MEETING NO. 2008-13: The Special meeting of the City and Borough of Juneau Assembly, held in the
Assembly Chambers of the Municipal Building, was called to order at Noon by Mayor Bruce Botelho.

I.  FLAG SALUTE was led by Mayor Bruce Botelho.

II.  ROLL CALL

  Assembly Present: Jonathan Anderson, Bruce Botelho, Jeff Bush, Bob Doll, Johan Dybdahl, Merrill Sanford, Randy Wanamaker.

  Assembly Absent: Sara Chambers, David Stone

  Staff Present: Rod Swope, City Manager; Kim Kiefer, Deputy City Manager; John Hartle, City Attorney; Craig Duncan, Finance Director; Laurie Sica, Municipal Clerk; Beth McEwen, Deputy Clerk; Nikki Corazza, Secretary I; Di Cathcart, Executive Secretary; Marc Matsil, Parks and Recreation Director; Jennifer Mannix, Engineering Contract Administrator; Netti Pahl, Contract Specialist; Helen Davies, Accountant III; Mary Norcross, Controller; Tina Brown, Contract Specialist; Janet Sanbei, Contract Specialist; Joan Roomsburg, Sales Tax Administrator.

  Brian Holst, Executive Director of the Juneau Economic Development Director, introduced Dr. Alan Meier, Senior Scientist at Energy Analysis Department of the Laurence Berkeley National Laboratory. He is in Juneau at the request of Senator Murkowski, who arranged for Department of Energy Secretary Samuel Boggman to authorize Dr. Meier’s visit. He is a specialist in energy efficiency, the editor of the Home Energy Magazine and has written a book called “Save Energy in a Hurry.” He has assisted many communities and will be in Juneau through Wednesday meeting with businesses and people in the community. A public forum will be held Tuesday night.

III.  PUBLIC HEARING

  A.  Ordinance 2008-17

  An Emergency Ordinance Providing a Temporary Sales Tax Exemption For Sales of “Cost of Power Adjustments” on Electrical Power.


  Public Comment:

  Assembly Action:

  MOTION, by Wanamaker, to adopt Ordinance 2008-17.

  Mr. Doll asked if Cost of Power Adjustments, or “C.O.P.A.’s” are regularly added to billing, and was there any distinction between a regular C.O.P.A. and one instituted for loss of Snettisham power.

  Mr. Swope said a C.O.P.A. is used any time diesel power is used. In this situation, or any future situation, if we go on diesel as we occasionally do, this ordinance would exempt sales tax on the C.O.P.A., for the time allowed by the ordinance or any further extension of this ordinance.
Mr. Anderson asked if there was a current C.O.P.A. of about 1 cent. Mayor Botelho said that was true and it was a result of the need to use diesel for this winter at a total cost of $4 million to AEL&P. Because of our rate making structure, AEL&P is allowed to recoup from its rate base. Every customer is paying a small surcharge now and this predates the current crisis. The exemption would begin May 1.

Hearing no further objections, Ordinance 2008-17 was adopted.

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B. Resolution 2441

**An Emergency Appropriation Resolution Appropriating $3,250,000 To The Manager For A Loan To Alaska Light And Power, And For Energy Conservation Measures, Funding Provided By The Budget Reserve.**

Administrative Report: Attached. The manager recommended Resolution 2441 be adopted.

Members of Alaska Electric Light and Power (AEL&P), Tim McLeod, General Manager; Scott Willis, Power Generation Engineer and site manager for all AEL&P services; Connie Hulbert, Vice President, CFO and Secretary/Treasurer; and Gayle Wood, Vice President and Director of Consumer Services were present to talk with the Assembly and public.

Mr. McLeod thanked Mayor Botelho, City Manager Swope and the elected officials and employees of CBJ for their efforts. He thanked the community for the tremendous conservation efforts which have been significant. They deeply regret the difficulty that this incident has placed on the community. They share the concern of the economic impact that this can place on the community and their 60 employees are working around the clock to solve this problem. He thanked the public and many organizations for their positive comments and offers to assist AEL&P. The Kensington Mine has donated avalanche control experts to the site to assist in making a safe worksite for our contractors. We have contractors at Snedtisham now working on construction of new towers. AEL&P has an emergency rate approved by the Regulatory Commission of Alaska (RCA). This tariff filing was necessary for the transfer filing of the Snedtisham project from the federal to state government. AEL&P is now prepared to file an alternative approach to recover the fuel costs. Ms. Hulbert and Mr. Willis will make comments on this.

This has been a significant amount of work to prepare the filing. All details need to be in place for the RCA, and Ms. Hulbert worked all night and it has been a hectic schedule since the avalanche for her along with many AEL&P employees.

Connie Hulbert thanked the Assembly for the forum. This is a company wide effort to come up with an alternative for the fuel cost adjustment that has already been filed and approved. AEL&P is one of the few privately-owned, for-profit utilities in Alaska. In 1998 the state purchased the Snedtisham project from the federal government, which was built by the Corps of Engineers. AEL&P operates and maintains the plant to provide power to the community of Juneau. We are regulated by RCA, and all rates and charges must be approved by the RCA and must follow the laws and regulations of the state. We have in place an approved provision for recovering the costs of fuel use during an emergency outage of Snedtisham. When that plan was approved, diesel was probably less than a dollar a gallon, and now it is close to $4 per gallon. In this situation, the disaster was the avalanche, but the crisis is the cost of fuel. On the day of the avalanche, April 16, we began to follow this approved tariff filing procedure. On April 22, we filed a request with the RCA for recovery of the emergency costs of fuel as calculated by the approved provision, and we asked that the rate be effective May 1. We had to do this to preserve the ability to collect the emergency fuel costs. AEL&P is prohibited from making a profit on any C.O.P.A.. The C.O.P.A. we are proposing and any C.O.P.A.’s we have in place do not include any increased costs at AEL&P we bear regarding the current emergency situation. We are not making a profit on the fuel cost. Right after we submitted the first filing, we began to explore options to cushion the rate shock which would be experienced by the entire community. We are proposing the following solution: receipt of an interest free loan from CBJ, in conjunction with an expected increase in our line of credit from our bank, will afford AEL&P the financial flexibility to submit a filing with RCA.
requesting recovery of the emergency fuel costs over the next 12 months instead of over the period of the emergency. If we submit this filing and it is approved, the 12 month C.O.P.A. amount is 7.72 cents per kw on the initial filing, and we proposed that this C.O.P.A. will be recalculated quarterly. This is opposed to the 42.89 cents per kw C.O.P.A. which was approved last Friday. The residential rate for May, if this new C.O.P.A is approved by the RCA before May 1, is 17.35 cents per kw hour, instead of 52.52 cents per kw hour. For recovery of the fuel costs we intend to include in the C.O.P.A. a component to recover interest expense on the line of credit used to purchase fuel. That is so we can be made whole on interest expense. Receiving an interest free loan from the CBJ reduces interest paid during the 12 month period which will in turn reduce the per kw hour C.O.P.A. charged to our customers. Conservation efforts that are going so well right now will have to continue through the next year, and some may have to continue to modify their patterns of consumption in order to pay the same costs under this 12 month plan as they currently would under the currently approved provision. Under this plan, some people will pay more over 12 months than if they had to make this extraordinary commitment up front. We recognize some customers might prefer and be able to afford the higher costs this summer, but it was their understanding that most of their customers do not have the income or business cash reserves to bear the brunt of the costs as they would otherwise be this Friday. When she said this Friday, she said she meant the provision was approved effective May 1, and practically speaking we do the first billing of the month on the 2nd. We hope the RCA will quickly approve this filing if we make it in order to minimize the impact on families and businesses of Juneau by keeping the energy costs lower than the 4-5 fold increase which we would otherwise see for the next several months. This should be especially valuable to the most vulnerable residents of the community. They are waiting for the outcome of this meeting and approval by their bankers in order to finalize this filing. Based on the recommendation last week by the Finance Committee she has made calculations which will include receiving the interest free loan in the filing, however, if the Assembly does not approve the loan, then we would have to take a step back and determine if we could move forward with the plan. If we could move forward we would have to modify the numbers some. Time is of the essence, we need to place before the community an option which is consistent with regulatory practice, which is easy to understand and implement, and we believe is most fair to the community as a whole. The RCA will only have a few days to review the filing before our requested effective date of May 1.

