mentioned in Staff's recommendation above.

PUCO No. 3 Original Sheet No. 4 existing tariff includes a section on ownership and maintenance. The provision indicates that all services including the meter are the property of the Company and the Company reserves the right to repair, replace, and maintain it, as well as to remove it upon discontinuance of service. In addition, the Company is not responsible for the installation and maintenance of water lines beyond the end of its service line. However, Staff through its investigation in this case discovered that the Company has charged customers for ordinary repairs and maintenance of Company owned facilities/equipment such as curb valves, curb risers, and service lines. The practice of charging customers for company owned and controlled maintenance is concerning. Generally, after the initial installation, a customer is responsible for maintenance on their side of the meter and the Company is responsible for the meter and its side of the meter. Staff recommends that the Company clarify ownership and maintenance with the following provision.

The Collection Mains, Distribution Mains, including curb stops, valves, and any metering, Company Service Lines, or other appliances under the control of the Company, are the property of the Company, and the Company reserves the right to repair, replace and maintain them, as well as to remove them upon discontinuance of service. The Company does not own and is not responsible for the installation and maintenance of Customer service lines.

If the customer through negligence or a purposeful act is the cause of the repair or replacement, Staff believes that the customer should be responsible for the cost of the repair or replacement. Staff recommends an additional provision to clarify ordinary wear and tear responsibility and a customer's negligent or purposeful responsibility.

The existing tariffs include a customer bill sample that is no longer in use. Staff recommends including the current customer bill sample in the tariff per Ohio Adm.Code 4901:1-15-15(D).

The existing tariffs do not include the company's customer rights. Staff recommends including the current customer rights in the tariff per Ohio Adm.Code 4901:1-15-15(D).

Staff recommends the following formatting changes to the Applicants' tariffs:

- Update all revised Original sheets to First Revised Sheets
- Update effective dates in Index for all sheets modified
 - Rates and Charges
 - Application for Service
 - Reconnection Charge
- Update footers on revised sheets with issued date, effective date, and case number
- Original Sheet No. 5, remove extra space between "the" and "subsequent" on (A)(4)
- Original Sheet No. 8, remove the extra space between "The" and "Company" on the first line of Prohibited Connections.

CUSTOMER SERVICE AND FACILITY OPERATIONS

Customer Service

Staff conducted a customer service audit in May 2018. Staff identified several items of possible non-compliance. Staff identified lack of a telephone number in the local telephone directory, several bill format concerns, disconnection notice concerns, deposit concerns, and financial responsibility demonstration concerns. The Company has updated notices, bills, and procedures because of the audit for compliance. In the past twelve months, the company has had no contacts recorded in the customer service database other than those received in reference to the rate increase. Ninety-five out of one hundred ninety-seven customers, or 48% of the total customer base, contacted the Commission to dispute the proposed rate increase. Most customers said that it would more than double their bill and would create a financial hardship. The customers stated that the increase was unfairly applied to customers with the lowest usage and should be more evenly distributed.

Water Service Quality

Staff investigated the Company's physical facilities and operations to assess compliance with 4901:1-15 O.A.C., the Water and Wastewater Service Standards. The investigation also entailed a review of Company records, water quality tests and a review of customer contacts received by the Commission.

Physical Facilities Review

The Company purchases water from the City of Defiance and therefore has no source of supply or water treatment facilities, only a distribution system consisting of about 200 service connections serving a community of approximately 500 mostly residential customers. The average daily demand for the system is 140,000 gallons per day. One master meter connects the Company to the City of Defiance. The Company also does not have any elevated storage tank or provide additional treatment.

Although not directly under the jurisdiction of the Commission, the City of Defiance Water Treatment Plant, which supplies water to the Company, has a recent history of violations issued by Environmental Protection Agency (Ohio EPA) for water quality exceedances of Total Trihalomethanes (TTHMs). TTHMs are a group of disinfection byproducts that form when chlorine compounds used to disinfect water react with other naturally occurring chemicals in the water. These compounds are considered to be possibly carcinogenic to humans by the U.S. EPA because of evidence of carcinogenicity in experimental laboratory animals and limited evidence in people.

The City of Defiance has been issued Findings and Orders by Ohio EPA to begin filtering drinking water with granular activated carbon (GAC), a proven method to remove certain

chemicals, particularly organic chemicals such as TTHMs. The City of Defiance began construction for the GAC Project in early 2021 and, per the Findings and Orders, are required to begin treatment by February 2022. Two separate studies were conducted on the addition of GAC filtration and demonstrated this GAC filtration will significantly reduce TTHMs throughout the City of Defiance's entire water system. In turn, this additional treatment should serve to improve the quality of drinking water the Company provides to customers.

Routine field inspections are conducted to evaluate whether the Company is in compliance with the Ohio Administrative Code in the following areas:

1. Annual Main Flushing Program including semi-annual dead-end main flushing as required pursuant to Ohio Adm.Code 4901-1-15-10(B)(4). Per the Company's managers, mains are flushed twice a year to follow the City of Defiance flushing schedule. The distribution system contains 10 hydrants at Christi Meadows and 5 hydrants at River Chase. As part of the facility compliance audit process for this application, the Company was unable to produce verifiable records of routine semi-annual flushing activities as requested. All records of flushing shall be maintained as referred to in rule Ohio Adm.Code 4901:1-15-14 of the Administrative Code.

2. Valves are required to be operated routinely as required pursuant to Ohio Adm.Code 4901:1-15-10(B)(5). Per the Company's managers, the system has 10 main valves at River Chase and access to 24 main line valves at Christi Meadows, the majority of which are operated during the semi-annual hydrant flushes.

