

PUBLIC UTILITIES COMMISSION OF OHIO

PUBLIC HEARING

IN RE: APPLICATION OF OHIO AMERICAN
WATER COMPANY

CASE NO. 06-433-WS-AIR

PUCO

2007 JAN -9 PM 4:31

RECEIVED-BUSINESS DIV

Wednesday, November 29, 2006

City Hall Police Training Room

Municipal Building

51 East Market Street

Tiffin, Ohio

This is to certify that the images appearing are an
accurate and complete reproduction of a case file
document delivered in the regular course of business.

Technician JF Date Processed 1-10-07

HUNTLEY REPORTING SERVICE

419-626-4039

800-247-8360

APPEARANCES:

Dick Bulgrin, Esquire
PUBLIC UTILITIES COMMISSION OF OHIO
180 East Broad Street
Columbus, OH 43215-3793

Attorney Examiner

Thomas O'Brien, Esquire
Sally W. Bloomfield, Esquire
BRICKER & ECKLER
100 South Third Street
Columbus, Oh 43215-4291

On behalf of the Ohio American
Water Company

Janine L. Migden-Ostrander, Esquire
Maureen Grady, Esquire
Melissa Yost, Esquire
10 West Broad Street, 18th Floor
Columbus, OH 43215

On behalf of Ohio American
Water Company
Residential Rate Payers

Lisa McAlister, Esquire
McNEES, WALLACE & NURICK
21 East State Street
Columbus, OH 43215-4228

On behalf of the Cities of Tiffin
and Marion

1
2 MR. BULGRIN: Good evening. This is
3 the third public hearing by the Public Utilities
4 Commission Of Ohio in Case No. 06-433-WS-AIR, being
5 in the matter of the Application of Ohio American
6 Water Company to increase it's rates for water and
7 sewer services provided to its entire service area.

8 My name is Dick Bulgrin, I'm the Attorney
9 Examiner assigned by the Public Utilities Commission
10 of Ohio to conduct the hearing this evening. With me
11 are some Commission personnel from our Service
12 Monitoring Enforcement Department and our Office of
13 Public Affairs, so if you have any particular
14 questions they are available to answer those. I
15 guess, we'll take appearances for the Company.

16 MR. O'BRIEN: Thank you, Your Honor.
17 On behalf of Ohio American Water Company, Bricker &
18 Eckler, LLC, Thomas J. O'Brien and Sally W.
19 Bloomfield, 100 South Third Street, Columbus, Ohio
20 43215.

21 MR. BULGRIN: Thank you. And for the
22 Consumers' Counsel?

23 MS. MIGDEN-OSTRANDER: Yes, Your Honor. Thank
24 you. On behalf of Ohio American Water Company
25 Residential Rate Payers, the Office of Consumers'

1 Counsel, Janine L. Migden-Ostrander Consumers'
2 Counsel; Maureen R. Grady, Associate Consumers'
3 Counsel; and Melissa Yost, Associate Consumers'
4 Counsel, 10 West Broad Street, Columbus, Ohio, 43215.

5 MR. BULGRIN: I don't know, do we
6 have anybody from the City of Tiffin?

7 MS. McALISTER: Yes, Your Honor. Thank
8 you. On behalf of the cities of Tiffin and Marion,
9 Ohio, McNees, Wallace & Nurick, I'm Lisa McAlister,
10 21 East State Street, Columbus, Ohio, 43215.

11 MR. BULGRIN: Thank you. Ohio
12 American Water filed an application with the PUCO to
13 increase it's rates for water and waste water service
14 on April 17th, 2006. As part of this rate case
15 proceeding we staffed with the PUCO and inspected
16 portions of the Company's bat and equipment,
17 interviewed Company personnel and government
18 officials, reviewed Company records, and performed
19 analysis of data, including financial information
20 collected from the Company. The staff then prepared
21 and filed it's report on September 25th, 2006. The
22 staff report summarizes the staff's findings
23 regarding Company's financial situation and service
24 performance and sets forth the staff's
25 recommendations in this case.

1 There are five local public hearings
2 scheduled in this case, but that's only one aspect of
3 the rate case process. A public hearing is also
4 scheduled to commence on December 11th, 2006 at the
5 Commission offices in Columbus, and the purpose of
6 that hearing is to allow the Ohio American staff and
7 interveners to present witnesses and evidence in
8 support of their positions in this case. The
9 Consumers' Counsel, which opposes the rate increase,
10 will represent residential customers at that
11 hearing. The purpose of tonight's public hearing is
12 to receive comments from the public and we will be
13 hearing not from the company or the staff or the
14 interveners, but from you. This is your opportunity
15 to let the Commission know what you think about the
16 Company's request to increase rates.

17 We only have two people signed up right now;
18 is that correct? Is there anybody else that would
19 like to offer testimony? Okay. I think I'm going to
20 dispense with this. Wilma, is it Klopp?

21 MS. KLOPP: Yes.

22 MR. BULGRIN: All right. Come up and
23 have a seat here and sit next to the court reporter.
24 Yes, that's fine. If you'd like to raise your right
25 hand: Do you swear that the testimony you're about

1 to give in this proceeding is the truth?

2 MS. KLOPP: Yes.

3 MR. BULGRIN: Can you state your full
4 name and spell your last name and give us your
5 address, please?

6 MS. KLOPP: My name is Wilma Klopp,
7 K-L-O-P-P, I live at 659 Hedgegate South Court,
8 Tiffin. I'm a counsel-at-large and I am the Chairman
9 of the Utilities Related Service Committee.

10 MR. BULGRIN: And if you've got a
11 statement prepared it might be helpful if she could
12 have a copy of it. Just go ahead. Why don't you go
13 ahead and read it into the record.

