

OVERVIEW

HOW TO USE THIS BUDGET DOCUMENT

This budget document is designed to provide concise and readable information about the 1990 Budget for Public Utilities. It summarizes anticipated revenues and expenses and displays the major business plans and capital programs for 1990 with forecasts for years 1991-1995.

The document is divided by Utility, with each having nine major sections:

- **Financial Overview** - Provides key summary data for each utility - 1985 through 1995.
- **Business Plans** highlight the utility's mission, goals, objectives and planning assumptions.
- **1990 Budget Assumptions** include benefit rates, inflation factors, interest rates, and intragovernmental charges used in the financial statements.
- **Resource and Workforce Impacts** include projected manning levels.
- **Reconciliations** summarize major programmatic and functional changes from the 1989 revised budget to the 1990 proposed budget.
- **Projected Rate Adjustments** forecast rates for five years with major reasons for those adjustments.
- **Current Year Operating Budgets** summarize anticipated revenues and expenses for 1990 with pro forma comparisons for 1989 and actual data for 1988. Statement of Changes in Fund Equity, Statement of Sources and Uses of Cash, Debt Service Coverage and Net Profit Margin are also included.
- **Annual Operating Budget Expense Comparisons** summarize changes in operating budget expenses such as personnel, professional services, travel, and other expense categories.
- **Current Year Capital Improvement Budgets** summarize projects by category and funding source followed by a detailed report of individual projects.
- **Long-Range Capital Improvement Programs** summarize projects for 1991-95. Details of individual projects give a long-range perspective of capital requirements.

A separate document, the 1990 Fiscal Trends Report, also has information pertaining to Public Utilities.

ANCHORAGE TELEPHONE UTILITY
FINANCIAL OVERVIEW

22-Sep-89	1985	1986	1987	1988	1989 BP	1989 Pro Forma	1990 Budget	1991 Forecast	1992 Forecast	1993 Forecast	1994 Forecast	1995 Forecast
(\$ in thousands)												
Revenues	\$123,843	\$117,725	\$104,633	\$98,502	\$102,663	\$98,625	\$102,484	\$108,263	\$108,411	\$110,000	\$107,633	\$109,308
Expenses	\$104,121	\$108,473	\$105,138	\$94,287	\$99,091	\$94,119	\$96,081	\$95,107	\$94,209	\$95,079	\$92,301	\$92,873
Extraordinary Loss		(\$12,042)										
Net Income	\$19,722	(\$2,790)	(\$505)	\$4,215	\$3,572	\$4,506	\$6,403	\$13,156	\$14,202	\$14,921	\$15,332	\$16,435
Local Rate Change (%) (1)				20.5%	33.0%	(11.08%)	15.0%	21.8%	10.4%	9.0%		
Local Rate Change (\$) (1)				\$2,900	\$4,500	(\$2,057)	\$3,100	\$5,506	\$3,100	\$3,100		
Workforce	933	1,047	865	777	686	686	684	629	629	629	629	629
Salaries (Expense & Capital)	\$33,697	\$37,146	\$38,415	\$34,846	\$31,829	\$31,630	\$32,277	\$29,853	\$29,853	\$30,749	\$30,749	\$31,671
Benefits (Expense & Capital)	\$15,458	\$17,970	\$18,062	\$12,782	\$13,068	\$11,703	\$12,403	\$11,046	\$11,046	\$11,377	\$11,377	\$11,718
Total Salaries & Benefits	\$49,155	\$55,116	\$56,477	\$47,628	\$44,897	\$43,333	\$44,680	\$40,899	\$40,899	\$42,126	\$42,126	\$43,389
Net Plant	201,986	\$216,138	\$224,296	\$215,240	\$211,540	\$210,835	\$211,206	\$210,077	\$204,347	\$198,806	\$195,204	\$194,184
Retained Earnings	122,606	\$114,317	\$106,811	\$106,026	\$90,214	\$108,332	\$110,735	\$113,614	\$117,416	\$116,937	\$126,869	\$137,904
Total Cash	93,400	\$87,889	\$64,020	\$58,051	\$32,007	\$53,655	\$62,968	\$56,325	\$52,648	\$52,853	\$50,562	\$47,948
Capital Spending	41,129	\$33,369	\$25,866	\$8,019	\$9,783	\$13,489	\$20,910	\$16,484	\$13,618	\$13,865	\$12,979	\$13,137
IGC - General Government	4,053	\$3,740	\$3,614	\$2,558	\$6,557	\$6,272	\$6,192	\$6,285	\$6,284	\$6,473	\$6,469	\$6,660
Residual Equity Transfer	1,570	0	0	\$1,344	\$309	\$309						
Utility Revenue Distr.	0	\$5,500	\$7,000	\$5,000	\$2,583	\$2,583	\$4,000	\$5,400	\$5,400	\$5,400	\$5,400	\$5,400
MUSA	1,524	\$1,657	\$2,439	\$3,185	\$4,681	\$4,681	\$4,883	\$5,164	\$5,337	\$5,475	\$5,610	\$5,793
Allowable Reg ROR (weighted)	10.89%	10.57%	10.53%	10.52%	10.40%	10.23%	10.23%	10.12%	9.90%	9.89%	9.89%	9.90%
Achieved Regulated ROR	14.30%	10.60%	5.50%	7.20%	5.90%	7.20%	7.50%	10.12%	9.90%	9.89%	9.89%	9.90%
Debt Service	\$20,484	\$21,660	\$21,972	\$22,027	\$22,241	\$22,241	\$23,330	\$24,260	\$24,185	\$24,611	\$25,023	\$24,923
Debt Service Coverage	2.62	2.05	1.49	1.78	1.82	1.80	1.89	2.07	2.06	2.01	1.87	1.87
Debt/Equity Ratio	58/42	61/39	62/38	60/40	62/38	58/42	59/41	56/44	53/47	52/48	47/53	42/50

