ANCHORAGE WATER AND WASTEWATER UTILITY

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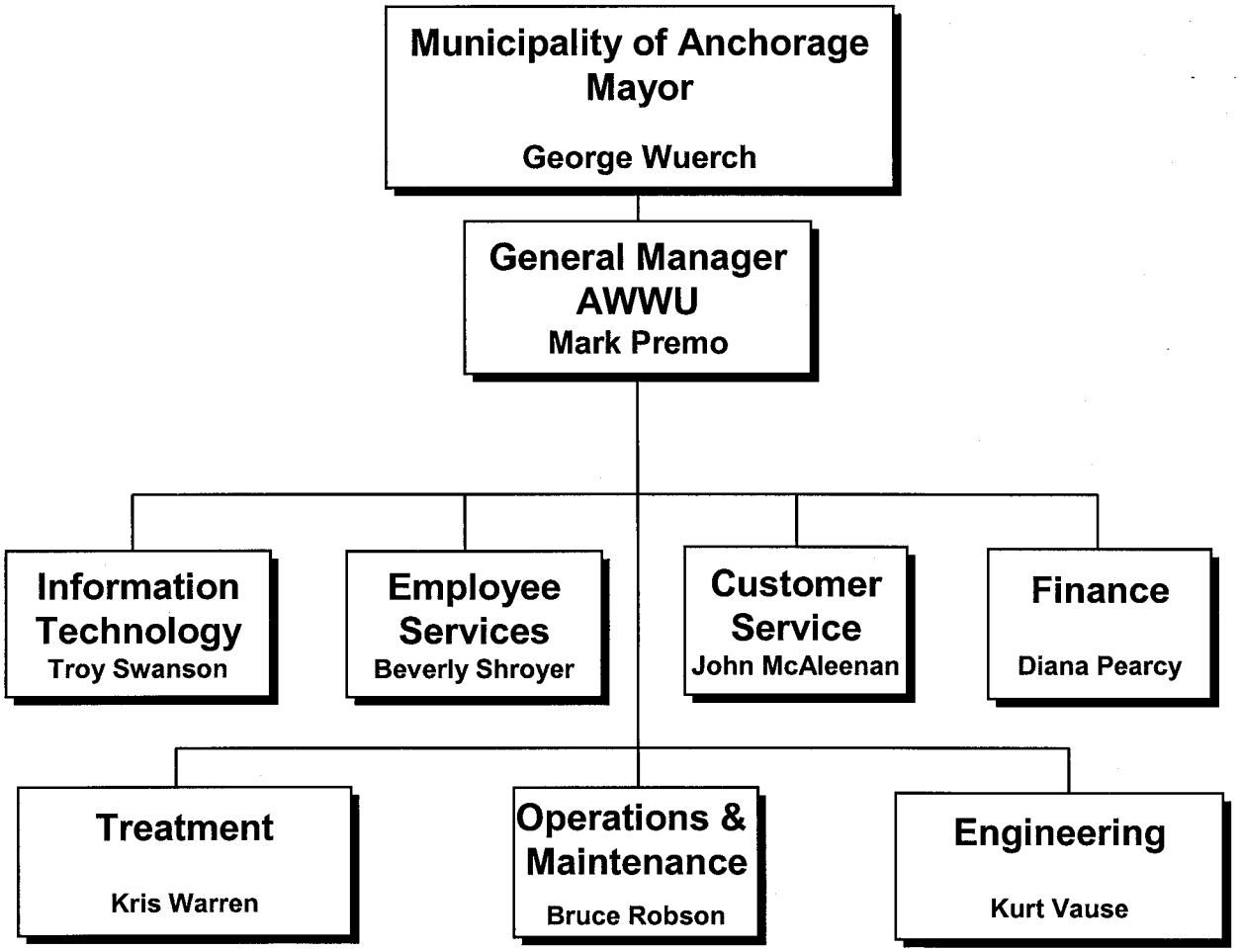
ORGANIZATION CHART



ANCHORAGE WATER & WASTEWATER UTILITY PROFILE

ORGANIZATION: Anchorage Water and Wastewater Utility (AWWU) is the largest water and wastewater utility in the State of Alaska whose service area equals 125 square miles of metropolitan Anchorage, from Eklutna to Girdwood. The Utility collects water from two major surface watersheds and many deep underground wells. The Utility distributes water to approximately 52,600 residential, commercial, military, and industrial accounts throughout the urban areas of Anchorage. The Utility's wastewater facilities serve approximately 52,900 residential, commercial and military accounts. This represents an estimated population base of 216,800 residents who receive water service and 226,670 residents who receive sewer service. AWWU's treatment plants operate 24 hours per day, discharging treated wastewater into Cook Inlet, Eagle River and Glacier Creek. The public investment in these systems, treatment plants, mains and sewers, laboratories, and reservoirs, totals approximately $850 million. AWWU employs 266 people and spends approximately $60 million annually to operate the water and wastewater systems. Through education, training, certification programs, field experience and longevity of service, AWWU's employees are a dedicated team. Treatment plant operators, engineers, laboratory technicians, maintenance craftsmen, accountants, customer service representatives and field personnel all working together to ensure Anchorage's water and wastewater systems perform efficiently.

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

ANCHORAGE WATER UTILITY

HISTORY: From the first intake of water at Lower Ship Creek, and a few miles of woodstave water lines downtown more than 75 years ago, Anchorage's public water utility has grown into a third-of-a-billion-dollar enterprise that delivers nearly 27 million gallons of water to 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: Anchorage's water supply is dominated by two surface watershed, Eklutna Lake and Ship Creek. Several deep wells provide the Utility with supplementary sources of water. Until 2000, Ship Creek Water Treatment Plant was the main water production facility. With the shift of 24-hour operations to the Eklutna Water Treatment Facility, AWWU has realized better use of higher-pressure water and better use of personnel. The Eklutna water supply originates at Eklutna Lake, a drought-resistant natural reservoir. Fed by runoff from Eklutna Glacier and snow-pack from the Chugach Mountains, the eight-mile long lake can supply up to 100 million gallons of water each day.

Ship Creek has been an important water source for Anchorage. From spring thru fall, the waters of Ship Creek are able to provide up to 24 million gallons of water per day. The Girdwood community is served from a system of wells.

