

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application)
of Public Service Corporation for)
an Increase in the Rates to be) Case No. 80-48-ST-AIR
Charged and Collected for Sewage)
Disposal Service for all of its)
customers in Fairfield County.)

OPINION AND ORDER

The Commission, coming now to consider the above-entitled application filed pursuant to Section 4909.18 of the Revised Code, the Staff Report of Investigation issued pursuant to Section 4909.19 of the Revised Code, and the testimony and exhibits introduced in evidence at the public hearing; having appointed Attorney Examiner Rebecca S. Haney, pursuant to Section 4901.18 of the Revised Code, to conduct the public hearing and to certify the record directly to the Commission; and being fully advised of the facts and issues in this case, hereby issues its Opinion and Order.

APPEARANCES:

Messrs. Vorys, Sater, Seymour & Pease, by Mr. Lance W. Schneier, 52 East Gay Street, Columbus, Ohio, on behalf of the applicant, Public Service Corporation.

Mr. William J. Brown, Attorney General of Ohio, by Mr. James R. Bacha, Assistant Attorney General, 375 South High Street, Columbus, Ohio, on behalf of the Staff of the Public Utilities Commission of Ohio.

HISTORY OF THE PROCEEDING:

On January 14, 1980, Public Service Corporation filed a Notice of Intent, as required by Rule 4901-1-36, Ohio Administrative Code, to file an application for an increase in rates in Violet Township of Fairfield County, Ohio. The company requested that the test period begin January 1, 1979 and end December 31, 1979, and that the date certain be June 30, 1979. By Entry of February 20, 1980 the Commission approved the proposed test period and date certain.

The company filed its application in this case on August 26, 1980. The Commission, by Entry of September 24, 1980 accepted the application for filing as of the filing date, and approved the proposed notice for newspaper publication.

In accordance with the provisions of Section 4909.19 of the Revised Code, the Staff of the Commission conducted an investigation of the matters set forth in the application and in the accompanying exhibits. A written report of the results of this investigation was filed on February 6, 1981, and was served in accordance with the statute. Objections to the Staff Report were timely filed by Public Service Corporation.

Pursuant to the Commission's Entry of March 11, 1981, the public hearing in this case was held on April 22, 1981. There were no intervenors. The hearing concluded on April 22, 1981, and the record has now been certified to the Commission by the examiner for its consideration.

COMMISSION REVIEW AND DISCUSSION:

This case comes before the Commission on the application of Public Service Corporation, filed pursuant to Section 4909.18 of the Revised Code, for authority to increase its rates and charges

for sewage disposal service to its customers. Public Service Corporation seeks approval of rates which, when applied to the year end number of customers, would yield \$24,500 in additional revenues, an increase of 125.64 percent based on the Staff's analysis of test year operations. The existing base rates in Fairfield County were established by Commission Order dated March 1976, in Case No. 76-622-WS-COI.

Following the issuance of the Staff Report of Investigation and the filing of objections thereto by the applicant, discussions ensued between the parties relative to the resolution of the matters at issue in this case. The discussions that took place resulted in an agreement by the parties as to all areas of contention in this matter.

This Commission is, of course, not bound by such an agreement. However, a joint recommendation of all participants in a proceeding is entitled to careful consideration, and provides an appropriate starting point for discussion. The initial question, therefore, is whether the recommendation is supported by the record. In making that determination there is no need for the Commission to decide issues which will have no impact on the results of this case, In Re Cincinnati Gas & Electric Company, Case No. 74-581-GA-AIR and 75-641-GA-AIR (Opinion and Order, July 23, 1976) and, accordingly, no inference should be drawn from the Commission's decision in this proceeding as to its position on matters not requiring resolution in this case.

RATE BASE AND RATE OF RETURN

The parties agreed to stipulate that applicant's jurisdictional rate base is zero. Accordingly, the determination of a fair and reasonable rate of return is unnecessary.

OPERATING REVENUES, EXPENSES AND OPERATING INCOME

Both the applicant and the Staff agreed that applicant's current rates did not permit applicant to meet its operating expenses for the test year as shown in Column (a) of Revised Schedule I. As shown on Schedule I the operating revenues for the test year were \$19,521 and operating expenses were \$51,893 with a negative net operating income of \$32,372. These amounts are supported by the record and the Commission will accept them for use in this proceeding.

Authorized Increase:

The parties have agreed that had applicant's proposed rates been in effect during the test year, those rates would not have resulted in an overrecovery of expenses during that period. This finding is verified in Revised Schedule I, Columns (b) and (c) which indicates that the applicant's proposed rate would have resulted in a negative net operating income of either \$7,953 or \$23,261, using the Staff's or applicant's figures, respectively.

In Joint Exhibit I the parties have agreed that the rates proposed by applicant are considered by the Staff to be reasonable, do not result in an overcollection of revenues by applicant, and are recommended to the Commission for its approval. The Commission finds that the applicant's proposed rates are reasonable and adopts them.

