

HIGHLIGHTS AND FUTURE EVENTS

MUNICIPAL LIGHT AND POWER

HIGHLIGHTS AND FUTURE EVENTS

During 1995, Meter Shop employees installed an additional 3,000 Radio Read Meters (AMR). This brings the installed AMR meter count to 7,400 with an additional 4,000 scheduled to be installed during 1996. The AMR program has been very successful in Anchorage and has gained national recognition.

The Utility purchased a second vacuum truck to be used exclusively for hazardous material. The new "Guzzler" Vacuum Truck unit produces significantly more vacuum, allowing for the direct removal of soils from great distances. This translates into less damage to lawns and landscaping, and results in the elimination of hazardous material tracking associated with excavating equipment working in a contaminated zone. The system will result in a significant reduction of waste generated in PCB transformer or other hazardous material spills, in addition to manpower savings and reduction in outage time. The "Guzzler" is also an integral part of the Sullivan Plant Oil Spill Contingency Plan, which allows ML&P to serve as its own response agency.

GE Corporation and ML&P are researching the possibility of developing ML&P's Sullivan (Plant #2) Unit #8 as a full size demonstration sight for the new Brayton Kalina Cycle (Kalina Cycle). The new Kalina Cycle was developed by Alex Kalina and GE has acquired proprietary rights to the combined cycle system. The bottoming cycle waste heat recovery unit uses a mixture of water and ammonia as an operating fluid instead of water, allowing heat to be extracted down to near ambient temperature and improving efficiency significantly.

In keeping with the Utility's commitment to deal with environmental incidents, a new 10,000 gallon waste water storage treatment sump was installed to facilitate rapid unloading of vehicles used to pump underground vaults. By using a 10,000 gallon effective capacity, the new storage/treatment sump greatly reduces the Vactor truck's draining time as well as reducing the number of round-trips during outages. The new treatment sump replaced an existing oil/water separator.

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 joint purchase proposal has been approved and the purchasers are currently writing a specific transition plan to set forth specific arrangements and timetables for completing the sale and transfer. ML&P and the other purchasers are coordinating, with the Alaska Power Administration on a project to rewind the generators at 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.

In August 1996, ML&P sold approximately \$42 million in Revenue Bonds to fund their capital program for the next three years. The bonds were sold during a very favorable market and the Utility was able to take advantage of very low interest rates.

Approximately 81% of ML&P generation is met by natural gas fired combustion turbines. In April of 1996 the Assembly gave the Utility approval to give a contingent bid of \$125.1 million to Shell for their one third share of the Beluga River Gas Field. Independent studies show that these fuel reserves will be adequate to completely meet the Utility's natural gas requirements through the year 2016 and partially meet its need from the year 2017 to 2026. Negotiations are still in progress with Shell and an APUC hearing date has been set for October 8, 1996.

Retail and Wholesale Wheeling is part of the changing scene for electric utilities in the future. ML&P continues 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 "Loop" will supply water from the Eklutna Water Treatment Facility through a system of large diameter, high pressure water transmission mains to be constructed in the Anchorage Bowl. When completed, the Loop will eliminate areas without water or with low water pressure during periods of high water demand. The "Loop" is an eight phase project, scheduled to be complete shortly after the year 2000.

Phase I (northeast Anchorage to DeBarr Rd.), Phase II (DeBarr Rd. to Northern Lights Blvd.), and Phase III (Northern Lights to 32nd Ave. to Muldoon to Tudor/Patterson reservoirs) will be under construction the summer of 1996 and are scheduled to be complete in late 1997. This will allow increased water delivery to Muldoon and Tudor/Patterson Reservoirs. Phases I-III have a total project cost of approximately \$21 million.

Phases IV and V pre-design and right-of-way acquisition will start in mid-1996 and will determine final alignment of a transmission main from Tudor reservoirs southwest to Abbott Loop and Abbott Road, then east to the future site of the Service High reservoirs (just west of Service Pool).