14 MS. KLOPP: Okay. The main reason
15 I am testifying is because I have been a councilman
16 for nine years and have received complaints mainly
17 about restoration in peoples' yards and that where
18 things are not done properly and -- but my, one of
19 the main things I have looked at today, is that I
20 read, believe it or not, this 197 page report and
21 there's very little in this report about them doing
22 any future repair of an -- I don't want to say repair
23 -- I'll read what I have and that way you -- there
24 is a mention in the report of unaccounted for water,
25 which I assume is due to leaks in the old over 100

1 year old water lines. My observation has been that
2 there does not seem to be any replacement of lines,
3 except in case of emergency. Then water is turned
4 off unexpectedly and workers, I'm sure, are paid
5 overtime until it is repaired. Would it not be
6 better to have a program to replace lines? Now that
7 Phase Two of the sewer separation is starting would
8 be a perfect time to replace lines in the trenches
9 that are already dug, instead they wait for an
10 emergency and tear the newly repaved streets up in
11 order to repair them. It seems it would be cheaper
12 in the long run to have a program of ongoing
13 replacement. The pressure is too low, it is my
14 understanding, on the water tanks on the north end,
15 that the lines of the south end would blow if they
16 put enough pressure to really fill those tanks. That
17 I have not in all the years I've been a citizen of
18 Tiffin, which is over 40 years, seen any real ongoing
19 and replacement of lines and things seem to be worse
20 since the purchase by this company.

21 In my years on council there was one water
22 increase, now there was four in five years and
23 nothing seems to be improving, and here we are hit
24 again and they want another increase. And I'm
25 wondering what the real reason for this increase is?

1 It's seems neighboring towns have lower rates than
2 Tiffin does by operating their own. In fact, Tiffin
3 has looked into this and we've been told they won't
4 sell off separately, that they want to sell the whole
5 company. We very much like be interested in seeing
6 if it were feasible for us to buy Tiffin Water
7 Company.

8 The complaints I received about the water
9 company usually are mainly, as I said, the
10 restoration, in that when the lawn in front of
11 someone's house is torn up they don't really repair
12 it properly, they'll throw some seed on it and if it
13 doesn't grow too bad, it's just left that way.
14 That's all I have.

15 MR. BULGRIN: Thank you. Thank you.
16 Wayne Stephens? Do you swear the testimony you're
17 about to give in this proceeding is the truth?

18 MR. STEPHENS: I do.

19 MR. BULGRIN: Could you state your
20 name and address for the record?

21 MR. STEPHENS: My name is Wayne
22 Stephens, and my address is 299 Melmore Street, it's
23 M-E-L-M-O-R-E, Tiffin.

24 First of all, I would like to thank the
25 Attorney Examiner for the opportunity to provide

1 testimony. This is a very important issue for our
2 city, because further increases in water rates for
3 our city will have substantial detrimental impact on
4 our citizens and local businesses. It's my
5 understanding that Ohio American Water Company is
6 seeking total increase in rates of 17.3 percent,
7 which equates to 5.22 million dollars. And an
8 increase in rates for Water A, which the city is part
9 of, of 18.3 percent or 4.3 million dollars. An
10 increase of the proposed magnitude would have a
11 negative affect on the economy as the city is already
12 struggling to provide quality education for children,
13 quality jobs, and an affordable place to live. For
14 this reason the city is ultimately concerned about
15 the bottom line in the amount of the increase on it's
16 citizens.

17 If approved, this would be the fourth rate
18 increase for the city in less than five years. Not
19 counting Ohio American's current request to increase
20 rates, the Company has requested increases over 30
21 percent and received increases over 16 percent, for a
22 total of roughly 7 million dollars in less than four
23 years. If this were an open and competitive market
24 the city does not believe that Ohio American could
25 continue increasing it's rates with the poor level of

1 service quality that it has maintained. For this
2 reason it is the position of the city that Ohio
3 American has failed to justify to support such an
4 increase, and that if Ohio American is granted any
5 increase at all, the Ohio Consumers' Counsel
6 recommendation of a 7 percent increase is more
7 appropriate than the recommendations of both Ohio
8 American and the PUCO staff.

9 It is my understanding that a majority of the
10 requested rate increase in this case is driven by
11 cost increases in operations and maintenance labor
12 costs, \$854,000, and an increased rate base requested
13 return on equity of \$962,000.

14 As noted by the staff and observed by
15 citizens of Tiffin, this is not the first time the
16 Company has failed to meet obligations and regulatory
17 commitments. The Commission put Ohio American on
18 notice in the last rate case, that if it's
19 performance didn't improve there would be a
20 reflection on the rate of return, for this reason
21 we're recommending that the Commission reduce the
22 Company's rate of return, as opposed to paying
23 penalties going forward, sending a strong signal that
24 the Commission will not tolerate a poor compliance
25 record. The city offers its concerns that echo those

1 expressed by citizens about Ohio American's
2 application to increase rates into the record for the
3 Commission's consideration.

4 The first concern is the level of unaccounted
5 for water. The city is aware and has received
6 concerns about leaks in the system, the leaks are
7 often not fixed in a timely manner. The city is also
8 concerned about the quality of repairs that are made
9 in this system. It has been noticed that there are
10 instances of water in the city streets and public
11 rights-of-way. The city does not believe that Ohio
12 American has maintained a satisfactory level of
13 unaccounted for water. And the city is concerned
14 about waste of its and its citizens resources.

15 The city is also concerned because Ohio
16 American has failed to reduce unaccounted for water
17 not withstanding it's commitment in the stipulation
18 and the Commission's order in the 2003 rate case and
19 it's payment of a \$10,000 penalty. The city does not
20 believe that similar penalty provisions serve as
21 sufficient incentives to make Ohio American Water
22 Company improve the level of unaccounted for water.

