# *V. PUBLIC UTILITIES PROFILE*

The Municipality of Anchorage owns and operates seven Public Utilities -- 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 1995 Public Utilities Operating and Capital Budgets document. The eighth Public Utility 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 Public Utilities ---- 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 1995 budgets. Charges to utilities equal a net amount of $8.7 million which is approximately 58% of the total of $14.9 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 partial 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)

| | ATU | ML&P | Water | Waste-Water | Disposal | Refuse | Port | Merrill Field |
|---|---|---|---|---|---|---|---|---|
| Actual | | | | | | | | |
| 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 | 5,840 | 1,670 | 1,351 | 1,324 | 355 | 323 | 293 | 88 |
| 1994 * | 4,436 | 1,572 | 1,136 | 1,036 | 243 | 235 | 230 | 88 |
| TOTAL | $44,116 | $10,291 | $7,319 | $8,261 | $1,905 | $1,554 | $1,749 | $505 |
| Projected | | | | | | | | |
| 1995 | $ 3,395 | $ 1,755 | $1,473 | $1,391 | $ 365 | $ 322 | $ 227 | $ 91 |
| 1996 | 1,330 | 1,967 | 1,742 | 1,667 | 412 | 366 | 257 | 103 |
| 1997 | 1,397 | 2,065 | 1,829 | 1,750 | 433 | 384 | 270 | 108 |
| 1998 | 1,466 | 2,169 | 1,921 | 1,838 | 454 | 404 | 283 | 114 |
| 1999 | 1,540 | 2,277 | 2,017 | 1,930 | 477 | 424 | 298 | 119 |
| 2000 | 1,617 | 2,391 | 2,117 | 2,026 | 501 | 445 | 312 | 125 |

* Budget as of August, 1994.

## 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 exempted by Municipal Code 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 1994
## (Including MUSA Paid to Anchorage School District)
## ($ Thousands)

| Year | ATU | ML&P | Water | Wastewater | Refuse Collections | Solid Waste Disposal | Total |
|---|---|---|---|---|---|---|---|
| 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 | 4,026 | 1,705 | 1,273 | 894 | 48 | 405 | 8,351 |
| 1994 | 4,426 | 1,881 | 1,419 | 1,110 | 53 | 467 | 9,356 |
| TOTAL | $45,798 | $19,874 | $18,977 | $12,439 | $477 | $2,558 | $100,123 |

## MUSA Projected 1995 Through 2000
## ($ Thousands)

| Year | ATU | ML&P | Water | Wastewater | Refuse Collections | Solid Waste Disposal | Total |
|---|---|---|---|---|---|---|---|
| 1995 | $ 4,678 | $ 2,161 | $ 1,417 | $ 1,162 | $ 55 | $ 337 | $ 9,810 |
| 1996 | 4,992 | 2,379 | 1,460 | 1,197 | 57 | 349 | 10,434 |
| 1997 | 5,475 | 2,471 | 1,504 | 1,233 | 60 | 363 | 11,106 |
| 1998 | 5,796 | 2,566 | 1,549 | 1,270 | 62 | 376 | 11,619 |
| 1999 | 6,069 | 2,663 | 1,595 | 1,308 | 64 | 391 | 12,090 |
| 2000 | 6,371 | 2,765 | 1,643 | 1,347 | 67 | 405 | 12,598 |

## 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)

| Year | ATU | ML&P | Water | Total |
|---|---|---|---|---|
| 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 | 1,570 | ---- | ---- | 1,570 |
| TOTAL | $11,674 | $2,374 | $958 | $15,006 |

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 - 1995

| | Anchorage Telephone Utility | Port of Anchorage |
|---|---|---|
| 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 | 4,000,000 | 178,500 |
| 1995 | 5,500,000 * | 358,000 ** |

* Amount proposed by Administration
** 1995 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 by general government.

## 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 1995 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.

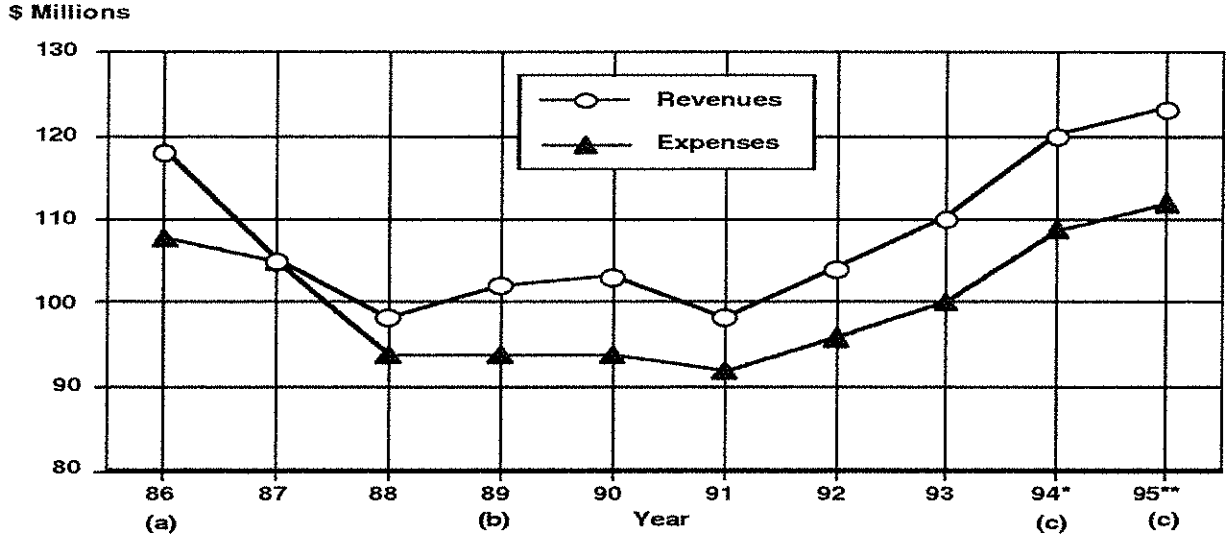
All of the utilities have met their debt coverage requirements in recent years and many have issued new debt to finance their growth. The minimum debt service coverage requirement contained in each utility's bond covenants is included as a benchmark on each of the following graphs. No debt service coverage graphs are included for the Anchorage Wastewater Utility or Merrill Field Airport because those entities have not issued revenue bonds.

