



## Office of the Ohio Consumers' Counsel

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**Before**  
**The Columbus City Council**  
**Public Utilities Committee**  
**Testimony on Consumer Protection from Submetering of Utility Services**

**Presented by Andrew Garver**  
**Office of the Ohio Consumers' Counsel**  
**March 16, 2017**

Good afternoon Chairman Stinziano and members of the Public Utilities Committee. I am Andrew Garver with the Office of the Ohio Consumers' Counsel. The Ohio Consumers' Counsel is the state-designated representative for Ohioans regarding their residential electric, natural gas, telephone, and water services.

Thank you for this opportunity to testify on the impact of submetering on residential utility consumers – particularly in the city of Columbus. The Consumers' Counsel is appreciative of your time and consideration of this consumer issue.

Submetering refers to a practice where utility services, such as electricity and water, are resold to consumers by middlemen, sometimes at higher or much higher prices than the local utility's price. Submetering largely affects consumers in apartments, condominiums, and manufactured housing developments. Submetering companies can buy utility service from the public utility and then resell it to the consumer at a higher price. In addition to potentially charging Ohioans higher prices than the local utility's rate, submetering companies have asserted that they are not subject to other consumer protections that Ohio law and the PUCO apply to consumers, such as protection against unreasonable disconnection of service. Consumers of submeterers lack both the protection of

government regulation and the protection of competitive markets, meaning they lack the protections available for Ohioans served by public utilities.

This consumer problem was highlighted in a series of investigative news stories by the Columbus Dispatch, in October 2013. These news stories are Attachment 1 to this document. It was reported that reselling had inflated some customers' utility bills by as much as 40 percent.

There are four cases pending at the PUCO that involve submetering issues. Those cases include a complaint filed by the Consumers' Counsel on behalf of submetered residential customers (Case No. 16-0872-EL-CSS), two complaints by individual customers (Case Nos. 15-697-EL-CSS and 16-2401-EL-CSS), and a PUCO-ordered investigation (Case No. 15-1594-AU-COI).

In the PUCO investigation case, both consumer representatives and utilities have recommended protecting Ohioans from submetering. In December 2016, the PUCO determined that certain submetering companies can be regulated by the PUCO under some circumstances. This decision is a step toward limiting charges to tenants, condominium residents and other customers of middlemen who resell utility service. A further decision of the PUCO is expected. It is not clear yet if the PUCO's approach will solve the submetering problem for consumers.

There have been a number of Ohio House and Senate bills on the subject of submetering, master-metering, and the reselling of public utility service. Representative Mike Duffey has been a leader in efforts to enact legislation for consumer protection from submetering. A consumer protection law has yet to pass for customers of submeterers.

The Consumers' Counsel recommends state legislation on submetering. Legislation should give Ohioans protection from unreasonable prices. And legislation should guarantee for submetered

consumers the same protections for quality of service that consumers of utilities have for these services, such as standards for disconnection of service.

There have been a few ordinances adopted by Ohio municipalities. The consumer protections we have proposed are appropriate whether for state legislation, PUCO rule, or municipal ordinances.

In July 2015, the Consumers' Counsel Governing Board adopted a resolution to protect submetered customers. The Governing Board recommends that the Ohio General Assembly and the PUCO institute price protections and other protections for Ohioans who are charged for public utility services through a master meter and/or submeter by their property owner, condominium association, or other third party connected with their housing. A copy of the Board's Resolution is Attachment 2 to this document. Here is a link to our webpage with information about submetering:

<http://www.occ.ohio.gov/electric/submetering.shtml>. Our Twitter handle is @OhioUtilityUser.

Thank you again for considering consumer protection for Ohioans affected by this issue. This concludes my remarks today.

# The Columbus Dispatch

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## **Shocking cost investigation: Utility middle men charge renters inflated prices**

**Sunday**

Posted Oct 20, 2013 at 12:01 AM

Updated Oct 20, 2013 at 4:58 PM

Consumer protection for utility customers sometimes stops at the apartment door in Ohio. Unlike most states, Ohio allows unregulated, third-party "submeter" companies to make big profits by reselling electricity and water to residents of apartments and condominiums. "They pretty much told me that I don't have a choice and this is how it is," said Rachelle Sexton, who rents at the Enclave at Albany Park in Westerville.

