**BEFORE**

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

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| In the Matter of the Commission-Ordered Investigation of Island Productions, LLC | ::: | Case No. 16-1100-WS-COI |

**STAFF REPORT OF INVESTIGATION**

**SUBMITTED ON BEHALF OF THE STAFF OF**

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

 In Ottawa County, Ohio, Island Productions, LLC (hereinafter, Island Productions), operates a water and sewer business under the alias of St. Hazards, a DBA unregistered with the State of Ohio.

 Island Productions serves three customers: 1) St. Hazards Yacht Club Condo Associ­ation (Association), which is comprised of thirty-eight (38) condominium units and is not affiliated with Island Productions; 2) Hazards Bar, which is not affiliated with Island Productions; and, 3) a RV park/campgrounds, which is affiliated with Island Productions.

 In November 2014, the Association informed the Staff of the Public Utilities Commission of Ohio (Staff) of a long-running rates and services dispute involving Island Productions and two customers, Hazards Bar and the Association. Neither Island Productions, nor the Association, dispute that Island Productions provides water and sewer disposal services.

 Pursuant to R.C. 4905.03(G) an entity is a “water-works company, when engaged in the business of supplying water through pipes or tubing, or in a similar manner, to con­sumers within this state.” Pursuant to R.C. 4905.03(M) an entity is a “sewage disposal system company, when engaged in the business of sewage disposal services through pipes or tubing, and treatment works, or in a similar manner, within this state.” Based on Staff’s investigation, Island Productions is engaged in supplying water through pipes to consumers in this state and engaged in the business of sewage disposal services through pipes or tubing and treatment works within Ohio. Staff, therefore, recommends that the Public Utilities Commission of Ohio (Commission) find that Island Productions is a water-works and a sewage disposal system company, thus making Island Productions subject to Commission regulation as a public utility, unless one of the exceptions in R.C. 4905.02 applies.

 Ohio Revised Code Section 4905.02(A)(2) defines those entities that meet the defini­tions found in Ohio Revised Code Section 4905.03 as public utilities, with some exceptions. That section provides:

As used in this chapter, “public utility” includes every corp­oration, company, co partnership, person, or association, the lessees, trustees, or receivers of the foregoing, defined in sec­tion 4905.03 of the Revised Code, including any public utility that operates its utility not for profit, except the following:

\* \* \*

(2) A public utility, other than a telephone company, that is owned and operated exclusively by and solely for the utility’s customers, including any consumer or group of consumers purchasing, delivering, storing, or transporting, or seeking to purchase, deliver, store, or transport, natural gas exclusively by and solely for the consumer’s or consumers’ own intended use as the end user or end users and not for profit.

An example of a public utility owned and operated exclusively by and solely for the util­ity’s customers is a homeowners’ association. Through informal negotiations over the telephone and in-person mediation at the Commission’s offices, Staff attempted to broker some arrangement regarding the formation of a homeowners’ association. Staff has thus far been unsuccessful. Staff finds that Island Production is not owned and operated exclusively by and solely for its customers. Staff, after investigation, is unaware of any facts that would allow an exception to apply and, therefore, recommends that the Com­mission find that Island Productions is a public utility subject to Commission oversight.

 Being a public utility in Ohio carries with it significant obligations. Among vari­ous other obligations, public utilities are required to:

File annual reports with the Commission (R.C. 4905.14);

Follow the system of accounts established by the Commission (R.C. 4905.13);

Pay the annual assessment for Commission expenses (R.C. 4905.10);

Pay the annual assessment for Consumers’ Counsel expenses (R.C. 4911.18);

Provide printed schedules of rates to the Commission (R.C. 4905.30); and

Obtain a certificate of public convenience and necessity (R.C. 4933.25).

**RECOMMENDATION**

 Barring some other disposition of the water and sewer systems, Staff recommends that the Commission find Island Productions to be a public utility under the laws of this state and direct Island Productions to come into compliance with all of the various requirements that statute entails.

Respectfully submitted,

**Michael DeWine**

 Ohio Attorney General

 **William L. Wright**

 Section Chief

 /s/ Thomas W. McNamee

 **Thomas W. McNamee**

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 **On behalf of the Staff of**

 **The Public Utilities Commission of Ohio**

# PROOF OF SERVICE

 I hereby certify that a true copy of the foregoing **Staff Report of Investigation**,submitted on behalf of the Staff of the Public Utilities Commis­sion of Ohio,was served via electronic mail upon the following Parties of Record, this 25th day of May, 2016.

/s/ Thomas W. McNamee

**Thomas W. McNamee**

Assistant Attorney General

**Parties of Record:**

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