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5460 Acapulco Place
Westerville, OH 43081-4301
November 4, 2006

PUCO

PUCO
Attention: Docketing Division
180 East Broad Street
Columbus, OH 43215

To Whom It May Concern:

Regarding: Case #06-0433-WS-AIR

I am writing this letter in opposition to the proposed rate increase #06-0433-WS-AIR by Ohio American Water Company (OAWC).

Service Charge

Citizens Utilities (the previous owner of OAWC) case #98-178-WS-AIR approved a service charge. The PUCO (Public Utilities Commission of Ohio) staff report noted that the company's practice was to charge a water customer a service charge and a wastewater customer charge to the dual-use customers. Staff went on to recommend a monthly customer charge of \$4.00. The staff's approach and customer charge level was adopted by the Commission when they approved the stipulation reached in the case between OCC (Ohio Consumers' Counsel), the PUCO staff, Drago & Assoc., and Citizens.

I understand this to mean \$4.00 a month, not a \$4.00 water charge and a \$4.00 sewer charge per month. If OAWC wants to split it, it should be a \$2.00 water and a \$2.00 sewer customer charge. I ask the PUCO to recheck the case #98-178-WS-AIR to see that OAWC is following the order correctly. Following the last rate increase, we should be charged \$5.31 per month for a service charge, not \$5.31 for water and \$5.31 for sewer per month. This equates to \$10.62 per month added to each customer's bill for service charges above and beyond our water and sewer charges not to include OAWC's proposal in #06-0433-WS-AIR. This equates to a 16.25% charge above water and sewer reverse osmosis charges (see attachment A).

Reverse Osmosis

In Citizens Utilities rate case #98-178-WS-AIR, the PUCO approved a 3-phase increase in order to lessen the impact to customers for the reverse osmosis system.

Phase 1: Approximately 1/2 of the revenue deficiency was recognized.

Phase 2: The remaining 1/2 revenue deficiency plus carrying cost at the deferred revenue deficiency.

Phase 3: The proposal recovered the deferred revenue plus carrying cost.

Phase 4: Revenue returned to staff's original rate recommendations.

In the present case #06-0433-WS-AIR, OAWC claims expenses of \$60,000.00 for

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chemicals, labor, maintenance, and power. Then they claim another \$191,781.00 related to softening capital related costs. See WPE 4.1, page 60 of 61. These costs appear to be related to the reverse osmosis plant and reflect depreciation, property taxes, federal income taxes, and a return on investment.

With due respect, if the customers paid for the reverse osmosis equipment in the Phase 3 increase plan, how can OAWC depreciate it? And if you allow this depreciation, then when this equipment needs replaced due to failure or deterioration, OAWC should not be able to recover that cost then.

In reality, if the residents paid for this equipment, then most of the \$191,781.00 should not be allowed. The residents should be liable for maintenance (chemicals, filters, labor, power)—approximately \$60,000—which would reduce the monthly service charge. I ask the PUCO to review this and act accordingly (see attachment B).

Current Water and Wastewater Charges

We are currently charged for water at \$3.2398 per 100 cubic foot and \$4.8244 for wastewater per 100 cubic foot. Though I don't know all the details and figures, I ask that you look long and hard at this. Columbus charges \$2.65304 per ccf for wastewater and \$1.99478 per ccf for water. Westerville charges \$3.335 per ccf for wastewater and \$1.99 per ccf for water (see attachments C and D). Huber Ridge is sandwiched between these 2 communities. If both cities can supply water and wastewater for 1/3 less in the same area, why can't OAWC? Water is abundant in Ohio. We do not live in the desert (Arizona).

OAWC is proposing an increase above the rates listed above: wastewater 5.96% and water 6.28%.

The City of Columbus did a study last year on cities' water and wastewater charges. The study included 64 jurisdictions. I have added our community to this chart; we are off the chart (see attachment E). They also compared rates of local communities. Huber Ridge (listed on chart as Citizens Utilities) is 2nd highest (see attachment F). Add in OAWC's current proposal, and we are off the chart. In past rate increases, OAWC and Citizens Utilities used an average of 8 ccf per month; now they use an average of 7 ccf. Why, do you think? People are being gouged for water and wastewater services and have cut back on usage. They cut back so far to save that the average for the OAWC service area as dropped 1 ccf in 1 year. That average dropped 100 ccf or 750 gallons per month per household.

The direct effect of OAWC current charges has directly affected our community. Residents do not water yards, have flowers or vegetables gardens, or landscape because of the expense of watering and doubling their already high water bills. You can drive through Huber Ridge and see how our community has regressed because of this huge expense. OAWC has played a major role in this community's degeneration.

In an April 17, 2006, press release by Roger Swafford (see attachment G), David Little, General Manager of Ohio American Water, states: "Our rates are based on the true cost of

water.” He also states, “Water remains the best value for consumers in terms of utility service they receive. With few exceptions, water is the lowest utility bill consumers pay each month.” With these statements made, I ask: Compared to what utility? When I add up each utility for a 12-month period, my water bill is my most expensive. So Huber Ridge must be “the exception”! I ask OAWC to define the “true cost of water.”

When we purchased our home, we researched all utilities except water because then Citizens Utilities could not be reached. I got an answering machine the 2 times I attempted to reach them. Our first bill for 2 adults and 2 children was \$150.00 a month. Since then, we have made drastic, costly changes to reduce our water usage. We have replaced all 3 toilets with water-conserving ones, we replaced shower heads and several faucets with low flow ones, and we recently purchased a new washer and dryer that uses 50% less water and 55% less electricity. Now we have 2 adults living in the house as the children have all grown up and left the nest. Now we average \$50.00 to \$75.00 a month for water. We also buy bottled water to drink—not only because of the price of tap water but also because the quality of tap water is poor. The color of our tap water changes all the time: clear, brown, rust. We have inquired and just recently have been told by OAWC that they have been trying to figure out the problem. OAWC has brought in a specialist from New York or New Jersey and cannot figure it out. We also were told if we think this is bad, we should live in Sunbury Woods (which is supplied by the Huber Ridge water treatment plant). Hearing this only indicates the OAWC infrastructure must be deteriorating and OAWC is looking for a way to Band-Aid this and not for a permanent fix.

To sum up this portion, I want to use an analogy. Suppose on a street corner, there were 3 convenient marts; and you were wanting a gallon of milk. In store #1's (let's call store #1 Westerville) window was a sign: “Whole milk, \$1.99 a gallon.” Store #2's (let's call this store Columbus) sign reads: “Whole milk, \$1.99 a gallon.” Store #3's (let's call this store OAWC) sign reads: “2% milk, \$3.23 a gallon.” Which store would get your business? In reality, store #3 would either have to cut back on its overhead, change its supplier, or both to become competitive to stay in business; or it would have to close its doors permanently. But in this situation, OAWC has no worry because we have no choice. Even though we have 3 stores here, we are forced to shop at Store #3. Not only are we forced to buy from Store #3, but also we are told we will be forced to buy now at an even higher price as Store #3 has applied to raise its prices by an average of 17.01%. Why is store #3 so high when it shares the same corner as stores #1 and #2?

Ohio American Water Company (OAWC), American Water Company (AWC), RWE-AG Statements and Facts

March 24, 2006: “RWE to sell shares of American Water in an Initial Public Offering”—is the first paragraph of a press release (see attachment H). This announcement (release) was made just 7 days after OAWC's prefiling notice dated March 17, 2006. This press release goes on to say: “The target is to complete the transaction during 2007.” Is it a coincidence that this will occur after the PUCO states their opinion and order?

Melissa Stanford's “A Report on the Second National Drinking Water Symposium” in the *National Regulatory Research Institute*, June 2004, page 14, states: “Consider the acquisition of American Water Works Company (AWW) by the German mega-utility, RWE-AG. In this case,

RWE paid over two times book equity for AWW and has not yet generated any significant return on investment."

According to the *St. Louis Business Journal* on October 3, 2006 (see attachments I, J, K, L, and M), the Missouri Public Service Commission staff has filed a complaint that Missouri-American Water Co. is making "excess earnings." The complaint said an audit of the company's books and records showed that the company's earnings are in excess of \$20 million. MAWC (Missouri American Water Company) is owned by the same company as OAWC (Ohio American Water Company)—American Water. I am sure the practices of all American Water companies are the same. Did the PUCO audit OAWC books and records to see if the same practices are not going on here?

American Water's CEO spoke at this conference as a featured presenter in June 2006 on the topic—profiting in the water industry (see attachment N and O). He said: Discover the investment opportunities that exist in the water industry. In the U.S. alone, the water industry is expected to grow 7% a year to \$150 billion. One factor driving this growth is America's water systems are crumbling. As a result, there are more than 200,000 water main breaks per year. The nation's infrastructure for water delivery is in dire need of investment. He went on to speak about "What are the most promising and profitable niches in the \$150 billion water industry?" Sounds to me like American Water is able to keep the wool pulled over the states' utilities commissions.

An article entitled "About American Water" on the website www.amwater.com (see attachment P) goes on to say: "The company's track record of financial success, environmental compliance, and strong customer support is attributable to its rigorous operating discipline, as well as insightful planning, ample capital investment, experienced managers, state-of-the-art quality programs, research, and responsive customer service. By using these tools successfully the company has achieved a high standard of performance for our customers."

Also, the envelope we receive our water bill in every month states on the back (see attachment Q): "Our Customer Charter—We are: dedicated to service excellence; focused on personalized solutions; and committed to the health and welfare of our customers; therefore ... We will: partner with our customers; treat them with dignity and respect; enhance their quality of life; earn their loyalty; and exceed their expectations." When I read this, my first thought was "When did OAWC sell the water company?"

OAWC's charter is full of lies. As I stated earlier, OAWC plays a major role in the deterioration of our community. Their extremely high prices that seem to increase every 2 years have a huge impact on the way the residents take care of or landscape their property or don't do so because of the cost of watering.