NOTE 1

Between 1986 and 1993, the FCC mandated a shift of costs from the interstate toll jurisdiction to the local rate payer. It is anticipated that the APUC will mandate similar shifts from the intrastate jurisdiction to the local rate payer beginning in 1990 and continuing through 1993. Between 1990 and 1993, these shifts equate to an annual local rate increase of \$3.1 million. The \$3.1 million represents a smaller percent of local revenue as the local revenue base increases each year.

Although the FCC mandated shifts began in 1986, ATU did not request an increase in local rates until 1988. In 1988, the APUC granted a 20.5% interim rate increase, worth \$2.9 million. The 1989 budget forecasted an increase of 33%. In July 1989, the interim local rates were replaced by a lower permanent local rate increase of 9.42%, an actual decrease of 11.08% or \$2,057 million on an annualized basis.

The 1989 rate order disallowed some plant and regulated expenses. The projected rate increase of 21.8% in 1991 assumes a 9.5% increase resulting from a re-instatement of these items plus a 12.3% jurisdictional shift.

ANCHORAGE WATER UTILITY FINANCIAL OVERVIEW

(\$ Thousands)	1986	1987	1988	1989B	1989P	1990	1991	1992	1993	1994	1995
Revenues	20,442	21,304	20,390	26,017	24,059	26,454	27,821	27,620	28,371	28,354	29,229
Expenses	18,961	20,913	20,464	24,822	24,793	25,743	26,051	26,610	27,161	27,586	28,178
Net Income	1,461	391	(74)	1,195	(734)	711	1,770	1,010	1,210	768	1,051
Workforce	327	330	312	285	285	285	283	282	281	280	280
Net Plant	155,373	163,469	165,234	291,349	290,552	285,167	287,248	283,875	283,183	279,509	275,199
Retained Earnings	18,814	19,205	19,131	20,116	18,396	19,106	20,915	21,924	23,135	23,904	24,954
Total Cash	74,832	37,177	22,371	13,501	15,203	11,341	14,668	12,618	12,406	11,991	11,758
General Cash Pool	9,054	8,076	6,840	5,978	3,897	2,954	2,760	2,576	2,530	2,115	1,881
Capital Spending	43,773	54,346	15,735	9,068	7,661	14,111	20,638	17,379	3,158	2,875	3,000
IGC General Government	1,039	875	734	858	865	1,008	1,082	1,104	1,126	1,148	1,171
Utility Revenue Distribution	0	0	0	0	0	0	0	0	0	0	0
MUSA	1,299	2,156	2,661	1,187	1,187	2,040	2,003	2,063	1,834	1,867	1,849
Allowable Reg ROR (weighted)	10.26	DSC	DSC	DSC	DSC	EMP	EMP	EMP	EMP	EMP	EMP
Achieved Regulated ROR	2.81	2.65	5.47								
Debt Service Amount	3,925	9,800	9,836	9,898	9,853	9,873	10,101	10,381	10,470	10,447	10,469
Revenue Bond DSC	1.40	1.42	1.70	2.72	2.35	2.83	2.91	2.69	2.73	2.66	2.72
Overall Debt Coverage	1.90	0.96	1.00	1.28	1.12	1.26	1.37	1.27	1.28	1.25	1.28
Debt/Equity Ratio	85/15	84/16	84/16	84/16	84/16	83/17	83/17	81/19	80/20	79/21	78/22
Personnel Costs											
Salaries	4,894	5,056	4,675	5,072	5,234	5,245	5,562	5,641	5,891	5,974	6,230
Benefits	2,282	2,484	2,200	2,607	2,697	2,702	2,740	2,778	2,901	2,942	3,068
Total	7,176	7,540	6,875	7,679	7,931	7,947	8,302	8,419	8,792	8,916	9,298
\$ Increase Single Family Rate	\$2.05	\$3.95	(\$1.35)	\$6.75	\$5.10/\$2.75	\$0.00	\$1.30	\$0.00	\$0.80	\$0.00	\$0.85
% Rate Increases	15.03%	25.11%	-6.89%	36.80%	28%/15%	0.00%	5.00%	0.00%	3.00%	0.00%	3.00%
Single Family Rate	\$15.65	\$19.60	\$18.25	\$25.00	\$23.35/\$26.10	\$26.10	\$27.40	\$27.40	\$28.20	\$28.20	\$29.05

