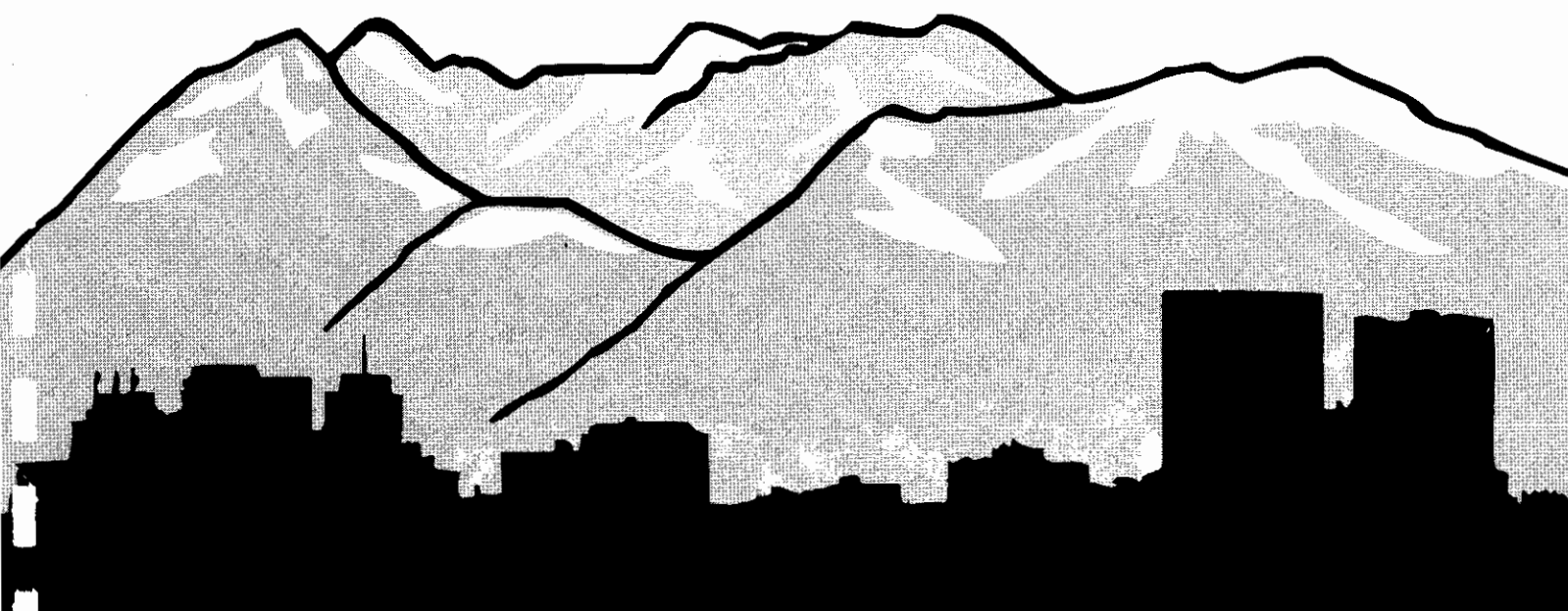


*Dan's
copy*

Municipality of Anchorage



Rick Mystrom
Mayor



1996 Proposed Public Utilities Operating and Capital Budgets

Municipality of Anchorage



P.O. Box 196650
Anchorage, Alaska 99519-6650
Telephone: (907) 343-4431
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Rick Mystrom, Mayor

OFFICE OF THE MAYOR

September 29, 1995

Dear Residents of Anchorage:

I am pleased to provide the Proposed 1996 Utilities' Operating Budget and 1996-2001 Capital Improvement Budget/Program (CIB/CIP), which includes all municipally-owned utilities except for the Anchorage Telephone Utility (ATU).

Our utilities have exhibited solid financial performance over the past year and the proposed 1996 budget document reflects a continued positive direction. The Utilities' owners (local residents) can expect to receive appropriate rates of return (i.e., dividends), based on industry standards and each utility's ability to pay.

No rate increases are anticipated in 1996 except for Municipal Light & Power (ML&P). The 2.57% rate increase proposed by ML&P is not expected to increase the average customers' bills due to an offsetting decrease in fuel costs; ML&P customers may possibly experience a slight net decrease in their utility bills.

Each utility's budget was prepared following consistent planning assumptions and guidelines. The administration reviewed each of the Utilities Operating and Capital budgets concentrating on key areas such as revenues, expenses, net income, workforce projections, and rate increases.

Our utilities will continue to meet debt service requirements, to prudently increase equity, to adequately maintain cash reserves and to generate sufficient revenues to maintain their plant in good working condition. The primary goal of our utilities is to provide quality service at reasonable rates.

Sincerely,

A handwritten signature in dark ink, appearing to read "Rick Mystrom". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Rick Mystrom

PUBLIC UTILITIES

**1996 PROPOSED
OPERATING AND
CAPITAL IMPROVEMENT BUDGETS**

**1996-2001 PROPOSED
CAPITAL IMPROVEMENT PROGRAM**



**Municipality of Anchorage
Rick Mystrom, Mayor**

PUBLIC UTILITIES

PROPOSED
1996
OPERATING AND
CAPITAL IMPROVEMENT BUDGET

1996 - 2001
PROPOSED
CAPITAL IMPROVEMENT PROGRAM

Rick Mystrom, Mayor

ASSEMBLY

Craig Campbell, Chair

Pat Abney
Mark Begich
Bob Bell

Cheryl Clementson
Dan Kendall
Kevin Meyer
Joe Murdy

Fay Von Gemmingen
Charles Wohlforth
George Wuerch

ADMINISTRATION

Larry D. Crawford.....Municipal Manager
Mary K. Hughes Municipal Attorney
Thomas C. Tierney.....Employee Relations Director
George J. Vakalis..... Operations Manager

**PUBLIC UTILITIES
PROPOSED
1996 OPERATING AND CAPITAL BUDGETS**

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BUDGET ASSUMPTIONS

PUBLIC UTILITIES
1996
OPERATING AND CAPITAL BUDGET ASSUMPTIONS

Below are general and specific budget assumptions/guidelines provided to utilities for preparation of their 1996 Operating and Capital Budgets.

REGULATION:

Assume continued economic regulation by Alaska Public Utilities Commission (APUC) for Anchorage Water and Wastewater and for Municipal Light & Power.

Assume continued economic regulation by the Federal Maritime Commission (FMC) for the Port of Anchorage.

Assume continued operational oversight by the Federal Aviation Administration (FAA) for Merrill Field Airport.

UTILITY OWNERSHIP:

Assume continued Municipal ownership in 1996.

RATE INCREASES:

Rate increases must meet certain criteria before being proposed. Namely, budget reductions should be considered as an alternative to rate increases. In addition, one or more of the following conditions need to be satisfactorily demonstrated:

- Debt service coverage no longer adequate.
- Projected cash reserves for working capital no longer adequate on a sustained basis to cover operating costs during 1995/96.
- Debt/equity ratio projected to fall below criteria established by the regulatory body authorized to oversee the utility.
- Increased rate revenue determined to be the most prudent funding source for maintaining the utility's plant in a cost-effective working condition.

MUNICIPAL UTILITY SPECIAL ASSESSMENT (MUSA):

Mill rates for MUSA (in lieu of taxes) were assumed to be same as 1995 mill rates. MUSA does not apply to the Port or Merrill Field. 1.25% MUSA will continue to apply only to Solid Waste Disposal and to the Anchorage Telephone Utility.

REVENUE DISTRIBUTIONS:

The Port (and ATU) will continue to provide a revenue distribution to general government. The Port's revenue distribution will increase \$243,000 in 1996 so that it more closely approximates a MUSA-like payment. Solid Waste Disposal will begin providing general government a dividend in 1996 of \$200,000. It is assumed that ATU will provide general government with the same \$5.5 million dividend provided last year. All other utilities will continue to work toward providing their owners (the general public) with an appropriate rate of return, guided by industry standards and limited to each utility's ability to pay.

INTEREST:

Interest related to new 20-year G.O. bonds is assumed to be 5.85%-6.0% in 1996. For new Revenue bonds interest is assumed to be 6.15%-6.45%. Interest income from invested cash is assumed to be 5.9%-6.1%.

INTRAGOVERNMENTAL CHARGES (IGCs):

The Office of Management & Budget (OMB) provided each utility with IGC charges to be budgeted in 1996. In general, the most significant increase in utility IGCs was attributable to the reallocation of MISD costs due to a further reduction of services provided to ATU.

POPULATION:

Population in 1996 is assumed to be 1.0% or less.

INFLATION:

Inflation, in general, is assumed to be 3.0% in 1996. Each utility, however, has applied specific inflation rates to the commodities they use, as appropriate.

COMPENSATION COSTS (Salaries and Benefits):

A pay freeze is assumed for all labor groups in 1995. Wage increases in 1996 are assumed to be 2.9% for IBEW/ML&P and 2.5% for JCC. For all other labor groups, utilities were provided with a lump sum dollar amount to reserve for potential other wage increases in 1996. Inflationary increases related to benefits were also provided to the utilities based on recommendations by the Benefits Committee.

ENVIRONMENTAL MANDATES:

Federal and state environmental mandates are expected to continue impacting operation and capital development costs at the same or greater level experienced in prior year.

1996 BUDGET IMPACTS (specific to individual utilities)--

MUNICIPAL LIGHT AND POWER

ML&P's price per thousand cubic feet ("MCF") of gas is established during the 3rd quarter of each year. It is determined by the average price of third quarter light sweet crude oil futures. The price established for 1996 will decrease the cost that ML&P pays for gas by approximately \$800,000 for 1996. The cost of gas is a flow through cost for ML&P; which means that as fuel costs change, revenues change correspondingly. ML&P's net income will, therefore, not be affected by the change in fuel costs.

Simultaneous with the fuel cost savings ML&P is proposing a rate increase of 2.57% in 1996. This rate increase is consistent with meeting the goals established in ML&P's equity management plan which the Assembly approved in 1990. It is anticipated that the fuel cost savings will offset the rate increase, so that ML&P customers will not experience an increase in the overall rate charged.

Key capital projects with significant dollar impact are the Superconducting Magnetic Energy Storage Device (SMES), Eklutna Hydroelectric Project and the Northern Intertie. These large projects are all in progress and scheduled to be completed as part of the proposed 1996-2001 Capital Program.

ANCHORAGE WATER AND WASTEWATER

AWWU has budgeted \$3 million in revenue bonds to be issued by the Water Utility. Additionally, the Wastewater Utility intends to borrow \$6.2 million in 1996 from the State loan program. AWWU's capital program will be funded with a mixture of debt and equity, which is necessary to offset the decline in State capital appropriations. Both the Water and Wastewater Utilities implemented APUC-approved Cost of Service studies during 1995. These studies resulted in changes to the various service rates, but did not result in an overall increase in total revenue collected by AWWU.

AWWU, ^{work to} ~~along~~ with its consultant, ~~are in position to~~ ^{has completed} update and refine AWWU's Information Systems Integration Plan for the years 1995-2001. Assuming approval is received for the project in late 1995, implementation would begin in 1996.

SOLID WASTE SERVICES

In 1987 the Merrill Field Landfill was closed after approximately fifty years of operation. Although the closed landfill no longer accepts solid waste it still has systems that must be maintained in order to be in compliance with environmental regulations. A study completed in 1994 recommended the leachate collection system at the landfill be upgraded to prevent the possibility of offsite migration of leachate. Normally costs associated with a capital project are capitalized and depreciated over the life of the asset constructed. Since the landfill no longer accepts solid waste, accounting regulations require all costs associated with the upgrade be expensed in the year the costs are incurred. SWS originally planned to upgrade the leachate collection system in 1995,

however the engineer's estimate for the project will not be complete until 1996. The \$3.8 million cost of the project is split \$1.2 million in 1995 and \$2.6 million in 1996. The \$2.6 million expense in Solid Waste Disposal's 1996 operating budget will result in a \$1.8 million net loss per Generally Accepted Accounting Principles (GAAP). This net loss is purely an accounting entry and therefore should not be construed as a sign of negative performance on the part of the utility. Solid Waste Disposal is expected to continue to generate strong financial results (e.g., in areas such as net income, cash balances, and equity levels) well into the future.

PORT OF ANCHORAGE

Increased revenues are expected from planned reductions to discounts on Preferential Usage Agreement charges and increased land valuations of Port lots. These increased revenues will be partially offset by the Port's 1996 Utility Revenue Distribution of \$601,000, which represents an increase over the prior year dividend amount.

The Port's 1996 Operating budget anticipate receiving \$830,000 from Petroleum Valve Yard Users to partially offset total construction costs associated with the new Petroleum Valve Yard facility. The Port's 1996 Capital budget includes a request for a \$4.2 million state grant to commence construction on the Port's 1996 Land Development Project-Transit Area "E".

MERRILL FIELD AIRPORT

Merrill Field Airport continues to actively pursue federal and state grant funding for capital improvement projects identified in the 1996-2001 Capital Program. Thus far in 1995, Merrill Field Airport has received \$1,030,000 in federal funds and the Federal Aviation Administration (FAA) has indicated an interest in continuing funding of capital projects for 1996 and beyond.

HIGHLIGHTS AND FUTURE EVENTS

MUNICIPAL LIGHT AND POWER

HIGHLIGHTS AND FUTURE EVENTS

Use of the waste heat from Unit #6, a heat recovery turbine, has been a high priority for ML&P over the past few years. Several studies have been conducted to explore alternate uses for the excess energy. Plans are currently being considered to develop and privatize a greenhouse complex, using waste heat as the major source of heat for the commercial greenhouse venture.

ML&P was a major supporter to the Alaska Department of Fish & Game in obtaining a State Grant for water pipelines from AWWU and ML&P to increase the production of the local State Fish Hatchery by using heated water. This project will provide statewide benefits in sports fishing and increased tourism.

In October of 1993, ML&P, in conjunction with Babcock & Wilcox, was successful in its proposal to the Federal Government for a super conducting magnetic energy storage system (SMES) grant. The Technology Reinvestment Program of Advanced Research Project Agency will provide an \$8.7 million grant to aid in the development of a 1800 megajoule, 50 megawatt SMES. The majority of the estimate cost will borne by the Government and Babcock & Wilcox. The SMES system, scheduled for completion in 1998, will employ a liquid helium-cooled superconductor magnet to store energy for improving power quality, reliability, spinning reserve fuel savings and generation and transmission optimization cost savings to ML&P and the Railbelt Intertied System. In 1994, ML&P successfully completed the major portion of Phase 1 Planning and Design. Phase II will commence after Assembly approval of a contract with Babcock & Wilcox and the Department of Energy, in the fall of 1995.

ML&P, in conjunction with Chugach Electric Association (CEA) and Matanuska Electric Association (MEA), has submitted a proposal to the Federal government to purchase the Eklutna Hydroelectric Project. The project produces the lowest cost energy in the Anchorage area. ML&P's share is 16/30 (53%) of all the power produced by the project. The Federal Administration has approved the sale. As part of the agreement to this sale, ML&P will pick up its share of employees currently employed at the project. The U.S. Senate has passed the purchase legislation and a companion bill is in the House of Representatives. Local ownership of the project is important to insure that ML&P ratepayers will continue to receive the benefits of the low cost energy this project produces. ML&P is coordinating, with the Alaska Power Administration, a project to evaluate rewinding the Eklutna Hydroelectric project and increase the capacity of the plant. It is estimated that capacity may be increased by as much as 25% over the present rating.

The Electric Power Research Institute (EPRI), the research arm of the electric power industry, has agreed to help ML&P clean up two fuel spill contaminated sites, the first at ML&P's Generation Plant 1 and the other at ML&P's Generation Plant 2. The spill at Plant 1 was caused by the 1964 earthquake when the plant's fuel tank ruptured releasing approximately 200,000 gallons of fuel. The fuel spill at Plant 2 was caused by a fuel truck that overturned and released 3,700 gallons of diesel fuel. This spill reached a depth of 55 feet in a matter of days. EPRI's interest is these projects are centered on the unusual characteristics of each spill which are factors in cleanup efforts. Both spills are under active study now to determine the most efficient cleanup method. The projects are projected to be complete in 1996.

The Railbelt Interties consist of two segments, one from Anchorage to the Kenai Peninsula and the other from Healy to Fairbanks. The new Intertie segments are to be financed by State grants of \$43,200,000 and \$46,800,000 for the North and South segments, respectively, with the Railbelt Utilities supplying all additional funds required to complete in proportion to their IPG shares.

Currently, environmental studies, route selection and preliminary engineering are underway on the Northern segments. The Northern segment has been moving forward expeditiously with approximately one million dollars expended to date. The Southern segment has shown no visible progress except that an abbreviated agreement covering preliminary work, at no risk to Chugach, has been executed.

In October 1994, ML&P held the first Tax Free Mini-Bond sale ever offered to the general public in Anchorage. A total of \$1.5 million of \$1,000 increment bonds were sold during the one week offering. The bonds will mature in 5, 7, and 10 year increments. The money is being used in 1995 for general plant improvements such as under grounding and cable replacement.

In conjunction with the Anchorage School District and the Martin Luther King Career Center, Municipal Light & Power helped fund the conversion of a fossil fueled vehicle to electric power. This continues ML&P's desire to promote clean air and the use of electric vehicles as an alternative means of transportation in Alaska.

Retail and Wholesale Wheeling is part of the changing scene for electric utilities in the future. ML&P will continue to position themselves to take advantage of Retail and Wholesale Wheeling opportunities whenever they become available in Alaska.

In order to utilize our Electric Plant to its full potential, ML&P intends to continue to pursue the avenue of Power Sales Agreements with neighboring utilities in the State of Alaska.

ANCHORAGE WATER AND WASTEWATER UTILITY HIGHLIGHTS AND FUTURE EVENTS

Anchorage Loop Water Transmission Main

The Anchorage Loop Water Transmission Main ("Loop") will extend treated water from the Eklutna Water Treatment Facility through a system of large diameter, high pressure water transmission mains through the Anchorage Bowl. When completed, the Loop will eliminate areas without water or with low water pressure during periods of high water demand.

Construction of Phases I-III (from northeast Anchorage to the Tudor Tanks) will start in 1996. Pre-design and right-of-way acquisition for Phase IV will also begin in 1996. The entire Loop project consists of eight phases. Portions of Phases V and VII (along Dimond Boulevard/Abbott Road corridors) and all of phase VIII (Kincaid Reservoir north to Northern Lights Boulevard) are complete.

Information Systems Integration Plan

A professional services contract to assist the Utility in refining and updating its Information Systems Integration Plan for the years 1995-2001 was entered into in 1994. The plan is near completion and approval is expected this year. This plan will establish AWWU's medium and long term priorities and goals for information systems within all divisions.

