

Submitted by: Chair of the Assembly at the
Request of the Mayor
Prepared by: Municipal Light & Power
For reading: March 2, 2010

CLERK'S OFFICE
APPROVED

ANCHORAGE, ALASKA
AO No. 2010-28

Date: 4-13-10

1 AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA
2 AUTHORIZING SUBMISSION BY MUNICIPAL LIGHT & POWER (ML&P) OF
3 PROPOSED RATE CHANGES TO THE REGULATORY COMMISSION OF
4 ALASKA.
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6
7 **WHEREAS**, the Anchorage Assembly and Mayor of Anchorage have by ordinance
8 delegated to the ML&P Utility Board of Directors the independent operation,
9 management and oversight of the utility; and
10

11 **WHEREAS**, ML&P has completed a 2008 Test Year Revenue Requirement and Cost
12 of Service Study; and
13

14 **WHEREAS**, these studies show that ML&P requires rate increases based on a 2008
15 test year, to be implemented on an across-the-board basis; and
16

17 **WHEREAS**, the proposed interim rate increase of 5.70% to demand and energy
18 charges needs to become effective forty-five days after submission of these studies
19 with the Regulatory Commission of Alaska; and
20

21 **WHEREAS**, the proposed permanent rate increase of 7.12% to demand and energy
22 charges will not exceed the required increases as shown in ML&P's 2010 budget; and
23

24 **WHEREAS**, these rate increases are necessary to maintain current levels of service
25 while providing for the financial viability of the Utility; and
26

27 **WHEREAS**, the ML&P Utility Board of Directors conducted a review and public
28 hearing on these proposed rate changes and now recommends to the Assembly that
29 ML&P's 2008 Test Year Revenue Requirement and Cost of Service Study, including
30 related rate increases, be submitted to the Regulatory Commission of Alaska; now
31 therefore,
32

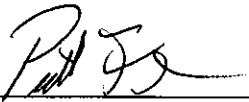
33 **THE ANCHORAGE ASSEMBLY ORDAINS:**
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35 **Section 1.** Rate changes to the tariff of ML&P, as reflected in its 2008 Test Year
36 Revenue Requirement and Cost of Service Study for interim and permanent rates
37 effective no later than May 7, 2010 and June 24, 2011, respectively, are hereby
38 approved for submission to the Regulatory Commission of Alaska.
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Section 2. This Ordinance shall be effective immediately upon passage and approval by the Anchorage Assembly.

PASSED AND APPROVED by the Anchorage Assembly this 13th day of April, 2010.



Chair of the Assembly

ATTEST:



Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects -- Utilities

AO Number: 2010-28

Title: AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA
 AUTHORIZING SUBMISSION BY MUNICIPAL LIGHT & POWER (ML&P)
 OF PROPOSED RATE CHANGES TO THE REGULATORY COMMISSION
 OF ALASKA

Sponsor: MAYOR
 Preparing Agency: ML&P
 Others Impacted:

CHANGES IN REVENUES AND EXPENSES:	(In Thousands of Dollars)				
	FY10	FY11	FY12	FY13	FY14
Operating Revenues:	\$3,278	\$5,667	\$6,284	\$6,284	\$6,284
TOTAL OPERATING REVENUES	\$ 104,740	\$ 107,130	\$ 107,746	\$ 107,746	\$ 107,746
Operating Expenses:					
TOTAL OPERATING EXPENSES	\$ 87,478	\$ 87,478	\$ 87,478	\$ 87,478	\$ 87,478
Non-Operating Revenues:					
TOTAL NON-OPERATING REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Operating Expenses:					
TOTAL NON-OPERATING EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -
NET INCOME (REGULATED)	\$17,262	\$19,652	\$20,268	\$20,268	\$20,268
POSITIONS: FT/PT and Temp					

PUBLIC SECTOR ECONOMIC EFFECTS:

This action is intended to increase demand and energy charges to ML&P's public sector customers by 7.12%; the permanent increase to overall rates (customer charge portion of rates not increased) will range from 5.80% to 6.15%. ML&P's last base rate change to these customers occurred through a two-part phased rate increase of 4.035% and 3.474% in 2002 & 2003, respectively. This rate action is to be implemented on an interim, refundable basis in an amount equal to 80% of the proposed permanent rate increase on or before May 7, 2010. Revenue received by the MOA from increased dividends will slightly exceed the increase on energy charges to MOA departments.

PRIVATE SECTOR ECONOMIC EFFECTS:

This action is also intended to increase demand and energy charges to ML&P's private sector customers by 7.12%; the permanent increase to overall rates will range from 5.41% to 6.14%. Again, this is less than 7.12% because the customer portion of rates is not being increased. An interim refundable increase amounting to 80% of the permanent increase will be requested to go into effect by May 7, 2010.

