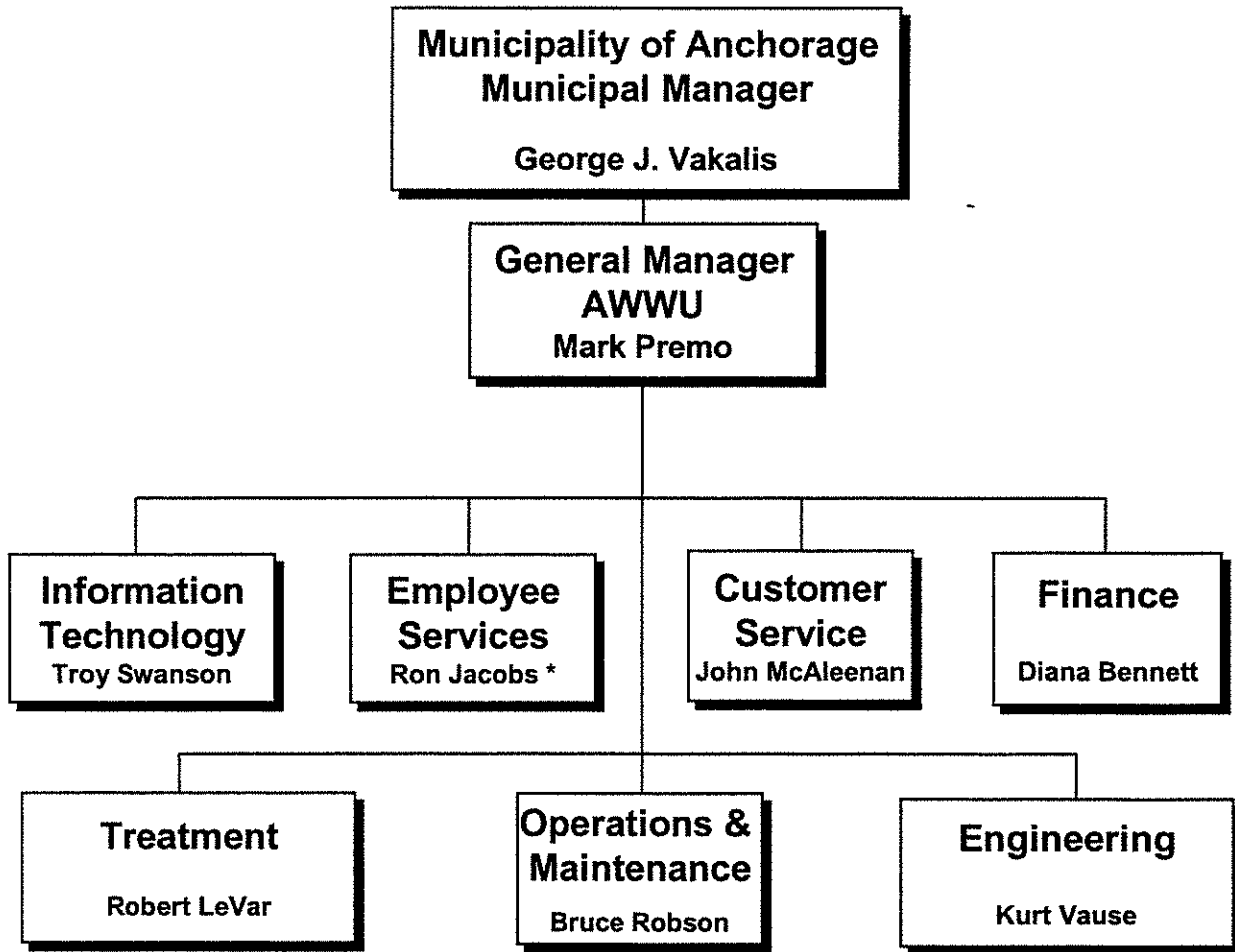


**ANCHORAGE WATER AND  
WASTEWATER UTILITY**

# ANCHORAGE WATER & WASTEWATER UTILITY

## ORGANIZATION CHART



\* Acting Assignment

## **ANCHORAGE WATER & WASTEWATER UTILITY PROFILE**

**ORGANIZATION:** The Anchorage Water and Wastewater Utility (AWWU) is the largest water and wastewater utility in Alaska and serves 125 square miles of metropolitan Anchorage from Eklutna to Girdwood. The Utility collects water from two major surface watersheds and many deep underground wells and distributes it to approximately 49,500 residential, commercial, military, and industrial customers throughout the urban areas of Anchorage. The Utility's wastewater facilities serve 49,600 residential, commercial and military customers. As water is consumed and used, treatment plants operate 24 hours per day, discharging treated wastewater into Cook Inlet, Eagle River and Glacier Creek. The public investment in these systems -- for treatment plants, mains and sewers, laboratories, and reservoirs -- totals over \$750 million. More than 260 employees operate the system, and the Utility spends approximately \$50 million annually to ensure that the water and wastewater systems perform efficiently. Through education, training, certification programs, field experience and longevity of service, the people who run the system are a dedicated team: Treatment plant operators, engineers, laboratory technicians, maintenance craftsmen, accountants, customer service representatives and field personnel working together, ensure that the water and wastewater systems perform efficiently.

