

# Court Says Water Company's 2004 Rate Hike Was 'Unjust'; AWWU Ordered To Pay Back Millions

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\$250. At least.

That's how much the average Anchorage household could get back from the city water company under a recent Superior Court ruling.

The court battle is over Anchorage Water and Wastewater Utility rates, which were raised in 2004 so the city-owned utility could pay the city more property taxes.

Well, not really property taxes, what's called "payments in lieu of taxes."

Either way, it means that 57,000 AWWU customers started paying about \$6 million more a year than before. Mayor Mark Begich proposed the change and the Assembly approved it.

But in 2005 the Regulatory Commission of Alaska decided the rate increase was out of line, meaning the city would have to give all that extra money back and lower the rates.

The city left the rate increase in place, appealed the RCA ruling, and lost last month: Superior Court Judge Philip Volland sided with the RCA.

Still, don't count your refund money yet. The city will appeal Volland's ruling to the state Supreme Court, said municipal attorney Jim Reeves.

By AWWU's estimates, about \$17 million is at stake. That's about \$250 for the average single-family household that has been a customer since 2004. The refund amount would vary for businesses.

Because AWWU is still charging the higher rates, those numbers will only grow.

City-owned utilities, such as the water company or Municipal Light and Power, don't actually pay property taxes, but they still get things like police and fire protection, so they pay "payments in lieu of taxes" to help cover those costs.

Begich said that the water company wasn't paying enough compared with private companies. There are certain properties and assets the utility should pay taxes on, but hasn't for years, he said.

"When I came in, this utility was not paying its fair share compared to other utilities ... every other taxpayer in this community subsidized them," Begich said.

The city called on the utility to give more money, and that money came from higher water and sewer rates, which means it came from AWWU's thousands of customers.

The AARP sided against the city in the case because many of its members live on fixed incomes and are concerned about rising utility rates, said Virginia Rusch, a former assistant attorney general hired by the seniors advocacy group.

Meantime, Begich and AWWU unveiled a new program Monday that allows water and sewer customers to round their bills up to the nearest dollar, and give the spare change to other customers who are having trouble paying.

About a dozen people see their water shut off each month, according to the utility. Most people who live in the Anchorage Bowl are AWWU customers.

Find Kyle Hopkins' political blog online at [adn.com/alaskapolitics](http://adn.com/alaskapolitics) or call him at 257-4334.

\* \$17 MILLION. Amount collected so far by the AWWU in a rate increase that regulators say was "unjust."

\* \$250. Amount the average single-family household could receive if the water company is forced to give refunds.

\* \$5. Estimated monthly increase paid by households under the increased rates, according to the AARP.

By the numbers