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**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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PUCO

In the Matter of the Application of Ohio)
American Water Company for Authority to) Case No. 07-1112-WS-AIR
Increase its Rates For Water and Sewer)
Service Provided to its Entire Service Area.)

**REPLY OF
OHIO AMERICAN WATER COMPANY
TO
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL'S
MEMORANDUM CONTRA TO MOTION REGARDING PUBLICATION**

Ohio American Water Company ("Ohio American" or "Company") filed a Motion Regarding Publication ("Motion") on January 28, 2008 with the Public Utilities Commission of Ohio ("Commission"). On February 4, 2008, the Office of the Ohio Consumers' Counsel ("OCC") filed its Memorandum Contra to Ohio American Water Company's Motion regarding Publication ("Memo Contra"). Ohio American now submits its Reply to the OCC's Memo Contra.

In the Introduction of the Memo Contra, OCC makes an untrue statement to the effect that the newspaper publication that was published in nine counties (two times in eight newspapers and one time in another) was not "deemed by the Commission to meet the statutory requirement." Memo Contra at 3. The Commission in its entry of January 9, 2008 directing the Company to publish notice of its rate application ("Entry") directed the Company to publish a specific notice. It did *not* indicate that this particular notice was the only one that would satisfy the "statutory" requirement. Indeed, the paragraph that was erroneously published in this

proceeding *was* determined by the Commission in Ohio American's last rate case to be appropriate, i.e., it met the statutory requirement.¹

Entire Service Area Issue:

Because the issue of whether Ohio American could properly include its entire service area in the instant proceeding has been more than sufficiently argued in six prior pleadings,² Ohio American will not reargue its position in this Reply but refers the Commission to Ohio American's prior pleadings.³

Substantial Compliance:

OCC argues that the published notice does not substantially comply with the Entry. OCC ignores the substantial compliance standard set forth in Ohio Revised Code Section ("R.C.") 4903.083 which specifically states:

Defects in the content of said notice shall not affect the legality of notices published under this section provided that the public utilities commission meets the substantial compliance provision of 4905.09 of the Revised Code.

¹ *Ohio American Water Company*, Case No. 06-433-WS-AIR (Entry dated May 6, 2007 at 2).

² *Motion to Dismiss Ohio American Water Company's Application to Increase Rates for the Area of "Water C" or In the Alternative, Motion to Amend the Application to Exclude a Rate Increase for the Area of "Water C" or in The Alternative, Motion to Toll the Application Regarding the Area of "Water C" by The Office of the Ohio Consumers' Counsel* filed December 13, 2007; *Memorandum Contra The Office of the Ohio Consumers' Counsel's Motion to Dismiss Ohio American Water Company's Application to Increase Rates for the Area of "Water C" or, In the Alternative, Motion to Amend the Application to Exclude a Rate Increase for the Area of "Water C" or, In the Alternative, Motion to Toll the Application Regarding the Area of "Water C" by Ohio American Water* filed January 4, 2008; *Motion to Amend Ohio American Water Company's Proposed Public Notice and Memorandum in Support by The Office of the Ohio Consumers' Counsel* filed January 7, 2008; *Application for Rehearing and Memorandum in Support by The Office of the Ohio Consumers' Counsel* filed January 23, 2008; *Memorandum Contra of Ohio American Water Company to The Office of the Ohio Consumers' Counsel's Application for Rehearing* filed February 1, 2008; and *Memorandum Contra Ohio American Water Company's Motion Regarding Correction of an Error in its Newspaper Publication* filed February 4, 2008.

³ *Memorandum Contra The Office of the Ohio Consumers' Counsel's Motion to Dismiss Ohio American Water Company's Application to Increase Rates for the Area of "Water C" or, In the Alternative, Motion to Amend the Application to Exclude a Rate Increase for the Area of "Water C" or, In the Alternative, Motion to Toll the Application Regarding the Area of "Water C" by Ohio American Water* filed January 4, 2008 and *Memorandum Contra of Ohio American Water Company to The Office of the Ohio Consumers' Counsel's Application for Rehearing* filed February 1, 2008.

Emphasis added. The erroneous paragraph on the last page of a six-page notice referred to how customers could access rate case filings at the Commission. Though the paragraph referred to Ohio American's last case, the earlier paragraphs in the notice listed the correct case number, and by following the instructions, a customer could easily find the pleadings in this case. Thus OCC cannot properly claim that substantial compliance has not been met by the Ohio American published notices.