23 A second concern is the restoration of
24 private land and public rights-of-way. The city has
25 received complaints that when Ohio American makes

1 repairs to both public rights-of-way and private
2 property, Ohio American does not restore the property
3 to the original condition. The city has received
4 complaints that roads have recently been paved by the
5 city, have problems caused by repairs done by Ohio
6 American Water that are not consistent with the way
7 the road was paved before. The city has received
8 complaints regarding repairs to private property as
9 well, including that lawns are not returned to their
10 original condition.

11 The most recent complaint I personally
12 received was in August of this year from David and
13 Mary Estep, who live at 394 Water Street, as a matter
14 fact, in Tiffin, and they had complained that a water
15 main was dug up in their, in front of their house and
16 after the work was completed a pile of rubble was
17 left there for quite a long period of time. And in
18 spite of their calls to various numbers to try and
19 get this resolved, they were unable to get it
20 resolved on their own. They called my office, I made
21 a call to our Public Works Department, and to the
22 credit of Ohio American Water Company in this
23 particular instance, once our Public Works Department
24 did call the water company the repairs were made very
25 promptly after that. However, the complaint was that

1 it took quite awhile for anything to get done.

2 We are also concerned about the frequency of
3 reading water meters in compliance with Ohio Law and
4 the Commission's rules. If Ohio American Water
5 Company is not reading the meters, there is no
6 guarantee that our customers are being billed
7 accurately.

8 I'm also concerned about the impact rate
9 increases have on our ability to retain and attract
10 new businesses and industry to Tiffin. I was
11 formally a member of the Business Retention &
12 Attraction Committee founded by our local Chamber of
13 Commerce. During conversations with many of the
14 business leaders and industrial commun -- members of
15 the industrial community in Tiffin, one of their
16 major complaints was high utility rates and how it
17 impacted their businesses, their ability to compete
18 in the market, hinder their ability to provide jobs
19 for our local citizens. Their complaint was about
20 the water rate, which if you compare Ohio American's
21 water rates to the rates of municipally run water
22 companies in Ohio, you will see that they are in fact
23 much, much higher in comparison.

24 Recently the city went through an economic
25 turn down. I was personally effected by this, since

1 I went three years without a pay raise, however, my
2 water rates increased yearly. And I'm not one to
3 complain about not having a pay raise for three
4 years, because I have, quite frankly, a relatively
5 high paying job within the city. My concern is more
6 for the people who have lower incomes, who can't
7 afford those consistent rate increases year after
8 year.

9 And I'd like to conclude my testimony by
10 saying that to the credit of Ohio American Water
11 Company, they have a great superintendent. I've
12 known Jim Welby, who is the current superintendent,
13 for many years. He has done a fantastic job, I
14 think, in running the Company. And I have to say in
15 all honesty, that since Mr. Welby has taken over
16 that, the service provided to our community has
17 improved and I think that's good. Thank you.

18 MR. BULGRIN: Thank you. Oh, you do
19 have a question?

20 MR. O'BRIEN: Yes.

21 MR. BULGRIN: One moment.

22 MR. O'BRIEN: Mr. Stephens?

23 MR. STEPHENS: Yes.

24 MR. O'BRIEN: I'm Tom O'Brien, I
25 represent the American Water Company, just one

1 question. Are you aware of what the Tiffin Districts
2 unaccounted for water level is over 12 months,
3 averaging a month?

4 MR. STEPHENS: No, I do not.

5 MR. O'BRIEN: Thank you. No further
6 questions.

7 MR. STEPHENS: Thank you.

8 MR. BULGRIN: Thank you. Thank you,
9 sir. Is there anybody else who would like to give
10 testimony tonight? If not, then this hearing is
11 concluded. There will be one -- when is the next
12 one?

13 MR. O'BRIEN: Tuesday.

14 MR. BULGRIN: -- Tuesday in
15 Westerville, Ohio, I believe. Thank you.

16 THEREUPON, the meeting was adjourned.
17
18
19
20
21
22
23
24
25

CERTIFICATE

STATE OF OHIO)
) ss.
COUNTY OF ERIE)

I, Lori L. Bradshaw Delhees, Stenotype Reporter and Notary Public within and for the State aforesaid, duly commissioned and qualified, do hereby certify that the foregoing, consisting of 15 pages, is a true and complete transcript as taken by me in stenotype and later transcribed under my direction of the proceedings conducted on the 29th day of November, 2006. I do further certify that I was personally present in the room during all of the proceedings.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office at Sandusky, Ohio this 2nd day of

January, 2007

Lori L. Bradshaw Delhees

HUNTLEY REPORTING SERVICE
Lori L. Bradshaw Delhees
Notary Public
P. O. Box 1067
Sandusky, Ohio 44870

My commission expires 11/24/03

Page 1

PUBLIC UTILITIES COMMISSION OF OHIO

PUBLIC HEARING

IN RE: APPLICATION OF OHIO AMERICAN

WATER COMPANY

CASE NO. 06-433-WS-AIR

Wednesday, November 29, 2006

City Hall Police Training Room

Municipal Building

51 East Market Street

Tiffin, Ohio

Page 2

APPEARANCES:

Dick Bulgrin, Esquire
PUBLIC UTILITIES COMMISSION OF OHIO
180 East Broad Street
Columbus, OH 43215-3793

Attorney Examiner

Thomas O'Brien, Esquire
Sally W. Bloomfield, Esquire
BRICKER & ECKLER
100 South Third Street
Columbus, Oh 43215-4291

On behalf of the Ohio American
Water Company

Janine L. Migden-Ostrander, Esquire
Maureen Grady, Esquire
Melissa Yost, Esquire
10 West Broad Street, 18th Floor
Columbus, OH 43215

On behalf of Ohio American
Water Company
Residential Rate Payers

Lisa McAlister, Esquire
McNEES, WALLACE & NURICK
21 East State Street
Columbus, OH 43215-4228

On behalf of the Cities of Tiffin
and Marion

Page 3

MR. BULGRIN: Good evening. This is the third public hearing by the Public Utilities Commission Of Ohio in Case No. 06-433-WS-AIR, being in the matter of the Application of Ohio American Water Company to increase it's rates for water and sewer services provided to its entire service area.

