

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

- - -

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

- - -

PROCEEDINGS

before Mr. Dick Bulgrin, Hearing Examiner, at the
Public Utilities Commission of Ohio, 180 East Broad
Street, Room 11-C, Columbus, Ohio, called at 9:00
a.m. on Wednesday, September 3, 2008.

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VOLUME III

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10 On behalf of the Residential Ratepayers
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16
On behalf of the staff of the Public
17 Utilities Commission of Ohio.

18 Mark Russell, Law Director
City of Marion
19 233 West Center Street
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20 On behalf of the City of Marion.

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1 Wednesday Morning Session,

2 September 3, 2008.

3 - - -

4 THE EXAMINER: Let's go on the record.

5 Good morning. This is the third day of the

6 evidentiary hearing in case number 07-1112-WS-AIR,

7 being the application of Ohio American Water Company

8 to increase its rates for water and sewer service

9 provided for its entire service territory, and I

10 guess let's take appearances.

11 MS. BLOOMFIELD: Your Honor, on behalf of

12 the applicant, the law firm of Bricker & Eckler,

13 Sally W. Bloomfield and Thomas J. O'Brien, the

14 address is 100 South Third Street, Columbus, Ohio

15 43215.

16 THE EXAMINER: For staff?

17 MS. PARROT: Good morning, your Honor.

18 On behalf of the staff of the Public Utilities

19 Commission of Ohio, Nancy Rogers, Ohio Attorney

20 General, Duane Luckey, Section Chief, by Thomas G.

21 Lindgren and Sarah J. Parrot, Assistant Attorneys

22 General, 180 East Broad Street, Columbus, Ohio 43215.

23 THE EXAMINER: Okay. For OCC?

24 MS. HOTZ: On behalf of the residential

1 consumers of the Ohio American Water Company, the
2 Ohio Consumers' Counsel, Janine Migden-Ostrander, by
3 Ann Hotz, H-o-t-z, and Greg Poulos, P-o-u-l-o-s.
4 Thank you. Ten West Broad Street, 43215.

5 THE EXAMINER: Thanks.

6 MR. RUSSELL: Good morning. Mark
7 Russell, Law Director for the city of Marion,
8 intervenor, 233 West Center Street, Marion, Ohio.

9 MS. BLOOMFIELD: Your Honor, I have
10 recently just this morning talked with Henry Eckhart
11 who represents Dragoo Management Company, he is on
12 board with the stipulation we're going to be talking
13 about, and so to the extent that his appearance would
14 need to be made, can I make his appearance for him?

15 THE EXAMINER: Sure.

16 MS. BLOOMFIELD: Thank you.

17 THE EXAMINER: All right.

18 MS. BLOOMFIELD: Your Honor, the parties
19 have definitely reached a stipulation in principal

20 and we've been working on drafts, with the holiday it

21 made it a little difficult, but we are like

22 99 percent there and, therefore, prepared to go

23 forward this morning with testimony to support the

24 stipulation and then hopefully later today we will

6

1 late file the stipulation itself. But the parties --
2 and we will probably, after the hearing concludes,
3 sit down together and work out the final details if
4 that's all right with you.

5 THE EXAMINER: Okay.

6 MS. BLOOMFIELD: The only other piece of
7 business I have is the publications for the hearings
8 which I have. I have previously seen that they were
9 e-mailed to the other parties. I'll give the
10 originals to the court reporter.

11 THE EXAMINER: Okay.

12 MS. BLOOMFIELD: And I did want to
13 mention that despite our best efforts we have been
14 having difficulty getting the affidavit of
15 publication from the Pike County News Watchman,
16 however, we did -- however, you will see in there
17 that we do have the publications themselves. They
18 keep promising that they will give us the proofs, and
19 I would like to late file those when they come in

20 which we're expecting sometime this week.

21 THE EXAMINER: Okay.

22 MS. BLOOMFIELD: Would you like to mark

23 these? And/or I can file these with Docketing and

24 have them go into the record that way.

7

1 THE EXAMINER: That would be fine. Just
2 file them with Docketing.

3 MS. BLOOMFIELD: Okay.

4 THE EXAMINER: I guess I should, before
5 we go further, just ask if there's any public
6 witnesses here this morning who wish to give
7 testimony. Seeing none, I note for the record that
8 there is no one here.

9 MS. BLOOMFIELD: Your Honor, in that case
10 we have three witnesses today to support the
11 stipulation, and I would first like to call Gary
12 VerDouw.

13 (Witness sworn.)

14 THE EXAMINER: Please be seated.

15 - - -

16 GARY M. VER DOUW

17 being first duly sworn, as prescribed by law, was
18 examined and testified as follows:

19 DIRECT EXAMINATION

20 By Ms. Bloomfield:

21 Q. Mr. VerDouw, would you state your name

22 for the record and spell your last name, please?

23 A. My name is Gary M. VerDouw. Last name is

24 spelled V-e-r-D-o-u-w, all one word.

1 Q. And would you indicate your business
2 address?

3 A. My business address is 727 Craig Road,
4 St. Louis, Missouri 63141.

5 Q. And by whom are you employed?

6 A. I'm employed by American Water Works
7 Service Company. The service company is a subsidiary
8 of American Water Works Company also known as
9 American Water, that provides support services to
10 American Water's subsidiaries.

11 Q. And what is your position?

12 A. I'm the Manager of Rates and Regulation,
13 and I'm responsible for all regulatory filings and
14 requirements for Ohio American Water Company as well
15 as other American Water operations.

16 Q. And what was your role in this particular
17 case?

18 A. I'm responsible or I was responsible for
19 the preparation and oversight of the rate case and

20 its progress, this includes preparing and overseeing
21 the preparation of the rate case itself, preparation
22 and oversight of data request responses provided as
23 part of the discovery process, meeting all regulatory
24 deadlines associated with the case, involvement in

1 negotiation of the settlement discussions, and
2 implementation of rates upon receipt of the final
3 order from the Public Utilities Commission of Ohio.

4 Q. And were you present during the
5 negotiation sessions in this matter?

6 A. Yes, I was. There were three more formal
7 negotiation sessions attended by most, if not all, of
8 the parties; these occurred on July 8th, July
9 14th, and August 26th.

10 In addition, I fielded calls from various
11 intervenors to answer questions or work out various
12 details as the several proposed versions of the
13 stipulation were circulated.

14 Q. And would you detail the issues in the
15 Staff Report and then the objections of the parties
16 that Ohio American has conceded for purposes of the
17 stipulation?

18 A. Strictly for the purpose of stipulation
19 Ohio American did not pursue the following issues

20 that we felt strongly were in the company's favor:

21 Elimination of approximately 850,000 in certain rate

22 base assets currently used and useful in corporate

23 plant, including a portion of the Marion corporate

24 office;

1 Elimination of approximately 120,000 of
2 the financial portion of the incentive pay plan that
3 is available to salaried employees of Ohio American
4 as well as the corresponding amount included in
5 management fees;

6 The reduction of management fees by
7 approximately \$170,000 in accordance with OCC
8 objections. The company had previously subtracted
9 management fees associated with the compliance of
10 Sarbanes-Oxley provisions;

11 Reduction of the rate of return from the
12 staff recommended 8.17 percent, reflecting a cost of
13 common equity of the staff midpoint of 11.0 percent,
14 to the OCC recommended rate of return of
15 8.12 percent, reflecting a cost of common equity rate
16 of 10.88 percent, which reduced the overall revenue
17 requirement by approximately \$39,000;

18 Calculation of adjustments made to fuel,
19 power, and chemicals related to unaccounted-for water

20 adjustments made by Staff that resulted in an
21 additional adjustment in the approximate amount of
22 \$98,000;
23 Elimination of approximately \$189,000 of
24 unamortized rate case expense from the prior rate

1 case, as well as amortizing the current rate case
2 expense over three years rather than the two-year
3 amortization that had been requested by Ohio
4 American;

5 Elimination of approximately 17,000 in
6 certain insurance other than group expenses; and,
7 The elimination of approximately is
8 42,000 in tank painting expenses.

9 Q. How would you describe the commitments
10 that Ohio American has made in the stipulation that
11 will be late filed in this case?

12 A. Those include proposed in its next
13 application for a rate base increase a step increase
14 program that will provide for annual increases during
15 the proposed step increase period;

16 Include language in its next rate filing
17 published notice to the effect that residential
18 customers may contact the OCC and provide contact
19 information to them;

20 Notify bimonthly customers at least every
21 other month in their bills of the ability of budget
22 billing;
23 Forego disconnecting customers whose bill
24 was less than \$75, but to use only reminder

1 collection methods;

2 Conduct a cost-benefit study to determine

3 if a customer service function would be viable in

4 three other Ohio locations;

5 Continue to charge unaccounted-for

6 expense as if the company were attaining no more than

7 a 15 percent unaccounted-for water rate and include

8 OCC as a recipient of the cost-benefit analysis

9 reports and in the discussions with respect to action

10 to be taken with respect to those systems that have

11 unaccounted-for water for four consecutive quarters;

12 Accept the penalty of \$10,000 for

13 distribution to low income residential customers in

14 Ohio American's service areas prorated in accordance

15 with the procedures of the last rate case if Ohio

16 American is not able to meet a 15 percent

17 unaccounted-for water level within 12 months from the

18 date of order in this issue;

19 Make improvements to the company's leak

20 detection program into its reporting;

21 Communicate specific items of information

22 such as conservation, meter and billing reading,

23 information about flushing and how to avoid problems

24 after the system is flushed, and several more. These

13

1 special information pieces would be provided to the
2 customers at least quarterly and as billing inserts
3 or by separate mailing or delivery;

4 Meet specific industry standards that are
5 the equivalent to best practices for the Lake Darby
6 and Huber Ridge systems;

