



The Public Utilities
Commission of Ohio

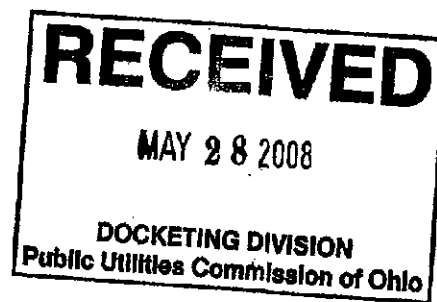
A report by the Staff of the
Public Utilities Commission of Ohio

Ohio American Water Company

Case No. 07-1112-WS-AIR



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STAFF'S REPORT
OF
INVESTIGATION

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

Submitted
to
The Public Utilities Commission

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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

Alan R. Schriber, Chairman
Paul A. Centolella, Commissioner
Ronda Hartman Fergus, Commissioner
Valerie A. Lemmie, Commissioner
Cheryl L. Roberto, Commissioner

To The Honorable Commission:

In accordance with the provisions of R.C. Section 4909.19, the Commission's Staff has conducted its investigation in the above matter and hereby submits its findings in the within Staff Report.

The Staff Report has been jointly prepared by the Commission's Utilities Department and Service Monitoring and Enforcement Department.

In accordance with R.C. Section 4909.19, copies of the Staff Report have been filed with the Docketing Division of the Commission and served by certified mail upon the mayors of all affected municipalities and other public officials deemed representative of the service area affected by the application. A copy of said report has also been served upon the utility or its authorized representative. Interested parties are advised that written objections to any portion of the Staff Report must be filed within thirty (30) days of the date of the filing of said report after which time the Commission will promptly set this matter for public hearing. Written notice of the time, place, and date of such hearing will be served upon all parties to the proceeding.

The Staff Report is intended to present for the Commission's consideration the results of the Staff's investigation. It does not purport to reflect the views of the Commission nor should any party to said proceeding consider the Commission as bound in any manner by the representations or recommendations set forth therein. The Staff Report, however, is legally cognizable evidence upon which the Commission may rely in reaching its decision in this matter. (See *Lindsey v. Pub. Util. Comm.*, 111 Ohio St. 6 (1924)).

Respectfully submitted,

Utilities Department

A handwritten signature in cursive script, appearing to read "Steven Brennen", written in black ink.

Steven Brennen
Director

Service Monitoring and Enforcement Department

A handwritten signature in cursive script, appearing to read "Doris E. McCarter", written in black ink.

Doris McCarter
Director

STAFF ACKNOWLEDGEMENTS

The Staff Report components reflect the results of investigations conducted by the Staff of the Applicant's rate application. The Staff person responsible for each component is shown below:

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BACKGROUND

The Ohio-American Water Company (Applicant) is an Ohio corporation and a public utility supplying water and wastewater service to consumers within the State of Ohio. The Applicant is a subsidiary of the American Water Works Company, a company which since January 10, 2003 has been owned and managed by RWE AG, one of the world's largest utility groups.

The Applicant provides water and wastewater service to eight districts in the state of Ohio: Ashtabula District, Lawrence County District, Marion District, Tiffin District, Franklin County District, Mansfield District, Lake White District, and Portage County District. For this proceeding, and consistent with how the Applicant refers to its divisions, Water A refers to the Ashtabula, Lake White, Lawrence County, Mansfield, Marion, and Tiffin districts. Water C refers to the water operations of the Franklin County district and the Portage County district. Wastewater refers to the sewer operations of the Franklin County district.

All eight districts with the exception of Lawrence County, Portage County, and a portion of the Marion district have their own water treatment plants. Only the Franklin County District provides sewer services. The Lawrence County District purchases all of its water from the Huntington Water Company, a subsidiary of the American Water Works Company located in West Virginia. The Portage County District purchases all of its water from Portage County Water Resources. The Preble County area of the Marion District purchases all of its water from the Richmond District of Indiana-American, also a subsidiary of the American Water Works Company.

On October 12, 2007 the Applicant filed a notice of intent to file an application for an increase its water rates in its entire service area, and its sewer service rates in the Franklin County District where it provides sewer services. The Applicant requested a test year period beginning April 1, 2007, and ending March 31, 2008, and a date certain as of June 30, 2007. By its Entry of November 7, 2007, the Commission approved the requested date certain and test year period.

On November 13, 2007, the Applicant filed an application for the permanent rate increase together with the Standard Filing Requirements. The Applicant's rate application included a revenue requirement calculation and cost of service study for each of its Water A, Water C, and Wastewater service areas.

Applying the Applicant's proposed rates to the related test year meter billings and sales volumes would generate additional base rate revenues of approximately \$3,158,322 for Water A, \$1,204,459 for Water C, and \$1,120,227 for Wastewater, which represents an increase of 11.96%, 30.08%, and 36.61% respectively over total current operating revenues.

OPERATING INCOME AND RATE BASE

SCOPE OF INVESTIGATION

The scope of the Staff's investigation was designed to determine if the Applicant's filed exhibits concerning the test year operating income, rate base and other data were reasonable for ratemaking purposes, and if the financial and statistical records supporting this data could be relied upon. The Staff's investigation of test year operating income included verification of the test year operating revenue computation, and an examination of the reasonableness and appropriateness of the test year operating expenses. The original cost of property was tested for reasonableness through an examination of the Applicant's continuing property records. In addition, the existence and the used and useful nature of the assets were verified through physical inspections. Other independent analyses were performed as the Staff considered necessary under the circumstances. The Staff interviewed the Applicant's management personnel and reviewed both internal and published financial reports to assure understanding of the Applicant's operation and organization.

The Applicant proposed various adjustments to operating income and rate base as summarized on the Applicant's schedules. The Staff reviewed and analyzed the Applicant's proposed adjustments to operating income and rate base and traced them to supporting workpapers and to source data. As a result of its reviews and analyses, the Staff accepted some of the proposed adjustments as appropriate, changed some of the proposed adjustments using alternative approaches, and/or proposed new adjustments as required to make the test year operating income and date certain rate base consistent with sound regulatory accounting practices, more representative of normal operations and appropriate for ratemaking purposes.

The purpose of the Staff's investigation was to develop financial data for ratemaking purposes; it was not intended to provide a basis for expressing an opinion on the financial statements of the Applicant as a whole. The following sections of this report summarize the results of the Staff's investigation, which it believes are relevant to the determination of test year operating income and rate base.

REVENUE REQUIREMENTS

As shown on Schedule A-1, the Staff recommends a revenue increase range between: \$877,134 and \$1,191,976 for Water A; \$1,204,459 for Water C; and \$1,120,249 for Wastewater. This represents an increase over test year operating revenues of 3.31% to 4.50% for Water A, 29.97% for Water C, and 37.08% for Wastewater. This determination is based on the Staff's examination of the accounts and records of the Applicant for the test year ending March 31, 2008, and the date certain as of June 30, 2007. The results of its examination are summarized in this report and the schedules which incorporate the Staff's recommended rate of return, rate base, and adjusted test year operating income.

RATE BASE

The rate base represents the Applicant's net investment in plant, and other assets as of the date certain, June 30, 2007, which were used and useful in providing water and or wastewater services to its customers and upon which its investors are entitled to the opportunity to receive a fair and reasonable rate of return.

The Staff's analysis of the rate base is divided into Plant in Service, Depreciation Reserve, Construction Work in Progress, Working Capital, and Other Rate Base Items. A comparison of the rate base submitted by the Applicant and that, which is recommended by the Staff, is shown on Schedule B-1. Schedules B-2 through B-7 provide additional support for the Staff's findings.

Plant in Service

The plant in service, as presented by the Applicant, is the surviving original cost of the plant that is used and useful in providing water and or wastewater services to its customers.

The Applicant maintains its property records by district. The Mansfield district has ten physically separate systems. The Franklin County district has five separate systems and wastewater includes three treatment plants.

The Staff recommends that the Commission order the Applicant to either revise their balance sheet to reflect the Staff adjustments made in Schedules B-2.1a1, B-2.2a2, B-2.2a3, B-2.2a4, B-2.2b1, and B-2.2c1 prior to filing their next application for an increase in rates or require the Applicant to have their Public Accounting Firm file a letter stating why they believe the Applicant should not reflect these adjustments on its balance sheet.

Water A Plant

As a result of its investigation, the Staff recommends certain adjustments be made to the Applicant's date certain plant investment for ratemaking purposes. These adjustments are identified below, summarized on Schedule B-2.2a and reflected on Schedule B-2.1a.

Counter and Wall Panels Exclusion

The Staff adjusted Account 390, Structures and Improvements, to exclude counter and wall panels, which were determined to be not used and useful in the prior four rate cases and in this case. The original cost of these panels is \$3,590. This adjustment is shown on Schedule B-2.2a1.

Land Exclusion

The Staff adjusted Account 310 – Land and Land Rights, to exclude land in the Marion District deemed not used and useful at date certain in the prior two rate cases. The Staff however, included \$7,013, or 6.4 acres of this land for wellhead protection around Well #32. This adjustment is shown on Schedule B-2.2a2.

Lake White Plant Reclassification and Exclusion

The Applicant acquired Lake White on September 30, 1999. The Applicant's calculation of the date certain balance of Lake White plant in service is based on the original cost of Lake White as of December 31, 1997, plus capital improvements made by the Applicant in 1999.

The Staff reviewed the Applicant's calculation of Lake White plant in service and proposes the same two adjustments made in the Applicant's last four base rate cases. The first adjustment is to reclassify several capital improvements to the proper plant accounts. The second adjustment is to include legal costs for \$19,679 and to exclude electric pumping equipment for \$32,899, water treatment equipment for \$3,149, and land for \$2,036, all deemed not used and useful at date certain. The Staff's adjustment is shown on Schedule B-2.2a3.

Plant Exclusions

In the Applicant's prior two rate cases, the Staff adjusted four plant accounts to exclude several items from the Applicant's date certain plant investment. Among the plant items excluded by the Staff was a thirty acre parcel of land in Mansfield and two personal computers, all of which were deemed not used and useful for ratemaking purposes. A PH meter and a Zeta Meter were not located during the Staff's field inspection and therefore, excluded. Lastly, the Staff excluded ten items from Account 325 – Electric Pumping Equipment that were not located during field inspection. Because the Applicant's books as of June 30, 2007 did not reflect these adjustments, the Staff proposes these adjustments again in this case.

In this case, the Staff excluded one item from the Applicant's date certain plant investment. The Staff's excluded the costs associated with the attempted rehabilitation of Well #15 at the Marion plant. This well collapsed and, therefore, was not in service at the time of the Staff's field inspection. This adjustment is shown on Schedule B-2.2a4.

Corporate Office Reclassification

The Applicant allocated 100% of Marion corporate office plant investment to Water A plant investment. The corporate office provides service to Water A, Water C, and Wastewater operations. In its application, the Applicant reclassified its corporate plant investment from Water A to Water A, Water C and Wastewater operations. However, the Applicant numbers were as of December 31, 2005, the date certain of the prior case. The Staff removed the Applicant's reclassified corporate office plant from Water A, Water C and Wastewater and redistributed it to Water A, Water C and Wastewater using the numbers in the Applicant's books as June 30, 2007, the date certain of this case. The Staff allocated the corporate plant investment to Water A, Water C, and Wastewater on the basis of gross plant allocation factors. In future cases, the Staff recommends that the Applicant remove the date certain amount of the corporate office plant from the Marion General Plant Accounts and distribute it to Corporate Office General Plant Accounts for Water A, Water C and Wastewater. The Staff's adjustment is shown on Schedule B-2.2a5.

Exclusion of Corporate Office Plant

This adjustment recognizes the exclusions agreed to in the Applicant's previous rate case less retirements that occurred from December 31, 2005 through June 30, 2007. The Staff also reduced by 25% the date certain balance of the land and outer shell of the Marion Corporate Office Building deemed not used and useful. The Staff's adjustment is shown on Schedule B-2.2a6.

Water C and Wastewater Plant and Adjustments

The Staff's adjustments to Water C and Wastewater are identified below and presented on Schedules B-2.2b, and B-2.2c; and reflected on Schedules B-2.1b, and B-2.1c.

2002 Plant in Service Adjustment

The Staff's 2002 plant in service adjustment for Water C and Wastewater is a reconciliation of plant in service reflected in the two prior rate cases. These adjustments are reflected on Schedule B-2.2b1 for Water C and B-2.2c1 for Wastewater.

Brimfield Pumping Plant Exclusion

Portage County provides water to the Portage County District by virtue of a purchase water agreement. Therefore, the Staff excluded all source of supply and pumping plant as not being used and useful in the prior case. The Applicant transferred the plant investment associated with this item to exclude it from the rate base, however, the combination of the Applicant's transferred amounts and the retirement amounts did not equal the total amount the Staff excluded in the prior case. The difference between the Staff and the Applicant's exclusion represents the adjustment shown on Schedule B-2.2b2.

Corporate Office Reclassification Adjustment

Consistent with the Staff's adjustments to corporate office plant investment as discussed above in Water A, the Staff redistributed the plant investment associated with the date certain balance of the Marion Corporate Office from Water A to Water A, Water C and Wastewater on the basis of the gross plant allocation factors. The Staff's corporate office reclassifications are shown on Schedules B-2.2b3 and B-2.2c2 and are carried forward on Schedules B-2.1a, B-2.1b and B-2.1c.

Corporate Office Plant Exclusion

Also, consistent with the Staff's adjustments to corporate office plant investment as discussed above in Water A, the Staff excluded the Applicant's reclassified corporate office plant from Water A, Water C and Wastewater. The Staff's corporate office exclusions are reflected on Schedules B-2.2b4 and B-2.2c3.

Depreciation

Depreciation accounting is the process which distributes the original cost of depreciable assets, adjusted for net salvage, over the normal useful life of the property in a systematic and rational manner. The Staff's investigation of depreciation is segregated into two areas: Depreciation Reserve, and Depreciation Accrual Rates and the corresponding Depreciation Expense. Each of these areas is discussed in detail in the following sections.

Depreciation Reserve

Water A

The Applicant maintains its depreciation reserve by account and on a district basis. In order to determine if the Applicant's booked reserve for depreciation is proper and adequate, the Staff generally finds it useful to compare the booked reserve with a theoretical reserve. The Staff compared the Applicant's booked reserve with a calculated theoretical reserve, based on the current accrual rates and June 30, 2007 plant balances. The results of this study indicated a difference between the actual and the theoretical reserves of 1.79%.

According to the stipulation in Case No. 99-1038-WW-AIR, the amortization of the depreciation reserve deficiency for the years 2000 and 2001 was \$109,550 unless changed by a Commission order (Jt.Ex.1, at 4) or the Applicant filed a rate case by June 30, 2001. The amortization of the reserve deficiency beginning January 1, 2002 and thereafter is \$359,955 as was granted in Case No. 91-1318-WW-AIR.

The Staff recommends that the Commission discontinue the current annual amortization of \$359,955 for purposes of this proceeding. The Staff will continue to monitor the reserve in future cases.

The Staff adjusted the Applicant's depreciation reserve to exclude the reserve associated with the adjustments discussed in the Plant in Service section. In addition, the Staff adjusted Land and Land Rights to remove the impact of a retirement recorded to land. Also, the Staff excluded reserve that was not associated with Water A but rather with Water C and Wastewater.

These adjustments are shown on Schedule B-3.1a. The Staff is of the opinion that the actual jurisdictional reserve, as adjusted by the Staff and shown on Schedule B-3a, is proper and adequate and should be used for purposes of this proceeding.

Water C

The Applicant maintains its depreciation reserve by account. In order to determine if the Applicant's booked reserve for depreciation is proper and adequate, the Staff generally finds it useful to compare the booked reserve with a theoretical reserve. The Staff compared the Applicant's booked reserve with a calculated theoretical reserve, based on the current accrual rates and June 30, 2007 plant balances. The results of this study indicated a difference between the actual and the theoretical reserves of -1.53%. Therefore, it is the Staff's opinion that the actual jurisdictional reserve for depreciation, as adjusted by the Staff on Schedule B-3, is proper and adequate and should be used for purposes of this proceeding.

The Staff adjusted the Applicant's depreciation reserve to exclude the reserve associated with the adjustments discussed in the Plant in Service section. The Staff also adjusted the reserve to exclude the reserve associated with Brimfield and the reserve that was not associated with Water A but rather with Water C.

These adjustments are shown on Schedule B-3.1b. In addition, the Staff made an adjustment to exclude Contributions in Aid of Construction from the depreciation reserve as shown on B-6.

The Staff is of the opinion that the actual jurisdictional reserve, as adjusted by the Staff and shown on Schedule B-3b, is proper and adequate and should be used for purposes of this proceeding.

Wastewater

The Applicant maintains its depreciation reserve by account. In order to determine if the Applicant's booked reserve for depreciation is proper and adequate, the Staff generally finds it useful to compare the booked reserve with a theoretical reserve. The Staff compared the Applicant's booked reserve with a calculated theoretical reserve, based on the current accrual rates and June 30, 2007 plant balances. The results of this study indicated a difference between the actual and the theoretical reserves of 4.21%. Therefore, it is the Staff's opinion that the actual jurisdictional reserve for depreciation, as adjusted by the Staff on Schedule B-3, is proper and adequate and should be used for purposes of this proceeding.

The Staff adjusted the Applicant's depreciation reserve to exclude the reserve associated with the adjustments discussed in the Plant in Service section. The Staff also excluded the reserve for the retirement of the Frame Mounted Rope Media. These adjustments are shown on Schedule B-3.1c.

In addition, the Staff made an adjustment to exclude Contributions in Aid of Construction from the depreciation reserve as shown on B-6.

The Staff is of the opinion that the actual jurisdictional reserve, as adjusted by the Staff and shown on Schedule B-3c, is proper and adequate and should be used for purposes of this proceeding.

Depreciation Accrual Rates and Depreciation Expense

Water A

The Applicant's current depreciation accrual rates were prescribed by this Commission Case No. 99-1038-WW-AIR. The Staff is of the opinion that the current accrual rates on Schedule B-3.2a are proper and adequate for use in this case.

The Staff's calculation of depreciation expense based on the adjusted jurisdictional plant in service balances at date certain and the accrual rates discussed above, is shown on Schedule B-3.2a.

Water C

The Applicant's current depreciation accrual rates were prescribed by this Commission Case No. 94-1237-WS-AIR. The Staff is of the opinion that the current accrual rates as shown on Schedule B-3.2b are proper and adequate for use in this case.

The Staff's calculation of depreciation expense based on the adjusted jurisdictional plant in service balances at date certain and the accrual rates discussed above, is shown on Schedule B-3.2b.

In addition the Staff's calculation of depreciation expense was reduced by the depreciation expense associated with Contributions In Aid of Construction.

Wastewater

The Applicant's current depreciation accrual rates were prescribed by this Commission Case No. 94-1237-WS-AIR. The Staff is of the opinion that the current accrual rates as shown on Schedule B-3.2c are proper and adequate for use in this case.

The Staff's calculation of depreciation expense based on the adjusted jurisdictional plant in service balances at date certain and the accrual rates discussed above, is shown on Schedule B-3.2c.

In addition the Staff's calculation of depreciation expense was reduced by the depreciation expense associated with Contributions In Aid of Construction.

Construction Work in Progress

The Applicant did not request an allowance for construction work in Progress in its filing. This is reflected on Schedule B-4.

Working Capital

The Applicant did not request an allowance for working capital in its filing. This is reflected on Schedule B-5.

Other Rate Base Items

The rate base was reduced by the date certain balance of customers advances for construction, contributions in aid of construction, accumulated unrestricted investment tax credits, deferred income taxes related to accelerated depreciation, regulatory liabilities and grossed up investment tax credits, and the tank painting reserve. Also, the rate base was increased by the date certain balances of deferred taxes on AFUDC, regulatory assets for AFUDC debt, and deferred depreciation. The Staff did not include waste disposal nor security cost deferred balances in the rate base. The Staff's calculation of other rate base items is provided on Schedule B-6.

ALLOCATIONS

The Applicant maintains separate accounting records for Water A, Water C, and Wastewater. The Marion corporate office operating expenses and the Marion corporate office plant investment are allocated to all three companies by the Applicant.

The following discusses the Staff's proposed allocation factors for this proceeding.

Corporate office plant investment

The allocation factors presented on Applicant's Schedule B-7.1 show an allocation of the corporate office plant investment to Water A, Water C, and Wastewater based on the number of customers as of June 30, 2007.

Staff's Schedule B-7 presents several allocation factors to be applied to the corporate office investments and operating expenses. The Staff proposes that the corporate office plant investment be allocated to each company on the basis of gross plant-in-service and depreciation reserve. The Staff's allocation methodology is consistent with that used by the Staff and approved by the Commission in similar water rate cases. The Staff, therefore, proposes that its allocation factors as computed on Schedule B-7, be used for the purpose of this proceeding.

Corporate office operating expenses

The allocation factor on Applicant's Schedule B-7.1 relative to corporate office operating expenses is based upon the number of customers as of June 30, 2007. The Staff reviewed the Applicant's operating income allocation methodology and found it to be unrepresentative of accepted allocation methodologies for service and administrative costs.

The Staff proposes an operating income allocation factor for each company based upon a seven factor formula calculated from gross plant, depreciation reserve, net plant, employees, payroll, customers, and operating revenues as shown on Schedule B-7. The Staff's allocation factors were developed consistent with the methodologies used by the Staff and approved by the Commission in similar prior water rate cases. The Staff, therefore, proposes that its allocation factors as computed on Schedule B-7, be used for the purpose of this proceeding.

OPERATING INCOME

The Applicant's test year operating income consists of three months of actual data for the period April 1, 2007 through June 30, 2007, and nine months of forecasted data for the period July 1, 2007 to March 31, 2008. The Staff adjusted the Applicant's test year operating income as required to render it appropriate as a basis for setting rates.

The Staff's pro forma operating income is the Staff's adjusted test year operating income modified to reflect the Applicant's proposed increase in revenues and the associated increases in uncollectible accounts expense, Ohio excise taxes, and federal income taxes.

Schedules C-1 and C-2 present the Staff's determination of operating income. The calculations, methodologies and rationale used to develop the Staff's adjusted and pro-forma operating income are detailed on Schedules A-1.1, C-1.1, C-3.1 through C-3.21, and C-4.

Pro forma Adjustments

Schedule C-1.1 shows the Applicant's proposed increase in operating revenues based on the Applicant's proposed rates and associated increases in uncollectible expenses, Ohio excise taxes, and federal income taxes.

Current Adjustments

Base Revenues

The Applicant and the Staff adjusted base revenues to annualize test year sales volumes using the most recent rates granted by the Commission in case No. 06-433-WS-AIR. The Staff, however, corrected errors in the Applicant's Schedule E-4, Water A, Special Contracts – Industrial for credit adjustments and also on Schedule E-4, Water A Miscellaneous Metered Sales consumption charges. . In addition, Staff also corrected errors in the Applicant's Schedule E-4, Wastewater, Residential consumption charges. The Staff's adjustment is presented on Schedule C-3.1.

Other Operating Revenue

The Staff adjusted test year late payment revenues to reflect the Staff's adjustment to operating revenues. The Staff also adjusted test year Activation, Reconnection, and NSF fees to reflect current revenues. The Staff's adjustments are shown on Schedule C-3.2.

Labor and Labor Related Expense

Labor Expense: The Applicant's annualized labor expense reflects estimated employee levels and wages expected at the end of the test year. The Staff's annualized labor expense reflects actual employee levels and wage rates at the end of the test year. The Applicant's test year labor also includes incentive pay based on financial, individual, and operational goals. The Staff adjusted the

incentive pay to exclude the expense associated with the financial goal as Staff is of the opinion that achievement of this goal benefits Ohio American shareholders.

Group Insurance Expense: The Applicant annualized test year medical, life, and disability (group insurance) expense using its projected test year employee wages and insurance premium rates. The Staff annualized test year group insurance expense by using the latest known test year insurance premium and actual employee wages.

Pension Expense and Other Post-Retirement Employee Benefits (OPEB) Expense: The Staff adjusted test year pension and OPEB expenses to eliminate the effect of financing and other non-service related expenses. The Staff then annualized test year pension and OPEB expenses to reflect the estimated service costs using the latest known 2007 Actuarial Valuation Reports. Both the Applicant and the Staff also included the recognition of a ten year amortization of the pension asset in the pension expense.

401K Plan Expense: The Applicant adjusted test year 401K Plan expense using projected test year employee wages and plan rates. The Staff annualized test year 401K Plan expense using the latest known test year company matching policy and actual employee wages.

Employee Investment Plan (EIP) Expense: Both the Applicant and the Staff adjusted the test year EIP expense to reflect the discontinuation of this program.

The Staff's adjustment to labor and labor related expenses is presented on Schedules C-3.3 and C-3.3a.

Purchased Water Expense

The Staff's purchased water expense reflects eleven months of actual consumption, with the twelfth month being an average of the eleven months. The rates used for Lawrence, Preble County and Portage County reflect the latest known rates. The Staff's adjustment is shown on Schedule C-3.4.

Purchased Power Expense

Both the Applicant and Staff adjusted Purchased Power Expense to reflect the historical average fuel and power costs for Water A, Water C, and Wastewater. The Staff's adjustment is presented on Schedule C-3.5.

Chemical Expense

Both the Applicant and Staff adjusted Chemical Expense to reflect the most recent unit chemical cost multiplied by the historical average usage amount for Water A, Water C, and Wastewater. The Staff's adjustment is presented on Schedule C-3.6.

Waste Disposal Expense

The Staff adjusted test year waste disposal expense reflects costs included in the Applicant's last rate case which have not been fully amortized as of the filing of the current application. In addition the Staff excluded amortization costs that will expire the last quarter of 2008.

The Staff and the Applicant recommended an establishment of an accrual for cleaning costs associated with the Ashtabula lagoon. This accrual is based on actual cost not included in this filing. While the Applicant suggests a two year amortization the Staff recommends a three-year amortization of the accrual. The Staff's adjustment is shown on Schedule C-3.7.

Rate Case Expense

The Applicant estimated rate case expense to be \$551,320 for this proceeding, and proposed a two-year amortization period of this amount. The Applicant's estimate of rate case expense is based on a fully litigated case, which involves a complete investigation, hearings, briefs by the Applicant, the Staff, and intervening parties and appeals to a high court if necessary.

The Staff reviewed and compared the Applicant's current estimate of rate case expense to prior rate case expense levels and determined that the Applicant's current estimate is overstated. The Staff believes that an estimate of \$400,000 is reasonable and recommends a three-year amortization period. The Staff's adjustment is shown on Schedule C-3.8.

The Staff recommends that the Commission review the Applicant's revised estimate of the rate case expense which should be submitted as a late filed exhibit before making a final determination of the appropriate level of rate case expense.

Unaccounted-for Water

Pursuant to the Commission's Opinion and Order in Case No. 03-2390-WS-AIR, the Applicant and the Staff reduced test year chemical and power expenses for Ashtabula, Marion, Tiffin and Franklin County districts by the cost of unaccounted-for water above the average of fifteen percent. For Franklin County the Staff

excluded the system delivery associated with Portage County since Portage County purchases its water and does not use chemicals. Additional discussion of unaccounted for water can be found in the Service Monitoring and Enforcement portion of this Staff Report. The Staff's adjustment is shown on Schedule C-3.9.

Insurance Other Than Group Expense

The Applicant adjusted test year insurance other than group expense which includes workers' compensation, property, general liability insurance, executive risk and officer's liability insurance. The Staff adjusted insurance other than group to reflect the latest known insurance premium in effect during the test year. The Staff's adjusted insurance does not include executive risk and officer's liability insurance. The Staff's adjustment is shown on Schedule C-3.10.

Elimination of Net Negative Salvage Costs

Pursuant to FASB 143, the Applicant books net negative salvage costs to test year maintenance expenses. This adjustment eliminates this cost from maintenance expenses. The Staff includes this cost in the depreciation expense adjustment. This adjustment to eliminate this cost from maintenance expense is shown on Schedule C-3.11.

Miscellaneous Operation & Maintenance Expense

The Applicant and the Staff adjusted test year operating expenses to eliminate lobbying expense and nondeductible penalties. Both the Applicant and the Staff adjusted test year operating expenses to include the amortization of the Orcom software regulatory asset reflected in the Stipulation from Case No. 06-433-WS-AIR. The Staff's adjustment can be found on Schedule C-3.12.

Uncollectible Expense

The Staff adjusted test year uncollectible expense to reflect the Staff's adjustment to operating revenue utilizing the test year average ratio of the uncollectible provision to total revenue. The Staff's adjustment is shown on Schedule C-3.13.

Tank Painting Expense

The Applicant and the Staff adjusted test year tank painting expenses by trending the historical painting cost of each tank to test year current cost. These costs were then amortized over the expected lives of each tank painting.

The Staff's calculation of tank painting expense for Water A and C excludes the Applicant's estimated costs for tank inspections. The Staff's adjustment is shown on Schedule C-3.14.

Advertising and Community Expense Adjustment

The Staff adjusted test year operating expenses to exclude advertising costs believed to be either promotional or institutional in nature. The Staff also excluded the test year Community Relations expenses as Staff believes these expenses are associated solely with public relations and goodwill. The Staff's adjustment is shown on Schedule C-3.15.

Social and Service Club Dues Expense

The Staff adjusted test year operating expenses to eliminate social and service club dues believed to be associated with public relations or goodwill. The Staff's adjustment is shown on Schedule C-3.16.

Charitable Contributions

The Staff excluded charitable contribution expenses from test year operating and maintenance expenses. The Staff's adjustment is shown on Schedule C-3.17.

Management Fees

The Applicant and the Staff reduced management fees to reflect the elimination of one-time costs associated with Sarbanes-Oxley. These fees are paid to American Water Works Service Company and should not have been allocated to Ohio. The Staff's adjustment is shown on Schedule C-3.18.

Depreciation and Amortization Expense

Depreciation and amortization expense was adjusted to reflect the Staff's recommended plant in service as of the date certain. This adjustment is provided on Schedule C-3.19, with supporting calculations shown on Schedule B-3.2a, Schedule B-3.2b, and Schedule B-3.2c.

The Staff's adjustment also includes the amortization of Leasehold Improvements. In addition, the Staff included the amortization of regulatory asset-AFUDC and the amortization of deferred depreciation expense for Water A.

Taxes Other Than Income Taxes

Taxes other than income taxes were adjusted to reflect the proper base and latest known rates. For example, property taxes were computed by applying the latest known property tax rate to the property valuation at date certain, and Ohio excise taxes were calculated to reflect taxes based on test year revenues rather than on the basis of total receipts for a different fiscal period.

Schedule C-3.20 provides the summary of the calculated taxes and the resultant adjustments of those taxes. The supporting calculations are detailed on Schedules C-3.20a through C-3.20e.

Federal Income Tax

The Staff computed test year federal income taxes to reflect the recommended adjustments to operating revenues and expenses. This computation reflects the inter-period interest allocation, ratable flow through of investment tax credit, and normalization of tax-accelerated depreciation, tank painting expense, rate case expense, waste disposal expense, post-retirement employee benefits expense, uncollectible expense, and other temporary differences.

Schedule C-3.21 shows the calculation of the federal income tax adjustment. Schedule C-4 shows the detailed calculation of federal income taxes.

RATE OF RETURN

The Staff recommends a rate of return in the range of 7.96% to 8.38%. The recommended rate of return was developed using a cost of capital approach which reflects the Applicant's market-derived cost of equity, the Applicant's embedded cost of long-term debt and preferred stock, and the embedded capital structure of the Applicant.¹

Capital Structure

The Applicant is a wholly-owned subsidiary of American Water Works, Inc. In the Applicant's prior cases, the Staff determined that the appropriate capital structure to be used in the rate of return analysis was that of the Applicant, rather than the parent consolidated capital structure. This determination was based on the level of revenues contributed by the utility subsidiaries and the level of equity financing which those subsidiaries maintained. The Staff believes that the use of the Applicant's capital structure is still appropriate.

Cost of Long Term Debt

The Staff employed the embedded cost of long term debt of the Applicant, Ohio American Water Company, as of June 30, 2007. In the calculation of the weighted cost of debt, the Staff divided the annual interest by the carrying value. The debt calculation includes the effect of unamortized debt expense on both the interest cost and the carrying value. Staff determined the embedded cost of long term debt to be 6.17%.² In the calculation of the weighted cost of preferred stock, the Staff divided the annual interest by the carrying value. The preferred stock calculation includes the effect of unamortized issuance expense on the carrying value. Staff determined the embedded cost of preferred stock to be 8.48%.³

Cost of Common Equity

As the stock of the Applicant is not traded on the market, the Staff looked to proxies to determine the cost of common equity for the Applicant. The Staff considered a group of water utilities which are representative of the industry for purposes of cost of equity

¹ See Schedule D-1.

² See Schedule D-1.2.

³ See Applicant's Schedule D-4.

estimation. This group consists of publicly traded companies, listed as "Water Utilities" by MSN Investor with a market capitalization above \$250 million, and included in the "Water Utility" group in the Value line Investment Survey Standard Edition. The result is a comparable group of five, which includes the following companies:

<u>Company Name</u>	<u>Ticker</u>
American States Water Company	AWR
California Water Service Group	CWT
Southwest Water Company	SWWC
Aqua America, Inc.	WTR

The Staff employed a cost of equity estimate for the comparable group companies that is the average of their capital asset pricing model (CAPM) and discounted cash flow (DCF) derived estimates. In calculating its CAPM cost of common equity estimate, the Staff employed the average of the Value Line betas, being 1.0125 and the Ibbotson⁴ derived spread of arithmetic mean total returns between large company stocks and long term government bonds (i.e., "risk free return"; 6.5%). These were used in the CAPM formulation with the weighted average of 10 year and 30 year daily closing Treasury yields for the period from March 21, 2007 through March 20, 2008. The weighting was done in a manner that emphasized later quarters to a greater degree. The averaged 10 year yield is 4.11%. The averaged 30 year yield is 4.60%. These average to 4.36%. This was added to the product of the beta and the 6.5% spread, and resulted in a CAPM cost of equity estimate of 10.94%.⁵

In calculating its DCF cost of common equity estimate, for each comparable company, the Staff employed the annual average stock price, the sum of the last four quarterly dividends, estimates of the expected rate of growth of earnings, and generic issuance costs related to the external equity financing. The stock price employed is the average daily closing price for the period from March 21, 2007 through March 20, 2008.

The DCF model assumes that earnings growth and dividends growth are the same. The Staff averaged earnings per share estimates from Reuters, Yahoo, MSN, and Value Line to get DCF growth estimates for each company.⁶ The Value Line average incorporates both the explicit long-range earnings estimate shown in the "box" and the implicit continuous growth rate calculated from the estimates of earnings per share.

For the Staff's determination of DCF cost of equity, a non-constant DCF growth rate was assumed. Dividends were assumed to grow at a rate derived from financial analysts' growth estimates for the first five years (i.e., long term growth rate). The Staff's DCF growth estimates were used for the first five years, as they are averages of

⁴ Ibbotson Associates 2007 Yearbook: Stocks, Bonds, Bills and Inflation: Valuation Edition

⁵ See Schedule D-1.3.

⁶ See Schedule D-1.4.

estimates from various investor news services. From the twenty-fifth year on, the growth rate was assumed to equal the long-term growth rate in GNP. For the sixth through twenty-fourth years, dividends vary between the two rates in a linear fashion.⁷ The long-term growth rate in GNP was the average annual change in GNP from the U. S. Department of Commerce for 1929 through 2005.⁸

Based on long-term GNP growth, the respective company DCF growth estimate and dividend, a stream of annual dividends was calculated. The internal rate of return derived from the dividend stream and the stock price was used for Staff's non-constant growth DCF cost of equity estimate.

The comparable group non-constant DCF cost of equity estimates average 10.29%. When averaged with the 10.94% CAPM estimate, the result is 10.62%. Using a one-hundred basis point range of uncertainty, the cost of equity estimate becomes 10.12% to 11.12%.⁹ To provide for this return, allowance must be made for issuance and other costs, as shown on Schedule D-1.1, resulting in an adjustment factor of 1.03619. Applying this factor to the baseline cost of common equity range results in a recommendation of 10.48% to 11.52%.

⁷ See Schedules D-1.5 through D-1.8.

⁸ See Schedule D-1.9.

⁹ See Schedule D-1.1.

RATES AND TARIFFS

INTRODUCTION

In this proceeding, the Ohio-American Water Company (Applicant or Company) requests authority to increase its rates and charges for general water service to all classes of customers. Applicant is a large water company. Ohio-American acquired Citizens Utilities effective September 7, 2000, and blended the two tariffs into one tariff in Case No. 03-2390-WS-AIR while retaining separate rates for service. The Applicant's current rates became effective March 7, 2007, in Case No. 06-433-WS-AIR. The Applicant now requests an increase in rates and charges to all Company districts that, if approved, will generate additional revenue of \$5,483,008 representing a 16.8% increase in the current revenue.

Rates & Tariffs Staff has investigated the rate and tariff matters proposed by the Applicant. The results of Staff's investigation are reported herein. It is the Staff's intent to provide analysis with respect to the acceptability and reasonableness of the revenue recovery mechanisms contained in Applicant's proposed tariffs. Staff has not recommended specific rates and charges, but rather focused on formulas/percentages/or direction to be applied to the authorized revenue. Typical customer bills under Applicant proposed rates are presented at the end of this section.

TARIFF ANALYSIS

General

Staff has found a few incorrect references or typos that need correcting within the Applicant's tariff. This is not an issue that warrants discussion in this report, but alerts the Applicant of some minor corrections that need to be addressed. Staff will provide the sites outside of this written report.

Case No. 07-292-WS-ORD

Case No. 07-292-WS-ORD addresses the Commission's 5-year review of Chapter 4901:1-15, Ohio Administrative Code (OAC), Standards for Waterworks Companies and Sewage Disposal System Companies. The Finding and Order for this case were approved by the Commission on March 19, 2008. As a result, Commission directives could not be addressed by the Company at the time of its filing. The Company should

make all changes according to the Commission's Finding & Order when it submits its tariffs for review at the end of this proceeding.

Provisions

The tariff contains no section specifying the Applicant's complaint-handling procedures as required by Rule 4901:1-15-15 (A)(8)(g). Staff recommends the Applicant add to its tariff a new section titled "Complaint Process", include the language on this subject that is specified in Rule 4901:1-15-33, O.A.C., and reference this new section in the Table of Contents and Subject Index.

Section 2 – Definitions

Although Section 21 and the Applicant's various main extension agreements use the term "main extension", the Applicant's tariff does not define this term. Staff recommends the Applicant add to Section 2 the definition specified in Rule 4901:1-15-30 (C)(1), O.A.C.

Although Section 21 and the Applicant's various main extension agreements use the term "related facilities", the Applicant's tariff does not define this term. Staff recommends the Applicant add to Section 2 the definition specified in Rule 4901:1-15-30 (C)(2), O.A.C.

Section 12 – Terms and Conditions of Billing and Payment

Paragraph G of this section concerns incorrect usage quantities in customer bills, and states that the Company will not be bound by such bills. Due to the existence of this limiting language in the tariff, Staff recommends this paragraph also include the requirements governing inaccurate or estimated bills as specified in Rule 4901:1-15-24 (C) through (E), O.A.C. in order that the tariff also reflects the customer's rights when inaccurate or estimated bills have been rendered.

Section 21 -- Extension of Mains

Paragraph (A) of this section states that the Company will extend mains to serve new customers either in accordance with the applicable rules or in accordance with the main extension agreements set forth in its tariff. Staff believes these agreements should be consistent with the applicable rules, and therefore recommends this paragraph be revised by deleting the word "either" in the third line and by substituting "and" in place of "or" in the seventh line. Staff also recommends the sheet-number reference to in the eighth line be corrected to read "63-88".

Water Main Extension and Deposit Agreement

On Original Sheet No. 64, the fourth paragraph of Applicant's Water Main Extension and Deposit Agreement states that the refundable extension deposit account shall be reduced by the amount of the tax so that only the adjusted deposit shall be subject to refund. This paragraph omits, however, any information on how this adjustment is calculated. Staff recommends that the Applicant add to this paragraph a statement that the amount of such tax adjustment shall be determined in accordance with Rule 4901:1-15-30 (H)(2), O.A.C.

Attachment 1 – Notification of Customer Rights

As required by Rule 4901:1-15-15 (D), O.A.C., the Applicant has attached to its tariff a copy of its Notification of Customer Rights (NCR) and included such attachment in the tariff filed with the Application in this case. Staff has reviewed that version of the NCR and has identified the following issues.

- The reconnection and dishonored payment charges appearing in the NCR do not match those in the Applicant's current tariff.
- The NCR omits a statement that customers may obtain upon request a copy of the Commissions standards for waterworks and sewage disposal companies as required by Rule 4901:1-15-16 (G), O.A.C.
- The NCR does not contain the new Public Utilities Commission of Ohio (PUCO) and Office of the Consumers' Council (OCC) contact language that the commission adopted on November 20, 2007 in Case No. 07-1042-AU-ORD.

The Applicant has addressed the above issues by filing late revisions to its NCR (on November 16 and 26, 2007), but those filings were made in the Applicant's prior rate case. Staff recommends the Applicant file in the current rate case an NCR containing these same revisions.

Attachment 2 -- Bill Format

As required by Rule 4901:1-15-15 (D), O.A.C., the Applicant has attached to its tariff a copy of its bill form, and such attachment was included in the tariff filed with the Application in this case on November 13, 2007. Subsequently, the Applicant filed, on December 20, 2007, a revised bill format pursuant to the Commission's Finding and Order in Case No. 07-1042-AU-ORD. Staff has reviewed that subsequent filing and considers the revised bill format to be in compliance with Rule 4901:1-15-23, O.A.C. as well as the revisions to that rule adopted in Case No. 07-1042-AU-ORD. Staff therefore recommends that the Applicant adopt the bill format that was subsequently filed in Case

No. 07-1042-AU-ORD and file that version as a replacement to the version it filed in its application for the pending rate case.

Bills and Payments for Services

The Applicant bills customers monthly and bi-monthly. Charges are billed in arrears. The bills are due 15 days after the billing date, but are not subject to disconnection until 22 days after the billing date. If the bill has not been paid by the 22nd day, then the customer is subject to disconnection upon 15 days prior written notice. Staff finds Applicant's billing and payment procedures reasonable and recommends approval.

Application for Service Form/Establishing Service

The Applicant does not require written application for service. Staff finds an oral contract to be reasonable and recommends approval.

Company Photo Identification

In prior rate cases Staff has reviewed the Company's photo identification which is required in Rule 4901:1-15-11 O.A.C. The Applicant has provided blank versions of the Company's ID. Staff finds the photo identification to be reasonable.

Disconnection Problems

The Applicant has been experiencing situations where a customer that has been disconnected for nonpayment or violation of policy reconnects the service without Company authorization. The Company disconnects the customer again and the customer reconnects a second time. To stop this issue the Company has resorted to digging up the curb stop and disconnecting service. Some customers have responded by digging up the curb stop and reconnecting the service. This has led the Company to take more drastic measures. The Company has exposed the service at the main and removed the Company's service line out of the ground (which had been bored across from the other side of the road).