My name is Dick Bulgrin, I'm the Attorney Examiner assigned by the Public Utilities Commission of Ohio to conduct the hearing this evening. With me are some Commission personnel from our Service Monitoring Enforcement Department and our Office of Public Affairs, so if you have any particular questions they are available to answer those. I guess, we'll take appearances for the Company.

MR. O'BRIEN: Thank you, Your Honor. On behalf of Ohio American Water Company, Bricker & Eckler, LLC, Thomas J. O'Brien and Sally W. Bloomfield, 100 South Third Street, Columbus, Ohio 43215.

MR. BULGRIN: Thank you. And for the Consumers' Counsel?

MS. MIGDEN-OSTRANDER: Yes, Your Honor. Thank you. On behalf of Ohio American Water Company Residential Rate Payers, the Office of Consumers'

Page 4

Counsel, Janine L. Migden-Ostrander Consumers' Counsel; Maureen R. Grady, Associate Consumers' Counsel; and Melissa Yost, Associate Consumers' Counsel, 10 West Broad Street, Columbus, Ohio, 43215.

MR. BULGRIN: I don't know, do we have anybody from the City of Tiffin?

MS. McALISTER: Yes, Your Honor. Thank you. On behalf of the cities of Tiffin and Marion, Ohio, McNees, Wallace & Nurick, I'm Lisa McAlister, 21 East State Street, Columbus, Ohio, 43215.

MR. BULGRIN: Thank you. Ohio American Water filed an application with the PUCO to increase it's rates for water and waste water service on April 17th, 2006. As part of this rate case proceeding we staffed with the PUCO and inspected portions of the Company's bat and equipment, interviewed Company personnel and government officials, reviewed Company records, and performed analysis of data, including financial information collected from the Company. The staff then prepared and filed it's report on September 25th, 2006. The staff report summarizes the staff's findings regarding Company's financial situation and service performance and sets forth the staff's recommendations in this case.

Page 5

Page 7

1 There are five local public hearings
2 scheduled in this case, but that's only one aspect of
3 the rate case process. A public hearing is also
4 scheduled to commence on December 11th, 2006 at the
5 Commission offices in Columbus, and the purpose of
6 that hearing is to allow the Ohio American staff and
7 interveners to present witnesses and evidence in
8 support of their positions in this case. The
9 Consumers' Counsel, which opposes the rate increase,
10 will represent residential customers at that
11 hearing. The purpose of tonight's public hearing is
12 to receive comments from the public and we will be
13 hearing not from the company or the staff or the
14 interveners, but from you. This is your opportunity
15 to let the Commission know what you think about the
16 Company's request to increase rates.

17 We only have two people signed up right now;
18 is that correct? Is there anybody else that would
19 like to offer testimony? Okay. I think I'm going to
20 dispense with this. Wilma, is it Klopp?

21 MS. KLOPP: Yes.

22 MR. BULGRIN: All right. Come up and
23 have a seat here and sit next to the court reporter.
24 Yes, that's fine. If you'd like to raise your right
25 hand: Do you swear that the testimony you're about

1 year old water lines. My observation has been that
2 there does not seem to be any replacement of lines,
3 except in case of emergency. Then water is turned
4 off unexpectedly and workers, I'm sure, are paid
5 overtime until it is repaired. Would it not be
6 better to have a program to replace lines? Now that
7 Phase Two of the sewer separation is starting would
8 be a perfect time to replace lines in the trenches
9 that are already dug, instead they wait for an
10 emergency and tear the newly repaved streets up in
11 order to repair them. It seems it would be cheaper
12 in the long run to have a program of ongoing
13 replacement. The pressure is too low, it is my
14 understanding, on the water tanks on the north end,
15 that the lines of the south end would blow if they
16 put enough pressure to really fill those tanks. That
17 I have not in all the years I've been a citizen of
18 Tiffin, which is over 40 years, seen any real ongoing
19 and replacement of lines and things seem to be worse
20 since the purchase by this company.

21 In my years on council there was one water
22 increase, now there was four in five years and
23 nothing seems to be improving, and here we are hit
24 again and they want another increase. And I'm
25 wondering what the real reason for this increase is?

Page 6

Page 8

1 to give in this proceeding is the truth?

2 MS. KLOPP: Yes.

3 MR. BULGRIN: Can you state your full
4 name and spell your last name and give us your
5 address, please?

6 MS. KLOPP: My name is Wilma Klopp,
7 K-L-O-P-P, I live at 659 Hedgegate South Court,
8 Tiffin. I'm a counsel-at-large and I am the Chairman
9 of the Utilities Related Service Committee.

10 MR. BULGRIN: And if you've got a
11 statement prepared it might be helpful if she could
12 have a copy of it. Just go ahead. Why don't you go
13 ahead and read it into the record.