7 Install and operate an on-line analyzer
8 to monitor hardness in the Lake Darby system and take
9 specific measures to make sure the proper calibration
10 of the on-line analyzer as well as to take specific
11 measures to continue process testing in the event the
12 on-line analyzing goes off line;

13 Maintain the hardness value at Lake Darby
14 at a range between 90 milligrams per liter and
15 120 milligrams per liter;

16 Pay a penalty of \$1,000 per month to Lake
17 Darby customers for each month the company does not
18 meet certain hardness standards;

19 Perform at least two unidirectional

- 20 flushings of the Huber Ridge water system;
- 21 Maintain water and manganese levels at
- 22 the secondary contaminant standards for the Lake
- 23 Darby system;
- 24 Pay a penalty of \$3,000 per month to

1 Huber Ridge customers if iron and manganese exceed
2 specified standards;

3 Notify OCC in advance of flushings at
4 Huber Ridge, two minimum per year, three scheduled
5 for 2008;

6 Actively solicit more third-party payment
7 centers in Franklin County;

8 Implement a customer service function at
9 the Franklin County district office where customers
10 could pay bills, speak face to face with an employee
11 about service issues, and set service appointments
12 with the same access to data and with the same
13 authority as Call Center representatives in Alton,
14 Illinois;

15 Agree to the same restoration standards
16 as in the last rate case and pay to the Marion
17 Community Action Center \$200 per occurrence up to an
18 aggregate of \$5,000 for each failure to make
19 restorations;

20 Provide a contingency emergency plan for
21 the Ashtabula Bunker Hill tank and agree to a
22 permanent upgrade to the tank by a date certain to be
23 coordinated with improvements to the Ashtabula
24 treatment plant;

15

1 Reduce the unmetered rate by the cost of
2 meter reading \$2.20 even though the Mansfield
3 unmetered rate was calculated on the average of meter
4 usage of 6 CCF per month and the usage at the
5 unmetered systems varies from 8 CCF to 39 CCF per
6 month;

7 And survey the Mansfield customers who
8 have meters to provide them with the option of
9 metered service with a meter reading surcharge of the
10 Richland County Department of Sewers and, if a
11 majority wish the surcharge option, to propose it in
12 the next case.

13 Q. Why do you believe that the stipulation
14 should be accepted?

15 A. The stipulation was negotiated among
16 knowledgeable parties, it provides for a number of
17 benefits to consumers that would not have been
18 possible in a fully contested hearing in which the
19 rate case issues are far more narrow than the issues

20 covered by the stipulation.

21 In other words, achieving the commitments
22 that the company has made in the stipulation would
23 have not been possible in a fully contested hearing
24 in this rate case application.

16

1 In addition, the parties believe that all
2 of the provisions in the stipulation are in harmony
3 with the regulatory principles and practice.

4 Q. Does this conclude your testimony?

5 A. Yes, it does.

6 THE EXAMINER: Thank you.

7 (Witness excused.)

8 MS. BLOOMFIELD: I'd like to -- if there
9 are no questions.

10 THE EXAMINER: Any questions?

11 MS. HOTZ: No.

12 MS. BLOOMFIELD: I'd like to call David
13 Little as the next witness.

14 (Witness sworn.)

15 THE EXAMINER: Please continue.

16 - - -

17 DAVID K. LITTLE

18 being first duly sworn, as prescribed by law, was
19 examined and testified as follows:

20 DIRECT EXAMINATION

21 By Ms. Bloomfield:

22 Q. Would you state your name and spell your

23 last name, please?

24 A. David K. Little, L-i-t-t-l-e.

17

1 Q. By whom are you employed?

2 A. I'm employed by Ohio American Water
3 Company.

4 Q. And what is your position with Ohio
5 American Water Company?

6 A. I am the President of Ohio American
7 Water.

8 Q. And are you the same David Little who
9 previously provided prefiled testimony and
10 supplemental testimony in this case?

11 A. Yes, I am.

12 Q. As a matter of review and background, why
13 was Ohio American compelled to seek this rate case?

14 A. Since the last rate case the company's
15 revenues have not been sufficient to cover operating
16 expenses such as payroll, benefits, taxes,
17 depreciation, and costs associated with maintenance
18 and operation and thereafter to provide for capital
19 costs.

20 Despite the increase from the last rate
21 case, the company experienced increases in these
22 operating and maintenance expenses: Labor, benefits,
23 and support services increased by more than \$590,000;
24 production costs by more than \$335,000; insurance by

1 more than \$280,000; regulatory and customer
2 accounting by nearly \$500,000; depreciation by more
3 than \$130,000; and general taxes by approximately
4 \$622,000.

5 During the same period our revenues
6 decreased by more than \$280,000 while our net rate
7 base investment increased by approximately
8 \$4.4 million.

9 Q. Please discuss your efforts to balance
10 labor costs.

11 A. In our last rate case, case number
12 06-433-WS-AIR, on page 96 the Staff recommended that
13 we evaluate the need for additional supervisory
14 staff. Prior to the test year in this case we had
15 only 13 people in supervisory positions at the
16 operations management level across the state.

17 We have added six front-line supervisors
18 to Ashtabula, Franklin County, Marion, and Tiffin
19 districts. Filling these positions have meant that

20 we are now able to better address customer concerns,
21 communicate with our local officials, plan, organize,
22 and lead operations and maintenance activities within
23 the districts, and oversee required regulatory and
24 stipulated requirements.

1 Q. Did Ohio American make a number of
2 commitments in the last rate case?

3 A. Yes. In the last case the company agreed
4 to some 34 commitments, not including many specific
5 activities that we agreed to and undertook in the
6 Huber Ridge system to eliminate discoloration. We
7 believe that we have met them. We provide the
8 parties in the last rate case and in this docket as
9 well as in a Commission compliance docket with a
10 matrix showing what we did, the documents we
11 produced, and the date we completed our commitments.

12 It is true that we missed a couple of
13 dates on excavation, that we did not technically
14 comply 100 percent with every detail of the committed
15 stipulations, but we believe that we substantially
16 complied and the Staff Report supports this belief.

17 Between the last rate case and this case
18 we have spent more than \$2.1 million meeting those
19 stipulated commitments as well as improving other

20 aspects of our various systems.

21 Q. Did you attend the local public hearings

22 in this case?

23 A. Yes. I attended the public hearings in

24 Marion and Westerville. I was not able to attend the

1 Galloway hearing as I had previously committed to
2 attend a meeting of the Perry Township trustees to
3 provide an update on the current rate case.

4 Mr. Schwing, who attended both Franklin
5 County local district public hearings, appeared to be
6 the best person to be present in Galloway since he is
7 the superintendent of Franklin County district that
8 includes the Lake Darby system and was the person who
9 could respond specifically to any concerns.

10 I did not attend the Mansfield hearing
11 which was the same day as the Marion hearing due to a
12 critical senior staff conference call that required
13 my participation, but the Mansfield supervisor, Roy
14 Craft, and his immediate supervisor, Operations
15 Manager Rich Kemple, did attend. At the Mansfield
16 hearing it is my understanding that a number of those
17 attending took the opportunity to speak with both of
18 them.

19 Q. From your own observations at the local

- 20 public hearings and from reports you heard from
- 21 others in the company who attended these hearings
- 22 that you were unable to attend, did you compile a
- 23 list of concerns that you would like to address?
- 24 A. Yes. There appeared to be a number of

1 basic misunderstandings about specific issues which
2 led to my conclusion that the company must take
3 additional, assertive action to communicate to our
4 customers on various issues. We intend to initiate a
5 program of new communications with our customers. We
6 have not developed the program entirely, but it is
7 clear that among our customers many unfortunate
8 assumptions and misconceptions are rampant; we intend
9 to take action to ensure that the facts are made
10 available to them.

11 Q. One of those issues was the water line
12 protection service program. Would you explain that?

13 A. Yeah. A misunderstanding that was voiced
14 by Paul Hanly and Dan Loy at the Westerville public
15 hearing concerned the line protection services which
16 is not offered by Ohio American Water.

17 Just like many natural gas companies, for
18 a fee Ohio American permits American Water Resources,
19 a nonregulated branch of our company, American Water

20 Works Company, to offer water line, sewer line, and
21 in-home plumbing protection programs for the lines
22 that are owned by the customers to serve their homes.
23 Typically these private lines originate
24 at the curb stop for water and curb line for sewer

1 outside their homes and extend under their private
2 property and into their homes. Customers voluntarily
3 sign up directly with American Water Resources for
4 this service. They are not automatically enrolled in
5 these services by Ohio American.

6 American Water Resources pays the company
7 a fee for including the protection service program to
8 include its fee on Ohio American bills. On an annual
9 basis Ohio American collects approximately \$24,000
10 from American Water Resources for this billing
11 service. That fee helps defray some of Ohio
12 American's operating expenses and thus is a benefit
13 to our customers. Ohio American has no role in
14 providing the service or in marketing the service to
15 our customers.

16 Q. At the local public hearing were there
17 comments to the effect that the company makes late
18 charges for overpayments?

19 A. Yes. At the Westerville local public

20 hearing one customer, Michelle Baum, reported that
21 she was charged a late fee after having an
22 overpayment on her account. I was stunned when I
23 heard this and I investigated the situation and
24 learned the following:

1 In addition to being a water and
2 wastewater customer of Ohio American, Ms. Baum had
3 chosen to participate in American Water Resources'
4 water line protection program. On April 16, 2008,
5 Ms. Baum contacted American Water Resources to opt
6 out of the water line protection program. On May 19
7 the credit balance of \$6.79 on Ms. Baum's water line
8 protection program was processed and applied to her
9 account to the water consumption portion of her
10 account.

11 While this created a credit balance on
12 the water portion of her bill, the sewer portion of
13 her bill was still reflecting an outstanding balance.

