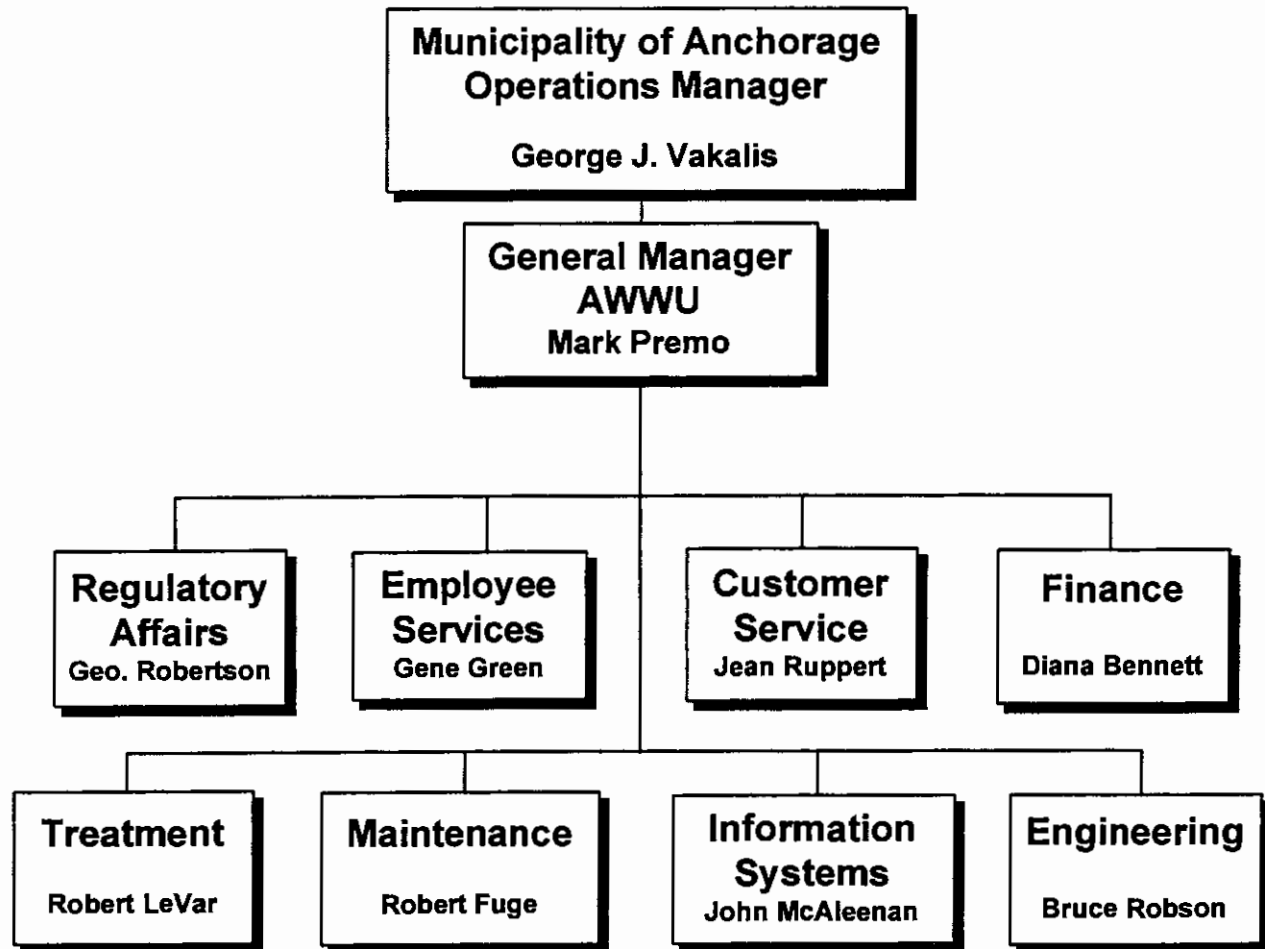


# **ANCHORAGE WATER AND WASTEWATER UTILITY**

# ANCHORAGE WATER & WASTEWATER UTILITY

## ORGANIZATION CHART



## **ANCHORAGE WATER & WASTEWATER UTILITY PROFILE**

**ORGANIZATION:** The Anchorage Water and Wastewater Utility (AWWU) is the largest water and wastewater utility in Alaska and serves 125 square miles of metropolitan Anchorage from Eklutna to Girdwood. The Utility collects water from two major surface watersheds and many deep underground wells and distributes it to over 44,000 residential, commercial, military, and industrial customers throughout the urban areas of Anchorage. The Utility's wastewater facilities serve 46,800 residential, commercial and military customers. As water is consumed and used, treatment plants operate 24 hours per day, discharging treated wastewater into Cook Inlet, Eagle River and Glacier Creek. The public investment in these systems -- for treatment plants, mains and sewers, laboratories, and reservoirs -- totals nearly \$700 million. More than 265 employees operate the system, and the Utility spends approximately \$50 million annually to ensure that the water and wastewater systems perform efficiently. Through education, training, certification programs, field experience and longevity of service, the people who run the system are a dedicated team: Treatment plant operators, engineers, laboratory technicians, maintenance craftsmen, accountants, customer service representatives and field personnel working together, ensure that the water and wastewater systems perform efficiently.

