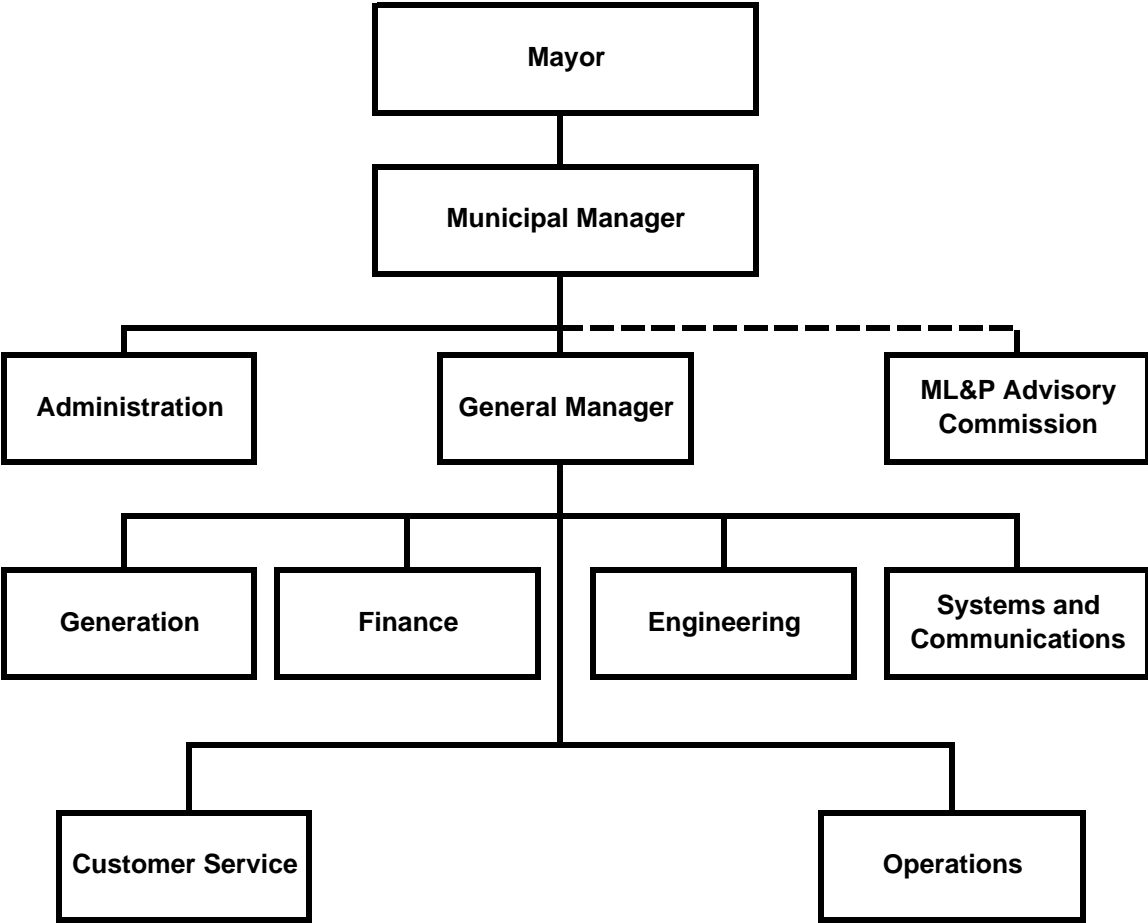


Municipal Light & Power



Municipal Light & Power Organizational Overview

General Manager's Office

The General Manager is responsible for the overall management of ML&P. ML&P is functionally structured into seven operating divisions: Administrative, Generation & Power Management, Engineering, Operations, Finance, Customer Service, and Systems & Communication. Each division manager reports directly to the General Manager. The General Manager and Division Managers are responsible for coordinating both the strategic planning efforts and the efficient application of resources necessary to achieve ML&P's mission.

Administration Division

The Administrative Division provides support to the General Manager. Functions carried out by the Administration Division include: human resources, labor relations, safety, security, public relations, environmental, telephone switchboard/receptionist duties, and courier/mailroom operations.

Objectives and Tasks

- Recruit and retain technically competent, highly skilled and professional employees to join the ML&P team by providing a competitive wage scale
- Continue to provide employees with the training and education necessary to maintain technical competence and professional credentials
- Administer the ML&P/IBEW Collective Bargaining Agreement
- Ensure labor contract management compliance and respond to union grievances
- Provide educational material and programs related to energy matters and safety for the public
- Maintain the security of ML&P facilities and personnel
- Coordinate with or assist other municipal departments in joint or common projects
- Coordinate with other utilities on matters of common concern
- Administer Municipal Policies and Procedures within the utility
- Prepare and review ML&P Policies and Procedures
- Administer AERC, MOA-OEO, and ERC regulations
- Ensure compliance with ADA, FMLA, and FLSA
- Coordinate security matters with state and federal agencies
- Review and administer disciplinary actions
- Prepare and review letters of agreement and proposed amendments and modifications of the Collective Bargaining Agreement
- Resolve contract disputes with contractors
- Provide timely and accurate information to the media, customers, and the public about the utility and issues facing the electric industry
- Manage responses to the public, media and Mayor's office during power outages or emergency situations
- Manage and enhance ML&P's reputation by selectively participating in community events and programs that enhance the quality of life in Anchorage and offer positive public relations for the utility, including business, school and energy efficiency partnerships.
- Maintain the Key Accounts Program by providing bi-monthly newsletters to commercial customers and information regarding demand-side management
- Provide pertinent information to residential and commercial customers through a newsletter published every other month and through bill inserts

- Promote electric safety and energy conservation in elementary schools through presentations requested by the Anchorage School District
- Manage plant tours for vocational schools and other groups
- Manage special utility projects related to commercial accounts, renewable resources (Green Power) and energy efficiency
- Monitor the overall usage of the ML&P website and manage data to ensure effectiveness
- Administer hazardous chemicals control programs and contaminated ground water treatment programs
- Conduct permit negotiations with State and Federal environmental agencies
- Maintain compliance with operating permits and applicable State and Federal environmental regulations

Generation & Power Management Division

The Generation & Power Management Division is responsible for the production and dispatch of all thermal electricity at ML&P and the dispatch of the Eklutna Hydroelectric plant.

This includes operation, maintenance, engineering, and installation of equipment used in conjunction with the two Municipally owned electric power plants. The division also provides full spectrum maintenance and support for the Eklutna Hydroelectric Power Plant of which ML&P owns 53%. ML&P is a 30% owner of the Southcentral Power Plant (SPP), with the other 70% owned by Chugach Electric Association (CEA). The 183-megawatt (MW) natural-gas fired, combined-cycle plant went into service January 31, 2013.

The Generation & Power Management division is also responsible for the safe and efficient operation of the Dispatch Center and for the management of environmental compliance programs.

The division is working to improve efficiency and safety by better organizing its drawing system. Plant personnel and contract engineers are working to update drawings to match the current plant configuration. The Piping and Instrument Diagrams (P&IDs) have been the focus of this effort. Accurate P&ID drawings will provide all personnel with an accurate map of the system. By installing tag numbers on all the equipment, there will be no confusion operating valves to safe out a particular part of the system.

The **Generation Plant Operators** operate the turbines as required by the dispatch center. The operator's primary function is to monitor and respond to equipment alarms and trips. This is done on a 24 hour basis. They request assistance from the mechanical and electrical crews when major problems develop and also perform some light maintenance in the plants.

The operators maintain regulatory logs and reports required by the Federal Energy Regulatory Commission (FERC) and Energy Information Administration (EIA).

The operators coordinate lock out/tag out safety procedures in the plant when equipment is taken out of service for maintenance.

