

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of	)	
Christi Water System, Inc. for an	)	Case No. 24-798-WW-AIR
Increase in Rates and Charges.	)	

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**OBJECTIONS TO THE STAFF REPORT  
BY  
OFFICE OF THE OHIO CONSUMERS' COUNSEL**

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## I. INTRODUCTION

Ohio’s residential utility consumers are being squeezed in all directions by rising energy costs and increases in basic utility services including electric and natural gas distribution rates. This includes Christi Water System, Inc. (“Christi”) consumers. In addition to proposed rate increases by Christi, Christi consumers face pending rate increases for electricity from Toledo Edison<sup>1</sup> and for natural gas from Ohio Gas Company.<sup>2</sup> Now, Christi seeks a 30.8% increase in charges for a minimum use consumer.<sup>3</sup> Christi’s consumers currently pay \$34.81 for up to 50 cubic feet of water.<sup>4</sup> If Christi’s application is approved consumers will pay at least \$45.43<sup>5</sup> (\$11

<sup>1</sup> In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company and the Toledo Edison Company for an Increase in Electric Distribution Rates, Case No. 24-468-EL-AIR, et al., The Toledo Edison Company's Updated Schedules A, B, C, D, and E, Part 1, Schedule E-2.1, Residential Service Tariff (July 31, 2024) 1<sup>st</sup> Revised, p. 1 of 1 (assumes a 1,000 kWh consumer) .

<sup>2</sup> *In the Matter of the Application of Ohio Gas Company for Authority to Update its Right-of-Way Rider*, Case No. 25-0259-GA-RDR, Application at p. 3.

<sup>3</sup> *In the Matter of the Application of Christi Water System, Inc., for an Increase in Rates and Charges*, Case No. 24-0798-WW-AIR, Staff Report of Investigation (“Staff Report”) (March 21, 2025) at 10 (Table 3)(minimum usage is 0 – 50 c.f. per month).

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

more per month) for the same service. Consumers who use 600 cubic feet of water per month<sup>6</sup> would see their bill increase 16.3% from a current charge of \$107.72 to \$125.26 under Christi's proposed increase.<sup>7</sup> That's an increase of \$17.54 a month or \$210.48 per year.

The Staff of the Public Utilities Commission of Ohio ("PUCO") has modified Christi's proposed rates with an across-the-board increase of 19.33% which actually increases charges over those proposed by Christi for some water users.<sup>8</sup> Under the PUCO Staff's proposal a minimum usage consumer of 50 cubic feet per month would pay an additional \$80.76 per year. A 600 cubic feet per month consumer would pay \$249.84 more per year.<sup>9</sup> The PUCO Staff's recommendation would result in unjust and unreasonable rates for Christi's consumers in violation of Ohio law, including R.C. 4905.22, 4909.15, 4909.154, 4909.17, and 4909.18.

The Office of the Ohio Consumers' Counsel ("OCC") appreciates the PUCO Staff's recommendations that protect Christi's consumers. However, the Staff Report falls short of protecting residential consumers in several ways, as explained in the Objections below. The PUCO should adopt OCC's consumer protection recommendations.

## **II. SUMMARY OF STAFF REPORT RECOMMENDATIONS SUPPORTED OR NOT OPPOSED BY OCC.**

OCC supports the following findings, conclusions, and recommendations from the Staff Report:

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<sup>6</sup> The Ohio Environmental Protection Agency ("EPA") reports a three member household uses 534 cubic feet of water per month. *See*, Ohio Environmental Protection Agency, Division of Environment and Financial Assistance, *2022 Sewer and Water Rate Survey* (Oct. 2023), Rate Calculation Methods at p. 2.

<sup>7</sup> Staff Report, Table 3 at p. 10.