In addition to the PUCO requirement, Ohio EPA recommended in a Sanitary Survey Letter dated July 27, 2017, the Company implement a valve exercising program including the following elements: goal of annual exercising; measures to verify the goals are met; written standard operating procedures; written records of the exercising including date, number of turns, and person completing the work; and identification of critical valves for exercising on a more frequent basis and goals to reduce the number of inoperable valves (AWWA Standard G200-04,4.2.5.1). As part of the audit process for the application under consideration, the Company was unable to produce verifiable records to document the existence of a formal valve inspection and maintenance program.

3. Hydrants are required to be inspected and maintained pursuant to Ohio Adm.Code 4901:1-15-10(B)(5). Per the Company's managers, hydrants are inspected semi-annually. In 2020, the Company reported that two hydrants were rebuilt and resealed at a cost of \$690.68, paid on January 14, 2021. As part of the audit process for this application, the Company was unable to produce verifiable records of hydrant inspection and maintenance activities.

4. Random water pressure testing conducted during recent field inspections showed pressures in compliance with the 35 psi minimum required pursuant to Ohio Adm.Code 4901:1-15-20(C)(3).
5. Random chlorine testing shows that adequate chlorine residuals are being maintained pursuant to Ohio Adm.Code 4901:1-15-20(C)(1). All water chlorine tests conducted as part of routine field inspections were in compliance.

Facilities Review Recommendation

Staff believes the Company is in partial compliance with Commission's Water and Wastewater Service Standards. Although the Company provided a general written narrative, no detailed records for operations and maintenance activities were provided by the Company's managers during the audit process for the application under consideration. More specifically, the Company did not provide detailed records of all main flushing and valve and hydrant inspection and maintenance activities, including date of maintenance, location, work performed, etc., as requested. Moving forward, Staff recommends the Company maintain detailed records of all operations and maintenance activities to comply with the requirements set forth in Ohio Adm.Code 4901-1-15-10.

Inaccurate or absent meters result in a loss of revenue. As such, Staff recommends the Company evaluate the accuracy and location of existing meters, install new meters where needed and replace those that have exceeded their useful life. Furthermore, the size of a meter and the amount of water used by a specific customer should dictate how often meters should be checked. Large meters should be checked at least annually, while individual residential meters should be checked every five to seven years.

MANAGEMENT AND OPERATIONS REVIEW

Ohio Revised Code 4909.154 states that the Commission shall consider the management policies, practices, and organization of public utilities in fixing the just, reasonable, and compensatory rates, joint rates, tolls, classification, charges, or rentals to be observed and charged for service by any public utility.

In the instant case, Staff completed a management and operations audit on CWS's bookkeeping practices. To complete this review, Staff sent document requests and completed interviews with CWS accounting staff and contractors. The following is the result of Staff's investigation.

General Accounting Procedures

Staff interviewed CWS employees and contractors who complete bookkeeping and accounting functions to obtain a greater understanding of CWS's bookkeeping processes. CWS stated during these interviews that they did not have any written accounting policies or procedures. Staff therefore recommends that CWS create a detailed accounting manual containing CWS's accounting policies and procedures within six months of the Commission's Opinion and Order in this case.

Staff requested information as to how CWS complied with the NARUC "Uniform System of Accounts (USOA) for Classes D Water Utilities" from 1973, as is required by Ohio Adm.Code 4901:1-15-32(D)(2). CWS stated that they did not have any knowledge about the USOA. Staff therefore recommends that CWS management, accountants, and bookkeepers read the USOA and ensure that CWS's accounting policies and procedures conform to it within six months of the Commission's Opinion and Order in this case.

Staff reviewed CWS's Chart of Accounts and observed that it did not comport to the USOA. Staff therefore recommends that CWS correct their chart of accounts to conform to the USOA and submit the revised chart of accounts to Staff within six months of the Commission's Opinion and Order in this case. Each account CWS uses should be linked to an individual USOA account and the chart of accounts to be submitted to Staff should contain that information for every account and subaccount. Staff further recommends that management audit the bookkeepers work to ensure that invoices are being properly coded to conform to the USOA.

Staff requested copies of invoices from the test year. On several requested invoices, CWS stated they could not find the invoice. Therefore, Staff recommends that CWS create a record retention policy and ensure that all invoices are retained and available upon request from Staff. Staff further recommends that this policy be included in CWS's accounting manual. Staff also recommends that management audit the retained records yearly to ensure all records are being retained and are accessible upon PUCO documentation request.

Staff also recommends that the Company begin accounting for deferred taxes to reflect the book/tax differences between taxes actually payable and taxes on a normalized basis. Book/tax differences are related to expenditures that are treated differently for tax purposes (taxes payable) than income statement purposes (book/normalized tax). Depreciation expense is the

most common type of book/tax difference, since accelerated depreciation is typically used for tax purposes, while straight line depreciation is used for book purposes. As a result of tax accelerated depreciation, in the early years of an asset's life, tax depreciation exceeds book depreciation. Therefore, the deduction is higher for tax purposes, which means that actual taxes payable are lower than the normalized tax expense recognized on the income statement. The cumulative book/tax differences are accumulated, and this cumulative balance is referred to as Accumulated Deferred Income Taxes or ADIT. Eventually, the book depreciation will exceed the tax depreciation, which causes the ADIT to reverse. It is important to note that over the life of the asset, the total tax expense is the same for both income statement purposes and actual taxes payable.