Scott Willis displayed a chart which showed Juneau’s daily electric use from April 1 until April 27. The energy used prior to the avalanche was about 975 units of electricity per day, and since the avalanche, use has declined and continues to decline. Over the weekend we were down to 675 units per day. He was amazed at how the community has devoted themselves to conserving electricity. They were using 84,000 gallons of fuel on the first day of the avalanche, and over the weekend they were using 54,000 gallons per day. AEL&P is grateful to the community for this effort and the Assembly for working with us on making it easier for citizens.

Mr. Wanamaker thanked AEL&P for their presentation and hard work and assistance to adjust. He asked if people could have the option to pay up front if they wanted. Ms. Hulbert said no. The proposal is that instead of the filed and approved provision that would collect the cost of fuel over the period of the emergency with a month lag time, we propose to collect cost of fuel used over emergency instead over 12 months. We follow the provisions of the tariff which is that 14 days after an emergency, a filing is made based on the cost of fuel for a 45 day period, divided by 30 days of kw consumption. The reason for the first filing to be this way is that there are already two weeks of fuel consumption from the time of the avalanche before the filing, those are fuel costs that the company is already paying out. Then, between then and the end of may, we project how much fuel costs there will be and we need to bill that out as it is incurred throughout the month. However, you would not actually receive any money from the customers, because if the billing in the first of May, the money will come in the first of June. So, the company would have, depending on the agreement to pay the suppliers, is essentially already on the hook for six weeks worth of fuel costs. Following that calculation which was submitted and approved by the RCA because it was in compliance with our tariff, the C.O.P.A. per kw hour is 42.89 cents per kw hour. We have heard so many concerns from residents in Juneau that they simply can’t afford to pay for a 4-5 fold increase. To be clear, the following month we would collect 30 days
of fuel costs over 30 days estimated consumption and that continues as long as the period of the emergency continues. They believe that the collection of the same amount of money they project they will spend on diesel during the period of the emergency, instead of collecting it over roughly three months, will be collected over 12 months. We will estimate the cost of the fuel, divide it over 12 months projected kw hour consumption, to come up with a per kw hour rate. It is a little more complicated that this in the filing because this is a new filing for us – a new tariff. We have in our tariff a normal C.O.P.A. recovery process, which is allowing us to collect a one cent per kw right now. We always have a C.O.P.A. in place. Sometimes it is a charge. For almost every period for the past five years before this fall it has been a credit. The reason is due to other things flowing through the calculation. Not just charges – credits may come through. Diesel costs are projected, along with other projections such as sales to interruptible customers, which generate different types of credits. If we project interruptible sales resulting in credits we calculate that in to offset any costs of fuel that we might be projecting for that period. We have an emergency C.O.P.A. in place and we have a normal C.O.P.A. provision in place. What we are proposing now is a mish mash of the two together. Not only will we take into consideration the estimated cost of fuel for the three month period, we will also take into account the things we would normally take into account in normal C.O.P.A. calculations. We have to consider other diesel costs during the year, and typically we have a little bit. We exercise the diesels every 60 days. We sometimes have a planned outage to do work on the transmission line. All types of work is being done at Snettisham now so we don’t have to have an outage later on. Also, because of the fact that we are not being able to draw down on the lakes right now, we do project that the lakes will spill in the fall, and there is a provision in this calculation for some credits to flow through. We think this calculation, which is a substitute for the two provisions we have in place now, spreading the cost of diesel over the 12 months, and taking into account other credits coming through the C.O.P.A. in the next 12 months, results in a lower C.O.P.A over the 12 month period, so that people are not going to be hit with a bill 4-5 times what a normal bill would be. If the RCA approves this filing May 1, this will go into effect instead of the one in place and currently approved.

Mayor Botelho asked if AEL&P had considered, and was it permissible to do a hybrid, which would allow those ratepayers who are able to pay up front to do so and others who are not able to, to spread it out. She said they had looked at it, it would be an ideal scenario, but we don’t believe it is permissible. She said it got complicated but there would need to be three C.O.P.A.s in effect. There would be one for the people who only want to have the emergency C.O.P.A. in effect during the outage, one for people who needed to levelize the payment over 12 months, and one to go into effect who picked the high cost C.O.P.A. that would be done with when the time period of the emergency was over. To our knowledge, no utility has proposed having more than one C.O.P.A. balancing account in effect, and the RCA has never approved anything like that. It is the opinion of our attorney that this would not be approved by the RCA.

Mr. Anderson asked if there was the possibility of collecting the approved C.O.P.A. at the 43 cent rate, and the AEL&P accounting department can work with people with those who can’t pay the higher rate to assist people in working out a payment plan using AEL&P’s collection facilities. Ms. Hulbert said that AEL&P did not believe they could financially weather that scenario. Mr. Willis said that the tariff also has a specific provision for setting up payment agreements for people, and there has to be a certain amount paid at a certain time – it does not allow for stretching out things for a whole year. That is another problem, we expect a number of customers who end up having to sign payment agreements.

Mr. Doll asked if the new scenario would estimate bills would go up less than two times, rather than five times as earlier projected. Ms. Hulbert said yes. Mr. Doll said a lot of the initial apprehension was based on the 5 times rate. He said that he pays a levelized amount - $125 a month for electric costs. Presumably the company holds on to that money and periodically reconciles this up or down. Why is this not possible under these circumstances in some revised manner without passing through the whole RCA process. Gayle Wood said there was a possibility that it would be workable, it was the enormity of the number of customers and making that work. Our normal levelized payment plan assumes that during the
summer you have lower rates and you are building a credit to offset your winter bills. That is not going to be the case for a good year, and we need to figure out what people’s conservation efforts are, what the bills are really going to look like. It feels kind of nightmarish up front and she said she needed to think about this longer.

Mr. McLeod said this is essentially what the proposed “Plan B” does for the customers, but it is set up in a systematic method so that we have some assurance that we would recover those costs because either way, AEL&P is going to be deep in debt to the banks to carry us through. The levelized plan is normally not designed to put the company that far behind financially.

Mr. Bush asked if the leveling program would be available to customers with the new Plan B at $7.2 cents year round. Ms. Hulbert said that with the proposed Plan B we would be essentially doing this for the customer. This is spreading the cost over the course of the year so that rates are roughly the same every month. Whether you make the same dollar payment every month, she thought the levelized payment option with the current tariff is only available to residential customers. Mr. McLeod said he thought the plan would stay in effect for those customers. Ms. Wood said that the problem with the way it was set up was that if the balance was higher than the levelized payment amount, the higher balance needed to be paid.