Though OCC dismisses the citations to the Commission's decisions as not supporting Ohio American's substantial compliance argument, as argued previously, the erroneous paragraph was approved in the prior Ohio American rate case. As noted above, it provided consumers with the information to gain additional information on file with the Commission. The paragraph had nothing to do with the substance or prayer of the application, the criteria which the Commission must rule upon to determine if the notice is proper. The erroneous paragraph presents no issue of statutory non compliance in the publication. It relates to technical, rather than legal, matters and the Commission cases Ohio American cited are apropos of this type of error. Finally, the notice published by Ohio American met the tests of the two cases cited by OCC. Memo Contra at 6. In *MRT*⁴ the issue was whether there was disclosure of a material proposal, measured rates, in the application and the same issue was presented in *Realtors*.⁵ In contrast, in the Ohio American publication, substantive aspects of the application were published as required by R.C. 4909.18 (E).

⁴ *Committee Against MRT v. Pub. Util. Comm.*, (1977) 52 Ohio St. 2d 231.

⁵ *Realtors v. Pub. Util. Comm.*, (1979) 60 Ohio St. 2d 172.

In its pseudo-zeal for protecting residential customers, OCC has not only delayed the correction of an error by a bill insert, but it has likewise disregarded the fact that Ohio American, without any requirement of a statute, provided all its customers *actual* notice of the rate case PRIOR to filing the case. Moreover, OCC was specifically made aware of the actual notice. At the time of its prenotification, on October 11, 2007, Ohio American notified OCC and its counsel, as well as the Staff of the Commission, that:

Ohio American sent letters via U.S. Mail to each of our customers. These letters were mailed on October 11, so they would arrive the day the notice to the Public Utilities Commission of Ohio was filed.

Exhibit 1. Though the letter did not give the full detail of the application, it did provide the average increase per month for a residential customer. In addition Ohio American issued press releases concerning its filing. Thus Ohio American customers have already received actual notice of the rate increase in this proceeding as well as the information about what effect the rate case would have on an average residential bill if the application were to be granted in full. Ohio American's proposed bill insert would provide customers with the second actual notice. It is significant that Ohio American has already exceeded by far the rate case statutory newspaper notice requirements by having given its customers actual notice.

Cost of Publication:

The penalty argument that OCC makes with respect to requiring Ohio American to bear the cost of the publication as well as the cost of correction is without logic or legal basis. The statutes require publication. Publication costs are a cost of the application that are properly included in rate case expense recovery and have been so determined for time immemorial. The suggestion that Ohio American should be penalized for a non purposeful type of mistake has no

precedent. Indeed, no law or regulatory authority holds companies to an error-free standard.

Perfection is not a realistic standard for any organization, even OCC.

Proposed Bill Insert:

OCC also argues that correcting the erroneous last paragraph in the published notice is not sufficient. Rather, OCC argues that Ohio American should provide a bill insert showing the entire six-page notice. This is the same notice that OCC has argued previously is too long, that it is not concise enough!⁶ Yet OCC would have the longer notice, that it objected to, included in a bill insert. OCC fails to appreciate that any bill insert provides actual notice to the customer. Actual notice constitutes a much more pervasive and effective notice than a notice published in a newspaper. The bill insert paragraph that Ohio American has proposed directs the reader to three places to obtain additional information: (1) the company's office, (2) the Commission's website with specific instructions about accessing all the filings in the case, and (3) Ohio American's website where the corrected public notice will appear.

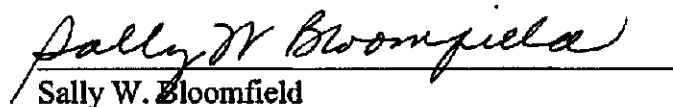
As a backup position, OCC proposes language changes in the notice that Ohio American gives its customers. While Ohio American believes that its proposed language is appropriate, as well as clear and concise, if the Commission were to order it to change the bill insert to the language proposed by OCC, it would of course do so.

OCC also argues that the bill insert should contain its contact information, a recommendation that was specifically rejected by the Commission in its Entry and that, again, was argued in three pleadings pertaining to the Entry. Ohio American believes that enough has already been argued on that suggestion.

⁶ *Application for Rehearing and Memorandum in Support by The Office of the Ohio Consumers' Counsel* filed January 23, 2008 at 15.

WHEREFORE, Ohio American urges the Commission to grant its Motion regarding Publication and to deny the contentions in OCC's Memo Contra. Ohio American requests the Commission to approve its proposed bill insert and to find that the newspaper publications substantially comply with the Entry and with R.C. 4909.19.

