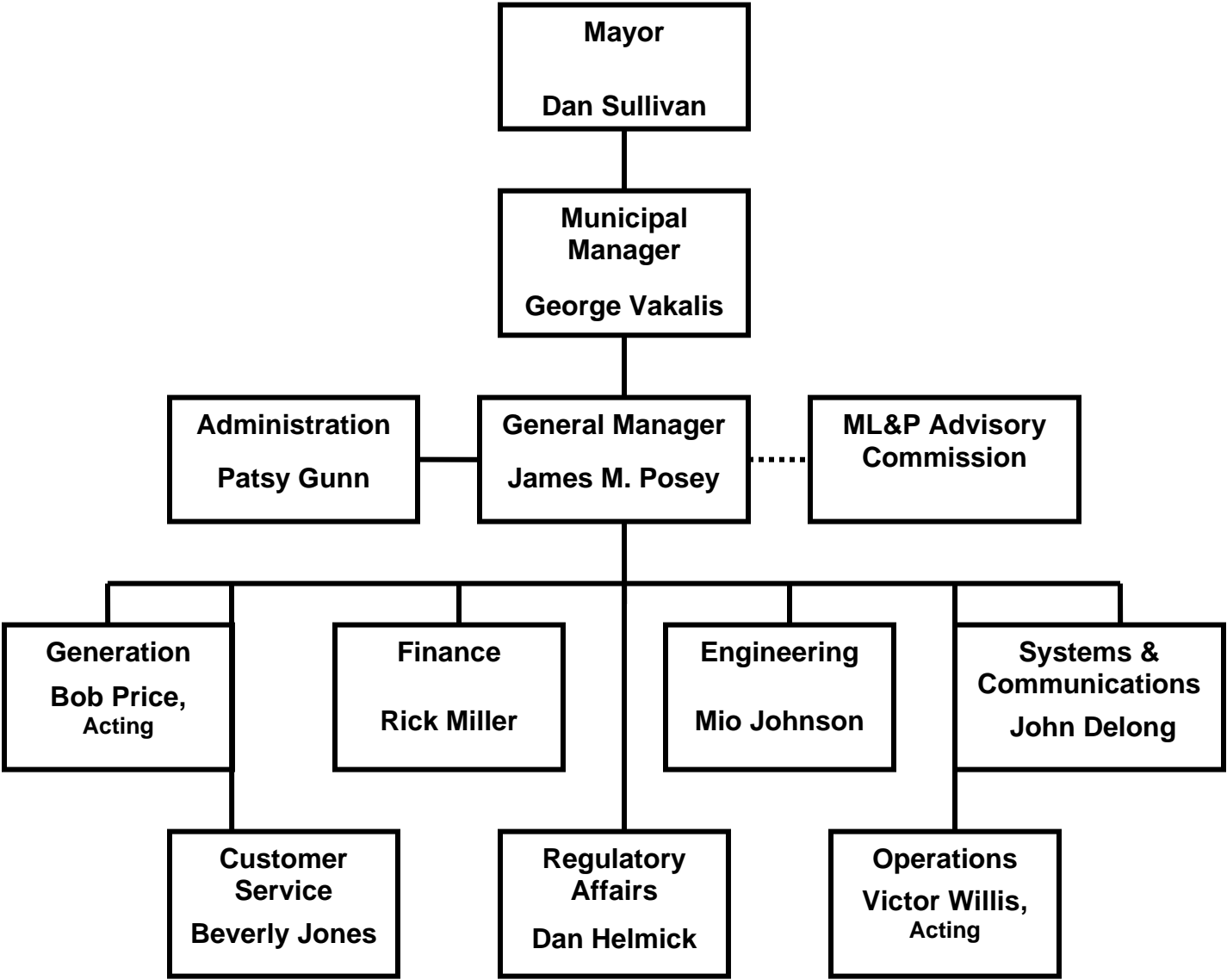


MUNICIPAL LIGHT AND POWER
ORGANIZATION CHART
2012



MUNICIPAL LIGHT AND POWER UTILITY PROFILE 2012

ORGANIZATION

Municipal Light & Power (ML&P) is functionally structured into eight operating divisions: Generation & Power Management, Engineering, Operations, Finance, Regulatory Affairs, Customer Service, Administration, and Systems & Communication. Each division manager reports directly to the General Manager.

As of December 31, 2010, ML&P had 237 employees and total labor and benefit costs of approximately \$39.4 million, which includes operating and capital labor expenditures. Of these 237 employees, 172 were covered by a labor agreement with the IBEW union and 65 were non-represented (covered by the Municipal Personnel Rules).

HISTORY

The history of ML&P is closely linked with the history and development of Anchorage itself. ML&P has emerged to serve a city with approximately half the population of the state at rates which are among the lowest in Alaska and that compare favorably with those of many metropolitan areas in the lower 48 states. ML&P has evolved into an acknowledged energy leader by being customer oriented, innovative, and responsive to customers' needs for safe, economical, and reliable electrical service.

When the Alaska Engineering Commission (AEC) initiated electrical service in Anchorage in 1916, Anchorage was just a small tent city in the wilderness. The City operated the electrical distribution system under a lease agreement, first with the AEC and later with the Alaska Railroad. This lease agreement continued until 1932 when the citizens of the young city bought the electrical distribution system for \$11,351.

A small steam plant and diesel power generators supplied Anchorage with electricity until 1929 when the private Anchorage Power & Light Company began supplying the community with electricity from a hydroelectric power plant on the Eklutna River, 40 miles northeast of Anchorage. The City acquired the Eklutna Plant from the Anchorage Power & Light Company in 1943. In 1955, the City contracted for 16,000 kilowatts (kW) of the generating capacity of a new Eklutna Hydroelectric power project of the U.S. Bureau of Reclamation and transferred "Little Eklutna" to that federal agency.

Between 1962 and 1984, ML&P installed seven turbine-generating units fired by natural gas and one heat recovery steam turbine generating unit. Unit 3, which was purchased in 1968 and remained in service for 36 years, was retired in 2004. Unit 3's replacement, which is the first new generating unit for ML&P in more than 20 years, began commercial operation August 16, 2007. The 30 megawatt simple-cycle gas turbine is a GE LM2500+ and cost \$27.5 million to purchase and install. Four of the seven gas fired turbines have dual-fuel capability, which enhances ML&P's reliability in the event of a disruption of the natural gas transportation system. In addition to its two power plants, ML&P operates nineteen modern substations and is the south-end controller of the Alaska Intertie from Anchorage to Fairbanks.

In late 1996, the Municipality purchased a one-third working interest in the Beluga River Gas Field, which established a guaranteed fuel supply and serves as a means to stabilize fuel prices

for years to come. In 1997, ML&P in association with Chugach Electric Association and Matanuska Electric Association purchased the Eklutna Hydroelectric Project from the federal government. On August 28, 2008 ML&P entered into an agreement with Chugach Electric Association for a dedicated 30% share of the output of the Southcentral Power Project (SPP) plant, varying in electrical output from 45 MW to 54 MW depending on season and temperature. The plant is anticipated to enter commercial operation by fourth quarter 2012.

SERVICES

ML&P service area encompasses 19.9 contiguous square miles including a large portion of the commercial and high-density residential areas of the Municipality. In 2010, the average number of residential and commercial customers was 24,206 and 6,271 respectively. Commercial customers account for approximately 18% of ML&P's customer billings, yet consume 67% of its retail output.

