FILE

# Ohio American Water Company

## Rate Case No. 07-1112-WS-AIR

2007 NOV 13 PM 2:17

## Standard Filing Information

## Rates and Tariffs

## Section E-3.2
## Cost of Service Study

## Wastewater Division
(Dragoo Shown Separately)

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OHIO AMERICAN WATER COMPANY
WASTEWATER OPERATIONS
COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TWELVE MONTHS ENDED JUNE 30, 2007

| Customer Classification | Cost of Service Amount (Schedule 2) | Cost of Service Percent | Revenues, Present Rates Amount | Revenues, Present Rates Percent | Revenues, Proposed Rates Amount | Revenues, Proposed Rates Percent | Proposed Increase Amount | Proposed Increase Percent Increase |
|---|---|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| Residential | $ 3,773,972 | 90.3% | $ 2,755,432 | 90.1% | $ 3,769,538 | 90.3% | $ 1,014,106 | 36.8% |
| Commercial/Public | 324,938 | 7.8% | 255,549 | 8.4% | 346,733 | 8.3% | 91,184 | 35.7% |
| Dragoo Management | 79,872 | 1.9% | 44,648 | 1.5% | 59,585 | 1.4% | 14,937 | 33.5% |
| Total Sales | 4,178,782 | 100.0% | 3,055,629 | 100.0% | 4,175,856 | 100.0% | 1,120,227 | 36.7% |
| Other Revenues | 4,561 | | 4,561 | | 4,561 | | 0 | 0.0% |
| Total | $ 4,183,343 | | $ 3,060,190 | | $ 4,180,417 | | $ 1,120,227 | |

OHIO AMERICAN WATER COMPANY
WASTEWATER OPERATIONS

ALLOCATION OF COST OF SERVICE BY FUNCTION TO CUSTOMER CLASSIFICATIONS

| Description | Flow | Extra Capacity | | Infiltration & Inflow | Customer Facilities | Customer Accounting | Total |
|---|---|---|---|---|---|---|---|
| | | Max Day | Max Hour | | | | |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| Total Cost of Service | $ 1,476,843 | $ 1,012,008 | $ 220,954 | $ 1,082,383 | $ 33,924 | $ 352,668 | $ 4,178,779 |
| Factor Reference | A | B | C | F | D | E | |
| Residential | | | | | | | |
| Factor | 0.8679 | 0.9078 | 0.9036 | 0.9218 | 0.9420 | 0.9759 | |
| Cost of Service | $ 1,281,752 | 918,701 | 199,654 | 997,740 | 31,957 | 344,168 | 3,773,972 |
| Commercial/Public | | | | | | | |
| Factor | 0.1041 | 0.0725 | 0.0818 | 0.0641 | 0.0573 | 0.0239 | |
| Cost of Service | $ 153,739 | $ 73,371 | $ 18,074 | $ 69,381 | $ 1,944 | $ 8,429 | $ 324,938 |
| Dragoo Management | | | | | | | |
| Factor | 0.028 | 0.0197 | 0.0146 | 0.0141 | 0.0007 | 0.0002 | |
| Cost of Service | $ 41,352 | $ 19,937 | $ 3,226 | $ 15,262 | $ 24 | $ 71 | $ 79,872 |
| Total | 1,476,843 | 1,012,009 | 220,954 | 1,082,383 | 33,925 | 352,668 | |

OHIO AMERICAN WATER COMPANY
WATERWATER OPERATIONS
FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR A. ALLOCATION OF FLOW COSTS.

Factors are based on the pro forma test year average daily consumption for each customer classification.

| Classification | Average Daily Consumption, CCF | Allocation Factor |
|---|---|---|
| (1) | (2) | (3) |
| Residential | 1,260 | 0.8679 |
| Commercial/Public | 151 | 0.1041 |
| Dragoo Management | 41 | 0.0280 |
| Total | 1,452 | 1.0000 |

FACTOR B. ALLOCATION OF MAXIMUM DAY EXTRA CAPACITY COSTS.

Factors are based on the maximum day extra capacity demand for each customer classification.

| Customer Classification | Average Daily Consumption, CCF | Factor* | Rate of Flow, Thousand Gal. Per Day | Allocation Factor |
|---|---|---|---|---|
| (1) | (2) | (3) | (4)=(2)x(3) | (5) |
| Residential | 1,260 | 1.5 | 1,890 | 0.9078 |
| Commercial/Public | 151 | 1.0 | 151 | 0.0725 |
| Dragoo Management | 41 | 1.0 | 41 | 0.0197 |
| Total | 1,452 | | 2,082 | 1.0000 |

* Ratio of Maximum Day To Average Day Minus 1.0.

OHIO AMERICAN WATER COMPANY
WATERWATER OPERATIONS
FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR C. ALLOCATION OF MAXIMUM HOUR EXTRA CAPACITY COSTS.

