



# Ohio Section

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## American Water Works Association

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May 12, 2020

The Honorable Representative Jamie Callender  
Chair, House Public Utilities Committee  
77 S. High Street, 13<sup>th</sup> Floor  
Columbus, OH 43215  
Rep61@ohiohouse.gov

Re: H.B. 163 – Opponent Testimony

Dear Representative Callender:

I am writing on behalf of the Ohio Section of the American Water Works Association (AWWA) Water Utility Council regarding the proposed House Bill 163. The AWWA Ohio Section is the leading water policy organization in Ohio. AWWA Ohio Section member utilities include publicly-owned and investor-owned water utilities that provide safe drinking water to millions of Ohioans and thousands of business and institutional customers in Ohio's big cities, small towns, and rural areas.

The AWWA Ohio Section supports Ohio EPA's efforts to regionalize public water systems in order to help drive down cost of service and, potentially, improve managerial capabilities of the public water systems. Regionalization can help improve public health, while reducing public expense. We acknowledge that several amendments have been made to H.B. 163 over the last year but remain concerned that H.B. 163, as written, will still put a chilling effect on regionalization, which could negatively affect public health and cost the citizens of Ohio more.

Operating a public water system requires significant public expenditure both for the capital to put the system in place and for the on-going operations and maintenance expenses. Additionally, there is a large responsibility to operate the system in a manner that protects public health and welfare. Utility operators take that responsibility very seriously.

For a utility to decide to provide service to an area outside the jurisdictional boundaries, there must be sufficient reason to do so in order to overcome the additional risk of providing that service. Often, the reason to do so is monetary, and the price established could be meant to account for any number of things, such as capital expenditures, increased operating expenses, or potential economic losses by extending the service, among other things. Regardless of the specific situation, there will be an agreement into which municipal corporations (or other legal entities) would usually enter if it is in the best interests of all parties. The corporation seeking the service is opting to do so because it believes the agreement is less expensive than the alternative, provides better public health protection, and/or is advantageous for other reasons. The corporation seeking to provide service may be hoping to realize an economic benefit from the utility investment made which would hopefully more than offset any economic losses the corporation may realize by providing that service to "a competitor for business and other interests."

My utility is a case in point. Avon Lake is situated on the shores of Lake Erie and built its original water plant in the 1920s. In the 1950s, Avon Lake was approached by Avon (directly to our south) to provide

bulk water service because sufficient water for Avon's growth interests was not available. An agreement was reached, and we are still providing that service more than 60 years later. As we worked through that agreement, we considered that Avon is competing for businesses and residents. Since that time, we have entered into agreements to provide service to six other jurisdictions, all while keeping these competing economic factors in mind.

The reasons why these other jurisdictions approached Avon Lake are numerous. Some could not find the water they needed for growth. Others determined the cost to treat the water they had available was more than they cared to pay. Others possibly did not have or want to maintain the expertise to operate a water treatment system. Regardless of the reason, those jurisdictions approached Avon Lake and an agreement was reached that was in the best interests of all parties. Avon Lake Regional Water recently reviewed the rates its bulk water recipients charge their individual customers. Through this mutually beneficial relationship, six of the seven jurisdictions are able to charge rates below the state average, and the seventh is a rural water district that has significant infrastructure it must maintain due to its rural nature. Additionally, those jurisdictions are able to receive high-quality water, knowing that a professional management entity is treating the water and delivering it to the jurisdictional limits.

Because it opens up utilities/municipalities to frivolous lawsuits, affects home rule, and could cost existing customers more money, H.B. 163, as amended, would cause utilities/municipalities to think long and hard as to whether to provide service to outside jurisdictions. Without this service, these outside jurisdictions may not be able to affordably comply with public drinking water requirements—a situation we do not believe anybody wants—and lead to the opposite result from the believed intent of the bill.

In this time during the pandemic, where the importance of safe, reliable public water is all the more important, we request that this bill not be passed out of Committee for consideration by the full House.

Sincerely,



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Chair, Water Utility Council  
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