

FILE

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the Application
of Aqua Ohio, Inc.
For Authority to Assess a
System Improvement Charge in
the Masury Division

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Case No. 08-759 -WW-SIC

**APPLICATION FOR AUTHORITY TO COLLECT A SYSTEM IMPROVEMENT
CHARGE IN AQUA OHIO'S MASURY DIVISION**

To the honorable Public Utilities Commission of Ohio:

Applicant, Aqua Ohio, Inc. (hereinafter referred to as "Aqua Ohio"), respectfully
represents:

- 1) Aqua Ohio is a corporation duly organized and existing under the laws of the State of Ohio and is authorized to engage in the business of providing water service to customers in the service territory of its Masury Division (no certificate of Public Convenience and Necessity as company was grandfathered under PUCO jurisdiction). The Masury Division serves portions of Brookfield Township and Hubbard Township in Trumbull County. The mailing addresses for these townships and the county are set forth in the attached certificate of service.
- 2) Aqua Ohio is a public utility and a water-works company as those terms are defined in the Ohio Revised Code Sections 4905.02 and 4905.03(A)(8) and is regulated by and under the jurisdiction of this Commission.
- 3) Aqua Ohio is making this application for authority to collect a System Improvement Charge pursuant to R.C. §4909.172 and the Commission's guidelines adopted in Commission Case No. 03-2266-WW-SIC. The service area for the Masury Division of Aqua Ohio is set forth in Aqua Ohio, Inc., Masury Division P.U.C.O. Tariff No. 1, Preface-Service Territory Map Sheets 1 thru 8.

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Technician OM Date Processed 6/25/08.

- 4) The Proposed System Improvement Charge for the Masury Division has been determined in accordance with R.C. §4909.172 and the Commission's guidelines adopted in 03-2266-WW-SIC.
- 5) Filed herewith and incorporated herein by reference are those exhibits, schedules and documents required by R.C. §4909.172 and the Commission's guidelines adopted in 03-2266-WW-SIC; including:

Exhibit A Proposed Newspaper Notice in the service territory of the filing of the SIC Application

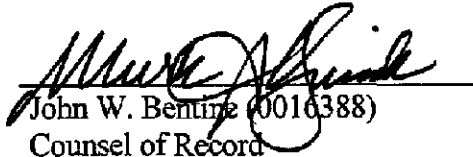
Exhibit B Testimony in support of the Application

Exhibit C The following schedules:

1. Revenue Requirement
 2. Plant Additions
 3. Original Cost Retired
 4. Provision for Depreciation
 5. Annualized Depreciation Associated with Additions
 6. Annualized Reduction in Depreciation for Retirements
 7. Rate of Return
 8. Net Operating Income Return on Rate Base
 9. Current Tariff Sheets with Proposed SIC Charge Language in Bold
-
10. Revenue Distribution
 11. Proposed Legal Notice that will be published in a newspaper of general circulation in the service area affected by the application or a proposed notice that will be provided to each customer that the SIC charge has been approved and the amount of the SIC Charge.

WHEREFORE, Aqua Ohio prays that the Commission finds: 1) that the System Improvement Charge to be collected by Aqua Ohio in its Masury Division is just and reasonable; 2) approve the filing of the proposed Tariff sheets filed herewith and made a part hereof, modified to reflect such revisions thereof as may become effective, pursuant to the orders of this Commission; and 3) grant such other and further relief as the Masury Division of Aqua Ohio is reasonably entitled to in the premises.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John W. Bentine", is written over a horizontal line.

John W. Bentine (0016388)

Counsel of Record

Mark S. Yurick (0039176)

CHESTER, WILLCOX & SAXBE, LLP

65 E. State Street, Suite 1000

Columbus, Ohio 43215

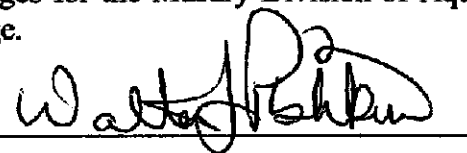
(614) 221-4000

Attorneys for Aqua Ohio, Inc.

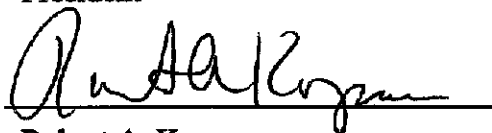
VERIFICATION PAGE

STATE OF OHIO)
MAHONING COUNTY) SS:

Walter J. Pishkur and Robert A. Kopas, being first duly sworn, say that they are, respectively, President and Vice President of Finance of Aqua Ohio, Inc., and that the facts and statements in this Application to Increase Rates and Charges for the Masury Division of Aqua Ohio, Inc. is true and accurate to the best of their knowledge.