Also, OAWC does not take care of their property. If you drive throughout the Central Ohio region, you will see that utility companies take great care of the property they own (the property that their buildings sit on). You will see they are nicely landscaped and well groomed. I have enclosed several pictures of the OAWC water treatment plant and office building seen

from the main street through our neighborhood (see attachment R). What a disgrace! I have also enclosed randomly selected pictures of fire hydrants located throughout the neighborhood (see attachment S). These are eyesores and a disgrace. How would you like to have one of those sitting in your front yard? You would have to mow around and trim around this eyesore every week. Some of these do not look functional. Is this OAWC's example of "partner with our customers; treat them with dignity and respect; enhance their quality of life; earn their loyalty; and exceed their expectations"? Maybe if OAWC took care of their property (including hydrants) and partnered with the community by putting something back into the community that it gouges from, not so many residents would be as heated up about our bills.

Also, if you take a drive through Huber Ridge, you will notice that there are a lot of For Sale signs. Check them out and you will see they don't sell fast. You may ask why. But I will tell you several reasons: First, people are tired of the water company's rates; and with another significant increase on the way, they decided to bail now. Second, in the Central Ohio area, it is rumored that Huber Ridge (Blendon Township) has extremely high water with poor quality. This makes selling homes harder. Third, those who buy homes and receive their first water bill figure out that the water bill is the highest utility they have on a 12-month basis, thus providing an even bigger financial burden than first expected.

The PUCO Staff Report

On page 18, the staff believes that the rate of return in the range of 7.41% to 7.84% is fair and reasonable. The staff went on to state they have 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. The companies selected are Aqua America Inc., American States Water Company, California Water Service Group, Middlesex Water Company, and Southwest Water Company. This comparison for the rate of return is fair. But I ask what is the compared rate for water and wastewater of the companies, in what region of the country are they located, what availability of water do they have, what is the cost of living for the region, and how do their rates compare to their neighboring community rates?

On page 63, the staff recommended a monthly customer charge of \$9.41. Currently OAWC charges \$5.31 to our water portion of our bill and \$5.31 to our wastewater portion of our bill. This adds up to \$10.62 per month for customer charges added to our bill above and beyond our water and wastewater volume charges. The staff report proposal is a charge of \$9.41, which—the way we are currently billed—would be \$4.71 for the water service charge and \$4.71 for the wastewater service charge for a total service charge of \$9.42 per month for the customer charge added to the bill above and beyond our wastewater and water volume charges. This represents a decrease of \$1.20 per month or \$.60 per water and \$.60 wastewater service charges. While I disagree with the service charge altogether as this is mostly a charge for our meter, I think this offer of \$9.42 per month total on our bill for a customer charge could be acceptable compared to previous years. I believe to untangle these perceived charges (meaning some customers receive only water, some only sewage, and some water and sewage) that a meter charge is the same for every customer no matter the service. We all have only 1 meter, and OAWC can only read it once a month. To end the confusion, I propose that at the bottom of the

bill, OAWC should charge all customers this charge (customer charge) under a heading "Other Current Charges." This allows every customer, no matter the service, to be charged a customer charge for the meter and miscellany.

OAWC Customers' Views

In case #03-2390-WS-AIR, the PUCO approved several areas for rate increases. OAWC jumped on this rate increase and implemented it to its customers immediately. The PUCO also indicated several areas of concern; they gave timetables to correct or implement several compliances. Yet as of this application #04-0633-WS-AIR, OAWC is noncompliant on many timetables that the PUCO set. OAWC is behind on the valve compliance in Franklin County; none have been tested. What does this say? Well, OAWC is all about gouging its customers, taking their money and running. Again is that what OAWC's customer charter means when it states: "Dedicated to service excellence; focused on personalized solutions; and committed to the health and welfare of our customers"? While OAWC is quick to implement a rate increase and take their customers' money and hesitant to correct or implement everything else related to case #03-2390-WS-AIR, they then are quick to go after another rate increase just 13 months after receiving the last increase. And the PUCO appears to be just as bad. It appears that in the staff report, the PUCO is posed to grant OAWC approximately 90% of what they asked for and on a few parts even more than they asked for—all while acknowledging OAWC's reluctance to comply with the other issues of the last case. The PUCO appears to say: It's okay if you don't comply with the last case. Here's another hefty raise plus a little extra that you missed. The PUCO staff report has a small penalty for future noncompliance—\$10,000 credit to be distributed to the customers in the districts affected by the Company's noncompliance. To a multi-billion dollar company, that is like penalizing speeders on the interstate with a fine of \$1.

I believe that whatever increase the PUCO approves from this application should be put on hold until OAWC is in full compliance from the last case #03-2390-WS-AIR and that if any noncompliance occurs after full compliance, the PUCO should assess a \$20,000 credit to be distributed to the customers in the districts affected by the company's noncompliance. This penalty should be assessed every 3 months (quarterly) until full compliance is achieved. I also request that the PUCO hold \$100,000 as a retainer until all compliances have been met. The staff report talks of possible reduction in the next application for a rate increase if compliance is not met. This has been going on for 3 years now. The time for compliance and penalties is now.

The PUCO needs to enforce the rules today (this rate increase application) starting with the Ohio Administrative Code Rule 4901:1-15-03 and the implications I have mentioned earlier. Maybe I need to remind you what the PUCO is established for. On your website—<http://www.puco.ohio.gov> under the heading "About the PUCO (see attachment T)," it says, "The PUCO was created to assure Ohioans adequate, safe, and reliable public utility services at a fair price." It then goes on to say 5 ways that the PUCO works for you; here are the 3 ways that pertain to the case:

1. Protects you by monitoring and enforcing PUCO rules and state laws against unfair, inadequate and unsafe public utility and transportation services.
3. Assures availability of adequate, safe, and reliable services to all residential, business, and industrial customers.
5. Regulates your rates for utility services where you do not have choices

In the staff report, page 77, under service monitoring and enforcement, is it not the issue that the staff talks about creating an "inadequate," "unsafe," and "unreliable" service; and is it not at a "fair price"? The staff also noted in the last two staff reports they have identified problems that have not yet been brought to full compliance.

Yet the staff also fails to acknowledge that there may be another problem in the Huber Ridge water treatment plant. The PUCO has received 75+ letters submitted on case #06-0433-WS-AIR; and approximately 60 percent of these letters talk about water quality and the way customers are treated. But the staff failed to research this and to determine if there is or is not a water quality issue there. It appears there is a pattern here. OAWC has interest in taking their customers' money and no interest in the product they produce. OAWC also does not care what the PUCO states could be a problem or the deadlines the staff have set forth. For 3 years these have been ignored.

The staff has failed to acknowledge the Huber Ridge treatment facility and should address this issue during this rate increase request. OAWC states in our water quality report that the wells for water supply in the Huber Ridge plant are highly subject to contamination because the wells are 10 feet underground (see attachment U). Yet OAWC fails to staff the treatment plant 24-7. What if something wrecked on S.R. 161 and spilled, contaminating our wells? Could OAWC react soon enough since it is not staffed or monitored in the evenings or on weekends?

The staff report again fails to provide the Ohio customers of OAWC a good product at a fair price. The staff report for case #06-0433-WS-AIR recommends the following increases:

1. Dishonored payment from \$21.25 to \$22.40
This was not a request from OAWC at all.
2. Account activation from \$8.00 to \$25.00
This magnitude of increase is not requested by OAWC. OAWC is asking for \$15.00.
3. Reconnection charge from \$31.50 to \$45.00
This magnitude of increase is not requested by OAWC. OAWC is requesting \$36.00.
4. Customer charge from \$5.31 to \$9.41 per service water and wastewater
This magnitude of increase is not requested by OAWC. OAWC is requesting \$6.64 per service.

How is the PUCO providing a service to the residents of Ohio served by OAWC by recommending a higher price than what OAWC is asking? Who is the PUCO working for? It has become more and more apparent that the PUCO is not holding the best interest of Ohioans in high regard. It is more apparent that the PUCO is for the water companies or at least OAWC. This started to become more apparent this past summer. OAWC, the PUCO, OCC, and the residents of Prairie Township, Darby Estates had a meeting at the local firehouse. The residents got a little heated because the PUCO was not listening. The PUCO halted this meeting approximately 1 to 1 1/2 hours into the meeting. Then suddenly as this meeting was stopped and started to break up, the representatives from the PUCO and the representatives from OAWC joined together and started conversing and laughing. How does this look to frustrated residents? They

looked awfully close and chummy. Is this a proper action from a commission who is supposed to look out for the best interest of Ohioans? Is this a proper action to convey to the public when its commissioners are appointed by elected officials? Now not only does the PUCO appear in public to be best friends with OAWC, the staff recommends a higher price on issues that OAWC is not asking for. Are these the actions we should expect from the PUCO? Who is lining whose pockets? Who is working for whom? Who is paying the PUCO's salary? This is from "the fleecing of Ohio." The PUCO has no problem taking money from OAWC customers and handing it to OAWC but has a problem instituting penalties to OAWC for noncompliance and turning their heads to other problems.

I have done a lot of research on OAWC, the PUCO, rate issues, etc. There are a lot of problems with the staff report that need to be dealt with now. But the biggest issue I see that affects our rates is the rate making process itself. Ohio's rate-making formula is $R = E + (V \times r)$.

R = Total revenue requirements

E = Total operating expenses including depreciation and taxes

V = Value of rate base

r = Rate of return

Companies the size of American Water know how to exploit this process and maximize their profits to millions and possibly billions.

A major part of this process is depreciation. There appears to be no maximum percent a utility can depreciate anything. Example 100%: if a property or equipment is purchased by OAWC and reimbursed by the customers, then OAWC can depreciate this property and/or equipment. There is no limit. This depreciation appears in application after application until the equipment is replaced 20+ years later. Then the process starts over again. Nowhere in the United States, except for utilities, is this practice accepted. There needs to be a limit. Once the utility reclaims 100% of the depreciated value, the depreciation write-off to customers should end.

