

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Aqua)
Ohio, Inc. for Authority to Increase its) Case No. 10-311-WW-AIR
Rates and Charges in the Stark Regional)
Division.)

ENTRY

The Commission finds:

- (1) Aqua Ohio, Inc., (Aqua or Applicant) is a waterworks company as defined by Section 4905.03(A)(8), Revised Code, and a public utility as defined by Section 4905.02, Revised Code, and, as such, is subject to the jurisdiction of this Commission pursuant to Sections 4905.04, 4905.05, and 4905.06, Revised Code.
- (2) On March 12, 2010, Aqua filed a notice of intent to file an application for an increase in rates for its Stark Regional Division pursuant to Section 4909.43(B) Revised Code, and in compliance with Rule 4901-7-01, Standard Filing Requirements (SFRs) Chapter I, Sections A and B, Ohio Administrative Code (O.A.C.). In its notice of intent to file an application for an increase in rates, Aqua has requested waivers from filing various financial and informational data required by this Commission's SFRs. In support of its waiver requests, Aqua states it will provide financial and informational data on a Stark Regional Division only basis, as opposed to providing the information on a total company basis, which is required by the SFRs. Aqua contends it is seeking Commission authority for an increase in base rates and charges in its Stark Regional Division only and, as such, providing data on a total company basis is not relevant in this rate case. Additionally, Aqua states that the information provided in the application will be sufficient so that the Commission Staff (Staff) can effectively and efficiently review the application.
- (3) The application of Aqua for an increase in rates is governed by and must meet the requirements of Sections 4909.17 to 4909.19 and 4904.42, Revised Code.

- (4) With the filing of its notice of intent to file an application seeking Commission authority to increase its base rates, Aqua proposes that its test period begin October 1, 2009, and end September 30, 2010, and that the date certain be December 31, 2009. On March 30, 2010, Aqua filed a supplemental motion for establishment of a test year and a date certain. In its motion, Aqua points out that unless otherwise ordered by the Commission, Section 4909.15(C), Revised Code, establishes a default test period as the twelve month period beginning six months prior to the date the application is filed and ending six months subsequent to that date. In its motion, Aqua seeks a modification of the default test period. Aqua's proposed modification falls under the parameters set forth in Section 4909.15(C), Revised Code, and is, therefore granted. The test period for this application will begin October 1, 2009, and end September 30, 2010, and the date certain is December 31, 2009.
- (5) Aqua has requested a waiver from filing the following schedules:
- (a) Schedule B-2.3: Gross Additions, Retirements and Transfers - Total Company (Aqua will provide information for each plant account, the balances, gross additions, retirements, and transfers for only the Stark Regional Division from the date certain of the last rate case filed with this Commission to the date certain in this proceeding).
 - (b) Schedules C-9 & C-9.1 Operations and Maintenance Costs and Payroll Analysis - Total Company - (Aqua proposes to prepare these schedules for the Stark Regional Division, as it is the only division subject to this rate case).
 - (c) Schedules C-11.1 & Comparative Balance Sheets and Comparative Income Statements -

- C-11.2 Total Company - (Aqua proposes to prepare these schedules only for the Stark Regional Division, as it is the only division subject to this rate case).
- (d) Schedules Revenue Statistics - Total
C-12-1 & Company and Sales Statistics -
C-12-3 Total Company (Aqua will provide
information for the Stark Regional
Division only).
- (e) Schedule C-13 Analysis of Reserve for
Uncollectible Accounts - Total
Company (Aqua proposes to
provide information for the Stark
Regional Division only).
- (f) Schedules Rate of Return Summary - Parent
D-1.1-, D-2.1, Consolidated, Embedded Cost of
D-3.1, D-4.1, Short-Term Debt - Parent
D-4.2, & D-5.1 Consolidated, Embedded Cost of
Long-Term Debt - Parent
Consolidated, and Embedded Cost
of Preferred Stock - Parent
Consolidated, Comparative
Financial Data - Parent
Consolidated (Applicant will
provide information on Aqua
Ohio, Inc. only as opposed to the
Aqua American capital structure).
- (g) Schedules Projected Jurisdictional Income
F-1 & F-1a Statement - Current Rates and
Projected Jurisdictional Income
Statement - Proposed Rates (Aqua
proposes to alter the format of the
schedule to a format similar to
Schedule C-1, including both
current and proposed rate data for
the Stark Regional Division only).