Walter J. Pishkur
President



Robert A. Kopas
Vice President -- Finance

Sworn to before me and subscribed in my presence by Walter J. Pishkur and Robert A. Kopas this 25th day of June, 2008



Notary Public

THEODORE C. RUSSELL II, Notary Public
State of Ohio
My Commission Expires July 7, 2008

CERTIFICATE OF SERVICE

Aqua Ohio, Inc., certifies that a copy of Applicant's foregoing Application to Assess a System Improvement Charge in its Masury Division has been served via U.S. Regular Mail, this 25th day of June, 2008 upon the addresses set forth below for the Townships and County within the Masury Division to be affected by the Application as required by the guidelines promulgated in Commission Case No. 03-2266 - WW-SIC.


Mark Yurick

Brookfield Township Board of
Trustees
6844 Strimbu Drive, S.E.
Brookfield, OH 44403

Trumbull County
Commissioners
160 High Street, N.W.
Warren, OH 44481

Hubbard Township Board of
Trustees
2600 Elmwood Drive, Ext.
Hubbard, OH 44425

A

EXHIBIT A

Newspaper Notice

LEGAL NOTICE

Masury Division

AQUA OHIO, INC., NOTICE OF APPLICATION BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO TO ASSESS A SYSTEM IMPROVEMENT CHARGE

Public notice is hereby given that on June 25, 2008, Aqua Ohio, Inc. filed with the Public Utilities Commission of Ohio an application entitled In the Matter of the Application of Aqua Ohio, Inc., For Authority to Assess a System Improvement Charge in the Masury Division . The case number of the proceeding before the Public Utilities Commission of Ohio is 08-759-WW-SIC.

A copy of the application is available for inspection at the Struthers Division, located at 235 State Street, Struthers, Ohio 44471. (330-755-1100). Additionally, a copy of said application is available for inspection at the offices of the Public Utilities Commission of Ohio located at 180 East Broad Street, Columbus, Ohio 43266-0573. The filing may also be viewed on line at the Commission's docketing department website. www.ohio.gov/puco/docketing/index.cfm.

In its application, the Company seeks to avail itself of the authority set forth in Ohio Revised Code section 4909.172 to assess a monthly system improvement charge on all metered and fire service customers. The purpose of the surcharge is to recover costs incurred related to replacement of certain qualifying infrastructure improvements, totaling \$593,943 to its water distribution system since the last rate increase approved by the Public Utilities Commission of Ohio. The application, if granted in full, will result in an additional 71 cents per month for an average residential customer using 4,234 gallons of water per month.

Any person, firm, corporation or association may file comments regarding the proposed application with the Public Utilities Commission of Ohio. Residential customers may also contact the Office of the Ohio Consumers' Counsel for assistance with questions or concerns about Aqua Ohio's rate proposal or water quality at 1-877-742-5622 (toll free) from 8 a.m. to 5 p.m. weekdays, or at www.pickocc.org. Any comments must be filed with the Public Utilities Commission of Ohio by _____, 2008.

B

EXHIBIT B

Robert Kopas Testimony

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of)	
Aqua Ohio, Inc.)	Case No. 08-759-WW-SIC
(formerly Consumers Ohio Water Company)))	
for Authority to Collect a)	
System Improvement Charge in)	
The Masury Division)	

TESTIMONY OF

ROBERT A. KOPAS

ON BEHALF OF
AQUA OHIO, INC.
MASURY DIVISION

1 **Q. Please state your name and business address.**

2 **A. My name is Robert A. Kopas. My business address is 6650 South Avenue,**
3 **Boardman, Ohio 44512.**

4 **Q. By who are you employed and in what capacity?**

5 **A. I am employed by Aqua Ohio, Inc. as its Vice President of**

6 **Finance. Aqua Ohio, Inc. was formerly known as Consumers Ohio Water**
7 **Company. An application was filed with the Commission in February of 2004**
8 **seeking approval of the name change from Consumers Ohio Water Company to**
9 **Aqua Ohio, Inc.**

1 **Q. How long have you been associated with Aqua Ohio, Inc.?**

2 A. I have been associated with Aqua Ohio, Inc. since September 1998, before which
3 I was employed by Consumers Pennsylvania Water Company- Shenango Valley
4 Division.

5 **Q. On whose behalf are you offering testimony in this proceeding?**

6 A. I have been authorized to appear and testify on behalf of Aqua Ohio, Inc. Masury
7 Division, the Applicant in this case. As Vice President of Finance for the
8 company I have overall responsibility for the accounting records of the company
9 and the Masury Division and have overseen preparation of all sections of this
10 application.

11 **Q. Please outline your educational background and business experience.**

12 A. I am a 1976 graduate of Pennsylvania State University with a Bachelor of Science
13 degree in Finance. I later attended Youngstown State University part time to
14 secure additional accounting credit hours. From 1977 to 1984, I was employed by
15 General American Transportation Corporation where I held various accounting
16 positions including Accounting Supervisor and Cost Analyst. I joined Consumers
17 Pennsylvania Water Company-Shenango Division in 1984 and assumed my
18 present position as Vice President of Finance for Aqua Ohio, Inc. (formerly
19 known as Consumers Ohio Water Company) in September 1998. I am registered
20 in Ohio as a Certified Public Accountant.