## *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, 1986-1995.

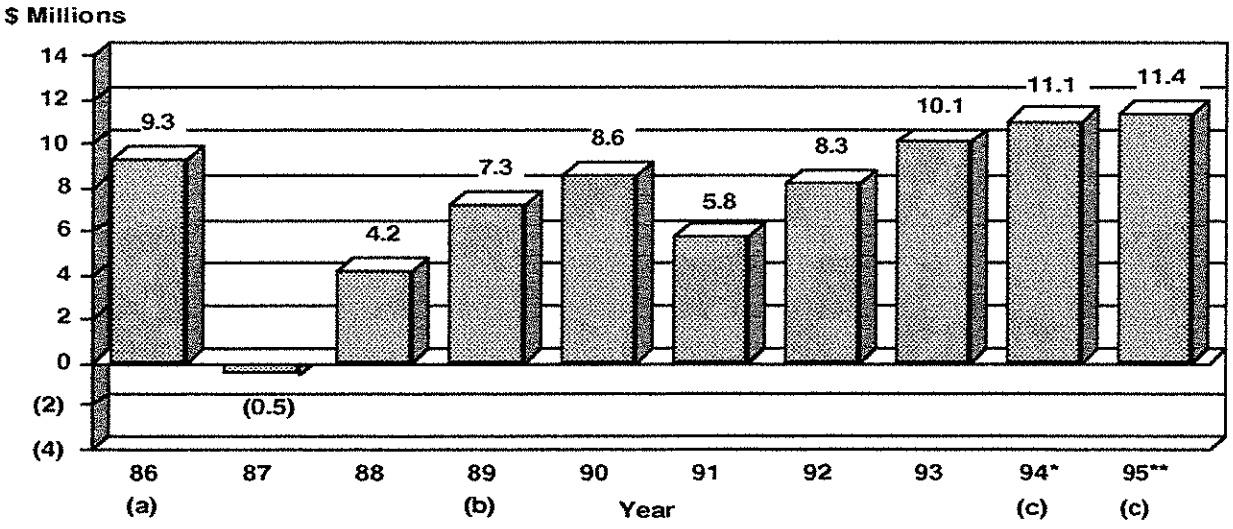
### Figure 5-5

### Anchorage Telephone Utility
### Revenues and Expenses




### Figure 5-6

### Anchorage Telephone Utility
### Net Income




* Estimate

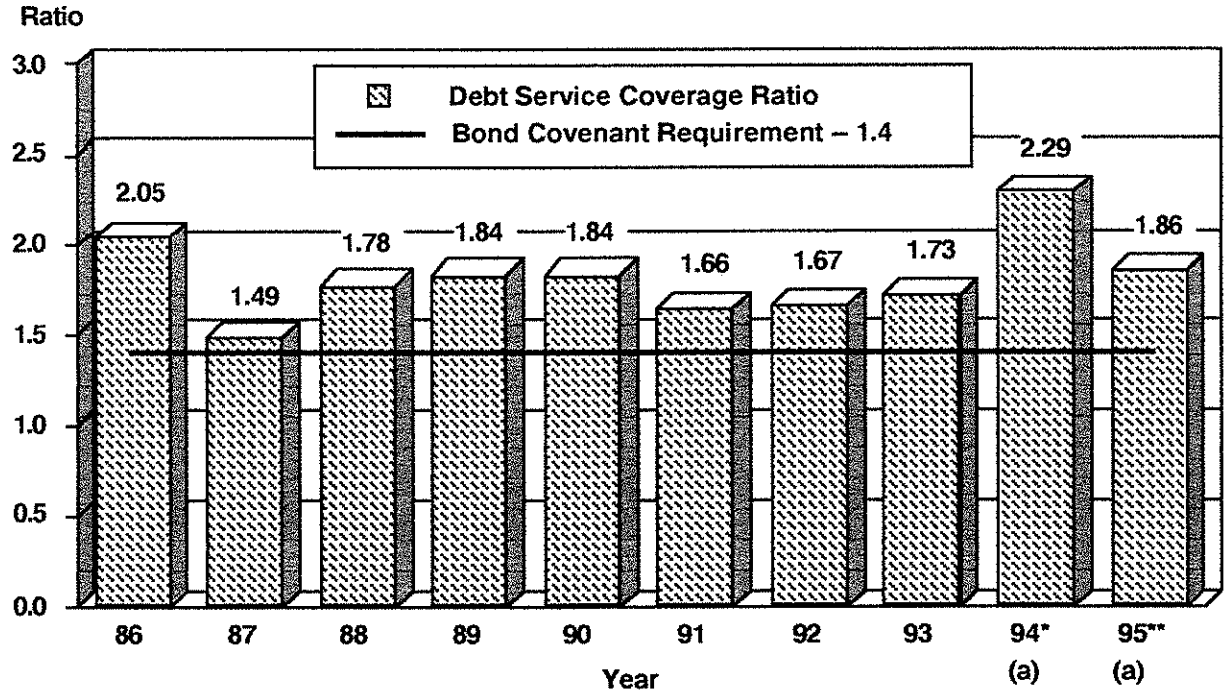
** Preliminary budget figures not yet approved by ATU's Board of Directors.

Notes a) Expenses and adjusted net income do not include refunding loss of approximately $12 million
b) Prior to extraordinary and unusual item adjustments totaling a loss of $21.7 million
c) All financial information presented for 1994 and 1995 includes MACtel Cellular System revenues and expenses.

As of December 31, 1993, ATU had $144 million in revenue bonds outstanding. Current debt service payments are approximately $20 million per year. The following figure shows the debt service coverage ratio.

## Figure 5-7

## Anchorage Telephone Utility
## Debt Service Coverage




* Estimate

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

NOTE: All financial information presented for 1994 and 1995 includes MACtel Cellular System revenues and expenses.

## Figure 5-8

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

| Year | Employees | Year | Employees |
|---|---|---|---|
| 1986 | 1,047 | 1991 | 614 |
| 1987 | 859 | 1992 | 653 |
| 1988 | 760 | 1993 | 696 |
| 1989 | 642 | 1994 * | 731 |
| 1990 | 619 | 1995 ** | 709 |

* As of July 24, 1994 (per Employee Relations).

** 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.S. Cities | Average Rate* | Alaska Cities | Average Rate* |
|---|---|---|---|
| National Average | $19.86 | Anchorage, AK | $14.40 |
| Honolulu, HI | $17.59 | Juneau, AK | $14.49 |
| Seattle, WA | $17.24 | Eagle River, AK | $18.65 |
| Buffalo, NY | $31.34 | | |

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

## Figure 5-10

## Anchorage Telephone Utility Residential Line Rate Summary 1988 - 1994

| Year | Average Residential Line Rate |
|---|---|
| 1988 | $ N/A |
| 1989 | 8.60 |
| 1990 | 9.43 |
| 1991 | 9.49 |
| 1992 * | 12.78 |
| 1993 * | 16.27 |
| 1994 | 14.40 |

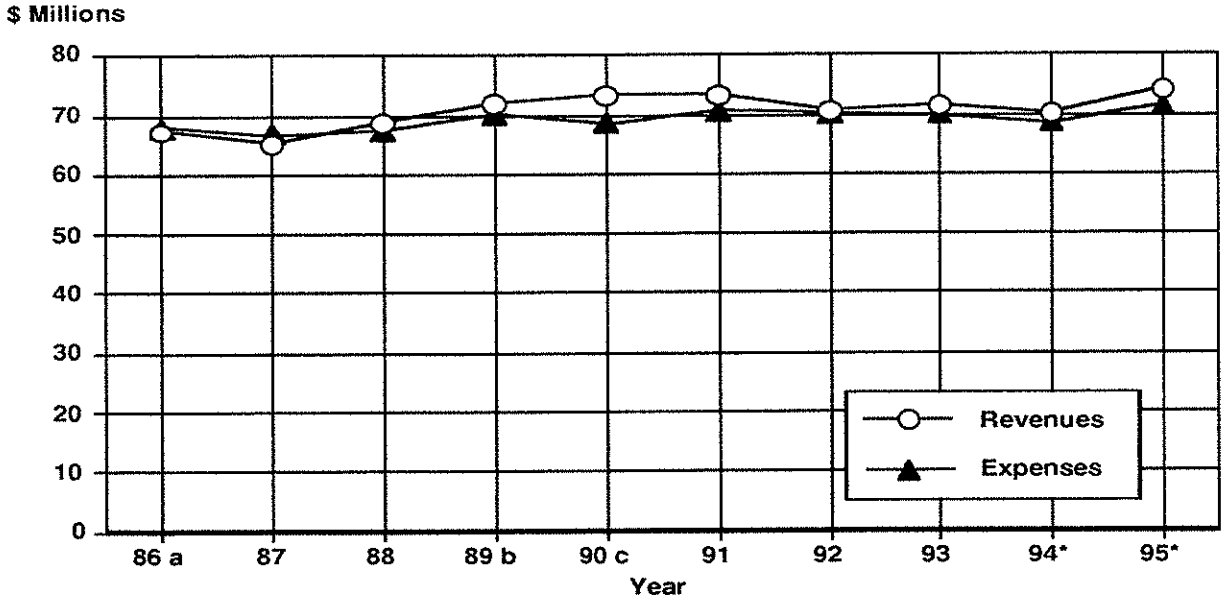
* The rate changes in 1992 and 1993 impacted individual customers differently because of other changes in the rate structure.