14 MS. KLOPP: Okay. The main reason
15 I am testifying is because I have been a councilman
16 for nine years and have received complaints mainly
17 about restoration in peoples' yards and that where
18 things are not done properly and -- but my, one of
19 the main things I have looked at today, is that I
20 read, believe it or not, this 197 page report and
21 there's very little in this report about them doing
22 any future repair of an -- I don't want to say repair
23 -- I'll read what I have and that way you -- there
24 is a mention in the report of unaccounted for water,
25 which I assume is due to leaks in the old over 100

1 It's seems neighboring towns have lower rates than
2 Tiffin does by operating their own. In fact, Tiffin
3 has looked into this and we've been told they won't
4 sell off separately, that they want to sell the whole
5 company. We very much like be interested in seeing
6 if it were feasible for us to buy Tiffin Water
7 Company.

8 The complaints I received about the water
9 company usually are mainly, as I said, the
10 restoration, in that when the lawn in front of
11 someone's house is torn up they don't really repair
12 it properly, they'll throw some seed on it and if it
13 doesn't grow too bad, it's just left that way.
14 That's all I have.

15 MR. BULGRIN: Thank you. Thank you.
16 Wayne Stephens? Do you swear the testimony you're
17 about to give in this proceeding is the truth?

18 MR. STEPHENS: I do.

19 MR. BULGRIN: Could you state your
20 name and address for the record?

21 MR. STEPHENS: My name is Wayne
22 Stephens, and my address is 299 Melmore Street, it's
23 M-E-L-M-O-R-E, Tiffin.

24 First of all, I would like to thank the
25 Attorney Examiner for the opportunity to provide

Page 9

Page 11

1 testimony. This is a very important issue for our
2 city, because further increases in water rates for
3 our city will have substantial detrimental impact on
4 our citizens and local businesses. It's my
5 understanding that Ohio American Water Company is
6 seeking total increase in rates of 17.3 percent,
7 which equates to 5.22 million dollars. And an
8 increase in rates for Water A, which the city is part
9 of, of 18.3 percent or 4.3 million dollars. An
10 increase of the proposed magnitude would have a
11 negative affect on the economy as the city is already
12 struggling to provide quality education for children,
13 quality jobs, and an affordable place to live. For
14 this reason the city is ultimately concerned about
15 the bottom line in the amount of the increase on it's
16 citizens.

17 If approved, this would be the fourth rate
18 increase for the city in less than five years. Not
19 counting Ohio American's current request to increase
20 rates, the Company has requested increases over 30
21 percent and received increases over 16 percent, for a
22 total of roughly 7 million dollars in less than four
23 years. If this were an open and competitive market
24 the city does not believe that Ohio American could
25 continue increasing it's rates with the poor level of

1 expressed by citizens about Ohio American's
2 application to increase rates into the record for the
3 Commission's consideration.

4 The first concern is the level of unaccounted
5 for water. The city is aware and has received
6 concerns about leaks in the system, the leaks are
7 often not fixed in a timely manner. The city is also
8 concerned about the quality of repairs that are made
9 in this system. It has been noticed that there are
10 instances of water in the city streets and public
11 rights-of-way. The city does not believe that Ohio
12 American has maintained a satisfactory level of
13 unaccounted for water. And the city is concerned
14 about waste of its and its citizens resources.

15 The city is also concerned because Ohio
16 American has failed to reduce unaccounted for water
17 not withstanding it's commitment in the stipulation
18 and the Commission's order in the 2003 rate case and
19 it's payment of a \$10,000 penalty. The city does not
20 believe that similar penalty provisions serve as
21 sufficient incentives to make Ohio American Water
22 Company improve the level of unaccounted for water.

23 A second concern is the restoration of
24 private land and public rights-of-way. The city has
25 received complaints that when Ohio American makes

Page 10

Page 12

1 service quality that it has maintained. For this
2 reason it is the position of the city that Ohio
3 American has failed to justify to support such an
4 increase, and that if Ohio American is granted any
5 increase at all, the Ohio Consumers' Counsel
6 recommendation of a 7 percent increase is more
7 appropriate than the recommendations of both Ohio
8 American and the PUCO staff.

9 It is my understanding that a majority of the
10 requested rate increase in this case is driven by
11 cost increases in operations and maintenance labor
12 costs, \$854,000, and an increased rate base requested
13 return on equity of \$962,000.

14 As noted by the staff and observed by
15 citizens of Tiffin, this is not the first time the
16 Company has failed to meet obligations and regulatory
17 commitments. The Commission put Ohio American on
18 notice in the last rate case, that if it's
19 performance didn't improve there would be a
20 reflection on the rate of return, for this reason
21 we're recommending that the Commission reduce the
22 Company's rate of return, as opposed to paying
23 penalties going forward, sending a strong signal that
24 the Commission will not tolerate a poor compliance
25 record. The city offers its concerns that echo those

1 repairs to both public rights-of-way and private
2 property, Ohio American does not restore the property
3 to the original condition. The city has received
4 complaints that roads have recently been paved by the
5 city, have problems caused by repairs done by Ohio
6 American Water that are not consistent with the way
7 the road was paved before. The city has received
8 complaints regarding repairs to private property as
9 well, including that lawns are not returned to their
10 original condition.

11 The most recent complaint I personally
12 received was in August of this year from David and
13 Mary Estep, who live at 394 Water Street, as a matter
14 fact, in Tiffin, and they had complained that a water
15 main was dug up in their, in front of their house and
16 after the work was completed a pile of rubble was
17 left there for quite a long period of time. And in
18 spite of their calls to various numbers to try and
19 get this resolved, they were unable to get it
20 resolved on their own. They called my office, I made
21 a call to our Public Works Department, and to the
22 credit of Ohio American Water Company in this
23 particular instance, once our Public Works Department
24 did call the water company the repairs were made very
25 promptly after that. However, the complaint was that

Page 13

Page 15

1 it took quite awhile for anything to get done.
2 We are also concerned about the frequency of
3 reading water meters in compliance with Ohio Law and
4 the Commission's rules. If Ohio American Water
5 Company is not reading the meters, there is no
6 guarantee that our customers are being billed
7 accurately.

