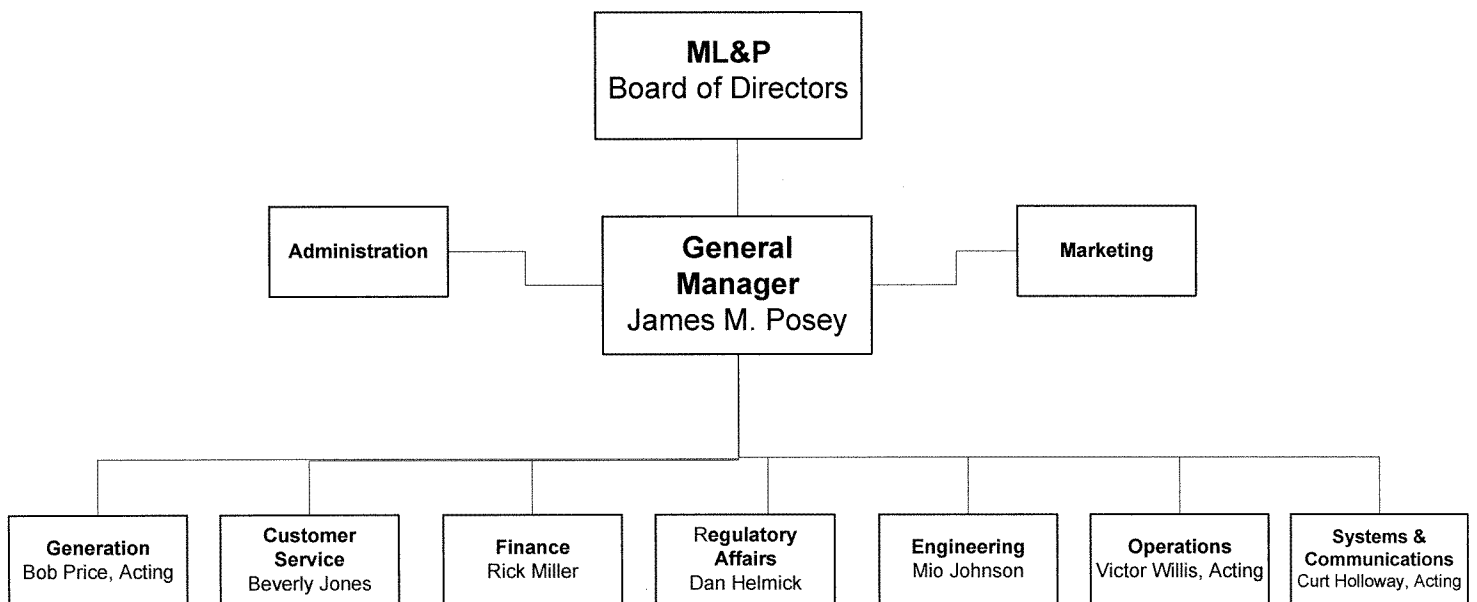


MUNICIPAL LIGHT & POWER

Municipal Light & Power Organization Chart



Municipal Light & Power

2010 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 public relations efforts are performed as part of the General Manager's administrative group.

As of December 31, 2008, ML&P had 249 employees and total labor and benefit costs of approximately \$35.6 million, which includes operating and capital labor expenditures. Of these 249 employees, 176 were covered by a labor agreement with the IBEW and 73 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 30 megawatt simple cycle gas turbine is a GE LM2500+ and cost \$27.5 million to purchase and install. Four 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 Alaska 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. On August 28, 2008 ML&P entered into an agreement with Chugach Electric Association for a dedicated 30% share of the output of the Southcentral Power Project (SPP) plant, varying in electrical output from 45 MW to 54 MW depending on season and temperature. The plant is anticipated to enter commercial operation by January 1, 2014.

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 2008, the average number of residential and commercial customers was 24,100 and 6,249 respectively. Commercial customers account for approximately eighteen percent of ML&P's customer billings and consume fifty-six percent of its output.

In 2008, electric retail sales totaled 1,133,598 MWh resulting in revenues of \$89,545,097. Total electric operating revenues including Miscellaneous Operating Revenue, Sales for Resale and Other Utility Operating Income was \$107,207,803. 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 ML&P Board of Directors (Board) was created to govern ML&P by the Anchorage Municipal Assembly on September 9, 2008 by passage of Assembly Ordinance No. 2008-90(S). The Board is composed of nine members appointed to staggered five-year terms by the Mayor subject to confirmation by the Municipal Assembly. The general manager of ML&P shall not be a director but shall serve as executive secretary and staff to the Board.

