

Muscatine Power and Water

Electric Utility

Statement of Revenues, Expenses and Changes in Net Position

March 2017

**Muscatine Power and Water
Electric Utility**

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Muscataine Power and Water - Electric Utility
Classification of Electric Energy/Steam Sales
Current Month - March 2017

	<u>Budget Estimate</u>	<u>% Increase (Decrease) From Budget</u>	<u>This Year</u>	<u>% Increase (Decrease) Fr. Last Yr.</u>	<u>Last Year</u>
<u>KWH Generated and Sold</u>					
Gross Generation	64,754,784	(6.9)	60,267,348	45.1	41,525,460
Less: Plant Use	7,737,600	(7.4)	7,165,648	29.8	5,522,321
Net Generation/Wholesale Sales	57,017,184	(6.9)	53,101,700	47.5	36,003,139
Wholesale Sales - Wind	4,015,619	39.1	5,586,736	---	---
Total Wholesales Sales	<u>61,032,803</u>	(3.8)	<u>58,688,436</u>	63.0	<u>36,003,139</u>
<u>Net Capacity Factors</u>					
Unit 9	40.00	(17.5)	33.00	46.9	22.46
Unit 8/8A	90.00	(59.2)	36.68	28.0	28.66
Unit 7	---	---	15.20	---	---
Total Plant	39.37	(18.6)	32.03	48.6	21.56
<u>KWH Distribution</u>					
Residential	7,806,516	(14.7)	6,656,802	(9.8)	7,377,099
Commercial I	2,863,101	(4.6)	2,731,950	(3.3)	2,825,334
Commercial II	7,502,838	(5.8)	7,071,360	(0.5)	7,104,400
Industrial I	10,183,736	6.1	10,805,420	15.7	9,341,600
Industrial II	40,100,000	(2.1)	39,273,800	0.7	39,001,410
City Enterprise Funds	473,021	(3.7)	455,595	6.6	427,380
Water & Communications Utilities	1,464,923	1.8	1,490,576	1.7	1,465,931
Native System Sales	70,394,135	(2.7)	68,485,503	1.4	67,543,154
City Lighting	110,044	28.4	141,244	(9.3)	155,649
City Buildings	535,001	2.6	548,744	4.9	523,300
Offline Power Plant Usage	59,520	10.4X	676,261	(29.6)	960,540
Losses & Cycle Billing	1,841,288	64.4	3,027,452	1.1X	1,463,353
Total Native System KWH					
Distributed	72,939,988	(0.1)	72,879,204	3.2	70,645,996
Wind KWH Purchases	4,015,619	39.1	5,586,736	---	---
Total Purchased Power KWH	<u>76,955,607</u>	2.0	<u>78,465,940</u>	11.1	<u>70,645,996</u>
<u>STEAM SALES - 1,000 lbs</u>					
	<u>261,409</u>	1.0	<u>263,920</u>	9.3	<u>241,376</u>

Muscataine Power and Water - Electric Utility
Classification of Electric Energy/Steam Sales
Calendar Year-to-Date - March 2017

	<u>Budget Estimate</u>	<u>% Increase (Decrease) From Budget</u>	<u>This Year</u>	<u>% Increase (Decrease) Fr. Last Yr.</u>	<u>Last Year</u>
<u>KWH Generated and Sold</u>					
Gross Generation	237,894,739	(27.9)	171,497,807	(17.5)	207,817,920
Less: Plant Use	27,088,992	(25.7)	20,123,091	(22.7)	26,026,798
Net Generation/Wholesale Sales	210,805,747	(28.2)	151,374,716	(16.7)	181,791,122
Wholesale Sales - Wind	12,460,249	21.4	15,121,270	---	---
Total Wholesales Sales	<u>223,265,996</u>	(25.4)	<u>166,495,986</u>	(8.4)	<u>181,791,122</u>
<u>Net Capacity Factors</u>					
Unit 9	53.11	(41.0)	31.36	(27.4)	43.20
Unit 8/8A	90.69	(55.2)	40.63	30.4	31.16
Unit 7	---	---	12.86	2.4X	3.75
Total Plant	50.14	(37.3)	31.43	(15.4)	37.13
<u>KWH Distribution</u>					
Residential	26,289,590	(9.6)	23,760,313	(5.2)	25,076,645
Commercial I	9,264,167	(2.5)	9,028,184	1.0	8,935,037
Commercial II	22,863,652	(5.0)	21,721,180	(9.5)	23,995,480
Industrial I	29,370,212	4.1	30,586,960	16.8	26,184,500
Industrial II	115,850,000	(1.4)	114,270,442	1.2	112,867,359
City Enterprise Funds	1,432,435	(5.7)	1,350,521	(0.7)	1,360,212
Water & Communications Utilities	4,189,429	4.0	4,355,794	5.2	4,139,589
Native System Sales	209,259,485	(2.0)	205,073,394	1.2	202,558,822
City Lighting	334,717	56.2	522,985	14.9	455,092
City Buildings	1,793,885	0.0	1,794,057	2.6	1,747,772
Offline Power Plant Usage	172,800	12.0X	2,250,188	1.0X	1,117,586
Losses & Cycle Billing	4,916,004	(3.0)	4,770,597	0.3	4,757,103
Total Native System KWH					
Distributed	216,476,891	(1.0)	214,411,221	1.8	210,636,375
Wind KWH Purchases	12,460,249	21.4	15,121,270	---	---
Total Purchased Power KWH	<u>228,937,140</u>	0.3	<u>229,532,491</u>	9.0	<u>210,636,375</u>
<u>STEAM SALES - 1,000 lbs</u>					
	<u>761,573</u>	4.0	<u>792,193</u>	4.0	<u>761,891</u>

Muscatine Power and Water - Electric Utility
Statements of Revenues, Expenses, and Changes in Net Position
Current Month - March 2017

	Budget Estimate	Avg. Price	% Increase (Decrease) from Budget	This Year	Avg. Price	% Increase (Decrease) from Last Year	Last Year	Avg. Price
<u>Sales of Electricity</u>								
Residential	\$845,773	\$ 0.10834	(9.0)	\$769,965	\$ 0.11567	(3.9)	\$800,872	\$ 0.10856
Commercial I	291,696	0.10188	(3.0)	283,005	0.10359	1.7	278,210	0.09847
Commercial II	614,249	0.08187	(6.7)	572,799	0.08100	2.2	560,558	0.07890
Industrial I	643,685	0.06321	6.1	683,094	0.06322	18.4	577,091	0.06178
Industrial II	2,057,547	0.05131	(0.0)	2,057,109	0.05238	6.8	1,925,634	0.04937
City Enterprise Funds	36,024	0.07616	(8.2)	33,073	0.07259	9.0	30,330	0.07097
Water & Communication Utilities	92,768	0.06333	3.3	95,862	0.06431	8.0	88,724	0.06052
Native System Sales	4,581,742	0.06509	(1.9)	4,494,907	0.06563	5.5	4,261,419	0.06309
Wholesale Sales	1,933,184	0.03167	10.7	2,140,079	0.03647	1.6X	807,637	0.02243
Energy Sales	6,514,926		1.8	6,634,986		30.9	5,069,056	
<u>Steam Sales</u>	1,074,425	4.11	(6.0)	1,010,354	3.83	5.6	956,753	3.96
<u>Other Revenue</u>								
By-Product Revenue	8,833		(69.1)	2,731		-1.1X	(25,254)	
Miscellaneous Revenue	53,082		(2.7)	51,660		0.6	51,374	
Total Other Revenue	61,915		(12.2)	54,391		1.1X	26,120	
Operating Revenue	7,651,266		0.6	7,699,731		27.2	6,051,929	
<u>Operating Expense</u>								
Purchased Power	1,929,890	0.02508	26.5	2,440,637	0.03110	75.2	1,393,346	0.01972
Production Fuel	1,620,513		1.6	1,646,872		30.1	1,265,623	
Emissions Allowance	78,112		(98.7)	1,051		(89.4)	9,930	
Operation	2,164,029		(1.5)	2,130,709		1.7	2,094,775	
Maintenance	864,570		1.6X	2,286,266		1.7X	856,490	
Depreciation	957,140		(6.0)	900,004		7.5	837,341	
Total Operating Expense	7,614,254		23.5	9,405,539		45.7	6,457,505	
Operating Income (Loss)	37,012		-47.1X	(1,705,808)		3.2X	(405,576)	
<u>Nonoperating Revenue (Expense)</u>								
Interest Income	8,462		1.6X	21,931		52.1	14,423	
Interest Expense	(400)		14.5	(458)		67.8	(273)	
Total Nonoperating Revenue (Expense)	8,062		1.7X	21,473		51.8	14,150	
Net Income (Loss) Before Revenue Adjustment	45,074		-38.4X	(1,684,335)		3.3X	(391,426)	
Capital Contributions	---		---	---		---	---	
Change in Net Position	45,074		-38.4X	(1,684,335)		3.3X	(391,426)	
Beginning Net Position	125,949,868			127,631,691			123,231,298	
Ending Net Position	\$125,994,942			\$125,947,356			\$122,839,872	
Net Loss Before Rev Adj to Op Revenue	0.6			(21.9)			(6.5)	
Change in Net Position to Operating Revenue	0.6			(21.9)			(6.5)	

Muscatine Power and Water - Electric Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - March 2017

	<u>Budget</u>	<u>Avg. Price</u>	<u>% Increase (Decrease) from Budget</u>	<u>This Year</u>	<u>Avg. Price</u>	<u>% Increase (Decrease) from Last Year</u>	<u>Last Year</u>	<u>Avg. Price</u>
<u>Sales of Electricity</u>								
Residential	\$2,789,578	\$ 0.10611	(5.6)	\$2,633,903	\$ 0.11085	(0.5)	\$2,646,625	\$ 0.10554
Commercial I	937,694	0.10122	(1.7)	921,567	0.10208	5.7	871,857	0.09758
Commercial II	1,864,492	0.08155	(6.6)	1,741,588	0.08018	(4.8)	1,829,816	0.07626
Industrial I	1,883,923	0.06414	3.7	1,953,840	0.06388	20.5	1,620,848	0.06190
Industrial II	5,963,028	0.05147	0.6	5,998,221	0.05249	7.3	5,589,189	0.04952
City Enterprise Funds	106,030	0.07402	(6.2)	99,470	0.07365	3.0	96,589	0.07101
Water & Communications Utilities	266,704	0.06366	3.8	276,914	0.06357	9.3	253,288	0.06119
Native System Sales	13,811,449	0.06600	(1.3)	13,625,503	0.06644	5.6	12,908,212	0.06373
Wholesale Sales	7,052,773	0.03159	(12.3)	6,187,001	0.03716	42.7	4,334,819	0.02385
Energy Sales	20,864,222		(5.0)	19,812,504		14.9	17,243,031	
<u>Steam Sales</u>	3,123,610	4.10	(2.9)	3,033,405	3.83	0.5	3,018,688	3.96
<u>Other Revenue</u>								
By-Product Revenue	40,785		(48.9)	20,861		(41.1)	35,406	
Miscellaneous Revenue	152,571		0.3	153,011		9.2	140,177	
Total Other Revenue	193,356		(10.1)	173,872		(1.0)	175,583	
Operating Revenue	24,181,188		(4.8)	23,019,781		12.6	20,437,302	
<u>Operating Expense</u>								
Purchased Power	6,130,558	0.02678	13.4	6,952,896	0.03029	55.3	4,478,460	0.02126
Production Fuel	5,571,692		(15.0)	4,733,601		(12.6)	5,414,778	
Emissions Allowance	227,568		(98.1)	4,323		(87.0)	33,348	
Operation	6,682,037		(9.3)	6,058,582		(1.7)	6,165,433	
Maintenance	4,615,361		(1.0)	4,569,214		1.0X	2,260,404	
Depreciation	2,871,418		(6.0)	2,700,014		7.5	2,512,023	
Total Operating Expense	26,098,634		(4.1)	25,018,630		19.9	20,864,446	
Operating Loss	(1,917,446)		4.2	(1,998,849)		3.7X	(427,144)	
<u>Nonoperating Revenue (Expense)</u>								
Interest Income	25,624		1.2X	56,781		63.0	34,841	
Interest Expense	(1,200)		16.9	(1,403)		73.2	(810)	
Total Nonoperating Revenue (Expense)	24,424		1.3X	55,378		62.7	34,031	
Net Loss Before Revenue Adjustment and Capital Contributions	(1,893,022)		2.7	(1,943,471)		3.9X	(393,113)	
Capital Contributions	---		---	2,863		(97.9)	133,577	
Change in Net Position	(1,893,022)		2.5	(1,940,608)		6.5X	(259,536)	
Beginning Net Position	127,887,964			127,887,964			123,099,408	
Ending Net Position	<u>\$125,994,942</u>			<u>\$125,947,356</u>			<u>\$122,839,872</u>	
Net Income (Loss) Before Rev Adj to Op Revenue	(7.8)			(8.4)			(1.9)	
Change in Net Position to Operating Revenue	(7.8)			(8.4)			(1.3)	

Muscatine Power and Water - Electric Utility
Statements of Net Position
March 2017

ASSETS

	<u>2017</u>	<u>2016</u>
Current Assets:		
<u>Unrestricted Assets</u>		
Cash - interest bearing	\$25,000,491	\$12,420,840
Investments	4,000,000	7,000,617
Receivables:		
Consumer Accounts	5,508,431	5,425,376
Refined Coal	2,759,784	2,049,748
Wholesale	375,899	1,853
Steam Sales	1,010,707	957,084
Interest	50,612	28,548
Inventories	5,675,599	5,559,687
Fuel	9,374,680	14,195,222
Prepaid Expenses	693,968	1,290,881
Total Unrestricted Current Assets	<u>54,450,171</u>	<u>48,929,856</u>
<u>Restricted Assets</u>		
Cash - interest bearing	9,393,183	2,832,587
Investments	3,750,000	10,250,000
Total Restricted Current Assets	<u>13,143,183</u>	<u>13,082,587</u>
Total Current Assets	<u>67,593,354</u>	<u>62,012,443</u>
Property and Equipment:		
At Cost	426,412,890	420,421,852
Less Accumulated Depreciation	<u>352,417,939</u>	<u>343,408,173</u>
Net Property and Equipment	<u>73,994,951</u>	<u>77,013,679</u>
Other Assets:		
Note Receivable - Communications Utility	9,044,287	9,523,335
Note Receivable - Water Utility	5,500,000	2,900,000
Joint Venture Rights	89,185	102,220
Total Other Assets	<u>14,633,472</u>	<u>12,525,555</u>
Deferred Outflows of Resources - Pension		
Changes of Assumptions	2,764,049	2,764,049
Difference between projected and actual earnings on pension plan	3,171,557	575,136
Contributions subsequent to measurement date	<u>2,241,817</u>	<u>2,181,815</u>
Total Deferred Outflows of Resources - Pension	<u>8,177,423</u>	<u>5,521,000</u>
TOTAL ASSETS	<u><u>\$164,399,200</u></u>	<u><u>\$157,072,677</u></u>

Muscatine Power and Water - Electric Utility
Statements of Net Position
March 2017

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	<u>2017</u>	<u>2016</u>
Current Liabilities:		
<u>Unrestricted</u>		
Accounts Payable	\$5,829,777	\$5,332,967
Health & Dental Insurance Provision	271,040	295,620
Accrued Payroll	299,136	256,328
Accrued Vacation	1,273,593	1,285,849
Accrued Emission Allowance Expense	228,721	33,348
Consumers' Deposits	758,241	740,280
Retained Percentage on Contracts	75,940	58,395
Accrued Property Taxes	79,344	79,076
Miscellaneous Accrued Expenses	875,870	741,607
Unearned Revenue	47,206	273,259
	<hr/>	<hr/>
Total Unrestricted Current Liabilities	9,738,868	9,096,729
	<hr/>	<hr/>
Non-Current Liabilities:		
Health & Dental Insurance Provision	1,042,746	932,986
Post-Employment Health Benefit Provision	416,576	388,874
Net Pension Liability	13,587,629	10,122,430
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Total Non-Current Liabilities	15,046,951	11,444,290
	<hr/>	<hr/>
Deferred Inflows of Resources		
Extraordinary O&M	13,032,866	13,032,866
Pension		
Differences between expected and actual experience	633,159	658,920
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Total Deferred Inflows of Resources	13,666,025	13,691,786
	<hr/>	<hr/>
Net Position:		
Net Investment in Capital Assets	73,994,951	77,013,679
Restricted	13,143,183	13,082,587
Unrestricted	38,809,222	32,743,606
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Total Net Position	125,947,356	122,839,872
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TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$164,399,200</u></u>	<u><u>\$157,072,677</u></u>

Muscatine Power and Water - Electric Utility
Statements of Cash Flows
March 2017

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Retail electric sales	\$4,507,550	\$13,819,931
MISO sales	943,390	7,057,609
Steam sales	936,587	5,376,816
Coal sales	1,236,175	9,192,090
Railcar/facilities leasing	5,624	16,873
By-product sales	---	141,825
Miscellaneous sources	24,279	135,977
Cash paid to/for:		
Suppliers	(1,536,309)	(2,439,695)
MISO purchases/administration fees	(2,245,946)	(6,757,347)
South Fork Wind purchases	(155,704)	(329,222)
Coal purchases	(1,311,841)	(10,314,682)
Employees payroll, taxes and benefits	(1,994,725)	(5,827,705)
Net cash flows from operating activities	<u>409,080</u>	<u>10,072,470</u>
Cash flows from noncapital financing activities:		
Loan to Water Utility	<u>---</u>	<u>(2,600,000)</u>
Net cash flows from noncapital financing activities	<u>---</u>	<u>(2,600,000)</u>
Cash flows from capital financing activities:		
Capital expenditures, net	<u>(450,093)</u>	<u>(1,467,203)</u>
Net cash flows from capital and related financing activities	<u>(450,093)</u>	<u>(4,067,203)</u>
Cash flows from investing activities:		
Purchase of joint venture rights	---	(21,975)
Accrued interest purchased	34,310	78,007
Amortization/accretion of investments	---	(210)
Mark to Market	<u>---</u>	<u>(37)</u>
Net cash flows from investing activities	<u>34,310</u>	<u>55,785</u>
Net increase (decrease) in cash and investments	<u>(6,703)</u>	<u>6,061,052</u>
Cash and investments at beginning of period	<u>42,150,377</u>	<u>36,082,622</u>
Cash and investments at end of period	<u><u>\$42,143,674</u></u>	<u><u>\$42,143,674</u></u>

Muscatine Power and Water - Electric Utility
Statements of Cash Flows
March 2017

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating loss to net cash flows from operating activities		
Operating loss	(\$1,705,808)	(\$1,998,849)
Noncash items in operating income:		
Depreciation of electric utility plant	900,004	2,700,014
Amortization of joint venture rights	9,674	28,214
Changes in assets and liabilities:		
Consumer accounts receivable	8,461	1,609,144
Refined coal	(1,517,985)	1,271,685
Wholesale receivable	(372,983)	656,924
Steam sales receivable	(72,981)	1,265,662
Inventories	45,944	(8,305)
Fuel	1,554,648	4,522,785
Prepaid expenses	74,164	153,418
Accounts payable	1,387,328	(403,608)
Net pension liability	195,654	586,960
Health & dental insurance provision	(19,775)	31,469
Other post-employment benefit provision	2,286	6,858
Accrued payroll	171,242	(381,963)
Accrued vacation	(4,897)	87,389
Accrued emission allowance expense	1,051	4,323
Consumers' deposits	(1,812)	(3,359)
Retained Percentage	12,843	24,654
Accrued property taxes	(38,728)	(22,690)
Unearned revenue	(21,283)	(61,586)
Miscellaneous accrued expenses	(197,967)	3,331
Net cash flows from operating activities	<u>\$409,080</u>	<u>\$10,072,470</u>

**Muscatine Power and Water - Electric Utility
Funds Appropriated for Specific Purposes
March 2017**

	<u>This Year</u>	<u>Last Year</u>
Extraordinary Operation & Maintenance Account	<u>\$13,143,183</u>	<u>\$13,082,587</u>
Total Cash and Investments Appropriated for Specific Purposes	<u><u>\$13,143,183</u></u>	<u><u>\$13,082,587</u></u>

Muscatine Power and Water - Electric Utility
Summary of Expenses
Current Month - March 2017