AWWU's construction program continues to emphasize repair and rehabilitation of its existing system and resources, and continues plans to deliver greater quantities of water to South and West Anchorage. The Utility continues with construction of the Anchorage Loop Water Transmission Main. Completion of Phase IV will connect the Loop to the new Service High Reservoir and represent the final phase of the Loop project. This project began in 2001 with the formation of a Mayor appointed Task Force to gather public input and select a final route. AWWU also completed an $8 million expansion of the water system in Eagle River. This new three million gallon reservoir, two new booster stations, and new transmission main provide improved water service and fire protection to the residents of lower Eagle River Valley.

AWWU also plans to expand its service area in Girdwood Valley and is in the process of filing an application to expand the Utility's service throughout Girdwood Valley, including the Old Girdwood Townsite.

REGULATION: Since December 1970, AWU has been regulated by the Alaska Public Utilities Commission (APUC), which was renamed the Regulatory Commission of Alaska (RCA) on July 1, 1999. AWU holds a Certificate of Convenience and Necessity for serving portions of the Anchorage Bowl, Eagle River and Girdwood. This commission, prior to implementation, must approve all rates and tariffs. They also regulate service areas and service quality. The RCA is composed of five members appointed to six-year staggered terms by the Governor of the State of Alaska and confirmed by the State Legislature.

In addition to the RCA, the Anchorage Water and Wastewater Utility Advisory Committee 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. Commission members annually elect a Chair and Vice-Chair. AWWU's General Manager serves as the Committee's Executive Secretary.

The Committee meets once a month to review service policies and practices and reviews the budgets and operations of AWWU and reports to the Mayor on an annual basis.

ENVIRONMENTAL MANDATES: In recent years, several federally mandated programs have directly impacted the Utility's water 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 operates 17 wells on an as-needed basis. Average daily water production is 30,566,341 gallons per day (gpd). AWU has the capacity to provide up to 59 million gpd. Average well production is 5,129,40 gpd. The distribution transmission system equals approximately 815 miles of waterline and 6,087 fire hydrants. Plant in Service, at cost as of December 2001: $495 million.

ANCHORAGE WASTEWATER UTILITY

HISTORY: The Alaska Engineering Commission first installed sewers in downtown Anchorage in 1916 along the lower bluff near the Alaska Railroad Depot. As Anchorage grew, construction of sewers continued and by the end of World War II, sewers were available to much of the area between Ship Creek and Chester Creek, west of Cordova Street. The Greater Anchorage Area Borough (GAAB) was created in 1964, and was granted as the area wide sewer authority. The last major private sewer utility was acquired by the GAAB in 1972. The Utility is now owned and 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 water is used, it must be treated before it is returned to the environment. The creeks and inlets downstream from Anchorage's wastewater treatment plants are not adversely impacted by treated effluent, which is AWWU's 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, bacteria and other debris; none of these are acceptable in public waters.

Like thousands of utilities across the nation, 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.

REGULATION: Since 1971, the Anchorage Wastewater Utility has been regulated by the Alaska Public Utilities Commission (APUC), which was renamed the Regulatory Commission of Alaska (RCA) on July 1, 1999. The Utility holds a Certificate of Convenience and Necessity for serving the Anchorage Bowl, Eagle River, and Girdwood. This commission, prior to implementation, must approve all rates and tariffs. They also regulate service areas and service quality. The RCA is composed of five members appointed to six-year staggered terms by the Governor and confirmed by the State Legislature.

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

The Committee meets once a month to review service policies and practices and reviews the budgets and operations of AWWU and reports to the Mayor on an annual basis.

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 Asplund Wastewater Treatment Facility uses primary treatment techniques. 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 verifies there are no negative environmental impacts to the receiving waters of Cook Inlet. The Utility was granted renewed discharge permits for all three of its wastewater treatment facilities.

PHYSICAL PLANT: The Wastewater Utility operates three treatment plants. In 2001, the Asplund Wastewater Treatment Facility treated an average 27.9 million gallons per day (mgd). The facility has a capacity of 61.5 mgd. 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. Eagle River Wastewater Treatment Facility treated an average 1.41 mgd and the Girdwood Wastewater Treatment Facility treated .49 mgd. Plant in Service, at cost as of December 2001: $394 million.

The collection system has approximately 713 miles of lines. With its expansion in 1991, the Eagle River Plant has the capacity to provide for growth to the year 2010. The Girdwood Plant upgrades were completed in 1998, which provide an additional 20 years of sufficient capacity for the resort community.

The Asplund Facility, built in 1972, is Alaska's largest wastewater treatment plant. 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 Asplund 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.

In conjunction with the permit renewal process, a facilities plan update was prepared in 1999. The facilities plan evaluated the existing condition of the facilities and improvements to meet treatment facility capacity requirements. The facilities plan identified $15 million worth of improvements to the solids handling, headworks, administration, incineration, and thickening process areas of the facility. Construction of new solids handling improvements including sludge dewatering, storage and load out facilities was completed in 2001. Design of headworks improvements will begin in September 2002 with construction during 2003 & 2004. Future projects to complete the work identified in the 1999 Facilities Plan are listed in AWWU's 6-year Capital Improvement Program.

ANCHORAGE WATER & WASTEWATER
2003
OPERATING & CAPITAL BUDGET ASSUMPTIONS

Below are the general budget assumptions provided by the Office of Management and Budget, plus specific AWWU assumptions, used in the preparation of the Anchorage Water Utility and Anchorage Wastewater Utility 2003 Operating and Capital Budgets.

REGULATION

Assume continued economic regulation by the Regulatory Commission of Alaska.

UTILITY OWNERSHIP

Assume continued Municipal ownership in 2003.

RATE INCREASES

No rate increases should be proposed in 2003 unless all possible budget reductions have been first fully considered and if one or more of the following conditions can be demonstrated:

- Debt service coverage not adequate.
- Projected cash reserves for working capital not adequate on a sustained basis to cover operating costs during 2002/03. (NOTE: a 45-day reserve of working capital should not be a deciding factor in judging the adequacy of the reserve cash since the Utility may temporarily borrow from the general fund cash pool for unforeseen events.)
- Debt/equity ratio projected to fall below criteria established by the regulatory body authorized to oversee the utility.
- Increased rate revenue is determined to be the most prudent funding source for maintaining the utility's plant in a cost-effective working condition.

MUNICIPAL UTILITY SERVICE ASSESSMENT (MUSA)

Assume mill rates for MUSA/MESA to be the same as 2002 mill rates.

REVENUE DISTRIBUTIONS

None.

INTEREST

Assume debt service for new insured 20-year GO bonds as well as new insured revenue bonds to be 5.5% - 6.00%. Short-term interest income should be calculated assuming a rate of 1.75% - 2.5%.