One operator is designated to take care of demineralized water production for the boilers. Demineralized water is required to prevent deposits from building up inside the boiler tubes which would reduce their thermal efficiency.

The **Heavy Mechanical** crew performs overhauls and major maintenance of power production equipment. This experienced crew is trained to disassemble large industrial turbines, evaluate their condition and make necessary repairs. They also coordinate with Original Equipment

Manufacturers on specialized repairs and acquisition of new parts. The crew also looks for new advancements in technology which can improve reliability and efficiency as obsolete equipment fails.

The **Electric/Electronic** section provides maintenance and installation of all instrumentation, which includes generation control and protective systems, supervisory control and data acquisition systems (SCADA), general plant electrical systems, and other related plant and construction work. The crew looks for new advancements in technology which can improve reliability and efficiency as obsolete equipment fails.

The **Eklutna** hydroelectric plant is managed by a ML&P Superintendent but operated by a CEA Operator. Maintenance is provided by the ML&P Heavy Mechanical & Electrical/Electronic crews. Light maintenance is performed by the CEA operator under the direction of the ML&P Superintendent. Plant electrical production and costs are shared between ML&P, CEA, and Matanuska Electric Association (MEA) based on a predetermined percentage of ownership.

The **Power Management** section performs studies and analysis to determine the optimal operation of ML&P's Generation and Hydroelectric resources and conducts a variety of power pooling and marketing studies to identify power sales opportunities between ML&P and other Railbelt utilities.

In addition, this section works with contracted software support consultants to implement new databases and economic dispatch programs, and produces many of the analyses ML&P relies on for strategic decisions related to power sales contracts, economic dispatch, and ML&P generation investment options. This section provides for operating guidelines and technical review, failure analysis, and system modeling. The three major functions of the Power Management section are as follows:

Power Dispatch is responsible for the safe and efficient control and dispatch of ML&P's interconnected electrical system, including the Eklutna Hydroelectric Project and the southern portion of the Alaskan Intertie. This section is responsible for continuous coordination with other utilities in the Railbelt to provide for system reliability and to pursue opportunities for power sales and purchases. In addition, this section responds to emergencies or unscheduled outages on the Interconnected System, ML&P Transmission System, and/or ML&P Power Plants and directs outage restoration procedures.

Distribution Dispatch operates the ML&P distribution system in a safe and reliable manner, responds to distribution system emergencies and unscheduled outages, directs restoration procedures to restore service as soon as practicable, and directs switching and tagging of scheduled maintenance, new services, and system improvements. This section also maintains ML&P's official record on the status of the distribution system as currently connected and produces Outage Reports.

Gas Control works closely with the power dispatcher to establish daily gas requirements and nominates those requirements to gas field operators and pipeline transmission/distribution operators using day-ahead nomination procedures. The Gas Controller monitors daily natural gas usage to develop trends, forecasting models and reports.

The **Administrative** section is responsible for daily operation of the Generation & Power Management division's files, records, and budgetary tasks. One of these primary tasks is budget tracking and coordination with the Finance Division on expenditures. Capital and

expense budget costs are controlled by this section. They also compile end-of-month reports on fuel usage and power generated from the plants, as required by ML&P accounting, FERC, and EIA. The administrative section also sends these reports to the necessary agencies.

The **Generation Warehouse** section maintains an inventory of critical spare parts for the generation division. Because Alaska is a remote location, delays in getting materials could cause extended outage(s) for ML&P customers. There is also an economic advantage to purchasing parts that have a long lead time – a 25% savings on parts that can cost several million dollars can be realized by doing this.

The warehouse personnel are experienced electricians and mechanics who know the ML&P systems well. They engineer design changes to the system when obsolete parts cannot be found by specifying requirements for new replacement parts. Different parts are required in different types of service and the service is defined by the product. Examples of the products are: liquid fuel, natural gas, high pressure steam, condensate, hydraulic fluid, lube oil, glycol, hydrogen, etc. The operating temperature and operating pressure of these products requires that different design requirements be specified for each system.

ML&P is working to standardize the various systems and simplify the process of acquiring new parts. This will also improve safety in the plant. This can be done in conjunction with the P&ID work and the building of specifications for the systems.

Objectives and Tasks

- Minimize customer outages
- Provide low cost power
- Provide electrical generation with the utmost reliability and efficiency
- Implement system improvements to replace obsolete parts, improve reliability and efficiency
- Representation on various state and national operating committees as required
- Address Occupational Safety and Health Act (OSHA) matters; implement Environmental Protection Agency (EPA) initiatives and all other related regulatory and training requirements
- Represent ML&P on inter-utility committees and subcommittees, including the Intertie Operating Committee and the Alaska Coordinating Council/Railbelt Coordinating Committee
- Provide Dispatch Center support 24 hours a day, 365 days a year under normal and emergency conditions
- Perform studies and analysis to determine the optimal integration of ML&P's generation and hydrothermal resources
- Act as Southern Operator of the Alaska Intertie
- Direct and control all of ML&P's switching and tagging operations
- Negotiate, schedule, and control wholesale power sale transactions
- Manage the comprehensive Dispatcher Training Program
- Direct restoration of service to customers following outages
- Dispatch and control ML&P Generation and the Eklutna Project and schedule ML&P Bradley Lake energy and capacity
- Produce analysis related to power sales, system operation, economic dispatch, and generation investment decisions
- Assist in the planning and installation of the improved SCADA and Energy Management System (EMS)
- Ensure the ability of the Dispatch Center to survive and function during and after disasters
- Conduct ongoing training for employees and implement a new simulator training program for Plant 2 operators

Engineering Division

The Engineering Division is responsible for the planning, budgeting, design, coordination, and construction of transmission and distribution facilities that are required to provide consumers with safe and reliable electrical power.

The **Engineering Support and GIS** section is responsible for ML&P's Geographic Information System (GIS), rights-of-way acquisition of easements/permits/lands and record keeping, land surveying and project staking, underground locates, support, administration, and development of Autodesk utility design (AUD) encompassing ML&P's electronic engineering design workflow. The Section is also responsible for the continuing property/facility records, CAD drafting, mapping, and the professional services contract administration as related to these responsibilities.

This section is also responsible to provide and develop tools to maintain the GIS, streamline engineering business processes using workflows and technology to increase efficiency, and maintain the integrity and accuracy of ML&P's design and asset data.

The **Station Design, System Protection and System Planning** section prepares complete substation and switchyard design packages, implements all the distribution and transmission system protection, purchases substation equipment, prepares specifications and contract documents, and procures construction contracts.

This section also conducts distribution system normal study and transmission system load flow studies, prepares substation construction standards, and provides technical support to other sections and divisions for system upgrades. Additionally, this section performs distribution system fault analyses, protective devices coordination, manages the procurement of annual distribution transformers, and coordinates with other intertie utilities for transmission protection and transmission line improvements.

The **System Planning** section conducts transmission and distribution load flow studies, prepares construction standards, provides technical support to other sections and divisions for system upgrades and modifications, prepares planning studies, performs distribution system fault and failure analyses, and manages the annual distribution transformer order including procurement, purchase and evaluation.

The **System Protection** section performs relaying protection and coordination of all distribution and transmission systems and interfaces with other intertie utilities.

The **Transmission/Distribution Line Design and Customer Engineering** section is responsible for the design of major system improvements, relocations, undergrounding, and line extensions of the transmission and distribution systems. This section also provides engineering services to new customers, including new service line extension design, minor customer service, and non-ML&P construction project reviews. They perform NESC safety compliance assessments, update material specifications and construction methods, develop standards and maintenance methods, evaluate material bids, prepare and administer the "unit price" construction contract and other project construction contracts, and do other special projects.