Mr. Bush asked to verify that the city’s funds if approved through the loan would be used 100% to amortize payments for the customers based upon fuel costs and not for any other costs that may arise out of this situation, such as repair bills and administrative overhead. Ms. Hulbert said that was absolutely true, it would be used only for that purpose.

Mr. Dybdahl asked if it was conceivable that if Juneau citizens continued to save, that there could be a reduced amount of the C.O.P.A. from the 7.72 cents amount, or would it be static through the 12 months. Ms. Hulbert said they proposed to revise the figure quarterly. The current C.O.P.A. is revised twice a year. Everything in filing is an estimate, and it makes sense to see how actuals are coming through. If the conservation continues like this or even better, then they could see a change. However, if fuel costs go up beyond the price at which we are filing, which is the cost as of Friday, then that could offset any increased conservation. By calculating quarterly we should be able to get a better handle on how things are happening and if we see a reduction in costs or increase in credits we can pass that along before the end of the year.

Mr. Sanford asked that since the summer tour season is coming up and more businesses will be coming on line, what does the spike usually do in the next few weeks. Mr. Willis said that the businesses add some, but he didn’t have a good feel for how much use would increase. The increase usually just disappeared due to the warmer weather and everyone using less electricity. We don’t usually see a big jump. He expected the use go up a bit once all the gift shops and tourist related activities start up but he thinks they will be motivated to conserve as well.

Mr. Anderson said that the C.O.P.A. should be recalculated every 30 days. Ms. Hulbert said that was under the approved scenarios, so quarterly would be if we filed the plan to levelize the recovery of fuel costs over 12 months. If we did it in 30 days we wouldn’t have a lot more information than they had in hand right now, and absent everyone turning everything off, we don’t think it would get us further than just by going in quarterly.

Mr. Anderson said that the resolution in Section 3 said “to annualize cost of power adjustment payments, and to protect Juneau’s most vulnerable citizens.” Mr. Anderson said he wanted to understand that last phrase.

Mayor Botelho said perhaps the question could be asked how will AELP intends or would deal with people who find that because of the rate increase a difficulty in paying their bills because of that increase. Ms. Hulbert said it was their understanding, because of the comments that they have received
who may fall into that category, that they will welcome a proposal like this, they are losing sleep over paying a bill five times the normal rate. By having the offer of the loan from the city which would enable us to move forward with this, as long as we get all other pieces in place, we can offer those citizens the opportunity to spread the costs out over the year and perhaps not be subject to their tariff disconnect procedures, though we always do what we can for people within our tariff.

Mr. Anderson said taking this clause out would not change anything. We are simply saying that this program will help protect, you are not saying that you will spread it out, and it is not implying there is a special program. Ms. Hulbert said no, there was not a special program.

Mr. Doll said his e-mail was running 9 – 1 against a 12 month plan. Its seems that the method of collection customarily used probably by all utilities in Alaska and approve by RCA is on a kw hour basis. Because the consumption in Alaska varies so widely from winter to summer, they perceive they will end up paying more. The difficulty is that even though it is a convenient way to go about the collection system, it is not appropriate to the dramatic alteration in the cost and a temporary one. We will presumably go back to our old habits. There is some impatience on the part of some customers who will experience that variation who will wind up paying several hundred dollars more over 12 months than they would otherwise. We would like another approach not keyed to regular collections on a monthly basis upon consumption rates but rather than on an emergency basis. Can you devise such a system? Ms. Hulbert said they did not believe they could do this under the time constraints. We had fourteen days from the time of the avalanche to file with the RCA in compliance with our tariff and we did that. We have heard from many citizens that they are in favor of levelized option, you have heard from non-levelized option. We would collect the same amount of money, just over a different time frame. It is true, if they don’t modify consumption patterns, the several hundred dollars a month could be more. But if we don’t get something to RCA that is consistent with regulatory practices, and C.O.P.A.s that they are familiar with and understand that they can audit and monitor, which they do at every filing, for their consideration and approval, prior to May 1, which is already a stretch – we are doing what we think is best for the community as a whole. Some will pay less in one scenario and more in another. We understand, we are sympathetic to this. We think this scenario based on the comment we have heard will be a relief to most of the citizens. If we don’t get something into RCA for consideration by May 1, we will only have the 42 cent per kw hour option.

Public Comment:

Thomas Hanley, Jackson Rd., said the effect of the proposal is to shift the costs of diesel generated electricity from May to July to the users throughout the year and beyond. We have a summer tourism industry that will pay a C.O.P.A. of 7.7 cents instead of 42.89 cents while the rest of us will pay those costs year round and that is not reasonable. The effect on conservation seen is the result of people perceiving a rate of 5 x cost of electric over three months – over 12 months people will slow down in their conservation efforts. What you are willing to do for conservation at a rate of 7.7 cents vs. 42 cents is different. The effect of this will raise electric use throughout the borough. The concern about the most vulnerable amongst us can be viewed that this three month period of high electric rates coincides with the timing of the federal government’s economic stimulus check distribution, which can be used to defray these electric costs. The costs need to be paid one way or the other, and in the proposal, people will even be paying more, and will be paying AEL&P’s loan interest. If the most vulnerable can pay now when they have this check in hand, or in summer or next winter when all other costs are higher, it will be more difficult situation to the most vulnerable to pay it in the winter than to just deal with it now. This is a poor idea and will cost the city if it goes through.

Joe Rafferty, North Douglas Hwy., referred to Mayor Botelho’s comment that we are all in this together, and he respectfully asked if seasonal tourism businesses were in the life boat with us. They can sail away at end of season. If these funds go to AEL&P, the tourism businesses will enjoy lower rates this summer to be subsidized by Juneau residents all winter long. Can the Assembly assure him that all users will share equally in the pain of diesel generated power. The resolution says its purpose is
to *allow* AEL&P’s customers to annualize cost of power. We just heard the company say they will *require* customers to annualize the cost of power. How is this discrepancy resolved.

*Randy Sutak*, Stephen Richards Dr., said it was an injustice that the tourism industry would not be encouraged to conserve, and we would pay in the long term. If there is a projected surplus, and water spills over the dam, the company should be able to sell that to the non-firm customers and he wondered at what rate this power would be sold and will we supplement that sale. The non-firms should have to pay for the increased costs as well. He said there was no information that the avalanche concerns are being addressed and that tower sites will be made less susceptible in the future. The assembly should not pass this ordinance, he did not want to see a financial hardship for AEL&P, but they had a $3 million dollar profit last year.

*Brad Fluetsch*, North Douglas Hwy., said he compared the Inside Passage Electric Company (IPEC) March 14 C.O.P.A. filing to AEL&P’s April 22 C.O.P.A. filing, and on average, IPEC can produce 53% more electricity from a gallon of diesel. He asked for an investigation of AEL&P’s filing. The diagram shown by AEL&P was not reflective of conservation but a destruction of the quality of life in Juneau. Regarding the loan issues, there is no final maturity, it is a variable rate loan, i.e. cost of funds is the cost you borrow at and not which you earned. America is suffering huge problems with variable rate endless mortgages. The city needs a final maturity date on this loan. He has heard questions about the ongoing viability of company, the CFO said they can not weather the storm themselves with out assistance. The Assembly should ask if their line of credit is contingent upon this $3 million loan. Mr. McLeod stated on KINY that they could not afford the diesel fuel. The Assembly should consider if it is willing to lose $3 million on a bad investment.

