

Muscatine Power and Water

Electric Utility

Statement of Revenues, Expenses and Changes in Net Position

December 2017
(Unaudited)

**Muscatine Power and Water
Electric Utility**

Table of Contents

	Page
Classification of Electric Energy Distribution.....	1 - 2
Statements of Revenues, Expenses, and Changes in Net Position.....	3 - 4
Statements of Net Position.....	5 - 6
Statements of Cash Flows.....	7 - 8
Funds Appropriated for Specific Purposes.....	9
Summary of Expenses.....	10 - 15
Statistical Data.....	16
Wholesale Sales Analysis.....	17
Wind Sales Analysis.....	18

Muscatine Power and Water - Electric Utility
Classification of Electric Energy/Steam Sales
Current Month - December 2017

	Budget Estimate	% Increase (Decrease) From Budget	This Year	% Increase (Decrease) Fr. Last Yr.	Last Year
<u>KWH Generated and Sold</u>					
Gross Generation	78,209,280	14.0	89,158,374	(21.8)	114,073,324
Less: Plant Use	7,187,040	47.1	10,573,131	(3.1)	10,911,746
Net Generation/Wholesale Sales	71,022,240	10.6	78,585,243	(23.8)	103,161,578
Wholesale Sales - Wind	4,504,029	24.4	5,603,289	62.5	3,448,103
Total Wholesale Sales	<u>75,526,269</u>	11.5	<u>84,188,532</u>	(21.0)	<u>106,609,681</u>
<u>Net Capacity Factors</u>					
Unit 9	60.00	(6.6)	56.04	(26.5)	76.27
Unit 8/8A	---	---	38.13	23.8	30.81
Unit 7	---	---	4.79	(79.0)	22.80
Total Plant	49.04	(2.4)	47.86	(23.1)	62.24
<u>KWH Distribution</u>					
Residential	8,440,464	(7.4)	7,812,248 ^{fn1}	(7.3)	8,428,339 ^{fn2}
Commercial I	2,880,005	(5.6)	2,717,722 ^{fn1}	(10.2)	3,024,882 ^{fn2}
Commercial II	7,481,722	(0.3)	7,458,380	(0.0)	7,459,000
Industrial I	9,337,420	4.6	9,763,740	2.2	9,552,760
Industrial II	40,000,000	(2.9)	38,830,744	2.7	37,797,490
City Enterprise Funds	461,602	(19.7)	370,849	(16.3)	442,827
Water & Communications Utilities	<u>1,473,891</u>	(7.9)	<u>1,358,003</u>	(2.8)	<u>1,397,049</u>
Native System Sales	70,075,104	(2.5)	68,311,686	0.3	68,102,347
City Lighting	113,768	17.3	133,502	(7.3)	144,053
City Buildings	554,393	9.7	608,111	9.0	558,033
Offline Power Plant Usage	394,320	(84.0)	63,069	(81.8)	345,881
Losses & Cycle Billing	<u>3,711,373</u>	14.7	<u>4,258,661</u>	18.5	<u>3,594,396</u>
Total Native System KWH					
Distributed	74,848,958	(2.0)	73,375,029	0.9	72,744,710
Wind KWH Purchases	4,504,029	24.4	5,603,289	62.5	3,448,103
Total Purchased Power KWH	<u>79,352,987</u>	(0.5)	<u>78,978,318</u>	3.7	<u>76,192,813</u>
 STEAM SALES - 1,000 lbs	 <u>---</u>	 ---	 <u>265,724</u>	 63.4	 <u>162,604</u>

^{fn1} Includes an adjustment for unbilled kwh of 41,222 and 75,357 for residential and commercial I customers, respectively.

^{fn2} Includes an adjustment for unbilled kwh of (62,826) and (38,223) for residential and commercial I customers, respectively.

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

	Budget Estimate	% Increase (Decrease) From Budget	This Year	% Increase (Decrease) Fr. Last Yr.	Last Year
<u>KWH Generated and Sold</u>					
Gross Generation	818,630,798	9.9	899,719,871	(9.1)	990,292,040
Less: Plant Use	<u>81,568,080</u>	19.1	<u>97,130,548</u>	(13.0)	<u>111,670,886</u>
Net Generation/Wholesale Sales	737,062,718	8.9	802,589,323	(8.7)	878,621,154
Wholesale Sales - Wind	<u>48,600,740</u>	11.5	<u>54,210,643</u>	14.4X	<u>3,531,474</u>
Total Wholesale Sales	<u>785,663,458</u>	9.1	<u>856,799,966</u>	(2.9)	<u>882,152,628</u>
<u>Net Capacity Factors</u>					
Unit 9	49.67	(0.4)	49.45	(5.3)	52.22
Unit 8/8A	31.33	(19.7)	25.17	(30.9)	36.44
Unit 7	2.83	4.1X	14.53	82.1	7.98
Total Plant	<u>43.23</u>	<u>(4.1)</u>	<u>41.47</u>	<u>(7.7)</u>	<u>44.91</u>
<u>KWH Distribution</u>					
Residential	103,365,300	(4.7)	98,535,700	^{fn1}	103,680,922
Commercial I	36,522,350	0.3	36,647,653	^{fn1}	36,850,235
Commercial II	93,354,982	(2.2)	91,340,040	(3.6)	94,778,740
Industrial I	129,220,115	2.8	132,799,840	9.2	121,666,900
Industrial II	465,000,000	(1.7)	457,238,120	1.9	448,874,548
City Enterprise Funds	5,284,875	(4.7)	5,035,408	0.6	5,003,139
Water & Communications Utilities	<u>18,019,683</u>	<u>(7.3)</u>	<u>16,710,344</u>	<u>(6.4)</u>	<u>17,861,939</u>
Native System Sales	850,767,305	(1.5)	838,307,105	1.2	828,716,423
City Lighting	1,380,000	35.4	1,868,669	(1.6)	1,899,204
City Buildings	6,414,267	9.7	7,038,210	10.9	6,346,540
Offline Power Plant Usage	4,787,760	9.4	5,238,714	33.5	3,924,199
Losses & Cycle Billing	<u>25,543,005</u>	<u>0.7</u>	<u>25,729,314</u>	<u>0.1</u>	<u>25,713,536</u>
Total Native System KWH					
Distributed	888,892,337	(1.2)	878,182,012	1.3	866,599,902
Wind KWH Purchases	<u>48,600,740</u>	<u>11.5</u>	<u>54,210,643</u>	<u>14.4X</u>	<u>3,531,474</u>
Total Purchased Power KWH	<u>937,493,077</u>	<u>(0.5)</u>	<u>932,392,655</u>	<u>7.2</u>	<u>870,131,376</u>
 <u>STEAM SALES - 1,000 lbs</u>	 <u>997,619</u>	 <u>82.6</u>	 <u>1,821,655</u>	 <u>(37.4)</u>	 <u>2,911,489</u>

^{fn1} Includes an adjustment for unbilled kwh of 41,222 and 75,357 for residential and commercial I customers, respectively.

^{fn2} Includes an adjustment for unbilled kwh of (62,826) and (38,223) for residential and commercial I customers, respectively.

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

	% Increase (Decrease) from Budget			% Increase (Decrease) from Last Year			<u>Last Year</u>	<u>Avg. Price</u>
	<u>Budget</u> <u>Estimate</u>	<u>Avg. Price</u>	<u>% Increase (Decrease) from Budget</u>	<u>This Year</u>	<u>Avg. Price</u>	<u>Year</u>		
<u>Sales of Electricity</u>								
Residential	\$955,512	\$ 0.11321	(5.7)	\$900,812 ^{fn1}	\$ 0.11531	(3.3)	\$931,512 ^{fn2}	\$ 0.11052
Commercial I	305,880	0.10621	(4.6)	291,915 ^{fn1}	0.10741	(6.5)	312,068 ^{fn2}	0.10317
Commercial II	639,537	0.08548	(4.6)	609,848	0.08177	3.0	591,806	0.07934
Industrial I	637,738	0.06830	2.2	651,730	0.06675	4.1	626,089	0.06554
Industrial II	2,145,460	0.05364	(3.7)	2,067,103	0.05323	3.6	1,994,520	0.05277
City Enterprise Funds	33,389	0.07233	(11.1)	29,683	0.08004	(6.8)	31,835	0.07189
Water & Communication Utilities	98,080	0.06654	(11.9)	86,416	0.06363	(3.8)	89,803	0.06428
Native System Sales	4,815,596	0.06872	(3.7)	4,637,507	0.06789	1.3	4,577,633	0.06722
Wholesale Sales	2,245,347	0.02973	4.9	2,355,867	0.02798	(38.4)	3,825,143	0.03588
Energy Sales	7,060,943		(1.0)	6,993,374		(16.8)	8,402,776	
<u>Steam Sales</u>	---	---	---	1,010,442	3.80	(55.6)	2,276,151	3.82 ^{fn3}
<u>Other Revenue</u>								
By-Product Revenue	32,446		(53.3)	15,149		(42.7)	26,460	
Miscellaneous Revenue	52,988		1.1X	112,546		1.7X	42,363	
Total Other Revenue	85,434		49.5	127,695		85.5	68,823	
Operating Revenue	7,146,377		13.8	8,131,511		(24.3)	10,747,750	
<u>Operating Expense</u>								
Purchased Power	1,954,612	0.02463	1.0	1,975,083	0.02501	(23.3)	2,573,611	0.03538
Production Fuel	1,474,822		20.5	1,777,282		(24.5)	2,354,644	
Emissions Allowance	—		—	819		(28.8)	1,151	
Operation	1,999,924		75.4	3,508,789		1.7	3,451,090	
Maintenance	609,030		4.2	634,654		(17.6)	769,853	
Depreciation	957,139		(6.0)	900,004		7.5	837,341	
Total Operating Expense	6,995,527		25.7	8,796,631		(11.9)	9,987,690	
Operating Income (Loss)	150,850		-5.4X	(665,120)		-1.9X	760,060	
<u>Nonoperating Revenue (Expense)</u>								
Interest Income	9,253		4.0X	45,936		1.8X	16,339	
Interest Expense	(400)		17.0	(468)		72.1	(272)	
Total Nonoperating Revenue (Expense)	8,853		4.1X	45,468		1.8X	16,067	
Net Income (Loss) Before Revenue Adjustment	159,703		-4.9X	(619,652)		-1.8X	776,127	
Revenue Adjustment-Extraordinary O&M	---		—	(15,000,000)		---	---	
Capital Contributions	---		—	1,499		---	55,190	
Change in Net Position	159,703		-98.8X	(15,618,153)		-19.8X	831,317	
Beginning Net Position	124,629,447			128,799,069			127,056,647	
Prior Period Adj. GASB 75 OPEB	—			(294,017)			—	
Ending Net Position	\$124,789,150			\$112,886,899			\$127,887,964	
Net Loss Before Rev Adj to Op Revenue	2.2			(7.6)			7.2	
Change in Net Position to Operating Revenue	2.2			(192.1)			7.7	

^{fn1} Includes an adjustment to unbilled revenues of \$15,140 and \$12,144 for residential and commercial I customers, respectively.

^{fn2} Includes an adjustment to unbilled revenues of (\$1,644) and (\$1,727) for residential and commercial I customers, respectively.

^{fn3} Excludes \$1,654,799 for unrecovered capital expenditures.

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

	% Increase (Decrease) from Budget			% Increase (Decrease) from Last				
	Budget Estimate	Avg. Price		This Year	Avg. Price	Year	Last Year	Avg. Price
Sales of Electricity								
Residential	\$11,314,180	\$ 0.10946	(1.2)	\$11,180,376 ^{fn1}	\$ 0.11347	0.5	\$11,122,734 ^{fn2}	\$ 0.10728
Commercial I	3,778,623	0.10346	2.2	3,862,829 ^{fn1}	0.10540	4.8	3,685,752 ^{fn2}	0.10002
Commercial II	7,754,785	0.08307	(3.8)	7,461,018	0.08168	1.4	7,356,057	0.07761
Industrial I	8,279,708	0.06407	5.7	8,750,573	0.06589	15.0	7,610,164	0.06255
Industrial II	24,420,840	0.05252	2.3	24,973,504	0.05462	9.6	22,784,063	0.05076
City Enterprise Funds	402,333	0.07613	(0.9)	398,683	0.07918	6.7	373,483	0.07465
Water & Communications Utilities	1,172,017	0.06504	(6.1)	1,100,094	0.06583	0.2	1,097,484	0.06144
Native System Sales	57,122,486	0.06714	1.1	57,727,077	0.06886	6.8	54,029,737	0.06520
Wholesale Sales	26,210,144	0.03336	8.3	28,387,182	0.03313	(1.5)	28,831,621	0.03268
Energy Sales	83,332,630		3.3	86,114,259		3.9	82,861,358	
Steam Sales	4,095,826	4.11	69.7	6,950,601	3.82	(46.9)	13,099,739	3.93 ^{fn3}
Other Revenue								
By-Product Revenue	289,530		(2.0)	283,739		(9.9)	314,805	
Miscellaneous Revenue	640,558		30.2	833,898		19.7	696,891	
Total Other Revenue	930,088		20.2	1,117,637		10.5	1,011,696	
Operating Revenue	88,358,544		6.6	94,182,497		(2.9)	96,972,793	
Operating Expense								
Purchased Power	24,884,963	0.02654	9.6	27,277,523	0.02926	14.3	23,874,965	0.02755
Production Fuel	17,041,591		14.5	19,510,636		(17.6)	23,673,901	
Emissions Allowance	298,102		(97.4)	7,882		(96.5)	224,398	
Operation	25,808,519		(1.4)	25,449,365		(1.8)	25,924,189	
Maintenance	12,040,183		(6.3)	11,284,467		27.9	8,825,240	
Depreciation	11,485,674		(6.0)	10,800,053		7.5	10,048,094	
Total Operating Expense	91,559,032		3.0	94,329,926		1.9	92,570,787	
Operating Income (Loss)	(3,200,488)		(95.4)	(147,429)		-1.0X	4,402,006	
Nonoperating Revenue (Expense)								
Interest Income	106,474		2.6X	381,122		1.2X	169,659	
Interest Expense	(4,800)		19.3	(5,724)		67.5	(3,417)	
Total Nonoperating Revenue (Expense)	101,674		2.7X	375,398		1.3X	166,242	
Net Income (Loss) Before Revenue Adjustment and Capital Contributions	(3,098,814)		-1.1X	227,969		(95.0)	4,568,248	
Revenue Adjustment-Extraordinary O&M	---		---	(15,000,000)		---	---	
Capital Contributions	---		---	64,983		(70.5)	220,308	
Change in Net Position	(3,098,814)		3.7X	(14,707,048)		-4.1X	4,788,556	
Beginning Net Position	127,887,964			127,887,964			123,099,408	
Prior Period Adj. GASB 75 OPEB	---			(294,017)			---	
Ending Net Position	\$124,789,150			\$112,886,899			\$127,887,964	
Net Income (Loss) Before Rev Adj to Op Revenue	(3.5)			0.2			4.7	
Change in Net Position to Operating Revenue	(3.5)			(15.6)			4.9	

^{fn1} Includes an adjustment to unbilled revenues of \$15,140 and \$12,144 for residential and commercial I customers, respectively.

^{fn2} Includes an adjustment to unbilled revenues of (\$1,644) and (\$1,727) for residential and commercial I customers, respectively.

^{fn3} Excludes \$1,654,799 for unrecovered capital expenditures.

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

ASSETS

	2017	2016
Current Assets:		
Cash - interest bearing	\$37,989,280	\$20,827,920
Investments	15,550,000	15,254,702
Receivables:		
Consumer Accounts	6,441,041 ^{fn1}	7,117,575 ^{fn2}
Refined Coal	3,497,319	4,031,469
Wholesale	494,666	1,032,823
Steam Sales	1,010,795	2,276,369
Interest	136,001	71,590
Inventories	5,183,959	5,667,294
Fuel	9,087,834	13,897,465
Prepaid Expenses	859,511	848,789
	<hr/>	<hr/>
Total Current Assets	80,250,406	71,025,996
	<hr/>	<hr/>
Property and Equipment:		
At Cost	428,905,027	425,173,294
Less Accumulated Depreciation	358,936,765	349,726,678
	<hr/>	<hr/>
Net Property and Equipment	69,968,262	75,446,616
	<hr/>	<hr/>
Other Assets:		
Note Receivable - Communications Utility	8,562,844	9,044,287
Note Receivable - Water Utility	---	2,900,000
Joint Venture Rights	98,550	95,423
	<hr/>	<hr/>
Total Other Assets	8,661,394	12,039,710
	<hr/>	<hr/>
Deferred Outflows of Resources - Pension		
Changes of Assumptions	6,413,585	2,764,049
Difference between projected and actual earnings on pension plan	1,388,611	3,171,557
Contributions subsequent to measurement date	2,617,557	2,241,817
	<hr/>	<hr/>
Total Deferred Outflows of Resources - Pension	10,419,753	8,177,423
	<hr/>	<hr/>
TOTAL ASSETS	\$169,299,815	\$166,689,745
	<hr/>	<hr/>

^{fn1} Includes \$506,558 for unbilled revenues.

^{fn2} Includes \$479,274 for unbilled revenues.

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

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	<u>2017</u>	<u>2016</u>
Current Liabilities:		
Unrestricted		
Accounts Payable	\$5,500,356	\$6,455,104
Health & Dental Insurance Provision	248,520	271,040
Accrued Payroll	651,513	681,099
Accrued Vacation	1,154,495	1,186,204
Accrued Emission Allowance Expense	7,882	224,398
Consumers' Deposits	790,093	761,600
Retained Percentage on Contracts	23,982	51,286
Accrued Property Taxes	97,215	102,034
Miscellaneous Accrued Expenses	765,980	872,535
Unearned Revenue	<u>5,692</u>	<u>108,792</u>
Total Unrestricted Current Liabilities	<u>9,245,728</u>	<u>10,714,092</u>
Non-Current Liabilities:		
Health & Dental Insurance Provision	1,280,690	1,011,277
Post-Employment Health Benefit Provision	673,039	409,718
Net Pension Liability	<u>16,017,025</u>	<u>13,000,669</u>
Total Non-Current Liabilities	<u>17,970,754</u>	<u>14,421,664</u>
Deferred Inflows of Resources		
Extraordinary O&M	28,032,866	13,032,866
Pension		
Differences between expected and actual experience	<u>1,163,568</u>	<u>633,159</u>
Total Deferred Inflows of Resources	<u>29,196,434</u>	<u>13,666,025</u>
Net Position:		
Net Investment in Capital Assets	69,968,262	75,446,616
Unrestricted	<u>42,918,637</u>	<u>52,441,348</u>
Total Net Position	<u>112,886,899</u>	<u>127,887,964</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$169,299,815</u>	<u>\$166,689,745</u>

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

	<u>Current</u> <u>Month</u>	<u>Year-</u> <u>To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Retail electric sales	\$4,598,798	\$57,503,496
MISO sales	2,230,318	29,498,666
Steam sales	983,580	9,292,134
Coal sales	3,483,240	34,455,530
Railcar/facilities leasing	5,849	68,392
By-product sales	21,637	361,660
Miscellaneous sources	101,614	819,085
Cash paid to/for:		
Suppliers	(1,284,716)	(11,009,262)
MISO purchases/administration fees	(1,935,125)	(26,788,122)
South Fork Wind purchases	(147,943)	(1,345,434)
Coal purchases	(5,676,753)	(49,203,783)
Employees payroll, taxes and benefits	<u>(2,299,997)</u>	<u>(24,143,098)</u>
Net cash flows from operating activities	<u>80,502</u>	<u>19,509,264</u>
Cash flows from noncapital financing activities:		
Interest received on notes receivable from water & communications utilities	22,611	51,440
Principal received on note receivable from communications utility	481,443	481,443
Principal received on note receivable from water utility	---	6,000,000
Loan to Water Utility	<u>---</u>	<u>(3,100,000)</u>
Net cash flows from noncapital financing activities	<u>504,054</u>	<u>3,432,883</u>
Cash flows from capital financing activities:		
Capital expenditures, net	<u>16,802</u>	<u>(5,645,632)</u>
Net cash flows from capital and related financing activities	<u>16,802</u>	<u>(2,212,749)</u>
Cash flows from investing activities:		
Purchase of joint venture rights	---	(105,130)
Interest received on investments	24,825	265,520
Amortization/accretion of investments	---	(210)
Mark to Market	<u>---</u>	<u>(37)</u>
Net cash flows from investing activities	<u>24,825</u>	<u>160,143</u>
Net increase in cash and investments	<u>626,183</u>	<u>17,456,658</u>
Cash and investments at beginning of period	<u>52,913,097</u>	<u>36,082,622</u>
Cash and investments at end of period	<u><u>\$53,539,280</u></u>	<u><u>\$53,539,280</u></u>

