



Office of the Ohio Consumers' Counsel

Your Residential Utility Advocate

Janine L. Migden-Ostrander
Consumers' Counsel

March 3, 2009

Ms. Renee Jenkins, Director
Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street, 13th Floor
Columbus, Ohio 43215-3793

PUCO

2009 MAR -3 PM 4:12

RECEIVED-DOCKETING DIV

Re: Case Nos. 07-1112-WS-AIR and 08-1233-WS-UNC: Whether Ohio American Water Company Has Complied with the Stipulation and Recommendation

Dear Ms. Jenkins:

The Office of the Ohio Consumers' Counsel ("OCC"), an intervenor in Case Nos. 08-1233-WS-UNC and 07-1112-WS-AIR, hereby replies to the letters filed by the Staff of the Public Utilities Commission of Ohio ("PUCO" or "Commission") on February 4, 2009 and by Ohio American Water Company ("OAW" or "Company") on February 12, 2009. Case 08-1233 is intended for monitoring the commitments affecting consumers' water service that were made by the OAW in Case 07-1112. The Company made those commitments in the Stipulation and Recommendation ("Stipulation") executed by OAW, OCC, the PUCO Staff and other parties. The Stipulation and Recommendation was then approved by the Commission in Case 07-1112 on November 12, 2008. Since that time, OAW has failed to meet the timelines for some of the commitments in the Stipulation and Recommendation. In its letter, the PUCO Staff identified the timelines that OAW failed to meet.

The Staff's letter to the Company indicates that OAW has failed to meet timelines regarding four of the Stipulation commitments: a timeline addressing unaccounted-for water ("UFW"); a timeline addressing Lake Darby water softening, a timeline requiring Ashtabula Bunker Hill tank improvements and a timeline relating to the Mansfield unmetered system. The Staff proposed alternative means and/or timelines for the Company, in light of the failures to comply with the Stipulation commitments. The OCC supports the alternative means/timelines proposed by the Staff for the Company to fulfill in light of the non-compliances (but OCC waives no rights with regard to enforcement of the Stipulation). Regarding the matters set forth in the Staff's letter, OCC offers additional comments below:

- Since the filing of the Staff's letter, the Company has filed a cost-benefit analysis on improving unaccounted for water percentages in certain of OAW's service territories identified in the Stipulation. The Company also filed remedial action plans for the Huber Ridge, Blacklick and Aurora East districts on February 18, 2009. OCC agrees with the Staff that the Company should hold a meeting with OCC and the City of Marion within

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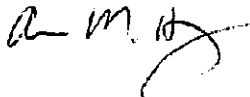
30 days of the completion of the cost-benefit analysis to determine the steps OAW should take to address the unaccounted for water problems. Since the Company filed its cost-benefit analysis on February 19, 2009, the parties should meet on or before March 23, 2009. The resolution of the reasonableness of reducing unaccounted for water amounts is important for consumers who are paying for water leaking from OAW's pipes and important to OAW because it will be responsible for penalties if it does not meet minimum levels of unaccounted for water in certain of its districts.

- On February 17, 2009, the Company filed reports for the months of November 2008 and December 2008 on hardness levels being recorded by the on-line analyzer intended to monitor hardness levels at the Lake Darby plant. The OCC recommends that the Staff, Company and OCC should hold a joint meeting to determine if the Company is using the most unbiased method of calculating sampling results from the on-line analyzer for reporting purposes under the Stipulation. The Company should be concerned about resolving the accuracy issues of the on-line analyzer because water hardness is an important issue for consumers in the Lake Darby district and because the Company will have to pay penalties if the Company does not maintain water softness/hardness within a certain range as set forth in the Stipulation.
- Regarding work on plant upgrades at the Ashtabula Water Treatment Plant, the Company's response to the Staff's letter indicated that a meeting with the parties to review the plant upgrades can be scheduled "as soon as the Staff can meet." Since OCC also shared an interest in this commitment, not only in this case but in the last rate case as well, OCC should also be invited to discuss plans for upgrading the Ashtabula plant to ensure that the Company is fully investigating the most beneficial means of funding the Ashtabula plant upgrades (i.e. EPA Loans, loans from Ohio Water Development Authority, ratepayers, shareholders, etc.).
- No matter what the timeline is for installing meters in the Mansfield district, OAW should still conduct a survey of Mansfield customers who currently own meters read by the Richland County Department of Sewers, as required under the Stipulation. Once the survey is completed, the results should be made available to OCC and the customers who were surveyed.

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Thank you for your attention to this matter.

Very truly yours,



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