Although they share one workforce, the utilities are separate economic entities. A profile of each utility is shown below:

### **ANCHORAGE WATER UTILITY**

**HISTORY:** From the first water intake in Lower Ship Creek (and a few miles of woodstave water mains downtown) more than 75 years ago, Anchorage's public water utility has grown to a third-of-a-billion-dollar enterprise that delivers nearly 27 million gallons of water to its customers each day, for less than \$1 per household. The original water system for Anchorage was installed by the Alaska Railroad in 1917. In 1921, the City purchased the water system and associated water rights from the Alaska Engineering Commission. As the City expanded by annexation, the water system was extended into new areas and independent water systems previously serving the annexed areas were acquired by the City. The entire service area is now governed by the Municipality of Anchorage as a result of unification of the City of Anchorage and the Greater Anchorage Area Borough on September 15, 1975.

**SERVICE:** In the Tent City days of Anchorage, Ship Creek supplied water for Anchorage's first settlers, conveyed with buckets. Today, Ship Creek remains an important water source, captured up-stream in the Chugach foothills for treatment and distribution. From spring through fall, the headwaters of Ship Creek provide up to 24 million gallons of water each day. When stream flow is low during the winter, the Eklutna

Water Treatment Plant and deep wells are relied upon to supplement the Ship Creek water supply. The 35 million gallon Eklutna Plant north of Eagle River, completed in 1988, will supply Anchorage's water needs into the next century. The Eklutna water supply originates at Eklutna Lake, a body of water that is a drought-resistant natural reservoir. Fed by the runoff from Eklutna Glacier and the annual snow-pack, the eight mile long lake can supply up to 100 million gallons of water each day. The Girdwood community is served from a system of wells.

During 1999 the Anchorage Water Utility (AWU) proposes a construction program that will continue to emphasize repair and rehabilitation of the existing system and resources as well as the efforts to maximize water availability to South and West Anchorage. To meet our goals on the latter objective, AWU is continuing with the construction of the Anchorage Loop Water Transmission Main, phase VII and is initiating continued design of Phases IV and V and the Service High Reservoir. Phases I - III, have been completed. Phases IV and V will connect those reservoirs to the planned Service High Reservoir and our existing Spruce Street system.

REGULATION: Since December 1970, the Anchorage Water Utility has been economically regulated by the Alaska Public Utilities Commission (APUC). All rates and tariffs must be approved by this body prior to implementation. They also regulate service areas and service quality. The APUC is composed of five members appointed to six-year staggered terms by the Governor and confirmed by the State Legislature.

In addition to the APUC, the Anchorage Water and Wastewater Utility Advisory Commission acts as an oversight body to advise the Mayor and Assembly on Utility matters. The seven members of this Commission are appointed to staggered three-year terms by the Mayor and approved by the Assembly. The Commission annually elects one of its members as Chair and another as Vice-Chair. The General Manager of AWWU serves as Executive Secretary of the Commission.

The Commission normally meets once a month to review service policies and practices and reviews the budgets and operations of AWWU and annually submits recommendations to the Mayor.

ENVIRONMENTAL MANDATES: In recent years there have been several federally mandated programs that directly impact the Water Utility's operating costs. The Safe Drinking Water Act, Americans with Disabilities Act, and Community Right-to-Know are some of the current and ongoing laws that impact the Utility.

PHYSICAL PLANT: AWU operates two treatment plants and has seventeen wells that are operated on an as-needed basis. Only two wells are operated full-time. Average treatment plant production is 26,000,000 gallons per day (gpd). Treatment plant capacity is 59,000,000 gpd. Average well production is 5,600,000 gpd. The transmission system has approximately 690 miles of mains and 5,600 fire hydrants. Net Plant value as of December 1997: \$319,000,000.

## ANCHORAGE WASTEWATER UTILITY

HISTORY: Sewers were first installed in Anchorage during 1916 along the lower bluff from the Alaska Railroad Depot, west to the inlet, by the Alaska Engineering Commission. As Anchorage grew, construction of sewers continued and, by the end of World War II, sewers were available to most of the area between Ship Creek and Chester Creek to the West of Cordova Street. The Greater Anchorage Area Borough (GAAB) was created in 1964, and soon after was granted areawide sewer powers. The last major private sewer utility was acquired by the GAAB in 1972. The Utility is now governed by the Municipality of Anchorage as a result of unification of the City of Anchorage and the Greater Anchorage Area Borough on September 15, 1975.

SERVICE: Anchorage's enjoyment of drinking water is just one part of the AWWU system. After the day's 26 million gallons of water is used, it must be treated for its return to the environment. The creeks and inlets downstream from Anchorage's wastewater treatment plants are not adversely impacted by treated effluent, which is the principal measure of success. The Anchorage community benefits from the superior operation of the three wastewater treatment plants that serve its growing population.

