

**FILE**

12

<u>X</u>	Management policies, practices and organization
<u>      </u>	Operating income
<u>      </u>	Rate base
<u>      </u>	Allocations
<u>      </u>	Rate of return
<u>      </u>	Rates and tariffs
<u>      </u>	Other - Section F
<u>      </u>	Other - Section S
<u>X</u>	Other

# **OHIO AMERICAN WATER COMPANY**

**CASE NO. 07-1112-WS-AIR**

**SUPPLEMENTAL TESTIMONY OF**

**THOMAS SCHWING**

**June 27, 2008**

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CASE NO. 07-1112-WS-AIR**

**SUPPLEMENTAL TESTIMONY OF  
THOMAS SCHWING**

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- 1. Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

A. My name is Thomas Schwing. My business address is 5481 Buenos Aires Boulevard, Westerville, Ohio 43081.
- 2. Q. BY WHOM ARE YOU EMPLOYED?**

A. I am the Network Operations Superintendent for Franklin County District of Ohio American Water ("Ohio American" or the "Company").
- 3. Q. ARE YOU THE SAME THOMAS SCHWING THAT PREVIOUSLY FILED TESTIMONY IN THIS PROCEEDING?**

A. Yes, I am. I previously submitted testimony summarizing the Stipulation commitments of the last rate case (Case No. 06-433-WS-AIR) as they pertain to the Franklin County District and the Company's compliance with them.
- 4. Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY IN THIS PROCEEDING?**

A. The purpose of my supplemental testimony is to provide the Commission with an update regarding the Company's compliance with and satisfaction of its commitments under the Stipulation of the last rate case as they pertain to the Franklin County District and to elaborate on the Company's efforts to respond to customer concerns about water quality and quality of service issues in the Franklin County District.
- 5. Q. PLEASE PROVIDE AN UPDATE REGARDING THE COMPANY'S COMMITMENTS RESULTING FROM THE STIPULATION THAT**

**OHIO AMERICAN AGREED TO IN THE LAST RATE CASE AND GIVE THE STATUS AND COMPLIANCE OF EACH ONE?**

- A. I will address the Company's actions, since the filing of my direct testimony on November 27, 2007, in the Franklin County District to comply with its commitments as set forth in paragraphs 12 and 13 of the last stipulation.

6. **Q. PLEASE PROVIDE AN UPDATE REGARDING OHIO AMERICAN'S COMMITMENTS WITH RESPECT TO ELIMINATING THE DISCOLORATION OF WATER IN THE HUBER RIDGE DISTRICT?**

- A. Since the filing of my direct testimony in this case, the Company has taken the following steps in meeting this commitment:
- Completed construction of a chemical building addition to the Huber Ridge Water Treatment Plant ("HRWTP"). This chemical building provides the ability to maintain the proper chemical inventory: to accurately control the proper dosages of chemicals used in the HRWTP by using electronic chemical feed pumps and chemical inventory scales. The chemical addition building was placed into service in early 2008. Its chemical feed system significantly increases the process control of the different chemicals fed to reduce iron and manganese concentrations in the water; increases treatment process reliability; provides cost effective chemical addition through more accurate dosing; and provides the capability to add a phosphate blend solution to help in maintaining the water quality throughout the Huber Ridge water distribution/storage system.
  - Ohio American began the addition of an ortho/poly-phosphate blend solution to the finished water. The purpose of this chemical addition is to

provide a chemical agent that would assist in maintaining water quality of the finished water pumped from the HRWTP as it resides in the water distribution and storage system and is delivered to our customers. This is achieved by a combination of sequestering any very low concentrations of iron that may be in the water and by coating the internal surface areas of the water distribution piping that may interact with the water and cause a reduction in the water quality.

- Ohio American continues to monitor the water quality in the Huber Ridge water distribution system through its weekly sampling program at designated sampling sites.
- Ohio American has completed the repair/replacement of all known broken valves.
- Ohio American installed a new fire hydrant for the specific purpose of flushing the two water supply lines under I-270 supplying water to the Sunbury portion of the Huber Ridge service area. The installation of the fire hydrant and associated water main control valves increases the ability to achieve a more controlled flushing velocity and increases the distribution system's water delivery reliability.
- Ohio American completed its annual unidirectional flushing program in late March and early April of 2008 for the entire Huber Ridge water distribution system.

7. **Q. ARE THERE CLARIFICATIONS TO THE STAFF REPORT THAT SHOULD BE MADE WITH RESPECT TO THE BLENDING CAPABILITY OF THE LAKE DARBY TREATMENT PLANT?**

**A.** Yes, the Staff Report (pages 62-63) referenced the variability of the finished water hardness, particularly as sampled, measured and reported by a Prairie Township trustee. As noted in the Staff Report there were major changes in the normal Lake Darby water treatment plant ("Lake Darby WTP") operations associated with the use of small temporary water storage tanks while the system's elevated water storage tower was being painted.

