

HIGHLIGHTS AND FUTURE EVENTS

MUNICIPAL LIGHT AND POWER HIGHLIGHTS AND FUTURE EVENTS

Use of the waste heat from Unit #6, a heat recovery turbine, has been a high priority for ML&P over the past few years. Several studies have been conducted to explore alternate uses for the excess energy. Plans are currently being considered to develop and privatize a greenhouse complex, using waste heat as the major source of heat for the commercial greenhouse venture.

ML&P was a major supporter to the Alaska Department of Fish & Game in obtaining a State Grant for water pipelines from AWWU and ML&P to increase the production of the local State Fish Hatchery by using heated water. This project will provide statewide benefits in sports fishing and increased tourism.

In October of 1993, ML&P, in conjunction with Babcock & Wilcox, was successful in its proposal to the Federal Government for a super conducting magnetic energy storage system (SMES) grant. The Technology Reinvestment Program of Advanced Research Project Agency will provide an \$8.7 million grant to aid in the development of a 1800 megajoule, 50 megawatt SMES. The majority of the estimate cost will borne by the Government and Babcock & Wilcox. The SMES system, scheduled for completion in 1998, will employ a liquid helium-cooled superconductor magnet to store energy for improving power quality, reliability, spinning reserve fuel savings and generation and transmission optimization cost savings to ML&P and the Railbelt Intertied System. In 1994, ML&P successfully completed the major portion of Phase 1 Planning and Design. Phase II will commence after Assembly approval of a contract with Babcock & Wilcox and the Department of Energy, in the fall of 1995.

ML&P, in conjunction with Chugach Electric Association (CEA) and Matanuska Electric Association (MEA), has submitted a proposal to the Federal government to purchase the Eklutna Hydroelectric Project. The project produces the lowest cost energy in the Anchorage area. ML&P's share is 16/30 (53%) of all the power produced by the project. The Federal Administration has approved the sale. As part of the agreement to this sale, ML&P will pick up its share of employees currently employed at the project. The U.S. Senate has passed the purchase legislation and a companion bill is in the House of Representatives. Local ownership of the project is important to insure that ML&P ratepayers will continue to receive the benefits of the low cost energy this project produces. ML&P is coordinating, with the Alaska Power Administration, a project to evaluate rewinding the Eklutna Hydroelectric project and increase the capacity of the plant. It is estimated that capacity may be increased by as much as 25% over the present rating.

The Electric Power Research Institute (EPRI), the research arm of the electric power industry, has agreed to help ML&P clean up two fuel spill contaminated sites, the first at ML&P's Generation Plant 1 and the other at ML&P's Generation Plant 2. The spill at Plant 1 was caused by the 1964 earthquake when the plant's fuel tank ruptured releasing approximately 200,000 gallons of fuel. The fuel spill at Plant 2 was caused by a fuel truck that overturned and released 3,700 gallons of diesel fuel. This spill reached a depth of 55 feet in a matter of days. EPRI's interest is these projects are centered on the unusual characteristics of each spill which are factors in cleanup efforts. Both spills are under active study now to determine the most efficient cleanup method. The projects are projected to be complete in 1996.

The Railbelt Interties consist of two segments, one from Anchorage to the Kenai Peninsula and the other from Healy to Fairbanks. The new Intertie segments are to be financed by State grants of \$43,200,000 and \$46,800,000 for the North and South segments, respectively, with the Railbelt Utilities supplying all additional funds required to complete in proportion to their IPG shares.

Currently, environmental studies, route selection and preliminary engineering are underway on the Northern segments. The Northern segment has been moving forward expeditiously with approximately one million dollars expended to date. The Southern segment has shown no visible progress except that an abbreviated agreement covering preliminary work, at no risk to Chugach, has been executed.

