



General Manager
334 Front Street
Ketchikan, AK 99901

Phone (907) 228-5603
Fax (907) 225-5075

TRANSMITTAL MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Karl R. Amylon, General Manager

DATE: January 15, 2021

RE: **Ordinance No. 21-1924 – Increasing Electric Rates By One and One-Half Percent (1.5%); Establishing A Date For A Public Hearing; And Providing For An Effective Date**

In adopting the 2021 Ketchikan Public Utilities Operating and Capital Budget, the City Council approved appropriations for the Electric Division based on a one and one-half percent increase in electric rates. The attached ordinance was prepared by Finance Director Michelle Johansen, who requested that it be placed before the City Council for consideration at its meeting of February 4, 2021. If adopted, Ordinance No. 21-1924 provides for increasing electric rates by one and one-half percent effective June 1, 2021.

The net effect of the rate increase is detailed in the Finance Director's transmittal memorandum and requires little elaboration on the part of my office. Failure to enact the proposed increases will result either in a need to reduce authorized 2021 Electric Division expenditures by \$146,000 or to decrease Appropriated Reserves of the KPU Enterprise Fund by an equivalent amount. I concur with Ms. Johansen's recommendation.

Also attached for City Council reference is a copy of my office's January 15, 2021 report regarding utility rate increases that was prepared at the request of Councilmember Flora. The City Council should note that the table reflecting Electric Division budgeted, existing and proposed staffing has been slightly revised to correct inadvertent errors in the original version.

The Electric Division Manager and Finance Director will attend the City Council meeting of February 4, 2021, in order to address any questions and/or concerns that Councilmembers may have.

A motion has been prepared for City Council consideration.

RECOMMENDATION

It is recommended that the City Council adopt the motion approving in first reading Ordinance No. 21-1924 increasing electric rates by one and one-half percent (1.5%); establishing a date for a public hearing; and providing for an effective date.

Recommended Motion: I move the City Council approve in first reading Ordinance No. 21-1924 increasing electric rates by one and one-half percent (1.5%); establishing a date for a public hearing; and providing for an effective date.

MEMORANDUM
CITY OF KETCHIKAN, ALASKA
Finance Department
Office of the Finance Director

Michelle Johansen, Finance Director
Camille Nelson, Financial Analyst
Phone: (907) 228-5621
Facsimile: (907) 228-5617

TO: Karl R. Amylon, City Manager/KPU General Manager

FROM: Michelle Johansen, Finance Director

DATE: January 11, 2021

SUBJECT: **Ordinance No. 21-1924, Increasing Electric Rates by One and One-half Percent (1.5%); Establishing a Date for a Public Hearing; and Providing for an Effective Date.**

The adopted 2021 KPU Operating and Capital Budget included a proposal to raise electric utility rates for all customers by 1.5%, effective June 1, 2021. Ordinance No. 21-1924 has been prepared to amend Chapter 11.08 of the Ketchikan Municipal Code (KMC) to incorporate the proposed rate increases. If approved by the City Council, the rate increase will:

- Increase electric utility revenues by \$146,000 for the seven months ending December 31, 2021 and about \$240,000 annually thereafter.
- Increase the kWh charge for residential electricity from \$0.1093 per kWh to \$0.1109 per kWh. Based on average monthly residential electric consumption for 2020 of 1,000 kWh, the proposed rate increase will increase an average residential customer's monthly bill by \$1.60. In addition, the monthly customer service charge will increase from \$7.30 to \$7.40, or \$0.10. The total increase in the average monthly customer electric bill will be \$1.70 (\$1.60 + \$0.10).
- Offset the expected purchased power costs of \$146,000 due to an increase in the wholesale purchased power rate. SEAPA is expected to increase the purchased power rate effective June 1, 2021, from 6.8 to 7.05 cents per kWh.

Section 8-1 of the City Charter requires a public hearing on water rate increases. A public hearing will be scheduled for February 18, 2021.

Recommended Motion:

I move that the City Council pass Ordinance No. 21-1924 in first reading, increasing electric rates by one and one-half percent (1.5%); establishing a date for a public hearing; and providing for an effective date.

THE CITY OF KETCHIKAN, ALASKA

ORDINANCE NO. 21-1924

AN ORDINANCE OF THE COUNCIL OF THE CITY OF KETCHIKAN, ALASKA; INCREASING ELECTRICAL RATES BY ONE AND ONE-HALF PERCENT (1.5%); ESTABLISHING A DATE FOR PUBLIC HEARING; AND PROVIDING AN EFFECTIVE DATE.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF KETCHIKAN, ALASKA, AS FOLLOWS:

Section 1: Amendment. Subsection (c) of Section 11.08.020 of the Ketchikan Municipal Code, entitled "Residential service—Schedule A," is hereby amended to read as follows:

“Rates. The rates for schedule A are:
(1) Monthly customer service charge: ~~\$7.30~~7.40
(2) Per kWh charge: ~~\$0.1093~~0.1109”

Section 2: Amendment. Subsection (d) of Section 11.08.020 of the Ketchikan Municipal Code, entitled "Residential service—Schedule A," is hereby amended to read as follows:

“Service Connect Charge: The service connection charge is ~~\$86.00~~87.30 per customer.”

Section 3: Amendment. Subsection (c) of Section 11.08.030 of the Ketchikan Municipal Code, entitled "Harbor service—Schedule B," is hereby amended to read as follows:

“Rates. The rates for schedule B are:
(1) Monthly customer service charge: ~~\$13.40~~13.60
(2) Per kWh charge: ~~\$0.1093~~0.1109”

Section 4: Amendment. Subsection (d) of Section 11.08.030 of the Ketchikan Municipal Code, entitled "Harbor service—Schedule B," is hereby amended to read as follows:

“Service Connect Charge: The service connection charge is ~~\$86.00~~87.30 per customer.”

Section 5: Amendment. Subsection (e) of Section 11.08.030 of the Ketchikan Municipal Code, entitled "Harbor service—Schedule B," is hereby amended to read as follows:

“Service Disconnect Charge: The service disconnection charge is ~~\$36.00~~36.50 per customer except for customers relinquishing boat stalls.”

Section 6: Amendment. Subsection (c) of Section 11.08.040 of the Ketchikan Municipal Code, entitled "Commercial General Service—Schedule C." are hereby amended to read as follows:

“Rates. The rates for schedule C are:

- (1) Monthly customer service charge: All customers will pay a customer charge of ~~\$41.40~~42.00 per month in April through September. No customer charge will be assessed in October through March.
- (2) Per kWh charge: ~~\$0.10240~~1039
- (3) Demand charge per kW of maximum demand per month: ~~\$3.323~~37 in excess of 25 kW”

Section 7: Amendment. Subsection (d) of Section 11.08.040 of the Ketchikan Municipal Code, entitled "Commercial General Service—Schedule C." are hereby amended to read as follows:

“Service Connect Charge: The service connection charge shall be the actual cost to the utility with a minimum charge of ~~\$86.00~~87.30.”

Section 8: Amendment. Subsection (g) of Section 11.08.040 of the Ketchikan Municipal Code, entitled "Commercial General Service—Schedule C." are hereby amended to read as follows:

“Public pay telephones will be subject to a fee to provide electrical lighting in telephone booths. The rate for Public Access Line Lighting is ~~\$37.17~~37.73 and is based on an average of 340 kW hours per year. The fee will be assessed to payphone providers at time of installation and thereafter on an annual basis in January for each year. In addition, public payphone providers shall pay all charges for maintenance, repair, replacement of lighting and other electrical maintenance for the payphone booth.”

Section 9: Amendment. Subsection (c) of Section 11.08.050 of the Ketchikan Municipal Code, entitled "Industrial Service—Schedule D." are hereby amended to read as follows:

“Rates. The rates for schedule D are:

- (1) Monthly customer service charge: ~~\$60.85~~61.75
- (2) Per kWh charge: ~~\$0.09490~~0.0963.
- (3) Demand charge per kW of maximum demand per month: ~~\$3.323~~37 in excess of 25 kW.”

Section 10: Amendment. Subsection (d) of Section 11.08.050 of the Ketchikan Municipal Code, entitled "Industrial Service—Schedule D." are hereby amended to read as follows:

“Service Connect Charge: The service connection charge shall be the actual cost to the utility with a minimum charge of ~~\$86.00~~87.30.”