Objectives and Tasks

- Responsive design of new customer services

- Design, construct, contract for, and manage substations, plant switchyards, system protection, and sectionalizing plans
- Maintain continuing property records and system maps utilizing the GIS system and other interfacing financial programs
- Investigation of customer service complaints and power quality issues
- Investigation of system safety concerns
- Research and integration of technological advances into the existing system
- Analysis of ML&P's power system and intertie system operation
- Perform class load research, voltage profiles, and contingency studies
- Development of required capital improvement plans and projects/budgets, as well as the engineering design and management of projects
- Development of special studies, including failure analysis reports
- Representation on both internal and external technical committees and other external utility/business committees as required
- Coordination with other governmental entities and utilities for use of right-of-way and location or relocation of underground plant
- Acquires easements necessary for both transmission and distribution plant
- Provide technical support necessary to comply with all applicable environmental laws and regulations while integrating environmental risks, costs, and impacts in the decision-making process
- Implementation, input and maintenance of ML&P's GIS

Operations Division

The Operations Division oversees the construction, maintenance, and operation of the transmission and distribution systems, administration of contracts and contractors, facility maintenance, fleet and equipment maintenance, and warehousing of required material.

The **Line** section is responsible for the construction and maintenance of the transmission and distribution systems. This section also provides cut-in/cut-out assistance for the Customer Service Division and switching services as directed by the Generation & Power Management Division.

The **Technical Services** section provides services associated with electrical metering and substation maintenance including installation, calibration and testing of circuit breakers, relays, meters, transformers and SCADA equipment.

The **Fleet Services** section provides pre-purchase technical specifications, preventative and nonscheduled maintenance of all utility rolling stock, miscellaneous equipment, and hot line tools.

The **Electrical Services** section provides testing, repairs and tracking of transformers, facility maintenance and associated contract administration, as well as management of ML&P's PCB/Hazardous materials testing and disposal program.

The **Warehouse** section is responsible for receipt, storage and issuance of construction and maintenance material for Engineering and Operations. They also provide support to other divisions in processing purchase requisitions, including change orders and receiving goods.

The **Radio Shop** section is responsible to support process control and internal communications for all ML&P divisions. They work closely with MOA general government communications shop to provide adequate and interoperable two-way radio communications for ML&P and fulfill

service contracts in support of wireless communications for Municipal Enterprise Activities (AWWU, SWS, and Port of Anchorage).

Objectives and Tasks

- Improve reliability and reduce service interruptions through ongoing inspection and preventative maintenance programs
- Maintain the pilot wire system
- Annually inspect and maintain ML&P's Central Business District (CBD) vault-duct system
- Maintain right-of-way clearing and maintenance program
- Provide SCADA support services
- Annual inspection of distribution system and scheduling of routine maintenance
- Preventative maintenance of substations and 115kV switch yards
- Continue comprehensive meter audit programs
- Continue system inspection programs using infrared and x-ray technologies
- Provide reliable fleet service and vehicle maintenance by performing annual vehicle safety inspections
- Provide improved street lighting by continuing the upgrade of older street lighting systems
- Provide efficient system construction
- Refine ML&P's Comprehensive Construction and Scheduling Program
- Annually monitor and evaluate unit price contracts and expedite bid programs
- Provide an effective, reliable construction feedback and tracking system
- Provide utility wide cost effective facility management by conducting annual heating and cooling systems inspections and on-going building maintenance inspections
- Identify and initiate the replacement of failing meters and equipment
- Evaluate new technologies and alternatives for meter service
- Conduct power theft investigations and gather evidence for collection efforts
- Inspect customer's premises for defective equipment which can cause high bills
- Direct PCB testing, removal, and disposal
- Maintain a real-time microwave communications backbone
- Maintain internal physical security devices and closed circuit TV monitoring network
- Develop, implement, configure and maintain service area Fiber Optics system networking capabilities
- Provide cost-effective reimbursable radio installation and repair service to client entities
- Provide communications and technology applications during emergencies
- Perform annual inspections and maintenance of all subscriber radios and base stations

Finance Division

The Finance Division provides financial management and analysis of reports and budgets to ML&P's staff and Advisory Commission, the Administration, Assembly and regulatory agencies. The Finance Division is responsible for regulatory matters, long-range resource planning, including the preparation of integrated resource plans, three-year electric system reports, gas and electric load forecasts, operation of ML&P's interest in the Beluga River Unit (BRU) gas field, and pursuit of initiatives necessary to support the utility's financial health and competitive position.

The **Accounting** section is responsible for financial analyses and reporting in the manner prescribed by the Federal Energy Regulatory Commission (FERC), Regulatory Commission of Alaska (RCA), and Generally Accepted Accounting Principles (GAAP). The Accounting section is also responsible for developing and maintaining the utility continuing property records (CPR) and providing accounts payable services.

The **Budgeting** section is responsible for financial forecasting, financial modeling, bond sale support, yearly operating and Capital Improvement Plan budget submissions, developing budgeting standards, ensuring budget compliance, and providing other situational fiscal analysis as required.

The **Payroll** section is responsible for collection and submission of employee time sheets for accurate payroll processing to meet bi-weekly payroll requirements; preparation of monthly health and welfare and pension and benefits reporting in compliance with collective bargaining agreements.

The **Rates and Tariffs** section is responsible for compliance with the Alaska Public Utilities Commission Act, as amended, and associated law. The fundamental function of this section is to maintain ML&P's tariff and special contracts under which the utility does business with the public. This includes activities such as tariff revisions, COPA filings, rate studies, and participation in all regulatory proceedings affecting ML&P's ability to perform its mission. This section also performs economic modeling and pricing, assists in negotiating power contracts, and engages in financial analyses for ML&P management.

The **Beluga Gas Field** section is responsible for meeting accounting and tax compliance requirements as well as ensuring compliance with the BRU Joint Operating Agreement and Gas Balancing Agreement. This section is also responsible for acquisition of supplemental gas supplies, either through new source contracts, exchange agreements, or capital improvement efforts intended to increase/maintain field production, gas storage, or import of fuel resources from regions other than Cook Inlet.

Objectives and Tasks

- Provide accurate and timely financial and accounting information on a monthly basis
- Prepare reports necessary to meet internal and external reporting requirements
- Develop and analyze reports to convert financial data into meaningful management information
- Provide financial training on new or changing accounting pronouncements
- Assist and respond to the annual external audit and other internal audits
- Prepare and publish the audited financial statements
- Prepare the Form 1 report and file with the RCA
- Provide financial data to develop Revenue Requirement, Cost of Service and other regulatory filings, provide testimony and testify before the RCA

- Upgrade depreciation reserve segment of CPR for potential changes in depreciation policies
- Produce the annual business plans, operating budgets, and capital budgets
- Develop and implement long-range financial forecasts and reports
- Provide budget analyses throughout the year for the Advisory Commission
- Provide historic and prospective budget data for requesting entities
- Provide State and Federal agencies with detailed budget and accounting information as necessary
- Advise management on financial issues facing the utility
- Provide guidelines to management on attaining Equity Management Plan objectives
- Coordination with Employee Relations Department on all IBEW hire/rehire orientations and employee/payroll matters
- Manage ML&P's regulatory proceedings
- Develop revenue requirement and cost of service studies.
- Conduct customer class load research in support of cost allocations
- Revise tariffs as required.
- Monitor federal and state regulatory proceedings and provide timely response to developments as they occur in those proceedings.
- Maintain a constructive relationship with regulatory agencies in order to achieve ML&P's goals in the regulatory arena
- Effectively represent ML&P's position to State and Federal legislators and the RCA
- Maintain constructive relationship with BRU partners, Conoco Phillips and Hilcorp to ensure efficient operations of the gas field
- Manage Engineer of Record contract
- Maintain gas fund accounts

Customer Service Division

The Customer Service Division provides a full line of customer services for ML&P's electric customers.

