

## **V. ENTERPRISE ACTIVITIES PROFILE**

## ***V. ENTERPRISE ACTIVITIES***

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The Municipality of Anchorage owns and operates seven Enterprise Activities -- Municipal Light and Power, Anchorage Water and Wastewater Utilities, Solid Waste Disposal and Municipal Refuse Collection Utilities, the Port of Anchorage, and Merrill Field Airport. Detailed information on each of these entities is contained in the 1994 Public Utilities Operating and Capital Budgets document. The eighth Enterprise Activity is the Anchorage Telephone Utility. Beginning in 1992, management authority for ATU has been vested in a Board of Directors appointed by the Municipal Assembly.

The intent here is to extract and summarize some information to provide an overview of these important Municipal activities. This section highlights some of the interrelationships which exist among General Government functions and Enterprise Activities ---- Intragovernmental Charges (IGC's), the Municipal Utility Service Assessment (MUSA), and Utility Revenue Distribution. Following a discussion of these linkages, summary income, expense, debt and rate data are also presented.

### **INTRAGOVERNMENTAL CHARGES**

The intragovernmental charge system is the mechanism used by the Municipality to account for the costs of certain services provided by one unit of government for another. An IGC represents the cost for a service which one budget unit (servicer) provides to another (requestor). Net charges to utilities, operating grants and capital improvements are counted as general government revenues.

General government provides administrative services to the Municipal utilities, e.g., financial services, insurance, purchasing, and management. Utilities also provide services to general government, but in general these charges are handled through the regular customer billing procedures of the utilities, rather than through a charge-back system.

Figure 5-1 summarizes the IGC's to utilities contained in the 1994 budgets. Charges to utilities are \$8.7 million, approximately 62% of the total of \$14.1 million IGC revenues in the general government operating budget. Figure 5-1 also summarizes the changes in IGC's since 1988. The increase in utility charges in 1989 reflects centralization of the Management Information System Department from ATU. The decrease projected in 1995 reflects the proposed establishment of an independent ATU management information systems.

Major components of utility IGC's are for self-insurance and general liability funds, labor and human relations, financial information system accounting services, utility collections and remittance processing, purchasing, and information systems.

**Figure 5-1**

**Intragovernmental Charges  
From General Government  
(\$ Thousands)**

	<u>ATU</u>	<u>ML&amp;P</u>	<u>Water</u>	<u>Waste- Water</u>	<u>Disposal</u>	<u>Refuse</u>	<u>Port</u>	<u>Merrill Field</u>
<u>Actual</u>								
1988	\$ 2,558	\$1,417	\$ 734	\$ 807	\$ 234	\$ 179	\$ 198	\$ 57
1989	7,488	1,465	807	1,089	220	174	225	62
1990	7,808	1,299	941	1,225	219	180	234	57
1991	8,268	1,401	1,050	1,383	307	215	258	73
1992	7,718	1,467	1,300	1,397	327	248	311	80
1993	<u>5,840</u>	<u>1,670</u>	<u>1,351</u>	<u>1,324</u>	<u>355</u>	<u>323</u>	<u>293</u>	<u>88</u>
TOTAL	\$39,680	\$8,719	\$6,183	\$7,225	\$1,662	\$1,319	\$1,519	\$417
<u>Projected</u>								
1994	\$ 4,082	\$1,570	\$1,160	\$1,068	\$ 207	\$ 201	\$ 258	\$ 90
1995	1,138	1,748	1,404	1,320	285	253	277	96
1996	1,197	1,839	1,477	1,389	300	266	291	101
1997	1,259	1,935	1,554	1,461	315	280	307	106
1998	1,325	2,035	1,635	1,537	332	295	322	112
1999	1,394	2,141	1,720	1,617	349	310	339	118

**MUNICIPAL UTILITY SERVICE ASSESSMENT (MUSA)**

Utilities receive general services provided by the Municipality to all residents and businesses in the service area, such as fire and police protection, and street maintenance. Therefore, utilities which are financially self-supporting help pay for these services through a MUSA, which is analogous to property taxes paid by private property owners. The mill rate applied is the same as that applied against the value of private properties; however, there are differences in the way in which the value of the property is assessed. The utilities are assessed on the book value of the property, not the market value.

The income approach is often used by private utilities as the basis for appeal of the assessed valuation computed by the Municipality using the cost approach.

Figure 5-2 summarizes MUSA payments by utilities since MUSA was established by ordinance in 1976. Initially MUSA was applied to the telephone, electric and water utilities. Wastewater and Refuse Collection Utilities were included in 1986. Merrill Field

and the Port are exempt from MUSA. Beginning in 1989, MUSA was applied to Solid Waste Disposal Utility. MUSA revenues are used in the Anchorage School District and general government in the same ratio as other property tax collections.

**Figure 5-2**

**MUSA Paid 1976 Through 1993  
(\$ Thousands)**

<u>Year</u>	<u>ATU</u>	<u>ML&amp;P</u>	<u>Water</u>	<u>Wastewater</u>	<u>Refuse Collections</u>	<u>Solid Waste Disposal</u>	<u>Total</u>
1976	\$ 443	\$ 152	\$ 190	\$	\$	\$	\$ 785
1977	1,378	414	511				2,303
1978	1,536	438	556				2,530
1979	1,442	386	444				2,272
1980	1,372	561	387				2,320
1981	994	416	302				1,712
1982	904	348	279				1,531
1983	1,287	502	395				2,184
1984	1,477	679	493				2,649
1985	1,524	870	888				3,282
1986	1,657	1,025	1,299	1,424	25		5,430
1987	2,439	1,480	2,156	2,082	32		8,189
1988	3,185	1,788	2,661	2,832	65		10,531
1989	4,773	2,755	1,265	1,134	69	419	10,415
1990	4,422	967	1,527	831	65	404	8,216
1991	4,271	1,747	1,561	1,031	62	428	9,100
1992	4,242	1,760	1,371	1,101	58	435	8,967
1993	<u>4,026</u>	<u>1,705</u>	<u>1,273</u>	<u>894</u>	<u>48</u>	<u>405</u>	<u>8,351</u>
<b>TOTAL</b>	<b>\$41,372</b>	<b>\$17,993</b>	<b>\$17,558</b>	<b>\$11,329</b>	<b>\$424</b>	<b>\$2,091</b>	<b>\$90,767</b>

**MUSA Projected 1994 Through 1999  
(\$ Thousands)**

<u>Year</u>	<u>ATU</u>	<u>ML&amp;P</u>	<u>Water</u>	<u>Wastewater</u>	<u>Refuse Collections</u>	<u>Solid Waste Disposal</u>	<u>Total</u>
1994	\$ 4,381	\$ 1,835	\$ 1,376	\$ 1,117	\$ 49	\$ 436	\$ 9,194
1995	4,827	1,915	1,439	1,162	51	452	9,846
1996	5,366	2,020	1,492	1,207	53	469	10,607
1997	5,704	2,130	1,546	1,221	55	488	11,144
1998	6,038	2,240	1,470	1,248	57	506	11,559
1999	6,349	2,360	1,449	1,248	60	525	11,991

## UTILITY REVENUE DISTRIBUTION

The Home Rule Charter for the Municipality of Anchorage (September 1975) provided that Municipal utilities could operate at a reasonable profit and that net profits from former city utilities would be applied for the benefit of the old City Service Area for five years after unification. This was, in effect, the way in which the new Municipality "purchased" the utilities from the city. In 1978, the Assembly passed an ordinance which halved the payment rate (from 100% to 50% of net profits) and lengthened the payment period (from five to ten years) for ATU and the Anchorage Water Utility. The following chart details the actual payments which were made in conformance with these requirements.

**Figure 5-3**

### Utility Net Profit Distributions to Former City Service Area 1976-1985

(\$ Thousands)

<u>Year</u>	<u>ATU</u>	<u>ML&amp;P</u>	<u>Water</u>	<u>Total</u>
1976	\$ 730	\$ 566	\$ 15	\$ 1,311
1977	914	608	292	1,814
1978	978	503	314	1,795
1979	1,046	474	337	1,857
1980	1,119	----	----	1,119
1981	1,198	223	----	1,421
1982	1,281	----	----	1,281
1983	1,371	----	----	1,371
1984	1,467	----	----	1,467
1985	<u>1,570</u>	<u>----</u>	<u>----</u>	<u>1,570</u>
<b>TOTAL</b>	<b>\$11,674</b>	<b>\$2,374</b>	<b>\$958</b>	<b>\$15,006</b>

In 1985, the net profit distribution was succeeded by an ordinance providing for an investment return to all the residents of the Municipality from their ownership of the utilities. This Utility Revenue Distribution is somewhat analogous to the return paid to owners of private utilities. The Utility Revenue Distribution allows for a distribution to general government from surplus utility revenues. A maximum of 5% of gross revenues may be distributed "where prudent fiscal management permits." Payment is made following evaluation of revenues restricted by grants or contracts, cash needed for reinvestment in the utility, bond ratings, prudent cash flow and debt management considerations.

The ordinance applies to ATU, AWWU, ML&P, SWS and the Port. To date, only ATU and the Port have met the evaluation criteria. Distributions from ATU and the Port are shown in the following table:

**Figure 5-4**

**Utility Net Profit Distributions  
From Anchorage Telephone Utility and Port of Anchorage  
1986 - 1993**

	<u>Anchorage Telephone Utility</u>	<u>Port of Anchorage</u>
1986	\$5,500,000	N/A
1987	7,000,000	N/A
1988	5,000,000	N/A
1989	2,583,000	\$1,000,000
1990	4,000,000	177,500
1991	2,500,000	177,500
1992	2,500,000	178,500
1993	3,000,000	178,500
1994	3,000,000 *	178,500 **

\* Preliminary figure not yet approved by ATU's Board of Directors

\*\* 1994 Proposed Budget

Revenue distributions paid by the utilities have reduced the level of property taxes which would otherwise have been necessary to fund services at the levels provided over the last few years.

**FISCAL SUMMARIES**

This section presents fiscal information pertaining to Municipally-owned utilities. The information is not a complete fiscal picture of the utilities; rather, the charts provide a brief overview. More information regarding the financial history and the budget summaries for each of the utilities are contained in the 1994 Public Utilities Operating and Capital Budgets.

The Municipal utilities are self-supported through user rates and have received no local tax assistance since 1984. The utilities have eased the tax burden for the taxpayers, through the Utility Revenue Distribution, MUSA, and their self-supported businesses.

A brief description of some of the fiscal indicators used here may be useful.

Net income is calculated by subtracting total expenses from total revenues. It is closely tied to utility rates as most revenues are from charges for services provided. If net income is large, it may indicate that rates are sufficient and will not need to be raised in the near future. If it is negative, a utility's equity is being eroded and it may be an indicator that a rate increase needs to be requested. In either case, expenses are monitored closely to be sure they are being kept as low as possible while still providing services to all customers.

