**CITY OF GUSTAVUS, ALASKA**
**RESOLUTION CY16-15**

**A RESOLUTION BY THE CITY OF GUSTAVUS REGARDING THE ALASKA POWER COMPANY RATE CASE**

**WHEREAS,** the Alaska Power Company has filed a rate case with new proposed schedule of electric rates and service charges for customers in Gustavus and other communities served by the utility, and

**WHEREAS,** the City of Gustavus seeks to be a distinctive model of sustainability, reduced carbon footprint, and innovation, and,

**WHEREAS,** the world's energy future is in electrification from clean, alternative, sustainable sources, replacing fossil fuels, and eliminating the climate damaging emissions inherent in fossil fuel combustion, and,

**WHEREAS,** the City of Gustavus desires that renewable electricity become the energy choice in our community and encourages the full utilization of the Falls Creek Hydroelectric Facility potential; and,

**WHEREAS,** Gustavus currently utilizes only about one-third of the generating capacity of the Falls Creek Hydroelectric Facility, and

**WHEREAS,** high electricity rates in Gustavus seriously impact the quality of life of residents, increase the cost of living here, constrain the success of local businesses, and discourage residents from switching from fossil fuels to clean hydroelectric energy; and,

**WHEREAS,** Gustavus residents are interested in purchasing electric cars and heating homes and businesses with electrically-powered heat pumps but are discouraged by the high cost of electric power here; and,

**WHEREAS,** the Congressional intent of the land exchange that enabled the development of the Falls Creek Hydroelectric Facility was to provide Gustavus and Glacier Bay National Park & Preserve with economical, clean electricity; and

**WHEREAS,** a major driver in the proposed electric rates for Gustavus appears to be questionable inclusion in the rate base of public investments in construction of the hydroelectric facility; and

**WHEREAS,** the Falls Creek Hydroelectric Facility was constructed entirely with public money, this cost should not be included in the rate base for Gustavus, and the public must see the benefit of its investment; and

**WHEREAS,** the diesel electric backup generating plant operated by Alaska Power Company is owned by the City of Gustavus and leased to the Alaska Power Company for one dollar per year for the purpose of benefitting Gustavus ratepayers; and,

**WHEREAS,** the Falls Creek Hydroelectric Facility has been in operation since 2009, but base electricity rates have not been changed to reflect the public's investment and the reduction of generating costs resulting from the fossil-fuel-free hydroelectricity and are still today based on obsolete and largely scrapped diesel generation equipment; and

**WHEREAS,** Congress has appropriated funds in its 2017 appropriations bill for the construction of an intertie between Gustavus and Glacier Bay National Park & Preserve that will, with no marginal generating cost, increase the amount of electricity the Alaska Power Company will be able to sell and should then lower the cost of electricity in both Gustavus and Glacier Bay National Park & Preserve, with the associated environmental benefits; and,

**WHEREAS,** a "customer charge" of $20 per month and a minimum "service delivery charge" equivalent to 150kwh/month (for Gustavus residences and small businesses, $57.60 per month), such that a customer who used absolutely no electricity would be billed $20+$57.60=$77.60 every month; and,

**WHEREAS,** many residents who live simply by economic necessity or life style preference currently use less than 150kwh per month, and some people occupy their homes here or operate their businesses only seasonally, consuming little or no power while absent from Gustavus; and,

**WHEREAS,** the proposed increased customer service charge and minimum service delivery will place an unfair burden on low income residents, those who live simply and economically in small homes, as well as those who have seasonal homes and/or businesses in Gustavus; and,

**WHEREAS,** the new higher minimum charges may encourage some existing residents to disconnect from the APC electric system, or new residents never to connect, substituting instead noisy, polluting personal fossil-fuel generators, or alternative energy systems, while decreasing utilization of the publicly-funded clean hydroelectric energy source, and raising costs for remaining customers.

**NOW THEREFORE, BE IT RESOLVED,** the City of Gustavus calls upon the Regulatory Commission of Alaska to:

1) Assure that the new rate structure, when adopted for Gustavus, encourages, rather than discourages, customers to switch from fossil fuel energy to clean hydroelectric power for transportation, heating, and appliance use, such that the full, 24-hour, year-round generating potential of the Falls Creek Hydroelectric Facility can eventually be realized.

2. Assure that only qualified private investments and operating costs in the Falls Creek Hydroelectric Facility and transmission and distribution system are included in the rate base and that public investments are acknowledged and excluded from the rate base.

3. Reject the proposed increased customer charge and minimum service delivery charge as unwarranted, fundamentally unfair, and counterproductive to the intent of expanding electric use in Gustavus.

4. Substitute a reasonable monthly minimum charge that reflects only the cost of maintaining a customer account and a meter at the customer location regardless of electric consumption, thereby encouraging customers to connect and to remain connected to the hydroelectric system regardless of their monthly consumption.

5. Require installation of smart meters and the incorporation of variable pricing of electric power according to demand, or time of day, to enable customers to charge electric cars, run heat pumps, and operate electric appliances during off-peak periods thereby increasing total electricity consumption (and utility revenue) and making use of hydro-generation potential otherwise lost.

6. Provide for net-metering, to enable installation of distributed alternative energy generating capacity at customer locations, supplementing hydro-generation when consumption in Gustavus, including Bartlett Cove, eventually exceeds the capacity of the Falls Creek Hydroelectric Facility thereby minimizing the need for supplementary diesel generation.

7. Require a new rate case to be filed when the tie-line to the Glacier Bay National Park facilities at Bartlett Cove expands consumption, such that new the economy of scale can be reflected in rates community-wide.

**BE IT FURTHER RESOLVED** that the process under which the Regulatory Commission of Alaska determines electricity rates at Gustavus must be fair, open, and transparent.

**PASSED** and **APPROVED** by the Gustavus City Council, this 14th day of November, 2016, and effective upon adoption.

Tim Sunday

Tim Sunday, Mayor

LAEWING

Attest: Lori Ewing, City Clerk/Treasurer