

Agency: Commerce, Community and Economic Development**Grants to Municipalities (AS 37.05.315)****Grant Recipient: Bethel****Project Title:****Project Type:** Planning and Research

Bethel - Electrical Utility Acquisition Study

State Funding Requested: \$150,000**House District:** 38 / S

One-Time Need

Brief Project Description:

This feasibility study to evaluate and plan for the potential for a publicly owned city electric utility.

Funding Plan:**Total Cost of Project:** \$150,000*There is no other funding needed***Detailed Project Description and Justification:**

Currently, the City of Bethel's utility is privately owned. Publicly owned power utilities provide citizens local control and incentives to stability, reliability, and responsiveness to customer needs.

This feasibility study would:

1. Examination of the city's electrical load growth,
2. Project the cost of service from alternative suppliers,
3. Estimate the operating/capital costs to transfer to a public owned utility.

The study will assist the city council to determine the benefits and costs of a public electric utility and to explore possible alternatives to achieve public ownership of an electric utility for the City of Bethel.

The ultimate goal is to reduce the cost of energy for the City of Bethel, therefore reducing the costs to the State of Alaska in the Power Cost Equalization program.

Project Timeline:

FY2011

Entity Responsible for the Ongoing Operation and Maintenance of this Project:

City of Bethel

Grant Recipient Contact Information:

Name: John Sargent
 Address: 300 State Highway
 Bethel, AK 99559
 Phone Number: (907)543-1386
 Email: jsargent@cityofbethel.net

Contact Name: Patricia Walker
 Contact Number: 465-4453

*\$175,000
Approved*

Total Project Snapshot Report

FY 2011 Capital Budget

TPS Report 54819v1

Has this project been through a public review process at the local level and is it a community priority? Yes No

Introduced by: Mayor Klejka
Date: April 13, 2010
Action: Passed
Vote: 6-0

CITY OF BETHEL, ALASKA

Resolution # 10-28

A RESOLUTION BY THE BETHEL CITY COUNCIL REQUESTING \$150,000 IN FUNDING FOR A FEASIBILITY STUDY TO EVALUATE AND PLAN FOR THE POTENTIAL FOR A PUBLICLY OWNED CITY ELECTRIC UTILITY

WHEREAS, significant local citizen concern has been expressed over the possibility of new ownership and management of Bethel's privately owned electric utility,

WHEREAS, publicly owned power utilities provide citizens local control and incentives to ensure stability, reliability, and responsiveness to customer needs;

WHEREAS, a feasibility study would allow for the examination of the City's electricity load growth, project the cost of service from alternative power suppliers, and estimate the capital and operating costs of a publicly owned utility;

WHEREAS, the City recognizes that having local control over decisions regarding electricity generation use of waste heat, electricity prices, and service policies has the potential to positively impact bulk fuel purchases, and the economic health of Bethel;

WHEREAS, currently Bethel's cost of a kWh is approximately 40 cents, it has been as high as 61 cents; much greater than Alaska's average of 16.35 cents;

WHEREAS, lowering the average kWh cost of electricity in Bethel would significantly decrease Power Cost Equalization costs to the State of Alaska;

WHEREAS, a privately owned electrical utility is motivated to increase profitability for investors rather than to decrease electrical costs to users;

WHEREAS, the ultimate goal of this project is to determine the benefits and costs of a public electric utility, and to explore possible alternatives to achieve public ownership of an electric utility for the City of Bethel;

Introduced by: Mayor Klejka
Date: April 13, 2010
Action: Passed
Vote: 6-0

NOW, THEREFORE, BE IT RESOLVED the City of Bethel requests \$150,000 from the State of Alaska to pay for a feasibility study to evaluate and plan for the potential for a publicly owned electric utility.

ENACTED THIS 6 DAY OF APRIL 2010 BY A VOTE OF 6 IN FAVOR AND 0 OPPOSED.

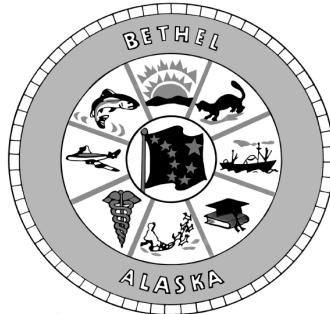
Joseph Klejka, Mayor

ATTEST:

Lori Strickler, City Clerk

CITY OF BETHEL

Post Office Box 1388
Bethel, Alaska 99559
Voice: 907-543-2297
Fax: 907-543-4171



April 13, 2010

The Honorable Lyman F. Hoffman
Alaska State Senator
Post Office Box V
Juneau, Alaska 99811

RE: Bethel Utilities Corporation

Dear Senator Hoffman:

The citizens of Bethel have long felt that Bethel Utilities Corporation (BUC), as a privately owned electric utility, has had very little concern for the high costs of electricity that the citizens must bear to provide a liberal profit margin for BUC. Bethel's current kilowatt hourly cost is approximately \$.40 and has been as high as \$.61. That cost is significantly above the Alaska average of approximately \$0.16 per kilowatt hour.

The City would like to request that you and your colleagues consider the possibility of placing a line item in the FY 2011 budget for \$150,000.00 to fund a feasibility study that would evaluate and plan for the potential of a publicly owned city electric utility. A publicly owned utility would offer more local control and incentives that would help ensure stability, reliability, and a high degree of responsiveness to customer's needs.

If this request is granted and approved, the funds would be used to determine the costs and benefits of a public electric utility versus a privately owned corporation and for researching possible alternatives that could lead to public ownership of an electric utility for the City of Bethel.

Thank you for your time and consideration, Sir.

Respectfully,

Lee M. Foley
City Manager
Bethel, Alaska

Enclosures

Cc: Bethel City Council