

Testimony Before the Ohio Senate Public Utilities Committee on SB 157

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Guardian Water & Power, Inc.**

Mr. Chairman, I am here today to testify on Senate Bill 157 on behalf of Guardian Water & Power, Inc. (Guardian). Guardian is the largest submetering company in Ohio and services apartments and condominiums throughout Ohio and in 42 other states. It is a Columbus-based company with offices in Seattle, WA, San Diego, CA, Ann Arbor, MI and Raleigh, NC. Guardian has been in the business of installing submeters in its customers' multi-unit buildings and billing residents for their share of utility costs for the past 33 years. This straight forward business practice is known as "submetering" – allocating actual utility costs based on consumption *without any markups or profit* for a competitively derived administrative fee.

I have two points I want to address today: (1) actual cost should be the cap for utility service charges; and (2) the bill should cover municipal water services, as municipal water represents the overwhelming majority of submetering in Ohio.

1. Actual Cost Cap

Guardian bills tenants based on the actual cost of utilities directly used by that tenant in the multi-unit building, not by the standard service offer (SSO) or an analog rate. For electric service, for example, the "actual cost" is the monthly charge from an electric distribution utility and third party Competitive Retail Electric Service (CRES) provider. Guardian further limits actual costs to only those charges that are under the direct control of the tenant. Thus, common area charges over which the tenant has no control are excluded from the tenant's charges.

Guardian respectfully requests that the bill be amended to use actual cost as the cap for utility service charges, not the SSO or its analog for non-electric services. The cost baseline has

the distinct advantage of enabling tenants to benefit from the economies of scale inherent in multi-unit buildings. The fixed costs embedded in the master public utility charges are driven down on a per unit basis as scale increases. This means that in many cases tenants will be charged less with a submetered bill than they would as a standalone customer of the utility. Conversely, if the SSO becomes the baseline, tenants will be charged more than they would under an actual cost baseline and, in aggregate, will be billed more than the actual cost of utility service to the multi-unit building.

Additionally, if the SSO becomes the baseline, the more than 200,000 submetered tenants in Ohio currently billed on a cost basis can expect to see their bills increase as property owners begin to realize that the SSO basis will generate more revenue than the cost of utility service to the property. Thus, these Ohio renters will be denied the benefits of submetering that is billed at actual cost, which has been the prevailing practice in the industry since its inception.

2. Water

The bill currently excludes municipal water from the definition of “public utility service.” Guardian asks that this exemption be removed, as the majority of submetering in Ohio involves municipal water. Carving municipal water out of the bill creates an unintended consequence of allowing water charges to be marked up above cost – or as the bill is currently drafted above the analog for the single family rate. Such a result is contrary to the purpose of the legislation and should be addressed.

Guardian looks forward to working with you and members of the committee on SB 157, and I would be happy to answer any questions.