

KETCHIKAN PUBLIC UTILITIES

KPU



Your Community, Your Utility

2025 OPERATING AND CAPITAL BUDGET

**KETCHIKAN PUBLIC UTILITIES
2025 ANNUAL BUDGET**

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CITY OF KETCHIKAN, ALASKA

RESOLUTION NO. 24-2946

A RESOLUTION OF THE COUNCIL OF THE CITY OF KETCHIKAN, ALASKA APPROPRIATING FROM THE KETCHIKAN PUBLIC UTILITIES ENTERPRISE FUND FOR THE FISCAL YEAR 2025; AND ESTABLISHING AN EFFECTIVE DATE

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Ketchikan, Alaska as follows:

Section 1: The budget for the year 2025, entitled KETCHIKAN PUBLIC UTILITIES 2025 OPERATING AND CAPITAL BUDGET, is hereby adopted.

Section 2: The sum of \$72,456,716 as shown in the following items of appropriations is appropriated for the Ketchikan Public Utilities Enterprise Fund of the City of Ketchikan, Alaska for the fiscal year beginning January 1, 2025:

<u>Item of Appropriation</u>	<u>Total</u>
General Manager	\$ 484,169
Sales, Marketing & Customer Service	3,868,358
Electric	26,688,658
Telephone	20,447,642
Water	7,868,645
Transfer to KPU Facilities and Infrastructure Replacement Fund	250,000
Appropriated Reserves	<u>12,849,244</u>
Total Appropriations	<u>\$ 72,456,716</u>

Section 3: The sum of \$2,250,000 as shown in the following items of appropriations is appropriated for the Ketchikan Public Utilities Facilities and Infrastructure Replacement Fund of the City of Ketchikan, Alaska for the fiscal year beginning January 1, 2025:

<u>Item of Appropriation</u>	<u>Total</u>
Appropriated Reserves	<u>2,250,000</u>
Total Appropriations	<u>\$ 2,250,000</u>

Section 4: The sum of \$42,325 as shown in the following items of appropriations is appropriated for the Ketchikan Public Utilities Public Art Fund of the City of Ketchikan, Alaska for the fiscal year beginning January 1, 2025:

<u>Item of Appropriation</u>	<u>Total</u>
Appropriated Reserves	<u>42,325</u>
Total Appropriations	<u>\$ 42,325</u>

Section 5: This resolution shall become effective immediately upon adoption.

PASSED AND APPROVED by a duly constituted quorum of the City Council for the City of Ketchikan on this 19th day of December, 2024.



Bob Sivertsen, Mayor

ATTEST:



Kim Stanker, City Clerk



November 18, 2024

The Honorable Robert Sivertsen
and Members of the City Council
City of Ketchikan, Alaska
334 Front Street
Ketchikan, Alaska 99901

Pursuant to Section 5-2 of the Ketchikan City Charter, the proposed 2025 Operating and Capital Budget (the “2025 Budget”) for Ketchikan Public Utilities (KPU) is respectfully submitted. In accordance with Section 5-4 of the Charter, the City Council must adopt a final spending plan no later than the third day before the beginning of the next fiscal year, which is December 29, 2024. At least one public hearing on the proposed budget is required prior to adoption of the final spending plan.

INTRODUCTION

The 2025 Budget attempts to reflect the ongoing efforts of the City Council to maintain and deliver cost effective electric, telecommunications and water utility services to the community of Ketchikan. Staff believes that the proposed spending plan for 2025 represents the **bare minimum** to meet needs with the financial resources available for KPU in order to provide the utility service to the community. The programs and services contained within the proposed spending plan were developed by the KPU Division Managers and were subsequently reviewed and modified as necessary by the Offices of the General Manager and the Finance Director. The operating goals and programs of the Electric, Telecommunications and Water Divisions were predicated on the continuation of basic service delivery and long-range issues that need to be addressed in the coming years through the Capital Improvement Program.

The economic issues facing the community of Ketchikan were considered during the preparation of the proposed spending plan for KPU. Because KPU is not supported by tax dollars, it depends on its residential and commercial ratepayers to provide the resources necessary to finance its operations. The table below lists key operating statistics for KPU for the past ten years.

<u>Year</u>	<u>of Electric Customers</u>	<u>Sales - MWh</u>	<u>Access Lines</u>	<u>Water Customers</u>
2014	7,606	167,939	5,863	3,162
2015	7,694	163,896	5,723	3,163
2016	7,741	165,107	5,611	3,203
2017	7,799	175,448	5,351	3,220
2018	7,838	167,834	5,274	3,238
2019	7,867	164,000	5,043	3,194
2020	7,866	166,832	4,545	3,192
2021	7,867	169,432	4,332	3,220
2022	7,922	174,187	4,139	3,249
2023	7,949	178,130	3,934	3,267

The growth of electric customers remains flat but stable. The demand for energy is generally trending upward but continues to fluctuate annually. Under normal operating conditions, the electric utility's energy sales tend to fluctuate from year-to-year due to variable weather conditions, customer demographics and demand, and the effectiveness of energy conservation measures. In 2023, a new record high of 178,130 MWh was realized while 2015 and 2019 saw low consumption of 163,896 and 164,000 MWh respectively. The decrease in energy sales in those years is due to warmer temperatures and in 2019 Ketchikan was impacted by a drought that affected most of Southeast Alaska. During the drought, lake levels reached record lows and utility consumers were encouraged to conserve energy to reduce consumption and limit the amount of diesel power required to make up for the shortfall.

Over the same period, the number of telecommunication access lines declined on average by about 3.88% annually. Competition from GCI, a full-service telecommunications company, satellite providers and wireless phone carriers have made significant inroads into the local market for telecommunication services. KPU Telecommunications is eliminating its cable TV services to focus on providing reliable telecommunications and internet services. Ensuring these services are healthy and dependable will help KPU keep its share of the market in Ketchikan.

Growth in the number of water customers has remained relatively static for the past 10 years. This is primarily due to the limited availability of property for development within boundaries of the City, stagnant business and population growth in the community and no industrial growth. The water utility does not serve residents and businesses located outside the boundaries of the City.

MAJOR BUDGET AND FISCAL ISSUES

While preparing the proposed KPU budget for the next fiscal year, certain issues were identified that may affect the long-term finances of KPU, its operations and the proposed spending plan for 2025. Staff believes the City Council should be aware of these issues and will need to consider them during its budget deliberations. Each issue is outlined below along with recommendations

from staff, if warranted. In most cases, staff has incorporated their recommendations into the proposed budget in order to show the effects of the recommendations on the draft spending plan. Staff recognizes that the final resolution of these issues will be determined by the City Council and that the proposed spending plan may be adjusted accordingly.

Utility Rates: Management continues to express **great concern** about the inadequacy of current utility rates to finance the cost of operations, including rising personnel costs, the capital cost associated with the replacement or maintenance of aging utility infrastructure, and the cost of complying with unfunded mandates imposed by federal and state regulatory bodies. Per discussions with the Mayor and Council during the negotiations process, staff has proposed rate increases for electric and water that will allow the utility to maintain fiscal responsibility by adhering to the fund balance policy and bond covenants. Rate-setting policies will be forthcoming but will be in line with the rates currently programmed in the 2025 budget and address the revenue requirements for each utility. These concerns can be best understood by reviewing the following table, which summarizes the operating net income (loss) results of KPU by utility for the past ten years.

2014 - 2023				
Audited				
Year	Total	Electric	Telecom	Water
2014	(1,324,308)	(995,699)	532,426	(861,035)
2015	(1,669,237)	(910,631)	(66,516)	(692,090)
2016	(1,491,341)	(1,231,491)	149,376	(409,226)
2017	1,731,165	114,926	1,945,067	(328,828)
2018	1,125,607	(1,238,149)	2,786,145	(422,389)
2019	980,548	(658,876)	2,046,612	(407,188)
2020	(146,040)	378,765	(334,263)	(190,542)
2021	2,601,644	312,192	2,335,500	(46,048)
2022	1,660,296	1,051,240	2,202,251	(1,593,195)
2023	3,343,596	2,021,951	1,557,359	(235,714)

Several observations can be made from reviewing the Summary of Net Income (Loss):

- During this period, the water utility has been forced to bear the added cost of deferred maintenance due to the failure of its aging infrastructure. The water utility experienced an operating loss of \$1.5 million in 2022 due to premature line decay which necessitated the replacement of the Schoenbar Raw Water Main. The water division continues to experience breaks in the distribution lines requiring emergency repair and patching, which are occurring at a greater frequency each year. This increases the risk of damage to streets and personal property, costs more in the short term and still requires attention going forward due to the need to replace the infrastructure so that the utility can provide reliable water services to the City residents. The utility is not able to fund the true capital

replacement and improvements needed due to the lack of revenue and resources on hand and the ability to pay future debt service. The capital replacement needs are significantly larger than the available resources limiting the projects that can be budgeted. **Water Infrastructure is a public safety need that can become an emergency if not addressed timely.**

- While 2020 through 2023 appear to reflect an improved financial position for the electric utility, very little has been done to reduce the electric utility's overall net deficit over the last ten years. The improvement that took place in 2017 was primarily due to the \$1.4 million rebate that was received from SEAPA. The improvement of net revenues in 2020 to 2023 was due a significant number of staff vacancies and the deferral of major and necessary capital improvements. Utilizing reserves to fund operations is of great concern and should be addressed before the utility is no longer able to provide services to its customers. The electric utility faced multiple infrastructure emergencies in 2024 because of deferred maintenance and low staffing resulting in the need for emergency repair funding as well as increased purchased power costs. The Council has reviewed a revised staffing plan to enable the division to move forward with deferred maintenance, however the **electric utility is not able to fund all of its operating costs, changes in the 2024-2026 CBA or meet infrastructure maintenance and replacement needs without a rate increase. With current rates, we are not able to meet the Council's directive to replaced critical infrastructure.**
- The telecommunications utility increased its operating costs with the addition of the subsea fiber optic cable that was placed in service in 2020 and the increase in personnel costs per the 2024-2026 KPU IBEW CBA. The industry it operates within is very dynamic and subject to frequent changes in technology, which requires the utility to use its earnings to upgrade its infrastructure quickly. Historically, the City has followed a strategy of using the earnings of the telecommunications utility to subsidize the electric and water utilities to keep rates low. While this strategy may have worked in prior years, it is becoming more difficult to sustain and is detrimental to the telecommunications utility. We expect to realize savings by sunseting the TV product offering and staff will be redeployed to address network service needs.
- The Summary of Funding by Operating Utility on page C-4 further illustrates the concerns regarding the inadequacies of the current rate structure. Prior to factoring in rate increases and deferring capital projects, the utility was proposing a \$23.59 million dollar drawdown of reserves. The current drawdown, as shown on page C-4 is \$11.48 million. This was achieved by increasing revenues and limiting capital projects.

The C-4 summary shows how each utility can cover its operating and capital costs through the rates it charges in 2025. Prior to programming a 5.2% rate increase the water division was not able to cover its debt service or capital improvement needs. With the rate increase, the water utility is able to cover all operating costs and a portion of their capital costs. Prior to programming a 6.0% rate increase the electric utility was projected to need

a contribution of \$936,720 from reserves to cover its operating costs and a total of \$15.29 million from reserves to cover operating, debt service, and capital needs. Since the electric utility is unable to pay for any of its capital costs from operating revenues it must rely on grants, bonds or reserves. The utility, as a whole, cannot sustain a draw on reserves of this magnitude. Unfortunately, relying on debt to finance capital improvements will result in interest costs, which are ultimately passed on to the ratepayers, and KPU's bond covenants require that for every dollar of debt service, KPU must generate at least \$1.25 of net revenue to satisfy debt service coverage requirements.

Management continues to recommend that the City Council work towards making each utility financially independent. This is going to be especially critical if the water utility is eventually required to finance and construct a filtration plant. A financially strong Ketchikan Public Utilities is going to be a prerequisite for issuing the bonds required to finance this plant. The process should start with controlling costs for each utility and adjusting the rates to cover the costs of each utility without subsidies. **Consideration should also be given to financing more capital improvements from operating revenues, rather than reserves.**

Water Filtration: The municipal water system owned and operated by KPU is working with the State of Alaska to avoid filtration and still meet certain water quality standards established by the Environmental Protection Agency and the Alaska Department of Environmental Conservation (ADEC). If an alternative to filtration is not granted, KPU may be required to finance and construct a water filtration plant to treat all the water distributed in KPU's municipal water system. The capital cost of this plant is estimated to be in excess of \$70 million, with approximately \$2 to \$3 million in additional annual operating expenditures. In 2020, KPU and ADEC met to discuss options that would eliminate the need to construct an expensive water filtration plant. In May of 2021, KPU entered into a Compliance Order by Consent with ADEC to seek an Alternative to Filtration designation. In May 2023, EPA Region 10 representatives visited Ketchikan to view the facilities and the watershed. In November 2024, ADEC released draft LAF regulations for comment and the EPA is in the process of evaluating those regulations and KPU's request for a Limited Alternative to Filtration. While KPU is waiting for EPA's final decision, work to explore the capability of our current facilities to comply with the Safe Drinking Water Act. As we await a final decision, we do now know that at a minimum, we may be required to install and operate an additional UV train for increased disinfection.

Diesel Generation: The drought that took place in Southeast Alaska in 2019 served to reinforce the importance of having reliable sources of generation to meet the demand for electricity from the customers of the City owned-electric utility. The lesson learned was that the communities of Ketchikan, Wrangell and Petersburg cannot always rely solely upon the hydroelectric generation facilities of KPU and the Southeast Alaska Power Agency (SEAPA) to meet the consumer demand for energy. The close proximity of hydroelectric generation facilities operated by KPU and SEAPA increases the risk that the facilities of both entities will experience droughts and other adverse weather conditions simultaneously. This raises the importance of including reliable diesel generation into KPU's strategy for addressing consumer demand for electricity.

During the most recent drought, KPU learned that its current diesel generation facilities are showing their age and lack the capacity to provide power during an extended drought. Two of the four main diesel generators located at the Bailey Power Plant are over 50 years old, one is 47 years old and one is 25 years old. KPU **must** begin planning for the permitting and acquisition of a new generator similar to the four generators that are housed at the Bailey Power Plant. The cost of a new generator will most likely exceed \$40 million and will require approval from the voters to issue a revenue bond to finance the acquisition and installation of the new generator. The annual debt service required for a \$40 million bond plus a \$3,210,000 reserve account at an interest rate of 5.00% is about \$3,210,000 and would require an 8% across-the-board utility rate increase to provide for annual debt service sufficient enough to satisfy the debt coverage requirements of KPU's bond covenants, in addition to the rate increases already programmed into the 2025 Budget.

SIGNIFICANT BUDGET ASSUMPTIONS

To present a complete spending plan for 2025, it was necessary for management to make certain assumptions regarding the operations and finances of KPU. Management recognizes that some of the assumptions will require further direction from the City Council and that the direction provided may result in different assumptions, which could materially affect the proposed spending plan. The key assumptions used to compile the spending plan for 2025 are as follows:

- Staffing levels will remain the same as 2025 except for the elimination of the Assistant Water Division Manager position and the addition of one new water apprentice. Staff has also allocated 0.25 of the KPU Sales Marketing and Customer Service Manager's wages and benefits to compensate KPU for services provided to general government related to public information. Compensation for KPU staff is expected to increase because of a 3.0% COLA, step increases required by the compensation plan and an estimated COLA for non-represented employees and will be programmed for all eligible employees.
- Pension and Health insurance increases continue to drive benefit costs upward. Health insurance premiums continue to increase in a market with fewer providers. While the increase in the cost for health insurance is shared in accordance with a tiered formula for its non-represented employee and represented employees, the employee share does not kick in until the premium increase exceeds 5%. Staff continues to work with our insurance broker to provide competitive benefits without increasing the cost to non-represented employees, but no less expensive solutions are available at this time. Employee pension costs continue to increase due to the effects of moving to a percentage-based pension calculation. As wages increase so does the cost of overtime and pension. The current pension cost is equal to 18% of wages with a maximum of \$12.00 per hour. There are only a few employees that are maxed out causing annual increases in the pension. The calculation of pension for non-represented employees assumes that the State of Alaska will keep the current PERS employer contribution rate of 22 percent.

- The closure and repair of the Silvis Hydro facility resulted in the need to purchase more power from SEAPA. Per the Electric Division Manager, KPU is not expected to trigger a Whitman Lake true-up payment in 2024. However, wet weather increases the odds that the SEAPA owned dam could spill and trigger an annual Whitman Lake true-up payment.
- Rate increases have been programmed for each of the utilities to ensure KPU is in compliance with the fund balance policy and debt service requirements per KPU's bond covenants and can pay for the wage and benefit increases per the 2024-2026 collective bargaining agreement approved by the Council in 2023. These rate increases also ensure that KPU can continue to provide electric, telecom and water services to the residents of Ketchikan.
- Liability, auto, and property insurance premiums have been programmed to increase by 17.0%, 3.0% and 5.0%, respectively. KPU's liability, auto and property insurance policies expire on July 1, 2025 and, therefore, the renewals overlap the KPU's calendar fiscal year. The recent increases are due to the liabilities resulting from cyberattacks, phishing and e-mail fraud in addition to fewer insurers in the market driving up in the property, casualty and liability policies. The impacts natural disasters have on the cost of construction and materials is driving up premiums. As a result, the KPU has been required to increase its replacement values to ensure that its facilities are adequately insured. The increase in property premiums is a result of increasing replacement values.
- Workers compensation insurance policies also expire on July 1, 2025 and overlap the KPU's calendar fiscal year. Premiums for workers compensation insurance have been projected to increase by an overall 10% on July 1, 2023. Premiums for workers compensation are based on staffing demographics and the rates set for each employee classification by the National Council on Compensation Insurance. As a result, some departments may experience an increase in the cost of workers' compensation by more than 10% and others will experience an increase of less than 10%.
- Annual debt service has been programmed to increase \$8,170 in 2025 due to regular fluctuations in the debt service schedule. KPU has not issued any new debt or entered into any new loan agreements.
- Interdepartmental allocations for the Information Technology Department changed due to the transition of the AS-400 from an IT managed system to a cloud-based system for the telecommunications billing software. The Telecommunications Division is now contracting directly with the billing software vendor to manage the billing system. This change also changed the allocation of IT costs from a flat 50% to a percentage based on FTE positions and the services provided to each position.
- Divisions were directed to keep operating expenditures at 2024 levels and provide a business reason for any increases in excess of \$5,000 and 5.0%. Divisions were also directed to limit capital projects to those that are essential unless outside funding is available. Further, the General Manager placed caps on the capital budget to ensure KPU

is in compliance with its fund balance policy and bond covenants, forcing divisions to defer capital projects.

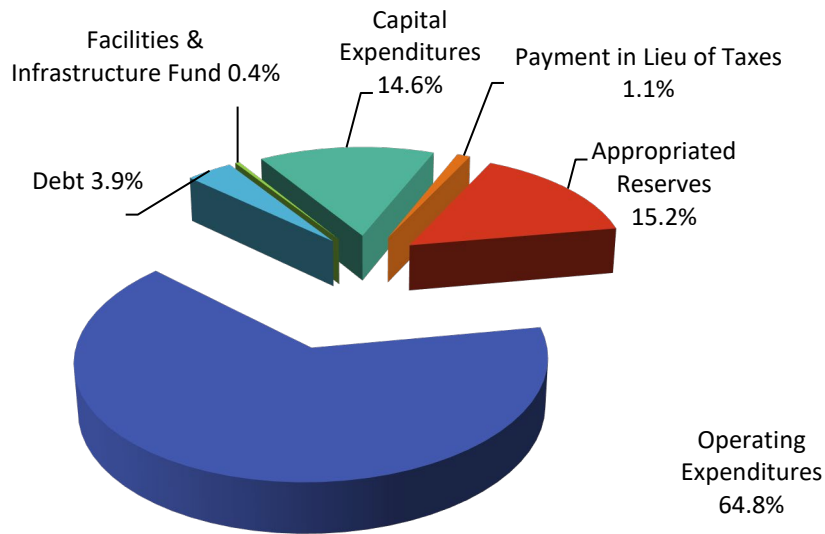
The Proposed 2025 Budget is a working document intended to initiate discussion by the City Council and the public over next year's spending plan. As the City Council and the public review and evaluate service delivery and long-range issues, alternate concepts and additional concerns may materialize that will warrant further consideration. It is staff's desire that the final product which emerges from this process will be a spending plan for 2025 that is acceptable to the community at large and will allow KPU to continue to provide adequate and reliable electric, telecommunications and water services to its customers.

FINANCIAL OVERVIEW OF THE KETCHIKAN PUBLIC UTILITIES 2025 ANNUAL OPERATING AND CAPITAL BUDGET

The 2025 Budget includes all operating and support divisions of KPU. The total amount requested for appropriations is \$71.08 million, a decrease of \$1.60 million from the amount appropriated with the adoption of the 2024 Budget. The key components of total appropriations for 2025 and a comparison with 2024 appropriations are as follows:

	2024 Budget	2024 Estimate	2025 Budget
Operating Expenditures	\$ 46,171,104	\$ 43,796,264	\$ 46,080,179
Debt Service	2,776,759	2,642,943	2,784,929
Payment in Lieu of Taxes	786,000	786,000	786,000
Total Cost of Operations	49,733,863	47,225,207	49,651,108
Facilities & Infrastructure Fund	250,000	250,000	250,000
Capital Expenditures	10,989,660	7,248,046	10,394,908
Total Expenditures	60,973,523	54,723,253	60,296,016
Appropriated Reserves	11,706,307	20,929,577	10,788,000
Total Appropriation	<u>\$ 72,679,830</u>	<u>\$ 75,652,830</u>	<u>\$ 71,084,016</u>
 Number of Employees	 <u>122.50</u>	 <u>122.50</u>	 <u>122.25</u>

2025 Appropriations



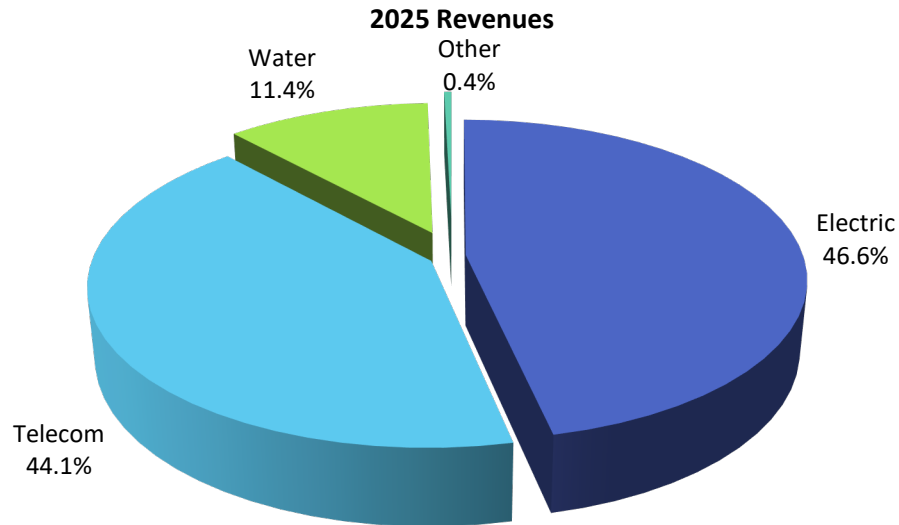
The balance of this overview will include a discussion and analysis of the following areas: (1) revenues; (2) expenditures; (3) personnel; (4) debt management; and (5) compliance with City Council mandated financial objectives.

For additional summary information regarding the proposed spending plan for 2025, please refer to the “C” pages in the budget document.

REVENUES

Operating revenues for utility services in the amount of \$45.06 million have been programmed for 2024. The table below identifies the major revenue sources by operating utility.

	2023 Actual	2024 Budget	2024 Estimate	2025 Budget
Electric	\$ 21,222,250	\$ 21,768,400	\$ 21,816,761	\$ 22,970,342
Telecommunications	20,743,425	20,155,000	19,999,602	20,549,000
Water	5,102,701	5,346,800	5,261,579	5,618,916
Other	256,356	202,900	202,900	202,900
Total	<u>\$ 47,324,732</u>	<u>\$ 47,473,100</u>	<u>\$ 47,280,842</u>	<u>\$ 49,341,158</u>



Electric Revenues: The projection for 2025 electric utility revenues is based on a two-year average of energy sales and the projected average electric revenues per kWh, adjusted prior-year rate increases and current year programmed rate increases, new loads and other trends such as conversions from heating fuel to electric heat. There are four variables that can significantly affect the consumer demand energy and revenue projections.

- Cold temperatures and high winds increase the demand for electric energy. This occurred in 2017 when cooler weather resulted in record sales of 175,448 MWh of electricity. Warmer weather decreases demand.
- The general state of the economy. A strong economy usually generates a strong demand for energy. A weak economy has the opposite effect.
- The rise in the price of heating oil can result in some businesses and residents switching from heating their businesses and homes with fuel to electricity.
- Rate increases can trigger conservation efforts which tend to lower the demand for electricity. **A 6.0% rate increase has been programmed into the 2025 budget and is still insufficient to meet the critical infrastructure needs requested by Council.** In addition, management is recommending an annual electric rate increase of 6% for at least the next three years.

In 2023, the electric utility sold 178,130 MWh of energy. The estimate for 2024 is 176,970 MWh and the projection for 2025 is 177,550 MWh. The revenue forecast for 2025 is based on a two-year average of consumption. The table below summarizes the major operating revenues of the Electric Division.

	2023 Actual	2024 Budget	2024 Estimate	2025 Budget
Residential	\$ 8,790,479	\$ 9,390,000	\$ 9,151,050	\$ 9,953,400
Harbor	378,983	401,300	379,750	425,378
Business	8,158,401	8,549,400	8,571,900	9,062,364
Industrial	2,090,864	2,177,175	2,207,900	2,273,175
Yard Lights	65,859	73,215	66,700	73,215
Demand	559,014	605,610	584,700	605,610
Street Lights	133,184	132,900	133,250	132,900
Energy Sales	20,176,784	21,329,600	21,095,250	22,526,042
Diesel Surcharge	-	-	-	-
Other	1,045,466	438,800	721,511	444,300
Total	<u>\$ 21,222,250</u>	<u>\$ 21,768,400</u>	<u>\$ 21,816,761</u>	<u>\$ 22,970,342</u>

Telecommunications Revenues: The Telecommunications Division derives its revenues from three primary sources: regulated local network phone services; regulated network access services; and non-regulated services such as DSL, wireless and sales of Hosted PBX systems. The table that follows summarizes the major operating revenues of the Telecommunications Division.

	2023 Actual	2024 Budget	2024 Estimate	2025 Budget
Local Network Services	\$ 1,936,455	\$ 1,804,000	\$ 1,945,893	\$ 1,947,000
Network Access Services	8,310,606	8,160,000	8,173,416	9,468,000
IP Network - DSL and IPTV	7,236,632	6,968,000	6,624,148	6,260,000
4G/LTE	2,882,949	2,890,000	2,875,912	2,500,000
Directory Revenue	98,017	76,000	88,000	85,000
Miscellaneous	278,766	257,000	292,232	289,000
Total	<u>\$ 20,743,425</u>	<u>\$ 20,155,000</u>	<u>\$ 19,999,601</u>	<u>\$ 20,549,000</u>

Revenues from local network services and network access services are projected to increase 30% in 2025 due to the Alaska Connect Fund fixed provider support. The Alaska Connect Fund was established to “ensure continued support for the advancement of mobile and fixed broadband service in Alaska”, per the FCC Report and Order. The Alaska Connect Fund will help stabilize network access revenues through the end of 2028, while the wireless and internet protocol services fluctuate as a result of the elimination of IPTV services.

Telecom will look to stabilize internet protocol (IP) revenues by offering new products, technologies and services in order to attract new customers and retain existing customers. Now that IPTV services have been eliminated, as a result of the nationwide trend to switch to broadband only services, the packaging of internet services will be key to ensure telecom is providing broadband services for customers to utilize video streaming services such as Netflix,

Hulu, AppleTV, and Amazon Video. The telecom division saw this coming and prepared for the increase in video streaming by installing an undersea fiber cable that was placed in service in October 2020. The undersea fiber cable increases the utility's ability to meet the current and future bandwidth demands of its customers for at least the next 30 years. Since the activation of the undersea fiber cable has allowed the utility to significantly lower its transport costs, no rate increases for IP product lines have been programmed for 2025.

Since its rollout in 2014, revenues from 4G/LTE services have grown rapidly and have become a major product line for the telecommunications utility. The number of customers using the telecommunication utility's 4G/LTE networks servicing the Ketchikan and Skagway markets continue to expand. Growth in cruise ship passenger traffic has also increased the demand for KPU 4G/LTE services. These revenues will remain stable through 2027, the period covered by the present agreement.

Water Revenues: A 5.2% rate increase has been programmed per Council direction upon approval of the KPU IBEW 2024-2026 collective bargaining agreement. The estimated increase per the collective bargaining agreement for the Water Division, including allocated costs, is \$263,649 in 2025. The table that follows summarizes the major operating revenues of the Water Division.

	2023 Actual	2024 Budget	2024 Estimate	2025 Budget
Residential	\$ 2,123,327	\$ 2,242,500	\$ 2,216,950	\$ 2,357,532
Apartment	443,849	468,160	463,280	492,652
Business	1,716,367	1,805,100	1,796,675	1,910,642
Industrial	114,355	120,672	119,375	126,976
Seafood Processors	385,515	406,765	402,583	428,164
Port	141,120	167,500	123,500	167,500
Raw Fish Tax	112,195	74,750	74,750	74,750
Miscellaneous	65,973	61,353	64,466	60,700
Total	<u>\$ 5,102,701</u>	<u>\$ 5,346,800</u>	<u>\$ 5,261,579</u>	<u>\$ 5,618,916</u>

Beginning in 2015, the City Council directed that a portion of the proceeds from the State of Alaska's Raw Fish Tax Program be directed towards supporting the operations of the water utility and minimizing the losses that are occurring because seafood processor water rates are subsidized by other customer rate classes. The formula was changed in 2017 from a fixed amount of \$100,000 annually to 23% of the annual raw fish tax payment. In 2025, the City is projecting an annual payment of \$325,000 and, under the current formula, the water utility will receive \$74,750. The amount paid by the State of Alaska is based on market value and the size of seafood harvest.

For more information about KPU operating revenues, please see the "D" pages.

OPERATING EXPENDITURES

Operating expenditures, including debt service and payments in lieu of taxes, in the amount of \$49.65 million have been programmed for 2025, a decrease of \$82,755 from the amount appropriated with the adoption of the 2024 Budget. The table below identifies the major operating expenses by division.

	2024 Budget	2024 Estimate	2025 Budget	Net Change Increase (Decrease)
General Manager	\$ 433,414	\$ 362,338	\$ 484,169	\$50,755
Sales, Marketing & Customer Service	3,574,527	3,380,156	3,868,358	293,831
Electric	22,433,884	21,693,567	23,035,903	602,019
Telecommunications	18,199,127	17,046,828	17,094,842	(1,104,285)
Water	5,092,911	4,742,318	5,167,836	74,925
Total	<u>\$ 49,733,863</u>	<u>\$ 47,225,207</u>	<u>\$ 49,651,108</u>	<u>(\$82,755)</u>

The net decrease of almost \$82,755 in 2025 operating budget for KPU is due to decrease in contract services related to the discontinuation of cable TV services.

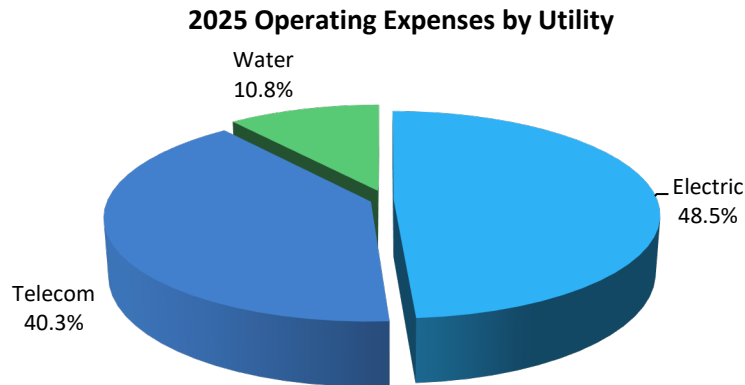
The electric utility is projecting that in 2025, its operating expenditures will increase a little more than \$602,000 from 2024. Approximately \$515,000 of the increase is due to a 3.0% COLA for IBEW members, causing wages and percentage-based benefits to increase personnel services and benefits.

