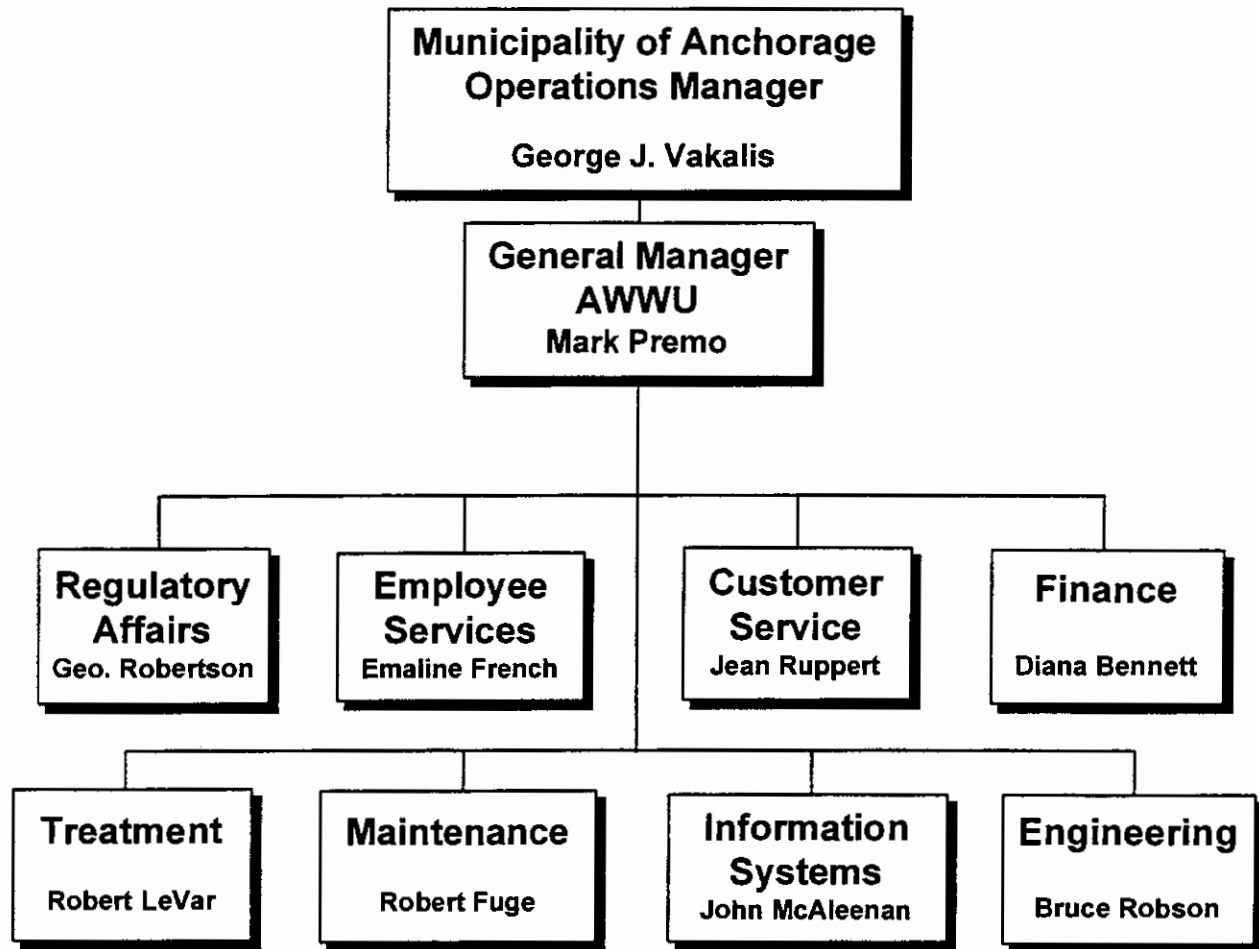


**ANCHORAGE WATER AND
WASTEWATER UTILITY**

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 45,000 residential, commercial, military, and industrial customers throughout the urban areas of Anchorage. The Utility's wastewater facilities serve 47,400 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 over \$750 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 1997 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 is constructing the Anchorage Loop Water Transmission Main, phases I - III and initiating the design of phase IV and V. Phases I-III involve 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, Phase V, 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 690 miles of mains and 5,600 fire hydrants. Net Plant value as of December 1995: \$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 32,400,000 gallons per day (gpd) in 1995. Treatment plant capacity is 61,500,000 gpd. The collection system has approximately 681 miles of lines. Net plant value as of December 1995: \$247,250,000. 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	1996	1997	1998	1999	2000	2001	2002
MANAGER	5	4	4	4	4	4	4
EMPLOYEE SERVICES	6	7	7	7	7	7	7
INFORMATION SYSTEMS	14	14	14	14	14	14	14
MAINTENANCE	84	84	84	84	84	84	84
TREATMENT	62	62	62	62	62	62	62
FINANCE	15	15	15	15	15	15	15
REGULATORY AFFAIRS	4	4	4	4	4	4	4
ENGINEERING	32	32	32	32	32	32	32
CUSTOMER SERVICE	46	46	46	46	46	46	46
TOTAL POSITIONS	268	268	268	268	268	268	268
PART-TIME/TEMPORARY	7	7	7	7	7	7	7
TOTAL ALL POSITIONS	275	275	275	275	275	275	275

Anchorage Water Utility

1997

Operating Budget

ANCHORAGE WATER UTILITY

RECONCILIATION OF 1996 BUDGET TO 1996 PROFORMA

	1996 BUDGET	1996 PROFORMA	VARIANCE	
