



# **AWWU Update**

## **Proposed 2025 Rate Increase**

*A presentation to  
Assembly Infrastructure Enterprise and Utility Oversight Committee  
November 21, 2024*

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**AWWU's Mission & Purpose is to Safeguard the Public Health and Environment by providing clean and reliable water and wastewater services to our community sustainably.**



# AWWU's Water is Pristine

- Only glacially sourced public water system in North America
- Eklutna Water System – gravity flow to over 80% of customers with energy recovery throughout
- Per- and Polyfluoroalkyl Substances (PFAS) “forever chemicals”
  - Eklutna, Ship Creek, \*High Production Wells, and Girdwood Wells - PFAS Free
  - \*Three high production wells removed from service due to PFAS detection
    - Efforts to identify contamination source and treatment options ongoing
    - Loss of well production capacity impacts resiliency



ADN.COM

Ludacris drank water straight from an Alaska glacier. Fans wondered: Would it make him sick?

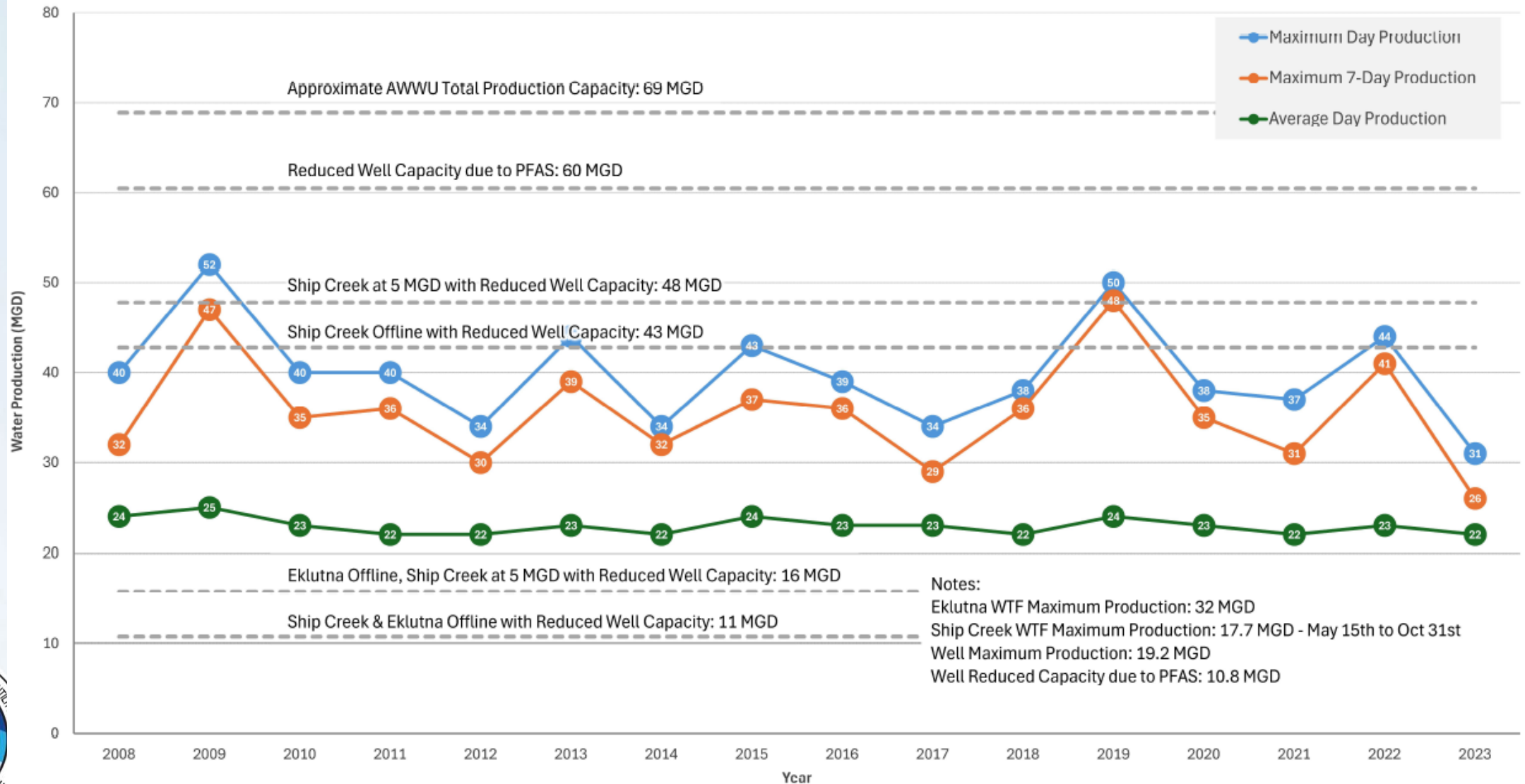
Rapper Ludacris drinking water from Knik Glacier in 2024

