

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the :
Application of Ohio :
American Water Company : Case No. 11-4161-WS-AIR
to Increase its Rates for :
Water and Sewer Service. :

- - -

PROCEEDINGS

before Mr. Steve Lesser, Commissioner, and Ms. Katie
Stenman, Hearing Examiner, at Marion City Council
Chambers, 233 West Center Street, Marion, Ohio,
called at 6:00 p.m. on Wednesday, March 21, 2012.

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PUBLIC HEARING

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APPEARANCES:

Whitt Sturtevant, LLP
By Ms. Melissa Thompson
PNC Plaza, 20th Floor
155 East Broad Street
Columbus, Ohio 43215

On behalf of the Applicant.

Bruce J. Weston, Ohio Consumers' Counsel
By Ms. Kyle Kern
Assistant Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, Ohio 43215-3485

On behalf of the Residential Customers
of Ohio American Water Company.

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1 EXAMINER STENMAN: Thank you.

2 MS. KERN: Thank you, your Honor. On
3 behalf of the residential customers of Ohio American
4 Water Company, the office of the Ohio Consumers'
5 Counsel, 10 West Broad Street, Columbus, Ohio, 43215,
6 I'm Kyle Kern, Assistant Consumers' Counsel. Also
7 with me this evening is Ray Foeller from our
8 Communications Department, and we will be available
9 after the hearing to answer questions if you should
10 have any. Thank you.

11 EXAMINER STENMAN: Do we have any
12 intervenors with us tonight?

13 (No response.)

14 EXAMINER STENMAN: Okay. Ohio American
15 Water Company filed this application for a rate
16 increase on July 1st of last year. In its
17 application Ohio American requested a 22 percent
18 revenue increase for water service and a 12 percent
19 increase for wastewater service.

20 The PUCO staff report was issued this
21 past January and for Franklin County the staff
22 recommended a 10 to 12 percent increase over current
23 revenues and a 7 to 9 percent over revenues for
24 wastewater service. Staff also recommended lowering
25 the customer charge from the current 9.51 to 8.55.

1 The staff report is just a recommendation. The five
2 PUCO commissioners may implement some parts of the
3 staff report and reject others.

4 The purpose of this evening's hearing is
5 to receive comments from the public regarding Ohio
6 American's application in this case. This is not a
7 question-and-answer session. This is your
8 opportunity to let the Commission know what you
9 think.

10 Tonight's hearing is being transcribed by
11 a court reporter, so please speak plainly and clearly
12 so that she can get your comments down. And if you
13 have written copies of your statements, please
14 provide those to her when you're done speaking. The
15 transcript of tonight's hearing will be reviewed by
16 the commissioners before they make their final
17 decision on this case.

18 In addition, the local public hearings
19 that have previously occurred and tonight's local
20 public hearing are only part of the process in this
21 case. An evidentiary hearing will commence at the
22 PUCO offices in Columbus on Monday.

23 It looks like we do have a number of
24 people who signed up to testify when you came in.
25 We'll take you in the order you signed up. At the

1 conclusion of testimony I'll ask if anyone else would
2 like to give a statement, and feel free to do so.

3 Also, if I call your name and you do not want to
4 testify, just let me know that you want to pass.

5 When you do come up to make your
6 statement, I'll give you an oath which is just you
7 affirming that you are going to tell the truth on the
8 record, and I'll ask you to state your name and
9 address for the record for the court reporter. If
10 you have a difficult last name, if you could spell
11 it, that would probably also be helpful.

12 We do appreciate your participation in
13 tonight's hearing, and at this time we'll start
14 calling people forward.

15 Ken Lengieza.

16 MR. LENGIEZA: Yes.

17 EXAMINER STENMAN: Please raise your
18 right hand.

19 (Witness sworn.)

20 EXAMINER STENMAN: Thank you. Please
21 state your name and address for the record.

22 - - -

23 KEN LENGIEZA

24 being first duly sworn, as prescribed by law,
25 testified as follows:

DIRECT TESTIMONY

MR. LENGIEZA: Ken Lengieza. The last name is L-e-n-g-i-e-z-a. The address is 633 Normandy Drive in the city of Marion. I'm here as a citizen but also as the city and county Planning and Development Director and part of the city and county Economic Development Team.

Just very brief comments. In the past, on the positive, we have had cooperation with the water company on various projects working on economic development; however, on the negative side, if the rates are going to keep on going up, they're already high compared to many other communities, we are going to have a hard time keeping companies and attracting new companies.