Environmental Regulation

The new Republican 104th U. S. Congress is expected to approve comprehensive changes to the Safe Drinking Water Act and possibly also the Clean Water Act, which regulate drinking water treatment levels and quality of wastewater discharges. Due to the more conservative politics of the Republican majority the changes will probably make the Acts less restrictive and shift more power to the states. If perceived to be a major backsliding of environmental protection, the changes will most likely result in a presidential veto.

Pipe Corrosion Study

One of the most serious problems facing the Utility is the corrosion of iron pipes in its distribution and collections systems. The Utility has retained a corrosion engineering firm to perform an external corrosion study to identify the extent of the problem and to recommend potential solutions. The draft study has been received and is being reviewed by the Utility. The final study is expected to be complete in 1996. This study could result in changes in maintenance methods as well as changes in design and construction criteria.

Girdwood Wastewater Treatment Facility Upgrade

The Girdwood Wastewater Treatment Facility was constructed in 1978. It is a tertiary treatment plant and has a maximum capacity of 0.45 million gallons per day. At present, the plant routinely exceeds its maximum capacity, with record flows recorded for the spring of 1995 equal to 200% of its capacity. With the addition of the new Alyeska Prince Hotel, the expansion of service to the Old Girdwood Townsite public area, and other new developments, this plant's capacity will be exceeded within the year. A plan for phased upgrades has been initiated. Phase I, designed in 1994-95, will increase the plant's capacity to 0.6 million gallons per day, at an estimated construction cost of \$2,500,000 - \$3,000,000. Phase II, with an estimated cost of \$10,000,000 to \$15,000,000, will be necessary shortly after the year 2000 to bring the plant to a maximum daily capacity of 1.2 million gallons.

Eagle River Reservoir Site Acquisition

AWWU received \$4 million from the 1994 State Legislature to be used for the planning, design and construction of a reservoir in Eagle River. A contract was awarded in 1994 for professional services to assist in the process of choosing and acquiring a site for up to two reservoirs (one in the immediate future, and a second after 2005). The Utility has involved the Eagle River community, and the general public, in the site selection process. As a result of this process and AWWU's identification of costly engineering constraints, the search for a site has been expanded to include areas at a lower elevation and adjacent to the existing water system infrastructure. The site selection process should be complete by the end of 1995, at which time a design RFP will be issued to proceed with the engineering and construction phases.

Improvement Districts

Over the past two years, AWWU has seen an increase in activity for the investigation and creation of special assessment improvement districts. AWWU expects to see this trend increase, particularly in light of increasing numbers of failing on-site well and/or septic systems. At present, AWWU has \$6,500,000 of improvement districts under design or construction. This will impact AWWU's cash flow, since the benefited property owners are not assessed until three to four years after the creation of the district, with AWWU carrying the cost of construction during this time.

On-Site Systems Study

In co-operation with the Municipality of Anchorage Department of Health & Human Services (DHHS) and the Community Development and Planning Department, AWWU will participate in a Municipal-wide study identifying areas of known and probable on-site water and wastewater health concerns. DHHS is the lead agency with strong support and participation from AWWU. It is AWWU's opinion that this issue is a growing problem, as evidenced by water shortages and health problems in areas such as Scimitar Subdivision in Peters Creek. Both state and local agencies agree that planning for resolving potential health impacts must begin soon. AWWU has programmed funds in its Construction Improvements Plan (CIP) for 1996 and 1997 to support this issue.

AWWU Community Involvement

Anchorage Water and Wastewater Utility strives to help improve the quality of life in Anchorage by actively participating with the community. Awareness of Anchorage's need for reduced carbon monoxide levels led AWWU to volunteer in a federally funded Compressed Natural Gas (CNG) program. The Utility purchased 13 new vehicles in 1995 which were converted to operate with CNG, a much cleaner burning fuel.

Employees of AWWU, through the Anchorage Parks and Recreation Adopt-A-Park Program, adopted the Arctic Benson Park, located across from their headquarters building at 3000 Arctic, much to the appreciation of the neighboring residents. A group of 30 employees volunteer their free time to beautify and maintain the park so it remains an asset to the Spenard community. In the Huffman Hills Subdivision, AWWU worked with the local neighborhood to improve and clean up a water well site. This included the placement of wooden posts around the perimeter of the newly established pocket park to restrict unauthorized access.

In the winter, the headquarters building is illuminated with white lights as part of the Chamber of Commerce's City of Lights. This program will be expanded. In addition, AWWU was the 51st Anchorage business, and second Municipal Department, to attain the Chamber's highly acclaimed Green Star rating in recognition of the commitment to earth friendly efforts to reuse, reduce, and recycle.

SOLID WASTE SERVICES

Highlights and Future Events

A contract for the construction of the Anchorage Regional Landfill cells 4/5 and Leachate lagoon will be awarded. This 10.9 million dollar project will be completed by September 1995 and will ensure Anchorage has sufficient capacity for receipt of solid waste for the next four year period. It is anticipated that this project will be funded with money obtained through the State of Alaska Clean Water Fund program. It is estimated that use of this program's money versus conventional revenue bonds will save SWS a minimum of 2.7 million dollars.

Plans and specifications for an improved leachate collection system at the former Merrill Field Landfill will be completed and bid. This project will ensure leachate will not migrate from the site and cause environmental damage to the Chester Creek wetlands located south of 15th Avenue.

PORT OF ANCHORAGE HIGHLIGHTS AND FUTURE EVENTS

MARCH 1994

The Port of Anchorage and State of Alaska Department of Transportation and Public Facilities entered into an agreement to be local co-sponsors on the Corps of Engineers' three-year Cook Inlet Navigation Study. This study will determine the feasibility of dredging a channel at Knik Arm Shoal.

JUNE 1994

A Noncompetitive Commercial Occupancy Lease was entered into by the Port and the United States Department of Interior, Bureau of Land Management for 9.87 acres (Tract "A") which is adjacent to Port Property. This allows the Port to proceed in developing an additional 14 acres for the staging of marine cargo (Tracts "A" & "EE").

JULY 1994

A squadron of four Japanese Maritime Defense Force destroyers made a port call at Anchorage. This was the first stop on a five month goodwill and naval indoctrination training cruise. This was the largest Japanese fleet unit to ever visit the Port of Anchorage.

AUGUST 1994

The first export bulk water shipment from Anchorage of 1.75 million gallons is loaded aboard a tanker bound for Japan.

1994

The Port of Anchorage is ranked as 19th among North American container ports, including Canada, Puerto Rico, Hawaii and Latin America, in TEU (twenty foot equivalent units) throughput.

JUNE 1995

Begin design on the Petroleum (POL) Dock #2 Structural Rehabilitation Project. This project is estimated to cost \$750,000 and will be accomplished during the 1996 construction season.

JUNE 1995

The Municipality, Port of Anchorage, and the Alaska state Department of Transportation and Public Facilities entered into a Transfer Of Responsibilities Agreement (TORA) whereby the Port will contribute a \$35,000 portion towards an estimated \$350,000, federal-aid, design project to improve landside access to the Port by repaving Ocean Dock Road and relocating approximately 1,400 linear feet of railroad track.

AUGUST 1995

Completion of the multiple year, \$6.4 million, New Port Fendering System Project

AUGUST 1995

Commence feasibility study of a "Multi-Purpose Dock Project." This project, extending the Port into the North Tidelands area, would encompass three major phases: Phase I, Access; Phase II, Transit Area (land base); and Phase III, Dock Construction. This incremental multi-million dollar project would occur over the next 8-10 year period. Sources of funding are still being identified.

AUGUST 1995

Commence construction on a major lighting renovation project for the Port's Transit Areas "A", "B" and "C". This project is scheduled for completion in the Summer of 1996.

AUGUST 1995

Begin the construction phase of the \$2.2 million Petroleum Valve Yard Upgrade Project. It is estimated that \$830,000 of the project will be financed by private enterprise petroleum customers of the Port and the Federal Defense Fuels Organization. Estimated project completion is the Summer of 1996.

JANUARY 1996

Completion of the multiple year, \$5.9 million, Tracts "A" & "EE" 14 acre Port Industrial Park Development Project.

SUMMER 1996

Commence design of Transit Area "E" contingent upon the State of Alaska approval of a matching grant for this \$6.0 million project.

MERRILL FIELD AIRPORT HIGHLIGHTS AND FUTURE EVENTS

The removal of obstructions from the Runway 15-33 Object Free Area (OFA) and Clear Zone continues with the demolition of structures located on the west side of the runway. These areas will be replatted into larger parcels to facilitate aviation related uses and to establish a Runway OFA, thereby improving the operational safety of the Airport. These projects are made possible by federal grant funding through the Federal Aviation Administration (FAA) Airport Improvement Program (AIP) which has historically supported Capital Improvement Projects at Merrill Field.

FAA has designated Merrill Field as a Reliever Airport to Anchorage International Airport, based on its ability to effectively provide facilities to accommodate general aviation aircraft. The Reliever Airport status will provide better funding opportunities for Merrill Field's Capital Improvement Projects through the AIP grant process.

The University of Alaska Anchorage (UAA) is presently constructing an \$11,000,000 addition to the Aviation Technology Complex located at Merrill Field Airport. When the construction is finished in 1996, UAA will have the ability to offer educational courses in management, air traffic control, aviation operations, aircraft maintenance, and safety in one facility.

FAA is proceeding with design development of a new Air Traffic Control Tower (ATCT) for Merrill Field. The new ATCT will be located on the north side of the airfield with estimated construction start up in 1996 and commissioning in 1998. The new facility is being designed, with respect to height and location, to meet future airport development needs and aviation safety.

BUDGET OVERVIEW

MUNICIPAL LIGHT & POWER

11-YEAR SUMMARY

UTILITY FORMAT - 1996 OPERATING BUDGET (\$000'S)

Financial Overview	Actual				Proforma	Budget	Forecast				
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Revenues	\$73,031	\$70,650	\$71,431	\$70,606	\$72,440	\$73,987	\$75,037	\$78,503	\$81,167	\$82,880	\$85,741
Expenses	70,609	70,159	69,747	66,852	68,946	69,552	71,064	74,490	76,174	77,850	79,419
Net Income (Regulatory)	2,422	491	1,684	3,754	3,494	4,435	3,973	4,013	4,993	5,030	6,322
Work Force Authorized per Budget	209	216	216	220	229	229	229	230	230	230	231
Capital Improvements(2)	13,231	16,854	15,290	12,051	35,563	20,822	21,798	20,582	26,748	19,196	18,755
Bond Sales (3)	0	0	67,715	1,500	0	0	10,000	5,000	2,500	5,000	6,000
Net Non-Contributed Plant (12/31)(REG)	135,237	140,803	142,329	144,630	147,160	155,849	167,289	170,793	174,457	178,270	182,171
Net Contributed Plant(12/31)	9,889	10,256	11,165	11,341	11,791	12,241	12,691	13,141	13,591	14,041	14,491
Net Electric Plant(12/31)(GAAP)	145,126	151,059	153,494	155,971	158,951	168,090	179,980	183,934	188,048	192,311	196,662
Retained Earnings (12/31)	42,922	43,433	45,118	48,885	52,408	56,843	61,100	65,255	70,319	75,491	81,983
General Cash Pool	20,152	17,031	10,955	12,129	10,708	9,041	7,273	8,138	6,635	7,090	8,253
General Cash Pool/Eklutna	5,100	5,100	5,100	5,100	5,100	0	0	0	0	0	0
Construction Cash Pool	538	120	0	0	0	0	0	0	0	0	0
Revenue Bond Reserve Investment	17,258	17,279	17,282	17,358	17,645	17,645	18,589	19,061	19,296	19,768	20,334
Debt Service Cash Account	2,983	3,091	3,116	3,216	3,212	3,327	3,452	3,592	3,780	3,897	4,113
Operating Reserve Cash	5,598	5,295	5,448	5,267	5,482	5,553	5,659	6,040	6,238	6,422	6,589
Total Cash (12/31)	51,629	47,916	41,901	43,070	42,147	35,566	34,973	36,831	35,949	37,177	39,289
IGC's - General Government	1,234	1,224	1,480	1,362	1,850	1,850	1,925	2,000	2,075	2,150	2,225
MUSA - Regular (4)	1,747	1,760	1,706	1,881	1,998	2,180	2,357	2,417	2,479	2,543	2,609
Total Outstanding Debt	194,435	190,520	186,165	182,465	177,036	171,293	174,979	173,167	167,869	164,946	161,862
Total Annual Debt Service	17,159	17,160	16,950	17,182	17,148	17,157	18,097	18,568	19,297	19,273	20,332
Debt Service Coverage	1.65	1.67	1.64	1.66	1.65	1.71	1.63	1.61	1.61	1.62	1.61
LT Debt/Equity Ratio	81.2/18.8	80.7/19.3	80.0/20.0	78.9/21.1	77.2/22.8	75.1/24.9	74.1/25.9	72.6/27.4	70.4/29.6	68.5/31.5	66.3/33.7
Rate Change Percent (5)	1.29%	0.41%	0.00%	3.48%	-0.33%	2.57%	0.00%	3.80%	2.60%	1.51%	3.24%
Statistical/Performance Trends:											
Resident. Customer (500 kWh) (6)	\$51.95	\$47.74	\$48.22	\$47.26	\$49.42	\$50.69	\$50.69	\$52.62	\$53.98	\$54.80	\$56.58
Total Residential Sales (kWh)	148,521	143,451	145,354	147,067	147,802	148,467	150,100	151,151	151,604	151,604	151,301
Commercial & Industr. Sales (kWh)	639,195	636,185	648,579	659,666	670,880	680,943	691,157	700,142	708,544	714,212	716,355
Total Kilowatt-Hour Sales	804,805	805,835	825,831	856,579	866,382	877,010	888,857	898,893	907,748	913,416	915,256
Total Sales Revenue (in Dollars)	\$69,668	\$65,818	\$67,251	\$67,447	\$68,412	\$70,224	\$71,170	\$74,690	\$77,339	\$78,964	\$81,649

(1) Fuel rates per MCF are set during the 3rd Qtr. based on a 3 month average price of light sweet crude oil futures and become effective Jan. 1 of the following year. A reduction in fuel rates set in the 3rd Qtr. of 1995 will lower 1996 production cost of fuel by approximately \$800,000.

(2) Capital Expenditures are actuals through 1994 and Capital Improvement Budget/Plan for 1995 through 2001

(3) The 1986 Series A bonds were refinanced in 1993.

(4) Assumes no payment of the 1.25% gross receipts portion of MUSA as a dividend.

(5) All rate increases reflect the effect on Total Retail Operating Revenues.

1991 was an interim rate increase. 1992 was a permanent rate increase. The APUC granted an interim and refundable rate increase of 3.48% effective 9/1/94. The APUC granted a permanent 3.15% permanent rate increase effective 1/1/95 which resulted in a refund of .33%.

(6) Rate charged to Residential customers as of March 31 each year on 500 kWh of power; includes Cost of Power Adjustment.

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

ANCHORAGE WATER UTILITY

11-YEAR SUMMARY

UTILITY FORMAT - 1996 OPERATING BUDGET (000'S)

Financial Overview	Actual				Proforma	Budget	Forecast				
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Revenues	25,451	26,880	27,370	27,434	27,869	28,238	28,602	31,530	32,839	33,984	34,419
Expenses	25,325	26,571	26,076	26,040	26,531	27,149	27,676	28,443	29,398	29,878	30,192
Net Income (Regulatory)	126	309	1,293	1,394	1,338	1,089	926	3,087	3,441	4,106	4,227
Workforce Authorized per Budget	285	285	275	270	269	268	269	269	269	269	269
Capital Improvement Program *	10,099	5,469	9,123	9,603	7,727	6,600	12,010	19,330	13,165	5,370	6,620
New Debt	0	0	3,000	0	0	3,000	6,000	15,000	10,000	12,000	0
Net Plant (12/31)	292,989	293,089	295,193	303,338	307,130	310,969	314,856	318,792	342,777	347,061	371,400
Retained Earnings (12/31)	20,986	21,296	22,589	23,983	25,321	26,410	27,336	30,423	33,864	37,971	42,197
Operating Cash	5,933	6,376	6,488	6,321	3,709	1,633	1,259	1,577	2,077	2,987	3,923
Construction Cash Pool	5,749	4,078	5,977	4,858	4,931	2,234	705	4,375	0	4,100	2,325
Cash Reserves	7,636	9,678	9,671	12,155	13,927	15,739	17,642	20,223	22,768	23,591	24,528
Total Cash	19,318	20,132	22,136	23,335	22,567	19,606	19,606	26,175	24,845	30,678	30,776
IGC's - General Government	1,154	1,129	1,296	1,291	1,422	1,614	1,663	1,713	1,781	1,853	1,927
MUSA - Regular	1,561	1,371	1,273	1,419	1,514	1,559	1,606	1,654	1,737	1,824	1,915
Total Outstanding Debt	108,884	107,536	108,996	107,386	105,475	106,639	110,543	122,998	130,043	137,653	133,028
Total Annual Debt Service	8,635	8,766	8,844	8,547	8,798	8,620	9,228	10,492	11,312	13,058	12,974
Debt Service Coverage (overall)	1.36	1.40	1.47	1.51	1.44	1.43	1.35	1.51	1.49	1.44	1.45
Debt/Equity Ratio	84/16	83/17	83 / 17	82 / 18	80 / 20	80 / 20	80 / 20	80 / 20	79 / 21	78 / 22	76 / 24
Rate Change Percent **	6.00%							8.50%	7.00%		
Single Family Rate ***	\$24.75	\$24.75	\$24.75	\$24.75	\$26.05	\$26.05	\$26.05	\$28.26	\$30.24	\$30.24	\$30.24
Statistical/Performance Trends:											
Number of Customers	41,000	42,000	43,222	44,085	44,485	44,885	45,285	45,685	46,085	46,485	46,885
Average Treatment (GPD) (000)	21,624	22,329	24,000	25,600	26,000	26,500	27,000	27,500	28,000	28,500	29,000
Miles of Water Lines	655	670	674	680	684	689	699	704	708	713	717
Number of Hydrants	5,307	5,333	5,440	5,487	5,523	5,563	5,603	5,633	5,668	5,693	5,733

* 1991-1995 reflect actual expenditures.

** Rate increases are shown in the outyears for purposes of projections only and have not been approved for implementation.

