

Submitted by: Chairman of the Assembly at the
Request of the Mayor
Prepared by: Anchorage Water & Wastewater Utility
For reading: December 16, 2003

CLERK'S OFFICE

APPROVED

ANCHORAGE, ALASKA

Date: 1-6-04

AO NO. 2003-166

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA,
APPROVING SUBMISSION BY THE ANCHORAGE WATER & WASTEWATER
UTILITY (AWU, ASU) PROPOSED RATE CHANGES TO THE REGULATORY
COMMISSION OF ALASKA.

Section 1. Rate changes to the tariff of AWU as reflected in the "Anchorage Water
Utility Revenue Requirements Study 2002 Test Year" for 2004 and 2005, which is
incorporated herein by reference, are hereby approved for submission to the
Regulatory Commission of Alaska.

Section 2. Rate changes to the tariff of ASU as reflected in the "Anchorage
Wastewater Utility Revenue Requirements Study 2002 Test Year" for 2004 and
2005, which is incorporated herein by reference, are hereby approved for
submission to the Regulatory Commission of Alaska.

Section 3. This Ordinance is effective upon adoption and approval.

PASSED AND APPROVED by the Assembly of Anchorage this 6th
day of January, 2004.


Chairman

ATTEST:


Municipal Clerk

MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 985-2003

Meeting Date: December 16, 2003

From: Mayor

Subject: ANCHORAGE WATER & WASTEWATER UTILITY (AWU, ASU)
PROPOSED RATE CHANGES

In accordance with AMC 26.10.035 the Administration is submitting an ordinance concurrent with this memorandum for review and approval by the Assembly to change water and wastewater rates in Anchorage. On November 18th and December 2nd of this year, the Assembly approved the 2004 Utility and General Government Operating Budgets. Included in those budgets were requirements for revenue increases for AWWU. This AO authorizes AWWU to seek RCA approval of those rate changes.

AWWU has prepared the revenue requirements study in accordance with industry standards and Alaska Statutes. The proposed across the board rate increases for 2004 are 14.20 percent for water and 8.06 percent for wastewater. In 2005, AWWU is proposing increases of 7.17 percent for water and 6.83 percent for wastewater. This is a cumulative rate increase of 21.37% for the water utility and a cumulative rate increase of 14.89% for the wastewater utility. The Assembly approved AWWU's 2004 Operating Budgets on November 18, 2003. These included rate increases for water of 12.5% in 2004 and 7% in 2005, or a cumulative amount of 19.5%. Similarly the wastewater budget included rate increases of 4.5% in 2004 and 11% in 2005, for a cumulative amount of 15.5%. The budget rate increase percentages are slightly different, in total, from the final revenue requirement study due to true-ups of the underlying numbers and on going budget modifications. All rate changes are subject to the approval of the RCA.

Rate Increase Components

Water:

	<u>Amount</u>	<u>Increase (Decrease)</u>
Capital and Return Related Charges	\$1,391,718	4.74 %
2004 MUSA Increase	1,377,282	4.70 %
Operating Expense Increase	1,395,290	4.76 %
2004 Total Water	<u>\$4,164,290</u>	<u>14.20 %</u>
2005 MUSA Increase	<u>\$2,102,673</u>	<u>7.17 %</u>
2005 Total Water	<u>\$2,102,673</u>	<u>7.17 %</u>
2004/2005 Total Water	<u>\$6,266,963</u>	<u>21.37 %</u>

AWWU Revenue Requirements Study Proposed Rate Changes

AM 985-2003

Page 2

Wastewater:		Increase
	Amount	(Decrease)
Capital and Return Related Charges	\$ (635,144)	(2.62 %)
2004 MUSA Increase	1,093,519	4.51 %
Operating Expense Increase	1,493,951	6.17 %
2004 Total Wastewater	<u>\$1,952,326</u>	<u>8.06 %</u>
2005 MUSA Increase	<u>\$1,654,392</u>	<u>6.83 %</u>
2005 Total Wastewater	<u>\$1,654,392</u>	<u>6.83 %</u>
2004/2005 Total Wastewater	<u>\$3,606,718</u>	<u>14.89 %</u>

AWWU's existing water rates are based on the results of a 1992 test year cost of service study that was approved by the APUC, now the RCA, effective June 1995. AWWU's existing wastewater rates were effective January 1, 2001 which reflected a 2.75 percent rate decrease. The last rate increase for water was in 1991 and for wastewater in 1992. The proposed rates are necessary in order to cover the increased expenses related to municipal utility service assessment (MUSA), other operating expenses (primarily labor related), and capital costs.

Impacts of the Study

The Utility uses uniform rates for customer charges, unmetered usage charge per dwelling unit, metered volume rate, and meter charges. These basic rate components make up the individual customer rates. The proposed rate increases will be applied across the board to all recurring rates. Changes in the most common monthly rates are:

Water:	Current	2004	2005
		Proposed	Proposed
Customer Charge	\$ 6.80	\$ 7.75	\$ 8.25
Flat Residential Usage Charge per unit	19.00	21.70	23.05
Metered Volume rate per 1,000 gallons	2.64	3.01	3.20
5/8 & ¾ inch Meter Charge	3.40	3.90	4.15
(Rates for larger meter sizes are listed in attachment)			
Anchorage Fire Department	\$206,250	\$235,538	\$250,326