21 **Q. Do you have experience in testifying before this Commission or other Public**
22 **Utility Commissions?**

1 **A.** Yes. In addition to my work in connection with this filing, I have been involved in
2 Aqua Ohio's previous system improvement charge filings (Case Nos. 04-1824-
3 WW-SIC, 05-1552-WW-SIC, and 06-1470-WW-SIC. Additionally, I have been
4 involved the last five Masury Water Company rate applications submitted to this
5 Commission (Case No. 90-331-WW-AIR, Case No. 93-213-WW-AIR, Case No.
6 95-357-WW-AIR, Case No. 97-1544-WW-AIR, and Case No. 00-713-WW-AIR ,
7 and have filed testimony in each of those proceedings. I have also participated in
8 a number of proceedings before the Pennsylvania Public Utility Commission in
9 connection with rate filings by Consumers Pennsylvania Water Company,
10 Shenango, Roaring Creek, and Susquehanna Divisions.

11 **Q.** Did you prepare the application that is the subject of this proceeding?

12 **A.** Yes. I prepared this application with the assistance of other company officers and
13 personnel and in accordance with the Commission's rules. Mr. Walter J. Pishkur,
14 Aqua Ohio, Inc. President, and I signed and verified the application. The
15 schedules incorporated into the application were prepared by me or at my
16 direction by company personnel.

17 **Q.** What is the purpose of your testimony in this proceeding?

18 **A.** ~~My testimony is to support the need for the System Improvement Charge and the~~
19 schedules necessary to support the amount of the System Improvement Charge
20 requested in the application.

1 **Q. Is your testimony directly related to or in support of any of the schedules,**
2 **data and materials filed in support of the rate application?**

3 **A. Yes, my testimony is in support of the following schedules: 1) Revenue**
4 **Requirement; 2) Plant Additions; 3) Original Cost Retired; 4) Provision for**
5 **Depreciation; 5) Annualized Depreciation Associated with Additions; 6)**
6 **Annualized Reduction in Depreciation for Retirements; 7) Rate of Return; 8) Net**
7 **Operating Income and Return on Rate Base; 9) Current and Proposed Tariff**
8 **Sheets; and 10) Revenue Distribution.**

9 **Q. Please summarize the following schedules: 1) Revenue Requirement; 2) Plant**
10 **Additions; 3) Original Cost Retired; 4) Provision for Depreciation; 5)**
11 **Annualized Depreciation Associated with Additions; 6) Annualized**
12 **Reduction in Depreciation for Retirements; 7) Rate of Return; 8) Net**
13 **Operating Income and Return on Rate Base; 9) Current and Proposed Tariff**
14 **Sheets, and 10) Revenue Distribution.**

15 **A. Schedule One includes information to determine the amount of the annualized**
16 **revenue requirement to be recovered in this System Improvement Charge filing.**
17 **The schedule summarizes information from Schedules 2 thru 7 and results in**
18 **\$79,546 of surcharge revenues to be recovered in this proceeding.**

19 Schedule Two lists the eligible infrastructure additions by month by major
20 property groupings. Total qualifying additions in this filing are \$593,943 and are
21 included on Line 3 of Schedule One.

1 Schedule Three represents the original cost of property being replaced by
2 the qualifying infrastructure improvements included in Schedule Two. The
3 retirements total \$35,017 and are included on Line 4.

4 Schedule Four calculates the depreciation expense by plant account by
5 month for the eligible additions from Schedule Two. The total of \$11,208 is
6 carried to Schedule One, Line 7.

7 Schedule Five calculates the annual depreciation expense for the
8 qualifying infrastructure improvements on Schedule Two. The total depreciation
9 expense in this filing is \$9,625 and is carried over to Schedule One, Line 13.

10 Schedule Six calculates the annual depreciation expense related to the
11 retirements from Schedule Three. The balance of \$590 is carried forward to
12 Schedule One, Line 14.

13 Schedule Seven reflects the pre-tax rate of return to be used in this filing.
14 The schedule is based on information contained in the Company's rate filing from
15 Case No. 07-564-WW-AIR and the rate of return on equity utilized in the
16 stipulation attached to the Commission Order dated May 14, 2008. The pretax
17 rate of return of 12.10% is carried to Schedule One, Line 11.

18 Schedule 8 and 8a represent the earned rate of return for the Company for
19 the 12 months ending May 31, 2008. The schedule computes a return on rate base
20 of -2.25%.

21 Schedule 9 contains a copy of the current tariff and a scored version on the
22 proposed tariff.

1 Schedule 10 shows the class of customers, applicable surcharge percent
2 and the estimated surcharge revenues to be collected. The surcharge is being
3 applied to all metered water service customers and private fire protection.