14 The company regrets the error in not
15 applying the credit evenly over both portions of
16 Ms. Baum's account and we have taken steps to prevent
17 any future issues concerning our combined water and
18 sewer customers.

19 An additional automated accounting

20 activity is being activated in the ORCOM payment
21 processing program that will manage credits from
22 American Water Resources over the entire customer
23 account.
24 Because of the nature of implementing

1 such an automated accounting activity, the program
2 must be tested before full operation to ensure that
3 it does not inadvertently impact other billing and
4 accounting processes. It is anticipated that the
5 process will be tested and fully operational by
6 September 8, 2008.

7 American Water Resources is also working
8 with Ohio American Water to identify other accounts
9 in the Franklin County district to identify any other
10 customers that might have been impacted by the former
11 accounting program. All late charges on Ms. Baum's
12 account have been removed from her account.

13 Q. Did there appear to be a misconception
14 about service charges expressed at the local public
15 hearing?

16 A. Yes. There seemed to be some
17 misinformation about how service charges are computed
18 and what costs they are designed to recover. Service
19 charges are designed to recover those costs the

- 20 company incurs for installing and maintaining
- 21 infrastructure such as plant capacity, fire
- 22 protection, water main and associated appurtenances,
- 23 meter reading, billing, and customer service.
- 24 Essentially, these are the costs that the company

1 incurs whether or not a customer takes one drop of
2 our water.

3 If a customer takes both water and sewer
4 services from Ohio American, there is only one
5 customer charge. The categories of the costs that
6 are included in the customer charge and the costs
7 themselves that are associated with each of those
8 components are carefully reviewed in every rate case,
9 first by our cost-of-service consultant, by the
10 Commission staff expert in water rates, and many
11 times by the intervenors.

12 The customer service charge
13 classification is an industry-accepted standard and
14 typical way of recovering costs associated with
15 maintaining the customers whether or not water is
16 consumed or sewer services are used.

17 Q. Please address a comment about alleged
18 company bonuses.

19 A. At the Westerville hearing one customer

20 stated that Ohio American was giving substantial
21 bonuses. This is a falsehood. No one in Ohio
22 American ever received the quoted bonus of \$41,000.

23 Q. Were some people at the local public
24 hearings misinformed about the ownership structure of

1 Ohio American?

2 A. In response to people who talked about
3 the ownership of the company by a German corporation,
4 I'd like to state the facts. Ohio American is owned
5 100 percent by American Water Works Company,
6 Incorporated. In 2003 100 percent of the shares of
7 common stock of American Water were acquired by RWE,
8 a German multinational company that operates
9 electric, natural gas, water, and other businesses.

10 In November of 2006 RWE decided to divest
11 entirely of its shares of American subject to market
12 conditions. On April 23rd, 2008, RWE divested of
13 approximately 40 percent of its shares of the common
14 stock of American through an initial public offering
15 on the New York Stock Change. RWE has expressed its
16 intention to divest of a majority of the common stock
17 of American by the end of 2008 subject to market
18 conditions.

19 Q. Please review the time intervals when the

20 company is compelled to disconnect customers.

21 A. At some of the local public hearings in

22 Westerville several customers, Greg Gossman, Linda

23 Goldstein, and Lynn George, stated that they were

24 receiving very short notices for disconnection, some

27

1 stating as few as three days. This is simply not the
2 case.

3 Ohio American religiously follows the
4 Commission's rules. From the time the bill is mailed
5 and allowing two days for postal delivery, the
6 customer has a minimum of 14 days to pay their
7 regular bill. The disconnect notice is mailed to
8 customers 27 days after the billing date. The entire
9 process from billing date to disconnect is a minimum
10 of 43 days.

11 In addition to the mailing of the current
12 bill and the disconnect notice, collection calls are
13 made to the customer at a phone number that the
14 customer provided to the company. Also, a field
15 service representative knocks on the door prior to
16 the physical disconnection and provides one more
17 opportunity for the customer to make payment
18 arrangements prior to disconnection.

19 In listening carefully to the testimony

20 on the issue I realize that customers may be confused
21 by the notice itself because part of the notice is
22 similar to their regular bills even though it is
23 clearly marked near the top "Final Notice Prior to
24 Disconnection."

1 I checked into this issue to see if the
2 notice could be modified to make it even clearer.
3 The American Water Works Service Company who performs
4 the notice function for Ohio American outsources the
5 printing of the notices to a third party. We are
6 investigating new paper stock, format, and cost for
7 revisions to the bill to determine how long the
8 modification will take.

9 We are going to make prudent changes to
10 the format of the disconnect notice to make it
11 markedly different from our regular bill format, even
12 though the billing information is required to be on
13 the disconnection notice. I hope that this will be
14 accomplished within two months of the order of this
15 case.

16 Q. Please address the frequency and method
17 of meter reading.

18 A. There were some customers who claimed
19 that the company was not reading their meters and

20 also they were unable to read the meters themselves
21 in order to verify the level of usage. At the
22 direction of the Commission staff in our prior rate
23 cases we have changed out nearly all of our meters so
24 that they can be read remotely. Meters are read

1 every two months in the service areas except for
2 Franklin and Portage County where it's read every
3 month in Franklin and Portage Counties.

4 Our service technicians have a hand-held
5 computer device which reads the meters. The meter
6 readers no longer have to enter the majority of our
7 customers' homes to physically read the meter inside
8 the homes, thus customers are not noticing when meter
9 readers are reading their meters because they are no
10 longer knocking on doors to alert customers of their
11 presence.

12 Having heard that customers are not clear
13 about our meter reading frequency and their desire to
14 read their meters, we will be communicating with them
15 to get them meter reading information about how they
16 can read their own meters.

17 Q. Please address customers' concerns about
18 water quality and testing as expressed at the local
19 public hearings.

20 A. All right. Some customers at the local
21 public hearings, Don Hite in Worthington Hills, Ron
22 Bricker and Charles Drum in Huber Ridge, expressed
23 skepticism about the water quality and testing that
24 the company conducts. The Ohio EPA rigorously

1 enforces its rules and regulations which were
2 appropriately strict for the water industry. Ohio
3 American is required to have and does employ
4 personnel who have been certified to conduct the
5 tests that the Ohio EPA requires.

6 All of the testing that the Ohio EPA
7 requires is conducted in accordance with its
8 regulations. In addition, on its own, for a variety
9 of reasons, Ohio American personnel will be directed
10 to conduct additional testing to assure that the
11 water quality of our systems is the best that we can
12 provide.

13 Because there was so much
14 misunderstanding about this issue, Ohio American will
15 be conveying its testing and reporting practices to
16 our customers as one of the issues that will be part
17 of the new communications plan.

18 Q. Please address complaints about the
19 customer Call Center.

20 A. I was particularly distressed to hear
21 accusations that the Call Center personnel were rude
22 to our customers. It should be noted that as a
23 result of a commitment that the company made in its
24 last rate case, Call Center recordings of

1 conversations between Ohio American customers and the
2 Call Center are reviewed by the Commission staff.
3 Moreover, there is a specific group of questions that
4 must be asked each customer by Call Center personnel
5 to assure that customer representative has responded
6 completely to the customer's inquiry.

7 My conversations with Commission staff is
8 that the calls that they have monitored, there has
9 been no issues of rudeness or any other
10 nonprofessional conduct.

11 Because the Call Center is no longer
12 operated at the local offices, it can become a target
13 of customer exaggeration when they are unhappy about
14 calling a central location not physically located
15 within the service area. This has proven to be the
16 case with customers of other companies in the
17 American Water family.

18 In order to attempt to sort fact from
19 fiction, a third part, Opinion Research Corporation,

20 was retained to survey customers who called the Call
21 Center. As an exhibit I am submitting a summary of
22 the specific results of surveys conducted by Opinion
23 Research Corporation that were posed to Ohio American
24 customers. I'd like to highlight just a few of the

1 most compelling results.

2 Q. Before you do that . . .

3 MS. BLOOMFIELD: Your Honor, may I have

4 this exhibit marked as, I think we would call it

5 Stipulation Exhibit 2 because the stipulation itself

6 will probably be Exhibit 1.

7 THE EXAMINER: Okay.

8 (EXHIBIT MARKED FOR IDENTIFICATION.)

9 A. The report covers the years 2006, 2007,

10 and the first two quarters of 2008. It shows steady

11 improvement in the areas of courtesy on 95 percent

12 satisfaction in 2008; professionalism, 89 percent in

13 2008, up from 82 percent in 2007 but down from

14 98 percent in 2006; helpfulness, 95 percent

15 satisfaction in 2008 up from 76 percent in 2007.

16 These numbers do not suggest that the

17 company is satisfied, they do, however, prove that

18 Ohio American is concerned about how customers

19 perceive they are being treated when they speak to

20 the Call Center representatives and that the company
21 cares enough to have sponsored outside monitoring so
22 that customers could be more truthful and not be
23 intimidated when they respond to a survey. Moreover,
24 there can be assurance that the survey results are

1 unbiased.

2 These survey results do not mean that
3 some customers may not have received the treatment
4 from the Call Center that they complain about. The
5 purpose of sharing this information is to show that
6 the company is doing all that it can to assure that
7 the Call Center experience is pleasant and that the
8 customers who testified do not represent the norm.

9 Q. Did you hear any complaints of a general
10 nature about water quality at the local public
11 hearings?

12 A. Yes. Several people complained they did
13 not like the taste of the water. Of course, taste is
14 a personal preference. The water for the Marion
15 system meets all the Ohio EPA requirements.
16 Furthermore, so far as I am aware, the Marion water
17 is served in most of the restaurants and eating
18 establishments in our service area and I have not
19 been contacted by any restaurateurs about taste

20 concerns. This is not to say that some customers do
21 not prefer the taste of the water, but there's
22 nothing wrong with the water. So far as I know the
23 majority of our customers enjoy drinking it.

