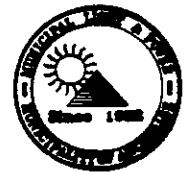
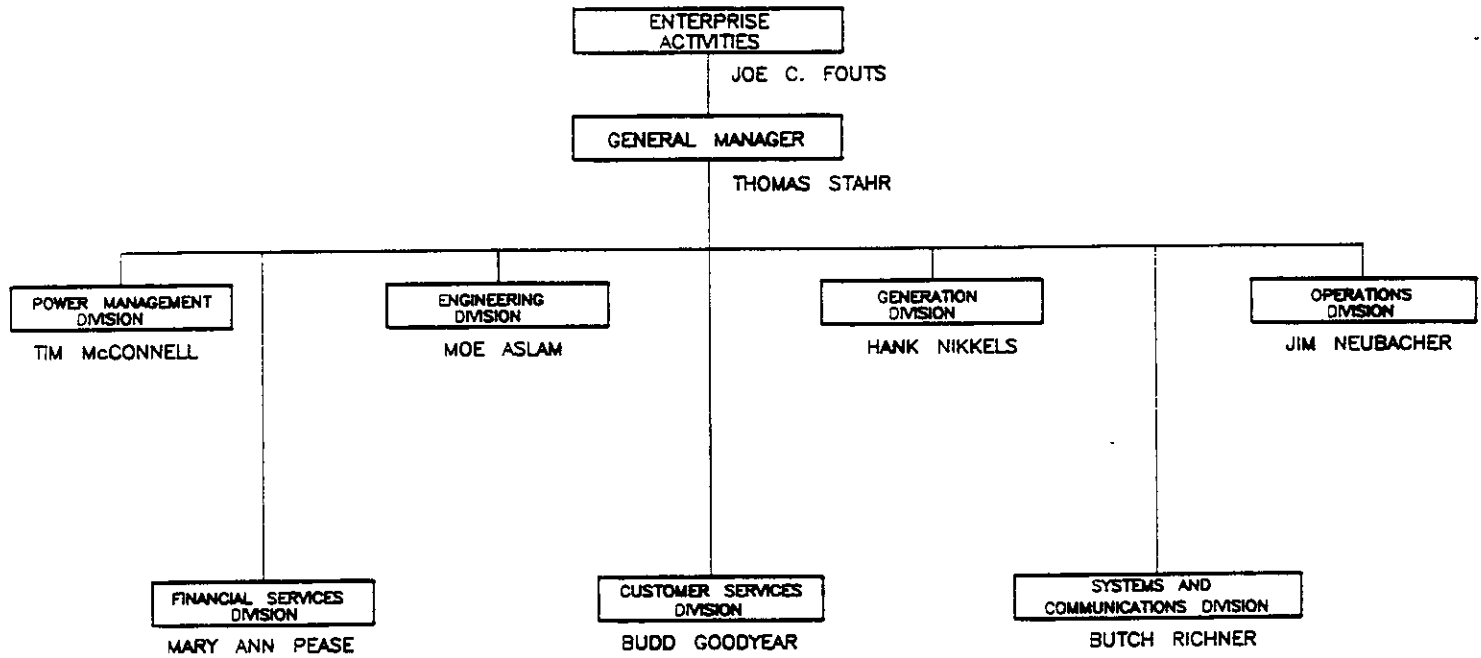


**MUNICIPAL LIGHT
AND POWER**

MUNICIPAL LIGHT & POWER ORGANIZATION CHART



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MUNICIPAL LIGHT & POWER UTILITY PROFILE

ORGANIZATION

Municipal Light & Power (ML&P) is divided into seven divisions under the direction of the General Manager. The divisions include Generation, Engineering, Operations, Power Management (Dispatch), Customer Service, Systems, and Finance.

ML&P had 213 employees as of December 31, 1992 and a 1992 gross payroll cost of approximately \$13.7 million. Of these employees, 147 were covered by a labor agreement with IBEW and 66 were non-represented (i.e., covered by the Municipal Personnel Rules).

HISTORY

The first electric system serving Anchorage was installed in 1916 by the Alaska Engineering Commission, the agency of the U.S. Department of the Interior which constructed the Alaska Railroad. A small steam plant and diesel power generators supplied Anchorage with electricity until 1929 when the private Anchorage Power & Light Company began supplying the community with electricity from a hydroelectric power plant on the Eklutna River, 25 miles northeast of downtown Anchorage.