4 **Q. Does this conclude your direct testimony?**

5 **A. Yes, it does.**

C

EXHIBIT C

Schedules

AQUA OHIO, Inc.
MASURY DIVISION
Case No. 08-759-WW-SIC
Annualized Revenue Requirement

Line No.			
1	<u>Return on Investment</u>		
2	Plant In-Service		
3	Additions	\$593,943	Schedule 2
4	Original Cost Retired	35,017	Schedule 3
5	Net Plant In-Service (3 - 4)	558,927	
6	Less: Accumulation Provision for Depreciation		
7	Depreciation Expense	11,208	Schedule 4
8	Original Cost Retired	35,017	Schedule 3
9	Total Accumulated Provision for Depreciation (7 - 8)	(23,809)	
10	Net Rate Base	582,735	
11	Pre-tax Rate of Return	12.10%	Schedule 7
12	Annualized Return on Rate Base (10 x 11)	70,511	
	<u>Operating Expenses</u>		
13	Annualized Provision for Depreciation For Additions	9,625	Schedule 5
14	Annualized Reduction in Depreciation For Retirements	590	Schedule 6
15	Annualized Revenue Requirement (12 + 13 - 14)	<u>\$79,546</u>	

[illegible]

Line	Acct.	1/31/05	2/29/05	3/31/05	4/30/05	5/31/05	6/30/05	7/31/05	8/31/05	9/30/05	10/31/05	11/30/05	12/31/05	Total
11	Cumulative													
12	Property Grouping													
13	Account 343	\$41,232	\$41,232	\$41,232	\$41,232	\$41,232	\$218,618	\$218,618	\$218,618	\$326,579	\$326,579	\$339,704	\$339,704	\$339,704
14	Account 346	12,094	\$12,094	\$12,238	\$12,238	\$36,907	\$36,907	\$36,907	\$36,907	\$50,905	\$50,905	\$50,905	\$50,905	\$50,905
15	Account 348	0	0	0	0	0	\$2,265	\$2,265	\$2,265	\$2,265	\$2,265	\$2,265	\$2,265	\$2,265
16	Totals (0 + 4 + 6)	\$53,316	\$53,316	\$53,470	\$53,470	\$53,470	\$260,791	\$260,791	\$260,791	\$394,749	\$394,749	\$394,749	\$394,749	\$394,749
17														
18	Interest/Div.													
19	Property Grouping													
20	Account 343			\$163		\$174,398				\$108,991	\$14,124			\$298,472
21	Account 348					24,689				13,986	21			\$3,842
22	Account 346					6,265								6,265
23	Totals (0 + 9 + 10)	\$0	\$0	\$163	\$0	\$207,352	\$0	\$0	\$0	\$123,998	\$14,148	\$0	\$0	\$348,579

Line	Acct.	1/31/08	2/29/08	3/31/08	4/30/08	5/31/08	6/30/08	7/31/08	8/31/08	9/30/08	10/31/08	11/30/08	12/31/08	Total
24	Accum. Depreciation													
25	Accum. Depreciation													
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**AQUA OHIO, Inc.,
MASLURY DIVISION
Case No. 08-759-WV-SIC
Original Cost Retired**

[illegible][illegible][illegible]

Line No.	Acct. No.	1/31/07	2/28/07	3/31/07	4/30/07	5/31/07	6/30/07	7/31/07	8/31/07	9/30/07	10/31/07	11/30/07	12/31/07	1/31/08	2/28/08	3/31/08	4/30/08	5/31/08	8/30/08	Total
36	Cumulative																			
37	Property Grouping																			
38	Account 343	\$11,552	\$11,552	\$11,552	\$11,552	\$11,552	\$11,552	\$11,552	\$11,552	\$11,552	\$11,552	\$11,552	\$11,552	\$11,552	\$11,552	\$11,552	\$11,552	\$11,552	\$21,408	\$21,408
39	Account 345	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,864	\$12,864
40	Account 348	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$728	\$728
41	Total (3 + 4 + 5)	\$11,552	\$11,552	\$11,552	\$11,552	\$11,552	\$11,552	\$11,552	\$11,552	\$11,552	\$11,552	\$11,552	\$11,552	\$11,552	\$11,552	\$11,552	\$11,552	\$11,552	\$35,017	\$35,017
42	Individual																			
43	Property Grouping																			
44	Account 343																		\$8,864	\$8,864
45	Account 345																		12,864	12,864
46	Account 348																		728	728
47	Total (3 + 4 + 5)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$23,456	\$23,456

AQUA OHIO, INC.
MASSURY DIVISION
Case No. 08-798-WW-SIC
Exclusion Fee Description

