

FILE

OCC EXHIBIT NO. \_\_\_\_\_

BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of )  
Ohio American Water Company )  
To Increase Its Rates for Water and Sewer )  
Service Provided to Its Entire Service Area. )

Case No. 07-1112-WS-AIR

PUCO

2100 JUN 27 PM 3:00

RECEIVED-DOCKELLING BIV

DIRECT TESTIMONY

of

SCOTT J. RUBIN

ON BEHALF OF THE  
OFFICE OF THE OHIO CONSUMERS' COUNSEL  
10 West Broad Street, Suite 1800  
Columbus, OH 43215-3485

June 27, 2008

This is to certify that the images appearing are an  
accurate and complete reproduction of a case file  
document delivered in the regular course of business  
Technician 10/7 Date Processed 6/27/08

## TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTION .....	1
II. SUMMARY .....	4
III. MISCELLANEOUS CHARGES: DISHONORED PAYMENT CHARGE.....	7
IV. COST OF SERVICE STUDY .....	10
A. <i>Allocation of Miscellaneous Revenues</i> .....	10
B. <i>Allocation of Meter Reading Expenses</i> .....	18
C. <i>Cost of Service Summary</i> .....	23
V. RATE DESIGN .....	25
A. <i>Proposed Discount for Third Consumption Block</i> .....	25
B. <i>Overall Rate Design Proposal</i> .....	31
VI. CONCLUSION.....	36

## EXHIBITS

APPENDIX A	Curriculum Vitae
SJR-1	OCC Calculation of Dishonored Payment (NSF) Charge
SJR-2	OCC Allocation of Miscellaneous Revenues
SJR-3	OCC Allocation of Meter Reading Costs
SJR-4	OCC Allocation of Meter Reading Costs
SJR-5	OCC Cost of Service Summary
SJR-6	OCC Average Residential Metering Cost Calculation
SJR-7	OCC Recommended Rate Design

## ATTACHMENTS

SJR-A	Company response and updated response to Staff Data Request No. 27
SJR-B	Company response to OCC Request for Production No. 118 (without attachment)
SJR-C	Company response to OCC Interrogatory No. 188

SJR-D	Data from Pennsylvania American Water Company on Meter Reading Efficiency
SJR-E	Company Response to OCC Interrogatory No. 116
SJR-F	Company Response to OCC Interrogatory No. 186
SJR-G	Company Response to OCC Interrogatory No. 192

1 **I. INTRODUCTION**

2

3 **Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

4 **A2.** My name is Scott J. Rubin. My business address is 333 Oak Lane, Bloomsburg,  
5 PA.

6

7 **Q2. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

8 **A2.** I am an independent consultant and an attorney. My practice is limited to matters  
9 affecting the public utility industry.

10 **Q3. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS CASE?**

11 **A3.** I have been retained by the Office of the Ohio Consumers' Counsel ("OCC") to  
12 review the cost of service study and proposed rate design filed by Ohio American  
13 Water Company ("OAW" or "Company") and to review the related portions of  
14 the Report by the Staff of the Public Utilities Commission of Ohio (respectively  
15 "Staff Report" and "PUCO") that address these issues.

16 **Q4. WHAT ARE YOUR QUALIFICATIONS TO PROVIDE THIS TESTIMONY?**

17 **A4.** I have testified as an expert witness before utility commissions or courts in the  
18 District of Columbia and in the states of Arizona, Delaware, Illinois, Kentucky,  
19 Maine, Maryland, New Jersey, New York, Ohio, Pennsylvania, and West  
20 Virginia. I also have testified as an expert witness before two committees of the  
21 U.S. House of Representatives and one committee of the Pennsylvania House of

1       Representatives. I also have served as a consultant to the staffs of the Connecticut  
2       Department of Public Utility Control and the Delaware Public Service  
3       Commission as well as to several national utility trade associations, and state and  
4       local governments throughout the country. Prior to establishing my own  
5       consulting and law practice, I was employed by the Pennsylvania Office of  
6       Consumer Advocate from 1983 through January 1994 in successive positions of  
7       increasing responsibility. From 1990 until I left state government, I was one of  
8       two senior attorneys in that Office. Among my other responsibilities in that  
9       position, I played a major role in setting its policy positions on water and electric  
10      matters. In addition, I was responsible for supervising the technical staff of that  
11      Office. I also testified as an expert witness for that Office on rate design and cost  
12      of service issues.

13  
14      Throughout my career, I developed substantial expertise in matters relating to the  
15      economic regulation of public utilities. I have published articles, contributed to  
16      books, written speeches, and delivered numerous presentations, on both the  
17      national and state levels, relating to regulatory issues. I have attended numerous  
18      continuing education courses involving the utility industry. I also periodically  
19      participate as a faculty member in utility-related educational programs for the  
20      Institute for Public Utilities at Michigan State University, the American Water

1 Works Association, and the Pennsylvania Bar Institute. Appendix A to this  
2 testimony is my curriculum vitae.

3  
4 **Q5. DO YOU HAVE ANY EXPERIENCE THAT IS PARTICULARLY**  
5 **RELEVANT TO THE ISSUES IN THIS CASE?**

6 **A5.** Yes, I do. I have testified on numerous occasions as a rate design and cost of  
7 service expert. I have also worked as a consultant to local government entities on  
8 rate design issues – both to assist government-owned utilities in designing rates  
9 and to help government agencies obtain reasonable rates from their utility. I also  
10 served on the editorial committee for the preparation of the major rate design  
11 manual for the water utility industry, the American Water Works Association's  
12 *Manual M1: Principles of Water Rates, Fees, and Charges*, published in 2000. In  
13 addition, during 2004, I provided technical assistance, training, and analysis for  
14 the staff of the Connecticut Department of Public Utility Control on rate design,  
15 cost allocation, and related issues.

16  
17 In the water sector, I testified on rate design and cost of service issues in recent  
18 rate cases involving Pennsylvania American Water Co., Illinois American Water  
19 Co., Kentucky American Water Co., Artesian Water Co., Aqua Illinois Inc., Aqua  
20 Pennsylvania Inc., and Aqua Ohio Inc. In addition, the consulting work that I  
21 mentioned for the Connecticut DPUC involved a rate case for a large water utility,  
22 Aquarion Water Company of Connecticut.

1   **II.   SUMMARY**

2

3   **Q6.   WHAT IS THE FOCUS OF YOUR DIRECT TESTIMONY?**

4   **A6.**   My testimony identifies and discusses five areas where I recommend changes in  
5       the Staff Report, with a corresponding effect on OAW's Application.

6       Specifically, my recommendations provide for:

- 7       (1)   Establishing an appropriate, cost-based charge for dishonored payments;
- 8       (2)   Modifying the water cost of service study to more accurately allocate  
9           miscellaneous service revenues to each customer class;
- 10      (3)   Modifying the water cost of service study to more accurately allocate  
11       meter reading costs to each customer class;
- 12      (4)   Modifying OAW's proposed below-cost rates for high-volume customers  
13       in the Water A and Water C rate areas; and
- 14      (5)   Establishing a method for recovering any water rate increase awarded in  
15       this case, including the design of specific rates to recover any rate  
16       increases resulting from this case.

17

18   **Q7.   AS PART OF YOUR WORK, DID YOU REVIEW THE TESTIMONY AND**  
19       **EXHIBITS OF ANY OAW WITNESSES?**

20   **A7.**   Yes. I reviewed the testimony and exhibits of Edward Grubb and Paul Herbert. I  
21       also reviewed other exhibits that are part of the filing and numerous responses to  
22       discovery requests that were provided by these and other witnesses.

1 **Q8. WHAT PORTIONS OF THE STAFF REPORT DID YOU REVIEW?**

2 **A8.** I conducted a detailed review of the Staff Report's Rates and Tariffs section  
3 (pages 21-47). I also reviewed the supporting schedules and workpapers relating  
4 to these issues.

5

6 **Q9. DOES YOUR TESTIMONY ADDRESS RATE DESIGN AND COST OF**  
7 **SERVICE ISSUES FOR BOTH WATER AND WASTEWATER RATES?**

8 **A9.** No. I reviewed OAW's and Staff's proposals for both water and wastewater  
9 rates. I do not have any objections to Staff's rate design proposals as they affect  
10 wastewater rates. My testimony, therefore, will only address issues associated  
11 with water rates.

12

13 **Q10. PLEASE SUMMARIZE YOUR CONCLUSIONS AND**  
14 **RECOMMENDATIONS.**

15 **A10.** My conclusions and recommendations are summarized as follows:

- 16 • OAW's existing dishonored payment charge of \$21.25 is unreasonably  
17 high and exceeds the costs incurred by OAW to process a dishonored  
18 payment. From information provided by the Company, I have determined  
19 that a cost-based charge for a dishonored payment is \$14.50.
- 20 • OAW's water cost of service study should be modified to more accurately  
21 allocate miscellaneous revenues to the customer classes that are  
22 responsible for providing the revenue or supporting the underlying costs.



1 This results in crediting approximately 79-81% of these revenues to the  
2 residential class, rather than the approximately 67% of these revenues that  
3 the Company credited to the residential class.

- 4 • OAW's water cost of service study also should be modified to properly  
5 allocate meter reading expenses among the customer classes. OAW  
6 erroneously failed to recognize that more than 1,000 residential customers  
7 are not metered. In addition, OAW did not reflect important differences in  
8 meter reading frequency, costs, and efficiency among the customer  
9 classes. Correcting these deficiencies in the Company's study results in  
10 approximately 83% of meter reading costs being allocated to the  
11 residential class, rather than the Company's approach which allocated  
12 more than 92% of these costs to Residential customers.

- 13 • The Company's proposed water rates improperly include a below-cost rate  
14 for high-usage customers. OAW's proposed third consumption block  
15 charge of \$1.585 per ccf is significantly below the base cost of water,  
16 which is \$2.1148 per ccf. As a general rule, a water utility should never  
17 sell water for less than the base cost of water (which reflects the cost to  
18 serve a customer who uses no additional water during peak periods).  
19 Further, the Company's proposal would give a significant discount to  
20 Dragoo Management, which the Company's cost of service study shows is  
21 already paying significantly less than the cost of service. I recommend,  
22 therefore, that the third block rate should be set no less than the base cost of

1 water, which according to the Company's calculations is \$2.1148 per ccf.

- 2 • OAW's rates should be designed to recover the approximate cost of
- 3 service from each customer class in each rate area, after crediting each
- 4 class with an appropriate amount of miscellaneous revenues.
- 5 • Rates for the approximately 1,000 OAW flat rate residential customers in
- 6 the Water A rate area should be set so that the rate is approximately equal
- 7 to the rate paid by a typical metered customer, excluding the cost of
- 8 metering and meter reading.
- 9 • Given the increase in revenue requirement proposed by Staff and OCC for
- 10 each water rate area, coupled with the reduction in customer charges
- 11 recommended by Staff, I recommend that the consumption charges in
- 12 Water A and Water C should be equalized to avoid having higher
- 13 consumption charges in Water C than in Water A.

14

15 **III. MISCELLANEOUS CHARGES: DISHONORED PAYMENT CHARGE**

16

17 ***Q11. DOES OAW CURRENTLY CHARGE ITS CUSTOMERS WHEN A CHECK***

18 ***OR ELECTRONIC PAYMENT IS DISHONORED BY THE BANK?***

19 ***A11.*** Yes, OAW's existing tariff includes a dishonored payment charge of \$21.25.

20 Tariff PUCO No. 15, Attachment 1, page 2 (OAW Schedule E-1, page 12). This

21 charge is also known as a charge for "not sufficient funds," or an NSF charge.

1   ***Q12. WHAT IS THE COMPANY PROPOSING?***

2   ***A12.*** OAW is proposing no change in its existing charge.

3

4   ***Q13. DID THE PUCO STAFF REVIEW THIS ISSUE?***

5   ***A13.*** Yes, on page 25 of the Staff Report, the Staff reviewed this issue and concluded

6       that OAW showed that the cost of processing a dishonored payment is \$22.27.

7       Based on that analysis, Staff recommended that OAW should be permitted to

8       retain its existing charge, which the Staff Report erroneously states is \$20.75.

9

10   ***Q14. DO YOU AGREE THAT OAW'S COST TO PROCESS A DISHONORED***

11   ***PAYMENT IS \$22.27?***

12   ***A14.*** No, I do not agree. Staff apparently based its conclusion of a \$22.27 cost on the

13       Company's original response to Staff DR 27. The Company has subsequently

14       provided an updated response to that data response (a copy of which is attached as

15       Attachment SJR-A) that shows that OAW's cost for a dishonored payment is

16       substantially lower than \$22.27.

17

18   ***Q15. PLEASE SUMMARIZE THE INFORMATION FROM ATTACHMENT SJR-***

19   ***A.***

20   ***A15.*** The new information from the Company shows that its cost to process a

21       dishonored check is \$17.13, and its cost to process a dishonored electronic

22       payment (known as automated clearing house, or "ACH" payment) is \$12.63.

1       The Company's response also shows that if it receives a manual ACH return, its  
2       processing cost is \$37.13. According to the Company's response to OCC RPD  
3       118 (attached as Attachment SJR-B, without the 32-page attachment), a manual  
4       ACH return is the result of a customer's request to cancel the electronic payment  
5       which has to be processed manually. This contrasts with an automatic rejection of  
6       a payment when there are insufficient funds in the customer's account.

7  
8       ***Q16. CAN YOU DEVELOP A REASONABLE NOT SUFFICIENT FUNDS (NSF)***  
9       ***CHARGE FROM THIS INFORMATION?***

10      ***A16.*** Yes, I can. In Attachment SJR-B, the Company also provided a tabulation of the  
11      number of each type of returned payment that it received from March 2007  
12      through March 2008, as well as copies of its monthly bank statements. On  
13      Exhibit SJR-1, I calculate the number of each type of return received by the  
14      Company during the most recent 12 months and then calculate the weighted-  
15      average cost of the Company's actual dishonored payments. Exhibit SJR-1 shows  
16      that the average cost of a dishonored payment is \$14.44, so I recommend an NSF  
17      charge of \$14.50 for OAW.

18  
19      ***Q17. IN YOUR OPINION, IS IT REASONABLE TO REDUCE OAW'S NSF***  
20      ***CHARGE TO \$14.50?***

21      ***A17.*** Yes, it is. I consider it reasonable to reduce OAW's NSF charge because OAW's  
22      parent company, American Water Works Co. ("AWW"), recently entered into a

1 lock box and payment processing arrangement with a new bank.<sup>1</sup> As OAW  
2 explains in response to OCC INT 192 (a copy of which is attached as Attachment  
3 SJR-G), the new bank charges only \$0.50 for an ACH return and \$5.00 for a  
4 check return, compared to OAW's former bank that charged \$2.00 and \$8.00,  
5 respectively.

6  
7 In addition, I worked on the most recent rate case for Illinois American Water  
8 Company (Docket No. 07-0507, which is currently pending before the Illinois  
9 Commerce Commission). That sister company of OAW has an NSF charge of  
10 \$15.00, and it did not propose to increase the charge in the rate case. Since AWW  
11 provides centralized banking, payment processing, and lock box services for all of  
12 its utility subsidiaries, there should not be a substantial difference in cost from one  
13 AWW company to another. Thus, the Illinois American Water NSF charge  
14 provides further support for the reasonableness of setting OAW's NSF charge at  
15 \$14.50.

16  
17 **IV. COST OF SERVICE STUDY**

18 **A. Allocation of Miscellaneous Revenues**

19 **Q18. HOW DOES THE COMPANY TREAT MISCELLANEOUS REVENUES IN**  
20 **ITS COST OF SERVICE STUDY?**

---

<sup>1</sup> A "lock box" is an arrangement with a bank for the receipt and processing of bill payments.