Section 11: Amendment. Subsection (c) of Section 11.08.070 of the Ketchikan Municipal Code, entitled "Street or yard lighting service—Schedule F," are hereby amended to read as follows:

“Rates. The rates for schedule F are:

Up to 100 watts	\$ 13.50 13.70
101 to 150 watts	19.00 19.30
151 to 250 watts	24.00 24.40
251 to 400 watts	31.50 32.00

Section 12: Public Hearing. Pursuant to § 8—1 of the City Charter, a public hearing on this ordinance will be held at 7 o'clock p.m. on _____ 2021 in the City Council Chambers, 334 Front Street, Ketchikan, Alaska.

Section 13: Effective Date. This ordinance shall become effective on June 1, 2021.

PASSED ON FIRST READING _____.

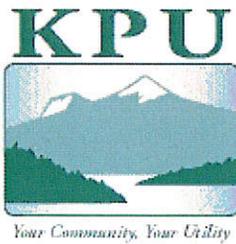
FINAL PASSAGE _____.

Robert Sivertsen, Mayor

ATTEST:

Kim Stanker
City Clerk

EFFECTIVE DATE			
ROLL CALL	YEA	NAY	ABSENT
ZENGE			
GASS			
FLORA			
BRADBERRY			
GAGE			
BERGERON			
KIFFER			
MAYOR			



General Manager
334 Front Street
Ketchikan, AK 99901

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TRANSMITTAL MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Karl R. Amylon, General Manager

DATE: January 15, 2021

RE: **Request for Staff Report Regarding Utility Rate Increases in 2021 – Councilmember Flora**

At its meeting of December 17, 2020, the City Council adopted motions approving the 2021 General Government and Ketchikan Public Utilities Operating and Capital Budgets. The KPU Budget was structured on the basis of a 1.5% increase in electric rates effective June 1, 2021 and a 5.0% increase in water rates effective April 1, 2021. Ordinances enacting the rate increases will be submitted to the City Council for consideration at its meeting of February 4, 2021.

At the City Council meeting of January 7, 2021, Councilmember Flora requested staff prepare an informational report that may aid the City Council in its deliberations of the proposed rate increases (see Exhibit A). Detailed below are staff's responses to the questions posed by Councilmember Flora. When ten-year time intervals are discussed, the years 2010 through 2019 were selected to correspond to audited financial statements.

Requested Information:

- 1) Ten-year history of the following:
 - a) Electric
 - b) Water (commercial rates on seafood processors and the resulting consumption changes included)*
 - c) Wastewater

Response: Detailed on the following page is a ten-year history of adjustments to electric, water and wastewater rates.

Schedule of Utility Rate Increases
2010 - 2019

Year	Electric	Water		
		Residential, Business & Industrial	Seafood Processors	Wastewater
2010	-	15.0%	-	-
2011	-	15.0%	-	5.0%
2012	-	-	-	5.0%
2013	-	5.0%	17.0%	10.0%
2014	-	8.0%	8.0%	4.0%
2015	-	4.0%	8.0%	8.0%
2016	5.0%	8.0%	8.0%	8.0%
2017	-	-	35.0%	-
2018	5.0%	5.5%	35.0%	6.0%
2019	-	5.5%	35.0%	6.0%

*See Exhibit B for seafood processor water consumption data.

Requested Information:

d) Property Tax

Response: Detailed below is a ten-year history of adjustments to the millage rate and the property tax revenues derived.

Schedule of Millage Rate and Property Tax Revenues*
2010 - 2019

Year	Millage Rate	Property Tax Revenue \$
2010	6.1	4,213,538
2011	6.2	4,275,002
2012	6.2	4,283,452
2013	6.7	4,944,084
2014	6.7	5,399,898
2015	6.7	5,416,097
2016	6.7	5,563,373
2017	6.7	5,584,768
2018	6.6	5,622,812
2019	6.6	5,691,073

*See Exhibit C for inflation analysis of millage rates and property tax revenues derived.

Requested Information:

- e) Telecom
 - i. Internet
 - ii. Landline
 - iii. Television
 - iv. Cell Phone

Response: Detailed below is a ten-year history of adjustments to KPU landline, basic Internet and television charges. Ketchikan Public Utilities does not offer cell service.

	2010	2011	2012	2013	Year 2014	2015	2016	2017	2018	2019
Telephone Per Month	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Residential*	15.45	15.45	15.45	15.45	15.45	16.45	16.45	16.45	16.45	16.45
Business	17.95	17.95	17.95	17.95	17.95	18.95	18.95	18.95	18.95	18.95

*Includes POTS line with basic calling feature package.

	2010	2011	2012	2013	Year 2014	2015	2016	2017	2018	2019
Internet Per Month*										
Residential Speed	5M	5M	5M	5M	5M	5M	5M	10M	10M	10M
Rate Per Month	\$ 59.95	\$ 59.95	\$ 59.95	\$ 59.95	\$ 59.95	\$ 59.95	\$ 59.95	\$ 59.95	\$ 59.95	\$ 59.95
Business Speed	5M	5M	5M	5M	5M	5M	5M	30M	30M	30M
Rate Per Month	\$ 69.95	\$ 69.95	\$ 69.95	\$ 69.95	\$ 69.95	\$ 69.95	\$ 69.95	\$ 74.95	\$ 74.95	\$ 74.95

*The division has many levels of Internet service based on speed, but the rates listed are typical. The division has increased speeds over time due to changes in customer needs and competitive pressures.

Television Per Month*	2010	2011	2012	2013	Year 2014	2015	2016	2017	2018	2019
Essential	\$ 52.50	\$ 54.35	\$ 54.35	\$ 54.35	\$ 54.35	\$ 61.81	\$ 61.81	\$ 61.81	\$ 61.81	\$ 61.81
Enhanced	\$ 58.50	\$ 60.35	\$ 60.35	\$ 60.35	\$ 60.35	\$ 67.81	\$ 67.81	\$ 67.81	\$ 67.81	\$ 67.81
Definitive	\$ 64.50	\$ 66.35	\$ 66.35	\$ 66.35	\$ 66.35	\$ 73.81	\$ 73.81	\$ 73.81	\$ 73.81	\$ 73.81
Broadcast Surcharge**	-	-	-	-	-	-	6.99	7.78	14.52	16.27

* Excludes the division's Flex TV product, which was introduced in 2015, due to the myriad of options and rates.

**The broadcast surcharge was implemented in 2016 for all TV packages and is tied to actual cost increases in Retransmission Consent Agreements.

The rates in the tables above do not include federal, state or local surcharges. Rates are not adjusted for residential bundling discounts or flex business bundling discounts. For competitive reasons, the tables do not include KPU's planned increases in internet speeds made possible via KPU's new subsea fiber cable.

Requested Information:

f) Sales Tax

Response: Detailed below is a ten-year history of adjustments to the sales tax rate and the revenues derived.

Schedule of Sales Tax Revenues
2010 - 2019

Year	Retail Sales Tax Rate	General Fund \$	Hospital Sales Tax Fund \$	Public Works Sales Tax Fund \$	Total Retail Sales Tax Revenues \$
2010	3.5%	2,633,647	2,633,647	3,950,470	3,950,470
2011	3.5%	2,847,192	2,847,192	4,270,789	4,270,789
2012	3.5%	2,894,745	2,894,745	4,341,713	4,341,713
2013	3.5%	2,914,739	2,914,739	4,372,108	4,372,108
2014	4.0%	3,746,390	2,820,130	4,230,195	4,230,195
2015	4.0%	4,285,469	2,856,980	4,285,469	4,285,469
2016	4.0%	4,256,103	2,837,402	4,256,103	4,256,103
2017	4.0%	4,402,500	2,935,000	4,402,500	4,402,500
2018	4.0%	4,674,085	3,116,056	4,674,085	4,674,085
2019	4.0%	4,805,540	3,203,694	4,805,540	4,805,540

Requested Information:

2) Profit/loss per division: Last ten years.

Response: Detailed below is a ten-year history of profit/loss statements of the KPU operating divisions and the General Government Wastewater Division.

Summary of Net Income (Loss)
KPU Operating Divisions/General Government Wastewater Division
2010 - 2019

Year	Total KPU \$	Electric \$	Telecom \$	Water \$	Wastewater \$
2010	1,171,359	(343,513)	1,951,975	(437,103)	(213,131)
2011	1,093,603	305,728	1,189,851	(401,976)	(347,820)
2012	(616,243)	193,063	(50,793)	(758,513)	(573,055)
2013	(1,015,060)	(643,319)	711,724	(1,083,465)	(244,914)
2014	(1,324,308)	(995,699)	532,426	(861,035)	40,402
2015	(1,669,237)	(910,631)	(66,516)	(692,090)	33,099
2016	(1,491,341)	(1,231,491)	149,376	(409,226)	428,827
2017	1,731,165	114,926	1,945,067	(328,828)	203,164
2018	1,125,607	(1,238,149)	2,786,145	(422,389)	348,787
2019	907,713	(731,218)	2,046,119	(407,188)	657,383

Requested Information:

3) Inflation rate: Last ten years.

