

CLERK'S OFFICE

**APPROVED**

Date: 1-11-11

Submitted by: Chair of the Assembly at  
the Request of the Mayor  
Prepared by: Municipal Light & Power  
For reading: December 14, 2010

ANCHORAGE, ALASKA  
AR No. 2010-368

**A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE APPROPRIATING TEN MILLION DOLLARS (\$10,000,000) TO THE MUNICIPAL LIGHT & POWER (ML&P) 2010 OPERATING FUND (530) AND REVISING THE 2010 ML&P OPERATING BUDGET**

WHEREAS, on December 3, 2009, ML&P issued 2009 Series A (Tax Exempt) bonds with a net effective interest rate of 4.23%, and 2009 Series B (Taxable Build America Bonds) with a net effective interest rate of 6.53%; and

WHEREAS, ML&P receives a cash subsidy from the United States Treasury equal to 35% of the interest paid on the 2009 Series B Bonds, which is recorded as interest income (revenue), while interest on long-term debt is recorded at a net effective interest rate of 6.53% (expense), resulting in interest on long-term debt exceeding budget; and

WHEREAS, in 2010 ML&P purchased and exchanged natural gas in order to supplement its native load generation requirements and to facilitate economy energy sales, resulting in fuel expense exceeding 2010's fuel expense budget; now, therefore,

**THE ANCHORAGE ASSEMBLY RESOLVES:**


**Section 1:** That the sum of Ten Million Dollars (\$10,000,000) is hereby appropriated to the Municipal Light & Power Operating Fund (530).

**Section 2:** That the 2010 Municipal Light & Power Operating Budget is hereby revised as follows:

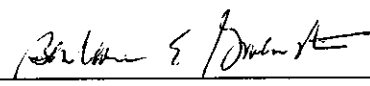
<u>Budget/Fund</u>	<u>Utility</u>	<u>2010 Operating Budget Revision</u>
530	Municipal Light & Power	\$129,426,000

**Section 3:** That this resolution shall take effect immediately upon passage and approval by the Anchorage Assembly.

PASSED AND APPROVED by the Anchorage Assembly this 11<sup>th</sup> day of January, 2011.

  
Chairman

ATTEST:

  
Municipal Clerk



# MUNICIPALITY OF ANCHORAGE

## ASSEMBLY MEMORANDUM

No. AM 676-2010

Meeting Date: December 14, 2010

1 **FROM: Mayor**

2  
3 **SUBJECT: Revision of the 2010 Municipal Light & Power (ML&P) Operating**  
4 **Budget**

5  
6 On December 3, 2009, ML&P issued \$15,240,000 principal amount of Senior Lien  
7 Electric Revenue Bonds, 2009 Series A (Tax Exempt) with a net effective interest rate  
8 of 4.23%, and \$114,760,000 principal amount of Senior Lien Electric Revenue Bonds,  
9 2009 Series B (Taxable Build America Bonds) with a net effective interest rate of  
10 6.53%. ML&P receives a cash subsidy from the United States Treasury equal to 35%  
11 of the interest paid on the 2009 Series B Bonds, which is recorded as interest income  
12 (revenue), while interest on long-term debt is recorded at a net effective rate of 6.53%  
13 (expense), resulting in interest on long-term debt exceeding 2010's budget.

14  
15 In 2010 ML&P purchased and exchanged natural gas in order to supplement its native  
16 load generation requirements and to facilitate economy energy sales, resulting in fuel  
17 expense exceeding 2010's fuel expense budget.

18  
19 On November 17, 2010, the ML&P Board of Directors approved a ten million  
20 (\$10,000,000) supplemental appropriation (copy attached) to ML&P's 2010 Operating  
21 Budget.

22  
23 The attached resolution recommends approval of a \$10,000,000 supplemental  
24 appropriation and revision to ML&P's 2010 Operating Budget from \$119,426,000 to  
25 \$129,426,000.

26  
27 THE ADMINISTRATION RECOMMENDS APPROVAL OF A RESOLUTION  
28 APPROPRIATING TEN MILLION DOLLARS (\$10,000,000) TO THE MUNICIPAL LIGHT  
29 & POWER 2010 OPERATING FUND (530) AND REVISING THE 2010 MUNICIPAL  
30 LIGHT & POWER OPERATING BUDGET.

