



Office of the Ohio Consumers' Counsel

Your Residential Utility Consumer Advocate

CONSUMERS' FACT SHEET

Utility questions, concerns or complaints?

CALL TOLL FREE:

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HB 87 and SB 150 Legislation:

WATER AND SEWER RATE CASE EXPENSES



While most areas of the state receive their water and sewer services through publicly owned and managed utilities, some areas are serviced by investor-owned water and sewer companies. These companies are regulated by the Public Utilities Commission of Ohio (PUCO) and their residential customers are represented by the Office of the Ohio Consumers' Counsel (OCC).

The OCC works to protect Ohioans from increasing utility bills and works to minimize the financial impact in many water and sewer cases involving rate changes at the PUCO. The OCC also seeks solutions through the state legislature.

The OCC is working with State Reps. Jay Goyal and Cheryl Grossman and Sen. Jim Hughes to pass legislation that would limit the impact that rate case expenses can have on customers' water and sewer bills.

What's in the legislation?

House Bill 87 and Senate Bill 150, introduced in February and April 2011, respectively, would require water and sewage utilities serving more than 15,000 customers to pay their fair share of "rate case expenses" related to the establishment of, or change in, rates. In the proposed legislation, rate case expenses are defined as labor costs and expenses for attorneys,

consultants, witnesses and other expenses involved in an individual rate case. They include the costs of preparing studies and any other expenses related to the rate increase request.

Under Ohio's current system of utility regulation, a water or sewer utility that files for a rate increase before the PUCO may collect 100 percent of its rate case expenses as increased rates to residential customers if the amount is found reasonable by the PUCO.

The cost of preparing and presenting a case can be large. For example, a utility estimated its legal costs at nearly \$1 million in a 2009 case to increase rates. Furthermore, in recent years, some companies have filed rate increase requests more frequently. Escalating costs to prepare and present rate cases, and the increase in rate case frequency are causing a significant burden on Ohio's water and sewer customers.

The proposed legislation would cap the portion of expenses that companies could recover from customers at 50 percent. It would give the PUCO discretion to decrease the customers' share if, for example, the PUCO finds the utility unnecessarily increased the cost of litigation or otherwise incurred expenses customers should not have to pay.

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The Office of the Ohio Consumers' Counsel (OCC), the residential utility consumer advocate, represents the interests of 4.5 million households in proceedings before state and federal regulators and in the courts.

The state agency also educates consumers about electric, natural gas, telephone and water issues and resolves complaints from individuals.

To receive utility information, brochures, schedule a presentation or file a utility complaint, residential consumers may call 1-877-PICKOCC (1-877-742-5622) toll free in Ohio or visit the OCC website at www.pickocc.org.



The Office of the Ohio Consumers' Counsel is an equal opportunity employer and provider of services.

Understanding that smaller investor-owned water and sewer utilities may lack the resources of the larger companies, this proposed legislation excludes utilities that serve fewer than 15,000 customers.

OCC Position

The OCC strongly supports HB 87 and SB 150. This legislation is the first step in reducing the water and/or sewer rate increases for the customers of investor-owned water and sewer companies in Ohio.

The OCC urges the approximately 143,000 Ohioans receiving water and/or sewer service from utilities that could be governed by this legislation to support the passage of HB 87 and SB 150.

Make Your Opinion Known

Please call your state legislators to let them know you support these bills. Call **1-800-282-0253** to find out who your legislators are or visit the OCC's website to learn more about how you can make your opinion known at www.pickocc.org/action.

Estimated rate case expenses recovered from consumers since 2000 – Case-by-case

Company Name	Year	Rate Case Expenses**	50% of the expenses
Ohio American Water	1999*	\$ 400,000	\$ 200,000
Aqua Ohio	2000	\$ 50,000	\$ 25,000
Aqua Ohio	2001	\$ 100,000	\$ 50,000
Ohio American Water	2001	\$ 246,000	\$ 123,000
Aqua Ohio	2003	\$ 100,000	\$ 50,000
Ohio American Water	2003	\$ 292,000	\$ 146,000
Ohio American Water	2006	\$ 399,960	\$ 199,980
Aqua Ohio	2007	\$ 75,000	\$ 37,500
Ohio American Water	2007	\$ 400,001	\$ 200,001
Ohio American Water	2009	\$ 523,417***	\$ 261,709
Aqua Ohio	2009	\$ 96,000	\$ 48,000
Aqua Ohio	2009	\$ 172,000	\$ 86,000
Total:		\$ 2,854,378	\$ 1,427,190

* Case was decided in 2000.

** Rate case expenses provided in PUCO staff reports are recommendations to the PUCO commissioners.

*** In Ohio American Water's most recent case, the utility provided figures in a March 3, 2010 brief estimating its rate case expenses at \$973,106. Additionally, the actual and estimated rate case expenses for OAW's last six rate cases total \$3,361,349, the utility said.