(1)

NOTE: (1) DSC/Debt Service Coverage. EMP/Equity Management Plan.

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ANCHORAGE WASTEWATER UTILITY FINANCIAL OVERVIEW

(\$ Thousands)	1986	1987	1988	1989B	1989P	1990	1991	1992	1993	1994	1995
Revenues	21,467	20,872	19,550	22,977	20,624	21,890	24,304	26,229	26,248	26,075	26,151
Expenses	22,529	22,160	21,496	22,404	20,524	20,770	21,440	22,101	22,937	23,492	23,520
Net Income	(1,062)	(1,288)	(1,946)	573	100	1,120	2,864	4,128	3,311	2,583	2,631
Workforce	327	330	312	285	285	285	283	282	281	280	280
Net Plant	168,180	188,160	221,471	226,769	226,448	224,640	254,182	254,086	251,354	251,790	248,826
Retained Earnings	3,142	1,854	(91)	1,817	8	1,127	4,024	8,152	11,464	14,047	16,678
Total Cash	49,495	23,785	16,466	10,905	10,430	8,148	6,099	5,295	7,023	4,757	6,012
General Cash Pool	15,420	11,126	3,378	1,387	1,920	1,526	3,113	3,878	3,986	4,030	3,842
Capital Spending	27,210	35,420	9,399	9,282	13,354	22,799	9,960	4,238	7,398	4,478	9,162
IGC General Government	1,351	1,014	807	1,069	1,181	1,371	1,454	1,483	1,513	1,543	1,574
Utility Revenue Distribution	0	0	0	0	0	0	0	0	0	0	0
MUSA	1,424	2,082	2,832	1,329	1,134	1,151	1,176	1,552	1,642	1,644	1,234
Allowable Reg ROR (weighted)	8.73%	8.73%	8.73%	8.73%	8.73%	EMP	EMP	EMP	EMP	EMP	EMP
Achieved Regulated ROR	4.53%	3.78%	3.49%								
Debt Service Amount	11,448	11,688	11,470	11,434	11,408	11,340	11,660	11,877	10,972	10,046	8,321
Revenue Bond DSC	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Overall Debt Coverage	0.72	0.74	0.83	1.05	1.01	1.08	1.09	1.11	1.12	1.15	1.41
Debt/Equity Ratio	97/3	98/2	100/-0	98/2	100/0	98/2	94/6	89/11	85/15	81/19	79/21
Personnel Costs											
Salaries	5,416	5,261	4,715	4,971	5,132	5,217	5,562	5,641	5,891	5,974	6,230
Benefits	2,526	2,586	2,219	2,555	2,415	2,570	2,740	2,778	2,901	2,942	3,068
Total	7,942	7,847	6,934	7,526	7,547	7,787	8,302	8,419	8,792	8,916	9,298
\$ Increase Single Family Rate	\$0.00	\$0.00	\$3.00	\$2.00	\$0.00	\$2.75	\$3.25	\$2.40	\$0.00	\$0.00	\$0.00
% Rate Increases	0%	0%	0%	10.50%	0%	14.50%	15.00%	9.50%	0%	0%	\$0.00
Single Family Rate	\$15.85	\$15.85	\$18.85	\$20.85	\$18.85	\$21.60	\$24.85	\$27.20	\$27.20	\$27.20	\$27.20

NOTE: (1) EMP = Equity Management Plan.

(2) \$3.00 increase in 1988 was result of Cost-of-Service Study. Single family rates increased and commercial rates decreased. Overall revenues to the Utility did not increase.