Although they share one workforce, the utilities are separate economic entities. A profile of each utility is shown below:

### **ANCHORAGE WATER UTILITY**

**HISTORY:** From the first water intake in Lower Ship Creek (and a few miles of woodstave water mains downtown) more than 75 years ago, Anchorage's public water utility has grown to a third-of-a-billion-dollar enterprise that delivers nearly 26 million gallons of water to its customers each day, for less than \$1 per household. The original water system for Anchorage was installed by the Alaska Railroad in 1917. In 1921, the City purchased the water system and associated water rights from the Alaska Engineering Commission. As the City expanded by annexation, the water system was extended into new areas and independent water systems previously serving the annexed areas were acquired by the City. The entire service area is now governed by the Municipality of Anchorage as a result of unification of the City of Anchorage and the Greater Anchorage Area Borough on September 15, 1975.

**SERVICE:** In the Tent City days of Anchorage, Ship Creek supplied water for Anchorage's first settlers, conveyed with buckets. Today, Ship Creek remains an important water source, captured up-stream in the Chugach foothills for treatment and distribution. From spring through fall, the headwaters of Ship Creek provide up to 24

million gallons of water each day. When stream flow is low during the winter, the Eklutna Water Treatment Plant and deep wells are relied upon to supplement the Ship Creek water supply. The 35 million gallon Eklutna Plant north of Eagle River, completed in 1988, will supply Anchorage's water needs into the next century. The Eklutna water supply originates at Eklutna Lake, a body of water that is a drought-resistant natural reservoir. Fed by the runoff from Eklutna Glacier and the annual snow-pack, the eight mile long lake can supply up to 100 million gallons of water each day. The Girdwood community is served from a system of wells.

During 1996 the Anchorage Water Utility (AWU) proposes a construction program that will emphasize repair and rehabilitation of the existing system and resources, and continue efforts to maximize water availability to South Anchorage. To accomplish the latter objective, AWU proposes initiating the construction of the Anchorage Loop Water Transmission Main, phases I - III and design of phase IV. Phases I-III involves construction of a main from the Ship Creek Water Treatment Plant to the reservoirs at Tudor Road and Patterson Street; phase IV will connect those reservoirs to a planned reservoir at Service High School.

**REGULATION:** Since December 1970, the Anchorage Water Utility has been economically regulated by the Alaska Public Utilities Commission (APUC). All rates and tariffs must be approved by this body prior to implementation. They also regulate service areas and service quality. The APUC is composed of five members appointed to six-year staggered terms by the Governor and confirmed by the State Legislature.

In addition to the APUC, the Anchorage Water and Wastewater Utility Advisory Commission acts as an oversight body to advise the Mayor and Assembly on Utility matters. The seven members of this Commission are appointed to staggered three-year terms by the Mayor and approved by the Assembly. The Commission annually elects one of its members as Chair and another as Vice-Chair. The General Manager of AWWU serves as Executive Secretary of the Commission.

The Commission normally meets once a month to review service policies and practices and reviews the budgets and operations of AWWU and annually submits recommendations to the Mayor.

**ENVIRONMENTAL MANDATES:** In recent years there have been several federally mandated programs that directly impact the Water Utility's operating costs. The Safe Drinking Water Act, Americans with Disabilities Act, and Community Right-to-Know are some of the current and ongoing laws that impact the Utility.

**PHYSICAL PLANT:** AWU operates two treatment plants and has seventeen wells that are operated on an as-needed basis. Only two wells are operated full-time. Average treatment plant production is 20,000,000 gallons per day (gpd). Treatment plant capacity is 59,000,000 gpd. Average well production is 6,000,000 gpd. The transmission system has approximately 680 miles of mains and 5,600 fire hydrants. Net Plant value as of December 1994: \$303,000,000.

## ANCHORAGE WASTEWATER UTILITY

**HISTORY:** Sewers were first installed in Anchorage during 1916 along the lower bluff from the Alaska Railroad Depot, west to the inlet, by the Alaska Engineering Commission. As Anchorage grew, construction of sewers continued and, by the end of World War II, sewers were available to most of the area between Ship Creek and Chester Creek to the West of Cordova Street. The Greater Anchorage Area Borough (GAAB) was created in 1964, and soon after was granted areawide sewer powers. The last major private sewer utility was acquired by the GAAB in 1972. The Utility is now governed by the Municipality of Anchorage as a result of unification of the City of Anchorage and the Greater Anchorage Area Borough on September 15, 1975.

**SERVICE:** Anchorage's enjoyment of drinking water is just one part of the AWWU system. After the day's 26 million gallons of water is used, it must be treated for its return to the environment. The creeks and inlets downstream from Anchorage's wastewater treatment plants are not adversely impacted by treated effluent, which is the principal measure of success. The Anchorage community benefits from the superior operation of the three wastewater treatment plants that serve its growing population.