Respectfully submitted on behalf of
OHIO AMERICAN WATER COMPANY



Sally W. Bloomfield
Thomas J. O'Brien
BRICKER & ECKLER LLP
100 South Third Street
Columbus, Ohio 43215-4291
Telephone: (614) 227-2368; 227-2335
Facsimile: (614) 227-2390

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the Reply of Ohio American Water Company was either served by electronic mail or regular U.S. Mail this 6th of February 2008.


Sally W. Bloomfield

Maureen R. Grady
Melissa R. Yost
Gregory J. Poulos
Assistant Consumers' Counsel
Office of the Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, OH 43215-3485

Henry Eckhart
Attorney at Law
50 West Broad Street, Suite 2117
Columbus, OH 43215-3301

Thomas Lindgren
Assistant Attorney General
Ohio Attorney General's Office, Public
Utilities Section
180 East Broad Street, 9th Floor
Columbus, OH 43215

Mark D. Russell
Law Director – City of Marion, Ohio
233 West Center Street
Marion, OH 43302

Bloomfield, Sally

From: Gary.Verdouw@amwater.com
Sent: Friday, October 12, 2007 5:00 PM
To: Greg.Dewhurst@puc.state.oh.us; Ross.Willis@puc.state.oh.us; Frank.Rack@puc.state.oh.us; Judy.Sarver@puc.state.oh.us; migden@occ.state.oh.us; grady@occ.state.oh.us; yost@occ.state.oh.us
Cc: Ed.Grubb@amwater.com; James.Jenkins@amwater.com; terry.gloriod@amwater.com; David.Little@amwater.com; Terry.Mackin@amwater.com; Bloomfield, Sally; O'Brien, Thomas
Subject: Ohio American - Letter Sent to Consumers on October 11, 2007
Attachments: OH Customer Letters sent October 11, 2007.pdf

Good afternoon everyone,

This afternoon (October 12, 2007), Ohio American Water Company filed notice with the Public Utilities Commission of Ohio of its intent to request a change in water and wastewater rates for all Ohio consumers. As part of this notice, letters were sent to the respective local officials to notify them of the intent to increase rates. Copies of those letters can be found with the filing at PUCO.

In addition, Ohio American sent letters via U.S. Mail to each of our customers. These letters were mailed on October 11, so they would arrive the day the notice to the Public Utilities Commission of Ohio was filed. As was discussed as part of our meetings on October 4th, please find a copy of the letters that were sent out to our consumers.

Press releases were also sent out to announce the intent to increase rates.

Please contact me should you have any questions.

Have a wonderful weekend.

Regards,

Gary

Gary M. VerDouw
Senior Financial Analyst - Rates and Regulations
American Water Company
727 Craig Road
Saint Louis, MO 63141
(314) 996-2398
Gary.VerDouw@amwater.com

Ashtabula



October 11, 2007

To Our Customers:

Ohio American Water is filing a notice with the Public Utilities Commission of Ohio (PUCO) of its intent to request a change in water and wastewater rates for all Ohio customers. Periodic rate reviews are necessary to cover the actual costs of providing high-quality water and reliable water and wastewater service to our customers, which is the company's commitment.

No rates will change until the PUCO completes a comprehensive review of our request and determines that the requested rates are reasonable and justified. This process normally takes nine to 12 months.

If our request is approved in full, the residential water bill will increase \$3.99 per month, or 13 cents a day, for a customer using an average of 3,750 gallons of water per month. The request to the PUCO also includes an adjustment to fire protection charges that can vary by community. Even if our rate request is approved in full, the cost of a gallon of water delivered to your home remains less than a penny.

Ohio American Water invested more than \$2.3 million over the last 18 months to enhance and improve water service in Ashtabula. The investments include the replacement of older pumps, pipes and meters and continued upgrades to treatment facilities. The company directed much of the investment in our Ashtabula system to projects recommended by the PUCO, the Ohio Consumer's Council and local officials. For example, the company invested more than \$400,000 in new and replacement mains and hydrants on Route 84, East 9th Street, McNutt Street, Washington Boulevard, Lake Avenue, and Ketchum Avenue.

There have also been improvements at the treatment plant and a significant investment to install new service lines and replacing older, deteriorating service lines. Ohio American Water invested approximately \$1 million to replace old meters with better technology that will reduce future maintenance and improve reliability. Like other businesses, Ohio American Water continues to experience annual increases in our operating costs, including electricity, fuel and chemicals.

Ohio American Water and its employees are proud to be part of this community. It is a privilege to support numerous local civic and charitable organizations including the Ashtabula City Growth Partnership, United Way, Junior Achievement, Special Olympics and American Cancer Society.

