



# CITY OF BETHEL

P.O. Box 388 • Bethel, Alaska 99559

543-2297—Area Code 907

## RESOLUTION #707

WHEREAS, the provision of electricity at the most reasonable cost rate is desired as it impacts on the general welfare of the citizenry as well as economic development specifically; and

WHEREAS, the electrical rates are higher in rural areas and it is in the best interests of rural citizens as well as the state in general to attain the lowest possible rates; and

WHEREAS, the average rate per kwh in Bethel is 21.58 cents while our sister city to the north, Nome has an average rate of 16.5 cents per kwh; and

WHEREAS, the services in Nome are provided by the Nome Joint Utilities Board, an entity of the City of Nome, and have been for a period of approximately 30 years; and

WHEREAS, the electrical rates in Nome are 5 cents a kwh less than the present rates in Bethel which means if the annual production for electricity by BUC, Inc. of 32,500,000 kwh is used an annual difference of \$1,625,000 might be realized by the citizens of Bethel in the lower electrical rate; and

WHEREAS, the additional savings might be realized as the Nome Joint Utilities Board subsidizes, their water and sewer utilities by applying 2-3 cents of the 16.5 kwh rate which means \$650,000 to \$975,000 annually; and

WHEREAS, much of these savings generates from cooperative fuel buying and the fact that Nome has a Bulk Tank Farm which was constructed in 1987 and will be paid off in 1993, a period of 6 years. These two features allow for Nome paying .739 cents per gallon for fuel oil placed in their tank farm while the comparative figure for Bethel Utilities is approximately \$1.27 presently with an increase expected shortly; and

WHEREAS, these same economies might be effected for the Bethel Community if a Tank Farm could be constructed in Bethel; and

WHEREAS, the area villages would also be beneficiaries to any improvements in the Bethel Utility situation through electrical inter-ties which are either presently existing as in the case of Napakiak, Oscarville and Napaskiak or contemplated as in the case of Nunapitchuk, Atmautluak and Kasigluk; Kwethluk, Akiak and Tuluksak; and

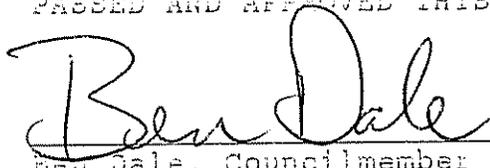
WHEREAS, the City of Bethel is in need of assistance from the state in the form of grants; \$500,000 for the Tank Farm construction and \$1,000,000 for the down payment for the purchase of the Utility; and

WHEREAS, grants of this magnitude represent the savings to the State Power Cost Equalization Program, estimated by Alaska Energy Agency personnel to be \$400,000 to \$500,000 annually; and

WHEREAS, this project is consistent with the Legislative intent given the Alaska Energy Authority last session to study and report to the Legislature on ways to cut costs in the Power Cost Equalization Program with minimal impact on non-commercial consumers.

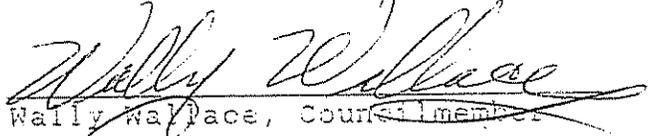
NOW THEREFORE BE IT RESOLVED that the City Council for the City of Bethel respectfully request that the Governor and the Legislature support the City of Bethel purchase of the Bethel Utilities and the Bulk Tank Farm Construction and the Alaska Energy Authorities' continued technical assistance on these projects with the grants suggested above.