8 I'm also concerned about the impact rate
9 increases have on our ability to retain and attract
10 new businesses and industry to Tiffin. I was
11 formally a member of the Business Retention &
12 Attraction Committee founded by our local Chamber of
13 Commerce. During conversations with many of the
14 business leaders and industrial commun -- members of
15 the industrial community in Tiffin, one of their
16 major complaints was high utility rates and how it
17 impacted their businesses, their ability to compete
18 in the market, hinder their ability to provide jobs
19 for our local citizens. Their complaint was about
20 the water rate, which if you compare Ohio American's
21 water rates to the rates of municipally run water
22 companies in Ohio, you will see that they are in fact
23 much, much higher in comparison.

24 Recently the city went through an economic
25 turn down. I was personally effected by this, since

1 question. Are you aware of what the Tiffin Districts
2 unaccounted for water level is over 12 months,
3 averaging a month?

4 MR. STEPHENS: No, I do not.

5 MR. O'BRIEN: Thank you. No further
6 questions.

7 MR. STEPHENS: Thank you.

8 MR. BULGRIN: Thank you. Thank you,
9 sir. Is there anybody else who would like to give
10 testimony tonight? If not, then this hearing is
11 concluded. There will be one -- when is the next
12 one?

13 MR. O'BRIEN: Tuesday.

14 MR. BULGRIN: -- Tuesday in
15 Westerville, Ohio, I believe. Thank you.

16 THEREUPON, the meeting was adjourned.
17
18
19
20
21
22
23
24
25

Page 14

Page 16

1 I went three years without a pay raise, however, my
2 water rates increased yearly. And I'm not one to
3 complain about not having a pay raise for three
4 years, because I have, quite frankly, a relatively
5 high paying job within the city. My concern is more
6 for the people who have lower incomes, who can't
7 afford those consistent rate increases year after
8 year.

9 And I'd like to conclude my testimony by
10 saying that to the credit of Ohio American Water
11 Company, they have a great superintendent. I've
12 known Jim Welby, who is the current superintendent,
13 for many years. He has done a fantastic job, I
14 think, in running the Company. And I have to say in
15 all honesty, that since Mr. Welby has taken over
16 that, the service provided to our community has
17 improved and I think that's good. Thank you.

18 MR. BULGRIN: Thank you. Oh, you do
19 have a question?

20 MR. O'BRIEN: Yes.

21 MR. BULGRIN: One moment.

22 MR. O'BRIEN: Mr. Stephens?

23 MR. STEPHENS: Yes.

24 MR. O'BRIEN: I'm Tom O'Brien, I

25 represent the American Water Company, just one

1 CERTIFICATE

2 STATE OF OHIO }
3 COUNTY OF ERIE } ss.

4
5 I, Lori L. Bradshaw Delhees, Stenotype Reporter
6 and Notary Public within and for the State aforesaid,
7 duly commissioned and qualified, do hereby certify
8 that the foregoing, consisting of 15 pages, is a true
9 and complete transcript as taken by me in stenotype
10 and later transcribed under my direction of the
11 proceedings conducted on the 29th day of November,
12 2006. I do further certify that I was personally
13 present in the room during all of the proceedings.
14

15 IN WITNESS WHEREOF, I have hereunto set my hand
16 and seal of office at Sandusky, Ohio this day of

17 , 2007

18
19
20
21
22
23
24
25
HUNTLEY REPORTING SERVICE
Lori L. Bradshaw Delhees
Notary Public
P. O. Box 1067
Sandusky, Ohio 44870