24 Q. Please address customer-specific issues

1 from the Marion local public hearing.

2 A. At the local public hearings we heard

3 testimony from consumers about particular issues that

4 they had, at this point I'd like to address them.

5 Steve Ward, the customer's complaint concerned

6 restoration activity on Johnson Street. There were

7 two water main breaks on Johnson Street in 2007, one

8 on January 21st and a second on February 19th.

9 The second main break occurred under pavement and

10 landscape block in the middle of the cul-de-sac at

11 the end of the street.

12 Residents in the area had previously made

13 improvements to the landscaped area by adding block.

14 The block had been placed on pavement as its base.

15 In order to assure uniform base for the landscape,

16 pavement was replaced on May 24, 2007, as it

17 originally existed prior to the main break. The

18 pavement was restored well within the stipulated

19 deadline for winter repair.

20 Unfortunately, residents in the area took
21 it upon themselves to replace the landscape stone
22 prior to final restoration. While Mr. Ward claims
23 Ohio American Water paved over the landscaping, the
24 company did no such thing. Rather, we replaced

1 pavement that existed under the landscape block as it
2 existed prior to the main break.

3 Sulu Kelley. During the public testimony
4 on November 8, 2006, Mr. Sulu Kelley complained about
5 the response to a leak in front of his property on
6 East Farming Street in Marion. Mr. Kelley reported
7 the leak on Saturday, April 8, 2006. A supervisor
8 inspected the leak and found it to be a minor leak.
9 In order to minimize labor costs and avoid overtime
10 it was decided the repairs could be scheduled during
11 the following workweek.

12 Due to a limited staff Zimmerman &
13 Associates, a company contractor, was contacted on
14 Monday, April 10. The contractor replaced the
15 leaking service line on April 13, which is within the
16 seven-day window allowed for nonservice-affecting
17 leaks.

18 The customer then made reference to the
19 restoration of the site by the contractor. I

20 personally went to the site the next day and agreed
21 that our contractor's restoration as not to the
22 standards that we expect. The contractor was
23 contacted and finished restoration was completed to
24 Mr. Sulu's satisfaction. Mr. Sulu's current

1 complaint centers around the fact that it required
2 two trips to complete the restoration. If we are not
3 satisfied with our contractor's repairs we require
4 them to return to correct the inadequacies.

5 Nick Clark expressed a belief that Ohio
6 American Water should maintain both repair crews and
7 restoration crews to assure high degree of quality in
8 repair and restoration. While this is an ideal
9 staffing goal, it also would impact cost of service
10 to the customer. The company must maintain a crew
11 that is multifunctional to meet customer demands
12 while minimizing cost.

13 Dean Huffman was critical of the fact
14 that there seemed to be a considerable number of boil
15 orders issued by Ohio American Water. The number of
16 boil orders issued through various locations in the
17 Marion district demonstrates the fact that Ohio
18 American Water is effective in using the proper means
19 to provide customer information and that the company

20 takes the need to provide precautionary boil

21 advisories very seriously.

22 Rosemary Waddell complained about a water

23 leak on Chestnut Street that it took two weeks to

24 repair. The leak was a customer service line leak,

1 not a company leak. The company worked with the
2 customer as they made arrangements to schedule the
3 repairs to their service line.

4 Elizabeth Hoffman complained about the
5 company's difficulties in reading her meter. The
6 company had attempted to upgrade the meter setting to
7 an ARB meter to eliminate access and estimate issues,
8 but was unable to do so for safety reasons. Cliff
9 Evans from the PUCO staff is currently working with
10 Ohio American Water to attempt to resolve the issue.

11 Jeri Ward complained about a leak that
12 ran for several days. The leak was a
13 nonservice-affecting leak in a valve box on Wilson
14 street at Barnhart Street. The valve was replaced on
15 June 14 to assure compliance with the seven-day
16 repair requirement.

17 Q. Does this complete your testimony,
18 Mr. Little?

19 A. Yes, it does.

20 MS. BLOOMFIELD: Thank you.

21 THE EXAMINER: Any questions?

22 MR. POULOS: I do, your Honor.

23 THE EXAMINER: Mr. Poulos.

24 - - -

1 CROSS-EXAMINATION

2 By Mr. Poulos:

3 Q. Good morning, Mr. Little.

4 A. Good morning, Greg.

5 Q. Very briefly. Throughout your testimony

6 you gave some specific examples of some of the

7 complaints that were heard at the public hearings.

8 A. Uh-huh.

9 Q. Has the company contacted those -- and

10 some of the responses the company has to those

11 complaints, correct?

12 A. We just wrapped up the investigation on

13 these things. We will communicate with each one of

14 those customers. A couple of them we have

15 communicated with individually; the rest we will be

16 very shortly.

17 Q. So all the specific examples you gave

18 this morning, you will contact those customers?

19 A. Yes. They would be aware of our

20 investigation, yes.

21 Q. And what time frame do you expect that to
22 happen?

23 A. I would expect now that we've completed
24 our investigations, within the next week.

1 Q. Thank you.

2 MR. POULOS: That's all I have.

3 THE EXAMINER: Any other questions?

4 (No response.)

5 THE EXAMINER: Very good. Thank you,
6 sir.

7 THE WITNESS: Thank you.

8 (Witness excused.)

9 MS. BLOOMFIELD: I would like to call
10 Mr. Thomas Schwing.

11 (Witness sworn.)

12 THE EXAMINER: Please be seated.

13 - - -

14 THOMAS SCHWING

15 being first duly sworn, as prescribed by law, was
16 examined and testified as follows:

17 DIRECT EXAMINATION

18 By Ms. Bloomfield:

19 Q. Would you please state your name and

20 spell your last name, please?

21 A. My name is Thomas Schwing, S-c-h-w-i-n-g.

22 Q. By whom are you employed?

23 A. I'm employed by Ohio American Water.

24 Q. And what is your position with Ohio

1 American Water Company?

2 A. I'm the Network Operations Superintendent
3 for the Franklin County district.

4 Q. Can you briefly give us some background
5 about what this position is and what it entails?

6 A. The district -- I became Network
7 Operations Superintendent for Ohio American in
8 January of 2005, and as the Network Operations
9 Superintendent I'm directly responsible for the
10 day-to-day operations of the Ohio American Water
11 Company's facilities, both the water and wastewater,
12 in Franklin County.

13 Q. What issues will you be addressing right
14 now?

15 A. I'll be reviewing issues raised by the
16 Huber Ridge customers since the filing of my
17 supplemental testimony, to address statements that
18 were made in the local public hearings in Galloway
19 and Westerville, and to review the commitments that

20 affect Huber Ridge and Lake Darby customers that Ohio

21 American has agreed to undertake in the stipulation.

22 Q. Would you provide some background about

23 the Huber Ridge system?

24 A. Yeah. Ohio American provides both water

1 and wastewater utility services in the Huber Ridge
2 service area. The Huber Ridge water treatment system
3 is a groundwater supply originally built for iron
4 removal. It was built approximately 1962. The
5 original Huber Ridge treatment plant incorporated
6 aeration and gravity filters for iron removal, and
7 although the groundwater supply has a high water
8 hardness of approximately 440 milligrams per liter,
9 water softening treatment was not built as part of
10 the original water treatment plant.

11 In 1997 a reverse osmosis water treatment
12 plant system was constructed downstream of the iron
13 removal system for the purposes of water softening.
14 The raw groundwater was softened from approximately
15 440 milligrams per liter to approximately 150
16 milligrams per liter.

17 Q. Has Ohio American made improvements to
18 the Huber Ridge system?

19 A. Yes. Since its acquisition of the Huber

20 Ridge water system in January of 2002 Ohio American
21 has invested in excess of \$1.2 million in the Huber
22 Ridge water system. Since the last rate case the
23 company has invested approximately \$400,000 in
24 improvements that include construction of a new

1 chemical feed building and the implementation of
2 sodium permanganate chemical feed systems.

3 The purpose of these completed
4 improvements is to maintain the iron and manganese
5 concentrations in the finished water below the
6 secondary maximum contaminant levels as agreed to in
7 the stipulation in the last rate case.

8 Q. Has Ohio American solved the
9 discoloration problem in Huber Ridge?

10 A. Yes. This was accomplished through steps
11 we agreed to take in the stipulation in the last rate
12 case plus additional steps. Though the stipulation
13 in the last rate case required only two flushings,
14 the company conducted three unidirectional flushings
15 and we also repaired six water main valves that may
16 have contributed to the discoloration.

17 The discoloration problem was solved by a
18 combinations of actions set forth in the stipulation
19 in the last case that included rebuilding the iron

20 filters, evaluating the chemical feed systems needed
21 to reduce the iron and manganese concentrations in
22 the finished water. We evaluated the chemical feed
23 systems, we implemented the best chemical feed
24 system, and we monitored performance making

1 adjustments as needed.

2 Then we addressed the broken and closed
3 valves in the water distribution system and cleaned
4 the water distribution system with unidirectional
5 flushings. We did weekly monitoring of the water
6 quality to track the changes. All of these actions
7 were in accordance with the stipulation commitments
8 and were reported to the Commission's compliance
9 docket.

10 Q. Were there people who filed protest
11 letters in this case?

12 A. Yes. The docket in this case reflects
13 four petitions containing a total of 413 signatures
14 of which 259 were duplicates -- excuse me, were
15 unduplicated. A number of the signatures on the
16 petitions were duplicates of signatures on prior
17 petitions and others were not customers but possibly
18 members of the customers' households.

19 In addition, there were letters in

20 opposition to the rate case signed by 59 customers.

21 In total the total of unduplicated customers who

22 signed letters or petitions is 318.

23 Some of the letters referred to various

24 water quality issues. For each letter that raised a

1 water quality issue there was a personal follow-up by
2 a company employee, most frequently by the water
3 quality supervisor.

