

FILE

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Ohio American Water )  
Company for Authority to Increase its Rates For Water and ) Case No. 06-433-WS-AIR  
Sewer Service Provided to its Entire Service Area. )

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**STIPULATION AND RECOMMENDATION**

Ohio Administrative Code ("O.A.C.") Rule 4901-1-30 provides that any two or more parties to a proceeding may enter into a written or oral stipulation concerning the issues presented in such proceeding. Pursuant to O.A.C. Rule 4901-1-10(C), the Staff of the Public Utilities Commission of Ohio ("Staff") is considered a party for the purpose of entering into a stipulation. Accordingly, Ohio American Water Company (hereinafter referred to as "Ohio American" or the "Company"), The Office of the Ohio Consumers' Counsel ("OCC"), Dragoo Management Company ("Dragoo") and the Staff (hereinafter together referred to as "Parties") hereby enter into this Stipulation and Recommendation ("Stipulation") and recommend that the Public Utilities Commission of Ohio ("Commission") adopt it. The Stipulation resolves all of the issues of the above-named rate proceeding, brought by the Company pursuant to Ohio Revised Code Sections ("R.C.") 4909.18 and 4909.19.

The Parties understand that this Stipulation is not binding upon the Commission. This Stipulation and its supporting documentation represent a cooperative effort among the Parties to resolve the issues associated with this proceeding in a more efficient manner within the traditional rate case process. Specifically, the agreements contained in this Stipulation to which all of the Parties agree are supported by information contained in the Company's application filed in Case No. 06-433-WS-AIR on April 17, 2006 and in subsequent updates, pre-filed testimony submitted by the Company and OCC, the Staff Report of Investigation ("Staff Report") issued on September 25, 2006, and the transcripts of the various local public hearings held during the course of this proceeding. This Stipulation is the product of serious bargaining

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among capable, knowledgeable parties. The settlement proposal benefits ratepayers and the public interest by, among other things, addressing service quality and rate issues, as well as by reducing the effort and expense that would have occurred had this case not been settled. Finally, the Parties believe that the settlement proposal taken in its entirety does not violate any regulatory principle or practice. The Parties request that the Commission give it careful consideration and adopt it at the earliest practicable date.

Except for enforcement purposes of the obligations set forth in the Stipulation, neither this Stipulation, nor the information and data contained therein or attached, shall be cited as precedent in any future proceeding for or against any party, or the Commission itself, if the Commission approves the Stipulation.

This Stipulation is a compromise involving a balance of competing positions and it does not necessarily reflect the position that one or more of the Parties would have taken if these issues had been fully litigated. The Parties believe that this Stipulation represents a reasonable compromise of varying interests. This Stipulation is expressly conditioned upon adoption in its entirety by the Commission without material modification by the Commission. Should the Commission reject or materially modify all or any part of this Stipulation, the Parties shall have the right, within thirty (30) days of the issuance of the Commission's order, to file an application for rehearing. Parties agree they will not oppose or argue against any other Party's application for rehearing that seeks to uphold the original, unmodified Stipulation. Upon the Commission's issuance of an entry on rehearing that does not adopt the Stipulation in its entirety without material modification, any Party may terminate and withdraw from the Stipulation by filing a notice with the Commission within thirty (30) days of the Commission's entry on rehearing. Prior to any Party seeking a withdrawal from this Stipulation pursuant to this provision, the Parties agree to convene immediately to work in good faith to achieve an outcome that substantially satisfies the intent of the Stipulation or propose a reasonable equivalent thereto

to be submitted to the Commission for its consideration. Upon notice of termination or withdrawal by any Party, pursuant to the above provisions, the Stipulation shall immediately become null and void. In such event, a hearing shall go forward and the Parties will be afforded the full opportunity to present evidence through witnesses, to cross examine all witnesses, to present rebuttal testimony, and to brief all issues which shall be decided based upon the record and briefs as if this Stipulation had never been executed.

1. The Parties agree that the value of Ohio American's property used and useful in the rendition of water service (rate base) on a total company-wide basis is \$58,133,116 as set forth in Staff Report Updated Schedules A-1 and B-1.
2. Ohio American's total adjusted operating revenues for the test year are \$30,323,924; its total adjusted operating expenses are \$28,038,617; and its net operating income is \$2,285,307, as taken from Staff Report Updated Schedule C-2.
3. A net operating income of \$2,285,307 is insufficient to provide Ohio American with reasonable compensation for water service rendered to its customers.
4. The Parties agree that a just and reasonable increase in the revenue requirement for Ohio American is \$3,430,137 as reflected on updated Staff Report Schedule A-1 attached to this Stipulation as Stipulation Exhibit 3.
5. Ohio American is entitled to an overall rate of return of 7.65%, reflecting a cost of long-term debt of 5.93%, a cost of preferred stock of 8.37%, and a return on equity of 10%.
6. Ohio American agrees to provide supporting documentation that it has complied with the following recommendations with respect to its continuing property records (CPRs) within three months of the Commission Order in this case:
  - A. The CPRs will correctly reflect plant additions and associated retirements, replacements, and transfers by plant location.

- B. Staff and the Company will meet with representatives of the Company who are implementing a new CPR software program to discuss the parameters of the CPR program and to address how the CPR records that originated in prior years, particularly those from the former Citizens Utilities Company of Ohio, can be made acceptable for Staff review.
7. Ohio American agrees not to request rate relief for customers in "Water C", former Citizens water customers in the form of an increase in rates (AIR) until the discoloration issue has been resolved as set forth in Paragraph 12 of this Stipulation.
8. The Parties agree that the rates are based upon the Parties' settlement of issues raised by Ohio American's application predicated upon a Test Year of July 1, 2005 to June 30, 2006 and a Date Certain of December 31, 2005 and the Staff's investigation. The Parties agree that rates will be effective with services rendered after Commission approval and Ohio American filing of the final compliance tariff.
9. Ohio American has made the following changes in its tariff as recommended by the Staff in the Staff Report:<sup>1</sup>
- A. Stipulation Exhibit No. 1, amended P.U.C.O. No. 15 tariff sheets, in addition to the new rates, includes bill format to which has been added the required OCC contact notice that shall also be added to its actual customer bills; a statement in Section 11, Sheet 42 setting forth the means for establishing credit consistent with the requirements of O.A.C. Rule 4901:1-17-03(A) in its application for service form; a statement to be included in Section 8 of its tariff setting forth the Ohio American policy governing meter reading frequency consistent with Rule 4901:1-15-19 (A); a statement in Section 8, Sheets 40 and 41, that customers may request

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<sup>1</sup> To the extent that the Staff's tariff recommendations are not addressed in this Stipulation, they have been withdrawn.

that PUCO Staff and the customer be present to witness a meter test consistent with Rule 4901:1-15-19 (B) (5) as well as the retention time for meter test records that will meet the requirements of Rule 4901:1-15-19(B)(6); language in its disconnection provision, Section 13, that includes the contents of Rule 4901:1-15-27(D) through (I); citations to Rules 4901:1-15-28 (A)(1) through (3), (B)(1) and (2), (C) and (D) in the Company's reconnection provision, Section 14, beginning on Sheet 46; a statement in its Customer Rights Notification that the customer has a right to request that a PUCO Staff member and the customer be present to witness a meter test in accordance with Rule 4901:1-15-19 (B)(5) and information about how a customer may obtain a deposit refund in accordance with Rule 4901:1-15-16 (C) and the revised notice language concerning contact to the PUCO and OCC.

- B. The following rates are included in Stipulation Exhibit No. 1:
- i) Customer charge of \$9.41 (only a single customer charge will be assessed to every customer)
  - ii) Softening surcharge for Marion of \$0.3326/ccf; for the Lake Darby and Worthington Hills systems of \$0.6122/ccf
  - iii) Large quantity user rate of \$1.61 per ccf
  - iv) Reconnection charge of \$41.65
  - v) Account activation charge of \$23.10
  - vi) Dishonored payment charge of \$20.75
- C. The Parties agree that the rate structure shall be that as reflected in Stipulation Exhibit No. 1.
- D. The Company agrees to develop and conduct a Summer/Winter Sewer Billing educational campaign directed to all applicable customers. Ohio American agrees

to work with Staff and OCC in the development of this campaign. The campaign should begin within three months of the Opinion and Order in this proceeding.

The Staff will meet with the Company to evaluate the costs associated with the campaign and to develop an amortization schedule for the recovery of those costs.

- E. Concerning the purchased water surcharge for Portage County, since there may be an increase in the Portage County rates when the present contract expires at the end of 2006, Ohio American and the Staff will work together at that time to correct/agree upon a methodology when a Portage County increase has been announced.
  - F. In negotiating the next purchased water contract with Indiana American Water Company to serve Ohio American Water's Preble County customers, the Company shall negotiate for a rate that may contain terms acceptable to both parties as long as the total cost to the Ohio customers is no more than the total cost under the Indiana American Water tariffed rates.
  - G. The Company agrees that in future rate filings, the cost distribution categories in the cost of service studies will be reconciled to the different class categories, including private fire service in the Schedule E filings.
10. Ohio American agrees to modify its Disconnection Notice to include a statement to the effect that Commission Staff is available to render assistance with unresolved complaints and OCC is available to respond to inquiries. The Notice shall also be updated to refer to the "Investigation and Audit Division" rather than the "Consumer Services Division."

11. Based upon the objections filed by the Parties and the discussions Ohio American has had with the Parties, in an attempt to address their concerns and in recognition of their willingness to address the issues important to Ohio American in this proceeding, Ohio American makes the following commitments:

A. Abeyance Fund: Ohio American will set aside \$50,000 as an assurance that it will meet five commitment categories consisting of (1) Unaccounted-for-Water, Identification, Reporting, Reduction; (2) Meter-reading, Change-out Program; (3) Valve Maintenance, Operation; (4) Tank Inspections, Storage Studies and Replacements; (5) Hydrant Flushing and Painting.

- i) If the Company fails to meet each commitment in each category, except category (1), unaccounted-for-water, it shall credit all its customers from the \$10,000 abeyance set aside for the particular commitment. In the case of category (1), unaccounted-for-water, the Company, Staff and OCC will work out a process for the distribution of the \$10,000 abeyance on behalf of low-income residential customers to Ohio American within ninety (90) days of the Opinion and Order in this case.
- ii) Upon written notice by a party to this case to the Company and other parties to this case stating that the party believes that Ohio American is not in compliance with a specific commitment, Ohio American will, within 30 days of its verifying non compliance, either credit equal amounts of the \$10,000 per category to all customers if the noncompliance is in a category other than unaccounted-for-water or provide written notice to the Parties that it will seek a Commission determination concerning whether it should credit customers for the \$10,000. In the case of the unaccounted-

for-water category, the same procedure shall be followed for abeyance distribution agreed upon the Company, Staff and OCC.

- iii) If Ohio American credits customers under this provision, then it may not seek recovery for that credit from any customers.
- iv) The Parties retain the right to seek other remedies for failures of the Company to meet its commitments set forth in this Stipulation.

**B. Unaccounted-for-Water, Identification, Reporting, Reduction Commitment Category:**

Without any waiver of any rights on the part of the Staff and OCC, it is agreed that:

- i) Within 60 days of the Opinion and Order, Ohio American will file a remedial action plan specific to each of the following systems: Huber Ridge, Blacklick, Madison and Marion.
- ii) Ohio American will commit to reducing unaccounted for water to at least 15% on the following schedule:

Huber Ridge	by June 30, 2008
Blacklick	by June 30, 2008
Madison	by December 31, 2007
Marion	by December 31, 2007
- iii) Ohio American will agree to maintain no more than 15% unaccounted-for-water on a rolling 12-month basis on a per system basis. The systems for which the unaccounted-for-water will be reported are: Marion, Tiffin, Ashtabula, Lawrence County, Lake White, Madison, Blacklick, Valley, Huber Ridge, Timberbrook, Lake Darby, Aurora East and Beechcrest.
- iv) If the 12-month rolling average for unaccounted-for-water level for any of the Ashtabula, Franklin, Lawrence County, Marion or Tiffin Districts rises above 15% for any rolling 12-month period beginning with the period that ends on December 31, 2006, Ohio American agrees to adjust the test-



period chemical and power expense in its next rate case to reflect an average 15% unaccounted-for-water level for that district.

- v) If in the test period for Ohio American's next rate proceeding, the 12-month rolling average unaccounted-for-water is in excess of 15% in the service areas for which the increase is sought, Ohio American agrees to adjust the test period chemical and power expense to reflect an average 15% unaccounted-for-water level.
- vi) Further, Ohio American will provide to Staff, OCC and the cities of Marion and Tiffin (the "Cities") quarterly, rolling 12-month-average unaccounted-for-water reports desegregated by each of the Ohio American systems listed in Sub-paragraph B.iii. above.
- vii) With each quarterly report where the rolling average is above 15% for the Districts of Ashtabula, Franklin, Lawrence County, Marion, or Tiffin, Ohio American will provide its remedial report for the affected District that will reflect the actions taken to date where the unaccounted for water is above 15%, the progress made to date and the actions contemplated in the next quarter.

**C. Meter-reading, Change-out Program Commitment Category:**

- i) Ohio American will complete its encoder meters installation program in the Marion District by January 1, 2007, in the Ashtabula District by January 1, 2008 and in the Franklin County District no later than by the end of 2008. Compliance will be deemed met when all encoder meters are installed except to the extent that replacement by encoder meters is not technically feasible or where customers oppose encoder meter replacement.

- ii) Ohio American commits to continue providing Staff the annual meter reading and encoder data of the previous year by the 31st of January every year and commits to follow the yearly meter reading requirement found in O.A.C. Rule 4901:1-15-19(A)(2).
- iii) The Company will send the customer two written notices concerning inside meter reading, the second one with a separate date from the first inside meter reading date. Each notice will state that failure to allow the Company access to the inside meter may result in disconnection. The Company shall send at least one of the notices to the customer forty-five (45) days before an actual disconnection goes into effect.
- iv) The Company will be deemed compliant with O.A.C. Rule 4901:1-15-19(A)(2) where it (1) has sent two notices as outlined above and has made at least two separate attempts to read a customer's meter within a calendar year, or (2) has agreed to Staff's recommendations for a later actual read in special customer situations. If Ohio American has not met either condition in (1) or (2) above, it shall limit any back billing to twelve months.

