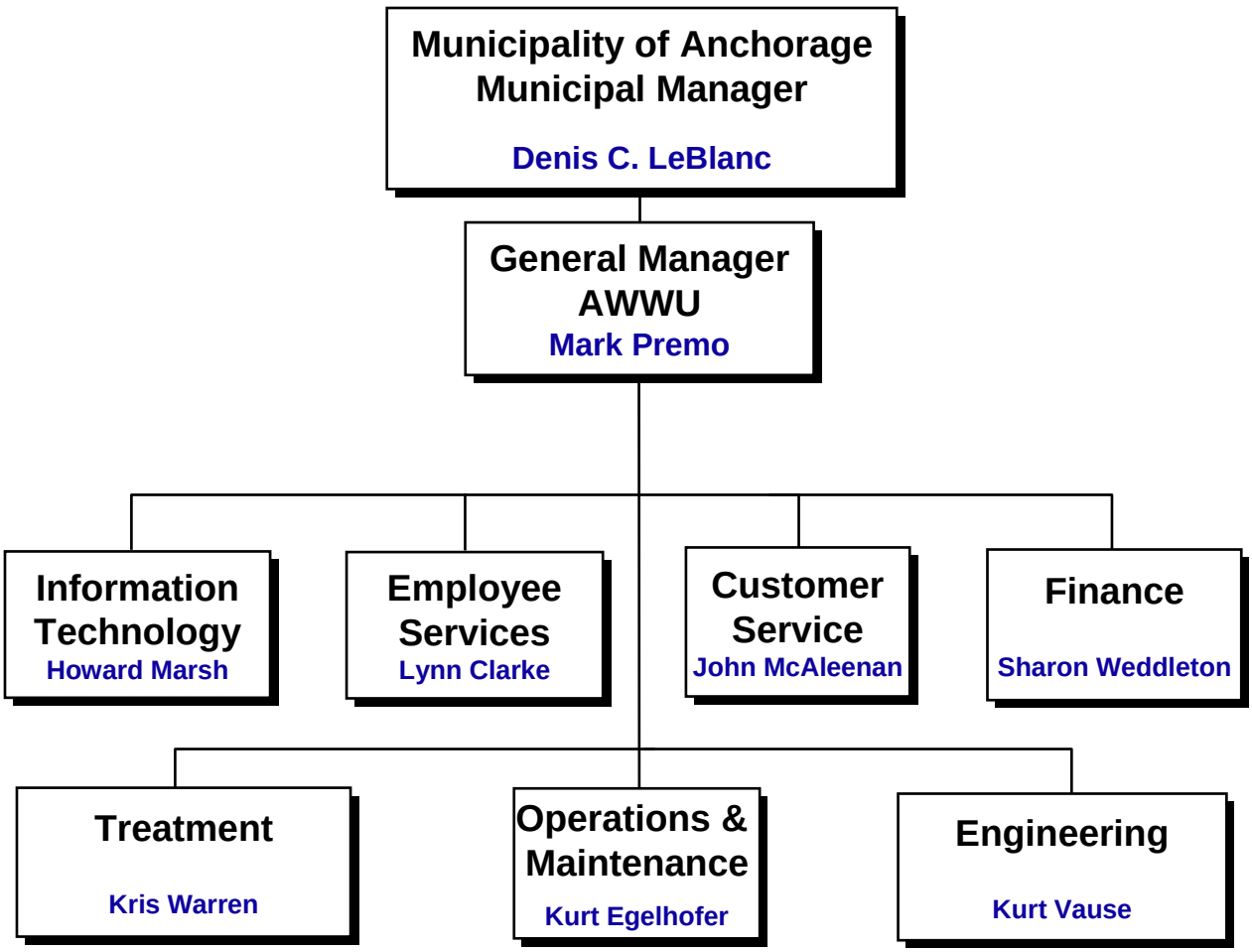
ANCHORAGE WATER & WASTEWATER UTILITY

ORGANIZATION CHART



ANCHORAGE WATER & WASTEWATER UTILITY PROFILE

ORGANIZATION: Anchorage Water and Wastewater Utility (AWWU) is the largest water and wastewater utility in the State of Alaska. The service area equals 125 square miles of metropolitan Anchorage, from Eklutna to Girdwood. The Utility collects water from two major surface watersheds and many deep underground wells. The Utility treats and distributes water to approximately 53,800 residential, commercial, military, and industrial accounts throughout the urban areas of Anchorage. The Utility's wastewater facilities serve approximately 54,700 residential, commercial and military accounts. This represents an estimated population base of 220,600 residents who receive water service and 236,100 residents who receive sewer service. AWWU's wastewater treatment plants operate 24 hours per day, discharging treated wastewater into Cook Inlet, Eagle River and Glacier Creek. The public investment in these systems, treatment plants, mains and sewers, laboratories, and reservoirs, totals approximately $957 million. AWWU employs 270 people and spends approximately $73 million annually to operate the water and wastewater systems. Through education, training, certification programs, field experience and longevity of service, AWWU's employees are a dedicated team. Treatment plant operators, engineers, laboratory technicians, maintenance craftsmen, accountants, customer service representatives and field personnel all work together to ensure Anchorage's water and wastewater systems perform efficiently.

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

ANCHORAGE WATER UTILITY

HISTORY: From the first intake of water at Lower Ship Creek, and a few miles of woodstave water lines downtown more than 75 years ago, Anchorage's public water utility has grown into a third-of-a-billion-dollar enterprise that delivers nearly 27 million gallons of water to customers each day, for about $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: Anchorage's water supply is dominated by two surface watersheds, Eklutna Lake and Ship Creek. Several deep wells provide the Utility with supplementary sources of water. Until 2000, Ship Creek Water Treatment Plant was the main water production facility. With the shift of 24-hour operations to the Eklutna Water Treatment Facility, AWWU has made better use of its higher-pressure water and more effective use of personnel. The Eklutna water supply originates at Eklutna Lake, a drought-resistant natural reservoir. Fed by runoff from Eklutna Glacier and snow-pack from the Chugach Mountains, the eight-mile long lake can supply up to 300 million gallons of water each day. The Eklutna Water Treatment Facility is capable of treating up to 35 million gallons per day.

Ship Creek remains an important water source for Anchorage with the Ship Creek Water Treatment Facility in standby mode. From spring through fall, the waters of Ship Creek and the treatment facility are able to provide as much as 24 million gallons of water per day.

AWWU also operates 16 wells that can provide up to 16 million gallons per day.

The Girdwood community is served by a stand-alone system which includes two AWWU wells.

AWWU's construction program emphasizes repair and rehabilitation of its existing system and resources, and continues plans to deliver greater quantities of water to South and West Anchorage. The Utility's largest ongoing project is the construction of the Anchorage Loop Water Transmission Main. Completion of Phase IV will connect the Loop to the new Service High Reservoir and represent the final phase of the Loop project. This project began in 2001 with the formation of a Mayor appointed Task Force to gather public input and select a final route. AWWU also completed an $8 million expansion of the water system in Eagle River. This new three million gallon reservoir, two new booster stations, and new transmission main provide improved water service and fire protection to the residents of lower Eagle River Valley.