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

	<u>Current</u> <u>Month</u>	<u>Year-</u> <u>To-Date</u>
Reconciliation of operating loss to net cash flows from operating activities		
Operating loss	(\$665,120)	(\$147,429)
Noncash items in operating income:		
Depreciation of electric utility plant	900,004	10,800,053
Amortization of joint venture rights	8,301	102,004
Change in deferred inflows of resources - pension	530,409	530,409
Change in deferred outflows of resources - pension	(326,351)	(2,242,329)
Changes in assets and liabilities:		
Consumer accounts receivable	(483,261)	676,534
Refined coal	(8,230)	534,150
Wholesale receivable	(232,441)	538,157
Steam sales receivable	(26,519)	1,265,574
Inventories	(131,839)	483,335
Fuel	(147,092)	4,809,631
Prepaid expenses	(266,642)	(16,446)
Accounts payable	116,188	(565,827)
Net pension liability	864,170	3,016,356
Health & dental insurance provision	65,275	246,893
Other post-employment benefit provision	(51,028)	(30,696)
Accrued payroll	78,141	(29,586)
Accrued vacation	(21,155)	(31,709)
Accrued emission allowance expense	819	(216,516)
Consumers' deposits	278	28,493
Retained Percentage	894	(27,304)
Accrued property taxes	7,964	(4,819)
Unearned revenue	(141,008)	(103,100)
Miscellaneous accrued expenses	<u>8,745</u>	<u>(106,564)</u>
Net cash flows from operating activities	<u><u>\$80,502</u></u>	<u><u>\$19,509,264</u></u>

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

	<u>This Year</u>	<u>Last Year</u>
Extraordinary Operation & Maintenance Account	<u>\$13,167,236</u>	<u>\$13,098,722</u>
Total Cash and Investments Appropriated for Specific Purposes	<u>\$13,167,236</u>	<u>\$13,098,722</u>

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

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>
Purchased Power	\$1,954,612	27.4	\$1,975,083	24.3	\$2,573,611
Average price per kWh	\$0.0261		\$0.0269		\$0.0354
Generation					
Operation Supervision (500)	70,914		77,483		79,678
Fuel: (501)					
Coal	1,416,163		1,717,540		2,251,035
Fuel Oil	5,000		2,596		996
Gas	2,000		10,428		11,388
Coal Handling Expense (501-003)	39,531		35,887		45,748
Landfill Operation Expense (501-925)	12,128		10,831		45,477
Emissions Allowance Expense (509)	---		819		1,151
Steam Expense:					
Boiler (502-004)	84,214		118,383		104,787
Pollution Control (502-005)	42,603		28,875		79,820
Electric Expense (505)	73,737		101,684		102,427
Miscellaneous Steam Power Expense (506)	126,500		176,264		494,895
Maintenance:					
Supervision (510)	45,572		66,202		70,037
Structures (511)	43,752		95,096		150,316
Boiler Plant:					
Boiler (512-006)	99,477		(18,555)		152,721
Pollution Control (512-007)	37,455		24,449		32,524
Electric Plant (513-008)	25,148		45,470		30,738
System Control (513-009)	19,400		16,308		13,997
Miscellaneous Steam Plant (514)	71,310		51,854		57,116
Coal Handling Equipment (516)	46,341		36,816		121,481
System Control and Load Dispatch (556)	30,158		26,248		25,279
Vacation, Holiday, Sick Leave (557)	103,510		139,762		151,040
Depreciation (558)	<u>643,473</u>		<u>648,814</u>		<u>637,587</u>
Total Generation Expense	<u>\$3,038,386</u>	42.5	<u>\$3,413,254</u>	42.0	<u>\$4,660,238</u>
					43.4

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

	Budget		This Year		Last Year
	<u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>
Purchased Power	\$24,884,963	28.2	\$27,277,523	29.0	\$23,874,965
Average price per kWh	\$0.0280		\$0.0311		\$0.0276
Generation					
Operation Supervision (500)	961,328		941,450		972,225
Fuel: (501)					
Coal	16,202,775		18,659,706		22,680,332
Fuel Oil	102,202		82,584		88,900
Gas	10,000		151,624		154,979
Coal Handling Expense (501-003)	566,639		440,501		556,669
Landfill Operation Expense (501-925)	159,975		176,221		193,021
Emissions Allowance Expense (509)	298,102		7,882		224,398
Steam Expense:					
Boiler (502-004)	1,093,045		1,097,466		1,254,357
Pollution Control (502-005)	712,305		570,557		857,966
Electric Expense (505)	1,058,687		1,064,351		1,226,938
Miscellaneous Steam Power Expense (506)	2,624,180		2,103,235		2,754,584
Maintenance:					
Supervision (510)	683,915		905,863		824,204
Structures (511)	1,031,990		750,135		706,348
Boiler Plant:					
Boiler (512-006)	2,466,018		2,062,464		1,639,192
Pollution Control (512-007)	647,834		664,350		772,235
Electric Plant (513-008)	2,456,420		2,558,580		405,237
System Control (513-009)	255,381		211,447		237,526
Miscellaneous Steam Plant (514)	920,617		652,899		715,298
Coal Handling Equipment (516)	817,401		764,681		987,143
System Control and Load Dispatch (556)	348,975		306,458		276,205
Vacation, Holiday, Sick Leave (557)	1,038,537		1,096,384		1,173,836
Depreciation (558)	<u>7,721,675</u>		<u>7,785,771</u>		<u>7,651,048</u>
Total Generation Expense	<u>\$42,178,001</u>	47.7	<u>\$43,054,609</u>	45.7	<u>\$46,352,641</u>
					47.8

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>Transmission</u>			
Operation Supervision (560)	\$7,686	\$5,529	\$5,968
Load Dispatching (561)	66,703	64,137	67,841
Station Expense (562)	9,304	6,935	10,123
Overhead Line Expense (563)	142	410	346
Transmission of Electricity by Others (565)	113,017	74,768	50,748
Miscellaneous Transmission Expense (566)	9,966	12,379	15,078
Maintenance:			
Supervision (568)	2,909	1,611	2,539
Structures (569)	31	---	---
Station Equipment (570)	6,356	3,459	30,958
Overhead Lines (571)	21,661	156,000	(70,781)
Vacation, Holiday, Sick Leave (575)	15,651	17,560	15,069
Depreciation (576)	40,936	31,072	31,072
Tax on Rural Property (577)	<u>5,677</u>	<u>5,620</u>	<u>5,690</u>
Total Transmission Expense	<u>300,039</u>	<u>4.2</u>	<u>379,480</u>
	<u>4.7</u>	<u>4.7</u>	<u>164,651</u>
	<u>1.5</u>		
<u>Distribution</u>			
Operation Supervision (580)	15,270	9,223	14,220
Load Dispatching (581)	29,234	30,834	36,678
Station Expense (582)	8,873	5,380	8,606
Overhead Line Expense (583)	2,157	(36)	4,147
Vehicle Expense (589)	16,369	12,217	13,581
Underground Line Expense (584)	9,912	4,151	2,214
Street Lighting (585-418)	2,611	584	288
Signal Expense (585-419)	617	---	128
Meter Expense (586)	8,887	8,882	9,505
Consumer Installation Expense (587)	528	803	934
Miscellaneous Distribution Expense (588)	48,723	66,597	55,198
Maintenance:			
Supervision (590)	11,118	5,915	10,617
Structures (591)	536	893	---
Station Equipment (592)	11,619	6,550	5,988
Overhead Lines (593)	55,606	31,485	39,426
Underground Lines (594)	14,652	8,688	5,144
Line Transformers (595)	3,569	2,146	21,679
Street Lighting (596-418)	10,211	48,740	12,919
Signal System (596-419)	3,832	168	1,115
Meters (597)	2,519	1,986	2,094
Miscellaneous Distribution Plant (598)	2,708	2,087	1,683
Vacation, Holiday, Sick Leave (599)	49,193	56,080	56,615
Depreciation (578)	172,686	172,352	168,481
Tax on Rural Property (579)	<u>1,696</u>	<u>1,679</u>	<u>1,700</u>
Total Distribution Expense	<u>\$483,126</u>	<u>6.8</u>	<u>\$477,404</u>
	<u>5.9</u>	<u>5.9</u>	<u>\$472,960</u>
	<u>4.4</u>		

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

	Budget		This Year		Last Year
	<u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>
<u>Transmission</u>					
Operation Supervision (560)	\$90,974		\$85,436		\$81,246
Load Dispatching (561)	807,489		803,179		737,750
Station Expense (562)	125,009		113,882		130,229
Overhead Line Expense (563)	1,088		7,222		5,744
Transmission of Electricity by Others (565)	1,356,204		1,016,656		880,653
Miscellaneous Transmission Expense (566)	273,202		195,720		207,017
Maintenance:					
Supervision (568)	34,546		27,636		36,485
Structures (569)	1,598		---		---
Station Equipment (570)	76,834		72,716		155,597
Overhead Lines (571)	245,567		216,528		106,415
Vacation, Holiday, Sick Leave (575)	132,388		119,566		110,248
Depreciation (576)	491,230		372,862		372,865
Tax on Rural Property (577)	<u>68,127</u>		<u>67,129</u>		<u>68,391</u>
Total Transmission Expense	<u>3,704,256</u>	4.2	<u>3,098,532</u>	3.3	<u>2,892,640</u>
					3.0
<u>Distribution</u>					
Operation Supervision (580)	181,889		156,706		194,904
Load Dispatching (581)	340,524		382,018		409,810
Station Expense (582)	112,885		104,613		98,072
Overhead Line Expense (583)	40,384		17,681		28,324
Vehicle Expense (589)	198,035		163,225		150,038
Underground Line Expense (584)	103,889		58,609		42,939
Street Lighting (585-418)	31,252		8,506		9,694
Signal Expense (585-419)	8,411		2,237		1,389
Meter Expense (586)	109,772		120,827		124,276
Consumer Installation Expense (587)	6,491		7,683		8,122
Miscellaneous Distribution Expense (588)	667,057		793,452		674,169
Maintenance:					
Supervision (590)	138,799		107,015		153,964
Structures (591)	14,969		893		17
Station Equipment (592)	121,535		145,293		210,084
Overhead Lines (593)	659,984		770,233		578,695
Underground Lines (594)	187,254		191,056		189,449
Line Transformers (595)	74,121		38,191		50,443
Street Lighting (596-418)	123,686		181,831		185,221
Signal System (596-419)	39,766		42,356		39,251
Meters (597)	30,368		30,803		29,118
Miscellaneous Distribution Plant (598)	32,500		32,864		30,448
Vacation, Holiday, Sick Leave (599)	414,476		434,186		419,790
Depreciation (578)	<u>2,072,237</u>		<u>2,068,225</u>		<u>2,021,773</u>
Tax on Rural Property (579)	<u>20,349</u>		<u>20,051</u>		<u>20,428</u>
Total Distribution Expense	<u>\$5,730,633</u>	6.5	<u>\$5,878,554</u>	6.2	<u>\$5,670,418</u>
					5.8

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>Customer Service Expense</u>			
Customer Information Expense (909)	\$3,898	\$7,698	\$4,174
Energy Efficiency Rebates (912)	17,863	5,242	14,496
Electric Ranges/Dryers Maintenance (910)	451	129	65
Electric Water Heaters Maintenance (911)	161	---	97
 Total Customer Service Expense	 22,373	 0.3	 18,832
	 22,373	 0.3	 0.2
 <u>Consumer Accounts</u>			
Supervision (901)	3,303	2,309	2,719
Meter Reading Expense (902)	9,209	8,017	10,455
Consumer Records and Collection (903)	40,892	37,188	35,414
Uncollectible Accounts Expense (904)	5,623	(33,699)	8,393
Vacation, Holiday, Sick Leave (906)	8,154	7,766	8,961
 Total Consumer Accounts Expense	 67,181	 0.9	 65,942
	 67,181	 0.9	 0.6
 <u>Administrative and General</u>			
Administrative and General Salaries (920)	192,353	157,855	171,211
Office Supplies and Expenses (921)	13,196	17,802	20,231
Outside Services Employed (923)	37,017	55,884	152,910
Property Insurance (924)	57,271	55,721	53,778
Casualty Ins, Injuries & Damages (925)	51,170	32,397	171,652
Employee Pensions and Benefits (926)	540,431	2,038,429	1,318,607
Fringe Benefits Charged to Constr. (927)	(22,260)	(27,969)	(22,375)
Regulatory Commission (928)	6,231	8,474	8,513
Miscellaneous General Expense (930)	33,838	36,659	36,142
Maintenance of General Plant (932)	43,795	18,659	37,681
Maintenance of A/O Center (934)	29,453	28,627	39,861
Vacation, Holiday, Sick Leave (936)	47,271	46,456	43,044
Depreciation (933)	100,044	47,766	201
 Total Administrative and General	 1,129,810	 15.8	 2,031,456
	 1,129,810	 15.8	 18.9
 Total Operating Expense	 \$6,995,527	 \$8,796,631	 \$9,987,690
 Percent to Operating Revenue	 97.9	 108.2	 92.9

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>Customer Service Expense</u>			
Customer Information Expense (909)	\$74,288	\$60,872	\$78,306
Energy Efficiency Rebates (912)	217,800	185,919	111,683
Electric Ranges/Dryers Maintenance (910)	5,549	2,245	1,800
Electric Water Heaters Maintenance (911)	1,970	719	677
 Total Customer Service Expense	<u>\$299,607</u>	0.3	<u>\$192,466</u> 0.2
 <u>Consumer Accounts</u>			
Supervision (901)	39,064	37,923	38,601
Meter Reading Expense (902)	111,116	113,960	107,444
Consumer Records and Collection (903)	487,038	461,202	436,420
Uncollectible Accounts Expense (904)	67,475	28,154	65,905
Vacation, Holiday, Sick Leave (906)	66,816	62,361	72,916
 Total Consumer Accounts Expense	<u>771,509</u>	0.9	<u>721,286</u> 0.7
 <u>Administrative and General</u>			
Administrative and General Salaries (920)	2,275,594	2,087,610	2,123,230
Office Supplies and Expenses (921)	189,805	170,221	156,895
Outside Services Employed (923)	626,270	455,620	527,851
Property Insurance (924)	676,774	662,827	660,347
Casualty Ins, Injuries & Damages (925)	619,636	593,928	975,255
Employee Pensions and Benefits (926)	6,666,451	8,104,028	7,014,016
Fringe Benefits Charged to Constr. (927)	(340,261)	(392,533)	(330,653)
Regulatory Commission (928)	74,776	100,642	94,806
Miscellaneous General Expense (930)	628,500	491,312	503,628
Maintenance of General Plant (932)	559,397	442,642	339,562
Maintenance of A/O Center (934)	419,683	413,991	433,308
Vacation, Holiday, Sick Leave (936)	392,906	363,870	365,718
Depreciation (933)	<u>1,200,532</u>	<u>573,195</u>	<u>2,408</u>
 Total Administrative and General	<u>13,990,063</u>	15.8	<u>12,866,371</u> 13.3
 Total Operating Expense	<u>\$91,559,032</u>	<u>\$94,329,926</u>	<u>\$92,570,787</u>
 Percent to Operating Revenue	103.6	100.2	95.5

Muscatine Power and Water - Electric Utility
Statistical Data
December 2017

Total Fuel Cost
 (To & Including Ash Handling, Gas & Oil)

	<u>Current Month</u>	
	<u>2017</u>	<u>2016</u>
Per Million Btu.	\$1.509	\$1.756
Per Net MW Generated	\$19.22	\$19.67
Net Peak Monthly Demand-KW	116,700	116,110
Date of Peak	12/28	12/19
Hour of Peak	1800	1000

	<u>Calendar Year-To-Date</u>	
	<u>2017</u>	<u>2016</u>
Per Million Btu.	\$1.753	\$1.806
Per Net MW Generated	\$19.99	\$19.85
Net Peak Monthly Demand-KW	135,890	137,009
Date of Peak	9/20	9/6
Hour of Peak	1400	1700

Average Temperature	25.1°	24.7°
---------------------	-------	-------

<u>Services</u>	<u>2017</u>	<u>2016</u>
Residential	9,876	9,862
Commercial I	1,360	1,372
Commercial II	128	114
Industrial I	11	11
Industrial II	2	2
City Enterprise Funds	25	23
Water & Communications Utility	35	36
Total	11,437	11,420

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

	Modified Budget	\$/kWh	This Year	\$/kWh	Last Year	\$/kWh
Wholesale kWh Sales*	71,022,240		78,585,243		103,161,578	
Wholesale Sales*	\$2,161,257	\$0.03043	\$2,250,465	\$0.02864	\$3,772,801	\$0.03657
Variable Costs						
Fuel (Coal, Gas & Fuel Oil)	1,421,286	0.02001	1,450,031	0.01845	1,915,915	0.01857
Emissions:						
SO ² Allowances-ARP ^{fn1}	---	---	26	---	28	---
SO ² Allowances-CSAPR ^{fn2}	---	---	64	---	70	---
NO _x Allowances ^{fn3}	---	---	285	0.00000	1,029	0.00001
Other ^{fn4}	159,224	0.00224	178,138	0.00227	195,699	0.00190
Total Variable Costs	<u>1,580,510</u>	<u>0.02225</u>	<u>1,628,544</u>	<u>0.02072</u>	<u>2,112,741</u>	<u>0.02048</u>
Gross Margin	\$580,747	\$0.00818	\$621,921	\$0.00791	\$1,660,060	\$0.01609
Percent Gross Margin	26.9%		27.6%		44.0%	

*Wholesale analysis excludes wind. (see next page)

	Calendar Year To Date					
	Modified Budget	\$/kWh	This Year	\$/kWh	Last Year	\$/kWh
Wholesale kWh Sales*	737,062,718		802,589,323		878,621,154	
Wholesale Sales*	\$25,241,959	\$0.03425	\$27,611,464	\$0.03440	\$28,777,882	\$0.03275
Variable Costs						
Fuel (Coal, Gas & Fuel Oil)	14,196,568	0.01926	15,278,100	0.01904	16,501,021	0.01878
Emissions:						
SO ² Allowances-ARP ^{fn1}	882	---	235	---	346	---
SO ² Allowances-CSAPR ^{fn2}	882	---	594	---	864	---
NO _x Allowances ^{fn3}	296,337	0.00040	173,647	0.00022	200,415	0.00023
Other ^{fn4}	1,910,685	0.00259	2,137,655	0.00266	2,348,388	0.00267
Total Variable Costs	<u>16,405,354</u>	<u>0.02226</u>	<u>17,590,231</u>	<u>0.02192</u>	<u>19,051,034</u>	<u>0.02168</u>
Gross Margin	\$8,836,605	\$0.01199	\$10,021,233	\$0.01249	\$9,726,848	\$0.01107
Percent Gross Margin	35.0%		36.3%		33.8%	

*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	\$0.70	\$0.80
YTD SO ² ARP	2.00	0.78	0.80
fn2 SO ² CSAPR	0.00	1.75	2.00
YTD SO ² CSAPR	0.00	1.97	2.00
fn3 NO _x annual	500.00	2.75	8.50
YTD NO _x annual	500.00	4.10	27.71
YTD NO _x seasonal	1,300.00	595.41	262.24

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

Muscatine Power and Water - Electric Utility
Wind Sales Analysis
Current Month - December 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>4,504,029</u>		<u>5,603,289</u>		<u>3,448,103</u>	
<u>Wholesale Sales</u>	<u>\$84,090</u>	<u>\$0.01867</u>	<u>\$105,402</u>	<u>\$0.01881</u>	<u>\$52,342</u>	<u>\$0.01518</u>
<u>Expense</u>						
<u>Purchased Power kWh</u>	4,504,029		5,603,289		3,448,103	
<u>Purchased Power</u>	\$117,105	0.02600	\$147,117	0.02626	\$81,304	0.02358
<u>Gross Margin/(Loss)</u>	<u>(\$33,015)</u>	<u>(\$0.00733)</u>	<u>(\$41,715)</u>	<u>(\$0.00744)</u>	<u>(\$28,962)</u>	<u>(\$0.00840)</u>
Percent Gross Margin	-39.3%		-39.6%		-55.3%	
RECs Sold	---		22,500		---	
REC Net Proceeds	\$0	---	\$16,875	---	\$0	---
Misc Wind Revenues/Charges	\$0		\$0		\$0	
<u>Wind Net Margin/(Loss)</u>	<u>(\$33,015)</u>		<u>(\$24,840)</u>		<u>(\$28,962)</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>48,600,740</u>		<u>54,210,643</u>		<u>3,531,474</u>	
<u>Wholesale Sales</u>	<u>\$968,185</u>	<u>\$0.01992</u>	<u>\$775,718</u>	<u>\$0.01431</u>	<u>\$53,739</u>	---
<u>Expense</u>						
<u>Purchased Power kWh</u>	48,600,740		54,210,643		3,531,474	
<u>Purchased Power</u>	\$1,263,619	0.02600	\$1,411,247	0.02603	\$82,821	---
<u>Gross Margin/(Loss)</u>	<u>(\$295,434)</u>	<u>(\$0.00608)</u>	<u>(\$635,529)</u>	<u>(\$0.01172)</u>	<u>(\$29,082)</u>	---
Percent Gross Margin	-30.5%		-81.9%		-54.1%	
RECs Sold	---		25,000		---	
REC Net Proceeds	\$0	---	\$18,750	0.75	\$0	---
Misc Wind Revenues/Charges	\$0		\$0		\$0	
<u>Wind Net Margin/(Loss)</u>	<u>(\$295,434)</u>		<u>(\$616,779)</u>		<u>(\$29,082)</u>	