By Dan Gearino, The Columbus Dispatch

Consumer protection for utility customers sometimes stops at the apartment door in Ohio.

Unlike most states, Ohio allows unregulated, third-party "submeter" companies to make big profits by reselling electricity and water to residents of apartments and condominiums.

"They pretty much told me that I don't have a choice and this is how it is," said Rachelle Sexton, who rents at the Enclave at Albany Park in Westerville.

Her August bill was \$176.24, which was 30 percent more than she would have paid for the same usage at regulated prices.

**>> More stories in our 'Shocking Cost' investigation**

A 10-month investigation by *The Dispatch* found that residents pay markups of 5 percent to 40 percent when their landlords enter into contracts with certain submeter companies. If the customer fails to pay, the companies sometimes resort to collection tactics that would be illegal for regulated utilities, including shutting off heat in winter and even eviction.

The problems stem from an absence of regulation, a blind spot in Ohio law that affects an estimated 18,000 to 20,000 housing units in the Columbus area, and that has the potential to affect any of about 3 million Ohioans who live in apartments or condominiums.

"What it gets down to is the individual consumer," said Ohio Attorney General Mike DeWine in response to the *Dispatch* findings. "We made a public-policy decision years ago in this state that we were going to put in place certain protections for the individual utility consumer.

"It seems to be a problem when you have a small minority of consumers who do not have those protections. That, to me, would raise a lot of questions."

Yet no state agency has the authority to respond. That would require action by the Ohio legislature, DeWine said.

Here's how it works: A submeter company buys the utility meters and distribution system within an apartment complex. It then buys electricity or water, or both, from utilities and sells them to tenants, often at inflated prices and with fees.

In some cases, the submeter companies are owned by principal owners of the apartment complexes. And the submeter companies have names that sound like big, well-known businesses - names such as Nationwide Energy Partners and American Power & Light.

Complaints and questions about these companies are on the rise, with 5,137 inquiries to the Central Ohio Better Business Bureau about submeter companies since October 2012, up 33 percent from the year before.

The most-common complaints are about high bills and unresponsive customer service, said Joan Coughlin, a vice president in the office. "We had consumers state that they moved from a larger residence to a smaller apartment and had their utility costs increase," she said.

And, when a building is served by a submeter company, tenants are not eligible for money-saving programs available to most Ohioans. This includes the "choice" program, which allows customers to select a utility provider from among several. Instead, the submeter company is the only option.

Submeter customers also are ineligible for PIPP Plus, a federally funded subsidy for low-income residents available to anyone served by a state-regulated utility. The program served 41,160 households in Franklin County last year.

"We're being victimized," said Dustin Flowers, who rents at Northpark on the Far North Side. His most-recent bill was 23 percent more than it would have been at the regulated price.

He said high bills have thrown off his budget and forced him to cut back on spending in other areas. "I've lost sleep over this."

In many other states, this type of utility resale is banned by law or rule. That leaves just a few other states where it is allowed: Alabama, Georgia, Kansas, Pennsylvania, South Carolina, Utah and Washington.

What those states do not have is evidence that companies are using gaps in the system on a large scale. In this way, Ohio is unique, with companies whose business models depend on the lack of rules.

"Allowing markups for submetering is just bad policy," said Janine Migden-Ostrander, the former Ohio Consumers' Counsel who is now a principal at the Regulatory Assistance Project, a national nonprofit group that advises regulators on utility policy. "They aren't providing the customer with any real service that they wouldn't otherwise get from the utility company. There is no value added for the customer."

## **Made in central Ohio**

The *Dispatch* investigation focuses on two central Ohio companies: American Power & Light and Nationwide Energy Partners. They sell services to property owners, read meters and handle billing and collections.

By acting as intermediary between utility and resident, the businesses perform functions of a utility without regulation.

