

CITY OF UNALASKA  
UNALASKA, ALASKA

RESOLUTION 2020-60

A RESOLUTION OF THE UNALASKA CITY COUNCIL ESTABLISHING A UTILITY CREDIT PROGRAM FOR PCE ELIGIBLE UTILITY CUSTOMERS IMPACTED BY STAY AT HOME ORDERS DUE TO COVID-19

WHEREAS, on March 18, 2020, the City Council passed Resolution 2020-16 declaring a local emergency to remain in effect for so long as the declaration of a Public Health Disaster in the State of Alaska remains in effect; and

WHEREAS, on March 24, 2020, the City Council passed Resolution 2020-17 requiring certain quarantine measures, closure of non-essential businesses and requiring residents to "hunker down" and stay at home as much as possible; and

WHEREAS, similar measures protecting public health have remained in effect; and

WHEREAS, the City Council adopted Resolution 2020-37 on May 26, 2020, accepting Coronavirus Relief Funds made available by the Department of the Treasury to the State of Alaska, to be passed through to the City of Unalaska through the CARES Act; and

WHEREAS, the City of Unalaska is eligible to use CARES Act funding to prepare for future COVID-19 related response as well as past related expenses; and

WHEREAS, due to stay at home and hunker down orders, City residents' need for utility usage has most likely increased.

NOW THEREFORE BE IT RESOLVED that the Unalaska City Council approves a utility credit to PCE eligible utility customers in the amount of \$2,070, to be issued to eligible utility customers through monthly credits of \$690 in September, October and November 2020.

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on September 22, 2020.

  
Vincent M. Tutiakoff, Sr.  
Mayor

ATTEST:

  
Marjie Veeder, CMC  
City Clerk



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## MEMORANDUM TO COUNCIL

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To: Mayor and City Council Members  
From: Jim Sharpe, Interim Finance Director  
Through: Erin Reinders, City Manager  
Date: September 22, 2020  
Re: Resolution 2020-60: Establishing a Utility Credit Program for PCE eligible utility customers impacted by Stay at Home orders due to COVID-19

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**SUMMARY:** City of Unalaska residents were negatively impacted financially by stay at home and hunker down orders from March through May 2020 and could potentially be further impacted should the City issue similar orders at some point during the remainder of 2020. This Resolution provides a utility credit to certain customers in an effort to at least partially mitigate the additional financial burden.

**PREVIOUS COUNCIL ACTION:** On March 18, 2020, Council passed Resolution 2020-16 declaring a local emergency, instructing City residents to stay home and hunker down. These orders were in place through May 2020 through continuing resolutions.

On May 26, 2020, Council approved Resolution 2020-37 authorizing the City Manager to sign a Grant Agreement with the State of Alaska DCCED and accepting Coronavirus Relief Funds in the amount of \$13,453,952 for costs that are for necessary expenditures due to the Public Health Emergency with respect to COVID-19.

On July 14, 2020, Council approved Resolution 2020-47 establishing allocations of CARES Act spending as follows:

- 40% Grants to support Businesses and Non-Profit Organizations (\$5,381,581)
- 50% City's Response and Prevention (\$6,726,976)
- 10% Potential grant usage, if the need arises; if not used for grant purposes prior to September 30, 2020, this amount becomes available to address any other of the City's response and prevention efforts (\$1,345,395)

**BACKGROUND:** On March 27, 2020 Congress passed the federal act known as the Coronavirus Aid Relief and Economic Security Act (CARES Act). Section 601 of this Act established the Coronavirus Relief Fund (CRF) with the stated purpose of distributing \$150,000,000,000 to states for "necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19)".

The State of Alaska subsequently announced it would distribute CARES Act money to communities throughout the state, and proposed Unalaska would receive \$13,453,952. The money can be used for COVID-19 related expenses or damages resulting from responding to the disease, preparing for the disease, and for assistance to local businesses and residents.

**DISCUSSION:** As of August 31, 2020, the City’s contribution to local businesses and non-profit organizations totaled \$5,048,444, leaving \$333,137 available, of the original 40% allocated, for Community contributions.

Staff has met regularly to discuss how best to utilize CARES Act monies received by the City. As a result of these discussions, staff has determined that a proper use of these monies would be to provide a utility credit to certain utility customers. The premise behind the credit is that City residents have incurred increased utility costs as a result of the stay at home and hunker down orders issued by Council. Furthermore, there is a chance that, should there be community spread of the coronavirus in the fall of 2020, additional utility costs will be incurred by City residents. As a result, the calculation of the utility credit will cover a nine-month period from March through December 2020.

It was determined that the most appropriate method by which to distribute funds was to provide credits to Price Cost Equalization (PCE) Eligible customers only. PCE is a program established by the Alaska Energy Authority (AEA) in 1985 to provide economic assistance to communities and residents in rural areas of Alaska where, in many instances, the kilowatt hour charge for electricity can be three to five times higher than the average kWh rate. Only residential and community facility customers are eligible for PCE credits and only one PCE credit is allowed per customer. The PCE credit applies only the first 500 kWh consumed. Based on experience, if an electric bill is in the name of a business AEA will not provide PCE credit for that location even though it is a residential service. Furthermore, the ‘one credit per customer’ rule prevents landlords from receiving PCE credit for rental units billed in their names.

As noted above, PCE customers represent residents that are responsible for their electricity bill. While other methods are available, we determined this method provides an avenue by which to provide assistance to community residents that have been negatively impacted by COVID-19. Currently, there are 449 PCE eligible customers in the City of Unalaska.

During our staff discussions, we also determined that implementing a stimulus program for residents would be time consuming to determine eligibility and impose a tremendous burden on staff to administer. The approach included in this memo represented the most cost-efficient method by which we could provide a benefit to residents.

Staff was able to determine that the average monthly residential utility bill is \$230. Based on that, we are presenting three options to Council: issue a utility credit at 50%, 62.5% or 75% of the average monthly residential utility bill. The credit will be issued to eligible customers in equal amounts in each of the remaining 2020 utility bills.

Each option is presented below:

<b>Percentage of average monthly bill</b>	<b>Amount</b>	<b>Total credit provided per eligible customer</b>	<b>Total Cost</b>	<b>Use remaining amount allocated for City contributions?</b>	<b>Amount remaining in contingency</b>
50%	\$115.00	\$1,035.00	\$464,715.00	Y	\$1,213,817
62.5%	\$143.75	\$1,293.75	\$580,893.75	Y	\$1,097,638
75%	\$172.50	\$1,552.50	\$697,072.50	Y	\$981,460

**ALTERNATIVES:** City Council can choose one of the options above, elect to support residents at a different amount or disapprove the resolution.

**FINANCIAL IMPLICATIONS:** Each option presented above would allow Council to extinguish the amount allocated for contributions to the City. Additionally, it indicates the amount remaining within the contingency portion of the spending plan.

**STAFF RECOMMENDATION:** Staff recommends approval of Resolution 2020-60 at an amount equivalent to 50% of the average utility bill for PCE Eligible customers only.

**PROPOSED MOTION:** I move to adopt Resolution 2020-60.

**CITY MANAGER COMMENTS:** I support staff's recommendation and appreciate the creative efforts required to bring this proposal forward.