	<u>Budget</u>	<u>This Year</u>	<u>Last Year</u>
RECs at end of Prior Period	0	3,438	0
RECs Added This Period	0	24,873	0
RECs Sold This Period	0	25,000	0
Number of RECs on hand	0	3,311	0
Market Value per REC	\$0.00	\$0.75	\$0.00
Value of RECs on Hand	\$0.00	\$2,483.49	\$0.00

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

Delivered to Wholesale Customers

	Current Month <u>2017 Budget</u>	Current Month <u>2017 Actual</u>	Current Month <u>2016 Actual</u>	Year-To-Date <u>2017 Budget</u>	Year-To-Date <u>2017 Actual</u>	Year-To-Date <u>2016 Actual</u>
Wholesale Sales KWHs	75,526,269	84,188,532	106,609,681	785,663,458	856,799,966	882,152,628
Wholesale Sales	\$2,245,347	\$2,355,867	\$3,825,143	\$26,210,144	\$28,387,182	\$28,831,621
Less:						
Production Fuel	1,474,822	1,500,650	2,013,006	14,975,450	15,947,115	17,314,186
Generation-Other	1,532,393	1,599,311	2,251,413	24,582,768	23,111,002	22,043,850
Transmission	300,039	379,480	164,651	3,704,256	3,098,532	2,892,640
Subtotal	3,307,254	3,479,441	4,429,070	43,262,474	42,156,649	42,250,576
Wholesale Margin	<u>(\$1,061,907)</u>	<u>(\$1,123,574)</u>	<u>(\$603,927)</u>	<u>(\$17,052,330)</u>	<u>(\$13,769,467)</u>	<u>(\$13,419,055)</u>

Delivered to Steam Customer

	Current Month <u>2017 Budget</u>	Current Month <u>2017 Actual</u>	Current Month <u>2016 Actual</u>	Year-To-Date <u>2017 Budget</u>	Year-To-Date <u>2017 Actual</u>	Year-To-Date <u>2016 Actual</u>
Steam Sales - 1,000 lbs.	--	265,724	162,604	997,619	1,821,655	2,911,489
Steam Sales	--	1,010,442	\$2,276,151	\$4,095,826	\$6,950,601	\$13,099,739
Less:						
Production Fuel	--	276,632	341,638	2,066,141	3,563,521	6,359,715
Generation-Other	31,172	36,662	54,182	553,642	432,971	634,890
Steam Sales Margin	<u>(\$31,172)</u>	<u>\$697,149</u>	<u>\$1,880,332</u>	<u>\$1,476,043</u>	<u>\$2,954,109</u>	<u>\$6,105,134</u>

Delivered to Paying Native System Customers

	Current Month <u>2017 Budget</u>	Current Month <u>2017 Actual</u>	Current Month <u>2016 Actual</u>	Year-To-Date <u>2017 Budget</u>	Year-To-Date <u>2017 Actual</u>	Year-To-Date <u>2016 Actual</u>
Native System Sales KWHs	70,075,104	68,311,686	68,102,347	850,767,305	838,307,105	828,716,423
Native System Sales	\$4,815,596	\$4,637,507	\$4,577,633	\$57,122,486	\$57,727,077	\$54,029,737
Less:						
Purchased Power	1,954,612	1,975,083	2,573,611	24,884,963	27,277,523	23,874,965
Distribution	483,126	477,404	472,960	5,730,633	5,878,554	5,670,418
Customer Service	22,373	13,069	18,832	299,607	249,755	192,466
Consumers Accounts	67,181	21,581	65,942	771,509	703,600	721,286
Administrative & General	1,129,810	2,516,760	2,031,456	13,990,063	14,067,353	12,866,371
Subtotal	3,657,102	5,003,897	5,162,801	45,676,775	48,176,785	43,325,506
Native System Margin	1,158,494	(366,390)	(585,168)	11,445,711	9,550,292	10,704,231
Steam Sales Margin	(31,172)	697,149	1,880,332	1,476,043	2,954,109	6,105,134
Wholesale Margin	<u>(1,061,907)</u>	<u>(1,123,574)</u>	<u>(603,927)</u>	<u>(17,052,330)</u>	<u>(13,769,467)</u>	<u>(13,419,055)</u>
Net Electric Margin	65,416	(792,815)	691,237	(4,130,576)	(1,265,066)	3,390,310
Other Revenue	85,434	127,695	68,823	930,088	1,117,637	1,011,696
Nonoperating Revenue (Expense)	8,853	45,468	16,067	101,674	375,398	166,242
Net Income (Loss) Before Revenue Adjustment and Capital Contributions	\$159,703	<u>(\$619,652)</u>	<u>\$776,127</u>	<u>(\$3,098,814)</u>	<u>\$227,969</u>	<u>\$4,568,248</u>

Electric Utility
Review of Operating Results
December 2017

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

Page 1

	(Unfavorable)/ Favorable Compared to Budget
Sales of Electricity	
Native System Sales	\$ 604,591 2.6% higher average sales price (\$.06886/kWh versus \$.06714/kWh budgeted), offset by 1.5% lower kWhs sold
Wholesale Sales	2,177,038 9.1% higher kWhs sold; offset by a 0.7% lower average sale price (\$.03313/kWh versus \$.03336/kWh)
	<u>2,781,629</u>
Steam Sales	<u>2,854,775</u> 82.6% higher pounds of steam sold, offset by a 7.1% lower average sales price
Other Revenue	
By-Product Revenue	13,473 Fly ash sales (19,264) Gypsum sales
Miscellaneous Revenue	79,582 Higher job sales, net of expenses 11,926 Higher penalty revenue 5,393 Higher pole attachment revenue 3,746 Higher collection posting & reconnection fees 83,015 IAMWind payment 9,678 Other miscellaneous variances - net
	<u>187,549</u>
Operating Expense	
Purchased Power - Native System	(2,244,932) Average purchase price is 10.2% higher (\$.02926/kwh vs \$.02654/kwh), offset by 1.2% lower kWhs purchased
Purchased Power - Wind	(147,628) 11.5% higher kWhs purchased
	<u>(2,392,560)</u>
Production Fuel	(2,456,931) 19.9% or 111,383 higher coal tons burned, offset by a 3.9% lower price/ton 19,618 Fewer Unit 9 start-ups, resulted in lower fuel oil cost (123,365) Unit 8's natural gas usage was not budgeted (18,259) Unit 7's natural gas usage was higher than budgeted 63,397 Lower gasoline/diesel fuel usage for dozers 12,505 Lower bottom ash handling expense 26,732 Lower fly ash handling expense (75,429) CCR compliance costs were not budgeted 5,116 Lower labor cost 77,571 Other miscellaneous variances - net
	<u>(2,469,045)</u>
Emissions Allowance	<u>290,220</u> Market price lower than assumed
Operation	(56,205) Higher bottom ash handling expense due to timing (10,371) Higher cost for boiler water chemical expenses 55,835 Lower gas usage for auxiliary boiler 86,028 PAC (powdered activated carbon) injection system costs were lower 9,490 Lower cost for wastewater chemicals 31,500 Lower scrubber waste handling expenses (17,337) Higher limestone expense (42,442) Higher water expense for power plants (22,312) Higher hydrogen cost and other electric material expenses (96,629) Higher cost for IDNR Title V permit fee 96,000 Environmental permitting fee, not expended 18,127 PM2.5 modeling not performed 12,159 Lower cost of the 316(b) cooling water impingement/entrainment study 50,000 Effluent limit guidelines study, not performed 162,804 Lower cost for stack emission testing 37,000 Relative accuracy test audits not performed

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

Page 2

(Unfavorable)/
 Favorable
 Compared to
 Budget

(10,060)	Radiation safety officer services, not budgeted
13,450	Universal waste recycling/hazardous waste disposal, not expended
11,000	Coal and byproduct analysis not completed
(53,167)	Higher cost for continuous emissions monitoring system consulting
50,000	Unit 9 levee pipe inspection, not performed
68,496	Lower cost for rail car storage, switching costs, and administration fees
(9,115)	Higher MISO operating & administrative fees
5,208	Tenaska management fee lower than budget
5,755	Lower cost for NERC assessments
5,736	Lower cost for OATI WebCares
16,000	161kV breakers painting, not completed
(6,324)	Protective relay device support, not budgeted
(8,830)	Tension wire for substations, not budgeted
339,548	Lower cost for MISO's multi-value and market efficiency transmission projects
103,000	Transmission coordination study, not completed
25,000	Relay technician consultant, not utilized
(57,463)	Transmission pricing zone study, not budgeted
(9,417)	Update of Isett substation equipment, not budgeted
14,987	Electric line workers' tools not needed
17,686	Lower vehicle operations expense
6,128	Lower street lighting expense
6,538	Fewer marketing materials expended
7,115	Lower cost of energy services
31,881	Fewer energy efficiency rebates
39,321	Lower bad debt expense
20,908	Organizational development consulting not expended
109,350	Succession planning costs, not expended
61,399	Board legal service not expended
44,081	Environmental/regulatory legal service not expended
(20,624)	Higher cost for transmission/reliability standards attorney
(6,375)	NERC audit preparation consultant, not budgeted
5,000	Coal & transportation attorney, not expended
31,900	CIP compliance consulting, not expended
4,137	Lower cost for financial audit services due to timing
4,188	Lower cost for cost of service study
6,000	Fuel procurement committee consulting not expended
(40,675)	IS department professional services and review, not budgeted
(18,804)	Higher cost for employee search services
(20,250)	Pension study, not budgeted
(16,320)	Engineering services, not budgeted
(4,984)	Higher cost for workers compensation claims
30,690	Lower general liability insurance costs
(1,574,152)	Higher cost for pension
132,744	Lower healthcare costs
49,929	Lower FICA expense
10,749	Lower cost for deferred compensation match
6,440	Lower cost for dental insurance
20,707	Lower cost for educational reimbursements
58,127	OPEB liability decreased
(141,172)	Higher unemployment expenses
52,272	Higher fringe charged to construction
12,542	Lower cost for employee team expenses
38,264	Lower cost for continuous improvement
30,000	CIP low impact site compliance, not expended
11,518	Fewer subscriptions/memberships
26,190	Lower cost for gasoline/diesel fuel
191,245	Less training/travel
(31,237)	Higher cost for temporary labor services

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

Page 3

(Unfavorable)/
 Favorable
 Compared to
 Budget

172,207	Lower labor cost
31,506	Lower vacation accrual
145,534	Other miscellaneous variances - net
359,154	

Maintenance	<p>(38,824) Higher elevator maintenance costs 3,888 Lower cost for contracted insulation replacement/repair 10,170 Overhead door maintenance not needed 8,133 Lower cost for Central Stores building maintenance 28,000 Contracted utility work not utilized 201,749 Lower cost for Unit 9 boiler roof and other roof repairs 12,000 Waste oil material dumpster not expended 8,318 Lower cost of FGD reheat hoist oil leak repair 33,587 Lower bottom ash system materials expense (8,281) Higher cost for partial replacement of Unit 9 BA pantleg refractory 14,000 Unit 9 HP ash pump motor inspection/repair, not completed (7,575) Unit 8 BA settling tank pump seal, not budgeted (7,452) Higher cost for fly ash system materials (24,324) 9A flyash vacuum blower repair, not budgeted 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 (58,393) Repair auxiliary boiler steam line under RR crossing, not budgeted (6,962) Inspection Unit 7 stack fall protection system not budgeted (8,446) Inspection of Unit 7 stoker feeders, not budgeted (5,070) Replacement of Unit 7 air preheater impulse traps, not budgeted (4,972) Unit 7 feeder paddles & drum replacement, not budgeted (8,547) Unit 7 boiler tube leak, not budget (4,646) Unit 7 steam drum gauge glass leak, not budgeted (13,975) Higher cost for Unit 7 safety valve repairs (8,415) Unit 8 isolation balloon for flue gas exhaust stack not budgeted (11,210) Unit 8 distributive control repair not budgeted (29,019) Unit 8 boiler cyclone weld repairs, not budgeted (29,899) Unit 8 grit blasting & boiler tube inspection, not budgeted (18,862) Unit 8 grit blast precipitator, not budgeted (13,368) Unit 8 boiler explosive deslagging, not budgeted (26,378) Unit 8 boiler cyclone inspection, not budgeted (4,577) Unit 8 sootblower repairs, not budgeted (6,764) Unit 8 feedwater heater valve repairs, not budgeted 125,000 Unit 8 boiler layup costs not completed 22,801 Lower cost to waterblast and repaint Unit 8 stack 5,000 Unit 8 FA blower inlet piping not replaced 6,000 Replace one hydrojet seal air fan bearing cartridge at Unit 9, not completed (21,990) Unit 9 drum level gauge glass assembly not budgeted (4,031) Unit 9 air ejector pressure controller repair, not budgeted (29,923) Replacement of 9B pulverizer ceramic tile on the journal inner cone not budgeted 69,903 Lower cost for pulverizer journal rebuild/repair 51,712 Lower cost for routine pulverizer maintenance 26,552 Unit 9 sootblower rebuild, not completed 22,500 Unit 9 boiler vent, drain, and blowdown valve repairs not expended (11,677) Inspection of Unit 9 boiler windboxes and SOFA ductwork not budgeted (77,459) Higher cost for Unit 9 superheater temperator inspection 14,000 Unit 9 boiler feed pump motor inspection/repair, not performed (5,109) Higher cost for hydroset boiler safeties & repair 10,396 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 </p>
-------------	---

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

Page 4

(Unfavorable)/
 Favorable
 Compared to
 Budget

(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
71,364 Lower cost for fuel piping inspection and replacement
40,500 Miscellaneous boiler tube repairs, not needed
(17,514) Higher cost for Unit 9 boiler tube shield repairs
37,755 Lower cost to replace Unit 9 hot & cold reheat drip leg switches
15,000 9C Mill tungston tiles on bowl deflectors not completed
(7,128) Cleaning of coal bunkers, not budgeted
6,499 Lower cost for continuous emission monitoring
(7,394) Higher cost for PAC (powdered activated carbon) injection system costs
6,727 Lower cost for limestone handling equipment repairs
12,106 Wastewater equipment maintenance not needed
9,002 Scrubber waste equipment repairs, not needed
(12,264) Inspection and cleaning Tower 902 not budgeted
(19,915) FGD batteries replacement not budgeted
(32,122) Higher cost for absorber spray pump inspection and repair
(14,486) Leak repair in 9B scrubber reheat condensate return pump, not budgeted
8,000 Process piping repairs not expended
(10,736) Higher cost for booster fan OEM inspection
(8,784) Unit 9 circulating water pump valves repair, not budgeted
(9,577) Ox air compressor 901 relief valve repairs, not budgeted
(9,905) Unit 9 precipitator weld repairs, not budgeted
(4,179) Higher cost for Quencher sump pump motor repair
25,391 Refurbishment of Unit 9 transformer rectifier precipitator, not complete
28,290 Lower cost for miscellaneous FGD equipment repairs
(123,037) Higher cost for Unit 9 turbine & control valves inspection/overhaul
(27,686) Unit 9 generator reliability standards testing, not budgeted
16,776 Lower cost to replace oil in Unit 9 transformer
(9,161) Higher cost of Unit 9 auxiliary transformer repair/hot oil process
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
(9,125) Unit 9 control valves inspection/repair, not budgeted
(4,222) Repair Unit 9 air ejector supply safety valve leak, not budgeted
5,716 Lower cost for Unit 9 heat exchangers cleaning
(6,222) Unit 9 circulating water booster strainer repair, not budgeted
(12,307) 8A turbine/generator repairs, not budgeted
108,180 Unit 8 turbine layup costs not completed
12,305 Unit 7 stop valve overhaul not completed
11,000 UPS service agreement, not expended
15,713 Service Unit 8 air compressor motor, not completed
6,000 Unit 9 CCHX heads, not replaced
31,564 Plant tool crib expenses, not needed
10,259 Lower cost for hoist and chain fall inspections/repairs
(56,362) Higher cost for rail car maintenance
30,997 Lower cost for coal dozer maintenance
21,798 Lower cost for coal conveyor maintenance
9,000 Coal chute ceramic repair, not completed
54,000 Track maintenance not performed
(5,284) Motor control center breaker reconditioning, not budgeted
(22,315) Inspect Unit 8 coal crushers and feeders not budgeted
7,206 Lower cost for miscellaneous rail unloader maintenance
(14,551) Replace rail unloader stacker conveyor belt not budgeted
(4,263) Correct radial stacker motor & gearbox vibration problem
(15,394) DC-3 blower fan rebuild, not budgeted
(4,292) Unit 7 lump breaker switch replacement, not budgeted
(25,412) Higher cost for transmission line maintenance

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

Page 5

(Unfavorable)/
 Favorable
 Compared to
 Budget

9,100	Distribution structure repairs, not needed
(40,492)	Oregon Street substation barrier board replacement, not budgeted
(51,537)	Higher cost for distribution line maintenance due to storm restoration work
(4,581)	Higher cost for distribution pole inspections
(31,669)	Higher cost for underground line repairs
12,131	Lower cost for line transformer maintenance
(38,380)	Higher cost for street lighting maintenance
40,947	Lower cost for computer hardware/software maintenance
60,016	Lower cost for vehicle maintenance
19,718	Radio equipment maintenance not needed
11,236	Lower cost for Pine Street building maintenance
4,650	Lower cost for A/O Center lawn care
126,299	Lower labor cost
235,150	Other miscellaneous variances - net
755,716	

Depreciation	685,621 Net value of the A&G assets were overestimated for the budget
Nonoperating Revenue (Expense)	
Interest Income	274,648 Higher average cash balances
Interest Expense	(924)
	273,724
Revenue Adjustment-Extraordinary O&M	
Capital Contributions	(15,000,000)
	64,983 HNI, and CenturyLink transformers
Prior Period Adjustment	(294,017) OPEB - GASB 75
Change in Net Position	\$ (11,902,251) Total Variance from Budgeted Net Position

Statements of Revenues, Expenses and Changes in Net Position

Sales of Electricity

Native System Sales

A 2.6% higher average sales price per kWh (\$.06886/kWh versus \$.06714/kWh budgeted), offset by 1.5% lower kWh's sold, resulted in \$604,591 higher revenue.

Wholesale Sales

9.1% higher kWhs sold; offset by a 0.7% lower average sales price (\$.03313/kWh versus \$.03336/kWh budgeted), resulted in \$2,177,038 higher revenue than projected.

Steam Sales

82.6% higher pounds of steam sold, offset by a 7.1% lower average sales price, resulted in \$2,854,775 higher revenue than projected. The original steam sale agreement terminated at the end of April; a new steam sales agreement, dated April 28, 2017, resulted in fourth quarter sales of \$2,945,483 that were not anticipated.

Other Revenue

By-Product Revenue

Fly ash sales are \$13,473 higher than budgeted; gypsum sales are lower than budgeted by \$19,264.

Miscellaneous Revenue

The budget did not include the IAMWind payments totaling \$83,015. Net job sales revenue, penalty revenue, pole attachment revenue, reconnection fees, and collection posting fees are \$79,582, \$11,926, \$5,393, \$1,646, and \$2,100 higher than budgeted, respectively.

Nonoperating Revenue (Expense)

Interest Income

Interest income is \$274,648 higher than budgeted due to higher average cash balances.

Capital Contributions

Capital contributions include customer contributions for transformers.

Prior Period Adjustment

The prior period adjustment is a result of implementing GASB 75, *Accounting and Financial Reporting for Other Postemployment Benefit Plans (OPEB)*. The new actuarial study shows an increase in the beginning of the year net OPEB liability.

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)

A 10.2% higher average purchase price (\$.02926/kWh versus \$.02654/kWh budgeted), offset by 1.2% lower kWhs purchased for native system sales, resulted in \$2,244,932 higher cost. Wind energy kWh purchases were 11.5% or \$147,628 higher than budgeted.

Generation

Operation Supervision – (500)

Plant operations labor expense is \$49,922 lower than budgeted primarily due to budgeting for an assistant operations supervisor position that has not been filled; other plant departments' labor expense is \$30,044 higher than budget.

Fuel – Coal – (501-001)

19.9% or 111,383 higher tons of coal burned offset by a 3.9% lower price/ton, resulted in \$2,456,931 higher coal expense. Tons burned for steam sales is 61,766 tons higher than anticipated due to the unanticipated steam sales extension beginning in October.