AWWU also plans to expand its service area in Girdwood Valley and is in the process of filing an application to expand the Utility's service throughout Girdwood Valley, including the Old Girdwood Townsite.

REGULATION: Since December 1970, AWU has been regulated by the Alaska Public Utilities Commission (APUC), which was renamed the Regulatory Commission of Alaska (RCA) on July1, 1999. AWU holds a Certificate of Convenience and Necessity for serving portions of the Anchorage Bowl, Eagle River and Girdwood. This commission, prior to implementation, must approve all rates and tariffs. They also regulate service areas and service quality. The RCA is composed of five members appointed to six-year staggered terms by the Governor of the State of Alaska and confirmed by the State Legislature.

In addition to the RCA, 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. Commission members annually elect a Chair and Vice-Chair. AWWU's General Manager serves as the Commission's Executive Secretary.

The Commission meets once a month to review service policies and practices and reviews the budgets and operations of AWWU and reports to the Mayor on an annual basis.

ENVIRONMENTAL MANDATES: In recent years, several federally mandated programs have directly impacted the Utility's water 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 operates 16 wells on an as-needed basis. Average daily water production in 2004 was 26.5 million gallons per day

(gpd). AWU has the capacity to provide up to 75 million gpd. The distribution transmission system equals approximately 840 miles of waterline and 6,745 fire hydrants. Plant in Service, at cost as of December 2004: $539 million.

ANCHORAGE WASTEWATER UTILITY

HISTORY: The Alaska Engineering Commission first installed sewers in downtown Anchorage in 1916 along the lower bluff near the Alaska Railroad Depot. As Anchorage grew, construction of sewers continued and by the end of World War II, sewers were available to much of the area between Ship Creek and Chester Creek, west of Cordova Street. The Greater Anchorage Area Borough (GAAB) was created in 1964, and was granted area wide sewer authority. The last major private sewer utility was acquired by the GAAB in 1972. The Utility is now owned and 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 water is used, it must be treated before it is returned to the environment. The creeks and inlets downstream from Anchorage's wastewater treatment facilities are not adversely impacted by treated effluent, which is AWWU's principal measure of success. The Anchorage community benefits from the superior operation of the three wastewater treatment plants that serve its growing population.

REGULATION: Since 1971, the Anchorage Wastewater Utility has been regulated by the Alaska Public Utilities Commission (APUC), which was renamed the Regulatory Commission of Alaska (RCA) on July 1, 1999. The Utility holds a Certificate of Convenience and Necessity for serving the Anchorage Bowl, Eagle River, and Girdwood. This commission, prior to implementation, must approve all rates and tariffs. They also regulate service areas and service quality. The RCA is composed of five members appointed to six-year staggered terms by the Governor and confirmed by the State Legislature.

In addition to the RCA, 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. Commission members annually elect a Chair and Vice-Chair. AWWU's General Manager serves as the Commission's Executive Secretary.

The Commission meets once a month to review service policies and practices and reviews the budgets and operations of AWWU and reports to the Mayor on an annual basis.

ENVIRONMENTAL MANDATES: All three of AWWU's wastewater treatment facilities are subject to discharge limits imposed by individual National Pollutant Discharge Elimination System (NPDES) permits issued by the EPA. Each permit is good for a period of 5 years after which they may be renewed. All three permits expire in 2005. AWWU is currently preparing renewal applications which must be submitted 6 months in advance of the expiration date. During the permit renewal process, AWWU, EPA and the Alaska Department of Environmental Conservation will meet frequently to discuss changes to the permits and their monitoring requirements. The renewed permits will likely impose new

monitoring requirements on AWWU and may also delete some of the existing requirements that have proven to be unnecessary.

Because the Asplund Wastewater Treatment Facility operates under a secondary treatment waiver, considerable effluent and receiving water monitoring is required to assure the discharge is safe for Cook Inlet. This monitoring program, which has been conducted since 1986, has thoroughly documented that the Asplund facility's effluent has caused no adverse effects to the marine environment. Cook Inlet is home to the second highest tides in North America. Additionally the numerous glacial rivers that flow into Cook Inlet contribute to extremely high silt content in the receiving water. The silt blocks sunlight prohibiting the growth of indigenous marine life making the inlet a virtually sterile environment which is suitable for a primary effluent discharge.

PHYSICAL PLANT: The John M. Asplund Wastewater Treatment Facility is one of the few facilities in the nation operating under an Environmental Protection Agency (EPA) waiver from secondary treatment. The primary treatment provided by this facility removes up to 80% of the solids from the influent wastewater meeting the criteria necessary for discharge to the marine waters of Cook Inlet.

The smaller Eagle River and Girdwood Wastewater Treatment facilities provide advanced secondary treatment prior to discharge to Eagle River and Glacier Creek respectively. These facilities remove up to 99% of the pollutants from the incoming wastewater prior to discharge.

In 2004, the Asplund Wastewater Treatment Facility treated an average 29.3 million gallons per day (mgd). The Eagle River Wastewater Treatment Facility treated an average 1.52 mgd and the Girdwood Wastewater Treatment Facility treated .46 mgd. The three facilities have a design capacity of 61.1 mgd. Plant in Service, at cost as of December 2004: $418 million.

The collection system has approximately 723 miles of lines. With its expansion in 1991, the Eagle River Plant has the capacity to provide for growth to the year 2010. The Girdwood Plant upgrades were completed in 1998, which provide an additional 10 years of sufficient capacity for the resort community.

The Asplund Facility, built in 1972, is Alaska's largest wastewater treatment plant. 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 Asplund 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.

In conjunction with the permit renewal process, a facilities plan update was prepared in 1999. The facilities plan evaluated the existing condition of the Asplund facility and identified improvements necessary to meet the future needs of the community The facilities plan identified $15 million worth of improvements to the solids handling, headworks, administration, incineration, and thickening process areas of the facility. Construction of new solids handling improvements including sludge dewatering, storage and load out facilities was completed in 2001. Design of headworks improvements

began in September 2002. Construction commenced in 2004. Future projects to complete the work identified in the 1999 Facilities Plan are listed in AWWU's 6-year Capital Improvement Program.

ANCHORAGE WATER & WASTEWATER
2006 & 2007
OPERATING & CAPITAL BUDGET ASSUMPTIONS

Below are the specific AWWU budget assumptions, used in the preparation of the Anchorage Water Utility and Anchorage Wastewater Utility 2006 and 2007 Operating and Capital Budgets.

REGULATION
Assume continued economic regulation by Regulatory Commission of Alaska (RCA) for AWWU. AWWU status may change in 2006 or 2007.

UTILITY OWNERSHIP
Assume continued Municipal ownership in 2006 and 2007.