OPERATING REVENUE	26,543,000	26,325,000	(218,000)	A
OPERATING EXPENSE				
OPERATIONS	14,773,000	14,121,000	(652,000)	B
DEPRECIATION	3,366,000	3,484,000	118,000	C
MUSA	1,559,000	1,434,000	(125,000)	D
TOTAL OPERATING EXPENSE	19,698,000	19,039,000	(659,000)	
OPERATING INCOME	6,845,000	7,286,000	441,000	
NON-OPERATING REVENUE	1,695,000	1,717,000	22,000	E
NON-OPERATING EXPENSE	7,451,000	7,605,000	154,000	F
NET INCOME REGULATORY	1,089,000	1,398,000	309,000	
ADJUSTMENT FOR GAAP METHOD	(4,651,000)	(4,651,000)	0	
NET INCOME GAAP	(3,562,000)	(3,253,000)	309,000	

Explanation of Significant Variances:

A: Customer growth 1.6% under bgt, (484k); public fire protection +235k; other +31k.

B: Labor +124k; supplies +33k; other services (272k); contingency (225k); IGC's (312k).

C: 6 mos. of vehicle depreciation +165k; function of the capital construction program.

D: Reconciliation to actual mill rates.

E: Increase in interest income +22k.

F: Increase in interest expense +154k.

ANCHORAGE WATER UTILITY RECONCILIATION OF 1996 PROFORMA TO 1997 BUDGET

	1996 PROFORMA	1997 BUDGET	VARIANCE	
OPERATING REVENUE	26,325,000	26,560,000	235,000	A
OPERATING EXPENSE				
OPERATIONS	14,121,000	14,624,000	503,000	B
DEPRECIATION	3,484,000	3,861,000	377,000	C
MUSA	1,434,000	1,477,000	43,000	D
TOTAL OPERATING EXPENSE	19,039,000	19,962,000	923,000	
OPERATING INCOME	7,286,000	6,598,000	(688,000)	
NON-OPERATING REVENUE	1,717,000	2,028,000	311,000	E
NON-OPERATING EXPENSE	7,605,000	8,125,000	520,000	F
NET INCOME REGULATORY	1,398,000	501,000	(897,000)	
ADJUSTMENT FOR GAAP METHOD	(4,651,000)	(4,767,000)	(116,000)	D
NET INCOME GAAP	(3,253,000)	(4,266,000)	(1,013,000)	

Explanation of Significant Variances:

A: Customer growth 1.0%.

