

FILE



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May 20, 2004

VIA HAND DELIVERY

Ms. Reneé Jenkins
Administration/Docketing
Public Utilities Commission of Ohio
180 East Broad Street – 13th Floor
Columbus, OH 43215-3793

Re: Ohio American Water Company
Case No. 03-2390-WS-AIR

Dear Ms. Jenkins:

As requested by Staff, enclosed for filing in the above-referenced proceeding are the following updated Schedules to Ohio American's 12 month actual update, which was filed May 12, 2004:

Schedule A-1
Schedule C-1
Schedule C-3.10, Page 10 of 24
Schedule C-3.10, Page 19 of 24
Schedule C-3.21, Page 21 of 24
Schedule C-10
Schedule C-12.1a, Page 1 of 5
Schedule C-12.1b, Page 2 of 5
Schedule C-12.1c, Page 5 of 5

If you have any questions, please give me a call.

Sincerely,

Sally W. Bloomfield

Enclosures

cc: Abe Soliman (w/Enclosures)
Parties of Record (w/Enclosures)

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OHIO-AMERICAN WATER COMPANY
Case No. 03-2390-WS-AIR
Overall Financial Summary
For the Twelve Months Ended September 30, 2003

Data: 12 Months Actual and 0 Months Budget
Type of Filing: Original Updated Revised
Work Paper Reference:

Schedule A-1
Page 1 of 1

Witness Responsible: J. L. Cutshaw

Line No.	Description	Water A	Water C	Wastewater	Total Company
1					
2	Rate Base	\$48,222,367	\$6,362,728	\$6,460,672	\$61,045,767
3					
4	Operating Income	\$1,101,160	(\$31,031)	\$72,408	\$1,142,537
5					
6	Earned Rate of Return (Line 4 / Line 2)	2.28%	-0.49%	1.12%	1.87%
7					
8	Rate of Return Requested	8.33%	8.33%	8.33%	8.33%
9					
10	Required Operating Income (Line 2 x Line 8)	\$4,016,923	\$530,015	\$538,174	\$5,085,112
11					
12	Operating Income Deficiency (Line 10 - Line 4)	\$2,915,763	\$561,046	\$465,766	\$3,942,575
13					
14	Gross Revenue Conversion Factor	1.635286	1.635286	1.635286	
15					
16	Revenue Deficiency (Line 12 x Line 14)	\$4,768,106	\$917,471	\$761,661	\$6,447,238
17					
18	Revenue Increase Requested	\$4,161,093	\$553,530	\$489,526	\$5,204,149
19					
20	Adjusted Present Rate Revenue	\$21,900,524	\$3,046,206	\$2,705,139	\$27,651,869
21					
22	Revenue Requirement (Line 18 + Line 20)	\$26,061,617	\$3,599,736	\$3,194,665	\$32,856,018
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OHIO-AMERICAN WATER COMPANY
Case No. 03-2390-WS-AIR
Jurisdictional Pro Forma Income Statement—Water A
For the Twelve Months Ended September 30, 2003

Data: 12 Months Actual and 0 Months Budget
Type of Filing: Original Updated Revised
Work Paper Reference: WPC-1

Schedule C-1
Page 1 of 5
Witness Responsible: J. L. Cutshaw

Line No.	Description	Water A Adjusted Revenue & Expense	Water A Proposed Increase	Water A Pro Forma Revenue & Expense
1				
2				
3				
4	<u>Operating revenues:</u>			
5	Water sales	\$21,445,248	\$4,161,093	(Schedule E-4) \$25,606,341
6	Other operating revenues	455,404	0	455,404
7	Total operating revenues	<u>\$21,900,652</u>	<u>\$4,161,093</u>	<u>\$26,061,745</u>
8				
9	<u>Operating expenses:</u>			
10	Operation & maintenance	\$13,730,751	\$59,482	\$13,790,233
11	Depreciation & amortization	2,852,977	0	2,852,977
12	Taxes other than income	4,260,172	222,830	4,483,002
13	Operating expenses before income taxes	<u>20,843,900</u>	<u>282,312</u>	<u>21,126,212</u>
14				
15	Federal income taxes	<u>(44,408)</u>	<u>1,570,028</u>	<u>1,525,620</u>
16				
17	Total operating expenses	<u>\$20,799,492</u>	<u>\$1,852,340</u>	<u>\$22,651,832</u>
18				
19	<u>Income available for fixed charges</u>	<u>\$1,101,160</u>	<u>\$2,308,753</u>	<u>\$3,409,913</u>
20				
21	<u>Rate Base</u>	\$48,222,367		\$48,222,367
22				
23	<u>Rate of Return</u> (Line 19 / Line 21)	2.28%	Calculated	7.07%
24			Requested	8.33%
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OHIO-AMERICAN WATER COMPANY
Case No. 03-2390-WS-AIR
Jurisdictional Pro Forma Income Statement—Water C
For the Twelve Months Ended September 30, 2003

