



Legislation Text

File #: 1741-2007, Version: 1

BACKGROUND:

The proposed rate configuration for 2008 recognizes that water utility charges disproportionately effect lower income groups and continues a Low Income Discount program that discounts participant's water commodity portion of their quarterly bill by 15%.

Adjustments in rates result in a typical inside city residential water rate increase of 18%. When a sanitary sewer increase of 10% and a Stormwater increase of 5% are considered the overall impact on a typical residential customer in the City of Columbus is 12.55%.

The requested rate increase is 4% higher than anticipated last year for the year 2008. This increase is a direct result of an increase in the estimated debt service expense of building the upground reservoir project. Additionally, reorganization of the department has returned customer service operations to the Water Enterprise. This has shifted associated costs from the Sanitary, Stormwater and Electricity enterprises back to the Water Enterprise. The reorganization has reduced anticipated rate increases for sanitary sewer and stormwater rates. Water revenues for systems capacity charges are also lower than anticipated in 2007 due to lower than expected levels of construction. This reduces revenue forecasts and contributes to the higher rate increase needed in 2008.

FISCAL IMPACT: The Division of Power and Water expects an increase of \$15,800,000 in water sales revenue.

To amend the Columbus City Codes, 1959, effective January 1, 2008, as it relates to water rates for customers of the Division of Power and Water.

WHEREAS, it is necessary to establish new water services rates, effective January 1, 2008, for water service provided by the City of Columbus in order to recover the cost of rendering said water services for the calendar year 2007; and

WHEREAS, the City of Columbus, Department of Public Utilities Division of Power and Water requests an eighteen percent (18%) increase in water rates for 2008 to pay for necessary ongoing operations and needed improvements; and

WHEREAS, the City of Columbus is committed to establishing its rates based on a Cost of Service basis, where the rates charged to customers are based as closely as possible on the cost of servicing that customer. The rates established herein are based on a rate study that used the cost of service methodology; and

WHEREAS, City Council recognizes that increased water rates disproportionately impact low income residents. Low income residents already pay a higher percentage of their household income in utility bills, and this percentage would increase with higher rates; and

WHEREAS, City Council finds that continuing a discounted rate for low income users is a recognized method for helping to alleviate the impacts of increased water rates; and

WHEREAS, the Sewer and Water Advisory Board has adopted recommendations that are consistent with the rates established in this legislation; and

WHEREAS, City Council finds that the rates and the low income discount established therein are equitable to all of the City's customers; now therefore

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:

Section 1. That the existing Section 1105.04 of the Columbus City Codes, 1959, shall be and is hereby amended effective January 1, 2008 to read as follows:

1105.04 Residential Inside city water rates.

The charges for Residential water supplied through meters to consumers within the corporate limits shall be based upon a service charge plus a commodity charge. The following rates shall apply to Residential water services within the city:

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1105.041 Commercial and Industrial Inside city water rates.

The charges for Commercial and Industrial water supplied through meters to consumers within the corporate limits shall be based upon a service charge plus a commodity charge. The following rates shall apply to Commercial and Industrial water services within the city:

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Section 2. That the existing Section 1105.055 A of the Columbus City Codes, 1959, shall be and is hereby amended effective January 1, 2008 to read as follows:

1105.055 Outside city mastermetered contract water rates.

A. For areas covered by wholesale mastermetered contracts: the rates shall be as follows:

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Section 3 That water rates herein established shall be applicable to all water used on or after January 1, 2008.

Section 4 That this Ordinance shall take effect and be in force from and after the earliest period allowed by law.