

Submitted by: Chairman of the Assembly  
at the Request of the Mayor  
Prepared by: Anchorage Water &  
Wastewater Utility  
For reading: September 27, 2011

CLERK'S OFFICE

**APPROVED**

ANCHORAGE, ALASKA

Date:

10-11-11

AO NO. 2011-99

1 AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA  
2 APPROVING SUBMISSION BY THE ANCHORAGE WATER AND  
3 WASTEWATER UTILITY ON BEHALF OF THE ANCHORAGE WATER  
4 UTILITY (AWU) AND THE ANCHORAGE WASTEWATER UTILITY (ASU) OF  
5 PROPOSED RATE CHANGES TO THE REGULATORY COMMISSION OF  
6 ALASKA

7  
8 THE ANCHORAGE ASSEMBLY ORDAINS:

9  
10 Section 1. Rate changes to the tariff of AWU, attached to the Assembly  
11 Memorandum and incorporated herein by reference and as reflected in the  
12 "Anchorage Water Utility Revenue Requirements Study for the Test Year Ended  
13 December 31, 2010" for rates effective no later than January 1, 2012, are hereby  
14 approved for submission to the Regulatory Commission of Alaska.

15  
16 Section 2. Rate changes to the tariff of ASU, attached to the Assembly  
17 Memorandum and incorporated herein by reference and as reflected in the  
18 "Anchorage Wastewater Utility Revenue Requirements Study for the Test Year  
19 Ended December 31, 2010" for rates effective no later than January 1, 2012, are  
20 hereby approved for submission to the Regulatory Commission of Alaska.

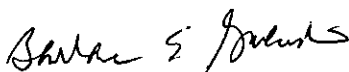
21  
22 Section 3. The Anchorage Assembly has not reviewed the final revenue  
23 requirement studies to be filed with the Regulatory Commission of Alaska. The  
24 final rate increases requested by the Anchorage Water and Wastewater Utilities  
25 from the Regulatory Commission of Alaska will reflect the rate increases included  
26 in the final Anchorage Assembly approved 2012 budgets for AWU and ASU.

27  
28 Section 4. This Ordinance is effective immediately upon passage by the  
29 Anchorage Assembly.

30  
31 **PASSED AND APPROVED** by the Anchorage Assembly this 11<sup>th</sup> day of  
32 October, 2011.

33  
34   
35 Chair

36 ATTEST:

37  
38 

39  
40 Municipal Clerk

# Municipality of Anchorage

## Summary of Economic Effects - Utilities

AO Number: 2011-99 Title: **AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA APPROVING SUBMISSION BY THE ANCHORAGE WATER AND WASTEWATER UTILITY ON BEHALF OF THE ANCHORAGE WATER UTILITY (AWU) AND THE ANCHORAGE WASTEWATER UTILITY (ASU) OF PROPOSED RATE CHANGES TO THE REGULATORY COMMISSION OF ALASKA**

Sponsor: Mayor

Preparing Agency: AWWU Others Affected: All Municipal Utilities

**CHANGES IN EXPENDITURES AND REVENUES (Thousands of Dollars)**

<b>Operating Revenues:</b>	<b>FY2012</b>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>	<b>FY2016</b>
Anchorage Water Utility	\$3,100	\$3,100	\$3,100	\$3,100	\$3,100
<b>Total Operating Revenues:</b>	<b>\$3,100</b>	<b>\$3,100</b>	<b>\$3,100</b>	<b>\$3,100</b>	<b>\$3,100</b>
<b>Operating Expenses:</b>					
Water uncollectible accounts expense	\$6	\$6	\$6	\$6	\$6
<b>Total Operating Expenses:</b>	<b>\$6</b>	<b>\$6</b>	<b>\$6</b>	<b>\$6</b>	<b>\$6</b>
<b>Non-Operating Revenues:</b>					
<b>Total Non-Operating Revenues:</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Non-Operating Expenses</b>					
<b>Total Non-Operating Expenses:</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>NET INCOME (Regulated)</b>	<b>\$3,094</b>	<b>\$3,094</b>	<b>\$3,094</b>	<b>\$3,094</b>	<b>\$3,094</b>
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 raise water rates by 6.0% effective January 1, 2012 subject to approval of the Anchorage Municipal Assembly and the Regulatory Commission of Alaska.