B: Labor +37k; supplies +69k; other services +2k; contingency +225k; IGC's +169k.

C: Full year of vehicle depreciation included +125k; function of the capital construction program.

D: Function of the capital construction program.

E: Increase in rental income +203k; increase in interest income +108k.

F: Increase in interest expense +520k.

ANCHORAGE WATER UTILITY STATEMENT OF REVENUE AND EXPENSES

	1995 ACTUAL	1996 PROFORMA	1997 BUDGET
OPERATING REVENUE			
RESIDENTIAL SALES	17,711,651	17,852,000	18,031,000
COMMERCIAL SALES	5,659,437	5,637,000	5,693,000
PUBLIC FIRE PROTECTION	2,377,083	2,475,000	2,475,000
HYDRANT USE CHARGE	336,815	150,000	150,000
MISCELLANEOUS	171,742	211,000	211,000
TOTAL OPERATING REVENUE	26,256,728	26,325,000	26,560,000
OPERATING EXPENSES			
SOURCE OF SUPPLY	2,212,100	2,275,000	2,230,000
TREATMENT	2,628,757	2,559,000	2,673,000
TRANSMISSION	3,477,893	3,351,000	3,239,000
CUSTOMER ACCOUNTS	1,637,807	1,732,000	1,799,000
GENERAL & ADMINISTRATIVE	3,750,207	4,204,000	4,683,000
DEPRECIATION *	3,381,754	3,484,000	3,861,000
MUSA	1,501,936	1,434,000	1,477,000
TOTAL OPERATING EXPENSE	18,590,454	19,039,000	19,962,000
OPERATING INCOME	7,666,274	7,286,000	6,598,000

* DEPRECIATION OF CONTRIBUTED
PLANT NOT INCLUDED

ANCHORAGE WATER UTILITY

STATEMENT OF REVENUE AND EXPENSES

	1995 ACTUAL	1996 PROFORMA	1997 BUDGET
NON-OPERATING REVENUE			
RENTAL INCOME	233,872	399,000	602,000
INTEREST - GENERAL CASH POOL	440,031	200,000	200,000
INTEREST - CAPITAL ACQUISITION ACCOUNT	294,750	190,000	190,000
INTEREST - BOND REDEMP T RESERVE	182,150	230,000	230,000
INTEREST - BOND SINKING FUND	111,640	76,000	76,000
INTEREST - EKLUTNA RESERVE	443,184	492,000	600,000
INTEREST & PENALTY ON ASSESSMENTS	154,589	130,000	130,000
MISC INCOME	0	0	0
TOTAL NON-OPERATING REVENUE	1,860,216	1,717,000	2,028,000
NON-OPERATING EXPENSE			
AMORT DEFERRED DEBITS/DISCOUNTS	847,177	819,000	850,000
INTEREST - LONG TERM DEBT	6,915,650	6,816,000	7,357,000
INTEREST - OTHER	0	0	68,000
CAPITALIZED INTEREST	(13,014)	(30,000)	(150,000)
TOTAL NON-OPERATING EXPENSE	7,749,813	7,605,000	8,125,000
NON-OPERATING INCOME	(5,889,597)	(5,888,000)	(6,097,000)
NET INCOME (REGULATORY)	1,776,677	1,398,000	501,000
 ADJUSTMENT FOR GAAP	 4,594,855	 4,651,000	 4,767,000
NET INCOME (LOSS) GAAP	(2,818,178)	(3,253,000)	(4,266,000)