Line	1/31/04	2/28/04	3/31/04	4/30/04	5/31/04	6/30/04	7/31/04	8/31/04	9/30/04	10/31/04	11/30/04	12/31/04	Total
1 Account No. 343 / Description - Mains													
2 Beginning Plant Balance (a)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$41,232
3 Additions for the month (b)	0	0	0	0	0	0	0	0	0	0	0	0	0
4 Ending Plant Balance (c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$41,232
5 Depreciation Rate (d)	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%
6 Calculated Depreciation Expense (e)	0	0	0	0	0	0	0	0	0	0	0	0	0
7 Adjustments (f)	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Ending Reserve Balance (g)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1 Account No. 344 / Description - Hydrants													
2 Beginning Plant Balance (a)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,894
3 Additions for the month (b)	0	0	0	0	0	0	0	0	0	0	0	0	0
4 Ending Plant Balance (c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,894
5 Depreciation Rate (d)	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%
6 Calculated Depreciation Expense (e)	0	0	0	0	0	0	0	0	0	0	0	0	0
7 Adjustments (f)	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Ending Reserve Balance (g)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1 Account No. 345 / Description - Hydrants													
2 Beginning Plant Balance (a)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3 Additions for the month (b)	0	0	0	0	0	0	0	0	0	0	0	0	0
4 Ending Plant Balance (c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5 Depreciation Rate (d)	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%
6 Calculated Depreciation Expense (e)	0	0	0	0	0	0	0	0	0	0	0	0	0
7 Adjustments (f)	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Ending Reserve Balance (g)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) Ending Plant Balance From Previous Month

(b) Additions For The Current Month

(c) Lines (2) + (3)

(d) Current Depreciation Annual Rate 12 To Arrive At Monthly Depreciation Annual Rate

(e) Line (4) x (d)

(f) Adjustments If Necessary

(g) Lines (5) + (f)

AQUA OHIO, INC.
MASSURY DIVISION
Case No. 08-798-WW-SIC
Exclusion Fee Description

Line	1/31/05	2/28/05	3/31/05	4/30/05	5/31/05	6/30/05	7/31/05	8/31/05	9/30/05	10/31/05	11/30/05	12/31/05	Total
1 Account No. 343 / Description - Mains													
2 Beginning Plant Balance (a)	\$41,232	\$41,232	\$41,232	\$41,232	\$41,232	\$41,232	\$41,232	\$41,232	\$41,232	\$41,232	\$41,232	\$41,232	\$338,794
3 Additions for the month (b)	0	0	0	0	0	0	0	0	0	0	0	0	0
4 Ending Plant Balance (c)	\$41,232	\$41,232	\$41,232	\$41,232	\$41,232	\$41,232	\$41,232	\$41,232	\$41,232	\$41,232	\$41,232	\$41,232	\$338,794
5 Depreciation Rate (d)	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%
6 Calculated Depreciation Expense (e)	49	49	49	49	49	49	49	49	49	49	49	49	588
7 Adjustments (f)	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Ending Reserve Balance (g)	\$41,232	\$41,232	\$41,232	\$41,232	\$41,232	\$41,232	\$41,232	\$41,232	\$41,232	\$41,232	\$41,232	\$41,232	\$338,206
1 Account No. 344 / Description - Hydrants													
2 Beginning Plant Balance (a)	\$12,894	\$12,894	\$12,894	\$12,894	\$12,894	\$12,894	\$12,894	\$12,894	\$12,894	\$12,894	\$12,894	\$12,894	\$104,828
3 Additions for the month (b)	0	0	0	0	0	0	0	0	0	0	0	0	0
4 Ending Plant Balance (c)	\$12,894	\$12,894	\$12,894	\$12,894	\$12,894	\$12,894	\$12,894	\$12,894	\$12,894	\$12,894	\$12,894	\$12,894	\$104,828
5 Depreciation Rate (d)	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%
6 Calculated Depreciation Expense (e)	21	21	21	21	21	21	21	21	21	21	21	21	258
7 Adjustments (f)	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Ending Reserve Balance (g)	\$12,894	\$12,894	\$12,894	\$12,894	\$12,894	\$12,894	\$12,894	\$12,894	\$12,894	\$12,894	\$12,894	\$12,894	\$104,570
1 Account No. 345 / Description - Hydrants													
2 Beginning Plant Balance (a)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3 Additions for the month (b)	0	0	0	0	0	0	0	0	0	0	0	0	0
4 Ending Plant Balance (c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5 Depreciation Rate (d)	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%
6 Calculated Depreciation Expense (e)	0	0	0	0	0	0	0	0	0	0	0	0	0
7 Adjustments (f)	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Ending Reserve Balance (g)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) Ending Plant Balance From Previous Month

(b) Additions For The Current Month

(c) Lines (2) + (3)

(d) Current Depreciation Annual Rate 12 To Arrive At Monthly Depreciation Annual Rate

(e) Line (4) x (d)

(f) Adjustments If Necessary

(g) Lines (5) + (f)