Factors are based on the maximum hour extra capacity demand for each customer classification.

| Customer Classification | Average Hourly Consumption, CCF | Factor* | Rate of Flow, CCF Per Hour | Allocation Factor |
|---|---|---|---|---|
| (1) | (2) | (3) | (4)=(2)x(3) | (5) |
| Residential | 52.5 | 2.0 | 105.0 | 0.9036 |
| Commercial/Public | 6.3 | 1.5 | 9.5 | 0.0818 |
| Dragoo Management | 1.7 | 1.0 | 2 | 0.0146 |
| Total | 60.5 | | 116.2 | 1.0000 |

* Ratio of Maximum Hour To Average Hour Minus 1.0.

FACTOR D. ALLOCATION OF COSTS ASSOCIATED WITH CUSTOMER FACILITIES.

Factors are based on the estimated relative cost of customer facilities, as follows:

| Customer Classification | Service Equivalents | Allocation Factor |
|---|---|---|
| (1) | (2) | (3) |
| Residential | 6,449.00 | 0.9420 |
| Commercial/Public | 392.50 | 0.0573 |
| Dragoo Management | 5.00 | 0.0007 |
| Total | 6,846.50 | 1.0000 |

FACTOR E. ALLOCATION OF COSTS ASSOCIATED WITH BILLING AND COLLECTING.

Factors are based on the number of customers.

| Customer Classification | Number of Customers | Allocation Factor |
|---|---|---|
| (1) | (2) | (3) |
| Residential | 6,449.00 | 0.9759 |
| Commercial/Public | 158.00 | 0.0239 |
| Dragoo Management | 1.00 | 0.0002 |
| Total | 6,608.00 | 1.0000 |

OHIO AMERICAN WATER COMPANY
WATERWATER OPERATIONS
FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS
FACTOR F. ALLOCATION OF COSTS ASSOCIATED WITH INFILTRATION AND INFLOW.

Factors are based on a 50/50 weighting of flow and number of customers.

| Customer Classification | Average Daily Flow | | Number of Customers | | Allocation Factor |
|---|---|---|---|---|---|
| | Factor A | Weight | Factor E | Weight | |
| (1) | (2) | (3)=(2) x 0.50 | (4) | (5)=(4) x 0.50 | (6)=(3)+(5) |
| Residential | 0.8679 | 0.4339 | 0.9759 | 0.4879 | 0.9218 |
| Commercial/Public | 0.1041 | 0.0521 | 0.0239 | 0.0120 | 0.0641 |
| Dragoo Management | 0.0280 | 0.0140 | 0.0002 | 0.0001 | 0.0141 |
| Total | 1.0000 | 0.5000 | 1.0000 | 0.5000 | 1.0000 |

OHIO AMERICAN WATER COMPANY
WASTEWATER OPERATIONS
COST OF SERVICE FOR THE TWELVE MONTHS ENDING JUNE 30, 2007, ALLOCATED TO COST FUNCTIONS

| Account | | Factor Ref. | Cost of Service | Flow | Extra Capacity Max Day | Extra Capacity Max Hour | Infiltration & Inflow | Customer Facilities | Customer Accounting |
|---|---|---|---|---|---|---|---|---|---|
| (1) | | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| **OPERATION AND MAINTENANCE EXPENSES** | | | | | | | | | |
| | **COLLECTION** | | | | | | | | |
| 600 | Oper. Super. And Eng'ng -Labor | 3 | | | | | | | |
| 601 | Labor & Exp Oper SS | 3 | 665 | 266 | 0 | 266 | 133 | 0 | 0 |
| 601 | Labor & Exp Oper SS | 3 | | | | | | | |
| 602 | Purchased Water | 3 | | 0 | 0 | 0 | 0 | 0 | 0 |
| | TOTAL SS EXPENSE - OPERATION | | 665 | 266 | 0 | 266 | 133 | 0 | 0 |
| 603 | Purchased Power SS | 1 | 129,264 | 90,485 | 0 | 0 | 38,779 | 0 | 0 |
| 603 | Misc Exp Oper SS | 3 | 4,452 | 1,781 | 0 | 1,781 | 890 | 0 | 0 |
| 601 | Transport Maint SS | 3 | | | | | | | |
| 610 | Maint Super & Eng SS - Labor | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 611 | Struct & Improve Maint SS | 3 | 10,800 | 4,320 | 0 | 4,320 | 2,160 | 0 | 0 |
| 613 | Maint. Of Intakes - Mat'l | 3 | 14 | 6 | 0 | 6 | 3 | 0 | 0 |
| 614 | Maint of Wells | 3 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 615 | Infilt Gall & Tunnels Maint SS | 3 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 615 | Infilt Gall & Tunnels Maint SS | 3 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 616 | Supply Mains Maint SS | 3 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 616 | Supply Mains Maint SS | 3 | 815 | 326 | 0 | 326 | 163 | 0 | 0 |
| 617 | Misc Plant Maint SS - Mat'l | 3 | 7,760 | 3,104 | 0 | 3,104 | 1,552 | 0 | 0 |
| 617 | Misc Plant Maint SS - Labor | 3 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 923 | Contract Svc - Other Maint SS | 3 | | 0 | 0 | 0 | 0 | 0 | 0 |
| | TOTAL SS EXPENSE - MAINTENANCE | | 153,105 | 100,021 | 0 | 9,536 | 43,547 | 0 | 0 |
| | **TOTAL SS EXPENSE** | | 153,770 | 100,287 | 0 | 9,802 | 43,680 | 0 | 0 |
| | **POWER AND PUMPING EXPENSES** | | | | | | | | |
| 620 | Oper Super and Eng - Labor | 2 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 621 | Fuel for Power Prod | 1 | 241 | 169 | 0 | 0 | 72 | 0 | 0 |
| 622 | Labor & Exp Oper Pwr Prod | 2 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 623 | Purch Fuel/Power for Pump | 1 | 38,350 | 26,845 | 0 | 0 | 11,505 | 0 | 0 |
| 624 | Pumping Labor | 2 | 323 | 113 | 113 | 0 | 97 | 0 | 0 |
| 624 | Pumping Expense | 2 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 626 | Misc Pumping Exp - Oper | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 627 | Rents Oper P | 2 | | 0 | 0 | 0 | 0 | 0 | 0 |
| | TOTAL PUMPING EXPENSE - OPERATION | | 38,915 | 27,127 | 113 | 0 | 11,674 | 0 | 0 |