For every contaminant that finds its way into the water from the activities of man or natural forces, there is a process to remove it, although some processes are so costly that the contaminants must be controlled at the source. Toxic chemical compounds – Floating sediments and particles – Human waste – Grease and oils – Debris – Bacteria. None are acceptable in public waters.

Like thousands of utilities across the nation, the Anchorage Wastewater Utility is achieving higher levels of treatment more efficiently and more effectively than was possible even 10 years ago. While the technology of screening the waste, employing "specialized" bacteria to absorb dissolved solids, and disinfecting the "final product" remains the same, treatment standards have become more stringent.

At Eagle River, Girdwood and Point Woronzof, the utility has continued to invest in the highest and most reliable technology practicable. Anchorage in the 1990's is assured that the city's wastewater treatment plant output protects the receiving water to which it is returned.

**REGULATION:** Since 1971, the Anchorage Wastewater Utility has been economically regulated by the Alaska Public Utilities Commission (APUC) and holds a Certificate of Convenience and Necessity for serving the Anchorage Bowl, Eagle River, and Girdwood.

All rates and tariffs must be approved by this body prior to implementation. They also regulate service areas and service quality. The APUC is composed of five members appointed to six-year staggered terms by the Governor and confirmed by the State Legislature.

In addition to the APUC, the Anchorage Water and Wastewater Utility Advisory Commission acts as an oversight body to advise the Mayor and Assembly on Utility matters. The seven members of this Commission are appointed to staggered three-year terms by the Mayor and approved by the Assembly. The Commission annually elects one of its members as Chair and another as Vice-Chair. The General Manager of AWWU serves as Executive Secretary of the Commission.

The Commission normally meets once a month to review service policies and practices and reviews the budgets and operations of AWWU and annually submits recommendations to the Mayor.

ENVIRONMENTAL MANDATES: In recent years there have been several federally mandated programs that directly impact the Wastewater Utility's operating costs. The Clean Water Act, Americans with Disabilities Act, Community Right-to-Know, and the Clean Air Act are some of the current and on-going laws that impact the Utility.

The Point Woronzof Wastewater Treatment Plant uses primary treatment techniques. The extreme tides and natural water flow of Cook Inlet enable these wastewater discharges to be diluted with no adverse effect to the environment. The dynamics of Cook Inlet's currents and tides -- coupled with primary treatment and chlorination -- have enabled Anchorage to receive a waiver from secondary treatment standards from the U.S. Environmental Protection Agency (EPA). To continue operating under the waiver, AWWU maintains an extensive marine monitoring program that makes certain that there are no negative environmental impacts to the receiving waters of Cook Inlet.

PHYSICAL PLANT: The Wastewater Utility operates three treatment plants. Average flow was 31,000,000 gallons per day (gpd) in 1994. Treatment plant capacity is 61,500,000 gpd. The collection system has approximately 676 miles of lines. Net plant value as of December 1994: \$248,000,000. In Girdwood and Eagle River, the wastewater utility's plants are modern, tertiary (three-stage) plants that discharge effluent of virtual drinking water quality into Glacier Creek and Eagle River. With its expansion in 1991, the Eagle River Plant has the capacity to provide for growth to the year 2005. The Girdwood Plant is scheduled for upgrade in 1995-96.

The Point Woronzof Treatment Plant, built in 1972, is Alaska's largest. As wastewater treatment technology and the demands of community growth have developed over the last two decades, utility operators and engineers have kept pace. The Point Woronzof plant was upgraded in 1982, and expanded and upgraded again in 1989. Ingenuity and vigilant maintenance have consistently enabled the Utility to operate this facility at its optimum level.

**ANCHORAGE WATER and WASTEWATER UTILITY  
WORK FORCE PROJECTIONS**

<b>DIVISIONS</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
MANAGER	5	5	5	5	5	5	5
EMPLOYEE SERVICES	6	6	6	6	6	6	6
INFORMATION SYSTEMS	12	14	14	14	14	14	14
MAINTENANCE	85	84	84	84	84	84	84
TREATMENT	62	62	63	63	63	63	63
FINANCE	15	15	15	15	15	15	15
REGULATORY AFFAIRS	4	4	4	4	4	4	4
ENGINEERING	33	32	32	32	32	32	32
CUSTOMER SERVICE	47	46	46	46	46	46	46
TOTAL	269	268	269	269	269	269	269