In October 1994, ML&P held the first Tax Free Mini-Bond sale ever offered to the general public in Anchorage. A total of \$1.5 million of \$1,000 increment bonds were sold during the one week offering. The bonds will mature in 5, 7, and 10 year increments. The money is being used in 1995 for general plant improvements such as under grounding and cable replacement.

In conjunction with the Anchorage School District and the Martin Luther King Career Center, Municipal Light & Power helped fund the conversion of a fossil fueled vehicle to electric power. This continues ML&P's desire to promote clean air and the use of electric vehicles as an alternative means of transportation in Alaska.

Retail and Wholesale Wheeling is part of the changing scene for electric utilities in the future. ML&P will continue to position themselves to take advantage of Retail and Wholesale Wheeling opportunities whenever they become available in Alaska.

In order to utilize our Electric Plant to its full potential, ML&P intends to continue to pursue the avenue of Power Sales Agreements with neighboring utilities in the State of Alaska.

ANCHORAGE WATER AND WASTEWATER UTILITY HIGHLIGHTS AND FUTURE EVENTS

Anchorage Loop Water Transmission Main

The Anchorage Loop Water Transmission Main ("Loop") will extend treated water from the Eklutna Water Treatment Facility through a system of large diameter, high pressure water transmission mains through the Anchorage Bowl. When completed, the Loop will eliminate areas without water or with low water pressure during periods of high water demand.

Construction of Phases I-III (from northeast Anchorage to the Tudor Tanks) will start in 1996. Pre-design and right-of-way acquisition for Phase IV will also begin in 1996. The entire Loop project consists of eight phases. Portions of Phases V and VII (along Dimond Boulevard/Abbott Road corridors) and all of phase VIII (Kincaid Reservoir north to Northern Lights Boulevard) are complete.

Information Systems Integration Plan

A professional services contract to assist the Utility in refining and updating its Information Systems Integration Plan for the years 1995-2001 was entered into in 1994. The plan is near completion and approval is expected this year. This plan will establish AWWU's medium and long term priorities and goals for information systems within all divisions.

Environmental Regulation

The new Republican 104th U. S. Congress is expected to approve comprehensive changes to the Safe Drinking Water Act and possibly also the Clean Water Act, which regulate drinking water treatment levels and quality of wastewater discharges. Due to the more conservative politics of the Republican majority the changes will probably make the Acts less restrictive and shift more power to the states. If perceived to be a major backsliding of environmental protection, the changes will most likely result in a presidential veto.

Pipe Corrosion Study

One of the most serious problems facing the Utility is the corrosion of iron pipes in its distribution and collections systems. The Utility has retained a corrosion engineering firm to perform an external corrosion study to identify the extent of the problem and to recommend potential solutions. The draft study has been received and is being reviewed by the Utility. The final study is expected to be complete in 1996. This study could result in changes in maintenance methods as well as changes in design and construction criteria.

Girdwood Wastewater Treatment Facility Upgrade

The Girdwood Wastewater Treatment Facility was constructed in 1978. It is a tertiary treatment plant and has a maximum capacity of 0.45 million gallons per day. At present, the plant routinely exceeds its maximum capacity, with record flows recorded for the spring of 1995 equal to 200% of its capacity. With the addition of the new Alyeska Prince Hotel, the expansion of service to the Old Girdwood Townsite public area, and other new developments, this plant's capacity will be exceeded within the year. A plan for phased upgrades has been initiated. Phase I, designed in 1994-95, will increase the plant's capacity to 0.6 million gallons per day, at an estimated construction cost of \$2,500,000 - \$3,000,000. Phase II, with an estimated cost of \$10,000,000 to \$15,000,000, will be necessary shortly after the year 2000 to bring the plant to a maximum daily capacity of 1.2 million gallons.