My commission expires 11/24/03

Index Page 1

Index Page 2

-N-			one [9]			Phase [1]			R [1]			6:24					
name [6]			7:21	13:15	14:2	pile [1]	12:16		raise [3]	5:24	14:1	reporter [2]	5:23				
6:4	6:4	6:6	14:21	14:25	15:11	place [1]	9:13		14:3			16:4					
8:20	8:21		ongoing [2]	7:12		please [1]	6:5		rate [15]	2:16	3:25	REPORTING [1]					
negative [1]	9:11		7:18			Police [1]	1:17		4:14	5:3	5:9	16:14					
neighboring [1]	8:1		only [2]	5:2	5:17	poor [2]	9:25	10:24	9:17	10:10	10:12	represent [2]	5:10				
new [1]	13:10		open [1]	9:23		portions [1]	4:16		10:18	10:20	10:22	14:25					
newly [1]	7:10		operating [1]	8:2		position [1]	10:2		11:18	13:8	13:20	request [2]	5:16				
next [2]	5:23	15:11	operations [1]	10:11		positions [1]	5:8		14:7			9:19					
nine [1]	6:16		opportunity [2]	5:14	8:25	prepared [2]	4:20		rates [14]		3:6	requested [3]	9:20				
no [5]	1:8	3:4	opposed [1]	10:22		present [2]	5:7		4:13	5:16	8:1	10:10	10:12				
13:5	15:4	15:5	opposes [1]	5:9		pressure [2]	7:13		9:2	9:6	9:8	residential [3]	2:16				
north [1]	7:14		order [2]	7:11	11:18	7:16			9:20	9:25	11:2	3:25	5:10				
Notary [2]	16:5		original [2]	12:3		private [3]	11:24		13:16	13:21	13:21	resolved [2]	12:19				
16:15			12:10			12:1	12:8		14:2			12:20					
noted [1]	10:14		our [12]	3:11	3:12	problems [1]	12:5		RE [1]	1:5		resources [1]	11:14				
nothing [1]	7:23		9:1	9:3	9:4	proceeding [3]	4:15		read [3]	6:13	6:20	restoration [3]	6:17				
notice [1]	10:18		12:21	12:23	13:6	6:1	8:17		6:23			8:10	11:23				
noticed [1]	11:9		13:9	13:12	13:19	proceedings [2]	16:7		reading [2]		13:3	restore [1]	12:2				
November [2]	1:13		14:16			16:8			real [2]	7:18	7:25	retain [1]	13:9				
16:7			over [6]	6:25	7:18	process [1]	5:3		really [2]		7:16	Retention [1]	13:11				
numbers [1]	12:18		9:20	9:21	14:15	program [2]	7:6		8:11			return [3]	10:13				
Nurick [2]	2:18		15:2			promptly [1]	12:25		reason [5]		6:14	10:20	10:22				
4:9			overtime [1]	7:5		properly [2]	6:18		7:25	9:14	10:2	returned [1]	12:9				
			own [2]	8:2	12:20	8:12			10:20			reviewed [1]	4:18				
-O-			-P-			property [3] <th colspan="3">receive [1]<th colspan="3">rights-of-way [3]</th></th>			receive [1] <th colspan="3">rights-of-way [3]</th>			rights-of-way [3]					
O [1]	16:15		P [1]	16:15		12:2	12:8		received [8]	6:16		11:11	11:24	12:1			
O'Brien [9]	2:7		page [1]	6:20		12:2	12:8		8:8	9:21	11:5	road [1]	12:7				
3:16	3:18	14:20	pages [1]		16:6	proposed [1]	9:10		11:25	12:3	12:7	roads [1]	12:4				
14:22	14:24	14:24	paid [1]	7:4		provide [3]	8:25		12:12			room [2]	1:17	16:8			
15:5	15:13		part [2]	4:14	9:8	9:12	13:18		recent [1]		12:11	roughly [1]	9:22				
obligations [1]	10:16		particular [2]	3:13		provided [2]	3:7		13:24			rubble [1]	12:16				
observation [1]	7:1		12:23			14:16			recommendation [1]		10:6	rules [1]	13:4				
observed [1]	10:14		paved [2]	12:4		provisions [1]	11:20		recommendations [2]		4:25	10:7	run [2]	7:12	13:21		
off [2]	7:4	8:4	12:7			public [18]	1:2		recommending [1]		10:21	running [2]	14:14				
offer [1]	5:19		pay [2]	14:1	14:3	1:3	2:4	3:3	record [4]		6:13						
offers [1]	10:25		Payers [2]	2:16		3:3	3:9	3:13	8:20	10:25	11:2	-S-					
office [4]	3:12		3:25			5:1	5:3	5:11	records [1]		4:18	said [1]	8:9				
3:25	12:20	16:10	paying [2]	10:22		5:12	11:10	11:24	reduce [2]		10:21	Sally [2]	2:8	3:18			
offices [1]	5:5		14:5			12:1	12:21	12:23	11:16			Sandusky [2]	16:10				
officials [1]	4:18		payment [1]	11:19		16:5	16:15		reflection [1]		10:20	16:16					
often [1]	11:7		penalties [1]	10:23		PUCO [3]	4:12		regarding [2]		4:23	satisfactory [1]	11:12				
Oh [5]	2:5	2:9	penalty [2]	11:19		4:15	10:8		12:8			say [2]	6:22	14:14			
2:14	2:19	14:18	11:20			purchase [1]	7:20		regulatory [1]		10:16	saying [1]	14:10				
Ohio [42]	1:2		people [2]	5:17		purpose [2]	5:5		Related [1]		6:9	scheduled [2]	5:2				
1:5	1:20	2:4	14:6			5:11			relatively [1]		14:4	5:4					
2:10	2:15	3:4	peoples' [1]	6:17		put [2]	7:16	10:17	repair [4]		6:22	seal [1]	16:10				
3:5	3:10	3:17	percent [5]	9:6					6:22	7:11	8:11	seat [1]	5:23				
3:19	3:24	4:4	10:6			qualified [1]	16:5		repaired [1]		7:5	second [1]	11:23				
4:9	4:10	4:11	perfect [1]	7:8		quality [4]	9:12		repairs [5]		11:8	see [1]	13:22				
5:6	9:5	9:19	performance [2]			9:13	10:1	11:8	12:1	12:5	12:8	seed [1]	8:12				
9:24	10:2	10:4	4:24	10:19		question [2]	14:19		12:24			seeing [1]	8:5				
10:5	10:7	10:17	performed [1]	4:18		15:1			repaved [1]		7:10	seeking [1]	9:6				
11:1	11:11	11:15	period [1]	12:17		questions [2]	3:14		replace [2]		7:6	seem [2]	7:2	7:19			
11:21	11:25	12:2	personally [3]	12:11		15:6			7:8			seems [3]	7:11				
12:5	12:22	13:3	13:25	16:8		quite [3]	12:17	13:1	replacement [3]		7:19	seen [1]	7:18				
13:4	13:20	13:22	personnel [2]	3:11		14:4			report [5]		4:21	sell [2]	8:4	8:4			
14:10	15:15	16:2	4:17			-Q-											
16:10	16:16		-R-														
old [2]	6:25	7:1															
once [1]	12:23																