Both companies have close ties to large apartment owners in the region, serving their tenants and others. American Power is part of a group that includes Ardent Property Management, and Nationwide Energy was founded by the chief executive of Lifestyle Communities.

While there are many similarities, the companies have some big differences. Nationwide Energy provides a detailed explanation of its fees, and it has a call center to respond to customers. It also works to resolve complaints and help those unable to pay, customers said.

In contrast, American Power is less responsive to customers and consumer groups, and it is more aggressive in collections. It gets a grade of D from the Better Business Bureau, compared with a B- for Nationwide Energy.

"We are moving toward complete transparency with the residents and the developers," said Mike Palackdharry, Nationwide Energy's president, interviewed at the company's Arena District offices.

He said his company delivers value that justifies the costs, including the convenience of a combined bill for water and power, and helping consumers reduce energy use.

"We are trying to do things the right way and to bring a positive impact to our residents," he said.

When presented with examples of customers paying more than the regulated price, Palackdharry said it was not a fair comparison, because his company's bills include charges for electricity use in common areas, such as hallways. If the tenants were not served by his company, those costs would lead to higher rents, he said.

After not responding to requests for an interview, Bill Finissi, American Power's vice president, provided *The Dispatch* with emailed responses to questions.

"(A)ll tenants enter into agreements with our company with eyes wide open and with full knowledge of the leasing contract provisions," he said.

"Our costs also include a share of common-area electrical usage, and a charge for submetering and administration," he said. "This is our business model which prospective tenants have complete freedom to accept or not. By the way, if we didn't do it this way, these extra costs, which are essential costs of providing apartment housing, would need to be included in the rent."

Consumer advocates say they would prefer that such charges were included in rent to make it easier for tenants to see the true costs when they shop for housing, as opposed to being surprised by high utility bills.

While submetering is legal throughout Ohio, the large majority of consumer complaints are in the Columbus area. Why not in other places? Consumer advocates can only guess. They point to a lack of well-organized tenants'-rights groups and the fact that Nationwide Energy and American Power happen to be based in the area.

Ohio's unique regulatory structure means that the business model easily could spread across the state. The model also could spread to other states with a similar lack of rules.

"Columbus is absolutely ground zero for these rebilling schemes," said Spencer Wells, a former tenant-outreach coordinator for the Coalition on Homelessness and Housing in Ohio, an advocacy group.

If residents are late with payments, American Power will sometimes evict them, even if the consumer's rent is up to date and even though American Power is not the landlord.

"Once you enter this slippery slope, where a third party has the ability to order evictions, that's shocking," said Emily Crabtree, a lawyer with Columbus Legal Aid who has defended American Power customers.

American Power initiated 51 eviction cases last year, according to Franklin County Municipal Court records. The company has opened 159 of the cases since 2010. Nationwide Energy opened 278 such cases from 2002 to 2011, but none since.

**No connection to AEP**

Despite familiar-sounding names, Nationwide Energy and American Power are not affiliated with two of Columbus' most-prominent companies, Nationwide Insurance and American Electric Power.

Housing-rights advocates say American Power's name is confusing for tenants who think they are dealing with the local utility, AEP. It's not as much of an issue for Nationwide Energy because Nationwide Insurance doesn't sell electricity.

Many of their practices would be illegal if the provider was a state-regulated utility like FirstEnergy or AEP.

In central Ohio, AEP sells electricity to the submetered complexes. The difference is that it sells in bulk to the property owner or submeter company, instead of to the end user.

Although AEP does not directly serve submeter customers, the company still gets calls from confused residents. AEP would prefer it if those customers were hooked up to AEP meters, but the company understands that submeter companies are following Ohio law, said spokeswoman Terri Flora.

"As people make choices to rent in an apartment, they need to be fully aware of what that choice involves," she said of the possibility of paying higher prices with a submeter company. "It's a different environment than consumers are used to."

According to AEP, there are about 130 submetered apartment or condominium complexes in central Ohio. When asked to estimate how many units are in the complexes, AEP said it is likely 18,000 to 20,000.

The state regulatory system was developed early in the last century to stop utilities from abusing local monopolies over the meters, wires and other delivery systems. Submeter companies did not exist then.