For every contaminant that finds its way into the water from the activities of man or natural forces, there is a process to remove it, although some processes are so costly that the contaminants must be controlled at the source. Toxic chemical compounds -- Floating sediments and particles -- Human waste -- Grease and oils -- Debris -- Bacteria. None are acceptable in public waters.

Like thousands of utilities across the nation, the Anchorage Wastewater Utility is achieving higher levels of treatment more efficiently and more effectively than was possible even 10 years ago. While the technology of screening the waste, employing "specialized" bacteria to absorb dissolved solids, and disinfecting the "final product" remains the same, treatment standards have become more stringent.

At Eagle River, Girdwood and Point Woronzof, the utility has continued to invest in the highest and most reliable technology practicable. Anchorage in the 1990's is assured that the city's wastewater treatment plant output protects the receiving water to which it is returned.

REGULATION: Since 1971, the Anchorage Wastewater Utility has been economically regulated by the Alaska Public Utilities Commission (APUC) and holds a Certificate of Convenience and Necessity for serving the Anchorage Bowl, Eagle River, and Girdwood. All rates and tariffs must be approved by this body prior to implementation. They also regulate service areas and service quality. The APUC is composed of five members appointed to six-year staggered terms by the Governor and confirmed by the State Legislature.

In addition to the APUC, the Anchorage Water and Wastewater Utility Advisory Commission acts as an oversight body to advise the Mayor and Assembly on Utility matters. The seven members of this Commission are appointed to staggered three-year

terms by the Mayor and approved by the Assembly. The Commission annually elects one of its members as Chair and another as Vice-Chair. The General Manager of AWWU serves as Executive Secretary of the Commission.

The Commission normally meets once a month to review service policies and practices and reviews the budgets and operations of AWWU and annually submits recommendations to the Mayor.

ENVIRONMENTAL MANDATES: In recent years there have been several federally mandated programs that directly impact the Wastewater Utility's operating costs. The Clean Water Act, Americans with Disabilities Act, Community Right-to-Know, and the Clean Air Act are some of the current and on-going laws that impact the Utility.

The Point Woronzof Wastewater Treatment Plant uses primary treatment techniques. The extreme tides and natural water flow of Cook Inlet enable these wastewater discharges to be diluted with no adverse effect to the environment. The dynamics of Cook Inlet's currents and tides -- coupled with primary treatment and chlorination -- have enabled Anchorage to receive a waiver from secondary treatment standards from the U.S. Environmental Protection Agency (EPA). To continue operating under the waiver, AWWU maintains an extensive marine monitoring program that makes certain that there are no negative environmental impacts to the receiving waters of Cook Inlet. The Utility is currently in the process of obtaining a renewal of the discharge permit and expects it to be in place in 1999.

PHYSICAL PLANT: The Wastewater Utility operates three treatment plants. Average flow was 32,000,000 gallons per day (gpd) in 1998. Treatment plant capacity is 61,500,000 gpd. The collection system has approximately 681 miles of lines. Net plant value as of December 1997: \$242,000,000. In Girdwood and Eagle River, the wastewater utility's plants are modern, tertiary (three-stage) plants that discharge effluent of virtual drinking water quality into Glacier Creek and Eagle River. With its expansion in 1991, the Eagle River Plant has the capacity to provide for growth to the year 2005. The Girdwood Plant upgrades were completed in 1998.

The Point Woronzof Treatment Plant, built in 1972, is Alaska's largest. As wastewater treatment technology and the demands of community growth have developed over the last two decades, utility operators and engineers have kept pace. The Point Woronzof plant was upgraded in 1982, and expanded and upgraded again in 1989. Ingenuity and vigilant maintenance have consistently enabled the Utility to operate this facility at its optimum level.

## ANCHORAGE WATER AND WASTEWATER UTILITY WORK FORCE PROJECTIONS

DIVISIONS	1998	1999	2000	2001	2002	2003	2004
MANAGER	4	4					
EMPLOYEE SERVICES	7	7					
INFORMATION TECHNOLOGY	14	14					
OPERATIONS & MAINTENANCE	82	82					
TREATMENT	62	62					
FINANCE	19	17					
ENGINEERING	32	32					
CUSTOMER SERVICE	45	45					
*TOTAL POSITIONS	265	263	263	260	255	250	250
PART-TIME/TEMPORARY	9	13	9	9	9	9	9
TOTAL ALL POSITIONS	274	276	272	269	264	259	259

\*NOTE: The competitive assessment process is anticipated to result in efficiencies that will reduce staffing requirements through attrition.