Wastewater:	Current	2004	2005
		Proposed	Proposed
Customer Charge	\$ 4.00	\$ 4.30	\$ 4.60
Flat Residential Usage Charge per unit	17.20	18.60	19.75
Inflow and Infiltration Charge	2.80	3.05	3.20
Metered Volume rate per 1,000 gallons:			
Residential	2.01	2.17	2.31
Commercial Low Strength	1.90	2.05	2.18
Commercial Medium Strength	2.17	2.34	2.49
Commercial High Strength	2.70	2.92	3.10

AWWU Revenue Requirements Study Proposed Rate Changes

AM 985-2003

Page 3

Typical Customer Rate Impacts

The monthly single-family residential water rate would increase by \$3.65 in 2004 and by \$1.85 in 2005 from the current \$25.80 to \$29.45 and \$31.30, respectively. The monthly single-family residential wastewater rate would increase by \$1.70 in 2004 and by \$1.45 in 2005 from the current \$21.20 to \$22.90 and \$24.35, respectively. The monthly combined water and wastewater charge for a single family residence would increase from the current \$47.00 to \$52.35 in 2004 and \$55.65 in 2005. The combined water and wastewater rate increase percentage over 2002 for single family residences is 11.4% in 2004, and an additional 7.0% in 2005. Other typical customer rate impacts are illustrated in the attached schedule, as well as a listing of all proposed rate changes for recurring and nonrecurring rate changes.

RCA Approval Required

After Assembly approval of the ordinance, AWWU proposes to file the 2002 test year Revenue Requirements Study with the Regulatory Commission of Alaska (RCA). The RCA will notice the filing and proposed rate changes to the public and allow for a thirty-day comment period. RCA Staff will review the filing and make a recommendation to the Commissioners whether to approve the filing or suspend it for further investigation. The Commission will render a decision whether to approve or suspend the filing for further investigation within 45 days of the filing date. In the event the RCA suspends the filing for further investigation AWWU will request that interim refundable rate increases be effective at the end of the 45 day period in the amount of 13.50% for water and 8.06% for wastewater. AWWU will not request interim rates for non-recurring charges, but instead will ask they be effective when final rates are approved.

Two Step Rate Increase Request

Assembly approval for both the 2004 and 2005 rate increases is being requested simultaneously due to the unique nature of the MUSA operating cost increase. The increased cost of MUSA is being phased in (40% in 2004, 60% in 2005) to avoid rate shock to our customers. The 2005 proposed rate increase is entirely comprised of increased MUSA. The change in the MUSA formula to include assessment of contributed plant is not new, but is a return to the methodology employed in assessing MUSA prior to 1989 and is similar to how private business personal property is currently assessed.

Cost of Service Study (COSS)

AWWU is required to file a Water COSS in conjunction with our next rate increase request. AWWU plans to file a COSS for both water and wastewater in 2004. The effects of the cost of service studies will be revenue neutral to AWWU as a whole; however individual customer classes may see increases or decreases in their rates. The effective date of the studies is likely to be in early 2005, but will largely be dependent on the time it takes to receive approval from the Assembly and the RCA.

AWWU Revenue Requirements Study Proposed Rate Changes

AM 985-2003

Page 4

1 The Administration requests Assembly approval to submit to the RCA both the 2004
2 and 2005 proposed water and wastewater rate changes. It is essential that approval
3 of the Assembly occur in a timely manner to allow filing of the completed studies
4 with the RCA to ensure rates are in place to meet AWWU's financial obligations.

5
6 Attached are schedules that show the current and proposed rates.
7

8
9
10 **Prepared by: Mark Premo, P.E., General Manager, AWWU**

11 **Concur: Denis C. LeBlanc, Municipal Manager**

12 **Respectfully submitted: Mark Begich, Mayor**

AWWU Revenue Requirements Study Proposed Rate Changes**AM 985-2003****Page 5****Municipality of Anchorage
Summary of Economic Effects - Utilities**

AO Number: 2003-166 Title: Anchorage Water and Wastewater Utility Proposed Rate Changes-- Water

Sponsor: _____

Preparing Agency: AWWU Others Affected: _____

CHANGES IN EXPENDITURES AND REVENUES (Thousands of Dollars)

Operating Revenues:	FY2004	FY2005	FY2006	FY2007	FY2008
Anchorage Water Utility	\$3,470	\$6,267	\$6,267	\$6,267	\$6,267
Total Operating Revenues:	\$3,470	\$6,267	\$6,267	\$6,267	\$6,267
Operating Expenses:					
Water uncollectible account expense	\$ 10	\$ 16	\$ 16	\$ 16	\$ 16
Total Operating Expenses:	\$ 10	\$ 16	\$ 16	\$ 16	\$ 16
Non-Operating Revenues:					
Total Non-Operating Revenues:					
Non-Operating Expenses					
Total Non-Operating Expenses:					
NET INCOME (Regulated)	\$3,460	\$6,251	\$6,251	\$6,251	\$6,251
Positions: FT/PT/TEMP					

Impact on General Government: YES (If yes, attach SEE for General Government agency impacted.)

AWWU plans to file for a two step water rate increase. The first increase in 2004 if approved by the RCA will be an across the board increase of 14.20%, with an additional increase of 7.17% in 2005. The water rate increase for 2004 reflects increases in capital and return related charges (\$ 1,391,718), MUSA 40% phase in (\$ 1,377,282), and operating expense increases (\$ 1,395,290). In addition the 2005 Step 2 portion of the rate increase reflects the remaining MUSA 60% phase in (\$2,102,673). Note the FY 2004 revenue reflects an effective period of 03/01/2004 (10 months). The actual implementation date could vary depending on the time it takes to obtain Assembly approval. AWWU plans to file with the RCA immediately after approval by the Assembly and rates should be effective 45 days later.