INTRAGOVERNMENTAL CHARGES (IGCs)

Assume no change in IGCs from General Government over that level contained in the Revised 2002 General Government Operating Budget. The timeframe from OMB to provide utilities with General Government IGC information is "subject to change," as noted on the budget schedule. OMB intends to finalize 2003 IGC methodologies and rates by late August. Utilities should expect to develop their 2003 budgets without the benefit of 2003 IGC information from General Government.

Please note, OMB is working on a system to allow utility budget revisions to reflect more accurate General Government IGC's after assembly approval, along the line of the first quarter budget revisions for the GGOB.

The only IGC *increases* which utilities may budget in 2003 are those that relate to special projects or other work engagements specifically requested (or known) by the utility to occur in 2002. Any IGC *increases* proposed by utilities must be tangible and justified.

POPULATION

Assume that Anchorage's population will be approximately 261,500 in 2002 and 262,500 in 2003.

INFLATION

In general, inflation (CPI – all urban consumers) is anticipated to approximate 2.5% in 2003. Each utility, however, may apply applicable inflation rates to particular commodities purchased, if necessary.

COMPENSATION COSTS (Salaries and Benefits)

For budgetary purposes assume increases for JCC, IBEW and AMEA per contract requirements. Non-Reps, assume the same as for AMEA and Execs, assume no increase.

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2003 BUDGET IMPACTS/ASSUMPTIONS SPECIFIC TO AWWU

The Utility received the 1st run of the 2003 IGC's in late July. This listing of IGC's totaled $480,000 higher than the IGC's from General Government contained in the Revised 2002 General Government Operating Budget. Since the listing was received in time to incorporate into our 2003 proposed budget, these increases were included. This is a 15% overall increase in IGC's from the 2002 budget.

ANCHORAGE WATER AND WASTEWATER UTILITY
HIGHLIGHTS AND FUTURE EVENTS

AWWU'S EXCELLENCE ADVENTURE

AWWU has initiated a process to reduce operating costs by increasing employee involvement and by improving AWWU's culture of continuous improvement. The Utility formed a Competitive Steering Team, which follows a process developed for the U.S. Water and Wastewater industry. Working together successfully, the employees and managers of AWWU are developing a more efficient and competitive business operation. A consultant, Brown and Caldwell, Inc. assisted in moving the efforts to the next higher level. The process has proven successful in reducing operating costs. The combined water and sewer operating costs decreased in 2001, $957,114 or 3.4% from 1999, due primarily to our increased focus on efficiency. Most of these savings are recurring and will continue to benefit ratepayers long into the future.

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 within the bowl. The Loop is a multi-phase project, with all phases intended to be operational by the end of 2004 so AWWU can meet peak water demand expected to occur by 2005.

All Phases of the Loop with the exception of Phase IV are complete. Phases I – III were completed at a cost of $21 million. Approximately 60% of the financing for these phases came from State of Alaska grants.

Phase V was completed in 2001 and a 10 million gallon reservoir adjacent to Service High School was placed on-line in October 2001. The total project cost for Phase V and the reservoir was approximately $10 million.

Phase VII (also referred to as Airport Phase IB) connects new water lines in Sand Lake to the existing system. Surface restoration was finished in summer 2000. Total project cost for Phase VII was $7 million. Phase VI of the Loop, connects Phase VII with an existing transmission main at Dimond Boulevard. Total cost of this phase was $5 million and completed in fall 2001.

Phase VIII was completed in 1996 when a transmission main was extended along the eastern boundary of Anchorage International Road extending from the Turnagain area to Sand Lake, where the 5 million gallon Kincaid reservoir was built. The project cost for Phase VIII was nearly $9 million.

Phase IV route selection and predesign was initiated in 2001 to determine the final alignments of a transmission main from the Tudor/Patterson reservoirs southwest to

Abbott Road and then to the 10 million gallon reservoir built as part of Phase V. Selection of the final route for Phase IV was made in 2001, which culminated in permit applications being submitted in early 2002 for a pipeline corridor paralleling Tudor Road, Abbott Loop Road and an existing utilities corridor south of Bragaw St. The environmental review process has stalled however, delaying completion of the permitting process. Without permits, the project faces delay and will impact AWWU's ability to meet its targeted completion date of fall 2004.

SANITARY SEWER TRUNK REHABILITATION

AWWU has several large sanitary trunk sewers that were constructed in the 1960s and 1970s. 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 creek 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 have capacity problems. The location of these trunks presents many challenges due to environmental constraints, difficult construction requirements and public impacts.

Fish Creek Sewer Trunk was rehabilitated in 2002. Improvements in Chester Creek Sewer began in fall 2000 with predesign studies that will lead to construction beginning in 2003. Further, Campbell Creek Trunk sewer improvements began in 2001 with predesign studies of the C-5-7 sewer located along the south shore of Campbell Lake with construction to be complete by 2004.

SYSTEM EXPANSIONS – NORTHERN COMMUNITIES AND GIRDWOOD

Expansion of the existing AWWU water system in the Northern Communities of Peters Creek and Chugiak is planned, with route selection and preliminary design already initiated. Sewer improvements are planned for portions of North Eagle River (north of Fire Lake) and Chugiak also. These improvements will be coordinated with water system extensions and preliminary design and route selection that began in 2001. This project will also include coordination of sewer improvements to Chugiak High School, an Anchorage School District project. Construction is anticipated to start in 2003.

In addition, water system improvements in Girdwood are planned to include improvements to the existing Girdwood Water Well House and transmission main improvements to extend service to the New Girdwood Townsite area. This project began with design in 2001, followed by construction over the period 2002-2004.

Inclusive of local match, total funding for the projects is nearly $7 million for the Northern Communities, and over $8 million for Girdwood Valley. Federal grants provide 55 percent of the project's funds.

WATER TREATMENT FACILITY DISINFECTION IMPROVEMENTS

Starting in 1999, AWWU undertook a comprehensive evaluation of its disinfection methods for Anchorage's municipal water supply. Based on life-cycle comparisons, AWWU decided to implement process improvements at its two Surface Water Treatment Facilities, the Eklutna and Ship Creek Water Treatment Facilities. The new disinfection process selected for each facility employs on-site generation of disinfectant using a salt as feedstock, which replaces gaseous chlorine. The new processes will provide long-term savings over the existing systems and reduce the handling of chlorine gas by the Utility.

