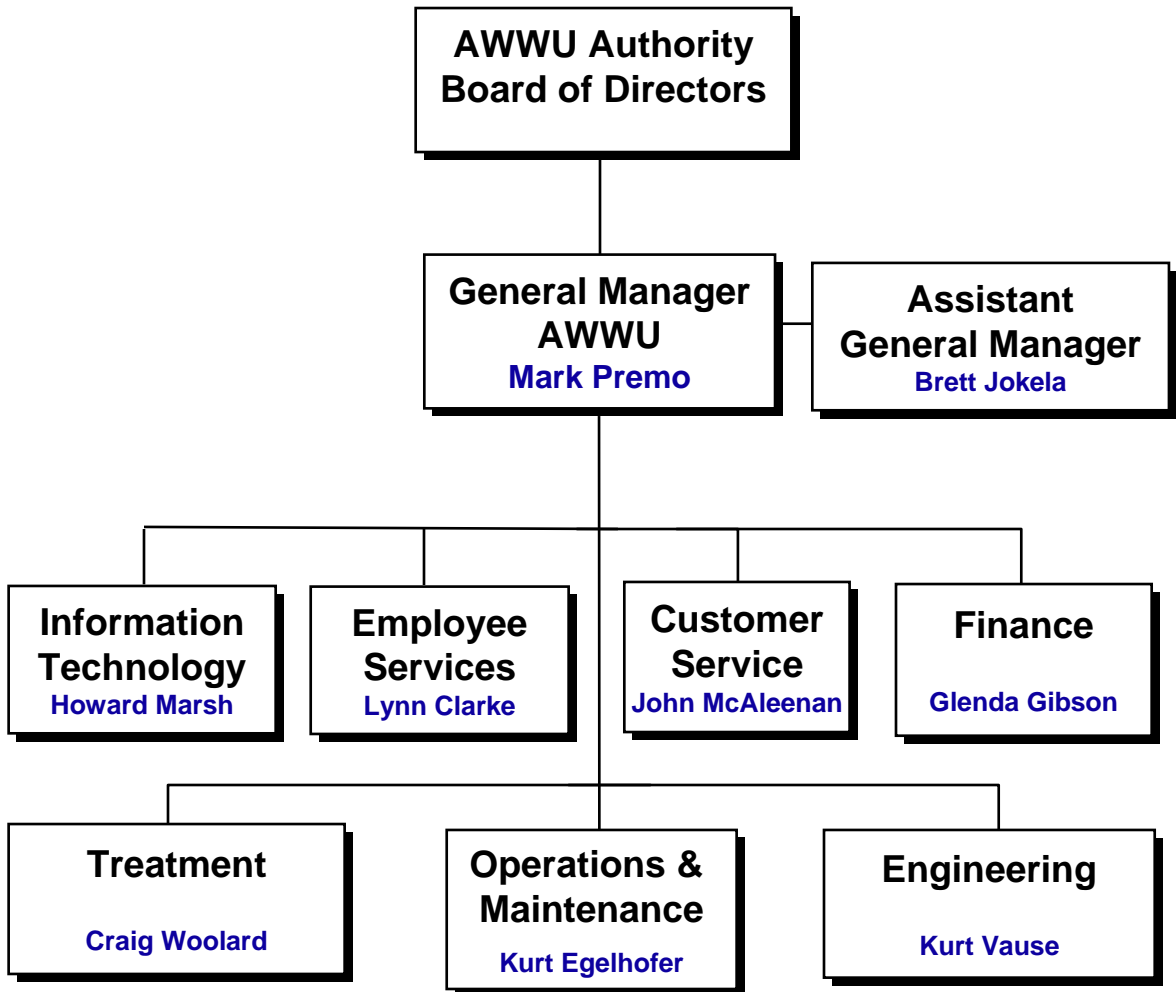


ANCHORAGE WATER & WASTEWATER UTILITY

ORGANIZATION CHART





ANCHORAGE WATER AND WASTEWATER UTILITY
BOARD RESOLUTION
No. 2010-10(S)

AUTHORITY BOARD
APPROVED

Date: September 1, 2010

Meeting Date: September 1, 2010

Subject: Recommendation of 2011 AWWU Capital and Operating Budgets to the
Municipal Assembly

WHEREAS, the AWWU Board Finance Committee worked with staff on multiple occasions, from July through August 2010, to review and discuss the prospective capital and operating budgets for the utility; and,

WHEREAS, Board Resolution 2010-10 was amended to address changes in personnel costs as outlined in Board Information Memorandum 2010-77; and,

WHEREAS, the AWWU Board of Directors invited testimony at a Public Hearing on the proposed budget on September 1, 2010.