AWWU Revenue Requirements Study Proposed Rate Changes

AM 985-2003

Page 6

Summary of Economic Effects - Page 2

AO Number: _____ Title: Anchorage Water and Wastewater Utility Proposed Rate Changes— Water

Public Sector Economic Effects ***Continued***: See separate attached See

Private Sector Economic Effects: The effect on the private sector will be \$3,119,000 in 2004, and \$5,638,000 per year thereafter.

If further explanation is necessary, a separate page may be attached.

Prepared By: Dan Watsjold, CPA, Regulatory Affairs Supervisor

Telephone: 786-5677

(Name, Title)

Validated by OMB: _____

Date: _____

Approved by: _____

Date: _____

(Director, Preparing Agency)

AWWU Revenue Requirements Study Proposed Rate Changes**AM 985-2003****Page 7**

**Municipality of Anchorage
Summary of Economic Effects - General Government**

AO Number: 2003-166 Title: Anchorage Water and Wastewater Utility Proposed Rate Changes-- Water
Sponsor: _____
Preparing Agency: AWWU Others Affected: All General Govt. and ASD

CHANGES IN EXPENDITURES AND REVENUES (Thousands of Dollars)

Operating Revenues:	FY2004	FY2005	FY2006	FY2007	FY2008
Total Operating Revenues:					
Operating Expenses:					
Anchorage Fire Department	\$ 293	\$ 529	\$ 529	\$ 529	\$ 529
Other General Government	22	36	36	36	36
Anchorage School District	26	48	48	48	48
Total Operating Expenses:	341	613	613	613	613
Non-Operating Revenues:					
Total Non-Operating Revenues:					
Non-Operating Expenses					
Total Non-Operating Expenses:					
NET INCOME (Expense)	(341)	(613)	(613)	(613)	(613)
Positions: FT/PT/TEMP					

Impact on General Government: YES (If yes, attach SEE for General Government agency impacted.)

Public Sector Economic Effects:

The first increase in 2004 will be an across the board 14.20%, with an additional increase of 7.17% in 2005. AWWU has assumed an initial effective date of 03/01/04.

AWWU Revenue Requirements Study Proposed Rate Changes

AM 985-2003

Page 8

Summary of Economic Effects - Page 2

AO Number: 2003-166 Title: Anchorage Water and Wastewater Utility Proposed Rate Changes— Water

Public Sector Economic Effects *Continued*:

If further explanation is necessary, a separate page may be attached.

Prepared By: Dan Watsjold, CPA, Regulatory Affairs Supervisor Telephone: 786-5677
(Name, Title)

Validated by OMB: _____ Date: _____

Approved by: _____ Date: _____
(Director, Preparing Agency)

AWWU Revenue Requirements Study Proposed Rate Changes**AM 985-2003****Page 9****Municipality of Anchorage
Summary of Economic Effects - Utilities**AO Number: 2003-166 Title: Anchorage Water and Wastewater Utility Proposed Rate Changes--
Wastewater

Sponsor: _____

Preparing Agency: AWWU Others Affected: _____

CHANGES IN EXPENDITURES AND REVENUES (Thousands of Dollars)

Operating Revenues:	FY2004	FY2005	FY2006	FY2007	FY2008
Anchorage Wastewater Utility	\$1,627	\$3,607	\$3,607	\$3,607	\$3,607
Total Operating Revenues:	\$1,627	\$3,607	\$3,607	\$3,607	\$3,607
Operating Expenses:					
Wastewater uncollectible account expense	\$ 5	\$ 10	\$ 10	\$ 10	\$ 10
Total Operating Expenses:	\$ 5	\$ 10	\$ 10	\$ 10	\$ 10
Non-Operating Revenues:					
Total Non-Operating Revenues:					
Non-Operating Expenses					
Total Non-Operating Expenses:					
NET INCOME (Regulated)	\$1,622	\$3,597	\$3,597	\$3,597	\$3,597
Positions: FT/PT/TEMP					

Impact on General Government: YES (If yes, attach SEE for General Government agency impacted.)

Utility Public Sector Economic Effects:

AWWU plans to file for a two step wastewater rate increase. The first increase in 2004 if approved by the RCA will be an across the board increase of 8.06%, with an additional increase of 6.83% in 2005. The wastewater rate increase for 2004 reflects a decrease in capital and return related charges ([\$ 635,144]), MUSA 40% phase in (\$1,093,519), and operating expense increases \$1,493,951. In addition the 2005 Step 2 portion of the rate increase reflects the remaining MUSA 60% phase in (\$1,654,392). Note the FY 2004 revenue reflects an effective period of 03/01/2004 (10 months). The actual implementation date could vary depending on the time it takes to obtain Assembly approval. AWWU plans to file with the RCA immediately after approval by the Assembly and rates should be effective 45 days later.

AWWU Revenue Requirements Study Proposed Rate Changes

AM 985-2003

Page 10

Summary of Economic Effects - Page 2

AO Number: 2003-166 Title: Anchorage Water and Wastewater Utility Proposed Rate Changes--
Wastewater

Utility Public Sector Economic Effects **Continued:**

Private Sector Economic Effects: The effect on the private sector will be \$1,602,000 in 2004, and \$3,553,000 per year thereafter.