**Anchorage Water Utility**

**1999**

**Operating Budget**



## ANCHORAGE WATER UTILITY RECONCILIATION OF 1998 BUDGET TO 1998 PROFORMA

	1998 BUDGET	1998 PROFORMA	VARIANCE	
<b>OPERATING REVENUE</b>	27,056,000	27,497,000	441,000	A
<b>OPERATING EXPENSE</b>				
OPERATIONS	14,931,000	14,571,000	(360,000)	B
DEPRECIATION	2,563,000	2,563,000	0	
MUSA	1,476,000	1,476,000	0	
<b>TOTAL OPERATING EXPENSE</b>	<u>18,970,000</u>	<u>18,610,000</u>	<u>(360,000)</u>	
<b>OPERATING INCOME</b>	8,086,000	8,887,000	801,000	
<b>NON-OPERATING REVENUE</b>	2,216,000	2,156,000	(60,000)	C
<b>NON-OPERATING EXPENSE</b>	<u>7,892,000</u>	<u>7,350,000</u>	<u>(542,000)</u>	D
<b>NET INCOME REGULATORY</b>	<u>2,410,000</u>	<u>3,693,000</u>	<u>1,283,000</u>	
<b>ADJUSTMENT FOR GAAP METHOD</b>	(4,766,000)	(4,766,000)	0	
<b>NET INCOME GAAP</b>	(2,356,000)	(1,073,000)	1,283,000	

Explanation of Significant Variances:

A: Customer growth 1.6% over bgt, +441k.

B: Labor (174k); supplies (144k); other services +133k; IGC's (175k).

C: Decrease in interest income (60k).

D: Decrease in interest expense (542k).

## ANCHORAGE WATER UTILITY RECONCILIATION OF 1998 PROFORMA TO 1999 BUDGET

	1998 PROFORMA	1999 BUDGET	VARIANCE	
<b>OPERATING REVENUE</b>	27,497,000	27,965,000	468,000	A
<b>OPERATING EXPENSE</b>				
OPERATIONS	14,571,000	15,869,000	1,298,000	B
DEPRECIATION	2,563,000	2,627,000	64,000	C
MUSA	1,476,000	1,520,000	44,000	
<b>TOTAL OPERATING EXPENSE</b>	<u>18,610,000</u>	<u>20,016,000</u>	<u>1,406,000</u>	
<b>OPERATING INCOME</b>	8,887,000	7,949,000	(938,000)	
<b>NON-OPERATING REVENUE</b>	2,156,000	2,129,000	(27,000)	
<b>NON-OPERATING EXPENSE</b>	<u>7,350,000</u>	<u>7,561,000</u>	<u>211,000</u>	D
<b>NET INCOME REGULATORY</b>	<u>3,693,000</u>	<u>2,517,000</u>	<u>(1,176,000)</u>	
<b>ADJUSTMENT FOR GAAP METHOD</b>	(4,766,000)	(4,885,000)	(119,000)	
<b>NET INCOME GAAP</b>	(1,073,000)	(2,368,000)	(1,295,000)	

Explanation of Significant Variances:

A: Customer growth 1.7%.

B: Labor +113k; supplies +222k; other services +289k; IGC's +674k.

C: Function of the capital construction program.

D Increase in interest expense +211k.

# ANCHORAGE WATER UTILITY STATEMENT OF REVENUE AND EXPENSES

	1997 ACTUAL	1998 PROFORMA	1999 BUDGET
<b>OPERATING REVENUE</b>			
RESIDENTIAL SALES	18,320,530	18,681,000	19,036,000
COMMERCIAL SALES	5,861,690	5,961,000	6,074,000
PUBLIC FIRE PROTECTION	2,475,000	2,475,000	2,475,000
HYDRANT USE CHARGE	148,968	150,000	150,000
MISCELLANEOUS	252,315	230,000	230,000
<b>TOTAL OPERATING REVENUE</b>	<b>27,058,503</b>	<b>27,497,000</b>	<b>27,965,000</b>
<b>OPERATING EXPENSES</b>			
SOURCE OF SUPPLY	2,621,939	2,460,000	2,701,000
TREATMENT	2,475,222	2,552,000	2,500,000
TRANSMISSION	3,212,950	2,803,000	2,751,000
CUSTOMER ACCOUNTS	1,678,011	1,755,000	1,932,000
GENERAL & ADMINISTRATIVE	4,072,625	5,001,000	5,985,000
DEPRECIATION *	2,557,537	2,563,000	2,627,000
MUSA	1,432,910	1,476,000	1,520,000
<b>TOTAL OPERATING EXPENSE</b>	<b>18,051,194</b>	<b>18,610,000</b>	<b>20,016,000</b>
<b>OPERATING INCOME</b>	<b>9,007,309</b>	<b>8,887,000</b>	<b>7,949,000</b>