D. Valve Maintenance, Operation Commitment Category:

Recognizing that the Franklin County and Portage County systems were those in which Ohio American fell short in valve operation prior to 2005, but was met in 2006, Ohio American commits to remain in compliance with O.A.C. Rule 4901:1-15-10(B)(5) throughout all of its service area. The Staff recognizes that Ohio American was granted a waiver in the Ashtabula, Marion, Tiffin and Lawrence County districts with respect to the valves located on distribution mains so that Ohio American's obligation is to inspect and operate these valves every four

years, rather than every two years as required by the O.A.C. The Company will submit a similar waiver request for Franklin and Portage Counties' service areas. Records verifying the date and type of each inspection and all maintenance will be available in the respective district office to review by Staff upon request.

**E. Tank Inspections, Storage Studies and Replacements Commitment Category:**

Ohio American agrees to the following:

- i) Ohio American will complete its distribution and storage study of the Marion storage tank and make these confidential reports available to the Commission Staff within six months of the Opinion and Order in this case. It will provide the final Lowry & Associates report to Staff (and to the other Parties, a redacted version that omits pictures) and keep the Parties apprised of the proposed improvements that the Company is considering.
- ii) With respect to the Ashtabula Bunker Hill storage tank, the Company will, within 180 days of the issuance of the Opinion and Order, provide to Staff a plan for alternative methods for maintaining the distribution tank pressure during inspection. Among the measures to be considered, Ohio American will include providing temporary storage.
- iii) Ohio American commits to completing construction of a new Lake White storage tank by June 30, 2008.

**F. Hydrant Flushing and Painting Commitment Category:**

Ohio American commits to continue the commitment from its last rate case to repaint each fire hydrant in the Ashtabula and Marion Districts at least once every five years, or approximately 20% of these hydrants each year. Ohio American agrees to continuing flushing in accordance with O.A.C. Rule 4901:1-15-10(B)(4).

12. Huber Ridge Discoloration Program:

Ohio American agrees to address the discoloration issue in Huber Ridge with additional steps. The Parties agree that the objective of the additional steps is to eliminate discoloration caused by water chemistry in the Company's system, including its distribution system (excluding minor discoloration which would occur at the time of the semi-annual flushings and that might occur in the event large quantities of water are used for firefighting or similar activities).

Ohio American and the Parties agree to the following steps and timetable:

- A. By January 31, 2007, the Company will submit a report to the Staff, OCC and to representatives of Ohio Environmental Protection Agency, Central District ("OhioEPA") with the results of prechlorination efforts undertaken in the Huber Ridge system in late 2006.
- B. By January 31, 2007, Ohio American shall submit a plan and send a copy to the Staff, OCC and to representatives of OhioEPA for both the Huber Ridge Water Treatment Plant and for the Huber Ridge water distribution system ("the Plan").
  - i) The criteria for determining that the remedial actions taken by Ohio American have been and continue to be successful at the Huber Ridge Water Treatment Plant shall be that 95% of all samples evaluated at the sample tap shall be at or below the secondary standards for iron and manganese. Until for a period of 12 consecutive months, 95% of all OhioEPA reportable samples from the Huber Ridge Water Treatment Plant meet the criteria set forth in the Plan applicable to the plant, the Company shall submit quarterly reports to the Staff, OCC and OhioEPA which include actions taken in the past quarter, actions to be taken in the next quarter, observations and recommendations, results of all Plan

monitoring data and copies of the Huber Ridge Ohio EPA monthly operating reports for the past quarter.

- ii) The Plan shall present objective measurable criteria for determining water quality in the Huber Ridge water distribution system. The Plan shall include sampling frequency (minimum of once per week), locations where there have been clusters of discolored water complaints/sampling locations (minimum of one control site/baseline site and four other sites), and parameters (minimum of iron, manganese, pH, chlorine, hardness, turbidity and stability index). Upon OCC's request, Ohio American agrees to conduct split sampling for OCC's consultant, provided the consultant uses the same laboratory procedure and testing method as Ohio American. Ohio American also agrees to continue consulting with OhioEPA and any expert consultants that OhioEPA would make available to the Company.
- C. By February 28, 2007, assuming OhioEPA concurrence has been received or as soon thereafter as the OhioEPA concurrence has been received, the Plan shall be implemented.
- D. By March 31, 2007, the Company will complete a distribution model to develop a unidirectional flushing program. Towards this end the Company will survey the distribution system, including location of valves, hydrants and mains. In addition, all hydrants will be flushed twice during 2007 concurrent with valve operation necessary to develop unidirectional approach. The above program will be completed by December 31, 2007. Thereafter the Company will continue operating valves and performing a unidirectional flushing program at a minimum frequency as needed to properly flush out the Huber Ridge distribution system.

- E. By April 30, 2007, the Company will complete and report to Staff, OCC and Ohio EPA the results of its evaluation of the internal status of the Huber Ridge pipes through the removal and examination of five to six pipe sections to be determined in consultation with the Staff, OCC and OhioEPA to assess internal pipe condition. In advance of the pipe segment removals, Ohio American will notify the Staff, OCC and Ohio EPA of the time and location of the pipe sampling process so that any of them may send representatives to observe.
- F. By May 31, 2007, if more than 5% of the Huber Ridge Water Plant OhioEPA reportable samples analyzed in the previous quarter under the Plan do not meet iron and manganese secondary standards, the Company will present the Staff and OCC with a report evaluating the use of a chemical additive to the finished water for controlling water quality in the Huber Ridge water distribution system. At a minimum, the report shall include for each chemical evaluated: the advantages/disadvantages of the chemical's use; the cost of its addition; the recommended initial and maintenance chemical dosages; and objective criteria for measuring its effectiveness, including distribution site locations, testing frequency and parameters to be monitored. If Ohio American provides a recommendation as to the use of a chemical addition, then the Company shall apply for Ohio EPA approval no later than June 30, 2007 and shall implement such chemical addition approved by the Ohio EPA within 60 days of the permit approval.
- G. By June 30, 2007, if discoloration continues in the Huber Ridge distribution system, the Company will cease charging the reverse osmosis surcharge each month until the discoloration has been eliminated. After June 30, 2007, once the discoloration has been eliminated for a given month, the Company may reinstate the reverse osmosis surcharge, but if discoloration returns prior to the elimination

of discoloration for a period of six (6) consecutive months, the Company shall cease charging the reverse osmosis surcharge for each month that the discoloration standard has not been met. Once the Company has provided water that is not discolored for six (6) consecutive months, the Company may continue to charge the reverse osmosis surcharge without reference to the discoloration standard. The standard for determining that discolored water has been eliminated shall be that each month the turbidity level of at least 95% of the samples of water taken at the distribution system sampling locations (except the control sampling location) defined in the Plan shall be (i) equal to one (1) nephelometric turbidity unit (NTU) or (ii) equal to or less than the average NTUs at the control site, whichever measurement is greater.

- H. By September 30, 2007, if more than 5% of the samples from the Huber Ridge Water Treatment Plant analyzed in the previous quarter under the Plan do not meet secondary standards, the Company will meet with Staff, OCC and Ohio EPA prepared to discuss additional steps and with a proposed revised timeline. Under the topic of additional steps, options to be discussed will include the use of alternative oxidants, including but not limited to, potassium permanganate and an option of changing filter media to green sand.
- I. Whenever the discoloration as a result of water chemistry has been eliminated in the Company's system, the Company will send a letter to customers informing them of the elimination of the discoloration in the Company's system and suggesting procedures to customers in the event that they experience any discoloration that may be caused by customer service lines or other customer-owned facilities or equipment.

13. Lake Darby Softening Commitment:

Ohio American commits to make the following improvements to the Lake Darby treatment plant by January 15, 2007, and to notify the Staff and OCC when this schedule is completed:

- A. Install new flow meters to monitor the softening process and activate system recharge prior to hard water break-through.
- B. Install new electronic controllers for each water softener to accurately control the softening process based on softening demand.
- C. Install an instrumentation system for monitoring treatment plant performance and mechanical operating systems. The instrumentation system has appropriate alarms and 24/7 remote reporting systems.
- D. Implement process control testing and monitoring to operate the water softening process within a specific control band to consistently and reliably produce finished water softness for a daily average of between 120 mg/l and 150 mg/l for at least 95% of the reported test results. The Company will continue to provide the Commission Staff monthly softening reports showing a daily average of all process control and certified plant tap testing of the softened water.
- E. In the event that after May 1, 2007, the Company fails to meet at least 95% of the reported test results for finished water softness of a daily average of between 120 mg/l and 150 mg/l, the Company will provide an aggregate credit of \$1,000 per month to be spread among the Lake Darby customers within two billing cycles.

14. Mansfield Main Commitment:

Ohio American commits to complete the replacement of approximately 3,000 feet of main in the Harprest system, Apple Lane and McElroy projects by December 31, 2007.



15. Marion Slaker Commitment:

Ohio American commits to replace the two slakers (which project includes the two gravimetric feeders, the lime bin hopper and grit elevators) at the Marion plant by December 31, 2007. In addition, the Company will implement process control testing and monitoring to operate the water softening process within a specific control band to consistently and reliably produce finished water softness for a daily average of between 120 mg/L and 150 mg/L for at least 95% of the monthly softening reports showing a daily average of all process control and certified plant tap testing of the softened water. The Company will also continue to provide monthly softening reports to the Staff, OCC and the Cities.

16. Ashtabula Treatment Plant:

As Ohio American plans for renovations or construction of a new Ashtabula treatment plant, it shall analyze least cost options for the plant's capital investment program and provide the Staff and OCC with a detailed report describing the financing options. At appropriate points in the planning process and prior to any construction, Ohio American will meet with the Staff and OCC to discuss the reasons for selecting the renovation or new construction project and its proposed financing plan.

17. Leak Repair Commitment:

Ohio American will repair non-service affecting leaks within seven days of its detection and service affecting leaks within 24 hours of its detection. This commitment will not apply in situations where labor strikes, acts of God, circumstances beyond the control of the Company or where the number of leaks on the same system occurring within the same period of time are beyond the reasonable ability of Ohio American to address within the prescribed repair period. The Company will give Staff notices of instances where service-affecting leaks cannot be repaired within seven days and list the cause of

the leak, the proposed remedies to address the leak and the date when the leak is expected to be repaired.

18. Restoration of Property Commitment:

The following requirements under this section do not address ratemaking treatment and do not exempt or absolve Ohio American from meeting any requirements by local or other governments regarding work and property restoration or from any legal action, remedies or penalties, whether civil, administrative or criminal, related to Ohio American's work and property restoration.

- A. Ohio American shall meet with the Cities on a semi-annual basis to discuss plans for projects that will require street repairs in order to identify opportunities for coordination with the Cities' other activities.
- B. Ohio American shall keep detailed records that include the costs incurred and justification for projects that could have been completed in conjunction with the Cities' activities but for which the Company chose to act independently. Ohio American shall provide such records to the Cities upon request.
- C. Ohio American will reasonably restore (including leveling and seeding), as soon as weather permits, public and private property to the condition that existed prior to the Company's repair.
- D. When such repairs occur between May 1 and September 30, Ohio American shall, as soon as weather permits, fill the holes, wait for the settling of the fill (approximately 30 days), then fill and/or level as necessary prior to seeding. The repair process will be completed no later than 45 days from the date the work that necessitated the hole is completed.
- E. When Ohio American makes repairs from October 1 through April 30, it shall complete lawn restorations by June 30, as soon as weather permits.

- F. Further, Ohio American shall complete final road opening repairs by June 30, as soon as weather permits, when such road openings occur from October 1 through April 30.
- G. Road openings that occur between May 1 through September 30 shall receive final road opening repair no longer than 60 days from the road openings.
- H. At all times during any weather condition, Ohio American shall provide signs and other necessary markings, in accordance with the Ohio Manual of Uniform Traffic Control, to warn motorists and pedestrians of all such road openings.
- I. Immediately following Ohio American's repair, and until final road opening repair is completed and accepted by Cities, all road openings shall be promptly and completely filled and compacted with suitable materials and regularly maintained by Ohio American such that they remain in a condition that permits safe travel by the public over such opening. This maintenance includes, but is not limited to, the regular application and compaction of proper aggregate and/or asphalt cold patch to the road opening's surface to provide and maintain a surface level consistent with the surrounding undisturbed roadway.
- J. At any time, if such openings are found to be maintained in an unsuitable manner, the affected community/township shall give Ohio American 10-days' notice that it will make the necessary maintenance and require Ohio American to reimburse them if the maintenance is not completed by Ohio American within the 10-day notice period.
- K. The Company agrees to keep records of all service and non-service affecting leak excavations including, but not limited to the following information:
  - i) The date the company became aware of the leak.
  - ii) The date the leak was repaired.

- iii) The number of customers affected, and if applicable, whether a boil order was implemented (including when it was issued, rescinded and the method of notification).
- iv) The latest date excavation restoration should be completed under the provisions of this stipulation, and the date it/they were actually completed. This item should include the size and type of restoration work required for each excavation and the address of the restorations.

L. If the Company does not have existing records satisfying the conditions of this requirement, then the Company shall develop a log that does. The Company shall submit this information with the quarterly operations report to Staff, OCC and, for projects involving Tiffin or Marion, the Cities.

19. Customer Service Monitoring:

The Company will provide Staff access to records and business activities including such records and activities as would allow Staff to effectively monitor Ohio-specific customer calls made to the Company. Access includes the provision of remote access from the Commission offices for Staff to monitor Ohio American's customer call center.

20. Ohio EPA Loan Programs:

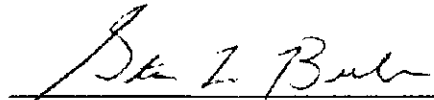
Within four months of the issuance of the Opinion and Order in this proceeding, a working group consisting of representatives of the Staff, OCC, Ohio EPA and the Company shall convene to analyze and discuss the efficacy and cost efficiency of Ohio American's application for either (i) the Ohio Water Supply Revolving Loan Account or (ii) the Disadvantaged Community Loan Program.

21. The Parties submit the following additional Stipulation exhibits which are herein incorporated as a part of the Stipulation:

- A. Stipulation Exhibit 1, amended P.U.C.O. No. 15 tariff sheets, setting forth rates that do not produce total operating revenue in excess of \$33,754,061. The Parties agree that the rates shown on Stipulation Exhibit 1 will go into effect on a services-rendered basis after Commission approval and Ohio American filing the final compliance tariff.
  - B. Stipulation Exhibit 2, proposed customer notices. The Parties agree that the Commission should approve the text and form of the proposed notice to customers affected by the change in rates and charges as set forth in Stipulation Exhibit 2. The Company proposes to send this notice to its customers as a bill insert in the first billing after the effective date of the rates.
  - C. Stipulation Exhibit 3, updated Staff Report Schedules A-1, B-1, C-1 and C-2.
22. The Staff Report, Ohio American's application, updates, supplements and modifications thereto, the Company's and OCC's testimony which have been previously filed with the Commission, shall be admitted into evidence. All written testimony of witnesses previously filed with the Commission shall be admitted into evidence in this proceeding without the necessity for each witness personally testifying at the hearing as to the authenticity and continuing veracity of their previously filed testimony. Each of the signatory Parties waives cross-examination of all the witnesses of the other Parties. The objections filed by the Parties to the Staff Report shall be withdrawn.
23. All notices required by law or by order of the Commission or its Attorney Examiner to be made and published have been properly made and published.