The power to operate and manage ML&P is vested in the Board. The Board is responsible to the Municipal Assembly and may in general exercise any power unless otherwise provided in the Municipal Charter, Title 32, or prohibited by state law. Municipal Assembly approval continues to be required for the operating and capital budgets, proposed rate increases for filing with the RCA, the purchase or sale of real estate, proposed changes to Title 32, the exercise of eminent domain, the incurrence of debt, the appropriation of grants, amendments to collective bargaining agreements, and confirmation of the general manager and board members.

The Mayor, with concurrence of the Municipal Assembly, shall appoint the members of the Board. The Mayor shall appoint the general manager from candidates recommended by the Board. The general manager shall serve at the pleasure of the Mayor. ML&P budgets shall be submitted to the Administration before submittal to the Municipal Assembly for approval.

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 require effort to assure continued regulatory compliance. 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 the threat of natural disasters and potential for gas supply disruptions in Cook Inlet, 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's Emergency Response Plan is currently being revised to include an annex for influenza pandemic preparedness. Upgraded fencing, increased closed circuit TV monitoring and 24-hour guard service at ML&P generation plants have been implemented to enhance security at ML&P's facilities. Alaska Partnership for Infrastructure Protection (APIP) continues to be a valuable tool for information flow 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 2008

	1,365,646 MWh	
• ML&P Generated	1,225,480 MWh	89.74 %
• Eklutna Hydroelectric Project	57,822 MWh	4.23 %
• Purchased:		
- Bradley Lake Project	80,611 MWh	5.90 %
- Chugach Electric Assoc.	1,733 MWh	0.13 %
- Total Thermal Generation capacity in 2008

	342.4 Megawatts (MW) at 30°F
• Power Plant Number One (4 Turbines & 2 Diesels)	100.5 MW 29.35 %
• Power Plant Number Two (4 Turbines)	241.9 MW 70.65 %
• Seven Gas Fired Turbines	
• One Heat Recovery Turbine	
• Four of the seven gas fired turbines are equipped to use No. 2 fuel oil as an alternate fuel	
- Distribution System in 2008

	379 Miles
• Underground Cable	243 Miles 64.12 %
• Overhead Line	136 Miles 35.88 %
• 19 Substations	
- Total Electric Plant as of December 31, 2008

	\$257,441,606
--	---------------
- Total Gas Plant as of December 31, 2008

	\$102,269,298
--	---------------
- 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

2010 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. Therefore, the transfer price of gas from the Gas Division to the Electric Division is, for all practicable purposes comprised of costs necessary to produce gas, and is budgeted to increase from \$3.42/MCF in 2009 to \$3.64/MCF in 2010.

ML&P has included in the budget personnel increases equivalent to nine full-time employees, and all of these positions will be directed to meeting generation's resource requirements. With the introduction of the new Unit 3 at Plant 1, the daily need to operate peaking units has progressed from back-up only to scheduled operation that currently averages 15 hours per day on weekdays. Given the significant fuel savings realized with Unit 3, coupled with better than expected environmental efficiencies, which allows more operating "free board" in terms of our Air Quality Permit, it is in our customers interests to further increase coverage at Plant 1. This can be accomplished by adding two full-time operator mechanic positions.

At Plant 2, 10 of the 15 operator mechanics are eligible for retirement and ML&P expects that at least three operator mechanics will retire each year for the next three years. To deal with this attrition, and since it requires up to six months to educate a qualified plant operator on the specific characteristics and operation of Plant 2 turbines, ML&P has budgeted three additional operator mechanic positions in order to be able to train replacements to rotate into vacancies that will arise as a result of retirements. Retirements are also anticipated on the electrical and mechanical maintenance crews; therefore, ML&P has budgeted two (one for each crew) additional staff for those crews.

Two additional temporary employees (one full-time equivalent) are needed to supplement generation's work force during planned maintenance of turbines, as well as deal with increased maintenance workload associated with keeping aging equipment operational. These employees will float between plants as needed.