**Anchorage Water Utility**

**1996  
Operating Budget**



**ANCHORAGE WATER UTILITY  
RECONCILIATION OF 1995 BUDGET TO 1995 PROFORMA**

	1995 BUDGET	1995 PROFORMA	VARIANCE	
<b>REVENUE</b>				
OPERATING REVENUES	26,674,000	26,305,000	(369,000)	A
NON-OPERATING REVENUES	1,566,000	1,564,000	(2,000)	
<b>TOTAL REVENUES</b>	<b>28,240,000</b>	<b>27,869,000</b>	<b>(371,000)</b>	
<b>OPERATING EXPENSES</b>				
OPERATIONS	14,691,000	13,988,000	(703,000)	B
DEPRECIATION	3,234,000	3,284,000	50,000	C
MUSA	1,417,000	1,514,000	97,000	C
<b>TOTAL OPERATING EXPENSES</b>	<b>19,342,000</b>	<b>18,786,000</b>	<b>(556,000)</b>	
<b>NON-OPERATING EXPENSES</b>	<b>7,326,000</b>	<b>7,745,000</b>	<b>419,000</b>	<b>D</b>
<b>TOTAL EXPENSES</b>	<b>26,668,000</b>	<b>26,531,000</b>	<b>(137,000)</b>	
<b>NET INCOME REGULATORY</b>	<b>1,572,000</b>	<b>1,338,000</b>	<b>(234,000)</b>	
ADJUSTMENT FOR GAAP METHOD	(4,538,000)	(4,538,000)	0	
<b>NET INCOME GAAP</b>	<b>(2,966,000)</b>	<b>(3,200,000)</b>	<b>(234,000)</b>	

**Explanation of Significant Variances:**

A: Customer growth 0.6% under bgt, (255k); hydrant use charges (114k).

B: Labor (150k); supplies (30k); other services (28k); contingency (300k); IGC's (195k).

C: Function of the capital construction program.

D: Interest expense (98k); increase in amortization expense +207k; decrease in capitalized interest +310k.

**ANCHORAGE WATER UTILITY  
RECONCILIATION OF 1995 PROFORMA TO 1996 BUDGET**

	1995 PROFORMA	1996 BUDGET	VARIANCE	
<b>REVENUE</b>				
OPERATING REVENUES	26,305,000	26,543,000	238,000	A
NON-OPERATING REVENUES	1,564,000	1,695,000	131,000	B
<b>TOTAL REVENUES</b>	<b>27,869,000</b>	<b>28,238,000</b>	<b>369,000</b>	
<b>OPERATING EXPENSES</b>				
OPERATIONS	13,988,000	14,773,000	785,000	C
DEPRECIATION	3,284,000	3,366,000	82,000	D
MUSA	1,514,000	1,559,000	45,000	D
<b>TOTAL OPERATING EXPENSES</b>	<b>18,786,000</b>	<b>19,698,000</b>	<b>912,000</b>	
<b>NON-OPERATING EXPENSES</b>	<b>7,745,000</b>	<b>7,451,000</b>	<b>(294,000)</b>	<b>E</b>
<b>TOTAL EXPENSES</b>	<b>26,531,000</b>	<b>27,149,000</b>	<b>618,000</b>	
<b>NET INCOME REGULATORY</b>	<b>1,338,000</b>	<b>1,089,000</b>	<b>(249,000)</b>	
ADJUSTMENT FOR GAAP METHOD	(4,538,000)	(4,651,000)	(113,000)	D
<b>NET INCOME GAAP</b>	<b>(3,200,000)</b>	<b>(3,562,000)</b>	<b>(362,000)</b>	

Explanation of Significant Variances:

A: Customer growth 1.0%.

B: Increase in rental income +166k; decrease in interest income (35k).

C: Labor +269k; supplies +91k; other services (42k); contingency +275k; IGC's +192k.

D: Function of the capital construction program.

E: Interest expense (167k); increase in amortization expense +3k; increase in capitalized interest (130k).

**ANCHORAGE WATER UTILITY  
STATEMENT OF REVENUE AND EXPENSES**

	1994 ACTUAL	1995 PROFORMA	1996 BUDGET
<b>OPERATING REVENUE</b>			
RESIDENTIAL SALES	17,582,606	17,776,000	17,954,000
COMMERCIAL SALES	5,941,879	5,959,000	6,019,000
PUBLIC FIRE PROTECTION	2,240,000	2,240,000	2,240,000
HYDRANT USE CHARGE	43,908	150,000	150,000
MISCELLANEOUS	179,681	180,000	180,000
<b>TOTAL OPERATING REVENUE</b>	<b>25,988,074</b>	<b>26,305,000</b>	<b>26,543,000</b>
<b>OPERATING EXPENSES</b>			
SOURCE OF SUPPLY	2,201,477	2,242,000	2,333,000
TREATMENT	2,594,000	2,545,000	2,628,000
TRANSMISSION	3,457,948	3,536,000	3,549,000
CUSTOMER ACCOUNTS	1,715,614	1,750,000	1,956,000
GENERAL & ADMINISTRATIVE	3,655,629	3,915,000	4,307,000
DEPRECIATION *	3,203,938	3,284,000	3,366,000
MUSA	1,419,143	1,514,000	1,559,000
<b>TOTAL OPERATING EXPENSE</b>	<b>18,247,749</b>	<b>18,786,000</b>	<b>19,698,000</b>
<b>OPERATING INCOME</b>	<b>7,740,325</b>	<b>7,519,000</b>	<b>6,845,000</b>