The City purchased the Alaska Engineering Commission distribution system in 1932 and acquired the Eklutna Plant from the Anchorage Power & Light Company in 1943. In 1955, the City contracted for 16,000 kilowatts ("kW") of the generating capacity of a new Eklutna river Hydroelectric power project of the U.S. Bureau of Reclamation and transferred its Eklutna Plant to that federal agency. Since then, beginning in 1962, ML&P has installed seven turbine generating units fired by natural gas and one heat recovery steam turbine generating unit.

SERVICES

ML&P's service area encompasses 19.9 contiguous square miles including a large portion of the commercial and high density residential areas of the Municipality. In 1992, the average number of residential and commercial customers was 23,504 and 5,500 respectively. One-sixth of ML&P's customer base consumes four-sixths of its output. 1992 sales totaled 805,835 Mwh and earned revenues of \$66,142,000.

ML&P has agreements to supply the Fort Richardson Army Base and the Elmendorf Air Force Base with interruptible wholesale electric service. In 1985, ML&P and the Golden Valley Electric Association, Inc. (GVEA), a cooperative utility headquartered in Fairbanks, entered into a "Memorandum of Understanding" under which ML&P sells economy energy to GVEA on an interruptible basis utilizing the Anchorage-Fairbanks Intertie.

REGULATION

ML&P is subject to economic regulation by the Alaska Public Utilities Commission (APUC). The APUC is composed of five members appointed to six-year staggered terms by the Governor and confirmed by the State Legislature. The APUC regulation covers service areas, service quality, tariff rules and regulations, monthly rates and charges and certain other utility charges.

The Utility is also subject to advisement by the ML&P Commission which was created in 1963 and is composed of seven members appointed to staggered three-year terms by the Mayor with the approval of the Assembly. The General Manager of ML&P, who is responsible to and serves at the pleasure of the Mayor, serves ex officio as Executive Secretary of the Commission.

The Commission reviews electric service policies and practices and reviews the budget and operations of ML&P and annually submits recommendations to the Mayor. It conducts public hearings on matters pertaining to electric rates, regulations and related matters and makes recommendations to the Mayor and Assembly. It normally holds one meeting per month and calls special meetings as the need arises.

ENVIRONMENTAL MANDATES

Mandates from the Federal and State Governments continue to have a large impact on ML&P. The Federal Clean Air Act and the Oil Pollution Act add to the financial burden by significantly increasing the cost of power plant permits to operate and by adding requirements covering spill prevention and control of ML&P's emergency fuel oil supply. It is anticipated that over the next few years an estimated \$1.3 million in modifications to electric plant will be necessary to meet spill prevention requirements.

PHYSICAL PLANT

ML&P generates, purchases, transmits and distributes electric power.

- Power Generated/Purchased in 1992
 - ML&P Generated - 701,858 Mwh 83%
 - Purchased:
 - Eklutna Hydroelectric Project - 58,303 Mwh 7%
 - Bradley Lake Project - 83,262 Mwh 10%
 - Other - 2,269 Mwh -
- Generation capacity is 328 Megawatts (Mw)
 - Seven gas-fired turbines
 - One heat recovery turbine
 - All equipped to use No. 2 fuel oil as an alternate fuel
- Power Plant No. One: four turbines, capacity 85 Mw
- Power Plant No. Two: four turbines, capacity 243 Mw
- Reserve Capacity Margin is 150 Mw
- Transmission/Distribution System
 - 198 miles underground cable
 - 174 miles overhead lines and cable
 - 20 substations
- Assets as of December 31, 1992
 - Net Plant in Service: \$154,945,023

MUNICIPAL LIGHT & POWER
WORK FORCE PROJECTIONS

<u>DIVISION</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
ADMINISTRATION	15	15	15	15	16	16	16
SYSTEMS & COMMUNICATIONS	14	14	15	15	15	15	16
PRODUCTION (GENERATION)	47	47	48	49	49	49	50
CUSTOMER SERVICE (1)	39	39	39	39	40	40	40
FINANCIAL SERVICES	22	23 *	23	23	23	24	24
POWER MANAGEMENT	10	10	10	11	11	11	11
OPERATIONS	45	45	46	46	46	47	47
ENGINEERING	<u>24</u>	<u>24</u>	<u>24</u>	<u>25</u>	<u>25</u>	<u>25</u>	<u>25</u>
SUB-TOTAL	<u>216</u>	<u>217</u>	<u>220</u>	<u>223</u>	<u>225</u>	<u>227</u>	<u>229</u>
TEMPS	<u>27</u>	<u>29</u>	<u>29</u>	<u>30</u>	<u>30</u>	<u>30</u>	<u>31</u>
TOTAL	<u>243</u>	<u>246</u>	<u>249</u>	<u>253</u>	<u>255</u>	<u>257</u>	<u>260</u>

(1) The four part-time Customer Service positions have been combined and treated as two positions

* Necessary to implement recommendations of Stone & Webster depreciation Study.