## *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.

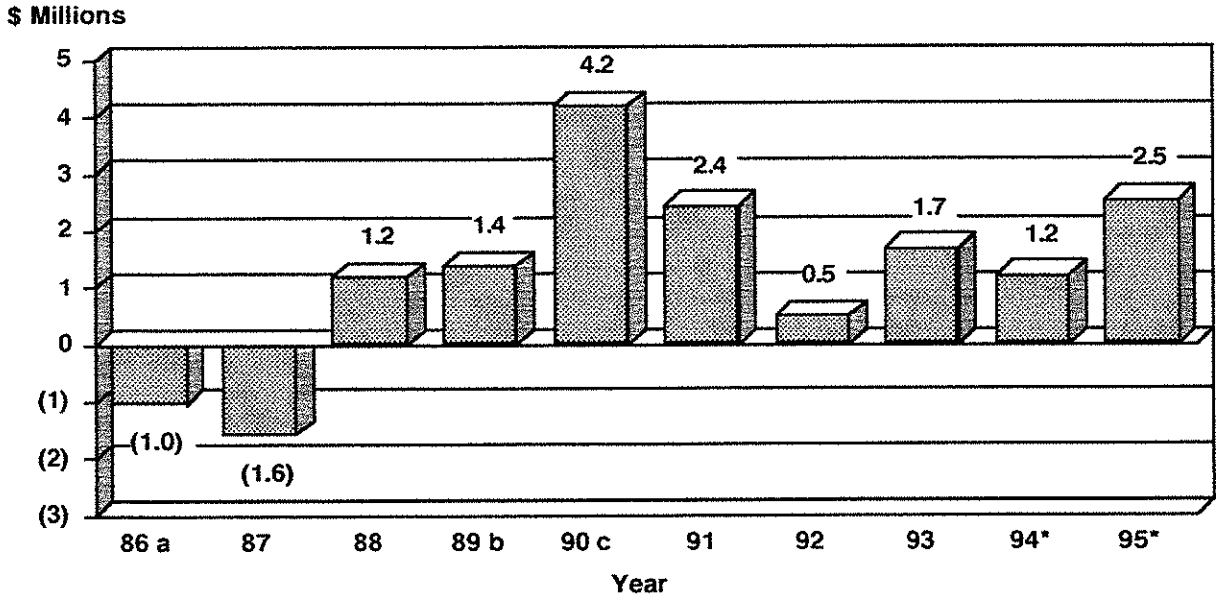
### Figure 5-11

### Municipal Light and Power
### Revenues and Expenses




### Figure 5-12

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



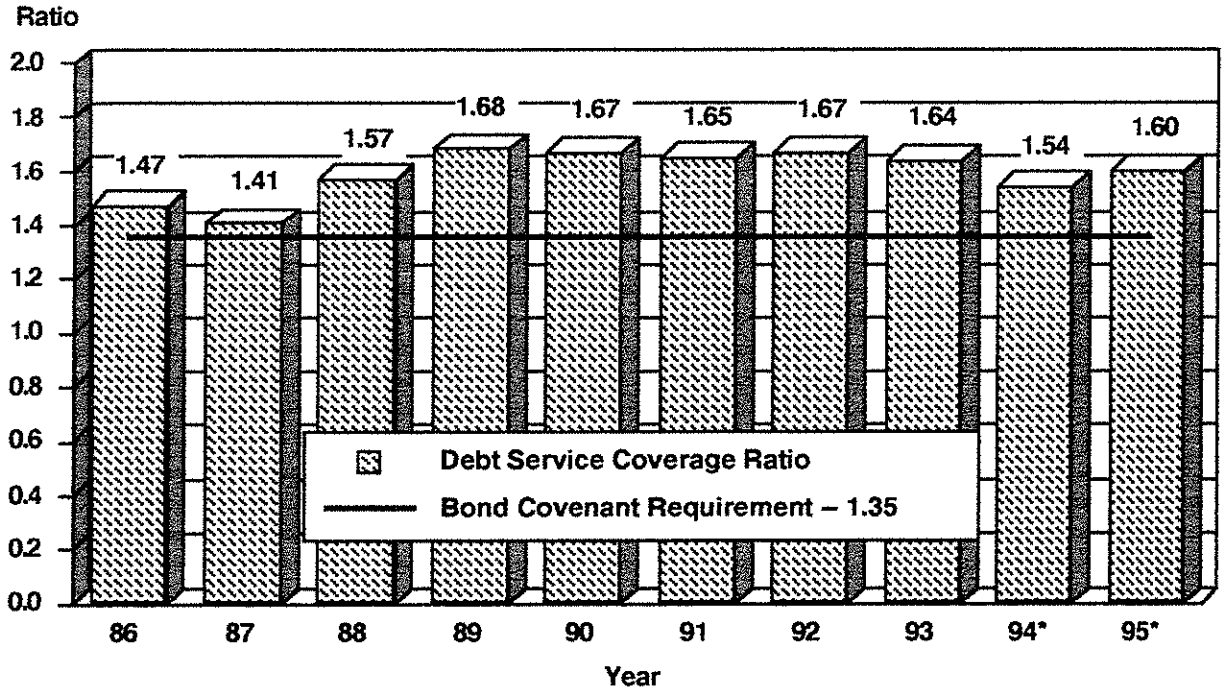

* Estimate

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 had $186.165 million in revenue bonds outstanding as of December 31, 1993. Debt service coverage is shown below.

## Figure 5-13

## Municipal Light and Power
## Debt Service Coverage




* Estimate

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

## Figure 5-14

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

| | | | |
|---|---|---|---|
| 1986 | 213 | 1991 | 209 |
| 1987 | 203 | 1992 | 216 |
| 1988 | 194 | 1993 | 216 |
| 1989 | 198 | 1994 | 217 |
| 1990 | 203 | 1995 * | 222 |

* 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 5-15

## Municipal Light and Power
## Comparison of Typical Billings

| Utility | Typical Billings * Residential (500 kWh) | Residential (1,000 kWh) | Commercial (3,500 kWh) (15 kW) | Commercial (10,000 kWh) (40 kW) |
|---|---|---|---|---|
| Selected Alaska Utilities: | | | | |
| Municipal Light & Power | $ 47.39 | $ 89.29 | $311.54 | $ 924.26 |
| Chugach Electric Association | 51.81 | 97.38 | 362.98 | 943.66 |
| Homer Electric Association | 65.14 | 117.12 | 373.22 | 1,202.35 |
| City of Seward | 65.85 | 116.70 | 457.00 | 1,370.80 |
| Fairbanks Municipal Utilities | 52.51 | 92.36 | 379.75 | 1,190.40 |
| GVEA (Fairbanks, Alaska) | 56.59 | 94.43 | 360.37 | 1,066.06 |
| Matanuska Electric Association (Palmer) | 62.36 | 114.72 | 353.11 | 947.66 |
| Copper Valley Electric Association | 103.84 | 192.59 | 641.70 | 1,889.86 |
| Kodiak Electric Association | 77.25 | 146.99 | 475.78 | 1,564.10 |
| Selected Utilities Outside Alaska: | | | | |
| Consolidated Edison Co. of New York | $73.56 | $144.23 | $558.92 | $1,528.82 |
| Georgia Power Co. | 38.96 | 81.50 | 401.80 | 1,016.32 |
| Houston Lighting & Power Co. | 44.43 | 96.82 | 254.81 | 529.95 |
| Los Angeles Department of Water & Power | 49.61 | 98.93 | 367.64 | 1,146.10 |
| Portland General Electric | 28.20 | 53.81 | 205.66 | 546.60 |
| Sacramento Municipal Utility District | 40.29 | 94.50 | 288.90 | 876.42 |

* Compiled by ML&P staff based on rates in effect July 1, 1994.

The following table summarizes the history of rate changes since 1989 and proposed changes in the future.

## Figure 5-16

## Municipal Light and Power
## Rate Summary
## 1989 - 1995

| | Energy Charge (Per kWh) * | Rate Change | Effective Date of Rate Change ** |
|---|---|---|---|
| 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 | 0.08349 | 3.97% | September 1994 *** |
| 1995 **** | 0.08349 | 0.00% | |

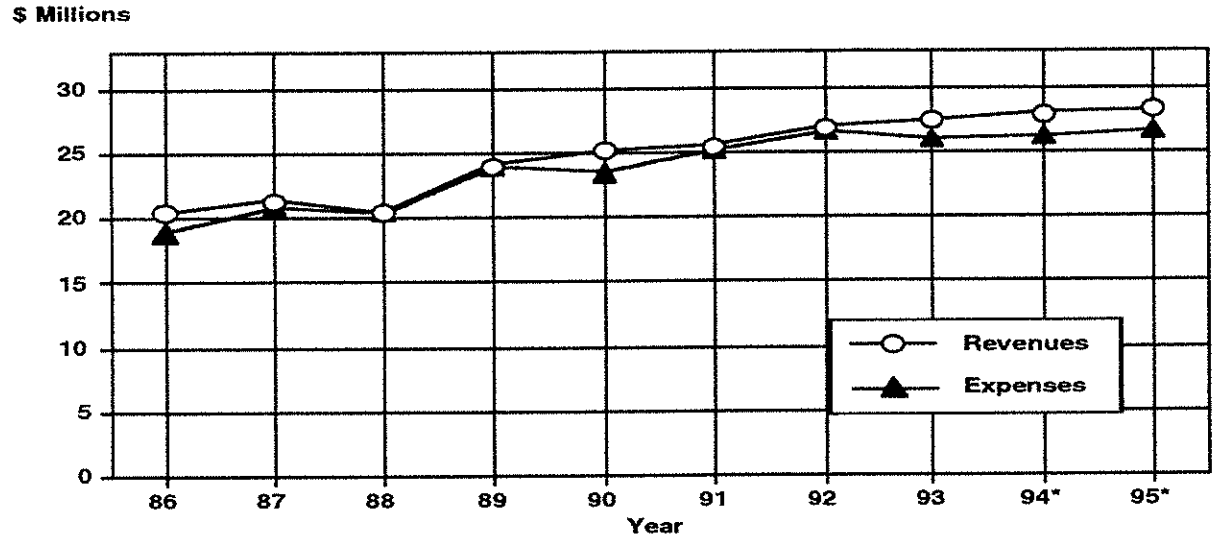
* Effective as of July 1.
** For bills rendered on or after the effective date.
*** The APUC granted a 3.97% interim rate increase on demand and energy effective September 1, 1994.
**** Projected

## *ANCHORAGE WATER AND WASTEWATER UTILITY*

Figures 5-17 through 5-20 summarize revenue and expenses for water and wastewater operations.