Income and expenses for the regulated utilities (Anchorage Water and Wastewater Utility, Anchorage Telephone Utility, and Municipal Light and Power) have been computed using methodology prescribed by the Alaska Public Utilities Commission. The major difference between the regulatory and non-regulatory approach is the exclusion of depreciation on contributed plant under the regulatory rules.

Debt Service coverage is determined by dividing income available for debt service (current net operating revenue with adjustments made for depreciation and debt service payments and, in some cases, MUSA and interest revenue) by the accrued debt service on revenue bonds for the year. Debt service coverage is an indication of a utility's ability to pay for existing debt as well as its ability to finance new debt. For a utility to issue new debt, it must satisfy a number of criteria in the bond covenants and be able to show that projected debt service coverage will be at least equal to the minimum requirement contained in its covenants. Projected debt service coverage is one of several indicators used by the utilities to determine when to file for a rate increase and the size of the increase needed.

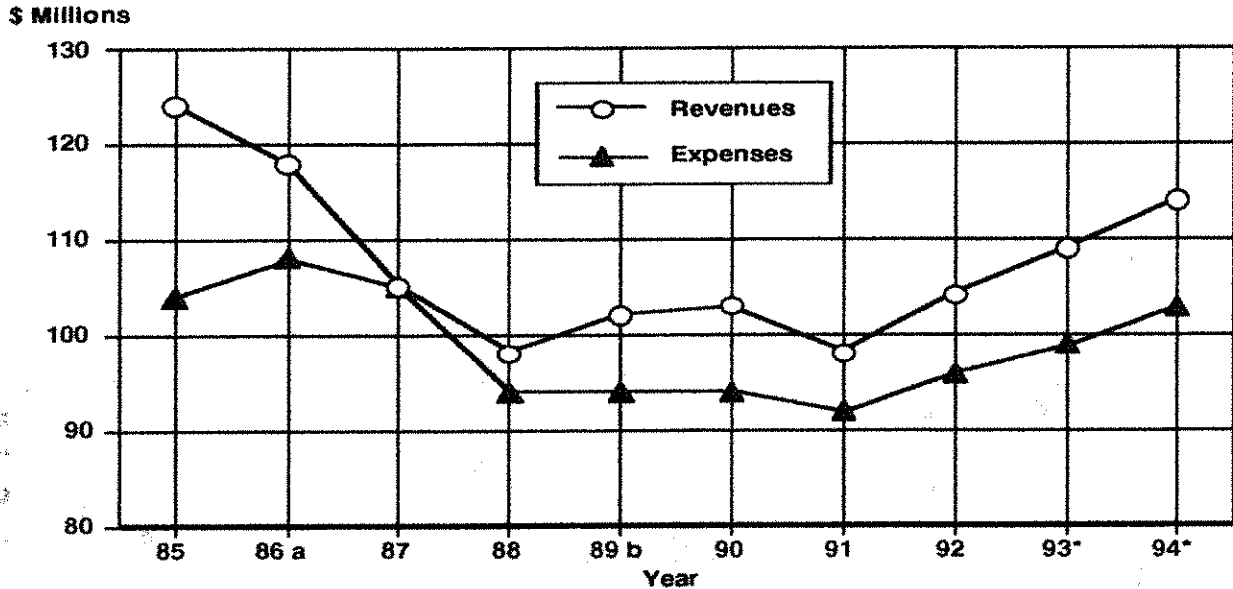
All of the utilities have met their debt coverage requirements in recent years and have been able to issue new debt to finance their growth as needed. The minimum debt service coverage requirement contained in each utility's bond covenants is included as a benchmark on each of the following graphs. No debt service coverage graphs are included for the Anchorage Wastewater Utility or Merrill Field Airport because those entities have not issued revenue bonds. A \$4.0 million Solid Waste Disposal revenue bond was sold in August 1989. The pro forma coverage ratio on this bond is estimated to be 6.35 while the bond covenant requirement is 1.25.

## ANCHORAGE TELEPHONE UTILITY

The Anchorage Telephone Utility is the largest municipally-owned local telephone operating system in the United States. The following two figures summarize ATU's revenues, expenses, and net income, 1985-1994.

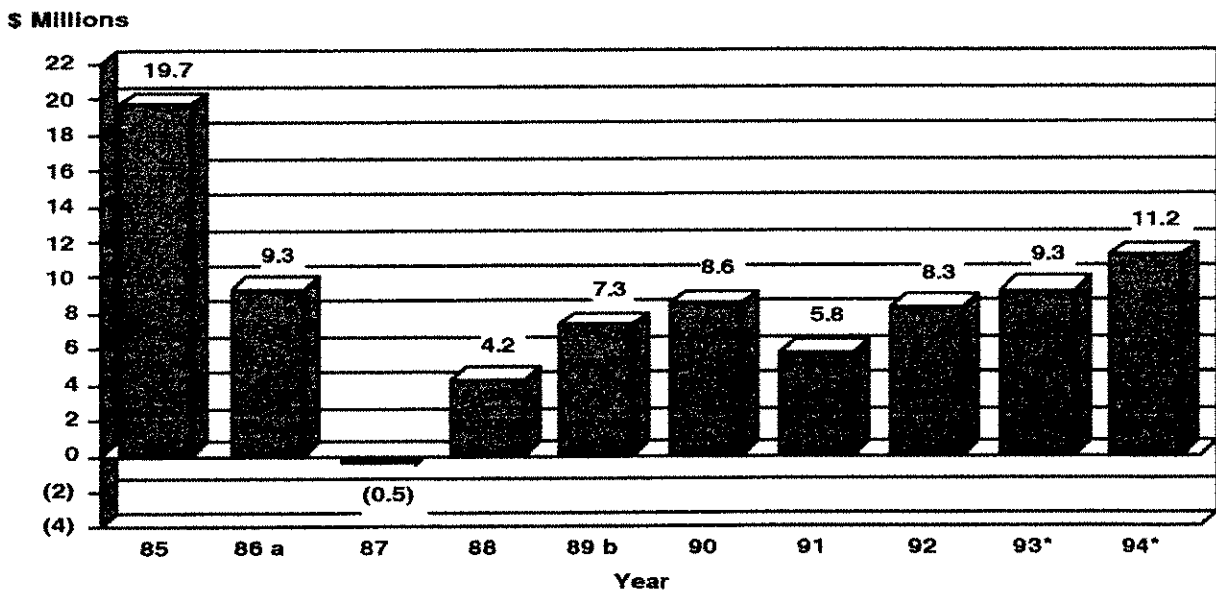
**Figure 5-5**

### Anchorage Telephone Utility Revenues and Expenses



**Figure 5-6**

### Anchorage Telephone Utility Net Income



\* Preliminary budget figures not yet approved by ATU's Board of Directors.

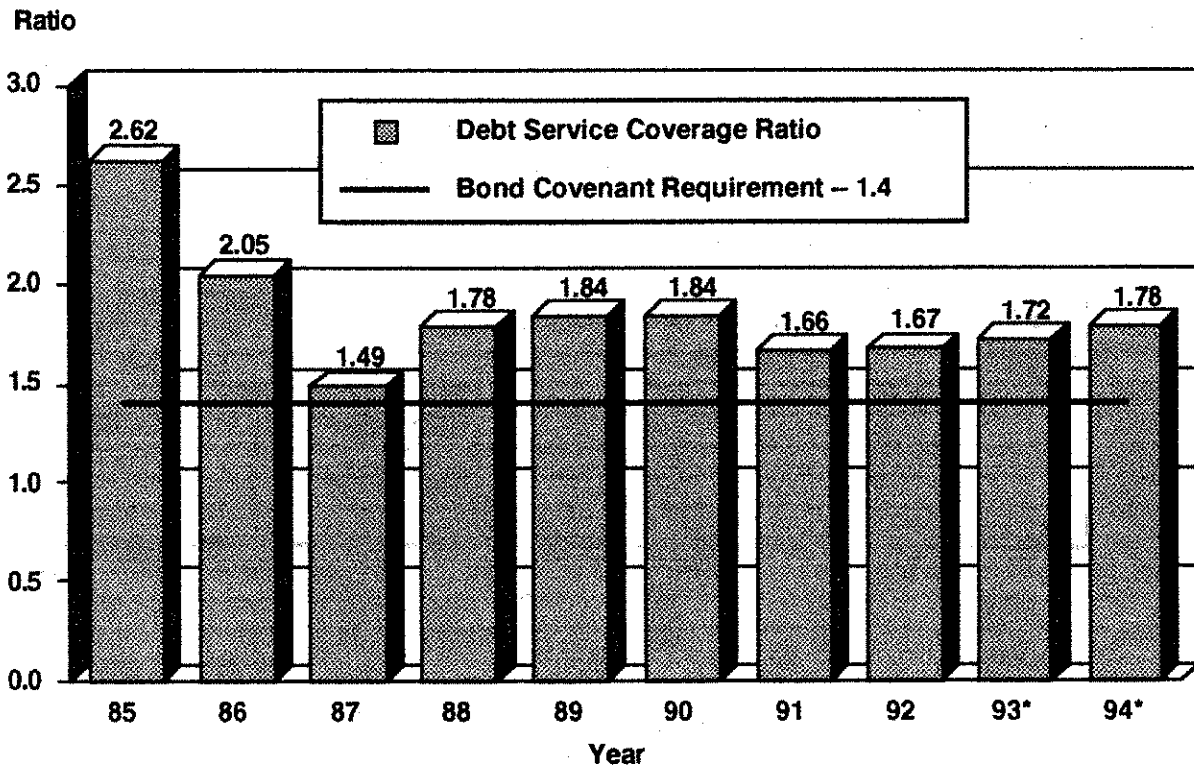
Notes a) Expenses and adjusted net income don't include refunding loss of approximately \$12 million  
 b) Prior to extraordinary and unusual item adjustments totaling a loss of \$21.7 million



As of December 31, 1992, ATU had \$140 million in revenue bonds outstanding. Current debt service payments are approximately \$24 million per year. The following figure shows the debt service coverage ratio.

**Figure 5-7**

**Anchorage Telephone Utility  
Debt Service Coverage**



\* Preliminary figures not yet approved by ATU's Board of Directors.

**Figure 5-8**

**Anchorage Telephone Utility  
Actual Employees at Year End**

<u>Year</u>	<u>Employees</u>	<u>Year</u>	<u>Employees</u>
1985	871	1990	619
1986	1047	1991	614
1987	859	1992	653
1988	760	1993*	700
1989	642		

\* ATU's estimate not yet approved by ATU's Board of Directors.

The table below provides some comparative rates.