Several years ago, for example -- we have placed an ethanol plant in the county, but several years ago we had another similar plant look here and when they looked at the water rates, they have locations all over the country, said the only rates that were just as high as the rates here were in Nevada in the desert. So that's our situation is basically concerned about the rates going high to attract, in the future, industry.

Also, of course, there's a concern about,

1 and I think other people will probably talk about
2 homeowners and renters also paying the water bills.
3 That's all I have to say.

4 EXAMINER STENMAN: Thank you.
5 Steve Chaffie.

6 MR. CHAFFIN: Good evening. My name is
7 Steve Chaffin.

8 EXAMINER STENMAN: Please raise your
9 right hand.

10 (Witness sworn.)

11 EXAMINER STENMAN: Thank you. Please
12 state and spell your name and your address for the
13 record.

14 MR. CHAFFIN: My name is Steve Chaffin,
15 C-h-a-f-f-i-n. My address is 1671 Weiss Avenue,
16 W-e-i-s-s.

17 EXAMINER STENMAN: Thank you. Go ahead.

18 - - -

19 STEVE CHAFFIN
20 being first duly sworn, as prescribed by law,
21 testified as follows:

22 DIRECT TESTIMONY

23 MR. CHAFFIN: My position is with the
24 city of Marion. I'm one of the assistant law
25 directors in the city. Part of our function is we

1 help collect the sanitary, storm, and sanitation
2 bills for the city, which is the trash, sanitary
3 sewer, and storm sewer.

4 Over the past few years we have really
5 struggled to collect the money that's due just to the
6 city just to make ends meet, just to break even, just
7 to pay our employees, just to pay the cost of
8 disposing of the trash and processing the sanitary
9 sewer waste.

10 It's very difficult for the residents to
11 make their payments. We work with them every day to
12 set up payment plans, whatever we can do to keep them
13 current on their bills. An increase of 13 percent --
14 even of 13 percent on their water bills is going to
15 cause great hardship for many, many people in this
16 city and the county who are served by Ohio American
17 Water and now a new company.

18 We understand that the new company's
19 proposing some additional changes which will cause
20 hardship. They're wanting to go from a bimonthly
21 billing to a monthly billing.

22 I just think any increase, no matter how
23 justifiable, from the things I've seen they're
24 talking about infrastructure, cost, I assume that's
25 personnel related, maybe some material costs, but

everybody else has suffered those same costs. Every business, every consumer in this town has suffered those same kind of increases; we haven't got a 13 percent cost of living, nobody in this town has hardly got that.

So you just have to look at the economy, I think, and look at it from the point of view that the city is struggling to meet its obligations to the citizens and Ohio American and its successor is going to have to struggle, and we hope the PUCO will take that in consideration. Thank you.

EXAMINER STENMAN: Thank you.

Irene Fulton.

MS. FULTON: Irene Fulton, F- --

EXAMINER STENMAN: Please raise your right hand.

(Witness sworn.)

EXAMINER STENMAN: Thank you.

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IRENE FULTON

being first duly sworn, as prescribed by law, testified as follows:

DIRECT TESTIMONY

MS. FULTON: Irene Fulton, F-u-l-t-o-n, 1044 Richmond Avenue, R-i-c-h-m-o-n-d, Marion.

1 In the past, I think 11 percent was
2 awarded to the OAW last year. They asked for 22 or
3 24 percent, I don't remember. We did not get any
4 raises. The city employees did not get any raises.
5 I'm sure the state of Ohio has not gotten any raises.

6 In fact, my pay is almost \$9,000 less
7 than last year, and my husband is retired, so he gets
8 a third of what he used to bring home. I cannot
9 afford this, you know, 22 percent raise. And if PUCO
10 puts that down into half, I can't even afford an
11 11 percent raise. So that's it. Thank you.

12 EXAMINER STENMAN: Thank you.

13 Josh Daniels. Please raise your right
14 hand.

15 (Witness sworn.)

16 EXAMINER STENMAN: Thank you. Please
17 state your name and address for the record.

18 - - -

19 JOSH DANIELS
20 being first duly sworn, as prescribed by law,
21 testified as follows:

22 DIRECT TESTIMONY

23 MR. DANIELS: Hi. My name's Josh
24 Daniels. My address is 446 Reed Avenue, Marion,
25 Ohio. I'm an at-large councilman here in Marion,

1 Ohio.

2 First I'd like to open by saying I have
3 no complaints with the service at least as I see it.
4 I think the road crew, the people that maintain those
5 lines do an excellent job. I work with them on a
6 daily basis, well, seems like a daily basis. But
7 they're quick and they're ample at what they do.