In 2010, electric retail sales totaled 1,122,544 MWh resulting in revenues of \$116,721,479. Total electric operating revenues including Miscellaneous Operating Revenue, Sales for Resale and Other Utility Operating Income were \$129,562,911. ML&P also has agreements to supply Fort Richardson Army Base and Elmendorf Air Force Base with firm electrical service.

REGULATION

ML&P is subject to economic regulation by the Regulatory Commission of Alaska (RCA), which is composed of five members appointed to six-year staggered terms by the Governor and confirmed by the State Legislature. RCA regulation encompasses service area definition, tariff rules and regulations, service quality criteria and establishment of recurring rates and miscellaneous fees and charges.

The ML&P Board of Directors (Board) was created to govern ML&P by the Anchorage Municipal Assembly on September 9, 2008 by passage of Assembly Ordinance No. 2008-90(S).

The power to operate and manage ML&P is vested in the Board. The Board is responsible to the Municipal Assembly and may in general exercise any power unless otherwise provided in the Municipal Charter, Title 32, or prohibited by state law. Municipal Assembly approval continues to be required for the operating and capital budgets, proposed rate increases for filing with the RCA, the purchase or sale of real estate, proposed changes to Title 32, the exercise of eminent domain, the incurrence of debt, the appropriation of grants, amendments to collective bargaining agreements, and confirmation of the general manager and board members.

In May of 2011, passage of AO 2011-24(S) dissolved Title 32 of the Anchorage Municipal Code and mandated transition from a Board-governed utility back to a municipal utility. ML&P's general manager will report to the Mayor through the Municipal Manager. The general manager continues to serve at the pleasure of the Mayor. The existing Board of Directors under Title 32 will cease to exist on November 20, 2011. The Mayor will appoint members to a newly formed Advisory Commission.

ML&P budgets shall be submitted to the Administration before submittal to the Municipal Assembly for approval.

ENVIRONMENTAL MANDATES

Environmental mandates imposed by the Federal and State governments will continue to add to the cost of environmental compliance. Scoping of environmental alternatives and pre-permitting assessments associated with equipment replacements, new generation, and services

expansion will require effort to assure continued regulatory compliance. Recent changes to State oil spill prevention regulations are imposing additional requirements for corrosion protection of fuel storage tanks and piping. As a result, fuel system upgrades will be required.

EMERGENCY PREPAREDNESS/SECURITY

Because of the threat of natural disasters and potential for gas supply disruptions in Cook Inlet, ML&P is continuing its efforts to prevent and minimize threats to the utility as well as establishing recovery procedures. These efforts are done in conjunction with the MOA, state and federal agencies, and other local utilities. Upgraded fencing, increased closed circuit television monitoring and 24-hour guard service at ML&P generation plants have been implemented to enhance security at ML&P's facilities. Alaska Partnership for Infrastructure Protection (APIP) continues to be a valuable tool for information flow from the private sector to the public sector to support emergency response and recovery.

ELECTRIC AND GAS PLANT

ML&P generates, transmits, distributes, and purchases electric power and has a one-third working interest in the Beluga River Unit Gas Field.

- Power Generated/Purchased in 2010

	1,257,788 MWh	
• ML&P Generated	1,103,844 MWh	87.76%
• Eklutna Hydroelectric Project	74,203 MWh	5.90%
• Purchased:		
- Bradley Lake Project	79,441 MWh	6.32%
- Chugach Electric Assoc.	300 MWh	0.02%
- Total Thermal Generation capacity in 2010

	340.9 Megawatts (MW) at 30°F
• Power Plant One (4 Turbines & 2 Diesels)	98.9 MW 29%
• Power Plant Two (4 Turbines)	242.0 MW 71%
• Seven Gas Fired Turbines	
• One Heat Recovery Turbine	
• Four of the seven gas fired turbines are equipped to use No. 2 fuel oil as an alternate fuel	
- Distribution System in 2010

	387 Miles
• Underground Cable	257 Miles 66.41%
• Overhead Line	130 Miles 33.59%
• 19 Substations	
- Total Electric Plant as of December 31, 2010

	\$ 322,924,783
--	----------------
- Total Gas Plant as of December 31, 2010

	\$ 94,097,268
--	---------------
- ML&P has a 53.33% ownership interest in the Eklutna Hydroelectric Project, which has 44.4 MW of installed capacity.
- Pursuant to a Power Sales Agreement with the Alaska Energy Authority, ML&P is required to purchase 25.9% of the output of the Bradley Lake Project, which has 126 MW of installed capacity.

MUNICIPAL LIGHT AND POWER BUSINESS PLAN 2012

MISSION STATEMENT

Provide service with competitive, safe, reliable energy.

GOALS

The goals of ML&P are to:

- Provide electricity on demand to ML&P customers 24 hours a day 365 days a year
- Meet the needs and expectations of our customers by providing:
 - Competitive rates and reliable service for all customer classes
 - Prompt, reliable and courteous customer assistance
 - Support and assistance to the military bases
 - Support and assistance to wholesale power customers
- Replace old turbines with more efficient, state-of-the-art turbines capable of achieving over 25% fuel savings
- Operate the electrical system with optimum economic efficiency and strict adherence to environmental standards
- Provide for the safety of both the public and our employees in the operation of the electrical system
- Recruit and retain a highly skilled, diverse workforce dedicated to serving the Anchorage community
- Improve system reliability by incorporating new components, technologies, and methods of cooperation with interconnected utilities
- Maintain competitive rates by incorporating cost cutting technologies and streamlining business processes without jeopardizing the financial and operational integrity of the utility
- Attain the financial objectives established in the Equity Management Plan
- Promote efficient use of electrical energy
- Continue to provide educational programs to school children and the community on electrical safety. Communicate factual information to customers and the public at large on issues affecting ML&P and the utility industry, including means by which the customer may undertake on their own volition measures to install cost-effective energy efficient technologies and promote energy conservation
- Foster teamwork and an integrated approach to decision-making within the utility
- Maintain equity and earn net income at a level sufficient to continue to pay annual dividends to the Municipality of Anchorage

GENERAL MANAGER'S OFFICE

The General Manager is responsible for the overall management of Municipal Light & Power. ML&P is functionally structured into eight operating divisions: Administrative, Generation and Power Management, Engineering, Operations, Finance, Regulatory Affairs, Customer Service and Systems & Communication. Each division's manager reports directly to the General Manager. The General Manager and Division Managers are responsible for coordinating both the strategic planning efforts and the efficient application of resources necessary to achieve ML&P's mission.

ADMINISTRATION DIVISION

The Administrative Division provides support to the General Manager. Functions carried out by the Administrative section include: human resources, labor relations, safety, security, public relations, legal services, telephone switchboard/receptionist duties, and courier/mailroom operations.