Response: Detailed below is a ten-year history of the Consumer Price Index for urban Alaska and the United States.

Schedule of Percentage Change for Urban Alaska (Formerly Municipality of Anchorage)
and the U.S. Not Seasonally Adjusted-Urban Consumers
2010 - 2019

Year	Urban Alaska	United States
2010	1.8%	1.6%
2011	3.2%	3.2%
2012	2.2%	2.1%
2013	3.1%	1.5%
2014	1.6%	1.6%
2015	0.5%	0.1%
2016	0.4%	1.3%
2017	0.5%	2.1%
2018	3.0%	2.4%
2019	1.4%	1.8%

Requested Information:

- 4) Staff:
 - a) Eligible/pending retirements – For each utility division.

Response: Detailed in the tables that follow are listings of KPU division employees and General Government Wastewater Division employees that are either eligible or approaching eligibility for retirement.

Ketchikan Public Utilities/General Government Wastewater Division
Projected Retirement Eligibility Dates for Current Employees

Employee	Position	Date of Hire (Years of Service)	Projected Retirement Eligibility year	Non-Rep/Union Employee
Administration				
Karl Amylon	General Manager	4/10/1995 (25)	2015	Non-Rep

Ketchikan Public Utilities/General Government Wastewater Division
 Projected Retirement Eligibility Dates for Current Employees
 Continued

Employee	Position	Date of Hire (Years of Service)	Projected Retirement Eligibility year	Non-Rep/Union Employee
Sales, Marketing & Customer Service				
Kim Simpson	Division Manager	4/1/2009 (11)	2023	Non-Rep
Debra Cowan	Credit Coordinator	6/7/1979 (41)	2016	IBEW

Ketchikan Public Utilities/General Government Wastewater Division
 Projected Retirement Eligibility Dates for Current Employees
 Continued

Employee	Position	Date of Hire (Years of Service)	Projected Retirement Eligibility year	Non-Rep/Union Employee
Electric				
Andrew Donato	Division Manager	3/30/2010 (10)	2020	Non-Rep
Mark Hoyt	Electric System Dispatcher	2/18/08 (12)	2015	IBEW
Zach Coss	Journeyman Mechanic	8/5/1996 (24)	2016	IBEW
Scott Doyle	Journeyman Electrician	3/20/2006 (14)	2018	IBEW
Ed Graham	Chief System Dispatcher	6/18/90 (30)	2018	IBEW
Laura Huffine	Meter Reader	6/14/1999 (21)	2018	IBEW
Greg Williams	Electric Systems Dispatcher	2/27/2009 (11)	2019	IBEW
Tara Schrepel	Warehouse Person	2/1/1994 (26)	2020	IBEW
Dennis Moody	Journeyman Electrician	3/20/2006 (14)	2021	IBEW
Arthur May	Journeyman Mechanic	7/22/2000 (20)	2021	IBEW
Joel Buchanan	Journeyman Electrician	5/1/2002 (18)	2022	IBEW
David Schwehm	GIS Analyst - Electric	6/2/2003 (17)	2022	IBEW
Kim Hendricks	Secretary II	2/6/1995	2024	Non-Rep

Ketchikan Public Utilities/General Government Wastewater Division
 Projected Retirement Eligibility Dates for Current Employees
 Continued

Employee	Position	Date of Hire (Years of Service)	Projected Retirement Eligibility year	Non-Rep/Union Employee
Telecom				
Ed Cushing	Division Manager	3/9/2009 (11)	2019	Non-Rep
Dan Lindgren	Assistant Division Manager	6/7/1999 (21)	2024	Non-Rep
Ken Edwards	Journeyman CONT	2/4/2003 (17)	2019	IBEW
Ken Berry	Journeyman Cable Splicer	4/15/2003 (17)	2021	IBEW
Jeff Hendrickson	Inside Plant Foreman	9/14/1998 (22)	2023	IBEW
Linda Lichty	Warehouse Person	6/30/2003 (17)	2024	IBEW
Terilyn Hamilton	Administrative Assistant	1/20/2015 (5)	2025	Non-Rep

Ketchikan Public Utilities/General Government Wastewater Division
 Projected Retirement Eligibility Dates for Current Employees
 Continued

Employee	Position	Date of Hire (Years of Service)	Projected Retirement Eligibility year	Non-Rep/Union Employee
Water				
John Kleinegger	Division Manager	6/23/1986 (34)	1995	Non-Rep
Dorene Demmert	Secretary II	6/26/2000 (20)	2018	IBEW
Garry Garrison	Journeyman Waterman	10/25/1999 (21)	2021	IBEW
James Bellarosa	Water System Operator	9/27/1999 (21)	2023	IBEW
Michael Wilson	Water System Operator	11/22/2010 (10)	2025	IBEW

Ketchikan Public Utilities/General Government Wastewater Division
 Projected Retirement Eligibility Dates for Current Employees
 Continued

Employee	Position	Date of Hire (Years of Service)	Projected Retirement Eligibility year	Non-Rep/Union Employee
Wastewater				
Eddie Lucas	Sr. Wastewater Operator	12/29/2006 (14)	2019	IBEW
Kathy Holcomb	Lab Analyst - Wastewater	8/16/2004 (16)	2020	IBEW

Requested Information:

- b) Staffing levels – desired versus actual – for each utility division.
- c) Apprentices employed – each utility division.

Response: Detailed in the tables that follow are the authorized staffing levels for the KPU operating divisions and the General Government Wastewater Division and recommended modifications requested by the respective division managers and/or department heads. Current apprentices employed by each division are shown in the tables.

Ketchikan Public Utilities/General Government Wastewater Division
2021 Authorized Staffing Levels and Recommended Modifications

Position	2021 Budget Authorized	Current Staffing	Recommended Staffing
ADMINISTRATION			
General Manager	0.50	0.50	0.50
Assistant General Manager	0.50	0.50	0.50
Executive Assistant	0.50	0.50	0.50
Sub-Total	1.50	1.50	1.50

Ketchikan Public Utilities/General Government Wastewater Division
 2021 Authorized Staffing Levels and Recommended Modifications
 Continued

Position	2021 Budget Authorized	Current Staffing	Recommended Staffing
Sales, Marketing & Customer Service			
Division Manager	1.00	1.00	1.00
Business Sales Engineer	1.00	1.00	1.00
Marketing & Sales Manager	1.00	1.00	1.00
Local Content, Social Media & PR Manager	1.00	1.00	1.00
Database Manager	1.00	1.00	1.00
IPTV Camera Technician	1.00	1.00	1.00
Credit Coordinator	1.00	1.00	1.00
Billing System Analyst	1.00	1.00	1.00
Senior Customer Solutions Specialist	4.00	4.00	4.00
Customer Solutions Specialist	6.00	6.00	6.00
Customer Sales Rep I	1.00	0.00	1.00
Sub-Total	19.00	18.00	19.00

Ketchikan Public Utilities/General Government Wastewater Division
2021 Authorized Staffing Levels and Recommended Modifications
Continued

Position	2021 Budget Authorized	Current Staffing	Recommended Staffing
ELECTRIC			
Division Manager	1.00	1.00	1.00
Principal Project Engineer	1.00	1.00	1.00
Operations Manager	1.00	1.00	1.00
Senior System Engineer	1.00	1.00	1.00
Secretary II	1.00	1.00	1.00
Secretary I	1.00	0.00*	1.00
Chief System Dispatcher	1.00	1.00	1.00
System Dispatcher	3.00	3.00	3.00
System Dispatcher Relief	1.00	1.00	1.00
Senior SCADA Technician	2.00	2.00	2.00
Line Crew Foreman	1.00	1.00	1.00
Service Crew Foreman	1.00	1.00	1.00
Apparatus Substation Tech	1.00	0.00	1.00
Lineman	4.00	2.00	3.00**
Lineman Apprentice	1.00	1.00	2.00**
Meter Relay Control Foreman	1.00	1.00	1.00
Meterman	1.00	1.00	1.00
Wireman/Electrician	4.00	4.00	4.00
Wireman/Electrician Apprentice	0.00	0.00	1.00***
Meter Reader	1.00	1.00	1.00
Warehouse-Relief Meter Reader	0.50	0.50	0.50
Powerplant Mechanic Foreman	1.00	1.00	1.00
Powerplant Mechanic	7.00	6.00	6.00****
Powerplant Mechanic Apprentice	0.00	0.00	1.00****
Maintenance Man	0.00	0.00	1.00*****
Powerplant Mechanic-Relief	1.00	0.00	1.00
Warehouse Worker	1.00	1.00	1.00
Warehouse/General Laborer	0.50	0.50	0.50
Engineering Tech-CADD & GIS	1.40	1.40	1.40
General Laborer	1.00	1.00	1.00
 Sub-Total	 41.4	 33.4	 43.4