Lastly, Power Management requires a permanent trainee position to enable ML&P to be able to replace retiring dispatchers with trained employees knowledgeable of local system operating characteristics.

Municipal Light & Power

Highlights and Future Events

New Generation

ML&P is at a point from a life cycle perspective where it must make significant generation capital additions over the next few years. Currently, there is \$152.9 million (in nominal dollars) in the capital budget for new generation to replace aging generation infrastructure. Modern generating units are much more efficient, allowing them to deliver more energy for the same amount of fuel. The goal of ML&P is to have new generation facilities online by early 2013 at Plant 1 and early 2014 at Plant 2.

Southcentral Power Project

ML&P entered into a participation agreement with Chugach Electric Association, Inc. (CEA) on August 28, 2008 to proceed with the joint development, construction and operation of the Southcentral Power Project (SPP). The design of the plant includes three GE LM6000PF DLE combustion turbines that recover exhaust heat to produce additional electricity in a steam bottoming cycle. Three machines have been purchased by SPP with total capacity of approximately 180 MW, of which ML&P's proportionate share will be 54 MW, or 30%. ML&P's estimated share of the cost of SPP is \$110,561,000. SPP is anticipated to enter commercial operation by January 1, 2014.

Dividend and Gross Receipts 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. The dividend is based on prior year revenues confirmed after audit.

In response to a proposal from ML&P, the Regulatory Commission of Alaska issued a bench ruling on November 7, 2005, removing their restriction on dividend and dividend-like payments, thereby re-instating ML&P's ability to pay dividends to its owner, the Municipality of Anchorage. From 2006 to 2009 the total dividend and gross receipts distribution is over \$28 million, averaging over \$7 million a year.

ML&P Legacy Application Replacement

ML&P has been utilizing an 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 date was extended by HP as they found many customers unable to transition off the hardware in a timely manner. ML&P has been migrating all of its existing applications on the HP3000 to new platforms. We expect this to be accomplished by the end of the fourth quarter in 2010.

Migration has been proceeding with major components completed including electronic time card system, continuing property records, Customer Service Support and Fleet Maintenance.

Replacement of more components with off the shelf products has proven to be the most cost effective. This project involves all divisions both in selection of a replacement system and in testing and implementation. It is expected that these replacements will take place with little affect on day-to-day operations. With limited ability to increase staffing, testing of replacement systems and keeping normal operations going will be our greatest challenge.

SCADA Replacement

ML&P is in the final stages of replacing the 10 year old SCADA system that gives us the ability to control and monitor the generation, transmission and distribution of electrical power to our customers. The replacement, as well as the current system, works hand in hand with the system located at Chugach Electric Association's headquarters in south Anchorage. The new system is based on the same database configuration enabling redundant systems in the event of a major failure by either company. The new system will incorporate the latest technology and security controls generally followed by the Electrical industry.

The physical replacement is on schedule for completion no later than first quarter 2010. This will end the 5 year process that will carry us into the future with modernized maintainable and more secure hardware and software. Upon completion of the main SCADA replacement, additional follow-on projects mandated by evolving security and utility protection regulation will start including the ability to maintain and update skills related to the SCADA system with a standalone SCADA simulator and integrated backup resources.

Municipal Light & Power
2010 Work Force Projections

<u>Division:</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Administration	17	15	15	15	15	15	15
Regulatory	9	8	8	8	8	8	8
Generation	71	81	81	81	81	81	81
Engineering	28	28	28	28	28	28	28
Operations	60	59	59	59	59	59	59
Customer Service	22	21	21	21	21	21	21
Finance	22	24	24	24	24	24	24
Systems & Communications	25	26	26	26	26	26	26
Subtotal	<u>254</u>	<u>262</u>	<u>262</u>	<u>262</u>	<u>262</u>	<u>262</u>	<u>262</u>
Part-Time/Temporary Positions	<u>22</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>
Total Positions	<u>276</u>	<u>286</u>	<u>286</u>	<u>286</u>	<u>286</u>	<u>286</u>	<u>286</u>
Total FTE	<u>265</u>	<u>274</u>	<u>274</u>	<u>274</u>	<u>274</u>	<u>274</u>	<u>274</u>

Municipal Light Power 11-Year Summary

Utility Format 2010 Operating Budget (in 000's)

