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**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In Matter of the Application of Ohio American Water)
Company for Authority to Increase its Rates For Water and) Case No. 06-433-WW-AIR
Sewer Service Provided to its Entire Service Area)

**MEMORANDUM CONTRA
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL'S
MOTION TO ESTABLISH A LOCAL PUBLIC HEARING IN ASHTABULA COUNTY
AND REQUEST FOR EXPEDITED RULING
BY
OHIO AMERICAN WATER COMPANY**

The Office of the Ohio Consumers' Counsel ("OCC") filed a motion to establish a local public hearing in Ashtabula County and to request for expedited ruling ("Motion") on November 9, 2006 in the above entitled matter. OCC takes issue with the Entry in this matter dated November 7, 2006 setting four local public hearings in various parts of the service area of Ohio American Water Company ("Ohio American" or "Company"). While the OCC states that it is "pleased" that there are two hearings set in Franklin County, one in Marion and one in Tiffin, it is "concerned" that there has not been a local public hearing set in northwestern Ohio covering the Ashtabula and Portage Counties service areas of Ohio American. OCC cites that the number of customers in those two areas aggregated 13,758.¹

Ohio American opposes the Motion for several reasons. First and foremost, when local public hearings were held in Ashtabula in two² of the last three cases, no customers testified. For

¹ Ohio American has not verified the number of customers because for purposes of this Memo Contra, it will assume the number of customers alleged by OCC.

² Case No. 99-1038-WW-AIR, Opinion and Order of June 29, 2000 at 3; Case No. 01-626-WW-AIR, Opinion and Order of February 2, 2002 at 2.

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this reason, a local public hearing was not scheduled for Ashtabula in the last case³ as there were no apparent concerns or issues on the part of the customers for that service territory. Moreover, there have been no letters of protest from Ashtabula customers in this proceeding.

The second reason supporting Ohio American's position is the fact that currently there are already four local public hearings scheduled. Using OCC customer figures,⁴ at the present time, a local public hearing has been scheduled for every 12,900 Ohio American customers. If a fifth public hearing were to be scheduled, the number of customers per local public hearing would drop to 10,320.

In contrast, for the last GCG&E natural gas rate case,⁵ where the company served approximately 400,000 customers, three public hearings were scheduled throughout the service area for an average of one hearing per every 133,333 customers. Compared to Ohio American, the number of customers per local public hearing for the Cincinnati case was more than ten times more than the number of customers per local public hearing scheduled for Ohio American.

The electric rate stabilization cases are also analogous to Ohio American's situation, as the Commission set local public hearings in those cases as well due to the rate increases involved. Electricity is a far more expensive utility service than water. For the FirstEnergy case where three separate electric distribution companies were involved, there was only one local public hearing in each service area: Excluding CRES customers who are distribution customers and, as of 2002:

- o In 2002, Toledo Edison had 306,425 customers for local public hearing.

³ Cases Nos. 03-2390-WS-AIR and 04-339-WW-AAM, Entry of November 18, 2004.

⁴ Ohio American has not verified the number of customers because for purposes of this Memo Contra, it will assume the number of customers alleged by OCC.

⁵ Case No. 01-1228-GA-AIR, Entry of March 13, 2002.

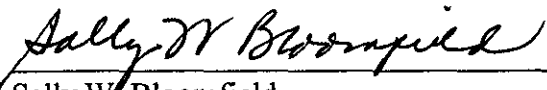
- o In 2002, Ohio Edison had 1,048,838 customers for each local public hearing.
- o In 2002, Cleveland Electric Illuminating Company had 747,318,425 customers for each local public hearing.

The number of customers per local public hearing for these cases is between 24 and 80 times greater than the number of customers per local public hearing in Ohio American's case.

The costs and expenses of local public hearings for Ohio American are already far in excess of the burden placed upon other utilities. One could argue that Ohio American has already been unfairly singled out with respect to the imposition of local public hearings without an even greater (and more unfair) burden of another local public hearing where no customer interest has been shown in the last three rate cases.

In short, the request of OCC is totally unreasonable. OCC alleged no factual or legal basis for its request. It merely noted that a specific quadrant within Ohio American service territory did not have a local public hearing scheduled for the area. The facts of the last three rate cases concerning customer lack of response to local public hearings in Ashtabula plus the record in this rate case do not support the need for another local public hearing in Ashtabula or anywhere else. Thus Ohio American opposes OCC's Motion.

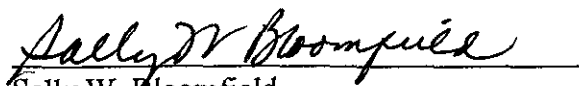
Respectfully submitted on behalf of
OHIO AMERICAN WATER COMPANY



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CERTIFICATE OF SERVICE

The undersigned hereby certifies that the MEMORANDUM CONTRA THE OFFICE OF THE OHIO CONSUMERS' COUNSEL'S MOTION TO ESTABLISH A LOCAL PUBLIC HEARING IN ASHTABULA COUNTY AND REQUEST FOR EXPEDITED RULING was either served by electronic mail or regular U.S. Mail this 14th day of November 2006.


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