"As a matter of policy, we want all customers to be treated fairly and equally," said Todd Snitchler, chairman of the Public Utilities Commission of Ohio, which regulates utilities and is the type of agency that oversees submetering in many states.

While that might be the aim of Ohio's regulation, his agency lacks jurisdiction over submeter companies. He said that the Ohio General Assembly would need to take action for the PUCO to assert authority.

"That's a policy call for them to make," he said.

## Customer bills tell story

When a customer questions the rates of Nationwide Energy or American Power, the companies reply that the charges are the same as those charged by the local utility. But that's not accurate, based on a *Dispatch* analysis of bills from a wide variety of customers.

In each case, the bills are based on the equivalent rates that would be charged by regulated utilities, except with added fees. When you include fees, customers are paying an extra 5 to 40 percent.

At the same time, the bills do not give customers the benefit of bulk-buying discounts and other savings that the submeter companies use to make their wholesale cost much lower than the regulated price.

To illustrate this, *The Dispatch* looked at a hypothetical 100-unit apartment complex in which each tenant used 750 kilowatt-hours of electricity in a month, which experts say is typical. At AEP's central Ohio regulated price, each household would get a bill for \$113.57, a figure confirmed by the utility.

However, if a submeter company bought the same amount of electricity for all 100 units, it would qualify for a commercial rate and it could also shop for a bulk-buying deal on Ohio's open market. Based on the commercial prices available in central Ohio, the complex could obtain the power for the equivalent of \$70.93 per unit.

By reselling power to the tenant at the full AEP rate of \$113.57, the submeter company's rate is 60 percent higher than its own wholesale power cost. And that doesn't include a host of submeter fees, which can easily exceed \$30 a month.

When presented with this, Palackdharry said the example overstates the potential profit because it does not take into account seasonal factors and other technical issues.

His boss, Nationwide Energy founder and CEO Mike DeAscentis Jr., went into great detail about the business model in a 2010 presentation to investors. "How we make money is we buy power at a commercial rate and we resell it at the residential rate and there is arbitrage in the rate structure," he said, according to a transcript obtained by *The Dispatch*.

DeAscentis is also the CEO of Lifestyle Communities, an apartment developer. He is the son of that company's founder and chairman, Mike DeAscentis Sr. Nationwide Energy provides its services to Lifestyle Communities and other large property managers, such as Crawford Hoying, which is owned by Brent Crawford and former Ohio State football player Bob Hoying.

Property owners are willing to sign these contracts because submeter companies often cover costs of setting up meters. Also, the submeter company will bill customers for electricity and water used in common areas and pass the money to the property owner. A regulated utility will not handle such payments.

"Our philosophy here is we are a real-estate company," said Dave Carline, president of Crawford Hoying's apartment division, explaining why his company hired Nationwide Energy. "We really wanted to get out of any energy business. We wanted to allow energy companies to do their own thing and let customers deal directly with them."

Nationwide Energy began in 1999 by installing its metering systems in newly built apartments. It later expanded to also serve older properties, including some in which tenants previously had individual meters and billing from the utility, and had no choice but to switch to the new provider. The company has about 40 employees.

"NEP is the new utility," DeAscentis said in the 2010 presentation. "We do everything that a utility does except generate power. NEP builds electrical-distribution systems for residential communities, and we were very deliberate when we started the business 10 years ago to put it in a place where it was not regulated."

He spoke of plans to expand into Pennsylvania, New York and the Washington, D.C., area. The company is now active in Pennsylvania.

"Our business is very unique," he said. "As we went across the country and did management presentations of people who see 300 or 400 deals a year in the energy space, no one ever saw a business that had a model like ours and what we were doing."

American Power was founded in 2003 by developer Donald R. Kenney Sr. It shares office space with many of his other ventures, including Ardent Property Management, Village Communities and Metro Development. His companies have built more than 35,000 apartments or condominium units, according to the Metro website.

## Outside the mainstream

There are reasons other companies have not tried this. It is illegal in most states, and established submeter companies say that such a model has a high risk of lawsuits, intervention by regulators and blowback from angry consumers.