\* DEPRECIATION OF CONTRIBUTED  
PLANT NOT INCLUDED

## ANCHORAGE WATER UTILITY STATEMENT OF REVENUE AND EXPENSES

	1997 ACTUAL	1998 PROFORMA	1999 BUDGET
<b>NON-OPERATING REVENUE</b>			
RENTAL INCOME	604,374	606,000	606,000
INTEREST - GENERAL CASH POOL	333,748	200,000	200,000
INTEREST - CAPITAL ACQUISITION ACCOUNT	(129,699)	190,000	100,000
INTEREST - BOND REDEMPT RESERVE	305,529	230,000	260,000
INTEREST - BOND SINKING FUND	80,959	110,000	110,000
INTEREST - EKLUTNA RESERVE	633,985	700,000	723,000
INTEREST & PENALTY ON ASSESSMENTS	184,851	120,000	130,000
MISC INCOME	0	0	0
<b>TOTAL NON-OPERATING REVENUE</b>	<b>2,013,747</b>	<b>2,156,000</b>	<b>2,129,000</b>
 <b>NON-OPERATING EXPENSE</b>			
AMORT DEFERRED DEBITS/DISCOUNTS	811,417	780,000	850,000
INTEREST - BOND	6,718,993	6,620,000	7,011,000
INTEREST - SRF LOANS	0	0	200,000
CAPITALIZED INTEREST	(349,748)	(50,000)	(500,000)
<b>TOTAL NON-OPERATING EXPENSE</b>	<b>7,180,662</b>	<b>7,350,000</b>	<b>7,561,000</b>
<b>NON-OPERATING INCOME</b>	<b>(5,166,915)</b>	<b>(5,194,000)</b>	<b>(5,432,000)</b>
 <b>NET INCOME (REGULATORY)</b>	 <b>3,840,394</b>	 <b>3,693,000</b>	 <b>2,517,000</b>
 ADJUSTMENT FOR GAAP	 4,808,023	 4,766,000	 4,885,000
<b>NET INCOME (LOSS) GAAP</b>	<b>(967,629)</b>	<b>(1,073,000)</b>	<b>(2,368,000)</b>

## ANCHORAGE WATER UTILITY STATEMENT OF SOURCES AND USES OF CASH

	1997 ACTUAL	1998 PROFORMA	1999 BUDGET
<b>SOURCES OF CASH:</b>			
NET INCOME (LOSS) GAAP	(967,629)	(1,073,000)	(2,368,000)
DEPRECIATION	7,365,560	7,329,000	7,512,000
BOND PROCEEDS	0	3,500,000	15,000,000
STATE LOANS	0	7,500,000	0
ASSESSMENT BONDS	0	0	0
AMORT/DEFERRED DEBITS/DISCOUNTS	811,417	780,000	850,000
GRANTS	7,847,619	3,623,000	2,133,000
CONTRIBUTIONS FROM OTHERS	720,203	750,000	500,000
EKLUTNA RESERVE	0	0	0
OTHER	860,368	515,000	172,000
<b>TOTAL SOURCES OF CASH FUNDS</b>	<b>16,637,538</b>	<b>22,924,000</b>	<b>23,799,000</b>
<b>USES OF CASH:</b>			
ADDITIONS TO PLANT	16,234,114	6,954,000	23,183,000
BOND PRINCIPAL PAYMENT	1,920,942	2,405,000	2,920,000
<b>TOTAL USES OF CASH FUNDS</b>	<b>18,155,056</b>	<b>9,359,000</b>	<b>26,103,000</b>
NET INCREASE(DECREASE) IN CASH FUNDS	(1,517,518)	13,565,000	(2,304,000)
CASH BALANCE JANUARY 1	20,650,550	19,133,000	32,698,000
<b>CASH BALANCE DECEMBER 31</b>	<b>19,133,032</b>	<b>32,698,000</b>	<b>30,394,000</b>
<b>DETAIL OF CASH BALANCE:</b>			
EQUITY IN CAPITAL ACQUISITION ACCT	(5,541,214)	7,331,000	2,877,000
RESTRICTED CASH ACCOUNTS	18,148,785	20,178,000	21,678,000
EQUITY IN GENERAL CASH POOL	6,525,461	5,190,000	5,839,000
<b>TOTAL CASH DECEMBER 31</b>	<b>19,133,032</b>	<b>32,698,000</b>	<b>30,394,000</b>

## ANCHORAGE WATER UTILITY 1999 OPERATING BUDGET DETAIL

	1997 ACTUAL	1998 PROFORMA	1999 BUDGET
<b>LABOR</b>			
Wages	5,594,406	5,406,000	5,562,000
Overtime	284,576	285,000	324,000
Benefits	2,481,070	2,678,000	2,597,000
Subtotal	8,360,052	8,369,000	8,482,000
<b>SUPPLIES</b>			
Chemicals	205,141	260,000	315,000
Plant, Shop, & Office Expense	1,066,571	1,075,000	1,242,000
Subtotal	1,271,712	1,335,000	1,557,000
<b>INTRAGOVERNMENTAL CHARGES</b>			
Finance Dept	243,256	277,000	280,000
Mgmt Information Systems Dept	290,553	412,000	804,000
Employee Relations Dept	152,122	117,000	143,000
Other	540,164	387,000	641,000
Subtotal	1,226,095	1,193,000	1,867,000
<b>OTHER SERVICES</b>			
Professional Services	317,969	490,000	462,000
Rent/Leases	692,025	700,000	684,000
Utilities	1,714,682	1,691,000	1,767,000
Contracted Mtnc/Repair	615,976	585,000	677,000
Operating Expense Transfer to CWIP	(417,922)	(500,000)	(437,000)
Other	280,158	708,000	810,000
Subtotal	3,202,888	3,674,000	3,963,000
<b>OTHER EXPENSES</b>			
Depreciation & Amortization	7,365,560	7,329,000	7,512,000
MUSA	1,432,910	1,476,000	1,520,000
Interest on Long-Term Debt	6,718,993	6,620,000	7,211,000
Capitalized Interest	(349,748)	(50,000)	(500,000)
Amort Deferred Debits/Discounts	811,417	780,000	850,000
Subtotal	15,979,132	16,155,000	16,593,000
<b>TOTAL EXPENSES</b>	<b>30,039,879</b>	<b>30,726,000</b>	<b>32,462,000</b>