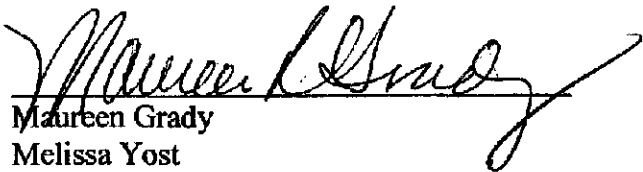
AGREED, this 10th day of January 2007.

On behalf of the  
STAFF OF THE PUBLIC UTILITIES  
COMMISSION OF OHIO



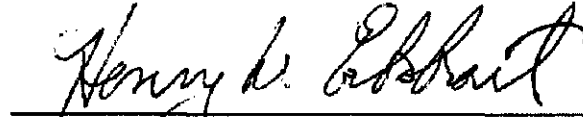
Thomas G. Lindgren  
Steven L. Beeler  
Assistant Attorneys General  
180 East Broad Street, 9th Floor  
Columbus, Ohio 43215-3793

On behalf of  
THE OFFICE OF THE  
OHIO CONSUMERS' COUNSEL



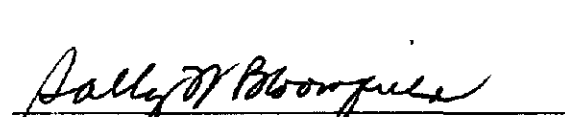
Maureen Grady  
Melissa Yost  
Associate Consumers' Counsels  
The Office of the Ohio Consumers' Counsel  
10 West Broad Street, Suite 1800  
Columbus, Ohio 43215

On behalf of  
DRAGOO MANAGEMENT COMPANY



Henry W. Eckhart  
Eckhart Law Offices  
50 West Broad Street, Suite 2117  
Columbus, Ohio 43215

On behalf of  
OHIO AMERICAN WATER COMPANY



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

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Ohio American Water Company  
365 East Center Street, Marion, Ohio 43302

**GENERAL WATER SERVICE****Available For**

All general water service Customers EXCEPT FOR FRANKLIN COUNTY AND PORTAGE COUNTY DISTRICT CUSTOMERS.

**Meter Rates**

The following shall be the rates for consumption:

	100 Cubic Feet Per Month	Rate Per 100 Cubic Feet	1,000 Gallons Per Month	Rate Per 1,000 Gallons
For the first	20	\$4.4793	15	\$5.9724
For the next	1,980	\$3.2779	1,485	\$4.3705
For all over	2,000	\$1.4081	1,500	\$1.8775

	100 Cubic Feet Bi-Monthly	Rate Per 100 Cubic Feet	1,000 Gallons Bi-Monthly	Rate Per 1,000 Gallons
For the first	40	\$4.4793	30	\$5.9724
For the next	3,960	\$3.2779	2,970	\$4.3705
For all over	4,000	\$1.4081	3,000	\$1.8775

**Unmetered Rates**

**\$70.77 Per BI-MONTHLY**

The Company, at its discretion, may install meters for customers on the unmetered rates. Once meters are installed, the Customers will be charged the appropriate metered rates.

**Service Charges**

These metered general water service Customers shall pay a service charge monthly, or bi-monthly, at the option of the Company, based on the size of meter installed, according to the rates set forth below:

**Service Charge**

Size of Meter	Monthly	Bi-Monthly
5/8"	\$9.41	\$18.82
3/4"	\$12.00	\$24.00
1"	\$17.18	\$34.36
1-1/2"	\$30.12	\$60.24
2"	\$45.64	\$91.28
3"	\$81.88	\$163.76
4"	\$133.64	\$267.28
6"	\$263.05	\$526.10

**Surcharge**

The metered general water service Customers served by the Marion District-Marion County and Morrow County shall pay a surcharge for water softening costs. This surcharge shall be at the rate set forth below:

Surcharge per 100 cubic feet	\$0.3326
or per 1,000 gallons	\$0.4435

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**GENERAL WATER SERVICE**

**System Improvement Charge**

[HELD FOR FUTURE USE]

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**GENERAL WATER SERVICE  
RATES AND CHARGES FOR FRANKLIN COUNTY AND PORTAGE COUNTY DISTRICTS**

**1. DOMESTIC SERVICE****Water Customer Charge**

For 5/8" meter	\$9.41	per Month
For 3/4" meter	\$12.00	per Month
For 1" meter	\$17.18	per Month
For 1 1/2" meter	\$30.12	per Month
For 2" meter	\$45.64	per Month
For 3" meter	\$81.88	per Month
For 4" meter	\$133.64	per Month
For 6" meter	\$263.05	per Month

**Water Consumption Charge - Basic Water Service (applies to all customers):**

First 13.33 Ccf	\$3.2074 per Ccf*	or per 1,000 gallons \$4.2765
Over 13.33 Ccf	\$1.9686 per Ccf*	or per 1,000 gallons \$2.6248

Softening Surcharge (Only applies to the Lake Darby and Worthington Hills Service Areas) \$0.6122 per Ccf\*

Reverse Osmosis Surcharge (applies to Blendon Township Only) \$1.3250 per Ccf\*

Purchase Water Adjustment Surcharge (applies to Portage County Districts Only) \$1.4573 per Ccf\*

**2. NON-DOMESTIC SERVICE:****Water Customer Charge**

For 5/8" meter	\$9.41	per Month
For 3/4" meter	\$12.00	per Month
For 1" meter	\$17.18	per Month
For 1 1/2" meter	\$30.12	per Month
For 2" meter	\$45.64	per Month
For 3" meter	\$81.88	per Month
For 4" meter	\$133.64	per Month
For 6" meter	\$263.05	per Month

**Water Consumption Charge - Basic Water Service:**

First 13.33 Ccf	\$3.2074 per Ccf*
Over 13.33 Ccf	\$1.9686 per Ccf*

Softening Surcharge (Only applies to the Lake Darby and Worthington Hills Service Areas) \$0.6122 per Ccf\*

Reverse Osmosis Surcharge (applies to Blendon Township Only) \$1.3250 per Ccf\*

Purchase Water Adjustment Surcharge (applies to Portage County Districts Only) \$1.4573 per Ccf\*

Charges for water service will be comprised of the applicable Water Customer Charge plus the Water Consumption Charge calculated on the number of metered or estimated units at the appropriate rate block for non softened water (basic water service), plus any surcharges for softened water, reverse osmosis treated water or purchased water in Portage County.

\*1 Ccf = 100 cubic feet

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Ohio American Water Company  
365 East Center Street, Marion, Ohio 43302

**GENERAL SEWER SERVICE  
RATES AND CHARGES FOR FRANKLIN AND PORTAGE COUNTY DISTRICTS**

**1. DOMESTIC SERVICE**

Sewer Customer Charge - Applicable to Customers  
who only receive Sewer Service:

For 5/8" meter	\$9.41	per Month
For 3/4" meter	\$12.00	per Month
For 1" meter	\$17.18	per Month
For 1 1/2" meter	\$30.12	per Month
For 2" meter	\$45.64	per Month
For 3" meter	\$81.88	per Month
For 4" meter	\$133.64	per Month
For 6" meter	\$263.05	

Sewer Consumption Charge:

First 13.33 cubic feet	\$6.0173	per Ccf*
or per 1,000 gallons	\$8.0279	
Next 586.67 cubic feet	\$4.2500	per Ccf *
or per 1,000 gallons	\$5.6667	
Over 600 cubic feet	\$1.6589	per Ccf *
or per 1,000 gallons	\$2.2119	

Domestic Customers without Ohio American Water  
Service

\$35.98 per Month

Charges for sewer service will be comprised of the applicable Sewer Customer Charge and the Sewer Consumption Charge calculated on the number of metered or estimated units at the appropriate rate block in accordance with the Summer/Winter Usage Formula.

\*1 Ccf = 100 cubic feet

Issued:

Effective:

Filed under authority in  
Case No. 06-433-WS-AIR

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Ohio American Water Company  
365 East Center Street, Marion, Ohio 43302

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**GENERAL SEWER SERVICE (Cont.)**  
**RATES AND CHARGES FOR FRANKLIN AND PORTAGE COUNTY DISTRICTS**

**2. NON-DOMESTIC SERVICE**

Sewer Customer Charge - Applicable to Customers  
who only receive Sewer Service:

For 5/8" meter	\$9.41	per Month
For 3/4" meter	\$12.00	per Month
For 1" meter	\$17.18	per Month
For 1 1/2" meter	\$30.12	per Month
For 2" meter	\$45.64	per Month
For 3" meter	\$81.88	per Month
For 4" meter	\$133.64	per Month
	\$263.05	

Sewer Consumption Charge:

First 13.33 cubic feet	\$6.0173	per Ccf*
or per 1,000 gallons	\$8.0279	
Next 586.67 cubic feet	\$4.2500	per Ccf *
or per 1,000 gallons	\$5.6667	
Over 600 cubic feet	\$1.6589	per Ccf *
or per 1,000 gallons	\$2.2119	

Charges for sewer service will be comprised of the applicable Sewer Customer Charge and the Sewer Consumption Charge calculated on the number of metered or estimated units at the appropriate rate block in accordance with the Summer/Winter Usage Formula.

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**SUMMER/WINTER SEWER USAGE FORMULA**

This formula applies to Domestic sewer customers only.

**Definitions:**

**Winter Period** is defined as the revenue periods of December, January and February wherein the sewer customer's meter is read and/or estimated and billed by the Company.

**Winter Period Average Usage** is defined as the sum of the usage per the actual and/or estimated water meter registration during the Winter Period divided by three.

**Summer Period** is defined as the revenue periods of May, June, July, August and September wherein the sewer customer's meter is read and/or estimated and billed by the Company.

**Non Summer Period** is defined as the revenue periods of October through April wherein the sewer customer's meter is read and/or estimated and billed by the Company.

**Formula Description:**

The volume of sewer use during the Summer Period months shall be considered to be equal to the lesser of the Winter Period Average Usage or actual usage. In the Summer Period, the lesser of the Winter Period Average Usage or actual usage as defined above will be billed at the tariff rates for General Sewer Service as listed on Sheet No. 3.

For customers who have not been provided service for all three Winter Period months and thus have not established a Winter Period Average Usage, the lesser of actual Summer Period usage or 6 ccf (4,500 gallons) per month will be used for the Summer Period billings. The lesser of actual usage or 6 ccf will be billed at the tariff rates at the General Sewer Service tariffs as listed on Sheet No. 3.

In the Non-Summer Period, sewer customers will be billed for sewer service based on actual and/or estimated water meter registration and using the General Sewer Service tariff as listed on Sheet No. 3.

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**OPTIONAL BUDGET BILLING**

Residential customers receiving bi-monthly bills may request a monthly budget bill to be rendered for the first month of the two-month billing period. Budget bills shall be for amounts approximately equivalent to the charges for an average month's consumption and bills based on meter readings shall be for water actually consumed, with credit allowances for payment of budget bills. Any Customer failing to pay monthly budget bills four times in any twelve-month period will be removed from the monthly billing status.

**RECONNECTION CHARGES**

A charge of forty-one dollars and sixty-five cents (\$41.65) will be made for reconnection of water and/or sewer service after discontinuance of service for non-compliance with the Company's tariff provisions, except that the charge for any service turned on at the request of a Customer after regular business hours or on Saturdays, Sundays or holidays, will be the actual cost incurred by the Company.

**DISHONORED PAYMENT CHARGE**

Provided a customer's payment from the customer's approved financial institution account is properly processed by the Company, if a payment that has been received as payment for service is returned by the financial institution or is not recognized due to insufficient funds, a charge of twenty dollars and seventy-five cents (\$20.75) will be assessed to cover the cost of processing this transaction.

This charge may be reflected, at the Company's option, when the Company notifies the customer or may be charged on the Customer's next billing.

**LATE PAYMENT CHARGE**

A late payment charge will be added to a Customer's account if that Customer's bill is not paid within 20 days after the bill was rendered. The bill shall be considered rendered to the Customer when deposited in the U.S. mail with postage prepaid. If delivery is by other than U.S. mail, the bill shall be considered rendered when delivered to the last known address of the party responsible for payment. The late payment charge will equal five (5%) percent of the bill amount. The late payment charge will be based on current charges only. The late payment charge shall not be compounded on future delinquencies. This late payment charge provision is applicable to bills for General Water and Sewer Service under Sheet Nos. 1, 2, 3, 4, 5 and Private Fire Service under Sheet No. 7.

**ACCOUNT ACTIVATION CHARGE**

An account activation charge of twenty-three dollars and ten cents (\$23.10) will be charged for a service connection during the Company's regular business hours.

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**GENERAL WATER SERVICE LARGE QUANTITY USERS****Available For**

All new and existing general water service customers (1) whose average consumption exceeds 1,200,000 cubic feet (9,000,000 gallons) per month, regardless of meter size, (2) are located adjacent to a water distribution main that is adequate and suitable for supplying the requested service, and (3) who agree to be bound by the terms of this tariff sheet for an initial period of twelve months.

**Special Terms and Conditions**

In order to qualify for the water rates provided on this sheet, the customer agrees:

- 1) To establishment of an Annual Base Period water usage level for one-year pricing purposes that is equal to the average of the customer's most recent two calendar years' total water purchases, or for new customers, from estimates agreed to by the customer and the company;
- 2) To guarantee to purchase, or pay for, on a monthly basis and as a Minimum Monthly, an amount of water equal to 6% per month of the Annual Base Period water usage level, as determined above;
- 3) That the cost of Minimum Monthly purchases shall be determined as of the date service commences under this tariff, and shall be priced at the current General Water Service volumetric rates for such purchase levels;
- 4) That water purchases under this tariff shall be for an initial period of twelve months, but may be continued under this tariff (with annual review and reestablishment, when appropriate, of the customer's Annual Base Period water usage level) unless terminated by either party after thirty days' advance written notice. Water purchases under this tariff may be adjusted for succeeding tariff pricing changes; however, all such tariff pricing changes will only be changed under direction of the Public Utilities Commission of Ohio;
- 5) When a customer elects to avail itself of this tariff, such customer shall remain so classified for a period of at least twelve months. Should such customer elect to leave this tariff, it shall not again be permitted to avail itself of this tariff until at least twelve months have elapsed but, during such period, such customer shall obtain service under the regular tariff for General Water Service; and
- 6) That other general terms and conditions of water service in effect shall also be effective for service under this tariff sheet.