ANCHORAGE WATER UTILITY

STATEMENT OF SOURCES AND USES OF CASH

	1995 ACTUAL	1996 PROFORMA	1997 BUDGET
SOURCES OF CASH:			
NET INCOME (LOSS) GAAP	(2,818,178)	(3,253,000)	(4,266,000)
DEPRECIATION	7,976,609	8,135,000	8,628,000
BOND PROCEEDS	0	4,000,000	7,000,000
ASSESSMENT BONDS	0	0	0
AMORT/DEFERRED DEBITS/DISCOUNTS	847,177	819,000	850,000
GRANTS	1,215,196	9,000,000	3,600,000
CONTRIBUTIONS FROM OTHERS	572,159	400,000	300,000
EKLUTNA RESERVE	0	0	0
OTHER	(522,420)	(306,000)	(44,000)
TOTAL SOURCES OF CASH FUNDS	7,270,543	18,795,000	16,068,000
USES OF CASH:			
ADDITIONS TO PLANT	4,219,613	21,049,000	12,077,000
BOND PRINCIPAL PAYMENT	1,960,421	2,099,000	2,279,000
TOTAL USES OF CASH FUNDS	6,180,034	23,148,000	14,356,000
NET INCREASE(DECREASE) IN CASH FUNDS	1,090,509	(4,353,000)	1,712,000
CASH BALANCE JANUARY 1	23,262,147	24,353,000	20,000,000
CASH BALANCE DECEMBER 31	24,352,656	20,000,000	21,712,000
DETAIL OF CASH BALANCE:			
EQUITY IN CAPITAL ACQUISITION ACCT	7,314,930	5,437,000	3,960,000
RESTRICTED CASH ACCOUNTS	13,982,414	15,859,000	17,711,000
EQUITY IN GENERAL CASH POOL	3,055,312	(1,296,000)	41,000
TOTAL CASH DECEMBER 31	24,352,656	20,000,000	21,712,000

ANCHORAGE WATER UTILITY

1997 OPERATING BUDGET DETAIL

	1995 ACTUAL	1996 PROFORMA	1997 BUDGET
LABOR			
Wages	5,225,436	5,525,000	5,582,000
Overtime	220,060	296,000	218,000
Benefits	2,482,377	2,579,000	2,637,000
Subtotal	7,927,873	8,400,000	8,437,000
SUPPLIES			
Chemicals	219,823	269,000	272,000
Plant, Shop, & Office Expense	734,524	844,000	910,000
Subtotal	954,347	1,113,000	1,182,000
INTRAGOVERNMENTAL CHARGES			
Finance Dept	253,601	270,000	271,000
Mgmt Information Systems Dept	330,018	375,000	467,000
Employee Relations Dept	147,512	144,000	156,000
Other	543,054	513,000	577,000
Subtotal	1,274,185	1,302,000	1,471,000
OTHER SERVICES			
Professional Services	208,817	359,500	386,000
Rent/Leases	630,408	650,000	692,000
Utilities	1,524,385	1,535,000	1,516,000
Vehicles	597,207	324,000	0
Contracted Mtnc/Repair	634,895	668,000	702,000
Operating Expense Transfer to CWIP	(222,679)	(400,000)	(246,000)
Other	177,326	169,500	484,000
Subtotal	3,550,359	3,306,000	3,534,000
OTHER EXPENSES			
Depreciation & Amortization	7,976,609	8,135,000	8,628,000
MUSA	1,501,936	1,434,000	1,477,000
Interest on Long-Term Debt	6,915,650	6,816,000	7,425,000
Capitalized Interest	(13,014)	(30,000)	(150,000)
Amort Deferred Debits/Discounts	847,177	819,000	850,000
Subtotal	17,228,358	17,174,000	18,230,000
TOTAL EXPENSES	30,935,122	31,295,000	32,854,000

Anchorage Water Utility

1997 - 2002

**Capital Improvement
Budget/Program**

ANCHORAGE WATER UTILITY 1997-2002 CAPITAL IMPROVEMENT BUDGET FINANCIAL SUMMARY

(\$\$ x 1000)

PROJECT CATEGORY	1997	1998	1999	2000	2001	2002	TOTAL
GENERAL PLANT	3,246	2,824	2,669	2,638	2,432	2,317	16,126
REPAIR & REHABILITATION	1,555	1,550	1,295	1,300	1,300	300	7,300
TRANSMISSION/DISTRIBUTION	7,300	11,450	10,900	5,700	3,200	1,800	40,350
WELL, TANK, PRV	1,050	700	1,350	5,350	400	200	9,050
IMPROVEMENT DISTRICTS	0	250	250	250	250	250	1,250
TOTAL	13,151	16,774	16,464	15,238	7,582	4,867	74,076