When other PUCO regulated water companies have experienced this disconnect problem the Commission has authorized the following tariff language:

"When the Company has discontinued customer service under its Tariff, by turning off the curb stop and this proves to be unsuccessful the Company may take whatever actions are necessary to physically disconnect the service. The Company will bill the customer for the out of pocket expenses incurred for disconnection and reconnection."

Staff recommends this language be inserted in the Applicant's tariff.

MISCELLANEOUS CHARGES

Late Payment Charge

Applicant's tariff permits 15 days to pay a bill before it is considered past the due date. A late payment charge is not assessed until 20 days after the due date. Staff finds this to be reasonable and recommends approval.

Applicant currently applies a late payment charge of 5%, based on current charges only, and is not compounded on future delinquencies. Staff finds this policy to be reasonable and recommends approval.

Dishonored Payment Charge

Staff finds that a dishonored payment charge is appropriate and should reflect the actual costs incurred by the Company to process such checks. The cost of dishonored payments should not be recovered by customers in general. Such payments decrease the funds available for the utility to meet its obligations with resulting:

- (1) Additions to working capital requirements;
- (2) Increased interest expense associated with short-term borrowing; and
- (3) Labor and non-labor expenses in processing the returned/dishonored payments.

The Applicant's tariff contains a dishonored check charge of \$20.75. Applicant stated in response to Data Request No. 27 that there were 676 dishonored items during the test year. The Applicant provided itemized costs of processing dishonored payments at a charge of \$22.27. Staff has reviewed the information and recommends the dishonored payment charge remain at \$20.75 for all customers.

Account Activation Charge

An Account Activation Charge is assessed to customers for new services as well as for new customers connecting to inactive accounts. The charge is to recover the costs associated with activating an account from those customers who cause the cost to be incurred, rather than from the entire population of customers as a small piece of every bill. It is the administrative costs of turning on water at a new or existing premise and will apply to all customer classes. Staff finds this to be reasonable and recommends approval.

Applicant is not proposing to increase this charge of \$23.10. Staff has reviewed the information contained in Data Request No. 24 which stated that 8,551 Account Activation charges were collected during the test year. The response also itemized costs to be \$24.25. After reviewing the response Staff recommends an Account Activation Charge of \$22.40.

Reconnection Charge

The Applicant's tariff contains a reconnection charge of \$41.65. The Applicant is not proposing to increase this charge.

In response to Data Request No. 26, the Applicant stated there were 4,968 reconnections processed during the test period. In this same response the Applicant submitted itemized costs for reconnection of service, which Staff reviewed. Staff finds that a regular business hours reconnection charge of \$61.00 can be justified and recommends approval. The after hours reconnection charge is at actual cost which Staff finds reasonable and recommends approval.

RATES AND REVENUE ANALYSIS

General guidelines or objectives are followed in Staff's review of rate schedules and designs. The applicable schedules should provide the utility the opportunity to recover the authorized revenue. The various schedules should represent a reasonable distribution of revenue among the various customer groups. The particular schedule should be equitable and reasonable to all customers within a group. The schedules should provide for customer understanding, continuity of rates, and minimal customer impact.

This criterion involves several considerations. The schedules should, to the extent practicable, be predicated upon the costs associated with particular service rendered. Customers receiving like services should experience the same charges and provisions. Also, differences in the applicable charge should be representative of differences in costs.

From a practical rate design standpoint, absolute equality between costs and revenue may be difficult to achieve in the short term. While it may be viewed as equitable to set rates at costs, if there is a substantial divergence from the current rates, the resulting impact on individual customers may be viewed as unreasonable. While supporting cost supported charges, Staff considers such items as the resulting typical customer billing

and the resulting revenue increases. These tests help provide benchmarks with regard to the reasonableness of charges and rate forms. While it is Staff's position that rates should reflect costs, it is also important to consider the continuity associated with the current and proposed pricing structures. This may result in movement towards more closely aligning revenues with costs, rather than an absolute match at a particular time period.

When employing these standards to develop and design a rate, the results should be understandable to the customer billed under the schedule.

REVENUE ANALYSIS

Water A and Water C Defined

To aid the reader in understanding, Water A represents water service to all Ohio American service areas except for Franklin County and Portage County Districts. Water C represents water service to Franklin and Portage County Districts.

Uniform Tariff Pricing

The Company services seven distinct districts in Ohio, four of which have been long standing districts, a fifth district, Mansfield, came under the Company's direction in 1993. Lake White Water Works was acquired in September 1999 and is considered part of the Marion District. The four long standing districts; Marion, Ashtabula, Lawrence County, and Tiffin have been under a uniform tariff pricing structure. They all pay identical rates for like services. One exception is the Marion district, which receives softened water. Because of this additional service, the Marion customers pay a water-softening surcharge that is added to the uniform tariff rate. The other exception is the Mansfield District, which is currently unmetered, sans the Madison system, which is metered. The other two districts are the Franklin County district and the Portage County district which were formerly Citizens Utility districts. These two districts have volumetric rates different from the other five as well as additional surcharges.

Staff realizes there are many benefits to uniform tariff pricing, but also realizes that there is some level of mismatch between revenue recovery and cost occurrence that must occur between the different districts when this is instituted. Staff finds some of the benefits specific to this Company are; (1) less rate applications filed by the Applicant thus reducing rate case expense, (2) rate increase can be shared by all districts, thus reducing the amount of rate increase per customer per filing, (3) less cost to maintain one accounting system, (4) less cost in preparing annual report and tax reporting forms, (5) ease of application and understanding of single billing structure, (6) less cost of bill printing of separate Company headings, (7) less information gathering placed on the

Company's Customer Service Department, and (8) less cumbersome information to be understood by the customers. Staff finds that these benefits and the fact that all districts are providing similar service (except where softened water and unmetered service are provided) outweigh the cost differential between the different districts for this specific Company. Staff, therefore, supports the policy of uniform tariff rates for all districts. Staff recommends that Applicant establish rates that move towards the direction of uniform tariff pricing in the rates as well as in rate design.

Cost of Service Analysis

Cost of service studies (COS) are used to approximate the costs incurred by the utility company in providing service and the appropriate level of cost responsibility for each distinct class of customer. This is accomplished in several steps as described below:

- (1) Functionalization is the separation of total costs of services into two broad categories of Operation and Maintenance (O&M) and Capital cost and the further division of costs to identify the nature of the specific expense item. For example, individual O&M expense items relate to the aspect of operations which directly cause those expenses (e.g. supply, treatment, and transmission and distribution, or administrative in nature). Capital costs are commonly expressed as annual costs related to the level of plant investment.
- (2) Classification is the distribution of the functionalized costs into the general cost categories of base demand, extra-capacity, customer costs and fire protection costs. The extra-capacity demand category is further divided into maximum-day demand and maximum-hour demand. The customer costs category is further divided into meters & services and billing & collecting.
- (3) Allocation is the assignment of cost responsibility to the various customer classes based on the number of customers and the relative demands imposed on the system by the customer classes.

The Applicant submitted total company cost of service studies (COS) for water for all customers and another COS for a single customer (Dragoo) shown separately. The same was true for the wastewater cost of service studies. The water COS were provided for total company costs and not broken out by Water A and Water C. The Applicant submitted cost of service studies using the Base-Extra Capacity method. This method follows the general procedures outlined above and recognizes the idea that costs are incurred by the Company in providing service to both average and above average rates of demand. This study distributes revenue responsibility among the various customer classes. Staff reviewed the Applicant's cost of service study and

found it to be reasonable with consideration for Staff's comments below. The results of Applicant's cost of service study are as follows:

<u>Wtr. A & Wtr. C (Water Only) Class of Service</u>	<u>Current Revenue Distribution</u>	<u>Cost of Service Study</u>
Residential	65.82%	66.70%
Commercial & Misc.	14.77	13.00
Industrial	7.74	8.80
Special Contracts-Ind.	1.14	-0- (combined in Industrial)
OPA	5.17	5.60
Special Contracts-Resale	3.66	4.10
Private Fire	1.69	1.80
Misc. Metered Sales	.01	<u>Not shown</u>
Total	100.00%	100.00%

<u>(Wastewater Only) Class of Service</u>	<u>Current Revenue Distribution</u>	<u>Cost of Service Study</u>
Residential	90.1%	90.3%
Commercial/Public	8.4	7.8
Dragoo Management	1.5	1.9
Total	100.0%	100.0%
	=====	=====

Revenue Distribution

The following is a comparison of Applicant's proposed revenue distribution and the current revenue distribution. In the instant rate case COS, the Applicant did not break out Miscellaneous Metered Sales but made it a line item in their revenue distribution reports. In prior rate cases, the Applicant has stipulated to change the cost of service study to comport with their E schedules in future rate cases and subsequently doesn't file as such. In the Case No. 06-433-WS-AIR stipulation was the following language: "The Company agrees that in future rate filings, the cost distribution categories in the cost of service studies will be reconciled to the different class categories, including private fire service in the Schedule E filings." Staff again recommends that in future rate filings, the Applicant label the cost distribution categories in their cost of service study identical to the different class categories in the Schedule E filings (e.g. Misc. Metered Sales). Staff recommends that in the next rate filing if the Schedule E categories do not match the Cost of Service (COS) study(s) that the Staff may, during its investigation, recommend rejection of the COS. .

Staff also does not understand why the water COS with Dragoo shown separately would use different customer classifications from the water COS without Dragoo broken out. If there is no reasonable explanation Staff again recommends that the COS filings match the Schedule E filings (with the exception of Dragoo management costs being broken out). Staff would again recommend that in the next rate filing if the Schedule E categories do not match the Cost of Service (COS) study(s), with Dragoo as an exception, that the Staff can, at any time during its investigation, reject the COS and toll the clock until the issue is resolved.

Applicant's Proposed Revenue Distribution
Compared to Current Revenue Distribution

A-Water

<u>Class of Service</u>	<u>Percent Current</u>	<u>Applicant Proposed</u>	<u>Change</u>
Residential	62.11%	62.22%	.11%
Commercial & Misc.	15.66	15.69	.03
Industrial	8.91	8.91	-0-
Special Contracts-Ind.	1.32	1.17	(0.15)
Other Public Authority	5.94	5.93	(0.01)
Special Contracts-Resale	4.21	4.22	.01
Private Fire	1.84	1.85	.01
Misc. Metered Sales	.01	.01	-0-
Total	100.00%	100.00%	0.00%

Applicant's Proposed Revenue Distribution
Compared to Current Revenue Distribution

C-Water

<u>Class of Service</u>	<u>Percent Current</u>	<u>Applicant Proposed</u>	<u>Change</u>
Residential	90.49%	90.87%	.38%
Commercial	8.81	8.53	(.28)
Private Fire	.70	.60	.10
Total	100.00%	100.00%	0.00%

Applicant's Proposed Revenue Distribution
Compared to Current Revenue Distribution

Wastewater

<u>Class of Service</u>	<u>Percent Current</u>	<u>Applicant Proposed</u>	<u>Change</u>
Residential	90.18%	90.27%	0.09%
Commercial	<u>9.82</u>	<u>9.73</u>	<u>(0.09)</u>
Total	100.00%	100.00%	0.00%

Applicant's Proposed Revenue and
Distribution of the Revenue Increase

A-Water

<u>Class of Service</u>	<u>Current Revenue</u>	<u>Proposed Revenue</u>	<u>Revenue Increase</u>	<u>Percent Increase</u>	<u>Distribution of Increase</u>
Residential	\$ 15,979,286	\$ 17,971,736	\$ 1,992,450	12.47%	63.09%
Commercial	4,029,551	4,530,920	501,369	12.44	15.87
Industrial	2,290,662	2,572,991	282,329	12.33	8.94
Spec. Contracts-Ind.	338,368	338,368	-0-	-0-	-0-
OPA	1,528,434	1,714,454	186,020	12.17	5.89
Special Contracts	1,082,826	1,219,008	136,182	12.58	4.31
Private Fire	474,257	533,858	59,601	12.57	1.89
Misc. Metered	<u>3,025</u>	<u>3,396</u>	<u>371</u>	12.26	<u>.01</u>
Total	\$ 25,726,409	\$ 28,884,731	\$ 3,158,322	12.28%	100.00%

Applicant's Proposed Revenue and
Distribution of the Revenue Increase

C-Water

<u>Class of Service</u>	<u>Current Revenue</u>	<u>Proposed Revenue</u>	<u>Revenue Increase</u>	<u>Percent Increase</u>	<u>Distribution of Increase</u>
Residential	\$ 3,492,936	\$ 4,602,313	\$ 1,109,377	31.76%	92.11%
Commercial	340,190	432,031	91,841	27.00	7.62
Private Fire	<u>26,902</u>	<u>30,143</u>	<u>3,241</u>	12.05	<u>.27</u>
Total	\$ 3,860,028	\$ 5,064,487	\$ 1,204,459	31.20%	100.00%

Applicant's Proposed Revenue and
Distribution of the Revenue Increase

Wastewater

<u>Class of Service</u>	<u>Current Revenue</u>	<u>Proposed Revenue</u>	<u>Revenue Increase</u>	<u>Percent Increase</u>	<u>Distribution of Increase</u>
Residential	\$ 2,755,432	\$ 3,769,538	\$ 1,014,106	36.80%	90.53%
Commercial	<u>300,197</u>	<u>406,318</u>	<u>106,121</u>	35.35	<u>9.47</u>
Total	\$ 3,055,629	\$ 4,175,856	\$ 1,120,227	36.36%	100.00%

Staff recommendations are not addressed by specific dollars but rather the general movement of these dollars that should be occurring. Staff recommendations are as follows:

**Water Revenue – Staff finds the greatest disparity between the residential and industrial classes. The residential and industrial classes should be bearing a greater responsibility of the revenue recovery while reducing the commercial class' share. The COS compared to the Applicant proposed revenue distribution also shows Dragoo Management, Special Contracts-Resale (see later discussion under Special Service Contracts/Aqua Ohio Water), and Private Fire to be under recovering also. Staff is recommending that the overall revenue be distributed more in line with the cost of service study. Further Staff is recommending that volumetric rates be calculated such that the revenue increase is distributed according to the cost of service study for each class after the fixed cost charges have been removed.*

Sewer Revenue – Staff finds that Dragoo Management revenue apportionment needs to move closer to its share of the costs while reducing the commercial/public share.

Customer Charge

The Applicant's tariff contains a customer charge with no water entitlement. The Applicant is proposing to increase its customer charge from \$9.41 to \$10.59. In the E-3 schedule the Applicant states that they did not use Staff's methodology in their proposed customer charge. Rather the Applicant proposes to increase the customer charge approximately 12.5%.

Staff's Calculation of Customer Charge

	<u>Account Description</u>	<u>Amount</u>
	Variable Expenses per Meter Size:	
	Plant Accounts	
345	Services	\$ 8,702,958
346	Meters	4,473,712
347	Meter Installations	1,870,912
389	A&G Land	44,411
390	Office Structures and Improvements	1,644,380
391	Office Furniture & Equipment	<u>2,687,904</u>
	Total Customer Plant	\$ 19,424,277
	<u>Less: Related Depreciation Reserves</u>	
345	Services	\$ 8,389,534
346	Meters	1,332,649
347	Meter Installations	659,670
389	A&G Land	-0-
390	Office Structures and Improvements	475,566
391	Office Furniture & Equipment	<u>1,420,622</u>
	Total Customer Depreciation Reserves	\$ 12,278,041
	Total "Customer Rate Base"	\$ 7,146,236
	Rate of Return	8.27%
(1)	Return on "Customer Rate Base"	\$ 590,994
	Operation & Maintenance Expense Accounts:	
	<u>Transmission & Distribution</u>	
663	Meter Expense	\$ 191,852
664	Meter Installation Expense	434,820
675	Service Maintenance	147,530
676	Meter & Meter Installation Maintenance	<u>7,534</u>
(2)	Total Operation & Maintenance T&D Expense	\$ 781,736
	<u>Variable Taxes per Meter Size:</u>	
	Property Taxes	\$ 4,320,184
	Gross Receipts Taxes	1,570,809
	PUCO & OCC Taxes	55,191
	Federal Income Taxes	<u>1,613,703</u>
	Total Variable Taxes	\$ 7,559,887

Multiplied by Customer Conversion Factor:

"Customer Rate Base"	\$ 7,146,236	12.82%
Total Rate Base	\$ 55,754,251	

(3) **Total Customer Variable Taxes** **\$ 969,178**

Depreciation Expense Accounts

	<u>Plant Accounts</u>
345 Services	\$ 641,369
346 Meter	235,285
347 Meter Installations	54,363
389 A&G Land	-0-
390 Office Structures and Improvements	39,761
391 Office Furniture & Equipment	294,916
(4) Total Customer Plant Depreciation Expense	\$ 1,265,694

Summary of Variable Expenses per Meter Size:

(1) Return on "Customer Rate Base"	\$ 590,994
(2) Total Operation & Maintenance T&D Expense	781,736
(3) Total Customer Variable Taxes	969,178
(4) Total Customer Plant Depreciation Expense	<u>1,265,694</u>
Total	\$ 3,607,602

Total Equivalent Monthly Meters 59,711 x 12 716,532

Monthly Customer Variable Charge **\$ 5.0348**

Fixed Expenses per Meter Size:

Customer Accounting Expenses:

901 Supervision	\$ 21,883
902 Meter Reading Expenses	215,207
903 Customer Records & Collections	451,217
905 Miscellaneous Customer Expense	151,516
(5) Total Customer Accounting Expenses	\$ 839,823

Customer Payroll Related Costs: \$ 358,143

Payroll Related Taxes

times Customer Conversion Factor:

<u>Customer Acct. Payroll</u>	\$ 469,806	11.49%
Total O&M Payroll	\$ 4,089,910	

(6) Total Customer Payroll Taxes **\$ 41,140**

Total Customer Fixed Expenses

Customer Accounting Expenses	\$	839,823
Customer Payroll Taxes		<u>41,140</u>
Total	\$	880,963

Divided by: Total monthly customer billings 405,350

Monthly Customer Fixed Charge **\$ 2.1733**

Summary:

Monthly Customer Variable Charge for 5/8"	\$	5.0348
Monthly Customer Fixed Charge		<u>2.1733</u>
Monthly Customer Charge	\$	7.2081

Staff Recommended Monthly Customer Charge **\$ 7.21**

Staff recommends that regardless of the amount of revenue authorized by the Commission, Staff's recommended customer charges not be altered.

Customer Charges for all Meter Sizes

<u>Meter Size</u>	<u>Variable Rate (1)</u>	<u>Multiplier (2)</u>	<u>Total Variable (1)*(2)=(3)</u>	<u>Fixed (4)</u>	<u>Total (3)+(4)=(5)</u>	<u>Staff Examples (6)</u>
5/8 inch	\$ 5.0348	1	\$ 5.0348	\$ 2.1733	\$ 7.2081	\$ 7.21
3/4 inch	5.0348	1.5	7.5522	2.1733	9.7255	9.73
1 inch	5.0348	2.5	12.5870	2.1733	14.7603	14.76
1 1/2 inch	5.0348	5	25.1740	2.1733	27.3473	27.35
2 inch	5.0348	8	40.2784	2.1733	42.4517	42.45
3 inch	5.0348	15	75.522	2.1733	77.6953	77.70
4 inch	5.0348	25	125.8700	2.1733	128.0433	128.04
6 inch	5.0348	50	251.7400	2.1733	253.9133	253.91
8 inch	\$ 5.0348	80	\$ 402.7840	\$ 2.1733	\$ 404.9573	\$ 404.96

Softening Surcharge

The following chart illustrates the Staff's calculation of the softening surcharges. The Applicant provided cost data relevant to the softening surcharges in response to Data Request No. 25. Staff found that since the prior case the costs of softening water increased in the Company A - Marion District but decreased in the Company C – Lake Darby and Worthington Hills Districts. Staff's calculations are performed to identify the cost of softening so as to apply the costs solely to those that receive the service. Staff finds the softening surcharges calculated below are warranted and recommends approval of the \$.3609 for the Marion district and \$.6007 for the Lake Darby and the Worthington Hills district.

Calculation of Softening Surcharge

Company A

<u>Description</u>	<u>Value</u>
<u>Utility Plant</u>	
Plant Associated with Softening (from prior studies)	\$ 81,515
Total for Water A UPIS	89,448,771
Percent	.0911 %

Capital Related Costs that change when UPIS changes:

Utility Operating Income	\$ 4,039,234
Depreciation	2,779,382
Property Taxes	3,525,083
Federal Income Taxes	<u>1,463,404</u>
Total Capital Related Costs	\$ 11,807,103
Multiplied by percent above	.0911
Total Softening Capital Related Costs	\$ 10,756

Softening Operation O&M Expenses:

Softening Chemicals	\$ 710,525
Softening Labor	72,929
Softening Power	-0-
Maintenance on Softening Equipment Labor	<u>24,699</u>
Total Softening Expenses	\$ 808,153

Payroll Taxes:

Total Payroll Taxes \$ 313,840

Softening Labor divided by \$ 97,628 2.52%

Total O & M Payroll \$ 3,872,149

Total Softening Payroll Taxes \$ **7,909**

Summary:

Capital Related Costs \$ 10,756

Softening O&M Expenses 808,153

Payroll Taxes 7,909

Total Softening Costs \$ **826,818**

Water Sales in Marion District subject to Softening Surcharge (CCF) 2,291,306

Staff Recommended Softening Surcharge \$ **.3609**

Calculation of Softening Surcharge

Company C - Water

<u>Description</u>	<u>Value</u>
<u>Utility Plant</u>	
Plant Associated with Softening (from prior studies)	\$ 151,800
Total for Water C UPIS	14,872,612
Percent	1.0207%

Capital Related Costs that change when UPIS changes:

Utility Operating Income	\$ 612,076
Depreciation	353,274
Property Taxes	773,800
Federal Income Taxes	187,946
Total Capital Related Costs	\$ 1,927,096
Multiplied by percent above	1.0207

Total Softening Capital Related Costs **\$ 19,670**

Softening Operation O&M Expenses:

Softening Chemicals	\$	113,890
Softening Labor		6,750
Softening Power		-0-
Maintenance on Softening Equipment Labor		-0-
Total Softening Expenses	\$	120,640

Payroll Taxes:

Total Payroll Taxes	\$	44,303
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Softening Labor divided by	\$ 6,750	1.32%
Total O & M Payroll	\$ 511,814	
Total Softening Payroll Taxes	\$	585

Summary:

Capital Related Costs	\$	19,670
Softening O&M Expenses		120,640
Payroll Taxes		585
Total Softening Costs	\$	140,895

Water Sales in Lake Darby and Worthington Hills Districts subject to Softening Surcharge (CCF) 234,559

Staff Recommended Softening Surcharge **\$.6007**

Large Quantity User Rates

The Company currently does not have any customers on the Large Quantity User tariff rate. However, Staff finds that the specific rate should continue to be part of the tariff in the event that any current or future customers want to go on this rate schedule. The Applicant is not proposing an increase in the current rate of \$1.61 per CCF. Staff calculated the rate using the Commission accepted calculation, which is to price at production costs per unit. Staff found that the Staff calculated rate differs from the current tariffed rate in that it is a lower rate than the tariffed rate. The current tariff has one Large Quantity User rate for all districts. Staff blended the data provided in

response to Data Request No. 31 to derive the Large Quantity User rate. Staff finds the Large Quantity User Rate to be a basis for which to judge the merits of large user contracts. The following chart illustrates the calculation of the production cost. Staff finds this to be a reasonable approach and recommends approval of the rate (\$.88).

Staff Calculation of Production Cost

<u>Account</u>	<u>Amount</u>
<u>Production Costs</u>	
600.0 Supervision & Engineering	\$ -0-
601.1 Expenses	9,106
601.2 Labor	-0-
602 Purchased Water	1,031,237
603.1 Miscellaneous	431,062
620.0 Supervision & Engineering-Electric	-0-
622.2 Power Production	-0-
623.0 Pumping Production	275,719
624.0 Fuel and Power	377,840
626.0 Pumping - Other	34,338
640.0 Supervision & Engineering	63,014
641.0 Chemicals	1,299,235
642.0 WT Labor	869,429
643.0 Miscellaneous	267,172
644.0 Rent-Lab Equipment	16,653
652.0 Maintenance Softening Equipment Expenses	235,320
923.0 Contract Services	<u>273,234</u>
Net Production Cost	<u>\$ 5,183,359</u>

<u>Capital Costs</u>	<u>Value</u>
Operating Income	\$ 11,564,641
Less Depreciation	3,294,767
Property Tax	4,320,184
Gross Receipts Tax	1,367,753

Payroll Tax	358,143
Federal Income Tax	<u>(164,523)</u>

Total Capital Costs	\$ 2,388,317 x 28.44% =	<u>\$ 679,237</u>
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Total Production Costs		<u>\$ 5,862,596</u>
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Total Sales (100 Cubic Feet)		<u>6,657,534</u>
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Unit Production Cost (cc)		<u>\$.88</u>
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Allocation Ratio

Source of Supply Plant	\$ 4,993,295
Pumping Plant	9,164,008
Water Treatment Plant	<u>17,899,327</u>

Total Production Plant	\$ 32,056,630
Less: Softening Plant	1,715,407

Production Plant	\$ 30,341,223
Total Plant Investment	\$ 106,691,284
Ratio of Total Plant	28.44%

Purchased Water Rate (PWR)

The Applicant purchases water from Portage County (Portage County District/Brimfield area), Indiana American (Marion District/Preble County), and West Virginia American Water (Lawrence County District). The Applicant has a purchase water adjustment (PWA) surcharge which applies to Portage County District only. A purchase water adjustment permits a water company that purchases its water from another utility to recover these costs through a mechanism outside of the rate increase case process. A PWA is not used for the other two purchased water areas because of uniform tariff pricing in Water A. Water is purchased under the seller's tariffed rates in the Preble County and Lawrence County Districts.

However, the Applicant is proposing to increase the purchased water rate for Portage County by approximately 10.51%, from \$1.4573 per CCF to \$1.61048 per CCF.

In the E-3 schedule the rationale offered by Applicant is that they used a methodology to calculate the additional costs associated with providing water to customers served with purchased water versus the costs of providing water to customers treated by the Company, resulting in a proposed surcharge that is less than the current surcharge. This is an incorrect statement as the Company is proposing an increase as shown in the E-4.1 Wtr. C schedules. Information on the purchased water rate was found in Section C, page 126 of 228 in the work papers. The purchased water contract with Portage County was provided in response to Data Request No. 7.

In the Applicant's E4.1 work papers, page 6, Applicant delineates how the Applicant proposed \$1.61048 was derived. Staff stated in previous Case No. 06-433-WS-AIR that this methodology is unacceptable in that it does not comply with 4909.171, ORC. The charge of a purchased water rate can be based solely on the cost to the Company of the water purchased from Portage County. 4909.171(B), ORC, states "...which revisions shall reflect solely the change in the cost to the company of the water or the sewage treatment, as specified in division (A) of this section and no other cost, charge, or item, and shall not change the distribution of the revenue responsibility of the various classes of the company's customers." There is also a 45 day waiting period after customer notification before rates can become effective.

To institute an ORC compliant purchased water rate, uniform tariff pricing for all of Ohio American Water (Water A and Water C blended) would have to be abandoned. A conformant purchased water rate would need to be for only the cost of the purchased water from Portage County according to current ordinances or agreements. Noticing requirements would necessitate a special notice and waiting period different than notice periods required for this rate proceeding.

In previous Case No. 06-433-WS-AIR, the Applicant stipulated to the following language "Concerning the purchased water surcharge for Portage County, since there may be an increase in the Portage County rates when the present contract expires at the end of 2006, Ohio American and the Staff will work together at that time to correct/agree upon a methodology when a Portage County increase has been announced." In this proceeding, the Applicant is not complying with the stipulation signed in Case No. 06-433-WS-AIR.

Staff recommends that the Applicant either abandon a separate purchased water charge for the Portage County area and continue to pursue uniform tariff pricing for the entire Company or establish a purchased water rate according to 4909.171 of the ORC. Whichever path is chosen, Staff recommends that the final action be taken by implementing rates which reflect that decision in this proceeding.

Reverse Osmosis Surcharge

The reverse osmosis surcharge applies to Blendon Township customers only as this is an additional water processing procedure applicable only to this group of customers. The Applicant is proposing to decrease this charge from \$1.3250 per CCF to \$1.19220 per CCF, an 11.1% decrease. While there was no mention of the reverse osmosis surcharge in the E-3 schedule, the Applicant provided their reverse osmosis costs in the

Schedule E work papers, page 52. Staff has reviewed these costs and finds \$1.19220 per CCF to be reasonable.

Special Service Contracts

Aqua Ohio Water –Lake Shore Division Contract

The Applicant's Ashtabula District provides water service via contract to Aqua Ohio Water Company – Lake Shore Division (formerly known as Consumer's). In exploring rates for this customer in Case No. 99-1038-WW-AIR, the Applicant conducted an Ashtabula District specific cost of service study using the same Base-Extra Capacity method that was used in separating out costs between customer classes for the total Company.

In setting the rates for Aqua in the initial contract, Case No. 94-1535-WW-AEC, the parties to the contract agreed that the rate charged would be set by the outcome of the Ashtabula District cost study performed at that time. The Commission approved the contract. The contract also stated that any future rate increases to this contract customer would be tied to future Company wide rate case applications filed by the Applicant. In the *Finding and Order* for that contract, the Commission ordered that the cost associated in servicing this customer be considered when pricing this customer's future rates.

The Opinion and Order issued in Case No. 99-1038-WW-AIR indicates that the stipulated agreement provides that "Any future rate increase to Consumer's Ohio shall be based upon total company cost of service study." Therefore, the data presented in the cost-of service study in this proceeding was formulated using the criterion established in Exhibit A of the Amendment to Water Purchase Agreement, July 1995 with the exception that total company costs are used rather than Ashtabula District costs.

Staff finds this contract rate should become effective the same date the tariffed rates become effective in this case.

Whirlpool Contract

In Case No. 96-940-WW-AEC, the Applicant entered into a contract with Whirlpool Corporation for a period of 3 years. The Commission approved the contract on November 25, 1996. The contract expired and the Applicant petitioned the Commission for approval of an amendment to extend this contract on December 8, 1999. The Commission approved the three-year extension and renewal of the agreement on June 1, 2000. On September 20, 2005 Applicant filed for a second amendment to this contract. The second amendment was for three years, contained no material changes, the rates remained the same, and was approved by the Commission on April 19, 2006.

This contract was not broken out in the cost of service study. The E-4 schedule shows - 0-% increase to the contracts.

Fire Protection Service

Public Fire Protection Service

The Applicant provides public fire protection service, however, it does not charge separately for the service. It includes the costs of this service in the volumetric rates. This has been a long-standing practice of the Applicant which Staff finds reasonable and recommends approval.

Private Fire Protection Service

In the E-3 section of the filing, the Applicant stated that the increase to Private Fire Protection Service is based on an across the board increase. It is proposing a 12.57% increase to this customer class. Staff finds movement towards the cost of service study to be reasonable and refers you to the above discussion on Revenue Distribution.

Mansfield District- Flat Rate Customers

In Case No. 93-893-WW-UNC, the Applicant purchased four small, unmetered companies that make up part of the Mansfield District. These four companies were formerly known as Imperial Water Company, Inc., Walcrest and Halabrien Sloboda, Harp Water Association, and Little Valley. In Case No. 95-935-WW-AIR, all four systems came under one flat rate for all flat rate customers regardless of the service area. Staff recommended in the Case No. 06-433-WS-AIR that the flat rate be gradually increased over time to meet the average metered customer bill. Applicant is proposing to increase the flat rate based on an across the board increase. Historically flat rate customers' rates have increased to the average metered residential bill. Staff finds the historical method of increasing to the average metered bill to be more reasonable and recommends approval.

Declining Rate Block Structure

The Applicant has a declining rate block structure for both Water A and C customers, but the blocks are different between the two customer bases.

The basis behind a declining rate block structure is to capture the majority of each specific customer class' usage and costs per unit imposed on the system per that customer class in a particular block of the structure, while maintaining one rate design for all the different classes. The first block of the rate design is formed to capture the majority of the residential class, which imposes the highest demand on the system due to its peak usage patterns, thus placing the highest cost per unit on the system. The

second block is formed to capture the majority of the commercial and other public authority classes, which impose a slightly lower demand and cost per unit on the system than does the residential class but more cost per unit than the industrial class. The last block is formed to capture the majority of the industrial class, which has a more consistent load throughout the day and places the lowest demand and thus the lowest cost per unit on the system.

Staff finds declining rate block structures to be reasonable when dealing with multiple customer classes with different load factors, which is the case of the Applicant's systems, because it allows for ease of administering for the Company (one rate schedule), while capturing the imposed cost of the customer classes. Staff, therefore, recommends approval of the Applicant's declining rate block structure to set rates among the different classes.

Rate Blocks

The Applicant's Water A rate block design (the amount of usage per block) was established in 1980 using a comprehensive study of class consumption patterns. Another study was performed by the Applicant in Case No. 92-2299-WW-AIR, which found that the rate block design still was appropriate. Staff finds due to the relative stability of the Applicant's customer makeup and customer demand that the current rate block design still is appropriate.

The Applicant is proposing to change the rate blocks for Water C so that they match the rate blocks for sewer. Staff is not aware of any recent rate block design studies being performed for Water C, and the rationale in the E-3 schedules was movement towards uniform tariff pricing. Staff finds the proposed rate design to reasonable. Staff further recommends that a comprehensive consumption study be submitted with the next rate case filing.

Applicant has been moving towards uniform tariff pricing between Water A and Water C, which Staff has agreed with and encouraged. In the above discussion of a purchased water adjustment clause for Water C, Staff recommends that this movement towards uniform tariff pricing continue only if the purchased water adjustment clause is deleted.

Volumetric Rates

The volumetric rates should be calculated by reducing the total revenue requirement by the revenue generated from sources independent of the volumetric rates; Softening Surcharge revenue, Private Fire Service revenue, Miscellaneous and Reconnection revenue, Special Service Contracts revenue, etc. The remaining revenue to be recovered should then be allocated to the customer classes. The class revenue totals should be reduced by the revenues from Staff recommended fixed customer charges and fixed flat rate customers to determine the class revenue to be recovered through the volumetric rates. The resulting simultaneous equations should then be solved to help narrow the appropriate rates. The rates should then be adjusted by iteration to

recover the class revenues as closely as possible when applied to the test year billing determinants.

Sewer Rates

For customers who only receive sewer service the sewer rate design consists of a customer charge and a flat rate volumetric charge. For those customers that are also water customers there is a declining block, volumetric usage charge only. The Applicant is proposing to increase the sewer customer charge to equal the Applicant proposed water customer charge. Staff agrees that the water and sewer customer charges should be identical, however Staff recommends Staff's proposed customer charge rate be approved.

In prior Case No. 06-433-WS-AIR, the Applicant instituted a Summer/Winter usage formula in response to customer concerns about being charged sewer service for water that is not returned to the sanitary sewer system (i.e. car washing, lawn watering, pools, etc.). The formula is designed so that the use of a winter averaging methodology will recover summer sewer costs based on a customer's winter average rather than actual summer water demand.

The formula has been in effect for over a year now and Staff is not aware of any problems or customer complaints regarding the procedure. Staff finds the Summer/Winter formula to be reasonable and recommends approval.

All Water A Districts: General Water Service Rates

Customer Charges: (\$/bill)

Monthly:

<u>Rate Description</u>	<u>Current Rate</u>	<u>Proposed Applicant</u>	<u>Dollar Increase Applicant</u>	<u>Percent Increase Applicant</u>
5/8" Meter	\$ 9.41	\$10.59	\$ 1.18	12.54%
3/4 "	12.00	13.51	1.51	12.58
1"	17.18	19.34	2.16	12.57
1-1/2"	30.12	33.90	3.78	12.55
2"	45.64	51.38	5.74	12.58
3"	81.88	92.17	10.29	12.57
4"	133.64	150.43	16.79	12.56
6"	263.05	296.11	33.06	12.57

Bi-Monthly:

5/8" Meter	\$18.82	\$21.18	\$ 2.36	12.54%
3/4"	24.00	27.02	3.02	12.58
1"	34.36	38.68	4.32	12.57
1-1/2"	60.24	67.80	7.56	12.55
2"	91.28	102.76	11.48	12.58

Consumption Charges: (\$/CCF)

First 20-CCF/Mo.	\$4.4793	\$5.0422	\$.5629	12.57%
Next 1,980	3.2779	3.6898	.4119	12.57
Over 2,000	1.4081	1.5850	.1769	12.56
Softening Surcharge	\$0.3326	\$0.3609	\$.0283	8.51%

Unmetered Rates

Bi-Monthly	\$70.77	\$79.66	\$8.89	12.56%
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Water C Districts: General Water Service Rates

<u>Customer Charges: (\$/bill)</u>				
<u>Monthly:</u>				
<u>Rate Description</u>	<u>Current Rate</u>	<u>Proposed Applicant</u>	<u>Dollar Increase Applicant</u>	<u>Percent Increase Applicant</u>
5/8" Meter	\$ 9.41	\$10.59	\$ 1.18	12.54%
3/4 "	12.00	13.51	1.51	12.58
1"	17.18	19.34	2.16	12.57
1-1/2"	30.12	33.90	3.78	12.55
2"	45.64	51.38	5.74	12.58
3"	81.88	92.17	10.29	12.57
4"	133.64	150.43	16.79	12.56
6"	263.05	296.11	33.06	12.57

<u>Consumption Charges: (\$/CCF)</u>				
First 13.33 CCF/Mo.	\$3.2074	\$4.7470	\$1.5396	48.00%
Next 586.67 CCF	1.9686	2.9136	.9450	48.00
Over 600 CCF	1.9686	1.5850	(.3836)	(19.49)

<u>Surcharges: (\$/CCF)</u>				
Softening	\$0.6122	\$0.6007	\$(.0115)	(1.88)%
Reverse Osmosis	\$1.3250	\$1.1922	\$(.1388)	(10.02)
Purchased Water	\$1.4573	\$1.61048	\$1.15318	10.51

Wastewater Service Rates

<u>Customer Charges: (\$/bill)</u>				
<u>Monthly:</u>				
<u>Rate Description</u>	<u>Current Rate</u>	<u>Proposed Applicant</u>	<u>Dollar Increase Applicant</u>	<u>Percent Increase Applicant</u>
5/8" Meter	\$ 9.41	\$10.59	\$ 1.18	12.54%
3/4 "	12.00	13.51	1.51	12.58
1"	17.18	19.34	2.16	12.57
1-1/2"	30.12	33.90	3.78	12.55
2"	45.64	51.38	5.74	12.58
3"	81.88	92.17	10.29	12.57
4"	133.64	150.43	16.79	12.56
6"	263.05	296.11	33.06	12.57

<u>Consumption Charges: (\$/CCF)</u>				
First 13.33 CCF/Mo.	\$6.0173	\$8.2319	\$2.2146	36.80%
Next 586.67 CCF	4.2500	5.8142	1.5642	36.80
Over 13.33 CCF	1.6589	2.2694	.6105	36.80

<u>Unmetered Rates</u>				
Domestic Customers	\$35.98	\$49.39	\$13.41	37.27%

SERVICE MONITORING AND ENFORCEMENT

WATER SERVICE QUALITY

Staff investigated the Company Water Company's physical facilities and administrative operations to assess compliance with 4901:1-15 O.A.C., the Standards for Waterworks Companies and Sewage Disposal System Companies, and the previous Stipulation and Recommendation entered into by the Company in Case No. 06-433-WS-AIR including the commitments made in that case. The investigation also entailed a review of plant operating records, water quality tests, maintenance and operational concerns and various inputs provided by customers including a customer survey sent in August 2007.

STIPULATION COMMITMENT REVIEW

The Stipulation and Recommendation agreement the Company entered into with the Staff and OCC included numerous operational commitments. The following is a summary of these commitments and their current status. In Case No. 06-433-WS-AIR as part of the Stipulation and Recommendation, the Company agreed to set aside \$50,000 as an assurance that it would meet five commitment categories consisting of (1) unaccounted-for-water identification, reporting, and reduction, (2) meter-reading, change-out program, (3) valve maintenance operation, (4) tank inspections, storage studies and replacements, (5) hydrant flushing and painting. The status of each of these commitments is discussed below, as well as all other commitments made in the last Stipulation and Recommendation. The commitments are numbered as referred to in the last Stipulation and Recommendation.

[9D] Summer/Winter Educational Campaign:

Commitment

The Company in consultation with OCC and the Staff developed and conducted a wastewater customer educational campaign concerning summer/winter rates approved in the last rate case.

Finding

The Company requested and received approval for an adjusted compliance schedule. Brochures were developed by a joint effort of the Company, Staff and OCC and mailed to the customers on or about April 16, 2007.

Recommendation

Staff recommends that the Commission order the Company to update the brochure annually as needed, and make available or send copies to all new customers and any existing customers that may inquire with questions or concerns about the Summer/Winter rates.

[11B] Unaccounted-for-Water (UFW) Identification, Reporting, and Reduction

Commitment:

Section 4901:1-15-20 (C) (5) O.A.C. requires every waterworks company to determine the amount of unaccounted-for-water (UFW) in each of its metered systems, and report this amount to the Staff. Companies must also issue reports containing planned remedial actions to be taken if a system's UFW ratio is equal to or in excess of fifteen-percent of the gross system production. The remedial action report is required to include an assessment of the cost benefit of a leak survey.

The Company committed to file remedial action plans within 60 days of the Opinion and Order for the Huber Ridge, Blacklick, Madison and Marion systems [11B(i)]. The Company also committed to reduce the UFW to at least 15% on the following schedule [11B(ii)] –

Huber Ridge	by June 30, 2008
Blacklick	by June 30, 2008
Madison	by December 31, 2007
Marion	by December 31, 2007

The Company further committed to maintain no more than 15% UFW on a rolling 12-month basis for each (metered) system; including Marion, Tiffin, Ashtabula, Lawrence County, Lake White, Madison, Blacklick, Valley, Huber Ridge, Timberbrook, Lake Darby, Aurora East and Beechcrest. The results reported by quarter for each of these systems for the year 2007 are shown in the table¹ below.

¹ The quarterly report data submitted by the Company includes monthly production quantities and the Company's calculated UFW ratio. Staff calculated the quarterly, yearly, and total company averages from this data as submitted.