**Water Rates**

Monthly water purchases in excess of the Minimum Monthly purchase levels described in item (2) above, which do not exceed the monthly average usage of the Annual Base Period water usage level by more than two times, will be priced at a rate of \$1.61 per hundred cubic feet. The softening surcharge set forth in the General Water Service tariffs for customers in the Marion District-Marion County will be added to the rate per hundred cubic foot previously stated, for customers in that District.

Monthly water purchases, which exceed the monthly average usage of the Annual Base Period water usage, level, as described in item (1) above, by more than two times, will be paid for at the volumetric rates applicable for General Water Service.

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**PRIVATE FIRE SERVICE**

The rates for private fire service are based upon the size of the service, and no additional charges will be made for fire hydrants, hose connections, sprinkler systems, or standpipes connected to and supplied by such private fire services.

<u>Size of Service</u>	<u>Rate Per Month</u>	<u>Rate Per Annum</u>
2" Diameter & smaller	\$6.80	\$13.60
2-1/2" Diameter	10.66	21.32
3" Diameter	15.30	30.60
4" Diameter	27.18	54.36
6" Diameter	61.20	122.40
8" Diameter	108.83	217.66
10" Diameter	170.03	340.06
12" Diameter	244.83	489.66

This Private Fire Service rate applies to all Ohio American Water Company Customers. At the inception of this revised tariff provision, current Private Fire Service customers in Franklin and Portage Counties will remain on the grandfathered sprinkler head rate of \$0.8300 per month if the service line rate would produce a higher rate to the customer than the sprinkler head rate. Customers will be entitled to receive the grandfathered rate only as long as the customer receives the same private fire service as received at the time the sprinkler head rate was grandfathered. Eligible customers in Franklin and Portage Counties will continue to pay the grandfathered rate of \$0.8300 per sprinkler head until the PUCO sets a different rate or the rate is eliminated.

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**1. PROVISIONS GOVERNING SERVICE**

The tariff provisions in their entirety as herein set forth, or as they may hereafter be altered or amended in a regular and legal manner, shall govern the rendering of water and/or sewer service, including the extensions of water mains and the making of connections thereto, and every Customer, upon making an application for water and/or sewer service or upon taking of water and/or sewer service, shall be bound thereby.

**2. DEFINITIONS**

- (A) "Applicant" is any person, firm, corporation or governmental unit who has made an application for water and/or sewer service.
- (B) "Clean Waters" is all wastewaters, other than sewage, including, but not limited to, roof, footing and surface drainage.
- (C) "Commission" is the Public Utilities Commission of Ohio.
- (D) "Company" is the Ohio American Water Company acting through its Officers, Managers or other duly authorized employees or agents comprised of the Districts:
- I. "Ashtabula District" serving the City of Ashtabula and environs in Ashtabula County, Ohio;
  - II. "Lawrence County District" serving the Village of Chesapeake and territory adjacent thereto in Lawrence County, Ohio;
  - III. "Mansfield County District" serving the areas around the City of Mansfield and the Village of Ontario in Richland County, Ohio;
  - IV. "Marion District" serving the City of Marion and environs in Marion County, Ohio, portions of Washington Township and Canaan Township in Morrow County and a portion of Preble County, and a portion of Pee Pee Township in Pike County, Ohio;
  - V. "Tiffin District" serving the City of Tiffin and environs in Seneca County, Ohio;
  - VI. "Franklin County District" serving portions of Blendon, Brown, Madison, Norwich, Perry, Prairie, Sharon and Truro Townships in Franklin County, Ohio; and
  - VII. "Portage County District" serving portions of Brimfield and Shalersville Townships in Portage County, Ohio.
- (E) "Company Service Pipe" shall mean that portion of the water service pipe between the distribution main and the curb cock or the outlet connection of the meter setting when installed at or near the curb or property line, installed at the cost and expense of the Company.
- (F) "Company Sewer System" shall mean all sewer mains, manholes, lift stations, wastewater treatment facilities that are owned or operated by the Company.

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**2. DEFINITIONS (Cont.)**

- (F) "Cross-connection" is any connection or arrangement between the pipelines of the Company or any pipe, fixtures or other facilities directly or indirectly connected therewith, and any private source or system of water supply, or non-potable source or system, including soil, waste, drainage and other piping and fixtures or hoses or other devices connected thereto on Customer's premises, through which backflow can occur.
- (G) "Customer" is any person, firm, corporation or governmental unit served by the Company.
- (H) "Customer Service Line" is that portion of the water service line carrying water from the Company's Service Pipe to the structure or premises, which is supplied, installed and maintained at the cost of the customer. The Customer Service Line shall also include all of the necessary pipe, fittings, valves and appurtenances.
- (I) "Customer Sewer Service Line" is that portion of the sewer service line, including the connection fitting attached to the sanitary sewer main, from the Customer's structure or premises to the point of connection to the Company's sewer main.
- (J) "Dead-end Main" is the section of a water distribution system that is not connected to another section of pipe by means of a connecting loop.
- (K) "Depositor" is any person, firm corporation or governmental unit making a deposit with the Company under an agreement providing for the construction of a main extension and related facilities in accordance with the Extension of Mains provision herein.
- (L) "Distribution Main" means water pipe owned, operated, or maintained by the Company, which is used for the purpose of distribution of water from which service connections with Customers are taken.
- (M) "Domestic Service" is the discharge of domestic sewage into the Company Sewer System.
- (N) "Domestic Sewage" is sewage, excluding storm and surface water, resulting from normal household activities only, including but not limited to, waste from drinking fountains, toilets, urinals, bathtubs, showers, lavatories, garbage disposals, laundries and sinks.
- (O) "Foundation Drain" is a pipe installed inside or outside the foundation of a structure for the purpose of draining ground or subsurface water away from foundation.
- (P) "Governmental Unit" is any municipality or other political subdivision or agency of the State of Ohio or the Federal Government.

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**2. DEFINITIONS (Cont.)**

- (Q) "House Connection" is a pipe carrying sewage from a premises to a company sewer main.
- (R) "Manager" means the highest ranking employee of the Company with direct responsibility for the Ohio American Water Company.
- (S) "Nondomestic Service" is the discharge of other than domestic sewage into the Company's sewer system.
- (T) "Nondomestic Sewage" is all sewage other than domestic sewage, including but not limited to, commercial or industrial wastes
- (U) "Outage" means any interruption of a company system, other than a customer service line, which causes the cessation of service.
- (V) "Premises" is:
- I. A building under one roof owned or leased by one party and occupied as one business or residence; or
  - II. A combination of buildings owned or leased by one party, which is located on a single site, and occupied by one family, business or institution, which constructs and operates its own secondary distribution system. Such site separated by public highways or streets. Non-dedicated roadways through the site shall not be considered as dividing or separating the same into more than one site; or
  - III. Each unit of a double or multiple unit building wherein each unit is under separate ownership or lease; or
  - IV. Each unit of a double or multiple unit building wherein the Customer's service pipe for each unit is connected to a separate service pipe and curb stop of the Company; or
  - V. A building owned or leased by one party, having two or more apartments, offices, or suites of offices; or
  - VI. A mobile home park or area in which space is rented or leased for the parking and occupancy of trailers or mobile homes.
- (W) "Private Fire Service Connection" is one that is on the premises of a non-governmental customer to which is attached fixtures from which water is taken only for the extinguishment of fire.

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**2. DEFINITIONS (Cont.)**

- (X) "Public Fire Service" is a service provided to governmental entities through facilities from which water is taken only for the extinguishment of fire.
- (Y) "Sewer" is the pipe for carrying sewage and other liquid waste.
- (Z) "Superintendent" means the highest ranking employee of the Company with direct responsibility for the Company Sewer System or his/her designee.
- (AA) "Tap-in" means the connecting of a Company Service Pipe to the water distribution or sewer collection main.
- (BB) "Temporary Water Service Connection" is one which is installed for the temporary use of water, provided that the Customer's premises is located on a lot having a curb line abutting on that part of a street or public highway in which there is located a distribution main of the Company extending for the total frontage of the lot on said street or highway, unless otherwise agreed to by the Company.
- (CC) "Temporary Sewer Service Connection" is one which is installed for the temporary use of a sewer, provided that the Customer's premises is located on a lot having a curb line abutting on that part of a street or public highway in which there is located a sewer main of the Company extending for the total frontage of the lot on said street or highway, unless otherwise agreed to by the Company

**3. APPLICATIONS FOR WATER AND/OR SEWER SERVICE**

- (A) All persons, firms, corporations, or governmental units desiring water and/or sewer service, excluding public fire service, must make application to the Company indicating all purposes for which water and/or sewer service will be used upon their premises.
- (B) Any change in the identity of the contracting Customer at a premises will require a new application, and the Company may, after reasonable notice, discontinue water and/or sewer service until such new application has been made and accepted, but the former Customer shall remain liable for water furnished or sewer service provided to said premises until he has given notice to the Company to discontinue water and/or sewer service.
- (C) No charge will be made for turning on the water and/or sewer service to new Customers during regular working hours.

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**3. APPLICATIONS FOR WATER AND/OR SEWER SERVICE (Cont.)**

- (D) Accepted application for water and/or sewer service to be supplied to any premises shall constitute a license to the Customer to take and receive a supply of water and/or sanitary sewer service for said premises for the purposes specified in such application. If the customer shall use, or knowingly permit to be taken or used, water and/or sanitary sewer service from said premises for any persons or purposes other than those specified in such application, such use shall be a violation of the contract, and the Company shall have the right under such circumstances to discontinue water and/or sewer service to said premises after due notice to the Customer, unless Customer shall have first obtained the written permission of the Company to use the water and/or sanitary sewer service in such manner not specified by the Application.
- (E) In the interest of public health and for the protection of Company property, the Company will not permit customer service lines, or any other lines or pipes carrying or which are in a position to carry sewage, to be connected either on or off any premises with any lines which the Company knows or has good reason to believe carries, or is in a position to carry, nondomestic sewage, unless the consent of the Company is first obtained.
- (F) The Company prohibits the discharge of clean waters into its sewage system. The Company reserves the right to prohibit, accept or require pretreatment of nondomestic sewage.
- (G) When application is made to install a customer sewer service line, for sewer service, or for the reinstatement of sewer service, the Company shall be entitled to assume that the piping and fixtures to which the service will be supplied are in order.

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**5. PRIVATE FIRE PROTECTION SERVICE (Cont.)**

- (M) Under no circumstances will anti-freeze or any other foreign substance be permitted in sprinkling systems.
- (N) The entire private fire service system on the Customer's premises shall be installed and maintained by and at the expense of the Customer and shall be subject to the inspection, test and approval of the Company before the service is made effective, and at such times thereafter as may be deemed necessary or appropriate by the Company.
- (O) Hydrants and other fixtures connected with a private fire service system may be sealed by the Company, and such seals may be broken only in case of fire or as specially permitted by the Company, and the Customer shall immediately notify the Company of the breaking of any such seal.
- (P) Whenever a fire service system is to be tested, the Customer shall notify the Company at least two (2) business days in advance of such proposed test, requesting approval of the day and hour when same is to be made, so that, if desired, the Company may have an inspector present during the test.
- (Q) Private fire hydrants may be painted any color other than that adopted by the Company for public fire hydrants, provided such color is approved by the Chief of the Fire Department.

**6.A. INSTALLATION AND MAINTENANCE OF WATER SERVICE LINES**

- (A) Where its water distribution mains are now or may hereafter be installed, the Company will, at its expense, install the Company Service Pipe and appurtenances between the water main in the street up to and including the stop cock and curb box, or the meter setting when installed in a meter box at or near the curb line, provided that the Company Service Pipe is required for the immediate and continuous supply of water for general water service to premises abutting the public street or highway in which such mains are located; and all such Company Service Pipes and appurtenances shall be installed only by the Company.

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**6. A. INSTALLATION AND MAINTENANCE OF WATER SERVICE LINES (Cont.)**

- (B) Customer Service Lines supplying a premises shall not pass through or across any premises or property other than that to be supplied, nor across any portion of the property that could practicably be sold separately from the immediate premises supplied, and no water pipes or plumbing in any premises shall be extended there from to adjacent or other premises.
- (C) The Company will make all connections to its water distribution mains and will specify the size, kind, quality and location of all materials used in the Customer Service Line.
- (D) The Company's cock, curb cock, curb box, or meter setting when installed in a meter box, and the Company's Service Pipe from the distribution main to the curb cock or meter setting will be furnished, installed and maintained by the Company and shall remain under its sole control and jurisdiction.
- (E) The Company will not, at its own cost and expense, either install or maintain Customer Service Lines for private fire service or temporary service connections.
- (F) The curb box or meter box shall be set on a level with the grade of the sidewalk and shall be kept accessible at all times.
- (G) The Customer's Service Line from the curb cock or meter setting to the place of consumption shall be installed in a workmanlike manner and shall be furnished, installed and maintained by the Customer at his own expense and risk.
- (H) The Customer's Service Line and all connections and fixtures attached thereto shall be subject to the inspection of the Company before the water will be turned on, and all premises receiving a supply of water and all Customer Service Lines, meters and fixtures, including any and all fixtures within the said premises, shall at all reasonable hours be subject to inspection by any duly authorized employees of the Company. Before entering a Customer's dwelling or structure, the Company employee shall show his/her company identification and state the reasons for the visit. The Company employee will not enter the customer's dwelling unless permission to do so is granted to the Company employee by a person holding himself or herself out as being responsible for such dwelling or structure.