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Purchased Power</u>	<u>\$1,929,890</u>	25.2	<u>\$2,440,637</u>	31.7	<u>\$1,393,346</u>	23.0
Average price per kWh	\$0.0265		\$0.0335		\$0.0197	
<u>Generation</u>						
Operation Supervision (500)	86,012		80,645		85,191	
Fuel: (501)						
Coal	1,555,253		1,530,525		1,168,998	
Fuel Oil	14,135		24,744		25,389	
Gas	---		27,017		16,130	
Coal Handling Expense (501-003)	47,179		54,046		48,519	
Landfill Operation Expense (501-925)	3,946		10,540		6,587	
Emissions Allowance Expense (509)	78,112		1,051		9,930	
Steam Expense:						
Boiler (502-004)	101,353		86,236		94,300	
Pollution Control (502-005)	76,080		26,197		36,322	
Electric Expense (505)	97,099		95,508		97,759	
Miscellaneous Steam Power Expense (506)	205,148		179,188		251,279	
Maintenance:						
Supervision (510)	67,415		88,190		67,988	
Structures (511)	50,798		41,207		37,683	
Boiler Plant:						
Boiler (512-006)	204,166		123,832		231,195	
Pollution Control (512-007)	53,797		59,356		65,658	
Electric Plant (513-008)	110,711		1,484,068		74,591	
System Control (513-009)	22,192		19,808		27,366	
Miscellaneous Steam Plant (514)	80,497		53,073		73,002	
Coal Handling Equipment (516)	50,165		47,958		69,717	
System Control and Load Dispatch (556)	27,842		28,430		18,305	
Vacation, Holiday, Sick Leave (557)	76,686		75,850		110,987	
Depreciation (558)	<u>643,473</u>		<u>648,814</u>		<u>637,587</u>	
Total Generation Expense	<u>\$3,652,059</u>	47.7	<u>\$4,786,283</u>	62.2	<u>\$3,254,483</u>	53.8

Muscatine Power and Water - Electric Utility
Summary of Expenses
Calendar Year-to-Date - March 2017

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Purchased Power</u>	<u>\$6,130,558</u>	25.4	<u>\$6,952,896</u>	30.2	<u>\$4,478,460</u>	21.9
Average price per kWh	\$0.0283		\$0.0324		\$0.0213	
<u>Generation</u>						
Operation Supervision (500)	261,419		244,753		256,530	
Fuel: (501)						
Coal	5,359,939		4,473,665		5,175,384	
Fuel Oil	24,135		25,663		30,286	
Gas	2,000		47,630		30,759	
Coal Handling Expense (501-003)	170,061		153,824		160,082	
Landfill Operation Expense (501-925)	15,557		32,819		18,267	
Emissions Allowance Expense (509)	227,568		4,323		33,348	
Steam Expense:						
Boiler (502-004)	310,880		268,516		292,941	
Pollution Control (502-005)	234,182		103,553		153,047	
Electric Expense (505)	298,004		278,777		299,094	
Miscellaneous Steam Power Expense (506)	587,080		526,007		626,021	
Maintenance:						
Supervision (510)	201,524		261,588		221,570	
Structures (511)	156,084		96,629		111,971	
Boiler Plant:						
Boiler (512-006)	993,665		731,999		387,856	
Pollution Control (512-007)	202,016		254,395		262,578	
Electric Plant (513-008)	1,913,919		2,071,657		141,076	
System Control (513-009)	64,778		58,628		68,761	
Miscellaneous Steam Plant (514)	244,902		173,150		180,729	
Coal Handling Equipment (516)	156,241		170,264		208,240	
System Control and Load Dispatch (556)	87,526		71,176		77,552	
Vacation, Holiday, Sick Leave (557)	263,482		267,839		318,707	
Depreciation (558)	<u>1,930,419</u>		<u>1,946,443</u>		<u>1,912,762</u>	
Total Generation Expense	<u>\$13,705,381</u>	56.7	<u>\$12,263,298</u>	53.3	<u>\$10,967,561</u>	53.7

Muscatine Power and Water - Electric Utility
Summary of Expenses
Current Month - March 2017

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Transmission</u>						
Operation Supervision (560)	\$7,476		\$8,501		\$5,995	
Load Dispatching (561)	64,739		68,457		55,081	
Station Expense (562)	8,808		7,625		9,840	
Overhead Line Expense (563)	---		251		450	
Transmission of Electricity by Others (565)	113,017		84,485		79,963	
Miscellaneous Transmission Expense (566)	13,831		18,924		28,657	
Maintenance:						
Supervision (568)	2,837		3,008		3,423	
Structures (569)	125		---		---	
Station Equipment (570)	6,280		12,157		7,881	
Overhead Lines (571)	21,980		11,943		726	
Vacation, Holiday, Sick Leave (575)	8,257		8,241		9,884	
Depreciation (576)	40,936		31,072		31,072	
Tax on Rural Property (577)	5,677		5,782		5,771	
Total Transmission Expense	293,963	3.8	260,446	3.4	238,743	3.9
<u>Distribution</u>						
Operation Supervision (580)	15,457		17,107		16,484	
Load Dispatching (581)	27,871		36,375		41,772	
Station Expense (582)	9,615		9,023		6,015	
Overhead Line Expense (583)	2,324		5,346		4,609	
Vehicle Expense (589)	16,644		19,614		12,335	
Underground Line Expense (584)	3,519		4,483		2,775	
Street Lighting (585-418)	2,597		369		914	
Signal Expense (585-419)	1,399		5		5	
Meter Expense (586)	11,787		10,923		4,307	
Consumer Installation Expense (587)	526		543		241	
Miscellaneous Distribution Expense (588)	58,925		68,976		53,448	
Maintenance:						
Supervision (590)	12,187		12,169		14,224	
Structures (591)	442		---		---	
Station Equipment (592)	10,144		51,718		8,590	
Overhead Lines (593)	60,037		169,729		71,607	
Underground Lines (594)	18,247		5,619		10,701	
Line Transformers (595)	4,299		12,483		2,471	
Street Lighting (596-418)	10,186		9,672		15,313	
Signal System (596-419)	5,083		2,543		3,088	
Meters (597)	2,167		2,480		2,238	
Miscellaneous Distribution Plant (598)	2,708		2,481		3,284	
Vacation, Holiday, Sick Leave (599)	25,760		31,309		39,319	
Depreciation (578)	172,687		172,352		168,481	
Tax on Rural Property (579)	1,696		1,727		1,724	
Total Distribution Expense	\$476,307	6.2	\$647,046	8.4	\$483,945	8.0

Muscatine Power and Water - Electric Utility
Summary of Expenses
Calendar Year-to-Date - March 2017

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Transmission</u>						
Operation Supervision (560)	\$22,427		\$22,448		\$17,641	
Load Dispatching (561)	201,545		195,756		175,612	
Station Expense (562)	28,666		23,070		33,014	
Overhead Line Expense (563)	142		532		4,593	
Transmission of Electricity by Others (565)	339,051		229,607		233,633	
Miscellaneous Transmission Expense (566)	164,447		42,495		53,611	
Maintenance:						
Supervision (568)	8,579		8,406		10,210	
Structures (569)	282		---		---	
Station Equipment (570)	23,055		48,835		28,346	
Overhead Lines (571)	65,265		18,767		110,416	
Vacation, Holiday, Sick Leave (575)	28,341		27,667		26,059	
Depreciation (576)	122,807		93,216		93,216	
Tax on Rural Property (577)	17,032		17,161		17,142	
Total Transmission Expense	<u>1,021,639</u>	4.2	<u>727,960</u>	3.2	<u>803,493</u>	3.9
<u>Distribution</u>						
Operation Supervision (580)	44,500		46,645		49,976	
Load Dispatching (581)	83,222		100,430		97,911	
Station Expense (582)	28,056		22,835		18,412	
Overhead Line Expense (583)	15,231		6,165		9,212	
Vehicle Expense (589)	49,827		46,993		38,733	
Underground Line Expense (584)	12,963		9,827		5,509	
Street Lighting (585-418)	7,792		1,575		4,684	
Signal Expense (585-419)	2,569		330		527	
Meter Expense (586)	29,472		33,856		31,535	
Consumer Installation Expense (587)	1,679		1,584		2,315	
Miscellaneous Distribution Expense (588)	176,125		206,421		159,814	
Maintenance:						
Supervision (590)	34,862		33,724		43,542	
Structures (591)	1,420		---		17	
Station Equipment (592)	32,860		71,196		29,994	
Overhead Lines (593)	171,515		265,019		171,883	
Underground Lines (594)	51,709		30,220		28,790	
Line Transformers (595)	10,762		15,781		3,842	
Street Lighting (596-418)	31,759		37,438		38,604	
Signal System (596-419)	11,227		5,806		10,431	
Meters (597)	8,188		7,490		8,231	
Miscellaneous Distribution Plant (598)	8,125		10,437		7,695	
Vacation, Holiday, Sick Leave (599)	88,659		112,041		109,811	
Depreciation (578)	518,059		517,056		505,443	
Tax on Rural Property (579)	5,087		5,126		5,120	
Total Distribution Expense	<u>\$1,425,668</u>	5.9	<u>\$1,587,995</u>	6.9	<u>\$1,382,031</u>	6.8

Muscatine Power and Water - Electric Utility
Summary of Expenses
Current Month - March 2017

	<u>Budget Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Customer Service Expense</u>						
Customer Information Expense (909)	\$5,128		\$2,570		\$1,300	
Energy Efficiency Rebates (910)	17,857		3,115		5,073	
Electric Ranges/Dryers Maintenance (911)	451		129		157	
Electric Water Heaters Maintenance (912)	161		---		94	
Total Customer Service Expense	<u>23,597</u>	0.3	<u>5,814</u>	0.1	<u>6,624</u>	0.1
<u>Consumer Accounts</u>						
Supervision (901)	3,207		3,618		3,756	
Meter Reading Expense (902)	8,509		9,522		9,387	
Consumer Records and Collection (903)	40,025		41,934		32,029	
Uncollectible Accounts Expense (904)	5,623		5,623		4,769	
Vacation, Holiday, Sick Leave (906)	4,015		3,853		6,360	
Total Consumer Accounts Expense	<u>61,379</u>	0.8	<u>64,550</u>	0.8	<u>56,301</u>	0.9
<u>Administrative and General</u>						
Administrative and General Salaries (920)	187,070		188,932		175,866	
Office Supplies and Expenses (921)	19,641		11,648		9,826	
Outside Services Employed (923)	53,331		40,088		34,312	
Property Insurance (924)	53,778		53,778		58,782	
Casualty Ins, Injuries & Damages (925)	50,370		93,262		45,926	
Employee Pensions and Benefits (926)	561,858		630,979		562,053	
Fringe Benefits Charged to Constr. (927)	(25,226)		(19,115)		(23,369)	
Regulatory Commission (928)	6,231		8,613		7,078	
Miscellaneous General Expense (930)	77,838		48,075		47,957	
Maintenance of General Plant (932)	36,321		36,778		28,956	
Maintenance of A/O Center (934)	31,786		35,994		36,788	
Vacation, Holiday, Sick Leave (936)	24,017		23,965		39,687	
Depreciation (933)	100,044		47,766		201	
Total Administrative and General	<u>1,177,059</u>	15.4	<u>1,200,763</u>	15.6	<u>1,024,063</u>	16.9
Total Operating Expense	<u>\$7,614,254</u>		<u>\$9,405,539</u>		<u>\$6,457,505</u>	
Percent to Operating Revenue		99.5		122.2		106.7

Muscatine Power and Water - Electric Utility
Summary of Expenses
Calendar Year-to-Date - March 2017

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Customer Service Expense</u>						
Customer Information Expense (909)	\$28,362		\$4,862		\$16,946	
Energy Efficiency Rebates (910)	53,573		41,140		16,035	
Electric Ranges/Dryers Maintenance (911)	1,454		185		328	
Electric Water Heaters Maintenance (912)	584		194		141	
Total Customer Service Expense	<u>\$83,973</u>	0.3	<u>\$46,381</u>	0.2	<u>\$33,450</u>	0.2
<u>Consumer Accounts</u>						
Supervision (901)	9,621		9,627		10,726	
Meter Reading Expense (902)	26,155		28,810		27,833	
Consumer Records and Collection (903)	119,080		112,537		103,483	
Uncollectible Accounts Expense (904)	16,869		16,869		14,307	
Vacation, Holiday, Sick Leave (906)	14,020		16,054		16,404	
Total Consumer Accounts Expense	<u>185,745</u>	0.8	<u>183,897</u>	0.8	<u>172,753</u>	0.8
<u>Administrative and General</u>						
Administrative and General Salaries (920)	561,209		538,893		530,028	
Office Supplies and Expenses (921)	57,160		40,857		37,487	
Outside Services Employed (923)	163,009		139,071		99,080	
Property Insurance (924)	161,334		161,334		176,346	
Casualty Ins, Injuries & Damages (925)	154,309		177,828		201,867	
Employee Pensions and Benefits (926)	1,690,009		1,698,774		1,625,091	
Fringe Benefits Charged to Constr. (927)	(70,024)		(68,340)		(66,105)	
Regulatory Commission (928)	18,694		19,652		21,320	
Miscellaneous General Expense (930)	204,212		121,942		107,122	
Maintenance of General Plant (932)	129,502		102,859		81,546	
Maintenance of A/O Center (934)	93,122		94,926		104,076	
Vacation, Holiday, Sick Leave (936)	83,001		85,108		108,238	
Depreciation (933)	300,133		143,299		602	
Total Administrative and General	<u>3,545,670</u>	14.7	<u>3,256,203</u>	14.1	<u>3,026,698</u>	14.8
Total Operating Expense	<u>\$26,098,634</u>		<u>\$25,018,630</u>		<u>\$20,864,446</u>	
Percent to Operating Revenue		107.9		108.7		102.1

Muscatine Power and Water - Electric Utility
Statistical Data
March 2017

Total Fuel Cost

(To & Including Ash Handling, Gas & Oil)

	<u>Current Month</u>	
	<u>2017</u>	<u>2016</u>
Per Million Btu.	\$1.851	\$1.913
Per Net MW Generated	\$11.63	\$20.39
Net Peak Monthly Demand-KW	116,240	110,700
Date of Peak	3/15	3/1
Hour of Peak	800	2000

	<u>Calendar Year-To-Date</u>	
	<u>2017</u>	<u>2016</u>
Per Million Btu.	\$1.824	\$1.868
Per Net MW Generated	\$17.20	\$20.58
Net Peak Monthly Demand-KW	116,240	116,710
Date of Peak	3/15	1/12
Hour of Peak	800	1900
Average Temperature	38.9°	43.8°

<u>Services</u>	<u>2017</u>	<u>2016</u>
Residential	9,876	9,842
Commercial I	1,378	1,372
Commercial II	111	119
Industrial I	11	10
Industrial II	2	2
City Enterprise Funds	23	22
Water & Communications Utility	34	34
Total	<u>11,435</u>	<u>11,401</u>

Muscatine Power and Water - Electric Utility
Wholesale Sales Analysis - Excluding Wind
Current Month - March 2017

	Modified Budget	\$/kWh	This Year	\$/kWh	Last Year	\$/kWh
Wholesale kWh Sales*	<u>57,017,184</u>		<u>53,101,700</u>		<u>36,003,139</u>	
Wholesale Sales*	<u>\$1,867,167</u>	<u>\$0.03275</u>	<u>\$2,096,979</u>	<u>\$0.03949</u>	<u>\$807,637</u>	<u>\$0.02243</u>
Variable Costs						
Fuel (Coal, Gas & Fuel Oil)	1,023,720	0.01795	540,499	0.01018	669,972	0.01861
Emissions:						
SO ² Allowances-ARP ^{fn1}	231	0.00000	26	0.00000	20	0.00000
SO ² Allowances-CSAPR ^{fn2}	231	0.00000	66	0.00000	49	0.00000
NO _x Allowances ^{fn3}	77,650	0.00136	303	0.00001	18,262	0.00051
Other ^{fn4}	<u>159,224</u>	<u>0.00279</u>	<u>167,186</u>	<u>0.00315</u>	<u>192,431</u>	<u>0.00534</u>
Total Variable Costs	<u>1,261,056</u>	<u>0.02212</u>	<u>708,080</u>	<u>0.01333</u>	<u>880,734</u>	<u>0.02446</u>
Gross Margin	<u>\$606,111</u>	<u>\$0.01063</u>	<u>\$1,388,899</u>	<u>\$0.02616</u>	<u>(\$73,097)</u>	<u>(\$0.00203)</u>
Percent Gross Margin	32.5%		66.2%		-9.1%	

*Wholesale analysis excludes wind. (see next page)

Calendar Year To Date

	Modified Budget	\$/kWh	This Year	\$/kWh	Last Year	\$/kWh
Wholesale kWh Sales*	<u>210,805,747</u>		<u>151,374,716</u>		<u>181,791,122</u>	
Wholesale Sales*	<u>\$6,774,459</u>	<u>\$0.03214</u>	<u>\$6,005,449</u>	<u>\$0.03967</u>	<u>\$4,334,819</u>	<u>\$0.02385</u>
Variable Costs						
Fuel (Coal, Gas & Fuel Oil)	3,801,516	0.01803	2,387,769	0.01577	3,515,276	0.01934
Emissions:						
SO ² Allowances-ARP ^{fn1}	673	0.00000	92	0.00000	65	---
SO ² Allowances-CSAPR ^{fn2}	673	0.00000	229	0.00000	161	---
NO _x Allowances ^{fn3}	226,221	0.00107	1,532	0.00001	32,972	0.00018
Other ^{fn4}	<u>477,671</u>	<u>0.00227</u>	<u>501,558</u>	<u>0.00331</u>	<u>577,293</u>	<u>0.00318</u>
Total Variable Costs	<u>4,506,754</u>	<u>0.02138</u>	<u>2,891,180</u>	<u>0.01910</u>	<u>4,125,767</u>	<u>0.02270</u>
Gross Margin	<u>\$2,267,705</u>	<u>\$0.01076</u>	<u>\$3,114,269</u>	<u>\$0.02057</u>	<u>\$209,052</u>	<u>\$0.00115</u>
Percent Gross Margin	33.5%		51.9%		4.8%	

*Wholesale analysis excludes wind. (see next page)

Allowance costs are based on budgeted and market prices for allowances:

	Budget	2017	2016
fn1 SO ² ARP	\$2.00	\$0.80	\$0.80
YTD SO ² ARP	2.00	0.80	0.80
fn2 SO ² CSAPR	0.00	2.00	2.00
YTD SO ² CSAPR	0.00	2.00	2.00
fn3 NO _x annual	500.00	4.25	77.50
YTD NO _x annual	500.00	6.84	83.12

fn4 Other includes variable generation O&M, rail car cost, and Title V permit fees. Costs included have been amortized evenly over the year.