OHIO AMERICAN WATER COMPANY
WASTEWATER OPERATIONS
COST OF SERVICE FOR THE TWELVE MONTHS ENDING JUNE 30, 2007, ALLOCATED TO COST FUNCTIONS

| | Account | Factor Ref. | Cost of Service | Flow | Extra Capacity Max Day | Extra Capacity Max Hour | Infiltration & Inflow | Customer Facilities | Customer Accounting |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| 630 | Maint super and Eng - Labor | 2 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 631 | Maint of Structures - Mat'l | 2 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 631 | Maint of Structures - Labor | 2 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 632 | Maint of Power Prod Eq -Maint | 2 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 632 | Maint of Power Prod Eq - Labor | 2 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 633 | Maint of Pumping Eq - Mat'l | 2 | 526 | 184 | 184 | 0 | 158 | 0 | 0 |
| 633 | Maint of Pumping Eq - Labor | 2 | | 0 | 0 | 0 | 0 | 0 | 0 |
| | TOTAL PUMPING EXPENSES - MAINTENANCE | | 526 | 184 | 184 | 0 | 158 | 0 | 0 |
| | **TOTAL PUMPING EXPENSES** | | 39,441 | 27,311 | 297 | 0 | 11,832 | 0 | 0 |
| | **SEWAGE TREATMENT** | | | | | | | | |
| 640 | Oper Super and Eng - Labor | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 641.1 | Chemicals - WT | 1 | 19,000 | 13,300 | 0 | 0 | 5,700 | 0 | 0 |
| 641.2 | Softening Chemicals | 1 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 642 | Gen'l WT Labor | 2 | 224,968 | 78,739 | 78,739 | 0 | 67,490 | 0 | 0 |
| 642.2 | Softening Labor | 2 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 642 | Gen'l WT Exp | 2 | 14,427 | 5,049 | 5,049 | 0 | 4,328 | 0 | 0 |
| 642 | Heat - Oil/Gas WT Exp | 1 | 7,136 | 4,995 | 0 | 0 | 2,141 | 0 | 0 |
| 642 | Lab Supplies | 2 | 20,433 | 7,152 | 7,152 | 0 | 6,130 | 0 | 0 |
| 642.4 | Softening Expenses | 2 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 643 | Purchased Power WT | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 643 | Waste Disposal Exp | 1 | 138,180 | 96,726 | 0 | 0 | 41,454 | 0 | 0 |
| 643 | Amort Waste Disposal Exp | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 643 | M & S Oper WT | 2 | 18,031 | 6,311 | 6,311 | 0 | 5,409 | 0 | 0 |
| 643 | Trans Oper WT | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 643 | Misc Oper WT | 2 | 1,800 | 630 | 630 | 0 | 540 | 0 | 0 |
| 644 | WT Rents | 2 | 103 | 36 | 36 | 0 | 31 | 0 | 0 |
| 923 | Contract Services WT | 2 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 923 | Contract Services Lab Testing | 2 | | 0 | 0 | 0 | 0 | 0 | 0 |
| | TOTAL WT EXPENSE - OPERATION | | 444,078 | 212,938 | 97,917 | 0 | 133,223 | 0 | 0 |
| 650 | Maint Super & Eng - Labor | 2 | 106,341 | 37,219 | 37,219 | 0 | 31,902 | 0 | 0 |
| 651 | Maint of Structures - Mat'l | 2 | 8,932 | 3,126 | 3,126 | 0 | 2,680 | 0 | 0 |
| 651 | Maint of Structures - Labor | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 652 | Maint. Of Treat Eq - Mat'l | 2 | 29,364 | 10,277 | 10,277 | 0 | 8,809 | 0 | 0 |
| 652 | Maint. Of Treat Eq - Labor | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 652.4 | | | | | | | | | |
| | TOTAL WT EXPENSE - MAINTENANCE | | 144,637 | 50,623 | 50,623 | 0 | 43,391 | 0 | 0 |
| | **TOTAL WT EXPENSE** | | 588,715 | 263,561 | 148,540 | 0 | 176,614 | 0 | 0 |