So customers repay the utility for the initial investment and then pay for the depreciation of this original investment. So the customers could pay 30 times the purchase price back to the utility (OAWC).

This process needs revised. First, there needs to be an inclusion of a three-year amortization of nonrecurring expenses. Second, there needs to be a maximum percent a company can depreciate the original investment—100% of original cost.

I would also propose that if the PUCO or the state imposes any penalties or fines, OAWC cannot use this payment as part of any future rate increases. OAWC cannot include any payment or expense related to any PUCO or state imposed fines or penalties as any expense related to any future rate increases since this will be passing off the fine to its customers.

Lastly, as you read this letter, I ask you to consider the contents of this opposition to the rate increase #06-0433-WS-AIR by Ohio American Water. I ask you one more thing—to take

these figures home with you tonight and pull out your last water bill. Just figure out what you would be paying for water if OAWC was your water utility company:

Our Current Charges		Your Average Water Bill CCF	Total
Water at	\$3.2398 per ccf		
Wastewater at	\$4.82440 per ccf		
Reverse osmosis at	\$1.2814 per ccf		
Water service charge:	\$5.31		
Wastewater service charge: \$5.31			

Now figure in the staff proposed increase.

In conclusion, I ask you to deny OAWC's proposed rate increase and to impose sanctions—penalties—until OAWC gets with the program.

Thank you,
James Welch

Attachments: Attachment A—OAWC Water Bill
Attachment B—January 15, 1999, Letter Regarding Reverse Osmosis
Attachment C—City of Westerville Water Bill
Attachment D—City of Columbus Water Bill
Attachment E—Year 2006 Annual Water & Sewer Rate Survey
Combined Water & Sewer Cost
Attachment F—Residential Rate Comparison of Local Communities
Attachment G—Ohio American Water Files Rate Request
Attachment H—RWE to Sell Shares of American Water in an Initial Public
Offering
Attachment I—MPSC says Missouri-American water has 'excess earnings'
and Agency: Missouri water has excess earnings
Attachment J—Mo.-American Water files to increase water use charges
Attachment K—Missouri-American Water to hold local rates
Attachment L—Illinois American Water: American Water Files Petition
Today with the Illinois Commerce Commission
Attachment M—Missouri Rate Increase Findings Link
Attachment N—So American Water's CEO spoke at this conference as a
Featured Presenter in June 2006 on this topic ...
Attachment O—Then, the American Water CEO spoke on this topic ...
Attachment P—About American Water
Attachment Q—OAWC Customer Charter
Attachment R—Photographs of OAWC Property in Huber Ridge
Attachment S—Photographs of Fire Hydrants in Huber Ridge
Attachment T—About the PUCO
Attachment U—About Your New Rates

Copies to: OCC (Pam Lehrman and Pamela Archer)
Blendon Township Trustees
Senator David Goodman
State Representative Jim McGregor
John Dragoo
Henry Eckhart
WCMH-TV 4
WBNS-TV 10

Attachment A—OAWC Water Bill**Customer Account Information**

For Service To: [REDACTED]
 Account Number: [REDACTED]
 Premise Number: [REDACTED]

Billing Period & Meter Information

Billing Date: Jun 13, 2005
 Billing Period: May 11 to Jun 09 (29 days)
 Next reading on/about: Jun 13, 2005
 Rate Type: Residential

Meter readings in current billing period:

Meter Number 9479 is a 5/8-inch meter.

Present-actual 776

Last-actual 769

100 Cubic Feet used 7

1 cu ft equals approx 7.50 gal

Gallons used 5336

Billing Summary

-----Prior Balance-----

Balance from last bill

\$62.83

Payments as of Jun 13, 2005. Thank!

-65.00

Total prior balance, Jun 13, 2005

-2.17

-----Current Water Charges-----

Service Charge

5.31

Water Volume (\$3.239800 x 7.00)

22.68

Total water charges, Jun 13, 2005

27.99

-----Current Wastewater Charges-----

Service Charge

5.31

Wastewater Volume (\$4.62440 x 7.00)

33.77

Total wastewater charges, Jun 13, 2005

39.08

-----Other Current Charges-----

Reverse Osmosis Surcharge

8.97

Total other charges, Jun 13, 2005

8.97

-----TOTAL AMOUNT DUE-----

\$79.87

Wages after Jul 13, 2005

Add Late Charge

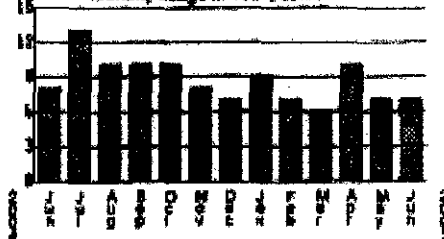
\$3.80

Total Due After Jul 13, 2005

\$77.67

Water Usage Comparison

Monthly usage in 100 Cubic Feet

**Messages to you from Ohio American Water**

* Customers may use their credit card, debit card or pay by electronic check by calling toll free: 1-800-271-5522. Customers may also pay on-line at www.water.paymybill.com. A small service fee will apply.

** Please refer to the check authorization process on the back of the bill.

*If your questions are not resolved after you have called Ohio-American, you may call the Public Utilities Commission of Ohio (PUCO) toll free at 1-800-686-7826, or for TDD/TTY toll free at 1-800-686-1570, from 8:00 a.m. to 5:00 p.m. weekdays or visit the PUCO website at www.PUCO.ohio.gov.

*Please note the due date only applies to water charges.

* **RECONNECTION POLICY CHANGE** - beginning Sept 3, 2002, Customers whose water service is disconnected for non-payment must contact Ohio-American Water with their paid receipt number by 3:00 pm EST to ensure same day service reconnection. Calls received after 3:00 will be scheduled for reconnection by 2:00 pm EST the next business day.

Customer Service & Emergencies 1-800-673-5999 (24 Hours)

For Hearing Impaired Customers TDD 1-800-300-6202 (24 Hours)

Rates available upon request

Visit us on the INTERNET at: www.oawc.com

41M 505

Attachment B1—January 15, 1999, Letter Regarding Reverse Osmosis



January 15, 1999

Dear valued customer,

We are writing to inform you of a change in your water and wastewater rates.

On March 4, 1998, Citizens Utilities Company of Ohio (CUCO) filed a request (Case No. 98-178-WG-AIR) with the Public Utilities Commission of Ohio requesting authorization to increase its water and wastewater rates. On January 14, 1999, the Public Utilities Commission issued an Order that allowed CUCO to increase rates which are applied to water/wastewater service bills rendered after January 18, 1999.

We are reluctant to increase our rates at this time. However, the increase in revenues is necessary in order to meet greater operating expenses associated with providing you reliable service. In addition, Citizens was required to invest about \$5,400,000 for facilities to meet more stringent requirements of the Clean Water Act and Safe Drinking Water Act.

In order to ease the impact of the increases in rates, the Public Utilities Commission of Ohio approved our request to phase-in the increases in rates over a three (3) year period. This means that only a portion of the total approved increase will appear on your monthly bill in each of the next three years. The post phase-in period will show a slight decrease in rates as indicated in the table set out below.

The following table illustrates the change in the monthly bill through the phase-in period for a typical residential and commercial customer receiving service. Usage of both 8 CCF (8,000 gallons) and 40 CCF (30,000 gallons) were used for this table. Your individual bill may vary from those shown below depending on your actual consumption patterns.

	Current Rates	Phase 1 Rates	Phase 2 Rates	Phase 3 Rates	Post Phase-In Rates
Domestic Service @ 8 ccf/mo.					
Basic Water Treatment	\$34.86	\$39.70	\$38.62	\$40.60	\$38.39
with Reverse Osmosis					
Wastewater Service	\$26.72	\$33.65	\$38.91	\$43.50	\$36.41
Non-Domestic Service @ 40 ccf/mo.					
Basic Water Treatment	\$140.23	\$147.17	\$151.32	\$157.65	\$151.18
with Reverse Osmosis					
Wastewater Service	\$102.93	\$118.40	\$134.18	\$150.55	\$132.19

We have enclosed a detailed schedule, which summarizes the approved rates for all of Citizens' service districts. The section at the bottom of the page indicates the type of service you receive. A complete copy of the approved Tariffs for Citizens Utilities Company of Ohio is available for your review at our offices located at 5481 Buenos Aires Boulevard, Westerville, Ohio 43081.

We feel privileged to serve you and will continue to provide the best service possible. If you have any questions regarding the new rate structure, or any aspect of your service, please feel free to call 614.882.1058 and we'll do our best to provide you with prompt answers.

Sincerely,

A handwritten signature in dark ink, appearing to read "Stephen H. Hanson".