SOURCE OF FUNDING	1997	1998	1999	2000	2001	2002	TOTAL
DEBT	13,151	16,774	16,464	14,096	6,440	2,950	69,875
EQUITY	0	0	0	1,142	1,142	1,917	4,201
STATE GRANT	0	0	0	0	0	0	0
TOTAL	13,151	16,774	16,464	15,238	7,582	4,867	74,076

*Approximately \$.7 million of in-house labor will be spent on capital projects in 1997

Anchorage Wastewater Utility

1997

Operating Budget

ANCHORAGE WASTEWATER UTILITY

RECONCILIATION OF 1996 BUDGET TO 1996 PROFORMA

	1996 BUDGET	1996 PROFORMA	VARIANCE	
OPERATING REVENUE	22,911,000	22,785,000	(126,000)	A
OPERATING EXPENSE				
OPERATIONS	14,426,000	13,684,000	(742,000)	B
DEPRECIATION	2,873,000	2,980,000	107,000	C
MUSA	1,178,000	1,113,000	(65,000)	D
TOTAL OPERATING EXPENSE	18,477,000	17,777,000	(700,000)	
OPERATING INCOME	4,434,000	5,008,000	574,000	
NON-OPERATING REVENUE	1,585,000	1,401,000	(184,000)	E
NON-OPERATING EXPENSE	4,684,000	4,567,000	(117,000)	F
NET INCOME REGULATORY	1,335,000	1,842,000	507,000	
ADJUSTMENT FOR GAAP METHOD	(5,000,000)	(5,000,000)	0	D
NET INCOME GAAP	(3,665,000)	(3,158,000)	507,000	

Explanation of Significant Variances:

- A: Customer growth 1.2% under bgt, (228k); Public Authorities +88k; Other +14k.
- B: Labor +77k; supplies +98k; other svc (419k); contingency (225k); IGC's (275k).
- C: 6 mos. of vehicle depreciation +173k; function of capital construction program.
- D: Reconciliation to actual mill rates.
- E: Decrease in interest income (111k); decrease in rental income (73k).
- F: Decrease in interest expense (171k); increase in amortization expense +82k; increase in capitalized interest (28k)

ANCHORAGE WASTEWATER UTILITY

RECONCILIATION OF 1996 PROFORMA TO 1997 BUDGET

	1996 PROFORMA	1997 BUDGET	VARIANCE	
OPERATING REVENUE	22,785,000	22,881,000	96,000	A
OPERATING EXPENSE				
OPERATIONS	13,684,000	14,040,000	356,000	B
DEPRECIATION	2,980,000	3,365,000	385,000	C
MUSA	1,113,000	1,146,000	33,000	D
TOTAL OPERATING EXPENSE	<u>17,777,000</u>	<u>18,551,000</u>	<u>774,000</u>	
OPERATING INCOME	5,008,000	4,330,000	(678,000)	
NON-OPERATING REVENUE	1,401,000	1,330,000	(71,000)	E
NON-OPERATING EXPENSE	<u>4,567,000</u>	<u>4,290,000</u>	<u>(277,000)</u>	F
NET INCOME REGULATORY	<u>1,842,000</u>	<u>1,370,000</u>	<u>(472,000)</u>	
ADJUSTMENT FOR GAAP METHOD	(5,000,000)	(5,125,000)	(125,000)	D
NET INCOME GAAP	(3,158,000)	(3,755,000)	(597,000)	

Explanation of Significant Variances:

A: Customer growth 1.0%.

B: Labor +48k; supplies (1k); other services (73k); contingency +225k; IGC's +155k.

C: Full year of vehicle depreciation included +137k; function of capital construction program.

D: Function of capital construction program.

E: Increase in interest income +39k; decrease in rental income (107k).

