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Submitted by: Chair of the Assembly at the
Request of the Mayor
Prepared by: Anchorage Water & Wastewater Utility
For reading: January 6, 2009

ANCHORAGE, ALASKA
AR No. 2009-11

**A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, EXCLUDING
PARCELS ADJACENT TO THE WATER MAIN EXTENSION IDENTIFIED AS THE KNIK
VIEW WATER INTERTIE FROM PUBLIC WATER SERVICE.**

WHEREAS, the Anchorage Water and Wastewater Utility (AWWU) plans to construct a water main extension in the public rights-of-way of Armas Drive and Deer Park Drive in Chugiak, Alaska. Construction of this main will connect the stand alone water distribution system serving the Knik View Subdivision to AWWU's main water distribution system; and

WHEREAS, the existing stand alone Knik View water system does not currently meet fire flow requirements. The water main extension will provide adequate fire flow and improve that system's reliability; however

thirteen (13) parcels adjacent to the water main extension are unfairly impacted by the extension, since they will largely bear the cost of the project. These parcels are opposed to this extension, have adequate water and do not desire to access the main.

Whereas, these parcels are located within AWWU's water service area as approved by the Regulatory Commission of Alaska (RCA) through the Certificate of Public Convenience and Necessity Number 122 (CPCN); and

WHEREAS, the water main extension will provide the potential for those thirteen (13) adjacent properties to acquire public water service by applying for a connection permit; and

WHEREAS, the Anchorage Water Utility Tariff for Water Service, Rule 13.2.A.2, mandates that upon connecting to a water main, the owner of the connecting parcel shall pay a LUC water assessment where the parcel has not been assessed previously for water improvements and the water main was constructed by the Utility; and

WHEREAS, Alaska State Statute 42.05.385 and Anchorage Municipal Code 19.90 mandate that when a water main extension will create, or has the potential of creating, any charge or assessment against the adjacent property, the water main extension may not be constructed unless the legislative body of each municipality through which the extension passes has approved the extension; and

WHEREAS, in accordance with AS 42.05.385 and AMC 19.90 the Anchorage Water and Wastewater Utility presented the Knik View Intertie Water Extension to the Assembly for approval through Assembly Resolution 2008-243; and at the Assembly Public Hearing for AR 2008-243, on November 18, 2008, the Anchorage Municipal Assembly voted to postpone action until a resolution could be presented classifying the Knik View Intertie as a transmission main, with the intention to preclude adjacent properties from connecting and thus avoid concerns about prospective assessments for unwanted connections; and

WHEREAS, the Anchorage Tariff for Water Service, Rule 13.3.A.3, mandates that a parcel connecting to a Utility-constructed transmission main or a Utility-constructed connecting water main shall be assessed upon connection, thereby defeating the purpose of reclassification of the Knik View Intertie as a means of circumventing potential assessments; and

WHEREAS, AWWU may not provide water service to properties outside of AWWU's water service area under its CPCN, and removal of properties from the CPCN-defined service area would have the effect of eliminating potential for future LUC assessments on those properties; and

WHEREAS, the majority of properties in the surrounding Chugiak/Peter's Creek area are served by private wells and not served by AWWU, and

WHEREAS, modification AWWU's water service area under its CPCN requires approval from the Regulatory Commission of Alaska (RCA therefore:

THE ANCHORAGE ASSEMBLY RESOLVES:

SECTION 1. It is in the best interest of the community that AWWU seek approval of the RCA to modify its CPCN to exclude the thirteen (13) un-served parcels adjacent to the Knik View Water Transmission Main from AWWU's water service area, therefore preventing these parcels from ever connecting and thereby excluding the potential for future water assessments to those parcels.

SECTION 2. AWWU is directed to petition the RCA to remove the following parcels from its water service area as identified in CPCN Number 122.