If further explanation is necessary, a separate page may be attached.

Prepared By: Dan Watsjold, CPA, Regulatory Affairs Supervisor Telephone: 786-5677
(Name, Title)

Validated by OMB: Date:

Approved by: Date:
(Director, Preparing Agency)

AWWU Revenue Requirements Study Proposed Rate Changes**AM 985-2003****Page 11**

**Municipality of Anchorage
Summary of Economic Effects - General Government**

AO Number: 2003-166 Title: Anchorage Water and Wastewater Utility Proposed Rate Changes--
Wastewater

Sponsor: _____

Preparing Agency: AWWU Others Affected: All General Govt. and ASD

CHANGES IN EXPENDITURES AND REVENUES (Thousands of Dollars)

Operating Revenues:	FY2004	FY2005	FY2006	FY2007	FY2008
Total Operating Revenues:					
Operating Expenses:					
General Government	12	25	25	25	25
Anchorage School District	8	19	19	19	19
Total Operating Expenses:	20	44	44	44	44
Non-Operating Revenues:					
Total Non-Operating Revenues:					
Non-Operating Expenses					
Total Non-Operating Expenses:					
NET INCOME (Expense)	(20)	(44)	(44)	(44)	(44)
Positions: FT/PT/TEMP					

Impact on General Government: YES (If yes, attach SEE for General Government agency impacted.)

Public Sector Economic Effects:

The first increase in 2004 will be an across the board 8.06%, with an additional increase of 6.83% in 2005. AWWU has assumed an initial effective date of 03/01/04.

AWWU Revenue Requirements Study Proposed Rate Changes

AM 985-2003

Page 12

Summary of Economic Effects - Page 2

AO Number: 2003-166

Title:

Anchorage Water and Wastewater Utility Proposed Rate Changes--
Wastewater

Public Sector Economic Effects *Continued*:

If further explanation is necessary, a separate page may be attached.

Prepared By: Dan Watsjold, CPA, Regulatory Affairs Supervisor
(Name, Title)

Telephone: 786-5677

Validated by OMB:

Date:

Approved by:

Date:

(Director, Preparing Agency)

AWWU Revenue Requirements Study Proposed Rate Changes**AM 985-2003****Page 13****Impacts of Proposed 2004 Rate Increase
on Typical AWWU Water Customers - Monthly:**

Customer Class	Existing	Proposed	Difference
Residential			
Flat Single Family	\$ 25.80	\$ 29.45	\$ 3.65
Metered 4-Plex ⁽¹⁾	67.99	77.51	9.52
Metered 20-Plex ⁽²⁾	213.19	243.06	29.87
Commercial			
Metered 0.75 inch ⁽³⁾	\$ 33.96	\$ 38.74	\$ 4.78
Metered 1.00 inch ⁽⁴⁾	73.27	83.53	10.26
Metered 2.00 inch ⁽⁵⁾	309.82	353.28	43.46

⁽¹⁾ Assumes 1.00 inch meter and 21,000 gallons monthly consumption.⁽²⁾ Assumes 1.00 inch meter and 76,000 gallons monthly consumption.⁽³⁾ Assumes 9,000 gallons monthly consumption.⁽⁴⁾ Assumes 23,000 gallons monthly consumption.⁽⁵⁾ Assumes 108,000 gallons monthly consumption.**Impacts of Proposed 2004 Rate Increase
on Typical AWWU Wastewater Customers - Monthly:**

Customer Class	Existing	Proposed	Difference
Residential			
Flat Single Family	\$ 21.20	\$ 22.90	\$ 1.70
Metered 4-Plex ⁽¹⁾	49.01	52.92	3.91
Metered 20-Plex ⁽²⁾	173.63	187.46	13.83
Commercial			
Low Strength User ⁽³⁾	\$ 79.00	\$ 85.25	\$ 6.25
Medium Strength User ⁽⁴⁾	293.24	316.23	22.99
High Strength User ⁽⁵⁾	144.50	156.27	11.77

⁽¹⁾ Assumes 21,000 gallons monthly consumption.⁽²⁾ Assumes 83,000 gallons monthly consumption.⁽³⁾ Assumes 38,000 gallons monthly consumption.⁽⁴⁾ Assumes 132,000 gallons monthly consumption.⁽⁵⁾ Assumes 51,000 gallons monthly consumption.

AWWU Revenue Requirements Study Proposed Rate Changes

AM 985-2003

Page 14

Impacts of Proposed 2005 Rate Increase on Typical AWWU Water Customers - Monthly:

Customer Class	2004 Rates	Proposed 2005	Difference
Residential			
Flat Single Family	\$ 29.45	\$ 31.30	\$ 1.85
Metered 4-Plex ⁽¹⁾	77.51	82.45	4.94
Metered 20-Plex ⁽²⁾	243.06	258.45	15.39
Commercial			
Metered 0.75 inch ⁽³⁾	\$ 38.74	\$ 41.20	\$ 2.46
Metered 1.00 inch ⁽⁴⁾	83.53	88.85	5.32
Metered 2.00 inch ⁽⁵⁾	353.28	375.60	22.32

⁽¹⁾ Assumes 1.00 inch meter and 21,000 gallons monthly consumption.

⁽²⁾ Assumes 1.00 inch meter and 76,000 gallons monthly consumption.

⁽³⁾ Assumes 9,000 gallons monthly consumption.

⁽⁴⁾ Assumes 23,000 gallons monthly consumption.

