

Electric Utility
Review of Operating Results
July 2014

MUSCATINE POWER AND WATER - ELECTRIC UTILITY
 VARIANCES FROM BUDGETED NET POSITION - JULY 31, 2014

	(Unfavorable)/ Favorable Compared to Budget	
Sales of Electricity		
Native System Sales	\$	(128,484) 3.7% fewer kWh's sold to residential customers (250,081) 4.6% fewer kWh's sold to commercial customers (291,888) 2.6% fewer kWh's sold to industrial customers
Wholesale Sales	10,893,396	42.0% higher average sale price (\$.04436/kWh versus \$.03125/kWh), resulting from lower than normal winter temperatures and high natural gas prices, plus 16.2% higher kWhs sold
	<u>10,222,943</u>	
Steam Sales	<u>(577,118)</u>	9.1% lower pounds of steam sold
Other Revenue		
Rail Car Lease		(41,773) Fewer lease days
By-Product Revenue		18,566 Higher fly ash sales 2,089 Higher gypsum sales (147,272) No slag sales
Miscellaneous Revenue		(18,326) Lower job sales, net of expenses 35,000 Facilities rental, not budgeted 6,614 Higher recycling revenue 3,132 Other miscellaneous variances - net
	<u>(141,970)</u>	
Operating Expense		
Purchased Power		(3,610,574) Average purchase price is 29.3% higher (\$.03604/kwh vs \$.02788/kwh) driven by lower than normal winter temperatures and high natural gas prices, offset by 3.5% lower kWhs purchased
Production Fuel		(1,585,798) 15.8% or 74,239 higher number of coal tons burned due to increased wholesale sales, offset by a 4.0% lower price/ton (19,204) Higher Unit 9 fuel oil usage due to an additional start-up (198,011) Unit 8's natural gas usage was 109.4% higher than budget due to low load conditions, plus the cost per mmbtu was 40.4% higher 35,689 Lower Unit 9 fly ash handling expenses and other coal handling materials 11,529 Lower cost for landfill grounds maintenance (28,775) Higher labor cost 5,159 Other miscellaneous variances - net
	<u>(1,779,411)</u>	
Emissions Allowance	<u>(11,284)</u>	
Operation		24,835 Lower reverse osmosis expenses; membrane not replaced (30,319) Higher auxiliary boiler natural gas usage 37,717 Lower cost of bottom ash system operations 63,589 Lower cost of wastewater chemicals and gases (8,360) Higher cost for FGD operation expenses (20,209) Higher Unit 7 & 8 water usage 79,755 Lower cost for the 316(b) impingement/entrainment study 96,000 PM 2.5 compliance tests not completed 102,000 MATS and other stack testing not performed 27,899 Power plant training material expense not expended 51,679 Safety-related material expense not expended (22,466) Higher cost for the NPDES thermal 316(a) variance study 24,422 Lower rail administration costs 53,577 Lower MISO operating costs 6,000 Painting 161kv breakers, not completed 3,200 Relay testing system software support not expended 5,000 Substation washed rock not expended 20,000 Transmission coordination study, not begun 32,096 Electric line workers' tools and tool repairs, not expended 16,194 Lower cost of vehicle operations expenses 6,304 Lower cost of MAGIC's operations 7,435 Fewer promotional materials

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(Unfavorable)/ Favorable Compared to Budget	
10,296	Lower cost of media advertising
12,900	Customer survey, not performed
7,141	Educational energy programs not expended
5,000	Customized energy efficiencies not expended
(4,350)	Residential EE emailed newsletter service, not budgeted
80,783	Less travel
30,740	Fewer customer energy efficiency rebates
16,520	Office furniture not purchased
51,988	Lower cost of environmental/regulatory legal services
34,520	Environmental compliance consultant, not expended
33,000	CIP compliance consulting, not expended
37,800	Web design services, not expended
15,000	Financial advisor not utilized
18,569	Lower cost for the business system study, due to timing difference
18,900	Salary study, not performed
14,175	Employee search services, not needed
(22,186)	Higher cost for workers comp claims
39,384	Lower healthcare costs
(9,192)	Higher cost for the deferred comp match
6,406	Lower cost for educational refunds
6,993	Lower unemployment benefits incurred
(16,517)	Lower fringe benefits charged to construction; less time on capital projects
9,084	Lower assessment fee charged by the IUB
23,500	Lower employment expenses
(24,381)	Economic development pledge, budgeted over 12 months at a lower cost
(20,250)	Project management training, not budgeted
10,097	Lower cost for employee team expenses
4,450	Lower gasoline/diesel fuel cost
7,872	Lower postage cost
18,500	Lower vacation expense
7,816	Lower cost for temporary labor services
(257,591)	Higher labor cost
123,772	Other miscellaneous variances - net
<u>867,087</u>	