\* DEPRECIATION OF CONTRIBUTED  
PLANT NOT INCLUDED

**ANCHORAGE WATER UTILITY  
STATEMENT OF REVENUE AND EXPENSES**

	1994 ACTUAL	1995 PROFORMA	1996 BUDGET
<b>NON-OPERATING REVENUE</b>			
RENTAL INCOME	216,450	233,000	399,000
INTEREST - GENERAL CASH POOL	244,716	274,000	170,000
INTEREST - BOND CASH POOL	263,798	219,000	150,000
INTEREST - BOND REDEMPT RESERVE	96,174	173,000	230,000
INTEREST - BOND SINKING FUND	91,471	75,000	76,000
INTEREST - EKLUTNA RESERVE	365,941	450,000	540,000
INTEREST & PENALTIES	166,032	140,000	130,000
MISC INCOME	1,637	0	0
<b>TOTAL NON-OPERATING REVENUE</b>	<b>1,446,219</b>	<b>1,564,000</b>	<b>1,695,000</b>
 <b>NON-OPERATING EXPENSE</b>			
AMORT DEFERRED DEBITS/DISCOUNTS	863,643	847,000	850,000
INTEREST - LONG TERM DEBT	6,994,698	6,918,000	6,751,000
INTEREST - OTHER	0	0	0
CAPITALIZED INTEREST	(65,834)	(20,000)	(150,000)
<b>TOTAL NON-OPERATING EXPENSE</b>	<b>7,792,507</b>	<b>7,745,000</b>	<b>7,451,000</b>
<b>NON-OPERATING INCOME</b>	<b>(6,346,288)</b>	<b>(6,181,000)</b>	<b>(5,756,000)</b>
 <b>NET INCOME (REGULATORY)</b>	<b>1,394,037</b>	<b>1,338,000</b>	<b>1,089,000</b>
 <b>ADJUSTMENT FOR GAAP</b>	<b>4,417,383</b>	<b>4,538,000</b>	<b>4,651,000</b>
<b>NET INCOME (LOSS) GAAP</b>	<b>(3,023,346)</b>	<b>(3,200,000)</b>	<b>(3,562,000)</b>

**ANCHORAGE WATER UTILITY  
STATEMENT OF SOURCES AND USES OF CASH**

	1994	1995	1996
	ACTUAL	PROFORMA	BUDGET
<b>SOURCES OF CASH:</b>			
NET INCOME (LOSS) GAAP	(3,023,346)	(3,200,000)	(3,562,000)
DEPRECIATION	7,621,321	7,822,000	8,017,000
BOND PROCEEDS	0	0	3,000,000
ASSESSMENT BONDS	0	0	0
AMORT/DEFERRED DEBITS/DISCOUNTS	863,643	847,000	850,000
GRANTS	5,244,383	3,069,000	13,870,000
ASSESSMENTS	462,286	300,000	300,000
EKLUTNA RESERVE	0	0	0
OTHER	1,242,991	31,361	(33,000)
<b>TOTAL SOURCES OF CASH FUNDS</b>	<b>12,411,278</b>	<b>8,869,361</b>	<b>22,442,000</b>
<b>USES OF CASH:</b>			
ADDITIONS TO PLANT	9,602,547	7,727,000	23,567,000
BOND PRINCIPAL PAYMENT	1,610,421	1,910,000	1,836,000
<b>TOTAL USES OF CASH FUNDS</b>	<b>11,212,968</b>	<b>9,637,000</b>	<b>25,403,000</b>
<b>NET INCREASE(DECREASE) IN CASH FUNDS</b>	<b>1,198,310</b>	<b>(767,639)</b>	<b>(2,961,000)</b>
<b>CASH BALANCE JANUARY 1</b>	<b>22,136,329</b>	<b>23,334,639</b>	<b>22,567,000</b>
<b>CASH BALANCE DECEMBER 31</b>	<b>23,334,639</b>	<b>22,567,000</b>	<b>19,606,000</b>
<b>DETAIL OF CASH BALANCE:</b>			
EQUITY IN CONSTRUCTION CASH POOL	4,858,042	4,931,000	2,234,000
RESTRICTED CASH ACCOUNTS	12,155,322	13,927,000	15,739,000
EQUITY IN GENERAL CASH POOL	6,321,275	3,709,000	1,633,000
<b>TOTAL CASH DECEMBER 31</b>	<b>23,334,639</b>	<b>22,567,000</b>	<b>19,606,000</b>

**ANCHORAGE WATER UTILITY  
1996 OPERATING BUDGET DETAIL**

	1994 ACTUAL	1995 PROFORMA	1996 BUDGET
<b>LABOR</b>			
Wages	5,106,871	5,134,000	5,374,000
Overtime	193,931	198,000	201,000
Benefits	2,554,540	2,675,000	2,701,000
Subtotal	7,855,342	8,007,000	8,276,000
<b>SUPPLIES</b>			
Chemicals	260,920	275,000	313,000
Plant, Shop, & Office Expense	719,115	714,000	767,000
Subtotal	980,035	989,000	1,080,000
<b>INTRAGOVERNMENTAL CHARGES</b>			
Finance Dept	237,875	284,000	262,000
Mgmt Information Systems Dept	385,842	465,000	588,000
Employee Relations Dept	158,306	170,000	175,000
Other	509,316	503,000	589,000
Subtotal	1,291,339	1,422,000	1,614,000
<b>OTHER SERVICES</b>			
Professional Services	191,829	268,000	344,000
Rent/Leases	859,343	667,000	683,000
Utilities	1,606,306	1,643,000	1,638,000
Vehicles	601,997	649,000	650,000
Other	238,477	343,000	489,000
Subtotal	3,497,952	3,570,000	3,804,000
<b>OTHER EXPENSES</b>			
Depreciation & Amortization	7,621,321	7,822,000	8,017,000
MUSA	1,419,143	1,514,000	1,559,000
Interest on Long-Term Debt	6,994,698	6,918,000	6,751,000
Capitalized Interest	(65,834)	(20,000)	(150,000)
Amort Deferred Debits/Discounts	863,643	847,000	850,000
Subtotal	16,832,971	17,081,000	17,027,000
<b>TOTAL EXPENSES</b>	<b>30,457,639</b>	<b>31,069,000</b>	<b>31,801,000</b>

