

Sponsors: Mosher / Wein

Discussion / Direction
on amending the seasonal electric rates



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Mayor Paxton and Assembly Members
Keith Brady, Municipal Administrator

From: Assembly Members Kevin Mosher and Richard Wein

Date: February 6, 2019

Subject: Discussion/Direction RE: possible amendment to Ordinance 2017-06S
Seasonal Utility Rate Change

Background: In March 2017, the assembly approved Ord. 2017-06S, to adjust the utility rates, so that there would be a higher "Summer Rate," which applies from April-Sept, as well as a lower "Winter Rate," which applies Oct-Mar. Summer residential rates are 19.2 cents/kwhr. Winter rates are 12 cents/kwhr. This was done with the intention of raising utility rates, but doing so in a way that would "even out" people's utility bills, so to speak, so that their bills would not be too large in either season. The first time the summer rate took effect, in spring 2018, many people were shocked to see very large increases in their bills.

Analysis: It seems that the rate increase for the summer occurred too early, and therefore many people were hit with utility bills \$200 or more above their previous bills. This is most likely because it is still fairly cold in April. The thought here is to ease the burden so to speak, by effectively shifting the rate changes one month out.

Fiscal Note: Preliminary analysis by staff indicate that if we shift the change dates for the utility rates by one month, starting in Oct/Nov 2019 (FY2020), that the city will require a transfer from the general fund for the year of about \$80,000. Going forward, instead of increasing the rates in April every year, we will increase them in May. Likewise, instead of decreasing the rates in October, we would decrease them in November.

Recommendation: Rather than drafting legislation to make this change and bring to the assembly, we thought it better to bring this as a discussion/direction item first, to see if there is enough desire on the assembly for a change like this. We would like to know if the majority of the assembly would be interested to something to this effect. If so, we will work with the city attorney to draft appropriate legislation, and bring back to the assembly at a later date.