Objectives and Tasks

- Recruit and retain technically competent, highly skilled and professional employees to join the ML&P team by providing a competitive wage scale
- Continue to provide employees with the training and education necessary to maintain technical competence and professional credentials
- Successfully negotiate and administer the ML&P/IBEW Collective Bargaining Agreement
- Ensure labor contract management compliance and respond to union grievances
- Provide educational material and programs related to energy matters and safety for the public
- Maintain the security of ML&P facilities and personnel
- Coordinate with or assist other municipal departments in joint or common projects
- Coordinate with other utilities on matters of common concern
- Administer Municipal Policies and Procedures within the utility
- Prepare and review ML&P Policies and Procedures
- Administer AERC, MOA-OEO, and ERC regulations
- Ensure compliance with ADA, FMLA, and FLSA
- Coordinate security matters with state and federal agencies
- Maintain Employee Classification System
- Review and administer disciplinary actions
- Prepare and review letters of agreement and proposed amendments and modifications of the Collective Bargaining Agreement
- Resolve contract disputes with contractors
- Provide timely and accurate information to the media, customers, and the public about the utility and issues facing the electric industry
- Manage responses to the public, media and Mayor's office during power outages or emergency situations
- Manage and enhance ML&P's reputation by selectively participating in community events, programs and sponsorships that enhance the quality of life in Anchorage and offer positive public relations for the utility
- Manage ML&P contributions budget
- Maintain the Key Accounts Program by providing bi-monthly newsletters to commercial customers and information regarding demand-side management
- Provide pertinent information to residential and commercial customers through a newsletter published every other month and through bill stuffers
- Promote electric safety and energy conservation in elementary schools through presentations requested by the Anchorage School District
- Manage plant tours for vocational schools and other groups
- Manage special utility projects related to commercial accounts, renewable resources (Green Power) and energy efficiency
- Monitor the overall usage of the ML&P website and manage data to insure effectiveness

GENERATION AND POWER MANAGEMENT DIVISION

The Generation and Power Management Division is responsible for the production and dispatch of all thermal electricity at ML&P and the dispatch of the Eklutna Hydroelectric plant.

This includes operation, maintenance, engineering, and installation of equipment used in conjunction with the two municipally owned electric power plants. The division also provides full spectrum maintenance and support for the Eklutna Hydroelectric Power Plant of which ML&P owns 53%.

The Generation and Power Management division is also responsible for the safe and efficient operation of the Dispatch Center and for the management of environmental compliance programs.

The generation division is working to improve efficiency and safety by better organizing its drawing system. Plant personnel and contract engineers are working to update drawings to match the current plant configuration. The Piping and Instrument Diagrams (P&IDs) has been the focus of this effort. Accurate P&ID drawings will provide all personnel with an accurate map of the system. By installing tag numbers on all the equipment there will be no confusion operating valves to safe out a particular part of the system.

ML&P has agreed to become a 30% owner of the new Southcentral Power Plant (SPP) with the other 70% being owned by Chugach Electric Association. The planned commercial operation date for this new generation facility is fourth quarter 2012.

The Generation Plant Operators operate the turbines as required by the dispatch center. The operator's primary function is to monitor and respond to equipment alarms and trips. This is done on a 24 hour basis. They request assistance from the mechanical and electrical crews when major problems develop and also perform some light maintenance in the plants themselves.

The operators maintain regulatory logs and reports required by the Federal Energy Regulatory Commission (FERC) and Energy Information Administration (EIA).

The operators coordinate lock out/tag out safety procedures in the plant when equipment is taken out of service for maintenance.

One operator is designated to take care of demineralized water production for the boilers. Demineralized water is required to prevent deposits from building up inside the boiler tubes which would reduce their thermal efficiency.

The Heavy Mechanical crew performs overhauls and major maintenance of power production equipment. This experienced crew is trained to disassemble large industrial turbines, evaluate their condition and make necessary repairs. They also coordinate with Original Equipment Manufacturers on specialized repairs and acquisition of new parts. The crew also looks for new advancements in technology which can improve reliability and efficiency as obsolete equipment fails.

The Electric/Electronic section provides maintenance and installation of all instrumentation that includes generation control and protective systems, supervisory control and data acquisition systems (SCADA), general plant electrical systems, and other related plant and construction

work. The crew looks for new advancements in technology which can improve reliability and efficiency as obsolete equipment fails.

The Eklutna hydroelectric plant is managed by a ML&P Superintendent but operated by a CEA Operator. Maintenance is provided by the ML&P Heavy Mechanical & Electrical/Electronic crews. Light maintenance is performed by the CEA operator under the direction of the ML&P Superintendent. Plant electrical production and costs are shared between ML&P, CEA, and MEA (Matanuska Electric Association) based on a predetermined percentage of ownership.

The Power Management section performs studies and analysis to determine the optimal operation of ML&P's Generation and Hydroelectric resources and conducts a variety of power pooling and marketing studies to identify power sales opportunities between ML&P and other Railbelt utilities.

In addition, this section works with contracted software support consultants to implement new data bases and economic dispatch programs and produces many of the analyses ML&P relies on for strategic decisions related to power sales contracts, economic dispatch, and ML&P generation investment options. This section provides for operating guidelines and technical review, failure analysis, and system modeling. The two major functions of the Power Management section are as follows:

Power Dispatch is responsible for the safe and efficient control and dispatch of ML&P's interconnected electrical system, including the Eklutna Hydroelectric Project and the southern portion of the Alaskan Intertie. This section is responsible for continuous coordination with other utilities in the Railbelt to provide for system reliability and to pursue opportunities for power sales and purchases. In addition, this section responds to emergencies or unscheduled outages on the Interconnected System, ML&P Transmission System, and/or ML&P Power Plants and directs outage restoration procedures.

Distribution Dispatch operates the ML&P distribution system in a safe and reliable manner, responds to distribution system emergencies and unscheduled outages, directs restoration procedures to restore service as soon as practicable, and directs switching and tagging of scheduled maintenance, new services, and system improvements. This section also maintains ML&P's official record on the status of the distribution system as currently connected and produces Outage Reports.

The Administrative section is responsible for daily operation of the generation division's files, records, and budgetary tasks. One of these primary tasks is budget tracking and coordination with the finance division on expenditures. Capital and expense budget costs are controlled by this section. They also compile end-of-month reports on fuel usage and power generated from the plants, as required by ML&P accounting, FERC, and EIA. The administrative section also sends these reports to the necessary agencies.

The Generation Warehouse section maintains an inventory of critical spare parts for the generation division. Because Alaska is a remote location delays in getting materials could cause extended outage for ML&P customers. There is also an economic advantage to purchasing parts that have a long lead time; a 25% savings on parts that can cost several million dollars can be realized by doing this.

The warehouse personnel are experienced electricians and mechanics who know the ML&P systems well. They engineer design changes to the system when obsolete parts cannot be found by specifying requirements for new replacement parts. Different parts are required in different types of service. The service is defined by the product. Examples of the products are liquid fuel, natural gas, high pressure steam, condensate, hydraulic fluid, lube oil, glycol, hydrogen, etc. The operating temperature and operating pressure of these products requires that different design requirements be specified for each system.

ML&P is working to standardize the various systems and simplify the process of acquiring new parts. This will also improve safety in the plant. This can be done in conjunction with the P&ID work and the building of specifications for the systems.

