

March 23,2011

**Sharon Ricker
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RE: HB 87

As a member of my local civic association, a member of our block watch, and our area representative to the trustees, I write on behalf of and speak for the 28 residents of my street, Oslo Drive, in Blendon Township. After meeting with many of the residents of my street, I can tell you they are angry, frustrated and feel helpless as Ohio American Water continues to ask for and receive double-digit rate increases. Factored into these increases is the cost of litigation in these rate cases. Our area has been hit hard in this economic recession and we feel that the water companies should not be able to add legal costs to already high rates.

The Public Utilities Commission of Ohio already gives these water companies a guaranteed return on their money without having to face competition from other sources. In these difficult times, many companies would like to see earnings of 8% without having to compete in the open market and not be subjected to market fluctuations. Why should private water companies have the advantage of passing on legal costs when other corporations operating in the state do not have this benefit?

The residents of this area do not have the ability to pass on the cost of protesting a rate increase and so we are punished twice. First we are hit with exorbitant rates, then we are punished again for protesting those rates. It is a catch-22 situation. Water companies can hire the biggest law firms in the state and not worry about the cost because they will not have to absorb them.

As customers of the Ohio American Water Company, my community organization and I recognize the submission of HB 87 a welcome first step in providing needed constraints for exorbitant rate increases by Ohio public utilities. Currently, we understand and know by our sad, lamentable experience with OAW that companies are able to recover 100% of their total new operating costs through rate increases borne by the ratepayers.

The actions of the Ohio American Water Company in seeking full recovery of their rate case expenses is at the very least disturbing to their customers as well as all of the citizens of Ohio. The outrage this action has caused among its customers has awakened a sleeping giant, and like the character Howard Beale, immortalized in the movie, Network, "we're as mad as hell and we're not going to take it anymore."

A careful examination of the public reaction to this company's last request for a rate increase demonstrates that we have an informed public who will no longer accept the actions of OAW as it bumbles along with inept management and grossly bloated operating expenses. We agree with the wisdom of Thomas Jefferson who declared that an informed citizenry is the arsenal of democracy.

Legislation that would "split the difference" and allow the company to recover 50% of their increased operating expenses is a welcomed first step. Knowing the company as we do, what will prevent this company from front-loading even more outrageous forecasted operating expenses to the Public Utility Commission of Ohio, knowing that legal and regulatory mechanisms will allow for the continued recovery of half of the litigation costs?

From a regulatory perspective, we in Blendon Township want to state that this tactic no longer works or should not be allowed to work. The problem with OAW is that they have done nothing to justify what they hope to get much less what they have asked for or need. This is a poorly run company and we the customers are being forced to subsidize inefficient management, excessive bonuses, and lack of regulatory oversight. Why face difficult challenges and ignore needed internal changes when you can pass on your already inflated costs and split the difference with the rate holders?

Since we as consumers absorb the legal bills for this company as their cost of doing business is passed on to the rate-payers, no wonder they hire one of the most prestigious firms in Columbus to do their bidding, knowing they will recoup their costs in the end. Costs are no concern when revenue can be increased by a compliant regulatory agency. The fact that legal bills are added to operating costs as the company's cost-of-doing-business expense clearly demonstrates why the 50% of rate case expense proposal embedded in the logic of HB 87 is an important first step.

In responding to the provisions of HB 87, we the ratepayers ask that the Ohio Legislature act in the public interest, convenience, and necessity by embodying the spirit of the 14th Amendment's equal protection clause and act to protect powerless citizens from the ravages of corporate excess.

With the help of the legislature and the PUCO, which should have as its mission how it shall serve the public interest, convenience, and necessity, we can do better -- and we must. There is that much at stake. Just ask the people on my street, my neighbors, loyal citizens who have been placed at risk by a reckless company that knows nothing about quality, efficiency and service.

When a company serves the public, the conversation should be about results -- results in quality, efficiency and service. Passage of this bill will cost the State of Ohio nothing, however, it will put the private water companies of this state on notice that the legislature is willing to intervene and act on behalf of its citizens in response to injustice.