<sup>8</sup> *See, id.*

<sup>9</sup> *See, id.*

- The PUCO Staff correctly identified plant accounting issues requiring correction.<sup>10</sup>
- The PUCO Staff correctly identified discrepancies in the depreciation reserve, with Christi using tax depreciation instead of proper accounting.<sup>11</sup>
- The PUCO Staff identified the lack of accounting for Accumulated Deferred Income Taxes (“ADIT”).<sup>12</sup>
- The PUCO Staff correctly recommended adjustments to the revenue and purchased water expense as a result of increased water rates charged to Christi by the City of Defiance.<sup>13</sup>
- The PUCO Staff correctly identified that Christi is largely non-compliant with PUCO reporting requirements and has not been following the Uniform System of Accounts as required by Ohio Adm. Code 4901:1-15-32(D)(2).<sup>14</sup>
- The PUCO Staff correctly removed from General and Administrative Salaries expenses of Beilharz Consulting in the amount of \$11,400.<sup>15</sup>
- The PUCO Staff correctly removed property taxes associated with non-utility property from income expense.
- The PUCO Staff correctly removed Christi’s claimed interest expense.<sup>16</sup>
- The PUCO Staff correctly recommended adjustments to Christi’s proposed rate design so as to reduce the impact of the substantially increased minimum charge on low volume water consumers.<sup>17</sup>
- The PUCO Staff correctly identified Christi’s failure to implement Staff recommendations set forth in the May 2021 Customer Service Audit.

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<sup>10</sup> *Id.* at 2.

<sup>11</sup> *Id.* at 3.

<sup>12</sup> *Id.* at 4.

<sup>13</sup> *Id.* at 5.

<sup>14</sup> *Id.* at 5.

<sup>15</sup> *Id.*

<sup>16</sup> *Id.* at 6.

<sup>17</sup> *Id.* at 9-10.

### III. OBJECTIONS TO THE STAFF REPORT

#### A. Rate of Return

**Objection No. 1: The Staff Report erred and harmed consumers by proposing a range for the rate of return rather than selecting the lowest number within that range resulting in a rate of return that is higher than what is just and reasonable under R.C. 4905.22, 4909.15, 4909.154, 4909.17 and 4909.18.**

OCC objects to the PUCO Staff-rate of return as being excessive because it utilizes a rate of return of 9.26%<sup>18</sup> that is too high given Christi's non-compliance with PUCO reporting requirements,<sup>19</sup> its failure to follow the Uniform System of Accounts ("USOA"),<sup>20</sup> its violation of the Ohio Administrative Code,<sup>21</sup> and its failure to implement PUCO's Staff recommendations from the May 2021 Customer Service Audit.<sup>22</sup> Moreover, Christi has further failed to follow PUCO recommendations from its last rate case (Case No. 20-1428-WW-AIR).<sup>23</sup> In the last rate case PUCO Staff recommended and the PUCO adopted the recommendations that Christi evaluate the accuracy and location of existing meters, install new meters where needed, and

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<sup>18</sup> Staff Report at p.7 (Staff recommended a rate of return in the range of 8.76 percent to 9.76 percent with a mid-point of 9.25 percent).

<sup>19</sup> *Id.* at 5 (noting that Christi is "largely non-compliant with PUCO reporting requirements and has not been following the Uniform System of Accounts as required by Ohio Adm. Code 4901:1-15-32(D)(2)."

<sup>20</sup> *Id.* at 5, 13 (stating that after reviewing Christi's general ledgers, "Staff found that CWS is still not conforming their accounting practices to the USOA").

<sup>21</sup> *Id.* (O.A.C. 4901:1-15-32 requires that Christi conform its accounting practices to the Uniform System of Accounts which Christi has not done so despite Staff recommending such changes and the PUCO adopting the recommendations in Christi's last rate case). *See, e.g.*, Case No. 20-1428-WW-AIR, Finding and Order (Sept. 23, 2021) at ¶ 27.

<sup>22</sup> *Id.* at 11 (stating that "Applicant has not updated notices, bills, and procedures noted in the audit.").