Maintenance

47,000	Unit 9 stack lighting system, not upgraded
50,500	Power plant roof repairs, not expended
25,000	FGD siding repair, not expended
29,000	Rebuild of 9B building sump, not expended
5,500	Cathodic protection anodes, not expended
12,769	Lower elevator maintenance cost
3,600	Unit 9 office variable air volume computer & software, not expended
10,315	Central stores warehouse roof repairs, partly completed in 2013
(6,106)	Fire panel inspection expense, spread over 12 months in budget
124,768	Lower cost for bottom ash system materials
25,102	Lower cost for fly ash system materials
(8,614)	Unit 7 drip pump motor, budgeted later this year
10,448	Lower cost for Unit 7 pressure wash economizer
50,000	Grit blast furnace and scaffold Unit 7 boiler, not expended
50,000	Paint Unit 7 stack, not expended
7,799	Lower cost for Unit 7 front wall refractory repair
40,000	Unit 8 deslag and waterblast furnace, not needed
17,500	Unit 8 boiler vacuum services, not needed
37,500	Unit 8 cyclone repairs, not needed
(16,659)	Unit 8 drip tank heat exchanger, not budgeted
(22,529)	Unit 8 auxiliary BFP seal water pump heat exchanger tube repair, not budgeted
(11,726)	Unit 8 explosive clean slag tank and boiler floor, not budgeted
(17,125)	Higher cost of Unit 8 sootblower repair
15,000	Upgrade Unit 8 stock feeder micro-processor controls, not begun
(59,944)	Higher cost for Unit 9 deaerator south head replacement
(10,804)	Higher cost of Unit 9 pulverizer journal rebuild
(59,945)	Higher cost of Unit 9 pulverizer maintenance
(10,783)	Unit 9 fuel piping replacements, not budgeted
11,250	Unit 9 boiler vent, drain and blowdown valve repairs, not expended

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 VARIANCES FROM BUDGETED NET POSITION - JULY 31, 2014

	(Unfavorable)/ Favorable Compared to Budget	
	(26,674)	FGD inlet flue expansion joint replacement, not budgeted
	(16,890)	Higher cost for continuous emission monitoring expenses
	(33,712)	Repair reagent feed tank mixer gear reducer, not budgeted
	15,000	Limestone feeders upgrade to VFD did not take place
	5,275	Lower cost to upgrade of 9B wastewater sedimentation basin conveyer
	10,000	CPRO pump rebuild, not expended
	5,400	Absorber spray impellar replacement, not completed
	7,875	FGD hydroclone replacements, not expended
	(8,931)	901 WFC pump repair, not budgeted
	24,755	Lower cost for 8A generator maintenance
	(9,832)	Higher cost for Unit 9 condenser heat exchangers cleaning
	(10,148)	Actuator replacements, not budgeted
	(8,674)	Unit 7 turbine main stop valve overhaul, not budgeted
	14,000	Dead weight tester, which was capitalized but expensed in budget
	14,000	Tool crib tracking software, not expended
	15,000	Hoist/chainfall inspection/repair, to be completed later this year
	12,000	Combustion air condensate return pump, not expended
	(89,838)	Higher cost of rail car maintenance
	(39,600)	Repair of rail unloader radial stacker gear reducer, not budgeted
	16,923	Lower cost for rail facilities maintenance
	26,315	Lower cost for dozer maintenance
	16,152	Substation repairs, not expended
	10,000	Unit 7 sub transformer not needed
	(24,792)	Higher cost for transmission line 104 maintenance performed by MEC
	40,000	Hot oil processing Oregon St sub transformer and repairs, not expended
	10,000	Re-gasket low side bushings on Pine St sub transformer, not expended
	34,651	Distribution overhead line materials, not expended
	(11,840)	Underground lines maintenance, higher than expected
	(8,855)	Higher cost of traffic signal repairs
	37,390	Lower vehicle maintenance costs
	11,031	Fewer hardware and software repairs and modifications
	5,833	Warehouse lighting upgrade, not expended
	8,000	A/O Center fencing, not expended
	19,500	A/O Center lobby redesign and furniture, not expended
	20,000	Rebuild of A/O Center main air conditioning units, not completed
	30,000	Asphalt repairs and sealant, not expended
	141,859	Other miscellaneous variances - net
	<u>609,989</u>	
Depreciation	<u>35,156</u>	Fewer capital purchases in 2013 than budgeted
Nonoperating Revenue (Expense)		
Interest Income	(49,767)	Lower rate of return
Interest Expense	<u>(706)</u>	
	<u>(50,473)</u>	
Change in Net Position before Capital Contributions	<u>5,564,345</u>	Total Variance from Budgeted Net Position
Capital Contributions	<u>(83,944)</u>	MHS traffic signals grant and #8 PAC project reimbursements, not realized
Change in Net Position	<u>\$ 5,480,401</u>	Total Variance from Budgeted Net Position