Data: 12 Months Actual and 0 Months Budget
Type of Filing: Original Updated Revised
Work Paper Reference: WPC-1

Schedule C-1
Page 2 of 5

Witness Responsible: J. L. Cutshaw

Line No.	Description	Water C Adjusted Revenue & Expense	Water C Proposed Increase	Water C Pro Forma Revenue & Expense
1				
2				
3				
4	<u>Operating revenues:</u>			
5	Water sales	\$3,004,207	\$553,530	\$3,557,737
6	Other operating revenues	41,932	0	41,932
7	Total operating revenues	<u>\$3,046,139</u>	<u>\$553,530</u>	<u>\$3,599,669</u>
8				
9	<u>Operating expenses:</u>			
10	Operation & maintenance	\$1,855,284	\$11,445	\$1,866,729
11	Depreciation & amortization	466,237	0	466,237
12	Taxes other than Income	886,061	42,876	928,937
13	Operating expenses before income taxes	<u>3,207,582</u>	<u>54,321</u>	<u>3,261,903</u>
14				
15	Federal income taxes	<u>(130,412)</u>	<u>302,103</u>	<u>171,691</u>
16				
17	Total operating expenses	<u>\$3,077,170</u>	<u>\$356,424</u>	<u>\$3,433,594</u>
18				
19	<u>Income available for fixed charges</u>	<u>(\$31,031)</u>	<u>\$197,106</u>	<u>\$166,075</u>
20				
21	<u>Rate Base</u>	<u>\$6,362,728</u>		<u>\$6,362,728</u>
22				
23	<u>Rate of Return</u> (Line 19 / Line 21)	-0.49%	Calculated	2.61%
24			Requested	8.33%
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OHIO-AMERICAN WATER COMPANY
Case No. 03-2390-WS-AIR
Jurisdictional Pro Forma Income Statement--Total Water
For the Twelve Months Ended September 30, 2003

Data: 12 Months Actual and 0 Months Budget
Type of Filing: Original Updated Revised
Work Paper Reference: WPC-1

Schedule C-1
Page 3 of 5
Witness Responsible: J. L. Cutshaw

Line No.	Description	Total Water Adjusted Revenue & Expense	Total Water Proposed Increase	Total Water Pro Forma Revenue & Expense
1				
2				
3				
4	<u>Operating revenues:</u>			
5	Water sales	\$24,449,465	\$4,714,623	(Schedule E-4) \$29,164,078
6	Other operating revenues	497,336	0	497,336
7	Total operating revenues	<u>\$24,946,791</u>	<u>\$4,714,623</u>	<u>\$29,661,414</u>
8				
9	<u>Operating expenses:</u>			
10	Operation & maintenance	\$15,586,035	\$70,927	\$15,656,962
11	Depreciation & amortization	3,319,214	0	3,319,214
12	Taxes other than Income	5,146,233	265,706	5,411,939
13	Operating expenses before income taxes	<u>24,051,482</u>	<u>336,633</u>	<u>24,388,115</u>
14				
15	Federal income taxes	<u>(174,820)</u>	<u>1,872,131</u>	<u>1,697,311</u>
16				
17	Total operating expenses	<u>\$23,876,662</u>	<u>\$2,208,764</u>	<u>\$26,085,426</u>
18				
19	<u>Income available for fixed charges</u>	<u>\$1,070,129</u>	<u>\$2,505,859</u>	<u>\$3,575,988</u>
20				
21	<u>Rate Base</u>	\$54,585,095		\$54,585,095
22				
23	<u>Rate of Return</u> (Line 19 / Line 21)	1.96%	Calculated	6.55%
24			Requested	8.33%
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OHIO-AMERICAN WATER COMPANY
Case No. 03-2390-WIS-AIR
Jurisdictional Pro Forma Income Statement-Waste Water
For the Twelve Months Ended September 30, 2003

Data: 12 Months Actual and 0 Months Budget
Type of Filing: Original Updated Revised
Work Paper Reference: WPC-1