**AQUA OHIO, Inc.,
MASURY DIVISION
Circle No. 08-758-W/W-81C
Provision For Destruction**

Line	Account No.	361 / Description - Means	501/05	520/06	731/06	831/02	830/06	1001/04	1120/06	1201/06	Total
1	Account No. 361 / Description - Means										
2	Beginning First Balance (a)										
3	Additions for the month (b)	\$338,704	\$338,704	\$338,704	\$341,879	\$341,879	\$341,879	\$333,980	\$333,980	\$333,980	\$338,008
4	Endings First Balance (c)	338,704	338,704	338,704	341,879	341,879	341,879	333,980	333,980	333,980	338,008
5	Ending First Balance (c)	338,704	338,704	338,704	341,879	341,879	341,879	333,980	333,980	333,980	338,008
6	Calculated Depreciation Expense (a)	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%
7	Adjustments (f)	0	0	0	0	0	0	0	0	0	0
8	Ending Reserve Balance (g)	\$405	\$415	\$1,633	\$2,450	\$2,450	\$2,450	\$4,118	\$4,118	\$4,118	\$4,100
1	Account No. 365 / Description - Services										
2	Beginning First Balance (a)	\$50,026	\$50,026	\$50,026	\$50,026	\$50,026	\$50,026	\$50,026	\$50,026	\$50,026	\$50,026
3	Additions for the month (b)	60,604	60,604	60,604	60,604	60,604	60,604	60,604	60,604	60,604	60,604
4	Endings First Balance (c)	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%
5	Calculated Depreciation Expense (a)	0	0	0	0	0	0	0	0	0	0
6	Adjustments (f)	0	0	0	0	0	0	0	0	0	0
7	Ending Reserve Balance (g)	\$50	\$172	\$324	\$445	\$445	\$445	\$500	\$500	\$500	\$1,007
1	Account No. 366 / Description - Benefits										
2	Beginning First Balance (a)	\$8,285	\$8,285	\$11,647	\$11,647	\$11,647	\$11,647	\$11,647	\$11,647	\$11,647	\$11,647
3	Additions for the month (b)	0	0	0	0	0	0	0	0	0	0
4	Endings First Balance (c)	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%
5	Calculated Depreciation Expense (a)	0	0	0	0	0	0	0	0	0	0
6	Adjustments (f)	0	0	0	0	0	0	0	0	0	0
7	Ending Reserve Balance (g)	\$13	\$25	\$66	\$83	\$102	\$121	\$140	\$169	\$197	\$215

- (a) Ending Plant Balance From Previous Month
- (b) Additions For The Current Month
- (c) Lines (2) + (3)
- (d) Current Depreciation Accrual Rate/12 To Annualize
- (e) Lines (4) x (6)
- (f) Adjustments If Necessary
- (g) Lines (3) + (7)

Structure 4.44

AQUA OHIO, Inc.
Masonry Division
Circle No. 08-788-WH-BIG

[illegible]

- (a) Ending Plant Balance From Previous Month
- (b) Additions For The Current Month
- (c) $\text{Line } (2) + (3)$
- (d) Current Depreciation Accrual Rate $\% 2 \text{ To } 4\%$
- (e) $\text{Line } (4) \times (5)$
- (f) Adjustments If Necessary

AQUA OHIO, Inc.
MASURY DIVISION

Case No. 08-759-WW-SIC

Annualized Depreciation Associated With Additions

Line	Acct.		Plant In Service		Depreciation
No.	No.	Description	Balance At	Accrual Rates	Expense
			5/31/08		
			(a)	(b)	(c)
1		Property Grouping			
2		Account 343	\$422,205	1.44%	\$6,080
3		Account 345	154,360	2.08%	3,211
4		Account 348	17,378	1.92%	334
5		Total (2 + 3 + 4)	593,943		9,625
6		Grand Total	\$593,943		\$9,625

- (a) Schedule 2
 (b) Accrual Rates Approved in Applicant's Last Base Rate Case
 (c) Columns (a) x (b)

AQUA OHIO, Inc.
 MASURY DIVISION
 Case No. 08-759-WW-SIC
Annualized Reduction in Depreciation For Retirements

Line No.	Acct. No.	Description	Plant In Service Balance At 5/31/08 (a)	Accrual Rates (b)	Depreciation Expense (c)
1		Property Grouping			
2		Account 343	\$21,406	1.44%	\$308
3		Account 345	12,884	2.08%	268
4		Account 348	728	1.92%	14
5		Total (2 + 3)	35,017		590
6		Grand Total	<u>\$35,017</u>		<u>\$590</u>

- (a) Schedule 3
 (b) Accrual Rates Approved in Applicant's Last Base Rate Case
 (c) Columns (a) x (b)

AQUA OHIO, Inc.,
MASURY DIVISION
Case No. 08-759-WW-SIC
Pre-Tax Return Summary

Line No.	Class of Capital	Reference	(\$) Amount	% of Total	(%) Cost	Weighted Cost (%)	Gross-Up	Pre-Tax Cost %
1	Long Term Debt		\$45,758,294	48.33%	6.81%	3.19%	1.04887	(a) 3.35%
2	Preferred Stock		0	0.00%	0.00%	0.00%		(b) 0.00%
3	Common Equity		<u>48,918,695</u>	51.67%	10.48%	5.41%	1.61518	(b) 8.8%
4	Total Capital (1 + 2 + 3)		<u>\$94,674,989</u>	100.00%		8.61%		12.10%

Note: Prepare This Schedule On The Basis Of The Last Base Rate Case If The Time Current Base Rates Became Effective To The Date Certain Of The Current Proceeding Does Not Exceed Three Years. If Over Three Years, Prepare Schedules Using Current Information.