4 As of the filing of February 13th in
5 2008 and my supplemental testimony filed June 27th,
6 2008, in this case, attempts were made to call and/or
7 visit each customer who described a particular water
8 issue. In most cases the problem was not the
9 company's but one that originated in the customer's
10 plumbing or appliances. There were a few cases where
11 even after multiple attempts were made to contact the
12 customer, no contact was possible.

13 I believe that we have diligently
14 resolved every legitimate water quality complaint
15 where we were given an opportunity to do so by the
16 customers.

17 Q. You were referring to the Huber Ridge
18 petitions earlier?

19 A. Yes, I did.

20 Q. Did you attend the local public hearing

21 in Westerville held on October 20th [sic]?

22 A. Yes, I did.

23 Q. And were there certain similar statements

24 made by those testifying that you would like to

1 clarify?

2 A. Yes. There were several categories of
3 statements that were mentioned more than one time,
4 they include a perception that even when the customer
5 goes on vacation, they were charged for water that
6 they did not use. Ms. Neff and Ms. Baum made these
7 comments.

8 This is a particularly unfortunate
9 perception and it is entirely untrue. I believe that
10 the customers do not understand the time line that is
11 involved in meter reading and the lag that occurs
12 before a meter read appears on their bills.

13 This is the sequence and timing of the
14 meter reading events: The usage period is from 25 to
15 35 days. The meter is read on the last day of the
16 usage, but the bill does not go out until
17 approximately six to eight days after the last day in
18 the period. Thus, when the customer receives the
19 bill, it is for a period of approximately 30 days

20 that is seen by the customer six to eight days after

21 the last day of the usage period.

22 If a customer is not using water for a

23 given period, depending on when the usage period ends

24 it may take two billing periods before the drop in

1 usage is reflected in a customer's bill.

2 A perception also was stated that the

3 reverse osmosis plant that was installed

4 approximately ten years ago performed appropriately

5 for some period of time but has fallen in disrepair

6 and otherwise has been degraded in recent years such

7 that it does not perform well. Customers who raised

8 this concern included Mr. Thomas, Mr. Murphy, Alex

9 Cofield, and Mr. Welch.

10 The facts are that the reverse osmosis

11 plant was installed and it became operational in 1997

12 after the customers in Huber Ridge specifically voted

13 to have this facility built.

14 The alleged lack of maintenance and

15 investment in the system and its alleged poor

16 performance is not factual. Since purchasing the

17 Huber Ridge system in 2003 Ohio American has

18 undertaken and completed the following improvements:

19 We've replaced the reverse osmosis transfer pump,

20 we've replaced the reverse osmosis membranes, we
21 replaced various reverse osmosis control valves, and
22 we've improved the water quality of the feed going to
23 the reverse osmosis treatment system by the
24 renovation of the original iron filters in the water

1 treatment plant.

2 Another perception that was stated in the
3 meeting was that the reverse osmosis surcharge was to
4 cover solely the capital costs and that these costs
5 have been paid for. This perception, likewise, is
6 not factual.

7 The surcharge supported by those voting
8 for the reverse osmosis plant and approved by the
9 Commission covers the original capital cost of
10 approximately \$1.5 million, depreciation, insurance,
11 property taxes, revenue taxes, uncollectible
12 expenses, and the incremental operating costs of the
13 reverse osmosis facility.

14 The total softening costs specifically to
15 the reverse osmosis system in this case is
16 approximately \$225,000. The surcharge proposed to
17 cover these costs would decrease approximately
18 10 percent to \$1.19 from \$1.32.

19 The another perception that was stated in

20 the meeting was that any water quality issues such as
21 orange or white residue is caused by the company's
22 water treatment activities. I explained previously
23 the steps the company took to address and eliminate
24 discolored water in compliance with the company's

1 stipulation commitment in the last rate case.

2 It should be remembered that the company
3 takes samples both at the plant where the finished
4 water is produced and in the water distribution
5 system once it is released into the lines that serve
6 the customers.

7 Since June of 2007 our samples which have
8 been taken by qualified water plant operators and
9 have been sent to Ohio EPA certified laboratories
10 have consistently shown that the water produced and
11 distributed to our customers' homes meets the
12 stipulated criteria agreed to in Ohio American's last
13 rate case. Nevertheless, a number of customers
14 complained about water or about residual in their
15 sinks -- residue in their sinks, showers, and the
16 like.

17 The program of the aggressive three
18 systemwide unidirectional flushings accomplished a
19 great deal of scouring of the company's water system,

20 removing residual that accumulated over the years.

21 And this was followed by the addition of a

22 polyphosphate solution that is designed to coat

23 either the remaining residual residue so that it does

24 not dissolve in the water.

1 Through the orthophosphate solution that
2 I discussed that we are adding, the treatment of
3 water would also benefit somewhat the water pipes and
4 plumbing in our customers' homes. It is undoubtedly
5 true that our customers' water pipes and plumbing
6 have been accumulating deposits from the water for
7 years, certainly prior to the time when Ohio American
8 purchased the system.

9 No customer reported having had the
10 private water house pipes blown out or scoured in any
11 manner since they moved in. Many stated that they
12 had their own homes -- owned their homes for more
13 than 20 years. Thus, it is my belief, based on the
14 scientific testing in our distribution system, that
15 the company is providing clear water to the curb
16 stop, the point at which the customer-owned lines
17 connect to the company's lines.

18 It is the customers' lines that service
19 their homes and their internal house lines and

20 plumbing lines that most probably are the source of

21 the residue problems complained about.

22 Some customers at the hearing complained

23 about white residue, at least one customer mentioned

24 using a home softener that uses salt which is likely

1 to cause the white residue. While the company
2 provides clear water that meets the stipulated
3 standards, the natural calcium in the water can cause
4 deposits which some people may find aesthetically
5 unacceptable.

6 We at the company are very disturbed to
7 hear of aesthetic and residue problems from pipes in
8 the houses over the years even though we believe the
9 company is not the cause. Thus, we intend to provide
10 information to the customers about how they can and
11 should clear their water lines and plumbing of
12 deposits.

13 Similarly, customers who described the
14 filters they were using assume that the deposits were
15 caused by the water the company was providing when,
16 indeed, the older internal house water lines and
17 plumbing appears to be the cause of most of the
18 residue. I was particularly disturbed to hear that
19 some customers do not change their filters often

20 enough.

21 Manufacturers of filters typically

22 recommend a filter change not less frequently than

23 every three months. The reason for this is that

24 bacteria accumulate on the filters after a period of

1 time and then the bacteria flows through the filter

2 and into the water used in the home.

3 The company also intends to communicate
4 an informational packet to customers and to urge them
5 if they are using filters, to change them in
6 accordance with the manufacturer's recommendations.

7 Other categories of concern that were
8 expressed included misunderstandings of the water
9 line protection insurance, how service charges are
10 computed, late charges for overpayments, alleged
11 company bonuses, ownership of the company by RWE,
12 disconnect procedures and time lines, frequency and
13 method of meter reading, and as well as water quality
14 testing and reporting. Mr. Little has addressed
15 these issues in his testimony.

16 Q. Were there specific customer statements
17 that you investigated to determine the background of
18 the allegations made?

19 A. Yes. They include the statements made by

20 the following people who testified at the hearing:

21 Pat Eldrige, Barbara Place, and Richard Hamilton of

22 Blacklick all of whom testified about the perceived

23 water hardness.

24 Ohio American Water does not soften the

1 water in the Blacklick system. In past years the
2 water customers have voted not to have a centralized
3 water softening treatment plant. The water is
4 approximately 460 milligrams per liter of hardness
5 which is considered hard. The Ohio EPA has no
6 standards for the amount of hardness for unsoftened
7 water.

8 Valerie Koshman commented on the limited
9 information on the flushing notices. We reviewed our
10 flushing notices which specifically ask the customer
11 to avoid laundry during the period of the flushing of
12 fire hydrants. Since she was confused we will
13 revisit the notice to improve the information that
14 the company gives in its flushing notices to its
15 customers.

16 Charles Drum commented that it was his
17 observation that the company was not properly
18 flushing fire hydrants. Ohio American Water is
19 unidirectionally flushing in accordance with the

20 plans submitted to and reviewed by the Ohio EPA and
21 the PUCO staff.

22 Mr. Hamilton commented on what he called
23 Ohio American's inaccurate meters. The company and
24 the PUCO staff investigated Mr. Hamilton's

1 allegations of meter inaccuracy in May of 2006. The
2 meter was tested, the meter testing was witnessed by
3 the PUCO staff member and it was determined that the
4 meter was in compliance with the appropriate
5 standards.

6 Mr. Fletcher was the customer who brought
7 in a plastic baggy with material that he said was
8 from his hot water heater. I had the material tested
9 and it was determined to be primarily calcium
10 carbonate which will naturally accumulate in hot
11 water tanks.

12 Mr. Welch presented three glass jars
13 representing a sample of Ohio American Water, the
14 city of Westerville, and the city of Columbus, and he
15 requested the attorney-examiner to tell him if he
16 could see a difference in the clarity of the water,
17 to which the attorney-examiner replied he could not.
18 I believe this demonstration reaffirms that the
19 clarity of Ohio American Water was judged to be the

20 same as the water from the other cities of
21 Westerville and Columbus.
22 Mr. Murphy stated that he had received
23 multiple letters to inspect a meter allegedly located
24 in his house but actually located in a meter pit

1 outside his residence. He also made the observation
2 that if Ohio American used SAP software, this could
3 be causing a coding error. Ohio American does not
4 use SAP software.

5 The letters that Mr. Murphy received were
6 caused by a software error when Citizens records were
7 converted to Ohio American records in 2002. This
8 error has been corrected in late-2006.