Unaccounted-for-Water (UFW%)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual 2007
"A" Companies					
Ashtabula	14.4%	18.9%	19.3%	19.6%	18.1%
Lake White	8.4%	6.9%	6.9%	8.9%	7.7%
Lawrence County	11.9%	11.9%	10.4%	10.3%	11.1%
Madison	20.9%	13.3%	11.9%	17.3%	15.8%
Marion	24.6%	24.7%	23.5%	22.4%	23.8%
Tiffin	11.1%	9.0%	7.1%	7.1%	8.6%
Average	18.7%	20.0%	19.3%	19.0%	19.3%

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual 2007
Franklin County					
Blacklick	23.9%	23.7%	25.2%	26.9%	24.9%
Huber Ridge	23.4%	23.3%	22.7%	21.5%	22.7%
Lake Darby	11.0%	11.7%	10.8%	8.4%	10.5%
Timberbrook	7.4%	9.7%	11.7%	10.9%	10.0%
Worthington (Valley)	5.0%	6.5%	7.2%	8.4%	6.8%
Average	18.6%	18.1%	18.8%	19.4%	18.7%

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual 2007
Portage County					
Aurora East	30.3%	33.4%	22.5%	17.3%	26.8%
Beechcrest	7.0%	4.5%	8.4%	2.0%	5.6%
Average	16.6%	16.9%	13.3%	7.2%	13.8%

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual 2007
Total Company Averages	18.6%	19.8%	19.2%	18.9%	19.1%

Finding:

The Company filed quarterly operation reports with the Staff that included system production flows and UFW ratios for each month and for all of its metered systems. Production flow quantities were also filed for all unmetered systems as required by the Administrative Code.

The Company did not successfully complete the commitment of lowering UFW in the Marion District to less than 15% by December 31, 2007. The Applicant was successful in the Madison System (Mansfield Area) for the second and third quarters of 2007, but the UFW was above 15% again in the fourth quarter. In addition, the Ashtabula District's UFW exceeded 15% for the last three quarters of the year. The Company has until June 30, 2008 to reduce its UFW ratio in its

Franklin County District's Blacklick and Huber Ridge systems to less than 15%, but has shown little progress towards doing this in 2007.

The remedial action plan submitted for the Portage County District in January 2008 states that leaks located and repaired caused its UFW figures (Aurora East System) to drop significantly from 42% in July 2007, to 20% in August, and finally to -5% in September, but rising again to 22.2% in December 2007. The reported September results draw into question whether the Company is calculating UFW on a rolling 12 month average in Portage County. Calculating UFW by use of a rolling average was required in the last Stipulation and Recommendation agreement. Its use may be more important with smaller systems such as those in Portage County to help mitigate the lag time between consumer meter readings and production meter readings.

In a letter dated November 26, 2007, the Company recognized that it would most likely not lower the unaccounted-for-water ratio in the Marion District, as committed to in the last Stipulation and Recommendation. As a result the Company made a \$10,000 contribution to the previously agreed upon community agencies for distribution in the appropriate service areas. The Company has been submitting quarterly reports outlining proposed remedial actions for each system that has reported UFW ratios equal to or in excess of 15% as required by the past stipulation and the Ohio Administrative Code.

Recommendation

Staff recommends the Commission to order the Company to:

1. Submit with its quarterly operations report details supporting its UFW reported values including the monthly production quantity, the metered quantity, the amount of all unmetered flows permitted under the Administrative Code, the actual monthly UFW as calculated, and the rolling 12 month average UFW as calculated. The Company shall submit this information to Staff by the 15th of the month following the quarter.
2. Meet with Staff within 60 days of the Opinion and Order in this case and submit for review and acceptance by Staff, a plan outlining known and potential causes of UFW in each of the following systems; Ashtabula, Marion, Huber Ridge, Blacklick and Aurora East and include remedial actions and timelines for remedying the causes of UFW.
 - a. The plan shall outline costs and resources necessary to find and remedy the causes of UFW in each of the above systems and timelines necessary to bring the systems to a level of compliance with the plan within 12 months of Staff approval of the plan.
 - b. Company failure to comply with the terms of the plan within 12 months of the Opinion and Order in this case will result in the Staff recommending the Commission order the Company in its next rate case to adjust test period chemical and power expenses for any system out of compliance with the terms of the plan.

[11C] Meter-Reading Change-Out Program

Commitment

Install encoder meters in all metered districts as a means of coming into compliance with Section 4901:1-15-19 (A) (2) O.A.C. requiring an annual actual meter reading. Encoder meters have an external apparatus that provides a true reading of the actual meter located inside the premises.

Finding

The annual meter report the Company submitted to staff on January 28, 2008 indicated that all inside customer meters were read at least once as required in all districts during 2007. The encoder meter change out program has been completed with the exception of a few meters in each system that the Company claims access could not be made or that the installation of an encoder meter was physically impractical.

Recommendation

The Company is encouraged to convert the small number of non-encoder inside meters remaining to encoders to help insure continued compliance with the Administrative Code. Staff recommends that the Commission order the Company to continue sending an annual meter report for all of its metered systems by January 15 of the following year. Should the annual meter report indicate any meters in any of the Company's metered systems have not received at least one actual reading in the prior year, the Company will include a detailed summary including the reasons this did not occur.

[11D] Valve Maintenance, Operations

Commitment

On October 17, 1996, the Commission granted the Company a four-year waiver from Section 4901:1-15-10 (B) (5) Administrative Code and permitted the Company to operate non-critical small local distribution valves every four years, rather than every two years. On April 12, 2001, the Commission granted the Company's request to continue the waiver which is applicable solely to the Company's larger systems, (Ashtabula, Lawrence County, Marion, and Tiffin), and is valid only as long as 5% or less of the valves require repair or replacement.

Finding

Staff confirmed in field visits (at which time the Company produced records of its valve operations), that the Company fully complied with this commitment in 2007.

Recommendations

Staff has no recommendations at this time.

[11E] Tank Inspections, Storage Studies and Replacements

Commitment

In addition to inspecting storage tanks in 2006 at least once every five years as required by 4901:1-15-10 (B) (6) O.A.C., the Company committed to reporting on specific storage concerns with the Bunker Hill Storage tank in Ashtabula, the Lake White elevated storage tank in Pike County, and the general capacity of the Marion distribution system.

[i] Marion Storage Study: The Company committed to completing a distribution and storage study of the Marion water system within six months of the Opinion and Order in Case No. 06-433-WS-AIR.

Finding

A study was presented to Staff and docketed in Case No. 07-252-WS-UNC on November 4, 2007. The plan took an overview of distribution storage and transmission needs to support current and projected system demands in Marion. The major recommendations from the study are listed below:

2007 Marion District Storage Study Recommendations

Project No.	Description	Estimated Cost
1	Construct 0.5 Million Gallon Elevated Storage Tank and rehabilitate Victory Road Reservoir	\$2,200,000
2 a	Install 9,300 feet of 12-inch main in Campbell Road	\$750,000
b	Optional Pumping Station	\$500,000
3	Install 8,200 feet of 12-inch main in Mount Vernon Avenue	\$900,000
4	Install 2,700 feet of main in Church Street, Forest Lawn Avenue, and Center Street	\$300,000
5	Replace High Service Pump No. 6 at the Holland Road Filter Plant	\$350,000
6	Install 3,200 feet of 12-inch main in Copeland Avenue and Fairview Street	\$350,000
7	Install 6,000 feet of 12-inch main in Brookpark Road, Meadow Lane, Summerset Drive, Jamesway, and Mount Vernon Ave.	\$660,000
	Total Potential Cost of All Projects	\$6,010,000

The recommendations presented appear to provide a good overall approach for the Marion District to use as their system grows and Staff encourages the Company to give primary consideration to the parts that would address the system storage concerns.

Recommendation

Staff has no recommendations at this time.

[iii] Bunker Hill (Ashtabula) Storage Tank: The Company agreed in the last Stipulation and Recommendation to present a plan to Staff within 180 days of the Opinion and Order² on how they could maintain their distribution system while taking the Bunker Hill Storage Tank out of service (for extended periods of time) for inspection and maintenance as needed.

Finding

The plan, which included four options, was presented to Staff on a timely basis, but the Company has not given any indication as to which of the proposed options (if any) they intend to implement and when. Normal operations of the Ashtabula distribution system are dependent on this tank being in service; therefore, it is critical that the Company implement at least one of their alternatives now in light of the possibility of an unscheduled need to take the tank offline. The tank has not been fully inspected within the required five year cycle except by means of a submersible camera.

Recommendation

Staff recommends that the Commission direct the Company to select a method from the plan submitted to Staff or another method that can otherwise be shown to be adequate, within 30 days of the Opinion and Order in this case. Staff further recommends the Commission direct the Company to implement and make operational at least one of the plans alternatives or another method that can otherwise be shown to be adequate within six months from the Opinion and Order in this case³. If in addition to one of the four identified options, the Company chooses to build a second tank, the Staff recommends the Commission direct the Company to ensure the tank is constructed and in operation within 2 years of the Opinion and Order in this case.

[iii] New Lake White Storage Tank: The Company committed to complete construction of a new tank in its Pike County Lake White District by June 30, 2008.

Finding

Construction began in early January 2008 with a required completion date of June 30, 2008. Pending weather and other unforeseen contingencies the tank is anticipated to be completed by the stipulated deadline.

² Rate Case No. 07-433-WS-AIR

³ Current Rate Case No. 07-1112-WS-AIR

Recommendation

Staff has no recommendations at this time.

[11F] Hydrant Flushing and Painting

Commitment

The Company agreed to repaint each fire hydrant in the Ashtabula and Marion Districts at least once every five years or approximately 20% of these hydrants each year. The Company also agreed to continue flushing the hydrants in accordance with Administrative Code 4901:1-15-10(B) (4) O.A.C.

Finding

Field investigations confirm that the Company has satisfied both commitments in 2007.

Recommendation

Staff has no recommendations at this time.

[12] Huber Ridge Discoloration Issue

The Huber Ridge water discoloration was one of the key areas in Case No. 06-433-WS-AIR stipulation discussions. The following eight subsections of this report deal with the specific commitments the Company agreed to in order to correct the discoloration problem in Huber Ridge.

[12A] Prechlorination Report

Commitment

By January 31, 2007, the Company committed to submit a report to Staff, OCC and representatives of the Ohio Environmental Protection Agency (OEPA) with results of prechlorination efforts undertaken in the Huber Ridge system in late 2006.

Finding

The Company evaluated the use of applying chlorine prior to filtration to enhance the removal of iron and manganese by the filters. The effort was found to be ineffectual at the doses that could be fed without adversely affecting the sensitive reverse osmosis membranes. The report of these

findings was submitted by the Company timely and stated that prechlorination should not be added to the regular plant treatment processes on a routine basis. The Company has since evaluated the use of sodium permanganate as a pre-filtration oxidizing agent. The use of this chemical has been approved by the OEPA and has been installed in the new chemical feed building the Company completed near the end of 2007. Trial runs with the permanganate feed proved to lower the manganese level of the water after filtration to under OEPA's secondary maximum contaminate level.

Recommendation

Staff has no recommendation at this time.

[12B-C] Distribution and Plant Monitoring Plan

Commitment

By January 31, 2007 the Company was to submit a plan that presents objective measurable criteria for determining water quality in the Huber Ridge water distribution system.

Finding

The Company agreed to work with the Staff and OCC to develop a plan to monitor compliance with its commitment to address the discoloration issue in Huber Ridge. The Stipulation and Recommendation was executed in January 2007, but did not go into effect until the Opinion and Order was signed on March 7, 2007 and some of the initial dates committed to were not adjusted. However, the Company met this part of the agreement and developed a monitoring plan for the water distribution system and the water treatment plan and had this plan reviewed and approved by the OEPA.

Recommendation

Staff has no recommendation at this time.

[12D] Distribution Model and Unidirectional Flushing Program

Commitment

By March 31, 2007, the Company was to complete a distribution model to develop a unidirectional flushing program.

Finding

This commitment was for the completion of a unidirectional flushing program by March 31, 2007 including a survey of the location of all distribution system valves, hydrants and mains. In addition, all hydrants were to be flushed twice during 2007 concurrent with valve operation necessary for a unidirectional approach. The Company completed a distribution model of the Huber Ridge system by March 31, 2007. The Company completed its first of two required system flushing during the weeks of March 19th and 26th of 2007 and used the observations from these flushing's as data to input into the computer model. Subsequently, the Company flushed the entire system two more times using the uni-directional flushing method to thoroughly clean the system.

Recommendation

The uni-directional flushing commitment was completed for 2007. Staff recommends that the Company continue to flush to prevent additional accumulated sediment in its distribution piping from causing future incidents of discolored water in the system.

[12E] Evaluation of Internal Status of Distribution Pipes from Sample Sections

Commitment

By April 30, 2007, the Company was to complete and report to Staff, OCC and OEPA the results of its evaluation of the internal status of the Huber Ridge pipes through the removal and examination of five to six pipe sections. The Company was required to notify Staff, OCC and OEPA of the time and location the sections were to be removed to permit representatives of these agencies to be present and observe.

Finding

The Company submitted a pipe evaluation report on April 30, 2007 stating that all samples were collected and were found to be in good to excellent condition. The interior walls (including the mortar lining) were in good condition; had little scale build up; and had the coloration of the mortar lining. Most of the pipe sections were taken after the first (spring) system flushing program had been completed. Each of these pipe sections had areas on the internal wall surface where the thin scale had apparently been removed during flushing.

Recommendation

Staff recommends the Company save any pipe samples removed from the distribution system in the course of their normal excavations. The Company shall make these samples available to the Staff for examination and may be discarded after examination or 12 months, subsequent to removal whichever comes first.

[12F] Evaluation of Addition Chemical Treatment Options

Commitment

By May 31, 2007 if more 5% of the Huber Ridge Water Plant OEPA reportable samples analyzed in the previous quarter under the plan (12B-C) do not meet iron and manganese secondary standards, the Company will present the Staff and OCC with a report evaluating the use of including a chemical additive to the finished water.

Finding

The Company committed to submit a report by May 31, 2007 evaluating the use of a chemical additive to the finished water for controlling water quality in the Huber Ridge water distribution system if more than 5% of the Huber Ridge water treatment plant reportable OEPA samples analyzed in the previous quarter under the plan did not meet iron and manganese secondary standards.

The Company reported and docketed the following test results from samples taken from its Huber Ridge water treatment plant finished water tap.

	% < SMCL *	
	Iron	Manganese
SMCL *	0.3 (mg/L) **	0.05 (mg/L) **
March-2007	100.0%	25.0%
April-2007	100.0%	50.0%
May-2007	100.0%	100.0%

* SMCL-Secondary Maximum Contaminant Level

** Mg/L- milligrams per liter

The Company found that their filters were not adequately removing manganese from the raw water. Previous efforts, outlined in the prechlorination report to increase the removal by pre-oxidizing the water with chlorine proved unsatisfactory and posed potential threat of damaging the reverse osmosis membranes used for eliminating dissolved solids including minerals associated with water hardness. The Company applied for and received permission from the OEPA to temporarily add sodium permanganate as an oxidizing agent before the filters which proved effective in reducing the manganese levels to under the SMCL of 0.05 mg/L. The Company constructed a new chemical storage and feed building attached to the existing water plant in late 2007 and included the permanganate in its application. Records submitted to OEPA and reviewed by Staff show that both iron and manganese have been under their SMCL's for more than 95% of the required samples since May of 2007 and through the end of the year.

Removing iron and manganese from the water delivered to the distribution system has been recognized as being only part of the problems potentially causing the discoloration issue in Huber Ridge. The water's chemical make-up can cause the elements previously depositing in the

distribution system to leach back into the water within the system's distribution piping. The unidirectional flushing program is intended to address this. Also, the Company began feeding an orthophosphate/polyphosphate blend to the finished water to help keep any residual iron and manganese in solution and to create a protective coating in the distribution piping and service lines. Construction of Huber Ridge new chemical feed room was completed by December, 2007. Staff finds that this commitment has been satisfactorily completed.

Recommendation

Staff has no recommendations at this time.

[12G] Discontinuance of Reverse Osmosis Charge

Commitment

By June 30, 2007, if discoloration continued in the Huber Ridge distribution system, the Company was to cease charging the reverse osmosis surcharge each month until the discoloration has been eliminated.

Finding

The Company agreed to discontinue charging the Huber Ridge customers a reverse osmosis surcharge after June 30, 2007 if the system discoloration issue had not been eliminated. After June 30, 2007 the charge could be reinstated for each month that the monitoring criteria outlined in the Stipulation and Recommendation agreement had been satisfactorily completed. This issue would be considered satisfied once the company had eliminated discoloration for six consecutive months.

Sample results reported by the Company for June 2007 report indicated that the iron and manganese levels at the water treatment plant finished water sampling tap were under the Secondary Maximum Contaminate Level (SMCL) for iron and manganese 100% of the time (the Stipulation required them to be under the SMCL 95% or more of the time.) Therefore, the Company was not required to cease the reverse osmosis charge after June 30th. Subsequent reports have shown that the Company continued to satisfy this commitment for at least six consecutive months.

Recommendation

Staff recommends that the disallowance of the reverse osmosis charge as outlined in the Stipulation and Recommendation agreement from Case No. 06-433-WS-AIR be continued should plant records show that for two consecutive months the secondary maximum contaminate levels for iron (0.3 mg/L) or for manganese (0.05 mg/L) are exceeded more the 95% of the time.

[12H] September 30, 2007 Evaluation of Additional Treatment Options

Commitment

By September 30, 2007, if more than 5% of the samples for the Huber Ridge Water Treatment Plant did not meet secondary standards the Company would meet with Staff, OCC and OEPA to discuss additional steps and timeline.

Finding

This commitment required the Company to meet with Staff, OCC, and OEPA before September 20, 2007 if more than 5% of plant finished water samples analyzed in the previous quarter under the Plan did not meet the secondary standards.

The meeting was not held since less than 5% of the samples exceeded their SMCL's. However, the Company did include in a construction permit application filed with OEPA to add an orthophosphate/polyphosphate blend to the chemicals being used at the treatment plant as previously discussed.

Recommendation

Staff has no recommendations at this time.

[12I] Customer Letter

Commitment

The Company was to notify by letter the Huber Ridge customers whenever the discoloration issue due to water chemistry has been eliminated, and include suggested steps that customers can take to minimize any future occurrences that may be caused by customers' service lines or other facilities or equipment owned by the customers.

Finding

A letter was sent to customers on October 24, 2007 and a copy docketed with the Commission the following day. Staff acknowledges that the analysis of sampling taken at the plant from June 2007 through the end of 2007 indicates that water delivered to the Huber Ridge distribution system was under the OEPA's Secondary Maximum Contaminant Levels (SMCL) for iron and manganese and that the Company appears to have progressed in controlling how water chemistry has added to the overall Huber Ridge discoloration problem. The issuance of the letter has been appropriate in addressing "water chemistry" contributing factors, but the discoloration problem also includes

includes other contributing factors within the distribution system for which continued Company efforts will be required.

Recommendation

Staff has no recommendations at this time.

[13] Lake Darby Softening

Commitment

The Company committed to install new flow monitors to monitor the softening process and to activate timely the softener regeneration. They also agreed to install new instrumentation and alarms, a 24 hour, 7 day a week remote reporting system, and to implement process control testing and monitoring to consistently and reliably produce finished water softness with a daily average hardness of between 120 mg/l to 150 mg/l for at least 95% of monthly samples. The Company also agreed to continue providing Staff with a monthly report showing a daily average of all process control and certified plant tap testing of the softened water.

Finding

The following table shows a summary of the test results reported:

**Summary of Lake Darby System in the Franklin County District
Monthly Hardness Statistics for Year 2007
(Central Laboratory)**

	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	2007 Annual
Max	142	145	246	144	142	142	145	141	143	231	144	142	246
Min	87	124	124	120	101	121	126	127	125	120	124	123	87
Average Daily	122	132	135	131	129	133	134	132	132	135	135	133	132
Number of Times Within Commitment Range	23	28	30	30	29	30	31	31	30	30	30	31	353
Number of Times Above 150 mg/L Upper Commitment Range	0	0	1	0	0	0	0	0	0	1	0	0	2
Number of Times Below 120 mg/L Lower Commitment Range	8	0	0	0	2	0	0	0	0	0	0	0	10
% Within Range	74.2	100.0	96.8	100.0	93.5	100.0	100.0	100.0	100.0	96.8	100.0	100.0	96.7
% Above 150 mg/l	0.0	0.0	3.2	0.0	0.0	0.0	0.0	0.0	0.0	3.2	0.0	0.0	0.5
% Below lower limit	25.8	0.0	0.0	0.0	6.5	0.0%	0.0	0.0	0.0	0.0	0.0	0.0	2.7

The Company reported two sets of results for Lake Darby, the first being for samples tested at their district central laboratory in Huber Ridge and the second being for samples split from the first, but tested immediately at the Lake Darby water treatment plant.

May 2007 was the only month where on two occasions less than 95% of the daily average hardness test results reported outside the range. Results of 100 mg/L were reported for May 7th and results of 116 mg/L were reported for May 20th. With two occurrences below the lower commitment limit, the Company was outside the commitment range 6.5% of the time. However, the plant test for May 20th was within the approved range with a daily average hardness of 127 mg/L being reported. This and the minimal amount outside of the approved range show that the Company met their commitment.

In October 2007 Staff was informed by a Prairie Township trustees that he had been performing his own hardness testing at the township fire station located next to the water treatment plant. Some of his test results showed a large fluctuation of hardness ranging from under 120 mg/L to levels at 180 mg/L or above. Staff ran some of its own tests and found some samples to be above the 150 mg/l upper hardness level that the Company agreed to in the last stipulation. However,

there were two circumstances that needed to be considered in evaluating the significance of these tests: first the test procedures the Company used in its lab tests were 17 times more accurate than can be obtained from the field test kits used by the trustee and Staff; second the Lake Darby water tower was down for cleaning, maintenance and painting during October and November 2007. It was not until after the tank was placed back into service and the township trustee sent verification samples to a certified lab, that a valid conclusion could be made. The lab results confirmed that some samples taken at the fire station were testing significantly above the approved range.

The Company was asked to explain the apparent discrepancy between the fire station samples and the average daily finished water sample results being recorded at the plant. The Company determined that the method of blending unsoftened water with water from the two softening units during their recharge cycle was a likely cause. Ion exchange softeners reduce water that passes through them to zero hardness. Totally softened water is extremely aggressive on plumbing and is not recommended or approved for consumption. Therefore, water companies "blend" some filtered treated water, back with water that has been softened until a desired level of hardness has been obtained. During periods when one of the two Lake Darby plant softeners were being regenerated, the amount of water being softened and delivered to the distribution system was cut in half, while no adjustment had been made to the blended water. This caused short spikes of hard water above the commitment level. The Company developed and implemented a solution by installing automatic valves on the blended water feed line to reduce the blended water during regeneration.

A second issue of concern occurred in February 2008 when the Lake Darby plant ran out of salt used to regenerate the softeners. The softeners did not work for one day and into the next, until an emergency shipment of salt arrived and the softeners could be regenerated. A Company investigation cited operator error as the reason and The Company has changed the salt level monitoring procedures to reduce the likelihood of a reoccurrence of the incident. The Company made a onetime aggregate credit of \$1,000 to the Lake Darby customers.

The Company is currently conducting a corrosion study relative to the Lake Darby system and any decision to consider reducing hardness levels to less than 120 mg/L would be inadvisable until the study is completed. As an aside, the Company's Worthington Hills system also provides ion-exchange softened water and uses an orthophosphate for corrosion control.

Recommendation

Staff recommends that the Company take additional monitoring steps to assure that the Company is not only producing water technically within the committed range, but that the Lake Darby customers are effectually receiving water consistently within the range. Staff recommends that the daily average hardness report consist of the average results from a minimum of four samples and not more than six finished water samples spaced evenly per day. These samples may be tested at the Lake Darby plant, but also must be tested by the Company's certified laboratory in Huber Ridge. At least one of the daily plant samples will be taken while one of the softeners is regenerating. Staff also recommends that the Company test at least weekly a minimum of two

samples taken from the Lake Darby distribution system. The Company will resample the next day from the same site if results from it exceed 170 mg/L.

Staff also recommends the Commission order the Company to continue to report the results of the hardness testing to Staff. The Company will permit Staff to witness the collection and testing of any samples with 24 hours prior notice, and will permit the splitting of these samples for analysis by a laboratory.

Staff further recommends the Company provide an aggregate credit of \$1,000 available to Lake Darby customers for each occurrence where the daily average hardness levels from the plant's approved finished water sampling tap is under 120 mg/L or in excess of 150 mg/L for any two consecutive days. The aggregate credit shall also be made whenever samples from one of the distribution sites are found on two consecutive days to exceed 170 m/L.⁴ The Company shall provide Staff with a copy of any corrosion studies completed on the Lake Darby system within 30 days of completion.

[14] Mansfield Main Installation

Commitment

The Company committed to complete the replacement of approximately 3,000 feet of main in the Harprest system; Apple Lane and McElroy projects, by December 31, 2007.

Finding

The construction projects were completed and the replacement mains placed into service on October 18, 2007.

Recommendation: Staff has no recommendations at this time.

[15] Marion Slaker Installation

Commitment

The Company committed to replace two lime slakers including their gravimetric feeders, a lime bin hopper, and grit elevators at the Marion water treatment plant by December 31, 2007. The Company also committed to implement process control testing and monitoring to operate the water softening process to consistently and reliably produce finished water with softness within a daily average range of between 120 mg/L and 150 mg/l for at least 95 % of monthly samples.

⁴ The distribution site sample limit has been set at approximately 1 grain (17.1 mg/L) above the upper commitment level of the finished water taps to allow for field testing equipment accuracy.

Finding

The new slakers and associated equipment have been purchased and installed and were in use by the end of 2007.

The Company has been reporting the results of its hardness testing to the Staff, OCC, and the City of Marion as required. The following table shows a summary of the test results reported:

Summary of Marion District Monthly Hardness Statistics for Year 2007

	January	February	March	April	May	June	July	August	September	October	November	December	Annual (2007)
Maximum Day	153	146	152	152	147	149	155	149	154	155	150	153	155
Minimum Day	114	131	133	130	129	129	127	136	134	120	121	129	114
Average Daily	141	141	141	140	140	141	141	142	142	138	138	139	140
Number of Times Within Commitment Range	29	28	30	29	31	30	29	31	28	30	30	30	355
Number of Times Above 150 mg/L Upper Commitment Range	1		1	1			2		2	1		1	9
Number of Times Below 120 mg/L Lower Commitment Range	1												1
% Within Range	93.5	100.0	96.8	96.7	100.0	100.0	93.5	100.0	93.3	96.8	100.0	96.8	97.3
% Above 150 mg/l	3.2	0.0	3.2	3.3	0.0	0.0	6.5	0.0	6.7	3.2	0.0	3.2	2.5
% Below lower limit	3.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3

The Stipulation and Recommendation went into effect on March 7, 2007; therefore, the month of January was not considered in the review of the Company's performance in this commitment. The Company reported in July and September that it produced water within the commitment range only 93.5% and 93.3% of the time respectively. This represented two occurrences, the reported value on the 16th was 151 mg/L and on the 17th the reported value was 155 mg/L. The Company also reported two occurrences in September when the reported value on the 9th was 154 mg/L and on the 28th when the reported value was 152 mg/L. Staff finds that the variance above the upper commitment level on these four occurrences is relatively insignificant and that the overall annual average performance of 97.3% of reported samples within the commitment range of 120mg/L to 150mg/L shows that the commitment has been satisfactorily completed.

Recommendation

Staff recommends the Commission order the Company to continue sampling for finished water hardness and reporting the results monthly to Staff. No modifications to the testing or reporting requirements are recommended⁵.

[16] Ashtabula Treatment Plant

Commitment

The Company committed to analyzing least cost options for the Ashtabula Water Treatment Plant's capital investment program and to provide the Staff and OCC with a detailed report describing the financing options. Meetings were to be held at appropriate points in the planning process and prior to any construction, with Staff and OCC to discuss the reasons for selecting the renovation on new construction options and the proposed financing plan.

Finding

The Company states it is still in the early planning stages of evaluating its options, has not progressed to the point in its planning where it has developed least cost options, and thus no meetings have yet been held.⁶

Recommendations

Staff recommends that the Commission order the Company to keep Staff informed of any progress made in selecting and implementing major plant improvements or additions.

[17] Leak Repair

Commitment

The Company committed to repair non-service affecting leaks within seven days of detection and service affecting leaks within 24 hours of detection and to give Staff notice of instances where such leaks could not be repaired within the allotted time and why. In addition the Company was to provide the cause of the leak, the proposed remedies to address it, and the date when the leak is expected to be repaired.

⁵ The Marion Plant routinely samples for hardness approximately every two hours and averages the results over a twenty four hour period for reporting purposes.

⁶ Direct Testimony of David Little (page 20) docketed in Case No. 07-1112-WS-AIR on November 20, 2007.

Finding

The Company has been filing leakage reports with its quarterly report submissions that demonstrate substantial compliance with this commitment. The Company has also worked with Staff to refine its reporting format to make its interpretation more comprehensive and easier to understand.

Recommendation

Staff recommends that the Commission order the Company to continue to comply with this commitment and to continue to supply quarterly leakage reports.

[18] Restoration of Property Commitment

Commitment

The Company committed in Case No. 06-433-WS-AIR and in previous cases to restore property affected by its construction work in a satisfactory and timely manner and to keep detailed records that include the costs incurred and justification for projects that could have been completed in conjunction with the cities' activities, but for which the Company chose to act independently. The Company also agreed to keep records of all service and non-service affecting leak excavations. If the Company did not have existing records to satisfy the conditions of this requirement, the Company committed to develop a log that did. The Company was to submit this information with the quarterly operations report to Staff and OCC for projects involving Tiffin or Marion districts.

Finding

Staff sent inquiries to the Marion and Tiffin city engineers in July 2007 requesting confirmation of satisfactory compliance with the above commitments. The city of Tiffin did not reply to this inquiry, but the Marion city engineer did on July 27, 2007 with a recent list of pending excavation permits the city had issued to the Marion District. The first 11 permits on the list were issued during the period of October 2006 through April 2007, and were found by the city to still need work before they could be called completely restored. Staff investigated these sites and confirmed that at least six of them had not been satisfactorily restored as of July 31, 2007. This information was referred to the Company and docketed in Case No. 07-252-WS-UNC on August 17, 2007. The Company responded on September 19, 2007 saying its representatives were under the mistaken understanding that all repairs had been completed as required and that the necessary restorations were now complete.

The road and lawn restoration issues have been included in at least the last two rate cases because the Company had developed a history of taking a long time in repairing its excavation sites after completion of the original work. Conversations with city representatives show that the

Company has greatly improved its procedures and is making a substantial effort to properly restore property after project completion. However, the six cases referred to above show that some additional internal monitoring needs to be set up to minimize future occurrences.

Paragraph 18L of the stipulation⁷ states that if the Company does not have existing records to satisfy the conditions of this requirement, then the Company shall develop a log that does. The Company worked with Staff and developed a revised leak log form that includes much of the data necessary for monitoring of excavation restorations.

Recommendation

Staff has no recommendations at this time.

Customer Survey

Staff surveys regulated water company customers approximately every five years to determine customers' satisfaction with their water service. All districts of the Ohio American Water Company were surveyed in August/September of 2007.

Finding

A total of 1,625 replies (or 23.2%) of 6,985 surveys mailed to the Company customers were received and have been tabulated. The surveys indicated that the Company has a wide range of customer satisfaction levels, but that the areas where the Company is perceived as having the lowest satisfactory performance remain in the Franklin County District. Water quality issues and high rates appear to be the primary issues where the customers expressed their dissatisfaction. An appendix at the end of this section provides a condensed table of survey results including perceptions of overall quality, pressure, and Company service responsiveness.

CUSTOMER SERVICE AUDIT

Finding

Staff completed a customer service audit in March 2008 regarding the customer service performance, practices, and procedures of the Company. Staff found that the Company Water's customer service representatives were competent and helpful to their customers. Other than the issues discussed elsewhere in the staff report, the Staff found that the customer service practices and policies of the Ohio American Water Company complied with the rules and regulations set forth by the PUCO.

⁷ Rate Case 06-0433-AIR

Customer Contacts

Finding

Staff reviewed the contacts made by Company customers to the PUCO Consumer Hotline (Hotline) for the period of February 1, 2007 through February 29, 2008. Overall, 685 contacts were made during this period. One hundred thirty-four customers called the Hotline before calling the Company. Most of these customers were seeking account information and were directed back to the Company to give the Company the first opportunity to respond to their customers. Contacts about disconnection issues or payment arrangements prompted 150 contacts. The next highest number related to billing or metering concerns, with 141 contacts. Service concerns prompted 45 contacts, while issues regarding new service accounted for 16 contacts. Twenty customers contacted the Hotline because they had difficulty reaching the Company. The remaining ten customers had comments on the Company's policies (6) or on the Commission (4).

One hundred and eleven customers contacted the Commission to protest the Company's current or previous rate case or regarding other tariff issues. Twenty-three customers had concerns about water quality issues, while another 13 voiced their concerns about the quality of the Company's customer service. The other 22 were miscellaneous contacts, such as questions about utility easements.

APPENDIX

Ohio American Water Company
2007 Customer Survey Detailed Results
Mansfield Area Systems

	Biscayne		Bryonaire		Ford Rd		Greenridge		Halibran	
	Count	% Total	Count	% Total	Count	% Total	Count	% Total	Count	% Total
Q1. I would rate the overall water quality as:										
1 Excellent	6	8.1%	6	16.2%	3	50.0%	8	25.0%	4	44.4%
2 Good	22	29.7%	18	43.2%	1	16.7%	14	43.8%	4	44.4%
3 Satisfactory	27	36.5%	10	27.0%	1	16.7%	10	31.3%	1	11.1%
4 Fair	8	10.8%	3	8.1%	1	16.7%				
5 Poor	11	14.9%	2	5.4%						
Total Responses	74	100.0%	37	100.0%	6	100.0%	32	100.0%	9	100.0%
Average Choice	2.95		1.29		2.00		2.06		1.67	
Q2. I would rate my water pressure as:										
1 Excellent	8	11.0%	10	27.0%	3	60.0%	5	15.6%	5	55.6%
2 Good	31	42.5%	12	32.4%			13	40.6%	2	22.2%
3 Satisfactory	21	28.8%	12	32.4%	2	40.0%	6	18.8%	2	22.2%
4 Fair	10	13.7%	2	5.4%			7	21.9%		
5 Poor	3	4.1%	1	2.7%			1	3.1%		
Total Responses	73	100.0%	37	100.0%	5	100.0%	32	100.0%	9	100.0%
Average Choice	2.58		1.46		1.80		2.56		1.67	
Q3. How often do you experience discolored water during normal operations? (Excluding flushing/main break occasions, etc.)										
1 Never	11	16.7%	12	33.3%	4	66.7%	15	46.9%		
2	15	22.7%	16	44.4%	2	33.3%	12	37.5%	8	88.9%
3	18	27.3%	3	8.3%			4	12.5%	1	11.1%
4	11	16.7%	5	13.9%			1	3.1%		
5 Frequently	11	16.7%								
Total Responses	66	100.0%	36	100.0%	6	100.0%	32	100.0%	9	100.0%
Average Choice	3.16		1.43		1.33		1.72		1.11	
Q4. I currently utilize in my home (Check all that apply)										
Nothing	10	10.3%	17	43.6%	2	33.3%	21	63.6%	8	88.9%
Softening System	50	51.5%	12	30.8%			9	27.3%		
Whole House Water Filter	29	29.9%	6	15.4%	4	66.7%	3	9.1%	1	11.1%
Point-of-Use Treatment Device	8	8.2%	4	10.3%						
Total Responses	97	100.0%	39	100.0%	6	100.0%	33	100.0%	9	100.0%
Q5. If you called the company was your call answered promptly and was your concern addressed in a professional manner?										
Did you call the company?										
Yes	36	53.7%	25	71.4%	3	50.0%	8	29.6%	4	57.1%
No	31	46.3%	10	28.6%	3	50.0%	19	70.4%	3	42.9%
Total Responses	67	100.0%	35	100.0%	6	100.0%	27	100.0%	7	100.0%

OHIO AMERICAN WATER COMPANY
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Q6 Promptly Answered?:

Yes	28	57.1%	20	71.4%	4	100.0%	7	41.2%	5	71.4%
No	8	16.3%	3	10.7%			1	5.9%		
Not Applicable	13	26.5%	5	17.9%			9	52.9%	2	28.6%
Total Responses	49	100.0%	28	100.0%	4	100.0%	17	100.0%	7	100.0%

Q7 Professional Manner?

Yes	31	64.6%	23	76.7%	4	100.0%	8	44.4%	5	71.4%
No	3	6.3%	1	3.3%			1	5.6%		
Not Applicable	14	29.2%	6	20.0%			9	50.0%	2	28.6%
Total Responses	48	100.0%	30	100.0%	4	100.0%	18	100.0%	7	100.0%

Q8. If you marked 'NO' for Professional Manner, please explain:

No Response	4	50.0%	1	33.3%			2	66.7%		
Rude Service										
Slow Service			1	33.3%						
Talked Down to Me										
Did Not Fix Problems										
Called Several Times	1	12.5%	1	33.3%						
Other	3	37.5%			1	100.0%	1	33.3%		
Total Responses	8	100.0%	3	100.0%	1	100.0%	3	100.0%	0	

The company's response time to service calls requests (e.g. meter re-read) and emergencies (e.g. main break) is :

Q9. Service Call Response:

No such experience	44	62.9%	25	71.4%	3	60.0%	23	85.2%	7	87.5%
1 Excellent	12	17.1%	3	8.6%					1	12.5%
2 Good	7	10.0%	7	20.0%	2	40.0%	3	11.1%		
3 Satisfactory	6	8.6%					1	3.7%		
4 Fair										
5 Poor	1	1.4%								
Total Responses	70	100.0%	35	100.0%	5	100.0%	27	100.0%	8	100.0%

Q10. Emergency Response:

No such experience	57	80.3%	24	72.7%	4	80.0%	22	78.6%	7	87.5%
1 Excellent	7	9.9%	3	9.1%	1	20.0%	1	3.6%	1	12.5%
2 Good	2	2.8%	6	18.2%			4	14.3%		
3 Satisfactory	4	5.6%								
4 Fair										
5 Poor	1	1.4%					1	3.6%		
Total Responses	71	100.0%	33	100.0%	5	100.0%	28	100.0%	8	100.0%

Q11. In your community, which utility rates do you consider reasonable for the service currently received? (Check all that apply).

None	2	1.3%	1	1.4%	1	5.3%	1	1.8%		
Gas	21	13.5%	5	7.1%	4	21.1%	6	10.9%	4	19.0%
Electric	43	27.7%	11	15.7%	4	21.1%	17	30.9%	6	28.6%
Phone	31	20.0%	19	27.1%	2	10.5%	8	14.5%	4	19.0%
Cable TV	19	12.3%	9	12.9%	3	15.8%	5	9.1%	1	4.8%
Water	18	11.6%	17	24.3%	4	21.1%	9	16.4%	2	9.5%
Sewer	21	13.5%	8	11.4%	1	5.3%	9	16.4%	4	19.0%
Total Responses	155	100.0%	70	100.0%	19	100.0%	55	100.0%	21	100.0%

OHIO AMERICAN WATER COMPANY
Case No. 07-1112-WS-AIR

Q12. Please express any comments or suggestions about your water service:

Color	20	28.2%	5	17.9%						
Flat Rate	4	5.6%					2	8.7%	1	25.0%
Follow-Up Needed										
Hardness	1	1.4%								
High Rates	17	23.9%	5	17.9%	2	66.7%	10	43.5%	1	25.0%
Low Pressure	4	5.6%	4	14.3%			4	17.4%		
No Comment										
Odor	1	1.4%	4	14.3%						
Other	8	11.3%	1	3.6%			3	13.0%	1	25.0%
Particles In Water	3	4.2%	2	7.1%						
Positive comment	8	11.3%	4	14.3%	1	33.3%	4	17.4%	1	25.0%
Rusty Water			1	3.6%						
Taste	2	2.8%	2	7.1%						
Won't Drink Water	3	4.2%								
Total Responses	71	100.0%	28	100.0%	3	100.0%	23	100.0%	4	100.0%

Ohio American Water Company
2007 Customer Survey
Mansfield Area Systems

Harpcrest		Little Valley		Madison		Mohican		Walcrest	
Count	% Total	Count	% Total	Count	% Total	Count	% Total	Count	% Total

Q1. I would rate the overall water quality as:

1 Excellent	21	29.2%			17	28.8%	6	35.3%	1	11.1%
2 Good	29	40.3%			14	23.7%	8	47.1%	2	22.2%
3 Satisfactor y	17	23.6%			17	28.8%	2	11.8%	6	66.7%
4 Fair	5	6.9%	1	100.0%	5	8.5%	1	5.9%		
5 Poor					6	10.2%				
Total Responses	72	100.0%	1	100.0%	59	100.0%	17	100.0%	9	100.0%
Average Choice	2.08		4.00		2.47		1.88		2.56	

Q2. I would rate my water pressure as:

1 Excellent	13	18.1%			17	28.8%	4	23.5%		
2 Good	30	41.7%	1	100.0%	16	27.1%	10	58.8%	3	33.3%
3 Satisfactor y	14	19.4%			17	28.8%	2	11.8%	3	33.3%
4 Fair	9	12.5%			5	8.5%			1	11.1%
5 Poor	6	8.3%			4	6.8%	1	5.9%	2	22.2%
Total Responses	72	100.0%	1	100.0%	59	100.0%	17	100.0%	9	100.0%
Average Choice	2.51		2.00		2.37		2.06		3.22	

Q3. How often do you experience discolored water during normal operations? (Excluding flushing/main break occasions, etc.)

1 Never	48	66.7%			29	50.9%	6	35.3%	3	37.5%
2	18	25.0%			22	38.6%	9	52.9%	2	25.0%
3	4	5.6%			3	5.3%	1	5.9%	1	12.5%
4					2	3.5%			1	12.5%
5 Frequently	2	2.8%	1	100.0%	1	1.8%	1	5.9%	1	12.5%
Total Responses	72	100.0%	1	100.0%	57	100.0%	17	100.0%	8	100.0%
Average Choice	1.47		5.00		1.67		1.88		2.38	

Q4. I currently utilize in my home (Check all that apply)

Nothing	46	63.0%			47	83.9%	11	64.7%	1	7.7%
Softening System	21	28.8%	1	50.0%	3	5.4%	4	23.5%	8	61.5%
Whole House Water Filter	5	6.8%	1	50.0%	1	1.8%			4	30.8%
Point-of-Use Treatment Device	1	1.4%			5	8.9%	2	11.8%		
Total Responses	73	100.0%	2	100.0%	56	100.0%	17	100.0%	13	100.0%

If you called the company was your call answered promptly and was your concern addressed in a professional manner?

Q5. Did you call the company?

Yes	32	49.2%	2	100.0%	25	47.2%	6	35.3%	5	55.6%
No	33	50.8%			28	52.8%	11	64.7%	4	44.4%
Total Responses	65	100.0%	2	100.0%	53	100.0%	17	100.0%	9	100.0%

Q6. Promptly Answered?:

Yes	25	61.0%	2	100.0%	21	58.3%	4	36.4%	3	42.9%
No	9	22.0%			5	13.9%	1	9.1%		
Not Applicable	7	17.1%			10	27.8%	6	54.5%	4	57.1%
Total Responses	41	100.0%	2	100.0%	36	100.0%	11	100.0%	7	100.0%

Q7. Professional Manner?