(a) 1 / (1 Minus Gross Receipts or Franchise Tax) 1.04888766
(b) 1 / ((1 Minus Gross Receipts or Franchise Tax) x (1 Minus Federal Income Tax)) 1.615182718

AQUA OHIO, Inc,
MASURY DIVISION
Case No. 08-759-WW-SIC
Calculation of Earned Rate of Return

Line No.	Acct. No.		
1		<u>Calculation of Net Operating Income Return on Rate Base</u>	
2	101	Plant in Service	\$3,151,850
3	108	Depreciation Reserve	<u>813,421</u>
4		Net Plant in Service (2 - 3)	2,338,429
5		Working Capital * (a)	0
6		Other Rate Base Items (a)	<u>(131,538)</u>
7		Rate Base (4 + 5 + 6)	2,206,891
8		<u>Operating Income Statement</u>	
9	400	Operating Revenues (b)	511,686
10	401-402	Operation and Maintenance Expenses	340,229
11	403-407	Depreciation & Amortization Expense	75,059
12	408.1	Taxes Other Than Income - Utility Operating Income	220,692
13	409.1-412.2	Income Taxes - Utility Operating Income	<u>(74,651)</u>
14		Net Operating Income (9 - 10 - 11 - 12 - 13)	<u>(\$49,743)</u>
15		Net Operating Return On Rate Base (14 / 7)	<u><u>-2.25%</u></u>

* Enter Zero, if No Working Capital Was Approved in Company's Last Base Rate Case.

(a) Schedule 8a

(b) Based on billing analysis using current rates

AQUA OHIO, Inc.
 MASURY DIVISION
 Case No. 08-759-WW-SIC
Working Capital & Other Rate Base Items

Working Capital

(1)	Operation & Maintenance Expense (a)	\$0
(2)	Expense Lag Dollars (1) / 8	0
(3)	Materials & Supplies (b)	0
(4)	1/4 of Operating Taxes (c)	<u>0</u>
(5)	Working Capital (2) + (3) - (4)	<u>\$0</u>

- (a) Annual Report, Schedule 5
 (b) Annual Report, Schedule 4
 (c) Represents 1/4 of Taxes Other Than Income Taxes & Current Federal Income Taxes Excluding FICA and .75% of the Ohio Gross Receipts Tax

Other Rate Base Items

(1)	Customers' Deposits (a)	\$0
(2)	Unclaimed Funds (b)	0
(3)	Customer's Advances For Construction (b)	(7,011)
(4)	Contributions in Aid of Construction (a)	(107,086)
(5)	Investment Tax Credits (b)	(11,327)
(6)	Deferred Federal Income Taxes (a)	(127,608)
(7)	Other (b)	<u>121,494</u>
(8)	Other Rate Base Items (1) Thru (7)	<u>(\$131,538)</u>

- (a) Annual Report Schedule 4
 (b) Refer to Annual Report for Detail

Schedule 9

Tariff Pages

Aqua Ohio, Inc.
Masury Division

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

Section 2
Sixth Revised Sheet No. 1
Canceling Fifth Revised Sheet No. 1

SCHEDULE OF RATES

Schedule "A" Metered Service

CUSTOMER CHARGE-ALL CUSTOMER CLASSES

<u>Size of Meter</u>	<u>Monthly</u>
5/8 inch	\$4.99
¾ inch	\$7.49
1 inch	\$12.49
1 ½ inch	\$24.98
2 inch	\$39.97
3 inch	\$74.95
4 inch	\$124.92
6 inch	\$249.85

CONSUMPTION CHARGES- RESIDENTIAL, COMMERCIAL AND INDUSTRIAL CUSTOMERS

		<u>Per 10 cf</u> <u>Monthly</u>
First	2,500 cubic feet monthly	\$.2731
Over	2,500 cubic feet monthly	\$.2025

		<u>Per 100 gallons</u> <u>Monthly</u>
First	18,700 gallons monthly	\$.3651
Over	18,700 gallons monthly	\$.2707

The late payment fee of 5% is based on current charges only, is not compounded on future delinquencies, and is not imposed during any period in which payments exceed the customer's current charges. The late payment fee will not be charged if mailed on or before the past due date indicated on the bill. The Post Office date stamped by the sending office will determine the mailing date of the customer's payment. The envelope in which such payment has been mailed may be preserved by the Company, and where payment is made after the past due date, the Company may credit the amount enclosed to the customer's account and add the late payment fee.

SYSTEM IMPROVEMENT SURCHARGE (SIC) (Increase)

In addition to the charges provided for in this tariff for all metered, private fire rates and public fire rates, a surcharge of 3% will apply to all bills issued after XXXXXX XX, 2008.