In response to the Prairie Township trustee's reported values, Ohio American met with Staff and the trustee to discuss the trustee's reported water hardness values. Ohio American committed to investigate and determine the apparent variability in water hardness concentrations.

In response to that meeting and through Ohio American's subsequent investigation and examination, multiple causes were identified which could have contributed to the apparent variability of the water hardness. A report of Ohio American's investigation was filed with the Commission (See filing entitled Ohio American Water Company Response to Documents Filed by Steve Kennedy, Prairie Township Trustee filed February 13, 2008).

Based on its findings, Ohio American immediately modified the original 1972 water blend pipe line design—from a single large blend piping system to two (2) smaller blend piping systems with each smaller blend pipe line coupled to a specific water softener. This action provides more precise control of water blending resulting in more stable finished water hardness.

Once the piping modifications had been completed and adjusted to in-field operating conditions, the finished water hardness stabilized.

As Ohio American endeavored to reduce the variability of the finished water hardness, the mechanical process limitations of the water softening treatment plant originally constructed more than 36 years ago manifested themselves. In response, Ohio American investigated the problem, developed a solution to remove the limiting performance factors and improved the performance and reliability of the Lake Darby WTP to produce stable finished water hardness.

This demonstrates an ongoing willingness to listen to its customers' concerns and address problems in a systematic and responsive manner.

**8. Q. HAVE THERE BEEN ANY WATER QUALITY OR SERVICE ISSUES THAT HAVE OCCURRED IN THE LAKE DARBY SERVICE AREA SINCE NOVEMBER 2007 THAT SHOULD BE EXPLAINED?**

**A.** Yes. On February 21, 2008 the bulk salt supply in Brine Maker #2 at the Lake Darby WTP was depleted. Without the bulk salt supply, the brine solution required to regenerate the water softeners used to soften the water could not be generated. As a result, the water softeners were not regenerated and the Lake Darby WTP's finished water hardness spiked above 150 mg/L.

The depletion of the bulk salt supply was caused by operator error. The operator failed to follow procedures for checking the bulk salt tank inventory. The operator's failure to monitor the chemical salt inventory was compounded by a spill of salt brine solution to the sanitary sewer caused by the brine day tank's level monitoring system failure. This spill caused a higher usage of bulk salt supply.

Salt supply was delivered by 1:00 a.m. on February 22, the operator worked through the night regenerating the softeners, and the plant began producing softened water. By noon on February 22, all water distribution samples were measured with an acceptable hardness value under 150 mg/L.

As a result of the incident, Job Aids to assist operators on the proper measurement of salt inventory were developed and implemented. In addition, discussions with operating personnel were held to reinforce the requirements of following operating procedures.

In summary, a human error occurred. Ohio American investigated and identified the root causes that contributed to the error; expedited work to correct the problem; and finally, developed and implemented procedures and systems to correct the root causes of the error.

**9. Q. ARE THERE OTHER CLARIFICATIONS THAT SHOULD BE MADE TO THE STAFF'S RECOMMENDATION IN THE STAFF REPORT WITH RESPECT TO LAKE DARBY?**

**A.** Yes. I believe that the context for the credit of \$1,000 that the Company provided to the Lake Darby customers should be explained and clarified. The Staff Report (page 63) noted that the Company gave the credit. As described above, there was an operator error that caused the bulk salt supply to be depleted. This resulted in finished water hardness values greater than 150 mg/L beginning the morning of February 21 and lasting until the morning of February 22. In addition, the magnitude of the hardness level spike in the finished water was considerable. While there may have been technical compliance with the water hardness performance criteria set forth in the Stipulation (13E), because at the time of the testing on February 22 the plant met the softening parameters, Ohio American

determined that the spirit of the Stipulation was not met. Rather than debate the nuances of the matter, Ohio American unilaterally decided that it would provide a credit of \$1,000 to its Lake Darby service area customers.

10. Q. **ARE THERE ANY RECOMMENDATIONS YOU HAVE WITH RESPECT TO THE NUMERIC SOFTNESS VALUES THAT WOULD SATISFY THE LAKE DARBY CUSTOMERS?**

A. Yes. The Staff Report recommended that the finished water hardness be in the numeric range from 120 mg/L to 150 mg/L hardness. The Lake Darby customers and particularly Steve Kennedy, the Lake Darby Township Trustee, have consistently stated that, if possible, a lower hardness level is desirable. Customers' concerns have focused on exceeding the upper hardness level of 150 mg/L, not the lower hardness level of 120 mg/L. In order to provide more operational flexibility, the lower hardness concentration level of 120 mg/L should be removed. While delivering a finished water with a lower hardness may result in more aggressive water from time to time, the Company can monitor the water so that it may take control actions to counter any change in the water chemistry.