*** Cost-of-Service adjustment in 1995.

It is intended that the need for rate increases be reviewed closely each year in conjunction with established operating budgets. AWWU will continue to strive to find ways to avoid projected rate increases. Rates shown for 1998-2001 do not include Cost of Service Adjustment of approx. +10%

ANCHORAGE WASTEWATER UTILITY

11-YEAR SUMMARY

UTILITY FORMAT - 1996 OPERATING BUDGET (\$000'S)

Financial Overview	Actual				Proforma	Budget	Forecast				
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Revenues	22,614	22,867	23,600	23,730	24,333	24,496	24,758	26,183	27,029	27,891	28,028
Expenses	21,786	22,252	21,861	22,026	22,267	23,161	23,406	23,591	24,325	24,671	25,107
Net Income (Regulatory)	828	615	1,739	1,704	2,066	1,335	1,352	2,592	2,704	3,220	2,921
Workforce Authorized per Budget	285	285	275	270	269	268	269	269	269	269	269
Capital Improvement Program *	9,663	4,959	2,473	5,212	9,026	4,690	8,980	6,690	2,495	4,115	13,325
New Debt (Bonds, Loan Fund)	0	0	3,433	2,443	2,000	6,225	4,100	6,225	4,275	1,535	5,580
Net Plant (12/31)	252,095	253,395	250,368	247,772	250,869	254,005	257,180	265,395	273,713	277,134	280,598
Retained Earnings (12/31)	2,598	3,213	4,952	6,656	8,722	10,057	11,409	14,001	16,705	19,925	22,846
Operating Cash	7,951	7,695	7,591	5,527	4,860	3,301	1,867	1,831	1,601	1,955	2,118
Construction Cash Pool	1,026	(901)	1,974	3,381	192	93	590	40	90	0	0
Cash Reserves	1,447	0	263	192	194	196	198	199	200	202	204
Total Cash	10,424	6,794	9,828	9,100	5,246	3,590	2,655	2,070	1,891	2,157	2,322
IGC's - General Government	1,493	1,387	1,653	1,509	1,670	1,822	1,877	1,933	2,010	2,091	2,174
MUSA - Regular	1,031	1,101	1,051	1,110	1,140	1,178	1,213	1,250	1,312	1,378	1,447
Total Outstanding Debt	79,304	76,472	79,148	73,862	70,244	70,678	68,723	68,903	66,673	61,607	60,525
Total Annual Debt Service	9,563	9,519	7,728	9,355	9,565	9,515	9,713	9,557	9,964	9,946	9,851
Debt Service Coverage (overall)	1.27	1.06	1.37	1.15	1.14	1.05	1.02	1.16	1.13	1.19	1.17
Debt/Equity Ratio	90/10	88 / 12	87 / 13	85 / 15	82 / 18	81 / 19	79 / 21	77 / 23	74 / 26	70 / 30	67 / 33
Rate Change Percent **	4.70%	3.19%						5.50%	5.00%		
Single Family Rate ***	\$21.10	\$21.65	\$21.65	\$21.65	\$21.80	\$21.80	\$21.80	\$23.00	\$24.15	\$24.15	\$24.15
Statistical/Performance Trends											
Number of Customers	44,510	44,000	44,000	46,782	47,382	47,982	48,582	49,182	49,782	50,382	50,982
Average Treatment (GPD) (000)	33,000	32,600	30,000	31,000	31,500	32,000	32,500	33,000	33,500	34,000	34,500
Miles of Wastewater Lines	655	664	670	676	680	685	690	694	699	703	707

* 1991-1995 reflect actual expenditures.

** Rate increases are shown in the outyears for purposes of projections only and have not been approved for implementation.

*** Cost-of-Service adjustment in 1995.

It is intended that the need for rate increases be reviewed closely each year in conjunction with established operating budgets. AWWU will continue to strive to find ways to avoid projected rate increases.

REFUSE COLLECTIONS

11-YEAR SUMMARY

UTILITY FORMAT - 1995 OPERATING BUDGET (\$000'S)

Financial Overview	Actual				Proforma	Budget	Forecast				
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Revenues	5,683	5,701	5,676	5,665	5,656	5,716	5,771	5,826	5,882	5,938	5,995
Expenses	5,265	5,315	5,378	5,153	5,626	5,567	5,669	5,725	5,744	5,807	5,811
Net Income (Regulatory)	418	386	298	512	30	149	102	101	137	131	184
Workforce Authorized per Budget	23(FT)/2(T)	20(FT)/3(T)	20(FT)/3(T)	20(FT)/3(T)	20(FT)/2(T)	20(FT)/2(T)	20(FT)/2(T)	20(FT)/2(T)	20(FT)/2(T)	20(FT)/2(T)	20(FT)/2(T)
Capital Improvement Program	180	86	494	448	205	187	488	573	215	546	207
Bond Sales	0	0	0	0	0	0	0	0	0	0	0
Net Plant (12/31)	3,166	2,861	2,968	2,853	2,689	2,523	2,613	2,752	2,534	2,604	2,350
Utility Revenue Distribution	0	0	0	0	0	0	0	0	0	0	0
Retained Earnings (12/31)	4,030	4,416	4,714	5,226	5,260	5,410	5,510	5,610	5,750	5,880	6,060
General Cash Pool	2,598	3,009	3,292	3,831	3,700	3,805	3,596	3,323	3,429	3,225	3,383
Construction Cash Pool	963	1,075	790	586	715	715	715	715	715	715	715
Bond Redemption Cash	360	357	366	360	360	360	360	360	360	360	360
Total Cash (12/31)	3,921	4,441	4,448	4,777	4,775	4,880	4,671	4,398	4,504	4,300	4,458
IGC's - General Government	114	124	141	86	138	90	93	97	101	105	109
MUSA - 1.25%	0	0	0	0	0	0	0	0	0	0	0
MUSA - Regular	62	58	48	53	52	54	55	57	59	60	62
Total Outstanding Debt	3,145	2,975	2,800	2,615	2,420	2,210	1,990	1,755	1,505	1,240	960
Total Annual Debt Service	356	349	339	329	352	355	352	353	353	352	349
Debt Service Coverage	3.19	2.86	2.70	3.34	1.74	1.98	1.96	2.02	2.08	2.15	2.23
Debt/Equity Ratio	42/58	39/61	37/63	32/68	31/69	28/72	26/74	24/76	21/79	18/82	13/87
Rate Change Percent*											
Residential Cost/month*											
Commercial (3Yd-1x/Wk)/Month*											
Statistical/Performance Trends											
Waste Collected (Tons)	42,875	44,356	45,277	44,721	45,250	45,250	45,703	46,160	46,621	47,087	47,558
Average Residential Services	11,589	11,746	11,968	12,139	12,019	12,139	12,261	12,383	12,507	12,632	12,758
Average Dumpsters Services	4,813	4,872	4,745	4,740	4,700	4,747	4,794	4,842	4,891	4,940	4,989

* Last rate increase was in 1990

SOLID WASTE DISPOSAL

11-YEAR SUMMARY

	UTILITY FORMAT - 1995 OPERATING BUDGET (\$ in Thousands)										
	Actual				Proforma	Budget	Forecast				
Financial Overview	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Revenues	11,498	11,833	12,347	12,694	13,147	12,889	13,021	13,150	13,280	13,411	13,544
Expenses	10,384	11,305	10,478	10,747	12,921	14,508	11,935	12,042	12,185	12,183	12,230
Net Income (Regulatory)	1,114	528	1,869	1,947	225	(1,619)	1,086	1,108	1,095	1,228	1,314
Workforce Authorized per Budget	31(FT)/9(T)	31(FT)/9(T)	32(FT)/10(T)	32(FT)/10(T)	32(FT)/11(T)	32(FT)/12(T)	32(FT)/12(T)	32(FT)/12(T)	32(FT)/12(T)	32(FT)/12(T)	32(FT)/12(T)
Capital Improvement Program	2,133	4,476	1,297	2,108	10,702	1,570	940	1,922	6,613	1,251	1,719
Bond Sales	0	0	0	0	9,000	0	0	600	5,240	0	0
Net Plant (12/31)	31,142	30,203	34,387	33,917	42,628	41,844	40,398	39,838	43,821	42,431	41,478
Utility Revenue Distribution	0	0	0	0	0	200	200	200	200	200	200
Retained Earnings (12/31)	6,794	7,322	9,192	10,371	10,596	8,978	10,064	11,172	12,267	13,495	14,809
General Cash Pool	3,327	3,769	5,400	5,408	3,852	680	761	476	160	(18)	(684)
Future Landfill Closure Cash Reserve	716	1,108	1,493	2,918	3,395	3,876	4,363	4,854	5,351	5,852	6,358
Construction Cash Pool	2,809	(563)	25	(395)	480	480	480	480	480	480	480
Bond Redemption Cash	404	406	409	410	410	410	410	410	410	410	410
Total Cash (12/31)	7,256	4,720	7,327	8,341	8,137	5,447	6,014	6,220	6,400	6,724	6,564
IGC's - General Government	170	175	201	133	212	126	131	136	141	146	152
MUSA - 1.25%	128	130	131	143	146	148	154	160	166	172	179
MUSA - Regular	300	305	274	324	319	415	430	447	464	481	499
Total Outstanding Debt	27,510	26,810	27,910	26,480	33,920	31,967	29,905	28,342	31,302	28,896	26,352
Total Annual Debt Service	2,866	2,717	3,295	3,295	3,234	3,812	3,806	3,808	3,806	3,806	3,842
Revenue Bond Coverage	9.59	7.61	15.86	16.07	12.11	8.89	15.86	15.95	16.06	15.99	15.97
Debt/Equity Ratio	71/29	67/33	63/37	62/38	67/33	68/32	65/35	61/39	62/38	57/43	53/47
Rate Change Percent											
User Rate/Ton*											
Pickup Rate**			10								
Car Rate*											
Statistical/Performance Trends											
Tons Disposed	260,993	279,806	275,540	285,250	281,950	285,050	287,901	290,780	293,687	296,624	299,590
Vehicle Count	175,839	200,261	205,007	188,843	189,250	191,143	193,054	194,984	196,934	198,904	200,893

* Last rate increase was in 1989

** Rate was increased from \$5 to \$10 as an equity adjustment

PORT OF ANCHORAGE

11-YEAR SUMMARY

UTILITY FORMAT - 1996 OPERATING BUDGET (\$000'S)

Financial Overview	Actual				Proforma	Budget	Forecast				
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Revenues	6,927	7,268	7,123	7,712	8,201	8,296	8,514	8,655	8,700	8,672	9,350
Expenses	5,256	6,027	5,678	6,177	6,113	6,390	6,462	6,681	6,697	6,717	6,723
Net Income (Regulatory)	1,671	1,241	1,445	1,535	2,088	1,906	2,052	1,974	2,003	1,955	2,627
Budgeted Positions	21	21	21	21	21	21	21	21	21	21	21
Capital Program	4,364	1,830	2,533	9,202	6,078	7,606	10,843	505	8,255	135	22,135
Bond Sales	-	-	-	-	-	-	-	3,000	-	-	-
Net Plant (12/31)	45,605	48,014	51,713	49,933	53,527	53,886	56,436	60,258	63,636	65,264	66,513
Utility Revenue Distribution	178	179	179	179	358	601	639	693	733	734	713
Retained Earnings (12/31)	33,267	33,952	35,219	36,575	38,305	39,610	41,023	42,304	43,574	44,795	46,709
General Cash Pool	1,750	3,421	2,921	3,279	2,665	2,889	3,796	3,884	4,999	6,780	4,661
Construction Cash Pool	6,340	3,752	6,702	4,579	3,463	4,393	5,293	7,393	4,933	4,393	5,393
Bond Redemption Cash	2,979	2,915	2,916	2,916	2,916	2,916	2,916	3,183	3,183	3,183	3,183
Total Cash (12/31)	11,069	10,088	12,539	10,774	9,044	10,198	12,005	14,460	13,115	14,356	13,237
IGC's - General Government	220	281	151	170	215	245	250	255	260	265	270
Total Outstanding Debt	19,452	17,948	16,386	15,063	13,940	12,932	11,844	13,733	12,697	11,571	10,345
Total Annual Debt Service	3,020	3,060	2,969	2,690	2,398	2,207	2,209	2,339	2,179	2,179	2,179
Debt Service Coverage (Rev Bonds)	2.38	2.42	2.43	2.52	2.79	2.77	2.84	2.53	2.52	2.47	2.75
Debt/Equity Ratio	22/78	20/80	17/83	16/84	14/86	13/87	11/89	12/88	11/89	9/91	8/92
Rate Change % - Tariff	0.0%	4.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% Change - Pref. Use Agree.	-6.0%	0.0%	0.0%	0.0%	0.0%	10.0%	0.0%	0.0%	0.0%	0.0%	10.0%
% Change - Indust Park Leases	3.5%	0.0%	0.0%	0.0%	0.0%	10.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Statistical/Performance Trends:											
Tonnage (in thousands)	2,313	2,372	2,623	2,716	2,856	2,909	2,994	3,081	3,172	3,266	3,364
Revenue/Ton	\$2.35	\$2.38	\$2.30	\$2.41	\$2.36	\$2.47	\$2.51	\$2.46	\$2.37	\$2.33	\$2.45

MERRILL FIELD AIRPORT

11-YEAR SUMMARY

UTILITY FORMAT - 1996 OPERATING BUDGET (\$000'S)

Financial Overview	Actual				Pro Forma	Budget	Forecast				
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Total Revenues	1,800	1,867	1,941	1,965	2,045	2,071	2,185	2,273	2,344	2,434	2,502
Total Expenses	1,608	1,740	1,862	1,823	1,926	1,978	2,040	2,105	2,150	2,218	2,259
Net Income Regulatory	192	127	79	142	119	93	145	168	194	216	243
Budgeted Positions	9(F)/5(T)	10(F)/5(T)	9(F)/6(T)	10(F)/5(T)	10(F)/5(T)	10(F)/5(T)	10(F)/5(T)	10(F)/5(T)	10(F)/5(T)	10(F)/5(T)	10(F)/5(T)
Capital Program *	807	1,816	1,868	2,124	650	2,247	1,872	5,610	1,600	980	950
Bond Sales	0	0	0	0	0	0	0	0	0	0	0
Net Plant (12/31)	27,822	28,735	29,643	30,747	31,397	33,644	35,516	41,126	42,726	43,706	44,656
Utility Revenue Distribution	0	0	0	0	0	0	0	0	0	0	0
Retained Earnings (12/31)	2,424	2,551	2,630	2,772	2,891	2,984	3,129	3,297	3,491	3,707	3,950
General Cash Pool	(861)	(3,086)	(3,033)	(984)	(910)	(817)	(672)	(504)	(310)	(94)	149
Construction Cash Pool	1,175	2,045	2,012	1,807	1,771	1,441	1,230	1,182	1,082	1,021	961
Bond Redemption Cash	0	0	0	0	0	0	0	0	0	0	0
Total Cash (12/31)	314	(1,041)	(1,021)	823	861	624	558	678	772	927	1,110
IGC's - General Government	55	62	62	63	90	95	103	108	112	118	124
M U S A	0	0	0	0	0	0	0	0	0	0	0
Total Debt	0	0	0	0	0	0	0	0	0	0	0
Debt/Equity Ratio	0/100	0/100	0/100	0/100	0/100	0/100	0/100	0/100	0/100	0/100	0/100
Rate Change Percent	0	0	0	0	0	0	0%	3.3%	3.2%	3.1%	3.0%
Lease Rate/S.F. Per Year	\$.150	\$.150	\$.150	\$.150	\$.150	\$.150	\$.150	\$.155	\$.160	\$.165	\$.170
Tail-In Space/Month	\$40	\$40	\$40	\$40	\$40	\$40	40 \$45	\$45	\$45	\$45	\$45
Drive-Thru Space/Month	\$50	\$50	\$50	\$50	\$50	\$50	50 \$55	\$55	\$55	\$55	\$55
PERFORMANCE TRENDS											
Based Aircraft	1,008	943	916	905	910	935	965	1,005	1,035	1,075	1,095
Municipal Tiedowns	632	632	632	632	660	660	660	660	660	852	852
Flight Ops/Federal Year	253,697	225,713	230,156	210,257	220,000	226,000	234,000	240,000	247,000	255,000	261,000
National Airport Ranking	53rd	64th	57th	74th	63rd	61st	54th	50th	47th	45th	43rd

*1991-1994 represents actual; 1995-2001 represents projected.

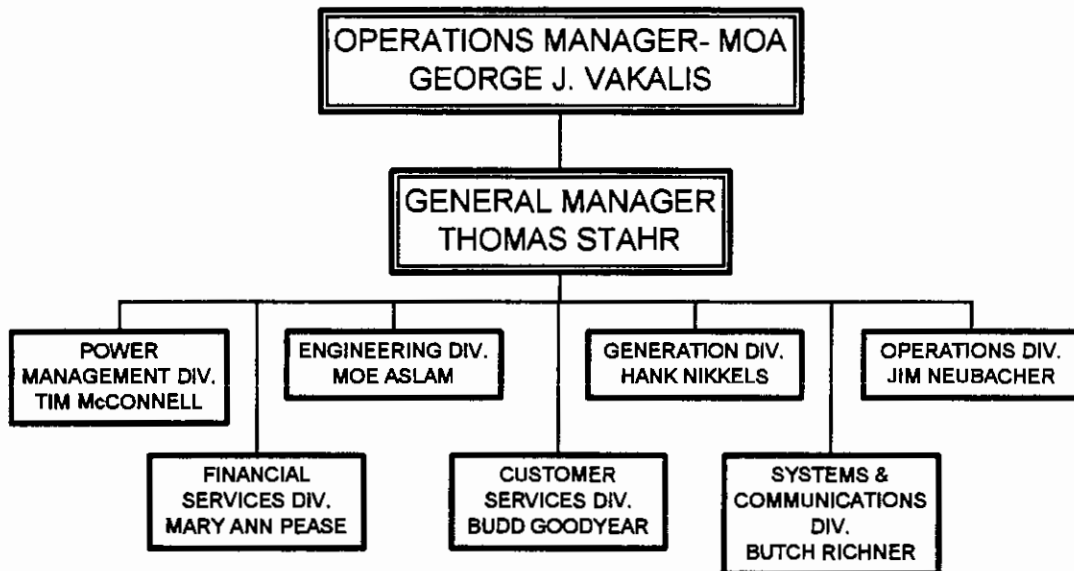
NOTE: Rate increases are shown in the outyears for purposes of projections only and have not been approved for implementation. It is intended that the need for rate increases be reviewed closely each year in conjunction with establishing operating budgets. Utilities will continue to strive to find ways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

**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 214 employees as of December 31, 1994 and a 1994 operating payroll cost of approximately \$12.9 million. Of these employees, 144 were covered by a labor agreement with IBEW and 70 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 1994, the average number of residential and commercial customers was 23,813 and 5,624 respectively. One-sixth of ML&P's customer base consumes four-sixths of its output. 1994 sales totaled 856,579 MWh and earned revenues of \$67,446,876.

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. Subsequently, GVEA entered into a long term contract with Chugach Electric eliminating most sales for resale to this utility.

