

Residents speak out against proposed hike in water rate

By JAMI KINTON • News Journal • January 21, 2010

MANSFIELD -- City residents who spoke at a public hearing on proposed Ohio American Water Co. rate increases said the proposal will hurt customers and doesn't compare with rates at similar companies.

Mervin Shaffner, an Imperial Estates resident since 1967, said his Ohio American Water bill is about \$80 every two months. The owner of Shaffner Realty said the combined water and sewer bill at his Mansfield office is \$14.19 a month.

"Every time I turn around, we're getting nickel-and-dimed from Ohio American Water," Shaffner said. "This is putting a hardship on us. I'd like to know how someone can justify nailing us again and again."

About 15 residents testified at the Wednesday afternoon hearing in the community room at the Mansfield/Richland County Public Library. In May, Ohio American Water proposed a 23.4 percent rate increase for the year, after already requesting a 60 percent rate hike to be phased in over four years.

The Marion-based company revoked its proposal Wednesday morning for additional increases from 2011 to 2013 to the Public Utilities Commission of Ohio.

Jill Kocher, public information officer with PUCO, said commission staff reviewed of the company's proposal and recommended an increase of 4.3 to 5.82 percent for the Mansfield area. While most of Wednesday's audience members complained about high water bills, a few complained their request for meters has fallen on deaf ears.

"I think you people who want the meters are a little premature in that thought," said Hal Hornyak, of 1348 Bonnie Drive. "I have a meter, and this month my bill was \$381. They said I used 58,344 gallons. Now I could flood my basement and not use 58,344 gallons. I've been on the phone with these people from the OAW for three days and they said this could take a month ... Not one person even said they could check and see if I have any leaks."

After the meeting, company President David Little said the issue was being reviewed.

"Any time there's a water quality issue, we work on these immediately," Little said. "I've talked to a couple customers already. Sometimes people get misinformation and we try to correct these as much as we can and educate customers on the nature of our business."

"Addressing one issue today, people cannot compare us to the rates at a municipal building. We're a private utility company, and 18 cents of every dollar goes to pay taxes. Mansfield doesn't have this."

Hornyak said the company's rate case is for money already spent.

"It's for what's been spent on customer services," he said. "We've spent more than \$700,000 in capital expenses in Mansfield alone."

Ohio Consumers Counsel spokesman Marty Berkowitz said his agency provided two recommendations to the company.

"We said, 'Let's take a look at who's paying for this and give the residents a break, especially those who are on a fixed income,'" he said. "Second, we don't feel, as an agency, that the OAW should be able to charge customers for things that they don't benefit from."

Information gathered Wednesday will be presented at the Jan. 27 evidentiary hearing in Columbus.

Ohio American Water Drops Step Rate Increase, OCC Wants Current Rate Decrease

Ohio American Water (OAW) dropped its effort to automatically increase rates for consumers in 2011, 2012, and 2013, according to a letter filed with the Public Utilities Commission of Ohio (PUCO) on Wednesday. Despite that decision, the Office of the Ohio Consumers' Counsel (OCC) said the utility's rates need to decrease from current levels.

"This is good news for consumers but does not change the facts that a decrease over current rates is warranted for OAW's residential water customers," said Ohio Consumers' Counsel Janine Migden-Ostrander. "The OCC has discovered several costs that Ohio American Water has asked to recoup from its customers that it should not be allowed to collect.

Additionally, it should not be subsidizing other customer groups at the expense of residential customers."

The OCC also is seeking to maintain or improve water quality, improve low-income programs, properly address conservation plans and make other improvements that will adequately protect consumers.

The utility's request to increase water and wastewater rates for 2010 amounts to \$8.75 million. If the OAW's request had been approved by state regulators as originally proposed, residential rates would have climbed between 71 percent and 78 percent.

The OCC recommended residential water customers receive a rate decrease in a Jan. 4 filing at the commission.

Coupled with recommendations made by the PUCO staff in its Nov. 27 report, OAW customers would see a decrease of more than \$7.3 million for water and wastewater rates.

Under the OCC's recommendations, an average water customer in OAW's Franklin and Portage districts using 6 Ccf (hundred cubic feet) of water per month would see a rate decrease of 6.38 percent.

Similarly, an average OAW water customer using 10 Ccf in all other districts (Ashtabula, Lake White, Lawrence, Mansfield, Marion and Tiffin) would experience a rate decrease of 8.1 percent. The OCC's recommendations would result in a nominal increase to monthly wastewater rates of 75 cents for the average residential consumer.