OHIO AMERICAN WATER COMPANY
WASTEWATER OPERATIONS
COST OF SERVICE FOR THE TWELVE MONTHS ENDING JUNE 30, 2007, ALLOCATED TO COST FUNCTIONS

| Account | | Factor Ref. | Cost of Service | Flow | Extra Capacity Max Day | Extra Capacity Max Hour | Infiltration & Inflow | Customer Facilities | Customer Accounting |
|---|---|---|---|---|---|---|---|---|---|
| (1) | | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| | **TRANSMISSION** | | | | | | | | |
| 660 | Super & Eng Oper TD - Labor | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 661 | Storage Facilty Exp - Mat'l | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 661 | Storage Facilty Exp - Labor | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 662 | TD Lines Exp - Mat'l | 3 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 662 | TD Lines Exp - Labor | 3 | 615 | 246 | 0 | 246 | 123 | 0 | 0 |
| 663 | Misc Meter Expense | 3 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 663 | Misc Meter Labor | 3 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 664 | Customer Install Exp | 3 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 664 | Meter Installation - Labor | 3 | 778 | 311 | 0 | 311 | 156 | 0 | 0 |
| 665 | Purchased Power T&D | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 665 | Misc T&D Oper Labor | 3 | 23,329 | 9,332 | 0 | 9,332 | 4,666 | 0 | 0 |
| 665 | Misc. T&D Exp | 3 | 2,014 | 806 | 0 | 806 | 403 | 0 | 0 |
| 666 | Rents Oper TD | 3 | | 0 | 0 | 0 | 0 | 0 | 0 |
| | TOTAL T & D EXPENSE OPERATION | | 26,737 | 10,695 | 0 | 10,695 | 5,347 | 0 | 0 |
| 670 | Super & Eng Maint TD - Labor | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 671 | Maint of Structures - Mat'l | 3 | 3,756 | 1,502 | 0 | 1,502 | 751 | 0 | 0 |
| 671 | Maint of Structures - Labor | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 672 | Maint of Dist Res - Mat'l | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 673 | Misc Maint of Mains - Mat's | 3 | 2,315 | 926 | 0 | 926 | 463 | 0 | 0 |
| 673 | Paving/Backfill T&D | 3 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 673 | Misc Maint of Mains - Labor | 3 | 965 | 386 | 0 | 386 | 193 | 0 | 0 |
| 674 | Fire Main Maint TD | 3 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 674 | Fire Main Maint TD | 3 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 675 | Maint of Services - Mat'l | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 675 | Maint of Services - Labor | 3 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 676 | Maint of Meters - Mat'l | 3 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 676 | Maint of Meters - Labor | 3 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 678 | Maint Other T&D - Labor | 3 | 71,556 | 28,622 | 0 | 28,622 | 14,311 | 0 | 0 |
| 678 | Maint Other T&D - Mat'l | 3 | 316 | 126 | 0 | 126 | 63 | 0 | 0 |
| 678 | Misc Maint T&D | 3 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 678 | Amort Def Maint Tank Painting | 3 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 662 | Transport Maint T&D | 3 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 923 | Contract Svc - Other Maint T&D | 3 | | 0 | 0 | 0 | 0 | 0 | 0 |
| | TOTAL T & D EXPENSE - MAINTENANCE | | 78,907 | 31,563 | 0 | 31,563 | 15,781 | 0 | 0 |
| | **TOTAL T & D EXPENSE** | | 105,644 | 42,258 | 0 | 42,258 | 21,129 | 0 | 0 |

