

July 29, 2019

Ms. Barcy F. McNeal
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43215

Re: *Aqua Ohio Wastewater, Inc.*, Case No. 18-1841-ST-UNC & 18-1842-ST-ATA

Dear Ms. McNeal:

On December 20, 2018, Aqua Ohio Wastewater, Inc. (AWI) filed its Application in accordance with the Commission's October 24, 2018 Finding and Order seeking approval to resolve matters related to the Tax Cuts and Jobs Act of 2017 (TCJA).

On June 24, 2019, Staff filed its Review and Recommendation in this case. In accordance with that Report's recommendations and based on discussions with Staff, AWI hereby submits the attached revised schedules and updated proposed tariff sheets. With these revisions, it is AWI's position that all outstanding issues with its Application are resolved and requests that the Commission issue a Finding and Order approving the Application as revised.

Please file the attached schedules and tariff sheets in the above-captioned dockets, and do not hesitate to contact me with any questions.

Respectfully submitted,

/s/ Rebekah J. Glover

Counsel for Aqua Ohio Wastewater, Inc.

Cc: Parties of Record

Attachment A

Aqua Ohio Wastewater, Inc.
6650 South Avenue
Boardman, OH 44512

Section 4
First Revised Sheet No. 3
Replaces Original Sheet No. 3
P.U.C.O. Tariff No. 1

Deleted: Original

RECONNECTION CHARGES

A charge of fifty dollars and ninety-five cents (\$50.95) will be made for reconnect of sewer service after discontinuance of service for non-compliance with the Company's tariff provisions, except that the charge for any service turned on at the request of a Customer after regular business hours or on Saturdays, Sundays, or holidays, will be one hundred fifty-five dollars and eighty-six cents (\$155.86). If sewer service has been physically disconnected, the Company shall bill the Customer for the out-of-pocket expenses incurred for the disconnection and reconnection.

DISHONORED PAYMENT CHARGE

Provided a customer's payment from the customer's approved financial institution is properly processed by the Company, if a payment that has been received as payment for service is returned by the financial institution or is not recognized due to insufficient funds, a charge of fifteen dollars and seventy-one cents (\$15.71) will be assessed to cover the cost of processing this transaction.

LATE PAYMENT CHARGE

The late payment fee of 5% is based on current charges only and is not compounded on future delinquencies. The customer receives a six (6) day grace period (after the due date) before late fees are applied. The six-day grace period allows for any mail or processing delays.

ACCOUNT ACTIVATION CHARGE

An account activation charge of thirty-one dollars and seventy-six cents (\$31.76) will be charged for a service connection during the Company's regular business hours.

TCJA NEGATIVE SURCHARGE

A surcharge of -16.19% of base sewer rate charges will be applied to reflect tax savings realized under the Tax Cuts and Jobs Act of 2017, effective on bills rendered on or after XXX, 2019.

Deleted: November 21, 2017

Deleted: November 21, 2017

Deleted: November 8, 2017

Deleted: 16-1848-ST-ACE

Issued: _____ Effective: _____

Issued by Edmund Kolodziej, Jr., President, Aqua Ohio Wastewater, Inc.
In accordance with the Public Utilities Commission of Ohio
Order Dated _____ for Case No. **18-XXXX-ST-UNC**

P.U.C.O. Tariff No. 1

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Issued: _____

Effective: _____

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In accordance with the Public Utilities Commission of Ohio
Order Dated _____ for Case No. 18-XXXX-ST-UNC

Attachment B

Aqua Ohio Inc.
Calculation of TCJA Negative Surcharge - Sewer
Case No. 18-1841-ST-UNC (Revised for Staff Recommendations)

Page 1 of 5

Line	Amortization of Excess ADIT's		Sewer	Admin	Total	TCJA % of Base Revenue
1	Protected Property, Plant and Equipment	ARAM	(15,336)	(7,524)	(22,860)	
2					-	
3	Unprotected Property, Plant and Equipment	10 YR	(34,867)	(1,209)	(36,075)	
4					-	
5	Unprotected not related to PP&E	10 YR	-	474	474	
6						
7	Total Amortization of Excess ADITs		(50,203)	(8,259)	(58,462)	
8						
9	Gross Up for Income	1.295263	(65,026)	(10,698)	(75,723)	-2.08%
10						
11	Amortize FIT Deferrals 1/1/18 to 9/30/19 (Stub period)		(367,440)	0	(367,440)	-10.09%
12	Annual FIT Savings (Revised Staff Attachment B)		(146,497)	0	(146,497)	-4.02%
13						
14	Total Annualized Refund (Year 1)		(578,963)	(10,698)	(589,660)	
15						
16	Current Base Revenue	Prior 12 months Revenue			3,640,065	
17						
18	TCJA negative surcharge (% of Base Revenue)					<u><u>-16.19%</u></u>
19						
20						

