



# Ohio American Water Proposed Rate Increases

In June 2009, Ohio American Water (OAW) filed a request with the Public Utilities Commission of Ohio (PUCO) to increase rates for all of its approximately 48,000 residential customers in Ohio. The request is the third in three years and may increase residential customers' water and sewer bills for each of the next four years if the proposed step increases are approved by the PUCO. Depending on the community served by OAW the request would increase current water bills between approximately 71 percent and 78 percent (*see chart below for breakdown of bill impact based on OAW's application*) for a typical residential customer over a four-year period under OAW's step increase proposal. OAW also is seeking to increase sewer bills by approximately 36.5 percent over the four-year period for residential customers in Franklin County.

Ohio American Water provides service to residential customers in portions of Ashtabula, Franklin, Lawrence, Marion, Morrow, Pike, Portage, Richland and Seneca counties. OAW was last granted a rate increase in November 2008. As a result of the case, water bills increased 30.4 percent for customers of Franklin and Portage counties while all other OAW customers in the remaining counties had their water bills increase 11.2 percent. Sewer rates for OAW's

customers (OAW only provides sewer service in Franklin County) increased 36.9 percent in last year's rate case.

## The Facts

Ohio American Water has asked for the approval to collect an additional \$25 million over four years from all customer classes. The main drivers for the increase, according to OAW, are water treatment plant and system improvements, labor and benefits, customer support, billing, engineering, taxes, depreciation, production and maintenance costs.

In addition to the rate increase, OAW has proposed to increase the current \$9.51 monthly customer charge to \$15.87 by 2013. Ohio American Water has not proposed to increase any other miscellaneous charges in this rate case, but has requested to establish an unavoidable expense recovery charge in 2013. This charge would allow OAW to adjust for any increases or decreases in gross receipts taxes, property taxes, waste disposal costs, purchased power expense, purchased water costs, chemical costs, uncollectible expense and any expenses due to decisions rendered by a

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### Estimated Typical Monthly Water Bill for Residential Customers (based on 7 Ccf)\*

Service Territory	Current Bill	April 2010	April 2011	April 2012	April 2013
Blacklick, Timberbrook, Portage	\$ 44.82	\$ 57.09	\$ 70.41	\$ 75.24	\$ 79.55
Ashtabula, Tiffin, Lawrence County, Lake White	\$ 45.49	\$ 57.09	\$ 70.41	\$ 75.24	\$ 79.55
Marion w/ softening surcharge	\$ 48.02	\$ 59.48	\$ 72.98	\$ 78.00	\$ 82.51
Lake Darby, Worthington Hills	\$ 49.03	\$ 61.11	\$ 74.73	\$ 79.83	\$ 84.44
Huber Ridge	\$ 53.17	\$ 67.58	\$ 81.63	\$ 86.60	\$ 91.05
OAW Wastewater - Franklin Co. Only	\$ 57.82	\$ 68.64	\$ 74.54	\$ 76.20	\$ 78.92

\*The chart shows what rates would change to if OAW's rate increase request was granted in full.

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regulatory body (i.e. PUCO, Ohio EPA).

Ohio American Water also has asked to create an infrastructure replacement cost recovery charge in 2013. This charge is similar to the existing system improvement charge already available to OAW under Ohio law. The proposal would allow OAW to collect costs for improvements made to water lines, hydrants, mains, lift stations, valves and meters. It also would allow OAW to collect the costs of these improvements with interest which is not allowed under Ohio law and collect expenses for major plant work up to \$3 million which is only allowed for consideration in a rate case.

## OCC Position

The Office of the Ohio Consumers' Counsel (OCC) has intervened in the rate case on behalf of all residential customers of Ohio American Water. The OCC is reviewing the requested rate increase in order to ensure that OAW's customers pay no more than what is just and reasonable for adequate service. More information about how the OCC will seek to protect consumers will be known when objections and testimony are filed later in the case.

## Make Your Opinion Known

Consumers are encouraged to contact the OCC with questions about this rate case toll free at 1-877-742-5622. The OCC also urges consumers to voice their opinions to the PUCO about the

affects the proposed rate increase will have on them by writing letters and providing testimony at public hearings to be held later as the rate case progresses.

Mail a letter to the PUCO at:

Public Utilities Commission of Ohio  
Docketing Division  
RE: Case No. 09-391-WS-AIR  
180 E. Broad Street, 13th Floor  
Columbus, Ohio 43215-3793

Be sure to include your name on the letter.

## Rate Case Timeline

- 05/07/09: Pre-Filing Notice filed
- 06/08/09: OAW files application at PUCO
- 06/22/09: Direct testimony filed by Ohio American Water

*The remainder of the case schedule is tentative. Dates are subject to change.*

- Oct. 2009: PUCO staff report to be filed
- Nov. 2009: Testimony and objections to be filed
- Feb. 2010: A final decision by the PUCO is expected
- Mar. 2010: Any applications for rehearing to be filed
- Apr. 2010: A decision on any applications for rehearing is expected

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 provides information and responds to consumers' questions about their electric, natural gas, telephone and water services. To receive utility information, request brochures or schedule a presentation, residential consumers may call 1-877-PICKOCC (1-877-742-5622) toll free in Ohio or visit the OCC Web site at [www.pickocc.org](http://www.pickocc.org).

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

**For additional information from the Office of the Ohio Consumers' Counsel:**

**Call: 1-877-PICKOCC (1-877-742-5622) toll free or (614) 466-8574**  
**Write: 10 West Broad Street, Suite 1800, Columbus, Ohio 43215-3485**  
**E-mail: [occ@occ.state.oh.us](mailto:occ@occ.state.oh.us) • Internet Address: <http://www.pickocc.org>**