1 **A18.** OAW's cost of service study allocates miscellaneous revenues to each customer  
2 class. This amount is subtracted from each class's revenue requirement to  
3 determine the cost of service that should be recovered from each class from the  
4 sales of water (including meter charges). The calculation can be seen on the last  
5 page of Schedule B of each cost of service study the Company provided. For ease  
6 of reference, I will refer to the water cost of service study the Company  
7 performed that includes Dragoo Management as a separate customer class (i.e. the  
8 "Dragoo Management Water Cost of Service Study"). In that document, the  
9 calculation appears on page 7 of 29, on the line "Less Other Water Revenues."

10

11 **Q19. HOW DOES OAW DETERMINE EACH CLASS'S SHARE OF OTHER**  
12 **WATER REVENUES?**

13 **A19.** OAW allocates all miscellaneous revenues using Factor 19. This factor is  
14 developed on page 26 of the Dragoo Management Water Cost of Service Study.  
15 The explanation of Factor 19 states: "The factors are based on the allocation of  
16 the total cost of service, excluding those items being allocated." An allocation  
17 based on the total cost of service is essentially the same as an allocation in  
18 proportion to each class's total revenues under proposed rates.

19

20 **Q20. IS THIS A REASONABLE WAY TO ALLOCATE ALL MISCELLANEOUS**  
21 **WATER REVENUES?**

22 **A20.** No, it is not a reasonable way to allocate all types of miscellaneous revenues.

1 While a total-revenue allocation may be appropriate for certain types of  
2 miscellaneous revenues (as I explain below), most components of miscellaneous  
3 revenues can be directly assigned to the customer class that pays the revenues.  
4 Or, in the absence of such data (as is the case with OAW), these revenues can be  
5 allocated to more closely correspond to the customer class that is likely to pay the  
6 revenues.

7  
8 ***Q21. DID THE STAFF REPORT RECOMMEND ANY CHANGES IN THIS***  
9 ***ALLOCATION METHOD?***

10 ***A21.*** No.

11  
12 ***Q22. IS THIS AN IMPORTANT ISSUE?***

13 ***A22.*** Yes, it is. Under OAW's filing, there is more than \$826,000 of miscellaneous  
14 revenues for water operations. The Staff Report calculates the amount to be in  
15 excess of \$900,000 for water operations. This represents about 3% of the  
16 Company's total revenue requirement for water service, and it is very important  
17 that these revenues be allocated properly to each customer class.

18  
19 ***Q23. WHAT ARE THE COMPONENTS OF MISCELLANEOUS REVENUES?***

20 ***A23.*** OAW has miscellaneous revenues in the following categories:

- 21 • Not sufficient funds (NSF) / dishonored payment charges  
22 • Late payment charges

- Activation charges
- Reconnection charges
- Usage data reading revenues
- Frozen meter charges
- Temporary service revenues
- Other revenues

***Q24. HOW DO YOU RECOMMEND ALLOCATING EACH OF THESE CATEGORIES OF MISCELLANEOUS REVENUES?***

***A24.*** I recommend allocating each category of miscellaneous revenues in the manner that most closely matches customers' responsibility for paying the revenues, or that appropriately credits the customers who pay the underlying costs. For each category, I recommend the following allocation method:

Miscellaneous Revenue	Allocation Method
NSF charges	Number of customers
Late payment charges	Revenues
Activation charges	Number of customers
Reconnection charges	Number of customers
Usage data reading revenues	Number of metered customers
Frozen meter charges	Number of metered customers
Temporary service revenues	Revenues
Other revenues	Revenues

***Q25. WHY DID YOU ALLOCATE NSF CHARGES BASED ON THE NUMBER OF CUSTOMERS IN EACH CLASS?***

***A25.*** NSF charges are assessed on the basis of each dishonored payment. The charge



1 does not vary with the amount of the payment; that is, it does not matter if the  
2 check was for \$10 or \$10,000, the dishonored payment charge is the same. It is  
3 reasonable, therefore, to allocate the revenues on the basis of the number of  
4 customers (number of payments) in each class.

5  
6 ***Q26. WHY DID YOU ALLOCATE LATE PAYMENT CHARGES BASED ON THE***  
7 ***AMOUNT OF REVENUE BILLED TO EACH CLASS?***

8 ***A26.*** Late payment charges are assessed by applying a 5% penalty to each payment that  
9 is not received on time. The amount of these charges, therefore, is related to the  
10 amount of revenue billed by the company to each class.

11  
12 ***Q27. WHY DID YOU ALLOCATE ACTIVATION CHARGES ON THE BASIS OF***  
13 ***THE NUMBER OF CUSTOMERS IN EACH CLASS?***

14 ***A27.*** Activation charges are assessed on new customers. The charge does not vary with  
15 the size of the customer or its anticipated revenues. Therefore, I allocated these  
16 revenues based on the number of customers in each class.

17  
18 ***Q28. WHY DID YOU ALLOCATE RECONNECTION CHARGES IN***  
19 ***PROPORTION TO THE NUMBER OF CUSTOMERS IN EACH CLASS?***

20 ***A28.*** Reconnection charges are based on the number of customers who are reconnected  
21 after their service is disconnected. Again, the charge does not vary with the size  
22 of the customer or the customer's anticipated revenues. This revenue, therefore,

1           should be allocated based on the number of customers in each class.

2

3   ***Q29. WHAT ARE USAGE DATA READING REVENUES, AND WHY DID YOU***  
4   ***ALLOCATE THEM BASED ON THE NUMBER OF METERED***  
5   ***CUSTOMERS IN EACH CLASS?***

6   ***A29.*** Usage data reading revenues are received by the Company from third party  
7   wastewater service providers (typically municipalities). Usually the third party  
8   will pay a set amount for each customer meter reading it receives. This revenue,  
9   therefore, should be allocated based on the number of metered customers in each  
10   class.

11

12   ***Q30. WHAT ARE FROZEN METER CHARGES, AND WHY DID YOU***  
13   ***ALLOCATE THEM BASED ON THE NUMBER OF METERED***  
14   ***CUSTOMERS IN EACH CLASS?***

15   ***A30.*** Frozen meter charges are paid by customers who need Company assistance in  
16   thawing a frozen water meter. This revenue should be allocated based on the  
17   number of metered customers in each class since, obviously, customers without  
18   water meters cannot provide any of this revenue.

19

20   ***Q31. WHY DID YOU ALLOCATE TEMPORARY SERVICE REVENUES AND***  
21   ***OTHER REVENUES FROM THIRD PARTIES ON THE BASIS OF EACH***  
22   ***CLASS' TOTAL REVENUES?***

1 **A31.** Temporary service revenues and other revenues are received by the Company  
2 from third parties for miscellaneous and temporary services. In the absence of  
3 more specific information, it is reasonable to allocate this revenue based on each  
4 class's total revenue.

5

6 **Q32. WHEN YOU SAY YOU ALLOCATE CERTAIN MISCELLANEOUS**  
7 **REVENUE ITEMS BASED ON EACH CLASS'S TOTAL REVENUES,**  
8 **WHAT DO YOU MEAN?**

9 **A32.** This is the same as saying that the item is allocated on the total cost of service for  
10 the class, which is the same as Company allocation factor 19.

11

12 **Q33. WHAT IS THE DIFFERENCE BETWEEN THE NUMBER OF**  
13 **CUSTOMERS AND THE NUMBER OF METERED CUSTOMERS IN EACH**  
14 **CLASS?**

15 **A33.** According to the Company's cost of service study, the only difference is that  
16 Private Fire Protection customers are not metered. As I explain in the next  
17 section, however, the Company's calculation is not accurate because it fails to  
18 recognize that OAW serves more than 1,000 unmetered Residential customers, as  
19 well as a few unmetered Commercial customers. Thus, I used the Company's  
20 Factor 13 for number of customers and my corrected calculation of Factor 14 (that  
21 I describe in the next section and that I have labeled Factor 14C) for the number  
22 of metered customers.

1 **Q34. WHAT IS THE RESULT OF YOUR DETAILED METHOD FOR**  
2 **ALLOCATING MISCELLANEOUS REVENUES?**

3 **A34.** The results of my analysis are shown on Exhibit SJR-2. The schedule shows how  
4 I allocated these revenues. In that schedule, I provide the calculation using three  
5 measures of miscellaneous revenues: (1) revenues contained in OAW's filing, (2)  
6 revenues as recommended in the Staff Report, and (3) miscellaneous revenues as  
7 recommended by OCC in the testimony of Mr. Hines as adjusted for my  
8 recommended reduction in the NSF charge.

9

10 **Q35. CAN YOU BRIEFLY SUMMARIZE YOUR RESULTS?**

11 **A35.** Yes. Under the Company's cost of service study, the residential class is credited  
12 with approximately 67% of miscellaneous revenues. In contrast, under my  
13 approach, the residential class is credited with approximately 79% to 81% of  
14 these revenues, depending on whether the OAW, Staff, or OCC calculation of  
15 miscellaneous revenues is used. My methodology more accurately associates  
16 these revenues with the customer class that either pays them to the Company or  
17 that is supporting the underlying costs for which the Company is being  
18 reimbursed by third parties. My methodology, therefore, is more accurate and  
19 should be adopted.

20

21 **Q36. WHAT IS THE EFFECT OF ADOPTING THIS CHANGE?**

22 **A36.** Under the Company's filing, the residential class was credited with \$552,209 of

1        miscellaneous revenues. Under the Company's estimate of miscellaneous  
2        revenues, my methodology would result in the residential class being credited  
3        with \$653,981 of these revenues – reducing the amount that needs to be recovered  
4        through water sales charges by more than \$100,000. If the Staff's calculation of  
5        miscellaneous revenues is adopted, the Residential credit from my proposed  
6        methodology would increase to \$735,348. Finally, if OCC's calculation is  
7        adopted, the Residential credit would become \$777,678.

8  
9        ***B.        Allocation of Meter Reading Expenses***

10    ***Q37.    HOW DOES OAW ALLOCATE METER READING COSTS IN ITS COST OF***  
11    ***SERVICE STUDY?***

12    ***A37.    OAW allocates meter reading costs using Factor 14, which purports to allocate***  
13    ***the costs on the basis of the number of metered customers in each customer class.***

14  
15    ***Q38.    IN THE PREVIOUS SECTION, YOU STATED THAT THE COMPANY***  
16    ***ERRED IN ITS CALCULATION OF THE NUMBER OF METERED***  
17    ***CUSTOMERS. PLEASE ELABORATE ON THIS.***

18    ***A38.    Allocation Factor 13 in the Company's cost of service study shows that there are***  
19    ***47,266 Residential customers and 3,767 Commercial customers. Allocation***  
20    ***Factor 14 is supposed to show the number of metered customers in each class, but***  
21    ***the number of Residential and Commercial customers is identical to the figures***

1       used in Factor 13. In fact, though, OAW has a substantial number of unmetered  
2       Residential customers, as well as a few unmetered Commercial customers.

3  
4       Specifically, in response to OCC INT 188 (a copy of which is attached as  
5       Attachment SJR-C), the Company states that it has 1,041 unmetered Residential  
6       customers and 5 unmetered Commercial customers in the Mansfield service area.  
7       These customers should be subtracted from the total number of customers when  
8       allocating meter reading costs among the customer classes.

9  
10    ***Q39. DOES THE STAFF REPORT IDENTIFY ANY CONCERNS WITH THE***  
11    ***CALCULATION OF FACTOR 14 OR THE ALLOCATION OF METER***  
12    ***READING COSTS?***

13    ***A39. No.***

14  
15    ***Q40. HAVE YOU CALCULATED A CORRECTED FACTOR 14?***

16    ***A40. Yes, I show the corrected calculation on Exhibit SJR-3. The result would be that***  
17    a slightly smaller proportion of meter reading costs would be allocated to the  
18    residential class (92.14% instead of 92.29% under the Company's study). The  
19    difference is allocated to the commercial class of customers, increasing that  
20    class's proportion to 7.50% from 7.35%.

1 **Q41. WITH YOUR CORRECTION, IS IT APPROPRIATE TO USE FACTOR 14C**  
2 **TO ALLOCATE METER READING COSTS?**

3 **A41.** No, it is appropriate to use Factor 14C to allocate certain miscellaneous revenues  
4 (which I base solely on the number of metered customers), but it is not  
5 appropriate to use this factor to allocate meter reading costs.

6  
7 **Q42. WHY NOT?**

8 **A42.** The Company's study, even with my correction, makes two erroneous  
9 assumptions. First, it assumes that all metered customers have their meters read  
10 the same number of times per year. Second, the Company assumes that it costs  
11 the same amount of money (or takes the same amount of time) to read each water  
12 meter. In fact, both of these assumptions are incorrect.

13  
14 All but a handful of OAW residential customers in Water A have their meters  
15 read bi-monthly, as can be seen in the Company's water revenue schedules  
16 (Schedule E-4.1). The same schedules show that the majority of commercial  
17 customers in Water A also have bi-monthly meter readings, while most industrial  
18 and other public authority customers in Water A have monthly meter readings. In  
19 contrast, all Water C customers have monthly meter readings.  
20 Second, as I discuss below, it is more time consuming to read commercial, public  
21 authority, and industrial meters than it is to read residential meters. This is largely

1 a function of customer density (the number of customers in a given land area), as  
2 well as ease of access to metering facilities and related factors.

3  
4 I raised this concern several years ago with Pennsylvania American Water  
5 Company. That company provided detailed meter reading efficiency data and  
6 acknowledged that it was more accurate to assign meter reading costs based on  
7 the average amount of time it takes to read meters for each customer class. In  
8 Attachment SJR-D, I reproduce the data from that utility's most recent rate case  
9 (filed in April 2007), and calculate the relative meter reading efficiency for each  
10 customer class.<sup>2</sup> The schedule shows that it is much less costly to read a  
11 residential meter than it is to read meters of other types of customers.

12  
13 ***Q43. DID YOU OBTAIN SIMILAR DATA FOR OAW?***

14 ***A43.*** No. OCC asked OAW to provide similar data, but the Company stated that it was  
15 unable to do so. Specifically, in response to OCC INT 116 (a copy of which is  
16 attached as Attachment SJR-E) and OCC INT 186 (a copy of which is attached as  
17 Attachment SJR-F), the Company stated that "there are no records to measure the  
18 amount of time spent or costs incurred to read meters by classification."

---

<sup>2</sup> Pa. Public Utility Commission v. Pennsylvania American Water Co., Pa. PUC Docket No. R-00072229, PAWC Exhibit 8-A, p. 31, a copy of which is included in my workpapers.



1   ***Q44. WHAT DO YOU RECOMMEND?***

2   ***A44.*** In the absence of Company-specific data, I recommend that the recent data for  
3       OAW's sister company, Pennsylvania American Water, should be used. Data for  
4       OAW's sister company provides a reasonable estimate of the relative efficiency  
5       of meter reading for different customer classes. These data should be used in  
6       conjunction with the actual number of meter reads for each OAW customer class.

7

8       I also recommend that, before filing its next rate case, OAW should contact  
9       Pennsylvania American Water to determine how the Pennsylvania company  
10      obtained its information and calculated its figures, and to determine if OAW can  
11      perform similar calculations. If it can, then an OAW-specific calculation of meter  
12      reading efficiency by customer class should be used in OAW's next cost of  
13      service study.

14

15   ***Q45. HAVE YOU CALCULATED A REVISED FACTOR 14 TO BE USED FOR***  
16   ***ALLOCATING METER READING EXPENSES IN THIS CASE?***

17   ***A45.*** Yes, I have. On Exhibit SJR-4, I show the calculation of Factor 14R, which I  
18      recommend should be used to allocate meter reading expenses to each customer  
19      class. Factor 14R incorporates Company data on bimonthly meter reading, as  
20      well as the meter reading efficiency data I discussed above.

