

2013 Utility / Enterprise – October 19, 2012 Worksession– Assemblymember Question Follow-Up:

Anchorage Water Utility:

Is commercial paper included in the debt to equity ratio, if not, please provide a ratio that includes commercial paper? *All projected debt (loans, bonds or commercial paper) is included in the debt to equity ratio.*

Assemblymember Flynn – Is depreciation calculated on contributed plant and do we get reimbursed in rates for it? *Depreciation is calculated on all plant, however, total depreciation is offset by amortization of contributions in aid of construction. The depreciation expense in our budget is the net, which is basically depreciation on non-contributed plant. We cannot recover the depreciation on contributed plant or earn a return on contributed plant in rates.*

Assemblymember Flynn - Break out of depreciation and noncash amount on Slide 5.

Depreciation and amortization 10,623,000

Amortization of debt expense 375,000

Interest during construction (290,000)

These are on page AWWU-20 of the budget book. ASU amounts are on page AWWU-50.

Assemblymember Flynn – Aging of AWWU infrastructure – *waiting on AWWU, will send upon receipt.*

Merrill Field:

Is commercial paper included in the debt to equity ratio, if not, please provide a ratio that includes commercial paper? *Merrill Field has no debt, and therefore reports a debt to equity ratio of zero*

Assemblymember Flynn – Is noise monitoring on-line, if not, when will data be available? *A website has been established to provide information regarding Merrill Field's Master Plan project, of which noise monitoring is a part. The website can be found at merrillfieldmasterplan.com. The noise study is ongoing, with results tentatively planned for release in February, 2013.*

Assemblymember Starr – Cost of plowing in the evenings? *To provide around-the-clock runway/taxiway snow removal at the Airport, it is estimated Merrill Field would incur an additional \$1.1 million in annual Airport Maintenance Technician salaries, bringing the total from the current \$600,000 up to \$1.7 million.*

Assemblymember Starr – Are there care and closure funds for dump at Merrill Field? *There was never a closure fund established for Merrill Field. Consequently, final grading, installation of the gas collection system along Merrill Field Drive and the leachate collection system along*

15th Avenue were constructed with SWS Disposal Utility operating funds. The annual operation and maintenance costs for these systems as well as occasional cap maintenance and environmental compliance projects that become necessary from time to time are also paid for with Disposal Utility annual operating funds. At this time there is no clear end in sight as to how long these costs will continue.

In addition to Merrill Field, the Disposal Utility continues to incur annual costs for the post-closure care of the former Peters Creek Landfill site and the former Greater Anchorage Area Borough Landfill site (Della Vega Park/Kloepp Street Maintenance site) for which there were also no closure funds set aside. These costs are covered by the Disposal Utility annual operating funds. These costs are primarily limited to environmental monitoring and compliance costs but include construction activities such as monitoring well maintenance from time to time.

Port:

Is commercial paper included in the debt to equity ratio, if not, please provide a ratio that includes commercial paper?

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
.20	.20	.20	.21	.21	.22	.15*	.12*

**Assuming the portions of the expansion project will be completed and contributed plant added to asset base.*

Assemblymember Starr – Count of containers that go outside the city – surcharge possible?

The Port does not count nor do we have a way to track or count the number of containers that go outside the city. It is not possible to add a surcharge for a couple of reasons: 1. We have no way to track, and 2. We already charge for the containers when they enter the city across our dock and we charge again when they leave the city across our dock. The containers are the property of the shippers, vendors etc and not the Port's property to manage.

Solid Waste Services – Disposal:

Is commercial paper included in the debt to equity ratio, if not, please provide a ratio that includes commercial paper? *SWS Disposal has no commercial paper debt.*

Assemblymember Traini – cost for recycling? *2013 operating budget for Area wide Recycling is \$446,174. Capital budget is \$143,000 for roll off containers at ARL Drop-Off Site.*

Assemblymember Honeman – In 2018 capital budget, why is equity/operating negative? *In the simple debt model for forecasting, the loan would fund the capital project rather than equity. Therefore, no SWS Disposal equity would be needed in 2018 and could be used in 2019 instead.*

Solid Waste Services – Refuse:

Is commercial paper included in the debt to equity ratio, if not, please provide a ratio that includes commercial paper? *SWS Refuse has no debt.*

Assemblymember Drummond – Slide 24, break out the 16.69% rate change percentage – please provide detail data as to how you derived the %. *The proposed rate change is only for commercial dumpsters. For 3 cubic yard dumpsters serviced once a week, the current rate is \$85.70 per month, and the proposed new rate is \$100 per month, a 16.69% increase.*