

HIGHLIGHTS AND FUTURE EVENTS

MUNICIPAL LIGHT AND POWER HIGHLIGHTS AND FUTURE EVENTS

Beluga River Gas Field

ML&P finalized the purchase of the one third working interest in the Beluga River Gas Field in December of 1996. This cumulated nearly eighteen months of negotiations with Shell Western E&P's Inc. Purchase of the gas supply will provide all the gas requirements for the Electric Division until the year 2016 and partially meet its needs from 2017 until 2026. This will stabilize fuel cost for the Electric Division over the next 30 years.

Eklutna Hydro-electric Project

In May of 1996, representatives from ML&P, Chugach Electric Association, Matanuska Electric Association and the Alaska Power Association signed the Eklutna Transition Plan formalizing the ownership transfer. This is the first contractual step taken by the Utilities to formally acquire ownership of the federal facility. ML&P is to acquire a 3/5 ownership in the 30-megawatt Eklutna Project which lies north of Anchorage. The Eklutna Plant is currently undergoing major turbine refurbishment, which when completed will increase its capacity to nearly 40 megawatts. Work will be completed on turbine #1 before any work is started on Turbine #2, in order to maintain an average of approximately 50% production for the year. The project will be operated with only one turbine in service for most of the production year 1997.

Cable Replacement

During 1996, ML&P successfully used state-of-the-art horizontal boring technology to replace over 23,000 feet of failing underground power cable without the use of open-ditch trenching and the inevitable destruction of asphalt and landscaping.

New Services

Residential and commercial growth in Anchorage made line extensions and new service connections the primary focus during 1996. A total of 143 commercial customers requested electric service. New customers included the Snow Goose Restaurant, Glacier Brewhouse, Railway Brewing Company, Ernie Turner Recovery Center, CIRI RV Park, New Sagaya Oriental Market, two First National Bank of Anchorage office buildings and Barnes and Noble Booksellers. A long-time customer, the Alaska Native Medical Center, moved into a newly completed 376,000 square-foot 150 bed hospital complex and a 59 bed Hostel in early 1997. A contractual agreement has been entered into with Elmendorf Air Force Base to design, construct and interface ML&P facilities to supply power to the new Central Medical Facility being built on the Base. The new medical facility is scheduled for completion in July of 1998.

New Customers

ML&P continues to look for additional customers both in Retail and Wholesale sales. Currently under negotiation is a contract to deliver firm power to GVEA. The stability of fuel costs will enable the Utility to become more competitive and provide customers with reasonable rates for many years to come. Retail and Wholesale Wheeling is part of the changing scene for electric utilities. ML&P continues to position themselves to take advantage of Retail and Wholesale Wheeling opportunities whenever they become available in Alaska.

In order to utilize the 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 whenever possible.

Supervisory Control and Data Acquisition (SCADA) System

ML&P has joined with Chugach Electric Association and Golden Valley Electric Association in a joint contract with Siemens Energy & Automation, Inc. The new SCADA system will provide ML&P with a new customized system including hardware, software, and startup systems. Included are software applications for an Energy Management System for transmission and a Distribution Management System for distribution. It is estimated that the project will require three years to complete.

ANCHORAGE WATER AND WASTEWATER UTILITY HIGHLIGHTS AND FUTURE EVENTS

ANCHORAGE LOOP WATER TRANSMISSION MAIN

The "Loop" will supply water from the Eklutna Water Treatment Facility through a system of large diameter, high pressure water transmission mains to be constructed in the Anchorage Bowl. When completed, the Loop will eliminate areas without water or with low water pressure during periods of high water demand. The "Loop" is an eight phase project, scheduled to be complete during the year 2002.

Phase I (northeast Anchorage to DeBarr Rd.), Phase II (DeBarr Rd. to Northern Lights Blvd.), and Phase III (Northern Lights to 32nd Ave. to Muldoon to Tudor/Patterson reservoirs) are nearly complete and should be final by the end of 1997. This will immediately increase water delivery to Muldoon and Tudor & Patterson Reservoirs. Phases I-III total project cost is projected to be approximately \$21 million.

Phases IV and V have initiated the pre-design phase to determine the final alignments of a transmission main from the Tudor reservoirs southwest to Abbott Road and then to the future Service High reservoirs site (just west of Service Pool). Phase IV will be delayed in selection of the final route until 1998 or later due to environmental constraints and public concerns. Phase V will have the alignment selection completed by the end of 1997.

Phase VII (also known as the Airport Phase 1B) is presently under route selection and design. This phase will connect the existing system at Dimond Blvd. & Jewel Lake to the Kincaid Reservoir. Construction is to proceed in 1998 with completion scheduled for 1999. Total project cost for this phase is estimated at approximately \$7 million.