1 **Q46. WHAT IS THE DIFFERENCE BETWEEN YOUR REVISED FACTOR 14R**  
2 **AND THE COMPANY'S ORIGINAL FACTOR 14 FOR ALLOCATING**  
3 **METER READING EXPENSES?**

4 **A46.** The Company's original Factor 14 allocated 92.29% of meter reading expenses to  
5 the residential class, 7.35% to the commercial/public authority class, and small  
6 fractions to the remaining classes. Using more accurate information about the  
7 frequency and efficiency of meter reading, my revised Factor 14R allocates  
8 83.07% of meter reading costs to the residential class and 14.74% to the  
9 commercial/public authority class.

10

11 **Q47. WHAT DO YOU RECOMMEND?**

12 **A47.** I recommend that meter reading costs should be allocated in the water cost of  
13 service study using my revised Factor 14R.

14

15 **C. Cost of Service Summary**

16 **Q48. HAVE YOU REVISED THE COMPANY'S COST OF SERVICE STUDY TO**  
17 **REFLECT YOUR RECOMMENDED CHANGES?**

18 **A48.** Yes, I have. On Exhibit SJR-5, I provide a summary table that compares the  
19 Company's original cost of service study results with my results. I show the  
20 results of my analysis using the three proposals for miscellaneous revenues:  
21 OAW's original filing, Staff's proposal, and OCC's proposal.

1 Using OAW's proposed miscellaneous revenues, my study shows that the cost to  
2 serve the residential class is approximately \$161,000 lower than the cost of  
3 service study developed by the Company. Under this analysis, the residential  
4 class should provide 66.4% of revenues, rather than the 66.8% of revenues the  
5 Company calculated.

6  
7 Using Staff's calculation of miscellaneous revenues, my study shows that the  
8 Residential cost of service is \$242,000 lower than the Company's original study.  
9 Under this analysis, the residential class should provide 66.3% of revenues.

10  
11 Finally, using OCC's calculation of miscellaneous revenues – which reflects my  
12 recommended NSF charge, Staff's recommended reconnection charge, and other  
13 changes as discussed by Mr. Hines – the Residential cost of service is  
14 approximately \$285,000 lower than the Company's original study. Under this  
15 analysis, the residential class should provide 66.3% of revenues.

16  
17 ***Q49. WHAT DO YOU MEAN WHEN YOU SAY THAT A CLASS SHOULD***  
18 ***PROVIDE A CERTAIN PERCENTAGE OF REVENUES?***

19 ***A49.*** The percentage of revenues developed from the cost of service study becomes one  
20 of the goals that the rate design tries to meet. Usually there are several goals in  
21 designing rates, and it may not be possible to fully meet all of them. That is  
22 particularly true with a utility like OAW that has two service areas, several

1 customer classes, and rates that do not vary by customer class. We speak in terms  
2 of the percentage of the revenue requirement – rather than a specific dollar  
3 amount – so that the rate design principles can be applied to whatever revenue  
4 requirement is established by the PUCO.

5  
6 **V. RATE DESIGN**

7 **A. Proposed Discount for Third Consumption Block**

8 **Q50. HAS OAW PROPOSED ANY SIGNIFICANT CHANGES IN RATE DESIGN?**

9 **A50.** Yes, OAW proposes to add a third consumption block to its rates in the Water C  
10 rate area for consumption in excess of 600 ccf per month. Moreover, the new  
11 third block would have a rate that is substantially lower than the existing second  
12 block rate. Specifically, the current second block charge in Water C is 1.9686 per  
13 ccf. The proposed third block charge is 1.5850 per ccf – a reduction of nearly  
14 20% from the current charge. According to OAW's response to OCC RPD 82,  
15 the Company makes this proposal "based on 1) an agreement in the last rate case  
16 with Dragoo Management to propose it and 2) to mirror the three block structure  
17 used in the sewer rate."

18  
19 **Q51. DOES THE STAFF REPORT ACCEPT THE ADDITION OF A THIRD**  
20 **CONSUMPTION BLOCK IN WATER C?**

21 **A51.** Yes, it does. On page 44 of the Staff Report, Staff states that it "finds the  
22 proposed rate design to [be] reasonable."

1

2 **Q52. DO YOU AGREE WITH OAW AND STAFF THAT IT IS REASONABLE TO**  
3 **ADD A THIRD CONSUMPTION BLOCK IN WATER C?**

4 **A52.** No, I do not. I find no evidence that the new third block charge is consistent with  
5 the cost of serving Dragoo Management or any other customer, or that such a  
6 charge is required as a condition of the settlement in OAW's last rate case.

7

8 **Q53. HAVE YOU REVIEWED THE SETTLEMENT IN OAW'S LAST RATE**  
9 **CASE?**

10 **A53.** Yes, I have reviewed the Stipulation and Recommendation in Case No. 06-433-  
11 WS-AIR, dated January 10, 2007.

12

13 **Q54. DID YOU LOCATE ANYTHING IN THAT SETTLEMENT THAT**  
14 **REQUIRED OAW TO PROPOSE A THIRD CONSUMPTION BLOCK IN**  
15 **WATER C?**

16 **A54.** No, I did not.

17

18 **Q55. DID YOU DETERMINE IF THE PROPOSED THIRD CONSUMPTION**  
19 **BLOCK IN WATER C IS CONSISTENT WITH THE COST OF SERVICE?**

20 **A55.** I reviewed the Company's cost of service study, as well as my revisions to that  
21 study. Under any of the cost of service analyses in this case, the proposed third  
22 consumption block in Water C is absolutely inconsistent with the cost of service.

1 The Company states that the purpose of the third block in Water C is to provide a  
2 benefit to Dragoo Management. Yet the Company's water cost of service study  
3 shows that the cost to serve Dragoo Management is \$48,889, and the Company is  
4 recovering only \$32,311 in water revenues from that customer under present  
5 rates. See Dragoo Management Water Cost of Service Study, p. 1. With my  
6 revisions to the cost of service study, the cost to serve Dragoo Management  
7 increases slightly to approximately \$49,400. See Exhibit SJR-5. Yet the  
8 Company proposes to recover only \$36,229 from Dragoo Management under  
9 proposed rates.

10  
11 In other words, the Company's own study shows that it is currently recovering  
12 only about 65% of the cost of serving this customer. The Company's rate  
13 proposal, which includes a new discounted third consumption block, would  
14 increase rates by less than the system-average rate increase, resulting in Dragoo  
15 Management continuing to receive a substantial subsidy from other customers.  
16 There is no justification for providing this customer with a smaller than average  
17 rate increase.

18  
19 In short, there is no justification for creating a third consumption block with a  
20 substantially lower rate. All that does is decrease the revenue recovery from a  
21 customer that is already paying substantially less than the cost of service.

1 **Q56. DOES OAW HAVE A SEPARATE CONTRACT WITH DRAGOO**  
2 **MANAGEMENT?**

3 **A56.** No, it does not. Dragoo Management is served under the same tariffed rates as all  
4 other commercial customers.

5

6 **Q57. ARE THERE ANY OTHER REASONS WHY A THIRD BLOCK CHARGE OF**  
7 **\$1.5850 PER CCF IS UNREASONABLE?**

8 **A57.** Yes, there is. The electronic versions of the Company's cost of service studies  
9 provide important information that is not contained in the printed version of the  
10 studies that were filed. The electronic files include calculations of the base, extra  
11 capacity (that is, demand-related), and customer-related costs of service for  
12 OAW.

13

14 The calculation of base costs is particularly important. Base costs represent the  
15 costs associated with providing water service under average (non-peak)  
16 conditions. As a general rule, water should not be sold for less than the base cost  
17 of water. The American Water Works Association's Manual M1 (*Principles of*  
18 *Water Rates, Fees, and Charges*), page 59, states:

19 One particular advantage in using the base-extra capacity method  
20 is that it identifies in the base cost element the minimum unit  
21 volume cost of service. Such a unit cost would apply as a rate only  
22 if perfect load factor or constant rate of use could be achieved.

1           Therefore, the unit base cost provides a measure of the lowest  
2           potential charge in a schedule of rates for delivery of uniform  
3           service. As such, the unit base cost is an important guide in  
4           preventing utilities from establishing a charge that could result in  
5           the sale of water below cost.

6           (Emphasis added.)

7  
8   ***Q58. UNDER OAW'S COST OF SERVICE STUDY, WHAT IS THE UNIT BASE***  
9   ***COST OF WATER?***

10 ***A58. OAW's study shows that the total cost assigned to the base function is***  
11 ***\$14,095,446. (File: OCC RPD 017-R1 - COS D WATER.xls, Tab COS 1, Cell***  
12 ***AE268). The study also shows that OAW's average water consumption is***  
13 ***18,261.0 ccf per day. (Dragoo Management Water Cost of Service Study, p. 8.)***  
14 ***Multiplying this daily consumption figure by 365 yields annual water***  
15 ***consumption of 6,665,265 ccf. The unit base cost is the total base cost divided by***  
16 ***the total amount of water consumed, or \$14,095,446 ÷ 6,665,265, which equals***  
17 ***\$2.1148 per ccf. Absent extraordinary circumstances, OAW should not sell water***  
18 ***for less than this amount.***



1 **Q59. HOW DOES OAW'S PROPOSED THIRD CONSUMPTION BLOCK**  
2 **CHARGE IN WATER C COMPARE TO THE BASE COST OF WATER?**

3 **A59.** OAW's proposed third consumption block charge in Water C is \$1.5850 per ccf.  
4 This only recovers approximately 75% of the base cost of water.

5  
6 When this is coupled with the information about the cost of serving the customer  
7 who is identified as the primary beneficiary of this rate, there is absolutely no  
8 justification for charging such a rate. The rate is well below the base cost of  
9 water (that is, the rate that does not recover any demand-related costs). Simply, it  
10 is a below-cost rate and there is no justification for approving OAW's proposal to  
11 create it.

12  
13 **Q60. WHAT DO YOU RECOMMEND?**

14 **A60.** I recommend that the Commission reject OAW's proposal to create a third  
15 consumption block in Water C unless the rates of Water A and Water C are  
16 consolidated (since Water A already has a third consumption block for  
17 consumption in excess of 2000 ccf per month). If the Commission determines  
18 that a third block should be created for Water C, then the rate should apply to  
19 consumption in excess of 2000 ccf per month and the charge should be set at no  
20 less than the base cost of water, which is \$2.1148 per ccf under the Company's  
21 proposed revenue requirement. If the Commission determines that the  
22 Company's revenue requirement should be lower, then the base cost of water

1       should be either recalculated or reduced in proportion to the reduction in the  
2       overall revenue requirement.

3

4   ***Q61. DOES THIS SAME ISSUE HAVE ANY EFFECT ON THE RATES IN***  
5       ***WATER A?***

6   ***A61.*** Yes, it does. Water A's rates currently have a third consumption block for  
7       consumption in excess of 2,000 ccf per month. OAW's proposed rate for the third  
8       block in Water A is \$1.5850 per ccf, which is significantly less than the base cost  
9       of water.

10

11   ***Q62. WHAT DO YOU RECOMMEND?***

12   ***A62.*** I recommend that the third block charge in Water A should be no less than the  
13       base cost of water. As I noted above, the base cost of water is \$2.1148 per ccf  
14       under the Company's proposed revenue requirement. If the revenue requirement  
15       is lowered, then the base cost of water should be either recalculated or lowered in  
16       proportion to the overall reduction in revenue requirement.

17

18       ***B. Overall Rate Design Proposal***

19   ***Q63. HOW DO YOU RECOMMEND THAT RATES SHOULD BE DESIGNED IN***  
20       ***THIS CASE?***

21   ***A63.*** I recommend that rates should be designed to recover the cost of service from  
22       each customer class in each rate area, after crediting each class with an

1 appropriate amount of miscellaneous revenues, as I discussed above. In designing  
2 those rates, I recommend that the Staff's calculation of customer charges should  
3 be used. I also recommend that no rate for retail, non-contract customers should  
4 be established that is less than the base cost of water.

5  
6 ***Q64. DOES THIS CASE RAISE ANY UNUSUAL RATE DESIGN ISSUES?***

7 ***A64.*** Yes, it does. The Staff Report shows that the Company's existing customer  
8 charges should be reduced in order to be consistent with the Commission's typical  
9 methodology for determining customer charges. I support the Staff's conclusion  
10 in that regard. In addition, both Staff and OCC recommend significantly greater  
11 percentage increases for the Water C rate area than for the Water A rate area. At  
12 the present time, Water A's rates are about 1/3 higher than the rates in Water C.  
13 The combination of the reduction in customer charges and the need to increase  
14 revenue from Water C customers creates an opportunity to consolidate the rates of  
15 Water A and Water C.

16  
17 ***Q65. WHY DOES IT MAKE SENSE TO CONSOLIDATE WATER A AND WATER***  
18 ***C RATES IN THIS CASE?***

19 ***A65.*** There are three reasons for this consolidation. First, rate consolidation can greatly  
20 simplify tariff administration, billing, and customer service operations. Second,  
21 consolidation also can simplify future rate cases, removing the need to keep  
22 separate accounting records, and prepare separate rate case schedules, for each

1 rate area. Third, and most importantly, consolidating rate areas in this case will  
2 lessen the impact on Water C customers of the significant rate increase that  
3 OAW, Staff, and OCC recognize is required for customers in that rate area.  
4

5 ***Q66. HOW SHOULD RATES BE DETERMINED FOR UNMETERED***  
6 ***RESIDENTIAL AND COMMERCIAL CUSTOMERS?***

7 ***A66.*** The rate for an unmetered residential customer should be set so that it is  
8 approximately equal to the rate paid by a typical metered customer, excluding the  
9 cost of metering and meter reading. According to data provided by the Company,  
10 the typical metered residential customer uses 48,430 gallons per year, or  
11 approximately 4,000 gallons per month.<sup>3</sup>  
12

13 ***Q67. HOW DO YOU RECOMMEND USING THIS INFORMATION TO***  
14 ***DETERMINE THE RATE FOR FLAT-RATE RESIDENTIAL CUSTOMERS?***

15 ***A67.*** The monthly rate for a metered residential customer in Water A (the only rate area  
16 with flat-rate residential customers) should be determined. Next, the average  
17 meter-related cost for an equivalent 5/8-inch meter using data from the Staff  
18 Report pages 33-35 should be subtracted. As I show on Exhibit SJR-6, the  
19 resulting monthly meter-related cost is \$2.32.

---

<sup>3</sup> In response to OCC INT 193, the Company provided spreadsheet file *OCC INT 193-R2 OH 2008 Revenue.xls*. On the State Summary tab of that file, it shows the daily usage per customer in 2008, as well as the number of days per month. Multiplying the daily usage per month by the number of days per month, then adding the monthly consumption figures, shows annual consumption of 48,430 gallons per residential customer.

1

2 **Q68. WHY DO YOU SUBTRACT THE COSTS OF METERING AND METER**  
3 **READING WHEN DETERMINING THE CHARGE FOR A FLAT-RATE**  
4 **CUSTOMER?**

5 **A68.** These costs are subtracted because none of these costs were incurred to serve  
6 unmetered customers. The Company does not incur any costs for meters, meter  
7 installation, meter maintenance, meter depreciation, or meter reading to serve  
8 unmetered customers.

9

10 **Q69. HAVE YOU DESIGNED RATES TO ILLUSTRATE YOUR PROPOSAL?**

11 **A69.** Yes, I have designed rates to recover OCC's proposed revenue requirement, using  
12 OCC's proposed miscellaneous revenues and my recommended changes in the  
13 cost of service study. The results of this analysis are presented in Exhibit SJR-7.

14

15 **Q70. PLEASE SUMMARIZE THE RESULTS OF YOUR RECOMMENDED RATE**  
16 **DESIGN.**

17 **A70.** Exhibit SJR-7 consists of three pages. The first page shows the rates. This page  
18 shows my proposal for the same customer and consumption charges in both water  
19 rate areas. My proposed customer charges are those that are developed in the  
20 Staff Report. The consumption charges are developed to have the third block  
21 charge approximate the base cost of water (as adjusted for the lower revenue  
22 requirement). The second block charge is the same as the existing second block

1 charge in Water A. This has the effect of reducing the proportion of overall  
2 revenues recovered from the Commercial and Public Authority classes of  
3 customers to start moving their rates closer to the cost of service. The first block  
4 charge is set to recover the remaining revenue requirement.