The telecommunications utility is projecting that in 2025, its operating expenditures will decrease \$1.1 million from 2024. This decrease is due to the decision to discontinue cable TV services, reducing contract services costs \$1.6 million. The reduction in broadcast content fees is offset by a \$156,000 increase in wages and percentage-based benefits due to a 3.0% COLA for its IBEW members and an increase of \$480,000 in other contractual and professional services to provide broadband access and a secure network for its customers.

The water utility is projecting an increase of about \$75,000 in operating expenditures. The increase is due to increasing cost of chemicals, interdepartmental costs for finance, insurance and building rent, telecommunications is projected to increase due to a proposed bandwidth increase and utility rate increases are expected to increase the cost of electric, water, sewer and solid waste services. Another item to note is the elimination of the Assistant Water Division Manager and the addition of a water apprentice. This change is projected to decrease operating costs \$110,157. The Water Division is losing one employee due to retirement in December 2024 and one employee transferred to another position within the City in 2024. The division has four additional employees eligible to retire in the next five years, highlighting the need to continue the apprentice program to ensure appropriate staffing level in the future.

The sales, marketing and customer service division's operating expenditures are programmed to increase by \$293,831 from the amount appropriated in 2024. The increase is due to a 3.0% COLA for IBEW members, step increases per collective bargaining agreements, bulk mailing increases, marketing increases, a telecommunications bandwidth increase and the addition of inter-departmental allocation for Information Technology to Sales Marketing and Customer Service. In the past these costs were charged to Telecom due to the separations process and the use of Information Technology (IT) staff to maintain the telecommunications billing system.

The following graph identifies operating expenses by operating utility. The cost of operating the General Manager and the Sales, Marketing and Customer Service Divisions have been allocated to the operating utilities in the same manner as shown on page C-2.

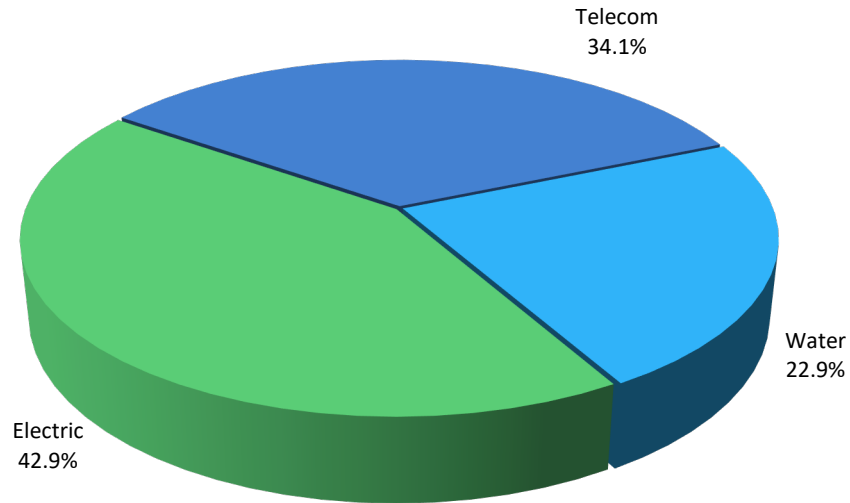


CAPITAL EXPENDITURES

The amount of capital appropriations requested for 2025 is \$10.39 million. The table below identifies the major capital expenses by utility.

	2024 Budget	2024 Estimate	2025 Budget
Electric	\$ 4,683,157	\$ 3,290,854	\$ 4,462,409
Telecommunications	3,820,265	2,887,000	3,547,765
Water	2,486,238	1,070,192	2,383,734
Total	<u>\$ 10,989,660</u>	<u>\$ 7,248,046</u>	<u>\$ 10,393,908</u>

2025 Capital Expenses by Utility



Overall the utility's assets totaling \$276 million are depreciated 62.8%. The utility should be spending an amount equal to depreciation in repair and replacements and/or depositing a like amount into a capital replacement account to fund replacements when needed.

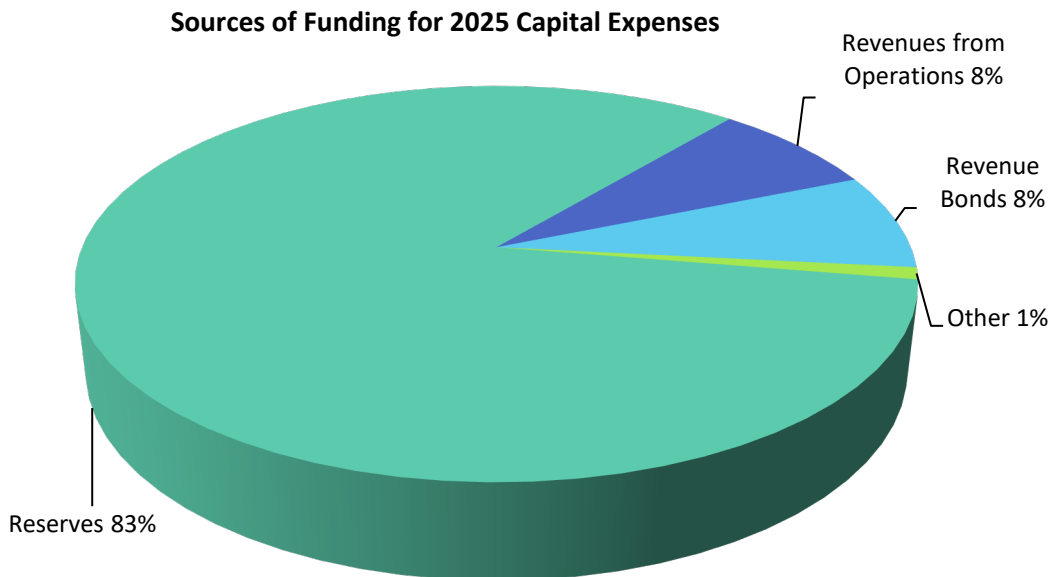
The Council directed staff to address electric infrastructure, the utility has some infrastructure that can be replaced annually but its hydro facilities and generators would require a reserve in excess of \$60 million to replace. A large share of the telecommunications utility assets can be replaced via an annual repair and replacement but it is important to keep the telecom assets up to date due to the competitiveness in the industry and ensure a reliable system. Most of the water utility assets are buried or are large infrastructure items such as dams and reservoirs. In the 80's and 90's the utility was able to take advantage of matching grants from the State of Alaska to help fund infrastructure replacements. These grants dried up in the early 2000's so the water utility is utilizing low interest loans to fund much needed replacements. Below is a list of the utility assets and their depreciated status:

- Electric assets –
 - Distribution assets are depreciated 78%
 - Bailey assets are depreciated 85%
 - Beaver Falls assets are depreciated 70%
 - Silvis assets are depreciated 79%
 - Ketchikan Lakes assets are depreciated 66%
 - Whitman assets (placed in service in 2014) are depreciated 19%
 - General assets are depreciated 86%
- Telecom assets –
 - Regulated (general support, central office, cable & wire facilities) assets are depreciated 79%

- Non-regulated (transport, internet and DSL/TV) assets are depreciated 49%
- Water assets –
 - Reservoirs and dam assets are depreciated 68%
 - Iron water main assets are depreciated 53.5%

Funding for the proposed capital budget is as follows:

	Amount	Percentage
Revenues from Operations	\$ 800,569	8%
Bonds	813,281	8%
Other	101,450	1%
Reserves	8,679,608	83%
	<u>\$ 10,394,908</u>	<u>100%</u>



Please see the proposed KPU 2025 - 2029 Capital Improvement Program for information about the projects planned for 2025.

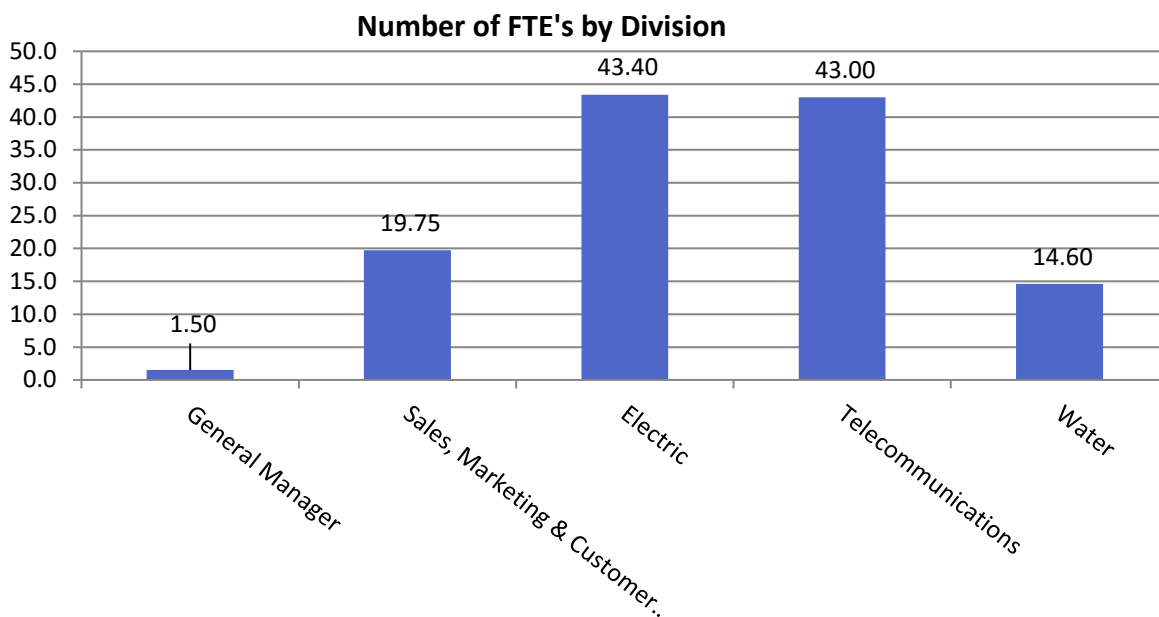
PERSONNEL

The proposed 2025 KPU Budget includes funding for 122.25 full-time equivalent employees (FTE). Staffing has decreased by 0.25 FTE due to a reclassification of duties performed by the Sales Marketing and Customer Services Division Manager. This position is performing public information duties for General Government and accounted for according to the department benefitting from those duties. The Electric Division has reclassified four positions to better address the needs of the department. The Water Division is eliminating the Assistant Water

Division Manager and adding a waterman apprentice to plan for upcoming retirements.

The cost of personnel services includes salaries and wages for regular and temporary employees, overtime and employee benefits. Employee benefits include health insurance, retirement, workers compensation, social security, unemployment and accrued leave. The table below identifies the major components of the cost of personnel services.

	2024 Budget	2024 Estimate	2025 Budget
Salaries and Wages - Regular Employees	\$ 12,707,993	\$ 11,296,617	\$ 13,024,580
Salaries and Wages - Temporary Employees	114,000	49,000	118,000
Overtime	911,100	1,372,000	914,000
Payroll Taxes	1,050,544	920,490	1,086,553
Pension	2,592,241	2,221,150	2,634,418
Health and Life Insurance	3,404,564	2,864,040	3,560,668
Workers Compensation	213,482	190,860	233,997
Other Benefits	401,211	401,841	493,872
Allowances	202,820	84,110	203,570
Total	<u>\$ 21,597,955</u>	<u>\$ 19,400,108</u>	<u>\$ 22,269,658</u>
Number of Employees (FTE)	<u>122.50</u>	<u>122.50</u>	<u>122.25</u>



The total cost of personnel for 2025 is projected to be \$22.27 million, an increase of \$671,703 from the amount appropriated in 2024. The increase in personnel services is due to 5.0% cost of living adjustment for KPU IBEW employees, a projected increase in health insurance and additional pension costs.

Health insurance costs for 2025 are projected to increase by \$156,104 from what was budgeted in 2024. Health insurance premiums are projected to rise by 4.5% in 2024. Under its collective bargaining agreements with IBEW, KPU will be required to pay 100% of the first five percent of the increase. The second five percent will be shared equally between KPU and its IBEW represented employees.

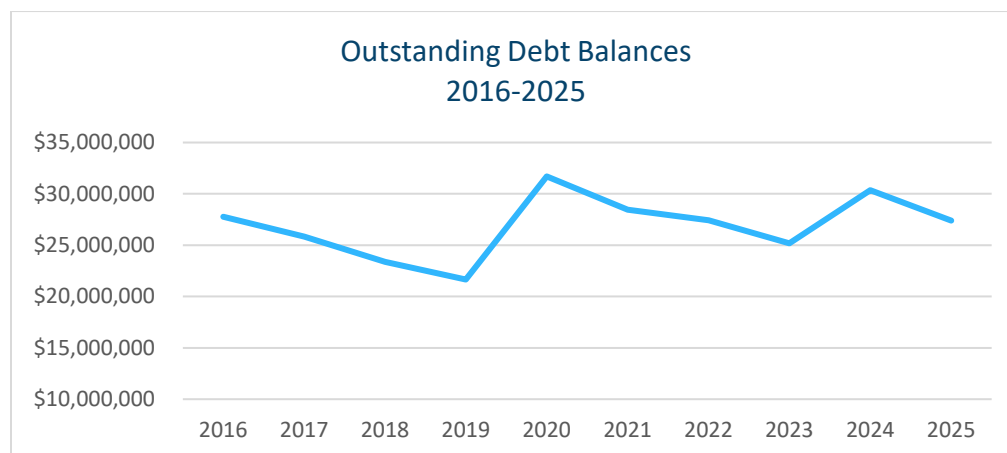
Other benefits such as payroll taxes and pension costs that are based on a percentage of compensation have been programmed to increase because of a 5.0% cost of living increase, step increases and reclassified personnel.

DEBT

In 2025, KPU will have eleven outstanding revenue bond issues totaling \$27.40 million. The table below summarizes KPU's bond issues that will be outstanding on January 1, 2025 and the debt service requirements for 2025.

Issue	Balance		Type	Debt Service		
	Outstanding January 1, 2025	Final Maturity		2024 Budget	2024 Estimate	2025 Budget
ADEC 481021	806,032	2032	Revenue	\$107,118	\$107,118	\$107,118
ADEC 481051	2,941,335	2032	Revenue	333,357	333,357	333,357
ADEC 481061	622,432	2032	Revenue	70,544	70,544	70,544
ADEC 481091	54,968	2033	Revenue	6,230	6,230	6,230
ADEC 481121	129,394	2033	Revenue	14,666	14,666	14,666
ADEC 481141	411,597	2035	Revenue	39,100	39,100	39,100
ADEC 481041	462,260	2037	Revenue	36,731	36,731	36,731
ADEC 481081	6,130,792	2044	Revenue	377,490	351,396	383,227
Series X -Whitman	7,675,000	2032	Revenue	1,044,973	1,044,973	1,048,656
Series Y - Telecom	8,165,000	2038	Revenue	746,550	746,550	748,300
Total	<u>\$27,398,810</u>			<u>\$2,776,759</u>	<u>\$2,750,665</u>	<u>\$2,787,929</u>

The graph below provides a ten-year history of outstanding debt balances for KPU.



Our newest ADEC Loan, Schoenbar Raw Water Main, once finalized, will have a term of 20 years

with an effective interest rate of 1.5% through the Alaska Department of Environmental Conservation. The ADEC Series is a group of loans issued through the Alaska Department of Environmental Conservation's Drinking Water Loan Program. KPU has acquired eight loans through this program all with an attractive interest rate of 1.5-1.56 percent.

KPU is currently required by its bond covenants to maintain debt service coverage of net revenues equal to 1.25 times annual debt service. This coverage ratio is different from the requirements of Resolution No. 90-1645, which requires that KPU maintain a debt service coverage ratio of net revenues equal to no less than 1.5 times annual debt service and no more than 2.0 times annual debt service. Compliance with Resolution No. 90-1645 is discussed below. The proposed spending plan is in compliance with the debt service coverage requirements of KPU's bond covenants. The projected debt coverage is 1.10 with a rate increase of 6.0% for electric and 5.2% for water. The additional revenue needed to satisfy the debt service coverage per Resolution 90-1645 only, is \$1.12 million. **If the rates are not increased the City is in danger of depleting reserves, violating its debt service requirements and violating its bond covenants, which would require a rate review and mandatory increases.** Please see page C-5 for more information regarding KPU's projected debt service coverage.

Total annual debt service in the amount of \$2,787,929 has been programmed in the 2025 Budget. On January 1, 2025, the total debt service required to maturity, including interest of \$4,938,810, will be \$32,337,620. Please see pages C-6 and C-7 for more information regarding KPU debt.

COMPLIANCE WITH CITY COUNCIL MANDATED FINANCIAL OBJECTIVES

Resolution No. 90-1645, adopted by the City Council in 1990, established certain financial objectives for KPU. In 2013, the Council adopted a new fund balance policy that superseded the fund balance policy contained in Resolution No. 90-1645; both policies were reiterated with the adoption of a 2023 budget policy. The new policy requires KPU to maintain a reserve requirement of no less than 25% of operating expenses. The schedule on page C-5 documents compliance with the reserve requirement and shows that the proposed spending plan for 2025 is in compliance with the fund balance policy, but staff had to defer \$10.76 million in capital projects to maintain compliance with this policy. The required fund balance is \$11.72 million and the projected fund balance is \$13.16 million. As discussed earlier, KPU is required to maintain a debt service coverage ratio of annual net revenues between 1.5 and 2.0 times annual debt service. The debt service coverage ratio for proposed spending plan for 2025 is 1.10 and is out of compliance with the requirements of Resolution No. 90-1645. As noted in multiple areas of this transmittal letter, Management is strongly recommending rate increases for electric and water revenues in order to sustain the current level of services the utility provides to the community. Please see page C-5 for more information regarding the requirements of Resolution No. 90-1645.

CONCLUSION

The 2025 Budget allows for the continuation of important utility services to the community of Ketchikan. Staff believes that this document provides the community and the City Council with the information needed to begin the process of increasing revenues to effectively and efficiently run an electric, telecom and water utility and respond to the challenges that lie ahead for KPU in 2025 and the future. Over the next few weeks, staff looks forward to the development of a spending plan that permits KPU to continue to provide quality and reliable utility services to the citizens of Ketchikan. The City Council and KPU management should be prepared to take action if events warrant modifications or adjustments to the spending plan presented in the 2025 Budget.

We would like to take this opportunity to express our appreciation to the division managers and their respective staff members for their assistance during the preparation of the KPU 2025 Operating and Capital Budget. Special thanks go to Financial Analyst Meghan Traudt, Executive Assistant Myrna Johannsen, Senior Electric and Water Accountant Stan Aegerter, Senior Telecommunications Accountant Joe Graham, Senior General Government Accountant Camille Nelson, Grants and Fixed Assets Accountant Cristina Doyle and Staff Accountant Anita Beaudoin. Without their efforts and dedication, it would not have been possible to deliver this document to you in a professional and timely manner.

Respectfully submitted,



Delilah A. Walsh
KPU General Manager



Lacey G. Simpson
Assistant KPU General Manager



Michelle L. Johansen
Finance Director

(Note: This transmittal letter does not reflect any subsequent action taken by the City Council during its budget deliberations to modify the spending plan proposed for 2025.)

KETCHIKAN PUBLIC UTILITIES
2025 Operating and Capital Budget
Revenues and Appropriation Summary

	2024			2025
	Adopted	Amended	Estimate	Budget
KPU Enterprise Fund				
Funds Available, January 1	24,205,210	24,205,210	28,371,987	20,964,576
Revenues:				
Electric	21,768,400	21,768,400	21,816,761	24,308,042
Telecommunications	20,155,000	20,155,000	19,999,602	20,549,000
Water	6,348,320	6,348,320	5,261,579	6,432,197
Other	202,900	202,900	202,900	202,900
Total Revenues	48,474,620	48,474,620	47,280,842	51,492,139
Appropriations:				
Administration	433,414	433,414	362,338	484,169
Sales, Marketing & Customer Service	3,574,527	3,574,527	3,380,156	3,868,358
Electric	27,117,041	29,475,491	25,109,421	26,690,683
Telecommunications	22,019,392	22,054,683	20,033,828	20,447,642
Water	7,579,149	7,638,039	5,552,510	7,868,645
Transfer to Facilities & Infrastructure Replacement Fund	250,000	250,000	250,000	250,000
Total Appropriations	60,973,523	63,426,154	54,688,253	59,609,497
Funds Available, December 31	11,706,307	9,253,676	20,964,576	12,847,219

	2024			2025
	Adopted	Amended	Estimate	Budget
KPU Facilities & Infrastructure Replacement Fund				
Funds Available, January 1	1,750,000	1,750,000	1,750,000	2,000,000
Revenues:				
Transfer from KPU Enterprise Fund	250,000	250,000	250,000	250,000
Total Revenues	250,000	250,000	250,000	250,000
Appropriations:				
Transfers to KPU Enterprise Fund	-	-	-	-
Total Appropriations	-	-	-	-
Funds Available, December 31	2,000,000	2,000,000	2,000,000	2,250,000

	2024			2025
	Adopted	Amended	Estimate	Budget
KPU Public Art Funds				
Funds Available, January 1				42,325
Revenues:				
Transfer from KPU Enterprise Fund	64,140	64,140	42,325	-
Total Revenues	64,140	64,140	42,325	-
Appropriations:				
Transfers to KPU Enterprise Fund	-	-	-	-
Total Appropriations	-	-	-	-
Funds Available, December 31	64,140	64,140	42,325	42,325
Total Funds Available December 31				15,139,544

KETCHIKAN PUBLIC UTILITIES
2025 Operating and Capital Budget
Summary of Expenditures - All Divisions

	General Manager	Sales, Marketing & Customer Service	Electric	Telecom	Water	Total
Operating Costs:						
Personnel Services and Benefits	405,619	2,600,334	8,445,167	7,847,652	2,322,241	21,621,013
Supplies	2,165	127,650	8,445,725	966,250	352,837	9,894,627
Contract/Purchased Services	34,075	887,384	2,010,425	5,804,500	599,850	9,336,234
Minor Capital Outlay	22,500	39,750	37,500	21,000	7,750	128,500
Interdepartmental Charges	19,810	213,240	1,927,210	1,427,040	676,885	4,264,185
Operating Costs Before PILOT and Debt Service	484,169	3,868,358	20,866,027	16,066,442	3,959,563	45,244,559
Payment in Lieu of Taxes			382,000	206,400	197,600	786,000
Operating Costs Before Debt Service	484,169	3,868,358	21,248,027	16,272,842	4,157,163	46,030,559
Debt Service			1,048,656	748,300	987,973	2,784,929
Operating Costs Before Allocation of Overhead	484,169	3,868,358	22,296,683	17,021,142	5,145,136	48,815,488
Allocation of Overhead to Operating Utilities:						
General Manager	(484,169)		242,085	217,876	24,208	-
Sales, Marketing & Customer Service		(3,868,358)	1,005,773	2,707,851	154,734	-
Total Operating Costs	-	-	23,544,541	19,946,869	5,324,078	48,815,488
Major Capital Outlay			4,394,000	3,426,500	2,723,509	10,544,009
Total Expenditures	-	-	27,938,541	23,373,369	8,047,587	59,359,497
Transfer to KPU Facilities and Infrastructure Fund						250,000
Total Appropriations						59,609,497

KETCHIKAN PUBLIC UTILITIES
2025 Operating and Capital Budget
Number of Employees Comparative Schedule

Division	2022	2023	2024		2025	2025 Adopted/2024	
	Actual	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr) %
5100 GENERAL MANAGER	1.50	1.50	1.50	1.50	1.50	1.50	- 0.0%
5110 SALES, MARKETING & CUSTOMER SERVICE	19.00	20.00	20.00	20.00	20.00	19.75	(0.25) -1.3%
5200 ELECTRIC							
Administrative	6.00	6.00	6.00	6.00	6.00	6.00	0.0%
Generation Control	7.00	9.00	9.00	9.00	9.00	9.00	- 0.0%
Transmission/Distribution	19.40	19.40	19.40	19.40	19.40	19.40	- 0.0%
Mechanical Maintenance	9.00	9.00	9.00	9.00	9.00	9.00	- 0.0%
TOTAL ELECTRIC	41.40	43.40	43.40	43.40	43.40	43.40	- 0.0%
5300 TELECOMMUNICATIONS							
Administrative	6.00	6.00	6.00	6.00	6.00	6.00	- 0.0%
Engineering Operations	4.00	5.00	5.00	5.00	5.00	5.00	- 0.0%
Plant Specific Operations	25.00	27.00	27.00	27.00	27.00	27.00	- 0.0%
Plant Non-Specific Operations	6.00	5.00	5.00	5.00	5.00	5.00	- 0.0%
TOTAL TELECOMMUNICATIONS	41.00	43.00	43.00	43.00	43.00	43.00	- 0.0%
5400 WATER	12.60	13.60	14.60	14.60	14.60	14.60	- 0.0%
TOTAL KPU EMPLOYEES	115.50	121.50	122.50	122.50	122.50	122.25	(0.25) -0.2%

KETCHIKAN PUBLIC UTILITIES
2025 Operating and Capital Budget
Summary of Funding by Operating Utility

	Total	Operating Revenues	Grants	Bonds/Loans	Other	Drawdown Of Reserves
Electric:						
Operating Costs	22,111,860	22,111,860	-	-	-	-
Debt Service	1,048,656	1,048,656	-	-	-	-
Payment in Lieu of Taxes	382,000	382,000	-	-	-	-
Major Capital Outlay	4,394,000	765,526	-	-	101,450	3,527,024
Total	27,936,516	24,308,042	-	-	101,450	3,527,024
Telecommunications:						
Operating Costs	18,992,169	18,992,169	-	-	-	-
Debt Service	748,300	748,300	-	-	-	-
Payment in Lieu of Taxes	206,400	206,400	-	-	-	-
Major Capital Outlay	3,426,500	602,131	-	-	101,450	2,722,919
Total	23,373,369	20,549,000	-	-	101,450	2,722,919
Water:						
Operating Costs	4,138,505	4,138,505	-	-	-	-
Debt Service	987,973	987,973	-	-	-	-
Payment in Lieu of Taxes	197,600	197,600	-	-	-	-
Major Capital Outlay	2,723,509	294,838	-	813,281	-	1,615,390
Total	8,047,587	5,618,916	-	813,281	-	1,615,390
Facilities & Infrastructure Replacement	250,000	-	-	-	-	250,000
Total	59,607,472	50,475,958	-	813,281	202,900	8,115,333

KETCHIKAN PUBLIC UTILITIES**2025 Operating and Capital Budget****Compliance With Fund Balance Policy, Resolution No. 90-1645 and KPU Bond Covenants**

Description	Amount
Operating Revenues:	
Electric	24,308,042
Telecommunications	20,549,000
Water	5,618,916
Other	-
Total Operating Revenues	50,475,958
Operating Costs:	
Personnel Services and Benefits	21,621,013
Supplies	9,892,602
Contract/Purchased Services	9,336,234
Minor Capital Outlay	128,500
Interdepartmental Charges	4,264,185
Payment in Lieu of Taxes	786,000
Total Operating Costs	46,028,534
Net Revenue	4,447,424
Add Back Payment in Lieu of Taxes	786,000
Net Revenue Available for Debt Service	5,233,424
A. Compliance with Fund Balance Policy:	
Total Operating Costs	46,028,534
Reserve Requirement at 25 Percent of Total Operating Costs	11,507,134
Estimated Reserves, December 31, 2025	15,141,569
Over (Under) Reserve Requirement	3,634,435
B. Compliance with the Debt Service Coverage Requirements of Resolution No. 90-1645:	
Net Revenue Available for Debt Service	5,233,424
Debt Service	2,784,929
Debt Service Coverage (Required Debt Service Coverage: 1.50 - 2.0)	1.88
C. Compliance with the Debt Service Coverage Requirements of KPU's Bond Covenants:	
Net Revenue Available for Debt Service	5,233,424
Debt Service	2,784,929
Less Debt Not Subject to Bond Covenants	(990,973)
DebtService Coverage (Required Debt Service Coverage: 1.25)	2.92

KETCHIKAN PUBLIC UTILITIES
2025 Operating and Capital Budget
Annual Debt Service By Utility

C S	Issue	Principal	Interest	Total	Electric	Electric	Telecom	Telecom	Water	Water	Total	Total
		Due	Due	Due	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount
	Revenue Bond Debt:											-
	ADEC #481021	95,404	11,714	107,118	-	-	-	-	100.00%	107,118	100.00%	107,118
	ADEC #481061	61,436	9,108	70,544	-	-	-	-	100.00%	70,544	100.00%	70,544
	ADEC #481051	290,321	43,036	333,357	-	-	-	-	100.00%	333,357	100.00%	333,357
	ADEC #481091	5,426	804	6,230	-	-	-	-	100.00%	6,230	100.00%	6,230
	ADEC #481121	12,772	1,894	14,666	-	-	-	-	100.00%	14,666	100.00%	14,666
	ADEC #481141	33,050	6,050	39,100	-	-	-	-	100.00%	39,100	100.00%	39,100
	ADEC #481041	29,908	6,823	36,731	-	-	-	-	100.00%	36,731	100.00%	36,731
	ADEC #481081	255,851	127,376	383,227	-	-	-	-	100.00%	383,227	100.00%	383,227
	Series X - Whitman	915,000	133,656	1,048,656	100.00%	1,048,656	-	-	-	-	-	1,048,656
	Series Y - Subsea Fiber Cable	385,000	363,300	748,300	-	-	100.00%	748,300	-	-	-	748,300
	Total	2,084,168	703,761	2,787,929	-	1,048,656	-	748,300	-	990,973	-	2,787,929

KETCHIKAN PUBLIC UTILITIES
2025 Operating and Capital Budget
Schedule of Current and Future Annual Debt Service

Year	Series W ADEC 481021	Series W ADEC 481061	Series W ADEC 481051	Series W ADEC 481091	Series W ADEC 481121	Series W ADEC 481141	Series Z ADEC 481081	Series X Whitman	Series Y ADEC 481041	Series Y Undersea Cable	Total
2025	107,118	70,544	333,357	6,230	14,666	39,100	383,227	1,048,656	36,731	748,300	2,787,929
2026	107,118	70,544	333,357	6,230	14,666	39,100	383,227	1,044,213	36,731	744,050	2,779,236
2027	107,118	70,544	333,357	6,230	14,666	39,100	383,227	1,043,339	36,731	749,050	2,783,362
2028	107,118	70,544	333,357	6,230	14,666	39,100	383,227	1,044,101	36,731	747,800	2,782,874
2029	107,118	70,544	333,357	6,230	14,666	39,100	383,227	1,042,743	36,731	745,550	2,779,266
2030	107,118	70,544	333,357	6,230	14,666	39,100	383,227	1,043,812	36,731	747,300	2,782,085
2031	107,118	70,544	333,357	6,230	14,666	39,100	383,227	1,043,996	36,731	747,800	2,782,769
2032	107,115	70,544	333,357	6,230	14,666	39,100	383,227	1,047,776	36,731	752,050	2,790,796
2033		70,544	333,357	6,230	14,666	39,100	383,227		36,731	749,800	1,633,655
2034		35,272	166,678	3,115	7,333	39,100	383,227		36,731	747,000	1,418,456
2035						39,100	383,227		36,731	748,400	1,207,458
2036						19,552	383,227		36,731	748,800	1,188,310
2037							383,227		36,731	748,200	1,168,158
2038							383,227		36,731	751,600	1,171,558
2039							383,227			748,800	1,132,027
2040							383,227				383,227
2041							383,227				383,227
2042							383,227				383,227
2043							383,227				383,227
2044							383,227				383,227
	856,941	670,168	3,166,891	59,185	139,327	449,652	7,664,540	8,358,636	514,234	11,224,500	32,337,620

KETCHIKAN PUBLIC UTILITIES
2025 Operating and Capital Budget
Revenue Summary by Utility

Electric Revenues	2023	2024			2025	2024 Adopted/2025	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Operating Revenue							
Residential	8,790,479	9,390,000	9,390,000	9,151,050	10,443,422	1,053,422	11.2%
Harbor	378,983	401,300	401,300	379,750	440,510	39,210	9.8%
Business	8,158,401	8,549,400	8,549,400	8,571,900	9,629,528	1,080,128	12.6%
Industrial	2,090,864	2,177,175	2,177,175	2,207,900	2,538,557	361,382	16.6%
Yard Lights	65,859	73,215	73,215	66,700	73,215	-	0.0%
Large Commercial Demand	361,371	380,025	380,025	376,900	380,025	-	0.0%
City Street Lights	133,184	132,900	132,900	133,250	132,900	-	0.0%
Industrial Demand	197,643	225,585	225,585	207,800	225,585	-	0.0%
Diesel Fuel Surcharge	-	-	-	-	-	-	NA
Total Operating Revenue	20,176,784	21,329,600	21,329,600	21,095,250	23,863,742	2,534,142	11.9%
Other Operating Revenue							
Service Charges	95,551	100,000	100,000	101,700	100,000	-	0.0%
Penalty	88,877	73,000	73,000	93,200	73,000	-	0.0%
Pole Rentals - External	72,009	72,000	72,000	54,000	73,700	1,700	2.4%
Pole Rentals - Interdepartmental	159,789	159,800	159,800	159,800	163,600	3,800	2.4%
Reimbursable Projects	73,977	25,000	25,000	25,000	25,000	-	0.0%
Hydro Incentive Program	551,915	-	-	284,811	-	-	NA
Other Revenue	3,348	9,000	9,000	3,000	9,000	-	0.0%
Total Other Operating Revenue	1,045,466	438,800	438,800	721,511	444,300	5,500	1.3%
Total Operating Revenue	21,222,250	21,768,400	21,768,400	21,816,761	24,308,042	2,539,642	11.7%
Nonoperating Revenue							
Grants	-	-	-	-	-	-	NA
Total Nonoperating Revenue	-	-	-	-	-	-	NA
Total Electric Revenue	21,222,250	21,768,400	21,768,400	21,816,761	24,308,042	2,539,642	11.7%