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 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>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
ADMINISTRATION	15	16	16	16	16	16	16
SYSTEMS & COMMUNICATIONS	14	19	19	19	19	19	19
PRODUCTION (GENERATION)	53	53	53	53	53	53	54
CUSTOMER SERVICE	38	35	35	35	35	35	35
FINANCIAL SERVICES	23	23	23	23	23	23	23
POWER MANAGEMENT	12	12	12	12	12	12	12
OPERATIONS	52	49	49	50	50	50	50
ENGINEERING	<u>22</u>	<u>22</u>	<u>22</u>	<u>22</u>	<u>22</u>	<u>22</u>	<u>22</u>
SUBTOTAL	<u>229</u>	<u>229</u>	<u>229</u>	<u>230</u>	<u>230</u>	<u>230</u>	<u>231</u>
TEMPS	<u>28</u>	<u>28</u>	<u>28</u>	<u>29</u>	<u>30</u>	<u>30</u>	<u>30</u>
TOTAL	<u>257</u>	<u>257</u>	<u>257</u>	<u>259</u>	<u>260</u>	<u>260</u>	<u>261</u>

**Municipal Light
and Power**

**1996
Operating Budget**

MUNICIPAL LIGHT & POWER

RECONCILIATION OF 1995 BUDGET TO 1995 PROFORMA

	1995 <u>BUDGET</u>	1995 <u>PROFORMA</u>	VARIANCE FAVORABLE (UNFAVORABLE)	
OPERATING REVENUE	71,750,000	69,484,000	(2,266,000)	A
OPERATING EXPENSE				
Operations	43,763,000	42,631,000	1,132,000	
Depreciation(1)	10,771,000	10,116,000	655,000	
MUSA	2,161,000	1,998,000	163,000	
SUBTOTAL	<u>56,695,000</u>	<u>54,745,000</u>	<u>1,950,000</u>	B
NON-OPERATING REVENUE	2,238,000	2,956,000	718,000	
NON-OPERATING EXPENSE	<u>14,757,000</u>	<u>14,201,000</u>	<u>556,000</u>	
NET INCOME (REGULATORY)	2,536,000	3,494,000	958,000	
ADJUSTMENTS FOR GAAP	<u>(442,000)</u>	<u>(521,000)</u>	<u>(79,000)</u>	
NET INCOME GAAP	<u><u>2,094,000</u></u>	<u><u>2,973,000</u></u>	<u><u>879,000</u></u>	

1995 Proforma as of 5/31/95

(1) Excludes Contributed Plant.

Explanation of Significant Variances:

- A. Revenues are less than projected due to warmer weather conditions and less growth than anticipated.
- 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 1995 PROFORMA TO 1996 BUDGET

	<u>1995 PROFORMA</u>	<u>1996 BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	
OPERATING REVENUE	69,484,000	71,290,000	1,806,000	A
OPERATING EXPENSE				
Operations	42,631,000	43,019,000	(388,000)	
Depreciation(1)	10,116,000	10,573,000	(457,000)	
MUSA	1,998,000	2,180,000	(182,000)	
SUBTOTAL	<u>54,745,000</u>	<u>55,772,000</u>	<u>(1,027,000)</u>	B
NON-OPERATING REVENUE	2,956,000	2,697,000	(259,000)	
NON-OPERATING EXPENSE	<u>14,201,000</u>	<u>13,780,000</u>	<u>421,000</u>	
NET INCOME (REGULATORY)	3,494,000	4,435,000	941,000	
ADJUSTMENTS FOR GAAP	<u>(521,000)</u>	<u>(550,000)</u>	<u>(29,000)</u>	
NET INCOME GAAP	<u><u>2,973,000</u></u>	<u><u>3,885,000</u></u>	<u><u>912,000</u></u>	

1995 Proforma as of 5/31/95

(1) Excludes Contributed Plant.

Explanation of Significant Variances:

A. Increase in revenues is due to 1.5% growth, and the 2.57% rate increase to be effective January 1, 1996.

B. Increase in operating costs is due to inflation, increased fuel cost, and negotiated labor contract wage increases.

Explanation of parenthesis:

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

MUNICIPAL LIGHT & POWER

STATEMENT OF REVENUE AND EXPENSES

	1994 <u>ACTUAL</u>	1995 <u>PROFORMA</u>	1996 <u>BUDGET</u>
OPERATING REVENUE			
Residential Sales	13,978,835	14,096,000	14,384,000
Commercial & Industrial	51,036,972	52,119,000	53,623,000
Public Highway & Street Lighting	1,073,366	1,050,000	1,051,000
Public Authority	590,050	526,000	525,000
Sales for Resale	600,727	621,000	639,000
Misc. Service Revenue	292,268	382,000	381,000
Rent from Electric Property	102,977	135,000	134,000
Miscellaneous Revenue	423,926	555,000	553,000
TOTAL OPERATING REVENUE	68,099,121	69,484,000	71,290,000
OPERATING EXPENSE			
Production Expense	27,060,921	28,309,000	28,284,000
Transmission Expense	468,491	522,000	591,000
Distribution Expense	5,519,033	5,608,000	5,760,000
Customer Account Expense	2,681,595	2,711,000	2,689,000
Customer Service & Information	252,117	274,000	306,000
Administrative & General Expense	3,211,976	3,231,000	3,310,000
Regulatory Compliance	1,057,741	1,200,000	1,300,000
Depreciation(1)	9,645,028	10,116,000	10,573,000
Amort. Intangible Plant	401,137	401,000	401,000
Amort. Plant Acquisition	111,184	111,000	111,000
Municipal Utility Service Assmt.	1,880,921	1,998,000	2,180,000
APUC-Gross Revenue Fee	0	264,000	267,000
TOTAL OPERATING EXPENSE	52,290,144	54,745,000	55,772,000
OPERATING INCOME	15,808,977	14,739,000	15,518,000

(1) Excludes Contributed Plant

1995 Proforma as of 5/31/95

MUNICIPAL LIGHT & POWER

STATEMENT OF REVENUE AND EXPENSES

	1994 <u>ACTUAL</u>	1995 <u>PROFORMA</u>	1996 <u>BUDGET</u>
NON-OPERATING REVENUE			
Interest From Operating Reserve	248,015	292,000	266,000
Interest From Bond Redemption Cash	1,053,630	1,242,000	1,191,000
Interest From General Cash Pool	741,890	875,000	733,000
Interest From Debt Service Account	245,465	289,000	271,000
Misc. Non-Operating Revenue	<u>218,021</u>	<u>258,000</u>	<u>236,000</u>
TOTAL NON-OPERATING REVENUE	2,507,021	2,956,000	2,697,000
NON-OPERATING EXPENSE			
Community	43,476	54,000	54,000
Interest on Bonded Debt	11,982,274	11,658,000	11,332,000
Amortization of Bond Discount/Premium	(21,294)	31,000	41,000
Amort of Bond Sale Cost & Ins.	312,707	301,000	292,000
Amort Loss on Refunded Debt	2,781,943	2,699,000	2,608,000
Other Interest Expense	859	1,000	10,000
Interest During Construction	<u>(538,520)</u>	<u>(543,000)</u>	<u>(557,000)</u>
TOTAL NON-OPERATING EXPENSE	14,561,445	14,201,000	13,780,000
NET INCOME (REGULATORY)	3,754,553	3,494,000	4,435,000
ADJUSTMENTS FOR GAAP			
Depreciation of Contributed Plant	(535,974)	(550,000)	(550,000)
Restricted Interest Income	<u>12,382</u>	<u>29,000</u>	<u>0</u>
NET INCOME GAAP	<u>3,230,961</u>	<u>2,973,000</u>	<u>3,885,000</u>

1995 Proforma as of 5/31/95

MUNICIPAL LIGHT & POWER

STATEMENT OF SOURCES AND USES OF CASH

	1994 <u>ACTUAL</u>	1995 <u>PROFORMA</u>	1996 <u>BUDGET</u>
SOURCES OF CASH FUNDS			
Net Income GAAP	3,230,961	2,973,000	3,885,000
Depreciation	10,181,002	10,666,000	11,123,000
Amortized Bond Discount/Premium	(21,294)	31,000	41,000
Amort & Acquisition Adjustment	512,321	512,000	512,000
Amortization of Bond Sale Costs	312,707	301,000	292,000
Amortization on Refunded Debt	2,781,943	2,699,000	2,608,000
Bond Proceeds	977,345	0	0
Other Long Term Debt	444,603	0	0
Contributions	712,244	500,000	500,000
TOTAL SOURCES OF CASH FUNDS	19,131,832	17,682,000	18,961,000
USES OF CASH FUNDS			
Additions to Plant	12,050,678	13,116,000	19,717,000
Debt Retirement Long Term	5,200,000	5,490,000	5,825,000
Bond Refunding	0	0	0
Other	712,244	0	0
TOTAL USES OF CASH FUNDS	17,962,922	18,606,000	25,542,000
NET INCREASE (DECREASE) IN CASH FUND	1,168,910	(924,000)	(6,581,000)
CASH BALANCE JANUARY 1,	41,901,228	43,070,000	42,146,000
CASH BALANCE DECEMBER 31,	<u>43,070,138</u>	<u>42,146,000</u>	<u>35,565,000</u>
DETAIL OF CASH BALANCE			
Equity in General Cash Pool	21,531,923	21,290,000	14,594,000
Bond Restricted Cash	21,538,215	20,856,000	20,971,000
CASH BALANCE DECEMBER 31,	<u>43,070,138</u>	<u>42,146,000</u>	<u>35,565,000</u>

1995 Proforma as of 5/31/95

MUNICIPAL LIGHT & POWER

1996 OPERATING BUDGET DETAIL

	<u>1994 ACTUAL</u>	<u>1995 PROFORMA</u>	<u>1996 BUDGET</u>
<u>Labor</u>			
Personnel Costs	9,130,173	9,235,000	9,486,000
Benefit Costs	<u>3,738,164</u>	<u>3,781,000</u>	<u>3,884,000</u>
Subtotal	12,868,337	13,016,000	13,370,000
<u>Intergovernmental Charges</u>			
Finance Department	242,563	260,000	260,000
MIS/FIS	206,512	310,000	310,000
Human Resources Department	288,170	240,000	260,000
Purchasing	109,471	120,000	120,000
Self Insurance	122,761	270,000	280,000
Mayor	70,329	230,000	220,000
Enterprise/Operations Manager	139,346	140,000	140,000
Other IGC Charges	<u>182,568</u>	<u>280,000</u>	<u>260,000</u>
Subtotal	<u>1,361,720</u>	<u>1,850,000</u>	<u>1,850,000</u>
<u>Other Expenses</u>			
Professional Services	361,279	400,000	400,000
Depreciation & Amortization	13,766,679	14,209,000	14,576,000
MUSA	1,880,921	1,998,000	2,180,000
Interest on Long-term Debt	11,982,274	11,658,000	11,332,000
Interest During Construction	(538,520)	(543,000)	(557,000)
Purchased Power	4,986,176	5,103,000	5,145,000
Fuel	16,049,870	17,049,000	16,753,000
APUC Regulatory Fee	0	264,000	267,000
Regulatory Compliance	1,057,741	1,200,000	1,300,000
Other Expenses	<u>3,611,086</u>	<u>3,292,000</u>	<u>3,486,000</u>
Subtotal	<u>53,157,506</u>	<u>54,630,000</u>	<u>54,882,000</u>
TOTAL EXPENSES	<u><u>67,387,563</u></u>	<u><u>69,496,000</u></u>	<u><u>70,102,000</u></u>

1995 Proforma as of 5/31/95

**Municipal Light
and Power**

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

MUNICIPAL LIGHT & POWER

1996 - 2001 CAPITAL IMPROVEMENT BUDGET/PLAN FINANCIAL SUMMARY (\$000)

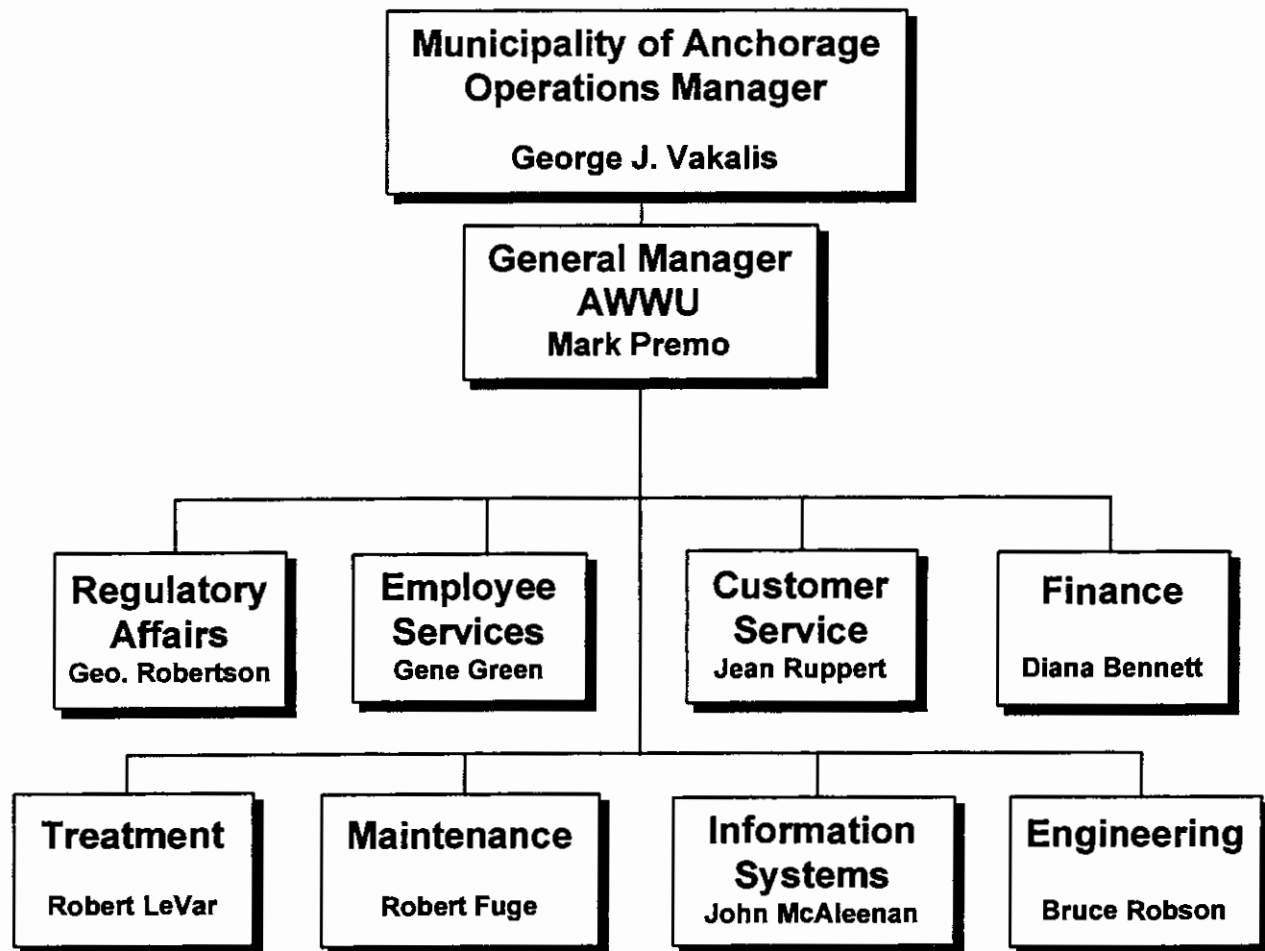
<u>PROJECT CATEGORY:</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>TOTAL</u>
PRODUCTION (GENERATION)	6,575	6,925	4,740	4,760	4,810	5,340	33,150
TRANSMISSION	875	680	765	855	815	910	4,900
DISTRIBUTION	6,795	9,155	9,585	9,575	9,235	9,505	53,850
GENERAL PLANT	4,552	4,033	3,662	2,153	2,231	2,595	19,226
REGULATORY COMPLIANCE	1,025	1,005	1,830	1,405	2,105	405	7,775
ENERGY STORAGE	1,000	0	0	0	0	0	1,000
INTERTIES	0	0	0	8,000	0	0	8,000
TOTAL BUDGET	<u>20,822</u>	<u>21,798</u>	<u>20,582</u>	<u>26,748</u>	<u>19,196</u>	<u>18,755</u>	<u>127,901</u>
 <u>SOURCE OF FUNDING:</u>	 <u>1996</u>	 <u>1997</u>	 <u>1998</u>	 <u>1999</u>	 <u>2000</u>	 <u>2001</u>	 <u>TOTAL</u>
G.O. BONDS	0	0	0	0	0	0	0
REVENUE BONDS	0	10,000	5,000	2,500	5,000	6,000	28,500
LOAN	0	0	0	0	0	0	0
EQUITY/OPERATIONS	19,322	10,298	15,082	23,748	13,696	12,255	94,401
STATE GRANT	1,500	1,500	500	500	500	500	5,000
FEDERAL GRANT	0	0	0	0	0	0	0
DIRECT APPROPRIATION	0	0	0	0	0	0	0
TOTAL BUDGET	<u>20,822</u>	<u>21,798</u>	<u>20,582</u>	<u>26,748</u>	<u>19,196</u>	<u>18,755</u>	<u>127,901</u>

Approximately \$5.5 Million in personnel costs will be spent on Capital Projects during 1996.