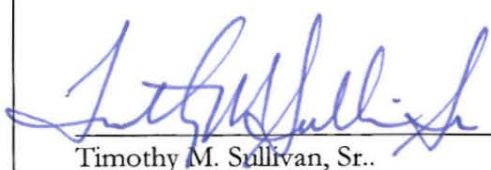
NOW, THEREFORE, THE AWWU BOARD OF DIRECTORS RESOLVES:

to recommend to the Municipal Assembly appropriation of the Capital and Operating Budgets for Anchorage Water Utility and Anchorage Wastewater Utility for 2011 as follows:

Anchorage Water Utility	Capital Improvement Budget	Operating Budget
2011	38,922,000	51,979,000

Anchorage Wastewater Utility	Capital Improvement Budget	Operating Budget
2011	38,589,000	42,820,000

Approved by a majority vote of the AWWU Board of Directors.


Timothy M. Sullivan, Sr..
Chair, AWWU Board of Directors

Date

1 Sept 2010

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 55,000 residential, commercial, military, and industrial accounts throughout the urban areas of Anchorage. The Utility's wastewater facilities serve approximately 55,800 residential, commercial and military accounts. This represents an estimated population base of 239,000 residents who receive water service and 252,000 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 just over \$1 billion, with an estimated replacement value of \$7.4 billion. AWWU employs 287 individuals and spends approximately \$86 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.

GOVERNANCE: AWWU is a public corporate authority of the Municipality of Anchorage governed by a seven member Board of Directors, appointed by the Mayor and approved by the Anchorage Municipal Assembly. The Directors serve five year staggered terms. The current Board members are very experienced professionals in the fields of law, engineering, accounting, public health, and government. The Board shall operate and manage AWWU and, in general, may exercise any power unless otherwise provided in the Municipal Charter, the Code or prohibited by State law. Regular meetings are held monthly and are open to the public. Board meetings focus on Utility operations and highlights.

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 an enterprise with a net plant in service of approximately \$430 million that delivers nearly 27 million gallons of water to customers each day, for a little more 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 (GAAB) 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, AWWU has the water rights from Ship Creek and to provide as much as 24 million gallons of water per day. Currently the Ship Creek Water Treatment Facility can produce up to 16 million gallons 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.

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 July 1, 1999. AWU holds a Certificate of Public 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.

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 2009 was 1.45 million gallons per day (gpd). AWU has the capacity to provide up to 68 million gpd. The distribution transmission system equals approximately 830 miles of waterline and 7,020 fire hydrants.

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. 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 GAAB 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 APUC, which was renamed the RCA on July 1, 1999. The Utility holds a Certificate of Public 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.

ENVIRONMENTAL MANDATES: All three of AWWU's wastewater treatment facilities are subject to discharge limits imposed by individual National Pollutant Discharge Elimination System permits issued. Discharge permits for Eagle River and Girdwood are issued by the Alaska Department of Environmental Conservation (ADEC). The discharge permit for the Asplund facility is issued by the Environmental Protection Agency (EPA). Each permit is good for a period of five years after which they may be renewed. All three permits expired in 2005. AWWU submitted timely renewal applications six months in advance of the expiration dates of each permit. The Eagle River permit was reissued early in 2006 but the Girdwood and Asplund facilities permits have not yet been received.

Both expired permits, however, have been administratively extended by the ADEC or EPA until renewal takes place. Renewal of the Asplund permit could be complicated by the listing of Cook Inlet Beluga whales as endangered under the Endangered Species Act by the National Marine Fisheries Service. AWWU is cooperating with EPA in its efforts to evaluate whether the permit reissuance might affect the recovery of the whales. AWWU anticipates increased monitoring requirements in the permit renewal.

