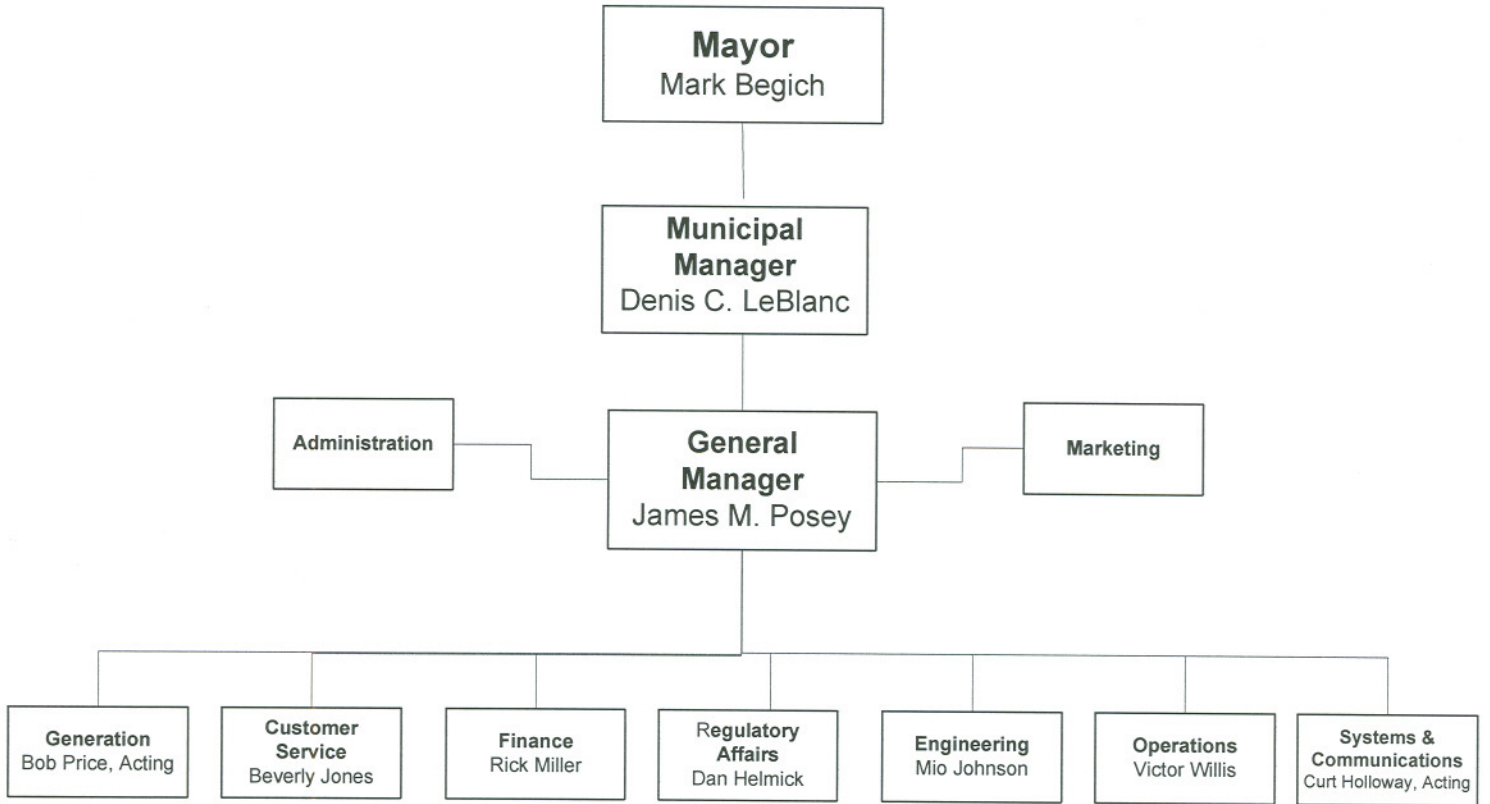


# Municipal Light & Power Organization Chart



# Municipal Light & Power

## 2008 Utility Profile

### Organization

Municipal Light & Power (ML&P) is functionally structured into seven operating divisions: Generation & Power Management, Engineering, Operations, Finance, Regulatory Affairs, Customer Service, and Systems & Communication. Each division manager reports directly to the General Manager. Furthermore, ML&P's administrative, personnel, and marketing efforts are performed as part of the General Manager's administrative group.

As of December 31, 2006, ML&P had 240 employees and total labor and benefit costs of approximately \$31.8 million, which includes operating and capital. Of these 240 employees, 168 were covered by a labor agreement with the IBEW and 72 were non-represented (covered by the Municipal Personnel Rules).