MUNICIPAL UTILITY SERVICE ASSESSMENT (MUSA)
Assume mill rates for MUSA/MESA (in lieu of taxes) will be the same as 2005 and AWWU will prevail before the Regulatory Commission of Alaska.

INTEREST
Assume debt service for new insured 20-year GO bonds as well as new insured revenue bonds to be 5.25% - 5.75%. Short-term interest income should be calculated assuming a rate of 2.75% - 3.25%. Short-term interfund borrowing should be assumed to be 3.25% to 3.75%. AWWU will make every effort to obtain financing at the lowest rate possible from all sources available.

INTRAGOVERNMENTAL CHARGES (IGCs)
Using the preliminary August 10, 2006 IGC run, the 2006 budget was prepared with a 16% increase in 2006 IGCs followed by a 5% increase for 2007. This assumption may be changed prior to official submission to the Assembly .

RATE INCREASES
AWWU expects to request rate increases in both 2006 and 2007.

POPULATION
OMB assumes that Anchorage's population will be approximately 277,500 in 2005 and 281,300 in 2006. AWWU assumes this approximate 1% growth will continue in 2007.

COMPENSATION COSTS (Salaries and Benefits)
For budgetary purposes, AWWU assumes increases in accordance with current labor agreements to be 3.3% for AMEA and NON-REPS in 2006, and 3.4% in 2007. We are currently in negotiations with Plumbers & Pipefitters and will discuss potential increases in executive session.

ANCHORAGE WATER AND WASTEWATER UTILITY
HIGHLIGHTS AND FUTURE EVENTS

AWWU Continuous Improvement, Communication and Leaders of Change

AWWU has a mature continuous improvement program that was initiated in 1998 as the Excellence Adventure. A twelve member employee team guides the process and promotes internal and external communication under the vision of the AWWU Leadership Team. Working together successfully through a combination of Utility-wide reengineering teams and Division teams, the employees and managers of AWWU continue to develop a more efficient and competitive business operation including a revitalized employee suggestion program. This success enabled rate increases to be deferred for a number of years by holding expenses down.

The Leaders of Change was formed in 2001 to leverage the energy and expertise of the strong AWWU supervisor group in moving continuous improvement into the day to day business of AWWU. This group has defined a process to help hire to the culture, developed a knowledge retention program for the entire Utility to help mitigate the impact of many impending retirements, and initiated supervisory training to fill supervisory skill gaps.

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 constructed in the Anchorage Bowl. When complete, the Loop will provide the backbone for water transmission within the bowl. The Loop is an eight phase project, with all phases complete except one, Phase IV. The need to complete this phase is critical for AWWU to meet its customer's water supply needs in southeast and southwest Anchorage. With necessary permits now in hand, the final phase is moving forward.

Phase IV will extend from the Tudor Reservoir Tanks, near Campbell Airstrip Road, west along the south side of Tudor Road to Bragaw Street. Construction is planned to begin late in 2005 after contracts have been awarded beginning with an award for construction of a 42-inch diameter pipeline in combination with the State of Alaska Department of Transportation Abbott Loop Road extension. By late 2005, a second element of Loop Phase IV will be bid, this being a mainline valve vault near the intersection of 48th Avenue and Bragaw St. From the vault the last element of Loop Phase IV will be construction of a 48-inch pipeline along, Tudor Road to existing AWWU reservoirs (Tudor Tanks) near Patterson St. Phase IV will cost an estimated $43 million when complete.

The Loop Project began prior to 1996 when Phase VIII was completed. A transmission main was extended along the eastern boundary of International Airport Road from west Turnagain to Sand Lake, where the 5 million gallon Kincaid Reservoir was built. The project cost for Phase VIII was $9 million.

Phases I – III, from the Ship Creek Water Treatment Facility to the Tudor Reservoir Tanks, was completed in 1997 at a cost of $21 million. Approximately 60% of the financing for these phases came from State of Alaska grants.

Phase V, from Abbott Loop Road to 88th Avenue and the 10 million gallon Service Reservoir, was completed and placed on-line in October 2001. The total project cost for Phase V and the reservoir was approximately $10 million.

Phase VII connects new water lines in Sand Lake to the existing system. Surface restoration was finished in summer 2000. Total project cost for Phase VII was $7 million.

Phase VI of the Loop, connects Phase VII to a transmission main at Dimond Boulevard. Total cost of this phase was $5 million and it was completed in the fall of 2001.

SCADA

Replacement of AWWU's aged supervisory control and data acquisition system (SCADA) has been underway since 2001. This 6 year effort is projected to be complete in 2007 at a cost about $25 million. The program includes construction of a new Wide Area Network (WAN); improvements to each of AWWU's water and wastewater treatment plants; new SCADA equipment and controls in over 100 remote sites (reservoirs, booster stations, pressure reducing vaults, well houses and other vaults) throughout the water distribution network; and new SCADA and controls for the wastewater collection system lift stations. Part of the program is to bring all sites into compliance with current electric building codes. When complete, AWWU will have improved supervision and control of all its facilities spread throughout its service areas.

Since the program began in 2001, the WAN has been placed into service; improvements have been completed at the Eklutna Water Treatment Facility (including a new main operations control room for 24/7 remote supervision of Utility water and wastewater networks), the Eagle River Wastewater Treatment Facility and Ship Creek Water Treatment Facility; new SCADA systems have been installed to most of the Water Distribution remote sites; SCADA improvements have been completed for remote supervision and control of the Headworks of the J.M. Asplund Wastewater Treatment Facility and AWWU's Sewage Pump Station No. 2 (AWWU's largest sewage lift station); and designs of new SCADA for the Asplund WWTF Incinerator and remaining water distribution remote sites are completed.

System Expansions – Northern Communities, Girdwood and West Anchorage

Expansion of the existing AWWU water system in the South Chugiak area is underway, with route selection and detailed design already initiated. Sewer improvements are also planned for portions of North Eagle River, north of Fire Lake, and South Chugiak.

These improvements will be coordinated with sewer improvements to Chugiak High and Birchwood Elementary Schools, as well as planned reconstruction of the Old Glenn Highway between North Eagle River and South Chugiak. Construction is anticipated to start in 2006, which will include multiple construction projects, and is anticipated to be complete by the end of 2008.

In Eagle River, AWWU has worked cooperatively with the Anchorage School District to extend public facilities to the new Eagle River High School. AWWU acted as the ASD's agent for developing off-site utilities and completed this work in 2005. Building on this success, AWWU also entered into a cooperative agreement with the State of Alaska,

Department of Corrections to provide new public water service to the Hiland Mountain Correctional Center located adjacent to the new High School.