We know that any increase in rates creates questions, and we want you to have answers. Please feel free to contact us by:

- Calling the Customer Service Center at (800) 673-5999
- Visiting www.oawc.com.

Sincerely,

A handwritten signature in black ink that reads "Bill Dingledine".

Bill Dingledine
Network Manager

Ohio American Water
2905 N. Bend Road
Ashtabula, OH 44004
T. 800/673-5999

Blacklich



October 11, 2007

To Our Customers:

Ohio American Water is filing a notice with the Public Utilities Commission of Ohio (PUCO) of its intent to request a change in water and wastewater rates for all Ohio customers. Periodic rate reviews are necessary to cover the actual costs of providing high-quality water and reliable water and wastewater service to our customers, which is the company's commitment.

No rates will change until the PUCO completes a comprehensive review of our request and determines that the requested rates are reasonable and justified. This process normally takes nine to 12 months.

If our request is approved in full, the residential water bill will increase \$11.96 per month, or 39 cents a day, for a customer using an average of 5,250 gallons of water per month and the wastewater bill will increase \$15.50, or 50 cents a day. Even if our rate request is approved in full, the cost of a gallon of water delivered to your home remains less than a penny.

Since January 2003, Ohio American Water invested more than \$5.2 million to improve its water and wastewater systems. In the last 18 months the company invested \$3.1 million in the Franklin County District to deliver high-quality water and wastewater service that is as good as or better than local, state and federal standards. Like other businesses, Ohio American Water continues to experience annual increases in our operational costs, including electricity, fuel and chemicals.

For example, the water company invested more than \$700,000 on upgrades to treatment facilities in all five areas we serve in Franklin County. The work included the rehabilitation of five supply wells and three pumps that will improve capacity, along with other upgrades which will improve reliability. Ohio American Water continued to replace water mains and obsolete meters within the Franklin County District, and we have increased the number of sampling stations in a project that strengthens our ability to monitor water quality.

Ohio American Water invested more than \$1.3 million on upgrading and modernizing its three wastewater treatment plants within the Franklin County District over the past 18 months. The investments will improve the reliability of the plants and help reduce operating costs. The company invested in new technology that will significantly reduce the cost for solids disposal at its treatment plants.

We know that any increase in rates creates questions and we want you to have answers. Please feel free to contact us by:

- Calling the Customer Service Center at (800) 673-5999
- Visiting www.oawc.com.

Sincerely,

A handwritten signature in black ink that reads "Thomas Schwing".

Tom Schwing
Network Supervisor

Ohio American Water
5481 Buenos Aires Blvd.
Westerville, OH 43081
T. 800/673-5999

Huber Ridge



October 11, 2007

To Our Customers:

Ohio American Water is filing a notice with the Public Utilities Commission of Ohio (PUCO) of its intent to request a change in water and wastewater rates for all Ohio customers. Periodic rate reviews are necessary to cover the actual costs of providing high-quality water and reliable water and wastewater service to our customers, which is the company's commitment.

No rates will change until the PUCO completes a comprehensive review of our request and determines that the requested rates are reasonable and justified. This process normally takes nine to 12 months.

If our request is approved in full, the residential water bill will increase \$11.03 per month, or 36 cents a day, for a customer using an average of 5,250 gallons of water per month and the wastewater bill will increase \$15.50, or 50 cents a day. Even if our request is approved in full, the cost of a gallon of water delivered to your home remains less than a penny.

Since January 2003, Ohio American Water invested more than \$5.2 million to improve its water and wastewater systems. In the last 18 months the company invested \$3.1 million in the Franklin County District to deliver high-quality water and wastewater service that is as good as or better than local, state and federal standards. Like other businesses, Ohio American Water continues to experience annual increases in our operational costs, including electricity, fuel and chemicals.

Ohio American Water directed some of its investment in the Franklin County District to projects requested by our customers and recommended by the PUCO, the Ohio Consumer's Council and local officials. One of the most important priorities involved water treatment improvements to remove an element that was causing discoloration from the well water. Extensive work has also been performed to remove deposits from water pipes. The final stage of this project involves addition of an Ohio EPA-approved chemical to coat the surface of water pipes. In the next few weeks the company will be providing more information about this final stage along with steps customers can take to improve in-home plumbing.

Other important projects that have been completed involve water main replacements, installation of new meter reading technology and installation of additional water sampling stations to enhance water quality monitoring. Improvements to our wastewater system have been made to significantly reduce the cost for solids disposal, and to increase reliability of our treatment facilities."