For accounting purposes, the journal entry to record the difference is to debit Provision for Deferred Income Taxes with a corresponding credit to Accumulated Deferred Income Taxes (referred to as ADIT), which is a liability that represents the cumulative effects of the book/tax timing differences. An example of the journal entry for a deferred tax expense below:

Provision for Deferred Income Taxes \$XXX

Accumulated Deferred Income Taxes \$XXX

For purposes of this section, when referring to tax expense, the attributive nouns "Book" and "Income Statement" and the participle, "Normalized" are intended to have the same meaning. When book depreciation exceeds tax depreciation, all else equal, the tax expense for book purposes is lower than the actual tax payable. For accounting purposes, the journal entry to recognize this is to debit Accumulated Deferred Income Taxes and credit Income Taxes Deferred in Prior Years-Credit. An example of the journal entry for a deferred tax expense is shown below:

Accumulated Deferred Income Taxes \$XXX

Income Taxes Deferred in Prior Years – Credit \$XXX

For ratemaking purposes, the tax expense included in customer rates is normalized or based on the book tax expense, which is typically higher than the actual taxes payable. As a result, customer rates are higher than what they would be if actual taxes payable were included in rates instead. This means that the ADIT represents the cumulative difference between what has been collected in customer rates (book/normalized tax) and what has actually been paid to the US Treasury Department (taxes payable). Since customer rates are based on a tax expense that is higher than the actual amount of taxes paid, ADIT represents an interest-free source of capital and frequently referred to as an interest-free loan from the federal government. As a result, ADIT is treated as an offset to rate base to recognize the fact that the funds are a source of interest-free capital for which a return on the balance should not be earned.

Expense Bookkeeping

Staff interviewed CWS personal including their bookkeeper to examine how CWS accounts for their expenses, both for M&O and Capital. CWS explained that Terry Beilharz, an owner of

CWS, reviews and pays the invoices, then turns them over to the bookkeeper so that she can code the invoice, enter the payment into QuickBooks, and file the invoice along with a carbon copy of the check used to pay it. If the bookkeeper needs help coding the invoices, she codes it to a specific account that the accountant will review and transfer into the correct account(s) once a year. While Staff is not opposed to the majority of this arrangement, Staff recommends that the accountant review invoices that the bookkeeper was unable to code every month to ensure timely and accurate accounting.

During this interview, Staff asked CWS about how it keeps its expenses separate from other entities also owned by the owners of CWS. Terry Beilharz stated that each company has its own bank account and set of books. He also stated that he reviewed each CWS invoice to ensure that no charges for other entities are included on CWS invoices and that should outside charges be attached to an invoice, it would be rejected. During its review, Staff found that property taxes for land that is not used for utility business was included in the expenses included in this case. Therefore, Staff recommends that all expenses not related to providing water to its customers be coded as non-utility expenses and be excluded from this case as well as all future rate cases.

Staff asked CWS about its capitalization policy. CWS stated that it utilized the Internal Revenue Service safe harbor rules for capitalization and that all expenses under \$2,500 are not capitalized. Staff recommends that after CWS reads the USOA that CWS create a capitalization policy to comport with the USOA and include it in its accounting manual.

Income Bookkeeping

Staff interviewed CWS personal including its bookkeeper to understand how CWS accounts for their income. CWS explained that each customer's meter was read monthly, and that its bookkeeper would calculate the monthly usage for each customer. The bookkeeper then enters that usage amount into QuickBooks, which calculates the customer bill. The bookkeeper handwrites each customer's bill to send to them. Late fees are calculated manually then are entered into QuickBooks. Staff does not have any recommendations at this time for CWS's bookkeeping of its incomes.

SCHEDULES

Revenue Requirements

		Lower Bound	Upper Bound
(1)	Rate Base (a)	\$ 56,304	\$ 56,304
(2)	Adjusted Operating Income (b)	(42,616)	(42,616)
(3)	Rate of Return Earned (2) / (1)	-75.69%	-75.69%
(4)	Rate of Return Recommended (c)	9.05%	9.55%
(5)	Required Operating Income (1) x (4)	5,095	5,377
(6)	Income Deficiency (5) - (2)	47,711	47,993
(7)	Gross Revenue Conversion Factor (d)	1.085008	1.085008
(8)	Revenue Increase Required (6) x (7)	51,767	52,073
(9)	Revenue Increase Recommended	51,767	52,073
(10)	Adjusted Operating Revenue (b)	145,053	145,053
(11)	Revenue Requirements (9) + (10)	\$ 196,820	\$ 197,126
(12)	Increase Over Current Revenue (9) / (10)	35.69%	35.90%

- (a) Staff's Schedule B-1
- (b) Staff's Schedule C-2
- (c) Refer to Rate of Return Section
- (d) Staff's Schedule A-1.1

Calculation of Gross Revenue Conversion Factor

(1)	Gross Revenue	100.000000
(2)	Uncollectibles (1) x 0.48906% (a)	<u>0.489060</u>
(3)	Net Revenue (1) - (2)	99.510940
(4)	Ohio Gross Receipts Tax (3) * 4.75%	<u>4.726770</u>
(5)	Income Before Federal Income Tax (3) - (4)	94.784170
(6)	Effective FIT Rate (See Below) (b)	<u>7.345725</u>
(7)	Operating Income Percentage (3) - (6)	92.165215
(8)	Gross Revenue Conversion Factor (1) / (7)	<u><u>1.085008</u></u>

(a) Net Charge offs / Revenues

(b) Derived from Schedule C-1.1 as follows:

(1) Staff's Pro forma Revenues (Schedule C-1)	\$	114,719
(2) FIT Pro forma Expense (Schedule C-1)	\$	<u>8,427</u>
(3) Effective FIT Rate (1) / (2)		<u><u>7.3457%</u></u>

Rate Base Summary
As of Date Certain, December 31, 2019

(1)	Plant in Service (a)	\$ 85,553
(2)	Depreciation Reserve (b)	<u>43,370</u>
(3)	Net Plant in Service (1) - (2)	42,183
(4)	Construction Work in Progress (c)	-
(5)	Working Capital Allowance (d)	15,492
(6)	Other Rate Base Items (e)	<u>(1,371)</u>
(7)	Rate Base (3) Thru (6)	<u><u>\$ 56,304</u></u>

- (a) Schedule B-2
- (b) Schedule B-3
- (c) Schedule B-4, Subject to 10% Limitation
- (d) Schedule B-5
- (e) Schedule B-6

Calculation of Jurisdictional Plant in Service
As of Date Certain December 31, 2019