PHYSICAL PLANT: The John M. Asplund Wastewater Treatment Facility is one of the few facilities in the nation operating as a primary treatment facility under Section 301(h) of the Clean Water Act. The primary treatment provided by this facility removes up to 45% of the BOD and 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 2008, the Asplund Wastewater Treatment Facility treated an average of 29.2 million gallons per day (mgd). The Eagle River Wastewater Treatment Facility treated an average 1.5 mgd and the Girdwood Wastewater Treatment Facility treated 0.5 mgd. The three facilities have a design capacity of 61.1 mgd. The collection system has approximately 740 miles of pipes.

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.

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 processes and control and power systems. 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 was completed in 2005. Other process and building improvements have been undertaken since 2006 which extend the life of the sludge incinerator and other treatment process equipment, as well as the building and laboratory facilities. Control and power systems upgrades were completed in 2010. These projects, along with careful operation, have made Asplund a modern, state of the art treatment facility.

ANCHORAGE WATER & WASTEWATER UTILITY 2011 OPERATING & CAPITAL BUDGET ASSUMPTIONS

Below are the specific AWWU budget assumptions, used in the preparation of the Anchorage Water Utility and Anchorage Wastewater Utility 2011 Operating and Capital Budgets.

REGULATION

Assume continued economic regulation by Regulatory Commission of Alaska (RCA).

AUTHORITY

AWWU is now an Authority, governed by an appointed Board of Directors. Assume continued Authority status in 2011.

UTILITY OWNERSHIP

Assume continued Municipal ownership in 2011.

MUNICIPAL UTILITY SERVICE ASSESSMENT (MUSA)

Assume mill rate calculation for MUSA/MESA (in lieu of taxes) will be the same as 2010. Assume AWWU will prevail before the RCA on the 2004/2005 MUSA Rate Case.

INTEREST

Assume debt service for new State of Alaska loans to be 1.5%. Short-term interest income calculated assuming a rate of 3.0%.

INTRAGOVERNMENTAL CHARGES (IGCs)

Assume no increase from 2010 budget.

RATE INCREASES

Assume 8.0% rate increase for Water and 15.0% rate increase for Wastewater.

POPULATION

Assume customer growth of .25%.

COMPENSATION COSTS (Salaries and Benefits)

Assume AMEA increase in accordance with current labor agreement to be 2.86%, assume 0% for Plumbers (PLU). Plumbers contract expired 6/30/10. Assume Non-Reps and Execs mirror the AMEA agreement.

VACANCY FACTOR

Assume a 3.5% vacancy factor.

ANCHORAGE WATER & WASTEWATER UTILITY WORK FORCE PROJECTIONS

DIVISIONS	2008	2009	2010	2011	2012	2013	2014	2015	2016
GM	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
IT	17.0	18.0	18.0	19.0	19.0	19.0	19.0	19.0	19.0
O & M	86.0	86.0	86.0	86.0	86.0	86.0	86.0	86.0	86.0
TRMT	61.5	61.5	62.0	63.0	63.0	63.0	63.0	63.0	63.0
FIN	26.0	26.0	26.0	25.0	25.0	25.0	25.0	25.0	25.0
ES	7.5	7.5	7.5	8.0	8.0	8.0	8.0	8.0	8.0
CS	42.0	42.0	42.0	40.5	40.5	40.5	40.5	40.5	40.5
ENG	34.0	38.0	38.0	39.5	39.5	39.5	39.5	39.5	39.5
TOTAL FULL TIME	278.0	283.0	283.5	285.0	285.0	285.0	285.0	285.0	285.0
TEMPORARY FTE'S	4.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
TOTAL FTE'S	282.5	286.5	287.0	288.5	288.5	288.5	288.5	288.5	288.5
INTERNS	6.5	7.0	7.0	10.0	10.0	10.0	10.0	10.0	10.0

ANCHORAGE WATER UTILITY

11-YEAR SUMMARY

UTILITY FORMAT - 2011 OPERATING BUDGET (\$ in Thousands)