Objectives and Tasks

- Minimize customer outages
- Provide low cost power
- Provide electrical generation with the utmost reliability and efficiency
- Implement system improvements to replace obsolete parts, improve reliability and efficiency
- Representation on various state and national operating committees as required
- Address Occupational Safety and Health Act (OSHA) matters; implement Environmental Protection Agency (EPA) initiatives and all other related regulatory and training requirements
- Represent ML&P on inter-utility committees and subcommittees, including the Intertie Operating Committee and the Alaska Coordinating Council/Railbelt Coordinating Committee
- Provide Dispatch Center support 24 hours a day, 365 days a year under normal and emergency conditions
- Perform studies and analysis to determine the optimal integration of ML&P's generation and hydrothermal resources
- Act as Southern Operator of the Alaska Intertie
- Direct and control all of ML&P's switching and tagging operations
- Negotiate, schedule, and control wholesale power sale transactions
- Manage the comprehensive Dispatcher Training Program
- Direct restoration of service to customers following outages
- Dispatch and control ML&P Generation and the Eklutna Project and schedule ML&P Bradley Lake energy and capacity
- Produce analysis related to power sales, system operation, economic dispatch, and generation investment decisions
- Assist in the planning and installation of the improved SCADA and Energy Management System (EMS)
- Ensure the ability of the Dispatch Center to survive and function during and after disasters
- Conduct ongoing training for employees and implement a new simulator training program for Plant 2 operators

ENGINEERING DIVISION

The Engineering Division is responsible for the planning, budgeting, design, coordination, and construction of transmission and distribution facilities that are required to provide consumers with safe and reliable electrical power.

The Engineering Support section is responsible for professional services contract administration, local rights-of-way record keeping and acquisition, surveying, underground locates, work order tracking and project review, continuing property/facility records and drafting, mapping, and Geographic Information Systems implementation.

The Station Design section prepares complete substation and switchyard design packages, procures purchases of all equipment, prepares specifications, contract documents, and procures construction contracts, and interfaces with other sections and divisions.

The System Planning section conducts transmission and distribution load flow studies, prepares construction standards, provides technical support to other sections and divisions for system upgrades and modifications, prepares planning studies, performs distribution system fault and failure analyses, manages the annual distribution transformer order including procurement, purchase and evaluation.

The System Protection section performs relaying protection and coordination of all distribution and transmission systems and interfaces with other intertie utilities.

The Transmission/Distribution Line Design and Customer Engineering section is responsible for the design of major system improvements, relocations, undergrounding, and line extensions of the transmission and distribution systems, and provides engineering services to new customers, including new service line extension design, minor customer service, non-ML&P construction project reviews and safety compliance assessments, material specification and construction methods, standards development and maintenance, material bids evaluation, "unit price" construction contracts, and other special projects.

Objectives and Tasks

- Responsive design of new customer services
- Design, construct, contract for, and manage substations, plant switchyards, system protection, and sectionalizing plans
- Maintain continuing property records and system maps
- Investigation of customer service complaints and power quality issues
- Investigation of system safety concerns
- Research and integration of technological advances into the existing system
- Analysis of ML&P's power system and intertie system operation
- Perform class load research, voltage profiles, and contingency studies
- Development of required capital improvement plans and projects/budgets, as well as the engineering design and management of projects
- Development of special studies, including failure analysis reports
- Representation on technical committees and the Alaska Systems Coordinating Council and other committees as required
- Coordination with other governmental entities and utilities for use of right-of-way and location or relocation of underground plant
- Provide technical support necessary to comply with all applicable environmental laws and regulations while integrating environmental risks, costs, and impacts in the decision-making process
- Procurement and implementation of Geographic Information System

OPERATIONS DIVISION

The Operations Division oversees the construction, maintenance, and operation of the transmission and distribution systems, administration of contracts and contractors, facility maintenance, fleet and equipment maintenance, and warehousing of required material.

The Line section is responsible for the construction and maintenance of the transmission and distribution systems. This section also provides cut in/cut out assistance for the Customer Service Division and switching services as directed by the Generation and Power Management Division.

The Technical Services section provides services associated with electrical metering and substation maintenance including installation, calibration and testing of circuit breakers, relays, meters, transformers and SCADA equipment.

The Fleet Services section provides pre-purchase technical specifications, preventative and nonscheduled maintenance of all utility rolling stock, miscellaneous equipment, and hot line tools.

The Electrical Services section provides testing, repairs and tracking of transformers, facility maintenance and associated contract administration, as well as management of ML&P's PCB/Hazardous materials testing and disposal program.

The Warehouse section is responsible for receipt, storage and issuance of construction and maintenance material for Engineering and Operations. They also provide support to other divisions in processing purchase requisitions, including change orders and receiving goods.

The Meter Reading section is responsible for accurate and timely scheduled monthly meter reads, timely reads on customer connects and disconnects and delinquent door hanger notices. This section also investigates customer energy usage patterns, high bill complaints, customer equipment access issues and power theft incidents.

Objectives and Tasks

- Improve reliability and reduce service interruptions through ongoing inspection and preventative maintenance programs
- Maintain the pilot wire system
- Annually inspect and maintain ML&P's Central Business District (CBD) vault-duct system
- Maintain right-of-way clearing and maintenance program
- Provide SCADA support services
- Annual inspection of distribution system and scheduling of routine maintenance
- Preventative maintenance of substations and 115KV switch yards
- Continue comprehensive meter audit programs
- Continue system inspection programs using infrared and x-ray technologies
- Provide reliable fleet service and vehicle maintenance by performing annual vehicle safety inspections
- Provide improved street lighting by continuing the upgrade of older street lighting systems
- Provide efficient system construction
- Refine ML&P's Comprehensive Construction and Scheduling Program
- Annually monitor and evaluate unit price contracts and expedite bid programs
- Provide an effective, reliable construction feedback and tracking system

- Provide utility wide cost effective facility management by conducting annual heating and cooling systems inspections and on-going building maintenance inspections
- Identify and initiate the replacement of failing meters and equipment
- Evaluate new technologies and alternatives for meter service
- Conduct power theft investigations and gather evidence for collection efforts
- Conduct investigations of customer premise access issues
- Inspect customer's premises for defective equipment which can cause high bills
- Read all customer meters every 28 - 32 days, with at least a 99.5% accuracy record
- Direct PCB testing, removal, and disposal

FINANCE DIVISION

The Finance Division provides financial management and analysis of reports and budgets to ML&P's staff and Advisory Commission, the Administration, Assembly and regulatory agencies.

The Accounting section is responsible for financial analyses and reporting in the manner prescribed by the Federal Energy Regulatory Commission, Regulatory Commission of Alaska (RCA), and Generally Accepted Accounting Principles (GAAP). The Accounting section is also responsible for developing and maintaining the utility continuing property records (CPR) and providing accounts payable services.

The Budgeting section is responsible for financial forecasting, financial modeling, bond sale support, yearly operating and Capital Improvement Plan budget submissions, developing budgeting standards, ensuring budget compliance, and providing other situational fiscal analysis as required.

The Payroll section is responsible for collection and submission of employee time sheets for accurate payroll processing to meet bi-weekly payroll requirements; preparation of monthly health and welfare and pension and benefits reporting in compliance with collective bargaining agreements.

Objectives and Tasks

- Provide accurate and timely financial and accounting information on a monthly basis
- Prepare reports necessary to meet internal and external reporting requirements
- Develop and analyze reports to convert financial data into meaningful management information
- Provide financial training on new or changing accounting pronouncements
- Assist and respond to the annual external audit and other internal audits
- Prepare and publish the audited financial statements
- Prepare the Form 1 report and file with the RCA
- Provide Regulatory Affairs with financial data to develop Revenue Requirement, Cost of Service and other regulatory filings, provide testimony and testify before the RCA
- Upgrade depreciation reserve segment of CPR for potential changes in depreciation policies
- Produce the annual business plans, operating budgets, and capital budgets
- Develop and implement long-range financial forecasts and reports
- Review capital work order set-up information for accuracy and completeness
- Provide budget analyses throughout the year for the Advisory Commission
- Provide historic and prospective budget data for requesting entities
- Provide state and federal agencies with detailed budget and accounting information as necessary
- Advise management on financial issues facing the utility

- Provide guidelines to management on attaining Equity Management Plan objectives
- Coordination with Human Resources on all IBEW hire/rehire orientations and employee/payroll matters

REGULATORY AFFAIRS DIVISION

The Regulatory Affairs Division is responsible for regulatory matters, long-range resource planning, day to day operation of ML&P's interest in the Beluga River Unit (BRU) gas field, Federal and State environmental regulatory compliance, and pursuit of initiatives necessary to perpetuate the utility's financial health and competitive position.

