



Anchorage Water & Wastewater Utility

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Utility Rates for 2012 Approved by Regulatory Commission of Alaska

The Regulatory Commission of Alaska approved rate increases effective January 1, 2012 for Anchorage Water & Wastewater Utility.

A typical single family residential account will notice a \$2.63 increase in their monthly water bill and an increase of \$3.74 each month in their sewer bill. This equals a six percent increase for water service and an 11 percent increase for wastewater service. Commercial account rates will also increase by six and 11 percent for each service.

Single family residential customers with both water and sewer service will pay \$84.01 per month, an increase of \$6.37 from 2011 rates.

Utility operations are capital-intensive.

Most customers don't recognize the extensive network of water and sewer infrastructure underground providing customer service throughout the Municipality of Anchorage. If all of Utility's pipes, pumps, manholes, reservoirs, valves, hydrants, wells, treatment processes and other parts were to be replaced today, the cost would exceed **7.9 billion dollars!**

- AWWU maintains over 1,500 miles of pipe, combined – both water and sewer.
- The average service life of AWWU's infrastructure is approximately 65 years.

AWWU infrastructure includes:

- 2 water treatment plants
- 851 miles of water mains
- 11,551 main-line valves
- 5,851 fire hydrants
- 17 wells
- 22 reservoirs
- 34 water booster stations
- 751 miles of sewer mains
- 2 septage receiving stations
- 3 wastewater treatment plants
- 38 wastewater pump/lift stations
- And over 17,000 pieces of rotating equipment!

Increased rates reflect the need to fund repair and replacement.

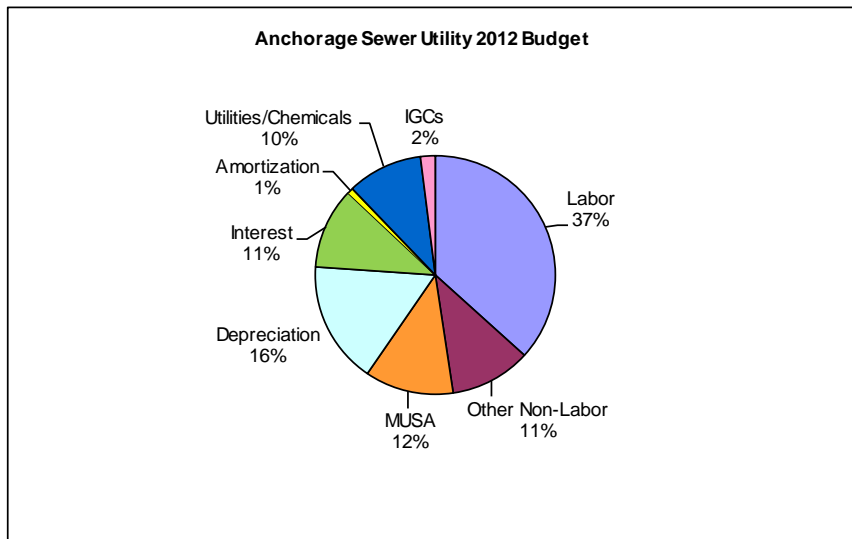
The Utility's Capital Program is devoted to repair and replacement projects, which include interties to strengthen and provide system redundancy. Some recently completed projects include:

- **Girdwood Manhole I&I, Phase III** - This ongoing project involves rehabilitating manholes in the Girdwood wastewater system. The Girdwood system suffers from substantial groundwater and surface water leaking into manholes and pipes. At times, this has caused the Girdwood Wastewater Treatment Facility to exceed its permitted treatment capacity. The rehabilitation of Girdwood's collection system pipes and manholes are necessary in order to allow for the Girdwood Wastewater Treatment Plant to continue operations.
- **Aircraft Drive Water Upgrade** – Replacement of 700 feet of 12-inch ductile iron water main with PVC pipe. The section of pipe being replaced was severely damaged by corrosion and buried at an unusual depth in the ground.
- **Rovenna Pipe Replacement** – Evaluation and replacement of 3,872 feet of 15-inch wastewater main due to corrosion issues with the existing pipe.

Community, Security, Prosperity

- **Hillside Water Transmission Main** – Construction of a 24-inch water transmission main, over 15,000 feet in length, to distribute and increase the availability of water to South Anchorage.
- **Asplund Treatment Facility Electrical System Upgrade** - Much of electrical equipment within Alaska's largest wastewater treatment facility, built in 1972, had reached the end of its useful life and was in need of replacement. This project also increased the capacity of the facility's backup electric generator.
- **Hiland Road Intertie, Phase III** – Construction of a 24-inch water transmission main under the Glenn Highway to serve Eagle River. It provides an alternate route and valuable system reliability for Eagle River customers.

Infrastructure costs dominate water and sewer rates.



The need to continually replace infrastructure, half of which was originally provided at no cost to ratepayers, will drive rates up over time. AWWU's ability to mitigate the costs of construction by adjusting labor and other variable costs is limited. Between one-half to two-thirds of Utility operating costs are fixed costs. The pie charts details the Utility's water and sewer operating expenses for 2012.

Labor (wages and benefits) consumes 37 percent of the total ASU budget and even less of the AWU budget. Interest, depreciation, and the Municipal Utility Service Assessment (MUSA), similar to a residential property tax, are directly related to infrastructure costs.

AWWU is working to ensure long-term sustainability of Utility assets.

The Utility's asset management program seeks to optimize the timing of capital expenditures for maximum economic life of AWWU's systems.

AWWU is investing to ensure reliable service and safeguard the public's health and environment long into the future.



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