



## Office of the Ohio Consumers' Counsel

*Your Residential Utility Consumer Advocate*

Janine L. Migden-Ostrander  
Consumers' Counsel

December 9, 2009

Dear Community Leader:

I am writing to inform you about important proposed legislation that will limit the expenses Ohio American Water (OAW) could charge customers in rate cases. The Ohio House of Representatives is considering a bill that would lower the amount of rate case expense large investor-owned utilities such as Ohio American Water can recover from customers. I ask for your support in helping us encourage the legislature to pass this legislation.

In Ohio, the rates a utility company may charge customers are set by the Public Utilities Commission of Ohio (PUCO). The process of setting rates is accomplished through rate case proceedings which include a review of all financial information submitted by a utility and other evidence provided by the company. Currently, 100 percent of the expense for applying and processing a rate case is passed on to your constituents.

House Bill 344, introduced Nov. 4, would limit water and sewer utilities with more than 15,000 customers to pass along no more than 50 percent of its rate case expense to customers. Ohio American Water, which has well over 15,000 customers, would be subject to this law. If it passes, OAW customers could be charged for no more than half of the rate case expense.

The Office of the Ohio Consumers' Counsel worked with Reps. Jay Goyal (Mansfield) and Marian Harris (Columbus) to develop House Bill 344. The OCC also is working to get a similar bill introduced in the Ohio Senate. By requiring large utility companies to pay their fair share of rate case expense, we hope that this bill will encourage companies like OAW to place reasonable and responsible limits on spending in pursuit of rate increases and to decrease future requests.

Rep. Goyal, Rep. Harris and I have urged your representatives and senators to support House Bill 344 and could use your support in organizing communities to do the same. Call 1-800-282-0253 to find out who your legislators are or visit [www.ohiosenate.gov](http://www.ohiosenate.gov) and [www.house.state.oh.us/](http://www.house.state.oh.us/).

In other news, I want to update you on the latest status in the OAW rate case (Case No. 09-0391-WS-AIR). The PUCO Staff filed its report on OAW's rate case. Nov. 27. The report includes several recommendations to the Commission. The OCC is in the process of reviewing this report and will file any preliminary objections to Dec. 28, along with supporting case information. Public hearings will likely be scheduled for the early part of next year.

I have designated a direct OCC contact for you to obtain case information and to ensure community issues are addressed. Jim Williams can be contacted at (614) 466-9479. We also maintain information that may be helpful for you on the Web site, [www.pickocc.org](http://www.pickocc.org). We thank you in advance for your support for House Bill 344 and look forward to working with you in the current OAW rate case.

Sincerely,

Janine Migden-Ostrander  
Consumers' Counsel

Attach: House Bill 344

As Introduced

128th General Assembly  
Regular Session  
2009-2010

H. B. No. 344

Representatives Goyal, Harris

Cosponsors: Representatives Garland, Grossman, Harwood, Yuko,  
Domenick, Hagan, Phillips

A BILL

To enact section 4909.181 of the Revised Code to 1  
limit recovery of rate-case expenses for certain 2  
water-works and sewage disposal system companies. 3

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That section 4909.181 of the Revised Code be 4  
enacted to read as follows: 5

Sec. 4909.181. (A) As used in this section: 6

(1) "Rate-case expenses" means any of the following: 7

(a) Fees, wages, or other compensation for labor paid to 8  
attorneys, consultants, witnesses, or employees in relation to an 9  
application for establishment of or change in rates; 10

(b) Expenses for attorneys, consultants, witnesses, or 11  
employees in relation to an application for establishment of or 12  
change in rates; 13

(c) Costs for preparing studies related to an application for 14  
establishment of or change in rates, including lead-lag studies, 15  
cost-of-service studies, depreciation studies, and other studies 16  
related to an application for establishment of or change in rates; 17

	18
<u>(d) Any other expenses incurred in relation to an application for establishment of or change in rates.</u>	19 20
<u>(2) "Application for establishment of or change in rates" means an application filed under any of the ratemaking mechanisms referenced in divisions (B) and (C) of this section.</u>	21 22 23
<u>(B) No water-works company that serves fifteen thousand or more customers in Ohio, no sewage disposal system company that serves fifteen thousand or more customers in Ohio, and no water-works company that is also a sewage disposal system company that serves a total of fifteen thousand or more customers in Ohio may recover from its customers more than fifty per cent of the total amount of rate-case expenses that it incurs for an application filed under section 4909.18 of the Revised Code.</u>	24 25 26 27 28 29 30 31
<u>(C) No water-works company that serves fifteen thousand or more customers in Ohio, no sewage disposal system company that serves fifteen thousand or more customers in Ohio, and no water-works company that is also a sewage disposal system company that serves a total of fifteen thousand or more customers in Ohio, and no water-works company that is also a sewage disposal system company that serves a total of fifteen thousand or more customers in Ohio may recover from its customers any of the rate-case expenses that it incurs for an application filed under section 4909.16, 4909.171, or 4909.172 of the Revised Code or any other ratemaking mechanism established subsequent to the effective date of this section.</u>	32 33 34 35 36 37 38 39 40 41 42 43