RATES AND TARIFFS AND OTHER MATTERS

In the Agreement and Stipulation of the parties the applicant accepted the recommendation made by the Staff relative to accounting procedures and the individual metering of customers. Applicant submits that such recommendations have been implemented, are in the process of being implemented, or will be carefully studied and evaluated for implementation by applicant. The Commission finds this aspect of the Stipulation to be reasonable and approves it.

The Commission has reviewed the applicant's proposed tariffs and finds that they would produce gross annual revenue not in excess of that authorized by this Opinion and Order. A proposed customer notice has also been filed, and the Commission, having reviewed that notice, finds that it should be approved.

Effective Date:

It has been this Commission's policy, in cases where an Opinion and Order is issued within 275 days from the filing date of the application, to provide that the tariffs filed pursuant to the order shall be applicable to service rendered thirty days following the issuance of an entry accepting the tariffs for filing. The purpose of delaying the effective date has been to provide notice to the customers of the increase prior to the time the new rates go into effect. The thirty day period in which to provide the notice makes sense if the company chooses to provide that notice as an insert to its bills, and if the company has a thirty day billing cycle. However, if the company determines that it is more beneficial to make a special mailing of the notice, there is no reason to delay the effective date for thirty days. Therefore, we will permit the applicant to make that determination. The tariffs in this case will be effective three days after mailing the approved notice to all customers, or thirty days after the journalization date of this Opinion and Order, whichever is earlier.

FINDINGS OF FACT:

From the evidence of record in this proceeding, the Commission now makes the following findings:

- 1) The value of all of applicant's property used and useful for the rendition of sewage disposal service to customers affected by this application, determined in accordance with Section 4909.05 and 4909.15 Revised Code as of the date certain of June 30, 1979, is zero.
- 2) For the twelve month period ending December 31, 1979, the test period in this proceeding, the revenues, expenses, and income available for fixed charges realized by applicant under its present rate schedules were \$19,521, \$51,893 and (\$32,372), respectively.
- 3) Applicant's current rates did not permit applicant to meet its operating expenses for the twelve month period ending December 31, 1979.

- 4) Applicant's proposed rates, had they been in effect during the test year, would not have resulted in an overrecovery of expenses during that period, as indicated on Revised Schedule I.
- 5) The rates proposed by applicant are reasonable and do not result in an overcollection of revenues by applicant.

CONCLUSIONS OF LAW:

- 1) The application herein was filed pursuant to, and this Commission has jurisdiction thereof under, the provisions of Sections 4909.17, 4909.18 and 4909.19 Revised Code; further, applicant has complied with the requirements of the aforesaid statutes.
- 2) A staff investigation has been conducted and a report duly filed and mailed, and public hearings have been held, the written notice thereof having complied with the requirements of Section 4909.19 Revised Code.
- 3) The existing rates and charges as set forth in applicant's tariffs governing sewage disposal service to customers affected by this application are insufficient to allow applicant to meet its operating expenses.
- 4) The rates proposed by the applicant are reasonable and are approved by this Commission.
- 5) The proposed tariffs will produce revenue not in excess of that authorized in this Opinion and Order, and are consistent with the discussion and findings set forth herein.
- 6) The applicant should be authorized to withdraw its superseded tariff and to file in final form three complete printed copies of the tariffs approved herein.
- 7) The proposed notice to customers of the increase in rates and charges authorized in this Opinion and Order contains an appropriate text and should be approved.

ORDER:

It is, therefore,

ORDERED, That the Application of Public Service Corporation for authority to increase its rates and charges for sewage disposal service be granted. It is, further,

ORDERED, That the proposed tariffs and customer notices are approved. It is, further,

ORDERED, That the effective date of the new tariffs shall be three days after notice has been mailed to all customers of the company, or thirty days following the journalization date of this Opinion and Order, whichever is earlier. The new rates included therein shall be applicable to all service rendered on or after the effective date. Applicant shall immediately commence notification of its customers of the increase in rates authorized herein by insert or attachment to its billings, by special mailing, or by a combination of the above. If a special mailing is not made, notice to customers should be completed within thirty (30) days of the journalization date of this Opinion and Order. It is, further,

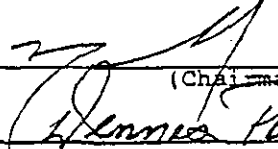
ORDERED, That the applicant file in final form three complete printed copies of the newly approved tariffs. It is, further,


ORDERED, That the applicant cancel and withdraw its superseded tariffs. It is, further,

ORDERED, That all objections and motions not specifically discussed within or rendered moot by this Opinion and Order be overruled and denied. It is, further,

ORDERED, That a copy of this Opinion and Order be served on all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO



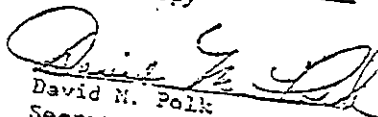
(Chairman)


(Commissioners)

Entered in the Journal

MAY 19 1981

A True Copy


David M. Polk
Secretary

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EXHIBIT C