*Dick Farnell*, F St., said that in section 3.a.b. of the proposed resolution said that if the loan does not exceed 12 months it shall not bear interest and to the extent that the loan exceeds 12 months it shall bear interest at a CBJ cost... I don’t have a problem with the city charging AEL&P interest, but will it be passed on to me the rate payer who now has to pay interest or additional cost of interest on money I actually gave the city in the first place through property and sales tax. He would like to pay off his power cost adjustment all at once, then have lower rate after the need for diesel is finished. It seems a two tier system should be possible. He doesn’t want to pay a surcharge on diesel to pay for diesel used by interruptible customers. There should be some stipulation in the resolution. There should be a thorough audit of the company as a contingent on the loan.

*Linda Snow*, 1st Street, Douglas, said it was unconscionable that a company with as many assets and responsibility is in a situation that they have no self insurance for a situation that could be foreseen. This is a magnanimous offer by the city to help them out of this foreseeable situation. She has concerns about the 12 month plan. The rate is weighted by the amount of kw used, and it is harder to conserve in the winter and we will ultimately pay more if we pay over 12 months. It will be very hard to conserve in the winter. Extending the rate increase out will enable businesses to pass costs on to their customers and to keep their costs raised as people will be used to the costs. If over a year, it will affect the economic development scenario over a year, as business decisions can be based on costs of energy. Extraordinary circumstances call for extraordinary measures, and RCA should be asked if they will work with us to allow different rates. She would like to see rates raised for three months, but a scheme in place to allow people to pay the cost over 12 months, so that the bill is paid over 12 months, but the rates are not increased for 12 months.

Mr. Doll asked what weight the assembly should give to a 43% increase on rates would have for some people. She hoped there was some way to amortize costs over time, she knows AEL&P says it is difficult, but there should be some help to get those people’s costs stretched out – not their rates out, as it will cost them more over time.

*Allison Elgee*, Mark Allen Ave., was opposed to the loan from an implementation strategy, and agreed with Ms. Snow and Mr. Hanley, due to the seasonal fluctuation of energy costs, and we will lose the
conservation incentive. She was very sympathetic to those who are vulnerable, but prefers that the city assist with those who can’t afford to pay with the money. We can do more to conserve now than in winter. We can’t hang clothes out in January with positive results.

**Tyler Ryman**, Fritz Cove Rd., said avalanche control needed to be taken in this high risk area when this was a known problem. This is a negligence issue on the part of a private company with a monopoly with out insurance and federal or state disaster relief should be applied for. Use the money to get people employed to get the power back on line in a month. We have excellent sources of energy – we need wind generators. There are other consumers – any private entity that can, should be on their own generators and not expecting the public residents to pay for this cost.

**Peter Naorez**, Thane Rd., spoke as the Kootznoowoo, Inc. General Manager and President and said they are sympathetic. At a cost of 10 cents moreJuneau will be on par with energy costs in Angoon. He said he felt angry as there was a lot that was avoidable that he would not go into. There is a lot of planning that can go into this loan. He is supportive of the $250,000 for energy conservation methods. He doesn’t understand the $3 million however, this is Alaskans helping Alaskans which is good and AEL&P is an important citizen. CBJ contributing to AEL&P is a good thing. The question is how good a job will they do with that loan. He has been a banker. He urged the Assembly to consider coming up with a committee that would review the loan at the end of the day to know the money was used wisely. The ordinance requires additional sideboards.

**Sara Willson**, Glacier Ave., said the city is also a financial entity involved in this loan transaction, and as much as we are concerned about citizens and AEL&P, we also have a fiscal responsibility as manager, as Assemblymembers, as citizens of CBJ. The city is facing three major financial impacts. The financial wisdom of the $3 million loan is a separate issue. She said sales tax revenue from base utility charges will decrease based on the huge decrease in usage. The second decrease in revenue is the lost revenue of the investment of the $3 million. At same time the city is looking at an increase in operating costs in our increased utility costs. Consider these three impacts on the budget. This note is interest bearing if repaid in one year, but what if another extension in granted, will interest be charged on the entire period or only for one year. I would love to be a be a political cartoonist and devise a cartoon showing the city loaning the utility $3 million then paying interest on the services that the utility provided so they could repay the loan.

**Daniel Trapp**, Glacier Hwy., asked for a private meeting with the Mayor at a later time. Mayor Botelho said he would speak to him at the next break in the meeting.

**Jim Bentley**, Nowell Ave., said he had no objection to the loan specifically. He has installed energy conservation methods in his home and they have been in the 400 kw range for years, there is not much more they can do for conservation. I would like to see this darkness end in three months rather than in December. He echoed concerns that the summer cruise industry may not support these costs. It seems more pragmatic to help those who need assistance, and allow those who want to buy the bullet and pay now to do so, and this should be able to happen. He said he was used to living in the dark when he lived in the bush.

Recess: 1:27 p.m. – 1:37 p.m.

Assembly Action:

**MOTION**, by Wanamaker, to adopt Resolution 2441.

Mr. Anderson asked Mayor Botelho if he could ask more questions of AELP, and their staff Mr. Anderson thanked them for their efforts and said nothing will satisfy everyone. When estimating 42 cents for the April 22 filing, were you anticipating this amount of conservation. Ms. Hulbert said yes.
Mr. Anderson asked if they receive full payments at the 43 cent rate, would they not have to take out as many loans and incur a lower cost by not having to pay interest. Ms. Hulbert said yes. Mr. Anderson said the assembly’s interest was not to set the rates, but what will happen if the Assembly says no, will you apply for the rate anyway, or how will you interpret CBJ’s action.

Mr. McLeod said that was a good question, and he was surprised that all the testimony seemed to be against a levelized rate. He would have suspected to see 200 lower income people here cheering us on for the lower rate. We thought this was clearly in the best interest of the community. We will review this before the filing. Ms. Hulbert said they would have to gather and discuss their action.

Mr. Doll confirmed that no money would go to the repair effort or AEL&P profit and Mr. McLeod said that was correct.

Mayor Botelho asked Mr. Farnell’s question - will AEL&P be charging interest on the CBJ’s interest free loan. Mr. McLeod said no, they only intend to pass on their costs.

Mr. Sanford asked about interruptible customers who have been off power for 8 months now, which involves spillage over the dam and selling energy which comes back to us as a credit during the year – he asked for more information about this Mr. Willis said their arrangement for selling interruptible energy was that if they project there will be surplus energy from water spilling over the dam at Snettisham, they have a market to sell that to dual fuel customers such as Princess and Greens Creek. We take nearly all the revenues from those and pass those back to customers through C.O.P.A. Those customers have been interrupted since last fall due to low inflows. When the probability of spilling is high again, after the line is reconnected, we will look at starting interruptible sales again and passing those revenues as credits to our customers. Mr. McLeod’s said the proposed filing includes some of those anticipated credits.

Mr. Doll asked if there will be no sales to interruptible customers while diesel is being used. Mr. Willis said that was correct, and that included cruise ships.

Mayor Botelho asked about Mr. Fleutsch’s comments on efficiencies running diesel between IPEC and AEL&P. Mr. Willis said that was correct that there were different efficiencies based on types of diesel engines. IPEC units are smaller, greater air quality emissions, and those of AEL&P’s are larger, burn cleaner, and work less efficiently. Our aggregate efficiency is lower than a small diesel serving a small community.