5

6 ***Q71. WHAT INFORMATION IS ON PAGES 2 AND 3 OF EXHIBIT SJR-7?***

7 ***A71.*** Page 2 shows the revenue collected from each customer class in each rate area.

8 Page 3 compares the revenues collected to the results of my cost of service study,  
9 as well as the revenue requirement in each rate area developed by OCC witness

10 Hines. My proposed rates recover all but \$49 of OCC's proposed revenue  
11 requirement, which is extremely close given the level of rounding that must occur  
12 when rates are set to four decimal places (hundredths of a cent), but bills must be  
13 rendered to two decimal places (cents). Importantly, though, by consolidating  
14 rates in Water A and Water C, I am able to mitigate the effect of the large rate  
15 increase proposed for the Water C rate area. The impact of this consolidation on  
16 Water A customers is fairly small because of the combination of the much smaller  
17 increase in revenue requirement in that area and the fact that there are 5 or 6 times  
18 more customers in Water A than in Water C.

1 **VI. CONCLUSION**

2

3 ***Q72. WHAT DO YOU CONCLUDE?***

4 ***A72.*** I conclude that my amendments to OAW's cost of service study are required to  
5 develop an accurate estimate of the cost to provide service to each customer class.

6 I also conclude that my proposed rates are reasonable, have the added benefit of  
7 achieving consolidation of the rates charged in Water A and Water C, mitigate the  
8 impact of the proposed rate increase on Water C customers, and recover OCC's  
9 proposed rate increase in a manner that is fair to all customers. In my opinion, my  
10 proposed rates are more reasonable than those proposed by the Company and  
11 Staff.

12

13 ***Q73. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?***

14 ***A73.*** Yes, it does. However, I reserve the right to supplement my testimony in the  
15 event that the Staff fails to support any of the rate design or cost of service study  
16 recommendations it has made in the Staff Report.

**Scott J. Rubin**

Attorney + Consultant

333 Oak Lane • Bloomsburg, PA 17815

**Current Position**

---

Public Utility Attorney and Consultant. 1994 to present. I provide legal, consulting, and expert witness services to various organizations interested in the regulation of public utilities.

**Previous Positions**

---

Lecturer in Computer Science, Susquehanna University, Selinsgrove, PA. 1993 to 2000.

Senior Assistant Consumer Advocate, Office of Consumer Advocate, Harrisburg, PA. 1990 to 1994.

I supervised the administrative and technical staff and shared with one other senior attorney the supervision of a legal staff of 14 attorneys.

Assistant Consumer Advocate, Office of Consumer Advocate, Harrisburg, PA. 1983 to 1990.

Associate, Laws and Staruch, Harrisburg, PA. 1981 to 1983.

Law Clerk, U.S. Environmental Protection Agency, Washington, DC. 1980 to 1981.

Research Assistant, Rockville Consulting Group, Washington, DC. 1979.

**Current Professional Activities**

---

Member, American Bar Association, Public Utility Law Section.

Member, American Water Works Association.

Admitted to practice law before the Supreme Court of Pennsylvania, the New York State Court of Appeals, the United States District Court for the Middle District of Pennsylvania, the United States Court of Appeals for the Third Circuit, and the Supreme Court of the United States.

**Previous Professional Activities**

---

Member, American Water Works Association, Rates and Charges Subcommittee, 1998-2001.

Member, Federal Advisory Committee on Disinfectants and Disinfection By-Products in Drinking Water, U.S. Environmental Protection Agency, Washington, DC. 1992 to 1994.

Chair, Water Committee, National Association of State Utility Consumer Advocates, Washington, DC. 1990 to 1994; member of committee from 1988 to 1990.

Member, Board of Directors, Pennsylvania Energy Development Authority, Harrisburg, PA. 1990 to 1994.

Member, Small Water Systems Advisory Committee, Pennsylvania Department of Environmental Resources, Harrisburg, PA. 1990 to 1992.

Member, Ad Hoc Committee on Emissions Control and Acid Rain Compliance, National Association of State Utility Consumer Advocates, 1991.

Member, Nitrogen Oxides Subcommittee of the Acid Rain Advisory Committee, U.S. Environmental Protection Agency, Washington DC. 1991.



---

**Education**

---

J.D. with Honors, George Washington University, Washington, DC. 1981.

B.A. with Distinction in Political Science, Pennsylvania State University, University Park, PA. 1978.

---

**Publications and Presentations**

---

"Quality of Service Issues," a speech to the Pennsylvania Public Utility Commission Consumer Conference, State College, PA. 1988.

K.L. Pape and S.J. Rubin, "Current Developments in Water Utility Law," in *Pennsylvania Public Utility Law* (Pennsylvania Bar Institute). 1990.

Presentation on Water Utility Holding Companies to the Annual Meeting of the National Association of State Utility Consumer Advocates, Orlando, FL. 1990.

"How the OCA Approaches Quality of Service Issues," a speech to the Pennsylvania Chapter of the National Association of Water Companies. 1991.

Presentation on the Safe Drinking Water Act to the Mid-Year Meeting of the National Association of State Utility Consumer Advocates, Seattle, WA. 1991.

"A Consumer Advocate's View of Federal Pre-emption in Electric Utility Cases," a speech to the Pennsylvania Public Utility Commission Electricity Conference. 1991.

Workshop on Safe Drinking Water Act Compliance Issues at the Mid-Year Meeting of the National Association of State Utility Consumer Advocates, Washington, DC. 1992.

Formal Discussant, Regional Acid Rain Workshop, U.S. Environmental Protection Agency and National Regulatory Research Institute, Charlotte, NC. 1992.

S.J. Rubin and S.P. O'Neal, "A Quantitative Assessment of the Viability of Small Water Systems in Pennsylvania," *Proceedings of the Eighth NARUC Biennial Regulatory Information Conference*, National Regulatory Research Institute (Columbus, OH 1992), IV:79-97.

"The OCA's Concerns About Drinking Water," a speech to the Pennsylvania Public Utility Commission Water Conference. 1992.

Member, Technical Horizons Panel, Annual Meeting of the National Association of Water Companies, Hilton Head, SC. 1992.

M.D. Klein and S.J. Rubin, "Water and Sewer -- Update on Clean Streams, Safe Drinking Water, Waste Disposal and Pennvest," *Pennsylvania Public Utility Law Conference* (Pennsylvania Bar Institute). 1992.

Presentation on Small Water System Viability to the Technical Assistance Center for Small Water Companies, Pa. Department of Environmental Resources, Harrisburg, PA. 1993

"The Results Through a Public Service Commission Lens," speaker and participant in panel discussion at Symposium: "Impact of EPA's Allowance Auction," Washington, DC, sponsored by AER\*X. 1993.

"The Hottest Legislative Issue of Today -- Reauthorization of the Safe Drinking Water Act," speaker and participant in panel discussion at the Annual Conference of the American Water Works Association, San Antonio, TX. 1993.

"Water Service in the Year 2000," a speech to the Conference: "Utilities and Public Policy III: The Challenges of Change," sponsored by the Pennsylvania Public Utility Commission and the Pennsylvania State University, University Park, PA. 1993.

"Government Regulation of the Drinking Water Supply: Is it Properly Focused?," speaker and participant in panel discussion at the National Consumers League's Forum on Drinking Water Safety and Quality, Washington, DC. 1993. Reprinted in *Rural Water*, Vol. 15 No. 1 (Spring 1994), pages 13-16.

"Telephone Penetration Rates for Renters in Pennsylvania," a study prepared for the Pennsylvania Office of Consumer Advocate. 1993.

"Zealous Advocacy, Ethical Limitations and Considerations," participant in panel discussion at "Continuing Legal Education in Ethics for Pennsylvania Lawyers," sponsored by the Office of General Counsel, Commonwealth of Pennsylvania, State College, PA. 1993.

"Serving the Customer," participant in panel discussion at the Annual Conference of the National Association of Water Companies, Williamsburg, VA. 1993.

"A Simple, Inexpensive, Quantitative Method to Assess the Viability of Small Water Systems," a speech to the Water Supply Symposium, New York Section of the American Water Works Association, Syracuse, NY. 1993.

S.J. Rubin, "Are Water Rates Becoming Unaffordable?," *Journal American Water Works Association*, Vol. 86, No. 2 (February 1994), pages 79-86.

"Why Water Rates Will Double (If We're Lucky): Federal Drinking Water Policy and Its Effect on New England," a briefing for the New England Conference of Public Utilities Commissioners, Andover, MA. 1994.

"Are Water Rates Becoming Unaffordable?," a speech to the Legislative and Regulatory Conference, Association of Metropolitan Water Agencies, Washington, DC. 1994.

"Relationships: Drinking Water, Health, Risk and Affordability," speaker and participant in panel discussion at the Annual Meeting of the Southeastern Association of Regulatory Commissioners, Charleston, SC. 1994.

"Small System Viability: Assessment Methods and Implementation Issues," speaker and participant in panel discussion at the Annual Conference of the American Water Works Association, New York, NY. 1994.

S.J. Rubin, "How much should we spend to save a life?," *Seattle Journal of Commerce*, August 18, 1994 (Protecting the Environment Supplement), pages B-4 to B-5.

S. Rubin, S. Bernow, M. Fulmer, J. Goldstein, and I. Peters, *An Evaluation of Kentucky-American Water Company's Long-Range Planning*, prepared for the Utility and Rate Intervention Division, Kentucky Office of the Attorney General (Tellus Institute 1994).

S.J. Rubin, "Small System Monitoring: What Does It Mean?," *Impacts of Monitoring for Phase II/V Drinking Water Regulations on Rural and Small Communities* (National Rural Water Association 1994), pages 6-12.

"Surviving the Safe Drinking Water Act," speaker at the Annual Meeting of the National Association of State Utility Consumer Advocates, Reno, NV. 1994.

"Safe Drinking Water Act Compliance – Ratemaking Implications," speaker at the National Conference of Regulatory Attorneys, Scottsdale, AZ. 1995. Reprinted in *Water*, Vol. 36, No. 2 (Summer 1995), pages 28-29.

S.J. Rubin, "Water: Why Isn't it Free? The Case of Small Utilities in Pennsylvania," *Utilities, Consumers & Public Policy: Issues of Quality, Affordability, and Competition, Proceedings of the Fourth Utilities, Consumers and Public Policy Conference* (Pennsylvania State University 1995), pages 177-183.

S.J. Rubin, "Water Rates: An Affordable Housing Issue?," *Home Energy*, Vol. 12 No. 4 (July/August 1995), page 37.

Speaker and participant in the Water Policy Forum, sponsored by the National Association of Water Companies, Naples, FL. 1995.

Participant in panel discussion on "The Efficient and Effective Maintenance and Delivery of Potable Water at Affordable Rates to the People of New Jersey," at The New Advocacy: Protecting Consumers in the Emerging Era of Utility Competition, a conference sponsored by the New Jersey Division of the Ratepayer Advocate, Newark, NJ. 1995.

J.E. Cromwell III, and S.J. Rubin, *Development of Benchmark Measures for Viability Assessment* (Pa. Department of Environmental Protection 1995).

S. Rubin, "A Nationwide Practice from a Small Town in Pa.," *Lawyers & the Internet – a Supplement to the Legal Intelligencer and Pa. Law Weekly* (February 12, 1996), page S6.

"Changing Customers' Expectations in the Water Industry," speaker at the Mid-America Regulatory Commissioners Conference, Chicago, IL. 1996, reprinted in *Water* Vol. 37 No. 3 (Winter 1997), pages 12-14..

"Recent Federal Legislation Affecting Drinking Water Utilities," speaker at Pennsylvania Public Utility Law Conference, Pennsylvania Bar Institute, Hershey, PA. 1996.

"Clean Water at Affordable Rates: A Ratepayers Conference," moderator at symposium sponsored by the New Jersey Division of Ratepayer Advocate, Trenton, NJ. 1996.

"Water Workshop: How New Laws Will Affect the Economic Regulation of the Water Industry," speaker at the Annual Meeting of the National Association of State Utility Consumer Advocates, San Francisco, CA. 1996.

E.T. Castillo, S.J. Rubin, S.K. Keefe, and R.S. Raucher, "Restructuring Small Systems," *Journal American Water Works Association*, Vol. 89, No. 1 (January 1997), pages 65-74.

J.E. Cromwell III, S.J. Rubin, F.C. Marrocco, and M.E. Leevan, "Business Planning for Small System Capacity Development," *Journal American Water Works Association*, Vol. 89, No. 1 (January 1997), pages 47-57.

"Capacity Development – More than Viability Under a New Name," speaker at National Association of Regulatory Utility Commissioners Winter Meetings, Washington, DC. 1997.

E. Castillo, S.K. Keefe, R.S. Raucher, and S.J. Rubin, *Small System Restructuring to Facilitate SDWA Compliance: An Analysis of Potential Feasibility* (AWWA Research Foundation, 1997).

H. Himmelberger, *et al.*, *Capacity Development Strategy Report for the Texas Natural Resource Conservation Commission* (Aug. 1997).

Briefing on Issues Affecting the Water Utility Industry, Annual Meeting of the National Association of State Utility Consumer Advocates, Boston, MA. 1997.

"Capacity Development in the Water Industry," speaker at the Annual Meeting of the National Association of Regulatory Utility Commissioners, Boston, MA. 1997.

"The Ticking Bomb: Competitive Electric Metering, Billing, and Collection," speaker at the Annual Meeting of the National Association of State Utility Consumer Advocates, Boston, MA. 1997.

Scott J. Rubin, "A Nationwide Look at the Affordability of Water Service," *Proceedings of the 1998 Annual Conference of the American Water Works Association*, Water Research, Vol. C, No. 3, pages 113-129 (American Water Works Association, 1998).

Scott J. Rubin, "30 Technology Tips in 30 Minutes," *Pennsylvania Public Utility Law Conference*, Vol. I, pages 101-110 (Pa. Bar Institute, 1998).

Scott J. Rubin, "Effects of Electric and Gas Deregulation on the Water Industry," *Pennsylvania Public Utility Law Conference*, Vol. I, pages 139-146 (Pa. Bar Institute, 1998).

Scott J. Rubin, *The Challenges and Changing Mission of Utility Consumer Advocates* (American Association of Retired Persons, 1999).

"Consumer Advocacy for the Future," speaker at the Age of Awareness Conference, Changes and Choices: Utilities in the New Millennium, Carlisle, PA. 1999.

Keynote Address, \$1 Energy Fund, Inc., Annual Membership Meeting, Monroeville, PA. 1999.

Scott J. Rubin, "Assessing the Effect of the Proposed Radon Rule on the Affordability of Water Service," prepared for the American Water Works Association. 1999.

Scott J. Rubin and Janice A. Beecher, The Impacts of Electric Restructuring on the Water and Wastewater Industry, *Proceedings of the Small Drinking Water and Wastewater Systems International Symposium and Technology Expo* (Phoenix, AZ 2000), pp. 66-75.

American Water Works Association, *Principles of Water Rates, Fees, and Charges, Manual M1 – Fifth Edition* (AWWA 2000), Member, Editorial Committee.

Janice A. Beecher and Scott J. Rubin, presentation on "Special Topics in Rate Design: Affordability" at the Annual Conference and Exhibition of the American Water Works Association, Denver, CO. 2000.

Scott J. Rubin, "The Future of Drinking Water Regulation," a speech at the Annual Conference and Exhibition of the American Water Works Association, Denver, CO. 2000.

Janice A. Beecher and Scott J. Rubin, "Deregulation Impacts and Opportunities," a presentation at the Annual Conference and Exhibition of the American Water Works Association, Denver, CO. 2000.