- * Holding position vacant by direction of the General Manager due to COVID-10 pandemic.
- ** Proposing to substitute vacant Journeyman Lineman position for Journeyman Lineman Apprentice position.
- *** Proposing to add Wireman/Electrician Apprentice position.
- **** Proposing to substitute vacant Powerplant Mechanic position for Powerplant Mechanic Apprentice position.
- ***** New position

Ketchikan Public Utilities/General Government Wastewater Division
2021 Authorized Staffing Levels and Recommended Modifications
Continued

Position	2021 Budget Authorized	Current Staffing	Recommended Staffing
Telecom			
Division Manager	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00
Assistant Division Manager	1.00	1.00	1.00
Tariff Specialist	1.00	1.00	1.00
Access Rate Specialist	1.00	1.00	1.00
Accounting Technician	1.00	0.00*	1.00
Engineering Manager	1.00	1.00	1.00
Engineer	1.00	1.00	1.00
Senior Datacenter Engineer	1.00	1.00	2.00**
Outside Plant Engineer	1.00	1.00	1.00
Outside Plant Foreman	1.00	0.00	1.00
Journeyman Cable Splicer	2.00	2.00	2.00
Journeyman Combination Technician	7.00	6.00	7.00
Inside Plant Foreman	2.00	2.00	2.00
Journeyman CO Network Tech	8.00	8.00	8.00
Senior Customer Support Specialist	2.00	2.00	2.00
Customer Support Specialist	3.00	3.00	3.00
Plant Manager	1.00	0.00	1.00
Plant Service Clerk	3.00	3.00	3.00
Warehouse Worker	1.00	1.00	1.00
Warehouse Worker/Laborer	1.00	1.00	1.00
Sub-Total	41.00	37.00	42.00

* Holding position vacant by direction of the General Manager due to COVID-10 pandemic.
** New position.

Ketchikan Public Utilities/General Government Wastewater Division
 2021 Authorized Staffing Levels and Recommended Modifications
 Continued

Position	2021 Budget Authorized	Current Staffing	Recommended Staffing
Water			
Division Manager	1.00	1.00	1.00
Assistant Division Manager	1.00	1.00	1.00
Foreman	1.00	1.00	1.00
Journeyman Waterman	6.00	6.00	7.00*
Apprentice/Trainee	1.00	0.00	2.00*
Utility Inspector	1.00	1.00	1.00
Eng Tech/KPU-CADD & GIS	0.60	0.60	0.60
Secretary II	1.00	1.00	1.00
Subtotal	12.60	11.60	14.60

*New positions

Ketchikan Public Utilities/General Government Wastewater Division
 2021 Authorized Staffing Levels and Recommended Modifications
 Continued

Position	2021 Budget Authorized	Current Staffing	Recommended Staffing
Wastewater			
Wastewater Supervisor	1.00	1.00	1.00
Senior Wastewater Operator	2.00	2.00	2.00
Wastewater Operator	4.00	3.00	4.00
Lab Analyst	1.00	1.00	1.00
Sub-Total	8.00	7.00	8.00

Note: Public Works management is concerned that the salaries of employees that have obtained ADEC Level 2 Treatment licenses are not competitive with the local employment market. This issue may warrant formal consideration by the City Council in the near future.

Requested Information:

5) Bonded Debt for each utility division.

Response: Detailed in the tables that follow is the current bonded debt for the KPU operating divisions and the General Government Wastewater Division

Schedule of Current and Future Annual Debt Service – Electric Division*

Year	Series W CREBS \$	Series X Whitman \$	Total \$
2021	81,200	1,058,250	1,139,450
2022	80,600	1,059,550	1,140,150
2023		1,059,850	1,059,850
2024		1,060,750	1,060,750
2025		1,061,875	1,061,875
2026		1,061,250	1,061,250
2027		1,058,875	1,058,875
2028		1,059,625	1,059,625
2029		1,058,375	1,058,375
2030		1,060,000	1,060,000
2031		1,059,375	1,059,375
2032		1,061,375	1,061,375
2033		1,060,875	1,060,875
Total	\$161,800	\$13,780,025	\$13,941,825

*See Exhibit D for Consolidated KPU Debt Service Schedule.

Schedule of Current and Future Annual Debt Service – Telecommunications Division*

Year	Interfund Loan \$	Series Y Undersea Cable \$	Total KPU \$
KPU	426,209	746,050	1,172,259
2022	426,209	745,300	1,171,509
2023	405,704	743,800	1,149,504
2024		746,550	746,550
2025		748,300	748,300
2026		744,050	744,050
2027		749,050	749,050
2028		747,800	747,800
2029		745,550	745,550
2030		747,300	747,300
2031		747,800	747,800
2032		752,050	752,050
2033		749,800	749,800
2034		747,000	747,000
2035		748,400	748,400
2036		748,800	748,800
2037		748,200	748,200
2038		751,600	751,600
2039		748,800	748,800
Total	1,258,122	14,206,200	15,464,322

*See Exhibit D for Consolidated KPU Debt Service Schedule.

Schedule of Current and Future Annual Debt Service – Water Division*

Year	Series W ADEC 481021 \$	Series W ADEC 481061 \$	Series W ADEC 481051 \$	Series W ADEC 481091 \$	Series W ADEC 481121 \$	Series W ADEC 481141 \$	Series Y ADEC 491041 \$	Total \$
2021	107,118	70,544	333,357	6,230	14,666	39,100	36,731	607,746
2022	107,118	70,544	333,357	6,230	14,666	39,100	36,731	607,746
2023	107,118	70,544	333,357	6,230	14,666	39,100	36,731	607,746
2024	107,118	70,544	333,357	6,230	14,666	39,100	36,731	607,746
2025	107,118	70,544	333,357	6,230	14,666	39,100	36,731	607,746
2026	107,118	70,544	333,357	6,230	14,666	39,100	36,731	607,746
2027	107,118	70,544	333,357	6,230	14,666	39,100	36,731	607,746
2028	107,118	70,544	333,357	6,230	14,666	39,100	36,731	607,746
2029	107,118	70,544	333,357	6,230	14,666	39,100	36,731	607,746
2030	107,118	70,544	333,357	6,230	14,666	39,100	36,731	607,746
2031	107,118	70,544	333,357	6,230	14,666	39,100	36,731	607,746
2032	107,118	70,544	333,357	6,230	14,666	39,100	36,731	607,746
2033		70,544	333,357	6,230	14,666	39,100	36,731	500,628
2034		35,272	166,678	3,115	7,333	39,100	36,731	288,229
2035						39,100	36,731	75,831
2036						19,552	36,731	56,283
2037							36,731	36,731
2038							18,365	18,365
Total	1,285,416	952,344	4,500,319	84,105	197,991	606,052	642,792	8,269,019

*See Exhibit D for Consolidated KPU Debt Service Schedule.

Schedule of Current and Future Annual Debt Service – Wastewater Division

Year	Tongass Avenue Phase I ADEC 481011	Tongass Avenue Phase II ADEC 481071	Tongass Avenue Phase II ADEC 481072	Jackson & Monroe ADEC 481101	Alaska Avenue ADEC 481111	Front and Stedman ADEC 481031	Total
	\$	\$	\$	\$	\$	\$	\$
2021	52,447	17,933	18,465	36,908	17,930	19,146	162,829
2022	52,447	17,933	18,465	36,908	17,930	19,146	162,829
2023	52,447	17,933	18,465	36,908	17,930	19,146	162,829
2024	52,447	17,933	18,465	36,908	17,930	19,146	162,829
2025	52,447	17,933	18,465	36,908	17,930	19,146	162,829
2026	52,447	17,933	18,465	36,908	17,930	19,146	162,829
2027	52,447	17,933	18,465	36,908	17,930	19,146	162,829
2028	52,447	17,933	18,465	36,908	17,930	19,146	162,829
2029	52,447	17,933	18,465	36,908	17,930	19,146	162,829
2030	52,447	17,933	18,465	36,908	17,930	19,146	162,829
2031	52,447	17,933	18,465	36,908	17,930	19,146	162,829
2032	52,447	17,933	18,465	36,908	17,930	19,146	162,829
2033		17,933	18,465	36,908	17,930	19,146	110,382
2034		8,967	9,233	36,908	8,965	19,146	83,219
2035				36,908		19,146	56,054
2036				18,457		19,146	37,603
2037						19,146	19,146
2038						19,146	19,146
Total	629,364	242,096	249,278	572,077	242,055	344,628	2,279,498

Requested Information:

6) Capital needs for each division.

