



# MUNICIPALITY OF ANCHORAGE

## Assembly Memorandum

AM No. 917 - 2024

Meeting Date: November 19, 2024

1 **FROM: MAYOR**

2  
3 **SUBJECT: AN ORDINANCE APPROVING PROPOSED RATE INCREASES**  
4 **BY THE ANCHORAGE WATER AND WASTEWATER UTILITY**  
5 **FOR SUBMISSION TO THE REGULATORY COMMISSION OF**  
6 **ALASKA.**  
7

8 In accordance with AMC 26.10.035, the Administration is submitting an  
9 ordinance concurrent with this memorandum for review and approval by the  
10 Anchorage Assembly of submission of proposed rate increases for water and  
11 wastewater service by the Anchorage Water & Wastewater Utility (AWWU)  
12 based on the results of 2023 Test Year Revenue Requirement Studies to the  
13 Regulatory Commission of Alaska (RCA).  
14

15 AWWU has prepared Revenue Requirement Studies for Anchorage Water Utility  
16 (AWU) and Anchorage Wastewater Utility (ASU) in accordance with the  
17 regulations and practices prescribed by the RCA, Alaska Statutes, and Alaska  
18 Administrative Code. As a result of these studies, AWWU proposes rate  
19 increases of 5.13 percent for AWU and ASU. The impact of the 2025 proposed  
20 rate increases for a single-family residential customer per month is an increase of  
21 \$3.16 for water service (AWU) and an increase of \$2.84 for wastewater service  
22 (ASU). The rate increase included in the Proposed 2025 Operating Budget for  
23 AWU and ASU is a proposed annualized rate increase of 4.5% due to an  
24 anticipated delay in implementing the proposed rate increase. The main drivers  
25 of the proposed rate increases are cost increases in labor, chemicals, utilities,  
26 services, Municipal Utility Services Assessment, and depreciation expense.  
27

28 AWWU's water and wastewater rates were last increased in February 2024 using  
29 a 2022 Test Year Revenue Requirement Study.  
30

31 Upon Assembly approval of the submission of AWWU's proposed rate increases  
32 to the RCA, AWWU intends to request that rates go into effect in February 2025.  
33 The RCA will issue a public notice for AWWU's requested rate increases for  
34 comment. All rate changes are subject to the approval of the RCA.  
35

### 36 **Impacts of the Revenue Requirement Studies**

37 AWWU uses uniform rates for customer charges, unmetered usage charges per  
38 dwelling unit, metered volumetric charges, meter charges, and fire protection  
39 charges. These basic rate components make up an individual's customer bill.

The proposed increases will be applied across the board to all recurring water rates and wastewater rates.

Rates for water service and wastewater service are included in AWWU’s Tariffs for Anchorage Water Utility (AWU) and Anchorage Wastewater Utility (ASU). Exhibit A shows the effect of the 2023 Test Year Revenue Requirement Studies (RRS) proposed rate increases on the current rates.

Changes in the most common monthly rates are below. The Current Rates are those granted by the RCA in Order 1 of Dockets U-24-005 for AWU and U-24-005 for ASU, effective February 12, 2024. The Proposed RRS Rates are the results of the requested rate increase based on the 2023 Test Year RRS for AWU and ASU.

**Water:**

Rate Description	Current Rates	Proposed RRS Rates
Customer Charge (per account)	\$10.53	\$11.07
Unmetered Residential Usage Charge (per unit)	\$49.57	\$52.11
Fire-Charge Residential (per account)	\$1.52	\$1.60
Metered Volume Rate (per 1,000 gallons)	\$6.91	\$7.26
Anchorage Fire Department	\$376,510.90	\$395,825.91

**Wastewater:**

Rate Description	Current Rates	Proposed RRS Rates
Customer Charge (per account)	\$10.61	\$11.15
Unmetered Residential Usage Charge (per unit)	\$44.92	\$47.22
Metered Volume Rate (per 1,000 gallons):		
Residential	\$7.03	\$7.39
Commercial – Low Strength	\$6.18	\$6.50
Commercial – Medium Strength	\$8.21	\$8.63
Commercial – High Strength	\$9.58	\$10.07
Septage Hauler Rate (per 1,000 gallons)	\$30.82	\$32.40

**Typical Customer Bill Impacts**

Based on the proposed RRS Rates resulting from the 2023 Test Year RRS for AWU and ASU the single-family residential bill will increase per month for water service by \$3.16 from \$61.62 to \$64.78 and for wastewater service by \$2.84 from \$55.53 to \$58.37. The combined monthly water and wastewater bill for a single-family residential customer will increase from \$117.15 to \$123.15, approximately 5.13% over current rates.

**RCA Approval Required**

Revenues from the proposed rate increases are included in AWWU’s proposed 2025 Operating Budgets. AWWU will file the 2023 Test Year Revenue Requirement Studies with the RCA upon Assembly approval by ordinance. The RCA will notice the filing and proposed rate increases to the public and allow

1 for a thirty-day comment period. The RCA will render a decision on whether to  
2 approve the filing or suspend it for further investigation within 45 days of the filing  
3 date. In the event the RCA suspends the filing for further investigation, AWWU  
4 will request the rate increases be approved on an interim and refundable basis  
5 effective February 2025.  
6  
7

8 **THE ADMINISTRATION RECOMMENDS APPROVAL.**  
9

10 Prepared by: Heather Rafalko, Regulatory Affairs Manager, AWWU  
11 Reviewed by: Jack Broyles, Jr., C.P.A., Director, Finance Division,  
12 AWWU  
13 Recommended by: David A. Persinger, P.E., Assistant General Manager  
14 and Acting General Manager, AWWU  
15 Concur: Philippe D. Brice, Chief Fiscal Officer  
16 Concur: William D. Falsey, Acting Chief Administrative Officer  
17 Concur: Rebecca A. Windt Pearson, Municipal Manager  
18 Respectfully submitted: Suzanne LaFrance, Mayor  
19

20 Attachment:  
21 Exhibit A Effect of Proposed Rate Increases