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**MEMORANDUM**

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**TO:** MAYOR LYNN AND BOROUGH ASSEMBLY

**FROM:** KARL HAGEMAN, UTILITY DIRECTOR 

**SUBJECT:** REQUEST FOR APPLICATION OF A FUEL ADJUSTMENT CHARGE

**DATE:** 1/12/2026

**CC:** STEVE GIESBRECHT, BOROUGH MANAGER

JODY TOW, FINANCE DIRECTOR

Per the Municipal Code, Chapter 14.16.725, titled Rates – Diesel Generation Adjustment Charge, the Assembly has the discretion to implement an adjustment to all kilowatt hours sold in the billing period that includes unplanned and unbudgeted diesel generation by the utility.

With this memorandum, I am requesting that the Assembly consider implementing the codified rate adjustment for the December 2025 billing period. As the Assembly is aware, the extreme cold temperatures experienced in December caused SEAPA's output to be maxed out during peak times of the day. For those periods of time when SEAPA did not have enough power to cover the high electrical loads, PMPL put one of our diesel generators online to support the overall needs of the system. Wrangell's utility also took turns to inject diesel power as needed.

As specified in the municipal code, the adjustment would take unanticipated fuel, oil and overtime expenses associated with the peak shaving effort and spread out those costs to all kilowatt hours sold during the affected billing period.

The calculated adjustment charge is \$.0032 per kwh purchased by customers in the specified billing period, or approximately 1/3 of a cent per kilowatt hour. **For example**, a customer that purchased 3,000 kwh in December's billing will have an adjustment of \$9.60 total applied to their January utility bills (3,000 kwh x \$.0032 = \$9.60).

If approved, the utility bills that are printed in late January will contain the adjustment charge.

Thank you for your consideration.