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**Municipal Light
and Power**

1994

Operating Budget

MUNICIPAL LIGHT & POWER UTILITY
RECONCILIATION OF 1993 BUDGET TO 1993 PRO-FORMA

	<u>1993 BUDGET</u>	<u>1993 PRO-FORMA</u>	<u>VARIANCE</u>
OPERATING REVENUE	69,460,000	68,580,000	(880,000) ^A
OPERATING EXPENSE			
Operations	44,135,000	42,645,000	1,490,000 ^A
Depreciation	11,090,000	11,580,000	(490,000)
MUSA	<u>1,950,000</u>	<u>1,705,000</u>	<u>245,000</u>
SUBTOTAL	57,175,000	55,930,000	1,245,000
NON-OPERATING REVENUE	3,760,000	2,785,000	(975,000)
NON-OPERATING EXPENSE	<u>15,754,000</u>	<u>15,037,000</u>	<u>717,000</u>
NET INCOME (REGULATORY)	<u>291,000</u>	<u>398,000</u>	<u>107,000</u>
ADJUSTMENTS FOR GAAP	<u>(550,000)</u>	<u>(475,000)</u>	<u>75,000</u>
NET INCOME GAAP	<u>(259,000)</u>	<u>(77,000)</u>	<u>182,000</u>

Explanation of Significant Variances:

- A. Sales are down due to a change in heat degree days which results in a corresponding reduction in fuel. There has also been a lower than normal level of non-capitalizable work in the Generation Plant in 1993 that will need to be done in 1994 together with normal yearly maintenance.

Explanation of parenthesis:

Increases in revenues are positive, increases in expenses are negative, ().

MUNICIPAL LIGHT & POWER UTILITY
RECONCILIATION OF 1993 PRO-FORMA TO 1994 BUDGET

	<u>1993</u> <u>PRO-FORMA</u>	<u>1994</u> <u>BUDGET</u>	<u>VARIANCE</u>
OPERATING REVENUE	68,580,000	69,050,000	470,000
OPERATING EXPENSE			
Operations	42,645,000	42,575,000	70,000
Depreciation	11,580,000	10,285,000	1,295,000 ^A
MUSA	<u>1,705,000</u>	<u>1,835,000</u>	<u>(130,000)</u>
SUBTOTAL	55,930,000	54,695,000	1,235,000
NON-OPERATING REVENUE	2,785,000	2,700,000	(85,000)
NON-OPERATING EXPENSE	<u>15,037,000</u>	<u>14,821,000</u>	<u>216,000</u>
NET INCOME (REGULATORY)	<u>398,000</u>	<u>2,234,000</u>	<u>1,836,000</u>
ADJUSTMENT FOR GAAP	<u>(475,000)</u>	<u>(550,000)</u>	<u>(75,000)</u>
NET INCOME GAAP	<u>(77,000)</u>	<u>1,684,000</u>	<u>1,761,000</u>

Explanation of Significant Variances:

- A. The 1993 PRO-FORMA depreciation is calculated using the current life for Generation equipment which is approximately 16.66 years. The 1994 Budget is based on the proposed life of 24 years.

Explanation of parenthesis:

Increases in revenues are positive, increases in expenses are negative, ().