In addition, water system improvements in Girdwood are underway and include expansion of public water service to the New Girdwood Townsite area. This project began with design in 2001. Construction to the new Townsite area and Girdwood School was complete in 2004, as was a branch distribution main bringing a new water supply to the Girdwood Fire Hall. By late 2005, additional projects will provide municipal water service throughout the New Townsite Core Business area including the new Post Office and nearby local businesses. Subsequent phases of the water system expansion beyond the New Townsite Area and school are to be performed in later years to complete a looped water system for the upper Girdwood Valley.

AWWU has also begun work on expanding municipal services to West Anchorage in the vicinity of the Sand Lake Gravel pits. Starting in 2005, AWWU has initiated projects to extend water and sewer backbone infrastructure. These projects are intended to be planned, designed and constructed over the next three years.

Inclusive of local match, total funding for these projects is nearly $9 million for the Northern Communities projects, $1.9 million for the extensions near Eagle River High School, over $8 million in the Girdwood Valley and nearly $6 million in West Anchorage. Federal & State grants, ASD funds and assessments to benefited property owners provide a majority of these projects' funds

Asplund Wastewater Treatment Facility Modifications

Working to implement the results of an earlier Wastewater Facilities Plan effort, AWWU has undertaken a phased upgrade to the J.M. Asplund Wastewater Treatment Facility. The Asplund facility is the wastewater plant serving the Anchorage Bowl and also processes concentrated wastewater solids trucked from AWWU's other treatment facilities in Eagle River and Girdwood. Renovation of the Headworks area was completed in 2005, including new Screening and conveying systems. This is being followed by the current phases of work which include process improvements to its sludge and scum handling and disinfection systems; instrumentation and control improvements to its multiple-hearth incinerator; and other building improvements to the laboratory, administration areas, plant paging and Heating and Ventilations systems. These projects will be coordinated with a facility-wide SCADA system effort that will tie into a new Incinerator Control Room and other improvements in the Facility's Main Control Room. Expected completion date for all of these improvements is late 2007.

NPDES Permit Renewal

The discharge permits for all three of AWWU's wastewater treatment facilities expire in 2005. Renewal applications have been submitted to EPA and the permits are expected to be renewed with few modifications. The Asplund facility's permit includes a 301(h) waiver from secondary treatment. This is the only permit of the three that may generate some controversy. The National Marine Fisheries Services, in their draft Conservation Plan for Cook Inlet Beluga Whales, have indicated that they intend to "strongly advocate for the whales" during NPDES renewals.

Information Technology

The IT Division will continue to integrate the implementation of the Utility's Relational Database Management System (RDBMS) and other relational databases with the MOA People Soft modules in 2006/2007. The RDBMS conceptual design model is being used to provide a basic data structure and document the actual implementation of integrated systems.

The IT Division continues to promote the use of Internet technology within the Utility in the continued development and implementation of Intranet/Internet applications along with Geospatial enabling technologies through 2006. These applications and data are used to enhance communication and electronic reporting by allowing real-time access to dynamic data through the use of browser technology, creating an Intranet/Internet portal to the Utility's electronic information. This will reduce training time due to the ability to access data from different systems and present it in a straightforward manner through easy to use browser screens.

The AWWU IT Master Plan is updated annually to reassess priorities and evaluate the applicability of technological advances to AWWU's business. In 2005 AWWU is performing a major reassessment and update to the IT plan using the services of an outside consulting firm. The purpose of the Utility's information technology strategic plan is to provide a long-range strategy and a six-year planning horizon to incorporate information technologies into the Utility's business processes in a cost-effective manner. The objective is to provide a strategy to transform AWWU into a Utility whose information technologies are seamlessly integrated and maintain the most appropriate level of information technology utilization. The ultimate goal is to provide effective information management services and facilities that provide a long-term benefit to our customers at the most reasonable cost.

Utility Network Enhancements

AWWU will continue to upgrade its network services to better serve the rate-payer. The AWWU network connections to the remote offices of Eagle River and Asplund will be upgraded to provide faster access to network services to those employees who are not working at the 3000 Arctic site. Rate-payers will benefit by having faster access to the enriched set of services that include bill presentment and payment, the ability to publicly participate in capital projects, and otherwise communicate with the Utility in an interactive electronic manner. In addition, in 2006 AWWU intends to deploy a limited number of wireless connections to field personnel for testing before a major deployment sometime in 2007. The purpose of enabling the field force with wireless technology is to better serve the public by electronically dispatching staff with the necessary documentation and information to serve the public need.

Software Application Services

The Utility will initiate a professional services contract with one or more vendors to provide the necessary support to implement the Utility's various IT related projects. This contract vehicle will provide the necessary contract skills to implement the Utility's IT Master Plan initiatives in the next twelve months. Projects include major upgrades, enhancements and new interfaces to AWWU's automated tools such as; Locates, Connections, Geospatial Portal, Complaint Tracking, Customer Information System, and

Intranet/Internet Websites. These have been planned through the IT planning effort and are expenditures of capital funds to implement new systems or enhance and upgrade existing applications.

Maximo Software Upgrade

The Operations & Maintenance Division is the primary sponsor for the Utility's Work Management System (WMS) from MRO with the product name of Maximo. Maximo is a full-featured maintenance management software product, and a major AWWU system that became fully operational in the year 2001. In 2004 AWWU initiated a professional services contract with a vendor to support the upgrade of Maximo to its new version. This is a major upgrade that must be accomplished in an orderly and timely manner to maintain and retain the service license and support. This project has been delayed and has a new completion date of 2006. The current Client/Server system will be upgraded to a Java based Web Client that will require reconfiguring screens, some updating of report tools and a moderate amount of database work.

Customer Information Systems (CIS)

The Customer Service Division now has a new billing system. The new billing system software is called Advantage and is from Indus International, Inc. and AWWU successfully implemented this new system on September 1, 2005. Data conversion, testing and training has all been a part of the implementation team's daily workload for the last 18 months. Enhancements to the new billing system such as providing customer access to their accounts over the Internet, interactive voice response, and bill presentment/payment will be available to our customers before the end of the year

Human Resources Delegation of Authority

On January 1, 2004, AWWU was given delegation of authority by Mayor Mark Begich. The delegation of authority includes a variety of human resource ("HR") functions, such as position classification, OEO/AA investigations, recruitment and certification, and the Peoplesoft database maintenance.

AWWU has been active in pursuing employee communication, training and development, and promoting employee pride and motivation. New performance measures were implemented and enthusiasm can be found in committees and teams throughout the Utility. Teamwork can be found in the Leadership Team, Strategic Planning Committee, Leaders of Change, Energy Reduction Team, and the newly created Communication Pipeline Team.

The Employee Services Division provides a one-stop shop for its customers. Employees and the public can apply for Utility vacancies, managers and supervisors are provided easy access to professional HR staff, and complaints and investigations are resolved in a timely manner.

Future challenges for the Employee Services Division will be expanding supervisory training to require mandatory attendance, and implementing employee new hire orientations.

Our working relationship with the Municipality of Anchorage's Employee Relations Department has strengthened into a business partnership. The Employee Services division continues its hard work by strengthening excellence in customer service through continuous improvement and we are proud to be part of a winning team.