Acct. No.	Description	Applicant's Unadjusted (a)	Adjustments (b)	Staff's Adjusted Date Certain (c)
<u>Intangible Plant</u>				
301	Organization	\$ -	\$ 322	\$ 322
302	Franchises and Consents	-	-	-
303	Miscellaneous Intangible Plant	322	(322)	-
	Total Intangible Plant	322	-	322
<u>Source of Supply Plant:</u>				
310	Land and Land Rights			
311	Structures and Improvements			
312	Collecting & Impounding Res.			
313	Lake, River & Other Intakes			
316	Supply Mains			
	Total Source of Supply Plant	-	-	-
<u>Pumping Plant:</u>				
320	Land and Land Rights			
321	Structures and Improvements			
323	Other Power Prod. Equipment			
325	Electric Pumping Equipment			
326	Diesel Pumping Equipment			
328	Other Pumping Equipment			
	Total Pumping Plant	-	-	-

Calculation of Jurisdictional Plant in Service
As of Date Certain December 31, 2019

Acct. No.	Description	Applicant's Unadjusted (a)	Adjustments (b)	Staff's Adjusted Date Certain (c)
<u>Water Treatment Plant:</u>				
330	Land and Land Rights			-
331	Structures and Improvements			-
332	Water Treatment Equipment			-
	Total Water Treatment Plant	-	-	-
<u>Transmission & Distribution Plant:</u>				
340	Land and Land Rights			
341	Structures and Improvements			
342	Distr. Reser. & Standpipes			
343	Trans. And Distr. Mains	70,862	(14,170)	56,692
345	Services		10,153	10,153
346	Meters	10,472	456	10,928
347	Meter Installation			
348	Hydrants		5,423	5,423
	Total Transmission & Distribution Plant	81,334	1,862	83,196
<u>General Plant</u>				
370	Land and Land Rights	221,422	(221,422)	-
371	Structures and Improvements	-	-	-
372	Office Furniture and Equipment	1,275	-	1,275
379	Other General Equipment	1,220	(460)	760
	Total General Plant	223,917	(221,882)	2,035
	Total Plant In Service	\$ 305,573	\$ (220,020)	\$ 85,553
(a)	2019 PUCO Supplemental Annual Report			
(b)	Schedule B-2.1			
(c)	Columns (a) + (b)			

Summary of Staff's Adjustments to Plant In Service

Acct. No.	Description	Adjustment To Exclude Undocumented Date Certain Plant (a)	Adjustment to Reclassify Plant to Proper Account (b)	Adjustment to Remove Plant Not Used for Utility Purposes (c)	Adjustment to Add Plant Discovered During Investigation (d)	Total Adjustments (e)
<u>Intangible Plant</u>						
301	Organization	\$ -	\$ 322	\$ -	\$ -	\$ 322
302	Franchises and Consents					
303	Miscellaneous Intangible Plant		(322)			(322)
	Total Intangible Plant		0			0
<u>Source of Supply Plant:</u>						
310	Land and Land Rights					
311	Structures and Improvements					
312	Collecting & Impounding Res.					
313	Lake, River & Other Intakes					
316	Supply Mains					
	Total Source of Supply Plant					
<u>Pumping Plant:</u>						
320	Land and Land Rights					
321	Structures and Improvements					
323	Other Power Prod. Equipment					
325	Electric Pumping Equipment					
326	Diesel Pumping Equipment					
328	Other Pumping Equipment					
	Total Pumping Plant					

Summary of Staff's Adjustments to Plant In Service

Acct. No.	Description	Adjustment To Exclude Undocumented Date Certain Plant (a)	Adjustment to Reclassify Plant to Proper Account (b)	Adjustment to Remove Plant Not Used for Utility Purposes (c)	Adjustment to Add Plant Discovered During Investigation (d)	Total Adjustments (e)
	<u>Water Treatment Plant:</u>					
330	Land and Land Rights					
331	Structures and Improvements					
332	Water Treatment Equipment					
	Total Water Treatment Plant					
	<u>Transmission & Distribution Plant:</u>					
340	Land and Land Rights					
341	Structures and Improvements					
342	Distr. Reser. & Standpipes					
343	Trans. And Distr. Mains		(14,170)			(14,170)
345	Services		8,747		1,406	10,153
346	Meters	(402)			858	456
347	Meter Installation					
348	Hydrants		5,423			5,423
	Total Transmission & Distribution Plant	(402)	0	0	2,264	1,862
	<u>General Plant</u>					
370	Land and Land Rights			(221,422)		(221,422)
371	Structures and Improvements					
372	Office Furniture and Equipment					
379	Other General Equipment	(460)				(460)
	Total General Plant	(460)	0	(221,422)	0	(221,882)
	Total Plant In Service	<u>\$ (862)</u>	<u>\$ -</u>	<u>\$ (221,422)</u>	<u>\$ 2,264</u>	<u>\$ (220,020)</u>

- (a) Schedule B-2.1a.
(b) Schedule B-2.1b.
(c) Schedule B-2.1c.
(d) Schedule B-2.1d.

Adjustment To Exclude Undocumented Date Certain Plant

Acct. No.	Description	Staff's Adjustment
346	Meters (a)	(402)
379	Other General Equipment (a)	(460)
Total Adjustments		\$ (862)

(a) Staff Workpaper B-2.1a

(a) Company Response to Staff DR #17

Adjustment to Reclassify Plant to Proper Account

Acct. No.	Description	Staff's Adjustment
301	Organization	\$ 322
303	Miscellaneous Intangible Plant	(322)
343	Trans. And Distr. Mains	(14,170)
345	Services	8,747
348	Hydrants	<u>5,423</u>
	Total Adjustment	<u><u>\$ -</u></u>

(a) Staff Workpaper B-2.1b.