### History

The history of ML&P is closely linked with the history and development of Anchorage itself. ML&P has emerged to serve a city with approximately half the population of the state at rates which are among the lowest in Alaska and that compare favorably with those of many metropolitan areas in the lower 48 states. ML&P has evolved into an acknowledged energy leader by being customer oriented, innovative, and responsive to customers' needs for safe, economical, and reliable electrical service.

When the Alaska Engineering Commission (AEC) initiated electrical service in Anchorage in 1916, Anchorage was just a small tent city in the wilderness. The City operated the electrical distribution system under a lease agreement, first with the AEC and later with the Alaska Railroad. This lease agreement continued until 1932 when the citizens of the young city bought the electrical distribution system for \$11,351.

A small steam plant and diesel power generators supplied Anchorage with electricity until 1929 when the private Anchorage Power & Light Company began supplying the community with electricity from a hydroelectric power plant on the Eklutna River, 40 miles northeast of Anchorage. The City acquired the Eklutna Plant from the Anchorage Power & Light Company in 1943. In 1955, the City contracted for 16,000 kilowatts (kW) of the generating capacity of a new Eklutna Hydroelectric power project of the U.S. Bureau of Reclamation and transferred "Little Eklutna" to that federal agency.

Between 1962 and 1984, ML&P installed seven turbine-generating units fired by natural gas and one heat recovery steam turbine generating unit. Unit 3, which was purchased in 1968 and remained in service for 36 years, was retired in 2004. Unit 3's replacement, which is the first new generating unit for ML&P in more than 20 years, began commercial operation August 16, 2007. The new 28.8 megawatt simple cycle gas turbine is a GE LM2500+ and cost \$26.5 million. Five of the seven gas fired turbines have dual-fuel capability, which enhances ML&P's reliability in the event of a disruption of the natural gas transportation system. In addition to its two power plants, ML&P operates nineteen modern substations and is the south-end controller of the Intertie from Anchorage to Fairbanks.

In late 1996, the Municipality purchased a one-third working interest in the Beluga River Gas Field, which established a guaranteed fuel supply and serves as a means to stabilize fuel prices for years to come. In 1997, ML&P in association with Chugach Electric Association and Matanuska Electric Association purchased the Eklutna Hydroelectric Project from the federal government.

## Services

ML&P's service area encompasses 19.9 contiguous square miles including a large portion of the commercial and high-density residential areas of the Municipality. In 2006, the average number of residential and commercial customers was 23,943 and 6,144 respectively. Approximately twenty percent of ML&P's customer base consumes seventy seven percent of its output.

In 2006, electric retail sales totaled 1,103,168 MWh resulting in revenues of \$81,088,540. Total gas operating revenues was \$15,130,257. Total electric and gas operating revenues including Miscellaneous Operating Revenue, Sales for Resale, Other Utility Operating Income, and Water Diversion Compensation was \$114,962,670. ML&P also has agreements to supply Fort Richardson Army Base and Elmendorf Air Force Base with firm electrical service.

## Regulation

ML&P is subject to economic regulation by the Regulatory Commission of Alaska (RCA), which is composed of five members appointed to six-year staggered terms by the Governor and confirmed by the State Legislature. RCA regulation encompasses service area definition, tariff rules and regulations, service quality criteria and establishment of recurring rates and miscellaneous fees and charges.

The Utility is also advised by the ML&P Electric Commission, which was created in 1963 and is composed of seven members appointed to staggered three-year terms by the Mayor with the approval of the Anchorage Assembly. The General Manager of ML&P serves in an ex officio capacity as Executive Secretary of the Commission.

The Commission reviews electric service policies and practices and reviews the budget and operations of ML&P. From these reviews, the Commission annually submits recommendations to the Mayor. It also conducts public hearings on matters pertaining to electric rates, regulations and related matters and makes recommendations to the Mayor and Assembly. It normally holds one meeting per month and calls special meetings as the need arises.

## Environmental Mandates

Environmental mandates imposed by the Federal and State Governments will continue to add to the cost of environmental compliance. Scoping of environmental alternatives and pre-permitting assessments associated with equipment replacements, new generation, and services expansion will result in cost increases. New State air quality regulations require comprehensive modeling which may establish a need for equipment retrofits or operational restrictions. Recent changes to State oil spill prevention regulations are imposing additional requirements for corrosion protection of fuel storage tanks and piping. As a result, fuel system upgrades will be required.

## Emergency Preparedness/Security

Because of world events and the threat of natural disasters, ML&P is continuing its efforts to prevent and minimize threats to the utility as well as establishing recovery procedures. These efforts are done in conjunction with the MOA, state and federal agencies, and other local utilities. ML&P has conducted security assessments and prepared a plan based on likely threats. Currently, ML&P is upgrading its fencing, building access control, CCTV, and cyber security. ML&P has upgraded the Emergency Operations Center with more modern and robust communications and has continued computer network changes to allow for more security as well as easier recovery in the event of loss of the computer network. National Response Plan training for the staff is nearly complete and several employees have attended FEMA training at the Emmitsburg, MD facility. Our work with the Alaska Partnership for Infrastructure Protection (APIP) has resulted in a much improved flow of information from the private sector to the public sector to support emergency response and recovery.