Statements of Revenues, Expenses and Changes in Net Position

Sales of Electricity

Native System Sales

3.1% lower kWh's sold, offset by 0.9% higher average sale price per kWh (\$.05935/kWh versus \$.05884/kWh budgeted), resulted in \$670,453 lower revenue, primarily due to 3.0% fewer kWh sales to commercial and industrial customers. Revenues from residential customers were \$128,484 lower than budgeted due to 3.7% lower kWh sales. Current month residential kWh sales were 28.3% lower primarily due to the cooler than normal July temperatures.

Wholesale Sales

16.2% higher kWhs sold, plus a 42.0% higher average sales-price (\$.04436/kWh versus \$.03125/kWh budgeted) resulted in \$10,893,396 higher revenue than projected. Price and volume were higher than budgeted due to lower than normal temperatures in the early months of the year and higher natural gas prices. July's cooler-than-normal weather resulted in lower volume and prices.

Steam Sales

9.1% lower pounds of steam sold resulted in \$577,118 lower revenue than projected.

Other Revenue

Rail Car Lease

Fewer lease days resulted in \$41,773 lower revenue.

By-Product Revenue

Fly ash sales are higher than budget by \$18,566; \$147,272 in slag sales were budgeted that did not take place; and gypsum sales are \$2,089 higher than budgeted.

Miscellaneous Revenue

Job sales revenue is \$18,326 lower than budgeted. Rental of facilities related to the refined coal project of \$35,000 was not budgeted. Recycling revenue is \$6,614 higher than budgeted.

Nonoperating Revenue (Expense)

Interest Income

Interest income is \$49,767 lower than budgeted due to earning a lower rate of return.

Capital Contributions

The budget includes \$40,000 for the Unit 8 PAC project reimbursement, and \$43,944 for the MHS traffic signal grant that have not been realized.

Statement of Net Position

Liabilities

Health and Dental Insurance Provision

Health care claims have been less than premiums accrued. The current portion is based on the third party administrator's estimate of incurred but unpaid health claims at year end. This estimate is adjusted in December each year.

Summary of Expenses

Purchased Power

A 29.3% higher average purchase price (\$.03604/kWh versus \$.02788/kWh budgeted), resulting from lower than normal temperatures in the early months of the year and higher natural gas prices, offset by 3.5% lower kWh's purchased, resulted in \$3,610,574 higher cost. July's cooler-than-normal weather resulted in lower volume and prices.

Generation

Fuel – Coal

Tons of coal burn was 15.8% or 74,239 tons higher than budget offset by a 4.0% lower price/ton, resulted in \$1,585,798 higher coal expense.

Fuel – Fuel Oil

Unit 9's fuel oil expense is \$19,204 higher than budget due to one additional unit start-up than budgeted.

Fuel - Gas

Unit 8's natural gas usage was 109.4% higher than budget due to low load conditions, plus the cost per mmbtu was 40.4% higher, resulting in \$198,011 higher expense.

Coal Handling Expense

Total labor expense is \$33,118 higher than budgeted. The plant operations and the material handling departments are \$16,767 and \$5,376 higher than budgeted, respectively. In addition, the less than full employment adjustment is \$10,787. Unit 9 fly ash handling expense is \$21,054 lower than budgeted; other coal handling materials are \$14,635 lower than budgeted.

Landfill Operation Expense

Labor expense is \$9,610 lower than budget; materials, including grounds maintenance and irrigation repairs, are \$11,529 lower than budget.

Generation (cont'd)Emissions Allowance Expense

Annual NOx allowance information follows:

1/01/14 Beg. Balance = 0.5

Annual EPA <u>Allocation</u>	+ <u>Purchases</u>	+ GPC to <u>Provide</u>	= Allowances <u>Available</u>	MPW <u>Electricity</u>	+ GPC <u>Steam</u>	= Allowances <u>Consumed</u>
1447.0	0.0	860.0	2307.5	1147.2	860.0	2007.2
Ending Balance 7/31/14						<u>300.3</u>

Seasonal NOx allowance information follows:

1/01/14 Beg. Balance = 67.3

Annual EPA <u>Allocation</u>	+ <u>Purchases</u>	+ GPC to <u>Provide</u>	= Allowances <u>Available</u>	MPW <u>Electricity</u>	+ GPC <u>Steam</u>	= Allowances <u>Consumed</u>
642.0	0.0	314.0	956.0	566.3	314.0	880.3
Ending Balance 7/31/14						<u>143.0</u>

Steam Expense – Boiler

Labor expense is \$46,934 lower than budgeted. The reverse osmosis system expenses are \$24,835 lower than budget due to not replacing a membrane yet. Bottom ash system operations expense is \$37,717 lower than budgeted. The auxiliary boiler gas usage is higher than anticipated, resulting in \$30,319 higher expense.

