



UTILITIES DIVISION, UTILITY RATE STUDY Public Meeting – December 19, 2024

The City and Borough of Juneau (CBJ) has engaged a professional consulting team, FCS Group and DOWL, to assist with a utility rate study for the Juneau Water and Wastewater Utilities. This study aims to assess the current and projected costs of providing service and to ensure financial sustainability as the utility undertakes Capital Improvement Projects to address aging infrastructure.

The team has already met with the Public Utilities Committee and the Finance Committee and is now seeking public feedback on a set of proposed rate scenarios before making a recommendation to the Assembly.

Frequently Asked Questions

1) Why do rates have to go up?

Utility rates often need to increase due to the rising costs of maintaining and upgrading aging infrastructure. CBJ's Utility infrastructure was installed in the 1970s and 1980s and is now nearing the end of its life, requiring significant upgrades. Additionally, building codes, regulatory requirements, and challenges have changed, requiring infrastructure investments to comply with these standards. To ensure the safety of the community and utility workers and to maintain reliable services, investment is needed now.

In 2014, CBJ conducted a similar exercise, which recommended raising rates to keep the utility financially stable. The assembly approved half of the recommended rate increases.

Juneau is not alone in needing to review rates; other major utilities, including those in Sitka, Fairbanks, and Anchorage, are undertaking similar efforts.

2) I am on a Fixed Income and raising utility costs are a concern to my family. What If I am having financial trouble paying my utility bill?

CBJ recognizes that utility costs are a large part of household expenses. We are committed to running the utility efficiently and upgrading systems to provide consistent water and wastewater services, thereby avoiding significant failures. There are State programs available to offset utility costs for homeowners, including:

- Alaska Temporary Assistance Program (ATAP) administered by the Alaska Department of Health (DOH)
- Senior Benefits Program administered by the Alaska DOH
 - Only available to people 65 years of age or older
- General Relief Assistance (GRA) program administered by the Alaska DOH
 - Utility assistance is only available if the customer has received a shut-off notice

3) What has CBJ been doing in recent years to keep our utility infrastructure modern and avoid emergency repairs?



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CBJ has been proactively replacing aging water distribution and wastewater collection infrastructure as part of annual street reconstruction projects, focusing on areas with known problems (such as leaks) or outdated materials (e.g. cast iron pipes, asbestos concrete pipes)

Since the last rate study, CBJ has undertaken several major projects, including:

- Installing secondary filtration at Salmon Creek water plant to provide a reliable year-round water source.
- Drilling and bringing into service two new high-producing water wells at the Last Chance Basin well field.
- Upgrading treatment processes at the Mendenhall wastewater treatment plant.
- Upgrading pumps and controls in water pump stations and wastewater lift stations.
- Upgrading system controls (SCADA).

4) How does the recent bond passage impact our utility rates?

Voter approval of the bond to fund the reconstruction of the Juneau-Douglas Treatment Plant Clarifier allows the Wastewater Utility to reduce the rate increases needed to fund necessary capital projects over the next five years.

Without the bond, the Wastewater Utility would have required an additional \$33 per month from a typical residential customer beginning in July 2026, compared to the proposed rates shown under question 9.

5) How do our utility rates compare to the rates of other communities?

Fairbanks is the only community that Juneau compares directly to in terms of population, and Juneau's rates are significantly lower.

However, Juneau's rates are higher than those of other Southeast Alaska communities because Juneau is the only major community in the region that treats wastewater to a secondary level. This higher level of wastewater treatment incurs additional costs for the utility compared to other major Southeast utilities.

6) Can CBJ apply for grants to fund the proposed capital improvement projects (CIPs)?

Yes, CBJ applies for grants and loans through various state and federal programs. Historically, CBJ has not been successful with state grants because Juneau is not considered a disadvantaged community. However, CBJ continues to pursue grants to offset the costs of capital improvement projects.

7) Why are there so many project needs? Hasn't CBJ been keeping up with maintenance?

CBJ has significant assets to maintain and upgrade. Many of these assets were built in the 1980s, when state budgets were robust. Much of this infrastructure is now nearing or has exceeded its



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design life. CBJ needs to actively work on capital improvement projects to prevent system failures and address threats to system resilience.

8) What are the utilities doing to ensure costs are as low as they can be?

The identified CIPs have been prioritized based on likelihood and cost of failure. Currently, the plan for executing these CIPs focuses on minimizing capital expenditures. CBJ is also working on projects to automate our water and wastewater systems and monitor them remotely, which will impact staffing needs.

9) What will my bill be going forward?

The tables below show the proposed monthly bills for a typical residential customer. You will notice there are two options for each utility.

For the Water Utility:

- The “Cash” option for the water utility assumes all infrastructure costs are funded either through existing reserves or revenue generated from rates.
- The “Debt” option assumes 20% of the five-year infrastructure costs are funded through state loans, with the remainder funded through existing reserves or revenue generated through rates.

For the Wastewater Utility:

- The “Bond Vote Passes & Cash” option assumes the use of the recently approved \$10 million bond, with all other infrastructure costs funded through existing reserves or revenue generated from rates.
- The “Bond Vote Passes & Debt” option assumes additional state loans would be secured to help lower upfront rate increases.

10) These rate increases seem high - what is the impact of adopting lower rates than recommended?

Many of the projects in the reduced capital plan have been chosen for their ability to address current risks to the utility infrastructure. Adopting rates lower than recommended, delays these critical solutions, increasing the risk of service loss or interruption. Delaying necessary projects also raises costs due through inflation and the higher expense of emergency work compared to planned work.

11) What are the inflationary assumptions built into these rates?

Currently, the inflationary outlook for capital work in Juneau is in the 5-7% per year range.

12) How will CBJ ensure that another large rate increase won't be needed again in the near future?

Following the rate study recommendations would minimize the need for large future increases. Other non-rate-based options, such as regular sales tax contributions, could also minimize or prevent significant rate increases.



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PROPOSED RATE SCENARIOS

Water – Fixed Residential Bill	Existing	FY2026	FY2027	FY2028	FY2029	FY2030
Cash Funding	\$40.72	\$44.89	\$49.50	\$54.57	\$60.16	\$66.33
<i>\$ Change to Bill</i>		\$4.17	\$4.60	\$5.07	\$5.59	\$6.17
Debt Funding	\$40.72	\$43.57	\$46.62	\$49.88	\$53.38	\$57.11
<i>\$ Change to Bill</i>		\$2.85	\$3.05	\$3.26	\$3.49	\$3.74

Wastewater – Fixed Residential Bill	Existing	FY2026	FY2027	FY2028	FY2029	FY2030
Bond Vote Passes & Cash	\$106.08	\$119.61	\$134.85	\$152.05	\$170.67	\$191.58
<i>\$ Change to Bill</i>		\$13.53	\$15.25	\$17.19	\$18.63	\$20.91
Bond Vote Passes & Debt	\$106.08	\$118.28	\$131.88	\$147.05	\$163.22	\$181.18
<i>\$ Change to Bill</i>		\$12.20	\$13.60	\$15.17	\$16.18	\$17.95

COMMENTS

Name: _____

Phone: _____ **Email:** _____

Date: _____