

Municipality  
of  
Anchorage



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*Rick Mystrom, Mayor*

OFFICE OF THE INTERNAL AUDITOR

December 22, 1995

Internal Audit Report 95-19  
Bradley Lake Project  
Operation & Maintenance Agreement  
Municipal Light and Power

**Introduction.** Municipal Light and Power (ML&P), in connection with their interest in the Bradley Lake Project, entered into a Power Sales Agreement with the former Alaska Energy Authority for the sale and purchase of electric power. ML&P, along with the other participating utilities, agreed to pay the costs associated with the Bradley Lake Project including costs for the operation and maintenance of the Bradley Lake power generation facility. Homer Electric Association, Inc. (HEA) was contracted to perform the operation and maintenance of the facility. Operation and maintenance costs for fiscal year 1995 (July 1, 1994 through June 30, 1995) totaled \$836,095.76. ML&P's percentage share of the costs was \$216,548.80 or 25.9%.

**Scope.** At the request of ML&P and the Bradley Lake Project Management Committee, we performed a review and verification of the charges by HEA for the operation and maintenance of the Bradley Lake power generation facility for fiscal year 1995. The objective of the audit was to determine whether the charges were

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in compliance with the Operation and Maintenance Agreement for the Bradley Lake Project.

**Overall Evaluation.** Based on our review and testing, it is our opinion that the operation and maintenance charges for fiscal year 1995 were reasonable and in compliance with the Operations and Maintenance Agreement for the Bradley Lake Project.

**Discussion With Responsible Officials.** The results of this audit were discussed with appropriate officials in December 1995.



Peter Raiskums, CIA  
Director, Internal Audit

Audit Staff:  
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