Aqua Ohio Inc.
Calculation of Deferrals - SEWER
Case No. 18-1841-ST-UNC (Revised for Staff Recommendations)

Page 2 of 5

Calculation of ADIT Amortization for Negative Surcharge

Line		Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Total
Protected Excess ADIT- PP&E														
1	Beginning Balance	330,896	329,633	328,370	327,107	325,844	324,581	323,318	322,055	320,792	319,529	318,266	317,003	315,740
2	Amortization	(1,263)	(1,263)	(1,263)	(1,263)	(1,263)	(1,263)	(1,263)	(1,263)	(1,263)	(1,263)	(1,263)	(1,263)	
3	Ending Balance	329,633	328,370	327,107	325,844	324,581	323,318	322,055	320,792	319,529	318,266	317,003	315,740	315,740
4														
5														
Unprotected Excess ADIT- PP&E														
7	Beginning Balance	322,008	323,271	324,534	325,797	327,060	328,323	329,586	330,849	332,112	333,375	334,638	335,901	337,164
8	Amortization	1,263	1,263	1,263	1,263	1,263	1,263	1,263	1,263	1,263	1,263	1,263	1,263	
9	Ending Balance	323,271	324,534	325,797	327,060	328,323	329,586	330,849	332,112	333,375	334,638	335,901	337,164	337,164
10														
Unprotected Excess ADIT- Non-PP&E														
12	Beginning Balance		0	0	0	0	0	0	0	0	0	0	0	0
13	Amortization													
14	Ending Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
15														
16														
17	Sub-total Excess ADIT's	652,904	652,904	652,904	652,904	652,904	652,904	652,904	652,904	652,904	652,904	652,904	652,904	652,904
18														
19														
20														
21														
		Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19				
Protected Excess ADIT- PP&E														
24	Beginning Balance	315,740	314,462	313,184	311,906	310,628	309,350	308,072	306,794	305,516				
25	Amortization	(1,278)	(1,278)	(1,278)	(1,278)	(1,278)	(1,278)	(1,278)	(1,278)	(1,278)				
26	Ending Balance	314,462	313,184	311,906	310,628	309,350	308,072	306,794	305,516	304,238				
27														
28														
Unprotected Excess ADIT- PP&E														
30	Beginning Balance	337,164	338,442	339,720	340,998	342,276	343,554	344,832	346,110	347,388				
31	Amortization	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278				
32	Ending Balance	338,442	339,720	340,998	342,276	343,554	344,832	346,110	347,388	348,666				
33														
Unprotected Excess ADIT- Non-PP&E														
35	Beginning Balance		0	0	0	0	0	0	0	0				
36	Amortization													
37	Ending Balance	0	0	0	0	0	0	0	0	0				
38														
39	Total Excess ADIT's	652,904	652,904	652,904	652,904	652,904	652,904	652,904	652,904	652,904				

