

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
AQUA OHIO, INC. FOR AUTHORITY TO
ASSESS A SYSTEM IMPROVEMENT
CHARGE FOR SEWAGE DISPOSAL
SERVICE IN THE FRANKLIN COUNTY
DISTRICT.

CASE NO. 15-864-WS-SIC

ENTRY

Entered in the Journal on August 6, 2018

{¶ 1} Aqua Ohio, Inc. (Aqua or Applicant) is a public utility as defined in R.C. 4905.02 and a sewage disposal system company as defined in R.C. 4905.03(M) and, as such, is subject to the jurisdiction of this Commission.

{¶ 2} Senate Bill 44, which became Ohio law on January 6, 2004, created an infrastructure improvement surcharge, known as the System Improvement Charge (SIC), to assist water and sewer companies to fund the replacement and rehabilitation of infrastructure including aging mains and plant that are crucial to service reliability and water quality.

{¶ 3} Pursuant to R.C. 4909.172, waterworks and sewage disposal companies are authorized to file an application with the Commission for approval to collect a SIC. The surcharge mechanism is designed to recover, and provide a return on, specified costs associated with certain plant investments. Ohio Adm.Code 4901:1-15-35 provides for the filing requirements for an application for authorization to collect a SIC.

{¶ 4} R.C. 4909.172(D) also provides that the Commission may, by order and on its own motion or upon good cause shown, reduce the amount of or terminate a SIC if it determines that the surcharge causes the company to earn an excessive rate of return on its valuation under R.C. 4909.15.

{¶ 5} By Finding and Order issued October 7, 2015, Aqua was authorized to begin collecting a three percent surcharge for sewage disposal infrastructure improvements in its

Franklin County District. To ensure that Aqua does not earn an excessive rate of return on its valuation pursuant to R.C. 4909.15, the Commission instructed Aqua to file, on an annual basis until such time as the surcharge is eliminated, an updated Schedule 8 concurrently with the filing of its annual report to the Commission using information for the most recent calendar year.

{¶ 6} On August 1, 2018, Staff filed a document in the docket recommending that the Commission terminate Aqua's SIC for sewage disposal service in the Franklin County District due to the Applicant's earned rate of return. In support, Staff states that a review of the most recent annual update reveals Aqua earning a rate of return of 11.16 percent in 2017 compared to an authorized rate of return of 7.81 percent in Aqua's last sewer rate case. *See In the Matter of the Application of Ohio American Water Company to Increase Its Rates for Water and Sewer Service*, Case No. 11-4161-WS-AIR, Opinion and Order (June 13, 2012).¹

{¶ 7} Any interested person may file comments regarding Staff's August 1, 2018 recommendation no later than August 16, 2018.

{¶ 8} It is, therefore,

{¶ 9} ORDERED, That interested persons wishing to file comments regarding Staff's August 1, 2018 recommendation shall file those comments no later than August 16, 2018. It is, further,

¹ The Commission approved on February 14, 2012, a stock purchase agreement whereby Aqua purchased the properties of Ohio American Water Company in Ohio. *See In the Matter of the Joint Application of American Water Works Company, Inc., Ohio American Water Company, and Aqua Ohio, Inc. for Approval of the Purchase of Common Stock of Ohio American Water Company by Aqua Ohio, Inc.*, Case No. 11-5102-WS-ATR, Finding and Order (Feb. 14, 2012).

{¶ 10} ORDERED, That a copy of this Entry be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

/s/Jeffrey R. Jones

By: Jeffrey R. Jones
Attorney Examiner

SJP/mef

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in

Case No(s). 15-0864-WS-SIC

Summary: Attorney Examiner Entry requesting interested parties to file comments regarding Staff's recommendation by 8/16/18. electronically filed by Ms. Mary E Fischer on behalf of Jeffrey R. Jones, Attorney Examiner, Public Utilities Commission of Ohio