Stephen H. Hanson, P.E.
General Manager

Attachment: Rate Schedule
Rates/CustLineR.doc

Attachment B2—January 15, 1999, Letter Regarding Reverse Osmosis

Citizens Utilities Co. of Ohio

Approved Rate Schedule

January 15, 1999

DOMESTIC & NON-DOMESTIC WATER SERVICEWater Customer Charges

Meter Size	Existing Rates Per Month	PUCO Approved Rates Per Month							
		Year 1 (Phase I)	Percent Increase	Year 2 (Phase II)	Percent Increase	Year 3 (Phase III)	Percent Increase	Post Phase III	Percent Increase
3/8"	\$3.00	\$4.00	11.1%	\$4.00	0.0%	\$4.00	0.0%	\$4.00	0.0%
3/4"	\$4.51	\$4.80	6.4%	\$4.80	0.0%	\$4.80	0.0%	\$4.80	0.0%
1"	\$6.82	\$6.90	1.2%	\$6.90	0.0%	\$6.90	0.0%	\$6.90	0.0%
1 1/2"	\$13.43	\$12.90	-3.9%	\$12.90	0.0%	\$12.90	0.0%	\$12.90	0.0%
2"	\$22.69	\$21.25	-6.3%	\$21.25	0.0%	\$21.25	0.0%	\$21.25	0.0%
3"	\$46.13	\$45.20	-2.0%	\$45.20	0.0%	\$45.20	0.0%	\$45.20	0.0%
4"	\$66.15	\$76.70	16.6%	\$76.70	0.0%	\$76.70	0.0%	\$76.70	0.0%

Basic Water Consumption Charges

Present	Existing Rates per Ccf	PUCO Approved Rates Per Ccf							
		Year 1 (Phase I)	Percent Increase	Year 2 (Phase II)	Percent Increase	Year 3 (Phase III)	Percent Increase	Post Phase III	Percent Increase
First 13.33 Ccf	\$2.34	\$2.53	8.1%	\$2.75	8.4%	\$2.92	6.2%	\$2.72	-6.8%
Over 13.33 Ccf	\$1.66	\$1.77	6.6%	\$1.76	-0.6%	\$1.81	1.9%	\$1.79	-1.0%

Water Subsidies

Reverse Osmosis	\$1.53	\$1.58	1.5%	\$1.59	1.7%	\$1.66	3.0%	\$1.56	-6.0%
Softening	\$0.41	\$0.26	-31.5%	\$0.28	0.0%	\$0.26	0.0%	\$0.26	0.0%

1 Ccf = 100 Cubic Feet or 7.48 Gallons or approximately 75 regulation

DOMESTIC & NON-DOMESTIC WASTEWATER SERVICEWater Customer Charges

Meter Size	Existing Rates Per Month	PUCO Approved Rates Per Month							
		Year 1 (Phase I)	Percent Increase	Year 2 (Phase II)	Percent Increase	Year 3 (Phase III)	Percent Increase	Post Phase III	Percent Increase
3/8"	\$3.00	\$4.00	11.1%	\$4.00	0.0%	\$4.00	0.0%	\$4.00	0.0%
3/4"	\$4.51	\$4.80	6.4%	\$4.80	0.0%	\$4.80	0.0%	\$4.80	0.0%
1"	\$6.82	\$6.90	1.2%	\$6.90	0.0%	\$6.90	0.0%	\$6.90	0.0%
1 1/2"	\$13.43	\$12.90	-3.9%	\$12.90	0.0%	\$12.90	0.0%	\$12.90	0.0%
2"	\$22.69	\$21.25	-6.3%	\$21.25	0.0%	\$21.25	0.0%	\$21.25	0.0%
3"	\$46.13	\$45.20	-2.0%	\$45.20	0.0%	\$45.20	0.0%	\$45.20	0.0%
4"	\$66.15	\$76.70	16.6%	\$76.70	0.0%	\$76.70	0.0%	\$76.70	0.0%

Flat Rate Sewer ChargesCustomers without Citizens

Water Service	21.01	24.22	15.3%	27.79	14.7%	31.00	11.5%	27.42	-11.6%
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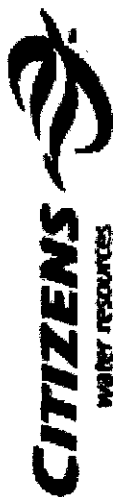
Sewer Usage Charges

Present	Existing Rates per Ccf	PUCO Approved Rates Per Ccf							
		Year 1 (Phase I)	Percent Increase	Year 2 (Phase II)	Percent Increase	Year 3 (Phase III)	Percent Increase	Post Phase III	Percent Increase
First 13.33 Ccf	\$ 2.140	\$ 2.700	18.0%	\$ 4.364	17.6%	\$ 4.938	13.2%	\$ 4.301	-12.9%
Next 666.67 Ccf	2.155	2.437	13.1%	2.700	10.8%	3.027	12.1%	2.667	-12.2%
Over 600 Ccf	2.155	0.953	na	0.916	na	1.243	na	0.879	na

SERVICE BY DISTRICT

District	Service	Conversion Factors
Timberbrook & Brimfield	Basic Water Service Billed in Mgal (Thousands of Gallons)	1 ccf = 100 cubic feet
Worthington Hills	Basic Water Service w/Softening	1 Mgal = 1000 gallon
Blacklick	Basic Water and Wastewater Service	
Lake Cady & West Port	Basic Water w/Softening & Wastewater Service	1 ccf = .748 Mgal
Huber Ridge & Sunbury Woods	Basic Water w/Reverse Osmosis & Wastewater Service	1 Mgal = 1.337 ccf

Attachment B3—January 15, 1999, Letter Regarding Reverse Osmosis

**CUSTOMER REMINDER NOTICE**

Citizens Utilities Company of Ohio
5481 Buena Vista Blvd
Westerville, OH 43081
614-862-1658 OR 1-800-673-5889

YEAR VALUED CUSTOMER:

This REMINDER NOTICE is to inform you that all water and sewer bills rendered after January 18, 2000 will be calculated based on Phase 2 rates pursuant to our Tariff. The Public Utilities Commission of Ohio (PUCO) approved these rates (Case No. 98-178-WS-A/R) on January 14, 1999.

In order to ease the impact of the increase in rates, the PUCO approved our request to phase-in the increase in rates over a three (3) year period. The post phase-in period will show a decrease in rates as indicated in the table set out below.

The following table illustrates the change in the monthly bill over the next three years for a typical residential and commercial customer receiving service. Usage of both 8 CCF (6,000 gallons) and 30 CCF (22,440 gallons) were used for this table. Your individual bill may vary from those shown above depending on your actual consumption patterns.

DOMESTIC SERVICE @ 8 ccf/mo	Phase 1 Rates 01/18/99 - 01/18/00	Phase 2 Rates 01/18/00 - 01/18/01	Phase 3 Rates 01/18/01 - 01/18/02	Post Phase-In Rates 01/18/02 -
Basic Water Treatment (Blacklick, Timberbrook & Portage Co. Districts)	24.27	26.98	27.32	26.78
Ion-Exchange Softening (Worthington Hills & Lake Darby)	26.52	28.22	35.33	28.02
RO Treatment (Huber Ridge)	36.70	38.62	40.60	38.38
Wastewater Service (Blacklick, Huber Ridge & Lake Darby)	33.65	38.91	43.50	38.41

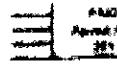
NON-DOMESTIC SERVICE @ 30 ccf/mo	Phase 1 Rates 01/18/99 - 01/18/00	Phase 2 Rates 01/18/00 - 01/18/01	Phase 3 Rates 01/18/01 - 01/18/02	Post Phase-In Rates 01/18/02 -
Basic Water Treatment (Blacklick, Timberbrook & Portage Co. Districts)	67.31	70.31	73.03	70.17
Ion-Exchange Softening (Worthington Hills & Lake Darby)	75.74	78.74	90.82	78.60
RO Treatment (Huber Ridge)	113.92	117.71	122.85	117.48
Wastewater Service (Blacklick, Huber Ridge & Lake Darby)	94.02	107.16	120.28	105.62

1 ccf = 100 cubic feet = 7.48 Gallons

Attachment C—City of Westerville Water Bill

CITY OF WESTERVILLE
DEPARTMENT OF FINANCE
ACCOUNT NUMBER
CYCLE 20-28 BILL DATE 12/24/05
SERVICE ADDRESS

CITY OF WESTERVILLE
64 E WALNUT ST.
PO BOX 8107
WESTERVILLE OH 43080-8107



RETURN SERVICE REQUESTED

SERVICE PERIOD 11/02/05 To 12/05/05
NUMBER OF DAYS 33
Service Curr Read Prev Read Usage
E KWH 47723 46858 865
U GCF 4197 4189 8
Description Of Charges Amount
E ELECTRIC 69.06
U WATER 15.92
S SEWER 26.68
R REFUSE 14.50

