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January 12, 2005

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PUCO

The Honorable Alan R. Schriber, Ph.D., Chairman
The Honorable Donald L. Mason, Commissioner
The Honorable Clarence D. Rogers, Jr., Commissioner
The Honorable Ronda Hartman Fergus, Commissioner
The Honorable Judy A. Jones, Commissioner
The Public Utilities Commission of Ohio
180 East Broad Street
Columbus, OH 43215-3793

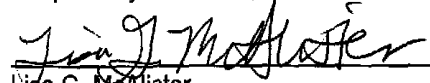
RE: In the Matter of the Application of Ohio American Water Company for Authority to Increase its Rates For Water and Sewer Service Provided to its Entire Service Area, et al.; Case Nos. 03-2390-WS-AIR and 04-339-WW-AAM

Dear Chairman Schriber and Commissioners:

As you are aware, the Ohio American Water Company ("Company") filed an application to increase rates and a related application to recover security costs on March 12, 2003. The City of Marion is served by the Ohio American Water Company. As such, the City of Marion intervened in the consolidated proceedings and actively participated the settlement negotiations that resulted in a Stipulation filed before the Public Utilities Commission of Ohio on January 12, 2005.

The City of Marion agrees with the negotiated results of the Stipulation in concept. However, the City of Marion cannot sign the Stipulation without approval from its City Council. The full Council will consider such an Ordinance, with the intent of waiving the statutory requirement of three readings, authorizing the City to sign the Stipulation on January 24, 2005. However, in the event that the Council will not issue such an Ordinance and the City does not sign the Stipulation, the City of Marion asserts that it will not litigate against the Stipulation.

Respectfully submitted,



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Parties of Record

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