Prepared by:

Daniel B. Helmick

Telephone: 263-5826

MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 169-2010

Meeting Date: March 2, 2010

1 **From:** MAYOR

2
3 **Subject:** AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE,
4 ALASKA AUTHORIZING SUBMISSION BY MUNICIPAL LIGHT &
5 POWER (ML&P) OF PROPOSED RATE CHANGES TO THE
6 REGULATORY COMMISSION OF ALASKA.
7

8 In accordance with Anchorage Municipal Code (AMC) section 26.10.035, this
9 ordinance requests the review and approval of submission by ML&P of its 2008 Test
10 Year Revenue Requirement and Cost of Service Studies ("the Studies"), including
11 associated rate increases, to the Regulatory Commission of Alaska (RCA). The
12 Studies, prepared in accordance with the regulations and practices proscribed by
13 the RCA and Alaska statutes, indicates a revenue deficiency of \$6,283,657 or
14 6.19%. Since this needed adjustment is not applied to the customer charge
15 component of rates but to the demand and energy components only, the adjustment
16 needed for demand and energy charges must be 7.12% in order to recover the
17 indicated revenue deficiency. ML&P's last base rate changes occurred in August
18 2002 and October 2003, when a phased two-step increase of 4.035% and 3.474%
19 was granted in 2002 and 2003, respectively.
20

21 Upon Assembly approval, ML&P files the Studies, seeking an across-the-board rate
22 increase of 7.12% to demand and energy charges. Pending a final order from the
23 RCA, with a timeline up to fifteen (15) months after the date of the initial tariff filing,
24 ML&P seeks an across-the-board interim rate increase of 5.7% (80% of the
25 requested permanent rate increase) to demand and energy charges through
26 refundable rates, effective no later than forty-five days after the date of the initial
27 filing, or May 7, 2010.
28

29 Typical Customer Rate Impact

30 The chart set out below presents the impact of the requested *permanent* increases
31 to demand and energy charges on a typical customer's monthly bill:

	Residential	Small Commercial	Large Commercial (Secondary)	Large Commercial (Primary)	Military	AWWU
Average monthly energy use (kwh)	511	1,457	41,537	267,516	8,820,193	1,237,179
Total monthly bill before permanent rate increase	\$60.96	\$163.73	\$3,968.16	\$24,299.35	\$566,863.30	\$60,948.97
Total monthly bill after permanent rate increase	64.40	173.23	4,212.24	25,790.97	599,769.54	64,248.23
Increase in average monthly bill	\$3.44	\$9.50	\$244.09	\$1,491.12	\$32,906.24	\$3,299.26
Percentage change in monthly bill	5.64%	5.80%	6.15%	6.14%	5.80%	5.41%

1 Note the percentage change in each customer classes' monthly bill, after application
 2 of the permanent increase, ranges from 5.64% (Residential) to 6.15% (Large
 3 Commercial – Secondary), and is somewhat less than 7.12%. This occurs because
 4 the proposed 7.12% increase is being applied only to the demand and energy
 5 component of the customer's bill, and not to the customer charge component, which
 6 covers the cost of billing and providing customer service(s). In addition, the *interim*
 7 rate increase, effective from May 7, 2010 until a final order (June 24, 2011 or
 8 sooner), issued by the RCA is 80% of the permanent increase requested. These
 9 monthly interim rate increases are represented as follows:

	Residential	Small Commercial	Large Commercial (Secondary)	Large Commercial (Primary)	Military	AWWU
Interim increase in average monthly bill	\$2.75	\$7.60	\$195.27	\$1,193.30	\$26,324.99	\$2,639.41

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11 ML&P Utility Board of Directors Approval Required

12 AMC section 32.20.030 establishes rate change procedures ML&P's Utility Board of
 13 Directors ("the Board") follow when proposing rate changes. Subsection A requires
 14 the ML&P Board to recommend tariff rates, fees, and charges to the Assembly for
 15 approval prior to seeking RCA approval. Subsection B requires the Board to
 16 establish procedures for setting rates, including "a public hearing for each new or
 17 changed rate, fee, charge, rule, regulation, or other tariff provision, and the
 18 opportunity for one or more consumer advocates representing ratepayer interests to
 19 participate." In addition to the ordinance and charter provisions discussed above,
 20 Article VII, Section 10 of the Board's bylaws requires seven days advance notice for
 21 a public hearing for rate changes. It also requires public notice in accordance with
 22 AMC section 1.25.015 and requires the Board to seek any state regulatory
 23 approvals for rate changes approved by the Assembly. The Board scheduled the
 24 required public hearing for March 1, 2010. It is anticipated that a resolution will be
 25 approved by the board, authorizing ML&P management to submit its 2008 Test
 26 Year Revenue Requirement and Cost of Service Studies, including related rate
 27 increases, to the Municipal Assembly and Regulatory Commission of Alaska".
 28 Revenue from this rate action is reflected in ML&P's 2010 Assembly approved
 29 operating budget. The Board-approved resolution will be submitted as a
 30 supplement to this ordinance, at or before public hearing by the Assembly on this
 31 ordinance.

