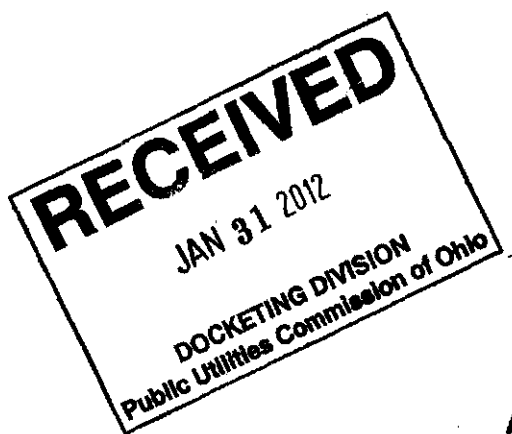


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**A report by the Staff of the
Public Utilities Commission of Ohio**

Ohio American Water Company
Case Number 11-4161-WS-AIR

Ohio | **Public Utilities
Commission**

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STAFF'S REPORT
OF
INVESTIGATION

In the Matter of the Application of Ohio)
American Water Company to Increase Its)
Rates for Water and Sewer Service)

Case No. 11-4161-WS-AIR

Submitted
to
The Public Utilities Commission of Ohio

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio)	
American Water Company to Increase)	Case No. 11-4161-WS-AIR
Its Rates for Water and Sewer Service)	

Todd A Snitchler, Chairman
Paul A. Centolella, Commissioner
Steven D. Lesser, Commissioner
Andre T. Porter, Commissioner
Cheryl L. Roberto, Commissioner

To The Honorable Commission:

In accordance with the provisions of R.C. Section 4909.19, the Commission's Staff has conducted its investigation in the above matter and hereby submits its findings in the within Staff Report.

The Staff Report has been jointly prepared by the Commission's Utilities Department and Service Monitoring and Enforcement Department.

In accordance with R.C. Section 4909.19, copies of the Staff Report have been filed with the Docketing Division of the Commission and served by certified mail upon the mayors of all affected municipalities and other public officials deemed representative of the service area affected by the application. A copy of said report has also been served upon the utility or its authorized representative. Interested parties are advised that written objections to any portion of the Staff Report must be filed within thirty (30) days of the date of the filing of said report after which time the Commission will promptly set this matter for public hearing. Written notice of the time, place, and date of such hearing will be served upon all parties to the proceeding.

The Staff Report is intended to present for the Commission's consideration the results of the Staff's investigation. It does not purport to reflect the views of the Commission nor should any party to said proceeding consider the Commission as bound in any manner by the representations or recommendations set forth therein. The Staff Report, however, is legally cognizable evidence upon which the Commission may rely in reaching its decision in this matter. (See *Lindsey v. Pub. Util. Comm.*, 111 Ohio St. 6 (1924)).

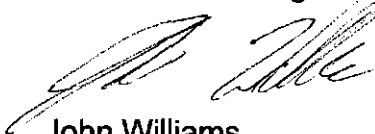
Respectfully submitted,

Utilities Department

A handwritten signature in cursive script, appearing to read "Jodi Bair".

Jodi Bair
Director

Service Monitoring and Enforcement Department

A handwritten signature in cursive script, appearing to read "John Williams".

John Williams
Director

STAFF ACKNOWLEDGEMENTS

The Staff Report components reflect the results of investigations conducted by the Staff of the Applicant's rate application. The Staff person responsible for each component is shown below:

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Rate of Return	Shahid Mahmud
Rates and Tariffs	Sue Daly
Management and Operations Review	David Hupp

Service Monitoring and Enforcement Department

Service Terms and Conditions	Peter Baker
Customer Service	Mary Vance
Facilities and Operations Review	Cliff Evans

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BACKGROUND

The Ohio-American Water Company (Applicant or Company) is an Ohio corporation and a public utility supplying water and wastewater service to consumers within the State of Ohio. The Applicant is a subsidiary of the American Water Works Company, Inc. (American). On January 10, 2003, American was purchased and managed by RWE Aktiengesellschaft, (RWE), a stock corporation incorporated in the Federal Republic of Germany. RWE is one of the world's largest utility groups.

On April 23, 2008, American became a publicly traded company on the New York Stock Exchange. Since that time, RWE has been divesting itself of American stock, and, as of November 30, 2009, RWE no longer had any ownership interest in American.

The Applicant provides water and wastewater service to eight districts in the state of Ohio: Ashtabula District, Lawrence County District, Marion District, Tiffin District, Franklin County District, Mansfield District, Lake White District, and Portage County District. For this proceeding, and consistent with how the Applicant refers to its Divisions, Water A refers to the Ashtabula, Lake White, Lawrence County, Mansfield, Marion, and Tiffin Districts. Water C refers to the water operations of the Franklin County District and the Portage County District. Wastewater refers to the sewer operations of the Franklin County District.

All eight districts with the exception of Lawrence County, Portage County, and a portion of the Marion district have their own water treatment plants. Only the Franklin County District provides sewer services. The Lawrence County District purchases all of its water from the Huntington Water Company, a subsidiary of the American Water Works Company located in West Virginia. The Portage County District purchases all of its water from Portage County Water Resources. The Preble County area of the Marion District purchases all of its water from the Richmond District of Indiana-American, also a subsidiary of the American Water Works Company.

On July 1, 2011, the Applicant filed a notice of intent to file an application for an increase in its water rates in its entire service area including its sewer service rates in the Franklin County District. The Applicant requested a test year period beginning January 1, 2011, and ending December 31, 2011, and a date certain as of April 30, 2011. By its Entry of July 27, 2011, the Commission approved the requested date certain and test year period.

On August 1, 2011, the Applicant filed an application for a permanent rate increase together with the Standard Filing Requirements. The Applicant's rate application included a revenue requirement calculation and cost of service study for each of its

Water A, Water C, and Wastewater service areas. The Applicant also filed a depreciation study for its water and wastewater plant.

Applying the Applicant's proposed rates to the related test year meter billings and sales volumes would generate additional base rate revenues of approximately \$6,491,606 for Water A, \$1,274,308 for Water C, and \$506,256 for Wastewater, which represents an increase of 22.12%, 23.03%, and 12.33% respectively over total current adjusted operating revenues as shown on Staff Schedule C-1.

OPERATING INCOME AND RATE BASE

SCOPE OF INVESTIGATION

The scope of the Staff's investigation was designed to determine if the Applicant's filed exhibits concerning the test year operating income, rate base and other data were reasonable for ratemaking purposes, and if the financial and statistical records supporting this data could be relied upon. The Staff's investigation of test year operating income included verification of the test year operating revenue computation, and an examination of the reasonableness and appropriateness of the test year operating expenses. The original cost of property was tested for reasonableness through an examination of the Applicant's continuing property records. In addition, the existence and the used and useful nature of the assets were verified through physical inspections. Other independent analyses were performed as the Staff considered necessary under the circumstances. The Staff interviewed the Applicant's management personnel and reviewed both internal and published financial reports to assure understanding of the Applicant's operation and organization.

The Applicant proposed various adjustments to operating income and rate base as summarized on the Applicant's schedules. The Staff reviewed and analyzed the Applicant's proposed adjustments to operating income and rate base and traced them to supporting work papers and to source data. As a result of its reviews and analyses, the Staff accepted some of the proposed adjustments as appropriate, changed some of the proposed adjustments using alternative approaches, and/or proposed new adjustments as required to make the test year operating income and date certain rate base consistent with sound regulatory accounting practices, more representative of normal operations, and appropriate for ratemaking purposes.

The purpose of the Staff's investigation was to develop financial data for ratemaking purposes; it was not intended to provide a basis for expressing an opinion on the financial statements of the Applicant as a whole. The following sections of this report summarize the results of the Staff's investigation, which it believes are relevant to the determination of test year operating income and rate base.

REVENUE REQUIREMENTS

As shown on Schedule A-1, the Staff recommends a revenue increase range between; \$3,902,913 and \$4,503,686 for Water A, \$573,738 and \$676,555 for Water C, \$290,434 and \$368,449 for Wastewater. This represents an increase over test year operating revenues of 13.28% to 15.33% for Water A, 10.34% to 12.20% for Water C, and 7.07% to 8.97% for Wastewater. This determination is based on the Staff's examination of the accounts and records of the Applicant for the test year ending December 31, 2011, and the date certain as of April 30, 2011. The results of its examination are summarized in this report including the schedules which incorporate the Staff's recommended rate of return, rate base, and adjusted test year operating income.

RATE BASE

The rate base represents the Applicant's net investment in plant, and other assets as of the date certain, April 30, 2011, which were used and useful in providing water and or wastewater services to its customers and upon which its investors are entitled to the opportunity to receive a fair and reasonable rate of return.

The Staff's analysis of the rate base is divided into Plant in Service, Depreciation Reserve, Construction Work in Progress, Working Capital, and Other Rate Base Items. A comparison of the rate base submitted by the Applicant and that which is recommended by the Staff is shown on Schedule B-1. Schedules B-2 through B-7 provide additional support for the Staff's findings.

Plant In Service

The plant in service, as presented by the Applicant, is the surviving original cost of the plant that is used and useful in providing water and or wastewater services to its customers.

The Applicant maintains its property records by district. The Mansfield District has ten physically separate systems. The Franklin County District has five separate systems and wastewater includes three treatment plants.

The Staff reviewed and tested the Applicant's plant accounting system (PowerPlant) to ascertain if the information in the Applicant's plant ledgers and supporting continuing property records (CPR) represents a reliable source of original cost data. The Staff also conducted inspections to verify the existence of property and to determine its used and useful nature.

Water A Plant Adjustments

As a result of its investigation, the Staff recommends certain adjustments be made to the Applicant's date certain plant investment for ratemaking purposes. These adjustments are identified below, summarized on Schedule B-2.2a and reflected on Schedule B-2.1a.

Lake White Plant Reclassification and Exclusions

The Applicant acquired Lake White on September 30, 1999. The Applicant's calculation of the date certain balance of Lake White plant in service is based on the original cost of Lake White as of December 31, 1997, plus capital improvements made by the Applicant since 1999.

The Staff's Lake White plant reclassification and exclusion adjustment is a reconciliation of plant in service reflected in Case No. 09-391-WS-AIR. This adjustment recognizes retirements and transfers that have occurred. The Staff's adjustment of \$19,733 is reflected on Schedule B-2.2a1.

Plant Exclusions

In the present rate case, the Applicant mistakenly booked \$12,028 to Corporate Plant, Account 323 when in fact it should have been placed in Water A and Water C. The adjustment of \$5,463 is the Water A portion of the Corporate Office Plant Exclusion.

Also, in the Applicant's four prior rate cases, the Staff adjusted several plant in service accounts to exclude items from the Applicant's date certain plant investment. Since the last case, Case No. 09-391-WS-AIR, some items have been retired or transferred to non-utility plant while several items still remain in the date certain balance. Therefore, Staff proposes two additional adjustments in this case; Electric Pumping Equipment at Lake White for \$29,515, and a PH Meter at Marion for \$3,740.

The Staff's total adjustment of \$27,792 is shown on Schedule B-2.2a2.

Continuing Property Records Adjustment

As in the prior case, Case No. 09-391-WS-AIR, a few account balances in the Applicant's filing did not match the balances shown in the Applicant's CPR. The Staff adjusted the accounts in the application to properly match the balance reflected in the CPR. This total adjustment of (\$4,727) is shown on Schedule B-2.2a3.

Corporate Office Reclassification

In the prior case, Case No. 09-391-WS-AIR, the Staff reclassified all corporate office plant from Water A in the Applicant's CPR to Corporate Office. This adjustment recognizes the adjustments from the Applicant's prior rate case less any transfers and retirements that have occurred. Staff then allocated the Corporate Office plant to Water A, Water C, and Wastewater using the gross plant allocation factors shown on Staff's Schedule B-7. The Staff's reclassification of \$364,944 is shown on Schedule B-2.2a4.

Exclusion of Corporate Office Plant

This adjustment recognizes the adjustments approved in the Applicant's prior three rate cases less retirements that have occurred. The Staff also removed \$115,748 from Account 303.99 concerning the Applicant's Business Transformation projects. The Staff believes the Ohio ratepayers should not pay for the implementation of these projects as Ohio American is being sold to Aqua Ohio. Moreover, the Staff removed \$12,028 from the Corporate Office Plant that was mistakenly booked to Account 323 by the Applicant. The Staff reclassified the plant to Water A and Water C. The Staff's total adjustment of \$133,860 is presented on Schedule B-2.2a5.

Water C and Wastewater Plant Adjustments

The Staff's adjustments to Water C and Wastewater are identified below and summarized on Schedules B-2.2b, and B-2.2c, and reflected on Schedules B-2.1b, and B-2.1c.

2002 Plant in Service Adjustment

The Staff's 2002 plant in service adjustment for Water C and Wastewater is a reconciliation of plant in service reflected in Case No. 03-2390-WS-AIR. The total adjustments of \$149 and \$19,538 are reflected on Schedule B-2.2b1 for Water C and B-2.2c1 for Wastewater respectively.

Continuing Property Records Adjustment

As in the prior case, one account balance in the Applicant's filing did not match the balance shown in the Applicant's CPR. The Staff adjusted Account 346 in the application to properly match the balance reflected in the CPR for Water C. The total adjustment of \$5,678 is shown on Schedule B-2.2b2.

Corporate Office Reclassification Adjustment

Consistent with the Staff's adjustments to corporate office plant investment as discussed above in Water A, the Staff redistributed the plant investment associated with the date certain balance of the Marion Corporate Office from Water A to Water A, Water C and Wastewater on the basis of the gross plant allocation factors. The Staff's corporate office reclassifications of \$364,944 are shown on Schedules B-2.2b3 and B-2.2c2, and are carried forward on Schedules B-2.1a, B-2.1b and B-2.1c.

Corporate Office Plant Exclusion

Also, consistent with the Staff's adjustments to corporate office plant investment as discussed above in Water A, the Staff excluded the Applicant's reclassified corporate office plant from Water A, Water C and Wastewater. The Staff's total corporate office exclusions of \$133,860 are reflected on Schedules B-2.2b4 and B-2.2c3 respectively.

Plant Exclusions

In the present rate case, the Applicant mistakenly booked \$12,028 to Corporate Plant, Account 323 when in fact it should have been placed in Water A and Water C. The adjustment of \$6,564 is the Water C portion of the Corporate Office Plant Exclusion and is shown on Schedule B-2.2b5.

Depreciation

Depreciation accounting is the process that distributes the original cost of depreciable assets, adjusted for net salvage, over the normal useful life of the property in a systematic and rational manner. The Staff's investigation of depreciation is segregated into two areas: Depreciation Reserve and Depreciation Accrual Rates, including the corresponding Depreciation Expense. Each of these areas is discussed in detail in the following sections.

Depreciation Reserve

The Applicant maintains its depreciation reserve by account and on a district basis. In order to determine if the Applicant's booked reserve for depreciation is proper and adequate, the staff generally finds it useful to compare the booked reserve with a calculated theoretical reserve, based on the Staff's proposed accrual rates and the Applicant's April 30, 2011 plant balances. The result of this study indicated a difference between the actual and the theoretical reserve of -2.42% for Water A and Water C combined and 4.66% for Wastewater. Therefore, it is the Staff's opinion that the actual jurisdictional reserve, as adjusted by the Staff and shown on Schedule B-3a, Schedule

B-3b, and Schedule B-3c, for Water A, Water C, and Wastewater respectfully, should be used for purposes of this proceeding.

The Staff adjusted the Applicant's depreciation reserve to exclude the reserve associated with the adjustments discussed in the Plant in Service section. These adjustments are summarized on Schedule B-3.1a, Schedule B-3.1b and Schedule B-3.1c.

In addition, the Staff made an adjustment to exclude Contributions in Aid of Construction for Water C and Wastewater from the depreciation reserve on Schedule B-6.

Depreciation Accrual Rates and Depreciation Expense

The Applicant's current accrual rates were prescribed by the Commission for Water A in Case No. 99-1038-WW-AIR. The Applicant's current accrual rates were prescribed by the Commission for Water C and Wastewater in Case No. 94-1237-WS-AIR. The Applicant filed a depreciation study for its combined water and wastewater. The Applicant's accrual rates were developed using the remaining life methodology.

As part of the opinion and order in Case No. 09- 391-WS-AIR, the Applicant was to file a depreciation study using the whole life methodology. The Staff was given a copy of the same deprecation study, filed in this case, only the accrual rates were calculated using the whole life methodology. The Staff conducted an independent analysis of the depreciation study that used the whole life methodology. The Staff finds itself in general agreement with the service life, projected retirement dispersion and net salvage parameters proposed in the Applicant's study. However, the Staff recommends the accrual rates be calculated using the straight line whole life methodology.

The Staff's recommended accrual rates are shown on Schedule B-3.2a1, Schedule B-3.2b1, and Schedule B-3.2c1 for Water A, Water C, and Wastewater respectfully. The Staff recommends that the Applicant use the accrual rates shown above for book depreciation purposes, effective concurrently with customer rates from this proceeding.

The Staff has long maintained that accrual rates should be thoroughly reviewed every three to five years. The Staff, therefore, recommends that in five years the Applicant submit a depreciation study for all its plant.

The Staff's calculation of depreciation expense based on the adjusted jurisdictional plant in service balances at date certain and the accrual rates discussed above, is shown on Schedule B-3.2a, Schedule B-3.2b, and Schedule B-3.2c for Water A, Water C, and Wastewater respectfully. In addition, the Staff's calculation of

depreciation expense was reduced by the depreciation expense that corresponds to the Contributions in Aid of Construction plant for Water C and Wastewater.

Construction Work in Progress

The Applicant did not request an allowance for construction work in progress in its filing. This is reflected on Schedule B-4.

Working Capital

The Applicant did not request an allowance for working capital in its filing. This is reflected on Schedule B-5.

Other Rate Base Items

The rate base was reduced by the date certain balance of customer advances for construction, contributions in aid of construction, accumulated unrestricted investment tax credits, deferred income taxes related to accelerated depreciation, regulatory liabilities and grossed up investment tax credits, and the tank painting reserve. Also, the rate base was increased by the date certain balances of deferred taxes on AFUDC, regulatory assets for AFUDC debt, and deferred depreciation. The Staff's calculation of other rate base items is provided on Schedule B-6.

ALLOCATIONS

The Applicant maintains separate accounting records for Water A, Water C, and Wastewater. The Marion corporate office plant investment and operating expenses are allocated to all three companies by the Applicant.

The following discusses the Staff's proposed allocation factors for this proceeding.

Corporate Office Plant Investment

The allocation factors presented on Applicant's Schedule B-7.1 show an allocation of the corporate office plant investment to Water A, Water C, and Wastewater based on the number of customers as of April 30, 2011.

Staff's Schedule B-7 presents several allocation factors to be applied to the corporate office investments and operating expenses. The Staff proposes that the corporate office plant investment be allocated to each company on the basis of gross plant-in-service and depreciation reserve. The Staff's allocation methodology is consistent with that used by the Staff and approved by the Commission in similar water rate cases. The Staff, therefore, proposes that its allocation factors as computed on Schedule B-7, be used for the purpose of this proceeding.

Corporate Office Operating Expenses

The allocation factor on Applicant's Schedule B-7.1 relative to corporate office operating expenses is based upon the number of customers as of April 30, 2011. The Staff reviewed the Applicant's operating income allocation methodology and found it to be unrepresentative of accepted allocation methodologies for service and administrative costs.

The Staff proposes an operating income allocation factor for each company based upon a seven factor formula calculated from gross plant, depreciation reserve, net plant, employees, payroll, customers, and operating revenues as shown on Schedule B-7. The Staff's allocation factors were developed consistent with the methodologies used by the Staff and approved by the Commission in similar prior water rate cases. The Staff, therefore, proposes that its allocation factors as computed on Schedule B-7, be used for the purpose of this proceeding.

OPERATING INCOME

The Applicant's test year operating income consists of four months of actual data for the period January 1, 2011 through April 30, 2011, and eight months of forecasted data for the period May 1, 2011 to December 31, 2011. The Staff adjusted the Applicant's test year operating income as required to render it appropriate as a basis for setting rates.

The Staff's proforma operating income is the Staff's adjusted test year operating income modified to reflect the Applicant's proposed increase in revenues and the associated increases in uncollectible accounts expense, Ohio excise taxes, and federal income taxes.

Schedules C-1 and C-2 present the Staff's determination of operating income. The calculations, methodologies, and rationale used to develop the Staff's adjusted and proforma operating income are detailed on Schedules A-1.1, C-1.1, C-3.1 through C-3.6, and C-4.

Proforma Adjustments

Schedule C-1.1 shows the Applicant's proposed increase in operating revenues based on the Applicant's proposed rates and associated increases in uncollectible expenses, Ohio excise taxes, and federal income taxes.

Current Adjustments

Base Revenues

The Applicant and Staff adjusted base revenues to annualize test year sales volumes using the most recent rates granted by the Commission in Case No. 09-391-WS-AIR. The Staff's adjusted base revenues reflect four months actual consumption (January 2011 – April 2011), eight months budgeted consumption (May 2011 – December 2011), and the system improvement charge revenue resulting from Case No. 11-151-WW-SIC. The Staff's adjustment is presented on Schedule C-3.1.

Other Operating Revenue

The Staff adjusted test year late payment revenues to reflect the Staff's adjustment to operating revenues. The Applicant and Staff adjusted test year Activation Fees and Reconnection Charges to reflect a two year average of 2009 and 2010 activations and reconnections. The Staff also adjusted Other Operating Revenue to reflect revenues from miscellaneous sales billed and a cell phone tower located in Franklin County. The Staff's adjustments are shown on Schedule C-3.2.

Operation and Maintenance Expense

As a result of the pending sale of Ohio American to Aqua Ohio, the Staff adjusted all O&M expenses to reflect authorized O&M from Case No. 09-391-WS-AIR. The Staff's adjustment to operation and maintenance expense is presented on Schedules C-3.3.

Depreciation and Amortization Expense

Depreciation and amortization expense was adjusted to reflect the Staff's recommended plant in service as of the date certain. This adjustment is provided on Schedule C-3.4, with supporting calculations shown on Schedule B-3.2a, Schedule B-3.2b, and Schedule B-3.2c.

The Staff's adjustment also includes the amortization of Leasehold Improvements. In addition, the Staff included the amortization of regulatory asset-AFUDC and the amortization of deferred depreciation expense for Water A.

Taxes Other Than Income Taxes

Taxes other than income taxes were adjusted to reflect the proper base and latest known rates. For example, property taxes were computed by applying the latest known property tax rate to the property valuation at date certain, and Ohio excise

taxes were calculated to reflect taxes based on test year revenues rather than on the basis of total receipts for a different fiscal period.

Schedule C-3.5 provides the summary of the calculated taxes and the resultant adjustments of those taxes. The supporting calculations are detailed on Schedules C-3.5a through C-3.5e.

Federal Income Tax

The Staff computed test year federal income taxes to reflect the recommended adjustments to operating revenues and expenses. This computation reflects the inter-period interest allocation, ratable flow through of investment tax credit, and normalization of tax-accelerated depreciation.

Schedule C-3.6 shows the calculation of the federal income tax adjustment. Schedule C-4 shows the detailed calculation of federal income taxes.

RATE OF RETURN

The Staff believes that a rate of return in the range of 7.47 to 8.00% is fair and reasonable. The recommended rate of return was developed using a cost of capital approach, which reflects the Applicant's market-derived cost of equity, the Applicant's embedded cost of long-term debt and preferred stock, and the embedded capital structure of the Applicant.¹

Capital Structure

The Applicant is a wholly-owned subsidiary of American Water Works, Inc. In the Applicant's prior cases, the Staff determined that the appropriate capital structure to be used in the rate of return analysis was that of the Applicant, rather than the parent consolidated capital structure. This determination was based on the level of revenues contributed by the utility subsidiaries and the level of equity financing which those subsidiaries maintained. The Staff believes that the use of the Applicant's capital structure is still appropriate.

Cost of Long Term Debt

The Staff has employed the embedded costs of long term debt of the Applicant, Ohio American Water Company, as of April 30, 2011. In the calculation of the weighted cost of debt, the Staff divided the annual interest by the carrying value. The debt calculation includes the effect of unamortized debt expense on both the interest cost and the carrying value. Staff determined the embedded cost of long term debt to be 6.32%.² In the calculation of the weighted cost of preferred stock, the Staff divided the annual interest by the carrying value. The preferred stock calculation includes the effect of unamortized issuance expense on the carrying value. Staff determined the embedded cost of preferred stock to be 8.53%.³

Cost of Common Equity

As the stock of the Applicant is not traded on the market, the Staff has looked to proxies to determine the cost of common equity to the Applicant. The Staff considered a group of water utilities which are representative of the industry for purposes of cost of equity estimation. This group consists of publicly traded companies, listed as "Water Utilities" by MSN Investor with a market capitalization above \$500 million, and included in the "Water Utility" group in the Value line Investment Survey Standard Edition. The result is a comparable group of four, which includes the following companies:

¹ See Schedule D-1.

² See Schedule D-1.2

³ See Schedule D-1.3.

<u>Company Name</u>	<u>Ticker</u>
American Water Works Company, Inc.	AWK
American States Water Company	AWR
California Water Service Group	CWT
Aqua America, Inc.	WTR

The Staff employed a cost of equity estimate for the comparable group companies that is the average of their capital asset pricing model (CAPM) and discounted cash flow (DCF) derived estimates. In calculating its CAPM cost of common equity estimate, the Staff employed the average of the Value Line betas, which is 0.69. (AWK's β is 0.65; AWR's is 0.75; CWT's is 0.70; and WTR's is .65). The Ibbotson⁴ derived spread of arithmetic mean total returns between large company stocks and long term government bonds (i.e., "risk free return"; 6.0%). These were used in the CAPM formulation with the weighted average of 10-year and 30-year daily closing Treasury yields for the period from November 18, 2010 through November 18, 2011. The weighting was done in a manner that emphasized later quarters to a greater degree. The averaged 10-year yield is 2.55%. The averaged 30-year yield is 3.72%. The average of the averages of 10-year and 30-year yields is 3.13%. This was added to the product of the beta and the 6% spread, and resulted in a CAPM cost of equity estimate of 7.26%.⁵

In calculating its DCF cost of common equity estimate, for each comparable company, the Staff employed the annual average stock price, the sum of the last four quarterly dividends, estimates of the expected rate of growth of earnings, and generic issuance costs related to the external equity financing. The stock price employed is the average daily closing price for the period from November 18, 2010 through November 18, 2011.

The DCF model assumes that earnings growth and dividends growth are the same. The Staff averaged earnings per share estimates from Yahoo, MSN, and Value Line to get DCF growth estimates for each company.⁶ The Value Line average incorporates both the explicit long-range earnings estimate shown in the "box" and the implicit continuous growth rate calculated from the estimates of earnings per share.

For the Staff's determination of DCF cost of equity, a non-constant DCF growth rate was assumed. Dividends were assumed to grow at a rate derived from financial analysts' growth estimates for the first five years (i.e., long-term growth rate). The Staff's DCF growth estimates were used for the first five years, as they are averages of estimates from various investor news services. From the twenty-fifth year on, the growth rate was assumed to equal the long-term growth rate in GNP. For the sixth through twenty-fourth years, dividends vary between the two rates in a linear fashion.⁷

⁴ Ibbotson Associates 2011 Yearbook: Stocks, Bonds, Bills and Inflation: Valuation Edition

⁵ See Schedule D-1.4.

⁶ See Schedule D-1.5.

⁷ See Schedules D-1.6 through D-1.9.

The long-term growth rate in GNP was the average annual change in GNP from the U. S. Department of Commerce for 1929 through 2010.⁸

Based on long-term GNP growth, the respective company DCF growth estimate and dividend, a stream of annual dividends was calculated. The internal rate of return derived from the dividend stream and the stock price was used for Staff's non-constant growth DCF cost of equity estimate.

The comparable group non-constant DCF cost of equity estimates average 10.23%. When averaged with the 7.26% CAPM estimate, the result is 8.74%. Using a one-hundred basis point range of uncertainty, the cost of equity estimate becomes 8.24% to 9.24%.⁹ To provide for this return, allowance must be made for issuance and other costs, as shown on Schedule D-1.1, resulting in an adjustment factor of 1.03627. Applying this factor to the baseline cost of common equity range results in a recommendation of 8.54% to 9.58%.

⁸ See Schedule D-1.10.

⁹ See Schedule D-1.1.

RATES AND TARIFFS

INTRODUCTION

In this proceeding, the Ohio-American Water Company requests authority to increase its rates and charges for general water service to all classes of customers. Applicant is a large water company. Ohio-American acquired Citizens Utilities effective September 7, 2000, and blended the two tariffs into one tariff in Case No. 03-2390-WS-AIR while retaining separate rates for service. The Applicant's current rates became effective August 25, 2010, in Case No. 09-391-WS-AIR. The Applicant now requests an increase in rates and charges to all Company districts that, if approved, will generate additional revenue of \$8,272,169 representing a 21.2% increase in the current revenue.

The Rates and Tariffs Staff has investigated the rate and tariff matters proposed by the Applicant. The results of Staff's investigation are reported herein. It is the Staff's intent to provide analysis with respect to the acceptability and reasonableness of the revenue recovery mechanisms contained in Applicant's proposed tariffs. Staff has in most instances not recommended specific rates and charges, but rather focused on formulas/percentages/or direction to be applied to the authorized revenue.

TARIFF ANALYSIS

General

The Applicant is proposing various textual changes to its tariffs. Unless noted, Staff recommends approval of these changes as proposed by the Applicant. The proposed changes are provided as follows:

Case No. 07-292-WS-ORD

Case No. 11-5605-WS-ORD addresses the Commission's 5-year review of Chapter 4901:1-15, Ohio Administrative Code (OAC), Standards for Waterworks Companies and Sewage Disposal System Companies. The Opinion and Order for this case will not be issued until after this Staff Report of Investigation is docketed and the new rules will most probably not become effective prior to the completion of this AIR case. As a result, Commission directives could not be addressed by the Company at the time of its filing. Staff mentions this only to note that the rules are being reviewed and should be handled according to the effective timeframes.

Customer Deposits

Proposed sheet No. 42A contains language about deposits. In (B)(2)-(4) the Company uses the word "Customer" when the correct word should be "Applicant". Staff recommends this correction be made to the tariff.

Paragraph (B) on Sheet 42A lists the alternative means available for an applicant to demonstrate financial responsibility. In sub-paragraph (B)(2), the Company proposes revised language to allow it to request an applicant's social security number to obtain credit information and to establish the applicant's identity. The proposed language also provides that if the customer declines such request, the Company shall inform the customer "of other options for establishing credit worthiness." Staff notes that this language does not precisely mirror the requirements of the revised Rule 4901:1-17-03 (A)(2), O.A.C., which employs the words: "all other options for establishing credit worthiness." Staff recommends that the Company insert the word "all" in this provision. Although Section 11 ends on Sheet 42B, it contains no provisions concerning deposits to re-establish a customer's creditworthiness (e.g., after disconnection for non-payment or a history of delinquency). Staff recommends that the Company add a new paragraph (C) reflecting the requirements of Rule 4901:1-17-04, O.A.C., which governs such deposits. Section 11 also omits any discussion of deposit refunds. Staff recommends that the Company add a new paragraph (D) reflecting the requirements of Rule 4901:1-17-06, O.A.C., which governs such refunds. Finally, Staff notes that Section 11 omits any discussion of interest on deposits. Staff recommends that the Company add a new paragraph (E) reflecting the requirements of Rule 4901:1-17-05(C), O.A.C., which governs interest on deposits.

Disconnection Procedures

There appears to be duplication/misplacement of language pertaining to disconnection procedures. Proposed page 15 contains the "14-day" disconnect rationale. It is also stated on page 12. The language on page 15 is as it appears in 4901:1-15-27(B)(3), O.A.C., as well as the last paragraph of Rule 4901:1-15-27(B)(2), O.A.C. and this is how it should appear in the tariff on page 12. The language on page 12 (13)(D) includes language from (B)(2) and is in error. Staff recommends that this language be corrected to concur with 4901:1-15-27, O.A.C. and eliminate duplicative language.

Paragraph H of this section lists the information that is required to be included in the disconnection notice, and Sub-section (6) requires instructions for contacting the Commission's "Public Interest Center", which is now known as the Commission's call center, and this latter term is used in Rule 4901:1-15-27(D)(6), O.A.C. To make the tariff consistent with this rule, Staff recommends that the Company revise "Public Interest Center" to read "call center".

Notification of Customer Rights

Rule 4901:1-15-15(D), O.A.C., requires each waterworks and/or sewage disposal company to file its Notification of Customer Rights (NCR) as an attachment to its tariff. The first page of the NCR includes a discussion on customer complaints and includes instructions for contacting the PUCO call center and the Office of Consumers' Counsel (OCC). The Commission is revising these instructions in Case No. 11-4910-AU-ORD, and is expected to issue an order in this case in the near future. Staff recommends that the Company revise its NCR accordingly.

In the section of the Company's NCR titled "Reconnection of Service" the Company makes two references to Chapter 4901:1-17, O.A.C. The first reference relates to the Company's right to require the customer to pay a deposit to re-establish service. Staff believes the reference in this instance is not sufficiently specific, and therefore recommends that the first reference to Chapter 17 be revised to read: "Rule 4901:1-17-04, O.A.C.". The second reference relates to rule provisions governing the use of a guarantor in lieu of a deposit. Here too, Staff believes the reference is not sufficiently specific, and recommends that the second reference be revised to read: "Rule 4901:1-17-03(A)(5), O.A.C.".

Staff recommends that the Company file, as Attachment 1 to its tariff, a corrected NCR reflecting the revisions Staff recommends above.

Bill Format

As required by Rule 4901:1-15-15(D), O.A.C., the Applicant has attached to its tariff a copy of its bill form, which contains instructions on contacting the Commission's Call Center and the Office of Consumers' Counsel (OCC). As discussed above with respect to the NCR, the Commission is revising these instructions for customers to contact the PUCO call center and the OCC. These instructions are identical with respect to the NCR and the bill format. Staff recommends that the Company revise its bill format accordingly. Staff recommends that the Company file, as Attachment 2 to its tariff, a corrected bill form reflecting the revisions Staff recommends above.

MISCELLANEOUS CHARGES

Late Payment Charge

Applicant's tariff permits 15 days to pay a bill before it is considered past the due date. A late payment charge is not assessed until 20 days after the due date. Staff finds this to be reasonable and recommends approval.

Applicant currently applies a late payment charge of 5%, based on current charges only, and is not compounded on future delinquencies. Staff finds this policy to be reasonable and recommends approval.

Dishonored Payment Charge

Staff finds that a dishonored payment charge is appropriate and should reflect the actual costs incurred by the Company to process such payments. The cost of dishonored payments should not be recovered by customers in general. Such payments decrease the funds available for the utility to meet its obligations with resulting:

- (1) Additions to working capital requirements;
- (2) Increased interest expense associated with short-term borrowing; and
- (3) Labor and non-labor expenses in processing the returned/dishonored payments.

The Applicant's tariff contains a dishonored payment charge of \$17.25. Applicant stated in response to Data Request No. 60 that there were 1,004 dishonored items during the test year. The Applicant provided itemized costs of processing dishonored payments at a charge of \$18.73. Staff has reviewed the information and recommends the dishonored payment charge be increased to \$18.73 for all customers.

Account Activation Charge

An Account Activation Charge is assessed to customers for new services as well as for new customers connecting to inactive accounts. The charge is to recover the costs associated with activating an account from those customers who cause the cost to be incurred, rather than from the entire population of customers as a small piece of every bill. It is the administrative costs of turning on water at a new or existing premise and will apply to all customer classes. Staff finds this to be reasonable and recommends approval.

Applicant is not proposing to increase this charge of \$23.10. Staff has reviewed the information contained in Data Request No. 61 which stated that 161,845 Account Activation charges were collected during the test year. The response also itemized costs to be \$25.91. After reviewing the response Staff recommends an Account Activation Charge of \$25.91.

Reconnection Charge

The Applicant's tariff contains a reconnection charge of \$61. The Applicant is not proposing to increase this charge.

In response to Data Request No. 63, the Applicant stated there were 1,095 reconnections processed during the test period. In this same response the Applicant submitted itemized costs for reconnection of service, which Staff reviewed. Staff finds

that a regular business hours reconnection charge of \$70.83 can be justified and recommends approval. The after hours reconnection charge is at actual cost which Staff finds reasonable and recommends approval.

RATES AND REVENUE ANALYSIS

General guidelines or objectives are followed in Staff's review of rate schedules and designs. The applicable schedules should provide the utility the opportunity to recover the authorized revenue. The various schedules should represent a reasonable distribution of revenue among the various customer groups. The particular schedule should be equitable and reasonable to all customers within a group. The schedules should provide for customer understanding, continuity of rates, and minimal customer impact.

This criterion involves several considerations. The schedules should, to the extent practicable, be predicated upon the costs associated with particular service rendered. Customers receiving like services should experience the same charges and provisions. Also, differences in the applicable charge should be representative of differences in costs.

From a practical rate design standpoint, absolute equality between costs and revenue may be difficult to achieve in the short term. While it may be viewed as equitable to set rates at costs, if there is a substantial divergence from the current rates, the resulting impact on individual customers may be viewed as unreasonable. While supporting cost supported charges, Staff considers such items as the resulting typical customer billing and the resulting revenue increases. These tests help provide benchmarks with regard to the reasonableness of charges and rate forms. While it is Staff's position that rates should reflect costs, it is also important to consider the continuity associated with the current and proposed pricing structures. This may result in movement towards more closely aligning revenues with costs, rather than an absolute match at a particular time period.

When employing these standards to develop and design a rate, the results should be understandable to the customer billed under the schedule.

REVENUE ANALYSIS

Water A and Water C Defined

Water A represents water service to all Ohio American service areas except for Franklin County and Portage County Districts. Water C represents water service to Franklin and Portage County Districts.

Uniform Tariff Pricing

The Company services seven distinct districts in Ohio, four of which have been long standing districts. A fifth district, Mansfield, came under the Company's direction in 1993. Lake White Water Works was acquired in September 1999 and is considered part of the Marion District. The four long standing districts; Marion, Ashtabula, Lawrence County, and Tiffin have been under a uniform tariff pricing structure, where all customers in these districts pay identical rates for like services. One exception is the Marion district, which receives softened water. Because of this additional service, some Marion customers pay a water-softening surcharge that is added to the uniform tariff rate. The other two districts are the Franklin County district and the Portage County district which were formerly Citizens Utility districts. These two districts have volumetric rates different from the other five as well as softening surcharges.