Yes	26	66.7%	2	100.0%	23	63.9%	3	25.0%	3	42.9%
No	8	20.5%			3	8.3%	3	25.0%	1	14.3%
Not Applicable	5	12.8%			10	27.8%	6	50.0%	3	42.9%
Total Responses	39	100.0%	2	100.0%	36	100.0%	12	100.0%	7	100.0%

Q8. If you marked 'NO' for Professional Manner, please explain:

No Response					6	54.5%			1	50.0%
Rude Service	1	14.3%			1	9.1%			1	50.0%
Slow Service					1	9.1%				
Talked Down to Me										
Did Not Fix Problems	1	14.3%					1	25.0%		
Called Several Times										
Other	5	71.4%			3	27.3%	3	75.0%		
Total Responses	7	100.0%	0		11	100.0%	4	100.0%	2	100.0%

The company's response time to service calls requests (e.g. meter re-read) and emergencies (e.g. main break) is :

Q9. Service Call Response:

No such experience	45	67.2%			34	64.2%	12	75.0%	5	71.4%
1 Excellent	8	11.9%			6	11.3%	2	12.5%	1	14.3%
2 Good	8	11.9%			8	15.1%	1	6.3%	1	14.3%
3 Satisfactory	3	4.5%	1	100.0%	1	1.9%				
4 Fair	2	3.0%			1	1.9%	1	6.3%		
5 Poor	1	1.5%			3	5.7%				
Total Responses	67	100.0%	1	100.0%	53	100.0%	16	100.0%	7	100.0%

Q10. Emergency Response:

No such experience	52	78.8%	1	100.0%	46	90.2%	14	87.5%	4	66.7%
1 Excellent	4	6.1%			3	5.9%	1	6.3%	2	33.3%
2 Good	6	9.1%								
3 Satisfactory	2	3.0%			1	2.0%				
4 Fair	1	1.5%			1	2.0%	1	6.3%		
5 Poor	1	1.5%								
Total Responses	66	100.0%	1	100.0%	51	100.0%	16	100.0%	6	100.0%

Q11. In your community, which utility rates do you consider reasonable for the service currently received? (Check all that apply).

None	5	3.3%			3	2.3%			1	5.9%
Gas	21	13.8%			12	9.4%			3	17.6%
Electric	34	22.4%	1	50.0%	26	20.3%	8	36.4%	4	23.5%
Phone	26	17.1%			20	15.6%	4	18.2%	5	29.4%
Cable TV	13	8.6%			21	16.4%	1	4.5%	2	11.8%
Water	19	12.5%			23	18.0%	8	36.4%	1	5.9%
Sewer	34	22.4%	1	50.0%	23	18.0%	1	4.5%	1	5.9%
Total Responses	152	100.0%	2	100.0%	128	100.0%	22	100.0%	17	100.0%

Q12. Please express any comments or suggestions about your water service:

Color	1	1.1%					1	10.0%		
Flat Rate	16	17.0%	1	20.0%			1	10.0%	1	11.1%
Follow-Up Needed	8	8.5%								
Hardness			1	20.0%						
High Rates	12	12.8%	2	40.0%	9	26.5%	5	50.0%	2	22.2%
Low Pressure	6	6.4%			3	8.8%			4	44.4%
No Comment	32	34.0%			2	5.9%				
Odor	2	2.1%							1	11.1%
Other	12	12.8%			4	11.8%			1	11.1%
Particles In Water					2	5.9%				
Positive comment	3	3.2%			11	32.4%	2	20.0%		
Rusty Water							1	10.0%		
Taste	2	2.1%	1	20.0%	1	2.9%				
Won't Drink Water					2	5.9%				
Total Responses	94	100.0%	5	100.0%	34	100.0%	10	100.0%	9	100.0%

Ohio American Water Company
2007 Customer Survey
Group "A" Districts

Ashtabula		Lake White		Lawrence County		Marion		Tiffin	
County	% Total	County	% Total	County	% Total	County	% Total	County	% Total

Q1. I would rate the overall water quality as:

1 Excellent	42	32.1%	9	9.2%	42	41.2%	24	15.4%	44	27.2%
2 Good	56	42.7%	26	26.5%	43	42.2%	60	38.5%	73	45.1%
3 Satisfactory	26	19.8%	27	27.6%	10	9.8%	44	28.2%	35	21.6%
4 Fair	1	0.8%	23	23.5%	6	5.9%	18	11.5%	9	5.6%
5 Poor	6	4.6%	13	13.3%	1	1.0%	10	6.4%	1	0.6%
Total Responses	131	100.0%	98	100.0%	102	100.0%	156	100.0%	162	100.0%
Average Choice	2.03		3.05		1.83		2.55		2.07	

Q2. I would rate my water pressure as:

1 Excellent	49	36.8%	26	26.5%	47	45.6%	42	26.6%	52	32.1%
2 Good	51	38.3%	38	38.8%	39	37.9%	51	32.3%	71	43.8%
3 Satisfactory	25	18.8%	16	16.3%	9	8.7%	48	30.4%	30	18.5%
4 Fair	4	3.0%	13	13.3%	4	3.9%	11	7.0%	4	2.5%
5 Poor	4	3.0%	5	5.1%	4	3.9%	6	3.8%	5	3.1%
Total Responses	133	100.0%	98	100.0%	103	100.0%	158	100.0%	162	100.0%
Average Choice	1.97		2.32		1.83		2.29		2.01	

i. How often do you experience discolored water during normal operations? (Excluding flushing/main break occasions, etc.)

1 Never	97	72.9%	12	12.6%	69	67.6%	72	45.6%	114	70.8%
2	26	19.5%	35	36.8%	20	19.6%	52	32.9%	37	23.0%
3	8	6.0%	19	20.0%	5	4.9%	26	16.5%	7	4.3%
4	0		11	11.6%	5	4.9%	5	3.2%	1	0.6%
5 Frequently	2	1.5%	18	18.9%	3	2.9%	3	1.9%	2	1.2%
Total Responses	133	100.0%	95	100.0%	102	100.0%	158	100.0%	161	100.0%
Average Choice	1.38		2.87		1.56		1.83		1.39	

OHIO AMERICAN WATER COMPANY
Case No. 07-1112-WS-AIR

Q4. I currently utilize in my home (Check all that apply)

Nothing	113	83.1%	48	47.1%	86	84.3%	116	75.3%	101	61.2%
Softening System	4	2.9%	30	29.4%	1	1.0%	6	3.9%	43	26.1%
Whole House Water Filter	3	2.2%	6	5.9%	3	2.9%	11	7.1%	4	2.4%
Point-of-Use Treatment Device	16	11.8%	18	17.6%	12	11.8%	21	13.6%	17	10.3%
Total Responses	136	100.0%	102	100.0%	102	100.0%	154	100.0%	165	100.0%

If you called the company was your call answered promptly and was your concern addressed in a professional manner?

Q5. Did you call the company?

Yes	44	36.4%	44	53.0%	30	32.6%	42	29.4%	34	22.7%
No	77	63.6%	39	47.0%	62	67.4%	101	70.6%	116	77.3%
Total Responses	121	100.0%	83	100.0%	92	100.0%	143	100.0%	150	100.0%

Q6. Promptly Answered?:

Yes	37	78.7%	36	87.8%	23	69.7%	36	81.8%	27	84.4%
No	10	21.3%	5	12.2%	10	30.3%	8	18.2%	5	15.6%
Total Responses	47	100.0%	41	100.0%	33	100.0%	44	100.0%	32	100.0%

Q7. Professional Manner?

Yes	38	80.9%	33	78.6%	27	87.1%	37	90.2%	27	90.0%
No	9	19.1%	9	21.4%	4	12.9%	4	9.8%	3	10.0%
Total Responses	47	100.0%	42	100.0%	31	100.0%	41	100.0%	30	100.0%

Q8. If you marked 'NO' for Professional Manner, please explain:

No Comment										
Rude Service	2	28.6%	4	28.6%	2	33.3%	3	16.7%	1	50.0%
Slow Service										
Talked Down to Me										
Did Not Fix Problems							1	5.6%	1	50.0%
No Response			1	7.1%			9	50.0%		
Called Several Times										
Other	5	71.4%	9	64.3%	4	66.7%	5	27.8%		
Total Responses	7	100.0%	14	100.0%	6	100.0%	18	100.0%	2	100.0%

OHIO AMERICAN WATER COMPANY
Case No. 07-1112-WS-AIR

The company's response time to service calls requests (e.g. meter re-read) and emergencies (e.g. main break) is :

Q9. Service Call Response:

No such experience	95	75.4%	53	63.9%	76	80.9%	107	75.9%	122	83.0%
1 Excellent	14	11.1%	13	15.7%	8	8.5%	12	8.5%	14	9.5%
2 Good	7	5.6%	10	12.0%	7	7.4%	7	5.0%	8	5.4%
3 Satisfactory	5	4.0%	4	4.8%	1	1.1%	6	4.3%	3	2.0%
4 Fair	5	4.0%	2	2.4%			6	4.3%		
5 Poor	0		1	1.2%	2	2.1%	3	2.1%		
Total Responses	126	100.0%	83	100.0%	94	100.0%	141	100.0%	147	100.0%

Q10. Emergency Response:

No such experience	109	84.5%	59	72.0%	79	85.9%	121	87.7%	130	91.5%
1 Excellent	7	5.4%	10	12.2%	7	7.6%	7	5.1%	8	5.6%
2 Good	5	3.9%	6	7.3%	4	4.3%	2	1.4%	1	0.7%
3 Satisfactory	3	2.3%	4	4.9%			4	2.9%	2	1.4%
4 Fair	4	3.1%	2	2.4%			2	1.4%	1	0.7%
5 Poor	1	0.8%	1	1.2%	2	2.2%	2	1.4%		
Total Responses	129	100.0%	82	100.0%	92	100.0%	138	100.0%	142	100.0%

Q11. In your community, which utility rates do you consider reasonable for the service currently received? (Check all that apply).

None	14	6.1%	6	3.2%	3	1.2%	10	3.0%	4	1.1%
Gas	27	11.8%	18	9.5%	20	7.8%	45	13.6%	43	12.1%
Electric	59	25.8%	54	28.6%	52	20.3%	85	25.6%	86	24.2%
Phone	27	11.8%	49	25.9%	49	19.1%	62	18.7%	66	18.5%
Cable TV	24	10.5%	24	12.7%	26	10.2%	28	8.4%	40	11.2%
Water	57	24.9%	25	13.2%	60	23.4%	63	19.0%	67	18.8%
Sewer	21	9.2%	13	6.9%	46	18.0%	39	11.7%	50	14.0%
Total Responses	229	100.0%	189	100.0%	256	100.0%	332	100.0%	356	100.0%

Q12. Please express any comments or suggestions about your water service:

Color	3	2.1%	10	7.0%	1	0.8%	7	3.3%	1	1.5%
Follow-Up Needed	6	4.1%	1	0.7%	8	6.3%	21	10.0%		
Hardness			6	4.2%	1	0.8%	2	1.0%	3	4.6%
High Rates	14	9.7%	18	12.7%	10	7.9%	19	9.0%	13	20.0%
Low Pressure	3	2.1%	3	2.1%	1	0.8%	5	2.4%	4	6.2%
No Comment	76	52.4%	41	28.9%	59	46.5%	90	42.9%	2	3.1%
Odor	4	2.8%	5	3.5%	4	3.1%	10	4.8%	5	7.7%
Other	23	15.9%	34	23.9%	23	18.1%	26	12.4%	6	9.2%
Particles in Water					1	0.8%	1	0.5%	4	6.2%
Positive comment	10	6.9%	3	2.1%	12	9.4%	8	3.8%	19	29.2%
Taste	6	4.1%	9	6.3%	4	3.1%	14	6.7%	7	10.8%
Won't Drink Water			12	8.5%	3	2.4%	7	3.3%	1	1.5%
Total Responses	145	100.0%	142	100.0%	127	100.0%	210	100.0%	65	100.0%

Ohio American Water Company
2007 Customer Survey
Franklin and Portage County Areas

	Blacklick		Huber Ridge		Lake Darby		Timberbrook	
	Coun t	% Total	Coun t	% Total	Coun t	% Total	Coun t	% Total
Q1. I would rate the overall water quality as:								
1 Excellent	4	4.7%	9	8.3%	2	2.4%	10	10.9%
2 Good	6	7.0%	31	28.7%	15	17.6%	30	32.6%
3 Satisfactory	21	24.4%	36	33.3%	28	32.9%	22	23.9%
4 Fair	16	18.6%	21	19.4%	25	29.4%	22	23.9%
5 Poor	39	45.3%	11	10.2%	15	17.6%	8	8.7%
Total Responses	86	100.0%	108	100.0%	85	100.0%	92	100.0%
Average Choice	3.93		2.94		3.42		2.87	

Q2. I would rate my water pressure as:								
1 Excellent	13	15.7%	18	16.7%	12	14.3%	19	20.7%
2 Good	29	34.9%	47	43.5%	32	38.1%	35	38.0%
3 Satisfactory	34	41.0%	26	24.1%	29	34.5%	22	23.9%
4 Fair	4	4.8%	9	8.3%	8	9.5%	12	13.0%
5 Poor	3	3.6%	8	7.4%	3	3.6%	4	4.3%
Total Responses	83	100.0%	108	100.0%	84	100.0%	92	100.0%
Average Choice	2.55		2.46		2.50		2.42	

Q3. How often do you experience discolored water during normal operations? (Excluding flushing/main break occasions, etc.)								
1 Never	29	33.7%	28	26.4%	39	47.0%	51	56.0%
2	23	26.7%	33	31.1%	23	27.7%	21	23.1%
3	17	19.8%	27	25.5%	13	15.7%	8	8.8%
4	9	10.5%	9	8.5%	2	2.4%	5	5.5%
5 Frequently	8	9.3%	9	8.5%	6	7.2%	6	6.6%
Total Responses	86	100.0%	106	100.0%	83	100.0%	91	100.0%
Average Choice	2.35		2.42		1.95		1.84	

Q4. I currently utilize in my home (Check all that apply)								
Nothing	36	35.3%	72	62.1%	40	44.9%	6	4.8%
Softening System	43	42.2%	12	10.3%	24	27.0%	84	66.7%
Whole House Water Filter	13	12.7%	12	10.3%	8	9.0%	17	13.5%
Point-of-Use Treatment Device	10	9.8%	20	17.2%	17	19.1%	19	15.1%
Total Responses	102	100.0%	116	100.0%	89	100.0%	126	100.0%

If you called the company was your call answered promptly and was your concern addressed in a professional manner?

Q5. Did you call the company?								
Yes	39	49.4%	48	48.5%	30	37.5%	38	44.2%
No	40	50.6%	51	51.5%	50	62.5%	48	55.8%

Ohio American Water Company
2007 Customer Survey
Franklin and Portage County Areas

	Blacklick		Huber Ridge		Lake Darby		Timberbrook	
	Coun t	% Total	Coun t	% Total	Coun t	% Total	Coun t	% Total
Total Responses	79	100.0%	99	100.0%	80	100.0%	86	100.0%

Q6 Promptly Answered?:

Yes	29	72.5%	33	70.2%	25	69.4%	34	85.0%
No	11	27.5%	14	29.8%	11	30.6%	6	15.0%
Total Responses	40	100.0%	47	100.0%	36	100.0%	40	100.0%

Q7 Professional Manner?

Yes	28	70.0%	28	63.6%	22	64.7%	31	83.8%
No	12	30.0%	16	36.4%	12	35.3%	6	16.2%
Total Responses	40	100.0%	44	100.0%	34	100.0%	37	100.0%

Q8. If you marked 'NO' for Professional Manner, please explain:

Called Several Times					1	10.0%	5	71.4%
Did Not Fix Problems								
No Comment	1	8.3%						
No Response								
Other	6	50.0%	17	77.3%	5	50.0%	1	14.3%
Rude Service	5	41.7%	3	13.6%	4	40.0%	1	14.3%
Slow Service			2	9.1%				
Talked Down to Me	0							
Total Responses	12	100.0%	22	100.0%	10	100.0%	7	100.0%

The company's response time to service calls requests (e.g. meter re-read) and emergencies (e.g. main break) is:

Q9. Service Call Response:

No such experience	57	71.3%	76	74.5%	61	77.2%	58	69.0%
1 Excellent	8	10.0%	3	2.9%	6	7.6%	9	10.7%
2 Good	1	1.3%	6	5.9%	2	2.5%	6	7.1%
3 Satisfactory	7	8.8%	6	5.9%	4	5.1%	6	7.1%
4 Fair	4	5.0%	4	3.9%	4	5.1%	4	4.8%
5 Poor	3	3.8%	7	6.9%	2	2.5%	1	1.2%
Total Responses	80	100.0%	102	100.0%	79	100.0%	84	100.0%

Q10 Emergency Response:

No such experience	68	90.7%	94	93.1%	78	98.7%	71	85.5%
1 Excellent			3	3.0%			4	4.8%
2 Good	1	1.3%	1	1.0%			4	4.8%
3 Satisfactory	2	2.7%	3	3.0%			2	2.4%
4 Fair							2	2.4%
5 Poor	4	5.3%			1	1.3%		

Ohio American Water Company
2007 Customer Survey
Franklin and Portage County Areas

	Blacklick		Huber Ridge		Lake Darby		Timberbrook	
	Coun t	% Total	Coun t	% Total	Coun t	% Total	Coun t	% Total
Total Responses	75	100.0 %	101	100.0 %	79	100.0 %	83	100.0 %

Q11 In your community, which utility rates do you consider reasonable for the service currently received?
(Check all that apply).

None	7	3.6%	6	2.7%	3	1.6%	6	2.8%
Gas	34	17.4%	42	18.6%	28	14.8%	33	15.2%
Electric	52	26.7%	61	27.0%	49	25.9%	52	24.0%
Phone	49	25.1%	63	27.9%	56	29.6%	47	21.7%
Cable TV	33	16.9%	36	15.9%	33	17.5%	28	12.9%
Water	13	6.7%	11	4.9%	11	5.8%	37	17.1%
Sewer	7	3.6%	7	3.1%	9	4.8%	14	6.5%
Total Responses	195	100.0 %	226	100.0 %	189	100.0 %	217	100.0 %

Q12 Please express any comments or suggestions about your water service:

Color	7	4.5%	18	10.3%	5	3.6%	2	3.3%
Follow-Up Needed	14	8.9%	20	11.4%	11	8.0%		
Hardness	26	16.6%	7	4.0%	19	13.8%	11	18.0%
High Rates	36	22.9%	43	24.6%	45	32.6%	11	18.0%
Low Pressure	1	0.6%	3	1.7%	2	1.4%	3	4.9%
No Comment	26	16.6%	37	21.1%	24	17.4%		
Odor	2	1.3%	7	4.0%	4	2.9%	3	4.9%
Other	20	12.7%	30	17.1%	14	10.1%	14	23.0%
Particles in Water	3	1.9%	4	2.3%			6	9.8%
Positive comment	3	1.9%			1	0.7%	9	14.8%
Rusty Water								
Taste	4	2.5%			7	5.1%	2	3.3%
Won't Drink Water	15	9.6%	6	3.4%	6	4.3%		
Total Responses	157	100.0 %	175	100.0 %	138	100.0 %	61	100.0 %

Ohio American Water Company
2007 Customer Survey
Franklin and Portage County Areas

		Worthington		Aurora East		Beechcrest	
		Count	% Total	Count	% Total	Count	% Total
Q1.	I would rate the overall water quality as:						
	1 Excellent	11	9.6%	7	12.5%	11	8.9%
	2 Good	26	22.8%	19	33.9%	27	22.0%
	3 Satisfactory	37	32.5%	22	39.3%	39	31.7%
	4 Fair	22	19.3%	5	8.9%	27	22.0%
	5 Poor	18	15.8%	3	5.4%	19	15.4%
	Total Responses	114	100.0%	56	100.0%	123	100.0%
	Average Choice	3.09		2.61		3.13	
Q2.	I would rate my water pressure as:						
	1 Excellent	21	18.1%	8	14.3%	16	12.9%
	2 Good	44	37.9%	13	23.2%	34	27.4%
	3 Satisfactory	32	27.6%	21	37.5%	33	26.6%
	4 Fair	15	12.9%	8	14.3%	18	14.5%
	5 Poor	4	3.4%	6	10.7%	23	18.5%
	Total Responses	116	100.0%	56	100.0%	124	100.0%
	Average Choice	2.46		2.84		2.98	
Q3.	How often do you experience discolored water during normal operations? (Excluding flushing/main break occasions, etc.)						
	1 Never	37	31.9%	10	18.2%	16	12.9%
	2	45	38.8%	25	45.5%	34	27.4%
	3	25	21.6%	9	16.4%	33	26.6%
	4	6	5.2%	4	7.3%	18	14.5%
	5 Frequently	3	2.6%	7	12.7%	23	18.5%
	Total Responses	116	100.0%	55	100.0%	124	100.0%
	Average Choice	2.08		2.51		2.48	
Q4.	I currently utilize in my home (Check all that apply)						
	Nothing	57	46.7%	38	70.4%	74	54.4%
	Softening System	24	19.7%	3	5.6%	35	25.7%
	Whole House Water Filter	8	6.6%	5	9.3%	16	11.8%
	Point-of-Use Treatment Device	33	27.0%	8	14.8%	11	8.1%
	Total Responses	122	100.0%	54	100.0%	136	100.0%
If you called the company was your call answered promptly and was your concern addressed in a professional manner?							
Q5.	Did you call the company?						
	Yes	47	43.1%	28	51.9%	70	57.4%
	No	62	56.9%	26	48.1%	52	42.6%
	Total Responses	109	100.0%	54	100.0%	122	100.0%
Q6	Promptly Answered?:						
	Yes	37	77.1%	23	79.3%	51	77.3%
	No	11	22.9%	6	20.7%	15	22.7%

Ohio American Water Company
2007 Customer Survey
Franklin and Portage County Areas

		Worthington		Aurora East		Beechcrest	
		Count	% Total	Count	% Total	Count	% Total
Total Responses		48	100.0%	29	100.0%	66	100.0%
Q7	Professional Manner?						
	Yes	39	92.9%	22	78.6%	75	70.8%
	No	3	7.1%	6	21.4%	31	29.2%
	Total Responses	42	100.0%	28	100.0%	106	100.0%
Q8.	If you marked 'NO' for Professional Manner, please explain:						
	Called Several Times		0.0%			3	13.0%
	Did Not Fix Problems	1	11.1%	1	16.7%	7	30.4%
	No Comment		0.0%				
	No Response	1	11.1%	1	16.7%	2	8.7%
	Other	6	66.7%	2	33.3%	4	17.4%
	Rude Service	1	11.1%	2	33.3%	6	26.1%
	Slow Service		0.0%			1	4.3%
	Talked Down to Me		0.0%				
	Total Responses	9	100.0%	6	100.0%	23	100.0%
The company's response time to service calls requests (e.g. meter re-read) and emergencies (e.g. main break) is:							
Q9.	Service Call Response:						
	No such experience	77	72.6%	31	63.3%	65	58.6%
	1 Excellent	8	7.5%	5	10.2%	14	12.6%
	2 Good	9	8.5%	6	12.2%	9	8.1%
	3 Satisfactory	8	7.5%	5	10.2%	11	9.9%
	4 Fair	1	0.9%	1	2.0%	8	7.2%
	5 Poor	3	2.8%	1	2.0%	4	3.6%
	Total Responses	106	100.0%	49	100.0%	111	100.0%
Q10.	Emergency Response:						
	No such experience	85	83.3%	39	79.6%	82	72.6%
	1 Excellent	5	4.9%	1	2.0%	9	8.0%
	2 Good	4	3.9%	3	6.1%	11	9.7%
	3 Satisfactory	4	3.9%	4	8.2%	3	2.7%
	4 Fair	2	2.0%	2	4.1%	4	3.5%
	5 Poor	2	2.0%			4	3.5%
	Total Responses	102	100.0%	49	100.0%	113	100.0%
Q11.	In your community, which utility rates do you consider reasonable for the service currently received? (Check all that apply).						
	None	5	2.0%	2	2.0%	6	2.4%
	Gas	44	17.2%	13	13.0%	35	14.2%
	Electric	58	22.7%	27	27.0%	52	21.1%
	Phone	60	23.4%	22	22.0%	62	25.2%
	Cable TV	29	11.3%	9	9.0%	16	6.5%
	Water	39	15.2%	21	21.0%	40	16.3%
	Sewer	21	8.2%	6	6.0%	35	14.2%
	Total Responses	256	100.0%	100	100.0%	246	100.0%

Ohio American Water Company
2007 Customer Survey
Franklin and Portage County Areas

Worthington		Aurora East		Beechcrest	
Count	% Total	Count	% Total	Count	% Total

Q12. Please express any comments or suggestions about your water service:

Color	6	3.2%	6	7.7%	6	6.3%
Follow-Up Needed	17	9.2%	2	2.6%		
Hardness	19	10.3%	3	3.8%	15	15.8%
High Rates	13	7.0%	6	7.7%	12	12.6%
Low Pressure	8	4.3%	5	6.4%	19	20.0%
No Comment	50	27.0%	27	34.6%		
Odor	3	1.6%	4	5.1%	9	9.5%
Other	38	20.5%	12	15.4%	19	20.0%
Particles in Water	2	1.1%	1	1.3%		
Positive comment	6	3.2%	6	7.7%	6	6.3%
Rusty Water	3	1.6%	1	1.3%		
Taste	11	5.9%	4	5.1%		
Won't Drink Water	9	4.9%	1	1.3%	9	9.5%
Total Responses	185	100.0%	78	100.0%	95	100.0%

Ohio American Water Company
Case No. 07-1112-WS-AIR
Revenue Requirements

	Water A			Water C			Wastewater			Total Company
	Applicant (a)	Staff Lower Bound	Staff Upper Bound	Applicant (a)	Staff Lower Bound	Staff Upper Bound	Applicant (a)	Staff Lower Bound	Staff Upper Bound	
(1) Rate Base (b)	\$ 48,544,085	\$ 46,699,180	\$ 48,699,180	\$ 7,210,167	\$ 6,979,114	\$ 6,979,114	\$ 6,827,361	\$ 6,722,020	\$ 6,722,020	\$ 60,400,314
(2) Adjusted Operating Income (c)	1,999,761	3,170,829	3,170,829	(115,806.00)	(235,451.00)	(235,451.00)	(99,264.00)	(177,489.00)	(177,489.00)	2,757,889
(3) Rate of Return Earned (2) / (1)	4.12%	6.79%	6.79%	-1.61%	-3.37%	-3.37%	-1.45%	-2.64%	-2.64%	4.57%
(4) Rate of Return Recommended (d)	8.27%	7.96%	8.38%	8.27%	7.96%	8.38%	8.27%	7.96%	8.38%	8.17%
(5) Required Operating Income (1) x (4)	\$ 4,014,596	\$ 3,717,255	\$ 3,913,391	\$ 596,281	\$ 555,537	\$ 584,850	\$ 564,623	\$ 535,073	\$ 563,305	\$ 4,934,706
(6) Income Deficiency (5) - (2)	2,014,835	546,426	742,562	712,087	790,988	820,301	663,887	712,562	740,794	2,176,817
(7) Gross Revenue Conversion Factor (e)	1.64825	1.605221	1.605221	1.66039	1.605490	1.605490	1.65391	1.606113	1.606113	
(8) Revenue Increase Required (6) x (7)	3,320,952	877,134	1,191,976	1,182,342	1,269,923	1,316,985	1,098,009	1,144,455	1,189,799	3,698,760
(9) Revenue Increase Recommended	3,158,322	877,134	1,191,976	1,204,459	1,204,459	1,204,459	1,120,227	1,120,249	1,120,249	3,516,684
(10) Adjusted Operating Revenue (c)	26,409,683	26,491,709	26,491,709	4,003,529	4,019,542	4,019,542	3,060,190	3,020,970	3,020,970	33,532,221
(11) Revenue Requirements (9) + (10)	\$ 29,568,015	\$ 27,368,843	\$ 27,683,685	\$ 5,207,988	\$ 5,224,001	\$ 5,224,001	\$ 4,180,417	\$ 4,141,219	\$ 4,141,219	\$ 37,048,905
(12) Increase Over Current Revenue (9) / (10)	11.96%	3.31%	4.50%	30.08%	29.97%	29.97%	36.81%	37.08%	37.08%	10.49%

- (a) Applicant's Schedule A-1
(b) Staff's Schedule B-1
(c) Staff's Schedule C-2
(d) Refer to Rate of Return Section
(e) Staff's Schedule A-1.1

Case No. 07-1112-WS-AIR
Revenue Requirements
Calculation of Gross Revenue Conversion Factor

	<u>Water</u>	<u>Water C</u>	<u>Wastewater</u>
(1) Gross Revenue	100.000000	100.000000	100.000000
(2) Uncollectibles (1) x (a)	<u>0.904000</u>	<u>0.920600</u>	<u>0.959000</u>
(3) Net Revenue (1) - (2)	99.096000	99.079400	99.041000
(4) Ohio Gross Receipts Tax (3) x 4.75%	<u>4.707060</u>	<u>4.706272</u>	<u>4.704448</u>
(5) Income Before Federal Income Taxes (3) - (4)	94.388940	94.373128	94.336552
(6) Federal Income Taxes (7) x 34%	<u>32.092240</u>	<u>32.086864</u>	<u>32.074428</u>
(7) Operating Income Percentage (5) - (6)	62.296700	62.286264	62.262124
(8) Gross Revenue Conversion Factor (1) / (7)	<u>1.605221</u>	<u>1.605490</u>	<u>1.606113</u>

(a) Staff's Schedule C-3.13

SCHEDULE B-1

Case No. 07-1112-WS-AIR
Revenue Requirements
Rate Base Summary
As of Date Certain, June 30, 2007

	Water A		Water C		Wastewater	
	Applicant (a)	Staff (b)	Applicant (a)	Staff (c)	Applicant (a)	Staff (d)
(1) Plant in Service	\$ 89,989,294	\$ 87,830,899	(b) \$ 14,872,612	(b) \$ 14,490,188	\$ 15,031,273	\$ 14,904,397
(2) Depreciation Reserve	(32,250,600)	(31,857,281)	(c) (5,514,966)	(c) (5,245,474)	(5,636,391)	(5,548,020)
(3) Net Plant in Service	57,738,694	55,973,618	9,357,646	9,244,714	9,394,882	9,356,377
(4) Construction Work in Progress			(d)	(d)		(d)
(5) Working Capital Allowance			(e)	(e)		(e)
(6) Other Rate Base Items	(9,194,609)	(9,274,438)	(f) (2,147,479)	(f) (2,265,600)	(2,567,521)	(2,634,357)
(7) Rate Base (3) Thru (6)	\$ 48,544,085	\$ 46,699,180	\$ 7,210,167	\$ 6,979,114	\$ 6,827,361	\$ 6,722,020

- (a) Applicant's Schedule B-1
- (b) Staff's Schedule B-2
- (c) Staff's Schedule B-3
- (d) Staff's Schedule B-4, Subject to 10% Limitation
- (e) Staff's Schedule B-5
- (f) Staff's Schedule B-6

Case No. 07-1112-WS-AIR
Revenue Requirements
Jurisdictional Plant in Service Summary

Major Property Groupings	Water A		Water C		Wastewater	
	Applicant (a)	Staff (b)	Applicant (a)	Staff (c)	Applicant (a)	Staff (d)
Intangible Plant	\$ 433,136 \$	463,000 \$	30,137 \$	30,137 \$	73,016 \$	73,016
Source of Supply Plant	3,480,337	3,194,726	1,418,621	1,401,774		
Collection Plant					4,954,094	4,956,312
Pumping Plant	7,820,589	7,796,345	1,132,832	1,092,934	1,502,798	1,574,499
Water Treatment Plant	14,463,974	14,471,643	3,435,353	3,435,353	7,003,219	6,933,090
Treatment and Disposal Plant						
Transmission & Distribution Plant	56,710,461	56,709,096	7,170,420	7,159,216		
General Plant	7,080,797	3,622,040	1,685,249	1,147,783	1,498,146	1,138,114
Capital Lease						
Corporate Office General Plant		1,574,049		222,991		229,366
Total Water Plant	\$ 89,989,294 \$	87,830,899 \$	14,872,612 \$	14,490,188 \$	15,031,273 \$	14,904,397

- (a) Applicant's Schedule B-2
(b) Staff's Schedule B-2.1
(c) Staff's Schedule B-2.1b

Case No. 07-1112-WS-AIR
Revenue Requirements
Calculation of Jurisdictional Plant in Service

Acct. No. Description	Water A				Staff's	
	Applicant's Adjusted (a)	Adjustments (b)	Adjusted Jurisdictional (c)	Jurisdictional Allocations (d)	Adjusted Jurisdictional (e)	Staff's Adjusted Jurisdictional (f)
<u>Intangible Plant:</u>						
301 Organization	\$ 108,836	\$ 29,841	\$ 138,677	100.00%	\$	138,677
302 Franchises & Consents	161		161	100.00%		161
303 Misc. Intangible Plant	48,476	23	48,499	100.00%		48,499
304 Comprehensive Planning Study	275,663		275,663	100.00%		275,663
Total Intangible Plant	433,136	29,864	463,000			463,000
<u>Source of Supply Plant:</u>						
310 Land & Land Rights	509,936	(230,968)	278,968	100.00%		278,968
311 Structures & Improvements	436,641		436,641	100.00%		436,641
312 Collecting and Impounding Reservoirs				100.00%		
313 Lake, River & Other Intakes	1,297,897	(54,643)	1,297,897	100.00%		1,297,897
314 Wells & Springs	864,159		809,516	100.00%		809,516
315 Infiltration, galleries, and tunnels				100.00%		
316 Supply Mains	371,704		371,704	100.00%		371,704
Total Source of Supply Plant	3,480,337	(285,611)	3,194,726			3,194,726
<u>Pumping Plant:</u>						
320 Land and Land Rights	49,109		49,109	100.00%		49,109
321 Structures & Improvements	1,394,296		1,394,296	100.00%		1,394,296
323 Other Power Prod. Equipment	263,654		263,654	100.00%		263,654
325 Electric Pumping Equipment	6,040,895	(24,244)	6,016,651	100.00%		6,016,651
326 Diesel Pumping Equipment	61,295		61,295	100.00%		61,295
327 Hydraulic pumping equipment	9,643		9,643	100.00%		9,643
328 Other Pumping Equipment	1,697		1,697	100.00%		1,697
Total Pumping Plant	7,820,589	(24,244)	7,796,345			7,796,345
<u>Water Treatment Plant:</u>						
330 Land and Land Rights	84,767		84,767	100.00%		84,767
331 Structures & Improvements	2,585,889		2,585,889	100.00%		2,585,889
332 Water Treatment Equipment	11,793,318	7,669	11,800,987	100.00%		11,800,987
Total Water Treatment Plant	14,463,974	7,669	14,471,643			14,471,643
<u>Transmission & Distribution Plant:</u>						
340 Land & Land Rights	356,607	(2,036)	354,571	100.00%		354,571
341 Structures & Improvements	32,609		32,609	100.00%		32,609
342 Distr. Reser. & Standpipes	3,836,206	513	3,836,719	100.00%		3,836,719
343 Trans. and Distr. Mains	36,597,292	54	36,597,346	100.00%		36,597,346
345 Services	7,843,574		7,843,574	100.00%		7,843,574
346 Meters	3,416,358	104	3,416,462	100.00%		3,416,462
347 Meter Installations	1,866,343		1,866,343	100.00%		1,866,343
348 Hydrants	2,761,472		2,761,472	100.00%		2,761,472
349 Other Transmission and Distribution Plant				100.00%		
Total Transmission & Distribution Plant	\$ 56,710,461	\$ (1,365)	\$ 56,709,096			\$ 56,709,096

Case No. 07-1112-WS-AIR
Revenue Requirements
Calculation of Jurisdictional Plant in Service

Acct. No. Description	Water A				
	Applicant's Adjusted (a)	Adjustments (b)	Adjusted Jurisdictional (c)	Jurisdictional Allocations (d)	Staff's Adjusted Jurisdictional (e)
<u>General Plant:</u>					
389 Land & Land Rights	\$ 35,402	\$ (14,478)	\$ 20,924	100.00%	\$ 20,924
390 Structures & Improvements	1,163,945	(805,717)	358,228	100.00%	358,228
390 Limited Term Utility Plant	142,375	763	143,138	100.00%	143,138
391.1 Office Furniture	225,702	(196,659)	29,043	100.00%	29,043
391.2 Computer Equipment & Software	1,939,723	(2,035,011)	(95,288)	100.00%	(95,288)
391.3 Office Machines & Equipment	83,908	(52,401)	31,507	100.00%	31,507
392 Transportation Equipment	1,165,485	(66,231)	1,099,254	100.00%	1,099,254
393 Stores Equipment	24,732		24,732	100.00%	24,732
394 Tools, Shop, & Garage Equipment	1,057,417		1,057,417	100.00%	1,057,417
395 Laboratory Equipment	227,143	(3,740)	223,403	100.00%	223,403
396 Power Operated Equipment	501,199		501,199	100.00%	501,199
397 Communication Equipment	332,869	(226,558)	106,311	100.00%	106,311
398 Miscellaneous Equipment	174,813	(53,213)	121,600	100.00%	121,600
399 Other Tangible Plant	6,084	(5,512)	572	100.00%	572
Total General Plant	7,080,797	(3,458,757)	3,622,040		3,622,040
Capital Lease				100.00%	
<u>Corporate Office General Plant</u>					
389 Land & Land Rights		12,247	12,247	74.88%	9,170
390 Structures & Improvements		1,429,422	1,429,422	74.88%	1,070,298
390 Limited Term Utility Plant					
391.1 Office Furniture		45,765	45,765	74.88%	34,267
391.2 Computer Equipment & Software		433,942	433,942	74.88%	324,320
391.3 Office Machines & Equipment		20,151	20,151	74.88%	15,088
392 Transportation Equipment		80,086	80,086	74.88%	59,965
393 Stores Equipment					
394 Tools, Shop, & Garage Equipment					
395 Laboratory Equipment					
396 Power Operated Equipment		32,229	32,229	74.88%	24,132
397 Communication Equipment		48,359	48,359	74.88%	36,209
398 Miscellaneous Equipment					
399 Other Tangible Plant					
Total Corporate Office General Plant		2,102,201	2,102,201		1,574,049
Total Water A	\$ 89,989,294	\$ (1,630,243)	\$ 88,359,051		\$ 87,830,899

- (a) Applicant's Schedule B-2.1
 (b) Staff's Schedule B-2.2a
 (c) Columns (a) + (b)
 (d) Refer to Text and Staff's Schedule B-7, Gross Plant Allocation Factor
 (e) Columns (c) x (d)

Case No. 07-1112-WS-AIR
Revenue Requirements
Calculation of Jurisdictional Plant in Service

Acct. No.	Description	Water C				
		Applicant's Adjusted (a)	Adjustments (b)	Staff's Adjusted Jurisdictional (c)	Jurisdictional Allocations (d)	Staff's Adjusted Jurisdictional (e)
<u>Intangible Plant:</u>						
301	Organization	\$ 19,118	\$	19,118	100.00%	\$ 19,118
302	Franchises & Consents	11,019		11,019	100.00%	11,019
303	Misc. Intangible Plant				100.00%	
303.99	Comprehensive Planning Study				100.00%	
Total Intangible Plant		30,137		30,137		30,137
<u>Source of Supply Plant:</u>						
310	Land & Land Rights					
311	Structures & Improvements	97,495		97,495	100.00%	97,495
312	Collecting & Impounding Res.	791,182	(705)	790,477	100.00%	790,477
313	Lake, River & Other Intakes	587		587	100.00%	587
314	Wells & Springs				100.00%	
315	Infiltration, Galleries, & Tunnels	528,217	(16,142)	512,075	100.00%	512,075
316	Supply Mains	1,140		1,140	100.00%	1,140
Total Source of Supply Plant		1,418,621	(16,847)	1,401,774		1,401,774
<u>Pumping Plant:</u>						
320	Land and Land Rights					
321	Structures & Improvements	3,601		3,601	100.00%	3,601
323	Other Power Prod. Equipment	144,080	(788)	143,292	100.00%	143,292
325	Electric Pumping Equipment			54,001	100.00%	54,001
326	Diesel Pumping Equipment	931,150	(39,110)	892,040	100.00%	892,040
328	Other Pumping Equipment				100.00%	
Total Pumping Plant		1,132,832	(39,898)	1,092,934		1,092,934
<u>Water Treatment Plant:</u>						
330	Land and Land Rights					
331	Structures & Improvements	454,201		454,201	100.00%	454,201
332	Water Treatment Equipment	2,981,152		2,981,152	100.00%	2,981,152
Total Water Treatment Plant		3,435,353		3,435,353		3,435,353
<u>Transmission & Distribution Plant:</u>						
340	Land & Land Rights					
341	Structures & Improvements	7,153		7,153	100.00%	7,153
342	Distr. Reser. & Standpipes	865,704		865,704	100.00%	865,704
343	Trans. and Distr. Mains	3,987,348		3,987,348	100.00%	3,987,348
345	Services	859,384	(23,645)	835,739	100.00%	835,739
346	Meters	1,057,354	12,441	1,069,795	100.00%	1,069,795
347	Meter Installations	4,569		4,569	100.00%	4,569
348	Hydrants	387,234		387,234	100.00%	387,234
349	Other Transmission and Distribution Plant	1,674		1,674	100.00%	1,674
Total Transmission & Distribution Plant		7,170,420	(11,204)	7,159,216		7,159,216
		\$		\$		\$

Case No. 07-1112-WS-AIR
Revenue Requirements
Calculation of Jurisdictional Plant in Service

Acct. No.	Description	Water C				
		Applicant's Adjusted (a)	Adjustments (b)	Staff's Adjusted Jurisdictional (c)	Jurisdictional Allocations (d)	Staff's Adjusted Jurisdictional (e)
<u>General Plant:</u>						
389	Land & Land Rights	\$ 9,009	\$ (1,793)	7,216	100.00%	7,216
390	Structures & Improvements	338,060	(217,095)	120,965	100.00%	120,965
390	Limited Term Utility Plant				100.00%	
391.1	Office Furniture	65,638	(25,077)	40,561	100.00%	40,561
391.2	Computer Equipment & Software	284,043	(251,019)	33,024	100.00%	33,024
391.3	Other Office Equipment	88,890	(6,488)	82,402	100.00%	82,402
392	Transportation Equipment	286,987	(13,975)	272,992	100.00%	272,992
393	Stores Equipment	1,999		1,999	100.00%	1,999
394	Tools,Shop,& Garage Equipment	180,654	12,389	193,043	100.00%	193,043
395	Laboratory Equipment	37,424		37,424	100.00%	37,424
396	Power Operated Equipment	8,482		8,482	100.00%	8,482
397	Communication Equipment	51,492	(28,053)	23,439	100.00%	23,439
398	Miscellaneous Equipment	239,712	(5,672)	234,040	100.00%	234,040
399	Other Tangible Plant	92,879	(683)	92,196	100.00%	92,196
	Total General Plant	1,685,249	(537,466)	1,147,783		1,147,783
<u>Corporate Office General Plant</u>						
389	Land & Land Rights		12,247	12,247	12.38%	1,517
390	Structures & Improvements		1,422,472	1,422,472	12.38%	176,170
390	Limited Term Utility Plant					
391.1	Office Furniture		40,030	40,030	12.38%	4,958
391.2	Computer Equipment & Software		160,458	160,458	12.38%	19,872
391.3	Office Machines & Equipment		8,188	8,188	12.38%	1,014
392	Transportation Equipment		80,086	80,086	12.38%	9,918
393	Stores Equipment					
394	Tools,Shop,& Garage Equipment					
395	Laboratory Equipment					
396	Power Operated Equipment					
397	Communication Equipment		30,354	30,354	12.38%	3,759
398	Miscellaneous Equipment		46,697	46,697	12.38%	5,783
399	Other Tangible Plant					
	Total Corporate Office General Plant		1,800,532	1,800,532		222,991
	Total Citizens Water and Corporate Office	\$ 14,872,612	\$ 1,195,117	\$ 16,067,729		\$ 14,490,188