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MUNICIPAL LIGHT AND POWER

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>
Revenues	61,416,998	68,192,249.	65,989,435	69,233,526	71,371,000	75,066,000	78,345,000	82,927,000	85,874,000	89,155,000	93,187,000
Expenses	60,644,667	68,362,882.	67,152,221	67,767,113	70,909,000	72,751,812	73,552,000	77,797,000	80,413,000	83,282,000	86,258,000
Extraordinary Gain(Loss)	<u>0</u>	<u>(19,697,578)</u>	<u>1,517,644</u>	<u>19,697,578</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Income	772,331	(19,868,211)	354,858	21,163,991	462,000	2,314,188	4,793,000	5,130,000	5,461,000	5,873,000	6,929,000
Dividend						<u>0</u>	<u>2,261,000</u>	<u>2,391,000</u>	<u>2,473,000</u>	<u>2,567,000</u>	<u>2,689,000</u>
Retained Earnings						2,314,188	2,532,000	2,739,000	2,988,000	3,306,000	4,244,000
Work Force (Budgeted Positions)	206	213	203	194	198	203	205	207	209	211	213
Net Electric Plant	150,559,240	155,820,391	154,311,127	150,091,982	151,500,000	159,000,000	157,000,000	156,000,000	156,000,000	157,000,000	158,500,000
Retained Earnings	29,023,378	9,406,453	10,128,915	31,735,600	34,100,000	36,529,000	38,400,000	40,100,000	42,000,000	43,950,000	47,500,000
Total Cash	44,388,979	46,915,349	51,014,475	54,416,122	33,300,000	22,029,000	26,900,000	30,700,000	33,500,000	35,300,000	36,700,000
Capital Spending	17,709,695	14,809,316	8,769,745	6,305,528	6,987,000	18,610,000	15,960,000	15,128,000	13,675,000	12,075,000	9,903,000
IGC		2,861,084	2,063,400	1,416,650	1,501,000	1,576,000	1,575,000	1,650,000	1,725,000	1,800,000	1,880,000
MUSA	870,427	1,024,755	1,479,748	1,787,686	2,754,000	3,093,000	3,116,000	3,138,000	3,186,000	3,231,000	3,298,000
Debt Service Coverage	1.46	1.47	1.41	1.57	1.67	1.68	1.93	1.96	1.99	2.03	2.11
Debt/Equity	83.0/17	93.0/7	92.0/8	86.1/13.9	85/15	83.9/16.1	83.2/16.8	82.0/18.0	80.6/19.4	79.1/20.9	77.2/22.8
Debt Service	16,288,446	17,296,854	18,455,674	18,451,988	17,272,388	18,045,949	17,159,395	17,159,712	17,155,252	17,158,864	17,153,244
Personnel Cost	8,211,430	7,793,533	8,543,171	8,293,400	8,350,000	8,620,000	9,000,000	9,400,000	9,825,000	10,250,000	10,700,000
Personnel Benefits	4,142,513	3,795,172	4,322,844	4,243,609	4,250,000	4,350,000	4,545,000	4,750,000	4,906,000	5,180,000	5,415,000
Percent of Rate increase (permanent only)		13.33 ⁽¹⁾	8.45 ⁽¹⁾			7.9	5.2	5.0	2.2	2.4	3.5
Residential Customer ⁽²⁾ charge per 500 kWh	\$34.18	\$38.49	\$37.82	\$38.64	\$45.60	\$49.20	\$51.76	\$54.35	\$55.54	\$56.88	\$58.87

(1) Effective permanent rate granted.

(2) Rate charged to Residential customers as of July 1 each year on 500 kWh of power; includes Cost of Power adjustment.