OHIO AMERICAN WATER COMPANY
WASTEWATER OPERATIONS
COST OF SERVICE FOR THE TWELVE MONTHS ENDING JUNE 30, 2007, ALLOCATED TO COST FUNCTIONS

| Account | | Factor Ref. | Cost of Service | Flow | Extra Capacity Max Day | Extra Capacity Max Hour | Infiltration & Inflow | Customer Facilities | Customer Accounting |
|---|---|---|---|---|---|---|---|---|---|
| (1) | | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| | **CUSTOMER ACCOUNTS** | | | | | | | | |
| 901 | Supervision Labor | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 902 | Meter Reading Exp | 5 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 902 | Meter Reading Labor | 5 | 1,568 | 0 | 0 | 0 | 0 | 0 | 1,568 |
| 902 | Meter Reading Exp CA | 5 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 903 | Customer Records Labor | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 903 | Cust Acct Supplies, Uniforms, Misc | 5 | 6,360 | 0 | 0 | 0 | 0 | 0 | 6,360 |
| 903 | Collection Agency Expense | 5 | 2,879 | 0 | 0 | 0 | 0 | 0 | 2,879 |
| 903 | Bank Service Charges | 5 | 4,636 | 0 | 0 | 0 | 0 | 0 | 4,636 |
| 903 | Postage | 5 | 13,657 | 0 | 0 | 0 | 0 | 0 | 13,657 |
| 904 | Uncollectible Accts | 5 | 90,587 | 0 | 0 | 0 | 0 | 0 | 90,587 |
| 905 | Customer Accounting Labor | 5 | 2,217 | 0 | 0 | 0 | 0 | 0 | 2,217 |
| 905 | Misc Expenses | 5 | 762 | 0 | 0 | 0 | 0 | 0 | 762 |
| 905 | Telephone | 5 | 11,569 | 0 | 0 | 0 | 0 | 0 | 11,569 |
| 907 | Misc Customer Service | 5 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 923 | Management & Contract Svc Cust Accting | 5 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 931 | Rents - Equip Cust Accting | 5 | | 0 | 0 | 0 | 0 | 0 | 0 |
| | **TOTAL CUSTOMER ACCOUNTING EXPENSE** | | 134,235 | 0 | 0 | 0 | 0 | 0 | 134,235 |
| | **ADMINISTRATIVE AND GENERAL EXPENSES** | | | | | | | | |
| 920 | Salaries AG | 6 | 113,864 | 33,180 | 24,572 | 8,597 | 25,358 | 0 | 22,158 |
| 601 | Pcard Undistributed | 6 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 921 | Purchased Power AG | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 921 | Misc. General Exp | 6 | 76,362 | 22,252 | 16,479 | 5,765 | 17,006 | 0 | 14,860 |
| 921 | Other Supplies & Exp AG | 6 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 923 | Contract Services - Management | 6 | 33 | 10 | 7 | 2 | 7 | 0 | 6 |
| 923 | Management Fees | 6 | 422,190 | 123,026 | 91,109 | 31,875 | 94,022 | 0 | 82,158 |
| 923 | Accounting Services | 6 | 3,896 | 1,135 | 841 | 294 | 868 | 0 | 758 |
| 923 | Legal Services | 6 | 14,186 | 4,134 | 3,061 | 1,071 | 3,159 | 0 | 2,761 |
| 923 | Other Services | 6 | 14,021 | 4,086 | 3,026 | 1,059 | 3,122 | 0 | 2,728 |
| 924 | Property Insurance | 6 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 924 | Ins Gen Liab Oper AG | 6 | 38,308 | 11,163 | 8,267 | 2,892 | 8,531 | 0 | 7,455 |
| 924 | Ins Work Comp AG | 6 | 14,473 | 4,217 | 3,123 | 1,093 | 3,223 | 0 | 2,816 |
| 924 | Ins Other Oper AG | 6 | 18,009 | 5,248 | 3,886 | 1,360 | 4,011 | 0 | 3,505 |
| 924 | Vehicle and Other Insurance | 6 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 925 | Injuries & Damages | 7 | 3,589 | 1,235 | 923 | 312 | 947 | 0 | 170 |
| 926 | Employee Pension & Benefits | 7 | 244,783 | 84,254 | 62,983 | 21,296 | 64,623 | 0 | 11,627 |
| 926 | Employee Pension & Benefits | 7 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 926 | Employee Pension & Benefits | 7 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 928 | Reg Commision Exp | 6 | 28,521 | 8,311 | 6,155 | 2,153 | 6,352 | 0 | 5,550 |
| 931 | Rents AG | 6 | 210 | 61 | 45 | 16 | 47 | 0 | 41 |

OHIO AMERICAN WATER COMPANY
WASTEWATER OPERATIONS
COST OF SERVICE FOR THE TWELVE MONTHS ENDING JUNE 30, 2007, ALLOCATED TO COST FUNCTIONS