Projects were completed in 2001, installing new on-site generation equipment, new salt storage facilities, and removal of existing gaseous chlorine feed equipment at both facilities. These facilities will serve as reservoirs for other AWWU water sources which use chlorine for water disinfection. Future projects will occur over the next six years at other AWWU well sites in Anchorage and Girdwood where existing systems will also be converted from gaseous chlorine to salt-based disinfectant systems.

ASPLUND WWTF

A solids handling project completed at this facility last year has proven to be a great success. The new equipment provides a back-up solids disposal option to incineration. With only a single permitted and operable incinerator, any shut down of more than a few days resulted in a tremendous backlog of solids in the facility. As a result, the incinerator had operated for several years without an interior inspection and preventive maintenance.

Now that the new solids dewatering, storage and truck loading equipment has been installed, the solids can be disposed of in the municipal landfill while the incinerator can be off line as long as necessary to effect repairs. For example, the incinerator was taken off line last November through January to accomplish a thorough interior inspection, complete minor refractory repairs and to complete a number of exterior mechanical repairs that had been deferred until a long term shut down could be completed. During that three month period, the new solids handling equipment operated flawlessly allowing over 400 truck loads of dewatered sludge to be deposited into the Hiland landfill.

The consultant selection is currently underway for the next phase of the Asplund facility's improvements. This project will involve renovations to the facility's headworks to include new screening equipment and channeling improvements.

Future projects are planned over the next ten years to renovate the WWTF's sludge and scum handling systems; install additional plant automation and controls, construct building and laboratory improvements and upgrades to the existing incinerator. These projects are estimated to cost approximately $15 million.

SEPTAGE RECEIVING STATION UPGRADES

AWWU has two septage receiving stations, one in South Anchorage, the other in Northeast Anchorage. Each serves an important function to Southcentral Alaska residents who utilize on-site septic systems. Septage from the Anchorage Bowl, Northern communities and Matanuska-Susitna Borough is disposed of at these sites, as well as other permitted wastes from the Anchorage Regional Landfill and AWWU's Eagle River and Girdwood WWTF's..

AWWU implemented a project starting in late 1999 to construct additions and improvements. Construction will be complete in summer 2002. When complete, AWWU will have added capability to monitor, control and regulate the disposal of septage wastes at each site. Site work will also include provisions for future improvements including odor control, improved sampling and measurement systems to be installed in later phases. The project cost nearly $2 million.

INFORMATION TECHNOLOGY APPLICATIONS

The IT Division will continue to integrate the implementation of the Utility's Relational Database Management System (RDBMS) and other relational databases with the MOA People Soft modules in 2002/2003. The RDBMS conceptual design model will be used to provide a basic data structure and document the actual implementation of integrated systems.

The Operations & Maintenance Division is the primary sponsor for the Utility's Work Management System (WMS) from MRO with the product name of Maximo. Maximo is a full-featured maintenance management software product, and a major AWWU system that became fully operational in the year 2001. In 2002, the system was implemented in additional areas to include Engineering and Customer Service. In 2003 work will continue on the upgrade to the Java version to retain the Utility's license agreement with MRO and receive continued administration and maintenance support.

The Treatment Division will continue a series of projects that will replace several aging Supervisory Control and Data Acquisition (SCADA) systems originally installed in the late 1980s. The project to develop a design specification base was awarded in 2001. Construction and implementation of replacement SCADA and telemetry systems will begin in 2002 and continue through 2005. Construction and implementation of a replacement SCADA system for the water distribution system will be a priority.

Each year AWWU updates its IT Master Plan, and that effort will be initiated again during the second half of 2002. The AWWU IT Master Plan is updated annually to reassess priorities and evaluate the applicability of technological advances to AWWU's business. The purpose of the Utility's information technology strategic plan is to provide a long-range strategy and a 6-year planning horizon to incorporate information technologies into the Utility's business processes in a cost-effective manner. The objective is to provide a strategy to transform AWWU into a Utility whose information technologies are seamlessly integrated, and to maintain the most appropriate level of information technology utilization within the Utility. The ultimate goal is to provide

effective information management services and facilities that provide a long-term benefit to our customers at the most reasonable cost.

The IT Division will promote the use of Internet technology within the Utility in the continued development and implementation of Intranet/Internet applications along with Geospatial enabling technologies in 2002 and through 2003. These applications and data will be used to enhance communication and electronic reporting by allowing real-time access to dynamic data through the use of browser technology, creating an Intranet/Internet portal to the Utility's electronic information. This will reduce training time due to the ability to access data from different systems and present it in a straightforward manner through easy to use browser screens.

CUSTOMER SERVICE

The Customer Service Division will be engaging in the replacement of the Customer Information and Billing System (CIS) in 2002. The current system and the technology used to administer and maintain it are aging. Not only is the existing system using older technology that is not compatible with the Utility's other systems, it has become expensive to operate with regard to service charges, contract support, and internal labor. The Utility will engage in the selection process of a new multi-million dollar CIS during the third quarter of 2002 with the implementation process starting in the beginning of 2003 and the goal of completing the replacement effort by the end of 2003. The new system will provide a tremendous number of opportunities in areas such as bill presentment on the Internet, integration with other Utility applications, and current technology user interfaces.

The Customer Service Division started the implementation of the Automated Meter Reading project in June, 2002. This is a two year project. The project includes the acquisition and installation of 8,000 new meter remotes using radio technology and the mobile receiving equipment necessary to "read" the meters under a "drive by" environment. The Utility will be able to read meters more efficiently, thus providing the metered ratepayer with more timely and accurate billing information.

WATER FIRE PROTECTION COST OF SERVICE STUDY AND RATE ADJUSTMENT

AWWU initiated a Cost of Service Study in 2002 to identify costs of providing fire protection facilities for water utility customers. A cost of service study aims to identify the cost of providing service to each class of customer based on the impact each customer class has on the cost structure of the Utility. Therefore costs are reallocated among customer classes, but overall it is revenue neutral to the Utility. The study is intended to become the basis for rate adjustments in AWWU's water tariff to occur in 2003, pending regulatory review and approval. This cost reallocation will shift the burden of fire protection costs from a tax supported service area to water utility rate payers.