SOLID WASTE DISPOSAL UTILITY

SOLID WASTE DISPOSAL UTILITY	ACTUAL 1985	ACTUAL 1986	ACTUAL 1987	ACTUAL 1988	BUDGET 1989	RECOMMENDED 1990	PROJECTED 1991	PROJECTED 1992	PROJECTED 1993	PROJECTED 1994	PROJECTED 1995
Total Revenues	\$5,991,305	\$6,134,029	\$7,673,269	\$8,467,222	\$10,505,200	\$11,031,280	\$11,184,914	\$11,486,110	\$11,321,187	\$11,434,385	\$11,634,184
Salaries	\$1,109,745	\$1,085,603	\$806,821	\$1,368,010	\$1,402,600	\$1,397,050	\$1,397,050	\$1,397,050	\$1,466,993	\$1,466,993	\$1,540,343
Fringe Benefits	458,144	463,846	341,837	598,334	711,200	684,190	684,190	684,190	718,309	718,309	754,224
Other Expenses	1,644,380	1,600,801	1,295,033	1,175,354	2,348,400	1,961,040	2,021,653	2,152,303	2,146,872	2,211,278	2,397,615
Depreciation	508,486	387,473	699,372	1,312,500	1,563,700	1,840,380	1,694,630	1,767,910	1,788,260	1,838,490	1,897,850
MUSA	0	0	0	0	384,300	597,730	650,718	636,176	717,699	704,935	691,354
Debt Interest Cost	662,170	1,191,714	1,973,901	1,961,303	2,221,800	2,242,070	2,183,500	2,299,778	2,195,878	2,130,458	2,374,638
Equipment Costs	562,736	502,703	346,904	708,077	1,218,800	1,115,940	1,138,259	1,161,024	1,207,465	1,231,614	1,256,247
IGC's From	492,814	544,148	623,056	613,344	700,850	816,940	796,770	800,034	835,042	838,438	841,902
IGC's To	(104,058)	(117,824)	(136,845)	(141,975)	(122,900)	(160,100)	(163,760)	(167,530)	(171,413)	(175,412)	(179,531)
Total Expense	\$5,334,417	\$5,658,464	\$5,950,079	\$7,594,947	\$10,428,750	\$10,495,240	\$10,403,010	\$10,730,935	\$10,905,105	\$10,965,103	\$11,574,642
Net Income	\$656,888	\$475,565	\$1,723,190	\$872,275	\$76,450	\$536,040	\$781,904	\$755,175	\$416,082	\$469,282	\$59,542
Capital Improvements	\$341,160	\$18,000	\$23,806,000	\$1,218,255	\$7,396,000	\$1,471,620	\$1,737,380	\$3,313,000	\$1,339,000	\$1,726,000	\$4,164,000
Bond Sales	\$5,220,000	\$18,000,000	\$0	\$700,000	\$4,000,000	\$0	\$0	\$1,750,000	\$0	\$0	\$3,000,000
Grants Awarded		\$415,500		\$284,450		\$0	\$0	\$0	\$0	\$0	\$0
Net Plant (12/31)	\$6,483,297	\$3,808,690	\$26,728,743	\$26,525,927	\$32,358,227	\$31,989,847	\$32,033,217	\$33,578,307	\$33,129,047	\$33,016,557	\$35,282,707
Debt Principle Pmt.	\$847,096	\$968,623	\$550,000	\$550,000	\$600,000	\$750,000	\$865,000	\$795,000	\$982,500	\$697,500	\$737,500
Utility Revenue Dist	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Retained Earnings (12/31)	\$4,449,507	\$2,931,857	\$4,660,248	\$5,645,798	\$4,510,024	\$5,046,064	\$5,827,968	\$6,583,143	\$6,999,225	\$7,468,507	\$7,528,049
Total Cash (12/31)	\$6,975,442	\$23,957,839	\$7,254,176	\$6,503,798	\$3,816,600	\$3,602,640	\$3,519,544	\$3,479,719	\$2,913,301	\$2,685,083	\$2,007,125
Revenue Bond Coverage	N.A.	N.A.	N.A.	N.A.	6.35	6.67	7.10	5.66	4.96	5.23	3.61
Times Interest Earned	2.05	-1.02	1.45	2.17	1.95	2.45	2.56	2.53	2.47	2.57	2.22
Debt/Equity Ratio	54/46	83/17	74/26	71/29	74/26	73/27	71/29	69/31	67/33	66/34	65/35
Profit Margin	10.96%	7.75%	22.46%	10.30%	0.73%	4.86%	6.99%	6.57%	3.68%	4.10%	0.51%
Budgeted Positions	31(FT)/3(T)	40(FT)/10(T)	38(FT)/10(T)	34(FT)/11(T)	34(FT)/8(T)	32(FT)/9(T)	32(FT)/9(T)	32(FT)/9(T)	32(FT)/9(T)	32(FT)/9(T)	32(FT)/9(T)
Tons Disposed	262,962	246,729	220,698	222,222	222,750	224,850	227,100	229,400	231,700	234,000	236,300
Rate Change Percent	16.67%		57.14%	18.18%	15.38%	4.44%					
User Rate/Ton	\$21.00		\$33.00	\$39.00	\$45.00	\$47.00					
Pickup Rate	\$5.00		\$5.00	\$5.00	\$5.00	\$7.50					
Car Rate	\$2.00		\$5.00	\$5.00	\$5.00	\$5.00					