Mayor Botelho asked about Ms. Snow’s question regarding foreseeable avalanche concerns and why was there no avalanche control or insurance. Mr. Willis said they are required to have insurance on the parts of the Snettisham project that can be insured. Insurance companies don’t insure transmission lines, the cost is way more than would be reasonable. The line has been reliable historically, the Corps of Engineers sited most of the towers out of avalanche danger. We have had avalanche damage at a lower level than this and used diesel at a time when fuels costs were much lower. They have some experience with the damage done to the line by avalanche control work performed by DOT at Thane Road, so it is not a precise science. We will look at the feasibility of doing avalanche control, but he thought it would be cost prohibitive to do this for the past several years.

Mr. Wanamaker spoke in favor of the resolution and the terms that authorized the manager to negotiate the terms in the best interest of the community. AEL&P has heard public concerns and will do all it can to meet the public interest. He spoke with a number of members of the public that feel the levelized payment will help them.

**MOTION**, by Doll, to amend Section 3, a., to add language that the manager will report the results of these negotiations at the earliest Finance Committee Meeting or Assembly meeting following their completion.
Mr. Doll said he was in favor of the resolution and was not sure that AEL&P can find another way to do this. I don’t think RCA has experience with this situation, it is unique, and CBJ and AEL&P could have influence with RCA being willing to accept alternatives, and these should be explored. He did not know a way to amend the resolution to accomplish this. We can try to make a case to RCA.

Hearing no objection, Resolution 2441 was so amended.

Mr. Anderson spoke against the resolution. He received a continual stream of phone calls and e-mails that was universally opposed and was reflected today by the testimony. There is a feeling that for three months we can do anything, the timing is warmer, the days are lighter. We can manage. The idea that this will be 12 months and during the colder time of the year is not acceptable. There is a concern that this is a subsidy to summer use businesses only, not have to pay it throughout the rest of the year. He was surprised at the comments he heard. When faced with comparison of 3 months or 12 months, this has caused people to change their feelings. He encouraged AEL&P to not apply for revised rate.

Mr. Sanford said he was overall in favor of the resolution and this levels it out over the community. There will be many who will drop to the wayside, and he said he could do three months, but there are many who can’t. There was a big percentage of citizens who would be hurting. He was all in favor of $250,000 for conservation methods, but we need a report back on the costs and the savings of such measures. There was no objection from the Assembly on such a need for a report.

Mr. Doll said with this proposal, the monthly costs are reduced. Those who are speaking to today are those who can afford the three month hit, we have not heard from Salvation Army, the Glory Hole and private citizens who are hardly ever heard from, and for those people he will support this resolution.

Mr. Wanamaker said he was concerned that specific language might be needed to allow the city manager to be authorized to execute the loan as well as negotiate it. Mr. Hartle said that concern was covered in section one.

Mr. Bush said he was leaning in favor of the motion, but we do need to have AEL&P look at alternatives. I am concerned about impact on residents because of the system proposed that will give a break to seasonal businesses and not year round residents, and concerned that the schools will not be hit as hard with an immediate payment plan than a year round plan, and I hope the city manager and AEL&P will look to ways to avoid inequities. I don’t think people oppose payment plans, they oppose the redistribution of costs in a method that is not fair. I am concerned about the vulnerable people in the community that can not afford the hit that is coming.

MOTION, by Bush, to amend to add a new section five which read: “The manager is authorized to use emergency funds to maintain essential public services at an acceptable level, while minimizing layoffs and the reduction in compensable work hours for existing employees, and deferring seasonal and new hires as necessary.”

Mr. Bush spoke to his motion. This is to say the manager may tap into emergency funds to maintain essential services, the intent is to not scare employees into thinking that there will be layoffs, we want to maintain their employment as they will need to pay utility bills, too.

Mayor Botelho suggested that this type of motion could be done at the next meeting as a separate measure.

Mr. Bush withdrew his motion.
Roll call on the main motion, as amended:
Aye: Bush, Doll, Dybdahl, Sanford, Wanamaker, Botelho
Nay: Anderson
Result of vote: 6 ayes, 1 nay.

Mr. Hartle notified the Assembly of Charter Section 9.10.

Mayor Botelho read the section: “(b) Upon declaration by the assembly that a public emergency exists and describing the emergency in clear and specific terms, the assembly may make emergency appropriations. Such appropriations may be made by resolution and shall be approved by all Assemblymembers present or by seven of its membership, whichever is the lesser number.”

Mayor Botelho said the roll call vote on the motion to adopt failed for lack of seven votes in the affirmative.

MOTION, by Doll, to reconsider the vote at this meeting. Hearing no objection, the matter was before the Assembly for reconsideration.

Mr. Bush asked for a short at ease.

MOTION, by Wanamaker, to recess this meeting to noon tomorrow to allow other Assemblymembers to attend. Hearing no objection, the meeting was recessed at 2:11 a.m. until Tuesday, April 29, at Noon in the Chambers.

This meeting of the Assembly resumed at 12:30 p.m. on Tuesday, April 29, 2008. The motion before the Assembly was to adopt Resolution 2441 as amended.

Mayor Botelho told the Assembly there was no further opportunity for reconsideration. He asked for another opportunity to ask questions of AEL&P, then to have a free discussion without motions, to discover the range of options. When a full discussion is completed, then individual motions may arise.

MOTION, by Anderson, to suspend the rules to allow additional public testimony.

Mr. Wanamaker said there have been many e-mails and public testimony, and the Assemblymembers have the most complete information and need to take this time to make decisions.

Mr. Doll asked how many would like to speak. Mayor Botelho took a show of hands. There were six people who asked to testify. Mr. Wanamaker withdrew his objection. Hearing no further objection, public testimony was reopened.

Kevin Buckland, Patricia Ave., said he did not fully understand the circumstances of the loan to AEL&P. Initially he supported the idea to level payments for those most in need; however, he was surprised that this loan would allow the pain to be protracted over a longer period of time. If you provide these funds to AEL&P and they have the cash flow they need, why does the actual invoicing of the electricity have to be done over a 12 month period rather than a three month period. Despite this, subsidizing will occur. It is wise to hold on to the money if it will be invoiced over a 12 month period and wait to see if disaster funds are forthcoming. Most people will be receiving IRS tax rebates and Permanent Fund Dividends will be coming, and those are options for people to pay their bills. You do not need to feel rushed by the RCA rate filing.

Beth Leibowitz, North Douglas Hwy., has no problem with a loan to AEL&P to work out payment plans with customers, but does have problem with the 12 month plan higher rates. I can deal with the summer shortage of power but not the increase of costs in the winter. We can take conservation
measures now, but not in the winter. Loan the money to assist them to mitigate their cash flow, but not to raise rates for a year.

Mayor Botelho asked if there was a plan that had the energy surcharge running during the summer season but not in the winter, but spread out over a couple of years. She said no, she thought it was much easier to take the surcharge in the months that the expense was incurred, but don’t have them prolong the rate hike.

Paula Recchia, David St., said she lived in an all electric condo and used electric heat, and it was easier to turn off the heat and appliances now than it will be in the winter, it will be a hardship in the winter. She encouraged the city to look at options for those people who are most vulnerable, those who are young with children, older, sick, and others will do the best they can. There are people who might not fit in the guidelines of existing programs and they should be helped.