Scott J. Rubin, "Estimating the Effect of Different Arsenic Maximum Contaminant Levels on the Affordability of Water Service," prepared for the American Water Works Association. 2000.

Janice A. Beecher and Scott J. Rubin, *Deregulation! Impacts on the Water Industry*, American Water Works Association Research Foundation, Denver, CO. 2000.

Scott J. Rubin, Methods for Assessing, Evaluating, and Assisting Small Water Systems, NARUC Annual Regulatory Studies Program, East Lansing, MI. 2000.

Scott J. Rubin, Consumer Issues in the Water Industry, NARUC Annual Regulatory Studies Program, East Lansing, MI. 2000.

"Be Utility Wise in a Restructured Utility Industry," Keynote Address at Be UtilityWise Conference, Pittsburgh, PA. 2000.

Scott J. Rubin, Jason D. Sharp, and Todd S. Stewart, "The Wired Administrative Lawyer," *5<sup>th</sup> Annual Administrative Law Symposium*, Pennsylvania Bar Institute, Harrisburg, PA. 2000.

Scott J. Rubin, "Current Developments in the Water Industry," *Pennsylvania Public Utility Law Conference*, Pennsylvania Bar Institute, Harrisburg, PA. 2000.

Scott J. Rubin, "Viewpoint: Change Sickening Attitudes," *Engineering News-Record*, Dec. 18, 2000.

Janice A. Beecher and Scott J. Rubin, "Ten Practices of Highly Effective Water Utilities," *Opflow*, April 2001, pp. 1, 6-7, 16; reprinted in *Water and Wastes Digest*, December 2004, pp. 22-25.

Scott J. Rubin, "Pennsylvania Utilities: How Are Consumers, Workers, and Corporations Faring in the Deregulated Electricity, Gas, and Telephone Industries?" Keystone Research Center. 2001.

Scott J. Rubin, "Guest Perspective: A First Look at the Impact of Electric Deregulation on Pennsylvania," *LEAP Letter*, May-June 2001, pp. 2-3.

Scott J. Rubin, Consumer Protection in the Water Industry, NARUC Annual Regulatory Studies Program, East Lansing, MI. 2001.

Scott J. Rubin, Impacts of Deregulation on the Water Industry, NARUC Annual Regulatory Studies Program, East Lansing, MI. 2001.

Scott J. Rubin, "Economic Characteristics of Small Systems," *Critical Issues in Setting Regulatory Standards*, National Rural Water Association, 2001, pp. 7-22.

Scott J. Rubin, "Affordability of Water Service," *Critical Issues in Setting Regulatory Standards*, National Rural Water Association, 2001, pp. 23-42.

Scott J. Rubin, "Criteria to Assess the Affordability of Water Service," White Paper, National Rural Water Association, 2001.

Scott J. Rubin, Providing Affordable Water Service to Low-Income Families, presentation to Portland Water Bureau, Portland, OR. 2001.

Scott J. Rubin, Issues Relating to the Affordability and Sustainability of Rates for Water Service, presentation to the Water Utility Council of the American Water Works Association, New Orleans, LA. 2002.

Scott J. Rubin, The Utility Industries Compared – Water, NARUC Annual Regulatory Studies Program, East Lansing, MI. 2002.

Scott J. Rubin, Legal Perspective on Water Regulation, NARUC Annual Regulatory Studies Program, East Lansing, MI. 2002.

Scott J. Rubin, Regulatory Options for Water Utilities, NARUC Annual Regulatory Studies Program, East Lansing, MI. 2002.

Scott J. Rubin, Overview of Small Water System Consolidation, presentation to National Drinking Water Advisory Council Small Systems Affordability Working Group, Washington, DC. 2002.

Scott J. Rubin, Defining Affordability and Low-Income Household Tradeoffs, presentation to National Drinking Water Advisory Council Small Systems Affordability Working Group, Washington, DC. 2002.

Scott J. Rubin, "Thinking Outside the Hearing Room," *Pennsylvania Public Utility Law Conference*, Pennsylvania Bar Institute, Harrisburg, PA. 2002.

Scott J. Rubin, "Update of Affordability Database," White Paper, National Rural Water Association. 2003.

Scott J. Rubin, *Understanding Telephone Penetration in Pennsylvania*, Council on Utility Choice, Harrisburg, PA. 2003.

Scott J. Rubin, *The Cost of Water and Wastewater Service in the United States*, National Rural Water Association, 2003.

Scott J. Rubin, What Price Safer Water? Presentation at Annual Conference of National Association of Regulatory Utility Commissioners, Atlanta, GA. 2003.

George M. Aman, III, Jeffrey P. Garton, Eric Petersen, and Scott J. Rubin, Challenges and Opportunities for Improving Water Supply Institutional Arrangements, *Water Law Conference*, Pennsylvania Bar Institute, Mechanicsburg, PA. 2004.

Scott J. Rubin, Serving Low-Income Water Customers. Presentation at American Water Works Association Annual Conference, Orlando, FL. 2004.

Scott J. Rubin, Thinking Outside the Bill: Serving Low-Income Water Customers. Presentation at National League of Cities Annual Congress of Cities, Indianapolis, IN. 2004.

Scott J. Rubin, Buying and Selling a Water System – Ratemaking Implications, *Pennsylvania Public Utility Law Conference*, Pennsylvania Bar Institute, Harrisburg, PA. 2005.

Scott J. Rubin, *Thinking Outside the Bill: A Utility Manager's Guide to Assisting Low-Income Water Customers*, American Water Works Association. 2005.

Scott J. Rubin, "Census Data Shed Light on US Water and Wastewater Costs," *Journal American Water Works Association*, Vol. 97, No. 4 (April 2005), pages 99-110, reprinted in Maxwell, *The Business of Water: A Concise Overview of Challenges and Opportunities in the Water Market.*, American Water Works Association, Denver, CO. 2008.

Scott J. Rubin, Review of U.S. Environmental Protection Agency Notice Concerning Revision of National-Level Affordability Methodology, National Rural Water Association. 2006.

Robert S. Raucher, et al., *Regional Solutions to Water Supply Provision*, American Water Works Association Research Foundation, Denver, CO. 2007.

Scott J. Rubin, Robert Raucher, and Megan Harrod, The Relationship Between Household Financial Distress and Health: Implications for Drinking Water Regulation, National Rural Water Association. 2007.

John Cromwell and Scott Rubin, *Development and Demonstration of Practical Methods for Examining Feasibility of Regional Solutions for Provision of Water and Wastewater Service*, American Water Works Association Research Foundation, Denver, CO. in press.

---

### Testimony as an Expert Witness

*Pa. Public Utility Commission v. Pennsylvania Gas and Water Co. - Water Division*, Pa. Public Utility Commission, Docket R-00922404. 1992. Concerning rate design, on behalf of the Pa. Office of Consumer Advocate.

*Pa. Public Utility Commission v. Shenango Valley Water Co.*, Pa. Public Utility Commission, Docket R-00922420. 1992. Concerning cost allocation, on behalf of the Pa. Office of Consumer Advocate

*Pa. Public Utility Commission v. Pennsylvania Gas and Water Co. - Water Division*, Pa. Public Utility Commission, Docket R-00922482. 1993. Concerning rate design, on behalf of the Pa. Office of Consumer Advocate

*Pa. Public Utility Commission v. Colony Water Co.*, Pa. Public Utility Commission, Docket R-00922375. 1993. Concerning rate design, on behalf of the Pa. Office of Consumer Advocate

*Pa. Public Utility Commission v. Dauphin Consolidated Water Supply Co. and General Waterworks of Pennsylvania, Inc.*, Pa. Public Utility Commission, Docket R-00932604. 1993. Concerning rate design and cost of service, on behalf of the Pa. Office of Consumer Advocate

*West Penn Power Co. v. State Tax Department of West Virginia*, Circuit Court of Kanawha County, West Virginia, Civil Action No. 89-C-3056. 1993. Concerning regulatory policy and the effects of a taxation statute on out-of-state utility ratepayers, on behalf of the Pa. Office of Consumer Advocate

*Pa. Public Utility Commission v. Pennsylvania Gas and Water Co. - Water Division*, Pa. Public Utility Commission, Docket R-00932667. 1993. Concerning rate design and affordability of service, on behalf of the Pa. Office of Consumer Advocate

*Pa. Public Utility Commission v. National Utilities, Inc.*, Pa. Public Utility Commission, Docket R-00932828. 1994. Concerning rate design, on behalf of the Pa. Office of Consumer Advocate

*An Investigation of the Sources of Supply and Future Demand of Kentucky-American Water Company*, Ky. Public Service Commission, Case No. 93-434. 1994. Concerning supply and demand planning, on behalf of the Kentucky Office of Attorney General, Utility and Rate Intervention Division.

*The Petition on Behalf of Gordon's Corner Water Company for an Increase in Rates*, New Jersey Board of Public Utilities, Docket No. WR94020037. 1994. Concerning revenue requirements and rate design, on behalf of the New Jersey Division of Ratepayer Advocate.

*Re Consumers Maine Water Company Request for Approval of Contracts with Consumers Water Company and with Ohio Water Service Company*, Me. Public Utilities Commission, Docket No. 94-352. 1994. Concerning affiliated interest agreements, on behalf of the Maine Public Advocate.

*In the Matter of the Application of Potomac Electric Power Company for Approval of its Third Least-Cost Plan*, D.C. Public Service Commission, Formal Case No. 917, Phase II. 1995. Concerning Clean Air Act implementation and environmental externalities, on behalf of the District of Columbia Office of the People's Counsel.

*In the Matter of the Regulation of the Electric Fuel Component Contained within the Rate Schedules of the Dayton Power and Light Company and Related Matters*, Ohio Public Utilities Commission, Case No. 94-105-EL-EFC. 1995. Concerning Clean Air Act implementation (case settled before testimony was filed), on behalf of the Office of the Ohio Consumers' Counsel.

*Kennebec Water District Proposed Increase in Rates*, Maine Public Utilities Commission, Docket No. 95-091. 1995. Concerning the reasonableness of planning decisions and the relationship between a publicly owned water district and a very large industrial customer, on behalf of the Maine Public Advocate.



*Winter Harbor Water Company, Proposed Schedule Revisions to Introduce a Readiness-to-Serve Charge*, Maine Public Utilities Commission, Docket No. 95-271. 1995 and 1996. Concerning standards for, and the reasonableness of, imposing a readiness to serve charge and/or exit fee on the customers of a small investor-owned water utility, on behalf of the Maine Public Advocate.

*In the Matter of the 1995 Long-Term Electric Forecast Report of the Cincinnati Gas & Electric Company*, Public Utilities Commission of Ohio, Case No. 95-203-EL-FOR, and *In the Matter of the Two-Year Review of the Cincinnati Gas & Electric Company's Environmental Compliance Plan Pursuant to Section 4913.05, Revised Cost*, Case No. 95-747-EL-ECP. 1996. Concerning the reasonableness of the utility's long-range supply and demand-management plans, the reasonableness of its plan for complying with the Clean Air Act Amendments of 1990, and discussing methods to ensure the provision of utility service to low-income customers, on behalf of the Office of the Ohio Consumers' Counsel.

*In the Matter of Notice of the Adjustment of the Rates of Kentucky-American Water Company*, Kentucky Public Service Commission, Case No. 95-554. 1996. Concerning rate design, cost of service, and sales forecast issues, on behalf of the Kentucky Office of Attorney General.

*In the Matter of the Application of Citizens Utilities Company for a Hearing to Determine the Fair Value of its Properties for Ratemaking Purposes, to Fix a Just and Reasonable Rate of Return Thereon, and to Approve Rate Schedules Designed to Provide such Rate of Return*, Arizona Corporation Commission, Docket Nos. E-1032-95-417, et al. 1996. Concerning rate design, cost of service, and the price elasticity of water demand, on behalf of the Arizona Residential Utility Consumer Office.

*Cochrane v. Bangor Hydro-Electric Company*, Maine Public Utilities Commission, Docket No. 96-053. 1996. Concerning regulatory requirements for an electric utility to engage in unregulated business enterprises, on behalf of the Maine Public Advocate.

*In the Matter of the Regulation of the Electric Fuel Component Contained within the Rate Schedules of Monongahela Power Company and Related Matters*, Public Utilities Commission of Ohio, Case No. 96-106-EL-EFC. 1996. Concerning the costs and procedures associated with the implementation of the Clean Air Act Amendments of 1990, on behalf of the Ohio Consumers' Counsel.

*In the Matter of the Regulation of the Electric Fuel Component Contained within the Rate Schedules of Cleveland Electric Illuminating Company and Toledo Edison Company and Related Matters*, Public Utilities Commission of Ohio, Case Nos. 96-107-EL-EFC and 96-108-EL-EFC. 1996. Concerning the costs and procedures associated with the implementation of the Clean Air Act Amendments of 1990, on behalf of the Ohio Consumers' Counsel.

*In the Matter of the Regulation of the Electric Fuel Component Contained within the Rate Schedules of Ohio Power Company and Columbus Southern Power Company and Related Matters*, Public Utilities Commission of Ohio, Case Nos. 96-101-EL-EFC and 96-102-EL-EFC. 1997. Concerning the costs and procedures associated with the implementation of the Clean Air Act Amendments of 1990, on behalf of the Ohio Consumers' Counsel.

*An Investigation of the Sources of Supply and Future Demand of Kentucky-American Water Company (Phase II)*, Kentucky Public Service Commission, Docket No. 93-434. 1997. Concerning supply

and demand planning, on behalf of the Kentucky Office of Attorney General, Public Service Litigation Branch.

*In the Matter of the Regulation of the Electric Fuel Component Contained within the Rate Schedules of Cincinnati Gas and Electric Co. and Related Matters*, Public Utilities Commission of Ohio, Case No. 96-103-EL-EFC. 1997. Concerning the costs and procedures associated with the implementation of the Clean Air Act Amendments of 1990, on behalf of the Ohio Consumers' Counsel.

*Bangor Hydro-Electric Company Petition for Temporary Rate Increase*, Maine Public Utilities Commission, Docket No. 97-201. 1997. Concerning the reasonableness of granting an electric utility's request for emergency rate relief, and related issues, on behalf of the Maine Public Advocate.

*Testimony concerning H.B. 1068 Relating to Restructuring of the Natural Gas Utility Industry*, Consumer Affairs Committee, Pennsylvania House of Representatives. 1997. Concerning the provisions of proposed legislation to restructure the natural gas utility industry in Pennsylvania, on behalf of the Pennsylvania AFL-CIO Gas Utility Caucus.

*In the Matter of the Regulation of the Electric Fuel Component Contained within the Rate Schedules of Cleveland Electric Illuminating Company and Toledo Edison Company and Related Matters*, Public Utilities Commission of Ohio, Case Nos. 97-107-EL-EFC and 97-108-EL-EFC. 1997. Concerning the costs and procedures associated with the implementation of the Clean Air Act Amendments of 1990, on behalf of the Ohio Consumers' Counsel.

*In the Matter of the Petition of Valley Road Sewerage Company for a Revision in Rates and Charges for Water Service*, New Jersey Board of Public Utilities, Docket No. WR92080846J. 1997. Concerning the revenue requirements and rate design for a wastewater treatment utility, on behalf of the New Jersey Division of Ratepayer Advocate.

*Bangor Gas Company, L.L.C., Petition for Approval to Furnish Gas Service in the State of Maine*, Maine Public Utilities Commission, Docket No. 97-795. 1998. Concerning the standards and public policy concerns involved in issuing a certificate of public convenience and necessity for a new natural gas utility, and related ratemaking issues, on behalf of the Maine Public Advocate.

*In the Matter of the Investigation on Motion of the Commission into the Adequacy of the Public Utility Water Service Provided by Tidewater Utilities, Inc., in Areas in Southern New Castle County, Delaware*, Delaware Public Service Commission, Docket No. 309-97. 1998. Concerning the standards for the provision of efficient, sufficient, and adequate water service, and the application of those standards to a water utility, on behalf of the Delaware Division of the Public Advocate.