## Electric and Gas Plant

ML&P generates, transmits, distributes, and purchases electric power and has a one-third working interest in the Beluga River Gas Field.

- Power Generated/Purchased in 2006                      1,459,018 MWh
  - ML&P Generated    1,309,058 MWh                      89.72 %
  - Eklutna Hydroelectric Project                              66,807 MWh                      4.65 %
  - Purchased:
    - Bradley Lake Project                                      82,093 MWh                      5.63 %
    - Chugach Electric Assoc.                                      1,060 MWh                      0 %
- Total Thermal Generation capacity in 2006                      309.5 Megawatts (MW)
  - Power Plant Number One (3 Turbines & Diesel)                      67.6 MW                      21.84%
  - Power Plant Number Two (4 Turbines)                      241.9 MW                      78.16%
  - Six Gas Fired Turbines
  - One Heat Recovery Turbine
  - Five of the six gas fired turbines are equipped to use No. 2 fuel oil as an alternate fuel
- Transmission/Distribution System in 2006                      371 Miles
  - Underground Cable    236 Miles                      64.00 %
  - Overhead Line    135 Miles                      36.00 %
  - 20 Substations
- Total Electric Plant as of December 31, 2006                      \$221,402,436
- Total Gas Plant as of December 31, 2006                      \$111,919,809
- ML&P has a 53.33% ownership interest in the Eklutna Hydroelectric Project, which has 44 MW of installed capacity.
- Pursuant to a Power Sales Agreement with the Alaska Energy Authority, ML&P is required to purchase 25.9% of the output of the Bradley Lake Project, which has 126 MW of installed capacity.

## **Municipal Light & Power**

### **2008 - 2009 Budget Assumptions**

Beginning January 1, 2006 all of ML&P's gas requirements for generation (except for occasional purchases to meet peaking requirements) are supplied from its one-third interest in the Beluga River Unit Gas Field (BRU). Therefore, the transfer price of gas from the Gas Division to the Electric Division will be comprised of costs necessary to produce gas, and is budgeted to increase from \$1.53/MCF in 2007 to \$2.47/MCF in 2008. The transfer price is budgeted to increase in 2009 to \$3.23/MCF.

It is estimated that the 2008 and 2009 contract price for natural gas sales to Chugach Electric Association, Inc. (CEA) will increase to \$4.25/MCF over the 2007 contract price of \$4.15/MCF and the ENSTAR contract price will decrease to \$6.03/MCF and \$5.17/MCF, respectively from the 2007 contract price of \$6.25/MCF. The CEA and ENSTAR volume is budgeted to remain fairly stable for the two year period. ML&P's contract with ENSTAR expires December 31, 2009.

On May 15, 2007, the RCA issued Order Number 2 in Docket U-07-45 granting ML&P's request to modify its natural gas transfer price methodology effective July 1, 2007. ML&P requested and the RCA approved this change in which the natural gas sales revenues would be excluded from the calculation of the gas operations revenue requirement which determines the natural gas transfer price. This was requested to keep the natural gas transfer price from becoming negative for the next few years resulting in unrealistically low customer rates. The money received from natural gas sales will be used to pay for future BRU construction or future gas purchases.

## Municipal Light & Power Highlights and Future Events

### Replacement of Unit 3

The first new generating unit for ML&P in more than 20 years is now on line at Hank Nikkels Plant 1 in the Ship Creek area. The unit began commercial operation August 16, 2007. The new simple cycle gas turbine is a GE LM2500+ and cost \$26.5 million. This turbine was built and installed at a cost of less than \$1,000 per kilowatt and its nitrous oxide (NOx) emissions are 70 percent less than the unit it replaced. It generates 28.8 megawatts at 59 degrees and is 36 percent efficient. By comparison, the old Unit 3 had an efficiency of only 15 to 20 percent. The new unit will be used for carrying peak loads and will be started and stopped on a daily basis. This will allow us to use our base load machines more effectively and will also result in lower overall operating costs. The old Unit 3 was purchased in 1968, remained in service for 36 years, and was retired in 2004.

### Dividend and Gross Receipts Payments

ML&P paid its owner, the Municipality of Anchorage (MOA), \$11,722,047 in annual dividends between the years of 1960 and 1982. During that period, the largest payment occurred in 1975 when ML&P paid \$959,800 in dividends.

In 1988, the Alaska Public Utilities Commission (APUC) restricted ML&P from paying a dividend and dividend-like payments to the MOA upon finding that the utility's capital structure was impaired. In its 1986 test year, ML&P's equity ratio (equity/total capitalization) was only 4.5 percent.