sending [1] 10:23 separately [1] 8:4 separation [1] 7:7 September [1] 4:21 serve [1] 11:20 service [8] 3:7 3:11 4:13 4:23 6:9 10:1 14:16 16:14 services [1] 3:7 set [1] 16:10 sets [1] 4:24 sewer [2] 3:7 7:7 signal [1] 10:23 signed [1] 5:17 similar [1] 11:20 since [3] 7:20 13:25 14:15 sir [1] 15:9 sit [1] 5:23 situation [1] 4:23 someone's [1] 8:11 south [4] 2:9 3:19 6:7 7:15 spell [1] 6:4 spite [1] 12:18 ss [1] 16:2 staff [6] 4:20 4:22 5:6 5:13 10:8 10:14 staff's [2] 4:22 4:24 staffed [1] 4:15 starting [1] 7:7 state [6] 2:18 4:10 6:3 8:19 16:2 16:5 statement [1] 6:11 stenotype [2] 16:4 16:6 Stephens [8] 8:16 8:18 8:21 8:22 14:22 14:23 15:4 15:7 stipulation [1] 11:17 Street [10] 1:19 2:5 2:9 2:13 2:18 3:19 4:4 4:10 8:22 12:13 streets [2] 7:10 11:10 strong [1] 10:23 struggling [1] 9:12 substantial [1] 9:3 such [1] 10:3 sufficient [1] 11:21 summarizes [1] 4:22 superintendent [2] 14:11 14:12 support [2] 5:8 10:3	sure [1] 7:4 swear [2] 5:25 8:16 system [2] 11:6 11:9 <hr/> -T- <hr/> take [1] 3:15 taken [2] 14:15 16:6 tanks [2] 7:14 7:16 tear [1] 7:10 testifying [1] 6:15 testimony [6] 5:19 5:25 8:16 9:1 14:9 15:10 thank [15] 3:16 3:21 3:23 4:7 4:11 8:15 8:15 8:24 14:17 14:18 15:5 15:7 15:8 15:8 15:15 them [2] 6:21 7:11 then [3] 4:20 7:3 15:10 there's [1] 6:21 THEREUPON [1] 15:16 they'll [1] 8:12 things [3] 6:18 6:19 7:19 think [4] 5:15 5:19 14:14 14:17 third [3] 2:9 3:3 3:19 Thomas [2] 2:7 3:18 three [2] 14:1 14:3 through [1] 13:24 throw [1] 8:12 Tiffin [15] 1:20 2:20 4:6 4:8 6:8 7:18 8:2 8:2 8:6 8:23 10:15 12:14 13:10 13:15 15:1 time [3] 7:8 10:15 12:17 timely [1] 11:7 today [1] 6:19 told [1] 8:3 tolerate [1] 10:24 Tom [1] 14:24 tonight [1] 15:10 tonight's [1] 5:11 too [2] 7:13 8:13 took [1] 13:1 torn [1] 8:11 total [2] 9:6 9:22 towns [1] 8:1 Training [1] 1:17	transcribed [1] 16:7 transcript [1] 16:6 trenches [1] 7:8 true [1] 16:6 truth [2] 6:1 8:17 try [1] 12:18 Tuesday [2] 15:13 15:14 turn [1] 13:25 turned [1] 7:3 two [2] 5:17 7:7 <hr/> -U- <hr/> ultimately [1] 9:14 unable [1] 12:19 unaccounted [6] 6:24 11:4 11:13 11:16 11:22 15:2 under [1] 16:7 understanding [3] 7:14 9:5 10:9 unexpectedly [1] 7:4 until [1] 7:5 up [5] 5:17 5:22 7:10 8:11 12:15 us [2] 6:4 8:6 usually [1] 8:9 Utilities [5] 1:2 2:4 3:3 3:9 6:9 utility [1] 13:16 <hr/> -V- <hr/> various [1] 12:18 very [4] 6:21 8:5 9:1 12:24 <hr/> -W- <hr/> W [2] 2:8 3:18 wait [1] 7:9 Wallace [2] 2:18 4:9 want [3] 6:22 7:24 8:4 waste [2] 4:13 11:14 water [40] 1:6 2:11 2:15 3:6 3:6 3:17 3:24 4:12 4:13 4:13 6:24 7:1 7:3 7:14 7:21 8:6 8:8 9:2 9:5 9:8 11:5 11:10 11:13 11:16 11:21 11:22 12:6 12:13 12:14 12:22 12:24 13:3 13:4 13:20 13:21 13:21 14:2 14:10 14:25 15:2 way [3] 6:23 8:13	12:6 Wayne [2] 8:16 8:21 we'll [1] 3:15 we've [1] 8:3 Wednesday [1] 1:13 Welby [2] 14:12 14:15 well [1] 12:9 went [2] 13:24 14:1 West [2] 2:13 4:4 Westerville [1] 15:15 what [4] 5:15 6:23 7:25 15:1 WHEREOF [1] 16:10 whole [1] 8:4 Wilma [2] 5:20 6:6 within [2] 14:5 16:5 without [1] 14:1 withstanding [1] 11:17 WITNESS [1] 16:10 witnesses [1] 5:7 won't [1] 8:3 wondering [1] 7:25 work [1] 12:16 workers [1] 7:4 Works [2] 12:21 12:23 worse [1] 7:19 <hr/> -Y- <hr/> yards [1] 6:17 year [4] 7:1 12:12 14:7 14:8 yearly [1] 14:2 years [10] 6:16 7:17 7:18 7:21 7:22 9:18 9:23 14:1 14:4 14:13 Yes [7] 3:23 4:7 5:21 5:24 6:2 14:20 14:23 Yost [2] 2:13 4:3
--	---	--	---



Case No.

Location

Ohio-American Water

06-433 WS-AIR

TIFFIN

ANYONE WANTING TO TESTIFY IN THE ABOVE CASE, PLEASE **PRINT** YOUR NAME AND ADDRESS BELOW:

NAME

ADDRESS AND ZIP CODE

1. *Wilma Klopp*

659 Hedgegate Ct, Tiffin OH 44883

2. *WAYNE STEPHENS*

299 MELMORE ST., TIFFIN, OH 44883

3.

4.

5.

6.

7.

8.

9.

10.

11.