

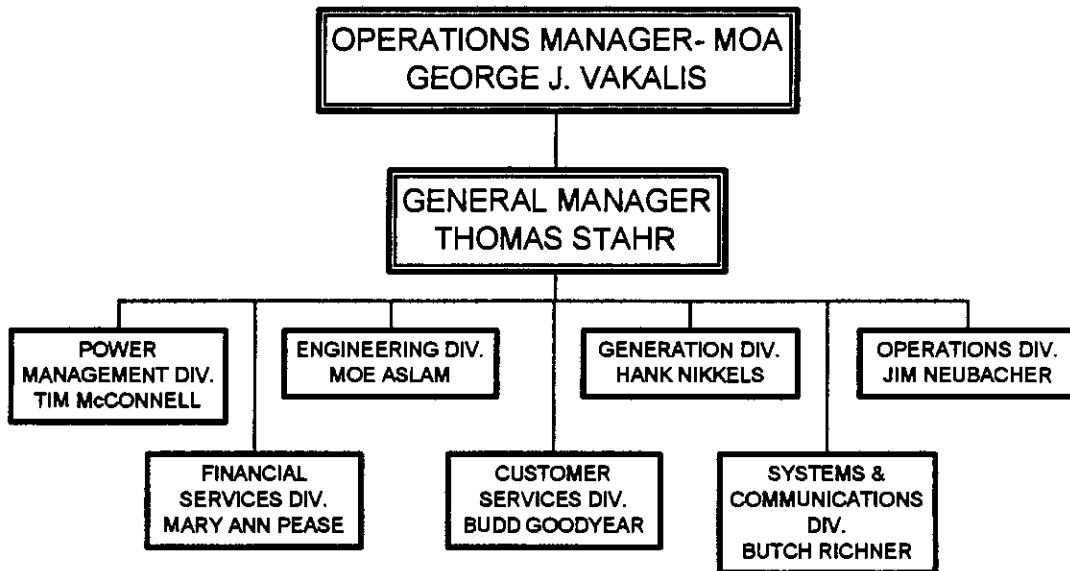
## **BUDGET DETAIL**

# **MUNICIPAL LIGHT AND POWER**



Municipal Light & Power

ORGANIZATION CHART



# **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 216 employees as of December 31, 1993 and a 1993 operating payroll cost of approximately \$12.2 million. Of these employees, 147 were covered by a labor agreement with IBEW and 69 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 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 1993, the average number of residential and commercial customers was 23,680 and 5,558 respectively. One-sixth of ML&P's customer base consumes four-sixths of its output. 1993 sales totaled 825,831 MWh and earned revenues of \$67,683,000.

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 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 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 operating permits 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 \$1.7 million in modifications to electric plant will be necessary to meet spill prevention requirements.

## **ELECTRIC PLANT**

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

### **- Power Generated/Purchased in 1994**

• ML&P Generated -	717,382 MWh	80.8%
• Purchased:		
Eklutna Hydroelectric Project -	66,995 MWh	7.6%
Bradley Lake Project -	101,032 MWh	11.4%
Other	1,680 MWh	.2%

### **- 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**

- 202 miles underground cable
- 147 miles overhead lines and cable
- 20 substations

### **- Assets as of December 31, 1994**

- Net Plant in Service: \$161,412,245

# MUNICIPAL LIGHT & POWER

## WORK FORCE PROJECTIONS

<u>DIVISION</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
ADMINISTRATION	16	16	16	17	17	17	17
SYSTEMS & COMMUNICATIONS	14	14	15	15	15	16	16
PRODUCTION (GENERATION)(1)	47	51	51	51	51	52	52
CUSTOMER SERVICE(2)	37	37	38	38	38	38	39
FINANCIAL SERVICES	23	23	23	23	24	24	24
POWER MANAGEMENT	10	10	10	11	11	11	11
OPERATIONS	46	47	47	47	48	48	48
ENGINEERING	<u>24</u>	<u>24</u>	<u>24</u>	<u>25</u>	<u>25</u>	<u>25</u>	<u>25</u>
SUBTOTAL	<u>217</u>	<u>222</u>	<u>224</u>	<u>227</u>	<u>229</u>	<u>231</u>	<u>232</u>
TEMPS	<u>29</u>	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>	<u>31</u>	<u>31</u>
TOTAL	<u>246</u>	<u>252</u>	<u>254</u>	<u>257</u>	<u>259</u>	<u>262</u>	<u>263</u>

(1) Four operator/mechanics will be required with the purchase of the Eklutna Hydro Electric project in 1995.