32

33 **THE ADMINISTRATION RECOMMENDS APPROVAL OF AN ORDINANCE OF** 34 **THE MUNICIPALITY OF ANCHORAGE, ALASKA AUTHORIZING SUBMISSION** 35 **BY MUNICIPAL LIGHT & POWER (ML&P) OF PROPOSED RATE CHANGES TO** 36 **THE REGULATORY COMMISSION OF ALASKA.**

37

38 Prepared by: Municipal Light & Power
 39 Approved by: James M. Posey, ML&P General Manager
 40 Concur: Lucinda Mahoney, CFO
 41 Concur: Rhonda Fehlen Westover, Deputy Municipal Attorney
 42 Concur: George J. Vakalis, Municipal Manager
 43 Respectfully submitted: Daniel A. Sullivan, Mayor

44

Submitted by: Chair of the Municipal
Light & Power Utility
Board of Directors
Date: March 1, 2010

ANCHORAGE, ALASKA
Resolution No. 2010- 02

1 A RESOLUTION OF THE ANCHORAGE MUNICIPAL LIGHT AND POWER UTILITY BOARD
2 OF DIRECTORS AUTHORIZING SUBMISSION OF ML&P'S 2008 TEST YEAR REVENUE
3 REQUIREMENT AND COST OF SERVICE STUDIES, INCLUDING RELATED RATE
4 INCREASES, TO THE MUNICIPAL ASSEMBLY AND REGULATORY COMMISSION OF
5 ALASKA
6

7 WHEREAS, the Anchorage Assembly and Mayor of Anchorage have by ordinance delegated to the
8 ML&P Board the independent operation, management and oversight of the utility; and
9

10 WHEREAS, ML&P has completed a 2008 Test Year Revenue Requirement and Cost of Service Study;
11 and
12

13 WHEREAS, these studies show that ML&P requires rate increases based on a 2008 test year, to be
14 implemented on an across-the-board basis; and
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16 WHEREAS, a public hearing was advertised in accordance with Municipal code and held on March 1,
17 2010; and
18

19 WHEREAS, the proposed interim rate increase of 5.70% to demand and energy charges needs to
20 become effective forty-five days after submission of these studies with the Regulatory Commission of
21 Alaska; and
22

23 WHEREAS, the proposed permanent rate increase of 7.12% to demand and energy charges will not
24 exceed the required increases as shown in ML&P's 2010 budget; and
25


26 WHEREAS, these rate increases are necessary to maintain the current level of service while providing
27 for the financial viability of the Utility; and
28


29 NOW THEREFORE, THE ML&P BOARD OF DIRECTORS RESOLVES THAT:
30

31 ML&P management is authorized to submit its 2008 Test Year Revenue Requirement and Cost of
32 Service Studies, including related rate increases, to the Municipal Assembly and Regulatory
33 Commission of Alaska.
34

35 PASSED AND APPROVED by the ML&P Board of Directors this 1st day of March, 2010.
36

37 ATTEST:

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39
40 Linda R. Davidovics
41 ML&P Utility Board Secretary


42
43 Mark C. Wiggin, Chairman
44 ML&P Utility Board of Directors

Content ID: 008745**Type:** Ordinance - AO**Title:** AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA
AUTHORIZING SUBMISSION BY MUNICIPAL LIGHT & POWER (ML&P) OF
PROPOSED RATE CHANGES TO THE REGULATORY COMMISSION OF
ALASKA**Author:** maglaquijp**Initiating
Dept:** MLP**Date
Prepared:** 2/16/10 3:11 PM**Director
Name:** James M. Posey**Assembly
Meeting Date:** 3/2/10**Public
Hearing Date:** 3/23/10

Workflow Name	Action Date	Action	User	Security Group	Content ID
Clerk_Admin_SubWorkflow	2/25/10 4:00 PM	Exit	Joy Maglaqui	Public	008745
MuniManager_SubWorkflow	2/25/10 4:00 PM	Approve	Joy Maglaqui	Public	008745
MuniManager_SubWorkflow	2/25/10 4:00 PM	Checkin	Joy Maglaqui	Public	008745
Legal_SubWorkflow	2/25/10 3:54 PM	Approve	Rhonda Westover	Public	008745
Finance_SubWorkflow	2/23/10 11:01 AM	Approve	Lucinda Mahoney	Public	008745
OMB_SubWorkflow	2/19/10 1:34 PM	Approve	Cheryl Frasca	Public	008745
MLP_SubWorkflow	2/17/10 2:56 PM	Approve	Richard Miller	Public	008745
AllOrdinanceWorkflow	2/17/10 8:55 AM	Checkin	Saundra Fletcher	Public	008745
MLP_SubWorkflow	2/17/10 8:40 AM	Reject	Joy Maglaqui	Public	008745
AllOrdinanceWorkflow	2/16/10 3:17 PM	Checkin	Saundra Fletcher	Public	008745