WESTERVILLE OH 43082-1018

BILL DATE
12/24/05
ACCOUNT NUMBER

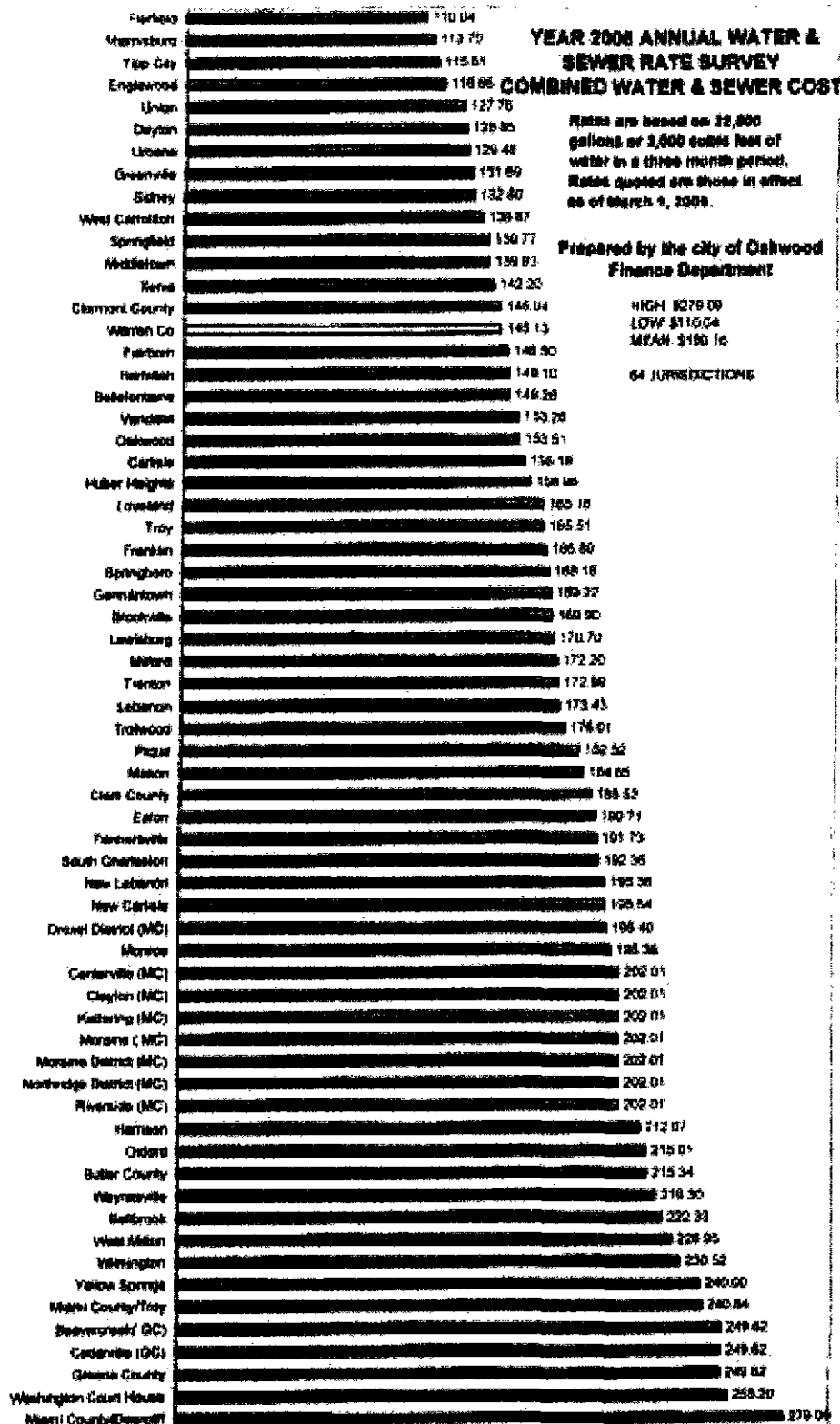
DATE DUE
12/18/06
CYCLE
20-28

MINIMUM CHARGE 126.16
TOTAL DUE 126.16
DATE DUE 1/13/06

WESTERVILLE, OH
Per Cup Cost Adj = \$.00918/kwh

TOTAL DUE 126.16

Attachment E—Year 2006 Annual Water & Sewer Rate Survey Combined Water & Sewer Cost

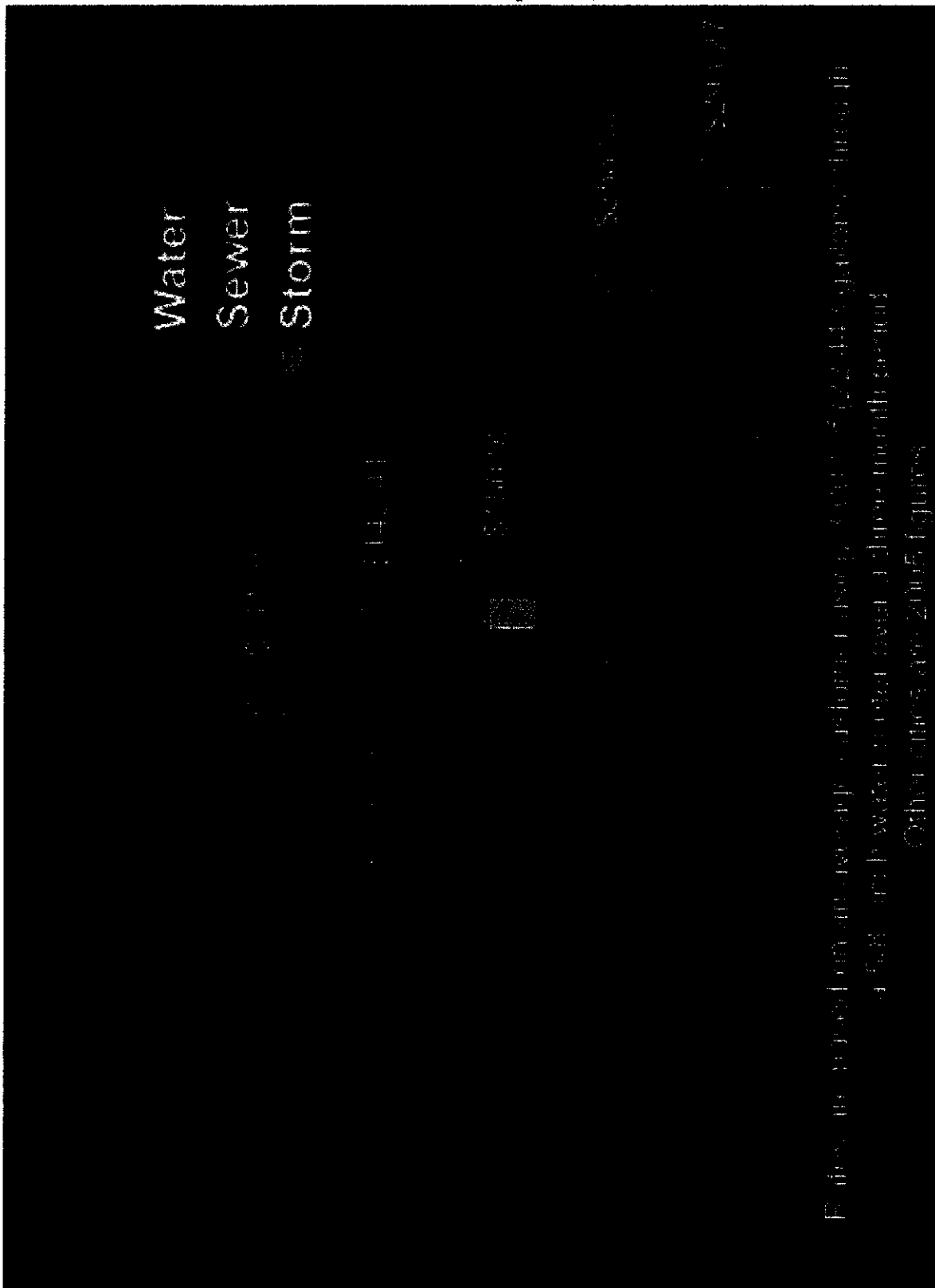


MC - Montgomery County
GC - Greene County

DAWC 312.24
(Huber ridge)



Attachment F—Residential Rate Comparison of Local Communities



Attachment G1—Ohio American Water Files Rate Request

Ohio American Water Files Rate Request

Page 1 of 3



Marion, OH - April 17, 2006

Ohio American Water Files Rate Request

On April 17, Ohio American Water filed a rate request with the Public Utility Commission of Ohio (PUCO) that would change rates for water service in the company's operating districts.

The rates that Ohio American Water charges for water service are regulated by the PUCO. Any change in rates would not occur until the PUCO regulatory review is complete. This review process includes opportunities for public input, and may take up to one year before any change in rates would become effective. Ohio American Water last filed a rate request in December 2003.

Ohio American Water is requesting that the PUCO grant a 17.1% overall rate increase to cover the costs of the investments the company has made in local water treatment and distribution systems, since December, 2003. If the PUCO grants the company's full request, the average residential customer's bill would increase by approximately \$0.16 per day.

According to David Little, General Manager of Ohio American Water, the primary reason for the rate filing is the company's ongoing investment in infrastructure improvements. Since the last rate filing, Ohio American Water has invested more than \$11 million in water system improvements across the state. This includes replacing and installing water lines, meters, hydrants and improvements at water treatment, pumping and storage facilities.

Many communities across the United States are

http://www.amwater.com/awpr/ohaw/newstroom/press_releases/page10429.html

9/15/2006

Attachment G2—Ohio American Water Files Rate Request

Ohio American Water Files Rate Request

Page 2 of 3

facing the dilemma of aging infrastructure. To continue to ensure safe drinking water, the nation's water utilities will need to invest an estimated \$274 billion over the next 20 years, according to United States EPA. This significant national need reflects the challenges confronting water utilities as they deal with aging infrastructures, some of which were constructed 50 to 100 years ago.

"Our rates are based on the true cost of water," said Little. "The price consumers pay for water is driven by the ongoing infrastructure investment that Ohio American Water makes to provide reliable, high quality service. Our rates cover the cost of pumping, treating, and delivering quality water to the customers' homes," Little said. Like other businesses, Ohio American Water has also incurred increased chemical, fuel, labor and insurance costs.

"Water remains the best value for consumers in terms of utility service they receive. With few exceptions, water is the lowest utility bill consumers pay each month," Little noted. "If the PUCO approves our rate request, customers will pay less than one cent per gallon of water."

Ohio American Water is requesting rate increases in all of the company districts: Ashtabula, Franklin County, Lawrence County, Portage County, Mansfield, Marion and Tiffin.

Ohio American Water is the largest regulated water utility in the state providing quality water and/or wastewater services to over 159,000 people in 36 communities across the state. The company is a wholly-owned subsidiary of American Water, the largest and most geographically diverse provider of water services in North America. With headquarters in Voorhees, NJ, American Water employs approximately 7,000 people who serve more than 18 million people in 29 states, Puerto Rico and Canada. More information can be found

Attachment G3—Ohio American Water Files Rate Request

Ohio American Water Files Rate Request

Page 3 of 3

by visiting www.amwater.com. American Water is an integrated part of RWE AG (Essen, Germany), a leading utility company in Germany.

Contact**Roger Swafford****(317) 885-2400**

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American Water Corporate Home

Attachment H1—RWE to Sell Shares of American Water in an Initial Public Offering

RWE to Sell Shares of American Water in an Initial Public Offering

Page 1 of 2



Voorhees, NJ - March 24, 2006

**RWE to Sell Shares of American Water in an Initial
Public Offering**

The Executive Board of RWE AG decided to pursue an initial public offering (IPO) in the U.S. for the shares of American Water as the most attractive option for RWE and the U.S.-based company, its employees and customers. This decision will return American Water to its status as a publicly-traded company. RWE had previously announced on November 4, 2005 its intention to divest American Water either through an IPO or by selling American Water to a group of financial investors.