Fuel – Fuel Oil – (501-921)

Fewer Unit 9 start-ups, resulted in \$19,618 lower fuel oil expense.

Fuel – Gas – (501-002)

The budget assumed there would be no Unit 8 natural gas usage; actual expense is \$123,365. Unit 7's gas usage is also \$18,259 higher than budgeted.

Coal Handling Expense - (501-003)

Gasoline/diesel fuel expense for the dozers, labor, bottom ash handling, and fly ash handling expenses are \$63,397, \$15,877, \$12,505, and \$26,732 lower than budgeted, respectively.

Landfill Operation Expense - (501-925)

Actual expenses are \$16,246 higher than budget due to not budgeting for CCR compliance expenses.

Generation (cont'd)Emissions Allowance Expense - (509)

Expense is based on current market price, which is \$290,220 lower than budgeted.

Annual SO2 - CSAPR allowance information follows:						
1/17 Beg balance		MPW			Allowances	
Allocation	Annual EPA	GPC	Allowances	Electricity	Steam	Consumed
	1956.0	0.0	756.0	6814.5	305.6	756.0
				Valued @	\$1,025	\$1,483
					Ending Balance 12/31/17	<u>5752.9</u>

Annual NOx allowance information follows:						
1/17 Beg balance		MPW			Allowances	
Allocation	Annual EPA	GPC	Allowances	Electricity	Steam	Consumed
	1746.0	0.0	1017.0	4064.7	944.5	1017.0
				Valued @	\$0	\$4,786
					Ending Balance 12/31/17	<u>2103.2</u>

Steam Expense – Boiler – (502-004)

Gas usage for the auxiliary boiler and labor expenses are \$55,835 and \$6,320 lower than budgeted, respectively. Bottom ash handling expense is \$56,205 higher than budgeted; other boiler water chemical expenses are \$10,371 higher than the budget.

Steam Expense – Pollution Control – (502-005)

Labor, PAC (powdered activated carbon) injection system costs, wastewater chemicals, and scrubber waste handling are \$28,808, \$86,028, \$9,490, and \$31,500 lower than budgeted, respectively. Limestone expense is \$17,337 higher than budgeted.

Electric Expense – (505)

Labor expense is \$59,090 lower than budget; power plant water expense is \$42,442 higher than budgeted. Hydrogen and other material expenses are \$22,312 higher than budgeted.

Generation (cont'd)

Miscellaneous Steam Power Expense - (506)	2017	2017
	Budget	Actual
Labor	\$835,933	\$886,740
IDNR Title V permit fee	99,678	196,307
Environmental permitting fee	96,000	-
PM2.5 modeling	24,000	5,873
316(b) cooling water impingement/entrainment study	180,000	167,841
Effluent Limit Guidelines study	50,000	-
Stack emission testing	380,500	217,696
Relative accuracy test audits	37,000	-
NPDES permit fee	3,600	3,400
Nuclear source disposal services	17,000	16,456
Radiation safety officer services	-	10,060
Universal waste recycling/hazardous waste disposal	13,450	-
Coal and byproduct analysis	11,000	-
Continuous emissions monitoring system consulting	21,687	74,854
ESC software engineering time/maintenance	25,200	24,689
Unit 9 4-SYTE system strategy program	8,000	7,400
Unit 9 levee pipe inspection	50,000	-
Plant safety material expenses	103,237	101,754
Fire extinguisher inspections	5,000	5,005
Rail car storage/switching costs/admin fees	177,547	109,051
Travel/training	156,100	98,052
Temporary labor services	38,040	35,921
Ground maintenance	52,550	52,004
Membership/subscriptions	10,925	6,291
Gasoline/diesel fuel	14,000	8,527
Other expenses	213,733	75,314
	\$2,624,180	\$2,103,235

Maintenance of Supervision – (510)

Labor expense is \$221,949 higher than budget due to more time for Unit 9 maintenance outage, and work being done to Unit 8 during the summer outage period.

Generation (cont'd)

<u>Maintenance of Structures - (511)</u>	<u>2017 Budget</u>	<u>2017 Actual</u>
Labor	\$267,981	\$251,265
Elevator maintenance	45,269	84,093
State elevator inspection and permits	2,000	2,025
Contracted insulation replacement/repair	24,100	20,212
Overhead door maintenance	12,000	1,830
Central Stores building maintenance	9,000	867
Replace CHMB heaters	-	4,316
Contracted utility work	28,000	-
Units 9, 8 & 8A annual backflow preventer testing	7,070	7,083
Unit 9 boiler roof	300,000	218,251
Other roof maintenance	120,000	-
Unit 7 building sump pump	9,000	5,637
Waste oil material dumpster	12,000	-
Replacement of cathodic protection anodes	1,000	-
Repair FGD reheater hoist; oil leak from gearbox	15,000	6,682
Inspect Unit 9 AFFF foam system; foam	5,000	6,058
Unit 8 fire protection pump/valve repair/panel inspection	8,100	9,820
Unit 9 fire protection panel repair/inspection	9,000	12,559
Unit 9 wastewater treatment sump pump cleaning	3,600	4,871
Other expenses	153,870	114,566
	<u>\$1,031,990</u>	<u>\$750,135</u>

Generation (cont'd)

<u>Maintenance of Boiler Plant - Boiler - (512-006)</u>	2017	2017
	<u>Budget</u>	<u>Actual</u>
Labor	\$795,528	\$644,654
Bottom ash system materials	94,930	61,343
Partial replacement of Unit 9 BA pantleg refractory	75,000	83,281
Unit 9 HP ash pump motor inspection/repair	14,000	-
Unit 8 BA settling tank pump seal	-	7,575
Fly ash system materials	63,125	70,577
9A flyash vacuum blower repair	-	24,324
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	8,600	8,372
Repair auxiliary boiler steam line under RR crossing	-	58,393
Inspect Unit 7 stack fall protection system	-	6,962
Inspect Unit 7 stoker feeders	-	8,446
Replace Unit 7 air preheater impulse traps	-	5,070
Unit 7 feeder paddles & drum replacement	-	4,972
Unit 7 boiler tube leak	-	8,547
Unit 7 steam drum gauge glass leak	-	4,646
Unit 7 safety valve repairs	-	13,975
Unit 8 isolation balloon for flue gas exhaust stack	-	8,415
Unit 8 distributive control repair	-	11,210
Unit 8 boiler cyclone weld repairs	-	29,019
Unit 8 grit blasting & boiler tube inspection	-	29,899
Unit 8 grit blast precipitator	-	18,862
Unit 8 boiler explosive deslagging	-	13,368
Unit 8 boiler cyclone inspection	-	26,378
Unit 8 sootblower repairs	-	4,577
Unit 8 FWH valve repairs	-	6,764
Unit 8 boiler layup	125,000	-
Waterblast and repaint Unit 8 stack	90,000	67,199
Replace Unit 8 FA blower inlet piping	5,000	-
Replace one hydrojet seal air fan bearing cartridge at Unit 9	6,000	-
Unit 9 drum level gauge glass assembly	-	21,990
Unit 9 air ejector pressure controller repair	-	4,031
Unit 9 sootblower repairs	31,500	33,707
Unit 9 coal feeder repairs	12,000	13,168
Replace 9B pulverizer ceramic tile on the journal inner cone	-	29,923
Pulverizer journal rebuild/repair	80,000	10,097
Unit 9 routine pulverizer maintenance	100,000	48,288
Rebuild Unit 9 sootblowers	31,500	4,948
Unit 9 electromatic safety pressure sensing valve repair	-	19,179
Unit 9 miscellaneous valve repairs	42,000	20,210

Generation (cont'd)

Maintenance of Boiler Plant - Boiler - (512-006) cont'd	2017 Budget	2017 Actual
Unit 9 boiler vent, drain, and blowdown valve repairs	22,500	-
Inspect Unit 9 boiler windboxes and SOFA ductwork	-	11,677
Unit 9 superheater temperator inspection & repair	15,000	92,459
9A ID fan motor inspection	14,000	14,162
Unit 9 boiler feed pump motor inspection/repair	14,000	-
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	4,604
Deslag Unit 9 boiler tubes	-	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
Fuel piping inspection and replacement	80,000	8,636
Miscellaneous boiler tube repairs	40,500	-
Unit 9 boiler tube shield repairs	15,000	32,514
Replace Unit 9 hot & cold reheat drip leg switches	75,000	37,245
9C Mill tungston tiles on bowl deflectors	15,000	-
Replace one 9D and two 9A mill upper riffle distributor housings	40,500	42,711
Upgrade Units 9 & 8 stacks to a 3M DBI Sala system	-	6,349
Install grease lines to ID fan damper bearings	-	3,283
Clean coal bunkers	-	7,128
Software/plant controls maintenance agreements	52,110	54,939
Other expenses	188,985	167,100
	\$2,466,018	\$2,062,464

Generation (cont'd)

Maintenance of Boiler Plant – Pollution Control - (512-007)	2017	2017
	Budget	Actual
Labor	\$282,384	\$275,589
Continuous emission monitoring expenses	123,550	117,051
PAC (powdered activated carbon) injection system costs	10,000	17,394
Grit blast and vacuum clean Unit 9 precipitator	35,000	37,657
Miscellaneous limestone handling equipment repairs	11,400	4,673
Wastewater equipment maintenance	20,400	8,294
Scrubber waste equipment repairs	10,800	1,798
Inspect/clean Tower 902	-	12,264
FGD hydroclone repairs/replacements	15,000	15,225
FGD batteries replacement	-	19,915
Absorber spray pump inspection/repair	6,000	38,122
Repair leak in 9B scrubber reheat condensate return pump	-	14,486
WDHFP discharge valves to Clarkson	9,800	10,328
Process piping repairs	8,000	-
Booster fan OEM inspection	9,600	20,336
Unit 9 circulating water pump valves repair	-	8,784
Ox air compressor 901 relief valve repairs	-	9,577
Unit 9 precipitator weld repairs	-	9,905
Quencher sump pump motor repair	5,000	9,179
Refurbish/repair Unit 9 transformer rectifier precipitator	40,000	14,609
Miscellaneous FGD equipment repairs	40,000	11,710
Other expenses	20,900	7,454
	<u>\$647,834</u>	<u>\$664,350</u>

Generation (cont'd)

<u>Maintenance of Electric Plant - (513-008)</u>	2017	2017
	<u>Budget</u>	<u>Actual</u>
Labor	\$313,590	\$384,906
Unit 9 turbine & control valves inspection/overhaul	1,600,000	1,767,037 *
Unit 9 generator reliability standards testing	-	27,686
Unit 9 transformer oil samples	2,500	-
Replace oil in Unit 9 transformer	65,000	48,224
Unit 9 auxiliary transformer repair/hot oil process	26,750	35,911
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	4,961
Replace Unit 9 batteries	-	91,012
Unit 9 control valves inspection/repair	-	9,125
Repair Unit 9 air ejector supply safety valve leak	-	4,222
Clean Unit 9 heat exchangers	7,200	1,484
Unit 9 circulating water booster strainer repair	-	6,222
Unit 9 flux probe and PDA generator analysis	8,750	7,697
8A turbine/generator repairs	-	12,307
Unit 8 flux probe and PDA generator analysis	8,500	6,090
Unit 8 station batteries 5 year load test	-	2,070
Unit 8 turbine layup	125,000	16,820
Battery room absorbent neutralizing pads	2,000	2,942
Unit 8 miscellaneous plant maintenance	21,090	1,807
Unit 7 stop valve overhaul	25,000	12,695
Unit 7 miscellaneous plant maintenance	22,837	12,416
UPS service agreement	11,000	-
GE, EX-2000, and Mark V service agreement	22,480	22,906
Other expenses	52,723	38,662
	<u>\$2,456,420</u>	<u>\$2,558,580</u>
*Costs included in turbine overhaul project		

Maintenance of System Control – (513-009)

Labor expense is \$19,247 lower than budgeted. The budget includes \$4,700 for CIP-related expenses that were not expended, plus software maintenance costs are \$15,737 lower than budgeted.

Generation (cont'd)Maintenance of Miscellaneous Steam Plant – (514)

Labor expense is \$88,789 lower than budgeted. The budget includes \$18,000 to service Unit 8's air compressor motor of which \$2,287 has been expended, \$6,000 to replace Unit 9 CCHX heads, and \$31,564 for tools and tool crib expenses that have not been needed. Hoist and chain fall inspections and repairs are \$10,259 lower than budgeted. Other miscellaneous material expenses are lower than budget by \$115,393.

<u>Maintenance of Coal Handling Equipment - (516)</u>	2017	2017
	<u>Budget</u>	<u>Actual</u>
Labor	\$265,702	\$235,018
Rail car maintenance	141,300	197,662
Dozer maintenance	137,100	121,323
Recap 4 tires on coal dozer V101	60,000	44,780
Coal conveyor maintenance	53,693	31,895
Coal chute ceramic repair	9,000	-
Track maintenance	54,000	-
Update Unit 8 coal handling modicon	-	3,940
Recondition motor control center breaker	-	5,284
Inspect Unit 8 coal crushers and feeders	-	22,315
Rail unloader maintenance	33,500	26,294
Replace rail unloader stacker conveyor belt	-	14,551
Correct radial stacker motor & gearbox vibration	-	4,263
Rebuild DC-3 blower fan	-	15,394
Unit 7 lump breaker switch replacement	-	4,292
Other expenses	<u>63,106</u>	<u>37,670</u>
	<u>\$817,401</u>	<u>\$764,681</u>

<u>System Control and Load Dispatch - (556)</u>	2017	2017
	<u>Budget</u>	<u>Actual</u>
Labor	\$175,632	\$127,006
SCADA Dark Fiber service & BUCC MME services	19,464	18,936
MISO operating & administrative fees	145,588	153,368
North American Energy Markets membership	3,000	-
Travel and training	2,600	3,618
Other expenses	<u>5,291</u>	<u>3,530</u>
	<u>\$348,975</u>	<u>\$306,458</u>

Depreciation – (558)

The depreciation on the steam sales capital expenditures are \$67,664 higher than budgeted due to decreasing their useful life.

Transmission

Load Dispatching – (561)

Tenaska management fee, NERC assessments and OATI WebCares are \$5,208, 5,755 and \$5,736 lower than budgeted, respectively. Labor expense is \$18,912 higher than budgeted.

Station Expense – (562)

Labor expense is \$7,992 lower than budgeted. The budget includes \$16,000 to paint 161 breakers and \$2,000 for oil testing that have not been completed; actual expenses include \$6,324 for protective relay device support and \$6,700 for tension wire that were not budgeted.

Overhead Line Expense – (563)

Labor expense is \$6,134 higher than budgeted.

Transmission of Electricity by Others – (565)

The cost of MISO's multi-value and market efficiency projects are \$339,548 lower than budgeted.

Miscellaneous Transmission Expense – (566)

The budget includes \$110,000 for a consultant for the system protection coordination study, of which \$7,000 has been expended; \$25,000 for a relay technician consultant; and \$5,400 for software maintenance that have not been expended. Subscriptions and memberships are \$7,941 lower than budgeted. The transmission pricing zone study, costing \$57,463, was not budgeted. Labor expense is \$13,683 higher than budget due to project engineering spending more time on the transmission study than budgeted.

Maintenance of Overhead Lines – (571)

Line maintenance performed by MEC for the joint section of Line 104 was budgeted at \$75,000; actual expense was \$141,394. Other material expenses are \$40,982 lower than budgeted. Electric line workers' labor expense is \$60,093 lower than the budget.

Vacation, Holiday, Sick Leave – (575)

Technical services department's vacation accrual was overestimated in the budget, plus that department used less sick leave than estimated.

Depreciation – (576)

The budget assumed the South Substation autotransformer would be installed by 2016's year end and depreciation would begin in 2017; the project was not completed.

Distribution

Operation Supervision – (580)

Labor expense is \$25,183 lower than budget due to the Manager, T&D position opening.

Load Dispatching – (581)

System control labor expense is \$44,289 higher than budgeted.

Station Expense – (582)

Substation electricians' labor expense is \$23,367 lower than budgeted. The cost to update the power distribution system at Isett substation was \$9,417, which was not budgeted. Tension wire, costing \$2,130, was not budgeted.

Distribution (cont'd)Overhead Line Expense – (583)

The budget includes \$14,987 for electric line workers' tools and tool repairs, plus \$1,750 for hoist testing and \$2,500 for Lean initiative expenses that have not been needed.

Vehicle Expense – (589)

Gasoline/diesel fuel expense is \$16,903 lower than budgeted, other material costs are \$17,686 lower than the budget.

Underground Line Expense – (584)

Outside servicemen's labor expense is \$44,485 lower than budgeted; less time was required for locates.

Street Lighting – (585-STL)

Less time has been spent on street light repairs, resulting in \$16,618 lower labor expense and \$6,128 lower material cost.

Signal Expense – (585-419)

Labor expense is \$5,567 lower than budgeted.

Meter Expense – (586)

Labor expense is \$10,096 higher than budgeted.

Miscellaneous Distribution Expense – (588)

Labor expense is \$115,811 higher than budgeted; the electric line workers' labor makes up \$53,410 or 46% of this total.

Maintenance Supervision – (590)

Labor expense is \$31,784 lower than budget primarily due to the Manager, T&D position opening.

Maintenance of Structures – (591)

The budget includes \$6,400 for HVAC unit repairs, \$2,700 for rock, fence, and paint, plus \$5,278 for labor expenses that have not been needed.

Maintenance of Station Equipment – (592)

Expenses include \$40,492 to replace the barrier board at Oregon Street substation that was not budgeted. Labor expense is \$14,870 lower than budgeted.

Maintenance of Overhead Lines – (593)

Pole inspections are \$4,581 higher than the budget; inventory adjustments cost \$17,919; other material costs and labor expenses are \$33,618 and \$54,132 higher than budgeted, respectively, primarily due to the March storm restoration work.

Maintenance of Underground Lines – (594)

Material expenses are \$31,669 higher than budgeted primarily due to the URD cable replacement, costing \$25,649; labor expense is \$27,867 lower than budgeted.

Distribution (cont'd)Maintenance of Line Transformers – (595)

Labor for transformer change-outs and other maintenance is \$23,799 lower than budgeted; material expense is \$12,131 lower than budgeted.

Maintenance of Street Lighting – (596-STL)

Labor and materials are higher than budgeted by \$19,765 and \$38,380, respectively.

Vacation, Holiday, Sick Leave – (599)

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

Customer Service Expense

Customer Information Expense - (909)	2017	2017	2016
	Budget	Actual	Actual
Marketing			
Media advertising	\$17,900	\$17,783	\$12,728
Customer newsletter/bill inserts	4,180	3,876	3,820
Postage	2,200	-	-
Promotional materials	10,827	7,856	6,135
Photo library	2,890	1,944	1,944
Subtotal - Marketing	37,997	31,459	24,627
Energy Services			
Trees Forever	13,000	13,000	12,500
IAMU energy efficiency report	-	-	150
City-owned buildings energy efficiencies	-	1,916	24,358
Customized energy efficiencies	3,600	-	-
Compact fluorescent exchange program	7,200	4,122	5,302
Customer awareness programs	6,450	4,816	4,786
Presentation materials	4,941	3,462	3,463
Science fair/poster contest	1,100	1,860	2,946
Subtotal - Energy Services	36,291	29,176	53,505
Miscellaneous	-	237	174
	\$74,288	\$60,872	\$78,306

Customer Service Expense (cont'd)

Energy Efficiency Rebates - (912)	2017	2017	2016
	Budget	Actual	Actual
Compact fluorescent lighting	\$3,000	\$1,799	\$2,025
Commercial lighting	75,000	77,184	40,077
Air conditioning	23,600	37,636	30,785
Refrigerator	10,000	3,635	4,215
City building improvement	18,000	-	-
Washing machine	6,000	2,800	3,850
Customized energy efficiency	-	4,895	19,681
Water heater	5,400	6,000	7,900
Geo-thermal	12,000	8,220	1,200
Motor	60,000	42,250	-
Dishwasher	4,800	1,500	1,950
	\$217,800	\$185,919	\$111,683

Consumer Accounts

Consumer Records and Collection - (903)	2017	2017	2016
	Budget	Actual	Actual
Labor	\$371,094	\$337,964	\$315,336
Temporary labor services	1,041	18,804	16,318
Postage	28,600	25,579	28,361
Payment processing fees	55,160	58,152	56,126
Collection fees	11,880	9,050	9,155
Integrated voice response service	1,980	1,995	1,708
Travel/training	6,680	2,146	2,674
Gasoline/diesel fuel	3,000	2,360	1,895
Other	7,603	5,152	4,847
	\$487,038	\$461,202	\$436,420

Uncollectible Accounts Expense – (904)

Written off accounts were lower than prior year; collections on written off accounts were only slightly higher, resulting in a 58% lower than budget bad debt expense.