Tax Code	Legal Description	
051-042-91-000	BEAR PARK	LT 15
051-042-92-000	BEAR PARK	LT 16
051-042-93-000	BEAR PARK	LT 17
051-042-28-000	DEER PARK	BLK 2 LT 5
051-042-47-000	DEER PARK	BLK 3 LT 9
051-042-52-000	DEER PARK #1	BLK 1 LT 1
051-042-53-000	DEER PARK #1	BLK 1 LT 2
051-042-54-000	DEER PARK #1	BLK 1 LT 3
051-042-55-000	DEER PARK #1	BLK 1 LT 4

051-042-56-000	DEER PARK #1	BLK 1 LT 5
051-042-48-000	T15N R1W SEC 4	NW4SW4NW4 PTN
051-042-19-000	T15N R1W SEC 4	SE4NE4NW4 E300' OF S200' PTN
051-042-99-000	T15N R1W SEC 4	SE4NE4NW4 E530'S200'LESS E300'

SECTION 3. Should RCA approve the petition, any estimates of assessments for the Knik View Water Intertie for properties withdrawn from the water service area shall be deleted from the estimated assessment roll as approved through AR 2008-243.

PASSED and APPROVED by the Anchorage Assembly this _____ day of _____, 2009.

Chair

ATTEST:

Municipal Clerk

MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 36-2009

Meeting Date: January 6, 2009

1 **From: Mayor**

2
3 **Subject: Exclusion of Parcels Adjacent to the Water Main Extension Identified As**
4 **the Knik View Water Intertie From Public Water Service**
5

6 The Anchorage Water and Wastewater Utility (AWWU) plans to construct a water main extension in
7 the public rights-of-way of Armas Drive and Deer Park Drive in Chugiak, Alaska. The water main
8 extension will connect the stand-alone water distribution system serving the Knik View Subdivision to
9 the AWWU water distribution system. The existing Knik View water system does not currently meet
10 fire flow requirements. This project will provide adequate fire flow and improve system reliability.
11

12 Construction of the water main extension will make public water service available to fifteen (15)
13 adjacent parcels when desired upon connection. The Anchorage Water Utility Tariff for Water
14 Service, Rule 13.2.A.2, mandates that the owner of a parcel connecting to a water main, constructed
15 by the Utility, shall pay a Levy Upon Connection (LUC) water assessment where the parcel has not
16 been assessed previously for water improvements. AMC 19.90 and A.S. 42.05.385 requires the
17 Assembly's approval to construct a main extension where the extension will create, or has the
18 potential of creating, any charge or assessment against adjacent properties.
19

20 In compliance with Alaska State Statute, the Anchorage Water Tariff and Municipal Code, the Knik
21 View Water Intertie was submitted to the Assembly for approval through Assembly Resolution 2006-
22 277. AR 2006-277 was postponed indefinitely at the Assembly Public Hearing on November 21,
23 2006 pending an evaluation of AWWU's LUC Assessment program.
24

25 An evaluation of AWWU's LUC Assessment program was conducted from November 2006 through
26 September 2008. During this evaluation both methodology and legislative changes were considered.
27 Two (2) assembly work sessions and two (2) assembly meetings were conducted during the
28 evaluation process. The evaluation concluded by implementing changes to AWWU's public
29 notification process.
30

31 With the evaluation of the LUC Assessment Program concluded AWWU submitted a resolution to
32 approve the Knik View Intertie Water Extension and provide for the assessment of adjacent
33 properties through AR 2008-243. At the Public Hearing for AR 2008-243, on November 18, 2008,
34 the Anchorage Municipal Assembly voted to postpone action until a resolution could be presented
35 classifying the Knik View Intertie as a transmission main, with the intention to preclude direct
36 connections for water service and thus eliminating the potential to be assessed for future
37 connections.
38

39 However, there are provisions in the Anchorage Water Utility Tariff for service connections to water
40 transmission mains. Rule 13.3.A.3 of the Tariff mandates that a parcel connecting to a Utility
41 constructed **transmission main** or a Utility constructed **connecting water main** shall be assessed
42 at the time of connection. As such, classifying the Knik View Intertie as a transmission main will not
43 prevent future assessments due to the potential to provide water service.
44