ANCHORAGE WATER UTILITY

11-YEAR SUMMARY

UTILITY FORMAT - 2003 OPERATING BUDGET ($ in Thousand's)

	Actual				Proforma	Budget	Forecast				
Financial Overview	1998	1999	2000	2001	2002	**2003**	2004	2005	2006	2007	2008
Revenues	29,604	30,382	31,068	30,725	30,792	**31,188**	32,306	33,488	34,330	36,020	36,500
Expenses	25,648	26,101	25,097	25,489	27,561	**28,276**	29,420	30,495	31,506	32,483	33,453
Net Income (Regulatory)	3,956	4,281	5,971	5,236	3,231	**2,912**	2,886	2,993	2,824	3,537	3,047
Workforce Authorized per Budget	269.5	269.5	265.5	265.5	266.5	**267**	267	267	267	267	267
Capital Improvement Program *	6,255	13,717	17,661	12,593	9,900	**23,918**	20,943	20,003	18,412	18,334	32,024
New Debt	9,337	15,000	8,402	5,007	2,000	**14,500**	21,500	21,000	17,750	17,000	21,000
Net Plant (12/31)	317,602	327,999	332,615	347,645	348,363	**354,862**	366,796	380,234	390,872	400,339	413,602
Retained Earnings (12/31)	36,964	41,245	47,216	52,453	55,684	**58,596**	61,482	64,475	67,300	70,837	73,884
Operating Cash	9,961	12,624	9,778	10,109	11,660	**11,053**	10,775	10,044	7,942	7,632	5,908
Construction Cash Pool	4,221	5,500	296	158	(3,845)	**60**	23	317	(69)	(139)	(91)
Restricted Cash	17,005	8,751	10,000	10,913	10,913	**11,113**	11,813	12,213	12,813	12,813	12,813
Total Cash	31,187	26,875	20,312	21,179	18,728	**22,226**	22,611	22,574	20,686	20,306	18,630
IGC's - General Government	1,036	1,400	1,447	1,487	1,737	**1,921**	2,017	2,078	2,098	2,161	2,205
MUSA - Regular	1,564	1,561	1,568	1,644	1,712	**1,763**	1,781	1,799	1,844	1,881	1,928
Total Outstanding Debt	109,383	113,865	112,098	112,903	110,215	**119,500**	135,159	149,558	159,707	169,685	182,724
Total Annual Debt Service	9,055	11,644	19,464	9,859	10,392	**11,374**	12,570	13,912	15,663	15,787	17,552
Debt Service Coverage (overall)	1.73	1.33	1.00	1.70	1.38	**1.22**	1.16	1.12	1.03	1.10	1.01
Debt/Equity Ratio	75 / 25	73 / 27	70 / 30	68 / 32	66 / 34	**67 / 33**	69 / 31	70 / 30	70 / 30	70 / 30	71 / 29
Rate Change Percent							5.00%		5.00%		
Single Family Rate	$25.80	$25.80	$25.80	$25.80	$25.80	**$26.55****	$27.88	$27.88	$29.27	$29.27	$29.27
Statistical/Performance Trends:											
Number of Customers	47,152	50,257	50,952	51,847	52,620	**53,404**	54,200	55,008	55,828	5,660	57,504
Average Treatment (GPD) (000)	25,900	26,100	25,900	26,608	27,000	**27,500**	28,000	28,500	29,000	29,500	30,000
Miles of Water Lines	770	791	802	811	815	**830**	836	844	850	856	860
Number of Hydrants	5,757	5,907	5,963	6,024	6,087	**6,162**	6,209	6,271	6,319	6,370	6,404

*1998-2001 reflect actual expenditures.

** Assumes Assembly & RCA approval of Cost of Service Study, reallocating fire protection charge from tax payers to water rate payers. The Utility will receive no additional revenue; however both residential and commercial customers will see increases as they absorb costs previously paid by Anchorage Fire Department.

NOTE: Rate increases shown in the out years are projections, and have not been approved for implementation. The need for rate increases will be reviewed each year in conjunction with annual operating budgets

ANCHORAGE WASTEWATER UTILITY

11-YEAR SUMMARY

UTILITY FORMAT - 2003 OPERATING BUDGET ($ in Thousand's)

	Actual				Proforma	Budget	Forecast				
Financial Overview	1998	1999	2000	2001	2002	**2003**	2004	2005	2006	2007	2008
Revenues	24,765	25,450	25,720	24,848	25,461	**25,693**	26,808	28,009	28,450	29,279	29,620
Expenses	21,570	21,390	21,012	21,285	22,585	**23,645**	24,192	24,912	25,679	26,719	27,915
Net Income (Regulatory)	3,195	4,060	4,707	3,563	2,876	**2,048**	2,616	3,097	2,771	2,560	1,705
Workforce Authorized per Budget	269.5	269.5	265.5	265.5	266.5	**267**	267	267	267	267	267
Capital Improvement Program *	4,589	4,368	7,143	10,451	13,700	**14,123**	13,853	17,708	21,057	17,754	15,544
New Debt (Bonds, Loan Fund)	1,745	5,286	1,138	6,044	11,143	**16,000**	12,500	14,000	16,500	17,000	16,000
Net Plant (12/31)	239,667	242,701	238,306	244,535	249,152	**252,865**	259,397	265,427	274,413	285,116	293,650
Retained Earnings (12/31)	18,745	22,806	27,513	31,076	33,952	**36,000**	38,616	41,713	44,484	47,044	48,749
Operating Cash	6,904	5,978	7,164	9,629	10,315	**9,072**	7,701	6,369	4,364	5,176	4,543
Construction Cash Pool	1,065	3,851	152	(4,183)	(3,838)	**951**	(658)	(581)	164	(228)	(220)
Restricted Cash	298	445	386	744	744	**944**	1,144	1,344	1,544	1,744	2,044
Total Cash	8,268	10,174	7,702	6,190	7,221	**10,967**	8,187	7,132	6,072	6,692	6,368
IGC's - General Government	1,133	1,056	998	1,532	1,818	**2,132**	2,238	2,306	2,329	2,399	2,446
MUSA - Regular	1,140	1,120	1,085	1,113	1,181	**1,240**	1,253	1,265	1,297	1,323	1,356
Total Outstanding Debt	58,024	57,206	52,203	52,188	56,858	**66,006**	71,150	77,139	86,270	98,991	110,060
Total Annual Debt Service	8,779	9,249	9,293	8,669	9,081	**9,376**	10,097	11,134	11,023	8,500	9,822
Debt Service Coverage (overall)	1.25	1.26	1.37	1.35	1.19	**1.00**	1.00	1.00	1.01	1.36	1.17
Debt/Equity Ratio	69 / 31	66 / 34	60 / 40	58 / 42	58 / 42	**61 / 39**	61 / 39	61 / 39	63 / 37	65 / 35	66 / 34
Rate Change Percent			-2.75%				7.00%		2.50%		
Single Family Rate	$21.80	$21.80	$21.20	$21.20	$21.20	**$21.20**	$22.68	$22.68	$23.25	$23.25	$23.25
Statistical/Performance Trends:											
Number of Customers	49,643	50,560	51,343	52,087	52,889	**53,703**	54,530	55,370	56,223	57,089	57,968
Average Treatment (GPD) (000)	30,500	30,400	31,350	29,800	31,500	**32,000**	32,500	33,000	33,500	34,000	34,500
Miles of Wastewater Lines	692	700	702	707	713	**719**	724	731	737	742	746

*1998-2001 reflect actual expenditures.