The APUC also required ML&P to file an equity management plan for building equity. ML&P steadily improved its capital structure consistent with the goals of its equity management plan. By year-end 2006, the equity ratio was 50 percent and is projected to remain in the 35-50 percent range through the next five years, even with resumption of dividends to MOA and large bond issues.

In response to a proposal from ML&P, the Regulatory Commission of Alaska (RCA) issued a bench ruling on November 7, 2005, removing the restriction on dividends and dividend-like payments.

The dividend consists of a revenue distribution to general government of 5 percent of the utility's gross revenues (excluding restricted revenues) and a gross receipts payment considered supplemental MUSA at 1.25 percent times actual gross operating revenues.

Accordingly, on August 14, 2007, ML&P made its 2007 dividend and Gross Receipts payments to the MOA, \$5,969,152 and \$1,437,033, respectively, for a total payment of \$7,406,185. The dividend is based on 2006 Audited Financial Statements. The 2006 dividend and gross receipts payment based on 2005 Audited Financial Statements totaled \$7,426,844.

## ML&P Legacy Application Replacement

ML&P currently uses the HP3000 Minicomputer for most business and customer service applications. In November of 2001 Hewlett-Packard (HP) announced they would discontinue support for the HP3000 system in 2006. This will require ML&P to replace or migrate all of its existing applications on the HP3000 to new platforms. We expect this to be accomplished over the next 2 years.

Migration to a windows based server was considered, but it was determined that a replacement with off the shelf products was more cost effective and that very little increased effort was required. This project will involve all divisions both in selection of a replacement system and in testing. It is expected that this replacement can take place without any affect on day-to-day operations.

## New Generation

ML&P is at a point from a life cycle perspective where it must give consideration to making significant generation capital additions over the next few years. Currently there is \$250 million in the capital budget for new generation to replace aging generation infrastructure. Modern generating units are much more efficient delivering more energy for the same amount of fuel. ML&P's goal is to begin to move forward to have new generation facilities on line by early 2012.

## Joint Action Agency

On Aug. 1, 2005, ML&P, CEA, and Golden Valley Electric Association (GVEA) formally formed the Alaska Railbelt Energy Authority (AREA), a joint action agency (JAA) under Alaska statute AS 42.45.300. The JAA structure enables the utilities to combine their expertise, resources, and borrowing power to make major investments in generation and transmission facilities in the Railbelt. Such investments are necessary to meet growing demands for power and replacement of aging generation. The AREA will ensure the lowest cost power through coordinated planning, more favorable financing, and possible joint dispatch of power.

During 2007, the AREA has actively participated in on-going efforts to determine the feasibility of wind-generated power from Fire Island and will continue to do so. In 2008, the AREA will continue to explore investment alternatives and begin initiating major investments such as the possible acquisition of the state-owned Bradley Lake Hydroelectric Power Plant. It is anticipated that in 2008 or sooner Homer Electric Association, Inc. and the City of Seward's electric utility, among other Railbelt utilities, will be near-term future members.

**Municipal Light & Power**  
2008 Work Force Projections

<b><u>Division:</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>
Administration	13	17	17	17	17	17	17	17
Regulatory	9	9	9	9	9	9	9	9
Generation	71	71	71	71	71	71	71	71
Engineering	27	28	28	28	28	28	28	28
Operations	60	60	60	60	60	60	60	60
Customer Service	22	22	22	22	22	22	22	22
Finance	22	22	22	22	22	22	22	22
Systems & Communications	25	25	25	25	25	25	25	25
Subtotal	<u>249</u>	<u>254</u>	<u>254</u>	<u>254</u>	<u>254</u>	<u>254</u>	<u>254</u>	<u>254</u>
Part-Time/Temporary Positions	<u>22</u>	<u>22</u>	<u>22</u>	<u>22</u>	<u>22</u>	<u>22</u>	<u>22</u>	<u>22</u>
Total	<u>271</u>	<u>276</u>	<u>276</u>	<u>276</u>	<u>276</u>	<u>276</u>	<u>276</u>	<u>276</u>



# Municipal Light Power

## 11-Year Summary

Utility Format - 2008 - 2009 Operating Budget (in 000's)