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

**Private Sector Economic Effects:** The effect on the private sector will be an increase in their 2012 water rates by 6.0% over 2011.

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

Prepared By: Beau Disbrow, Regulatory Affairs Manager Telephone: 786-5507  
(Name, Title)

Validated by OMB: Date:

Approved by: Craig R. Woolard, Ph.D., P.E., Acting General Manager, Date: 8/26/11  
AWWU  
(Director, Preparing Agency)

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

AO Number: 2011-99      Title: AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA APPROVING SUBMISSION BY THE ANCHORAGE WATER AND WASTEWATER UTILITY ON BEHALF OF THE ANCHORAGE WATER UTILITY (AWU) AND THE ANCHORAGE WASTEWATER UTILITY (ASU) OF PROPOSED RATE CHANGES TO THE REGULATORY COMMISSION OF ALASKA

Sponsor: Mayor

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

### CHANGES IN EXPENDITURES AND REVENUES (Thousands of Dollars)

Operating Revenues:	FY2012	FY2013	FY2014	FY2015	FY2016
<b>Total Operating Revenues:</b>					
<b>Operating Expenses:</b>					
Anchorage Fire Department	\$249	\$249	\$249	\$249	\$249
Other Municipal Government	\$91	\$91	\$91	\$91	\$91
Anchorage School District	\$18	\$18	\$18	\$18	\$18
<b>Total Operating Expenses:</b>	<b>\$358</b>	<b>\$358</b>	<b>\$358</b>	<b>\$358</b>	<b>\$358</b>
<b>Non-Operating Revenues:</b>					
<b>Total Non-Operating Revenues:</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Non-Operating Expenses</b>					
<b>Total Non-Operating Expenses:</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>NET INCOME (Regulated)</b>	<b>(\$358)</b>	<b>(\$358)</b>	<b>(\$358)</b>	<b>(\$358)</b>	<b>(\$358)</b>
Positions: FT/PT/TEMP					

Public Sector Economic Effects:  
For 2012 water utility rates will increase by 6.0% over 2011.

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

Prepared By: Beau Disbrow, Regulatory Affairs Manager      Telephone: 786-5507  
*(Name, Title)*

Validated by OMB: \_\_\_\_\_ Date: \_\_\_\_\_

Approved by: Craig R. Woolard, Ph.D., P.E., Acting General Manager,      Date: 8/26/11  
AWWU  
*(Director, Preparing Agency)*

## Municipality of Anchorage Summary of Economic Effects - Utilities

AO Number: 2011-99 Title: AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA APPROVING SUBMISSION BY THE ANCHORAGE WATER AND WASTEWATER UTILITY ON BEHALF OF THE ANCHORAGE WATER UTILITY (AWU) AND THE ANCHORAGE WASTEWATER UTILITY (ASU) OF PROPOSED RATE CHANGES TO THE REGULATORY COMMISSION OF ALASKA

Sponsor: Mayor

Preparing Agency: AWWU Others Affected: All Municipal Utilities

**CHANGES IN EXPENDITURES AND REVENUES (Thousands of Dollars)**

Operating Revenues:	FY2012	FY2013	FY2014	FY2015	FY2016
Anchorage Wastewater Utility	\$4,533	\$4,533	\$4,533	\$4,533	\$4,533
<b>Total Operating Revenues:</b>	<b>\$4,533</b>	<b>\$4,533</b>	<b>\$4,533</b>	<b>\$4,533</b>	<b>\$4,533</b>
Operating Expenses:					
Wastewater uncollectible accounts expense	\$10	\$10	\$10	\$10	\$10
<b>Total Operating Expenses:</b>	<b>\$10</b>	<b>\$10</b>	<b>\$10</b>	<b>\$10</b>	<b>\$10</b>
Non-Operating Revenues:					
<b>Total Non-Operating Revenues:</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Non-Operating Expenses:					
<b>Total Non-Operating Expenses:</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>NET INCOME (Regulated)</b>	<b>\$4,523</b>	<b>\$4,523</b>	<b>\$4,523</b>	<b>\$4,523</b>	<b>\$4,523</b>
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 raise wastewater rates by 11.0% effective January 1, 2012 subject to approval of the Anchorage Municipal Assembly and the Regulatory Commission of Alaska.