EAGLE RIVER RESERVOIR

This reservoir and associated piping will significantly improve fire flow capacities to areas east of Eagle River Loop Road, and both sides of Eagle River Road. AWWU has involved the Eagle River community and general public in the site selection process, and as a result has chosen a site for the first of potentially four new reservoirs over the next 20 years.

The new reservoir and associated booster station will be at AWWU's existing Meadow Creek Reservoir site, near East Eagle River Loop Rd. and West Skyline Drive, and will be designed starting late 1996. Other facilities will include a transmission main along Eagle River Road, then north along Eagle River Lane to Heritage Estates East, and a high pressure booster station at Eagle River Road and Eagle River Lane to boost the water to higher elevation areas north and east of this transmission main. Construction of the reservoir is tentatively scheduled for late 1997 and 1998, and the transmission mains in early 1998, with completion tentatively projected for early 1999.

GIRDWOOD WWTF UPGRADE

The Girdwood facility is a tertiary treatment plant constructed in 1978 with a maximum capacity of 0.45 million gallons per day. At present, the plant routinely exceeds its capacity, with record flows recorded the spring of 1995 equal to 200% of its capacity. With the addition of the Alyeska Prince Hotel, the expansion of service to Old Girdwood Townsite public area, and other new developments, this plant's capacity will be exceeded on a daily basis within the year.

Phased upgrades have been initiated:

- Phase I (increase capacity to 0.6 MGD) \$2,500,000
- Phase II (increase capacity to 1.2 MGD) \$15,000,000

Phase I construction is scheduled to bid during the 3rd quarter of 1996, with an estimated cost of \$2,000,000. The upgrade, in addition to handling the higher influent volume, will produce denser sludge, reducing the volume and resulting in fewer sludge haul trips to Anchorage. Phase II is a major upgrade to the treatment plant, and will be necessary in the next decade.

INFORMATION COLLECTION RULE (ICR)

EPA has finalized the Information Collection Rule which will require AWWU to monitor the public water supply for Cryptosporidium and other microbial contaminants during the next 18 months. Effective June 1, AWWU will have 8 weeks to prepare and submit to EPA an initial sampling plan for their approval. Water System monitoring will begin in January 1997. AWWU estimates that 2500 staff hours will be required to comply with this regulation during the first 18 months and 90-100 hours per month thereafter.

PT. WORONZOF WWTF SECONDARY TREATMENT 301(H) WAIVER

EPA Region 10 has not yet indicated any interest in reviewing the renewal application for this facility's NPDES discharge permit which contains the secondary treatment waiver. The permit expired October 1990. Until the EPA makes a decision, the facility will continue to operate under the requirements of the expired permit.

INFORMATION SYSTEMS APPLICATIONS

The Engineering Division's Assessments process, to create an assessment roll, levy costs against properties and manage a project, is a priority application to be re-engineered and automated.

The Operations & Maintenance Division will initiate a PC-based Maintenance Management System (MMS) during 1996 to support field maintenance activities. This program will tie maintenance histories and field inspection and audit information to converted Continuing Property Records (CPR) system information and the Geographic Information System (GIS).

The Continuing Property Records (CPR) system manages and tracks all units of AWWU fixed assets. New GIS and MMS features will replace many CPR functions. Upgrades making this program an effective accounting tool and interfacing with Customer Information System (CIS), GIS and MMS should be complete by end of 1997.

The IS Division will develop a Relational Database Management System (RDBMS) conceptual design for an overall data model for the Utility, identify interfaces between major systems, and a basic data structure on which future applications may be built.

CUSTOMER SERVICE

The Customer Service Division will be looking at Interactive Voice Response in 1997 to allow customers to call in and stop service, transfer service and/or check on their

account balance through an automated system. This will enhance customer service and expand customer access beyond normal working hours. We also plan to send a survey to all customers to check on the quality and level of service we provide. Customer Service will continue to offer training for all employees with an emphasis on serving our customers better.