| | Account | Factor Ref. | Cost of Service | Flow | Extra Capacity Max Day | Extra Capacity Max Hour | Infiltration & Inflow | Customer Facilities | Customer Accounting |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| 9301 | Goodwill Advertising Exp | 6 | 2,078 | 606 | 448 | 157 | 463 | 0 | 404 |
| 930 | Misc General Expenses | 6 | | 0 | 0 | 0 | 0 | 0 | 0 |
| 93002 | Trans Oper AG | 6 | 36,480 | 10,630 | 7,872 | 2,754 | 8,124 | 0 | 7,099 |
| 9303 | Research & Development | | | | | | | | |
| | TOTAL A & G OPERATIONS | | 1,031,003 | 313,548 | 232,798 | 80,697 | 239,862 | 0 | 164,098 |
| 932 | General Plant Maint AG | 6 | 4,164 | 1,213 | 899 | 314 | 927 | 0 | 810 |
| 932 | General Plant Maint AG | 6 | | | | | | | |
| | TOTAL A & G EXPENSE - MAINTENANCE | | 4,164 | 1,213 | 899 | 314 | 927 | 0 | 810 |
| | **TOTAL A & G EXPENSE** | | 1,035,167 | 314,762 | 233,697 | 81,011 | 240,790 | 0 | 164,908 |
| | **Total Operation & Maintenance Expenses** | | 2,056,972 | 748,179 | 382,533 | 133,071 | 494,045 | 0 | 299,143 |
| | **DEPRECIATION EXPENSE** | | | | | | | | |
| 301 | Organization | | 0 | | | | | | |
| 302 | Franchises and consents | | 0 | | | | | | |
| 303 | Miscellaneous | | 0 | | | | | | |
| 310 | Land and land rights | | 0 | | | | | | |
| 351 | Structures and improvements | 2 | 9,049 | 3,167 | 3,167 | 0 | 2,715 | 0 | 0 |
| 352 | Collection Sewers | 3 | 23,549 | 9,420 | 0 | 9,420 | 4,710 | 0 | 0 |
| 352.1 | Collection Sewers-Force | 3 | 879 | 352 | 0 | 352 | 176 | 0 | 0 |
| 352.2 | Collection Sewers-Gravity | | 0 | | | | | | |
| 352.3 | Special Collecting Structures | | 0 | | | | | | |
| 353 | Services to Customers | 4 | 6,632 | 0 | 0 | 0 | 0 | 6,632 | 0 |
| 354 | Flow Measuring Devices | 3 | 378 | 151 | 0 | 151 | 76 | 0 | 0 |
| 355 | Flow Measuring Installations | | 0 | | | | | | |
| 356 | Other Collection Plant Facilities | | 0 | | | | | | |
| 360 | Land and land rights | | 0 | | | | | | |
| 361 | Structures and improvements | 2 | 28,100 | 9,835 | 9,835 | 0 | 8,430 | 0 | 0 |
| 362 | Receiving Wells | | 0 | | | | | | |
| 363 | Electric Pumping Equipment | 2 | 742 | 260 | 260 | 0 | 223 | 0 | 0 |
| 364 | Diesel Pumping Equipment | | 0 | | | | | | |
| 365 | Other Pumping Equipment | 2 | 3,171 | 1,110 | 1,110 | 0 | 951 | 0 | 0 |
| 370 | Land and land rights | | 0 | | | | | | |
| 370.1 | Oxidation Lagoon Land | | 0 | | | | | | |
| 370.2 | Other Land and Land Rights | | 0 | | | | | | |
| 371 | Structures and improvements | 2 | 1,659 | 581 | 581 | 0 | 498 | 0 | 0 |
| 372 | Treatment and Disposal Equipment | 2 | 184,489 | 64,571 | 64,571 | 0 | 55,347 | 0 | 0 |
| 373 | Plant Sewers | | 0 | | | | | | |
| 374 | Outfall Sewer Lines | | 0 | | | | | | |

OHIO AMERICAN WATER COMPANY
WASTEWATER OPERATIONS
COST OF SERVICE FOR THE TWELVE MONTHS ENDING JUNE 30, 2007, ALLOCATED TO COST FUNCTIONS