Financial Overview:	Actuals				ProForma	Budget	Forecast				
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues	\$120,197	\$120,367	\$104,457	\$108,140	\$120,553	\$135,100	\$127,870	\$127,248	\$125,888	\$132,173	\$138,324
Expenses	101,350	96,526	81,066	94,643	107,783	119,426	117,002	111,025	115,409	124,086	134,537
Special Item	19,853	-	-	921	-	-	-	-	-	-	-
Net Income After Special Item	38,699	23,842	23,391	14,418	12,770	15,674	10,868	16,223	10,480	8,087	3,787
Work Force Authorized per Budget - FTE	250	255	260	265	265	274	274	274	274	274	274
Capital Improvements	29,767	63,178	65,861	33,680	67,047	132,576	116,195	96,856	86,186	32,581	30,617
Bond Sales	-	-	-	-	113,332	-	166,090	-	72,298	-	84,022
Net Non-Contributed Plant (12/31) (REG)	263,147	274,692	305,538	313,856	318,830	325,805	329,642	341,395	382,099	586,844	580,787
Net Contributed Plant (12/31)	13,353	17,324	29,024	30,672	51,723	66,922	79,861	75,156	88,651	82,646	77,744
Net Electric Plant (12/31) (GAAP)	276,500	292,016	334,562	344,528	370,553	392,727	409,503	416,552	470,751	669,490	658,531
Retained Earnings (12/31)	179,192	197,070	214,492	223,717	231,627	241,274	245,386	255,215	259,333	261,125	258,303
General and Restricted Cash	55,331	70,238	48,013	55,611	89,813	72,581	76,330	63,555	53,518	46,934	65,571
Bond Construction Cash	-	-	-	-	68,878	-	70,273	-	8,416	-	54,758
Bond Redemption Investment	26,110	26,386	27,276	26,144	32,818	32,818	36,225	39,641	40,450	40,450	38,836
Debt Service Account	8,216	3,371	1,890	2,193	2,115	2,645	2,946	3,235	3,235	3,324	3,307
Grant Cash	1,865	(1,270)	(1)	-	-	-	-	-	-	-	-
Operating Fund Investment & Customer Deposits	9,986	8,524	8,044	9,202	9,802	9,802	9,902	9,702	10,002	10,002	10,602
Total Cash & Investments (12/31)	101,507	107,250	85,222	93,150	203,426	117,846	195,675	116,133	115,622	100,710	173,074
IGC's - General Government	3,141	3,260	3,612	3,726	4,070	4,104	4,152	4,329	4,374	4,420	4,466
Dividend	-	5,964	5,969	5,192	5,406	6,028	6,755	6,393	6,362	6,294	6,609
MUSA and Gross Receipts	2,157	3,551	3,671	4,314	4,656	5,110	5,600	5,741	6,065	6,786	9,855
Total Outstanding Debt	218,005	196,780	179,055	161,760	260,490	241,615	392,692	373,695	429,868	411,958	479,383
Total Annual Debt Service	25,960	32,901	28,440	27,071	26,099	32,818	36,225	39,641	39,416	40,450	40,073
Debt Service Coverage	1.85	1.86	2.14	1.90	1.89	1.73	1.51	1.58	1.51	1.62	1.50
LT Debt/Equity Ratio	54.9/45.1	50.0/50.0	45.5/54.5	42.0/58.0	52.9/47.1	50.0/50.0	61.5/38.5	59.4/40.6	62.4/37.6	61.2/38.8	65.0/35.0
Rate Change Percent	0.00%	0.00%	0.00%	0.00%	0.00%	9.00%	0.00%	8.00%	0.00%	8.00%	0.00%
Electric Statistical/Performance Trends:											
Residential Customer (500 kWh) (1)	\$55.03	\$52.60	\$46.84	\$57.35	\$61.45	\$67.80	\$64.35	\$62.38	\$62.97	\$70.12	\$72.75
Total Residential Sales (kWh)	147,171	148,255	147,246	147,725	148,418	151,049	151,502	151,957	152,413	152,870	153,328
Commercial & Industrial Sales (kWh)	740,139	747,400	753,227	754,542	757,700	774,119	775,848	778,366	780,052	780,176	780,937
Total Kilowatt Hour Sales (kWh)	887,310	895,656	900,473	902,267	906,118	925,168	927,350	930,323	932,465	933,046	934,266
Total Retail Sales Revenue	\$95,846	\$79,367	\$80,875	\$89,707	\$110,612	\$124,292	\$116,611	\$109,865	\$111,438	\$125,297	\$131,531