Ohio American Water should lower rates, says consumer agency

Thursday, January 7, 2010 3:00 AM

By [Elizabeth Gibson](#)

THE COLUMBUS DISPATCH

The Ohio Consumers' Counsel says that with proper adjustments, Ohio American Water could lower its residential water rates instead of increasing them.

Residential customers have been faced with too heavy a burden compared with other groups, such as industrial customers, according to rate-case testimony filed Monday by the agency, which represents consumers in utility matters.

"Not only is it unfair, we just think that it's untenable," spokesman Marty Berkowitz said. "People wouldn't be able to pay their bills."

It's still up to the Public Utilities Commission of Ohio to decide whether the company can raise its rates.

Berkowitz said the redistribution of costs and various other fixes could save central Ohio residents 6.38 percent on monthly water bills.

But PUCO staff members recommended a 5.9 percent to 7.3 percent increase for water and 3.6 percent to 5.3 percent for sewer services. That's a quarter to a third what the company said it needed to help pay for necessary equipment upgrades made before the economy soured.

The PUCO has released the dates of five public hearings to review the rates as well as the quality of service and infrastructure. There will be three in central Ohio:

- Jan. 21, at 6 p.m., 8075 Dellinger Rd., Galloway
- Jan. 25, at 6 p.m., 4465 S. Hamilton Rd., Groveport
- Jan. 28, at 6 p.m., 3607 Dempsey Rd., Westerville

The company provides sewer and water services to parts of Blendon, Madison, Norwich, Perry, Prairie, Sharon and Truro townships in Franklin County.

Ohio American Water estimated that the average Prairie Township customer, for example, pays \$106.84 a month now for about 5,200 gallons of water and sewer services.

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PUCO Sets Public Hearings on Proposed American Water Rate Increase;

OCC Responds

The Public Utilities Commission of Ohio (PUCO) on Tuesday scheduled five local public hearings to provide Ohio American Water (OAW) customers an opportunity to express their views regarding the company's application to increase water and wastewater rates. The Office of the Ohio Consumers' Counsel (OCC) filed testimony with the commission on Monday asking to amend the proposed OAW rate increase.

Residential customers of OAW would pay lower rates based on reductions sought by the OCC, the consumer advocate stated in a news release.

In June 2009, Ohio American Water filed an application with the PUCO to increase the rates it charges customers for water and wastewater service. Ohio American requested a 60 percent revenue increase phased in over four years through stepped annual rate increases. The PUCO staff report was issued on Nov. 27, 2009.

In its report, the staff proposed a reduced rate increase and recommended the commission deny the company's request to phase in additional rate increases each year through 2012.

According to the PUCO report: In the company's Ashtabula, Lake White, Lawrence County, Mansfield, Marion and Tiffin districts, staff recommended a revenue increase between \$1,216,714 and \$1,645,968 - a 4.3 to 5.8 percent increase over current revenues.

- In Franklin and Portage counties staff recommended an increase in revenues between \$299,601 and \$372,505 - a 5.6 to 7.3 percent increase over current revenues.

- The company also operates wastewater services in Franklin County and staff recommended an increase in revenues between \$136,470 and \$200,967 - a 3.6 to 5.3 percent increase.

Staff also found the company overstated operating and maintenance expenses by \$6 million over the course of the requested four-year rate increase.

The staff report is a recommendation to the commissioners. The commissioners are not bound by these recommendations and may implement some of the suggestions and reject others.

The adjustments proposed by the OCC reflect corrections and changes to PUCO's Nov. 27 staff report. Combined with the PUCO staff's recommendations, OAW customers would see a decrease of more than \$7.3 million for water and wastewater rates.

"Ohio American Water has asked to recover operating expenses above and beyond reasonable amounts from consumers without providing any additional benefits," said Consumers' Counsel Janine Migden-Ostrander.

The OCC said it also discovered OAW allocated a disproportionate percentage of its costs to residential customers that subsidize the rates that industrial customers pay. Proper allocation of costs to each customer class, in addition to other adjustments, will bring residential water rates below current levels.

"Residential customers should not have to pay more for their service by subsidizing other customer groups," Migden-Ostrander said.

If the OCC's suggested adjustments to the PUCO staff report are accepted by the commission, average residential customers will see a decrease in their monthly bills for water service, not an increase as requested by OAW. An average water customer in OAW's Franklin and Portage districts using 6 Ccf of water per month would see a rate decrease of 6.38 percent.