	Actual				Proforma	Budget	Forecast				
Financial Overview	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues	39,903	45,427	46,251	50,184	49,683	52,650	57,890	63,590	68,900	74,170	79,210
Expenses and Transfers	36,623	40,544	44,787	43,130	47,213	51,979	55,170	57,570	59,920	63,560	66,630
Net Income (Loss)	3,281	4,883	1,463	7,054	2,470	671	2,720	6,020	8,980	10,610	12,580
Dividend to General Government	0	0	0	0	0	0	0	0	0	0	0
Increase in Net Assets	3,281	4,883	1,463	7,054	2,470	671	2,720	6,020	8,980	10,610	12,580
Workforce Authorized per Budget	277.5	280.5	282.5	286.5	287.0	288.5	288.5	288.5	288.5	288.5	288.5
Capital Improvement Program	33,500	35,000	32,400	34,000	35,530	38,922	38,760	40,375	40,375	39,520	40,850
New Debt	6,875	77,925	9,175	8,244	25,000	67,000	20,000	20,000	20,000	76,600	20,000
Net Plant (12/31)	382,624	409,365	433,285	457,421	488,770	508,304	532,788	557,801	582,226	605,094	628,125
Net Assets (12/31)	68,170	73,053	74,516	81,570	82,914	83,585	86,305	92,325	101,305	111,915	124,495
Operating Cash	14,232	18,648	17,122	11,865	9,065	6,227	4,493	4,899	4,808	5,368	5,812
Construction Cash Pool	0	0	36,684	10,610	6,165	46,081	31,297	15,664	2,289	50,241	40,591
Restricted Cash	5,180	54,834	3,253	7,906	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Total Cash	19,412	73,482	57,060	30,381	18,730	55,808	39,290	24,063	10,597	59,109	49,903
IGC's - General Government	1,371	1,060	1,111	1,372	1,360	1,360	1,408	1,459	1,512	1,566	1,622
MUSA	5,478	5,259	5,763	5,906	6,718	7,280	7,580	7,940	8,320	8,690	9,030
CCP Borrowings from Gen'l Govt.	11,525	194	0	0	0	0	0	0	0	0	0
Total Outstanding LT Debt	117,167	191,547	192,780	197,152	217,302	275,693	283,459	289,805	294,434	357,914	361,928
Total Annual Debt Service	12,103	12,009	14,250	15,221	15,898	16,901	21,746	23,449	25,331	24,551	28,804
Debt Service Coverage (Revenue)	2.00	1.93	1.40	1.93	1.47	1.44	1.40	1.67	1.90	2.50	2.23
Debt/Equity Ratio	63 / 37	72 / 28	72 / 28	71 / 29	72 / 28	77 / 23	77 / 23	76 / 24	74 / 26	76 / 24	74 / 26
Rate Change Percent	8.90%	7.00%	0.00%	7.00%	2.50%	8.00%	9.50%	9.50%	9.50%	7.50%	5.70%
Single Family Rate	34.10	36.50	36.50	39.06	40.04	43.25	47.36	51.86	56.79	61.05	64.53
Statistical/Performance Trends:											
Number of Accounts	54,316	54,525	54,697	54,835	54,972	55,110	55,247	55,385	55,524	55,663	55,802
Average Treatment (GPD) (000)	26,000	25,300	23,300	25,300	25,363	25,427	25,490	25,554	25,618	25,682	25,746
Miles of Water Lines	820	823	828	829	831	833	835	837	839	842	844
Number of Hydrants	6,871	6,941	7,021	7,207	7,225	7,243	7,261	7,279	7,298	7,316	7,334