Financial Overview:	Actuals			ProForma	Budget	Budget	Forecast				
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues	\$108,670	\$120,197	\$120,367	\$103,227	\$116,440	\$129,047	\$119,524	\$121,521	\$115,131	\$118,153	\$131,416
Expenses	93,064	101,350	96,526	81,573	103,760	121,605	121,295	118,965	118,031	125,922	130,052
Special Item	11,952	19,853	-	-	6,531	12,321	8,796	214	18,000	21,473	234
Net Income After Special Item	27,558	38,699	23,842	21,654	19,211	19,763	7,025	2,770	15,099	13,705	1,598
Work Force Authorized per Budget	236	239	244	249	254	254	254	254	254	254	254
Capital Improvements	12,637	29,767	63,178	46,973	56,125	131,519	141,620	100,576	29,538	46,178	21,783
Bond Sales	-	-	-	-	125,056	0	188,561	-	39,080	-	-
Net Non-Contributed Plant (12/31) (REG)	262,599	263,147	274,692	315,694	336,067	356,099	362,682	358,360	593,482	594,974	571,680
Net Contributed Plant (12/31)	13,622	13,353	17,324	19,992	21,324	22,720	24,121	25,508	26,823	28,134	29,630
Net Electric Plant (12/31) (GAAP)	276,221	276,500	292,016	335,686	357,391	378,819	386,803	383,868	620,305	623,108	601,310
Retained Earnings (12/31)	140,493	179,192	197,070	212,755	226,837	240,786	241,359	238,152	247,176	255,124	250,814
General and Restricted Cash	40,823	55,331	70,238	48,770	70,635	74,895	83,824	69,076	98,245	86,746	91,433
Bond Construction Cash	-	-	-	-	84,611	-	59,209	-	14,281	-	-
Bond Redemption Investment	24,785	26,110	26,386	28,440	33,791	32,819	41,700	40,645	41,699	40,981	40,854
Debt Service Account	6,873	8,216	3,371	2,988	3,160	3,416	3,808	4,233	4,271	4,307	4,303
Grant Cash	2,935	1,865	(1,270)	0	0	0	0	0	0	0	0
Operating Fund Investment & Customer Deposits	9,024	9,986	8,524	8,374	9,074	9,274	9,374	8,974	8,574	9,074	9,174
Total Cash & Investments (12/31)	84,440	101,507	107,250	88,571	201,271	120,403	197,915	122,927	167,069	141,107	145,763
IGC's - General Government	2,830	3,141	3,260	3,764	3,947	4,140	4,334	4,407	4,403	4,478	4,474
Dividend	-	-	5,964	5,969	5,129	5,814	6,452	5,976	6,076	5,757	5,908
MUSA and Gross Receipts	2,065	2,157	3,551	3,671	3,883	4,341	4,806	4,862	5,024	7,908	7,955
Total Outstanding Debt	232,585	218,005	196,780	179,055	289,760	272,490	448,495	431,550	454,635	437,550	419,640
Total Annual Debt Service	25,811	25,960	32,901	28,439	30,430	32,819	36,634	40,645	40,649	40,981	40,854
Debt Service Coverage	1.74	1.85	1.86	2.09	1.87	1.67	1.37	1.44	1.50	1.39	1.62
LT Debt/Equity Ratio	62.3/37.7	54.9/45.1	50.0/50.0	45.7/54.3	56.1/43.9	53.1/46.9	65.0/35.0	64.4/35.6	64.8/35.2	63.2/36.8	62.6/37.4
Rate Change Percent	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	9.00%	7.00%	0.00%	9.00%
Electric Statistical/Performance Trends:											
Residential Customer (500 kWh) (1)	\$57.52	\$55.03	\$52.60	\$46.84	\$55.87	\$58.70	\$59.87	\$61.21	\$60.86	\$61.57	\$68.36
Total Residential Sales (kWh)	150,534	147,171	148,255	153,940	151,856	152,505	152,505	153,267	154,033	154,804	155,578
Commercial & Industrial Sales (kWh)	738,579	740,139	747,400	771,540	757,523	756,998	758,972	763,873	768,799	773,750	778,725
Total Kilowatt Hour Sales (kWh)	889,113	887,310	895,656	925,480	909,379	909,502	911,476	917,140	922,832	928,554	934,302
Total Sales Revenue (in Dollars)	\$88,279	\$95,846	\$79,367	\$81,907	\$97,801	\$104,200	\$107,022	\$108,098	\$105,696	\$107,903	\$121,109

NOTE: Rate increases are shown in the out years for purposes of projections only and have not been approved for implementation. It is intended that they be reviewed closely each year in conjunction with establishing operating budgets. Utilities will continue to strive to find ways to avoid projected rate increases.

(1) Rates for Electric Residential customers as of March 31 each year using 500 kWh and including Cost of Power Adjustment.