KETCHIKAN PUBLIC UTILITIES
2025 Operating and Capital Budget
Revenue Summary by Utility

Telecommunications Revenues	2023	2024			2025	2024 Adopted/2025	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Local Network Services							
Business & Residential	689,034	643,000	643,000	648,359	612,000	(31,000)	-4.8%
Local Special Circuits	1,126,982	1,044,000	1,044,000	1,190,452	1,253,000	209,000	20.0%
Other Local Revenue	120,439	117,000	117,000	107,081	82,000	(35,000)	-29.9%
Total Local Revenue	1,936,455	1,804,000	1,804,000	1,945,893	1,947,000	143,000	7.9%
Network Access Services							
Interstate Flat Rate End User	581,370	538,000	538,000	564,322	541,000	3,000	0.6%
Interstate Access Charges	4,716,690	4,690,000	4,690,000	4,691,591	5,910,000	1,220,000	26.0%
Interstate Special Access Charges	2,196,439	2,151,000	2,151,000	2,130,830	2,257,000	106,000	4.9%
Intrastate Access Charges	816,107	781,000	781,000	786,674	760,000	(21,000)	-2.7%
Total Network Access Services Revenue	8,310,606	8,160,000	8,160,000	8,173,416	9,468,000	1,308,000	16.0%
Miscellaneous							
Directory Revenue	98,017	76,000	76,000	88,000	85,000	9,000	11.8%
Miscellaneous Revenue	47,843	42,000	42,000	58,758	52,000	10,000	23.8%
Total Miscellaneous Revenue	145,860	118,000	118,000	146,758	137,000	19,000	16.1%
Nonregulated & Other Revenue							
Customer Premise Eq Sales/Service	8,123	9,000	9,000	10,500	11,000	2,000	22.2%
Long Distance Revenue	121,575	112,000	112,000	121,726	124,000	12,000	10.7%
IP Network	7,236,632	6,968,000	6,968,000	6,624,148	6,260,000	(708,000)	-10.2%
4G LTE	2,882,949	2,890,000	2,890,000	2,875,912	2,500,000	(390,000)	-13.5%
Miscellaneous	101,225	94,000	94,000	101,248	102,000	8,000	8.5%
Total Nonregulated & Other Revenue	10,350,504	10,073,000	10,073,000	9,733,535	8,997,000	(1,076,000)	-10.7%
Total Operating Revenues	20,743,425	20,155,000	20,155,000	19,999,602	20,549,000	394,000	2.0%
Nonoperating Revenue							
Bond Proceeds	-	-	-	-	-	-	NA
Total Nonoperating Revenue	-	-	-	-	-	-	0.0%
Total Telecommunications Revenue	20,743,425	20,155,000	20,155,000	19,999,602	20,549,000	394,000	2.0%

KETCHIKAN PUBLIC UTILITIES
2025 Operating and Capital Budget
Revenue Summary by Utility

Water Revenues	2023	2024			2025	2024 Adopted/2025	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Operating Revenue							
Residential	2,123,327	2,242,500	2,242,500	2,216,950	2,357,532	115,032	5.1%
Apartment	443,849	468,160	468,160	463,280	492,652	24,492	5.2%
Business	1,716,367	1,805,100	1,805,100	1,796,675	1,910,642	105,542	5.8%
Industrial	114,355	120,672	120,672	119,375	126,976	6,304	5.2%
Seafood Processors	385,515	406,765	406,765	402,583	428,164	21,399	5.3%
Port	141,120	167,500	167,500	123,500	167,500	-	0.0%
Fire Hydrant	35,401	37,353	37,353	36,251	36,700	(653)	-1.7%
Total Operating Revenue	4,959,934	5,248,050	5,248,050	5,158,614	5,520,166	272,116	5.2%
Other Operating Revenue							
Penalty	22,682	23,000	23,000	24,875	23,000	-	0.0%
Other Revenue	7,890	1,000	1,000	3,340	1,000	-	0.0%
Raw Fish Tax	112,195	74,750	74,750	74,750	74,750	-	0.0%
Total Other Operating Rev	142,767	98,750	98,750	102,965	98,750	-	0.0%
Total Operating Revenue	5,102,701	5,346,800	5,346,800	5,261,579	5,618,916	272,116	5.1%
Water Nonoperating Revenue							
Bond Proceeds	11,182	1,001,520	1,001,520	-	813,281	(188,239)	-18.8%
Total Nonoperating Water Revenue	11,182	1,001,520	1,001,520	-	813,281	(188,239)	-18.8%
Total Water Revenue	5,113,883	6,348,320	6,348,320	5,261,579	6,432,197	83,877	1.3%

KETCHIKAN PUBLIC UTILITIES
2025 Operating and Capital Budget
Revenue Summary by Utility

Other Revenues	2023	2024			2025	2024 Adopted/2025	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Operating Revenue							
Interest Income	158,356	100,000	100,000	100,000	100,000	-	0.0%
Gen Gov Billing and Collections	98,000	102,900	102,900	102,900	102,900	-	0.0%
Total Other Operating Revenue	256,356	202,900	202,900	202,900	202,900	-	0.0%

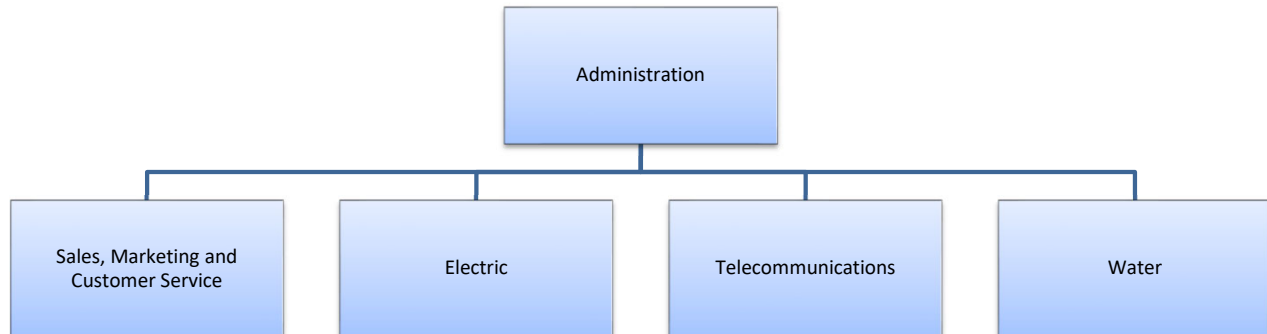
KETCHIKAN PUBLIC UTILITIES
2025 Operating and Capital Budget
Revenue Summary by Utility

All KPU Revenues	2023	2024			2025	2024 Adopted/2025	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Operating Revenues							
Electric	21,222,250	21,768,400	21,768,400	21,816,761	24,308,042	2,539,642	11.7%
Telecommunications	20,743,425	20,155,000	20,155,000	19,999,602	20,549,000	394,000	2.0%
Water	5,102,701	5,346,800	5,346,800	5,261,579	5,618,916	272,116	5.1%
Other	256,356	202,900	202,900	202,900	202,900	-	0.0%
	47,324,732	47,473,100	47,473,100	47,280,842	50,678,858	3,205,758	6.8%
Nonoperating Revenues							
Electric	-	-	-	-	-	-	NA
Telecommunications	-	-	-	-	-	-	NA
Water	11,182	1,001,520	1,001,520	-	813,281	(188,239)	New
Other	-	-	-	-	-	-	NA
	11,182	1,001,520	1,001,520	-	813,281	(188,239)	New
Total Revenue - All Divisions	47,335,914	48,474,620	48,474,620	47,280,842	51,492,139	3,017,519	6.2%

CITY OF KETCHIKAN
2025 Operating and Capital Budget
KPU Administration

Summary

The General Manager's Office serves as the chief executive of Ketchikan Public Utilities. The office oversees the daily operation of four (4) divisions that have a combined annual budget of \$59.6 million.



The Ketchikan Public Utilities General Manager's Office is comprised of two operating divisions and oversees one Capital Improvement Program.

DEPARTMENT EXECUTIVE SUMMARY							
Divisions/Cost Center/Programs	2023	2024 Budget			2025	2024 Adopted/2025	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
General Manager Administration	351,095	413,414	413,414	355,976	464,169	50,755	12.3%
Capital Improvement Program	15,780	20,000	20,000	6,362	20,000	-	0.0%
Total	366,875	433,414	433,414	362,338	484,169	50,755	11.7%

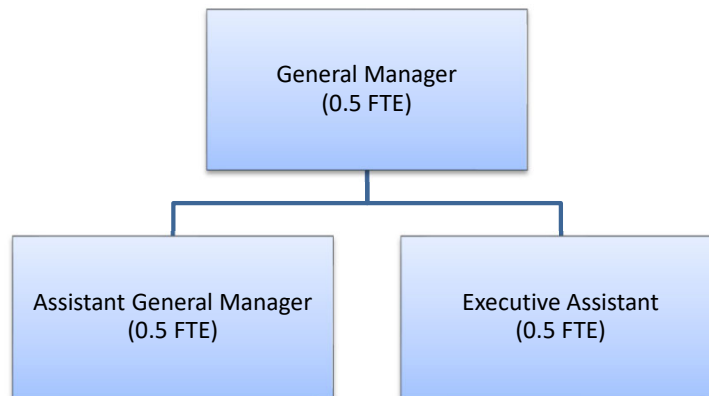
Expenditures by Category	2023	2024 Budget			2025	2024 Adopted/2025	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Personnel Services and Benefits	329,606	366,769	366,769	338,150	405,619	38,850	10.6%
Supplies	2,520	2,940	2,294	1,315	2,165	(775)	-26.4%
Contract/Purchased Services	13,036	33,175	33,821	7,281	34,075	900	2.7%
Minor Capital Outlay	720	3,300	3,300	2,000	2,500	(800)	-24.2%
Interdept'l Charges/Reimbursable Credits	5,213	7,230	7,230	7,230	19,810	12,580	174.0%
Major Capital Outlay	15,780	20,000	20,000	6,362	20,000	-	0.0%
Total	366,875	433,414	433,414	362,338	484,169	50,755	11.7%

Funding Source	2023	2024 Budget			2025	2024 Adopted/2025	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
KPU Enterprise Fund	366,875	433,414	433,414	362,338	484,169	50,755	11.7%
Total	366,875	433,414	433,414	362,338	484,169	50,755	11.7%

Personnel	2023	2024 Budget		2025		2024 Adopted/2025	
	Actual	Adopted	Amended	Budget	Salary	Incr(Decr)	%
General Manager Administration	1.50	1.50	1.50	1.50	252,754	-	0.0%
Public Information Office	-	-	-	-	-	-	NA
Total	1.50	1.50	1.50	1.50	252,754	-	0.0%

MISSION STATEMENT

The mission of Ketchikan Public Utilities is to provide quality municipal utility services as efficiently and effectively as possible within the guidelines established by federal and state law; the Charter of the City of Ketchikan; the Ketchikan Municipal Code; and the ratepayers of the utility as represented by the City Council. The General Manager's office exercises line authority over all utility divisions with combined operating and capital improvement budgets in support of daily service delivery and furtherance of long-range goals. The General Manager's office ensures implementation, supervision and evaluation of all utility activities, programs and facilities. This includes the normal range of programs and projects associated with all utility divisions and special projects and/or tasks that do not fall within the scope of KPU's traditional departmental structure. The mission of the Administration Division is to ensure that these responsibilities and duties are carried out in a timely and efficient manner that reflects positively on Ketchikan Public Utilities.



GOALS FOR 2025

- Provide timely information and recommendations to the City Council.
- Follow through on direction provided by the City Council as the result of business conducted at regular meetings of the City Council or through enactment of policies provided for in the 2024 Ketchikan Public Utilities Operating and Capital Budget.
- Continue management oversight of General Government.
- Coordinate and improve citizen participation and public information efforts.
- Coordinate and improve employee outreach and recognition programs.
- Strengthen employee focus on customer service and improvement of all Utility programs and services.
- Encourage team building among staff.
- Work with the division managers to advance City Council approved Capital Improvement Programs.
- Work with the Electric Division to continue the division's modernization program for the diesel generators at the Bailey Power Plant. Evaluate need for additional capacity and pursue shower power expansion for the Port of Ketchikan should funding become available.
- Continue to work with Telecommunications Division management to take maximum advantage of the completed undersea fiber link from Ketchikan to Prince Rupert, British Columbia, including marketing and selling data transmission services to third parties.

- Continue work with the Alaska Department of Environmental Conservation, Water Division and contractors to secure a Limited Alternative to Filtration designation by the Environmental Protection Agency to address excessive coliforms in the raw water supply with current treatment methods and avoid the installation of a filtration system.
- Work with Water Division and Public Works Department management, in order to complete the deployment of water meters for all commercial water and wastewater utility customers.
- Prepare the draft 2026 Ketchikan Public Utilities Operating and Capital Budget and the 2026-2030 Capital Improvement Plan. Evaluate traditional service delivery in light of continued reductions to state programs and/or direct assistance to municipalities.
- Work with the City Council, staff, public and stakeholders identified by the City Council to develop a comprehensive strategic plan for Ketchikan Public Utilities.
- With the City Council, Human Resources Division, and Finance Department, evaluate current employee compensation and develop solutions to address recruitment and retention issues.
- Work with the City Council and Division Managers, Finance Department and third party consultants as appropriate to evaluate current utilities rates and develop sustainable rate structures to support operations and capital improvements and implement a new rate setting process.
- Work with the Finance Department, Telecommunications Division, Electric Division, and State and Federal agencies and representatives to recuperate applicable expenses incurred during the response and recovery efforts for the August 25, 2024 landslide disaster declaration.

ACCOMPLISHMENTS FOR 2024

- Continued management oversight of General Government.
- Submitted the draft 2024 Ketchikan Public Utilities Operating and 2024-2028 Capital Budget to the City Council for formal consideration and adoption.
- With the Water Division and third-party consultant, continued work with the Alaska Department of Environmental Conservation to demonstrate eligibility for a Limited Alternative to Filtration water system designation and in avoidance of the construction of a costly water filtration facility for utility rate payers and the Water Division. Staff is currently awaiting final directions and determinations from the Environmental Protection Agency.
- Worked with Water Division and Public Works Department management, in order to continue the deployment of water meters for all commercial water and wastewater utility customers.
- Continued to participate as staff to the Ketchikan Gateway Borough/City of Ketchikan Cooperative Relations, Lobbying Executive and Legislative Liaison Committees.
- Continued to update and keep current the General Government and Ketchikan Public Utilities' website.
- Supported the Customer Service Sales & Marketing division's efforts to launch a new customer payment portal and program.
- Working with division managers and the Finance Director, purchased and launched a rate-engine software tool to assist all utilities with developing sustainable rate structures in response to current and projected operational and capital expenses.
- As part of the Unified Command, worked with division managers to respond to the August 25, 2024 landslide disaster and quickly restored electrical and telecommunications services to the impacted homes and businesses.

CITY OF KETCHIKAN
2025 Operating and Capital Budget
KPU Administration

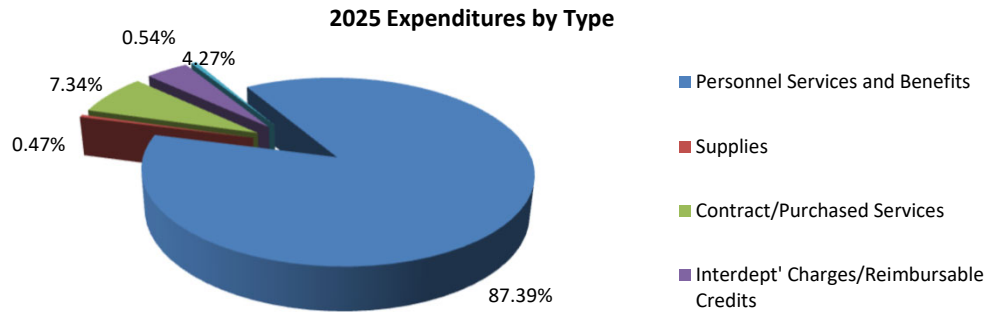
General Manager Administration 5100-100

DIVISION SUMMARY

Expenditures by Category	2023	2024 Budget			2025	2024 Adopted/2025	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Personnel Services and Benefits	329,606	366,769	366,769	338,150	405,619	38,850	10.6%
Supplies	2,520	2,940	2,294	1,315	2,165	(775)	-26.4%
Contract/Purchased Services	13,036	33,175	33,821	7,281	34,075	900	2.7%
Minor Capital Outlay	720	3,300	3,300	2,000	2,500	(800)	-24.2%
Interdept' Charges/Reimbursable Credits	5,213	7,230	7,230	7,230	19,810	12,580	174.0%
Total Expenditures	351,095	413,414	413,414	355,976	464,169	50,755	12.3%

Funding Source	2023	2024 Budget			2025	2024 Adopted/2025	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
KPU Enterprise Fund	351,095	413,414	413,414	355,976	464,169	50,755	12.3%
Total Funding	351,095	413,414	413,414	355,976	464,169	50,755	12.3%

Personnel	2023	2024 Budget		2025		2024 Adopted/2025	
	Actual	Adopted	Amended	Budget	Salary	Incr(Decr)	%
General Manager	0.50	0.500	0.500	0.50	115,154	-	0.0%
Assistant General Manager	0.50	0.500	0.500	0.50	96,627	-	0.0%
Executive Assistant	0.50	0.500	0.500	0.50	40,973	-	0.0%
Total	1.500	1.500	1.500	1.500	252,754	-	0.0%



OPERATING BUDGET CHANGES FOR 2024

Changes between the adopted operating budget for 2023 and the proposed operating budget for 2024 that are greater than 5% and \$5,000 are discussed below:

- Personnel Services and Benefits increased \$38,850, or by 10.6%, due to programmed performance step increases and increases to health insurance premiums.

Operating Expenditures	2023	2024 Budget			2025	2024 Adopted/2025	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Personnel Services and Benefits							
500. 01 Regular Salaries and Wages	221,160	233,109	233,109	222,600	252,754	19,645	8.4%
501. 01 Overtime Wages	-	1,000	1,000	-	1,000	-	0.0%
502. 01 Temporary Wages	-	2,000	2,000	-	2,000	-	0.0%
505. 00 Payroll Taxes	14,889	18,070	18,070	17,000	19,570	1,500	8.3%
506. 00 Pension	50,589	52,450	52,450	52,450	57,100	4,650	8.9%
507. 00 Health and Life Insurance	38,897	55,530	55,530	40,870	68,300	12,770	23.0%
507. 30 Workers Compensation	568	620	620	610	725	105	16.9%
508. 00 Other Benefits	1,595	3,990	3,990	4,620	4,170	180	4.5%
509. 07 Allowances-Moving Expense Taxed	1,908	-	-	-	-	-	NA
Personnel Services and Benefits	329,606	366,769	366,769	338,150	405,619	38,850	10.6%
Supplies							
510. 01 Office Supplies	2,015	750	750	750	750	-	0.0%
515. 01 Vehicle Maintenance Materials	-	300	158	-	300	-	0.0%
520. 02 Postage	18	100	100	60	100	-	0.0%
525. 04 Motor Vehicle Fuel & Lubricants	304	625	625	290	350	(275)	-44.0%
530. 02 Periodicals	134	165	165	165	165	-	0.0%
535. 02 Business and Meal Expenses	49	1,000	496	50	500	(500)	-50.0%
Supplies	2,520	2,940	2,294	1,315	2,165	(775)	-26.4%

CITY OF KETCHIKAN
2025 Operating and Capital Budget
KPU Administration

General Manager Administration 5100-100

Operating Expenditures	2023	2024 Budget			2025	2024 Adopted/2025	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Contract/Purchased Services							
600. 01 Travel-Business	5,636	8,200	8,200	5,200	8,200	-	0.0%
600. 03 Travel-Training & Education	828	-	579	579	800	800	NA
605. 01 Ads & Public Announcements	48		182	182	100		
615. 02 Assn Membership Fees & Dues	322	1,825	1,825	600	1,825	-	0.0%
630. 02 Vehicle Licenses	-	50	50	-	50	-	0.0%
630. 05 Software Licenses	249	-	-	-	-	-	NA
635. 07 Machinery & Equip Maint Services	-	1,000	960	-	1,000	-	0.0%
635. 12 Technical Services	-	100	100	-	100	-	0.0%
640. 04 Management & Consulting Services	5,264	20,000	19,925	-	20,000	-	0.0%
650. 01 Telecommunications	689	2,000	2,000	720	2,000	-	0.0%
Contract/Purchased Services	13,036	33,175	33,821	7,281	34,075	900	2.7%
Minor Capital Outlay							
790. 26 Minor Computers, Printers & Copiers	720	3,300	3,300	2,000	2,500	(800)	-24.2%
Minor Capital Outlay	720	3,300	3,300	2,000	2,500	(800)	-24.2%
Interdepartmental Charges							
803. 01 Interdept'l-Information Tech	-	-	-	-	12,130	12,130	NA
825. 01 Interdept'l Charges-Insurance	5,213	7,230	7,230	7,230	7,680	450	6.2%
Interdepartmental Charges	5,213	7,230	7,230	7,230	19,810	12,580	174.0%
Total Expenditures by Type	351,095	413,414	413,414	355,976	464,169	50,755	12.3%

NARRATIVE

500.01 Regular Salaries and Wages: \$252,754 – This account provides expenditures for the cost of the annual salaries paid to the employees of the General Manager’s Office.

501.01 Overtime Wages: \$1,000 – This account provides expenditures for the compensation paid to the Executive Assistant for hours worked in excess of a regular working cycle. These excess hours typically occur during budget and legislative preparation periods.

502.01 Temporary Wages: \$2,000 – This account provides expenditures for the compensation paid for temporary secretarial/clerical help for those occasions when the Executive Assistant is absent or for additional hours worked when workloads are unusually heavy.

505.00 Payroll Taxes: \$19,570 This account provides expenditures for employer contributions to Social Security and Medicare and other similar payroll taxes.

506.00 Pension: \$57,100 – This account provides expenditures for employer contributions to retirement plans.

507.00 Health and Life Insurance: \$68,300 – This account provides expenditures for employer contributions to employee health and life insurance plans.

507.30 Workers Compensation: \$725– This account provides expenditures for employer contributions to workers compensation.

508.00 Other Benefits: \$4,170– This account provides expenditures for direct claims from former employees for unemployment benefits paid by the State of Alaska and accrued vacation and sick leave.

510.01 Office Supplies: \$750 – This account provides expenditures for expendable office supply items.

CITY OF KETCHIKAN

2025 Operating and Capital Budget

KPU Administration

General Manager Administration 5100-100

515.01 Vehicle Maintenance Materials: \$300 – This account provides expenditures for the cost associated with the materials to maintain the General Manager's vehicle.

520.02 Postage: \$100 – This account provides expenditures for the cost for postal related services such as postage and mailing materials.

525.04 Motor Vehicle Fuel & Lubricants: \$350 – This account provides expenditures for the purchase of gasoline and other lubricants used for the operations of the General Manager's vehicle.

530.02 Periodicals: \$165 - This account provides expenditures for the cost of newspapers, magazines, and trade journals.

535.02 Business and Meal Expenses: \$500 - This account provides expenditures for general expenses incurred by the General Manager's staff during the course of the year.

600.01 Travel-Business: \$8,200 – This account provides expenditures for the cost associated with business travel by the General Manager and office staff to attend conferences, legislative meetings, and other business requiring travel.

600.03 Training & Education: \$800 – This account provides expenditures for registration fees, training fees, training materials, and tuition reimbursements and other incidental expenses associated with training and education of department staff.

605.01 Advertising and Public Announcements: \$100 - This account provides expenditures for public notice and classified ad expenses including for the monthly Ketchikan Coffee Klatch events.

615.02 Assn. Membership Fees & Dues: \$1,825 – This account provides expenditures for the cost of membership in the International City/County Management Association and the Alaska Municipal League.

630.02 Vehicle Licenses: \$50 – This account provides expenditures for licensing City vehicles for operations on public highways.

635.07 Machinery & Equipment Maintenance Services: \$1,000 – This account provides expenditures for routine and non-routine maintenance associated with equipment located in the 3rd and 4th floor copier rooms and KPU's share of the City and KPU's anticipated website maintenance.

635.12 Technical Services: \$100 – This account provides expenditures for the cost of framing government awards and certificates.

640.04 Management and Consulting Services: \$20,000 – This account provides expenditures for services for management and consulting services associated with developing a strategic plan for Ketchikan Public Utilities.

650.01 Telecommunications: \$2,000 – This account provides expenditures for monthly wired and wireless charges, long-distance services, long-distance facsimile transmission, line rentals and maintenance of the phone system as well as the iPad 4G Network for the General Manager's Office.

790.26 Minor Computers, Printers & Copiers: \$2,500 – This account provides for half of the purchase costs for a new laptop, a new desktop monitor, and one UPS backup battery for the manager's office per the replacement schedule developed by the Information Technology Department.

803.01 Interdepartmental Charges - Information Technology: \$12,130 This account provides expenditures for information technology services provided by the Information Technology Department.

825.01 Interdepartmental Charges-Insurance: \$7,680 – This account provides expenditures for the cost of risk management services.

CITY OF KETCHIKAN
2025 Operating and Capital Budget
General Manager

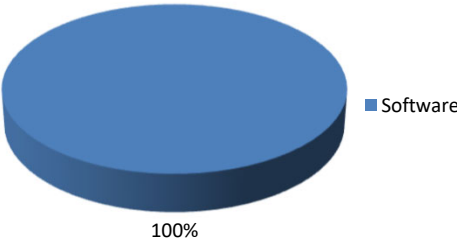
Capital Budget

Major Capital Outlay	2023 Actual	2024 Budget			2025 Budget	2024 Adopted/2025	
		Adopted	Amended	Estimate		Incr(Decr)	%
735-00 Software	15,780	20,000	20,000	6,362	20,000	-	0.0%
Total Major Capital Outlay	15,780	20,000	20,000	6,362	20,000	-	0.0%

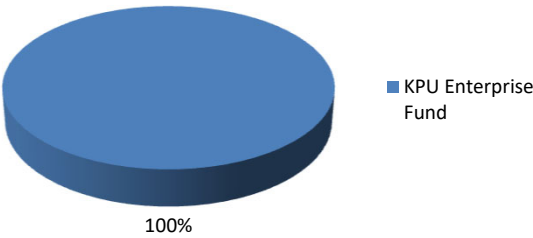
Capital Improvement Projects

Project #	Project	Funding Sources		Total
		KPU Enterprise Fund		
735-00 Software				
	Financial & Accounting Info System Implementation	20,000		20,000
	Total Software	20,000	-	20,000
	Total Capital Budget	20,000	-	20,000

Expenditures by Type



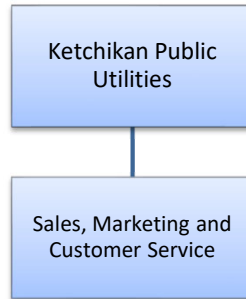
Expenditures by Funding Source



KETCHIKAN PUBLIC UTILITIES
2025 Operating and Capital Budget
Sales, Marketing and Customer Service

Summary

The Sales, Marketing and Customer Service Division is committed to providing quality and timely customer and billing



KPU Sales, Marketing and Customer Service is comprised of one operating division.

DEPARTMENT EXECUTIVE SUMMARY							
Divisions/Cost Center/Programs	2023	2024 Budget			2025	2024 Adopted/2025	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Operations	3,018,071	3,574,527	3,574,527	3,380,156	3,868,358	293,831	8.2%
Capital Improvement Program	52,985	-	-	-	-	-	New
Total	3,071,056	3,574,527	3,574,527	3,380,156	3,868,358	293,831	8.2%

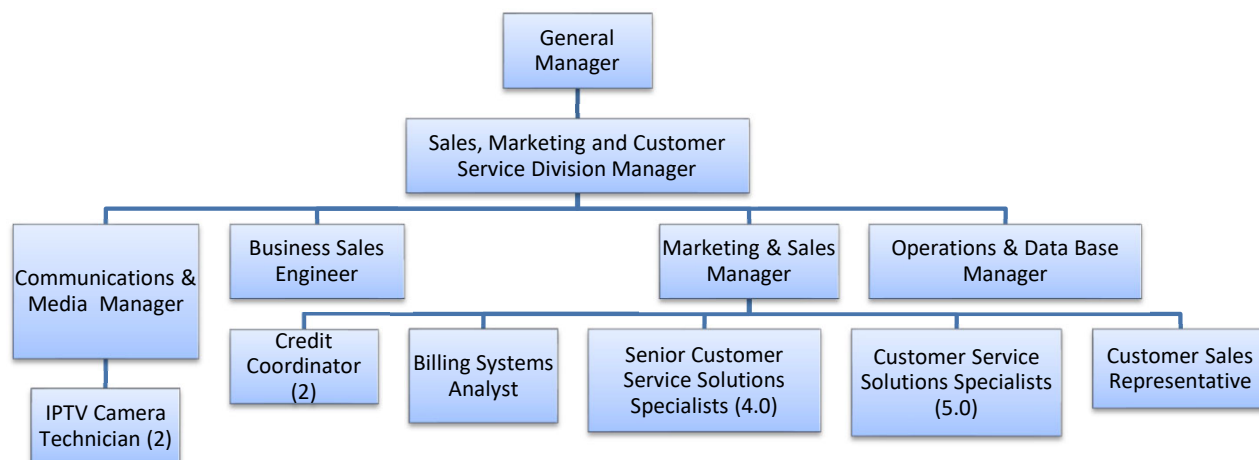
Expenditures by Category	2023	2024 Budget			2025	2024 Adopted/2025	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Personnel Services and Benefits	2,081,509	2,527,980	2,504,980	2,345,468	2,600,334	72,354	2.9%
Supplies	111,914	111,050	134,050	132,250	127,650	16,600	14.9%
Contract/Purchased Services	752,452	854,877	853,777	822,718	887,384	32,507	3.8%
Minor Capital Outlay	40,265	36,500	36,500	34,500	39,750	3,250	8.9%
Interdepartmental Charges-Insurance	31,931	44,120	45,220	45,220	213,240	169,120	383.3%
Major Capital Outlay	52,985	-	-	-	-	-	New
Total	3,071,056	3,574,527	3,574,527	3,380,156	3,868,358	293,831	8.2%

Funding Source	2023	2024 Budget			2025	2024 Adopted/2025	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
KPU Enterprise Fund	3,071,056	3,574,527	3,574,527	3,380,156	3,868,358	293,831	8.2%
Total	3,071,056	3,574,527	3,574,527	3,380,156	3,868,358	293,831	8.2%

Full-time Equivalent Personnel	2023	2024 Budget		2025		2024 Adopted/2025	
	Actual	Adopted	Amended	Budget	Salary	Incr(Decr)	%
Operations	19.00	20.00	20.00	19.75	1,491,694	(0.25)	-1.3%
Total	19.00	20.00	20.00	19.75	1,491,694	(0.25)	-1.3%

MISSION STATEMENT

The Sales, Marketing and Customer Service Division is responsible for marketing and selling telecommunications services and products, as well as serving and meeting the needs of all utility customers.



