

Introduced by: Mayor Joseph A. Klejka  
Date: April 24, 2012  
Action: Passed  
Vote: 6-0

## *CITY OF BETHEL, ALASKA*

### **Resolution # 12-10**

#### **A RESOLUTION BY THE BETHEL CITY COUNCIL SUPPORTING A COOPERATIVE RUN AND OWNED ELECTRIC UTILITY IN BETHEL ALASKA**

**WHEREAS**, the Bethel City Council is interested in considering a cooperative purchase of a publicly owned electric utility in Bethel;

**WHEREAS**, the sale of Bethel Utilities Corporation to a public electric utility would result in a reduction in the cost of energy for the ratepayers of Bethel while concurrently reducing the costs to the State of Alaska in the Power Cost Equalization program;

**WHEREAS**, a cooperative electric utility would provide for local democratic control allowing for ratepayer influence, transparency of information, and confidence in the ability to provide electricity;

**WHEREAS**, according to an Electric Utility Ownership Feasibility Study prepared for the City of Bethel by Agnew::Beck, in May of 2011, the monthly cost of heating oil makes up about 66 percent of total energy costs (defined as electricity, heating oil, and vehicle transportation);

**WHEREAS**, electricity comprises approximately 18 percent of a consumer's residential monthly bill after the Power Cost Equalizations subsidy is applied;

**WHEREAS**, practices of the current electric utility can be improved to provide better rates to the consumer, those practices include but are not limited to fuel procurement practices, integration with renewable energy sources such as wind, and integration of waste heat;

**WHEREAS**, additionally the study suggests the above practices when applied under a cooperative, would allow for a 4.5 percent decrease in the rates provide under an independently owned utility;

**WHEREAS**, the Electric Utility Ownership Feasibility Study also concludes, the impact to the State is also substantial; the current utility customers receive approximately \$2.2 Million per year in Power Cost Equalization (PCE) credits;

**WHEREAS**, a change in ownership, fuel procurement options and wind resource options would contribute up to \$400,000 in savings per year for the states PCE payments in Bethel;

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**WHEREAS**, the profit margin for a cooperative purchase of a publicly owned electric utility would be minimal to the producer, but would enable efficient and responsible operation of a utility to ensure the public's interest is considered and carried out;

**WHEREAS**, according to the Study, the the greatest reduction in costs to both the state and the utility users is achieved with an electrical utility cooperative.

Comparison of Utility Rates by Ownership Category: Ideal Scenario [1]

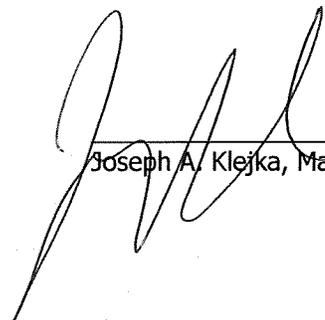
Ownership	Avg. Avg. Rate per kWh [1]	% Difference from BUC
BUC	\$0.4304	0.0%
IOU (not BUC)	\$0.4059	-5.7%
Municipal	\$0.3740	-13.1%
Cooperative	\$0.3743	-13.7%

[1] Assumes the utility builds and operates a fuel storage system, uses a pipeline to deliver fuel from the Petro Port to the tank farm, owns and operates its own wind system, and allows the city to integrate waste heat.

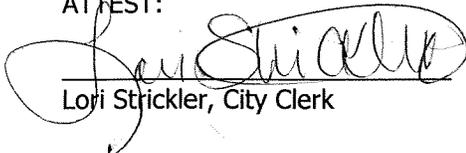
\* Electric Utility Ownership Feasibility Study (2011). Agnew::Beck Consulting, LLC and EES Consulting

**NOW, THEREFORE, BE IT RESOLVED** that the Bethel City Council does hereby support a cooperative run and owned electric utility in Bethel.

**ENACTED APRIL 24, 2012 BY A VOTE OF 6 IN FAVOR AND 0 OPPOSED.**

  
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Joseph A. Klejka, Mayor

ATTEST:

  
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Lori Strickler, City Clerk