Administrative and GeneralAdministrative and General Salaries – (920)

Labor is lower than budget by \$187,985 due to the Manager, Information Systems position not being filled until May, plus not filling the Manager, Continuous Improvement position after April.

Office Supplies - (921)	2017	2017	2016
	Budget	Actual	Actual
Phone expense	\$38,719	\$36,686	\$35,099
Memberships/subscriptions	21,344	18,596	14,465
Internet/MME	16,620	15,585	17,194
Office furniture	15,000	14,549	13,516
Computer hardware/software	29,529	25,264	23,259
Postage	-	11,456	10,799
Vehicle allowance	12,462	13,212	12,452
Vehicle maintenance	9,400	3,975	5,054
Gasoline/diesel fuel	4,000	1,868	1,883
General office supplies	13,783	13,169	10,640
Other	<u>28,948</u>	<u>15,861</u>	<u>12,534</u>
	<u>\$189,805</u>	<u>\$170,221</u>	<u>\$156,895</u>

Administrative and General (cont'd)

Outside Services Employed - (923)	Resp	2017	2017	2016
	Code	Budget	Actual	Actual
Organizational development consulting	120-Sal	\$60,750	\$39,842	\$66,397
Succession planning	110-Board	109,350	-	-
Legal services	140-Brandy	93,850	32,451	45,242
Environmental/regulatory legal services	140-Brandy	50,000	5,919	19,957
Transmission/reliability standards attorney	140-Brandy	8,000	28,624	4,885
NERC audit preparation consultant	140-Brandy	-	6,375	2,850
Coal & transportation attorney	140-Brandy	5,000	-	-
Bond counsel	140-Brandy	2,500	-	-
Labor attorney	140-Brandy	5,040	1,497	-
CIP compliance consulting	145-Seth	32,500	600	7,000
Web design service	224-Rick	7,326	8,512	2,958
Insurance advisor	310-Jerry	40,824	40,824	40,824
Financial audit services	320-Cassie	42,120	37,983	49,564
Cost of service study	320-Cassie	25,000	20,812	-
GASB 45 actuarial study	320-Cassie	6,480	6,075	-
Coal & transportation consulting	331-Brad	60,000	60,237	84,531
Fuel procurement committee consulting	331-Brad	6,000	-	-
IS department professional services	350-Jerry	-	24,793	-
IS department review	350-Jerry	-	15,882	37,025
509A Actuary	410-Erika	891	790	811
Benefits consulting	410-Erika	24,140	26,244	24,138
Employee search services	410-Erika	40,498	59,302	-
Engineering compensation review	410-Erika	-	1,175	-
Career transition support	410-Erika	-	405	-
Labor legal services	410-Erika	-	315	9,943
Pension study/GASB 68 report	410-Erika	-	20,250	37,434
MISO consultant	610-Gage	5,000	-	-
Coal pile survey	612-Scott	1,000	393	7,110
Engineering services	760-Mark	-	16,320	87,182
		\$626,269	\$455,620	\$527,851

Property Insurance – (924)

Insurance premium was 2.7% lower than anticipated.

Injuries and Damages – (925)

Workers compensation claims are \$4,984 higher than anticipated; insurance costs are \$30,690 lower than budget.

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 *	\$2,347,840	\$3,921,992	\$2,977,676
Healthcare costs	2,472,432	2,339,688	2,252,755
FICA	1,257,201	1,207,272	1,226,510
Deferred comp utility match	262,400	251,651	221,763
Dental	100,320	93,880	98,370
Educational reimbursements	40,500	19,793	29,589
LTD insurance	62,575	57,401	59,269
Life insurance	45,005	45,326	41,766
Post-employment health benefit **	27,431	-30,696	27,792
Recognition dinner	12,150	14,975	15,792
Unemployment expenses	8,100	149,272	35,471
Other expenses	<u>30,497</u>	<u>33,474</u>	<u>27,263</u>
	<u>\$6,666,451</u>	<u>\$8,104,028</u>	<u>\$7,014,016</u>

*The increase in pension expense is due to amortization of the actuarially determined cost being higher than anticipated.

** The post-employment health benefit's negative expense is a result of the reduced liability; benefit payments are expensed as healthcare costs.

Fringe Benefits Charged to Construction – (927)

More time has been charged to capital projects than projected.

Regulatory Commission – (928)

The regulatory fees for both Iowa Utilities Board and FERC are higher than budgeted by \$14,149 and \$11,717, respectively.

Administrative and General (cont'd)

<u>Miscellaneous General Expense - (930)</u>	2017	2017	2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Employment expenses	\$37,325	\$34,216	\$14,652
APPA dues	22,180	26,019	23,656
IUB Iowa Energy Center	50,000	52,871	50,787
IAMU membership	33,996	38,508	35,263
Economic development pledge	28,350	34,020	34,020
Customer appreciation day	-	-	13,501
Annual report	7,047	4,528	4,059
Legal publications	5,265	3,967	4,237
Continuous Improvement	39,366	1,102	195
CIP low impact site compliance	30,000	-	-
Subscriptions/memberships	19,583	22,497	22,320
Employee team expenses	44,163	31,621	41,010
Training/travel	152,566	59,952	59,380
Safety-related expenses	18,758	4,398	13,214
Labor	49,433	34,300	54,404
Temporary labor services	35,394	63,265	73,990
Board trustee fees	7,290	7,290	7,289
Freight	13,020	21,344	9,061
Other expenses	34,764	51,413	42,590
	<u>\$628,500</u>	<u>\$491,312</u>	<u>\$503,628</u>

Maintenance of General Plant – (932)

Radio equipment, Pine Street building, vehicle, telephone equipment, and computer hardware/software maintenance costs are \$19,718, \$11,236, \$23,532, \$17,579, and \$40,947 lower than budgeted, respectively.

Maintenance of A/O Center – (934)

Lawn care expense is \$4,650 lower than budgeted.

Vacation, Holiday, Sick Leave – (936)

Less sick leave has been taken than anticipated; plus vacation accrual is lower than budgeted, primarily for the IT department.

Depreciation – (933)

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

Electric Utility
Statement of Net Position Review
December 2017

	<u>2017</u>	<u>2016</u>
<u>Current Assets</u>		
Consumer Accounts		
Customer Electric Accounts	\$5,318,655	\$5,160,679
Unbilled Revenue	506,558	479,274
Merchandise Accounts	616,795	1,475,565
Utility loan program	3,986	6,703
Allowance for Doubtful Accounts	<u>(4,953)</u>	<u>(4,646)</u>
	<u><u>\$6,441,041</u></u>	<u><u>\$7,117,575</u></u>
Inventories		
Inventory	\$4,811,403	\$5,097,033
Emission Allowance - NOx	4,379	218,395
Emission Allowance - S02	120,510	123,711
Stores Expense	51,105	(20,271)
Gas and Diesel Fuel	64,309	123,931
Limestone	<u>132,253</u>	<u>124,495</u>
	<u><u>\$5,183,959</u></u>	<u><u>\$5,667,294</u></u>
Prepaid Expenses		
Prepaid Insurance	\$543,252	\$539,081
Prepaid Maintenance Contracts	208,536	221,076
American Coal Ash Association	3,300	--
APPA dues	2,236	2,033
IA Dept Comm Global Warming	40,266	39,449
IAMU-annual dues	6,517	5,924
IDNR lease	--	5,775
Midwest Energy Association	1,955	--
OATI digital certificates	9,263	3,176
SOS International	12,129	--
Wageworks	10,050	--
Travel advances	13,849	25,604
Other Prepaid Expenses	<u>8,158</u>	<u>6,671</u>
	<u><u>\$859,511</u></u>	<u><u>\$848,789</u></u>
<u>Current Liabilities</u>		
Accounts Payable (amounts over \$10,000 itemized)		
Water bills	\$34,417	\$31,449
Communications bills	13,812	13,812
ADA Carbon Solutions - PAC	--	34,629
Advanced Business Systems - copier maint	--	16,965
Alimak Hek Inc - elevator maintenance	13,369	--
Alliant Energy - gas	10,668	26,673
Allied Valves - valve tests	--	17,199
American Electric Power - railcar rpr	--	11,218
Associated Computer Systems - Network Supv augmentation	17,168	--
Baker Tilly - financial audit	8,163	12,301

Bank of America - supplies	22,363	18,669
Black & Veatch	9,129	67,213
Buckskin Mining Company - coal	267,967	---
Burlington Northern - coal transport/railcar rpr	238,322	245,847
Canadian Pacific Railway - coal transport	132,834	54,647
City of Muscatine - Miss Dr project/wastewater/sanitation	62,050	46,213
Clean Harbors - disposal svc	---	17,500
Cogsdale - business system implementation	43,822	94,373
Ditch Witch - tracker	21,424	---
Fletcher-Reinhardt - sockets/connectors/parts	12,459	14,798
GE Energy Services - #9 generator testing	27,686	---
General Contractors - South Sub steel structure	---	59,022
HDR Engineering - entrainment sampling	34,461	---
IA-IL Taylor Insulation - insulation rpr	---	7,364
IDNR - Title V Fee	195,222	325,565
Iowa Chicago & Eastern RR - coal transportation	38,930	38,930
Iowa Utilities Board - assessment	21,072	20,470
Jefferies Refined Coal - refined coal	3,421,641	3,945,328
KONE - elevator repairs	30,480	---
Luminant Energy - coal	---	418,552
Magellan Advisors - consulting	---	15,536
Michels Corp - bucket truck rental	14,872	---
MidAmerican Energy - joint trans line maint	143,394	---
MISO - purch power/trans svc/admin fee	104,498	77,315
MJ Electric	---	161,466
Mostardi Platt - emissions testing	13,985	---
Omicron Electronics - transformer analyzer	---	26,536
Overland - gypsum/limestone hauling	---	14,652
Power System Engineering - South Sub autotransformer	---	74,259
Ragan - tube & valve replacements	41,406	69,088
Resco - transformer service	---	17,264
Scientech - software upgrade	43,335	---
South Fork Wind - energy	147,117	81,304
Tenaska - monthly fee	17,500	---
Terry & Sons - seal trench/U9 hydroblasting	---	28,813
Trackmasters - rail track repair	---	21,954
Trench LTD - 161kV transformer	---	34,680
Trinity Consultants - env consulting	---	20,571
WESCO - light bases/foundation	27,103	---
Visa - travel	---	21,633
Other	269,687	251,296
	<u>\$5,500,356</u>	<u>\$6,455,104</u>

Miscellaneous Accrued Expenses

Interest on Customer Deposits	\$83,445	\$87,163
Sales/Use Tax Collections Payable	101,501	77,874
Payroll Tax Collections Payable	175,500	182,423
Workers' Comp Self Insurance Reserves	316,341	424,934
Comp Time Payable	27,537	34,408
Employee team bank	61,858	65,733
	<u>\$766,182</u>	<u>\$872,535</u>

Muscatine Power and Water

Water Utility

Statement of Revenues, Expenses and Changes in Net Position

**December 2017
(Unaudited)**

**Muscatine Power and Water
Water Utility**

Table of Contents

	Page
Classification of Water Distribution.....	1
Statements of Revenues, Expenses, and Changes in Net Position.....	2-3
Statements of Net Position.....	4-5
Statements of Cash Flows.....	6-7
Summary of Expenses.....	8-11
Statistical Data.....	12

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

	Budget Estimate	%Increase (Decrease) From Budget	This Year	%Increase (Decrease) Fr. Last Yr.	Last Year
<u>Water Distribution - 1,000 Gallons</u>					
Contract Customers	663,417	(0.7)	658,793	1.5	649,125
Power Plants	49,500	53.9	76,202	19.5	63,760
Residential	34,781	(5.7)	32,812	^{fn1} (8.8)	35,967
Commercial	26,016	(4.0)	^{fn1} 24,973	(5.1)	^{fn2} 26,319
Total Metered Customers	773,714	2.5	792,780	2.3	775,171
Rated Customers - Estimate	---	---	7	(53.3)	15
City Use, Line Loss, Cycle Billing	<u>46,423</u>	2.5	<u>47,567</u>	2.3	<u>46,510</u>
Total Water Pumped	<u>820,137</u>	2.5	<u>840,353</u>	2.3	<u>821,696</u>

Calendar Year-to-Date

	Budget Estimate	%Increase (Decrease) From Budget	This Year	%Increase (Decrease) Fr. Last Yr.	Last Year
<u>Water Distribution - 1,000 Gallons</u>					
Contract Customers	8,131,323	1.1	8,216,942	0.4	8,187,391
Power Plants	626,806	2.3	641,311	(28.1)	892,003
Residential	457,187	(3.4)	441,631	^{fn1} ---	445,530
Commercial	<u>377,569</u>	(1.0)	^{fn1} 373,799	4.8	^{fn2} 356,560
Total Metered Customers	9,592,885	0.8	9,673,683	(2.1)	9,881,484
Rated Customers - Estimate	---	---	157	35.3	116
City Use, Line Loss, Cycle Billing	<u>575,573</u>	0.8	<u>580,421</u>	(2.1)	<u>592,889</u>
Total Water Pumped	<u>10,168,458</u>	0.8	<u>10,254,261</u>	(2.1)	<u>10,474,489</u>

^{fn1} Includes an adjustment for unbilled gallons of (495K) and (52K) for residential and commercial I customers, respectively.

^{fn2} Includes an adjustment for unbilled gallons of 213K and 21K for residential and commercial I customers, respectively.

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

	Budget			% Increase (Decrease)			% Increase (Decrease)		
	Estimate	Avg. Price	from Budget	This Year	Avg. Price	Year	Last Year	Avg. Price	
Sales of Water									
Contract Customers	\$272,138	\$ 0.41021	2.4	\$278,718	\$ 0.42307	6.3	\$262,196	\$ 0.40392	
Power Plants	24,661	0.49820	39.1	34,292	0.45002	9.5	31,331	0.49139	
Residential	160,050	4.60165	0.8	161,361	^{fn1} 4.91775	1.8	158,492	^{fn2} 4.40659	
Commercial	45,079	1.73274	10.5	49,806	^{fn1} 1.99439	4.1	47,824	^{fn2} 1.81709	
Water Sales	<u>501,928</u>	0.64873	4.4	<u>524,177</u>	0.66119	4.9	<u>499,843</u>	0.64482	
Other Revenue									
Penalty Revenue	845		60.7	1,358		9.2	1,244		
Merchandise & Job Sales-Net	917		32.6	1,216		3.7X	260		
Miscellaneous Revenue	1,187		(18.4)	969		(2.7)	996		
Total Other Revenue	<u>2,949</u>		20.1	<u>3,543</u>		41.7	<u>2,500</u>		
Operating Revenue	<u>504,877</u>		4.5	<u>527,720</u>		5.1	<u>502,343</u>		
Operating Expense									
Operation	356,031		9.2	388,931		13.8	341,832		
Maintenance	43,191		21.9	52,633		(46.2)	97,787		
Depreciation	65,294		(1.3)	64,466		5.2	61,305		
Total Operating Expense	<u>464,516</u>		8.9	<u>506,030</u>		1.0	<u>500,924</u>		
Operating Income	<u>40,361</u>		(46.3)	<u>21,690</u>		14.3X	<u>1,419</u>		
Nonoperating Revenues (Expenses)									
Interest Income	159		41.3X	6,729		93.8X	71		
Interest Expense	(30,875)		33.6	(41,254)		56.0X	(724)		
Net Nonoperating Revenues (Expenses)	<u>(30,716)</u>		12.4	<u>(34,525)</u>		51.9X	<u>(653)</u>		
Net Income (Loss) before Capital Contributions	<u>9,645</u>		-2.3X	<u>(12,835)</u>		-17.8X	<u>766</u>		
Capital Contributions	---		---	---		---	---		
Change in Net Position	<u>9,645</u>		-2.3X	<u>(12,835)</u>		-17.8X	<u>766</u>		
Beginning Net Position	<u>16,582,623</u>			<u>16,666,177</u>			<u>16,467,327</u>		
Prior Period Adj. GASB 75 OPEB	---			(38,686)			---		
Ending Net Position	<u>\$16,592,268</u>			<u>\$16,614,656</u>			<u>\$16,468,093</u>		
Net Income (Loss) to Operating Revenue	1.9			(2.4)			0.2		
Debt Service Coverage	3.15			1.83			29.48		

^{fn1} Includes an adjustment to unbilled revenues of \$2,083 and \$844 for residential and commercial customers, respectively.

^{fn2} Includes an adjustment to unbilled revenues of \$3,107 and \$555 for residential and commercial customers, respectively.

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

	Budget Estimate	Avg. Price	% Increase (Decrease) from Budget	This Year	Avg. Price	% Increase (Decrease) from Last Year		
							Last Year	Avg. Price
Sales of Water								
Contract Customers	\$3,257,788	\$ 0.40065	3.8	\$3,380,492	\$ 0.41141	7.1	\$3,155,408	\$ 0.38540
Power Plants	311,726	0.49732	13.6	354,169	0.55226	(9.1)	389,546	0.43671
Residential	1,953,762	4.27344	(0.2)	1,950,347	^{fn1} 4.41624	4.3	1,869,475	^{fn2} 4.19607
Commercial	647,523	1.71498	(0.2)	646,183	^{fn1} 1.72869	8.4	596,199	^{fn2} 1.67209
Water Sales	6,170,799	0.64327	2.6	6,331,191	0.65448	5.3	6,010,628	0.60827
Other Revenue								
Penalty Revenue	9,295		28.8	11,975		19.6	10,012	
Merchandise & Job Sales-Net	11,003		15.1	12,664		31.8	9,612	
Miscellaneous Revenue	13,965		(0.5)	13,894		(10.4)	15,511	
Total Other Revenue	34,263		12.5	38,533		9.7	35,135	
Operating Revenue	6,205,062		2.7	6,369,724		5.4	6,045,763	
Operating Expense								
Operation	4,169,865		(4.1)	3,999,625		4.1	3,841,109	
Maintenance	802,013		33.1	1,067,131		44.0	740,978	
Depreciation	783,529		(1.3)	773,511		5.1	735,660	
Total Operating Expense	5,755,407		1.5	5,840,267		9.8	5,317,747	
Operating Income	449,655		17.7	529,457		(27.3)	728,016	
Nonoperating Revenues (Expenses)								
Interest Income	1,240		28.0X	35,966		43.6X	806	
Interest Expense	(417,720)		10.9	(463,072)		50.3X	(9,026)	
Net Nonoperating Revenues (Expenses)	(416,480)		2.6	(427,106)		51.0X	(8,220)	
Net Income (Loss) before Capital Contributions	33,175		2.1X	102,351		(85.8)	719,796	
Capital Contributions	91,000		(8.9)	82,898		---	78,584	
Change in Net Position	124,175		49.2	185,249		(76.8)	798,380	
Beginning Net Position	16,468,093			16,468,093			15,669,713	
Prior Period Adj. GASB 75 OPEB	---			(38,686)			---	
Ending Net Position	\$16,592,268			\$16,614,656			\$16,468,093	
Net Income (Loss) to Operating Revenue	0.5			1.6			11.9	
Debt Service Coverage	5.53			4.04			45.06	

^{fn1} Includes an adjustment to unbilled revenues of \$2,083 and \$844 for residential and commercial customers, respectively.

^{fn2} Includes an adjustment to unbilled revenues of \$3,107 and \$555 for residential and commercial customers, respectively.

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

ASSETS

	<u>2017</u>	<u>2016</u>
Current Assets:		
<u>Unrestricted Assets</u>		
Cash - interest bearing	\$919,261	\$848,063
Receivables:		
Consumer Accounts	751,039 ^{fn1}	701,348 ^{fn2}
Interest	38	9
Inventories	355,000	356,967
Prepaid Expenses	<u>56,022</u>	<u>53,743</u>
Total Unrestricted Current Assets	<u>2,081,360</u>	<u>1,960,130</u>
<u>Restricted Assets</u>		
Cash - interest bearing	<u>7,260,584</u>	<u>35,283</u>
Total Restricted Current Assets	<u>7,260,584</u>	<u>35,283</u>
Total Current Assets	<u>9,341,944</u>	<u>1,995,413</u>
Non-Current Assets:		
Unamortized debt issuance costs	56,582	---
Property and Equipment:		
At Cost	36,431,288	29,892,983
Less Accumulated Depreciation	<u>10,774,892</u>	<u>10,582,791</u>
Net Property and Equipment	<u>25,656,396</u>	<u>19,310,192</u>
Deferred Outflows of Resources - Pension		
Changes of Assumptions	377,677	120,280
Difference between projected and actual earnings on pension plan	243,087	294,580
Contributions subsequent to measurement date	<u>335,820</u>	<u>309,461</u>
Total Deferred Outflows of Resources - Pension	<u>956,584</u>	<u>724,321</u>
TOTAL ASSETS	<u><u>\$36,011,506</u></u>	<u><u>\$22,029,926</u></u>

fn1 Includes \$71,717 for unbilled revenues.

fn2 Includes \$68,790 for unbilled revenues.