**Figure 5-9**

**Average Telephone Rates for  
Private Line Rotary Service with Unlimited Calling,  
Subscriber Line Charges, Surcharges, and Taxes**

<u>U.S. Cities</u>	<u>Average Rate*</u>	<u>Alaska Cities</u>	<u>Average Rate*</u>
National Average	\$18.64	Anchorage, AK	\$16.27
Honolulu, HI	\$17.59	Juneau, AK	\$ 9.40
Seattle, WA	\$16.35	Eagle River, AK	\$14.15
Buffalo, NY	\$31.65		

\*These rates do not include additional charges for customer premise equipment.

**Figure 5-10**

**Anchorage Telephone Utility  
Residential Line Rate Summary  
1988 - 1993**

<u>Year</u>	<u>Average Residential Line Rate</u>
1988	\$ N/A
1989	8.60
1990	9.43
1991	9.49
1992 *	12.78
1993 *	16.27

\* The rate changes in 1992 and 1993 impacted individual customers differently because of other changes in the rate structure. There is no longer a separate charge for touch tone service -- it is now included in the base rate -- and Anchorage's 11 rate zones have been eliminated and replaced by universal base rates.

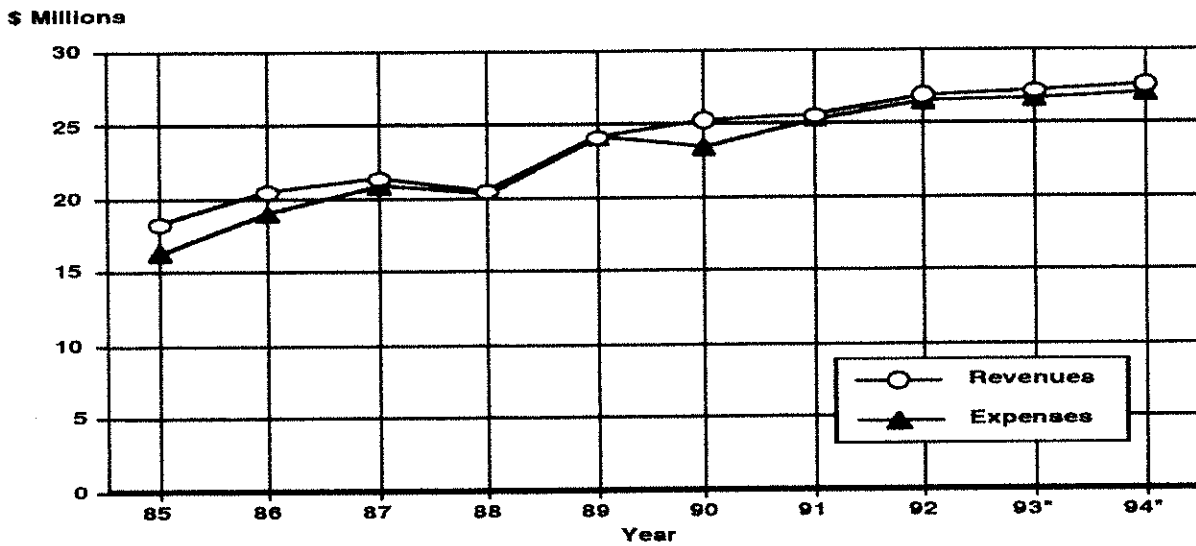
NOTE: APUC granted ATU a 53.03% permanent compounded rate increase on January 1, 1993.

## ANCHORAGE WATER AND WASTEWATER UTILITY

Figures 5-11 through 5-14 summarize revenue and expenses for water and wastewater operations.

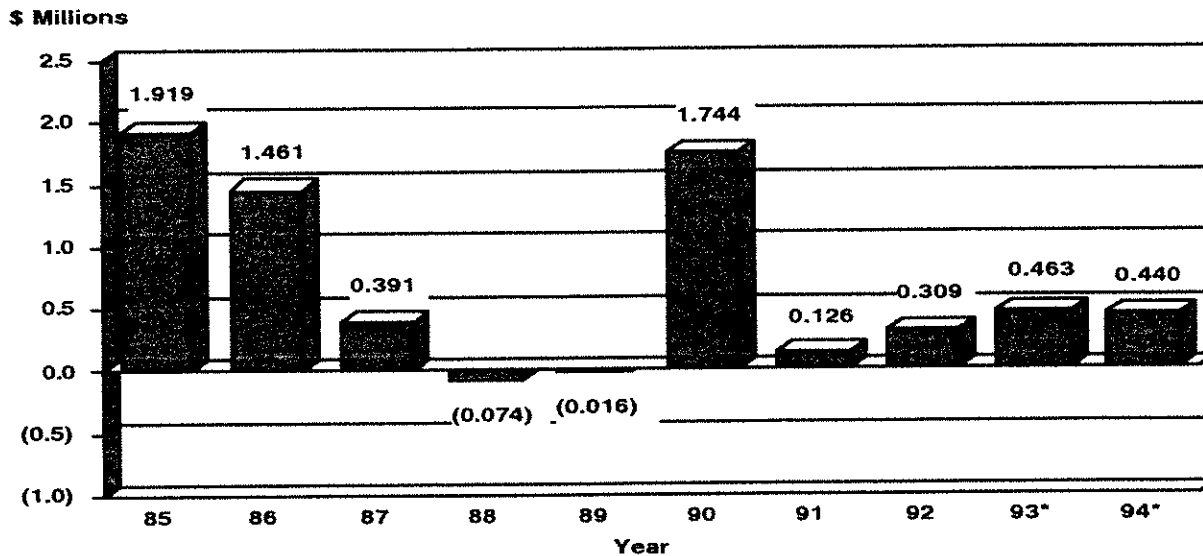
**Figure 5-11**

### Anchorage Water Utility Revenues and Expenses



**Figure 5-12**

### Anchorage Water Utility Net Income (Regulatory)



\*Estimate

Figure 5-13

Anchorage Wastewater Utility  
Revenues and Expenses

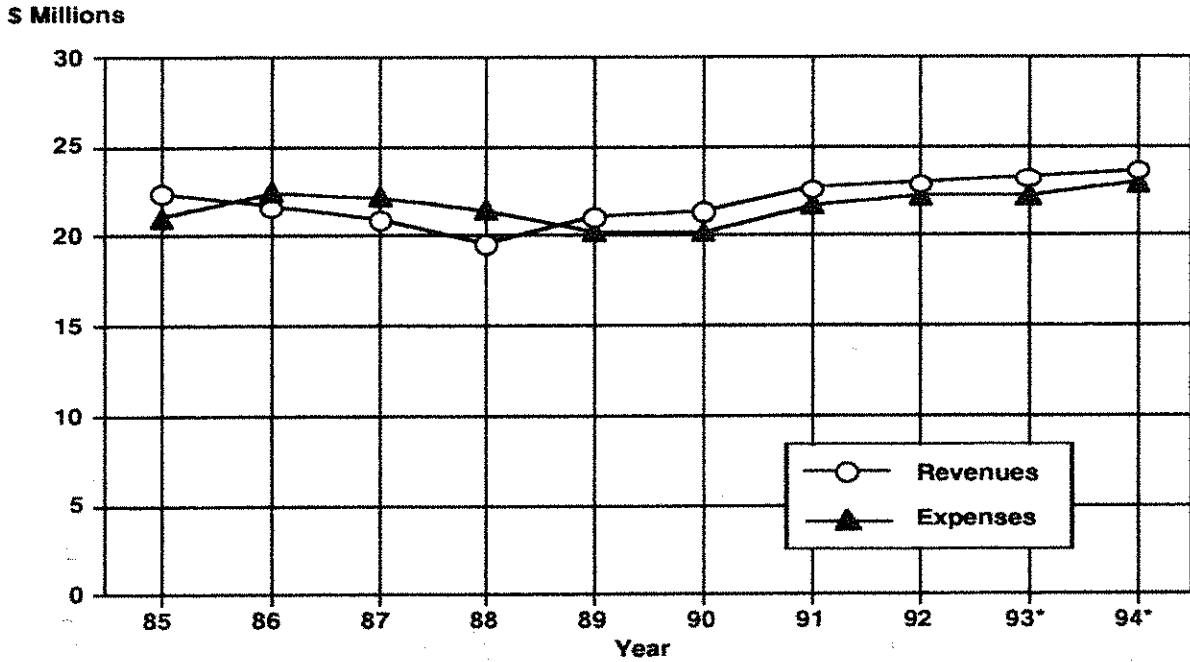
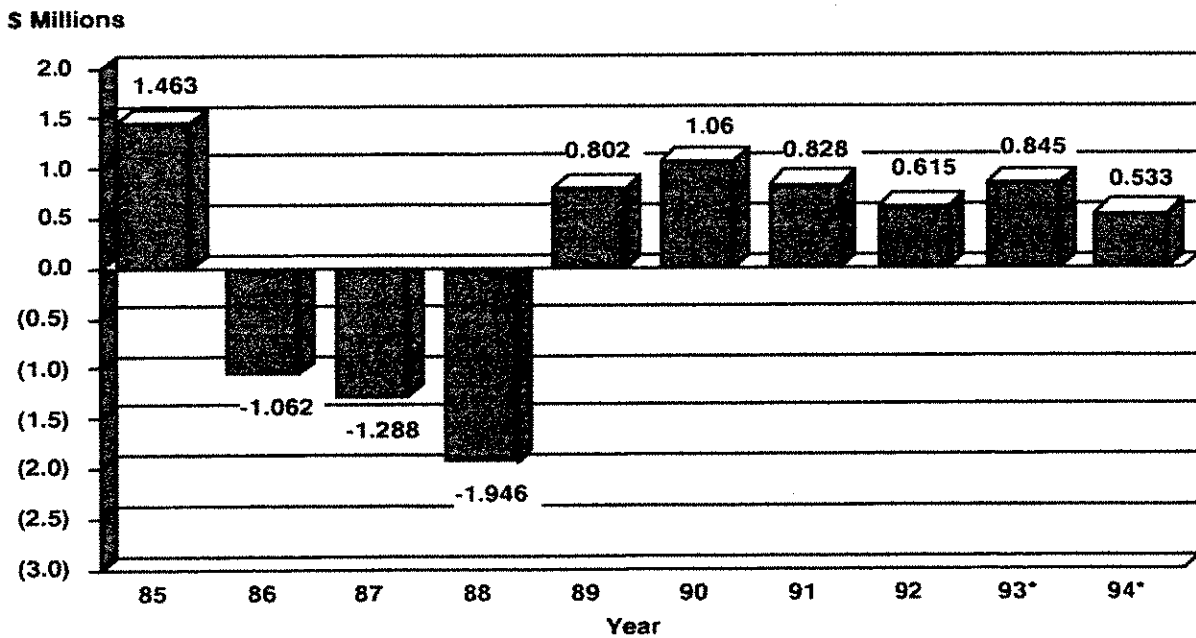