**Anchorage Water Utility**

**1999-2004**

**Capital Improvement  
Budget Program**

**ANCHORAGE WATER UTILITY  
1999-2004 CAPITAL IMPROVEMENT BUDGET  
FINANCIAL SUMMARY**

(\$\$ x 1000)

<b>PROJECT CATEGORY</b>	1999	2000	2001	2002	2003	2004	<b>Six Year Total</b>
GENERAL PLANT	7,345	5,717	2,964	1,818	5,077	11,867	34,788
REPAIR & REHABILITATION	1,800	1,300	1,550	1,300	1,300	1,300	8,550
TRANSMISSION/DISTRIBUTION	10,300	8,700	20,150	1,250	5,200	2,900	48,500
WELL, TANK, PRV	5,100	600	600	700	200	700	7,900
IMPROVEMENT DISTRICTS	0	250	250	250	250	250	1,250
<b>TOTAL</b>	<b>24,545</b>	<b>16,567</b>	<b>25,514</b>	<b>5,318</b>	<b>12,027</b>	<b>17,017</b>	<b>100,988</b>

<b>SOURCE OF FUNDING</b>	1999	2000	2001	2002	2003	2004	<b>Six Year Total</b>
DEBT	22,949	14,692	23,789	3,548	10,337	15,287	90,602
EQUITY	1,596	1,875	1,725	1,770	1,690	1,730	10,386
STATE GRANT	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>24,545</b>	<b>16,567</b>	<b>25,514</b>	<b>5,318</b>	<b>12,027</b>	<b>17,017</b>	<b>100,988</b>

\*Approximately \$.6 million of in-house labor will be spent on capital projects in 1999



**Anchorage Wastewater Utility**

**1999**

**Operating Budget**

## ANCHORAGE WASTEWATER UTILITY RECONCILIATION OF 1998 BUDGET TO 1998 PROFORMA

	1998 BUDGET	1998 PROFORMA	VARIANCE	
<b>OPERATING REVENUE</b>	23,395,000	23,420,000	25,000	A
<b>OPERATING EXPENSE</b>				
OPERATIONS	14,563,000	14,153,000	(410,000)	B
DEPRECIATION	3,075,000	3,075,000	0	
MUSA	1,191,000	1,191,000	0	
<b>TOTAL OPERATING EXPENSE</b>	<u>18,829,000</u>	<u>18,419,000</u>	(410,000)	
<b>OPERATING INCOME</b>	4,566,000	5,001,000	435,000	
<b>NON-OPERATING REVENUE</b>	1,369,000	1,379,000	10,000	
<b>NON-OPERATING EXPENSE</b>	<u>4,271,000</u>	<u>3,594,000</u>	(677,000)	C
<b>NET INCOME REGULATORY</b>	<u>1,664,000</u>	<u>2,786,000</u>	1,122,000	
<b>ADJUSTMENT FOR GAAP METHOD</b>	(5,253,000)	(5,125,000)	128,000	
<b>NET INCOME GAAP</b>	(3,589,000)	(2,339,000)	1,250,000	

Explanation of Significant Variances:

A: Customer growth .1% over bgt, +25k.

B: Labor (44k); supplies (41k); other svc (172k); IGC's (153k).

C Decrease in interest expense (677k).

## ANCHORAGE WASTEWATER UTILITY RECONCILIATION OF 1998 PROFORMA TO 1999 BUDGET

	1998 PROFORMA	1999 BUDGET	VARIANCE	
<b>OPERATING REVENUE</b>	23,420,000	23,646,000	226,000	A
<b>OPERATING EXPENSE</b>				
OPERATIONS	14,153,000	15,616,000	1,463,000	B
DEPRECIATION	3,075,000	3,152,000	77,000	
MUSA	1,191,000	1,226,000	35,000	
<b>TOTAL OPERATING EXPENSE</b>	<u>18,419,000</u>	<u>19,994,000</u>	<u>1,575,000</u>	
<b>OPERATING INCOME</b>	5,001,000	3,652,000	(1,349,000)	
<b>NON-OPERATING REVENUE</b>	1,379,000	1,359,000	(20,000)	
<b>NON-OPERATING EXPENSE</b>	<u>3,594,000</u>	<u>3,868,000</u>	<u>274,000</u>	C
<b>NET INCOME REGULATORY</b>	<u>2,786,000</u>	<u>1,143,000</u>	<u>(1,643,000)</u>	
<b>ADJUSTMENT FOR GAAP METHOD</b>	(5,125,000)	(5,253,000)	(128,000)	
<b>NET INCOME GAAP</b>	(2,339,000)	(4,110,000)	(1,771,000)	

**Explanation of Significant Variances:**

A: Customer growth 1.0%.