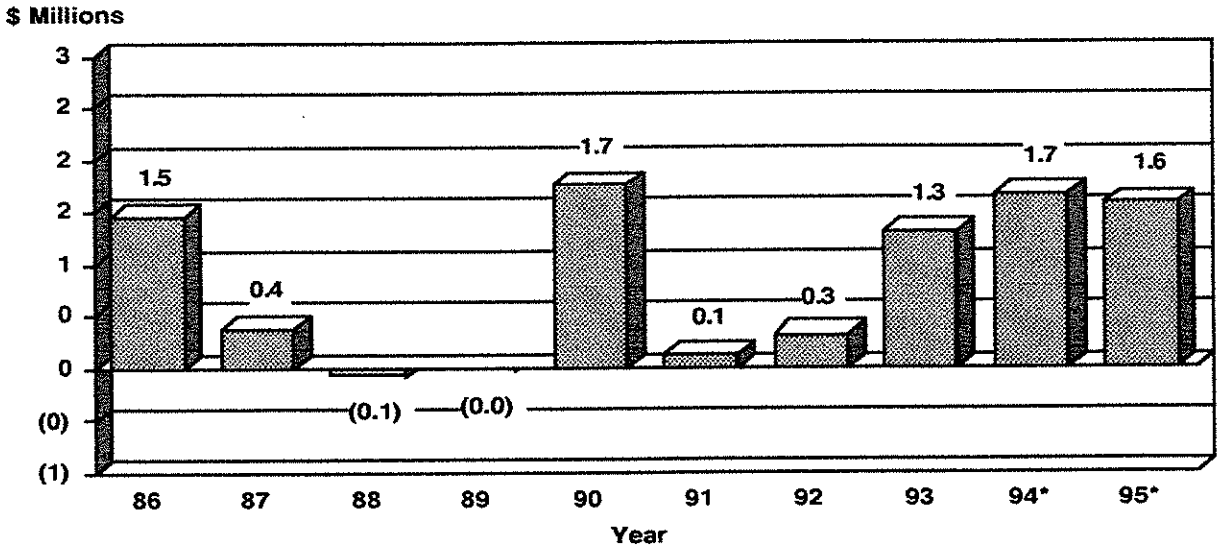
### Figure 5-17

### Anchorage Water Utility
### Revenues and Expenses




### Figure 5-18

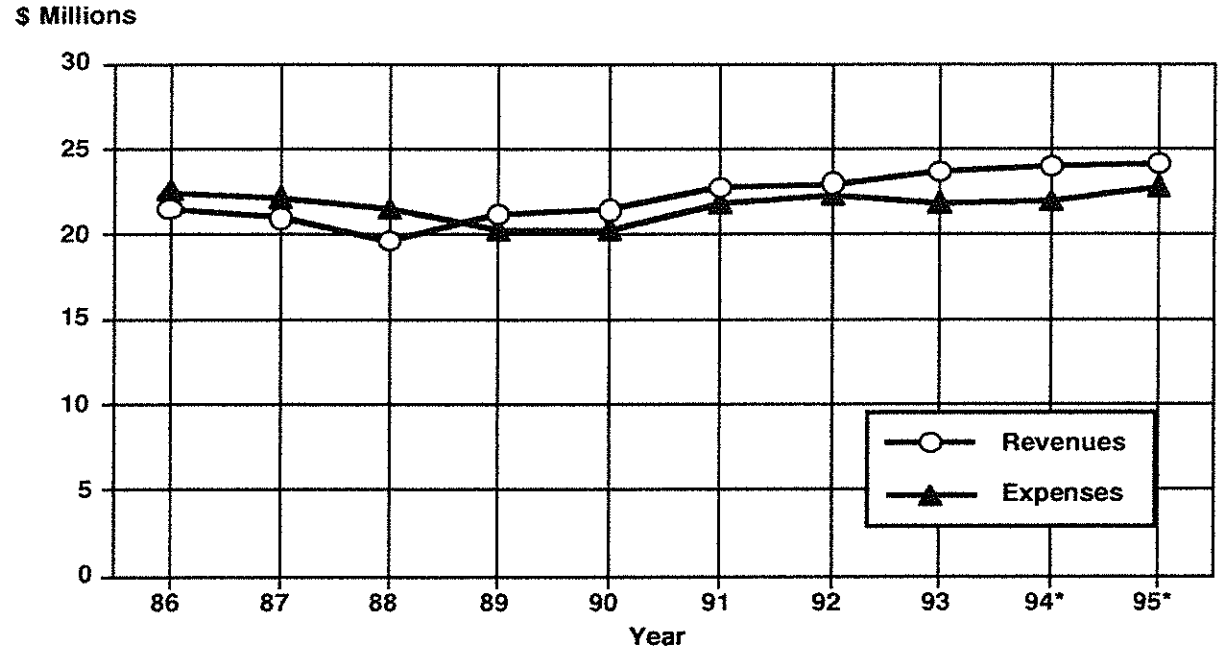
### Anchorage Water Utility
### Net Income (Regulatory)




*Estimate

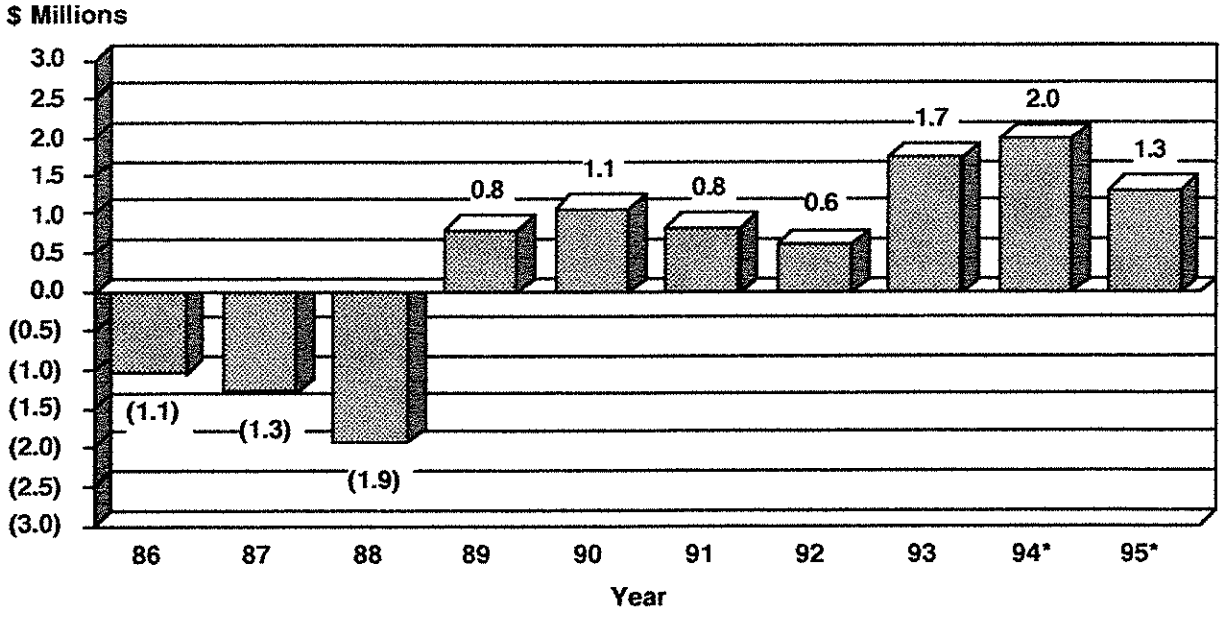
## Figure 5-19

## Anchorage Wastewater Utility
## Revenues and Expenses




## Figure 5-20

## Anchorage Wastewater Utility
## Net Income (Regulatory)

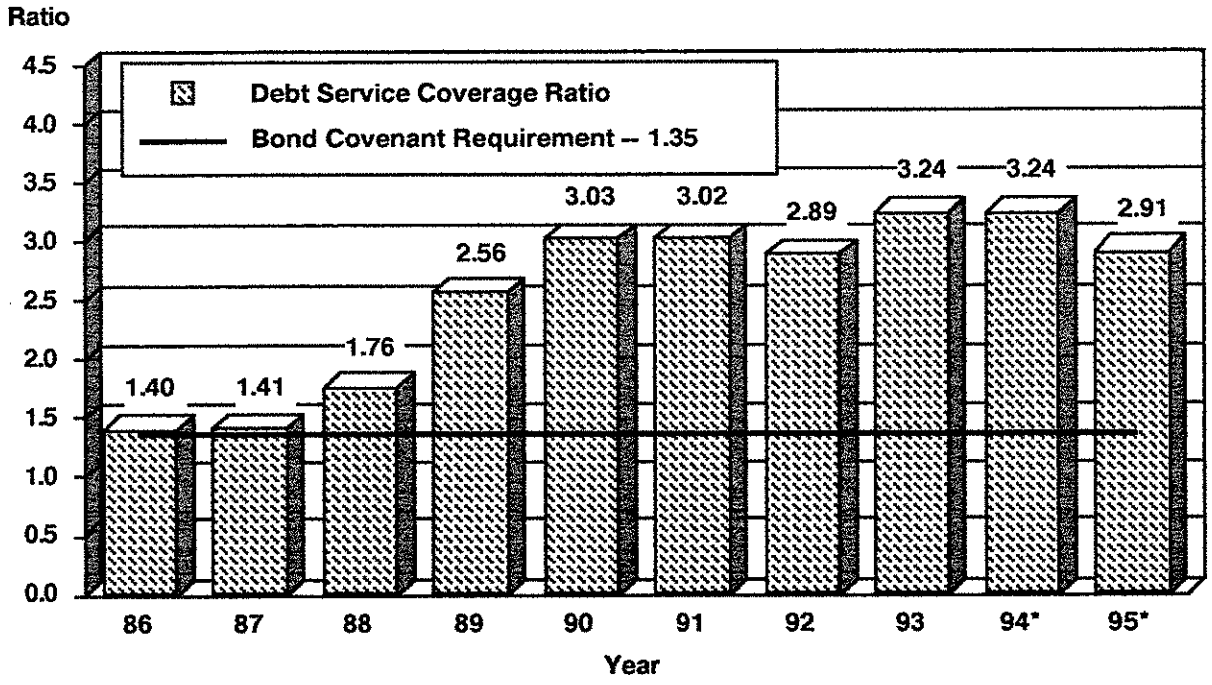



* Estimate

As of the end of 1993, the Water Utility had approximately $46.4 million in revenue bonds and $61.4 million in general obligation bonds outstanding, with combined debt service payments currently averaging about $8.5 million per year. Wastewater has approximately $70.4 million general obligation bonds outstanding with current debt service of about $9.7 million annually. Debt coverage ratio applies only to revenue bonds and therefore is only shown for the Water Utility.