Barbara Thurston, Seater St., said her heat has been off since April 16, said the proposal to levelize the rates will transfer the costs from the summer users to the winter users. This is almost all of us here, and includes the school district. AELP has a levelized payment plan and the accounting set up. This would be a simple way to spread the costs of this summer. It might be helpful for the city to assist with this plan. This addresses people’s actual use, and not the rates. Spreading it over a couple of years is a bad idea. Juneau’s economy is struggling right now, and raising winter utility rates will hurt many. The biggest beneficiaries of this proposal are the summer only businesses, and the tram came to mind as a big beneficiary. As a board member of Goldbelt, which owns the tram, she asked Mr. Wanamaker to recuse himself from voting on the issue.

Mr. Wanamaker asked for an opinion from the city attorney. Mayor Botelho asked to continue the public testimony and this issue be examined during a recess.

William Sheets, Glacier Highway, his biggest concern was the rider of $250,000 for energy consciousness awareness for city workers, as there is no checks and balances on how this money will be spent. Will it be for ads on the radio and newspaper or what would be its use? He thought it would be better used to pay the city’s added expenses for electricity.

Grace Elliott, Dogwood Lane thanked the Assembly for moving swiftly to address the problem and she was concerned about the loan and wanted to proceed carefully. AEL&P is a privately owned utility that had no insurance or fund for this purpose, so she doesn’t understand why the entire cost is passed on to the city and why this company is not culpable. I am one of the people who are profoundly affected.

John Kremers, F St., Juneau, said his concern was that leveling will take away the incentive to conserve. Those who are being helped will have a “balloon” payment and they will be paying for energy they used as well as didn’t use. Having people pay for energy they didn’t use transfers burdens and there are many households who use electric heat only, and they can conserve now.

Steve Winker, Portage Ave., objected to the spreading of payments over a longer time, as there has been a big conservation effort which will be difficult to maintain in the winter. The burden placed on those in the winter who are paying for the summer users is a big point. He agreed with the concern about the utility bills for the schools. Trying to come up with a portion of the loan to assist those that end up in financial difficulty would be good. As a profit making utility they should be able to use some of the profits to address this issue in the long term.

Tony Tengs, W. 2nd St., said he has a summer business and lives here year round, so he is torn on this issue. If the shoe is on the other foot and we were in winter, would people want this leveled to a year round payment? Is this a magical three months, or will it be two months or 11 months – it seems arbitrary. What about averaging over five years for a bigger picture. This issue puts a lot of cards on the table, and it gets us thinking if this shouldn’t be a public utility with total transparency.
Brenda Hewitt, Glacier Ave., spoke for United Way and for non-profits and said they are working to see how they can help those most needy.

Mr. Doll asked if United Way or other non-profits helps customers to pay utility bills. Ms. Hewitt said several have assisted, she has been working mostly with Catholic Community Services as they have an energy assistance program that could be modeled quite quickly and they are willing to work as the direct provider, come up with a voucher plan and determine how to disperse the funds.

Christine Niemi was opposed to extending the loan for the year round payment as it created the most hardship for the year round businesses and residents and the loan should be used to assist the poor pay their bills. The utility must bear some of the burden and their profits need to show that they are part of the community.

Mayor Botelho called for a brief at ease to refer with the city attorney to discuss the conflict of interest issue.

Mayor Botelho read the ethics code, Chapter 01.45.008:

“The assembly affirms that each municipal officer holds office as a public trust, and any effort to benefit a substantial personal interest or a substantial financial interest through official action is a violation of that trust. …The assembly further recognizes that…There is no violation of this Code if, as to a specific matter, a municipal officer's…Personal or financial interest in the matter is insignificant; or of a type that is possessed generally by the public or a large class of persons to which the municipal officer belongs;”

Mayor Botelho ruled in concurrence with the city attorney that Mr. Wanamaker’s interest is financial and is one possessed generally by the public or a large class of persons. He said all of us to a greater or lesser extent are affected by the rate increase, some of us more in one season than another, but not one that rises to the level of a conflict under the code. Hearing no objection, the meeting continued.

Mayor Botelho asked representatives of AEL&P to come forward for questions.

Mayor Botelho said there are three classes of concerns in the testimony in the large amount of testimony received at the meetings and through e-mail comments. First, the concern of spreading the C.O.P.A. over a long period of time, second, assuming the spread, the risk of windfall to seasonal businesses that operate over the summer and the burden to year round businesses and those residents who are all electric, (parenthetically in part to an effort long ago by AEL&P to encourage a move to all electric) and third, why are we, as the Assembly or AEL&P, not more directly targeting those most in need or likely to fall off. He asked AELP if there was any response to those three issues.

Mr. McLeod General Manager of AEL&P., introduced Connie Hulbert, Secretary/Treasurer and Scott Willis, Power Generation Engineer. Mr. McLeod said they appreciated and had learned a lot from all the public comments. They have the emergency C.O.P.A. in place in their tariff and as soon as the emergency happened, they, in particular, Connie, worked round the clock, partly to file the C.O.P.A. They have considered this issue of how to help the community, and have tried to find a plan to allow levelized payments to keep people from having to pay the $.50 cent per kw hour costs. This would mean a new filing, and another night and day work period to submit this information to the RCA. He thought it was in the best interest of the community to do the levelized rates, they are not hearing this in the testimony. At this point we don’t know the best options. He would love to find a way to use the $3 million specifically for the needy but they have requirements in their tariff which limit the way they can assist customers. It would take another filing to determine how specific benefits could be provided to specific customers, and he did not have an answer for how this could be done at this time.
Mr. Anderson asked rather than having another RCA filing, he would like to understand why AEL&P’s accounting could not address those who want to pay now, and those who can’t. Many comments are that people don’t oppose the loan, they want to help the needy, but may want to pay their bills up front and can AELP help find a way to do this.

Mr. McLeod said he appreciated the Assembly’s mutual problem solving support and there were some great ideas that were brought forward. AEL&P was asked if they could put both filings in parallel, but he and their attorney do not believe that RCA would allow two different rate structures for our customers. With our emergency C.O.P.A. as approved, customers could borrow the money from a bank and make those payments over time, there have been offers from banks to do this sort of thing.

Ms. Hulbert said that providing the loan to AELP to help the needy puts them in noncompliance with their tariff. They are not a lending institution and perhaps they could change their tariff but they cannot do this by May 1. If we change to what is not in compliance, we need a 45 day waiting period. We are highly regulated and on a very short time frame. If the city wants to help the most vulnerable, you may need to find a different avenue than providing the funds to AELP, to use the money wisely if it is intended to be used for those who are the most vulnerable.

Mr. Anderson asked if their accounting system, with assistance from the city, handle for a large number of customers what they do with a small number of customers now when people are in payment trouble.

Ms. Hulbert said she does not know if we can do this in time for May 1. If we don’t do another filing, then we will implement the higher rate that is approved. The bills must go out May 1. Gayle Wood was not present and she had more information on the levelized payment plan in existence at AEL&P. In order to do a deferred payment, you are already in the hardship situation already, and maybe people will be after the first bill.

Mr. McLeod said that a deferred payment option was only available to residential/small commercial customers. Mr. McLeod said that AELP is not in a position to do extended payments (or essentially loans) to a large number of customers as this might jeopardize other loans that they already have outstanding, and he didn’t know if we could tolerate this situation.

Mr. Wanamaker said their answers are complex. AEL&P already has a levelized plan in place – what prevents you from going to this now for people. Mr. McLeod said that plan doesn’t take into place the emergency C.O.P.A. situation and as they are going to be behind in payments by $18 million or so, they don’t know think they could financially survive this type of payment plan.