Muscataine Power and Water - Electric Utility
Wind Sales Analysis
Current Month - March 2017

	<u>Budget</u>	<u>\$/kWh</u>	<u>This Year</u>	<u>\$/kWh</u>	<u>Last Year</u>	<u>\$/kWh</u>
<u>Revenue</u>						
<u>Wholesale kWh Sales</u>	<u>4,015,619</u>		<u>5,586,736</u>		<u>0</u>	
<u>Wholesale Sales</u>	<u>\$66,017</u>	<u>\$0.01644</u>	<u>\$43,100</u>	<u>\$0.00771</u>	<u>\$0</u>	<u>---</u>
<u>Expense</u>						
<u>Purchased Power kWh</u>	<u>4,015,619</u>		<u>5,586,736</u>		<u>0</u>	
<u>Purchased Power</u>	<u>\$104,406</u>	<u>0.02600</u>	<u>\$145,255</u>	<u>0.02600</u>	<u>\$0</u>	<u>---</u>
<u>Gross Margin/(Loss)</u>	<u>(\$38,389)</u>	<u>(\$0.00956)</u>	<u>(\$102,155)</u>	<u>(\$0.01829)</u>	<u>\$0</u>	<u>---</u>
Percent Gross Margin	-58.2%		-237.0%		---	
RECs Sold	---		---		---	
REC Net Proceeds	\$0	---	\$0	---	\$0	---
Misc Wind Revenues/Charges	\$0		\$0		\$0	
<u>Wind Net Margin/(Loss)</u>	<u>(\$38,389)</u>		<u>(\$102,155)</u>		<u>\$0</u>	

Calendar Year To Date

	<u>Budget</u>	<u>\$/kWh</u>	<u>This Year</u>	<u>\$/kWh</u>	<u>Last Year</u>	<u>\$/kWh</u>
<u>Revenue</u>						
<u>Wholesale kWh Sales</u>	<u>12,460,249</u>		<u>15,121,270</u>		<u>0</u>	
<u>Wholesale Sales</u>	<u>\$278,314</u>	<u>\$0.02234</u>	<u>\$181,552</u>	<u>\$0.01201</u>	<u>\$0</u>	<u>---</u>
<u>Expense</u>						
<u>Purchased Power kWh</u>	<u>12,460,249</u>		<u>15,121,270</u>		<u>0</u>	
<u>Purchased Power</u>	<u>\$323,966</u>	<u>0.02600</u>	<u>\$393,173</u>	<u>0.02600</u>	<u>\$0</u>	<u>---</u>
<u>Gross Margin/(Loss)</u>	<u>(\$45,652)</u>	<u>(\$0.00366)</u>	<u>(\$211,621)</u>	<u>(\$0.01399)</u>	<u>\$0</u>	<u>---</u>
Percent Gross Margin	-16.4%		-116.6%		---	
RECs Sold	---		---		---	
REC Net Proceeds	\$0	---	\$0	---	\$0	---
Misc Wind Revenues/Charges	\$0		\$0		\$0	
<u>Wind Net Margin/(Loss)</u>	<u>(\$45,652)</u>		<u>(\$211,621)</u>		<u>\$0</u>	

	<u>Budget</u>	<u>This Year</u>	<u>Last Year</u>
Number of RECs at end of Prior Period	0	0	0
RECs Sold This Period	0	0	0
Number of RECs on hand	0	0	0
Market Value per REC	\$0.00	\$0.00	\$0.00
Value of RECs on Hand	\$0.00	\$0.00	\$0.00

Muscatine Power and Water - Electric Utility
SUPPLEMENTAL STATISTICAL DATA - FOR INTERNAL PURPOSES ONLY
March 2017

Delivered to Wholesale Customers

	Current Month 2017 Budget	Current Month 2017 Actual	Current Month 2016 Actual	Year-To-Date 2017 Budget	Year-To-Date 2017 Actual	Year-To-Date 2016 Actual
Wholesale Sales KWHs	61,032,803	58,688,436	36,003,139	223,265,996	166,495,986	181,791,122
Wholesale Sales	\$1,933,184	\$2,140,079	\$807,637	\$7,052,773	\$6,187,001	\$4,334,819
Less:						
Production Fuel	1,077,938	609,867	729,515	3,997,510	2,586,356	3,708,901
Generation-Other	1,921,119	3,107,356	1,948,001	7,841,342	7,432,490	5,424,999
Transmission	293,963	260,446	238,743	1,021,639	727,960	803,493
Subtotal	3,293,020	3,977,669	2,916,259	12,860,491	10,746,806	9,937,393
Wholesale Margin	<u>(\$1,359,836)</u>	<u>(\$1,837,590)</u>	<u>(\$2,108,622)</u>	<u>(\$5,807,718)</u>	<u>(\$4,559,805)</u>	<u>(\$5,602,574)</u>

Delivered to Steam Customer

	Current Month 2017 Budget	Current Month 2017 Actual	Current Month 2016 Actual	Year-To-Date 2017 Budget	Year-To-Date 2017 Actual	Year-To-Date 2016 Actual
Steam Sales - 1,000 lbs.	261,409	263,920	241,376	761,573	792,193	761,891
Steam Sales	\$1,074,425	\$1,010,354	\$956,753	\$3,123,610	\$3,033,405	\$3,018,688
Less:						
Production Fuel	542,575	1,037,005	536,108	1,574,182	2,147,245	1,705,877
Generation-Other	110,428	32,056	40,860	292,347	97,207	127,784
Steam Sales Margin	<u>\$421,423</u>	<u>(\$58,707)</u>	<u>\$379,786</u>	<u>\$1,257,081</u>	<u>\$788,953</u>	<u>\$1,185,027</u>

Delivered to Paying Native System Customers

	Current Month 2017 Budget	Current Month 2017 Actual	Current Month 2016 Actual	Year-To-Date 2017 Budget	Year-To-Date 2017 Actual	Year-To-Date 2016 Actual
Native System Sales KWHs	70,394,135	68,485,503	67,543,154	209,259,485	205,073,394	202,558,822
Native System Sales	\$4,581,742	\$4,494,907	\$4,261,419	\$13,811,449	\$13,625,503	\$12,908,212
Less:						
Purchased Power	1,929,890	2,440,637	1,393,346	6,130,558	6,952,896	4,478,460
Distribution	476,307	647,046	483,945	1,425,668	1,587,995	1,382,031
Customer Service	23,597	5,814	6,624	83,973	46,381	33,450
Consumers Accounts	61,379	64,550	56,301	185,745	183,897	172,753
Administrative & General	1,177,059	1,200,763	1,024,063	3,545,670	3,256,203	3,026,698
Subtotal	3,668,232	4,358,810	2,964,279	11,371,614	12,027,372	9,093,392
Native System Margin	913,510	136,097	1,297,140	2,439,835	1,598,131	3,814,820
Steam Sales Margin	421,423	(58,707)	379,786	1,257,081	788,953	1,185,027
Wholesale Margin	<u>(1,359,836)</u>	<u>(1,837,590)</u>	<u>(2,108,622)</u>	<u>(5,807,718)</u>	<u>(4,559,805)</u>	<u>(5,602,574)</u>
Net Electric Margin	(24,903)	(1,760,199)	(431,696)	(2,110,802)	(2,172,721)	(602,727)
Other Revenue	61,915	54,391	26,120	193,356	173,872	175,583
Nonoperating Revenue (Expense)	8,062	21,473	14,150	24,424	55,378	34,031
Net Income (Loss) Before Revenue Adjustment and Capital Contributions	<u>\$45,074</u>	<u>(\$1,684,335)</u>	<u>(\$391,426)</u>	<u>(\$1,893,022)</u>	<u>(\$1,943,471)</u>	<u>(\$393,113)</u>

Electric Utility
Review of Operating Results
March 2017

MUSCATINE POWER AND WATER - ELECTRIC UTILITY
VARIANCES FROM BUDGETED NET POSITION - MARCH 31, 2017

Page 1

	(Unfavorable)/ Favorable Compared to Budget	
Sales of Electricity		
Native System Sales	\$ (185,946)	2.0% lower kWh's, offset by a 0.7% higher average sales price (\$.06644/kWh versus \$.06600/kWh budgeted)
Wholesale Sales	(865,772)	25.4% lower kWhs sold, offset by an 17.6% higher average sale price (\$.03716/kWh versus \$.03159/kWh)
	<u>(1,051,718)</u>	
Steam Sales	<u>(90,205)</u>	A 6.6% lower average sales price, offset by 4.0% higher pounds of steam sold
Other Revenue		
By-Product Revenue	(10,974)	Fly ash sales
	(8,950)	Gypsum sales not realized
Miscellaneous Revenue	(6,811)	Lower job sales, net of expenses
	10,349	Higher transmission revenue
	(2,244)	Penalty revenue
	(854)	Other miscellaneous variances - net
	<u>(19,484)</u>	
Operating Expense		
Purchased Power - Native System	(753,131)	Average purchase price is 13.1% higher (\$.03029/kwh vs \$.02678/kwh), offset by 1.0% lower kWhs purchased
Purchased Power - Wind	(69,207)	21.4% higher kWhs purchased
	<u>(822,338)</u>	
Production Fuel	886,274	16.3% or 30,912 fewer number of coal tons burned, offset by a 2.3% higher price/ton
	(41,430)	Unit 8's natural gas usage was not budgeted
	(4,201)	Unit 7's natural gas usage was higher than budgeted
	12,476	Lower gasoline/diesel fuel usage for dozers
	6,562	Lower fly ash handling expense
	(10,248)	CCR compliance costs were not budgeted
	(15,229)	Higher labor cost
	3,887	Other miscellaneous variances - net
	<u>838,091</u>	
Emissions Allowance	<u>223,245</u>	Market price lower than assumed
Operation	(37,826)	Higher bottom ash handling expense due to timing
	29,743	Lower gas usage for auxiliary boiler
	70,563	PAC (powdered activated carbon) injection system costs were lower
	7,875	Lower scrubber waste handling expenses
	10,149	Lower cost for wastewater operations
	(21,727)	Higher water bill for Units 7 & 8
	(10,955)	Higher hydrogen cost and other electric material expenses
	(41,899)	Higher cost for IDNR Title V permit fee
	6,000	PM2.5 modeling not performed
	14,952	316(b) Impingement/entrainment study not expended
	17,169	Lower cost for stack emission testing
	5,000	Coal and byproduct analysis not completed
	(16,259)	Higher cost for continuous emissions monitoring system consulting
	4,549	Lower cost for plant safety materials
	12,881	Lower cost for rail car storage, switching costs, and administration fees
	7,823	Lower cost for MISO operating & administrative fees
	3,000	North American Energy Markets membership, not expended
	108,821	Lower cost for MISO's multi-value transmission projects

**MUSCATINE POWER AND WATER - ELECTRIC UTILITY
VARIANCES FROM BUDGETED NET POSITION - MARCH 31, 2017**

Page 2

(Unfavorable)/
Favorable Compared
to Budget

110,000	Transmission coordination study, not begun
12,500	Relay technician consultant, not utilized
8,222	Electric line workers' tools not needed
3,695	Fewer promotional materials expended
13,000	Trees Forever, not expended
(8,024)	Higher cost for commercial lighting rebates
4,500	City building rebates not expended
12,750	Motor rebates not expended
16,200	Organizational development consulting not expended
12,540	Environmental/regulatory legal service not expended
2,000	Transmission/reliability standards attorney not expended
4,201	Lower cost for financial audit services due to timing
(19,061)	IS department professional services and review, not budgeted
10,125	Employee search services, not utilized
(4,867)	Engineering services, not budgeted
(29,645)	Higher cost for workers compensation claims
24,694	Lower healthcare costs
(10,666)	Higher cost of deferred comp's utility match due to timing
(11,893)	Recognition dinner expense, budgeted in April
9,665	Lower employment expenses
10,519	Lower cost for employee team expenses
10,310	Lower cost for continuous improvement
18,257	Fewer subscriptions/memberships
6,858	Lower cost for gasoline/diesel fuel
67,852	Less training/travel
(20,279)	Higher cost for temporary labor services
112,130	Lower labor cost
22,860	Lower vacation accrual
65,153	Other miscellaneous variances - net
<u>623,455</u>	

Maintenance

3,021	Lower cost for contracted insulation replacement/repair
3,000	Overhead door maintenance not needed
6,900	Contracted utility work not utilized
(8,335)	Fire protection equipment repairs, not budgeted
3,000	Waste oil material dumpster not expended
(11,135)	Higher bottom ash system materials expense
(12,907)	Higher cost for partial replacement of Unit 9 BA pantleg refractory
19,006	Lower fly ash system materials expense
7,252	Lower cost to replace fly ash silo bin vent and secondary collector bags
11,000	Unit 8 fly ash filter replacements not completed
(5,907)	Repair auxiliary boiler steam line under RR crossing, not budgeted
(3,484)	Inspection Unit 7 stack fall protection system not budgeted
(5,070)	Replacement of Unit 7 air preheater impulse traps, not budgeted
(10,656)	Higher cost for Unit 7 safety valve repairs
(8,229)	Unit 8 isolation balloon for flue gas exhaust stack not budgeted
(11,210)	Unit 8 distributive control repair not budgeted
5,000	Unit 8 FA blower inlet piping not replaced
(17,443)	Unit 9 drum level gauge glass assembly not budgeted
(4,950)	Unit 9 coal feeder piping repair budgeted later in the year
(29,923)	Replacement of 9B pulverizer ceramic tile on the journal inner cone not budgeted
80,000	Pulverizer journal rebuild, not completed
6,879	Lower cost for routine pulverizer maintenance
4,831	Unit 9 sootblower rebuild, not completed
4,856	Unit 9 miscellaneous valve repairs not needed
5,625	Unit 9 boiler vent, drain, and blowdown valve repairs not expended
(11,677)	Inspection of Unit 9 boiler windboxes and SOFA ductwork not budgeted
7,815	Lower cost for Unit 9 superheater temperature inspection

MUSCATINE POWER AND WATER - ELECTRIC UTILITY
VARIANCES FROM BUDGETED NET POSITION - MARCH 31, 2017

Page 3

	(Unfavorable)/ Favorable Compared to Budget	
	(5,109)	Higher cost for hydroset boiler safeties & repair
	10,664	Lower cost to explosive clean Unit 9 boiler
	(28,038)	Deslag Unit 9 boiler, not budgeted
	7,000	Economizer contract cleaning not completed
	38,000	Unit 9 coal nozzle tip repair or replacement not completed
	20,000	Replace Unit 9 coal nozzles not completed
	(4,919)	Higher cost for Unit 9 boiler & ductwork vacuum services
	108,000	Contracted labor not utilized
	(4,964)	Higher cost for ID FD Fan OEM inspection
	10,011	Lower cost for Unit 9 boiler tube shield repairs
	55,000	Replace Unit 9 hot & cold reheat drip leg switches not completed
	15,000	9C Mill tungston tiles on bowl deflectors not completed
	40,500	Replace one 9D and two 9A mill upper riffle distributor housings not completed
	(9,905)	Flue gas ductwork and expansion joints UT readings not budgeted
	(12,264)	Inspection and cleaning Tower 902 not budgeted
	(19,915)	FGD batteries replacement not budgeted
	(14,206)	Higher cost for absorber spray pump inspection and repair
	9,800	WDHFP discharge valves to Clarkson not expended
	8,000	Process piping repairs not expended
	(3,268)	Replace transformer for 9 precipitator transformer rectifier not budgeted
	13,749	Miscellaneous FGD equipment repairs not expended
	34,669	Lower cost for Unit 9 turbine & control valves inspection/overhaul
	16,776	Lower cost to replace oil in Unit 9 transformer
	30,000	Bearing laser align and load testing not completed
	25,737	Lower cost for circulating water tunnel inspection
	5,000	Unit 9 CV-2 relay not needed
	(91,012)	Replace Unit 9 batteries not budgeted
	(4,179)	Repair Unit 9 air ejector supply safety valve leak, not budgeted
	(18,985)	Higher cost for rail car maintenance
	(15,313)	DC-3 blower fan rebuild, not budgeted
	(4,292)	Unit 7 lump breaker switch replacement, not budgeted
	29,837	Lower cost for transmission line maintenance
	(40,492)	Oregon Street substation barrier board replacement, not budgeted
	(61,921)	Higher cost for distribution line maintenance due to storm restoration work
	(11,563)	Line transformer repair, not budgeted
	11,358	Lower cost for computer hardware/software maintenance
	5,282	Radio equipment maintenance not needed
	3,613	Lower cost for telephone maintenance
	(214,160)	Higher labor cost
	88,418	Other miscellaneous variances - net
	<u>46,147</u>	
Depreciation	<u>171,404</u>	Net value of the A&G assets were overestimated for the budget
Nonoperating Revenue (Expense)		
Interest Income	31,157	Higher average cash balances
Interest Expense	(203)	
	<u>30,954</u>	
Capital Contributions	<u>2,863</u>	CenturyLink transformer
Change in Net Position	<u>\$ (47,586)</u>	Total Variance from Budgeted Net Position

Statements of Revenues, Expenses and Changes in Net Position**Sales of Electricity****Native System Sales**

2.0% lower kWh's sold, offset by a 0.7% higher average sales price per kWh (\$.06644/kWh versus \$.06600/kWh budgeted), resulted in \$185,946 lower revenue.

Wholesale Sales

25.4% lower kWhs sold, offset by an 17.6% higher average sales price (\$.03716/kWh versus \$.03159/kWh budgeted), resulted in \$865,772 lower revenue than projected.

Steam Sales

A 6.6% lower average sales price, offset by 4.0% higher pounds of steam sold, resulted in \$90,205 lower revenue than projected.

Other Revenue**By-Product Revenue**

Fly ash sales are \$10,974 lower than budgeted; gypsum sales, budgeted at \$8,950, were not realized.

Miscellaneous Revenue

Transmission revenue is \$10,349 higher than budgeted. Job sales revenue is \$6,811 lower than budgeted; penalty revenue is also lower than budgeted by \$2,244.

Nonoperating Revenue (Expense)**Interest Income**

Interest income is \$31,157 higher than budgeted due to higher average cash balances.

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 – (555)

An 13.1% higher average purchase price (\$.03029/kWh versus \$.02678/kWh budgeted), offset by 1.0% lower kWhs purchased for native system sales, resulted in \$753,131 higher cost. Wind energy kWh purchases were 21.4% or \$69,207 higher than budgeted.

Generation

Fuel – Coal – (501-001)

16.3% or 30,912 fewer tons of coal burned due to the maintenance outage taking place in February and March versus later in the budget year, offset by a 2.3% higher price/ton, resulted in \$886,274 lower coal expense.

Fuel – Gas – (501-002)

The budget assumed there would be no Unit 8 natural gas usage; actual expense is \$41,430. Unit 7's gas usage is also higher than budgeted, resulting in \$4,201 higher expense.

Coal Handling Expense - (501-003)

Gasoline/diesel fuel expense for the dozers and fly ash handling expenses are \$12,476 and \$6,562 lower than budgeted, respectively.

Landfill Operation Expense - (501-925)

CCR compliance expenses totaling \$10,248 were not budgeted; labor expense is \$7,673 greater than the budget.

Emissions Allowance Expense - (509)

Expense is based on current market price, which is \$223,245 lower than budgeted.

Annual SO ₂ - CSAPR allowance information follows:						
1/1/17 Beg balance						
4102.5						
Annual EPA		GPC	Allowances	MPW	GPC	Allowances
<u>Allocation</u>	<u>+</u>	<u>Purchases</u>	<u>+</u>	<u>Provides</u>	<u>=</u>	<u>Available</u>
1956.0		0.0		348.0		6406.5
						Valued @
						\$384
						\$696
						Ending Balance 3/31/17
						5944.0
Annual NO _x allowance information follows:						
1/1/17 Beg balance						
1301.7						
Annual EPA		GPC	Allowances	MPW	GPC	Allowances
<u>Allocation</u>	<u>+</u>	<u>Purchases</u>	<u>+</u>	<u>Provides</u>	<u>=</u>	<u>Available</u>
1746.0		0.0		453.0		3500.7
						Valued @
						\$0
						\$2,965
						Ending Balance 3/31/17
						2821.5

Generation (cont'd)Steam Expense – Boiler – (502-004)

Bottom ash handling expense is \$37,826, which was not budgeted. Gas usage for the auxiliary boiler and labor expenses are \$29,743 and \$51,573 lower than budgeted, respectively.

Steam Expense – Pollution Control – (502-005)

Labor, PAC (powdered activated carbon) injection system costs, scrubber waste handling, and wastewater operations expenses are \$40,399, \$70,563, \$7,875, and \$10,149 lower than budgeted, respectively.

Electric Expense – (505)

Labor expense is \$51,909 lower than budget; water expense for Units 7 & 8 is \$21,727 higher than budgeted. Hydrogen and other material expenses are \$10,955 higher than budgeted.

<u>Miscellaneous Steam Power Expense - (506)</u>	<u>2017</u>	<u>2017</u>
	<u>Budget</u>	<u>Actual</u>
Labor	\$241,156	\$223,378
IDNR Title V permit fee	24,920	66,819
PM2.5 modeling	6,000	-
316(b) cooling water impingement/entrainment study	45,000	30,048
Stack emission testing	46,750	29,581
Coal and byproduct analysis	5,000	-
Continuous emissions monitoring system consulting	4,380	20,639
ESC software engineering time/maintenance	6,300	6,172
Unit 9 4-SYTE system strategy program	2,000	4,400
Plant safety material expenses	35,011	30,462
Rail car storage/switching costs/admin fees	45,889	33,008
Travel/training	42,550	13,830
Temporary labor services	7,800	24,242
Ground maintenance	3,150	6,297
Membership/subscriptions	7,375	3,674
Gasoline/diesel fuel	3,500	2,444
Other expenses	<u>60,299</u>	<u>31,013</u>
	<u>\$587,080</u>	<u>\$526,007</u>

Maintenance of Supervision – (510)

Labor expense is \$60,064 higher than budget due to Unit 9 maintenance outage being moved to February and March.