## Figure 5-21

## Anchorage Water Utility
## Debt Service Coverage




* Estimate

Figure 5-22 shows the employment history of AWWU.

## Figure 5-22

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

| | | | |
|---|---|---|---|
| 1986 | 315 | 1991 | 285 |
| 1987 | 330 | 1992 | 285 |
| 1988 | 312 | 1993 | 275 |
| 1989 | 285 | 1994 | 270 |
| 1990 | 285 | 1995 * | 272 |

* Projected.

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

Figure 5-23 shows some comparative rates for water and wastewater services for a single family residence.

## Figure 5-23

## Comparison of Rates for Water and Wastewater Services

| Utility | Water Rate | Wastewater Rate |
|---|---|---|
| Anchorage Water & Wastewater Utility<br>Anchorage, Alaska | $24.75 | $21.65 |
| Norfolk Utilities<br>Eagle River, Alaska | $30.45 | |
| Eklutna Utilities<br>Eagle River, Alaska | $34.97 | |
| College Utilities<br>Fairbanks, Alaska | $41.65 | $41.30 |
| Fairbanks Municipal Utilities<br>Fairbanks, Alaska | $24.85 | $23.45 |
| City/Borough of Juneau<br>Juneau, Alaska | $19.00 | $35.35 |
| Barrow City | $160.00 * | |
| North Slope Borough<br>(Seven villages excluding Barrow) | $140.00 * | |

Rates as of June, 1994.

* Calculated at 8¢ and 7¢ a gallon, assuming that a single-family residence will consume 2,000 gallons per month.

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

## Figure 5-24

## Anchorage Water and Wastewater Utility
## Rate Change Summary
## 1989 - 1995

WATER

| Year | Single Family Rate | Rate Change |
|---|---|---|
| 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 * | 26.05 | 0% (b) |

WASTEWATER

| Year | Single Family Rate | Rate Change |
|---|---|---|
| 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 * | 21.25 | 0% (b) |

* Projected

(a) Rate change covered addition of Eklutna Water Treatment Plant debt service plus associated depreciation.

(b) Rate change due to cost-of-service study. Overall revenue to Utility did not increase.

## Figure 5-25

## Anchorage Water and Wastewater Utility
## Financial Indicators

Debt to Equity Ratio (Regulatory)

| Year | Water | Wastewater |
|---|---|---|
| 1988 | 84/16 | 100/0 |
| 1989 | 85/15 | 99/1 |
| 1990 | 84/16 | 91/9 |
| 1991 | 84/16 | 90/10 |
| 1992 | 83/17 | 88/12 |
| 1993 | 83/17 | 86/14 |
| 1994 | 81/19 | 83/17 |
| 1995 * | 80/20 | 82/18 |
| 1996 * | 79/21 | 80/20 |
| 1997 * | 77/23 | 76/24 |
| 1998 * | 75/25 | 73/27 |