*In the Matter of the Regulation of the Electric Fuel Component Contained within the Rate Schedules of Cincinnati Gas and Electric Co. and Related Matters*, Public Utilities Commission of Ohio, Case No. 97-103-EL-EFC. 1998. Concerning fuel-related transactions with affiliated companies and the appropriate ratemaking treatment and regulatory safeguards involving such transactions, on behalf of the Ohio Consumers' Counsel.

*Olde Port Mariner Fleet, Inc. Complaint Regarding Casco Bay Island Transit District's Tour and Charter Service*, Maine Public Utilities Commission, Docket No. 98-161. 1998. Concerning the standards

and requirements for allocating costs and separating operations between regulated and unregulated operations of a transportation utility, on behalf of the Maine Public Advocate and Olde Port Mariner Fleet, Inc.

*Central Maine Power Company Investigation of Stranded Costs, Transmission and Distribution Utility Revenue Requirements, and Rate Design*, Maine Public Utilities Commission, Docket No. 97-580. 1998. Concerning the treatment of existing rate discounts when designing rates for a transmission and distribution electric utility, on behalf of the Maine Public Advocate.

*Pa. Public Utility Commission v. Manufacturers Water Company*, Pennsylvania Public Utility Commission, Docket No. R-00984275. 1998. Concerning rate design on behalf of the Manufacturers Water Industrial Users.

*In the Matter of Petition of Pennsgrove Water Supply Company for an Increase in Rates for Water Service*, New Jersey Board of Public Utilities, Docket No. WR98030147. 1998. Concerning the revenue requirements, level of affiliated charges, and rate design for a water utility, on behalf of the New Jersey Division of Ratepayer Advocate.

*In the Matter of Petition of Seaview Water Company for an Increase in Rates for Water Service*, New Jersey Board of Public Utilities, Docket No. WR98040193. 1999. Concerning the revenue requirements and rate design for a water utility, on behalf of the New Jersey Division of Ratepayer Advocate.

*In the Matter of the Regulation of the Electric Fuel Component Contained within the Rate Schedules of Ohio Power Company and Columbus Southern Power Company and Related Matters*, Public Utilities Commission of Ohio, Case Nos. 98-101-EL-EFC and 98-102-EL-EFC. 1999. Concerning the costs and procedures associated with the implementation of the Clean Air Act Amendments of 1990, on behalf of the Ohio Consumers' Counsel.

*In the Matter of the Regulation of the Electric Fuel Component Contained within the Rate Schedules of Dayton Power and Light Company and Related Matters*, Public Utilities Commission of Ohio, Case No. 98-105-EL-EFC. 1999. Concerning the costs and procedures associated with the implementation of the Clean Air Act Amendments of 1990, on behalf of the Ohio Consumers' Counsel.

*In the Matter of the Regulation of the Electric Fuel Component Contained within the Rate Schedules of Monongahela Power Company and Related Matters*, Public Utilities Commission of Ohio, Case No. 99-106-EL-EFC. 1999. Concerning the costs and procedures associated with the implementation of the Clean Air Act Amendments of 1990, on behalf of the Ohio Consumers' Counsel.

*County of Suffolk, et al. v. Long Island Lighting Company, et al.*, U.S. District Court for the Eastern District of New York, Case No. 87-CV-0646. 2000. Submitted two affidavits concerning the calculation and collection of court-ordered refunds to utility customers, on behalf of counsel for the plaintiffs.

*Northern Utilities, Inc., Petition for Waivers from Chapter 820*, Maine Public Utilities Commission, Docket No. 99-254. 2000. Concerning the standards and requirements for defining and separating a natural gas utility's core and non-core business functions, on behalf of the Maine Public Advocate.

*Notice of Adjustment of the Rates of Kentucky-American Water Company*, Kentucky Public Service Commission, Case No. 2000-120. 2000. Concerning the appropriate methods for allocating costs and designing rates, on behalf of the Kentucky Office of Attorney General.

*In the Matter of the Petition of Gordon's Corner Water Company for an Increase in Rates and Charges for Water Service*, New Jersey Board of Public Utilities, Docket No. WR00050304. 2000. Concerning the revenue requirements and rate design for a water utility, on behalf of the New Jersey Division of Ratepayer Advocate.

*Testimony concerning Arsenic in Drinking Water: An Update on the Science, Benefits, and Costs*, Committee on Science, United States House of Representatives. 2001. Concerning the effects on low-income households and small communities from a more stringent regulation of arsenic in drinking water.

*In the Matter of the Application of The Cincinnati Gas & Electric Company for an Increase in Gas Rates in its Service Territory*, Public Utilities Commission of Ohio, Case No. 01-1228-GA-AIR, *et al.* 2002. Concerning the need for and structure of a special rider and alternative form of regulation for an accelerated main replacement program, on behalf of the Ohio Consumers' Counsel.

*Pennsylvania State Treasurer's Hearing on Enron and Corporate Governance Issues*. 2002. Concerning Enron's role in Pennsylvania's electricity market and related issues, on behalf of the Pennsylvania AFL-CIO.

*An Investigation into the Feasibility and Advisability of Kentucky-American Water Company's Proposed Solution to its Water Supply Deficit*, Kentucky Public Service Commission, Case No. 2001-00117. 2002. Concerning water supply planning, regulatory oversight, and related issue, on behalf of the Kentucky Office of Attorney General.

*Joint Application of Pennsylvania-American Water Company and Thames Water Aqua Holdings GmbH*, Pennsylvania Public Utility Commission, Docket Nos. A-212285F0096 and A-230073F0004. 2002. Concerning the risks and benefits associated with the proposed acquisition of a water utility, on behalf of the Pennsylvania Office of Consumer Advocate.

*Application for Approval of the Transfer of Control of Kentucky-American Water Company to RWE AG and Thames Water Aqua Holdings GmbH*, Kentucky Public Service Commission, Case No. 2002-00018. 2002. Concerning the risks and benefits associated with the proposed acquisition of a water utility, on behalf of the Kentucky Office of Attorney General.

*Joint Petition for the Consent and Approval of the Acquisition of the Outstanding Common Stock of American Water Works Company, Inc., the Parent Company and Controlling Shareholder of West Virginia-American Water Company*, West Virginia Public Service Commission, Case No. 01-1691-W-PC. 2002. Concerning the risks and benefits associated with the proposed acquisition of a water utility, on behalf of the Consumer Advocate Division of the West Virginia Public Service Commission.

*Joint Petition of New Jersey-American Water Company, Inc. and Thames Water Aqua Holdings GmbH for Approval of Change in Control of New Jersey-American Water Company, Inc.*, New Jersey Board of Public Utilities, Docket No. WM01120833. 2002. Concerning the risks and benefits associated

with the proposed acquisition of a water utility, on behalf of the New Jersey Division of Ratepayer Advocate.

*Illinois-American Water Company, Proposed General Increase in Water Rates*, Illinois Commerce Commission, Docket No. 02-0690. 2003. Concerning rate design and cost of service issues, on behalf of the Illinois Office of the Attorney General.

*Pennsylvania Public Utility Commission v. Pennsylvania-American Water Company*, Pennsylvania Public Utility Commission, Docket No. R-00038304. 2003. Concerning rate design and cost of service issues, on behalf of the Pennsylvania Office of Consumer Advocate.

*West Virginia-American Water Company*, West Virginia Public Service Commission, Case No. 03-0353-W-42T. 2003. Concerning affordability, rate design, and cost of service issues, on behalf of the West Virginia Consumer Advocate Division.

*Petition of Seabrook Water Corp. for an Increase in Rates and Charges for Water Service*, New Jersey Board of Public Utilities, Docket No. WR3010054. 2003. Concerning revenue requirements, rate design, prudence, and regulatory policy, on behalf of the New Jersey Division of Ratepayer Advocate.

*Chesapeake Ranch Water Co. v. Board of Commissioners of Calvert County*, U.S. District Court for Southern District of Maryland, Civil Action No. 8:03-cv-02527-AW. 2004. Submitted expert report concerning the expected level of rates under various options for serving new commercial development, on behalf of the plaintiff.

*Testimony concerning Lead in Drinking Water*, Committee on Government Reform, United States House of Representatives. 2004. Concerning the trade-offs faced by low-income households when drinking water costs increase, including an analysis of H.R. 4268.

*West Virginia-American Water Company*, West Virginia Public Service Commission, Case No. 04-0373-W-42T. 2004. Concerning affordability and rate comparisons, on behalf of the West Virginia Consumer Advocate Division.

*West Virginia-American Water Company*, West Virginia Public Service Commission, Case No. 04-0358-W-PC. 2004. Concerning costs, benefits, and risks associated with a wholesale water sales contract, on behalf of the West Virginia Consumer Advocate Division.

*Kentucky-American Water Company*, Kentucky Public Service Commission, Case No. 2004-00103. 2004. Concerning rate design and tariff issues, on behalf of the Kentucky Office of Attorney General.

*New Landing Utility, Inc.*, Illinois Commerce Commission, Docket No. 04-0610. 2005. Concerning the adequacy of service provided by, and standards of performance for, a water and wastewater utility, on behalf of the Illinois Office of Attorney General.

*People of the State of Illinois v. New Landing Utility, Inc.*, Circuit Court of the 15<sup>th</sup> Judicial District, Ogle County, Illinois, No. 00-CH-97. 2005. Concerning the standards of performance for a water and wastewater utility, including whether a receiver should be appointed to manage the utility's operations, on behalf of the Illinois Office of Attorney General.

*Hope Gas, Inc. d/b/a Dominion Hope*, West Virginia Public Service Commission, Case No. 05-0304-G-42T. 2005. Concerning the utility's relationships with affiliated companies, including an appropriate level of revenues and expenses associated with services provided to and received from affiliates, on behalf of the West Virginia Consumer Advocate Division.

*Monongahela Power Co. and The Potomac Edison Co.*, West Virginia Public Service Commission, Case Nos. 05-0402-E-CN and 05-0750-E-PC. 2005. Concerning review of a plan to finance the construction of pollution control facilities and related issues, on behalf of the West Virginia Consumer Advocate Division.

*Joint Application of Duke Energy Corp., et al., for Approval of a Transfer and Acquisition of Control*, Case Kentucky Public Service Commission, No. 2005-00228. 2005. Concerning the risks and benefits associated with the proposed acquisition of an energy utility, on behalf of the Kentucky Office of the Attorney General.

*Commonwealth Edison Company proposed general revision of rates, restructuring and price unbundling of bundled service rates, and revision of other terms and conditions of service*, Illinois Commerce Commission, Docket No. 05-0597. 2005. Concerning rate design and cost of service, on behalf of the Illinois Office of Attorney General.

*Pennsylvania Public Utility Commission v. Aqua Pennsylvania, Inc.*, Pennsylvania Public Utility Commission, Docket No. R-00051030. 2006. Concerning rate design and cost of service, on behalf of the Pennsylvania Office of Consumer Advocate.

*Central Illinois Light Company d/b/a AmerenCILCO, Central Illinois Public Service Company d/b/a AmerenCIPS, and Illinois Power Company d/b/a AmerenIP, proposed general increases in rates for delivery service*, Illinois Commerce Commission, Docket Nos. 06-0070, et al. 2006. Concerning rate design and cost of service, on behalf of the Illinois Office of Attorney General.

*Grens, et al., v. Illinois-American Water Co.*, Illinois Commerce Commission, Docket Nos. 5-0681, et al. 2006. Concerning utility billing, metering, meter reading, and customer service practices, on behalf of the Illinois Office of Attorney General and the Village of Homer Glen, Illinois.

*Commonwealth Edison Company Petition for Approval of Tariffs Implementing ComEd's Proposed Residential Rate Stabilization Program*, Illinois Commerce Commission, Docket No. 06-0411. 2006. Concerning a utility's proposed purchased power phase-in proposal, in behalf of the Illinois Office of Attorney General.

*Illinois-American Water Company, Application for Approval of its Annual Reconciliation of Purchased Water and Purchased Sewage Treatment Surcharges Pursuant to 83 Ill. Adm. Code 655*, Illinois Commerce Commission, Docket No. 06-0196. 2006. Concerning the reconciliation of purchased water and sewer charges, on behalf of the Illinois Office of Attorney General and the Village of Homer Glen, Illinois.

*Illinois-American Water Company, et al.*, Illinois Commerce Commission, Docket No. 06-0336. 2006. Concerning the risks and benefits associated with the proposed divestiture of a water utility, on behalf of the Illinois Office of Attorney General.

*Joint Petition of Kentucky-American Water Company, et al., Kentucky Public Service Commission, Docket No. 2006-00197. 2006. Concerning the risks and benefits associated with the proposed divestiture of a water utility, on behalf of the Kentucky Office of Attorney General.*

*Aqua Illinois, Inc. Proposed Increase in Water Rates for the Kankakee Division, Illinois Commerce Commission, Docket No. 06-0285. 2006. Concerning various revenue requirement, rate design, and tariff issues, on behalf of the County of Kankakee.*

*Housing Authority for the City of Pottsville v. Schuylkill County Municipal Authority, Court of Common Pleas of Schuylkill County, Pennsylvania, No. S-789-2000. 2006. Concerning the reasonableness and uniformity of rates charged by a municipal water authority, on behalf of the Pottsville Housing Authority.*

*Application of Pennsylvania-American Water Company for Approval of a Change in Control, Pennsylvania Public Utility Commission, Docket No. A-212285F0136. 2006. Concerning the risks and benefits associated with the proposed divestiture of a water utility, on behalf of the Pennsylvania Office of Consumer Advocate.*

*Application of Artesian Water Company, Inc., for an Increase in Water Rates, Delaware Public Service Commission, Docket No. 06-158. 2006. Concerning rate design and cost of service, on behalf of the Staff of the Delaware Public Service Commission.*

*Central Illinois Light Company, Central Illinois Public Service Company, and Illinois Power Company: Petition Requesting Approval of Deferral and Securitization of Power Costs, Illinois Commerce Commission, Docket No. 06-0448. 2006. Concerning a utility's proposed purchased power phase-in proposal, in behalf of the Illinois Office of Attorney General.*

*Petition of Pennsylvania-American Water Company for Approval to Implement a Tariff Supplement Revising the Distribution System Improvement Charge, Pennsylvania Public Utility Commission, Docket No. P-00062241. 2007. Concerning the reasonableness of a water utility's proposal to increase the cap on a statutorily authorized distribution system surcharge, on behalf of the Pennsylvania Office of Consumer Advocate.*

*Adjustment of the Rates of Kentucky-American Water Company, Kentucky Public Service Commission, Case No. 2007-00143. 2007. Concerning rate design and cost of service, on behalf of the Kentucky Office of Attorney General.*

*Application of Kentucky-American Water Company for a Certificate of Convenience and Necessity Authorizing the Construction of Kentucky River Station II, Associated Facilities and Transmission Main, Kentucky Public Service Commission, Case No. 2007-00134. 2007. Concerning the life-cycle costs of a planned water supply source and the imposition of conditions on the construction of that project, on behalf of the Kentucky Office of Attorney General.*

*Pa. Public Utility Commission v. Pennsylvania-American Water Company, Pennsylvania Public Utility Commission, Docket No. R-00072229. 2007. Concerning rate design and cost of service, on behalf of the Pennsylvania Office of Consumer Advocate.*

*Illinois-American Water Company Application for Approval of its Annual Reconciliation of Purchased Water and Purchased Sewage Treatment Surcharges, Illinois Commerce Commission, Docket*

No. 07-0195. 2007. Concerning the reconciliation of purchased water and sewer charges, on behalf of the Illinois Office of Attorney General.

*In the Matter of the Application of Aqua Ohio, Inc. to Increase Its Rates for Water Service Provided In the Lake Erie Division*, Public Utilities Commission of Ohio, Case No.07-0564-WW-AIR. 2007. Concerning rate design and cost of service, on behalf of the Office of the Ohio Consumers' Counsel.