- (6) On March 30, 2010, the Office of the Ohio Consumers' Counsel (OCC) filed a motion to intervene and memorandum contra Aqua's motion for waiver of various SFRs. The OCC argues that Aqua has failed to show good cause why certain waivers should be granted. Specific to certain waivers, the OCC argues that the request for waiver of Schedules D-1.1, D-2.1, D-3.1, D-4.1 and D-4.2, and D-5.1 should be denied as there is no market-based cost of capital for Aqua Ohio, Inc. Additionally, the OCC argues, there should be no cost associated with providing this financial data since the data should be readily available to Aqua America. Regarding D-5.1, the OCC states that it is unclear whether the waiver request is referring to Aqua Ohio, Inc. or Aqua America. As to Schedules F-1, F-1A, F-4 and F-4A, the OCC submits that information regarding projected net earnings, jurisdictional rate base, capital structure, and changes in financial position on a total company basis would likely be more reliable than the same information for one territory. Further, the OCC claims that if such information is not made available with the application, then intervening parties will ultimately request it through data and discovery requests. The OCC contends that Aqua's motion fails to show good cause why the Commission should grant a waiver from nearly all of the SFRs at issue.
- (7) The Commission is of the opinion that the waiver requests discussed in Finding (5)(a)-(g) are well-supported with a showing of good cause and, therefore, should be granted as requested.

The Commission's granting of these waivers does not relieve the Applicant of its responsibility to provide additional schedules, work papers, and calculations used in the production of such informational material if, in the determination of the Staff, they become necessary to process the application, or to make such materials available to intervening parties upon request during discovery, subject to the provisions of Rule 4901-1-16, O.A.C.

- (8) In relation to the Schedule F waivers discussed in Finding (5)(g), the Applicant requests a waiver of the requirement to file Schedule F-4 (Projected Statement of Changes in Financial

Position - Current Rates) and F-4a (Projected Statement of Changes in Financial Position - Proposed Rates). Aqua states it does not keep these records and, therefore, requests a waiver of this filing requirement.

- (9) Aqua's request for a waiver of filing the information required in Schedules F-4 (Projected Statement of Changes in Financial Position - Current Rates) and F-4a (Projected Statement of Changes in Financial Position - Proposed Rates) is denied. Staff requests that the information be provided for the Stark Division only in the same manner as the Applicant proposes to provide information for Schedules F-1 and F-1a.
- (10) Rule 4901-7-01, Appendix A, Chapter 2, Paragraph (A)(6)(a), O.A.C., requires Aqua to file testimony in support of its application within fourteen days of the filing of the application for an increase in rates. Aqua is seeking a waiver in the timing of filing expert testimony in support of its Rate of Return Schedules, the purpose being the avoidance of additional costs in this rate case. Aqua believes that this rate case can be resolved by stipulation of the parties without the need to have a hearing. Therefore, Aqua proposes not to file testimony of a consultant that supports the requested rate of return, but rather to submit testimony of one of its officers, which would set forth the rationale and background for the rate of return proposed by the Applicant. According to Aqua, a rate of return consultant will be hired in the event this issue is not stipulated.
- (11) The Commission is mindful of reducing unnecessary rate case expenses. However, the Commission is of the opinion that the timely filing of the expert testimony in support of the Rate of Return Schedules is necessary information for the Staff to effectively and efficiently review the rate case application and that sufficient information was not set forth within the request for the Commission to make an informed decision as to whether supplying the required information is outweighed by the cost to Aqua of compiling the information. Therefore, Aqua's request for a waiver from Rule 4901-7-01, O.A.C., is hereby denied.

It is, therefore,

ORDERED, That the test period of the Applicant, Aqua Ohio, Inc., shall begin October 1, 2009, and end September 30, 2010, and that the date certain shall be December 31, 2009. It is, further,

ORDERED, That the appropriate method for making any changes to the date certain or test period shall be the filing of a new notice of intent to file an application for an increase in rates and withdrawal of the pending application. It is, further,

ORDERED, That the request for waivers made by the Applicant be granted as set forth in Finding No. (7). It is, further,


ORDERED, That Applicant comply with Findings (9) and (11). It is, further,

ORDERED, That a copy of this Entry be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO



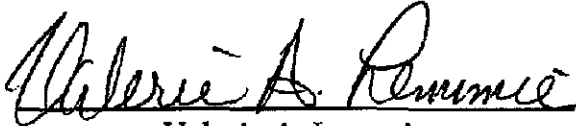
Alan R. Schriber, Chairman



Paul A. Centolella



Ronda Hartman Fergus



Valerie A. Lemmie

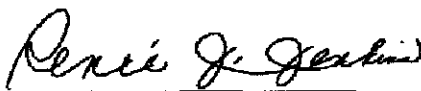


Cheryl L. Roberto

HW:js

Entered in the Journal

APR 06 2010



Renee J. Jenkins
Secretary