11. Q. **HAS THE COMPANY MET THE COMMITMENT TO REDUCE THE UNACCOUNTED-FOR-WATER RATE IN THE HUBER RIDGE AND BLACKLICK DISTRICTS?**

A. In my direct testimony I stated that the Company set a target date of June 30, 2008 to meet its commitment to reduce the unaccounted-for-water rate in the Blacklick and Huber Ridge Districts to 15% or below. The Company is committed to accomplishing this task. However, it will not meet the June 30, 2008 target date. The Company prioritized customer service issues first, recognizing that with its limited resources, it could not give unaccounted-for-water issues the same high priority even though the Company would be penalized

for not achieving the 15% standard by the deadline. Now that these water quality concerns have been addressed and systems are in place to maintain the progress achieved, the Company will focus on the unaccounted-for-water rates in the Huber Ridge and Blacklick service areas.

**12. Q. WHAT WAS THE PURPOSE OF THE COMPANY'S MAY 6, 2008 FILING?**

**A.** On May 6, 2008, the Company filed "Ohio American Water Company Response to Quality of Service Statements Made by Various Customers in Their Protest Letters." The purpose of this filing was to inform the Commission regarding the Company's efforts to respond to and address the concerns of Ohio American customers who had submitted letters to the Commission opposing the requested rate increase on service or water quality grounds. The Company explained that it had attempted to contact by telephone all of the consumers in the Franklin County District who had expressed dissatisfaction (except for five who have now been contacted), and in six of those cases Ohio American representatives conducted site visits as requested by the Consumer during the phone call. I personally also sent follow-up letters to 17 contacted customers responding to their specific issue and explaining how the Company had addressed their issue so it would not recur.

**13. Q. HAS THE COMPANY CONTINUED ITS EFFORT TO RESPOND TO ALL CUSTOMERS WHO HAVE WATER QUALITY OR SERVICE CONCERNS?**

**A.** Yes. On behalf of the Company, I established a process to attempt to contact Franklin County District customers who had alleged by letter, filed with the Commission through June 1, 2008, water quality or service complaints. I will

continue to implement this follow up process for any service quality concerns received in this case after June 1, 2008.

**14. Q. WHAT SPECIFIC EFFORTS HAS THE COMPANY MADE TO RESPOND TO THESE CUSTOMER CONCERNS SINCE THE MAY 6, 2008 FILING?**

**A.** Table A attached to this testimony, summarizes the nature of their concerns and the Company's efforts to address their concern.

**15. Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?**

**A.** Yes. This concludes my supplemental testimony at this time.

**Attachment  
Supplemental Testimony of  
Thomas Schwing**

**TABLE A**

<b>Name</b>	<b>Date of Customer's Letter</b>	<b>Type of Concern</b>	<b>Company Activity</b>
Kathy & John Duncan	6/1/08	Fluoride level in water	Called twice (6/4 & 6/5) left message with husband, no return call.
Alfred Conklin	5/29/08	General water quality	Home site visit on 6/2/08, stated discoloration only during fire hydrant flushing.
Doug & Brenda Morris	5/28/08	Hard water, mineral deposits	Home site visit on 6/3/08, follow-up hardness testing verified hardness within acceptable range.
Patrick Shultz	5/27/08	Water quality and corrosion	Home site visit on 6/3/08, follow-up hardness testing verified hardness within acceptable range.
Aaron Zirkle	5/20/08 (received date)	Taste	Phone conversation on 5/21/08, discussed taste issues and potential internal water softener impact.
Amber O'Dea	5/19/08	Chlorine smell and hardness	Home site visit on 6/3/08, follow-up hardness testing verified hardness within acceptable range.
Lori Hudson	5/10/08	Billing Clarification	Phone conversation on 5/19/08, discussed general water quality concerns; OAW is working on a solution to the billing problem she identified.
Cuprys Family	5/8/08 (received date)	General water quality	Attempted to contact on 5/12/08, did not want to talk, customer hung up.
William & Lilah Santo	4/15/08 (received date)	No Improvements in water quality	Phone conversation on 5/6/08 discussing discoloration associated with fire hydrant flushing
Waltraud, Jennifer & Garry Gross	4/7/08	Discolored water	Phone conversation 5/5/08, discoloration during fire hydrant flushing.
Silas Montgomery	4/1/08	Pre-filter turns brown on water conditioner, needs changing every three months	Phone conversation on 5/5/08, water has improved, reducing filter change frequency from once per month to once every three months.
Thomas Kreachbaum	1/14/08	Water discoloration	Attempted to contact six times by phone, no call back.

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that the SUPPLEMENTAL TESTIMONY OF THOMAS SCHWING along with the DIRECT TESTIMONY OF PAULINE M. AHERN was served by regular U.S. Mail this 27th day of June, 2008.

  
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