

Submitted by: Chair of the Assembly  
at the Request of the Mayor  
Prepared by: Anchorage Water and  
Wastewater Utility  
For reading: October 11, 2022

**ANCHORAGE, ALASKA**  
**AO No. 2022-94**

1 **AN ORDINANCE APPROVING THE PROPOSED PLANT REPLACEMENT**  
2 **IMPROVEMENT SURCHARGE MECHANISM BY THE ANCHORAGE WATER**  
3 **AND WASTEWATER UTILITY FOR SUBMISSION TO THE REGULATORY**  
4 **COMMISSION OF ALASKA.**

---

5  
6 **WHEREAS**, Anchorage Water and Wastewater Utility (AWWU) completed 2021  
7 Test Year Plant Replacement Improvement Surcharge Mechanism (PRISM)  
8 calculations for Anchorage Water Utility (AWU) and Anchorage Wastewater Utility  
9 (ASU);

10  
11 **WHEREAS**, the PRISM regulations under Alaska Administrative Code, Title 3,  
12 Chapter 52 (3 AAC 52) allow water and wastewater utilities to establish a surcharge  
13 to recover capital related costs associated with eligible plants placed in service  
14 between general rate cases.

15  
16 **THE ANCHORAGE ASSEMBLY ORDAINS:**

17 **Section 1.** AWWU shall submit a request for a PRISM tariff rate to the Regulatory  
18 Commission of Alaska (RCA) for AWU. The PRISM tariff rate requested by AWWU  
19 shall be 1.98 percent of each customer's billed revenue which is supported by the  
20 2021 Test Year PRISM calculations and included in the Proposed 2023 Operating  
21 Budget for AWU. This ordinance is requesting approval to submit to the RCA in  
22 accordance with the rates in the Approved 2023 Operating Budget for AWU.

23  
24 **Section 2.** AWWU shall submit a request for a PRISM tariff rate to the Regulatory  
25 Commission of Alaska (RCA) for ASU. The PRISM tariff rate requested by AWWU  
26 shall be 0.84 percent of each customer's billed revenue which is supported by the  
27 2021 Test Year PRISM calculations and included in the Proposed 2023 Operating  
28 Budget for ASU. This ordinance is requesting approval to submit to the RCA in  
29 accordance with the rates in the Approved 2023 Operating Budget for ASU.

30  
31 **Section 3.** This ordinance is effective immediately upon passage and approval  
32 by the Anchorage Assembly.

33  
34 PASSED AND APPROVED by the Anchorage Assembly this \_\_\_\_\_ day of  
35 \_\_\_\_\_, 2022.

36  
37  
38 \_\_\_\_\_  
Chair of the Assembly

39 ATTEST:

40  
41 \_\_\_\_\_  
42 Municipal Clerk



# MUNICIPALITY OF ANCHORAGE

## Assembly Memorandum

No. AM 596-2022

Meeting Date: October 11, 2022

1 **FROM: MAYOR**

2  
3 **SUBJECT: AN ORDINANCE APPROVING THE PROPOSED PLANT**  
4 **REPLACEMENT IMPROVEMENT SURCHARGE MECHANISM**  
5 **BY THE ANCHORAGE WATER AND WASTEWATER UTILITY**  
6 **FOR SUBMISSION TO THE REGULATORY COMMISSION OF**  
7 **ALASKA.**

8  
9 In accordance with AMC 26.10.035, the Administration is submitting an ordinance  
10 concurrent with this memorandum for review and approval by the Anchorage  
11 Assembly of submission of a proposed Plant Replacement Improvement  
12 Surcharge Mechanism (PRISM) by the Anchorage Water & Wastewater Utility  
13 (AWWU) based on the results of 2021 Test Year calculation to the Regulatory  
14 Commission of Alaska (RCA).

15  
16 PRISM regulations under Alaska Administrative Code, Title 3, Chapter 52 (3 AAC  
17 52) allow water and wastewater utilities to establish a surcharge to recover capital-  
18 related costs associated with eligible plants placed in service between general rate  
19 cases. AWWU Utility Tariffs will have proposed language to create a new rule  
20 incorporating the PRISM regulations as outlined in AAC. The PRISM surcharge  
21 will be a tariff rate expressed as a percentage of each customer's billed revenue,  
22 applied to all customer classes, and included on the customers' monthly bills as its  
23 own line item. PRISM regulations were initiated by the RCA in 2011 through a  
24 Rule-making docket, R-11-006.