Schedule C-1
Page 4 of 5
Witness Responsible: J. L. Cutshaw

Line No.	Description	Waste Water Adjusted Revenue & Expense	Waste Water Proposed Increase	Waste Water Pro Forma Revenue & Expense
1				
2				
3				
4	<u>Operating revenues:</u>			
5	Water sales	\$2,681,926	\$489,526	(Schedule E-4) \$3,171,452
6	Other operating revenues	23,156	0	23,156
7	Total operating revenues	<u>\$2,705,082</u>	<u>\$489,526</u>	<u>\$3,194,608</u>
8				
9	<u>Operating expenses:</u>			
10	Operation & maintenance	\$1,386,230	\$9,502	\$1,395,732
11	Depreciation & amortization	420,480	0	420,480
12	Taxes other than income	902,890	35,595	938,485
13	Operating expenses before income taxes	<u>2,709,600</u>	<u>45,097</u>	<u>2,754,697</u>
14				
15	Federal income taxes	<u>(76,926)</u>	<u>250,797</u>	<u>173,871</u>
16				
17	Total operating expenses	<u>\$2,632,674</u>	<u>\$295,894</u>	<u>\$2,928,568</u>
18				
19	<u>Income available for fixed charges</u>	<u>\$72,408</u>	<u>\$193,632</u>	<u>\$266,040</u>
20				
21	<u>Rate Base</u>	\$6,460,672		\$6,460,672
22				
23	<u>Rate of Return</u> (Line 19 / Line 21)	1.12%		Calculated 4.12%
24				Requested 8.33%
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OHIO-AMERICAN WATER COMPANY
Case No. 03-2390-W/S-AIR
Jurisdictional Pro Forma Income Statement--Total Company
For the Twelve Months Ended September 30, 2003

Data: 12 Months Actual and 0 Months Budget
Type of Filing: Original Updated Revised
Work Paper Reference: WPC-1

Schedule C-1
Page 5 of 5
Witness Responsible: J. L. Cutshaw

Line No.	Description	Total Company Adjusted Revenue & Expense	Total Company Proposed Increase	(Schedule E-4)	Total Company Pro Forma Revenue & Expense
1					
2					
3					
4	<u>Operating revenues:</u>				
5	Water sales	\$27,131,381	\$5,204,149		\$32,335,530
6	Other operating revenues	520,492	0		520,492
7	Total operating revenues	<u>\$27,651,873</u>	<u>\$5,204,149</u>		<u>\$32,856,022</u>
8					
9	<u>Operating expenses:</u>				
10	Operation & maintenance	\$16,972,265	\$80,429		\$17,052,694
11	Depreciation & amortization	3,739,694	-		3,739,694
12	Taxes other than Income	6,049,123	301,301		6,350,424
13	Operating expenses before income taxes	<u>26,761,082</u>	<u>381,730</u>		<u>27,142,812</u>
14					
15	Federal income taxes	(251,746)	2,122,928		1,871,182
16					
17	Total operating expenses	<u>\$26,509,336</u>	<u>\$2,504,658</u>		<u>\$29,013,994</u>
18					
19	<u>Income available for fixed charges</u>	<u>\$1,142,537</u>	<u>\$2,699,491</u>		<u>\$3,842,028</u>
20					
21	<u>Rate Base</u>	\$61,045,767			\$61,045,767
22					
23	<u>Rate of Return</u> (Line 19 / Line 21)	1.87%		Calculated	6.29%
24				Requested	8.33%
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OHIO-AMERICAN WATER COMPANY
Case No. 03-2390-WS-AIR
Adjustment of Customer Accounting - Uncollectible Expense
For the Twelve Months Ended September 30, 2003

Data: 12 Months Actual and 0 Months Estimated

Schedule C-3.10

Type of Filing: Original Updated Revised

Page 10 of 24

Work Paper Reference: WPC-3.10

Witness Responsible: W. J. Wolf

Line No.		Pro forma Present Rates			
1					
2					
3	The following adjustment calculates uncollectible accounts expense by applying a ratio of net charge-offs				
4	to revenues to the pro forma level or revenues at present rates. The ratio used reflects the actual				
5	average experience for the most recent three (3) years.				
6		<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>	<u>Total</u>
7	Pro forma water sales	\$21,445,248	\$3,004,207	\$2,681,926	\$27,131,381
8					
9	Uncollectible Accounts Ratio	1.2475%	1.2475%	1.2475%	1.2475%
10					
11	Pro forma Uncollectible Expense	\$267,529	\$37,477	\$33,457	\$338,463
12					
13	Less: Test Year Uncollectible Expense	\$277,710	\$0	\$33,665	\$311,375
14					
15					
16	Pro forma Adjustments	(\$10,181)	\$37,477	(\$208)	\$27,088
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OHIO-AMERICAN WATER COMPANY
Case No. 03-2390-WS-AIR
Adjustment of Gross Receipts Tax
For the Twelve Months Ended September 30, 2003

Data: 12 Months Actual
Type of Filing: Original Updated Revised
Work Paper Reference: WPC-3.19