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**6. A. INSTALLATION AND MAINTENANCE OF WATER SERVICE LINES (Cont.)**

- (I) The Customer's Service Line shall be laid at least four (4) feet below the surface of the ground at all points and shall be placed on firm and continuous earth so as to give unyielding and permanent support; shall not be laid in driveways nor pass through premises other than that to be supplied; and shall be installed in a trench at least two feet in a horizontal direction from any other trench wherein gas pipe, sewer pipe, or other facilities, public or private, are or are to be installed.
- (J) The Customer shall install and properly maintain in good working condition a stop and waste cock of a type approved by the Company on the Customer's Service Line immediately inside the foundation wall in a readily accessible location and in a place protected from the possibility of freezing and so placed that it will shut off and drain all plumbing within any and all buildings in the premises.
- (K) The Customer shall install the Customer Service Line to the curb line at a point designated by the Manager or other authorized employee of the Company, after which the Company will install the service from the main to the curb line.
- (L) Where the Company's Service Pipe is already installed to the curb line, the Customer shall connect with the Company Service Pipe as installed.
- (M) The Customer shall make all changes in the Customer's Service Line required on account of changes of grade, relocation of mains, and other causes.
- (N) No fixture shall be attached to, or any branch made in, the Company Service Pipe between the meter and the distribution main, other than by authorized employees of the Company.
- (O) There shall be no more than one Customer Service Line supplying a single premises, unless otherwise approved by the Company in writing.
- (P) Customer's Service Lines must be kept and maintained in good condition and free from all leaks and defects at the Customer's cost and expense, and for failure so to do, water service may be discontinued in accordance with Section 13.
- (Q) If a Customer, occupant, owner, or any of his agents, in making an attachment or in shutting off or turning on water, should not properly replace the curb box cap, or should damage the curb cock, curb box, meter setting, or other property of the Company, such repairs shall be made only by the Company, but at the Customer's cost and expense.
- (R) No plumber shall part with the possession of a key for turning on or off the water, except to an employee of the Company.

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**6.A. INSTALLATION AND MAINTENANCE OF WATER SERVICE LINES (Cont.)**

- (S) After testing any work, the plumber shall turn off the water from such premises, except where the work is a simple extension or additional fixture on a Customer Service Line then in use. Where water was found turned off previous to making alterations or repairs, plumbers shall not leave water turned on when work is completed.
- (T) No plumber or other person shall turn on water to any premises, whether supplied by old or new Customer Service Line, or allow any person in his employ to do so without written permission from the Company. Any violation of this provision may result in discontinuance of water service.
- (U) In case of accidents to Customer Service Lines, plumbers are permitted to turn off the supply of such services, but notice thereof shall be given the Company within twenty-four (24) hours after so doing.
- (V) No plumber, Customer, occupant, owner or any of his agents shall connect to the Company's water distribution main or to any Company Service Pipe, or extend any Company Service Pipes there from to any premises for the purpose of securing a supply of water, until application has been made therefore to the Company as provided in these tariff provisions, and permission for doing so has been granted by the Company in writing.
- (W) All materials used in the construction of the Customer Service Line shall be in accordance with current standards specified by the Company.

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**6.B. INSTALLATION AND MAINTENANCE OF SEWER SERVICE LINES**

- (A) All materials used in the construction of the Customer Service Sewer Line shall be in accordance with current standards specified by the Company.
- (B) Where Customer Service Lines are installed to basements, the owner shall securely plug the connection to prevent the entrance of water, mud, debris, etc., into the system. The plug shall be left in place until after the building is under roof and the basement floor slab is in place and all debris cleaned out of the basement.
- (C) The Company shall inspect all modifications and/or repairs to the Customer Sewer Service Lines prior to backfilling.
- (D) The introduction of any surface water by the customer shall not be permitted under any circumstances, and the continuance of such practice shall be grounds for immediate discontinuance of service.
- (E) No person(s) shall make connection of roof downspouts, foundation drains, areaway drains, or other sources of infiltration/inflow to a public sanitary sewer or to a building sewer or building drain that in turn is connected directly or indirectly to a Company's Sewer System. Any such connections found shall be immediately disconnected. Failure to disconnect is grounds for immediate discontinuance of service.
- (F) A separate and independent building sewer shall be provided for every building or property served. The Company does not and will not assume any obligation or responsibility for damage caused by or resulting from any single connection that has multiple buildings discharging to a single Customer Sewer Service Line. All new building sewers, including any necessary replacement of existing building sewers, must comply with the Company's construction standards and State plumbing code. The connection of the building sewer into the Company's Sewer System shall be made in accordance with current standards specified by the Company.
- (G) It shall be the responsibility of the property owner to keep and maintain the building sewer connected to the Company's Sewer System in good repair. The Owner shall be responsible for making necessary repairs, at his own expense, to the building sewer when notified in writing by the Superintendent that repairs are necessary. Should the Owner fail to repair the building sewer within 60 days after receiving written notification by the Superintendent that such repairs are necessary, the Company may terminate sewer and/or water service to the property without further notice.
- (H) No unauthorized person(s) shall uncover, make any connections with or opening into, use, alter, or disturb any part of the Company's Sewer System or appurtenance thereof without first obtaining written approval from the Superintendent. All costs and expenses incidental to the installation and connection of the building sewer shall be borne by the property Owner(s). The property Owner(s) shall indemnify the Company from any loss or damage that may directly or indirectly be occasioned by the installation of the building sewer provided, however, that such indemnification shall not extend to loss or damage due solely to willful misconduct or negligence on the part of the Company.

Issued:

Effective:

Filed under authority in  
Case No. 06-433-WS-AIR

ISSUED BY: TERRY L. GLORIOD, PRESIDENT  
Ohio American Water Company  
365 East Center Street, Marion, Ohio 43302

**6.B. INSTALLATION AND MAINTENANCE OF SEWER SERVICE LINES (Cont.)**

- (I) Grease, oil, and sand interceptor sewers shall be provided when, in the opinion of the Superintendent, they are necessary for the proper handling of liquid wastes containing floatable oil, sand, or other harmful ingredients; except that such interceptors shall not be required for single-family properties. The Superintendent shall approve the type and capacity all grease, oil, and sand interceptors. The Owner(s) shall locate them as to be readily and easily accessible for cleaning and inspection. The Owner(s) shall maintain all installed grease, oil and sand interceptors at the Owner(s) expense in continuously efficient operation at all times. In the maintaining of these interceptors, the Owner(s) shall be responsible for the proper removal and disposal by appropriate means of the captured material and shall maintain records of the dates and means of disposal that are subject to review by the Superintendent. If the personnel of Owner(s) do not perform any removal and hauling of the collected materials, the removal and hauling must be performed by currently licensed waste disposal firms.
- (J) No user shall introduce or cause to be introduced into the Company Sewer System any pollutant or wastewater which causes pass through or interference with the Company Sewer System. These general prohibitions apply to all users of the Company Sewer System whether or not they are subject to categorical pretreatment standards or any other National or State pretreatment standards or requirements.
- (K) No user of the Company Sewer System shall introduce or cause to be introduced into the Company Sewer System the following pollutants, substances, or wastewater:
1. Pollutants which create a fire or explosive hazard in the wastewater system, including, but not limited to, waste streams with a closed-cup flashpoint of less than 140°F (60°C) using the test methods specified in 40 CFR 261.21;
  2. Wastewater having a pH less than 6.0 or greater 10.0, or otherwise, having any corrosive characteristics capable of causing damage or hazard to treatment processes, structures, equipment and/or personnel of the Company's Sewer System;
  3. Trucked or hauled pollutants, except at discharge points designated by the Superintendent;
  4. Solid or viscous substances which may cause obstruction to the flow in a sewer or other interference with the operation of the Company Sewer System such as, but not limited to: floatable oil, garbage with particles greater than one-half inch (1/2") in any dimension, animal guts or tissues, paunch manure, bones, hair, hides or fleshings, entrails, whole blood, feathers, ashes, cinders, sand, spent lime, stone or marble dust, pottery, casting clays, metal, glass, straw, shavings, grass clippings, rags, spent grains, spent hops, waste paper, wood, plastics, gas, tar, asphalt residues, residues from refining or processing of fuel or lubricating oil, mud or glass grinding or polishing wastes;

Issued:

Effective:

Filed under authority in  
Case No. 06-433-WS-AIR

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**6.B. INSTALLATION AND MAINTENANCE OF SEWER SERVICE LINES (Cont.)**

5. Pollutants, including oxygen-demanding pollutants (BOD, etc.), released in a discharge at a flow rate and/or pollutant concentration which, either singly or by interaction with other pollutants, will cause interference with the Company's Sewer System;
6. Wastewater having a temperature greater than [150°F (66°C)], or which will inhibit biological activity in the treatment plant resulting in interference, but in no case wastewater which causes the temperature at the introduction into the Company's Sewer System treatment plant to exceed 104°F (40°C);
7. Petroleum oil, non-biodegradable cutting oil, or products of mineral oil origin, in amounts that will cause interference or pass through;
8. Pollutants which result in the presence of toxic gases, vapors, or fumes within the Company's Sewer System in a quantity that may cause acute worker health and safety problems;
9. Hazardous waste as defined under 40 CFR Part 261;
10. Noxious or malodorous liquids, gases, solids, or other wastewater which, either singly or by interaction with other wastes, are sufficient to create a public nuisance or a hazard to life, or to prevent entry into the sewers for maintenance or repair;
11. Wastewater which imparts color which cannot be removed by the Company's treatment process, such as, but not limited to, dye wastes and vegetable tanning solutions, which consequently imparts color to the treatment plant's effluent, thereby violating the Company's applicable NPDES permit;
12. Wastewater containing any radioactive wastes or isotopes;
13. Storm water, surface water, ground water, artesian well water, roof runoff, subsurface drainage, swimming pool drainage, condensate, deionized water, non-contact cooling water, and unpolluted wastewater, unless specifically authorized by the Superintendent;
14. Sludges, screenings, or other residues from the pretreatment of industrial wastes;
15. Medical wastes, except as specifically authorized by the Company;
16. Wastewater causing, alone or in conjunction with other sources, the Company's Sewer System treatment plant's effluent to fail a toxicity test or violate any applicable Water Quality Standards;
17. Detergents, surface-active agents, or other substances which may cause excessive foaming in the Company's Sewer System;
18. Fats, oils, or greases of animal or vegetable origin in concentrations that interfere with the proper operation of the wastewater system;

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Issued:

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**6.B. INSTALLATION AND MAINTENANCE OF SEWER SERVICE LINES (Cont.)**

- 19 Wastewater causing two readings on an explosion hazard meter at the point of discharge into the Company's Sewer System, or at any point in the Company's Sewer System, of more than five percent (5%) or any single reading over ten percent (10%) of the Lower Explosive Limit of the meter. Materials specifically prohibited from discharge into the Company's Sewer System include gasoline, kerosene, naphtha, fuel oil, paints, solvents, or any other substance that may cause a fire or explosives hazards to the Company's Sewer System.
- 20 Wastewater defined as a Categorical waste by the U.S. Environmental Protection Agency or subject to any Categorical Pretreatment Standard established by the U.S. Environmental Protection Agency for such wastewater.
- (L) The following pollutant limits are established to protect against pass through and interference. No person shall discharge wastewater containing in excess of the following maximum allowable discharge limits unless authorized by the Superintendent through an individual permit:
- 30.0 mg/L ammonia nitrogen
  - 250 mg/L CBOD5
  - 100 mg/L oil and grease
  - 6.5 mg/L total phosphorus
  - 250 mg/L total suspended solids
- (M) Pollutants, substances, or wastewater prohibited by this section shall not be processed or stored in such a manner that they could be discharged to the wastewater system.
- (N) If in the professional opinion of the Superintendent a violation exists which threatens the health safety and/or welfare of the Company employees, the general public or the Company Sewer System, the Superintendent may terminate sewer and/or water service to the property without notice. In such cases, the Superintendent shall notify the Commission as soon as practicable as to the action taken, the reasons for such action, and the corrective action required.

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Issued:

Effective:

Filed under authority in  
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**7. SERVICES INSTALLED IN ADVANCE OF PAVING**

If any governmental unit should require owners of vacant lots to install service pipes to the curb in advance of paving, and if such owners will pay the Company the cost of installing such service pipes, the company will install such pipes and will refund such cost, without interest thereon, when improvements are made that require the use of such pipes; provided, however, that in case title to the premises is later transferred through sale or otherwise, all or any part of the deposit not then refunded shall automatically become a credit to the account of the succeeding owner or owners, to be refunded in like manner.

**8. METERS**

- (A) Water will be sold by meter measurement only, except for flat service customers in the Mansfield District and except that Customers having special connections and receiving service under an "Application for Private Fire Protection Service" shall pay for such service in accordance with the applicable Schedule of Rates.

Ohio American shall read each customer's meter at least once each three-month period unless access to the meter is unobtainable. Ohio American shall read each customer's meter at least once per year pursuant to Rule 4901:1-15-19(A).

- (B) All meters, except detector devices and/or fire service line meters, or except as otherwise elsewhere provided in these tariff provisions, shall be furnished, installed, maintained, tested, repaired, removed and replaced only by and at the expense of the Company and shall remain its property; but in case of damage to any such meter by reason of any act, neglect or omission on the part of the Customer (such as damages occasioned by fire, frost, hot water, accident or misuse) the customer shall pay to the Company the cost of its repair on presentation of bill therefore.
- (C) No meter may be used to service more than one premises. Meters will be furnished and placed by the Company. The Company shall make the initial determination of the size of the meter but will not install the meter until notice and an opportunity to object is given to the Customer. The meter size shall be mutually agreed upon at the time of application for water and/or sewer service.

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**8. METERS (Cont.)**

- (G) Separate premises shall be separately metered and billed. As a general rule, only one premises shall be supplied through one meter or meter setting. For good cause, the Company may permit more than one service line meter or meter setting.
- (H) The Company will, at its own cost and expense, make a test of the accuracy of registration of a meter upon request of a Customer, provided that such Customer does not make request for tests more frequently than once in three (3) years. In the event that a Customer should request a meter test more frequently than once in three (3) years, the Customer will be billed for such additional test or tests at the actual cost thereof to the Company; provided, however, that if the test shows the meter to be more than one and one-half per cent (1-1/2%) fast or slow, no charge shall be made to the Customer for such test or tests. A report giving the results of such tests will be made to the Customer, and a complete record of the same will be kept on file in the office of the Company for a period of not less than three (3) years.
- (I) Meter readings in units of hundred cubic feet are converted to units of thousand gallons for billing purposes if the existing schedule of charges is stated in gallon units. The factor used for making the conversion from hundred cubic feet to thousand gallons is based on the use of one cubic foot as being equivalent to seven and one half (7.4805) gallons.
- (J) The Company reserves the right to put seals on any meter, or on its couplings in and for any premises, and may discontinue service if such seals are found broken or removed in accordance with Section 13.
- (K) No Customer shall remove or cause or permit the removal of a meter by his agents once it has been placed, and any change in location of the meter desired by the Customer shall first be approved by the Company in writing, but shall be made by the Customer at his own cost and expense.