The Administrative section is responsible for long-range planning, including the preparation of integrated resource plans, gas and electric load forecasts, and coordination with other utility and State agencies regarding system-wide and Railbelt planning initiatives. The Administrative section is also responsible for conducting revenue bond sales, which requires preparing Official Statements, bond indentures, rating agency presentations, and three-year electric system reports. Additionally, the section plays a major role in providing information and support to ML&P's Advisory Commission.

The Rates and Tariffs section is responsible for compliance with the Alaska Public Utilities Commission Act, as amended, and associated law. The fundamental function of this section is to maintain ML&P's tariff and special contracts under which the utility does business with the public. This includes activities such as tariff revisions, COPA filings, rate studies, and participation in all regulatory proceedings affecting ML&P's ability to perform its mission. This section also performs economic modeling and pricing, assists in negotiating power contracts, and engages in financial analyses for ML&P management.

The Beluga Gas Field section is responsible for meeting Beluga River Gas Field transport nomination, accounting and tax compliance requirements as well as insuring compliance with the BRU Joint Operating Agreement and Gas Balancing Agreement. This section is also responsible for acquisition of supplemental gas supplies, either through new source contracts, exchange agreements, or capital improvement efforts intended to increase/maintain field production, gas storage, or import of fuel resources from regions other than Cook Inlet.

The Environmental section is responsible for protecting the public's health by preventing hazardous materials releases by ML&P and maintaining compliance with operating permits and applicable environmental regulations.

Objectives and Tasks

- Manage ML&P's regulatory proceedings
- Develop revenue requirement and cost of service studies.
- Conduct customer class load research in support of cost allocations
- Revise tariffs as required.
- Monitor federal and state regulatory proceedings and provide timely response to developments as they occur in those proceedings.
- Maintain a constructive relationship with regulatory agencies in order to achieve ML&P's goals in the regulatory arena
- Effectively represent ML&P's position to state and federal legislators and the RCA
- Assist with representation of ML&P's legislative agenda before the Alaska State Legislature and Congress

- Maintain constructive relationship with BRU partners, Conoco Phillips and Chevron Texaco to ensure efficient operations of the gas field
- Administer hazardous chemicals control programs and contaminated ground water treatment programs
- Conduct permit negotiations with State and Federal environmental agencies

CUSTOMER SERVICE DIVISION

The Customer Service Division provides a full line of customer services for ML&P's electric customers.

The Customer Service section is responsible for any customer contact necessary to establish, maintain, and terminate electrical service and landlord contracts. This section explains rates and tariff applications as required, responds to residential and commercial service requests and bill inquiries, and processes cash receipts, while maintaining security of customer records. Customer Service is the focus for customer contact in the utility.

The Credit and Collections section is a primary function of the Division as it is responsible for negotiating payment schedules in accordance with ML&P's tariff, Alaska Statutes, and accepted Fair Credit Act practices, as well as providing anti-identity theft measures demanded by Federal statutes and practices. This section is also responsible for maintaining a low percentage of write-offs, coordinating all customer refunds and reviews, as well as preparation of accounts for legal referral.

Billing, another key function of the Division, receives the read data collected by the meter readers and processes, records, and renders billing statements to clearly inform the customer of their energy consumption.

Objectives and Tasks

- Create and maintain superior levels of customer satisfaction
- Respond to customer inquiries, including telephonic, e-commerce, and in-person contact, in the most efficient and timely way practical
- Provide accurate customer records, review and monitor updates to the tariff as business needs indicate
- Analyze billing functions for opportunities to improve the efficiency and quality of customer billing services
- Maintain a high collection index utilizing both internal and external resources
- Assign account representatives to key accounts for continued superior service
- Maintain statistical records of employee and Division performance standards
- Develop and maintain a well trained and highly energized work force, capable of meeting all customer demands
- Perform energy use evaluations and administer energy audit contracts for customers
- Develop team performance standards to support customer service efficiency and quality
- Review policies, procedures, and tariffs for compliance and improvements
- Research, develop and implement e-commerce strategies and capabilities
- Prepare and review installment agreements with customers
- Promote and maintain the Key Accounts Program in partnership with Public Relations
- Develop and maintain customer appreciation programs that invigorate and educate our customers about energy efficiency and the possibilities of renewables
- Represent the utility as the identity of ML&P through customer contact and superior service and maintain open lines of communication between the customer and the utility

SYSTEMS AND COMMUNICATION DIVISION

The Systems and Communication Division provides internal communications, business systems installation and process control support for all ML&P Divisions and the General Manager's office. In addition, this Division provides recommendations for communication system upgrades, improvements and replacements ensuring equipment compatibility and cost efficiency.

The System Support section is responsible for installation, operation and maintenance of computers and operating system software as well as private branch exchange (PBX) telecommunications. This section maintains data integrity and security, training and help desk assistance to system users.

The Strategic Support section is responsible for analysis, design, development, implementation, maintenance, and support of the electronic time card, financial management information, continuing property records and customer service related data systems. This section also provides SCADA application programs support, as well as technical support for the ML&P website and GIS functions.

The Energy Management System (EMS) section provides configuration, maintenance and technical support for the ML&P SCADA/EMS system infrastructure and user computer consoles used to manage and control power generation, transmission and distribution systems.

The Communication/Electronics section is responsible for maintenance and upgrades of radio, cellular, microwave and process control communication devices for ML&P and client agencies. It also installs and removes mobile radio devices for fleet vehicles, provides local area network circuit engineering and distribution from communication equipment components to ML&P end users, and installs/maintains internal physical security devices for ML&P.

The Document Control and Records Management section is responsible for establishing and maintaining utility wide document management and retrieval technologies.

Objectives and Tasks

- Maintain computer systems security to ensure data and system integrity
- Develop applications to meet ML&P business objectives
- Develop innovative, state-of-the-art alternatives for customer information and billing programs
- Manage hardware, software, and system procedures to improve operating efficiency and performance
- Provide enhancements and maintenance to operational data, wire line and wireless communication systems
- Develop and monitor long-range information system continuity plans
- Manage and maintain an efficient, cost-effective telecommunications system
- Provide advanced customer access technology
- Refine ML&P-wide document management and retrieval programs and maintain storage and retrieval system
- Maintain operating efficiency of EMS and SCADA software and hardware and provide 100% up-time of current redundant systems
- Maintain a real-time microwave communications backbone
- Perform annual inspections and maintenance of all subscriber radios and base stations
- Provide cost-effective reimbursable radio installation and repair service to client entities
- Provide communications and technology applications during emergencies

- Assist in maintaining presence on the World Wide Web
- Provide GIS function to support Engineering and Customer Service needs
- Provide data & SCADA resources for all other divisions
- Maintain internal physical security devices and closed circuit TV monitoring network
- Develop, implement, configure and maintain service area Fiber Optics system networking capabilities

MUNICIPAL LIGHT AND POWER HIGHLIGHTS AND FUTURE EVENTS 2012

NEW GENERATION

ML&P is at a point from a life cycle perspective where it must make significant generation capital additions over the next few years. Currently, there is \$221 million (in nominal dollars) in the capital budget for new generation to replace aging generation infrastructure. Modern generating units are much more efficient, allowing them to deliver more energy for the same amount of fuel. The goal of ML&P is to have new generation facilities online by fourth quarter 2014 at Plant 1 and fourth quarter 2015 at Plant 2.