Steam Expense – Pollution Control

Power plant operation labor expense is \$36,421 lower than budgeted. Wastewater chemicals and gases are \$63,589 lower than budgeted; while FGD operation expenses are \$8,360 higher than budgeted.

Electric Expense

The higher water usage at Units 7 & 8 resulted in \$20,209 greater expense than budgeted. Labor expense is \$18,500 lower than budget.

Miscellaneous Steam Power Expense

The budget includes \$96,000 for PM 2.5 compliance tests, \$80,000 for MATS stack testing, and \$22,000 for other stack tests, which have not been performed yet. The 316(b) impingement/entrainment study, training materials, travel, safety-related material expenses, security, and ground maintenance are \$79,755, \$27,899, \$43,756, \$40,421, \$5,646, and \$6,034 lower than budget, respectively. Predictive maintenance equipment, budgeted at \$5,000, has not been needed, plus \$5,600 for machine analyst and microlog maintenance agreements budgeted in this account is being expensed in Maintenance of Miscellaneous Steam Plant. Rail administration costs are \$24,422 lower than budget. The budget also includes \$7,875 for overhead door repairs, which are expensed elsewhere. Labor expense is \$41,120 higher than budgeted, primarily due to the less than full employment adjustment of \$26,626, plus more time spent on training. The NPDES thermal 316(a) variance study is \$22,466 higher than budgeted.

Generation (cont'd)Maintenance - Supervision

Labor expense is \$18,160 higher than the budget due to the less than full employment adjustment.

Maintenance of Structures

Unit 9 stack lighting system, budgeted at \$47,000, roof repairs, budgeted at \$50,500, FGD siding repair, budgeted at \$25,000, rebuild of 9B building sump, budgeted at \$29,000, cathodic protection anodes, budgeted at \$5,500, and the Unit 9 office variable air volume computer and software, budgeted at \$3,600, were not expended. The central stores warehouse roof, budgeted at \$18,000, was partially completed at the end of 2013 resulting in \$10,315 lower cost for this year. Elevator maintenance is \$12,769 lower than budgeted. Fire panel inspection expense is \$6,106 higher than budget due to spreading the annual cost over 12 months in the budget.

Generation (cont'd)

<u>Maintenance of Boiler Plant - Boiler</u>	2014 <u>Budget</u>	2014 <u>Actual</u>
Labor	\$376,648	\$388,091
Unit bottom ash system materials	168,781	44,013
Unit fly ash system materials	89,575	64,473
Unit 7 gate valve replacement	-	4,100
Unit 7 traveling grate repairs	-	3,018
Unit 7 hydroset boiler and FWH safety valves repair	7,000	12,251
Unit 7 drip pump motor, budgeted later in year	-	8,614
Unit 7 pressure wash economizer	17,000	6,552
Grit blast furnace and scaffold Unit 7 boiler	50,000	-
Paint Unit 7 stack	50,000	-
Unit 7 front wall refractory repair	30,000	22,201
Unit 8 deslag and waterblast furnace	40,000	-
Unit 8 boiler vacuum services	17,500	-
Unit 8 cyclone repairs	37,500	-
Unit 8 miscellaneous valve repairs	3,375	-
Unit 8 drip tank heat exchanger	-	16,659
Unit 8 auxiliary BFP seal water pump heat exchanger tub	-	22,529
Unit 8 explosive clean slag tank and boiler floor	-	11,726
Unit 8 sootblower water pressure investigation	5,400	9,300
Unit 8 sootblower control valve repair	-	13,225
Upgrade Unit 8 stock feeder micro-processor controls	15,000	-
Miscellaneous 8A reboilers repair	17,205	17,354
Unit 9 deaerator south head replacement	100,000	159,944
Unit 9 pulverizer kidney loop filtration system	13,500	-
Unit 9 pulverizer journal rebuild	72,000	82,804
Unit 9 pulverizer routine maintenance	45,000	78,602
Relace 9A pulverizer discharge valve	-	22,379
Unit 9 pulverizer inner cone & tile liner replacement	-	17,464
Unit 9 fuel piping replacements	-	10,783
Unit 9 miscellaneous valve repairs	15,750	14,899
Unit 9 boiler vent, drain and blowdown valve repairs	11,250	-
FGD inlet flue expansion joint replacement	-	26,674
Miscellaneous Unit 9 boiler tube repairs	4,998	-
Replace DCS CRT's	2,200	-
Software/plant controls maintenance agreements	30,209	25,926
Other expenses	<u>224,364</u>	<u>235,013</u>
	<u>\$1,444,255</u>	<u>\$1,318,594</u>