| Account | | Factor Ref. | Cost of Service | Flow | Extra Capacity Max Day | Extra Capacity Max Hour | Infiltration & Inflow | Customer Facilities | Customer Accounting |
|---|---|---|---|---|---|---|---|---|---|
| (1) | | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| 375 | Other Treatment and Disposal Plant Equip. | | 0 | | | | | | |
| 389 | Land and land rights | | 0 | | | | | | |
| 390 | Structures and improvements | 2 | 10,964 | 3,837 | 3,837 | 0 | 3,289 | 0 | 0 |
| 391.2 | Computer Software | 6 | 35,943 | 10,474 | 7,756 | 2,714 | 8,005 | 0 | 6,995 |
| 392 | Transportation equipment | 6 | 1,506 | 439 | 325 | 114 | 335 | 0 | 293 |
| 393 | Stores equipment | 6 | 189 | 55 | 41 | 14 | 42 | 0 | 37 |
| 394 | Tools, shop, and garage equipment | 6 | 12,212 | 3,559 | 2,635 | 922 | 2,720 | 0 | 2,376 |
| 395 | Laboratory equipment | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 396 | Power operated equipment | 6 | 186 | 54 | 40 | 14 | 41 | 0 | 36 |
| 397 | Communication equipment | 6 | 1,285 | 374 | 277 | 97 | 286 | 0 | 250 |
| 398 | Miscellaneous equipment | 6 | (1) | (0) | (0) | (0) | (0) | 0 | (0) |
| | Amortization of Deferred Depreciation | | 0 | | | | | | |
| | **Total Depreciation Expense** | | 320,932 | 108,238 | 94,436 | 13,797 | 87,842 | 6,632 | 9,987 |
| | Amort-Intangible Fin | 6 | 256 | 75 | 55 | 19 | 57 | 0 | 50 |
| | Amort-Ltd Term Plt | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Amort-Expense | 6 | 2,654 | 773 | 573 | 200 | 591 | 0 | 516 |
| | Deferred ITC | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | **Taxes Other Than Income** | | | | | | | | |
| 685100 | Utility Reg Assessment Fee | 9 | 7,007 | 2,476 | 1,697 | 371 | 1,815 | 57 | 591 |
| 685200 | Property Taxes | 8 | 782,055 | 268,638 | 238,761 | 29,953 | 219,601 | 12,904 | 12,200 |
| 685320 | FUTA | 7 | 267 | 92 | 69 | 23 | 70 | 0 | 13 |
| 685325 | FICA | 7 | 41,920 | 14,429 | 10,786 | 3,647 | 11,067 | 0 | 1,991 |
| 685350 | SUTA | 7 | 1,614 | 558 | 415 | 140 | 426 | 0 | 77 |
| 685430 | Other Taxes & Licenses | 8 | 17,264 | 5,930 | 5,271 | 661 | 4,848 | 285 | 269 |
| 685440 | Gross Receipts Tax | 9 | 194,157 | 68,615 | 47,025 | 10,271 | 50,287 | 1,573 | 16,387 |
| | **Total Taxes, Other Than Income** | | 1,044,284 | 360,734 | 304,024 | 45,066 | 288,114 | 14,818 | 31,528 |
| 4091 | **Income Taxes** | 8 | 180,179 | 61,892 | 55,009 | 6,901 | 50,594 | 2,973 | 2,811 |
| | **Utility Income Available for Return** | 8 | 578,064 | 198,565 | 176,483 | 22,140 | 162,320 | 9,538 | 9,018 |
| | **Total Cost of Service** | | 4,183,340 | 1,478,455 | 1,013,113 | 221,195 | 1,083,564 | 33,961 | 353,053 |
| | **Less: Other Water Revenues** | 9 | (4,561) | (1,612) | (1,105) | (241) | (1,181) | (37) | (385) |
| | **Total Cost of Service Related to Sales of Wastewater Services** | | 4,178,779 | 1,476,843 | 1,012,008 | 220,954 | 1,082,383 | 33,924 | 352,668 |

OHIO AMERICAN WATER
WASTEWATER OPERATIONS

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

| Reference | Flow | Extra Capacity | | Infiltration & Inflow | Customer Facilities | Customer Accounting | Total |
|---|---|---|---|---|---|---|---|
| | | Max Day | Max Hour | | | | |
| Factor 1 - Flow and I&I | 0.7000 | | | 0.3000 | | | 1.0000 |
| Factor 2 - Flow, I&I and Max Day | 0.3500 | 0.3500 | | 0.3000 | | | 1.0000 |
| Factor 3 - Flow, I&I and Max Hour | 0.4000 | | 0.4000 | 0.2000 | | | 1.0000 |
| Factor 4 - Customer Facilities | | | | | 1.0000 | | 1.0000 |
| Factor 5 - Customer Accounting | | | | | | 1.0000 | 1.0000 |
| Factor 6 - O&M Exp less Power and Chemicals | | | | | | | |
| Cost | 200,897 | 148,837 | 52,060 | 153,604 | 0 | 134,235 | 689,633 |
| Factor | 0.2914 | 0.2158 | 0.0755 | 0.2227 | 0.0000 | 0.1946 | 1.0000 |
| Factor 7 - Labor Expense | | | | | | | |
| Labor Expense | | | | | | | |
| Cost | 188,035 | 140,530 | 47,494 | 144,199 | 0 | 25,943 | 546,201 |
| Factor | 0.3442 | 0.2573 | 0.0870 | 0.2640 | 0.0000 | 0.0475 | 1.0000 |
| Factor 8 - Rate Base | | | | | | | |
| Cost | 2,595,492 | 2,305,860 | 289,572 | 2,121,224 | 124,511 | 118,139 | 7,554,798 |
| Factor | 0.3435 | 0.3053 | 0.0383 | 0.2808 | 0.0165 | 0.0156 | 1.0000 |
| Factor 9 - Total Cost of Service | | | | | | | |
| Cost | 1,407,363 | 984,391 | 210,553 | 1,031,463 | 32,332 | 336,074 | 3,982,176 |
| Factor | 0.3534 | 0.2422 | 0.0529 | 0.2590 | 0.0081 | 0.0844 | 1.0000 |