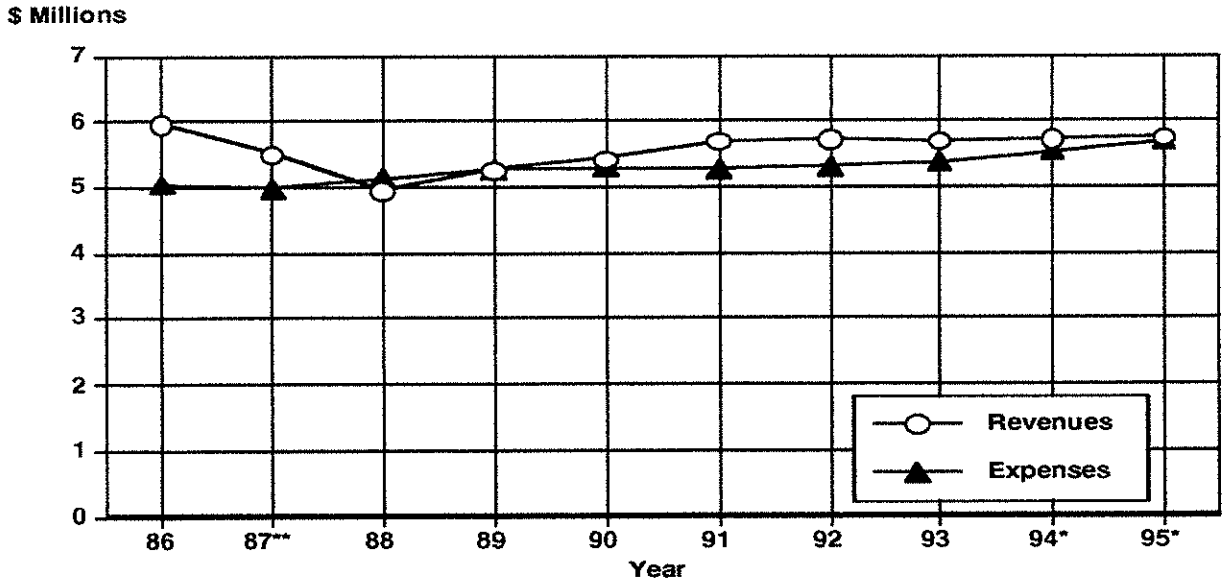
* Projected

## *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.

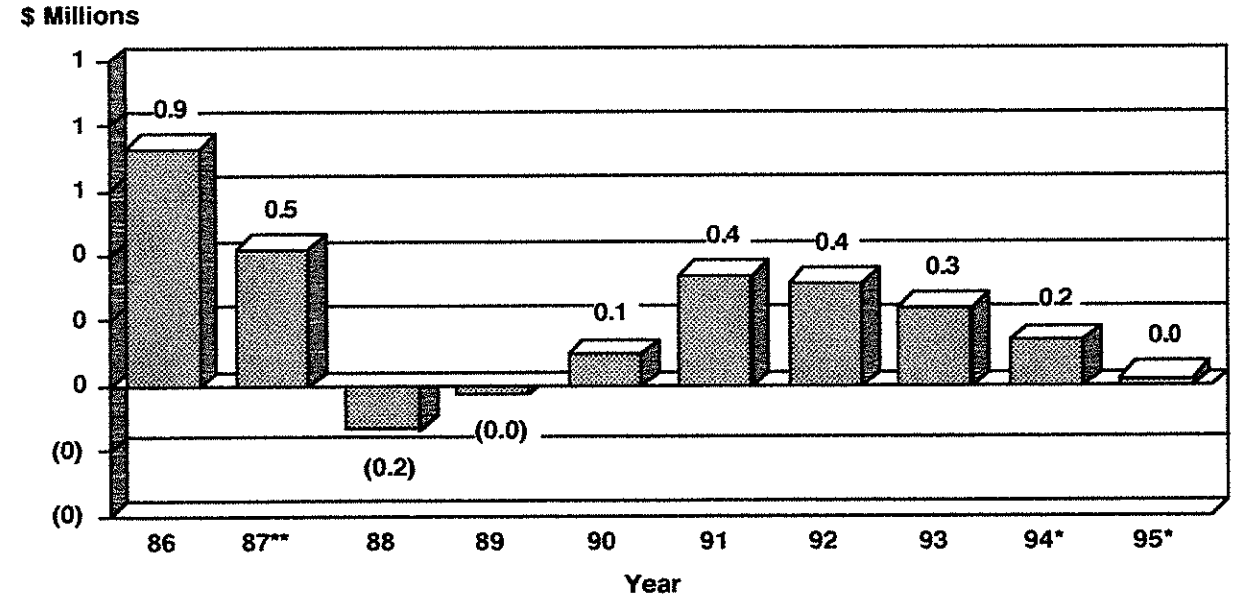
### Figure 5-26

### Refuse Collection Utility
### Revenues and Expenses




### Figure 5-27

### Refuse Collection Utility
### Net Income (Regulatory)

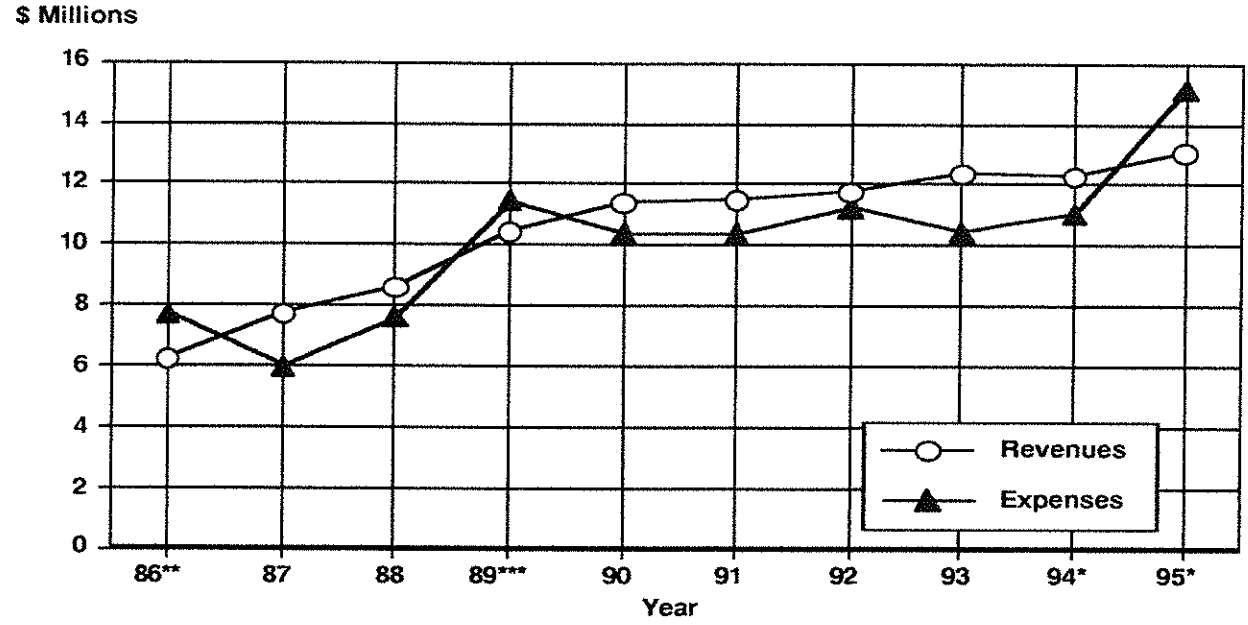



* Estimate

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

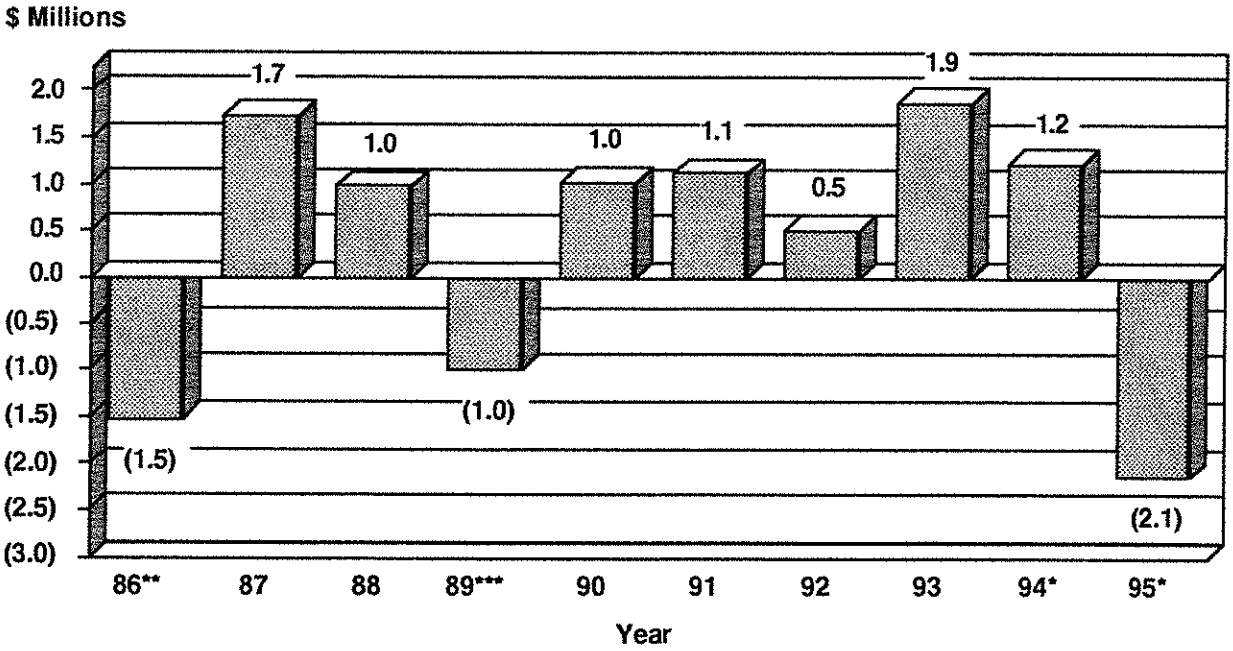
## Figure 5-28

## Solid Waste Disposal Utility
## Revenues and Expenses




## Figure 5-29

## Solid Waste Disposal Utility
## Net Income (Regulatory)




* Estimate; 1995 Projected loss includes approximately $3,800,000 in leachate collection system improvements at the closed Merrill Field Landfill.

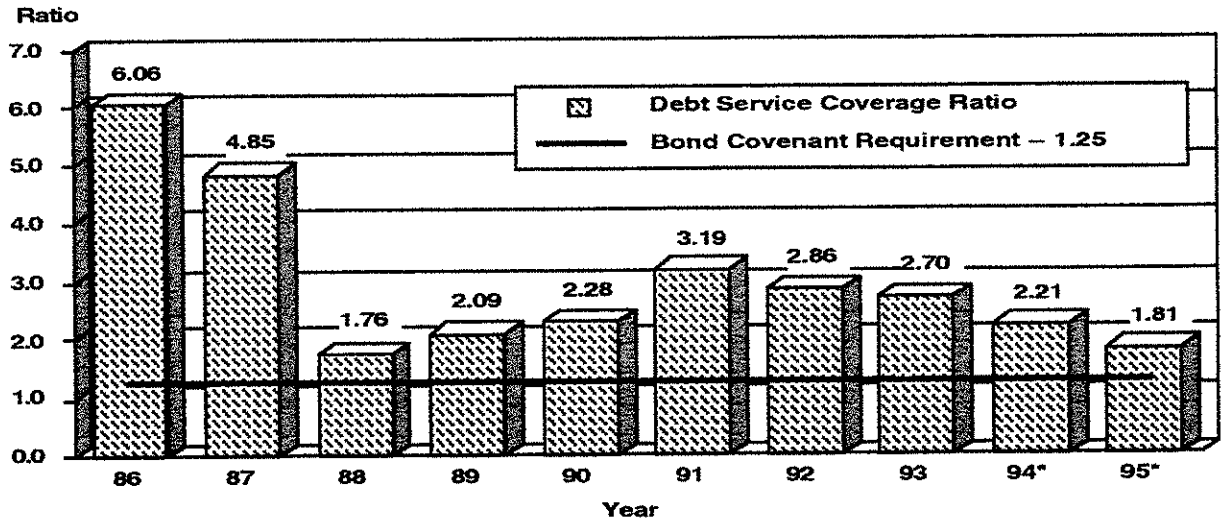
** 1986 loss due to accounting adjustment to reflect closing of shredder plant

*** 1989 loss includes approximately $2,800,000 in Merrill Field landfill closure costs

As of the end of 1993, the Refuse Collection Utility had approximately $2.8 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 1993, the Solid Waste Disposal Utility had approximately $3.59 million in revenue bonds and $24.32 million in general obligation bonds outstanding, with combined debt service averaging about $3.05 million per year. The debt service coverage is shown below. Both utilities are required to maintain a ratio of at least 1.25.

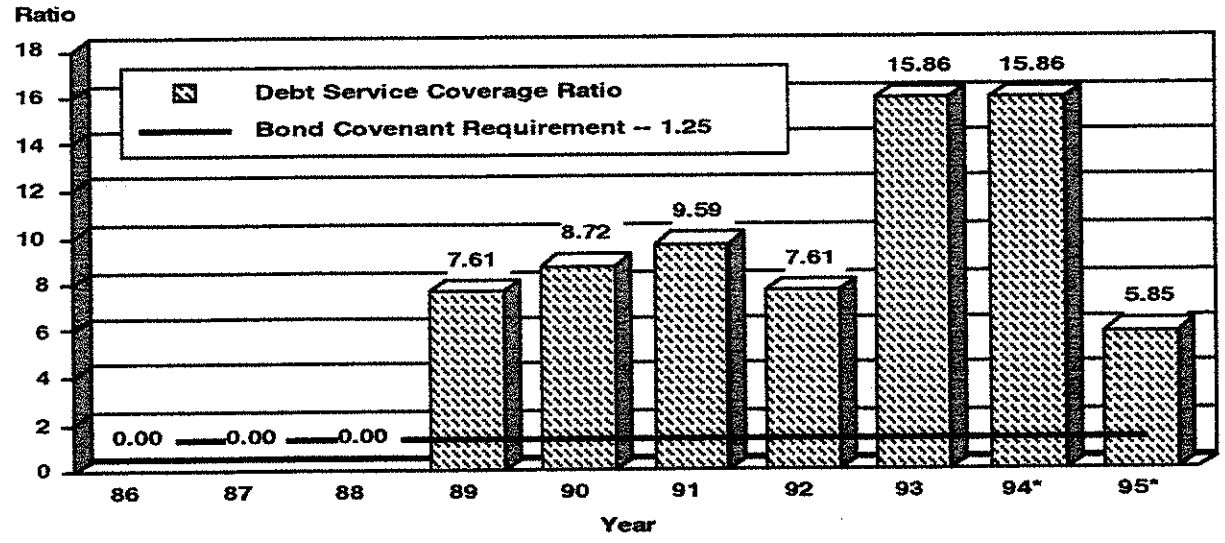
## Figure 5-30

## 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 1986-1988 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

| | | | |
|---|---|---|---|
| 1986 | 30 | 1991 | 25 |
| 1987 | 30 | 1992 | 23 |
| 1988 | 29 | 1993 | 23 |
| 1989 | 25 | 1994 | 23 |
| 1990 | 25 | 1995 * | 23 |