Adjustment to Remove Plant Not Used for Utility Purposes

Acct. No.	Description	Staff's Adjustment
370	Land and Land Rights	\$ (221,422)
	Total Adjustment	\$ <u>(221,422)</u>

Adjustment To Add Plant Discovered During Investigation

Acct. No.	Description	Staff's Adjustment
345	Services (a)	1,406
346	Meters (b)	<u>858</u>
	Total Adjustments	\$ <u><u>2,264</u></u>

- (a) Staff Workpaper B-2.1c
(b) Data Request #15 (02/25/2021).

Calculation of Jurisdictional Depreciation Reserve

Acct. No.	Description	Applicant's Unadjusted (a)	Adjustments (b)	Staff's Adjusted Jurisdictional (c)
	Intangible Plant			
301	Organization	\$ -	\$ -	
302	Franchises and Consents			
303	Miscellaneous Intangible Plant			
	Total Intangible Plant			0
	<u>Source of Supply Plant:</u>			
310	Land and Land Rights			
311	Structures and Improvements			
312	Collecting & Impounding Res.			
313	Lake, River & Other Intakes			
316	Supply Mains			
	Total Source of Supply Plant			
	<u>Pumping Plant:</u>			
320	Land and Land Rights			
321	Structures and Improvements			
323	Other Power Prod. Equipment			
325	Electric Pumping Equipment			
326	Diesel Pumping Equipment			
328	Other Pumping Equipment			
	Total Pumping Plant			
	<u>Water Treatment Plant:</u>			
330	Land and Land Rights			
331	Structures and Improvements			
332	Water Treatment Equipment			
	Total Water Treatment Plant			

Calculation of Jurisdictional Depreciation Reserve

Acct. No.	Description	Applicant's Unadjusted (a)	Adjustments (b)	Staff's Adjusted Jurisdictional (c)
<u>Transmission & Distribution Plant:</u>				
340	Land and Land Rights			
341	Structures and Improvements			
342	Distr. Reser. & Standpipes			
343	Trans. And Distr. Mains	56,295	(29,668)	26,627
345	Services		6,713	6,713
346	Meters	9,564	(931)	8,633
347	Meter Installation			
348	Hydrants			
	Total Transmission & Distribution Plant	65,859	(23,886)	41,973
<u>General Plant</u>				
370	Land and Land Rights			
371	Structures and Improvements			
372	Office Furniture and Equipment	1,275	(638)	638
379	Other General Equipment	1,220	(460)	760
	Total General Plant	2,495	(1,098)	1,398
	Total Plant In Service	\$ 68,354	\$ (24,984)	\$ 43,370

- (a) 2019 PUCO Supplemental Annual Report
(b) Schedule B-3.1
(c) Columns (a) + (b)

Summary of Staff's Adjustments to Reserve

Acct No.	Description	Adjustment To Exclude/Include Undocumented Date Certain Plant (a)	Adjustment to Reclassify Plant to Proper Account (b)	Depreciation Reserve Adjustment (c)	Total Adjustment
	Intangible Plant				
301	Organization	\$ -	\$ -	\$ -	\$ -
302	Franchises and Consents				
303	Miscellaneous Intangible Plant		-		-
	Total Intangible Plant	-	-	-	-
	<u>Source of Supply Plant:</u>				
310	Land and Land Rights				
311	Structures and Improvements				
312	Collecting & Impounding Res.				
313	Lake, River & Other Intakes				
316	Supply Mains				
	Total Source of Supply Plant				
	<u>Pumping Plant:</u>				
320	Land and Land Rights				
321	Structures and Improvements				
323	Other Power Prod. Equipment				
325	Electric Pumping Equipment				
326	Diesel Pumping Equipment				
328	Other Pumping Equipment				
	Total Pumping Plant				

Summary of Staff's Adjustments to Reserve

Acct No.	Description	Adjustment To Exclude/Include Undocumented Date Certain Plant (a)	Adjustment to Reclassify Plant to Proper Account (b)	Depreciation Reserve Adjustment (c)	Total Adjustment
<u>Water Treatment Plant:</u>					
330	Land and Land Rights				
331	Structures and Improvements				
332	Water Treatment Equipment				
	Total Water Treatment Plant				
<u>Transmission & Distribution Plant:</u>					
340	Land and Land Rights				
341	Structures and Improvements				
342	Distr. Reser. & Standpipes				
343	Trans. And Distr. Mains		(6,655)	(23,013)	(29,668)
345	Services		6,713		6,713
346	Meters	(350)		(581)	(931)
347	Meter Installation				
348	Hydrants		2,481		
	Total Transmission & Distribution Plant	(350)	2,538	(23,594)	(23,886)
<u>General Plant</u>					
370	Land and Land Rights				
371	Structures and Improvements				
372	Office Furniture and Equipment			(638)	(638)
379	Other General Equipment	(460)		-	(460)
	Total General Plant	(460)	-	(638)	(1,098)
	Total Plant In Service	\$ (810)	\$ 2,538	\$ (24,232)	\$ (24,984)

- (a) Schedule B-3.1a.
(b) Schedule B-3.1a.
(c) Schedule B-3.1b.
(d) (a)+(b)+(c)

Depreciation Reserve Adjustment

Acct. No.	Description	Plant (a)	Age	AR % (b)	Reserve
346	Meters	\$ (402)	27.7 (c)	3.14%	\$ (350)
379	Other General Plant	(460)	25.0	4.00%	(460)
301	Organization	322		0.00%	-
303	Miscellaneous Intangible Plant	(322)		0.00%	-
343	Trans. and Distr. Mains	(14,170)	30.7 (d)	1.53%	(6,655)
345	Services	1,406	0.5	2.50%	18
345	Services	8,747	30.7 (d)	2.50%	6,713
348	Hydrants	5,423	30.7 (d)	1.49%	2,481
		<u>\$ 544</u>			<u>\$ 1,746</u>

- (a) See Schedule B-2.1a and B-2.1b
- (b) Recommended accrual rates
- (c) Weighted average of age for Accounts 346
- (d) Weighted average of age for Accounts 343