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

LIABILITIES AND NET POSITION

	<u>2017</u>	<u>2016</u>
Current Liabilities:		
<u>Payable from Unrestricted Assets</u>		
Accounts Payable	\$876,944	\$338,464
Health & Dental Insurance Provision	32,700	31,680
Retained Percentage on Contracts	83,516	783
Consumer Advances for Construction	290	91,105
Accrued Payroll	77,135	77,044
Accrued Vacation	137,682	129,514
Accrued Property Taxes	3,106	1,359
Unearned Revenue	2,800	2,300
Miscellaneous Accrued Expenses	60,264	67,438
	<hr/>	<hr/>
Total Payable from Unrestricted Assets	<hr/> <u>1,274,437</u>	<hr/> <u>739,687</u>
<u>Payable from Restricted Assets</u>		
State Revolving Loan	32,000	31,000
Accrued Interest	48,233	519
	<hr/>	<hr/>
Total Payable from Restricted Assets	<hr/> <u>80,233</u>	<hr/> <u>31,519</u>
	<hr/>	<hr/>
Total Current Liabilities	<hr/> <u>1,354,670</u>	<hr/> <u>771,206</u>
Non-Current Liabilities:		
State Revolving Loan	68,000	100,000
Notes Payable to Electric Utility	---	2,900,000
Water Revenue Bond Series 2017	15,820,072	---
Health & Dental Insurance Provision	82,116	31,242
Post-Employment Health Benefit Provision	74,469	39,822
Net Pension Liability	1,601,803	1,258,495
Consumer Advances for Construction	198,569	198,772
	<hr/>	<hr/>
Total Non-Current Liabilities	<hr/> <u>17,845,029</u>	<hr/> <u>4,528,331</u>
Deferred Inflows of Resources - Pension		
	<hr/> <u>197,151</u>	<hr/> <u>262,296</u>
Net Position:		
Net Investment in Capital Assets	25,357,537	18,889,315
Restricted	7,212,351	34,764
Unrestricted	(15,955,232)	(2,455,986)
	<hr/>	<hr/>
Total Net Position	<hr/> <u>16,614,656</u>	<hr/> <u>16,468,093</u>
TOTAL LIABILITIES AND NET POSITION	<hr/> <u>\$36,011,506</u>	<hr/> <u>\$22,029,926</u>

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

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Water sales	\$515,708	\$6,286,196
Miscellaneous sources	1,095	33,126
Cash paid to/for:		
Suppliers	(150,175)	(2,170,801)
Employees payroll, taxes and benefits	<u>(240,921)</u>	<u>(2,716,552)</u>
Net cash flows from operating activities	<u>125,707</u>	<u>1,431,969</u>
Cash flows from capital and related financing activities:		
State revolving loan fund principal payments	---	(31,000)
State revolving loan interest payments	---	(3,793)
Loan from electric utility	---	3,100,000
Loan from electric utility interest payments	---	(6,218)
Electric loan principal payment	---	(6,000,000)
Water revenue bond series 2017 proceeds	---	15,872,296
Water revenue bond series 2017 issuance costs	---	(270,277)
Water revenue bond interest & principle payments	(242,377)	(242,377)
Capital expenditures, net	<u>(415,617)</u>	<u>(6,590,039)</u>
Net cash flows from capital and related financing activities	<u>(657,994)</u>	<u>5,828,592</u>
Cash flows from investing activities:		
Interest received on investments	<u>6,732</u>	<u>35,938</u>
Net cash flows from investing activities	<u>6,732</u>	<u>35,938</u>
Net increase (decrease) in cash and investments	<u>(525,555)</u>	<u>7,296,499</u>
Cash and investments at beginning of period	<u>8,705,400</u>	<u>883,346</u>
Cash and investments at end of period	<u>\$8,179,845</u>	<u>\$8,179,845</u>

Muscatine Power and Water - Water Utility
Statements of Cash Flows
December 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	\$21,690	\$529,457
Noncash item in operating income:		
Depreciation of utility plant	64,466	773,511
Amorization of Debt Discount	(1,500)	(1,500)
Change in deferred inflows of resources - pension	(65,145)	(65,145)
Change in deferred outflows of resources - pension	(97,130)	(232,261)
Changes in assets and liabilities:		
Consumer accounts receivable	(24,199)	(49,691)
Inventories	(24,336)	1,967
Prepaid and deferred expenses	(32,187)	(2,279)
Accounts payable	71,308	685
Net pension liability	191,517	343,308
Health & dental insurance provision	9,996	51,894
Other post-employment benefit provision	(6,714)	(4,039)
Retained percentage	7,437	82,733
Accrued payroll	9,075	91
Accrued vacation	1,476	8,168
Accrued property taxes	259	1,747
Unearned revenue	2,800	500
Miscellaneous accrued expenses	<u>(3,106)</u>	<u>(7,177)</u>
Net cash flows from operating activities	<u><u>\$125,707</u></u>	<u><u>\$1,431,969</u></u>

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

	<u>Budget Est.</u>	<u>This Year</u>	<u>Last Year</u>
<u>Source of Supply</u>			
Operation Supervision (600)	\$3,364	\$2,945	\$3,146
Operation Labor and Expenses (601)	1,037	246	665
Miscellaneous Expense (603)	25	---	---
Maintenance of Wells (614)	---	---	24,022
Maintenance of Supply Mains (616)	760	---	2,258
Depreciation (618)	<u>9,494</u>	<u>9,525</u>	<u>9,015</u>
Total Source of Supply Expense	<u>14,680</u>	2.9	<u>39,106</u>
		12,716	7.8
<u>Pumping</u>			
Operation Supervision (620)	3,416	3,286	3,630
Fuel or Power Purchased (623)	88,663	76,010	79,301
Pumping Labor and Expenses (624)	4,547	5,255	4,981
Miscellaneous Expense (626)	262	311	398
Maintenance of Structures (631)	449	---	75
Maintenance of Pumping Equipment (632/633)	4,845	1,438	46,986
Depreciation (634)	<u>6,382</u>	<u>6,294</u>	<u>6,024</u>
Total Pumping Expense	<u>108,564</u>	21.5	<u>141,395</u>
		92,594	28.1
<u>Water Treatment</u>			
Operation Supervision (640)	3,074	3,016	3,378
Chemicals (641)	18,917	17,555	17,876
Operation Labor and Expenses (642)	15,162	18,927	16,641
Miscellaneous Expense (643)	3,467	1,617	1,667
Maintenance of Structures (651)	602	749	5,169
Maintenance of Purification Equip. (652)	1,256	14,272	1,680
Depreciation (654)	<u>3,518</u>	<u>3,262</u>	<u>3,229</u>
Total Water Treatment Expense	<u>45,996</u>	9.1	<u>49,640</u>
		59,398	9.9
<u>Distribution</u>			
Operation Supervision (660)	3,689	3,164	3,434
Storage Facilities Expense (661)	3,965	4,982	5,263
Trans. & Distr. Lines Expense (662)	3,657	6,796	1,405
Meter Expense (663)	9,031	7,795	8,889
Consumer Installation Expense (664)	11,029	4,211	4,442
Miscellaneous Expense (665)	15,824	23,285	14,165
Vehicle Expense (667)	4,529	4,466	5,205
Maintenance:			
Supervision (670)	3,939	4,307	4,913
Structures (671)	157	57	48
Reservoirs and Standpipes (672)	64	252	1,966
Mains (673)	14,493	12,957	7,331
Valves (674)	4,436	1,401	(5,841)
Meters (676)	2,089	1,347	1,104
Hydrants (677)	2,366	7,280	1,353
Miscellaneous Plant (678)	2,969	2,862	3,019
Vacation, Holiday, Sick Leave (679)	21,516	24,270	23,211
Depreciation (680)	<u>38,251</u>	<u>36,184</u>	<u>35,403</u>
Total Distribution Expense	<u>\$142,004</u>	28.1	<u>\$145,616</u>
		27.6	<u>\$115,310</u>
		23.0	

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

	<u>Budget Est.</u>	<u>This Year</u>	<u>Last Year</u>
<u>Source of Supply</u>			
Operation Supervision (600)	\$40,461	\$42,030	\$37,578
Operation Labor and Expenses (601)	12,441	10,766	11,740
Miscellaneous Expense (603)	3,435	6,568	3,903
Maintenance of Wells (614)	100,000	114,711	84,963
Maintenance of Supply Mains (616)	9,119	104	9,856
Depreciation (618)	<u>113,922</u>	<u>114,304</u>	<u>108,176</u>
Total Source of Supply Expense	<u>279,378</u>	4.5	<u>288,483</u>
		4.5	<u>256,216</u>
		4.2	
<u>Pumping</u>			
Operation Supervision (620)	43,520	46,948	42,877
Fuel or Power Purchased (623)	1,072,879	987,753	988,624
Pumping Labor and Expenses (624)	54,639	53,876	62,419
Miscellaneous Expense (626)	3,144	3,648	3,904
Maintenance of Structures (631)	5,381	655	166
Maintenance of Pumping Equipment (632/633)	169,980	252,351	161,660
Depreciation (634)	<u>76,586</u>	<u>75,528</u>	<u>72,287</u>
Total Pumping Expense	<u>1,426,129</u>	23.0	<u>1,420,759</u>
		22.3	<u>1,331,937</u>
		22.0	
<u>Water Treatment</u>			
Operation Supervision (640)	39,377	42,990	40,561
Chemicals (641)	227,005	216,515	223,284
Operation Labor and Expenses (642)	172,862	188,438	177,450
Miscellaneous Expense (643)	26,570	19,997	11,455
Maintenance of Structures (651)	15,400	23,017	11,647
Maintenance of Purification Equip. (652)	20,121	49,611	18,580
Depreciation (654)	<u>42,212</u>	<u>39,140</u>	<u>38,750</u>
Total Water Treatment Expense	<u>543,547</u>	8.8	<u>579,708</u>
		9.1	<u>521,727</u>
		8.6	
<u>Distribution</u>			
Operation Supervision (660)	43,481	44,583	41,687
Storage Facilities Expense (661)	50,392	65,438	60,625
Trans. & Distr. Lines Expense (662)	67,961	76,902	70,519
Meter Expense (663)	113,982	106,102	98,346
Consumer Installation Expense (664)	118,036	57,753	58,543
Miscellaneous Expense (665)	191,326	173,567	177,412
Vehicle Expense (667)	55,281	66,952	43,305
Maintenance:			
Supervision (670)	54,499	60,598	58,273
Structures (671)	3,888	3,923	9,839
Reservoirs and Standpipes (672)	35,762	22,783	68,338
Mains (673)	192,588	315,478	130,680
Valves (674)	55,679	66,075	67,344
Meters (676)	24,056	13,812	21,833
Hydrants (677)	23,223	54,049	5,777
Miscellaneous Plant (678)	35,633	41,512	55,837
Vacation, Holiday, Sick Leave (679)	182,530	186,562	166,785
Depreciation (680)	<u>459,017</u>	<u>434,129</u>	<u>424,835</u>
Total Distribution Expense	<u>\$1,707,334</u>	27.5	<u>\$1,790,218</u>
		28.1	<u>\$1,559,978</u>
		25.8	

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

	<u>Budget Est.</u>	<u>This Year</u>	<u>Last Year</u>	
<u>Customer Service Expense</u>				
Customer Information Expense (909)	<u>\$888</u>	0.2	<u>\$2,740</u>	0.5
			<u>\$1,551</u>	0.3
<u>Consumer Accounts</u>				
Supervision (901)	1,426	1,005	1,174	
Meter Reading Expense (902)	3,957	3,335	4,282	
Consumer Records and Collection (903)	16,394	15,240	14,454	
Uncollectible Accounts Expense (904)	1,104	(4,368)	(3,476)	
Vacation, Holiday, Sick Leave (906)	<u>3,326</u>	<u>3,186</u>	<u>3,741</u>	
Total Consumer Accounts Expense	<u>26,207</u>	5.2	<u>18,398</u>	3.5
			<u>20,175</u>	4.0
<u>Administrative and General</u>				
Administrative and General Salaries (920)	22,950	18,634	20,004	
Office Supplies and Expenses (921)	1,481	2,768	1,909	
Outside Services Employed (923)	1,911	4,615	7,951	
Property Insurance (924)	1,809	1,760	1,698	
Casualty Ins, Injuries & Damages (925)	4,798	2,873	18,704	
Employee Pensions and Benefits (926)	61,481	117,414	59,982	
Fringe Benefits Charged to Constr. (927)	(3,662)	(6,936)	(6,826)	
Miscellaneous General Expense (930)	10,499	5,830	6,813	
Rents (931)	6,279	6,279	6,096	
Maintenance of General Plant (932)	4,766	5,711	3,704	
Vacation, Holiday, Sick Leave (936)	6,216	6,419	6,078	
Depreciation (933)	<u>7,649</u>	<u>9,201</u>	<u>7,634</u>	
Total Administrative and General	<u>126,177</u>	25.0	<u>174,568</u>	33.1
			<u>133,747</u>	26.6
Total Operating Expense	<u><u>\$464,516</u></u>		<u><u>\$506,030</u></u>	
			<u><u>\$500,924</u></u>	
Percent to Operating Revenue		92.0	95.9	99.7

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

	<u>Budget Est.</u>	<u>This Year</u>	<u>Last Year</u>			
<u>Customer Service Expense</u>						
Customer Information Expense (909)	<u>\$15,483</u>	0.2	<u>\$11,706</u>	0.2	<u>\$10,193</u>	0.2
<u>Consumer Accounts</u>						
Supervision (901)	16,869	16,384	16,664			
Meter Reading Expense (902)	45,822	48,343	45,015			
Consumer Records and Collection (903)	197,168	186,003	176,308			
Uncollectible Accounts Expense (904)	13,246	7,776	8,063			
Vacation, Holiday, Sick Leave (906)	<u>27,289</u>	<u>26,052</u>	<u>30,063</u>			
Total Consumer Accounts Expense	<u>300,394</u>	4.8	<u>284,558</u>	4.5	<u>276,113</u>	4.6
<u>Administrative and General</u>						
Administrative and General Salaries (920)	271,477	248,991	256,147			
Office Supplies and Expenses (921)	21,318	23,661	19,751			
Outside Services Employed (923)	58,874	36,253	28,295			
Property Insurance (924)	21,372	20,931	20,466			
Casualty Ins, Injuries & Damages (925)	58,133	53,289	104,311			
Employee Pensions and Benefits (926)	753,687	794,865	677,168			
Fringe Benefits Charged to Constr. (927)	(107,229)	(101,835)	(99,763)			
Miscellaneous General Expense (930)	129,699	106,484	108,609			
Rents (931)	75,351	75,351	73,156			
Maintenance of General Plant (932)	56,684	48,452	36,185			
Vacation, Holiday, Sick Leave (936)	51,984	47,983	45,646			
Depreciation (933)	<u>91,792</u>	<u>110,410</u>	<u>91,612</u>			
Total Administrative and General	<u>1,483,142</u>	23.9	<u>1,464,835</u>	23.0	<u>1,361,583</u>	22.5
Total Operating Expense	<u><u>\$5,755,407</u></u>		<u><u>\$5,840,267</u></u>		<u><u>\$5,317,747</u></u>	
Percent to Operating Revenue		92.8		91.7		88.0

Muscatine Power and Water - Water Utility
Statistical Data
Current Month - December 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	0.624	0.661	0.608	0.645
Cost Per 1,000 Gallons	<u>0.602</u>	<u>0.638</u>	<u>0.610</u>	<u>0.646</u>
Margin	<u>0.022</u>	<u>0.023</u>	<u>(0.001)</u>	<u>(0.001)</u>
	<u>2017</u>		<u>2016</u>	
Maximum Daily Water Pumped (1,000 gallons)	28,758		30,165	
Date of Maximum	12/04		12/02	

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	0.617	0.654	0.574	0.608
Cost Per 1,000 Gallons	<u>0.570</u>	<u>0.604</u>	<u>0.508</u>	<u>0.538</u>
Margin	<u>0.048</u>	<u>0.051</u>	<u>0.066</u>	<u>0.070</u>
	<u>2017</u>		<u>2016</u>	
Maximum Daily Water Pumped (1,000 gallons)	32,963		34,405	
Date of Maximum	08/30		08/09	

Services

Contract Customers	2	2
Power Plants	2	2
Residential	8,779	8,740
Commercial	<u>1,067</u>	<u>1,066</u>
Total	<u>9,850</u>	<u>9,810</u>

Water Utility
Review of Operating Results
December 2017

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

	(Unfavorable)/ Favorable Compared to Budget		
Sales of Water			
Contract Customers			
	\$		
	137,700	GPC consumption is 1.9% higher than budgeted, along with a 2.8% higher billing rate	
	42,443	Power plants' consumption is 2.3% lower than budgeted, offset by a higher billing rate	
	(1,340)	Commercial consumption is 1.0% lower than budgeted offset by higher billing rate	
	(3,415)	Residential consumption is 3.4% lower than budgeted, partially offset by higher billing rate	
	<u>(14,996)</u>	<u>Heinz's consumption is 8.1% lower than budgeted, offset by a higher billing rate</u>	
	<u>160,392</u>		
Other Revenue			
Merchandise & Job Sales-Net			
	1,661	Higher job sales revenue	
Miscellaneous Revenue			
	<u>2,609</u>	<u>Other miscellaneous variances</u>	
	<u>4,270</u>		
Operating Expense			
Operation			
	85,126	Lower fuel/power purchased due to 0.8% more gallons pumped, offset by 6.9% lower kWh consumed and 1.1% lower cost per kWh	
	10,490	Lower chemicals than budgeted due to lower price/unit	
	3,881	Lower cost of road rock at well fields	
	(13,137)	East Hill and West Hill electricity higher than budgeted	
	(7,662)	Higher cost of T&D lines material expenses	
	4,000	RPZ replacement costs budgeted in February and not yet incurred	
	(7,173)	Higher cost of inventory adjustments	
	(8,585)	Higher cost of vehicle repairs	
	2,843	Promotional/education materials	
	9,450	Succession planning costs not incurred yet	
	6,597	Lower legal & attorney fees than budgeted	
	2,316	Lower organizational development costs than budgeted	
	3,502	Employee search services not incurred yet	
	(3,516)	IS review and professional services not budgeted	
	7,617	Lower cost of water cost of services study	
	17,480	Lower health care cost	
	(70,679)	Higher cost of pension & IPERS expense due to GASB 68 adjustment	
	7,648	Lower cost of OPEB expense due to GASB 75 adjustment	
	(5,743)	Temp services higher than budgeted	
	6,576	Travel and training lower than budgeted	
	122,316	Lower labor, sick, personal and vacation expense	
	<u>(3,107)</u>	<u>Other miscellaneous variances - net</u>	
	<u>170,240</u>		
Maintenance			
	(4,962)	Maintenance labor under budget	
	(7,771)	Vacuum regulator, yoke assembly, chlorine injector and spare pump repairs not budgeted	
	3,400	Supply main repairs lower than budget	
	4,686	Lower cost of pumping structures maintenance	
	(7,649)	Higher cost of water treatment structures maintenance	
	(7,771)	Higher cost of purification equipment maintenance	
	(135,472)	Street and concrete repairs more than budgeted in maintenance of mains	
	(3,133)	Higher cost of valve maintenance	
	12,595	Lower cost of general plant maintenance agreements	
	7,426	Lower cost of meter repairs	
	(11,548)	Higher cost of hydrant repairs	
	(10,311)	Temp labor for hydrant painting is over budget	
	14,000	Reservoir drain line project not yet begun	
	12,018	Budgeted tower cleaning/painting not incurred	
	(14,711)	Well cleaning (some budgeted in 2016 and completed in 2017)	
	(56,220)	Maintenance of well #24	
	(56,994)	Maintenance of well #23 budgeted in 2016	
	<u>(2,701)</u>	<u>Other miscellaneous variances - net</u>	
	<u>(265,118)</u>		
Depreciation		<u>10,018</u>	
Nonoperating Revenue (Expense)			
Interest Income		34,726	Water bond interest not budgeted
Interest Expense		<u>(45,352)</u>	<u>Higher borrowing than budgeted</u>
	<u>(10,626)</u>		
Capital Contributions			
	(8,102)	Lutheran Homes budgeted for \$60,000 actual \$52,646	
Prior Period Adjustment		(38,686)	OPEB - GASB 75
Change in Net Position	<u>\$</u>	<u>22,388</u>	Total Variance in Budgeted Net Position

Statements of Revenues, Expenses and Changes in Net Position

Sales of Water

Contract customers' water usage is 1.1% higher than budgeted, resulting in \$122,704 more revenue. GPC's usage was 1.9% higher than budget along with a 2.8% higher billing rate, resulting in \$137,700 more revenue. Heinz's usage was 8.1% lower than budget, offset by 3.4% higher billing rate, resulting in \$14,996 less revenue. Power plants' revenue was \$42,443 or 13.6% higher than budget due to a 11.0% higher billing rate and 2.3% higher usage. Residential customers' water usage is 3.4% lower than budgeted, partially offset by a 3.1% higher billing rate, resulting in \$3,415 less revenue. Commercial customers' water usage is 1.0% lower than budgeted offset by a 0.7% higher billing rate, resulting in \$1,340 less revenue.

