

FIGHT THE HIKE OHIO.com

a 325% increase
doesn't hold water

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CITIZENS COALITION ENCOURAGED BY PUCO STAFF REPORT

*PUCO staff recommends a reduced one-time rate hike,
admonishes company for excessive spending
and recommends a new business model for Ohio American Water*

PRAIRIE TOWNSHIP, Oh. (Dec. 1, 2009) – Officials from Fight the Hike Ohio, a coalition of citizens and civic leaders across the state opposing Ohio American Water's proposed rate increase, say they are encouraged by the Public Utilities Commission of Ohio (PUCO) Staff Report. The Staff Report addresses many of the issues the group brought to the attention of Governor Ted Strickland, Attorney General Richard Cordray and Janine Migden-Ostrander of the Ohio Consumers' Counsel in letters earlier this fall. In the letters Fight the Hike Ohio provided detailed information about rate case issues that it said must be investigated to fully protect Ohio American Water (OAW) consumers.

The PUCO Staff Report released late last week recommends reducing OAW's proposed overall water rate increase in the first year from 26 percent to about 10 percent. Furthermore, the Staff Report does not recommend that the Commission approve the three additional step increases, which would result in a rate increase of 60 percent over four years.

"I believe this is the most aggressive action the PUCO staff has ever taken in an Ohio American Water rate case," said Fight the Hike Ohio Co-chair Steve Kennedy. "We are cautiously optimistic that revelation of the company's gross financial misstatements, other Staff Report findings, and the tremendous public outcry will encourage commissioners to apply the law as fairly to ratepayers as it does to the utility."

Throughout the report, the PUCO staff continually addresses accounting inconsistencies that resulted in overestimated need for income in regulated revenue, and admonishes the company for a cost structure that has not "evolved to match the current business climate."

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“The report confirms what ratepayers have been telling the PUCO for years,” said Jim Welch, co-chair of Fight the Hike Ohio, “that if excessive water rate hikes don’t end now, the typical Ohio American Water bill will eventually be higher than an entire household paycheck. Our water bills are already more than our gas and electric combined. How much more can the law allow them to take?”

The consumer advocacy group applauds the PUCO staff recommendation that Ohio American Water should operate under a new business model, one that allows the company to better control costs. The report states, “The Company should strive for a reasonable cost trend that reflects a value close to the rate of inflation, preferably trending close to Ohio market conditions.”The Staff also recommends that OAW take a zero-based budgeting approach until the company “can bring its business in-line with Ohio's economy.”

“The PUCO Staff report proves that consumer’s voices are being heard,” said Kennedy. “Now, more than ever, ratepayers have an opportunity to make a difference by writing to the PUCO and elected officials, and attending the public hearings early next year.”

Fight the Hike Ohio says letters to the PUCO and elected officials are largely responsible for the legislation recently introduced in the House of Representatives by Rep. Jay Goyal that would limit the portion of rate case expenses that consumers have to pay. They also prompted a letter of concern from State Representatives Marian Harris (District 19), Stephen Dyer (District 43), Deborah Newcomb (District 99) and Jay Goyal (District 73) to the PUCO.

Officials in the rate case have 30 days to respond to the Staff Report. Early in 2010, the PUCO will schedule hearings across OAW service territory to allow for public testimony. PUCO Commissioners will rule after the hearings are complete.

“The fight is not over. Letters, volunteer support and donations are still needed,” said Welch. “We urge ratepayers to participate in the public hearings. We hope the findings in the Staff Report and expert and consumer testimony presented in the case will resonate with the Commission.”

The group’s Web site, FightTheHikeOhio.com, offers a variety of ways for ratepayers to become involved in the campaign.

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