

RCA No. 126 First Revision Sheet No. 154
 Cancelling
 Original Sheet No. 154

RECEIVED
JAN 06 2023
 STATE OF ALASKA
 REGULATORY COMMISSION OF ALASKA

Anchorage Wastewater Utility

16.0 PLANT REPLACEMENT AND IMPROVEMENT SURCHARGE MECHANISM (PRISM) (L3, N)

16.1 PURPOSE

The Plant Replacement and Improvement Surcharge Mechanism (PRISM), is a surcharge to recover non-revenue producing Eligible Capital Costs associated with plant placed in service between general rate cases. PRISM is implemented pursuant to 3 AAC 52 Article 9. The capital costs of extending facilities to serve new customers are not recoverable through PRISM.

16.2 ELIGIBLE PROPERTY

A. The PRISM eligible plant will consist of the following:

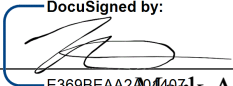
1. Collection sewers, collecting mains, and service laterals, including sewer taps, curbstops, and lateral cleanouts, installed as in-kind replacements for customers;
2. Collection mains and valves for gravity and pressure systems and related facilities such as manholes, grinder pumps, air and vacuum release chambers, cleanouts, main line flow meters, valve vaults, and lift stations installed as replacements or upgrades for existing facilities that remain in service beyond reasonable service life, are in prematurely deteriorated condition, or are required to be upgraded to meet quality of service standards or applicable law;
3. Collection main extensions installed to implement solutions to wastewater problems that present a significant health or safety concern for customers currently receiving service from the utility;
4. Collection main rehabilitation including inflow and infiltration projects;
5. Unreimbursed costs related to highway relocation projects where a wastewater utility must involuntarily relocate facilities; and
6. Other capitalized costs related to plant described in 1 – 5 of this subsection.

(L3): Relocated prior Tariff Rule 16.0, Sample Collection and Analysis on Tariff Sheet No. 154, Original to Tariff Sheet No. 156, Second Revision and renumbered as Tariff Rule 17.0 with no changes.

(L3, N)

Tariff Advice No. **TA177-126** Effective: **January 30, 2023**

Issued by Anchorage Wastewater Utility

By  Title: General Manager
DocuSigned by: E369BEAA27014071
Mark A. Corsentino, P.E.

Anchorage Wastewater Utility

16.0 PLANT REPLACEMENT AND IMPROVEMENT SURCHARGE MECHANISM (PRISM) (N)
(continued)

16.3 EFFECTIVE DATE (D2, N)

The PRISM rate may become effective for bills rendered on January 30, 2023.

The PRISM rate may be updated on an annual basis to reflect Eligible Capital Costs.

16.4 COMPUTATION

A. Effective dates

1. Effective date of surcharge may be: On or after January 1
2. Date to which PRISM eligible plant additions are reflected: December 31 of the prior year

B. Surcharge Amount

The PRISM will be a percentage, expressed to two (2) decimal places, applied to all classes of service as a percentage of each customer’s billed revenue. The PRISM will be printed as a separate line on each customer’s bill.

The PRISM rate expressed as a percentage is provided in Rule 13.10, Plant Replacement and Improvement Surcharge Mechanism.

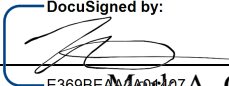
The PRISM Eligible Capital Costs used to calculate the surcharge amount will consist of depreciation, Municipal Utility Service Assessment (MUSA), and a return allowance plus any correction or adjustment requested and approved by the Commission.

(N)

(D2): Deleted “Reserved For Future Use” language.

Tariff Advice No. TA177-126 Effective: **January 30, 2023**

Issued by Anchorage Wastewater Utility

By  Title: General Manager
E369BEA74501407
Mark A. Corsentino, P.E.