Source: Anchorage Daily News



# Water Production Capabilities and Constraints

Annual Water Production for Anchorage Bowl and Northern Communities



# AWWU's Clean Water Stewardship

- AWWU continues to receive National Association of Clean Water Agencies Peak Performance Awards
- Permit renewal efforts underway at all three of AWWU's Wastewater Treatment Facilities
  - Includes the EPA administered Section 301(h) permit for the Asplund Water Pollution Control Facility with ESA consultation
- Upcoming Regulatory Challenges such as PFAS and Human Health Criteria
- Efforts to reduce Fats, Oils, and Grease (FOG)
  - Cause Sanitary Sewer Overflows
  - Increase maintenance costs
  - Future FOG receiving station/energy recovery



# AWWU's Rates Driven by Historic Costs

- AWWU is two separately regulated utilities
- Rates recovered based on historic test year (two-year lag)
- Aging infrastructure increases maintenance/replacement costs
- Inflation and market driving up cost of chemicals, energy, and construction
  - Example: 2022-2024, 66% increase in main water treatment chemical cost; 22% increase in water and wastewater disinfectant chemical cost.
- Municipal Utility Service Assessment
  - Over 20% of AWWU's budget – largest “taxpayer” in Anchorage + AWU Dividend
- Permit renewals and regulation driven increases
- Long-Range Financial Plan with modest rate increases
- 2025 annualized rate increase of 4.5% for water and 4.5% for sewer
  - Monthly increase of \$3.16 for single family residential water service; \$2.84 for single family residential sewer service
  - Monthly combined increase of \$6.00 (both water and sewer service)
  - Commercial water rate less than a penny a gallon



# Impacts on Common Water Monthly Rates

<b>Anchorage Water Utility</b>			
<b>Customer Class</b>	<b>Current Rate</b>	<b>Proposed Rate</b>	<b>Amount Change</b>
<b>Unmetered Single Family Residential</b>	<b>\$61.62</b>	<b>\$64.78</b>	<b>\$3.16</b>
<b>Metered Residential and Commercial:</b>			
<b>Customer Charge (per Account)</b>	<b>\$10.53</b>	<b>\$11.07</b>	<b>\$0.54</b>
<b>Volume Rate per 1,000 Gallons</b>	<b>\$9.15</b>	<b>\$9.62</b>	<b>\$0.47</b>
<b>Anchorage Fire Department</b>	<b>\$376,510.90</b>	<b>\$395,825.91</b>	<b>\$19,315.01</b>



# Impacts on Common Sewer Monthly Rates

<b>Anchorage Wastewater Utility</b>			
<b>Customer Class</b>	<b>Current Rate</b>	<b>Proposed Rate</b>	<b>Amount Change</b>
Unmetered Single Family Residential	\$55.53	\$58.37	\$2.84
<b>Metered Residential and Commercial:</b>			
Customer Charge (per Account)	\$10.61	\$11.15	\$0.54
Residential Charge (per 1,000 Gallons)	\$7.03	\$7.39	\$0.36
Low Strength Charge (per 1,000 Gallons)	\$6.18	\$6.50	\$0.32
Medium Strength Charge (per 1,000 Gallon)	\$8.21	\$8.63	\$0.42
High Strength Charge (per 1,000 Gallons)	\$9.58	\$10.07	\$0.49
<b>Septage Hauler:</b>			
Customer Charge (per Account)	\$10.61	\$11.15	\$0.54
Estimated Usage (per 1,000 Gallons)	\$30.82	\$32.40	\$1.58