GOALS FOR 2025

- Achieve continued growth in residential and business internet, as well as business product categories within the Telecommunications Division. KPU's dedicated fiber optic cable and Gig speeds will allow KPU to continue to upgrade existing customers and to aggressively pursue customers who are not with KPU.
- Focus on KPU's unique strengths in advertising: local support/management, superior customer service, exclusive fiber optic symmetric unlimited Internet, hosted/managed business services, superior fiber to the home network. Continue to increase web and digital advertising, including streaming TV.
- Design new campaign to sell residential managed WIFI which will benefit the customer by letting them know when devices need upgrades and which will allow them to manage their own internet connected devices.
- Continue weekly updates advertising KPU's exclusive local video content on social media and in print.
- Continue to highlight KPU's strong and successful business offerings by emphasizing professional business techs and specialized products in media and on the website. Market new features, such as hosted/managed cameras, WIFI, mobile IP, WebEx for Broadworks, and other hosted products to new and existing Hosted IP customers and businesses.
- Continue to update KPU website to most current Google SEO requirements and keep Google AdWords current.
- Promote KPUtv video through online streaming app.
- Complete conversion of credit card processor to Paymentus for Electric/Utility.
- Continue enhancement of local TV content by producing smaller pieces rather than larger pieces to match current viewing habits of customers; develop Elder Oral Histories, historical pieces, Native culture, Filipino culture, produce more local business highlights to help promote KPU business customers, and new industries.

- Continue to freshen local video content by rotating hosts and by reworking production of annual events so that the events appear different year-to-year.
- Continue to utilize social media as a key marketing product to build KPU's local presence. Use social media to not only sell but to promote local organizations, and businesses, educate the public on technology and current scams. Tie sales efforts to the website and Internet click through advertising as a unified digital marketing presence.
- Sustain sales culture in Customer Solutions Staff(Sales) by preserving weekly “team huddle” meetings to review successes/misses in addition to current call coaching. Utilize employee rewards such as personal notes and recognition in addition to sales incentives to keep staff motivated.
-
- Continue to utilize yearly on-site customer service and sales training, combining sales and tech department to ensure superior customer service, and to make sure goals align with KPU and City culture.
- Utilize Recruitment Solutions consultants to ensure staff is equipped with appropriate sales skills prior to hire/post hire.
- Continue development of key staff to senior business sales positions, to support large business market that requires specialized assistance.
- Promote staff development by determining individual goals and providing opportunities for additional training and education. This will contribute to staff retention by the City and KPU. Also continue to cross-train staff on key responsibilities, such as porting, adjustments, billing, so that illnesses and staff losses do not disrupt operations.

ACCOMPLISHMENTS FOR 2024

- In the last year, the division has achieved growth in the following categories; +1% in Internet sales, +5% in customers opting for unlimited data, 36% increase in managed WiFi. Standalone internet contributed to the retention and growth in internet by no longer requiring a phone line. KPU Customer Service successfully worked to upgrade customers to the higher speed plans which give customers a better internet experience without buffering. As a result 72% of of KPU customers now subscribe the faster speeds.
- Achieved a 36% growth in Hosted Business systems managed WIFI, managed firewall, managed security camera, and managed data center sales in an already strong market. KPU's hosted products are powerful, cutting edge systems that can be deployed in very small to extraordinarily large businesses. Selling hosted products is a key strategic initiative, ensuring long-term retention of KPU's critical business customers.
- The Business Sales Engineer continued to sign long-term agreements with strategic business customers as well as small business owners. Combined with the division's Hosted IP, dedicated business staff and business service offerings, this has helped to preserve KPU's strong business line presence at more than 85% of the business market.
- The Business Sales Engineer and Business CSS's successfully negotiated the winback from GCI of many local businesses, including selling dedicated internet. Contracts were signed for internet, phone service and hosted services. Reasons for these winbacks were KPU's stable internet, suite of hosted products, dedicated local business techs and strong customer service.
- KPU Marketing managed the sunset of cable TV with an early letter announcing the ending of KPU cable, followed by consistent advertising, including a contest for early disconnectors. Three separate day long events were hosted at the mall to educate the community about the various streaming services, and KPU's mall office was converted to show the various streaming options on its TVs. Handouts and guides to help customers make a choice were designed and produced for handouts and also were mailed to TV customers.
- KPU Marketing provided assistance to the community via a number of events: sponsorship of the Fil-Am lumpia contest, a Holiday Food Drive for Love in Action, a back to school internet promotion that allowed customers to upgrade their internet for free for two months , and at the same time, a contribution would be given to the school of their choice for activities.

KETCHIKAN PUBLIC UTILITIES

2025 Operating and Capital Budget

Sales, Marketing and Customer Service

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- The two new KPUTv crew successfully passed the FAA drone certification exam to obtain pilot licensing for its drone. This allows KPU to again film in allowed areas.
- KPU Marketing updated the exclusively copyrighted Ketchikan Anthem song that was originally produced in 2017 with fresh new imagery. Mountain and water vistas, Ketchikan citizens enjoying arts, outdoors and events were used. KPUTv released the new video to the public on August 29th to help to bolster the community spirit after the devastating slide hit Ketchikan on August 25th.
- KPUTv staff continued to source sponsors for many of the game weekends for Kayhi sports. These funds were paid to the school district so that outdated film technology could be replaced. Local businesses and residents who sponsored were featured in live-streaming graphics so that the public was aware of their contributions. This year the funds were used for a new PTZ camera for the school film set-up. This has a remote that allows it to be controlled from the film booth.
- KPU's marketing staff continued to perform work for other City departments. Marketing and KPUTV staff designed and coordinated social media images, social media videos, direct mail postcards, radio PSAs for Wastewater, Electric Safety, Landfill, Public Works, Clerks Office, Personnel, Tourism, Port and Harbors, and Fire. KPU Marketing regularly posts NOAA updates, Public Works and construction updates.
- KPU Customer Service and Marketing Division Manager Kim Simpson was reappointed to the national NTCA Marketing Board for rural telecommunication companies. She was also appointed to an additional committee, the NTCA Awards Committee, and was selected to be on the planning committee for the National Marketing Conference. She was also invited to the Women in Telecom Fly-In held in Washington DC, where she lobbied for internet and low-income subsidies for customers in rural America.
- KPU SM&CS Division manager Kim Simpson hosted the Fall NTCA Rural Broadband Marketing board in Ketchikan in August. There were 25 attendees with more than 45 visitors in total visiting Ketchikan with the group. The group toured KPU business customers sites, viewed KPU infrastructure, in addition to the board meeting. Speakers included Mayor Dave Kiffer, Chamber Executive Director Michelle O'Brien, John Binkley, Kyle Quinn, Jason Baldwin and Jeremy Yoder.
- KPU Marketing expanded its digital internet advertising to include two new 30 second commercials featuring shots from the Ketchikan Anthem. These were added to the three previous commercials featuring well known locals talking about KPU's symmetric internet and why most local businesses choose KPU. The older symmetric matters video remains in the rotation, also. These appear on YouTube, Streaming TV and other Websites.
- Sales and Marketing Updated the new KPU Telecommunications website, www.kputel.com to include the new federally required broadband nutrition labels. The TV page was converted to feature KPUTV +, the new KPUTV app. There is a link to watch KPUTv video, and watch KPUTv livestream, as well as information on downloading the app. Marketing staff also regularly edits the Electric, Water, Waste Water and Solid Waste Department portions of the City website, since those departments do not have the staff to do so.
- KPUT developed the KPUTV + App, which launched in early 2024. This app allows live-stream of council, borough meetings, and live sports. It also shows the latest video productions, as well as many favorite older productions. The app works on Apple phones and tablets, Android phones and tablets, Amazon Fires Stick and Roku TVs and Roku streaming boxes.
- KPU Marketing continues to update in-office on-screen advertising in the Mall to show KPU products, promotions and video. The images change using slides every 20-40 seconds and now include weather forecasts, and cruise schedules. The ads are changed via a cloud based connection and are updated real-time.
- KPU Marketing continued with their popular Tech Tips for Seniors event at the Library. At this event, seniors are educated on streaming, cloud services, brought up to date on current phone/text/email scams and are provided assistance on technical issues they might have. Recent events included AI introduction and how to do a reverse image search. The attendance varied from 12 to 30 seniors at the library each time, but seniors have also stopped into the mall location for technical assistance, which the marketing staff will provide to them.
- KPU successfully completed the conversion of its payment processor to Paymentus. This will allow customers to pay any way

KETCHIKAN PUBLIC UTILITIES

2025 Operating and Capital Budget

Sales, Marketing and Customer Service

Operations 5110

they would like: Credit card, Apple Pay, PayPal Pay, bank drafting, etc. They can view the bill online, pay online, change their payment online, and credit cards will automatically update if change. This will also save on credit card fees.

- The KPU Marketing & KPUTV staff planned and managed the Holiday tree lighting events for the community including acquiring the lights, crafts, treats, visit with Santa, music and a visit from the Grinch. The Marketing staff are spearheading the event again for the 2024 holiday season. Marketing and KPUTV also produced the Chamber of Commerce Gala video for that important event, and coordinated the City Holiday staff party, including decor, food, music and games. Once again KPUTV livestreamed the Holiday Boat Parade.
- The KPU Sales, Marketing and Customer Service Division once again received an A++ Certification and trophy for highest level security, accuracy, compliance and top level practices from CommSoft for the way KPU manages its ordering, billing and provisioning processes. This was a national award and was a great honor for all of KPU.
- KPU Sales, Marketing & Customer Service Division's ability to hire and train quality individuals allows senior positions to be filled by internal candidates. Currently there are 12 employees throughout the City/KPU who began employment in Customer Service. KPU SM&CS promoted two employees to senior positions in 2024.
- Meta-Facebook/Instagram is a key tool for communicating with customers regarding KPU's image, products, 'presence' and approachability. Staff maintains four specific Facebook pages and one Instagram page: KPUTV: KPUTV's local TV programming and events, Business Highlights; KPU Telecommunications: Promotes/advertises KPU Telecommunications services, educates, entertains and informs the public on technology, scams, and articles of interest; KPU Electric: To promote energy conservation, share energy news, alert the public of outages, and create an 'approachable' image; City of Ketchikan: To inform the public of local news, public service announcements and happenings in and around the City and hosting live-streaming events for City Council meetings and other public informational meetings; KPUTV Instagram: To highlight projects that KPUTV is working on, and events in the community. Facebook allows staff to immediately reply to customers, assist with technical questions, post public information, address service issues and introduce/sell products. The regular use of this media has led to increased sales of services, winbacks from the competitors and has saved many potential lost customers. Marketing staff monitor and respond to citizens/customers 7 days per week.

KETCHIKAN PUBLIC UTILITIES
2025 Operating and Capital Budget
Sales, Marketing and Customer Service

Operations 5110

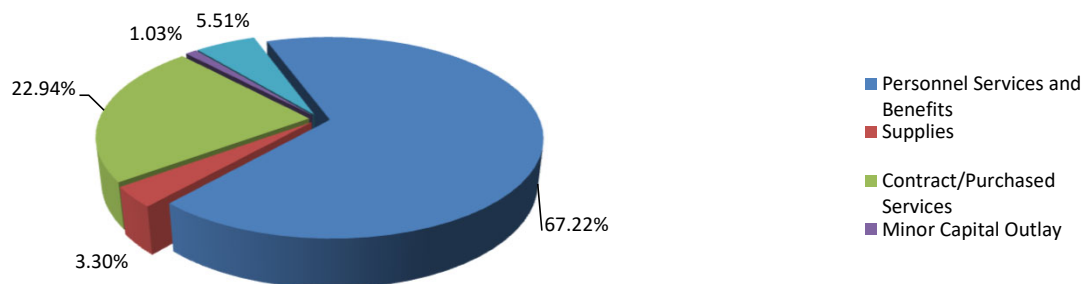
DIVISION SUMMARY

Expenditures by Category	2023	2024 Budget			2025	2024 Adopted/2025	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Personnel Services and Benefits	2,081,509	2,527,980	2,504,980	2,345,468	2,600,334	72,354	2.9%
Supplies	111,914	111,050	134,050	132,250	127,650	16,600	14.9%
Contract/Purchased Services	752,452	854,877	853,777	822,718	887,384	32,507	3.8%
Minor Capital Outlay	40,265	36,500	36,500	34,500	39,750	3,250	8.9%
Interdepartmental Charges	31,931	44,120	45,220	45,220	213,240	169,120	383.3%
Total Expenditures	3,018,071	3,574,527	3,574,527	3,380,156	3,868,358	293,831	8.2%

Funding Source	2023	2024 Budget			2025	2024 Adopted/2025	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
KPU Enterprise Fund	3,018,071	3,574,527	3,574,527	3,380,156	3,868,358	293,831	8.2%
Total Funding	3,018,071	3,574,527	3,574,527	3,380,156	3,868,358	293,831	8.2%

Full-time Equivalent Personnel	2023	2024 Budget		2025		2024 Adopted/2025	
	Actual	Adopted	Amended	Budget	Salary	Incr(Decr)	%
SM & CS Manager	1.00	1.00	1.00	0.75	116,059	(0.25)	-25.0%
Business Sales Engineer	1.00	1.00	1.00	1.00	97,220	-	0.0%
Marketing & Sales Manager	1.00	1.00	1.00	1.00	93,007	-	0.0%
Local Content, Social Media & PR Manager	1.00	1.00	1.00	1.00	79,792	-	0.0%
Database Manager	1.00	1.00	1.00	1.00	80,169	-	0.0%
IPTV Camera Technician	1.00	2.00	2.00	2.00	136,409	-	0.0%
Credit Coordinator	1.00	2.00	2.00	2.00	161,537	-	0.0%
Billing System Analyst	1.00	1.00	1.00	1.00	86,088	-	0.0%
Senior Customer Solutions Specialist	4.00	3.00	3.00	3.00	225,128	-	0.0%
Customer Solutions Specialist	6.00	6.00	6.00	5.00	304,660	(1.00)	-16.7%
Customer Sales Rep I	1.00	1.00	1.00	2.00	111,625	1.00	100.0%
Total	19.00	20.00	20.00	19.75	1,491,694	(0.25)	-1.3%

2025 Expenditures by Type



KETCHIKAN PUBLIC UTILITIES
2025 Operating and Capital Budget
Sales, Marketing and Customer Service

Operations 5110

OPERATING BUDGET CHANGES FOR 2025

Changes between the adopted operating budget for 2024 and the proposed operating budget for 2025 that are greater than 5% and \$5,000 are discussed below.

- Postage/Bulk Mail (520.03) increased by \$19,000, or 28.4% due to increased bulk post rates, and the required number of ACP de-enrollment and TV sunset mailers and letters that needed to be sent to customers.
- Marketing (Account 605.02) increased by \$13,000, or by 7.1%, due to need for information campaign for Paymentus, addition of expanded web and digital advertising.
- Printing and Binding (605.03) decreased by \$9,000, or -60% due to no need for TV cards, manuals, and lineups.
- Machinery and Equipment (Account 790.25) increased by \$11,000, or by 91.7%, due to new drone and folding machine.

DIVISION OPERATING BUDGET DETAIL

Operating Expenditures	2023	2024 Budget			2025	2024 Adopted/2025	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Personnel Services and Benefits							
500 .01 Regular Salaries and Wages	1,188,440	1,480,070	1,457,070	1,387,500	1,491,694	11,624	0.8%
500 .05 Longevity Pay	-	5,950	5,950	5,625	5,950	-	0.0%
501 .01 Overtime Wages	29,873	36,000	36,000	30,000	30,000	(6,000)	-16.7%
502 .01 Temporary Wages	5,031	22,000	22,000	2,000	22,000	-	0.0%
505 .00 Payroll Taxes	93,944	118,120	118,120	109,050	118,600	480	0.4%
506 .00 Pension	241,273	294,317	294,317	274,000	296,800	2,483	0.8%
507 .00 Health and Life Insurance	443,754	514,260	514,260	480,900	557,235	42,975	8.4%
507 .30 Workers Compensation	3,579	3,970	3,970	3,600	4,245	275	6.9%
508 .00 Other Benefits	53,117	25,293	25,293	25,293	46,310	21,017	83.1%
509 .09 Incentive Pay	22,498	27,500	27,500	27,000	27,000	(500)	-1.8%
509 .12 Allowances-Vehicles	-	500	500	500	500	-	0.0%
Personnel Services and Benefits	2,081,509	2,527,980	2,504,980	2,345,468	2,600,334	72,354	2.9%
Supplies							
510 .01 Office Supplies	16,249	19,000	19,000	19,000	19,000	-	0.0%
510 .02 Operating Supplies	7,065	9,000	9,000	9,000	9,000	-	0.0%
510 .03 Safety Program Supplies	-	200	200	200	200	-	0.0%
510 .04 Janitorial Supplies	1,537	2,500	2,500	2,500	2,500	-	0.0%
510 07 Food & Catering	1,036	3,500	3,500	2,900	1,100	2,000	-68.6%
515 .01 Vehicle Maintenance Materials	523	1,000	1,000	800	1,000	-	0.0%
520 .02 Postage	1,078	3,900	3,900	3,900	3,900	-	0.0%
520 .03 Bulk Mailing	80,568	67,000	90,000	89,000	86,000	19,000	28.4%
520 .04 Materials & Supplies	-	-	-	-	-	-	NA
525 .04 Vehicle Motor Fuel & Lubricants	391	650	650	650	650	-	0.0%
530 .02 Periodicals	177	200	200	200	200	-	0.0%
535 .02 Allowances-Business and Meal Expense	1,098	1,100	1,100	1,100	1,100	-	0.0%
535 .04 Allowances-Uniforms/Clothing/Badges	2,190	3,000	3,000	3,000	3,000	-	0.0%
Supplies	111,914	111,050	134,050	132,250	127,650	16,600	14.9%

KETCHIKAN PUBLIC UTILITIES
2025 Operating and Capital Budget
Sales, Marketing and Customer Service

Operations 5110

Operating Expenditures	2023	2024 Budget			2025	2024 Adopted/2025	
	Actual	Adopted	Amended	Estimate	Budget	0	%
Contract/Purchased Services							
600 .01 Travel-Business	15,749	12,930	12,930	12,900	15,500	2,570	19.9%
600 .02 Travel-Training	289	6,020	6,020	6,000	8,600	2,580	42.9%
600 .03 Travel-Training and Education	12,170	18,188	18,188	18,188	22,000	3,812	21.0%
605 .01 Ads & Public Announcements	2,993	1,800	1,800	1,800	1,900	100	5.6%
605 .02 Marketing	119,993	182,000	182,000	182,000	195,000	13,000	7.1%
605 .03 Printing and Binding	16,237	15,000	13,900	3,000	6,000	(9,000)	-60.0%
610 .01 Community Promotion	3,440	9,000	9,000	7,000	9,000	-	0.0%
615 .02 Assn. Membership Dues & Fees	410	1,200	1,200	1,200	1,200	-	0.0%
630 .02 Vehicle Licenses	40	60	60	60	60	-	0.0%
630 .03 Bank and Merchant Charges	233,142	230,000	230,000	230,000	230,000	-	0.0%
630 .04 Broadcast Content Fees	3,470	3,600	3,600	3,470	3,600	-	0.0%
635 .02 Janitorial & Cleaning Services	8,700	12,400	12,400	12,400	12,400	-	0.0%
635 .04 Software & Equip Maint Services	119	-	-	-	-	-	NA
635 .06 Building and Grounds Maint Services	1,500	2,400	2,400	2,000	2,000	(400)	-16.7%
635 .07 Machinery & Equipment Maint Services	2,246	3,000	3,000	3,000	3,000	-	0.0%
635 .12 Technical Services	36,227	43,183	43,183	40,000	43,500	317	0.7%
635 .14 Other Contractual Services	6,359	6,000	6,000	2,000	4,000	(2,000)	-33.3%
640 .04 Management & Consulting Services	130,637	135,000	135,000	135,000	138,000	3,000	2.2%
645 .01 Rents and Leases-Land & Buildings	109,947	113,000	113,000	111,000	112,500	(500)	-0.4%
650 .01 Telecommunications	42,148	52,396	52,396	44,000	70,624	18,228	34.8%
650 .02 Electric, Water, Sewer & Solid Waste	6,635	7,700	7,700	7,700	8,500	800	10.4%
Contract/Purchased Services	752,452	854,877	853,777	822,718	887,384	32,507	3.8%
Minor Capital Outlay							
790 .15 Furniture and Fixtures	336	2,000	2,000	2,000	2,800	800	40.0%
790 .25 Machinery & Equipment	15,393	12,000	12,000	12,000	23,000	11,000	91.7%
790 .26 Computers, Printers & Copiers	23,623	22,000	22,000	20,000	12,950	(9,050)	-41.1%
790 .35 Software	913	500	500	500	1,000	500	100.0%
Minor Capital Outlay	40,265	36,500	36,500	34,500	39,750	3,250	8.9%
Interdepartmental Charges							
803 .01 Interdept'l-Information Tech	-	-	-	-	162,770	162,770	NA
825 .01 Interdepartmental Charges-Insurance	31,931	44,120	45,220	45,220	50,470	6,350	14.4%
Interdepartmental Charges	31,931	44,120	45,220	45,220	213,240	169,120	383.3%
Total Expenditures by Type	3,018,071	3,574,527	3,574,527	3,380,156	3,868,358	293,831	8.2%

NARRATIVE

500.01 Regular Salaries and Wages: \$1,491,694 – This account provides expenditures for compensation paid to all regular salaried and hourly employees of the Sales, Marketing and Customer Service Division.

500.05 Longevity Pay: \$5,950 – Employees may be awarded a bonus upon their anniversary to recognize employees who have remained with the City and KPU for at least 15 years.

501.01 Overtime Wages: \$30,000 - This account provides expenditures for compensation paid to all hourly employees for hours worked in excess of a regular working cycle or beyond the hours listed in the bargaining agreement. Includes after hours filming, and regularly scheduled overtime due to mall hours, and Saturday hours worked by employees whose hire dates predated 2009.

502.01 Temporary Wages: \$22,000 – This account provides expenditures for the compensation paid to temporary, part-time camera operators for the filming of televised events when more than one camera is required or for when events to be filmed are scheduled to occur simultaneously and for assisting with filming and projection for special projects. For 2024 this includes a summer intern in the video production department.

505.00 Payroll Taxes: \$118,120 – This account provides expenditures for employer contributions for Social Security and Medicare and other similar payroll related taxes.

506.00 Pension: \$296,800 – This account provides expenditures for employer contributions to retirement plans.

507.00 Health and Life Insurance: \$557,235 – This account provides expenditures for employer contributions to employee health and life insurance plans.

507.30 Workers Compensation: \$4,245 – This account provides expenditures for employer contributions to workers compensation.

508.00 Other Benefits: \$46,310 – This account provides expenditures for direct claims from former employees for unemployment benefits paid by the State of Alaska and accrued vacation and sick leave.

509.09 Allowances - Incentive Pay: \$27,000 - This account provides expenditures for employee incentive and suggestion programs. Specifically this refers to the Upgrade Sales Incentive Program for CSR I, CSS & Senior CSS for add-on sales. Outside Plant Technicians and Customer Support Specialists are also eligible for the program.

509.12 Allowances – Vehicles: \$500 – This account provides expenditures for an allowance for employees use of personal vehicles while on official KPU business. These benefits are taxable to employees. This was new for 2015 to allow for the retirement of two SM &CS vehicles that were inoperable. Rather than incur expense for replacement cars, employees can be reimbursed for use of a personal vehicle for KPU business.

510.01 Office Supplies: \$19,000 - This account provides expenditures for paper, pens, pencils, adding machine ribbons and tape, note pads, file folders, scotch tape, toner, ink cartridges, photocopy charges for leased copiers, small desk accessories and minor office equipment such as adding machines, staplers, tape dispensers, scanners and paper shredders. New printer ink is a significant expense.

510.02 Operating Supplies: \$9,000 - This account provides expenditures for supplies that are normally not of a maintenance nature and are required to support division operations. Included are supplies such as credit forms, letterhead, envelopes, adjustment forms, deposit slips, books, ink stamps, brochures, postage machinery, DVDs, terabytes, water, supplies for Celeb Chef, Outdoor Challenge, and other special programs, employee awards and recognition pins, and masks.

510.03 Safety Program Supplies: \$200 - This account provides expenditures for the City safety program. Included are safety information brochures and safety training audio and video programs.

KETCHIKAN PUBLIC UTILITIES

2025 Operating and Capital Budget

Sales, Marketing and Customer Service

Operations 5110

510.04 Janitorial Supplies: \$2,500 – This account provides expenditures for cleaning and sanitation supplies used by in-house and contracted janitors. This also includes additional sanitizing spray and wipes, gloves.

510.07 Food & Catering : \$1,100 – This account provides for the room fee and catering for the upcoming NTCA Board meeting, as well as expenses for employee recognition events, and retirement.

515.01 Vehicle Maintenance Materials: \$1,000 - This account provides expenditures for the repair and maintenance of the vehicles used by the Sales, Marketing & Customer Service Division, which includes one SUV and a filming flatbed truck.

520.02 Postage: \$3,900 - This account provides expenditures for postal related services such as incidental postage, mailing materials, US Postal Service permits and postage machine refill.

520.03 Bulk Mailing: \$86,000 - This account provides expenditures for bulk mailing of monthly bills and invoices for City and KPU services, brochures, mass public notices and other similar types of mailings.

525.04 Vehicle Motor Fuel and Lubricants: \$650 - This account provides expenditures for gasoline and lubricants used in the operations of Sales, Marketing and Customer Service Division vehicles.

530.02 Periodicals: \$200 - This account provides expenditures for newspapers, magazines and trade journals. Specifically, this accounts for the Ketchikan Daily News subscription.

535.02 Business and Meals Expense: \$1,100 – This provides expenditures for meal expenses incurred with vendors, at trade shows, recruitment meal expenses and employee award/recognition cakes, etc. It also provides for Chamber of Commerce monthly lunch tickets.

535.04 Allowances-Uniforms/Clothing/Badges: \$3,000 - This account provides expenditures for direct purchases of or reimbursements to employees for work related clothing required by department policies. Included are nameplates, name badges, KPU logowear for staff. Also includes logo embroidery for other items such as hats, aprons, etc.

600.01 Travel - Business: \$15,500 – This account provides expenditures for transportation, lodging, meals, per diems and other incidental expenses associated with travel for business, trade and board meetings.

600.02 Travel - Training: \$8,600 – This account provides expenditures for transportation, lodging, meals, per diems, and other incidental expenses associated with travel for CommSoft, and FAA Certification for drone.

600.03 Training and Education: \$22,000 – This account provides expenditures for registration fees, training fees, and training materials associated with training and educating employees and on-premises training programs provided by staff or a third-parties, such as Measure-X or Pivot. This also includes online sequel and AS400 and Digital Training.

605.01 Ads and Public Announcements: \$1,900 - This account provides expenditures for advertising and announcements in publications, newspapers, trade journals and the Internet for recruitment.

605.02 Marketing and Advertising: \$195,000 - This account provides expenditures for advertising, image building and promotion in publications, web, newspapers, Internet, radio and TV broadcasts, streaming and social media. Included are promotional KPU logo products. Production and design costs for the creation of ad and marketing materials are also included in this account.

605.03 Printing and Binding: \$6,000 – This account provides expenditures for printing and binding services. Included are designing and printing of forms, posters, flyers, user manuals and channel guides for distribution in the Sales, Marketing and Customer Service Division.

610.01 Community Promotion: \$9,000 – This account provides expenditures for the promotion of community activities and programs. Included are donations to civic organizations, sport teams and hosting or sponsoring community events.

KETCHIKAN PUBLIC UTILITIES

2025 Operating and Capital Budget

Sales, Marketing and Customer Service

Operations 5110

615.02 Assn. Membership Dues & Fees: \$1,200 – This account provides expenditures for memberships in professional and trade associations, such as National Association of Telecommunications Officers and Advisors, Alliance for Community Media, Progressive Business Publications and Rotary.

630.02 Vehicle License: \$60 – This account provides expenditures for license fees for KPU vehicles.

630.03 Bank and Merchant Charges: \$230,000 – This account provides expenditures for monthly bank account service charges, merchant fees paid to banks for customer use of credit and debit cards and other fees for banking services.

630.04 Broadcast Content Fee: \$3,600 – This account provides expenditures for license fees for use of music databases and covers the use of copyrighted music. Included in this account is StoryBlox, BMI, Megatrax and other sources.

635.02 Janitorial and Cleaning Services: \$12,400 - This account provides expenditures for services to clean facilities owned or leased by the Sales, Marketing and Customer Service Division. Included are janitorial and carpet cleaning services.

635.06 Building and Ground Maintenance Services \$2,000 - This account provides expenditures for pest control spray.

635.07 Machinery and Equipment Maintenance Services: \$3,000 - This account provides expenditures for contractual services for the repair and maintenance of office equipment, machinery and other operating equipment used by the Sales, Marketing and Customer Service Division. This account includes contract labor and materials required to provide the services, including maintenance service agreements with Neopost, SE Business Machines and Tongass Business Center.

635.12 Technical Services: \$43,500 - This account provides expenditures for services that are not regarded as professional but require technical or special knowledge. Included are CBC Innovis (credit reporting), Weather Central (weather channel server maintenance), PIVOT Webhosting, PIVOT Google SEO, PIVOT Consulting, Computer HQ, Nixle Alert, social media archive storage, Google storage, Advanced Communications panic alarm, CASTUS Web services, Castus Roku App, and Channel Electric, Northern Credit, Google Enterprise, Microsoft 365 licensing.

635.14 Other Contractual Services: \$4,000 - This account provides expenditures for contractual services for local TV content.

640.04 Management and Consulting Services: \$138,000 - This account provides expenditures for management and consulting services. This refers to PIVOT Group Quality Assurance, Hiring Solutions, independent film editors and OSG Billing Services (bill print vendor). Increase is partially due to increase in rates for services from OSG (tracking, and message envelope print).

645.01 Rents and Leases - Land and Buildings: \$112,500 - This account provides expenditures for the lease of retail, production and storage space at the Plaza Mall for the Sales, Marketing and Customer Service Division.

650.01 Telecommunications: \$70,624 - This account provides expenditures for telecommunication services. Included are charges for wired and wireless telecommunications services, Internet, long distance and toll-free numbers, security cameras. Increase is due to upgrade to gig connectivity to City Hall.

650.02 Electric, Water, Sewer & Solid Waste: \$8,500 - This account provides expenditures for electric, water, sewer and solid waste utility services.

790.15 Furniture & Fixtures: \$2,800 - This account provides expenditures for acquisition of furniture and fixtures. This is specifically for shelving in storage.

790.25 Machinery & Equipment: \$23,000 - This account provides expenditures for the acquisition, repair and replacement of filming equipment, as well as cell phones. This is specifically for replacement lights, remote cameras, batteries, storage memories, replacement microphones.

790.26 Computers, Printers & Copiers: \$12,950 - This account provides expenditures for the acquisition of desktop, laptops, and computers, copiers and screens.

KETCHIKAN PUBLIC UTILITIES

2025 Operating and Capital Budget

Sales, Marketing and Customer Service

Operations 5110

790.35 Software: \$1,000 - This account provides expenditures for acquisition of software systems and upgrades not covered by maintenance agreements. This includes the annual fee for streaming software and editing software.

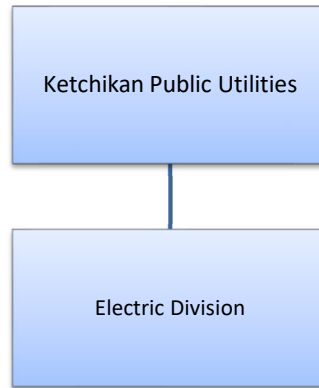
803.00 Interdepartmental Charges - Information Technology: \$162,770 This account provides expenditures for information technology services provided by the Information Technology Department.

825.01 Interdepartmental Charges-Insurance: \$44,120 - This account provides expenditures for the cost for risk management services.

KETCHIKAN PUBLIC UTILITIES
2025 Operating and Capital Budget
Electric Division

Summary

The Electric Division is one of three utilities operated by Ketchikan Public Utilities, a non-regulated public utility owned by the City of Ketchikan. The Electric Division operates three (3) hydroelectric projects and six (6) diesel generating units. The Electric Division serves a community of nearly 14,000 and is capable of meeting an annual customer demand for energy in excess of 180,000 MWh.



The Electric Division is comprised of one operating division and oversees one Capital Improvement Program.