*Pa. Public Utility Commission v. Aqua Pennsylvania Inc.*, Pennsylvania Public Utility Commission, Docket No. R-00072711. 2008. Concerning rate design, on behalf of the Masthope Property Owners Council.

*Illinois-American Water Company Proposed increase in water and sewer rates*, Illinois Commerce Commission, Docket No. 07-0507. 2008. Concerning rate design and demand studies, on behalf of the Illinois Office of Attorney General.

*Central Illinois Light Company, d/b/a AmerenCILCO; Central Illinois Public Service Company, d/b/a AmerenCIPS; Illinois Power Company, d/b/a AmerenIP: Proposed general increase in rates for electric delivery service*, Illinois Commerce Commission Docket Nos. 07-0585, 07-0586, 07-0587. 2008. Concerning rate design and cost of service studies, on behalf of the Illinois Office of Attorney General.

*Commonwealth Edison Company: Proposed general increase in electric rates*, Illinois Commerce Commission Docket No. 07-0566. 2008. Concerning rate design and cost of service studies, on behalf of the Illinois Office of Attorney General.

*In the Matter of Application of Ohio American Water Co. to Increase Its Rates*, Public Utilities Commission of Ohio, Case No. 07-1112-WS-AIR. 2008. Concerning rate design and cost of service, on behalf of the Office of the Ohio Consumers' Counsel.



**Calculation of Dishonored Payment (NSF) Charge**

Month	ACH Returns	ACH Manual	Check Returns	Total
Apr-07	18		3	21
May-07	18		2	20
Jun-07	18		2	20
Jul-07	20		1	21
Aug-07	34			34
Sep-07	14		2	16
Oct-07	49		4	53
Nov-07	26		1	27
Dec-07	17		2	19
Jan-08		3		3
Feb-08	1	1		2
Mar-08	11	12		23
Total	226	16	17	259

Unit Cost	\$ 12.63	\$ 37.13	\$ 17.13	
Total Cost	\$ 2,854.38	\$ 594.08	\$ 291.21	\$ 3,739.67
Average Cost				\$ 14.44
Recommended Charge				\$ 14.50

Sources:

Number of returns from Attachment SJR-B

Unit cost from Attachment SJR-A

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

**Allocation of Miscellaneous Revenues**

**Allocation of Miscellaneous Revenues per Company Filing**

Revenue Category	Amount	Factor	Residential	Commercial	Industrial	Dragoo	Aqua	Private Fire	Total
NSF charges	14,212	13	12,968	1,033	48	1	1	161	14,212
Late payment charges	397,973	19	265,806	73,187	34,982	557	16,357	7,084	397,973
Activation charges	245,622	13	224,104	17,857	836	25	25	2,776	245,622
Reconnection charges	132,947	13	121,302	9,665	452	13	13	1,502	132,947
Usage data reading revenues	17,885	14C	16,479	1,341	63	-	2	-	17,885
Frozen meter charges	4,744	14C	4,371	366	17	-	-	-	4,744
Temporary service revenues	2,703	19	1,805	497	238	4	111	48	2,703
Other revenues	10,699	19	7,146	1,968	940	15	440	190	10,699
Total	826,785		653,981	105,904	37,575	615	16,949	11,761	826,785

**Allocation of Miscellaneous Revenues per Staff Report (Sch. C-3.2)**

Revenue Category	Amount	Factor	Residential	Commercial	Industrial	Dragoo	Aqua	Private Fire	Total
NSF charges	28,453	13	25,959	2,069	97	3	3	322	28,453
Late payment charges	400,267	19	267,339	73,609	35,183	560	16,451	7,125	400,267
Activation charges	212,083	13	193,505	15,418	721	21	21	2,397	212,083
Reconnection charges	239,746	13	218,744	17,430	815	24	24	2,709	239,746
Usage data reading revenues	17,885	14C	16,479	1,341	63	-	2	-	17,885
Frozen meter charges	4,744	14C	4,371	366	17	-	-	-	4,744
Temporary service revenues	2,703	19	1,805	497	238	4	111	48	2,703
Other revenues	10,699	19	7,146	1,968	940	15	440	190	10,699
Total	916,580		735,348	112,688	38,074	627	17,052	12,791	916,580

**Allocation of Miscellaneous Revenues per OCC Under Proposed Rates**

Revenue Category	Amount	Factor	Residential	Commercial	Industrial	Dragoo	Aqua	Private Fire	Total
NSF charges	21,180	13	19,325	1,540	72	2	2	239	21,180
Late payment charges	400,267	19	267,339	73,609	35,183	560	16,461	7,125	400,267
Activation charges	231,363	13	211,096	16,820	787	23	23	2,614	231,363
Reconnection charges	261,541	13	238,631	19,014	889	26	26	2,955	261,541
Usage data reading revenues	24,270	14C	22,363	1,820	85	-	2	-	24,270
Frozen meter charges	10,825	14C	9,974	812	38	-	1	-	10,825
Temporary service revenues	2,703	19	1,805	497	238	4	111	48	2,703
Other revenues	10,699	19	7,146	1,968	940	15	440	190	10,699
Total	962,848		777,679	116,060	38,232	630	17,056	13,171	962,848

**Allocation of Meter Reading Costs**

***Correction of Number of Metered Customers (Factor 14C)***

	(a)	(b)	(c)	(d)
	Total	Less	Total	
Customer Class	Customers	Unmetered Customers	Metered Customers	Allocation Factor
Residential	47,266	(1,041)	46,225	0.9214
Commercial	3,767	(5)	3,762	0.0750
Industrial	178		178	0.0035
Dragoo	2		2	-
Aqua	4		4	0.0001
Private Fire	584	(584)	-	-
	51,801	(1,630)	50,171	1.0000

**Source:**

- (a) OAW cost of service study, Factor 13
- (b) Attachment SJR-C
- (c) column (a) + column (b)
- (d) column (c) / total of column (c)

**Allocation of Meter Reading Costs**

**Using Pennsylvania Data on Meter Reading Efficiency and Monthly / Bimonthly Read Data (Factor 14R)**

Customer Class	(a) Number of Metered Customers	(b) Number of Monthly Reads	(c) Number of Bimonthly Reads	(d) Number of Meter Reads	(e) Person Days Per 100 Meter Reads	(f) Total Person Days	(g) Allocation Factor
Residential	46,225	103,134.7	232,022.1	335,156.8	0.3025	1,013.8	0.8307
Commercial	3,488	10,056.1	15,900.9	25,957.0	0.5470	142.0	0.1164
Industrial	178	1,858.4	122.7	1,981.1	1.2976	25.7	0.0211
Public	278	2,145.5	597.5	2,743.0	1.3789	37.8	0.0310
Dragoo	2	24.0	-	24.0	0.5470	0.1	0.0001
Aqua	4	48.0	-	48.0	1.8056	0.9	0.0007
	50,176	117,266.7	248,643.2	365,909.9		1,220.3	1.0000

**Sources / Notes**

- (a) Exhibit SJR-3
- (b) OAW Schedule E-4.1 for Water A and Water C
- (c) OAW Schedule E-4.1 for Water A and Water C
- (d) column (b) + column (c)
- (e) Attachment SJR-D
- (f) column (d) / 100 x column (e)
- (g) column (f) / total for column (f)

Ohio American Water Company  
PUCO Case No. 07-1112-WVS-AIR

Cost of Service Summary

Customer Class	Ohio American Water			OCC with OAW Misc. Rev.			OCC with Staff Misc. Rev.			OCC with OCC Misc. Rev.	
	Cost of Service	Percent		Cost of Service	Percent		Cost of Service	Percent		Cost of Service	Percent
Residential	22,689,422	66.8%		22,528,578	66.4%		22,447,211	66.3%		22,404,880	66.3%
Commercial / Public	6,233,372	18.4%		6,327,643	18.6%		6,320,859	18.7%		6,317,467	18.7%
Industrial	2,975,260	8.8%		3,021,152	8.9%		3,020,653	8.9%		3,020,495	8.9%
Drainage	48,889	0.1%		49,453	0.1%		49,441	0.1%		49,438	0.1%
Aquatic	1,391,899	4.1%		1,409,060	4.2%		1,408,956	4.2%		1,408,952	4.2%
Private Fire	606,995	1.8%		609,951	1.8%		608,921	1.8%		608,541	1.8%
Subtotal	33,945,837	100.0%		33,945,837	100.0%		33,856,041	100.0%		33,809,773	100.0%
Misc. Revenues	826,784			826,784			916,580			962,848	
Total	34,772,621			34,772,621			34,772,621			34,772,621	

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

**Average Residential Metering Cost**

***Variable Charges***

Rate Base

Plant in Service	
Meters	\$ 4,473,712
Meter Installations	<u>1,870,912</u>
Subtotal Plant in Service	\$ 6,344,624

Depreciation Reserve	
Meters	\$ 1,332,649
Meter Installations	<u>659,670</u>
Subtotal Depreciation Reserve	\$ 1,992,319

Total Rate Base	\$ 4,352,305
Rate of Return	8.27%
Return on Rate Base	\$ 359,936

Operation & Maintenance Expense	
Meter Expense	\$ 191,852
Meter Installation Expense	434,820
Meter & Meter Installation Maintenance	<u>7,534</u>
Total Operation & Maintenance Expense	\$ 634,206

Depreciation Expense	
Meter	\$ 235,285
Meter Installations	<u>54,363</u>
Total Depreciation Expense	\$ 289,648

Total Variable Revenue Requirement	\$ 1,283,790
------------------------------------	--------------

Total Equivalent Monthly Meters	716,532
---------------------------------	---------

Monthly Variable Cost per Meter	\$ 1.79
---------------------------------	---------

***Fixed Charges***

Meter Reading Expenses	\$ 215,207
------------------------	------------

Total Monthly Customer Billings	405,350
---------------------------------	---------

Monthly Fixed Cost per Meter	\$ 0.53
------------------------------	---------

<b>Total Monthly Metering Cost per Metered Acct.</b>	<b>\$ 2.32</b>
--	----------------

Source: All data from Staff Report, pp. 33-35

**Rates**

	<u>Current</u>		<u>OAW Proposed</u>		<u>OCC Proposed</u>	
	<u>Monthly</u>	<u>Bimonthly</u>	<u>Monthly</u>	<u>Bimonthly</u>	<u>Monthly</u>	<u>Bimonthly</u>
<b>Water A</b>						
5/8 inch	9.41	18.82	10.59	21.18	7.21	14.42
3/4 inch	12.00	24.00	13.51	27.02	9.73	19.46
1 inch	17.18	34.36	19.34	38.68	14.76	29.52
1-1/2 inch	30.12	60.24	33.90	67.80	27.35	54.70
2 inch	45.64	91.28	51.38	102.76	42.45	84.90
3 inch	81.88	163.76	92.17	184.34	77.70	155.40
4 inch	133.64	267.28	150.43	300.86	128.04	256.08
6 inch	263.05	526.10	296.11	592.22	253.91	507.82
<b>Water C</b>						
5/8 inch	9.41		10.59		7.21	
3/4 inch	12.00		13.51		9.73	
1 inch	17.18		19.34		14.76	
1-1/2 inch	30.12		33.90		27.35	
2 inch	45.64		51.38		42.45	
3 inch	81.88		92.17		77.70	
4 inch	133.64		150.43		128.04	
6 inch	263.05		296.11		253.91	
<b>Water A</b>						
Block 1	4.4793	4.4793	5.0422	5.0422	5.1021	5.1021
Block 2	3.2779	3.2779	3.6898	3.6898	3.2779	3.2779
Block 3	1.4081	1.4081	1.5850	1.5850	1.9197	1.9197
Softening	0.3326	0.3326	0.3609	0.3609	0.3609	
Flat Rate		70.77		79.66		50.60
Sales for Resale	1.5224		1.7137		1.8445	
<b>Water C</b>						
Block 1	3.2074		4.7470		5.1021	
Block 2	1.9686		2.9136		3.2779	
Block 3	1.9686		1.5850		1.9197	
Purchased Water	1.4573		1.6105		1.6105	
Reverse Osmosis	1.3250		1.1922		1.1922	
Softening	0.6122		0.6007		0.6007	

**OCC Rate Design Under OCC Proposed Revenue Requirement**

**Water A Summary**

	Present	OAW Proposed		OCC Proposed	
	Revenues	Revenues	% Increase	Revenues	% Increase
Residential	\$ 15,979,286	\$ 17,971,736	12.5%	\$ 16,271,202	1.8%
Commercial	4,029,551	4,530,921	12.4%	4,103,432	1.8%
Industrial	2,290,663	2,572,990	12.3%	2,451,360	7.0%
Public	1,528,435	1,714,456	12.2%	1,703,753	11.5%
Resale	1,082,826	1,219,008	12.6%	1,313,056	21.3%
Ind. Contract	338,368	338,368	0.0%	338,368	0.0%
Misc. Sales	3,025	3,396	12.3%	3,396	12.3%
Private Fire	474,257	533,858	12.6%	533,858	12.6%
Total	\$ 25,726,411	\$ 28,884,733	12.3%	\$ 26,718,425	3.9%

**Water C Summary**

	Present	OAW Proposed		OCC Proposed	
	Revenues	Revenues	% Increase	Revenues	% Increase
Residential	\$ 3,492,936	\$ 4,602,313	31.8%	\$ 4,287,664	22.8%
Commercial	340,190	432,031	27.0%	423,294	24.4%
Private Fire	26,902	30,143	12.0%	30,143	12.0%
Total	\$ 3,860,028	\$ 5,064,487	31.2%	\$ 4,741,101	22.8%

**Total Company Summary**

	Present	OAW Proposed		OCC Proposed	
	Revenues	Revenues	% Increase	Revenues	% Increase
Residential	\$ 19,472,222	\$ 22,574,049	15.9%	\$ 20,558,866	5.6%
Commercial	4,369,741	4,962,952	13.6%	4,526,726	3.6%
Industrial	2,290,663	2,572,990	12.3%	2,451,360	7.0%
Public	1,528,435	1,714,456	12.2%	1,703,753	11.5%
Resale	1,082,826	1,219,008	12.6%	1,313,056	21.3%
Ind. Contract	338,368	338,368	0.0%	338,368	0.0%
Misc. Sales	3,025	3,396	12.3%	3,396	12.3%
Private Fire	501,159	564,001	12.5%	564,001	12.5%
Total	\$ 29,586,439	\$ 33,949,220	14.7%	\$ 31,459,526	6.3%
Misc. Revs.	\$ 826,784	\$ 826,784	0.0%	\$ 962,848	16.5%
Total	\$ 30,413,223	\$ 34,776,004	14.3%	\$ 32,422,374	6.6%



**Comparison of OCC Proposed Rates and OCC Cost of Service**

	<u>% of Cost of Service</u>	<u>% of Revenues</u>	<u>Difference</u>
Residential	66.27%	65.36%	-0.91%
Commercial / Public / Dragoo	18.83%	19.81%	0.98%
Industrial	8.93%	8.87%	-0.06%
Sales for Resale	4.17%	4.17%	0.00%
Private Fire	<u>1.80%</u>	<u>1.79%</u>	<u>-0.01%</u>
Total	100.00%	100.00%	0.00%

	<u>Revenue Requirement</u>	<u>Revenue as Designed</u>	<u>Difference</u>
Water A Service	\$ 26,385,357	\$ 26,718,425	\$ 333,068
Water A Misc	<u>803,961</u>	<u>803,961</u>	<u>-</u>
Water A Total	\$ 27,189,318	\$ 27,522,386	\$ 333,068
Water C Service	\$ 5,074,218	\$ 4,741,101	\$ (333,117)
Water C Misc	<u>158,887</u>	<u>158,887</u>	<u>-</u>
Water C Total	\$ 5,233,105	\$ 4,899,988	\$ (333,117)
Total Service	\$ 31,459,575	\$ 31,459,526	\$ (49)
Total Misc	<u>962,848</u>	<u>962,848</u>	<u>-</u>
Total Revenue	\$ 32,422,423	\$ 32,422,374	\$ (49)

No. S027

**DATA INFORMATION REQUEST**  
**Ohio-American Water Company**  
**CASE NO. 07-1112-WS-AIR**

**Requested From:** Gary VerDouw  
**Date Requested:** 2/20/08

**Information Requested:**

- A) Please itemize the cost to process a dishonored payment charge.
- B) How many dishonored payments did the company process during the test year?
- C) Please provide the amount of revenue generated during the test year attributable to dishonored payment charge collection.