Issued: XXXXX XX, 2008

Effective: XXXX XX, 2008

Issued by Walter J. Pishkur, President, Aqua Ohio, Inc.
In accordance with the Public Utilities Commission of Ohio
Order Dated XXXXX XX, 2008 for Case No. 08-759-WW-SIC

Subject Index

Fifth Revised Page 3 of 4
 Canceling Fourth Revised Page 3 of 4

Aqua Ohio, Inc.
 Masury Division

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

SUBJECT INDEX (Continued)		
	<u>Section/Sheet/Paragraph</u>	<u>Effective Date</u>
Private Fire Protection.....	8/1	3/1/91
Private Fire Protection Rates.....	2/2	3/23/01
Protection for Water Meter.....	5/2/7A	3/13/94
Public Fire Protection.....	10/1	3/1/91
Public Fire Protection Rates.....	2/3	3/23/01
Public Health Considerations.....	5/1/2	8/25/92
Reconnection Charge.....	2/4	3/23/01
Reconnection of Service.....	5/3/11	3/11/96
Right of Way.....	3/1/4	3/13/94
Right to Amend, Add to or Alter Tariff....	5/4/16	3/11/96
Separation of Service.....	8/1/2 3/1/8	3/1/91
Service Complaints.....	5/4/15	8/25/92
Service Installation.....	3/1/2,3,6,7 3/2/10,11,12	3/11/96 3/13/94
Service Territory Map.....	Revised Sheet No. 1 Original Sheets 2 through 8	3/11/96 5/21/07
Supply for Construction.....	5/2/8	3/13/94
Supply of More Than One Premise.....	3/1/3	3/13/94
System Improvement Surcharge (SIC)	2/1	xx/xx/xx
Tampering - Meters.....	7/1/2, 7/2/7	3/1/91
Temporary Discontinued Service.....	5/1/1, 6/2/8 6/2/8	3/11/96 3/23/01

Issued: Xxxxx xx,2008

Effective: Xxxxx xx,2008

Issued by Walter J. Pishkur, President, Aqua Ohio, Inc.
 In accordance with the Public Utilities Commission of Ohio
 Order Dated xxxxxxx xx,2008 for Case No. 08-759-WW-SIC

Schedule 10

AQUA OHIO, Inc,
MASURY DIVISION
Case No. 08-759-WW-SIC
Revenue Distribution

Line No.		Revenues 12 months Ended May 31, 2008	Surcharge Percent	Surcharge Revenues
1	Residential	\$ 343,010	3.0000%	\$ 10,290
2	Commercial	92,789	3.0000%	2,784
3	Industrial	1,713	3.0000%	51
4	Public Fire	40,760	3.0000%	1,223
5	Private Fire	15,189	3.0000%	456
6	Public Authority	9,000	3.0000%	270
7	Late Fees			
8	Account Activation Fees			
9	Other Misc Revenues			
10		<u>\$ 502,461</u>		<u>\$ 15,074</u>

Schedule 11

Customer Notice

CUSTOMER NOTICE: SYSTEM IMPROVEMENT SURCHARGE

On October 7, 2003, Governor Taft signed Senate Bill 44, which became law January 6, 2004. The legislation created an infrastructure improvement surcharge, known as the System Improvement Charge (SIC), to assist water companies to fund the replacement and rehabilitation of infrastructure including aging water mains that are crucial to service reliability and water quality. The surcharge may not exceed three percent per year up to a cap of nine percent.

With the Environmental Protection Agency estimating that approximately \$250 billion is needed to address water system infrastructure throughout the country over the next 20 years, SIC is important legislation, which will assist water companies such as Aqua Ohio, Inc. to accelerate the replacement of old water mains to improve water quality, pressures, flows and long-term system viability. It transforms infrastructure rehabilitation from reactive to proactive and because the SIC will allow customers to pay as the work is being completed, it will likely reduce the amount of future rate requests.

Aqua Ohio, Inc. filed an application with the Public Utilities Commission of Ohio (PUCO) in Case No. 08-759-WW-SIC seeking approval to assess a SIC in its Masury Division. The purpose of seeking authority to assess a SIC in its Masury Division is to recover costs related to certain qualifying infrastructure improvements to Aqua Ohio's distribution system since the last rate case. After conducting an investigation into the application, the PUCO approved Aqua Ohio's request on _____. The PUCO approved the assessment of a surcharge of 3% to your monthly bill. The surcharge will appear on billings on or after _____. The SIC approved by the PUCO will result in the average residential customer's bill being increased by an additional charge in the amount of 71 cents per month for an average residential customer using 4,234 gallons of water per month.

The surcharge will continue to appear on future bills and may be adjusted or eliminated based on the findings of the PUCO.

If you have any questions concerning the impact of the surcharge on your bill, or have any questions regarding SIC, please call Aqua Ohio at 330-755-1100. Residential customers may also contact the Office of the Consumers, Counsel for assistance with questions or concerns about Aqua Ohio's rate proposal or water quality at 1-877-742-5622 (toll free) from 8 a.m. to 5 p.m. weekdays, or at www.pickocc.org.