We know that any increase in rates creates questions and we want you to have answers. Please feel free to contact us by:

- Calling the Customer Service Center at (800) 673-5999
- Visiting www.oawc.com

Sincerely,

A handwritten signature in cursive script, appearing to read "Tom Schwing".

Tom Schwing
Network Supervisor

Ohio American Water
5481 Buenos Aires Blvd.
Westerville, OH 43081
T. 800/673-5999

Lake Darby



October 11, 2007

To Our Customers:

Ohio American Water is filing a notice with the Public Utilities Commission of Ohio (PUCO) of its intent to request a change in water and wastewater rates for all Ohio customers. Periodic rate reviews are necessary to cover the actual costs of providing high-quality water and reliable water and wastewater service to our customers, which is the company's commitment.

No rates will change until the PUCO completes a comprehensive review of our request and determines that the requested rates are reasonable and justified. This process normally takes nine to 12 months.

If our request is approved in full, the residential water bill will increase \$11.88 per month, or 39 cents a day, for a customer using an average of 5,250 gallons of water per month and the wastewater bill will increase \$15.50, or 50 cents a day. Even if our rate request is approved in full, the cost of a gallon of water delivered to your home remains less than a penny.

Since January 2003, Ohio American Water invested more than \$5.2 million to improve its water and wastewater systems. In the last 18 months the company invested \$3.1 million in the Franklin County District to deliver high-quality water and wastewater service that is as good as or better than local, state and federal standards. Like other businesses, Ohio American Water continues to experience annual increases in our operational costs, including electricity, fuel and chemicals.

For example, the water company invested more than \$700,000 on upgrades to treatment facilities in all five areas we serve in Franklin County. The work included the rehabilitation of five supply wells and three pumps that will improve capacity, along with other upgrades which will improve reliability. Ohio American Water continued to replace water mains and obsolete meters within the Franklin County District, and we have increased the number of sampling stations in a project that strengthens our ability to monitor water quality. Ohio American Water has invested the resources necessary to solve water softness issues in Lake Darby, and certified those solutions with the PUCO.

Ohio American Water invested more than \$1.3 million on upgrading and modernizing its three wastewater treatment plants within the Franklin County District over the past 18 months. The investments will improve the reliability of the plants and help reduce operating costs. The company invested in new technology that will significantly reduce the cost for solids disposal at its treatment plants.

We know that any increase in rates creates questions and we want you to have answers. Please feel free to contact us by:

- Calling the Customer Service Center at (800) 673-5999
- Visiting www.oawc.com

Sincerely,

A handwritten signature in dark ink, appearing to read "Tom Schwing".

Tom Schwing
Network Supervisor

Ohio American Water
5481 Buenos Aires Blvd.
Westerville, OH 43081
T. 800/673-5999

Lake White



October 11, 2007

To Our Customers:

Ohio American Water is filing a notice with the Public Utilities Commission of Ohio (PUCO) of its intent to request a change in water and wastewater rates for all Ohio customers. Periodic rate reviews are necessary to cover the actual costs of providing high-quality water and reliable water and wastewater service to our customers, which is the company's commitment.

No rates will change until the PUCO completes a comprehensive review of our request and determines that the requested rates are reasonable and justified. This process normally takes nine to 12 months.

If our request is approved in full, the residential water bill will increase \$3.99 per month, or 13 cents a day, for a customer using an average of 3,750 gallons of water per month. The request to the PUCO also includes an adjustment to fire protection charges that can vary by community. Even if our rate request is approved in full, the cost of a gallon of water delivered to your home remains less than a penny.

Ohio American Water invested more than \$8.9 million over the last 18 months alone to improve water service throughout Ohio. This investment includes the replacement of older pumps, pipes and meters while continuing to upgrade treatment facilities. The company completed new or replacement main projects to improve fire protection services in Lake White and upgraded meters throughout the service area to reduce future maintenance costs. This investment also includes upgrades to controls and communications systems at the water treatment plant serving the Lake White community. Like other businesses, Ohio American Water continues to experience annual increases in our operating costs, including electricity, fuel and chemicals.

We know that any increase in rates creates questions, and we want you to have answers. Please feel free to contact us by:

- Calling the Customer Service Center at (800) 673-5999
- Visiting www.oawc.com

Sincerely,

Ken Jones
Operations Superintendent

Ohio American Water
11875 State Route 104
PO Box 607
Waverly, OH 45690
T. 800/673-5999

Lawrence County



October 11, 2007

To Our Customers:

Ohio American Water is filing a notice with the Public Utilities Commission of Ohio (PUCO) of its intent to request a change in water and wastewater rates for all Ohio customers. Periodic rate reviews are necessary to cover the actual costs of providing high-quality water and reliable water and wastewater service to our customers, which is the company's commitment.

