

Association of Ohio Metropolitan Wastewater Agencies
John G. Newsome, President
S.B. 193 Opponent Written Testimony
Senate Energy and Public Utilities Committee
May 17, 2022

Chairman McColley, Vice Chair Schuring, Ranking Member Williams and Members of the Committee, thank you for the opportunity to present written testimony on behalf of the Association of Ohio Metropolitan Wastewater Agencies (“AOMWA”). My name is John Newsome, and I serve as President of AOMWA. AOMWA opposes Senate Bill 193, which, if enacted, will significantly restrict municipalities, counties and regional water and sewer districts in recovering unpaid balances. Unfortunately, these unpaid costs would necessitate an increase in the costs of service for the general service population.

AOMWA is a not-for-profit trade association that represents the interests of public wastewater agencies across the state of Ohio, and AOMWA’s members include cities of Akron, Avon Lake, Bowling Green, Canton, Columbus, Dayton, Euclid, Fairfield, Hamilton, Lancaster, Lima, Marysville, Middletown, Newark, Portsmouth, Solon, Springfield, Wadsworth, Warren, and Butler County, Greene County, Hamilton County, Summit County, the Metropolitan Sewer District of Greater Cincinnati, the Northeast Ohio Regional Sewer District, and the Tri-Cities Regional Wastewater Authority. AOMWA serves more than 4 million Ohioans and successfully treats more than 320 billion gallons of wastewater each year.

AOMWA and its members are concerned that the proposals in S.B. 193 would introduce financial challenges that would frustrate the ability of wastewater agencies to achieve their fundamental purpose of treating billions of gallons of wastewater each year.

In eliminating a subdivision’s ability to collect unpaid water charges by placing a lien on the tax list, this legislation will likely cause an increase in uncollectible accounts, which is a financial impact that would be passed along to the general service population. Further, prohibiting liens may tempt utility customers to avoid paying bills from the outset, which also would produce an increased number of unpaid bills, resulting in costs passed along to the general service population.

The legislation would also increase the financial burden on municipalities and local governments to recover unpaid utility bills by requiring them to file a lawsuit to collect such unpaid charges, where litigation is a costly effort that will also result in a negative financial impact on the general customer base. As just one example, AOMWA member the Northeast Ohio Regional Sewer District has roughly 330,000 customer accounts, and was forced to certify 10,000 accounts in 2019 for a total unpaid balance of over \$6 million. If these cases were required to be litigated, it would overwhelm the local courts and force utilities to incur significant expenses.

By forcing the municipal utilities to file lawsuits to recoup funds, the legislation would also create greater hardship for customers by forcing them to participate in litigation. Lawsuits are not inexpensive, and may require a customer to miss work repeatedly for court-required obligations. The customers whom this measure seeks to protect would be forced to pay litigation costs, potentially including hiring legal counsel, in *addition* to the underlying unpaid balance. The legislation would merely force more litigation.

As a result, S.B. 193 will lead to unintended consequences by increasing the financial strain on utilities, thereby increasing prices for all ratepayers, for a marginal benefit. Although the

bill's proponents discuss fairness considerations, such as avoiding low-dollar liens or liens that may have resulted from an inadvertent billing error, this legislation will merely shift responsibility for unpaid utilities to local governments, where they will then be required to pass costs along to all ratepayers.

Additionally, it is already rare for utilities to foreclose on properties because of unpaid bills. The examples provided in previous testimony are not representative of the practices of counties, municipalities and other local governments in seeking to recover unpaid utility balances. Because it is already rare for utilities to foreclose on properties due to unpaid bills, the legislature should not eliminate the ability for utilities to certify liens associated with unpaid services.

Again, AOMWA understands that the purpose of this legislation is to address affordability concerns and perceived unfairness in connection with tax liens. However, the result of this legislation would force increases in the costs of service that would be passed on to ratepayers, including the vulnerable ratepayers that the legislation seeks to protect. The proposed legislation would therefore create a more inequitable result, in which those customers who manage to pay their utility bill despite financial challenges are forced to subsidize those that are not paying their fair share.

As a result, AOMWA and its member agencies oppose S.B. 193's proposals to restrict municipal and other local governments from imposing water liens on properties. Mr. Chairman and Members of the committee, your attention and consideration in this matter are very much appreciated.