RCA No. 126 Original Sheet No. 155.1
 Cancelling _____ Sheet No. _____

RECEIVED**JAN 06 2023**STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA**Anchorage Wastewater Utility****16.0 PLANT REPLACEMENT AND IMPROVEMENT SURCHARGE MECHANISM (PRISM) (N)**
(continued)**16.4 COMPUTATION (continued)****C. Formula**

1. The PRISM percentage is calculated by dividing the total annual eligible capital costs, by projected annual revenue. The formula is illustrated as follows:

$$\text{PRISM} = \frac{((\text{EP} \times \text{WACC}) + \text{Dep} + \text{Taxes} + e)}{\text{PAR}}$$

Where:

EP = The Net Non-Contributed cost of PRISM eligible plant. The original cost of PRISM eligible plant net of Accumulated Depreciation, Contributions in Aid of Construction, and Accumulated Amortization.

WACC = The Weighted Average Cost of Capital approved or stipulated by all parties and accepted by the Commission in the Utility's most recent general rate case.

Dep = The Depreciation Expense related to PRISM eligible plant calculated by applying the annual accrual rates determined by the most recently approved or accepted depreciation study to the original cost of PRISM eligible plant.

Taxes = The Municipal Utility Service Assessment (MUSA) is a payment in lieu of taxes to the Municipality of Anchorage to support local government services (Anchorage Municipal Code 26.10.025).

e = The amount calculated under the annual reconciliation, or any correction or adjustment of actual entries used in the calculation of the surcharge rate.

PAR = The Projected Annual Revenues to be collected from the customers

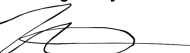
PRISM Wastewater Surcharge Rate is provided in Rule 13.10 RATE SCHEDULE NO. 10. (N)

Tariff Advice No. **TA177-126** Effective: **January 30, 2023**

Issued by Anchorage Wastewater Utility

By

DocuSigned by:



E369BEAA20114071

Mark A. Corsentino, P.E.Title: General Manager

RCA No. 126 Original Sheet No. 155.2
Cancelling _____ Sheet No. _____

RECEIVED
JAN 06 2023
STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

Anchorage Wastewater Utility

16.0 PLANT REPLACEMENT AND IMPROVEMENT SURCHARGE MECHANISM (PRISM) (N)
(continued)

16.5 CONSUMER PROTECTIONS

A. Surcharge Cap

The PRISM rate for ASU may not exceed five percent (5.0%) of the amount billed to customers under the otherwise applicable tariff rates.

B. Annual Reconciliation

The Utility will reconcile all plant improvement surcharge revenue to Eligible Capital Costs on an annual basis. Any over or under collection will be included as an Eligible Capital Cost reduction or increase in the next PRISM rate update following the reconciliation.

C. Surcharge Reset

The PRISM rate must be reset to zero at the effective date of revised base rates set in a general rate case that incorporates the Eligible Capital Costs previously recovered through the PRISM.

D. Long-Term Infrastructure Improvement Plan

The Utility will file a long-term infrastructure improvement plan no less often than every five (5) years. The original plan is included with TA177-126. The updated plan requirements, as described in 3 AAC 52.815(c), will be filed no later than November 15.

E. Asset Optimization Plan

The Utility will file an asset optimization plan as described in 3 AAC 52.815(d) annually by November 15.

(N)

Tariff Advice No. TA177-126 Effective: **January 30, 2023**

Issued by Anchorage Wastewater Utility

By  _____
E369BEAA2M1407
Mark A. Corsentino, P.E.

Title: General Manager

RCA No. 126 Original Sheet No. 155.3
Cancelling _____ Sheet No. _____

RECEIVED
DEC 14 2022
STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

Anchorage Wastewater Utility

16.0 PLANT REPLACEMENT AND IMPROVEMENT SURCHARGE MECHANISM (PRISM) (N)
(continued)

16.5 CONSUMER PROTECTIONS (continued)

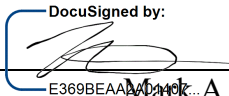
F. Notice to Customers

Customers shall be notified by bill inserts, billing statement messages, and on AWWU's website before the Utility files a revision to the surcharge rate.

(N)

Tariff Advice No. TA177-126 Effective: **January 30, 2023**

Issued by Anchorage Wastewater Utility

By  Title: General Manager
E369BEAAB0140K Mark A. Corsentino, P.E.