No rates will change until the PUCO completes a comprehensive review of our request and determines that the requested rates are reasonable and justified. This process normally takes nine to 12 months.

If our request is approved in full, the residential water bill will increase \$3.99 per month, or 13 cents a day, for a customer using an average of 3,750 gallons of water per month. The request to the PUCO also includes an adjustment to fire protection charges that can vary by community. Even if our rate request is approved in full, the cost of a gallon of water delivered to your home remains less than a penny.

Ohio American Water invested more than \$8.9 million over the last 18 months alone to improve water service throughout Ohio. This investment includes the replacement of older pumps, pipes and meters while continuing to upgrade treatment facilities. The company completed new or replacement main projects on Riverside, Kelly's Drive and Sky Lane to improve fire protection and reduce future maintenance costs, invested more than \$300,000 to upgrade meters throughout Lawrence County and replaced a pump and upgraded the controls and communications systems at the water treatment plant that serves the Lawrence County service area. Like other businesses, Ohio American Water continues to experience annual increases in our operating costs, including electricity, fuel and chemicals.

We know that any increase in rates creates questions, and we want you to have answers. Please feel free to contact us by:

- Calling the Customer Service Center at (800) 673-5999
- Visiting www.oawc.com

Sincerely,

A handwritten signature in black ink, appearing to read "Ron Dial".

Ron Dial
Network Manager

Ohio American Water
PO Box 607
Chesapeake, OH 45619
T. 800/673-5999

Mansfield



October 11, 2007

To Our Customers:

Ohio American Water is filing a notice with the Public Utilities Commission of Ohio (PUCO) of its intent to request a change in water and wastewater rates for all Ohio customers. Periodic rate reviews are necessary to cover the actual costs of providing high-quality water and reliable water and wastewater service to our customers, which is the company's commitment.

No rates will change until the PUCO completes a comprehensive review of our request and determines that the requested rates are reasonable and justified. This process normally takes nine to 12 months.

If our request is approved in full, the residential water bill will increase \$3.99 per month, or 13 cents a day, for a customer using an average of 3,750 gallons of water per month. The request to the PUCO also includes an adjustment to fire protection charges that can vary by community. Even if our rate request is approved in full, the cost of a gallon of water delivered to your home remains less than a penny.

Ohio American Water invested more than \$8.9 million over the last 18 months alone to improve water service throughout Ohio. This investment includes the replacement of older pumps, pipes and meters while continuing to upgrade treatment facilities. The water company completed new or replacement main projects in Mansfield to improve fire protection service and reduce future maintenance costs, invested more than \$110,000 to upgrade meters throughout the service area and replaced a pump and upgraded controls and communications systems at the water treatment plant serving the Mansfield service area. Like other businesses, Ohio American Water continues to experience annual increases in our operational costs, including electricity, fuel and chemicals.

We know that any increase in rates creates questions, and we want you to have answers. Please feel free to contact us by:

- Calling the Customer Service Center at (800) 673-5999
- Visiting www.oawc.com

Sincerely,

A handwritten signature in cursive script that reads "Randy A. Moore".

Randy Moore
Operations Manager

Ohio American Water
372 N. McElroy
Mansfield, OH 44905
T. 800/673-5999

Marion



October 11, 2007

To Our Customers:

Ohio American Water is filing a notice with the Public Utilities Commission of Ohio (PUCO) of its intent to request a change in water and wastewater rates for all Ohio customers. Periodic rate reviews are necessary to cover the actual costs of providing high-quality water and reliable water and wastewater service to our customers, which is the company's commitment.

No rates will change until the PUCO completes a comprehensive review of our request and determines that the requested rates are reasonable and justified. This process normally takes nine to 12 months.

If our request is approved in full, the residential water bill will increase \$4.14 per month, or 13 cents a day, for a customer using an average of 3,750 gallons of water per month. The request to the PUCO also includes an adjustment to fire protection charges that can vary by community. Even if our rate request is approved in full, the cost of a gallon of water delivered to your home remains less than a penny.

