

Ohio American water consumers fed up with repeated rate hikes Company's proposed 4th increase since 2005 would strain its 7,879 customers in Franklin County

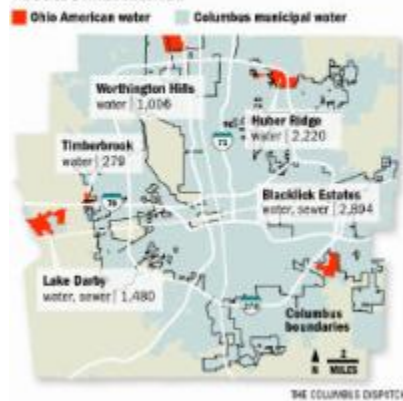
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By [Ann Fisher](#)

THE COLUMBUS DISPATCH

Pockets of discontent

Ohio American Water owns five isolated service areas in Franklin County, serving 7,879 households. By comparison, the Columbus Division of Power & Water provides water to more than 1 million consumers.



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Assuming all the paperwork is in order, Ohio regulators will approve Ohio American Water's latest rate request -- an average 23 percent increase across 16 service areas in nine counties.

That's the way state law works. When the regulated utility can prove and justify the expense, a rate increase follows.

OAW's parent company, American Water Co., started buying up small water companies across the state in 2002. Since 2005, OAW rates have gone up three times.

Connie Dean, who moved into her home in southeastern Franklin County 40 years ago, said she remembers the days of brown tap water. Since OAW bought into the Blacklick Estates service area, water quality has improved, Dean said. But the price has been steep.

Ohio American rate increases have averaged 21 percent every two years, including a 30 percent increase in November. OAW sewer rates have gone up an average 19 percent every two years, including a 37 percent increase in November.

"We're not *poor* poor," Dean said. "I live on Social Security. But we cannot afford to continue paying these rates."

Ohio American President Dave Little said that the rate increases were needed to update the water- and sewage-treatment systems.

Little said that the company uses its corporate clout to reduce costs for technical expertise, chemicals and everything else used to operate the systems. Because American Water invests heavily in small water systems, and because that investment always results in rate increases, individual customers pay the price.

The Public Utilities Commission of Ohio also negotiates profit margins for regulated utilities. For Ohio American, that margin has hovered around 8 percent. "You can't expect a company to work without profit," Little said.

OAW customers in Franklin County often compare their rates with those in Columbus. Little said that's unfair because municipal-water operations aren't strapped by the same operating requirements.

City utility operations are bound by city code, said Laura Young Mohr, spokeswoman for the Columbus Department of Public Utilities, and answer to a Sewer Water Advisory Board. Every time a department seeks a rate change, the request goes before a city council that answers to the public.

Water-quality regulations set by the Ohio Environmental Protection Agency also are exactly the same for regulated and public systems.

Steve Kennedy gets his water from a well. But the Prairie Township trustee said he's concerned for his Lake Darby constituents, whose average monthly water and sewer bill is about \$154, roughly twice that of a comparable household in Columbus.

With the proposed rate increase to both water and sewer, that amount would climb to \$265, Kennedy wrote the PUCO on May 8.

Kennedy said Ohioans shouldn't have to choose between decent water and affordable rates.

Ohio Consumers' Counsel spokesman Anthony Rodriguez said state law is the problem. "The law says that they are allowed to get a return on their investment as a private utility serving the public and that they are allowed to recover their costs," he said.

A PUCO spokesman said rate cases are largely "formula-driven" and not influenced by public sentiment. He added that public testimony might sway commissioners only as they consider profit margins.

That sort of public pressure is hard to come by for OAW customers, who number roughly 200,000 in Ohio, compared with more than 1 million in the Columbus system alone.

What's more, OAW service areas are isolated from one another, in some cases by hundreds of miles.

Kennedy asked how a few thousand consumers are supposed to fight the largest private water company in the country, with operations in 32 states and Canada, including pockets of Franklin, Marion, Lawrence, Pike, Richland, Seneca, Preble and Portage counties.

Even in Marion, one of OAW's larger service areas, they struggle, Mayor Scott Schertzer said.

"More and more people are saying, 'You know, maybe we better buy it,' " Schertzer said of the water system. "But I have to say, you can't buy something that's not for sale. And if you force the sale, that's going to cost even more."

Others have tried, and one California community succeeded. Just days before the start of an eminent-domain hearing in 2008, California American Water agreed to sell the system. The San Lorenzo Valley Water District now provides Felton, Calif., customers the same water for half the price, including a bond issue that costs property owners \$600 a year.

For now, Marion fights the increases by pooling legal resources with Tiffin, another citywide OAW service area. That costs, too, Schertzer said, but it's necessary.

"As near as we can figure, Marion has had a private water supplier for many, many years," he said. "A lot of people refer to it as city water, and when rates go up, a lot of times the municipality gets blamed for it."

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The average monthly water and sewer bill in Lake Darby is expected to rise \$111.