SOUTHCENTRAL POWER PROJECT

ML&P entered into a participation agreement with Chugach Electric Association, Inc. (CEA) on August 28, 2008 to proceed with the joint development, construction and operation of the Southcentral Power Project (SPP). The design of the plant includes three GE LM6000PF DLE combustion turbines that recover exhaust heat to produce additional electricity in a steam bottoming cycle. Three machines have been purchased by SPP with total capacity of approximately 180 MW, of which ML&P's proportionate share will be 54 MW, or 30%. ML&P's estimated share of the cost of SPP is \$121.5 million. SPP is anticipated to enter commercial operation by fourth quarter 2012.

DIVIDEND AND GROSS RECEIPT PAYMENTS

The dividend consists of a revenue distribution to general government of 5% of the utility's gross revenues (excluding restricted revenues) and a gross receipts payment considered supplemental MUSA at 1.25% times actual gross operating revenues. The dividend is based on prior year revenues confirmed after audit.

In response to a proposal from ML&P, the Regulatory Commission of Alaska issued a bench ruling on November 7, 2005, removing their restriction on dividend and dividend-like payments, thereby reinstating ML&P's ability to pay dividends to its owner, the Municipality of Anchorage. From 2006 to 2010 the total dividend and gross receipts distribution is \$35.4 million, averaging \$7 million a year.

MUSA AND GROSS RECEIPTS

The Municipal Utility Service Assessment (MUSA) was originally established by the Assembly in June 1976 and was calculated on all (contributed and non-contributed) net classified plant in service. AO 88-162, approved by the Assembly in November 1988, exempted contributed plant from the calculation of MUSA. The purpose for exempting MUSA on contributed plant was driven by a desire of the then Administration to mitigate the "rate shock" that would have resulted from the addition of significant amounts of water and sewer plant that AWWU was placing in service (including the Eklutna water treatment plant) as a result of national mandates from the Environmental Protection Agency (EPA) designed to improve the nation's waterways. Though the funding for this construction was in large part contributed by the EPA, rates would still have risen significantly as a result of the MUSA assessment that would result from its placement in service.

In order to offset the loss of revenues that would have occurred as a result of the Assembly's action, which primarily benefitted AWWU because of their dependence on contributed plant, the

Assembly created a supplemental MUSA, which was determined by applying 1.25% against prior year gross operating revenues on all of the enterprise funds, including ML&P. Ultimately, AWWU has never paid the gross receipt MUSA because the RCA determined that it has the characteristics of a dividend, and AWWU is restricted from paying dividends because its capital structure is considered impaired. ML&P also did not pay the gross receipt MUSA for the same reason until 2005, when the RCA lifted the dividend restriction on ML&P due to satisfactory improvement in its capital structure.

AO 2003-160, approved by the Assembly in December 2003 reinstated contributed plant as a component of the MUSA calculation. After many years of proceedings with the RCA and court system, this matter was finally resolved in the summer of 2011, resulting in the full recovery in rates of MUSA, including both contributed and non-contributed plant.

As a result of re-instatement of contributed plant in the MUSA calculation, ML&P management is in this budget proposing the removal of the gross receipts portion of MUSA as a payment to the Municipality effective for FY 2013 forward. ML&P is proposing a one-year transition period in order that the general government budget can prepare for the loss of revenues resulting from this action. While ML&P will make its formal case to the Administration and Assembly regarding this proposed treatment during 2012, it should be noted that our recommendation is based on that fact that 1) contributed plant has been reinstated in the MUSA calculation, 2) ML&P is currently paying more in dividend to the MOA than a similarly situated investor owned utility would, 3) ML&P's capital structure is suffering as a result, and 4) ML&P has a significant six-year CIP, to which these funds could be better applied.

MUNICIPAL LIGHT AND POWER BUDGET ASSUMPTIONS 2012

Beginning January 1, 2006 all of ML&P's gas requirements for generation (except for purchases to meet peaking requirements) are supplied from its one-third interest in the Beluga River Unit Gas Field. Therefore, the transfer price of gas from the Gas Division to the Electric Division is, for all practicable purposes comprised of costs necessary to produce gas, and is budgeted to decrease from \$3.24/MCF in 2011 to \$2.49/MCF in 2012. ML&P's gas sales contract with CEA expired April 2011.

On May 28, 2010, the RCA issued Order Number 1 in Docket U10-31 granting ML&P a 4.01% across-the-board interim and refundable rate increase to demand and energy charges effective June 1, 2010. On August 22, 2011, the RCA issued Order Number 15 granting ML&P a 6.83% across-the-board increase to ML&P permanent rates for demand and every charge effective immediately. ML&P interprets this to mean that the decision is effective immediately and the new rates will be effective when ML&P files the amended tariff sheets and the RCA approves them. ML&P anticipates that this will occur effective October 1, 2011.

MUNICIPAL LIGHT AND POWER
WORKFORCE PROJECTIONS
2012 - 2017

DIVISION	2012	2013	2014	2015	2016	2017
Administration	15	15	15	15	15	15
Regulatory	8	8	8	8	8	8
Generation	81	81	81	81	81	81
Engineering	28	28	28	28	28	28
Operations	59	59	59	59	59	59
Customer Service	21	21	21	21	21	21
Finance	21	21	21	21	21	21
Systems & Communications	26	26	26	26	26	26
Subtotal	259	259	259	259	259	259
Part-time/Temporary	24	24	24	24	24	24
TOTAL	283	283	283	283	283	283