25  
26 AWWU has prepared the 2021 Test Year PRISM calculations in accordance with  
27 the regulations and practices prescribed 3 AAC 52. As a result of the calculations,  
28 the proposed PRISM rate is 1.98% for the Anchorage Water Utility (AWU) and  
29 0.84% for the Anchorage Wastewater Utility (ASU), to be effective January 1,  
30 2023. The proposed PRISM rate will increase a single-family residential  
31 customer's bill for water service by \$1.15 and \$0.45 for wastewater service.

32  
33 The sole driver of the proposed PRISM rates is capital-related costs associated  
34 with water and wastewater-eligible plants placed into service in 2021. Operating  
35 costs are not included in the PRISM rate calculations. AWWU has not been able  
36 to utilize PRISM in prior years primarily because AWWU did not have PRISM-  
37 eligible plants placed into service.

38  
39 All tariff rate changes are subject to the approval of the RCA. Upon Assembly

1 approval of submission of AWWU's proposed PRISM to the RCA, AWWU intends  
2 to request that the PRISM tariff goes into effect on January 1, 2023. The RCA will  
3 issue public notice of AWWU's requested PRISM for comment.

4  
5 **Impacts of PRISM**

6 The basic rate components making up an individual's customer bill are customer  
7 charges, unmetered usage charges per dwelling unit, metered volumetric charges,  
8 meter charges, and fire protection charges. AWWU uses uniform rates for these  
9 basic rate components. The proposed PRISM will be applied to the customer's  
10 billed revenue (sum of the basic rate components) and will be displayed as an  
11 individual line on the customer's bill.

12  
13 The table below shows the effect of the 2021 Test Year PRISM calculation on  
14 current rates for AWWU's most common customer, unmetered single-family  
15 residential.

16

<b>Water Utility</b>	Current	Proposed	\$ Change	% Change
Customer Charge (per Account)	\$9.91	\$9.91		
Usage Charge (per Unit)	\$46.63	\$46.63		
Fire Protection Charge (per Account)	\$1.43	\$1.43		
PRISM	\$0.00	\$1.15		
<b>Water Total</b>	<b>\$57.97</b>	<b>\$59.12</b>	<b>\$1.15</b>	<b>1.98%</b>

  

<b>Wastewater Utility</b>	Current	Proposed	\$ Change	% Change
Customer Charge (per Account)	\$10.30	\$10.30		
Usage Charge (per Unit)	\$43.61	\$43.61		
PRISM	\$0.00	\$0.45		
<b>Wastewater Total</b>	<b>\$53.91</b>	<b>\$54.36</b>	<b>\$0.45</b>	<b>0.84%</b>
<b>Grand Total</b>	<b>\$111.88</b>	<b>\$113.48</b>	<b>\$1.60</b>	<b>1.43%</b>

17  
18 **Typical Customer Bill Impacts**

19 Based on the proposed PRISM resulting from 2021 Test Year calculations for AWU  
20 and ASU, the single-family residential bill will increase per month for water service  
21 by \$1.15, from \$57.97 to \$59.12, and for wastewater service by \$0.45, from \$53.91  
22 to \$54.36. The combined monthly water and wastewater bill for a single-family  
23 residential customer will increase by \$1.60, from \$111.88 to \$113.48.

24  
25 **RCA Approval Required**

26 Revenues from the proposed PRISM are included in AWWU's proposed 2023  
27 Operating Budgets. AWWU will file the 2021 Test Year PRISM with the RCA upon  
28 Assembly approval by ordinance.

29  
30 The RCA will notice the filing and proposed PRISM to the public and allow for a  
31 thirty-day comment period. The RCA will render a decision on whether to approve  
32 the filing or suspend it for further investigation within 45 days of the filing date. If  
33 the RCA suspends the filing for further investigation, AWWU will request PRISM  
34 be approved on an interim and refundable basis effective January 1, 2023.

35  
36  
37  
38 **THE ADMINISTRATION RECOMMENDS APPROVAL.**

1  
2  
3  
4  
5  
6  
7  
8  
9

Prepared by: Anchorage Water and Wastewater Utility  
Approved by: Mark A. Corsentino, P.E., AWWU General Manager  
Concur: Courtney Petersen, Director, OMB  
Concur: Grant Yutrzenka, Acting MOA CFO, AWWU CFO  
Concur: Blair Christensen, Acting Municipal Attorney  
Concur: Kolby Hickel, Deputy Municipal Manager  
Concur: Amy Demboski, Municipal Manager  
Respectfully submitted: Dave Bronson, Mayor

**MUNICIPALITY OF ANCHORAGE**  
**Summary of Economic Effects -- Utilities**

AO Number: 2022-94

Title: **AN ORDINANCE APPROVING PROPOSED PLANT REPLACEMENT  
IMPROVEMENT SURCHARGE MECHANISM BY THE ANCHORAGE WATER  
AND WASTEWATER UTILITY FOR SUBMISSION TO THE REGULATORY  
COMMISSION OF ALASKA.**