Nonoperating Revenue (Expense)

Interest income is higher than budgeted \$34,726 due to water bond interest not budgeted. Interest expense is higher than budget by \$45,352 due to higher borrowing than budgeted. The current year financials reflect an adjustment of prior period net position due to implementation of GASB 75. GASB 75 is related to recording expense and liability related to future benefits provided to retirees.

Year-To-Date Summary of Expenses

Source of Supply

Miscellaneous Expense – (603)

Lawncare expense was \$3,065 higher than budgeted.

Maintenance of Wells – (614)

Well cleaning leftover from 2016 was completed in January and February, totaling \$42,374. 2017 well cleaning was budgeted at \$100,000 with only \$72,337 expended.

Maintenance of Supply Mains – (616)

Production department labor and materials are under budget \$5,719 and \$3,400, respectively, due to fewer repairs.

Pumping

Operation Supervision – (620)

Manager and planning and scheduling departments' labor are higher than budgeted by \$1,282 and \$2,000, respectively.

Pumping (cont'd)Fuel or Purchased Power – (623)

The kWh consumed were 6.9% fewer than budgeted and a 1.1% lower cost per kWh, offset by 0.8% higher gallons pumped, resulting in \$85,126 lower expense.

	<u>2017 Budget</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
Fuel or Power Purchased	\$1,072,879	\$987,753	\$988,624
1,000 Gallons Pumped	<u>10,168,458</u>	<u>10,254,841</u>	<u>10,474,241</u>
Cost per 1,000 Gal. Pumped	0.1055	0.0963	0.0944
kWhs Consumed	16,654,355	15,498,973	16,671,720
kWh per 1,000 Gal. Pumped	1.64	1.51	1.59

Maintenance of Structures – (631)

Materials are under budget by \$4,686, due to fewer repairs.

Maintenance of Pumping Equipment – (632/633)

Well maintenance is over budget \$101,624, primarily due to repairs to Well 23 totaling \$56,994 and well 24 totaling \$56,220. RTU labor is under budget \$18,439, including \$15,794 in technical services department and \$2,645 in SCADA department.

Water TreatmentOperation Supervision – (640)

Manager and planning and scheduling departments' labor are higher than budgeted by \$1,016 and \$2,525, respectively.

Chemicals Expense – (641)

Chemical purchases, are \$10,490 less than budgeted primarily due to lower price/unit through December offset by higher fluoride usage.

	<u>2017 Budget</u>			<u>2017 Actual</u>			<u>2016 Actual</u>		
	Units	\$	Per Unit	Units	\$	Per Unit	Units	\$	Per Unit
1,000 Gal. Pumped	10,168,458			10,254,841			10,474,241		
Chlorine (lbs)	151,400	\$48,268	\$0.319	151,180	\$45,622	\$0.302	158,000	\$47,676	\$0.302
Hydrofluoro-silic Acid (lbs)	187,000	\$67,322	\$0.360	203,885	\$65,877	\$0.323	212,083	\$70,640	\$0.333
Phosphate (lbs)	108,300	\$111,415	\$1.029	110,551	\$105,017	\$0.950	110,000	\$104,968	\$0.954

Operation Labor and Expenses – (642)

Water production department labor is over budget by \$16,516 and materials are under budget by \$2,212.

Miscellaneous Expense – (643)

Labor is under budget by \$2,530 and road rock at well fields is \$3,881 less than budgeted.

Water Treatment (cont'd)Maintenance of Structures – (651)

Materials expense is higher than budget by \$7,649 due to higher cost of repairs.

Maintenance of Purification Equipment – (652)

Labor is over budget by \$21,719 primarily in the planning and scheduling, distribution, and electrician departments. Materials are over budget \$7,771, due to purchases of a vacuum regulator, yoke assembly, chlorine injector, and a spare pump for Grandview that were not budgeted.

DistributionStorage Facilities Expense – (661)

Labor is over budget \$1,523. Materials are over budget \$13,523 primarily due to East Hill Reservoir and West Hill Reservoir power bills higher than budgeted by \$9,906 and \$3,231, respectively.

Trans. & Distr. Lines Expense – (662)

Labor is over budget by \$1,279. Materials are over budget by \$7,662, including \$3,357 for an electric power operator and \$1,870 for shell cutters.

Meter Expense – (663)

Metering department labor is less than budget by \$5,748 and materials expense is under budget by \$1,354.

Consumer Installation Expense – (664)

Labor is under budget \$53,912 in the outside services department. Materials are under budget \$6,903 primarily due to \$4,000 RPZ replacement not incurred yet and fewer locates.

Miscellaneous Expense – (665)

Engineering tech, CAD, and Project Engineering department's labor expenses are less than budget by \$26,780, \$17,782, and \$21,153, respectively. Outside service supervisor and Supply Chain department's labor expenses are higher than budget by \$12,766 and \$6,750, respectively. Inventory adjustments are \$7,173 over budget. Engineering tech temp services are \$3,278 over budget. Project engineering department outside engineering services are \$17,055 over budget.

Vehicle Expense – (667)

Vehicle maintenance department labor is over budget by \$4,659. Vehicle repairs are over budget by \$8,585 and fuel expense is under budget by \$2,224.

Maintenance – Supervision – (670)

Labor is over budget in the planning and scheduling and manager departments by \$5,290 and \$794, respectively.

Maintenance of Reservoirs and Standpipes – (672)

Materials are under budget by \$24,202 primarily due to \$12,018 for tower cleaning and painting and \$14,000 for the reservoir drain line project that was not started. Labor is over budget by \$11,223.

Distribution (cont'd)Maintenance of Mains – (673)

Labor is under budget by \$12,582. Materials are over budget \$135,472 due to higher cost of landscaping and street and concrete repairs than budgeted.

Maintenance of Valves – (674)

Distribution and material handling department's labor expenses are over budget by \$4,431 and \$2,294, respectively. Materials are over budget by \$3,133.

Maintenance of Meters – (676)

Labor is under budget \$2,818 and materials are under budget \$7,426 due to fewer repairs.

Maintenance of Hydrants – (677)

Distribution and material handling department labor expense is over budget \$8,085 and \$1,182, respectively. Materials expenses are over budget \$11,548, including \$6,766 for concrete repairs. Temp services are over budget \$10,311 for hydrant painting.

Miscellaneous Plant – (678)

Vehicle maintenance department labor is over budget \$4,720.

Depreciation – (680)

Depreciation is under budget due 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	\$5,984	\$3,141	\$2,537
Media Advertising	5,703	6,111	5,501
Newsletter	1,805	1,613	1,609
Billtrust	365	233	---
Presentation Materials	426	299	---
Postage	950	---	---
Customer awareness programs	---	141	---
Photo Library	250	168	168
Other	---	---	378
	<u>\$15,483</u>	<u>\$11,706</u>	<u>\$10,193</u>

Meter Reading Expense – (902)

Labor expense is over budget by \$10,191. Temp services expense is under budget by \$7,716.

Consumer Records and Collections – (903)

	<u>2017 Budget</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
Labor	\$146,765	\$132,982	\$124,992
Credit Card Processing	12,229	13,555	12,461
Bill Trust Expense	5,700	5,042	5,451
Postage	12,350	11,045	12,247
Temp Services	449	8,122	6,737
Fuel	1,800	1,011	833
Invoice Cloud	2,242	2,319	2,070
Collection Expense	4,750	3,877	3,862
IVR	855	813	737
Other Expenses	<u>10,028</u>	<u>7,237</u>	<u>6,918</u>
	<u>\$180,775</u>	<u>\$170,762</u>	<u>\$176,308</u>

Uncollectible Accounts Expense – (904)

Accounts written off were lower than prior year; collections on write offs were only slightly higher, resulting in a 41% lower than budget bad debt expense.

Administrative and GeneralAdministrative and General Salaries – (920)

Labor is under budget \$22,486, primarily in information services and supply chain.

Outside Services Employed – (923)

	<u>Resp Code</u>	<u>2017 Budget</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
Organizational				
Development	120-Sal	\$5,250	\$2,934	\$3,535
Consulting Services	120-Sal	---	509	---
Succession Planning	110-Board	9,450	---	---
Legal Fees	140-Brandy	5,950	483	3,873
Labor Attorney	140-Brandy	1,200	135	3,624
Web Graphics	224-Rick	633	735	256
Insurance Advisor	310-Jerry	3,528	3,528	3,528
Audit Services	320-Cassie	3,640	3,282	4,283
Cost of Service Study	320-Cassie	23,000	15,383	---
IS Professional Svc	350-Greg	---	2,143	---
IS Review	350-Greg	---	1,373	3,200
Pension Study	410-Erika	---	1,750	3,235
Benefits Consulting	410-Erika	2,084	2,268	2,691
Employee Search				
Services	410-Erika	3,502	---	---
Other Expenses		<u>637</u>	<u>1,730</u>	<u>70</u>
		<u>\$58,874</u>	<u>\$36,253</u>	<u>\$28,295</u>

Injuries & Damages – (925)

Workers compensation claims are \$2,018 lower than budget and insurance costs are \$2,826 lower than budget.

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	\$325,320	\$307,840	\$263,403
Pension	165,590	276,613	222,375
FICA	148,863	142,548	138,168
IPERS	51,515	11,171	-5,157
Deferred comp utility match	26,240	25,165	25,264
Life, LTD & ADD	11,139	10,623	10,455
Dental	13,200	12,353	11,498
OPEB	3,609	-4,039	3,248
Unemployment	700	1,023	94
Other Expenses	<u>7,511</u>	<u>11,568</u>	<u>7,820</u>
	<u>\$753,687</u>	<u>\$794,865</u>	<u>\$677,168</u>

OPEB expense is negative due to implementation of new GASB 75 which decreased the liability to be recorded. Pension expense is higher than budgeted due to GASB 68 adjustments.

Fringe Benefits Charged to Construction – (927)

More time has been charged to capital projects than projected.

Miscellaneous General Expense – (930)

Labor expenses are lower than budget by \$14,242, mostly in water production, distribution, environmental and safety and training departments. Materials are under budget \$8,973 mostly due to travel and training lower than budget by \$4,650 and continuous improvement supplies lower by \$3,660.

Maintenance of General Plant – (932)

Maintenance agreements are under budget \$12,595 and memberships and subscriptions are under budget by \$2,100. Non-maintenance agreements for the information services department are over budget by \$7,482.

Vacation, Holiday, Sick Leave – (936)

Less sick leave has been taken than anticipated.

Depreciation – (933)

Depreciation is over budget \$18,618, primarily due to tools and equipment not budgeted.

Water Utility
Statement of Net Position Review
December 2017

	<u>2017</u>	<u>2016</u>
Current Assets		
Receivables - Consumer Accounts		
Customer Water Accounts	\$657,234	\$624,278
Customer Loan	4,583	—
Unbilled Revenue	71,717	68,790
Merchandise Accounts	21,642	10,936
Allowance for Doubtful Accounts	(4,137)	(2,656)
	<u>\$751,039</u>	<u>\$701,348</u>
Inventories		
Inventory	352,091	\$358,150
Stores Expense (a/c 163)	2,909	(1,183)
	<u>\$355,000</u>	<u>\$356,967</u>
Prepaid Expenses		
Prepaid Insurance	\$40,808	\$39,296
Wageworks	1,340	—
Prepaid Maintenance Contracts	13,396	14,015
Other Prepaid Expenses/Deposits	478	432
	<u>\$56,022</u>	<u>\$53,743</u>
Current Liabilities		
Accounts Payable (amounts over \$2,500 itemized)		
Electric bills	\$84,582	\$88,002
Alexander Chemical Corp - chlorine	4,824	—
Cahoy Pump Service - well construction	139,472	—
Carus Corp - phosphate	38,723	—
City of Muscatine - Mississippi Dr project	6,748	42,432
Cogsdale - business system implementation	3,665	8,156
Hagerty Earthworks - water main transmission line	490,171	—
Hahn Ready Mix - concrete	—	5,159
IPERS - pension	7,197	6,106
Metering & Tech Solutions - radios/encoders	9,438	9,549
Mosaic Global Sales LLC - chemicals	—	14,837
Municipal Supply - valves/shaft assemblies	6,587	—
Northway Well & Pump - pump rpr/well cleanings	—	65,525
Utility Equipment Co - pipe/couplings	3,664	4,054
Vector Construction - reservoir repair	—	52,989
Watersmith Engineering - services	11,420	—
Wendling Quarries - sand/stone	—	5,698
Other	70,453	35,957
	<u>\$876,944</u>	<u>\$338,464</u>
Customer Advances for Construction		
Lutheran Homes	—	\$59,641
Curry Trucking	—	30,815
Others	290	649
	<u>\$290</u>	<u>\$91,105</u>
Miscellaneous Accrued Expenses		
Sales/Use Tax Collections Payable	\$8,754	\$7,131
Payroll Tax Collections Payable	16,484	15,780
Employee Payroll Deductions	3,000	2,545
Workers' Comp Self Insurance Reserves	29,892	40,751
Comp Time Payable	2,134	1,231
	<u>\$60,264</u>	<u>\$67,438</u>

Muscatine Power and Water

Communications Utility

Statement of Revenues, Expenses and Changes in Net Position

**December 2017
(Unaudited)**

**Muscatine Power and Water
Communications Utility**

Table of Contents

	Page
Statements of Revenues, Expenses, and Changes in Net Position.....	1-2
Statements of Net Position.....	3-4
Statements of Cash Flows.....	5-6
Summary of Expenses.....	7-10
Statistical Data.....	11

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

	Budget Estimate	% Increase (Decrease) From Budget	This Year	% Increase (Decrease) Fr. Last Yr.	Last Year
<u>Operating Revenue</u>					
CATV	\$616,114	(10.0)	\$554,659	fn1 (3.0)	\$571,766
Data/Internet	484,025	5.7	511,403	fn1 8.4	471,944
MAN	48,800	33.6	65,184	(3.5)	67,555
Miscellaneous	<u>11,670</u>	(4.7)	<u>11,120</u>	(20.8)	<u>14,040</u>
Total Operating Revenues	<u>1,160,609</u>	(1.6)	<u>1,142,366</u>	1.5	<u>1,125,305</u>
<u>Operating Expense</u>					
Operation	773,799	26.2	976,234	8.6	898,652
Maintenance	78,197	24.9	97,630	24.1	78,654
Depreciation	<u>145,199</u>	(7.1)	<u>134,926</u>	(3.2)	<u>139,329</u>
Total Operating Expenses	<u>997,195</u>	21.2	<u>1,208,790</u>	8.3	<u>1,116,635</u>
Operating Income (Loss)	<u>163,414</u>	-1.4X	<u>(66,424)</u>	-8.7X	<u>8,670</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	187	54.3X	10,341	3.8X	2,148
Interest Expense	<u>(280,769)</u>	(93.7)	<u>(17,699)</u>	3.5X	<u>(3,968)</u>
Net Nonoperating Expense	<u>(280,582)</u>	(97.4)	<u>(7,358)</u>	3.0X	<u>(1,820)</u>
Net Income before Capital Contributions	(117,168)	(37.0)	(73,782)	-11.8X	6,850
Capital Contributions	<u>1,722</u>	(49.4)	<u>872</u>	(88.2)	<u>7,421</u>
Change in Net Position	(115,446)		(72,910)		14,271
Beginning Net Position	<u>7,084,483</u>		<u>7,620,531</u>		<u>5,647,264</u>
Prior Period Adj. GASB 75 OPEB	---		(54,161)		---
Ending Net Position	<u>\$6,969,037</u>		<u>\$7,493,460</u>		<u>\$5,661,535</u>
Net Income (Loss) to Operating Revenue	(10.1)		(6.5)		0.6
Debt Service Coverage on Bank Debt	8.35		5.66		---
Debt Service Coverage on Electric Utility Debt	6.19		1.48		3.97

^{fn1} Includes an adjustment to unbilled revenues of (\$2,852) and \$4,863 for CATV and Data/Internet customers, respectively.

^{fn2} Includes an adjustment to unbilled revenues of (\$2,906) and \$1,834 for CATV and Data/Internet customers, respectively.

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

	Budget Estimate	% Increase (Decrease) From Budget	This Year	% Increase (Decrease) Fr. Last Yr.	Last Year
<u>Operating Revenue</u>					
CATV	\$7,285,897	(6.2)	\$6,831,899	fn1 (3.7)	\$7,097,308
Data/Internet	5,693,149	4.1	5,927,277	fn1 7.2	5,528,466
MAN	585,600	29.2	756,646	6.3	711,572
Miscellaneous	139,971	(4.0)	134,438	1.0	133,135
Total Operating Revenues	<u>13,704,617</u>	(0.4)	<u>13,650,260</u>	1.3	<u>13,470,481</u>
<u>Operating Expense</u>					
Operation	9,316,223	(2.2)	9,109,470	4.7	8,702,412
Maintenance	1,043,919	(0.7)	1,036,462	9.2	948,977
Depreciation	1,742,395	(7.1)	1,619,112	(3.2)	1,671,948
Total Operating Expenses	<u>12,102,537</u>	(2.8)	<u>11,765,044</u>	3.9	<u>11,323,337</u>
Operating Income	<u>1,602,080</u>	17.7	<u>1,885,216</u>	(12.2)	<u>2,147,144</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	6,979	5.5X	45,156	84.3	24,498
Interest Expense	<u>(322,221)</u>	(81.6)	<u>(59,152)</u>	24.2	<u>(47,617)</u>
Net Nonoperating Expense	<u>(315,242)</u>	(95.6)	<u>(13,996)</u>	(39.5)	<u>(23,119)</u>
Net Income before Capital Contributions	1,286,838	45.4	1,871,220	(11.9)	2,124,025
Capital Contributions	<u>20,664</u>	(28.1)	<u>14,866</u>	(71.8)	<u>52,715</u>
Change in Net Position	1,307,502		1,886,086		2,176,740
Beginning Net Position	<u>5,661,535</u>		<u>5,661,535</u>		<u>3,484,795</u>
Prior Period Adj. GASB 75 OPEB	---		(54,161)		---
Ending Net Position	<u>\$6,969,037</u>		<u>\$7,493,460</u>		<u>\$5,661,535</u>
Net Income (Loss) to Operating Revenue	9.4		13.7		15.8
Debt Service Coverage on Bank Debt	90.58		254.8		---
Debt Service Coverage on Electric Utility Debt	6.29		6.71		7.34

^{fn1} Includes an adjustment to unbilled revenues of (\$2,852) and \$4,863 for CATV and Data/Internet customers, respectively.

^{fn2} Includes an adjustment to unbilled revenues of (\$2,906) and \$1,834 for CATV and Data/Internet customers, respectively.

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

ASSETS

	<u>2017</u>	<u>2016</u>
Current Assets:		
Cash - interest bearing	\$14,345,581	\$8,257,467
Investments	---	---
Receivables:		
Consumer Accounts	1,470,988	^{fn1} 1,352,418
Interest	9,060	1,346
Inventories	147,529	143,512
Prepaid Expenses	<u>148,024</u>	<u>106,750</u>
Total Current Assets	<u>16,121,182</u>	<u>9,861,493</u>
Property and Equipment:		
At Cost	41,230,740	34,340,412
Less Accumulated Depreciation	<u>28,233,463</u>	<u>27,129,188</u>
Net Property and Equipment	<u>12,997,277</u>	<u>7,211,224</u>
Deferred Outflows of Resources - Pension		
Changes of Assumptions	993,649	425,212
Difference between projected and actual earnings on pension plan	216,292	493,996
Contributions subsequent to measurement date	<u>407,701</u>	<u>350,181</u>
Total Deferred Outflows of Resources - Pension	<u>1,617,642</u>	<u>1,269,389</u>
TOTAL ASSETS	<u>\$30,736,101</u>	<u>\$18,342,106</u>

^{fn1} Includes \$87,178 for unbilled revenues.

^{fn2} Includes \$85,167 for unbilled revenues.