NOTE: Rate increases shown in the out years are projections, and have not been approved for implementation. The need for rate increases will be reviewed each year in conjunction with annual operating budgets. Present customer trends indicate that the Single Family rate will also be impacted (increase) by future Cost of Service Studies (COSS). COSS are revenue neutral overall, but each revenue class may see significant increases or decreases.

ANCHORAGE WATER & WASTEWATER UTILITY
WORK FORCE PROJECTIONS

DIVISIONS	2001	2002	2003	2004	2005	2006	2007	2008
MANAGER	5	5	5	5	5	5	5	5
EMPLOYEE SERVICES	7	7	7.5	7.5	7.5	7.5	7.5	7.5
INFORMATION TECH	16	16	16	16	16	16	16	16
OP & MAINTENANCE	81	82	82	82	82	82	82	82
TREATMENT	59	59	59	59	59	59	59	59
FINANCE	18	18	18	18	18	18	18	18
ENGINEERING	31	31	31	31	31	31	31	31
CUSTOMER SERV	43	43	43	43	43	43	43	43
TOTAL FULL TIME	260	261	261.5	261.5	261.5	261.5	261.5	261.5
TEMPORARY FTE'S	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
TOTAL FTE'S	265.5	266.5	267	267	267	267	267	267

ANCHORAGE WATER UTILITY
STATEMENT OF REVENUE AND EXPENSES

	2001 ACTUAL	2002 PROFORMA	2003 BUDGET
OPERATING REVENUE			
RESIDENTIAL SALES	19,824,688	20,160,000	20,462,000
COMMERCIAL SALES	6,104,455	6,238,000	6,332,000
PUBLIC FIRE PROTECTION	2,475,000	2,475,000	2,475,000
HYDRANT USE CHARGE	180,523	140,000	140,000
MISCELLANEOUS	374,419	879,000	879,000
TOTAL OPERATING REVENUE	28,959,085	29,892,000	30,288,000
OPERATING EXPENSES			
SOURCE OF SUPPLY	2,141,455	2,332,000	1,992,000
TREATMENT	2,704,883	2,748,000	2,952,000
TRANSMISSION	2,854,391	3,222,000	3,579,000
CUSTOMER ACCOUNTS	1,661,782	2,135,000	1,945,000
GENERAL & ADMINISTRATIVE	4,422,761	5,345,000	6,065,000
DEPRECIATION *	4,285,498	4,017,000	3,517,000
MUSA	1,643,607	1,712,000	1,763,000
TOTAL OPERATING EXPENSE	19,714,377	21,511,000	21,813,000
OPERATING INCOME	9,244,708	8,381,000	8,475,000

* Depreciation of contributed plant not included.

ANCHORAGE WATER UTILITY
STATEMENT OF REVENUE AND EXPENSES

NON-OPERATING REVENUE	2001 ACTUAL	2002 PROFORMA	2003 BUDGET
RENTAL INCOME	633,961	0	0
INTEREST - INCOME	1,132,000	900,000	900,000
MISC INCOME	0	0	0
TOTAL NON-OPERATING REVENUE	1,765,886	900,000	900,000
NON-OPERATING EXPENSE			
AMORT DEFERRED DEBITS/DISCOUNTS	899,917	850,000	850,000
INTEREST - BOND	5,509,991	5,324,000	5,688,000
INTEREST - SRF LOANS	160,649	376,000	425,000
CAPITALIZED INTEREST	(796,122)	(500,000)	(500,000)
TOTAL NON-OPERATING EXPENSE	5,774,435	6,050,000	6,463,000
NON-OPERATING INCOME	(4,008,549)	(5,150,000)	(5,563,000)
NET INCOME (REGULATORY)	5,236,159	3,231,000	2,912,000
ADJUSTMENT FOR GAAP	5,207,040	5,205,000	5,257,000
NET INCOME (LOSS) GAAP	29,119	(1,974,000)	(2,345,000)

ANCHORAGE WATER UTILITY
STATEMENT OF SOURCES AND USES OF CASH

	2001 ACTUAL	2002 PROFORMA	2003 BUDGET
SOURCES OF CASH:			
NET INCOME (LOSS) GAAP	29,119	(1,974,000)	(2,345,000)
DEPRECIATION	9,492,538	9,222,000	8,774,000
BOND PROCEEDS	0	0	9,500,000
STATE LOANS	5,006,703	2,000,000	5,000,000
AMORT/DEFERRED DEBITS/DISCOUNTS	899,917	850,000	850,000
GRANTS	1,305,463	1,542,000	1,753,000
CONTRIBUTIONS FROM OTHERS	627,537	500,000	500,000
OTHER	589,920	(4,000)	(45,000)
TOTAL SOURCES OF CASH FUNDS	17,951,197	12,136,170	23,987,000
USES OF CASH:			
ADDITIONS TO PLANT	12,592,976	9,900,000	15,273,000
DEBT PRINCIPAL PAYMENT	4,253,110	4,688,000	5,216,000
TOTAL USES OF CASH FUNDS	16,846,086	14,588,000	20,489,000
NET INCREASE(DECREASE) IN CASH FUNDS	1,105,111	(2,451,000)	3,498,000
CASH BALANCE JANUARY 1	20,074,155	21,179,000	18,728,000
CASH BALANCE DECEMBER 31	21,179,266	18,728,000	22,226,000
DETAIL OF CASH BALANCE:			
EQUITY IN CAPITAL ACQUISITION ACCT	157,700	(3,845,000)	60,000
RESTRICTED CASH ACCOUNTS	10,913,047	10,913,047	11,113,047
EQUITY IN GENERAL CASH POOL	10,108,519	11,660,000	11,053,000
TOTAL CASH DECEMBER 31	21,179,000	18,728,000	22,226,000