Eagle River Reservoir Site Acquisition

AWWU received \$4 million from the 1994 State Legislature to be used for the planning, design and construction of a reservoir in Eagle River. A contract was awarded in 1994 for professional services to assist in the process of choosing and acquiring a site for up to two reservoirs (one in the immediate future, and a second after 2005). The Utility has involved the Eagle River community, and the general public, in the site selection process. As a result of this process and AWWU's identification of costly engineering constraints, the search for a site has been expanded to include areas at a lower elevation and adjacent to the existing water system infrastructure. The site selection process should be complete by the end of 1995, at which time a design RFP will be issued to proceed with the engineering and construction phases.

Improvement Districts

Over the past two years, AWWU has seen an increase in activity for the investigation and creation of special assessment improvement districts. AWWU expects to see this trend increase, particularly in light of increasing numbers of failing on-site well and/or septic systems. At present, AWWU has \$6,500,000 of improvement districts under design or construction. This will impact AWWU's cash flow, since the benefited property owners are not assessed until three to four years after the creation of the district, with AWWU carrying the cost of construction during this time.

On-Site Systems Study

In co-operation with the Municipality of Anchorage Department of Health & Human Services (DHHS) and the Community Development and Planning Department, AWWU will participate in a Municipal-wide study identifying areas of known and probable on-site water and wastewater health concerns. DHHS is the lead agency with strong support and participation from AWWU. It is AWWU's opinion that this issue is a growing problem, as evidenced by water shortages and health problems in areas such as Scimitar Subdivision in Peters Creek. Both state and local agencies agree that planning for resolving potential health impacts must begin soon. AWWU has programmed funds in its Construction Improvements Plan (CIP) for 1996 and 1997 to support this issue.

AWWU Community Involvement

Anchorage Water and Wastewater Utility strives to help improve the quality of life in Anchorage by actively participating with the community. Awareness of Anchorage's need for reduced carbon monoxide levels led AWWU to volunteer in a federally funded Compressed Natural Gas (CNG) program. The Utility purchased 13 new vehicles in 1995 which were converted to operate with CNG, a much cleaner burning fuel.

Employees of AWWU, through the Anchorage Parks and Recreation Adopt-A-Park Program, adopted the Arctic Benson Park, located across from their headquarters building at 3000 Arctic, much to the appreciation of the neighboring residents. A group of 30 employees volunteer their free time to beautify and maintain the park so it remains an asset to the Spenard community. In the Huffman Hills Subdivision, AWWU worked with the local neighborhood to improve and clean up a water well site. This included the placement of wooden posts around the perimeter of the newly established pocket park to restrict unauthorized access.

In the winter, the headquarters building is illuminated with white lights as part of the Chamber of Commerce's City of Lights. This program will be expanded. In addition, AWWU was the 51st Anchorage business, and second Municipal Department, to attain the Chamber's highly acclaimed Green Star rating in recognition of the commitment to earth friendly efforts to reuse, reduce, and recycle.

SOLID WASTE SERVICES

Highlights and Future Events

A contract for the construction of the Anchorage Regional Landfill cells 4/5 and Leachate lagoon will be awarded. This 10.9 million dollar project will be completed by September 1995 and will ensure Anchorage has sufficient capacity for receipt of solid waste for the next four year period. It is anticipated that this project will be funded with money obtained through the State of Alaska Clean Water Fund program. It is estimated that use of this program's money versus conventional revenue bonds will save SWS a minimum of 2.7 million dollars.

Plans and specifications for an improved leachate collection system at the former Merrill Field Landfill will be completed and bid. This project will ensure leachate will not migrate from the site and cause environmental damage to the Chester Creek wetlands located south of 15th Avenue.

PORT OF ANCHORAGE HIGHLIGHTS AND FUTURE EVENTS

MARCH 1994

The Port of Anchorage and State of Alaska Department of Transportation and Public Facilities entered into an agreement to be local co-sponsors on the Corps of Engineers' three-year Cook Inlet Navigation Study. This study will determine the feasibility of dredging a channel at Knik Arm Shoal.