31  
32 Prepared by: James M. Posey, General Manager, Municipal Light & Power  
33 Fund Certification: Lucinda Mahoney, Chief Fiscal Officer

34 530-M2100-9427-M9427- BP2010 \$2,000,000  
35 (2010 Operating Funds)

36 530-M3000-5470-M5470- BP2010 \$8,000,000  
37 (2010 Operating Funds)

38 Concur: George J. Vakalis, Municipal Manager

39 Respectfully submitted: Daniel A. Sullivan, Mayor

Submitted by: Chair, Municipal Light & Power  
Board of Directors  
DATE: November 17, 2010

MUNICIPAL LIGHT & POWER BOARD OF DIRECTORS  
Resolution No. 2010-09

A RESOLUTION OF THE MUNICIPAL LIGHT & POWER BOARD OF DIRECTORS RECOMMENDING APPROVAL OF A TEN MILLION (\$10,000,000) SUPPLEMENTAL APPROPRIATION TO THE 2010 OPERATING BUDGET AND REVISING THE 2010 MUNICIPAL LIGHT & POWER OPERATING BUDGET FROM \$119,426,000 TO \$129,426,000.

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WHEREAS, the 2010 Operating Budget of \$119,426,000 had been reviewed, accepted and approved by the Municipal Light & Power (ML&P) Board of Directors on September 3, 2009, and by the Municipal Assembly on December 8, 2009; and

WHEREAS, ML&P anticipates expenditures in excess of the approved 2010 Operating Budget; and

WHEREAS, on December 3, 2009, ML&P issued \$15,240,000 principal amount of Senior Lien Electric Revenue Bonds, 2009 Series A (Tax Exempt) with a net effective interest rate of 4.23%, and \$114,760,000 principal amount of Senior Lien Electric Revenue Bonds, 2009 Series B (Taxable Build America Bonds) with a net effective interest rate of 6.53%; and

WHEREAS, ML&P receives a cash subsidy from the United States Treasury equal to 35% of the interest paid on the 2009 Series B Bonds, which is recorded as Interest Income (revenue), while Interest on Long Term Debt is recorded at a net effective rate of 6.53% (expense), resulting in Interest on Long Term Debt exceeding budget ; and

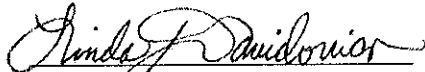
WHEREAS, ML&P's principal source for meeting its natural gas requirements for electric power generation comes from its owned reserves in the Beluga River Unit (BRU) gas field. However, there are times when ML&P must acquire through purchase or exchange other sources of gas on a short term basis in order to meet its generation needs; and


WHEREAS, in 2010 ML&P purchased and exchanged gas in order to supplement its native load generation requirements and to facilitate economy energy sales, resulting in fuel expense exceeding 2010's fuel expense budget;

NOW THEREFORE, the Municipal Light & Power Board of Directors recommends adoption of a ten million (\$10,000,000) supplemental appropriation to the 2010 Operating Budget, thereby revising the 2010 Municipal Light & Power Operation Budget from \$119,426,000 to \$129,426,000.

PASSED AND APPROVED by the Municipal Light & Power Board of Directors  
this 17th day of November, 2010.

ATTEST:

  
Linda Davidovics  
ML&P Board Secretary

  
Mark C. Wiggin, Chairman  
ML&P Board of Directors

**Content ID:** 009674**Type:** AR\_FundsApprop - Funds Approp Resolution

A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE APPROPRIATING  
TEN MILLION DOLLARS (\$10,000,000) TO THE MUNICIPAL LIGHT & POWER  
(ML&P) 2010 OPERATING FUND (530) AND REVISING THE 2010 ML&P  
OPERATING BUDGET

**Author:** pruittns**Initiating  
Dept:** MLP**Date  
Prepared:** 11/30/10 11:26 AM**Director  
Name:** James M Posey**Meeting  
Date:** 12/14/10**Public  
Hearing Date:** 1/11/11

<b>Workflow Name</b>	<b>Action Date</b>	<b>Action</b>	<b>User</b>	<b>Security Group</b>	<b>Content ID</b>
Clerk_Admin_SubWorkflow	12/3/10 11:29 AM	Exit	Joy Maglaqui	Public	009674
MuniManager_SubWorkflow	12/3/10 11:29 AM	Approve	Joy Maglaqui	Public	009674
Finance_SubWorkflow	12/3/10 11:24 AM	Approve	Lucinda Mahoney	Public	009674
Finance_SubWorkflow	12/2/10 11:17 AM	Checkin	Nina Pruitt	Public	009674
Finance_SubWorkflow	12/2/10 10:57 AM	Checkin	Nina Pruitt	Public	009674
OMB_SubWorkflow	11/30/10 3:56 PM	Approve	Cheryl Frasca	Public	009674
MLP_SubWorkflow	11/30/10 11:31 AM	Approve	Richard Miller	Public	009674
FundsAppropWorkflow	11/30/10 11:29 AM	Checkin	Saundra Fletcher	Public	009674