MUNICIPAL LIGHT AND POWER

11-YEAR SUMMARY OPERATING BUDGET

Financial Overview	Actual			2010	ProForma 2011	Budget 2012	Forecast				
	2007	2008	2009				2013	2014	2015	2016	2017
Revenues	104,457	108,140	120,398	134,702	135,568	128,239	137,956	153,404	166,979	165,311	182,522
Expenses	81,066	94,643	108,373	125,232	124,693	114,646	122,240	134,077	147,699	157,832	168,995
Special Item	-	921	-	-	-	-	-	-	-	-	-
Net Income After Special Item	23,391	14,418	12,025	9,471	10,875	13,593	15,716	19,327	19,280	7,480	13,526
Work Force Authorized per Budget - FTE	260	265	265	274	274	274	274	274	274	274	274
Capital Improvements	65,861	35,715	58,306	62,445	112,640	127,009	127,646	87,072	56,473	37,510	23,338
Bond Sales	-	-	129,362	(0)	127,400	-	147,000	-	19,600	-	-
Net Non-Contributed Plant (12/31) (REG)	305,538	313,856	317,346	312,137	323,490	441,002	429,259	475,180	617,929	614,080	600,871
Net Contributed Plant (12/31)	29,024	30,672	40,681	43,937	67,597	83,961	104,817	102,787	100,299	90,421	82,601
Net Electric Plant (12/31) (GAAP)	334,562	344,528	358,027	356,075	391,088	524,963	534,076	577,967	718,227	704,501	683,472
Retained Earnings (12/31)	214,492	223,717	230,341	233,797	238,077	245,023	254,467	267,229	278,998	278,260	283,650
General and Restricted Cash	48,013	55,611	113,845	118,527	114,399	96,188	83,510	68,247	61,012	56,951	65,905
Bond Construction Cash	-	-	75,768	50,699	120,000	35,000	87,000	22,000	9,000	-	-
Bond Redemption Investment	27,276	26,144	33,068	33,253	32,456	37,369	37,338	44,773	44,441	38,455	34,545
Debt Service Account	1,890	2,193	2,790	2,667	2,631	3,014	3,051	3,631	3,657	3,154	2,835
Grant Cash	(1)	-	-	-	-	-	-	-	-	-	-
Operating Fund Investment & Customer Deposits	8,044	9,202	9,765	12,611	13,811	13,011	14,211	14,811	16,211	16,911	18,311
Total Cash & Investments (12/31)	85,222	93,150	235,235	217,756	283,297	184,582	225,111	153,463	134,322	115,472	121,596
IGCs - General Government	3,612	3,726	3,751	3,264	3,458	3,602	3,806	3,847	3,887	3,929	3,972
Dividend	5,969	5,192	5,401	6,014	6,595	6,647	6,272	6,765	7,540	8,219	8,135
MUSA and Gross Receipts	3,671	4,314	4,405	5,073	5,376	5,745	4,493	4,585	7,217	9,690	9,851
Total Outstanding Debt	179,055	161,760	274,490	257,495	370,550	353,635	486,550	468,640	470,065	457,532	448,270
Total Annual Debt Service	28,440	27,071	26,730	32,970	32,456	37,369	37,338	44,773	44,441	38,455	34,545
Debt Service Coverage	2.14	1.90	1.83	1.58	1.54	1.45	1.55	1.52	1.62	1.79	1.80
L.T Debt/Equity Ratio	45.5/54.5	42.0/58.0	54.4/45.6	52.4/47.6	60.9/39.1	59.1/40.9	65.7/34.3	63.7/36.3	62.8/37.2	62.2/37.8	61.2/38.8
Rate Change Percent	0.00%	0.00%	0.00%	4.01%	0.00%	4.50%	9.50%	8.00%	4.00%	0.00%	5.00%
Electric Statistical/Performance Trends:											
Residential Customer (500 kWh) (1)	\$46.84	\$57.35	\$55.47	\$60.77	\$69.92	\$63.16	\$66.91	\$74.30	\$80.90	\$80.44	\$88.40
Total Residential Sales (kWh)	147,246	147,725	147,643	143,472	144,448	144,930	145,325	145,686	146,048	146,409	146,773
Commercial & Industrial Sales (kWh)	753,227	754,542	760,450	749,946	751,884	756,070	760,529	765,015	769,528	774,067	778,632
Total Kilowatt Hour Sales (kWh)	900,473	902,267	908,093	893,419	896,332	900,999	905,854	910,702	915,576	920,476	925,405
Total Retail Sales Revenue	\$80,875	\$89,707	\$108,910	\$118,194	\$114,657	\$111,294	\$117,840	\$132,586	\$146,077	\$145,666	\$162,738

(1) Rates for Electric Residential customers as of March 31 each year using 500 kWh and including Cost of Power Adjustment.

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

MUNICIPAL LIGHT AND POWER

STATEMENT OF REVENUES AND EXPENSES

	2010 Actual	2011 Proforma	2012 Budget
OPERATING REVENUE			
Residential	18,576,036	18,501,000	18,306,000
Commercial & Industrial	81,223,012	79,739,000	77,708,000
Public Highway & Street Lighting	1,235,236	1,247,000	1,262,000
Military	15,687,195	15,170,000	14,018,000
Sales for Resale	9,434,212	15,034,000	10,712,000
Miscellaneous Service Revenue/COPA	3,290,682	1,170,000	1,170,000
Rent from Electric Property	116,539	120,000	120,000
TOTAL OPERATING REVENUE	129,562,911	130,981,000	123,296,000
OPERATING EXPENSES			
Production Expense	48,356,518	53,552,000	43,970,000
Transmission Expense	517,332	615,000	614,000
Distribution Expense	7,709,097	9,059,000	9,767,000
Customer Account Expense	3,568,693	3,672,000	3,857,000
Customer Service & Information	557,214	518,000	593,000
Administrative & General Expense	8,456,134	9,681,000	10,959,000
Regulatory Debit/Credit	7,556,737	2,319,000	(2,775,000)
Depreciation Electric and Depletion Gas	26,392,000	26,138,000	26,548,000
Amortization of Intangible Plant	403,802	404,000	404,000
Taxes Other than Income	548,118	862,000	1,235,000
TOTAL OPERATING EXPENSE	104,065,645	106,820,000	95,172,000
OPERATING INCOME	25,497,266	24,161,000	28,124,000

MUNICIPAL LIGHT AND POWER

STATEMENT OF REVENUES AND EXPENSES

	2010 Actual	2011 Proforma	2012 Budget
NON-OPERATING REVENUE			
Interest from Bond Redemption Cash	404,087	431,000	608,000
Interest from General Cash Pool	1,893,452	1,516,000	1,515,000
Interest from Debt Service Account	910	(0)	(0)
Miscellaneous Non-Operating Revenue	2,649,814	2,620,000	2,620,000
Restricted Interest Income	191,207	20,000	200,000
TOTAL NON-OPERATING REVENUE	5,139,469	4,587,000	4,943,000
NON-OPERATING EXPENSE			
Misc. Non-Operating Expense	271,985	399,000	450,000
Interest on Bonded Debt	15,974,962	15,511,000	20,454,000
Amortization of Bond Discount/(Premium)	(1,073,215)	(949,000)	(826,000)
Amortization of Bond Sale Cost & Insurance	227,004	210,000	308,000
Amortization of Loss on Refunded Debt	1,583,038	1,342,000	1,096,000
Other Interest Expense	1,021,166	984,000	947,000
Interest During Construction	(1,911,335)	(5,000,000)	(8,700,000)
TOTAL NON-OPERATING EXPENSE	16,093,605	12,497,000	13,729,000
TRANSFERS (MUSA AND GROSS RECEIPTS)	5,072,546	5,376,000	5,745,000
NET INCOME BEFORE SPECIAL ITEM	9,470,584	10,875,000	13,593,000
Special Item	-	-	-
NET INCOME - AFTER SPECIAL ITEM	9,470,584	10,875,000	13,593,000