- (a) Applicant's Schedule B-2.1
(b) Staff's Schedule B-2.2b
(c) Columns (a) + (b)
(d) Refer to Text and Staff's Schedule B-7, Gross Plant Allocation Factor
(e) Columns (c) x (d)

Case No. 07-1112-WS-AIR
Revenue Requirements
Calculation of Jurisdictional Plant in Service

		Wastewater				
Acct. No.	Description	Applicant's Adjusted (a)	Adjustments (b)	Staff's Adjusted Jurisdictional (c)	Jurisdictional Allocations (d)	Staff's Adjusted Jurisdictional (e)
<u>Intangible Plant:</u>						
301	Organization	\$ 70,826	\$	\$ 70,826	100.00%	\$ 70,826
302	Franchises & Consents	2,190		2,190	100.00%	2,190
Total Intangible Plant		73,016		73,016		73,016
<u>Collection Plant:</u>						
310	Land and Land Rights				100.00%	
351	Structures & Improvements	214,313		214,313	100.00%	214,313
352	Collection Sewers	3,404,314		3,404,314	100.00%	3,404,314
352.1	Collection Sewers-Force	37,741		37,741	100.00%	37,741
352.2	Collection Sewers-Gravity				100.00%	
352.3	Special Collecting Structures	933,402		933,402	100.00%	933,402
353	Services to Customers	345,423		345,423	100.00%	345,423
354	Flow Measuring Devices	18,901	2,218	21,119	100.00%	21,119
355	Flow Measuring Installations				100.00%	
356	Other Collection Plant Facilities				100.00%	
Total Collection Plant		4,954,094	2,218	4,956,312		4,956,312
<u>Pumping Plant:</u>						
360	Land and Land Rights				100.00%	
361	Structures & Improvements	1,404,980		1,404,980	100.00%	1,404,980
362	Receiving Wells				100.00%	
363	Electric Pumping Equipment	18,552		18,552	100.00%	18,552
364	Diesel Pumping Equipment				100.00%	
365	Other Pumping Equipment	79,266	71,701	150,967	100.00%	150,967
Total Pumping Plant		1,502,798	71,701	1,574,499		1,574,499
<u>Treatment and Disposal Plant:</u>						
370.2	Other Land and Land Rights	144,465		144,465	100.00%	144,465
371	Structures & Improvements	66,341		66,341	100.00%	66,341
372	Treatment and Disposal Equipment	6,792,413	(70,129)	6,722,284	100.00%	6,722,284
373	Plant Sewers				100.00%	
374	Outfall Sewer Lines				100.00%	
375	Other Treatment and Disposal Plant Equipment				100.00%	
Total Treatment and Disposal Plant		7,003,219	(70,129)	6,933,090		6,933,090
<u>General Plant:</u>						
389	Land and land rights	1,238	(1,238)		100.00%	
390	Structures & Improvements	438,579	(135,554)	303,025	100.00%	303,025
390.1	Office Furniture	15,957	(16,812)	(855)	100.00%	(855)
391.2	Office Furniture and Equipment	179,717	(173,311)	6,406	100.00%	6,406
391.3	Office machines and equipment	3,570	(4,480)	(910)	100.00%	(910)
392	Transportation Equipment	24,089	(5,662)	18,427	100.00%	18,427
393	Stores Equipment	3,788		3,788	100.00%	3,788
394	Tools, Shop, and Garage Equipment	232,175	1,413	233,588	100.00%	233,588
395	Laboratory Equipment	44,926		44,926	100.00%	44,926
396	Power Operated Equipment	3,726		3,726	100.00%	3,726
397	Communication Equipment	36,007	(19,368)	16,639	100.00%	16,639
398	Miscellaneous equipment	513,903	(4,549)	509,354	100.00%	509,354
399	Other Tangible Property	471	(471)		100.00%	
Total General Plant		\$ 1,498,146	\$ (360,032)	\$ 1,138,114	\$	1,138,114

Case No. 07-1112-WS-AIR
Revenue Requirements
Calculation of Jurisdictional Plant in Service

Acct. No.	Description	Wastewater				
		Applicant's Adjusted	Adjustments	Staff's Adjusted Jurisdictional	Jurisdictional Allocations	Staff's Adjusted Jurisdictional
		(a)	(b)	(c)	(d)	(e)
<u>Corporate Office General Plant</u>						
389	Land & Land Rights	\$	\$ 12,247	\$ 12,247	12.74%	\$ 1,580
390	Structures & Improvements		1,422,472	1,422,472	12.74%	181,206
390	Limited Term Utility Plant					
391.1	Office Furniture		40,030	40,030	12.74%	5,099
391.2	Computer Equipment & Software		160,458	160,458	12.74%	20,440
391.3	Office Machines & Equipment		8,188	8,188	12.74%	1,043
392	Transportation Equipment		80,086	80,086	12.74%	10,202
393	Stores Equipment					
394	Tools, Shop, & Garage Equipment					
395	Laboratory Equipment					
396	Power Operated Equipment					
397	Communication Equipment		30,354	30,354	12.74%	3,867
398	Miscellaneous Equipment		46,697	46,697	12.74%	5,949
399	Other Tangible Plant					
Total Corporate Office General Plant			1,800,532	1,800,532		229,366
Total Wastewater and Corporate Office		\$ 15,031,273	\$ 1,444,200	\$ 16,475,553		\$ 14,904,397

- (a) Applicant's Schedule B-2.1
(b) Staff's Schedule B-2.2c
(c) Columns (a) + (b)
(d) Refer to Text and Staff's Schedule B-7, Gross Plant Allocation Factor
(e) Columns (c) x (d)

Case No. 07-1112-WS-AIR
Revenue Requirements
Summary of Staff's Adjustments to Plant In Service

		Water A						
Acct. No.	Description	Structures & Improvements	Land & Land Rights	Lake White	Plant Exclusions	Corporate Office Reclassification	Corporate Office Plant Exclusions	Total Adjustments
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
<u>Intangible Plant:</u>								
301	Organization	\$	\$	\$ 29,841	\$	\$	\$	29,841
302	Franchises & Consents							
303	Misc. Intangible Plant			23				23
304	Comprehensive Planning Study							
Total Intangible Plant				29,864				29,864
<u>Source of Supply Plant:</u>								
310	Land & Land Rights		(39,420)	(5,910)	(185,638)			(230,968)
311	Structures & Improvements							
312	Collecting and Impounding Reservoirs							
313	Lake, River & Other Intakes							
314	Wells & Springs			(54,643)				(54,643)
315	Infiltration, galleries, and tunnels							
316	Supply Mains							
Total Source of Supply Plant			(39,420)	(60,553)	(185,638)			(285,611)
<u>Pumping Plant:</u>								
320	Land and Land Rights							
321	Structures & Improvements							
323	Other Power Prod. Equipment							
325	Electric Pumping Equipment			5,271	(29,515)			(24,244)
326	Diesel Pumping Equipment							
327	Hydraulic pumping equipment							
328	Other Pumping Equipment							
Total Pumping Plant				5,271	(29,515)			(24,244)
<u>Water Treatment Plant:</u>								
330	Land and Land Rights							
331	Structures & Improvements							
332	Water Treatment Equipment			7,669				7,669
Total Water Treatment Plant				7,669				7,669
<u>Transmission & Distribution Plant:</u>								
340	Land & Land Rights			(2,036)				(2,036)
341	Structures & Improvements							
342	Distr. Reser. & Standpipes			513				513
343	Trans. and Distr. Mains			54				54
345	Services							
346	Meters			104				104
347	Meter Installations							
348	Hydrants							
349	Other Transmission and Distribution Plant							
Total Transmission & Distribution PI\$		\$	\$	(1,365)	\$	\$	\$	(1,365)

Case No. 07-1112-WS-AIR
Revenue Requirements
Summary of Staff's Adjustments to Plant In Service
Water A

Acct. Description No.	Structures & Improvements (a)	Land & Land Rights (b)	Lake White (c)	Plant Exclusions (d)	Corporate Office Reclassification (e)	Corporate Office Plant Exclusions (f)	Total Adjustments (g)
<u>General Plant:</u>							
389 Land & Land Rights	\$	\$	\$	\$	(14,478)	\$	(14,478)
390 Structures & Improvements	(3,590)				(802,127)		(805,717)
390 Limited Term Utility Plant			763				763
391.1 Office Furniture					(196,659)		(196,659)
391.2 Computer Equipment & Software				(7,738)	(2,027,273)		(2,035,011)
391.3 Office Machines & Equipment					(52,401)		(52,401)
392 Transportation Equipment					(66,231)		(66,231)
393 Stores Equipment							
394 Tools, Shop, & Garage Equipment							
395 Laboratory Equipment				(3,740)			(3,740)
396 Power Operated Equipment							
397 Communication Equipment					(226,558)		(226,558)
398 Miscellaneous Equipment					(53,213)		(53,213)
399 Other Tangible Plant					(5,512)		(5,512)
Total General Plant	(3,590)		763	(11,478)	(3,444,452)		(3,458,757)
<u>Capital Lease</u>							
<u>Corporate Office General Plant</u>							
389 Land & Land Rights					17,507	(5,260)	12,247
390 Structures & Improvements					2,100,100	(670,678)	1,429,422
390 Limited Term Utility Plant							
391.1 Office Furniture					208,427	(162,662)	45,765
391.2 Computer Equipment & Software					569,169	(135,227)	433,942
391.3 Office Machines & Equipment					51,188	(31,037)	20,151
392 Transportation Equipment					80,086		80,086
393 Stores Equipment							
394 Tools, Shop, & Garage Equipment							
395 Laboratory Equipment							
396 Power Operated Equipment							
397 Communication Equipment					286,555	(234,326)	32,229
398 Miscellaneous Equipment					64,640	(16,281)	48,359
399 Other Tangible Plant					6,665	(6,665)	
Total Corporate Office General Plant					3,364,337	(1,262,136)	2,102,201
Total Water A	\$ (3,590)	\$ (39,420)	\$ (18,351)	\$ (226,631)	\$ (80,115)	\$ (1,262,136)	\$ (1,630,243)

- (a) Staff's Schedule B-2.2a1
(b) Staff's Schedule B-2.2a2
(c) Staff's Schedule B-2.2a3
(d) Staff's Schedule B-2.2a4
(e) Staff's Schedule B-2.2a5
(f) Staff's Schedule B-2.2a6
(g) Columns (a) thru (f)

Case No. 07-1112-WS-AIR
Revenue Requirements
Account 390 - Structures and Improvements Plant Adjustments

	<u>Water A</u>
	(a)
(1) Exclusion of Counter and Wall Panels	\$ <u>(3,590)</u>

(a) Refer to Text

Case No. 07-1112-WS-AIR
Revenue Requirements
Account 310 - Land and Land Rights Plant Adjustment

	<u>Water A</u>
	(a)
(1) Exclusion of Land at Marion District	\$ (46,433)
(2) Inclusion of 6.4 Acres of Land for Wellhead Protection around Well #32	<u>7,013</u>
(3) Total (1) + (2)	\$ <u>(39,420)</u>

(a) Refer to Text

Case No. 07-1112-WS-AIR
Revenue Requirements
Lake White Plant Adjustments

<u>Acct. Description No.</u>	<u>Water A</u>		
	<u>Staff's</u>	<u>Staff's</u>	<u>Staff's Plant</u>
	<u>Reclassification</u>	<u>Adjustments</u>	<u>Adjustments</u>
	(a)	(b)	(c)
301 Organization	\$ 10,162	\$ 19,679	\$ 29,841
303 Miscellaneous Intangible Plant	23		23
310 Land & Land Rights	(5,910)		(5,910)
314 Wells & Springs	(54,643)		(54,643)
325 Electric Pumping Equipment	38,170	(32,899)	5,271
332 Water Treatment Equipment	10,818	(3,149)	7,669
340 Land & Land Rights		(2,036)	(2,036)
342 Distribution Reservoirs & Standpipes	513		513
343 Transmission and Distribution Mains		54	54
346 Meters	104		104
390 Limited Term Utility Plant	763		763
Total Adjustment	\$	\$ (18,351)	\$ (18,351)

- (a) Refer to Text
(b) Refer to Text
(c) columns (a) + (b)

Case No. 07-1112-WS-AIR
Revenue Requirements
Plant Exclusions Adjustment

	<u>Water A</u>
(1) Exclusion of 30 Acres of Land at Mansfield - Account 310 (a)	\$ (185,638)
(2) Exclusion of Electric Pumping Equipment at Lake White - Account 325 (a)	(29,515)
(3) Exclusion of Two Deskpro 4000 Computers at Ashtabula - Account 391.2 (a)	(7,738)
(4) Exclusion of Ph Meter at Marion - Account 395 (a)	(3,740)
(5) Exclusion of Well 15 Rehab at Marion - Account 325 (b)	<u>(25,145)</u>
(6) Total Plant Adjustments (1) Thru (6)	\$ <u>(251,776)</u>

- (a) Refer to Text
(b) Staff's Plant Inspection Workpapers

Case No. 07-1112-WS-AIR
Revenue Requirements
Corporate Office Reclassification Plant Adjustment

<u>Acct. Description No.</u>		<u>Water A</u>
		(a)
	Land and Land Rights	
389	Structures & Improvements	\$ (14,478)
390	Office Furniture & Equipment	(802,127)
391.1	Computer Equipment & Software	(196,659)
391.2	Office Machines & Equipment	(2,027,273)
391.3	Transportation Equipment	(52,401)
392	Communication Equipment	(66,231)
397	Miscellaneous Equipment	(226,558)
398	Other Tangible Plant	(53,213)
399		(5,512)
	Total	(3,444,452)
		(b)
	Land and Land Rights	
389	Structures & Improvements	17,507
390	Office Furniture & Equipment	2,100,100
391.1	Computer Equipment & Software	208,427
391.2	Office Machines & Equipment	569,169
391.3	Transportation Equipment	51,188
392	Communication Equipment	80,086
397	Miscellaneous Equipment	266,555
398	Other Tangible Plant	64,640
399		6,665
	Total	3,364,337
	Total Corporate Office Reclassification	\$ (80,115)

(a) Staff's Data Request 63

(b) Derived from Staff's Data Request 11

Case No. 07-1112-WS-AIR
Revenue Requirements
Exclusion of Corporate Office Plant Adjustment

<u>Acct. Description No.</u>	<u>Water A</u>
	(a)
389 Land & Land Rights	
390 Structure & Improvements	\$ (5,260)
391.1 Office Furniture & Equipment	(670,678)
391.2 Computer Equipment & Software	(162,662)
391.3 Office Machines & Equipment	(135,227)
397 Communication Equipment	(31,037)
398 Miscellaneous Equipment (b)	(234,326)
399 Other Tangible Plant	(16,281)
	<u>(6,665)</u>
	<u>\$ (1,262,136)</u>

(a) Staff's Workpaper WPB-2.2a6

(b) Derived From Staff's Data Request 11

Case No. 07-1112-WS-AIR
Revenue Requirements
Summary of Staff's Adjustments to Plant in Service

Acct. No.	Description	Water C				Total Adjustments
		2002 Plant In Service Adjustment	Brimfield Exclusion	Corporate Office Reclassification	Corporate Office Plant Exclusion	
		(a)	(b)	(c)	(d)	
<u>Intangible Plant:</u>						
301	Organization	\$	\$	\$	\$	
302	Franchises & Consents					
303	Misc. Intangible Plant					
304	Comprehensive Planning Study					
Total Intangible Plant						
<u>Source of Supply Plant:</u>						
310	Land & Land Rights					
311	Structures & Improvements		(705)		(705)	
312	Collecting & Impounding Res.					
313	Lake, River & Other Intakes					
314	Wells & Springs	872	(16,142)		(15,270)	
315	Infiltration, Galleries, & Tunnels					
316	Supply Mains					
Total Source of Supply Plant		872	(16,847)		(15,975)	
<u>Pumping Plant:</u>						
320	Land and Land Rights					
321	Structures & Improvements		(788)		(788)	
323	Other Power Prod. Equipment					
325	Electric Pumping Equipment	3,378	(42,488)		(39,110)	
326	Diesel Pumping Equipment					
328	Other Pumping Equipment					
Total Pumping Plant		3,378	(43,276)		(39,898)	
<u>Water Treatment Plant:</u>						
330	Land and Land Rights					
331	Structures & Improvements					
332	Water Treatment Equipment					
Total Water Treatment Plant						
<u>Transmission & Distribution Plant:</u>						
340	Land & Land Rights					
341	Structures & Improvements					
342	Distr. Reser. & Standpipes					
343	Trans. and Distr. Mains					
345	Services	(23,645)			(23,645)	
346	Meters	12,441			12,441	
347	Meter Installations					
348	Hydrants					
349	Other Transmission and Distribution Plant					
Total Transmission & Distribution Plant		\$ (11,204)	\$	\$	(11,204)	

Case No. 07-1112-WS-AIR
Revenue Requirements
Summary of Staff's Adjustments to Plant In Service

Acct.		Water C				
No.	Description	2002 Plant In Service Adjustment	Brimfield Exclusion	Corporate Office Reclassification	Corporate Office Plant Exclusion	Total Adjustments
		(a)	(b)	(c)	(d)	(e)
<u>General Plant:</u>						
389	Land & Land Rights	\$	\$	\$	\$ (1,793)	\$ (1,793)
390	Structures & Improvements				(217,095)	(217,095)
390	Limited Term Utility Plant					
391.1	Office Furniture & Equipment	(727)			(24,350)	(25,077)
391.2	Computer Equipment & Software				(251,019)	(251,019)
391.3	Other Office Equipment				(6,488)	(6,488)
392	Transportation Equipment	(5,774)			(8,201)	(13,975)
393	Stores Equipment					
394	Tools,Shop,& Garage Equipment	12,389				12,389
395	Laboratory Equipment					
396	Power Operated Equipment					
397	Communication Equipment				(28,053)	(28,053)
398	Miscellaneous Equipment	917			(6,589)	(5,672)
399	Other Tangible Plant				(683)	(683)
Total General Plant		6,805			(544,271)	(537,466)
<u>Corporate Office General Plant</u>						
389	Land & Land Rights			12,247		12,247
390	Structures & Improvements			1,422,472		1,422,472
390	Limited Term Utility Plant					
391.1	Office Furniture & Equipment			40,030		40,030
391.2	Computer Equipment & Software			160,458		160,458
391.3	Office Machines & Equipment			8,188		8,188
392	Transportation Equipment			80,086		80,086
393	Stores Equipment					
394	Tools,Shop,& Garage Equipment					
395	Laboratory Equipment					
396	Power Operated Equipment					
397	Communication Equipment			30,354		30,354
398	Miscellaneous Equipment			46,697		46,697
399	Other Tangible Plant					
Total Corporate Office General Plant				1,800,532		1,800,532
Total Citizens Water and Corporate Office		\$ (149)	\$ (80,123)	\$ 1,800,532	\$ (544,271)	\$ 1,195,989

- (a) Staff's Schedule B-2.2b1
(b) Staff's Schedule B-2.2b2
(c) Staff's Schedule B-2.2b3
(d) Staff's Schedule B-2.2b4
(e) Columns (a) thru (d)

Case No. 07-1112-WS-AIR
Revenue Requirements
2002 Plant In Service Adjustment

Acct.		
No.	Description	Water C (a)
314	Wells & Springs	\$ 872
325	Electric Pumping Equipment	3,378
345	Services	(23,645)
346	Meters	12,441
391	Office Furniture	(727)
392	Transportation Equipment	(5,774)
394	Tools, Shop, & Garage Equipment	12,389
398	Miscellaneous Equipment	917
Total Water 2002 Adjustment		\$ (149)

(a) Prior Staff's Adjustment Case No. 03-2390-WS-AIR

Case No. 07-1112-WS-AIR
Revenue Requirements
Brimfield Plant In Service Exclusion Adjustment

Acct. No.		Water C Brimfield Plant (a)
	<u>Source of Supply Plant:</u>	
310	Land & Land Rights	\$
311	Structures & Improvements	(705)
314	Wells & Springs	(16,142)
316	Supply Mains	<u> </u>
	Total Source of Supply Plant	\$ (16,847)
	 <u>Pumping Plant:</u>	
302	Land & Land Rights	\$
321	Structures & Improvements	(788)
325	Electric Pumping Equipment	<u>(42,488)</u>
	Total Pumping Plant	(43,276)
	Total Brimfield Plant Exclusion	\$ <u>(60,123)</u>

(a) Staff's Workpaper WPB-2.2b2

Case No. 07-1112-WS-AIR
Revenue Requirements
Corporate Office Reclassification Plant Adjustments

Acct. No. Description	Water C (a)
389 Land & Land Rights	\$ 12,247
390 Structures & Improvements	1,422,472
391.1 Office Furniture & Equipment	40,030
391.2 Computer Equipment & Software	160,458
391.3 Office Machines & Equipment	8,188
392 Transportation Equipment	80,086
397 Communication Equipment	30,354
398 Miscellaneous Equipment	46,697
Total Plant Adjustment	\$ 1,800,532

(a) Staff's Workpaper WPB-2.2b3

Case No. 07-1112-WS-AIR
Revenue Requirements
Corporate Office Plant Exclusion Adjustment

Acct. No. Description	Water C (a)
389 Land & Land Rights	\$ (1,793)
390 Structures & Improvements	(217,095)
391.1 Office Furniture & Equipment	(24,350)
391.2 Computer Equipment & Software	(251,019)
391.3 Office Machines & Equipment	(6,488)
392 Transportation Equipment	(8,201)
397 Communication Equipment	(28,053)
398 Miscellaneous Equipment	(6,589)
399 Other Tangible Plant	(683)
Total Plant Adjustment	\$ <u>(544,271)</u>

(a) Staff's Data Request 63

Case No. 07-1112-WS-AIR
Revenue Requirements
Summary of Staff's Adjustments to Plant In Service

Acct. No.	Description	Wastewater			Total Adjustments (d)
		2002 Plant In Service Adjustment (a)	Corporate Office Reclassification (b)	General Office Plant Exclusion (c)	
<u>Intangible Plant:</u>					
301	Organization	\$	\$	\$	\$
302	Franchises & Consents				
Total Intangible Plant					
<u>Collection Plant:</u>					
310	Land and Land Rights				
351	Structures & Improvements				
352	Collection Sewers				
352.1	Collection Sewers-Force				
352.2	Collection Sewers-Gravity				
352.3	Special Collecting Structures				
353	Services to Customers				
354	Flow Measuring Devices	2,218			2,218
355	Flow Measuring Installations				
356	Other Collection Plant Facilities				
Total Collection Plant					
<u>Pumping Plant:</u>					
360	Land and Land Rights				
361	Structures & Improvements				
362	Receiving Wells				
363	Electric Pumping Equipment				
364	Diesel Pumping Equipment				
365	Other Pumping Equipment	71,701			71,701
Total Pumping Plant					
<u>Treatment and Disposal Plant:</u>					
370.2	Other Land and Land Rights				
371	Structures & Improvements				
372	Treatment and Disposal Equipment	(70,129)			(70,129)
373	Plant Sewers				
374	Outfall Sewer Lines				
375	Other Treatment and Disposal Plant Equipment				
Total Treatment and Disposal Plant					
<u>General Plant:</u>					
389	Land and land rights			(1,238)	(1,238)
390	Structures & Improvements	14,335		(149,889)	(135,554)
391.1	Office Furniture & Equipment			(16,812)	(16,812)
391.2	Computer Equipment & Software			(173,311)	(173,311)
391.3	Office Machines and Equipment			(4,480)	(4,480)
392	Transportation Equipment			(5,662)	(5,662)
393	Stores Equipment				
394	Tools, Shop, and Garage Equipment	1,413			1,413
395	Laboratory Equipment				
396	Power Operated Equipment				
397	Communication Equipment			(19,368)	(19,368)
398	Miscellaneous equipment			(4,549)	(4,549)
399	Other Tangible Property			(471)	(471)
Total General Plant					

Case No. 07-1112-WS-AIR
Revenue Requirements
Summary of Staff's Adjustments to Plant In Service

Acct. No.	Description	Wastewater							
		2002 Plant In	Corporate Office	General Office	Total				
		Service Adjustment	Reclassification	Plant Exclusion	Adjustments				
		(a)	(b)	(c)	(d)				
<u>Corporate Office General Plant</u>									
389	Land & Land Rights	\$	\$	12,247	\$	12,247			
390	Structures & Improvements			1,422,472		1,422,472			
391.1	Office Furniture			40,030		40,030			
391.2	Computer Equipment & Software			160,458		160,458			
391.3	Office Machines & Equipment			8,188		8,188			
392	Transportation Equipment			80,086		80,086			
393	Stores Equipment								
394	Tools,Shop,& Garage Equipment								
395	Laboratory Equipment								
396	Power Operated Equipment								
397	Communication Equipment			30,354		30,354			
398	Miscellaneous Equipment			46,697		46,697			
399	Other Tangible Plant								
Total Corporate Office General Plant				1,800,532		1,800,532			
Total Citizens Wastewater and Corporate Office		\$	19,538	\$	1,800,532	\$	(375,780)	\$	1,444,290

- (a) Staff's Schedule B-2.2c1
(b) Staff's Schedule B-2.2c2
(c) Staff's Schedule B-2.2c3
(d) Columns (a) thru (c)

Case No. 07-1112-WS-AIR
Revenue Requirements
2002 Plant In Service Adjustment

Acct. No. Description	Wastewater (a)
354 Flow Measuring Devices	\$ 2,218
365 Other Pumping Equipment	71,701
372 Treatment & Disposal Equipment	(70,129)
390 Structures & Improvements	14,335
394 Tools, Shop, & Garage Equipment	1,413
	<hr/>
Total Plant Adjustment	\$ 19,538
	<hr/>

(a) Prior Staff's Adjustment; Case No. 03-2390-WS-AIR

Case No. 07-1112-WS-AIR
Revenue Requirements
Corporate Office Reclassification Plant Adjustments

Acct. No.	Description	Wastewater (a)
389	Land & Land Rights	\$ 12,247
390	Structures & Improvements	1,422,472
391.1	Office Furniture & Equipment	40,030
391.2	Computer Equipment & Software	160,458
391.3	Office Machines & Equipment	8,188
392	Transportation Equipment	80,086
397	Communication Equipment	30,354
398	Miscellaneous Equipment	46,697
Total Plant Adjustment		\$ 1,800,532

(a) Staff's Workpaper WPB-2.2c2

Case No. 07-1112-WS-AIR
Revenue Requirements
Corporate Office Plant Exclusion Adjustment

Acct. No. Description	Wastewater (a)
389 Land & Land Rights	\$ (1,238)
390 Structures & Improvements	(149,889)
391.1 Office Furniture & Equipment	(16,812)
391.2 Computer Equipment & Software	(173,311)
391.3 Office Machines & Equipment	(4,480)
392 Transportation Equipment	(5,662)
397 Communication Equipment	(19,368)
398 Miscellaneous Equipment	(4,549)
399 Other Tangible Plant	(471)
Total Plant Adjustment	\$ (375,780)

(a) Staff's Data Request 63

Case No. 07-1112-WS-AIR
Revenue Requirements
Calculation of Jurisdictional Depreciation Reserve

Acct. No.	Description	Water A			
		Applicant's Unadjusted (a)	Adjustments (b)	Staff's Adjusted Jurisdictional (c)	Staff's Adjusted Jurisdictional (e)
	<u>Intangible Plant:</u>				
301	Organization	\$	\$	\$	100.00%
302	Franchises & Consents				100.00%
303	Misc. Intangible Plant				100.00%
304	Comprehensive Planning Study	499,900	1,421	501,321	100.00%
	Total Intangible Plant	499,900	1,421	501,321	501,321
	<u>Source of Supply Plant:</u>				
310	Land & Land Rights	(7,222)	7,222		100.00%
311	Structures & Improvements	42,928		42,928	100.00%
312	Collecting & Impounding Res.	16	(16)		100.00%
313	Lake, River & Other Intakes	77,740	46	77,785	100.00%
314	Wells & Springs	321,044	(2,230)	318,814	100.00%
315	Infiltration, Galleries, and Tunnels	29	(29)		100.00%
316	Supply Mains	109,134		109,134	100.00%
	Total Source of Supply Plant	543,669	4,992	548,661	548,661
	<u>Pumping Plant:</u>				
320	Land and Land Rights				
321	Structures & Improvements	676,066		676,066	100.00%
323	Other Power Prod. Equipment	125,692		125,692	100.00%
325	Electric Pumping Equipment	2,053,790	(60,231)	1,993,559	100.00%
326	Diesel Pumping Equipment	40,642		40,642	100.00%
327	Hydraulic pumping equipment	452		452	
328	Other Pumping Equipment	514		514	100.00%
	Total Pumping Plant	2,897,156	(60,231)	2,836,925	2,836,473
	<u>Water Treatment Plant:</u>				
330	Land and Land Rights				100.00%
331	Structures & Improvements	996,977		996,977	100.00%
332	Water Treatment Equipment	3,883,271	(2,605)	3,880,666	100.00%
	Total Water Treatment Plant	4,880,248	(2,605)	4,877,643	4,877,643
	<u>Transmission & Distribution Plant:</u>				
340	Land & Land Rights	(1,228)	1,228		100.00%
341	Structures & Improvements	2,967		2,967	100.00%
342	Distr. Reser. & Standpipes	1,385,723	20	1,385,743	100.00%
343	Trans. and Distr. Mains	7,712,301		7,712,301	100.00%
345	Services	7,916,523		7,916,523	100.00%
346	Meters	1,039,080	7	1,039,087	100.00%
347	Meter Installations	659,623		659,623	100.00%
348	Hydrants	880,609		880,609	100.00%
349	Other Transmission and Distribution Plant	84	(84)		100.00%
	Total Transmission & Distribution Plant	\$ 19,595,682	\$ 1,171	\$ 19,596,853	\$ 19,596,853

Case No. 07-1112-WS-AIR
Revenue Requirements
Calculation of Jurisdictional Depreciation Reserve

Acct. No.	Description	Water A			
		Applicant's Unadjusted	Adjustments	Staff's Adjusted Jurisdictional	Staff's Adjusted Jurisdictional
		(a)	(b)	(c)	(d)
					(e)
<u>General Plant:</u>					
389	Land & Land Rights	\$	\$	\$	100.00%
390	Structures & Improvements	570,020	(814,727)	(44,707)	1
390	Limited Term Utility Plant	99,160		99,160	100.00%
391.1	Office Furniture	125,358	(111,021)	14,337	100.00%
391.2	Computer Equipment & Software	729,874	(524,595)	205,279	100.00%
391.3	Office Machines & Equipment	121,059	(24,162)	96,897	100.00%
392	Transportation Equipment	1,451,240	(83,442)	1,357,798	100.00%
393	Stores Equipment	11,248		11,248	100.00%
394	Tools, Shop, & Garage Equipment	434,861		434,861	100.00%
395	Laboratory Equipment	80,488	(3,740)	76,748	100.00%
396	Power Operated Equipment	169,418		169,418	100.00%
397	Communication Equipment	321,593	(141,566)	180,027	100.00%
398	Miscellaneous Equipment	57,555	(18,351)	39,204	100.00%
399	Other Tangible Plant	3,945	(3,588)	357	100.00%
	Total General Plant	4,175,819	(1,535,192)	2,640,627	2,640,627
<u>Capital Lease</u>					
<u>Corporate Office General Plant</u>					
389	Land & Land Rights				
390	Structures & Improvements		502,008	502,008	74.69%
390	Limited Term Utility Plant				
391.1	Office Furniture		43,623	43,623	74.69%
391.2	Computer Equipment & Software		428,574	428,574	74.69%
391.3	Office Machines & Equipment		11,877	11,877	74.69%
392	Transportation Equipment		106,841	106,841	74.69%
393	Stores Equipment				
394	Tools, Shop, & Garage Equipment				
395	Laboratory Equipment				
396	Power Operated Equipment				
397	Communication Equipment		30,522	30,522	74.69%
398	Miscellaneous Equipment		22,177	22,177	74.69%
399	Other Tangible Plant				
	Total Corporate Office General Plant		1,145,622	1,145,622	855,703
	Total Water A Plant	\$ 32,592,474	\$ (444,821)	\$ 32,147,653	\$ 31,857,281

- (a) Applicant's Schedule B-3 and B-3.2
(b) Staff's Schedule B-3.1a
(c) Columns (a) + (b)
(d) Staff's Schedule B-7, Depreciation Reserve Allocation Factor
(e) Columns (c) x (d)

Case No. 07-1112-WS-AIR
Revenue Requirements
Calculation of Jurisdictional Depreciation Reserve

Acct. No.	Description	Water C				
		Applicant's Unadjusted	Adjustments	Staff's Adjusted Jurisdictional	Jurisdictional Allocations	Staff's Adjusted Jurisdictional
		(a)	(b)	(c)	(d)	(e)
<u>Intangible Plant:</u>						
301	Organization	\$	\$	\$	100.00%	\$
302	Franchises & Consents				100.00%	
303	Misc. Intangible Plant				100.00%	
303.99	Comprehensive Planning Study	1,421	(1,421)		100.00%	
Total Intangible Plant		1,421	(1,421)			
<u>Source of Supply Plant:</u>						
310	Land & Land Rights				100.00%	
311	Structures & Improvements	257,917	(17,233)	240,684	100.00%	240,684
312	Collecting & Impounding Res.	302	16	318	100.00%	318
313	Lake, River & Other Intakes	45	(45)		100.00%	
314	Wells & Springs	132,377	(26,600)	105,777	100.00%	105,777
315	Infiltration, Galleries, and Tunnels	241	29	270	100.00%	270
316	Supply Mains					
Total Source of Supply Plant		390,882	(43,833)	347,049		347,049
<u>Pumping Plant:</u>						
320	Land and Land Rights				100.00%	
321	Structures & Improvements	99,283	(9,605)	89,678	100.00%	89,678
323	Other Power Prod. Equipment	(1,431)		(1,431)	100.00%	(1,431)
325	Electric Pumping Equipment	387,326	(75,565)	311,761	100.00%	311,761
326	Diesel Pumping Equipment					
328	Other Pumping Equipment					
Total Pumping Plant		485,178	(85,170)	400,008		400,008
<u>Water Treatment Plant:</u>						
330	Land and Land Rights					
331	Structures & Improvements	200,548		200,548	100.00%	200,548
332	Water Treatment Equipment	362,591		362,591	100.00%	362,591
Total Water Treatment Plant		563,139		563,139		563,139
<u>Transmission & Distribution Plant:</u>						
340	Land & Land Rights				100.00%	
341	Structures & Improvements					
342	Distr. Reser. & Standpipes	587,531		587,531	100.00%	587,531
343	Trans. and Distr. Mains	1,199,449	(20,495)	1,178,954	100.00%	1,178,954
345	Services	473,011	(13,014)	459,997	100.00%	459,997
346	Meters	293,569	1,305	294,874	100.00%	294,874
347	Meter Installations	48		48	100.00%	48
348	Hydrants	136,231		136,231	100.00%	136,231
349	Other Transmission and Distribution Plant	585	84	669	100.00%	669
Total Transmission & Distribution Plant		\$ 2,690,424	\$ (32,120)	\$ 2,658,304		\$ 2,658,304

Case No. 07-1112-WS-AIR
Revenue Requirements
Calculation of Jurisdictional Depreciation Reserve

Acct. No.	Description	Water C				
		Applicant's Unadjusted	Adjustments	Staff's Adjusted Jurisdictional	Jurisdictional Allocations	Staff's Adjusted Jurisdictional
		(a)	(b)	(c)	(d)	(e)
<u>General Plant:</u>						
389	Land & Land Rights	\$	\$	\$	100.00%	\$
390	Structures & Improvements	156,713	(73,900)	82,813	100.00%	82,813
390	Limited Term Utility Plant					
391.1	Office Furniture	24,626	(15,397)	9,229	100.00%	9,229
391.2	Computer Equipment & Software	412,607	(218,007)	194,600	100.00%	194,600
391.3	Office Machines & Equipment	7,098	(9,871)	(2,773)	100.00%	(2,773)
392	Transportation Equipment	575,348	(11,959)	563,389	100.00%	563,389
393	Stores Equipment	1,365		1,365	100.00%	1,365
394	Tools,Shop,& Garage Equipment	42,446	3,618	46,064	100.00%	46,064
395	Laboratory Equipment	31,054		31,054	100.00%	31,054
396	Power Operated Equipment	(5,398)		(5,398)	100.00%	(5,398)
397	Communication Equipment	6,793	(18,236)	(11,443)	100.00%	(11,443)
398	Miscellaneous Equipment	20,825	(5,534)	15,291	100.00%	15,291
399	Other Tangible Plant	212,228	(341)	211,887	100.00%	211,887
Total General Plant		1,485,705	(349,627)	1,136,078		1,136,078
<u>Corporate Office General Plant</u>						
389	Land & Land Rights					
390	Structures & Improvements		502,008	502,008	12.30%	61,740
390	Limited Term Utility Plant					
391.1	Office Furniture		43,623	43,623	12.30%	5,365
391.2	Computer Equipment & Software		428,574	428,574	12.30%	52,709
391.3	Office Machines & Equipment		11,877	11,877	12.30%	1,481
392	Transportation Equipment		106,841	106,841	12.30%	13,140
393	Stores Equipment					
394	Tools,Shop,& Garage Equipment					
395	Laboratory Equipment					
396	Power Operated Equipment					
397	Communication Equipment		30,522	30,522	12.30%	3,754
398	Miscellaneous Equipment		22,177	22,177	12.30%	2,727
399	Other Tangible Plant					
Total Corporate Office General Plant			1,145,622	1,145,622		140,896
Various Accounts					100.00%	
Total Water C Plant		\$ 5,616,749	\$ 633,451	\$ 6,250,200		\$ 5,245,474

- (a) Applicant's Schedule B-3 and B-3.2
(b) Staff's Schedule B-3.1b
(c) Columns (a) + (b)
(d) Staff's Schedule B-7, Depreciation Reserve Allocation Factor
(e) Columns (c) x (d)

Case No. 07-1112-WS-AIR
Revenue Requirements
Calculation of Jurisdictional Depreciation Reserve

Acct. No.	Description	Wastewater			
		Applicant's Unadjusted	Adjustments	Staff's Adjusted Jurisdictional	Staff's Adjusted Jurisdictional
		(a)	(b)	(c)	(e)
	<u>Intangible Plant:</u>				
301	Organization	\$	\$	\$	100.00%
302	Franchises & Consents				100.00%
	Total Intangible Plant				
	<u>Collection Plant:</u>				
351	Structures & Improvements	130,428		130,428	100.00%
352	Collection Sewers	1,937,062		1,937,062	100.00%
352.1	Collection Sewers-Force	6,776		6,776	100.00%
352.2	Collection Sewers-Gravity				
352.3	Special Collecting Structures	723		723	100.00%
353	Services to Customers	220,912		220,912	100.00%
354	Flow Measuring Devices		868	868	100.00%
355	Flow Measuring Installations				
356	Other Collection Plant Facilities				
	Total Collection Plant	2,295,901	868	2,296,769	2,296,769
	<u>Pumping Plant:</u>				
330	Land and Land Rights				
361	Structures & Improvements	107,874		107,874	100.00%
362	Receiving Wells				
363	Electric Pumping Equipment	945		945	100.00%
364	Diesel Pumping Equipment				
365	Other Pumping Equipment	26,877	53,335	80,212	100.00%
	Total Pumping Plant	135,696	53,335	189,031	189,031
	<u>Treatment and Disposal Plant:</u>				
370.2	Other Land and Land Rights				100.00%
371	Structures & Improvements	384,795		384,795	100.00%
372	Treatment and Disposal Equipment	2,519,926	(303,093)	2,216,833	100.00%
373	Plant Sewers				
374	Outfall Sewer Lines				
375	Other Treatment and Disposal Plant Equipment				
	Total Treatment and Disposal Plant	2,904,721	(303,093)	2,601,628	2,601,628
	<u>General Plant:</u>				
390	Structures & Improvements	105,182	(49,250)	55,932	100.00%
391.1	Office Furniture & Equipment	10,497	(9,917)	580	100.00%
391.2	Computer Equipment & Software	174,342	(150,575)	23,767	100.00%
391.3	Office Machines and Equipment	5,908	(6,818)	(910)	100.00%
392	Transportation Equipment	42,563	(5,474)	37,089	100.00%
393	Stores Equipment	4,530		4,530	100.00%
394	Tools, Shop, and Garage Equipment	108,040	330	108,370	100.00%
395	Laboratory Equipment	37,337		37,337	100.00%
396	Power Operated Equipment	4,565		4,565	100.00%
397	Communication Equipment	20,377	(12,595)	7,782	100.00%
398	Miscellaneous Equipment	36,498	(3,970)	32,528	100.00%
399	Other Tangible Property	236	(236)		100.00%
	Total General Plant	\$ 550,075	\$ (238,505)	\$ 311,570	\$ 311,570

Case No. 07-1112-WS-AIR
Revenue Requirements
Calculation of Jurisdictional Depreciation Reserve

Acct. No.	Description	Wastewater			
		Applicant's Unadjusted	Adjustments	Staff's Adjusted Jurisdictional	Staff's Adjusted Jurisdictional
		(a)	(b)	(c)	(d)
<u>Corporate Office General Plant</u>					
389	Land & Land Rights				
390	Structures & Improvements		502,008	502,008	13.01%
390	Limited Term Utility Plant				
391.1	Office Furniture		43,623	43,623	13.01%
391.2	Computer Equipment & Software		428,574	428,574	13.01%
391.3	Office Machines & Equipment		11,877	11,877	13.01%
392	Transportation Equipment		106,841	106,841	13.01%
393	Stores Equipment				
394	Tools, Shop, & Garage Equipment				
395	Laboratory Equipment				
396	Power Operated Equipment		30,522	30,522	13.01%
397	Communication Equipment		22,177	22,177	13.01%
398	Miscellaneous Equipment				
399	Other Tangible Plant				
Total Corporate Office General Plant			1,145,622	1,145,622	149,022
Total Wastewater Plant		\$ 5,886,393	\$ 658,227	\$ 6,544,620	\$ 5,548,020

- (a) Applicant's Schedule B-3 and B-3.2
(b) Staff's Schedule B-3.1c
(c) Columns (a) + (b)
(d) Staff's Schedule B-7, Depreciation Reserve Allocation Factor
(e) Columns (c) x (d)