Figure 5-14

Anchorage Wastewater Utility  
Net Income (Regulatory)

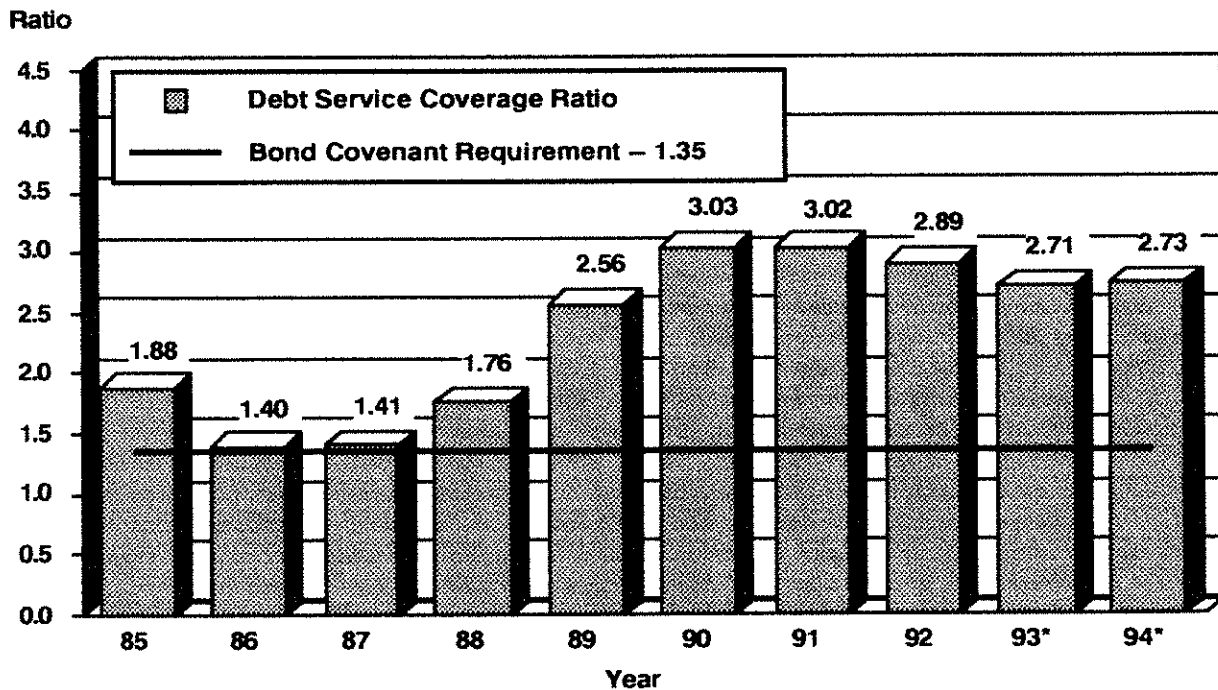


\* Estimate

As of the end of 1992, the Water Utility had approximately \$44.8 million in revenue bonds and \$61.4 million in general obligation bonds outstanding, with combined debt service payments currently averaging about \$8.6 million per year. Wastewater has approximately \$73.6 million general obligation bonds outstanding with current debt service of about \$9.5 million annually. Debt coverage ratio applies only to revenue bonds and therefore is only shown for the Water Utility.

**Figure 5-15**

**Anchorage Water Utility  
Debt Service Coverage**



\* Estimate

Figure 5-16 shows the employment history of AWWU.

**Figure 5-16**

**Anchorage Water and Wastewater Utility  
Number of Authorized Positions**

1985	299	1990	285
1986	315	1991	285
1987	330	1992	285
1988	312	1993 *	275
1989	285	1994 *	269

\* Projected.

Number of employees may be different than number of positions.

Figure 5-17 shows some comparative rates for water and wastewater services for a single family residence.

**Figure 5-17**

**Comparison of Rates for  
Water and Wastewater Services**

<u>Utility</u>		<u>Water Rate</u>	<u>Wastewater Rate</u>
Anchorage Water & Wastewater Utility Anchorage, Alaska		\$24.75	\$21.65
Norfolk Utilities Eagle River, Alaska		\$30.45	
Eklutna Utilities Eagle River, Alaska		\$34.97	
College Utilities Fairbanks, Alaska		\$54.85	\$43.91
Fairbanks Municipal Utilities Fairbanks, Alaska	Metered Flat	\$22.30 \$11.60	\$23.45 \$18.18
City/Borough of Juneau Juneau, Alaska		\$19.00	\$38.85
Barrow City		\$160.00	
North Slope Borough (Seven villages excluding Barrow)		\$140.00	

Rates as of August, 1993.

The following tables summarize the history of rate changes for both water and wastewater services.

**Figure 5-18**

**Anchorage Water and Wastewater Utility  
Rate Change Summary  
1988 - 1997**

WATER

<u>Year</u>	<u>Single Family Rate</u>	<u>Rate Change</u>
1988	\$18.25	(7%)
1989	23.35	28% (a)
1990	23.35	0%
1991	24.75	6%
1992	24.75	0%
1993	24.75	0%
1994	24.75	0%
1995	26.24	6% (b)
1996	26.24	0%
1997	26.24	0%

WASTEWATER

<u>Year</u>	<u>Single Family Rate</u>	<u>Rate Change</u>
1988	\$18.85	19% (c)
1989	18.85	0%
1990	20.15	7%
1991	21.10	5%
1992	21.65	3%
1993	21.65	0%
1994	21.65	0%
1995	22.95	6% (b)
1996	22.95	0%
1997	22.95	0%

- (a) Rate change covered addition of Eklutna Water Treatment Plant debt service plus associated depreciation.
- (b) Rate increases shown in the outyears are 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. Each utility will continue to strive to find ways to avoid projected rate increases.
- (c) Rate change due to cost-of-service study which shifted costs from commercial customers to residential customers. No overall revenue increase to the utility.

## Figure 5-19

### Anchorage Water and Wastewater Utility Financial Indicators

#### Debt to Equity Ratio (Regulatory)

<u>Year</u>	<u>Water</u>	<u>Wastewater</u>
1988	84/16	100/0
1989	85/15	99/1
1990	84/16	91/9
1991	83/17	90/10
1992	83/17	88/12
1993	83/17	87/13
1994 *	83/17	86/14
1995 *	82/18	84/16
1996 *	81/19	82/18
1997 *	81/19	80/20

\* Projected

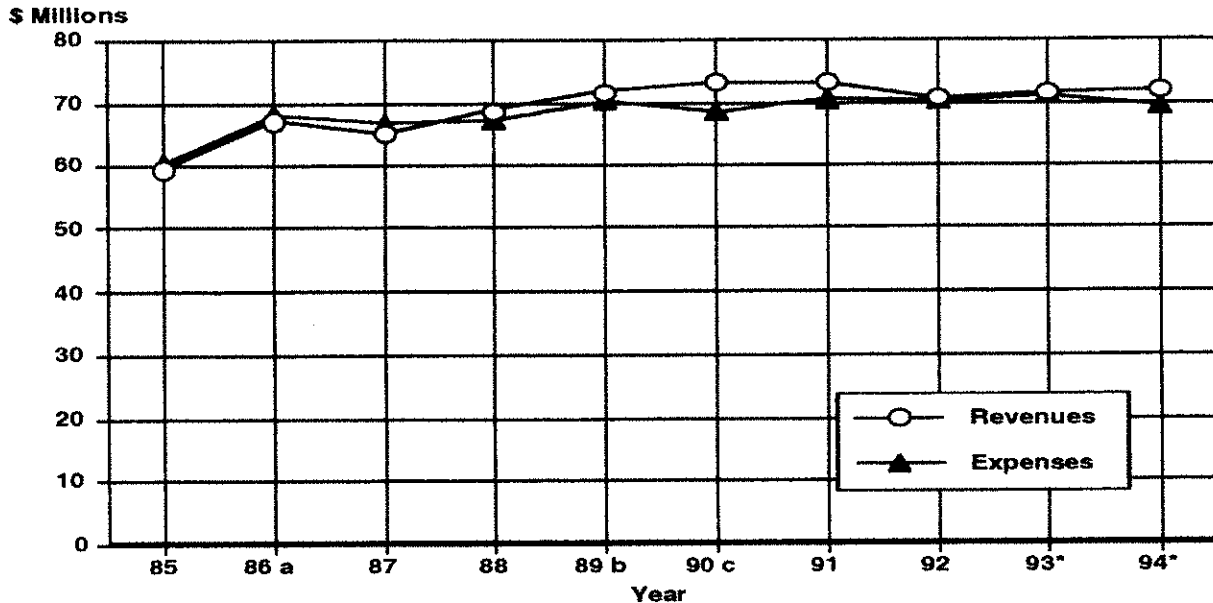


## MUNICIPAL LIGHT AND POWER

Revenues, expenses and net income for the power utility, calculated on the regulatory basis prescribed by the Alaska Public Utilities Commission, are shown below.