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

	2009 ACTUAL	2010 PROFORMA	2010 BUDGET	2011 BUDGET
OPERATING REVENUES				
CHARGES FOR SERVICES	45,867,168	46,803,000	46,600,000	50,500,000
MISCELLANEOUS	1,368,347	1,300,000	1,250,000	1,250,000
TOTAL OPERATING REVENUES	47,235,515	48,103,000	47,850,000	51,750,000
OPERATING EXPENSES				
SOURCE OF SUPPLY	2,752,625	2,929,000	2,838,000	3,369,000
TREATMENT	4,130,606	4,556,000	5,194,000	5,240,500
TRANSMISSION	5,961,552	6,206,000	5,921,000	7,138,400
CUSTOMER ACCOUNTS	2,223,347	2,370,000	2,452,000	2,726,100
GENERAL & ADMINISTRATIVE	6,873,012	7,794,000	8,645,000	8,965,000
DEPRECIATION	7,201,903	8,160,000	8,000,000	9,100,000
MUSA	5,906,013	6,717,558	6,650,000	7,280,000
TOTAL OPERATING EXPENSES	35,049,058	38,732,558	39,700,000	43,819,000
OPERATING INCOME	12,186,457	9,370,442	8,150,000	7,931,000
NON-OPERATING REVENUE				
RENTAL INCOME	92,221	192,300	30,000	30,000
GAIN ON SALE OF PROPERTY	-	487,700	-	-
INTEREST INCOME, NET	2,856,542	900,000	900,000	870,000
TOTAL NON-OPERATING REVENUE	2,948,763	1,580,000	930,000	900,000
NON-OPERATING EXPENSE				
AMORTIZATION	644,527	700,000	700,000	650,000
INTEREST	8,357,771	8,400,000	8,400,000	8,290,000
CAPITALIZED INTEREST	(921,091)	(620,000)	(620,000)	(780,000)
TOTAL NON-OPERATING EXPENSE	8,081,207	8,480,000	8,480,000	8,160,000
NET NON-OPERATING EXPENSE	(5,132,444)	(6,900,000)	(7,550,000)	(7,260,000)
NET INCOME	7,054,013	2,470,442	600,000	671,000

**ANCHORAGE WATER UTILITY
2011 OPERATING BUDGET DETAIL**

	2009 ACTUAL	2010 BUDGET	2011 BUDGET
LABOR			
Wages	8,581,746	9,081,500	9,671,400
Benefits	5,031,709	6,054,500	6,447,600
Subtotal	13,613,455	15,136,000	16,119,000
SUPPLIES			
Chemicals	360,848	495,000	474,800
Plant, Shop, & Office Expense	1,484,748	1,753,000	1,765,400
Subtotal	1,845,596	2,248,000	2,240,200
INTRAGOVERNMENTAL CHARGES			
Finance Dept	300,175	358,000	358,000
Information Technology Dept	535,588	418,000	418,000
Employee Relations Dept	114,102	130,000	130,000
Other	421,684	453,500	453,500
Subtotal	1,371,549	1,359,500	1,359,500
OTHER SERVICES			
Charitable Contributions	73,500	25,000	50,000
Professional Services	621,474	731,000	996,800
Rent/Leases	885,241	901,000	906,500
Utilities	2,633,614	3,156,000	3,913,000
Contracted Mtnce/Repair	1,094,377	1,204,500	1,287,100
Insurance	90,581	108,000	107,700
Other Services/Charges	625,934	831,000	1,109,200
Operating Expense Transfer to CWIP	(914,179)	(650,000)	(650,000)
Subtotal	5,110,542	6,306,500	7,720,300
OTHER EXPENSES			
Depreciation	7,201,903	8,000,000	9,100,000
MUSA	5,906,013	6,650,000	7,280,000
Interest Expense	8,357,771	8,400,000	8,290,000
Capitalized Interest	(921,091)	(620,000)	(780,000)
Amort Deferred Debits/Discounts	644,527	700,000	650,000
Subtotal	21,189,123	23,130,000	24,540,000
TOTAL EXPENSES	43,130,265	48,180,000	51,979,000

ANCHORAGE WATER UTILITY
2011 - 2016 CAPITAL IMPROVEMENT PROGRAM
FINANCIAL SUMMARY
(In thousands of dollars)

	2011	2012	2013	2014	2015	2016	Total
TOTAL, AWWU-FUNDED AND OTHER	38,922	38,760	40,375	40,375	39,520	40,850	238,802
LESS: FUNDED BY GRANTS AND OTHER	2,000	2,000	2,000	2,000	2,000	2,000	12,000
BALANCE: AWWU-FUNDED	36,922	36,760	38,375	38,375	37,520	38,850	226,802