VS.  
31,800,000  
per pgs. 11 & 12  
(rounding error)

**Anchorage Water Utility**

**1996 - 2001  
Capital Improvement  
Budget/Program**

**Anchorage Water Utility**  
**1996-2001 Capital Improvement Budget Financial Summary**  
 (\$\$ x 1000)

<b>Project Category</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
General Plant	\$2,800	\$2,135	\$2,060	\$1,720	\$2,020	\$1,720
Repair & Rehab	\$2,380	\$1,275	\$1,170	\$1,295	\$1,300	\$1,300
Transmission/Distrib	\$1,170	\$7,750	\$10,900	\$9,400	\$1,200	\$3,200
Well, Tank, PRV	\$250	\$850	\$5,200	\$750	\$850	\$400
<b>TOTAL</b>	<b>\$6,600</b>	<b>\$12,010</b>	<b>\$19,330</b>	<b>\$13,165</b>	<b>\$5,370</b>	<b>\$6,620</b>

<b>Source of Funding</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
Debt	\$3,550	\$9,900	\$16,850	\$10,595	\$1,100	\$3,100
Equity	\$3,050	\$2,110	\$2,480	\$2,570	\$4,270	\$3,520
State Grant	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$6,600</b>	<b>\$12,010</b>	<b>\$19,330</b>	<b>\$13,165</b>	<b>\$5,370</b>	<b>\$6,620</b>

\* Approximately \$.7 million dollars of in-house labor will be spent on capital projects in 1996



**Anchorage Wastewater Utility**

**1996  
Operating Budget**

**ANCHORAGE WASTEWATER UTILITY  
RECONCILIATION OF 1995 BUDGET TO 1995 PROFORMA**

	1995 BUDGET	1995 PROFORMA	VARIANCE	
<b>REVENUE</b>				
OPERATING REVENUES	22,547,000	22,692,000	145,000	A
NON-OPERATING REVENUES	1,486,000	1,641,000	155,000	B
<b>TOTAL REVENUES</b>	<b>24,033,000</b>	<b>24,333,000</b>	<b>300,000</b>	
<b>OPERATING EXPENSES</b>				
OPERATIONS	14,263,000	13,528,000	(735,000)	C
DEPRECIATION	2,612,000	2,743,000	131,000	D
MUSA	1,162,000	1,140,000	(22,000)	E
<b>TOTAL OPERATING EXPENSES</b>	<b>18,037,000</b>	<b>17,411,000</b>	<b>(626,000)</b>	
<b>NON-OPERATING EXPENSES</b>	<b>4,695,000</b>	<b>4,856,000</b>	<b>161,000</b>	<b>F</b>
<b>TOTAL EXPENSES</b>	<b>22,732,000</b>	<b>22,267,000</b>	<b>(465,000)</b>	
<b>NET INCOME REGULATORY</b>	<b>1,301,000</b>	<b>2,066,000</b>	<b>765,000</b>	
ADJUSTMENT FOR GAAP METHOD	(5,125,000)	(4,985,000)	140,000	D
<b>NET INCOME GAAP</b>	<b>(3,824,000)</b>	<b>(2,919,000)</b>	<b>905,000</b>	

**Explanation of Significant Variances:**

A: Customer growth .5% over bgt, +54k; Public Authorities +88k; Other +3k.

B: Increase in interest income +155k.

C: Labor (78k); supplies (83k); other svc +55k; contingency (300k); IGC's (328k).

D: Function of capital construction program.

E: Actual mill rates under bgt (22k)

F: Decrease in interest expense (136k); increase in amortization expense for bond refunding +350k;  
increase in capitalized interest (53k)

