



ELECTRIC DEPARTMENT – RATES

Key Rate Issues FY18

- Approximate **2.2M/Year NEEDED** for FY18 and Forward
- Rate Increase on Residential of **13 cents/kwhr to 15 cents/kwhr needed**
- Load is the **VARIABLE** - has leveled to 103-105 million kwhr/yr
- Range of current revenue \$13.9-14.2 m

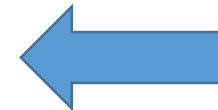
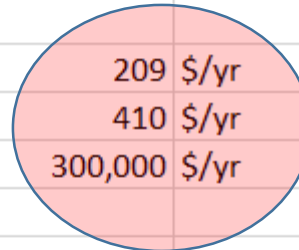
Options to Balance the Enterprise Fund

- Property Tax** Ballot Initiative REV 2 – Specifically Targeted, 1 mil = \$1 m
 - ✓ \$1 m revenue cuts the rate increase by 50%
- Increase **Summer Sales Tax** from 6% to 7% - approx. \$1 m
- Continue **subsidization** by General Fund, Permanent Fund, or other.
- Severance Tax** – Fish and Gravel, \$1 m
- Rate Increase 15%**
 - ✓ Residential rate up from 13 cents to 15 cents
 - ✓ First Tier on General Service Commercial unchanged < 500 kWhrs @ 18 cents
 - ✓ Monthly Fees unchanged
 - ✓ Boat Service Tier 2 matches Tier 2 Residential (11% not 15%)
 - ✓ Heat Pumps remain at ½ the cost of fuel oil to operate
- Early rate increase to help balance FY17**
 - ✓ Apr 1 FY17 - \$500,000 estimated additional FY17 revenue
 - ✓ Early Guess of approx. \$589,000 needed
 - ✓ Range of \$200,000 to \$1.2 m



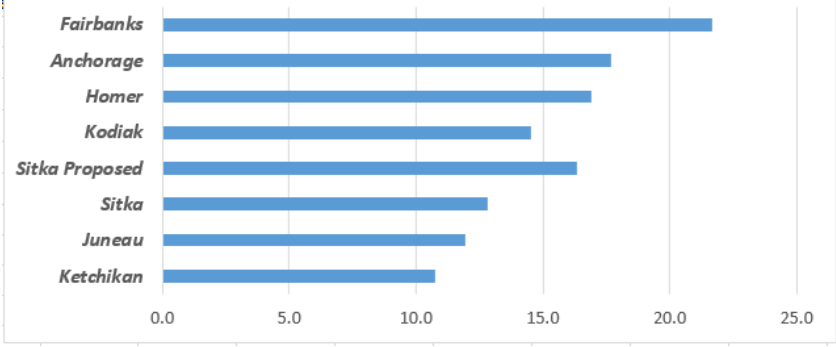
ELECTRIC DEPARTMENT

<u>60,000 FT VIEW of ELECTRIC RATES</u>		
Current Elect Rate (Approx)	14	cents
Proposed Elect Rate (Approx, 15%)	16	cents
Approximate Total Annual Revenue	14.7	million \$
Shortfall \$/yr	2.2	million \$
15% Rate Increase Generates \$	2.2	million \$
Fish Processing accounts for \$/yr	2.0	million \$
Total Citizens	8929	
Total Households	4566	
Need to collect per Citizen	209	\$/yr
or Need to collect per Household	410	\$/yr
or Need to collect from Fish Processing	300,000	\$/yr
<u>If you do not raise large Commercial</u>		
Need to collect per Citizen	246	\$/yr
or Need to collect per Household	482	\$/yr
or Need to collect from Fish Processing	0	\$/yr
<u>Seasonal Rates</u>		
Proposed w/o seasonal	16	cents
Summer	21	cents
Winter	11	cents

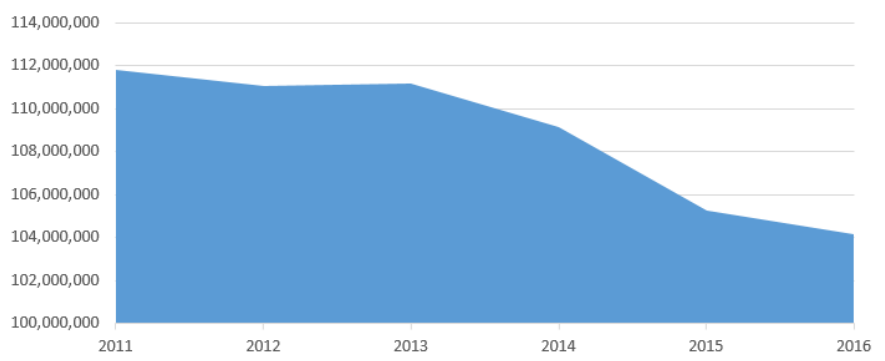




COMPARABLE FY17
ALASKA ENERGY RATES



Sitka Historical Load



ELECTRIC ENTERPRISE FUND FY18 RATE CALCULATOR

INPUTS YOU CAN CHANGE

% Change in FY18 Load (-5% to 5%)	-1%
% Change in FY18 Elect Rates	15.0%
Months of Changed Rate in FY18	100%
Funds from OTHER \$	0
Funds from Rate Stabilization Acct	0
% Reduction in non-labor expense	4%