DEPARTMENT EXECUTIVE SUMMARY							
Divisions/Cost Center/Programs	2023 Actual	2024 Budget			2025 Budget	2024 Adopted/2025	
		Adopted	Amended	Estimate		Incr(Decr)	%
Operations	18,647,433	22,433,884	23,654,514	21,693,567	22,296,683	(137,201)	-0.6%
Capital Improvement Program	1,882,018	4,683,157	5,820,977	3,415,854	4,394,000	(289,157)	-6.2%
Total	20,529,451	27,117,041	29,475,491	25,109,421	26,690,683	(426,358)	-1.6%

Expenditures by Category	2023 Actual	2024 Budget			2025 Budget	2024 Adopted/2025	
		Adopted	Amended	Estimate		Incr(Decr)	%
Personnel Services and Benefits	5,980,618	8,579,131	8,579,131	7,130,463	8,445,167	(133,964)	-1.6%
Supplies	8,230,934	8,439,700	9,782,700	9,617,231	8,445,725	6,025	36.3%
Contract/Purchased Services	1,515,950	2,002,600	1,880,230	1,573,300	2,010,425	7,825	0.4%
Minor Capital Outlay	22,362	41,450	41,450	22,500	37,500	(3,950)	-9.5%
Interdepartmental Charges	1,471,844	1,944,030	1,944,030	1,923,100	1,927,210	(16,820)	-0.9%
Debt Service	1,043,725	1,044,973	1,044,973	1,044,973	1,048,656	3,683	0.4%
Payment in Lieu of Taxes	382,000	382,000	382,000	382,000	382,000	-	0.0%
Major Capital Outlay	1,882,018	4,683,157	5,820,977	3,415,854	4,394,000	(289,157)	-6.2%
Total	20,529,451	27,117,041	29,475,491	25,109,421	26,690,683	(426,358)	-1.6%

Funding Source	2023 Actual	2024 Budget			2025 Budget	2024 Adopted/2025	
		Adopted	Amended	Estimate		Incr(Decr)	%
KPU Enterprise Fund	20,529,451	27,117,041	29,475,491	25,109,421	26,690,683	(426,358)	-1.6%
Total	20,529,451	27,117,041	29,475,491	25,109,421	26,690,683	(426,358)	-1.6%

Full-time Equivalent Personnel	2023 Actual	2024 Budget		2025		2024 Adopted/2025	
		Adopted	Amended	Budget	Salary	Incr(Decr)	%
Operations	43.40	43.40	43.40	43.40	4,644,315	-	0.0%
Total	43.40	43.40	43.40	43.40	4,644,315	-	0.0%

MISSION STATEMENT

The mission of the Electric Division is to provide safe, reliable electric service to meet the current and growing needs of the community at the lowest practicable rates.

2024 Electric Division Statistics

Metered Customer Base Count: 7,885
Poles (less SEAPA owned): 4,022*
Transformers: 1,963
Switches/Isolation 789*

Substations/Switchyards: 12
Fuses: 2,208*
Street Lights: 1,816*

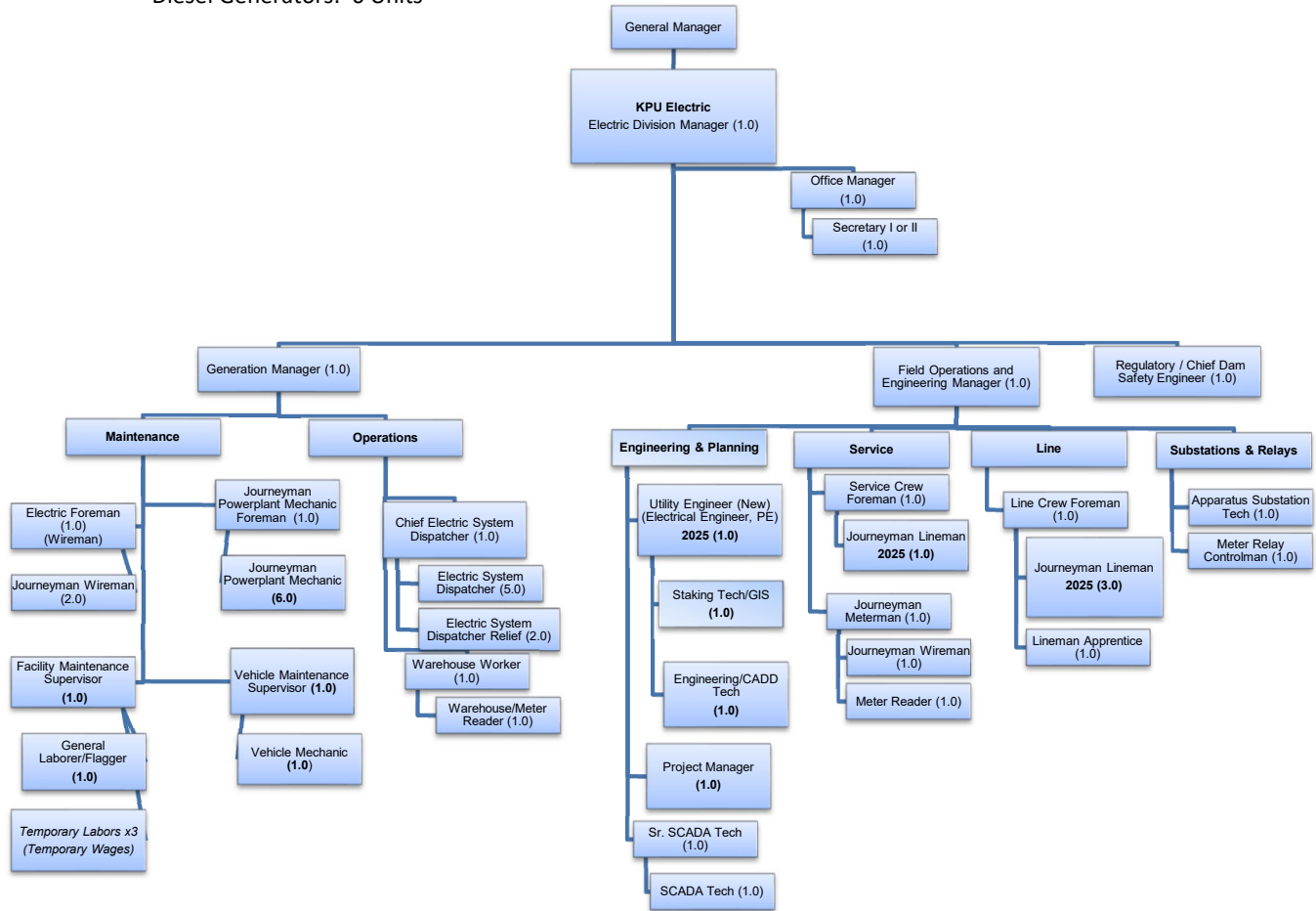
Distribution Line: 101.2 miles*
Transmission Line: 29.4 miles*
*Estimated

Secondary Radial Line: 126.0 miles*

Hydro Generators: 9 Units/3 Licensed Projects

Regulatory Compliance: FERC; EPA; DEC; USCG
OSHA; NESC; NEC

Diesel Generators: 6 Units



GOALS FOR 2025

- **Safety and Environmental:**
 - Review and revise as necessary division safety policies and practices;
 - Begin process for renewal of the Ketchikan Lakes Project FERC License;
 - Begin process for renewal of the Bailey Title V Permit;
 - Remain in compliance with all regulatory agency required policies; and
 - File application for renewal of the Beaver Falls Project FERC License.
- **Customer Service:**
 - Improve system reliability through expanded system sectionalizing;
 - Update public communications protocol for contacting Bailey Powerhouse;
 - Provide improved communications and informational resources on electric services to the public; and
 - Continue to notify the public with pertinent information regarding outages as quickly as practical.
- **Facilities & Equipment:**
 - Perform a comprehensive condition assessment of all powerhouses;
 - Develop a facilities plan, included a needs assessment of building a new electric utility service center, warehouse, and storage facility; and
 - Develop a long-term fleet replacement plan.
- **Generation:**
 - Continue to work with Southeast Alaska Power Agency (SEAPA) staff and member communities to optimize resources;
 - Provide support in development of future generation projects;
 - Evaluate system efficiency upgrades and peaking capacity;
 - Update the preventative maintenance management system;
 - Expand the hydroelectric asset testing and evaluation program to improve system reliability; and
 - Evaluate equipment and facilities to develop a comprehensive long-term capital improvement program.
- **Transmission and Distribution Facilities:**
 - Continue replacement of aging overhead and underground equipment and apparatus;
 - Continue ongoing tree removal and pruning program;
 - Continue developing and implementation of sectionalizing capability to minimize outage impacts and ease cold load pick up;
 - Continue with implementation of plans to replace the Ketchikan International Airport's submarine electrical cable;
 - Complete the Metlakatla-Ketchikan Intertie (MKI);
 - Reroute the 35kV sub transmission between Ketchikan Substation and Mountain Point Substation; the current route is accessible from the road and creates a system vulnerability; and
 - Perform a comprehensive evaluation of substations and system underground electrical systems.
- **Personnel:**
 - Implement a staffing plan that will allows the electric utility to perform its mission, current staffing levels are insufficient to adequately provide service;
 - Develop a utility succession plan and recruit for critical positions anticipated to be vacated in 2024 through retirements;
 - Add and develop required personnel: utility engineer, staking technicians, engineering technician, facility supervision and utility labors, fleet maintenance supervisor and mechanic, and records manager;
 - Develop a comprehensive training program for staff; training has been neglected for many years and developing a training plan is critical for the division; and
 - Recruit, hire and train as necessary the following unfilled positions vacated through retirements or vacancies: Field Operations & Engineering Manager, Generation Manager, System Dispatchers, Journeyman Lineman, Journeyman Wireman/Electricians, Journeyman Power Plant Mechanic, and other vacant positions.

KETCHIKAN PUBLIC UTILITIES
2025 Operating and Capital Budget
Electric Division

Operations 5200

ACCOMPLISHMENTS FOR 2024

KPU Electric continues maintaining essential generation and transmission services despite being short staffed and underfunded. Throughout the year, the division has operated at seventy-two percent (72%) of authorized FTE and functioned with an effective capacity of sixty percent (60%) or less of the authorized FTE due to staff unavailability, scheduled vacations, and sick leave. The division continues to lose knowledge through attrition and recruiting efforts have been very difficult.

KPU Electric has effectively worked with SEAPA to maintain efficient generation and water management. KPU Electric and system reservoirs have been maximized to ensure adequate generation throughout the year.

KPU Electric continued expansion of services in the community. KPU Electric staff have collectively pulled together to continue to provide solutions, working to provide electric service around the clock while under staffed.

Finally, KPU Electric is working to develop a strategic plan, comprehensive long-term Capital Improvement Plan (CIP), succession plan, utility training program, reorganize the division to meet current and future needs, and create new financial mechanisms to achieve a stable CIP and stable rates during system fluctuations.

Electric System Engineering Manager Jeremy Bynum was promoted to Electric Division Manager, effective April 18, 2023.

- **Safety and Environmental:**
 - Updated Dam Safety Program; and
 - Conducted an oil spill response with the USCG (table top SPCC drill).
- **Customer Service:**
 - Installed over 100 new electrical services; and
 - AMI/AMR implementation is above 75% implemented.
- **Generation:**
 - Year to date hydro make up 9% vs. 0% diesel.
- **Transmission and Distribution Facilities:**
 - Hired electrical engineering firm to design pole line projects throughout KPU's system, primarily along North Tongass Highway;
 - Replaced primary poles in Bear Valley; and replaced 35kV insulators between Beaver Falls and Mountain Point.

DIVISION SUMMARY

Expenditures by Category	2023	2024 Budget			2025	2024 Adopted/2025	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Personnel Services and Benefits	5,980,618	8,579,131	8,579,131	7,130,463	8,445,167	(133,964)	-1.6%
Supplies	8,230,934	8,439,700	9,782,700	9,617,231	8,445,725	6,025	0.1%
Contract/Purchased Services	1,515,950	2,002,600	1,880,230	1,573,300	2,010,425	7,825	0.4%
Minor Capital Outlay	22,362	41,450	41,450	22,500	37,500	(3,950)	-9.5%
Interdepartmental Charges	1,471,844	1,944,030	1,944,030	1,923,100	1,927,210	(16,820)	-0.9%
Debt Service	1,043,725	1,044,973	1,044,973	1,044,973	1,048,656	3,683	0.4%
Payment in Lieu of Taxes	382,000	382,000	382,000	382,000	382,000	-	0.0%
Total Expenditures	18,647,433	22,433,884	23,654,514	21,693,567	22,296,683	(137,201)	-0.6%

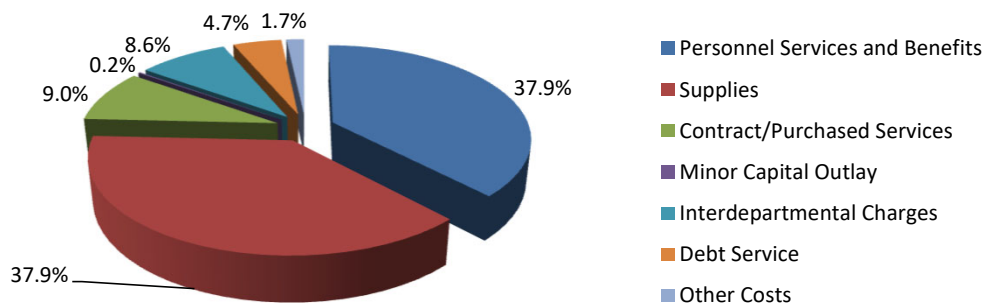
Funding Source	2023	2024 Budget			2025	2024 Adopted/2025	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
KPU Enterprise Fund	18,647,433	22,433,884	23,654,514	21,693,567	22,296,683	(137,201)	-0.6%
Total Funding	18,647,433	22,433,884	23,654,514	21,693,567	22,296,683	(137,201)	-0.6%

KETCHIKAN PUBLIC UTILITIES
2025 Operating and Capital Budget
Electric Division

Operations 5200

Full-time Equivalent Personnel	2023	2024 Budget			2025	2024 Adopted/2025	
	Actual	Adopted	Amended	Budget	Salary	Incr(Decr)	%
Division Manager	1.00	1.00	1.00	1	203,039	-	0.0%
Principal Project Engineer	1.00	1.00	-	-	-	(1.00)	-100.0%
CDS Engineer & RC Manager	-	-	1.00	1	164,180	1.00	NA
Operations Manager	1.00	1.00	-	-	-	(1.00)	-100.0%
Generation Manager	-	-	1.00	1	183,942	1.00	NA
Electric System Engineering Manager	1.00	1.00	-	-	-	(1.00)	-100.0%
Field Operations & Engineering Manager	-	-	1.00	1	183,942	1.00	NA
Office Manager	-	1.00	1.00	1	75,875	-	0.0%
Administrative Assistant	1.00	-	-	-	-	-	0.0%
Secretary I	1.00	1.00	1.00	1	50,070	-	0.0%
GENERATION CONTROL							
Chief System Dispatcher	1.00	1.00	1.00	1	132,916	-	0.0%
System Dispatcher	5.00	5.00	5.00	5	523,013	-	0.0%
System Dispatcher-Relief	1.00	1.00	1.00	1	116,225	-	0.0%
SCADA							
Senior SCADA Technician	1.00	1.00	1.00	1	121,459	-	0.0%
SCADA Technician	1.00	1.00	1.00	1	115,675	-	0.0%
LINE CREWS							
Electric Project Manager	-	-	1.00	1	156,495	1.00	NA
Line Crew Foreman	1.00	1.00	1.00	1	149,309	-	0.0%
Service Crew Foreman	1.00	1.00	1.00	1	149,309	-	0.0%
Apparatus Substation Tech	1.00	1.00	1.00	1	69,727	-	0.0%
Lineman	4.00	4.00	3.00	3	202,859	(1.00)	-25.0%
Lineman Apprentice	1.00	1.00	1.00	1	111,917	-	0.0%
ELECTRICIANS							
Wireman/Meter Relay Control Foreman	1.00	1.00	1.00	1	130,916	-	0.0%
Meterman	1.00	1.00	1.00	1	130,666	-	0.0%
Wireman/Electrician	3.00	3.00	3.00	3	326,665	-	0.0%
Meter Relay Controlman	1.00	1.00	1.00	1	60,980	-	0.0%
Meter Reader	1.00	1.00	1.00	1	62,556	-	0.0%
Warehouse-Relief Meter Reader	0.50	0.50	0.50	1	38,471	-	0.0%
MECHANICAL MAINTENANCE							
Powerplant Mechanic Foreman	1.00	1.00	1.00	1	130,166	-	0.0%
Powerplant Mechanic	7.00	7.00	7.00	7	636,213	-	0.0%
Powerplant Mechanic-Relief	1.00	1.00	1.00	1	115,675	-	0.0%
OTHER							
Warehouse Worker	1.00	1.00	1.00	1	86,610	-	0.0%
Warehouse/General Laborer	0.50	0.50	0.50	1	38,471	-	0.0%
Engineering Tech-CADD & GIS	1.40	1.40	1.40	1	116,297	-	0.0%
General Laborer	1.00	1.00	1.00	1	60,677	-	0.0%
Total	43.40	43.40	43.40	43	4,644,315	-	0.0%

2025 Expenditures by Type



KETCHIKAN PUBLIC UTILITIES
2025 Operating and Capital Budget
Electric Division

Operations 5200

OPERATING BUDGET CHANGES FOR 2025

Changes between the adopted operating budget for 2024 and the proposed operating budget for 2025 that are greater than 5% and \$5,000 are discussed below.

- Personnel Services and Benefits decreased by \$133,964 or by -1.6%, which is the net affect of removing funding for vacant positions to reflect the probable savings in addition to the increases as a result of annual employee step increases for employees in graded positions; a 3.0% cost of living adjustment for non-represented employees and IBEW employees that will become effective January 1, 2025; and projected increases in overtime due staffing levels, projected decreases in pension and health insurance and a projected increase in other benefits costs.
- Ads & Public Announcements (Account No. 605.01) increased by \$5,000, or by 20% due to increased advertising for vacant positions.
- Software Maintenance Service (Account No. 635.04) increased by \$15,500, or by 14.8%, due to an increase of software maintenance.
- Telecommunications (Account No. 650.01) increased by \$64,925, or by 32.8%, due to a proposed bandwidth increase for the City network.

DIVISION OPERATING BUDGET DETAIL

Operating Expenditures	2023	2024 Budget			2025	2024 Adopted/2025	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Personnel Services and Benefits							
500 .01 Regular Salaries and Wages	3,417,238	4,937,605	4,675,605	4,083,187	4,644,315	(293,290)	-5.9%
500 .05 Longevity Pay	33,475	39,150	39,150	35,075	44,100	4,950	12.6%
501 .01 Overtime Wages	523,707	445,000	707,000	707,000	725,000	280,000	62.9%
502 .01 Temporary Wages	26,998	70,000	70,000	27,000	70,000	-	0.0%
505 .00 Payroll Taxes	301,204	420,051	420,051	327,675	419,608	(443)	-0.1%
506 .00 Pension	706,009	1,023,739	1,023,739	757,300	951,788	(71,951)	-7.0%
507 .00 Health and Life Insurance	847,912	1,234,610	1,234,610	907,350	1,155,663	(78,947)	-6.4%
507 .30 Workers Compensation	69,160	100,595	100,595	83,530	97,467	(3,128)	-3.1%
508 .00 Other Benefits	40,045	164,081	164,081	164,081	192,926	28,845	17.6%
509 .04 Allowances-KPU Clothing	8,190	8,800	8,800	8,190	8,800	-	0.0%
509 .07 Allowances-Moving Expense	6,680	135,000	135,000	30,000	135,000	-	0.0%
509 .08 Allowances-Medical Expenses	-	500	500	75	500	-	0.0%
Personnel Services and Benefits	5,980,618	8,579,131	8,579,131	7,130,463	8,445,167	(133,964)	-1.6%
Supplies							
510 .01 Office Supplies	16,323	17,000	19,000	19,000	20,000	3,000	17.6%
510 .02 Operating Supplies	8,876	10,000	10,000	9,000	10,000	-	0.0%
510 .03 Safety Program Supplies	25,029	25,500	25,500	25,500	25,500	-	0.0%
510 .04 Janitorial Supplies	571	700	700	700	700	-	0.0%
510 .05 Small Tools & Equipment	35,139	40,000	40,000	40,000	40,000	-	0.0%
515 .01 Vehicle Maintenance Materials	80,878	80,000	81,931	81,931	83,000	3,000	3.8%
515 .02 Building & Grounds Maint Materials	9,164	10,000	10,000	10,000	10,000	-	0.0%
515 .03 Furniture & Fixtures Maint Materials	-	500	500	500	500	-	0.0%
515 .04 Machinery & Equip Maint Materials	44,474	60,000	58,000	50,000	60,000	-	0.0%
515 .05 Infrastructure & Plant Maint Materials	526,195	570,000	568,069	500,000	570,000	-	0.0%
520 .02 Postage	1,097	1,500	1,500	1,100	1,500	-	0.0%
520 .04 Freight-Materials & Supplies	23,256	54,000	54,000	50,000	54,000	-	0.0%
525 .01 Generation Diesel Fuel	132,707	350,000	350,000	300,000	350,000	-	0.0%
525 .02 Generation Oil Lubricants	3,141	50,000	50,000	20,000	50,000	-	0.0%
525 .03 Heating Fuel	4,837	9,000	9,000	9,000	9,000	-	0.0%
525 .04 Vehicle Motor Fuel & Lubricants	41,634	50,000	50,000	50,000	50,000	-	0.0%
525 .05 Purchased Power	7,029,362	6,882,000	8,225,000	8,225,000	6,882,000	-	0.0%
525 .07 Machinery & Equip Fuel & Lubricants	179	3,000	3,000	1,500	2,500	(500)	-16.7%

KETCHIKAN PUBLIC UTILITIES
2025 Operating and Capital Budget
Electric Division

Operations 5200

		2023	2024 Budget			2025	2024 Adopted/2025	
Operating Expenditures		Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
525	.10 Whitman Lake - SEAPA True-up	235,831	212,000	212,000	212,000	212,000	-	0.0%
530	.02 Periodicals	531	1,500	1,500	1,000	1,000	(500)	-33.3%
530	.03 Professional & Technical Publications	204	1,500	1,500	1,000	1,000	(500)	-33.3%
535	.02 Business and Meal Expenses	1,663	3,000	3,000	1,500	2,500	(500)	-16.7%
535	.05 Special Protective Clothing	7,820	8,500	8,500	8,500	8,500	-	0.0%
	Supplies	8,230,934	8,439,700	9,782,700	9,617,231	8,445,725	6,025	0.1%
Contract/Purchased Services								
600	.01 Travel-Business	18,988	25,000	25,000	10,000	25,650	650	2.6%
600	.02 Travel-Training	5,925	44,000	44,000	15,000	45,100	1,100	2.5%
600	.03 Travel-Training and Education	25,051	50,000	50,000	25,000	51,250	1,250	2.5%
605	.01 Ads & Public Announcements	12,639	25,000	30,000	30,000	30,000	5,000	20.0%
610	.02 Grant Awards	82,149	92,600	92,600	92,600	-	(92,600)	-100.0%
615	.01 Professional and Technical Licenses	515	2,500	2,500	1,000	2,500	-	0.0%
615	.02 Assn. Membership Dues & Fees	14,732	55,000	55,000	55,000	55,000	-	0.0%
630	.01 Building & Operating Permits	99,838	125,000	125,000	125,000	125,000	-	0.0%
630	.02 Vehicle Licenses	383	1,500	1,500	700	1,000	(500)	-33.3%
635	.02 Janitorial and Cleaning Services	7,445	15,000	15,000	15,000	15,000	-	0.0%
635	.03 Vehicle Maintenance Services	4,965	5,000	4,500	1,000	5,000	-	0.0%
635	.04 Software Maintenance Services	77,555	104,500	105,000	105,000	120,000	15,500	14.8%
635	.06 Bldg & Grounds Maintenance Services	1,605	7,000	5,000	1,000	5,000	(2,000)	-28.6%
635	.08 Infrastructure Maintenance Services	26,122	40,000	35,000	30,000	40,000	-	0.0%
635	.09 Disposal Services	-	12,500	12,500	12,500	15,000	2,500	20.0%
635	.12 Technical Services	459,195	650,000	527,630	527,000	650,000	-	0.0%
635	.14 Other Contractual Services	19,417	23,000	25,000	25,000	25,000	2,000	8.7%
640	.02 Engineering & Architectural Services	42,150	100,000	100,000	50,000	100,000	-	0.0%
640	.04 Management & Consulting Services	316,959	255,000	246,000	125,000	265,000	10,000	3.9%
645	.01 Rents & Leases-Land & Buildings	41,311	92,000	92,000	61,000	92,000	-	0.0%
645	.02 Rents & Leases-Machinery & Equip	10,114	30,000	30,000	9,500	30,000	-	0.0%
650	.01 Telecommunications	199,279	198,000	207,000	207,000	262,925	64,925	32.8%
650	.02 Electric, Water, Sewer & Solid Waste	49,613	50,000	50,000	50,000	50,000	-	0.0%
	Contract/Purchased Services	1,515,950	2,002,600	1,880,230	1,573,300	2,010,425	7,825	0.4%
Minor Capital Outlay								
790	.15 Furniture and Fixtures	3,697	5,000	5,500	5,500	6,000	1,000	20.0%
790	.25 Machinery & Equipment	392	-	-	-	-	-	NA
790	.26 Computers, Printers, and Copiers	12,920	28,950	28,450	15,000	25,000	(3,950)	-13.6%
790	.35 Software	5,353	7,500	7,500	2,000	6,500	(1,000)	-13.3%
	Minor Capital Outlay	22,362	41,450	41,450	22,500	37,500	(3,950)	-9.5%
Interdepartmental Charges								
800	.00 Interdept'l-Administrative	214,630	240,300	240,300	240,300	273,910	33,610	14.0%
801	.01 Interdept'l-Human Resources	93,827	135,600	135,600	135,600	144,070	8,470	6.2%
802	.00 Interdept'l-Finance	475,924	566,120	566,120	566,120	624,740	58,620	10.4%
803	.01 Interdept'l-Information Tech	289,626	485,010	485,010	485,010	353,570	(131,440)	-27.1%
825	.01 Interdept'l-Insurance	397,837	517,000	517,000	496,070	530,920	13,920	2.7%
	Interdepartmental Charges	1,471,844	1,944,030	1,944,030	1,923,100	1,927,210	(16,820)	-0.9%
Debt Service								
931	.01 Debt Service-Principal	890,000	905,000	905,000	905,000	915,000	10,000	1.1%
932	.01 Debt Service-Interest	153,725	139,973	139,973	139,973	133,656	(6,317)	-4.5%
	Debt Service	1,043,725	1,044,973	1,044,973	1,044,973	1,048,656	3,683	0.4%

KETCHIKAN PUBLIC UTILITIES
2025 Operating and Capital Budget
Electric Division

Operations 5200

Operating Expenditures	2023	2024 Budget			2025	2024 Adopted/2025	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Other Costs							
975 .00 Payment in Lieu of Taxes	382,000	382,000	382,000	382,000	382,000	-	0.0%
Other Costs	382,000	382,000	382,000	382,000	382,000	-	0.0%
Total Expenditures by Type	18,647,433	22,433,884	23,654,514	21,693,567	22,296,683	(137,201)	-0.6%

NARRATIVE

500.01 Regular Salaries and Wages: \$4,644,315 - This account provides expenditures for compensation paid to all regular salaried and hourly employees of the Electric Division.

500.05 Longevity Pay: \$44,100 – Employees may be awarded a bonus upon their anniversary to recognize employees who have remained with the City and KPU for at least 15 years.

501.01 Overtime Wages: \$725,000 - This account provides expenditures for compensation paid to all regular and temporary hourly employees for hours worked in excess of a regular working cycle.

502.01 Temporary Wages: \$70,000 - This account provides expenditures for compensation paid to temporary salaried and hourly employees of the Electric Division.

505.00 Payroll Taxes: \$419,608– This account provides expenditures for employer contributions for Social Security and Medicare and other similar payroll related taxes.

506.00 Pension: \$951,788 – This account provides expenditures for employer contributions to retirement plans.

507.00 Health and Life Insurance: \$1,155,663 – This account provides expenditures for employer contributions to employee health and life insurance plans.

507.30 Workers Compensation \$97,467 – This account provides expenditures for employer contributions for workers compensation.

508.00 Other Benefits: \$192,926 – This account provides expenditures for direct claims from former employees for unemployment benefits paid by the State of Alaska and accrued vacation and sick leave.

509.04 Allowances- KPU Clothing: \$8,800 - This account provides expenditures for employer provided protective clothing and flame-resistant protective clothing allowances paid directly to represented employees of Ketchikan Public Utilities pursuant to collective bargaining agreements or the Personnel Rules.

509.07 Allowances- Moving Expense: \$135,000 – This account provides expenditures for direct payments or reimbursements to employees for expenditures incurred to relocate to Ketchikan.

509.08 Allowances- Medical Expenses: \$500 - This account provides expenditures for employee medical exams paid directly to employees. These benefits are taxable to the employees.

510.01 Office Supplies: \$20,000 - This account provides expenditures for paper, pens, pencils, adding machine ribbons and tape, note pads, file folders, scotch tape, toner, ink cartridges, photocopy charges, small desk accessories and minor office equipment such as adding machines, staplers, comb binding machines and tape dispensers.

510.02 Operating Supplies: \$10,000 - This account provides expenditures for supplies that are normally not of a maintenance nature and are required to support department operations. Included are supplies such as, medical supplies, general materials for public programs and engineering materials.

510.03 Safety Program Supplies: \$25,500 - This account provides expenditures for safety training audio and video programs, safety equipment such as gloves, hard hats and hearing protection, OSHA medical exams, specialized hazardous materials handling and disposal information, specialized traffic control and protective safety equipment and clothing.

510.04 Janitorial Supplies: \$700 – This account provides expenditures for cleaning and sanitation supplies used by in-house and contracted janitors.

510.05 Small Tools and Equipment: \$40,000 - This account provides expenditures for minor tools, operating and office equipment with a value of less than \$1,000. Included are hand tools, chain saws, blow torches, hydraulic jacks, sump pumps, computer accessories, space heaters, radios, calculators, file cabinets and similar types of minor tools and equipment.

515.01 Vehicle Maintenance Materials: \$83,000 - This account provides expenditures for the repair and maintenance of vehicles owned or leased and operated by the division. Included are licensed and unlicensed rolling stock and boats.

515.02 Building and Ground Maintenance Materials: \$10,000 – This account provides expenditures for the repair and maintenance of buildings and upkeep of the grounds owned or leased and operated by the City.

515.03 Furniture & Fixtures Maint Materials: \$500 - This account provides expenditures for the repair and maintenance of furniture and building fixtures owned or leased and operated by the City.

515.04 Machinery and Equipment Maintenance Materials: \$60,000 – This account provides expenditures for the repair and maintenance of machinery and equipment owned or leased and operated by the City. Included are office equipment, operating equipment, computer networks and computers.

515.05 Infrastructure and Plant Maintenance Materials: \$570,000 – This account provides expenditures for the repair and maintenance of infrastructure and plants owned or leased and operated by the division. Included are hydroelectric facilities, dams, electric substations, generators, fuel tank farms, overhead and underground electric and telecommunication facilities and telecommunications.

520.02 Postage: \$1,500 - This account provides expenditures for postal related services such as postage, express delivery, mailing materials and the rent of post office boxes and postage machines.

520.04 Freight – Materials and Supplies: \$54,000 - This account provides expenditures for shipping and transporting supplies and material to and from vendors.

525.01 Generation Diesel Fuel: \$350,000 - This account provides expenditures for diesel fuel to operate the electric generators used to produce electric energy for resale by Ketchikan Public Utilities.

525.02 Generation Oil Lubricants: \$50,000 - This account provides expenditures for lubricants required for the operation of diesel generation equipment.

525.03 Heating Fuel: \$9,000 - This account provides expenditures for heating fuel to heat facilities owned or leased and operated by the division.

525.04 Vehicle Motor Fuel and Lubricants: \$50,000 - This account provides expenditures for gasoline, diesel fuel, propane and lubricants used in the operations of the division's vehicles and vessels.

525.05 Purchased Power: \$6,882,000 - This account provides expenditures for electric energy purchased from SEAPA for resale by Ketchikan Public Utilities.

525.07 Machinery and Equipment Fuel and Lubricants: \$2,500 – This account provides expenditures for gasoline, diesel fuel, propane and lubricants used in the operations of City and Ketchikan Public Utilities machinery and equipment.

525.10 Whitman Lake - SEAPA True-up: \$212,000 - This account provides expenditures for reimbursement to SEAPA for agency power that is displaced by the Whitman Lake Hydroelectric Project.

530.02 Periodicals: \$1,000 – This account provides expenditures for newspapers, magazines and trade journals.

530.03 Professional and Technical Publications: \$1,000 - This account provides expenditures for professional and technical publications. Included are professional handbooks, print and electronic subscription services for management, electrical engineering, building codes, professional standards and technical journals.

535.02 Business and Meal Expenses: \$2,500 - This account provides expenditures for reimbursements to employees for business and job related meals and other business related expenses.

535.05 Special Protective Clothing: \$8,500 – This account provides expenditures for employer provided clothing purchased for use by department or division personnel.

600.01 Travel-Business: \$25,650 – This account provides expenditures for transportation, lodging, meals, per diems and other incidental expenses associated with travel for business and trade meetings and recruitment efforts. Travel expenses incurred by candidates during recruitment searches are charged to this account.