Ohio American Water invested more than \$3.2 million over the last 18 months alone to improve water service in Marion. This investment includes the replacement of older pumps, pipes and meters and continued upgrades to treatment facilities. The company directed some of the investment in our Marion system for projects recommended by the PUCO, the Ohio Consumer's Council and local officials. For example, the company invested in new and replacement mains and hydrants on King Avenue, Summit Street and Gooding Road, upgraded five supply wells and the Victory Road booster station to increase system capacity, and invested more than \$1 million to install new residential meters. Like other businesses, Ohio American Water also continues to experience annual increases in our operational costs, including electricity, fuel and chemicals.

Ohio American Water remains a partner in the Marion community. Our company supports 20 local civic and charitable organizations including the United Way, Palace Cultural Arts, Marion Can Do, and Big Brothers & Big Sisters, the Popcorn Festival, and many others. Our employees are also members and volunteers for a variety of local civic and community organizations.

We know that any increase in rates creates questions, and we want you to have answers. Please feel free to contact us by:

- Calling the Customer Service Center at (800) 673-5999
- Visiting www.oawc.com

Sincerely,

A handwritten signature in cursive script that reads "Randy A. Moore".

Randy Moore
Operations Manager

Ohio American Water
365 E. Central St.
Marion, OH 43303-4101
T. 800/673-5999

Portage County



October 11, 2007

To Our Customers:

Ohio American Water is filing a notice with the Public Utilities Commission of Ohio (PUCO) of its intent to request a change in water and wastewater rates for all Ohio customers. Periodic rate reviews are necessary to cover the actual costs of providing high-quality water and reliable water and wastewater service to our customers, which is the company's commitment.

No rates will change until the PUCO completes a comprehensive review of our request and determines that the requested rates are reasonable and justified. This process normally takes nine to 12 months.

If our request is approved in full, the residential water bill will increase \$13.03 per month, or 42 cents a day, for a customer using an average of 5,250 gallons of water per month. The request to the PUCO also includes an adjustment to fire protection charges that can vary by community. Even if our rate request is approved in full, the cost of a gallon of water delivered to your home remains less than a penny.

Ohio American Water invested more than \$8.9 million over the past 18 months alone to enhance and improve the water service throughout Ohio. This investment includes the replacement of older pumps, pipes and meters while continuing to upgrade treatment facilities that serve Portage County. In addition, the water company completed new or replacement main projects and installed new hydrants to improve fire protection services for our customers and upgraded meters throughout the service area to reduce future maintenance costs. This investment also includes the replacement of a well pump at the water treatment plant serving the Aurora East and Beechcrest communities. Like other businesses, Ohio American Water also continues to experience annual increases in our operational costs, including electricity, fuel and chemicals.

We know that any increase in rates creates questions and we want you to have answers. Please feel free to contact us by:

- Calling the Customer Service Center at (800) 673-5999
- Visiting www.oawc.com

Sincerely,

A handwritten signature in cursive script that reads "Bill Dingleline".

Bill Dingleline
Network Manager

Ohio American Water
1514 S. Water Street
PO Box 261
Kent, OH 44240
T. 800/673-5999

Tiffin



October 12, 2007

To Our Customers:

Ohio American Water is filing a notice with the Public Utilities Commission of Ohio (PUCO) of its intent to request a change in water and wastewater rates for all Ohio customers. Periodic rate reviews are necessary to cover the actual costs of providing high-quality water and reliable water and wastewater service to our customers, which is the company's commitment.

No rates will change until the PUCO completes a comprehensive review of our request and determines that the requested rates are reasonable and justified. This process normally takes nine to 12 months.

If our request is approved in full, the residential water bill will increase \$3.99 per month, or 13 cents a day, for a customer using an average of 3,750 gallons of water per month. The request to the PUCO also includes an adjustment to fire protection charges that can vary by community. Even if our rate request is approved in full, the cost of a gallon of water delivered to your home remains less than a penny.

Ohio American Water invested more than \$1.4 million over the last 18 months to improve water service in Tiffin. This investment includes the replacement of older pumps, pipes and meters while continuing to upgrade treatment facilities. The company directed some of the investments in our Tiffin system to projects recommended by the PUCO, the Office of the Ohio Consumers' Counsel and local officials. For example, the company invested in main replacement projects on Railroad Street and Water Street, new service lines and replacing deteriorating service lines, and upgrading meters to reduce future maintenance and improve reliability. Like other businesses, Ohio American Water continues to experience annual increases in our operating costs, including electricity, fuel and chemicals.

Ohio American Water and its employees remain a partner in the Tiffin community. Our company supports more than a dozen local civic and charitable organizations, including the United Way, the Heritage Festival, SCAT, The Salvation Army, local firefighters, the Sandusky River Watershed Coalition and the Patchworks House. Our employees are also members and volunteers for a variety of local civic and community organizations.