Staff realizes there are many benefits to uniform tariff pricing, but also realizes that there is some level of mismatch between revenue recovery and cost occurrence that must occur between the different districts when this is instituted. Staff finds some of the benefits specific to this Company are; (1) less rate applications filed by the Applicant thus reducing rate case expense, (2) rate increases can be shared by all districts, thus reducing the amount of rate increase per customer per filing, (3) less cost to maintain one accounting system, (4) less cost in preparing annual report and tax reporting forms, (5) ease of application and understanding of single billing structure, (6) less cost of bill printing of separate Company headings, (7) less information gathering placed on the Company's Customer Service Department, and (8) less cumbersome information to be understood by the customers. Staff finds that these benefits and the fact that all districts are providing similar service (except where softened water and unmetered service are provided) outweigh the cost differential between the different districts for this specific Company. Staff, therefore, supports the policy of uniform tariff rates for all districts.

In prior cases the Applicant has been moving towards establishing rates that move towards the direction of uniform tariff pricing in the rates as well as in rate design. The final step, the actual establishment of uniform tariff pricing is being proposed in this proceeding. Staff recommends approval.

Cost of Service Analysis

Cost of service studies (COS) are used to approximate the costs incurred by the utility company in providing service and the appropriate level of cost responsibility for each distinct class of customer. This is accomplished in several steps as described below:

- (1) Functionalization is the separation of total costs of services into two broad categories of Operation and Maintenance (O&M) and Capital cost and the further division of costs to identify the nature of the

- (2) specific expense item. For example, individual O&M expense items relate to the aspect of operations which directly cause those expenses (e.g. supply, treatment, and transmission and distribution, or administrative in nature). Capital costs are commonly expressed as annual costs related to the level of plant investment.
- (3) Classification is the distribution of the functionalized costs into the general cost categories of base demand, extra-capacity, customer costs and fire protection costs. The extra-capacity demand category is further divided into maximum-day demand and maximum-hour demand. The customer costs category is further divided into meters & services and billing & collecting.
- (4) Allocation is the assignment of cost responsibility to the various customer classes based on the number of customers and the relative demands imposed on the system by the customer classes.

The Applicant submitted a cost of service study (COS), (Section E-3.2) for both water and wastewater operations. The water COS was provided for total company costs and not broken out by Water A and Water C. The Applicant utilized the Base-Extra Capacity method in developing costs for demand. This method follows the general procedures outlined above and recognizes the idea that costs are incurred by the Company in providing service to both average and above average rates of demand. This study distributes revenue responsibility among the various customer classes. Staff reviewed the Applicant's cost of service study and found it to be reasonable. Applicant utilized the same factors as used and accepted in previous Case No. 09-391-WS-AIR. The results of Applicant's cost of service studies are accepted as provided and are as follows:

Water A & Water C (Water Only) Class of Service	Current Revenue Distribution	Cost of Service Study
Residential	66.1 %	65.5 %
Commercial	16.3	15.0
Industrial	5.2	4.7
Special Contracts-Ind.	1.3	2.5
Other Public Authority (OPA)	5.3	6.1
Special Contracts-Resale	4.0	4.5
Private Fire	1.8	1.7
Total	100.0 %	100.0 %

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(Wastewater Only) Class of Service	Current Revenue Distribution	Cost of Service Study
Residential	89.2 %	88.7 %
Commercial/Public	<u>10.8</u>	<u>11.3</u>
Total	100.0 %	100.0 %

Revenue Distribution

The following is a comparison of Applicant's and Staff's proposed revenue distribution and the current revenue distribution.

**Proposed Revenue Distribution
Compared to Current Revenue Distribution**

Water

Class of Service	Current	Applicant Proposed	Staff Proposed	Staff Change
Residential	66.1 %	65.9 %	65.9 %	(.2) %
Commercial	16.3	16.3	16.3	-0-
Industrial	5.2	5.4	5.4	.2
Special Contracts-Ind	1.3	1.1	1.1	(.2)
Other Public Authority	5.3	5.6	5.6	.3
Special Contracts-Resale	4.0	4.0	4.0	-0-
Private Fire	<u>1.8</u>	<u>1.7</u>	<u>1.7</u>	<u>(.1)</u>
Total	100 %	100 %	100 %	0 %

**Proposed Revenue Distribution
Compared to Current Revenue Distribution**

Wastewater

Class of Service	Percent Current	Applicant Proposed	Staff Proposed	Change
Residential	89.2 %	88.7 %	88.7 %	(0.5) %
Commercial/Public	<u>10.8</u>	<u>11.3</u>	<u>11.3</u>	<u>0.5</u>
Total	100.0 %	100.0 %	100.0 %	-0- %

**Proposed Revenue and
Distribution of the Revenue Increase**

Water

Class of Service	Current Revenue	Proposed Revenue	Revenue Increase	Percent Increase	Distribution of Increase
Residential	\$22,478,695	\$27,571,108	\$5,092,413	22.7 %	65.6 %
Commercial	5,528,804	6,814,319	1,285,515	23.3	16.5
Industrial	1,774,008	2,239,807	465,799	26.3	6.0
Spec. Contracts-Ind	442,231	442,231	0	0.0	-0-
OPA	1,811,890	2,348,832	536,942	29.6	6.9
Special Contracts	1,356,682	1,666,205	309,523	22.8	4.0
Private Fire	<u>626,742</u>	<u>702,805</u>	<u>76,063</u>	12.1	<u>1.0</u>
Total	\$34,019,051	\$41,785,307	\$7,766,256	22.8 %	100.0 %

**Proposed Revenue and
Distribution of the Revenue Increase**

Wastewater

Class of Service	Current Revenue	Proposed Revenue	Revenue Increase	Percent Increase	Distribution of Increase
Residential	\$3,640,252	\$4,067,064	\$426,812	11.7 %	84.3 %
Commercial	<u>439,251</u>	<u>518,694</u>	<u>79,443</u>	18.1	<u>15.7</u>
Total	\$4,079,502	\$4,585,758	\$506,256	12.4 %	100.0 %

Softening Surcharge

The following chart illustrates the Staff's calculation of the softening surcharges. Staff's calculations are performed to identify the cost of softening and apply the costs solely to those that receive the service. Staff agrees with the Applicant's proposed rates and finds the softening surcharges calculated below are warranted and recommends approval of the \$.4289 for the Marion District and \$.8006 for the Lake Darby and the Worthington Hills District.

A tariff sheet for the Franklin and Portage County Districts needs to be corrected. At the bottom of Sheet No. 2 there appears the following language: "Charges for water will be comprised.....plus any surcharges for softened water, reverse osmosis treated water or purchased water in Portage Water." The purchased water charge was eliminated from the tariff in a previous rate proceeding and therefore the purchased water reference needs to be removed from this statement.

**Calculation of Softening Surcharge
Company A (Marion District)**

<u>Description</u>	<u>Value</u>
<u>Utility Plant</u>	
Plant Associated with Softening (from prior studies)	\$ 81,515
Total for Water A UPIS	122,192,211
Percent	.0667%
<u>Capital Related Costs that change when UPIS changes:</u>	
Utility Operating Income	\$ 6,773,468
Depreciation Expense	2,816,917
Property Taxes	4,597,235
Federal Income Taxes	<u>2,684,479</u>
Total Capital Related Costs	\$ 16,872,099
Multiplied by percent above	.0667
Total Softening Capital Related Costs	\$ 11,254
<u>Softening Operation O&M Expenses:</u>	
Softening Chemicals	\$ 713,048
Softening Labor	84,083
Softening Power	-0-
Maintenance on Softening Equipment Labor	<u>9,140</u>
Total Softening Expenses	\$ 806,271
<u>Payroll Taxes:</u>	
Total Softening Labor as a Percent of Total O&M Payroll	
$\$93,223 \text{ divided by } \$4,220,551 = 2.21\%$	
Times Payroll Taxes	\$329,901
Total Softening Payroll Taxes	\$ 7,291
<u>Summary:</u>	
Capital Related Costs	\$ 11,254
Softening O&M Expenses	806,271
Payroll Taxes	<u>7,291</u>
Total Softening Costs	\$ 824,816

Water Sales in Marion District subject to Softening Surcharge (CCF)	1,922,905
Staff Recommended Softening Surcharge	\$ 4289

Calculation of Softening Surcharge
Company C – Water (Lake Darby and the Worthington Hills District)

<u>Description</u>	<u>Value</u>
<u>Utility Plant</u>	
Plant Associated with Softening (from prior studies)	\$ 151,800
Total for Water C UPIS	19,800,100
Percent	.7667%
<u>Capital Related Costs that change when UPIS changes:</u>	
Utility Operating Income	\$ 1,098,863
Depreciation Expense	429,029
Property Taxes	977,941
Federal Income Taxes	388,833
Total Capital Related Costs	\$ 2,894,666
Multiplied by percent above	.7667%
Total Softening Capital Related Costs	\$ 22,193
<u>Softening Operation O&M Expenses:</u>	
Softening Chemicals	\$ 131,491
Softening Labor	6,728
Softening Power	-0-
Maintenance on Softening Equipment Labor	-0-
Total Softening Expenses	\$ 138,219
<u>Payroll Taxes:</u>	
Total Softening Labor as a Percent of Total O&M Payroll	
\$6,728 divided by \$775,596 = .87%	
Times Payroll Taxes	\$61,289
Total Softening Payroll Taxes	\$ 533

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Summary:

Capital Related Costs	\$ 22,193
Softening O&M Expenses	138,219
Payroll Taxes	<u>533</u>
Total Softening Costs	\$ 160,946

Water Sales in Lake Darby and Worthington Hills Districts subject to Softening Surcharge (CCF) 201,043

Staff Recommended Softening Surcharge **\$.8006**

Reverse Osmosis Surcharge

The reverse osmosis surcharge applies to Blendon Township customers only as this is an additional water processing procedure applicable only to this group of customers. The Applicant is proposing to decrease this charge from \$1.4994 per CCF to \$1.4179 per CCF, a 5.44% decrease. Staff has reviewed these costs and finds \$1.4179 per CCF to be reasonable.

<u>Description</u>	<u>Value</u>
<u>Utility Plant</u>	
Plant Associated with Softening (from prior studies)	\$ 1,482,092
Total for Water C UPIS	19,800,100
Percent	7.4853%

Capital Related Costs that change when UPIS changes:

Utility Operating Income	\$ 1,098,863
Depreciation Expense	429,029
Property Taxes	977,941
Federal Income Taxes	<u>388,833</u>
Total Capital Related Costs	\$ 2,894,666
Multiplied by percent above	7.4863%
Total Softening Capital Related Costs	\$ 216,674

Softening Operation O&M Expenses:

Softening Chemicals	\$ 54,966
Softening Labor	7,300
Softening Power	-0-
Maintenance on Softening Equipment Labor	<u>-0-</u>
Total Softening Expenses	

\$ 62,266

Payroll Taxes:

Total Softening Labor as a Percent of Total O&M Payroll

\$7,300 divided by \$775,596 = .94%

Times Payroll Taxes \$61,289

Total Softening Payroll Taxes **\$ 576**

Summary:

Capital Related Costs	\$ 216,674
Softening O&M Expenses	62,266
Payroll Taxes	<u>576</u>

Total Softening Costs **\$ 279,516**

Water Sales in Huber Ridge District subject to Reverse Osmosis Surcharge (CCF)
197,129

Staff Recommended Reverse Osmosis Surcharge **\$ 1.4179**

Large Quantity User Rates

Staff calculated a rate of \$1.36 using the Commission accepted calculation. Staff used the data provided in response to Data Request No. 64 to derive the Large Quantity User rate representing a 28.42% decrease over the current rate of \$1.90. The following chart illustrates the calculation of the production cost. Staff finds this to be a reasonable approach and recommends approval of the rate (\$1.36).

Staff Calculation of Production Cost

<u>Account</u>		<u>Amount</u>
	<u>Production Costs</u>	
600.0	Supervision & Engineering	\$ -0-
601.1	Expenses	7,939
601.2	Labor	-0-
602	Purchased Water	1,221,173
603.1	Miscellaneous	960,485
620.0	Supervision & Engineering-Electric	-0-
622.2	Power Production	-0-
623.0	Fuel and Power	233,757
640.0	Supervision & Engineering	58,158
641.0	Chemicals	675,584
642.1	WT Labor	840,057
642.3	General Expenses	214,176
643.1	Miscellaneous	56,646
643.3	Waste Disposal	181,854
644.0	Rent-Lab Equipment	1,930
	Net Production Cost	\$ 4,451,758
	<u>Softening O&M Expenses</u>	
641.2	Chemicals	758,692
642.2	Softening Labor	106,071
	Total Softening Expenses	864,763
	Net Production Costs	\$ 3,586,995

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<u>Capital Costs</u>	<u>Value</u>
Operating Income	\$ 7,406,356
Depreciation	3,245,946
Property Tax	5,575,176
Gross Receipts Tax	1,921,625
Payroll Tax	391,191
Federal Income Tax	<u>2,834,074</u>
Total Capital Costs \$ 21,374,368 x 31.96% =	\$ 6,832,007
Total Production Costs	\$ 10,419,002
Total Sales (100 Cubic Feet)	7,674,980
Unit Production Cost (cc)	\$ 1.36
<u>Allocation Ratio</u>	
Source of Supply Plant	\$ 5,325,292
Pumping Plant	13,238,008
Water Treatment Plant	<u>28,537,894</u>
Total Production Plant	\$ 47,101,194
Less: Softening Plant	<u>1,715,407</u>
Production Plant	45,385,787
Total Plant Investment	\$141,992,312
Ratio of Total Plant	31.96%

Special Service Contracts

Aqua Ohio Water –Lake Shore Division Contract

The Applicant's Ashtabula District provides water service via contract to Aqua Ohio Water Company – Lake Shore Division (formerly known as Consumer's). In exploring rates for this customer in Case No. 99-1038-WW-AIR, the Applicant conducted an Ashtabula District specific cost of service study using the same Base-Extra Capacity method that was used in separating out costs between customer classes for the total Company.

In setting the rates for Aqua in the initial contract, Case No. 94-1535-WW-AEC, the parties to the contract agreed that the rate charged would be set by the outcome of the Ashtabula District cost study performed at that time. The Commission approved the contract. The contract also stated that any future rate increases to this contract customer would be tied to future Company wide rate case applications filed by the Applicant. In the Finding and Order for that contract, the Commission ordered that the cost associated in servicing this customer be considered when pricing this customer's future rates.

The Opinion and Order issued in Case No. 99-1038-WW-AIR indicates that the stipulated agreement provides that "Any future rate increase to Consumer's Ohio shall be based upon total company cost of service study." Therefore, the data presented in the cost-of service study in this proceeding was formulated using the criterion established in Exhibit A of the Amendment to Water Purchase Agreement, July 1995 with the exception that total company costs are used rather than Ashtabula District costs.

Staff finds this contract rate should become effective the same date the tariffed rates become effective in this case.

Fire Protection Service

Public Fire Protection Service

The Applicant provides public fire protection service, however, it does not charge separately for the service. It includes the costs of this service in the volumetric rates. This has been a long-standing practice of the Applicant which Staff finds reasonable and recommends approval.

Private Fire Protection Service

In the E-3 section of the filing, the Applicant stated that the increase to Private Fire Protection Service is based on an across the board increase. Staff finds movement towards the cost of service study to be reasonable based upon the previous discussion on Revenue Distribution.

Mansfield District- Flat Rate Customers

In Case No. 93-893-WW-UNC, the Applicant purchased four small, unmetered companies that make up part of the Mansfield District. These four companies were formerly known as Imperial Water Company, Inc., Walcrest and Halabrien Sloboda, Harp Water Association, and Little Valley. In Case No. 95-935-WW-AIR, all four systems came under one flat rate for all flat rate customers regardless of the service area. Staff recommended in the Case No. 06-433-WS-AIR that the flat rate be gradually increased over time to meet the average metered customer bill. Applicant is proposing to increase the flat rate based on the overall percent increase. Historically flat rate customers' rates have increased to the average metered residential bill. Staff finds the historical method of increasing to the average metered bill to be more reasonable and recommends approval.

Declining Rate Block Structure

The Applicant has a declining rate block structure for both Water A and C customers, but the current blocks are different between the two customer bases.

The basis behind a declining rate block structure is to capture the majority of each specific customer class' usage and costs per unit imposed on the system per that customer class in a particular block of the structure, while maintaining one rate design for all the different classes. The first block of the rate design is formed to capture the majority of the residential class, which imposes the highest demand on the system due to its peak usage patterns, thus placing the highest cost per unit on the system. The second block is formed to capture the majority of the commercial and other public authority classes, which imposes a slightly lower demand and cost per unit on the system than does the residential class but more cost per unit than the industrial class. The last block is formed to capture the majority of the industrial class, which has a more consistent load throughout the day and places the lowest demand and thus the lowest cost per unit on the system.

Staff finds declining rate block structures to be reasonable when dealing with multiple customer classes with different load factors, which is the case of the Applicant's systems. Staff, therefore, recommends approval of the Applicant's declining rate block structure to set rates among the different classes.

Rate Blocks

The Applicant's Water A rate block design (the amount of usage per block) was established in 1980 using a comprehensive study of class consumption patterns. Another study was performed by the Applicant in Case No. 92-2299-WW-AIR, which found that the rate block design still was appropriate. Staff finds due to the relative stability of the Applicant's customer makeup and customer demand that the current rate block design still is appropriate.

The Applicant is proposing to change the rate block structure for Water C so that it is identical with Water A. There is what Staff perceives to be a typo but will mention for the sake of clarity. On Section E Schedules and Workpapers, Page 32 of 191, Schedule E2.1, Page 3 of 15, 5th Revised Sheet No. 2, the second block is shown as \$5.08378. Staff notes the "8" should be deleted as this is a typo and does not appear on the other tariff pages. Staff recommends this blending of rates into single tariff pricing for the Company.

Volumetric Rates

Rates and charges shown in the rate schedule table may require adjustment based on the revenue requirement granted by the Commission, or changes in rate areas, or changes in rate structure approved by the Commission.

The volumetric rates should be calculated by reducing the total revenue requirement by the revenue generated from sources independent of the volumetric rates; Softening Surcharge revenue, Private Fire Service revenue, Miscellaneous and Reconnection revenue, Special Service Contracts revenue, etc. The remaining revenue to be recovered should then be allocated to the customer classes. The class revenue totals should be reduced by the revenues from Staff recommended fixed customer charges and fixed flat rate customers to determine the class revenue to be recovered through the volumetric rates. The resulting simultaneous equations should then be solved to help narrow the appropriate rates. The rates should then be adjusted by iteration to recover the class revenues as closely as possible when applied to the test year billing determinants. The volumetric rates used by Staff to compile the typical bill analysis are for illustrative purposes only.

Sewer Rates

For customers who only receive sewer service, the sewer rate design consists of a customer charge and a flat rate volumetric charge. For those customers that are also water customers, there is a declining block, volumetric usage charge only. The Applicant is proposing to increase the sewer customer charge to equal the Applicant proposed water customer charge. Staff agrees that the water and sewer customer charges should be identical.

In prior Case No. 06-433-WS-AIR, the Applicant instituted a Summer/Winter usage formula in response to customer concerns about being charged sewer service for water that is not returned to the sanitary sewer system (i.e. car washing, lawn watering, pools, etc.). The formula is designed so that the use of a winter averaging methodology will recover summer sewer costs based on a customer's winter average rather than actual summer water demand.

The formula has been in effect for several years and Staff is not aware of any problems or customer complaints regarding the procedure. Staff finds the Summer/Winter formula to be reasonable and recommends approval.

Customer Charge

The Applicant's tariff contains a customer charge with no water entitlement. The Applicant is proposing to increase its customer charge from \$9.51 to \$11.50. Except for including hydrants (account #348), and management fees, the Applicant used Staff's methodology in calculating their proposed customer charge. Applicant proposes to increase the customer charge approximately 20.9% for a customer with a 5/8 inch meter. Staff proposes maintaining the methodology practiced in the past with the exception of the inclusion of the \$138,438 costs resulting from the Orcom billing system. Staff finds that the proposed management fees of \$738,278 may be costs that are periphery in nature and not necessarily tied directly to customer related activity as defined in the Uniform System of Accounts as provided in account #901 and reflected in Staff's customer charge calculation. The exclusion of these costs was approved in prior Case No. 09-391-WS-AIR. Staff therefore recommends a customer charge of \$8.55 for 5/8 inch meters. All other customer charges applicable to each meter size should be increased according to the calculation provided in the table for meters ¾ inches or larger. Staff recommends that regardless of the amount of revenue authorized by the Commission, Staff's recommended customer charges not be altered.

Staff's Calculation of Customer Charge

<u>Account Description</u>		<u>Amount</u>
Variable Expenses per Meter Size:		
Plant Accounts		
345	Services	\$ 10,759,866
346	Meters	6,523,600
347	Meter Installations	2,216,306
389	A&G Land	41,034
390	Office Structures and Improvements	4,262,527
391	Office Furniture & Equipment	<u>1,891,488</u>
Total Customer Plant		\$ 25,694,821
<u>Less: Related Depreciation Reserves</u>		
345	Services	\$ 7,930,456

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346	Meters	2,408,776
347	Meter Installations	761,607
389	A&G Land	-0-
390	Office Structures and Improvements	998,794
391	Office Furniture & Equipment	<u>2,169,021</u>

Total Customer Depreciation Reserves \$ 14,268,654

Total "Customer Rate Base" \$ 11,426,168

Rate of Return 8.97%

(1) Return on "Customer Rate Base" **\$ 1,024,927**

Operation & Maintenance Expense Accounts:

Transmission & Distribution

663	Meter Expense	\$ 157,062
664	Meter Installation Expense	410,377
675	Service Maintenance	81,018
676	Meter & Meter Installation Maintenance	<u>5,368</u>

(2) Total Operation & Maintenance T&D Expense **\$ 653,825**

Variable Taxes per Meter Size:

Property Taxes	\$ 5,575,176
Gross Receipts Taxes	1,559,315
PUCO & OCC Taxes	61,907
Federal Income Taxes	<u>2,834,074</u>
Total Variable Taxes	\$ 10,030,472

Multiplied by Customer Conversion Factor:

<u>"Customer Rate Base"</u>	<u>\$11,426,168</u>	13.84%
Total Rate Base	\$82,568,064	

(3) Total Customer Variable Taxes **\$ 1,388,217**

Depreciation Expense Accounts

Plant Accounts

345	Services	\$ 446,534
346	Meter	236,154
347	Meter Installations	61,170
389	A&G Land	-0-
390	Office Structures and Improvements	93,481
391	Office Furniture & Equipment	<u>12,547</u>

(4) Total Customer Plant Depreciation Expense **\$ 849,886**

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<u>Summary of Variable Expenses per Meter Size:</u>		
(1)	Return on "Customer Rate Base"	\$ 1,024,927
(2)	Total Operation & Maintenance T&D Expense	653,825
(3)	Total Customer Variable Taxes	1,388,217
(4)	Total Customer Plant Depreciation Expense	849,886
	Total	\$ 3,916,855
Total Equivalent Monthly Meters 59,611 x 12		715,332
Monthly Customer Variable Charge		\$ 5.476
 <u>Fixed Expenses per Meter Size:</u>		
Customer Accounting Expenses:		
901	Supervision	\$ 20,647
902	Meter Reading Expenses	239,609
903	Customer Records & Collections	620,055
905	Miscellaneous Customer Expense	80,439
	Amort of Reg Asset	138,438
(5)	Total Customer Accounting Expenses	\$ 1,099,188
<u>Customer Payroll Related Costs:</u>		\$ 391,191
Payroll Related Taxes		
Multiplied by Customer Conversion Factor:		
	<u>Customer Acct. Payroll</u>	<u>\$506,105</u>
	Total O&M Payroll	\$4,996,147
		10.13%
Total Customer Payroll Taxes		\$ 39,628
 <u>Total Customer Fixed Expenses</u>		
	Customer Accounting Expenses	\$ 1,099,188
	Customer Payroll Taxes	39,628
	Total	\$ 1,138,816
Divided by: Total monthly customer billings		370,521
Monthly Customer Fixed Charge		\$ 3.074

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Summary:

Monthly Customer Variable Charge for 5/8"	\$	5.476
Monthly Customer Fixed Charge		<u>3.074</u>
Monthly Customer Charge	\$	8.550

Staff Recommended Monthly Customer Charge **\$ 8.55**

Customer Charges for all Meter Sizes

Meter Size	Variable Rate	Multiplier	Total Variable	Fixed	Total	Staff Examples
	(1)	(2)	(1)*(2)=3	(4)	(3)+(4)=(5)	(6)
5/8 inch	\$5.476	1	\$ 5.476	\$3.074	\$ 8.55	\$ 8.55
3/4 inch	5.476	1.5	8.214	3.074	11.288	11.29
1 inch	5.476	2.5	13.690	3.074	16.764	16.76
1 1/2 inch	5.476	5	27.380	3.074	30.454	30.45
2 inch	5.476	8	43.808	3.074	46.882	46.88
3 inch	5.476	15	82.140	3.074	85.214	85.21
4 inch	5.476	25	136.900	3.074	139.974	139.97
6 inch	5.476	50	273.800	3.074	276.874	276.87
8 inch	\$5.476	80	\$438.08	\$3.074	\$441.154	\$441.15

SERVICE MONITORING AND ENFORCEMENT

WATER SERVICE QUALITY

Staff investigated the Company's water and wastewater systems' physical facilities and administrative operations to assess compliance with Ohio Administrative Code (O.A.C.) 4901:1-15, Standards for Waterworks Companies and Sewage Disposal System Companies. Staff also reviewed and updated comments and findings in the last rate Case, No. 09-391-WS-AIR (including provisions in the Stipulation and Recommendation approved by the Commission in Case No. 07-1112-WS-AIR). The investigations entailed a review of plant operating records, water quality tests, maintenance and operational concerns, quarterly operation reports, and various customer inputs. Finally, staff reviewed a customer perception survey it conducted in late 2010 and compared it with the results to the previous survey it conducted in 2007.

Previous Rate Case Review and Status Update:

[1] Unaccounted-for-Water Reduction and Reporting

O.A.C. Rule 4901:1-15-14(H) requires water utilities to provide quarterly operating reports for each of its systems which are to contain, among other items, operating and performance data. Section 4901:1-15-20(C)(5), O.A.C. further specifies that the utilities are to determine and report the amount of "unaccounted-for water" (UFW) (usually presented as a percentage of total water production) and report this to the commission's designee quarterly. If the UFW is equal to or greater than fifteen percent of the gross production, the utilities are required to submit a remedial action report that includes an assessment of the cost benefit of a leak study. Ohio American has complied with the reporting requirements.

Findings:

The following table shows the rolling 12-month average UFW for each metered system:

Table FOFD NO. 1

	Rolling 12-Month Average Unaccounted-For Water (UFW) Ending 3rd Quarter of Each Year			
	2008	2009	2010	2011
Aurora East (Portage County)	21.7%	xxx	xxx	xxx
Beechcrest (Portage County)	4.1%	xxx	xxx	xxx
Ashtabula	18.6%	18.7%	17.8%	19.4%
Lawrence County	12.0%	14.6%	12.6%	15.9%
Lake White	11.8%	11.7%	5.7%	4.1%
Marion	21.8%	20.5%	19.0%	23.4%
Tiffin	7.8%	9.6%	10.8%	16.3%
Blacklick	26.3%	22.5%	18.3%	14.3%
Huber Ridge	19.9%	16.9%	18.3%	19.9%
Lake Darby	6.9%	8.0%	4.9%	8.6%
Timberbrook	9.9%	9.6%	10.3%	15.4%
Worthington Hills	17.1%	27.1%	24.8%	10.1%
Greenridge	9.3%	9.7%	7.1%	12.0%
Harpcrest	9.6%	6.9%	12.3%	14.6%
Imperial - Bryonaire (Sys. #3)	8.9%	8.0%	8.3%	8.6%
Madison	26.4%	28.1%	20.3%	16.8%
Walcrest	9.2%	9.1%	10.8%	8.8%

The two Portage County systems, listed in FOFD Table No. 1, purchase their water from the County. The County's master meters for these systems have been registering significantly less water being delivered than the sum of the quantities being billed to Aurora East and Beechcrest customers. Meaningful UFW calculations cannot be made for them until the County calibrates or replaces its master meters.

In the 2009 Ohio American rate case, Staff recommended that a new measurement introduced by the American Water Works Association (AWWA), the Infrastructure Leak Index (ILI)¹⁰, be considered as a more effective measurement of a company's efforts to economically minimize the amount of water they produce, but do not meter and sell to its customers. Further research into the ILI methodology has shown that calculations for one of the ILI components for small systems with less than 3,000 customers or a

¹⁰ AWWA Manual of Practice (MOP) 36 – 3rd Edition

service connection density of less than 16 connections per mile of distribution main have not yet been sufficiently proven valid at this time. Therefore, Staff reviewed and updated ILI data for the 4 largest Ohio American systems that met the criteria and shows the results in the following table:

Table FOFD NO. 2

	Target ILI *	2008		2009		2010	
		ILI	UFW (%)**	ILI	UFW (%)**	ILI	UFW (%)**
Ashtabula	4.00	4.27	18.2%	4.21	18.9%	3.51	17.7%
Lawrence County	N/A	N/A	13.2%	1.22	14.2%	1.35	12.7%
Marion	3.00	3.31	21.7%	2.48	19.5%	3.38	20.3%
Tiffin	N/A	N/A	8.0%	4.21	9.9%	1.96	12.1%

* Target ILI values from staff report in Case No. 09-391-WS-AIR. No values recommended for Lawrence County or Tiffin at that time.

** UFW's shown here represent the calculated 12 month rolling average for the end of the respective years.

The Marion District has a UFW of 20.3 percent for the 12 month period ending with September 2011 and an ILI of 3.38 for the year 2010. Ashtabula, Lawrence County, and the Tiffin districts have UFWs under the current rule's maximum 15 percent or have ILI values under their 2009 recommended targets. A target ILI of 3.0 was recommended for the Marion District in Case No. 09-391-WS-AIR. No target values were recommended at that time for the Lawrence County and Tiffin Districts.

Recommendations:

The Opinion and Order in Case No. 09-391-WS-AIR states on page 52, "These ILI targets, which appear to be more representative of a water company's performance in minimizing the cost of real water losses on customers, will serve as the basis for adjustments to fuel, purchased power, and chemical expenses in future rate cases." The Marion District was the only system with a UFW in excess of 15 percent and an ILI (2010 value) higher than or equal to the 2009 staff report target. Calculations in Table FOFD No. 3 (below) show that a loss reduction of 2.5 percent of water produced from all Marion District water sources would equate to an ILI of 3.0.

Table FOFD NO. 3

Purchase Power, Fuel, and Chemical Adjustments - Marion System			
	2010 ILI Report	Reduce Losses to ILI of 3.00	Loss Reduction Needed to Reduce ILI to 3.00
	Million Gallons	Million Gallons	Million Gallons
Real Losses	570.289	505.920 1	64.369 3
Unavoidable Annual Real Losses	168.640	168.640	
ILI (Calculated)	3.38		
ILI (2009 Target)		3.00 2	
Real Losses	570.289		64.369
Volume from all sources	2,561.273		2,561.273
	22.3% 4		2.5%
1.) Calculated Real Losses to lower ILI to target of 3.00			
2.) Target ILI per Case No. 09-391-WS-AIR staff report recommendations			
3.) Flow in excess of quantity that will produce target ILI of 3.00			
4.) This value varies slightly from the UFW number shown for Marion in Table FOFD NO. 2, because some of different methodologies used to obtain it.			
Represents a Real Losses of 2.5 percent total annual water produced in excess of losses that would be calculated if ILI were reduced to 3.00			

Staff recommends that Target ILI's be set at 2.0 for the Lawrence County and Tiffin Districts, since they have already proven they can meet or exceed this level of loss control and have demonstrated the ability to meet criteria described in AWWA MOP 36's leakage management target-setting Table 5-2 for ILI's between 1.0 to 3.0.¹¹

[2] Leak Repairs

Ohio American agreed to repair service affecting leaks within 24-hours of confirmation that a leak exists, repair non-service affecting leaks within seven (7) days of confirmation that the leak exists, and to repair non-service affecting minor leaks (estimated to be one gallon or less per minute) that do not create a water stream on the surface of the ground within thirty (30) days of confirmation that a leak exists. The Company also agreed to submit quarterly Leak Log Reports summarizing the status of each District's leak repairs and the status of their associated excavation and restoration work.

¹¹ AWWA MOP 36: Table 5-2, Pg 112

Findings:

No complaints or customer comments about the timeliness of the Company repair actions have been received by staff during its routine conversations with municipal, township, or county authorities.

Recommendations:

Staff recommends that the Company continue responding to leak notifications in the same timely manner as previously agreed to and also continue maintaining leak reports.

[3] Communications with Customers

No specific commitment was ordered in Case No. 09-391-WS-AIR, but the Company's communications with its customers had been lacking in the past. In the stipulation approved by the Commission in the 2007 rate case¹², Ohio America committed to provide frequent communications to its customers through quarterly newsletters or bill inserts to educate the customers about the provision of water, conservation, and general issues that customers had raised at previous local public hearings.

Findings:

During 2010 through the 3rd quarter of 2011, Ohio American sent at least 13 bill inserts to educate its customers about the provision of water, conservation, and general issues affecting water. The Company also issued 27 news releases, including at least 10 about hydrant and main flushing.

Recommendations:

Staff recommends that the Company continue to communicate regularly with its customers.

¹² Stipulation Case No. 07-1112-WS-AIR (Pg 9-10)

[4] Lake Darby

The Company agreed to operate and maintain the Lake Darby Water Treatment Plant Ion Exchange softening process consistent with industry standards and with a finished hardness range of between 90 and 150 mg/l at least 95 percent of the time.¹³ The Company also agreed to install and maintain an on-line analyzer to monitor, sample, analyze, and record at least one sample for hardness at least every two hours while the plant is in operation, and to report the results monthly to staff.

Findings:

Applicant continues to be in compliance with the requirement of this commitment.

Recommendations:

Staff recommends the Company continue using (and maintaining) an on-line monitor and recorder to produce finished treated water with hardness within the range of 90 mg/l to 150 mg/l.

[5] Huber Ridge

The Company committed to produce finished water measured at the Huber Ridge Water Treatment Plant tap that has an iron concentration less than or equal to 0.3 mg/l and a manganese concentration less than or equal to 0.05 mg/l for 95 percent of the samples on a monthly basis (rounded to the next smallest integer value) for the total number of finished water samples performed by a certified lab and reported to the Ohio EPA. Ohio American also agreed to perform at least two unidirectional flushings of the Huber Ridge distribution system per calendar year.¹⁴

Findings:

Staff review of monthly operational and reporting records show the Company continues to be in substantial compliance with these commitments.

Recommendations:

Staff recommends that the Company continue to produce finished water measured at the Huber Ridge Water Treatment Plant tap that has an iron concentration less than or equal to 0.3 mg/l and a manganese concentration less than or equal to 0.05 mg/l for 95 percent of the samples on a monthly basis (rounded to the next smallest integer value) for the total number of finished water samples, performed by a certified lab, and

¹³ Stipulation Case No. 07-1112-WS-AIR (#14) Pg. 10-11; Staff Report Case No. 09-391-WS-AIR (Pg.58)

¹⁴ Stipulation Case No. 07-1112-WS-AIR (#15) Pg 11-13

reported to the Ohio EPA. Staff further recommends that the Company perform at least two unidirectional flushings of the Huber Ridge distribution system per calendar year.

[6] Franklin County Collection Agencies/Customer Service Function

The Company agreed to actively solicit additional third party collections vendors in Franklin County and to submit a status report within sixty (60) days of the Opinion and Order in Case No. 07-1112-WS-AIR. Ohio American also agreed to implement an ancillary customer service function in the Franklin County District office on a pilot basis.

Findings:

Ohio American currently has one authorized agent in the Franklin County area, but was unable to find additional vendors willing to be a collection agency at the then maximum processing fee of \$0.84, as per a March 10, 2009 report.¹⁵

The Company continues to operate an ancillary customer service function at its Franklin County district office. It is open to customers from 8 AM to 5 PM, five days a week. The company reports that this office has taken 1,591 payments from customers from October 2010 through September 2011, averaging about 132 payments per month. With 2,231 customers in the Huber Ridge system, where the office is located, it appears that nearly six percent of the customers use this service. The Company representative is prepared to discuss billing issues with customers, but this occurs, on average, less than seven times per month.

Recommendations:

Staff has no additional recommendations.

[7] Marion District

Ohio American agreed¹⁶ to assign one of its management team members to continue communicating with the Marion City Engineer and/or the City Service Director at least once a month in a face-to-face meeting (unless the Marion City Engineer and/or the City Service Director prefer another method of communicating) about restoration of property affecting city streets and other issues common to the Company and Marion. In addition, the Company agreed to keep detailed records, to be made available to the Marion officials upon request, that include the costs incurred and justification for construction projects that could potentially have been performed in conjunction with Marion's construction activities, but were not.

¹⁵ Case No. 05-1233-WS-UNC

¹⁶ Stipulation Case No. 07-1112-WS-AIR (#14) Pg. 13-15

Findings:

As of Staff's last communication (Fall 2011) with the City about the timely restoration of roads, sidewalks, curbs, and terraces, the City officials indicated they were unaware of any instances where the Company failed to meet its commitments. Although the City officials stated that it has not been having regular meetings with the Company personnel because of City staffing shortages, it has been in regular and more direct communications when specific issues were identified.

The City of Marion also submitted documentation showing seven incidents where the Company failed to apply for excavation permits until after the City called to remind them to do so, or after the work had already begun.

Recommendations:

Staff recommends that the Company resume open and direct communications with the City on a regular basis to review projects that may affect each other. The Company should also complete all excavation restoration work within the priority schedules previously agreed to and to maintain records of this work.

Staff also recommends that the Company submit to Staff and the City of Marion revised procedures to insure more timely applications for City excavation permits. Staff recommends that the proposed procedures should be submitted to the City and Staff for review and comments within 60 days of the opinion and order in this case.

[8] Ashtabula District Plant Improvements

Ohio American agreed to address the issue of emergency operations and procedures necessary to operate its Ashtabula area water system in the event that the Bunker Hill ground storage tank would be out of service for any extended period of time.¹⁷ The Company also agreed to implement a more permanent solution to address this issue, including improvements to its water treatment plant pumps and control system, by June 30, 2011.

¹⁷ Stipulation Case No. 07-1112-WS-AIR (#18) Pg. 15-16

Findings:

The Company has completed and implemented an Emergency Operations Plan for the Bunker Hill tank and reviews the plan with operations personnel annually. The permanent solution for this issue required replacing the treatment plant's high service pumps and piping, installing variable speed drives, and improving the control systems. These improvements, in addition to other modifications, are intended to extend the useful life of the plant by 20 years.