600.02 Travel-Training: \$45,100 - This account provides expenditures for transportation, lodging, meals, per diems and other incidental expenses associated with travel for training.

600.03 Training and Education: \$51,250 – This account provides expenditures for registration fees, training fees, training materials, tuition reimbursements and other incidental expenses associated with training and educating employees.

605.01 Ads and Public Announcements: \$30,000 - This account provides expenditures for advertising and announcements in publications, newspapers, trade journals, Internet or broadcasts over radio and television. Included are legal notices, public service announcements, community issues, recruiting, requests for proposals, contracts and sales of property and equipment.

615.01 Professional and Technical Licenses: \$2,500 – This account provides expenditures for licensing professional, technical, and other employees requiring a license in order to perform their duties. Included are fees paid to licensed engineers, accountants, attorneys, commercial drivers and fees paid for technical certifications required by medical technicians, notaries, surveyors, divers and operators of special equipment.

615.02 Assn. Membership Dues & Fees: \$55,000 – This account provides expenditures for memberships in professional and trade associations such as Northwest Public Power Association and Southeast Alaska Petroleum Resource Organization.

630.01 Building and Operating Permits: \$125,000 - This account provides expenditures for permits required for construction, environmental, occupancy and operations required by the Federal Energy Regulatory Commission, Alaska Department of Environmental Conservation and Department of Transportation for right-of-way and traffic control permits.

630.02 Vehicle Licenses: \$1,000 – This account provides expenditures for licensing the division's vehicles for operations on public highways.

635.02 Janitorial and Cleaning Services: \$15,000 – This account provides expenditures for services to clean facilities and equipment owned or leased by the City. Included are janitorial, carpet cleaning and laundry services.

635.03 Vehicle Maintenance Services: \$5,000 – This account provides expenditures for the repair and maintenance of the division's vehicles by third-party providers. Included are licensed and unlicensed rolling stock and boats. This account includes contract labor and materials required to provide the service.

635.04 Software and Equipment Maintenance Services: \$120,000 - This account provides expenditures for maintenance agreements to support licensed software systems and other technology based systems that include both software and hardware components such as OSI for the SCADA system, Cannon for the automated meter reading system and AutoCAD for the computer aided geographic information system (GIS).

635.06 Buildings and Grounds Maintenance Services: \$5,000 - This account provides expenditures for repair and maintenance of buildings and the upkeep of grounds owned or leased by the City. This includes contract labor and materials required to provide the service.

635.08 Infrastructure and Plant Maintenance Services: \$40,000 - This account provides expenditures for repair and maintenance of infrastructure owned or leased by the City. This includes contract labor and materials required to provide the service.

635.09 Disposal Services: \$15,000 - This account provides expenditures for the disposal of hazardous materials such as PCBs, asbestos and lead, transformers and other environmentally sensitive material.

635.12 Technical Services: \$650,000 - This account provides expenditures for services that are not regarded as professional but require technical or special knowledge. Included are tree pruning and substation vegetation control.

635.14 Other Contractual Services: \$25,000 - This account provides expenditures for contractual services not identified in the account classifications under contractual services such as oil and water analysis, abatement and equipment, and tool dielectric tests.

640.02 Engineering and Architectural Services: \$100,000 - This account provides expenditures for engineering services for hydrology studies, system protection, system assessment and load growth studies.

640.04 Management and Consulting Services: \$265,000 - This account provides expenditures for management and consulting services. Included are project management, rate studies, management studies and other management and consulting engagements requiring persons or firms with specialized skills and knowledge such as FERC, DEC, OSHA and National Electric Safety Code.

645.01 Rents and Leases - Land and Buildings: \$92,000 - This account provides expenditures for the rent and lease of land and buildings for storage yards, covered storage facilities, and additional office space, exact cost to be determined.

645.02 Rents and Leases - Machinery & Equipment: \$30,000 - This account provides expenditures for the rent and lease of machinery and equipment. Both operating and capital leases are accounted for in this account.

650.01 Telecommunications: \$262,925 - This account provides expenditures for wired and wireless telecommunication services. Included are landline and cell phone services, network and data services, charges for wired and wireless telecommunications services, Internet, long distance and toll-free numbers. Purchases of cell phones are also charged to this account.

650.02 Electric, Water, Sewer & Solid Waste: \$50,000 - This account provides expenditures for electric, water, sewer and solid waste utility services.

790.15 Furniture and Fixtures: \$6,000 - This account provides expenditures for acquisition of furniture and fixtures. Included are desks, chairs, tables, workstations, file cabinets, storage cabinets and building fixtures. Upgrades to office configurations for utility operators that maximize limited space will require new office furniture.

790.26 Computers, Printers and Copiers \$25,000 - This account provides expenditures for machinery and equipment usually composed of a complex combination of parts. Included are office equipment and operating equipment required to provide services or maintain capital assets. The Electric Division will acquire six new desktop computer workstations, nine monitors, one laptop, three printers, and several UPC battery backups for staff per the computer replacement schedule developed by the Information Technology Department.

790.35 Software: \$6,500 - This account provides expenditures for acquisition of software systems and upgrades not covered by maintenance agreements.

800.00 Interdepartmental Charges – Administrative: \$273,910 - This account provides expenditures for administrative and management services provided by the departments of the City Council, City Clerk, City Attorney and the administrative office of the City Manager.

801.01 Interdepartmental Charges – Human Resources: \$144,070 - This account provides expenditures for human resource services provided by the Human Resources Division.

KETCHIKAN PUBLIC UTILITIES
2025 Operating and Capital Budget
Electric Division

Operations 5200

802.00 Interdepartmental Charges - Finance: \$624,740 - this account provides expenditures for financial, accounting, payroll, accounts payable, billing, customer service and budgeting services provided by the Finance Department.

803.01 Interdepartmental Charges – Information Technology: \$353,570 - This account provides expenditures for information technology services provided by the Information Technology Department.

825.01 Interdepartmental Charges – Insurance: \$530,920 - This account provides expenditures for risk management services and claims.

931.01 Debt Service-Principal: \$915,000 - This account provides expenditures for principal on revenue bonds.

932.01 Debt Service-Interest: \$133,656 - This account provides expenditures for interest on revenue bonds.

975.00 Payment in Lieu of Taxes: \$382,000 - This account provides expenditures for payments in lieu of taxes assessed against the enterprise funds of the City.

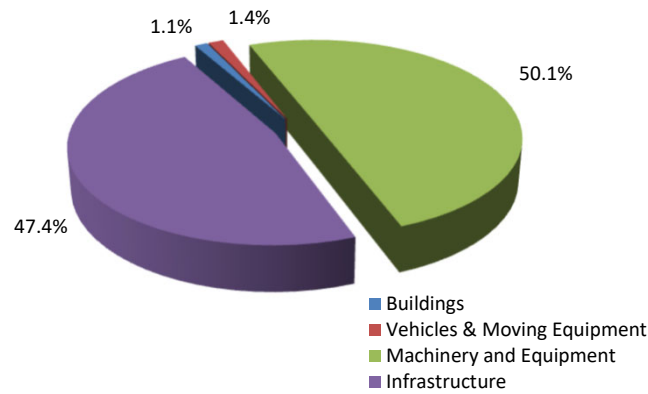
KETCHIKAN PUBLIC UTILITIES
2025 Operating and Capital Budget
Electric Division

Capital Budget

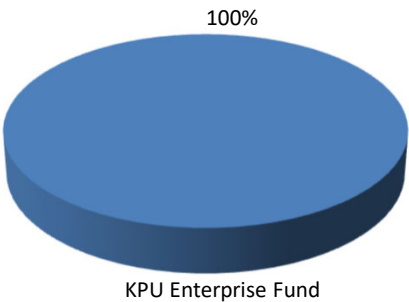
Major Capital Outlay	2023 Actual	2024 Budget			2025 Budget	2024 Adopted/2025	
		Adopted	Amended	Estimate		Incr(Decr)	%
705.00 Buildings	-	757,500	648,416	-	50,000	(598,416)	-93.4%
720.00 Vehicles and Moving Equipment	617,113	115,000	194,084	194,084	60,000	(55,000)	-47.8%
725.00 Machinery and Equipment	644,991	1,479,109	1,374,109	556,000	2,200,000	720,891	48.7%
730.00 Infrastructure	619,914	2,331,548	3,604,368	2,665,770	2,084,000	(247,548)	-10.6%
740.00 Other Capital Assets	-	-	-	-	-	-	0.0%
Total Major Capital Outlay	1,882,018	4,683,157	5,820,977	3,415,854	4,394,000	(289,157)	-6.2%

Capital Improvement Projects		Funding Sources			
		KPU Enterprise Fund	Grants	Bonds	Total
Project #	Project				
705.00 Buildings					
Priority - 7	Beaver Falls Powerhouse Exterior	50,000			50,000
	Total Buildings	50,000	-	-	50,000
720.00 Vehicles and Moving Equipment					
Priority - 13	Vehicles & Moving Equipment	60,000			60,000
	Total Vehicles and Moving Equipment	60,000	-	-	60,000
725.00 Machinery and Equipment					
Priority - 4	Whitman Tailrace Modification	1,500,000			1,500,000
Priority - 5	Whitman Incubation Pipe Flow Meter	50,000			50,000
Priority - 9	Transformer Purchases	200,000			200,000
Priority - 12	Battery Systems & Chargers	50,000			50,000
Priority - 14	Operating Equipment	300,000			300,000
Priority - 15	AMI, Meters and Meter Replacement Parts	100,000			100,000
	Total Machinery and Equipment	2,200,000	-	-	2,200,000
730.00 Infrastructure					
Priority - 1	Silvis Road Repair	810,000			810,000
Priority - 2	Ketchikan Lakes Project Relicensing	250,000			250,000
Priority - 3	Whitman Dam Crack Repair	120,000			120,000
Priority - 6	Ketchikan Lakes Utilities	50,000			50,000
Priority - 8	Distribution Line Maintenance	500,000			500,000
Priority - 10	Beaver Falls Relicensing	50,000			50,000
Priority - 11	Bailey Generator No. 4 Wartsila PLC Upgrade	140,000			140,000
Priority - 16	Additional Projects	164,000			164,000
	Total Infrastructure	2,084,000	-	-	2,084,000
	Total Capital Budget	4,394,000	-	-	4,394,000

Expenditures by Type



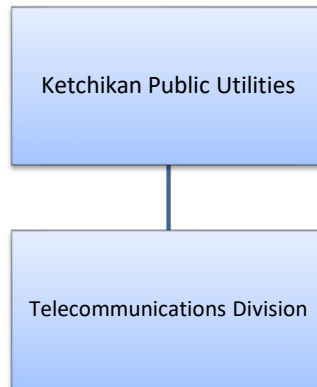
Expenditures by Funding Source



KETCHIKAN PUBLIC UTILITIES
2025 Operating and Capital Budget
Telecommunications Division

Summary

The Telecommunications Division is one of three utilities operated by Ketchikan Public Utilities and is owned by the City of Ketchikan. Operations include both regulated and non-regulated activity and provide service to approximately 6,600 customers.



The Telecommunications Division operates one division and oversees one Capital Improvement Program.

DEPARTMENT EXECUTIVE SUMMARY

Divisions/Cost Center/Programs	2023	2024 Budget			2025	2024 Adopted/2025	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Operations	16,986,800	18,199,127	18,234,418	17,046,828	17,021,142	(1,177,985)	-6.5%
Capital Improvement Program	3,629,431	3,820,265	3,820,265	2,987,000	3,426,500	(393,765)	-10.3%
Total	20,616,231	22,019,392	22,054,683	20,033,828	20,447,642	(1,571,750)	-7.1%

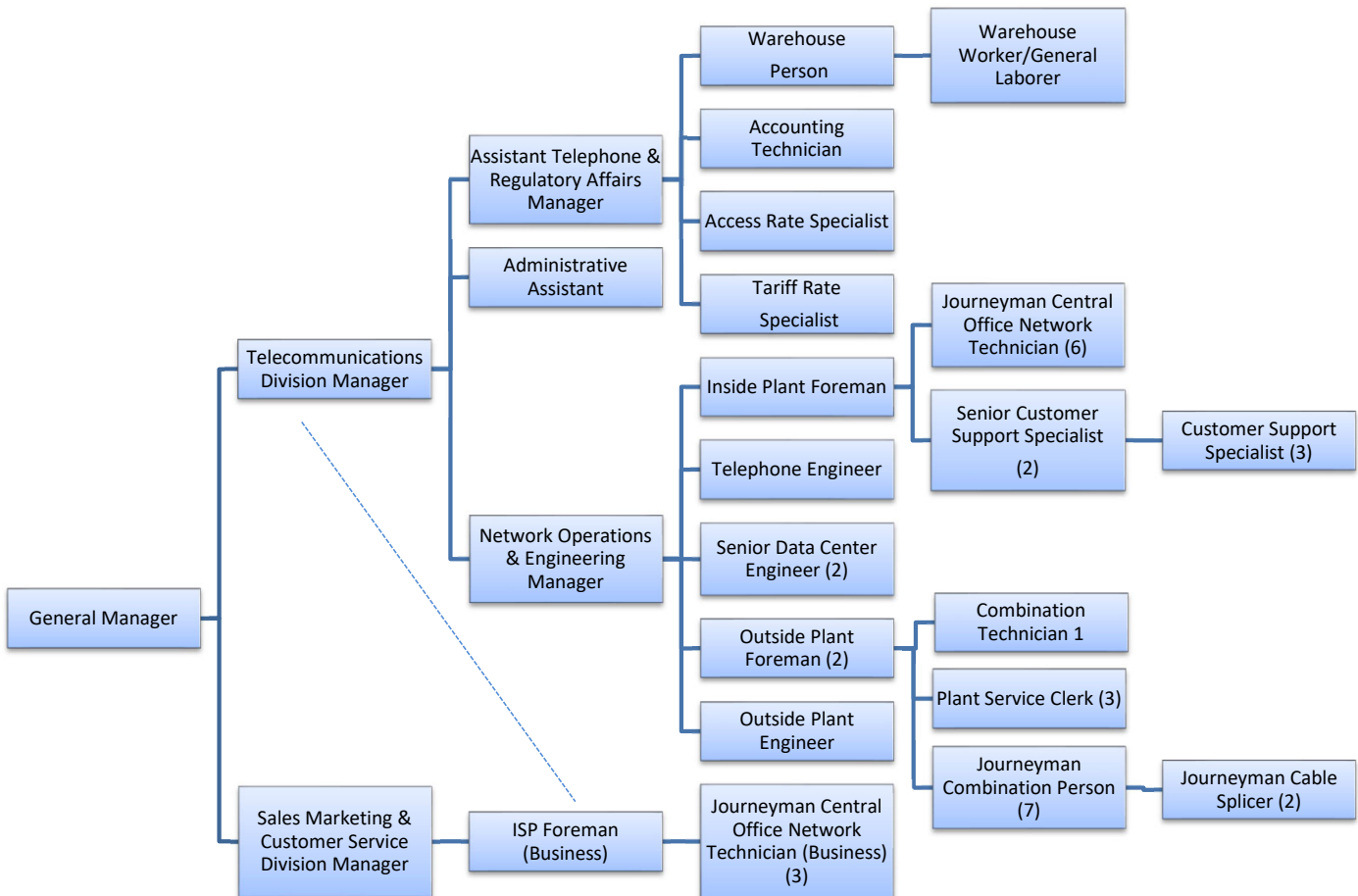
Expenditures by Category	2023	2024 Budget			2025	2024 Adopted/2025	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Personnel Services and Benefits	6,591,028	7,691,677	7,612,677	7,388,768	7,847,652	155,975	2.0%
Supplies	877,092	1,009,250	1,049,541	848,900	966,250	(43,000)	-4.3%
Contract/Purchased Services	7,003,526	6,945,700	7,019,700	6,590,400	5,804,500	(1,141,200)	-16.4%
Minor Capital Outlay	17,128	21,000	21,000	14,000	21,000	-	0.0%
Interdepartmental Charges	1,142,122	1,578,550	1,578,550	1,251,810	1,427,040	(151,510)	-9.6%
Debt Service	1,149,505	746,550	746,550	746,550	748,300	1,750	0.2%
Payment in Lieu of Taxes	206,400	206,400	206,400	206,400	206,400	-	0.0%
Major Capital Outlay	3,629,431	3,820,265	3,820,265	2,987,000	3,426,500	(393,765)	-10.3%
Total	20,616,231	22,019,392	22,054,683	20,033,828	20,447,642	(1,571,750)	-7.1%

Funding Source	2023	2024 Budget			2025	2024 Adopted/2025	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
KPU Enterprise Fund	20,616,231	22,019,392	22,054,683	20,033,828	20,447,642	(1,571,750)	-7.1%
Revenue Bond	-	-	-	-	-	-	NA
Total	20,616,231	22,019,392	22,054,683	20,033,828	20,447,642	(1,571,750)	-7.1%

Full-time Equivalent Personnel	2023	2024 Budget		2025		2024 Adopted/2025	
	Actual	Adopted	Amended	Budget	Salary	Incr(Decr)	%
Operations	43.00	43.00	43.00	43.00	4,556,321	-	0.0%
Total	43.00	43.00	43.00	43.00	4,556,321	-	0.0%

MISSION STATEMENT

The Telecommunications Division is committed to providing high quality telecommunication products and services to residents and businesses of the City of Ketchikan and the Ketchikan Gateway Borough at competitive rates. The division strives to maintain quality customer service and competitive pricing, while concurrently working to maximize the utility's value to its owner, the City of Ketchikan. The Telecommunications Division will continue to introduce new cost effective technologies that will aid in the community's economic growth. The division stands ready to assist its customers as efficiently and effectively as possible within guidelines established by federal and state law, the Charter of the City of Ketchikan, the Ketchikan Municipal Code and the ratepayers of the utility as represented by the City Council.



GOALS FOR 2025

The KPU Telecommunications (KPUTel) Division's 2025 operating and capital budget goals are primarily divided between Revenue & Competitive Strategy, Efficiency, and Quality of Service & Ongoing Operations.

Revenue & Competitive Strategy:

The sunset of the KPU TV product in 2024 marked the end to a successful foray into the video business. It also had a significant impact to the Telecommunications Division 2025 budget in reducing revenues and associated expenses.

KPUTel has made significant progress in providing fiber to the home services in MDU (multiple dwelling unit) buildings over the last couple of years. Projects for 2024 included Schoenbar Apartments, Mary Francis and Saxman Senior Home among others. KPU Tel will continue this program so that all customers have access to our highest internet speeds.

2024 marked the eleventh full year of operation for KPU's Verizon wireless 'roaming data and voice' 4G/LTE network. Investment in

the 4G/LTE network effectively enabled KPU Telecommunications to fund the construction of the digital microwave system (to Canada); purchase an IRU (private ownership of circuit capacity on GCI's undersea cable to Seattle); own/operate a Verizon agent store, which was closed in 2022; and construct a 4G/LTE wireless system in Ketchikan and Skagway. The new KetchCan1 subsea fiber plays a key role in KPUTel's competitive future, enabling KPUTel to offer higher-speed internet service at reasonable rates, and otherwise be in a position to add capacity and services at any time, no matter what the broadband future might require. Additionally, KetchCan1 allows KPUTel to sell wholesale capacity to other providers and negotiate more effectively in increasing network redundancy.

Notably, the new subsea fiber enabled KPUTel to disconnect expensive (and limited) network capacity – previously leased from KPUTel's primary competitor. The debt service (annual bond payment) is less than what KPUTel previously paid its primary competitor for the lease of network transport.

The new undersea cable has performed flawlessly since the November 1, 2020 in-service date.

KPUTel has determined that the digital microwave system has served its purpose and no longer provides adequate capacity to serve as a viable redundancy route. KPUTel will be looking at other options to provide needed redundancy in the event of a break of KetchCan1.

KPUTel has significantly improved its cyber-security protection over the last few years by purchasing a best-in-class XDR (Extended Detection and Response) security solution deployed to detect network threats. The solution applies advanced machine learning profiling, and service-layer discovery to keep networks and devices safe from cyber-attacks. This solution has subsequently been turned into a service so that other customers may increase their protection against cyber-attacks. KPUTel has migrated this system into the cloud, which has an impact on the operating budget, but opens up server capacity in the datacenter to sell to customers.

KPUTel launched a unified communication platform that integrates WebEx into the Broadsoft switch. This allows amazing customer flexibility in integrating and managing voice calls into all of their devices and locations. KPUTel will continue our innovation by looking at new products and services that our customers desire and demand.

Efficiency:

The 2025 KPUTel budget includes a job classification change of one Journeyman Combination Technician position to a Telephone Apprentice position.

KPUTel has struggled to fill Journeyman Combination Technician's so adding the Apprentice Position will enable us to prepare for some known retirements while lessening the budget impact in the short term. Five of KPU's current employees have gone through the Apprentice Program, and IBEW has updated and improved the program to teach the necessary skills required for KPUTel's advanced network. We had looked at the possibility of developing these skills internally, but determined that we did not have the necessary depth for the comprehensive training required for this position.

Although the sunset of the KPU TV product will decrease manpower needs over time, there is a significant need in the shorter term to complete the decommissioning and removal of the KPU TV headend, continue the buildout of fiber into Multi Dwelling Unit buildings, and complete fiber overlay projects to fulfill our performance obligations for the Alaska Connect Fund. KPUTel is also looking at other opportunities that may require additional manpower in the longer term. As retirements and resignations happen over the next few years we will balance and manage our manpower needs without requiring layoffs.

We will also be looking at a tiered job structure for the Customer Support Specialist and Central Office Network Technician positions. This restructuring will allow employees to gain the experience and skills necessary for promotion without leaving KPU and working elsewhere to gain the requisite expertise for higher-level positions. This will provide a growth path for the employees in these positions to progress as they acquire more skills. With this restructuring, good employees can be retained while having opportunities for advancement within the organization, thus increasing morale and minimizing staff turnover costs.

Noteworthy investments in the 2025 Capital Budget include:

The COVID-related minimal capital budgets in 2021 and 2022 caused the deferral of important projects. While this created large budget surpluses for the division in 2021 and 2022, it came at the expense of causing the division to defer the significant investment necessary to meet ongoing customer demand for reliable telecommunications services. The 2023 and 2024 budgets helped in rectifying some of the impacts of deferring capital investment. We have normalized our Capital Budget for 2025 and was targeted to keep pace with depreciation. Some of the major projects are as follows:

Fiber to the Home – Several areas will require supplemental fiber construction to relieve a shortage of fiber including Bear Valley Carlanna, Forest Park, and Park Ave. We will address some of these areas in 2025.
4G-LTE – Fully implement the AWS 3 spectrum to add capacity and/or coverage including Skagway, Bear Valley, and downtown Ketchikan.
Server Environment - Replacement of end of life host servers is programmed for the 2025 budget.
KetchCan1 Subsea Fiber Cable – This was appropriated by the City Council in 2022 and needs to continue to be appropriated annually for budgeting and accounting purposes. The impact is that it artificially increases our Capital Budget.

The balance of the division's capital requirements relative to revenue and competitive strategy are primarily focused on more routine network moves – adds-and-changes necessary to meet growth in KPUTel services and other routine revenue-generating items.

Quality of Service/Ongoing Operations:

The division's 2025 total operating budget represents a decrease of \$1,297,783 or 7.1% less than the 2024 adopted budget. The 2024 operating budget decrease is largely due to the expense reductions for the sunset of the KPU TV product. The proposed spending plan will accomplish the goals of filling gaps in present operational needs, while maintaining a high quality of service without risking ongoing operations.

ACCOMPLISHMENTS FOR 2024

Administration

- Advocated via the Alaska Telecom Association, with the Federal Communications Commission to extend the Alaska Plan which the FCC has called the Alaska Connect Fund. The order is anticipated to be out in September of 2024
- Developed and implemented plans to sunset the KPU TV product on September 20, 2024.
- Completed redundancy projects with CityWest improve our redundancy position and increased bandwidth.
- Increased Internet speeds by over fifteen percent.
- Transitioned the operation and maintenance of the IBM iSeries that support the KPUTel billing platform from City IT to KPU IT.
- Participated in State Legislative Fly-in and informed representatives about the telecom industry progress.
- Made amendment to state bill that was passed regarding Alaska Universal Service Fund.
- Launched new Webex product for unified communications.
- Negotiated new rates for 4G LTE and ability to utilize AWS 3 spectrum to improve capacity. Upgraded Skagway site and added new carriers to Eichner and Hospital sites.
- Applied for NTIA Digital Equity Competitive Grant Program to serve Pennock and Clam Cove.
- Held meetings with the FCC and filed ex-parte regarding competitive overlap.
- Managed the implementation of new city wide time and attendance software.
- Implemented FCC mandated broadband nutrition labels.

4G LTE / Microwave

- Doubled our sector count in Skagway to improve service.
- AWS band 3 to 4 existing sectors in Ketchikan are currently being tested, with a go live date at the end of September.

Facility

- 2x more full racks of customers in the data center.
- FTTH capacity increased island wide.
- New TelcoBridges (Class 4 Softswitch) installed at the Main CO.

Core

- Three weeks of internal/external penetration testing via Rapid 7.
- A VLAN per user network segmentation control combined with L3/L4 ACLs was implemented to improve monitoring and reduce lateral movement for every employee.
- Upgrades to our Wi-Fi network to include Wi-Fi 6E and WPA3 with 20 character unique complex passwords per employee.
- Ekahau Sidekick 2 wireless diagnostic training.

Voice

- New Oracle Session Border Controller firewalls fully installed and operational.
- New NetSapiens (Class 5 Switch) installed and operational with Broadworks.
- SIGTRAN implementation is engineered and ready to implement post subsea fiber redundancy.
- Webex/BW solutions to 20 new customers with 111 users utilizing calling, chat and meeting features.

Video

- Hosted three customer education/training workshops to showcase streaming options available to our customers.
- Assisted hundreds of customers in their homes to migrate to popular streaming options such as Hulu, Fubo or DirecTV.
- September 29, 2024 will be the last day IPTV will be active.

Systems and Datacenter

- Implemented AD (Active Directory), on premises) and Microsoft Entra ID (Microsoft cloud authentication) vulnerability remediation.
- Incorporated FIDO2 (Fast Identity Online) Security Keys (Yubikeys) into the user authentication process.
- Implementation of Keeper password manager and the Prisma Access Browser to extend Zero trust to the Browser.
- Implementation of new Unity 380 Disk Array.
- Veeam production backups migration project completed.

Line Crew & Splicers

- New copper air compressor system installed across 80% of telecom's network.
- Back Island RFP awarded to KPU Tel.
- Skyline Condo MDU project estimated completion Q4 2024.
- Saxman Senior Center MDU project estimated completion Q4 2024.
- Schoenbar Apartments MDU project complete.
- Yorktown MDU project complete.

Install & Trouble Tickets to Date (9/10/24)

- 630 new installs completed.
- 719 resolved residential trouble tickets.
- 102 new fiber drops to customers.

Hosted Business Group to Date (9/10/24)

- 514 resolved business trouble tickets.
- 89 new installs completed.
- 41 camera installs from Berth 1 to Berth 3.

KETCHIKAN PUBLIC UTILITIES
2025 Operating and Capital Budget
Telecommunications Division

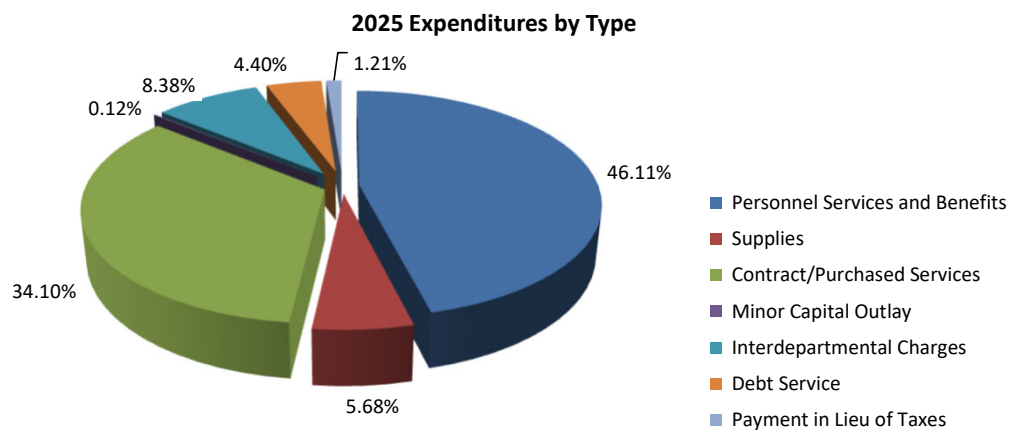
Operations 5300

DIVISION SUMMARY							
Expenditures by Category	2023	2024 Budget			2025	2024 Adopted/2025	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Personnel Services and Benefits	6,591,028	7,691,677	7,612,677	7,388,768	7,847,652	155,975	2.0%
Supplies	877,092	1,009,250	1,049,541	848,900	966,250	(43,000)	-4.3%
Contract/Purchased Services	7,003,526	6,945,700	7,019,700	6,590,400	5,804,500	(1,141,200)	-16.4%
Minor Capital Outlay	17,128	21,000	21,000	14,000	21,000	-	0.0%
Interdepartmental Charges	1,142,122	1,578,550	1,578,550	1,251,810	1,427,040	(151,510)	-9.6%
Debt Service	1,149,505	746,550	746,550	746,550	748,300	1,750	0.2%
Payment in Lieu of Taxes	206,400	206,400	206,400	206,400	206,400	-	0.0%
Total Expenditures	16,986,800	18,199,127	18,234,418	17,046,828	17,021,142	(1,177,985)	-6.5%
Funding Source	2023	2024 Budget			2025	2024 Adopted/2025	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
KPU Enterprise Fund	16,986,800	18,199,127	18,234,418	17,046,828	17,021,142	(1,177,985)	-6.5%
Total Funding	16,986,800	18,199,127	18,234,418	17,046,828	17,021,142	(1,177,985)	-6.5%

KETCHIKAN PUBLIC UTILITIES
2025 Operating and Capital Budget
Telecommunications Division

Operations 5300

Full-time Equivalent Personnel	2023	2024 Budget		2025		2024 Adopted/2025	
	Actual	Adopted	Amended	Budget	Salary	Incr(Decr)	%
EXECUTIVE & PLANNING							
Division Manager	1.00	1.00	1.00	1.00	208,115	-	0.0%
Office Manager	1.00	1.00	1.00	1.00	69,423	-	0.0%
GENERAL & ADMINISTRATIVE							
Assistant Manager	1.00	1.00	1.00	1.00	164,957	-	0.0%
Tariff Specialist	1.00	1.00	1.00	1.00	82,747	-	0.0%
Access Rate Specialist	1.00	1.00	1.00	1.00	67,192	-	0.0%
Accounting Technician	1.00	1.00	1.00	1.00	64,102	-	0.0%
ENGINEERING SERVICES							
Engineering Manager	1.00	1.00	1.00	1.00	188,541	-	0.0%
Engineer	1.00	1.00	1.00	1.00	144,323	-	0.0%
Senior Datacenter Engineer	1.00	2.00	2.00	2.00	245,411	-	0.0%
Outside Plant Engineer	1.00	1.00	1.00	1.00	140,089	-	0.0%
PLANT SPECIFIC							
Outside Plant Foreman	2.00	2.00	2.00	2.00	235,309	-	0.0%
Journeyman Cable Splicer	2.00	2.00	2.00	2.00	214,768	-	0.0%
Journeyman Combination Tech	8.00	7.00	7.00	7.00	712,271	-	0.0%
Inside Plant Foreman	2.00	2.00	2.00	2.00	254,374	-	0.0%
Journeyman CO Network Tech	8.00	9.00	9.00	9.00	1,017,514	-	0.0%
Sr. Customer Support Specialist	2.00	2.00	2.00	2.00	144,458	-	0.0%
Customer Support Specialist	3.00	3.00	3.00	3.00	206,038	-	0.0%
Combination Technician 1	-	-	-	-	-	-	0.0%
PLANT NON-SPECIFIC							
Plant Manager	1.00	-	-	-	-	-	0.0%
Plant Service Clerk	3.00	3.00	3.00	3.00	233,136	-	0.0%
Warehouse Worker	1.00	1.00	1.00	1.00	86,610	-	0.0%
Warehouse Worker/Laborer	1.00	1.00	1.00	1.00	76,943	-	0.0%
Total	43.00	43.00	43.00	43.00	4,556,321	-	0.0%



KETCHIKAN PUBLIC UTILITIES
2025 Operating and Capital Budget
Telecommunications Division

Operations 5300

OPERATING BUDGET CHANGES FOR 2025

Changes between the adopted operating budget for 2024 and the proposed operating budget for 2025 that are greater/lesser than 5% and \$5,000 are discussed below:

- Broadcast Content Fees (Account No. 630.04) decreased by \$1,600,000, or 100.0% due to the sunseting of IPTV services.
- Engineering & Architectural Services (Account No. 640.02) increased by \$155,000 or by 46.3%, due to the increased professional technical assistance required to accomplish network security initiatives and overall increases in billing rates for technical professional services.
- Rents & Leases-Infrastructure (Account No. 645.04) increased by \$200,000, or 7.5%, due to an increase in broadband access service charges. This increase will be equally offset by an increase in revenues.
- Debt Service-Principal (Account No. 931.01) increased by \$20,000, or by 5.5%, due to the increased payments toward principal in 2024.
- Other Contractual Services (Account No. 635.14) increased by \$125,000 or by 89.3%, due to the increased licensing requirements and professional technical assistance required to accomplish network security initiatives, and to overall increases in billing rates for both

DIVISION OPERATING BUDGET DETAIL

Operating Expenditures			2023	2024 Budget		2025	2024 Adopted/2025		
			Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Personnel Services and Benefits									
500	.01	Regular Salaries and Wages	3,725,773	4,526,936	4,247,936	4,214,904	4,556,321	29,385	0.6%
500	.05	Longevity Pay	32,550	36,475	36,475	36,125	37,700	1,225	3.4%
501	.01	Overtime Wages	535,537	350,000	550,000	550,000	350,000	-	0.0%
502	.01	Temporary Wages	11,937	20,000	20,000	20,000	24,000	4,000	20.0%
505	.00	Payroll Taxes	320,340	377,418	377,418	359,925	391,740	14,322	3.8%
506	.00	Pension	804,186	938,230	938,230	888,000	960,000	21,770	2.3%
507	.00	Health and Life Insurance	992,829	1,195,274	1,195,274	1,083,970	1,233,150	37,876	3.2%
507	.30	Workers Compensation	66,059	74,330	74,330	74,330	89,775	15,445	20.8%
508	.00	Other Benefits	86,125	145,764	145,764	145,764	176,466	30,702	21.1%
509	.04	Allowances-KPU Clothing	7,140	7,250	7,250	7,250	8,500	1,250	17.2%
509	.07	Allowances- Moving Expense	6,426	15,000	15,000	5,500	15,000	-	0.0%
509	.09	Allowances-Incentive Pay	2,128	5,000	5,000	3,000	5,000	-	0.0%
Personnel Services and Benefits			6,591,028	7,691,677	7,612,677	7,388,768	7,847,652	155,975	2.0%
Supplies									
510	.01	Office Supplies	7,759	10,000	10,000	10,000	10,000	-	0.0%
510	.02	Operating Supplies	31,225	26,000	26,000	26,000	26,000	-	0.0%
510	.03	Safety Program Supplies	6,845	19,000	19,000	7,300	15,000	(4,000)	-21.1%
510	.04	Janitorial Supplies	4,890	5,500	5,500	5,000	5,500	-	0.0%
510	.05	Small Tools & Equipment	28,276	35,000	35,000	32,000	35,000	-	0.0%
510	.07	Food & Catering	4,378	3,000	3,000	3,000	3,000	-	0.0%
515	.01	Vehicle Maintenance Materials	30,379	25,000	25,000	25,000	25,000	-	0.0%
515	.02	Building & Grounds Maint Materials	13,707	15,000	15,000	14,000	15,000	-	0.0%
515	.05	Infrastructure & Plant Maint Materials	651,373	750,000	790,291	625,000	715,000	(35,000)	-4.7%
520	.02	Postage	534	1,000	1,000	300	1,000	-	0.0%
520	.04	Freight-Materials & Supplies	43,738	55,000	55,000	45,000	51,000	(4,000)	-7.3%
525	.03	Heating Fuel	7,113	10,000	10,000	8,000	10,000	-	0.0%
525	.04	Vehicle Motor Fuel & Lubricants	28,273	33,000	33,000	28,000	33,000	-	0.0%
530	.02	Periodicals	1,490	1,500	1,500	1,500	1,500	-	0.0%
530	.03	Professional & Technical Publications	2,161	2,000	2,000	2,000	2,000	-	0.0%
535	.02	Business and Meal Expenses	1,326	1,250	1,250	800	1,250	-	0.0%
535	.04	Uniforms/Badges/Clothing	13,624	17,000	17,000	16,000	17,000	-	0.0%
Supplies			877,092	1,009,250	1,049,541	848,900	966,250	(43,000)	-4.3%

KETCHIKAN PUBLIC UTILITIES
2025 Operating and Capital Budget
Telecommunications Division

Operations 5300

Operating Expenditures		2023	2024 Budget			2025	2024 Adopted/2025	
		Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Contract/Purchased Services								
600 .01	Travel-Business	35,992	49,500	49,500	49,500	54,000	4,500	9.1%
600 .02	Travel-Training	20,259	37,500	37,500	37,500	41,500	4,000	10.7%
600 .03	Travel-Training and Education	37,608	21,500	21,500	21,500	26,000	4,500	20.9%
605 .01	Ads & Public Announcements	83,433	54,000	83,000	83,000	58,500	4,500	8.3%
605 .02	Marketing	-	1,000	1,000	-	1,000	-	0.0%
610 .01	Community Promotion	1,715	4,000	4,000	4,000	4,000	-	0.0%
610 .02	Grant Awards	65,384	73,700	73,700	73,700	-	(73,700)	-100.0%
615 .01	Professional Licenses & Cert	-	-	-	-	-	-	NA
615 .02	Assn. Membership Dues & Fees	49,340	46,000	46,000	46,000	50,000	4,000	8.7%
630 .01	Building & Operating Permits	210,547	230,000	230,000	225,000	230,000	-	0.0%
630 .02	Vehicle Licenses	236	500	500	400	500	-	0.0%
630 .03	Bank & Merchant Fees	30	1,000	1,000	-	1,000	-	0.0%
630 .04	Broadcast Content Fees	1,632,246	1,600,000	1,340,000	1,060,000	-	(1,600,000)	-100.0%
635 .02	Janitorial & Cleaning Services	19,800	25,000	25,000	19,800	25,000	-	0.0%
635 .03	Vehicle Maintenance Services	7,155	15,000	15,000	8,000	11,000	(4,000)	-26.7%
635 .04	Software & Equip. Maint. Services	934,010	700,000	750,000	750,000	730,000	30,000	4.3%
635 .06	Building and Grounds Maint. Svc	26,416	25,000	25,000	25,000	25,000	-	0.0%
635 .07	Machinery & Equipment Maint. Svc	1,790	5,000	5,000	3,000	5,000	-	0.0%
635 .08	Infrastructure Maint. Services	58,542	65,000	65,000	40,000	65,000	-	0.0%
635 .12	Technical Services	112,509	115,000	115,000	115,000	120,000	5,000	4.3%
635 .14	Other Contractual Services	171,239	140,000	225,000	225,000	265,000	125,000	89.3%
640 .01	Legal and Accounting Services	20,565	30,000	30,000	25,000	30,000	-	0.0%
640 .02	Engineering & Architectural Services	314,705	335,000	505,000	505,000	490,000	155,000	46.3%
640 .04	Management & Consulting Services	134,029	130,000	130,000	110,000	130,000	-	0.0%
645 .01	Rents and Leases-Land & Buildings	186,793	185,000	185,000	162,000	185,000	-	0.0%
645 .02	Rents and Leases-Machinery & Equip	508	2,000	2,000	2,000	2,000	-	0.0%
645 .04	Rents and Leases-Infrastructure	2,486,062	2,650,000	2,650,000	2,610,000	2,850,000	200,000	7.5%
650 .01	Telecommunications	168,093	175,000	175,000	170,000	175,000	-	0.0%
650 .02	Electric, Water, Sewer & Solid Waste	224,520	230,000	230,000	220,000	230,000	-	0.0%
Contract/Purchased Services		7,003,526	6,945,700	7,019,700	6,590,400	5,804,500	(1,141,200)	-16.4%
Minor Capital Outlay								
790 .15	Furniture and Fixtures	14,596	10,000	10,000	8,000	10,000	-	0.0%
790 .25	Machinery and Equipment	2,531	10,000	10,000	5,000	10,000	-	0.0%
790 .26	Computers, Printers & Copiers	-	-	-	-	-	-	0.0%
790 .35	Software	-	1,000	1,000	1,000	1,000	-	0.0%
Minor Capital Outlay		17,128	21,000	21,000	14,000	21,000	-	0.0%
Interdepartmental Charges								
800 .00	Interdept'I-Administrative	170,824	191,260	191,260	182,270	218,010	26,750	14.0%
801 .01	Interdept'I-Human Resources	95,956	138,680	138,680	106,990	147,350	8,670	6.3%
802 .00	Interdept'I-Finance	378,797	450,580	450,580	417,620	497,240	46,660	10.4%
803 .01	Interdept'I-Information Tech	352,519	606,260	606,260	353,160	350,540	(255,720)	-42.2%
825 .01	Interdept'I-Insurance	144,026	191,770	191,770	191,770	213,900	22,130	11.5%
Interdepartmental Charges		1,142,122	1,578,550	1,578,550	1,251,810	1,427,040	(151,510)	-9.6%

KETCHIKAN PUBLIC UTILITIES
2025 Operating and Capital Budget
Telecommunications Division

Operations 5300

Operating Expenditures	2023	2024 Budget			2025	2024 Adopted/2025	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Debt Service							
931 .01 Debt Service-Principal	735,101	365,000	365,000	365,000	385,000	20,000	5.5%
932 .01 Debt Service-Interest	414,404	381,550	381,550	381,550	363,300	(18,250)	-4.8%
Debt Service	1,149,505	746,550	746,550	746,550	748,300	1,750	0.2%
Other Costs							
975 .00 Payment in Lieu of Taxes	206,400	206,400	206,400	206,400	206,400	-	0.0%
Other Costs	206,400	206,400	206,400	206,400	206,400	-	0.0%
Total Expenditures by Type	16,986,800	18,199,127	18,234,418	17,046,828	17,021,142	(1,177,985)	-6.5%

NARRATIVE

500.01 Regular Salaries and Wages: \$4,556,321 – This account provides expenditures for the cost of annual salaries and wages paid to the employees of the Telecommunications Division.

500.05 Longevity Pay: \$37,700 – Employees may be awarded a bonus upon their anniversary to recognize employees who have remained with the City and KPU for at least 15 years.

501.01 Overtime Wages: \$350,000 – This account provides expenditures for premium compensation paid to all non-exempt regular and temporary hourly employees for hours worked in excess of a regular working cycle. These excess hours typically occur because of scheduled after hours maintenance activity, callouts, emergencies arising from outages and equipment failure and spikes in the workload that is driven by customer demand.

502.01 Temporary Wages: \$24,000 – This account provides expenditures for compensation paid to temporary salaried and hourly employees of the Telecommunications Division during peak workload conditions or to assist with special or temporary projects. These projects can include warehouse projects, tree trimming, trouble desk call support, flagging, etc.

505.00 Payroll Taxes: \$391,740 – This account provides expenditures for employer contributions for Social Security and Medicare and other similar payroll related taxes.

506.00 Pension: \$960,000 – This account provides expenditures for employer contributions to Alaska Public Employees Retirement System and the IBEW Alaska Health and Welfare Trust retirement plans.

507.00 Health and Life Insurance: \$1,233,150 – This account provides expenditures for employer contributions to employee health and life insurance plans.

507.30 Workers Compensation: \$89,775 – This account provides expenditures for employer contributions to workers compensation insurance.

508.00 Other Benefits: \$176,466 – This account provides expenditures for direct claims from former employees for unemployment benefits paid by the State of Alaska and accrued vacation and sick leave.

509.04 Allowances-KPU Clothing: \$8,500 – This account provides expenditures for employer provided protective clothing allowances paid directly to represented employees of the Telecommunications Division pursuant to collective bargaining agreements or the Personnel Rules.

509.07 Allowances - Moving Expense: \$15,000 – This account provides expenditures for direct payments or reimbursements to employees for expenditures incurred to relocate to Ketchikan.

509.09 Allowances-Incentive Pay: \$5,000 – This account provides expenditures for employee incentive and suggestion programs. These benefits are taxable to the employees.

510.01 Office Supplies: \$10,000 – This account provides expenditures for paper, pens, pencils, adding machine ribbons and tape, note pads, file folders, scotch tape, toner, ink cartridges, photocopy charges, small desk accessories and minor office equipment such as adding machines, staplers, comb binding machines and tape dispensers.

510.02 Operating Supplies: \$26,000 – This account provides expenditures for supplies that are normally not of a maintenance nature and are required to support department operations. Included are supplies such as engineering materials, signage, printed supplies, and other supplies that do not meet the criteria of office supplies.

510.03 Safety Program Supplies: \$15,000 – This account provides expenditures for safety information brochures, safety training audio and video programs, safety equipment, OSHA required medical exams, specialized protective safety clothing and traffic control signage.

510.04 Janitorial Supplies: \$5,500 – This account provides expenditures for cleaning and sanitation supplies used by in-house and contracted janitors.

510.05 Small Tools and Equipment: \$35,000 – This account provides expenditures for minor tools, operating and office equipment with a value of less than \$1,000. Included are hand tools, chain saws, blow torches, hydraulic jacks, sump pumps, computer accessories, space heaters, kitchen and dining equipment, radios, calculators, file cabinets and similar types of minor tools and equipment.

510.07 Food & Catering: \$3,000 – This account provides expenditures for a small budget item to purchase food and refreshments to recognize special employee milestones such as retirement or other special occasions.

515.01 Vehicle Maintenance Materials: \$25,000 – This account provides expenditures for the repair and maintenance of vehicles used by the Telecommunications Division. Included are licensed and unlicensed rolling stock and the division's small boat.

515.02 Building and Grounds Maintenance Materials: \$15,000 – This account provides expenditures for materials required for the repair and maintenance of buildings and upkeep of the grounds owned or leased and operated by the Telecommunications Division.

515.05 Infrastructure and Plant Maintenance Materials: \$715,000 – This account provides expenditures for materials required for the repair and maintenance of infrastructure and plants owned or leased by the division. Included are overhead and underground telecommunication facilities and telecommunications central and remote office facilities including DSL modems, hosted PBX systems, and Internet maintenance equipment and installation materials.

520.02 Postage: \$1,000 – This account provides expenditures for postal related services such as postage, express delivery, mailing materials and the rent of post office boxes and postage machines.

520.04 Freight – Materials and Supplies: \$51,000 – This account provides expenditures for shipping or transporting supplies and material to and from vendors.

525.03 Heating Fuel: \$10,000 – This account provides expenditures for heating fuel to heat facilities owned or leased and operated by the division.

525.04 Vehicle Motor Fuel and Lubricants: \$33,000 – This account provides expenditures for gasoline, diesel fuel, propane and lubricants for vehicles used by the division.

530.02 Periodicals: \$1,500 – This account provides expenditures for the purchase of newspaper, magazine and trade journal subscriptions.

530.03 Professional and Technical Publications: \$2,000 – This account provides expenditures for professional handbooks, labor related publications, technical manuals, telecommunications code standards and industry related periodicals.

535.02 Business and Meal Expenses: \$1,250 – This account provides expenditures for reimbursements to employees for business and job related meals, mileage for use of personal vehicles and other business related expenses.

535.04 Uniforms/Badges/Clothing: \$17,000 – This account provides expenditures for employer provided uniforms, badges, and clothing necessary for customer facing employee positions. These benefits are non-taxable to the employees.

600.01 Travel-Business: \$54,000 – This account provides expenditures for transportation, lodging, meals, per diems and other incidental expenses associated with travel for business and trade meetings.

600.02 Travel-Training: \$41,500 – This account provides expenditures for transportation, lodging, meals, per diems and other incidental expenses associated with travel for training.

600.03 Training and Education: \$26,000 – This account provides expenditures for registration fees, training fees, training materials, tuition reimbursements and other incidental expenses associated with training and educating employees; and on-premises training programs provided by staff or third-parties.

605.01 Ads and Public Announcements: \$58,500 – This account provides expenditures for advertising and announcements in publications, newspapers, trade journals, Internet or broadcasts over radio and television. Included are legal notices, public service announcements, community issues, recruiting, requests for proposals, contracts, directory yellow page advertising and advertisements for sales of property and equipment.

605.02 Marketing: \$1,000 – This account provides expenditures for announcements in publications, newspapers, trade journals, Internet, or broadcasts over radio and television for marketing and promoting competitive services offered by the division.

610.01 Community Promotion: \$4,000 – This account provides expenditures for the promotion of community activities and programs. Included are scholarships benefitting local high school students and donations to civic organizations, sport teams and hosting or sponsoring community events.

615.02 Assn. Membership Dues & Fees: \$50,000 – This account provides expenditures for memberships in professional and trade associations such as the National Telecommunications Cooperative Association, Alaska Telecommunications Association, and Western Telecommunications Association. These industry organizations pool resources to influence regulations and coordinate legislative action plans. Additional memberships include the National Cable Television Cooperative, which provides the Telecommunications Division with much of its television content.

630.01 Building and Operating Permits: \$230,000 – This account provides expenditures for permits for construction, right-of-ways, and easements and regulatory fees for operations. Included in this account are USAC USF contributions, Interstate TRS for hearing impaired fees and caller ID data dip fees.

630.02 Vehicle Licenses: \$500 – This account provides expenditures for licensing the division's vehicles for operations on public highways.

630.03 Bank & Merchant Fees: \$1,000 – This account provides expenditures for monthly bank account service charges, merchant fees for use of credit and debit cards, wire transfer fees and other fees for banking services.

635.02 Janitorial & Cleaning Services: \$25,000 – This account provides expenditures for services to clean facilities and equipment owned or leased by the division. Included are janitorial, carpet cleaning and laundry services.

635.03 Vehicle Maintenance Services: \$11,000 – This account provides expenditures for the repair and maintenance of KPU vehicles by outside maintenance facilities. This account includes contract labor and materials required to provide the service.

635.04 Software and Equipment Maintenance Services: \$730,000 – This account provides expenditures for maintenance agreements to support licensed software and equipment systems. All of the primary equipment platforms the Telecommunications Division utilizes in providing services to customers such as its access and switching platforms require specialized software and maintenance support agreements so that staff can keep current versions of software and have access to their support services for outages or other technical difficulties. Also included are software services to support the division's automated provisioning, end user and carrier billing systems.

635.06 Building and Grounds Maintenance Services: \$25,000 – This account provides expenditure for the repair and maintenance of buildings and the upkeep of grounds owned or leased by the City/KPU. This account includes contract labor and materials required to provide the service.

635.07 Machinery & Equipment Maintenance Services: \$5,000 – This account provides expenditures for the repair and maintenance of office equipment, machinery and other operating equipment owned or leased by the City/KPU. This account includes contract labor and materials required to provide the service. It also includes service maintenance agreements for equipment that does not require software support and are paid on either a fixed fee or fee based on usage.

635.08 Infrastructure and Plant Maintenance Services: \$65,000 – This account provides expenditures for contractual services for the repair and maintenance of infrastructure owned or leased by the division. This account includes contract labor and materials required to provide the service. Included are overhead and underground telecommunication facilities and telecommunications central office.

635.12 Technical Services: \$120,000 – This account provides expenditures for the cost of the division's email platform and after-hours 24/7 help desk support. It is critical to KPU customers that they have access to after-hours support to resolve service problem issues. This also covers the cost of after hours network monitoring so that KPU may be notified of any larger outages and respond promptly.

635.14 Other Contractual Services: \$265,000 – This account provides expenditures for contractual services not identified in the account classifications under contractual services such as Signaling System 7 links and database charges, AECA tariff management, subsea fiber cable maintenance consortium and engineering design services.

640.01 Legal and Accounting Services: \$30,000 – This account provides expenditures for legal and accounting services. Included are contract attorney services, audit services, accounting and financial services, arbitration services, specialized legal services for complex issues that cannot be addressed by the City's Legal Department and other legal services.

640.02 Engineering & Architectural Services: \$490,000 – This account provides expenditures for engineering and consulting services such as professional engineering services to support the division's core network and Internet and hosted PBX infrastructure as well as any other specialized services that fall outside the scope of the division's current capabilities.

640.04 Management and Consulting Services: \$130,000 – This account provides expenditures for management and consulting services. Included are project management, cost studies, rate studies, management studies and other management and consulting engagements requiring persons or firms with specialized skills and knowledge.

645.01 Rents and Leases - Land and Buildings: \$185,000 – This account provides expenditures for the rent and lease of land and buildings. Included are offices, housing for temporary employees and space rental for events, storage yards and covered storage facilities. Both operating and capital leases are accounted for in this account.

645.02 Rents and Leases - Machinery & Equip: \$2,000 – This account provides expenditures for the rent and lease of machinery & equipment.

645.04 Rents and Leases – Infrastructure: \$2,850,000 – This account provides expenditures for the rent and lease of telecommunications facilities. Included are tower and transport leases for the division's 4G/LTE and microwave systems, subsea fiber cable consortium, cybersecurity, charges related to providing Internet connectivity, charges for DSL services, electric pole attachments and wholesale long distance minutes.

KETCHIKAN PUBLIC UTILITIES

2025 Operating and Capital Budget

Telecommunications Division

Operations 5300

650.01 Telecommunications: \$175,000 – This account provides expenditures for telecommunication services. Included are charges for wired and wireless telecommunications services, cell phones, Internet, long distance and toll-free numbers.

650.02 Electric, Water, Sewer & Solid Waste: \$230,000 – This account provides expenditures for electric, water, sewer, and solid waste utility services.

790.15 Furniture and Fixtures: \$10,000 – This account provides expenditures for acquisition of furniture and fixtures. Included are desks, chairs, tables, workstations, file cabinets, storage cabinets and building fixtures replaced as needed. Additional desks will be purchased for customer demonstrations.

790.25 Machinery and Equipment: \$10,000 – This account provides expenditures for the acquisition of machinery and equipment usually composed of a complex combination of parts. Included are office equipment, computer equipment and operating equipment required to provide services or maintain capital assets.

790.35 Software: \$1,000 – This account provides expenditures for any specialized software required for the division to effectively and efficiently manage the business.

800.00 Interdepartmental Charges – Administrative: \$218,010 – This account provides expenditures for administrative and management services provided by the departments of the City Council, City Clerk, City Attorney and the administrative office of the City Manager.

801.01 Interdepartmental Charges – Human Resources: \$147,350 – This account provides expenditures for human resource services provided by the Human Resources Division.

802.00 Interdepartmental Charges - Finance: \$497,240 – This account provides expenditures for financial, accounting, payroll, accounts payable, billing, customer service and budgeting services provided by the Finance Department.

803.01 Interdepartmental Charges – Information Technology: \$350,540 – This account provides expenditures for information technology services provided by the Information Technology Department.

825.01 Interdepartmental Charges – Insurance: \$213,900 – This account provides expenditures for risk management services and claims.

931.01 Debt Service-Principal: \$385,000 – This account provides expenditures for principal on bonds, loans, capital leases and other financing arrangements.

932.01 Debt Service-Interest: \$363,300 – This account provides expenditures for interest on bonds, loans, capital leases and other financing arrangements.

BUDGET DEFINITIONS

- ACME – ACME Telecom and Network Solutions is a vendor we purchase equipment from.
- AFC – Advanced Fiber Communication is a legacy vendor that supplied previous generation of DSL equipment.
- AOE – Advanced Operational Environment.
- AUP – Acceptable Use Policy: A policy which applies to customers and defines what is considered an acceptable use of their services purchased from KPU.
- CentOS – Community driven free computer operating system based on Linux.
- CER – Compact Edge Router: A router, manufactured and sold by Brocade, used to deliver IP services to KPU customers.
- DNS – Domain Name System: Assigns IP address' to devices.
- DU – Baseband Digital Unit: A component of the Ericsson 4G/LTE network, and part of the Verizon network.
- FTTH – Fiber to the Home.
- GR303 POTS – Legacy Plain Old Telephone Service (POTS) signaling system.
- IoT - Internet of Things.
- IPTV – Internet Protocol Television: Technology for delivering video content to customers utilizing Internet Protocol.
- ipv4 – Internet Protocol version 4: Fourth version of the Internet Protocol.
- IRU – Indefeasible Rights of Use: A permanent contractual agreement to use capacity on a network or facility.
- K71 – KPU remote equipment location within the City Hall building at 334 Front Street.
- MDU – Is a Multi Dwelling Unit of apartments, rooms, or businesses.
- MLX Core Router – A router manufactured and sold by Brocade, used to deliver IP services to KPU customers.
- MPEG – Moving Picture Experts Group (Video). MPEG-4 is Fourth Generation Video Encoding.
- NEC – NEC Corporation of America: Provides our microwave equipment platform.
- NTP Servers – Network Time Protocol: Similar to a BITS clock, it provides GPS timing to IP connected devices, such as routers, switches, and servers.
- ONT – An Optical Network Terminal is a network interface device used in fiber-optic systems.
- OSHA – Occupational Safety and Health Administration.
- PSAP – Public Safety Answering Point for receiving 911 calls.
- RINA – Rural Independent Network Alliance.
- SCADA – Supervisory Control and Data Acquisition: Control system for Electric and Water.

- SBC – Session Border Controller: Utilized to secure communications between the public internet and the division's voice infrastructure.
- SS7 - Signaling System 7: An out of band network that provides call connection and call routing information.
- SIP – Session Initiation Protocol: The protocol utilized to offer Voice in an IP network.
- SQL – Structured Query Language: Utilized for database manipulation
- SSID – Service Set Identifier is a unique ID used for naming wireless networks to insure digital data gets sent to the correct destination.
- STB – Set Top Box: For provision of television services at customer locations.
- TRS – Telecommunications Relay Service: System to enable communications for the hearing impaired.
- USF – Universal Service Fund: Federal fund to facilitate affordable communications in rural areas and schools and libraries.
- VMware – Virtual Machine Software: A software suite utilized to “virtualize” servers and platforms, allowing for hardware savings by running many different systems on a single platform.
- VTC – Service Activation Suite: Offered by CommSoft, VTC provides automation in provisioning, along with several troubleshooting and diagnostics tools.

KETCHIKAN PUBLIC UTILITIES
2025 Operating and Capital Budget
Telecommunications Division

Capital Budget

Major Capital Outlay	2023	2024 Budget			2025	2024 Adopted/2025	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
705.00 Buildings	54,861	125,000	125,000	125,000	100,000	(25,000)	-20.0%
720.00 Vehicles & Moving Equipment	346,088	303,000	303,000	303,000	-	(303,000)	-100.0%
725.00 Machinery and Equipment	119,412	175,000	175,000	175,000	175,000	-	0.0%
730.00 Infrastructure	3,109,070	3,217,265	3,217,265	2,384,000	3,151,500	(65,765)	-2.0%
740.00 Other Assets	-	-	-	-	-	-	NA
Total Major Capital Outlay	3,629,431	3,820,265	3,820,265	2,987,000	3,426,500	(393,765)	-10.3%

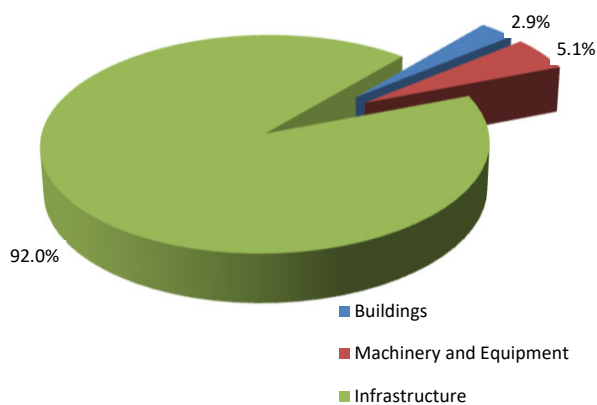
Capital Improvement Projects		Funding Sources			
Project #	Project	KPU	Grants	Bonds	Total
		Enterprise Fund			
705.00 Buildings					
	Regulated				
	Normal Growth and Repair - Buildings	100,000			100,000
	Total Buildings	100,000	-	-	100,000
725.00 Machinery and Equipment					
	Regulated				
	PC Hardware and Software	75,000			75,000
	Operating Equipment	100,000			100,000
	Total Machinery and Equipment	175,000	-	-	175,000
730.00 Infrastructure					
	Regulated				
	Normal Growth and Repair - CO Switching	50,000			50,000
	Normal Growth and Repair - Copper Cable	20,000			20,000
	Normal Growth and Repair - Fiber Cable	300,000			300,000
	Normal Growth and Repair - CO Transmission	250,000			250,000
	Normal Growth and Repair - Expansion	10,000			10,000
	Normal Growth and Repair - Provisioning	20,000			20,000
	Fiber to the Home	300,000			300,000
	Remote Cabinets for Advanced Services	50,000			50,000
	Core Network Upgrades	150,000			150,000
	Server Environment	600,000			600,000
	Multi-Dwelling Unit Projects	75,000			75,000
	Power Expansion/Reclamation	50,000			50,000
	Visual Mapping Software	10,000			10,000
	Network Monitoring	50,000			50,000
	Security	60,000			60,000

KETCHIKAN PUBLIC UTILITIES
2025 Operating and Capital Budget
Telecommunications Division

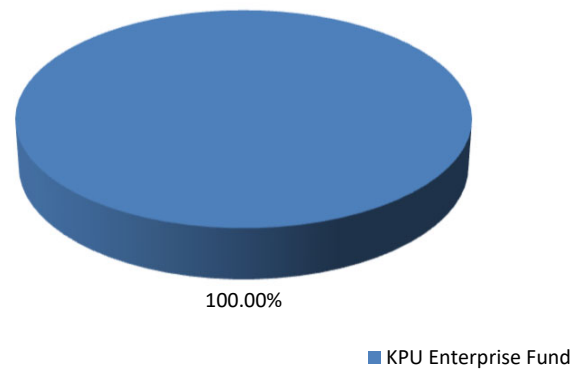
Capital Budget

2025 Capital Improvement Projects (continued)		Funding Sources			
Project #	Project	KPU	Grants	Bonds	Total
		Enterprise Fund			
730.00 Infrastructure (continued)					
	Non-Regulated				
	4G/LTE	200,000			200,000
	Hosted	80,000			80,000
	WiFi	50,000			50,000
	Internet Expansion	150,000			150,000
	KetchCan1 Subsea Cable Repair	676,500			676,500
					-
	Total Infrastructure	3,151,500	-	-	3,151,500
	Total Capital Budget	3,426,500	-	-	3,426,500

Expenditures by Type



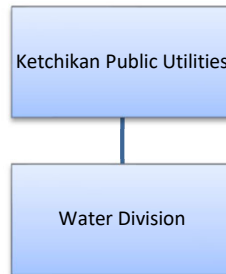
Expenditures by Funding Source



KETCHIKAN PUBLIC UTILITIES
2025 Operating and Capital Budget
Water Division

Summary

The Water Division is one of three utilities operated by Ketchikan Public Utilities, a non-regulated public utility owned by the City of Ketchikan. The Water Division serves approximately 3,330 customers.



The Water Division operates one division and oversees one Capital Improvement Program.

