

**FILE**

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of )  
Ohio American Water Company )  
To Increase Its Rates in Its Entire ) Case No. 07-1112-WS-AIR  
Service Area For Water and Sewer )  
Service )

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**OBJECTIONS TO THE STAFF REPORT OF INVESTIGATION  
AND SUMMARY OF MAJOR ISSUES  
ON BEHALF OF DRAGOO & ASSOCIATES, INC.  
AKD DRAGOO MANAGEMENT, CO.**

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**OBJECTIONS**

Dragoo & Associates, Inc., aka Dragoo Management, Co. (hereinafter "Dragoo") hereby raises the following objections to the Staff Report of Investigation in the above styled case:

1. Staff erred in failing to object to the Ohio American Water Company's ("OAW") piling on in quick succession of rate case upon rate case, such as the Case No. 98-178-WS-AIR, and 03-2390-WS-AIR, and 06-433-WS-AIR.
2. Staff erred in recommending disproportionate increases in the rate of increase to Water A by only 3.31-4.50%, compared to Water C of 29.97% and to Wastewater of 37.08%.  
See P. 84.
3. Staff erred in recommending a revenue increase for Water C of \$1,204,449, and for Wastewater of \$1,120,249, which was even more than OAW requested. See P. 84.
4. Staff erred in not recommending at least a three year "stay out" period to prevent OAW from continuing to pile rate increase request upon rate increase request.

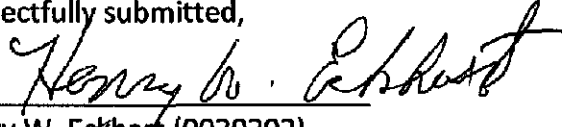
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5. Staff erred in failing to recommend a three year, or longer, phase in of any rate increase to be granted to OAW.
6. Staff erred in failing to follow its own rate making concepts in regard to customer understanding, continuity of rates, and minimal customer impact. Note the massive volume of letters in the file from the customers protesting the rate increase and the quality of service.
7. The Staff erred in continuing to allow OAW to recover any of the capital costs of the Reverse Osmosis system from the Water C customers in violation of the Commission's Entry in Case No 92-550-WS-COI, dated May 15, 1996.
8. Staff erred in recommending that OAW be allowed to recover any rate case expense, and particularly in the amount of \$400,000.00, after continuously piling one rate case on top of another. See P. 161.
9. Staff erred in recommending any rate increase for the Water C service territory which is currently prohibited by a Stipulation that OAW entered into with the Ohio Consumers' Counsel, Dragoo Management, and the PUCO Staff on January 10, 2007, to resolve the previous Case No. 06-433-WS-AIR. In that Stipulation OAW agreed not to apply for an increase in rates in the Water C territory located in Franklin and Portage Counties until it had resolved the discolored water quality issue. That issue has not been resolved.
10. Staff erred in suggesting that the Special Service Contract with Dragoo Management is under recovering in comparison to the COS for the entire company. The Dragoo Management service is significantly different than the general service to any other class of OAW customers. See P. 32.

### **SUMMARY OF MAJOR ISSUES**

1. The piling on in quick succession of one rate case upon another rate case without any opportunity for the Commission to determine if the preceding rate increase will be adequate to provide a fair rate of return.
2. The disproportionate revenue increase between Water A of 3.31-4.50% compared to 29.97% for Water C and 37.08% for Wastewater.
3. The annual revenue increase of \$1,204,459 for Water C and the annual revenue increase of \$1,120,249 for Wastewater.
4. The need for a three year "stay out" period to prevent OAW from continuing to pile one rate increase request in quick succession upon another rate increase request.
5. The need to have a three year, or longer, phase in period of any rate increase to be granted to OAW.
6. The need to follow the standard rate making concepts of customer understanding, continuity of rates, and minimal customer impact.
7. The recovery of any of the capital costs on the Reverse Osmosis system from the Water C customers.
8. The recovery of any rate case expense, particularly in the amount of \$400,000.00, after continuously piling one rate case in quick succession upon another.
9. The enforcement of the Stipulation in Case No. 06-433-WS-AIR regarding the discolored water issue in Water C territory.
10. The specific cost of service of the Dragoo Management customer with special customer costs.

Respectfully submitted,

  
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**CERTIFICATE OF SERVICE**

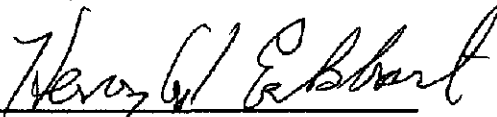
The undersigned hereby certifies that he has served a copy of the foregoing Objections and Summary of Major Issues by ordinary first class mail on the 26<sup>th</sup> day of June, 2008, upon the following parties:

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