Regulation

AWWU is subject to economic regulation by the Regulatory Commission of Alaska (RCA). The RCA regulates AWWU's tariff rules.

AWWU filed a two-stage rate increase with the RCA in January, 2004, requesting rate increases for 2004 and 2005. These were the first AWWU rate increases in over ten years. In February 2004, the RCA approved 2004 interim refundable rates of 13.61% and 8.06% for AWU and ASU, respectively. AWWU's request for 2005 interim refundable rates did not receive timely approval by the RCA; as a result, its requested 2005 interim refundable rates of 7.76% and 6.83% were implemented late and two months of revenues totaling approximately $600,000 were lost and can never be recovered.

In March 2005, the State Attorney General (AG) filed testimony with the RCA opposing various aspects of AWWU's rate case. The testimony concluded that AWWU's revenue requirements were overstated by $12.9 approximately million. In addition to the testimony filing, in March the AG filed a motion for partial summary disposition on two aspects of the rate case. In May, the RCA issued an electronic ruling denying the AG's request for partial summary disposition on the largest issue, but granted the AG's request to exclude certain acquisition adjustments.

AWWU and the AG entered into a stipulation to settle all of the remaining issues on June 8, 2005. The terms of the stipulation were approved by the RCA on July 8, 2005. As a result of the approved stipulation, the only remaining issue to be addressed was the MOA's change to a previous method of MUSA calculation that assesses MUSA on both contributed and non-contributed plant in service. The issue to be decided by the RCA is whether or not MUSA on contributed plant should be included in rates or construed as a dividend. The Utility is currently restricted from paying dividends to MOA. The RCA's heard arguments on this issue in June 14, 2005. Its final ruling is due by September 15, 2005.

Bond Sales

In 2004, AWWU issued $43 million of Sr. lien revenue bonds to finance a large portion of its capital expansion. The proceeds of the bonds were first used to reimburse the Municipality for the costs of certain plant activity undertaken in previous years; the remaining funds paid a portion of AWWU's 2004 and 2005 capital improvement plans.

In 2004, the Anchorage Water Utility sold Jr. lien "mini bonds" directly to the general public in an aggregate appreciated amount of $2 million. The discount bonds have ten year lives and will pay interest and principal at final maturity unless tendered early by the bondholder. The bond sale was a tremendous success, and all bonds were sold within one day.

Depreciation Study

As part of the stipulation approved by the RCA, AWWU has agreed to complete and file with the RCA a depreciation study by December 31, 2007 at the latest. AWWU's last depreciation study was completed in 1984.

A depreciation study is a significant undertaking designed to determine if AWWU's depreciation methodology and asset lives are reasonable and reflects the true lives of plant assets placed in service. AWWU has engaged an external consultant to conduct the depreciation study. Once completed, the study will be filed with the RCA.

ANCHORAGE WATER UTILITY

11-YEAR SUMMARY

UTILITY FORMAT - 2006 and 2007 OPERATING BUDGET ($ in Thousands)

	Actual				Proforma	Budget		Forecast			
Financial Overview	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues	30,725	31,159	30,602	33,689	38,960	40,950	47,520	50,900	53,410	55,600	56,960
Expenses and Transfers	25,489	27,237	27,382	31,745	36,960	40,920	47,330	50,840	52,990	55,290	56,820
Net Income (Loss)	5,236	3,922	3,220	1,943	2,000	30	190	60	420	310	140
Dividend to General Government	0	0	0	0	0	0	0	0	0	0	0
Increase in Net Assets	5,236	3,922	3,220	1,943	2,000	30	190	60	420	310	140
Workforce Authorized per Budget	265.5	266.5	267.0	270.5	268.5	272.0	272.0	272.0	272.0	272.0	272.0
Capital Improvement Program*	12,593	12,629	15,374	13,150	22,255	33,500	33,350	31,700	30,310	25,130	35,970
New Debt	5,007	1,603	964	29,334	1,000	57,000	46,000	1,000	48,500	28,500	32,000
Net Plant (12/31)	347,685	351,458	349,197	372,877	386,289	402,459	464,219	475,349	495,749	513,319	531,559
Net Assets (12/31)	52,453	56,374	59,594	61,537	63,856	63,886	64,076	64,136	64,556	64,866	65,006
Operating Cash	10,109	12,613	9,341	11,098	18,222	15,032	15,137	15,382	15,317	15,247	15,282
Construction Cash Pool	158	0	0	2,583	0	0	0	0	0	0	0
Restricted Cash	10,913	7,880	8,245	11,735	5,560	4,610	4,610	4,420	4,630	4,420	4,640
Total Cash	21,179	20,493	17,586	25,416	23,782	19,642	19,747	19,802	19,947	19,667	19,922
IGC's - General Government	1,517	1,792	1,848	2,070	2,093	2,427	2,548	2,599	2,651	2,704	2,758
MUSA	1,644	1,912	1,893	3,262	5,800	5,920	6,180	7,140	7,310	7,630	7,900
CCP Borrowings from Gen'l Govt.	0	7,992	7,934	0	19,000	0	0	18,500	0	0	0
Total Outstanding LT Debt	112,903	109,606	105,470	126,453	121,465	171,865	212,610	205,865	244,890	263,310	283,485
Total Annual Debt Service	9,859	10,666	10,522	10,974	11,884	12,957	14,628	18,924	20,726	23,429	26,276
Debt Service Coverage (overall)	1.70	1.42	1.21	1.55	1.68	1.55	1.68	1.44	1.42	1.36	1.29
Debt/Equity Ratio	68 / 32	66 / 34	64 / 36	67 / 33	66 / 34	73 / 27	77 / 23	76 / 24	79 / 21	80 / 20	81 / 19
Rate Change Percent	0.00%	0.00%	0.00%	13.61%	7.76%	8.90%	14.50%	7.00%	4.00%	2.50%	1.50%
Single Family Rate	$25.80	$25.80	$25.80	$29.35	$31.30	$34.09	$39.03	$41.76	$43.43	$44.52	$45.18
Statistical/Performance Trends:											
Number of Accounts	50,534	51,217	52,044	52,742	53,322	53,855	54,394	54,938	55,487	56,042	56,603
Average Treatment (GPD) (000)	26,608	27,000	27,500	28,400	29,300	30,100	31,000	312,000	32,900	33,900	34,900
Miles of Water Lines	811	815	830	836	847	853	859	863	869	877	882
Number of Hydrants	6,024	6,087	6,162	6,209	6,316	6,364	6,415	6,449	6,478	6,517	6,552
*2001-2004 reflect actual capital expenditures. 2005-10 is Capital Improvement Program.											