The **Customer Service** section is responsible for any customer contact necessary to establish, maintain, and terminate electrical service and landlord contracts. This section explains rates and tariff applications as required, responds to residential and commercial service requests and bill inquiries, and processes cash receipts, while maintaining security of customer records. Customer Service is the focus for customer contact in the utility.

The **Credit and Collections** section is a primary function of the division as it is responsible for negotiating payment schedules in accordance with ML&P's tariff, Alaska Statutes, and accepted Fair Credit Act practices, as well as providing anti-identity-theft measures demanded by Federal statutes and practices. This section is also responsible for maintaining a low percentage of write-offs, coordinating all customer refunds and reviews, as well as preparation of accounts for legal referral.

Billing, another key function of the Division, receives the read data collected by the meter readers and processes, records, and renders billing statements to clearly inform the customer of their energy consumption.

The **Meter Reading** section is responsible for accurate and timely scheduled monthly meter reads, timely reads on customer connects and disconnects, and delinquent door hanger notices. This section also investigates customer energy usage patterns, high bill complaints, customer equipment access issues and power theft incidents.

Objectives and Tasks

- Create and maintain superior levels of customer satisfaction
- Respond to customer inquiries, including telephonic, e-commerce, and in-person contact, in the most efficient and timely way practical
- Provide accurate customer records, review and monitor updates to the tariff as business needs indicate
- Analyze billing functions for opportunities to improve the efficiency and quality of customer billing services
- Maintain a high collection index utilizing both internal and external resources
- Assign account representatives to key accounts for continued superior service
- Maintain statistical records of employee and Division performance standards
- Develop and maintain a well trained and highly energized work force, capable of meeting all customer demands
- Perform energy use evaluations and administer energy audit contracts for customers
- Develop team performance standards to support customer service efficiency and quality
- Review policies, procedures, and tariffs for compliance and improvements
- Research, develop and implement e-commerce strategies and capabilities
- Prepare and review installment agreements with customers
- Promote and maintain the Key Accounts Program in partnership with Public Relations
- Develop and maintain customer appreciation programs that invigorate and educate customers about energy efficiency and the possibilities of renewables
- Represent the utility as the identity of ML&P through customer contact and superior service and maintain open lines of communication between the customer and the utility
- Conduct investigations of customer premise access issues

Systems & Communication Division

The Systems & Communication Division provides internal communications, business systems installation and process control support for all ML&P divisions and the General Manager's office. In addition, this division provides recommendations for communication system upgrades, improvements, and replacements ensuring equipment compatibility and cost efficiency.

The **Programming** section is responsible to ensure business practices and methodologies are applied through easy to use electronic products, applications, software and/or hardware products for all employees of ML&P from their first day of employment forward. This applies to commercial off-the-shelf products, applications created in-house, and MOA applications.

The **Network Services** section is responsible for 24/7 Business LAN connectivity and support, server support, and telephone/voicemail services to all of ML&P. Network Services is also responsible to provide an efficient and reliable means for ML&P employees to communicate both internally and externally to ML&P customers, vendors, and other outside agencies.

The **Energy Management System (EMS)** section provides configuration, maintenance and technical support for the ML&P SCADA/EMS system infrastructure and user computer consoles used to manage and control power generation, transmission, and distribution systems.

The **Information Technology (IT) Support** section supports and administrates the desktop PCs for all ML&P divisions. The section provides: help desk support for ML&P computer users, disaster recovery planning and implementation to assure the availability of critical data, and security and software update service for all desktop PCs.

The **Document Control and Records Management** section is responsible for establishing and maintaining utility-wide document management and retrieval technologies.

Objectives and Tasks

- Maintain computer systems security to ensure data and system integrity
- Develop applications to meet ML&P business objectives
- Develop innovative, state-of-the-art alternatives for customer information and billing programs
- Manage hardware, software, and system procedures to improve operating efficiency and performance
- Provide enhancements and maintenance to operational data, wire line, and wireless communication systems
- Develop and monitor long-range information system continuity plans
- Manage and maintain an efficient, cost-effective telecommunications system
- Provide advanced customer access technology
- Refine ML&P-wide document management and retrieval programs and maintain storage and retrieval system
- Maintain operating efficiency of EMS and SCADA software and hardware and provide 100% up-time of current redundant systems
- Assist in maintaining presence on the World Wide Web
- Provide GIS function to support Engineering and Customer Service needs
- Provide data & SCADA resources for all other divisions

Municipal Light & Power Business Plan

Mission

Provide Service with competitive, safe, reliable energy.

Business Goals

- Provide electricity on demand to ML&P customers 24 hours a day 365 days a year
- Meet the needs and expectations of our customers by providing:
 - Competitive rates and reliable service for all customer classes.
 - Prompt, reliable and courteous customer assistance.
 - Support and assistance to the military bases.
 - Support and assistance to wholesale power customers.
- Replace old turbines with more efficient, state-of-the-art turbines capable of achieving over 25% fuel savings.
- Operate the electrical system with optimum economic efficiency and strict adherence to environmental standards.
- Provide for the safety of both the public and our employees in the operation of the electrical system.
- Recruit and retain a highly skilled, diverse workforce dedicated to serving the Anchorage community.
- Improve system reliability by incorporating new components, technologies, and methods of cooperation with interconnected utilities.
- Maintain competitive rates by incorporating cost cutting technologies and streamlining business processes without jeopardizing the financial and operational integrity of the utility.
- Attain the financial objectives established in the Equity Management Plan.
- Promote efficient use of electrical energy.
- Continue to provide educational programs to school children and the community on electrical safety. Communicate factual information to customers and the public-at-large on issues affecting ML&P and the utility industry, including means by which the customer may undertake on their own volition measures to install cost-effective, energy efficient technologies and promote energy conservation.
- Foster teamwork and an integrated approach to decision-making within the utility.
- Maintain equity and earn net income at a level sufficient to continue to pay annual dividends to the Municipality of Anchorage.

Strategies to Achieve Goals

- Affordable and competitive rates
- Low employee incident rate
- Low number of lost work days
- Highest possible bond rating
- Highest possible net income
- Low customer outages and interruptions

Performance Measures to Track Progress in Achieving Goals

1. Quarterly report on Residential Service Rates in Cents per Kilowatt Hour
2. Employee Incident reporting
3. Number of Lost Work Days report
4. Monthly Bond Rating Review
5. Monthly Net Income Statements
6. Annual report on Revenue per Kilowatt Hour Sold
7. As needed performance reporting on customer interruptions and outages

Municipal Light & Power Department

Anchorage: Performance. Value. Results.

Mission

Provide service with competitive, safe, reliable energy.

Core Services

- Energy distribution
- Energy generation
- Customer service

Direct Services

Direct services provided by divisions

- See: Customer Service, Finance, Regulatory and Systems & Communications
- See: Energy Production
- See: Engineering & Operations

Accomplishment Goals

- Affordable and competitive rates
- Safe work environment
- Safe service
- Reliable service

Performance Measures

Progress in achieving goals will be measured by:

Measure #1: Maintain competitive residential service rates as measured in cents per kilowatt hour

-	2010	2011	2012	2013	2Q-2014
Municipal Light & Power	12.57	12.60	11.22	15.20	15.51
Chugach Elec. Assoc.	13.10	14.02	14.50	14.55	15.80
Matanuska Elec. Assoc.	13.95	15.28	15.48	15.73	17.05
Homer Elec. Assoc.	17.08	20.61	18.99	20.91	22.97
Golden Valley Electric Assoc.	20.30	21.16	24.24	22.69	21.89

Note: Customer charge is \$6.56/month and energy usage is 750 kWh/month. Energy Charge effective 10/24/13 is 10.734 cents/kWh. The Cost of Power Adjustment (COPA) effective 4/1/14 is 3.842 cents/kWh. The Regulatory Charge is adjusted annually by RCA, and is currently .0578 cents/kWh.