8 I do have contention with probably the
9 people above them that attempt to set the rates.
10 Doesn't it appear to you to be somewhat disingenuous
11 to come to the PUCO with a 22 or 24 percent rate
12 increase and commit themselves to saying we need that
13 22 or 24 percent raise and then settle for what looks
14 like some comprised position of 9 percent?

15 That, to me, seems like we'll ask for a
16 huge amount and the PUCO will maybe cut it in half
17 and then subtract 2 points or add 2 points and it
18 will look like, you know, they did their job, it will
19 look like they helped the public, because we of
20 course -- it could have been 24 percent and now it's
21 only 9.

22 If you can live on 9 percent, why would
23 you have asked for 24? I would like that game that
24 seems to be and has been going on for, what, maybe a
25 decade now, I'd like for that to stop because it

1 scares the bejeebers out of residents. A 24 percent
2 rate increase? What?

3 The PUCO, if it represented us at all,
4 would never grant such an amount; I think the water
5 company knows that. So they ask high and then
6 they're granted somewhere in between which is, by the
7 way, in my opinion, every two years that's an
8 astronomical amount; it's outpacing inflation by two
9 times.

10 So I'll leave you with that thought.
11 Again, I don't have any contentions with the service
12 that the road crews here provide, I think they do an
13 excellent job, but, you know, at some point you have
14 to -- I don't want water for free, by the way. I'm
15 not asking for free water.

16 I think that if we're going to be
17 provided it, we should have to pay for it, but it
18 should be a fair price, and it should be a fair price
19 because this company happens to be a monopoly and the
20 state of Ohio through the Department of Health has
21 prohibited us from drilling a well if you live within
22 access of a municipal water supply or a public water
23 supply.

24 So the cards are all in their hands, not
25 in ours. We can't just say we've had enough and we

1 don't care about softened water, we're just going to
2 pop a well and drink ironclad water, which I think
3 our water's still ironclad even though it is softened
4 so they say.

5 I'll leave you with that. Thank you very
6 much.

7 EXAMINER STENMAN: Thank you.

8 Mary Waxler. Please raise your right
9 hand.

10 (Witness sworn.)

11 EXAMINER STENMAN: Please state your name
12 and address for the record.

13 MS. WAXLER: I'm really surprised this
14 room isn't filled packed with people being against
15 this water --

16 EXAMINER STENMAN: Can I get you to state
17 your name and address for the record.

18 MS. WAXLER: Oh, I'm sorry.

19 EXAMINER STENMAN: That's okay.

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21 MARY WAXLER

22 being first duly sworn, as prescribed by law,
23 testified as follows:

24 DIRECT TESTIMONY

25 MS. WAXLER: I guess I got excited

1 because the room's not filled. Mary Waxler,
2 W-a-x-l-e-r, 734 Windsor Street.

3 My complaint is about this water, not
4 only against the hike of it and raising it, but my
5 water isn't even fit to drink. I got to buy bottled
6 water because my water has even got a smell to it and
7 it smells like bleach. And then on our property tax
8 they take out a dollar, or it's on the water bill, a
9 dollar extra for softener.

10 When I take a bath, I have to use at
11 least a half a cake of soap to make it sudsy my water
12 is so hard, and I can't even hardly do dishes without
13 using a whole bunch of detergent in it.

14 I'm just against this water, especially
15 when you're a widow lady living by yourself, you've
16 got to make every penny count. I mean, it's not like
17 two people drawing Social Security in a household,
18 you know.

19 But I said I'm a widow lady, I'll be 80
20 years old tomorrow, and I said it's hard for me to
21 make my bills now. So I'm against this water hike.
22 I'm against it altogether, and I just hope something
23 can be done. And I just wish, like I said, I wish
24 this room was packed with people against it. People
25 will be out there complaining but yet they won't be

1 up here testifying against the water hike. So that's
2 all I got to say. Thank you.

3 COMMISSIONER LESSER: Ma'am, I think
4 there's some people from the company here tonight.
5 Could you raise your hands.

6 The rates are one thing, but as to the
7 water quality, I want to make sure you don't leave
8 before you talk to some people from the company and
9 can get that taken care of.

10 MS. WAXLER: Okay.

11 COMMISSIONER LESSER: Thank you.

12 MS. WAXLER: Yeah, I got to buy bottled
13 water all the time because I can't drink the city
14 water, it smells, and I don't know whether it's my
15 waterlines or what, but something's not right.