Generation (cont'd)

<u>Maintenance of Boiler Plant – Pollution Control</u>	2014 <u>Budget</u>	2014 <u>Actual</u>
Labor	\$167,327	\$194,651
Continuous emission monitoring expenses	37,975	54,865
Unit 7 precipitator hopper vacuuming & ductwork cleaning	7,500	5,247
Grit blast Unit 7 precipitator	12,500	8,901
Unit 8 transformer rectifier repair	-	3,753
Miscellaneous limestone handling equipment repairs	4,200	1,137
Replacement of Ph probes & analyzers	10,000	8,651
Repair reagent feed tank mixer gear reducer	-	33,712
Limestone feeders upgrade to VFD	15,000	-
Absorber Spray impeller replacement	5,400	-
Replace booster fan lube oil cooler	-	7,951
Wastewater equipment maintenance	4,988	6,957
Wastewater effluent pump piping magnets	9,000	6,678
Upgrade 9B wastewater sedimentation basin conveyer	30,000	24,725
CPRO pump rebuild	10,000	-
Scrubber waste equipment repairs	6,300	3,065
FGD hydroclone replacements	7,875	-
Miscellaneous FGD equipment repairs	21,000	20,222
Quencher pump impellar replacement	4,500	4,749
FGD process piping repairs	3,941	-
Replace absorber spray tower 901 demister packing	35,000	34,290
901 oxidation air compressor motor inspection	15,000	13,748
901 WFC pump repair	-	8,931
Other expenses	<u>23,839</u>	<u>16,589</u>
	<u>\$431,345</u>	<u>\$458,822</u>

Maintenance of Electric Plant

Labor expense is \$39,241 lower than budgeted. Maintenance of 8A generator is \$24,755 lower than budgeted. Actual expense includes \$11,832 to clean Unit 9's condenser heat exchangers, budgeted at a cost of \$2,000. Actuator replacements, amounting to \$10,148, and Unit 7 turbine main stop valve overhaul, costing \$8,674, were not budgeted.

Maintenance of Miscellaneous Steam Plant

The budget includes \$14,000 for a dead weight tester that was capitalized at a cost of \$11,268; plus \$14,000 for a tool crib tracking software, \$15,000 for hoist/chain fall inspection/repair, and \$12,000 to replace a combustion air condensate return pump that have not been expended. Labor and other miscellaneous material expenses are \$13,342 and \$32,815 lower than budgeted.

Generation (cont'd)

<u>Maintenance of Coal Handling Equipment</u>	2014 <u>Budget</u>	2014 <u>Actual</u>
Labor	\$150,617	\$151,071
Rail car maintenance	52,500	142,338
Rail unloader maintenance	17,021	19,674
Repair rail unloader radial stacker gear reducer	-	39,600
Rail facilities maintenance	48,600	31,677
Dozer maintenance	91,058	64,743
Coal conveyor maintenance	39,480	34,859
Other expenses	<u>88,397</u>	<u>49,179</u>
	<u>\$487,673</u>	<u>\$533,141</u>

<u>System Control and Load Dispatch</u>	2014 <u>Budget</u>	2014 <u>Actual</u>
Labor	\$59,464	\$67,130
SCADA Dark Fiber service & BUCC MME services	10,931	11,046
MISO operating & administrative fees	126,419	86,257
North American Energy Markets membership	3,000	3,000
NERC exam	-	600
APDA membership	90	180
Travel and training	11,667	8,473
Other expenses	<u>2,946</u>	<u>2,218</u>
	<u>\$214,517</u>	<u>\$178,904</u>

Vacation, Holiday, Sick Leave

A \$115,524 higher expense is primarily the result of under estimating the bargaining group's vacation accrual and higher-than-projected sick leave usage; plus a \$34,727 less than full employment adjustment.

TransmissionLoad Dispatching

Labor expense is \$45,231 higher than budgeted. Travel and MISO Schedule 10 expenses are \$17,810 and \$13,415 lower than budget, respectively.

Station Expense

The substation technician's labor expense is \$46,255 higher than budgeted due to having an extra employee temporarily for training purposes, plus more overtime than anticipated. The budget includes \$5,000 for washed rock and \$6,000 to paint 161 kv breakers that have not been expended.

Overhead Line Expense

The substation technician's labor expense is \$2,018 higher than budgeted, plus the electric line workers charged \$919 labor expense to this account that was not budgeted.

