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BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of)
Ohio American Water Company for)
Approval of Issuances of Common)
Stock to its Parent Company for up to) Case No. 06-1258-WS-AIS
\$9,000,000 and of Secured or)
Unsecured Long-Term Debt for up to)
\$31,000,000)

AMENDED APPLICATION

Applicant, Ohio American Water Company ("Ohio American"), filed an application with the Public Utilities Commission of Ohio ("Commission") on October 13, 2006 ("Application"). On November 1, 2006, the Commission approved Ohio American's request to extend the maturity date for debt issues maturing November 6, 2006 and deferred consideration of its request to issue and sell up to \$31 million of long term debt to its affiliate American Water Capital Corp. ("AWCC") and to issue up to \$9 million of additional common stock to its parent company, America Water Works Company ("American Water").

Ohio American hereby amends its Application by revising Paragraph 4, deleting Paragraph 5 in its entirety, renumbering the succeeding paragraphs and revising new Paragraph 5 as follows:

4. Proposed Financing Program: Ohio-American seeks Commission approval of a financing program that would accomplish the following:

(a) Replace Matured Long-Term Financings: Pursuant to the Commission's approval in Case No. 00-1881-WS-AIR, Ohio-American issued debt of \$4,000,000 during 2001 with an interest rate of 4.92% and issued debt of \$18,851,785 during 2002

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with an interest rate of 4.92%. Both debt issues matured on November 6, 2006 and the proceeds associated with these debt issues are currently funded by short-term debt. By January 31, 2007, Ohio-American seeks to issue new long-term debt with maturities of seven and twelve years to replace this short-term debt with an interest rate expected to be 5.39% and 5.62% respectively.

(b) Replace Note Due in 2034: Pursuant to the Commission's approval in Case No. 04-1261-WW-AIS, Ohio-American issued debt of \$5,300,000 during 2004 with an interest rate of 5.90%. By January 31, 2007, Ohio-American seeks to replace this existing note with new long-term debt with a maturity of seven years bearing an interest rate of 5.39%.

(c) New Long-Term Financing: On or before December 31, 2007 Ohio-American proposes to complete one or more additional long-term debt financings (the "New Debt") of up to \$2,848,215. The New Debt will have a maturity not to exceed 35 years from the date of issuance. In no case will the interest rate, determined at the time of issuance or commitment thereof, exceed a rate equal to the most recently available rate (as published in *The Wall Street Journal* or available through Bloomberg L.P.) for U.S. Treasury securities of comparable maturity plus 200 basis points. Issuance costs will not exceed 2% of the aggregate amount of the New Debt.

(d) New Equity Financing: Ohio-American seeks Commission approval to issue and sell, on or before December 31, 2007, to Ohio-American's parent company, American Water Works Company, Inc. ("AWW"), additional common stock, for cash, for an aggregate sale price not to exceed \$9,000,000.

5. Use of the Loan Proceeds: The proposed financing program will provide (i) \$22,851,785 in long-term debt to replace short-term debt incurred when long-term notes matured in November 2006, (ii) \$5,300,000 in long-term debt to replace an existing long-term note at a lower interest rate and (iii) up to \$2,848,215 in additional long-term debt and up to \$9,000,000 in additional equity proceeds to be used to reimburse Ohio-American's treasury for monies actually expended by it for the construction, completion, extension and improvement of its property, for the discharge and lawful refunding of its short-term debt obligations, and other purposes permitted by R.C. 4905.40. After reimbursement of Ohio-American's treasury, the net proceeds will be applied to the repayment of Ohio-American's then outstanding short-term borrowings and for Ohio-American's construction program.

WHEREFORE, Ohio American prays that the Commission approve, on an expedited basis by January 31, 2007, the Application as amended and exhibits relative to the issuance by December 31, 2007 of up to \$31,000,000 in secured or unsecured long term debt and the sale of shares of common stock to American Water Works Company Inc. not to exceed \$9,000,000 and grant further relief as Ohio American may be entitled.

Respectfully submitted on behalf of
OHIO AMERICAN WATER COMPANY



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