Case No. 07-1112-WS-AIR
Revenue Requirements
Summary of Staff's Adjustments to Reserve

Acct.		Water A						
No.	Description	Structures & Improvements	Lake White	Plant Exclusions	Corporate Office Reclass.	Corporate Office Exclus.	Reserve Reclass.	Total Adjustments
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
<u>Intangible Plant:</u>								
301	Organization	\$	\$	\$	\$	\$	\$	
302	Franchises & Consents							
303	Misc. Intangible Plant						1,421	1,421
Total Intangible Plant							1,421	1,421
<u>Source of Supply Plant:</u>								
310	Land & Land Rights						7,222	7,222
311	Structures & Improvements							
312	Collecting & Impounding Res.						(16)	(16)
313	Lake, River & Other Intakes						45	45
314	Wells & Springs		(2,230)					(2,230)
315	Infiltration, Galleries, and Tunnels						(29)	(29)
316	Supply Mains							
Total Source of Supply Plant			(2,230)				7,222	4,992
<u>Pumping Plant:</u>								
320	Land and Land Rights							
321	Structures & Improvements							
323	Other Power Prod. Equipment							
325	Electric Pumping Equipment		(30,716)	(29,515)				(60,231)
326	Diesel Pumping Equipment							
328	Other Pumping Equipment							
Total Pumping Plant			(30,716)	(29,515)				(60,231)
<u>Water Treatment Plant:</u>								
330	Land and Land Rights							
331	Structures & Improvements							
332	Water Treatment Equipment		(2,605)					(2,605)
Total Water Treatment Plant			(2,605)					(2,605)
<u>Transmission & Distribution Plant:</u>								
340	Land & Land Rights						1,228	1,228
341	Structures & Improvements							
342	Distr. Reser. & Standpipes		20					20
343	Trans. and Distr. Mains							
345	Services							
346	Meters		7					7
347	Meter Installations							
348	Hydrants							
349	Other Transmission and Distribution Plant						(84)	(84)
Total Trans. & Distribution Plant		\$	\$ 27	\$	\$	\$	\$ 1,144	\$ 1,171

Case No. 07-1112-WS-AIR
Revenue Requirements
Summary of Staff's Adjustments to Reserve

Acct. No.	Description	Water A						
		Structures & Improvements	Lake White	Plant Exclusions	Corporate Office Reclass.	Corporate Office Excl.	Reserve Reclass.	Total Adjustments
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
<u>General Plant:</u>								
389	Land & Land Rights	\$	\$	\$	\$	\$	\$	
390	Structures & Improvements	(1,361)	25		(613,391)			(614,727)
390	Limited Term Utility Plant							
391.1	Office Furniture				(111,021)			(111,021)
391.2	Computer Equipment & Software				(524,595)			(524,595)
391.3	Office Machines & Equipment			(7,738)	(16,424)			(24,162)
392	Transportation Equipment				(93,442)			(93,442)
393	Stores Equipment							
394	Tools,Shop,& Garage Equipment							
395	Laboratory Equipment			(3,740)				(3,740)
396	Power Operated Equipment							
397	Communication Equipment				(141,566)			(141,566)
398	Miscellaneous Equipment				(18,351)			(18,351)
399	Other Tangible Plant				(3,588)			(3,588)
Total General Plant		(1,361)	25	(11,478)	(1,522,378)			(1,535,192)
<u>Corporate Office General Plant</u>								
389	Land & Land Rights							
390	Structures & Improvements				738,333	(236,325)		502,008
390	Limited Term Utility Plant							
391.1	Office Furniture				135,297	(91,674)		43,623
391.2	Computer Equipment & Software				1,603,636	(1,175,062)		428,574
391.3	Office Machines & Equipment				33,113	(21,236)		11,877
392	Transportation Equipment				106,841			106,841
393	Stores Equipment							
394	Tools,Shop,& Garage Equipment							
395	Laboratory Equipment							
396	Power Operated Equipment							
397	Communication Equipment				172,397	(141,875)		30,522
398	Miscellaneous Equipment				28,069	(5,892)		22,177
399	Other Tangible Plant				4,165	(4,165)		
Total Corporate Office General Plant					2,821,851	(1,676,229)		1,145,622
Total Water A Plant		\$ (1,361)	\$ (35,499)	\$ (40,993)	\$ 1,299,473	\$ (1,676,229)	\$ 9,787	\$ (444,821)

- (a) Staff's Schedule B-3.1a1
- (b) Staff's Schedule B-3.1a2
- (c) Staff's Schedule B-3.1a3
- (d) Staff's Schedule B-3.1a4
- (e) Staff's Schedule B-3.1a5
- (f) Staff's Schedule B-3.1a6
- (g) Columns (a) Thru (f)

Case No. 07-1112-WS-AIR
Revenue Requirements
Structures & Improvements Depreciation Reserve Adjustment

<u>Account 390 Structures & Improvements - Counter and Wall Panels:</u>		<u>Water A</u> (a)
(1) Counter and Wall Panels	\$	(3,590)
(2) Accrual Rate - Case No. 86-1924-WW-AIR		1.99%
(3) Age from 7-1-90 to 6-4-92		1.92
(4) Accrual Rate - Case No. 91-1318-WW-AIR and 91-628-WW-AAM		2.00%
(5) Age from 6-4-92 to 6-30-2000		8.08
(6) Accrual Rate - Case No. 99-1038-WW-AIR		2.56%
(7) Age from 7-1-2000 to 12-31-2002		7
(8) Adjustment $[(1) \times (2) \times (3)] + [(1) \times (4) \times (5)] + [(1) \times (6) \times (7)]$	\$	<u>(1,361)</u>

Case No. 07-1112-WS-AIR
Revenue Requirements
Lake White Depreciation Reserve Adjustment

<u>Acct. Description</u>	<u>Water A</u> (a)
314 Wells and Springs	\$ (2,230)
325 Electric Pumping Equipment	(30,716)
332 Water Treatment Equipment	(2,605)
342 Distribution Reservoirs & Standpipes	20
346 Meters	7
390 Structures & Improvements	<u>25</u>
Total Lake White Depreciation Reserve Adjustment	\$ <u>(35,499)</u>

(a) Derived from Stipulation in Case No. 03-2390-WS-AIR

Case No. 07-1112-WS-AIR
Revenue Requirements
Plant Exclusions Depreciation Reserve Adjustment

	<u>Water A</u> (a)
(1) Exclusion of 30 Acres of Land at Mansfield - Account 310	\$
(2) Exclusion of Electric Pumping at Lake White - Account 325	(29,515)
(3) Exclusion of Two Deskpro 4000 Computers at Ashtabula - Account 391.2	(7,738)
(4) Exclusion of PH Meter at Marion - Account 395	(1,260)
(5) Exclusion of Zeta Meter at Marion - Account 395	(2,480)
(6) Exclusion of Well 15 Rehab at Marion - Account 325	<u>(667)</u>
(7) Total Reserve Adjustments (1) Thru (5)	\$ <u>(41,660)</u>

(a) Staff's Workpaper WPB-3.1a3

Case No. 07-1112-WS-AIR
Revenue Requirements
Corporate Office Reclassification Depreciation Reserve Adjustment

Acct. No.	Description	Water A (a)
390	Structures & Improvements	\$ (613,391)
391	Office Furniture	(111,021)
391	Computer Equipment & Software	(524,595)
391	Office Machines & Equipment	(16,424)
392	Transportation Equipment	(93,442)
397	Communications Equipment	(141,566)
398	Miscellaneous Equipment	(18,351)
399	Other Tangible Plant	(3,588)
	Total	(1,522,378)
390	Structures & Improvements	738,333
391	Office Furniture	135,297
391	Computer Equipment & Software	1,603,636
391	Office Machines & Equipment	33,113
392	Transportation Equipment	106,841
397	Communications Equipment	172,397
398	Miscellaneous Equipment	28,069
399	Other Tangible Plant	4,165
	Total	2,821,851
	Total Corporate Office General Plant	\$ 1,299,473

(a) Staff's Workpaper WPB-3.1a4

Case No. 07-1112-WS-AIR
Revenue Requirements
Corporate Office Exclusions Depreciation Reserve Adjustment

<u>Acct. Description</u>	<u>Water A</u> (a)
390 Structures & Improvements	\$ (236,325)
391 Office Furniture & Equipment	(91,674)
391 Computer Equipment & Software	(1,175,062)
391 Office Machines & Equipment	(21,236)
397 Communication Equipment	(141,875)
398 Miscellaneous Equipment	(5,692)
399 Other Tangible Plant	<u>(4,185)</u>
Total	\$ <u>(1,676,229)</u>

(a) Staff's Workpaper WPB-3.1a5

Case No. 07-1112-WS-AIR
Revenue Requirements
Depreciation Reserve Reclassifications Adjustment

<u>Acct. Description</u>	<u>Water A</u> <u>(a)</u>
#### Comprehensive Planning Study	\$ 1,421
310 Land and Land Rights (b)	7,222
312 Collecting and Impounding Reservoirs	(16)
313 Lake, River & Other Intakes	45
315 Infiltration, Galleries, and Tunnels	(29)
340 Land and Land Rights (b)	1,228
349 Other Transmission and Distribution Plant	<u>(84)</u>
Total	<u>\$ 193,381,333</u>

(a) Staff's Workpaper WPB-3.1a6
(b) Applicant's Schedule B-3.1

Case No. 07-1112-WS-AIR
Revenue Requirements
Summary of Staff's Adjustments to Reserve

		Water C				
Acct. No.	Description	2002 Plant In Service Adjustment (a)	Brimfield Exclusion (b)	Corporate Office Reclassification (c)	General Office Plant Exclusion (d)	Total Adjustments (e)
<u>Intangible Plant:</u>						
301	Organization	\$	\$	\$	\$	\$
302	Franchises & Consents					
303	Misc. Intangible Plant					
303.99	Comprehensive Planning Study				(1,421)	(1,421)
Total Intangible Plant					(1,421)	(1,421)
<u>Source of Supply Plant:</u>						
310	Land & Land Rights					
311	Structures & Improvements		(17,233)			(17,233)
312	Collecting & Impounding Res.				16	16
313	Lake, River & Other Intakes				(45)	(45)
314	Wells & Springs	105	(26,705)			(26,600)
315	Infiltration, Galleries, & Tunnels				29	29
316	Supply Mains					
Total Source of Supply Plant		105	(43,938)			(43,833)
<u>Pumping Plant:</u>						
320	Land and Land Rights					
321	Structures & Improvements		(9,605)			(9,605)
323	Other Power Prod. Equipment					
325	Electric Pumping Equipment	620	(76,185)			(75,565)
326	Diesel Pumping Equipment					
328	Other Pumping Equipment					
Total Pumping Plant		620	(85,790)			(85,170)
<u>Water Treatment Plant:</u>						
330	Land and Land Rights					
331	Structures & Improvements					
332	Water Treatment Equipment					
Total Water Treatment Plant						
<u>Transmission & Distribution Plant:</u>						
340	Land & Land Rights					
341	Structures & Improvements					
342	Distr. Reser. & Standpipes					
343	Trans. and Distr. Mains		(20,495)			(20,495)
345	Services	(13,014)				(13,014)
346	Meters	1,305				1,305
347	Meter Installations					
348	Hydrants					
349	Other Transmission and Distribution Plant				84	84
Total Transmission & Distribution Plant		\$ (11,709)	\$ (20,495)	\$	\$ 84	\$ (32,120)

Case No. 07-1112-WS-AIR
Revenue Requirements
Summary of Staff's Adjustments to Plant In Service

Acct. No.	Description	Water C				
		2002 Plant In	Brimfield	Corporate Office	General Office	Total
		Service Adjustment	Exclusion	Reclassification	Plant Exclusion	Adjustments
		(a)	(b)	(c)	(d)	(e)
<u>General Plant:</u>						
389	Land & Land Rights	\$	\$	\$	\$	
390	Structures & Improvements			(73,900)		(73,900)
390	Limited Term Utility Plant					
391.1	Office Furniture & Equipment	(1,038)		(14,359)		(15,397)
391.2	Computer Equipment & Software			(218,007)		(218,007)
391.3	Other Office Equipment			(9,871)		(9,871)
392	Transportation Equipment	(4,034)		(7,925)		(11,959)
393	Stores Equipment					
394	Tools,Shop,& Garage Equipment	3,618				3,618
395	Laboratory Equipment					
396	Power Operated Equipment					
397	Communication Equipment			(18,236)		(18,236)
398	Miscellaneous Equipment	214		(5,748)		(5,534)
399	Other Tangible Plant			(341)		(341)
Total General Plant		(1,240)		(348,387)		(349,627)
<u>Corporate Office General Plant</u>						
389	Land & Land Rights					
390	Structures & Improvements			502,008		502,008
390	Limited Term Utility Plant					
391.1	Office Furniture & Equipment			43,623		43,623
391.2	Computer Equipment & Software			428,574		428,574
391.3	Office Machines & Equipment			11,877		11,877
392	Transportation Equipment			106,841		106,841
393	Stores Equipment					
394	Tools,Shop,& Garage Equipment					
395	Laboratory Equipment					
396	Power Operated Equipment					
397	Communication Equipment			30,522		30,522
398	Miscellaneous Equipment			22,177		22,177
399	Other Tangible Plant					
Total Corporate Office General Plant				1,145,622		1,145,622
Total Citizens Water and Corporate Office		\$ (12,224)	\$ (150,223)	\$ 797,235	\$ (1,337)	\$ 633,451

- (a) Staff's Schedule B-3.1b1
(b) Staff's Schedule B-3.1b2
(c) Staff's Schedule B-3.1b3
(d) Staff's Schedule B-3.1b4
(e) Columns (a) thru (d)

Case No. 07-1112-WS-AIR
Revenue Requirements
Depreciation Reserve 2002 Plant In Service Adjustment

Acct. No. Description	Water C (a)
314 Wells & Springs	\$ 105
325 Electric Pumping Equipment	620
345 Services	(13,014)
346 Meters	1,305
391.1 Office Furniture	(1,038)
392 Transportation Equipment	(4,034)
394 Tools, Shop & Garage Equipment	3,618
398 Miscellaneous Equipment	214
Total Water 2002 Adjustment	\$ (12,224)

Case No. 07-1112-WS-AIR
Revenue Requirements
Brimfield and ODOT Exclusion Depreciation Reserve Adjustment

Acct. No.	Description	Water C	Water C
		ODOT	Brimfield
		(a)	(b)
	<u>Source of Supply Plant:</u>		
310	Land & Land Rights	\$	\$
311	Structures & Improvements		(17,233)
314	Wells & Springs		(26,705)
316	Supply Mains		
	Total Source of Supply Plant		(43,938)
	<u>Pumping Plant:</u>		
320	Land and Land Rights		
321	Structures & Improvements		(9,605)
325	Electric Pumping Equipment		(76,185)
	Total Pumping Plant		(85,790)
	<u>Transmission & Distribution Plant:</u>		
343	Trans. and Distr. Mains	(20,495)	
	Total Trans. & Distribution Plant	(20,495)	
	Total ODOT and Brimfield Plant Exclusion	\$ (20,495)	\$ (129,728)

(a) Staff's Workpaper WPB-3.1b2a

(b) Staff's Workpaper WPB-3.1b2b

Case No. 07-1112-WS-AIR
Revenue Requirements
Corporate Office Reclassification Adjustment

	<u>Water C</u> (a)
<u>Corporate Office General Plant:</u>	
389 Land & Land Rights	\$
390 Structures & Improvements	(73900.00)
390 Limited Term Utility Plant	
391.1 Office Furniture	(14359.00)
391.2 Computer Equipment & Software	(218007.00)
391.3 Office Machines & Equipment	(9871.00)
392 Transportation Equipment	(7925.00)
393 Stores Equipment	
394 Tools, Shop, & Garage Equipment	
395 Laboratory Equipment	
396 Power Operated Equipment	
397 Communication Equipment	(18236.00)
398 Miscellaneous Equipment	(5748.00)
399 Other Tangible Plant	(341.00)
Total Corporate Office General Plant	\$ <u>(348387.00)</u>

	<u>Water C</u> (b)
<u>Corporate Office General Plant:</u>	
389 Land & Land Rights	\$
390 Structures & Improvements	502,008
390 Limited Term Utility Plant	
391.1 Office Furniture	43,623
391.2 Computer Equipment & Software	428,574
391.3 Office Machines & Equipment	11,877
392 Transportation Equipment	106,841
393 Stores Equipment	
394 Tools, Shop, & Garage Equipment	
395 Laboratory Equipment	
396 Power Operated Equipment	
397 Communication Equipment	30,522
398 Miscellaneous Equipment	22,177
399 Other Tangible Plant	
Total Corporate Office General Plant	\$ <u>1,145,622</u>

- (a) Staff's Workpaper WPB-3.1b3
(b) Staff's Schedule B-3a

Case No. 07-1112-WS-AIR
Revenue Requirements
Depreciation Reserve Reclassification Adjustment

Acct. No. Description	Water C (a)
304 Comprehensive Planning Study	\$ (1,421)
312 Collection & Impounding Res.	16
313 Lake, River & Other Intakes	(45)
314 Wells & Springs	
315 Infiltration, Galleries & Tunnels	29
325 Electric Pumping Equipment	
345 Services	
346 Meters	
349 Other Trans. & Distr. Plant	84
391.1 Office Furniture	
391.2 Computer Equipment & Software	
392 Transportation Equipment	
394 Tools, Shop, & Garage Equipment	
398 Miscellaneous Equipment	
Various Accounts	
	<hr/>
Total	\$ <u>(1,337)</u>

(a) Staff's Workpaper WPB-3.1b4

Case No. 07-1112-WS-AIR
Revenue Requirements
Summary of Staff's Adjustments to Plant In Service

Acct. No.	Description	Wastewater				Total Adjustments (e)
		2002 Plant In Service Adjustment (a)	Corporate Office Reclassification (b)	General Office Plant Exclusion (c)	Corporate Office Adjustment (d)	
<u>Intangible Plant:</u>						
301	Organization	\$	\$	\$	\$	\$
302	Franchises & Consents					
Total Intangible Plant						
<u>Collection Plant:</u>						
310	Land and Land Rights					
351	Structures & Improvements					
352	Collection Sewers					
352.1	Collection Sewers-Force					
352.2	Collection Sewers-Gravity					
352.3	Special Collecting Structures					
353	Services to Customers					
354	Flow Measuring Devices	207		661		868
355	Flow Measuring Installations					
356	Other Collection Plant Facilities					
Total Collection Plant						
		207		661		868
<u>Pumping Plant:</u>						
360	Land and Land Rights					
361	Structures & Improvements					
362	Receiving Wells					
363	Electric Pumping Equipment					
364	Diesel Pumping Equipment					
365	Other Pumping Equipment	53,335				53,335
Total Pumping Plant						
		53,335				53,335
<u>Treatment and Disposal Plant:</u>						
370.2	Other Land and Land Rights					
371	Structures & Improvements					
372	Treatment and Disposal Equipment	(53,093)	(250,000)			(303,093)
373	Plant Sewers					
374	Outfall Sewer Lines					
375	Other Treatment and Disposal Plant Equipment					
Total Treatment and Disposal Plant						
		(53,093)	(250,000)			(303,093)
<u>General Plant:</u>						
389	Land and land rights					
390	Structures & Improvements	1,792			(51,042)	(49,250)
391.1	Office Furniture & Equipment				(9,917)	(9,917)
391.2	Computer Equipment & Software				(150,575)	(150,575)
391.3	Office Machines and Equipment				(6,818)	(6,818)
392	Transportation Equipment				(5,474)	(5,474)
393	Stores Equipment					
394	Tools, Shop, and Garage Equipment	330				330
395	Laboratory Equipment					
396	Power Operated Equipment				(12,595)	(12,595)
397	Communication Equipment				(3,970)	(3,970)
398	Miscellaneous equipment				(236)	(236)
399	Other Tangible Property					
Total General Plant						
		\$ 2,122	\$	\$	\$ (240,627)	\$ (238,505)

Case No. 07-1112-WS-AIR
Revenue Requirements
Summary of Staff's Adjustments to Plant In Service

Acct. No.	Description	Wastewater				Total Adjustments
		2002 Plant In Service Adjustment (a)	Corporate Office Reclassification (b)	General Office Plant Exclusion (c)	Corporate Office Adjustment (d)	
<u>Corporate Office General Plant</u>						
389	Land & Land Rights	\$	\$	\$	\$	
390	Structures & Improvements				502,008	502,008
391.1	Office Furniture					
391.2	Computer Equipment & Software				43,623	43,623
391.3	Office Machines & Equipment				428,574	428,574
392	Transportation Equipment				11,877	11,877
393	Stores Equipment				106,841	106,841
394	Tools,Shop,& Garage Equipment					
395	Laboratory Equipment					
396	Power Operated Equipment					
397	Communication Equipment				30,522	30,522
398	Miscellaneous Equipment				22,177	22,177
399	Other Tangible Plant					
Total Corporate Office General Plant					1,145,622	1,145,622
Total Citizens Wastewater and Corporate Office		\$ 2,571	\$ (250,000)	\$ 661	\$ 904,995	\$ 658,227

- (a) Staff's Schedule B-3.1c1
(b) Staff's Schedule B-3.1c2
(c) Staff's Schedule B-3.1c3
(d) Staff's Schedule B-3.1c4
(e) Columns (a) thru (d)

Case No. 07-1112-WS-AIR
Revenue Requirements
2002 Plant in Service Depreciation Reserve Adjustment

Acct. No. Description	Wastewater (a)
354 Flow Measuring Devices	\$ 207
365 Other Pumping Equipment	53,335
372 Treatment & Disposal Equipment	(53,093)
390 Structures & Improvements	1,792
394 Tools, Shop, & Garage Equipment	<u>330</u>
 Total Wastewater 2002 Adjustment	 \$ <u>2,571</u>

(a) Staff's Workpaper WPB-3.1c1

SCHEDULE B-3.1c2

**Case No. 07-1112-WS-AIR
Revenue Requirements
Account 372 - Treatment and Disposal Equipment**

Wastewater
(a)

(1) Retirement of Fixed Location Frame Mounted Rope Media

\$ (250,000)

(a) Applicant's Schedule B-3.1

Case No. 07-1112-WS-AIR
Revenue Requirements
Depreciation Reserve Reclassification Adjustment

Account No. Description	Wastewater (a)
301 Organization	\$
302 Franchises and consents	
Total	
Collection Plant	
351 Structures & Improvements	
352 Collection Sewers	
352.1 Collection Sewers-Force	
352.2 Collection Sewers-Gravity	
352.3 Special Collecting Structures	
353 Services to Customers	
354 Flow Measuring Devices	661
355 Flow Measuring Installations	
356 Other Collection Plant Facilities	
Total	661
Pumping Plant	
361 Structures & Improvements	
362 Receiving Wells	
363 Electric Pumping Equipment	
364 Diesel Pumping Equipment	
365 Other Pumping Equipment	
Total	
Treatment and Disposal Plant	
370.2 Other Land and Land Rights	
371 Structures & Improvements	
372 Treatment and Disposal Equipment	
373 Plant Sewers	
374 Outfall Sewer Lines	
375 Other Treatment & Disposal Plant Equipment	
Total	
General Plant	
390 Structures & Improvements	
391.1 Office Furniture and Equipment	
391.2 Office Furniture and Equipment	
391.3 Office Furniture and Equipment	
392 Transportation Equipment	
393 Stores Equipment	
394 Tools, Shop, and Garage Equipment	
395 Laboratory Equipment	
396 Power Operated Equipment	
397 Communication Equipment	
399 Other Tangible Property	
Total	
Total Reserve	\$ 661

(a) Staff's Workpaper WPB-3.1c3

Case No. 07-1112-WS-AIR
Revenue Requirements
Corporate Office Reclassification Depreciation Reserve Adjustment

		<u>Wastewater</u>
		(a)
<u>Corporate Office General Plant:</u>		
389	Land & Land Rights	\$
390	Structures & Improvements	(51,042)
390	Limited Term Utility Plant	
391.1	Office Furniture	(9,917)
391.2	Computer Equipment & Software	(150,575)
391.3	Office Machines & Equipment	(6,818)
392	Transportation Equipment	(5,474)
393	Stores Equipment	
394	Tools, Shop, & Garage Equipment	
395	Laboratory Equipment	
396	Power Operated Equipment	
397	Communication Equipment	(12,595)
398	Miscellaneous Equipment	(3,970)
399	Other Tangible Plant	(236)
Total Corporate Office General Plant		\$ <u>(240,627)</u>

		<u>Wastewater</u>
		(b)
<u>Corporate Office General Plant:</u>		
389	Land & Land Rights	\$
390	Structures & Improvements	502,008
390	Limited Term Utility Plant	
391.1	Office Furniture	43,823
391.2	Computer Equipment & Software	428,574
391.3	Office Machines & Equipment	11,877
392	Transportation Equipment	106,841
393	Stores Equipment	
394	Tools, Shop, & Garage Equipment	
395	Laboratory Equipment	
396	Power Operated Equipment	
397	Communication Equipment	30,522
398	Miscellaneous Equipment	22,177
399	Other Tangible Plant	
Total Corporate Office General Plant		\$ <u>1,145,822</u>

(a) Staff's Workpaper WPB-3.1c4

(b) Staff's Schedule B-3a

Case No. 07-1112-WS-AIR
Revenue Requirements
Calculation of Jurisdictional Depreciation Expense

		Water A		
Acct. No.	Description	Jurisdictional Plant In Service (a)	Accrual Rate (b)	Jurisdictional Depreciation Expense (c)
<u>Intangible Plant:</u>				
301	Organization	\$ 138,677		\$
302	Franchises & Consents	161		
303	Misc. Intangible Plant	48,499		
303.99	Comprehensive Planning Study	275,663	20.00%	(e)
Total Intangible Plant		463,000		
<u>Source of Supply Plant:</u>				
310	Land & Land Rights	278,968		
311	Structures & Improvements	436,641	1.83%	7,991
312	Collecting & Impounding Res.			
313	Lake, River & Other Intakes	1,297,897	2.05%	26,607
314	Wells & Springs	809,516	4.00%	32,381
315	Infiltration, galleries, and tunnels			
316	Supply Mains	371,704	1.29%	4,795
Total Source of Supply Plant		3,194,726		71,774
<u>Pumping Plant:</u>				
320	Land and Land Rights	49,109		
321	Structures & Improvements	1,394,296	3.46%	48,243
323	Other Power Prod. Equipment	263,654	3.67%	9,676
325	Electric Pumping Equipment	6,016,651	3.13%	188,321
326	Diesel Pumping Equipment	61,295	3.13%	1,919
327	Hydraulic pumping equipment	9,643	3.13%	302
328	Other Pumping Equipment	1,697	1.67%	28
Total Pumping Plant		7,796,345		248,489
<u>Water Treatment Plant:</u>				
330	Land and Land Rights	84,767		
331	Structures & Improvements	2,585,889	3.64%	94,126
332	Water Treatment Equipment	11,800,987	3.59%	423,655
Total Water Treatment Plant		14,471,643		517,781
<u>Transmission & Distribution Plant:</u>				
340	Land & Land Rights	354,571		
341	Structures & Improvements	32,609	3.64%	1,187
342	Distr. Reser. & Standpipes	3,836,719	2.71%	103,975
343	Trans. and Distr. Mains	36,597,346	1.42%	519,682
345	Services	7,843,574	5.00%	392,179
346	Meters	3,416,462	5.94%	202,938
347	Meter Installations	1,866,343	2.50%	46,659
348	Hydrants	2,761,472	2.33%	64,342
349	Other Transmission and Distribution Plant			
Total Trans. & Distribution Plant		\$ 56,709,096		\$ 1,330,962

Case No. 07-1112-WS-AIR
Revenue Requirements
Calculation of Jurisdictional Depreciation Expense

Acct. No.	Description	Water A		
		Jurisdictional Plant In Service (a)	Accrual Rate (b)	Jurisdictional Depreciation Expense (c)
389	Land & Land Rights	\$ 20,924		\$
390	Structures & Improvements	358,228	2.56%	9,171
390	Limited Term Utility Plant	143,138		(d)
391.1	Office Furniture	29,043	4.22%	1,226
391.2	Computer Equipment & Software	(95,288)	12.50%	(11,911)
391.3	Office Machines & Equipment	31,507	11.11%	3,500
392	Transportation Equipment	1,099,254	15.00%	(e)
393	Stores Equipment	24,732	2.86%	707
394	Tools, Shop, & Garage Equipment	1,057,417	3.39%	35,846
395	Laboratory Equipment	223,403	5.00%	11,170
396	Power Operated Equipment	501,199	6.54%	32,778
397	Communication Equipment	106,311	10.00%	10,631
398	Miscellaneous Equipment	121,600	4.00%	4,864
399	Other Tangible Plant	572	25.00%	143
	Total General Plant	3,622,040		98,125
	Capital Lease			
	<u>Corporate Office General Plant</u>			
389	Land & Land Rights	9,170		
390	Structures & Improvements	1,070,298	2.56%	27,400
390	Limited Term Utility Plant			
391.1	Office Furniture	34,267	4.22%	1,446
391.2	Computer Equipment & Software	324,920	12.50%	40,615
391.3	Office Machines & Equipment	15,088	11.11%	1,676
392	Transportation Equipment	59,965	15.00%	(e)
393	Stores Equipment			
394	Tools, Shop, & Garage Equipment			
395	Laboratory Equipment			
396	Power Operated Equipment			
397	Communication Equipment	24,132	10.00%	2,413
398	Miscellaneous Equipment	36,209	4.00%	1,448
399	Other Tangible Plant			
	Total Corporate Office General Plant	1,574,049		74,998
	Total Water A	\$ 87,830,899		\$ 2,342,129

- (a) Staff's Schedule B-2.1
(b) Refer to Text
(c) Columns (a) x (b)
(d) Staff's Schedule C-3.19
(e) Fully Depreciated

Case No. 07-1112-WS-AIR
Revenue Requirements
Calculation of Jurisdictional Depreciation Expense

		Water C		
Acct. No.	Description	Jurisdictional Plant In Service (a)	Accrual Rate (b)	Jurisdictional Depreciation Expense (c)
<u>Intangible Plant:</u>				
301	Organization	\$ 19,118		\$
302	Franchises & Consents	11,019		
303	Misc. Intangible Plant			
303.99	Comprehensive Planning Study			
Total Intangible Plant		30,137		
<u>Source of Supply Plant:</u>				
310	Land & Land Rights	97,495		
311	Structures & Improvements	790,477	2.73%	21,580
312	Collecting & Impounding Res.	587	4.17%	24
313	Lake, River & Other Intakes			
314	Wells & Springs	512,075	2.44%	12,495
315	Infiltration, galleries, and tunnels	1,140	2.50%	29
316	Supply Mains			
Total Source of Supply Plant		1,401,774		34,128
<u>Pumping Plant:</u>				
320	Land and Land Rights	3,601		
321	Structures & Improvements	143,292	2.08%	2,980
323	Other Power Prod. Equipment	54,001	3.03%	1,636
325	Electric Pumping Equipment	892,040	3.67%	32,738
326	Diesel Pumping Equipment			
328	Other Pumping Equipment			
Total Pumping Plant		1,092,934		37,354
<u>Water Treatment Plant:</u>				
330	Land and Land Rights			
331	Structures & Improvements	454,201	1.85%	8,403
332	Water Treatment Equipment	2,981,152	2.88%	85,857
Total Water Treatment Plant		3,435,353		94,260
<u>Transmission & Distribution Plant:</u>				
340	Land & Land Rights	7,153		
341	Structures & Improvements			
342	Distr. Reser. & Standpipes	865,704	2.17%	18,786
343	Trans. and Distr. Mains	3,987,348	1.43%	57,019
345	Services	835,739	2.17%	18,136
346	Meters	1,069,795	3.84%	41,080
347	Meter Installations	4,569	3.84%	175
348	Hydrants	387,234	1.92%	7,435
349	Other Transmission and Distribution Plant	1,674	5.00%	84
Total Trans. & Distribution Plant		\$ 7,159,216		\$ 142,715

Case No. 07-1112-WS-AIR
Revenue Requirements
Calculation of Jurisdictional Depreciation Expense

Acct. No.	Description	Water C		
		Jurisdictional Plant In Service (a)	Accrual Rate (b)	Jurisdictional Depreciation Expense (c)
389	Land & Land Rights	\$ 7,216		\$
390	Structures & Improvements	120,965	2.50%	3,024
390	Limited Term Utility Plant			
391.1	Office Furniture	40,561	5.00%	2,028
391.2	Computer Equipment & Software	33,024	12.50%	4,128
391.3	Office Machines & Equipment	82,402	5.00%	4,120
392	Transportation Equipment	272,992	20.00%	(e)
393	Stores Equipment	1,999	5.00%	100
394	Tools,Shop,& Garage Equipment	193,043	5.94%	11,467
395	Laboratory Equipment	37,424	6.67%	2,496
396	Power Operated Equipment	8,482	3.33%	282
397	Communication Equipment	23,439	5.00%	1,172
398	Miscellaneous Equipment	234,040	5.00%	11,702
399	Other Tangible Plant	92,196	25.00%	23,049
	Total General Plant	1,147,783		63,568
	Capital Lease			
	<u>Corporate Office General Plant</u>			
389	Land & Land Rights	1,517		
390	Structures & Improvements	176,170	2.56%	4,510
390	Limited Term Utility Plant			
391.1	Office Furniture	4,958	4.22%	209
391.2	Computer Equipment & Software	19,872	12.50%	2,484
391.3	Office Machines & Equipment	1,014	11.11%	113
392	Transportation Equipment	9,918	15.00%	(e)
393	Stores Equipment			
394	Tools,Shop,& Garage Equipment			
395	Laboratory Equipment			
396	Power Operated Equipment			
397	Communication Equipment	3,759	10.00%	376
398	Miscellaneous Equipment	5,783	4.00%	231
399	Other Tangible Plant			
	Total Corporate Office General Plant	222,991		7,923
	Less: Annual Depreciation Expense CIAC (d)			(47,010)
	Total Water C	\$ 14,490,188		\$ 332,938

- (a) Staff's Schedule B-2.1
(b) Refer to Text
(c) Columns (a) x (b)
(d) Applicant's Schedules C-3.19, and C-3.20
(e) Fully Depreciated

Case No. 07-1112-WS-AIR
Revenue Requirements
Calculation of Jurisdictional Depreciation Expense

		Wastewater		
Acct. No.	Description	Jurisdictional Plant In Service (a)	Accrual Rate (b)	Jurisdictional Depreciation Expense (c)
<u>Intangible Plant:</u>				
301	Organization	\$ 70,826		\$
302	Franchises & Consents	2,190		
Total Intangible Plant		73,016		
<u>Collection Plant:</u>				
310	Land and Land Rights			
351	Structures & Improvements	214,313	2.50%	5,358
352	Collection Sewers	3,404,314	1.56%	53,107
352	Collection Sewers-Force	37,741	2.33%	879
352	Collection Sewers-Gravity			
352	Special Collecting Structures	933,402	1.96%	18,295
353	Services to Customers	345,423	1.92%	6,632
354	Flow Measuring Devices	21,119	2.00%	422
355	Flow Measuring Installations			
356	Other Collection Plant Facilities			
Total Collection Plant		4,956,312		84,693
<u>Pumping Plant:</u>				
360	Land and Land Rights			
361	Structures & Improvements	1,404,980	2.00%	28,100
362	Receiving Wells			
363	Electric Pumping Equipment	18,552	4.00%	742
364	Diesel Pumping Equipment			
365	Other Pumping Equipment	150,967	4.00%	6,039
Total Pumping Plant		1,574,499		34,881
<u>Treatment and Disposal Plant:</u>				
370.2	Other Land and Land Rights	144,465		
371	Structures & Improvements	66,341	2.00%	1,327
372	Treatment and Disposal Equipment	6,722,284	3.13% (d)	210,407
373	Plant Sewers			
374	Outfall Sewer Lines			
375	Other Treatment and Disposal Plant Equipment			
Total Treatment and Disposal Plant		6,933,090		211,734
<u>General Plant:</u>				
389	Land and land rights			
390	Structures & Improvements	303,025	2.50%	7,576
390.1	Office Furniture	(855)	5.26%	(45)
391.2	Office Furniture and Equipment	6,406	20.00%	1,281
391.3	Office machines and equipment	(910)	5.26%	(48)
392	Transportation Equipment	18,427	20.00%	(e)
393	Stores Equipment	3,788	6.25%	(e)
394	Tools, Shop, and Garage Equipment	233,588	5.00%	11,679
395	Laboratory Equipment	44,926	5.26%	2,363
396	Power Operated Equipment	3,726	10.00%	373
397	Communication Equipment	16,639	5.00%	832
398	Miscellaneous equipment	509,354	3.57%	18,184
399	Other Tangible Property		3.57%	
Total General Plant		\$ 1,138,114		\$ 42,195

Case No. 07-1112-WS-AIR
Revenue Requirements
Calculation of Jurisdictional Depreciation Expense

Acct. No.	Description	Wastewater		
		Jurisdictional Plant In Service (a)	Accrual Rate (b)	Jurisdictional Depreciation Expense (c)
<u>Corporate Office General Plant</u>				
389	Land & Land Rights	\$ 1,560		\$
390	Structures & Improvements	181,206	2.56%	4,639
390	Limited Term Utility Plant			
391.1	Office Furniture	5,099	4.22%	215
391.2	Computer Equipment & Software	20,440	12.50%	2,555
391.3	Office Machines & Equipment	1,043	11.11%	116
392	Transportation Equipment	10,202	15.00%	(e)
393	Stores Equipment			
394	Tools,Shop,& Garage Equipment			
395	Laboratory Equipment			
396	Power Operated Equipment			
397	Communication Equipment	3,867	10.00%	387
398	Miscellaneous Equipment	5,949	4.00%	238
399	Other Tangible Plant			
Total Corporate Office General Plant		229,366		8,150
Less: Annual Depreciation Expense - CIAC (f)				(64,945)
Total Wastewater and Corporate Office		\$ 14,904,397		\$ 316,708

(a) Staff's Schedule B-2.1c

(b) Refer to Text

(c) Columns (a) x (b)

(d) Staff's Workpaper B-3.2c

(e) Fully Depreciated

(f) Applicant's Schedules C-3.19 and C-3.20

SCHEDULE B-4

**Case No. 07-1112-WS-AIR
Revenue Requirements
Construction Work In Progress Summary**

None

**Case No. 07-1112-WS-AIR
Revenue Requirements
Working Capital Allowance**

None

Case No. 07-1112-WS-AIR
Revenue Requirements
Other Rate Base Items

	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) Customers' Advances for Construction - Account 252 (a)	\$ (5,049,871)	\$ (340,294)	
(2) Contributions in Aid of Construction (b)		(1,265,893)	(1,966,782)
(3) Investment Tax Credit - Account 255 (a)	(54,539)		
(4) Deferred Taxes - Account 282 (c)	(5,243,966)	(869,570)	(880,333)
(5) Deferred Taxes - Account 283 (a)			
(6) Deferred Taxes - Regulatory Liability - Account 253 (a)	(87,762)		
(7) Deferred Taxes - ITC Gross-up - Account 255 (a)	(24,477)		
(8) Deferred Taxes - Regulatory Asset AFUDC - Account 186 (c)	1,138,012	188,708	191,044
(9) Regulatory Asset - AFUDC Debt - Accounts 102 and 108.3 (c)	129,346	21,449	21,714
(10) Tank Painting Reserve - Account 265 (a)	(138,905)		
(11) Deferred Depreciation - Account 186 (d)	<u>57,724</u>		
(12) Total Other Rate Base Items (1) Thru (11)	\$ <u>(9,274,438)</u>	\$ <u>(2,265,600)</u>	\$ <u>(2,634,357)</u>

(a) Applicant's Schedule B-6

(b) Applicant's Workpaper WPB-6.2

(c) Applicant's Schedule B-6 and Staff's Schedule B-7 (Net Plant Allocation Factor)

(d) Derived from Staff's Data Request 7

Case No. 07-1112-WS-AIR
Revenue Requirements
Corporate Office Allocation Factors

District	Gross Plant In Service		Depreciation Reserve		Net Plant In Service		Number of Employees		O&M Payroll		Number of Customers		Operating Revenues		Weighted Average Allocation (o)
	Amount (a)	Allocation (b)	Amount (c)	Allocation (d)	Amount (e)	Allocation (f)	Amount (g)	Allocation (h)	Amount (i)	Allocation (j)	Amount (k)	Allocation (l)	Amount (m)	Allocation (n)	
(1) Water A	\$ 86,256,850	74.88%	\$ 31,001,578	74.69%	\$ 55,255,272	74.98%	80	78.43%	\$ 3,385,295	76.81%	42,129	73.20%	\$ 26,491,709	79.00%	76.48%
(2) Water C	14,267,197	12.38%	5,104,578	12.30%	9,162,619	12.43%	18	17.65%	586,758	12.86%	8,816	15.32%	4,019,542	11.99%	14.05%
(3) Wastewater	14,675,031	12.74%	5,398,998	13.01%	9,276,033	12.59%	4	3.92%	455,524	10.34%	6,608	11.48%	3,020,970	9.01%	9.47%
(4) Total	\$ 115,199,078	100.00%	\$ 41,505,154	100.00%	\$ 73,693,924	100.00%	102	100.00%	\$ 4,407,577	100.00%	57,553	100.00%	\$ 33,532,221	100.00%	100.00%

Water C
Wastewater

\$	9,162,619	49.69%
	9,276,033	50.31%
\$	18,438,652	100.00%

- (a) Staff's Schedules B-2.1a, B-2.1b, B-2.1c - Before Corporate Office Plant Allocation
 (b) Column (a) - Percent to Total
 (c) Staff's Schedules B-3a, B-3b, B-3c - Before Corporate Office Depreciation Reserve Allocation
 (d) Column (c) - Percent to Total
 (e) Columns (a) - (c)
 (f) Column (e) - Percent to Total
 (g) Derived From Applicant's Schedule WPC-3.4, pg. 32 of 228, Using Latest Known Employee Levels
 (h) Column (g) - Percent to Total
 (i) Staff's Schedule C-3.3 - Before Corporate Office O&M Labor
 (j) Column (i) - Percent to Total
 (k) Applicant's Schedule B-7.1
 (l) Column (k) - Percent to Total
 (m) Staff's Schedule C-2
 (n) Column (m) - Percent to Total
 (o) Columns [(f) + (h) + (j) + (l) + (n)] / 5

Case No. 07-1112-WS-AIR
Revenue Requirements
Proforma Operating Income Statement
For The Twelve Months Ending June 30, 2007