Transmission (cont'd)Miscellaneous Transmission Expense

Project engineering labor expense is \$36,991 lower than budget. The budget includes \$20,000 for a transmission coordination study not begun. The RTS (relay testing system) software maintenance, budgeted at \$1,600, was not expensed, plus \$1,619 is included in the budget for memberships that have not been expensed.

Maintenance of Structures

The budget includes \$826 for labor, \$3,800 for rock, fencing, paint, and door repairs, plus \$4,000 to repair or replace HVAC and portable air conditioning units that have not been expensed.

Maintenance of Station Equipment

The budget includes \$10,000 for Unit 7's transformer maintenance that has not been expensed. Labor expense is \$6,904 lower than budgeted.

Maintenance of Overhead Lines Expense

The maintenance cost for the joint section of transmission line 104 performed by MEC is \$24,792 higher than initially predicted. Total labor expense is \$14,372 lower than budgeted.

DistributionLoad Dispatching

Labor expense is \$10,789 higher than budgeted primarily due to the less than full employment adjustment of \$8,385.

Station Expense

The substation technician's labor expense is \$19,843 higher than budgeted due to having an extra employee temporarily for training purposes, plus more overtime than anticipated. The budget includes \$1,000 for spill containment and \$1,000 for an infrared thermometer, which have not been expensed.

Overhead Line Expense

The budget includes \$32,096 for electric line workers' tools and tool repairs, plus \$2,500 for Lean supplies that have not been expensed.

Vehicle Expense

Materials expenses, excluding gasoline and diesel fuel, are \$16,194 lower than budgeted.

Meter Expense

Material expenses are \$4,994 higher than budgeted.

Miscellaneous Distribution Expense

The CAD group charged \$51,247 labor to this account that was not budgeted; the less than full employment adjustment is \$12,473; and project engineering's labor is \$19,921 lower than budget. MAGIC's operating expenses were \$6,304 lower than budgeted. The RTS (relay testing system) software maintenance, budgeted at \$1,600, was not expensed yet. Safety-related material expenses are \$11,258 lower than budgeted. A pump, costing \$6,145, was not budgeted.

Distribution (cont'd)

Maintenance of Structures

The budget includes \$3,350 to repair or replace HVAC and portable air conditioning units, \$1,800 for rock, fence, painting, and door repairs, \$4,700 for Grandview Ave substation roof repair, which cost \$1,498, plus \$2,860 for labor that has not been needed.

Maintenance of Station Equipment

Labor expense is \$9,460 lower than budget. The budget includes \$40,000 to make repairs and for hot oil processing on the Oregon St sub transformer, and \$10,000 to re-gasket low side bushings on the Pine St sub transformer that have not been completed.

Maintenance of Overhead Lines

The electric line workers' labor expense is \$40,407 lower than budgeted, which is partially offset by the less than full employment adjustment of \$14,600. Material expense is \$34,651 lower than budget.

Maintenance of Underground Lines

The current month's credit is a result of reclassifying the levee conversion project, costing \$76,602, to a capital account. Material expense is \$11,840 greater than budgeted; while the electric line workers' labor expense is \$23,893 lower than budget.

Maintenance of Line Transformers

Labor and material expenses for transformer repairs are \$1,375 and \$3,465 lower than budgeted, respectively.

Maintenance of Signal Expense

Labor and material expenses are \$8,508 and \$8,855 higher than the budget, respectively.

Maintenance of Meters

The budget includes \$4,000 to repair and calibrate Dranetz meters that has not taken place.

Maintenance of Miscellaneous Distribution Plant

Vehicle maintenance costs are \$4,583 higher than budget.

Customer Service Expense

<u>Customer Information Expense</u>	2014 <u>Budget</u>	2014 <u>Actual</u>	2013 <u>Actual</u>
<u>Marketing</u>			
Local Toolbox	\$3,010	\$3,010	\$3,010
Postage	1,625	-	215
Payment options brochure	1,215	-	-
Promotional materials	7,844	409	685
Media advertising	20,557	10,261	11,475
Customer newsletter	1,935	3,076	2,530
Customer survey	12,900	-	-
Customer calendar	1,790	-	-
Photo library	<u>1,992</u>	<u>1,376</u>	-
Subtotal - Marketing	<u>52,868</u>	<u>18,132</u>	<u>17,915</u>
<u>Energy Services</u>			
Home Energy Suite	5,307	1,441	5,043
IAMU energy efficiency report	-	75	-
Compact fluorescent exchange program	4,081	3,751	8,721
Educational programs	7,585	444	1,568
Residential EE newsletter - email service	-	4,350	-
Customer awareness programs	1,458	936	898
Residential audits	585	-	-
Trees Forever	10,000	10,000	10,000
Presentation materials	2,830	-	-
EE scholarship	1,000	-	-
Poster contest/science fair	4,100	3,064	3,286
Customized energy efficiencies	<u>5,000</u>	-	-
Subtotal - Energy Services	<u>41,946</u>	<u>24,061</u>	<u>29,516</u>
Miscellaneous	-	331	138
	<u>\$94,814</u>	<u>\$42,524</u>	<u>\$47,569</u>

Energy Efficiency Rebates

City building improvement, motor, air conditioning, and geo-thermal rebates are lower than budgeted by \$2,917, \$26,150, \$8,581, and \$8,367, respectively. Commercial lighting rebates are \$18,931 higher than budgeted.