Measure #2: Maintain Total Recordable Incident Rates (TRIR) below industry average

2010	2011	2012	2013	2Q-2014
5.29	4.41	2.17	3.29	1.02

Measure #3: Maintain Days Away Restricted Transferred (DART) rate below industry standard

2010	2011	2012	2013	2Q-2014
3.11	2.2	.87	1.41	0

Note: Industry Average TRIR 2010 - 2012

5.2, 6.6, and 6.8, respectively.

Industry Average DART 2010 – 2012 2.7, 3.1 and 3.3 respectively

Customer Service, Administration, Systems and Communications Municipal Light & Power Department

Anchorage: Performance. Value. Results.

Mission

Ensure Municipal Light and Power's (ML&P) business process requirements are efficiently and effectively conducted, while also meeting ML&P's stewardship obligations to the citizens of Anchorage.

Core Services

- Energy distribution
- Energy generation
- Customer service

Direct Services

- Financial services that maintain and protect the financial integrity of the utility
- Service all residential and commercial customer account needs
- Support utility wide communications and technical/business application needs of the utility

Accomplishment Goals

- Accurate and timely reporting of financial data
- Maintain sound key financial ratios
- Maintain optional business systems uptime
- Accurate and timely meter reading and customer billing

Performance Measures

Progress in achieving goals will be measured by:

Measure #4: Achieve 80 percent of bills that go out within 1 day of meter read date
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2010	2011	2012	2013	2Q-2014
85%	86%	88%	84%	86%

Measure #5: Maintain positive net income

2010	2011	2012	2013	2Q-2014
\$9,470,584	\$12,396,768	\$15,261,907	\$5,823,591	\$9,146,206

Note: Cumulative net income

Measure #6: At a minimum, maintain an A bond rating

Standard & Poor's Rating Services				
2010	2011	2012	2013	2014
A+	A+	A+	A+	A+

Fitch Ratings				
2010	2011	2012	2013	2014
A+	A+	A+	A+	A+

Note: Rates the level of risk involved in investing in ML&P bonds; "A+" indicates the least amount of risk and is in the highest rating category.

Energy Production Division
Municipal Light & Power Department
Anchorage: Performance. Value. Results.

Mission

Provide a competitive, reliable energy source

Core Services

- Energy generation
- Energy distribution

Direct Services

- Produce energy to meet consumer demand
- Manage energy production to efficiently dispatch electric power

Accomplishment Goals

- Generation equipment availability
- Economical management of generation resources

Performance Measures

Progress in achieving goals will be measured by:

Measure #7: Maintain competitive residential and commercial rates as measured in revenue per kWh (kilowatt-hour) sold

Year 2013					
Comparisons reported annually (mid-Nov.) by American Public Power Association and Energy Information Agency, U.S. Dept. of Energy					

Year 2012	ML&P	CEA	MEA	HEA	GVEA
Residential	11.73	13.84	15.23	20.26	24.22
Commercial	8.78	11.73	12.76	17.59	22.59

Year 2011	ML&P	CEA	MEA	HEA	GVEA
Residential	13.02	14.23	15.11	19.73	22.42
Commercial	10.11	11.99	12.72	17.72	20.77

Year 2010	ML&P	CEA	MEA	HEA	GVEA
Residential	12.95	13.27	13.81	16.78	20.22
Commercial	10.17	10.91	11.36	14.74	18.75

Year 2009	ML&P	CEA	MEA	HEA	GVEA
Residential	12.17	14.93	16.11	19.59	17.96
Commercial	9.51	12.67	14.02	17.58	16.51

Note: Year 2009 - 2012 data reported in cents.

CEA=Chugach Electric Association; MEA=Matanuska Electric Association; HEA= Homer Electric Association; GVEA = Golden Valley Electric Association.

Engineering and Operations Division Municipal Light & Power Department

Anchorage: Performance. Value. Results.

Mission

Design, construct, operate and maintain generation, transmission and distribution facilities to serve anticipated electric power needs within ML&P's service area at the lowest reasonable cost.

Core Services

- Energy generation
- Energy distribution
- Customer service

Direct Services

- Design reliable and cost effective electrical systems
- Construct reliable and cost effective electrical systems in accordance with design standards
- Provide electrical system maintenance that insures continuity of a vital utility
- Maintain the Continuing Property Records (CPR) system to record equipment type and location

Accomplishment Goals

- Maintain voltages under normal conditions within plus or minus 5 percent (%) of nominal voltage
- Adhere to safety and construction standards
- Proactive preventative maintenance service
- Maintain an outage reporting database system in accordance with industry standards
- Restore power outage conditions in an expeditious and economical manner

Performance Measures

Progress in achieving goals will be measured by:

Measure #8: Maintain Customer Average Interruption Duration Index (CAIDI) below industry average

2010	2011	2012	2013	2Q-2014
1.5	.939	1.02	1.38	2.10

Note: APPA's 2011 Distribution Reliability Survey provides a benchmark for CAIDI of 73.86 minutes (1.23 hours).

Measure #9: Maintain System Average Interruption Duration Index (SAIDI) below industry average

2010	2011	2012	2013	2Q-2014
.762	.467	.615	.803	.638

Note: APPA 2011 Distribution Reliability Survey provides a benchmark for SAIDI of 46.36 minutes (.773 hours).

Measure #10: Maintain System Average Interruption Frequency Index (SAIFI) below industry average

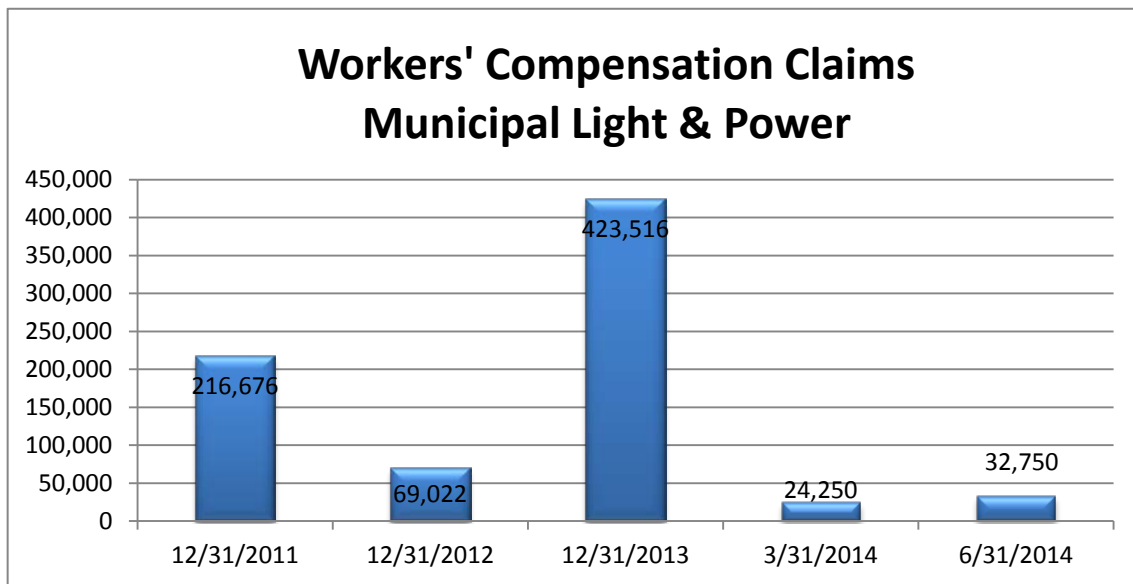
2010	2011	2012	2013	2Q-2014
.508	.497	.603	.581	.304

Note: APPA 2011 Distribution Reliability Survey provides a benchmark for SAIFI of .81 interruptions per customer.