F: Interest expense (198K); decrease in amortization expense (107k);
decrease in capitalized interest +28k.

ANCHORAGE WASTEWATER UTILITY STATEMENT OF REVENUE AND EXPENSES

	1995 ACTUAL	1996 PROFORMA	1997 BUDGET
OPERATING REVENUES			
RESIDENTIAL SALES	17,027,328	17,503,000	17,678,000
COMMERCIAL SALES	4,538,431	4,383,000	4,427,000
PUBLIC AUTHORITIES	442,856	638,000	515,000
MISCELLANEOUS	308,628	261,000	261,000
TOTAL OPERATING REVENUE	22,317,243	22,785,000	22,881,000
OPERATING EXPENSES			
COLLECTION	2,678,145	2,609,000	2,406,000
TREATMENT	5,044,122	5,189,000	5,169,000
CUSTOMER ACCOUNTS	1,428,127	1,548,000	1,540,000
GENL & ADMINISTRATIVE	3,579,914	4,338,000	4,925,000
DEPRECIATION *	2,730,304	2,980,000	3,365,000
MUSA	1,130,123	1,113,000	1,146,000
TOTAL OPERATING EXPENSES	16,590,735	17,777,000	18,551,000
OPERATING INCOME	5,726,508	5,008,000	4,330,000

*DEPRECIATION OF CONTRIBUTED
PLANT NOT INCLUDED

ANCHORAGE WASTEWATER UTILITY

STATEMENT OF REVENUE AND EXPENSES

	1995 ACTUAL	1996 PROFORMA	1997 BUDGET
NON-OPERATING REVENUE			
RENTAL INCOME	899,754	922,000	815,000
INTEREST - GENERAL CASH POOL	263,293	267,000	250,000
INTEREST - CAPITAL ACQUISITION ACCOUNT	133,313	15,000	15,000
INTEREST & PENALTY ON ASSESSMENTS	264,197	194,000	250,000
MISC INCOME	97,289	3,000	0
TOTAL NON-OPERATING REVENUE	1,657,846	1,401,000	1,330,000
 NON-OPERATING EXPENSE			
AMORT DEFERRED DEBITS/DISCOUNTS	1,058,096	1,107,000	1,000,000
INTEREST - LONG TERM DEBT	3,444,926	3,125,000	2,851,000
INTEREST - OTHER	494,073	428,000	504,000
CAPITALIZED INTEREST	(105,174)	(93,000)	(65,000)
TOTAL NON-OPERATING EXPENSE	4,891,921	4,567,000	4,290,000
 NON-OPERATING INCOME	(3,234,075)	(3,166,000)	(2,960,000)
 NET INCOME (REGULATORY)	2,492,433	1,842,000	1,370,000
 ADJUSTMENT FOR GAAP	5,040,258	5,000,000	5,125,000
NET INCOME (LOSS) GAAP	(2,547,825)	(3,158,000)	(3,755,000)

ANCHORAGE WASTEWATER UTILITY

STATEMENT OF SOURCES AND USES OF CASH

	1995 ACTUAL	1996 PROFORMA	1997 BUDGET
SOURCES OF CASH:			
NET INCOME (LOSS) GAAP	(2,547,825)	(3,158,000)	(3,755,000)
DEPRECIATION	7,770,562	7,980,000	8,490,000
BOND PROCEEDS	0	0	0
STATE LOANS	106,103	2,400,000	2,800,000
AMORT/DEFERRED DEBITS/DISCOUNTS	1,058,096	1,107,000	1,000,000
GRANTS	1,459,053	2,567,000	600,000
CONTRIBUTIONS FROM OTHERS	998,037	950,000	900,000
OTHER	(750,074)	30,000	60,000
TOTAL SOURCES OF CASH FUNDS	8,093,952	11,876,000	10,095,000
USES OF CASH:			
ADDITIONS TO PLANT	5,535,656	6,442,000	6,041,000
BOND PRINCIPAL PAYMENT	5,617,999	5,691,000	5,824,000
TOTAL USES OF CASH FUNDS	11,153,655	12,133,000	11,865,000
NET INCREASE(DECREASE) IN CASH FUNDS	(3,059,703)	(257,000)	(1,770,000)
CASH BALANCE JANUARY 1	9,099,564	6,040,000	5,783,000
CASH BALANCE DECEMBER 31	6,039,861	5,783,000	4,013,000
DETAIL OF CASH BALANCE:			
EQUITY IN CAPITAL ACQUISITION ACCT	1,900,777	2,010,000	160,000
RESTRICTED CASH ACCOUNTS	333,795	334,000	334,000
EQUITY IN GENERAL CASH POOL	3,805,289	3,439,000	3,519,000
TOTAL CASH DECEMBER 31	6,039,861	5,783,000	4,013,000

