

Opponent Testimony of Rick Colby
Representing the Downtown Residents Association of Columbus (DRAC)
On Senate Bill 157 (Bacon)
Senate Public Utilities Committee
January 17, 2018

Chairman Beagle, members of the Senate Public Utilities Committee, I'm Rick Colby, a board member of the Downtown Residents Association of Columbus (DRAC) and its advocacy chair. DRAC is opposed to Senate Bill 157, sponsored by Sen. Kevin Bacon.

DRAC is a nonprofit organization whose mission is to promote downtown Columbus as a great place to live, work and play. DRAC connects people through social events, volunteer opportunities that promote and benefit our community, informs members of the latest issues and developments within the city, and advocates for issues that help improve the quality of life for residents in our city's center.

Like many people, I was drawn to city living after living in the suburbs for many years. The transformation of Columbus has been incredible. From arts and culture, to restaurants and night life, to natural attractions like Scioto-Audubon Park and the Scioto Mile, there are so many reasons to live in downtown Columbus. After a divorce, I rented a two-bedroom townhouse with my daughter at LC RiverSouth along the river. We both enjoyed the proximity to the magnificent new riverfront. My daughter got a part-time job in German Village while going to college, and I walked to work at the Statehouse every day.

However, one very strange thing occurred: My utility bills that first winter went through the roof. I contacted the LC rental office, they told me to try switching the setting on my thermostat – nothing happened to my bill. I dropped my thermostat from 70, then to 69, then 68, then 67. Nothing happened. The same high utility bills came in. I called Nationwide Energy Partners (NEP), and asked if they could come out and do an energy audit of my apartment to see why it was costing me so much. NEP said they didn't do those. I asked if they could look at my meter to see if it was malfunctioning. They said they could – for \$50. I declined. I did some research – and then found the Columbus Dispatch article from 2013 about submetering. Ah, it all makes sense now, I thought. I'll contact PUÇO and file a complaint. I filled out the PUCO form online; they got back to me after a few weeks and said there was nothing they could do. I was incredulous. Sorry, the PUCO person on the phone told me, the law doesn't allow us to regulate them. Well, what you are doing to change the law? I asked. The person was flustered and said something apologetic and then got off the phone. I called the LC rental office and asked if I could get my own utility provider – they said No, my rental agreement locked me into NEP.

So in short, there's a legal loophole in state law, which companies like NEP and American Light & Power are taking advantage of. They're driving a truck through the loophole – and gouging downtown residents in the process. People are being encouraged to move downtown, but, when they do, they are often shocked to find out they're trapped in submetering contracts they had no part of -- and can't get out of. There's the young school teacher who lived in the Arena District with her roommate who got hammered with utility bills in their two-bedroom apartment. She was talking about moving out of Flats on Vine. There's the young couple in the Atlas building who moved back to Columbus from New York City who couldn't believe that the cost of utilities for their small apartment was more than what they paid in Manhattan!

DRAC has the highest praise for companies that are building apartments and condos downtown, but the utility price-gouging of residents has to end. It's time for the Ohio Legislature to act. Submetering upcharges are a hidden tax on the very people the city is trying to attract to live here. Unfortunately, SB 157 does not provide downtown Columbus residents with the protections they need. In fact, it has a number of loopholes that would allow the unregulated practice of submetering to continue:

Submetering companies that buy and resell utilities at “actual cost” would be exempt from the bill.

A submeterer that charges “actual costs” would be exempt from having to provide any consumer protections that a regulated utility must provide.

Disclosing to a resident that they are submetered, when they are prohibited in their rental contract from shopping around in a competitive market, is pointless.

The fees that a submeterer charges a consumer are codified in state law, including the \$50 fee for reviewing a resident’s meter. The bill even allows a submetering company to charge a “termination fee” and allows them to charge annual rate increases based on the Consumer Price Index!

The bill allows a submetering company to refuse PUCO mediation, requiring a consumer to sue a submetering company in civil court at their own expense.

The bill takes away PUCO pricing protections if a company follows the provisions of the bill (Lines 136-140).

DRAC believes a better approach to protecting consumers and ensuring continued economic growth and revitalization in Columbus is House Bill 249, sponsored by Rep. Mike Duffey in the House. We respectfully ask the committee to oppose SB 157. As written, this bill will make the problem of submetering in Columbus and central Ohio much worse.