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

**Municipal Light  
and Power**

**1995  
Operating Budget**

**MUNICIPAL LIGHT & POWER**  
**RECONCILIATION OF 1994 BUDGET TO 1994 PROFORMA**

	<b>1994 BUDGET</b>	<b>1994 PROFORMA</b>	<b>VARIANCE FAVORABLE (UNFAVORABLE)</b>	
OPERATING REVENUE	69,050,000	67,487,000	(1,563,000)	A
OPERATING EXPENSE				
Operations	43,125,000	41,880,000	1,245,000	B
Depreciation(1)	9,735,000	10,070,000	(335,000)	
MUSA	1,835,000	1,883,000	(48,000)	
SUBTOTAL	<u>54,695,000</u>	<u>53,833,000</u>	<u>862,000</u>	
NON-OPERATING REVENUE	2,700,000	2,348,000	(352,000)	
NON-OPERATING EXPENSE	<u>14,821,000</u>	<u>14,789,000</u>	<u>32,000</u>	
NET INCOME (REGULATORY)	2,234,000	1,213,000	(1,021,000)	
ADJUSTMENTS FOR GAAP	<u>(550,000)</u>	<u>(550,000)</u>	<u>0</u>	
NET INCOME GAAP	<u><u>1,684,000</u></u>	<u><u>663,000</u></u>	<u><u>(1,021,000)</u></u>	

1994 Proforma as of 5/31/94

(1) Excludes Contributed Plant. Depreciation is calculated using the proposed 24 year life which has been filed with the APUC and is pending approval, retroactive to 1/1/94.

Explanation of Significant Variances:

A. Revenues are less than projected due to late implementation of the proposed rate increase, originally assumed to be 1/1/94. In addition, warmer weather conditions have led to a reduction in sales.

B. Operating costs are down due to sales being less than projected.

Explanation of parenthesis:

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



**MUNICIPAL LIGHT & POWER**  
**RECONCILIATION OF 1994 PROFORMA TO 1995 BUDGET**

	<u>1994 PROFORMA</u>	<u>1995 BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	
OPERATING REVENUE	67,487,000	71,750,000	4,263,000	A
OPERATING EXPENSE				
Operations	41,880,000	43,763,000	(1,883,000)	B
Depreciation(1)	10,070,000	10,771,000	(701,000)	C
MUSA	1,883,000	2,161,000	(278,000)	
SUBTOTAL	<u>53,833,000</u>	<u>56,695,000</u>	<u>(2,862,000)</u>	
NON-OPERATING REVENUE	2,348,000	2,238,000	(110,000)	
NON-OPERATING EXPENSE	<u>14,789,000</u>	<u>14,757,000</u>	<u>32,000</u>	
NET INCOME (REGULATORY)	1,213,000	2,536,000	1,323,000	
ADJUSTMENTS FOR GAAP	<u>(550,000)</u>	<u>(442,000)</u>	<u>108,000</u>	
NET INCOME GAAP	<u><u>663,000</u></u>	<u><u>2,094,000</u></u>	<u><u>1,431,000</u></u>	

1994 Proforma as of 5/31/94

(1) Excludes Contributed Plant. Depreciation is calculated using the proposed 24 year life which has been filed with the APUC and is pending approval, retroactive to 1/1/94.

Explanation of Significant Variances:

- A. Increase in revenues is due to 1% growth, projected 3.97% rate increase, and increase in the cost of power.
- B. Increase in operating costs is due to inflation and increased fuel cost.
- C. Function of capital program.

Explanation of parenthesis:

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

# MUNICIPAL LIGHT & POWER

## STATEMENT OF REVENUE AND EXPENSES

	<b>1993</b> <b><u>ACTUAL</u></b>	<b>1994</b> <b><u>PROFORMA</u></b>	<b>1995</b> <b><u>BUDGET</u></b>
<b>OPERATING REVENUE</b>			
Residential Sales	14,067,256	13,778,000	14,507,000
Commercial & Industrial	51,372,965	50,720,000	54,122,000
Public Highway & Street Lighting	1,112,359	1,075,000	1,122,000
Public Authority	544,205	526,000	556,000
Sales for Resale	391,951	424,000	438,000
Misc. Service Revenue	146,038	196,000	205,000
Rent from Electric Property	103,849	140,000	146,000
Miscellaneous Revenue	466,831	628,000	654,000
	<hr/>	<hr/>	<hr/>
<b>TOTAL OPERATING REVENUE</b>	<b>68,205,454</b>	<b>67,487,000</b>	<b>71,750,000</b>
<b>OPERATING EXPENSE</b>			
Production Expense	29,439,890	28,660,000	29,601,000
Transmission Expense	537,507	583,000	705,000
Distribution Expense	5,047,261	4,935,000	5,384,000
Customer Account Expense	2,860,494	2,882,000	3,066,000
Customer Service & Information	100,871	109,000	124,000
Administrative & General Expense	2,763,279	2,721,000	2,789,000
Regulatory Compliance	1,130,327	1,200,000	1,300,000
Depreciation(1)	10,586,103	10,070,000	10,771,000
Amort. Intangible Plant	400,155	415,000	415,000
Amort. Plant Acquisition	111,184	111,000	111,000
Municipal Utility Service Assmt.	1,706,208	1,883,000	2,161,000
APUC-Gross Revenue Fee	0	264,000	268,000
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<b>TOTAL OPERATING EXPENSE</b>	<b>54,683,279</b>	<b>53,833,000</b>	<b>56,695,000</b>
<b>OPERATING INCOME</b>	<b>13,522,175</b>	<b>13,654,000</b>	<b>15,055,000</b>