The submeter industry has been around for decades and has customers across North America and Europe. Most of these companies make money by selling equipment and services, and they comply with industry standards that say it is unethical to charge a markup on the cost of electricity or water.

"When you start trying to get creative (with pricing), you create problems for the entire industry, and we don't want that," said Matt White, president of Meter Technology Works of Tampa, Fla. He sells meters to submeter companies and is past president of the national submeter trade group, the Utility Management and Conservation Association.

The current president, Arthur Blankenship, owner of Argen Billing, an Atlanta-area submeter company, said he is concerned by reports of "rogue companies" in Ohio.

"Our industry doesn't have anything to hide, and if there are companies out there doing something dubious, that needs to be addressed," he said.

Neither Nationwide Energy nor American Power is a member of the trade group. But another local submeter company, Guardian Water & Power of Grandview Heights, is a longtime member.

Founded in 1983, Guardian has customers in 30 states. For its Ohio customers, Guardian typically charges about a \$3-per-month service fee for each apartment served, which the landlord can pay or pass along to the tenant. The company makes no profit from marking up water or power, and it has never evicted anybody.

Harry Apostolos, Guardian's co-founder and owner, declined to comment specifically about

Nationwide Energy or American Power, which he said are competitors.

In general, he said, some companies have chosen business models that go against industry best practices, and they have "created a black eye for the industry in central Ohio."

[Click here to read more about Guardian Water & Power's business practices](#)

## State officials no help

Consumers often do not know what is happening. When they find out, they are shocked that this is legal in Ohio.

"It was inexplicable," said Gabriel Santiago of Reynoldsburg, a former Nationwide Energy customer who moved out of his apartment this year because of what he saw as excessive electricity charges.

Guy Fulcher, a former American Power customer who now lives in Galena, was fed up with the response when he tried to file a complaint.

"The attorney general back then was Richard Cordray, and his office just rolled over and said, 'We don't regulate that,??' he said. "They said to go to PUCO. PUCO said, 'We don't regulate that.??'"

Consumer advocates say that these extra charges, and the fact that they are legal in Ohio, should be a source of shame.

They would like to see the Ohio General Assembly or PUCO rein in the most-abusive of the practices. But first, they say, there must be awareness that a problem exists.

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# The Columbus Dispatch

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## **Shocking cost investigation: Lawmakers call for action on electricity markups**

**Tuesday**

Posted Oct 22, 2013 at 12:01 AM

Updated Oct 22, 2013 at 9:41 AM

Rules protecting utility customers do not apply to thousands of apartment residents in Ohio, and that's a problem that should be fixed, according to a wide range of elected officials and regulators.

By Dan Gearino, The Columbus Dispatch

Rules protecting utility customers do not apply to thousands of apartment residents in Ohio, and that's a problem that should be fixed, according to a wide range of elected officials and regulators.

Over the past two days, a *Dispatch* investigation showed how some "submeter" companies use a lack of regulation to make a profit on the resale of electricity to apartment and condominium residents. The companies charge premiums that are 5 to 40 percent higher than regulated prices, often with little disclosure.

Submetering markups are legal in this state - although not in many others - but most state officials contacted were not aware of it.

They said the General Assembly should investigate.

"I didn't know this problem existed," said Sen. Bill Seitz, R-Cincinnati, chairman of the Ohio Senate Public Utilities Committee. "This bears some degree of looking into and some degree of regulation."

**>> More stories in our 'Shocking Cost' investigation**

Ohio Attorney General Mike DeWine, who also learned of this issue from the newspaper report, said he would welcome action by the legislature to investigate and potentially regulate these practices.

"Really, the regulations that are in place for most consumers are not in place for a certain minority of consumers that fall into this category, and that's really no fault of their own. It's just by chance of where they live," he said.

He thinks the use of evictions by submeter companies also should be part of the discussion. One of the companies, American Power & Light, goes to court to evict some tenants who fall behind on their utility bills, a practice that consumer advocates say is unconscionable.