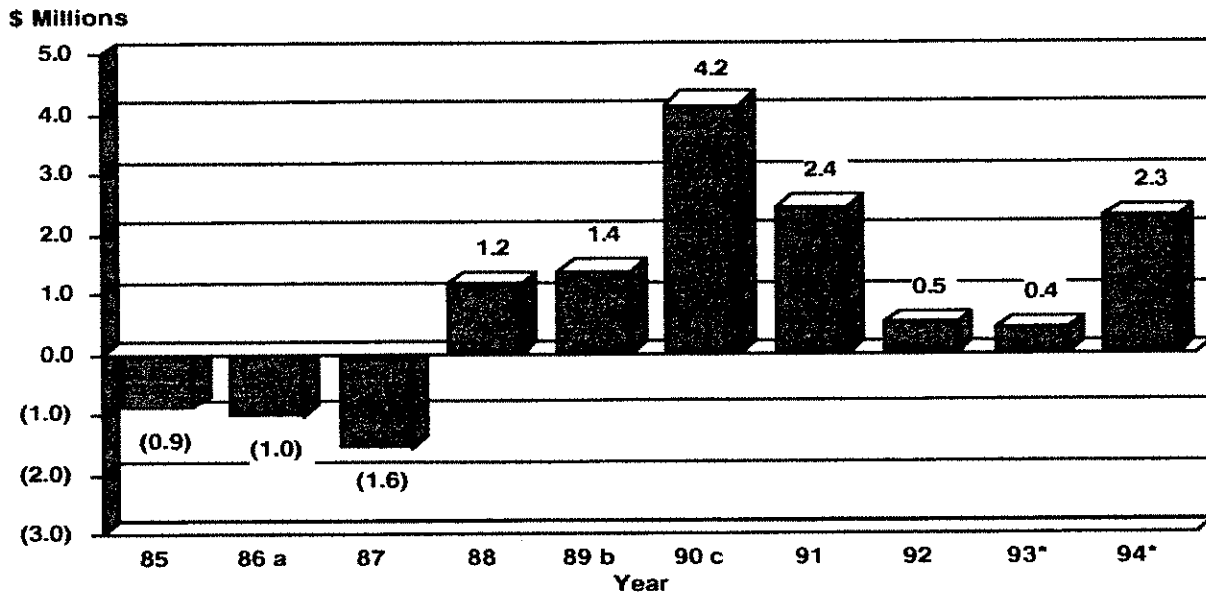
**Figure 5-20**

### Municipal Light and Power Revenues and Expenses



**Figure 5-21**

### Municipal Light and Power Net Income (Regulatory)



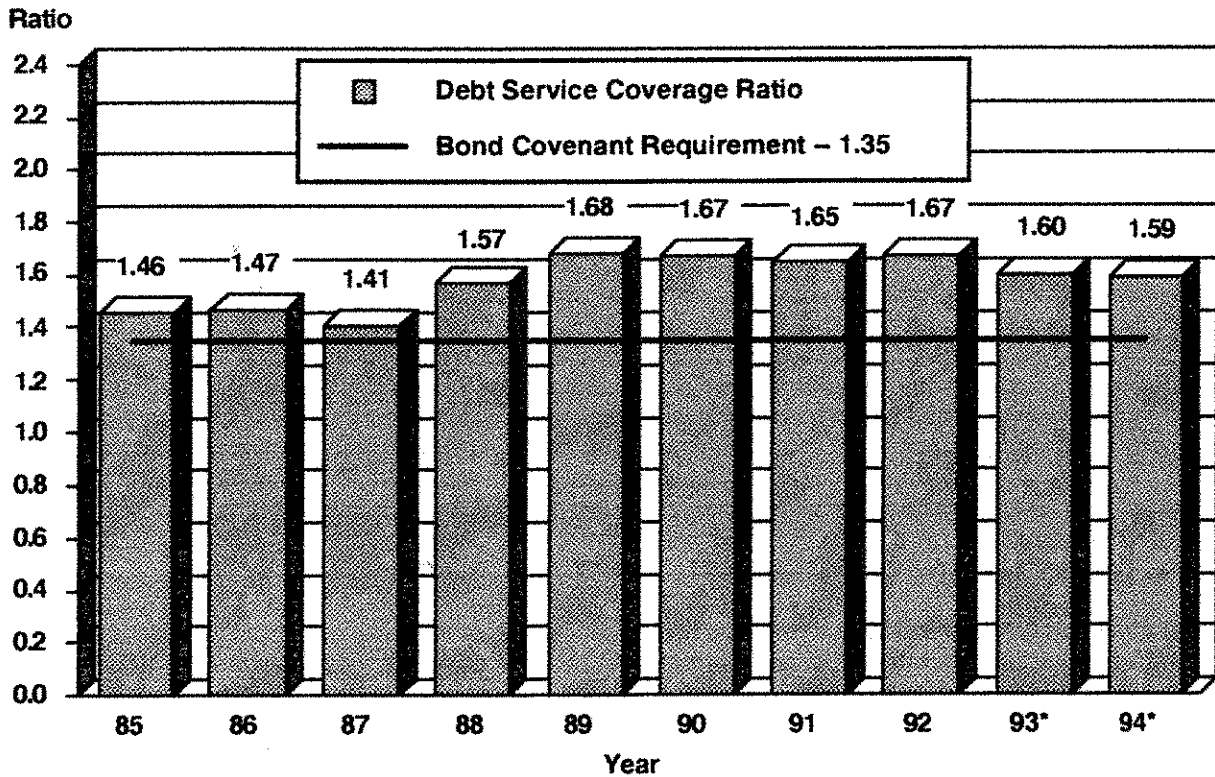
\* Estimate

- Notes
- a) 1986 expenses and adjusted net income do not include refunding loss of \$19.7 million
  - b) 1989 does not include \$2,053,997 Extraordinary Gain
  - c) 1990 does not include unusual item of \$830,088 (return of the 1.25% gross receipts portion of MUSA rebated to ML&P by the Municipality in compliance with APUC Order U.89.60)

Municipal Light and Power will have \$186.165 million in revenue bonds outstanding as of December 31, 1993. Debt service coverage is shown below.

**Figure 5-22**

**Municipal Light and Power  
Debt Service Coverage**



\* Estimate

The employment history of ML&P is shown in the following figure.

**Figure 5-23**

**Municipal Light and Power  
Number of Authorized Positions**

1985	206	1990	203
1986	213	1991	209
1987	203	1992	216
1988	194	1993 *	216
1989	198	1994 *	217

\* Projected

NOTE: Number of employees may be different than number of positions.

The following table compares ML&P typical billings to those of selected electric utilities in Alaska and elsewhere in the United States.

**Figure 5-24**

**Municipal Light and Power  
Comparison of Average Revenues and Typical Billings**

Utility	Typical Billings *			
	Residential (500 kWh)	Residential (1,000 kWh)	Commercial (3,500 kWh) (15 kW)	Commercial (10,000 kWh) (40 kW)
<b>Selected Alaska Utilities:</b>				
Municipal Light & Power	\$48.91	\$ 92.33	\$322.18	\$ 954.66
Chugach Electric Association	49.28	92.31	344.97	893.06
Homer Electric Association	65.13	117.06	372.78	1,020.52
City of Seward	58.30	101.20	394.25	1,063.75
Fairbanks Municipal Utilities	50.50	88.80	365.19	1,144.79
GVEA (Fairbanks, Alaska)	57.37	95.99	365.83	1,081.66
Matanuska Electric Association (Palmer)	59.03	108.06	330.21	882.36
<b>Selected Utilities Outside Alaska:</b>				
Consolidated Edison Co. of New York	\$75.75	\$148.74	\$757.87	\$1,578.89
Florida Power & Light Co.	39.87	76.59	269.93	696.60
Georgia Power Co.	38.15	79.87	396.11	1,000.05
Houston Lighting & Power Co.	43.82	95.58	298.70	834.10
Los Angeles Department of Water & Power	49.74	99.17	367.10	1,145.30
Portland General Electric	26.12	49.63	202.09	546.60
Sacramento Municipal Utility District	40.29	94.50	298.46	904.22

\* Compiled by ML&P staff based on rates in effect July 1, 1993.

The following table summarizes the history of rate changes since 1988 and proposed changes in the future.

**Figure 5-25**

**Municipal Light and Power  
Rate Summary  
1988 - 1997**

	<u>Energy Charge (Per kWh) *</u>	<u>Rate Change</u>	<u>Effective Date of Rate Change **</u>
1988	\$0.06218	1.68%	January 1988
1989	0.06424	0.51%	January 1989
1990	0.06424	2.86%	October 1990
1991	0.07883	1.29%	October 1991
1992	0.07994	0.41%	October 1992
1993	0.08030	0.00%	
1994	0.08134	1.30% ***	Proposed
1995	0.08134	0.00%	
1996	0.08378	3.00% ***	Proposed
1997	0.08638	3.10% ***	Proposed

\* Effective as of July 1.

\*\* For bills rendered on or after the effective date.

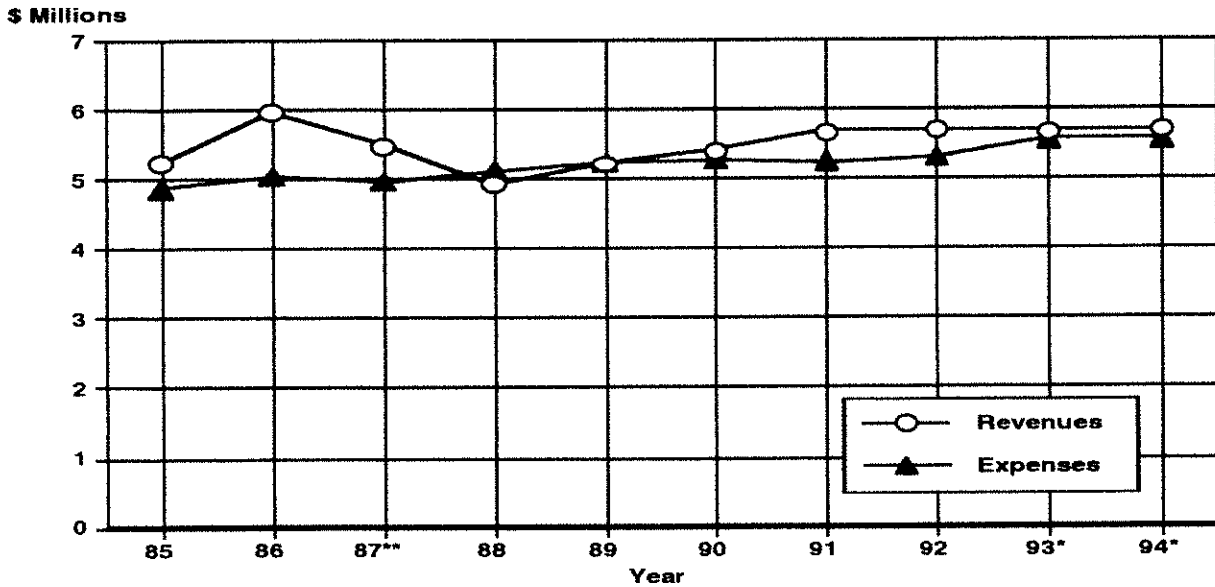
\*\*\* Rate increases shown in the outyears are for purposes of projections only and have not been approved for implementation. It is intended that they be reviewed closely each year in conjunction with establishing operating budgets. Each utility will continue to strive to find ways to avoid projected rate increases.

## SOLID WASTE SERVICES

Solid Waste Services is composed of two utilities, Refuse Collection Utility and Solid Waste Disposal Utility. The information for these utilities is presented separately below.