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
2010 Operating Budget
Statement of Revenue and Expenses

	<u>2008</u>	<u>2009</u>	<u>2010</u>
	<u>Actual</u>	<u>Proforma</u>	<u>Budget</u>
Operating Revenue			
Residential	\$15,375,276	\$18,241,000	\$20,483,000
Commercial & Industrial	62,405,290	76,896,000	86,902,000
Public Highway & Street Lighting	1,157,113	1,232,000	1,388,000
Military	10,607,417	14,243,000	15,519,000
Sales for Resale	16,137,134	7,686,000	8,429,000
Miscellaneous Service Revenue/COPA	1,400,421	1,231,000	1,231,000
Rent from Electric Property	125,151	125,000	125,000
	<hr/>	<hr/>	<hr/>
Total Operating Revenue	107,207,803	119,654,000	134,077,000
 Operating Expense			
Production Expense	36,251,076	39,760,000	37,689,000
Transmission Expense	512,068	650,000	651,000
Distribution Expense	8,893,177	9,129,000	9,782,000
Customer Account Expense	3,183,504	3,543,000	3,516,000
Customer Service & Information	315,687	422,000	399,000
Administrative & General Expense	9,551,095	10,315,000	10,699,000
Regulatory Debit/Credit	(6,872,354)	2,168,000	9,870,000
Depreciation Electric and Depletion Gas	25,528,952	26,068,000	25,908,000
Amortization of Intangible Plant	403,802	404,000	404,000
Taxes Other than Income	587,813	515,000	570,000
	<hr/>	<hr/>	<hr/>
Total Operating Expense	78,354,820	92,974,000	99,488,000
 Operating Income	<hr/>	<hr/>	<hr/>
	28,852,983	26,680,000	34,589,000
	<hr/>	<hr/>	<hr/>

Municipal Light & Power
2010 Operating Budget
Statement of Revenue and Expenses

	<u>2008</u>	<u>2009</u>	<u>2010</u>
	<u>Actual</u>	<u>Proforma</u>	<u>Budget</u>
Non-Operating Revenue			
Interest from Bond Redemption Cash	218,389	774,000	844,000
Interest from General Cash Pool	(152,645)	48,000	82,000
Interest from Debt Service Account	259,487	67,000	87,000
Miscellaneous Non-Operating Revenue	587,288	10,000	10,000
Restricted Interest Income	19,787	-	-
	<hr/>	<hr/>	<hr/>
Total Non-Operating Revenue	932,306	899,000	1,023,000
Non-Operating Expense			
Misc. Non-Operating Expense	508,164	600,000	600,000
Interest on Bonded Debt	9,775,653	8,829,000	13,943,000
Amortization of Bond Discount/(Premium)	(1,215,631)	(1,148,000)	(1,028,000)
Amortization of Bond Sale Cost & Insurance	238,856	197,000	309,000
Amortization of Loss on Refunded Debt	1,998,063	1,813,000	1,583,000
Other Interest Expense	1,239,931	1,056,000	1,021,000
Interest During Construction	(570,753)	(1,194,000)	(1,600,000)
	<hr/>	<hr/>	<hr/>
Total Non-Operating Expense	11,974,283	10,153,000	14,828,000
Transfers (MUSA and Gross Receipts)	4,314,224	4,656,000	5,110,000
	<hr/>	<hr/>	<hr/>
Net Income - Before Special Item	13,496,782	12,770,000	15,674,000
Special Item	920,985	-	-
	<hr/>	<hr/>	<hr/>
Net Income - After Special Item	14,417,767	12,770,000	15,674,000
	<hr/>	<hr/>	<hr/>

Municipal Light & Power
2010 Operating Budget
Statement of Cash Sources and Cash Uses