PVR Measure WC: Managing Workers' Compensation Claims

Reducing job-related injuries is a priority for the Administration by ensuring safe work conditions and safe practices. By instilling safe work practices we ensure not only the safety of our employees but reduce the potential for injuries and property damage to the public. The Municipality is self-insured and every injury poses a financial burden on the public and the injured worker's family. It just makes good sense to WORK SAFE.

Results are tracked by monitoring monthly reports issued by the Risk Management Division.



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 \$314.2 million 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 Plant 2A new generation facilities online by second quarter 2016.

Rate Relief

ML&P filed a request for rate relief with the Regulatory Commission of Alaska (RCA) based on a 2012 test year revenue requirement study requesting a two-phase permanent across-the-board rate increase to demand and energy charges. ML&P proposed to implement the Phase 1 increase through a 24.32% across-the-board increase to the currently effective retail interim demand and energy charges approved on Order No. U-13-006(1). Phase 1 rates are at a reduced level as compared to Phase 2 as a result of ML&P's request to use up to \$5.5 million from the future BRU construction or natural gas purchases account established in RCA Order No. U-07-045(2). ML&P proposed to implement the Phase 2 increase through a 31.52% across-the-board increase to the same currently effective retail interim demand and energy charges approved in Order No. U-13-006(1) effective one year after the effective date of the Phase 1 permanent increase., The RCA suspended ML&P's request for permanent rate relief into Docket U13-184 for further investigation and granted a 24.32% interim and refundable increase effective October 24, 2013. The RCA is required by AS 42.05.175(c) to issue a final decision no later than 450 days after a complete tariff filing is made regarding a tariff filing that changes a utility's revenue requirement or rate design. On August 1, 2014, the RCA vacated the current procedural schedule and on August 14, 2014 the RCA established a new procedural schedule with hearing dates April 6-17, 2015.

Petition for Approval to use Future BRU Construction or Natural Gas Purchases Funds and to Modify Gas Transfer Price Methodology

On January 27, 2014, ML&P filed a petition with the RCA for approval of a limited, one-time use of funds from its future BRU construction or natural gas purchases (DRLGS) account and to modify the methodology for determining ML&P's gas transfer price (GTP). ML&P requested approval of a one-time use of its DRLGS account to fund its Asset Retirement Obligation (ARO) expenses that it has incurred as of December 31, 2013. In addition, ML&P requested approval on an ARO surcharge methodology for future recovery, through the GTP calculation, of ML&P's future ARO expenses on a levelized dollar per Mcf basis over ML&P's future BRU production. ML&P did not request approval of any particular rate or rate change in the petition. On May 15, 2014, in Order U-14-009(2), the RCA granted the petition. The ARO surcharge will be reviewed annually as part of the RCA's review of ML&P's annual GTP calculation in the ML&P third quarter COPA filings.

Dividend and Gross Receipts Payments

The dividend consists of a revenue distribution to general government of 5% of ML&P's gross revenues (excluding restricted revenues) and a gross receipts payment considered supplemental MUSA at 1.25% multiplied by actual gross operating revenues. The dividend is based on prior year revenues confirmed after audit.

In response to a proposal from ML&P, the RCA issued a bench ruling on November 7, 2005, removing their restriction on dividend and dividend-like payments, thereby reinstating ML&P's ability to pay dividends to its owner, the Municipality of Anchorage. From 2006 to 2013 the total dividend and gross receipts distribution is \$59.7 million, averaging \$7.5 million a year.

Municipal Light & Power External Impacts

Beginning January 1, 2006 all of ML&P's gas requirements for generation (except for purchases to meet peaking requirements) were supplied from its one-third interest in the Beluga River Unit Gas Field (BRU). While ML&P's principal source for meeting its natural gas requirements for electric power generation will continue to be met from its reserves in the BRU gas field for the foreseeable future, the BRU is a mature field whose production is declining. The BRU's current production profile now requires that ML&P acquire, through purchase or exchange, other sources of gas on a continuous, on-going basis in order to meet its generation needs. ML&P successfully negotiated a six-year gas supply contract for 19.64 Bcf of gas effective in the second quarter 2014.

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. The transfer price, including the ARO surcharge is budgeted to increase from \$3.30/MCF in 2014 to \$4.93/MCF in 2015. Beginning in the summer of 2012, ML&P has also incurred additional costs due to fees paid to Cook Inlet Natural Gas Storage Alaska, Inc. for seasonal gas storage.

ML&P implemented a 24.32% interim and refundable rate increase on October 24, 2013. ML&P will require a significant rate increase during the next two to three years to support the large capital improvement program which it is now implementing.

Municipal Light & Power Workforce Projections

Division	2013	2014	2015	2016	2017	2018	2019	2020
Administration	13	12	13	13	13	13	13	13
Customer Service	25	25	25	25	25	25	25	25
Engineering	30	30	30	30	30	30	30	30
Finance	22	22	27	27	27	27	27	27
Generation	80	79	79	79	79	79	79	79
Operations	60	58	62	62	62	62	62	62
Regulatory	6	6	-	-	-	-	-	-
Systems & Communications	21	21	22	22	22	22	22	22
Total full time	257	253	258	258	258	258	258	258
Part-Time/Temporary	23	26	18	18	18	18	18	18
Total Positions	280	279	276	276	276	276	276	276
Total FTE	269	266	267	267	267	267	267	267

Municipal Light & Power 8 Year Summary

(\$ in thousands)

Financial Overview	2013	2014	2015	2016	2017	2018	2019	2020
	Actuals	Proforma	Proposed	Forecast				
Revenues	118,820	142,249	176,110	175,371	207,790	210,704	190,535	174,621
Expenses	113,000	126,670	150,824	167,817	196,584	199,177	181,272	164,088
Net Income (Loss) - Regulatory	5,820	15,579	25,286	7,554	11,206	11,527	9,263	10,533
Budgeted Positions	280	279	276	276	276	276	276	276
Capital Improvements	76,572	56,313	57,709	39,759	30,490	37,631	19,887	23,824
Bond Sales/ Commercial Paper	60,100	89,312	108,462	200,000	-	-	-	-
Net Non-Contributed Plant (12/31) (REG)	501,307	587,370	691,629	720,976	681,950	664,863	641,434	622,250
Net Contributed Plant (12/31)	91,629	93,644	95,766	95,711	89,939	86,248	81,602	78,585
Net Plant (12/31) (GAAP)	592,936	681,014	787,395	816,687	771,889	751,111	723,036	700,835
Retained Earnings (12/31)	247,876	257,630	275,865	274,709	277,242	278,474	277,296	278,395
General and Restricted Cash	103,047	109,274	90,524	112,183	129,383	136,289	154,979	149,140
Bond Construction Cash	3,205	-	-	-	-	-	-	-
Bond Redemption Investment	36,155	31,175	37,709	35,459	43,240	43,240	39,473	39,457
Debt Service Account	2,509	2,593	3,110	2,931	3,336	3,630	3,355	3,353
Operating Fund Investment & Customer Deposits	10,812	12,712	15,412	16,912	19,012	18,612	17,712	17,812
Total Cash & Investments (12/31)	155,728	155,754	146,755	167,485	194,971	201,771	215,519	209,762
IGCs - General Government	3,480	3,707	3,749	3,754	3,754	3,754	3,854	3,854
Dividend	6,022	5,822	7,017	8,710	8,673	10,295	10,442	9,434
MUSA and Gross Receipts	5,540	7,381	7,710	8,334	12,658	12,898	12,864	12,336
Total Outstanding Debt	206,550	365,045	346,470	534,860	522,980	507,465	494,964	481,855
Total Annual Debt Service	27,770	28,784	35,293	33,043	37,776	40,824	37,057	37,041
Debt Service Coverage	1.67	1.97	1.94	1.85	2.13	1.96	1.87	1.88
LT Debt/Equity Ratio	56.1/43.9	59.6/40.4	63.0/37.0	66.1/33.9	65.4/34.6	64.6/35.4	64.1/35.9	63.4/36.6
Rate Change Percent	24.32%	0.00%	0.00%	30.00%	0.00%	0.00%	0.00%	0.00%
				effective 10/1/2016				
Electric Statistical/Performance Trends:								
Residential Customer (500 kWh)	\$56.49	\$77.15	\$86.54	\$91.16	\$110.25	\$110.59	\$100.63	\$95.72
Total Residential Sales (kWh)	139,733	139,991	140,258	140,534	140,811	141,089	141,366	141,633
Commercial & Industrial Sales (kWh)	742,081	747,272	752,297	757,218	762,162	767,126	772,113	777,123
Total Residential, Commercial and Industrial kWh Sales	881,814	887,263	892,555	897,752	902,973	908,215	913,479	918,756
Total Retail Sales Revenue	\$111,784	\$132,502	\$151,901	\$162,496	\$194,571	\$196,267	\$175,651	\$165,825