9 Thomas Tefft commented on the company's
10 alleged inability to locate its sanitary sewer
11 manholes. The manhole he spoke of had been covered
12 by his concrete driveway that was installed after the
13 manhole had been installed. At approximately 2007
14 when the company discovered that the manhole was
15 covered by the concrete of his driveway, the company
16 raised the manhole to grade for future inspection and
17 maintenance access.

18 Joe Kakabar stated that his meter was
19 25 percent slow, however, his meter was removed and

20 replaced in April of 2008. The old meter was
21 determined to be 2.5 percent slow. Any slow meter,
22 because it registers less, is to the advantage of the
23 customer. The company sent Ms. Kakabar, who was
24 testifying, a letter dated May 2nd, 2008, advising

1 her of the results of the testing and stated that
2 there would not be a back charge for the unrecorded
3 water usage.

4 Q. What are the other commitments that Ohio
5 American is making in this stipulation in this rate
6 case are to address the testimony taken at the
7 Westerville local public hearing?

8 A. The company has agreed to continue to
9 invest in the Huber Ridge water system. Thus far we
10 anticipate at least an additional \$34,500 above the
11 expenses that we incurred last year. We will
12 continue to operate and maintain the plant treatment
13 processes consistent with the best industry standards
14 as set forth in the industry manuals to maintain the
15 finished water iron and manganese concentrations at
16 or below their respective secondary maximum
17 contaminant levels.

18 We've committed to perform at least two
19 unidirectional flushings on the Huber Ridge water

20 distribution system per calendar year. During 2008

21 we have already tentatively planned to do three

22 unidirectional flushings.

23 We will produce finished water measured

24 at the water treatment plant tap that has an iron

1 concentration less than or equal to 0.3 milligrams
2 per liter and a manganese concentration less than or
3 equal to 0.05 milligrams per liter for 95 percent of
4 the time on a monthly basis looking at the total
5 number of finished water samples performed by a
6 certified lab and as we report to the Ohio EPA.

7 We've committed that the company agrees
8 if it does not meet these commitments, it will credit
9 Huber Ridge customers a total aggregate of \$3,000 for
10 each month that the Huber Ridge water treatment plant
11 exceeds the standards for the iron and manganese more
12 than 5 percent of the time in any calendar month as
13 we report it to the Ohio EPA.

14 We also agreed to certain procedures,
15 that we will take certain pipe size samples in the
16 system so that the PUCO staff may observe the sample
17 or will view the sample at a later date.

18 Finally, we made two additional
19 commitments to apply to all of our systems in the

- 20 Franklin County district. Ohio American agreed to
- 21 actively solicit additional third-party collection
- 22 vendors in Franklin County such as grocery store
- 23 chains in order to arrange for more convenient
- 24 payment locations for our customers. We will report

1 our progress in obtaining vendors within 60 days of
2 the order in this case.

3 The company proposes to implement as soon
4 as possible a customer service function in the
5 Franklin County district office on a pilot basis. We
6 will have a customer service representative in the
7 Franklin County district office to permit our
8 customers to come in to pay their bills at that site.
9 The office would also have a night lockbox for
10 customers to make payments. One of our employees
11 will be trained, bonded, and assigned these customer
12 service duties and will have access to the Call
13 Center's computer programs to access records and make
14 service appointments.

15 The company heard and appreciates that
16 the Franklin County customers very much desire a
17 local customer service presence and, thus, developed
18 this plan to pilot as a way to meet this desired need
19 of the customers.

20 Q. Please provide background now about the

21 Lake Darby water system.

22 A. The Lake Darby water treatment plant was

23 originally built about -- in the early 1970s and has

24 a groundwater supply which draws hard water from the

1 underground aquifer. The treatment plant has one
2 iron removal system and two water softener treatment
3 units. Sometime in the 1970s the then-water-system
4 owner terminated the use of the water softening
5 treatment processes. In 1994 Citizens Utilities
6 restarted the water softening process using the
7 original plant equipment and softening process.

8 At the time Ohio American acquired the
9 Lake Darby water system there had been no renovation
10 to the 32-year-old treatment equipment, electrical
11 controls, and instrumentation, or other support
12 systems.

13 Furthermore, the original treatment plant
14 construction did not provide for equipment
15 redundancy. As the old equipment failed due to age
16 and end of its useful life, there were no backup
17 units to provide ongoing treatment during repairs
18 and/or maintenance periods.

19 Q. What action has Ohio American taken since

20 it purchased the Citizens Lake Darby system?

21 A. Since the acquisition of the Lake Darby

22 water system in January 2002 Ohio American has

23 invested in excess of \$302,000 in the Lake Darby

24 water system, prior to the last rate case, and an

1 additional 28,000 in the past year, this includes
2 replacement of electrical switch gear for well No. 1;
3 replacement of softener control valves; replacement
4 of softener control panels; replacement of softener
5 flow meters; replacement of high service pump control
6 panels, starters, and electrical switch gear;
7 Replacement of plant electrical switch
8 gear; installation of instrumentation systems to
9 monitor and report operations and/or malfunctions;
10 installation of a brine maker so as to allow for
11 maintenance of the original brine making equipment,
12 and to increase its performance and reliability;
13 installation of safety switch gear to protect
14 operating equipment; installation of auxiliary power
15 to permit water production during commercial power
16 failures;
17 Installation of new water blending valve
18 systems to balance the two water treatment plant
19 softeners; and finally, installation of brine pumps

20 to more accurately measure the recharge of the water

21 treatment softeners.

22 The last two improvements have been made

23 since the last rate case. Taken together these

24 improvements have already resulted in a more

1 consistent and reliable treatment of the water
2 hardness to a level between 120 milligrams and
3 150 milligrams as prescribed in the stipulation.

4 Q. Please explain the method and timing of
5 the testing that Ohio American undertook to assure
6 the hardness level within this range.

7 A. Ohio American has one operator who has
8 multiple duties with respect to the Lake Darby water
9 service area. He begins his day at the water plant
10 by testing the water hardness at the finished water
11 sample tap in the water treatment plant. He
12 continues his duties at the plant by inspecting the
13 mechanical equipment, the chemical inventories, and
14 other treatment system components.

15 He records data such as the chemical
16 usage, water volume pumped, water elevation in the
17 tank and other pertinent operating data. He may then
18 leave the plant in order to begin performance of
19 customer service orders in the Lake Darby area

20 As part of his daily routine he will
21 inspect and record operating data at the Lake Darby
22 wastewater plant. While at the wastewater plant he
23 will collect a water sample to determine the hardness
24 and chlorine residual of the water that was pumped

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1 through the water distribution system.

2 He is also responsible for the smaller
3 Timberbrook water treatment system. Thus, during his
4 day he will visit the Timberbrook water treatment
5 plant to record operating data and perform chlorine
6 residual testing also.

7 Q. Mr. Steve Kennedy, who is a Prairie
8 Township trustee, wrote several letters that are in
9 the file of this case and also offered sworn
10 testimony twice in this proceeding. Can you explain
11 the differences in Mr. Kennedy's testing methods and
12 address his concerns about laboratory and personnel
13 who test the hardness in the Lake Darby system?

14 A. In regards to testing methods,
15 Mr. Kennedy uses a hardness test kit accurate to plus
16 or minus 17 milligrams per liter. Ohio American
17 hardness test method is accurate plus or minus 1
18 milligram per liter.

19 Mr. Kennedy has expressed concern about

20 the laboratory and personnel who test the hardness at
21 the plant. There are two types of hardness tests
22 performed at Lake Darby water treatment plant, one
23 test is performed at the plant site and we term as
24 "process control" test. The process control test is

1 used to make on-site decisions and it is an indicator
2 of the plant's performance.

3 The second hardness test used is a
4 "process monitoring" test, it is performed in
5 compliance with regulatory standards in an Ohio EPA
6 certified lab by a qualified individual. It is the
7 process monitoring test results that we report to the
8 Ohio EPA. While the accuracy of the process control
9 test is available, it is used mainly for process
10 monitoring decisions, and because the process control
11 test is not performed in an Ohio EPA laboratory, its
12 results cannot be used for reporting to the Ohio EPA.

13 As previously discussed, the sample
14 collection both for the process control test and the
15 process monitoring testing is the first thing in the
16 morning at the Lake Darby water treatment plant,
17 therefore, they reflect the conditions of the
18 hardness at the time the sample is collected and
19 tested.

20 Mr. Kennedy's tests have been at various
21 times during the day which reflect variability of the
22 water hardness produced during the day.

23 In order to address the potential
24 variability of the water hardness throughout the day

1 Ohio American has committed to install a continuous
2 on-line hardness analyzer which will sample every two
3 hours and record the measured results. This
4 documentation will provide the information of the
5 water softening changes, its stability and
6 reliability throughout the day.

7 Q. What are the additional commitments that
8 have also been made in the stipulation that pertain
9 to Lake Darby?

10 A. In regards to Lake Darby Ohio American
11 agreed to continue to operate and maintain Lake Darby
12 water treatment plant in compliance with --
13 consistent with the American Water Works
14 Association's reference manuals of Water Treatment
15 Operator Handbook and Ion Exchange for Water
16 Treatment in accordance to federal and state
17 regulations if any are applicable.

18 We agreed to install, operate, and
19 maintain an on-line analyzer, as I previously

20 mentioned, to monitor the Lake Darby water treatment

21 plant's finished water hardness. The on-line

22 analyzer will sample, measure, and record one sample

23 every two hours when the plant is running.

24 We will maintain a log documenting the

1 operation, maintenance, and calibration of the
2 on-line analyzer in conformance with the
3 manufacturer's recommendations. If for any reason
4 the on-line analyzer is taken off line, the company
5 agreed and will notify the Staff as soon as possible.
6 It will then increase the process control testing at
7 the plant site to three samples per day with at least
8 two hours between samples until the on-line analyzer
9 is repaired or replaced and then put back into
10 service.