Depreciation Reserve Adjustment

Acct. No.	Description	Applicant's Unadjusted (a)	Staff's Adjusted Jurisdictional (c)	Adjustments (b)
	Intangible Plant			
301	Organization			
302	Franchises and Consents			
303	Miscellaneous Intangible Plant			
	Total Intangible Plant			
	<u>Source of Supply Plant:</u>			
310	Land and Land Rights			
311	Structures and Improvements			
312	Collecting & Impounding Res.			
313	Lake, River & Other Intakes			
316	Supply Mains			
	Total Source of Supply Plant			
	<u>Pumping Plant:</u>			
320	Land and Land Rights			
321	Structures and Improvements			
323	Other Power Prod. Equipment			
325	Electric Pumping Equipment			
326	Diesel Pumping Equipment			
328	Other Pumping Equipment			
	Total Pumping Plant			
	<u>Water Treatment Plant:</u>			
330	Land and Land Rights			
331	Structures and Improvements			
332	Water Treatment Equipment			
	Total Water Treatment Plant			

Depreciation Reserve Adjustment

Acct. No.	Description	Applicant's Unadjusted (a)	Staff's Adjusted Jurisdictional (c)	Adjustments (b)
<u>Transmission & Distribution Plant:</u>				
340	Land and Land Rights			
341	Structures and Improvements			
342	Distr. Reser. & Standpipes			
343	Trans. And Distr. Mains	56,295	33,282	(23,013)
345	Services			
346	Meters	9,564	8,983	(581)
347	Meter Installation			
348	Hydrants			
	Total Transmission & Distribution Plant	65,859	42,265	(23,594)
<u>General Plant</u>				
370	Land and Land Rights			
371	Structures and Improvements			
372	Office Furniture and Equipment	1,275	638	(638)
379	Other General Equipment	1,220	1,220	-
	Total General Plant	2,495	1,858	(638)
	Total Plant In Service	\$ 68,354	\$ 44,122	\$ (24,232)

- (a) 2019 PUCO Supplemental Annual Report
(b) Columns (c) - (a)
(c) Staff Workpaper B-3

Calculation of Jurisdictional Depreciation Expense

Acct. No.	Description	Staff's Adjusted Date Certain (a)	Accrual Rate (b)	Jurisdictional Depreciation Expense (c)
	Intangible Plant			
301	Organization	\$ 322	0.00%	\$ -
302	Franchises and Consents	-		
303	Miscellaneous Intangible Plant	-		
	Total Intangible Plant	322		-
	<u>Source of Supply Plant:</u>			
310	Land and Land Rights	-		
311	Structures and Improvements	-		
312	Collecting & Impounding Res.	-		
313	Lake, River & Other Intakes	-		
316	Supply Mains	-		
	Total Source of Supply Plant	-		-
	<u>Pumping Plant:</u>			
320	Land and Land Rights			
321	Structures and Improvements			
323	Other Power Prod. Equipment			
325	Electric Pumping Equipment			
326	Diesel Pumping Equipment			
328	Other Pumping Equipment			
	Total Pumping Plant	-		-
	<u>Water Treatment Plant:</u>			
330	Land and Land Rights			
331	Structures and Improvements			
332	Water Treatment Equipment			
	Total Water Treatment Plant	-		-

Calculation of Jurisdictional Depreciation Expense

Acct. No.	Description	Staff's Adjusted Date Certain (a)	Accrual Rate (b)	Jurisdictional Depreciation Expense (c)
<u>Transmission & Distribution Plant:</u>				
340	Land and Land Rights	-		
341	Structures and Improvements	-		
342	Distr. Reser. & Standpipes	-		
343	Trans. And Distr. Mains	56,692	1.53%	867
345	Services	10,153	2.50%	254
346	Meters	10,928	3.14%	343
347	Meter Installation	-		
348	Hydrants	5,423	1.49%	81
	Total Transmission & Distribution Plant	83,196		1,545
<u>General Plant</u>				
370	Land and Land Rights	-		
371	Structures and Improvements	-		
372	Office Furniture and Equipment	1,275	20.00%	255
379	Other General Equipment	760	(d)	-
	Total General Plant	2,035		255
	CIAC offset (e)			(35)
	Total Plant In Service/Jurisdictional Depreciation Expense	<u>\$ 85,553</u>		<u>\$ 1,765</u>

- (a) Schedule B-2
(b) Recommended accrual rates
(c) (a)*(b)
(d) Fully depreciated
(e) See Staff Workpaper B-2.1c

Construction Work In Progress Summary

None

Working Capital Allowance

(1)	Operation & Maintenance Expense (a)	\$ 185,904
(2)	Expense Lag Dollars (1) / 12	15,492
(3)	Materials & Supplies (b)	-
(4)	1/4 of Operating Taxes (c)	-
(5)	Working Capital (2) + (3) - (4)	<u>\$ 15,492</u>

- (a) Staff's Schedule C-2
- (b) Applicant Does Not Maintain M & S Inventory
- (c) 0.25* [Maximum of (Schedule C-4 Line 39 or 0)]

Other Rate Base Items

(1)	Deferred Income Taxes (a)	\$ -
(2)	Contribution in Aid of Construction (b)	(1,406)
(3)	Amortized CIAC (c)	<u>35</u>
(4)	Total Rate Base Deductions (1) + (2) + (3)	<u><u>\$ (1,371)</u></u>

- (a) No deferred income taxes requested.
- (b) Staff Workpaper B-2.1c
- (c) Staff Workpaper B-2.1c