Response: Detailed in the tables that follow are the current and/or projected capital priorities for the KPU operating divisions and the General Government Wastewater Division

a) Wastewater

**Immediate Projects
(3 to 5 Years)**

Schoenbar Road Sewer Replacement	\$ 3,000,000
Force Main Rehabilitation/Replacement	6,000,000
Sewer Main Replacement (Top Priority: Corrugated Steel Tributary to Ketchikan Creek)	5,000,000
Pump Station & Treatment Plant Upgrades	<u>1,000,000</u>
Sub-Total	\$ 15,000,000

**Intermediate Projects
(5 to 15 Years)**

Wastewater Effluent Disinfection*	\$ 20,000,000
Sewer Main Replacement (Corrugated Steel and other defective pipe)	45,000,000
Pump Station Upgrades	<u>2,000,000</u>
Sub-Total	\$ 67,000,000

a) Wastewater Continued.

**Long Term Projects
(55 to 25+ Years)**

Addition of Secondary Treatment*	\$160,000,000
Sewer Main Replacement (Corrugated Steel and other defective pipe)	35,000,000
Pump Station Construction	<u>5,000,000</u>
Sub-Total	\$200,000,000

*These are costs should EPA issue more stringent effluent discharge limits via a future discharge permit. The EPA has been pursuing issuance of new permits in the Pacific region, and has assembled a permit writing team for Alaska permit holders. The timing of these upgrades is not certain. Completion of these projects will significantly increase operational expenses.

Note: The intermediate and long-term costs listed above may be rough approximations and are based on use of best engineering judgment without the benefit of design information.

b) Water

Estimated Capital Project Needs 2021-25

Project	Estimated Cost
Water Filtration Avoidance (could also result in additional capital projects – see next line below)*	\$ 400,000
Third UV Unit, Additional Testing and Studies*	5,000,000
Water Filtration Plant (\$2.0 to \$3.0 million in additional operation costs per year)*	70,000,000
Schoenbar Raw Water Main (Charter School – Middle School)	4,000,000
Schoenbar Water Distribution Main Replacement (Charter School to Middle School)	3,500,000
Water Meters – Business and Commercial Customers	756,000
Federal Act – Risk and Resilience Assessment	150,000
SCADA PLC Controllers	860,000
Water Distribution Grid Improvements	150,000
Additional Projects (fire hydrant replacement, valve box pavement adjustments/replacement)	200,000
Water Service Upgrade Program	75,000
Backflow Prevention Program	15,000
Highlands Reservoir Property Acquisition	270,000
Second Avenue Utility Improvements	1,315,800
West Fairy Chasm Utility Improvements	565,600
Skyline Water Main Replacement	370,800
Denali Ave. Utility Improvements	527,000
Evergreen Ave. Utility Improvements	455,000
Utility Vehicle Replacements	249,500
UV Facility Back-up Battery Bank Replacement	50,000
Water Pump Station Electrical Upgrades	<u>600,000</u>
Sub-Total	\$89,509,700

*Dependent on outcome of KPU/ADEC negotiations for a Limited Alternative to Filtration.

c) Electric

Electric Division Projects Scheduled for 2021 Greater than \$150,000

Beaver Falls Project Relicensing	\$ 200,000
Bailey Unit No. 3 Rehabilitation	400,000
Bailey Unit No. 1 Rehabilitation	865,000
Beaver Falls Switch Gear Replacement	1,200,000
OSI SCADA Upgrade	400,000
Ketchikan International Airport and Pennock Island Upgrade	400,000
Bailey Mooring Dolphin Replacement	150,000
Warehouse Roof Repair and Replacement	<u>270,000</u>
Sub-Total	\$3,885,000

Electric Division Projects Scheduled for 2021 - 2025

Generator Rewind & Repair	\$ 1,350,000
Whitman Tailrace Modification	36,291
Ketchikan Lakes Underground	250,000
Ketchikan Tunnel Penstock Valves Replacement	300,000
Downtown Underground Upgrade	385,458
Silvis Substation Upgrade	125,000
AMI, Meters, Meter Replacement Parts	625,000
Transformer Purchase	475,000
Battery System & Chargers	264,500
Bailey Fuel Tank Painting	100,000
Operating Equipment	1,463,500
Vehicles & Moving Equipment	1,210,000
Bailey Exhaust Stack Re-Coating	250,000
Reimbursable Projects	550,000
34.5kV Breaker & Relay Spares	155,000
Bailey Generator Radiator Replacement	325,000
Beaver Falls Powerhouse Exterior	636,070
Bailey Generator No. 4 Wartsila PLC Upgrade	115,000
Vehicle Lift Replacement	80,000
Future Diesel Generator (\$2 MM/MW scale)	<u>20,000,000</u>
Sub-Total	\$28,695,819

d) Telecom

The KPU Telecommunications Division capital budget is largely driven by the division's continued need to invest in the fiber network to meet its performance obligations that the utility committed to in the Alaska Plan. The division's ability to continue to receive significant Universal Service Funding is tied to the performance obligations. The "Normal Growth" categories reflect this ongoing investment in the fiber network and associated electronics. The division will be concentrating efforts on the multi-dwelling unit locations in the next few years.

Additionally, the division has two out of the ordinary capital expenditures in the next few years:

- 1) The Taqua switch is end of life and needs to be replaced. This is shown in the Normal Growth and Repair category for CO Switching. This project is estimated at \$800,000.
- 2) The core network is manufacturer discontinued and the division will need to replace it over the next few years. The project is estimated at \$2.2 million for 2021 – 2025.

The division also expects growth in its DataCenter services and has budgeted \$810,000 over the next five years (2021 - 2025) for this project.

**2021 – 2025 Telecommunications Division
Capital Improvement Program Summary of
Critical Projects**

Project	Five-Year Projected Investment
Normal Growth and Repair – CO Switching	\$ 800,000
Core Network Upgrade	2,200,000
Server Environment	810,000
Multi-Dwelling Unit Project	<u>900,000</u>
Sub-Total	\$4,710,000

Requested Information:

- 7) Comparative Rates: How does Ketchikan compare to other communities in our region?
- a) Water Rates
 - b) Electric Rates
 - c) Wastewater Rates
 - d) Telecom Rates

Response: See Exhibits E, F and G.

* * * * *

Closing Observations:

The profit/loss statement for KPU shows that the utility has not broken even five out of the ten years for which audited financial statements are available. The Electric Division has operated in the red for seven of the ten years. The Water Division has operated in the red for all ten years. Telecom has been profitable for eight out of the ten years and has sustained the operations of the Electric and Water Divisions. This has hampered Telecom's ability to compete in the market place. This trend is not sustainable and the Electric and Water Divisions must become self-sufficient if KPU as a combined utility is to survive.

Exhibit C clearly indicates that the mill levy is not keeping pace with inflation. General Government has been able to make up the difference by taking advantage of the growth in sales taxes generated by the increase in cruise ship tourism. Depending on the pace that Ward Cove develops its retail and tour operations, the City is likely to see the loss of some percentage of its traditional sales tax revenues, which potentially could result in higher reliance on the mill levy to fund General Government operations. This does not account for lost sales tax revenues should the COVID-19 pandemic prolong the recovery of cruise in southeast Alaska.

Request for Staff Report Regarding utility rate increases in 2021

Mark Flora

Ketchikan City Council

The City Council, with some dissent, passed the 2021 budgets with proposed rate increases of 1.5% for electric rates and 5% for water rates. KPU budget update number three illustrates how these rate increases will affect Ketchikan residents. Water rates would rise \$2.90 per month, or \$34.80 per year. Electric rates, while variable, would rise \$3.20 per month for 2000 kwh of electric usage, or \$38.40 per year. The combined increase would be approximately \$73.20 annually.

Per the City Manager these rates may become effective April 1, 2021. The City Council will need to deliberate the ordinances at the first meeting in February. Even though the budget passed with the proposed rate increases, they will not become effective without an affirmative vote of the Council. In order for the Council to make the best possible decision for the community I request four hands to direct staff to compile an informational report that may aid us in our deliberations. This information will also allow the community to view our historic rate increases, bonded debt, staffing concerns and capital needs. Having this information presented in a consolidated fashion will allow us to consider multiple factors without having to sort through years of budgets and memoranda.

Below is an outline for Council consideration. While some items are not directly related to these two rate increases, I think it would be beneficial for the community to have a broad overview of this topic. As always, Council input for items I have not considered will be needed so that we may have the best information to work from.