⁽⁵⁾ Assumes 108,000 gallons monthly consumption.

Impacts of Proposed 2005 Rate Increase on Typical AWWU Wastewater Customers - Monthly:

Customer Class	2004 Rates	Proposed 2005	Difference
Residential			
Flat Single Family	\$ 22.90	\$ 24.35	\$ 1.45
Metered 4-Plex ⁽¹⁾	\$ 52.92	56.31	3.39
Metered 20-Plex ⁽²⁾	\$ 187.46	199.53	12.07
Commercial			
Low Strength User ⁽³⁾	\$ 85.25	\$ 90.64	\$ 5.39
Medium Strength User ⁽⁴⁾	316.23	336.48	20.25
High Strength User ⁽⁵⁾	156.27	165.90	9.63

⁽¹⁾ Assumes 21,000 gallons monthly consumption.

⁽²⁾ Assumes 83,000 gallons monthly consumption.

⁽³⁾ Assumes 38,000 gallons monthly consumption.

⁽⁴⁾ Assumes 132,000 gallons monthly consumption.

⁽⁵⁾ Assumes 51,000 gallons monthly consumption.

AWWU Revenue Requirements Study Proposed Rate Changes

AM 985-2003

Page 15

ANCHORAGE WATER UTILITY EFFECT OF PROPOSED RATE CHANGES For the Test Year Ended December 31, 2002

Line No.	Customer Class	Current Monthly Rates	2004 Proposed Rates ⁽¹⁾		2005 Proposed Rates ⁽²⁾	
			Increase	Monthly Rate ⁽³⁾	Increase	Monthly Rate ⁽³⁾
1	<u>Unmetered Residential:</u>					
2	Customer charge per account	\$6.80	\$0.95	\$7.75	\$0.50	\$8.25
3	Unmetered Residential per unit	\$19.00	\$2.70	\$21.70	\$1.35	\$23.05
4	Multifamily - Customer charge per account	\$6.80	\$0.95	\$7.75	\$0.50	\$8.25
5	Multifamily (four or more)- per unit	\$19.00	\$2.70	\$21.70	\$1.35	\$23.05
6	Trailer Courts - Customer charge account	\$6.80	\$0.95	\$7.75	\$0.50	\$8.25
7	Trailer Courts - per unit	\$19.00	\$2.70	\$21.70	\$1.35	\$23.05
8	Residential Construction	\$19.00	\$2.70	\$21.70	\$1.35	\$23.05
9	<u>Unmetered Commercial:</u>					
10	Customer Charge per account	\$6.80	\$0.95	\$7.75	\$0.50	\$8.25
11	Usage(per service connection)					
12	<u>Service Size:</u>					
13	3/4 inch	\$26.90	\$3.80	\$30.70	\$1.95	\$32.65
14	1 inch	\$54.25	\$7.70	\$61.95	\$3.90	\$65.85
15	1-1/2 inch	\$141.85	\$20.15	\$162.00	\$10.15	\$172.15
16	2 inch	\$256.80	\$36.45	\$293.25	\$18.45	\$311.70
17	<u>Metered Residential/Commercial:</u>					
18	Customer Charge per account	\$6.80	\$0.95	\$7.75	\$0.50	\$8.25
19	Volume Rate per 1,000 gallons	\$2.64	\$0.37	\$3.01	\$0.19	\$3.20
20	Meter Charge (per meter)					
21	<u>Meter Size:</u>					
22	5/8 & 3/4 inch	\$3.40	\$0.50	\$3.90	\$0.25	\$4.15
23	1 inch	\$5.75	\$0.80	\$6.55	\$0.45	\$7.00
24	1-1/2 inch	\$11.15	\$1.60	\$12.75	\$0.80	\$13.55
25	2 inch	\$17.90	\$2.55	\$20.45	\$1.30	\$21.75
26	3 inch	\$33.75	\$4.80	\$38.55	\$2.40	\$40.95
27	4 inch	\$56.40	\$8.00	\$64.40	\$4.05	\$68.45
28	6 inch	\$112.45	\$15.95	\$128.40	\$8.10	\$136.50
29	8 inch	\$180.00	\$25.55	\$205.55	\$12.90	\$218.45
30	<u>Temporary Construction & Temporary Off-Site Construction:</u>					
31	Customer Charge (per account)	\$6.80	\$0.95	\$7.75	\$0.50	\$8.25
32	Volume Rate per 1,000 gallons	\$2.64	\$0.37	\$3.01	\$0.19	\$3.20
33	Meter Charge (per meter)					
34	<u>Meter Size:</u>					
35	1 inch	\$5.75	\$0.80	\$6.55	\$0.45	\$7.00
36	1 1/2 inch	\$11.15	\$1.60	\$12.75	\$0.80	\$13.55
37	2 inch	\$17.90	\$2.55	\$20.45	\$1.30	\$21.75
38	3 inch	\$33.75	\$4.80	\$38.55	\$2.40	\$40.95

⁽¹⁾ 2004 proposed rates are based on increasing 2002 rates 14.20%.

⁽²⁾ 2005 proposed rates are based on increasing 2002 rates an additional 7.17%.

⁽³⁾ Proposed rates, other than volume charges, are rounded to the nearest nickel.