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**Issued:****Effective:**

Filed under authority in  
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**8. METERS (Cont'd.)****(L) (Cont'd.)**

IV. All meters tested in accordance with these provisions for periodic or complaint tests shall be tested in the condition as found in the Customer's service prior to any alteration or adjustment in order to determine the average meter error. Tests shall be made at the intermediate and maximum rates of flow and the meter error shall be the algebraic average of the error of the two tests.

(M) The Company or the customer may request that a meter test be performed in presence of a staff member of the Commission. The Customer may also be present during a meter test.

**9. MULTIPLE METER SETTINGS**

(A) When more than one meter setting is installed upon a Customer's premises at the request of the Customer or due to conditions existing upon the premises of the Customer, then each meter setting shall be treated separately as if it belonged to a separate Customer, and the registrations of such meters will not be combined.

(B) In all other instances where more than one meter setting is installed on a Customer's premises, then the registration of all such meters shall be combined, and the minimum billing shall be the sum of the individual customer charges for all such meters.

**10. ADJUSTMENT OF BILLS**

(A) The quantity of water recorded by the meter shall be conclusive and binding upon both the Customer and the Company, except when the meter is found to be out of order or inaccurate by test. There shall be no allowances made for water used or unaccounted for, lost or wasted through leaks, carelessness, neglect or other wise after same has passed through the meter.

(B) If on test of any meter made by the Company at the request of the Customer, such meter shall be found to have a percentage of error greater than that allowed, the following provisions for the adjustment of bills shall be observed:

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**Issued:****Effective:**

Filed under authority in  
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**11. CUSTOMERS' GUARANTEE DEPOSITS (Cont.)**

- (B) Pursuant to Rule 4901:1-17-03(A) of the Ohio Administrative Code, a Customer's financial responsibility will be deemed established if the Customer meets one of the following criteria:
- (1) The Customer is the owner of the premises to be served or of other real estate *within the territory served by Ohio American* and has demonstrated financial responsibility.
  - (2) The Customer demonstrates that he/she is a satisfactory credit risk by means that may be quickly and inexpensively checked by the Company. In determining whether the Customer is a financially responsible person, Ohio American may request from the Customer and shall consider information including, but not limited to, the following: name of employer, place of employment, position held, length of service, letters of reference, and names of credit cards possessed by the applicant.
  - (3) The Customer demonstrates that he/she has had the same class and a similar type of utility service within a period of twenty-four consecutive months preceding the date of application, unless utility records indicate that the applicant's service was disconnected for nonpayment during the last twelve consecutive months of service, or the applicant had received two consecutive bills with past due balances during that twelve-month period and provided further that the financial responsibility of the Customer is not otherwise impaired.
  - (4) The Customer makes a cash deposit to secure payment of bills for the utility's service as set forth in Section 11(A) above.
  - (5) The Customer furnishes a creditworthy guarantor to secure payment of bills in an amount sufficient for a sixty-day supply for the service requested. If a third party agrees to be a guarantor for a utility customer, he or she shall meet the criteria as defined in paragraph (2) above or otherwise be creditworthy.
    - (a) The guarantor shall sign a written guarantor agreement that shall include, at a minimum, the information shown in the appendix to this rule. The Company shall provide the guarantor with a copy of the signed agreement and shall keep the original on file during the term of the guaranty.
    - (b) The Company shall send all disconnection notifications for the guaranteed customer also to the guarantor, unless the guarantor affirmatively waives that right.

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Issued: February 25, 2005

Effective: February 25, 2005

Filed under authority in  
Case No. Case No. 06-433-WS-AIR

ISSUED BY: TERRY L. GLORIOT, PRESIDENT  
Ohio American Water Company  
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**11. CUSTOMERS' GUARANTEE DEPOSITS (Cont.)****(B) (Cont.)****(5) (Cont.)**

**(c)** The Company shall send a notice to the guarantor when the guaranteed customer requests a transfer of service to a new location. The transfer of service notice shall display all of the following information:

- i. The name of the guaranteed customer.
- ii. The address of the current guaranteed customer service location.
- iii. A statement that the transfer of service to the new location may affect the guarantor's liability.
- iv. A statement that, if the guarantor does not want to continue the guaranty at the new service location, the guarantor must provide thirty days' written notice to the company to end the guaranty.

**(6)** The establishment of credit under this provision shall not relieve the applicant or customer from compliance with the regulations of Ohio American regarding advance payments and payment of bills by the due date, and shall not modify any regulations of the Company as to the discontinuance of service for nonpayment.

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**Issued:****Effective:**

Filed under authority in  
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**12. TERMS AND CONDITIONS OF BILLING AND PAYMENT (Cont'd.)**

- (I) The use of water and/or sewer service by the same Customer in different premises or localities will not be combined for billing purposes, and the service to each premises shall be billed separately.
- (J) When a customer disputes a particular bill, the Company will not discontinue service for nonpayment so long as the customer (i) pays the undisputed portion of the bill (or a normal bill for the Customer for the period involved), and (ii) pays all future periodic bills by the due date, and (iii) enters into bona fide discussions with the Company to settle the dispute with dispatch. If agreement cannot be reached on settlement of the dispute, the Customer may register such dispute with the Commission.

**13. DISCONTINUANCE OF WATER AND/OR SEWER SERVICE**

- (A) Water and/or sewer service will be discontinued to any premises on account of temporary vacancy upon written request of the Customer.
- (B) The Company may disconnect service to a customer without prior notice for any of the following reasons:
  - I. For tampering with any main, service line, meter, curb stop, curb box, seal, or other appliance under the control of, or belonging to the Company;
  - II. For connecting the Customer's service pipe or any pipe directly or indirectly connected to it, with any other source of supply or with any apparatus which may in the opinion of the Company contaminate the Company's water supply or threaten the integrity of its system; or
  - III. For any other violation or failure to comply with the tariff provisions of the Company, which may in the opinion of the Company or any public authority, create an emergency situation.
- (C) The Company may disconnect service to a Customer after at least twenty-four (24) hours prior written notice for any of the following reasons:
  - I. For the use of water and/or sewer for any purpose not stated in the Customer's application, or for the use of service upon any premises not stated in such application; or
  - II. To prevent waste or reasonably avoidable loss of water.

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13. DISCONTINUANCE OF WATER AND/OR SEWER SERVICE (Cont.)

- (F) In cases where plumbing has been installed prior to adoption of and not in accordance with these provisions, and water is being taken through a single service pipe to supply two or more premises, the party making application shall be responsible for all water bills and other proper charges. Any violation of the Company's tariff provisions with reference to either or any of the said premises or for the supply of water thereto, shall be deemed a violation as to all, and the Company may enforce compliance with these provisions by shutting off the entire service; except that such action will not be taken until the Customer who is not in the violation of the Company's tariff provisions, has been given written notice of at least fifteen (15) days and opportunity to attach his pipes to a separately controlled curb stop cock or meter setting to be provided by and at the expense of the Company.
- (G) Discontinuing water and/or sewer service to a premises for any reason shall not prevent the Company from pursuing any lawful remedy by action at law or otherwise for the collection of moneys due from the Customer.
- (H) Pursuant to Rule 4901:1-15-27 Ohio Administrative Code, the disconnect notice will clearly state all of the following:
- (1) The earliest date when disconnection could occur.
  - (2) The reason(s) for disconnection.
  - (3) The action the customer must take in order to avoid the disconnection.
  - (4) The total amount required to be paid, which shall not be greater than the past due balance.
  - (5) The address and local or toll-free telephone number of the office of the Company that the customer may contact in reference to his or her account.
  - (6) The current address and local or toll-free telephone number of the public interest center of the commission and a statement that commission staff is available to render assistance with unresolved complaints.
  - (7) A statement that failure to pay the amount required by the date specified on the notice may result in an additional charge for reconnection.
- (I) If a landlord is responsible for payment of the bill, notice of disconnection of service shall be given to the consumer at least ten days before disconnection could occur. In a multiunit dwelling, written notice shall be placed in a conspicuous place.

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Issued:

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Filed under authority in  
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**13. DISCONTINUANCE OF WATER AND/OR SEWER SERVICE (Cont.)**

- (J) The Company shall provide disconnection of service notice to one additional consenting party, with the customer's written authorization, for those customers desiring such additional notification.
- (K) The Company will comply with the conditions set forth in this tariff may disconnect service during its normal business hours as stated in its tariff; however, no disconnection for past due bills or for not making a deposit as required may be made after twelve thirty p.m. on the day preceding a day that all services necessary for reconnection are not regularly performed or available.
- (L) Those Company employees who normally perform the termination of service will be authorized to either:
  - (1) Accept payment in lieu of termination.
  - (2) Be able to dispatch an employee to the premises to accept payment.
  - (3) Be otherwise able to make available to the customer a means to avoid disconnection.
  - (4) Such employees at the premises may or may not be authorized to make extended payment arrangements at the discretion of the company.
- (M) Disconnection of service for nonpayment is prohibited if the disconnection of service would be especially dangerous to health as certified pursuant to the certification provisions contained in Chapter 4901:1-15-27(I) of the Ohio Administrative Code.

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**Issued:****Effective:**

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**14. RENEWAL OF WATER AND/OR SEWER SERVICE AFTER DISCONTINUANCE**

- (A) When water and/or sewer service to a premises has been terminated for any reason, other than for temporary vacancy in accordance with Section 13 (A), service will be reconnected unless prevented by circumstances beyond the Company's control, or unless the Customer requests otherwise, by the close of the following regular business day after any of the following:
1. Receipt of the full amount of arrears for which service was disconnected, including any required deposit or reconnection charge.
  2. The elimination of conditions that warranted disconnection of service.
  3. An agreement by the Company and the Customer on a deferred payment plan and a payment, if required under the plan.
- (B) If service has been discontinued and the Customer wishes to guarantee the reinstatement of the service the same day on which payment is rendered, both of the following conditions apply:
1. If reinstatement of service is requested the same day, the Customer must notify the Company no later than 12:30 p.m., and the customer must make payment in the company's business office or provide proof of payment; and
  2. The Company may require the Customer to sign an agreement to pay the Company's incurred costs for reinstatement of service if it occurs after normal Company business hours. The fee shall be collected at the time reinstatement of service arrangements are made or rendered with the Customer's next billing at the Company's discretion.
- (C) If a guarantor is required in order to reestablish service, the guarantor must sign an acknowledgement of willingness to accept the responsibility for payment of the customer's bill in case the Customer defaults.
- (D) The Company may not insist upon payment of any current bill, excluding any reconnection charge, before restoring service unless the bill is more than fourteen (14) days past due.

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**14. RENEWAL OF WATER AND/OR SEWER SERVICE AFTER DISCONTINUANCE (Cont.)**

- (E) Water will not be turned on to any premises unless there is at least one adult person therein at such time to see that all water outlets in the premises are closed to prevent damage by escaping water, unless waived by the Customer.
- (F) No Customer whose service has been turned off shall turn same on, or have same done by anyone other than the Company.

**15. RECONNECTION CHARGE**

- (A) When it has been necessary to discontinue water and/or sewer service to any premises because of temporary vacancy, a violation of the Company's tariff provisions or on account of non-payment of any bill, a charge will be made as set forth in the Company's rate tariff entitled, Reconnection Charge, except that the charge for any service turned on at the request of a Customer after regular hours or on Saturdays, Sundays, or holidays, will be at actual cost. This charge, together with any arrears that may be due the Company for charges owed by the Customer, and any service deposit required by the Company, must be paid to the office of the Company, or provided for by a deferred payment plan agreement, before the water will again be turned on.

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**Issued:****Effective:**

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**19. PLUMBING WORK MUST BE SUBMITTED FOR INSPECTION BY COMPANY**

All plumbing work done in connection with pipe and fixtures connected with the Company's mains shall be submitted for the inspection of the Company before such underground work is covered up. Whenever the Company determines that plumbing work is defective, although not necessarily in direct violation of the Company's tariff provisions, the Company may insist upon its being corrected before the water will be turned on.

**20. CROSS-CONNECTIONS**

- (A) Ohio-American Water Company (Company) shall develop, implement and operate a Backflow Prevention and Cross-Connection Control Program, which meet the requirements of Ohio Administrative Code Chapter 3745-95. As a condition of continued water service, all customers of the Company shall agree to comply with the Company's published Backflow Prevention and Cross-Connection Control Program. Water customers who fail to comply with the Company's published Backflow Prevention and Cross-Connection Control Program shall be subject to immediate termination of water service.
- (B) By-pass arrangements, jumper connections, removable sections, swivel or change-over devices, and other temporary or permanent devices through which, or because of which, backflow can occur, are considered to be cross-connections.
- (C) No cross-connection shall be permitted unless an acceptable form of protection against contamination by backflow into the water distribution system is provided. An acceptable form of protection is one, which meets the approval of the Ohio Environmental Protection Agency and the local regulating health agency. The required protective device or system shall be provided and installed by the Customer and maintained by him in good working condition, all at his own cost and expense and shall be subject to the inspection, test and approval of the Company before being placed in service, and at such times thereafter as may be deemed necessary by the Company.
- (D) Any cross-connection made or permitted to exist by customer which is in violation of the provisions of this Section shall be removed forthwith or corrected, in a manner acceptable to the Ohio Environmental Protection Agency and the local regulating health authority. Failure to do so may result in immediate discontinuance of water and/or sewer service.

Issued:

Effective:

Filed under authority in  
Case No. 06-\_\_\_\_-WS-AIR

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### Notification of Customer Rights

Our office representatives are available to assist you with any questions you may have about your service. Each Customer inquiry is handled in a responsible manner with attention and care. Every effort is made to provide you with a prompt response to your inquiry. If you are not satisfied with your situation please contact the Customer Service Center at 1-800-673-5999, 24 hours a day, 7 days a week. You may also contact Ohio American in writing at the following address: Ohio American Water Company, P.O. Box 578, Alton, Illinois 62002-0578.

If your complaint is not resolved, after you have contacted Ohio American, or for general utility information, residential and business customers may call the Public Utilities Commission of Ohio (PUCO) toll free at 1-800-686-7826 or 1-614-466-3292, or for TDD/TTY toll free at 1-800-686-1570 or 1-614-466-8180, from 8:00 a.m. to 5:30 p.m. weekdays, or visit the PUCO website at [www.PUCO.ohio.gov](http://www.PUCO.ohio.gov).

The Office of the Ohio Consumers' Counsel (OCC) represents utility customers in matters before the PUCO. The OCC can be contacted, toll free at 1-877-742-5622 from 8:00 a.m. to 5:00 p.m., or visit the OCC website at [www.pickocc.org](http://www.pickocc.org).