MUNICIPAL LIGHT AND POWER

STATEMENT OF CASH SOURCES AND USES

	2010 Actual	2011 Proforma	2012 Budget
SOURCES OF CASH FUNDS			
Net Income	9,470,584	10,875,000	13,593,000
Depreciation/Depletion	26,279,231	25,794,000	25,593,000
Amortized Bond Discount/(Premium)	(1,073,215)	(949,000)	(826,000)
Amortization of Bond Sale Costs	227,004	210,000	308,000
Amortization of Refunded Debt	1,583,038	1,342,000	1,096,000
Grant Proceeds	-	-	-
Bond Proceeds	11,771	127,400,000	-
Deferred Charges and Other Assets	1,319,000	124,000	81,000
Contribution in Aid of Construction	2,999,206	2,265,000	2,221,000
Changes in Assets and Liabilities	20,943,772	28,079,846	21,802,759
TOTAL SOURCES OF CASH FUNDS	61,760,391	195,140,845	63,868,759
USES OF CASH FUNDS			
Additions to Plant	62,244,377	112,655,000	127,009,000
Debt Principal Payment	16,995,000	16,945,000	16,915,000
TOTAL USES OF CASH FUNDS	79,239,377	129,600,000	143,924,000
 Net Increase (Decrease) in Cash Funds	 (17,478,987)	 65,540,846	 (80,055,240)
 Cash Balance, January 1	 235,235,382	 217,756,395	 264,636,882
 Cash Balance, December 31	 <u>217,756,395</u>	 <u>283,297,241</u>	 <u>184,581,642</u>
 DETAIL OF CASH & INVESTMENT FUNDS			
General Cash Less Customer Deposits	31,000,326	43,526,680	45,033,324
Bond Cash	50,698,552	120,000,000	35,000,000
Grant Construction	-	-	-
BRU Construction & Natural Gas Purchases Cash	87,526,714	70,872,355	51,154,676
Bond Investment	33,252,652	32,456,043	37,368,485
Debt Service	2,666,670	2,630,683	3,013,677
Operating Fund Investment & Customer Deposits	12,611,480	13,811,480	13,011,480
Cash Balance, December 31	<u>217,756,395</u>	<u>283,297,241</u>	<u>184,581,642</u>

MUNICIPAL LIGHT AND POWER

2012 OPERATING BUDGET DETAIL

	2010 Actual	2011 Proforma	2012 Budget
LABOR EXPENSES			
Personnel Costs	15,592,915	16,900,000	18,562,000
Benefit Costs	10,594,864	11,300,000	11,911,000
Self Insurance-Workers Comp.	507,922	543,000	552,000
	<u>26,695,701</u>	<u>28,743,000</u>	<u>31,025,000</u>
INTRAGOVERNMENTAL EXPENSES			
IT	560,215	580,000	610,000
ERP Services	553,164	570,000	600,000
Overheads	290,638	300,000	315,000
Mayor	184,309	200,000	210,000
Office of Emerg Mgmt	142,822	145,000	155,000
Municipal Manager	118,507	120,000	126,000
Puchasing	116,737	120,000	126,000
Other Intragovernmental Charges	789,522	783,000	908,000
	<u>2,755,913</u>	<u>2,818,000</u>	<u>3,050,000</u>
OTHER EXPENSES			
Depreciation, Depletion & Amortization	26,279,231	25,794,000	25,593,000
Gas Production Expense	11,495,513	12,892,000	10,872,000
Interest Expense	16,995,742	16,495,000	21,401,000
MUSA and Gross Receipts	5,072,546	5,376,000	5,745,000
Purchased Power	4,384,918	4,235,000	4,350,000
Natural Gas Purchases & Transportation	16,327,825	19,740,000	11,428,000
Regulatory Debits/Credits	7,556,737	2,319,000	(2,775,000)
Taxes Other than Income	548,118	862,000	1,235,000
Regulatory Compliance	1,210,184	571,000	918,000
Professional Services	450,910	564,000	990,000
Interest During Construction	(1,911,335)	(5,000,000)	(8,700,000)
Materials & Other Expenses	7,369,793	9,284,000	9,514,000
	<u>95,780,181</u>	<u>93,132,000</u>	<u>80,571,000</u>
TOTAL EXPENSES	<u>125,231,795</u>	<u>124,693,000</u>	<u>114,646,000</u>

MUNICIPAL LIGHT AND POWER
2012 - 2017 CAPITAL IMPROVEMENT PROGRAM

PROJECT CATEGORY	2012	2013	2014	2015	2016	2017	Total
Production	82,815	87,052	56,127	25,462	14,135	7,803	273,394
Transmission	5,690	4,823	1,096	820	410	410	13,249
Distribution	11,265	10,373	10,277	10,720	10,096	10,328	63,059
General Plant	3,647	3,513	4,005	3,683	4,148	3,582	22,578
Regulatory Compliance	300	150	50	50	50	50	650
Beluga River Gas Field	23,292	21,735	15,517	15,738	8,671	1,165	86,118
TOTAL	127,009	127,646	87,072	56,473	37,510	23,338	459,048

FUNDING SOURCE	2012	2013	2014	2015	2016	2017	Total
Revenue Bonds	85,000	95,000	65,000	32,600	9,000	-	286,600
Equity/Operations	18,717	10,911	6,555	8,135	19,839	22,173	86,330
Beluga Contributed	23,292	21,735	15,517	15,738	8,671	1,165	86,118
TOTAL	127,009	127,646	87,072	56,473	37,510	23,338	459,048

MUNICIPAL LIGHT AND POWER**2012 - 2017 CAPITAL IMPROVEMENT PROGRAM**

PRODUCTION:	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Total</u>
Steam	-	300	150	150	150	-	750
Turbines & Generators	82,430	86,340	55,650	24,500	13,550	7,650	270,120
Eklutna Power Plant	285	62	27	712	285	53	1,424
Structures & Improvements	100	350	300	100	150	100	1,100
	<u>82,815</u>	<u>87,052</u>	<u>56,127</u>	<u>25,462</u>	<u>14,135</u>	<u>7,803</u>	<u>273,394</u>
TRANSMISSION							
Land & Land Rights	70	40	40	40	40	40	270
Transmission Lines	1,520	1,020	270	270	370	370	3,820
Transmission Stations	4,100	3,763	786	510	0	0	9,159
	<u>5,690</u>	<u>4,823</u>	<u>1,096</u>	<u>820</u>	<u>410</u>	<u>410</u>	<u>13,249</u>
DISTRIBUTION							
Distribution Equipment	2,675	1,775	2,275	2,275	235	275	9,510
Land & Land Rights	29	31	32	34	35	55	216
Meters	1,400	1,450	900	900	900	900	6,450
Overhead Lines	685	685	685	710	762	763	4,290
Street Lighting	5	10	10	20	20	20	85
Transformer Services	2,300	2,350	2,400	2,500	2,600	2,650	14,800
Underground Lines	4,171	4,072	3,975	4,281	5,544	5,665	27,708
	<u>11,265</u>	<u>10,373</u>	<u>10,277</u>	<u>10,720</u>	<u>10,096</u>	<u>10,328</u>	<u>63,059</u>
GENERAL PLANT							
Communications	1,507	1,293	1,881	1,427	1,917	1,420	9,445
Furniture & Misc Equipment	61	62	62	61	61	57	364
Stores/Tools/Lab	290	380	310	365	375	285	2,005
Structures & Improvements	1,039	1,028	1,002	1,080	1,045	1,070	6,264
Transportation	750	750	750	750	750	750	4,500
	<u>3,647</u>	<u>3,513</u>	<u>4,005</u>	<u>3,683</u>	<u>4,148</u>	<u>3,582</u>	<u>22,578</u>
REGULATORY COMPLIANCE							
Environmental	300	150	50	50	50	50	650
	<u>300</u>	<u>150</u>	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>	<u>650</u>
BELUGA RIVER GAS FIELD							
Improvements	23,292	21,735	15,517	15,738	8,671	1,165	86,118
	<u>23,292</u>	<u>21,735</u>	<u>15,517</u>	<u>15,738</u>	<u>8,671</u>	<u>1,165</u>	<u>86,118</u>
TOTAL	<u>127,009</u>	<u>127,646</u>	<u>87,072</u>	<u>56,473</u>	<u>37,510</u>	<u>23,338</u>	<u>459,048</u>