Mr. Wanamaker asked about a six month levelized plan instead of a 12 month amortization, and was this feasible. Mr. McLeod said this helps lower the impact from 50 cents to 30 cents per kw hour and is an option to look at, however, the 30 cent rate still may not be tolerable to some people.

Mr. Bush said the public has spoken clearly that they are not interested in a 12 month C.O.P.A. He was amazed at the reaction. They are also very interested in helping those in need who can’t handle the spike. It seems that AEL&P should be trying hard to address those requests. Leave the C.O.P.A. in place at 50 cents per kw hour, then it seems there needs to be a way to help those who can’t handle the spike. The people who need help are not going to qualify with their bank. We are offering $3 million to help those in need and there must be a way to get there.

Ms. Hulbert said that this focus is a complete turnaround from yesterday and the levelized plan was an attempt to help the community as a whole. It has been a very short time, we are trying to find something that will work and we are not saying we can’t help. We are trying to be clear with you and your decision to loan or not loan the funds, which we have strict guidelines that we have to follow. We want to make something work and we want to be part of the solution, however, we have many
constraints. This means we might not take action today if there is not a clear plan. We were trying to meet a RCA filing deadline by May 1 which would keep us from sending out the bills at the high rate, and if this plan does not meet the public test, then we need to look at something else. She is not certain that there are not people who are in favor of this, and we may not be hearing from them.

Ms. Chambers said it was admirable with the way the community was trying to deal with the emergency on many levels. We are all trying to move in a positive direction. She did not understand why repayment plans could not be worked out through AELP. This was a new idea. You have been operating on the previous plan. This may take some time to figure out the details, it may take Gayle Wood’s help and she is not here. Was this an accurate statement?

Mr. McLeod said they were not in a position to allow all of their customers to defer their payment that would be no different than a loan to each customer that they would have to administer and then there would be no recourse for collection other than court, and they don’t want to get into that situation. He was sure there is a way to figure out a solution for the neediest people, however, they don’t want to open it up to all customers deferring their payments.

Ms. Chambers asked if within the tariff if there were ways to meet this need, and with further number crunching and projections, could AEL&P come up with a system to allow this with a $3 million loan from CBJ. Mr. McLeod said he believed it was possible, he did not know if the $3 million would cover the costs as he did not know what the volume would be, but he thought it could be done.

Mr. Sanford asked what the payment would be on Monday. Mr. McLeod said the residential rate per kw hour would be 52.5 cents. Mr. Sanford said there seemed to be no way right now to get the $3 million to those who need the help. He said this was not AEL&P’s fault at all, it was just a frustrating situation.

Mr. Bush asked about the feeling of inequity expressed about charges on May 1 will be for usage before April 16, and those people paying at the higher rate. I understand they will go off the emergency payment earlier, and I understand you have the rate approved. Have you considered the possibility of the increase being implemented on May 15 rather than on May 1. I understand you would have a cash flow issue on this and this would be something we could discuss.

Mr. McLeod said the tariff filing was laid out to be the fairest method possible as we can’t read all meters in one day. It was not considered in the filing which month the disaster would occur, it was just laid out as to what was the best method that could be put in to the tariff that would be the fairest result over the period of the disaster. The idea was that 14 days after an occurrence the new rate would be implemented and those customers who were paying the previous months bill then would on the other end be the first off and it would balance out as close as possible. He did not know if there was any method that could be put in place in the tariff that would make it fairer. Ms. Hulbert said the problem is if it is changed they have the timing issue and the cash flow issue.

Mr. Bush said May charges which will be assessed to some people for prior to April 15 will be at a higher rate than those in July, so that those who fall off early, because they started early, not only are they getting hit for time when they were not able to conserve, but they are getting hit at a higher rate. Is this correct? Mr. McLeod said yes. Mr. Willis said there was also the idea that they have to collect six weeks worth in May because they are already behind, and we are projecting the cost of power to go down in June and July, so those people will get hit extra hard in May. Mr. Bush said assuming the approved rate with the RCA for May will not allow you adjust this to be May 15 and June 15 instead of May 1 and June 1. Mr. McLeod said that was correct, there was not this flexibility.

Ms. Chambers asked if the Assembly could work with AEL&P when the bills go out, to do public relations to send out information on the bills, which will tell people where to go for help, to let them know the options for assistance, so that people do not take radical action or unduly alarmed without
knowing what resources exist. Mr. McLeod said he doesn’t want to make an offer to all customers who don’t want to pay their bill. We will be aware of those customers who have had problems in the past.

Ms. Chambers said we have had several hundred e-mails from people who say they are going to pay their bills. There are many who may not be savvy enough to deal with their bills and may make poor choices. She asked if there was a way to add a statement to the bills to let people know not to panic – to call and talk with AELP about ways to make payments.

Mr. Wanamaker asked Mr. McLeod if it was likely that AEL&P could help customers if they did not receive the $3 million loan – will you be able to help them, or help them a lot less. Mr. McLeod said they don’t have the mechanism to help they way the assembly would like, he said they could work on it, but there was no doubt the $3 million would be made available to those people so it would certainly beneficial.

Mr. Wanamaker said that AEL&P was extending its line of credit to pay for the fuel and this $3 million was going to be part of that effort – if this is not forthcoming, what does this do for the rates you will charge later and to the existing lines of credit anticipate. Mr. McLeod said they will still require a line of credit with the existing C.O.P.A. rate approved we will start recovering cash much quicker and we won’t need to extend our line of credit.

Recess 1:55 – 2:05 p.m.

Mayor Botelho asked for a free exchange of ideas among the Assemblymembers before motions were proposed.

Mr. Bush said the public wants to see AEL&P and CBJ come up with a plan to help those who can’t make their payments to amortize payments but not rates. I have heard about social service agency assistance and we need to explore this, however, I don’t see how they could handle a loan or lending program or coordinate effectively with AEL&P, it seems best to run a program with AEL&P.

Mr. Doll it is obvious that the public does not like the extended 12 month levelized plan and there will be those residents who can’t make their daily living requirements and businesses. United Way may be able to help residents, but how can we deal with the business side. When the bills come out we will hear from those we have not heard from already. He asked if we are going to come back to the original motion. Mayor Botelho said all discussion was within that context.

Ms. Chamber distributed an idea for discussion to the Assembly, to loan AEL&P $3 million with the idea that this would given them the cash flow to be able to work out plans for repayment with some people using their current system or an augmented system, to allow a greater volume of customers. This would be a voluntary plan that customers could choose. Not knowing their inner workings or their payment plans – there may be finance charges to help recoup losses. I understand that under AEL&P’s tariff they are allowed to extend this type of program for a maximum of 6 months, and perhaps there would be another opportunity for them to work out a tariff that could be for 12 months. It may not require a different filing with RCA, but would not preclude it. It also provides incentives to customers who are focused on conserving.

Mr. Wanamaker favored the concept that we work with AELP to provide a loan that will help their most needy customers to help them with a schedule that eventually will help them get caught up. If we give direct grants to charitable organizations the city does not recoup the money as it would in a loan. The idea is to help those over the sudden shock through an interest free loan. Central Council of Tlingit and Haida has indicated they are willing to assist in providing direct assistance using their staff at the Housing Authority to those in need.
Mr. Anderson said that if there is no time crunch to file an RCA filing, this would allow us time to work through this idea and not make a decision today. He suggested that this issue be moved to the Finance Committee, and if there was no feeling that there needed to be another rate structure filed today, he suggested greater deliberation could occur.