Sponsor: **MAYOR**  
Preparing Agency: **Anchorage Water and Wastewater Utility - Water**  
Others Impacted: **None**

<b>CHANGES IN REVENUES AND EXPENSES:</b>	<b>(In Thousands of Dollars)</b>				
	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
<b>Operating Revenues:</b>					
	\$ 1,276	\$ 3,900	\$ 2,600	\$ 2,700	\$ 2,800
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 1,276</b>	<b>\$ 3,900</b>	<b>\$ 2,600</b>	<b>\$ 2,700</b>	<b>\$ 2,800</b>

**Operating Expenses:**

<b>TOTAL OPERATING EXPENSES</b>	\$ -	\$ -	\$ -	\$ -	\$ -
---------------------------------	------	------	------	------	------

**Non-Operating Revenues:**

<b>TOTAL NON-OPERATING REVENUES</b>	\$ -	\$ -	\$ -	\$ -	\$ -
-------------------------------------	------	------	------	------	------

**Non-Operating Expenses:**

<b>TOTAL NON-OPERATING EXPENSES</b>	\$ -	\$ -	\$ -	\$ -	\$ -
-------------------------------------	------	------	------	------	------

<b>NET INCOME (REGULATED)</b>	<b>\$ 1,276</b>	<b>\$ 3,900</b>	<b>\$ 2,600</b>	<b>\$ 2,700</b>	<b>\$ 2,800</b>
-------------------------------	-----------------	-----------------	-----------------	-----------------	-----------------

**POSITIONS: FT/PT and Temp**

**PUBLIC SECTOR ECONOMIC EFFECTS:**

AWWU requests a PRISM tariff rate of 1.98% of water customer billed revenue effective January 1, 2023 subject to approval of the Anchorage Municipal Assembly and the Regulatory Commission of Alaska (RCA). This will increase the charges incurred for water service in 2023 to MOA departments by approximately \$5,800, to the Anchorage Fire Department by approximately \$91,800, and to the Anchorage School District by approximately \$5,600.

**PRIVATE SECTOR ECONOMIC EFFECTS:**

Private Sector Economic Effects: The effect on the private sector will be a surcharge of 1.98% of water customer billed revenue effective January 1, 2023.

Prepared by: Heather Rafalko, Regulatory Affairs Manager, AWWU Telephone: 786-5675

**MUNICIPALITY OF ANCHORAGE**  
**Summary of Economic Effects -- Utilities**

AO Number: 2022-94

Title: **AN ORDINANCE APPROVING PROPOSED PLANT REPLACEMENT  
IMPROVEMENT SURCHARGE MECHANISM BY THE ANCHORAGE WATER  
AND WASTEWATER UTILITY FOR SUBMISSION TO THE REGULATORY  
COMMISSION OF ALASKA.**

Sponsor: **MAYOR**  
Preparing Agency: **Anchorage Water and Wastewater Utility - Wastewater**  
Others Impacted: **None**

<b>CHANGES IN REVENUES AND EXPENSES:</b>	<b>(In Thousands of Dollars)</b>				
	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>
<b>Operating Revenues:</b>					
	\$ 678	\$ 2,800	\$ 5,300	\$ 4,100	\$ 2,900
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 678</b>	<b>\$ 2,800</b>	<b>\$ 5,300</b>	<b>\$ 4,100</b>	<b>\$ 2,900</b>
<b>Operating Expenses:</b>					
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Non-Operating Revenues:</b>					
<b>TOTAL NON-OPERATING REVENUES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Non-Operating Expenses:</b>					
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>NET INCOME (REGULATED)</b>	<b>\$ 678</b>	<b>\$ 2,800</b>	<b>\$ 5,300</b>	<b>\$ 4,100</b>	<b>\$ 2,900</b>
<b>POSITIONS: FT/PT and Temp</b>					

**PUBLIC SECTOR ECONOMIC EFFECTS:**

AWWU requests a PRISM tariff rate of 0.84% of wastewater customer billed revenue effective January 1, 2023 subject to approval of the Anchorage Municipal Assembly and the Regulatory Commission of Alaska (RCA). This will increase the charges incurred for sewer service in 2023 to MOA departments by approximately \$10,900 and to the Anchorage School District by approximately \$1,800.

**PRIVATE SECTOR ECONOMIC EFFECTS:**

Private Sector Economic Effects: The effect on the private sector will be a surcharge of 0.84% of sewer customer billed revenue effective January 1, 2023.

Prepared by: Heather Rafalko, Regulatory Affairs Manager, AWWU

Telephone: 786-5675