MUNICIPAL LIGHT & POWER
STATEMENT OF REVENUE AND EXPENSES

	1992 <u>ACTUAL</u>	1993 <u>PRO-FORMA</u>	1994 <u>BUDGET</u>
OPERATING REVENUE			
Residential Sales	14,034,327	14,000,000	13,900,000
Commercial & Industrial	50,791,315	51,175,000	51,575,000
Public Highway & Street Lighting	1,156,462	1,155,000	1,140,000
Public Authority	118,830	475,000	640,000
Sales for Resale	610,009	540,000	500,000
Misc. Service Revenue	143,859	160,000	175,000
Rent from Electric Property	98,602	100,000	120,000
Miscellaneous Revenue	<u>579,700</u>	<u>975,000</u>	<u>1,000,000</u>
TOTAL OPERATING REVENUE	67,533,104	68,580,000	69,050,000
OPERATING EXPENSE			
Production Expense	27,477,700	29,200,000	28,300,000
Transmission Expense	542,549	630,000	750,000
Distribution Expense	5,461,949	5,440,000	5,725,000
Customer Account Expense	2,692,739	2,850,000	3,000,000
Customer Service & Information	154,188	160,000	175,000
Administrative & General Expense	2,714,494	2,750,000	2,900,000
Regulatory Compliance	1,119,521	1,200,000	1,300,000
Depreciation	11,874,391 ^A	11,050,000	9,750,000
Depreciation Contributed Plant	448,513	475,000	550,000
Amort. Intangible Plant	399,447	418,000	420,000
Amort. Plant Acquisition	111,184	112,000	115,000
Municipal Utility Service Assmt.	1,760,240	1,705,000	1,835,000
APUC-Gross Revenue Fee	<u>0</u>	<u>415,000</u>	<u>425,000</u>
TOTAL OPERATING EXPENSE	54,756,915	56,405,000	55,245,000
OPERATING INCOME	12,776,189	12,175,000	13,805,000

A. Stone & Webster Engineering recommended reversing a 1990 Journal Entry for \$1,365,618 in plant expenditures.

**MUNICIPAL LIGHT & POWER
STATEMENT OF REVENUE AND EXPENSES**

	1992 <u>ACTUAL</u>	1993 <u>PRO-FORMA</u>	1994 <u>BUDGET</u>
NON-OPERATING REVENUE			
Interest From Operating Reserve	236,372	225,000	250,000
Interest From Bond Redemption Cash	1,621,956	1,550,000	1,350,000
Interest From General Cash Pool	971,629	790,000	875,000
Interest From Debt Service Account	206,356	120,000	125,000
Misc. Non-Operating Revenue	<u>80,461</u>	<u>100,000</u>	<u>100,000</u>
TOTAL NON-OPERATING REVENUE	3,116,774	2,785,000	2,700,000
NON-OPERATING EXPENSE			
Community	65,617	80,000	134,000
Interest on Bonded Debt	13,244,713	12,210,000	11,960,000
Amortization of Bond Discount/Premium	353,076	(10,000)	(36,000)
Amort of Bond Sale Cost & Ins.	327,590	305,000	303,000
Amort Loss on Refunded Debt	2,203,678	2,760,000	2,790,000
Other Interest Expense	884	2,000	5,000
Interest During Construction	<u>(345,075)</u>	<u>(310,000)</u>	<u>(335,000)</u>
TOTAL NON-OPERATING EXPENSE	15,850,483	15,037,000	14,821,000
NET INCOME (LOSS)	42,480	(77,000)	1,684,000
Depreciation of Contributed Plant	448,513	475,000	550,000
NET INCOME (REGULATORY)	<u>490,993</u>	<u>398,000</u>	<u>2,234,000</u>
ADJUSTMENTS FOR GAAP			
Depreciation of Contributed Plant	(448,513)	(475,000)	(550,000)
Restricted Interest Income	<u>19,661</u>	<u>0</u>	<u>0</u>
NET INCOME GAAP	<u>62,141</u>	<u>(77,000)</u>	<u>1,684,000</u>

MUNICIPAL LIGHT & POWER
STATEMENT OF SOURCES AND USES OF CASH FUNDS

	1992 <u>ACTUAL</u>	1993 <u>PRO-FORMA</u>	1994 <u>BUDGET</u>
SOURCES OF CASH FUNDS			
Net Income GAAP	62,141	(77,000)	1,684,000
Depreciation	12,322,904	11,525,000	10,300,000
Amortized Bond Discount/Premium	353,076	(10,000)	(36,000)
Amort & Acquisition Adjustment	510,631	530,000	535,000
Amortization of Bond Sale Costs	327,590	305,000	303,000
Amortization on Refunded Debt	2,203,678	2,760,000	2,790,000
Contributions	<u>815,273</u>	<u>500,000</u>	<u>500,000</u>
TOTAL SOURCES OF CASH FUNDS	16,595,293	15,533,000	16,076,000
USES OF CASH FUNDS			
Additions to Plant	16,853,868	11,000,000	15,200,000
Debt Retirement Long Term	3,915,000	4,740,000	5,200,000
Other	<u>(461,374)</u>	<u>3,300,000</u>	<u>500,000</u>
TOTAL USES OF CASH FUNDS	20,307,494	19,040,000	20,900,000
NET INCREASE (DECREASE) IN CASH FUNDS	(3,712,201)	(3,507,000)	(4,824,000)
CASH BALANCE JANUARY 1,	<u>51,628,790</u>	<u>47,916,589</u>	<u>44,409,589</u>
CASH BALANCE DECEMBER 31,	<u>47,916,589</u>	<u>44,409,589</u>	<u>39,585,589</u>
DETAIL OF CASH BALANCE			
Equity In General Cash Pool	22,131,323	18,175,683	13,227,448
Bond Restricted Cash	<u>25,785,266</u>	<u>26,233,906</u>	<u>26,358,141^A</u>
CASH BALANCE DECEMBER 31,	<u>47,916,589</u>	<u>44,409,589</u>	<u>39,585,589</u>