Calculation of ADIT Amortization for Negative Surcharge

		Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Total
Line	Protected Excess ADIT- PP&E													
1	Administrative Beginning Balance	1,255,481												
2	Divisional Allocation	3.08%												
3	Jurisdictional Beginning Balance	38,669	38,140	37,611	37,082	36,553	36,024	35,495	34,966	34,437	33,908	33,379	32,850	32,321
4	Amortization (Jurisdictional)	(529)	(529)	(529)	(529)	(529)	(529)	(529)	(529)	(529)	(529)	(529)	(529)	
5	Ending Balance	38,140	37,611	37,082	36,553	36,024	35,495	34,966	34,437	33,908	33,379	32,850	32,321	32,321
6														
7														
8	Unprotected Excess ADIT- PP&E													
9	Administrative Beginning Balance	3,148												
10	Divisional Allocation	3.08%												
11	Jurisdictional Beginning Balance	97	626	1,155	1,684	2,213	2,742	3,271	3,800	4,329	4,858	5,387	5,916	6,445
12	Amortization (Jurisdictional)	529	529	529	529	529	529	529	529	529	529	529	529	
13	Ending Balance	626	1,155	1,684	2,213	2,742	3,271	3,800	4,329	4,858	5,387	5,916	6,445	6,445
14														
15	Unprotected Excess ADIT- Non- PP&E													
16	Administrative Beginning Balance	(153,831)												
17	Divisional Allocation	3.08%												
18	Jurisdictional Beginning Balance	(4,738)	(4,738)	(4,738)	(4,738)	(4,738)	(4,738)	(4,738)	(4,738)	(4,738)	(4,738)	(4,738)	(4,738)	(4,738)
19	Amortization (Jurisdictional)													
20	Ending Balance	(4,738)	(4,738)	(4,738)	(4,738)	(4,738)	(4,738)	(4,738)	(4,738)	(4,738)	(4,738)	(4,738)	(4,738)	(4,738)
21														
22														
23	Sub-total Excess ADIT's	34,028	34,028	34,028	34,028	34,028	34,028	34,028	34,028	34,028	34,028	34,028	34,028	34,028
24														
25														
26														
27														
28		Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19				
29	Protected Excess ADIT- PP&E													
30	Jurisdictional Beginning Balance	32,321	31,694	31,067	30,440	29,813	29,186	28,559	27,932	27,305				
31	Amortization (Jurisdictional)	(627)	(627)	(627)	(627)	(627)	(627)	(627)	(627)	(627)				
32	Ending Balance	31,694	31,067	30,440	29,813	29,186	28,559	27,932	27,305	26,678				
33														
34														
35	Unprotected Excess ADIT- PP&E													
36	Jurisdictional Beginning Balance	6,445	7,072	7,699	8,326	8,953	9,580	10,207	10,834	11,461				
37	Amortization (Jurisdictional)	627	627	627	627	627	627	627	627	627				
38	Ending Balance	7,072	7,699	8,326	8,953	9,580	10,207	10,834	11,461	12,088				
39														
40	Unprotected Excess ADIT- Non- PP&E													
41	Jurisdictional Beginning Balance	(4,738)	(4,738)	(4,738)	(4,738)	(4,738)	(4,738)	(4,738)	(4,738)	(4,738)				
42	Amortization (Jurisdictional)													
43	Ending Balance	(4,738)	(4,738)	(4,738)	(4,738)	(4,738)	(4,738)	(4,738)	(4,738)	(4,738)				
44														
45	Total Excess ADIT's	34,028	34,028	34,028	34,028	34,028	34,028	34,028	34,028	34,028				

Page 4 of 5

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Aqua Ohio Inc
Revenue Calc - Negative Surcharge - Sewer
Case No. 18-1841-ST-UNC (Revised for Staff Recomme Page 5 of 5

<u>Line</u>		
1	Approved Revenue Requirement	3,765,747 Actual Revenue 2017
2		
3	Less SIC No longer in effect	(107,926)
4		
5	Miscellaneous Revenue	(17,756)
6		
7	Adjusted Base Revenue	<u><u>3,640,065</u></u>

Staff Attachment B (revised by Aqua Ohio Wastewater Inc)

FIT Reduction Based on Previous Base Rate Case (Case No. 11-4161-WS-AIR)

Line No

	21% Tax Rate	34% Tax Rate
1 Rate Base	9,067,350	9,067,350
2 Adjusted Operating Income (See Tax Reduction Section)	683,044	597,879
3 Required Op Income (Line 1 * 7.81%)	708,160	708,160
4 Income Deficiency	25,116	110,281
5 Gross Revenue Conversion Factor (See Line 20)	1.295263	1.623387
6 Revenue Increase Required (Line 4 * Line 5)	32,532	179,029
7 Change in Revenue Increase	146,497	

Tax Expense Reduction

8 Tax Expense 34%	222,739
9 38.235% Reduction (Line 8 * (1- (.21 / .34)))	85,165
10 Operating Income @ 34%	597,879
11 Operating Income @ 21% (Line 10 + Line 9)	683,044

Tax Expense Reduction

	21%-GRCF	34%-GRCF
12 Gross Revenue	100%	100%
13 Uncollectibles	2.0129%	2.0129%
14 Ohio Commercial Activity Tax	0.2600%	
15 Net Revenue (Line 12 - Line 13)	97.727100%	97.9871%
16 Ohio Gross Receipts Tax (Line 15 * 4.75%) (N/A @ 21% rate)		4.6544%
17 Income Before Federal Income Tax (Line 15 - Line 16)	97.727100%	93.3327%
18 Federal Income Tax (Line 17 * FIT Rate)	20.52269%	31.73312%
19 Operating Income Percentage (Line 17 - Line 18)	77.20441%	61.59959%
20		
21 Gross Revenue Conversion Factor (Line 12 / Line 19)	1.295262813	1.623387417

GRCF revised by company for change from gross receipts tax to commercial activity tax

This foregoing document was electronically filed with the Public Utilities

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Case No(s). 18-1841-ST-UNC, 18-1842-ST-ATA

Summary: Correspondence Regarding Revised Schedules and Tariff Sheets electronically filed by Ms. Rebekah J. Glover on behalf of Aqua Ohio Wastewater, Inc.