ANCHORAGE WASTEWATER UTILITY

11-YEAR SUMMARY

UTILITY FORMAT - 2006 and 2007 OPERATING BUDGET ($ in Thousands)

	Actual				Proforma	Budget		Forecast			
Financial Overview	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues	24,848	25,594	25,318	26,802	29,060	31,182	35,797	38,628	39,415	40,668	42,020
Expenses and Transfers	21,285	20,190	21,251	24,451	29,200	31,170	35,610	38,420	39,170	40,600	41,790
Net Income (Loss)	3,563	5,404	4,067	2,351	(141)	12	187	208	245	68	230
Dividend to General Government	0	0	0	0	0	0	0	0	0	0	0
Increase (Decrease) in Net Assets	3,563	5,404	4,067	2,351	(141)	12	187	208	245	68	230
Workforce Authorized per Budget	265.5	266.5	267.0	270.5	268.5	272.0	272.0	272.0	272.0	272.0	272.0
Capital Improvement Program*	10,451	12,152	12,816	21,110	19,988	26,220	26,280	21,230	19,640	25,360	34,700
New Debt (Bonds, Loan Fund)	6,044	1,850	5,127	30,848	5,000	5,000	57,500	5,000	5,000	39,500	25,500
Net Plant (12/31)	244,535	244,781	246,376	257,583	277,070	286,380	316,000	321,390	332,790	346,240	364,150
Net Assets (12/31)	31,076	36,480	40,546	42,897	49,639	49,651	49,838	50,045	50,290	50,358	50,588
Operating Cash	9,629	11,184	6,469	8,615	7,000	5,000	5,000	5,000	5,000	5,000	5,000
Construction Cash Pool	0	0	0	1,996	0	0	0	0	0	0	0
Restricted Cash	744	460	366	2,563	2,330	950	950	960	970	980	990
Total Cash	10,373	11,644	6,834	13,174	9,330	5,950	5,950	5,960	5,970	5,980	5,990
IGC's - General Government	1,554	1,688	1,884	1,807	2,336	2,711	2,846	2,903	2,961	3,020	3,081
MUSA	1,113	1,191	1,175	2,290	4,070	4,380	4,530	5,000	5,090	5,270	5,480
CCP Borrowings from Gen'l Govt.	4,183	13,042	11,892	0	16,500	24,500	0	5,000	18,500	0	0
Total Outstanding LT Debt	52,188	47,828	45,982	69,770	67,735	66,381	120,505	121,817	120,710	153,784	173,060
Total Annual Debt Service	8,669	8,911	8,739	8,925	9,268	8,404	6,236	8,759	11,057	11,806	13,271
Debt Service Coverage (overall)	1.35	1.31	1.31	1.33	1.28	1.50	2.45	1.99	1.62	1.64	1.54
Debt/Equity Ratio	58 / 42	57 / 43	53 / 47	62 / 38	58 / 42	57 / 43	71 / 29	71 / 29	71 / 29	75 / 25	77 / 23
Rate Change Percent	0.00%	0.00%	0.00%	8.06%	6.83%	10.60%	13.00%	6.00%	2.00%	2.00%	0.00%
Single Family Rate	$21.20	$21.20	$21.20	$22.90	$23.70	$26.21	$29.62	$31.40	$32.02	$32.67	$32.67
Statistical/Performance Trends:											
Number of Accounts	52,074	52,847	53,621	54,171	54,713	55,260	55,812	56,371	56,934	57,504	58,079
Average Treatment (GPD) (000)	29,800	31,500	32,000	32,500	32,000	32,900	33,700	34,500	35,400	36,200	37,000
Miles of Wastewater Lines	707	713	719	724	731	735	740	744	749	755	759
*2000-2004 reflect actual capital expenditures. 2005-10 is Capital Improvement Program.											

ANCHORAGE WATER & WASTEWATER UTILITY
WORK FORCE PROJECTIONS

DIVISIONS	2003	2004	2005	2006	2007	2008	2009	2010
MANAGER	5	5	5	4	4	4	4	4
EMPLOYEE SERVICES	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
INFORMATION TECH	16	16	17	17	17	17	17	17
OPS & MAINTENANCE	82	81.5	81.5	82.5	82.5	82.5	82.5	82.5
TREATMENT	59	59	59	60.5	60.5	60.5	60.5	60.5
FINANCE	18	18	18	21	21	21	21	21
ENGINEERING	31	31	32	32	32	32	32	32
CUSTOMER SERVICE	43	47	42	42	42	42	42	42
TOTAL FULL TIME	261.5	265	262	266.5	266.5	266.5	266.5	266.5
TEMPORARY FTE'S	5.5	5.5	6.5	5.5	5.5	5.5	5.5	5.5
TOTAL FTE'S	267	270.5	268.5	272	272	272	272	272

ANCHORAGE WATER UTILITY
STATEMENT OF REVENUES AND EXPENSES

	2004 ACTUAL	2005 PROFORMA	2006 BUDGET	2007 BUDGET
OPERATING REVENUES				
RESIDENTIAL SALES	22,607,657	26,410,000	27,860,000	32,220,000
COMMERCIAL SALES	6,769,304	7,940,000	8,340,000	9,640,000
PUBLIC FIRE PROTECTION	2,761,514	3,110,000	3,400,000	3,930,000
HYDRANT USE CHARGE	232,180	260,000	290,000	340,000
MISCELLANEOUS	997,317	1,020,000	1,020,000	1,020,000
TOTAL OPERATING REVENUES	33,367,972	38,740,000	40,910,000	47,150,000
OPERATING EXPENSES				
SOURCE OF SUPPLY	2,430,419	2,770,000	3,030,000	3,320,000
TREATMENT	3,014,217	3,430,000	3,760,000	4,120,000
TRANSMISSION	4,434,442	5,050,000	5,530,000	6,060,000
CUSTOMER ACCOUNTS	2,093,070	2,380,000	2,610,000	2,860,000
GENERAL & ADMINISTRATIVE	5,121,906	5,840,000	6,400,000	7,010,000
DEPRECIATION	5,736,739	5,800,000	6,820,000	8,200,000
MUSA	3,261,718	5,800,000	5,920,000	6,180,000
TOTAL OPERATING EXPENSES	26,092,511	31,070,000	34,070,000	37,750,000
OPERATING INCOME	7,275,461	7,670,000	6,840,000	9,400,000
NON-OPERATING REVENUE				
RENTAL INCOME	29,000	30,000	30,000	30,000
INTEREST INCOME, NET	291,000	190,000	10,000	340,000
TOTAL NON-OPERATING REVENUE	320,607	220,000	40,000	370,000
NON-OPERATING EXPENSE				
AMORTIZATION	769,169	760,000	720,000	690,000
INTEREST - BOND	5,298,551	5,380,000	6,780,000	9,490,000
INTEREST - SRF LOANS	366,809	410,000	520,000	570,000
CAPITALIZED INTEREST	(781,541)	(660,000)	(1,170,000)	(1,170,000)
TOTAL NON-OPERATING EXPENSE	5,652,988	5,890,000	6,850,000	9,580,000
NET NON-OPERATING EXPENSE	(5,332,381)	(5,670,000)	(6,810,000)	(9,210,000)
NET INCOME (LOSS)	1,943,080	2,000,000	30,000	190,000