45 To prevent the potential for future assessment upon connection, connection to the Knik View
46 Transmission Main must be prohibited by the AWWU Tariff. Alaska Statute 42.05.221(a) states that

1 no service can be provided to properties lying outside the service area as defined by the Certificate
2 of Public Convenience and Necessity (CPCN) issued by the Regulatory Commission of Alaska
3 (RCA). Therefore, parcels can be prohibited from service by modifying the CPCN boundary to
4 exclude to exclude those parcels.

5
6 Currently two (2) of the fifteen (15) lots adjacent to the proposed Knik View Water Transmission
7 Main are connected to AWWU's water system. AWWU cannot exclude these lots from the CPCN for
8 water service because they are already customers. The remaining thirteen parcels could be
9 withdrawn from the CPCN-defined water service area.

10
11 AR 2008-243 for approval of the Knik View Water Intertie project identifies estimated assessments
12 for all fifteen existing benefited properties. However, this resolution will mandate the deletion of
13 estimated assessments upon approval of the petition to RCA for withdrawal of the thirteen parcels.
14 Only the parcels that remain in the service area would be subject to future assessment, and only if
15 the owners of the parcels apply for additional service connections.

16
17 If the Regulatory Commission of Alaska does not approve the modification of AWWU's CPCN as
18 directed by this resolution, then with the approval of AR 2008-243 all fifteen (15) parcels adjacent to
19 the Knik View Water Intertie will be defined as benefited properties.

20
21 Approval of this resolution will impact existing AWWU rate payers. The total cost of the Knik View
22 Water Transmission main is estimated to be approximately \$2.5 million dollars. Of this \$2.5 million
23 dollars, \$1.3 million will be paid for by a State Matching (50/50) project specific grant. AWWU capital
24 funding is anticipated to be approximately \$1.2 million dollars. Of this \$1.2 million dollars,
25 \$441,462.75 could potentially be recovered through the LUC assessments when the fifteen (15)
26 parcels choose to acquire public water service. Upon approval of the petition to withdraw 13 of the
27 parcels from the CPCN-defined service area, the potential recovery due to assessments levied for
28 future connections from the two remaining properties would total only \$31,395.92.