Improvements completed to date include, but may not be limited to:

1. Replacement of high service pumps (HSP)
2. Installation of standby generators
3. Replacement of electrical switch gear and distribution system
4. Installation of HSP variable frequency drives (VFD's)
5. Renovation of Water Treatment Plant (WTP) #1 filters
6. Replacement of Low Service Pump (LSP) suction and discharge headers
7. Replacement of HSP north discharge header
8. Replacement of process instrumentation
9. Replacement of Supervisory Control and Data Acquisition (SCADA) monitoring system
10. Replacement of WTP # 1 sedimentation basin structure
11. Installation of new and replacement or non-operational Rate Of Flow (ROF) control valves.
12. Miscellaneous building and structure improvements

Significant additional improvements estimated to be completed by December 31, 2011 include, but also may not be limited to:

1. A new chemical storage and feed building and relocation of chemical systems into it.
2. Installation of new Low Service Pumps (LSP).
3. Renovation of sludge lagoon
4. Replacement of distribution mains from the water treatment plant to the water distribution system.
5. Replacement of defective valves
6. Backwash supply piping modifications
7. Clearwell baffling

The Ashtabula District Plant Improvement project has cost approximately \$8.7 million to date. It is estimated that it will cost a total of \$11.4 million upon completion.

The Ashtabula District reported that it failed to comply with the requirements of filtration and disinfection of surface water, pursuant to O.A.C. Rule 3745-81-72, when the actual (chlorine) contact time (CT) did not meet or exceed the required minimum CT value for the plant in January and February 2010. This is considered a failure to provide adequate disinfection and required issuing two public notifications. The Company determined that both occurrences were caused by operator errors. According to Ohio American, the errors stemmed from the Ohio EPA disallowing certain previously approved CT credits as of January 1, 2010.¹⁸ The issue was resolved by revising the Company's CT Contingency Plan to minimize the possibility of the reoccurrence of such an error. The Company also submitted a request to OEPA to revise a baffle factor used in the calculation of the minimum required CT value, from 0.10 to 0.15. This request was approved and, if it had been in effect prior to the events, there may not have been any violations.

The Company also reported that it failed to meet the limit for finished water turbidity as defined in 3745-81-73(A), O.A.C. during the period of December 10-12, 2010, causing the issuance of another public notification. The violation was again determined to have been caused by operator error and was addressed with additional training of the operating staff.

Ashtabula County Commissioners expressed concern that they "were among the last to know about the boil advisory issued" as a result of the event¹⁹. The Company has since updated its notification program by identifying specific parties and entities that may require first order notification.

Recommendations:

Staff has no further recommendations for the plant improvement project or the events that caused the three public notifications to be issued in 2010. However, it is strongly recommended that the Company promptly notify their customers and appropriate area public officials whenever such significant events occur.

[9] Mansfield Unmetered Systems

The Company previously agreed to install meters for approximately one half of the customers in the 10 Mansfield area systems by the end of 2008. It also agreed to survey the customers having meters purchased from the Richland County Department of Sewers to determine if they desire to use the same meters for their water bill consumption and would accept an additional meter reading surcharge of \$0.35 (or whatever rate the Richland County charges)²⁰.

¹⁸ Company Response to PUCO Data Request No.6-001

¹⁹ The Star Beacon, Ashtabula Ohio: 12/15/2010

²⁰ Stipulation Case No. 07-1112-WS-AIR (#19) Pg 16-17

Findings:

Ohio American filed a report on January 8, 2009²¹ stating that approximately 50 percent of the Mansfield area customers had Company meters. The results of the survey that the Staff conducted yielded inconclusive results such that Staff could neither oppose nor support an initiative to provide metered service using the customer owned meters.

Approximately 74 percent of the Mansfield customers and five of the ten systems are now metered with Company owned meters. It should be noted that existing mains in most of the Mansfield area systems, are located in the customers' back lots, are old and often undersized, and need to be replaced. Ohio American's policy is to install new mains in the front road right-of-ways before or at the same time that they install meter pits in a system. The Company reports that they have no immediate plans for future main relocations or meter pit installations at this time due to limited capital.

The Company has relocated and replaced approximately 1,700 feet of main from customers' backyards and installed approximately 30 meter pits in the Imperial Biscayne System #2. However, funds budgeted in recent years to complete the main replacement project and meter pit installations for this system have been deferred and the projects have not been completed. Approximately 42 main breaks have occurred in this distribution system from 2003 through the fall of 2011, averaging 4 to 5 breaks per year.²²

Recommendations:

Staff recommends that the Company prepare a plan and schedule to replace the balance of the Imperial Biscayne distribution mains, including installing meter pits necessary for the completion of metering the system. The plan and schedule should be submitted to Staff within 60 days of the opinion and order in this case. Staff recommends that the main and meter pit installations should be completed by the end of 2013.

[10] Five Year Tank Inspections

Section 4901:1-15-10(B)(6), O.A.C. requires water companies to have their storage tank(s) inspected by a person or firm qualified to inspect storage tanks at least every five years.

Findings:

The Company inspected all of its storage tanks in 2010 and has copies of the inspection records available for review at specific locations in its systems. The next inspections will be due in 2015.

²¹ Case No. 08-1233-WS-UNC

²² Field staff review of invoices – 9/21/11

Field investigations and a review of the March 17, 2011 Tank Industry Consultants Inc.(TIC) inspection report for the 135,000 gallon partially buried concrete tank in the Mansfield Area Imperial Biscayne water system shows that there may be significant operational deficiencies in the tank. These deficiencies include (but may not be limited to) an apparent leak and a lack of ventilation and overflow appurtenances.

The TIC inspection report for the 75,000 gallon elevated water storage tank located in the Aurora East water system near Kent, Ohio stated that the interior and exterior coating systems were in poor condition. The report recommended that the tank's interior be completely cleaned and repainted within 2 years and that the exterior be cleaned and repainted within 3 years. The report also included a list of safety-related deficiencies and a list of sanitary and operating deficiencies as well.

The continued use of this tank has been debated since the system abandoned its source of supply, treatment, and pumping facilities and purchased its water from Portage County. Its continued necessity as well as modifications to ensure tank water turnover have been the principal issues. The Company recently reported that it will continue to operate the tank until 2013 when it will be razed.

Recommendations:

Staff recommends that the Company make the repairs recommended in the TIC inspection report, and any others that may become apparent, for the Mansfield area Imperial Biscayne concrete tank, within 6 months of the issuance of the opinion and order in this case. If the Company should chose to replace the tank instead of repairing it, then Staff recommends that it should do so by the end of 2013.

Staff further recommends that the Company report to Staff, within 60 days of the Opinion and Order in this case its plan to address the safety and sanitary issues presented in the TIC inspection report for the Aurora East elevated tank.

[11] Lead Services

Staff was recently made aware by a complaint submitted to the Commission call center (and later docketed as a comment in Case 11-4161-WS-AIR), of the existence of a significant number of lead services in the Tiffin District.

Findings:

An estimated 40 percent of the 7,557²³ service connections, (or approximately 3,000 company-owned services between the mains and the curb boxes in the Tiffin District), may be made of lead. O.A.C. Rules 3745-81-80 through 3745-81-89, which are enforced by the Ohio Environmental Protection Agency (OEPA), regulate the testing,

²³ Direct Testimony David K Little filed 8/15/2011 Case No. 11-4161-WS-AIR

monitoring, and possible remedial actions concerning the presence of lead and copper in drinking water systems.

The lead action level in drinking water is met if the concentration of lead in more than 10 percent of tap water samples collected during any monitoring period (conducted in accordance with Section Rule 3745-81-86, O.A.C.) is greater than 0.015 milligrams per liter (mg/l), i.e., if the ninetieth percentile lead level is greater than 0.015 mg/l. The most recent lead and copper monitoring for the Tiffin District was conducted in 2010, when the system was found to have a ninetieth percentile lead concentration of 0.013 mg/l, which is under the actionable level for lead. The Tiffin District is currently at a reduced monitoring level. The Ohio EPA recommended in its March 2011 sanitary survey that the Company begin a lead service replacement program, but did not *require* them to do so since the lead actionable level had not been met.

In response to staff inquiries, Ohio American Water acknowledged the recommendation of the OEPA to replace its lead service lines. The Company also stated that it has been its practice to replace lead service lines "in a sensible and practical manner", such as when, for example, the service line is excavated for leak repair or the service line is exposed during a main relocation. This practice was reviewed by the Company with City of Tiffin officials in 2010 at which time the Mayor and Engineer expressed their satisfaction with the Ohio American Water practices. The Company is currently continuing to adhere to the practice.

It should also be noted that the Company monitors the stability of the finished water using Langlier Index tests and adjusts the pH, as needed, with caustic soda to prevent the water from becoming corrosive.

Recommendations:

Staff recommends that the Company expand its lead services elimination practice to include main replacements, main relocations, service leaks, and main breaks where lead services have been exposed.

[12] Customer Service Audit

The Service Monitoring and Enforcement Department's (SMED) Investigation and Audit Division (IAD) educates customers about utility issues, mediates disputes, and audits utilities' customer service practices. IAD performs audits of regulated utility companies in order to ensure compliance with current customer service rules and regulations.

Findings:

The Ohio American Water audit team has found, to date, that the overall customer service practices and policies of the Company, as reviewed and observed by the audit-

team, comply with the applicable rules and regulations set forth by the Commission, other than the issues discussed elsewhere in the staff report.

Recommendations:

Staff has no recommendations.

[13] Customer Contacts

Staff receives complaints and inquiries through letters, referrals, and calls to its toll-free hotline.

Findings

Staff reviewed the contacts made by the Company's customers to the Commission's "Hotline" for the period of July 1, 2010 through October 31, 2011. There were 695 customer contacts during this period.

Before calling the company, 218 customers called IAD. Most of these customers were seeking account information and were directed back to the Company to give it the first opportunity to respond to their customers.

Contacts about disconnection issues or payment arrangements prompted 168 contacts for the period. The next highest category was billing issues, with 154 contacts.

Service issues, including new service, comprised the next category, with 78 contacts, including nine customers who voiced their concerns about the quality of the Company's customer service. Nineteen customer contacts were to protest the Company's rate case. Fourteen contacts were questions or concerns about the company's tariffs.

Twelve customers contacted the PUCO over the period because they had difficulty reaching the Company. Eight customers had concerns about water quality issues, including five from the Blacklick service area. Seven customers had questions regarding the commission, while five had comments on the Company's policies. The remaining 12 were miscellaneous contacts, including questions about non-jurisdictional services, such as water line insurance.

Recommendations:

Staff has no recommendations at this time.

[14] Water Quality and Service

Findings:

Staff has been generally pleased with the Company's overall water service and its efforts to maintain and improve water purveyance. The Company has made a concerted effort to identify and address individual customer concerns as they become apparent, and works with staff investigators to resolve complaints that are directed to the Commission. Staff is hopeful that the customers will continue to experience the same level of commitment in the years to come.

The customers in all districts of Ohio American Water Company were surveyed by the PUCO in the years 2007 and 2010. Survey results can be viewed on the PUCO web site.²⁴

The 2010 customer surveys showed that over 25 percent of the customers expressed dissatisfaction with their overall water quality (rating it poor or unsatisfactory) in the five Franklin County districts and in the Lake White system. The highest rate of dissatisfaction (73.5 percent) was in the Blacklick system.

The Company placed a new water treatment plant, including new chemical feed systems, into service in Blacklick in October 2010 at a total estimated cost of almost \$2.5 million. These improvements should help address issues arising from aging equipment, but do not provide additional treatment for the removal of hardness. The Blacklick groundwater source water has a high concentration of calcium and magnesium (428 mg/l) which is considered very hard. However, hardness is an aesthetic issue and not a health related water quality concern.

The Blacklick customers have been surveyed numerous times in the past to determine whether there was sufficient support for installing softening facilities. The results of these surveys have been inconclusive. Recently, the Company made a presentation about water softening to the Madison Township trustees. The Company estimated that it would require a surcharge of \$2.88 per monthly customer bill to implement centralized water softening (based on 5ccf (18,750 gallon) monthly usage). The trustees were unwilling, at that meeting, to pass a resolution in favor of installing centralized water softening. Until centralized softening is installed, Blacklick customer's dissatisfaction with water quality is likely to continue.

²⁴ <http://www.puco.ohio.gov/apps/directorylist/watersurvey.cfm>

Recommendations:

Staff recommends that the Company continue working with its customers and Staff to find resolutions to individual and area water quality issues and to maintain a log of these issues by system, including descriptions of all follow-up actions that may be taken.

OHIO AMERICAN WATER MANAGEMENT AND OPERATIONS REVIEW

Section 4909.154 of the Ohio Revised Code states that the Public Utilities Commission shall consider the management policies, practices, and organization of public utilities in fixing the just, reasonable, and compensatory rates, joint rates, tolls, classification, charges of rentals to be observed and charged for service of any public utility.

Section 4901-7 of the Ohio Administrative Code requires medium and large utilities to include in their rate filings a concisely written summary of their management policies, practices and organization. Among other things, the summary is to include a discussion of policy and goal setting, strategic and long range planning, organization structure, decision making and controlling, and communications for the company's executive management process (Schedule S-4.1) as well as for functional areas common to most electric utility companies (Schedule S-4.2).

Staff routinely reviews the S-4.1 and S-4.2 schedules, applicant performance, and various events relating to the applicant's management. As a result of these review activities, the Staff selects certain management topics for rate case reporting. In the current rate case, Staff reports on the processes used by Ohio American Water (OAW) Information Technology Services (ITS) to select and approve ITS projects and measure the benefits of those projects.

Information Technology Services

Ohio American Water procures its Information Technology from the American Water Works Service Company (AWWSC) as part of a Services Agreement. This contractual agreement between OAW and AWWSC was executed in 1989 as an at-cost, non-profit service.

This agreement provides OAW with support services for accounting, administration, communication, engineering, financial, human resource, information systems, operations, rates and regulation, risk management, water quality, and other service as may be agreed upon between OAW and the Service Company.

The Service Company's ITS is comprised of five departments: Enterprise Architecture; Infrastructure and Operations; Business Application Development; Client Services and Security; and the Project Management Office (PMO). The ITS utilizes a planning process consisting of three phases, data gathering, vetting and prioritization, and approval and communications. Each year the results of this planning process are incorporated into a document that tracks requested projects called the AWWSC ITS Five Year Plan.

Staff selected the function of Information Technology Service based on the continued increase in AWWSC IT costs. The goal of this review is to assess if ITS is engaging in prudent cost containment practices both in terms of the initial and continuing decision(s) to expend dollars.

Findings

Five Year Plan Development

AWWSC ITS is responsible for developing the Five Year Plan. Annually the ITS planning group works with the business owners and system owners to verify the current contents of the current five year plan and to identify additional IT needs. It is at this point that high level estimations of project costs are captured.

Projects are then prioritized. Initiatives that address recurring needs (technology support, regulatory changes, customer service, business urgency, etc.) are ranked highest. Infrastructure upgrades and those that have a regulatory requirement are ranked next as relatively high. All others are assigned medium to low priorities based on the high level needs and benefits brought forth during the planning process.

The final step in the five year planning phase consists of an upper management review. Upon completion of this review projects are added to the ITS project portfolio which identifies projects for each of the following five years in the Five Year Plan.

Annual Project Selection and Development

AWWSC further develops these projects with the use of Business Opportunity Forms (BOF) and Business Cases (BC). AWWSC develops the BOF and BC of a project during the year in which the project is to be implemented. AWWSC ITS classifies projects as either business requested (project initiated by state, functions, or system owners) or infrastructure. Both project types begin with the sponsor completing a BOF. The BOF captures high level information such as sponsor and overview of project. The BOF also requires that the project identify at least one of the following project benefits:

- Regulatory: An initiative that is necessary in order to fulfill legal, regulatory, or contractual obligations.
- ROI: An initiative that produces a quantifiable, “tangible” ROI (e.g., reduced expenses, increased revenue)
- Efficiency Improvement: An initiative that improves efficiencies, productivity or increases customer or employee satisfaction.

The completed BOF is sent to the Project Management Office (PMO) to ensure that the required form information has been provided. If the PMO find all the required information has been provided, business projects are forwarded to the Business and Technology Team (BATT) for review and approval. Infrastructure projects are forwarded to IT Directors and the CIO for review and approval. Approved projects of either type are then sent back to the PMO for the creation of a BC. The BC document requires completion of the following six sections:

1. Executive Summary
2. Problem Statement
3. Proposed Project Description
4. Proposed Project Evaluation
5. Potential Resolution
6. Document Approval

When the BC is completed, business projects are returned to the BATT for review and approval while infrastructure projects are returned to IT Directors and the CIO for review and approval. All projects are approved using the IT Project Approval Policy that considers whether the project:

- Will deploy software products into the production environment
- Impacts hardware, software, networks, telephone or security
- Will reside in or access technology residing in a data center
- Requires ITS resources for a minimum of 100 hours
- Is dependent on interfaces with or require data from existing systems/applications
- Is included in the 5 year roadmap, excluding Business Transformation
- Is dependent on interfaces with or require data from projects in the 5 year roadmap

Approved projects are again returned to the PMO for scheduling and inclusion in the ITS project portfolio for the project year.

Staff requested copies of the ITS project portfolio for 2010 and 2011 along with associated BOF's and BC's. The purpose of this request was to review projects and determine the cost-related decision making process for approving and/or denying projects. The 2010 ITS project portfolio consists of 20 projects. Infrastructure projects do not require a BOF, therefore, for infrastructure projects, Staff only reviewed BC's as provided.

20	2010 Projects
11	BOF's and BC's
7	BC's only (Infrastructure only, no BOF required)
2	Continuation of previous projects where BOF and BC were not used.

The 2011 ITS project portfolio is made up of 28 projects. Since BOF's and BC's are not required until the year in which the project is scheduled to start, 11 BOF's and 16 BC's are in progress and were not available to Staff for review as part of the 2011 ITS project portfolio.

28	2011 Projects
8	BOF's and BC's
4	BOF's with BC in progress
11	BOF's in progress
5	BOF not required, infrastructure only (2 in progress)
11	BC's (5 Infrastructure only)
16	BC's in progress
1	BC not required – study to determine options only

Staff's review of the 2010 and 2011 ITS project portfolio found that AWWSC approved all projects submitted via a BOF and/or BC. Staff reviewed all projects that had completed BOF's and/or completed BC's. Nineteen of the 33 projects reviewed for the years 2010 and 2011 indicate a benefit of improved efficiency; however, none of these project justifications provide for any projected cost savings. Four of the 33 projects had a regulatory requirement. Six of 28 projects identified a ROI that was both tangible and measureable. AWWSC ITS estimated total cost for these projects range from \$34M to \$36M.

Finally, Staff requested post implementation documentation used by AWWSC to verify whether they achieved their projected savings. AWWSC responded that they do not quantitatively measure savings/efficiencies/improved service.

Conclusion

AWWSC ITS has a very formal and robust methodology with regard to requesting ITS services that are project related. The process includes both business and IT in developing, reviewing, and approving projects. The use of formal committee's (BATT, IT Directors and CIO) and a PMO ensures a review and analysis on a consistent basis when considering new IT projects. AWW goes to great lengths in formulating the project request and reviewing for approval. While requiring the identification and documentation of the benefits for doing a project is a critical piece in the decision making process for approving and/or denying projects, only six of the 28 projects in 2010/2011 had tangible and measurable benefits listed (the ROI projects).

None of the approved efficiency projects identified tangible or measurable benefits. Additionally, AWW does not quantitatively measure savings/efficiencies/improved service for each project after the project is implemented. Instead, long term productivity savings are expected to manifest themselves as solutions are fully implemented through overall lower operating cost. There is no direct correlation between implemented project benefits and reduced operating cost.

Findings

Staff recommends that AWW develop and use a more defined return on investment analysis as part of the BOF and BC that identifies tangible benefits that can be quantitatively measured for each project. Projects that state efficiency improvements should detail how those efficiencies will be attained and what method is to be used for measuring the benefits (i.e. dollars saved, reduced FTE, increased work orders per day, etc.). Additionally, Staff recommends that AWW develop a process whereby each project is approved based on this return and measured after implementation to determine the success of both the projects benefits (efficiencies, etc.) and the return on investment calculation methodology. Proper project justification prevents poor decision making and drives an organization to focus on projects that create the highest business value. This measured benefit can then be directly linked to reduced operating cost or avoided cost. This will ensure that AWW is implementing projects that provide measurable benefits and savings that justify the cost of the project. The quantified benefits can then be used as an offset to increased ITS cost.

Staff also recommends that the Service Company Agreement for IT services be reviewed and updated to reflect the current organization needs and services provided to OAW. The current agreement is dated January 1, 1989 and states the following regarding Information Systems services provided: "Service Company shall make available to Water Company electronic data processing services. Those services shall include customer billing and accounting, preparation of financial statements and other reports including those required by Federal and State agencies." This Agreement should be reviewed and updated annually with a dated signature of approval from both the President of OAW and the appropriate Senior Officer of the Service Company.

SCHEDULE A-1

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Revenue Requirements**

	Water A			Water C			Wastewater			Total Company	
	Applicant (a)	Lower Bound	Upper Bound	Applicant (a)	Lower Bound	Upper Bound	Applicant (a)	Lower Bound	Upper Bound	Staff	Mid-Point
(1) Rate Base (b)	\$ 70,317,631	\$ 69,986,841	\$ 69,986,841	\$ 12,250,433	\$ 11,941,669	\$ 11,941,669	\$ 9,760,149	\$ 9,067,295	\$ 9,067,295	\$	\$ 90,995,805
(2) Adjusted Operating Income (c)	2,221,535	2,818,274	2,818,274	470,215	538,870	538,870	566,321	498,421	498,421		3,855,565
(3) Rate of Return Earned (2) / (1)	3.16%	4.03%	4.03%	3.84%	4.51%	4.51%	5.80%	5.50%	5.50%		4.24%
(4) Rate of Return Recommended (d)	8.97%	7.47%	8.00%	8.97%	7.47%	8.00%	8.97%	7.47%	8.00%		7.77%
(5) Required Operating Income (1) x (4)	\$ 6,307,492	\$ 5,228,017	\$ 5,598,947	\$ 1,098,864	\$ 892,043	\$ 892,043	\$ 875,485	\$ 677,327	\$ 725,384	\$	\$ 7,065,824
(6) Income Deficiency (5) - (2)	4,085,957	2,409,743	2,780,673	628,649	353,173	416,464	309,164	178,906	226,963		3,210,259
(7) Gross Revenue Conversion Factor (e)	1.64831	1.619639	1.619639	1.6394	1.624523	1.624523	1.63733	1.623387	1.623387		
(8) Revenue Increase Required (6) x (7)	6,734,924	3,902,913	4,503,686	1,030,607	573,738	676,555	506,203	290,434	368,449		5,157,888
(9) Revenue Increase Recommended	6,491,606	3,902,913	4,503,686	1,274,308	573,738	676,555	506,256	290,434	368,449		5,157,888
(10) Adjusted Operating Revenue (c)	29,348,766	29,384,064	29,384,064	5,533,956	5,546,778	5,546,778	4,106,786	4,106,786	4,106,786		39,037,628
(11) Revenue Requirements (9) + (10)	\$ 35,840,372	\$ 33,286,977	\$ 33,887,750	\$ 6,808,264	\$ 6,120,516	\$ 6,223,333	\$ 4,613,042	\$ 4,397,220	\$ 4,475,235	\$	\$ 44,195,516
(12) Increase Over Current Revenue (9) / (10)	22.12%	13.28%	15.33%	23.03%	10.34%	12.20%	12.33%	7.07%	8.97%		13.21%

- (a) Applicant's Schedule A-1
(b) Staff's Schedule B-1
(c) Staff's Schedule C-2
(d) Refer to Rate of Return Section
(e) Staff's Schedule A-1.1

SCHEDULE A-1.1

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Calculation of Gross Revenue Conversion Factor**

	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) Gross Revenue	100.000000	100.000000	100.000000
(2) Uncollectibles (1) x (a)	<u>1.786100</u>	<u>2.081400</u>	<u>2.012900</u>
(3) Net Revenue (1) - (2)	98.213900	97.918600	97.987100
(4) Ohio Gross Receipts Tax (3) x 4.75%	<u>4.665160</u>	<u>4.651134</u>	<u>4.654387</u>
(5) Income Before Federal Income Taxes (3) - (4)	93.548740	93.267466	93.332713
(6) Federal Income Taxes (7) x 34%	<u>31.806572</u>	<u>31.710938</u>	<u>31.733122</u>
(7) Operating Income Percentage (5) - (6)	61.742168	61.556528	61.599591
(8) Gross Revenue Conversion Factor (1) / (7)	<u><u>1.619639</u></u>	<u><u>1.624523</u></u>	<u><u>1.623387</u></u>

(a) Case No. 09-391-WS-AIR

SCHEDULE B-1

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Rate Base Summary
As of Date Certain, April 30, 2011**

	Water A			Water C			Wastewater		
	Applicant	Staff		Applicant	Staff		Applicant	Staff	
	(a)	(b)		(a)	(c)		(a)	(d)	
(1) Plant in Service	\$ 122,192,211	\$ 121,810,005	(b)	\$ 19,800,101	\$ 19,901,541	(b)	\$ 17,493,057	\$ 17,658,807	(b)
(2) Depreciation Reserve	<u>(39,930,445)</u>	<u>(39,722,745)</u>	(c)	<u>(5,981,227)</u>	<u>(6,029,061)</u>	(c)	<u>(6,105,513)</u>	<u>(6,208,171)</u>	(c)
(3) Net Plant in Service	82,261,766	82,087,260		13,818,874	13,872,480		11,387,544	11,450,636	
(4) Construction Work in Progress			(d)			(d)			(d)
(5) Working Capital Allowance			(e)			(e)			(e)
(6) Other Rate Base Items	<u>(11,944,135)</u>	<u>(12,100,419)</u>	(f)	<u>(1,568,441)</u>	<u>(1,930,811)</u>	(f)	<u>(1,627,395)</u>	<u>(2,383,341)</u>	(f)
(7) Rate Base (3) Thru (6)	<u>\$ 70,317,631</u>	<u>\$ 69,986,841</u>		<u>\$ 12,250,433</u>	<u>\$ 11,941,669</u>		<u>\$ 9,760,149</u>	<u>\$ 9,067,295</u>	

- (a) Applicant's Schedule B-1
(b) Staff's Schedule B-2
(c) Staff's Schedule B-3a, B-3b, B-3c
(d) Staff's Schedule B-4, Subject to 10% Limitation
(e) Staff's Schedule B-5
(f) Staff's Schedule B-6

SCHEDULE B-2

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Jurisdictional Plant in Service Summary**

Major Property Groupings	Water A		Water C		Wastewater	
	Applicant	Staff	Applicant	Staff	Applicant	Staff
	(a)	(b)	(a)	(c)	(a)	(d)
Intangible Plant	\$ 540,439	\$ 570,303	\$ 52,880	\$ 52,880	\$ 6,733	\$ 6,733
Source of Supply Plant	3,788,532	3,727,979	1,536,760	1,537,632		
Collection Plant					4,977,080	4,979,298
Pumping Plant	11,950,529	11,964,647	1,275,452	1,285,394	1,778,992	1,850,693
Water Treatment Plant	23,458,450	23,469,268	5,079,444	5,079,444	9,077,245	9,007,116
Treatment and Disposal Plant						
Transmission & Distribution Plant	73,297,878	73,293,822	9,839,694	9,834,168		
General Plant	6,675,776	6,307,855	1,700,663	1,707,468	1,440,253	1,456,001
Capital Lease						
Corporate Office General Plant	<u>3,008,569</u>	<u>2,476,131</u>		<u>404,555</u>	<u>3,008,569</u>	<u>358,966</u>
Total Water Plant	<u>\$ 122,720,173</u>	<u>\$ 121,810,005</u>	<u>\$ 19,484,893</u>	<u>\$ 19,901,541</u>	<u>\$ 20,288,872</u>	<u>\$ 17,658,807</u>

(a) Applicant's Schedule B-2.3

(b) Staff's Schedule B-2.1a

(c) Staff's Schedule B-2.1b

(d) Staff's Schedule B-2.1c

Ohio American Water Company
Case No. 11-4161-WS-AIR
Calculation of Jurisdictional Plant in Service

Acct. No.	Description			Water A		Jurisdictional Allocations (d)	Staff's Adjusted Jurisdictional (e)
		Applicant's Unadjusted (a)	Adjustments (b)	Adjusted Jurisdictional (c)			
	<u>Intangible Plant:</u>						
301	Organization	\$ 108,836	\$ 29,841	\$ 138,677	100.00%	\$ 138,677	
302	Franchises & Consents	161		161	100.00%	161	
303	Misc. Intangible Plant	48,476	23	48,499	100.00%	48,499	
303.99	Comprehensive Planning Study	382,966		382,966	100.00%	382,966	
	Total Intangible Plant	540,439	29,864	570,303			570,303
	<u>Source of Supply Plant:</u>						
310	Land & Land Rights	284,528	(5,910)	278,618	100.00%	278,618	
311	Structures & Improvements	508,258		508,258	100.00%	508,258	
312	Collecting and Impounding Reservoirs				100.00%		
313	Lake, River & Other Intakes	1,490,342		1,490,342	100.00%	1,490,342	
314	Wells & Springs	1,068,956	(54,643)	1,014,313	100.00%	1,014,313	
315	Infiltration, galleries, and tunnels	23,269		23,269	100.00%	23,269	
316	Supply Mains	413,179		413,179	100.00%	413,179	
	Total Source of Supply Plant	3,788,532	(60,553)	3,727,979			3,727,979
	<u>Pumping Plant:</u>						
320	Land and Land Rights	49,089		49,089	100.00%	49,089	
321	Structures & Improvements	1,537,825		1,537,825	100.00%	1,537,825	
323	Other Power Prod. Equipment	3,156,992	5,463	3,162,455	100.00%	3,162,455	
325	Electric Pumping Equipment	7,081,853	8,655	7,090,508	100.00%	7,090,508	
326	Diesel Pumping Equipment	96,166		96,166	100.00%	96,166	
327	Hydraulic pumping equipment	9,639		9,639	100.00%	9,639	
328	Other Pumping Equipment	18,965		18,965	100.00%	18,965	
	Total Pumping Plant	11,950,529	14,118	11,964,647			11,964,647
	<u>Water Treatment Plant:</u>						
330	Land and Land Rights	84,767		84,767	100.00%	84,767	
331	Structures & Improvements	6,653,539		6,653,539	100.00%	6,653,539	
332	Water Treatment Equipment	16,720,144	10,818	16,730,962	100.00%	16,730,962	
	Total Water Treatment Plant	23,458,450	10,818	23,469,268			23,469,268
	<u>Transmission & Distribution Plant:</u>						
340	Land & Land Rights	354,571		354,571	100.00%	354,571	
341	Structures & Improvements	140,705		140,705	100.00%	140,705	
342	Distr. Reser. & Standpipes	4,344,580	513	4,345,093	100.00%	4,345,093	
343	Trans. and Distr. Mains	47,570,040	54	47,570,094	100.00%	47,570,094	
345	Services	9,823,349	126	9,823,475	100.00%	9,823,475	
346	Meters	5,415,913	(5,574)	5,410,339	100.00%	5,410,339	
347	Meter Installations	2,203,079		2,203,079	100.00%	2,203,079	
348	Hydrants	3,445,641	825	3,446,466	100.00%	3,446,466	
349	Other Transmission and Distribution Plant				100.00%		
	Total Transmission & Distribution Plant \$	73,297,878	\$ (4,056)	\$ 73,293,822		\$	73,293,822

Ohio American Water Company
Case No. 11-4161-WS-AIR
Calculation of Jurisdictional Plant in Service

Acct. No.	Description	Water A				
		Applicant's Unadjusted	Adjustments	Staff's Adjusted Jurisdictional	Jurisdictional Allocations	Staff's Adjusted Jurisdictional
		(a)	(b)	(c)	(d)	(e)
	<u>General Plant:</u>					
389	Land & Land Rights	\$ 20,924	\$	\$ 20,924	100.00%	\$ 20,924
390	Structures & Improvements	2,079,159	(18,098)	2,061,061	100.00%	2,061,061
390	Limited Term Utility Plant	144,426	763	145,189	100.00%	145,189
391.1	Office Furniture	134,214	(42,902)	91,312	100.00%	91,312
391.2	Computer Equipment & Software	573,086	(154,518)	418,568	100.00%	418,568
391.3	Office Machines & Equipment	34,298	(3,562)	30,736	100.00%	30,736
392	Transportation Equipment	837,022	(83,111)	753,911	100.00%	753,911
393	Stores Equipment	22,136		22,136	100.00%	22,136
394	Tools, Shop, & Garage Equipment	1,413,019		1,413,019	100.00%	1,413,019
395	Laboratory Equipment	338,469	(3,740)	334,729	100.00%	334,729
396	Power Operated Equipment	512,470		512,470	100.00%	512,470
397	Communication Equipment	399,192	(22,619)	376,573	100.00%	376,573
398	Miscellaneous Equipment	160,696	(34,050)	126,646	100.00%	126,646
399	Other Tangible Plant	6,665	(6,084)	581	100.00%	581
	Total General Plant	6,675,776	(367,921)	6,307,855		6,307,855
	Capital Lease				100.00%	
	<u>Corporate Office General Plant</u>					
303.99	Comprehensive Planning Study	115,748	(115,748)		76.43%	
323	Other Power Production Equipment	12,028	(12,028)			
389	Land & Land Rights	13,879		13,879	76.43%	10,608
390	Structures & Improvements	1,809,518	18,098	1,827,616	76.43%	1,396,883
390	Limited Term Utility Plant					
391.1	Office Furniture	564	42,902	43,466	76.43%	33,222
391.2	Computer Equipment & Software	995,984	154,518	1,150,502	76.43%	879,352
391.3	Office Machines & Equipment	193	3,562	3,755	76.43%	2,870
392	Transportation Equipment		83,111	83,111	76.43%	63,523
393	Stores Equipment					
394	Tools, Shop, & Garage Equipment					
395	Laboratory Equipment					
396	Power Operated Equipment					
397	Communication Equipment	60,655	22,619	83,274	76.43%	63,648
398	Miscellaneous Equipment		34,050	34,050	76.43%	26,025
399	Other Tangible Plant					
	Total Corporate Office General Plant	3,008,569	231,084	3,239,653		2,476,131
	Total Water A	\$ 122,720,173	\$ (146,646)	\$ 122,573,527		\$ 121,810,005

- (a) Applicant's Schedule B-2.3 Ending Balance 04/30/2011, Less Corporate Transfers / Reclassifications
(b) Staff's Schedule B-2.2a
(c) Columns (a) + (b)
(d) Refer to Text and Staff's Schedule B-7, Gross Plant Allocation Factor
(e) Columns (c) x (d)

Ohio American Water Company
Case No. 11-4161-WS-AIR
Calculation of Jurisdictional Plant in Service

Acct. No.	Description	Water C			
		Applicant's Unadjusted (a)	Adjustments (b)	Staff's Adjusted Jurisdictional (c)	Staff's Adjusted Jurisdictional (e)
	<u>Intangible Plant:</u>				
301	Organization	\$ 19,118	\$	\$ 19,118	100.00% \$ 19,118
302	Franchises & Consents	11,019		11,019	100.00% 11,019
303	Misc. Intangible Plant				100.00%
303.99	Comprehensive Planning Study	22,743		22,743	100.00% 22,743
	Total Intangible Plant	52,880		52,880	52,880
	<u>Source of Supply Plant:</u>				
310	Land & Land Rights	97,476		97,476	100.00% 97,476
311	Structures & Improvements	760,014		760,014	100.00% 760,014
312	Collecting & Impounding Res.	587		587	100.00% 587
313	Lake, River & Other Intakes				100.00%
314	Wells & Springs	641,737	872	642,609	100.00% 642,609
315	Infiltration, Galleries, & Tunnels	1,140		1,140	100.00% 1,140
316	Supply Mains	35,806		35,806	100.00% 35,806
	Total Source of Supply Plant	1,536,760	872	1,537,632	1,537,632
	<u>Pumping Plant:</u>				
320	Land and Land Rights	3,601		3,601	100.00% 3,601
321	Structures & Improvements	163,913		163,913	100.00% 163,913
323	Other Power Prod. Equipment	54,002	6,564	60,566	100.00% 60,566
325	Electric Pumping Equipment	1,049,817	3,378	1,053,195	100.00% 1,053,195
326	Diesel Pumping Equipment				100.00%
327	Hydraulic Pumping Equipment	1,889		1,889	100.00% 1,889
328	Other Pumping Equipment	2,230		2,230	100.00% 2,230
	Total Pumping Plant	1,275,452	9,942	1,285,394	1,285,394
	<u>Water Treatment Plant:</u>				
330	Land and Land Rights				100.00%
331	Structures & Improvements	1,178,926		1,178,926	100.00% 1,178,926
332	Water Treatment Equipment	3,900,518		3,900,518	100.00% 3,900,518
	Total Water Treatment Plant	5,079,444		5,079,444	5,079,444
	<u>Transmission & Distribution Plant:</u>				
340	Land & Land Rights	7,153		7,153	100.00% 7,153
341	Structures & Improvements	6,695		6,695	100.00% 6,695
342	Distr. Reser. & Standpipes	2,660,359		2,660,359	100.00% 2,660,359
343	Trans. and Distr. Mains	4,677,586		4,677,586	100.00% 4,677,586
345	Services	936,518	(23,645)	912,873	100.00% 912,873
346	Meters	1,107,686	18,119	1,125,805	100.00% 1,125,805
347	Meter Installations	13,227		13,227	100.00% 13,227
348	Hydrants	428,796		428,796	100.00% 428,796
349	Other Transmission & Distribution Plant	1,674		1,674	100.00% 1,674
	Total Transmission & Distribution Plant	\$ 9,839,694	\$ (5,526)	\$ 9,834,168	\$ 9,834,168

Ohio American Water Company
Case No. 11-4161-WS-AIR
Calculation of Jurisdictional Plant in Service

Acct. No.	Description	Water C				
		Applicant's Unadjusted	Adjustments	Staff's Adjusted Jurisdictional	Jurisdictional Allocations	Staff's Adjusted Jurisdictional
		(a)	(b)	(c)	(d)	(e)
	<u>General Plant:</u>					
389	Land & Land Rights	\$ 7,216	\$	\$ 7,216	100.00%	7,216
390	Structures & Improvements	357,898		357,898	100.00%	357,898
390	Limited Term Utility Plant				100.00%	
391.1	Office Furniture	47,021	(727)	46,294	100.00%	46,294
391.2	Computer Equipment & Software	124,689		124,689	100.00%	124,689
391.3	Other Office Equipment	52,208		52,208	100.00%	52,208
392	Transportation Equipment	399,862	(5,774)	394,088	100.00%	394,088
393	Stores Equipment	1,999		1,999	100.00%	1,999
394	Tools, Shop, & Garage Equipment	214,490	12,389	226,879	100.00%	226,879
395	Laboratory Equipment	38,955		38,955	100.00%	38,955
396	Power Operated Equipment	22,372		22,372	100.00%	22,372
397	Communication Equipment	77,512		77,512	100.00%	77,512
398	Miscellaneous Equipment	278,095	917	279,012	100.00%	279,012
399	Other Tangible Plant	78,346		78,346	100.00%	78,346
	Total General Plant	1,700,663	6,805	1,707,468		1,707,468
	<u>Corporate Office General Plant</u>					
303.99	Comprehensive Planning Study	115,748	(115,748)		12.49%	
323	Other Power Production Equipment	12,028	(12,028)		12.49%	
389	Land & Land Rights	13,879		13,879	12.49%	1,733
390	Structures & Improvements	1,809,518	18,098	1,827,616	12.49%	228,225
390	Limited Term Utility Plant					
391.1	Office Furniture	564	42,902	43,466	12.49%	5,428
391.2	Computer Equipment & Software	995,984	154,518	1,150,502	12.49%	143,670
391.3	Office Machines & Equipment	193	3,562	3,755	12.49%	469
392	Transportation Equipment		83,111	83,111	12.49%	10,379
393	Stores Equipment					
394	Tools, Shop, & Garage Equipment					
395	Laboratory Equipment					
396	Power Operated Equipment					
397	Communication Equipment	60,655	22,619	83,274	12.49%	10,399
398	Miscellaneous Equipment		34,050	34,050	12.49%	4,252
399	Other Tangible Plant					
	Total Corporate Office General Plant	3,008,569	231,084	3,239,653		404,555
	Total Water C and Corporate Office	\$ 22,493,462	\$ 243,177	\$ 22,736,639		\$ 19,901,541