**Pro forma Operating Income Statement
For the 12 Months Ending December 31, 2018**

Line No.	Description	Staff		
		Adjusted Revenues & Expenses	Pro forma Adjustments	Pro forma Revenues & Expenses
		(a)	(b)	(c)
	<u>Operating Revenues</u>			
1	Water Sales Revenue	\$ 144,080	\$ 114,719	\$ 258,800
2	Miscellaneous Revenue	972	-	972
3	Total Operating Revenues	145,053	114,719	259,772
	<u>Operating Expenses</u>			
4	Operation and Maintenance	185,904	-	185,904
5	Depreciation	1,765	-	1,765
6	Federal Income Taxes	-	8,427	8,427
7	Total Operating Expenses	187,669	8,427	196,096
8	Net Operating Income	(42,616)	106,292	63,676
9	Rate Base	(d) \$ 56,304		\$ 56,304
10	Rate of Return	(e) -75.69%		113.09%

- (a) Schedule C-2
- (b) Schedule C-1.1
- (c) Columns (a) + (b)
- (d) Schedule B-1
- (e) Net Operating Income / Rate Base

Pro forma Adjustments

Line No.	Description	Pro forma Adjustment
(1)	Proposed Revenue Increase (a)	\$ 114,719
(2)	Increase to Federal Income Tax (b)	<u>\$ 8,427</u>

- (a) Staff's WP C-1.1
(b) Staff's Schedule C-4

Adjusted Test Year Operating Income

Line No.	Description	Staff	
		Test Year Revenues & Expenses (a)	Adjusted Revenues & Expenses (c)
	<u>Operating Revenues</u>		
(1)	Water Sales Revenue	\$ 155,840	\$ 144,080
(2)	Miscellaneous Revenue	4,647	972
(3)	Total Operating Revenues	160,488	145,053
	<u>Operating Expenses</u>		
(4)	Operation & Maintenance	216,335	185,904
(5)	Depreciation	817	1,765
(6)	Federal Income Taxes	-	-
(7)	Total Operating Expenses	217,152	187,669
(8)	Net Operating Income	\$ (56,664)	\$ (42,616)

- (a) Applicant's General Ledgers
- (b) Staff's Schedule C-3
- (c) Columns (a) + (b)

Unadjusted Test Year Operating Income

Line No.	Description	Year to Date This Year
	<u>Revenues</u>	
(1)	Water Receipts	\$ 155,840
	Miscellaneous Revenues	4,647
(2)	Total Revenues	<u>160,488</u>
	<u>Expenses</u>	
(3)	Purchased Water	85,835
(4)	Chemicals	464
(5)	Repairs of Water Plant	12,294
(6)	Office Supplies and Other Expenses	2,255
(7)	Outside Services Employed	68,189
(8)	Miscellaneous General Expenses	29,834
(9)	Uncollectible Accounts	705
(10)	Taxes Other than Income Taxes Utility Operating Income	12,347
(11)	Depreciation Expense	817
(12)	Interest on Long Term Debt	4,414
(13)	Total Expenses	<u>217,152</u>
(14)	Net Income	<u><u>\$ (56,664)</u></u>

Summary of Staff's Adjustments

	<u>Operating Revenues</u>	
C-3.1	Water Revenue	\$ (11,760)
C-3.2	Miscellaneous Revenue	<u>(3,675)</u>
	Total Revenue Adjustments	<u><u>(15,435.35)</u></u>
	<u>Operating Expenses</u>	
C-3.3	Rate Case Expense	(5,930)
C-3.4	Outside Services Employed	(5,088)
C-3.5	Repairs of Water Plant	(5,906)
C-3.6	Miscellaneous General Expenses: Rent	(5,500)
C-3.7	Taxes Other than Income Taxes Utility Operating Income	(3,593)
C-3.8	Interest Expense	<u>(4,414)</u>
	Total O & M Expenses	<u><u>(30,431)</u></u>
C-3.9	Depreciation & Amortization	948
C-3.10	Federal Income Taxes	-
	Total Expense Adjustments	<u><u>\$ (29,483)</u></u>

Source: Staff's Schedules C-3.1 Through C-3.10

Water Sales Revenue Adjustment

Line No.	Description	Staff's Adjustment
(1)	Staff's Adjusted Water Sales Revenue (a)	\$ 144,080
(2)	Test Year Revenue (b)	<u>155,840</u>
(3)	Adjustment (1) - (2)	<u><u>\$ (11,760)</u></u>

- (a) Staff Workpaper C-3.1
- (b) Applicant Test Year Revenue

Miscellaneous Revenue Adjustment

Line No.	Description	Staff's Adjustment
(1)	Staff's Miscellaneous Sales Revenue (a)	\$ 972
(2)	Test Year Revenue (b)	<u>4,647</u>
(3)	Adjustment (1) - (2)	<u><u>\$ (3,675)</u></u>

- (a) Staff Workpaper C-3.2
(b) Company's Application

- (a) Staff Workpaper C-3.1
(b) Applicant Test Year Revenue

Rate Case Adjustment

Line No.	Description	Staff's Adjustment
(1)	Total Adjusted Rate Case Expense (a)	\$ 10,244
(2)	Amortize for Recovery over 5 Years	2,049
(3)	Test Year Rate Case Expense (b)	<u>7,979</u>
(4)	Adjustment (2) - (3)	<u>\$ (5,930)</u>

- (a) Staff Workpaper C-3.3: Staff identified rate case related expenses and therefore moved them from outside services employed expense.
- (b) Staff Workpaper C-3.3

Outside Services Employed

Line No.	Description	Staff's Adjustment
(1)	Total Adjusted Outside Services (a)	\$ 55,121
(2)	Test Year Outside Services (b)	<u>60,209</u>
(3)	Adjustment (1) - (2)	<u><u>\$ (5,088)</u></u>

- (a) Staff Workpaper C-3.4
- (b) Staff Workpaper C-3.4

Repairs of Water Plant

Line No.	Description	Staff's Adjustment
(1)	Adjusted Repairs of Water Plant (a)	\$ 6,388
(2)	Test Year Repairs of Water Plant (b)	<u>12,294</u>
(3)	Adjustment (1) - (2)	<u><u>\$ (5,906)</u></u>

- (a) Staff Workpaper C-3.5
- (b) Company's General Ledger and Invoices Provided to Staff by Applicant