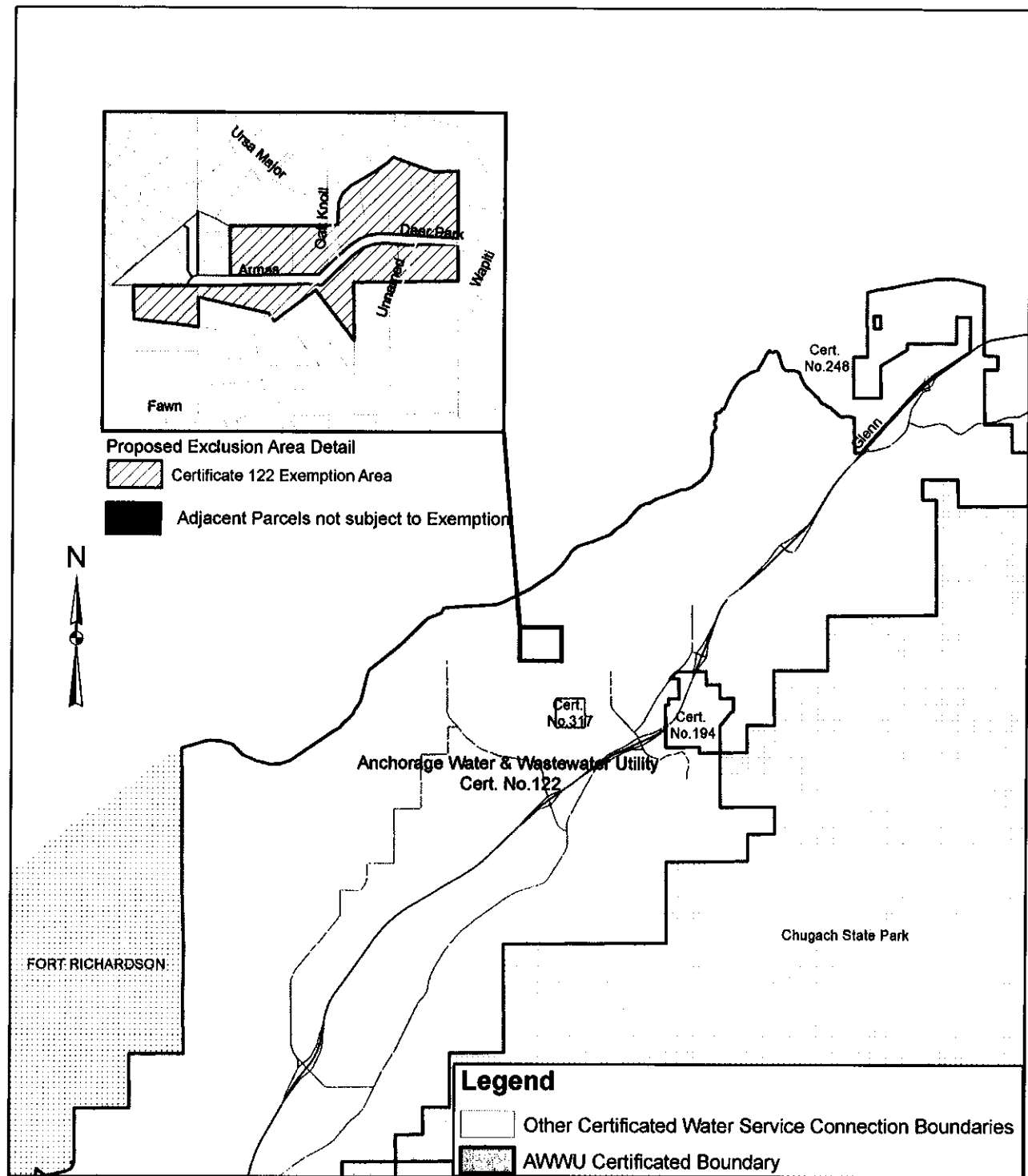
29
30 Approval of this resolution will impact existing parcels adjacent to the Knik View Water Transmission
31 Main. As part of the Knik View Water Intertie project three (3) of the thirteen (13) lots have
32 requested water service key boxes. As a result of the CPCN modification the three (3) key boxes will
33 not be constructed. Additionally the service of fire protection through the provision of fire hydrants
34 will be removed from the project scope.

35
36 This proposed exclusion of properties could set a precedent for other property owners within
37 AWWU's service area who want to avoid the recording of notices of future assessment and levy
38 upon connection against their properties, or prevent the impact of already-recorded notices, by
39 requesting that their properties be removed from AWWU's service area. If the RCA allows AWWU to
40 exclude these 13 properties from its service area solely to avoid the possibility of notices of potential
41 assessments and levies upon connection from being recorded, it may become difficult to tell other
42 property owners throughout the Municipality that AWWU cannot do the very same thing for them,
43 raising the issue of unreasonable discrimination among customers if AWWU refuses.

44
45 The passage of this resolution will have no fiscal impact on Municipal owned parcels.

46
47 **I URGE THE ASSEMBLY TO APPROVE THIS EXCLUSION OF PARCELS ADJACENT TO THE**
48 **WATER MAIN EXTENSION IDENTIFIED AS THE KNIK VIEW INTERTIE FROM PUBLIC WATER**
49 **SERVICE.**

50
51 Prepared by: Anchorage Water and Wastewater Utility
52 Respectfully submitted: Debbie Ossiander, Assembly member



Modification to Water Service Boundary
 Certificate # 122
 Anchorage Water & Wastewater Utility