# AWWU is Lean: Rates are Fair & Equitable – Cost Causer Cost Payer

**Your Life**

P.32 FUN WITH OLD PHOTOS  
P.36 Q&A: COLSON WHITEHEAD



**THE SURGING COST OF WATER**  
What once was a relatively meager utility bill is putting some added stress on household budgets

BY JOE EATON

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PHOTOGRAPH BY STEVE GRANITZ

Amid the flood of rising prices lately, here's one you might not have expected: the cost of tap water.

"Water used to be the cheapest bill you had," says Barry Swift, 70, a retired nurse in Des Moines, Iowa. "Now it's just higher or than heck." Smith recently fell behind on his \$150 monthly water bill and faced a shutoff.

In 2022, the average monthly water and sewerage bill was about \$118, according to Bluefield Research, a Boston utility research firm. That's up 51 percent since 2012, more than double the rate of inflation over that period.

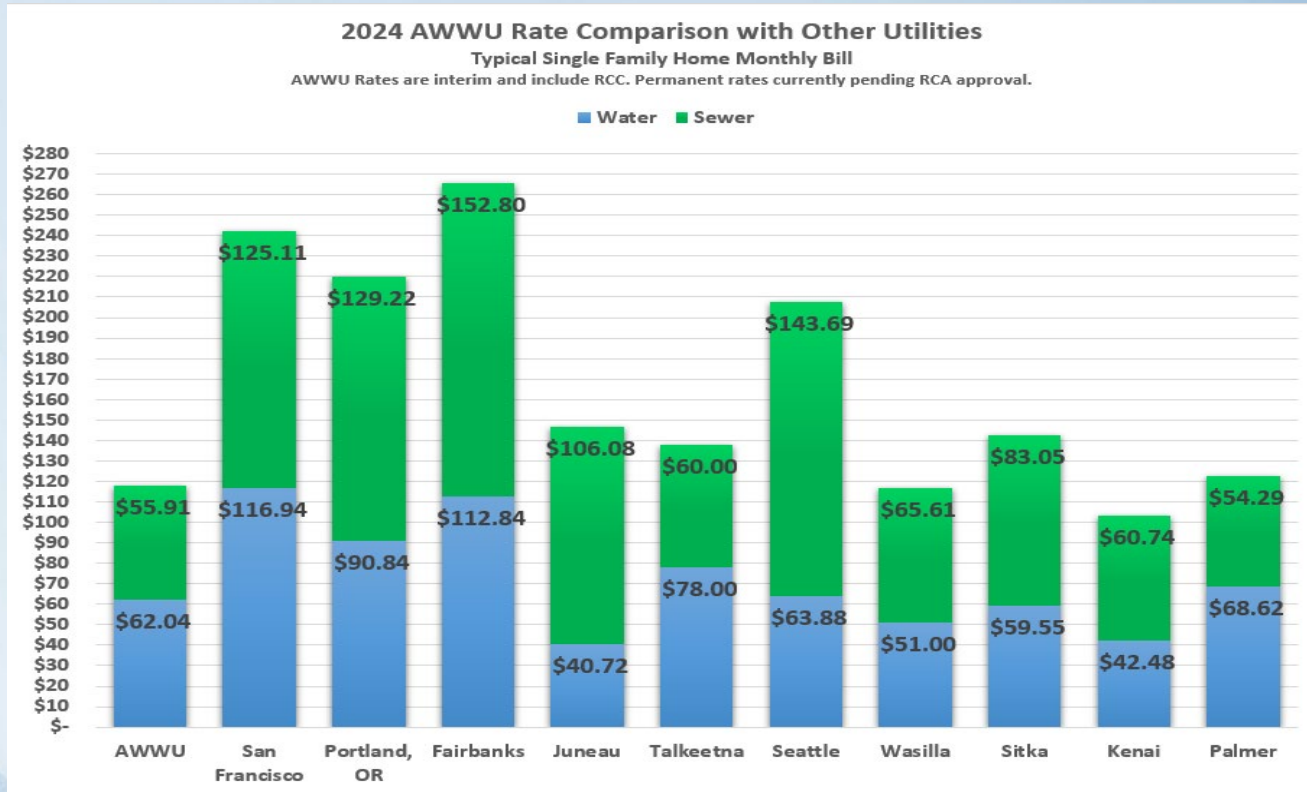
What's driving the increases? One factor is geographic differences: there are more than 148,000 independent public water systems in America, each with its own issues and circumstances. But upkeep of aging systems and reduced government funding are the prime culprits, Bluefield analyst Eric Bindler says. In the 1970s, the federal government paid about a third of the cost of providing municipal water, he says, but by 2010, that had fallen to about 4 percent. Costs have increasingly been passed on to consumers.