AWWU Revenue Requirements Study Proposed Rate Changes

AM 985-2003

Page 16

ANCHORAGE WATER UTILITY EFFECT OF PROPOSED RATE CHANGES For the Test Year Ended December 31, 2002

Line No.	Customer Class	Current Monthly Rates	2004 Proposed		2005 Proposed	
			Increase	Monthly Rate ⁽³⁾	Increase	Monthly Rate ⁽³⁾
39	<u>BULK Water Sales</u>					
40	1) Bulk Water Sales to Public Utilities					
41	Customer Charge (per account)	\$6.80	\$0.95	\$7.75	\$0.50	\$8.25
42	Volume Rate per 1,000 gallons	\$1.98	\$0.28	\$2.26	\$0.14	\$2.40
43	Meter Charge (per meter)					
44	<u>Meter Size:</u>					
45	3/4 inch	\$3.40	\$0.50	\$3.90	\$0.25	\$4.15
46	1 inch	\$5.75	\$0.80	\$6.55	\$0.45	\$7.00
47	1 1/2 inch	\$11.15	\$1.60	\$12.75	\$0.80	\$13.55
48	2 inch	\$17.90	\$2.55	\$20.45	\$1.30	\$21.75
49	3 inch	\$33.75	\$4.80	\$38.55	\$2.40	\$40.95
50	4 inch	\$56.40	\$8.00	\$64.40	\$4.05	\$68.45
51	6 inch	\$112.45	\$15.95	\$128.40	\$8.10	\$136.50
52	8 inch	\$180.00	\$25.55	\$205.55	\$12.90	\$218.45
53	2) Bulk Water Delivered to Vessels at the Port of Anchorage					
54	Customer Charge (per delivery)	\$6.80	\$0.95	\$7.75	\$0.50	\$8.25
55	Volume Rate per 1,000 gallons	\$2.64	\$0.37	\$3.01	\$0.19	\$3.20
56	<u>Anchorage Fire Department</u>	\$206,250	\$29,288	\$235,538	\$14,788	\$250,326

⁽¹⁾ 2004 proposed rates are based on increasing 2002 rates 14.20%.

⁽²⁾ 2005 proposed rates are based on increasing 2002 rates an additional 7.17%.

⁽³⁾ Proposed rates, other than volume charges, are rounded to the nearest nickel.

AWWU Revenue Requirements Study Proposed Rate Changes**AM 985-2003****Page 17**

**ANCHORAGE WATER UTILITY
EFFECT OF PROPOSED RATE CHANGES
For the Test Year Ended December 31, 2002**

Line No.	Customer Class	Current Monthly Rates	Increase	Proposed Monthly Rate
57	<u>Nonrecurring Charges:</u>			
58	Turn on/Offs			
59	During Business Hours	\$66.50	3.76%	\$69.00
60	During Non-Business Hours	\$186.00	(5.38%)	\$176.00
61	Returned Visits Necessitated by Restricted Access	\$29.05	23.92%	\$36.00
62	Returned (Dishonored) Check Fee	\$20.00	25.00%	\$25.00
63	Permit Administration Fee	\$45.20	6.19%	\$48.00
64	On Property Inspection Fees for Small Water Co	\$103.00	(44.66%)	\$57.00
65	Reconnection Or Restoral Charge	\$162.00	8.02%	\$175.00
66	Unauthorized Turn On, Turn Off	\$133.00	3.76%	\$138.00
67	Water Service For Test Purposes	\$133.00	3.76%	\$138.00
68	Duplicate Locate Service			
69	Business Hours	\$26.50	66.04%	\$44.00
70	Non-Business Hours	\$74.15	51.05%	\$112.00
71	Special Assessments Administrative Fee	\$42.00	59.52%	\$67.00
72	Plan Review Small Private Sys (Deposit)	\$125.00	188.80%	\$361.00
73	Plan Review Med/Large Priv Sys (Deposit)	\$220/\$425	387%/200%	\$852.00
74	Cross Connect Contrl Prog-Backflow Preventer	\$1.50	(16.67%)	\$1.25
75	Relinquish Easements	New		\$360.00
76	Deposit Required for Water Connections- Any Length			
	<u>Cost of Installation:</u>			
77	1 inch	\$680.00	21.18%	\$824.00
78	1 1/2 inch	\$825.00	12.12%	\$925.00
79	2 inch	\$980.00	12.45%	\$1,102.00
80	Deposit Required For On Property Inspections For Large			
81	Water Connections	\$345.00	7.83%	\$372.00
82	Deposit Required for Meter Test	\$125.00	29.60%	\$162.00
83	Deposit Required for Hydrant Meter			
84	1 inch meter	\$110.00	17.27%	\$129.00
85	2 inch meter	\$520.00	(0.77%)	\$516.00
86	3 inch meter	\$790.00	23.42%	\$975.00

AWWU Revenue Requirements Study Proposed Rate Changes

AM 985-2003

Page 18

ANCHORAGE WASTEWATER UTILITY EFFECT OF PROPOSED RATE CHANGES For the Test Year Ended December 31, 2002