Rep. Mike Foley, D-Cleveland, was the only legislator interviewed who was familiar with submetering in Ohio. He is former executive director of a tenants-rights group in his city and has sponsored several bills that deal with water submetering.

"It's something that isn't too hard to fix," he said.

What might be difficult, he said, is raising awareness and concern about rental-housing issues among his colleagues. Such issues don't come up often at the Statehouse.

"It's not something that people have a high knowledge base on," he said.

That isn't the case elsewhere.

In 29 states, officials have addressed submetering, making illegal at least some aspects of the practices employed by submetering companies doing business in Ohio.

For example, George Jepsen, the Connecticut attorney general, helped to arrange refunds for tenants in his state. "Submetering of electricity is restricted by state law because it does not afford consumers the same protections the law provides for utility customers," he said in a statement in June.

Ohio lawmakers seeking a model to emulate could look to Texas, a state whose electricity market is structured much like Ohio's. Texas is different because the state offers additional protections for apartment residents.

In Texas, a submeter company must pass through its cost of electricity to tenants. So, if the company uses its bulk buying power to get a big discount, the customers must receive all of the benefit. To verify that this is happening, the landlord must disclose the wholesale electricity cost to tenants. Submeter companies there make their money from service fees, which the law caps at 10 percent of the electricity bill.

Unlike Ohio, in which no agency regulates submeter companies, the Texas utility commission will investigate complaints. Since 2002, the agency in Texas had received 583 complaints about submetering, according to records provided in response to a request from *The Dispatch*.

That works out to about 50 per year, not a huge number to investigate, said Carol Biedrzycki, executive director of Texas Ratepayers Organization to Save Energy, an advocacy group.

"On this narrow issue, I would say this is a good rule and it's been well-enforced," she said.

Concern about workload was one of the reasons that Ohio regulators at one point decided not to get involved in regulating submeter companies.

In 1992, the PUCO ruled that it would not intervene in a dispute between a landlord and tenant over water submetering in a mobile-home park. That 4-1 ruling has served as a precedent when similar issues have come up.

The dissenting vote was from Ashley Brown, who now works for an energy research group at Harvard's Kennedy School of Government. He is not surprised to learn that some companies have built businesses on the idea of unregulated utility markups.

"It's an abusive monopoly power," he said. "These guys are providing nothing but gouging people."

Neither the PUCO nor the General Assembly has revisited the issue in a substantial way since then. This is despite major changes in the state's electricity market that stem from the 1999 decision to let consumers choose their electricity provider.

The 1999 law is what allows landlords and submeter companies to shop for the best deal, and it has no requirement that residents receive any of the savings. So a system designed to provide options and savings has instead led to monopolies and high prices for a subset of consumers.

This outcome was not the intention of the lawmakers who wrote the 1999 law, said Priscilla Mead, an Upper Arlington Republican and former legislator who co-sponsored the measure.

"There's a void in the law. That's all there is to it," she said.

She thinks the remedy is clear.

"It's up to the legislature to step in and do something about it," she said.

If lawmakers want to look at the issue, the Office of the Ohio Consumers' Counsel wants to be part of the discussion, said spokesman Marty Berkowitz. His agency is the state's consumer advocate on utility issues.

"(W)e are troubled by what we've read in the *Dispatch* articles," he said. "We are assessing options for protecting these customers who lack the usual state oversight for their utility services."

The Ohio Poverty Law Center, an advocate for low-income consumers, also would like to be at the table.

"There should be some reasonable regulations about what kind of charges are reasonable as far as administrative costs and commodity costs," said Joe Maskovyak, an attorney for the group.

For now, though, the best way to change the system is for renters to contact their legislators and ask for new rules, said Foley, the Cleveland lawmaker.

"Part of this is organizing within your own building," he said.

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# The Columbus Dispatch

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## Shocking cost investigation: Summary

**Tuesday**

Posted Oct 22, 2013 at 12:01 AM

Updated Oct 22, 2013 at 8:51 AM

At one time, apartment rent included just about every utility except the telephone. Gradually, property owners have switched to having tenants pay separate bills for the services.