**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**

DIVISIONS	1995	1996	1997	1998	1999	2000	2001
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	
REVENUE				
OPERATING REVENUES	26,674,000	26,305,000	(369,000)	A
NON-OPERATING REVENUES	1,566,000	1,564,000	(2,000)	
TOTAL REVENUES	28,240,000	27,869,000	(371,000)	
OPERATING EXPENSES				
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
TOTAL OPERATING EXPENSES	19,342,000	18,786,000	(556,000)	
NON-OPERATING EXPENSES	7,326,000	7,745,000	419,000	D
TOTAL EXPENSES	26,668,000	26,531,000	(137,000)	
NET INCOME REGULATORY	1,572,000	1,338,000	(234,000)	
ADJUSTMENT FOR GAAP METHOD	(4,538,000)	(4,538,000)	0	
NET INCOME GAAP	(2,966,000)	(3,200,000)	(234,000)	

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	
REVENUE				
OPERATING REVENUES	26,305,000	26,543,000	238,000	A
NON-OPERATING REVENUES	1,564,000	1,695,000	131,000	B
TOTAL REVENUES	27,869,000	28,238,000	369,000	
OPERATING EXPENSES				
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
TOTAL OPERATING EXPENSES	18,786,000	19,698,000	912,000	
NON-OPERATING EXPENSES	7,745,000	7,451,000	(294,000)	E
TOTAL EXPENSES	26,531,000	27,149,000	618,000	
NET INCOME REGULATORY	1,338,000	1,089,000	(249,000)	
ADJUSTMENT FOR GAAP METHOD	(4,538,000)	(4,651,000)	(113,000)	D
NET INCOME GAAP	(3,200,000)	(3,562,000)	(362,000)	

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
OPERATING REVENUE			
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
TOTAL OPERATING REVENUE	25,988,074	26,305,000	26,543,000
OPERATING EXPENSES			
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
TOTAL OPERATING EXPENSE	18,247,749	18,786,000	19,698,000
OPERATING INCOME	7,740,325	7,519,000	6,845,000

* DEPRECIATION OF CONTRIBUTED
PLANT NOT INCLUDED

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

	1994 ACTUAL	1995 PROFORMA	1996 BUDGET
NON-OPERATING REVENUE			
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
TOTAL NON-OPERATING REVENUE	1,446,219	1,564,000	1,695,000
 NON-OPERATING EXPENSE			
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)
TOTAL NON-OPERATING EXPENSE	7,792,507	7,745,000	7,451,000
NON-OPERATING INCOME	(6,346,288)	(6,181,000)	(5,756,000)
 NET INCOME (REGULATORY)	1,394,037	1,338,000	1,089,000
 ADJUSTMENT FOR GAAP	4,417,383	4,538,000	4,651,000
NET INCOME (LOSS) GAAP	(3,023,346)	(3,200,000)	(3,562,000)

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

	1994	1995	1996
	ACTUAL	PROFORMA	BUDGET
SOURCES OF CASH:			
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)
TOTAL SOURCES OF CASH FUNDS	12,411,278	8,869,361	22,442,000
USES OF CASH:			
ADDITIONS TO PLANT	9,602,547	7,727,000	23,567,000
BOND PRINCIPAL PAYMENT	1,610,421	1,910,000	1,836,000
TOTAL USES OF CASH FUNDS	11,212,968	9,637,000	25,403,000
NET INCREASE(DECREASE) IN CASH FUNDS	1,198,310	(767,639)	(2,961,000)
CASH BALANCE JANUARY 1	22,136,329	23,334,639	22,567,000
CASH BALANCE DECEMBER 31	23,334,639	22,567,000	19,606,000
DETAIL OF CASH BALANCE:			
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
TOTAL CASH DECEMBER 31	23,334,639	22,567,000	19,606,000

**ANCHORAGE WATER UTILITY
1996 OPERATING BUDGET DETAIL**

	1994 ACTUAL	1995 PROFORMA	1996 BUDGET
LABOR			
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
SUPPLIES			
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
INTRAGOVERNMENTAL CHARGES			
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
OTHER SERVICES			
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
OTHER EXPENSES			
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
TOTAL EXPENSES	30,457,639	31,069,000	31,801,000

*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)

Project Category	1996	1997	1998	1999	2000	2001
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
TOTAL	\$6,600	\$12,010	\$19,330	\$13,165	\$5,370	\$6,620

Source of Funding	1996	1997	1998	1999	2000	2001
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
TOTAL	\$6,600	\$12,010	\$19,330	\$13,165	\$5,370	\$6,620

* 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	
REVENUE				
OPERATING REVENUES	22,547,000	22,692,000	145,000	A
NON-OPERATING REVENUES	1,486,000	1,641,000	155,000	B
TOTAL REVENUES	24,033,000	24,333,000	300,000	
OPERATING EXPENSES				
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
TOTAL OPERATING EXPENSES	18,037,000	17,411,000	(626,000)	
NON-OPERATING EXPENSES	4,695,000	4,856,000	161,000	F
TOTAL EXPENSES	22,732,000	22,267,000	(465,000)	
NET INCOME REGULATORY	1,301,000	2,066,000	765,000	
ADJUSTMENT FOR GAAP METHOD	(5,125,000)	(4,985,000)	140,000	D
NET INCOME GAAP	(3,824,000)	(2,919,000)	905,000	

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	
REVENUE				
OPERATING REVENUES	22,692,000	22,911,000	219,000	A
NON-OPERATING REVENUES	1,641,000	1,585,000	(56,000)	B
TOTAL REVENUES	24,333,000	24,496,000	163,000	
OPERATING EXPENSES				
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
TOTAL OPERATING EXPENSES	17,411,000	18,477,000	1,066,000	
NON-OPERATING EXPENSES	4,856,000	4,684,000	(172,000)	E
TOTAL EXPENSES	22,267,000	23,161,000	894,000	
NET INCOME REGULATORY	2,066,000	1,335,000	(731,000)	
ADJUSTMENT FOR GAAP METHOD	(4,985,000)	(5,000,000)	(15,000)	D
NET INCOME GAAP	(2,919,000)	(3,665,000)	(746,000)	

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
OPERATING REVENUES			
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
TOTAL OPERATING REVENUE	22,042,998	22,692,000	22,911,000
OPERATING EXPENSES			
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
TOTAL OPERATING EXPENSES	16,789,604	17,411,000	18,477,000
OPERATING INCOME	5,253,394	5,281,000	4,434,000

*DEPRECIATION OF CONTRIBUTED
PLANT NOT INCLUDED

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

	1994 ACTUAL	1995 PROFORMA	1996 BUDGET
NON-OPERATING REVENUE			
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
TOTAL NON-OPERATING REVENUE	1,686,946	1,641,000	1,585,000
NON-OPERATING EXPENSE			
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)
TOTAL NON-OPERATING EXPENSE	5,236,358	4,856,000	4,684,000
NON-OPERATING INCOME	(3,549,412)	(3,215,000)	(3,099,000)
NET INCOME (REGULATORY)	1,703,982	2,066,000	1,335,000
ADJUSTMENT FOR GAAP	4,975,434	4,985,000	5,000,000
NET INCOME (LOSS) GAAP	(3,271,452)	(2,919,000)	(3,665,000)

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

	1994	1995	1996
	ACTUAL	PROFORMA	BUDGET
SOURCES OF CASH:			
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
TOTAL SOURCES OF CASH FUNDS	9,769,156	10,790,436	13,995,000
USES OF CASH:			
ADDITIONS TO PLANT	5,212,044	9,026,000	9,860,000
BOND PRINCIPAL PAYMENT	5,285,854	5,618,000	5,791,000
TOTAL USES OF CASH FUNDS	10,497,898	14,644,000	15,651,000
 NET INCREASE(DECREASE) IN CASH FUNDS	 (728,742)	 (3,853,564)	 (1,656,000)
 CASH BALANCE JANUARY 1	 9,828,306	 9,099,564	 5,246,000
CASH BALANCE DECEMBER 31	9,099,564	5,246,000	3,590,000
 DETAIL OF CASH BALANCE:			
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
TOTAL CASH DECEMBER 31	9,099,564	5,246,000	3,590,000

**ANCHORAGE WASTEWATER UTILITY
1996 OPERATING BUDGET DETAIL**

	1994 ACTUAL	1995 PROFORMA	1996 BUDGET
LABOR			
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
SUPPLIES			
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
INTRAGOVERNMENTAL CHARGES			
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
OTHER SERVICES			
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
OTHER EXPENSES			
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
TOTAL EXPENSES	<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)

Project Category	1996	1997	1998	1999	2000	2001
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
TOTAL	\$4,690	\$8,980	\$6,690	\$2,495	\$4,115	\$13,325

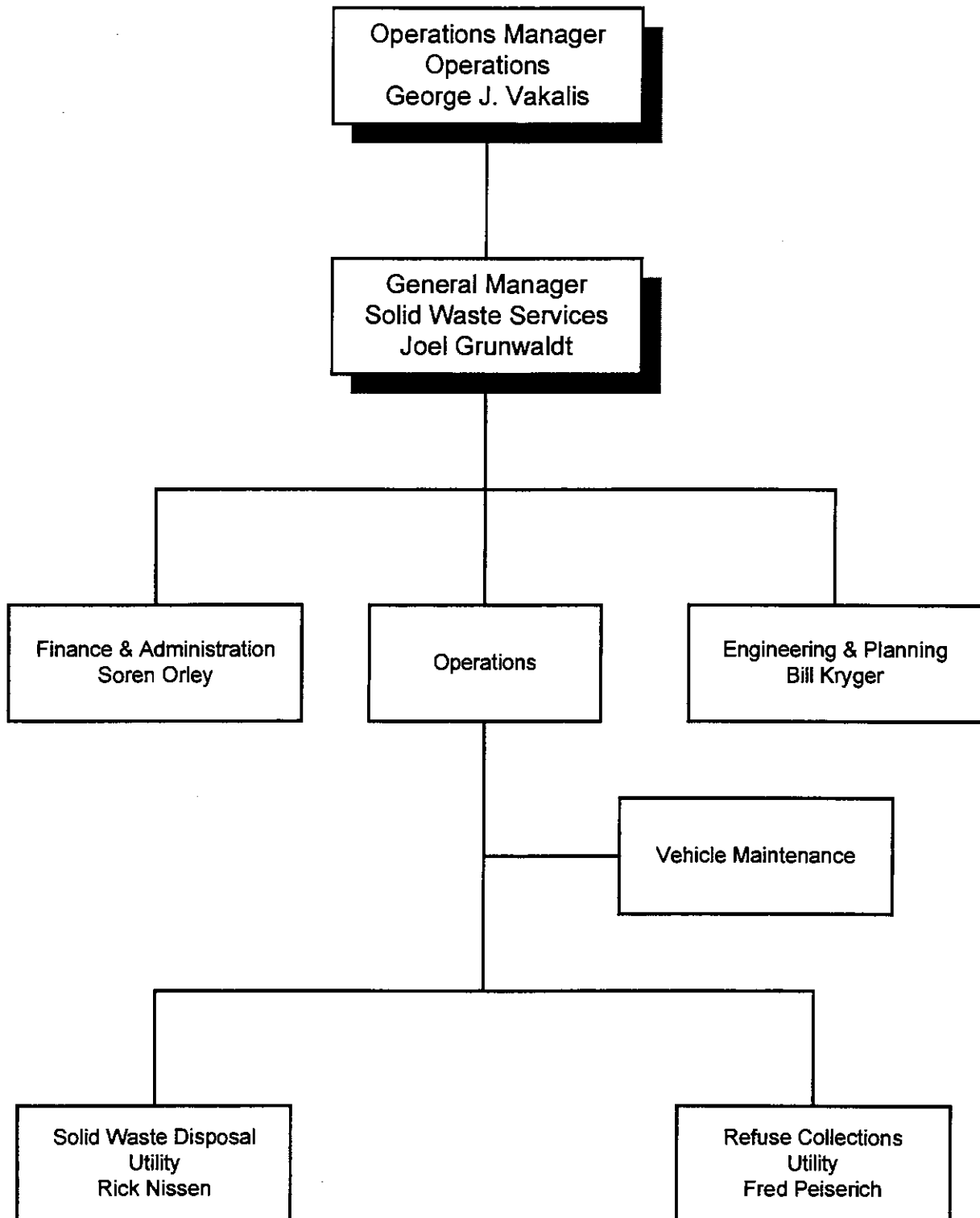
Source of Funding	1996	1997	1998	1999	2000	2001
Debt	\$3,090	\$7,560	\$4,575	\$600	\$2,340	\$11,220
Equity	\$1,020	\$815	\$1,635	\$1,545	\$1,545	\$1,495
State Grant	\$580	\$605	\$480	\$350	\$230	\$610
TOTAL	\$4,690	\$8,980	\$6,690	\$2,495	\$4,115	\$13,325

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

SOLID WASTE SERVICES

SOLID WASTE SERVICES

Organizational Chart



SOLID WASTE SERVICES UTILITY PROFILE

ORGANIZATION: Solid Waste Services (SWS) is composed of two separate utilities. The Refuse Collections Utility provides refuse collection service to residential and commercial customers in the City of Anchorage Service Area. The Solid Waste Disposal Utility operates multiple transfer stations and a regional landfill providing affordable and environmentally responsible services for the entire Municipality. SWS is divided into four organizations. The organizations include Refuse Collections and Solid Waste Disposal, which are separate operating utilities, and Vehicle Maintenance and Administration, which are support organizations that fully charge out to Refuse Collections and Disposal Utilities.

The profile for both Refuse Collections Utility and Solid Waste Disposal are shown separately below:

REFUSE COLLECTIONS UTILITY

HISTORY: Refuse Collections Utility was originally owned by the former City of Anchorage. When the City and Borough merged in 1975 the Municipality of Anchorage became the new owner. Since at least 1952 there has been mandatory service for all residents who live in Refuse Collections Utility service area.

SERVICE: Refuse Collections Utility serves the service area of the former City of Anchorage, which is approximately 25% of the population of the Municipality of Anchorage. The Refuse Collections Utility has three main types of collection vehicles. They are frontload, rearload, and sideload. The frontload vehicles are used to empty dumpsters and normally handle commercial or multifamily residential. Rearload vehicles service mainly can/bag residential and a few two yard dumpsters. Sideload vehicles service residential can/bag only. Refuse Collections Utility services approximately 4,740 dumpsters per week, and 12,140 can/bag pickups per week. Refuse Collection Utility operates six dumpster routes per day M-F and two routes on Saturday, five sideload routes per day M-F, one rearload route per day M-F, and ½ rearload route on Saturday.

REGULATION: Refuse Collections Utility is regulated by the Alaska Public Utilities as having the right to collect solid waste, but is not economically regulated.

Refuse Collections Utility as a part of Solid Waste Services also has a seven member advisory commission. The members are appointed by the mayor and confirmed by the assembly. The commission normally meets monthly and when necessary holds special meetings. The advisory commission advises and makes recommendations to the administration and assembly on matters pertaining to the operating budget, capital

budget, rules, regulations, and administrative guidelines for the Refuse Collections Utility.

ENVIRONMENTAL MANDATES: Although there are no special state or federally mandated regulations for refuse collections there are a number of federal and state mandated regulations that the Refuse Collections Utility must comply with. These regulations include but are not limited to the Federal Clean Air Act and The Clean Water Act. These regulations have and will continue to have an economic and operational impact on Refuse Collections Utility.

PHYSICAL PLANT:

Specialized truck fleet

- 8 frontload trucks for dumpster collection

- 3 rearload trucks for curbside pickup and small dumpsters

- 7 sideload trucks for curbside pickup only

Refuse Collections warm storage building, a 27,000 square foot building that contains vehicle storage space and administrative offices.

SOLID WASTE DISPOSAL

HISTORY: The Municipal landfill at Merrill Field was closed during 1987 following approximately 50 years of usage. This brings the total of closed official landfill sites within the Municipality of Anchorage sites to five. The Anchorage Regional Landfill (ARL), an award winning "state of the art" fully lined modern landfill, was built in 1987 and is the only operating landfill in MOA.

SERVICE: ARL services the entire MOA. These services include the disposal of solid waste and collection of household hazardous waste. Normal solid waste is received at any of the four transfer stations located within MOA. The waste is then transported by the Disposal Utility to ARL for final disposal.

ARL has a total land area of approximately 275 acres and is being developed in phases called cells. Currently 5 out of a total of 20 cells have been constructed. ARL is projected to have a total capacity in excess of 48 million cubic yards. It is estimated that ARL will reach full capacity in the year 2050. In 1994, 285,250 tons were deposited in ARL.

Solid Waste Disposal Utility also operates four transfer stations. They are located at Girdwood, Midtown Anchorage (CTS), next to Fort Richardson, and ARL. They allow Solid Waste Disposal Utility to restrict access to the face of the landfill. CTS, by far, receives the largest amount of solid waste, having received over 214,000 tons in 1994. CTS has a total capacity of 1,600 tons per day. The Solid Waste Disposal Utility

operates a fleet of 20 transfer tractor and trailers that transport the solid waste from CTS. The trailers have a capacity of 120 yards each.

Household hazardous waste can be dropped off at CTS or the Hazardous Waste Facility located at ARL. The hazardous waste is then handled by a contractor who puts the hazardous waste in proper containers and safely ships the containers out of state to federally approved hazardous waste disposal sites.

Solid Waste Disposal Utility had a 6,000 square foot household hazardous waste collection facility built in 1989. The facility located at ARL is operated by a private contractor. In 1990 the facility collected the same amount of hazardous waste as the city of San Francisco, which has approximately three times the population. In 1992 the facility was the only Hazardous Waste facility in North America to receive Solid Waste Association of North America's "System Excellence" award. Thru 1994 the facility has collected a total of 4.867 million pounds of hazardous waste that otherwise would have been improperly disposed of in the landfill, storm drain system or people's backyards.

REGULATION: The Disposal Utility is not economically regulated by any non municipal agencies. However the Disposal Utility operates under numerous permits and many EPA regulations. ARL is operated under a permit issued by the Alaska Department of Conservation. This permit must be renewed every five years. The Disposal Utility operates under two permits from AWWU for industrial water discharge. ARL has permits from the US Department of Fish and Wildlife and the Alaska Department of Fish and Game for bird predation. ARL construction and certain operations must comply with the EPA Resource Conservation and Recovery Act (RCRA) subtitle D.

The Disposal Utility as a part of Solid Waste Services also has a seven member advisory commission. The members are appointed by the mayor and confirmed by the assembly. The commission normally meets monthly and when necessary holds special meetings. The advisory commission advises and makes recommendations to the administration and assembly on matters pertaining to the operating budget, capital budget, rules, regulations, and administrative guidelines for the Disposal Utility.

ENVIRONMENTAL MANDATES: The Disposal Utility must operate under and comply with numerous environmental mandates. These mandates have a significant economic impact on the cost of operations and construction for the Disposal Utility. The main environmental mandates that have a significant impact on the Disposal Utility are RCRA subtitle D, Clean Air Act, Clean Water Act, SARA Title 3, NESAP (asbestos), and NPDES (storm water discharge). It is projected that in the future the environmental mandates regarding operating and constructing a landfill will become even more stringent.