**ANCHORAGE WASTEWATER UTILITY  
RECONCILIATION OF 1995 PROFORMA TO 1996 BUDGET**

	1995 PROFORMA	1996 BUDGET	VARIANCE	
<b>REVENUE</b>				
OPERATING REVENUES	22,692,000	22,911,000	219,000	A
NON-OPERATING REVENUES	1,641,000	1,585,000	(56,000)	B
<b>TOTAL REVENUES</b>	<b>24,333,000</b>	<b>24,496,000</b>	<b>163,000</b>	
<b>OPERATING EXPENSES</b>				
OPERATIONS	13,528,000	14,426,000	898,000	C
DEPRECIATION	2,743,000	2,873,000	130,000	D
MUSA	1,140,000	1,178,000	38,000	D
<b>TOTAL OPERATING EXPENSES</b>	<b>17,411,000</b>	<b>18,477,000</b>	<b>1,066,000</b>	
<b>NON-OPERATING EXPENSES</b>	<b>4,856,000</b>	<b>4,684,000</b>	<b>(172,000)</b>	<b>E</b>
<b>TOTAL EXPENSES</b>	<b>22,267,000</b>	<b>23,161,000</b>	<b>894,000</b>	
<b>NET INCOME REGULATORY</b>	<b>2,066,000</b>	<b>1,335,000</b>	<b>(731,000)</b>	
ADJUSTMENT FOR GAAP METHOD	(4,985,000)	(5,000,000)	(15,000)	D
<b>NET INCOME GAAP</b>	<b>(2,919,000)</b>	<b>(3,665,000)</b>	<b>(746,000)</b>	

**Explanation of Significant Variances:**

A: Customer growth 1.0%.

B: Decrease in interest income (54k).

C: Labor +251k; supplies +69k; other services +152k; contingency +275k; IGC's +151k.

D: Function of capital construction program.

E: Interest expense (215K); increase in amortization expense +25k; increase in capitalized interest +18k.

**ANCHORAGE WASTEWATER UTILITY  
STATEMENT OF REVENUE AND EXPENSES**

	1994 ACTUAL	1995 PROFORMA	1996 BUDGET
<b>OPERATING REVENUES</b>			
RESIDENTIAL SALES	16,610,341	17,191,000	17,363,000
COMMERCIAL SALES	4,859,542	4,704,000	4,751,000
PUBLIC AUTHORITIES	325,860	550,000	550,000
MISCELLANEOUS	247,255	247,000	247,000
<b>TOTAL OPERATING REVENUE</b>	<b>22,042,998</b>	<b>22,692,000</b>	<b>22,911,000</b>
<b>OPERATING EXPENSES</b>			
COLLECTION	2,689,791	2,820,000	2,816,000
TREATMENT	5,097,971	5,196,000	5,347,000
CUSTOMER ACCOUNTS	1,477,961	1,510,000	1,666,000
GENL & ADMINISTRATIVE	3,795,746	4,002,000	4,597,000
DEPRECIATION *	2,618,185	2,743,000	2,873,000
MUSA	1,109,950	1,140,000	1,178,000
<b>TOTAL OPERATING EXPENSES</b>	<b>16,789,604</b>	<b>17,411,000</b>	<b>18,477,000</b>
<b>OPERATING INCOME</b>	<b>5,253,394</b>	<b>5,281,000</b>	<b>4,434,000</b>

\*DEPRECIATION OF CONTRIBUTED  
PLANT NOT INCLUDED

**ANCHORAGE WASTEWATER UTILITY  
STATEMENT OF REVENUE AND EXPENSES**

	1994 ACTUAL	1995 PROFORMA	1996 BUDGET
<b>NON-OPERATING REVENUE</b>			
INT PENALTIES / ASSESSMENTS	269,118	232,000	325,000
INT GENL CASH POOL	320,613	412,000	250,000
INT CONST CASH POOL	127,140	0	15,000
PROPERTY RENTAL	941,170	997,000	995,000
OTHER NON-OPER REVENUE	28,905	0	0
<b>TOTAL NON-OPERATING REVENUE</b>	<b>1,686,946</b>	<b>1,641,000</b>	<b>1,585,000</b>
<b>NON-OPERATING EXPENSE</b>			
INTEREST - LONG TERM DEBT	3,789,464	3,453,000	3,264,000
INTEREST - OTHER	483,530	486,000	460,000
AMORT DEFERRED DEBITS/DISCOUNTS	1,027,332	1,000,000	1,025,000
CAPITALIZED INTEREST	(63,968)	(83,000)	(65,000)
<b>TOTAL NON-OPERATING EXPENSE</b>	<b>5,236,358</b>	<b>4,856,000</b>	<b>4,684,000</b>
<b>NON-OPERATING INCOME</b>	<b>(3,549,412)</b>	<b>(3,215,000)</b>	<b>(3,099,000)</b>
<b>NET INCOME (REGULATORY)</b>	<b>1,703,982</b>	<b>2,066,000</b>	<b>1,335,000</b>
<b>ADJUSTMENT FOR GAAP</b>	<b>4,975,434</b>	<b>4,985,000</b>	<b>5,000,000</b>
<b>NET INCOME (LOSS) GAAP</b>	<b>(3,271,452)</b>	<b>(2,919,000)</b>	<b>(3,665,000)</b>