The PUCO has adopted a comprehensive set of standards for water and sewer disposal system companies. A copy of Ohio American Water Company's rates and tariff provisions are available for review upon request at our offices or from the Public Utilities Commission of Ohio.

The Customer has a right to see a proper Company photo identification and to know the reason(s) for the visit whenever a Company employee(s) or agent(s) seek access to the Customer's premises.

As always, we welcome your comments and suggestions on how we can serve you better. Call our local number 1-800-673-5999.

### ARRANGING FOR SERVICE

#### Establishing Credit

The Company will establish a residential Customer's credit worthiness, as set forth in chapter 4901:1-17 of the Ohio Administrative Code.

Ohio American Water Company will require, in accordance with PUCO rules, new Customers to establish financial responsibility prior to receiving service. Financial responsibility may be established if: a) the Customer owns the property being served or other real estate in the service territory; or b) the Customer demonstrates that he/she is a satisfactory credit risk; or c) the Customer has a history of timely paying the bills of a similar utility; or d) the Customer provides a guarantor; or e) the Customer provides a security deposit.

#### Deposits

Deposits may be required from any Customer in an amount not to exceed 1/12 of the estimated charge for all service for the ensuing 12 months, plus 30 percent of the monthly estimated charge.

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**Deposits (Cont.)**

After discontinuing service, Ohio American will promptly apply the Customer's deposit, including accrued interest to the final bill. A transfer of service from one location to another within the service area does not prompt a refund of the deposit. The deposit will be refunded if the Customer has: (1) paid his/her bills for service for twelve (12) consecutive months without having had a service disconnection for nonpayment; (2) not had more than two occasions on which his/her bill was not paid by the due date; and (3) not been delinquent in the payment of his/her bills. Ohio American will promptly return a Customer's deposit, plus any accrued interest, upon the Customer's request at any time the Customer's credit has been otherwise established, or reestablished.

**YOUR RESPONSIBILITIES AND OURS**

The Customer will install, if not already installed, and maintain at his/her own expense all customer service lines in the premises, and the Company shall own and maintain at its expense all mains and other facilities used in rendering service.

**PAYMENT OF BILLS**

All bills for water and/or sewer service are due and payable at the time specified on the bill. If your bill is not paid within 20 days after the bill was rendered, the Customer will be charged a late payment charge of five (5%) percent of the bill amount. The late payment charge will be based on current charges only. If payment for service is returned by the financial institution or is not recognized due to insufficient funds, a charge of \$21.25 will be assessed to cover the cost of processing. Failure to pay will render the Customer subject to discontinuance of service.

**DISCONNECTING YOUR SERVICE**

We may disconnect your service without your request and without prior notice only for the following reasons:

1. For tampering with any main, or other appliance under the control of, or belonging to, the Company;
2. For connecting the customer service line, or any pipe directly or indirectly connected to it, to any lines or pipes carrying or which are in a position to carry, clean waters, other nonsewage wastes, or unacceptable sewage; or
3. For any other violation of, or failure to comply with, the Company's tariff provisions, which may, in the opinion of the Company or any public authority, create an emergency situation.

We may disconnect your service after at least twenty-four (24) hours prior written notice for any of the following reasons:

- (a) For use of water and/or sewer service not stated in your application for service, or for the use of service upon any premises not stated in such application; or
- (b) To prevent waste or reasonably avoidable loss of water.

Personal delivery of the notice to the customer's premise shall first be attempted and, only if personal service cannot be accomplished at that time, the notice shall be securely attached to the premises in a conspicuous manner.

We may disconnect your service upon 14 days written notice for any of the following reasons:

1. For non-payment of any tariffed charges when due or within any additional period for payment permitted by the Company, or for not making a deposit as required. Disconnection of service for non-payment may not occur prior to fourteen days after the due date;
2. For any violation of, or failure to comply with, the Company's tariff other than for those reasons where no notice is required;
3. For misrepresentation in the application as to any material fact;
4. For denial to the company of reasonable access to the premises for the purpose of inspection; or
5. For violation of federal, state, or local laws or ordinances where such violation affects the provision of utility service.

Disconnection of service for nonpayment is prohibited if the disconnection of service would be especially dangerous to health. You must have a form, which can be obtained from the Company, signed by a licensed physician or local board of health physician stating that a special danger exists to the health of the customer or permanent resident of the household.

If service has been disconnected prior to receipt of the medical certification, service shall be restored upon receipt of the medical certification form.

The medical certification shall prohibit the disconnection for thirty (30) days. Certification may be renewed two additional times (thirty days each) by a licensed physician or local board of health physician. The total certification period is not to exceed ninety days in any 12 month period.

#### **RECONNECTION OF SERVICE**

The Company may require a customer to make a deposit or an additional deposit on an account, as set forth in Chapter 4901:1-17 of the Ohio Administrative Code, to reestablish creditworthiness. The customer may also reestablish creditworthiness by providing a guarantor, as set forth in Rule 4901:1-15-28 and Chapter 4901:1-17 of the Ohio Administrative Code. If service has been discontinued, there will be a service reconnection charge of \$31.50.

When water and/or sewer service to a premises has been terminated for any reason, other than for temporary vacancy, it will be renewed only upon the acceptance of a new application and after the conditions, circumstances or practices which caused the water and/or sewer service to be discontinued are corrected to the satisfaction of the Company, and upon payment, or provision for payment under a deferred payment plan agreement, of all charges due and payable by the Customer.


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In order to guarantee the reinstatement of service the same day on which payment is made, both of the following conditions must apply:

1. You must notify the Company no later than 12:30 p.m., and you must make payment or provide proof of payment; and
2. If reconnection occurs after normal Company business hours, you will be responsible for the reconnection charge that is based upon the out-of-pocket expense of the Company.

#### **TESTING OF METER**

Ohio American will, at its own expense, make a test of the accuracy of registration of a meter upon request of a Customer, provided that such Customer does not make a request for tests more frequently than once in three (3) years. If the Customer makes a request for a meter test more frequently than once in three (3) years, the Customer will be billed for such additional test(s) at the actual cost to the Company. However, if the test shows the meter to be more than 1½% fast or slow, no charge shall be made to the Customer for such test. Ohio American or the Customer may request that a meter test be performed in the presence of a Commission staff member. The Customer also has the right to be present.

 **Ohio - American  
Water Company**  
PO BOX 578  
ALTON, IL 62002-0578

For Service To:



ACCOUNT NUMBER	
AMOUNT DUE	\$76.87
DUE DATE	Feb 06, 2003
AMOUNT DUE AFTER DUE DATE	
Please return this portion with check ▼ Payable to the address below ▼	

**Ohio American Water Company**  
**PO Box 2568**  
**Decatur, Illinois 62525-2568**

**Customer Account Information**

For Services To:

Account Number:

Premise Number:

**Billing Period & Meter Information**

Billing Date: Jan 22, 2003

Billing Period: Nov 19 to Jan 20 (62 days)

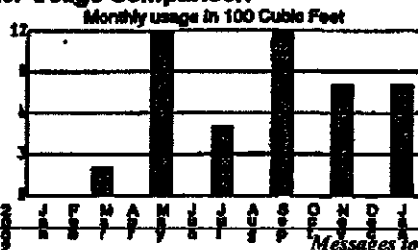
Next reading on/about:

Rate Type: Residential

Meter readings in current billing period:

Meter Number 046202251A is a 5/8-inch meter.

Present-actual 192  
Last-actual 184  
100 Cubic Feet used 8  
1 cu ft equals approx 7.50 gal  
Gallons used 5984

**Water Usage Comparison****Billing Summary**

<b>Prior Balance</b>	
Balance from last bill	\$69.29
Payments as of Jan 22, 2003. Thanks!	-40.00
Total prior balance, Jan 22, 2003	29.29
<b>Adjustments</b>	
WATER CHARGE ADJUSTMENT - 91	2.27
Total adjustments, Jan 22, 2003	2.27
<b>Current Water Charges</b>	
WATER CHARGE (\$8.000000 x 8.00)	45.31
Total water charges, Jan 22, 2003	45.31
<b>TOTAL AMOUNT DUE</b>	<b>\$76.87</b>

**Messages to you from Ohio American Water Company**

To provide you with the best possible service, our Customer Service Center is now here to serve you 24 hrs a day 7 days a week. Our new toll-free number is 1-800-673-5999. If you have any questions about your bill or the services we provide please feel free to contact us.

\*If your questions are not resolved after you have called Ohio-American, you may call the Public Utilities Commission of Ohio (PUCO) toll free at 1-800-686-7826, or for TDD/TTY toll free at 1-800-686-1570, from 8:00 a.m. to 5:00 p.m. weekdays or visit the PUCO website at [www.PUCO.ohio.gov](http://www.PUCO.ohio.gov). The Office of the Ohio Consumers' Counsel (OCC) represents residential utility customers in matters before the PUCO. The OCC can be reached toll free at 1-877-742-5622 from 8:00 a.m. to 5:00 p.m. weekdays, or visit the OCC website at [www.pickocc.org](http://www.pickocc.org).

Customer Service & Emergencies 1-800-673-5999 (24 Hours)  
For Hearing Impaired Customers TDD 1-800-300-6202 (24 Hours)  
Rates available upon request.  
Visit us on the INTERNET at: [www.oawc.com](http://www.oawc.com)

## STIPULATION EXHIBIT 2

Dear Ohio-American Customer:

On March 13, 2006, the Ohio-American Water Company (Company) filed with the Public Utilities Commission of Ohio (PUCO) a notice of its intent to seek an increase in rates in Case No. 06-433-WS-AIR. After extensive discussions and negotiations, the Company, Office of the Ohio Consumers' Counsel, a commercial customer, and the staff of the PUCO submitted a joint stipulation and recommendation to the PUCO. Local public hearings were held in Prairie Township, Marion, Tiffin, Blendon Township and Ravenna, Ohio. The Commission approved the new rates on [REDACTED]. The Company will be implementing new rates on a service rendered basis effective on [REDACTED], 2007. The new water and wastewater rates represent an overall total revenue increase of approximately \$664,718, which equates to 9.95% over the rates that have been in effect since February 25, 2005. The factors contributing to the increase were costs associated with an increase investment in new plant, and increases in pension expense, state, local and federal taxes, and general operating expenses.

Your rates are based on a water and/or a wastewater charge combined with a monthly service charge. Both of these rates have changed as shown below. The effects of these combined charges are displayed in the bottom chart, showing the average combined bills for each service territory and type of customer.

The newly approved tariff charges for water and wastewater sales in FRANKLIN AND PORTAGE COUNTIES (formerly served by Citizens Utilities of Ohio) are:

WATER	CUBIC FEET PER MONTH	PRESENT RATE PER 100 CUBIC FEET	NEW RATE PER 100 CUBIC FEET
For the first	1,333	\$3.2398	\$3.2074
For all over	1,333	\$2.1479	\$1.9686

WASTEWATER	CUBIC FEET PER MONTH	PRESENT RATE PER 100 CUBIC FEET	NEW RATE PER 100 CUBIC FEET
For the first	1,333	\$4.8244	\$6.0173
For the next	58,667	\$3.3100	\$4.2500
For all over	60,000	\$1.2890	\$1.6589

The newly approved service charges for water and wastewater IF the customer takes only wastewater service are as follows:

Meter Size	Present Monthly Charge	New Monthly Charge (applies to wastewater only customers)	Meter Size	Present Monthly Charge	New Monthly Charge	Meter Size	Present Monthly Charge	New Monthly Charge
5/8"	\$5.31	\$9.41	1 1/2"	\$16.35	\$30.12	4"	\$71.52	\$133.64
3/4"	\$6.69	\$12.00	2"	\$24.62	\$45.64			
1"	\$9.45	\$17.18	3"	\$43.94	\$81.88			

The softening surcharge will be changed to \$0.6122 per ccf, from \$0.4832, an increase of \$0.1290. The reverse osmosis surcharge will be changed from \$1.2821 to \$1.3250 per ccf, an increase of \$0.0429. The fire service charges will be changed from \$0.58 to \$0.83, an increase of \$0.25. The purchased water adjustment surcharge will be changed from \$1.1230 to \$1.4573 per ccf, an increase of \$0.3343. The account activation charge will be changed from \$8.00 to \$23.10, an increase of \$15.10 on new service establishment during the Company's regular business hours. The dishonored payment charge will be changed from \$21.25 to \$20.75, a decrease of \$0.50. The reconnection fee will be changed from \$31.50 to \$41.65, an increase of \$10.15.

## STIPULATION EXHIBIT 2

DISTRICT & CLASS		-----AVERAGE BILL-----			
		Usage (ccf)	Old Bill	New Bill	Increase
Franklin County					
Residential	Monthly	7	\$27.99	\$31.86	\$3.87
Commercial	Monthly	31	\$86.45	\$86.95	\$.50
Portage County with Purchased Water Surcharge					
Residential	Monthly	7	\$35.85	\$42.06	\$6.21
Commercial	Monthly	31	\$121.26	\$132.13	\$10.87
Franklin County – Huber Ridge with Reverse Osmosis					
Residential	Monthly	7	\$36.96	\$41.14	\$4.18
Commercial	Monthly	31	\$126.20	\$128.02	\$1.82
Franklin County – Lake Darby and Worthington Hills with Softening Surcharge					
Residential	Monthly	7	\$31.37	\$36.15	\$4.78
Commercial	Monthly	31	\$101.43	\$105.93	\$4.50
Franklin and Portage Wastewater					
Residential	Monthly	6	\$34.26	\$36.10	\$1.84
Commercial	Monthly	37	\$147.97	\$180.81	\$32.84

Copies of the approved tariffs are on file and may be inspected by any interested person at any district office of Ohio-American or at the offices of the Public Utilities Commission of Ohio, 180 East Broad Street, Docketing Section, Columbus, Ohio 43215-3793, or can be reviewed online at the PUCO's web site at [www.PUCO.ohio.gov](http://www.PUCO.ohio.gov).

Please keep in mind that some changes affect certain customers differently than others, depending on the usage and service provided. If you have any specific questions concerning the impact of this rate change on your bill, please call 1-800-673-5999. You are a valued customer and we welcome the opportunity to discuss this matter with you.