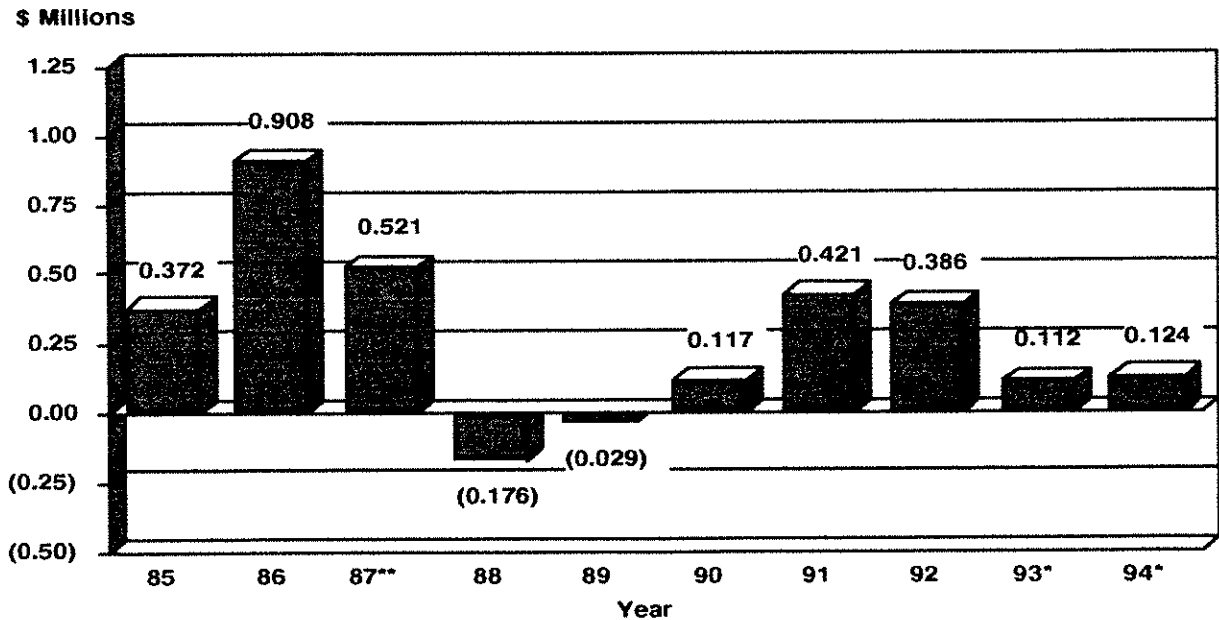
**Figure 5-26**

### Refuse Collection Utility Revenues and Expenses



**Figure 5-27**

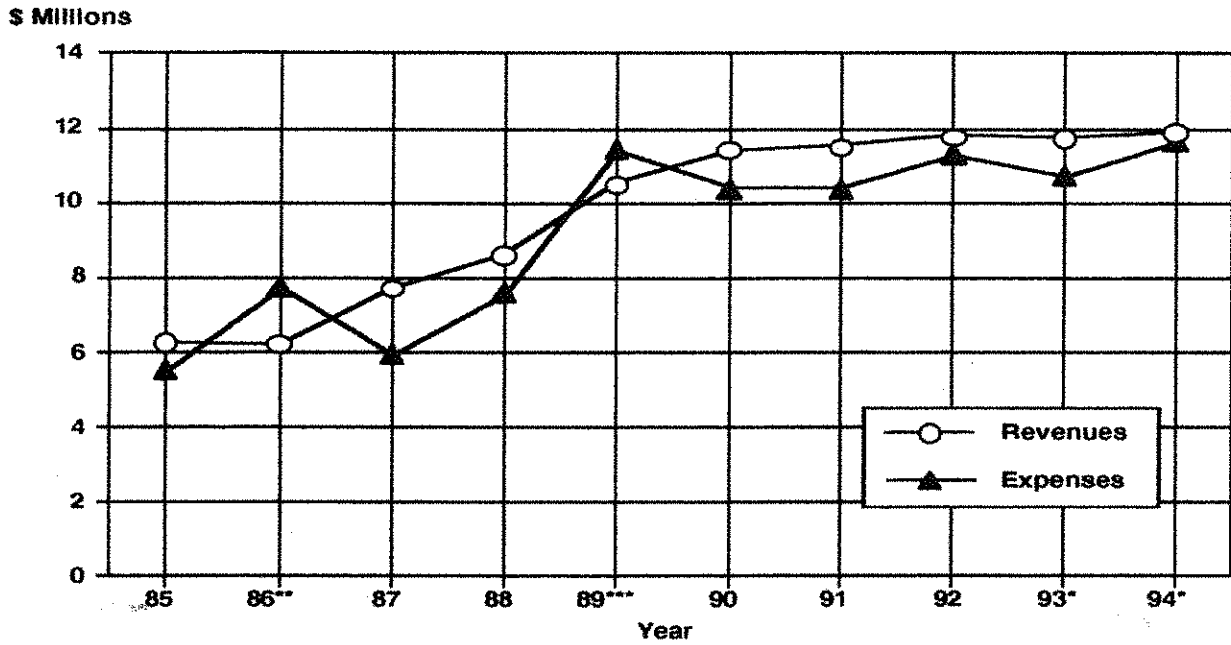
### Refuse Collection Utility Net Income (Regulatory)



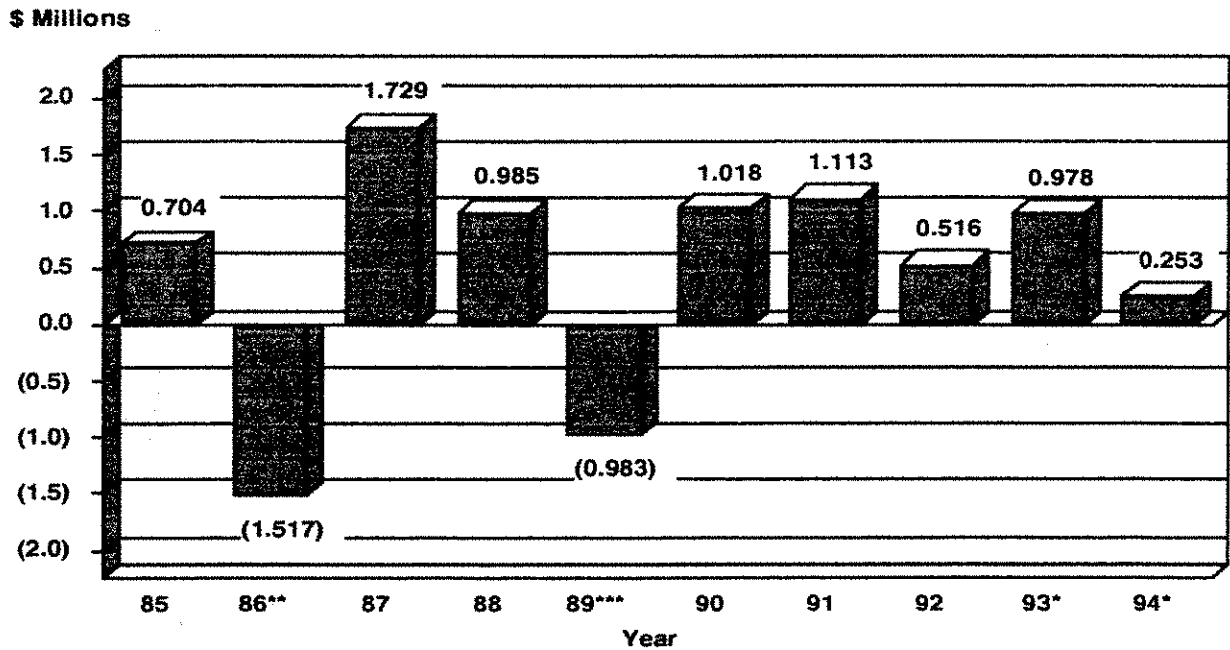
\* Estimate

\*\* 1987 expenses and net income do not include bond refunding loss of approximately \$600,000.

**Figure 5-28**  
**Solid Waste Disposal Utility**  
**Revenues and Expenses**



**Figure 5-29**  
**Solid Waste Disposal Utility**  
**Net Income (Regulatory)**

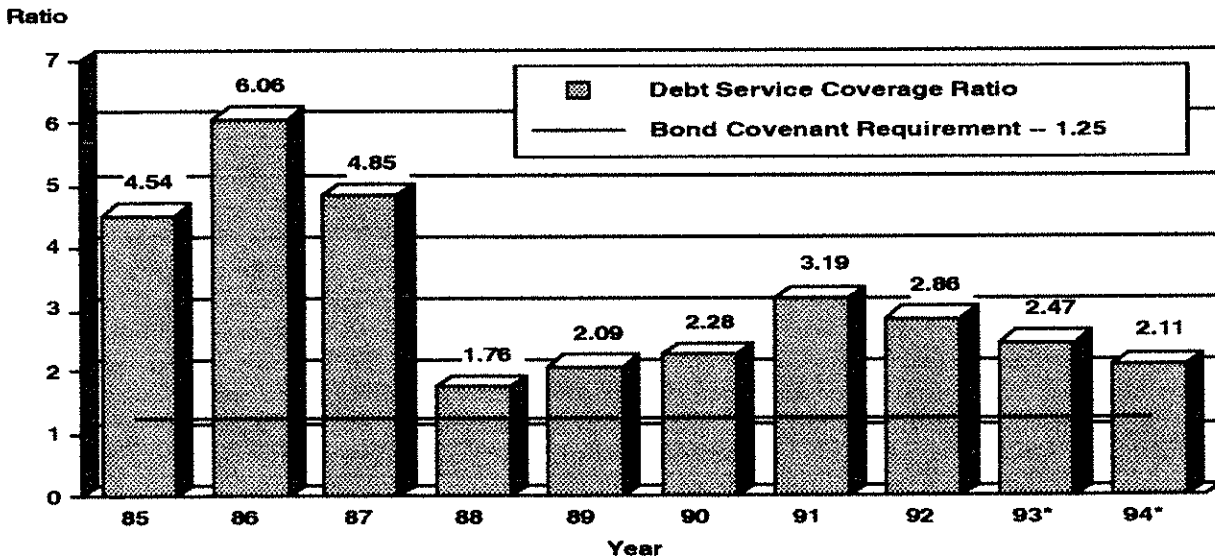


\* Estimate  
 \*\* 1986 loss due to accounting adjustment to reflect closing of shredder plant  
 \*\*\* 1989 loss includes approximately \$2,800,000 in Merrill Field landfill closure costs

As of the end of 1992 the Refuse Collection Utility had approximately \$2.975 million in revenue bonds outstanding. Debt service for the Refuse Collection Utility is currently averaging about \$355,000 per year. As of the end of 1992 the Solid Waste Disposal Utility had approximately \$3.705 million in revenue bonds and \$23.105 million in general obligation bonds outstanding, with combined debt service averaging about \$2.7 million per year. The debt service coverage is shown below. Both utilities are required to maintain a ratio of at least 1.25.