- (a) Applicant's Schedule B-2.3 Ending Balance 04/30/2011, Less Corporate Transfers / Reclassifications
(b) Staff's Schedule B-2.2b
(c) Columns (a) + (b)
(d) Refer to Text and Staff's Schedule B-7, Gross Plant Allocation Factor
(e) Columns (c) x (d)

Ohio American Water Company
Case No. 11-4161-WS-AIR
Calculation of Jurisdictional Plant in Service

		Wastewater			
Acct. No.	Description	Applicant's Unadjusted	Adjustments	Staff's Adjusted Jurisdictional	Staff's Adjusted Jurisdictional
		(a)	(b)	(c)	(d)
	<u>Intangible Plant:</u>				
301	Organization	\$ 4,543	\$	\$ 4,543	100.00%
302	Franchises & Consents	2,190		2,190	100.00%
303	Miscellaneous				
	Total Intangible Plant	6,733		6,733	
	<u>Collection Plant:</u>				
310	Land and Land Rights				100.00%
351	Structures & Improvements	181,447		181,447	100.00%
352	Collection Sewers	4,372,460		4,372,460	100.00%
352.1	Collection Sewers-Force	44,909		44,909	100.00%
352.2	Collection Sewers-Gravity				100.00%
352.3	Special Collecting Structures				100.00%
353	Services to Customers	345,423		345,423	100.00%
354	Flow Measuring Devices	16,683	2,218	18,901	100.00%
355	Flow Measuring Installations				100.00%
356	Other Collection Plant Facilities	16,158		16,158	100.00%
	Total Collection Plant	4,977,080	2,218	4,979,298	
	<u>Pumping Plant:</u>				
360	Land and Land Rights				100.00%
361	Structures & Improvements	1,317,026		1,317,026	100.00%
362	Receiving Wells				100.00%
363	Electric Pumping Equipment	360,720		360,720	100.00%
364	Diesel Pumping Equipment				100.00%
365	Other Pumping Equipment	101,246	71,701	172,947	100.00%
	Total Pumping Plant	1,778,992	71,701	1,850,693	
	<u>Treatment and Disposal Plant:</u>				
370.2	Other Land and Land Rights	144,465		144,465	100.00%
371	Structures & Improvements	272,788		272,788	100.00%
372	Treatment and Disposal Equipment	7,422,019	(70,129)	7,351,890	100.00%
372.1	Treatment and Disposal-Influent Lift Station	859,005		859,005	100.00%
373	Plant Sewers	378,968		378,968	100.00%
374	Outfall Sewer Lines				100.00%
375	Other Treatment & Disposal Plant Equipment				100.00%
	Total Treatment and Disposal Plant	9,077,245	(70,129)	9,007,116	
	<u>General Plant:</u>				
389	Land and land rights				
390	Structures & Improvements	533,596	14,335	547,931	100.00%
391.1	Office Furniture	3,744		3,744	100.00%
391.2	Office Furniture and Equipment	15,871		15,871	100.00%
391.3	Office machines and equipment				
392	Transportation Equipment	49,797		49,797	100.00%
393	Stores Equipment	2,149		2,149	100.00%
394	Tools, Shop, and Garage Equipment	238,087	1,413	239,500	100.00%
395	Laboratory Equipment	87,765		87,765	100.00%
396	Power Operated Equipment	3,726		3,726	100.00%
397	Communication Equipment	14,328		14,328	100.00%
398	Miscellaneous equipment	491,190		491,190	100.00%
399	Other Tangible Property				
	Total General Plant	\$ 1,440,253	\$ 15,748	\$ 1,456,001	\$ 1,456,001

Ohio American Water Company
Case No. 11-4161-WS-AIR
Calculation of Jurisdictional Plant in Service

		<u>Wastewater</u>			
Acct. No.	Description	Applicant's Unadjusted	Adjustments	Staff's Adjusted Jurisdictional	Staff's Adjusted Jurisdictional
		(a)	(b)	(c)	(d)
	<u>Corporate Office General Plant</u>				
303.99	Comprehensive Planning Study	\$ 115,748	\$ (115,748)		11.08% \$
323	Other Power Production Equipment	12,028	(12,028)		11.08%
389	Land & Land Rights	13,879		13,879	11.08% 1,538
390	Structures & Improvements	1,809,518	18,098	1,827,616	11.08% 202,507
391.1	Office Furniture	564	42,902	43,466	11.08% 4,816
391.2	Computer Equipment & Software	995,984	154,518	1,150,502	11.08% 127,480
391.3	Office Machines & Equipment	193	3,562	3,755	11.08% 416
392	Transportation Equipment		83,111	83,111	11.08% 9,209
393	Stores Equipment				
394	Tools, Shop, & Garage Equipment				
395	Laboratory Equipment				
396	Power Operated Equipment				
397	Communication Equipment	60,655	22,619	83,274	11.08% 9,227
398	Miscellaneous Equipment		34,050	34,050	11.08% 3,773
399	Other Tangible Plant				
	Total Corporate Office General Plant	3,008,569	231,084	3,239,653	358,966
	Total Wastewater and Corporate Office	\$ 20,288,872	\$ 250,622	\$ 20,539,494	\$ 17,658,807

- (a) Applicant's Schedule B-2.3 Ending Balance 04/30/2011, Less Corporate Transfers / Reclassifications
(b) Staff's Schedule B-2.2c
(c) Columns (a) + (b)
(d) Refer to Text and Staff's Schedule B-7, Gross Plant Allocation Factor
(e) Columns (c) x (d)

Ohio American Water Company
Case No. 11-4161-WS-AIR
Summary of Staff's Adjustments to Plant In Service

Acct. No.	Description	Water A		Continuing Property Records Adjustment (c)	Corporate Office Reclassifications (d)	Corporate Office Plant Exclusions (e)	Total Adjustments (f)
		Lake White (a)	Other Plant Exclusions (b)				
	<u>Intangible Plant:</u>						
301	Organization	\$ 29,841	\$			\$	29,841
302	Franchises & Consents						
303	Misc. Intangible Plant	23					23
303.99	Comprehensive Planning Study						
	Total Intangible Plant	29,864					29,864
	<u>Source of Supply Plant:</u>						
310	Land & Land Rights	(5,910)					(5,910)
311	Structures & Improvements						
312	Collecting & Impounding Reservoirs						
313	Lake, River & Other Intakes						
314	Wells & Springs	(54,643)					(54,643)
315	Infiltration, galleries, and tunnels						
316	Supply Mains						
	Total Source of Supply Plant	(60,553)					(60,553)
	<u>Pumping Plant:</u>						
320	Land and Land Rights						
321	Structures & Improvements						
323	Other Power Prod. Equipment		5,463				5,463
325	Electric Pumping Equipment	38,170	(29,515)				8,655
326	Diesel Pumping Equipment						
327	Hydraulic pumping equipment						
328	Other Pumping Equipment						
	Total Pumping Plant	38,170	(24,052)				14,118
	<u>Water Treatment Plant:</u>						
330	Land and Land Rights						
331	Structures & Improvements						
332	Water Treatment Equipment	10,818					10,818
	Total Water Treatment Plant	10,818					10,818
	<u>Transmission & Distribution Plant:</u>						
340	Land & Land Rights						
341	Structures & Improvements						
342	Distr. Reser. & Standpipes	513					513
343	Trans. and Distr. Mains	54					54
345	Services			126			126
346	Meters	104		(5,678)			(5,574)
347	Meter Installations						
348	Hydrants			825			825
349	Other Transmission & Distribution Plant						
	Total Transmission & Distribution Plant	\$ 671	\$	(4,727)		\$	(4,056)

Ohio American Water Company
Case No. 11-4161-WS-AIR
Summary of Staff's Adjustments to Plant In Service

		Water A					
Acct. No.	Description	Other Plant		Continuing Property Records Adjustment	Corporate Office Reclassifications	Corporate Office Plant Exclusions	Total Adjustments
		Lake White	Exclusions				
		(a)	(b)	(c)	(d)	(e)	(f)
<u>General Plant:</u>							
389	Land & Land Rights	\$	\$	\$	\$	\$	
390	Structures & Improvements				(18,098)		(18,098)
390	Limited Term Utility Plant	763					763
391.1	Office Furniture				(42,902)		(42,902)
391.2	Computer Equipment & Software				(154,518)		(154,518)
391.3	Office Machines & Equipment				(3,562)		(3,562)
392	Transportation Equipment				(83,111)		(83,111)
393	Stores Equipment						
394	Tools, Shop, & Garage Equipment						
395	Laboratory Equipment		(3,740)				(3,740)
396	Power Operated Equipment						
397	Communication Equipment				(22,619)		(22,619)
398	Miscellaneous Equipment				(34,050)		(34,050)
399	Other Tangible Plant				(6,084)		(6,084)
Total General Plant		763	(3,740)		(364,944)		(367,921)
Capital Lease							
<u>Corporate Office General Plant</u>							
303.99	Comprehensive Planning Study					(115,748)	(115,748)
323	Other Power Production Equipment					(12,028)	(12,028)
389	Land & Land Rights						
390	Structures & Improvements				18,098		18,098
390	Limited Term Utility Plant						
391.1	Office Furniture				42,902		42,902
391.2	Computer Equipment & Software				154,518		154,518
391.3	Office Machines & Equipment				3,562		3,562
392	Transportation Equipment				83,111		83,111
393	Stores Equipment						
394	Tools, Shop, & Garage Equipment						
395	Laboratory Equipment						
396	Power Operated Equipment						
397	Communication Equipment				22,619		22,619
398	Miscellaneous Equipment				34,050		34,050
399	Other Tangible Plant				6,084	(6,084)	
Total Corporate Office General Plant					364,944	(133,860)	231,084
Total Water A		\$ 19,733	\$ (27,792)	\$ (4,727)	\$	\$ (133,860)	\$ (146,646)

- (a) Staff's Schedule B-2.2a1
(b) Staff's Schedule B-2.2a2
(c) Staff's Schedule B-2.2a3
(d) Staff's Schedule B-2.2a4
(e) Staff's Schedule B-2.2a5
(f) Columns (a) thru (e)

Ohio American Water Company
Case No. 11-4161-WS-AIR
Lake White Plant Adjustment

Acct. No.	Description	Water A		
		Staff's Reclassification (a)	Staff's Adjustments (b)	Staff's Plant Adjustments (c)
301	Organization	\$ 10,162	\$ 19,679	\$ 29,841
303	Miscellaneous Intangible Plant	23		23
310	Land & Land Rights	(5,910)		(5,910)
314	Wells & Springs	(54,643)		(54,643)
325	Electric Pumping Equipment	38,170		38,170
332	Water Treatment Equipment	10,818		10,818
340	Land & Land Rights			0
342	Distribution Reservoirs & Standpipes	513		513
343	Transmission and Distribution Mains		54	54
346	Meters	104		104
390	Limited Term Utility Plant	763		763
	Total Adjustment	\$ 0	\$ 19,733	\$ 19,733

- (a) Refer to Text
(b) Refer to Text
(c) Columns (a) + (b)

SCHEDULE B-2.2a2

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Plant Exclusions Adjustment**

	<u>Water A</u>
(1) Current Exclusion / Reclassification of Corporate Plant Account 323 (a)	\$ 5,463
(2) Prior Exclusion of Electric Pumping Equipment at Lake White - Account 325 (a)	(29,515)
(3) Prior Exclusion of PH Meter at Marion - Account 395 (a)	<u>(3,740)</u>
(4) Total Plant Adjustments (1) Thru (3)	\$ <u><u>(27,792)</u></u>

(a) Refer to Text

SCHEDULE B2.2a3

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Continuing Property Records**

Acct. No.	Description	Water A (a)
345	Services	\$ 126
346	Meters	(5,678)
348	Hydrants	<u>825</u>
	Total Adjustment	\$ <u><u>(4,727)</u></u>

(a) Refer to Text

SCHEDULE B-2.2a4

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Corporate Office Reclassification Plant Adjustment**

Acct. No.	Description	Water A (a)
389	Land and Land Rights	\$
390	Structures & Improvements	(18,098)
391.1	Office Furniture & Equipment	(42,902)
391.2	Computer Equipment & Software	(154,518)
391.3	Office Machines & Equipment	(3,562)
392	Transportation Equipment	(83,111)
397	Communication Equipment	(22,619)
398	Miscellaneous Equipment	(34,050)
399	Other Tangible Plant	(6,084)
	Total	(364,944)
389	Land and Land Rights	
390	Structures & Improvements	18,098
391.1	Office Furniture & Equipment	42,902
391.2	Computer Equipment & Software	154,518
391.3	Office Machines & Equipment	3,562
392	Transportation Equipment	83,111
397	Communication Equipment	22,619
398	Miscellaneous Equipment	34,050
399	Other Tangible Plant	6,084
	Total	364,944
	Total Corporate Office Reclassification	\$ 0

(a) Refer To Text

SCHEDULE B-2.2a5

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Exclusion of Corporate Office Plant Adjustment**

Acct. No.	Description	Water A (a)
303.99	Comprehensive Planning Study	\$ (115,748)
323	Other Power Production Equipment	(12,028)
399	Other Tangible Plant	<u>(6,084)</u>
	Total Adjustment	\$ <u><u>(133,860)</u></u>

(a) Refer To Text

Ohio American Water Company
Case No. 11-4161-WS-AIR
Summary of Staff's Adjustments to Plant in Service

Acct. No.	Description	Water C					Total Adjustments (f)
		2002 Plant In Service Adjustment (a)	Continuing Property Records Adjustment (b)	Corporate Office Reclassification (c)	Corporate Office Plant Exclusions (d)	Plant Exclusions (e)	
	<u>Intangible Plant:</u>						
301	Organization		\$	\$	\$	\$	\$
302	Franchises & Consents						
303	Misc. Intangible Plant						
304	Comprehensive Planning Study						
	Total Intangible Plant						
	<u>Source of Supply Plant:</u>						
310	Land & Land Rights						
311	Structures & Improvements						
312	Collecting & Impounding Res.						
313	Lake, River & Other Intakes						
314	Wells & Springs	872					872
315	Infiltration, Galleries, & Tunnels						
316	Supply Mains						
	Total Source of Supply Plant	872					872
	<u>Pumping Plant:</u>						
320	Land and Land Rights						
321	Structures & Improvements						
323	Other Power Prod. Equipment					6,564	6,564
325	Electric Pumping Equipment	3,378					3,378
326	Diesel Pumping Equipment						
328	Other Pumping Equipment						
	Total Pumping Plant	3,378				6,564	9,942
	<u>Water Treatment Plant:</u>						
330	Land and Land Rights						
331	Structures & Improvements						
332	Water Treatment Equipment						
	Total Water Treatment Plant						
	<u>Transmission & Distribution Plant:</u>						
340	Land & Land Rights						
341	Structures & Improvements						
342	Distr. Reser. & Standpipes						
343	Trans. and Distr. Mains						
345	Services	(23,645)					(23,645)
346	Meters	12,441	5,678				18,119
347	Meter Installations						
348	Hydrants						
349	Other Trans. & Distribution Plant						
	Total Trans. & Distribution Plant	(11,204) \$	5,678 \$		\$	\$	(5,526)

Ohio American Water Company
Case No. 11-4161-WS-AIR
Summary of Staff's Adjustments to Plant In Service

Acct. No.	Description	Water C					Total Adjustments
		2002 Plant In Service Adjustment	Continuing Property Records Adjustment	Corporate Office Reclassification	Corporate Office Plant Exclusion	Plant Exclusions	
		(a)	(b)	(c)	(d)	(e)	(f)
<u>General Plant:</u>							
389	Land & Land Rights		\$		\$	\$	\$
390	Structures & Improvements						
390	Limited Term Utility Plant						
391.1	Office Furniture & Equipment	(727)					(727)
391.2	Computer Equipment & Software						
391.3	Other Office Equipment						
392	Transportation Equipment	(5,774)					(5,774)
393	Stores Equipment						
394	Tools, Shop, & Garage Equipment	12,389					12,389
395	Laboratory Equipment						
396	Power Operated Equipment						
397	Communication Equipment						
398	Miscellaneous Equipment	917					917
399	Other Tangible Plant						
	Total General Plant	6,805					6,805
<u>Corporate Office General Plant</u>							
304	Comprehensive Planning Study				(115,748)		(115,748)
323	Other Power Production Equipment				(12,028)		(12,028)
389	Land & Land Rights						
390	Structures & Improvements			18,098			18,098
390	Limited Term Utility Plant						
391.1	Office Furniture & Equipment			42,902			42,902
391.2	Computer Equipment & Software			154,518			154,518
391.3	Office Machines & Equipment			3,562			3,562
392	Transportation Equipment			83,111			83,111
393	Stores Equipment						
394	Tools, Shop, & Garage Equipment						
395	Laboratory Equipment						
396	Power Operated Equipment						
397	Communication Equipment			22,619			22,619
398	Miscellaneous Equipment			34,050			34,050
399	Other Tangible Plant			6,084	(6,084)		
	Total Corp. Office General Plant			364,944	(133,860)		231,084
	Total Citizens Water & Corp. Office	(149) \$	5,678 \$	364,944 \$	(133,860) \$	6,564 \$	243,177

- (a) Staff's Schedule B-2.2b1
(b) Staff's Schedule B-2.2b2
(c) Staff's Schedule B-2.2b3
(d) Staff's Schedule B-2.2b4
(e) Staff's Schedule B-2.2b5
(f) Columns (a) thru (e)

SCHEDULE B-2.2b1

**Ohio American Water Company
Case No. 11-4161-WS-AIR
2002 Plant In Service Adjustment**

Acct. No.	Description	Water C (a)
314	Wells & Springs	\$ 872
325	Electric Pumping Equipment	3,378
345	Services	(23,645)
346	Meters	12,441
391	Office Furniture	(727)
392	Transportation Equipment	(5,774)
394	Tools, Shop, & Garage Equipment	12,389
398	Miscellaneous Equipment	917
	Total Water 2002 Adjustment	\$ (149)

(a) Prior Staff's Adjustment Case No. 03-2390-WS-AIR

SCHEDULE B-2.2b2

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Continuing Property Records**

Acct. No.	Description	Water C (a)
346	Meters	\$ <u>5,678</u>

(a) Refer to Text

SCHEDULE B2.2b3

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Corporate Office Reclassification Plant Adjustment**

Acct. No.	Description	Water C (a)
389	Land and Land Rights	\$
390	Structures & Improvements	18,098
391.1	Office Furniture & Equipment	42,902
391.2	Computer Equipment & Software	154,518
391.3	Office Machines & Equipment	3,562
392	Transportation Equipment	83,111
397	Communication Equipment	22,619
398	Miscellaneous Equipment	34,050
399	Other Tangible Plant	6,084
	Total	\$ 364,944

(a) Refer To Text

SCHEDULE B-2.2b4

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Corporate Office Plant Exclusion Adjustment**

Acct. No.	Description	Water C
		(a)
303.99	Comprehensive Planning Study	\$ (115,748)
323	Other Power Production Equipment	(12,028)
399	Other Tangible Plant	(6,084)
		<hr/>
	Total Plant Adjustment	\$ <u>(133,860)</u>

(a) Refer To Text

SCHEDULE B-2.2b5

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Corporate Office Plant Exclusion Adjustment**

Acct. No.	Description	Water C (a)
323	Current Exclusion / Reclassification of Corporate Plant	\$ <u>6,564</u>

(a) Refer To Text

Ohio American Water Company
Case No. 11-4161-WS-AIR
Summary of Staff's Adjustments to Plant In Service

Acct. No.	Description	2002 Plant In Service Adjustment (a)	Corporate Office Reclassification (b)	Corporate Office Plant Exclusion (c)	Wastewater Total Adjustments (d)
	<u>Intangible Plant:</u>				
301	Organization	\$	\$	\$	\$
302	Franchises & Consents				
	Total Intangible Plant				
	<u>Collection Plant:</u>				
310	Land and Land Rights				
351	Structures & Improvements				
352	Collection Sewers				
352.1	Collection Sewers-Force				
352.2	Collection Sewers-Gravity				
352.3	Special Collecting Structures				
353	Services to Customers				
354	Flow Measuring Devices	2,218			2,218
355	Flow Measuring Installations				
356	Other Collection Plant Facilities				
	Total Collection Plant	2,218			2,218
	<u>Pumping Plant:</u>				
360	Land and Land Rights				
361	Structures & Improvements				
362	Receiving Wells				
363	Electric Pumping Equipment				
364	Diesel Pumping Equipment				
365	Other Pumping Equipment	71,701			71,701
	Total Pumping Plant	71,701			71,701
	<u>Treatment and Disposal Plant:</u>				
370.2	Other Land and Land Rights				
371	Structures & Improvements				
372	Treatment and Disposal Equipment	(70,129)			(70,129)
373	Plant Sewers				
374	Outfall Sewer Lines				
375	Other Treatment and Disposal Plant Equipment				
	Total Treatment and Disposal Plant	(70,129)			(70,129)
	<u>General Plant:</u>				
389	Land and land rights				
390	Structures & Improvements	14,335			14,335
391.1	Office Furniture & Equipment				
391.2	Computer Equipment & Software				
391.3	Office Machines and Equipment				
392	Transportation Equipment				
393	Stores Equipment				
394	Tools, Shop, and Garage Equipment	1,413			1,413
395	Laboratory Equipment				
396	Power Operated Equipment				
397	Communication Equipment				
398	Miscellaneous equipment				
399	Other Tangible Property				
	Total General Plant	\$ 15,748	\$	\$	\$ 15,748

Ohio American Water Company
Case No. 11-4161-WS-AIR
Summary of Staff's Adjustments to Plant In Service

Acct. No.	Description				Wastewater
		2002 Plant In Service Adjustment	Corporate Office Reclassification	Corporate Office Plant Exclusion	Total Adjustments
		(a)	(b)	(c)	(d)
	<u>Corporate Office General Plant</u>				
303.99	Comprehensive Planning Study	\$	\$	\$ (115,748)	\$ (115,748)
323	Other Power Production Equipment			(12,028)	(12,028)
389	Land & Land Rights				
390	Structures & Improvements		18,098		18,098
391.1	Office Furniture		42,902		42,902
391.2	Computer Equipment & Software		154,518		154,518
391.3	Office Machines & Equipment		3,562		3,562
392	Transportation Equipment		83,111		83,111
393	Stores Equipment				
394	Tools, Shop, & Garage Equipment				
395	Laboratory Equipment				
396	Power Operated Equipment				
397	Communication Equipment		22,619		22,619
398	Miscellaneous Equipment		34,050		34,050
399	Other Tangible Plant		6,084	(6,084)	
	Total Corporate Office General Plant		364,944	(133,860)	231,084
	Total Citizens Wastewater and Corporate Office	\$ 19,538	\$ 364,944	\$ (133,860)	\$ 250,622

- (a) Staff's Schedule B-2.2c1
(b) Staff's Schedule B-2.2c2
(c) Staff's Schedule B-2.2c3
(d) Columns (a) thru (c)

SCHEDULE B-2.2c1

**Ohio American Water Company
Case No. 11-4161-WS-AIR
2002 Plant In Service Adjustment**

Acct. No.	Description	Wastewater (a)
354	Flow Measuring Devices	\$ 2,218
365	Other Pumping Equipment	71,701
372	Treatment & Disposal Equipment	(70,129)
390	Structures & Improvements	14,335
394	Tools, Shop, & Garage Equipment	<u>1,413</u>
	Total Plant Adjustment	<u>\$ 19,538</u>

(a) Prior Staff Adjustment Case No. 03-2390-WS-AIR

SCHEDULE B-2.2c2

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Corporate Office Reclassification Plant Adjustments**

Acct. No.	Description	Wastewater (a)
389	Land & Land Rights	\$
390	Structures & Improvements	18,098
391.1	Office Furniture & Equipment	42,902
391.2	Computer Equipment & Software	154,518
391.3	Office Machines & Equipment	3,562
392	Transportation Equipment	83,111
397	Communication Equipment	22,619
398	Miscellaneous Equipment	34,050
399	Other Tangible Plant	<u>6,084</u>
	Total Plant Adjustment	\$ <u><u>364,944</u></u>

(a) Refer To Text

SCHEDULE B-2.2c3

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Corporate Office Plant Exclusion Adjustment**

Acct. No.	Description	Wastewater (a)
303.99	Comprehensive Planning Study	\$ (115,748)
323	Land & Land Rights	(12,028)
399	Other Tangible Plant	<u>(6,084)</u>
	Total Plant Adjustment	\$ <u>(133,860)</u>

(a) Refer To Text

Ohio American Water Company
Case No. 11-4161-WS-AIR
Calculation of Jurisdictional Depreciation Reserve

Acct. No.	Description	Water A			
		Applicant's Unadjusted (a)	Adjustments (b)	Staff's Adjusted Jurisdictional (c)	Staff's Adjusted Jurisdictional (e)
				Jurisdictional Allocations (d)	
	<u>Intangible Plant:</u>				
301	Organization	\$	\$	\$	100.00%
302	Franchises & Consents				100.00%
303	Misc. Intangible Plant				100.00%
303.99	Comprehensive Planning Study	138,265	(19,108)	119,157	100.00%
	Total Intangible Plant	138,265	(19,108)	119,157	119,157
	<u>Source of Supply Plant:</u>				
310	Land & Land Rights				100.00%
311	Structures & Improvements	50,086		50,086	100.00%
312	Collecting & Impounding Res.				100.00%
313	Lake, River & Other Intakes	202,317		202,317	100.00%
314	Wells & Springs	483,715	(2,230)	481,485	100.00%
315	Infiltration, Galleries, and Tunnels	(1,724)		(1,724)	100.00%
316	Supply Mains	90,440		90,440	100.00%
	Total Source of Supply Plant	824,834	(2,230)	822,604	822,604
	<u>Pumping Plant:</u>				
320	Land and Land Rights				100.00%
321	Structures & Improvements	672,812		672,812	100.00%
323	Other Power Prod. Equipment	339,179		339,179	100.00%
325	Electric Pumping Equipment	2,744,798	(29,515)	2,715,283	100.00%
326	Diesel Pumping Equipment	51,779		51,779	100.00%
327	Hydraulic pumping equipment	1,609		1,609	100.00%
328	Other Pumping Equipment	1,357		1,357	100.00%
	Total Pumping Plant	3,811,534	(29,515)	3,782,019	3,782,019
	<u>Water Treatment Plant:</u>				
330	Land and Land Rights				100.00%
331	Structures & Improvements	1,891,561		1,891,561	100.00%
332	Water Treatment Equipment	5,287,836		5,287,836	100.00%
	Total Water Treatment Plant	7,179,397		7,179,397	7,179,397
	<u>Transmission & Distribution Plant:</u>				
340	Land & Land Rights				100.00%
341	Structures & Improvements	17,922		17,922	100.00%
342	Distr. Reser. & Standpipes	2,112,128	20	2,112,148	100.00%
343	Trans. and Distr. Mains	9,780,094		9,780,094	100.00%
345	Services	7,363,824		7,363,824	100.00%
346	Meters	2,151,783	7	2,151,790	100.00%
347	Meter Installations	762,819		762,819	100.00%
348	Hydrants	803,167		803,167	100.00%
349	Other Transmission & Distribution Plant				100.00%
	Total Transmission & Distribution Plant	\$ 22,991,737	\$ 27	\$ 22,991,764	\$ 22,991,764

Ohio American Water Company
Case No. 11-4161-WS-AIR
Calculation of Jurisdictional Depreciation Reserve

Acct. No.	Description	Water A				
		Applicant's Unadjusted	Adjustments	Staff's Adjusted Jurisdictional	Jurisdictional Allocations	Staff's Adjusted Jurisdictional
		(a)	(b)	(c)	(d)	(e)
	<u>General Plant:</u>					
389	Land & Land Rights	\$	\$	\$	100.00%	\$
390	Structures & Improvements	686,022	(602,151)	83,871	100.00%	83,871
390	Limited Term Utility Plant	135,712		135,712	100.00%	135,712
391.1	Office Furniture	7,637	(24,426)	(16,789)	100.00%	(16,789)
391.2	Computer Equipment & Software	1,910,935	(693,334)	1,217,601	100.00%	1,217,601
391.3	Office Machines & Equipment	33,051	(3,599)	29,452	100.00%	29,452
392	Transportation Equipment	711,375	(83,111)	628,264	100.00%	628,264
393	Stores Equipment	8,428		8,428	100.00%	8,428
394	Tools, Shop, & Garage Equipment	735,408		735,408	100.00%	735,408
395	Laboratory Equipment	144,924	(3,740)	141,184	100.00%	141,184
396	Power Operated Equipment	340,976		340,976	100.00%	340,976
397	Communication Equipment	166,923	(37,903)	129,020	100.00%	129,020
398	Miscellaneous Equipment	92,558	(10,123)	82,435	100.00%	82,435
399	Other Tangible Plant	10,731	(6,084)	4,647	100.00%	4,647
	Total General Plant	4,984,680	(1,464,471)	3,520,209		3,520,209
	Capital Lease					
	<u>Corporate Office General Plant</u>					
389	Land & Land Rights					
390	Structures & Improvements		728,577	728,577	76.45%	556,988
390	Limited Term Utility Plant					
391.1	Office Furniture		24,447	24,447	76.45%	18,689
391.2	Computer Equipment & Software		819,833	819,833	76.45%	626,752
391.3	Office Machines & Equipment		3,633	3,633	76.45%	2,777
392	Transportation Equipment		83,111	83,111	76.45%	63,537
393	Stores Equipment					
394	Tools, Shop, & Garage Equipment					
395	Laboratory Equipment					
396	Power Operated Equipment					
397	Communication Equipment		40,698	40,698	76.45%	31,113
398	Miscellaneous Equipment		10,123	10,123	76.45%	7,739
399	Other Tangible Plant					
	Total Corporate Office General Plant		1,710,422	1,710,422		1,307,595
	Total Water A	\$ 39,930,447	\$ 195,125	\$ 40,125,572		\$ 39,722,745

- (a) Applicant's Schedule B-3
(b) Staff's Schedule B-3.1a
(c) Columns (a) + (b)
(d) Staff's Schedule B-7, Depreciation Reserve Allocation Factor
(e) Columns (c) x (d)

Ohio American Water Company
Case No. 11-4161-WS-AIR
Calculation of Jurisdictional Depreciation Reserve

Acct. No.	Description	Water C				
		Applicant's Unadjusted	Adjustments	Staff's Adjusted Jurisdictional	Jurisdictional Allocations	Staff's Adjusted Jurisdictional
		(a)	(b)	(c)	(d)	(e)
	<u>Intangible Plant:</u>					
301	Organization	\$	\$	\$	100.00%	\$
302	Franchises & Consents				100.00%	
303	Misc. Intangible Plant				100.00%	
303.99	Comprehensive Planning Study	2,383	(2,383)		100.00%	
	Total Intangible Plant	2,383	(2,383)			
	<u>Source of Supply Plant:</u>					
310	Land & Land Rights				100.00%	
311	Structures & Improvements	234,764		234,764	100.00%	234,764
312	Collecting & Impounding Res.	420		420	100.00%	420
313	Lake, River & Other Intakes				100.00%	
314	Wells & Springs	85,750	186	85,936	100.00%	85,936
315	Infiltration, Galleries, and Tunnels	612		612	100.00%	612
316	Supply Mains					
	Total Source of Supply Plant	321,546	186	321,732		321,732
	<u>Pumping Plant:</u>					
320	Land and Land Rights				100.00%	
321	Structures & Improvements	98,464		98,464	100.00%	98,464
323	Other Power Prod. Equipment	6,317		6,317	100.00%	6,317
325	Electric Pumping Equipment	283,381	1,095	284,476	100.00%	284,476
326	Diesel Pumping Equipment					
327	Hydraulic Pumping Equipment	94		94	100.00%	94
328	Other Pumping Equipment	314		314	100.00%	314
	Total Pumping Plant	388,570	1,095	389,665		389,665
	<u>Water Treatment Plant:</u>					
330	Land and Land Rights					
331	Structures & Improvements	191,951		191,951	100.00%	191,951
332	Water Treatment Equipment	620,149		620,149	100.00%	620,149
	Total Water Treatment Plant	812,100		812,100		812,100
	<u>Transmission & Distribution Plant:</u>					
340	Land & Land Rights					
341	Structures & Improvements	280		280	100.00%	280
342	Distr. Reser. & Standpipes	721,328		721,328	100.00%	721,328
343	Trans. and Distr. Mains	1,697,648		1,697,648	100.00%	1,697,648
345	Services	566,632	(14,306)	552,326	100.00%	552,326
346	Meters	256,993	2,339	259,332	100.00%	259,332
347	Meter Installations	(1,212)		(1,212)	100.00%	(1,212)
348	Hydrants	154,099		154,099	100.00%	154,099
349	Other Transmission and Distribution Plant	1,899		1,899	100.00%	1,899
	Total Transmission & Distribution Plant	\$ 3,397,667	\$ (11,967)	\$ 3,385,700		\$ 3,385,700

Ohio American Water Company
Case No. 11-4161-WS-AIR
Calculation of Jurisdictional Depreciation Reserve

Acct. No.	Description	Water C				
		Applicant's Unadjusted	Adjustments	Staff's Adjusted Jurisdictional	Jurisdictional Allocations	Staff's Adjusted Jurisdictional
		(a)	(b)	(c)	(d)	(e)
	<u>General Plant:</u>					
389	Land & Land Rights	\$	\$	\$	100.00%	\$
390	Structures & Improvements	177,060	(74,823)	102,237	100.00%	102,237
390	Limited Term Utility Plant					
391.1	Office Furniture	28,034	(957)	27,077	100.00%	27,077
391.2	Computer Equipment & Software	158,509	(74,881)	83,628	100.00%	83,628
391.3	Office Machines & Equipment	30,855	(20)	30,835	100.00%	30,835
392	Transportation Equipment	276,370	7,945	284,315	100.00%	284,315
393	Stores Equipment	1,766		1,766	100.00%	1,766
394	Tools, Shop, & Garage Equipment	83,037	6,437	89,474	100.00%	89,474
395	Laboratory Equipment	74,156		74,156	100.00%	74,156
396	Power Operated Equipment	2,576		2,576	100.00%	2,576
397	Communication Equipment	23,914	(1,655)	22,259	100.00%	22,259
398	Miscellaneous Equipment	67,474	390	67,864	100.00%	67,864
399	Other Tangible Plant	135,210		135,210	100.00%	135,210
	Total General Plant	1,058,961	(137,564)	921,397		921,397
	<u>Corporate Office General Plant</u>					
389	Land & Land Rights					
390	Structures & Improvements		728,577	728,577	11.60%	84,539
390	Limited Term Utility Plant					
391.1	Office Furniture		24,447	24,447	11.60%	2,837
391.2	Computer Equipment & Software		819,833	819,833	11.60%	95,128
391.3	Office Machines & Equipment		3,633	3,633	11.60%	422
392	Transportation Equipment		83,111	83,111	11.60%	9,644
393	Stores Equipment					
394	Tools, Shop, & Garage Equipment					
395	Laboratory Equipment					
396	Power Operated Equipment					
397	Communication Equipment		40,698	40,698	11.60%	4,722
398	Miscellaneous Equipment		10,123	10,123	11.60%	1,175
399	Other Tangible Plant					
	Total Corporate Office General Plant		1,710,422	1,710,422		198,467
	Total Water C	\$ 5,981,227	\$ 1,559,789	\$ 7,541,016		\$ 6,029,061

- (a) Applicant's Schedule B-3
(b) Staff's Schedule B-3.1b
(c) Columns (a) + (b)
(d) Staff's Schedule B-7, Depreciation Reserve Allocation Factor
(e) Columns (c) x (d)

Ohio American Water Company
Case No. 11-4161-WS-AIR
Calculation of Jurisdictional Depreciation Reserve

Acct. No.	Description	Wastewater				
		Applicant's Unadjusted (a)	Adjustments (b)	Staff's Adjusted Jurisdictional (c)	Jurisdictional Allocations (d)	Staff's Adjusted Jurisdictional (e)
	<u>Intangible Plant:</u>					
301	Organization	\$	\$	\$		\$
302	Franchises & Consents				100.00%	
303.99	Comprehensive Planning Study	1,642	(1,642)		100.00%	
	Total Intangible Plant	1,642	(1,642)			
	<u>Collection Plant:</u>					
351	Structures & Improvements	49,713		49,713	100.00%	49,713
352	Collection Sewers	2,238,799		2,238,799	100.00%	2,238,799
352.1	Collection Sewers-Force	3,534		3,534	100.00%	3,534
352.2	Collection Sewers-Gravity					
352.3	Special Collecting Structures	(94)		(94)	100.00%	(94)
353	Services to Customers	242,196		242,196	100.00%	242,196
354	Flow Measuring Devices	1,728	377	2,105	100.00%	2,105
355	Flow Measuring Installations					
356	Other Collection Plant Facilities					
	Total Collection Plant	2,535,876	377	2,536,253		2,536,253
	<u>Pumping Plant:</u>					
330	Land and Land Rights					
361	Structures & Improvements	525,660		525,660	100.00%	525,660
362	Receiving Wells					
363	Electric Pumping Equipment	21,122		21,122	100.00%	21,122
364	Diesel Pumping Equipment					
365	Other Pumping Equipment	74,153	61,930	136,083	100.00%	136,083
	Total Pumping Plant	620,935	61,930	682,865		682,865
	<u>Treatment and Disposal Plant:</u>					
370.2	Other Land and Land Rights	275	(275)		100.00%	
371	Structures & Improvements	5,684		5,684	100.00%	5,684
372	Treatment and Disposal Equipment	2,441,643	(61,500)	2,380,143	100.00%	2,380,143
373	Plant Sewers	10,106		10,106	100.00%	10,106
374	Outfall Sewer Lines					
375	Other Treatment & Disposal Plant Equipment					
	Total Treatment and Disposal Plant	2,457,708	(61,775)	2,395,933		2,395,933
	<u>General Plant:</u>					
390	Structures & Improvements	137,018	(48,413)	88,605	100.00%	88,605
391.1	Office Furniture & Equipment	9	(9)		100.00%	
391.2	Computer Equipment & Software	60,271	(51,617)	8,654	100.00%	8,654
391.3	Office Machines and Equipment	14	(14)		100.00%	
392	Transportation Equipment	64,091		64,091	100.00%	64,091
393	Stores Equipment	2,574		2,574	100.00%	2,574
394	Tools, Shop, and Garage Equipment	148,336	600	148,936	100.00%	148,936
395	Laboratory Equipment	2,518		2,518	100.00%	2,518
396	Power Operated Equipment	3,260		3,260	100.00%	3,260
397	Communication Equipment	443	(1,141)	(698)	100.00%	(698)
398	Miscellaneous Equipment	70,819		70,819	100.00%	70,819
399	Other Tangible Property				100.00%	
	Total General Plant	\$ 489,353	\$ (100,594)	\$ 388,759		\$ 388,759