Line No.	Customer Class	Current Monthly Rates	2004 Proposed Rates ⁽¹⁾		2005 Proposed Rates ⁽²⁾	
			Increase	Monthly Rate ⁽³⁾	Increase	Monthly Rate ⁽³⁾
1	<u>Unmetered Residential:</u>					
2	Customer charge per account	\$4.00	\$0.30	\$4.30	\$0.30	\$4.60
3	Unmetered Residential per unit	\$17.20	\$1.40	\$18.60	\$1.15	\$19.75
4	Multifamily - Customer charge	\$4.00	\$0.30	\$4.30	\$0.30	\$4.60
5	Multifamily (four or more)- per unit	\$17.20	\$1.40	\$18.60	\$1.15	\$19.75
6	Trailer Courts - Customer charge	\$4.00	\$0.30	\$4.30	\$0.30	\$4.60
7	Trailer Courts - per unit	\$17.20	\$1.40	\$18.60	\$1.15	\$19.75
8	Residential Construction	\$17.20	\$1.40	\$18.60	\$1.15	\$19.75
9	<u>Unmetered Commercial:</u>					
10	Customer Charge	\$4.00	\$0.30	\$4.30	\$0.30	\$4.60
11	I/I Charge (per unit)	\$2.80	\$0.25	\$3.05	\$0.15	\$3.20
12	C01 Bakeries	\$317.55	\$25.60	\$343.15	\$21.70	\$364.85
13	C02 Bars	\$78.65	\$6.35	\$85.00	\$5.35	\$90.35
14	C03 Restaurants	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
15	C04 Bar and restaurant combination	\$276.45	\$22.30	\$298.75	\$18.85	\$317.60
16	C06 Camper parks per spc	\$8.60	\$0.70	\$9.30	\$0.60	\$9.90
17	C10 Churches	\$28.50	\$2.30	\$30.80	\$1.95	\$32.75
18	C12 Dentists/ Doctors	\$84.85	\$6.85	\$91.70	\$5.80	\$97.50
19	C13 Veterinarians with 6 employees	\$36.50	\$2.95	\$39.45	\$2.50	\$41.95
20	C16 Private schools	\$40.55	\$3.25	\$43.80	\$2.80	\$46.60
21	C18 Gas stations - gas only	\$26.35	\$2.10	\$28.45	\$1.80	\$30.25
22	C19 Gas stations - full serve	\$43.10	\$3.45	\$46.55	\$2.95	\$49.50
23	C22 Motels, per room	\$14.65	\$1.20	\$15.85	\$1.00	\$16.85
24	C23 Laundromat: Commercial and Self Service	\$850.65	\$68.55	\$919.20	\$58.10	\$977.30
25	C24 Office / Retail 1 to 5 employees	\$15.95	\$1.30	\$17.25	\$1.05	\$18.30
26	C24 Office / Retail 6 to 25 employees	\$39.45	\$3.20	\$42.65	\$2.65	\$45.30
27	C24 Office / Retail, 26 or more employees	\$152.90	\$12.30	\$165.20	\$10.45	\$175.65
28	C25 Jr. and senior high schools	\$326.55	\$26.30	\$352.85	\$22.30	\$375.15
29	C28 Training School	\$48.60	\$3.90	\$52.50	\$3.35	\$55.85
30	C29 Barber and beauty shops	\$22.90	\$1.85	\$24.75	\$1.55	\$26.30
31	C31 Theaters	\$116.80	\$9.40	\$126.20	\$8.00	\$134.20
32	C35 Health spas	\$36.05	\$2.90	\$38.95	\$2.45	\$41.40
33	C36 Warehouses	\$18.10	\$1.45	\$19.55	\$1.25	\$20.80
34	C38 Meeting halls	\$64.95	\$5.25	\$70.20	\$4.40	\$74.60
35	C46 Convenience store	\$39.75	\$3.20	\$42.95	\$2.70	\$45.65
36	C47 Convenience Store w/ gas pump	\$38.20	\$3.10	\$41.30	\$2.60	\$43.90
37	C48 Drive In/Deli/Fast Food/Donu	\$127.10	\$10.25	\$137.35	\$8.70	\$146.05
38	C49 Massage parlor / Escort Services	\$81.00	\$6.55	\$87.55	\$5.50	\$93.05
39	C53 Garage/Body/Mech Shop	\$17.80	\$1.45	\$19.25	\$1.20	\$20.45
40	C59 Auto dealers/vehicle rentals	\$156.90	\$12.65	\$169.55	\$10.70	\$180.25
41	C62 Construction/Vacant wtr on	\$17.50	\$1.40	\$18.90	\$1.20	\$20.10
42	C98 Fire station	\$46.40	\$3.75	\$50.15	\$3.15	\$53.30

⁽¹⁾ 2004 proposed rates are based on increasing 2002 rates 8.06%.

⁽²⁾ 2005 proposed rates are based on increasing 2002 rates an additional 6.83%.

⁽³⁾ Proposed rates, other than volume charges, are rounded to the nearest nickel.

AWWU Revenue Requirements Study Proposed Rate Changes

AM 985-2003

Page 19

ANCHORAGE WASTEWATER UTILITY EFFECT OF PROPOSED RATE CHANGES For the Test Year Ended December 31, 2002