(1) Excludes Contributed Plant

1994 Proforma as of 5/31/94

# MUNICIPAL LIGHT & POWER

## STATEMENT OF REVENUE AND EXPENSES

	<b>1993 ACTUAL</b>	<b>1994 PROFORMA</b>	<b>1995 BUDGET</b>
<b>NON-OPERATING REVENUE</b>			
Interest From Operating Reserve	164,470	120,000	114,000
Interest From Bond Redemption Cash	1,732,061	1,261,000	1,260,000
Interest From General Cash Pool	554,424	404,000	320,000
Interest From Debt Service Account	193,926	141,000	141,000
Misc. Non-Operating Revenue	<u>580,817</u>	<u>422,000</u>	<u>403,000</u>
<b>TOTAL NON-OPERATING REVENUE</b>	<b>3,225,698</b>	<b>2,348,000</b>	<b>2,238,000</b>
<b>NON-OPERATING EXPENSE</b>			
Community	58,650	134,000	134,000
Interest on Bonded Debt	12,209,873	12,026,000	12,217,000
Amortization of Bond Discount/Premium	(39,757)	(36,000)	(29,000)
Amort of Bond Sale Cost & Ins.	314,045	307,000	298,000
Amort Loss on Refunded Debt	2,853,081	2,783,000	2,699,000
Other Interest Expense	57,710	0	10,000
Interest During Construction	<u>(390,227)</u>	<u>(425,000)</u>	<u>(572,000)</u>
<b>TOTAL NON-OPERATING EXPENSE</b>	<b><u>15,063,375</u></b>	<b><u>14,789,000</u></b>	<b><u>14,757,000</u></b>
<b>NET INCOME (REGULATORY)</b>	<b>1,684,498</b>	<b>1,213,000</b>	<b>2,536,000</b>
<b>ADJUSTMENTS FOR GAAP</b>			
Depreciation of Contributed Plant	(526,443)	(550,000)	(550,000)
Restricted Interest Income	<u>945</u>	<u>0</u>	<u>108,000</u>
<b>NET INCOME GAAP</b>	<b><u>1,159,000</u></b>	<b><u>663,000</u></b>	<b><u>2,094,000</u></b>

1994 Proforma as of 5/31/94

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

	<b>1993 ACTUAL</b>	<b>1994 PROFORMA</b>	<b>1995 BUDGET</b>
<b>SOURCES OF CASH FUNDS</b>			
Net Income GAAP	1,159,000	663,000	2,094,000
Depreciation	11,112,546	10,620,000	11,321,000
Amortized Bond Discount/Premium	(39,757)	(36,000)	(29,000)
Amort & Acquisition Adjustment	511,339	526,000	526,000
Amortization of Bond Sale Costs	314,045	307,000	298,000
Amortization on Refunded Debt	2,853,081	2,783,000	2,699,000
Bond Proceeds	72,796,509	948,000	6,633,000
Other Long Term Debt	1,289,892	0	0
Contributions	609,642	500,000	500,000
<b>TOTAL SOURCES OF CASH FUNDS</b>	<b>90,606,297</b>	<b>16,311,000</b>	<b>24,042,000</b>
<b>USES OF CASH FUNDS</b>			
Additions to Plant	15,289,629	16,526,000	23,774,000
Debt Retirement Long Term	4,740,000	5,224,000	5,687,000
Bond Refunding	75,982,388	0	0
Other	609,642	0	0
<b>TOTAL USES OF CASH FUNDS</b>	<b>96,621,659</b>	<b>21,750,000</b>	<b>29,461,000</b>
<b>NET INCREASE (DECREASE) IN CASH FUND</b>	<b>(6,015,362)</b>	<b>(5,439,000)</b>	<b>(5,419,000)</b>
<b>CASH BALANCE JANUARY 1,</b>	<b>47,916,589</b>	<b>41,901,000</b>	<b>36,462,000</b>
<b>CASH BALANCE DECEMBER 31,</b>	<b>41,901,227</b>	<b>36,462,000</b>	<b>31,043,000</b>
<b>DETAIL OF CASH BALANCE</b>			
Equity in General Cash Pool	20,830,718	16,106,000	9,919,000
Bond Restricted Cash	21,070,509	20,356,000	21,124,000
<b>CASH BALANCE DECEMBER 31,</b>	<b>41,901,227</b>	<b>36,462,000</b>	<b>31,043,000</b>