B: Labor +287k; supplies +89k; other services +403k; IGC's +685k.

C Increase in interest expense +274k.

## ANCHORAGE WASTEWATER UTILITY STATEMENT OF REVENUE AND EXPENSES

	1997 ACTUAL	1998 PROFORMA	1999 BUDGET
<b>OPERATING REVENUES</b>			
RESIDENTIAL SALES	17,977,597	17,983,000	18,163,000
COMMERCIAL SALES	4,391,737	4,593,000	4,639,000
PUBLIC AUTHORITIES	519,750	507,000	507,000
MISCELLANEOUS	366,444	337,000	337,000
<b>TOTAL OPERATING REVENUE</b>	<b>23,255,528</b>	<b>23,420,000</b>	<b>23,646,000</b>
<b>OPERATING EXPENSES</b>			
COLLECTION	2,273,145	2,448,000	2,573,000
TREATMENT	5,187,755	5,308,000	5,562,000
CUSTOMER ACCOUNTS	1,437,571	1,397,000	1,678,000
GENL & ADMINISTRATIVE	4,466,334	5,000,000	5,803,000
DEPRECIATION *	2,889,542	3,075,000	3,152,000
MUSA	1,156,397	1,191,000	1,226,000
<b>TOTAL OPERATING EXPENSES</b>	<b>17,410,744</b>	<b>18,419,000</b>	<b>19,994,000</b>
<b>OPERATING INCOME</b>	<b>5,844,784</b>	<b>5,001,000</b>	<b>3,652,000</b>

\*DEPRECIATION OF CONTRIBUTED  
PLANT NOT INCLUDED

## ANCHORAGE WASTEWATER UTILITY STATEMENT OF REVENUE AND EXPENSES

	1997 ACTUAL	1998 PROFORMA	1999 BUDGET
<b>NON-OPERATING REVENUE</b>			
RENTAL INCOME	814,530	813,000	834,000
INTEREST - GENERAL CASH POOL	324,923	320,000	300,000
INTEREST - CAPITAL ACQUISITION ACCOUNT	50,142	70,000	50,000
INTEREST & PENALTY ON ASSESSMENTS	203,573	175,000	175,000
MISC INCOME	21,241	1,000	0
<b>TOTAL NON-OPERATING REVENUE</b>	<b>1,414,409</b>	<b>1,379,000</b>	<b>1,359,000</b>
 <b>NON-OPERATING EXPENSE</b>			
AMORT DEFERRED DEBITS/DISCOUNTS	866,234	792,000	850,000
INTEREST - LONG TERM DEBT	2,850,820	2,609,000	2,609,000
INTEREST - OTHER	313,052	313,000	494,000
CAPITALIZED INTEREST	(102,802)	(120,000)	(85,000)
<b>TOTAL NON-OPERATING EXPENSE</b>	<b>3,927,304</b>	<b>3,594,000</b>	<b>3,868,000</b>
 <b>NON-OPERATING INCOME</b>	<b>(2,512,895)</b>	<b>(2,215,000)</b>	<b>(2,509,000)</b>
 <b>NET INCOME (REGULATORY)</b>	<b>3,331,889</b>	<b>2,786,000</b>	<b>1,143,000</b>
 ADJUSTMENT FOR GAAP	4,979,028	5,125,000	5,253,000
<b>NET INCOME (LOSS) GAAP</b>	<b>(1,647,139)</b>	<b>(2,339,000)</b>	<b>(4,110,000)</b>