JUNE 1994

A Noncompetitive Commercial Occupancy Lease was entered into by the Port and the United States Department of Interior, Bureau of Land Management for 9.87 acres (Tract "A") which is adjacent to Port Property. This allows the Port to proceed in developing an additional 14 acres for the staging of marine cargo (Tracts "A"&"EE").

JULY 1994

A squadron of four Japanese Maritime Defense Force destroyers made a port call at Anchorage. This was the first stop on a five month goodwill and naval indoctrination training cruise. This was the largest Japanese fleet unit to ever visit the Port of Anchorage.

AUGUST 1994

The first export bulk water shipment from Anchorage of 1.75 million gallons is loaded aboard a tanker bound for Japan.

1994

The Port of Anchorage is ranked as 19th among North American container ports, including Canada, Puerto Rico, Hawaii and Latin America, in TEU (twenty foot equivalent units) throughput.

JUNE 1995

Begin design on the Petroleum (POL) Dock #2 Structural Rehabilitation Project. This project is estimated to cost \$750,000 and will be accomplished during the 1996 construction season.

JUNE 1995

The Municipality, Port of Anchorage, and the Alaska state Department of Transportation and Public Facilities entered into a Transfer Of Responsibilities Agreement (TORA) whereby the Port will contribute a \$35,000 portion towards an estimated \$350,000, federal-aid, design project to improve landside access to the Port by repaving Ocean Dock Road and relocating approximately 1,400 linear feet of railroad track.

AUGUST 1995

Completion of the multiple year, \$6.4 million, New Port Fendering System Project

AUGUST 1995

Commence feasibility study of a "Multi-Purpose Dock Project." This project, extending the Port into the North Tidelands area, would encompass three major phases: Phase I, Access; Phase II, Transit Area (land base); and Phase III, Dock Construction. This incremental multi-million dollar project would occur over the next 8-10 year period. Sources of funding are still being identified.

AUGUST 1995

Commence construction on a major lighting renovation project for the Port's Transit Areas "A", "B" and "C". This project is scheduled for completion in the Summer of 1996.

AUGUST 1995

Begin the construction phase of the \$2.2 million Petroleum Valve Yard Upgrade Project. It is estimated that \$830,000 of the project will be financed by private enterprise petroleum customers of the Port and the Federal Defense Fuels Organization. Estimated project completion is the Summer of 1996.

JANUARY 1996

Completion of the multiple year, \$5.9 million, Tracts "A"&"EE" 14 acre Port Industrial Park Development Project.

SUMMER 1996

Commence design of Transit Area "E" contingent upon the State of Alaska approval of a matching grant for this \$6.0 million project.

MERRILL FIELD AIRPORT HIGHLIGHTS AND FUTURE EVENTS

The removal of obstructions from the Runway 15-33 Object Free Area (OFA) and Clear Zone continues with the demolition of structures located on the west side of the runway. These areas will be replatted into larger parcels to facilitate aviation related uses and to establish a Runway OFA, thereby improving the operational safety of the Airport. These projects are made possible by federal grant funding through the Federal Aviation Administration (FAA) Airport Improvement Program (AIP) which has historically supported Capital Improvement Projects at Merrill Field.

FAA has designated Merrill Field as a Reliever Airport to Anchorage International Airport, based on its ability to effectively provide facilities to accommodate general aviation aircraft. The Reliever Airport status will provide better funding opportunities for Merrill Field's Capital Improvement Projects through the AIP grant process.

The University of Alaska Anchorage (UAA) is presently constructing an \$11,000,000 addition to the Aviation Technology Complex located at Merrill Field Airport. When the construction is finished in 1996, UAA will have the ability to offer educational courses in management, air traffic control, aviation operations, aircraft maintenance, and safety in one facility.

FAA is proceeding with design development of a new Air Traffic Control Tower (ATCT) for Merrill Field. The new ATCT will be located on the north side of the airfield with estimated construction start up in 1996 and commissioning in 1998. The new facility is being designed, with respect to height and location, to meet future airport development needs and aviation safety.