	<u>2008</u>	<u>2009</u>	<u>2010</u>
	<u>Actual</u>	<u>Proforma</u>	<u>Budget</u>
Sources of Cash Funds			
Net Income	\$14,417,767	\$12,770,000	\$15,674,000
Depreciation/Depletion	25,932,754	26,472,000	26,312,000
Amortized Bond Discount/(Premium)	(1,215,631)	(1,148,000)	(1,028,000)
Amortization of Bond Sale Costs	238,856	197,000	309,000
Amortization of Refunded Debt	1,998,063	1,813,000	1,583,000
Grant Proceeds	444,119	-	-
Bond Proceeds	-	113,332,000	-
Deferred Charges and Other Assets	(222,000)	116,000	97,000
Contribution in Aid of Construction	152,528	2,202,000	2,450,000
Changes in Assets and Liabilities	22,092,814	38,314,116	18,874,151
	<hr/>	<hr/>	<hr/>
Total Sources of Cash Funds	63,839,270	194,068,116	64,271,151
Uses of Cash Funds			
Additions to Plant	38,615,596	66,522,934	130,975,917
Debt Principal Payment	17,295,000	17,270,000	18,874,671
	<hr/>	<hr/>	<hr/>
Total Uses of Cash Funds	55,910,596	83,792,934	149,850,588
	<hr/>	<hr/>	<hr/>
Net Increase (Decrease) in Cash Funds	7,928,674	110,275,182	(85,579,436)
Cash Balance, January 1	85,221,754	93,150,428	203,425,610
	<hr/>	<hr/>	<hr/>
Cash Balance, December 31	93,150,428	203,425,610	117,846,174
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Detail of Cash & Investment Balance			
General Cash Less Customer Deposits	12,255,828	25,416,255	10,385,318
Bond Cash	-	68,878,066	-
Grant Construction	-	-	-
BRU Construction & Natural Gas Purchases Cash	43,355,403	64,396,553	62,196,037
Bond Investment	26,143,690	32,817,617	32,817,617
Debt Service	2,193,273	2,114,886	2,644,967
Operating Fund Investment & Customer Deposits	9,202,233	9,802,233	9,802,233
	<hr/>	<hr/>	<hr/>
Cash Balance, December 31	93,150,428	203,425,610	117,846,174
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Municipal Light & Power

2010 Operating Budget

2010 Operating Budget Detail

	<u>2008</u>	<u>2009</u>	<u>2010</u>
	<u>Actual</u>	<u>Proforma</u>	<u>Budget</u>
Labor Expenses			
Personnel Costs	\$14,522,287	\$16,255,000	\$18,535,000
Benefit Costs	10,113,534	10,351,000	10,749,000
Subtotal	24,635,821	26,606,000	29,284,000
Intragovernmental Expenses			
Financial Info Systems	841,754	806,000	806,000
PeopleSoft Services	97,467	97,000	97,000
Self Insurance-Workers Comp.	525,649	552,000	552,000
Mayor	295,055	273,000	273,000
Municipal Manager	130,813	107,000	107,000
Purchasing	151,152	158,000	79,000
Accounts Payable	86,954	68,000	68,000
Office of Emerg Mgmt	298,491	209,000	209,000
Other Intergovernmental Charges	1,298,436	1,913,000	1,913,000
Subtotal	3,725,773	4,183,000	4,104,000
Other Expenses			
Depreciation, Depletion & Amortization	26,954,042	27,334,000	27,176,000
Gas Production Expense	14,494,285	16,928,000	12,460,000
Interest Expense	11,015,584	9,885,000	14,964,000
MUSA and Gross Receipts	4,314,224	4,656,000	5,110,000
Purchased Power	4,156,070	4,475,000	4,574,000
Natural Gas Transportation	3,576,990	3,292,000	3,806,000
Regulatory Debits/Credits	(6,872,354)	2,168,000	9,870,000
Taxes Other than Income	587,813	515,000	570,000
Regulatory Compliance	587,426	629,000	537,000
Professional Services	928,611	659,000	654,000
Interest During Construction	(570,753)	(1,194,000)	(1,600,000)
Materials & Other Expenses	7,109,796	7,647,000	7,917,000
Subtotal	66,281,734	76,994,000	86,038,000
Total Expenses	\$94,643,327	\$107,783,000	\$119,426,000

Municipal Light & Power
2010 - 2015 Capital Improvement Budget (\$000)