**Municipal Light & Power**  
**2008-2009 Operating Budget**  
**Statement of Revenue and Expenses**

	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>
	<b><u>Actual</u></b>	<b><u>Proforma</u></b>	<b><u>Budget</u></b>	<b><u>Budget</u></b>
<b>Operating Revenue</b>				
Residential	\$14,485,681	\$14,705,000	\$16,968,000	\$17,903,000
Commercial & Industrial	\$56,572,183	56,277,000	68,423,000	72,748,000
Public Highway & Street Lighting	1,140,810	1,126,000	1,202,000	1,224,000
Military	8,889,865	8,524,000	11,209,000	12,324,000
Sales for Resale	19,335,030	14,740,000	12,927,000	20,055,000
Miscellaneous Service Revenue/COPA	(768,115)	2,412,000	1,137,000	1,137,000
Rent from Electric Property	176,959	162,000	162,000	162,000
Gas Revenue	15,130,257	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Revenue	114,962,670	97,946,000	112,028,000	125,553,000
<b>Operating Expense</b>				
Production Expense	23,733,149	31,265,000	33,930,000	35,838,000
Transmission Expense	875,083	839,000	793,000	826,000
Distribution Expense	7,784,563	8,181,000	9,037,000	9,221,000
Customer Account Expense	3,037,396	3,353,000	3,353,000	3,410,000
Customer Service & Information	354,721	321,000	439,000	452,000
Administrative & General Expense	7,747,247	9,493,000	11,180,000	10,583,000
Regulatory Debit/Credit	9,537,874	(14,576,000)	(3,752,000)	9,213,000
Depreciation Electric and Depletion Gas	23,870,787	25,789,000	28,427,000	29,645,000
Amortization of Intangible Plant	403,802	404,000	404,000	404,000
Amortization of Plant Acquisition	111,184	111,000	-	-
Taxes Other than Income	1,577,507	551,000	400,000	407,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Expense	79,033,313	65,731,000	84,211,000	99,999,000
	<hr/>	<hr/>	<hr/>	<hr/>
Operating Income	<u>35,929,357</u>	<u>32,215,000</u>	<u>27,817,000</u>	<u>25,554,000</u>

**Municipal Light & Power**  
**2008 - 2009 Operating Budget**  
**Statement of Revenue and Expenses**

	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>
	<b><u>Actual</u></b>	<b><u>Proforma</u></b>	<b><u>Budget</u></b>	<b><u>Budget</u></b>
<b>Non-Operating Revenue</b>				
Interest from Bond Redemption Cash	1,292,111	1,034,000	1,477,000	1,536,000
Interest from General Cash Pool	2,214,434	2,804,000	2,079,000	1,657,000
Interest from Debt Service Account	616,093	353,000	270,000	293,000
Miscellaneous Non-Operating Revenue	297,724	436,000	436,000	8,000
Restricted Interest Income	984,127	654,000	150,000	0
<b>Total Non-Operating Revenue</b>	<b>5,404,488</b>	<b>5,281,000</b>	<b>4,412,000</b>	<b>3,494,000</b>
<b>Non-Operating Expense</b>				
Misc. Non-Operating Expense	637,180	727,000	600,000	600,000
Interest on Bonded Debt	11,675,721	10,714,000	13,135,000	15,549,000
Amortization of Bond Discount/(Premium)	(1,225,392)	(1,264,000)	(1,215,000)	(1,148,000)
Amortization of Bond Sale Cost & Insurance	390,784	290,000	378,000	336,000
Amortization of Loss on Refunded Debt	2,363,486	2,164,000	1,998,000	1,813,000
Other Interest Expense	496,421	1,128,000	1,099,000	1,066,000
Interest During Construction	(396,540)	(1,588,000)	(329,000)	(951,000)
<b>Total Non-Operating Expense</b>	<b>13,941,660</b>	<b>12,171,000</b>	<b>15,666,000</b>	<b>17,265,000</b>
Transfers (MUSA)	3,550,557	3,671,000	3,883,000	4,341,000
<b>Net Income -Before Special Item</b>	<b>23,841,627</b>	<b>21,654,000</b>	<b>12,680,000</b>	<b>7,442,000</b>
Special Item	-	-	6,531,000	12,321,000
<b>Net Income -After Special Item</b>	<b>23,841,627</b>	<b>21,654,000</b>	<b>19,211,000</b>	<b>19,763,000</b>

