Parcel 30 - Woronzof Tracts Subdivision Tract A-1 - Summary of Use by the Anchorage Water and Wastewater Utility

The Anchorage Water and Wastewater Utility (AWWU) operates the Asplund Wastewater Treatment Facility (AWWTF) on the northern portion of Tract A-1 of the Woronzof Tracts Subdivision (Parcel 30). Currently the facility provides service to utility customers within the Anchorage Bowl, JBER, septic tank hauler waste from residences within and outside AWWU's service area (Hillside/Northern Communities/Mat-Valley), and a small number of permitted industrial waste streams (i.e., landfill leachate).

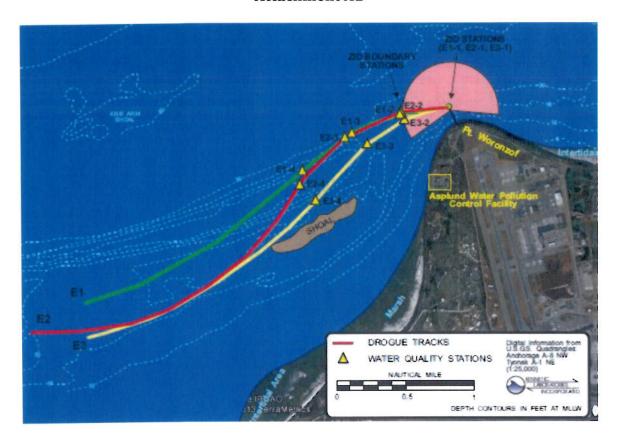
With the capacity to treat 58 millions of gallons of sewage per day, AWWTF is the second largest plant in the country permitted to discharge primary treated effluent. The AWWTF treatment process is operated in accordance with a National Pollutant Discharge Elimination System (NPDES) discharge permit, issued by the U.S Environmental Protection Agency (EPA). The permit includes provisions of Section 301(h) of the Clean Water Act, allowing marine discharge of primary treated effluent into the Knik Arm.

AWWU has no plans for expansion of AWWTF. AWWTF currently meets regulatory requirements associated with discharge permits for primary treatment. However, AWWU has reserved the use of the southern portion of Parcel 30 for the future expansion of plant equipment providing for a more involved secondary or tertiary treatment process. In general, a future upgrade to secondary or tertiary treatment could potentially be instigated by the following:

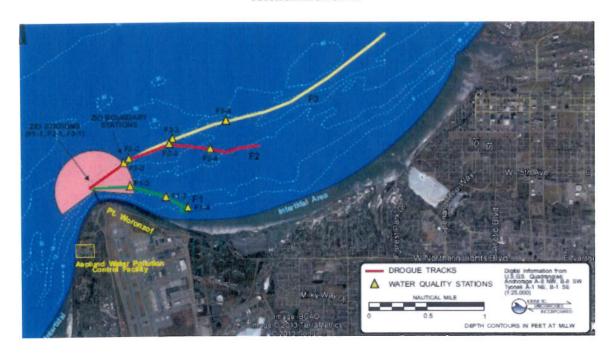
- Regulatory Change A change in regulatory provisions of the Clean Water Act impacting Section 301(h).
- Regulatory Determination A determination from EPA that Section 301(h) is no longer applicable to the AWWTF discharge of primary treated effluent into the Knik Arm.
- Environmental Impact Impacts to the hydrodynamics and circulation in the Knik Arm mixing zone causing the discharged effluent to no longer to adhere to permit requirements and the Clean Water Act (refer to attachment A1 and A2).

Although AWWU is planning for continued operations of primary treatment at AWWTF, prudent planning requires AWWU diligently follow up on investigative efforts associated with expansion. Such efforts indicate that AWWU must continue to secure rights to land adjacent to the existing facility for expansion. The most economical preliminary layout for future expansion is illustrated per attachments B1 and B2 (estimated based on most likely implemented technology). Estimated 2015 projected costs for the most economical layout range from approximately \$550,000,000 to \$750,000,000. Estimated alternative layout costs are projected to exceed \$1,000,000,000.

Attachment A1



Attachment A2



Attachment B1



Attachment B2