PHYSICAL PLANT:

Anchorage Regional Landfill

- 275 acres, estimated to last thru the year 2050
- 48 million cubic yard capacity
- phased construction of cells lasting three to four years each
- currently have constructed a total of three cells
- located on municipal land within a military reservation
- scale house and 22,000 sq. ft shop and storage facility
- heavy equipment fleet: dozers, loaders, dump trucks, boom truck, water truck, leachate trucks, tankers, lube trucks, grader and compactors

Four transfer stations provide intermediate disposal, easy access for public

Girdwood, Central midtown, Ft. Richardson and ARL

20 transfer tractor and trailers haul from stations to landfill

Hazardous waste management

6000 sq. ft collection facility for household hazardous waste

opened in 1989, operated by private contractor

received only "System Excellence Award" in North America from Solid Waste Association of North America

SOLID WASTE SERVICES WORK FORCE PROJECTIONS

<u>BUDGET UNIT</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
ADMINISTRATION	17	17	17	17	17	17	17
COLLECTIONS	22	22	22	22	22	22	22
DISPOSAL	43	44	44	44	44	44	44
VEHICLE MAINTENANCE	9	9	9	9	9	9	9
TOTAL	<u>91</u>	<u>92</u>	<u>92</u>	<u>92</u>	<u>92</u>	<u>92</u>	<u>92</u>

Refuse Collections

**1996
Operating Budget**

REFUSE COLLECTIONS UTILITY RECONCILIATION OF 1995 BUDGET TO 1995 PRO-FORMA

	<u>1995 BUDGET</u>	<u>1995 PRO-FORMA</u>	<u>VARIANCE</u>
OPERATING REVENUE	5,508,100	5,394,440	(113,660) (A)
OPERATING EXPENSE			
Labor	1,431,330	1,396,270	(35,060) (B)
Supplies	43,500	42,500	(1,000)
IGC'S	1,296,840	1,286,060	(10,780)
Other Services	94,600	101,550	6,950
Other Expenses	2,661,640	2,637,600	(24,040) (C)
OPERATING EXPENSE	<u>5,527,910</u>	<u>5,463,980</u>	<u>(63,930)</u>
NON-OPERATING REVENUE	206,860	261,300	54,440 (D)
NON-OPERATING EXPENSE	<u>161,960</u>	<u>161,960</u>	<u>0</u>
NET INCOME (REGULATORY)	25,090	29,800	4,710
ADJUSTMENTS FOR GAAP	0	0	0
NET INCOME GAAP	<u><u>25,090</u></u>	<u><u>29,800</u></u>	<u><u>4,710</u></u>

Explanation of Significant Variances:

A) Decrease due to lower than expected revenue through 6-30-95

B) Decrease due to elimination of one temporary position

C) Decrease due to reduction in the depreciation estimate

D) Increase due to higher interest rates

REFUSE COLLECTIONS UTILITY

RECONCILIATION OF 1995 PRO-FORMA TO 1996 BUDGET

	<u>1995</u> <u>PRO-FORMA</u>	<u>1996</u> <u>BUDGET</u>	<u>VARIANCE</u>
OPERATING REVENUE	5,394,440	5,453,980	59,540 (A)
OPERATING EXPENSE			
Labor	1,396,270	1,410,570	14,300
Supplies	42,500	43,500	1,000
IGC'S	1,286,060	1,243,930	(42,130) (B)
Other Services	101,550	93,040	(8,510)
Other Expenses	<u>2,637,600</u>	<u>2,626,680</u>	<u>(10,920)</u>
OPERATING EXPENSE	5,463,980	5,417,720	(46,260)
NON-OPERATING REVENUE	261,300	261,800	500
NON-OPERATING EXPENSE	<u>161,960</u>	<u>149,440</u>	<u>(12,520)</u>
NET INCOME (REGULATORY)	29,800	148,620	118,620
ADJUSTMENTS FOR GAAP	0	0	0
NET INCOME GAAP	<u><u>29,800</u></u>	<u><u>148,620</u></u>	<u><u>118,820</u></u>

Explanation of Significant Variances:

A) Increase due to projected 1% growth

B) Decrease due to reduction in the amount charged for worker's compensation

REFUSE COLLECTIONS UTILITY STATEMENT OF REVENUE AND EXPENSES

	1994 <u>ACTUAL</u>	1995 <u>PRO-FORMA</u>	1996 <u>BUDGET</u>
OPERATING REVENUE			
Commercial Collections	3,031,539	2,950,010	2,981,520
Residential Collections	2,148,300	2,187,900	2,213,760
Other Collections	26,470	25,000	25,000
Container Rental Fees	231,797	231,530	233,700
TOTAL OPERATING REVENUE	<u>5,438,106</u>	<u>5,394,440</u>	<u>5,453,980</u>
OPERATING EXPENSE			
Labor	1,331,472	1,396,270	1,410,570
Supplies	34,106	42,500	43,500
IGC'S	1,014,254	1,286,060	1,243,930
Other Services	81,013	101,550	93,040
Other Expenses	2,518,827	2,637,600	2,626,680
TOTAL OPERATING EXPENSE	<u>4,979,672</u>	<u>5,463,980</u>	<u>5,417,720</u>
OPERATING INCOME	458,434	(69,540)	36,260
NON-OPERATING REVENUE			
Sale of Assets	(831)	0	0
Interest Income	209,278	240,000	240,000
Other Revenue	18,409	21,300	21,800
TOTAL NON-OPERATING REVENUE	<u>226,856</u>	<u>261,300</u>	<u>261,800</u>
NON-OPERATING EXPENSE			
Interest on Long-term Debt	173,495	161,960	149,440
TOTAL NON-OPERATING EXPENSE	<u>173,495</u>	<u>161,960</u>	<u>149,440</u>
NET INCOME (REGULATORY)	511,795	29,800	148,620
ADJUSTMENTS FOR GAAP	0	0	0
NET INCOME GAAP	<u><u>511,795</u></u>	<u><u>29,800</u></u>	<u><u>148,620</u></u>

REFUSE COLLECTIONS UTILITY STATEMENT OF SOURCES AND USES OF CASH

	1994 <u>ACTUAL</u>	1995 <u>PRO-FORMA</u>	1996 <u>BUDGET</u>
SOURCES OF CASH FUNDS:			
Net Income GAAP	511,795	29,800	148,620
Depreciation	357,952	368,350	353,060
Grants	0	0	0
Bonds	0	0	0
Other	98,809	0	0
TOTAL SOURCES OF CASH FUNDS	<u>968,556</u>	<u>398,150</u>	<u>501,680</u>
USES OF CASH FUNDS:			
Additions to Plant	448,341	204,800	187,000
Bond Principal Payment	185,000	195,000	210,000
Other	0	0	0
TOTAL USES OF CASH FUNDS	<u>633,341</u>	<u>399,800</u>	<u>397,000</u>
NET INCREASE (DECREASE) IN CASH FUNDS	335,215	(1,650)	104,680
CASH BALANCE JANUARY 1,	4,441,907	4,777,120	4,775,470
CASH BALANCE DECEMBER 31,	<u><u>4,777,122</u></u>	<u><u>4,775,470</u></u>	<u><u>4,880,150</u></u>
DETAIL OF CASH BALANCE			
Equity In General Cash Pool	3,830,922	3,700,070	3,804,750
Equity In Construction Cash Pool	586,011	715,211	715,211
Bond Redemption Cash	360,189	360,189	360,189
TOTAL CASH DECEMBER 31,	<u><u>4,777,122</u></u>	<u><u>4,775,470</u></u>	<u><u>4,880,150</u></u>

REFUSE COLLECTIONS UTILITY 1996 OPERATING BUDGET DETAIL

	1994 <u>ACTUAL</u>	1995 <u>PRO-FORMA</u>	1996 <u>BUDGET</u>
Labor			
Wages	833,578	852,340	887,440
Overtime	88,618	93,960	93,960
Benefits	409,276	449,970	429,170
Other	0	0	0
Subtotal	<u>1,331,472</u>	<u>1,396,270</u>	<u>1,410,570</u>
Supplies			
Office supplies	2,928	3,500	3,500
Operating Supplies	21,820	24,000	25,000
Repair and Maintenance Supplies	9,358	15,000	15,000
Subtotal	<u>34,106</u>	<u>42,500</u>	<u>43,500</u>
Intragovernmental Charges			
Solid Waste Administration	547,076	651,740	649,610
Solid Waste Vehicle Maintenance	368,031	482,740	491,160
Solid Waste Disposal	38,100	38,100	38,100
Other IGC's	86,047	138,480	90,060
Charges to Others	(25,000)	(25,000)	(25,000)
Subtotal	<u>1,014,254</u>	<u>1,286,060</u>	<u>1,243,930</u>
Other Services			
Professional Services	1,540	13,050	2,500
Other Contractual Services	12,579	20,500	20,500
Utilities	66,894	68,000	70,040
Subtotal	<u>81,013</u>	<u>101,550</u>	<u>93,040</u>
Other Expenses			
Depreciation	357,952	368,350	353,060
MUSA	53,278	51,730	53,700
Interest on Long-term Debt	173,495	161,960	149,440
SWS Disposal Charges	2,008,552	2,036,250	2,036,250
Other	99,045	181,270	183,670
Subtotal	<u>2,692,322</u>	<u>2,799,560</u>	<u>2,776,120</u>
TOTAL EXPENSES	<u><u>5,153,167</u></u>	<u><u>5,625,940</u></u>	<u><u>5,567,160</u></u>

Refuse Collections

1996 - 2001

**Capital Improvement
Budget/Program**

**REFUSE COLLECTIONS UTILITY
1996-2001 CAPITAL IMPROVEMENT BUDGETS
FINANCIAL SUMMARY (000)**

PROJECT TITLE	1996	1997	1998	1999	2000	2001	TOTAL
VEHICLE REPLACEMENT	128	429	339	156	487	148	1,687
CONTAINERS	24	24	24	24	24	24	144
OFFICE EQUIPMENT	10	10	10	10	10	10	60
DATA PROCESSING	25	25	200	25	25	25	325
TOTAL	187	488	573	215	546	207	2,216

SOURCE OF FUNDING	1996	1997	1998	1999	2000	2001	TOTAL
G.O. BONDS							
REVENUE BONDS							
LOAN							
EQUITY/OPERATIONS	187	488	573	215	546	207	2,216
STATE GRANT							
FEDERAL GRANT							
DIRECT APPROPRIATION							
TOTAL	187	488	573	215	546	207	2,216

Solid Waste Disposal

**1996
Operating Budget**

SOLID WASTE DISPOSAL UTILITY RECONCILIATION OF 1995 BUDGET TO 1995 PRO-FORMA

	<u>1995 BUDGET</u>	<u>1995 PRO-FORMA</u>	<u>VARIANCE</u>
OPERATING REVENUE	12,469,950	12,543,350	73,400 (A)
OPERATING EXPENSE			
Labor	2,404,860	2,408,060	3,200
Supplies	74,700	70,500	(4,200)
IGC'S	1,815,860	1,796,500	(19,360)
Other Services	5,731,220	3,541,870	(2,189,350) (B)
Other Expenses	3,141,680	3,155,570	13,890
OPERATING EXPENSE	<u>13,168,320</u>	<u>10,972,500</u>	<u>(2,195,820)</u>
NON-OPERATING REVENUE	588,000	603,400	15,400
NON-OPERATING EXPENSE	2,035,070	1,948,830	(86,240)
NET INCOME (REGULATORY)	<u>(2,145,440)</u>	<u>225,420</u>	<u>2,370,860</u>
ADJUSTMENTS FOR GAAP	(184,620)	(184,620)	0
NET INCOME (LOSS) GAAP	<u><u>(2,330,060)</u></u>	<u><u>40,800</u></u>	<u><u>2,370,860</u></u>

Explanation of Significant Variances:

A) Increase due to increase in tonnages

B) Decrease due to Merrill Field Leachate System Upgrade Project being delayed

SOLID WASTE DISPOSAL UTILITY

RECONCILIATION OF 1995 PRO-FORMA TO 1996 BUDGET

	<u>1995</u> <u>PRO-FORMA</u>	<u>1996</u> <u>BUDGET</u>	<u>VARIANCE</u>
OPERATING REVENUE	12,543,350	12,689,500	146,150 (A)
OPERATING EXPENSE			
Labor	2,408,060	2,418,870	10,810
Supplies	70,500	70,500	0
IGC'S	1,796,500	1,647,200	(149,300) (B)
Other Services	3,541,870	4,607,310	1,065,440 (C)
Other Expenses	3,155,570	3,647,040	491,470 (D)
OPERATING EXPENSE	<u>10,972,500</u>	<u>12,390,920</u>	<u>1,418,420</u>
NON-OPERATING REVENUE	603,400	199,700	(403,700) (E)
NON-OPERATING EXPENSE	1,948,830	2,116,920	168,090 (F)
NET INCOME (REGULATORY)	<u>225,420</u>	<u>(1,618,640)</u>	<u>(1,844,060)</u>
ADJUSTMENTS FOR GAAP	(184,620)	(184,620)	0
NET INCOME (LOSS) GAAP	<u><u>40,800</u></u>	<u><u>(1,803,260)</u></u>	<u><u>(1,844,060)</u></u>

Explanation of Significant Variances:

- A) Increase due to increase in tonnages
- B) Decrease due to reduction in the amount charged for worker's compensation
- C) Increase due to Merrill Field Leachate Collection System Upgrade Project
- D) Increase due to increase in depreciation and MUSA related to Cell 4/5
- E) Decrease due to no Grant revenue on the Merrill Field Leachate Collection System Upgrade Project for 1996
- F) Increase due to new debt added that was used to finance Cell 4/5 construction

SOLID WASTE DISPOSAL UTILITY STATEMENT OF REVENUE AND EXPENSES

	1994 <u>ACTUAL</u>	1995 <u>PRO-FORMA</u>	1996 <u>BUDGET</u>
OPERATING REVENUE			
Disposal Fees	11,699,281	11,901,500	12,041,000
Reimbursed Costs	325,091	332,230	338,880
Hazardous Waste Fees	121,882	125,000	125,000
Amortization of Contributed Plant	198,673	184,620	184,620
TOTAL OPERATING REVENUE	<u>12,344,927</u>	<u>12,543,350</u>	<u>12,689,500</u>
OPERATING EXPENSE			
Labor	2,293,082	2,408,060	2,418,870
Supplies	45,126	70,500	70,500
IGC'S	1,485,495	1,796,500	1,647,200
Other Services	1,956,070	3,541,870	4,607,310 ^①
Other Expenses	3,153,130	3,155,570	3,647,040
TOTAL OPERATING EXPENSE	<u>8,932,903</u>	<u>10,972,500</u>	<u>12,390,920</u>
OPERATING INCOME (LOSS)	3,412,024	1,570,850	298,580
NON-OPERATING REVENUE			
Sale of Assets	10,168	10,000	10,000
Interest Income	320,559	180,000	180,000
Other Revenue	18,212	413,400	9,700
TOTAL NON-OPERATING REVENUE	<u>348,939</u>	<u>603,400</u>	<u>199,700</u>
NON-OPERATING EXPENSE			
Interest on Long-term Debt	1,813,643	1,948,830	2,116,920 ^①
TOTAL NON-OPERATING EXPENSE	<u>1,813,643</u>	<u>1,948,830</u>	<u>2,116,920</u>
NET INCOME (REGULATORY)	1,947,320	225,420	(1,618,640)
ADJUSTMENTS FOR GAAP	(198,673)	(184,620)	(184,620)
NET INCOME (LOSS) GAAP	<u><u>1,748,647</u></u>	<u><u>40,800</u></u>	<u><u>(1,803,260)</u></u>

+ contrib. plant added in he

- contrib. plant included in

net
0

① = 5,763,960 which equals "Other Expenses" on the Budget Detail page SWS-21

SOLID WASTE DISPOSAL UTILITY

STATEMENT OF SOURCES AND USES OF CASH

	1994 <u>ACTUAL</u>	1995 <u>PRO-FORMA</u>	1996 <u>BUDGET</u>
SOURCES OF CASH FUNDS:			
Net Income (Loss) GAAP	1,748,647	40,800	(1,803,260)
Depreciation (Includes Contributed Plant)	1,842,485	1,990,980	2,354,380
Future Landfill Closure Costs	656,206	476,500	481,730
Grants	0	549,740	0
New Debt	0	9,000,000	0
Other	340,163	0	0
TOTAL SOURCES OF CASH FUNDS	<u>4,587,501</u>	<u>12,058,020</u>	<u>1,032,850</u>
USES OF CASH FUNDS:			
Additions to Plant	2,108,310	10,702,000	1,570,000
Bond Principal Payment	1,465,000	1,560,000	1,952,760
Utility Revenue Distribution	0	0	200,000
TOTAL USES OF CASH FUNDS	<u>3,573,310</u>	<u>12,262,000</u>	<u>3,722,760</u>
NET INCREASE (DECREASE) IN CASH FUNDS	1,014,191	(203,980)	(2,689,910)
CASH BALANCE JANUARY 1,	7,326,649	8,340,840	8,136,860
CASH BALANCE DECEMBER 31,	<u>8,340,840</u>	<u>8,136,860</u>	<u>5,446,950</u>
DETAIL OF CASH BALANCE			
Equity In General Cash Pool	5,407,580	3,851,870	680,230
Future Landfill Closure Cash Reserve	2,918,150	3,394,650	3,876,380
Equity In Construction Cash Pool	(394,890)	480,340	480,340
Bond Redemption Cash	410,000	410,000	410,000
TOTAL CASH DECEMBER 31,	<u>8,340,840</u>	<u>8,136,860</u>	<u>5,446,950</u>

SOLID WASTE DISPOSAL UTILITY 1996 OPERATING BUDGET DETAIL

	1994 <u>ACTUAL</u>	1995 <u>PRO-FORMA</u>	1996 <u>BUDGET</u>
Labor			
Wages	1,509,806	1,497,250	1,561,990
Overtime	59,394	100,000	103,000
Benefits	723,882	810,810	753,880
Other	0	0	0
Subtotal	<u>2,293,082</u>	<u>2,408,060</u>	<u>2,418,870</u>
Supplies			
Office Supplies	2,301	3,500	3,500
Operating Supplies	34,586	45,000	45,000
Fuel(Kerosine)	1,166	2,000	2,000
Repair and Maintenance Supplies	7,073	20,000	20,000
Subtotal	<u>45,126</u>	<u>70,500</u>	<u>70,500</u>
Intragovernmental Charges			
Solid Waste Administration	633,083	693,340	691,090
Solid Waste Vehicle Maintenance	902,557	1,074,490	1,093,220
Other IGC's	132,955	211,770	125,990
Charges to Others	(183,100)	(183,100)	(263,100)
Subtotal	<u>1,485,495</u>	<u>1,796,500</u>	<u>1,647,200</u>
Other Services			
Professional Services	279,486	299,470	339,000
Utilities	282,501	300,450	330,000
Other Contractual Services	1,394,083	2,941,950	3,938,310
Subtotal	<u>1,956,070</u>	<u>3,541,870</u>	<u>4,607,310</u>
Other Expenses			
Depreciation <i>(per Soren, it includes contrib. plant)</i>	1,842,485	1,990,980	2,354,380
MUSA	324,177	318,910	414,500
Gross Receipts Tax	142,786	145,880	148,410
Landfill Closure Costs	656,206	476,500	481,730
Other	187,476	223,300	248,020
Interest on Long-term Debt	1,813,643	1,948,830	2,116,920
Subtotal	<u>4,966,773</u>	<u>5,104,400</u>	<u>5,763,960</u>
TOTAL EXPENSES	<u><u>10,746,546</u></u>	<u><u>12,921,330</u></u>	<u><u>14,507,840</u></u> <i>OK</i>