Generation (cont'd)

<u>Maintenance of Structures - (511)</u>	2017	2017
	<u>Budget</u>	<u>Actual</u>
Labor	\$74,412	\$45,080
Elevator maintenance	11,346	11,385
State elevator inspection and permits	2,000	-
Contracted insulation replacement/repair	6,018	2,997
Overhead door maintenance	3,000	-
Central Stores building maintenance	2,250	867
Contracted utility work	6,900	-
Units 9, 8 & 8A annual backflow preventer testing	1,620	3,488
Waste oil material dumpster	3,000	-
Replacement of cathodic protection anodes	1,000	-
Unit 8 fire protection pump/check valve repair	-	3,100
Unit 9 fire protection panel repair	-	5,235
Unit 9 wastewater treatment sump pump cleaning	3,600	4,871
Other expenses	<u>40,938</u>	<u>29,711</u>
	<u>\$156,084</u>	<u>\$96,628</u>

Generation (cont'd)

<u>Maintenance of Boiler Plant - Boiler - (512-006)</u>	2017 <u>Budget</u>	2017 <u>Actual</u>
Labor	\$197,771	\$199,551
Bottom ash system materials	24,626	35,758
Partial replacement of Unit 9 BA pantleg refractory	75,000	87,907
Fly ash system materials	25,751	6,745
Replace fly ash silo bin vent and secondary collector bags	13,000	5,748
Unit 8 fly ash filter replacements	11,000	-
Reverse osmosis system	3,225	591
Repair auxiliary boiler steam line under RR crossing	-	5,907
Inspect Unit 7 stack fall protection system	-	3,484
Replace Unit 7 air preheater impulse traps	-	5,070
Unit 7 feeder paddles & drum replacement	-	2,312
Unit 7 safety valve repairs	-	10,656
Unit 8 isolation balloon for flue gas exhaust stack	-	8,229
Unit 8 distributive control repair	-	11,210
Replace Unit 8 FA blower inlet piping	5,000	-
Unit 9 drum level gauge glass assembly	-	17,443
Unit 9 sootblower repairs	7,875	7,590
Unit 9 coal feeder piping repair	-	4,950
Replace 9B pulverizer ceramic tile on the journal inner cone	-	29,923
Pulverizer journal rebuild	80,000	-
Unit 9 routine pulverizer maintenance	25,030	18,151
Rebuild Unit 9 sootblowers	7,875	3,044
Unit 9 miscellaneous valve repairs	10,500	5,644
Unit 9 boiler vent, drain, and blowdown valve repairs	5,625	-
Inspect Unit 9 boiler windboxes and SOFA ductwork	-	11,677
Unit 9 superheater temperator inspection	15,000	7,185
9A ID fan motor inspection	14,000	14,162
Update Unit 9 BFP recirculating valve controls	8,000	7,714
Hydroset boiler safeties & repair	10,000	15,109
Explosive clean Unit 9 boiler	15,000	4,336
Deslag Unit 9 boiler	-	28,038
Economizer contract cleaning	7,000	-
Unit 9 coal nozzle tip repair or replacement	38,000	-
Replace Unit 9 coal nozzles	20,000	-
Unit 9 boiler & ductwork vacuum services	32,000	36,919
Contracted labor	108,000	-
Unit 9 high pressure air heater boiler washing	36,000	32,683
Grit blast U9 ID fans	3,240	-
Scaffold Unit 9 boiler pantlegs for refractory and screen repair	10,000	8,113
ID FD Fan OEM inspection services	8,000	12,964

Generation (cont'd)

<u>Maintenance of Boiler Plant - Boiler - (512-006) cont'd</u>	2017	2017
	<u>Budget</u>	<u>Actual</u>
Unit 9 boiler tube shield repairs	15,000	4,989
Replace Unit 9 hot & cold reheat drip leg switches	55,000	-
9C Mill tungston tiles on bowl deflectors	15,000	-
Replace one 9D and two 9A mill upper riffle distributor housings	40,500	-
Flue gas ductwork and expansion joints UT readings	-	9,905
Install grease lines to ID fan damper bearings	-	3,283
Software/plant controls maintenance agreements	13,029	15,527
Other expenses	<u>38,618</u>	<u>49,482</u>
	<u>\$993,665</u>	<u>\$731,999</u>

<u>Maintenance of Boiler Plant – Pollution Control - (512-007)</u>	2017	2017
	<u>Budget</u>	<u>Actual</u>
Labor	\$72,164	\$106,889
Continuous emission monitoring expenses	30,965	31,469
PAC (powdered activated carbon) injection system costs	2,499	43
Grit blast and vacuum clean Unit 9 precipitator	35,000	37,657
Miscellaneous limestone handling equipment repairs	2,847	-
Wastewater equipment maintenance	3,475	467
Scrubber waste equipment repairs	2,700	811
Inspect/clean Tower 902	-	12,264
FGD hydroclone repairs/replacements	3,750	-
FGD batteries replacement	-	19,915
Absorber spray pump inspection/repair	6,000	20,206
WDHFP discharge valves to Clarkson	9,800	-
Process piping repairs	8,000	-
Booster fan OEM inspection	9,600	12,185
Replace transformer for 9 precipitator transformer rectifier	-	3,268
Miscellaneous FGD equipment repairs	9,999	-
Other expenses	<u>5,217</u>	<u>9,221</u>
	<u>\$202,016</u>	<u>\$254,395</u>

Generation (cont'd)

<u>Maintenance of Electric Plant - (513-008)</u>	2017	2017	
	<u>Budget</u>	<u>Actual</u>	
Labor	\$68,243	\$248,608	
Unit 9 turbine & control valves inspection/overhaul	1,600,000	1,609,331	*
Unit 9 transformer oil samples	2,500	-	
Replace oil in Unit 9 transformer	65,000	48,224	
Replace Unit 9 turbine thermocouples	-	2,839	
Replace #2 bearing seals	29,000	-	*
Unit 9 Dovetail pin inspection	15,000	-	*
Bearing laser align and load testing	30,000	-	
Circulating water tunnel inspection	50,000	24,263	
Inspect/recondition 4160 volt breakers	13,000	14,276	
Unit 9 CV-2 relay	5,000	-	
Replace Unit 9 batteries	-	91,012	
Repair Unit 9 air ejector supply safety valve leak	-	4,179	
Unit 8 miscellaneous plant maintenance	4,103	6,284	
Unit 7 miscellaneous plant maintenance	5,425	3,407	
GE, EX-2000, and Mark V service agreement	5,616	5,727	
Other expenses	<u>21,032</u>	<u>13,316</u>	
	<u>\$1,913,919</u>	<u>\$2,071,466</u>	
*Costs included in turbine overhaul project			

Maintenance of Miscellaneous Steam Plant – (514)

Labor expense is \$23,685 lower than budgeted. The budget includes \$19,275 for hoist and chain fall inspections and repairs, \$6,000 to replace Unit 9 CCHX heads, and \$17,369 for tool crib expenses that have not been needed.

<u>Maintenance of Coal Handling Equipment - (516)</u>	2017	2017
	<u>Budget</u>	<u>Actual</u>
Labor	\$69,692	\$60,772
Rail car maintenance	6,000	24,985
Dozer maintenance	34,275	38,377
Coal conveyor maintenance	16,734	14,604
Rebuild DC-3 blower fan	-	15,313
Unit 7 lump breaker switch replacement	-	4,292
Other expenses	<u>29,540</u>	<u>11,921</u>
	<u>\$156,241</u>	<u>\$170,264</u>

Generation (cont'd)

<u>System Control and Load Dispatch - (556)</u>	2017	2017
	<u>Budget</u>	<u>Actual</u>
Labor	\$41,746	\$32,984
SCADA Dark Fiber service & BUCC MME services	4,866	4,734
MISO operating & administrative fees	37,147	29,324
North American Energy Markets membership	3,000	-
Other expenses	767	974
	<u>\$87,526</u>	<u>\$68,016</u>

TransmissionLoad Dispatching – (561)

The budget includes \$2,500 for control area certification, which have not been expended; labor expense is \$2,964 lower than budgeted.

Station Expense – (562)

Labor expense is \$6,779 lower than budgeted.

Transmission of Electricity by Others – (565)

The cost of MISO's multi-value projects is \$108,821 lower than budgeted.

Miscellaneous Transmission Expense – (566)

The budget includes \$110,000 for a consultant for the system protection coordination study that has not been expended; \$12,500 for a relay technician consultant; plus \$2,800 for a PLC signal meter that has not been expended. Project engineering's labor expense is \$8,893 higher than budget primarily due to more time spent on the transmission study than budgeted.

Maintenance of Station Equipment – (570)

Labor expense is \$21,054 higher than budgeted; battery load testing, costing \$2,915, was not budgeted.

Maintenance of Overhead Lines – (571)

Line maintenance performed by MEC for the joint section of Line 104 was budgeted at \$6,250/month; it is now estimated at \$1,000/month. Other material expenses are \$14,087 lower than budgeted. Electric line workers' labor expense is \$16,713 lower than the budget.

DistributionLoad Dispatching – (581)

System control labor expense is \$17,907 higher than budgeted.

Station Expense – (582)

Substation electricians' labor expense is \$4,511 lower than budgeted.

Overhead Line Expense – (583)

The budget includes \$5,722 for electric line workers' tools and tool repairs that have not been needed, plus another \$2,500 for Lean initiative expenses.

Distribution (cont'd)Vehicle Expense – (589)

Gasoline/diesel fuel expense is \$4,678 lower than budgeted.

Underground Line Expense – (584)

Outside servicemen's labor and material expenses are \$1,085 and \$1,518 lower than budgeted, respectively.

Street Lighting – (585-STL)

Less time has been spent on street light repairs, resulting in \$3,554 lower labor expense and \$2,663 lower material cost.

Signal Expense – (585-419)

Labor expense is \$1,802 lower than budgeted.

Meter Expense – (586)

The metering department's labor expense is \$3,824 higher than budgeted.

Miscellaneous Distribution Expense – (588)

Labor expense is \$33,680 higher than budgeted; the electric line workers' labor makes up \$16,735 of this total.

Maintenance of Station Equipment – (592)

Expenses include \$40,492 to replace the barrier board at Oregon Street substation that was not budgeted.

Maintenance of Overhead Lines – (593)

Restoration cost due to a March storm was \$91,617.

Maintenance of Underground Lines – (594)

Electric line workers' labor expense is \$21,170 lower than budgeted.

Maintenance of Line Transformers – (595)

A transformer repair, costing \$11,563, was not budgeted. Labor for transformer change-outs and other maintenance is \$7,134 lower than budgeted.

Maintenance of Street Lighting – (596-STL)

Labor and materials are higher than budgeted by \$3,721 and \$1,958, respectively.

Maintenance of Signal Expense – (596-419)

Substation electricians' labor and material expenses are \$2,418 and \$2,382 lower than budgeted, respectively.

Maintenance of Miscellaneous Distribution Plant – (598)

Vehicle maintenance is \$1,776 higher than budgeted.

Vacation, Holiday, Sick Leave – (599)

The electric line workers' sick leave and personal time usage was higher than anticipated.

Customer Service Expense

<u>Customer Information Expense - (909)</u>	2017	2017	2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<u>Marketing</u>			
Media advertising	\$4,234	\$2,254	\$1,597
Customer newsletter/bill inserts	696	774	502
Postage	549	-	-
Promotional materials	3,926	231	222
Photo library	762	486	486
Subtotal - Marketing	<u>10,167</u>	<u>3,745</u>	<u>2,807</u>
<u>Energy Services</u>			
Trees Forever	13,000	-	12,500
IAMU energy efficiency report	-	-	150
Customized energy efficiencies	900	-	-
Compact fluorescent exchange program	1,800	764	1,189
Customer awareness programs	250	-	-
Presentation materials	2,145	-	-
Science fair/poster contest	100	353	300
Subtotal - Energy Services	<u>18,195</u>	<u>1,117</u>	<u>14,139</u>
	<u>\$28,362</u>	<u>\$4,862</u>	<u>\$16,946</u>

<u>Energy Efficiency Rebates - (912)</u>	2017	2017	2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Compact fluorescent lighting	\$750	\$746	\$747
Commercial lighting	18,750	26,774	3,403
Air conditioning	5,025	3,920	2,275
Refrigerator	2,498	975	1,010
City building improvement	4,500	-	-
Washing machine	1,500	750	1,100
Customized energy efficiency	-	1,625	4,000
Water heater	1,350	1,400	2,900
Geo-thermal	3,000	2,100	-
Motor	15,000	2,250	-
Dishwasher	1,200	600	600
	<u>\$53,573</u>	<u>\$41,140</u>	<u>\$16,035</u>

Consumer Accounts

<u>Consumer Records and Collection - (903)</u>	2017	2017	2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Labor	\$91,216	\$82,048	\$83,314
Temporary labor services	260	5,587	975
Postage	7,150	7,137	5,141
Payment processing fees	13,790	13,934	11,067
Collection fees	2,970	1,994	1,623
Integrated voice response service	495	405	-
Travel/training	515	-	-
Gasoline/diesel fuel	750	433	364
Other	<u>1,934</u>	<u>999</u>	<u>999</u>
	<u>\$119,080</u>	<u>\$112,537</u>	<u>\$103,483</u>

Administrative and GeneralAdministrative and General Salaries – (920)

Labor is lower than budget by \$22,316 due to the Manager, Information Systems position not being filled.

<u>Office Supplies - (921)</u>	2017	2017	2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Phone expense	\$9,680	\$8,535	\$8,527
Memberships/subscriptions	10,863	9,391	6,703
Internet/MME	4,155	3,896	4,307
Office furniture	5,165	3,059	837
Computer hardware/software	8,112	4,595	3,899
Postage	-	7	2,355
Vehicle allowance	3,116	3,116	3,106
Vehicle maintenance	2,350	918	579
Gasoline/diesel fuel	1,000	465	344
General office supplies	3,446	2,569	2,422
Other	<u>9,273</u>	<u>4,306</u>	<u>4,408</u>
	<u>\$57,160</u>	<u>\$40,857</u>	<u>\$37,487</u>

Administrative and General (cont'd)

<u>Outside Services Employed - (923)</u>	<u>Resp</u>	<u>2017</u>	<u>2017</u>	<u>2016</u>
	<u>Code</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Organizational development consulting	120-Sal	\$16,200	-	-
Legal services	140-Brandy	27,820	29,105	2,141
Environmental/regulatory legal services	140-Brandy	12,540	-	-
Transmission/reliability standards attorney	140-Brandy	2,000	-	-
NERC audit preparation consultant	140-Brandy	-	-	2,850
Coal & transportation attorney	140-Brandy	1,248	-	-
Bond counsel	140-Brandy	625	-	-
Labor attorney	140-Brandy	1,260	1,496	-
CIP compliance consulting	145-Seth	-	-	7,000
Web design service	224-Rick	2,288	705	572
Insurance advisor	310-Jerry	10,206	10,206	10,206
Financial audit services	320-Cassie	34,020	29,819	37,263
Cost of service study	320-Cassie	20,000	20,812	-
Coal & transportation consulting	331-Brad	15,000	15,000	19,647
Fuel procurement committee consulting	331-Brad	1,500	-	-
IS department professional services	350-Jerry	-	3,922	-
IS department review	350-Jerry	-	15,139	-
509A Actuary	410-Erika	891	790	790
Benefits consulting	410-Erika	6,035	6,035	6,035
Employee search services	410-Erika	10,125	-	-
Engineering compensation review	410-Erika	-	1,175	-
Labor legal services	410-Erika	-	-	1,486
Pension study	410-Erika	-	-	11,090
MISO consultant	610-Gage	1,251	-	-
Engineering services	760-Mark	-	4,867	-
		<u>\$163,009</u>	<u>\$139,071</u>	<u>\$99,080</u>

Injuries and Damages – (925)

Workers compensation claims are \$29,645 higher than anticipated..

Administrative and General (cont'd)

<u>Employee Pensions and Benefits (926)</u>	2017	2017	2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Pension	\$586,960	\$586,960	\$539,804
Healthcare costs	617,825	593,131	580,820
FICA	326,045	328,840	324,081
Deferred comp utility match	82,400	93,066	88,954
Dental	25,080	23,701	25,404
Educational reimbursements	8,910	6,791	9,329
LTD insurance	15,643	14,608	15,121
Life insurance	11,251	11,437	10,711
Post-employment health benefit	6,858	6,858	6,948
Recognition dinner	405	12,298	11,549
Unemployment expenses	2,025	2,369	1,728
Other expenses	6,608	18,715	10,642
	<u>\$1,690,010</u>	<u>\$1,698,774</u>	<u>\$1,625,091</u>

<u>Miscellaneous General Expense - (930)</u>	2017	2017	2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Employment expenses	\$16,524	\$6,859	\$1,006
APPA dues	5,544	6,098	5,544
IUB Iowa Energy Center	12,500	13,150	12,546
IAMU membership	8,499	8,886	8,604
Economic development pledge	7,088	8,505	8,505
Legal publications	1,316	1,146	577
Continuous Improvement	9,842	1,102	-
Subscriptions/memberships	7,666	5,950	7,980
Employee team expenses	22,264	11,745	13,915
Training/travel	50,642	9,156	12,058
Safety-related expenses	5,696	1,369	4,441
Labor	13,431	8,466	12,132
Temporary labor services	20,645	19,155	12,804
Board trustee fees	1,823	1,823	1,823
Other expenses	20,732	18,531	5,187
	<u>\$204,212</u>	<u>\$121,942</u>	<u>\$107,122</u>

Maintenance of General Plant – (932)

Radio equipment, telephone, vehicle, and computer hardware/software maintenance costs are \$5,282, \$3,613, \$7,863 and \$11,358 lower than budgeted, respectively.

Depreciation – (933)

The budget overestimated the net value of A&G assets at 2016 year end.