Sue Daly, PUCO – [Sue.Daly@puc.state.oh.us](mailto:Sue.Daly@puc.state.oh.us) - 614-466-5634

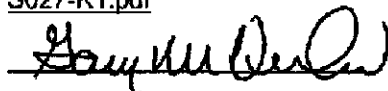
**Information Provided**

Please see S027-R1.

**Hyperlink:** [S027-R1.pdf](#)

**Date Response Provided:** 2-26-08

**Signed By:**



**Prepared By:** James Yuan

Ohio-American Water Company  
Staff DR \$027

**Disbursed Payments (NSF Fees)**

Cost Itemization:

<u>Title</u>	<u>Hourly Rate</u>	<u>Benefit Rate</u>	<u>Hours</u>	<u>Extended Cost</u>	<u>Task</u>
Customer Information Clerk	\$ 12.03	1.4262	0.15	\$ 2.57	Redepoll or set up for collection
Bank Fee				\$ 18.00	Bank NSF Fee
Total Labor & Benefits				\$ 20.57	
Plus Return	8.27%			\$ 1.70	
Overall Total				\$ 22.27	

**Disbursed Checks**

	2007 Apr	2007 May	2007 Jun	2007 Jul	2007 Aug	2007 Sep	2007 Oct	2007 Nov	2007 Dec	2008 Jan	2008 Feb	2008 Mar	Test Year Total
Revenues	975.25	1,342.50	1,245.00	1,390.25	2,303.25	1,431.75	1,680.75	1,307.25	1,078.00	1,275.00			14,030.00
NSF Charge	20.75												
NSF Payments Processed	47	65	60	37	111	89	81	63	52	61			

Ohio-American Water Company  
Rate Case No. 07-1113-W6 AIR  
Update to Staff DR SO27  
Updated April 25, 2008

Dishonored Payments (NSF Fees)

Cost Itemization:

Labor and Benefits for NSF Handling:		Hourly Rate	Benefit Rate	Hours	Extended Cost	Task
Cash Management Specialist		\$ 16.72	1.4262	0.35	\$ 9.34	Redeposit or set up for collection; debit account for check amount and NSF fee
CSR - Call Handling Representative		13.03	1.4262	0.15	\$ 2.79	Follow-up call from customer regarding NSF check and fees
Total Labor & Benefits					\$ 12.13	

Bank Fees for NSF Checks:

Mellon NSF Check Charge:	\$ 2.50	Bank NSF Fee
Mellon NSF Redeposit Fee:	\$ 2.50	
Total NSF Fee	\$ 5.00	

Total NSF Charge

\$ 17.13

Labor and Benefits		Bank Charge	Total
Cost for NSF Check:	\$ 12.13	\$ 5.00	\$ 17.13
Cost for ACH NSF Return:	12.13	0.50	12.63
Cost for Manual ACH NSF Return:	12.13	25.00	37.13

Actual Dishonored Check Charges April 2007 - March 2008:

	2007 Apr	2007 May	2007 Jun	2007 Jul	2007 Aug	2007 Sep	2007 Oct	2007 Nov	2007 Dec	2008 Jan	2008 Feb	2008 Mar	Test Year Total
Revenues	976.25	1,342.50	1,245.00	1,390.25	2,303.25	1,431.75	1,690.75	1,307.25	1,079.00	1,556.25	809.25	1,099.75	16,220.25
NSF Charge	20.76												
NSF Payments Processed	47	65	60	67	111	69	81	63	52	75	39	53	

No. OCC RPD 118

**DATA INFORMATION REQUEST**  
**Ohio-American Water Company**  
**CASE NO. 07-1112-WS-AIR**

Requested From: Gary VerDouw

Date Requested: 4/10/08

**Information Requested:**

In reference to OAW's response to Staff's Discovery Request No. 027, please provide copies of all bank statements for the most recent 12 months showing the actual NSF fees for checks and ACH payments charged to the Company by its banks.

Requested By: Office of the Ohio Consumers' Counsel  
 Gregory J. Poulos - [poulos@occ.state.oh.us](mailto:poulos@occ.state.oh.us)  
 Ann M. Hotz - [hotz@occ.state.oh.us](mailto:hotz@occ.state.oh.us)

**Information Provided:** Please see attached statements

**Ohio-American Water**  
**Returned Check and ACH activity**  
**For the 12 month period ending March 2008**

Bank	Month	ACH Returns			Check Returns		
		Volume	Price	Total	Volume	Price	Total
Deutsche	Mar-07	12	\$ 2.00	\$ 24.00	5	\$ 4.00	\$ 20.00
Deutsche	Apr-07	18	\$ 2.00	\$ 36.00	3	\$ 4.00	\$ 12.00
Deutsche	May-07	18	\$ 2.00	\$ 36.00	2	\$ 4.00	\$ 8.00
Deutsche	Jun-07	18	\$ 2.00	\$ 36.00	2	\$ 4.00	\$ 8.00
Deutsche	Jul-07	20	\$ 2.00	\$ 40.00	1	\$ 4.00	\$ 4.00
Deutsche	Aug-07	34	\$ 2.00	\$ 68.00	0	\$ 4.00	\$ -
Deutsche	Sep-07	14	\$ 2.00	\$ 28.00	2	\$ 4.00	\$ 8.00
Deutsche	Oct-07	49	\$ 2.00	\$ 98.00	4	\$ 4.00	\$ 16.00
Deutsche	Nov-07	26	\$ 2.00	\$ 52.00	1	\$ 4.00	\$ 4.00
Deutsche	Dec-07	17	\$ 2.00	\$ 34.00	2	\$ 4.00	\$ 8.00
Mellon *	Jan-08	3	\$ 25.00	\$ 75.00	0	\$ -	\$ -
Mellon	Feb-08	1	\$ 0.50	\$ 0.50	0	\$ -	\$ -
Mellon	Feb-08	1	\$ 25.00	\$ 25.00	0	\$ -	\$ -
Mellon	Mar-08	11	\$ 0.50	\$ 5.50	0	\$ -	\$ -
Mellon	Mar-08	12	\$ 25.00	\$ 300.00	0	\$ -	\$ -
<b>Total</b>				<b>\$ 858.00</b>			<b>\$ 88.00</b>

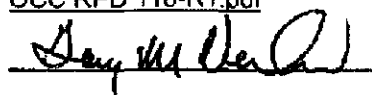
Note: Ohio-American changed to Mellon Bank as its lockbox provider in January 2008

Mellon ACH Returns consist of NSF returns at \$0.50 each and manual ACH returns requested by customers at \$25.00

Hyperlink: [OCC RPD 118-R1.pdf](#)

Date Response Provided: 4-30-08

Signed By:



Prepared By: George Conroy

No. OCC INT 188

**DATA INFORMATION REQUEST  
Ohio-American Water Company  
CASE NO. 07-1112-WS-AIR**

**Requested From:** Gary VerDouw  
**Date Requested:** 4/10/08

**Information Requested:**

In reference to OAW's responses to OCC Interrogatory Nos. 120 and 121, concerning flat rate customers:

- a. In which service area(s) are the flat rate customers located?
- b. How many flat rate residential customers are there in each service area?
- c. How many flat rate commercial customers are there in each service area?
- d. What rates are charged under present rates to flat rate customers?
- e. What rates does the Company propose to be charge under proposed rates to flat rate customers?
- f. Where do flat rate customers appear in Schedule E-4? If they do not appear, why not?

**Requested By:** Office of the Ohio Consumers' Counsel  
Gregory J. Poulos - [poulos@occ.state.oh.us](mailto:poulos@occ.state.oh.us)  
Ann M. Hotz - [hotz@occ.state.oh.us](mailto:hotz@occ.state.oh.us)

**Information Provided:**

- a. Mansfield service area only.
- b. 1,041
- c. 5
- d. See tariff sheet P.U.C.O. No 15 1<sup>st</sup> revised Sheet No. 1.
- e. See Schedule E-4.1 page 1 of 6, Line No. 18.
- f. See Schedule E-4.1 page 1 of 6, Line No. 18.

**Hyperlink:**

**Signed By:**



**Date Response Provided:**

4-14-08

**Prepared By:** Craig A. Simshauser

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

**Data from Pennsylvania American Water Company on  
Meter Reading Efficiency**

Customer Class	(a) Number of Customers	(b) Number of Meter Reads	(c) Person Days of Meter Reading	(d) Person Days Per 100 Meter Reads	(e) Meter Reads Per Person Day
Residential	577,993	6,935,916	20,983.2	0.3025	331
Commercial	42,555	510,660	2,793.1	0.5470	183
Industrial	849	10,188	132.2	1.2976	77
Public	2,305	27,660	381.4	1.3789	73
Other Water Utilities	24	288	5.2	1.8056	55
Total	623,726	7,484,712	24,295.1	0.3246	308

**Sources / Notes:**

- (a) Pa. American Water Co., PA PUC Docket No. R-00072229, PAWC Exhibit 8-A, page 31
- (b) column (a) x 12
- (c) Pa. American Water Co., PA PUC Docket No. R-00072229, PAWC Exhibit 8-A, page 31
- (d) column (c) / (column (b) / 100)
- (e) column (b) / column (c)

No. OCC INT 116

**DATA INFORMATION REQUEST**  
**Ohio-American Water Company**  
**CASE NO. 07-1112-WS-AIR**

**Requested From:** Gary VerDouw  
**Date Requested:** 3/12/08

**Information Requested:**

Regarding Direct Testimony of Paul Herbert, page 9. Why were meter reading costs allocated on the basis of the number of metered customers, rather than on a measure of the amount of time spent, or the cost incurred, by customer class to read meters?

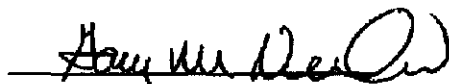
**Requested By:** Office of the Ohio Consumers' Counsel  
Maureen R. Grady - [grady@occ.state.oh.us](mailto:grady@occ.state.oh.us)  
Melissa R. Yost - [yost@occ.state.oh.us](mailto:yost@occ.state.oh.us)  
Gregory J. Poulos - [poulos@occ.state.oh.us](mailto:poulos@occ.state.oh.us)

**Information Provided:**

There are no records or record keeping that indicate the amount of time spent or the costs incurred to read meters by customer class. Therefore, such costs are allocated based on the number of metered customers.

**Hyperlink:**

**Signed By:**



**Date Response Provided:** 4-6-08

**Prepared By:** P.R. Herbert



No. OCC INT 186

**DATA INFORMATION REQUEST  
Ohio-American Water Company  
CASE NO. 07-1112-WS-AIR**

**Requested From:** Gary VerDouw  
**Date Requested:** 4/10/08

**Information Requested:**

In reference to OAW's response to OCC Interrogatory No. 116, why is Mr. Herbert unable to perform the same type of analysis of meter reading by customer class for Ohio American Water that he performed for Pennsylvania American Water in the latter utility's most recent rate case?

**Requested By:** Office of the Ohio Consumers' Counsel  
Gregory J. Poulos - [poulos@occ.state.oh.us](mailto:poulos@occ.state.oh.us)  
Ann M. Hotz - [hotz@occ.state.oh.us](mailto:hotz@occ.state.oh.us)

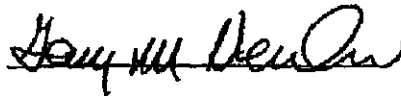
**Information Provided:**

The response to OCC INT 116 indicated that there are no records to measure the amount of time spent or costs incurred to read meters by classification. This is a true statement.

**Hyperlink:**

**Date Response Provided:** 4-30-08

**Signed By:**



**Prepared By:** Paul Herbert

No. OCC INT 192

**DATA INFORMATION REQUEST  
Ohio-American Water Company  
CASE NO. 07-1112-WS-AIR**

**Requested From:** Gary VerDouw  
**Date Requested:** 4/10/08

**Information Requested:**

In reference to OAW's response to Staff Discovery Request No. 27:

- a. What is the meaning of the line "Plus Return"?
- b. On what investment is the Company suggesting it should earn a return as part of the disconnection and reconnection fees?
- c. Does the bank NSF fee of \$18.00 apply to dishonored checks and dishonored ACH payments? If not, what are the different fees?
- d. Why is the bank NSF fee so high?
- e. Has the Company investigated the NSF fees charged by other banks?
- f. Why has the Company decided to remain with a bank that charges such a high NSF fee?

**Requested By:** Office of the Ohio Consumers' Counsel  
Gregory J. Poulos - [poulos@occ.state.oh.us](mailto:poulos@occ.state.oh.us)  
Ann M. Hotz - [hotz@occ.state.oh.us](mailto:hotz@occ.state.oh.us)

**Information Provided:**

Please see the update to S027 reflecting updated NSF and handling time charges per transaction.

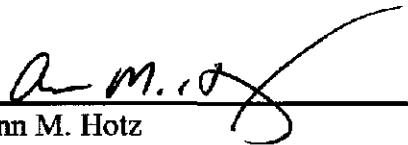
- a. "Plus Return" is the overall rate of return the company is expecting to earn.
- b. The Company is not proposing to earn a return on the disconnection and reconnection fees. This schedule was used as support in the prior case and again in the current case, previously this was not an issue. Currently the company charges a reconnection fee of \$31.50.
- c. Ohio's current lockbox provider - Mellon Bank, charges separate fees for dishonored checks and ACH payments. They currently charge \$0.50 for each dishonored ACH payment and \$2.50 for each dishonored check. There is also a \$2.50 redeposit fee for each NSF check that is re-deposited for payment. Mellon also charges a \$25.00 manual ACH return charge for requested returns of ACH payments sent to us in error.
- d. Mellon Bank's ACH return fee of \$0.50 is less than our previous lockbox provider, Deutsche Bank's charge of \$2.00 per ACH return. Mellon's NSF check charge and redeposit fee of \$2.50 each (\$5.00 total) is also less than Deutsche Bank's charges of \$4.00 per NSF check and \$4.00 per redeposit (\$8.00 total).
- e. American Water recently submitted a request for proposal regarding our company-wide lockbox processing requirements. All bank proposals submitted to us were reviewed for pricing on a number of services, including NSF fees. When selecting a lockbox provider, the total mix of fees and services is evaluated to determine the lowest cost provider.
- f. As stated in d above, Mellon's NSF fees for checks and ACH's are lower than the company's previous lockbox provider - Deutsche Bank.

**Hyperlink:****Signed By:**

**Date Response Provided:** 4-30-08**Prepared By:** Craig Simshauser/George Conroy

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the Direct Testimony of Scott J. Rubin was provided to the persons listed below via first class U.S. Mail, postage prepaid, this 27th day of June, 2008.

  
\_\_\_\_\_  
Ann M. Hotz  
Assistant Consumers' Counsel

**SERVICE LIST**

Thomas Lindgren  
Attorney General's Office  
Public Utilities Section  
180 East Broad Street, 9<sup>th</sup> Floor  
Columbus, OH 43215

Henry Eckhart  
Attorney at Law  
50 West Broad St., Ste. 2117  
Columbus, OH 43215-3301

Sally Bloomfield  
Thomas J. O'Brien  
Bricker & Eckler LLP  
100 South Third Street  
Columbus, OH 43215-4291

Mark Russell  
Law Director  
233 W. Center St.  
Marion, OH 43302