REFUSE COLLECTIONS UTILITY

REFUSE COLLECTIONS UTILITY	ACTUAL 1985	ACTUAL 1986	ACTUAL 1987	ACTUAL 1988	BUDGET 1989	RECOMMENDED 1990	PROJECTED 1991	PROJECTED 1992	PROJECTED 1993	PROJECTED 1994	PROJECTED 1995
Total Revenues	\$5,249,118	\$5,947,961	\$5,491,750	\$4,941,042	\$5,338,300	\$5,544,590	\$5,587,460	\$5,629,970	\$5,662,120	\$5,916,890	\$5,979,910
Salaries	\$1,113,537	\$1,110,192	\$1,017,598	\$935,303	\$957,900	\$977,880	\$977,880	\$977,880	\$1,026,755	\$1,026,755	\$1,078,080
Fringe Benefits	459,708	439,879	434,918	414,114	490,000	494,120	494,120	494,120	518,830	518,830	544,770
Other Expenses	422,675	526,867	218,515	300,206	305,740	326,359	336,370	337,264	344,748	345,689	346,654
Landfill Fees	967,171	969,961	1,335,594	1,680,256	1,966,500	2,053,900	2,053,900	2,053,900	2,053,900	2,053,900	2,053,900
Depreciation	451,666	431,540	467,893	464,215	527,000	450,920	492,270	531,240	468,650	488,480	512,050
MUSA	0	24,527	32,175	64,933	67,100	71,430	72,860	74,320	75,800	77,320	78,870
Debt Interest Cost	242,040	238,404	238,200	222,946	216,800	215,440	207,040	197,830	187,910	177,090	165,260
Equipment Costs	480,632	486,408	605,980	472,870	462,200	460,000	469,200	478,580	502,510	512,560	522,815
IGC's From	745,515	818,766	627,627	568,629	649,460	709,591	693,150	695,884	728,773	731,701	734,687
IGC's To	(5,952)	(6,733)	(8,000)	(6,373)	(8,400)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)
Total Expense	\$4,876,992	\$5,039,811	\$4,970,500	\$5,117,099	\$5,634,300	\$5,751,640	\$5,788,790	\$5,833,018	\$5,899,876	\$5,924,325	\$6,029,085
Extra Ordinary Cost			\$608,285								
Net Income	\$372,126	\$908,150	(\$87,035)	(\$176,057)	(\$296,000)	(\$207,050)	(\$201,330)	(\$203,048)	(\$237,756)	(\$7,435)	(\$49,175)
Capital Improvements	\$249,676	\$415,000	\$2,057,000	\$224,000	\$61,000	\$221,000	\$389,000	\$490,000	\$341,000	\$206,000	\$623,000
Bond Sales			\$3,710,000								
Net Plant (12/31)	\$2,441,684	\$2,426,439	\$4,013,136	\$3,773,479	\$3,307,500	\$3,077,600	\$2,974,300	\$2,933,000	\$2,805,400	\$2,523,000	\$2,634,000
Debt Principle Pmt.	\$25,000	\$25,000	\$0	\$105,000	\$145,000	\$155,000	\$160,000	\$170,000	\$175,000	\$185,000	\$195,000
Utility Revenue Dist.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Retained Earnings (12/31)	\$2,879,416	\$3,787,566	\$3,700,531	\$3,524,474	\$3,228,500	\$3,021,450	\$2,820,120	\$2,617,072	\$2,379,316	\$2,371,881	\$2,322,706
Total Cash (12/31)	\$1,884,943	\$2,571,541	\$2,833,210	\$2,941,363	\$2,227,600	\$1,865,550	\$1,504,220	\$1,131,172	\$718,416	\$525,981	\$281,806
Debt Service Coverage	4.54	6.06	4.85	1.79	1.42	1.49	1.55	1.63	1.36	2.03	1.96
Debt/Equity Ratio	38/62	31/69	48/52	50/50	48/52	48/52	49/51	50/50	51/49	51/49	50/50
Profit Margin	7.09%	15.27%	-1.58%	-3.76%	-5.76%	-3.45%	-3.60%	-3.61%	-4.20%	-0.13%	-0.82%
Budgeted Positions	28(FT)/2(T)	28(FT)/2(T)	28(FT)/2(T)	26(FT)/3(T)	24(FT)/1(T)	24(FT)/1(T)	24(FT)/1(T)	24(FT)/1(T)	24(FT)/1(T)	24(FT)/1(T)	24(FT)/1(T)
Tons Collected	48,066	46,153	43,961	43,083	43,700	43,700	43,700	43,700	43,700	43,700	43,700
Rate Change Percent	0.00%	15.00%			5.10%	10.00%				5.00%	
Residential Cost/month	\$11.80	\$13.60			\$14.30	\$15.75				\$16.55	
Comerc'l (3yd-1x/wk)/mo.	\$37.65	\$43.30			\$45.50	\$50.05				\$52.55	