Draft Report:

- 1) Ten-year history of rates for the following:
 - a. Electric
 - b. Water Commercial rates on seafood processors and the resulting consumption changes included)
 - c. Wastewater
 - d. Property tax
 - e. Telecom
 - i. Internet
 - ii. Landline
 - iii. Television
 - iv. Cell Phone
 - f. Sales Tax
- 2) Profit/loss per division: Last ten years.

- 3) Inflation rate: Last ten years.
- 4) Staff:
 - a. Eligible/pending retirements – For each utility division
 - b. Staffing levels – desired versus actual – for each utility division
 - c. Apprentices employed – each utility division
- 5) Bonded debt for each utility division
- 6) Capital needs for each division.
 - a. Wastewater – For example, Mr. Hilson told me in 2018 we had approximately 26 miles of sewer line that needs to be replaced at a cost of \$600 per foot. This is an expense of \$82,368,000.
 - i. Other
 - b. Water –
 - i. Potential filtration
 - ii. Water lines due for replacement
 - iii. Other
 - c. Electric –
 - i. Generators
 - ii. Utility Poles
 - iii. Other
 - d. Telecom
 - i. Infrastructure needs as identified by the department
- 7) Comparative rates: how does Ketchikan compare to other communities in our region?
 - a. Water rates
 - b. Electric rates
 - c. Wastewater rates
 - d. Telecom rates

I am aware that wastewater is not a function of KPU, but I always thought it should be on the utility side of our budget and I think it is relevant for this overview.

I have also attached an Excel spreadsheet showing the budget reductions from our 2020 to our 2021 budgets. Combined budget reductions of 15.57% were achieved reducing year over year combined budgets by \$30,786,882. Further, this was accomplished without job losses, although we did agree to leave ten vacated positions empty.

I believe this report will provide the community with a summary of our present utility condition, both financial and structural. It will also help in understanding our present and future staffing needs. Additionally, it will also give the Council a more detailed basis on which to consider these rate changes, and allow for alternative suggestions in lieu of the proposed changes, that do not sacrifice the utilities financial viability or ability to provide reliable services.

Appropriations GG	2020	2021	Difference	% Change	
General Fund	\$28,813,233.00	\$27,457,278.00	-\$1,355,955.00	-4.71%	
Hospital Sales Tax	\$7,968,013.00	\$6,029,657.00	-\$1,938,356.00	-24.33%	
Public Works Sales tax	\$9,802,055.00	\$7,502,147.00	-\$2,299,908.00	-23.46%	
Special Revenue Funds	\$19,185,696.00	\$16,970,616.00	-\$2,215,080.00	-11.55%	
Obligation Bond Debt Service	\$3,765,199.00	\$3,599,635.00	-\$165,564.00	-4.40%	
Capital Projects	\$7,530,588.00	\$8,001,954.00	\$471,366.00	6.26%	
Enterprise Funds	\$40,212,101.00	\$27,626,238.00	-\$12,585,863.00	-31.30%	
Self Insurance	\$2,361,951.00	\$2,570,255.00	\$208,304.00	8.82%	
TOTALS	\$119,638,836.00	\$99,757,780.00	\$19,881,056.00	16.62%	GG Budget reduction
Appropriations KPU	\$78,137,011.00	\$67,231,185.00	\$10,905,826.00	13.96%	KPU Budget Reduction
Combined Budgets	\$197,775,847.00	\$166,988,965.00	\$30,786,882.00	15.57%	Total Budget reduction

Exhibit B

Fish Processor Annual Water Consumption

Year	EC Phillips & Sons		Alaska General Fisheries		Trident Fisheries - Stedman		Trident - Silver Lining		Total Ketchikan Consumption, gallons
	Annual Consumption, gallons	% of Total Ketchikan Consumption	Annual Consumption, gallons	% of Total Ketchikan Consumption	Annual Consumption, gallons	% of Total Ketchikan Consumption	Annual Consumption, gallons	% of Total Ketchikan Consumption	
2011	249,198,000	16.2	21,305,000	1.4	99,070,000	6.4	94,080,000	6.1	1,542,934,000
2012	245,490,000	17.5	19,258,000	1.4	85,760,000	6.1	25,330,000	1.8	1,401,547,000
2013	236,520,000	16.7	49,032,000	3.5	139,835,000	9.9	Plant Is Closed		1,412,488,000
2014	258,670,000	20.0	42,857,000	3.3	107,615,000	8.3			1,291,718,000
2015	222,030,000	15.2	35,653,000	2.4	97,104,000	6.6			1,461,436,000
2016	190,110,000	14.4	42,513,000	3.2	79,854,000	6.1			1,316,830,100
2017	116,805,000	8.1	50,878,000	3.5	93,145,000	6.5			1,442,968,180
2018	65,935,000	5.5	26,113,000	2.2	65,232,000	5.4			1,208,139,600
2019	66,350,000	6.3	31,621,000	3.0	103,102,000	9.7			1,060,481,528
2020	108,115,000	9.5	34,351,000	3.0	69,345,000	6.1			1,140,772,287
							108,115,000		
							34,351,000		
							69,345,000		
							<u>211,811,000</u>		Total 2020 Processor Gallons Consumed
KMC Schedule D Revenue	\$113,969.16		\$113,969.16		\$113,969.16		\$113,969.16		
							\$113,969.16		
							<u>\$113,969.16</u>		
Individual Processor 2020 Revenue/ 1000 gallons	\$1.05		\$3.32		\$1.64		<u>\$341,907.48</u>		Total 2020 Processor Revenue
							\$1.61		2020 Combined Revenue/ 1000 gallons received from the three processors

KPU Cost of Production - 2019 (page 139 CAFR/ page 154 on web)

Water Total Operating 2019 Expenses	\$4,395,498
2019 Non-Operating Expenses	-\$10,212
Payment in lieu of Taxes	<u>\$197,649</u>
Total Expenses	<u>\$4,582,935</u>
2019 Total Gallonage Water Delivered to Ketchikan	1,111,452,333
Overall Average 2019 Cost/ 1000 gallons	\$4.12

Fish Processor Water Consumption

KPU Cost of Production - 2011		KPU Cost of Production - 2013		KPU Cost of Production - 2015		KPU Cost of Production - 2017		KPU Cost of Production - 2019 (page 139 CAFR/ page 154 on web)	
Water Total Operating 2011 Expenses	\$3,060,954	Water Total Operating 2013 Expenses	\$3,869,566	Water Total Operating 2015 Expenses	\$4,009,386	Water Total Operating 2017 Expenses	\$3,896,451	Water Total Operating 2019 Expenses	\$4,395,498
2011 Non-Operating Expenses	\$143,303	2013 Non-Operating Expenses	\$145,178	2015 Non-Operating Expenses	\$87,233	2017 Non-Operating Expenses	\$22,860	2019 Non-Operating Expenses	-\$10,212
Payment in lieu of Taxes	\$183,019	Payment in lieu of Taxes	\$197,649	Payment in lieu of Taxes	\$197,649	Payment in lieu of Taxes	\$197,649	Payment in lieu of Taxes	\$197,649
Total Expenses	\$3,387,276	Total Expenses	\$4,212,393	Total Expenses	\$4,294,268	Total Expenses	\$4,116,960	Total Expenses	\$4,582,935
2011 Total Gallonage Water Delivered to Ketchikan	1,542,934,000	2013 Total Gallonage Water Delivered to Ketchikan	1,412,488,000	2015 Total Gallonage Water Delivered to Ketchikan	1,461,436,000	2017 Total Gallonage Water Delivered to Ketchikan	1,442,968,180	2019 Total Gallonage Water Delivered to Ketchikan	1,111,452,333
Overall Average 2011 Cost/ 1000 gallons	\$2.20	Overall Average 2013 Cost/ 1000 gallons	\$2.98	Overall Average 2015 Cost/ 1000 gallons	\$2.94	Overall Average 2017 Cost/ 1000 gallons	\$2.85	Overall Average 2019 Cost/ 1000 gallons	\$4.12

