

Water

Introduction and Overview

Reviews of proposals for rate increases and proposed changes to the rules that govern water and sewer utilities were the focus of the work of the Office of the Ohio Consumers' Counsel (OCC) for water consumers in 2011.

Additionally, Aqua America, which has operations in Ohio, reached an agreement in July to purchase Ohio American Water (OAW) from the American Water Works Co. In exchange, American Water Works Co. would purchase Aqua America's New York operations. The purchase, which was still pending at the end of 2011, would increase the total number of Aqua Ohio's customers to 145,000.

Ohio American Water asked to increase residential rates for the fourth time in six years. The request could increase rates as much as 26 percent for some of OAW's water customers.

The regular review of rules that govern water and sewer utilities also began in 2011. Several changes were proposed by the OCC and others that would impact all residential water and sewer customers and the service they receive.

Fourth rate increase in six years requested by Ohio American Water

Ohio American Water (OAW) asked the Public Utilities Commission of Ohio (PUCO) to increase its water and sewer rates for all of its customers in 2011. Ohio American Water sought to raise its rates to increase its revenue by \$8.3 million. The request, if approved, would increase customers' water rates between 19 percent and 26 percent, and sewer rates by 11.6 percent.

The main reasons for the request, according to OAW, are increased costs related to water and sewer infrastructure investments, property taxes and depreciation, inability to earn a return on new in-service plant additions, reduced sales because of fewer customers and decreased usage among current customers.

This request from OAW was the fourth in six years and would affect 46,597 residential water customers and 6,391 residential sewer customers.

The Office of the Ohio Consumers' Counsel (OCC) intervened in the case in September and was reviewing OAW's request at the end of 2011. The OCC was concerned about the reasonableness of the requested increases, especially since OAW was granted authority to increase rates in 2010.

In 2012, the OCC will continue to review OAW's request and will advocate protecting the interests of residential customers.

Case No. 11-4161-WS-AIR

OCC offers customer protections in water and sewer rules

Every five years, the Public Utilities Commission of Ohio (PUCO) is required by Ohio law to review the rules that govern water and sewer utilities in Ohio. In its review the PUCO is required, in part, to consider the purpose, scope and intent of Ohio law. In 2011, the Office of the Ohio Consumers' Counsel (OCC) recommended changes and additions to the rules to improve protections for residential water and sewer consumers.

In order to better protect water and sewer customers and to gain a better understanding of the magnitude of customer disconnections, the OCC proposed that utilities with more than 15,000 customers file annual reports with information about their customers' disconnections. Reporting this data is in the public interest because it helps determine the impact that rate increases have on the affordability of water and sewer service for consumers, the OCC said.

The OCC also proposed a new rule that would result in utilities with more than 15,000 customers offering standard payment plans for residential customers who are behind in their payments. The OCC recommended that water and sewer utilities develop a plan that can work for both the customer and the utility, or a plan of at least three months to pay the past due balance and current charges. The current rules do not require large water and sewer utilities to offer payment plans to their customers.

The OCC also recommended the following be adopted by the PUCO in its review of the water and sewer rules:

- ▶ Mandate that customers be sent notification of their rights and obligations for service at least biennially;
- ▶ Maintain the fee for customers who use an authorized agent to pay a water or sewer bill at no more than twice the cost of a first class stamp or, in the alternative, the fee should be no more than \$2 which is consistent with the fee that electric and natural gas customers pay for the same service;
- ▶ Keep the current rule requiring that unplanned outages, expected to last longer than two hours, be reported to the PUCO rather than limit that reporting requirement to only unplanned outages expected to last longer than four hours;

- ▶ Allow all water and sewer customers the right to access their meter for the purpose of verifying their usage;
- ▶ Limit the period of time in which customers can be back-billed for un-metered usage to one year;
- ▶ Include standards to address customer dissatisfaction with water quality and to protect customer property; and
- ▶ Mandate that customers receive bills on a monthly basis rather than at other regular intervals.

The rules review was still ongoing at the end of 2011.

Case No. 11-5605-WS-ORD