ANCHORAGE WATER UTILITY
2003 OPERATING BUDGET DETAIL

	2001 ACTUAL	2002 PROFORMA	2003 BUDGET
LABOR			
Wages	5,170,000	6,244,000	6,483,000
Benefits	2,833,000	2,622,000	2,787,000
Subtotal	8,003,000	8,866,000	9,270,000
SUPPLIES			
Chemicals	265,000	250,000	286,000
Plant, Shop, & Office Expense	772,000	802,000	1,155,000
Subtotal	1,037,000	1,052,000	1,441,000
INTRAGOVERNMENTAL CHARGES			
Finance Dept	378,000	405,000	651,000
Information Technology Dept	321,000	518,000	560,000
Employee Relations Dept	147,000	120,000	178,000
Other	641,000	694,000	532,000
Subtotal	1,487,000	1,737,000	1,921,000
OTHER SERVICES			
Contingency	0	350,000	350,000
Professional Services	313,000	550,000	300,000
Rent/Leases	703,000	705,000	700,000
Utilities	1,752,000	1,700,000	1,700,000
Contracted Mtnce/Repair	495,000	500,000	475,000
Operating Expense Transfer to CWIP	(393,000)	(400,000)	(400,000)
Other	388,000	722,000	776,000
Subtotal	3,258,000	4,127,000	3,901,000
OTHER EXPENSES			
Depreciation & Amortization	9,493,000	9,222,000	8,774,000
MUSA	1,644,000	1,712,000	1,763,000
Interest on Long-Term Debt	5,671,000	5,700,000	6,113,000
Capitalized Interest	(796,000)	(500,000)	(500,000)
Amort Deferred Debits/Discounts	900,000	850,000	850,000
Subtotal	16,911,000	16,984,000	17,000,000
TOTAL EXPENSES	30,696,000	32,766,000	33,533,000

ANCHORAGE WATER UTILITY
2003-2008 CAPITAL IMPROVEMENT PROGRAM
FINANCIAL SUMMARY

($$ x 1000)

PROJECT CATEGORY	2003	2004	2005	2006	2007	2008	Six Year Total
GENERAL PLANT	7,518	5,043	8,853	6,112	4,484	10,674	42,684
REPAIR & REHABILITATION	2,250	3,050	8,400	8,000	10,000	10,000	41,700
TRANSMISSION/DISTRIBUTION	13,950	15,150	2,550	4,100	3,650	11,150	50,550
IMPROVEMENT DISTRICTS	200	200	200	200	200	200	1,200
TOTAL	23,918	23,443	20,003	18,412	18,334	32,024	136,134

SOURCE OF FUNDING	2003	2004	2005	2006	2007	2008	Six Year Total
DEBT	22,493	22,303	18,353	16,762	16,894	30,574	127,379
EQUITY	1,425	1,140	1,650	1,650	1,440	1,450	8,755
FED/STATE GRANT	0	0	0	0	0	0	0
TOTAL	23,918	23,443	20,003	18,412	18,334	32,024	136,134

*Approximately $500,000 of in-house labor will be spent on capital projects in 2002

ANCHORAGE WASTEWATER UTILITY
STATEMENT OF REVENUE AND EXPENSES

	2001 ACTUAL	2002 PROFORMA	2003 BUDGET
OPERATING REVENUES			
RESIDENTIAL SALES	18,300,205	18,357,000	18,541,000
COMMERCIAL SALES	4,446,814	4,775,000	4,823,000
PUBLIC AUTHORITIES	559,716	770,000	770,000
MISCELLANEOUS	1,050,381	1,059,000	1,059,000
TOTAL OPERATING REVENUE	24,357,116	24,961,000	25,193,000
OPERATING EXPENSES			
COLLECTION	2,394,921	2,276,000	2,646,000
TREATMENT	5,434,112	5,208,000	5,753,000
CUSTOMER ACCOUNTS	1,384,902	1,754,000	1,652,000
GENERAL & ADMINISTRATIVE	4,436,998	5,705,000	6,383,000
DEPRECIATION *	3,929,376	3,969,000	3,469,000
MUSA	1,112,773	1,181,000	1,240,000
TOTAL OPERATING EXPENSES	18,693,082	20,093,000	21,143,000
OPERATING INCOME	5,664,034	4,868,000	4,050,000

* Depreciation of contributed plant not included.

ANCHORAGE WASTEWATER UTILITY
STATEMENT OF REVENUE AND EXPENSES

NON-OPERATING REVENUE	2001 ACTUAL	2002 PROFORMA	2003 BUDGET
RENTAL INCOME	0	0	0
INTEREST - GENERAL CASH POOL	314,121	300,000	300,000
INTEREST - CAPITAL ACQUISITION ACCOUNT	0	50,000	50,000
INTEREST & PENALTY ON ASSESSMENTS	176,929	150,000	150,000
MISC INCOME	0	0	0
TOTAL NON-OPERATING REVENUE	491,050	500,000	500,000
NON-OPERATING EXPENSE			
AMORT DEFERRED DEBITS/DISCOUNTS	460,784	500,000	500,000
INTEREST - LONG TERM DEBT	2,051,077	1,769,000	1,936,000
INTEREST - OTHER	571,045	723,000	566,000
CAPITALIZED INTEREST	(490,618)	(500,000)	(500,000)
TOTAL NON-OPERATING EXPENSE	2,592,288	2,492,000	2,502,000
NON-OPERATING INCOME	(2,101,238)	(1,992,000)	(2,002,000)
NET INCOME (REGULATORY)	3,562,796	2,876,000	2,048,000
ADJUSTMENT FOR GAAP	5,065,693	5,114,000	5,114,000
NET INCOME (LOSS) GAAP	(1,502,897)	(2,238,000)	(3,066,000)