DEPARTMENT EXECUTIVE SUMMARY

Divisions/Cost Center/Programs	2023	2024 Budget			2025	2024 Adopted/2025	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Operations	4,136,270	5,092,911	5,151,801	4,742,318	5,145,136	52,225	1.0%
Capital Improvement Program	878,962	2,486,238	2,486,238	810,192	2,723,509	237,271	9.5%
Total	5,015,232	7,579,149	7,638,039	5,552,510	7,868,645	289,496	3.8%

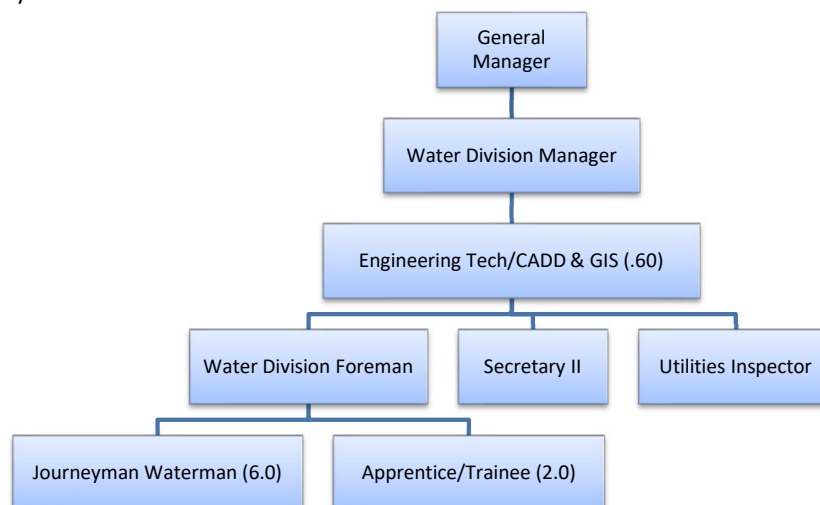
Expenditures by Category	2023	2024 Budget			2025	2024 Adopted/2025	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Personnel Services and Benefits	1,986,847	2,432,398	2,424,383	2,197,259	2,322,241	(110,157)	-4.5%
Supplies	314,822	320,777	327,152	326,583	352,837	32,060	10.0%
Contract/Purchased Services	578,771	536,250	584,875	575,043	599,850	63,600	11.9%
Minor Capital Outlay	11,295	7,650	7,650	6,550	7,750	100	1.3%
Interdepartmental Charges	439,192	613,000	624,905	587,863	676,885	63,885	10.4%
Debt Service	607,743	985,236	985,236	851,420	987,973	2,737	0.3%
Payment in Lieu of Taxes	197,600	197,600	197,600	197,600	197,600	-	0.0%
Major Capital Outlay	878,962	2,486,238	2,486,238	810,192	2,723,509	237,271	9.5%
Total	5,015,232	7,579,149	7,638,039	5,552,510	7,868,645	289,496	3.8%

Funding Source	2023	2024 Budget			2025	2024 Adopted/2025	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
KPU Enterprise Fund	5,015,232	6,610,526	6,669,416	5,547,168	7,055,364	444,838	6.7%
Bonds	-	968,623	968,623	5,342	813,281	(155,342)	-16.0%
Total	5,015,232	7,579,149	7,638,039	5,552,510	7,868,645	289,496	3.8%

Personnel	2023	2024 Budget		2025		2024 Adopted/2025	
	Actual	Adopted	Amended	Budget	Salary	Incr(Decr)	%
Operations	13.60	14.60	14.60	14.60	1,333,646	-	0.0%
Total	13.60	14.60	14.60	14.60	1,333,646	-	0.0%

MISSION STATEMENT

The Water Division is committed to providing residents and businesses of Ketchikan with pure and safe potable water as may be required for residential, commercial and industrial purposes. In order to achieve this goal, the division is responsible for the maintenance and operation of more than 33 miles of distribution system within the municipality, several reservoirs and associated pump stations. Daily tasks of the Water Division include continuous monitoring and chemical testing to ensure water purity and quality at all times. The Water Division stands ready to assist its customers as efficiently and effectively as possible within guidelines established by federal and state law, the Charter of the City of Ketchikan, the Ketchikan Municipal Code and the ratepayers of the Utility as represented by the City Council.



GOALS FOR 2025

- Continue to seek a Limited Alternative to Filtration (LAF) as provided by the Federal Safe Drinking Water Act Amendments by working with consultants as well as State and Federal regulators and legislators. Ketchikan already meets both of the qualifying criteria: an uninhabited, undeveloped watershed that is access controlled by the the utility operating the system; and Ketchikan already has a current treatment system that is providing a higher level of treatment through the use of UV, free chlorine, and chloramine disinfection than would even be required should an entirely new water filtration system be constructed.
- Continue to take whatever actions are necessary for Ketchikan to comply with the latest amendments to the Safe Drinking Water Act while meeting the requirements of the US EPA's Administrative Order that allows Ketchikan to remain as an unfiltered system while the LAF is sought. Demonstrate to the satisfaction of customers and regulatory agencies that the UV Disinfection and Chloramination Facility has achieved all of its objectives and is delivering safe, potable water to the ratepayers. This includes enforcement of the Utility's cross-connection program and requiring backflow preventers wherever the possibility of contamination exists.
- Achieving the goal of having all of the businesses, commercial buildings, and large residential apartment complexes within the service area fully metered before the end of 2025 will require continued significant effort in another construction contract as there are still approximately 225 unmetered businesses, commercial buildings, and large residential apartment complexes remaining. The reporting procedure itself consists of each node interrogating its associated water meter hourly and then reporting the results to one of KPU's nearby Cooper Power "smart" electric meters which in turn transmits the water flow measurements to the Electric Division. Ultimately, this water consumption information will be transmitted to Finance's New World Financial Management System for the purpose of preparing monthly billings to our ratepayers. In addition, before this entire project becomes fully operational in 2025, the 2016 Water/ Wastewater Rate Study will need to be updated or a new study commissioned as well as amendments made to the Ketchikan Municipal Code.

ACCOMPLISHMENTS FOR 2024

Filtration-Avoidance and Limited Alternative to Filtration Solution

At its meeting of May 20, 2021 the City Council approved the draft Compliance Order by Consent (COBC) prepared by the Alaska Department of Environmental Conservation (ADEC). It contains provisions that KPU must demonstrate in order to qualify for a Limited Alternative to Filtration (LAF). They are:

- The system has “uninhabited, undeveloped watersheds in consolidated ownership.”
- The system has control over both “access to, and activities in, those watersheds.”
- The system’s source water quality and the alternative treatment requirements established by the state must ensure greater removal or inactivation efficiencies of pathogens than would otherwise result from the treatment requirements stipulated by regulations.

As the primacy agency, ADEC determined that KPU does qualify for the approval of a Limited Alternative to Filtration (LAF) as provided in the Safe Drinking Water Act (SDWA). The State Decision Document concluded that KPU has demonstrated that the current treatment system is operated in a manner that maximizes pathogen inactivation, meets all the requirements of the Surface Water Treatment Rules (SWTR), and limits the formation of disinfection byproducts (DBPs). Therefore, KPU meets the requirements of the LAF provision by demonstrating a higher level of pathogen removal/inactivation than required by the filtration and disinfection standards of the SWTRs.

Final LAF approval still depends upon the EPA’s approval of ADEC’s acknowledgement that each of KPU’s five submitted Action Item studies have fully met the provisions listed in Ketchikan’s COBC and the EPA makes an affirmative decision that Ketchikan is to receive a LAF.

While it remains feasible that the EPA will approve ADEC’s request to add a Limited Alternative to Filtration (LAF) into Alaska Drinking Water Regulations, the remaining steps in the process continue to be measured. ADEC, Alaska’s drinking water primacy agency, has prepared draft LAF regulations and guidance documents that were submitted to the EPA for their review in May. Since then, although there have been continued discussions between the EPA and ADEC concerning the details in the draft LAF regulations, they still have not yet received final approval. The most recent correspondence from ADEC expressed their optimism that final approval may be possible before the end of 2024.

However, EPA Region 10 interpretations of the federal regulations are likely to require 95% of the volume of water treated daily to meet this requirement. For Ketchikan, 4-log giardia inactivation for 95% of the volume treated daily is not achievable with our existing disinfection system particularly during periods of low ultraviolet transmittance (UVT) which occur approximately 1-2% of days each year during high water flow requirements. Jacobs Engineering continues to evaluate the proposed addition of a 3rd UV reactor for Ketchikan to determine if it will meet the EPA’s 3/4/5-log disinfection requirements on a daily basis. Other options being considered which may also be necessary to comply include operational controls that would increase the chlorine residual or reducing water flow rate during periods of low UVT.

DIVISION SUMMARY

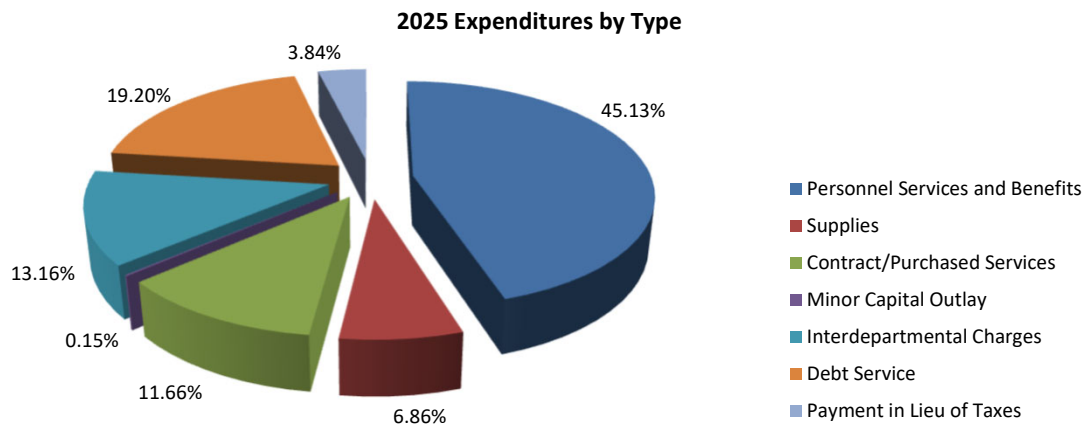
Expenditures by Category	2023	2024 Budget			2025	2024 Adopted/2025	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Personnel Services and Benefits	1,986,847	2,432,398	2,424,383	2,197,259	2,322,241	(110,157)	-4.5%
Supplies	314,822	320,777	327,152	326,583	352,837	32,060	10.0%
Contract/Purchased Services	578,771	536,250	584,875	575,043	599,850	63,600	11.9%
Minor Capital Outlay	11,295	7,650	7,650	6,550	7,750	100	1.3%
Interdepartmental Charges	439,192	613,000	624,905	587,863	676,885	63,885	10.4%
Debt Service	607,743	985,236	985,236	851,420	987,973	2,737	0.3%
Payment in Lieu of Taxes	197,600	197,600	197,600	197,600	197,600	-	0.0%
Total Expenditures	4,136,270	5,092,911	5,151,801	4,742,318	5,145,136	52,225	1.0%

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Funding Source	2023 Actual	2024 Budget			2025 Budget	2024 Adopted/2025	
		Adopted	Amended	Estimate		Incr(Decr)	%
KPU Enterprise Fund	4,136,270	5,092,911	5,151,801	4,742,318	5,145,136	52,225	1.0%
Total Funding	4,136,270	5,092,911	5,151,801	4,742,318	5,145,136	52,225	1.0%

Personnel	2023 Actual	2024 Budget		2025		2024 Adopted/2025	
		Adopted	Amended	Budget	Salary	Incr(Decr)	%
Water Division Manager	1.00	1.00	1.00	1.00	147,289	-	0.0%
Assistant Water Division Manager	1.00	1.00	1.00	-	-	(1.00)	-100.0%
Foreman	1.00	1.00	1.00	1.00	123,463	-	0.0%
Journeyman Waterman	6.00	6.00	6.00	6.00	606,600	-	0.0%
Apprentice/ Trainee	2.00	3.00	3.00	4.00	264,570	1.00	33.3%
Utility Inspector	1.00	1.00	1.00	1.00	80,722	-	0.0%
Eng Tech/KPU-CADD & GIS	0.60	0.60	0.60	0.60	48,446	-	0.0%
Secretary II	1.00	1.00	1.00	1.00	62,556	-	0.0%
Total	13.60	14.60	14.60	14.60	1,333,646	-	0.0%



OPERATING BUDGET CHANGES FOR 2025

Changes between the adopted operating budget for 2024 and the proposed operating budget for 2025 where a line item's increase or decrease is more than \$5,000 and more than 5% from the prior year are discussed below:

- Personnel Services and Wages decreased by \$110,157 or 4.5% due to the elimination of the Assistant Water Division Manager.
- Operating Supplies (Account 510.02) increased by \$10,000 or by 166.7% for the purchase of reagents used in Water's lab. They provide the most probable fecal coliform results occurring in our raw water sources well in advance of the official R&M Lab analytical results which take 3 days to incubate before results are known. This feed-forward control method has enabled KPU to quickly respond to rapidly changing raw water conditions, particularly those from our Granite Basin raw water source.
- Chemicals (Account 510.06) increased by \$20,000, or by 22.2% to reflect that additional expenditures in 2024 have occurred. This is due to increased community water consumption which also requires additional chemicals for disinfection treatment, these additional expenses are expected to continue into 2025.
- Telecommunications (Account 650.01) increased by \$60,000, or by 150% to reflect that additional expenditures in 2024 have occurred, and that a substantial increase can be expected to begin in 2025. In 2025's proposed Budget, Customer Service has estimated in their annual utility charges will increase by an additional \$48,072 for the operation of the newly installed fiber-optic link that directly connects each of the PLC's which operates and controls the disinfection equipment in the Chlorination Plants, the UV Disinfection Facility, and the Ammonia Addition Plant.
- Electric, Water, Sewer & Solid Waste (Account 650.02) increased by \$25,000, or by 13.5% to reflect that additional expenditures in 2024 have occurred. All of the Utilities funded from this account have received rate increases in 2024 which will continue into 2025.
- Interdepartmental Building Rent (Account 850.04) increased by \$19,802, or by 59.4% to reflect their share of the design of heating repairs for the KPU Admin Building.

KETCHIKAN PUBLIC UTILITIES
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DIVISION OPERATING BUDGET DETAIL									
Operating Expenditures			2023	2024 Budget			2025	2024 Adopted/2025	
			Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Personnel Services and Benefits									
500	.01	Regular Salaries and Wages	1,118,460	1,413,748	1,399,833	1,279,101	1,333,646	(80,102)	-5.7%
500	.05	Longevity Pay	31,750	34,950	34,950	32,500	34,600	(350)	new
501	.01	Overtime Wages	100,573	79,100	85,000	85,000	83,000	3,900	4.9%
505	.00	Payroll Taxes	93,768	116,885	116,885	106,840	110,375	(6,510)	-5.6%
506	.00	Pension	232,934	283,505	283,505	249,400	256,500	(27,005)	-9.5%
507	.00	Health and Life Insurance	343,469	404,890	404,890	350,950	403,350	(1,540)	-0.4%
507	.30	Workers Compensation	26,598	33,967	33,967	28,790	30,500	(3,467)	-10.2%
508	.00	Other Benefits	36,700	62,083	62,083	62,083	67,000	4,917	7.9%
509	.04	Allowances-KPU Clothing	2,520	2,520	2,520	2,520	2,520	-	0.0%
509	.08	Allowances-Medical Expenses	75	750	750	75	750	-	0.0%
Personnel Services and Benefits			1,986,847	2,432,398	2,424,383	2,197,259	2,322,241	(110,157)	-4.5%
Supplies									
510	.01	Office Supplies	3,235	3,500	3,500	3,500	3,500	-	0.0%
510	.02	Operating Supplies	5,955	6,000	6,000	6,000	16,000	10,000	166.7%
510	.03	Safety Program Supplies	1,683	3,500	3,200	3,200	3,500	-	0.0%
510	.04	Janitorial Supplies	198	450	975	875	850	400	88.9%
510	.05	Small Tools & Equipment	4,866	5,000	5,000	5,000	5,000	-	0.0%
510	.06	Chemicals	88,214	90,000	110,000	110,000	110,000	20,000	22.2%
515	.01	Vehicle Maintenance Materials	17,250	13,500	13,500	13,500	14,500	1,000	7.4%
515	.02	Building & Grounds Maint Materials	2,293	5,000	5,400	5,400	5,000	-	0.0%
515	.04	Machinery & Equip Maint Materials	78,708	80,000	77,750	77,750	80,000	-	0.0%
515	.05	Infrastructure & Plant Maint Materials	91,758	95,000	81,853	81,853	95,000	-	0.0%
520	.02	Postage	(280)	150	228	228	150	-	0.0%
520	.03	Bulk Mailing	3,306	500	422	-	50	(450)	-90.0%
520	.04	Freight-Materials & Supplies	2,976	2,500	2,500	2,500	2,500	-	0.0%
525	.04	Vehicle Motor Fuel & Lubricants	14,483	14,000	14,000	14,000	14,000	-	0.0%
525	.07	Machinery & Equip Fuel & Lubricants	-	400	1,547	1,500	1,500	1,100	275.0%
530	.02	Periodicals	177	177	182	182	187	10	5.6%
530	.03	Professional & Technical Publications	-	1,000	995	995	1,000	-	0.0%
535	.02	Business and Meal Expenses	-	100	100	100	100	-	0.0%
Supplies			314,822	320,777	327,152	326,583	352,837	32,060	10.0%

KETCHIKAN PUBLIC UTILITIES
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Operating Expenditures		2023	2024 Budget			2025	2024 Adopted/2025	
		Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
Contract/Purchased Services								
600	.02 Travel-Training	-	750	2,743	2,743	2,000	1,250	166.7%
600	.03 Training and Education	940	3,250	3,425	3,425	1,000	(2,250)	-69.2%
605	.01 Advertising and Public Announcements	846	1,200	1,200	1,000	1,000	(200)	-16.7%
605	.02 Advertising and Publishing - Marketing	-	750	750	750	750	-	0.0%
610	.02 Grant Awards	20,118	22,700	22,700	22,700	-	(22,700)	-100.0%
615	.01 Professional Licenses & Fees	1,206	1,500	3,650	3,650	1,500	-	0.0%
615	.02 Assn. Membership Dues & Fees	2,038	2,000	2,000	2,000	2,000	-	0.0%
630	.01 Building & Operating Permits	843	500	500	500	500	-	0.0%
630	.02 Vehicle Licenses	101	100	100	100	100	-	0.0%
635	.02 Software Maintenance Services	12,540	12,000	12,000	12,000	12,000	-	0.0%
635	.06 Bldg & Grounds Maintenance Services	3,782	5,000	5,000	5,000	5,000	-	0.0%
635	.07 Machinery & Equipment Maint Services	10,825	14,000	14,000	14,000	14,000	-	0.0%
635	.08 Infrastructure Maintenance Services	114,351	90,000	99,832	91,700	90,000	-	0.0%
635	.12 Technical Services	63,230	57,500	57,500	57,500	60,000	2,500	4.3%
640	.02 Engineering & Architectural Services	98,752	90,000	89,475	89,475	90,000	-	0.0%
645	.02 Rents and Leases-Machinery & Equip	4,354	10,000	10,000	8,500	10,000	-	0.0%
650	.01 Telecommunications	63,304	40,000	50,000	50,000	100,000	60,000	150.0%
650	.02 Electric, Water, Sewer & Solid Waste	181,541	185,000	210,000	210,000	210,000	25,000	13.5%
	Contract/Purchased Services	578,771	536,250	584,875	575,043	599,850	63,600	11.9%
Minor Capital Outlay								
790	.26 Computers, Printers and Copiers	11,295	7,650	7,650	6,550	7,750	100	1.3%
	Minor Capital Outlay	11,295	7,650	7,650	6,550	7,750	100	1.3%
Interdepartmental Charges								
800	.00 Interdepartmental-Administrative	52,553	58,850	58,850	58,850	67,080	8,230	14.0%
801	.01 Interdepartmental-Human Resources	23,460	33,900	33,900	33,900	36,020	2,120	6.3%
802	.00 Interdepartmental-Finance	116,553	138,640	142,530	142,530	153,000	14,360	10.4%
803	.01 Interdepartmental-Information Tech	72,716	121,260	121,260	121,260	119,380	(1,880)	-1.6%
804	.01 Interdepartmental-Engineering	81,321	137,000	137,000	104,000	143,000	6,000	4.4%
825	.01 Interdepartmental-Insurance	68,411	90,010	98,025	98,025	105,410	15,400	17.1%
850	.04 Interdepartmental-Bldg Rent	24,178	33,340	33,340	29,298	52,995	19,655	59.0%
	Interdepartmental Charges	439,192	613,000	624,905	587,863	676,885	63,885	10.4%
Debt Service								
931	.01 Debt Service-Principal	512,758	795,291	772,553	638,737	781,168	(14,123)	-1.8%
932	.01 Debt Service-Interest	94,985	189,945	212,683	212,683	206,805	16,860	8.9%
	Debt Service	607,743	985,236	985,236	851,420	987,973	2,737	0.3%
Other Costs								
975	.00 Payment in Lieu of Taxes	197,600	197,600	197,600	197,600	197,600	-	0.0%
	Other Costs	197,600	197,600	197,600	197,600	197,600	-	0.0%
	Total Expenditures by Type	4,136,270	5,092,911	5,151,801	4,742,318	5,145,136	52,225	1.0%

NARRATIVE

- 500.01 Regular Salaries and Wages: \$1,333,646** - This account provides expenditures for the cost of the annual wages of the employees of the Water Division.
- 500.05 Longevity Pay: \$34,600** - Employees may be awarded a bonus upon their anniversary to recognize employees who have remained with the City and KPU for at least 15 years.
- 501.01 Overtime Wages: \$83,000** - This account provides expenditures for the cost of overtime incurred by employees of the Water Division during the course of the year.
- 505.00 Payroll Taxes: \$110,375** - This account provides expenditures for employer contributions for Social Security, Medicare, and other similar payroll related taxes.
- 506.00 Pension: \$256,500** - This account provides expenditures for employer contributions to retirement plans.
- 507.00 Health and Life Insurance: \$403,350** - This account provides expenditures for employer contributions to employee health and life insurance plans.
- 507.30 Workers Compensation: \$30,500** - This account provides expenditures for employer contributions to workers compensation.
- 508.00 Other Benefits: \$67,000** - This account provides expenditures for direct claims from former employees for unemployment benefits paid by the State of Alaska and accrued vacation and sick leave.
- 509.04 Allowances-KPU Clothing: \$2,520** - This account provides expenditures for employer provided protective clothing allowances paid directly to represented employees of Ketchikan Public Utilities pursuant to collective bargaining agreements or the Personnel Rules.
- 509.08 Allowances-Medical Expenses: \$750** - This account provides expenditures for employee medical exams paid directly to employees. These benefits are taxable to the employees.
- 510.01 Office Supplies: \$3,500** - This account provides expenditures for the purchase of expendable office supplies used by the division during the course of a year. Included are supplies such as copy and large format plotter paper, toner, ink and fax cartridges, staples, etc
- 510.02 Operating Supplies: \$16,000** - This account provides expenditures for supplies that are normally not of a maintenance nature and are required to support department operations. Included are supplies such as laboratory supplies, chemical testing equipment and engineering materials.
- 510.03 Safety Program Supplies: \$3,500** - This account provides expenditures for the purchase of materials and supplies required to conduct an ongoing safety program for the Water Division.
- 510.04 Janitorial Supplies: \$850** - This account provides expenditures for the cost of janitorial supplies utilized by the Water Division during the course of the year.
- 510.05 Small Tools and Equipment: \$5,000** - This account provides expenditures for the purchase and/or replacement of small tools and equipment used by the division.
- 510.06 Chemicals: \$110,000** - This account provides expenditures for the purchase of the various chemicals including salt, soda ash, phosphoric acid and ammonium hydroxide that are used for water disinfection and treatment.
- 515.01 Vehicle Maintenance Materials: \$14,500** - This account provides expenditures for the cost to maintain the division's vehicles and operating equipment and its share of operating the Electric Division's vehicle maintenance facility.

515.02 Building & Grounds Maintenance Materials: \$5,000 - This account provides expenditures for the cost of materials used by staff for the repair and maintenance of the division's buildings. The buildings operated by the division include the Water Warehouse, the UV Disinfection Facility, the Chlorination Plant, the Ammonia Addition Building, the Two-Point Chlorination Facility and the four water pump station structures including their six associated reservoirs.

515.04 Machinery & Equipment Maintenance Materials: \$80,000 - This account provides expenditures for the cost of materials for the repair and maintenance of the division's machinery and other operating equipment. Examples include such items as rebuild kits for specialized chemical feed pumps, the bearings, seals, couplings, and other parts used in rebuilding large pumps; the consumable parts and lamps used in the UV disinfection equipment; and the associated operating equipment and storage tanks installed at the three disinfection facilities.

515.05 Infrastructure Maintenance Materials: \$95,000 - This account provides expenditures for materials required for the repair and maintenance of Water Division infrastructure and plants owned by KPU. Included are the three disinfection and chemical addition facilities, all of the water mains located throughout the community, the four pump stations and their six associated reservoirs and the Carlanna Lake Dam.

520.02 Postage: \$150 - This account provides expenditures for the cost of mailing division correspondence.

520.03 Bulk Mailing: \$50 - This account provides expenditures for mailings to KPU ratepayers and contractors. The annual Consumer Confidence Report providing relevant water quality information to all ratepayers is no longer required to be mailed. It appears in Water's website, notices of its location are advertised in the Kechikan Daily News and appears as a QR Code on KPU Utility Bills.

520.04 Freight-Materials & Supplies: \$2,500 - This account provides expenditures for freight expenses incurred with inventory purchases.

525.04 Vehicle Motor Fuel and Lubricants: \$14,000 - This account provides expenditures for the purchase of fuel and lubricants used for the operations of the division's vehicles.

525.07 Machinery & Equipment Fuel and Lubricants: \$1,500 - This account provides expenditures for the purchase of fuel and lubricants used for the operation of the division's standby generators located at the Chlorination Plant and the UV Disinfection Facility.

530.02 Periodicals: \$187 - This account provides expenditures for the division's subscription to the *Ketchikan Daily News*.

530.03 Professional and Technical Publications: \$1,000 - This account provides expenditures for the purchase of professional and technical publications. Included are engineering journals, textbooks and relevant water technical standards.

535.02 Business and Meal Expenses: \$100 - This account provides expenditures for reimbursements to employees for business related meal expenses.

600.02 Travel-Training: \$2,000 - While this account provides expenditures for the cost associated with training travel incurred by the division.

600.03 Training and Education: \$1,000 - This account provides expenditures for the annual cost of EPA required training of Water Division personnel. Regulations mandate that the operating staff maintain their current distribution and treatment certifications through annual continuing education credits. Rather than send those employees outside, it is much more cost effective for the division to bring a qualified instructor to Ketchikan and conduct the classes here. The only exception would be for those employees whose educational needs are best met by attendance at a specific technical class being held within the Pacific Northwest metropolitan area.

605.01 Ads and Public Announcements: \$1,000 - This account provides expenditures for advertising and public announcements in publications, newspapers, trade journals, Internet or broadcasts over radio and television.

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605.02 Advertising and Marketing: \$750 - This account provides expenditures for the cost of all division related advertising and communications with the Utility's customers including funding for radio spots and newspaper ads to inform ratepayers of important news of changed conditions or public health implications. Other expenditures include the monthly charges for the telephone directory, street closures due to water main repairs and the advertising of contracts for bid.

615.01 Professional Licenses and Technical Certifications: \$1,500 – This account provides expenditures for the renewal cost of the State of Alaska distribution and treatment certifications as required by EPA regulations for each of the division's operating employees in the performance of his or her duties.

615.02 Assn. Membership Dues & Fees: \$2,000 – This account provides expenditures for division memberships in the American Water Works Association, its associated Alaska counterpart, Alaska Water Wastewater Management Association, and the Alaska Rural Water Association.

630.01 Building and Operating Permits: \$500 - This account provides expenditures for permits required for ADEC regulatory functions including plan review, certificates to operate new construction, annual fees for Ketchikan and Carlanna Lakes water rights and the State of Alaska's annual filtration avoidance inspection.

630.02 Vehicle Licenses: \$100 – This account provides expenditures for licensing KPU vehicles for operation on public highways.

635.04 Software Maintenance Services: \$12,000 – This account provides expenditures for acquisition of software systems and upgrades covered by maintenance agreements.

635.06 Buildings and Grounds Maintenance Services: \$5,000 - This account provides expenditures for contractual services including labor and materials required for the repair and maintenance of buildings and the upkeep of grounds used by the division. The buildings operated by the division include the Water Warehouse, the UV Disinfection Facility, the Chlorination Plant, the Ammonia Addition Building, the Two-Point Chlorination Facility and the four water pump station structures including their six associated reservoirs.

635.07 Machinery and Equipment Maintenance Services: \$14,000 - This account provides expenditures for contractual services including labor and materials for the repair and maintenance of the division's machinery and other operating equipment and maintenance service agreements. Included are hydraulic breakers and gasoline powered tools, specialized chemical feed pumps, the pumps, motors, and switch gear installed in each pump station, operating equipment and storage tanks installed at the three disinfection facilities and the recalibration of hazardous gas monitors.

635.08 Infrastructure Maintenance Services: \$90,000 - This account provides expenditures for contractual services including labor and materials required for the repair and maintenance of the division's infrastructure. Contractual repair items include pavement and sidewalk restoration after water main or hydrant repairs are completed, chain-link security fencing and emergency standby generator repair.

635.12 Technical Services: \$60,000 - This account provides expenditures for services that are not regarded as professional but require technical or specialized knowledge. This account also provides funding for the extensive certified and independent laboratory water testing as required throughout the year as well as repair or replacement of specialized operating equipment and its control instrumentation.

640.02 Engineering and Architectural Services: \$90,000 - This account provides expenditures for engineering and architectural services in support of the division's efforts to comply with federal and state water quality regulations.

645.02 Rents and Leases - Machinery & Equipment: \$10,000 - This account provides expenditures for the rent and lease of machinery and equipment. While the Schoenbar Water Transmission Main replacement segment will be likely be completed in 2022, further remedial repairs will be required to other existing mains throughout the community. This account provides funds to rent rather than purchase seldom-used equipment needed in water main reconstruction or repair projects.

650.01 Telecommunications: \$100,000 - This account provides expenditures for telecommunication services. In addition to telecommunications used by the division's staff, telephone lines are used to provide direct instrument communication links between the division's pump stations and their associated reservoirs including operational alarms that report through the SCADA system located at the Bailey Power House. Additionally, operational fiber optic links are now providing direct communication and control between the UV Disinfection Facility, the Two-Point Chlorination Facility, the Ammonia Addition Facility and the Chlorination Plant. The equipment and instrumentation installed within each facility and the new camera monitoring the locked gate installed across the Ketchikan Lakes Watershed access road are all continuously monitored through KPU's SCADA system.

650.02 Electric, Water, Sewer & Solid Waste: \$210,000 - This account provides expenditures for electric, water, sewer and solid waste utility services used by the division.

790.26 Computers, Printers, and Copiers: \$7,750 - This account provides expenditures for the replacement of the items recommended for replacement by the Information Technologies (IT) department, including two work stations, two monitors, one laptop, one printer, and two battery backups (UPS).

800.00 Interdepartmental Charges – Administrative: \$67,080 - This account provides expenditures for administrative and management services provided by the departments of the Mayor & City Council, City Clerk, City Attorney and the administrative office of the City Manager.

801.01 Interdepartmental Charges – Human Resources: \$36,020 - This account provides expenditures for human resource services provided by the Human Resources Division.

802.00 Interdepartmental Charges - Finance: \$153,000 - This account provides expenditures for financial, accounting, payroll, accounts payable, billing, customer service and budgeting services provided by the Finance Department.

803.01 Interdepartmental Charges – Information Technology: \$119,380 - This account provides expenditures for information technology services provided by the Information Technology Department.

804.01 Interdepartmental Charges – Engineering: \$ 143,000 - This account provides expenditures for engineering services provided by the Public Works Department-Engineering Division.

825.01 Interdepartmental Charges – Insurance: \$105,410 - This account provides expenditures for risk management services and claims.

850.04 Interdepartmental Charges - Building Rent: \$52,995 - This account provides expenditures for the cost of office space at the KPU Administration Building as well as the division's share of planned improvements made to the building.

931.01 Debt Service-Principal: \$781,168 - This account provides expenditures for principal on revenue bonds and ADEC drinking water loans.

932.01 Debt Service-Interest: \$206,805 - This account provides expenditures for interest on revenue bonds and ADEC drinking water loans.

975.00 Payment in Lieu of Taxes: \$197,600 - This account provides expenditures for payments in lieu of taxes assessed against the enterprise funds of the City.

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Capital Budget

Major Capital Outlay	2023	2024 Budget			2025	2024 Adopted/2025	
	Actual	Adopted	Amended	Estimate	Budget	Incr(Decr)	%
720.00 Vehicles and Moving Equipment	64,209	85,000	85,000	85,000	-	(85,000)	-100.0%
730.00 Infrastructure	814,753	2,401,238	2,401,238	725,192	2,723,509	322,271	13.4%
Total Major Capital Outlay	878,962	2,486,238	2,486,238	810,192	2,723,509	237,271	9.5%

Capital Improvement Projects		Funding Sources			
		KPU Enterprise Fund	Grants	Bonds	Total
Project #	Project				
730.00 Infrastructure					
Priority - 1	Water Filtration Facility Project	390,000			390,000
Priority - 2	Water Meters - Business & Commercial Customers	-		813,281	813,281
Priority - 5	Valve Boxes - Repair of Surrounding Pavement	50,000			50,000
Priority - 6	Water Distribution Grid Improvements	30,000			30,000
Priority - 3	Tongass Ave. Suspended Water Main	407,228			407,228
Priority - 4	Water St. Suspended Water Main	412,000			412,000
Priority - 7	Water Service Upgrade Program	21,000			21,000
Priority - 8	Backflow Prevention Program	15,000			15,000
Priority - 18	Second Avenue Water Main Replacement	225,000			225,000
Carryover	SCADA PLC Controllers	360,000			360,000
Total Infrastructure		1,910,228	-	813,281	2,723,509
Total Capital Budget		1,910,228	-	813,281	2,723,509