ANCHORAGE WASTEWATER UTILITY

1997 OPERATING BUDGET DETAIL

	1995 ACTUAL	1996 PROFORMA	1997 BUDGET
LABOR			
Wages	5,056,236	5,461,000	5,435,000
Overtime	124,693	122,000	124,000
Benefits	2,405,956	2,479,000	2,551,000
Subtotal	7,586,885	8,062,000	8,110,000
SUPPLIES			
Chemicals	347,371	367,000	387,000
Plant, Shop, & Office Expense	713,503	907,000	886,000
Subtotal	1,060,874	1,274,000	1,273,000
INTRAGOVERNMENTAL CHARGES			
Finance Dept	236,446	247,000	253,000
Mgmt Information Systems Dept	333,251	375,000	464,000
Employee Relations Dept	144,570	140,000	153,000
Other	792,234	785,000	833,000
Subtotal	1,506,501	1,547,000	1,703,000
OTHER SERVICES			
Professional Services	456,061	608,500	635,000
Rent/Leases	251,410	418,000	621,000
Utilities	1,064,376	1,075,000	1,085,000
Vehicles	583,562	326,000	0
Contracted Mtnce/Repair	276,730	317,000	358,000
Operating Expense Transfer to CWIP	(278,027)	(250,000)	(292,000)
Other	221,936	306,500	547,000
Subtotal	2,576,048	2,801,000	2,954,000
OTHER EXPENSES			
Depreciation & Amortization	7,770,562	7,980,000	8,490,000
MUSA	1,130,123	1,113,000	1,146,000
Interest on Long-Term Debt	3,938,999	3,553,000	3,355,000
Capitalized Interest	(105,174)	(93,000)	(65,000)
Amort Deferred Debits/Discounts	1,058,096	1,107,000	1,000,000
Subtotal	13,792,606	13,660,000	13,926,000
TOTAL EXPENSES	26,522,914	27,344,000	27,966,000

Anchorage Wastewater Utility

**1997-2002
Capital Improvement
Budget/Program**

ANCHORAGE WASTEWATER UTILITY 1997-2002 CAPITAL IMPROVEMENT BUDGET FINANCIAL SUMMARY

(\$\$ x 1000)

PROJECT CATEGORY	1997	1998	1999	2000	2001	2002	TOTAL
GENERAL PLANT	3,941	3,019	2,694	1,768	2,537	2,122	16,081
REPAIR & REHABILITATION	5,000	4,160	1,150	3,600	1,230	8,000	23,140
TRUNK/INTERCEPTOR	350	1,000	350	100	2,600	100	4,500
IMPROVEMENT DISTRICTS	0	250	250	250	250	250	1,250
TOTAL	9,291	8,429	4,444	5,718	6,617	10,472	44,971

SOURCE OF FUNDING	1997	1998	1999	2000	2001	2002	TOTAL
DEBT	8,500	7,617	3,247	5,071	5,970	9,825	40,230
EQUITY	791	812	1,197	647	647	647	4,741
STATE GRANT	0	0	0	0	0	0	0
TOTAL	9,291	8,429	4,444	5,718	6,617	10,472	44,971

*Approximately \$.5 million of in-house labor will be spent on capital projects in 1997