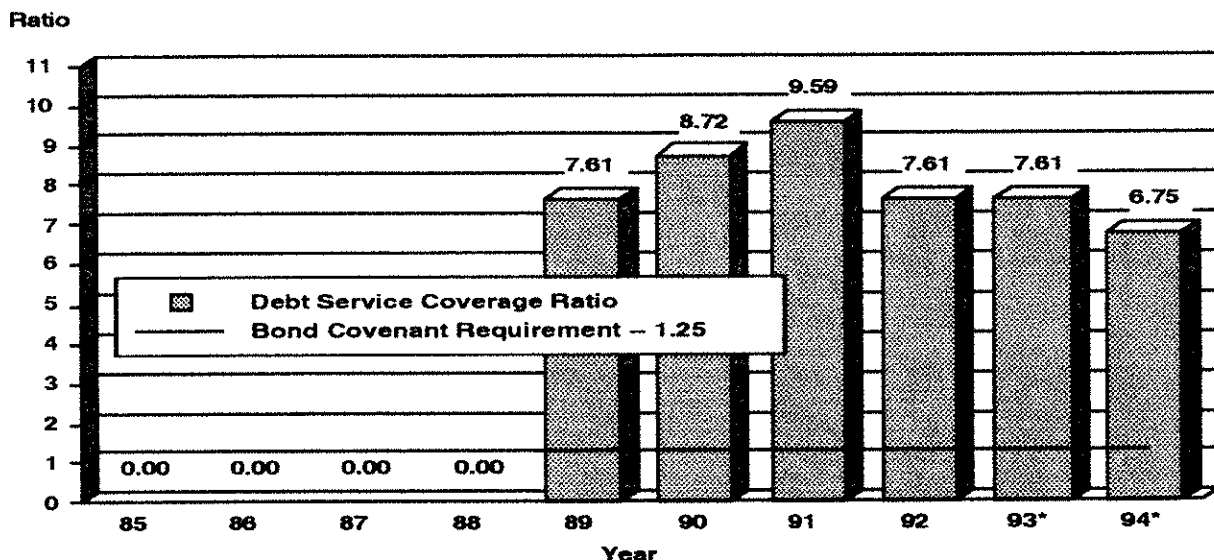
**Figure 5-30**

**Refuse Collection Utility  
Debt Service Coverage**



**Figure 5-31**

**Solid Waste Disposal Utility  
Debt Service Coverage \*\***



\* Estimate

\*\* The Solid Waste Disposal Utility did not have any revenue bonds outstanding until 1989. Thus debt service coverage for the years 1985-1988 is not applicable.

The employment history of both the Refuse Collection Utility and the Solid Waste Disposal Utility are shown below.

**Figure 5-32**

**Refuse Collection Utility  
Number of Authorized Positions**

1985	30	1990	25
1986	30	1991	25
1987	30	1992	23
1988	29	1993 *	23
1989	25	1994 *	23

**Solid Waste Disposal Utility  
Number of Authorized Positions**

1985	34	1990	40
1986	50	1991	40
1987	50	1992	40
1988	45	1993 *	42
1989	42	1994 *	42

\* Projected

Number of employees may be different than number of positions.



A few comparative rates for refuse collection in other Alaska communities are shown below.

**Figure 5-33**

**Refuse Collection Utility  
Comparative Rates**

<u>Utility</u>	<u>Approved</u>	<u>Residential Monthly</u>	<u>Commercial Monthly</u>
MOA Refuse Collection	07/31/90	\$15.00	\$ 50.50
Anchorage Refuse Inc.	05/17/93	15.15	71.94
Eagle River Refuse	05/17/93	15.97	63.79
Arrow Refuse (Juneau)	05/01/93	23.77	108.64
Peninsula Sanitation (Kenai)	08/01/93	14.59	57.76
Wasilla Refuse	09/01/93	23.17	75.31
Peninsula Sanitation (Girdwood)	06/11/91	21.37	105.82

It is difficult to make a valid comparison between the solid waste disposal rates charged in Anchorage and those charged in other Alaska communities. The type of disposal facility (landfill or waste to energy), the location of the landfill relative to population centers and the use of transfer facilities all complicate the comparison. In addition, some communities fund their disposal facilities fully or in part with tax dollars. There are currently no disposal systems in Alaska that are comparable to the Anchorage system. King County and the City of Seattle, Washington, have systems similar to Anchorage. A comparison of rates is shown below.

**Figure 5-34**

**Solid Waste Disposal Utility  
Comparative Rates**

<u>Utility</u>	<u>Cars</u>	<u>Pickups</u>	<u>Commercial</u>
MOA Solid Waste Disposal	\$5.00 fixed	\$10.00 fixed (1)	\$45.00/ton
King County, Washington	\$10.75 minimum	\$10.75 fixed (2)	\$71.77/ton
City of Seattle, WA	\$7.00 fixed	\$13.50 fixed (3)	\$83.00/ton

- (1) For up to 1,000 pounds
- (2) For up to 280 pounds
- (3) For up to 320 pounds

The rate histories of both the Refuse Collection Utility and the Solid Waste Disposal Utility are shown below.

**Figure 5-35**

**Solid Waste Services  
Rate History  
1988 - 1997**

**Refuse Collection Utility**

	<u>Residential</u>		<u>Commercial</u>	
	<u>Effective Rate</u>	<u>Rate Change</u>	<u>Effective Rate</u>	<u>Rate Change</u>
1988	\$13.60	---	\$43.30	---
1989	14.30	5.15%	45.50	5.08%
1990	15.00	4.90%	50.50	10.99%
1991	15.00	---	50.50	---
1992	15.00	---	50.50	---
1993	15.00	---	50.50	---
1994 *	15.00	---	50.50	---
1995 *	15.00	---	50.50	---
1996 *	15.00	---	50.50	---
1997 *	15.00	---	50.50	---

**Solid Waste Disposal Utility**

	<u>Effective Rate</u>	<u>Rate Change</u>
1988	\$39.00	15.38%
1989	45.00	---
1990	45.00	---
1991	45.00	---
1992	45.00	---
1993	45.00	---
1994 *	45.00	---
1995 *	48.15	7.00% **
1996 *	48.15	---
1997 *	48.15	---

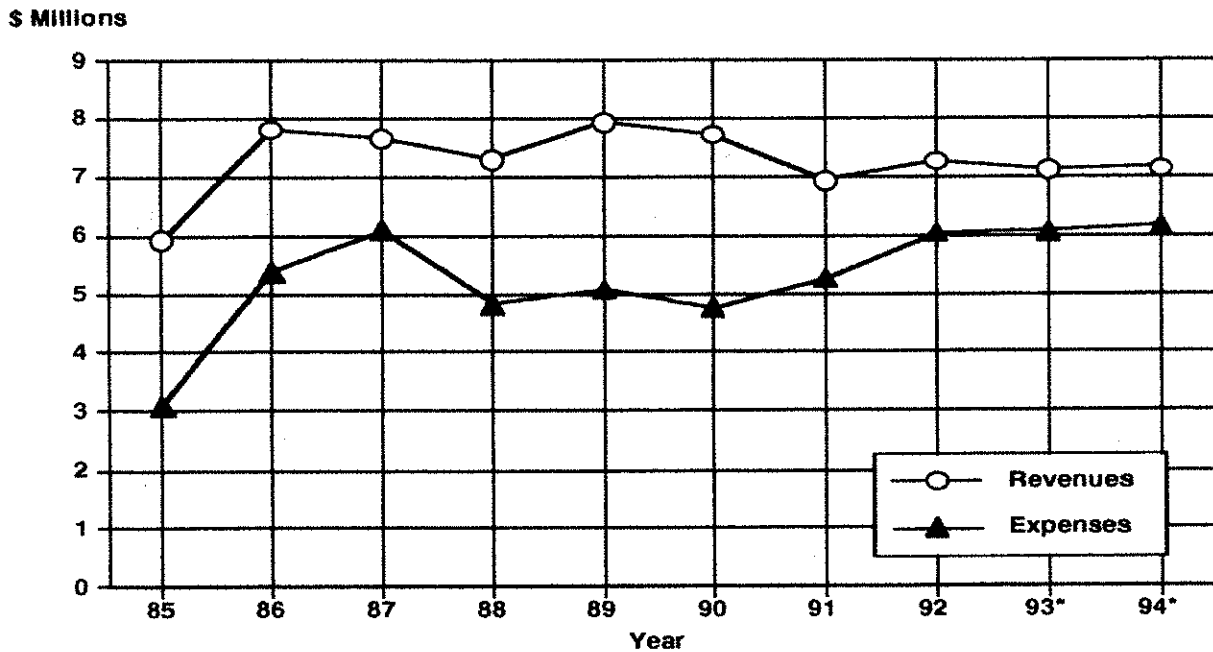
\* Projected

\*\* Rate increases shown in the outyears are 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. Each utility will continue to strive to find ways to avoid projected rate increases.