Electric Utility
Statement of Net Position Review
March 2017

	<u>2017</u>	<u>2016</u>
<u>Current Assets</u>		
<u>Consumer Accounts</u>		
Customer Electric Accounts	\$4,960,443	\$4,590,853
Unbilled Revenue	479,274	482,645
Merchandise Accounts	82,621	395,742
Allowance for Doubtful Accounts	(13,907)	(43,864)
	<u>\$5,508,431</u>	<u>\$5,425,376</u>
<u>Inventories</u>		
Inventory	\$5,048,988	\$5,258,745
Emission Allowance - SO2	124,576	121,004
Emission Allowance - Nox	221,551	22,573
Stores Expense	3,076	(91,971)
Gas and Diesel Fuel	130,785	106,133
Limestone	146,623	143,203
	<u>\$5,675,599</u>	<u>\$5,559,687</u>
<u>Prepaid Expenses</u>		
Prepaid Insurance	\$283,802	\$936,363
Prepaid Maintenance Contracts	318,212	199,093
Economic Development Pledge	25,515	25,515
GP Strategies operator training program	---	14,238
IA Dept Comm Global Warming	26,300	25,092
IAMU-annual dues	---	32,583
IUB - commerce commission assessment	10,536	10,235
NERC-quarterly assessment	11,102	12,283
Other Prepaid Expenses	18,501	35,479
	<u>\$693,968</u>	<u>\$1,290,881</u>
<u>Current Liabilities</u>		
<u>Accounts Payable (amounts over \$10,000 itemized)</u>		
Water bills	\$32,031	\$28,621
Communications bills	13,812	13,812
Advanced Business Systems - copier service	11,769	11,503
Alliant Energy - gas	28,832	16,130
American Industrial Motor - breaker repair	14,276	---
Arvos - air basket heating element	---	145,531
Bank of America - supplies	16,052	11,420
Black & Veatch - engineering services	94,932	19,744
Buckskin Mining Company - coal	---	698,426
Burlington Northern - coal transport/railcar rpr	---	429,831
Canadian Pacific Railway - coal transport	---	109,679
CDW-G - computers	28,085	---
City of Muscatine - wastewater/sanitation	42,944	12,659
Cogsdale - business system implementation	26,571	---

Cottingham & Butler -workers comp claims	88,008	10,747
Dell Marketing - computer workstations	14,935	---
Electrical Engineering & Equipment - LED lights	---	91,888
Ethos - #9 turbine packing	129,311	---
Fletcher-Reinhardt Co - switches/tester kits	14,254	---
GE Energy Services - #9 turbine overhaul	601,552	---
Heery International - professional services	15,669	---
Howden - shaft	14,954	---
Hull Enterprises - coal transportation	30,074	---
Industrial Bolting Inc - #9 turbine overhaul	39,500	---
Inman Electric Motor - #9 fan motor repair	13,941	---
IDNR - Title V Fee	392,383	167,652
Iowa Chicago & Eastern RR - coal transportation	38,930	38,930
Iowa-II Taylor insulation - #9 turbine blankets	13,947	---
Jefferies Refined Coal - refined coal	2,712,848	2,013,675
Langham Consulting - business systems implementaiton	10,639	---
McDowell Crane & Rigging - transformer removal	13,052	---
MidAmerican Energy - joint trans line maint	---	48,750
MISO - purch power/trans svc/admin fee	113,892	790,408
Mostardi Platt - emission testing	12,709	33,137
Motion Industries - belts/parts	---	31,392
Nightwatch - security system	27,141	---
Osmose - pole inspections	49,822	---
Overland - ash hauling	---	11,574
PC Connection - server	---	30,905
Pomeroy - network switches	---	28,836
Power Plant Services - #9 turbine overhaul	553,010	---
Quanta - south sub expansion	84,772	---
Resco - transformer repair	17,321	---
Schweitzer Engineering Lab - security gateway	---	10,380
South Fork Wind - energy	145,255	---
TEI Construction - install PAC system	---	185,914
Tekran - CEM maintenance	---	19,637
Tenaska - monthly fee	---	15,000
Thielsch Engineering - boiler monitoring software	---	44,000
Vander Haags Inc - trailer	46,737	---
Visa - travel	12,204	20,097
Other	313,613	242,689

\$5,829,777

\$5,332,967

Miscellaneous Accrued Expenses

Interest on Customer Deposits	\$86,057	\$88,620
Sales/Use Tax Collections Payable	115,030	46,565
Payroll Tax Collections Payable	203,749	195,125
Workers' Comp Self Insurance Reserves	352,364	310,612
Comp Time Payable	57,797	42,220
Employee team bank	60,873	58,465

\$875,870

\$741,607

Muscatine Power and Water

Water Utility

Statement of Revenues, Expenses and Changes in Net Position

March 2017

**Muscatine Power and Water
Water Utility**

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Muscatine Power and Water - Water Utility
Classification of Water Distribution
Current Month - March 2017

	<u>Budget Estimate</u>	<u>%Increase (Decrease) From Budget</u>	<u>This Year</u>	<u>%Increase (Decrease) Fr. Last Yr.</u>	<u>Last Year</u>
<u>Water Distribution - 1,000 Gallons</u>					
Contract Customers	659,082	5.4	694,397	4.6	663,623
Power Plants	48,913	35.8	66,428	5.5	62,977
Residential	33,834	(9.6)	30,593	(7.9)	33,222
Commercial	25,735	2.7	26,441	8.5	24,374
Total Metered Customers	767,564	6.6	817,859	4.3	784,196
Rated Customers - Estimate	---	---	15	36.4	11
City Use, Line Loss, Cycle Billing	46,054	6.6	49,072	4.3	47,052
Total Water Pumped	813,618	6.6	866,946	4.3	831,259

Calendar Year-to-Date

	<u>Budget Estimate</u>	<u>%Increase (Decrease) From Budget</u>	<u>This Year</u>	<u>%Increase (Decrease) Fr. Last Yr.</u>	<u>Last Year</u>
<u>Water Distribution - 1,000 Gallons</u>					
Contract Customers	1,832,378	9.9	2,013,964	11.1	1,812,163
Power Plants	154,245	37.8	212,487	3.7	204,816
Residential	104,819	(5.9)	98,630	(4.2)	102,923
Commercial	80,750	(4.4)	77,232	1.0	76,482
Total Metered Customers	2,172,192	10.6	2,402,313	9.4	2,196,384
Rated Customers - Estimate	---	---	45	73.1	26
City Use, Line Loss, Cycle Billing	130,332	10.6	144,139	9.4	131,783
Total Water Pumped	2,302,524	10.6	2,546,497	9.4	2,328,193

Muscatine Power and Water - Water Utility
Statements of Revenues, Expenses, and Changes in Net Position
Current Month - March 2017

	Budget		% Increase			% Increase		
	Estimate	Avg. Price	(Decrease)	This Year	Avg. Price	(Decrease)	Last Year	Avg. Price
			from Budget			from Last Year		
<u>Sales of Water</u>								
Contract Customers	\$256,748	\$ 0.38955	5.9	\$271,770	\$ 0.39138	10.7	\$245,394	\$ 0.36978
Power Plants	25,265	0.51653	26.3	31,912	0.48040	11.9	28,508	0.45267
Residential	152,908	4.51936	(2.5)	149,107	4.87386	2.4	145,569	4.38170
Commercial	42,453	1.64962	11.5	47,332	1.79010	10.0	43,047	1.76610
Water Sales	477,374	0.62193	4.8	500,121	0.61150	8.1	462,518	0.58980
<u>Other Revenue</u>								
Penalty Revenue	845		(0.8)	838		19.0	704	
Merchandise & Job Sales-Net	916		(64.3)	327		-2.4X	(230)	
Miscellaneous Revenue	984		50.4	1,480		(50.1)	2,966	
Total Other Revenue	2,745		(3.6)	2,645		(23.1)	3,440	
Operating Revenue	480,119		4.7	502,766		7.9	465,958	
<u>Operating Expense</u>								
Operation	337,280		1.4	341,920		9.1	313,394	
Maintenance	47,394		(31.8)	32,321		(59.5)	79,809	
Depreciation	65,293		(1.3)	64,466		5.2	61,305	
Total Operating Expense	449,967		(2.5)	438,707		(3.5)	454,508	
Operating Income	30,152		1.1X	64,059		4.6X	11,450	
<u>Nonoperating Revenues (Expenses)</u>								
Interest Income	68		1.4X	162		1.2X	73	
Interest Expense	(1,092)		30.9	(1,429)		77.5	(805)	
Net Nonoperating Revenues (Expenses)	(1,024)		23.7	(1,267)		73.1	(732)	
Change in Net Position	29,128		1.2X	62,792		4.9X	10,718	
Beginning Net Position	16,503,114			16,496,045			15,701,610	
Ending Net Position	\$16,532,242			\$16,558,837			\$15,712,328	
Net Income (Loss) to Operating Revenue	6.1			12.5			2.3	
Debt Service Coverage	25.99			32.07			26.63	

Muscatine Power and Water - Water Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - March 2017

	Budget		% Increase			% Increase		
	Estimate	Avg. Price	(Decrease)	This Year	Avg. Price	from Last	Last Year	Avg. Price
			from Budget			Year		
<u>Sales of Water</u>								
Contract Customers	\$741,803	\$ 0.40483	8.0	\$801,467	\$ 0.39796	13.9	\$703,622	\$ 0.38828
Power Plants	77,774	0.50422	26.8	98,601	0.46403	11.1	88,751	0.43332
Residential	462,821	4.41543	(1.6)	455,311	4.61636	3.4	440,260	4.27757
Commercial	133,207	1.64962	5.3	140,275	1.81629	6.1	132,181	1.72826
Water Sales	1,415,605	0.65169	5.7	1,495,654	0.62259	9.6	1,364,814	0.62139
<u>Other Revenue</u>								
Penalty Revenue	1,690		(9.5)	1,530		14.8	1,333	
Merchandise & Job Sales-Net	2,750		(62.0)	1,044		(52.2)	2,184	
Miscellaneous Revenue	3,038		82.6	5,546		2.5	5,409	
Total Other Revenue	7,478		8.6	8,120		(9.0)	8,926	
Operating Revenue	1,423,083		5.7	1,503,774		9.5	1,373,740	
<u>Operating Expense</u>								
Operation	1,015,632		(3.1)	984,415		6.6	923,226	
Maintenance	144,318		60.4	231,454		4.3	221,813	
Depreciation	195,881		(1.3)	193,318		5.1	183,916	
Total Operating Expense	1,355,831		3.9	1,409,187		6.0	1,328,955	
Operating Income	67,252		40.6	94,587		1.1X	44,785	
<u>Nonoperating Revenues (Expenses)</u>								
Interest Income	174		67.2	291		30.5	223	
Interest Expense	(3,277)		26.2	(4,134)		72.8	(2,393)	
Net Nonoperating Revenues (Expenses)	(3,103)		23.8	(3,843)		77.1	(2,170)	
Change in Net Position	64,149		41.5	90,744		1.1X	42,615	
Beginning Net Position	16,468,093			16,468,093			15,669,713	
Ending Net Position	\$16,532,242			\$16,558,837			\$15,712,328	
Net Income (Loss) to Operating Revenue	4.5			6.0			3.1	
Debt Service Coverage	23.88			24.25			27.90	

Muscatine Power and Water - Water Utility
Statements of Net Position
March 2017

ASSETS

	<u>2017</u>	<u>2016</u>
Current Assets:		
<u>Unrestricted Assets</u>		
Cash - interest bearing	\$632,358	\$813,563
Receivables:		
Consumer Accounts	659,676	610,215
Interest	16	2
Inventories	378,601	326,824
Prepaid Expenses	46,578	62,210
	<u>1,717,229</u>	<u>1,812,814</u>
Total Unrestricted Current Assets		
	<u>1,717,229</u>	<u>1,812,814</u>
<u>Restricted Assets</u>		
Cash - interest bearing	35,292	35,256
	<u>35,292</u>	<u>35,256</u>
Total Current Assets	<u>1,752,521</u>	<u>1,848,070</u>
Property and Equipment:		
At Cost	33,115,096	29,403,575
Less Accumulated Depreciation	10,816,050	10,657,851
	<u>22,299,046</u>	<u>18,745,724</u>
Net Property and Equipment		
	<u>22,299,046</u>	<u>18,745,724</u>
Deferred Outflows of Resources - Pension		
Changes of Assumptions	120,280	120,280
Difference between projected and actual earnings on pension plan	294,580	54,648
Contributions subsequent to measurement date	309,461	282,595
	<u>724,321</u>	<u>457,523</u>
Total Deferred Outflows of Resources - Pension		
	<u>724,321</u>	<u>457,523</u>
TOTAL ASSETS	<u><u>\$24,775,888</u></u>	<u><u>\$21,051,317</u></u>

Muscatine Power and Water - Water Utility
Statements of Net Position
March 2017

LIABILITIES AND NET POSITION

	<u>2017</u>	<u>2016</u>
Current Liabilities:		
<u>Payable from Unrestricted Assets</u>		
Accounts Payable	\$373,216	\$280,198
Health & Dental Insurance Provision	31,680	30,320
Retained Percentage on Contracts	1,492	6,877
Consumer Advances for Construction	91,105	87,439
Accrued Payroll	35,480	25,208
Accrued Vacation	141,461	123,566
Accrued Property Taxes	1,019	839
Miscellaneous Accrued Expenses	63,764	55,713
	<hr/>	<hr/>
Total Payable from Unrestricted Assets	739,217	610,160
	<hr/>	<hr/>
<u>Payable from Restricted Assets</u>		
State Revolving Loan	31,000	30,000
Accrued Interest	4,653	3,030
	<hr/>	<hr/>
Total Payable from Restricted Assets	35,653	33,030
	<hr/>	<hr/>
Total Current Liabilities	774,870	643,190
	<hr/>	<hr/>
Non-Current Liabilities:		
State Revolving Loan	100,000	131,000
Notes Payable to Electric Utility	5,500,000	2,900,000
Health & Dental Insurance Provision	40,497	41,810
Post-Employment Health Benefit Provision	40,724	37,385
Net Pension Liability	1,299,892	1,046,988
Consumer Advances for Construction	198,772	290,532
	<hr/>	<hr/>
Total Non-Current Liabilities	7,179,885	4,447,715
	<hr/>	<hr/>
Deferred Inflows of Resources - Pension	262,296	248,084
	<hr/>	<hr/>
Net Position:		
Net Investment in Capital Assets	21,878,169	18,206,753
Restricted	30,639	32,226
Unrestricted	(5,349,971)	(2,526,651)
	<hr/>	<hr/>
Total Net Position	16,558,837	15,712,328
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET POSITION	<u>\$24,775,888</u>	<u>\$21,051,317</u>

Muscatine Power and Water - Water Utility
Statements of Cash Flows
March 2017

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Water sales	\$511,113	\$1,528,694
Miscellaneous sources	1,392	9,214
Cash paid to/for:		
Suppliers	(144,166)	(571,534)
Employees payroll, taxes and benefits	(200,464)	(656,241)
Net cash flows from operating activities	<u>167,875</u>	<u>310,133</u>
Cash flows from capital and related financing activities:		
Loan from electric utility	---	2,600,000
Capital expenditures, net	(221,998)	(3,126,114)
Net cash flows from capital and related financing activities	<u>(221,998)</u>	<u>(526,114)</u>
Cash flows from investing activities:		
Interest received on investments	<u>157</u>	<u>285</u>
Net cash flows from investing activities	<u>157</u>	<u>285</u>
Net decrease in cash and investments	<u>(53,966)</u>	<u>(215,696)</u>
Cash and investments at beginning of period	<u>721,616</u>	<u>883,346</u>
Cash and investments at end of period	<u><u>\$667,650</u></u>	<u><u>\$667,650</u></u>

Muscatine Power and Water - Water Utility
Statements of Cash Flows
March 2017

	<u>Current</u> <u>Month</u>	<u>Year-</u> <u>To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$64,059	\$94,587
Noncash item in operating income:		
Depreciation of utility plant	64,466	193,318
Changes in assets and liabilities:		
Consumer accounts receivable	13,488	41,672
Inventories	(57,466)	(21,634)
Prepaid and deferred expenses	4,380	7,165
Accounts payable	45,764	(21,305)
Net pension liability	13,799	41,397
Health & dental insurance provision	(644)	9,255
Other post-employment benefit provision	301	902
Retained percentage	109	709
Accrued payroll	21,229	(41,564)
Accrued vacation	2,521	11,947
Accrued property taxes	(566)	(340)
Unearned revenue	---	(2,300)
Miscellaneous accrued expenses	(3,565)	(3,676)
	<u>\$167,875</u>	<u>\$310,133</u>
Net cash flows from operating activities	<u>\$167,875</u>	<u>\$310,133</u>

Muscatine Power and Water - Water Utility
Summary of Expenses
Current Month - March 2017

<u>Source of Supply</u>	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
Operation Supervision (600)	\$3,403		\$3,938		\$2,715	
Operation Labor and Expenses (601)	1,037		581		1,028	
Miscellaneous Expense (603)	225		52		440	
Maintenance of Wells (614)	---		---		37,000	
Maintenance of Supply Mains (616)	760		---		612	
Depreciation (618)	9,493		9,525		9,015	
Total Source of Supply Expense	14,918	3.1	14,096	2.8	50,810	10.9
<u>Pumping</u>						
Operation Supervision (620)	3,875		4,402		3,214	
Fuel or Power Purchased (623)	84,375		86,381		79,996	
Pumping Labor and Expenses (624)	4,501		5,584		5,160	
Miscellaneous Expense (626)	262		317		295	
Maintenance of Structures (631)	448		---		54	
Maintenance of Pumping Equipment (632/633)	5,291		2,890		18,581	
Depreciation (634)	6,382		6,294		6,024	
Total Pumping Expense	105,134	21.9	105,868	21.1	113,324	24.3
<u>Water Treatment</u>						
Operation Supervision (640)	3,488		4,013		3,218	
Chemicals (641)	18,917		17,827		18,849	
Operation Labor and Expenses (642)	15,719		16,635		14,942	
Miscellaneous Expense (643)	4,491		1,152		718	
Maintenance of Structures (651)	1,309		3,200		157	
Maintenance of Purification Equip. (652)	1,918		3,994		2,687	
Depreciation (654)	3,518		3,262		3,229	
Total Water Treatment Expense	49,360	10.3	50,083	10.0	43,800	9.4
<u>Distribution</u>						
Operation Supervision (660)	3,624		4,151		3,327	
Storage Facilities Expense (661)	3,904		4,702		4,213	
Trans. & Distr. Lines Expense (662)	3,288		3,892		2,629	
Meter Expense (663)	11,005		10,197		8,903	
Consumer Installation Expense (664)	4,782		4,125		4,048	
Miscellaneous Expense (665)	17,563		15,988		15,288	
Vehicle Expense (667)	4,617		6,507		3,260	
Maintenance:						
Supervision (670)	5,157		5,621		4,877	
Structures (671)	157		8		282	
Reservoirs and Standpipes (672)	64		189		160	
Mains (673)	16,234		12,684		4,266	
Valves (674)	4,775		(7,237)		1,853	
Meters (676)	1,800		1,017		2,692	
Hydrants (677)	1,115		65		332	
Miscellaneous Plant (678)	2,969		5,090		2,216	
Vacation, Holiday, Sick Leave (679)	11,439		12,001		14,648	
Depreciation (680)	38,251		36,184		35,403	
Total Distribution Expense	\$130,744	27.2	\$115,184	22.9	\$108,397	23.3

Muscatine Power and Water - Water Utility
Summary of Expenses
Calendar Year-to-Date - March 2017

<u>Source of Supply</u>	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
Operation Supervision (600)	\$10,121		\$10,624		\$8,345	
Operation Labor and Expenses (601)	3,110		2,000		3,189	
Miscellaneous Expense (603)	675		52		951	
Maintenance of Wells (614)	---		42,374		37,000	
Maintenance of Supply Mains (616)	2,280		---		2,303	
Depreciation (618)	28,480		28,576		27,044	
Total Source of Supply Expense	44,666	3.1	83,626	5.6	78,832	5.7
 <u>Pumping</u>						
Operation Supervision (620)	11,378		12,046		9,638	
Fuel or Power Purchased (623)	239,193		248,008		224,216	
Pumping Labor and Expenses (624)	13,438		14,958		14,092	
Miscellaneous Expense (626)	786		907		884	
Maintenance of Structures (631)	1,345		232		54	
Maintenance of Pumping Equipment (632/633)	14,803		70,484		72,956	
Depreciation (634)	19,146		18,882		18,072	
Total Pumping Expense	300,089	21.1	365,517	24.3	339,912	24.7
 <u>Water Treatment</u>						
Operation Supervision (640)	10,425		11,072		9,704	
Chemicals (641)	56,751		51,777		51,200	
Operation Labor and Expenses (642)	54,817		47,369		47,181	
Miscellaneous Expense (643)	10,972		11,128		4,270	
Maintenance of Structures (651)	2,808		7,324		1,993	
Maintenance of Purification Equip. (652)	3,730		11,838		9,160	
Depreciation (654)	10,553		9,785		9,688	
Total Water Treatment Expense	150,056	10.5	150,293	10.0	133,196	9.7
 <u>Distribution</u>						
Operation Supervision (660)	10,720		11,405		9,937	
Storage Facilities Expense (661)	11,867		14,409		13,816	
Trans. & Distr. Lines Expense (662)	9,316		8,468		6,335	
Meter Expense (663)	30,701		29,618		24,760	
Consumer Installation Expense (664)	17,368		10,958		11,922	
Miscellaneous Expense (665)	52,918		55,475		41,464	
Vehicle Expense (667)	14,045		16,024		11,676	
Maintenance:						
Supervision (670)	15,345		15,843		14,313	
Structures (671)	472		95		622	
Reservoirs and Standpipes (672)	191		1,869		315	
Mains (673)	55,533		36,402		31,438	
Valves (674)	14,324		12,217		22,889	
Meters (676)	5,946		2,031		5,251	
Hydrants (677)	3,344		4,592		1,659	
Miscellaneous Plant (678)	8,908		14,791		12,390	
Vacation, Holiday, Sick Leave (679)	39,623		43,800		40,699	
Depreciation (680)	114,754		108,472		106,209	
Total Distribution Expense	\$405,375	28.5	\$386,469	25.7	\$355,695	25.9

Muscatine Power and Water - Water Utility
Summary of Expenses
Current Month - March 2017