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.

Municipal Light & Power Statement of Revenues and Expenses

	2013 Actuals	2014 Proforma	2014 Revised	2015 Proposed	15 v 14 % Change
Operating Revenue					
Residential	18,480,248	21,761,000	21,045,000	24,277,000	15.4%
Commercial	80,954,769	95,969,000	92,611,000	110,108,000	18.9%
Military	11,814,277	13,220,000	15,356,000	15,899,000	3.5%
Sales for Resale	3,652,081	5,256,000	4,524,000	6,721,000	48.6%
Other	2,066,985	2,694,000	2,846,000	15,495,000	444.4%
Total Operating Revenue	116,968,360	138,900,000	136,382,000	172,500,000	26.5%
Non Operating Revenue					
Interest Income	(565,586)	933,000	283,000	1,194,000	321.9%
Other	2,413,829	2,416,000	2,605,000	2,416,000	-7.3%
Total Non Operating Revenue	1,848,243	3,349,000	2,888,000	3,610,000	25.0%
Total Revenue	118,816,603	142,249,000	139,270,000	176,110,000	26.5%
Operating Expense					
Labor:					
Labor/Benefits	25,504,775	26,959,000	27,154,798	28,798,000	6.1%
Overtime	1,803,383	1,800,000	2,000,000	1,685,000	-15.8%
Total Labor	27,308,158	28,759,000	29,154,798	30,483,000	4.6%
Non Labor:					
Material & Supplies	8,787,786	8,576,000	9,363,000	7,134,000	-23.8%
Travel	99,579	100,000	100,000	70,000	-30.0%
Natural Gas Purchases & Transportation	12,698,105	15,071,000	14,413,000	32,326,000	124.3%
Gas Production Expense	10,006,817	13,611,000	13,835,000	16,008,000	15.7%
SPP	3,054,234	3,620,000	3,620,000	3,995,000	10.4%
Purchased Power & Wheeling	4,738,878	5,200,000	4,819,000	5,306,000	10.1%
Regulatory Debit/Credit	(5,733,359)	(2,849,000)	(2,359,000)	(1,750,000)	-25.8%
Transfers (MUSA and Gross Receipts)	5,539,711	7,381,000	7,387,559	7,710,000	4.4%
Depreciation, Depletion & Amortization	31,184,141	31,396,000	30,584,000	32,136,000	5.1%
Total Non Labor	70,375,892	82,106,000	81,762,559	102,935,000	25.9%
Total Direct Cost	97,684,050	110,865,000	110,917,357	133,418,000	20.3%
Intragovernmental Expenses	3,479,829	3,707,000	3,706,532	3,749,170	1.2%
Total Operating Expense	101,163,879	114,572,000	114,623,889	137,167,170	19.7%
Non Operating Expense					
Interest on Bonded Debt	13,065,422	13,290,000	12,322,000	19,134,000	55.3%
Other Interest Expense	1,017,057	1,008,000	964,000	930,000	-3.5%
Allowance for Funds Used During Construction	(3,154,014)	(2,700,000)	(8,500,000)	(5,300,000)	-37.6%
Amortization of Debt Expense	380,876	100,000	287,000	(1,161,000)	-504.5%
Other	523,002	400,000	300,000	54,000	-82.0%
Total Non-Operating Expense	11,832,343	12,098,000	5,373,000	13,657,000	154.2%
Total Expenses (Function Cost)	112,996,222	126,670,000	119,996,889	150,824,170	25.7%
Net Income	5,820,381	15,579,000	19,273,111	25,285,830	31.2%
Appropriation					
Total Expenses				150,824,170	
Less: Non Cash items					
Depreciation, Depletion & Amortization				32,136,000	
Regulatory Debits/Credits				(1,750,000)	
Allowance for Funds Used During Construction				(5,300,000)	
Amortization of Bonds				(1,161,000)	
Total Non Cash				23,925,000	
Amount to be Appropriated (Cash Expenses)				126,899,170	

Municipal Light & Power Reconciliation from 2014 Revised Budget to 2015 Proposed Budget

	Appropriation	Positions		
		FT	PT	T
2014 Revised Budget	119,996,889	253	-	26
Transfers (to)/from Other Agencies				
- MUSA and Gross Receipts	322,441	-	-	-
- Intragovernmental Charges	42,638	-	-	-
Debt Service Changes				
- Interest Expense	6,778,000	-	-	-
Changes in Existing Programs/Funding for 2015				
- Natural Gas Purchases and Transportation	17,913,000	-	-	-
- Allowance for Funds Used During Construction	3,200,000	-	-	-
- Gas Production Expense	2,173,000	-	-	-
- Depreciation, Depletion & Amortization	1,552,000	-	-	-
- Salary and benefit adjustment - continuation level	1,328,202	-	-	-
Regulatory Debits/Credits	609,000	-	-	-
- Purchased Power & Wheeling	487,000	-	-	-
- South Central Alaska Power Project - Operating Expense	375,000	-	-	-
- Amortization of Debt Expense	(1,448,000)	-	-	-
2015 Continuation Level	153,329,170	253	-	26
2015 Proposed Budget Changes				
- Material and Supplies	(2,229,000)	-	-	-
- Misc. Non-Operating Expense	(246,000)	-	-	-
- Travel	(30,000)	-	-	-
- Salary and benefit adjustments: 6T to 3FT and 2T to 2FT-cost neutral	-	5	-	(8)
2015 Proposed Operating Budget	150,824,170	258	-	18
2015 Budget Adjustment for Accounting Transactions (Appropriation)				
- Depreciation, Depletion & Amortization	32,136,000	-	-	-
- Regulatory Debits/Credits	(1,750,000)	-	-	-
- Allowance for Funds Used During Construction	(5,300,000)	-	-	-
- Amortization of Bonds	(1,161,000)	-	-	-
2015 Proposed Budget (Appropriation)	126,899,170	258	-	18

Municipal Light & Power
2015-2020 Capital Improvement Program
(in thousands)

Project Category	2015	2016	2017	2018	2019	2020	Total
Production	17,950	7,350	4,000	8,300	1,950	2,800	42,350
Transmission	8,310	1,505	5,684	6,160	1,560	1,290	24,509
Distribution	14,264	14,216	12,301	15,211	10,851	14,456	81,299
General Plant	4,185	3,688	2,505	1,960	2,526	2,278	17,142
Beluga River Gas Field	13,000	13,000	6,000	6,000	3,000	3,000	44,000
Total	57,709	39,759	30,490	37,631	19,887	23,824	209,300