	Water A				Water C				Wastewater			
	Adjusted Revenues & Expenses (a)	Staff Proforma Adjustments (b)	Proforma Revenues & Expenses (c)	Applicant Proforma Revenues & Expenses (d)	Adjusted Revenues & Expenses (a)	Staff Proforma Adjustments (b)	Proforma Revenues & Expenses (c)	Applicant Proforma Revenues & Expenses (d)	Adjusted Revenues & Expenses (a)	Staff Proforma Adjustments (b)	Proforma Revenues & Expenses (c)	Applicant Proforma Revenues & Expenses (d)
Operating Revenues												
Water Sales	\$ 25,727,598	3,113,080	28,845,678	28,885,330	3,867,074	1,183,577	5,050,651	5,064,634	3,016,647	1,118,646	4,135,293	4,175,870
Other Operating Revenues	764,111	40,242	804,353	683,284	152,468	20,882	173,350	143,501	4,323	1,603	5,926	4,561
Total Operating Revenues	26,491,709	3,153,322	29,650,031	29,568,614	4,019,542	1,204,459	5,224,001	5,208,135	3,020,970	1,120,249	4,141,219	4,180,431
Operating Expenses												
Operation and Maintenance	14,675,493	28,551	14,704,044	15,980,523	2,942,474	11,088	2,953,562	2,956,723	1,875,307	10,743	1,886,050	2,056,970
Depreciation	2,471,895		2,471,895	2,973,700	334,194		334,194	355,007	357,631		357,631	320,933
Taxes, Other Than Income	6,045,051	142,196	6,187,247	5,285,164	1,216,515	56,685	1,273,200	1,095,784	1,171,855	52,702	1,224,557	1,044,282
Federal Income Taxes	158,441	985,900	1,144,341	1,402,932	(238,190)	376,132	137,962	190,532	(206,334)	349,332	142,998	180,179
Total Operating Expenses	23,320,880	1,156,647	24,477,527	25,652,319	4,254,993	443,925	4,698,918	4,598,446	3,198,459	412,777	3,611,236	3,602,364
Net Operating Income	\$ 3,170,829	2,001,675	5,172,504	3,916,295	(235,451)	760,534	525,083	609,689	(177,489)	707,472	529,983	578,067
Rate Base (e)	\$ 46,699,180		46,699,180	48,544,085	6,979,114		6,979,114	7,210,167	6,722,020		6,722,020	6,827,361
Rate of Return (f)	6.79%		11.08%	8.07%	-3.37%		7.52%	8.46%	-2.64%		7.88%	8.47%

(a) Staff's Schedule C-2
(b) Staff's Schedule C-1.1
(c) Columns (a) + (b)
(d) Applicant's Schedule C-1
(e) Staff's Schedule B-1
(f) Net Operating Income / Rate Base

Case No. 07-1112-WS-AIR
Revenue Requirements
Proforma Adjustments

		<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1)	Proposed Revenue Increase (a)	\$ 3,118,080	\$ 1,183,577	\$ 1,118,646
(2)	Late Payment Revenue (1) x Rates (b)	<u>40,242</u>	<u>20,882</u>	<u>1,603</u>
(3)	Total Proposed Revenue Increase (1) + (2)	\$ <u>3,158,322</u>	\$ <u>1,204,459</u>	\$ <u>1,120,249</u>
(4)	Uncollectible Accounts Expense (3) x Rates (c)	\$ <u>28,551</u>	\$ <u>11,088</u>	\$ <u>10,743</u>
(5)	Ohio Gross Receipts Tax (d)	\$ <u>142,196</u>	\$ <u>56,685</u>	\$ <u>52,702</u>
(6)	Federal Income Tax (e)	\$ <u>985,900</u>	\$ <u>376,152</u>	\$ <u>349,332</u>

- (a) Applicant's Schedule E-4
- (b) Staff's Schedule C-3.2
- (c) Staff's Schedule C-3.13
- (d) Staff's Schedule C-3.20a
- (e) Staff's Schedule C-4

Case No. 07-1112-WS-AIR
Revenue Requirements
Adjusted Test Year Operating Income

	Water A			Water C			Wastewater		
	Test Year Revenues & Expenses (a)	Staff Adjustments (b)	Adjusted Revenues & Expenses (c)	Test Year Revenues & Expenses (a)	Staff Adjustments (b)	Adjusted Revenues & Expenses (c)	Test Year Revenues & Expenses (a)	Staff Adjustments (b)	Adjusted Revenues & Expenses (c)
<u>Operating Revenues</u>									
Water Sales	\$ 25,548,984	178,614	25,727,598	3,867,074		3,867,074	3,182,905	(166,258)	3,016,647
Other Operating Revenues	572,354	191,757	764,111	98,475	53,993	152,468	4,561	(238)	4,323
Total Operating Revenues	26,121,338	370,371	26,491,709	3,965,549	53,993	4,019,542	3,187,466	(166,496)	3,020,970
<u>Operating Expenses</u>									
Operation & Maintenance	15,746,777	(1,071,284)	14,675,493	3,329,559	(387,085)	2,942,474	1,583,300	292,007	1,875,307
Depreciation & Amortization	2,941,331	(469,436)	2,471,895	458,103	(123,909)	334,194	433,775	(76,144)	357,631
Taxes, Other Than Income	5,365,967	649,084	6,015,051	1,653,149	(436,634)	1,216,515	284,943	886,912	1,171,855
Federal Income Taxes	(268,903)	427,344	158,441	13,927	(252,117)	(238,190)	(48,088)	(158,246)	(206,334)
Total Operating Expenses	23,785,172	(464,292)	23,320,880	5,454,738	(1,199,745)	4,254,993	2,253,930	944,529	3,198,459
Net Operating Income	\$ 2,336,166	834,663	3,170,829	(1,489,189)	1,253,738	(235,451)	933,536	(1,111,025)	(177,489)

(a) Applicant's Schedule C-2
(b) Staff's Schedule C-3
(c) Columns (a) + (b)

Case No. 07-1112-WS-AIR
Revenue Requirements
Summary of Staff's Adjustments

	Water A (a)	Water C (a)	Wastewater (a)
<u>Operating Revenues</u>			
C-3.1 Sales	\$ 178,614	\$	\$ (166,258)
C-3.2 Other Operating Revenues	191,757	53,993	(238)
Total Revenue Adjustments	\$ 370,371	\$ 53,993	\$ (166,496)
<u>Operating Expenses</u>			
C-3.3 Labor and Labor Related	\$ (215,090)	\$ (268,853)	\$ 315,803
C-3.4 Purchased Water	(72,959)	15,321	
C-3.5 Purchased Power	(171,040)	(26,341)	38,350
C-3.6 Chemical	174,551	(15,122)	1,301
C-3.7 Waste Disposal	(83,608)		
C-3.8 Rate Case	(48,183)	(12,482)	(10,710)
C-3.9 Unaccounted for Water	(138,980)	(36,279)	
C-3.10 Insurance Other Than Group	(15,034)	(8,863)	6,690
C-3.11 Negative Salvage	(382,912)	(55,430)	(48,476)
C-3.12 Miscellaneous O&M Expense	113,113	23,513	17,576
C-3.13 Uncollectibles	3,356	496	(1,597)
C-3.14 Tank Painting	54,384	37,414	
C-3.15 Community Relations and Advertising Expense	(15,179)	(4,442)	(1,938)
C-3.16 Social and Service Clubs Dues Expense	(24,621)	(4,196)	(2,874)
C-3.17 Charitable Contributions Expense	(11,790)	(2,451)	(1,832)
C-3.18 Management Fees	(237,292)	(29,370)	(20,286)
Total O & M Expenses	(1,071,284)	(387,085)	292,007
C-3.19 Depreciation & Amortization	(469,436)	(123,909)	(76,144)
C-3.20 Taxes Other Than Income	649,084	(436,634)	886,912
C-3.21 Federal Income Taxes	427,344	(252,117)	(158,246)
Total Expense Adjustments	\$ (464,292)	\$ (1,199,745)	\$ 944,529

(a) Staff's Schedules C-3.1 Through C-3.21

Case No. 07-1112-WS-AIR
Revenue Requirements
Sales Revenue Adjustment

	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) Annualized Sales Revenue (a)	\$ 25,727,598	\$ 3,867,074	\$ 3,016,647
(2) Test Year Sales Revenue (b)	<u>25,548,984</u>	<u>3,867,074</u>	<u>3,182,905</u>
(3) Adjustment (1) - (2)	\$ <u>178,614</u>	\$ <u></u>	\$ <u>(166,258)</u>

- (a) Applicant's Schedules E-4, and WPE-4.1
(b) Applicant's Schedule C-2

Case No. 07-1112-WS-AIR
Revenue Requirements
Other Operating Revenue Adjustment

<u>Late Payment Adjustment</u>	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) Adjusted Base Revenues (a)	\$ 25,727,598	\$ 3,867,074	\$ 3,016,647
(2) Late Payment Rate (b)	<u>0.012906</u>	<u>0.017643</u>	<u>0.001433</u>
(3) Late Payment Revenues (1) x (2)	332,040	68,227	4,323
(4) Test Year Late Payment Revenue (c)	<u>329,747</u>	<u>68,226</u>	<u>4,561</u>
(5) Adjustment (3) - (4)	\$ <u>2,293</u>	\$ <u>1</u>	\$ <u>(238)</u>
<u>Other Miscellaneous Adjustments:</u>			
(6) Adjusted Activation Fees (d)	\$ 212,083	\$	
(7) Test Year Activation Fees (e)	<u>101,506</u>		
(8) Adjustment (6) - (7)	\$ <u>110,577</u>	\$	
(9) Adjusted Reconnection Charges (d)	\$ 168,832	\$ 70,914	
(10) Test Year Reconnection Charges (e)	<u>99,311</u>	<u>21,797</u>	
(11) Adjustment (9) - (10)	\$ <u>69,521</u>	\$ <u>49,117</u>	
(12) Adjusted NSF Fees (d)	\$ 20,703	\$ 7,750	
(13) Test Year NSF Fees (e)	<u>11,337</u>	<u>2,875</u>	
(14) Adjustment (12) - (13)	\$ <u>9,366</u>	\$ <u>4,875</u>	
(15) Total Late Payment and Miscellaneous Adjustment (5) + (8) + (11) + (14)	\$ <u>191,757</u>	\$ <u>53,993</u>	\$ <u>(238)</u>

- (a) Staff's Schedule C-3.1
 (b) Calculated From Applicant's Schedule E-4, Unadjusted Late Payment Revenues Divided by
 Unadjusted Water or Sewer Revenues From Applicant's Schedule C-2
 (c) Applicant's Schedule E-4
 (d) Staff's Data Request 12a
 (e) Applicant's Schedule C-3.3

Case No. 07-1112-WS-AIR
Revenue Requirements
Labor and Labor Related Expense Adjustment

	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) Adjusted O&M Labor Expense W/O Corporate (a)	\$ 3,385,295	\$ 566,758	\$ 455,524
(2) Adjusted O&M Labor Expense - Corporate (b)	<u>373,955</u>	<u>62,607</u>	<u>50,317</u>
(3) Total O&M Labor Expense	3,759,250	629,365	505,841
(4) Test Year Labor Expense (c)	<u>3,879,298</u>	<u>781,194</u>	<u>275,377</u>
(5) Labor Expense Adjustment (3) - (4)	(120,048)	(151,829)	230,464
(6) Adjusted Group Insurance Expense (a)	820,138	119,518	93,992
(7) Adjusted Pension Expense (a)	397,655	65,991	53,247
(8) Adjusted 401k Plan Expense (a)	67,900	12,636	8,331
(9) Adjusted OPEB Expense (d)	156,871	26,033	21,006
(10) Adjusted EIP Plan Expense (a)			
(11) Adjusted Labor Related Expense W/O Corporate (6) thru (10)	1,442,564	224,178	176,576
(12) Adjusted Labor Related Expenses - Corporate (b)	<u>128,961</u>	<u>21,590</u>	<u>17,353</u>
(13) Total Adjusted Labor Related Expenses (11) + (12)	1,571,525	245,768	193,929
(14) Test year Labor Related Expenses (c)	<u>1,666,567</u>	<u>362,792</u>	<u>108,590</u>
(15) Labor Related Expense Adjustment (13) - (14)	(95,042)	(117,024)	85,339
(16) Total Labor and Labor Related Expense Adjustment (5) + (15)	\$ <u>(215,090)</u>	\$ <u>(268,853)</u>	\$ <u>315,803</u>

(a) Derived From Applicant's WPC-3.3, Using the Latest Employee Levels and Rates

(b) Staff's Schedule C-3.3a

(c) Applicant's Schedule C-2

(d) Derived From Applicant's WPC-3.3, Using Service Cost Amount from the Latest Actuarial Valuation Reports

Case No. 07-1112-WS-AIR
Revenue Requirements
Corporate Office Labor and Labor Related Expenses

	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) Adjusted O&M Labor Expense (a)	\$ 486,881	\$ 486,881	\$ 486,861
(2) Allocation Factor (b)	<u>76.81%</u>	<u>12.86%</u>	<u>10.34%</u>
(3) Allocated Corporate O&M Labor Expense (1) x (2)	\$ <u>373,955</u>	\$ <u>62,607</u>	\$ <u>50,317</u>
(4) Adjusted Group Insurance Expense (a)	83,385	83,385	83,385
(5) Adjusted Total OPEB Expense (c)	21,712	21,712	21,712
(6) Adjusted Total Pension Expense (c)	55,038	55,038	55,038
(7) Adjusted 401k Plan Expense (a)	<u>7,769</u>	<u>7,769</u>	<u>7,769</u>
(8) Total Adjusted Labor Related Expense (4) Thru (7)	167,904	167,904	167,904
(9) Allocation Factor (b)	<u>76.81%</u>	<u>12.86%</u>	<u>10.34%</u>
(10) Allocated Corporate Labor Related Expenses (9) x (10)	\$ <u>128,961</u>	\$ <u>21,590</u>	\$ <u>17,353</u>

(a) Derived From Applicant's WPC-3.3, Using The Latest Employee Levels and Rates

(b) Staff's Schedule B-7 O&M Payroll Allocation Factor

(c) Derived From Applicant's WPC-3.3, Using Service Cost Amount from the Latest Acturial Valuation Reports

Case No. 07-1112-WS-AIR
Revenue Requirements
Purchased Water Expense Adjustment

	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) Lawrence County District Purchased Water Expense (a)	\$ 785,574	\$	
(2) Marion District (Preble County) Purchased Water Expense (a)	38,101		
(3) Portage County District Purchased Water Expense (a)	<u> </u>	<u>194,926</u>	
(4) Total Purchased Water Expense (1) + (2) + (3)	823,675	194,926	
(5) Test Year Purchased Water Expense (b)	<u>896,634</u>	<u>179,605</u>	
(6) Adjustment (4) - (5)	\$ <u><u>(72,959)</u></u>	\$ <u><u>15,321</u></u>	

(a) Staff's Workpaper WPC-3.4

(b) Applicant's Schedule C-2

Case No. 07-1112-WS-AIR
Revenue Requirements
Purchased Power Expense Adjustment

	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) Adjusted Fuel & Power Expense (a)	\$ 899,514	\$ 149,251	\$ 167,855
(2) Test Year Fuel & Power Expense (b)	<u>1,070,554</u>	<u>175,592</u>	<u>129,505</u>
(3) Adjustment (1) - (2)	\$ <u>(171,040)</u>	\$ <u>(26,341)</u>	\$ <u>38,350</u>

- (a) Applicant's Schedule C-3.6
(b) Applicant's Schedule C-2

Case No. 07-1112-WS-AIR
Revenue Requirements
Chemical Expense Adjustment

	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) Adjusted Chemical Expense (a)	\$ 1,165,599	\$ 171,233	\$ 19,000
(2) Test Year Expense (b)	<u>991,048</u>	<u>186,355</u>	<u>17,699</u>
(3) Adjustment (1) - (2)	\$ <u>174,551</u>	\$ <u>(15,122)</u>	\$ <u>1,301</u>

- (a) Applicant's Schedule C-3.7
(b) Applicant's Schedule C-2

Case No. 07-1112-WS-AIR
Revenue Requirements
Waste Disposal Expense Adjustment

	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) Waste Disposal Expense (a)	\$ 85,990	\$ 31,923	\$
(2) Sludge Hauling Expense (a)			<u>138,180</u>
(3) Total Waste Disposal and Sludge Hauling Expense (1) + (2)	85,990	31,923	138,180
(4) Test Year Waste Disposal and Sludge Hauling Expense (b)	<u>169,598</u>	<u>31,923</u>	<u>138,180</u>
(5) Adjustment (3) - (4)	\$ <u>(83,608)</u>	\$	\$

(a) Staff's Workpaper WPC-3.7

(b) Applicant's Schedule WPC-2.1

Case No. 07-1112-WS-AIR
Revenue Requirements
Rate Case Expense Adjustment

	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) Total Estimated Rate Case Expense (a)	\$ 400,000	\$ 400,000	\$ 400,000
(2) Allocation Factor (b)	<u>76.48%</u>	<u>14.05%</u>	<u>9.47%</u>
(3) Allocated Rate Case Expense (1) x (2)	305,937	56,196	37,868
(4) Amortization Period	<u>3</u>	<u>3</u>	<u>3</u>
(5) Annual Amortization of Rate Case Expense (3) / (4)	101,979	18,732	12,623
(6) Test Year Expense (c)	<u>150,162</u>	<u>31,214</u>	<u>23,333</u>
(7) Adjustment (5) - (6)	\$ <u>(48,183)</u>	\$ <u>(12,482)</u>	\$ <u>(10,710)</u>

- (a) Staff's Workpaper WPC-3.8
(b) Staff's Schedule B-7 - Weighted Average Allocation Factor
(c) Applicant's Workpaper WPC-2.1

Case No. 07-1112-WS-AIR
Revenue Requirements
Unaccounted for Water Expense Adjustment

	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) System Delivery (a)	\$ 4,652,712	\$ 502,571	
(2) Sales & Company Use (a)	<u>3,667,877</u>	<u>381,543</u>	
(3) Unaccounted for Water (1) - (2)	984,835	121,028	
(4) Unaccounted for Percentage (3) / (1)	21.1700%	24.0800%	
(5) Percentage Allowed (b)	15.00%	15.00%	
(6) Reciprocal of Allowed Percentage (b)	85.00%	85.00%	
(7) Allowed System Delivery (2) / 85%	4,315,149	448,874	
(8) Disallowed Unaccounted for Water (7) - (1)	(337,563)	(53,697)	
(9) Fuel & Power Cost (1,000 gallons) (c)		\$ 0.2970	
(10) Chemicals Cost (1,000 gallons) (d)		\$ 0.3786	
(11) Fuel & Power Disallowed Cost (8) x (9)	(e) (54,222)	(15,948)	
(12) Chemicals Disallowed Cost (8) x (10)	(e) <u>(84,758)</u>	<u>(20,331)</u>	
(13) Total Disallowed Cost (11) + (12)	\$ <u>(138,980)</u>	\$ <u>(36,279)</u>	

(a) Staff's Workpaper WPC-3.9

(b) Applicant's Schedule C-3.6, pg. 3 of 3

(c) Derived from Applicant's Schedule C-3.6, page 3 of 3; divided by Franklin System Delivery

(d) Derived from Applicant's Schedule C-3.7, page 3 of 3; divided by Franklin System Delivery

(e) For Water A - Staff's Workpaper WPC-3.9

Case No. 07-1112-WS-AIR
Revenue Requirements
Insurance Other than Group Expense Adjustment

	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
<u>Worker's Compensation</u>			
(1) Total Adjusted Worker's Compensation Expense (a)	\$ 143,200	\$ 143,200	\$ 143,200
(2) Allocation Factor - Number of Employees (b)	<u>78.43%</u>	<u>17.65%</u>	<u>3.92%</u>
(3) Adjusted Worker's Compensation Expense (1) x (2)	112,314	25,271	5,616
(4) O&M Ratio (a)	<u>87.85%</u>	<u>87.85%</u>	<u>87.85%</u>
(5) Adjusted Worker's Compensation (3) x (4)	98,668	22,201	4,934
<u>Property Insurance</u>			
(6) Adjusted Property Insurance Expense (c)	80,362	80,362	80,362
(7) Allocation Factor - Net Plant (b)	<u>74.98%</u>	<u>12.43%</u>	<u>12.59%</u>
(8) Property Insurance Expense (6) x (7)	60,255	9,992	10,115
<u>General Insurance and Supplemental Payments</u>			
(9) Adjusted General Insurance Expense (d)	322,692	322,692	322,692
(10) Allocation Factor - Net Plant (b)	<u>74.98%</u>	<u>12.43%</u>	<u>12.59%</u>
(11) General Insurance Expense (10) x (11)	241,953	40,121	40,618
<u>Broker Fees:</u>			
(12) Broker Fees	3,970	3,970	3,970
(13) Allocation Factor - Net Plant (b)	<u>74.98%</u>	<u>12.43%</u>	<u>12.59%</u>
(14) Adjusted Broker Fees (12) x (13)	2,977	494	500
(15) Total Insurance Other Than Group Exp. (5) + (8) + (11) + (14)	403,853	72,808	56,167
(16) Test Year Expense (e)	<u>418,887</u>	<u>81,671</u>	<u>49,477</u>
(17) Adjustment (15) - (16)	\$ <u>(15,034)</u>	\$ <u>(8,863)</u>	\$ <u>6,690</u>
(a) Applicant's Schedule WPC-3.13			
(b) Staff's Schedule B-7			
(c) Staff's Data Request 64			
(d) Derived from Staff's Data Request 64			
(e) Applicant's Schedule C-3.13			

Case No. 07-1112-WS-AIR
Revenue Requirements
Negative Salvage Adjustment

	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) Net Negative Salvage Costs Adjustments (a)	\$ <u>(382,912)</u>	\$ <u>(55,430)</u>	\$ <u>(48,476)</u>

(a) Applicant's Schedule C-3.18

Case No. 07-1112-WS-AIR
Revenue Requirements
Miscellaneous O & M Expense Adjustment

	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>	<u>Total</u>
(1) NAWC 2008 Dues Adjustment (a)	\$ (1,120)	\$ (232)	\$ (174)	\$ (1,526)
(2) Nondeductible Penalties Expense (b)	(381)	(79)	(59)	(519)
(3) Orcomm Software Amortization (c)	<u>114,614</u>	<u>23,824</u>	<u>17,809</u>	<u>156,247</u>
(4) Total O&M Expense Adjustment (1) thru (3)	\$ <u>113,113</u>	\$ <u>23,513</u>	\$ <u>17,576</u>	\$ <u>154,202</u>

- (a) Staff's Workpaper WP C-3.12a
(b) Applicant's Schedule C-3.17 page 4 of 5
(c) Applicant's Schedule C-3.17 page 5 of 5

Case No. 07-1112-WS-AIR
Revenue Requirements
Uncollectible Expense Adjustment

	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) Adjusted Operating Revenues (a)	\$ 26,491,709	\$ 4,019,542	\$ 3,020,970
(2) Uncollectible Accounts Ratio (b)	<u>0.9040%</u>	<u>0.9206%</u>	<u>0.9590%</u>
(3) Adjusted Uncollectible Accounts Expense (1) x (2)	239,485	37,004	28,971
(4) Test Year Uncollectible Expense (c)	<u>236,129</u>	<u>36,508</u>	<u>30,568</u>
(5) Adjustment (3) - (4)	\$ <u>3,356</u>	\$ <u>496</u>	\$ <u>(1,597)</u>

(a) Staff's Schedule C-2

(b) Calculated From Applicant's Schedule WPC-2, Uncollectible Expense / Operating Revenues.
Water A- \$236,129/\$26,121,338; Water C- \$36,508/\$3,965,550; Wastewater- \$30,568/\$3,187,466

(c) Applicant's Schedule C-3.14

Case No. 07-1112-WS-AIR
Revenue Requirements
Tank Painting Expense Adjustment

	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) Adjusted Tank Painting Expense (a)	\$ 183,576	\$ 49,400	\$
(2) Test Year Tank Painting Expense (b)	<u>129,192</u>	<u>11,986</u>	<u></u>
(3) Adjustment (1) - (2)	\$ <u>54,384</u>	\$ <u>37,414</u>	\$ <u></u>

- (a) Staff's Workpaper WPC-3.14
(b) Applicant's Workpaper WPC-2.1

Case No. 07-1112-WS-AIR
Revenue Requirements
Community Relations and Advertising Expense Adjustment

	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) Adjusted Advertising Expense (a)	\$ 9,255	\$ 1,692	\$ 1,146
(2) Test Year Advertising Expense (b)	<u>14,455</u>	<u>3,295</u>	<u>2,078</u>
(3) Adjustments (1) - (2)	\$ <u>(5,200)</u>	\$ <u>(1,603)</u>	\$ <u>(932)</u>
(4) Adjusted Community Relations Expense (a)	\$	\$	\$
(5) Test Year Community Expense (b)	<u>9,979</u>	<u>2,839</u>	<u>1,006</u>
(6) Adjustment (4) - (5)	\$ <u>(9,979)</u>	\$ <u>(2,839)</u>	\$ <u>(1,006)</u>
(7) Total Advertising and Community Relations Expense Adjustment (3) + (6)	\$ <u>(15,179)</u>	\$ <u>(4,442)</u>	\$ <u>(1,938)</u>

(a) Staff's WPC-3.15

(b) Applicant's Schedule C-7

Case No. 07-1112-WS-AIR
Revenue Requirements
Social and Service Club Dues Expense Adjustment

	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) Adjusted Social and Service Club Dues (a)	\$ 2,902	\$ 64	\$ 45
(2) Test Year Social and Service Club Dues (b)	<u>27,523</u>	<u>4,260</u>	<u>2,919</u>
(3) Adjustments (1) - (2)	\$ <u>(24,621)</u>	\$ <u>(4,196)</u>	\$ <u>(2,874)</u>

- (a) Derived from Applicant's Response to Staff's Data Request 51, OCC RPD 29 and Staff's WPC-3.16
(b) Applicant's Schedule C-5

Case No. 07-1112-WS-AIR
Revenue Requirements
Charitable Contributions Expense Adjustment

	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) Elimination of Test Year Charitable Contributions (a)	\$ <u>(11,790)</u>	\$ <u>(2,451)</u>	\$ <u>(1,832)</u>

(a) Applicant's Schedule C-6 and WPC-2.1

Case No. 07-1112-WS-AIR
Revenue Requirements
Management Fees Expense Adjustment

	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) Adjusted Management Fees (a)	\$ 2,610,646	\$ 562,560	\$ 422,190
(2) Test Year Management Fees (b)	<u>2,847,938</u>	<u>591,930</u>	<u>442,476</u>
(3) Adjustment (1) - (2)	\$ <u>(237,292)</u>	\$ <u>(29,370)</u>	\$ <u>(20,286)</u>

(a) Applicant's Schedule C-3.9

(b) Applicant's Schedule C-2

Case No. 07-1112-WS-AIR
Revenue Requirements
Depreciation and Amortization Expense Adjustment

	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) Adjusted Depreciation Expense (a)	\$ 2,342,129	\$ 332,938	\$ 316,708
(2) Test Year Depreciation Expense (b)	<u>2,842,246</u>	<u>456,283</u>	<u>392,461</u>
(3) Depreciation Expense Adjustment (1) - (2)	(500,117)	(123,345)	(75,753)
(4) Amortization of Limited Utility Plant (c)	10,499		
(5) Amortization of Reserve Deficiency (d)			
(6) Amortization of Regulatory Asset - AFUDC (c)	15,600		
(7) Amortization of Regulatory Asset - Other (c)	6,108		
(8) Amortization of Deferred Depreciation Expense (e)	<u>2,172</u>		
(9) Total Amortization Expense (4) Thru (8)	34,379		
(10) Test Year Amortization Expense (b)	<u>3,698</u>	<u>564</u>	<u>391</u>
(11) Amortization Expense Adjustment (9) - (10)	30,681	(564)	(391)
(12) Total Adjustment (3) + (11)	\$ <u>(469,436)</u>	\$ <u>(123,909)</u>	\$ <u>(76,144)</u>

- (a) Staff's schedules B-3.2a, B-3.2b and B-3.2c
- (b) Applicant's Schedule C-2
- (c) Applicant's Schedules C-3.19 and C-3.20
- (d) Refer to Text
- (e) Staff's Data Request 7

Case No. 07-1112-WS-AIR
Revenue Requirements
Summary of Taxes Other Than Income Adjustment

	Schedule Reference	Water A	Water C	Wastewater
(1) Ohio Gross Receipts Tax	C-3.20a	\$ 1,194,608	\$ 189,028	\$ 142,013
(2) Property Taxes	C-3.20b	4,416,664	942,448	968,626
(3) Payroll Taxes	C-3.20c	308,311	51,397	39,745
(4) PUCO and OCC Assessments	C-3.20d	36,892	5,597	4,207
(5) Other taxes and Licenses	C-3.20e	<u>58,576</u>	<u>28,045</u>	<u>17,264</u>
(6) Total Taxes Other Than Income Taxes (1) Thru (5)		6,015,051	1,216,515	1,171,855
(7) Test Year Taxes Other Than Income Taxes (a)		<u>5,365,967</u>	<u>1,653,149</u>	<u>284,943</u>
(8) Adjustment (6) - (7)		\$ <u>649,084</u>	\$ <u>(436,634)</u>	\$ <u>886,912</u>

(a) Applicant's Schedule C-2

Case No. 07-1112-WS-AIR
Revenue Requirements
Calculation of Ohio Gross Receipts Taxes

	Water A		Water C		Wastewater	
	Adjusted Operating Income	Pro forma Operating Income	Adjusted Operating Income	Pro forma Operating Income	Adjusted Operating Income	Pro forma Operating Income
(1) Adjusted Operating Income (a)	\$ 26,491,709	\$ 29,650,031	\$ 4,019,542	\$ 5,224,001	\$ 3,020,970	\$ 4,141,219
(2) Less: Uncollectible Accounts Expense (1) x Rates (b)	239,485	268,036	37,004	48,092	28,971	39,714
(3) Less: Sales for Resale (c)	1,082,826	1,219,008				
(4) Add: Customer Advances						
(5) Total Ohio Taxable Receipts (1) thru (4)	25,169,398	28,162,987	3,982,538	5,175,909	2,991,999	4,101,505
(6) Less: \$25,000 Deduction (d)	19,751	19,751	2,997	2,997	2,252	2,252
(7) Net Taxable Receipts (5) - (6)	25,149,647	28,143,236	3,979,541	5,172,912	2,989,747	4,099,253
(8) Tax Rate	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
(9) Ohio Gross Receipts Tax (7) x (8)	\$ 1,194,608	\$ 1,336,804	\$ 189,028	\$ 245,713	\$ 142,013	\$ 194,715

- (a) Staff's Schedule C-1
(b) Staff's Schedule C-3.13
(c) Applicant's Schedule E-4
(d) Staff's Schedule B-7 - Operating Revenues Allocation Factor

Case No. 07-1112-WS-AIR
Revenue Requirements
Calculation of Property Taxes

	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) Jurisdictional Plant in Service at 06/30/2007 (a)	\$ 87,830,899	\$ 14,490,188	\$ 14,904,397
(2) Material and Supplies (b)	<u>229,693</u>	<u>15,160</u>	<u>3,870</u>
(3) Total (1) + (2)	88,060,592	14,505,348	14,908,267
(4) Percentage of Assessment Value to the Total Cost (c)	<u>74.48%</u>	<u>61.37%</u>	<u>61.37%</u>
(5) Property Subject to Ohio Property Taxes (3) x (4)	65,587,529	8,901,932	9,149,203
(6) Tax Rate per \$1,000 (d)	<u>67.34</u>	<u>105.87</u>	<u>105.87</u>
(7) Ohio Property Tax (5) x (6)	\$ <u>4,416,664</u>	\$ <u>942,448</u>	\$ <u>968,626</u>

- (a) Staff's Schedules B-2.1a, B-2.1b, and B-2.1c
- (b) Applicant's Schedule B-5
- (c) Staff's Workpaper WPC-3.20b1
- (d) Applicant's Updated WPC-3.21

Case No. 07-1112-WS-AIR
Revenue Requirements
Calculation of Payroll Taxes

	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) F.I.C.A (a)	\$ 215,786	\$ 36,095	\$ 27,846
(2) Federal Unemployment Taxes (a)	4,049	644	494
(3) State Unemployment Taxes (a)	17,570	2,795	2,143
(4) Medicare (a)	<u>50,466</u>	<u>8,441</u>	<u>6,512</u>
(5) Total Payroll Taxes W/O Corporate (1) Thru (4)	287,871	47,975	36,995
<u>Corporate Payroll Taxes</u>			
(6) F.I.C.A (a)	19,706	19,706	19,706
(7) Federal Unemployment Taxes (a)	257	257	257
(8) State Unemployment Taxes (a)	1,115	1,115	1,115
(9) Medicare (a)	<u>5,534</u>	<u>5,534</u>	<u>5,534</u>
(10) Total Corporate Payroll Taxes (6) Thru (9)	26,612	26,612	26,612
(11) Allocation Factor (b)	<u>76.81%</u>	<u>12.86%</u>	<u>10.34%</u>
(12) Allocated Corporate Payroll Taxes (10) x (11)	20,440	3,422	2,750
(13) Total Payroll Taxes (5) + (12)	\$ <u>308,311</u>	\$ <u>51,397</u>	\$ <u>39,745</u>

- (a) Derived from Applicant's Schedule WPC-3.3, Reflecting Latest Known Employee Levels
(b) Staff's Schedule B-7 - O&M Payroll Allocation Factor

Case No. 07-1112-WS-AIR
Revenue Requirements
Calculation of PUCO and OCC Assessments

	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) PUCO Maintenance Assessment (a)	\$ 37,185	\$ 37,185	\$ 37,185
(2) OCC Fund Assessment (a)	<u>9,511</u>	<u>9,511</u>	<u>9,511</u>
(3) Total Assessment (1) + (2)	46,696	46,696	46,696
(4) Allocation Factor (b)	<u>79.00%</u>	<u>11.99%</u>	<u>9.01%</u>
(5) Allocated Assessment (3) x (4)	\$ <u>36,892</u>	\$ <u>5,597</u>	\$ <u>4,207</u>

- (a) Latest Known Assessments
(b) Staff's Schedule B-7 - Operating Revenues Allocation Factor

Case No. 07-1112-WS-AIR
Revenue Requirements
Other Taxes and Licenses

	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) Other Taxes and Licenses (a)	\$ <u>58,576</u>	\$ <u>28,045</u>	\$ <u>17,264</u>

Case No. 07-1112-WS-AIR
Revenue Requirements
Federal Income Tax Expense Adjustment

	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>
(1) Adjusted Federal Income Taxes (a)	\$ 696,247	\$ (238,190)	\$ (206,334)
(2) Test Year Federal Income Taxes (b)	<u>268,903</u>	<u>13,927</u>	<u>(48,088)</u>
(3) Adjustment (1) - (2)	\$ <u>427,344</u>	\$ <u>(252,117)</u>	\$ <u>(158,246)</u>

- (a) Staff's Schedule C-4
(b) Applicant's Schedule C-2

Case No. 07-1112-WS-AIR
Revenue Requirements
Calculation of Federal Income Taxes

	Water A		Water C		Wastewater	
	Adjusted Operating Income	Proforma Operating Income	Adjusted Operating Income	Proforma Operating Income	Adjusted Operating Income	Proforma Operating Income
(1) Operating Income Before FIT (a)	\$ 3,329,270	\$ 6,316,845	\$ (473,641)	\$ 663,045	\$ (383,823)	\$ 672,981
<u>Reconciling Items:</u>						
(2) Interest Charges (b)	(1,667,161)	(1,667,161)	(249,154)	(249,154)	(239,976)	(239,976)
(3) Book Depreciation (c)	2,342,129	2,342,129	332,938	332,938	316,708	316,708
(4) Tax Accelerated Depreciation (d)	2,770,119	2,770,119	1,068,501	1,068,501	171,228	171,228
(5) Excess of Tax Over Book Depreciation (3) - (4)	(427,990)	(427,990)	(735,563)	(735,563)	145,480	145,480
<u>Other Reconciling Items:</u>						
(6) Taxable Meals and Entertainment (e)	8,437	8,437	1,188	1,188	287	287
(7) Amortization of Deferred ITC (d)	(16,581)	(16,581)				
(8) Total Other Reconciling Items (6) + (7)	(8,144)	(8,144)	1,188	1,188	287	287
(9) Total Reconciling Items (2) + (5) + (8)	(2,103,295)	(2,103,295)	(983,529)	(983,529)	(94,209)	(94,209)
(10) Federal Taxable Income (1) + (9)	1,225,975	4,213,550	(1,457,170)	(320,484)	(478,032)	578,772
<u>Federal Income Taxes</u>						
(11) First \$38,242 x 15%	5,736	5,736	(1,054)	(1,054)	(710)	710
(12) Next \$19,121 x 25%	4,780	4,780	(878)	(878)	(592)	592
(13) Next \$19,121 x 33%	6,310	6,310	(1,159)	(1,159)	(781)	781
(14) Next \$179,738 x 39%	70,098	70,098	(12,876)	(12,876)	(8,676)	8,676
(15) Next \$7,392,198 x 33%	320,018	1,305,918	(448,083)	(90,229)	(147,285)	180,529
(16) Next \$3,824,210 x 35%			(18,298)			
(17) Next \$2,549,473 x 38%						
(18) Excess of Taxable Income Over \$14,022,103 x 35%						
(19) Federal Income Taxes (11) Through (18)	406,942	1,392,842	(482,348)	(106,196)	(158,044)	191,288
<u>Deferred Income Taxes:</u>						
(20) Tax Accelerated Depreciation (d)	2,770,119	2,770,119	1,068,501	1,068,501	171,228	171,228
(21) Tax Straight Line Depreciation (c)	2,342,129	2,342,129	332,938	332,938	316,708	316,708
(22) Excess of Tax Accelerated over Tax S/L Deprec. (20) - (21)	427,990	427,990	735,563	735,563	(145,480)	(145,480)
(23) Deferred @0.33%	142,064	142,064	244,158	244,158	(48,290)	(48,290)
<u>Other Deferred Taxes:</u>						
(24) Amortization of Prior Years ITC (d)	(20,440)	(20,440)				
(25) Amortization of ITC (d)	7,154	7,154				
(26) Amortization of Regulatory Assets/Liabilities (d)	243,222	243,222				
(27) Amortization of Regulatory Assets/Liabilities (e)	(82,695)	(82,695)				
(28) Total Other Deferred Taxes (24) Thru (27)	147,241	147,241				
(29) Total Deferred Taxes (23) + (28)	289,305	289,305	244,158	244,158	(48,290)	(48,290)
(30) Total Federal Income Taxes (19) + (29)	\$ 696,247	\$ 1,682,147	\$ (238,190)	\$ 137,962	\$ (206,334)	\$ 142,998

- (a) Staff's Schedule C-1
(b) Staff's Schedule B-1 Rate Base x Weighted Cost of Debt
(c) Staff's Schedule C-3.23, Lines (1) + (5)
(d) Applicant's Schedule C-4
(e) Staff's Schedule C-4, Line (26) x 34%

Rate of Return Summary
Ohio American Water Company
Capital Structure as of June 30, 2007

	Amount \$	% of Total	% Cost	Weighted Cost %
Long Term Debt	\$50,008,664	57.85%	6.17%	3.57%
Preferred Stock	\$1,159,583	1.34%	8.48%	0.11%
Common Equity	<u>\$35,279,148</u>	<u>40.81%</u>	10.48% -11.52%	<u>4.28% -4.70%</u>
Total Capital	\$86,447,395	100.00%		7.96% -8.38%

Equity Issuance Cost Adjustment
Ohio American Water Company
June 30, 2007

(1) Retained Earnings ¹	\$74,256
(2) Total Common Equity ²	\$35,279,148
(3) Ratio of (1) to (2)	0.68833
(4) Generic Issuance Cost, f	3.50%
(5) External Equity Ratio, w [1.0 - (3)]	0.99790
(6) Net Adjustment Factor, $(w/(1 - f)) + (1 - w)$	1.03619
(7) Low End Equity Cost [10.12% x (6)]	10.48%
(8) High End Equity Cost [11.12% x (6)]	11.52%

Sources:

- 1 Ohio American Water Company Equity Roll Forward, June 2007
- 2 Applicant's Schedule D-1

Ohio American Water Company
Cost of Long Term Debt
June 30, 2007

	Interest Rate	Date Issued	Date Maturity	Face Amount Outstanding	Unamortized (Discount) or Premium	Unamortized Debt Expense	Unamortized Gain or (Loss)	Years To Maturity	Carrying Value	Interest Cost
General Mortgage Bond	6.95%	4/19/1996	4/1/2026	\$5,000,000	\$0	\$46,411	\$0	18.753	\$4,953,589	\$349,975
	7.18%	2/7/1997	2/1/2027	4,500,000	0	34,729	0	19.586	4,465,271	324,873
	6.36%	5/21/1998	5/1/2008	3,000,000	0	4,775	0	0.836	2,995,225	196,511
	7.95%	2/15/2000	2/1/2012	4,200,000	0	23,044	0	4.586	4,176,956	338,925
Debt Issued by AWCC:	5.39%	1/31/2007	12/21/2013	12,300,000	0	38,502	0	6.475	12,261,498	668,916
	5.62%	1/31/2007	12/21/2018	16,700,000	0	53,549	0	11.475	16,646,451	943,207
	5.77%	2/15/2007	12/21/2021	2,000,000	0	6,488	0	14.475	1,993,512	115,848
Long Term Debt Series				<u>2,525,000</u>	<u>0</u>	<u>8,838</u>	<u>0</u>		<u>2,516,162</u>	<u>146,135</u>
				<u>50,225,000</u>	<u>0</u>	<u>216,336</u>	<u>0</u>		<u>50,008,664</u>	<u>3,084,390</u>
										<u>6.17%</u>

Source: Applicant's Schedule D-3

CAPM Cost of Equity Estimate

<u>Date</u>	<u>Close 10Yr Yld (%)</u>	<u>Close 30 Yr Yld(%)</u>
21-Mar-07	4.52	4.7
22-Mar-07	4.59	4.78
23-Mar-07	4.61	4.8
26-Mar-07	4.59	4.78
27-Mar-07	4.61	4.81
28-Mar-07	4.62	4.83
29-Mar-07	4.63	4.83
30-Mar-07	4.65	4.85
2-Apr-07	4.64	4.84
3-Apr-07	4.66	4.85
4-Apr-07	4.65	4.84
5-Apr-07	4.67	4.87
9-Apr-07	4.74	4.92
10-Apr-07	4.72	4.91
11-Apr-07	4.74	4.91
12-Apr-07	4.74	4.91
13-Apr-07	4.76	4.93
16-Apr-07	4.74	4.89
17-Apr-07	4.69	4.85
18-Apr-07	4.65	4.82
19-Apr-07	4.67	4.84
20-Apr-07	4.67	4.84
23-Apr-07	4.65	4.83
24-Apr-07	4.62	4.8
25-Apr-07	4.65	4.83
26-Apr-07	4.68	4.87
27-Apr-07	4.7	4.89
30-Apr-07	4.63	4.82
1-May-07	4.64	4.82
2-May-07	4.65	4.82
3-May-07	4.67	4.84
4-May-07	4.64	4.8
7-May-07	4.64	4.79
8-May-07	4.63	4.8
9-May-07	4.67	4.84
10-May-07	4.65	4.83
11-May-07	4.67	4.85
14-May-07	4.69	4.86
15-May-07	4.71	4.88
16-May-07	4.71	4.87
17-May-07	4.76	4.91
18-May-07	4.8	4.96
21-May-07	4.79	4.94
22-May-07	4.83	4.98
23-May-07	4.86	5.01
24-May-07	4.86	5.01