A. Bond Restricted Cash includes Operating Reserve, Debt Service, and Bond Redemption Investment.

MUNICIPAL LIGHT & POWER
1994 OPERATING BUDGET DETAIL

	1992 <u>ACTUAL</u>	1993 <u>PRO-FORMA</u>	1994 <u>BUDGET</u>
Labor			
Personnel Costs	8,917,586	9,300,000	9,450,000
Benefit Costs	<u>3,522,446</u>	<u>3,675,000</u>	<u>3,750,000</u>
Subtotal	12,440,032	12,975,000	13,200,000
Intergovernmental Charges			
Finance Department	574,964	610,000	575,000
Management Information Systems Dept	15,243	29,500	136,000
Human Resources Department	195,762	188,200	340,000
Self Insurance	210,230	409,300	179,000
Other IGC Charges	<u>227,366</u>	<u>405,000</u>	<u>370,000</u>
Subtotal	1,223,565	1,642,000	1,600,000
Other Expenses			
Professional Services	355,014	400,000	650,000
Depreciation & Amortization	15,717,879	15,110,000	13,892,000
MUSA	1,760,240	1,705,000	1,835,000
Interest on Long-term Debt	13,244,713	12,210,000	11,960,000
Interest During Construction	(345,075)	(310,000)	(335,000)
Purchased Power	4,791,390	5,500,000	5,475,000
Fuel	17,954,316	17,825,000	16,100,000
APUC Regulatory Fee	0	415,000	425,000
Regulatory Compliance	1,119,521	1,200,000	1,300,000
Other Expenses	<u>2,345,803</u>	<u>2,770,000</u>	<u>3,964,000</u>
Subtotal	56,943,801	56,825,000	55,266,000
TOTAL EXPENSES	<u>70,607,398</u>	<u>71,442,000</u>	<u>70,066,000</u>

**Municipal Light
and Power**

1994 - 1999

**Capital Improvement
Budget/Program**

MUNICIPAL LIGHT & POWER
1994 - 1999 CAPITAL IMPROVEMENT BUDGETS FINANCIAL SUMMARY (\$000)

PROJECT CATEGORY	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>TOTAL</u>
PRODUCTION (GEN)	5,305	6,175	6,770	6,430	5,490	5,065	35,235
TRANSMISSION	785	735	590	430	680	880	4,100
DISTRIBUTION	6,110	7,435	9,015	10,450	12,755	14,365	60,130
GENERAL PLANT	3,111	2,451	2,374	1,768	1,967	1,874	13,545
ENVIRONMENTAL	<u>1,675</u>	<u>1,630</u>	<u>1,680</u>	<u>1,855</u>	<u>1,900</u>	<u>1,725</u>	<u>10,465</u>
TOTAL	<u>16,986</u>	<u>18,426</u>	<u>20,429</u>	<u>20,933</u>	<u>22,792</u>	<u>23,909</u>	<u>123,475</u>

SOURCE OF FUNDING	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>TOTAL</u>
G.O. BONDS							
REVENUE BONDS			10,000	10,000	11,000	10,500	41,500
LOAN							
EQUITY/OPERATIONS	16,486	17,926	9,929	10,433	11,292	12,909	78,975
STATE GRANT	500	500	500	500	500	500	3,000
FEDERAL GRANT	0	0	0	0	0	0	0
DIRECT APPROPRIATION	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>16,986</u>	<u>18,426</u>	<u>20,429</u>	<u>20,933</u>	<u>22,792</u>	<u>23,909</u>	<u>123,475</u>