Ohio American Water Company
Case No. 11-4161-WS-AIR
Calculation of Jurisdictional Depreciation Reserve

Acct. No.	Description	Wastewater			
		Applicant's Unadjusted	Adjustments	Staff's Adjusted Jurisdictional	Staff's Adjusted Jurisdictional
		(a)	(b)	(c)	(d)
	<u>Corporate Office General Plant</u>				
389	Land & Land Rights				
390	Structures & Improvements		728,577	728,577	11.95%
390	Limited Term Utility Plant		24,447	24,447	11.95%
391.1	Office Furniture		819,833	819,833	11.95%
391.2	Computer Equipment & Software		3,633	3,633	11.95%
391.3	Office Machines & Equipment		83,111	83,111	11.95%
392	Transportation Equipment				
393	Stores Equipment				
394	Tools, Shop, & Garage Equipment				
395	Laboratory Equipment				
396	Power Operated Equipment		40,698	40,698	11.95%
397	Communication Equipment		10,123	10,123	11.95%
398	Miscellaneous Equipment				
399	Other Tangible Plant				
	Total Corporate Office General Plant		1,710,422	1,710,422	204,361
	Total Wastewater Plant	\$ 6,105,514	\$ 1,608,718	\$ 7,714,232	\$ 6,208,171

- (a) Applicant's Schedule B-3
(b) Staff's Schedule B-3.1c
(c) Columns (a) + (b)
(d) Staff's Schedule B-7, Depreciation Reserve Allocation Factor
(e) Columns (c) x (d)

Ohio American Water Company
Case No. 11-4161-WS-AIR
Summary of Staff's Adjustments to Reserve

Acct. No.	Description	Water A						Total Adjustments (g)
		Lake White (a)	Plant Exclusions (b)	Reverse Corporate (c)	Corporate Office Reclass. (d)	Corporate Office Exclus. (e)	Corp. Office Reserve Adj. (f)	
	<u>Intangible Plant:</u>							
301	Organization	\$	\$	\$	\$	\$	\$	
302	Franchises & Consents							
303	Misc. Intangible Plant							
304	Comprehensive Planning Study					(19,108)		(19,108)
	Total Intangible Plant					(19,108)		(19,108)
	<u>Source of Supply Plant:</u>							
310	Land & Land Rights							
311	Structures & Improvements							
312	Collecting & Impounding Res.							
313	Lake, River & Other Intakes							
314	Wells & Springs	(2,230)						(2,230)
315	Infiltration, Galleries, and Tunnels							
316	Supply Mains							
	Total Source of Supply Plant	(2,230)						(2,230)
	<u>Pumping Plant:</u>							
320	Land and Land Rights							
321	Structures & Improvements							
323	Other Power Prod. Equipment							
325	Electric Pumping Equipment		(29,515)					(29,515)
326	Diesel Pumping Equipment							
328	Other Pumping Equipment							
	Total Pumping Plant		(29,515)					(29,515)
	<u>Water Treatment Plant:</u>							
330	Land and Land Rights							
331	Structures & Improvements							
332	Water Treatment Equipment							
	Total Water Treatment Plant							
	<u>Transmission & Distribution Plant:</u>							
340	Land & Land Rights							
341	Structures & Improvements							
342	Distr. Reser. & Standpipes	20						20
343	Trans. and Distr. Mains							
345	Services							
346	Meters	7						7
347	Meter Installations							
348	Hydrants							
349	Other Trans. & Distribution Plant							
	Total Trans. & Distribution Plant	\$ 27	\$	\$	\$	\$	\$	27

Ohio American Water Company
Case No. 11-4161-WS-AIR
Summary of Staff's Adjustments to Reserve

Acct. No.	Description	Water A						Total Adjustments (g)
		Lake White (a)	Plant Exclusions (b)	Reverse Corporate (c)	Corporate Office Reclass. (d)	Corporate Office Excl. (e)	Corp. Office Reserve Adj. (f)	
	<u>General Plant:</u>							
389	Land & Land Rights	\$	\$	\$	\$	\$	\$	
390	Structures & Improvements	25		(600,040)	(2,136)			(602,151)
390	Limited Term Utility Plant							
391.1	Office Furniture			(102)	(24,324)			(24,426)
391.2	Computer Equipment & Software			(600,504)	(92,830)			(693,334)
391.3	Office Machines & Equipment			(160)	(3,439)			(3,599)
392	Transportation Equipment				(83,111)			(83,111)
393	Stores Equipment							
394	Tools, Shop, & Garage Equipment							
395	Laboratory Equipment		(3,740)					(3,740)
396	Power Operated Equipment							
397	Communication Equipment			(13,269)	(24,634)			(37,903)
398	Miscellaneous Equipment				(10,123)			(10,123)
399	Other Tangible Plant				(6,084)			(6,084)
	Total General Plant	25	(3,740)	(1,214,075)	(246,681)			(1,464,471)
	<u>Corporate Office General Plant</u>							
389	Land & Land Rights							
390	Structures & Improvements				2,136		726,441	728,577
390	Limited Term Utility Plant							
391.1	Office Furniture				24,324		123	24,447
391.2	Computer Equipment & Software				92,830		727,003	819,833
391.3	Office Machines & Equipment				3,439		194	3,633
392	Transportation Equipment				83,111			83,111
393	Stores Equipment							
394	Tools, Shop, & Garage Equipment							
395	Laboratory Equipment							
396	Power Operated Equipment							
397	Communication Equipment				24,634		16,064	40,698
398	Miscellaneous Equipment				10,123			10,123
399	Other Tangible Plant				6,084	(6,084)		
	Total Corporate Office General Plant				246,681	(6,084)	1,469,825	1,710,422
	Total Water A Plant	\$ (2,178)	\$ (33,255)	\$ (1,214,075)	\$	\$ (25,192)	\$ 1,469,825	\$ 195,125

- (a) Staff's Schedule B-3.1a1
(b) Staff's Schedule B-3.1a2
(c) Staff's Schedule B-3.1a3
(d) Staff's Schedule B-3.1a4
(e) Staff's Schedule B-3.1a5
(f) Staff's Schedule B-3.1a6
(g) Columns (a) Thru (f)

SCHEDULE B-3.1a1

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Lake White Depreciation Reserve Adjustment**

<u>Acct. No.</u>	<u>Description</u>		<u>Water A</u>
			(a)
314	Wells and Springs	\$	(2,230)
342	Distribution Reservoirs & Standpipes		20
346	Meters		7
390	Structures & Improvements		<u>25</u>
	Total Lake White Depreciation Reserve Adjustment	\$	<u>(2,178)</u>

(a) Derived from Stipulation in Case No. 03-2390-WS-AIR

SCHEDULE B-3.1a2

Ohio Amercian Water Company
Case No. 11-4161-WS-AIR
Plant Exclusions Depreciation Reserve Adjustment

	<u>Water A</u>
	(a)
(1) Exclusion of Electric Pumping at Lake White-Account 325	\$ (29,515)
(2) Exclusion of PH Meter at Marion-Account 395	(1,260)
(3) Exclusion of Zeta Meter at Marion-Account 395	<u>(2,480)</u>
(4) Total Reserve Adjustment (1) thru (3)	\$ <u>(33,255)</u>

(a) Staff's Workpaper WPB-3.1a2

SCHEDULE B-3.1a3

**Ohio Amercian Water Company
Case No. 11-4161-WS-AIR
Reverse Water A to Corporate Depreciation Reserve Adjustment**

Acct. No.	Description	Water A (a)
	<u>General Plant:</u>	
390	Structures & Improvements	\$ (600,040)
391.1	Office Furniture	(102)
391.2	Computer Equip. & Software	(600,504)
391.3	Office Machines & Equip.	(160)
397	Communication Equipment	<u>(13,269)</u>
	Total Adjustment	<u>\$ (1,214,075)</u>

(a) Applicant's Schedule B-3.3

SCHEDULE B-3.1a4

**Ohio Amercian Water Company
Case No. 11-4161-WS-AIR
Corporate Office Reclassification Depreciation Reserve Adjustment**

Acct. No.	Description	Water A (a)
<u>General Plant:</u>		
390	Structures & Improvements	\$ (2,136)
391.1	Office Furniture	(24,324)
391.2	Computer Equip. & Software	(92,830)
391.3	Office Machines & Equip.	(3,439)
392	Transportation Equip.	(83,111)
397	Communication Equipment	(24,634)
398	Miscellaneous Equipment	(10,123)
399	Other Tangible Plant	(6,084)
	Total General Plant	\$ <u>(246,681)</u>
Total		
<u>Corporate Office General Plant:</u>		
390	Structures & Improvements	\$ 2,136
391.1	Office Furniture	24,324
391.2	Computer Equip. & Software	92,830
391.3	Office Machines & Equip.	3,439
392	Transportation Equip.	83,111
397	Communication Equipment	24,634
398	Miscellaneous Equipment	10,123
399	Other Tangible Plant	6,084
	Total Corporate Office General Plant	\$ 246,681
	Total Reserve Adjustment	\$ <u>0</u>

(a) Staff's Workpaper WPB-3.1a4

Ohio Amercian Water Company
Case No. 11-4161-WS-AIR
Corporate Office Plant Exclusions Depreciation Reserve Adjustment

<u>Acct. No.</u>	<u>Description</u>	<u>Water A (a)</u>
	<u>Corporate Office General Plant:</u>	
303.99	Miscellaneous Intangible Plant	\$ (19,108)
399	Other Tangible Plant	<u>(6,084)</u>
	Total Reserve Adjustment	<u>\$ (25,192)</u>

(a) Staff's Workpaper WPB-3.1a5

SCHEDULE B-3.1a6

Ohio Amercian Water Company
Case No. 11-4161-WS-AIR
Corporate Office Depreciation Reserve Adjustment

Acct. No.	Description	Water A (a)
390	Structures & Improvements	\$ 726,441
391.1	Office Furniture	123
391.2	Computer Equipment and Software	727,003
391.3	Office Machines and Equipment	194
392	Transportation Equipment	
397	Communication Equipment	16,064
398	Miscellaneous Equipment	
399	Other Tangible Plant	
	Total Adjustment	\$ <u>1,469,825</u>

(a) Staff's Workpaper WPB-3.1a6

Ohio American Water Company
Case No. 11-4161-WS-AIR
Summary of Staff's Adjustments to Reserve

Acct. No.	Description	Water C				Total Adjustments (e)
		200 Plant Exclusions (a)	Reverse Corporate To Water C (b)	Corporate Office Exclusion (c)	Corporate Office Reclassification (d)	
	<u>Intangible Plant:</u>					
301	Organization	\$	\$	\$	\$	\$
302	Franchises & Consents					
303	Misc. Intangible Plant					
304	Comprehensive Planning Study			(2,383)		(2,383)
	Total Intangible Plant			(2,383)		(2,383)
	<u>Source of Supply Plant:</u>					
310	Land & Land Rights					
311	Structures & Improvements					
312	Collecting & Impounding Res.					
313	Lake, River & Other Intakes					
314	Wells & Springs	186				186
315	Infiltration, Galleries, & Tunnels					
316	Supply Mains					
	Total Source of Supply Plant	186				186
	<u>Pumping Plant:</u>					
320	Land and Land Rights					
321	Structures & Improvements					
323	Other Power Prod. Equipment					
325	Electric Pumping Equipment	1,095				1,095
326	Diesel Pumping Equipment					
328	Other Pumping Equipment					
	Total Pumping Plant	1,095				1,095
	<u>Water Treatment Plant:</u>					
330	Land and Land Rights					
331	Structures & Improvements					
332	Water Treatment Equipment					
	Total Water Treatment Plant					
	<u>Transmission & Distribution Plant:</u>					
340	Land & Land Rights					
341	Structures & Improvements					
342	Distr. Reser. & Standpipes					
343	Trans. and Distr. Mains					
345	Services	(14,306)				(14,306)
346	Meters	2,339				2,339
347	Meter Installations					
348	Hydrants					
349	Other Transmission and Distribution Plant					
	Total Transmission & Distribution Plant	(11,967)	\$	\$	\$	(11,967)

Ohio American Water Company
Case No. 11-4161-WS-AIR
Summary of Staff's Adjustments to Reserve

Acct. No.	Description	Water C				Total Adjustments (e)
		200 Plant Exclusions (a)	Reverse Corp To Water C (b)	Corp. Office Exclusion (c)	Corporate Office Reclassification (d)	
	<u>General Plant:</u>					
389	Land & Land Rights	\$	\$	\$		\$
390	Structures & Improvements		(74,823)			(74,823)
390	Limited Term Utility Plant					
391.1	Office Furniture & Equipment	(944)	(13)			(957)
391.2	Computer Equipment & Software		(74,881)			(74,881)
391.3	Other Office Equipment		(20)			(20)
392	Transportation Equipment	7,945				7,945
393	Stores Equipment					
394	Tools, Shop, & Garage Equipment	6,437				6,437
395	Laboratory Equipment					
396	Power Operated Equipment					
397	Communication Equipment		(1,655)			(1,655)
398	Miscellaneous Equipment	390				390
399	Other Tangible Plant					
	Total General Plant	13,828	(151,392)			(137,564)
	<u>Corporate Office General Plant</u>					
389	Land & Land Rights					
390	Structures & Improvements				728,577	728,577
390	Limited Term Utility Plant					
391.1	Office Furniture & Equipment				24,447	24,447
391.2	Computer Equipment & Software				819,833	819,833
391.3	Office Machines & Equipment				3,633	3,633
392	Transportation Equipment				83,111	83,111
393	Stores Equipment					
394	Tools, Shop, & Garage Equipment					
395	Laboratory Equipment					
396	Power Operated Equipment					
397	Communication Equipment				40,698	40,698
398	Miscellaneous Equipment				10,123	10,123
399	Other Tangible Plant					
	Total Corp. Office General Plant				1,710,422	1,710,422
	Total Water C Plant	\$ 3,142	\$ (151,392)	\$ (2,383)	\$ 1,710,422	\$ 1,559,789

- (a) Staff's Schedule B-3.1b1
- (b) Staff's Schedule B-3.1b2
- (c) Staff's Schedule B-3.1b3
- (d) Staff's Schedule B-3.1b4
- (e) Columns (a) thru (d)

SCHEDULE B-3.1b1

**Ohio American Water Company
Case No. 11-4161-WS-AIR
2002 Plant Exclusions Depreciation Reserve Adjustment**

Acct. No.	Description	Water C (a)
314	Wells & Springs	\$ 186
325	Electric Pumping Equipment	1,095
345	Services	(14,306)
346	Meters	2,339
391.1	Office Furniture & Equipment	(944)
392	Transportation Equipment	7,945
394	Tools, Shop, & Garage Equipment	6,437
398	Miscellaneous Equipment	390
	Total Adjustment	\$ 3,142

(a) Staff's Workpaper WPB-3.1b1

SCHEDULE B-3.1b2

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Reverse Corporate To Water C Depreciation Reserve Adjustment**

Acct. No.	Description	<u>Water C</u> (a)
	<u>General Plant:</u>	
390	Structures & Improvements	\$ (74,823)
391.1	Office Furniture	(13)
391.2	Computer Equip. & Software	(74,881)
391.3	Office Machines & Equip.	(20)
397	Communication Equipment	<u>(1,655)</u>
	Total Adjustment	<u>\$ (151,392)</u>

(a) Applicant's Schedule B-3.3

SCHEDULE B-3.1b3

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Reverse Corporate To Water C Depreciation Reserve Adjustment**

		<u>Water C</u>
		(a)
<u>Acct.</u>	<u>Description</u>	
<u>No.</u>		
	<u>General Plant:</u>	
303.99	Miscellaneous Intangible Plant	\$ <u>(2,383)</u>

(a) Staff's Workpaper WPB-3.1b3

SCHEDULE B-3.1b4

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Corporate Office Depreciation Reserve Adjustment**

Acct. No.	<u>Corporate Office General Plant:</u>	<u>Water C</u> <u>(a)</u>
389	Land & Land Rights	\$
390	Structures & Improvements	728,577
390	Limited Term Utility Plant	
391.1	Office Furniture	24,447
391.2	Computer Equip. & Software	819,833
391.3	Office Machines & Equip.	3,633
392	Transportation Equip.	83,111
393	Stores Equipment	
394	Tools, Shop, & Garage Equip.	
395	Laboratory Equip.	
396	Power Operated Equip.	
397	Communication Equipment	40,698
398	Miscellaneous Equipment	10,123
399	Other Tangible Plant	
	Total Reserve Adjustment	\$ 1,710,422

(a) Staff's Schedule B-3.1a

Ohio American Water Company
Case No. 11-4161-WS-AIR
Summary of Staff's Adjustments to Plant In Service

Acct. No.	Description	2002 Plant Exclusions (a)	Reverse Corporate To Wastewater (b)	Remove Depr. Land (c)	Corporate Office Exclusion (d)	Corporate Office Reclassification (e)	Total Adjustments (f)
	<u>Intangible Plant:</u>						
301	Organization	\$	\$	\$	\$	\$	\$
302	Franchises & Consents						
303.99	Miscellaneous Intangible Plant				(1,642)		(1,642)
	Total Intangible Plant				(1,642)		(1,642)
	<u>Collection Plant:</u>						
310	Land and Land Rights						
351	Structures & Improvements						
352	Collection Sewers						
352.1	Collection Sewers-Force						
352.2	Collection Sewers-Gravity						
352.3	Special Collecting Structures						
353	Services to Customers						
354	Flow Measuring Devices	377					377
355	Flow Measuring Installations						
356	Other Collection Plant Facilities						
	Total Collection Plant	377					377
	<u>Pumping Plant:</u>						
360	Land and Land Rights						
361	Structures & Improvements						
362	Receiving Wells						
363	Electric Pumping Equipment						
364	Diesel Pumping Equipment						
365	Other Pumping Equipment	61,930					61,930
	Total Pumping Plant	61,930					61,930
	<u>Treatment and Disposal Plant:</u>						
370.2	Other Land and Land Rights			(275)			(275)
371	Structures & Improvements						
372	Treatment and Disposal Equipment	(61,500)					(61,500)
373	Plant Sewers						
374	Outfall Sewer Lines						
375	Other Treatment & Disposal Plant Equip.						
	Total Treatment and Disposal Plant	(61,500)		(275)			(61,775)
	<u>General Plant:</u>						
389	Land and land rights						
390	Structures & Improvements	3,164	(51,577)				(48,413)
391.1	Office Furniture & Equipment		(9)				(9)
391.2	Computer Equipment & Software		(51,617)				(51,617)
391.3	Office Machines and Equipment		(14)				(14)
392	Transportation Equipment						
393	Stores Equipment						
394	Tools, Shop, and Garage Equipment	600					600
395	Laboratory Equipment						
396	Power Operated Equipment						
397	Communication Equipment		(1,141)				(1,141)
398	Miscellaneous equipment						
399	Other Tangible Property						
	Total General Plant	\$ 3,764	\$ (104,358)	\$	\$	\$	\$ (100,594)

Ohio American Water Company
Case No. 11-4161-WS-AIR
Summary of Staff's Adjustments to Plant In Service

Acct. No.	Description	2002 Plant Exclusions (a)	Reverse Corporate To Wastewater (b)	Remove Depr. Land (c)	Corporate Office Exclusion (d)	Corporate Office Reclassification (e)	Total Adjustments (f)
<u>Corporate Office General Plant</u>							
389	Land & Land Rights	\$	\$	\$	\$	\$	\$
390	Structures & Improvements					728,577	728,577
391.1	Office Furniture					24,447	24,447
391.2	Computer Equipment & Software					819,833	819,833
391.3	Office Machines & Equipment					3,633	3,633
392	Transportation Equipment					83,111	83,111
393	Stores Equipment						
394	Tools, Shop, & Garage Equipment						
395	Laboratory Equipment						
396	Power Operated Equipment						
397	Communication Equipment					40,698	40,698
398	Miscellaneous Equipment					10,123	10,123
399	Other Tangible Plant						
Total Corporate Office General Plant						1,710,422	1,710,422
Total Citizens Wastewater & Corp. Office		\$ 4,571	\$ (104,358)	\$ (275)	\$ (1,642)	\$ 1,710,422	\$ 1,608,718

- (a) Staff's Schedule B-3.1c1
(b) Staff's Schedule B-3.1c2
(c) Staff's Schedule B-3.1c3
(d) Staff's Schedule B-3.1c4
(e) Staff's Schedule B-3.1c5
(f) Columns (a) thru (e)

SCHEDULE B-3.1c1

**Ohio American Water Company
Case No. 11-4161-WS-AIR
2002 Plant Exclusions Depreciation Reserve Adjustment**

Acct. No.	Description	Wastewater (a)
354	Flow Measuring Devices	\$ 377
365	Other Pumping Equipment	61,930
372	Treatment & Disposal Equipment	(61,500)
390	Structures & Improvements	3,164
394	Tools, Shop, & Garage Equipment	600
	Total Wastewater 2002 Adjustment	<u>\$ 4,571</u>

(a) Staff's Workpaper WPB-3.1c1

SCHEDULE B-3.1c2

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Reverse Corporate to Wastewater Depreciation Reserve Adjustment**

Acct. No.	Description	Wastewater (a)
	<u>General Plant:</u>	
390	Structures & Improvements	\$ (51,577)
391.1	Office Furniture	(9)
391.2	Computer Equip. & Software	(51,617)
391.3	Office Machines & Equip.	(14)
397	Communication Equipment	<u>(1,141)</u>
	Total Adjustment	<u>\$ (104,358)</u>

(a) Applicant's Schedule B-3.3

SCHEDULE B-3.1c3

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Remove Depreciation Recorded to Land Depreciation Reserve Adjustment**

Acct. No.	Description	Wastewater (a)
370.2	Other Land and Land Rights	\$ <u>(275)</u>

(a) Prior Staff Adjustment Case No. 09-391-WS-AIR

SCHEDULE B-3.1c4

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Exclusion of Corporate Plant Depreciation Reserve Adjustment**

Acct. No.	Description	Wastewater (a)
303.99	Miscellaneous Intangible Plant	\$ <u>(1,642)</u>

(a) Staff's Workpaper WPB-3.1c4

SCHEDULE B-3.1c5

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Corporate Office General Plant Reserve Adjustment:**

Acct. No.	Description	Wastewater (a)
389	Land & Land Rights	\$
390	Structures & Improvements	728,577
390	Limited Term Utility Plant	
391.1	Office Furniture	24,447
391.2	Computer Equip. & Software	819,833
391.3	Office Machines & Equip.	3,633
392	Transportation Equip.	83,111
393	Stores Equipment	
394	Tools, Shop, & Garage Equip.	
395	Laboratory Equip.	
396	Power Operated Equip.	
397	Communication Equipment	40,698
398	Miscellaneous Equipment	10,123
399	Other Tangible Plant	
	Total Reserve Adjustment	\$ 1,710,422

(a) Staff's Schedule B-3.1a

Ohio American Water Company
Case No. 11-4161-WS-AIR
Calculation of Jurisdictional Depreciation Expense

<u>Acct. No.</u>	<u>Description</u>	<u>Water A</u>		
		<u>Jurisdictional Plant In Service</u>	<u>Accrual Rate</u>	<u>Jurisdictional Depreciation Expense</u>
		(a)	(b)	(c)
	<u>Intangible Plant:</u>			
301	Organization	\$ 138,677		\$
302	Franchises & Consents	161		
303	Misc. Intangible Plant	48,499		
303.99	Comprehensive Planning Study	382,966	10%	38,297
	Total Intangible Plant	570,303		38,297
	<u>Source of Supply Plant:</u>			
310	Land & Land Rights	278,618		
311	Structures & Improvements	508,258	2.63%	13,367
312	Collecting & Impounding Res.			
313	Lake, River & Other Intakes	1,490,342	3.70%	55,143
314	Wells & Springs	1,014,313	2.67%	27,082
315	Infiltration, galleries, and tunnels	23,269	1.67%	389
316	Supply Mains	413,179	1.57%	6,487
	Total Source of Supply Plant	3,727,979		102,468
	<u>Pumping Plant:</u>			
320	Land and Land Rights	49,089		
321	Structures & Improvements	1,537,825	4.00%	61,513
323	Other Power Prod. Equipment	3,162,455	2.88%	91,079
325	Electric Pumping Equipment	7,090,508	3.03%	214,842
326	Diesel Pumping Equipment	96,166	3.29%	3,164
327	Hydraulic pumping equipment	9,639	3.03%	292
328	Other Pumping Equipment	18,965	3.03%	575
	Total Pumping Plant	11,964,647		371,465
	<u>Water Treatment Plant:</u>			
330	Land and Land Rights	84,767		
331	Structures & Improvements	6,653,539	3.31%	220,232
332	Water Treatment Equipment	16,730,962	1.91%	319,561
	Total Water Treatment Plant	23,469,268		539,793
	<u>Transmission & Distribution Plant:</u>			
340	Land & Land Rights	354,571		
341	Structures & Improvements	140,705	2.50%	3,518
342	Distr. Reser. & Standpipes	4,345,093	1.86%	80,819
343	Trans. and Distr. Mains	47,570,094	1.46%	694,523
345	Services	9,823,475	4.00%	392,939
346	Meters	5,410,339	4.11%	222,365
347	Meter Installations	2,203,079	2.67%	58,822
348	Hydrants	3,446,466	1.75%	60,313
349	Other Transmission and Distribution Plant			
	Total Trans. & Distribution Plant	\$ 73,293,822		\$ 1,513,299

Ohio American Water Company
Case No. 11-4161-WS-AIR
Calculation of Jurisdictional Depreciation Expense

Acct. No.	Description	Water A		
		Jurisdictional Plant In Service (a)	Accrual Rate (b)	Jurisdictional Depreciation Expense (c)
389	Land & Land Rights	\$ 20,924		\$
390	Structures & Improvements	2,061,061	3.49%	71,931
390	Limited Term Utility Plant	145,189		(d)
391.1	Office Furniture	91,312	5.00%	4,566
391.2	Computer Equipment & Software	418,568	17.50%	73,249
391.3	Office Machines & Equipment	30,736	6.67%	2,050
392	Transportation Equipment	753,911	7.20%	54,282
393	Stores Equipment	22,136	4.00%	885
394	Tools, Shop, & Garage Equipment	1,413,019	4.00%	56,521
395	Laboratory Equipment	334,729	5.00%	16,736
396	Power Operated Equipment	512,470	6.25%	32,029
397	Communication Equipment	376,573	6.67%	25,117
398	Miscellaneous Equipment	126,646	5.00%	6,332
399	Other Tangible Plant	581	5.00%	29
	Total General Plant	6,307,855		343,727
	Capital Lease			
	<u>Corporate Office General Plant</u>			
389	Land & Land Rights	10,608		
390	Structures & Improvements	1,396,883	2.31%	32,268
390	Limited Term Utility Plant			
391.1	Office Furniture	33,222	5.00%	1,661
391.2	Computer Equipment & Software	879,352	17.50%	153,887
391.3	Office Machines & Equipment	2,870	6.67%	191
392	Transportation Equipment	63,523	7.20%	(e)
393	Stores Equipment			
394	Tools, Shop, & Garage Equipment			
395	Laboratory Equipment			
396	Power Operated Equipment			
397	Communication Equipment	63,648	6.67%	4,245
398	Miscellaneous Equipment	26,025	5.00%	1,301
399	Other Tangible Plant			
	Total Corporate Office General Plant	2,476,131		193,553
	Total Water A	\$ 121,810,005		\$ 3,102,602
(a)	Staff's Schedule B-2.1a			
(b)	Staff's Schedule B-3.2a1			
(c)	Columns (a) x (b)			
(d)	Staff's Schedule C-3.4			
(e)	Fully Depreciated			

Ohio American Water Company
Case No. 11-4161-WS-AIR
Accrual Rate Comparison

Water A		Current			Staff Proposed		
Acct. No.	Description	Avg. Svc. Life	Net Salv. %	Accrual Rate % (a)	Avg. Svc. Life	Net Salv. %	Accrual Rate % (b)
	<u>Intangible Plant:</u>						
301	Organization						
302	Franchises & Consents						
303	Misc. Intangible Plant						
303.99	Comprehensive Planning Study	5		20.00	10		10.00
	<u>Source of Supply Plant:</u>						
310	Land & Land Rights						
311	Structures & Improvements	60	-10	1.83	40	-5	2.63
312	Collecting & Impounding Res.						1.70 (c)
313	Lake, River & Other Intakes	61	-25	2.05			3.70 (c)
314	Wells & Springs	30	-20	4.00	45	-20	2.67
315	Infiltration, galleries, and tunnels				60		1.67
316	Supply Mains	85	-10	1.29	70	-10	1.57
	<u>Pumping Plant:</u>						
320	Land and Land Rights						
321	Structures & Improvements	39	-35	3.46			4.00 (c)
323	Other Power Prod. Equipment	30	-10	3.67	40	-15	2.88
325	Electric Pumping Equipment	40	-25	3.13	38	-15	3.03
326	Diesel Pumping Equipment	40	-25	3.13	35	-15	3.29
327	Hydraulic pumping equipment	40	-25	3.13	38	-15	3.03
328	Other Pumping Equipment	60		1.67	38	-15	3.03
	<u>Water Treatment Plant:</u>						
330	Land and Land Rights						
331	Structures & Improvements	33	-20	3.64			3.31 (c)
332	Water Treatment Equipment	32	-15	3.59			1.91 (c)
	<u>Transmission & Distribution Plant:</u>						
340	Land & Land Rights						
341	Structures & Improvements				40		2.50
342	Distr. Reser. & Standpipes	48	-30	2.71	70	-30	1.86
343	Trans. and Distr. Mains	88	-25	1.42			1.46 (c)
345	Services	70	-250	5.00	75	-200	4.00
346	Meters	16	5	5.94			4.11 (c)
347	Meter Installations	60	-50	2.50	60	-60	2.67
348	Hydrants	60	-40	2.33	80	-40	1.75
349	Other Transmission & Distribution Plant				30		3.33

Ohio American Water Company
Case No. 11-4161-WS-AIR
Accrual Rate Comparison

General Plant:

389	Land & Land Rights				
390	Structures & Improvements	39	2.56		3.49 (c)
390	Limited Term Utility Plant		AMORT		AMORT
391.1	Office Furniture	23	3	4.22	20
391.2	Computer Equipment & Software	8		12.50	17.50 (c)
391.3	Office Machines & Equipment	9		11.11	15
392	Transportation Equipment	5	25	15.00	7.20 (c)
393	Stores Equipment	35		2.86	25
394	Tools,Shop,& Garage Equipment	28	5	3.39	25
395	Laboratory Equipment	20		5.00	20
396	Power Operated Equipment	13	15	6.54	16
397	Communication Equipment	10		10.00	15
398	Miscellaneous Equipment	25		4.00	20
399	Other Tangible Plant	4		25.00	20

Corporate Office General Plant

389	Land & Land Rights				
390	Structures & Improvements	39	2.56		2.31 (c)
390	Limited Term Utility Plant				
391.1	Office Furniture	23	3	4.22	20
391.2	Computer Equipment & Software	8		12.50	17.50
391.3	Office Machines & Equipment	9		11.11	15
392	Transportation Equipment	5	25	15.00	7.20
393	Stores Equipment				
394	Tools,Shop,& Garage Equipment				
395	Laboratory Equipment				
396	Power Operated Equipment				
397	Communication Equipment	10		10.00	15
398	Miscellaneous Equipment	25		4.00	20
399	Other Tangible Plant				

- (a) Case No. 99-1038-WW-AIR
(b) Staff's Workpaper WPB-3.2
(c) Composite

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Calculation of Jurisdictional Depreciation Expense**

Acct. No.	Description	Water C		
		Jurisdictional Plant In Service (a)	Accrual Rate (b)	Jurisdictional Depreciation Expense (c)
	<u>Intangible Plant:</u>			
301	Organization	\$ 19,118		\$
302	Franchises & Consents	11,019		
303	Misc. Intangible Plant			
303.99	Comprehensive Planning Study	22,743	10.00%	2,274
	Total Intangible Plant	52,880		2,274
	<u>Source of Supply Plant:</u>			
310	Land & Land Rights	97,476		
311	Structures & Improvements	760,014	2.63%	19,988
312	Collecting & Impounding Res.	587	1.70%	10
313	Lake, River & Other Intakes			
314	Wells & Springs	642,609	2.67%	17,158
315	Infiltration, galleries, and tunnels	1,140	1.67%	19
316	Supply Mains	35,806	1.57%	562
	Total Source of Supply Plant	1,537,632		37,737
	<u>Pumping Plant:</u>			
320	Land and Land Rights	3,601		
321	Structures & Improvements	163,913	4.00%	6,557
323	Other Power Prod. Equipment	60,566	2.88%	1,744
325	Electric Pumping Equipment	1,053,195	3.03%	31,912
326	Diesel Pumping Equipment			
327	Hydraulic Pumping Equipment	1,889	3.03%	57
328	Other Pumping Equipment	2,230	3.03%	68
	Total Pumping Plant	1,285,394		40,338
	<u>Water Treatment Plant:</u>			
330	Land and Land Rights			
331	Structures & Improvements	1,178,926	3.31%	39,022
332	Water Treatment Equipment	3,900,518	1.91%	74,500
	Total Water Treatment Plant	5,079,444		113,522
	<u>Transmission & Distribution Plant:</u>			
340	Land & Land Rights	7,153		
341	Structures & Improvements	6,695	2.50%	167
342	Distr. Reser. & Standpipes	2,660,359	1.86%	49,483
343	Trans. and Distr. Mains	4,677,586	1.46%	68,293
345	Services	912,873	4.00%	36,515
346	Meters	1,125,805	4.11%	46,271
347	Meter Installations	13,227	2.67%	353
348	Hydrants	428,796	1.75%	7,504
349	Other Transmission and Distribution Plant	1,674	3.33%	(e)
	Total Trans. & Distribution Plant	\$ 9,834,168		\$ 208,586

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Calculation of Jurisdictional Depreciation Expense**

Acct. No.	Description	Water C		
		Jurisdictional Plant In Service	Accrual Rate	Jurisdictional Depreciation Expense
		(a)	(b)	(c)
389	Land & Land Rights	\$ 7,216		\$
390	Structures & Improvements	357,898	3.49%	12,491
390	Limited Term Utility Plant			
391.1	Office Furniture	46,294	5.00%	2,315
391.2	Computer Equipment & Software	124,689	17.50%	21,821
391.3	Office Machines & Equipment	52,208	6.67%	3,482
392	Transportation Equipment	394,088	7.20%	28,374
393	Stores Equipment	1,999	4.00%	80
394	Tools, Shop, & Garage Equipment	226,879	4.00%	9,075
395	Laboratory Equipment	38,955	5.00%	(e)
396	Power Operated Equipment	22,372	6.25%	1,398
397	Communication Equipment	77,512	6.67%	5,170
398	Miscellaneous Equipment	279,012	5.00%	13,951
399	Other Tangible Plant	78,346	5.00%	3,917
	Total General Plant	1,707,468		102,074
	Capital Lease			
	<u>Corporate Office General Plant</u>			
389	Land & Land Rights	1,733		
390	Structures & Improvements	228,225	2.31%	5,272
390	Limited Term Utility Plant			
391.1	Office Furniture	5,428	5.00%	271
391.2	Computer Equipment & Software	143,670	17.50%	25,142
391.3	Office Machines & Equipment	469	6.67%	31
392	Transportation Equipment	10,379	7.20%	(e)
393	Stores Equipment			
394	Tools, Shop, & Garage Equipment			
395	Laboratory Equipment			
396	Power Operated Equipment			
397	Communication Equipment	10,399	6.67%	694
398	Miscellaneous Equipment	4,252	5.00%	213
399	Other Tangible Plant			
	Total Corporate Office General Plant	404,555		31,623
	Less: Annual Depreciation Expense CIAC (d)			(71,608)
	Total Water C	\$ 19,901,541		\$ 464,546

- (a) Staff's Schedule B-2.1b
(b) Staff's Schedule B-3.2b1
(c) Columns (a) x (b)
(d) Staff's Workpaper WPB-6.2
(e) Fully Depreciated

Ohio American Water Company
Case No. 11-4161-WS-AIR
Accrual Rate Comparison

Water C		Current			Staff Proposed		
Acct. No.	Description	Avg. Svc. Life	Net Salv. %	Accrual Rate %	Avg. Svc. Life	Net Salv. %	Accrual Rate %
				(a)			(b)
	<u>Intangible Plant:</u>						
301	Organization						
302	Franchises & Consents						
303	Misc. Intangible Plant						
303.99	Comprehensive Planning Study				10		10.00
	<u>Source of Supply Plant:</u>						
310	Land & Land Rights						
311	Structures & Improvements	44	-20	2.73	40	-5	2.63
312	Collecting & Impounding Res.	37		2.70			1.70 (c)
313	Lake, River & Other Intakes						3.70 (c)
314	Wells & Springs	45	-10	2.44	45	-20	2.67
315	Infiltration, galleries, and tunnels				60		1.67
316	Supply Mains				70	-10	1.57
	<u>Pumping Plant:</u>						
320	Land and Land Rights						
321	Structures & Improvements	48		2.08			4.00 (c)
323	Other Power Prod. Equipment	33		3.03	40	-15	2.88
325	Electric Pumping Equipment	30	-10	3.67	38	-15	3.03
326	Diesel Pumping Equipment				35	-15	3.29
327	Hydraulic pumping equipment				38	-15	3.03
328	Other Pumping Equipment	30	-10	3.67	38	-15	3.03
	<u>Water Treatment Plant:</u>						
330	Land and Land Rights						
331	Structures & Improvements	54		1.85			3.31 (c)
332	Water Treatment Equipment	40	-15	2.88			1.91 (c)
	<u>Transmission & Distribution Plant:</u>						
340	Land & Land Rights						
341	Structures & Improvements	40		2.50	40		2.50
342	Distr. Reser. & Standpipes	46		2.17	70	-30	1.86
343	Trans. and Distr. Mains	77	-10	1.43			1.46 (c)
345	Services	60	-30	2.17	75	-200	4.00
346	Meters	25	4	3.84			4.11 (c)
347	Meter Installations				60	-60	2.67
348	Hydrants	60	-15	1.92	80	-40	1.75
349	Other Transmission and Distribution Pl	20		5.00	30		3.33