Line No.	Customer Class	Current Monthly Rates	2004 Proposed		2005 Proposed	
			Increase	Monthly Rate ⁽³⁾	Increase	Monthly Rate ⁽³⁾
43	<u>Metered Residential:</u>					
44	<u>Multifamily:</u>					
45	Customer Charge	\$4.00	\$0.30	\$4.30	\$0.30	\$4.60
46	I/I Charge (per unit)	\$2.80	\$0.25	\$3.05	\$0.15	\$3.20
47	Use charge (per 1,000 gallons)	\$2.01	\$0.16	\$2.17	\$0.14	\$2.31
48	<u>Trailer Courts:</u>					
49	Customer Charge	\$4.00	\$0.30	\$4.30	\$0.30	\$4.60
50	I/I Charge (per unit)	\$2.80	\$0.25	\$3.05	\$0.15	\$3.20
51	Use charge (per 1,000 gallons)	\$2.01	\$0.16	\$2.17	\$0.14	\$2.31
52	<u>Metered Commercial:</u>					
53	Customer Charge	\$4.00	\$0.30	\$4.30	\$0.30	\$4.60
54	I/I Charge (per unit)	\$2.80	\$0.25	\$3.05	\$0.15	\$3.20
55	Low strength - use charge (per 1,000 gallons)	\$1.90	\$0.15	\$2.05	\$0.13	\$2.18
56	Medium strength - use charge (per 1,000 gallons)	\$2.17	\$0.17	\$2.34	\$0.15	\$2.49
57	High Strength - use charge (per 1,000 gallons)	\$2.70	\$0.22	\$2.92	\$0.18	\$3.10
58	<u>Public Authorities:</u>					
59	Customer Charge	\$4.00	\$0.30	\$4.30	\$0.30	\$4.60
60	I/I Charge	\$0.85	\$0.05	\$0.90	\$0.10	\$1.00
61	Fort Richardson - use charge (per 1,000 gallons)	\$0.66	\$0.05	\$0.71	\$0.05	\$0.76
62	Elmendorf AFB - use charge (per 1,000 gallons)	\$0.77	\$0.06	\$0.83	\$0.05	\$0.88
63	<u>Others:</u>					
64	Customer Charge	\$4.00	\$0.30	\$4.30	\$0.30	\$4.60
65	I/I Charge	\$1.15	\$0.10	\$1.25	\$0.05	\$1.30
66	Sanitary Landfill	\$0.89	\$0.07	\$0.96	\$0.06	\$1.02
67	Septic Haulers - use charge per 1,000 gal cap.	\$220.33	\$17.76	\$238.09	\$15.05	\$253.14
68	<u>Nonrecurring Charges:</u>					
69	Special Assessment Collection	\$42.00	\$25.00	\$67.00	\$0.00	\$67.00
70	Returned Check - ASU	\$20.00	\$5.00	\$25.00	\$0.00	\$25.00
71	Permit	\$38.00	\$10.00	\$48.00	\$0.00	\$48.00
72	Inspection - Small Connects	\$64.00	(\$10.00)	\$54.00	\$0.00	\$54.00
73	Inspection - Large Connects (Cash Deposit)	\$300.00	\$76.00	\$376.00	\$0.00	\$376.00
74	After Hours Call Out	\$149.00	\$70.00	\$219.00	\$0.00	\$219.00
75	Private System Plan Review- Small Project	\$115.00	\$373.00	\$488.00	\$0.00	\$488.00
76	Private System Plan Review- Medium/Large Pro	\$200/\$340		\$1,312.00	\$0.00	\$1,312.00
77	Industrial Discharge Application/Permit Issuance	New		\$489.00	\$0.00	\$489.00
78	Discharge Authorization -Temporary Permit Fee	New		\$158.00	\$0.00	\$158.00
79	Permitted Industrial Discharge Annual Fee	New		\$816.00	\$0.00	\$816.00

⁽¹⁾ 2004 proposed rates are based on increasing 2002 rates 8.06%.

⁽²⁾ 2005 proposed rates are based on increasing 2002 rates an additional 6.83%.

⁽³⁾ Proposed rates, other than volume charges, are rounded to the nearest nickel.

Content Information**Content ID :** 001219

Title: AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE,
ALASKA, APPROVING SUBMISSION BY THE ANCHORAGE WATER
& WASTEWATER UTILITY (AWU, ASU) PROPOSED RATE
CHANGES TO THE REGULATORY COMMISSION OF ALASKA.

Initiating Dept: AWWU**Date Prepared:** 12/2/03 2:34 PM**Director Name:** Mark Premo

Document
Number: AO 2003-166

Assembly
Meeting Date 12/16/03
MM/DD/YY:

Public Hearing
Date MM/DD/YY: 1/6/04

2003 DEC -8 PM 3:57
ANCHORAGE, ALASKA

Workflow History

<u>Workflow Name</u>	<u>Action Date</u>	<u>Action</u>	<u>User</u>	<u>Security Group</u>	<u>Content ID</u>
AllOrdinanceWorkflow	10/24/03 1:07 PM	Checkin	gibsonam	Public	001219
AWWU_SubWorkflow	10/24/03 1:08 PM	Approve	premomc	Public	001219
AllOrdinanceWorkflow	10/27/03 3:47 PM	Reject	wiltsep	Public	001219
AllOrdinanceWorkflow	10/27/03 4:03 PM	Checkin	gibsonam	Public	001219
AWWU_SubWorkflow	10/27/03 4:24 PM	Approve	premomc	Public	001219
AllOrdinanceWorkflow	11/24/03 4:47 PM	Reject	wiltsep	Public	001219
AllOrdinanceWorkflow	12/2/03 2:34 PM	Checkin	gibsonam	Public	001219
AWWU_SubWorkflow	12/2/03 2:36 PM	Approve	premomc	Public	001219
OMB_SubWorkflow	12/8/03 11:36 AM	Approve	wiltsep	Public	001219
Legal_SubWorkflow	12/8/03 12:32 PM	Approve	bonessfh	Public	001219
MuniManager_SubWorkflow	12/8/03 2:23 PM	Checkin	katkusja	Public	001219
MuniMgrCoord_SubWorkflow	12/8/03 2:57 PM	Approve	katkusja	Public	001219