Schedule C-3.19
Page 19 of 24
Witness Responsible: J. L. Cutshaw

Line No.	Purpose and Description	Pro forma Present Rates			
1					
2					
3	The pro forma adjustments calculated below are necessary to state the annual amounts of this tax				
4	using the pro forma level of net taxable receipts.	<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>	<u>Total</u>
5	The current State Excise tax rate of 4.75% was used in the calculations below.				
6					
7	Operating Revenue	\$21,587,171	\$3,174,983	\$2,891,068	\$27,653,222
8	Add: Customer Advances	\$248,716	\$0	\$0	\$248,716
9	Less: Sales for Resale	(\$1,406,329)	\$0	\$0	(\$1,406,329)
10	Less: Sales to U. S. Government Facilities	\$0	\$0	\$0	\$0
11	Less: Uncollectible Expense	(\$269,300)	(\$39,602)	(\$36,066)	(\$344,968)
12					
13	Water Works Activity Gross Sales	\$20,160,258	\$3,135,381	\$2,855,002	\$26,150,641
14	Less: \$25,000 Reduction	(\$19,273)	(\$2,997)	(\$2,730)	(\$25,000)
15					
16	Net taxable receipts	\$20,140,985	\$3,132,384	\$2,852,272	\$26,125,641
17					
18	Tax at 4.75%	\$956,697	\$148,788	\$135,483	\$1,240,968
19					
20	Less: Test Year Expense	(\$1,071,852)	(\$125,105)	(\$94,120)	(\$1,291,077)
21					
22	Less: Pro forma Present Rate expense				
23					
24	Pro forma adjustment	(\$115,155)	\$23,683	\$41,363	(\$50,109)
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OHIO-AMERICAN WATER COMPANY
Case No. 03-2390-AWS-AIR
Adjustment of PUCO and OCC Fees
For the Twelve Months Ended September 30, 2003

Data: 12 Months Actual
Type of Filing: Original Updated Revised
Work Paper Reference: WPC-3.21

Schedule C-3.21
Page 21 of 24
Witness Responsible: J. L. Cutshaw

Line No.	Purpose and Description	Pro forma Present Rates			
1					
2					
3	The following pro forma adjustment are necessary to reflect the appropriate levels of PUCO and OCC fees				
4	based upon pro forma operating revenues at present rates.				
5		<u>Water A</u>	<u>Water C</u>	<u>Wastewater</u>	<u>Total</u>
6					
7	Operating Revenues	\$20,741,010	\$3,174,983	\$2,891,068	\$26,807,061
8					
9	PUCO and OCC fees 2003 rate	0.1860%	0.1860%	0.1860%	
10					
11	Pro forma expense	\$38,578	\$5,905	\$5,377	\$49,860
12					
13	Less: Test Year expense	42,063	4,910	3,694	50,667
14					
15					
16					
17	Pro forma adjustments	(\$3,485)	\$995	\$1,683	(\$807)
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OHIO-AMERICAN WATER COMPANY
Case No. 03-2390-W/S-AIR
Computation of the Gross Revenue Conversion Factor
For the Twelve Months Ended September 30, 2003

Data: 12 Months Actual and 0 Months Estimated
Type of Filing: Original Updated Revised
Work Paper Reference: WPC-10

Schedule C-10
Page 1 of 1
Witness Responsible: J. L. Cutshaw

Line No.	Description	Percent of Incremental					Total Company
		Water Sales Revenue	Water A	Water C	Total Water	Wastewater	
1							
2							
3							
4	Revenues	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%
5							
6	Less: Uncollectible Fee	1.2475%	1.2475%	1.2475%	1.2475%	1.2475%	1.2475%
7	State Excise Tax - effective	4.4874%	4.4874%	4.4874%	4.4874%	4.4874%	4.4874%
8	PUCO Fee	0.1465%	0.1465%	0.1465%	0.1465%	0.1465%	0.1465%
9	OCC Fee	0.0395%	0.0395%	0.0395%	0.0395%	0.0395%	0.0395%
10							
11	Income before Federal Income Tax	94.0791%	94.0791%	94.0791%	94.0791%	94.0791%	94.0791%
12							
13							
14	times Federal Income Tax Rate	35.00% 32.9277%	32.9277%	32.9277%	32.9277%	32.9277%	32.9277%
15							
16	Income after Federal Income Tax	61.1514%	61.1514%	61.1514%	61.1514%	61.1514%	61.1514%
17							
18							
19	Gross Revenue Conversion Factor						
20	(100% divided by Income after Federal Income Tax factor)	1.635286	1.635286	1.635286	1.635286	1.635286	1.635286
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