CALCULATIONS and FIXED

Original Elect Rate \$/kwhr	0.1423
Adjusted Elect Rate \$/kwhr	0.1636
Original KWHrs Sold -	104,156,400
Adjusted KWHrs Sold -	103,114,836
Calculated Electric Revenue (Sales)	16,872,330
Other Revenue (fixed, Federal)	550,394
Funds from "Other" and Rate Stabiliz	0
Operations Costs Labor (fixed)	(4,200,000)
Adjusted Operations Costs, Non Labor	(4,119,400)
Interest and Principal on Loan (AEA)	(614,076)
Interest on Bonds(fixed)	(7,913,517)
Interest on Bonds net of Fed Revenue	(7,363,123)
Bond 25% adder	(1,840,781)
OVERALL Revenue Requirement	(16,909,228)

REQUIRED TARGET IS ZERO (36,898)
FOR BOND COVENANT AND CAPITAL PLAN



ELECTRIC DEPARTMENT

RESIDENTIAL CUSTOMERS

RESIDENTIAL	Before	After	Proposed
	Oct-2016	Oct-2016	Apr-2017
First 200 kWhrs	0.0858	0.1203	0.1383
Next 800 kWhrs	0.1145	0.1203	0.1383
Over 1000 kWhrs	0.1305	0.137	0.1576
Customer Charge	19.5	20.48	20.48
Typical Residential Monthly kWhrs	\$/mo	\$/mo	\$/mo
1500	\$194	\$209	\$238
2000	\$259	\$278	\$316
Incremental %		7.4%	13.9%
Total % Net Increase from 10/2016			22.3%
	\$/yr	\$/yr	\$/yr
1500	\$2,322	\$2,511	\$2,851
2000	\$3,105	\$3,333	\$3,797





ELECTRIC DEPARTMENT

SMALL COMMERCIAL CUSTOMERS

SMALL COMMERCIAL	Before Oct-2016	After Oct-2016	Proposed Apr-2017
First 500 kWhrs	0.1771	0.186	0.186
Next 500-10000 kWhrs	0.1246	0.1308	0.1504
10,000-100,000	0.1218	0.1279	0.1471
Over 100,000 kWhrs	0.119	0.125	0.1438
Customer Charge	39	40.95	40.95
Typical Commercial Monthly kWhrs	\$/mo	\$/mo	\$/mo
5000	\$688	\$723	\$811
20000	\$2,529	\$2,656	\$3,034
Incremental %		5.0%	14.2%
Total % Net Increase from 10/2016			19.9%
	\$/yr	\$/yr	\$/yr
5000	\$8,259	\$8,671	\$9,729
20000	\$30,351	\$31,867	\$36,405





ELECTRIC DEPARTMENT

LARGE COMMERCIAL CUSTOMERS

<u>LARGE COMMERCIAL</u>	Before	After	Proposed
	Oct-2016	Oct-2016	Apr-2017
First 500 kWhrs	0.1771	0.186	0.186
Next 500-10000 kWhrs	0.1241	0.1303	0.1498
10,000-100,000	0.1213	0.1274	0.1465
Over 100,000 kWhrs	0.1184	0.1244	0.1431
Customer Charge	60	63	63
Typical Commercial Monthly kWhrs	\$/mo	\$/mo	\$/mo
100000	\$12,245	\$12,860	\$14,764
150000	\$18,165	\$19,080	\$21,919
Incremental %		5.0%	14.9%
Total % Net Increase from 10/2016			20.7%
	\$/yr	\$/yr	\$/yr
100000	\$146,934	\$154,318	\$177,169
150000	\$217,974	\$228,958	\$263,029





ELECTRIC DEPARTMENT

BOAT SERVICE — Note monthly charge increased to repair harbor meters_\$8.75 to \$20.48

BOAT SLIP	Before	After	Proposed
	Oct-2016	Oct-2016	Apr-2017
First 150 kWhrs	0.1353	0.142	0.142
All Remaining	0.1353	0.142	0.1576
Customer Charge	8.75	20.48	20.48
Typical Residential Monthly kWhrs	\$/mo	\$/mo	\$/mo
150	\$29	\$42	\$42
300	\$49	\$63	\$65
Incremental %		27.8%	3.7%
Total % Net Increase from 10/2016			32.6%
	\$/yr	\$/yr	\$/yr
150	\$349	\$501	\$501
300	\$592	\$757	\$785





ELECTRIC DEPARTMENT

QUESTIONS



ELECTRIC DEPARTMENT

Operating a Heat Pump is $\frac{1}{2}$ the Cost of Fuel oil @ 16 cent Electricity

HEAT PUMP versus FUEL OIL		
FUEL OIL	Value	Units
Fuel Oil Heating Value	130,000	btu/gal
Modern Fuel Oil Stove Efficiency	85%	%
Price of Fuel #1 Delivered	2.7	\$/gal
CALCULATED	110,500	btu/gal
CALCULATED	40,926	btu/\$
HEAT PUMP	Value	Units
HSPF (typical Sitka, Fujitsu RLS3)	12.5	
Efficiency	12,500	btu/kw
Cost of Power	0.16	\$/kwhr
CALCULATED	78,125	btu/\$
HEAT PUMP IS	0.523852	
THE COST OF FUEL OIL		