OHIO AMERICAN WATER COMPANY
WASTEWATER OPERATIONS
COST OF SERVICE FOR THE TWELVE MONTHS ENDING JUNE 30, 2007, ALLOCATED TO COST FUNCTIONS

| Account | Factor Ref. | Cost of Service | | Extra Capacity | | Infiltration & Inflow | Customer Facilities | Customer Accounting |
|---|---|---|---|---|---|---|---|---|
| | | | Flow | Max Day | Max Hour | | | |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| **RATE BASE** | | | | | | | | |
| 301.00 Organization | 2 | 70,826 | 24,789 | 24,789 | 0 | 21,248 | 0 | 0 |
| 302.00 Franchises and consents | 2 | 2,190 | 767 | 767 | 0 | 657 | 0 | 0 |
| 303.00 Miscellaneous | | | | | | | | |
| 303.99 Comprehensive Planning Study | | | | | | | | |
| 310.00 Land and land rights | | | | | | | | |
| 351.00 Structures and improvements | 2 | 79,269 | 27,744 | 27,744 | 0 | 23,781 | 0 | 0 |
| 352.00 Collection Sewers | 3 | 541,302 | 216,521 | 0 | 216,521 | 108,260 | 0 | 0 |
| 352.10 Collection Sewers-Force | 3 | 49,862 | 19,945 | 0 | 19,945 | 9,972 | 0 | 0 |
| 352.20 Collection Sewers-Gravity | | | | | | | | |
| 352.30 Special Collecting Structures | | | | | | | | |
| 353.00 Services to Customers | 4 | 124,511 | 0 | 0 | 0 | 0 | 124,511 | 0 |
| 354.00 Flow Measuring Devices | 3 | 18,178 | 7,271 | 0 | 7,271 | 3,636 | 0 | 0 |
| 355.00 Flow Measuring Installations | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 356.00 Other Collection Plant Facilities | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 360.00 Land and land rights | | | | | | | | |
| 361.00 Structures and improvements | 2 | 1,297,106 | 453,987 | 453,987 | 0 | 389,132 | 0 | 0 |
| 362.00 Receiving Wells | | | | | | | | |
| 363.00 Electric Pumping Equipment | 2 | 17,607 | 6,163 | 6,163 | 0 | 5,282 | 0 | 0 |
| 364.00 Diesel Pumping Equipment | | | | | | | | |
| 365.00 Other Pumping Equipment | 2 | 52,389 | 18,336 | 18,336 | 0 | 15,717 | 0 | 0 |
| 370.00 Land and land rights | | | | | | | | |
| 370.10 Oxidation Lagoon Land | | | | | | | | |
| 370.20 Other Land and Land Rights | 2 | 144,465 | 50,563 | 50,563 | 0 | 43,340 | 0 | 0 |
| 371.00 Structures and improvements | 2 | (318,454) | (111,459) | (111,459) | 0 | (95,536) | 0 | 0 |
| 372.00 Treatment and Disposal Equipment | 2 | 4,527,474 | 1,584,616 | 1,584,616 | 0 | 1,358,242 | 0 | 0 |
| 373.00 Plant Sewers | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 374.00 Outfall Sewer Lines | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 375.00 Other Treatment and Disposal Plant Equip. | | | | | | | | |
| 389.00 Land and land rights | 6 | 1,238 | 361 | 267 | 93 | 276 | 0 | 241 |
| 390.00 Structures and improvements | 2 | 333,397 | 116,689 | 116,689 | 0 | 100,019 | 0 | 0 |
| 391.00 Office Furniture and Equipment | 6 | 8,498 | 2,476 | 1,834 | 642 | 1,893 | 0 | 1,654 |
| 392.00 Transportation Equipment | 6 | (18,474) | (5,383) | (3,987) | (1,395) | (4,114) | 0 | (3,595) |
| 393.00 Stores Equipment | 6 | (742) | (216) | (160) | (56) | (165) | 0 | (144) |
| 394.00 Tools,Shop and Garage Equipment | 6 | 124,135 | 36,173 | 26,788 | 9,372 | 27,645 | 0 | 24,157 |
| 395.00 Laboratory Equipment | 2 | 7,589 | 2,656 | 2,656 | 0 | 2,277 | 0 | 0 |
| 396.00 Power Operated Equipment | 6 | (839) | (244) | (181) | (63) | (187) | 0 | (163) |
| 397.00 Communications Equipment | 6 | 15,830 | 4,554 | 3,373 | 1,180 | 3,481 | 0 | 3,042 |
| 398.00 Miscellaneous equipment | 6 | 477,405 | 139,116 | 103,024 | 36,044 | 106,318 | 0 | 92,903 |
| 399.00 Other Tangible Property | 6 | 235 | 69 | 51 | 18 | 52 | 0 | 46 |
| TOTAL UTILITY PLANT IN SERVICE SEWER | | 7,554,798 | 2,595,492 | 2,305,860 | 289,572 | 2,121,224 | 124,511 | 118,139 |