The IPO will result in a publicly-traded company that is focused on water and wastewater in the U.S. and dedicated to maintaining a high level of service and quality.

The sales process is expected to be initiated shortly through filings for approval with certain state public utility commissions. The IPO will require filing of a registration statement with the U.S. Securities and Exchange Commission (SEC). The transaction will also be subject to the approval of the RWE AG Supervisory Board. The target is to complete the transaction during 2007.

The foregoing communication does not constitute an offer to sell any securities and is not a solicitation of an offer to buy any securities. Such an offer or solicitation will only be made by means of a prospectus.

Contact:

http://www.amwater.com/awprl/newsroom/press_releases/page10532.html

9/15/2006

Attachment H2—RWE to Sell Shares of American Water in an Initial Public Offering

RWE to Sell Shares of American Water in an Initial Public Offering

Page 2 of 2

Kimberly Cooper	Hill McAndrews
American Water	RWE AG
Director,	Senior Manager,
External	Group Press Relations
Communications	T: +49(0) 2 01/12- 1 50
T: 856-346-8207	95
M: 856-261-9870	M: +49(0) 1 62/2 51 53
	02

RWE is one of the leading international utility companies. The company provides customers with electricity, gas and water as well as services related to these products. The company's core markets are Germany, the UK and Continental Europe. Major companies and millions of households throughout Europe rely every day on the RWE Group's services and products. In fiscal year 2005, approximately 86,000 employees worldwide within the RWE Group generated sales of about €42 billion.

Contact
Kimberly Cooper
856-346-8207

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Attachment I—MPSC says Missouri-American water has 'excess earnings'
and Agency: Missouri water has excess earnings

MPSC says Missouri-American water has 'excess earnings'

St. Louis Business Journal - October 3, 2003

The Missouri Public Service Commission staff has filed a complaint stating that the Missouri-American Water Co. is making "excess earnings."

The complaint said an audit of the company's books and records showed that the company's earnings are in excess of \$20 million.

Missouri-American Water currently is seeking to raise its rates to increase water revenue by about \$20 million a year, and increase sewer revenue by \$1,600 for 100 sewer customers in Platte County. However, the commission staff is supporting a reduction in Missouri-American's revenue, which would lower customer rates.

Missouri American Water said in a statement the commission's recommendation to reduce its rates does not reflect the reality of today's water business. "Missouri American has taken great care in designing a rate proposal to address the costs associated with critical improvements made to its water infrastructure, primarily in the areas of security and capital improvements in each of its operations across the state," the company said. It plans to review the commission's recommendation.

Missouri-American Water Co. serves about 413,580 customers in nine areas in Missouri, including St. Charles and St. Louis County. It is a division of American Water Works Co. (NYSE: AWK).

Agency: Missouri water has excess earnings

ST. LOUIS — A complaint filed by the Missouri Public Service Commission staff states Missouri-American Water Co. is making earnings in excess of \$20 million, even as they are seeking to raise rates, according to a *St. Louis Business Journal* report.

According to the paper, Missouri-American Water, a division of American Water Works Co. (NYSE: AWK), is looking to raise its rates to increase water revenue by about \$20 million a year.

The commission staff, however, is supporting a reduction in Missouri-American's revenue, which would lower customer rates.

To subscribe to *Water Technology* magazine, click [here](#).

For more of the latest news, click [here](#).

For related information on this story, click [here](#).

To discuss this topic with other water and wastewater industry professionals, click [here](#).

Attachment J—Mo.-American Water files to increase water use charges

Attachment K—Missouri-American Water to hold local rates

Other articles of interest...

Mo.-American Water files to increase water use charges

St. Louis Business Journal - August 8, 2006

Missouri-American Water Co. wants to increase the infrastructure system replacement surcharge (ISRS) St. Louis County customers pay on their bills by 5 cents per 1,000 gallons of water used.

Missouri-American Water filed an application with the Missouri Public Service Commission seeking to increase the ISRS on St. Louis County customers' bills from 11 cents per 1,000 gallons of water used to 16 cents per 1,000 gallons of water used.

Missouri-American Water Co. first established an ISRS on customer bills in December 2003.

The infrastructure system replacements covered by the requested surcharge involve either replacements for existing facilities that have worn out or deteriorated; a main cleaning and/or relining project; or infrastructure facility relocations due to construction or other public work.

Applications to intervene and participate in the rate case must be filed no later than Aug. 24 with the secretary of the Missouri Public Service Commission, P.O. Box 360, Jefferson City, Mo., 65102.

Missouri-American Water to hold local rates

St. Louis Business Journal - April 7, 2004

Missouri-American Water Co. will hold water and sewer rates at current levels in its St. Louis County and St. Charles districts under a new agreement approved by the Missouri Public Service Commission.

The company had asked the commission to approve plans to increase its annual water revenue by about \$20 million a year and its sewer revenue by about \$1,600 a year.

Under the agreement, Missouri-American's revenue from eight of its nine districts will remain the same, while water revenue will drop by about \$350,000 a year in its Joplin district. In a few districts, rates will increase slightly as part of the agreement.

The company also agreed not to raise rates until at least Dec. 31, 2005.

In addition, Missouri-American agreed to spend about \$55 million in infrastructure replacements in St. Louis County in 2004-2006, and eliminate the current infrastructure system replacement surcharge on St. Louis County district customers effective April 16.

Missouri-American Water Co. serves about 445,000 customers in nine areas in Missouri, including St. Charles and St. Louis County. It is a division of American Water Works Co. (NYSE: AWK).

**Attachment L—Illinois American Water: American Water Files Petition Today
with the Illinois Commerce Commission**

Illinois American Water

**American Water Files Petition Today with
the Illinois Commerce Commission**

Today, April 21, 2006

American Water filed a petition with the Illinois Commerce Commission for approval of the sale of shares of common stock of American Water.

On March 24, 2006, RWE announced its decision to pursue an initial public offering (IPO) in the U.S. for the shares of American Water. This is the first step in RWE's divestiture of American Water.

July 24, 2006 - UPDATE: Boil Water Advisory Lifted for Mitchell, Pontoon Beach Water Districts and Village of Caseyville

July 23, 2006 - UPDATE-Boil Water Advisory Lifted for Illinois American Water customers in Granite City/Madison Areas

July 22, 2006 - UPDATE-Boil Water Advisory Lifted in Belleville/East St. Louis Areas, Boil Water Advisory Continues In Granite City Area

July 22, 2006 - UPDATE: Metro-East Communities Back in Water Service, Boil Water Advisories Continue

Attachment M—Missouri Rate Increase Findings Link

<http://www.psc.mo.gov/press/pr0139.pdf>

<http://www.psc.mo.gov/press/pr0452.pdf>

<http://www.psc.mo.gov/press/pr0448.pdf>

<http://www.psc.mo.gov/press/pr0442.pdf>

Attachment N—So American Water's CEO spoke at this conference as a Featured Presenter in June 2006 on this topic ...

So American Water's CEO spoke at this conference as a Featured Presenter in June 2006 on this topic...

Profiting in the Water Industry Conference

The water market is one of the world's five largest markets, amounting to \$400 billion, and growing by 7% annually. In comparison, the \$600 billion energy market is growing 1% a year. The semiconductor market is considered sexy, but is only half the size of the water market.

Discover the investment opportunities that exist in the water industry. In the U.S. alone, the water industry is expected to grow 7% a year to \$100 billion. One factor driving this growth is that America's water systems—some of which were built during the Lincoln administration—are crumbling. As a result, there are more than 200,000 water main breaks per year and as much as 80% of the water intended for delivery to consumers is lost en route.

The nation's infrastructure for water delivery is in dire need of investment: the EPA suggests that \$15 to \$20 billion per year needs to be spent to address these issues versus current spending of around \$3 billion per year.

The worldwide demand for water and water treatment is torrential. For instance, China plans to build 375 wastewater treatment facilities by 2009. The World Bank has estimated that by 2007 investments of between \$400-\$600 billion will be required to meet the demand for fresh water.

Get a primer on how regulation is impacting the water landscape. Our panel with leading water regulators will discuss how transfer rights, water infrastructure ownership, ability to gain governmental approvals for new developments, and the rate setting mechanisms impact your portfolio companies.

Don't miss this rare opportunity to listen to executives, from leading publicly-traded water utilities, securities analysts and regulators, discuss how you can maximize your returns on water-related investments.

Attachment O—Then, the American Water CEO spoke on this topic ...

Then, the American Water CEO spoke on this topic...

**What are the most promising and profitable
niches in the \$150 billion Water Industry?**

In answering this question, we assembled a unique blend of senior executives from many of the most prominent publicly-traded water utilities, securities analysts and regulators

- The corporate executives will deliver roadshow-like presentations in which they will discuss their companies' business models, competition, regulatory environments as well as plans for capital expenditure and plans for growth.
- Our regulators will deliver compelling insights relating to regulatory rulings, public-private partnerships, rate setting issues, eminent domain, and water quality.
- Our securities analysts will provide crucial insight into trends such as consolidation, rate increases, weather sensitivity, capital expenditure requirements, privatizations, diversification opportunities and dividend policies.

Water treatment and delivery is impossible without investment. However, investment without consulting with the world's leading water authorities is not conducive to maximizing returns on investment. Quench your thirst for insight into investing in the most promising water companies.

Our most recent Water Conference was sold out so be sure to take advantage of our early registration rate. We look forward to seeing you on *June 8th in New York City*.

David Wanetick
Managing Director
The Wall Street Transcript &
Incremental Advantage

Attachment P1—About American Water

About American Water

Page 1 of 4

**About American Water**

American Water was founded in 1886 as the American Water Works & Guarantee Company and reorganized in 1947 as American Water Works Company, Inc. On January 10, 2003 the company was acquired by RWE, was renamed "American Water," and became a part of RWE's water division.