ANCHORAGE WASTEWATER UTILITY

11-YEAR SUMMARY

UTILITY FORMAT - 2011 OPERATING BUDGET (\$ in Thousands)

	Actual				Proforma	Budget	Forecast				
Financial Overview	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues	31,538	36,218	36,832	37,198	37,916	43,030	47,310	51,970	57,060	62,270	67,820
Expenses and Transfers	27,988	31,883	35,425	33,512	37,847	42,820	45,480	47,770	51,490	56,280	58,360
Net Income (Loss)	3,550	4,335	1,407	3,686	69	210	1,830	4,200	5,570	5,990	9,460
Dividend to General Government	0	0	0	0	0	0	0	0	0	0	0
Increase (Decrease) in Net Assets	3,550	4,335	1,407	3,686	69	210	1,830	4,200	5,570	5,990	9,460
Workforce Authorized per Budget	277.5	280.5	282.5	286.5	287.0	288.5	288.5	288.5	288.5	288.5	288.5
Capital Improvement Program	26,221	27,344	21,600	25,600	30,780	38,589	30,381	31,863	31,863	33,345	34,200
New Debt	2,653	44,851	12,111	16,802	20,000	41,000	20,000	20,000	74,000	20,000	20,000
Net Plant (12/31)	272,975	282,918	292,164	335,258	351,915	361,784	383,229	399,471	439,666	459,603	479,742
Net Assets (12/31)	48,887	53,222	54,629	58,315	58,031	58,241	60,071	64,271	69,841	75,831	85,291
Operating Cash	8,596	13,899	15,626	12,817	8,905	5,019	4,444	4,563	4,713	5,261	5,373
Construction Cash Pool	0	0	14,208	0	0	21,201	11,933	14,294	46,720	39,597	35,025
Restricted Cash	969	28,149	426	2,162	450	2,500	2,500	2,500	2,500	2,500	2,500
Total Cash	9,565	42,048	30,260	14,979	9,355	28,720	18,878	21,357	53,933	47,359	42,899
IGC's - General Government	1,126	1,011	1,140	1,369	1,360	1,360	1,408	1,459	1,512	1,566	1,622
MUSA	4,068	3,868	4,089	4,098	5,011	5,330	5,480	5,800	6,050	6,660	6,960
CCP Borrowings from Gen'l Govt.	10,185	8,930	0	6,584	0	0	0	0	0	0	0
Total Outstanding LT Debt	62,416	105,986	115,074	127,368	141,841	177,525	190,390	203,049	268,669	277,777	285,839
Total Annual Debt Service	7,889	5,668	7,237	8,696	9,221	10,302	12,795	13,023	15,401	19,170	20,217
Debt Service Coverage (Revenue)	10.03	5.66	2.88	2.99	2.46	2.60	2.49	3.02	3.00	2.47	2.92
Debt/Equity Ratio	53 / 47	64 / 36	66 / 34	68 / 32	70 / 30	75 / 25	76 / 24	76 / 24	79 / 21	79 / 21	77 / 23
Rate Change Percent	4.01%	9.50%	0.00%	6.50%	2.50%	15.00%	9.50%	9.50%	9.50%	8.20%	8.90%
Single Family Rate	26.30	28.75	26.80	28.54	29.26	33.65	36.85	40.35	44.19	47.81	52.06
Statistical/Performance Trends:											
Number of Accounts	55,272	55,470	55,635	55,783	55,922	56,062	56,202	56,343	56,484	56,625	56,767
Average Treatment (GPD) (000)	30,100	29,400	31,200	29,900	29,975	30,050	30,125	30,200	30,276	30,351	30,427
Miles of Wastewater Lines	721	723	743	751	753	755	757	759	760	762	764