Ohio American Water Company
Case No. 11-4161-WS-AIR
Accrual Rate Comparison

<u>General Plant:</u>						
389	Land & Land Rights					
390	Structures & Improvements	40		2.50	3.49 (c)	
390	Limited Term Utility Plant				AMORT	
391.1	Office Furniture	20		5.00	20	5.00
391.2	Computer Equipment & Software	5		20.00		17.50 (c)
391.3	Office Machines & Equipment				15	6.67
392	Transportation Equipment	5		20.00		7.20 (c)
393	Stores Equipment	20		5.00	25	4.00
394	Tools,Shop,& Garage Equipment	16	5	5.94	25	4.00
395	Laboratory Equipment	15		6.67	20	5.00
396	Power Operated Equipment	30		3.33	16	6.25
397	Communication Equipment	20		5.00	15	6.67
398	Miscellaneous Equipment	20		5.00	20	5.00
399	Other Tangible Plant				20	5.00
<u>Corporate Office General Plant</u>						
389	Land & Land Rights					
390	Structures & Improvements	39		2.56		2.31 (c)
390	Limited Term Utility Plant					
391.1	Office Furniture	23	3	4.22	20	5.00
391.2	Computer Equipment & Software	8		12.50		17.50
391.3	Office Machines & Equipment	9		11.11	15	6.67
392	Transportation Equipment	5	25	15.00		7.20
393	Stores Equipment					
394	Tools,Shop,& Garage Equipment					
395	Laboratory Equipment					
396	Power Operated Equipment					
397	Communication Equipment	10		10.00	15	6.67
398	Miscellaneous Equipment	25		4.00	20	5.00
399	Other Tangible Plant					

- (a) Case No. 94-1237-WS-AIR and 98-178-WS-AIR
(b) Staff's Workpaper WPB-3.2
(c) Composite

Ohio American Water Company
Case No. 11-4161-WS-AIR
Calculation of Jurisdictional Depreciation Expense
As of Date Certain, April 30, 2011

Acct. No.	Description	Wastewater		
		Jurisdictional Plant In Service (a)	Accrual Rate (b)	Jurisdictional Depreciation Expense (c)
	<u>Intangible Plant:</u>			
301	Organization	\$ 4,543		\$
302	Franchises & Consents	2,190		
	Total Intangible Plant	6,733		
	<u>Collection Plant:</u>			
310	Land and Land Rights			
351	Structures & Improvements	181,447	2.33%	4,228
352	Collection Sewers	4,372,460	2.44%	106,688
352	Collection Sewers-Force	44,909	1.83%	822
352	Collection Sewers-Gravity			
352	Special Collecting Structures			
353	Services to Customers	345,423	2.00%	6,908
354	Flow Measuring Devices	18,901	4.00%	756
355	Flow Measuring Installations			
356	Other Collection Plant Facilities	16,158	4.00%	646
	Total Collection Plant	4,979,298		120,048
	<u>Pumping Plant:</u>			
360	Land and Land Rights			
361	Structures & Improvements	1,317,026	2.33%	30,687
362	Receiving Wells			
363	Electric Pumping Equipment	360,720	7.33%	26,441
364	Diesel Pumping Equipment			
365	Other Pumping Equipment	172,947	6.67%	11,536
	Total Pumping Plant	1,850,693		68,664
	<u>Treatment and Disposal Plant:</u>			
370.2	Other Land and Land Rights	144,465		
371	Structures & Improvements	272,788	2.33%	6,356
372	Treatment and Disposal Equipment	8,210,895	3.28%	269,317
373	Plant Sewers	378,968	2.00%	7,579
374	Outfall Sewer Lines			
375	Other Treatment and Disposal Plant Equipment			
	Total Treatment and Disposal Plant	9,007,116		283,252

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Calculation of Jurisdictional Depreciation Expense**

Acct. No.	Description	Wastewater		
		Jurisdictional Plant In Service (a)	Accrual Rate (b)	Jurisdictional Depreciation Expense (c)
	<u>General Plant:</u>			
389	Land and land rights			
390	Structures & Improvements	547,931	3.50%	19,178
390.1	Office Furniture	3,744	5.00%	187
391.2	Office Furniture and Equipment	15,871	5.00%	794
391.3	Office machines and equipment			
392	Transportation Equipment	49,797	5.67%	(d)
393	Stores Equipment	2,149	4.00%	86
394	Tools, Shop, and Garage Equipment	239,500	4.00%	9,580
395	Laboratory Equipment	87,765	5.00%	4,388
396	Power Operated Equipment	3,726	6.00%	224
397	Communication Equipment	14,328	6.67%	956
398	Miscellaneous equipment	491,190	5.00%	24,560
399	Other Tangible Property			
	Total General Plant	\$ 1,456,001		\$ 59,953
	<u>Corporate Office General Plant</u>			
389	Land & Land Rights	\$ 1,538		\$
390	Structures & Improvements	202,507	2.31%	4,678
390	Limited Term Utility Plant			
391.1	Office Furniture	4,816	5.00%	241
391.2	Computer Equipment & Software	127,480	17.50%	22,309
391.3	Office Machines & Equipment	416	6.67%	28
392	Transportation Equipment	9,209	7.20%	(d)
393	Stores Equipment			
394	Tools, Shop, & Garage Equipment			
395	Laboratory Equipment			
396	Power Operated Equipment			
397	Communication Equipment	9,227	6.67%	615
398	Miscellaneous Equipment	3,773	5.00%	189
399	Other Tangible Plant			
	Total Corporate Office General Plant	358,966		28,060
	Less: Annual Depreciation Expense - CIAC (e)			(124,181)
	Total Wastewater and Corporate Office	\$ 17,658,807		\$ 435,796

- (a) Staff's Schedule B-2.1c
(b) Staff's Schedule B-3.2c1
(c) Columns (a) x (b)
(d) Fully Depreciated
(e) Staff's Workpaper WPB-6.2

Ohio American Water Company
Case No. 11-4161-WS-AIR
Accrual Rate Comparison

Wastewater		Current			Staff Proposed		
As of Date Certain, April 30, 2011		Avg. Svc.	Net	Accrual	Avg. Svc.	Net	Accrual
<u>No.</u>	<u>Description</u>	<u>Life</u>	<u>Salv. %</u>	<u>Rate %</u>	<u>Life</u>	<u>Salv. %</u>	<u>Rate %</u>
	<u>Intangible Plant:</u>						
301	Organization						
302	Franchises & Consents						
	<u>Collection Plant:</u>						
310	Land and Land Rights						
351	Structures & Improvements	60	-20	2.00	45	-5	2.33
352	Collection Sewers	64		1.56	45	-10	2.44
352	Collection Sewers-Force	43		2.33	60	-10	1.83
352	Collection Sewers-Gravity						
352	Special Collecting Structures						
353	Services to Customers	52		1.92	50		2.00
354	Flow Measuring Devices			4.58	25		4.00
355	Flow Measuring Installations						
356	Other Collection Plant Facilities	23	-15	5.00	25		4.00
	<u>Pumping Plant:</u>						
360	Land and Land Rights						
361	Structures & Improvements	60	-20	2.00	45	-5	2.33
362	Receiving Wells						
363	Electric Pumping Equipment	25		4.00	15	-10	7.33
364	Diesel Pumping Equipment						
365	Other Pumping Equipment	25		4.00	15		6.67
	<u>Treatment and Disposal Plant:</u>						
370.2	Other Land and Land Rights						
371	Structures & Improvements	21	-5	5.00	45	-5	2.33
372	Treatment and Disposal Equipment			3.13	32	-5	3.28
373	Plant Sewers				50		2.00
374	Outfall Sewer Lines						
375	Other Treatment & Disposal Plant Equip.				30		3.33
	<u>General Plant:</u>						
389	Land and land rights						
390	Structures & Improvements	40		2.50	30	-5	3.50
390.1	Office Furniture	19		5.26	20		5.00
391.2	Office Furniture and Equipment	5		20.00	20		5.00
391.3	Office machines and equipment	19		5.26	5		20.00
392	Transportation Equipment	5		20.00	15	15	5.67
393	Stores Equipment	16		6.25	25		4.00
394	Tools, Shop, and Garage Equipment	20		5.00	25		4.00
395	Laboratory Equipment	19		5.26	20		5.00
396	Power Operated Equipment	10		10.00	15	10	6.00
397	Communication Equipment	20		5.00	15		6.67
398	Miscellaneous equipment	28		3.57	20		5.00
399	Other Tangible Property						

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Accrual Rate Comparison**

<u>Corporate Office General Plant</u>						
389	Land & Land Rights					
390	Structures & Improvements	39		2.56		2.31 (c)
390	Limited Term Utility Plant					
391.1	Office Furniture	23	3	4.22	20	5.00
391.2	Computer Equipment & Software	8		12.50		17.50
391.3	Office Machines & Equipment	9		11.11	15	6.67
392	Transportation Equipment	5	25	15.00		7.20
393	Stores Equipment					
394	Tools, Shop, & Garage Equipment					
395	Laboratory Equipment					
396	Power Operated Equipment					
397	Communication Equipment	10		10.00	15	6.67
398	Miscellaneous Equipment	25		4.00	20	5.00
399	Other Tangible Plant					
Total Corporate Office General Plant						

- (a) Case No. 94-1237-WS-AIR and 98-178-WS-AIR
- (b) Staff's Workpaper WPB-3.2
- (c) Composite

SCHEDULE B-4

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Construction Work In Progress Summary**

None

SCHEDULE B-5

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Working Capital Allowance**

None

SCHEDULE B-6

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Other Rate Base Items**

	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) Customers' Advances for Construction - Account 252 (a)	(6,299,019) \$	(5,319) \$	
(2) Contributions in Aid of Construction (b)		(1,081,681)	(1,685,885)
(3) Investment Tax Credit - Account 255 (a)	(4,218)		
(4) Deferred Taxes - Account 282 (c)	(5,683,435)	(959,878)	(793,392)
(5) Deferred Taxes - Account 283 (a)			
(6) Deferred Taxes - Regulatory Liability - Account 253 (a)	(69,546)		
(7) Deferred Taxes - ITC Gross-up - Account 255 (a)	(2,258)		
(8) Deferred Taxes - Regulatory Asset AFUDC - Account 186 (c)	573,289	96,823	80,030
(9) Regulatory Asset - AFUDC Debt - Accounts 102 and 108.3 (c)	113,945	19,244	15,906
(10) Tank Painting Reserve - Account 265 (a)	(770,082)		
(11) Deferred Depreciation - Account 186 (d)	<u>40,905</u>		
(12) Total Other Rate Base Items (1) Thru (11)	<u>(12,100,419) \$</u>	<u>(1,930,811) \$</u>	<u>(2,383,341)</u>

- (a) Applicant's Schedule B-6
- (b) Staff's Workpaper WPB-6.2
- (c) Applicant's Schedule B-6 and Staff's Schedule B-7 (Net Plant Allocation Factor)
- (d) Derived from Staff's Data Request No. 12

SCHEDULE B-7

Ohio American Water Company
Case No. 11-4161-WS-AIR
Corporate Office Allocation Factors

District	Gross Plant In Service Amount (a)	Allocation (b)	Depreciation Reserve Amount (c)	Allocation (d)	Net Plant In Service Amount (e)	Allocation (f)	Number of Employees Amount (g)	Allocation (h)	O&M Payroll Amount (i)	Allocation (j)	Number of Customers Amount (k)	Allocation (l)	Operating Revenues Amount (m)	Allocation (n)	Weighted Average Allocation (o)
(1) Water A	\$ 119,333,874	76.4320%	\$ 38,415,150	76.4487%	\$ 80,918,724	76.4241%	97	81.5128%	\$ 3,891,517	77.6742%	41,894	73.2185%	\$ 29,384,084	75.2711%	76.8203%
(2) Water C	19,498,986	12.4876%	5,830,594	11.6033%	13,668,392	12.9073%	18	15.1261%	696,544	13.9428%	8,765	15.3188%	5,546,778	14.2088%	14.3008%
(3) Wastewater	17,299,841	11.0804%	5,003,810	11.9480%	11,296,031	10.6888%	4	3.3613%	419,993	8.3830%	6,558	11.4616%	4,108,786	10.5201%	8.8789%
(4) Total	\$ 155,130,701	100.00%	\$ 50,249,554	100.00%	\$ 105,881,147	100.00%	119	100.00%	\$ 5,010,054	100.00%	57,217	100.00%	\$ 39,037,629	100.00%	100.00%

Water C	\$ 13,668,392	54.75%
Wastewater	11,296,031	45.25%
	\$ 24,964,423	100.00%

- (a) Staff's Schedules B-2.1a, B-2.1b, B-2.1c - Before Corporate Office Plant Allocation
(b) Column (a) - Percent to Total
(c) Staff's Schedules B-3a, B-3b, B-3c - Before Corporate Office Depreciation Reserve Allocation
(d) Column (c) - Percent to Total
(e) Columns (a) - (c)
(f) Column (e) - Percent to Total
(g) Derived From Case No 09-381-WS-AIR
(h) Column (g) - Percent to Total
(i) Derived From Case No 09-391-WS-AIR
(j) Column (i) - Percent to Total
(k) Applicant's Schedule C-11.3
(l) Column (k) - Percent to Total
(m) Staff's Schedule C-2
(n) Column (m) - Percent to Total
(o) Columns [(f) + (h) + (j) + (l) + (n)] / 5

SCHEDULE C-1

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Proforma Operating Income Statement
For The Twelve Months Ending December 31, 2011**

	Water A				Water C				Wastewater			
	Adjusted Revenues & Expenses (a)	Staff Proforma Adjustments (b)	Proforma Revenues & Expenses (c)	Applicant Proforma Revenues & Expenses (d)	Adjusted Revenues & Expenses (a)	Staff Proforma Adjustments (b)	Proforma Revenues & Expenses (c)	Applicant Proforma Revenues & Expenses (d)	Adjusted Revenues & Expenses (a)	Staff Proforma Adjustments (b)	Proforma Revenues & Expenses (c)	Applicant Proforma Revenues & Expenses (d)
Operating Revenues												
Water Sales	\$ 28,658,413	6,415,708	35,074,121	35,393,337	5,360,638	1,257,397	6,618,035	6,391,680	4,079,502	502,893	4,582,395	4,585,707
Other Operating Revenues	725,651	75,898	801,549	690,353	186,140	16,911	203,051	173,317	27,284	3,363	30,647	27,284
Total Operating Revenues	29,384,064	6,491,606	35,875,670	36,083,690	5,546,778	1,274,308	6,821,086	6,564,997	4,106,786	506,256	4,613,042	4,612,991
Operating Expenses												
Operation & Maintenance	15,738,143	115,947	15,854,090	17,801,955	2,978,064	26,523	3,004,587	3,265,147	1,738,291	10,190	1,748,481	1,705,084
Depreciation	3,131,984		3,131,984	2,847,400	464,546		464,546	431,362	435,796		435,796	549,365
Taxes, Other Than Income	6,319,278	288,142	6,607,420	6,681,601	1,409,596	59,270	1,468,865	1,360,391	1,168,902	23,563	1,192,465	1,177,799
Federal Income Taxes	1,376,385	2,073,308	3,449,693	2,445,241	155,702	405,630	561,332	388,970	265,376	162,966	428,342	305,257
Total Operating Expenses	26,565,790	2,477,397	29,043,187	29,776,197	5,007,908	491,423	5,499,331	5,465,870	3,608,365	196,719	3,805,084	3,737,505
Net Operating Income	\$ 2,818,274	4,014,209	6,832,483	6,307,493	538,870	782,885	1,321,755	1,099,127	498,421	309,537	807,958	875,486
Rate Base (e)	\$ 69,986,841		69,986,841	70,317,631	11,941,669		11,941,669	12,250,433	9,067,295		9,067,295	9,760,149
Rate of Return (f)	4.03%		9.76%	8.97%	4.51%		11.07%	8.97%	5.50%		8.91%	8.97%

- (a) Staff's Schedule C-2
(b) Staff's Schedule C-1.1
(c) Columns (a) + (b)
(d) Applicant's Schedule C-1
(e) Staff's Schedule B-1
(f) Net Operating Income / Rate Base

SCHEDULE C-1.1

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Proforma Adjustments**

	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) Proposed Revenue Increase (a)	\$ 6,415,708	\$ 1,257,397	\$ 502,893
(2) Late Payment Revenue (1) x Rates (b)	<u>75,898</u>	<u>16,911</u>	<u>3,363</u>
(3) Total Proposed Revenue Increase (1) + (2)	<u>\$ 6,491,606</u>	<u>\$ 1,274,308</u>	<u>\$ 506,256</u>
(4) Uncollectible Accounts Expense (3) x Rates (c)	<u>\$ 115,947</u>	<u>\$ 26,523</u>	<u>\$ 10,190</u>
(5) Ohio Gross Receipts Tax (d)	<u>\$ 288,142</u>	<u>\$ 59,270</u>	<u>\$ 23,563</u>
(6) Federal Income Tax (e)	<u>\$ 2,073,308</u>	<u>\$ 405,630</u>	<u>\$ 162,966</u>

- (a) Applicant's Schedule E-4
- (b) Staff's Schedule C-3.2
- (c) Case No. 09-391-WS-AIR
- (d) Staff's Schedule C-3.5a
- (e) Staff's Schedule C-4

SCHEDULE C-2

Ohio American Water Company
Case No. 11-4161-WS-AIR
Adjusted Test Year Operating Income

	Water A			Water C			Wastewater		
	Test Year Revenues & Expenses (a)	Staff Adjustments (b)	Adjusted Revenues & Expenses (c)	Test Year Revenues & Expenses (a)	Staff Adjustments (b)	Adjusted Revenues & Expenses (c)	Test Year Revenues & Expenses (a)	Staff Adjustments (b)	Adjusted Revenues & Expenses (c)
Operating Revenues									
Water Sales	\$ 29,144,394	(485,981)	28,658,413	5,043,755	316,883	5,360,638	3,696,483	383,019	4,079,502
Other Operating Revenues	742,228	(16,577)	725,651	155,336	30,804	186,140	27,284		27,284
Total Operating Revenues	29,886,622	(502,558)	29,384,064	5,199,091	347,687	5,546,778	3,723,767	383,019	4,106,786
Operating Expenses									
Operation & Maintenance	16,950,972	(1,212,829)	15,738,143	3,083,888	(105,824)	2,978,064	1,479,429	258,862	1,738,291
Depreciation & Amortization	3,614,064	(482,050)	3,131,984	594,159	(129,613)	464,546	528,768	(92,972)	435,796
Taxes, Other Than Income	5,516,925	802,353	6,319,278	2,046,690	(637,094)	1,409,596	316,684	852,218	1,168,902
Federal Income Taxes	592,493	783,892	1,376,385	51,242	104,460	155,702	118,506	146,870	265,376
Total Operating Expenses	26,674,454	(108,664)	26,565,790	5,775,979	(768,071)	5,007,908	2,443,387	1,164,978	3,608,365
Net Operating Income	\$ 3,212,168	(393,894)	2,818,274	(576,888)	1,115,758	538,870	1,280,380	(781,959)	498,421

- (a) Applicant's Schedule C-2
(b) Staff's Schedule C-3
(c) Columns (a) + (b)

SCHEDULE C-3

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Summary of Staff's Adjustments**

		<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
		(a)	(a)	(a)
	<u>Operating Revenues</u>			
C-3.1	Sales	\$ (485,981)	\$ 316,883	\$ 383,019
C-3.2	Other Operating Revenues	<u>(16,577)</u>	<u>30,804</u>	
	Total Revenue Adjustments	\$ <u>(502,558)</u>	\$ <u>347,687</u>	\$ <u>383,019</u>
	<u>Operating Expenses</u>			
C-3.3	Total O&M Expenses	\$ (1,212,829)	\$ (105,824)	\$ 258,862
C-3.4	Depreciation & Amortization	(482,080)	(129,613)	(92,972)
C-3.5	Taxes Other Than Income	802,353	(637,094)	852,218
C-3.6	Federal Income Taxes	<u>783,892</u>	<u>104,460</u>	<u>146,870</u>
	Total Expense Adjustments	\$ <u>(108,664)</u>	\$ <u>(768,071)</u>	\$ <u>1,164,978</u>

(a) Staff's Schedules C-3.1 Through C-3.6

SCHEDULE C-3.1

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Sales Revenue Adjustment**

	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) Annualized Sales Revenue (a)	\$ 28,658,413	\$ 5,360,638	\$ 4,079,502
(2) Test Year Sales Revenue (b)	<u>29,144,394</u>	<u>5,043,755</u>	<u>3,696,483</u>
(3) Adjustment (1) - (2)	\$ <u>(485,981)</u>	\$ <u>316,883</u>	\$ <u>383,019</u>

- (a) Applicant's E-4
(b) Applicant's Schedule C-2

SCHEDULE C-3.2

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Other Operating Revenue Adjustment**

<u>Late Payment Adjustment</u>	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) Adjusted Base Revenues (a)	\$ 28,658,413	\$ 5,360,638	\$ 4,079,502
(2) Late Payment Rate (b)	<u>0.011830</u>	<u>0.013450</u>	<u>0.006688</u>
(3) Late Payment Revenues (1) x (2)	339,029	72,098	27,284
(4) Test Year Late Payment Revenue (c)	<u>339,036</u>	<u>72,098</u>	<u>27,284</u>
(5) Adjustment (3) - (4)	\$ <u>(7)</u>	\$ <u></u>	\$ <u></u>
<u>Other Miscellaneous Adjustments:</u>			
(6) Adjusted Activation Fees (d)	\$ 186,925	25,433	
(7) Test Year Activation Fees (c)	<u>221,294</u>	<u></u>	<u></u>
(8) Adjustment (6) - (7)	\$ <u>(34,369)</u>	\$ <u>25,433</u>	<u></u>
(9) Adjusted Reconnection Charges (d)	\$ 140,788	\$ 67,527	
(10) Test Year Reconnection Charges (c)	<u>158,294</u>	<u>74,979</u>	<u></u>
(11) Adjustment (9) - (10)	\$ <u>(17,506)</u>	\$ <u>(7,452)</u>	<u></u>
(12) Adjusted Other (e)	\$ 35,305	\$ 12,823	
(13) Test Year Other (c)	<u></u>	<u></u>	<u></u>
(14) Adjustment (12) - (13)	\$ 35,305	\$ 12,823	
(15) Total Late Payment & Misc. Adjustment (5) + (8) + (11) + (14)	\$ <u>(16,577)</u>	\$ <u>30,804</u>	\$ <u></u>

- (a) Staff's Schedule C-3.1
- (b) Derived from Applicant's Schedule E-4, Late Payment Revenue divided by water or sewer revenues.
- (c) Applicant's Schedule C-2.1
- (d) Applicant's Schedule E-4
- (e) Staff's Data Request #76

SCHEDULE C-3.3

**Ohio American Water Company
Case No. 11-4161-WS-AIR
O&M Expense Adjustment**

	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) Adjusted O&M Expense (a)	\$ 15,738,143	\$ 2,978,064	\$ 1,738,291
(2) Test Year O&M Expense (b)	<u>16,950,972</u>	<u>3,083,888</u>	<u>1,479,429</u>
(3) Adjustment (1) - (2)	\$ <u>(1,212,829)</u>	\$ <u>(105,824)</u>	\$ <u>258,862</u>

- (a) Derived From Opinion and Order Workpapers from Case No. 09-391-WS-AIR
(b) Applicant's Schedule C-2

SCHEDULE C-3.4

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Depreciation and Amortization Expense Adjustment**

	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) Adjusted Depreciation Expense (a)	3,102,602	\$ 464,546	\$ 435,796
(2) Test Year Depreciation Expense (b)	<u>2,961,093</u>	<u>501,022</u>	<u>468,250</u>
(3) Depreciation Expense Adjustment (1) - (2)	141,509	(36,476)	(32,454)
(4) Amortization of Limited Utility Plant (c)	1,103		
(5) Amortization of Reserve Deficiency (d)			
(6) Amortization of Regulatory Asset - AFUDC (d)	20,001		
(7) Amortization of Regulatory Asset - Other (e)	6,108		
(8) Amortization of Deferred Depreciation Expense (f)	<u>2,170</u>		
(9) Total Amortization Expense (4) Thru (8)	29,382		
(10) Test Year Amortization Expense (b)	<u>652,971</u>	<u>93,137</u>	<u>60,518</u>
(11) Amortization Expense Adjustment (9) - (10)	(623,589)	(93,137)	(60,518)
(12) Total Adjustment (3) + (11)	<u>(482,080)</u>	<u>\$ (129,613)</u>	<u>\$ (92,972)</u>

- (a) Staff's schedules B-3.2a, B-3.2b and B-3.2c
- (b) Applicant's Schedule C-2
- (c) Staff's Data Request 71
- (d) Refer to Text
- (e) Staff's Data Request 44
- (f) Staff's Data Request 12

SCHEDULE C-3.5

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Summary of Taxes Other Than Income Adjustment**

	<u>Schedule Reference</u>	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) Ohio Gross Receipts Tax	C-3.5a	\$ 1,305,477	\$ 257,819	\$ 191,021
(2) Property Taxes	C-3.5b	4,538,238	1,042,161	922,757
(3) Payroll Taxes	C-3.5c	351,449	79,237	37,081
(4) PUCO and OCC Assessments	C-3.5d	35,667	6,733	4,985
(5) Other taxes and Licenses	C-3.5e	<u>88,447</u>	<u>23,646</u>	<u>13,058</u>
(6) Total Taxes Other Than Income Taxes (1) Thru (5)		6,319,278	1,409,596	1,168,902
(7) Test Year Taxes Other Than Income Taxes (a)		<u>5,516,925</u>	<u>2,046,690</u>	<u>316,684</u>
(8) Adjustment (6) - (7)		\$ <u>802,353</u>	\$ <u>(637,094)</u>	\$ <u>852,218</u>

(a) Applicant's Schedule C-2

SCHEDULE C-3.5a

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Calculation of Ohio Gross Receipts Taxes**

	<u>Water A</u>		<u>Water C</u>		<u>Wastewater</u>	
	<u>Adjusted Operating Income</u>	<u>Proforma Operating Income</u>	<u>Adjusted Operating Income</u>	<u>Proforma Operating Income</u>	<u>Adjusted Operating Income</u>	<u>Proforma Operating Income</u>
(1) Adjusted Operating Income (a)	\$ 29,384,064	\$ 35,875,670	\$ 5,546,778	\$ 6,821,086	\$ 4,106,786	\$ 4,613,042
(2) Less: Uncollectible Accounts Expense (1)x Rates (b)	524,829	640,775	115,451	141,974	82,665	92,856
(3) Less: Sales for Resale (c)	1,356,682	1,666,205				
(4) Add: Customer Advances	<u>0</u>	<u>0</u>				
(5) Total Ohio Taxable Receipts (1) thru (4)	27,502,553	33,568,690	5,431,327	6,679,112	4,024,121	4,520,186
(6) Less: \$25,000 Deduction (d)	<u>18,818</u>	<u>18,818</u>	<u>3,552</u>	<u>3,552</u>	<u>2,630</u>	<u>2,630</u>
(7) Net Taxable Receipts (5) - (6)	27,483,735	33,549,872	5,427,775	6,675,560	4,021,491	4,517,556
(8) Tax Rate	<u>4.75%</u>	<u>4.75%</u>	<u>4.75%</u>	<u>4.75%</u>	<u>4.75%</u>	<u>4.75%</u>
(9) Ohio Gross Receipts Tax (7) x (8)	\$ <u>1,305,477</u>	\$ <u>1,593,619</u>	\$ <u>257,819</u>	\$ <u>317,089</u>	\$ <u>191,021</u>	\$ <u>214,584</u>

- (a) Staff's Schedule C-1
(b) Case No. 09-391-WS-AIR
(c) Staff's Workpaper WPE-4.1 and Applicant's Schedule E-4
(d) Staff's Schedule B-7 - Operating Revenues Allocation Factor

SCHEDULE C-3.5b

Ohio American Water Company
Case No. 11-4161-WS-AIR
Calculation of Property Taxes

	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) Jurisdictional Plant in Service at 4/30/2011 (a)	\$ 121,810,005	\$ 19,901,541	\$ 17,658,807
(2) Material and Supplies (b)	<u>329,854</u>	<u>46,282</u>	<u>3,543</u>
(3) Total (1) + (2)	122,139,859	19,947,823	17,662,350
(4) Percentage of Assessment Value to the Total Cost (c)	<u>54.29%</u>	<u>46.14%</u>	<u>46.14%</u>
(5) Property Subject to Ohio Property Taxes (3) x (4)	66,309,729	9,203,926	8,149,408
(6) Tax Rate per \$1,000 (c)	<u>68.44</u>	<u>113.23</u>	<u>113.23</u>
(7) Ohio Property Tax (5) x (6)	\$ <u><u>4,538,238</u></u>	\$ <u><u>1,042,161</u></u>	\$ <u><u>922,757</u></u>

(a) Staff's Schedules B-2.1a, B-2.1b, and B-2.1c

(b) Applicant's Schedule B-5

(c) Staff's Workpaper WPC-3.5b1

SCHEDULE C3.5c

Ohio American Water Company
Case No. 11-4161-WS-AIR
Calculation of Payroll Taxes

	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) F.I.C.A (a)	\$ 246,482	\$ 57,130	\$ 26,050
(2) Federal Unemployment Taxes (a)	4,177	797	419
(3) State Unemployment Taxes (a)	18,125	3,458	1,820
(4) Medicare (a)	<u>57,645</u>	<u>13,361</u>	<u>6,092</u>
(5) Total Payroll Taxes W/O Corporate (1) Thru (4)	326,429	74,746	34,381
<u>Corporate Payroll Taxes</u>			
(6) F.I.C.A (a)	24,768	24,768	24,768
(7) Federal Unemployment Taxes (a)	383	383	383
(8) State Unemployment Taxes (a)	1,664	1,664	1,664
(9) Medicare (a)	<u>5,397</u>	<u>5,397</u>	<u>5,397</u>
(10) Total Corporate Payroll Taxes (6) Thru (9)	32,212	32,212	32,212
(11) Allocation Factor (b)	<u>77.6742%</u>	<u>13.9428%</u>	<u>8.3830%</u>
(12) Allocated Corporate Payroll Taxes (10) x (11)	25,020	4,491	2,700
(13) Total Payroll Taxes (5) + (12)	\$ <u>351,449</u>	\$ <u>79,237</u>	\$ <u>37,081</u>

(a) Case No. 09-391-WS-AIR

(b) Staff's Schedule B-7 - O&M Payroll Allocation Factor

SCHEDULE C-3.5d

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Calculation of PUCO and OCC Assessments**

	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) PUCO Maintenance Assessment (a)	\$ 38,900	\$ 38,900	\$ 38,900
(2) OCC Fund Assessment (a)	<u>8,485</u>	<u>8,485</u>	<u>8,485</u>
(3) Total Assessment (1) + (2)	47,385	47,385	47,385
(4) Allocation Factor (b)	<u>75.2711%</u>	<u>14.2088%</u>	<u>10.5201%</u>
(5) Allocated Assessment (3) x (4)	\$ <u><u>35,667</u></u>	\$ <u><u>6,733</u></u>	\$ <u><u>4,985</u></u>

- (a) Latest Known Assessments
(b) Staff's Schedule B-7 - Operating Revenues Allocation Factor

SCHEDULE C-3.5e

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Other Taxes and Licenses**

	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) Other Taxes and Licenses (a)	\$ <u>88,447</u>	\$ <u>23,646</u>	\$ <u>13,058</u>

(a) Applicant's Schedule C-2

SCHEDULE C-3.6

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Federal Income Tax Expense Adjustment**

	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) Adjusted Federal Income Taxes (a)	\$ 879,159	\$ 112,699	\$ 165,925
(2) Test Year Federal Income Taxes (b)	<u>95,267</u>	<u>8,239</u>	<u>19,055</u>
(3) Adjustment (1) - (2)	\$ <u>783,892</u>	\$ <u>104,460</u>	\$ <u>146,870</u>

- (a) Staff's Schedule C-4
(b) Applicant's Schedule C-2

Ohio American Water Company
Case No. 11-4161-WS-AIR
Calculation of Federal Income Taxes

	Water A		Water C		Wastewater	
	Adjusted Operating Income	Proforma Operating Income	Adjusted Operating Income	Proforma Operating Income	Adjusted Operating Income	Proforma Operating Income
(1) Operating Income Before FIT (a)	\$ 4,194,659	\$ 10,282,176	\$ 694,572	\$ 1,883,087	\$ 763,797	\$ 1,236,300
<u>Reconciling Items:</u>						
(2) Interest Charges (b)	(2,134,599)	(2,134,599)	(364,221)	(364,221)	(276,552)	(276,552)
(3) Book Depreciation (c)	3,102,602	3,102,602	464,546	464,546	435,796	435,796
(4) Tax Accelerated Depreciation (d)	<u>3,219,492</u>	<u>3,219,492</u>	<u>400,871</u>	<u>400,871</u>	<u>276,966</u>	<u>276,966</u>
(5) Excess of Tax Over Book Depreciation (3) - (4)	(116,890)	(116,890)	63,675	63,675	158,830	158,830
<u>Other Reconciling Items:</u>						
(6) Taxable Meals and Entertainment (d)	8,938	8,938	1,113	1,113	769	769
(7) Amortization of Deferred ITC (d)	<u>(2,328)</u>	<u>(2,328)</u>				
(8) Total Other Reconciling Items (6) + (7)	6,610	6,610	1,113	1,113	769	769
(9) Total Reconciling Items (2) + (5) + (8)	(2,244,879)	(2,244,879)	(299,433)	(299,433)	(116,953)	(116,953)
(10) Federal Taxable Income (1) + (9)	1,949,780	8,037,297	395,139	1,583,654	646,844	1,119,347
<u>Federal Income Taxes</u>						
(11) First \$38,410 x 15%	5,762	5,762	1,073	1,073	666	666
(12) Next \$19,205 x 25%	4,801	4,801	894	894	555	555
(13) Next \$19,205 x 34%	6,530	6,530	1,216	1,216	755	755
(14) Next \$180,528 x 39%	70,406	70,406	13,107	13,107	8,137	8,137
(15) Next \$7,424,682 x 34%	575,427	2,524,392	118,059	469,938	209,814	291,770
(16) Next \$3,841,015 x 35%		124,343		53,751		81,010
(17) Next \$2,560,676 x 36%						
(18) Excess of Taxable Income Over \$14,083,721 x 35%						
(19) Federal Income Taxes (11) Through (18)	662,926	2,736,234	134,349	539,979	219,927	382,893
<u>Deferred Income Taxes:</u>						
(20) Tax Accelerated Depreciation (d)	3,219,492	3,219,492	400,871	400,871	276,966	276,966
(21) Tax Straight Line Depreciation (c)	<u>3,102,602</u>	<u>3,102,602</u>	<u>464,546</u>	<u>464,546</u>	<u>435,796</u>	<u>435,796</u>
(22) Excess of Tax Accelerated over Tax S/L Deprec. (20) - (21)	116,890	116,890	(63,675)	(63,675)	(158,830)	(158,830)
(23) Deferred @0.34%	39,743	39,743	(21,650)	(21,650)	(54,002)	(54,002)
<u>Other Deferred Taxes:</u>						
(24) Amortization of Prior Years ITC (d)	(2,328)	(2,328)				
(25) Amortization of ITC (d)	792	792				
(26) Amortization of Regulatory Assets/Liabilities (d)	269,736	269,736				
(27) Amortization of Regulatory Assets/Liabilities (e)	<u>(91,710)</u>	<u>(91,710)</u>				
(28) Total Other Deferred Taxes (24) Thru (27)	176,490	176,490				
(29) Total Deferred Taxes (23) + (28)	<u>216,233</u>	<u>216,233</u>	<u>(21,650)</u>	<u>(21,650)</u>	<u>(54,002)</u>	<u>(54,002)</u>
(30) Total Federal Income Taxes (19) + (29)	<u>\$ 879,159</u>	<u>\$ 2,952,467</u>	<u>\$ 112,699</u>	<u>\$ 518,329</u>	<u>\$ 165,925</u>	<u>\$ 328,891</u>

- (a) Staff's Schedule C-1
(b) Staff's Schedule B-1 Rate Base x Weighted Cost of Debt
(c) Staff's Schedule C-3.4
(d) Applicant's Schedule C-4
(e) Staff's Schedule C-4, Line (26) x 34%

Rate of Return Summary
Ohio American Water Company
Case No. 11-4161-WS-AIR
Capital Structure as of April 30, 2011

	Amount \$	% of Total	% Cost	Weighted Cost %
Long Term Debt	\$50,766,410	48.24%	6.32%	3.05%
Preferred Stock	\$1,127,886	1.07%	8.53%	0.09%
Common Equity	<u>\$53,348,927</u>	<u>50.69%</u>	8.54% -9.58%	<u>4.33% -4.86%</u>
Total Capital	\$105,243,223	100.00%		7.47% -8.00%

Schedule D-1.1

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Equity Issuance Cost Adjustment
April 30, 2011**

(1) Retained Earnings ¹	\$0
(2) Total Common Equity ²	\$53,348,927
(3) Ratio of (1) to (2)	0.00000
(4) Generic Issuance Cost, f	3.50%
(5) External Equity Ratio, w [1.0 - (3)]	1.00000
(6) Net Adjustment Factor, $(w/(1 - f)) + (1 - w)$	1.03627
(7) Low End Equity Cost [8.24% x (6)]	8.54%
(8) High End Equity Cost [9.24% x (6)]	9.58%

Sources:

1 Applicant has a retained earnings balance of a negative \$3,916,661. A balance amount of \$0 will be used for the purpose of this calculation. Applicant's Schedule C-10.