<sup>23</sup> *In the Matter of the Application of Christi Water System, Inc. for an Increase in Rates and Charges*, Case No. 20-1428-WW-AIR, Finding and Order (Sept. 23, 2021), at p. 6 (adopting Staff's recommendation that "Christi evaluate the accuracy and location of existing meters, install new meters where needed, and replace meters that have exceeded their useful life".) These PUCO adopted recommendations were ignored by Christi leading PUCO Staff to again make the recommendations as part of its Staff Report in the current case. [*See* Case No. 24-798-WW-AIR at p. 12.)

replace those that have exceeded their useful life.<sup>24</sup> Christi failed to implement the PUCO's order. As a result of these extreme violations, the PUCO Staff should have recommended that the rate of return be set at the lowest figure within its proposed range. The specific objections from which these overall conclusions are drawn are detailed below in OCC's objections to the PUCO Staff's recommendations regarding these matters.

## **B. Revenue Requirement**

**Objection No. 2: The Staff Report erred and harmed consumers by proposing a revenue requirement and proposed rates that are based upon hypothetical water purchase amounts that are inconsistent with Christi's sales figures and reported sales volumes. The Staff Report would result in consumers paying unjust, unreasonable, and unlawful rates under R.C. 4905.22, 4909.15, 4909.154, 4909.17 and 4909.18.**

The PUCO Staff's recommended revenue requirement and proposed rates are based upon hypothetical water sales amounts not the amounts identified by Christi in its discovery responses. In response to PUCO Staff Data Request #7, Christi stated that it sold 1,702,050 cubic feet of water in 2023. It further broke that number down into 117,600 cubic feet of water that was sold as part of the "First 50cf" of water sold in 2023. The remaining 1,584,450 cubic feet of water Christi stated was sold on the volumetric per cubic foot charge. PUCO Staff in its calculations for water sales and resulting revenues reduced Christi's sales figures from 1,702,050 cubic feet to 890,630 cubic feet. This results in a revenue requirement based on improper sales figures and consumers paying unjust, unreasonable, and unlawful rates under R.C. 4905.22, 4909.15, 4909.154, 4909.17 and 4908.18.

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<sup>24</sup> *In the Matter of the Application of Christi Water System, Inc. for an Increase in Rates and Charges*, Case No. 20-1428-WW-AIR, Finding and Order (Sept. 23, 2021), at p. 6 (adopting Staff's recommendation that "Christi evaluate the accuracy and location of existing meters, install new meters where needed, and replace meters that have exceeded their useful life").



### **C. Service Monitoring and Enforcement**

**Objection No. 3: The Staff Report erred and harmed consumers by not requiring Christi Water Company, which has between a 30% and 48% unaccounted for water loss, to establish a water loss remedial program in accordance with O.A.C. 4901:1-15-20(5)(c)(i).**

The PUCO Staff erred by not requiring Christi to establish a water loss remedial program to address large amounts of unaccounted for water losses. In response to Staff Data Request #7, Christi listed total water sales in 2023 of 1,702,050 cubic feet with revenue from water sales at \$336,839.03. City of Defiance sales receipts for purchases by Christi during 2023 total 1,286,867 cubic feet. The PUCO Staff calculated Christi's water sales in 2023 to be 887,980 cubic feet and listed adjusted water sales revenue at \$186,186. The difference between Christi's listed total water sales, City of Defiance sales receipts for water purchases by Christi, and staff's adjusted sales volume means that Christi has unaccounted water loss somewhere between 31% and 48%.

To make sure consumers are not paying for water they never receive, the PUCO Staff should have required Christi to implement a water loss remedial program. O.A.C. 4901:1-15-20(5)(c)(i) states: "(w)hen the water loss percentage is greater than fifteen percent, the water company shall: (i) (d)etermine the economic level leakage and develop a water loss remedial program based on the economic level leakage to achieve a water loss equal to or less than fifteen percent or shall justify for staff's approval a more economically realistic goal based on a cost/benefit analysis." The PUCO Staff erred and harmed consumers by not requiring Christi to implement this water loss remedial program.