KPU Cost of Production - 2012		KPU Cost of Production - 2014		KPU Cost of Production - 2016		KPU Cost of Production - 2018	
Water Total Operating 2012 Expenses	\$3,286,613	Water Total Operating 2014 Expenses	\$3,757,925	Water Total Operating 2016 Expenses	\$3,865,398	Water Total Operating 2018 Expenses	\$4,316,848
2012 Non-Operating Expenses	\$253,754	2014 Non-Operating Expenses	\$114,157	2016 Non-Operating Expenses	\$67,652	2018 Non-Operating Expenses	-\$7,458
Payment in lieu of Taxes	\$192,869	Payment in lieu of Taxes	\$197,649	Payment in lieu of Taxes	\$197,649	Payment in lieu of Taxes	\$197,649
Total Expenses	\$3,733,036	Total Expenses	\$4,069,731	Total Expenses	\$4,130,699	Total Expenses	\$4,514,497
2012 Total Gallonage Water Delivered to Ketchikan	1,401,547,000	2014 Total Gallonage Water Delivered to Ketchikan	1,291,718,099	2016 Total Gallonage Water Delivered to Ketchikan	1,316,830,100	2018 Total Gallonage Water Delivered to Ketchikan	1,208,139,600
Overall Average 2012 Cost/ 1000 gallons	\$2.66	Overall Average 2014 Cost/ 1000 gallons	\$3.15	Overall Average 2016 Cost/ 1000 gallons	\$3.14	Overall Average 2018 Cost/ 1000 gallons	\$3.74

Note: Although 2012 Non-Operating Expenses were restated, it only dropped the overall average cost from \$2.67 to \$2.66

2020 Fish Processor Monthly Water Consumption, Gallons

	E. C. Phillips & Son, Inc.		Alaska General Seafoods		Trident Fisheries - Stedman		Freezer Plant	Total
	Services 6-inch	4-inch	4-inch	6-inch	6-inch	Service South 6-inch		
2020								
January	5,645,000	970,000	430,000	0	0	0	37,000	
February	2,730,000	355,000	5,000	0	0	0	90,000	
March	3,225,000	2,220,000	185,000	0	0	0	42,000	
April	1,190,000	430,000	595,000	0	0	0	58,000	
May	1,000,000	2,390,000	840,000	0	65,000	0	*	
June	3,545,000	3,450,000	1,635,000	0	50,000	0	*	
July	10,535,000	9,780,000	9,770,000	327,000	26,360,000	0	*	
August	8,615,000	7,780,000	12,755,000	1,154,000	27,670,000	0	*	
September	7,020,000	7,565,000	1,880,000	0	6,555,000	0	*	
October	4,560,000	9,265,000	1,705,000	0	0	8,418,000	*	
November	4,375,000	7,515,000	1,370,000	0	0	0	*	
December	1,465,000	2,490,000	1,700,000	0	0	0	*	
2020	53,905,000	54,210,000	32,870,000	1,481,000	60,700,000	0	8,645,000	1,140,772,287
2020 Totals	108,115,000		34,351,000		69,345,000			

* Coronavirus has entire processor plant security fenced off and crew locked inside. Unable to put new read-head and node on 6-inch meter. At end of this season in late September, will be able to get in and read the total consumption. Probably only 20-million gallons or less. Last meter reading in April was 160730; reading in October at end of season is 169148 so only 8,418,000 gallons consumed

January through December 2020 **211,811,000** 18.6 % of Ketchikan's total 2020 water consumption (1,140,772,287 gallons)
Total Processor Usage, Gallons

Trident has moved much of their Silver Lining operation to their Stedman Street Plant. Silver Lining's (North 6") was isolated April 20th & their (South 4") on April 25, 2012

Note that a 6-inch meter at Trident's new Stedman Freezer Plant was installed in 2013.

Alaska General's 6-inch meter had failed earlier. The guts were replaced and a new in-line strainer panel installed on 5 Mar. 13.

*** July 1, 2015 Trident permanently shut off the 6-inch service out in the street and has connected their inside plumbing from that service to their 8-inch service

Exhibit C

PROPERTY & RETAIL SALES TAX REVENUE HISTORY
SHOWING ADJUSTMENT FOR INFLATION
1995-2019

YEAR	PROPERTY TAX		PROPERTY TAX LEVY REVENUES ¹		RETAIL SALES TAX REVENUES
	Assessed Values	Mill Rate	Actual	Inflation Adjustment	Actual
1995	462,507,200	7.0	3,237,550	2,634,227	6,108,738
1996	504,116,300	7.0	3,528,814	2,633,321	6,490,829
1997	508,823,000	6.7	3,409,114	2,609,469	6,436,017
1998	530,101,000	6.4	3,392,646	2,535,907	6,561,037
1999	528,989,700	6.4	3,385,534	2,519,845	6,748,900
2000	535,803,200	6.4	3,429,140	2,469,299	6,862,789
2001	607,216,600	6.4	3,886,186	2,720,988	7,392,507
2002	596,304,300	6.4	3,816,348	2,630,501	7,311,908
2003	589,537,900	6.4	3,773,043	2,542,703	7,916,500
2004	583,361,200	6.4	3,733,512	2,450,797	8,550,572
2005	594,968,200	6.4	3,807,796	2,417,648	9,066,564
2006	633,321,300	6.4	4,053,256	2,493,074	9,084,670
2007	697,332,200	6.1	4,253,726	2,544,438	9,581,723
2008	768,741,400	6.1	4,689,323	2,700,771	10,330,443
2009	798,108,100	6.1	4,868,459	2,377,311	9,491,524
2010	800,947,400	6.1	4,885,779	2,343,574	9,217,763
2011	801,175,000	6.2	4,967,285	2,409,759	9,965,173
2012	808,516,900	6.2	5,012,805	2,405,109	10,131,203
2013	857,398,200	6.7	5,744,568	2,713,260	10,201,586
2014	869,827,300	6.7	5,827,843	2,601,239	10,796,715
2015	873,497,448	6.7	5,852,433	2,537,359	11,427,918
2016	898,729,700	6.7	6,021,489	2,628,454	11,349,608
2017	903,616,400	6.7	6,054,230	2,591,202	11,921,608
2018	923,969,800	6.6	6,098,201	2,592,511	12,464,226
2019	937,738,600	6.6	6,189,075	2,553,878	12,814,775

¹ Revenues per levy without adjustments for Senior Citizen and Veterans Tax Exemption

Exhibit D

KETCHIKAN PUBLIC UTILITIES

2021 Operating and Capital Budget

Schedule of Current and Future Annual Debt Service

Year	Series W CREBS	Series W ADEC 481021	Series W ADEC 481061	Series W ADEC 481051	Series W ADEC 481091	Series W ADEC 481121	Series W ADEC 481141	Series X Whitman	Series Y ADEC 481041	Interfund Loan	Series Y Undersea Cable	Total
2021	81,200	107,118	70,544	333,357	6,230	14,666	39,100	1,058,250	36,731	426,209	746,050	2,919,455
2022	80,600	107,118	70,544	333,357	6,230	14,666	39,100	1,059,550	36,731	426,209	745,300	2,919,405
2023		107,118	70,544	333,357	6,230	14,666	39,100	1,059,850	36,731	405,704	743,800	2,817,100
2024		107,118	70,544	333,357	6,230	14,666	39,100	1,060,750	36,731		746,550	2,415,046
2025		107,118	70,544	333,357	6,230	14,666	39,100	1,061,875	36,731		748,300	2,417,921
2026		107,118	70,544	333,357	6,230	14,666	39,100	1,061,250	36,731		744,050	2,413,046
2027		107,118	70,544	333,357	6,230	14,666	39,100	1,058,875	36,731		749,050	2,415,671
2028		107,118	70,544	333,357	6,230	14,666	39,100	1,059,625	36,731		747,800	2,415,171
2029		107,118	70,544	333,357	6,230	14,666	39,100	1,058,375	36,731		745,550	2,411,671
2030		107,118	70,544	333,357	6,230	14,666	39,100	1,060,000	36,731		747,300	2,415,046
2031		107,118	70,544	333,357	6,230	14,666	39,100	1,059,375	36,731		747,800	2,414,921
2032		107,118	70,544	333,357	6,230	14,666	39,100	1,061,375	36,731		752,050	2,421,171
2033			70,544	333,357	6,230	14,666	39,100	1,060,875	36,731		749,800	2,311,303
2034			35,272	166,678	3,115	7,333	39,100		36,731		747,000	1,035,229
2035							39,100		36,731		748,400	824,231
2036							19,552		36,731		748,800	805,083
2037									36,731		748,200	784,931
2038									18,365		751,600	769,965
2039											748,800	748,800
	161,800	1,285,416	952,344	4,500,319	84,105	197,991	606,052	13,780,025	642,792	1,258,122	14,206,200	37,675,166

Exhibit E

Water and WasteWater Rates by Community

	Ketchikan			Juneau**	Sitka	Petersburg	Wrangell	Metlakatla****	Craig
Water Rates	KPU City	Borough	Saxman						
Residential Flat Charge/Base	57.93	46.20***	61.00	37.62	49.45	NA	NA	50.00	NA
Residential Meter Rate	NA	NA	NA	\$25.73 + \$3.46 per 1000 gallons	NA	\$35.31 + \$2.30 per 1000 gallons	\$30.96 + \$2.90/1000 gallons*	NA	\$21.50 + \$3/1000 gallons
Commercial Flat Charge/Base	60.36	30.80 + \$3.30 per 1000 gallons	61.00	37.62	49.95	NA	NA	50.00	NA
Commercial Meter Rate	NA	NA	NA	\$25.73 + \$3.46 per 1000 gallons	NA	\$47.39 + \$4.10 per 1000 gallons	\$30.96 + \$2.90/1000 gallons*	NA	\$21.50 + \$3/1000 gallons

*** Also a .7 per mill property charge, so for a \$200,000 property this is an additional \$116.67 per month

All Rates are Residential and Base Commercial (does not include Industrial, add-ons for restaurants, laundries, or salons. Does not include commercial rated via pipe size.)