ANCHORAGE WASTEWATER UTILITY
STATEMENT OF SOURCES AND USES OF CASH

	2001 ACTUAL	2002 PROFORMA	2003 BUDGET
SOURCES OF CASH:			
NET INCOME (LOSS) GAAP	(1,502,897)	(2,238,000)	(3,066,000)
DEPRECIATION	8,995,069	9,083,000	8,583,000
BOND PROCEEDS	0	0	8,000,000
STATE LOANS	6,044,051	11,143,000	8,000,000
AMORT/DEFERRED DEBITS/DISCOUNTS	460,784	500,000	500,000
GRANTS	548,041	1,832,000	0
CONTRIBUTIONS FROM OTHERS	1,102,733	1,000,000	900,000
OTHER	(654,500)	(115,059)	(24,000)
TOTAL SOURCES OF CASH FUNDS	14,993,281	21,204,941	22,893,000
USES OF CASH:			
ADDITIONS TO PLANT	10,450,771	13,700,000	12,296,000
DEBT PRINCIPAL PAYMENT	6,054,724	6,473,904	6,851,000
TOTAL USES OF CASH FUNDS	16,505,495	20,173,904	19,147,000
NET INCREASE(DECREASE) IN CASH FUNDS	(1,512,214)	1,031,037	3,746,000
CASH BALANCE JANUARY 1	7,702,312	6,190,098	7,221,000
CASH BALANCE DECEMBER 31	6,190,098	7,221,135	10,967,000
DETAIL OF CASH BALANCE:			
EQUITY IN CAPITAL ACQUISITION ACCT	(4,182,726)	(3,837,726)	951,000
RESTRICTED CASH ACCOUNTS	743,804	743,804	944,000
EQUITY IN GENERAL CASH POOL	9,629,020	10,315,057	9,072,000
TOTAL CASH DECEMBER 31	6,190,098	7,221,135	10,967,000

ANCHORAGE WASTEWATER UTILITY
2003 OPERATING BUDGET DETAIL

	2001 ACTUAL	2002 PROFORMA	2003 BUDGET
LABOR			
Wages	5,283,000	6,145,000	6,435,000
Benefits	2,699,000	2,482,000	2,767,000
Subtotal	7,982,000	8,627,000	9,202,000
SUPPLIES			
Chemicals	397,000	420,000	342,000
Plant, Shop, & Office Expense	1,063,000	712,000	1,293,000
Subtotal	1,460,000	1,132,000	1,635,000
INTRAGOVERNMENTAL CHARGES			
Finance Dept	328,000	326,000	651,000
Information Technology Dept	295,000	517,000	560,000
Employee Relations Dept	138,000	106,000	174,000
Other	771,000	869,000	747,000
Subtotal	1,532,000	1,818,000	2,132,000
OTHER SERVICES			
Contingency	0	350,000	350,000
Professional Services	621,000	530,000	425,000
Rent/Leases	617,000	627,000	620,000
Utilities	1,171,000	1,208,000	1,220,000
Contracted Mtnce/Repair	291,000	350,000	382,000
Operating Expense Transfer to CWIP	(499,000)	(415,000)	(400,000)
Other	475,000	717,000	868,000
Subtotal	2,676,000	3,367,000	3,465,000
OTHER EXPENSES			
Depreciation & Amortization	8,995,000	9,083,000	8,583,000
MUSA	1,113,000	1,181,000	1,240,000
Interest on Long-Term Debt	2,622,000	2,492,000	2,502,000
Capitalized Interest	(491,000)	(500,000)	(500,000)
Amort Deferred Debits/Discounts	461,000	500,000	500,000
Subtotal	12,700,000	12,756,000	12,325,000
TOTAL EXPENSES	26,351,000	27,699,000	28,759,000

ANCHORAGE WASTEWATER UTILITY
2003-2008 CAPITAL IMPROVEMENT PROGRAM
FINANCIAL SUMMARY

($$ x 1000)

PROJECT CATEGORY	2003	2004	2005	2006	2007	2008	Six Year Total
GENERAL PLANT	11,273	7,798	7,348	9,757	8,054	7,144	51,374
REPAIR & REHABILITATION	2,550	3,555	6,560	7,000	4,900	3,600	28,165
TRUNK/INTERCEPTOR	100	2,300	3,600	4,100	4,600	4,600	19,300
IMPROVEMENT DISTRICTS	200	200	200	200	200	200	1,200
TOTAL	14,123	13,853	17,708	21,057	17,754	15,544	100,039

SOURCE OF FUNDING	2003	2004	2005	2006	2007	2008	Six Year Total
DEBT	13,038	12,633	16,738	19,512	15,794	13,974	91,689
EQUITY	1,085	1,220	970	1,545	1,960	1,570	8,350
FED/STATE GRANT	0	0	0	0	0	0	0
TOTAL	14,123	13,853	17,708	21,057	17,754	15,544	100,039

*Approximately $480,000 of in-house labor will be spent on capital projects in 2002

Anchorage Water and Wastewater Utility

Our Mission: AWWU exists to provide competitive, reliable, quality service to our customers, in a professional and courteous manner

Core Services

- Water treatment/maintenance
- Water distribution/maintenance
- Wastewater collection/maintenance
- Wastewater treatment/maintenance

Direct Services

Direct Services Provided by Divisions

Focus Areas

- Less than 5% annual rate increases
- Improve capital structure to 50% debt/50% equity
- Reduce the number of emergency repair orders
- Maintain customer satisfaction

We will measure our success by:

- Percent change in residential Water & Wastewater rates

-	1998	1999	2000	2001	2002
Water	0%	0%	0%	0%	0%
Wastewater	0%	0%	(3%)	0%	0%

- Number of maximum contaminant level (MCL) violations for the Water Utility

2001	Q1-2002	Q2-2002	Q3-2002	Q4-2002
0	0	0		

Note: This measure is one indication of the cleanliness of our drinking water

- Number of customer water outages

2001	Q1-2002	Q2-2002	Q3-2002	Q4-2002
57	27	33		

- Number of sewer backups

2001	Q1-2002	Q2-2002	Q3-2002	Q4-2002
80	14	12		

- Percent of customers who rate service as satisfactory or better

2001	2002	2003	2004	2005
97%				

- Cost per million gallons (MG) of drinking water produced & wastewater treated

-	2001	Q1-2002	Q2-2002	Q3-2002	Q4-2002
Water Produced	$1448	$1505	$1378		
Wastewater Treated	$1258	$1203	$1218		

- Debt/equity ratio for Water & Wastewater (goal of 50%debt/50%equity)

-	2001	Q1-2002	Q2-2002	Q3-2002	Q4-2002
Water	68/32	67/33	67/33		
Wastewater	58/42	57/43	63/37		

Note: This measure is one indication of financial health with the objective of not owing more money than we have in equity

- Debt Service per total budget for Water & Wastewater (percent of total budget dedicated to paying off debt)

-	2001	Q1-2002	Q2-2002	Q3-2002	Q4-2002
Water	32%	35%	35%		
Wastewater	28%	34%	34%		

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