**STIPULATION EXHIBIT 2**

Dear Ohio-American Customer:

On March 13, 2006, the Ohio American Water Company (Company) filed with the Public Utilities Commission of Ohio (PUCO) a notice of its intent to seek an increase in rates in Case No. 06-433-WS-AIR. After extensive discussions and negotiations, the Company, Office of the Ohio Consumers' Counsel, a commercial customer, and the staff of the PUCO submitted a joint stipulation and recommendation to the PUCO. Local public hearings were held in Prairie Township, Marion, Tiffin, Blendon Township and Ravenna, Ohio. The Commission approved the new rates on [REDACTED]. The Company will be implementing new rates on a service rendered basis effective on [REDACTED], 2007. The new rates represents an overall total revenue increase of approximately \$2,765,374 which equates to 11.70% over the rates that have been in effect since February 25, 2005. The factors contributing to the increase were costs associated with increased investment in new plant, and increases in pension expense, state, local and federal taxes, and general operating expenses.

Your rates are based on a water charge combined with a monthly service charge. Both of these rates have changed as shown below. The effects of these combined charges are displayed in the bottom chart, showing the average combined bills for each service territory and type of customer.

The newly approved tariff charges for water sales are in all areas EXCEPT those former customers of Citizens Water Utilities of Ohio and those customers in the Mansfield District with unmetered service are:

	<u>CUBIC FEET PER MONTH</u>	<u>PRESENT RATE PER 100 CUBIC FEET</u>	<u>NEW RATE PER 100 CUBIC FEET</u>
For the first	2,000	\$4.3958	\$4.4793
For the next	198,000	\$3.2600	\$3.2779
For all over	200,000	\$1.4010	\$1.4081

The newly approved service charges are as follows:

Meter Size	Present Monthly Charge	New Monthly Charge	Meter Size	Present Monthly Charge	New Monthly Charge	Meter Size	Present Monthly Charge	New Monthly Charge
5/8"	\$5.31	\$9.41	1 1/2"	\$16.35	\$30.12	4"	\$71.52	\$133.64
3/4"	\$6.69	\$12.00	2"	\$24.62	\$45.64	6"	\$140.49	\$263.05
1 "	\$9.45	\$17.18	3"	\$43.94	\$81.88			

The Marion softening surcharge will be changed from \$0.2867 to \$0.3326 per ccf, an increase of \$0.0459. The account activation charge will be changed from \$8.00 to \$23.10, an increase of \$15.10 on new service establishment during the Company's regular business hours. The dishonored payment charge will be changed from \$21.25 to \$20.75, a decrease of \$0.50. The reconnection fee will be changed from \$31.50 to \$41.65, an increase of \$10.15.

The newly approved fire service charges are as follows:

Meter Size	Present Monthly Charge	New Monthly Charge	Meter Size	Present Monthly Charge	New Monthly Charge	Meter Size	Present Monthly Charge	New Monthly Charge
<2 1/2"	\$4.78	\$6.80	4"	\$19.10	\$27.18	10"	\$119.49	\$170.03
2 1/2"	\$7.49	\$10.66	6"	\$43.01	\$61.20	12"	\$172.05	\$244.83
3"	\$10.75	\$15.30	8"	\$76.48	\$108.83			

The MANSFIELD DISTRICT'S unmetered rates will be changed from \$63.36 to \$70.77 bi-monthly, an increase of \$7.41 bi-monthly.



**STIPULATION EXHIBIT 2**

<b>DISTRICT &amp; CLASS</b>		<b>AVERAGE BILL</b>			
		<b>Usage (ccf)</b>	<b>Old Bill</b>	<b>New Bill</b>	<b>Increase</b>
<b>Marion District - Marion &amp; Morrow counties (includes softening charge)</b>					
Residential	BI-MONTHLY	12	\$66.81	\$76.56	\$9.75
Commercial	BI-MONTHLY	44	\$189.39	\$201.71	\$12.32
Industrial	MONTHLY	328	\$1,191.34	\$1,217.68	\$26.34
Public Authority	MONTHLY	155	\$577.76	\$593.07	\$15.31
<b>Ashtabula, Preble, Tiffin and Lawrence County</b>					
<b>Marion District - Lake White</b>					
Residential	BI-MONTHLY	12	\$63.37	\$72.57	\$9.20
Commercial	BI-MONTHLY	44	\$176.78	\$187.08	\$10.30
Industrial	MONTHLY	328	\$1,097.31	\$1,108.59	\$11.28
Public Authority	MONTHLY	155	\$533.33	\$541.51	\$8.18

Copies of the approved tariffs are on file and may be inspected by any interested person at any district office of Ohio-American or at the offices of the Public Utilities Commission of Ohio, 180 East Broad Street, Docketing Section, Columbus, Ohio 43215-3793, or can be reviewed online at the PUCO's web site at [www.PUCO.ohio.gov](http://www.PUCO.ohio.gov).

Please keep in mind that some changes affect certain customers differently than others, depending on the usage and service provided. If you have any specific questions concerning the impact of this rate change on your bill, please call 1-800-673-5999. You are a valued customer and we welcome the opportunity to discuss this matter with you.

## Settlement

OHIO-AMERICAN WATER COMPANY  
Case No. 06-433-WB-AIR  
Revenue Requirements

12/3/06 SCHEDULE A-1  
1:17 PM

	WATER A				WATER C				WASTEWATER			
	Applicant (a)	Staff Lower Bound	Staff Upper Bound	Applicant (a)	Staff Lower Bound	Staff Upper Bound	Applicant (a)	Staff Lower Bound	Staff Upper Bound	Applicant (a)	Staff Lower Bound	Staff Upper Bound
(1) Rate Base (b)	\$ 59,151,619	\$ 47,359,625	\$ 47,359,625	\$ 6,137,395	\$ 5,481,384	\$ 5,481,384	\$ 5,209,170	\$ 5,292,107	\$ 5,292,107			
(2) Adjusted Operating Income (c)	1,346,057	1,310,781	1,310,781	41,321	104,978	104,978	330,646	269,549	269,549			
(3) Rate of Return Earned (2) / (1)	2.28%	2.76%	2.76%	0.67%	1.92%	1.92%	6.35%	5.09%	5.09%			
(4) Rate of Return Recommended (d)	8.03%	7.65%	7.65%	8.03%	7.65%	7.65%	8.03%	7.65%	7.65%			
(5) Required Operating Income (1) x (4)	\$ 4,027,175	\$ 3,623,011	\$ 3,623,011	\$ 492,833	\$ 419,326	\$ 419,326	\$ 418,296	\$ 404,846	\$ 404,846			
(6) Income Deficiency (5) - (2)	2,681,118	1,712,230	1,712,230	451,512	314,348	314,348	87,650	135,298	135,298			
(7) Gross Revenue Conversion Factor (e)	1.65086	1.615085	1.615085	1.64485	1.612833	1.612833	1.6388	1.607882	1.607882			
(8) Revenue Increase Required (6) x (7)	4,426,150	2,765,398	2,765,398	742,674	506,991	506,991	143,641	217,544	217,544			
(9) Revenue Increase Recommended	4,214,866	2,765,398	2,765,398	758,146	506,991	506,991	157,748	157,748	157,748			
(10) Adjusted Operating Revenue (c)	21,511,797	23,643,884	23,643,884	3,521,362	3,544,132	3,544,132	3,124,520	3,135,848	3,135,848			
(11) Revenue Requirements (9) + (10)	\$ 27,726,662	\$ 26,409,282	\$ 26,409,282	\$ 4,279,508	\$ 4,051,183	\$ 4,051,183	\$ 3,282,268	\$ 3,293,596	\$ 3,293,596			
(12) Increase Over Current Revenue (9) / (10)	17.93%	11.70%	11.70%	21.53%	14.30%	14.30%	5.05%	5.03%	5.03%			

- (a) Applicant's Schedule A-1  
(b) Staff's Schedule B-1  
(c) Staff's Schedule C-2  
(d) Refer to Rate of Return Section  
(e) Staff's Schedule A-1.1

Settlement

12/5/06 SCHEDULE B-1  
1:37 PM

OHIO-AMERICAN WATER COMPANY  
Case No. 06-433-WS-AIR  
Rate Base Summary  
As of Date Certain, December 31, 2005

	Water A		Water C		Wastewater	
	Applicant (a)	Staff	Applicant (a)	Staff	Applicant (a)	Staff
(1) Plant in Service	\$ 87,027,649	\$ 82,981,854	(b) \$ 13,909,790	\$ 13,016,061	(b) \$ 13,583,298	\$ 13,473,575
(2) Depreciation Reserve	(30,295,689)	(28,783,951)	(c) (5,082,612)	(4,866,899)	(d) (5,098,964)	(4,899,007)
(3) Net Plant in Service	56,731,960	54,197,903	8,827,178	8,149,162	8,484,334	8,574,568
(4) Construction Work in Progress	0	0	(f) 0	0	(f) 0	0
(5) Working Capital Allowance	0	0	(g) 0	0	(g) 0	0
(6) Other Rate Base Items	(6,580,341)	(6,838,278)	(h) (2,689,783)	(2,667,778)	(h) (3,275,164)	(3,282,461)
(7) Rate Base (3) Thru (6)	\$ 50,151,619	\$ 47,359,625	\$ 6,137,395	\$ 5,481,384	\$ 5,209,170	\$ 5,292,107

- (a) Applicant's Schedule B-1
- (b) Staff's Schedule B-2
- (c) Staff's Schedule B-3a
- (d) Staff's Schedule B-3b
- (e) Staff's Schedule B-3c
- (f) Staff's Schedule B-4, Subject to 10% Limitation
- (g) Staff's Schedule B-5
- (h) Staff's Schedule B-6

OHIO-AMERICAN WATER COMPANY  
Case No. 06-433-WB-41R  
Performa Operating Income Statement  
For the Twelve Months Ending June 30, 2004

	Water A				Water C				Watermeter			
	Adjusted Revenues & Expenses (a)	Staff Performa Adjustments (b)	Performa Revenues & Expenses (c)	Nonplant Performa Revenues & Expenses (d)	Adjusted Revenues & Expenses (a)	Staff Performa Adjustments (b)	Performa Revenues & Expenses (c)	Applicant Performa Revenues & Expenses (d)	Adjusted Revenues & Expenses (a)	Staff Performa Adjustments (b)	Performa Revenues & Expenses (c)	Applicant Performa Revenues & Expenses (d)
Operating Revenues	\$ 23,088,614	\$ 4,258,435	\$ 27,347,049	\$ 27,426,303	\$ 3,427,840	\$ 743,633	\$ 4,171,473	\$ 4,167,221	\$ 3,125,569	\$ 157,313	\$ 3,282,882	\$ 3,280,651
Water Sales	555,270	59,615	615,085	511,644	116,352	16,512	130,865	106,815	10,278	435	10,714	7,509
Other Operating Revenues												
Total Operating Revenues	23,643,884	4,218,250	27,862,134	27,937,947	3,544,192	759,146	4,302,338	4,264,036	3,135,848	157,748	3,293,596	3,288,160
Operating Expenses												
Depreciation and Maintenance	13,845,810	63,662	13,909,472	14,077,185	2,254,247	10,398	2,264,645	2,107,415	1,582,167	1,684	1,583,851	1,662,916
Depreciation	2,798,093	187,153	2,985,094	3,381,746	280,728	277,729	280,729	460,572	277,605	7,413	277,605	358,302
Taxes, Other Than Income	4,727,850	4,972,788	4,915,003	4,972,788	944,900	35,518	980,418	970,193	959,365		946,778	898,870
Federal Income Taxes	161,253	1,348,928	1,710,181	1,482,050	(40,662)	322,242	201,580	153,131	47,164	50,562	97,706	129,775
Total Operating Expenses	21,723,103	1,539,743	23,233,846	23,910,769	3,439,214	288,198	3,727,312	3,771,201	2,866,300	59,639	2,925,939	2,869,863
Net Operating Income	\$ 1,920,781	\$ 2,618,507	\$ 4,628,288	\$ 4,027,178	\$ 104,978	\$ 460,948	\$ 574,965	\$ 492,835	\$ 269,548	\$ 98,109	\$ 367,657	\$ 418,297
Rate Base (e)	\$ 47,339,625		\$ 47,339,625	\$ 50,131,619	\$ 5,481,384		\$ 5,481,384	\$ 6,117,395	\$ 5,292,107		\$ 5,292,107	\$ 5,209,170
Rate of Return (f)	4.03%		9.54%	8.03%	1.92%		10.43%	8.03%	5.03%		6.93%	8.03%

- (a) Staff's Schedule C-2  
(b) Staff's Schedule C-1.1  
(c) Columns (a) + (b)  
(d) Applicant's Schedule C-1  
(e) Staff's Schedule W-1  
(f) Net Operating Income / Rate Base

Settlement:

OHIO-AMERICAN WATER COMPANY  
Case No. 06-033-Ws-AIR  
Adjusted Test Year Operating Income

12/05/06 SCHEDULE C-2  
01:37 PM

	Water A			Water C			Wastewater		
	Test Year Revenues & Expenses (a)	Staff Adjustments (b)	Adjusted Revenues & Expenses (c)	Test Year Revenues & Expenses (a)	Staff Adjustments (b)	Adjusted Revenues & Expenses (c)	Test Year Revenues & Expenses (a)	Staff Adjustments (b)	Adjusted Revenues & Expenses (c)
Operating Revenues	\$ 23,121,261	\$ (32,647)	\$ 23,088,614	\$ 3,426,433	\$ 1,407	\$ 3,427,840	\$ 2,847,011	\$ 278,558	\$ 3,125,569
Water Sales	448,129	107,161	555,270	88,198	38,154	116,352	9,509	770	10,279
Other Operating Revenues									
Total Operating Revenues	23,569,390	74,494	23,643,884	3,514,631	29,561	3,544,192	2,856,520	279,328	3,135,848
Operating Expenses									
Operation & Maintenance	13,617,725	228,165	13,845,910	3,186,505	67,742	2,254,247	1,346,969	235,198	1,582,167
Depreciation & Amortization	2,845,944	(47,853)	2,798,091	456,847	(176,118)	280,729	392,852	(115,247)	277,605
Taxes, Other Than Income	4,817,586	(89,716)	4,727,850	793,702	145,198	944,500	902,807	56,558	959,365
Federal Income Taxes	(413,926)	775,179	361,253	9,775	(150,437)	(40,562)	(37,537)	84,701	47,164
Total Operating Expenses	20,867,329	865,774	21,733,103	3,452,829	(13,615)	3,439,214	2,605,091	262,209	2,865,300
Net Operating Income	\$ 2,702,061	\$ (791,280)	\$ 1,910,781	\$ 61,802	\$ 43,176	\$ 104,978	\$ 251,429	\$ 18,119	\$ 269,548

(a) Applicant's Schedule C-2  
(b) Staff's Schedule C-3  
(c) Columns (a) + (b)