The primary mission of American Water is to be your trusted water resource company dedicated to delivering innovative solutions.

The majority of the company's activities are centered in locally-managed utility subsidiaries that are regulated by the state in which each operates. These state utilities are supported by the resources of American Water and are an integral part of the communities they serve.

The company also owns subsidiaries that manage municipal water and wastewater systems under contract and others that supply homeowners, businesses, and communities with water-resource-management products and services.

The company's track record of financial success, environmental compliance, and strong customer support is attributable to its rigorous operating discipline, as well as insightful planning, ample capital investment, experienced managers, state-of-the-art water quality programs, research, and responsive customer service. By using these tools successfully the company has achieved a high standard of performance for our customers.

With the support of RWE, American Water is well positioned to meet the demand for investments

**Features**

Para leer en español, marque aquí.

Attachment P2—About American Water

About American Water

Page 2 of 2

that increase water system reach and capacity,
preserve precious water supplies, and deliver high
quality water to the individuals and businesses that
rely on us.

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American Water Corporate Home

Attachment Q—OAWC Customer Charter



We are committed to preserving the environment. Please recycle.

Our Customer Charter

We are:

dedicated to service excellence;
focused on personalized solutions
and committed to the health and welfare
of our customers;

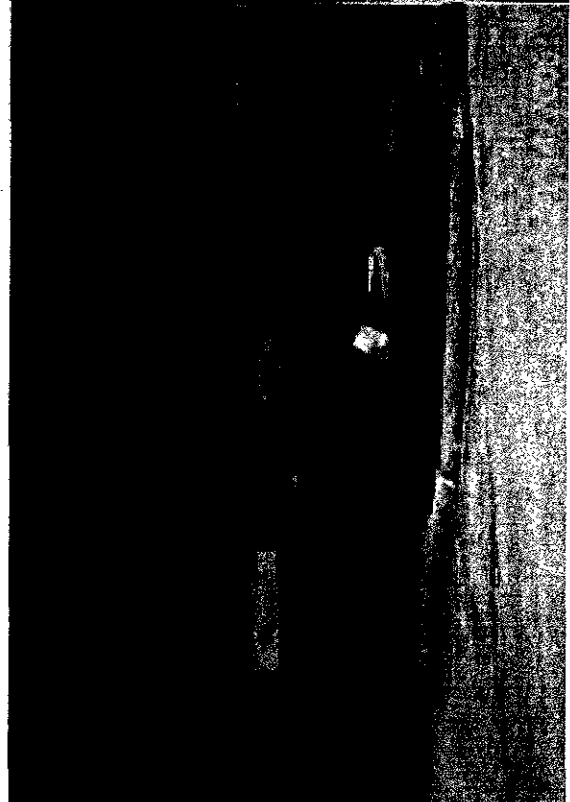
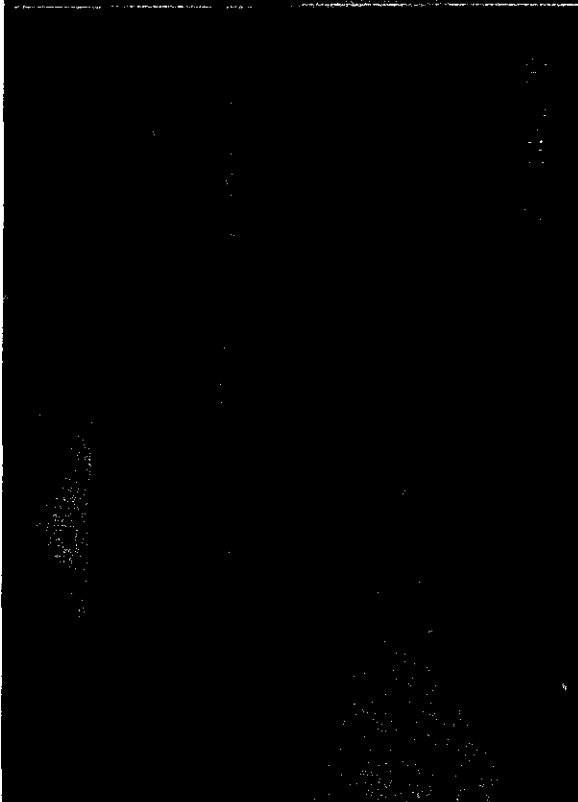
therefore...

We will:

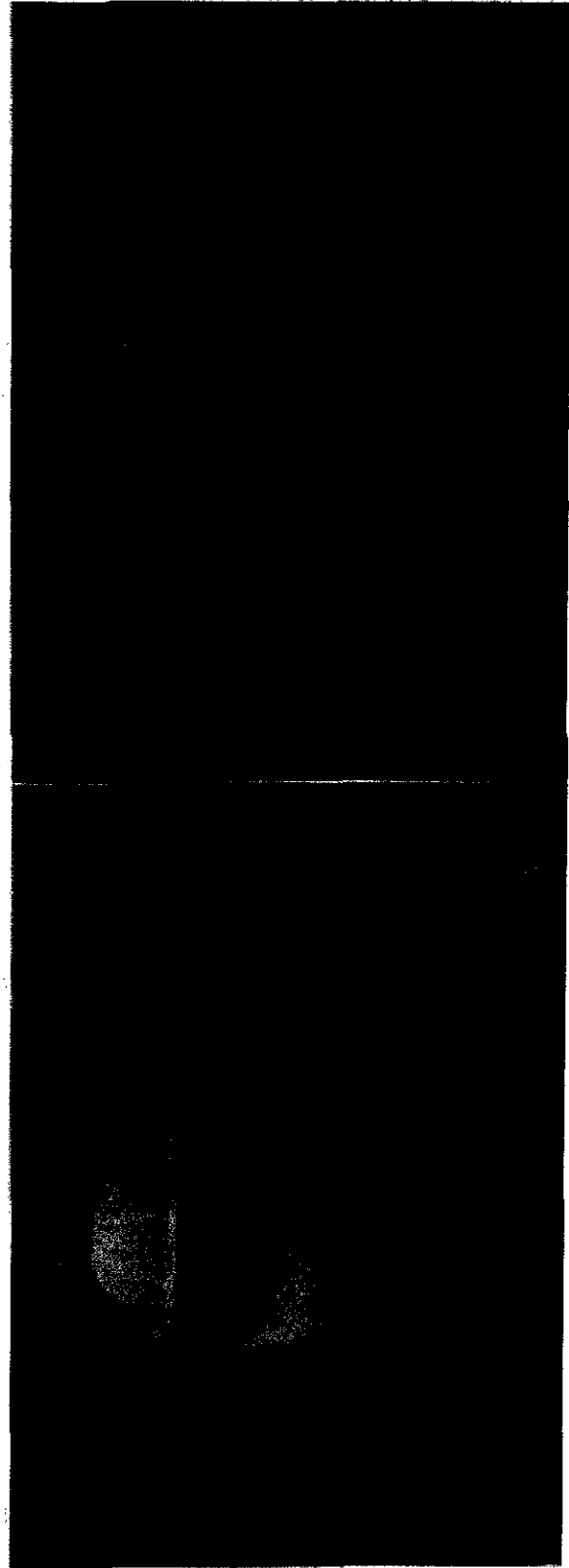
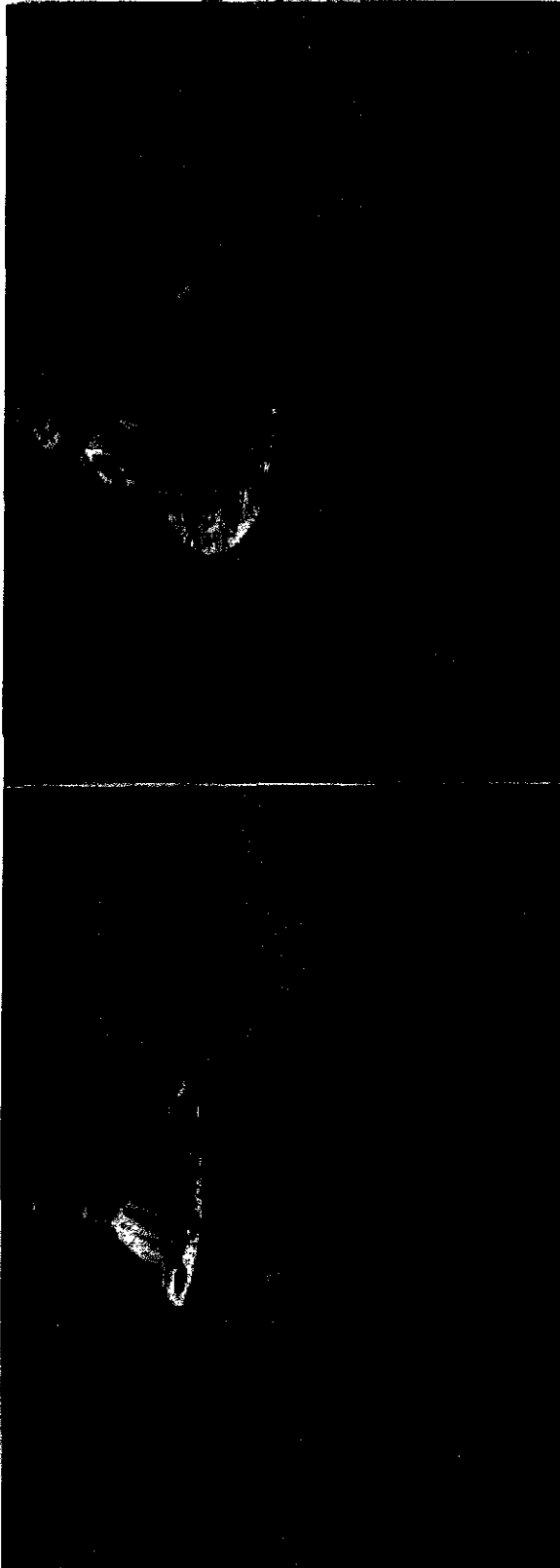
partner with our customers;
treat them with dignity and respect;
enhance their quality of life;
earn their loyalty;
and exceed their expectations.