## ANCHORAGE WASTEWATER UTILITY STATEMENT OF SOURCES AND USES OF CASH

	1997 ACTUAL	1998 PROFORMA	1999 BUDGET
<b>SOURCES OF CASH:</b>			
NET INCOME (LOSS) GAAP	(1,647,139)	(2,339,000)	(4,110,000)
DEPRECIATION	7,868,570	8,200,000	8,405,000
BOND PROCEEDS	0	0	0
STATE LOANS	1,069,371	2,200,000	5,200,000
AMORT/DEFERRED DEBITS/DISCOUNTS	866,234	792,000	850,000
GRANTS	812,377	1,200,000	420,000
CONTRIBUTIONS FROM OTHERS	1,080,673	1,000,000	900,000
OTHER	677,813	(123,000)	138,000
<b>TOTAL SOURCES OF CASH FUNDS</b>	<b>10,727,899</b>	<b>10,930,000</b>	<b>11,803,000</b>
<b>USES OF CASH:</b>			
ADDITIONS TO PLANT	4,058,460	6,377,000	6,716,000
BOND PRINCIPAL PAYMENT	5,820,179	5,710,000	6,112,000
<b>TOTAL USES OF CASH FUNDS</b>	<b>9,878,639</b>	<b>12,087,000</b>	<b>12,828,000</b>
<b>NET INCREASE(DECREASE) IN CASH FUNDS</b>	<b>849,260</b>	<b>(1,157,000)</b>	<b>(1,025,000)</b>
CASH BALANCE JANUARY 1	6,948,348	7,798,000	6,641,000
<b>CASH BALANCE DECEMBER 31</b>	<b>7,797,608</b>	<b>6,641,000</b>	<b>5,615,000</b>
<b>DETAIL OF CASH BALANCE:</b>			
EQUITY IN CAPITAL ACQUISITION ACCT	376,809	(87,000)	323,000
RESTRICTED CASH ACCOUNTS	288,231	288,000	288,000
EQUITY IN GENERAL CASH POOL	7,132,568	6,440,000	5,004,000
<b>TOTAL CASH DECEMBER 31</b>	<b>7,797,608</b>	<b>6,641,000</b>	<b>5,615,000</b>

## ANCHORAGE WASTEWATER UTILITY 1999 OPERATING BUDGET DETAIL

	1997 ACTUAL	1998 PROFORMA	1999 BUDGET
<b>LABOR</b>			
Wages	5,358,203	5,075,000	5,416,000
Overtime	119,446	124,000	150,000
Benefits	2,342,509	2,561,000	2,481,000
Subtotal	<u>7,820,158</u>	<u>7,760,000</u>	<u>8,047,000</u>
<b>SUPPLIES</b>			
Chemicals	402,826	353,000	428,000
Plant, Shop, & Office Expense	1,096,110	1,268,000	1,282,000
Subtotal	<u>1,498,936</u>	<u>1,621,000</u>	<u>1,710,000</u>
<b>INTRAGOVERNMENTAL CHARGES</b>			
Finance Dept	227,222	224,000	261,000
Mgmt Information Systems Dept	281,635	436,000	787,000
Employee Relations Dept	131,411	120,000	120,000
Other	720,351	572,000	869,000
Subtotal	<u>1,360,619</u>	<u>1,352,000</u>	<u>2,037,000</u>
<b>OTHER SERVICES</b>			
Professional Services	510,808	1,090,000	1,000,000
Rent/Leases	620,898	616,000	610,000
Utilities	1,145,047	1,187,000	1,196,000
Contracted Mtnce/Repair	235,927	444,000	430,000
Operating Expense Transfer to CWIP	(196,980)	(250,000)	(197,000)
Other	369,392	333,000	785,000
Subtotal	<u>2,685,092</u>	<u>3,420,000</u>	<u>3,823,000</u>
<b>OTHER EXPENSES</b>			
Depreciation & Amortization	7,868,570	8,200,000	8,405,000
MUSA	1,156,397	1,191,000	1,226,000
Interest on Long-Term Debt	3,163,872	2,922,000	3,103,000
Capitalized Interest	(102,802)	(120,000)	(85,000)
Amort Deferred Debits/Discounts	866,234	792,000	850,000
Subtotal	<u>12,952,271</u>	<u>12,985,000</u>	<u>13,499,000</u>
<b>TOTAL EXPENSES</b>	<u><u>26,317,076</u></u>	<u><u>27,138,000</u></u>	<u><u>29,116,000</u></u>

**Anchorage Wastewater Utility**

**1999-2004  
Capital Improvement  
Budget/Program**



**ANCHORAGE WASTEWATER UTILITY  
1999-2004 CAPITAL IMPROVEMENT BUDGET  
FINANCIAL SUMMARY**

(\$\$ x 1000)

PROJECT CATEGORY	1999	2000	2001	2002	2003	2004	Six Year Total
GENERAL PLANT	5,830	4,322	2,769	2,553	2,117	6,517	24,108
REPAIR & REHABILITATION	3,270	4,330	4,850	5,200	4,700	8,800	31,150
TRUNK/INTERCEPTOR	1,000	325	100	100	960	3,600	6,085
IMPROVEMENT DISTRICTS	0	250	250	250	250	250	1,250
<b>TOTAL</b>	<b>10,100</b>	<b>9,227</b>	<b>7,969</b>	<b>8,103</b>	<b>8,027</b>	<b>19,167</b>	<b>62,593</b>

SOURCE OF FUNDING	1999	2000	2001	2002	2003	2004	Six Year Total
DEBT	8,294	7,972	6,839	6,998	7,097	18,187	55,387
EQUITY	1,806	1,255	1,130	1,105	930	980	7,206
STATE GRANT	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>10,100</b>	<b>9,227</b>	<b>7,969</b>	<b>8,103</b>	<b>8,027</b>	<b>19,167</b>	<b>62,593</b>

\*Approximately \$.5 million of in-house labor will be spent on capital projects in 1999