**ANCHORAGE WASTEWATER UTILITY  
STATEMENT OF SOURCES AND USES OF CASH**

	1994	1995	1996
	ACTUAL	PROFORMA	BUDGET
<b>SOURCES OF CASH:</b>			
NET INCOME (LOSS) GAAP	(3,271,452)	(2,919,000)	(3,665,000)
DEPRECIATION	7,593,619	7,728,000	7,873,000
BOND PROCEEDS	0	0	0
STATE LOANS	2,443,125	2,000,000	6,225,000
AMORT/DEFERRED DEBITS/DISCOUNTS	1,027,332	1,000,000	1,025,000
GRANTS	706,938	1,837,000	1,536,000
ASSESSMENTS	1,126,360	1,150,000	1,000,000
OTHER	143,234	(5,564)	1,000
<b>TOTAL SOURCES OF CASH FUNDS</b>	<b>9,769,156</b>	<b>10,790,436</b>	<b>13,995,000</b>
<b>USES OF CASH:</b>			
ADDITIONS TO PLANT	5,212,044	9,026,000	9,860,000
BOND PRINCIPAL PAYMENT	5,285,854	5,618,000	5,791,000
<b>TOTAL USES OF CASH FUNDS</b>	<b>10,497,898</b>	<b>14,644,000</b>	<b>15,651,000</b>
<b>NET INCREASE(DECREASE) IN CASH FUNDS</b>	<b>(728,742)</b>	<b>(3,853,564)</b>	<b>(1,656,000)</b>
<b>CASH BALANCE JANUARY 1</b>	<b>9,828,306</b>	<b>9,099,564</b>	<b>5,246,000</b>
<b>CASH BALANCE DECEMBER 31</b>	<b>9,099,564</b>	<b>5,246,000</b>	<b>3,590,000</b>
<b>DETAIL OF CASH BALANCE:</b>			
EQUITY IN CONSTRUCTION CASH POOL	3,380,630	192,000	93,000
RESTRICTED CASH ACCOUNTS	191,948	194,000	196,000
EQUITY IN GENERAL CASH POOL	5,526,986	4,860,000	3,301,000
<b>TOTAL CASH DECEMBER 31</b>	<b>9,099,564</b>	<b>5,246,000</b>	<b>3,590,000</b>

**ANCHORAGE WASTEWATER UTILITY  
1996 OPERATING BUDGET DETAIL**

	1994 ACTUAL	1995 PROFORMA	1996 BUDGET
<b>LABOR</b>			
Wages	4,943,939	5,111,000	5,228,000
Overtime	115,724	124,000	134,000
Benefits	2,468,088	2,499,000	2,623,000
Subtotal	7,527,751	7,734,000	7,985,000
<b>SUPPLIES</b>			
Chemicals	325,978	320,000	351,000
Plant, Shop, & Office Expense	753,043	785,700	825,000
Subtotal	1,079,021	1,105,700	1,176,000
<b>INTRAGOVERNMENTAL CHARGES</b>			
Finance Dept	233,836	262,000	258,000
Mgmt Information Systems Dept	396,084	489,000	558,000
Employee Relations Dept	149,441	167,000	165,000
Other	729,888	752,100	841,000
Subtotal	1,509,249	1,670,100	1,822,000
<b>OTHER SERVICES</b>			
Professional Services	503,163	575,000	646,000
Rent/Leases	431,458	263,000	426,000
Utilities	1,106,345	1,066,000	1,128,000
Vehicles	653,367	642,000	650,157
Other	251,115	472,200	594,843
Subtotal	2,945,448	3,018,200	3,445,000
<b>OTHER EXPENSES</b>			
Depreciation & Amortization	7,593,619	7,728,000	7,873,000
MUSA	1,109,950	1,140,000	1,178,000
Interest on Long-Term Debt	4,272,994	3,939,000	3,724,000
Capitalized Interest	(63,968)	(83,000)	(65,000)
Amort Deferred Debits/Discounts	1,027,332	1,000,000	1,025,000
Subtotal	13,939,927	13,724,000	13,735,000
<b>TOTAL EXPENSES</b>	<u>27,001,396</u>	<u>27,252,000</u>	<u>28,163,000</u>

VS.  
28,161,000  
per pgs. A#20

(Rounding error)

**Anchorage Wastewater Utility**

**1996-2001  
Capital Improvement  
Budget/Program**



**Anchorage Wastewater Utility**  
**1996-2001 Capital Improvement Budget Financial Summary**  
 (\$\$ x 1000)

<b>Project Category</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
General Plant	\$2,600	\$3,750	\$2,120	\$1,245	\$1,245	\$2,095
Laterals	\$0	\$0	\$0	\$0	\$0	\$0
Repair & Rehab	\$1,670	\$4,780	\$3,770	\$1,150	\$2,770	\$8,630
Trunks/Interceptors	\$420	\$450	\$800	\$100	\$100	\$2,600
<b>TOTAL</b>	<b>\$4,690</b>	<b>\$8,980</b>	<b>\$6,690</b>	<b>\$2,495</b>	<b>\$4,115</b>	<b>\$13,325</b>

<b>Source of Funding</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
Debt	\$3,090	\$7,560	\$4,575	\$600	\$2,340	\$11,220
Equity	\$1,020	\$815	\$1,635	\$1,545	\$1,545	\$1,495
State Grant	\$580	\$605	\$480	\$350	\$230	\$610
<b>TOTAL</b>	<b>\$4,690</b>	<b>\$8,980</b>	<b>\$6,690</b>	<b>\$2,495</b>	<b>\$4,115</b>	<b>\$13,325</b>

\* Approximately \$.5 million dollars of in-house labor will be spent on capital projects in 1996