Please let us know if there is anything we can do to serve you better. Just call toll free number printed on your bill.

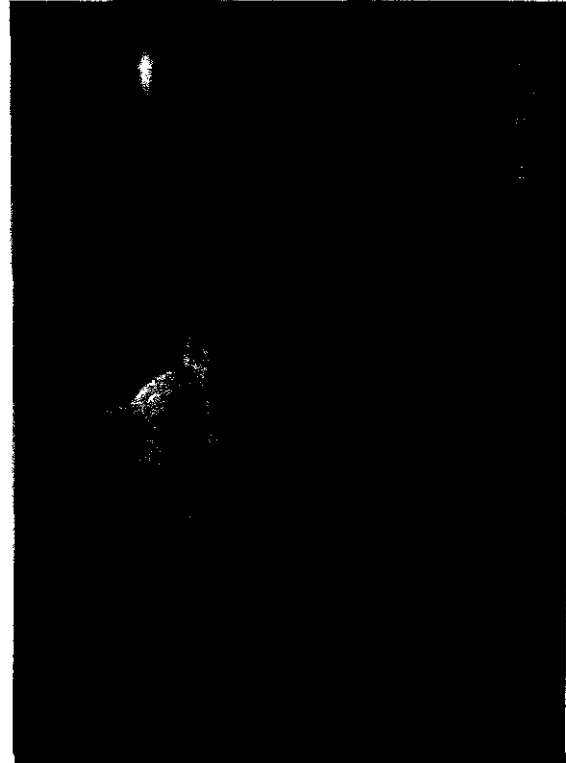
Attachment R—Photographs of OAWC Property in Huber Ridge



Attachment S1—Photographs of Fire Hydrants in Huber Ridge



Attachment S2—Photographs of Fire Hydrants in Huber Ridge



Attachment T—About the PUCO

About the PUCO

Page 1 of 1

About the PUCO

The Public Utilities Commission of Ohio (PUCO) affects just about every household in Ohio. That's because the PUCO regulates providers of all kinds of utility services, including electric and natural gas companies, local and long distance telephone companies, water and wastewater companies, and rail and trucking companies. The PUCO was created to assure Ohioans adequate, safe, and reliable public utility services at a fair price. More recently, the PUCO gained responsibility for facilitating competitive utility choices for Ohio consumers. The PUCO Agency Overview outlines the duties and responsibilities of the PUCO.

5 Ways The PUCO Works for You:

1. Protects you by monitoring and enforcing PUCO rules and state laws against unfair, inadequate and unsafe public utility and transportation services.
2. Resolves your disputes either informally between you and the company or through our formal complaint process where only the PUCO can order relief and corrective action. The PUCO resolves disputes between utilities and residential, business, and industrial customers, as well as between competing utilities.
3. Assures availability of adequate, safe and reliable services to all residential, business, and industrial consumers.
4. Provides you with information about your rights and responsibilities as a utility customer and publishes the Apples to Apples cost comparisons for energy services where you have a choice. You can turn to the PUCO for answers to your questions and help with your utility and transportation problems.
5. Regulates your rates for utility services where you do not have choices. Even with competition growing in the gas and electric industries, for example, the PUCO still sets the rates for delivery of those services since that part is still controlled by one company.

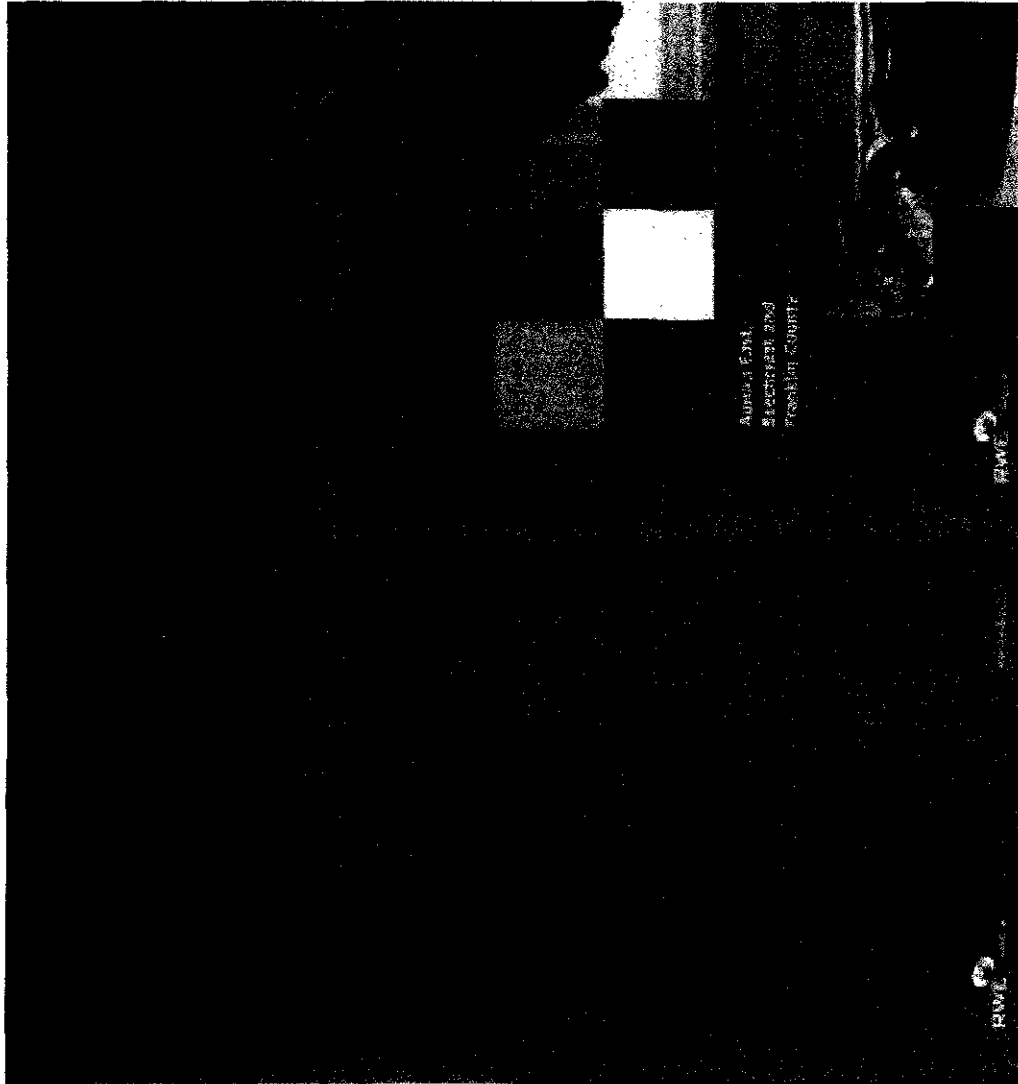
**PUCO Agency Overview****PUCO Working For You**

Viewing  PDF files requires the Adobe Acrobat Reader.

Commissioner Bios

Alan R. Schreiber
Ronda Hartman Fergus
Judy A. Jones
Valerie A. Lammie
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Attachment U1—About Your New Rates

Copies of the approved tariffs are on file and may be inspected by any interested person at any district office of Ohio American Water or at the offices of the Public Utilities Commission of Ohio, 180 East Broad Street, Docketing Section, Columbus, Ohio 43261-3793.

Please keep in mind that some changes affect certain customers differently than others, depending on the usage and service provided. If you have any specific questions concerning the impact of this rate change on your bill, please call 1-800-673-5999. You are a valued customer and we welcome the opportunity to discuss this matter with you.

Attachment U2—About Your New Rates

The following surcharge will be changed to \$0.4832 per ccf, from \$0.2818, an increase of \$0.2022. The reverse osmosis surcharge will be changed from \$1.5770 to \$1.2621 per ccf, a decrease of \$0.2949. The fire service charges and the purchased water adjustment surcharge will not change. An account activation charge of \$8.00 will now be charged for new service establishment during the Company's regular business hours. The delinquent payment charge will be changed from \$16.00 to \$21.25, an increase of \$5.25. The reconnection fee will be changed from \$10.00 to \$31.50, an increase of \$21.50.

District & Class	Usage (ccf)	Average Bill	
		Old Bill	New Bill
Residential Monthly	1	\$23.45	\$27.99
	31	\$68.38	\$105.74
Commercial Monthly	1	\$30.55	\$35.06
	31	\$912.39	\$968.59
Industrial Monthly	1	\$34.09	\$38.68
	31	\$1,022.11	\$1,099.49
Residential Monthly	1	\$25.82	\$31.37
	31	\$75.99	\$103.57
Commercial Monthly	1	\$30.55	\$35.06
	31	\$912.39	\$968.59
Industrial Monthly	1	\$34.09	\$38.68
	31	\$1,022.11	\$1,099.49

The newly approved tariff changes for water and wastewater rates in FRANKLIN AND PORTAGE COUNTIES (formerly served by Citizens Utilities of Ohio) are:

Category	Old Rate	New Rate
Per 100 Gallons	\$1.25	\$1.25
Per 100 Gallons	\$1.25	\$1.25
Per 100 Gallons	\$1.25	\$1.25
Per 100 Gallons	\$1.25	\$1.25

The newly approved service charges for water and wastewater are as follows:

Category	Old Rate	New Rate
1/2"	\$5.00	\$5.00
3/4"	\$5.00	\$5.00
1"	\$5.00	\$5.00
1 1/2"	\$5.00	\$5.00
2"	\$5.00	\$5.00
3"	\$5.00	\$5.00
4"	\$5.00	\$5.00