EAGLE RIVER RESERVOIR

This reservoir and associated piping will significantly improve fire flow capacities to areas east of Eagle River Loop Road, and both sides of Eagle River Road. AWWU has involved the Eagle River community and general public in the site selection process, and, as a result, has chosen a site for the first of potentially four new reservoirs over the next 20 years.

The new reservoir and associated booster station are proposed to be located at AWWU's existing Meadow Creek Reservoir site, near East Eagle River Loop Road and West Skyline Drive. Design is presently underway. Other facilities associated with this reservoir include a transmission main along Eagle River Road, then both north and south along Eagle River Lane. A high pressure booster station along Eagle River Lane Road (just north of Eagle River Road) will service areas north to include Eagle Crest, Preuss, Heritage Estates East & West, and Hylen Crest subdivisions. Construction of the reservoir is tentatively scheduled to start in 1998 and be completed by fall 1999. The transmission facilities are also to start construction in early 1998 with completion tentatively projected for early 1999. The total project costs for these facilities is approximately \$6 million.

GIRDWOOD WWTF UPGRADE

The Girdwood Wastewater Treatment Facility is a tertiary treatment plant constructed in 1978. The facility has a maximum treatment capacity of 0.45 million gallons per day (MGD). The plant routinely exceeds its capacity, with record flows recorded the spring of 1995 equal to 200% of its capacity. With the addition of the Alyeska Prince Hotel, the expansion of service to Old Girdwood Townsite public area, and other new developments, this plant's capacity will be exceeded on a daily basis within the coming years. Therefore, phased upgrades have been initiated as follows:

- Phase I (increase capacity to 0.6 MGD) \$ 3,360,000 Complete 1998
- Phase II (increase capacity to 1.2 MGD) \$15,000,000 Complete 2007

Phase I construction is scheduled to begin in the 3rd quarter of 1997. The upgrade, in addition to handling the higher influent volume, will produce denser sludge, thereby reducing the volume and resulting in fewer sludge haul trips to Anchorage. Phase II is a major upgrade to the treatment plant, and will be necessary in the next decade.

SANITARY SEWER TRUNK REHABILITATION

AWWU has several large sanitary sewer trunks that were constructed in the early 1960's. Many of these were constructed of corrugated metal pipe and locally manufactured concrete pipe. These trunks generally follow the natural drainage topography. This means that the trunks are located within or along many of the major creeks drainage of the Anchorage Bowl, such as Fish Creek, Chester Creek, Campbell Creek, etc. These drainage areas present subsurface environments which are both chemically and physically corrosive to these trunks. The 1995 Wastewater Master Plan identified many of these trunks that are subject to deterioration and that have capacity problems, most being nearly forty years in age. AWWU has incorporated a capital improvements program to address the need to upgrade these sewer trunks. The location of these trunks presents many challenges due to environmental constraints, difficult construction requirements and public impacts. AWWU is investigating and utilizing alternative construction approaches to address these constraints including slip lining, no dig solutions, and spot replacements. It is expected that these trunks will be upgraded over the next five years.

PT. WORONZOF WWTF SECONDARY TREATMENT 301(H) WAIVER

EPA Region 10 has not yet indicated any interest in reviewing the renewal application for this facility's NPDES discharge permit which contains the secondary treatment waiver. The permit expired October 1990. Until the EPA makes a decision, the facility will continue to operate under the requirements of the expired permit.

INFORMATION SYSTEMS APPLICATIONS

The Engineering Division's Assessments process, to create an assessment roll, levy costs against properties and manage a project, is a priority application that will look at workflow, re-engineering, and methods of automating the entire process.

The Operations & Maintenance Division will initiate a PC-based Maintenance Management System (MMS) in 1997/98 to support field maintenance activities. This program will tie maintenance histories and field inspection and audit information to converted Continuing Property Records (CPR) system information and the Geographic Information System (GIS).

The Continuing Property Records (CPR) system manages and tracks all units of AWWU fixed assets. New GIS and MMS features will replace many CPR functions. Upgrades making this program an effective accounting tool and interfacing with Customer Information System (CIS), GIS and MMS should be complete by the first quarter of 1998.

The IS Division should complete the Relational Database Management System (RDBMS) conceptual design by the end of 1997. This provides an overall data model for the Utility, identifies interfaces between major systems, and provides a basic data structure on which future applications may be built. Implementation of RDBMS will occur in 1998.

Ensuring all applications are Year 2000 compliant will be a major IS effort in 1997/98. All Utility applications will be inventoried, reviewed for compliance, and corrected, as needed.