**PORT OF ANCHORAGE**

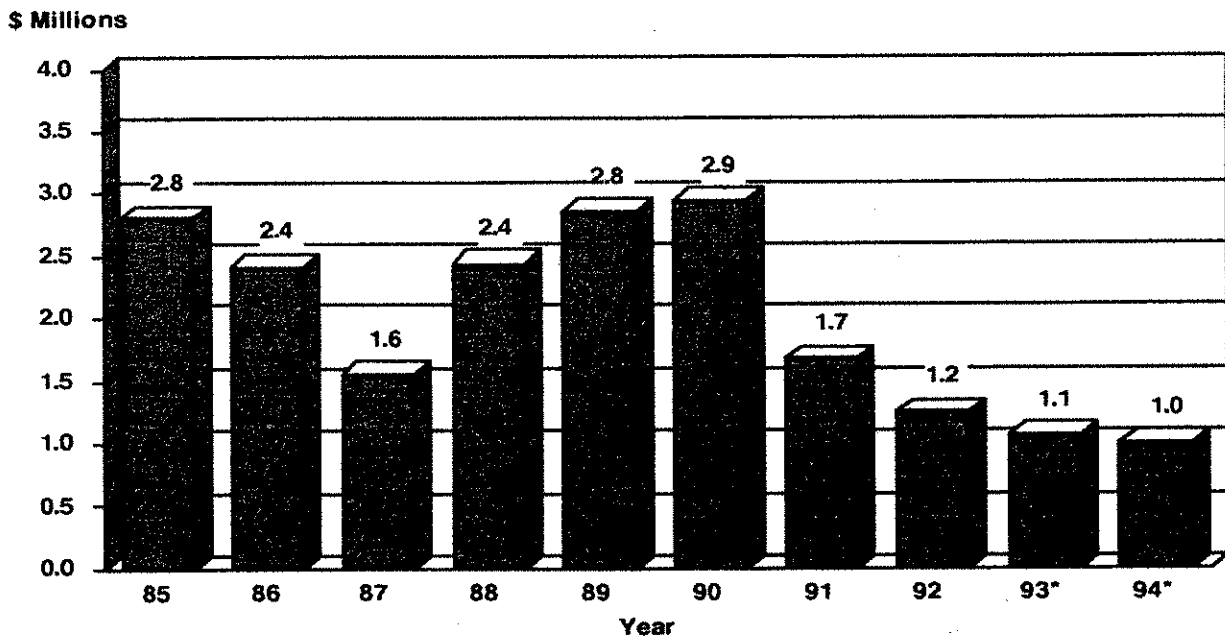
**Figure 5-36**

**Port of Anchorage  
Revenues and Expenses \*\***



**Figure 5-37**

**Port of Anchorage  
Net Income \*\***

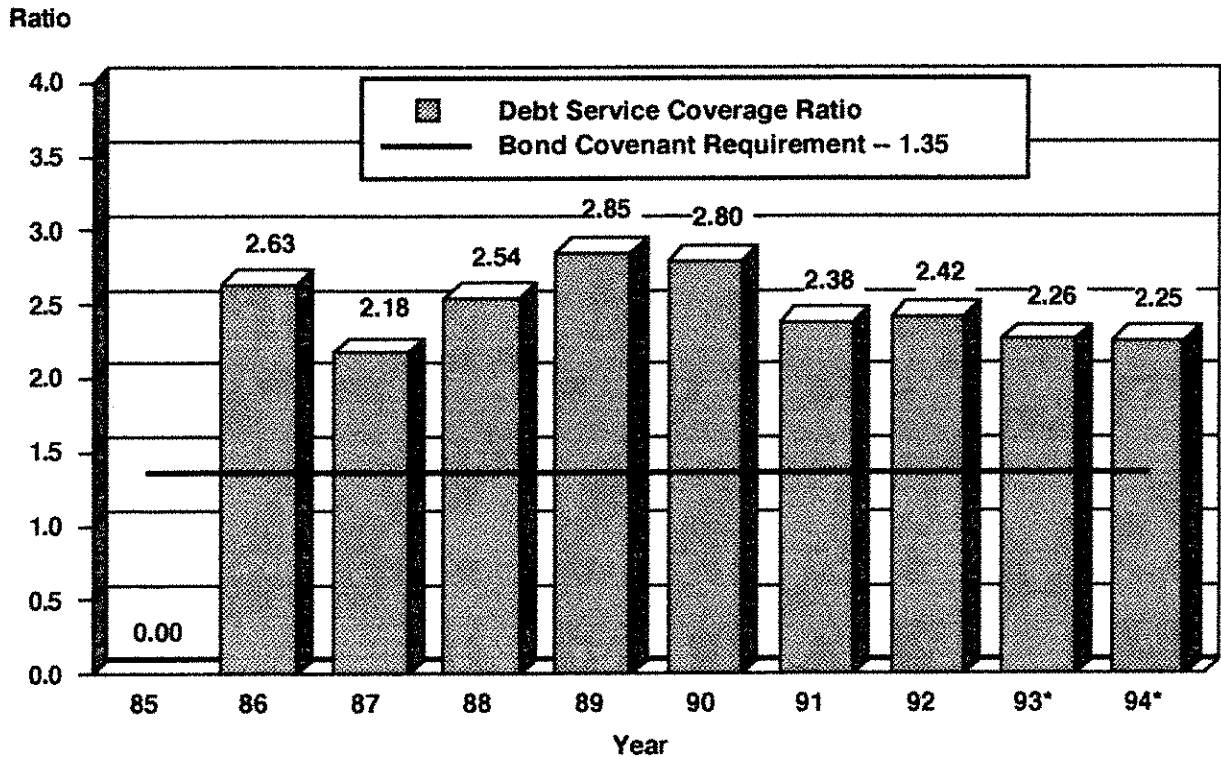


\* Estimate

\*\* Computed using methodology applied to regulated utilities.

As of December 31, 1992, the Port had \$2.8 million in general obligation bonds and \$15.1 million in revenue bonds outstanding. Combined debt service is currently about \$3.0 million per year. The coverage ratio for the revenue bond portion (approximately \$1.9 million in 1993) is shown below.

**Figure 5-38**  
**Port of Anchorage**  
**Debt Service Coverage \*\***



\* Estimate

\*\* No Port Revenue Bonds outstanding prior to December, 1985.

**Figure 5-39**  
**Port of Anchorage**  
**Number of Authorized Positions**

1985	17	1990	21
1986	18	1991	21
1987	19	1992	21
1988	19	1993 *	21
1989	21	1994 *	21

\* Projected

Number of employees may be different than number of positions.

A summary of rate changes is shown below.

**Figure 5-40**

**Port of Anchorage  
 Preferential Usage Agreement Rates  
 Percent of Increase  
 1988 - 1997**

<u>Revenue Category</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>	<u>1996</u>	<u>1997</u>
Preferential Usage Agreement Rate Changes	0%	0%	0%	(6%) *	0%	0%	0%	0%	15.0%**	0%

\* Decrease in Preferential Usage Agreement rates was somewhat offset by increased revenues from Port Industrial Park leases of the PUA customers.

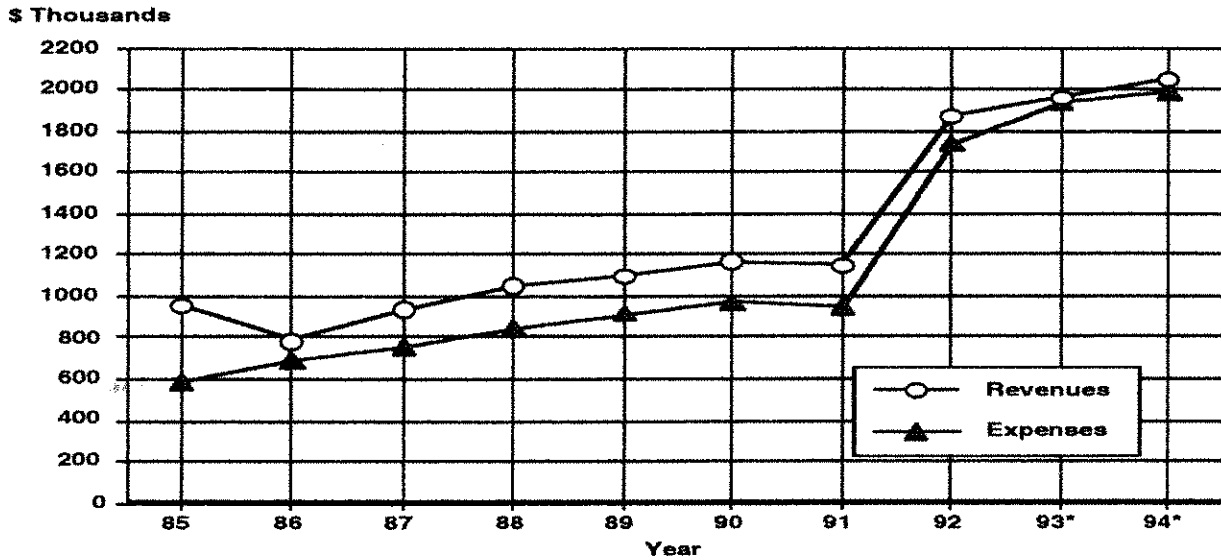
\*\* Rate increases shown in the outyears are for purposes of projections only and have not been approved for implementation. It is intended that they be reviewed closely each year in conjunction with establishing operating budgets. Each utility will continue to strive to find ways to avoid projected rate increases.

**MERRILL FIELD AIRPORT**

Figures 5-41 and 5-42 summarize the airport's income picture, calculated on the regulatory basis.

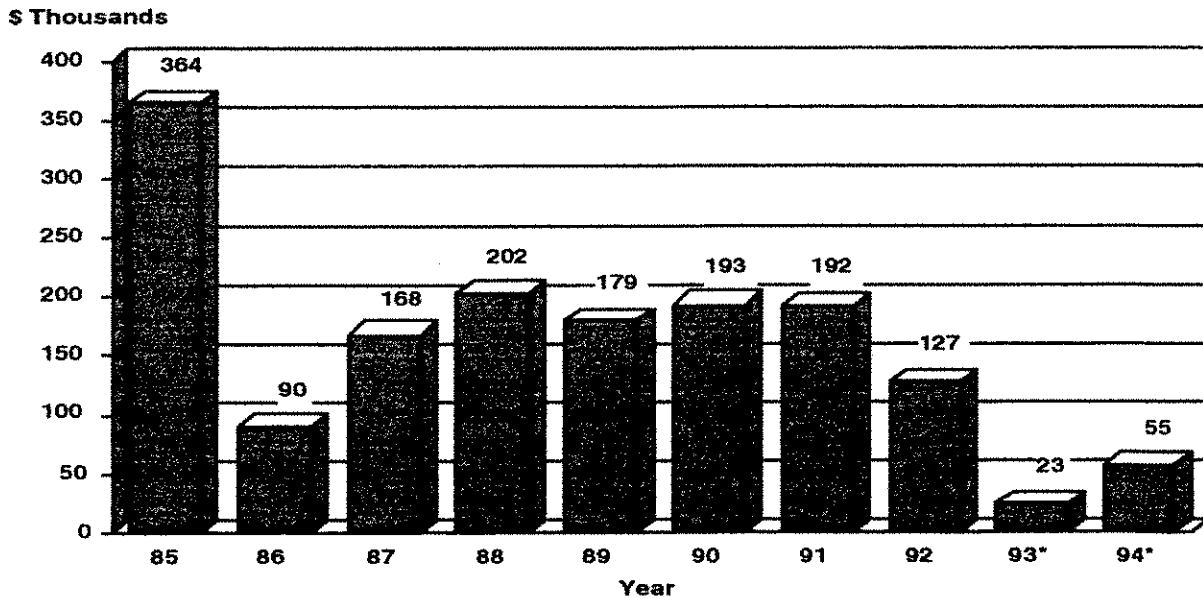
**Figure 5-41**

**Merrill Field Airport  
Revenues and Expenses \*\***



**Figure 5-42**

**Merrill Field Airport  
Net Income \*\***



\* Estimate

\*\* Computed using methodology applied to regulated utilities.

**Figure 5-43**

**Merrill Field Airport  
Number of Authorized Positions**

1985	15	1990	14
1986	15	1991	14
1987	14	1992	15
1988	15	1993 *	15
1989	15	1994 *	15

\* Projected  
Number of employees may be different than  
number of positions.

At the end of 1992, the Airport had no outstanding indebtedness.

The table below summarizes rate changes at Merrill Field.

**Table 5-44**

**Merrill Field -- Summary of Rate Changes  
Percent of Increase  
1988 - 1997**

<u>Revenue Category</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>	<u>1996</u>	<u>1997</u>
Lease/Access Fees	---	---	7.1 *	---	---	---	---	3.3 ***	3.2 ***	3.1 ***
Permanent Parking **	---	---	---	---	---	---	---	11.3 ***	---	---

- \* The 1990 rate increase represents a \$0.01 per square foot increase per year.
- \*\* 1995 projected rate increase represents an additional \$5 per month for both tail-in space and drive-thru space.
- \*\*\* Rate increases shown in the outyears are 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. Each utility will continue to strive to find ways to avoid projected rate increases.