Source of Funding	2015	2016	2017	2018	2019	2020	Total
Equity/Operations	33,739	20,405	16,864	27,857	13,465	17,569	129,899
Revenue Bond/Commercial Paper	8,000	3,300	3,884	-	-	-	15,184
Contribution in Aid of Construction	2,970	3,054	3,742	3,774	3,422	3,255	20,217
Beluga Contributed	13,000	13,000	6,000	6,000	3,000	3,000	44,000
Total	57,709	39,759	30,490	37,631	19,887	23,824	209,300

Municipal Light & Power
2015 Capital Improvement Budget
(in thousands)

Project Title	Equity/ Operations	Revenue Bond/ Commercial Paper	Contribution in Aid of Construction	Beluga Contributed	Total
Eklutna Power Plant	300,000	-	-	-	300,000
Structures & Improvements - Plant 1/Plant 2	1,250,000	-	-	-	1,250,000
Unit 3	100,000	-	-	-	100,000
Unit 6	200,000	-	-	-	200,000
Unit 7	7,100,000	-	-	-	7,100,000
Plant 2A	-	8,000,000	-	-	8,000,000
SPP	1,000,000	-	-	-	1,000,000
Land & Land Rights - Transmission	25,000	-	-	-	25,000
Transmission Lines	2,020,000	-	-	-	2,020,000
Transmission Stations	6,265,000	-	-	-	6,265,000
Distribution Equipment	1,850,000	-	-	-	1,850,000
Land & Land Rights - Distribution	34,000	-	-	-	34,000
Meters	600,000	-	-	-	600,000
Overhead Lines	1,011,000	-	-	-	1,011,000
Street Lighting	40,000	-	-	-	40,000
Transformer Services	2,346,000	-	-	-	2,346,000
Underground Lines	5,413,000	-	2,970,000	-	8,383,000
Communications	3,055,000	-	-	-	3,055,000
Misc Equipment	95,000	-	-	-	95,000
Stores/Tools/Lab	425,000	-	-	-	425,000
Structures & Improvements - General Plant	150,000	-	-	-	150,000
Transportation	460,000	-	-	-	460,000
Beluga River Gas Field	-	-	-	13,000,000	13,000,000
Total	33,739,000	8,000,000	2,970,000	13,000,000	57,709,000

Municipal Light & Power Statement of Cash Sources and Uses

	2013 Actual	2014 Proforma	2015 Proposed
Sources of Cash Funds			
Net Income	\$5,820,381	\$15,579,000	\$25,285,830
Depreciation/Depletion/Amortization	31,184,141	31,396,000	32,136,000
Amortization of Bonds	380,876	100,000	(1,161,000)
Bond Proceeds	60,100,000	105,011,560	124,162,000
Deferred Charges and Other Assets	(1,535,518)	7,792,138	-
Contribution in Aid of Construction	23,043,990	13,636,000	15,970,000
Changes in Assets and Liabilities	(19,881,726)	(27,182,451)	(39,751,768)
Total Sources of Cash Funds	99,112,144	146,332,247	156,641,062
Uses of Cash Funds			
Additions to Plant	72,423,663	128,395,520	147,064,936
Debt Principal Payment	17,085,000	17,910,000	18,575,000
Total Uses of Cash Funds	89,508,663	146,305,520	165,639,936
Net Increase (Decrease) in Cash Funds	9,603,481	26,727	(8,998,874)
Cash Balance, January 1	146,123,958	155,727,439	155,754,166
Cash Balance, December 31	155,727,439	155,754,166	146,755,292
Detail of Cash and Investment Funds			
General Cash Less Customer Deposits	7,130,614	19,510,608	8,286,216
Bond Cash	3,204,527	-	-
BRU Construction & Future Gas Purchases	95,916,511	89,762,950	82,237,264
Bond Investment	36,154,714	31,175,279	37,709,498
Debt Service	2,509,172	2,593,428	3,110,413
Operating Fund Investment & Customer Deposits	10,811,901	12,711,901	15,411,901
Cash Balance, December 31	155,727,439	155,754,166	146,755,292

About Municipal Light & Power

Organization

Municipal Light & Power (ML&P) is functionally structured into seven operating divisions: Generation & Power Management, Engineering, Operations, Finance, Customer Service, Administration, and Systems & Communication. Each division manager reports directly to the General Manager.

As of December 31, 2013, ML&P had 221 employees and total labor and benefit costs of approximately \$42.2 million, which includes operating and capital labor expenditures. Of these 221 employees, 168 were covered by a labor agreement with the IBEW and 53 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 Alaska, at rates that are among the lowest in the state 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 (MW) 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 (CEA) and Matanuska Electric Association (MEA) purchased the Eklutna Hydroelectric Project from the federal government.

On August 28, 2008 ML&P entered into an agreement with CEA 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. It is a 3 X 1LM6000 combined cycle project. The plant entered into commercial operation January 31, 2013.

Services

ML&P service area encompasses 19.9 contiguous square miles including a large portion of the commercial and high-density residential areas of the Municipality. In 2013, the average number of residential and commercial customers was 24,463 and 6,319 respectively.

In 2013, electric retail sales totaled 1,060,303 MWh resulting in revenues of \$111,783,701. Total electric operating revenues including Miscellaneous Operating Revenue, Sales for Resale and Other Utility Operating Income were \$116,968,360. 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.

ML&P budgets are submitted to the Administration before submittal to the Municipal Assembly for approval.

Environmental Mandates

Environmental mandates imposed by the State and Federal 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 ensure continued regulatory compliance. On June 2, 2014, the Environmental Protection Agency (EPA) published two proposed rules mandating to reduce emissions of carbon dioxide (CO₂) from existing power plants. EPA's "Clean Power Plan" calls for the 30% reductions in CO₂ emissions by the year 2030. ML&P, along with other members of the American Public Power Association, are currently evaluating the impacts of the EPA's rules on Electric Utility's operation, power dispatch, system reliability, and the cost of compliance.

Emergency Preparedness/Security/Cyber 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. 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. Personnel within the utility continue to monitor cyber threats and are constantly taking steps to ensure data integrity and prevention against loss of data through the use of enhanced security measures. 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 Unit Gas Field.

- Power Generated/Purchased in 2013 1,130,908 MWh
 - ML&P Generated 584,507 MWh 51.68%
 - Southcentral Power Plant 376,802 MWh 33.32%
 - Eklutna Hydroelectric Project 88,671 MWh 7.84%
 - Purchased:
 - Bradley Lake Project 80,928 MWh 7.16%
- Total Thermal Generation capacity in 2013 400.9 Megawatts (MW) at 30°F
 - Power Plant One (4 Turbines & 2 Diesels) 98.9 MW 25%
 - Power Plant Two (4 Turbines) 241.9 MW 60%
 - Southcentral Power Plant (4 Turbines) 60.1 MW 15%
 - Seven Gas Fired Turbines (ML&P Plant 1 & 2)
 - One Heat Recovery Turbine (ML&P Plant 2)
 - Four of the seven gas fired turbines are equipped to use No. 2 fuel oil as an alternate fuel
 - Southcentral Power Plant – Three Gas Fired turbines and one Heat Recovery Turbine
- Distribution System in 2013 371 Miles
 - Underground Cable 248 Miles 66.85%
 - Overhead Line 123 Miles 33.15%
 - 19 Substations
- Total Electric Plant as of December 31, 2013 \$499,418,866
- Total Gas Plant as of December 31, 2013 \$ 93,517,015
- ML&P has a 53.33% ownership interest in the Eklutna Hydroelectric Project, which has 44.4 MW of installed capacity.
- ML&P is a 30% owner of the Southcentral Power Plant
- 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.

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