

**City of Columbus, Department of Public Utilities
Kristen Atha, Director
H.B. 93 Opponent Written Testimony
Senate State and Local Government Committee
June 13, 2023**

Chairman John, Vice Chair Dean, Ranking Member Brennan, and Members of the Committee, thank you for the opportunity to present written testimony on behalf of the City of Columbus, Department of Public Utilities. My name is Kristen Atha and I serve as the Director of the City of Columbus, Department of Public Utilities (Columbus DPU). Columbus DPU opposes House Bill 93, which, if enacted, would have a negative impact on the Department's ability to distribute safe, quality drinking water and sanitary service to over 1.3 million consumers in Columbus and in 22 contracting suburban communities.

Columbus DPU has a mission to enhance the quality of life, now and into the future, for people living, working and raising families in central Ohio through economic, efficient, and environmentally responsible stewardship of superior public utilities. The Department is made up of the Director's Office and three divisions: the Division of Water, the Division of Sewerage and Drainage, and the Division of Power. In addition, a Sewer and Water Advisory Board (comprised of area residents appointed to represent different resident constituencies, the business community, and city officials) oversees the rates and major policy changes for sewer and water services provided by the Department. The Board meets several times per year and forwards their recommendations regarding rates and policy changes to Columbus City Council, who then review and vote to set rates or change fundamental policy.

Columbus DPU opposes House Bill 93 because it will: 1) limit the ability of utilities to recover the cost of providing service to tenant consumers and negatively impact other consumers, 2) extend resolution of billing disputes and create administrative challenges for both the utility and the Environmental Review Appeals Commission (the designated review board), and 3) interfere with municipal home rule authority under Ohio Constitution Article XVIII, Sections 4 and 6, which specifically authorize municipalities to own and operate utilities.

House Bill 93 would restrict the ability of municipal utilities to recover service costs.

Columbus DPU is a municipal utility that does not operate for a profit. To provide safe, quality drinking water and sanitary service to customers, the Columbus DPU charges customers that use drinking water and sanitary services for the services provided. The revenue from these payments allows the utility to continue to operate. When customers do not pay for the service they have received, there is a shortfall in revenue that creates gaps in Columbus DPU's budget. To reduce the size of these budget gaps and to be fair to all rate payers, we take great effort to collect money due from the individual(s) who used the drinking water and sanitary service,



because if these costs cannot be recouped they will be passed on to all rate payers—including customers that diligently and consistently pay on time—through future rate increases.

Columbus DPU communicates consistently and proactively with customers to provide them with the tools needed to timely pay their bills. When a bill is due, Columbus DPU sends either a paper or electronic bill to its customers with a detailed explanation of how bills can be paid. A 40-person Columbus DPU customer service center answers billing questions, schedules service calls, and helps resolve issues, normally operating 55 hours per week. Customers can pay their bills online, over the phone, by mail, and in person at various locations. Columbus DPU offers low income and senior discounts, payment plans, accepts credit card payment, and offers water conservation and repair tips to help consumers reduce their bill. In the event that a consumer disputes a bill, Columbus DPU also provides an administrative hearing process pursuant to Columbus City Code 1101.03 and administrative hearing judgments are appealable to the Franklin County Court of Common Pleas.

If a customer does not pay their bill, Columbus DPU takes many steps to collect the outstanding amount before sending it to the County Auditor for certification. First, a delinquency notice is sent to the customer explaining that their bill is past due and providing them additional time to pay. Second, if the bill remains unpaid, customers with water service are sent a turn-off notice that informs them that Columbus DPU intends to shut off their water service if their delinquent bill is not paid. Third, if the bill still remains unpaid after this turn-off notice, water service for the property is shut off. Finally, if the customer does not pay the property's bill even after water service is shut off, then the outstanding sanitary service portion of the bill is sent to the County Auditor for certification. Certification places the delinquent service amount on the property's tax bill as a special assessment to be paid with other taxes and special assessments that are due and owing.

Certification by the County Auditor is a very effective method to collect sanitary service delinquencies and is commonly used by municipal utilities after exhausting other methods of collection. Without the ability to send the outstanding bill to the County Auditor for certification, Columbus DPU's options to collect are limited. The only remaining options are to hire collection agencies or to initiate court claims. Both of these options are significantly less effective at collecting on past due bills and are more costly for both the utilities and the customer. Restrictions on Columbus DPU's ability to collect ultimately hurts all ratepayers because they have to pay increased rates to fill the budget gap created by outstanding delinquencies.

Reviewing Columbus DPU 2019 average monthly sewer receivables (the most recent year not impacted by the pandemic) helps to illustrate this issue. On a monthly average in 2019, \$22,355,724.00 in sewer receivables were expected by the Department. Of those sewer receivables: 66% were recent bills that were outstanding for 0 to 30 days; 14% were older bills that had been outstanding for 31 to 60 days; 6% were bills that had been outstanding 61 to 90 days; and approximately 14% were outstanding for 91 days and older. A portion of that 14% of past due receivables that were 91 days and older—\$2,058,183.07—were sent to the County Auditor for certification. This represented a significant portion of the Department's budget. If the Department had been unable to collect this money or had only been able to recoup a smaller amount of money via less effective collection methods, then all customers would have ultimately been harmed because of the shortfall, not just the customers with outstanding bills. For example,

to recover \$2,058,183.07 in lost revenue, a sanitary service rate increase of approximately 0.9% would have had to have been charged to all ratepayers to recoup the loss. Such rate increases continue into the future to recover recurring losses.

House Bill 93 would extend resolution of billing disputes and creates administrative challenges both for the utility and the state.

House Bill 93 would create a duplicative administrative process causing confusion and wasted resources for both the municipal utility and the state. Columbus DPU has an administrative appeals process in place for bill disputes. This legislation would create a *second* process that gives any consumer the right to file an appeal with the Environmental Review Appeals Commission whenever a billing complaint “is not resolved to the satisfaction of the complaining party.” This will lead to an increase in the administrative burden for both Columbus DPU and the Environmental Review Appeals Commission to handle a high volume of complex billing cases that are best suited to be address by the already existing administrative process.

House Bill 93 would interfere with municipal home rule authority.

Ohio Constitution Article XVIII, Sections 4 and 6, specifically authorize municipalities to own and operate utilities. Columbus DPU developed a process for handling tenant billing and billing disputes as described above. Columbus DPU established this process pursuant to its constitutional authority to own and operate a municipal utility. The proposed legislation unlawfully interferes with this home rule authority and would be held to be invalid.

Columbus DPU respectfully requests that House Bill 93 be reconsidered.

Collecting water and sanitary sewer bills requires a thoughtful and balanced collection approach from the utility, one that relies on certification when necessary. Columbus DPU understands that part of the intended purpose of this legislation is to address unfairness in connection with the certification of unpaid bills and the impact that may have on a homeowner’s ability to stay in their home. As a practice, it is our understanding that outstanding sewer charges are not the driver for foreclosure actions brought by the Franklin County Auditor. Rather, there must be other tax delinquencies to trigger a foreclosure action. Columbus DPU respectfully requests that the bill sponsor and committee analyze the problem that this legislation is seeking to address before taking further action.

Columbus DPU opposes House Bill 93’s proposals to restrict municipal and other local governments from recovering unpaid invoices and respectfully asks that the legislation in its current form be withdrawn or set aside, to allow for additional discussion regarding the impacts of this measure.

Thank you for your time and consideration.