**** Metlakatla has combined water, wastewater and trash for \$107

	Ketchikan			Juneau**	Sitka	Petersburg	Wrangell	Metlakatla****	Craig
Wastewater (Sewer) Rates	KPU City	Borough	Saxman						
Residential Flat Charge/Base	56.16	48.00	65.00	98.00	59.09	NA	40.74 for 4000 gallons with additional rate for overage	50.00	NA
Residential Meter Rate	NA	NA	NA	\$98 + \$13.03/1000 gallons over 4,000	NA	\$40.40 + \$1.02 per 1000 gallons	NA	NA	\$35 + \$3.00 per 1000 gallons
Commercial Base Charge	56.16	48.00	NA	98.00	59.09	NA	81.49 for 4000 gallons with additional rate for overage	50.00	NA
Commercial Meter Rate	NA	NA	NA	\$98 + \$13.03/1000 gallons over 4,000	NA	\$90.51 plus \$1.02 per 1000 gallons	NA	NA	\$35 + \$3.00 per 1000 gallons

*Wrangell Flat water includes first 4000 gallons

**Juneau is mixed meter and mixed flat rate for water and wastewater

**** Metlakatla has combined water, wastewater and trash for \$107

All Rates are Residential and Base Commercial (does not include Industrial, add-ons for restaurants, laundries, or salons. Does not include commercial rated via pipe size.)

Exhibit F

Electric Utility Power Rate by Community

	Ketchikan	Juneau	Sitka	Petersburg	Wrangell	Metlakatla	Craig
Electric Rates	KPU	AK Electric Light&Power	Sitka Borough	Petersburg Borough	Wrangell Municipal Lights	Metlakatla Power	AP&T
Residential Customer Charge \$	7.30	8.60	20.48	9.00	8.00	12.50	22.00
Residential \$ per kWh	0.1093	.0951-.1157****	.1224-.1958*****	0.10*****	0.1098***	0.1238	0.1500
Commercial Customer Charge \$	20.70**	18.22-26.31	40.95	9.00	9.00	15.00	103.37
Commercial \$ per kWh	0.1034	.892-.1121	.1204-.1918*****	0.0990	0.1241	0.125-.1411	0.1510

**KPU Commercial Charge is \$41.40 Apr-Sept, and \$0 Oct-March for average of \$20.70

*Juneau Commercial Customer Charge depends on whether standard meter or demand meter

*****Petersburg Stated kWh charges averaged; \$0.119kWh for first 500kWh, \$0.081kWh over 500kWh

****Juneau Rates vary during time of year, seasonally

*****Sitka Rates vary during time of year, seasonally

***Wrangell Stated kWh charges averaged; \$0.1348kWh for first 300kWh, \$0.1091kWh 300-1200kWh, \$0.0856/kWh >1200kWh

All Rates are Residential and Commercial (does not include Industrial)

Calculation of What Ketchikan Resident would Pay on the Average if Ketchikan's Rates were the same as other Municipalities

Ave Monthly Bill for same kWh		Ketchikan	Juneau	Sitka	Petersburg	Wrangell	Metlakatla	Craig
Based on Ave KTN Consumption of 979 kWh	Monthly @ Summer Rate	\$114.30	\$101.70	\$140.31	\$107.30	\$122.52	\$133.70	\$168.85
	Monthly @ Winter Rate	\$114.30	\$121.87	\$212.17	\$107.30	\$122.52	\$133.70	\$168.85
Average Annual Cost:		\$1,371.66	\$1,341.44	\$2,114.87	\$1,287.59	\$1,470.23	\$1,604.40	\$2,026.20

Exhibit G

Telecom Services By Community	Ketchikan				Juneau				Sitka		Petersburg		Wrangell		Metliakatla		Craig	
	Carrier	KPU	Carrier	GCI	Carrier	ACS	Carrier	GCI	Carrier	GCI	Carrier	AP&T	Carrier	AP&T	Carrier	AP&T	Carrier	AP&T
Bundled Phone-Internet-TV	KPU	\$13.98	GCI	\$11.99	ACS	\$25.00	GCI	\$11.99	GCI	\$11.99	AP&T	\$18.30	AP&T	\$18.30	AP&T	\$18.30	AP&T	\$18.30
Internet	KPU 150M	\$63.74	100M	\$74.99	ACS Up to 50	\$89.99	100M	\$74.99	100M	\$74.99	AP&T 25M	\$299.95						
Highest Tier TV Plan Including surcharge	KPU	\$82.69	GCI	\$114.99	GCI	\$114.99	GCI	\$114.99	GCI	\$114.99	DISH/Direct	\$110.00	DISH/Direct	\$110.00	DISH/Direct	\$110.00	DISH/Direct	\$110.00
Total \$ for Phone, Internet & TV	Total	\$160.41	Total	\$201.97	Total	\$229.98	Total	\$201.97	Total	\$201.97	Total	\$428.25	Total	\$428.25	Total	\$428.25	Total	\$428.25
Comparable Internet Speeds @\$75	KPU 150M	\$74.99	GCI 100M	\$74.99	ACS Up to 50	\$89.99*	100M	\$74.99	100M	\$74.99	GCI 100M	\$74.99	AP&T 10M	\$76.73	AP&T 10M	\$76.73	AP&T 10M	\$76.73

TV Package selected was package with most channels for best comparison

Quoted prices do not include state, federal, or local taxes

* ACS has only one price. Speed is whatever is capable on equipment from 1M to upto 50M. Varies by address.

CITY CLERK'S FILE – None**CITY ATTORNEY'S FILE** - None**FUTURE AGENDA ITEMS**

Councilmember Flora said the ordinances for the utility rate increases that was passed in the budget cycle will be on the agenda for Council consideration on regular meeting of February 4, 2021. He indicated we hear a lot of comments from the public that the rates go up every year. He referenced his laid on the table regarding a request for a report to coalesce on historic rates increases, an overview of the state of our infrastructure and what needs to be done to keep the lights on, water running and the wastewater going in the right direction in order for Council to make the right decision. He said he is looking for four hands to give direction to staff. He knows no one likes to see rate increases, but this report might help in the decision making process or an alternative conclusion be brought forth.

Manager Amylon said if Council direction is given we can do that, but if the intent is to justify the rate increases he felt this information already existed. He said he had documents he can share tonight, and explained the Electric and Water Divisions are consistently operating in the red, noting SEAPA is going to raise their rates. He indicated if we don't raise rates we will continue to operate in the red per the last two transmittal reports giving the Council a ten-year perspective of the profit and loss of each of these utilities. He indicated under normal circumstances he would not have concerns putting this together, but with staff changes and shortages, COVID-19 and trying to put a plan together for the resumption of cruise will put a stain on staff.

Councilmember Flora withdrew his request.

Councilmember Bradberry agreed with Councilmember Flora to have this information available to the Council and the public without the overview on the infrastructure. She felt rate increases are a big decision right now, and we need to have all the information.

Mayor Sivertsen said this information was provided to us in the budget transmittals shows rates, taxes and the reality is we are a service oriented entity and everything around us is going up. He said the City is all about providing services and with these three utilities we have been providing these services at a loss. He said since he has been on the Council this conversation comes up every year.

Councilmember Kiffer agreed with the points made by Mayor Sivertsen, and we have gotten into trouble with these utilities because generations of Councils have continued to kick this can down the road and decided not raise rates. He said he agreed the rates need to be raised incrementally, and it would be nice to have all the information on the table when we talk about it. He felt there is a medium ground here to get some information here without completely taxing staff, and maybe Councilmember Flora could revise his request.

Councilmember Flora said no one will go through nine years of budgets, but the social media platform will be buzzing with all kinds of questions why the rates are going up. He said he would like the people we serve to understand our rationale. He stated he had no problem condensing this into something more manageable. He left it up to staff on what to include in this report.

Manager Amylon indicated staff would put the request together.