<u>Project Category:</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>
Production	\$92,969	\$73,704	\$77,084	\$44,991	\$12,736	\$12,136	\$313,620
Transmission	2,294	4,378	1,254	1,430	1,458	1,187	12,001
Distribution	13,651	13,024	12,787	14,057	12,982	12,551	79,052
General Plant	4,473	5,767	4,710	4,130	4,590	3,686	27,356
Regulatory Compliance	150	300	300	150	50	50	1,000
Beluga River Gas Field	19,039	19,022	721	21,428	765	1,007	61,982
Total Capital Budget	<u>\$132,576</u>	<u>\$116,195</u>	<u>\$96,856</u>	<u>\$86,186</u>	<u>\$32,581</u>	<u>\$30,617</u>	<u>\$495,011</u>

<u>Source of Funding</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>
Revenue Bonds	68,878	97,173	70,273	63,882	8,416	23,847	332,470
Equity/Operations	44,659	-	25,862	876	23,400	5,763	100,559
Beluga Contributed	19,039	19,022	721	21,428	765	1,007	61,982
Total Capital Budget	<u>\$132,576</u>	<u>\$116,195</u>	<u>\$96,856</u>	<u>\$86,186</u>	<u>\$32,581</u>	<u>\$30,617</u>	<u>\$495,011</u>

Municipal Light & Power

2010 - 2015 Capital Improvement Budget (\$000)

<u>Production:</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>
Steam	-	3,000	-	-	-	-	3,000
Turbines & Generators	91,915	69,180	73,675	44,625	10,850	10,800	301,045
Eklutna Power Plant	104	324	534	116	1,036	1,336	3,450
Structures & Improvements	<u>950</u>	<u>1,200</u>	<u>2,875</u>	<u>250</u>	<u>850</u>	<u>0</u>	<u>6,125</u>
Subtotal	92,969	73,704	77,084	44,991	12,736	12,136	313,620
<u>Transmission:</u>							
Land & Land Rights	70	70	70	70	70	70	420
Transmission Lines	1,084	588	593	597	602	607	4,071
Transmission Stations	<u>1,140</u>	<u>3,720</u>	<u>591</u>	<u>763</u>	<u>786</u>	<u>510</u>	<u>7,510</u>
Subtotal	2,294	4,378	1,254	1,430	1,458	1,187	12,001
<u>Distribution:</u>							
Distribution Equipment	4,775	2,775	2,075	2,900	1,900	1,025	15,450
Land & Land Rights	26	27	29	31	32	34	179
Meters	900	1,400	1,400	1,400	900	900	6,900
Overhead Lines	1,272	1,337	1,403	1,473	1,545	1,623	8,653
Street Lighting	16	17	17	18	19	20	107
Transformer Services	2,730	2,866	3,010	3,160	3,318	3,483	18,567
Underground Lines	<u>3,932</u>	<u>4,602</u>	<u>4,853</u>	<u>5,075</u>	<u>5,268</u>	<u>5,466</u>	<u>29,196</u>
Subtotal	13,651	13,024	12,787	14,057	12,982	12,551	79,052
<u>General Plant:</u>							
Communications	1,669	1,390	2,075	1,632	2,041	1,153	9,960
Furniture & Misc Equipment	71	71	70	72	73	71	428
Stores/Tools/Lab	365	360	351	363	374	375	2,188
Structures & Improvements	1,768	3,346	1,464	1,313	1,352	1,337	10,580
Transportation	<u>600</u>	<u>600</u>	<u>750</u>	<u>750</u>	<u>750</u>	<u>750</u>	<u>4,200</u>
Subtotal	4,473	5,767	4,710	4,130	4,590	3,686	27,356
<u>Regulatory Compliance:</u>							
Environmental	<u>150</u>	<u>300</u>	<u>300</u>	<u>150</u>	<u>50</u>	<u>50</u>	<u>1,000</u>
Subtotal	150	300	300	150	50	50	1,000
<u>Beluga River Gas Field:</u>							
Improvements	<u>19,039</u>	<u>19,022</u>	<u>721</u>	<u>21,428</u>	<u>765</u>	<u>1,007</u>	<u>61,982</u>
Subtotal	19,039	19,022	721	21,428	765	1,007	61,982
Total Capital Budget	<u>\$132,576</u>	<u>\$116,195</u>	<u>\$96,856</u>	<u>\$86,186</u>	<u>\$32,581</u>	<u>\$30,617</u>	<u>\$495,011</u>