PASSED AND APPROVED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 1992

  
Ben Dale, Councilmember

\_\_\_\_\_  
James H. Feaster III, Mayor

\_\_\_\_\_  
Gary Vanasse, Councilmember

  
~~Wally Wallace, Councilmember~~

\_\_\_\_\_  
Thomas Warner, Councilmember

  
\*Allen Wintersteen, Councilmember  
(see note)

  
Ruth "Wally" Richardson, Councilmember

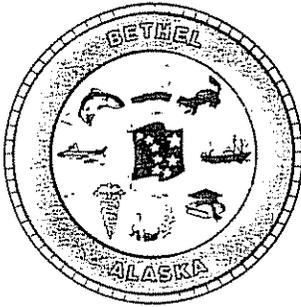
ATTEST:

*failed*  
5-20-92

\_\_\_\_\_  
Jane Elam, City Clerk

\* Signed only with the inclusion and my approval of the following:

1. The negotiated cost of the utilities.
2. A business plan such as banks require, showing all costs and projected cash flows.
3. Citizens of Bethel vote for the project.



# CITY OF BETHEL

P.O. Box 388 • Bethel, Alaska 99559

543-2297 — Area Code 907

## RESOLUTION #707A

**WHEREAS**, the provision of electricity at the most reasonable cost rate is desired as it impacts on the general welfare of the citizenry as well as economic development specifically; and

**WHEREAS**, the electrical rates are higher in rural areas and it is in the best interests of rural citizens as well as the state in general to attain the lowest possible rates; and

**WHEREAS**, the average rate per kwh in Bethel is 21.58 cents while our sister city to the north, Nome has an average rate of 16.5 cents per kwh; and

**WHEREAS**, the services in Nome are provided by the Nome Joint Utilities Board, an entity of the City of Nome, and have been for a period of approximately 30 years; and

**WHEREAS**, the electrical rates in Nome are 5 cents a kwh less than the present rates in Bethel which means if the annual production for electricity by BUC, Inc. of 32,500,000 kwh is used an annual difference of \$1,625,000 might be realized by the citizens of Bethel in the lower electrical rate; and

**WHEREAS**, the additional savings might be realized as the Nome Joint Utilities Board subsidizes, their water and sewer utilities by applying 2-3 cents of the 16.5 kwh rate which means \$650,000 to \$975,000 annually; and

**WHEREAS**, much of these savings generates from cooperative fuel buying and the fact that Nome has a Bulk Tank Farm which was constructed in 1987 and will be paid off in 1993, a period of 6 years. These two features allow for Nome paying .739 cents per gallon for fuel oil placed in their tank farm while the comparative figure for Bethel Utilities is approximately \$1.27 presently with an increase expected shortly; and

**WHEREAS**, these same economies might be effected for the Bethel Community if a Tank Farm could be constructed in Bethel; and

**WHEREAS**, the area villages would also be beneficiaries to any improvements in the Bethel Utility situation through electrical inter-ties which are either presently existing as in the case of Napakiak, Oscarville and Napaskiak or contemplated as in the case of Nunapitchuk, Atmautluak and Kasigluk; Kwethluk, Akiak and Tuluksak; and

WHEREAS, the City of Bethel is in need of assistance from the state in the form of grants; \$500,00 for the Tank Farm construction and \$1,000,000 for the down payment for the purchase of the Utility; and

WHEREAS, grants of this magnitude represent the savings to the State Power Cost Equalization Program, estimated by Alaska Energy Agency personnel to be \$400,000 to \$500,000 annually; and

WHEREAS, this project is consistent with the Legislative intent given the Alaska Energy Authority last session to study and report to the Legislature on ways to cut costs in the Power Cost Equalization Program with minimal impact on non-commercial consumers.

NOW THEREFORE BE IT RESOLVED that the City Council for the City of Bethel respectfully request that the Governor and the Legislature support the City of Bethel purchase of the Bethel Utilities and the Bulk Tank Farm Construction and the Alaska Energy Authorities' continued technical assistance on these projects with the grants suggested above. In addition, it is understood that the purchase of Bethel Utilities Corporation will not be considered by the Bethel City Council unless the following stipulations are satisfied: 1) The negotiated cost of the utilities is provided; 2) A business plan such as banks require that details all costs and projected cash flows; and 3) Citizens of Bethel vote for the project.

PASSED AND APPROVED THIS 26<sup>th</sup> DAY OF May, 1992.

James H. Feaster III  
James H. Feaster III, Mayor

ATTEST:

Jane Elam  
Jane Elam, City Clerk