Consumer AccountsMeter Reading Expense

Labor expense is \$4,864 higher than budgeted. The budget includes a \$2,224 adjustment for less than full employment.

Administrative and General

<u>Office Supplies</u>	2014 <u>Budget</u>	2014 <u>Actual</u>	2013 <u>Actual</u>
Phone expense	\$19,807	\$22,597	\$22,369
Memberships/subscriptions	17,860	6,860	8,188
Internet/MME	8,491	8,940	6,967
IS workflow development	-	-	1,217
Line of credit bank fee	10,941	6,511	19,737
Office furniture	16,943	423	-
Postage	11,680	6,351	7,979
Computer hardware/software	18,123	25,836	9,551
Vehicle allowance	7,284	7,200	6,931
Gasoline/diesel fuel	3,150	1,560	2,261
General office supplies	11,078	5,173	8,401
Other	<u>24,785</u>	<u>10,112</u>	<u>12,870</u>
	<u>\$150,142</u>	<u>\$101,563</u>	<u>\$106,471</u>

Administrative and General (cont'd)

<u>Outside Services Employed</u>	2014 <u>Budget</u>	2014 <u>Actual</u>	2013 <u>Actual</u>
Board legal counsel/legal services	\$9,450	\$7,607	\$10,453
Strategic Planning Consultant	-	-	6,016
Environmental/regulatory legal services	72,915	20,927	104,954
Transmission/reliability standards attorney	11,664	4,537	-
Electric cost of service study	-	-	15,830
Environmental compliance consultant	35,000	480	8,604
CIP compliance consulting	33,000	-	-
Marketing services	37,800	-	-
Insurance advisor	23,917	23,814	24,108
Financial advisor	15,000	-	-
GASB 45 actuarial update	-	-	6,150
Coal & transportation consulting	58,044	57,701	33,768
Fuel procurement committee consulting	3,000	-	-
Business systems study	137,700	119,131	-
Bond services	-	-	1,208
Labor attorney	2,858	-	7,263
509A actuary	810	790	779
Workforce development training	9,450	8,942	-
Organization consulting	9,450	10,252	-
Employee search services	14,175	-	27,902
Salary survey	18,900	-	-
Coal pile survey	27,000	28,440	26,689
MISO consultant	2,916	-	-
Financial audit services	<u>31,914</u>	<u>27,783</u>	<u>32,429</u>
	<u>\$554,963</u>	<u>\$310,404</u>	<u>\$306,153</u>

Injuries and Damages

Workers compensation claims are \$22,186 higher than anticipated.

Administrative and General (cont'd)

<u>Employee Pensions and Benefits</u>	2014	2014	2013
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Pension	\$1,249,733	\$1,249,822	\$1,234,984
Deferred comp utility match	148,135	157,327	160,054
Dental	60,627	57,381	56,339
Educational reimbursements	27,540	21,134	26,688
FICA	698,975	700,170	702,710
Healthcare costs	1,249,151	1,209,767	1,156,897
Life insurance	28,000	26,795	26,993
LTD insurance	42,000	38,915	39,093
Post-employment health benefit	57,604	57,604	35,438
Unemployment expenses	9,113	2,120	(5,554) *
Recognition dinner	12,636	17,682	12,340
Other expenses	<u>21,665</u>	<u>18,395</u>	<u>21,130</u>
	<u>\$3,605,179</u>	<u>\$3,557,112</u>	<u>\$3,467,112</u>

*Over accrued unemployment expense for 4th quarter 2012

Fringe Benefits Charged to Construction

Less time has been charged to capital projects than projected.

Regulatory Commission

The Iowa Utilities Board assessment is \$9,084 lower than budgeted.