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

| | | | |
|---|---|---|---|
| 1986 | 50 | 1991 | 40 |
| 1987 | 50 | 1992 | 40 |
| 1988 | 45 | 1993 | 42 |
| 1989 | 42 | 1994 | 42 |
| 1990 | 40 | 1995 * | 43 |

* Projected

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

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

## Figure 5-33

## Refuse Collection Utility Comparative Rates

| Utility | Approved | Residential Monthly | Commercial Monthly |
|---|---|---|---|
| MOA Refuse Collection | 07/31/90 | $15.00 | $ 50.50 |
| Anchorage Refuse Inc. | 12/23/93 | 15.71 | 74.59 |
| Eagle River Refuse | 12/23/93 | 16.42 | 65.58 |
| Arrow Refuse (Juneau) | 01/19/94 | 22.38 | 148.50 |
| Peninsula Sanitation (Kenai) | 08/01/93 | 14.59 | 57.76 |
| Wasilla Refuse | 02/01/94 | 28.05 | 104.56 |
| Peninsula Sanitation (Girdwood) | 06/11/91 | 21.37 | 105.82 |

As of August, 1994

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. A comparison of rates for comparable Pacific Northwest areas is shown below.

## Figure 5-34

## Solid Waste Disposal Utility Comparative Rates

| Utility | Cars | Pickups | Commercial |
|---|---|---|---|
| MOA Solid Waste Disposal | $5.00 fixed (1) | $10.00 fixed | $45.00/ton |
| King County, WA * | $10.75 minimum (2) | $10.75 fixed | $71.77/ton |
| City of Seattle, WA * | $7.00 fixed (3) | $13.50 fixed | $83.00/ton |
| Snohomish County, WA * | $15.25 fixed (4) | $89.00/ton | $89.00/ton |
| City of Spokane, WA | $85.00/ton | $85.00/ton | $90.00/ton |
| City of Portland, OR | $1.65/35-gallon bag | $50.00/ton | $50.00/ton |

* Rate shown is the current rate. Each of these utilities are planning rate increases in the range of $8-$11 by January, 1995.

(1) For up to 1,000 pounds
(2) For up to 280 pounds
(3) For up to 320 pounds
(4) For small amounts only

As of August, 1994

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
## 1989 - 1995

### Refuse Collection Utility

| | Residential | | Commercial | |
|---|---|---|---|---|
| | Effective Rate | Rate Change | Effective Rate | Rate Change |
| 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 | --- |

### Solid Waste Disposal Utility

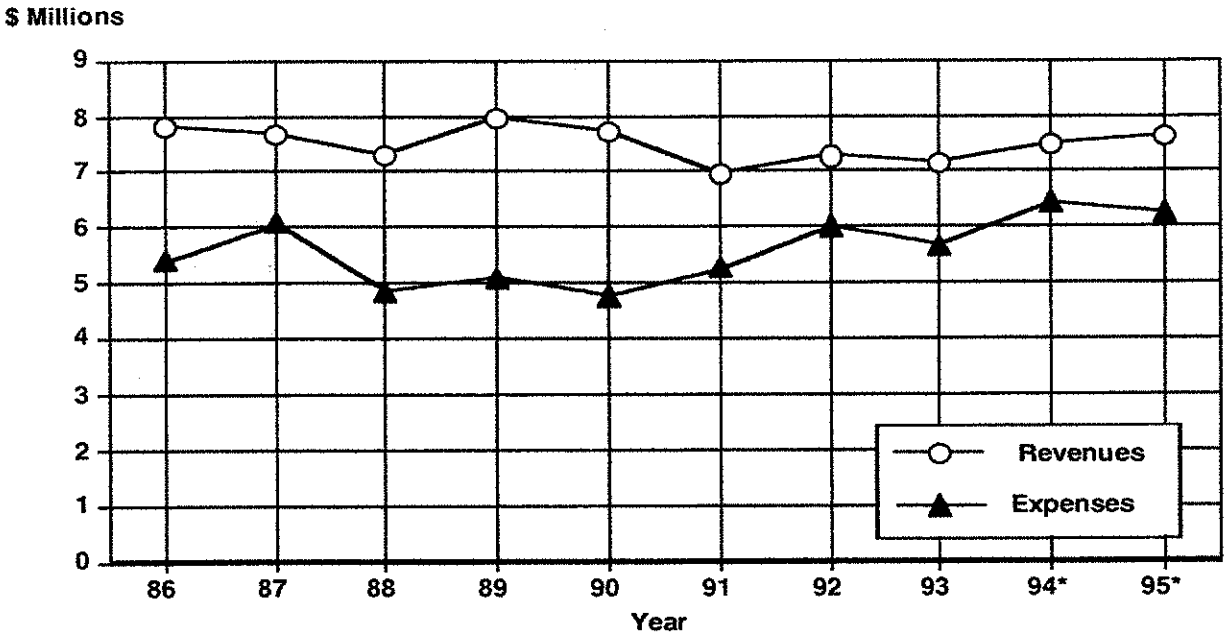
| | Effective Rate | Rate Change |
|---|---|---|
| 1989 | $45.00 | --- |
| 1990 | 45.00 | --- |
| 1991 | 45.00 | --- |
| 1992 | 45.00 | --- |
| 1993 | 45.00 | --- |
| 1994 | 45.00 | --- |
| 1995 * | 45.00 | --- |

