

ELECTRIC DISTRIBUTION UTILITY FUND BUDGET

**City of Anchorage
1953**

**ELECTRIC DISTRIBUTION UTILITY FUND
1953 BUDGET**

OPERATING REVENUES

<u>Code</u>		<u>Estimated 1952</u>	<u>Estimated 1953</u>
E 600	Power & Light Sales	\$ 1, 950, 000	\$ 2, 233, 000
E 607	Sales to Other Funds	58, 600	56, 000
E 612	Customers Forfeits & Penalties	4, 450	4, 800
E 614	Servicing Customers' Installations	1, 200	1, 400
E 615	Miscellaneous Revenues	3, 300	3, 600
	TOTAL SALES & FEES	2, 017, 550	2, 298, 800
	Depreciation Reserve	32, 955	46, 200
	TOTAL RESOURCES	2, 050, 505	2, 345, 000

EXPLANATION OF ELECTRIC DISTRIBUTION REVENUE ESTIMATES

The power and light sales are computed on the experience of average revenue per customer and estimated at \$298. At the end of 1952 the utility will be serving 6500 customers, and it appears that 1600 new customers will be added during the year. Hollywood Vista will bring 400 customers and the normal rate of increase indicates that 1200 other customers will be added to the system. The average for the year is estimated at 7500 customers served. The sales to other funds represent power and light bills charged to the various City departments and buildings. The remaining revenues are self explanatory. Depreciation Reserve represents the charge off for wear on the capital plant. This revenue is spent for capital additions.

ELECTRIC DISTRIBUTION UTILITY EXPENDITURES

Acct. No.	Estimated 1952	Estimated 1953
<u>Operating Expenses:</u>		
E 738 Purchased Power	\$1,109,952	\$1,275,120
E 756 Supervision & Engineering	34,719	48,000
E 758.1 Distribution Maps & Records	11,314	12,000
E 761.1 Operation Overhead Lines	1,246	1,500
E 761.2 Operation Underground Lines	275	500
E 761.3 Removing & Resetting Transformers	7,047	10,000
E 762.1 Removing & Resetting Meters	4,825	6,500
E 762.2 Other Customer Services	4,618	6,500
E 763 Operation Street Lights & Signals	301	500
Total Operating Expenses	1,174,297	1,360,620
<u>Maintenance Expenses:</u>		
E 764 Supervision & Engineering	5,465	6,000
E 768.1 Poles, Towers & Fixtures	3,448	5,000
E 768.2 Conductors & Devices	2,888	4,000
E 770 Line Transformers & Devices	3,113	4,500
E 772 Meters	18,796	20,000
E 775 Street Lights & Signals	5,030	7,500
E 776 Rents	93	93
Total Maintenance Expenses	38,833	47,093
<u>General Expenses</u>		
E 780.3 Meter Reading	14,258	21,000
E 781 Accounting & Collections	55,956	68,228
E 801 Misc. General Expenses	14,144	18,000
E 902 Stores Expense	7,188	9,000
E 903 Transportation Expense	9,019	12,000
Total General Expense	100,565	128,228

Acct. No.	Estimated 1952	Estimated 1953
<u>Other Expense</u>		
E 503 Depreciation	\$ 32,955	\$ 46,200
E 507 Operating Taxes	19,772	27,720
E 530 Interest on Debt	15,844	14,907
E 210 Bond Retirement	25,000	25,000
E 411 Contribution to Municipality	205,644	348,000
Total Other Expense	299,215	461,827
<u>Capital Expenditures</u>		
E 100.3 Construction Work	437,595	347,232
	2,050,505	2,345,000

1953 WORK PROGRAM - ELECTRIC DISTRIBUTION UTILITY

Unfortunately, it is impossible to present a work program budget for the Electric Distribution Utility Fund. The change in management and the resignation of the estimator resulted in the misplacement of the work of several hundred man-hours of preparation of budget estimates. The figures shown in this budget expense classifications have been devised on brief analysis of past expenditures and the anticipated increase that would normally be expected with the anticipated increase in business. The Acting Superintendent is to be commended for his efforts to gather information for budget preparation on such short notice.

The figures submitted are thought to be high enough to prevent budget over-runs in the various expenditure classifications. In each grouping of expenses the totals reflect approximately 25% increase.

It is planned that the new management will include a General Superintendent and a trained electrical engineer to extend the system design, prepare plans and compute work orders for construction. It has been brought to official attention by past management that the present distribution system is under-designed, which will require new transformer sub-stations on rerouting of high-power lines. Although no attempt is made to show a schedule of work to be accomplished, \$347,232 has been provided in the Capital Construction Work.

In regard to Capital Outlay expenditures, it appears that most of the additions to the distribution system should be capitalized by bond fund money, which would spread the large expenditures over a longer period, thereby permitting an immediate reduction in power rates by at least \$200,000. This practice is being followed both in the Telephone & the Water Utility.

The contribution to the General Fund is more than will be received in 1952, but \$43,000 less than was estimated for the original 1952 budget. This contribution should be reduced each year to eventually equal a figure not to exceed approximately 8% of capital investment, because such requirement will be necessary when the City starts purchasing power from the hydro-electric generation of the Department of Interior. This reduction will help to further reduce power rates to the consumer and still provide a fair return to the stockholders in this public utility, who are all the citizens of the City of Anchorage. These factors should all be considered when the power rate study is undertaken in 1953.

The estimates of revenue and expenditures are all computed without the benefit of acquiring Inlet Power and Light Company. It is anticipated that this acquisition will be accomplished in 1953. When the transaction is completed, then a new budget should be prepared to include this expansion.