**Private Sector Economic Effects:** Wastewater utility rates in 2012 will be 11.0% higher than in 2011.

Prepared By: Beau Disbrow, Regulatory Affairs Manager Telephone: 786-5507  
(Name, Title)

Validated by OMB: \_\_\_\_\_ Date: \_\_\_\_\_

Approved by: Craig R. Woolard, Ph.D., P.E., Acting General Manager, AWWU Date: 8/26/11  
(Director, Preparing Agency)

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

AO Number: 2011-99      Title: **AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA APPROVING SUBMISSION BY THE ANCHORAGE WATER AND WASTEWATER UTILITY ON BEHALF OF THE ANCHORAGE WATER UTILITY (AWU) AND THE ANCHORAGE WASTEWATER UTILITY (ASU) OF PROPOSED RATE CHANGES TO THE REGULATORY COMMISSION OF ALASKA**

Sponsor: Mayor

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

**CHANGES IN EXPENDITURES AND REVENUES (Thousands of Dollars)**

Operating Revenues:	FY2012	FY2013	FY2014	FY2015	FY2016
<b>Total Operating Revenues:</b>	\$0	\$0	\$0	\$0	\$0
Operating Expenses:					
Other Municipal Government	\$42	\$42	\$42	\$42	\$42
Anchorage School District	\$19	\$19	\$19	\$19	\$19
<b>Total Operating Expenses:</b>	\$61	\$61	\$61	\$61	\$61
Non-Operating Revenues:					
<b>Total Non-Operating Revenues:</b>	\$0	\$0	\$0	\$0	\$0
Non-Operating Expenses					
<b>Total Non-Operating Expenses:</b>	\$0	\$0	\$0	\$0	\$0
<b>NET INCOME (Regulated)</b>	(\$61)	(\$61)	(\$61)	(\$61)	(\$61)
Positions: FT/PT/TEMP					

Public Sector Economic Effects:  
2012 wastewater utility rates will be 11.0% higher than in 2011.

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

Prepared By: Beau Disbrow, Regulatory Affairs Manager      Telephone: 786-5507  
*(Name, Title)*

Validated by OMB: \_\_\_\_\_ Date: \_\_\_\_\_

Approved by: Craig R. Woolard, Ph.D., P.E., Acting General Manager,      Date: 8/26/11  
AWWU  
*(Director, Preparing Agency)*

**MUNICIPALITY OF ANCHORAGE  
ASSEMBLY MEMORANDUM**

No. AM 538-2011

Meeting Date: September 27, 2011

1   **From:**     **MAYOR**

2  
3   **Subject:**   **AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE,**  
4               **ALASKA APPROVING SUBMISSION BY THE ANCHORAGE**  
5               **WATER AND WASTEWATER UTILITY ON BEHALF OF THE**  
6               **ANCHORAGE WATER UTILITY (AWU) AND THE ANCHORAGE**  
7               **WASTEWATER UTILITY (ASU) OF PROPOSED RATE CHANGES**  
8               **TO THE REGULATORY COMMISSION OF ALASKA**

9  
10 In accordance with AMC 26.10.035 the Administration is submitting an ordinance  
11 concurrent with this memorandum for review and approval by the Assembly of  
12 submission by the Anchorage Water & Wastewater Utility (AWWU) of 2010 test  
13 year Revenue Requirements Studies for both the Anchorage Water Utility (AWU)  
14 and the Anchorage Wastewater Utility (ASU) to the Regulatory Commission of  
15 Alaska (RCA).