Miscellaneous General Expenses: Rent

Line No.	Description	Staff's Adjustment
(1)	Adjusted Adjusted Test Year Miscellaneous General Expenses (a)	\$ 24,334
(2)	Test Year Miscellaneous General Expenses (b)	<u>29,834</u>
(3)	Adjustment (1) - (2)	<u><u>\$ (5,500)</u></u>

(a) Staff Workpaper C-3.6

(b) Schedule C-2.1

408.1 Taxes Other than Income Taxes Utility Operating Income

Line No.	Description	Staff's Adjustment
(1)	Adjusted Test Year Taxes Other than Income Taxes Utility Operating Income (a)	\$ 8,754
(2)	Test Year Taxes Other than Income Taxes Utility Operating Income (b)	<u>12,347</u>
(3)	Adjustment (1) - (2)	<u>\$ (3,593)</u>

(a) Staff Workpaper C-3.7

(b) Schedule C-2.1

Interest Expense

Line No.	Description	Staff's Adjustment
(1)	Adjusted Interest Expense (a)	\$ -
(2)	Test Year Interest Expense (b)	<u>4,414</u>
(3)	Adjustment (1) - (2)	<u>\$ (4,414)</u>

- (a) See Staff Report
(b) Schedule C-2.1

Depreciation Expense

Line No.	Description	Staff's Adjustment
(1)	Adjusted Depreciation Expense (a)	\$ 1,765
(2)	Test Year Depreciation Expense (b)	<u>817</u>
(3)	Adjustment (1) - (2)	<u><u>\$ 948</u></u>

- (a) Staff's Schedule B-3.2
(b) Schedule C-2.1

Federal Income Tax Adjustment

Line No.	Description	Staff's Adjustment
(1)	Current Federal Income Taxes (a)	\$ -
(2)	Test Year Federal Income Tax	-
(3)	Adjustment (1) - (2)	\$ -

(a) Greater of \$0 or Staff's Schedule C-4

Calculation of Income Taxes

		Adjusted Operating Income	Pro forma Operating Income
(1)	Operating Income Before FIT	\$ (42,616)	\$ 72,103
	<u>Reconciling Items:</u>		
(2)	Interest Charges	0	0
(3)	Book Depreciation	1,765	1,765
(4)	Tax Accelerated Depreciation (a)	557	557
(5)	Excess of Tax Over Book Depreciation (3) - (4)	1,208	1,208
	<u>Other Reconciling Items:</u>		
(6)	None		
(7)			
(8)			
(9)			
(10)	Total Other Reconciling Items (6) Thru (9)	0	0
(11)	Total Reconciling Items (2) + (5) + (10)	1,208	1,208
(12)	Federal Taxable Income (1) + (11)	(41,409)	73,311
(13)	Qualified Business Income Deduction (C-4.1)	0	14,662
(14)	Adjusted Federal Taxable Income (12) - (13)	(41,409)	58,649
	<u>Federal Income Taxes</u>		
(15)	\$0 - \$9,875 @ 10%	(988)	988
(16)	\$9,876 - \$40,125 @ 12%	(3,630)	3,630
(17)	\$40,125 - \$85,525 @ 22%	(282)	4,075
(18)	\$85,526 - \$163,300 @ 24%	0	0
(19)	\$163,301 - \$207,350 @ 32%	0	0
(20)	\$207,350 - \$518,400 @ 35%	0	0
(21)	\$518,401 + @ 37%	0	0
(22)	Current Federal Income Taxes (15) Through (21)	\$ (4,900)	\$ 8,693

Calculation of Income Taxes

		Adjusted Operating Income	Pro forma Operating Income
	<u>Deferred Income Taxes:</u>		
(23)	Tax Accelerated Depreciation	557	557
(24)	Tax Straight Line Depreciation	1,765	1,765
(25)	Excess of Tax Accelerated over Tax S/L Deprec. (23) - (24)	(1,208)	(1,208)
(26)	Deferred Income Tax Expense [(25) * Current Marginal Tax Rate]	(266)	(266)
	<u>Other Deferred Taxes:</u>		0
(27)	Amortization of Prior Years ITC		
(28)	None		
(29)			
(30)			
(31)			
(32)	Total Other Deferred Taxes (27) Thru (31)	(266)	(266)
(36)	Total Federal Income Tax Expense	\$ (5,166)	\$ 8,427
(a)	Company's 2019 Tax Return		

Calculation of Qualified Business Income Deduction

		Adjusted Operating Income	Pro forma Operating Income
(1)	Federal Taxable Income	\$ (41,409)	\$ 73,311
(2)	Phase Out (If Applicable)	Under Phase Out Threshold	Under Phase Out Threshold
(3)	50% of W-2 Wages (a)	-	-
(4)	25% of W-2 Wages + 2.5% of Unadjusted Basis (b)	675	675
(5)	Excess Amount [Greater of (7) or (9)]	<u>675</u>	<u>675</u>
(6)	QBI Deduction Limitation		
(7)	If Over Phase Out Threshold = Lesser of 20% of (3) or (11)		
(8)	If Phase Out Applies = $20\% \times (3) - [20\% \times (3) - \frac{[(3) - 163,300]}{50,000} \times [20\% \times (3) - (11)]]$		
(9)	If Under Phase Out Threshold = $20\% \times (3)$		
(10)	If Federal Taxable Income < \$0, then QB1 Deduction = \$0		
(11)	Qualified Business Income Deduction	\$ <u>-</u>	\$ <u>14,662</u>
(12)			
(a)	Company has no W-2 wage expense		
(b)	Based on the Company's 2019 Schedule K-1		

The Public Utilities Commission of Ohio
Mike DeWine, Governor
Jenifer French, Chair

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Case No(s). 20-1428-WW-AIR

Summary: Staff Report Filed electronically filed by Mrs. Tanika Hawkins on behalf of PUCO
Staff