**Objection No. 4: The Staff Report erred and harmed consumers by not requiring Christi which has more than a 30% unaccounted-for water loss percentage to establish an economic level leakage and water loss remedial program in accordance with O.A.C. 4901:1-15-20(5)(c)(ii).**

In response to Staff Data Request #7, Christi listed total water sales in 2023 of 1,702,050 cubic feet. City of Defiance sales receipts for purchases by Christi during 2023 total 1,286,867 cubic feet. PUCO Staff calculated Christi's water sales in 2023 to be 887,980 cubic feet. This means that Christi has unaccounted water loss somewhere between 31% and 48%. Ohio Administrative Code Rule 4901:1-15-20(5)(c)(ii) states: "(w)hen the water loss percentage is greater than fifteen percent, the water company shall: (ii) (d)etermine the economic level leakage and develop a water loss remedial program based on the economic level leakage to achieve a specific water loss volume per connection per day per psi for staff's review and approval." PUCO Staff should have required Christi to provide a water loss remedial program that complies with this additional provision of the Ohio Administrative Code.

**Objection No. 5: The Staff Report erred and harmed consumers by not requiring Christi to establish an effective water loss control program meeting the minimum criteria outlined in O.A.C. 4901:1-15-20(C)(5), which is needed for consumer protection.**

In response to Staff Data Request #7, Christi listed total water sales in 2023 as 1,702,050 cubic feet. City of Defiance sales receipts for purchases by Christi during 2023 total 1,286,867 cubic feet. PUCO Staff calculated Christi's water sales in 2023 to be 887,980 cubic feet. This means that Christi has unaccounted water loss somewhere between 31% and 48%. PUCO Staff should have required Christi to meet the provisions of Ohio Administrative Code 4901:1-15-20(C)(5).

**Objection No. 6: The Staff Report erred and harmed consumers by not requiring Christi to address and resolve the PUCO Staff's concerns with Christi's lack of timely meter reads, deposit issues, financial responsibility issues, establishment of payment plans for consumers using medical certifications and the need for Christi to update their tariff to reflect the current bill format.**

The PUCO Staff conducted a customer service audit in May 2021.<sup>25</sup> This resulted in several recommendations by the PUCO Staff to Christi for consumer protection. The PUCO Staff identified a lack of timely meter reads, deposit concerns, and financial responsibility concerns.<sup>26</sup> It further recommended that Christi add estimated outage duration to their planned outage notice, set up payment plans for customers using medical certifications, and that Christi should update their tariff to reflect the current bill format.<sup>27</sup> The Staff Report states that Christi has not updated notices, bills, and procedures noted in the audit.<sup>28</sup> For consumer protection PUCO Staff should have set a specific mandatory time frame for Christi to implement its 2021 recommendations.

**Objection No. 7: The Staff Report erred and harmed consumers by not requiring Christi to develop and implement plans required by the O.A.C. that would reverse the overall system degradation where Christi has admitted that it has no program for infrastructure replacement and has unaccounted for water loss between 31% and 48%.**

Christi has unaccounted for water loss between 31% and 48%. That is not acceptable. Unaccounted for purchased water is costly to consumers. Due to this extremely high percentage of water loss, the PUCO Staff should require Christi to develop and implement a plan to reverse the overall system degradation and file biannual reports on how the remedial program is

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<sup>25</sup> Staff Report at 11.

<sup>26</sup> *Id.*

<sup>27</sup> *Id.*

<sup>28</sup> *Id.*

progressing. With respect to the condition of its meters, Christi was asked in discovery whether it has “an active program in place for periodic testing, repair, maintenance and replacement of all water meters?”<sup>29</sup> Christi responded that “due to the lack of resources and personnel, there is no active program in place.”<sup>30</sup> When asked how many water meters in the system have been replaced or are in need of replacement, Christi responded that “(a)ll meters are in need of replacement....”<sup>31</sup> Christi further reported that it did not take any steps to inspect and identify possible unmetered connections in the system to reduce water loss.<sup>32</sup> With a water loss between 31% and 48%, well beyond the 15% threshold in the O.A.C., it is evident that Christi has infrastructure in need of replacement, PUCO Staff should have required Christi to develop and implement the above plans.