**Municipal Light & Power**  
**2008-2009 Operating Budget**  
**Statement of Cash Sources and Cash Uses**

	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>
	<b><u>Actual</u></b>	<b><u>Proforma</u></b>	<b><u>Budget</u></b>	<b><u>Budget</u></b>
<b>Sources of Cash Funds</b>				
Net Income GAAP	\$23,841,627	\$21,654,000	\$19,211,000	\$19,763,000
Depreciation/Depletion	24,385,773	26,304,000	28,831,000	30,049,000
Amortized Bond Discount/(Premium)	(1,225,392)	(1,264,000)	(1,215,000)	(1,148,000)
Amortization of Bond Sale Costs	390,784	290,000	378,000	336,000
Amortization of Refunded Debt	2,363,486	2,164,000	1,998,000	1,813,000
Grant Proceeds	-	-	-	-
Bond Proceeds	-	-	125,056,000	-
Deferred Charges and Other Assets	9,898,234	167,000	97,000	97,000
Contributions	4,808,667	3,279,000	1,982,000	2,088,000
Changes in Assets and Liabilities	25,682,623	4,808,000	7,516,000	11,622,000
<b>Total Sources of Cash Funds</b>	<b>90,145,802</b>	<b>57,402,000</b>	<b>183,854,000</b>	<b>64,620,000</b>
<b>Uses of Cash Funds</b>				
Additions to Plant	63,178,270	58,357,000	53,857,000	128,218,000
Debt Principal Payment	21,225,000	17,725,000	17,295,000	17,270,000
<b>Total Uses of Cash Funds</b>	<b>84,403,000</b>	<b>76,082,000</b>	<b>71,152,000</b>	<b>145,488,000</b>
<b>Net Increase (Decrease) in Cash Funds</b>	<b>5,742,802</b>	<b>(18,680,000)</b>	<b>112,702,000</b>	<b>(80,868,000)</b>
Cash Balance, January 1	101,507,141	107,250,000	88,570,000	201,272,000
<b>Cash Balance, December 31</b>	<b>107,250,000</b>	<b>88,570,000</b>	<b>201,272,000</b>	<b>120,404,000</b>
<b>Detail of Cash &amp; Investment Balance</b>				
General Cash Less Customer Deposits	37,483,906	20,308,000	31,731,000	26,012,000
Bond Cash	-	-	84,611,000	-
Grant Construction	(1,269,609)	-	-	-
BRU Construction & Natural Gas Purchases Cash	32,754,341	28,462,000	38,905,000	48,883,000
Bond Investment	26,386,375	28,440,000	33,791,000	32,819,000
Debt Service	3,371,089	2,987,000	3,160,000	3,416,000
Operating Fund Investment & Customer Deposits	8,523,570	8,373,000	9,074,000	9,274,000
<b>Cash Balance, December 31</b>	<b>107,250,000</b>	<b>88,570,000</b>	<b>201,272,000</b>	<b>120,404,000</b>

**Municipal Light & Power**  
**2008-2009 Operating Budget**  
**2008 Operating Budget Detail**

	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>
	<b><u>Actual</u></b>	<b><u>Proforma</u></b>	<b><u>Budget</u></b>	<b><u>Budget</u></b>
<b>Labor Expenses</b>				
Personnel Costs	\$12,925,362	\$13,301,000	\$15,204,000	\$15,440,000
Benefit Costs	8,393,764	10,519,000	10,599,000	10,274,000
Subtotal	21,319,126	23,820,000	25,803,000	25,714,000
<b>Intragovernmental Expenses</b>				
Financial Info Systems	608,862	1,288,000	1,352,000	1,417,000
PeopleSoft Services	202,851	167,000	97,000	97,000
Self Insurance-Workers Comp.	648,539	610,000	620,000	630,000
Mayor	293,059	283,000	297,000	311,000
Municipal Manager	123,758	145,000	153,000	161,000
Purchasing	136,785	180,000	189,000	198,000
Accounts Payable	73,605	82,000	206,000	216,000
Office of Emerg Mgmt	240,854	237,000	248,000	260,000
Other Intergovernmental Charges	931,903	772,000	785,000	850,000
Subtotal	3,260,217	3,764,000	3,947,000	4,140,000
<b>Other Expenses</b>				
Depreciation, Depletion & Amortization	25,914,651	27,494,000	29,991,000	31,050,000
Interest on Long-Term Debt	11,675,721	10,714,000	13,135,000	15,549,000
Natural Gas Purchases & Transportation	3,850,117	3,671,000	3,479,000	3,669,000
Purchased Power	3,785,187	4,250,000	4,249,000	4,249,000
MUSA and Gross Receipts	3,550,557	3,671,000	3,883,000	4,341,000
Gas Non-Fuel Production Expense	3,870,912	10,854,000	12,792,000	14,306,000
Regulatory Debits/Credits	9,537,874	(14,576,000)	(3,752,000)	9,213,000
Taxes Other than Income	1,577,507	551,000	400,000	407,000
Regulatory Compliance	486,662	725,000	685,000	690,000
Professional Services	951,322	646,000	599,000	600,000
Interest During Construction	(396,540)	(1,588,000)	(329,000)	(951,000)
Materials & Other Expenses	7,142,218	7,577,000	8,879,000	8,626,000
Subtotal	71,946,188	53,989,000	74,011,000	91,749,000
Total Expenses	<u>\$96,525,531</u>	<u>\$81,573,000</u>	<u>\$103,761,000</u>	<u>\$121,603,000</u>