16 COMMISSIONER LESSER: Well, that can be
17 checked.

18 MS. WAXLER: Okay. Thank you.

19 EXAMINER STENMAN: Thank you.

20 Ayers Ratliff. Please raise your right
21 hand.

22 (Witness sworn.)

23 EXAMINER STENMAN: Thank you. Please
24 state your name and address.

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AYERS RATLIFF

being first duly sworn, as prescribed by law,
testified as follows:

DIRECT TESTIMONY

MR. RATLIFF: My name is Ayers Ratliff.
A-y-e-r-s R-a-t-l-i-f-f. I live at 411 Oak Street
here in Marion. I also serve on Marion City Council.

I want, you know, people to really take
into consideration that year -- biannually, but every
cycle this goes through there is an exorbitant amount
that's being asked for. This time it's 22 percent.
Last time I believe it was 19 percent. And every
time there's just an exorbitant amount.

And it's really a game that I feel is
being played and kind of a racket going on that you
ask for 22, you need 7, and you're going to be
ecstatic if you get 12, and that's what goes on every
time. We go through this big long process, take a
lot of people's time, spend a lot of money, and when
22's asked for, 12 is gotten, everybody can leave
with their head held high like something really good
was done when really what's happening in the meantime
is people's pockets are being fleeced.

When they come and they say that we need
this rate increase, it's because we have done

1 infrastructure and we have made capital investment
2 and we have -- it's the cost of doing business. But
3 when you own a water company and when you purchase a
4 water company, if you don't think that you're going
5 to have to invest in waterlines and things to provide
6 the water that you're trying to sell people, you're a
7 fool, because that's called the cost of doing
8 business.

9 And when you go and you buy groceries, if
10 they have to buy a new cash register, you don't
11 expect an automatic increase in a can of beans
12 because they had to buy a new cash register or they
13 had to put new tiles on the floor or they had to
14 change a light bulb, because when you own a grocery
15 store, that's the cost of doing business.

16 And when you are at the water company and
17 there's a bunch of people sitting in a board room
18 wearing coats and ties, they don't understand what
19 people in a town like Marion has where we have a
20 variety of different people of different income.

21 And to be completely honest, there will
22 be people that live in Marion that would not feel an
23 increase in their water rates. There will be people
24 in Marion on another spectrum that may have to choose
25 between doing something extracurricular with their

1 family or taking their family out to dinner and
2 paying an increase in their water rates.

3 There's other people in Marion that will
4 have to choose between paying an increase in their
5 water rates and putting an extra Christmas present
6 for their child under the tree.

7 There are people in Marion, and it's a
8 sad reality, that will have to choose between paying
9 an increase in their water bill and buying their
10 medicine, and when we have a process like that, it's
11 an absolute crime that they're going to get -- my
12 crystal ball says a 12, 13 percent increase. It's an
13 absolute crime when you have people in a town like
14 Marion that's been hard hit with an economy that's in
15 the heart of a state that's been hard hit, in the
16 heart of the country that's having a lot of troubles,
17 to ask for a 22 percent increase is absolutely
18 criminal.

19 EXAMINER STENMAN: Thank you.

20 That concludes our list of witnesses who
21 have signed up to testify. Is there anyone else who
22 would like to give any testimony?

23 (No response.)

24 EXAMINER STENMAN: Seeing no one else I'd
25 like to thank everyone for coming out this evening.

1 There are representatives from the company and also
2 people with the PUCO that are still here, and I'd ask
3 them to stick around in case anyone has any questions
4 after the hearing.

5 This concludes this evening's public
6 hearing and it will be submitted on the record for
7 the Commission's consideration and review. Thank
8 you, and have a good evening.

9 (The hearing concluded at 6:19 p.m.)

10 - - -

CERTIFICATE

I do hereby certify that the foregoing is a true and correct transcript of the proceedings taken by me in this matter on Wednesday, March 21, 2012, and carefully compared with my original stenographic notes.

Maria DiPaolo Jones, Registered
Diplomate Reporter and CRR and
Notary Public in and for the
State of Ohio.

My commission expires June 19, 2016.

(MDJ-3985)

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in

Case No(s). 11-4161-WS-AIR

Summary: Transcript Transcript of Ohio American Water Company hearing held on 03/21/12 electronically filed by Mrs. Jennifer Duffer on behalf of Armstrong & Okey, Inc. and Jones, Maria DiPaolo Mrs.