	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Customer Service Expense</u>						
Customer Information Expense (909)	<u>\$1,348</u>	0.3	<u>\$694</u>	0.1	<u>\$210</u>	0.0
<u>Consumer Accounts</u>						
Supervision (901)	1,385		1,563		1,622	
Meter Reading Expense (902)	3,520		4,534		3,865	
Consumer Records and Collection (903)	16,183		16,989		13,076	
Uncollectible Accounts Expense (904)	1,104		1,104		1,049	
Vacation, Holiday, Sick Leave (906)	<u>1,642</u>		<u>1,556</u>		<u>2,601</u>	
Total Consumer Accounts Expense	<u>23,834</u>	5.0	<u>25,746</u>	5.1	<u>22,213</u>	4.8
<u>Administrative and General</u>						
Administrative and General Salaries (920)	22,309		22,497		21,606	
Office Supplies and Expenses (921)	1,763		1,583		1,186	
Outside Services Employed (923)	2,513		1,390		2,747	
Property Insurance (924)	1,698		1,698		1,727	
Casualty Ins, Injuries & Damages (925)	4,718		8,184		4,598	
Employee Pensions and Benefits (926)	62,307		70,409		60,475	
Fringe Benefits Charged to Constr. (927)	(7,938)		(10,404)		(10,163)	
Miscellaneous General Expense (930)	14,739		8,234		11,424	
Rents (931)	6,279		6,279		6,096	
Maintenance of General Plant (932)	5,397		4,800		4,040	
Vacation, Holiday, Sick Leave (936)	3,195		3,165		4,384	
Depreciation (933)	<u>7,649</u>		<u>9,201</u>		<u>7,634</u>	
Total Administrative and General	<u>124,629</u>	26.0	<u>127,036</u>	25.3	<u>115,754</u>	24.8
Total Operating Expense	<u>\$449,967</u>		<u>\$438,707</u>		<u>\$454,508</u>	
Percent to Operating Revenue		93.7		87.3		97.5

Muscatine Power and Water - Water Utility
Summary of Expenses
Calendar Year-to-Date - March 2017

	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Customer Service Expense</u>						
Customer Information Expense (909)	<u>\$5,789</u>	0.4	<u>\$1,339</u>	0.1	<u>\$1,047</u>	0.1
<u>Consumer Accounts</u>						
Supervision (901)	4,155		4,157		4,627	
Meter Reading Expense (902)	10,655		12,501		11,668	
Consumer Records and Collection (903)	48,207		45,600		42,213	
Uncollectible Accounts Expense (904)	3,311		3,312		3,147	
Vacation, Holiday, Sick Leave (906)	<u>5,730</u>		<u>6,650</u>		<u>6,333</u>	
Total Consumer Accounts Expense	<u>72,058</u>	5.1	<u>72,220</u>	4.8	<u>67,988</u>	4.9
<u>Administrative and General</u>						
Administrative and General Salaries (920)	66,929		64,185		64,509	
Office Supplies and Expenses (921)	6,623		5,560		4,396	
Outside Services Employed (923)	8,733		5,908		6,490	
Property Insurance (924)	5,095		5,095		5,181	
Casualty Ins, Injuries & Damages (925)	14,473		15,746		21,265	
Employee Pensions and Benefits (926)	186,111		187,210		172,480	
Fringe Benefits Charged to Constr. (927)	(14,577)		(25,650)		(12,990)	
Miscellaneous General Expense (930)	36,315		22,592		28,864	
Rents (931)	18,838		18,838		18,289	
Maintenance of General Plant (932)	15,289		11,362		9,470	
Vacation, Holiday, Sick Leave (936)	11,021		11,274		11,428	
Depreciation (933)	<u>22,948</u>		<u>27,603</u>		<u>22,903</u>	
Total Administrative and General	<u>377,798</u>	26.5	<u>349,723</u>	23.3	<u>352,285</u>	25.6
Total Operating Expense	<u>\$1,355,831</u>		<u>\$1,409,187</u>		<u>\$1,328,955</u>	
Percent to Operating Revenue		95.3		93.7		96.7

Muscatine Power and Water - Water Utility
Statistical Data
Current Month - March 2017

	<u>2017</u>		<u>2016</u>	
	<u>Pumped</u>	<u>Sold</u>	<u>Pumped</u>	<u>Sold</u>
Average Revenue Per 1,000 Gallons	0.577	0.612	0.556	0.590
Cost Per 1,000 Gallons	<u>0.506</u>	<u>0.536</u>	<u>0.547</u>	<u>0.580</u>
Margin	<u>0.071</u>	<u>0.075</u>	<u>0.010</u>	<u>0.010</u>

	<u>2017</u>	<u>2016</u>
Maximum Daily Water Pumped (1,000 gallons)	29,523	29,160
Date of Maximum	03/29	03/30

Calendar Year-to-Date

	<u>2017</u>		<u>2016</u>	
	<u>Pumped</u>	<u>Sold</u>	<u>Pumped</u>	<u>Sold</u>
Average Revenue Per 1,000 Gallons	0.587	0.623	0.586	0.621
Cost Per 1,000 Gallons	<u>0.553</u>	<u>0.587</u>	<u>0.571</u>	<u>0.605</u>
Margin	<u>0.034</u>	<u>0.036</u>	<u>0.015</u>	<u>0.016</u>

	<u>2017</u>	<u>2016</u>
Maximum Daily Water Pumped (1,000 gallons)	30,872	29,160
Date of Maximum	01/11	03/30

Services

Contract Customers	2	2
Power Plants	2	2
Residential	8,750	8,698
Commercial	<u>1,066</u>	<u>1,062</u>
Total	<u><u>9,820</u></u>	<u><u>9,764</u></u>

Water Utility
Review of Operating Results
March 2017

MUSCATINE POWER AND WATER - WATER UTILITY
VARIANCES FROM BUDGETED NET POSITION - March 31, 2017

	(Unfavorable)/ Favorable Compared to Budget	
Sales of Water		
Contract Customers	\$ 57,455	GPC consumption is 10.7% higher than budgeted, partially offset by lower billing rate
	20,826	Plant consumption is 26.8% higher than budgeted, partially offset by lower billing rate
	(7,510)	Residential consumption is 5.9% lower than budgeted, partially offset by higher billing rate
	7,068	Commercial consumption is 4.4% lower budget offset by higher billing rate
All Other Classes	2,210	Other miscellaneous variances
	<u>80,049</u>	
Other Revenue		
Merchandise & Job Sales-Net	(1,706)	Lower job sales revenue
Miscellaneous Revenue	2,348	Other miscellaneous variances
	<u>642</u>	
Operating Expense		
Operation	(8,815)	Higher fuel/power purchased due to 2.6% lower cost per kWh, offset by 10.6% more gallons pumped
	10,537	Bacteria sampling not done as of March
	4,974	Lower chemicals due to lower pricing
	(3,611)	Underground service to park treatment facility repairs
	3,508	Lower promotional materials
	3,249	Lower health care cost
	(1,067)	Higher deferred compensation
	1,593	Lower fuel usage
	(2,196)	Higher temp services
	6,006	Lower travel and training
	18,520	Lower labor, sick, personal and vacation expense
	(1,481)	Other miscellaneous variances - net
	<u>31,217</u>	
Maintenance	19,334	Maintenance labor under budget
	2,207	Maintenance agreements less than budget
	(56,994)	Maintenance and cleaning of well 23 budgeted in 2016
	(3,112)	Maintenance and cleaning of well 25 budgeted in 2016
	(42,374)	Maintenance and cleaning of well 27 budgeted in 2016
	(4,616)	Vacuum regulator not budgeted
	(1,581)	Other miscellaneous variances - net
	<u>(87,136)</u>	
Depreciation	<u>2,563</u>	
Nonoperating Revenue (Expense)		
Interest Income	117	
Interest Expense	(857)	
	<u>(740)</u>	
Change in Net Loss before Capital Contributions	<u>26,595</u>	
Capital Contributions	<u>-</u>	
Change in Net Position	<u>\$ 26,595</u>	Total Variance in Budgeted Net Position

Statements of Revenues, Expenses and Changes in Net Position

Sales of Water

Contract customers' water usage is 9.9% higher than budgeted, resulting in \$59,664 more revenue. GPC's usage was 10.7% higher than budget partially offset by a 1.9% lower billing rate, resulting in \$57,455 more revenue. Heinz's usage was 1.6% higher than budget with a 1.5% higher billing rate, resulting in \$2,210 more revenue. Power plants' revenue was \$20,826 or 26.8% higher than budget due to 37.8% higher usage offset by a 8.0% lower billing rate. Residential customers' water usage is 5.9% lower than budgeted, offset by a 4.6% higher billing rate, resulting in \$7,510 lower revenue. Commercial customers' water usage is 4.4% lower than budgeted, offset by a 10.1% higher billing rate, resulting in \$7,068 more revenue.

Year-To-Date Summary of Expenses

Source of Supply

Maintenance of Supply Wells – (614)

Maintenance on wells #25 and #27 is over budget by \$42,374. This was budgeted in 2016, but not finished until 2017.

Pumping

Fuel or Purchased Power – (623)

The cost per kWh was 2.6% lower than budget, offset by 10.6% more gallons pumped than budget, resulting in \$8,815 higher expense.

	<u>2017 Budget</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
Fuel or Power Purchased	\$239,193	\$248,008	\$224,216
1,000 Gallons Pumped	2,302,524	2,546,497	2,328,193
Cost per 1,000 Gal. Pumped	\$0.1039	\$0.0974	\$0.0963
kWhs Consumed	3,775,947	4,020,880	3,780,360
kWh per 1,000 Gal. Pumped	1.64	1.58	1.62

Maintenance of Pumping Equipment – (632/633)

Pump #23 and pump #25 are over budget \$56,994 and \$3,112, respectively. This relining, cleaning and pump replacement was budgeted in 2016 and not finished until 2017. Well 27 is over budget by \$7,021 due to new pump. Pumping equipment labor is under budget \$8,047 in distribution, planning and electricians. RTU labor is under budget \$4,560, mostly in technical services.

Water Treatment

Chemicals Expense – (641)

Chemical purchases, are \$4,974 less than budgeted due to cheaper prices through March.

Water Treatment (cont'd)

	2017 Budget			2017 Actual			2016 Actual		
1,000 Gal. Pumped	2,302,524			2,546,497			2,328,193		
	Units	\$	Per Unit	Units	\$	Per Unit	Units	\$	Per Unit
Chlorine (lbs)	38,923	\$12,066	\$0.310	39,135	\$11,869	\$0.303	35,150	\$10,676	\$0.304
Hydrofluoro-silic Acid (lbs)	46,750	\$16,830	\$0.360	49,440	\$16,134	\$0.326	46,690	\$15,543	\$0.333
Phosphate (lbs)	27,855	\$27,855	\$1.000	25,050	\$23,774	\$0.949	26,300	\$24,982	\$0.950

Operations Labor and Expense – (642)

Materials are under budget \$11,389 mostly due to production bacteria sampling budgeted in January and not yet incurred through March. Labor is over budget \$3,942 mostly in production.

Maintenance of Structures – (651)

Labor is over budget \$904. Materials are over budget \$3,611 due to replacing faulty underground service to park treatment facility.

Maintenance of Purification Equipment – (652)

Labor is over budget \$3,492, mostly in distribution and planning and scheduling. Materials are over budget \$4,616, due to a vacuum regulator purchase and yoke assembly.

DistributionConsumer Installation Expense – (664)

Labor is under budget \$1,849. Materials are under budget \$4,562 due to RPZ replacement costs budgeted in February but not incurred through March.

Maintenance of Mains – (673)

Labor is under budget \$9,249 mostly in distribution. Materials are under budget \$9,882 due to street and main repairs budgeted but not incurred through March.

Maintenance of Meters – (676)

Labor is under budget \$1,735. Materials are under budget \$2,179.

Miscellaneous Plant – (678)

Labor is over budget \$2,051, mostly in vehicle maintenance. Materials are over budget \$3,832 due to backhoe repairs not budgeted.

Vacation, Holiday, Sick Leave – (679)

Labor is over budget \$4,176, mainly in the distribution department.

Depreciation – (680)

Transmission and distribution depreciation is under budget due mainly to reservoir, mains and other projects not completed in 2016.

Customer Information Expense – (909)

	<u>2017 Budget</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
Promotional Material/Education	\$3,588	\$80	\$40
Media Advertising	1,321	859	693
Newsletter	301	334	217
Billtrust	90	23	---
Presentation Materials	186	---	---
Postage	237	---	---
Photo Library	66	43	97
	<u>\$5,789</u>	<u>\$1,339</u>	<u>\$1,047</u>

Consumer Accounts – (903)

	<u>2017 Budget</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
Labor	\$36,090	\$32,440	\$33,500
Credit Card Processing	3,057	3,081	2,694
Bill Trust Expense	1,425	1,361	904
Postage	3,088	3,082	2,220
Temp Services	112	2,413	421
Fuel	450	185	160
Invoice Cloud	560	545	340
Collection Expense	1,187	847	680
IVR	214	175	---
Other Expenses	<u>2,024</u>	<u>1,471</u>	<u>1,294</u>
	<u>\$48,207</u>	<u>\$45,600</u>	<u>\$42,213</u>

Administrative and GeneralOutside Services Employed – (923)

	<u>Resp Code</u>	<u>2017 Budget</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
Organizational				
Development	120-Sal	\$1,400	\$---	\$---
Legal Fees	140-Brandy	1,540	50	185
Labor Attorney	140-Brandy	300	---	---
Web Graphics	224-Rick	198	61	49
Insurance Advisor	310-Jerry	882	882	882
Audit Services	320-Cassie	2,940	2,577	3,220
IS Review	350-Jerry	---	1,647	---
Pension Study	410-Erika	---	---	958
Benefits Consulting	410-Erika	521	522	1,126
Employee Search				
Services	410-Erika	876	---	---
Other Expenses		<u>76</u>	<u>169</u>	<u>70</u>
		<u>\$8,733</u>	<u>\$5,908</u>	<u>\$6,490</u>

Administrative and General (cont'd)Employee Pensions and Benefits – (926)

	<u>2017 Budget</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
Health Care Cost	\$81,293	\$78,044	\$67,888
Pension	41,398	41,398	40,313
FICA	35,252	36,362	34,334
IPERS	11,310	10,977	10,636
Deferred comp utility match	8,240	9,307	10,134
Life, LTD & ADD	2,785	2,691	2,673
Dental	3,300	3,119	2,969
OPEB	902	902	812
Unemployment	175	1,023	---
Other Expenses	<u>1,456</u>	<u>3,387</u>	<u>2,721</u>
	<u>\$186,111</u>	<u>\$187,210</u>	<u>\$172,480</u>

Fringe Benefits Charged to Construction – (927)

More time was charged to capital projects through March than projected.

Miscellaneous General Expense – (930)

Labor expenses are lower than budget by \$3,767, mostly in water production, distribution, and environmental departments. Materials are under budget \$9,957, mostly due to a training grant match, and travel and training lower than budget by \$5,792.

Maintenance of General Plant – (932)

Maintenance agreements are under budget \$3,262 and memberships and subscriptions are under budget by \$630.

Depreciation – (933)

Depreciation is over budget \$4,655, mostly due to tools and equipment not budgeted.

Water Utility
Statement of Net Position Review
March 2017

	<u>2017</u>	<u>2016</u>
<u>Current Assets</u>		
<u>Receivables - Consumer Accounts</u>		
Customer Water Accounts	\$589,286	\$541,961
Unbilled Revenue	68,790	65,128
Merchandise Accounts	5,628	4,767
Allowance for Doubtful Accounts	(4,028)	(1,641)
	<u>\$659,676</u>	<u>\$610,215</u>
<u>Inventories</u>		
Inventory	\$378,413	\$331,843
Stores Expense (a/c 163)	188	(5,019)
	<u>\$378,601</u>	<u>\$326,824</u>
<u>Prepaid Expenses</u>		
Prepaid Insurance	\$25,705	\$47,929
Prepaid Maintenance Contracts	19,458	12,361
Other Prepaid Expenses	1,415	1,920
	<u>\$46,578</u>	<u>\$62,210</u>
<u>Current Liabilities</u>		
<u>Accounts Payable (amounts over \$2,500 itemized)</u>		
Electric bills	\$94,062	\$86,975
Brown Supply - hydrants	21,422	---
Cogsdale - business system implementation	2,506	---
Contractor Solutions - belly saw	4,533	---
Cottingham & Butler -workers comp claims	7,966	---
Hawkins - yoke and assy	2,614	---
HD Supply Waterworks - hydrants	9,653	---
Heuer - main repairs	5,900	---
HR Green - water treatment plant	16,650	---
Hupp Electric Motors - well motor	---	34,868
IPERS - pension	4,954	4,395
KoneCranes - hoist	---	14,147
Martin Equipment - excavator rental	---	4,591
Metering & Tech Solutions - encoders/meters	19,196	18,319
Municipal Pipe Services - install line stop	---	9,500
Municipal Supply - main/pipe/saddles/valve	84,213	11,475
Sweetland Trailer Sales - cargo trailer	8,323	---
Team Staffing - temporary services	2,906	---
Utility Equipment - valves	41,847	65,656
Other	46,471	30,272
	<u>\$373,216</u>	<u>\$280,198</u>
<u>Customer Advances for Construction</u>		
Lutheran Homes	\$59,640	\$6,000
Aspen Villas	---	43,873
Curry Trucking	30,815	---
Oakview Plaza	---	36,991
Others	650	575
	<u>\$91,105</u>	<u>\$87,439</u>
<u>Miscellaneous Accrued Expenses</u>		
Sales/Use Tax Collections Payable	\$8,606	\$7,660
Payroll Tax Collections Payable	13,833	11,752
Employee Payroll Deductions	3,951	3,719
Workers' Comp Self Insurance Reserves	33,494	27,727
Comp Time Payable	3,880	4,855
	<u>\$63,764</u>	<u>\$55,713</u>

Muscatine Power and Water

Communications Utility

Statement of Revenues, Expenses and Changes in Net Position

March 2017

**Muscatine Power and Water
Communications Utility**

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Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Position
Current Month - March 2017

	<u>Budget Estimate</u>	<u>% Increase (Decrease) From Budget</u>	<u>This Year</u>	<u>% Increase (Decrease) Fr. Last Yr.</u>	<u>Last Year</u>
<u>Operating Revenue</u>					
CATV	\$592,163	(6.1)	\$555,988	(2.1)	\$567,875
Data/Internet	469,839	2.6	482,195	7.3	449,527
MAN	48,800	43.5	70,017	32.0	53,055
Miscellaneous	<u>11,658</u>	<u>(1.8)</u>	<u>11,443</u>	<u>7.2</u>	<u>10,677</u>
Total Operating Revenues	<u>1,122,460</u>	<u>(0.3)</u>	<u>1,119,643</u>	<u>3.6</u>	<u>1,081,134</u>
<u>Operating Expense</u>					
Operation	789,444	(2.3)	771,554	7.9	714,869
Maintenance	103,572	(21.6)	81,159	(8.7)	88,896
Depreciation	<u>145,200</u>	<u>(7.1)</u>	<u>134,926</u>	<u>(3.2)</u>	<u>139,329</u>
Total Operating Expenses	<u>1,038,216</u>	<u>(4.9)</u>	<u>987,639</u>	<u>4.7</u>	<u>943,094</u>
Operating Income	<u>84,244</u>	<u>56.7</u>	<u>132,004</u>	<u>(4.4)</u>	<u>138,040</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	817	2.2X	2,632	99.8	1,317
Interest Expense	<u>(3,768)</u>	<u>---</u>	<u>(3,768)</u>	<u>(5.0)</u>	<u>(3,968)</u>
Net Nonoperating Expense	<u>(2,951)</u>	<u>(61.5)</u>	<u>(1,136)</u>	<u>(57.1)</u>	<u>(2,651)</u>
Net Income before Capital Contributions	81,293	61.0	130,868	(3.3)	135,389
Capital Contributions	<u>1,722</u>	<u>(27.1)</u>	<u>1,255</u>	<u>(27.1)</u>	<u>1,722</u>
Change in Net Position	83,015		132,123		137,111
Beginning Net Position	<u>5,862,210</u>		<u>6,013,516</u>		<u>3,821,836</u>
Ending Net Position	<u><u>\$5,945,225</u></u>		<u><u>\$6,145,639</u></u>		<u><u>\$3,958,947</u></u>
Net Income to Operating Revenue	7.2		11.7		12.5
Debt Service Coverage on Electric Utility Debt	5.27		6.17		6.35