Ms. Chambers said that whatever plan is developed will take logistics and leadership and we need to act quickly to develop a plan sooner than later.

Mr. Sanford asked if $3 million was enough, was it too much, and what was the true need. What was the percentage of people who would not be able to pay their bills. We need answers to this question.

Mr. Dybdahl said that we are too close. There was no positive assurance that a filing would be approved anyway. There will be sticker shock and we will hear from many people who probably have not thought about this impact over time. He was in favor of the leveling plan initially, and there were some compelling arguments for people to pay up front. For all intents and purposes, the resolution as advanced will not solve the problem in the short term, in which case AEL&P will have to file another tariff in one month and we may have time to find the right vehicle or means to address this increased cost.

Mr. Bush said it was important to move ahead today to authorize the negotiation of a loan. It is good to do this in that it keeps the loan going – the beginning of the negotiations need to be done as quickly as possible.

Mayor Botelho said that United Way had offered to administer a program, recognizing that it becomes a grant and not a loan and we might not see money recovered. We don’t have any sense of how many people will be asking for relief, and with that, perhaps we could take some lesser amount to provide to United Way, for individuals and nonprofits, and another amount to JEDC for small businesses as it already has a loan officer. The advantage he saw was that it removes an administrative burden of AEL&P having to sort this through. It allows them to do their function without worrying about cash flow and we have an agency we trust and who works with people and organizations that are disadvantaged to handle this program. A lesser amount for one month allows us to gauge the need and we don’t know the answer of how much will be necessary.

Ms. Chambers said she understood that the $3 million was part of a larger financing package being pursued by AEL&P for the purposes of what we were generally talking about. If we are talking about what is feasible with $3 million, aren’t we talking about a meaningful impact to the larger financing package or are we deviating from an original plan. Mayor Botelho said the response was that we are not targeting the neediest part of the population, that leveling was an equalizing plan for all citizens without regard to their ability to pay.

Mr. Bush said his concern was that if we do this assistance through grants to social service agencies, if you don’t include a loan or amortized payment system, you will increase a demand on those grant funds, and there will be many who walk in wanting free grant money – we could be artificially increasing demand. Although these agencies do important work for those in need, there may be those who fall by the wayside who don’t apply for a program, whereas everyone has a bill in hand and if a program would be worked out with AEL&P, it would be more direct.

Ms. Chambers said that a grant does not add to the incentive to conserve if people know they would get money.

Mr. Doll said that until the bills are out and associated costs such as groceries go up, I don’t think any decision will be rational. I think we have seen the results of trying to address this as an emergency.
Mr. Wanamaker said that trying to split funds with some for grants dilutes the impact. A loan to AELP will have more impact, and we won’t receive the funds back over time, so he did not support the concept too far.

Mr. Anderson said that AELP had not had a chance to consider possibilities that might be available to them, and they might have more information or ideas by Thursday’s Finance Committee meeting. Mr. McLeod said they would try their best. Ms. Hulbert said that Gayle Wood could be available who has a greater understanding of this part of the tariff.

Mayor Botelho said this resolution could be tabled. The assembly could have a subcommittee meet with AEL&P. He asked Mr. Hartle for the alternatives for disposing of the resolution.

Mr. Hartle said the resolution was before the Assembly exactly as it was at the time the last vote was taken and the Assembly could either table to a time certain, a time uncertain, to pass it or refer it. He said this could be introduced as a regular appropriation ordinance, then it would have to have more than seven days from introduction to provide notice for a public hearing. You could schedule a special Assembly meeting on Thursday before or after the Finance Committee to introduce any ordinance. The next regular Assembly meeting is May 12.

Mr. Bush tabling this was a good answer at the moment, but he thought it would be best to amend it to something more palatable before tabling to a time certain.

**MOTION**, by Bush, to amend section three, a, to amend the second sentence to read, “The purpose of the loan is to provide AEL&P with working capital to allow residential and business customers to set up voluntary repayment plans with AEL&P, and to protect Juneau’s most vulnerable citizens.” In the third sentence, he asked to change the word “results” to “progress on,” on the theory that results might not be readily available, but progress would be.

Mr. Daniel Trapp interjected in the meeting that he had distributed a letter to the Assembly that he was on disability and his power had been shut off. Mayor Botelho said he would have a chance to speak with him after the meeting, that public testimony had been closed.

Mr. Doll asked to be clear, that the referral to 12 month deferral period was deleted. Mr. Bush that was correct, the language deleted was “to allow its customers to annualize (spread out over 12 months) cost of power adjustment payments.”

Ms. Chambers said the intent was to remove the annualizing of the C.O.P.A. payments and to replace that with the ability for AEL&P a cash flow to deal with those issues under voluntary repayment plans.

Hearing no objection, the motion to amend was approved.

**MOTION**, by Bush, to refer the amended resolution to the Finance Committee.

Mr. Anderson supported the referral to the Finance Committee to allow AEL&P time to explain what was actually possible.

Mr. Wanamaker said that referring this to the Finance Committee may be an unnecessary delay, it seems we might be better served by referring it to an Assembly meeting before the Finance Committee meeting. We could continue this meeting one more time and appropriately refer the matter to that time.

Mr. Hartle said that either option, to hold a special meeting or continue this meeting. 24 hours notice was required. Mr. Bush said that Mr. Wanamaker made a good point, and asked to withdraw his motion.
Hearing no objection, the motion to refer to the Finance Committee was withdrawn.

*MOTION*, by Bush, to table the discussion on the resolution to a time certain, to be held at a special meeting to be held at 5pm, immediately proceeding the Finance Committee meeting on Thursday, May 1, in the Chambers.

Mr. Doll asked if this action on this resolution will still have the same voting requirements of an emergency resolution. Mr. Hartle said yes. Mr. Doll said that being the case, he did not support this.

Mayor Botelho clarified that the proposal was to adjourn this meeting, hold a new Special Assembly meeting, and the nature of the voting requirements was not based on the type of meeting, but the nature of the emergency resolution.

Mr. Anderson asked about Mr. Doll’s objection. Mr. Doll said that since we thought we had a solution, we were attempting to move expeditiously. He suggested there was a value in the delay, if there was a way to make the vote on this matter a simple majority vote that should be done.

Mr. Dybdahl asked if this was converted to an appropriating ordinance, if this would come up for action on the May 12 meeting. Mayor Botelho said yes, or another meeting.

Mr. Doll withdrew his objection.

Hearing no objection, the motion to table was approved.

Ms. Chamber said as part of the AEL&P bill there should be notice to the customers that there is some statement that states that relief is being attempted so that people do not take extreme measures.

Mr. Anderson expressed his appreciation to the AEL&P staff.

Mayor Botelho thanked the public, and said it was hard to take criticism, we are trying to problem solve, we don’t have all the answers and we can sometimes head in directions that the public does not like. He thanked the Assembly for working together and for their commitment to the community. He thanked the public for being undaunted in expressing their views and the assembly owes the public a great debt of gratitude for that.

IV. ASSEMBLY COMMENTS AND QUESTIONS – None.

V. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS – None.

VI. EXECUTIVE SESSION – None.


Signed: ___________________________  Signed: ___________________________
  Laurie Sica, Municipal Clerk       Bruce Botelho, Mayor