And it's about to get worse. America's water infrastructure—purification plants, pumps, endless miles of underground mains and pipes, and sewage-processing facilities—is in many cases 50 to 100 years old, in some places even older. Such age leads to system breakdowns and outages, making for added maintenance, material and labor costs. Inflation also plays a part in rising water bills. "The cost of pipe has gone way up, and a lot of that is due to the same supply chain issues that we are seeing in other parts of the economy," Bindler says.

**WHAT ABOUT DROUGHT?**

Scarcity of water has not always related to consumer cost. For example, the average monthly water bill in the desert city of Phoenix is less than \$50. But many communities in the West do set higher rates to promote conservation, according to Bluefield. Analysts say changing weather patterns and extreme weather events will affect rates. Those include heat waves, changes in precipitation type and timing, and flooding, says Newsha Ajami, a water expert at Lawrence Berkeley National Lab. One reason is that the country's water infrastructure was designed and built

- AWWU's rates are below the national average, which was \$117/month in 2024, \$123/month in 2025; those with lower rates pay much smaller PILT/MUSA expenses
- AWWU's rates are below most peers in Alaska and the Northwest
- AWWU is regulated by the RCA, ADEC, EPA, Municipal Code and OSHA
- AWWU is regulated by bond and lender covenants and metrics
- AWWU maintains an AA+ bond rating
- AWWU provides a perfect score to the ISO insurance rating for fire protection, which lowers homeowner insurance
- AWWU operates lean and efficiently (*Raftelis 2022 Organizational Review*);
- 2023 BLS Cost of Living over 21% higher in Anchorage than the national average



# Next Steps

- AWWU Board Approval
  - Presented at a public meeting on November 6, 2024
  - Board Resolution 2024-3 approved
- Approval Required by the Assembly
  - Per AMC 26.10.035, all requested rate changes shall be brought to Assembly for review and approval for submission to Regulatory Commission of Alaska
  - AO 2024-112/AM 917-2024 submitted for Introduction November 19, 2024
  - Assembly Public Hearing scheduled for December 3, 2024
- Approval Required by the Regulatory Commission of Alaska (RCA)
  - Submit to RCA on or before December 31, 2024
  - RCA filing requires a 30-day public comment period
  - On or before February 14, 2025, the RCA will either approve, reject, or suspend the matter for further investigation
  - If suspended:
    - Proposed rate increases may become effective on an interim and refundable basis effective February 14, 2025
    - Hearing at RCA may be scheduled for December 2025 or later
    - Statutory timeline for RCA decision is 450 days – March 2026



# Cool It, Can It, Trash It

 **KEEP THE DRAIN CLEAR**   
OF **FATS, OILS & GREASE**



**DID YOU KNOW?** NEARLY HALF OF ALL SEWER BLOCKAGES ANNUALLY ARE CAUSED BY FATS, OILS, AND GREASE (FOG)?



# Questions?