PORT OF ANCHORAGE
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		1985	1986	1987	1988	1989 PRO- FORMA	1990 PROPOSED	1991 EST	1992 EST	1993 EST	1994 EST	1995 EST	NOTES
Revenues	(000)	5,882	7,843	7,644	7,285	7,437	7,357	6,833	7,150	7,319	7,794	7,866	(a)
Expenses	(000)	3,555	5,917	6,171	5,326	6,310	5,842	6,118	6,161	6,853	6,812	6,846	(b)
Extraordinary Item	(000)	0	0	403	0	0	0	0	0	0	0	0	
Net Income	(000)	2,327	1,926	1,070	1,959	1,127	1,515	715	989	466	982	1,020	
Salaries	(000)	581	599	664	702	823	854	934	971	1,000	1,030	1,061	
Benefits	(000)	269	270	327	326	418	433	468	486	501	516	531	
Total	(000)	850	869	991	1,028	1,241	1,287	1,402	1,457	1,501	1,546	1,592	(c)
Capital Spending	(000)	3,893	2,685	7,121	3,800	4,490	14,788	3,647	647	4,500	3,000	7,000	(d)
Revenue Distribution	(000)	-0-	-0-	-0-	-0-	1,000	178	170	179	183	188	192	(e)
Total Cash	(000)	41,749	42,692	26,053	24,361	20,133	6,419	6,890	7,504	12,219	11,505	6,095	(f)
Retained Earnings	(000)	21,464	23,875	24,729	27,173	28,142	29,680	30,721	32,036	32,825	34,124	35,507	
Net Plant	(000)	25,333	24,079	25,619	25,027	28,199	41,642	43,643	42,613	45,416	46,719	51,972	(d)
Debt Service Amount	(000)	196	2,354	2,565	1,914	1,916	1,914	1,914	1,915	2,707	2,767	2,773	(g)
Debt Service Coverage		21.63	2.63	2.18	2.54	2.26	2.43	2.09	2.20	1.59	1.69	1.68	(g)
Debt/Equity Ratio		48/52	47/53	37/63	34/66	30/70	23/37	21/79	19/81	24/76	22/78	20/80	
Tonnage	(000)	1,925	1,620	1,743	1,906	2,140	2,316	2,513	2,680	2,799	2,910	3,025	
Revenue/Ton		\$2.08	\$2.75	\$2.72	\$2.57	\$2.42	\$2.31	\$2.26	\$2.23	\$2.18	\$2.15	\$2.11	(h)
Rate of Return		6.26%	8.31%	7.56%	6.66%	4.44%	4.32%	3.87%	4.39%	4.19%	4.17%	3.85%	
Preferential Use Rates		-0-	19.25%	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(i)
Workforce		17	18	19	19	21	21	23	24	24	24	24	
IGC - Gov't		97,064	145,140	182,425	198,361	1,000	261,000	268,000	276,000	284,000	293,000	300,000	

PORT OF ANCHORAGE

- (a) 1991 reduction in non-operating revenues as a result of a decrease of interest income on funds previously on deposit being expended in the 1989 - 1990 Capital Improvement Program. Also, contributes significantly to the reduction in 1991 Net Income.
- (b) 1993 increase in expenses due to debt service on sale of \$8.5 million of revenue bonds. Also, contributes significantly to the reduction in 1993 Net Income.
- (c) 1989 - 1990 Salaries & Benefits increase as a result of: Non-rep increases per OMB guidelines; longevity increases; one new position in 1989; and another new position all year in 1990 which was previously created in the latter part of 1989.
- (d) Majority of the 1989 - 1990 Capital Improvement Program expenditures occurring in 1990.
- (e) 1990 Revenue Distribution: \$177,500 payment from retained earnings (cash) in lieu of MUSA.
1991 - 1995 Revenue Distribution: 3% of gross operating revenues per OMB guidelines.
- (f) Decrease in 1990 total cash due to expenditures on 1989 - 1990 Capital Improvement Program. 1993 total cash increase due to sale of \$8.5 million in revenue bonds to be expended 1993 - 1995.
- (g) 1993 debt service increase and resultant debt service coverage reduction due to 1993 revenue bond sale.
- (h) 1986 revenue/ton increase primarily a result of an increase in major carrier preferential use agreement rates. Gradual decline thereafter is a result of anticipated status quo preferential use rates at 5 year adjustments in 1991 and bulk petroleum tonnage becoming a larger portion of total tonnage. Rate/ton on petroleum is significantly less than containers.
- (i) 5 year rate adjustments on both major carrier Preferential Use Agreements are due in 1991. Rates are anticipated to remain status quo or decline slightly due to current economic conditions.