11 We've agreed to maintain the Lake Darby
12 water treatment plant's finished water hardness as
13 measured at the Lake Darby sample tap between
14 90 milligrams and 150 milligrams at least 95 percent
15 of the time. On a monthly basis the company will
16 report to the Staff the status of the samples
17 monitored by the on-line analyzer. The company shall
18 send the samples to an OEPA certified laboratory as a
19 check once a day.

20 We agreed to collect, measure, and record
21 at least two water hardness samples per week from the
22 Lake Darby water distribution system, one will be at
23 the Lake Darby wastewater treatment plant water
24 sample tap.

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1 We've agreed to document all sample
2 collections as to location, date, time, who was the
3 sampler, and what the hardness results are.

4 If the daily average finished water
5 hardness levels measured at the Darby water treatment
6 plant sample tap is not between 90 milligrams per
7 liter and 150 milligram per liter at least 95 percent
8 of the time on a monthly reporting basis for the
9 samples monitored by the on-line analyzer, the
10 company will provide within two billing cycles an
11 aggregate credit of \$1,000 available to the Lake
12 Darby customers.

13 Q. Were you present at the local public
14 hearings in this case that were held in Galloway on
15 August 18th of this year?

16 A. Yes, I was.

17 Q. And did you make note of the customers
18 who spoke to specific water and sewer issues?

19 A. Yes, I did.

20 Q. And will you respond to some of the
21 specific issues identified by customers at that local
22 public hearing?

23 A. Yes. Mr. Eglin testified essentially
24 that he did not believe that American Water had

1 improved the water quality. Earlier I detailed the
2 improvements that had been made to the Lake Darby
3 water system, and our testing shows that during the
4 time between the last case and this case the water
5 hardness has consistently been within the agreed
6 range of 120 milligrams to 150 milligrams per liter.

7 The new commitment that Ohio American has
8 made will lower the range to 90 milligrams per liter
9 which will allow the company to soften the water to a
10 greater degree.

11 Mr. Chaplet and Ms. Burke stated that the
12 company had received a letter from the Ohio EPA
13 regarding violations and that Ohio American was given
14 ten days to make corrections. The customers do not
15 have the correct facts.

16 The Ohio EPA conducts an annual site
17 visit to wastewater treatment plants and recently
18 visited the Lake Darby sewage plant. I received a
19 letter dated August 8th from the Ohio EPA

20 referring to past effluent solids exceedances. In an
21 August 18th letter the company outlined to the Ohio
22 EPA improvements that it had already completed at the
23 Lake Darby wastewater plant addressing the solids
24 exceedances that had occurred in prior months.

1 The company has spent approximately
2 \$450,000 at the Lake Darby wastewater plant to
3 renovate the plant to acceptable performance
4 standards and thus correct the exceedances. The Ohio
5 EPA letter and its recommendations were not in the
6 nature of penalties.

7 Emma Johnson testified that she had a
8 \$238 bill for one month, however, this is a
9 misstatement. Ohio American Water records show that
10 Ms. Johnson is typically one month in arrears in
11 making payments, thus her bill would reflect the
12 current usage plus unpaid portions from a prior
13 previous month. Ms. Johnson's bill for August was
14 less than a hundred dollars.

15 Nancy Kelly, Linda Scalf, and Robert
16 Carrico mentioned the painting of the Lake Darby
17 water tower. The Lake Darby water tower was due for
18 repairs and it was done in 2008, the repairs and the
19 painting.

20 With respect to Ms. Kelly's paint
21 splatters, our contractor who painted the water tower
22 is responsible for issues such as this and for
23 resolving those claims. I have checked with the
24 contractor and he has stated that all claims of

1 overspray including Ms. Kelly's car, but not
2 Ms. Kelly's deck which still is outstanding and needs
3 to be finished, have been addressed and resolved.

4 We contacted her last week and obtained
5 all the estimates to resolve the portion of her
6 claim, the painting of her deck, and the repairs have
7 been authorized for completion.

8 Q. Were you present at the evidentiary
9 hearing held on August 26th?

10 A. Yes, I was.

11 Q. And did you make note of the customers
12 who spoke to specific water and sewer issues at that
13 time?

14 A. Yes, I did.

15 Q. And will you respond to some of the
16 specific issues identified by them at the time?

17 A. Yes. Mr. Welch discussed four specific
18 items that I would like to address. First he talked
19 about a billing problem that occurred with his

20 in-law's utility account in Huber Ridge. This
21 problem occurred in December of 2004 which I believe
22 illustrates that some witnesses reference old issues
23 without consideration of the improvements Ohio
24 American has implemented.

1 Second, he discussed the park across the
2 street from the Ohio American Franklin County
3 district office. Ohio American provides water at the
4 park shelter house in this park at no cost to the
5 public users. We also provide water to Blendon
6 Township cemetery at no cost to the users.

7 Third, he discussed a bike trail
8 adjoining Ohio American property. The city of
9 Columbus does have a bike trail on city of Columbus
10 property which abuts Ohio American Water property but
11 on the opposite side of the creek. And to the best
12 of my knowledge the bike trail was never planned to
13 go across Ohio American property based on the plans
14 we received from the city of Columbus.

15 Finally, Mr. Welch complained about a
16 leak not being fixed on Montevideo in the last part
17 of February 2008. I personally inspected the area of
18 the leak the night the reported leak was made. There
19 are two major water mains in the street, one pressure

20 sewer main, and several water and sewer services. In
21 addition, there are storm sewers and various drain
22 lines in this roadway.

23 Given the degree of water seepage, which
24 was small, the numerous buried utilities, the

1 weekend, as well as the weather, I used the
2 professional judgment that the situation should be
3 monitored rather than excavating a large street area
4 for the hunt of a possible leak from potentially
5 several different utilities.

6 There was no water service impact
7 reported by our customers in the area. Rather than
8 risk a major problem by rushing in and excavating for
9 a small water seepage leak, Ohio American monitored
10 the situation and determined that it was a single
11 water service line which had been installed
12 underneath all the other utilities.

13 By thoroughly investigating the situation
14 Ohio American was able to complete the repairs
15 without excavating the street, which would not have
16 been restored, because it had been wintertime, for
17 several months, and at a lower cost to our customers.

18 Mr. Kennedy, Prairie Township Trustee,
19 addressed his concern on the variability of water

20 hardness in the Lake Darby water service area, and he
21 presented information documenting that there had been
22 11 incidences where he had measured the water
23 hardness outside of the range during the time period
24 from December 2007 through August 26th, 2008. This

1 represents an aggregate of less than 5 percent of the
2 total samples taken during that time period.

3 In the past Ohio American has committed
4 to and has demonstrated that where a problem has been
5 identified in the Lake Darby water treatment plant,
6 whether it's in operations, in equipment, process
7 equipment, or personnel performance, Ohio American
8 has taken the actions appropriate to correct the
9 problem.

10 We have committed to continuing the
11 process of continued improvement in our performance
12 at the facility. As part of this rate case
13 stipulation Ohio American has committed to installing
14 the on-line analyzer to monitor and record the
15 finished water hardness. We believe this
16 instrumentation will solve many of the problems.
17 This instrumentation has been purchased and is being
18 installed this week and it should be operational
19 within ten days.

20 This unit will provide data logging to
21 allow Ohio American to review the operating
22 conditions of the water treatment plant if a problem
23 occurs in the future, and we believe this will
24 provide additional information which will allow Ohio

1 American to address Mr. Kennedy's concerns.

2 Q. Mr. Schwing, does this complete your
3 testimony?

4 A. Yes, it does.

5 THE EXAMINER: Any questions?

6 MR. POULOS: I have a couple questions,
7 your Honor. Thank you.

8 - - -

9 CROSS-EXAMINATION

10 By Mr. Poulos:

11 Q. Good morning, Mr. Schwing.

12 A. Good morning.

13 Q. You mentioned in your testimony about
14 Lake Darby -- most of these will be about Lake
15 Darby -- that you used a certified lab to take the
16 test results, take the test samples for the hardness?

17 A. For the reporting to the Ohio EPA, that's
18 correct.

19 Q. Where is that certified lab that you take

20 the samples to?

21 A. Ohio American's Franklin County district

22 water quality lab is certified by the state, Ohio

23 EPA, and it is located at our office in Westerville.

24 Q. How are those samples taken there? Are

1 they taken on a daily basis?

2 A. We take samples on a daily basis, yes.

3 And then there is a chain of custody that we can

4 demonstrate who took it, where it was taken, taken to

5 the lab, they accept the chain of custody, perform

6 the analysis, and we report the results.

7 Q. Is there a separation of management who

8 takes the samples and the lab employees?

9 A. The lab employees do not answer to me.

10 Water Quality answers to a different manager.

11 Q. And the lab employees are Ohio American

12 Water employees.

13 A. That's correct.

14 Q. You mentioned that there would be two

15 samples taken in the distribution system at Lake

16 Darby.

17 A. Per week, correct.

18 Q. Per week.

19 A. Uh-huh.

20 Q. Do you know where those samples will be
21 taken? I think you mentioned one will be in the
22 wastewater plant.

23 A. Correct. And the other one, we have
24 sampling stations in the water distribution system,

1 these are specific sample stations so that we can get
2 a clean sample off of the water main, we will
3 probably use one of those because we like to be able
4 to reproduce the location, it's under our control,
5 and Ohio EPA has approved that sample station for our
6 other monitoring purposes.

7 Q. You said there are a number of them?

8 A. I believe there's at least two if not
9 three in Darby. I'd have to check the exact number.

10 Q. Are those sample results going to be
11 available to customers if asked going forward?

12 A. We will have those sample results
13 available to the staff and I believe we've made a
14 commitment to -- if OCC or other interested parties
15 would like to see the results, they will.