2 Applicant's Schedule D-1

Schedule D-1.2

Ohio American Water Company
Case No. 11-4161-WS-AIR
Cost of Long Term Debt
April 30, 2011

	Interest Rate	Date Issued	Date Maturity	Face Amount Outstanding	Unamortized (Discount) or Premium	Unamortized Debt Expense	Unamortized Gain or (Loss)	Years To Maturity	Carrying Value	Interest Cost
General Mortgage Bonds										
Series	4.14%	7/1/2009	7/1/2029	\$1,249,139	\$0	\$50,856	\$0	18.169	\$1,198,283	\$54,513
Series	6.95%	4/19/1996	4/1/2026	5,000,000	0	36,923	0	14.919	4,963,077	349,976
Series	7.18%	2/7/1997	2/1/2027	4,500,000	0	27,931	0	15.753	4,472,069	324,873
Series	7.95%	2/15/2000	2/1/2012	4,200,000	0	3,771	0	0.753	4,196,229	338,909
Sub-total				<u>\$14,949,139</u>		<u>\$119,481</u>			<u>\$14,829,658</u>	<u>\$1,068,271</u>
Long-term debt by AWCC										
Series	8.27%	5/19/2009	5/19/1939	5,000,000	0	2,273	0	71.947	4,997,727	413,532
Series	5.39%	1/31/2007	12/21/2013	12,300,000	0	17,029	0	2.642	12,282,971	669,416
Series	5.62%	1/31/2007	12/21/2018	16,700,000	0	38,777	0	7.642	16,661,223	943,614
Series	5.77%	2/15/2007	12/21/2021	2,000,000	0	5,169	0	10.642	1,994,831	115,886
				<u>\$36,000,000</u>		<u>\$63,248</u>			<u>\$35,936,752</u>	<u>\$2,142,448</u>
				<u>\$50,949,139</u>	<u>\$0</u>	<u>\$182,729</u>	<u>\$0</u>		<u>\$50,766,410</u>	<u>\$3,210,719</u>
										<u>6.32%</u>

Source: Applicant's Schedule D-3

Ohio American Water Company
Case No. 11-4161-WS-AIR
Cost of Preferred Stock
April 30, 2011

Dividend Rate, Type, Par Value	Date Issued (B)	Dollar Amount		Gain or Loss		Annual		Annual		Cost (J)
		Outstanding	Premium or at Par Value Discount (\$) (C)	Unamortized Issue Expense (E)	on Required Stock (F)	Net Proceeds (G)	Dividends (H)	Issue Expenses (I)	Amortization of Annual	
5.50% Series B, \$100 par	5/26/1961	18,000		1,184		16,816	990	\$474		\$1,464
5.75% Series B, \$100 par	6/29/1967	24,000		422		23,578	1,380	53		1,433
8.44% Series F, \$100 par	2/14/1992	1,100,000		12,507		1,087,493	92,840	489		93,329
Total		1,142,000		14,113		1,127,887	95,210	\$1,016		\$96,226

8.5315%

Embedded cost of Preferred Stock (J divided by G)

Schedule D-1.4

**Ohio American Water Company
Case No. 11-4161-WS-AIR
CAPM Cost of Equity Estimate**

<u>Date</u>	<u>Close 10Yr Yld (%)</u>	<u>Close 30Yr Yld (%)</u>
18-Nov-10	2.9000	4.2800
19-Nov-10	2.8800	4.2500
22-Nov-10	2.8100	4.2100
23-Nov-10	2.7600	4.1700
24-Nov-10	2.9100	4.3000
26-Nov-10	2.8600	4.2100
29-Nov-10	2.8200	4.1500
30-Nov-10	2.8000	4.1000
1-Dec-10	2.9600	4.2400
2-Dec-10	3.0000	4.2700
3-Dec-10	3.0200	4.3100
6-Dec-10	2.9400	4.2500
7-Dec-10	3.1600	4.4300
8-Dec-10	3.2400	4.4400
9-Dec-10	3.2200	4.4000
10-Dec-10	3.3000	4.4200
13-Dec-10	3.2800	4.4000
14-Dec-10	3.4500	4.5600
15-Dec-10	3.5200	4.6000
16-Dec-10	3.4800	4.5800
17-Dec-10	3.3300	4.4100
20-Dec-10	3.3500	4.4600
21-Dec-10	3.3300	4.4300
22-Dec-10	3.3500	4.4500
23-Dec-10	3.3900	4.4700
27-Dec-10	3.3500	4.4200
28-Dec-10	3.4800	4.5500
29-Dec-10	3.3400	4.4100
30-Dec-10	3.3700	4.4300
31-Dec-10	3.3100	4.3600
3-Jan-11	3.3400	4.4000
4-Jan-11	3.3500	4.4400
5-Jan-11	3.4800	4.5500
6-Jan-11	3.4200	4.5300
7-Jan-11	3.3300	4.4900
10-Jan-11	3.3000	4.4900

Schedule D-1.4

**Ohio American Water Company
Case No. 11-4161-WS-AIR
CAPM Cost of Equity Estimate**

<u>Date</u>	<u>Close 10Yr Yld (%)</u>	<u>Close 30Yr Yld (%)</u>
11-Jan-11	3.3400	4.4800
12-Jan-11	3.3600	4.5200
13-Jan-11	3.3000	4.4900
14-Jan-11	3.3300	4.5300
18-Jan-11	3.3600	4.5600
19-Jan-11	3.3400	4.5300
20-Jan-11	3.4600	4.6200
21-Jan-11	3.4200	4.5700
24-Jan-11	3.4100	4.5600
25-Jan-11	3.3200	4.4700
26-Jan-11	3.4300	4.6000
27-Jan-11	3.3800	4.5600
28-Jan-11	3.3300	4.5300
31-Jan-11	3.3800	4.5700
1-Feb-11	3.4400	4.6100
2-Feb-11	3.4900	4.6400
3-Feb-11	3.5400	4.6600
4-Feb-11	3.6500	4.7400
7-Feb-11	3.6400	4.7100
8-Feb-11	3.7200	4.7600
9-Feb-11	3.6400	4.7000
10-Feb-11	3.7100	4.7700
11-Feb-11	3.6500	4.7100
14-Feb-11	3.6100	4.6700
15-Feb-11	3.6200	4.6600
16-Feb-11	3.6200	4.6700
17-Feb-11	3.5700	4.6600
18-Feb-11	3.5900	4.7000
22-Feb-11	3.4600	4.6100
23-Feb-11	3.4900	4.6000
24-Feb-11	3.4400	4.5300
25-Feb-11	3.4200	4.5200
28-Feb-11	3.4100	4.4900
1-Mar-11	3.4100	4.4900
2-Mar-11	3.4600	4.5500
3-Mar-11	3.5700	4.6400

Schedule D-1.4

**Ohio American Water Company
Case No. 11-4161-WS-AIR
CAPM Cost of Equity Estimate**

<u>Date</u>	<u>Close 10Yr Yld (%)</u>	<u>Close 30Yr Yld (%)</u>
4-Mar-11	3.4900	4.6000
7-Mar-11	3.5000	4.6100
8-Mar-11	3.5400	4.6600
9-Mar-11	3.4700	4.6000
10-Mar-11	3.3900	4.5400
11-Mar-11	3.3900	4.5400
14-Mar-11	3.3500	4.5200
15-Mar-11	3.3200	4.4700
16-Mar-11	3.2100	4.3900
17-Mar-11	3.2500	4.4300
18-Mar-11	3.2800	4.4300
21-Mar-11	3.3200	4.4500
22-Mar-11	3.3300	4.4400
23-Mar-11	3.3500	4.4500
24-Mar-11	3.4000	4.4700
25-Mar-11	3.4400	4.5100
28-Mar-11	3.4500	4.4900
29-Mar-11	3.4900	4.5500
30-Mar-11	3.4500	4.5200
31-Mar-11	3.4500	4.5100
1-Apr-11	3.4500	4.4900
4-Apr-11	3.4300	4.4900
5-Apr-11	3.4900	4.5100
6-Apr-11	3.5500	4.5900
7-Apr-11	3.5600	4.6200
8-Apr-11	3.5700	4.6300
11-Apr-11	3.5700	4.6300
12-Apr-11	3.5000	4.5700
13-Apr-11	3.4700	4.5500
14-Apr-11	3.4800	4.5400
15-Apr-11	3.4100	4.4700
18-Apr-11	3.3700	4.4500
19-Apr-11	3.3600	4.4300
20-Apr-11	3.4000	4.4500
21-Apr-11	3.4000	4.4800
25-Apr-11	3.3600	4.4600

Schedule D-1.4**Ohio American Water Company
Case No. 11-4161-WS-AIR
CAPM Cost of Equity Estimate**

<u>Date</u>	<u>Close 10Yr Yld (%)</u>	<u>Close 30Yr Yld (%)</u>
26-Apr-11	3.3200	4.4000
27-Apr-11	3.3700	4.4600
28-Apr-11	3.3100	4.4200
29-Apr-11	3.3000	4.4100
2-May-11	3.2900	4.3900
3-May-11	3.2600	4.3600
4-May-11	3.2200	4.3300
5-May-11	3.1700	4.2800
6-May-11	3.1600	4.3000
9-May-11	3.1400	4.3000
10-May-11	3.1900	4.3300
11-May-11	3.1600	4.3000
12-May-11	3.2300	4.3500
13-May-11	3.1900	4.3300
16-May-11	3.1500	4.2800
17-May-11	3.1200	4.2300
18-May-11	3.1700	4.2900
19-May-11	3.1700	4.3000
20-May-11	3.1500	4.3000
23-May-11	3.1300	4.2700
24-May-11	3.1200	4.2600
25-May-11	3.1300	4.2800
26-May-11	3.0600	4.2200
27-May-11	3.0600	4.2400
31-May-11	3.0500	4.2200
1-Jun-11	2.9700	4.1500
2-Jun-11	3.0300	4.2500
3-Jun-11	3.0000	4.2300
6-Jun-11	3.0000	4.2600
7-Jun-11	3.0100	4.2600
8-Jun-11	2.9600	4.2100
9-Jun-11	3.0000	4.2200
10-Jun-11	2.9700	4.1800
13-Jun-11	2.9900	4.2000
14-Jun-11	3.1000	4.3000
15-Jun-11	2.9700	4.2000

Schedule D-1.4

**Ohio American Water Company
Case No. 11-4161-WS-AIR
CAPM Cost of Equity Estimate**

<u>Date</u>	<u>Close 10Yr Yld (%)</u>	<u>Close 30Yr Yld (%)</u>
16-Jun-11	2.9100	4.1600
17-Jun-11	2.9400	4.2000
20-Jun-11	2.9600	4.2000
21-Jun-11	2.9800	4.2200
22-Jun-11	2.9900	4.2200
23-Jun-11	2.9100	4.1600
24-Jun-11	2.8700	4.1700
27-Jun-11	2.9300	4.2800
28-Jun-11	3.0500	4.3300
29-Jun-11	3.1100	4.3700
30-Jun-11	3.1600	4.3800
1-Jul-11	3.2000	4.4000
5-Jul-11	3.1400	4.3900
6-Jul-11	3.1000	4.3500
7-Jul-11	3.1500	4.3700
8-Jul-11	3.0200	4.2800
11-Jul-11	2.9200	4.2000
12-Jul-11	2.9100	4.1900
13-Jul-11	2.8900	4.1800
14-Jul-11	2.9400	4.2400
15-Jul-11	2.9100	4.2500
18-Jul-11	2.9100	4.2900
19-Jul-11	2.8900	4.2000
20-Jul-11	2.9300	4.2600
21-Jul-11	3.0100	4.3200
22-Jul-11	2.9600	4.2600
25-Jul-11	3.0000	4.3200
26-Jul-11	2.9500	4.2800
27-Jul-11	2.9800	4.2800
28-Jul-11	2.9500	4.2600
29-Jul-11	2.8100	4.1300
1-Aug-11	2.7400	4.0700
2-Aug-11	2.6200	3.9200
3-Aug-11	2.6000	3.8700
4-Aug-11	2.4600	3.7200
5-Aug-11	2.5600	3.8200

Schedule D-1.4**Ohio American Water Company
Case No. 11-4161-WS-AIR
CAPM Cost of Equity Estimate**

<u>Date</u>	<u>Close 10Yr Yld (%)</u>	<u>Close 30Yr Yld (%)</u>
8-Aug-11	2.3400	3.6600
9-Aug-11	2.1800	3.5700
10-Aug-11	2.1400	3.5400
11-Aug-11	2.3400	3.7900
12-Aug-11	2.2400	3.7000
15-Aug-11	2.2900	3.7500
16-Aug-11	2.2100	3.6500
17-Aug-11	2.1600	3.5700
18-Aug-11	2.0800	3.4400
19-Aug-11	2.0700	3.3900
22-Aug-11	2.0900	3.4000
23-Aug-11	2.1400	3.4800
24-Aug-11	2.2600	3.6100
25-Aug-11	2.2200	3.5900
26-Aug-11	2.1900	3.5300
29-Aug-11	2.2700	3.6200
30-Aug-11	2.1800	3.5100
31-Aug-11	2.2200	3.5900
1-Sep-11	2.1500	3.5100
2-Sep-11	2.0000	3.3100
6-Sep-11	1.9800	3.2600
7-Sep-11	2.0400	3.3500
8-Sep-11	1.9900	3.3100
9-Sep-11	1.9100	3.2500
12-Sep-11	1.9300	3.2400
13-Sep-11	1.9900	3.3200
14-Sep-11	2.0100	3.3100
15-Sep-11	2.0900	3.3500
16-Sep-11	2.0800	3.3400
19-Sep-11	1.9400	3.1900
20-Sep-11	1.9500	3.2100
21-Sep-11	1.8800	3.0400
22-Sep-11	1.7200	2.7900
23-Sep-11	1.8100	2.8700
26-Sep-11	1.9000	3.0000
27-Sep-11	2.0200	3.1200

Schedule D-1.4

**Ohio American Water Company
Case No. 11-4161-WS-AIR
CAPM Cost of Equity Estimate**

<u>Date</u>	<u>Close 10Yr Yld (%)</u>	<u>Close 30Yr Yld (%)</u>
28-Sep-11	2.0000	3.0900
29-Sep-11	1.9600	3.0000
30-Sep-11	1.9200	2.9200
3-Oct-11	1.7800	2.7600
4-Oct-11	1.7800	2.7600
5-Oct-11	1.9000	2.8800
6-Oct-11	1.9900	2.9500
7-Oct-11	2.0700	3.0200
10-Oct-11	2.0800	3.0200
11-Oct-11	2.1600	3.1100
12-Oct-11	2.2300	3.2100
13-Oct-11	2.1700	3.1400
14-Oct-11	2.2300	3.2100
17-Oct-11	2.1500	3.1400
18-Oct-11	2.1500	3.1600
19-Oct-11	2.1600	3.1700
20-Oct-11	2.1800	3.2000
21-Oct-11	2.2000	3.2500
24-Oct-11	2.2300	3.2800
25-Oct-11	2.1300	3.1400
26-Oct-11	2.2000	3.2200
27-Oct-11	2.3900	3.4500
28-Oct-11	2.3100	3.3500
31-Oct-11	2.1700	3.2000
1-Nov-11	2.0000	3.0100
2-Nov-11	2.0100	3.0400
3-Nov-11	2.0700	3.1200
4-Nov-11	2.0500	3.1000
7-Nov-11	1.9900	3.0400
8-Nov-11	2.0700	3.1200
9-Nov-11	1.9600	3.0200
10-Nov-11	2.0600	3.1100
11-Nov-11	2.0600	3.1100
14-Nov-11	2.0400	3.0900
15-Nov-11	2.0600	3.1000
16-Nov-11	2.0200	3.0600

Schedule D-1.4

Ohio American Water Company Case No. 11-4161-WS-AIR CAPM Cost of Equity Estimate

<u>Date</u>	<u>Close 10Yr Yld (%)</u>	<u>Close 30Yr Yld (%)</u>
17-Nov-11	1.9600	2.9700
18-Nov-11	2.0100	3.0000
Last 64days	2.0631	3.1950
Last 127 days	2.4659	3.6677
Last 190 days	2.7683	3.9363
Last 252 days	2.9032	4.0700
	2.5501	3.7172
	3.1337	
CAPM Cost of Equity Estimate	7.2587	

$$\begin{aligned}\text{CAPM} &= \text{risk free return} + \beta(\text{large company total return} - \text{risk free return}) \\ &= 3.7979\% + (0.6875 * 6\%)\end{aligned}$$

Source: Yahoo.com

**Ohio American Water Company
Case No. 11-4161-WS-AIR
DCF Cost of Equity Estimate**

Stock Prices¹ (\$):

	<u>AWK</u>	<u>AWR</u>	<u>CWT</u>	<u>WTR</u>
11/18/10	23.93	36.6100	36.4400	20.9800
11/19/10	24.25	36.8500	36.6600	21.0500
11/22/10	24.29	36.8900	36.9600	21.2900
11/23/10	24.44	37.2800	37.0100	21.5100
11/24/10	24.64	38.0500	37.3700	21.6800
11/26/10	24.79	37.7300	37.4700	21.8200
11/29/10	24.54	37.0800	37.2700	21.6600
11/30/10	24.51	36.5800	37.2000	21.5500
12/01/10	24.78	37.2600	37.5800	21.8300
12/02/10	25	34.0700	37.4100	21.5900
12/03/10	24.92	34.9800	37.3900	21.5800
12/06/10	24.96	34.8800	37.4100	21.5600
12/07/10	24.78	33.5900	37.3700	21.5200
12/08/10	24.76	33.9100	37.1800	21.4400
12/09/10	24.9	33.9000	37.5100	21.4600
12/10/10	24.72	34.6500	37.6300	21.5900
12/13/10	25	35.1100	37.8200	21.8200
12/14/10	24.94	34.8900	38.1600	22.1300
12/15/10	24.91	34.6100	38.1300	22.0400
12/16/10	25.21	35.3700	38.3100	22.4000
12/17/10	25.23	35.3200	38.3800	22.2100
12/20/10	25.52	35.4300	38.3900	22.3200
12/21/10	25.24	34.0100	37.1100	22.2500
12/22/10	25.2	34.2000	36.8800	22.2900
12/23/10	25.4	34.3000	37.1900	22.6200
12/27/10	25.41	34.4400	37.1500	22.5200
12/28/10	25.51	34.5400	37.5000	22.6300
12/29/10	25.73	35.1100	38.0000	22.8900
12/30/10	25.44	34.9900	37.7200	22.6800
12/31/10	25.29	34.4700	37.2700	22.4800
01/03/11	25.54	35.0500	37.6600	22.6800
01/04/11	25.67	34.7500	37.4200	22.7100
01/05/11	25.53	34.6600	37.4800	22.7100
01/06/11	25.23	34.3600	37.2400	22.4300
01/07/11	25.67	34.3400	37.3600	22.7900
01/10/11	25.51	34.8200	37.4100	22.7400
01/11/11	25.36	34.9000	37.2500	22.9600

Ohio American Water Company
Case No. 11-4161-WS-AIR
DCF Cost of Equity Estimate

Stock Prices¹ (\$):

	<u>AWK</u>	<u>AWR</u>	<u>CWT</u>	<u>WTR</u>
01/12/11	25.58	34.8700	37.4400	23.0400
01/13/11	25.68	34.6700	37.2000	23.1200
01/14/11	25.98	35.2400	37.6800	23.3300
01/18/11	25.42	34.8200	37.5200	23.4400
01/19/11	25.53	34.5300	37.6300	23.1800
01/20/11	25.66	34.5200	37.5000	23.1700
01/21/11	25.59	34.1800	37.2600	23.0400
01/24/11	25.9	34.3800	37.5300	23.3800
01/25/11	25.95	34.7900	37.8300	23.6500
01/26/11	26.15	35.1000	38.1000	23.6100
01/27/11	25.89	34.8000	37.5300	23.5900
01/28/11	25.38	33.9000	36.5800	23.1800
01/31/11	25.5	34.0000	36.5000	23.1200
02/01/11	25.67	34.2300	36.3800	23.2200
02/02/11	26.2	34.0800	36.3100	23.3400
02/03/11	26.64	33.7500	35.2500	23.3900
02/04/11	26.73	33.6000	35.6700	23.4100
02/07/11	26.8	33.6900	36.1200	23.4000
02/08/11	26.63	33.4100	35.8700	23.0900
02/09/11	26.56	33.2200	35.7600	22.9900
02/10/11	26.46	32.9900	35.8400	23.0300
02/11/11	26.62	33.2200	36.0400	23.4300
02/14/11	27	33.4600	36.1000	23.4400
02/15/11	27.27	33.0600	36.0100	23.3000
02/16/11	27.23	33.2800	36.2800	23.1900
02/17/11	27.32	33.4800	36.4600	23.2400
02/18/11	27.83	34.0100	36.8200	23.2800
02/22/11	27.48	34.0100	36.7000	23.2400
02/23/11	27.4	33.2100	36.0700	22.7500
02/24/11	27.08	33.0400	35.3400	22.3100
02/25/11	27.37	33.6800	35.1300	22.3200
02/28/11	27.74	33.5400	35.2800	22.5200
03/01/11	27.46	33.1000	34.8700	22.2900
03/02/11	27.69	33.5100	35.1200	22.3600
03/03/11	28.2	34.3000	35.8600	22.8400
03/04/11	27.69	34.0900	35.4300	22.5800
03/07/11	27.65	33.7100	35.1800	22.3900

Ohio American Water Company
Case No. 11-4161-WS-AIR
DCF Cost of Equity Estimate

Stock Prices¹ (\$):

	<u>AWK</u>	<u>AWR</u>	<u>CWT</u>	<u>WTR</u>
03/08/11	27.89	34.2000	35.7400	22.6800
03/09/11	27.87	34.2400	35.9000	22.6900
03/10/11	27.4	33.2400	35.0400	22.2500
03/11/11	27.45	32.9300	35.1700	22.3600
03/14/11	27.5	34.1000	35.2300	22.2400
03/15/11	26.94	33.3700	34.9100	21.8900
03/16/11	27.12	32.9100	34.8600	21.7300
03/17/11	27	32.8300	34.7500	21.7700
03/18/11	27.03	33.3100	35.4800	22.0000
03/21/11	27.5	33.7600	35.9800	22.3800
03/22/11	27.42	34.0200	35.9800	22.4200
03/23/11	27.4	33.8200	35.9200	22.3400
03/24/11	27.69	33.8400	36.0000	22.5900
03/25/11	27.78	34.1600	36.1000	22.4800
03/28/11	27.5	33.9000	35.9800	22.3600
03/29/11	27.67	35.8100	36.7400	22.7500
03/30/11	27.95	35.2300	37.0100	22.7400
03/31/11	28.05	35.8600	37.1700	22.8900
04/01/11	28.31	35.9500	37.3700	23.0800
04/04/11	28.45	36.3200	37.5600	23.0700
04/05/11	28.42	36.1200	37.5700	22.9400
04/06/11	28.72	36.2000	38.0600	23.0300
04/07/11	28.61	35.6200	37.5700	22.6300
04/08/11	28.52	35.3100	37.3000	22.4800
04/11/11	28.36	35.2500	37.0800	22.3000
04/12/11	27.9	34.3300	36.3900	21.9400
04/13/11	28.17	34.6100	36.7200	21.8500
04/14/11	28.36	34.7600	37.0700	21.9400
04/15/11	28.67	35.6800	37.6600	22.1800
04/18/11	28.37	34.9600	37.7300	21.5500
04/19/11	28.38	34.5000	36.9100	21.5800
04/20/11	28.48	34.5000	36.9000	21.8200
04/21/11	28.31	34.3900	36.7300	21.8200
04/25/11	28.33	34.3600	36.7400	21.8200
04/26/11	28.66	34.6800	37.2200	22.0900
04/27/11	29.09	34.8300	37.4700	22.3500
04/28/11	29.19	34.9500	37.7200	22.4400

**Ohio American Water Company
Case No. 11-4161-WS-AIR
DCF Cost of Equity Estimate**

Stock Prices¹ (\$):

	<u>AWK</u>	<u>AWR</u>	<u>CWT</u>	<u>WTR</u>
04/29/11	29.38	34.9100	37.7200	22.5500
05/02/11	29.51	34.8100	37.6600	22.7100
05/03/11	29.54	34.7200	37.6500	22.6800
05/04/11	29.33	34.3300	37.2900	22.4800
05/05/11	29.2	33.9000	36.6400	22.4300
05/06/11	29.28	33.6500	36.4900	22.5600
05/09/11	29.64	33.9300	36.7900	22.8100
05/10/11	30.61	34.1000	37.4100	23.1400
05/11/11	29.67	33.5700	36.7500	22.9900
05/12/11	29.71	34.0200	37.2000	23.2500
05/13/11	29.37	33.5200	36.8100	22.8300
05/16/11	28.78	33.3300	36.4700	22.6400
05/17/11	28.76	33.2400	36.6900	22.2900
05/18/11	28.92	33.4400	37.1200	22.4400
05/19/11	29.33	33.2600	37.1700	22.5700
05/20/11	29.4	33.1000	37.2700	22.6100
05/23/11	29.02	32.8000	36.9200	22.1800
05/24/11	29.01	32.9100	36.7500	21.9900
05/25/11	29.77	33.4600	37.0200	22.1000
05/26/11	29.88	33.9900	37.2400	22.2900
05/27/11	29.82	34.4200	37.3700	22.3600
05/31/11	30.01	34.5800	37.8400	22.7700
06/01/11	29.61	34.1900	37.1500	22.1600
06/02/11	29.42	33.9100	36.8200	21.9500
06/03/11	29.05	33.5000	36.2700	21.7000
06/06/11	28.79	33.5000	36.1400	21.5200
06/07/11	28.75	33.5100	36.1500	21.3600
06/08/11	28.75	33.5300	36.0500	21.3000
06/09/11	28.53	33.4400	35.8000	21.5200
06/10/11	28.59	33.2500	35.5900	21.3600
06/13/11	28.8	33.3600	17.9100	21.4600
06/14/11	29.11	33.5400	18.0900	21.6600
06/15/11	28.78	33.2500	17.9000	21.4500
06/16/11	28.78	33.5800	18.0800	21.4700
06/17/11	29.14	33.5200	18.1400	21.5200
06/20/11	29.28	33.7200	18.3100	21.5300
06/21/11	29.36	33.9000	18.3700	21.6100

Ohio American Water Company
Case No. 11-4161-WS-AIR
DCF Cost of Equity Estimate

Stock Prices¹ (\$):

	<u>AWK</u>	<u>AWR</u>	<u>CWT</u>	<u>WTR</u>
06/22/11	29.3	33.6900	17.9700	21.4400
06/23/11	29.41	33.8400	18.2100	21.4600
06/24/11	29.24	34.0800	18.2400	21.4300
06/27/11	29.17	34.0300	18.3300	21.4600
06/28/11	29.37	34.4800	18.4700	21.7000
06/29/11	29.83	34.3300	18.6000	21.8900
06/30/11	29.45	34.6600	18.7100	21.9800
07/01/11	30.1	35.0200	18.7600	22.3700
07/05/11	29.91	35.0400	18.6700	22.3100
07/06/11	30.01	35.1300	18.7500	22.5700
07/07/11	30.16	35.5400	18.9400	22.5900
07/08/11	30.16	35.3900	18.8900	22.4900
07/11/11	29.66	35.1100	18.6700	22.3000
07/12/11	29.56	35.0500	18.7300	22.3900
07/13/11	29.67	35.4000	19.0100	22.4200
07/14/11	29.41	35.0000	18.9900	22.0800
07/15/11	29.53	35.0600	19.1200	22.1500
07/18/11	29.14	34.6100	18.7500	21.7900
07/19/11	29.24	34.7900	18.9800	22.0200
07/20/11	29.38	34.7400	18.9500	22.1600
07/21/11	29.7	35.2400	19.2100	22.4000
07/22/11	29.48	34.7500	19.1300	22.2400
07/25/11	29.25	34.6600	18.9600	22.0500
07/26/11	28.99	34.3500	18.8300	21.8100
07/27/11	28.25	33.8800	18.4900	21.4800
07/28/11	28.27	33.8800	18.4100	21.3100
07/29/11	28	34.1900	18.3100	21.1500
08/01/11	28.05	34.1700	18.4000	21.3000
08/02/11	27.64	33.8000	18.1300	21.0500
08/03/11	28.29	34.2600	18.3600	21.7800
08/04/11	27.6	34.0700	17.9400	21.2900
08/05/11	27.41	33.3800	18.0900	20.9800
08/08/11	25.55	31.2700	16.8900	19.2800
08/09/11	27.85	34.6000	18.3500	21.2600
08/10/11	26.82	32.9300	17.3800	20.2100
08/11/11	28.53	34.2700	18.2400	21.7200
08/12/11	28.23	34.0300	18.0200	21.4900

**Ohio American Water Company
Case No. 11-4161-WS-AIR
DCF Cost of Equity Estimate**

Stock Prices¹ (\$):

	<u>AWK</u>	<u>AWR</u>	<u>CWT</u>	<u>WTR</u>
08/15/11	29.07	34.6500	18.4000	21.9900
08/16/11	28.9	34.6300	18.3000	21.8900
08/17/11	28.61	34.6600	18.3300	21.9400
08/18/11	27.9	33.8400	17.8500	21.2600
08/19/11	27.23	33.6100	17.6700	20.9000
08/22/11	27.51	33.5700	17.6000	20.9900
08/23/11	28	34.5600	18.0500	21.5100
08/24/11	28.79	35.1200	18.4100	21.6900
08/25/11	28.54	34.1000	18.0800	21.2700
08/26/11	29.02	34.5400	18.2800	21.6200
08/29/11	29.49	35.2800	18.7500	22.2700
08/30/11	29.56	35.3200	18.8000	22.2200
08/31/11	29.78	35.5000	18.8800	22.0800
09/01/11	29.65	35.0300	18.5500	22.0300
09/02/11	29.49	34.1900	18.0500	21.5200
09/06/11	29.14	33.6500	17.9700	21.4400
09/07/11	29.56	34.6200	18.2900	21.8000
09/08/11	29.66	33.8800	18.0700	21.8400
09/09/11	28.68	33.0000	17.5000	21.1200
09/12/11	28.52	33.3400	17.6100	21.0700
09/13/11	28.83	33.5000	17.6900	21.2200
09/14/11	29.53	34.0400	17.9800	21.7500
09/15/11	29.77	34.1300	18.1100	21.9200
09/16/11	29.69	34.1800	18.0500	21.9300
09/19/11	29.5	33.7700	17.8100	21.6700
09/20/11	30.17	33.5700	17.7700	21.5600
09/21/11	30.29	32.6800	17.1600	20.9500
09/22/11	30.07	32.6600	16.9800	20.9900
09/23/11	29.79	33.2600	17.1900	20.9900
09/26/11	30.27	33.2100	17.2200	21.2200
09/27/11	30.5	33.8100	17.6100	21.4600
09/28/11	30.13	32.8200	17.1900	21.2300
09/29/11	30.36	33.3600	17.6700	21.6700
09/30/11	30.18	33.9300	17.7100	21.5700
10/03/11	29.27	32.4400	17.0000	20.7300
10/04/11	29.45	33.8800	17.6200	20.9100
10/05/11	29.22	34.0700	17.6500	21.0500

Ohio American Water Company
Case No. 11-4161-WS-AIR
DCF Cost of Equity Estimate

Stock Prices1 (\$):

	<u>AWK</u>	<u>AWR</u>	<u>CWT</u>	<u>WTR</u>
10/06/11	29.52	34.4800	17.9500	21.3500
10/07/11	29.37	34.1200	17.6800	21.0200
10/10/11	30.11	34.8500	18.0000	21.4900
10/11/11	30.08	34.4900	17.8400	21.3000
10/12/11	29.43	34.5600	17.8600	21.0800
10/13/11	29.9	35.1200	18.1200	21.6000
10/14/11	29.82	35.0800	18.2200	21.4300
10/17/11	30.14	34.6300	17.8300	21.2800
10/18/11	30.36	34.8600	18.1500	21.5500
10/19/11	30.64	35.0100	18.1500	21.6600
10/20/11	30.55	34.8600	18.0000	21.7000
10/21/11	30.51	35.2700	18.3200	21.9500
10/24/11	30.93	35.4400	18.6700	22.2100
10/25/11	29.9	34.2400	18.1200	21.6400
10/26/11	29.67	33.9900	18.5100	21.5200
10/27/11	30.35	35.3200	18.9400	22.2800
10/28/11	30.43	34.8400	18.8800	22.2800
10/31/11	30.53	34.9400	18.5700	22.1900
11/01/11	29.8	34.2200	18.2200	21.6500
11/02/11	30.1	34.8000	18.6300	21.9700
11/03/11	31	35.3600	18.6500	22.3900
11/04/11	30.59	35.2400	18.5700	22.4000
11/07/11	31.19	35.4300	18.6000	22.4500
11/08/11	31.16	35.3200	18.6900	22.4400
11/09/11	30.82	34.8000	18.1700	21.8500
11/10/11	31.19	34.9900	18.3400	22.0400
11/11/11	31.16	35.3500	18.6600	22.4300
11/14/11	30.93	35.4900	18.4900	22.0900
11/15/11	31.06	35.5000	18.8200	22.0100
11/16/11	30.56	35.4600	18.6600	21.7500
11/17/11	30.36	35.8000	18.6300	21.7000
11/18/11	30.45	36.1900	28.5471	21.6900
AVERAGE (\$)	28.1778	34.3904	28.5471	22.1015
QUARTERLY DIV.1(\$)	0.2200	0.2600	0.1490	0.1450
	0.2200	0.2600	0.1490	0.1450
	0.2300	0.2600	0.1490	0.1550
	0.2300	0.2600	0.1540	0.1550

**Ohio American Water Company
Case No. 11-4161-WS-AIR
DCF Cost of Equity Estimate**

Stock Prices¹ (\$):

	<u>AWK</u>	<u>AWR</u>	<u>CWT</u>	<u>WTR</u>
ANNUAL DIVIDEND (\$)	0.9000	1.0400	0.6010	0.6000
YIELD	3.19%	3.02%	2.11%	2.71%
MSN2	7.80%	12.00%	10.00%	8.30%
YAHOO3	8.03%	7.15%	15.00%	6.67%
DCF GROWTH FACTOR	7.92%	9.58%	12.50%	7.49%
VALUE LINE4:				
'09 EARNINGS (\$)	1.75	2.10	1.10	1.05
'13 EARNINGS (\$)	2.25	2.50	1.35	1.40
	6.28%	4.36%	5.12%	7.19%
VALUE LINE, "BOXED"	9.50%	5.50%	6.00%	10.50%
VALUE LINE	7.89%	4.93%	5.56%	8.85%
DCF GROWTH ESTIMATE	7.91%	8.41%	10.76%	7.83%
DCF COST OF EQUITY ESTIM/	10.47%	10.47%	10.09%	9.87%
DCF AVERAGE				10.23%
CAPM COST OF EQUITY ESTIMATE				7.26%
COST OF EQUITY ESTIMATE				8.74%

Sources:

- 1 MSN Investor & Value Line Investment Guide
- 2 moneycentral.msn.com
- 3 finance.yahoo.com
- 4 Value Line Investment Guide

Schedule D-1.6

**Ohio American Water Company
Case No. 11-4161-WS-AIR
AWK Non-Constant DCF Calculation**

g= 7.91%	non const dcf= 10.47%	const dcf= 11.36%
D= \$0.90	P= -\$28.18	g(e)= 6.55%

<u>YEAR</u>	<u>GROWTH RATE</u>	<u>DIVIDEND</u>
1	7.91%	\$0.97
2	7.91%	\$1.05
3	7.91%	\$1.13
4	7.91%	\$1.22
5	7.91%	\$1.32
6	7.84%	\$1.42
7	7.77%	\$1.53
8	7.71%	\$1.65
9	7.64%	\$1.77
10	7.57%	\$1.91
11	7.50%	\$2.05
12	7.43%	\$2.20
13	7.36%	\$2.37
14	7.30%	\$2.54
15	7.23%	\$2.72
16	7.16%	\$2.92
17	7.09%	\$3.12
18	7.02%	\$3.34
19	6.96%	\$3.58
20	6.89%	\$3.82
21	6.82%	\$4.08
22	6.75%	\$4.36
23	6.68%	\$4.65
24	6.62%	\$4.96
25	6.55%	\$5.28
26	6.55%	\$5.63
27	6.55%	\$6.00
28	6.55%	\$6.39
29	6.55%	\$6.81
30	6.55%	\$7.26

This schedule is truncated; the calculation extends to 400 years to ensure the stability of the calculation

g, D, P are from Schedule D-1.4
g(e) is from Schedule D-1.9

Schedule D-1.7

**Ohio American Water Company
Case No. 11-4161-WS-AIR
AWR Non-Constant DCF Calculation**

g= 8.41%	non const dcf= 10.47%	const dcf= 11.69%
D= \$1.04	P= -\$34.39	g(e)= 6.55%

<u>YEAR</u>	<u>GRPWTB RATE</u>	<u>DIVIDEND</u>
1	8.41%	\$1.13
2	8.41%	\$1.22
3	8.41%	\$1.33
4	8.41%	\$1.44
5	8.41%	\$1.56
6	8.32%	\$1.69
7	8.23%	\$1.83
8	8.13%	\$1.97
9	8.04%	\$2.13
10	7.95%	\$2.30
11	7.85%	\$2.48
12	7.76%	\$2.68
13	7.67%	\$2.88
14	7.57%	\$3.10
15	7.48%	\$3.33
16	7.39%	\$3.58
17	7.29%	\$3.84
18	7.20%	\$4.12
19	7.11%	\$4.41
20	7.01%	\$4.72
21	6.92%	\$5.04
22	6.83%	\$5.39
23	6.73%	\$5.75
24	6.64%	\$6.13
25	6.55%	\$6.53
26	6.55%	\$6.96
27	6.55%	\$7.42
28	6.55%	\$7.90
29	6.55%	\$8.42
30	6.55%	\$8.97

This schedule is truncated; the calculation extends to 400 years to ensure the stability of the calculation

g, D, P are from Schedule D-1.4
g(e) is from Schedule D-1.9

Schedule D-1.8

**Ohio American Water Company
Case No. 11-4161-WS-AIR
CWT Non-Constant DCF Calculation**

	non const	const
g= 10.76%	dcf= 10.09%	dcf= 13.10%
D= \$0.60	P= -\$28.55	g(e)= 6.55%

<u>YEAR</u>	<u>GROWTH RATE</u>	<u>DIVIDEND</u>
1	10.76%	\$0.67
2	10.76%	\$0.74
3	10.76%	\$0.82
4	10.76%	\$0.90
5	10.76%	\$1.00
6	10.55%	\$1.11
7	10.34%	\$1.22
8	10.13%	\$1.35
9	9.92%	\$1.48
10	9.71%	\$1.62
11	9.50%	\$1.78
12	9.29%	\$1.94
13	9.08%	\$2.12
14	8.87%	\$2.31
15	8.66%	\$2.51
16	8.45%	\$2.72
17	8.24%	\$2.94
18	8.02%	\$3.18
19	7.81%	\$3.43
20	7.60%	\$3.69
21	7.39%	\$3.96
22	7.18%	\$4.24
23	6.97%	\$4.54
24	6.76%	\$4.85
25	6.55%	\$5.16
26	6.55%	\$5.50
27	6.55%	\$5.86
28	6.55%	\$6.25
29	6.55%	\$6.66
30	6.55%	\$7.09

This schedule is truncated; the calculation extends to 400 years to ensure the stability of the calculation

g, D, P are from Schedule D-1.4
g(e) is from Schedule D-1.9

Schedule D-1.9

**Ohio American Water Company
Case No. 11-4161-WS-AIR
WTR Non-Constant DCF Calculation**

g= 7.83%	non const dcf= 9.87%	const dcf= 10.75%
D= \$0.60	P= -\$22.10	g(e)= 6.55%

<u>YEAR</u>	<u>GROWTH RATE</u>	<u>DIVIDEND</u>
1	7.83%	\$0.65
2	7.83%	\$0.70
3	7.83%	\$0.75
4	7.83%	\$0.81
5	7.83%	\$0.87
6	7.76%	\$0.94
7	7.70%	\$1.01
8	7.63%	\$1.09
9	7.57%	\$1.18
10	7.51%	\$1.26
11	7.44%	\$1.36
12	7.38%	\$1.46
13	7.31%	\$1.56
14	7.25%	\$1.68
15	7.19%	\$1.80
16	7.12%	\$1.93
17	7.06%	\$2.06
18	7.00%	\$2.21
19	6.93%	\$2.36
20	6.87%	\$2.52
21	6.80%	\$2.69
22	6.74%	\$2.87
23	6.68%	\$3.07
24	6.61%	\$3.27
25	6.55%	\$3.48
26	6.55%	\$3.71
27	6.55%	\$3.95
28	6.55%	\$4.21
29	6.55%	\$4.49
30	6.55%	\$4.78

This schedule is truncated; the calculation extends to 400 years to ensure the stability of the calculation

g, D, P are from Schedule D-1.4
g(e) is from Schedule D-1.9

Ohio American Water Company
Case No. 11-4161-WS-AIR
Growth in U.S. Gross National Product, 1929 to 2008

Year	GNP (\$billion)	Change (\$billion)	Growth%
1929	104.4		
1930	91.9	-12.5	-11.97%
1931	77	-14.9	-16.21%
1932	59.1	-17.9	-23.25%
1933	56.7	-2.4	-4.06%
1934	66.3	9.6	16.93%
1935	73.6	7.3	11.01%
1936	84	10.4	14.13%
1937	92.2	8.2	9.76%
1938	86.5	-5.7	-6.18%
1939	92.5	6	6.94%
1940	101.7	9.2	9.95%
1941	127.2	25.5	25.07%
1942	162.3	35.1	27.59%
1943	198.9	36.6	22.55%
1944	220.1	21.2	10.66%
1945	223.3	3.2	1.45%
1946	222.9	-0.4	-0.18%
1947	245.2	22.3	10.00%
1948	270.6	25.4	10.36%
1949	268.5	-2.1	-0.78%
1950	295.2	26.7	9.94%
1951	341.2	46	15.58%
1952	360.3	19.1	5.60%
1953	381.2	20.9	5.80%
1954	382.4	1.2	0.31%
1955	417.2	34.8	9.10%
1956	440.2	23	5.51%
1957	464.1	23.9	5.43%
1958	469.8	5.7	1.23%
1959	509.4	39.6	8.43%
1960	529.6	20.2	3.97%
1961	548.3	18.7	3.53%
1962	589.7	41.4	7.55%
1963	622.2	32.5	5.51%
1964	668.6	46.4	7.46%
1965	724.4	55.8	8.35%
1966	792.8	68.4	9.44%
1967	837.8	45	5.68%
1968	915.9	78.1	9.32%
1969	990.5	74.6	8.14%
1970	1044.7	54.2	5.47%
1971	1134.4	89.7	8.59%
1972	1246.4	112	9.87%
1973	1394.9	148.5	11.91%
1974	1515	120.1	8.61%

**Ohio American Water Company
Case No. 11-4161-WS-AIR
Growth in U.S. Gross National Product, 1929 to 2008**

Year	GNP (\$billion)	Change (\$billion)	Growth%
1975	1650.7	135.7	8.96%
1976	1841.4	190.7	11.55%
1977	2050.4	209	11.35%
1978	2315.3	264.9	12.92%
1979	2594.2	278.9	12.05%
1980	2822.3	228.1	8.79%
1981	3159.8	337.5	11.96%
1982	3289.7	129.9	4.11%
1983	3571.7	282	8.57%
1984	3967.2	395.5	11.07%
1985	4244	276.8	6.98%
1986	4477.7	233.7	5.51%
1987	4754	276.3	6.17%
1988	5123.8	369.8	7.78%
1989	5508.1	384.3	7.50%
1990	5835	326.9	5.93%
1991	6022	187	3.20%
1992	6371.4	349.4	5.80%
1993	6698.5	327.1	5.13%
1994	7109.2	410.7	6.13%
1995	7444.3	335.1	4.71%
1996	7870.1	425.8	5.72%
1997	8355.8	485.7	6.17%
1998	8810.8	455	5.45%
1999	9381.3	570.5	6.48%
2000	9989.2	607.9	6.48%
2001	10338.1	348.9	3.49%
2002	10691.4	353.3	3.42%
2003	11210.9	519.5	4.86%
2004	11944.5	733.6	6.54%
2005	12720.1	775.6	6.49%
2006	13449.6	729.5	5.74%
2007	14151.9	702.3	5.22%
2008	14460.7	308.8	2.18%
2009	14091.2	-369.5	-2.56%
2010	14715.9	624.7	4.43%
Average			6.55%

Sources: (1) National Income and Product Accounts (NIPA) from the U.S. Bureau of Economic Analysis and Econostats; BEA Data; NIPA Index; Section 1. domestic Product and Income Table 1.7.5 Relation of Gross Domestic Product, Gross national Product, Net National Product, National Income, and Personal Income. (2) U.S. Department of Commerce; Survey of Current of the United States Business and Historical Statistics.