MERRILL FIELD AIRPORT
Additional Financial Data
(Dollars In Thousands)

Description	1985 Actual	1986 Actual	1987 Actual	1988 Actual	1989 Pro-Forma	1990 Proposed	1991 Projected	1992 Projected	1993 Projected	1994 Projected	1995 Projected
Total Revenues	952	781	872	1,049	1,072	1,156	1,228	1,283	1,377	1,442	1,532
Less: Total Expenses	839	957	992	1,484	1,747	1,877	2,039	2,099	2,181	2,238	2,316
Income (Loss) Governmental ^a	113	-176	-120	-435	-675	-721	-811	-816	-804	-796	-784
Plus: Depr Contrib Plant	251	266	288	637	717	727	843	859	871	887	902
Net Income Regulatory ^b	364	90	168	202	42	6	32	43	67	91	118
Salary Expense	276	320	303	341	422	457	468	529	549	575	608
Fringe Benefits	122	137	159	176	206	212	224	253	262	275	290
Total Personnel Costs ^c	398	457	462	517	628	669	692	782	811	850	898
Intragovernmental Charges ^d	63	81	83	57	73	88	92	96	99	103	108
Retained Earnings	1,400	1,490	1,658	1,859	1,901	1,907	1,855	1,805	1,778	1,773	1,794
Total Cash ^e	533	-2,415	-268	218	175	138	177	220	287	378	496
Rate Increase Revenue ^f	28	29	7	-0-	-0-	28	14	51	14	14	14
Rate Increase Percent	8.7%	8.0%	3.7%	-0-	-0-	7.1%	3.3%	*	3.1%	3.0%	2.9%
* Lease/Access Fees = 3.2%	Transient Parking = 33.3%		Permanent Parking = 11.3%								
Workforce, End of Year ^g	9	9	8	9	9	9	9	10	10	10	10
Capital Spending	4,686	6,696	4,241	2,441	1,048	1,267	1,471	1,893	1,603	1,210	1,155
Net Plant In Service	12,448	13,039	15,101	26,960	27,205	27,657	28,285	29,319	30,051	30,374	30,627
Debt Service Amount ^h	5	5	5	5	5	-0-	-0-	-0-	-0-	-0-	-0-
Debt Service Coverage	39.01	26.28	29.76	1.25	5.54	-0-	-0-	-0-	-0-	-0-	-0-
Debt/Equity Ratio	.1%	.1%	.1%	.1%	.1%	-0-	-0-	-0-	-0-	-0-	-0-

See Accompanying Document for Footnotes

FOOTNOTES FOR ACCOMPANYING DOCUMENT

- a While revenues are expected to increase as Anchorage recovers from the recession, expenses will initially increase at a higher rate due to Depreciation Expense on those capital improvements completed in the mid-1980's and then level off as we acquire land which is not depreciated. Revenues will eventually gain ground, if the proposed rate increases are approved, and our Income (Loss) For Governmental Reporting will begin to improve in the early 1990's.
- b After considerable fluctuations in the late 1980's because of Depreciation on Contributed Plant, we anticipate Net Income Regulatory will return to a gradual increase in the 1990's.
- c We anticipate wage and benefit increases will continue into the 1990's with a significant increase in 1992 as we add another Maintenance employee. Note that 1985-88 do not include Annual Leave Taken but in 1989-95 it has been included.
- d In 1988 we secured an agreement with FAA to pay a portion of our IGC expenses as Direct Administrative Charges for grant administration, causing the reduction in that year. We assume that if ATU is sold, no significant increases in IGC's will be passed on to the remaining utilities.
- e FAA requires we purchase land at our expense, submit a grant application for the exact known amount and reimburse ourselves after the grant is received. During 1986 & 1987 it was necessary for the Airport to borrow funds from the Municipal Cash Pool to accomplish this objective, leaving us in a deficit during those years.
- f The Assembly denied our 1988 rate increase and in 1989 we did not request one. In 1992 we will request rate increases in lease fees, transient parking and permanent parking thus the larger than usual increase in revenue.
- g In 1987 we did not fill the position of Operations Engineer but waited until early 1988. In 1992 we anticipate hiring another Maintenance employee because of increased demand for maintenance of airport equipment and facilities.
- h During 1989 we paid the final installment on our 1969 General Obligation Bonds, leaving no long-term debt for future years.