16  
17 AWWU has prepared the aforementioned revenue requirement studies in  
18 accordance with the regulations and practices prescribed by the RCA, Alaska  
19 Statutes and Alaska Administrative Code. The proposed across the board rate  
20 increases for 2012 will not exceed 6.0 percent or the total budgeted rate increase  
21 approved by the Assembly for AWU and will not exceed 11.0 percent or the total  
22 budgeted rate increase approved by the Assembly for ASU. The revenue  
23 requirement studies of AWU and ASU support substantially higher rate increases  
24 than those proposed. AWWU's proposed 2012 Operating Budgets include  
25 revenue from the proposed rate increases. Upon Assembly approval of AWWU's  
26 submission of these studies, AWWU intends to request interim and refundable  
27 rates effective no later than January 1, 2012 from the RCA. The RCA will notice  
28 AWWU's requested rate increase to the public for comment. All rate changes are  
29 subject to the approval of the RCA.

30  
31   **Impacts of the Study**

32 The Utilities use uniform rates for customer charges, unmetered usage charge per  
33 dwelling unit, metered volumetric rates, and meter charges. These basic rate  
34 components make up the individual customer bills. The proposed rate increases  
35 will be applied across the board to all recurring rates. Changes in the most  
36 common monthly rates are:

37  
38   **Water:**

	<b>2011</b>	<b>2012</b>
	<b><u>Current</u></b>	<b><u>Proposed</u></b>
39   Customer Charge	\$ 11.44	\$ 12.13
40   Flat Residential Usage Charge per unit	\$ 31.81	\$ 33.72
41   Metered Volume rate per 1,000 gallons	\$ 4.42	\$ 4.69
42   Anchorage Fire Department	\$345,501	\$366,231

43  
44

<b>Wastewater:</b>	<b>2011</b>	<b>2012</b>
	<b><u>Current</u></b>	<b><u>Proposed</u></b>
Customer Charge	\$ 6.43	\$ 7.14
Flat Residential Usage Charge per unit	\$27.22	\$30.21
Metered Volume rate per 1,000 gallons:		
Residential	\$ 4.26	\$ 4.73
Commercial Low Strength	\$ 3.74	\$ 4.15
Commercial Medium Strength	\$ 4.97	\$ 5.52
Commercial High Strength	\$ 5.80	\$ 6.44

**Typical Customer Bill Impacts**

The single-family residential water bill will increase by \$2.60 per month in 2012 from the current \$43.25 to \$45.85 per month. The single-family residential wastewater bill will increase by \$3.70 per month in 2012 from \$33.65 to \$37.35 per month. The combined water and wastewater bill for a single family residential customer will increase from the current \$76.90 to \$83.20 in 2012. The combined water and wastewater rate increase as a percentage over 2011 for single-family residential customers will be approximately 8.2% in 2012.

**RCA Approval Required**

Revenue from these rate increases is included in AWWU's proposed budget. AWWU will file the 2010 test year Revenue Requirement Studies with the RCA upon Assembly approval of the proposed ordinance.

The RCA will then notice the filing and proposed rate changes to the public and allow a thirty-day comment period. RCA Staff will review the filing and the Commission will render a decision whether to approve the filing or suspend it for further investigation within 45 days of the filing date taking into account the RCA Staff recommendation. In the event the RCA decides to suspend the filing for further investigation, AWWU will request interim and refundable rates be made effective no later than January 1, 2012 for both AWU and ASU.

**THE ADMINISTRATION RECOMMENDS APPROVAL OF THE SUBMISSION BY THE ANCHORAGE WATER AND WASTEWATER UTILITY ON BEHALF OF THE ANCHORAGE WATER UTILITY (AWU) AND THE ANCHORAGE WASTEWATER UTILITY (ASU) OF PROPOSED RATE CHANGES TO THE REGULATORY COMMISSION OF ALASKA.**

Prepared by: Anchorage Water and Wastewater Utility  
Recommended by: Craig R. Woolard, Ph.D., P.E., Acting General Manager,  
AWWU  
Concur: Dennis A. Wheeler, Municipal Attorney  
George J. Vakalis, Municipal Manager  
Respectfully Submitted: Daniel A. Sullivan, Mayor