OHIO AMERICAN WATER COMPANY
Rate Case No. 11-4161-WS-AIR
Typical Monthly Bill Comparison - Water A

Line No.	Rate Block Limits	Current rate per ccf	Proposed rate per ccf	Dollar Change	Percent Change
1	Marion County within Marion District (including softening surcharge)				
2	Ashtabula, Lake White, Lawrence County, Marion, Mansfield (metered) and Tiffin Districts				
3	Monthly				
4	1st 20 ccf	\$ 5.7412	\$ 7.8640	\$ 2.1228	36.97%
5	21 - 2,000 ccf	3.9705	5.1500	1.1795	29.71%
6	over 2,000 ccf	2.1115	3.0799	0.9684	45.86%
7					
8	SIC Surcharge	3.0%	0.0%		
9					
10	Bill Data - Single 5/8" Meter				
11	Level of Usage	Current Monthly Bill	Proposed Monthly Bill	Dollar Change	Percent Change
12	ccf				
13	Marion County within Marion District (including softening surcharge)				
14	0	\$ 9.80	\$ 8.55	\$ (1.25)	-12.71%
15	1	15.71	16.41	0.71	4.49%
16	2	21.62	24.28	2.66	12.28%
17	3	27.54	32.14	4.61	16.73%
18	4	33.45	40.01	6.56	19.60%
19	5	39.36	47.87	8.51	21.61%
20	6	45.28	55.73	10.46	23.10%
21	7	51.19	63.60	12.41	24.24%
22	8	57.10	71.46	14.36	25.15%
23	9	63.02	79.33	16.31	25.88%
24	10	68.93	87.19	18.26	26.49%
25	20	128.06	165.83	37.77	29.49%
26	50	250.75	320.33	69.58	27.75%
27	100	455.23	577.83	122.60	26.93%
28	200	864.19	1,092.83	228.64	26.46%
29	500	2,091.08	2,637.83	546.75	26.15%
30	1,000	4,135.89	5,212.83	1,076.94	26.04%
31					
32					
33					
34					
35					
	Mansfield District - Flat Rate (unmetered) (monthly)				
	Flat Rate (unmetered)	\$ 42.38	\$ 52.38	\$ 10.00	23.60%

OHIO AMERICAN WATER COMPANY
Rate Case No. 11-4161-WS-AIR
Typical Monthly Bill Comparison - Water A

Line No.	Rate Block Limits	Current rate per ccf	Proposed rate per ccf	Dollar Change	Percent Change	Rate Block Limits	Current rate per ccf	Proposed rate per ccf	Dollar Change	Percent Change
Marion County within Marion District (including softening surcharge)										
All usage	ccf	\$	0.3415	\$	0.4289	\$	0.0874			25.59%

Bill Data - Single 1" Meter										
Level of Usage ccf	Current Monthly Bill	Proposed Monthly Bill	Dollar Change	Percent Change	Level of Usage ccf	Current Monthly Bill	Proposed Monthly Bill	Dollar Change	Percent Change	
Marion County within Marion District (including softening surcharge)										
0	\$	18.44	\$	16.76	\$	(1.68)			-9.10%	
10	\$	77.57	\$	95.40	\$	17.83			22.98%	
20	\$	136.71	\$	174.04	\$	37.33			27.31%	
50	\$	259.39	\$	328.54	\$	69.15			26.68%	
100	\$	463.87	\$	586.04	\$	122.17			26.34%	
500	\$	2,099.72	\$	2,646.04	\$	546.32			26.02%	
1,000	\$	4,144.53	\$	5,221.04	\$	1,076.51			25.97%	
1,100	\$	4,553.49	\$	5,736.04	\$	1,182.55			25.97%	
1,200	\$	4,962.45	\$	6,251.04	\$	1,288.59			25.97%	
1,400	\$	5,780.37	\$	7,281.04	\$	1,500.67			25.96%	
1,500	\$	6,189.34	\$	7,796.04	\$	1,606.70			25.96%	
1,600	\$	6,598.30	\$	8,311.04	\$	1,712.74			25.96%	
1,700	\$	7,007.26	\$	8,826.04	\$	1,818.78			25.96%	
1,800	\$	7,416.22	\$	9,341.04	\$	1,924.82			25.95%	
1,900	\$	7,825.18	\$	9,856.04	\$	2,030.86			25.95%	
2,000	\$	8,234.14	\$	10,371.04	\$	2,136.90			25.95%	
2,500	\$	9,321.57	\$	11,910.99	\$	2,589.42			27.78%	

OHIO AMERICAN WATER COMPANY
Rate Case No. 11-4161-WS-AIR
Typical Bill Comparison - Water A

Line No.	Rate Block Limits	Current rate per ccf	Proposed rate per ccf	Dollar Change	Percent Change
1					
2	Ashtabula, Lake White, Lawrence County, Marion, Mansfield (metered) and Tiffin Districts				
3	Monthly				
4	1st 20 ccf	\$ 5,7412	\$ 7,8640	\$ 2,1228	36.97%
5	21 - 2,000 ccf	3,9705	5,1500	1,1795	29.71%
6	over 2,000 ccf	2,1115	3,0799	0.9684	45.86%
7					
8	SIC Surcharge	3.0%	0.0%		
9					
10					
11					
12					
13					
14					
15	Ashtabula, Lake White, Lawrence County, Marion, Mansfield (metered) and Tiffin Districts				
16	0	\$ 51.59	\$ 46.88	\$ (4.71)	-9.13%
17	10	110.73	125.52	14.79	13.36%
18	20	169.86	204.16	34.30	20.19%
19	50	292.55	358.66	66.11	22.60%
20	100	497.03	616.16	119.13	23.97%
21	500	2,132.88	2,676.16	543.28	25.47%
22	1,000	4,177.68	5,251.16	1,073.48	25.70%
23	2,000	8,267.30	10,401.16	2,133.86	25.81%
24	3,000	10,442.14	13,481.06	3,038.92	29.10%
25	5,000	14,791.83	19,640.86	4,849.03	32.78%
26	6,000	16,966.68	22,720.76	5,754.08	33.91%
27	7,000	19,141.52	25,800.66	6,659.14	34.78%
28	8,000	21,316.37	28,880.56	7,564.19	35.49%
29	9,000	23,491.21	31,960.46	8,469.25	36.05%
30	10,000	25,666.06	35,040.36	9,374.30	36.52%
31	11,000	27,840.90	38,120.26	10,279.36	36.92%
	12,000	30,015.75	41,200.16	11,184.41	37.26%

Bill Data - Single 2" Meter					
Level of Usage ccf	Current Monthly Bill	Proposed Monthly Bill	Dollar Change	Percent Change	
Marion County within Marion District (including softening surcharge)					
0	\$ 51.59	\$ 46.88	\$ (4.71)	-9.13%	
10	114.24	129.81	15.56	13.62%	
20	178.90	212.74	33.84	20.26%	
50	310.14	380.11	69.97	22.56%	
100	532.21	658.05	125.84	23.83%	
500	2,308.75	2,890.61	581.86	25.20%	
1,000	4,529.43	5,680.06	1,150.63	25.40%	
2,000	8,970.79	11,258.96	2,288.17	25.51%	
3,000	11,497.38	14,767.76	3,270.38	28.44%	
5,000	16,550.56	21,785.36	5,234.80	31.63%	
6,000	19,077.15	25,284.16	6,207.01	32.59%	
7,000	21,603.74	28,802.96	7,199.22	33.32%	
8,000	24,130.33	32,311.76	8,181.43	33.91%	
9,000	26,656.92	35,820.58	9,163.64	34.38%	
10,000	29,183.51	39,329.36	10,145.85	34.77%	
11,000	31,710.10	42,838.16	11,128.06	35.09%	
12,000	34,236.69	46,346.96	12,110.27	35.37%	

OHIO AMERICAN WATER COMPANY
Rate Case No. 11-4161-WS-AIR
Typical Bill Comparison - Water A

Line No.	Rate Block Limits	Current rate per ccf	Proposed rate per ccf	Dollar Change	Percent Change	Rate Block Limits	Current rate per ccf	Proposed rate per ccf	Dollar Change	Percent Change
Marion County within Marion District (including softening surcharge)										
1						All usage ccf	\$ 0.3415	\$ 0.4289	\$ 0.0874	25.59%
2	Ashtabula, Lake White, Lawrence County, Marion, Mansfield (metered) and Tiffin Districts									
3	Monthly									
4	1st 20 ccf	\$ 5,741.2	\$ 7,864.0	\$ 2,122.8	36.97%					
5	21 - 2,000 ccf	3,870.5	5,150.0	1,179.5	29.71%					
6	over 2,000 ccf	2,111.5	3,079.9	0.9684	45.86%					
7										
8	SIC Surcharge	3.0%	0.0%							
9										
Bill Data - Single 4" Meter										
10						Level of Usage ccf	Current Monthly Bill	Proposed Monthly Bill	Dollar Change	Percent Change
11										
12										
13										
Marion County within Marion District (including softening surcharge)										
14	Ashtabula, Lake White, Lawrence County, Marion, Mansfield (metered) and Tiffin Districts					0	\$ 154.05	\$ 139.97	\$ (14.08)	-9.14%
15						10	213.18	218.61	5.43	2.55%
16						20	272.32	297.25	24.93	9.16%
17						50	395.00	451.75	56.75	14.37%
18						100	599.48	709.25	109.77	18.31%
19						500	2,235.33	2,769.25	533.92	23.89%
20						1,000	4,280.14	5,344.25	1,064.11	24.86%
21						2,000	8,369.75	10,494.25	2,124.50	25.38%
22						5,000	14,894.29	19,733.95	4,839.66	32.49%
23						10,000	25,768.51	35,133.45	9,364.94	36.34%
24						15,000	36,642.74	50,532.95	13,890.21	37.91%
25						20,000	47,516.96	65,932.45	18,415.49	38.76%
26						25,000	58,391.19	81,331.95	22,940.76	39.29%
27						30,000	69,265.41	96,731.45	27,466.04	39.65%
28						40,000	81,013.86	127,530.45	36,516.59	40.12%
29						50,000	112,762.31	158,329.45	45,567.14	40.41%
30						60,000	134,510.76	189,128.45	54,617.69	40.60%
31										

OHIO AMERICAN WATER COMPANY
Rate Case No. 11-4161-WS-AIR
Typical Bill Comparison - Water A

Line No.	Rate Block Limits	Current rate per ccf	Proposed rate per ccf	Dollar Change	Percent Change
1					
2	Ashtabula, Lake White, Lawrence County, Marion, Mansfield (metered) and Tiffin Districts				
3	Monthly				
4	1st 20 ccf	\$ 5,7412	\$ 7,8640	\$ 2,1228	36.97%
5	21 - 2,000 ccf	3,9705	5,1500	1,1795	29.71%
6	over 2,000 ccf	2,1115	3,0799	0.9684	45.86%
7					
8	SIC Surcharge	3.0%	0.0%		
9					
10					
11					
12					
13					
14					
15	Ashtabula, Lake White, Lawrence County, Marion, Mansfield (metered) and Tiffin Districts				
16	Monthly				
17	1st 20 ccf	\$ 5,7412	\$ 7,8640	\$ 2,1228	36.97%
18	21 - 2,000 ccf	3,9705	5,1500	1,1795	29.71%
19	over 2,000 ccf	2,1115	3,0799	0.9684	45.86%
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					

Level of Usage ccf	Current Monthly Bill	Proposed Monthly Bill	Dollar Change	Percent Change
0	\$ 304.72	\$ 276.87	(\$ 27.85)	-9.14%
10	363.85	355.51	(8.34)	-2.29%
20	422.98	434.15	11.17	2.64%
50	545.67	588.65	42.98	7.88%
100	750.15	846.15	96.00	12.80%
500	2,386.00	2,906.15	520.15	21.80%
1,000	4,430.81	5,481.15	1,050.34	23.71%
2,000	8,520.42	10,631.15	2,110.73	24.77%
5,000	15,044.96	19,870.85	4,825.89	32.08%
10,000	25,919.18	35,270.35	9,351.17	36.08%
15,000	36,793.41	50,688.85	13,895.44	37.71%
20,000	47,667.63	66,089.35	18,421.72	38.60%
25,000	58,541.86	81,468.85	22,926.99	39.16%
30,000	69,416.08	96,868.35	27,452.27	39.55%
40,000	91,164.53	127,667.35	36,502.82	40.04%
50,000	112,912.98	158,466.35	45,553.37	40.34%
60,000	134,661.43	189,285.35	54,623.92	40.55%

Level of Usage ccf	Current Monthly Bill	Proposed Monthly Bill	Dollar Change	Percent Change
0	\$ 304.72	\$ 276.87	(\$ 27.85)	-9.14%
10	367.37	359.80	(7.57)	-2.06%
20	430.02	442.73	12.71	2.96%
50	583.26	610.10	26.84	4.60%
100	785.33	889.04	103.71	13.21%
500	2,561.87	3,120.60	558.73	21.81%
1,000	4,782.55	5,910.05	1,127.50	23.58%
2,000	9,223.91	11,488.95	2,265.04	24.56%
5,000	16,803.68	22,015.35	5,211.67	31.02%
10,000	29,436.63	39,559.35	10,122.72	34.39%
15,000	42,069.58	57,103.35	15,033.77	35.74%
20,000	54,702.53	74,647.35	19,944.82	36.46%
25,000	67,335.48	92,191.35	24,855.87	36.91%
30,000	79,968.43	109,735.35	29,766.92	37.22%
40,000	105,234.33	144,823.35	39,589.02	37.62%
50,000	130,500.23	179,911.35	49,411.12	37.86%
60,000	155,766.13	214,998.35	59,232.22	38.03%

OHIO AMERICAN WATER COMPANY
Rate Case No. 11-4161-WS-AIR
Typical Bill Comparison - Water C

Line No.	Rate Block Limits	Current rate per ccf	Proposed rate per ccf	Dollar Change	Percent Change	Rate Block Limits	Current rate per ccf	Proposed rate per ccf	Dollar Change	Percent Change
Franklin County District										
Monthly ccf										
Current										
5	0 - 13.33;		5.7412 \$	7.8640 \$	2.1228					
6	13.34 - 600;		3.9118	5.1500	1.2382					
7	over 600;		2.1115	3.0799	0.9684					
8										
9	Reverse Osmosis Surcharge - Huber Ridge in Franklin County District									
10	\$	1.4994 \$	1.4179 \$	(0.0815)	-5.44%					
11	Softening Surcharge - Lake Darby and Worthington Hills in Franklin County District									
12	\$	0.5745 \$	0.8006 \$	0.2261	39.36%					
13										
14	SIC Surcharge	0.0%	0.0%							
15										
Bill Data - Single 5/8" Meter										
Level of Usage ccf										
17		Current Monthly Bill	Proposed Monthly Bill	Dollar Change	Percent Change	Level of Usage ccf	Current Monthly Bill	Proposed Monthly Bill	Dollar Change	Percent Change
18										
19										
Franklin County (no surcharges)										
20										
21	0	\$	9.51 \$	8.55 \$	(0.96)	0	\$	9.51 \$	8.55 \$	(0.96)
22	1	15.25	16.41	1.16	7.62%	1	15.25	16.41	1.16	7.62%
23	2	20.99	24.28	3.29	15.65%	2	20.99	24.28	3.29	15.65%
24	3	26.73	32.14	5.41	20.23%	3	26.73	32.14	5.41	20.23%
25	4	32.47	40.01	7.53	23.19%	4	32.47	40.01	7.53	23.19%
26	5	38.22	47.87	9.65	25.26%	5	38.22	47.87	9.65	25.26%
27	6	43.96	55.73	11.78	26.79%	6	43.96	55.73	11.78	26.79%
28	7	49.70	63.60	13.90	27.97%	7	49.70	63.60	13.90	27.97%
29	8	55.44	71.46	16.02	28.90%	8	55.44	71.46	16.02	28.90%
30	9	61.18	79.33	18.15	29.66%	9	61.18	79.33	18.15	29.66%
31	10	66.92	87.19	20.27	30.29%	10	66.92	87.19	20.27	30.29%
32	20	124.33	165.83	41.50	33.37%	20	124.33	165.83	41.50	33.37%
33	50	241.69	320.33	78.64	32.54%	50	241.69	320.33	78.64	32.54%
34	100	437.28	577.83	140.55	32.14%	100	437.28	577.83	140.55	32.14%
35	200	828.46	1,092.83	264.37	31.91%	200	828.46	1,092.83	264.37	31.91%
36	500	2,002.00	2,637.83	635.83	31.76%	500	2,002.00	2,637.83	635.83	31.76%
37	1,000	3,263.87	5,212.83	1,948.96	59.71%	1,000	3,263.87	5,212.83	1,948.96	59.71%

OHIO AMERICAN WATER COMPANY
Rate Case No. 11-4161-WS-AIR
Typical Bill Comparison - Water C

Line No.	Rate Block Limits	Current rate per ccf	Proposed rate per ccf	Dollar Change	Percent Change	Rate Block Limits	Current rate per ccf	Proposed rate per ccf	Dollar Change	Percent Change
1										
2						Franklin County - Lake Darby & Worthington Hills Softening Surcharge				
3	Monthly ccf									
4	Current									
5	0 - 13.33; 1st 20	\$ 5.7412	\$ 7.8640	\$ 2.1228	36.97%	Softening Surcharge - Lake Darby & Worthington Hills in Franklin Cty Dist.				
6	13.34 - 600; 21 - 2.00	\$ 3.9118	\$ 5.1500	\$ 1.2382	31.65%	All usage ccf \$ 0.5745 \$ 0.8006 \$ 0.2261 39.36%				
7	over 600; over 2.00	\$ 2.1115	\$ 3.0799	\$ 0.9684	0.4586					
8										
9	Reverse Osmosis Surcharge - Huber Ridge in Franklin County District									
10	\$ 1.4994	\$ 1.4179	\$ (0.0815)		-5.44%					
11										
12										
13										
14	SIC Surcharge	0.0%	0.0%							
15										
16										
17						Bill Data - Single 5/8" Meter				
18	Level of Usage ccf	Current Monthly Bill	Proposed Monthly Bill	Dollar Change	Percent Change	Level of Usage ccf	Current Monthly Bill	Proposed Monthly Bill	Dollar Change	Percent Change
19										
20						Franklin County - Lake Darby & Worthington Hills - Softening Surcharge				
21	0	\$ 9.51	\$ 8.55	\$ (0.96)	-10.09%	0	\$ 9.51	\$ 8.55	\$ (0.96)	-10.09%
22	1	16.75	17.83	1.08	6.46%	1	15.83	17.21	1.39	8.78%
23	2	23.99	27.11	3.12	13.02%	2	22.14	25.88	3.74	16.88%
24	3	31.23	36.40	5.16	16.53%	3	28.46	34.54	6.09	21.39%
25	4	38.47	45.68	7.21	18.73%	4	34.77	43.21	8.44	24.26%
26	5	45.71	54.96	9.25	20.23%	5	41.09	51.87	10.78	26.25%
27	6	52.95	64.24	11.29	21.32%	6	47.40	60.54	13.13	27.71%
28	7	60.19	73.52	13.33	22.14%	7	53.72	69.20	15.48	28.82%
29	8	67.43	82.81	15.37	22.79%	8	60.04	77.87	17.83	29.70%
30	9	74.68	92.09	17.41	23.32%	9	66.35	86.53	20.18	30.41%
31	10	81.92	101.37	19.45	23.75%	10	72.67	95.20	22.53	31.00%
32	20	154.32	194.19	39.87	25.83%	20	135.82	181.84	46.02	33.88%
33	50	316.66	391.23	74.57	23.55%	50	270.41	360.36	89.95	33.26%
34	100	587.22	719.62	132.40	22.55%	100	494.73	657.89	163.16	32.98%
35	200	1,128.34	1,376.41	248.07	21.99%	200	943.36	1,252.95	309.59	32.82%
36	500	2,751.70	3,346.78	595.08	21.63%	500	2,289.25	3,038.13	748.88	32.71%
37	1,000	4,763.27	6,630.73	1,867.46	39.21%	1,000	3,838.37	6,013.43	2,175.06	56.67%

OHIO AMERICAN WATER COMPANY
Rate Case No. 11-4161-WS-AIR
Typical Bill Comparison - Water C

Line No.	Rate Block Limits	Current rate per ccf	Proposed rate per ccf	Dollar Change	Percent Change	Rate Block Limits	Current rate per ccf	Proposed rate per ccf	Dollar Change	Percent Change
1										
2						Franklin County District				
3	Monthly ccf					Portage District				
4	Current					Purchased Water Surcharge - Portage District				
5	0 - 13.33; 1st 20	\$ 5,7412	\$ 7,8640	\$ 2,1228	36.97%	All usage ccf \$ - \$ - \$ -				
6	13.34 - 600; 21 - 2,000	3,9118	5,1500	1,2382	31.65%					
7	over 600; over 2,000	2,1115	3,0799	0.9684	0.4586					
8										
9	Reverse Osmosis Surcharge - Huber Ridge in Franklin County District									
10		\$ 1,4994	\$ 1,4179	\$ (0.0815)	-5.44%					
11	Softening Surcharge - Lake Darby and Worthington Hills in Franklin County District									
12		\$ 0,5745	\$ 0,8006	\$ 0,2261	39.36%					
13										
14	SIC Surcharge	0.0%	0.0%							
15										
16										
17										
18										
19										
20										
21										
22										
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37										

OHIO AMERICAN WATER COMPANY
Rate Case No. 11-4161-WS-AIR
Typical Bill Comparison - Water C

Line No.	Rate Block Limits	Current rate per ccf	Proposed rate per ccf	Dollar Change	Percent Change	Rate Block Limits	Current rate per ccf	Proposed rate per ccf	Dollar Change	Percent Change
Franklin County - Lake Darby & Worthington Hills Softening Surcharge										
1	Monthly ccf									
2	Current									
3	0 - 13.33;									
4	1st 20									
5	13.34 - 600;									
6	21 - 2,000									
7	over 600;									
8	over 2,000									
9	Reverse Osmosis Surcharge - Huber Ridge in Franklin County District									
10	\$									
11	1,4994									
12	\$									
13	1,4179									
14	\$									
15	(0.0815)									
16	-5.44%									
17	SIC Surcharge									
18	0.0%									
19	0.0%									
Franklin County - Lake Darby & Worthington Hills Softening Surcharge										
20	Level of Usage									
21	ccf									
22	0									
23	10									
24	20									
25	50									
26	100									
27	500									
28	1,000									
29	1,000									
30	1,000									
31	1,000									
32	1,000									
33	1,000									
34	1,000									
35	1,000									
36	2,000									
37	2,500									

OHIO AMERICAN WATER COMPANY
Rate Case No. 11-4161-WS-AIR
Typical Bill Comparison - Water C

Line No.	Rate Block Limits	Current rate per ccf	Proposed rate per ccf	Dollar Change	Percent Change	Rate Block Limits	Current rate per ccf	Proposed rate per ccf	Dollar Change	Percent Change
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										
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Franklin County District										
Purchased Water Surcharge - Portage District										
All usage ccf \$ - \$ - \$ - \$ - \$ -										

Portage District										
Purchased Water Surcharge - Portage District										
All usage ccf \$ - \$ - \$ - \$ - \$ -										

Bill Data - Single 2" Meter										
Level of Usage ccf					Level of Usage ccf					
Current Monthly Bill					Current Monthly Bill					
Proposed Monthly Bill					Proposed Monthly Bill					
Dollar Change					Dollar Change					
Percent Change					Percent Change					

Franklin County (no surcharges)										
Portage District (including Purchased Water Surcharge)										
0 \$ 50.09 \$ 46.88 \$ (3.21) -6.41%										
10 107.50 125.52 18.02 16.76%										
20 164.91 204.16 39.25 23.80%										
50 282.27 358.66 76.39 27.06%										
100 477.86 616.16 138.30 28.94%										
500 2,042.58 2,676.16 633.58 31.02%										
1,000 3,304.45 5,251.16 1,946.71 58.91%										
2,000 5,415.95 10,401.16 4,985.21 92.05%										
3,000 7,527.45 13,481.06 5,953.61 79.09%										
5,000 11,750.45 19,640.86 7,890.41 67.15%										
6,000 13,861.95 22,720.76 8,858.81 63.91%										
7,000 15,973.45 25,800.66 9,827.21 61.52%										
8,000 18,084.95 28,880.56 10,795.61 59.69%										
9,000 20,196.45 31,960.46 11,764.01 58.25%										
10,000 22,307.95 35,040.36 12,732.41 57.08%										
11,000 24,419.45 38,120.26 13,700.81 56.11%										
12,000 26,530.95 41,200.16 14,669.21 55.29%										

OHIO AMERICAN WATER COMPANY
Rate Case No. 11-4161-WS-AIR
Typical Bill Comparison - Water C

Line No.	Rate Block Limits	Current rate per ccf	Proposed rate per ccf	Dollar Change	Percent Change
Franklin County District					
Monthly ccf					
Current	Proposed				
0 - 13.33;	1st 20	\$ 5,741.2	\$ 7,864.0	\$ 2,122.8	36.97%
13.34 - 600;	21 - 2,000	3,911.8	5,150.0	1,238.2	31.85%
over 600;	over 2,000	2,111.5	3,078.9	0.9684	0.4586
Reverse Osmosis Surcharge - Huber Ridge in Franklin County District					
	\$	1,499.4	\$ 1,417.9	\$ (0.0815)	-5.44%
SIC Surcharge					
		0.0%	0.0%		
Bill Data - Single 2" Meter					
Level of Usage ccf	Current Monthly Bill	Proposed Monthly Bill	Dollar Change	Percent Change	
Franklin County - Huber Ridge - Reverse Osmosis Surcharge					
0	\$ 50.09	\$ 46.88	\$ (3.21)	-6.41%	
10	122.50	139.70	17.20	14.04%	
20	194.90	232.52	37.62	19.30%	
50	357.24	429.56	72.32	20.24%	
100	627.80	757.95	130.15	20.73%	
500	2,782.28	3,385.11	592.83	21.23%	
1,000	4,803.85	6,669.06	1,865.21	38.83%	
2,000	8,414.75	13,236.96	4,822.21	57.31%	
3,000	12,025.65	17,734.76	5,709.11	47.47%	
5,000	19,247.45	26,730.38	7,482.91	38.88%	
6,000	22,858.35	31,228.16	8,369.81	36.62%	
7,000	26,469.25	35,725.96	9,256.71	34.97%	
8,000	30,080.15	40,223.76	10,143.61	33.72%	
9,000	33,691.05	44,721.56	11,030.51	32.74%	
10,000	37,301.95	49,219.36	11,917.41	31.95%	
11,000	40,912.85	53,717.16	12,804.31	31.30%	
12,000	44,523.75	56,214.96	13,691.21	30.75%	
Franklin County - Lake Darby & Worthington Hills - Softening Surcharge					
0	\$ 50.09	\$ 46.88	\$ (3.21)	-6.41%	
10	113.25	133.53	20.28	17.91%	
20	176.40	220.17	43.77	24.81%	
50	310.99	398.69	87.70	28.20%	
100	535.31	696.22	160.91	30.06%	
500	2,329.83	3,076.46	746.63	32.05%	
1,000	3,878.95	6,051.76	2,172.81	56.02%	
2,000	6,564.95	12,002.36	5,437.41	82.82%	
3,000	9,250.95	15,882.86	6,631.91	71.69%	
5,000	14,622.95	23,643.86	9,020.91	61.69%	
6,000	17,308.95	27,524.36	10,215.41	59.02%	
7,000	19,994.95	31,404.86	11,409.91	57.06%	
8,000	22,680.95	35,285.36	12,604.41	55.57%	
9,000	25,366.95	39,165.86	13,798.91	54.40%	
10,000	28,052.95	43,046.36	14,993.41	53.45%	
11,000	30,738.95	46,926.86	16,187.91	52.66%	
12,000	33,424.95	50,807.36	17,382.41	52.00%	

OHIO AMERICAN WATER COMPANY
Rate Case No. 11-4161-WS-AIR
Typical Bill Comparison - Wastewater

Line No.	Rate Block Limits	Current rate per ccf	Proposed rate per ccf	Dollar Change	Percent Change	Rate Block Limits	Current rate per ccf	Proposed rate per ccf	Dollar Change	Percent Change
1										
2						Franklin County District				
3	Monthly									
4	0 - 13.33 ccf	\$ 8.8358	\$ 9.8610	\$ 1.0252	11.60%					
5	13.34 - 800 ccf	5.8920	7.1000	1.2080	20.50%					
6	over 800 ccf	2.3000	2.7720	0.4720	20.52%					
7										
8	SIC Surcharge	0.0%	0.0%							
9										
10										
11										
12										
13										
14										
15										
16										
17						Bill Data - Single 3/8" Meter				
18	Level of Usage	Current Monthly Bill	Proposed Monthly Bill	Dollar Change	Percent Change					
19	ccf									
20						Franklin County				
21	0	\$ -	\$ -	\$ -						
22	1	8.84	9.86	1.03	11.60%					
23	2	17.67	19.72	2.05	11.60%					
24	3	26.51	29.58	3.08	11.60%					
25	4	35.34	39.44	4.10	11.60%					
26	5	44.18	49.31	5.13	11.60%					
27	6	53.01	59.17	6.15	11.60%					
28	7	61.85	69.03	7.18	11.60%					
29	8	70.69	78.89	8.20	11.60%					
30	9	79.52	88.75	9.23	11.60%					
31	10	88.36	98.61	10.25	11.60%					
32	20	157.08	176.80	21.72	13.83%					
33	50	333.84	391.80	57.96	17.36%					
34	100	628.44	746.80	118.36	18.83%					
35	200	1,217.64	1,456.80	239.16	19.64%					
36	500	2,985.24	3,588.80	601.56	20.15%					
37	1,000	4,494.44	5,405.60	911.16	20.27%					

OHIO AMERICAN WATER COMPANY
Rate Case No. 11-4161-WS-AIR
Typical Bill Comparison - Wastewater

Line No.	Rate Block Limits	Current rate per ccf	Proposed rate per ccf	Dollar Change	Percent Change	Rate Block Limits	Current rate per ccf	Proposed rate per ccf	Dollar Change	Percent Change
1	Franklin County District									
2	Monthly									
3	0 - 13.33 ccf	\$ 8.8358	\$ 9.8610	\$ 1.0252	11.60%					
4	13.34 - 600 ccf	5.8920	7.1000	1.2080	20.50%					
5	over 600 ccf	2.3000	2.7720	0.4720	20.52%					
6										
7										
8	SIC Surcharge	0.0%	0.0%							
9										
10										
11										
12										
13										
14										
15										
16										
Bill Data - Single 1" Meter										
17	Level of Usage	Current Monthly Bill	Proposed Monthly Bill	Dollar Change	Percent Change					
18	ccf									
19										
20										
21	0	\$ -	\$ -	\$ -						
22	10	88.36	98.61	10.25	11.60%					
23	20	157.08	178.80	21.72	13.83%					
24	50	333.84	391.80	57.96	17.36%					
25	100	628.44	746.80	118.36	18.83%					
26	500	2,985.24	3,586.80	601.56	20.15%					
27	1,000	4,494.44	5,405.60	911.16	20.27%					
28	1,100	4,724.44	5,682.80	958.36	20.29%					
29	1,200	4,954.44	5,960.00	1,005.56	20.30%					
30	1,400	5,414.44	6,514.40	1,099.96	20.32%					
31	1,500	5,644.44	6,781.60	1,147.16	20.32%					
32	1,800	5,874.44	7,068.80	1,194.36	20.33%					
33	1,700	6,104.44	7,346.00	1,241.56	20.34%					
34	1,800	6,334.44	7,623.20	1,288.76	20.35%					
35	1,900	6,564.44	7,900.40	1,335.96	20.35%					
36	2,000	6,794.44	8,177.60	1,383.16	20.36%					
37	2,500	7,944.44	9,563.60	1,619.16	20.38%					

OHIO AMERICAN WATER COMPANY
Rate Case No. 11-4161-WS-AIR
Typical Bill Comparison - Wastewater

Line No.	Rate Block Limits	Current rate per ccf	Proposed rate per ccf	Dollar Change	Percent Change	Rate Block Limits	Current rate per ccf	Proposed rate per ccf	Dollar Change	Percent Change
1	Franklin County District									
2	Monthly									
3	0 - 13.33 ccf	\$ 8,835.8	\$ 9,861.0	\$ 1,025.2	11.60%					
4	13.34 - 600 ccf	5,892.0	7,100.0	1,208.0	20.50%					
5	over 600 ccf	2,300.0	2,772.0	0.4720	20.52%					
6										
7										
8	SIC Surcharge	0.0%	0.0%							
9										
10										
11										
12										
13										
14										
15										
16										
17	Bill Data - Single 2" Meter									
18	Level of Usage	Current	Proposed	Dollar	Percent					
19	ccf	Monthly Bill	Monthly Bill	Change	Change					
20		Franklin County								
21	0	\$ -	\$ -	\$ -						
22	10	88.36	98.61	10.25	11.60%					
23	20	157.08	178.80	21.72	13.83%					
24	50	333.84	391.80	57.96	17.36%					
25	100	628.44	746.80	118.36	18.83%					
26	500	2,985.24	3,586.80	601.56	20.15%					
27	1,000	4,494.44	5,405.60	911.16	20.27%					
28	2,000	6,794.44	8,177.60	1,383.16	20.36%					
29	3,000	9,094.44	10,949.60	1,855.16	20.40%					
30	5,000	13,694.44	16,493.60	2,799.16	20.44%					
31	8,000	15,994.44	19,265.60	3,271.16	20.45%					
32	7,000	18,294.44	22,037.60	3,743.16	20.46%					
33	8,000	20,594.44	24,809.60	4,215.16	20.47%					
34	9,000	22,894.44	27,581.60	4,687.16	20.47%					
35	10,000	25,194.44	30,353.60	5,159.16	20.48%					
36	11,000	27,494.44	33,125.60	5,631.16	20.48%					
37	12,000	29,794.44	35,897.60	6,103.16	20.48%					

