



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: February 5, 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 approved in first reading at the City Council meeting of February 4, 2021. If adopted in second reading, 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.

Prior to consideration of Ordinance No. 21-1924 in second reading, a public hearing is required. The City Clerk's Office has scheduled the public hearing for the beginning of the City Council meeting of February 18, 2021. Following the public hearing, the City Council may consider the ordinance.

The Electric Division Manager and Finance Director will attend the City Council meeting of February 18, 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 second 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 second 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.

"UNAPPROVED" February 4, 2021

Ordinance No. 21-1927 – Declaring an Emergency Due to the Continuing COVID-19 Pandemic; Extending Emergency Ordinance No. 20-1907 Until July 1, 2021

Copies of Ordinance No. 21-1927 were available.

Moved by Bradberry, seconded by Kiffer the City Council approve Ordinance No. 21-1927 declaring an emergency due to the continuing COVID-19 pandemic; extending Emergency Ordinance No. 20-1907 until July 1, 2021; and establishing an effective date.

Motion passed with Bergeron, Flora, Gass, Gage, Kiffer, Zenge and Bradberry voting yea.

Ordinance No. 21-1926 – Amending Chapter 13.10 of the Ketchikan Municipal Code, Entitled “Passenger Wharfage Fees”; to Impose such Fees Directly on Passengers and to Provide for the Collection, Payment and Enforcement of Such Fees – First Reading

Copies of Ordinance No. 21-1926 were available.

Moved by Kiffer, seconded by Flora the City Council defer consideration of Ordinance No. 21-1926 to a special meeting after staff has consulted with the cruise industry and other Southeast communities.

Manager Amylon informed that our outside Attorney Blascoe has been working on this ordinance.

Motion to defer passed with Zenge, Flora, Bergeron, Kiffer, Bradberry, Gage and Gass voting yea.

Ordinance No. 21-1928 – Tourism Steering Committee for the Mayor and Council – First Reading

Copies of Ordinance No. 21-1928 were available.

Moved by Kiffer, seconded by Gage the City Council defer consideration of Ordinance No. 21-1928 to a special meeting.

Motion to defer passed with Gass, Zenge, Bradberry, Flora, Bergeron, Kiffer and Gage voting yea.

Ordinance No. 21-1924 – Increasing Electric Rates By One and One-Half Percent (1.5%); Establishing a Date for a Public Hearing – First Reading

Copies of Ordinance No. 21-1924 were available.

Moved by Gage, seconded by Flora 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.

Councilmember Gage felt this has been a long time coming and unfortunately, it couldn't be at a worst time. She said this utility has continued to operate in the red, and she would support this motion.

Councilmember Bergeron said he would not support a rate increase in the middle of a pandemic, and felt it was unethical.

"UNAPPROVED" February 4, 2021

Mayor Sivertsen reiterated the fact that Southeast Alaska Power Agency (SEAPA) is increasing the rate they charge us. He said as we heard from Representative Ortiz the State is working in a deficit spending, and this is a trend they cannot continue to do. He agrees this is a difficult decision the Council has to make, but we have a responsibility to operate a utility in a manner that in the long term benefits this community. He stated Ketchikan has one of the lowest rates in the State.

Councilmember Bergeron strongly disagreed that SEAPA needs to come to the ratepayers to deal with this. He felt SEAPA'S finances are well within their capabilities to be able to pay for this.

Councilmember Gass agreed this is incredibly unfortunate that our ratepayers have to pay for something out side of Petersburg. He stated that in the future, as our economic situation rebounds we need to be looking ahead where we can do more on our own and be less dependent on SEAPA.

Mayor Sivertsen said we don't generate enough power in KPU to power our needs. He said the reality is Swan Lake provides wholesale power to Ketchikan. He said when SEAPA was formed the four dam pool was created and all three communities signed an agreement to fund and buy power from SEAPA.

In answer to Councilmember Gass, Councilmember Flora said we can develop more hydro projects, but we will pay for them with current year dollars, and you can never build a project to run at the cost we have with SEAPA. He thanked the Manager and his staff for putting together 38 pages of data he had asked for. He encouraged folks to take the time to read this. He cited the data for the last ten years and the average rate increase is 1.23%. He stated we have almost \$14 million in revenue bonds on the electric division, and electric capital projects of almost \$29 million. He said he disagreed with Councilmember Bergeron's comments, as this not unethical as these are data driven decisions that needs to be made. He said everyone will vote on what they think is best, but we have to look at what is best for the community. He informed the average increase to the electric rate consumer is \$3.20 per month.

Motion passed with Gass, Kiffer, Gage, Zenge and Flora voting yea; Bergeron and Bradberry voting nay.

Ordinance No. 21-1923 – Increasing Water Rates by Five Percent (5.0%) – First Reading

Copies of Ordinance No. 21-1923 were available.

Moved by Flora, seconded by Zenge the City Council approve in first reading Ordinance No. 21-1923 increasing water rates by five percent (5.0%); establishing a date for a public hearing; and providing for an effective date.

Councilmember Flora said again let's look at the math from the report staff put together. He cited from the residential side over the last ten years the average increase was 6%. He informed Alaska inflation averaged 1.64%. He said he would like to hear from the Water Division to get a better understanding why this division cannot get to revenue neutral.

Manager Amylon indicated Council should look at the ten year operating profit and loss statement of the three divisions. In that ten-year period the Water Division hasn't turned a profit in one year. He said basically the rates haven't been raised to meet the cost to produce water and the federal mandates that are imposed. He indicated the ADEC low interest loans were taken out to cover the cost of many water mains that were replaced, and we have to pay those loans back. He said the

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 _____.

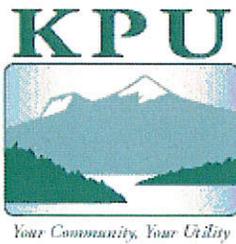
FINAL PASSAGE _____.

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

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: **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 |
|-------------|----------------------------|------------|-------------------------|-----------|-----------------------------|-----------|--------------|---------------|
| | 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 |
| HomePhone | 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.