COMMUNITY INVOLVEMENT

- **Arctic Benson Park**

Employees from AWWU have fixed-up, improved the appearance and maintained Arctic Benson Park through the Parks and Recreation Division's Adopt-A-Park Program since 1995. Employees will continue to maintain the flower garden they built and make additional upgrades to the park throughout the summer. Since AWWU has improved the park's appearance, more area residents are coming to the park to recreate.

- **City Of Lights - Headquarters Building**

The AWWU Headquarters Building in the Spenard area strung white lights on trees facing Arctic Blvd. to help illuminate Anchorage's dark winter days. AWWU will expand its existing lighting arrangement and work to become an even larger participant of the *City Of Lights* in Spenard.

- **Recycling Incinerator Ash**

The ash which results from incinerating wastewater solids at the Pt. Woronzof WWTF is now taken to the Anchorage Regional Composting Facility instead of the Anchorage Landfill. The ash is blended with other compost material to produce *Alaska Gold Compost*. Instead of just discarding the ash, AWWU provides a resource to an Anchorage business and helps create a local product that is sold in stores throughout town.

- **Construction Notices**

With the largest construction season since the completion of the Eklutna Water Project, AWWU initiated a much more involved public information campaign. With 24 projects worth \$31 million ready for the 1996 construction season, AWWU informed residents with neighborhood newsletters, door hangers, newspaper advertisements and appearances at community council meetings. Three large projects highlighted the increased community involvement process. First, Government Hill East's Woodstave Replacement Project: AWWU informed residents we were removing the last of the wood waterlines with a Government Hill Summer Construction newsletter. Second, the Chester Creek Pump Station #2 emergency repair caused the Utility to detour and re-route a portion of the Anchorage Coastal Trail. Trail users and area residents were notified. And third, AWWU created a quarterly newsletter for residents and businesses along the route of the \$21 million Anchorage Loop Water Transmission Main (Loop) project.

SOLID WASTE SERVICES

Highlights and Future Events

No major changes for the Refuse Collections Utility are anticipated in 1997 or the foreseeable future.

The 1997 operating expenses for the Solid Waste Disposal Utility will decrease about \$3.5 million. The primary reason for this is because remediation projects at the former Merrill Field Landfill have been completed.

In 1996, the federal government passed amendments to the Clean Air Act that will require extensive monitoring of non-methane organic compounds and methane at the Anchorage Regional Landfill. If these gas compounds exceed certain standards, the Utility may be required to control their emissions by installation of an active gas control/removal system similar to what was previously installed at the former Merrill Field Landfill.

Planning and design of the next development phase of the Anchorage Regional Landfill will be initiated in 1997. Solid Waste Services anticipates the next cell will be constructed during 1998 and financed with the sale of revenue bonds.

A recent development concerning the Solid Waste Disposal Utility is a decrease in the solid waste disposal revenues. During the first eight months of 1996, waste quantities disposed have decreased 3.87 percent when compared to the same 1995 period. This is the largest decrease since the mid-1980's. Recycling and weather don't seem to be the cause of this decrease. Its exact cause is unknown at this time.

PORT OF ANCHORAGE HIGHLIGHTS AND FUTURE EVENTS

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.

JULY 1995

Construction began on a major lighting renovation project for the Port's Transit Areas "A", "B" and "C". This project was completed in June, 1996.

OCTOBER 1995

The first shipment of foreign produced jet fuel to utilize the tax benefits of the Anchorage Foreign Trade Zone arrives through the Port of Anchorage.

1995

The Port of Anchorage achieved its highest tonnage year in 34 years of operation with 3,027,483 tons of cargo crossing the Port's dock in 1995. Also, in 1995, the Port was ranked as 17th among United States container ports, including Puerto Rico and Hawaii, in TEU (twenty foot equivalent units) throughput.

JANUARY 1996

Completion of the multiple year, \$6.3 million, Tracts "A" & "EE" 13.5 acre Port Land Development Project.

