

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)
Aqua Ohio, Inc. to Increase its Rates and) Case No. 22-1094-WW-AIR
Charges for Its Waterworks Service.)

**MOTION FOR APPROVAL OF TEST PERIOD AND DATE CERTAIN AND
FOR WAIVERS FROM CERTAIN STANDARD FILING REQUIREMENTS
AND MEMORANDUM IN SUPPORT**

In accordance with R.C. 4909.15(C) and Ohio Adm. Code 4901-1-12, Aqua Ohio, Inc. (“Aqua”) respectfully requests that the Commission approve a proposed test period consisting of the 12 months beginning July 1, 2022, and ending June 30, 2023, and a date certain of June 30, 2023.

In accordance with Ohio Adm. Code 4901-1-12 and 4901-7-01, Appendix A, Chapter II(A)(4), Aqua also requests that the Commission issue an entry approving a waiver from the following Standard Filing Requirements:

Schedule B-2.3	Gross Additions, Retirements, and Transfers — Total Company
Schedule B-5.1	Miscellaneous Working Capital Items
Schedule C-9	Operation and Maintenance Costs — Total Company
Schedule C-9.1	Payroll Analysis — Total Company
Schedule 10.1	Comparative Balance Sheets for the Most Recent Five Calendar Years
Schedule 10.2	Comparative Income Statements for the Most Recent Five Calendar Years
Schedule C-11.1	Revenue Statistics — Total Company
Schedule C-11.3	Sales Statistics — Total Company
Schedule C-12	Reserve for Uncollectible Accounts — Total Company
Schedule D-1	Rate of Return Summary

Schedule D-1.1	Parent-Consolidated Common Equity
Schedule D-2	Embedded Cost of Short-Term Debt
Schedule D-3	Embedded Cost of Long-Term Debt
Schedule D-4	Embedded Cost of Preferred Stock
Schedule D-5	Comparative Financial Data

Good cause exists to grant these motions as set forth in the accompanying memorandum in support.

Dated: November 30, 2022

Respectfully submitted,

/s Christopher L. Miller

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ATTORNEYS FOR AQUA OHIO, INC.

MEMORANDUM IN SUPPORT

I. INTRODUCTION

Along with this motion, Aqua filed its Notice of Intent to file an application to increase rates in its entire Rate Group 1¹, its entire Rate Group 2², its entire Rate Group 3³, and all areas formerly served by Firestone Trace⁴. Aqua intends to file its application no earlier than December 30, 2022. For the reasons set forth below, Aqua respectfully requests that the Commission approve a test period consisting of the 12-months beginning July 1, 2022 and ending June 30, 2023; a date certain of June 30, 2023; and a waiver from certain Standard Filing Requirements.

II. ARGUMENT

A. The proposed test period and date certain are permitted.

Under R.C. 4909.15(C)(1), the test period shall be any twelve-month period beginning not more than six months prior to the date the application is filed and ending not more than nine months subsequent to that date, unless otherwise ordered by the Commission. *See also* Ohio Adm. Code § 4907-1-01, Appx. A., Chapter II(A)(5)(a). Aqua respectfully requests that the Commission issue an order providing that if Aqua files its application for an increase in rates on or about December 30, 2022, the test period will be the twelve months ending June 30, 2023.

The date certain also falls within the range permitted by R.C. 4909.15(C). Aqua is a waterworks company as defined by R.C. 4905.03(G), and so the date certain may not be “later

¹ Lake Erie and Former Tomahawk division.

² Former Lake Erie East, Masury, former Mohawk Utilities, former Seneca Utilities, former Norlick Place Water Company, Auburn Lakes Condominium Development, the Woods of Auburn Lakes Condominium Development, and the Auburn Crossing Condominium Development.

³ Districts formerly served by Ohio American Water Company and former Southwood Estates.

⁴ Located in Bath Township, Ohio.

than the end of the test period.” R.C. 4909.15(C)(2). Aqua’s proposed date certain of June 30, 2023, is not “later than the end of the test period,” and thus satisfies the statute’s requirement.

B. Good cause exists to waive certain Standard Filing Requirements.

Ohio Adm. Code § 4901-7-01, Appendix A, Chapter II(A)(4)(d) authorizes the Commission to waive any provision of the Standard Filing Requirements. In determining whether to grant a waiver, the Commission is to consider factors that include:

- (i) Whether other information, which the utility would provide if the waiver is granted, is sufficient so that the commission staff can effectively and efficiently review the rate application;
- (ii) Whether the information, which is the subject of the waiver request, is normally maintained by the utility or reasonably available to it from the information which it maintains; and
- (iii) The expense to the utility in providing the information, which is the subject of the waiver request.

Ohio Adm. Code § 4901-7-01, Appx. A, Chapter II(A)(4)(d). As explained below, the requested waivers meet these criteria, are reasonable, and should be granted.

Schedule B-2.3 — Total company gross additions, retirements, and transfers. This schedule requires Aqua to provide for each plant account the balances, gross additions, retirements, and transfers for the total company that occurred in the interim period from the last annual report filed with the Commission to the date certain in its application. Aqua proposes to provide information for only its Rate Group 1, Rate Group 2, Rate Group 3, and Firestone Trace because these are the only divisions that are the subject of the application.

Schedule B-5.1 — Miscellaneous working capital items. This schedule requires Aqua to provide the test-year average and the date-certain balances of specific applicable items. This data is not relevant to a water utility and has not been required by the Staff in previous filings. Therefore, Aqua requests a waiver of the requirements to file this data.