Solid Waste Disposal

1996-2001

**Capital Improvement
Budget/Program**

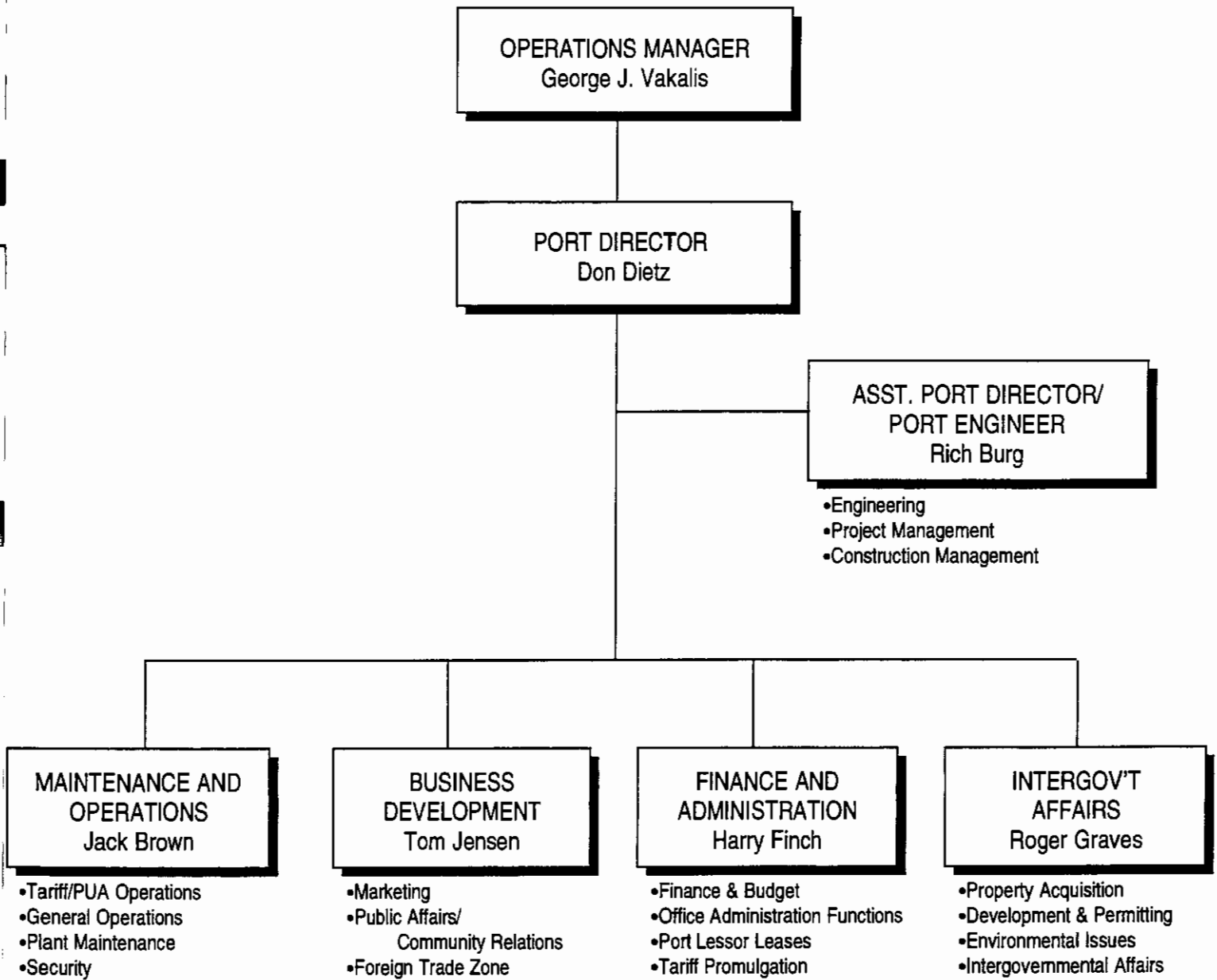
**SOLID WASTE DISPOSAL UTILITY
1996-2001 CAPITAL IMPROVEMENT BUDGETS
FINANCIAL SUMMARY (000)**

PROJECT TITLE	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>TOTAL</u>
EQUIPMENT	1,570	940	1,322	1,373	1,251	1,719	8,175
ARL IMPROVEMENTS			600	5,240			5,840
TOTAL	<u>1,570</u>	<u>940</u>	<u>1,922</u>	<u>6,613</u>	<u>1,251</u>	<u>1,719</u>	<u>14,015</u>

SOURCE OF FUNDING	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>TOTAL</u>
G.O. BONDS							
REVENUE BONDS			600	5,240			5,840
LOAN							
EQUITY/OPERATIONS	1,570	940	1,322	1,373	1,251	1,719	8,175
STATE GRANT							
FEDERAL GRANT							
DIRECT APPROPRIATION							
TOTAL	<u>1,570</u>	<u>940</u>	<u>1,922</u>	<u>6,613</u>	<u>1,251</u>	<u>1,719</u>	<u>14,015</u>

PORT OF ANCHORAGE

**PORT OF ANCHORAGE
ORGANIZATION CHART**



PORT OF ANCHORAGE UTILITY PROFILE

ORGANIZATION

The Port of Anchorage is organized into three functional areas: Administration, Port Development and Operations & Maintenance. The Administrative responsibility entails day-to-day business functions, construction management/engineering, and real estate management. The Port Development involves marketing, planning, permitting, environmental issues and public and intergovernmental affairs tasks. Current Operations & Maintenance functions include Port customer relations, management of vessel movements and dockside activities, general upkeep and operation of the facilities, equipment, and security.

HISTORY

The Port of Anchorage commenced operation in September 1961 with a single berth. 38,000 tons of cargo crossed the Port's dock that first year. 2,716,000 tons crossed the dock in 1994 and this ranked the Port as 19th in among North American container ports, including Canada and Latin America, in 1993 for the movement of container TEUs (twenty foot equivalent units). Today this regional Port is a major economic factor and the strongest link in the transportation chain which enables Alaskan residents west of Yakutat to take full advantage of the benefits of inexpensive waterborne commerce.

SERVICES

Cargo handling services and facilities at the Port serve 80% of Alaska's population residing west of Yakutat. Approximately 90% of the consumer goods and foodstuffs sold within the Railbelt move through this facility on a year-round basis. Container service is provided twice weekly from Puget Sound by two domestic ocean carriers and is augmented seasonally by one additional container vessel per week and barge activities. Bulk shipments are both domestic and international, involving imports of basic commodities such as cement, refined petroleum products, automobiles and construction materials. The Port serves as the primary export facility for the state's largest petroleum refinery in North Pole and as the major export terminal for frozen and canned seafood products that are packed in Anchorage, Valdez and on the Kenai Peninsula.

REGULATION

Port of Anchorage Dock Revenue rates are established in the Port of Anchorage Terminal Tariff #4 and Terminal Preferential Use Agreements. Changes to the tariff and adjustments to the Preferential Usage Agreements' charges require approval by the Anchorage Port Commission, the Anchorage Assembly and the Federal Maritime Commission.

Port Industrial Park Revenue is derived from long-term leases of properties in the Port Industrial Park. The leases provide for five-year rate adjustments. Leases and lease options are subject to Municipal Assembly approval.

ENVIRONMENTAL MANDATES

The Port complies with a broad range of local, state and federal environmental standards, including all provisions of the Clean Water Act, Clean Air Act, National Pollution Discharge Elimination System (NPDES), Endangered Species Act and Coastal Zone Management Plan.

PHYSICAL PLANT

Real Estate:

103	acres of developed uplands
14	acres of uplands under development
400	acres of economically developable tidelands to the north and south of the existing Industrial Park and dock area
<u>1,000</u>	acres of submerged lands offshore from tidelands holdings
<u>1,517</u>	total acres

Terminals:

- Three general cargo terminals, 2,109 ft. of dock face, container, roll on\roll off, bulk cement and breakbulk capabilities
- Two Bulk Petroleum Product Terminals with 600 feet each of berthing space and 2,000 bbl./hr. pipelines
- Operating depth at all facilities: -35' MLLW
- Maximum vessel tonnage: 60,000 DWT
- Maximum length and breadth: No limit
- On-dock Transit Shed with 27,000 square foot heated storage/office space

Cargo Handling Equipment:

- Rail mounted, electric Container Cranes:
 - 30 ton (2)
 - 40 ton (1)
- Portable Cranes to 150 tons available
- Forklifts to 30 tons available

U.S. Port of Entry: Foreign Trade Zone service available

**PORT OF ANCHORAGE
WORKFORCE PROJECTIONS**

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
<u>DIVISION</u>							
Administration/Engineering	7	7	7	7	7	7	7
Operations/Maintenance	12	12	12	12	12	12	12
Port Development	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total	<u>21</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>21</u>

Port of Anchorage

**1996
Operating Budget**

PORT OF ANCHORAGE RECONCILIATION OF 1995 BUDGET TO 1995 PRO-FORMA

	1995 <u>BUDGET</u>	1995 <u>PRO-FORMA</u>	<u>VARIANCE</u>	
OPERATING REVENUE	6,493,000	6,726,000	233,000	A
OPERATING EXPENSE				
Labor	1,438,000	1,397,000	(41,000)	B
Supplies	99,000	104,000	5,000	
Other Services & Charges	1,177,000	1,137,000	(40,000)	C
IGC's	215,000	215,000	0	
Depreciation/Amortization	1,968,000	1,931,000	(37,000)	D
Subtotal	4,897,000	4,784,000	(113,000)	
NON-OPERATING REVENUE	1,106,000	1,475,000	369,000	E
NON-OPERATING EXPENSE	1,367,000	1,329,000	(38,000)	F
NET INCOME (REGULATORY)	1,335,000	2,088,000	753,000	
ADJUSTMENTS FOR GAAP	(553,000)	(553,000)	0	
NET INCOME GAAP	<u>782,000</u>	<u>1,535,000</u>	<u>753,000</u>	

Explanation of Significant Variances:

- A) Petroleum Wharfage revenue, based on year-to-date figures, is now anticipated to be higher in 1995 than originally projected.
- B) One Executive position vacant for 7 months.
- C) Decrease is the net result of Professional Services expense being less than projected for 1995 and a portion of that reduction being offset by additional MOA/ICC Rate Case expenses in 1995.
- D) Depreciation adjusted to reflect anticipated plant in-service.
- E) \$300,000 construction claim legal settlement in favor of Port. 1995 Interest income now anticipated to be higher than originally projected.
- F) Anticipated 1995 revenue bond sale did not occur reducing debt service requirement.

PORT OF ANCHORAGE RECONCILIATION OF 1995 PRO-FORMA TO 1996 BUDGET

	1995 <u>PRO-FORMA</u>	1996 <u>BUDGET</u>	<u>VARIANCE</u>	
OPERATING REVENUE	6,726,000	7,196,000	470,000	A
OPERATING EXPENSE				
Labor	1,397,000	1,514,000	117,000	B
Supplies	104,000	104,000	0	
Other Services & Charges	1,137,000	1,131,000	(6,000)	
IGC's	215,000	245,000	30,000	C
Depreciation/Amortization	<u>1,931,000</u>	<u>2,166,000</u>	<u>235,000</u>	D
Subtotal	4,784,000	5,160,000	376,000	
NON-OPERATING REVENUE	1,475,000	1,100,000	(375,000)	E
NON-OPERATING EXPENSE	1,329,000	1,230,000	(99,000)	F
NET INCOME (REGULATORY)	<u>2,088,000</u>	<u>1,906,000</u>	<u>(182,000)</u>	
ADJUSTMENTS FOR GAAP	(553,000)	(791,000)	(238,000)	D
NET INCOME GAAP	<u><u>1,535,000</u></u>	<u><u>1,115,000</u></u>	<u><u>(420,000)</u></u>	

Explanation of Significant Variances:

- A) Increase is a combination of increased tonnage levels and anticipated adjustments to PUA and Industrial Park charges effective January 1, 1996.
- B) Increase is a combination of known JCC and potential other labor groups cost of living increases and one Executive position which was vacant for 7 months in 1995 being filled the entire year in 1996.
- C) Increased MISD IGC expense and a decrease in IGC revenue from "in-house" capital projects.
- D) Depreciation adjusted to reflect anticipated plant in-service.
- E) \$300,000 construction claim legal settlement in favor of the Port in 1995. Decrease in the interest portion of payments to Port financed leases.
- F) Decrease in interest portion of debt service payments.

PORT OF ANCHORAGE STATEMENT OF REVENUE AND EXPENSES

	1994 <u>ACTUAL</u>	1995 <u>PRO-FORMA</u>	1996 <u>BUDGET</u>
OPERATING REVENUE			
Dock Revenue	4,808,589	4,919,000	5,290,000
Industrial Park Revenue	1,651,785	1,723,000	1,822,000
Crane Lease/Rental Revenue	80,408	79,000	79,000
Other Operating Revenue	<u>1,177</u>	<u>5,000</u>	<u>5,000</u>
TOTAL OPERATING REVENUE	6,541,959	6,726,000	7,196,000
OPERATING EXPENSE			
Labor	1,412,010	1,397,000	1,514,000
Supplies	86,732	104,000	104,000
Other Services & Charges	1,233,667	1,137,000	1,131,000
IGC's	170,019	215,000	245,000
Depreciation/Amortization	<u>1,897,105</u>	<u>1,931,000</u>	<u>2,166,000</u>
TOTAL OPERATING EXPENSE	4,799,533	4,784,000	5,160,000
OPERATING INCOME	1,742,426	1,942,000	2,036,000
NON-OPERATING REVENUE			
Interest Income	1,057,654	1,070,000	995,000
Pipeline Right-Of-Way Fee	106,504	105,000	105,000
Construction Claim Legal Settlement	0	300,000	0
Other Non-Operating Revenue	1,840	0	0
Prior Year Expense Recovery	<u>3,575</u>	<u>0</u>	<u>0</u>
TOTAL NON-OPERATING REVENUE	1,169,573	1,475,000	1,100,000
NON-OPERATING EXPENSE			
Interest on Long-Term Debt	1,376,618	1,329,000	1,230,000
Other Non-Operating Expense	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL NON-OPERATING EXPENSE	1,376,618	1,329,000	1,230,000
NON-OPERATING INCOME	(207,045)	146,000	(130,000)
NET INCOME (REGULATORY)	1,535,381	2,088,000	1,906,000
ADJUSTMENTS FOR GAAP	(552,884)	(553,000)	(791,000)
NET INCOME GAAP	<u><u>982,497</u></u>	<u><u>1,535,000</u></u>	<u><u>1,115,000</u></u>

PORT OF ANCHORAGE STATEMENT OF SOURCES AND USES OF CASH

	1994 <u>ACTUAL</u>	1995 <u>PRO-FORMA</u>	1996 <u>BUDGET</u>
SOURCES OF CASH FUNDS:			
Net Income GAAP	982,497	1,535,000	1,115,000
Depreciation/Amortization	2,449,989	2,484,000	2,957,000
Grants	5,308,457	1,345,000	840,000
Bonds	0	0	0
Amortization of Debt Discount	27,707	30,000	30,000
Principal Payments, Financing Leases	262,855	284,000	307,000
Principal Payments, Interfund Receivable	84,009	0	0
Other	49,020	151,000	830,000
TOTAL SOURCES OF FUNDS	9,164,534	5,829,000	6,079,000
USES OF CASH FUNDS:			
Additions to Plant	9,201,745	6,078,000	3,316,000
Bond Principal Payments	1,322,988	1,123,000	1,008,000
Equity Transfer Out	178,500	358,000	601,000
Net Effect of Changes in Balance Sheet Which Affect Cash	226,304	0	0
TOTAL USES OF FUNDS	10,929,537	7,559,000	4,925,000
NET INCREASE/(DECREASE) IN CASH FUNDS	(1,765,003)	(1,730,000)	1,154,000
CASH BALANCE JANUARY 1,	12,539,149	10,774,000	9,044,000
CASH BALANCE DECEMBER 31,	10,774,146	9,044,000	10,198,000
DETAIL OF CASH BALANCE			
Equity In General Cash Pool	3,279,377	2,665,000	2,889,000
Equity In Construction Cash Pool	4,578,774	3,463,000	4,393,000
Revenue Bond Reserve	2,915,995	2,916,000	2,916,000
TOTAL CASH DECEMBER 31,	10,774,146	9,044,000	10,198,000

PORT OF ANCHORAGE 1996 OPERATING BUDGET DETAIL

	1994 <u>ACTUAL</u>	1995 <u>PRO-FORMA</u>	1996 <u>BUDGET</u>
LABOR			
Wages	915,419	901,000	979,000
Overtime	36,521	35,000	35,000
Benefits	456,533	460,000	499,000
Other	<u>3,537</u>	<u>1,000</u>	<u>1,000</u>
Subtotal	1,412,010	1,397,000	1,514,000
SUPPLIES			
Office & Operating Supplies	12,468	18,000	18,000
Fuel	5,992	7,000	8,000
Repair & Maintenance Supplies	66,546	75,000	75,000
Other	<u>1,726</u>	<u>4,000</u>	<u>3,000</u>
Subtotal	86,732	104,000	104,000
INTRAGOVERNMENTAL CHARGES			
IGC's From Others	197,643	230,000	245,000
IGC's To Others	<u>(27,624)</u>	<u>(15,000)</u>	<u>0</u>
Subtotal	170,019	215,000	245,000
OTHER SERVICES			
Professional Services	158,288	196,000	221,000
Legal Services	254,388	56,000	0
Repairs & Maintenance-Contracted	94,734	106,000	100,000
Advertising/Marketing	40,693	39,000	37,000
Contract Services	170,190	175,000	188,000
Rentals/Leases	87,976	97,000	97,000
Utilities	285,068	300,000	300,000
Other	<u>142,330</u>	<u>168,000</u>	<u>188,000</u>
Subtotal	1,233,667	1,137,000	1,131,000
OTHER EXPENSES			
Depreciation/Amortization	2,449,989	2,484,000	2,957,000
Interest on Long Term Debt	1,376,618	1,329,000	1,230,000
Other	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	3,826,607	3,813,000	4,187,000
TOTAL EXPENSES	<u>6,729,035</u>	<u>6,666,000</u>	<u>7,181,000</u>