MARCH 1996

The Municipality of Anchorage (Port of Anchorage) is designated as the local sponsor for the Army Corps of Engineers' Knik Arm Shoal Navigation Improvement Project. The local sponsor amount is estimated at \$2.1 million of which the State of Alaska will provide \$881,300.

MAY 1996

Completion of the multiple year, \$6.5 million, New Dock Fendering System Project.

MAY 1996

Begin the construction phase of the \$874,000 POL Terminal #2 Dock Rehabilitation Project. This project was completed in July, 1996.

JUNE 1996

The Crystal Harmony, at 791 feet in length, becomes the largest cruise ship to call at the Port of Anchorage.

JULY 1996

Begin the construction phase of the \$2.4 million Petroleum Valve Yard Upgrade Project. It is estimated that \$465,000 of the project will be financed by private enterprise petroleum customers of the Port and the Federal Defense Fuels Organization. Estimated project completion is July, 1997.

JULY 1996

Begin the construction phase of the \$282,000 Transit Warehouse Roof Renovation/Resurfacing Project. Estimated project completion is October, 1996.

AUGUST 1996

The Port of Anchorage receives two grants from the State of Alaska: \$881,300 for the Knik Arm Shoal Navigation Improvement Project; and, \$280,000 for the Port of Anchorage North Corridor Access Feasibility Study.

SEPTEMBER 1996

Begin design phase on Transit Area "E" Port Land Development Project.

NOVEMBER 1996

Begin design phase on Lot 4A Port Land Development Project.

NOVEMBER 1996

Begin the Port of Anchorage North Corridor Access Feasibility Study. Estimated study completion is October, 1997.

JANUARY 1997

Initial local sponsor funding portion, estimated at \$1.4 million, to be provided to the Corps of Engineers for the Knik Arm Shoal Navigation Improvement Project.

MAY 1997

Begin the multiple year construction phase on the Lot 4A Port Land Development Project. Estimated project completion is Fall, 1998.

OCTOBER 1997

Final local sponsor funding portion, estimated at \$700,000, to be provided to the Corps of Engineers for the Knik Arm Shoal Navigation Improvement Project. Estimated project completion is 1998.

MERRILL FIELD AIRPORT

1997

HIGHLIGHTS AND FUTURE EVENTS

The University of Alaska Anchorage (UAA) 11 million dollar addition to the Aviation Technology Complex is nearing completion. UAA will have the ability to offer educational courses in Aviation Management, Air Traffic Control, Airport Operations, Aircraft Maintenance and Aviation Safety in one facility. This addition to Merrill Field will bring new aviation activities to the Airport.

As a Reliever Airport for Anchorage International Airport, based on its ability to effectively provide facilities to accommodate general aviation aircraft, Merrill Field Airport continues to receive improved federal funding opportunities for its Capital Improvement Projects.

Obstruction removal from the Runway 15/33 object free area and runway protection zone continues. These small lots will be replatted into aviation use lots once the demolition of existing structures is completed.

FAA has completed design of the new Merrill Field Air Traffic Control Tower, the lease has been completed, and utility construction will probably begin later this year; commissioning of the new tower is scheduled for 1998. FAA is working with the Municipality to incorporate the tower lighting with Anchorage's theme, "City of Lights".

Reconstruction of Echo 2 and Echo 3 tiedown aprons, including Echo Taxiway and Merrill Field Drive, is scheduled for completion in 1997.

Recent communication from FAA indicates their intent to offer a grant for Merrill Field Airport Master Plan Update, for land acquisition and obstruction removal on Orca Street, and the acquisition of snow removal equipment to replace existing equipment.

Through a coordinated effort with the U.S. Department of Agriculture, Animal Damage Control, a Wildlife Control Plan has been developed to provide additional support to minimize potential aircraft bird strikes.

In response to requests from customers, we are investigating the feasibility of constructing snow shelters for aircraft storage. This may favorably impact Merrill Field's budget by providing a broader revenue base.