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - March 2017

	Budget Estimate	% Increase (Decrease) From Budget	This Year	% Increase (Decrease) Fr. Last Yr.	Last Year
<u>Operating Revenue</u>					
CATV	\$1,772,759	(5.4)	\$1,676,705	(4.2)	\$1,750,408
Data/Internet	1,397,809	2.3	1,430,243	6.9	1,338,322
MAN	146,400	24.7	182,525	14.3	159,734
Miscellaneous	34,975	(8.9)	31,851	(6.0)	33,868
Total Operating Revenues	<u>3,351,943</u>	(0.9)	<u>3,321,324</u>	1.2	<u>3,282,332</u>
<u>Operating Expense</u>					
Operation	2,345,600	(5.6)	2,214,770	3.4	2,142,335
Maintenance	283,565	(21.5)	222,654	(8.3)	242,936
Depreciation	435,599	(7.1)	404,778	(3.2)	417,987
Total Operating Expenses	<u>3,064,764</u>	(7.3)	<u>2,842,202</u>	1.4	<u>2,803,258</u>
Operating Income	<u>287,179</u>	66.8	<u>479,122</u>	---	<u>479,074</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	2,649	1.4X	6,265	2.5X	1,815
Interest Expense	<u>(11,304)</u>	---	<u>(11,305)</u>	(5.0)	<u>(11,904)</u>
Net Nonoperating Expense	<u>(8,655)</u>	(41.8)	<u>(5,040)</u>	(50.0)	<u>(10,089)</u>
Net Income before Capital Contributions	278,524	70.2	474,082	1.1	468,985
Capital Contributions	<u>5,166</u>	94.0	<u>10,022</u>	94.0	<u>5,167</u>
Change in Net Position	283,690		484,104		474,152
Beginning Net Position	<u>5,661,535</u>		<u>5,661,535</u>		<u>3,484,795</u>
Ending Net Position	<u>\$5,945,225</u>		<u>\$6,145,639</u>		<u>\$3,958,947</u>
Net Income (Loss) to Operating Revenue	8.3		14.3		14.3
Debt Service Coverage on Electric Utility Debt	5.53		6.79		6.83

Muscatine Power and Water - Communications Utility
Statements of Net Position
March 2017

ASSETS

	<u>2017</u>	<u>2016</u>
Current Assets:		
<u>Unrestricted Assets</u>		
Cash - interest bearing	\$8,605,917	\$2,450,989
Investments	---	4,000,000
Receivables:		
Consumer Accounts	1,265,098	1,269,120
Interest	2,272	1,111
Inventories	143,164	185,424
Prepaid Expenses	297,004	252,494
	<hr/>	<hr/>
Total Unrestricted Current Assets	10,313,455	8,159,138
	<hr/>	<hr/>
<u>Restricted Assets</u>		
Cash - interest bearing	6	6
	<hr/>	<hr/>
Total Restricted Current Assets	6	6
	<hr/>	<hr/>
Total Current Assets	10,313,461	8,159,144
	<hr/>	<hr/>
Property and Equipment:		
At Cost	34,749,460	34,062,268
Less Accumulated Depreciation	27,393,644	26,260,563
	<hr/>	<hr/>
Net Property and Equipment	7,355,816	7,801,705
	<hr/>	<hr/>
Deferred Outflows of Resources - Pension		
Changes of Assumptions	425,212	425,212
Difference between projected and actual earnings on pension plan	493,996	88,477
Contributions subsequent to measurement date	350,181	335,643
	<hr/>	<hr/>
Total Deferred Outflows of Resources - Pension	1,269,389	849,332
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$18,938,666</u>	<u>\$16,810,181</u>

Muscatine Power and Water - Communications Utility
Statements of Net Position
March 2017

LIABILITIES AND NET POSITION

	<u>2017</u>	<u>2016</u>
Current Liabilities:		
<u>Payable from Unrestricted Assets</u>		
Accrued Interest	\$11,305	\$11,904
Accounts Payable	687,864	822,123
Health & Dental Insurance Provision	49,280	53,060
Retained Percentage on Contracts	2,558	---
Accrued Payroll	52,199	41,074
Accrued Vacation	185,738	168,149
Accrued Property Taxes	4,868	6,865
Unearned Revenue - Dark Fiber Lease	17,500	17,500
Miscellaneous Accrued Expenses	139,881	128,218
	<hr/>	<hr/>
Total Payable from Unrestricted Assets	1,151,193	1,248,893
	<hr/>	<hr/>
<u>Payable from Restricted Assets</u>		
Notes Payable:		
Electric Utility	481,443	479,048
	<hr/>	<hr/>
Total Payable from Restricted Assets	481,443	479,048
	<hr/>	<hr/>
Total Current Liabilities	1,632,636	1,727,941
	<hr/>	<hr/>
Non-Current Liabilities:		
Health & Dental Insurance Provision	99,529	110,598
Post-Employment Health Benefit Provision	71,023	65,970
Unearned Revenue - Dark Fiber Lease	225,104	242,604
Net Pension Liability	2,104,548	1,558,468
Notes Payable:		
Electric Utility	8,562,844	9,044,287
	<hr/>	<hr/>
Total Non-Current Liabilities	11,063,048	11,021,927
	<hr/>	<hr/>
Deferred Inflows of Resources - Pension	97,343	101,366
	<hr/>	<hr/>
Net Position:		
Net Investment in Capital Assets	6,874,373	7,322,657
Unrestricted	(728,734)	(3,363,710)
	<hr/>	<hr/>
Total Net Position	6,145,639	3,958,947
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$18,938,666</u></u>	<u><u>\$16,810,181</u></u>

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
March 2017

	<u>Current</u> <u>Month</u>	<u>Year-</u> <u>To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$1,154,209	\$3,242,399
Advertising sales	25,019	72,888
Miscellaneous sources	4,280	24,491
Cash paid to/for:		
Suppliers	(457,661)	(1,548,191)
Employees payroll, taxes and benefits	(290,449)	(940,565)
Net cash flows from operating activities	<u>435,398</u>	<u>851,022</u>
Cash flows from capital and related financing activities:		
Capital expenditures, net	<u>(233,597)</u>	<u>(507,905)</u>
Net cash flows from capital and related financing activities	<u>(233,597)</u>	<u>(507,905)</u>
Cash flows from investing activities:		
Interest received on investments	<u>2,022</u>	<u>5,339</u>
Net cash flows from investing activities	<u>2,022</u>	<u>5,339</u>
Net increase in cash and investments	<u>203,823</u>	<u>348,456</u>
Cash and investments at beginning of period	<u>8,402,100</u>	<u>8,257,467</u>
Cash and investments at end of period	<u><u>\$8,605,923</u></u>	<u><u>\$8,605,923</u></u>

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
March 2017

	<u>Current</u> <u>Month</u>	<u>Year-</u> <u>To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$132,004	\$479,122
Noncash items in operating income:		
Converter/modem write-off	3,156	6,990
Depreciation of utility plant	134,926	404,778
Changes in assets and liabilities:		
Consumer accounts receivable	72,577	87,320
Inventories	(2,909)	348
Prepaid and deferred expenses	12,162	(190,254)
Accounts payable	16,734	34,224
Net pension liability	30,475	91,423
Health & dental insurance provision	(5,813)	(531)
Other post-employment benefit provision	421	1,264
Unearned revenue	(1,459)	(11,983)
Retained percentage on contracts	187	1,217
Accrued payroll	30,693	(53,142)
Accrued vacation	1,183	10,774
Accrued property taxes	(2,704)	(1,622)
Miscellaneous accrued expenses	13,765	(8,906)
	<hr/>	<hr/>
Net cash flows from operating activities	<u>\$435,398</u>	<u>\$851,022</u>

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - March 2017

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense (751-758)	\$389,982	\$373,824	\$358,800
Promotional Expense (960)	10,088	874	734
Electricity Expense (736)	2,235	2,523	2,368
Pole Attachment Expense (715)	1,967	1,967	1,967
Changes of Service (742)	1,099	1,217	1,846
Underground Line Expense (743)	2,829	2,320	2,676
Ad Insertion - Marketing/Production (964, 965)	7,127	6,470	6,278
Miscellaneous CATV Expense (710, 738, 739)	14,315	15,994	15,844
Vehicle Expense (760)	4,988	3,984	3,962
Maintenance:			
Fiber (711)	1,029	373	956
Coax (712)	1,266	398	145
Drops (713)	3,355	1,173	1,345
Conduit System (714)	1,196	337	1,070
Headend (721-725)	21,255	24,039	13,905
Line Equipment (731-735)	2,732	1,870	4,428
Converters (741)	3,736	1,810	2,420
Ad Insertion (966)	3,524	5,644	3,045
Vacation, Holiday, Sick Leave (799)	4,307	8,444	5,362
Property Taxes (794)	731	314	596
Depreciation (793)	84,951	76,631	82,721
Total CATV	562,712	530,206	510,468
<u>Data/Internet</u>			
Data/Internet Access Charges (851-853)	28,019	40,522	26,319
Promotional Expense (961)	10,088	910	770
Electricity Expense (836)	394	328	418
Pole Attachment Expense (837)	346	346	346
Changes of Service (842)	194	406	326
Underground Line Expense (843)	177	773	472
Miscellaneous Data/Internet Expense (839, 844, 848)	5,137	7,993	5,036
Vehicle Expense (860)	803	478	477
Maintenance:			
Fiber (811)	178	155	168
Coax (813)	223	133	26
Drops (814)	2,307	391	237
Conduit System (816)	181	140	188
Headend (820, 821)	48,756	32,395	41,863
Line Equipment (831-835)	447	502	781
Modems (841)	4,267	3,240	10,329
Vacation, Holiday, Sick Leave (879)	2,162	2,575	2,219
Property Taxes (894)	129	55	105
Depreciation (893)	27,909	26,898	25,111
Total Data/Internet	131,717	118,240	115,191

Muscatine Power and Water - Communications Utility
Summary of Expenses
Calendar Year-to-Date - March 2017

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense (751-758)	\$1,165,367	\$1,084,030	\$1,083,639
Promotional Expense (960)	22,932	3,103	1,756
Electricity Expense (736)	6,705	6,777	7,148
Pole Attachment Expense (715)	5,902	5,902	5,901
Changes of Service (742)	3,292	3,827	5,226
Underground Line Expense (743)	8,487	4,736	4,544
Ad Insertion - Marketing/Production (964, 965)	21,468	19,553	21,326
Miscellaneous CATV Expense (710, 738, 739)	43,337	51,347	44,690
Vehicle Expense (760)	14,923	11,369	12,260
Maintenance:			
Fiber (711)	2,303	1,899	3,439
Coax (712)	3,609	1,371	568
Drops (713)	10,012	2,929	2,482
Conduit System (714)	3,480	957	1,322
Headend (721-725)	63,089	51,053	50,201
Line Equipment (731-735)	7,578	7,301	13,372
Converters (741)	10,917	9,300	7,057
Ad Insertion (966)	10,272	15,795	8,323
Vacation, Holiday, Sick Leave (799)	14,909	27,542	15,878
Property Taxes (794)	2,192	941	1,787
Depreciation (793)	254,853	229,893	248,163
Total CATV	<u>1,675,627</u>	<u>1,539,625</u>	<u>1,539,082</u>
<u>Data/Internet</u>			
Data/Internet Access Charges (851-853)	79,558	92,789	79,500
Promotional Expense (961)	22,932	3,231	1,924
Electricity Expense (836)	1,182	954	1,126
Pole Attachment Expense (837)	1,038	1,038	1,038
Changes of Service (842)	581	1,276	922
Underground Line Expense (843)	532	1,579	802
Miscellaneous Data/Internet Expense (839, 844, 848)	15,497	24,131	14,815
Vehicle Expense (860)	2,408	1,364	1,475
Maintenance:			
Fiber (811)	398	791	605
Coax (813)	637	457	100
Drops (814)	6,913	976	438
Conduit System (816)	523	399	232
Headend (820, 821)	119,501	95,481	105,475
Line Equipment (831-835)	1,231	1,846	2,360
Modems (841)	12,296	8,211	21,722
Vacation, Holiday, Sick Leave (879)	7,518	9,086	9,576
Property Taxes (894)	385	165	316
Depreciation (893)	83,728	80,694	75,333
Total Data/Internet	<u>356,858</u>	<u>324,468</u>	<u>\$317,759</u>

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - March 2017

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN</u>			
Pole Attachment Expense (838)	\$1,079	\$1,278	\$1,079
Tools Expense (845)	208	269	(32)
Maintenance:			
Fiber (812)	567	249	524
Conduit System (817)	647	225	586
MAN Equipment (818, 819)	3,420	3,449	3,559
Vacation, Holiday, Sick Leave (899)	318	304	303
Property Taxes (896)	401	172	327
Depreciation (840)	22,135	22,038	21,854
Total MAN	28,775	27,984	28,200
<u>Customer Service Expense</u>			
Customer Information Expense (909)	11,493	1,346	406
<u>Consumer Accounts</u>			
Supervision (901)	2,697	3,043	3,159
Consumer Records and Collections (903)	46,493	51,559	41,655
Uncollectible Accounts Expense (904)	1,574	1,574	1,519
Vacation, Holiday, Sick Leave (906)	4,120	4,169	6,119
Total Consumer Accounts	54,884	60,345	52,452
<u>Administrative and General</u>			
Administrative and General Salaries (920)	78,364	86,207	79,417
Office Supplies and Expense (921)	4,940	4,653	3,368
Outside Services Employed (923)	11,958	8,901	8,349
Property Insurance (924)	1,132	1,132	1,172
Casualty Ins, Injuries & Damages (925)	7,632	10,767	6,770
Employee Pensions and Benefits (926)	94,212	105,412	93,322
Fringe Benefits Charges to Construction (927)	(5,744)	(8,764)	(4,125)
Rents (931)	9,656	9,656	9,375
Miscellaneous General Expense (930)	21,606	8,903	12,669
Maintenance of General Plant (932)	4,486	4,636	3,321
Vacation, Holiday, Sick Leave (936)	10,188	8,656	13,096
Depreciation (933)	10,205	9,359	9,643
Total Administrative and General	248,635	249,518	236,377
Total Operating Expenses	\$1,038,216	\$987,639	\$943,094

Muscatine Power and Water - Communications Utility
Summary of Expenses
Calendar Year-to-Date - March 2017

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN</u>			
Pole Attachment Expense (838)	\$3,236	\$3,636	\$3,237
Tools Expense (845)	625	894	226
Maintenance:			
Fiber (812)	1,270	1,266	1,886
Conduit System (817)	1,881	638	725
MAN Equipment (818, 819)	10,088	8,164	12,077
Vacation, Holiday, Sick Leave (899)	1,115	846	949
Property Taxes (896)	1,202	516	981
Depreciation (840)	66,404	66,114	65,562
Total MAN	<u>85,821</u>	<u>82,074</u>	<u>85,643</u>
<u>Customer Service Expense</u>			
Customer Information Expense (909)	<u>16,576</u>	<u>2,592</u>	<u>2,037</u>
<u>Consumer Accounts</u>			
Supervision (901)	8,091	8,096	8,998
Consumer Records and Collections (903)	141,435	141,705	128,690
Uncollectible Accounts Expense (904)	4,722	4,722	4,557
Vacation, Holiday, Sick Leave (906)	<u>14,395</u>	<u>16,844</u>	<u>15,790</u>
Total Consumer Accounts	<u>168,643</u>	<u>171,367</u>	<u>158,035</u>
<u>Administrative and General</u>			
Administrative and General Salaries (920)	234,672	238,788	229,868
Office Supplies and Expense (921)	14,690	12,232	11,317
Outside Services Employed (923)	42,923	25,999	24,117
Property Insurance (924)	3,397	3,396	3,516
Casualty Ins, Injuries & Damages (925)	23,016	22,959	29,998
Employee Pensions and Benefits (926)	283,709	284,033	268,914
Fringe Benefits Charges to Construction (927)	(16,754)	(19,440)	(11,007)
Rents (931)	28,969	28,969	28,125
Miscellaneous General Expense (930)	63,155	46,541	38,934
Maintenance of General Plant (932)	17,567	13,820	10,552
Vacation, Holiday, Sick Leave (936)	35,281	36,702	37,439
Depreciation (933)	<u>30,614</u>	<u>28,077</u>	<u>28,929</u>
Total Administrative and General	<u>761,239</u>	<u>722,076</u>	<u>700,702</u>
Total Operating Expenses	<u><u>\$3,064,764</u></u>	<u><u>\$2,842,202</u></u>	<u><u>\$2,803,258</u></u>

Muscatine Power and Water - Communications Utility
Statistical Data
March 2017

Services	Budget Estimate	% Increase (Decrease) From Budget	This Year ^{fn1}	% Increase (Decrease) Fr. Last Yr.	Last Year ^{fn1}
<u>CATV</u>					
Residential	5,449	(2.9)	5,292	(6.5)	5,659
Commercial/Hospitality	<u>145</u>	10.3	<u>160</u>	1.3	<u>158</u>
Total CATV	<u>5,594</u>	(2.5)	<u>5,452</u>	(6.3)	<u>5,817</u>
Bulk Equivalent Services	<u>368</u>	(3.3)	<u>356</u>	0.3	<u>355</u>
Bulk Master Services	<u>24</u>	4.2	<u>25</u>	13.6	<u>22</u>
<u>Internet</u>					
Residential	7,782	1.1	7,867	4.8	7,504
Commercial	<u>493</u>	6.3	<u>524</u>	9.4	<u>479</u>
Total Internet	<u>8,275</u>	1.4	<u>8,391</u>	5.1	<u>7,983</u>
<u>MAN</u>	<u>80</u>	7.5	<u>86</u>	4.9	<u>82</u>

fn1 Number of actual residential and commercial services are per the end of month subscriber report

Communications Utility
Review of Operating Results
March 2017

MUSCATINE POWER AND WATER - COMMUNICATIONS UTILITY
VARIANCES FROM BUDGETED NET POSITION - MARCH 31, 2017

(Unfavorable)/
Favorable
Compared to
Budget

Operating Revenue

CATV Revenue	\$ (69,364)	Lower CATV revenues due to less subscribers 5,594 vs. 5,452 and incorrect select prices in budget
	(30,840)	Bulk lower because budgeted the upgrades in bulk
	30,523	Lower marketing promotional discounts (\$98,111 vs. \$67,588) due to end of price pledge
	(10,172)	Lower VOD/PPV sales due to fewer subscribers and less buys
	(10,265)	Lower ad sales
	(5,762)	Lower converter rentals due to less subscribers
	(174)	Other miscellaneous variances - net
	<u>(96,054)</u>	
Data/Internet Revenue	33,259	Higher cable modem revenues due to higher subscribers (8,275 vs. 8,391) and more subscribers taking a higher level of service
	(10,725)	Higher promotional discounts due to higher subscribers (\$23,749 vs. \$34,474)
	8,431	Higher Wi-fi @ Home due to more subscribers
	1,469	Other miscellaneous variances - net
	<u>32,434</u>	
MAN	<u>36,125</u>	More subscribers than budgeted
Miscellaneous Revenue	<u>(3,124)</u>	CATV signal transmission timing of revenue

Operating Expense

Operation	81,337	Lower programming due to less subscribers and lower negotiated contracts
	(13,231)	Internet access fees higher due to paying invoice early
	(16,009)	Higher labor than budgeted
	12,214	Lower promotional/education than budgeted
	2,303	Memberships and subscriptions lower than budgeted
	2,729	Lower fuel expense
	5,254	Lower legal costs
	9,000	FTTH graphic design expense not incurred
	41,138	FTTH promotional expense not incurred, vehicle wraps etc.
	4,549	Health care expenses lower than budgeted
	5,894	Travel and training under budget
	(4,348)	Other miscellaneous variances - net
	<u>130,830</u>	
Maintenance	27,790	Lower maintenance agreements, mostly bandwidth monitoring equipment , CMTS and IS
	22,394	Lower labor
	6,287	Temp services for drops not incurred through March
	4,440	Other miscellaneous variances - net
	<u>60,911</u>	
Depreciation		Lower depreciation due to fewer fixed assets purchases in 2016 than anticipated
	<u>30,821</u>	

Nonoperating Revenue (Expense)

Interest Income/expense	<u>3,615</u>	Higher interest income
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**Change in Net Position before
Capital Contributions**

195,558

Capital Contributions	<u>4,856</u>	One time bill for transcoder (\$6,102)
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Change in Net Position	<u>\$ 200,414</u>	Total Variance from Budgeted Net Position
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Statement of Revenues, Expenses and Changes in Net Position

Operating Revenues

CATV

Customer levels totaled 5,452 actual vs. 5,594 budgeted.

