

Background

The City of Columbus, Department of Public Utilities provides utility service including water, storm sewer, sanitary sewer and electricity throughout Columbus and contract communities.

Issue Overview

Currently, sections 118, 119, 120, 122 and 124 reference terms such as waterworks, water service, water debt, and the water department. This terminology does not reflect the full services of the Department.

In addition, sections 118, 119, and 120 do not adequately describe the funding mechanisms utilized by the Department.

Sections 121 and 123 are no longer reflective of current times and are no longer applicable.

Recommendation

Recommend that the applicable sections be updated to change the water centric references to reflect the mission of the Department. Water references will be updated to utility and/or utilities.

Recommend that the applicable sections be updated to include debt obligations and interest as a part of the cost of service rate calculations.

Additionally, based on guidance from the Auditor, recommend that Sections 121 and 123 be stricken.

Further it is recommended that section 194 be updated to reflect common business practice that would prevent unjust discrimination in service or rates should the utility allow a franchise.

Current Charter Provision

Sec. 118. Water rates and charges.

For the purpose of paying the expense of conducting, managing and operating the city_water works, the city shall, as a condition of supply, charge against and collect from all consumers both public and private, including the various and several city departments and institutions, a charge for water service rendered. Such rates of charge shall be fixed by ordinance of council. It shall be made in an equitable manner and in such amount as will fully cover the cost of service.

Sec. 119. [Determining water rate.]

In determining the cost of water service to be so charged and collected, council shall be governed by the following general rule:

All water consumers, as stated in the preceding section, shall be charged with and shall pay the current cost of maintenance, operation and supply, interest on outstanding water bonds, and losses sustained by depreciation.

Sec. 120. Interest on water bonds

The city shall, out of the revenues of the water department, cause to be paid and transferred to the trustees of the sinking fund of the city a sufficient amount of money to pay the interest on outstanding water bonds as it matures.

Sec. 121. [Depreciation fund.]

Council shall by ordinance cause to be established, out of the revenues of the water department, a depreciation fund which shall as nearly as practicable, equal the annual loss by depreciation sustained by the water plant. This fund shall be applied as follows:

- (a) A sufficient amount shall be transferred to the trustees of the sinking fund at the beginning of each year to provide a sinking fund for the redemption of outstanding water bonds at maturity.
- (b) The residue after making such transfer shall be applied in the making of repairs, extensions or replacements.

Sec. 122. [Exemption from water bills.]

Council may by ordinance or resolution relieve from the payment of bills for water service, any hospital, asylum or other charitable institution devoted to the relief of the poor, the aged, the infirm or destitute persons or orphan children, but such relief shall only be granted to institutions which are within the city's limits and not maintained by general taxation, and on the further condition that the bills from which said parties are relieved are promptly paid to the water department out of the general revenue fund of the city.

Sec. 123. Cash deposits on water.

In the administration of the affairs of the water department the city shall prescribe such rules and regulations as the just interests of the city and water consumers may demand. The city may also require from a consumer a cash deposit or other form of security deemed necessary to protect the city against loss by reason of non-payment of bills or other breach of contract. Cash deposit so received by the city shall be deemed as money held in trust to be returned to the depositors with interest at the rate of four per centum per annum at the termination of the contract and after there has been full compliance with its terms Council shall by ordinance or resolution transfer said deposits to the trustees of the sinking fund to be held in trust for the water department, but subject at all times to draft of the city to meet adjustments with the depositors. The trustees of the sinking fund shall invest the money so transferred as other funds under their control are invested, and the net gains resulting from the investment shall annually be placed to the credit of the said trust account.

Sec. 124. Rates and charges for service furnished by municipally owned utilities.

The general rules prescribed in sections 120, 121, 122, 123 and 124, governing the sale and disposition of water, shall apply as far as practicable in the sale and disposition of the service of all other public utility plants owned and operated by the city, except that as to any such service furnished in competition with a privately owned plant, the rate shall be such as in the opinion of council tends best to develop and increase the business, to increase the load factor and to promote in other ways the general success of such utilities.

Sec. 194. Reports to city by grantee

No ordinance making such grant, renewal or extension shall be valid unless it shall expressly provide therein, that the grantee shall make to the city at prescribed semi-annual periods, a statement of the assets, liabilities, receipts and disbursements of the public utility operating such grant, renewal or extension. Said statement shall be in detail adequate for determining the cost of the service rendered, and shall be signed and sworn to by the grantee or its proper officer or officers. Said ordinance shall also reserve to the city the right of verifying such statements by examination of the books and records of the grantee.