ANCHORAGE WATER UTILITY
STATEMENT OF SOURCES AND USES OF CASH

	2004 ACTUAL	2005 PROFORMA	2006 BUDGET	2007 BUDGET
SOURCES OF CASH:				
NET INCOME (LOSS)	1,943,080	2,000,000	30,000	190,000
DEPRECIATION	5,736,739	5,800,000	6,820,000	8,200,000
BOND PROCEEDS, NET OF REDEMPTIONS	16,303,738	-	56,000,000	45,000,000
STATE LOANS	8,715,413	1,000,000	1,000,000	1,000,000
AMORT/DEFERRED DEBITS/DISCOUNTS	769,169	760,000	720,000	690,000
GRANTS	667,424	-	-	-
CONTRIBUTIONS FROM OTHERS	560,866	510,000	510,000	510,000
OTHER	109,548	64,000	1,660,000	1,560,000
TOTAL SOURCES OF CASH FUNDS	34,805,977	10,134,000	66,740,000	57,150,000
USES OF CASH:				
ADDITIONS TO PLANT	13,744,580	25,000,000	45,090,000	51,890,000
DEBT PRINCIPAL PAYMENT	5,295,624	5,990,000	6,600,000	5,260,000
TOTAL USES OF CASH FUNDS	19,040,204	30,990,000	51,690,000	57,150,000
NET INCREASE (DECREASE) IN CASH	15,765,773	(20,856,000)	15,050,000	-
CASH BALANCE JANUARY 1	9,650,000	25,416,000	4,560,000	19,610,000
CASH BALANCE DECEMBER 31	25,415,773	4,560,000	19,610,000	19,610,000
DETAIL OF CASH BALANCE:				
EQUITY IN CAPITAL ACQUISITION ACCT	2,583,143	(19,000,000)	-	-
RESTRICTED CASH ACCOUNTS	11,734,795	5,560,000	4,610,000	4,610,000
EQUITY IN GENERAL CASH POOL	11,097,835	18,000,000	15,000,000	15,000,000
TOTAL CASH DECEMBER 31	25,415,773	4,560,000	19,610,000	19,610,000

ANCHORAGE WATER UTIILITY
2006 & 2007 OPERATING BUDGET DETAIL

	2004 ACTUAL	2005 PROFORMA	2006 BUDGET	2007 BUDGET
LABOR				
Wages	6,715,000	7,450,000	7,465,000	7,900,000
Benefits	2,812,000	3,768,000	4,630,000	5,887,000
Subtotal	9,527,000	11,218,000	12,094,000	13,786,000
SUPPLIES				
Chemicals	294,000	326,000	326,000	326,000
Plant, Shop, & Office Expense	1,240,000	1,397,000	1,452,000	1,452,000
Subtotal	1,534,000	1,723,000	1,778,000	1,778,000
INTRAGOVERNMENTAL CHARGES				
Finance Dept	491,000	531,000	616,000	647,000
Information Technology Dept	616,000	545,000	632,000	664,000
Employee Relations Dept	196,000	136,000	158,000	166,000
Other	566,000	880,000	1,021,000	1,072,000
Subtotal	1,869,000	2,092,000	2,427,000	2,548,000
OTHER SERVICES				
Contingency	0	350,000	350,000	350,000
Professional Services	288,000	262,000	459,000	659,000
Rent/Leases	745,000	799,000	883,000	920,000
Utilities	2,128,000	2,230,000	2,334,000	2,334,000
Contracted Mtnce/Repair	760,000	940,000	1,063,000	1,211,000
Operating Expense Transfer to CWIP	(443,000)	(354,000)	(390,000)	(390,000)
Other	686,000	210,000	332,000	174,000
Subtotal	4,164,000	4,437,000	5,031,000	5,258,000
OTHER EXPENSES				
Depreciation	5,737,000	5,800,000	6,820,000	8,200,000
MUSA	3,262,000	5,800,000	5,920,000	6,180,000
Interest Expense	5,665,000	5,790,000	7,300,000	10,060,000
Capitalized Interest	(782,000)	(660,000)	(1,170,000)	(1,170,000)
Amort Deferred Debits/Discounts	769,000	760,000	720,000	690,000
Subtotal	14,651,000	17,490,000	19,590,000	23,960,000
TOTAL EXPENSES	31,745,000	36,960,000	40,920,000	47,330,000

ANCHORAGE WASTEWATER UTILITY
STATEMENT OF REVENUES AND EXPENSES

	2004 ACTUAL	2005 PROFORMA	2006 BUDGET	2007 BUDGET
OPERATING REVENUES				
RESIDENTIAL SALES	19,845,302	22,040,000	23,840,000	27,210,000
COMMERCIAL SALES	4,780,645	5,310,000	5,740,000	6,550,000
PUBLIC AUTHORITIES	866,062	960,000	1,040,000	1,190,000
MISCELLANEOUS	1,098,198	1,090,000	1,090,000	1,090,000
TOTAL OPERATING REVENUES	26,590,207	29,400,000	31,710,000	36,040,000
OPERATING EXPENSES				
COLLECTION	2,961,572	3,370,000	3,620,000	3,990,000
TREATMENT	6,035,475	6,870,000	7,390,000	8,130,000
CUSTOMER ACCOUNTS	1,614,683	1,840,000	1,980,000	2,170,000
GENERAL & ADMINISTRATIVE	5,210,208	5,940,000	6,370,000	7,010,000
DEPRECIATION	4,495,973	5,200,000	5,720,000	6,620,000
MUSA	2,290,291	4,070,000	4,380,000	4,530,000
TOTAL OPERATING EXPENSES	22,608,202	27,290,000	29,460,000	32,450,000
OPERATING INCOME	3,982,005	2,110,000	2,250,000	3,590,000
NON-OPERATING REVENUE				
INTEREST INCOME, NET	211,901	(341,000)	(529,000)	(243,000)
TOTAL NON-OPERATING REVENUE	211,901	(341,000)	(529,000)	(243,000)
NON-OPERATING EXPENSE				
AMORT DEFERRED DEBITS/DISCOUNTS	300,092	160,000	80,000	70,000
INTEREST - LONG TERM DEBT	1,484,203	1,740,000	1,530,000	2,950,000
INTEREST - OTHER	591,349	500,000	550,000	590,000
CAPITALIZED INTEREST	(533,036)	(490,000)	(450,000)	(450,000)
TOTAL NON-OPERATING EXPENSE	1,842,608	1,910,000	1,710,000	3,160,000
NET NON-OPERATING EXPENSE	(1,630,707)	(2,251,000)	(2,239,000)	(3,403,000)
NET INCOME	2,351,298	(141,000)	12,000	187,000