CAPM Cost of Equity Estimate

<u>Date</u>	<u>Close 10Yr Yld (%)</u>	<u>Close 30 Yr Yld(%)</u>
25-May-07	4.86	5.01
29-May-07	4.88	5.01
30-May-07	4.88	5.01
31-May-07	4.89	5.01
1-Jun-07	4.96	5.06
4-Jun-07	4.93	5.02
5-Jun-07	4.98	5.07
6-Jun-07	4.97	5.08
7-Jun-07	5.1	5.2
8-Jun-07	5.12	5.22
11-Jun-07	5.14	5.24
12-Jun-07	5.25	5.36
13-Jun-07	5.2	5.28
14-Jun-07	5.22	5.29
15-Jun-07	5.17	5.26
18-Jun-07	5.14	5.25
19-Jun-07	5.09	5.2
20-Jun-07	5.12	5.23
21-Jun-07	5.16	5.28
22-Jun-07	5.14	5.26
25-Jun-07	5.08	5.2
26-Jun-07	5.1	5.22
27-Jun-07	5.07	5.19
28-Jun-07	5.12	5.22
29-Jun-07	5.03	5.13
2-Jul-07	5	5.1
3-Jul-07	5.05	5.15
5-Jul-07	5.14	5.24
6-Jul-07	5.2	5.28
9-Jul-07	5.16	5.25
10-Jul-07	5.04	5.13
11-Jul-07	5.08	5.18
12-Jul-07	5.12	5.21
13-Jul-07	5.11	5.19
16-Jul-07	5.04	5.13
17-Jul-07	5.08	5.16
18-Jul-07	5.01	5.1
19-Jul-07	5.03	5.12
20-Jul-07	4.96	5.06
23-Jul-07	4.96	5.07
24-Jul-07	4.94	5.06
25-Jul-07	4.9	5.03
26-Jul-07	4.78	4.95
27-Jul-07	4.79	4.95
30-Jul-07	4.8	4.96
31-Jul-07	4.77	4.92

CAPM Cost of Equity Estimate

<u>Date</u>	<u>Close 10Yr Yld (%)</u>	<u>Close 30 Yr Yld(%)</u>
1-Aug-07	4.76	4.91
2-Aug-07	4.75	4.9
3-Aug-07	4.7	4.87
6-Aug-07	4.73	4.91
7-Aug-07	4.74	4.9
8-Aug-07	4.86	5.02
9-Aug-07	4.79	5.03
10-Aug-07	4.78	5.01
13-Aug-07	4.78	5.01
14-Aug-07	4.73	4.99
15-Aug-07	4.71	5.01
16-Aug-07	4.6	4.93
17-Aug-07	4.67	5
20-Aug-07	4.63	4.97
21-Aug-07	4.59	4.94
22-Aug-07	4.62	4.95
23-Aug-07	4.62	4.92
24-Aug-07	4.63	4.9
27-Aug-07	4.6	4.86
28-Aug-07	4.53	4.86
29-Aug-07	4.55	4.88
30-Aug-07	4.5	4.82
31-Aug-07	4.54	4.83
4-Sep-07	4.56	4.84
5-Sep-07	4.47	4.78
6-Sep-07	4.5	4.79
7-Sep-07	4.37	4.69
10-Sep-07	4.32	4.64
11-Sep-07	4.36	4.65
12-Sep-07	4.41	4.69
13-Sep-07	4.48	4.74
14-Sep-07	4.46	4.72
17-Sep-07	4.47	4.71
18-Sep-07	4.48	4.76
19-Sep-07	4.52	4.82
20-Sep-07	4.67	4.94
21-Sep-07	4.63	4.89
24-Sep-07	4.62	4.88
25-Sep-07	4.61	4.89
26-Sep-07	4.62	4.89
27-Sep-07	4.57	4.84
28-Sep-07	4.58	4.83
1-Oct-07	4.56	4.8
2-Oct-07	4.53	4.78
3-Oct-07	4.54	4.79
4-Oct-07	4.52	4.77
5-Oct-07	4.64	4.87
8-Oct-07	4.64	4.86
9-Oct-07	4.65	4.86
10-Oct-07	4.65	4.86

CAPM Cost of Equity Estimate

<u>Date</u>	<u>Close 10Yr Yld (%)</u>	<u>Close 30 Yr Yld(%)</u>
11-Oct-07	4.66	4.88
12-Oct-07	4.69	4.91
15-Oct-07	4.67	4.91
16-Oct-07	4.66	4.91
17-Oct-07	4.55	4.81
18-Oct-07	4.5	4.78
19-Oct-07	4.4	4.69
22-Oct-07	4.39	4.67
23-Oct-07	4.41	4.69
24-Oct-07	4.33	4.64
25-Oct-07	4.35	4.66
26-Oct-07	4.39	4.68
29-Oct-07	4.38	4.66
30-Oct-07	4.38	4.67
31-Oct-07	4.47	4.75
1-Nov-07	4.36	4.65
2-Nov-07	4.29	4.59
5-Nov-07	4.32	4.62
6-Nov-07	4.36	4.65
7-Nov-07	4.33	4.67
8-Nov-07	4.27	4.66
9-Nov-07	4.22	4.6
12-Nov-07	4.21	4.59
13-Nov-07	4.26	4.61
14-Nov-07	4.27	4.6
15-Nov-07	4.16	4.53
16-Nov-07	4.15	4.52
19-Nov-07	4.08	4.48
20-Nov-07	4.05	4.48
21-Nov-07	4.02	4.47
23-Nov-07	4.01	4.44
26-Nov-07	3.85	4.28
27-Nov-07	3.94	4.36
28-Nov-07	4.03	4.41
29-Nov-07	3.94	4.35
30-Nov-07	3.97	4.4
3-Dec-07	3.89	4.35
4-Dec-07	3.89	4.35
5-Dec-07	3.91	4.39
6-Dec-07	4	4.48
7-Dec-07	4.12	4.59
10-Dec-07	4.15	4.61
11-Dec-07	3.99	4.48
12-Dec-07	4.08	4.53
13-Dec-07	4.17	4.61
14-Dec-07	4.23	4.66
17-Dec-07	4.19	4.62
18-Dec-07	4.12	4.54
19-Dec-07	4.07	4.49
20-Dec-07	4.03	4.45
21-Dec-07	4.17	4.57

CAPM Cost of Equity Estimate

<u>Date</u>	<u>Close 10Yr Yld (%)</u>	<u>Close 30 Yr Yld(%)</u>
24-Dec-07	4.21	4.62
26-Dec-07	4.28	4.69
27-Dec-07	4.2	4.61
28-Dec-07	4.1	4.51
31-Dec-07	4.03	4.46
2-Jan-08	3.9	4.35
3-Jan-08	3.9	4.37
4-Jan-08	3.85	4.36
7-Jan-08	3.84	4.34
8-Jan-08	3.84	4.36
9-Jan-08	3.79	4.32
10-Jan-08	3.89	4.44
11-Jan-08	3.81	4.39
14-Jan-08	3.79	4.37
15-Jan-08	3.7	4.29
16-Jan-08	3.71	4.32
17-Jan-08	3.64	4.25
18-Jan-08	3.65	4.3
22-Jan-08	3.48	4.23
23-Jan-08	3.43	4.18
24-Jan-08	3.64	4.35
25-Jan-08	3.58	4.28
28-Jan-08	3.59	4.28
29-Jan-08	3.66	4.34
30-Jan-08	3.73	4.43
31-Jan-08	3.64	4.35
1-Feb-08	3.6	4.32
4-Feb-08	3.64	4.37
5-Feb-08	3.59	4.34
6-Feb-08	3.61	4.37
7-Feb-08	3.74	4.5
8-Feb-08	3.65	4.44
11-Feb-08	3.62	4.41
12-Feb-08	3.68	4.46
13-Feb-08	3.69	4.51
14-Feb-08	3.82	4.65
15-Feb-08	3.78	4.59
19-Feb-08	3.88	4.66
20-Feb-08	3.92	4.64
21-Feb-08	3.78	4.55
22-Feb-08	3.79	4.58
25-Feb-08	3.9	4.66
26-Feb-08	3.86	4.66
27-Feb-08	3.85	4.65
28-Feb-08	3.71	4.55
29-Feb-08	3.53	4.42
3-Mar-08	3.53	4.43

CAPM Cost of Equity Estimate

<u>Date</u>	<u>Close 10Yr Yld (%)</u>	<u>Close 30 Yr Yld(%)</u>
4-Mar-08	3.58	4.48
5-Mar-08	3.69	4.61
6-Mar-08	3.62	4.58
7-Mar-08	3.54	4.54
10-Mar-08	3.44	4.45
11-Mar-08	3.6	4.53
12-Mar-08	3.48	4.41
13-Mar-08	3.53	4.45
14-Mar-08	3.42	4.35
17-Mar-08	3.31	4.28
18-Mar-08	3.45	4.33
19-Mar-08	3.36	4.22
20-Mar-08	3.33	4.16
Averages:		
Last 63days	3.7311	4.4373
Last 126 days	4.0258	4.5472
Last 188 days	4.2808	4.6942
Last 251 days	4.4051	4.7546
Average	4.1107	4.6084
Average of 10 and 30 Year Yields	4.3595	
CAPM Cost of Equity Estimate	10.9408	

$$\begin{aligned}\text{CAPM} &= \text{risk free return} + \beta(\text{large company total return} - \text{risk free return}) \\ &= 4.3595\% + 1.025(6.5\%) \end{aligned}$$

Source: Yahoo.com

DCF Cost of Equity Estimate

Stock Prices1 (\$):

	<u>AWR</u>	<u>CWT</u>	<u>SWWC</u>	<u>WTR</u>
03/21/07	02/08/00	02/09/00	01/14/00	01/22/00
03/22/07	02/08/00	02/09/00	01/14/00	01/22/00
03/23/07	02/08/00	02/09/00	01/14/00	01/22/00
03/26/07	02/08/00	02/09/00	01/14/00	01/22/00
03/27/07	02/07/00	02/09/00	01/14/00	01/22/00
03/28/07	02/06/00	02/07/00	01/13/00	01/22/00
03/29/07	02/05/00	02/06/00	01/14/00	01/22/00
03/30/07	02/05/00	02/07/00	01/14/00	01/22/00
04/02/07	02/06/00	02/07/00	01/14/00	01/22/00
04/03/07	02/05/00	02/07/00	01/14/00	01/22/00
04/04/07	02/06/00	02/07/00	01/14/00	01/22/00
04/05/07	02/06/00	02/07/00	01/14/00	01/22/00
04/09/07	02/05/00	02/06/00	01/14/00	01/22/00
04/10/07	02/05/00	02/06/00	01/13/00	01/22/00
04/11/07	02/05/00	02/06/00	01/14/00	01/22/00
04/12/07	02/05/00	02/06/00	01/13/00	01/22/00
04/13/07	02/05/00	02/07/00	01/13/00	01/22/00
04/16/07	02/05/00	02/08/00	01/13/00	01/23/00
04/17/07	02/05/00	02/09/00	01/14/00	01/23/00
04/18/07	02/05/00	02/09/00	01/14/00	01/23/00
04/19/07	02/05/00	02/09/00	01/14/00	01/23/00
04/20/07	02/04/00	02/09/00	01/13/00	01/22/00
04/23/07	02/06/00	02/09/00	01/13/00	01/22/00
04/24/07	02/06/00	02/08/00	01/13/00	01/22/00
04/25/07	02/06/00	02/09/00	01/14/00	01/22/00
04/26/07	02/05/00	02/08/00	01/14/00	01/22/00
04/27/07	02/05/00	02/08/00	01/13/00	01/22/00
04/30/07	02/04/00	02/07/00	01/13/00	01/22/00
05/01/07	02/04/00	02/07/00	01/13/00	01/22/00
05/02/07	02/06/00	02/07/00	01/13/00	01/22/00
05/03/07	02/05/00	02/05/00	01/13/00	01/22/00
05/04/07	02/05/00	02/06/00	01/13/00	01/22/00
05/07/07	02/06/00	02/08/00	01/13/00	01/22/00

DCF Cost of Equity Estimate

Stock Prices1 (\$):

	<u>AWR</u>	<u>CWT</u>	<u>SWWC</u>	<u>WTR</u>
05/08/07	02/06/00	02/07/00	01/13/00	01/22/00
05/09/07	02/06/00	02/08/00	01/13/00	01/22/00
05/10/07	02/05/00	02/07/00	01/12/00	01/22/00
05/11/07	02/05/00	02/07/00	01/13/00	01/22/00
05/14/07	02/05/00	02/07/00	01/12/00	01/22/00
05/15/07	02/04/00	02/06/00	01/12/00	01/22/00
05/16/07	02/05/00	02/07/00	01/12/00	01/22/00
05/17/07	02/05/00	02/06/00	01/12/00	01/22/00
05/18/07	02/05/00	02/07/00	01/12/00	01/22/00
05/21/07	02/05/00	02/07/00	01/12/00	01/22/00
05/22/07	02/05/00	02/07/00	01/13/00	01/22/00
05/23/07	02/05/00	02/06/00	01/12/00	01/22/00
05/24/07	02/04/00	02/05/00	01/12/00	01/22/00
05/25/07	02/05/00	02/07/00	01/13/00	01/22/00
05/29/07	02/06/00	02/07/00	01/13/00	01/22/00
05/30/07	02/05/00	02/07/00	01/13/00	01/22/00
05/31/07	02/05/00	02/06/00	01/13/00	01/22/00
06/01/07	02/05/00	02/06/00	01/13/00	01/22/00
06/04/07	02/04/00	02/05/00	01/12/00	01/22/00
06/05/07	02/04/00	02/05/00	01/12/00	01/22/00
06/06/07	02/04/00	02/05/00	01/12/00	01/22/00
06/07/07	02/03/00	02/04/00	01/12/00	01/22/00
06/08/07	02/03/00	02/04/00	01/12/00	01/22/00
06/11/07	02/03/00	02/04/00	01/12/00	01/22/00
06/12/07	02/02/00	02/03/00	01/12/00	01/22/00
06/13/07	02/03/00	02/03/00	01/12/00	01/22/00
06/14/07	02/03/00	02/04/00	01/12/00	01/22/00
06/15/07	02/04/00	02/05/00	01/12/00	01/22/00
06/18/07	02/04/00	02/04/00	01/12/00	01/22/00
06/19/07	02/04/00	02/04/00	01/12/00	01/22/00
06/20/07	02/03/00	02/03/00	01/12/00	01/22/00
06/21/07	02/03/00	02/03/00	01/12/00	01/22/00
06/22/07	02/03/00	02/03/00	01/12/00	01/21/00
06/25/07	02/03/00	02/03/00	01/12/00	01/21/00
06/26/07	02/03/00	02/03/00	01/12/00	01/21/00

DCF Cost of Equity Estimate

Stock Prices¹ (\$):

	<u>AWR</u>	<u>CWT</u>	<u>SWWC</u>	<u>WTR</u>
06/27/07	02/04/00	02/05/00	01/13/00	01/22/00
06/28/07	02/04/00	02/05/00	01/12/00	01/22/00
06/29/07	02/04/00	02/06/00	01/12/00	01/22/00
07/02/07	02/04/00	02/06/00	01/13/00	01/22/00
07/03/07	02/04/00	02/06/00	01/12/00	01/22/00
07/05/07	02/05/00	02/07/00	01/12/00	01/22/00
07/06/07	02/05/00	02/06/00	01/12/00	01/22/00
07/09/07	02/04/00	02/06/00	01/12/00	01/22/00
07/10/07	02/04/00	02/05/00	01/12/00	01/22/00
07/11/07	02/04/00	02/06/00	01/12/00	01/22/00
07/12/07	02/05/00	02/07/00	01/12/00	01/22/00
07/13/07	02/05/00	02/06/00	01/12/00	01/22/00
07/16/07	02/04/00	02/05/00	01/12/00	01/22/00
07/17/07	02/04/00	02/05/00	01/12/00	01/22/00
07/18/07	02/04/00	02/06/00	01/12/00	01/22/00
07/19/07	02/05/00	02/06/00	01/12/00	01/22/00
07/20/07	02/04/00	02/05/00	01/12/00	01/22/00
07/23/07	02/05/00	02/06/00	01/12/00	01/22/00
07/24/07	02/05/00	02/06/00	01/12/00	01/22/00
07/25/07	02/05/00	02/06/00	01/13/00	01/22/00
07/26/07	02/06/00	02/05/00	01/13/00	01/21/00
07/27/07	02/06/00	02/05/00	01/13/00	01/21/00
07/30/07	02/06/00	02/05/00	01/13/00	01/21/00
07/31/07	02/05/00	02/06/00	01/13/00	01/21/00
08/01/07	02/06/00	02/07/00	01/13/00	01/22/00
08/02/07	02/06/00	02/05/00	01/13/00	01/22/00
08/03/07	02/05/00	02/04/00	01/13/00	01/22/00
08/06/07	02/08/00	02/09/00	01/13/00	01/23/00
08/07/07	02/09/00	02/11/00	01/14/00	01/23/00
08/08/07	02/11/00	02/12/00	01/15/00	01/25/00
08/09/07	02/12/00	02/12/00	01/16/00	01/26/00
08/10/07	02/10/00	02/09/00	01/14/00	01/23/00
08/13/07	02/07/00	02/06/00	01/14/00	01/23/00
08/14/07	02/06/00	02/06/00	01/13/00	01/23/00
08/15/07	02/06/00	02/04/00	01/13/00	01/23/00

DCF Cost of Equity Estimate

Stock Prices1 (\$):

	<u>AWR</u>	<u>CWT</u>	<u>SWWC</u>	<u>WTR</u>
08/16/07	02/08/00	02/08/00	01/15/00	01/23/00
08/17/07	02/07/00	02/08/00	01/15/00	01/23/00
08/20/07	02/06/00	02/08/00	01/14/00	01/23/00
08/21/07	02/07/00	02/08/00	01/14/00	01/23/00
08/22/07	02/07/00	02/08/00	01/14/00	01/23/00
08/23/07	02/07/00	02/07/00	01/14/00	01/23/00
08/24/07	02/07/00	02/07/00	01/14/00	01/23/00
08/27/07	02/07/00	02/07/00	01/14/00	01/23/00
08/28/07	02/07/00	02/07/00	01/14/00	01/23/00
08/29/07	02/07/00	02/08/00	01/14/00	01/23/00
08/30/07	02/08/00	02/08/00	01/14/00	01/23/00
08/31/07	02/08/00	02/07/00	01/13/00	01/23/00
09/04/07	02/08/00	02/07/00	01/13/00	01/24/00
09/05/07	02/08/00	02/06/00	01/13/00	01/24/00
09/06/07	02/08/00	02/07/00	01/13/00	01/24/00
09/07/07	02/08/00	02/07/00	01/13/00	01/23/00
09/10/07	02/08/00	02/07/00	01/13/00	01/24/00
09/11/07	02/09/00	02/07/00	01/13/00	01/24/00
09/12/07	02/09/00	02/09/00	01/13/00	01/24/00
09/13/07	02/09/00	02/09/00	01/13/00	01/24/00
09/14/07	02/09/00	02/09/00	01/13/00	01/24/00
09/17/07	02/09/00	02/09/00	01/13/00	01/24/00
09/18/07	02/10/00	02/10/00	01/13/00	01/24/00
09/19/07	02/11/00	02/11/00	01/13/00	01/24/00
09/20/07	02/10/00	02/10/00	01/13/00	01/24/00
09/21/07	02/09/00	02/10/00	01/12/00	01/23/00
09/24/07	02/10/00	02/10/00	01/12/00	01/23/00
09/25/07	02/10/00	02/10/00	01/12/00	01/23/00
09/26/07	02/10/00	02/10/00	01/12/00	01/24/00
09/27/07	02/09/00	02/09/00	01/12/00	01/23/00
09/28/07	02/08/00	02/07/00	01/12/00	01/22/00
10/01/07	02/08/00	02/08/00	01/12/00	01/23/00
10/02/07	02/10/00	02/10/00	01/12/00	01/23/00
10/03/07	02/11/00	02/10/00	01/12/00	01/23/00
10/04/07	02/11/00	02/11/00	01/12/00	01/23/00

DCF Cost of Equity Estimate

Stock Prices¹ (\$):

	<u>AWR</u>	<u>CWT</u>	<u>SWWC</u>	<u>WTR</u>
10/05/07	02/12/00	02/11/00	01/12/00	01/23/00
10/08/07	02/12/00	02/11/00	01/12/00	01/23/00
10/09/07	02/13/00	02/12/00	01/12/00	01/23/00
10/10/07	02/12/00	02/11/00	01/13/00	01/23/00
10/11/07	02/12/00	02/11/00	01/12/00	01/23/00
10/12/07	02/13/00	02/11/00	01/12/00	01/23/00
10/13/07	02/12/00	02/11/00	01/12/00	01/22/00
10/14/07	02/11/00	02/10/00	01/12/00	01/22/00
10/15/07	02/12/00	02/11/00	01/12/00	01/23/00
10/16/07	02/11/00	02/10/00	01/12/00	01/22/00
10/17/07	02/12/00	02/11/00	01/12/00	01/23/00
10/18/07	02/12/00	02/11/00	01/12/00	01/22/00
10/19/07	02/11/00	02/10/00	01/12/00	01/22/00
10/22/07	02/12/00	02/11/00	01/12/00	01/22/00
10/23/07	02/12/00	02/11/00	01/12/00	01/22/00
10/24/07	02/12/00	02/11/00	01/12/00	01/22/00
10/25/07	02/12/00	02/11/00	01/12/00	01/22/00
10/26/07	02/13/00	02/12/00	01/12/00	01/22/00
10/29/07	02/14/00	02/13/00	01/12/00	01/22/00
10/30/07	02/14/00	02/13/00	01/12/00	01/23/00
10/31/07	02/14/00	02/13/00	01/12/00	01/23/00
11/01/07	02/11/00	02/08/00	01/12/00	01/22/00
11/02/07	02/13/00	02/08/00	01/12/00	01/22/00
11/05/07	02/13/00	02/08/00	01/12/00	01/22/00
11/06/07	02/14/00	02/08/00	01/12/00	01/22/00
11/07/07	02/11/00	02/07/00	01/12/00	01/22/00
11/08/07	02/13/00	02/09/00	01/12/00	01/22/00
11/09/07	02/11/00	02/08/00	01/12/00	01/22/00
11/12/07	02/12/00	02/09/00	01/12/00	01/21/00
11/13/07	02/12/00	02/09/00	01/12/00	01/22/00
11/14/07	02/12/00	02/09/00	01/12/00	01/22/00
11/15/07	02/11/00	02/08/00	01/12/00	01/22/00
11/16/07	02/10/00	02/07/00	01/11/00	01/22/00
11/19/07	02/09/00	02/05/00	01/11/00	01/21/00
11/20/07	02/11/00	02/07/00	01/11/00	01/22/00

DCF Cost of Equity Estimate

Stock Prices¹ (\$):

	<u>AWR</u>	<u>CWT</u>	<u>SWWC</u>	<u>WTR</u>
11/21/07	02/10/00	02/08/00	01/11/00	01/21/00
11/23/07	02/11/00	02/08/00	01/12/00	01/21/00
11/26/07	02/09/00	02/07/00	01/11/00	01/21/00
11/27/07	02/11/00	02/07/00	01/11/00	01/21/00
11/28/07	02/12/00	02/09/00	01/12/00	01/22/00
11/29/07	02/11/00	02/08/00	01/11/00	01/22/00
11/30/07	02/10/00	02/08/00	01/11/00	01/22/00
12/03/07	02/10/00	02/07/00	01/11/00	01/22/00
12/04/07	02/09/00	02/06/00	01/11/00	01/22/00
12/05/07	02/10/00	02/07/00	01/12/00	01/22/00
12/06/07	02/10/00	02/07/00	01/12/00	01/22/00
12/07/07	02/10/00	02/07/00	01/12/00	01/22/00
12/10/07	02/10/00	02/08/00	01/12/00	01/22/00
12/11/07	02/09/00	02/06/00	01/12/00	01/22/00
12/12/07	02/10/00	02/07/00	01/12/00	01/22/00
12/13/07	02/11/00	02/07/00	01/12/00	01/22/00
12/14/07	02/09/00	02/06/00	01/11/00	01/21/00
12/17/07	02/09/00	02/05/00	01/11/00	01/21/00
12/18/07	02/10/00	02/07/00	01/12/00	01/21/00
12/19/07	02/10/00	02/07/00	01/12/00	01/21/00
12/20/07	02/09/00	02/07/00	01/12/00	01/21/00
12/21/07	02/10/00	02/08/00	01/12/00	01/21/00
12/24/07	02/11/00	02/08/00	01/12/00	01/21/00
12/26/07	02/10/00	02/08/00	01/12/00	01/21/00
12/27/07	02/07/00	02/06/00	01/11/00	01/21/00
12/28/07	02/06/00	02/04/00	01/12/00	01/21/00
12/31/07	02/06/00	02/06/00	01/12/00	01/21/00
01/02/08	02/06/00	02/05/00	01/12/00	01/21/00
01/03/08	02/08/00	02/05/00	01/11/00	01/21/00
01/04/08	02/07/00	02/05/00	01/11/00	01/21/00
01/07/08	02/08/00	02/05/00	01/12/00	01/21/00
01/08/08	02/07/00	02/05/00	01/12/00	01/21/00
01/09/08	02/08/00	02/05/00	01/12/00	01/21/00
01/10/08	02/07/00	02/05/00	01/12/00	01/21/00
01/11/08	02/06/00	02/05/00	01/12/00	01/20/00

DCF Cost of Equity Estimate

Stock Prices1 (\$):

	<u>AWR</u>	<u>CWT</u>	<u>SWWC</u>	<u>WTR</u>
01/14/08	02/06/00	02/05/00	01/12/00	01/21/00
01/15/08	02/06/00	02/05/00	01/12/00	01/20/00
01/16/08	02/06/00	02/05/00	01/12/00	01/19/00
01/17/08	02/06/00	02/05/00	01/11/00	01/20/00
01/18/08	02/04/00	02/04/00	01/11/00	01/20/00
01/22/08	02/03/00	02/02/00	01/11/00	01/19/00
01/23/08	02/03/00	02/05/00	01/11/00	01/19/00
01/24/08	02/03/00	02/04/00	01/11/00	01/19/00
01/25/08	02/03/00	02/03/00	01/11/00	01/18/00
01/28/08	02/03/00	02/04/00	01/11/00	01/19/00
01/29/08	02/03/00	02/04/00	01/11/00	01/19/00
01/30/08	02/02/00	02/02/00	01/10/00	01/19/00
01/31/08	02/03/00	02/03/00	01/11/00	01/19/00
02/01/08	02/03/00	02/04/00	01/11/00	01/20/00
02/04/08	02/04/00	02/04/00	01/11/00	01/20/00
02/05/08	02/03/00	02/03/00	01/11/00	01/19/00
02/06/08	02/03/00	02/03/00	01/11/00	01/19/00
02/07/08	02/02/00	02/04/00	01/11/00	01/20/00
02/08/08	02/01/00	02/03/00	01/11/00	01/19/00
02/11/08	02/01/00	02/03/00	01/11/00	01/19/00
02/12/08	02/02/00	02/04/00	01/11/00	01/20/00
02/13/08	02/02/00	02/05/00	01/11/00	01/20/00
02/14/08	02/01/00	02/04/00	01/11/00	01/20/00
02/15/08	02/01/00	02/03/00	01/11/00	01/19/00
02/19/08	02/01/00	02/03/00	01/10/00	01/20/00
02/20/08	02/01/00	02/04/00	01/11/00	01/19/00
02/21/08	02/01/00	02/03/00	01/10/00	01/19/00
02/22/08	02/01/00	02/04/00	01/11/00	01/19/00
02/25/08	02/02/00	02/04/00	01/11/00	01/19/00
02/26/08	02/03/00	02/05/00	01/11/00	01/20/00
02/27/08	02/02/00	02/05/00	01/11/00	01/19/00
02/28/08	02/01/00	02/06/00	01/11/00	01/19/00
02/29/08	02/01/00	02/06/00	01/10/00	01/19/00
03/03/08	02/01/00	02/06/00	01/11/00	01/18/00
03/04/08	02/02/00	02/06/00	01/11/00	01/18/00

DCF Cost of Equity Estimate

Stock Prices¹ (\$):

	<u>AWR</u>	<u>CWT</u>	<u>SWWC</u>	<u>WTR</u>
03/05/08	02/03/00	02/07/00	01/11/00	01/18/00
03/06/08	02/01/00	02/06/00	01/10/00	01/18/00
03/07/08	02/02/00	02/07/00	01/11/00	01/18/00
03/10/08	02/01/00	02/06/00	01/11/00	01/18/00
03/11/08	02/03/00	02/08/00	01/11/00	01/18/00
03/12/08	02/03/00	02/08/00	01/11/00	01/18/00
03/13/08	02/02/00	02/09/00	01/11/00	01/18/00
03/14/08	02/02/00	02/08/00	01/11/00	01/18/00
03/17/08	02/02/00	02/08/00	01/11/00	01/18/00
03/18/08	02/04/00	02/09/00	01/11/00	01/19/00
03/19/08	02/03/00	02/08/00	01/11/00	01/18/00
03/20/08	02/05/00	02/09/00	01/11/00	01/18/00
AVERAGE (\$)	38.0947	38.4344	12.7550	22.1153
QUARTERLY DIV. ² (\$)	0.2350	0.2900	0.0580	0.1150
	0.2350	0.2900	0.0580	0.1250
	0.2500	0.2900	0.0580	0.1250
	0.2500	0.2920	0.0600	0.1250
ANNUAL DIVIDEND (\$)	0.9700	1.1620	0.2340	0.4900
YIELD	2.55%	3.02%	1.83%	2.22%
REUTERS ³	4.00%	7.75%	12.50%	10.50%
MSN ⁴	12.00%	8.00%	11.00%	9.80%
YAHOO ⁵	8.57%	9.53%	10.00%	10.18%
VALUE LINE ⁶ :				
07 EARNINGS (\$)	1.63	1.43	0.30	0.75
11 EARNINGS (\$)	2.20	2.20	0.70	1.05
	7.50%	10.77%	21.18%	8.41%

DCF Cost of Equity Estimate

	<u>AWR</u>	<u>CWT</u>	<u>SWWC</u>	<u>WTR</u>
VALUE LINE, "BOXED"	10.00%	7.50%	14.00%	7.50%
VALUE LINE	8.75%	9.13%	17.59%	7.96%
DCF GROWTH ESTIMATE	8.33%	8.60%	12.77%	9.61%
DCF COST OF EQUITY ESTIMATE	9.99%	10.68%	10.50%	10.00%
DCF AVERAGE				10.29%
CAPM COST OF EQUITY ESTIMATE				10.94%
COST OF EQUITY ESTIMATE				10.62%

Sources:

- 1 MSN Investor
- 2 MSN Investor & Value Line Investment Guide
- 3 investor.reuters.com
- 4 moneycentral.msn.com
- 5 finance.yahoo.com
- 6 Value Line Investment Guide

AWR Non-Constant DCF Calculation

g=	8.33%	non const dcf=	9.99%	const dcf=	11.09%
D=	\$0.97			g(e)=	6.77%
		P=	-\$38.09		

<u>YEAR</u>	<u>GROWTH RATE</u>	<u>DIVIDEND</u>
1	8.33%	\$1.05
2	8.33%	\$1.14
3	8.33%	\$1.23
4	8.33%	\$1.34
5	8.33%	\$1.45
6	8.25%	\$1.57
7	8.17%	\$1.69
8	8.10%	\$1.83
9	8.02%	\$1.98
10	7.94%	\$2.14
11	7.86%	\$2.30
12	7.78%	\$2.48
13	7.71%	\$2.67
14	7.63%	\$2.88
15	7.55%	\$3.10
16	7.47%	\$3.33
17	7.39%	\$3.57
18	7.31%	\$3.83
19	7.24%	\$4.11
20	7.16%	\$4.41
21	7.08%	\$4.72
22	7.00%	\$5.05
23	6.92%	\$5.40
24	6.85%	\$5.77
25	6.77%	\$6.16

AWR Non-Constant DCF Calculation

g=	6.77%	non const dcf=	1039.76%	const dcf=	6.20%
D=	\$0.07			g(e)=	0.00%
		P=	\$12.65		

<u>YEAR</u>	<u>GROWTH RATE</u>	<u>DIVIDEND</u>
26	6.77%	\$6.57
27	6.77%	\$7.02
28	6.77%	\$7.49
29	6.77%	\$8.00
30	6.77%	\$8.54

This schedule is truncated; the calculation extends to 400 years to ensure the stability of the calculation.

g, D, P are from Table 5
g(e) is from Table 10

CWT Non-Constant DCF Calculation

g=	8.60%	non const dcf=	10.68%	const dcf=	11.89%
D=	\$1.16			g(e)=	6.77%
		P=	-\$38.43		

<u>YEAR</u>	<u>GROWTH RATE</u>	<u>DIVIDEND</u>
1	8.60%	\$1.26
2	8.60%	\$1.37
3	8.60%	\$1.49
4	8.60%	\$1.62
5	8.60%	\$1.76
6	8.51%	\$1.91
7	8.42%	\$2.07
8	8.33%	\$2.24
9	8.24%	\$2.42
10	8.14%	\$2.62
11	8.05%	\$2.83
12	7.96%	\$3.06
13	7.87%	\$3.30
14	7.78%	\$3.55
15	7.69%	\$3.82
16	7.59%	\$4.12
17	7.50%	\$4.42
18	7.41%	\$4.75
19	7.32%	\$5.10
20	7.23%	\$5.47
21	7.14%	\$5.86
22	7.04%	\$6.27
23	6.95%	\$6.71
24	6.86%	\$7.17
25	6.77%	\$7.65
26	6.77%	\$8.17
27	6.77%	\$8.72
28	6.77%	\$9.31
29	6.77%	\$9.94
30	6.77%	\$10.62

This schedule is truncated; the calculation extends to 400 years to ensure the stability of the calculation.

g, D, P are from Table 5
g(e) is from Table 10

Schedule D-1.7

SWWC Non-Constant DCF Calculation

g=	12.77%	non const	const
		dcf=	dcf=
		10.50%	14.84%
D=	\$0.23		
		P=	g(e)=
		-\$12.75	6.77%

<u>YEAR</u>	<u>GROWTH RATE</u>	<u>DIVIDEND</u>
1	12.77%	\$0.26
2	12.77%	\$0.30
3	12.77%	\$0.34
4	12.77%	\$0.38
5	12.77%	\$0.43
6	12.47%	\$0.48
7	12.17%	\$0.54
8	11.87%	\$0.60
9	11.57%	\$0.67
10	11.27%	\$0.75
11	10.97%	\$0.83
12	10.67%	\$0.92
13	10.37%	\$1.01
14	10.07%	\$1.12
15	9.77%	\$1.22
16	9.47%	\$1.34
17	9.17%	\$1.46
18	8.87%	\$1.59
19	8.57%	\$1.73
20	8.27%	\$1.87
21	7.97%	\$2.02
22	7.67%	\$2.18
23	7.37%	\$2.34
24	7.07%	\$2.50
25	6.77%	\$2.67
26	6.77%	\$2.85
27	6.77%	\$3.05
28	6.77%	\$3.25
29	6.77%	\$3.47
30	6.77%	\$3.71

This schedule is truncated; the calculation extends to 400 years to ensure the stability of the calculation.

g, D, P are from Table 5
g(e) is from Table 10

WTR Non-Constant DCF Calculation

		non const		const	
g=	9.61%	dcf=	10.00%	dcf=	12.04%
D=	\$0.49			g(e)=	6.77%
		P=	-\$22.12		

GROWTH		
<u>YEAR</u>	<u>RATE</u>	<u>DIVIDEND</u>
1	9.61%	\$0.54
2	9.61%	\$0.59
3	9.61%	\$0.65
4	9.61%	\$0.71
5	9.61%	\$0.78
6	9.47%	\$0.85
7	9.32%	\$0.93
8	9.18%	\$1.01
9	9.04%	\$1.10
10	8.90%	\$1.20
11	8.76%	\$1.31
12	8.61%	\$1.42
13	8.47%	\$1.54
14	8.33%	\$1.67
15	8.19%	\$1.81
16	8.05%	\$1.95
17	7.90%	\$2.11
18	7.76%	\$2.27
19	7.62%	\$2.44
20	7.48%	\$2.62
21	7.34%	\$2.82
22	7.19%	\$3.02
23	7.05%	\$3.23
24	6.91%	\$3.46
25	6.77%	\$3.69
26	6.77%	\$3.94
27	6.77%	\$4.21
28	6.77%	\$4.49
29	6.77%	\$4.80
30	6.77%	\$5.12

This schedule is truncated; the calculation extends to 400 years to ensure the stability of the calculation.

g, D, P are from Table 5
g(e) is from Table 10

Growth in U.S. Gross National Product, 1929 to 2005

Year	GNP (\$billion)	Change (\$billion)	Growth%
1929	104.4		
1930	91.90	-12.70	-12.32%
1931	77.00	-14.60	-16.15%
1932	59.10	-17.80	-23.48%
1933	56.70	-2.40	-4.14%
1934	66.30	9.50	17.09%
1935	73.60	7.10	10.91%
1936	84.00	10.30	14.27%
1937	92.20	7.90	9.58%
1938	86.50	-5.70	-6.31%
1939	92.50	6.60	7.79%
1940	101.70	9.10	9.97%
1941	127.20	25.10	25.00%
1942	162.30	33.50	26.69%
1943	198.90	33.70	21.19%
1944	220.10	18.70	9.70%
1945	223.40	2.00	0.95%
1946	222.90	-1.00	-0.47%
1947	245.30	22.80	10.73%
1948	270.60	26.40	11.22%
1949	268.60	-1.20	-0.46%
1950	295.20	27.90	10.71%
1951	341.20	45.10	15.64%
1952	360.30	18.20	5.46%
1953	381.30	20.00	5.69%
1954	382.50	0.90	0.24%
1955	417.20	33.40	8.97%
1956	440.30	22.30	5.49%
1957	464.10	22.80	5.32%
1958	469.80	5.80	1.29%
1959	509.30	53.50	11.71%
1960	529.50	20.30	3.98%
1961	548.20	18.70	3.52%
1962	589.70	41.40	7.54%
1963	622.20	32.50	5.50%
1964	668.50	46.20	7.41%
1965	724.40	56.10	8.38%
1966	792.90	69.00	9.51%
1967	838.00	45.00	5.66%
1968	916.10	78.10	9.30%
1969	990.70	73.90	8.05%

Growth in U.S. Gross National Product, 1929 to 2005

Year	GNP (\$billion)	Change (\$billion)	Growth%
1970	1,044.90	54.60	5.51%
1971	1,134.70	90.10	8.61%
1972	1,246.80	112.90	9.94%
1973	1,395.30	149.10	11.94%
1974	1,515.50	118.50	8.48%
1975	1,651.30	131.70	8.68%
1976	1,842.10	192.60	11.68%
1977	2,051.20	211.10	11.47%
1978	2,316.30	265.90	12.96%
1979	2,595.30	281.30	12.14%
1980	2,823.70	231.50	8.91%
1981	3,161.40	335.30	11.84%
1982	3,291.50	129.60	4.09%
1983	3,573.80	276.10	8.38%
1984	3,969.50	396.30	11.10%
1985	4,246.80	270.30	6.81%
1986	4,480.60	229.90	5.42%
1987	4,757.40	287.90	6.44%
1988	5,127.40	370.60	7.79%
1989	5,510.60	382.60	7.46%
1990	5,837.90	322.80	5.86%
1991	6,026.30	178.70	3.06%
1992	6,367.40	331.40	5.51%
1993	6,689.30	324.40	5.11%
1994	7,098.40	404.40	6.07%
1995	7,433.40	349.80	4.95%
1996	7,851.90	410.30	5.53%
1997	8,337.30	473.80	6.05%
1998	8,768.30	445.00	5.36%
1999	9,302.20	486.20	5.56%
2000	9,855.90	553.70	5.95%
2001	10,171.60	315.70	3.20%
2002	10,514.10	342.50	3.37%
2003	11,059.20	545.10	5.18%
2004	11,778.90	719.70	6.51%
2005	12,520.80	741.90	6.30%
Average			6.77%

Sources: (1) National Income and Product Accounts (NIPA) from the U. S. Bureau of Economic Analysis and Econostats; BEA Data; NIPA Index; Section 1. Domestic Product and Income Table 1.7.5 Relation of Gross Domestic Product, Gross National Product, Net National Product, National Income, and Personal Income. (2) U. S. Department of Commerce; Survey of Current of the United States Business and Historical Statistics

Typical Monthly Bill Comparison (excluding softening) 5/8" Meter

A Customers

<u>Usage</u> <u>CCF</u>	<u>Current</u>	<u>Proposed Bill</u> <u>Applicant</u>	<u>Dollar Increase</u> <u>Applicant</u>	<u>Percent Increase</u> <u>Applicant</u>	
0	\$ 9.41	\$ 10.59	\$ 1.18	12.54%	
1	13.89	15.63	1.74	12.55	
2	18.37	20.67	2.31	12.55	
3	22.85	25.72	2.87	12.56	
4	27.33	30.76	3.43	12.56	
6	36.29	40.84	4.56	12.56	Res. Avg.
8	45.24	50.93	5.68	12.56	
10	54.20	61.01	6.81	12.56	
20	99.00	111.43	12.44	12.56	Com. Avg.

Typical Monthly Bill Comparison (excluding surcharges) 5/8" Meter

C Water Customers

<u>Usage</u> <u>CCF</u>	<u>Current</u>	<u>Proposed Bill</u> <u>Applicant</u>	<u>Dollar Increase</u> <u>Applicant</u>	<u>Percent Increase</u> <u>Applicant</u>
0	\$ 9.41	\$ 10.59	\$ 1.18	12.54%
1	12.62	15.34	2.72	21.55
2	15.82	20.08	4.26	26.91
3	19.03	24.83	5.80	30.47
4	22.24	29.58	7.34	33.00
6	28.65	39.07	10.42	36.36
8	35.07	48.57	13.50	38.49
10	41.48	58.06	16.58	39.96
20	65.30	93.30	28.01	42.89

Typical Monthly Bill Comparison 5/8" Meter

Wastewater Customers

<u>Usage</u> <u>CCF</u>	<u>Current</u>	<u>Proposed Bill</u> <u>Applicant</u>	<u>Dollar Increase</u> <u>Applicant</u>	<u>Percent Increase</u> <u>Applicant</u>
0	\$ -0-	\$ -0-	\$ -0-	0.00%
1	6.02	8.23	2.21	36.80
2	12.03	16.46	4.43	36.80
3	18.05	24.70	6.64	36.80
4	24.07	32.93	8.86	36.80
6	36.10	49.39	13.29	36.80
8	48.14	65.86	17.72	36.80
10	60.17	82.32	22.15	36.80
20	108.56	148.51	39.95	36.80