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Basic revenue	\$55,168	\$52,763	\$47,073
Select revenue	1,067,437	1,003,833	1,004,405
Preferred revenue	174,494	179,952	183,009
Premiums revenue	75,602	66,789	80,897
Bulk revenue	99,960	69,120	64,532
PPV	9,832	5,673	6,837
VOD	<u>36,595</u>	<u>30,582</u>	<u>37,771</u>
Subtotal	\$1,519,088	\$1,408,712	\$1,424,524
Converter rentals	249,732	243,970	253,825
Ad insertion revenue	90,000	79,735	133,481
Other CATV revenues	<u>12,050</u>	<u>11,876</u>	<u>12,289</u>
Gross CATV Revenues	\$1,870,870	\$1,744,293	\$1,824,119
Discounts	<u>(98,111)</u>	<u>(67,588)</u>	<u>(73,711)</u>
Net CATV Revenue	<u>\$1,772,759</u>	<u>\$1,676,705</u>	<u>\$1,750,408</u>

Select revenue was budgeted at a higher price than actual. Bulk revenues are under budget because the upgrades were budgeted in bulk instead of select or preferred. Ad insertion revenues are lower due to less ads sold. Discounts are less than budgeted due to subscribers ending price pledge and less overall subscribers.

Data/Internet Revenue

Subscriber levels are 8,391 actual vs. 8,275 budgeted.

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Cable modem	\$1,259,975	\$1,293,234	\$1,205,268
Wi-fi @ Home	55,181	63,612	51,331
Wimax	24,630	25,505	23,976
Modem Rentals	72,497	73,478	70,130
Other Data/Internet revenues	<u>9,275</u>	<u>8,888</u>	<u>8,306</u>
Gross Data/Internet Revenues	\$1,421,558	\$1,464,717	\$1,359,011
Discounts	<u>(23,749)</u>	<u>(34,474)</u>	<u>(20,689)</u>
Net Data/Internet Revenues	<u>\$1,397,809</u>	<u>\$1,430,243</u>	<u>\$1,338,322</u>

Cable modem revenues are higher due to more subscribers and a better mix. Wi-fi @ home is higher due to more subscribers and more subscribers taking a higher level of service.

MAN/MME

Revenue is \$36,125 higher than budget mostly due to new contracts.

Statement of Net Position

Liabilities

Health and Dental Insurance Provision

Health and dental 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. The estimate is adjusted annually.

Year-To-Date Summary of Expenses

CATV

Program Acquisition Expense – (751 to 758)

Programming is lower due to lower subscribers than budgeted.

	<u>2017</u>	<u>2017</u>	<u>2016</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Basic	\$216,220	\$191,234	\$189,448
Select	401,873	382,810	373,983
Preferred	370,959	353,364	345,215
Premium	55,337	49,476	62,582
Digital	89,419	80,972	82,737
Pay-per-view	6,604	4,840	4,803
Video on demand	<u>24,955</u>	<u>21,334</u>	<u>24,871</u>
Total	<u>\$1,165,367</u>	<u>\$1,084,030</u>	<u>\$1,083,639</u>

Basic, select and preferred programming is lower than budget due to negotiated contracts coming in lower than budgeted and less subscribers.

Promotional Expense – (960)

Labor is over budget \$804, mostly in the customer service area. Materials are under budget \$20,633 due to vehicle rewrap, temp services and other FTTH expenses budgeted but not incurred through March.

Underground Line Expense- (743)

Labor is under budget \$2,387. Materials are under budget \$1,364.

Miscellaneous Expense – (740)

Labor is over budget \$4,471 mostly due to manager, data, and technician departments. Materials are over budget \$3,539 due to store allocations for remotes.

Vehicle Expense – (760)

Vehicle expense is under budget \$3,554, mostly due to fuel expense.

Maintenance of Drops- (713)

Labor is under budget \$621. Materials are under budget \$6,461 mostly due to budgeted temp labor for FTTH not yet needed.

Maintenance of Headend – (721-725)

Total labor is under budget by \$15,250 in the manager and technician departments. Total materials are over budget by \$3,214, due to transcoder purchases and dish alignment.

CATV (cont'd)Maintenance of Ad Insertion- (966)

Labor is over budget \$3,239 mostly in marketing. Maintenance agreements are over budget \$2,283 due to the timing of invoices.

Vacation, Holiday, Sick Leave – (799)

Sick, personal, and vacation is over budget \$12,633, mostly in the technician department.

Depreciation – (793)

Depreciation is lower than budget due to lower than expected expenditures for digital boxes, headend equipment, and customer drops prior to year-end 2016. Minimal equipment is being purchased until the FTTH project is completed. This type of equipment has five- and ten-year lives.

Data/InternetData/Internet Access Charges – (850)

Access is over budget \$13,231 due to paying an invoice early.

Promotional Expense – (961)

Labor is over budget \$804. Materials are under budget \$20,505 due to vehicle rewrap, temp services and other FTTH expenses budgeted but not incurred through March.

Miscellaneous Data/Internet Expense – (847)

Labor is over budget \$5,856 mostly in manager and technician departments. Materials are over budget \$2,778 due to equipment retirements.

Maintenance of Drops – (814)

Labor is over budget \$350. Materials are under budget \$6,287 mostly due to budgeted temp labor for FTTH not yet needed.

Maintenance of Headend – (820, 821)

Manager labor is over budget \$18,870 partially offset by data labor under budget by \$8,032. Materials are under budget by \$34,742, mostly due to bandwidth monitoring equipment, CMTS and IS maintenance agreements not incurred through March.

Maintenance of Modems- (841)

Labor is under budget \$4,085 mostly in the manager and technician departments.

Customer Service ExpenseCustomer Information Expense – (909-Marketing)

	2017	2017	2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Promotion/Education Expense	\$ 12,370	\$ 156	\$78
Media Advertising	2,571	1,673	1,357
Billtrust	156	39	---
Postage	462	---	---
Newsletter	585	651	422
Presentation Materials	318	---	---
Other	<u>114</u>	<u>73</u>	<u>180</u>
Total	<u>\$16,576</u>	<u>\$2,592</u>	<u>\$2,037</u>

Consumer AccountsConsumer Records and Collections – (903-Customer Service)

	2017	2017	2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Labor	\$113,893	\$108,012	\$107,309
Temp Services	219	4,698	820
Credit Card Processing	5,954	6,000	5,246
Bill Processing	2,775	2,651	1,760
Postage	6,013	6,002	4,323
IVR	416	340	---
Training	2,351	7,274	1,728
Credit Bureau Fees	2,312	1,649	1,324
ACH Processing	1,757	1,956	1,608
Other	<u>5,745</u>	<u>3,123</u>	<u>4,572</u>
Total	<u>\$141,435</u>	<u>\$141,705</u>	<u>\$128,690</u>

Temp services are higher because of extra help for BSA. Training is over budget due to FTTH training budgeted in 2016.

Administrative & GeneralAdministrative and General Salaries – (920)

Labor is over budget \$4,115 in the marketing, data and technician departments.

Administrative & General (cont'd)Outside Services – (923)

	Resp Code	2017 Budget	2017 Actual	2016 Actual
Organizational Development	120-Sal	\$ 2,400	\$ ---	\$ ---
Legal Fees	140-Brandy	2,640	86	317
Employment Legal Fees	140-Brandy	300	---	---
Communications Legal Fees	140-Brandy	5,000	---	---
MCC Public Access	224-Rick	14,166	14,048	14,028
Web/Graphics Services	224-Rick	339	104	85
FTTH Design	224-Rick	9,000	---	---
Insurance Advisor	310-Jerry	1,512	1,512	1,512
Audit Fees	320-Cassie	5,040	4,418	5,520
IS Department Review	350-Jerry	---	2,243	---
Pension Study	410-Erika	---	---	1,643
Benefits Consulting	410-Erika	894	894	894
Employee Search Services	410-Erika	1,500	---	---
Organizational Development	920-Beecher	---	1,822	---
Other		<u>132</u>	<u>872</u>	<u>118</u>
		<u>\$42,923</u>	<u>\$25,999</u>	<u>\$24,117</u>

Employee Pensions & Benefits – (926)

	2017 Budget	2017 Actual	2016 Actual
Health care cost	\$113,810	\$109,261	\$105,604
Pension	91,423	91,423	84,309
FICA	53,411	51,922	50,910
Deferred compensation	12,360	13,960	13,512
Dental	4,620	4,366	4,619
Life, LTD & ADD	4,177	4,037	4,010
OPEB	1,263	1,263	1,263
Unemployment	300	1,992	---
Other expenses	<u>2,345</u>	<u>5,809</u>	<u>4,687</u>
	<u>\$283,709</u>	<u>\$284,033</u>	<u>\$268,914</u>

Miscellaneous General Expense – (930)

Labor is under budget \$5,272 mostly in manager and safety & training departments. Materials are under budget \$11,341 due to travel and training, subscriptions and wellness and other employee expenses not incurred through March.

Maintenance of General Plant – (932)

Materials are under budget \$3,747 mostly due to maintenance agreements in information systems and subscriptions.

Communications Utility
Statement of Net Position Review
March 2017

<u>Current Assets</u>	<u>2017</u>	<u>2016</u>
<u>Receivables - Consumer Accounts</u>		
Customer Communications Accounts	\$1,118,618	\$1,093,346
Unbilled Revenue	85,167	86,239
Merchandise Accounts	72,687	100,673
Allowance for Doubtful Accounts	(11,374)	(11,138)
	<u>\$1,265,098</u>	<u>\$1,269,120</u>
<u>Inventories</u>		
Inventory	\$143,051	\$188,968
Stores Expense (a/c 163)	113	(3,544)
	<u>\$143,164</u>	<u>\$185,424</u>
<u>Prepaid Expenses</u>		
Prepaid Insurance	\$42,205	\$57,028
Prepaid Maintenance Contracts	205,175	186,897
Muscatine Schools - E-rate customer	49,649	---
Other Prepaid Expenses	(25)	8,569
	<u>\$297,004</u>	<u>\$252,494</u>
<u>Current Liabilities</u>		
<u>Accounts Payable (amounts over \$2,500 itemized)</u>		
Pole Rental	\$10,176	\$10,176
Atlantic Engineering Group - FTTH	73,937	---
Argonaut - CMTS modifications	---	12,425
Aureon Network Services - access fee	15,005	---
Big 10 - programming fee	9,758	10,092
BillTrust - bill processing	3,281	---
CDW-G - computers	4,104	8,170
Centurylink - tel/access fees	5,545	5,599
Cogsdale - business system implementation	4,296	---
Comcast Sportsnet Chicago - programming fee	23,006	22,309
Cottingham & Butler -workers comp claims	13,201	---
Fox Sports Net Midwest - programming fee	23,335	23,629
Graybar - cable	19,451	---
Gray Television - programming fee	14,701	---
Imagine Communications Corp - adv prog mnt	3,000	---
INCA Networks - encoder	---	24,800
Insight - routers	5,649	---
KGCW - programming fee	116,594	61,207
LIN Television - programming fee	---	13,994
MCC - public access	14,048	---
Muscatine Community College - public access	---	14,028
Natl Cable TV Coop - programming fee	215,528	222,503
NewComTech GIS - FTTH consulting	---	280,106
Nexstar - programming fee	30,603	29,261
PC Connection - computer/server	---	4,572
Pomeroy - network switches	---	4,264
Rovi Guides - programming fee	8,786	9,090
Showtime Networks - programming fee	2,290	2,795
Team Staffing - temporary labor services	2,519	---
Telco Systems - console cable	7,449	---
Tower Distribution - programming fee	15,381	14,981
Univision - programming fee	6,923	6,990
Vubiquity - programming fee	8,325	11,246
Other	30,973	29,886
	<u>\$687,864</u>	<u>\$822,123</u>
<u>Miscellaneous Accrued Expenses</u>		
Sales/Use Tax Collections Payable	\$29,122	\$23,421
Franchise Fees Payable	43,067	45,783
Payroll Tax Collections Payable	18,202	16,005
Workers' Comp Self Insurance Reserves	49,490	43,009
	<u>\$139,881</u>	<u>\$128,218</u>

MUSCATINE POWER AND WATER
REVIEW OF YEAR-TO-DATE OPERATING RESULTS
MARCH 31, 2017

MUSCATINE POWER AND WATER - ELECTRIC UTILITY
VARIANCES FROM BUDGETED NET POSITION - MARCH 31, 2017

		Items equal to or greater than \$25,000
	(Unfavorable)/ Favorable Compared to Budget	
Sales of Electricity		
Native System Sales	\$ (185,946)	2.0% lower kWh's, offset by a 0.7% higher average sales price (\$.06644/kWh versus \$.06600/kWh budgeted)
Wholesale Sales	(865,772)	25.4% lower kWhs sold, offset by an 17.6% higher average sale price (\$.03716/kWh versus \$.03159/kWh)
	<u>(1,051,718)</u>	
Steam Sales	<u>(90,205)</u>	A 6.6% lower average sales price, offset by 4.0% higher pounds of steam sold
Other Revenue	<u>(19,484)</u>	
Operating Expense		
Purchased Power - Native System	(753,131)	Average purchase price is 13.1% higher (\$.03029/kwh vs \$.02678/kwh), offset by 1.0% lower kWhs purchased
Purchased Power - Wind	(69,207)	21.4% higher kWhs purchased
	<u>(822,338)</u>	
Production Fuel	886,274	16.3% or 30,912 fewer number of coal tons burned, offset by a 2.3% higher price/ton
	(41,430)	Unit 8's natural gas usage was not budgeted
	(6,753)	Other miscellaneous variances - net
	<u>838,091</u>	
Emissions Allowance	<u>223,245</u>	Market price lower than assumed
Operation	(37,826)	Higher bottom ash handling expense due to timing
	29,743	Lower gas usage for auxiliary boiler
	70,563	PAC (powdered activated carbon) injection system costs were lower
	(41,899)	Higher cost for IDNR Title V permit fee
	108,821	Lower cost for MISO's multi-value transmission projects
	110,000	Transmission coordination study, not begun
	(29,645)	Higher cost for workers compensation claims
	67,852	Less training/travel
	112,130	Lower labor cost
	233,716	Other miscellaneous variances - net
	<u>623,455</u>	
Maintenance	(29,923)	Replacement of 9B pulverizer ceramic tile on the journal inner cone not budgeted
	80,000	Pulverizer journal rebuild, not completed
	(28,038)	Deslag Unit 9 boiler, not budgeted
	38,000	Unit 9 coal nozzle tip repair or replacement not completed
	108,000	Contracted labor not utilized
	55,000	Replace Unit 9 hot & cold reheat drip leg switches not completed
	40,500	Replace one 9D and two 9A mill upper riffle distributor housings not completed
	34,669	Lower cost for Unit 9 turbine & control valves inspection/overhaul
	30,000	Bearing laser align and load testing not completed
	25,737	Lower cost for circulating water tunnel inspection
	(91,012)	Replace Unit 9 batteries not budgeted
	29,837	Lower cost for transmission line maintenance
	(40,492)	Oregon Street substation barrier board replacement, not budgeted
	(61,921)	Higher cost for distribution line maintenance due to storm restoration work
	(214,160)	Higher labor cost
	69,950	Other miscellaneous variances - net
	<u>46,147</u>	

MUSCATINE POWER AND WATER - ELECTRIC UTILITY
VARIANCES FROM BUDGETED NET POSITION - MARCH 31, 2017

Items equal to or greater than \$25,000

	(Unfavorable)/ Favorable Compared to Budget	
Depreciation	<u>171,404</u>	Net value of the A&G assets were overestimated for the budget
Nonoperating Revenue (Expense)		
Interest Income	31,157	Higher average cash balances
Interest Expense	<u>(203)</u>	
	<u>30,954</u>	
Capital Contributions	<u>2,863</u>	CenturyLink transformer
Change in Net Position	<u>\$ (47,586)</u>	Total Variance from Budgeted Net Position

MUSCATINE POWER AND WATER - WATER UTILITY
VARIANCES FROM BUDGETED NET POSITION - March 31, 2017

Items equal to or greater than \$5,000

(Unfavorable)/
Favorable
Compared to
Budget

Sales of Water

Contract Customers	\$	57,455	GPC consumption is 10.7% higher than budgeted, partially offset by lower billing rate
		20,826	Plant consumption is 26.8% higher than budgeted, partially offset by lower billing rate
		(7,510)	Residential consumption is 5.9% lower than budgeted, partially offset by higher billing rate
		7,068	Commercial consumption is 4.4% lower budget offset by higher billing rate
All Other Classes		2,210	Other miscellaneous variances
		<u>80,049</u>	

Other Revenue

Merchandise & Job Sales-Net	(1,706)	Lower job sales revenue
Miscellaneous Revenue	2,348	Other miscellaneous variances
	<u>642</u>	

Operating Expense

Operation	(8,815)	Higher fuel/power purchased due to 2.6% lower cost per kWh, offset by 10.6% more gallons pumped
	10,537	Bacteria sampling not done as of March
	6,006	Lower travel and training
	18,520	Lower labor, sick, personal and vacation expense
	4,969	Other miscellaneous variances - net
	<u>31,217</u>	
Maintenance	19,334	Maintenance labor under budget
	(56,994)	Maintenance and cleaning of well 23 budgeted in 2016
	(42,374)	Maintenance and cleaning of well 27 budgeted in 2016
	(7,102)	Other miscellaneous variances - net
	<u>(87,136)</u>	

Depreciation	<u>2,563</u>
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Nonoperating Revenue (Expense)

Interest Income	117
Interest Expense	(857)
	<u>(740)</u>

**Change in Net Loss before
Capital Contributions**

<u>26,595</u>

Capital Contributions

<u>-</u>

Change in Net Position

<u>\$</u>	<u>26,595</u>	Total Variance in Budgeted Net Position
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MUSCATINE POWER AND WATER - COMMUNICATIONS UTILITY
VARIANCES FROM BUDGETED NET POSITION - MARCH 31, 2017

Items equal or greater than \$5,000

(Unfavorable)/
Favorable
Compared to
Budget

Operating Revenue

CATV Revenue	\$ (69,364)	Lower CATV revenues due to less subscribers 5,594 vs. 5,452 and incorrect select prices in budget
	(30,840)	Bulk lower because budgeted the upgrades in bulk
	30,523	Lower marketing promotional discounts (\$98,111 vs. \$67,588) due to end of price pledge
	(10,172)	Lower VOD/PPV sales due to fewer subscribers and less buys
	(10,265)	Lower ad sales
	(5,762)	Lower converter rentals due to less subscribers
	(174)	Other miscellaneous variances - net
	<u>(96,054)</u>	
Data/Internet Revenue	33,259	Higher cable modem revenues due to higher subscribers (8,275 vs. 8,391) and more subscribers taking a higher level of service
	(10,725)	Higher promotional discounts due to higher subscribers (\$23,749 vs. \$34,474)
	8,431	Higher Wi-fi @ Home due to more subscribers
	1,469	Other miscellaneous variances - net
	<u>32,434</u>	
MAN	<u>36,125</u>	More subscribers than budgeted
Miscellaneous Revenue	<u>(3,124)</u>	CATV signal transmission timing of revenue

Operating Expense

Operation	81,337	Lower programming due to less subscribers and lower negotiated contracts
	(13,231)	Internet access fees higher due to paying invoice early
	(16,009)	Higher labor than budgeted
	12,214	Lower promotional/education than budgeted
	5,254	Lower legal costs
	9,000	FTTH graphic design expense not incurred
	41,138	FTTH promotional expense not incurred, vehicle wraps etc.
	5,894	Travel and training under budget
	5,233	Other miscellaneous variances - net
	<u>130,830</u>	
Maintenance	27,790	Lower maintenance agreements, mostly bandwidth monitoring equipment , CMTS and IS
	22,394	Lower labor
	6,287	Temp services for drops not incurred through February
	4,440	Other miscellaneous variances - net
	<u>60,911</u>	
Depreciation		Lower depreciation due to fewer fixed assets purchases in 2016 than anticipated
	<u>30,821</u>	

Nonoperating Revenue (Expense)

Interest Income/expense	<u>3,615</u>	Higher interest income
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Change in Net Position before

Capital Contributions	<u>195,558</u>	
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Capital Contributions	<u>4,856</u>	One time bill for transcoder (\$6,102)
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Change in Net Position	<u>\$ 200,414</u>	Total Variance from Budgeted Net Position
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