ANCHORAGE WASTEWATER UTILITY
STATEMENT OF SOURCES AND USES OF CASH

	2004 ACTUAL	2005 PROFORMA	2006 BUDGET	2007 BUDGET
SOURCES OF CASH:				
NET INCOME (LOSS)	2,351,298	(140,500)	11,500	186,750
DEPRECIATION	4,495,973	5,200,000	5,720,000	6,620,000
BOND PROCEEDS	22,060,672	-	-	52,500,000
STATE LOANS	8,228,002	5,000,000	5,000,000	5,000,000
AMORT/DEFERRED DEBITS/DISCOUNTS	300,092	160,000	80,000	70,000
GRANTS	1,570,250	-	-	-
CONTRIBUTIONS FROM OTHERS	886,986	810,000	810,000	810,000
OTHER	(2,502,597)	(131,000)	2,439,000	1,643,000
TOTAL SOURCES OF CASH FUNDS	37,390,676	10,899,000	14,060,000	66,830,000
USES OF CASH:				
ADDITIONS TO PLANT	14,292,594	24,010,000	17,710,000	38,950,000
DEBT PRINCIPAL PAYMENT	7,059,329	7,010,000	6,350,000	3,380,000
TOTAL USES OF CASH FUNDS	21,351,923	31,020,000	24,060,000	42,330,000
NET INCREASE (DECREASE) IN CASH	16,038,753	(20,121,000)	(10,000,000)	24,500,000
CASH BALANCE JANUARY 1	(5,057,473)	10,981,000	(9,140,000)	(19,140,000)
CASH BALANCE DECEMBER 31	10,981,280	(9,140,000)	(19,140,000)	5,360,000
DETAIL OF CASH BALANCE:				
EQUITY IN CAPITAL ACQUISITION ACCT	1,995,807	(16,500,000)	(24,500,000)	-
RESTRICTED CASH ACCOUNTS	370,578	360,000	360,000	360,000
EQUITY IN GENERAL CASH POOL	8,614,895	7,000,000	5,000,000	5,000,000
TOTAL CASH DECEMBER 31	10,981,280	(9,140,000)	(19,140,000)	5,360,000

ANCHORAGE WASTEWATER UTIILITY
2006 & 2007 OPERATING BUDGET DETAIL

	2004 ACTUAL	2005 PROFORMA	2006 BUDGET	2007 BUDGET
LABOR				
Wages	6,606,000	6,993,000	6,816,000	7,245,000
Benefits	2,693,000	3,244,000	4,102,000	5,224,000
Subtotal	9,299,000	10,237,000	10,918,000	12,469,000
SUPPLIES				
Chemicals	456,000	472,000	472,000	472,000
Plant, Shop, & Office Expense	1,151,000	973,000	1,009,000	1,009,000
Subtotal	1,607,000	1,445,000	1,481,000	1,481,000
INTRAGOVERNMENTAL CHARGES				
Finance Dept	579,000	530,000	615,000	646,000
Information Technology Dept	592,000	458,000	531,000	558,000
Employee Relations Dept	156,000	118,000	137,000	144,000
Other	469,000	1,231,000	1,428,000	1,499,000
Subtotal	1,796,000	2,337,000	2,711,000	2,846,000
OTHER SERVICES				
Contingency	0	350,000	350,000	350,000
Professional Services	688,000	504,000	617,000	717,000
Rent/Leases	637,000	612,000	729,000	729,000
Utilities	1,409,000	1,713,000	1,811,000	1,811,000
Contracted Mtnce/Repair	643,000	779,000	880,000	1,030,000
Operating Expense Transfer to CWIP	(646,000)	(521,000)	(405,000)	(405,000)
Other	390,000	564,000	269,000	272,000
Subtotal	3,121,000	4,001,000	4,250,000	4,503,000
OTHER EXPENSES				
Depreciation	4,496,000	5,000,000	5,720,000	6,620,000
MUSA	2,290,000	4,070,000	4,380,000	4,530,000
Interest Expense	2,076,000	2,790,000	2,609,000	3,783,000
Capitalized Interest	(534,000)	(490,000)	(450,000)	(450,000)
Amort Deferred Debits/Discounts	300,000	160,000	80,000	70,000
Subtotal	8,628,000	11,530,000	12,339,000	14,553,000
TOTAL EXPENSES	24,451,000	29,550,000	31,699,000	35,853,000

ANCHORAGE WATER UTILITY
2006 - 2011 CAPITAL IMPROVEMENT PROGRAM
FINANCIAL SUMMARY
(in $'000s)

PROJECT CATEGORY	2006	2007	2008	2009	2010	2011	Six Year TOTAL
GENERAL PLANT	8,485	13,224	9,181	8,869	8,580	7,773	56,112
REPAIR & REHABILITATION	6,408	9,846	9,993	10,975	5,661	25,296	68,179
TRANS/DIST	18,608	10,085	12,329	10,267	10,691	2,701	64,681
IMPROVEMENT DISTRICTS	200	200	200	200	200	200	1,200
TOTAL	33,701	33,355	31,703	30,311	25,132	35,970	190,172

SOURCE OF FUNDING	2006	2007	2008	2009	2010	2011	Six Year TOTAL
DEBT	27,701	28,355	28,703	29,311	24,132	34,970	173,172
EQUITY	6,000	5,000	3,000	1,000	1,000	1,000	17,000
GRANT	0	0	0	0	0	0	0
TOTAL	33,701	33,355	31,703	30,311	25,132	35,970	190,172

*Approximately $1,094,000 of in-house labor will be spent on capital projects in 2006
*Approximately $1,356,000 of in-house labor will be spent on capital projects in 2007.

ANCHORAGE WASTEWATER UTILITY
2006 - 2011 CAPITAL IMPROVEMENT PROGRAM
FINANCIAL SUMMARY
(in $'000s)

PROJECT CATEGORY	2006	2007	2008	2009	2010	2011	Six Year TOTAL
GENERAL PLANT	11,089	16,570	13,739	7,459	5,578	29,367	83,802
REPAIR & REHABILITATION	12,727	6,401	5,178	7,762	12,950	3,000	48,018
TRUCK/INT	2,205	3,110	2,116	4,216	6,628	2,135	20,410
IMPROVEMENT DISTRICTS	200	200	200	200	200	200	1,200
TOTAL	26,221	26,281	21,233	19,637	25,356	34,702	153,430

SOURCE OF FUNDING	2006	2007	2008	2009	2010	2011	Six Year TOTAL
DEBT	24,221	24,281	19,233	17,637	23,356	32,702	141,430
EQUITY	2,000	2,000	2,000	2,000	2,000	2,000	12,000
GRANT	0	0	0	0	0	0	0
TOTAL	26,221	26,281	21,233	19,637	25,356	34,702	153,430

*Approximately $826,000 of in-house labor will be spent on capital projects in 2006
*Approximately $1,065,000 of in-house labor will be spent on capital projects in 2007