1994 Proforma as of 5/31/94

# MUNICIPAL LIGHT & POWER

## 1995 OPERATING BUDGET DETAIL

	<u>1993 ACTUAL</u>	<u>1994 PROFORMA</u>	<u>1995 BUDGET</u>
<u>Labor</u>			
Personnel Costs	8,703,030	8,838,000	9,123,000
Benefit Costs	<u>3,507,321</u>	<u>3,562,000</u>	<u>3,677,000</u>
Subtotal	12,210,351	12,400,000	12,800,000
<u>Intergovernmental Charges</u>			
Finance Department	250,101	260,000	260,000
MIS/FIS	213,710	225,000	310,000
Human Resources Department	189,787	290,000	260,000
Purchasing	103,830	120,000	120,000
Self Insurance	372,485	300,000	280,000
Mayor	37,478	40,000	220,000
Enterprise/Operations Manager	109,004	120,000	140,000
Other IGC Charges	<u>203,198</u>	<u>245,000</u>	<u>260,000</u>
Subtotal	<u>1,479,593</u>	<u>1,600,000</u>	<u>1,850,000</u>
<u>Other Expenses</u>			
Professional Services	276,235	400,000	400,000
Depreciation & Amortization	14,751,254	14,200,000	14,815,000
MUSA	1,706,208	1,890,000	2,160,000
Interest on Long-term Debt	12,210,431	12,050,000	12,220,000
Interest During Construction	(390,227)	(425,000)	(570,000)
Purchased Power (1)	5,177,863	5,300,000	3,800,000
Hydroelectric Generation (1)	0	0	1,450,000
Fuel	17,411,446	16,100,000	17,000,000
APUC Regulatory Fee	0	265,000	270,000
Regulatory Compliance	1,130,327	1,200,000	1,300,000
Other Expenses	<u>4,309,616</u>	<u>4,192,000</u>	<u>4,507,000</u>
Subtotal	<u>56,583,153</u>	<u>55,172,000</u>	<u>57,352,000</u>
<b>TOTAL EXPENSES</b>	<u><u>70,273,097</u></u>	<u><u>69,172,000</u></u>	<u><u>72,002,000</u></u>

(1) Assumes purchase of Eklutna in late 1994 or early 1995 and a shift in related costs.

1994 Proforma as of 5/31/94

**Municipal Light  
and Power**

**1995 - 2000**

**Capital Improvement  
Budget/Program**

## MUNICIPAL LIGHT & POWER

### 1995 - 2000 CAPITAL IMPROVEMENT BUDGETS FINANCIAL SUMMARY (\$000)

<u>PROJECT CATEGORY:</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>TOTAL</u>
PRODUCTION (GEN)	5,155	5,705	5,055	5,130	4,520	4,610	30,175
TRANSMISSION	770	655	530	550	795	825	4,125
DISTRIBUTION	6,545	7,615	7,940	8,645	8,785	10,055	49,585
GENERAL PLANT	4,138	3,507	2,831	2,941	2,826	2,575	18,818
ENVIRONMENTAL	2,455	1,030	355	1,605	1,825	100	7,370
ENERGY STORAGE *	9,500	0	0	0	0	0	9,500
INTERTIES **	7,000	0	0	8,000	0	0	15,000
 TOTAL BUDGET	 <u>35,563</u>	 <u>18,512</u>	 <u>16,711</u>	 <u>26,871</u>	 <u>18,751</u>	 <u>18,165</u>	 <u>134,573</u>

<u>SOURCE OF FUNDING:</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>TOTAL</u>
G.O. BONDS	0	0	0	0	0	0	0
REVENUE BONDS	7,000	15,000	10,000	10,000	7,500	7,500	57,000
LOAN	0	0	0	0	0	0	0
EQUITY/OPERATIONS	28,063	3,512	6,711	16,871	11,251	10,665	77,073
STATE GRANT	500	0	0	0	0	0	500
FEDERAL GRANT	0	0	0	0	0	0	0
DIRECT APPROPRIATION	0	0	0	0	0	0	0
 TOTAL BUDGET	 <u>35,563</u>	 <u>18,512</u>	 <u>16,711</u>	 <u>26,871</u>	 <u>18,751</u>	 <u>18,165</u>	 <u>134,573</u>

\* SMES must be firmly committed for in 1995, the majority of the funding will not be required until it is installed in 1997 or 1998.

\*\* Interties may be financed by AIDEA and only require annual debt service payments.

Approximately \$7.6 Million in personnel costs will be spent on Capital Projects during 1995.