* Projected

## *PORT OF ANCHORAGE*

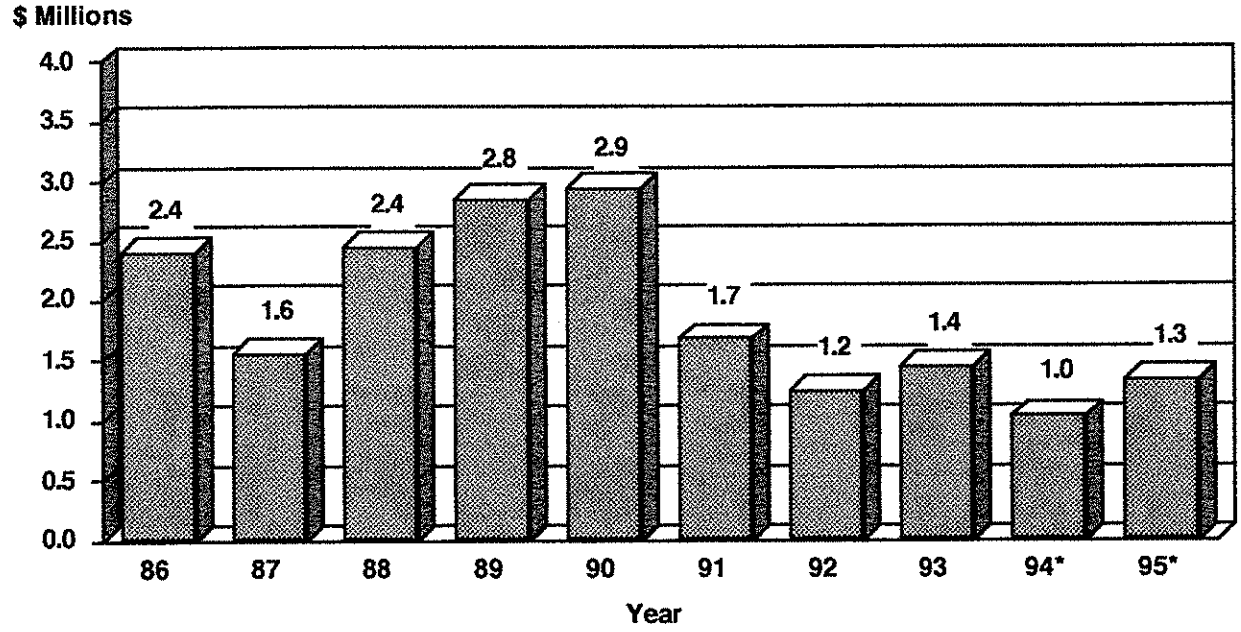
### Figure 5-36

### Port of Anchorage
### Revenues and Expenses **




### Figure 5-37

### Port of Anchorage
### Net Income **



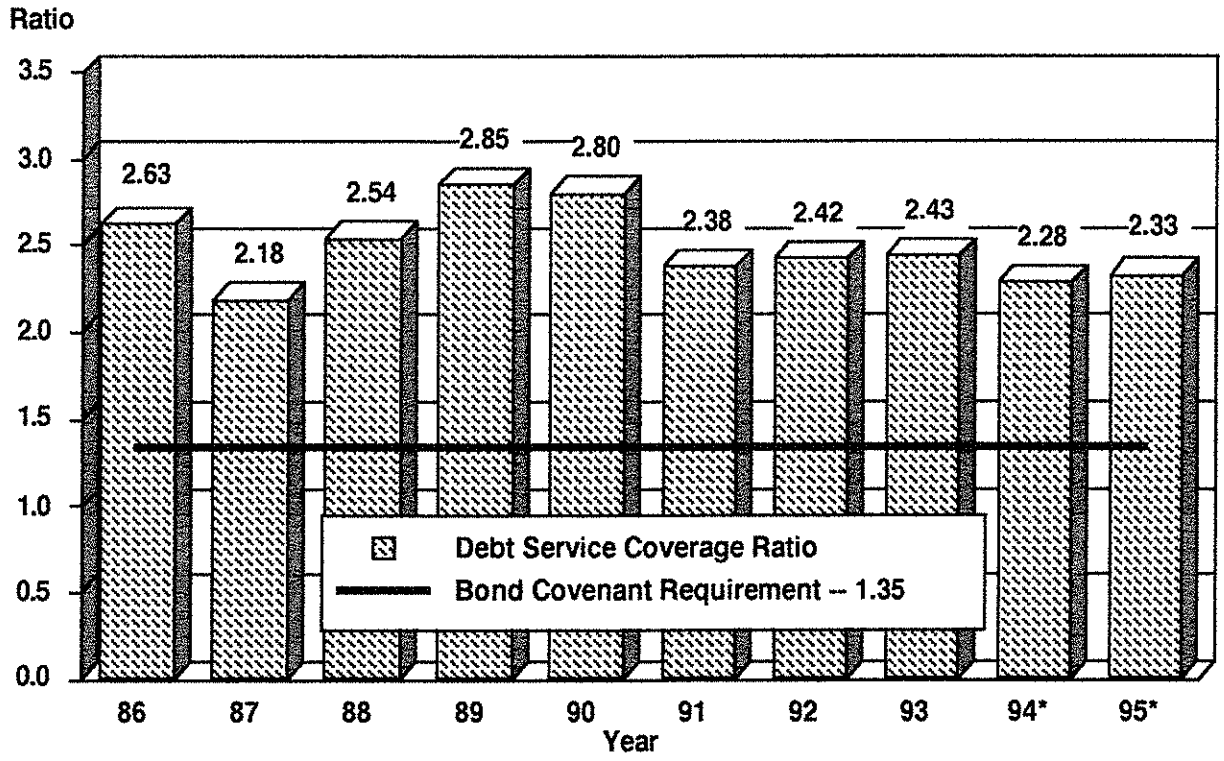

* Estimate

** Computed using methodology applied to regulated utilities.

As of December 31, 1993, the Port had $1.8 million in general obligation bonds and $14.5 million in revenue bonds outstanding. Combined debt service is currently about $2.7 million per year. The coverage ratio for the revenue bond portion (approximately $1.9 million in 1994) 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

| | | | |
|---|---|---|---|
| 1986 | 18 | 1991 | 21 |
| 1987 | 19 | 1992 | 21 |
| 1988 | 19 | 1993 | 21 |
| 1989 | 21 | 1994 | 21 |
| 1990 | 21 | 1995 * | 21 |

* Projected

NOTE: 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
## 1989 - 1995

| Revenue Category | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995* |
|---|---|---|---|---|---|---|---|
| Preferential Usage Agreement Rate Changes | 0% | 0% | (6%) ** | 0% | 0% | 0% | 0% |

* Projected

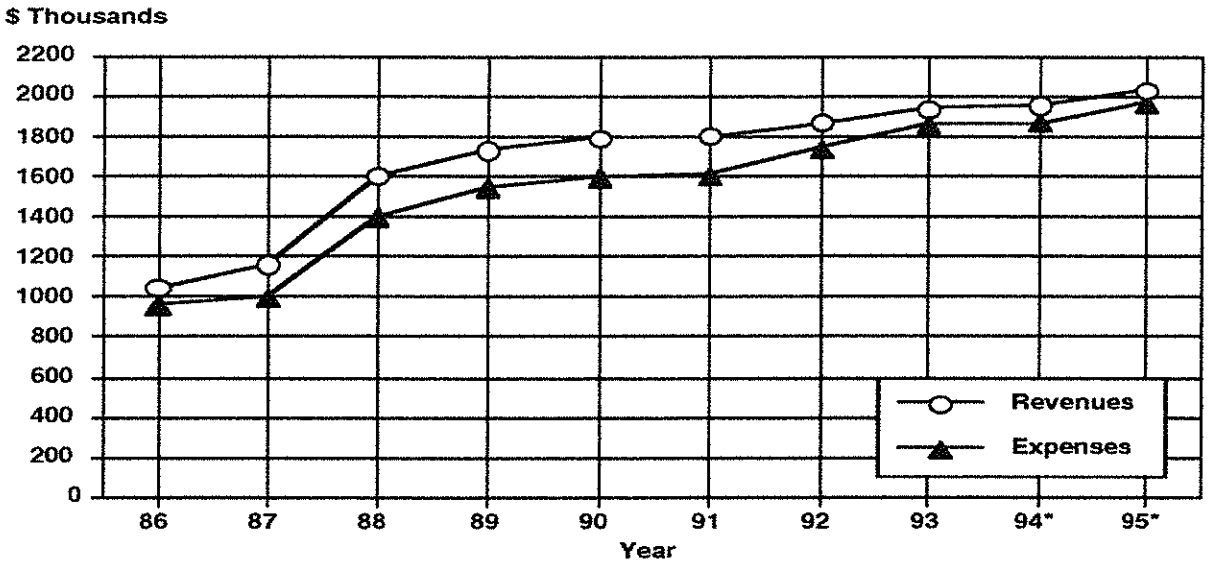
** Decrease in Preferential Usage Agreement rates was somewhat offset by increased revenues from Port Industrial Park leases of the PUA customers.

## *MERRILL FIELD AIRPORT*

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

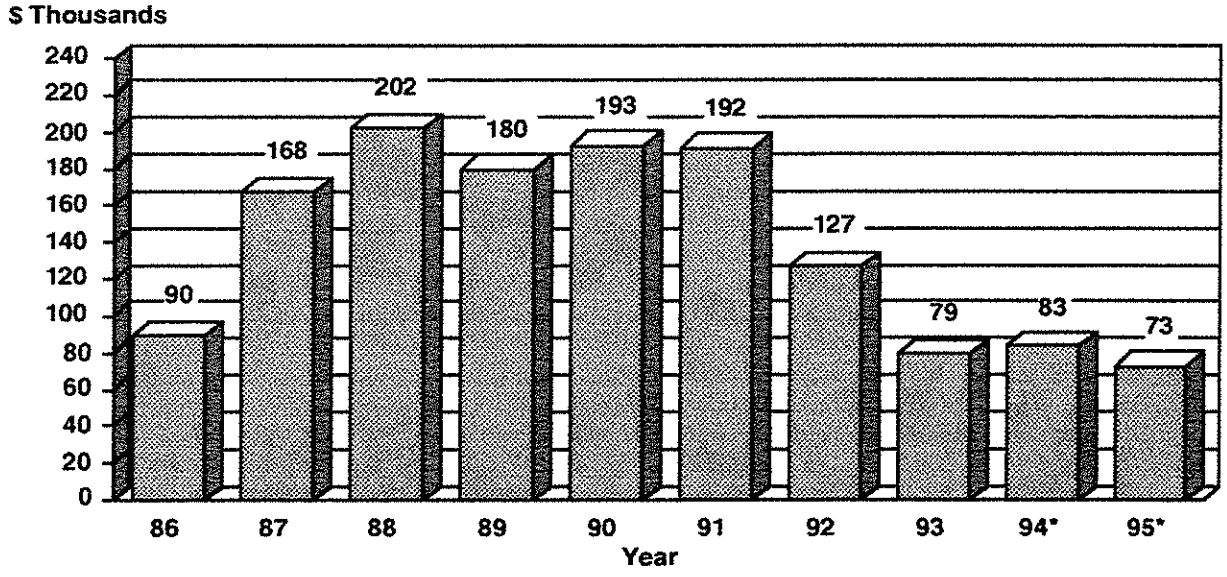
### Figure 5-41

### 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

| | | | |
|---|---|---|---|
| 1986 | 15 | 1991 | 14 |
| 1987 | 14 | 1992 | 15 |
| 1988 | 15 | 1993 | 15 |
| 1989 | 15 | 1994 | 15 |
| 1990 | 14 | 1995 * | 15 |

* Projected

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

At the end of 1993, the Airport had no outstanding debt.

The table below summarizes rate changes at Merrill Field.

## Table 5-44

## Merrill Field -- Summary of Rate Changes
## Percent of Increase
## 1989 - 1995

| Revenue Category | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995* |
|---|---|---|---|---|---|---|---|
| Lease/Access Fees | --- | 7.1 ** | --- | --- | --- | --- | --- |
| Permanent Parking | --- | --- | --- | --- | --- | --- | --- |

* Projected
** The 1990 rate increase represented a $0.01 per square foot increase per year.