CUSTOMER SERVICE

The Customer Service Division is in the process of completing major enhancements to the Customer Information System (CIS). This enhancement will allow us to estimate meter reads on all test meters plus make overall improvements to the system. During the remainder of 1997 and during 1998, we will be working on changes to the billing system that will correct the Year 2000 problems. We will start billing Eklutna Utility customers for water service in 1997.

SOLID WASTE SERVICES

Highlights and Future Events

No major fiscal changes for the Refuse Collections Utility or the Solid Waste Disposal Utility are anticipated in 1998 or the foreseeable future.

In 1996, the federal government passed amendments to the Clean Air Act that will require extensive monitoring of non-methane organic compounds and methane at the Anchorage Regional Landfill. If these gas compounds exceed certain standards, the Utility may be required to control their emissions by installation of an active gas control/removal system similar to what was previously installed at the former Merrill Field Landfill.

Planning and design of the next development phase of the Anchorage Regional Landfill was initiated in 1997. Solid Waste Services anticipates the next cell will be constructed during 1998 and 1999 and financed via a low interest bearing loan from the Alaska Clean Water Loan Program.

PORT OF ANCHORAGE HIGHLIGHTS AND FUTURE EVENTS

JANUARY 1996

Completion of the multiple year, \$6.3 million, Tracts "A" & "EE" 13.5 acre Port Land Development Project.

MAY 1996

Completion of the multiple year, \$6.5 million, New Dock Fendering System Project.

AUGUST 1996

The Port of Anchorage received two grants from the State of Alaska: \$881,300 for the Knik Arm Shoal Navigation Improvement Project; and, \$280,000 for the Port of Anchorage North Corridor Access Feasibility Study.

1996

The Port of Anchorage achieved its highest tonnage year in 35 years of operation with 3,088,268 tons of cargo crossing the Port's dock in 1996. Also, in 1996, the Port was ranked as 17th among United States container ports, including Puerto Rico and Hawaii, in TEU (twenty foot equivalent units) throughput.

JUNE 1997

Began the Port of Anchorage North Corridor Access Feasibility Study. Estimated study completion is February, 1999.

AUGUST 1997

Complete construction on the Port of Anchorage \$4 million Petroleum Valve Yard Upgrade Project.

MARCH 1998

Begin design portion of Petroleum Dock #2 Expansion Project. The construction phase of this estimated \$6 million project should occur in 1999 and 2000.

MAY 1998

Begin the multiple year construction phase on the Lot 4A Port Land Development Project. Estimated project completion is Fall, 1999.

OCTOBER 1998

Final local sponsor funding portion, estimated at \$700,000, to be provided to the Corps of Engineers for the Knik Arm Shoal Navigation Improvement Project. Estimated project completion is 1999.

MERRILL FIELD AIRPORT

1998

HIGHLIGHTS AND FUTURE EVENTS

The University of Alaska Anchorage (UAA) multi-million dollar addition to the Merrill Field Aviation Technology Center has been completed. What is promoted as the most sophisticated aviation training center in the nation now has the ability to offer educational courses in Aviation Management, Air Traffic Control, Airport Operations, Aircraft Maintenance and Aviation Safety at one location. As this major addition on the airport further develops its student base, additional aviation activities on the airport should follow.

Merrill Field continues to operate as a General Aviation Reliever Airport for Anchorage International Airport, based on its ability to effectively provide aviation services and facilities to accommodate their general aviation aircraft.

Obstruction removal from the Runway 15/33 object free area and runway protection zones continues. The acquisition and replatting of these lots will provide aviation use areas once the demolition of existing structures is completed.

The new Merrill Field Air Traffic Control Tower is currently under construction with commissioning of the new tower scheduled for early 1999. FAA and the Municipality have agreed to incorporate the "City of Lights" theme in the tower design. Current tower renditions reflect a positive addition to this theme.

Reconstruction of Echo 2 & Echo 3 tiedown aprons, including Echo Taxiway and Merrill Field Drive, is ahead of schedule and is receiving positive feedback from our customers.

The new Merrill Field Airport Master Plan is about to get underway. The Master Plan, funded by the FAA, will provide updated long-term planning for the airport.

Through a coordinated effort with the U. S. Department of Agriculture, Animal Damage Control, a Wildlife Control Plan was developed and instituted for the purpose of minimizing potential aircraft bird strikes. With the Anchorage bowl airports working together, this program has proven very effective.

Of significant importance to Merrill Field and the Municipality of Anchorage is the FAA funded Anchorage Area Airspace Study which will evaluate the Anchorage bowl airports, their flight paths, effects and will develop recommendations. This study will directly involve Merrill Field, Anchorage International, Lake Hood and Elmendorf Air Force Base. Other local small airports will be considered as well. Merrill Field has a representative on this study team.