Port of Anchorage
1996-2001
Capital Improvement
Budget/Program

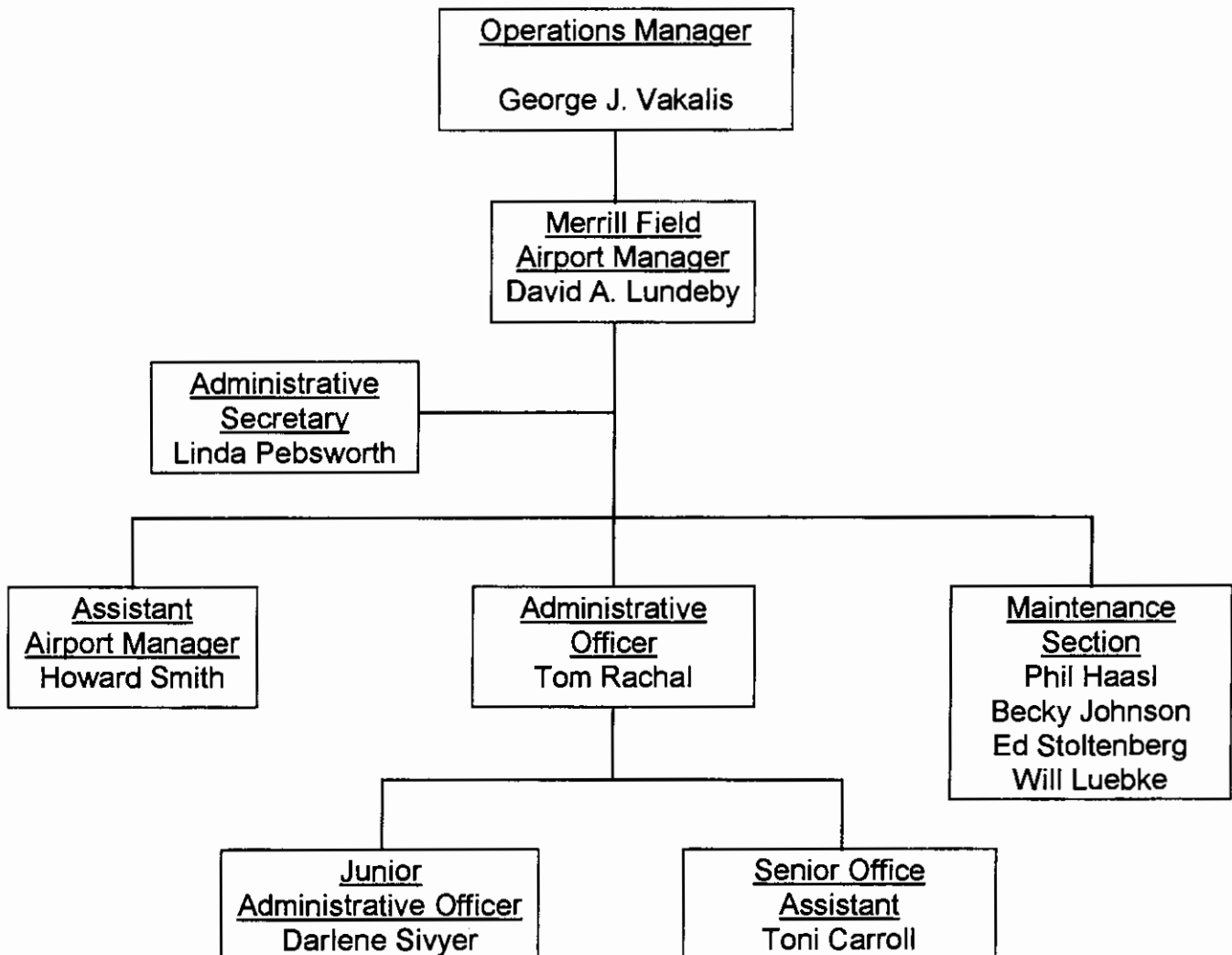
PORT OF ANCHORAGE
1996-2001 CAPITAL IMPROVEMENT BUDGETS FINANCIAL SUMMARY (000)

<u>PROJECT CATEGORY</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>TOTAL</u>
LAND DEVELOPMENT	6,000		250	8,000			14,250
TERMINAL DEVELOPMENT	100	10,100	100	100		2,000	12,400
HARBOR DEVELOPMENT		448				20,000	20,448
REPAIRS & RENOVATIONS	1,491	120	120	120	120	120	2,091
EQUIPMENT	15	175	35	35	15	15	290
TOTAL	<u><u>7,606</u></u>	<u><u>10,843</u></u>	<u><u>505</u></u>	<u><u>8,255</u></u>	<u><u>135</u></u>	<u><u>22,135</u></u>	<u><u>49,479</u></u>

<u>SOURCE OF FUNDING</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>TOTAL</u>
G.O. BONDS							0
REVENUE BONDS		3,000					3,000
EQUITY/OPERATIONS	3,406	843	505	4,055	135	8,135	17,079
STATE GRANT	4,200	7,000		4,200		14,000	29,400
FEDERAL GRANT							0
LOAN							0
DIRECT APPROPRIATION							0
PVT INDUST PARTICIPATION							0
TOTAL	<u><u>7,606</u></u>	<u><u>10,843</u></u>	<u><u>505</u></u>	<u><u>8,255</u></u>	<u><u>135</u></u>	<u><u>22,135</u></u>	<u><u>49,479</u></u>

MERRILL FIELD AIRPORT

**MERRILL FIELD AIRPORT
ORGANIZATION CHART**



MERRILL FIELD AIRPORT UTILITY PROFILE

ORGANIZATION

Six office staff manage the operational and financial affairs of Merrill Field, and four maintenance personnel provide maintenance for 19 airport buildings and property. The maintenance function includes all operating surfaces of the airport - runways, taxiways, roads and aircraft tiedown areas that are not on leased property. This includes snow removal, sanding, resurfacing, and maintenance of facilities and equipment.

HISTORY

Merrill Field Airport, originally known as "Aviation Field", was the first real airport in Anchorage. Located one mile east of the downtown area, it opened on July 4, 1930 and was dedicated in September 1932 to honor the late Russel Hyde Merrill, an early Alaskan aviator. Merrill Field is a "General Aviation Airport" and is restricted to aircraft that weigh 12,500 pounds or less.

In 1984 Merrill Field recorded 384,314 aircraft operations, ranked as the 15th busiest airport in the nation and had 1,019 based aircraft. In 1994, Merrill Field recorded 210,257 aircraft operations, ranked as the 74th busiest airport in the nation and had 905 based aircraft. While the states' economic slump and the decline in the manufacture of general aviation aircraft have taken their toll on Merrill Field's operations, the Airport continues to be an integral part of Alaska's transportation network.

SERVICE

Merrill Field serves as the general aviation link between all Southcentral Alaskan communities, including the rural areas, and Anchorage. Intrastate air traffic to and from Anchorage is increasing. Kenai alone sends 110,000 passengers a year to Anchorage; 38,500 are destined for the downtown/midtown areas that are more conveniently reached from Merrill Field.

Some of the many services provided at Merrill Field are: sale of aircraft fuel; hangar rental; flightseeing; flight and ground school instruction; aircraft maintenance and repair; sale of parts, supplies, equipment and accessories; aerial photography; propeller repair; aviation electronics; aircraft sales, rentals and charters; power plant and airframe training; and college courses for aviation degree-seeking students.

REGULATION

Merrill Field, unlike most other Municipal utilities, is not regulated by the Alaska Public Utilities Commission. Rather, it is required to meet Federal Aviation Administration, Alaska Department of Transportation and Public Facilities, and Municipal regulations. Additionally, the Municipal Airports Aviation Advisory Commission advises and makes recommendations to the Administration and Assembly on all matters pertaining to the operating budget, rules, regulations and administrative guidelines at Merrill Field.

ENVIRONMENTAL MANDATES

In recent years there have been many federally mandated programs which have had a direct impact on the Airport's operating costs. The Clean Water Act, Americans With Disabilities Act, Community Right To Know, Underground Storage Tank Regulations and Clean Air Act are some of the current laws which have and will continue to impact the Airport.

PHYSICAL PLANT

General Aviation Airport

- Restricted to aircraft weighing 12,500 pounds or less.
- 436 acre land area; elevation 136 feet; fee simple title.
- 1,441 tiedown spaces; leaseholders have 732; Municipality has 632 plus 77 for transient aircraft.
- Runway 6/24 is 4,000 feet; Runway 15/33 is 2,650 feet.
- Five taxiways; 102 acres of tiedown aprons.
- Control Tower leased to Federal Aviation Administration.

Seventy-fourth Busiest Airport in Nation

- Hub for intra-Alaska travel.
- Located one mile from downtown Anchorage.
- Reliever airport to Anchorage International's general aviation aircraft.
- 210,257 flight operations in Federal Year 1994.
- 9,743 general aviation aircraft in Alaska; 905 based at Merrill.
- 8,816 active pilots in Alaska; 4,151 reside in Anchorage.

Economic Stimulus

- 23 leaseholders lease 2,678,602 square feet.
- 32 fair market value rental properties.
- 62 aviation related businesses operate on the airport.
- 1,152 transient aircraft stayed a total of 4,077 days last year.
- Approximately 722,000 gallons of fuel were sold in 1994.

Net Airport Plant is \$30,747,700

MERRILL FIELD AIRPORT
WORK FORCE PROJECTIONS

<u>CATEGORY</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Airport Manager	1	1	1	1	1	1	1
Assistant Airport Manager	1	1	1	1	1	1	1
Financial Administration	1	1	1	1	1	1	1
Office Operations	3	3	3	3	3	3	3
Airport Maintenance Tech	2	2	2	2	2	2	2
Light Equipment Operator	2	2	2	2	2	2	2
Heavy Equip Operator (Temp)	2	2	2	2	2	2	2
Airport Maint Asstnts (Temp)	3	3	3	3	3	3	3
Public Aviation Facility	0	0	[To Be Determined]			-	-

Total (Permanent)	10	10	10	10	10	10	10
Total (Temporary)	5	5	5	5	5	5	5

Merrill Field Airport

**1996
Operating Budget**

MERRILL FIELD AIRPORT
RECONCILIATION OF 1995 BUDGET TO 1995 PRO FORMA

	<u>1995 Budget</u>	<u>1995 Pro Forma</u>	<u>Variance</u>
OPERATING REVENUE	<u>1,567,021</u>	<u>1,566,000</u>	<u>(1,021)</u>
OPERATING EXPENSE			
Labor	722,000	737,000	15,000
Supplies	105,000	63,000	(42,000) ^(a)
Charges To Others	(255,000)	(243,000)	12,000 ^(b)
Charges From Others	95,000	90,000	(5,000)
Other Services	242,900	211,000	(31,900) ^(c)
Other Expenses	1,052,100	1,068,000	15,900
SUBTOTAL	<u>1,962,000</u>	<u>1,926,000</u>	<u>(36,000)</u>
NON-OPERATING REVENUE	<u>467,979</u>	<u>479,000</u>	<u>11,021</u>
NON-OPERATING EXPENSE	0	0	0
NET INCOME (REGULATORY)	<u>73,000</u>	<u>119,000</u>	<u>46,000</u>
ADJUSTMENTS FOR GAAP	(900,000)	(902,000)	(2,000)
NET INCOME (LOSS) GAAP	<u>(827,000)</u>	<u>(783,000)</u>	<u>44,000</u>

Explanation of Significant Variances (5% or more):

- a) Orca Street repair costs reduced by expanding scope to a capital project.
- b) FAA grant administration less than anticipated; grant AIP-17 was delayed.
- c) Public utility services and contracted repair costs are less than anticipated.

MERRILL FIELD AIRPORT
RECONCILIATION OF 1995 PRO FORMA TO 1996 BUDGET

	<u>1995 Pro Forma</u>	<u>1996 Budget</u>	<u>Variance</u>
OPERATING REVENUE	<u>1,566,000</u>	<u>1,579,968</u>	<u>13,968</u>
OPERATING EXPENSE			
Labor	737,000	751,000	14,000
Supplies	63,000	72,000	9,000 (a)
Charges To Others	(243,000)	(274,000)	(31,000) (b)
Charges From Others	90,000	95,000	5,000 (c)
Other Services	211,000	244,000	33,000 (d)
Other Expenses	1,068,000	1,090,000	22,000
SUBTOTAL	<u>1,926,000</u>	<u>1,978,000</u>	<u>52,000</u>
NON-OPERATING REVENUE	<u>479,000</u>	<u>491,032</u>	<u>12,032</u>
NON-OPERATING EXPENSE	0	0	0
NET INCOME (REGULATORY)	<u>119,000</u>	<u>93,000</u>	<u>(26,000)</u>
ADJUSTMENTS FOR GAAP	(902,000)	(910,000)	(8,000)
NET INCOME (LOSS) GAAP	<u>(783,000)</u>	<u>(817,000)</u>	<u>(34,000)</u>

Explanation of Significant Variances (5% or more):

- a) Operating and Maintenance supplies increase to meet demand.
- b) FAA Grant Administration increases due to full year of grant activity.
- c) Full effect of labor agreements likely to increase IGC's.
- d) Additional expenses associated with providing full service use agreements.

MERRILL FIELD AIRPORT
1996 STATEMENT OF REVENUES AND EXPENSES

	<u>1994</u> <u>Actual</u>	<u>1995</u> <u>Pro Forma</u>	<u>1996</u> <u>Budget</u>
OPERATING REVENUE			
Lease Fees	420,545	403,000	403,070
MOA Aviation Fuel Fees	37,323	37,000	37,500
Transient Parking Fees	13,923	14,000	14,850
Permanent Parking Fees	180,311	210,000	214,548
Contributed Depreciation	885,400	902,000	910,000
TTL OPERATING REVENUE	1,537,502	1,566,000	1,579,968
OPERATING EXPENSE			
Labor	619,004	737,000	751,000
Supplies	52,535	63,000	72,000
Charges To Others	(118,292)	(243,000)	(274,000)
Charges From Others	62,509	90,000	95,000
Other Services	165,947	211,000	244,000
Other Expenses	1,041,497	1,068,000	1,090,000
TTL OPERATING EXPENSE	1,823,200	1,926,000	1,978,000
OPERATING INCOME (LOSS)	(285,698)	(360,000)	(398,032)
NON-OPERATING REVENUE			
Miscellaneous Permits	17,250	21,000	23,625
SOA Aviation Fuel Fees	17,986	20,000	20,948
Airport Property Rental	325,757	328,000	330,000
Interest Income	4,320	47,000	49,380
FAA Service Fees	16,369	16,000	16,326
Other Revenue	45,775	47,000	50,754
TTL NON-OPER REVENUE	427,457	479,000	491,032
NON-OPERATING EXPENSE			
TTL NON-OPER EXPENSE	0	0	0
NON-OPERATING INCOME	427,457	479,000	491,032
NET INCOME (REGULATORY)	141,759	119,000	93,000
ADJUSTMENTS FOR GAAP	(885,400)	(902,000)	(910,000)
NET INCOME (LOSS) GAAP	(743,641)	(783,000)	(817,000)

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MERRILL FIELD AIRPORT
1996 STATEMENT OF SOURCES AND USES OF CASH

	<u>1994</u> <u>Actual</u>	<u>1995</u> <u>Pro Forma</u>	<u>1996</u> <u>Budget</u>
SOURCES OF CASH FUNDS:			
Net Income (Loss) GAAP	(743,641)	(783,000)	(817,000)
Total Depreciation	1,019,959	1,040,000	1,055,000
Grants	2,024,083	300,000	1,546,000
Bonds	0	0	0
Net Effect of Changes In Balance Sheet Which Affect Cash	1,668,090	0	0
TOTAL SOURCES OF CASH	3,968,491	557,000	1,784,000
USES OF CASH FUNDS:			
Additions to Plant	2,124,186	519,044	2,021,000
Bond Principal Payment	0	0	0
Other	0	0	0
TOTAL USES OF CASH	2,124,186	519,044	2,021,000
NET INCREASE (DECREASE)	<u>1,844,305</u>	<u>37,956</u>	<u>(237,000)</u>
CASH BALANCE, JANUARY 1,	(1,021,261)	823,044	861,000
CASH BALANCE, DECEMBER 31,	<u>823,044</u>	<u>861,000</u>	<u>624,000</u>
DETAIL OF CASH BALANCE			
Equity In General Cash Pool	(984,206)	(910,000)	(817,000)
Equity In Construction Cash Pool	1,807,250	1,771,000	1,441,000
Bond Redemption Cash Pool	0	0	0
TOTAL CASH, DECEMBER 31,	<u>823,044</u>	<u>861,000</u>	<u>624,000</u>

MERRILL FIELD AIRPORT
1996 OPERATING BUDGET DETAIL

	<u>1994</u> <u>Actual</u>	<u>1995</u> <u>Pro Forma</u>	<u>1996</u> <u>Budget</u>
LABOR			
Wages	394,444	475,000	489,338
Overtime	28,678	26,000	26,401
Benefits	195,882	236,000	234,882
Other	0	0	379
Subtotal	619,004	737,000	751,000
SUPPLIES			
Office Supplies	3,383	5,000	6,000
Operating Supplies	32,480	36,000	41,000
Repair & Maint Supplies	16,672	22,000	25,000
Subtotal	52,535	63,000	72,000
INTRAGOVERNMENTAL CHARGES			
Charges To Others	(118,292)	(243,000)	(274,000)
Charges From Others	62,509	90,000	95,000
Subtotal	(55,783)	(153,000)	(179,000)
OTHER SERVICES			
Professional Services	11,804	24,000	40,000
Other Contractual Services	35,033	61,000	64,000
Utilities	119,110	126,000	140,000
Subtotal	165,947	211,000	244,000
OTHER EXPENSES			
Depreciation/Amortization	1,019,959	1,040,000	¥ 1,055,000
Other	21,538	28,000	35,000
Subtotal	1,041,497	1,068,000	1,090,000
TOTAL EXPENSES	1,823,200	1,926,000	1,978,000

* \$910,000 out of \$1,055,000
 is contributed
 depreciation

Merrill Field Airport
1996-2001
Capital Improvement
Budget/Program

MERRILL FIELD AIRPORT
1996-2001 CAPITAL IMPROVEMENT BUDGET FINANCIAL SUMMARY (000)

<u>PROJECT CATEGORY</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>TOTAL</u>
Apron Improvements	1,277	852	---	---	980	---	3,109
Runways/Taxiways	50	50	---	---	---	950	1,050
Buildings & Equipment	370	230	5,110	100	---	---	5,810
Land Improvements	50	240	---	---	---	---	290
Land Acquisition	<u>500</u>	<u>500</u>	<u>500</u>	<u>1,500</u>	---	---	<u>3,000</u>
TOTAL CIP PROGRAM	<u>2,247</u>	<u>1,872</u>	<u>5,610</u>	<u>1,600</u>	<u>980</u>	<u>950</u>	<u>13,259</u>

<u>SOURCE OF FUNDING</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>TOTAL</u>
Revenue Bonds	---	---	---	---	---	---	---
General Bonds	---	---	---	---	---	---	---
Operations	206	211	48	100	61	59	685
State Grants	---	---	4,850	---	---	---	4,850
Federal Grants	<u>2,041</u>	<u>1,661</u>	<u>712</u>	<u>1,500</u>	<u>919</u>	<u>891</u>	<u>7,724</u>
TOTAL FUNDING	<u>2,247</u>	<u>1,872</u>	<u>5,610</u>	<u>1,600</u>	<u>980</u>	<u>950</u>	<u>13,259</u>