Similarly, an average water customers using 10 ccf in all other districts (Ashtabula, Lake White, Lawrence, Mansfield, Marion and Tiffin) would experience a rate decrease of 8.1 percent. The OCC's recommendations would result in a nominal increase to monthly wastewater rates of 75 cents for the average residential consumer.

The OCC also is seeking to maintain or improve water quality, improve low-income programs, properly address conservation plans and make other improvements that will adequately protect consumers.

The OCC agreed with the PUCO staff's recommendation to reject OAW's proposal for an annual step increase in rates through 2013. The OCC also agreed with the recommendation to reject OAW's plan to implement a charge to collect from customers' payments for taxes, infrastructure replacement and other expenses outside the utility's control.

The OCC's objections to the PUCO staff report filed Dec. 28 also addressed the need for an independent management audit of certain expenses incurred by the utility.

It was concluded by PUCO staff that Ohio American Water needs to change its business model to better control costs and to better reflect economic conditions in the market it serves. "While there are some signs that Ohio American is beginning to realize this reality, such as the shifting of personnel from the service company to the operating company, staff believes that costs have reached a serious point at Ohio American where major processes need to be altered and institutional changes need to be implemented," the report stated.

The PUCO said the agency has already received hundreds of letters about the rate increase from customers and several resolutions from local governments. The PUCO files all written comments in the official case docket and will consider them along with verbal testimony from the local public hearings before issuing a decision.

The commission stated on its website that during the last two Ohio American rate cases, the PUCO had concerns about Ohio American Water's progress towards service quality benchmarks.

"The PUCO required the company to take additional steps toward meeting those goals. These commitments included improving water treatment/softening, upgrading meters and providing budget billing information on customer bills.

Ohio American Water has met all of these service quality commitments with the exception of one dealing with unaccounted for water. The company is making some headway in this area, but there is still work to be done," the PUCO report noted.

The hearings are scheduled as follows:

- **Mansfield:** Wednesday, Jan. 20 at 1:30 p.m. at the Mansfield-Richland County Library, Community Room, 43 W.

Third St.

- **Marion:** Wednesday, Jan. 20 at 6:30 p.m. at Marion City Council Chambers, 233 W. Center St.

- **Galloway:** Thursday, Jan. 21 at 6 p.m. at Harvest Assembly of God Church, 8075 Dellinger Rd.

- **Groveport:** Monday, Jan. 25 at 6 p.m. at the Eastland Career Center, Multipurpose Room, 4465 S. Hamilton Rd.

- **Westerville:** Thursday, Jan. 28 at 6 p.m. at Faith Covenant Church, 3607 Dempsey Rd.

Ohio American Water customers may also file written comments by addressing letters with case number 09-0391-WS-AIR in the subject line to PUCO, Attn: Docketing Division, 180 E. Broad St., Columbus, OH 43215.

For more information about this case, visit the PUCO website at www.PUCO.ohio.gov and click on the link to Ohio American Water.



News Release

Office of the Ohio Consumers' Counsel

FOR IMMEDIATE RELEASE

Contact: Marty Berkowitz
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OCC: Rate decrease warranted for residential water customers of Ohio American Water

COLUMBUS, Ohio – Jan. 5, 2010 – Residential customers of Ohio American Water (OAW) would pay lower rates based on reductions sought by the Office of the Ohio Consumers' Counsel (OCC). The consumer advocate yesterday filed testimony with the Public Utilities Commission of Ohio (PUCO) asking to amend a proposed OAW rate increase.

The adjustments proposed by the OCC reflect corrections and changes to the PUCO's Nov. 27 staff report. Combined with the PUCO staff's recommendations, OAW customers would see a decrease of more than \$7.3 million for water and wastewater rates.

"Ohio American Water has asked to recover operating expenses above and beyond reasonable amounts from consumers without providing any additional benefits," said Consumers' Counsel Janine Migden-Ostrander.

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increase as requested by OAW. An average water customer in OAW's Franklin and Portage districts using 6 Ccf of water per month would see a rate decrease of 6.38 percent.

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The OCC's objections to the PUCO staff report filed Dec. 28 also addressed the need for an independent management audit of certain expenses incurred by the utility.

In June 2009, OAW asked the PUCO to approve a \$25 million rate proposal to be collected from all customer classes over four years. If the Commission approves the request as proposed by OAW, then residential water rates would increase between 71 percent and 78 percent over four years. Additionally, wastewater rates for Franklin County customers would increase 36.5 percent over four years.

OAW serves about 51,000 residential customers in portions of Ashtabula, Franklin, Lawrence, Marion, Morrow, Pike, Portage, Richland and Seneca counties.

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