We know that any increase in rates creates questions and we want you to have answers. Please feel free to contact us by:

- Calling the Customer Service Center at (800) 673-5999
- Visiting www.oawc.com

Sincerely,

A handwritten signature in cursive script that reads "James R. Welty".

James Welty
Network Manager

Ohio American Water
1630 S. SR 53
Drawer T
Tiffin, OH 44883
T. 800/673-5999

Timberbrook



October 11, 2007

To Our Customers:

Ohio American Water is filing a notice with the Public Utilities Commission of Ohio (PUCO) of its intent to request a change in water and wastewater rates for all Ohio customers. Periodic rate reviews are necessary to cover the actual costs of providing high-quality water and reliable water and wastewater service to our customers, which is the company's commitment.

No rates will change until the PUCO completes a comprehensive review of our request and determines that the requested rates are reasonable and justified. This process normally takes nine to 12 months.

If our request is approved in full, the residential water bill will increase \$11.96 per month, or 39 cents a day, for a customer using an average of 5,250 gallons of water per month and the wastewater bill will increase \$15.50, or 50 cents a day. Even if our rate request is approved in full, the cost of a gallon of water delivered to your home remains less than a penny.

Since January 2003, Ohio American Water invested more than \$5.2 million to improve its water and wastewater systems. In the last 18 months the company invested \$3.1 million in the Franklin County District to deliver high-quality water and wastewater service that is as good as or better than local, state and federal standards. Like other businesses, Ohio American Water continues to experience annual increases in our operational costs, including electricity, fuel and chemicals.

For example, the water company invested more than \$700,000 on upgrades to treatment facilities in all five areas we serve in Franklin County. The work included the rehabilitation of five supply wells and three pumps that will improve capacity, along with other upgrades which will improve reliability. Ohio American Water continued to replace water mains and obsolete meters within the Franklin County District, and we have increased the number of sampling stations in a project that strengthens our ability to monitor water quality.

Ohio American Water invested more than \$1.3 million on upgrading and modernizing its three wastewater treatment plants within the Franklin County District over the past 18 months. The investments will improve the reliability of the plants and help reduce operating costs. The company invested in new technology that will significantly reduce the cost for solids disposal at its treatment plants.

We know that any increase in rates creates questions and we want you to have answers. Please feel free to contact us by:

- Calling the Customer Service Center at (800) 673-5999
- Visiting www.oawc.com

Sincerely,

A handwritten signature in cursive script that reads "Tom Schwing".

Tom Schwing
Network Supervisor

Ohio American Water
5481 Buenos Aires Blvd.
Westerville, OH 43081
T. 800/673-5999

Worthington Hills



October 11, 2007

To Our Customers:

Ohio American Water is filing a notice with the Public Utilities Commission of Ohio (PUCO) of its intent to request a change in water and wastewater rates for all Ohio customers. Periodic rate reviews are necessary to cover the actual costs of providing high-quality water and reliable water and wastewater service to our customers, which is the company's commitment.

No rates will change until the PUCO completes a comprehensive review of our request and determines that the requested rates are reasonable and justified. This process normally takes nine to 12 months.

If our request is approved in full, the residential water bill will increase \$11.88 per month, or 39 cents a day, for a customer using an average of 5,250 gallons of water per month. Even if our rate request is approved in full, the cost of a gallon of water delivered to your home remains less than a penny.

Since January 2003, Ohio American Water invested more than \$5.2 million to improve its water and wastewater systems. In the last 18 months the company invested \$3.1 million in the Franklin County District to deliver high-quality water and wastewater service that is as good as or better than local, state and federal standards. Like other businesses, Ohio American Water continues to experience annual increases in our operational costs, including electricity, fuel and chemicals.

For example, the water company invested more than \$700,000 on upgrades to treatment facilities in all five areas we serve in Franklin County. The work included the rehabilitation of five supply wells and three pumps that will improve capacity, along with other upgrades which will improve reliability. Ohio American Water continued to replace water mains and obsolete meters within the Franklin County District, and we have increased the number of sampling stations in a project that strengthens our ability to monitor water quality. The company invested in new technology that will significantly reduce the cost for solids disposal at its treatment plants.

We know that any increase in rates creates questions and we want you to have answers. Please feel free to contact us by:

- Calling the Customer Service Center at (800) 673-5999
- Visiting www.oawc.com

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Schwing".

Tom Schwing
Network Supervisor

Ohio American Water
5481 Buenos Aires Blvd.
Westerville, OH 43081
T. 800/673-5999