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

	2009 ACTUAL	2010 PROFORMA	2010 BUDGET	2011 BUDGET
OPERATING REVENUES				
CHARGES FOR SERVICES	34,535,148	35,780,000	36,500,000	41,200,000
MISCELLANEOUS	1,464,301	1,566,000	1,400,000	1,500,000
TOTAL OPERATING REVENUES	35,999,449	37,346,000	37,900,000	42,700,000
OPERATING EXPENSES				
COLLECTION	3,972,445	4,211,000	4,187,000	4,747,900
TREATMENT	9,172,670	9,583,000	9,357,000	10,804,900
CUSTOMER ACCOUNTS	1,790,215	1,967,000	2,100,000	2,217,900
GENERAL & ADMINISTRATIVE	7,071,689	7,955,000	8,757,000	8,969,300
DEPRECIATION	4,189,089	5,520,000	5,200,000	6,220,000
MUSA	4,097,804	5,011,065	4,700,000	5,330,000
TOTAL OPERATING EXPENSES	30,293,912	34,247,065	34,301,000	38,290,000
OPERATING INCOME	5,705,537	3,098,935	3,599,000	4,410,000
NON-OPERATING REVENUE				
INTEREST INCOME, NET	1,198,524	570,000	570,000	330,000
TOTAL NON-OPERATING REVENUE	1,198,524	570,000	570,000	330,000
NON-OPERATING EXPENSE				
AMORTIZATION	97,538	130,000	130,000	100,000
INTEREST	3,975,309	4,170,000	4,170,000	4,990,000
INTERFUND TRANSFER	164,443	-	-	-
CAPITALIZED INTEREST	(1,019,157)	(700,000)	(700,000)	(560,000)
TOTAL NON-OPERATING EXPENSE	3,218,133	3,600,000	3,600,000	4,530,000
NET NON-OPERATING EXPENSE	(2,019,609)	(3,030,000)	(3,030,000)	(4,200,000)
NET INCOME	3,685,928	68,935	569,000	210,000

**ANCHORAGE WASTEWATER UTILITY
2011 OPERATING BUDGET DETAIL**

	2009 ACTUAL	2010 BUDGET	2011 BUDGET
LABOR			
Wages	8,175,388	8,534,400	9,575,100
Benefits	4,853,410	5,689,600	6,383,400
Subtotal	13,028,798	14,224,000	15,958,500
SUPPLIES			
Chemicals	927,443	896,500	930,100
Plant, Shop, & Office Expense	1,137,083	1,572,700	1,599,300
Subtotal	2,064,526	2,469,200	2,529,400
INTRAGOVERNMENTAL CHARGES			
Finance Dept	297,361	358,000	358,000
Information Technology Dept	535,592	418,000	418,000
Employee Relations Dept	113,978	130,000	130,000
Other	421,684	453,500	453,500
Subtotal	1,368,615	1,359,500	1,359,500
OTHER SERVICES			
Charitable Contributions	88,500	25,000	50,000
Professional Services	901,227	1,504,000	1,640,300
Rent/Leases	736,890	724,300	754,300
Utilities	2,185,996	2,642,000	2,893,500
Contracted Mtnce/Repair	1,715,261	953,000	953,200
Insurance	77,431	91,600	91,600
Other Services/Charges	995,704	1,058,400	1,109,700
Operating Expense Transfer to CWIP	(1,155,931)	(650,000)	(600,000)
Subtotal	5,545,078	6,348,300	6,892,600
OTHER EXPENSES			
Depreciation	4,189,089	5,200,000	6,220,000
MUSA	4,097,806	4,700,000	5,330,000
Interest Expense	3,975,309	4,170,000	4,990,000
Capitalized Interest	(1,019,157)	(700,000)	(560,000)
Amort Deferred Debits/Discounts	97,538	130,000	100,000
Interfund Transfer	164,443	-	-
Subtotal	11,505,028	13,500,000	16,080,000
TOTAL EXPENSES	<u>33,512,045</u>	<u>37,901,000</u>	<u>42,820,000</u>

**ANCHORAGE WASTEWATER UTILITY
2011 - 2016 CAPITAL IMPROVEMENT PROGRAM
FINANCIAL SUMMARY
(In thousands of dollars)**

	2011	2012	2013	2014	2015	2016	Total
TOTAL, AWWU-FUNDED AND OTHER	38,589	30,381	31,863	31,863	33,345	34,200	200,241
LESS: FUNDED BY GRANTS AND OTHER	1,000	1,000	6,000	6,000	2,000	2,000	18,000
BALANCE: AWWU-FUNDED	37,589	29,381	25,863	25,863	31,345	32,200	182,241