## Municipal Light & Power

### 2008 - 2014 Capital Improvement Budget (\$000)

<b><u>Project Category:</u></b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Total</b>
Production	\$18,123	\$93,930	\$112,958	\$80,210	\$8,825	\$11,480	\$2,785	\$328,311
Transmission	6,485	6,400	3,595	2,860	3,065	2,480	2,485	27,370
Distribution	10,700	13,080	11,697	13,008	11,631	12,843	12,105	85,064
General Plant	7,155	5,638	4,524	4,234	5,756	3,973	4,124	35,404
Regulatory Compliance	250	150	50	50	50	50	50	650
Beluga River Gas Field	13,412	12,321	8,796	214	211	15,352	234	50,540
<b>Total Capital Budget</b>	<b>\$56,125</b>	<b>\$131,519</b>	<b>\$141,620</b>	<b>\$100,576</b>	<b>\$29,538</b>	<b>\$46,178</b>	<b>\$21,783</b>	<b>\$527,339</b>

<b><u>Source of Funding</u></b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Total</b>
Revenue Bonds	40,445	84,611	129,352	59,209	24,799	14,281	-	352,697
Equity/Operations	2,268	34,587	3,472	41,153	4,528	16,545	21,549	124,102
Beluga Operations	13,412	12,321	8,796	214	211	15,352	234	50,540
<b>Total Capital Budget</b>	<b>\$56,125</b>	<b>\$131,519</b>	<b>\$141,620</b>	<b>\$100,576</b>	<b>\$29,538</b>	<b>\$46,178</b>	<b>\$21,783</b>	<b>\$527,339</b>

Note: For the 2008 and 2009 capital budgets, approximately \$5.4 million in personnel costs will be spent on capital projects each year.

**Municipal Light & Power**  
**2008 - 2014 Capital Improvement Budget (\$000)**

<b><u>Production:</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>Total</u></b>
Steam	-	-	-	5,000	-	-	-	5,000
Turbines & Generators	16,175	93,110	112,728	75,050	8,700	11,020	1,500	318,283
Eklutna Power Plant	1,400	155	180	110	75	410	1,235	3,565
Structures & Improvements	<u>548</u>	<u>665</u>	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>	<u>1,463</u>
Subtotal	18,123	93,930	112,958	80,210	8,825	11,480	2,785	328,311
<b><u>Transmission:</u></b>								
Land & Land Rights	1,060	70	70	70	70	80	80	1,500
Transmission Lines	2,425	2,430	2,435	2,440	2,495	2,100	2,105	16,430
Transmission Stations	3,000	3,900	1,090	350	500	300	300	9,440
Eklutna Project	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	6,485	6,400	3,595	2,860	3,065	2,480	2,485	27,370
<b><u>Distribution:</u></b>								
Distribution Equipment	4,000	5,675	2,775	3,975	2,075	2,900	1,900	23,300
Land & Land Rights	115	115	115	115	120	150	200	930
Meters	450	450	450	250	250	250	250	2,350
Overhead Lines	1,135	1,215	1,270	1,350	1,500	1,580	1,645	9,695
Street Lighting	15	15	15	15	20	20	20	120
Transformer Services	2,700	2,700	2,800	2,800	2,800	2,900	2,900	19,600
Underground Lines	<u>2,285</u>	<u>2,910</u>	<u>4,272</u>	<u>4,503</u>	<u>4,866</u>	<u>5,043</u>	<u>5,190</u>	<u>29,069</u>
Subtotal	10,700	13,080	11,697	13,008	11,631	12,843	12,105	85,064
<b><u>General Plant:</u></b>								
Communications	3,574	2,719	1,799	1,682	2,998	1,339	1,519	15,630
Furniture & Misc Equipment	129	131	120	72	78	81	82	693
Stores/Tools/Lab	547	513	365	365	410	418	418	3,036
Structures & Improvements	2,205	1,575	1,540	1,415	1,520	1,385	1,355	10,995
Transportation	<u>700</u>	<u>700</u>	<u>700</u>	<u>700</u>	<u>750</u>	<u>750</u>	<u>750</u>	<u>5,050</u>
Subtotal	7,155	5,638	4,524	4,234	5,756	3,973	4,124	35,404
<b><u>Regulatory Compliance:</u></b>								
Environmental	<u>250</u>	<u>150</u>	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>	<u>650</u>
Subtotal	250	150	50	50	50	50	50	650
<b><u>Beluga River Gas Field:</u></b>								
Improvements	<u>13,412</u>	<u>12,321</u>	<u>8,796</u>	<u>214</u>	<u>211</u>	<u>15,352</u>	<u>234</u>	<u>50,540</u>
Subtotal	13,412	12,321	8,796	214	211	15,352	234	50,540
Total Capital Budget	<u>\$56,125</u>	<u>\$131,519</u>	<u>\$141,620</u>	<u>\$100,576</u>	<u>\$29,538</u>	<u>\$46,178</u>	<u>\$21,783</u>	<u>\$527,339</u>