16 Q. You also mentioned that Mr. Kennedy's
17 samples, that he found variability in the hardness
18 levels throughout some of his testing results. How
19 is the company addressing the variability that he's

20 finding in the distribution location, the firehouse?

21 A. The majority of the time of his samples

22 that he -- he presented 11 specific sample data

23 points at the last evidentiary hearing, and we look

24 at each one of those and try to go back, we do go

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1 back and say what was the plant's operating
2 conditions, what's happening at the plant, okay?

3 If you recall, his last one I think
4 obtained on a Saturday night, we went back, we
5 collected the data, we are still analyzing the data.
6 We do believe we understand what caused that event.

7 We take that information, find out what's
8 happening at the plant, see if the plant is inside of
9 acceptable limits or outside, if it's outside, find
10 out what condition caused that and take a corrective
11 action.

12 And we have done this consistently when
13 he has pointed out a problem. And we will continue
14 to do that.

15 Q. Do you believe that the improvements the
16 company's going to make as part of the stipulation
17 will address the variability in the distribution line
18 that Mr. Kennedy has seen?

19 A. Yes, I do. And in addition to that we

20 believe with the continuous monitoring or recorder
21 that he can look at and we would invite him to review
22 with us to build the confidence level that this is an
23 ongoing problem or ongoing issue that we deal with,
24 that we are just not stopping saying it's done.

1 Here's the ongoing monitoring, please look at it, and
2 we will continue to support so his comfort level will
3 be increased.

4 Q. You also mentioned that his sampling
5 method was plus or minus 17 milligrams per liter to
6 your understanding.

7 A. His test method.

8 Q. Test method. Do you dispute any other
9 part of his testing method or the results, any other
10 part of the results of his testing method?

11 A. Well, I don't have any chain of custody
12 evidence. I don't know about the representation of
13 the sample. We have to -- any time we take a sample
14 we have a chain of custody that we have to track
15 who's touched that sample, how was it handled, how
16 was it preserved, if it was, it had a preservative,
17 et cetera, et cetera. Since I have not seen any
18 chain of custody, I can't tell or attest to the
19 accuracy or the reliability of the sample.

20 I have taken the information he has given
21 me and we try to evaluate it and understand it. We
22 don't simply discount it, but we also have to
23 understand its relative accuracy and precision. It
24 is not discounted.

1 Q. Yes. Absolutely. Thank you.

2 For the Lake Darby system you mentioned
3 that there are about \$302,000 since the last rate
4 case that the company has spent on improvements,
5 installations, and in the last year 28,000?

6 A. I believe that was the number I cited,
7 yes.

8 Q. I believe those are the numbers. Have
9 any of those numbers been for replacement or
10 installation to the distribution system?

11 A. We installed the sampling stations I
12 referred to out in the system so that we could get
13 samples. Also the reason we used the wastewater
14 treatment plant as a testing, I've mentioned that, is
15 because we have an on-line chlorine and pH analyzer
16 that continuously monitors the water there. And
17 those are improvements we've done in the distribution
18 system.

19 MS. BLOOMFIELD: May I interrupt a

20 minute? Did you say "Lake Darby" or "Huber Ridge"?

21 MR. POULOS: Lake Darby.

22 MS. BLOOMFIELD: Did you answer for Lake

23 Darby or Huber Ridge when you talked about

24 distribution samples right now? I think there's some

1 confusion about --

2 A. No; we have -- we have sample stations in
3 Lake Darby as well as Huber Ridge.

4 Q. Okay.

5 A. The ones in Huber Ridge were put in
6 specifically by stipulation. The ones in Lake Darby
7 were put in specifically by OEPA approval.

8 Q. Okay. So the replacement, those are the
9 replacement and installation items that the company
10 has made to the distribution system at Lake Darby.

11 A. At Lake Darby we have put sample stations
12 in since the last rate case to get -- identify, and
13 these were approved by Ohio EPA for sampling for
14 compliance.

15 Q. Going forward at Lake Darby does the
16 company have any plans to do any replacement or
17 improvements to the distribution system going
18 forward?

19 A. To the distribution itself --

20 Q. Yes.

21 A. -- system itself we have. In the next

22 five years I have no capital that I am aware of. We

23 do have as a maintenance activity, we have

24 approximately 28 blow-offs which are devices that are

1 used to flush the system, and those are maintained on
2 an annual basis because we flush them twice a year.
3 So within the next four or five years, you know,
4 routine maintenance or if there's a defect.

5 But as far as pipe changeout, if
6 that's -- no, we have no scheduled . . .

7 Q. Just to make sure the record's clear
8 with that issue, for Huber Ridge have you done any
9 distribution system replacement or installation in
10 the last -- since the last rate case?

11 A. Well, we have done sample stations as
12 stipulated. We have made significant water main
13 valve replacements both in identification and
14 repairing them; I believe I mentioned six
15 specifically because of their size and impact which
16 change the flow. These were identified as part of
17 our unidirectional flushing program, and we have --
18 the valves as being completed, that's where I would
19 leave that at.

- 20 Q. Going forward do you have anything in
- 21 Huber Ridge for the Huber Ridge system that you plan
- 22 on doing to the distribution system?
- 23 A. Yes. In the five-year -- four- to
- 24 five-year projection there are two water lines that

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1 we would like to have replaced, they are suspect, and
2 we want to have them replaced. This will improve the
3 circulation pattern.

4 In addition, there are some blow-offs as
5 I talked about previously at like Darby, we have
6 blow-offs in Huber Ridge, there are eight that I have
7 scheduled for replacement in the next four years that
8 we can get better flushing and more reliable water
9 samples.

10 Q. One last question for you. As to the
11 Huber Ridge water distribution system, you mentioned
12 in your testimony that the company or that it is your
13 opinion that the water is clear up to the curb.

14 A. Curb stop.

15 Q. Curb stop. And how has the company made
16 that determination?

17 A. We actually -- our samples are actually
18 on the main, so we're taking it right off the main
19 where the curb stop would be. In fact, our sample

20 sites that had been submitted in our plan, and I
21 believe the Staff reviewed and I think OCC had the
22 opportunity to review, are adjoining within 5 to
23 6 feet of service connections.

24 So when we take a sample right from the

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1 main, not off of a fire hydrant leg that doesn't have
2 running water as much as in the main where it's
3 turning over, we feel it's a much better
4 representation and that's truly what -- the service
5 line that our customers are seeing.

6 MR. POULOS: Thank you. I have no
7 further questions.

8 MS. BLOOMFIELD: Your Honor, I did have
9 one point of clarification.

10 - - -

11 REDIRECT EXAMINATION

12 By Ms. Bloomfield:

13 Q. When you talked about the on-line
14 analyzer that is to be installed as part of the
15 stipulation, does that on-line analyzer have any
16 alarm systems? And if so, how will those work?

17 A. Yes, it does. The on-line hardness
18 analyzer that I referred to in Lake Darby has alarm
19 systems that will go to a phone alarm dialer. We are

20 using it -- it has multiple step alarms so that we
21 are programming it that if we see the hardness
22 varying outside of the range, either high or low, but
23 it's still within the range, we are going to get a
24 warning alarm. If it goes outside of the range, we

1 get a second alarm, okay?

2 And then what we are evaluating now is
3 the potential impact of can we use it to shut the
4 plant down if it goes outside till somebody gets
5 there and sees exactly what's going on.

6 But it has an alarm system, it goes to an
7 alarm dialer and the alarm dialer goes to an on-call
8 24 hour/7 day a week phone.

9 MS. BLOOMFIELD: Thank you. That's it.

10 THE EXAMINER: Any further questions?

11 Mr. Russell? Staff?

12 MR. LINDGREN: No, thank you, your Honor.

13 THE EXAMINER: Okay. I think you're
14 excused then.

15 THE WITNESS: Thank you.

16 THE EXAMINER: Thank you.

17 (Witness excused.)

18 MS. BLOOMFIELD: Your Honor, that

19 concludes the testimony in support of the stipulation

20 and, as I indicated earlier, we would like to late

21 file the stipulation and hopeful that we will have it

22 yet today.

23 THE EXAMINER: Thank you. Do you want to

24 move exhibits?

1 MS. BLOOMFIELD: Yes, I do. I would like
2 to move I think it was called Stipulation Exhibit 2
3 that Mr. Little sponsored.

4 THE EXAMINER: Any objections?

5 (No response.)

6 THE EXAMINER: So admitted.

7 (EXHIBIT ADMITTED INTO EVIDENCE.)

8 MR. POULOS: Your Honor, the only note we
9 would make is our questions on cross and the
10 testimony we heard today was subject to the
11 stipulation being reached in the next couple days on
12 these points that we have a general agreement on.

13 THE EXAMINER: Okay. Yes. I would
14 assume staff would take the same position.

15 MR. LINDGREN: Yes.

16 THE EXAMINER: If there's nothing
17 further, then, this hearing will be concluded subject
18 to the late-filed exhibits.

19 MS. BLOOMFIELD: Thank you, your Honor.

20 THE EXAMINER: Thank you.

21 (The hearing concluded at 10:46 a.m.)

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24

CERTIFICATE

I do hereby certify that the foregoing is a
true and correct transcript of the proceedings taken
by me in this matter on Wednesday, September 3, 2008,
and carefully compared with my original stenographic
notes.

Maria DiPaolo Jones, Registered
Diplomate Reporter and CRR and
Notary Public in and for the
State of Ohio.

My commission expires June 19, 2011.

(MDJ-3251)

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9/17/2008 3:54:58 PM

in

Case No(s). 07-1112-WS-AIR

Summary: Transcript Ohio American Water - Volume III 9/3/08 electronically filed by Mrs. Jennifer D. Duffer on behalf of Armstrong & Okey, Inc.