By Dan Gearino, The Columbus Dispatch

### Bottom line

At one time, apartment rent included just about every utility except the telephone. Gradually, property owners have switched to having tenants pay separate bills for the services. This often means the tenant has individual meters with electricity, natural gas and water companies. Sometimes, however, the property owner hires a "submeter" company to install meters in each unit and handle billing. For the tenants, the submeter company functions much like a utility.

[>> Read all stories in the series](#)

### What we found:

-\*- Lack of regulation allows Ohio submeter companies to charge residents more for electricity than the customers would pay to a regulated utility -- currently 5 percent to 40 percent more.

-\*- One local submeter company, American Power & Light, uses evictions as a tool to help with collections, going far beyond the methods available to regulate utilities.

-\*- No Ohio agency, including the Public Utilities Commission of Ohio and the Ohio attorney general's office, has any authority over submetering. The agencies often refer calls to the Better Business Bureau, which has seen a dramatic increase in inquiries about the companies.

-\*- This submeter business model is legal only in the following other states: Alabama, Georgia, Kansas, Pennsylvania, South Carolina, Utah and Washington. There is no evidence that similar companies are using the model on a large scale in any of those states.

-\*- The national trade group for submeter companies said some Ohio companies are outside the industry mainstream and pushing the envelope with their business practices. The Ohio companies are not members of the group.

## **How we did it:**

-\*- *The Dispatch* interviewed residents at apartment and condominium complexes across the region and analyzed their bills and reviewed their claims of unfair treatment. State officials, consumer advocates and energy-company executives also were interviewed.

-\*- The bill analysis was done with the assistance of Riverside Energy of Dublin, a company that advises businesses on how to manage energy costs. American Electric Power also reviewed and confirmed the figures. The source documents were customers' bills and AEP's rate schedules.

-\*- The information about state laws is based on interviews with officials in each state, with assistance from the Utility Management and Conservation Association, a national trade group for submeter companies.



## Resolution

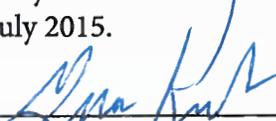
### Office of the Ohio Consumers' Counsel Governing Board

#### In support of protections for consumers who purchase public utility services through master-meters and/or submeters

- WHEREAS,** Public utility services are essential for Ohioans; and
- WHEREAS,** Ohioans need affordable, reasonably priced public utility services; and
- WHEREAS,** Residential consumers in many of Ohio's apartments, condominiums, manufactured homes, and other housing communities are not directly billed for utility services (such as electricity or water) by the public utility, electric cooperative, or municipality (or other provider certified by the Public Utilities Commission of Ohio ("PUCO")); instead, these consumers are charged by their property owner, condominium association, or other third party for utility service that is received at a master meter and/or submeter; and
- WHEREAS,** Residential consumers who are charged for resold utility services, through a master meter and/or submeter, lack the regulatory protection of the PUCO and lack the protection of competitive markets for these services; and
- WHEREAS,** Charges from a property owner, condominium association, or other third party for resold utility services, through a master meter and/or submeter, can result in significantly higher bills for residential consumers than what they would otherwise pay if they were provided service directly by the public utility, electric cooperative, or municipality (or other PUCO-certified provider) and also can result in the loss of other consumer protections; and
- WHEREAS,** Some residential consumers may not be aware when signing a lease or a housing agreement that the utility services they use will be resold to them through a master meter and/or submeter, without the rights and protections (including pricing protections) that are afforded to other customers; and
- WHEREAS,** Pricing protections and other protections are needed for residential consumers who are charged for utility services, through a master meter and/or submeter, by their property owner, condominium association, or other third party.

**THEREFORE, BE IT RESOLVED,** that the Governing Board of the Office of the Ohio Consumers' Counsel recommends that the Ohio General Assembly and the Public Utilities Commission of Ohio institute price protections and other protections for Ohioans who are charged for public utility services through a master meter and/or submeter by their property owner, condominium association, or other third party connected with their housing.

I verify that the Ohio Consumers' Counsel Governing Board approved this Resolution on the 21st day of July 2015.

  
Gene Krebs, Chairman  
Ohio Consumers' Counsel Governing Board