Schedules G9 and G9.1— Total company operation and maintenance payroll costs and payroll analysis. These schedules require Aqua to provide a schedule showing the distribution of the test-year operation and maintenance payroll costs and a payroll analysis for the most recent five calendar years and the test year for the total company, respectively. Aqua proposes to provide information for only its Rate Group 1, Rate Group 2, Rate Group 3, and Firestone Trace because these are the only divisions that are the subject of the application. To the extent that the requested data relate to other Aqua divisions, they are not relevant to this case.

Schedule C-10.1— Total company comparative balance sheets. This schedule requires Aqua to provide for the total company summary balance sheets for the most recent five calendar years and as of the date certain. Aqua proposes to provide information for only its Rate Group 1, Rate Group 2, Rate Group 3, and Firestone Trace because these are the only divisions that are the subject of the application. To the extent that the requested data relate to other Aqua divisions, they are not relevant to this case. But data on a total company basis will be provided to Staff through responses to data requests if needed.

Schedule C-10.2 — Total company comparative income statement. This schedule requires Aqua to provide total company comparative income statements for the most recent five calendar years and the test year. Aqua proposes to provide information for only its Rate Group 1, Rate Group 2, Rate Group 3, and Firestone Trace because these are the only divisions that are the subject of the application. To the extent that the requested data relate to other Aqua divisions, they are not relevant to this case. But data on a total company basis will be provided to Staff through responses to data requests if needed.

Schedules C-11.1 and C-11.3 - Total company revenue and sales statistics. These schedules require Aqua to provide total company revenue and sales statistics, respectively. Aqua

proposes to provide information for only its Rate Group 1, Rate Group 2, Rate Group 3, and Firestone Trace because these are the only divisions that are the subject of the application. To the extent that the requested data relate to other Aqua divisions, they are not relevant to this case. But data on a total company basis will be provided to Staff through responses to data requests if needed.

Schedule C-12 — Total company analysis of reserve for uncollectible accounts. This schedule requires Aqua to provide total company analysis of uncollectibles for the three most recent calendar years and the test year. Aqua proposes to provide information for only its Rate Group 1, Rate Group 2, Rate Group 3, and Firestone Trace because these are the only divisions that are the subject of the application. To the extent that the requested data relate to other Aqua divisions, they are not relevant to this case. But data on a total company basis will be provided to Staff through responses to data requests if needed.

‘D’ Schedules — Rate of Return. Schedules D-1 (Rate of return summary), D-1.1 (Parent-consolidated common equity), D-2 (Embedded cost of short term debt), D-3 (Embedded cost of long term debt), D-4 (Embedded cost of preferred stock), and D-5 (Comparative financial data) require Aqua to provide various rate-of-return schedules that are to be prepared using parent-consolidated cost-of-capital data. In rate cases spanning a period of more than a decade, Staff has determined that the appropriate capital structure to be used in the rate-of-return analysis was the stand-alone capital structure of Aqua, as opposed to the capital structure of its parent company, Essential Utilities. The Commission has approved the use of the stand-alone capital structure in previous cases and should do so again for this application.

Retrieving and presenting parent-consolidated capital structure data entails considerable work and expense. Aqua is a wholly-owned subsidiary of Essential Utilities, and is but one of several regulated operating companies in several states in the Essential Utilities system. In order to provide the information required for the ‘D’ schedules, Aqua would need to request each of Essential Utilities’ other regulated operating companies to analyze, compile, and develop the necessary information.

The Commission has previously recognized that this effort and expense is not warranted. For example, the Commission granted a waiver of these same schedules and found that providing information on Aqua’s capital structure, as opposed to that of its parent company, was “well-supported with a showing of good cause and, therefore, should be granted as requested.” *In re Appl. Of Aqua Ohio, Inc. for Authority to Increase its Rates*, Case No. 21-595-WW-AIR, Entry at 7 (July 14, 2021); *In re Appl. Of Aqua Ohio, Inc. for Authority to Increase Its Rates*, Case No. 16-907-WW-AIR, Entry at 5 (May 25, 2016); *see also, In re Appl. of Aqua Ohio, Inc. for Authority to Increase its Rates*, Case No. 13-2124-WW-AIR, Entry at 4 (Nov. 13, 2013) *In re Appl. of Aqua Ohio, Inc. for Authority to Increase its Rates*, Case No. 09-1044-WW-AIR, Entry at 4 (Dec. 2, 2009); *In re Appl. of Aqua Ohio, Inc. for Authority to Increase its Rates*, Case No. 07-564-WW-AIR, Entry at 2-3 (June 6, 2007).

Therefore, good cause exists for the Commission to grant Aqua’s motion for waiver of certain Standard Filing Requirements.

III. CONCLUSION

For the reasons set forth above, Aqua respectfully requests that the Commission approve the requested test period, date certain, and waivers from certain Standard Filing Requirements.

Dated: November 30, 2022

Respectfully submitted,

/s Christopher L. Miller

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ATTORNEYS FOR AQUA OHIO, INC.

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Case No(s). 22-1094-WW-AIR

Summary: Motion for Approval of Test Period and Date Certain and for Waivers
from Certain Standard Filing Requirements and Memorandum in Support
electronically filed by Ms. Nicole R. Woods on behalf of Aqua Ohio, Inc.