**Objection No. 8: The Staff Report erred and harmed consumers by not setting forth a mandatory time frame for Christi to implement the requirements adopted by the PUCO in its Finding and Order dated September 23, 2021, in Case No. 20-1428-WW-AIR where it directed that Christi evaluate the accuracy and location of existing meters, install new meters where needed, and replace meters that have exceeded their useful life.<sup>33</sup>**

The Staff Report recommended that Christi evaluate the accuracy and location of existing meters, install new meters where needed, and replace those that have exceeded their useful life.<sup>34</sup> The PUCO Staff made the exact same recommendation, which was adopted by the PUCO, in

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<sup>29</sup> DR 9.

<sup>30</sup> *Id.*

<sup>31</sup> *Id.*

<sup>32</sup> *Id.*

<sup>33</sup> *In the Matter of the Application of Christi Water System, Inc. for An Increase in Rates and Charges*, Case No. 20-1428-WW-AIR, Finding and Order (Sept. 23, 2021) at 6.

<sup>34</sup> Staff Report at 12.

Christi's last rate case.<sup>35</sup> However, Christi failed to implement the PUCO's order. The PUCO Staff should have set forth a mandatory time frame for Christi to complete these recommendations.

#### **D. Affordability**

**Objection No. 9: The Staff Report erred and harms consumers by failing to address concerns raised by affordability issues in violation of R.C. 4928.02(A) and (L) including a review and report on Christi's disconnection policies and budget billing options provided by Christi.**

The Staff Report erred and harms consumers by failing to examine and report on consumer protections that assist with affordability issues such as Christi's disconnection policies and budget billing options. In Case No. 20-1428-WW-AIR Christi substantially increased its water rates effective November 1, 2021. A household using 660 cf of water a month saw a \$27.99 increase to the water bill, a 37.8% increase.<sup>36</sup> Christi consumers had their fixed rate for usage up to 50 cf increase from \$26.89 to \$34.34 a month, a 27.69% increase. Also, Christi consumers had their volumetric charge increase by 38.13% for each c.f. of water between 51-310 cf, 48.82% for each cf of water between 311-1500 cf, and 52.50% of usage over 1,500 cf.<sup>37</sup> Christi consumers also face increases in their natural gas charges and electricity rates. The current proposed increase adds to the energy burden already faced by Christi's consumers. For consumer protection PUCO Staff should have evaluated and reported on Christi's policies for payment plans, disconnection and budget billing options.

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<sup>35</sup> *In the Matter of the Application of Christi Water System, Inc. for an Increase in Rates and Charges*, Case No. 20-1428-WW-AIR, Finding and Order (Sept. 23, 2021), at p. 6 (adopting Staff's recommendation that "Christi evaluate the accuracy and location of existing meters, install new meters where needed, and replace meters that have exceeded their useful life").

<sup>36</sup> *In the Matter of the Application of Christi Water System, Inc. for an Increase in Rates and Charges*, Case No. 20-1428-WW-AIR, Entry (Nov. 3, 2021) at 12.

<sup>37</sup> *Id.*

#### IV. CONCLUSION

To protect consumers from Christi charging them rates that are unjust, unreasonable and unlawful, the PUCO should adopt OCC's recommendations set forth in these objections, which will be further developed and supported in OCC's testimony.

Respectfully submitted,

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### **CERTIFICATE OF SERVICE**

It is hereby certified that a true copy of the foregoing Objections to the Staff Report by Office of the Ohio Consumers' Counsel, was served upon the persons listed below by electronic transmission and/or regular U.S. mail postage prepaid this 21<sup>ST</sup> day of April 2025.

/s/ Donald Kral

Donald Kral

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The PUCO's e-filing system will electronically serve notice of the filing of this document on the following parties:

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