Administrative and General (cont'd)

<u>Miscellaneous General Expense</u>	2014 <u>Budget</u>	2014 <u>Actual</u>	2013 <u>Actual</u>
Employment expenses	\$34,317	\$10,817	\$24,584
Legal publications	3,685	2,303	2,488
Economic development pledge	9,639	34,020	22,319
LEAN training	-	-	7,977
Project management training	-	20,250	-
Annual report	7,290	4,908	4,843
Subscriptions/memberships	75,753	80,300	71,498
Employee team expenses	29,507	19,410	8,671
Travel	43,201	28,286	31,208
Safety-related expenses	15,651	12,247	10,274
Labor	22,095	19,119	21,283
Temporary labor services	567	262	7,900
Board trustee fees	4,253	4,305	4,305
Other expenses	<u>50,612</u>	<u>32,954</u>	<u>10,867</u>
	<u>\$296,570</u>	<u>\$269,181</u>	<u>\$228,217</u>

Maintenance of General Plant

Software/hardware maintenance and vehicle maintenance are \$11,031 and \$10,951 lower than budgeted, respectively. The vehicle fuel tracking system maintenance is \$4,342 higher than budgeted.

Maintenance of A/O Center

The budget includes \$5,833 for the warehouse lighting upgrade, \$8,000 for fencing, \$7,500 for lobby redesign, \$12,000 for furniture, \$20,000 to rebuild air conditioning units, and \$30,000 for asphalt repair and sealing north yard area that have not been expended. Lawn care is \$2,727 lower than budgeted.

Electric Utility
Statement of Net Position Review
July 2014

	<u>2014</u>	<u>2013</u>
<u>Current Assets</u>		
<u>Consumer Accounts</u>		
Customer Electric Accounts	\$4,699,693	\$4,462,171
Unbilled Revenue	439,938	394,647
Merchandise Accounts	211,661	171,846
Allowance for Doubtful Accounts	(74,206)	(57,083)
	<u>\$5,277,086</u>	<u>\$4,971,581</u>
 <u>Inventories</u>		
Inventory	\$5,695,705	\$5,892,423
Emission Allowance - SO2	138,358	138,358
Emission Allowance - Nox	415	106
Stores Expense	(47,339)	175,540
Gas and Diesel Fuel	227,532	166,225
Limestone	85,257	71,188
	<u>\$6,099,928</u>	<u>\$6,443,840</u>
 <u>Prepaid Expenses</u>		
Prepaid Insurance	\$620,233	\$576,539
Prepaid Maintenance Contracts	173,343	210,616
Other Prepaid Expenses	461,337	237,292
	<u>\$1,254,913</u>	<u>\$1,024,447</u>
 <u>Current Liabilities</u>		
<u>Accounts Payable (amounts over \$10,000 itemized)</u>		
Water bills	\$30,950	\$34,009
Communications bills	13,777	13,200
ABM Equipment & Supply - versalift	---	59,288
Alliant Energy - gas	34,119	14,787
Bank of America - supplies	23,365	16,267
Benetech - dust suppressant	---	12,034
Buckskin - coal	154,535	443,228
Burlington Northern - coal transport/railcar rpr	233,477	230,000
Canadian Pacific Railway - coal transport	57,395	118,207
Carman Industries - motor	11,522	---
City of Muscatine - wastewater/sanitation	10,824	114,751
Cortez Truck Equipment - vehicle crane install	---	62,812
Cottingham & Butler - workers comp	15,068	---
Crescent Electric Supply - parts/supplies	15,407	11,802
Diamond Power - discharge increase/parts	---	12,033
Electrical Engineering & Equip - LED lights	---	43,093
Enserco Energy - coal	---	150,461
Hagemeyer NA - safety supplies	11,440	---
HD Supply - wire	36,682	---
Hedge Above - lawn care	14,532	---

Heuer Construction - North parking lot	---	99,987
IA DNR - Title V fee	199,157	---
Jefferies Refined Coal - refined coal	3,138,757	---
Kone - elevator rpr	---	26,788
MAGIC - opearting expenses	25,070	---
Martin Equipment - equip parts	24,288	---
MidAmerican Energy - joint trans line maint	53,958	29,167
MISO - purch power/trans svc/admin fee	284,747	40,475
Mitsubishi Power Systems - 8A turbine rpr	---	83,594
Ragan - boiler rpr	---	36,605
Resco - transformers	33,721	23,741
Tenaska - monthly fee	16,000	16,000
Visa - travel	15,318	---
Wesco - light poles/capacitors/parts	10,935	---
Other	244,485	397,002
	<u>\$4,709,528</u>	<u>\$2,089,331</u>

Miscellaneous Accrued Expenses

Interest on Customer Deposits	\$107,143	\$120,307
Sales/Use Tax Collections Payable	53,093	66,213
Payroll Tax Collections Payable	159,825	158,115
Employee Payroll Deductions	(4,225)	(7,891)
Workers' Comp Self Insurance Reserves	195,656	299,166
Comp Time Payable	40,620	48,844
Other	46,644	39,085
	<u>\$598,756</u>	<u>\$723,839</u>