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

LIABILITIES AND NET POSITION

	<u>2017</u>	<u>2016</u>
Current Liabilities:		
<u>Payable from Unrestricted Assets</u>		
Accrued Interest	\$13,931	\$0
Accounts Payable	972,439	615,208
Health & Dental Insurance Provision	45,780	49,280
Retained Percentage on Contracts	88,821	1,341
Accrued Payroll	121,719	105,341
Accrued Vacation	175,590	174,964
Accrued Property Taxes	5,920	6,490
Unearned Revenue - Dark Fiber Lease	17,500	17,500
Miscellaneous Accrued Expenses	120,847	148,786
 Total Payable from Unrestricted Assets	 <u>1,562,547</u>	 <u>1,118,910</u>
<u>Payable from Restricted Assets</u>		
Notes Payable:		
Banks	1,875,198	---
 Total Payable from Restricted Assets	 <u>1,875,198</u>	 ---
 Total Current Liabilities	 <u>3,437,745</u>	 <u>1,118,910</u>
Non-Current Liabilities:		
Health & Dental Insurance Provision	124,111	100,060
Post-Employment Health Benefit Provision	118,266	69,759
Unearned Revenue - Dark Fiber Lease	212,979	237,087
Net Pension Liability	2,481,937	2,013,125
Notes Payable:		
Banks	8,124,802	---
Electric Utility	8,562,844	9,044,287
 Total Non-Current Liabilities	 <u>19,624,939</u>	 <u>11,464,318</u>
Deferred Inflows of Resources - Pension	<u>179,957</u>	<u>97,343</u>
Net Position:		
Net Investment in Capital Assets	2,997,277	7,211,224
Unrestricted	4,496,183	(1,549,689)
 Total Net Position	 <u>7,493,460</u>	 <u>5,661,535</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$30,736,101</u>	 <u>\$18,342,106</u>

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

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$1,033,469	\$13,054,699
Advertising sales	32,906	341,621
Miscellaneous sources	8,688	125,591
Cash paid to/for:		
Suppliers	(512,755)	(5,693,428)
Employees payroll, taxes and benefits	<u>(403,343)</u>	<u>(4,078,587)</u>
Net cash flows from operating activities	<u>158,965</u>	<u>3,749,896</u>
Cash flows from capital and related financing activities:		
Capital expenditures, net	(368,311)	(7,172,559)
Bank Loan	10,000,000	10,000,000
Loan principal payments	(481,443)	(481,443)
Loan interest payments	<u>(22,611)</u>	<u>(45,222)</u>
Net cash flows from capital and related financing activities	<u>9,127,635</u>	<u>2,300,776</u>
Cash flows from investing activities:		
Interest received on investments	<u>4,027</u>	<u>37,442</u>
Net cash flows from investing activities	<u>4,027</u>	<u>37,442</u>
Net increase in cash and investments	<u>9,290,627</u>	<u>6,088,114</u>
Cash and investments at beginning of period	<u>5,054,954</u>	<u>8,257,467</u>
Cash and investments at end of period	<u>\$14,345,581</u>	<u>\$14,345,581</u>

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

	<u>Current</u> <u>Month</u>	<u>Year-</u> <u>To-Date</u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	(\$66,424)	\$1,885,216
Noncash items in operating income:		
Converter/modem write-off	2,321	19,660
Depreciation of utility plant	134,926	1,619,112
Change in deferred inflows of resources - pension	82,614	82,614
Change in deferred outflows of resources - pension	(49,828)	(348,253)
Changes in assets and liabilities:		
Consumer accounts receivable	(157,094)	(118,570)
Inventories	(2,759)	(4,017)
Prepaid and deferred expenses	61,195	(41,274)
Accounts payable	(9,484)	119,830
Net pension liability	133,596	468,812
Health & dental insurance provision	10,294	20,551
Other post-employment benefit provision	(9,400)	(5,654)
Unearned revenue	(459)	(24,108)
Retained percentage on contracts	2,165	87,480
Accrued payroll	16,329	16,378
Accrued vacation	(13,325)	626
Accrued property taxes	493	(570)
Miscellaneous accrued expenses	<u>23,805</u>	<u>(27,937)</u>
Net cash flows from operating activities	<u><u>\$158,965</u></u>	<u><u>\$3,749,896</u></u>

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

	Budget Estimate	This Year	Last Year
CATV			
Program Acquisition Expense (751-758)	\$374,174	\$353,860	\$400,247
Promotional Expense (960)	5,838	15,320	1,178
Electricity Expense (736)	2,235	2,513	2,813
Pole Attachment Expense (715)	1,967	3,949	3,598
Changes of Service (742)	1,169	811	1,101
Underground Line Expense (743)	9,058	2,865	1,420
Ad Insertion - Marketing/Production (964, 965)	8,598	8,075	6,822
Miscellaneous CATV Expense (710, 738, 739)	14,574	22,592	14,725
Vehicle Expense (760)	4,808	5,176	3,037
Maintenance:			
Fiber (711)	722	871	7,890
Coax (712)	1,229	205	395
Drops (713)	3,386	3,113	812
Conduit System (714)	1,285	103	1,139
Headend (721-725)	21,487	26,220	18,171
Line Equipment (731-735)	2,457	2,327	2,720
Converters (741)	3,821	1,598	2,088
Ad Insertion (966)	3,450	5,176	3,072
Vacation, Holiday, Sick Leave (799)	8,432	9,465	9,782
Property Taxes (794)	731	286	314
Depreciation (793)	<u>84,951</u>	<u>76,631</u>	<u>82,721</u>
Total CATV	<u>554,372</u>	<u>541,156</u>	<u>564,045</u>
Data/Internet			
Data/Internet Access Charges (851-853)	28,019	28,613	24,824
Promotional Expense (961)	5,838	16,112	1,214
Electricity Expense (836)	394	334	338
Pole Attachment Expense (837)	346	694	632
Changes of Service (842)	206	270	194
Customer Wireless Equipment Expense (846)	---	---	---
Underground Line Expense (843)	390	955	251
Miscellaneous Data/Internet Expense (839, 844, 848)	5,206	6,515	6,188
Vehicle Expense (860)	803	629	361
Maintenance:			
Fiber (811)	125	363	1,388
Coax (813)	217	68	70
Drops (814)	2,314	1,038	143
Conduit System (816)	196	43	200
Headend (820, 821)	22,147	34,244	21,400
Line Equipment (831-835)	398	520	461
Modems (841)	4,221	2,287	2,730
Vacation, Holiday, Sick Leave (879)	4,329	5,109	4,500
Property Taxes (894)	128	50	55
Depreciation (893)	<u>27,909</u>	<u>26,898</u>	<u>25,111</u>
Total Data/Internet	<u>103,186</u>	<u>124,742</u>	<u>90,060</u>

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

	Budget Estimate	This Year	Last Year
CATV			
Program Acquisition Expense (751-758)	\$4,591,805	\$4,330,174	\$4,292,822
Promotional Expense (960)	76,150	36,834	9,090
Electricity Expense (736)	26,820	30,300	29,466
Pole Attachment Expense (715)	23,608	25,589	25,235
Changes of Service (742)	13,515	13,105	16,792
Underground Line Expense (743)	89,157	44,972	27,313
Ad Insertion - Marketing/Production (964, 965)	98,598	101,793	87,109
Miscellaneous CATV Expense (710, 738, 739)	172,852	231,115	195,094
Vehicle Expense (760)	58,607	54,506	62,096
Maintenance:			
Fiber (711)	8,543	15,293	18,062
Coax (712)	14,754	8,868	11,066
Drops (713)	40,453	29,557	24,576
Conduit System (714)	18,340	10,292	13,405
Headend (721-725)	256,224	260,762	223,421
Line Equipment (731-735)	32,956	34,958	53,285
Converters (741)	46,141	30,205	23,315
Ad Insertion (966)	41,369	57,682	54,594
Vacation, Holiday, Sick Leave (799)	70,253	79,673	67,999
Property Taxes (794)	8,770	3,268	3,452
Depreciation (793)	<u>1,019,411</u>	<u>919,572</u>	<u>992,652</u>
Total CATV	<u>6,708,326</u>	<u>6,318,518</u>	<u>6,230,844</u>
Data/Internet			
Data/Internet Access Charges (851-853)	320,430	318,419	311,073
Promotional Expense (961)	76,150	37,044	9,574
Electricity Expense (836)	4,728	4,077	4,439
Pole Attachment Expense (837)	4,152	4,500	4,438
Changes of Service (842)	2,385	4,368	2,963
Customer Wireless Equipment Expense (846)	---	240	---
Underground Line Expense (843)	4,013	14,540	4,820
Miscellaneous Data/Internet Expense (839, 844, 848)	63,494	94,416	79,084
Vehicle Expense (860)	9,631	6,579	7,527
Maintenance:			
Fiber (811)	1,475	6,372	3,176
Coax (813)	2,604	2,956	1,953
Drops (814)	27,727	9,804	4,337
Conduit System (816)	2,548	4,288	2,329
Headend (820, 821)	330,211	386,196	341,594
Line Equipment (831-835)	5,176	9,556	9,101
Modems (841)	53,152	37,767	54,450
Vacation, Holiday, Sick Leave (879)	35,702	36,880	33,299
Property Taxes (894)	1,542	575	610
Depreciation (893)	<u>334,913</u>	<u>322,776</u>	<u>301,332</u>
Total Data/Internet	<u>1,280,033</u>	<u>1,301,353</u>	<u>1,176,099</u>

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN</u>			
Pole Attachment Expense (838)	\$1,079	\$2,265	\$2,067
Tools Expense (845)	208	903	358
Maintenance:			
Fiber (812)	398	581	4,326
Conduit System (817)	696	2,468	624
MAN Equipment (818, 819)	3,416	2,259	5,690
Vacation, Holiday, Sick Leave (899)	655	422	420
Property Taxes (896)	401	157	172
Depreciation (840)	<u>22,135</u>	<u>22,038</u>	<u>21,854</u>
Total MAN	<u>28,988</u>	<u>31,093</u>	<u>35,511</u>
<u>Customer Service Expense</u>			
Customer Information Expense (909)	<u>2,783</u>	<u>6,601</u>	<u>3,878</u>
<u>Consumer Accounts</u>			
Supervision (901)	2,778	1,974	2,287
Consumer Records and Collections (903)	47,616	43,258	42,567
Uncollectible Accounts Expense (904)	1,574	(7,281)	2,442
Vacation, Holiday, Sick Leave (906)	<u>8,425</u>	<u>7,791</u>	<u>8,578</u>
Total Consumer Accounts	<u>60,393</u>	<u>45,742</u>	<u>55,874</u>
<u>Administrative and General</u>			
Administrative and General Salaries (920)	80,537	61,756	69,676
Office Supplies and Expense (921)	3,938	4,637	4,192
Outside Services Employed (923)	8,925	11,799	14,647
Property Insurance (924)	1,206	1,173	1,132
Casualty Ins, Injuries & Damages (925)	7,632	4,728	25,730
Employee Pensions and Benefits (926)	94,905	323,664	210,757
Fringe Benefits Charges to Construction (927)	(5,769)	(7,569)	(6,427)
Rents (931)	9,656	9,656	9,375
Miscellaneous General Expense (930)	9,788	4,657	4,131
Maintenance of General Plant (932)	6,232	14,146	5,335
Vacation, Holiday, Sick Leave (936)	20,219	21,450	19,076
Depreciation (933)	<u>10,204</u>	<u>9,359</u>	<u>9,643</u>
Total Administrative and General	<u>247,473</u>	<u>459,456</u>	<u>367,267</u>
Total Operating Expenses	<u><u>\$997,195</u></u>	<u><u>\$1,208,790</u></u>	<u><u>\$1,116,635</u></u>

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

	Budget Estimate	This Year	Last Year
<u>MAN</u>			
Pole Attachment Expense (838)	\$12,944	\$15,231	\$14,836
Tools Expense (845)	2,500	3,052	1,124
Maintenance:			
Fiber (812)	4,711	12,291	9,903
Conduit System (817)	9,807	9,261	7,262
MAN Equipment (818, 819)	76,640	37,239	47,090
Vacation, Holiday, Sick Leave (899)	5,335	3,516	3,669
Property Taxes (896)	4,808	1,792	1,893
Depreciation (840)	<u>265,616</u>	<u>264,456</u>	<u>262,248</u>
Total MAN	<u>382,361</u>	<u>346,838</u>	<u>348,025</u>
<u>Customer Service Expense</u>			
Customer Information Expense (909)	<u>52,635</u>	<u>34,045</u>	<u>23,193</u>
<u>Consumer Accounts</u>			
Supervision (901)	32,849	31,923	32,439
Consumer Records and Collections (903)	568,546	575,856	525,217
Uncollectible Accounts Expense (904)	18,888	10,033	19,151
Vacation, Holiday, Sick Leave (906)	<u>68,815</u>	<u>65,784</u>	<u>71,975</u>
Total Consumer Accounts	<u>689,098</u>	<u>683,596</u>	<u>648,782</u>
<u>Administrative and General</u>			
Administrative and General Salaries (920)	952,709	923,803	919,522
Office Supplies and Expense (921)	54,154	51,472	43,837
Outside Services Employed (923)	147,304	122,303	121,110
Property Insurance (924)	14,248	13,954	13,705
Casualty Ins, Injuries & Damages (925)	92,423	83,312	143,320
Employee Pensions and Benefits (926)	1,140,752	1,336,447	1,162,047
Fringe Benefits Charges to Construction (927)	(69,275)	(80,028)	(68,278)
Rents (931)	115,875	115,875	112,500
Miscellaneous General Expense (930)	181,012	164,089	139,237
Maintenance of General Plant (932)	71,088	73,115	46,058
Vacation, Holiday, Sick Leave (936)	167,339	164,044	147,620
Depreciation (933)	<u>122,455</u>	<u>112,308</u>	<u>115,716</u>
Total Administrative and General	<u>2,990,084</u>	<u>3,080,694</u>	<u>2,896,394</u>
Total Operating Expenses	<u>\$12,102,537</u>	<u>\$11,765,044</u>	<u>\$11,323,337</u>

Muscatine Power and Water - Communications Utility
Statistical Data
December 2017

<u>Services</u>	<u>Budget Estimate</u>	<u>% Increase (Decrease) From Budget</u>	<u>This Year</u>	^{fn1} <u>Fr. Last Yr.</u>	<u>% Increase (Decrease) Fr. Last Yr.</u>	<u>Last Year</u>	^{fn1}
			<u> </u>		<u> </u>		
<u>CATV</u>							
Residential	5,229	(2.8)	5,084	(6.3)		5,426	
Commercial/Hospitality	<u>149</u>	7.4	<u>160</u>	0.6		<u>159</u>	
Total CATV	<u>5,378</u>	(2.5)	<u>5,244</u>	(6.1)		<u>5,585</u>	
Bulk Equivalent Services	<u>368</u>	(13.0)	<u>320</u>	(10.4)		<u>357</u>	
Bulk Master Services	<u>24</u>	---	<u>25</u>	0.0		<u>25</u>	
<u>Internet</u>							
Residential	7,900	1.8	8,040	3.6		7,762	
Commercial	<u>512</u>	4.9	<u>537</u>	5.7		<u>508</u>	
Total Internet	<u>8,412</u>	2.0	<u>8,577</u>	3.7		<u>8,270</u>	
<u>MAN</u>	<u>80</u>	7.5	<u>86</u>	1.2		<u>85</u>	

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

Communications Utility

Review of Operating Results

December 2017

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

(Unfavorable)/
 Favorable
 Compared to
 Budget

Operating Revenue

CATV Revenue

\$	(782,585)	Lower CATV revenues due to fewer subscribers (5,244 actual vs. 5,378 budget), incorrect prices in budget, broadcast fee has been pulled out of packages and different rate increase than budget
	(186,800)	Bulk lower because budgeted upgrades are recorded in basic and select, broadcast fee has been pulled out and different rate increase than budget
	528,365	New broadcast fee pulled out of packages
	81,401	Lower marketing promotional discounts (\$282,514 actual vs. \$363,915 budget) due to fewer overall subscribers and fewer promotional discounts
	(19,208)	Lower VOD/PPV sales due to fewer subscribers and less buys
	(39,439)	Lower ad sales
	(39,289)	Lower converter rentals due to less subscribers
	3,557	Other miscellaneous variances - net
	<u>(453,998)</u>	

Data/Internet Revenue

740,416	Higher cable modem revenues due to higher subscribers (8,412 actual vs. 8,577 budget) and more subscribers taking a higher level of service
(545,454)	Fiber service has not yet become available
(37,564)	VoIP service has not yet become available
(7,079)	Lower Wimax revenues than budgeted
(6,132)	Higher promotional discounts due to higher subscribers (\$102,132 actual vs. \$96,000 budget)
37,869	Higher modem rentals due to more subscribers
40,100	Higher Wi-fi @ Home due to more subscribers
11,972	Other miscellaneous variances - net
<u>234,128</u>	

MAN

Miscellaneous Revenue

171,046	More subscribers than budgeted and new contracts
(4,871)	Job sales lower than budgeted
(662)	Other miscellaneous variances - net
<u>(5,533)</u>	

Operating Expense

Operation

261,631	Lower programming due to fewer subscribers and lower negotiated contracts
58,177	Lower labor than budgeted
(14,389)	Miscellaneous CATV materials are over budget
8,944	Lower promotional/education than budgeted
6,182	Memberships and subscriptions lower than budgeted
10,752	More labor charged to capital projects than budgeted
7,622	Lower fuel expense
3,970	Organizational development expenses not fully expended
14,349	Lower legal costs
15,410	FTTH graphic design expense not fully expended
34,591	FTTH promotional expense not incurred, vehicle wraps etc.
6,000	Employee search services not needed
16,200	Succession planning expenses, not incurred
17,409	Lower FICA than budgeted
24,449	Health care expenses lower than budgeted
9,111	Insurance and workers' compensation expenses are lower than budget
(245,184)	Pension expense is over budget due to GASB 68 adjustments
10,708	Implementation of GASB 75 adjustment
8,855	Uncollectible accounts estimate is lower than budgeted
3,672	Miscellaneous customer records and collections supplies greater than budgeted
(6,361)	Temp labor over budget
(19,256)	Travel and training over budget, including FTTH training budgeted in 2016
<u>(26,089)</u>	Other miscellaneous variances - net
<u>206,753</u>	

Maintenance

(29,202)	Higher maintenance agreements, for bandwidth monitoring equipment , CMTS and IS (timing)
31,985	Lower labor
48,302	Fewer drop repairs
(6,778)	Fiber repairs are over budget

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

	(5,876) Maintenance of CATV converters higher than budget
	7,449 Credit for headend equipment returned in 2016
	(17,304) Other headend expenses are over budget due to custom programming
	3,600 Memberships and subscription under budget
	(14,793) Miscellaneous small upgrades to business applications are over budget
	(6,210) Costs for maintenance of MAN equipment is greater than budget
	(3,716) Other miscellaneous variances - net
	<u>7,457</u>
Depreciation	<u>123,283</u> Lower depreciation due to fewer fixed assets purchases in 2016 than anticipated
Nonoperating Revenue (Expense)	
Interest Income	38,177 More interest income due to higher cash balances
Interest Expense	<u>263,069</u> Lower borrowing than anticipated; loan fees were budgeted but not actually incurred
	<u>301,246</u> More interest income due to higher cash balances
Change in Net Position before Capital Contributions	<u>584,382</u>
Prior Period Adj. for GASB 75 OPEB	(54,161) GASB 75 implemented requiring adjustment to previous year's net position
Capital Contributions	<u>(5,798)</u>
Change in Net Position	<u>\$ 524,423</u> Total Variance from Budgeted Net Position

Statement of Revenues, Expenses and Changes in Net Position

Operating Revenues

CATV

	2018 Budget	2017 Actual	2016 Actual
Customers	5,378	5,244	5,585
Revenue:			
Basic	\$ 212,675	\$ 167,235	\$ 206,944
Select	4,409,047	3,757,651	4,167,304
Preferred	688,913	679,129	749,136
Premium	316,430	240,465	296,362
Bulk	425,345	238,545	272,286
Broadcast fee	-	528,365	-
PPV	29,353	30,505	27,489
VOD	<u>123,392</u>	<u>103,032</u>	<u>133,788</u>
Subtotal	\$ 6,205,155	\$ 5,744,927	\$ 5,853,309
Set top box rentals	993,905	954,616	1,009,313
Ad insertion revenue	400,000	360,561	487,379
Other CATV revenues	<u>50,752</u>	<u>54,309</u>	<u>59,280</u>
Gross CATV revenue	\$ 7,649,812	\$ 7,114,413	\$ 7,409,281
Discounts	<u>(363,915)</u>	<u>(282,514)</u>	<u>(311,973)</u>
Net CATV Revenue	<u>\$ 7,285,897</u>	<u>\$ 6,831,899</u>	<u>\$ 7,097,308</u>
Net Monthly Revenue per Subscriber	\$ 169.34	\$ 162.85	\$ 158.85

- Basic, Select and Bulk revenues are under budget because the broadcast fee has been reallocated to a separate revenue account and the overall rate increase is lower than budget.
- Select revenue was budgeted at an incorrect price and service upgrades for bulk customers were budgeted in bulk revenue instead of select or preferred.
- Broadcast fee revenue was not budgeted because it was implemented in the current year in lieu of the full budgeted rate increase.
- VOD movie revenues are lower due to fewer CATV subscribers and a lower buy rate.
- Set-top box rentals are lower than budget due to fewer CATV subscribers.
- Ad insertion revenues are lower due to fewer ads sold.
- Discounts are less than budgeted due to fewer overall subscribers and fewer promotional discounts.

Internet Revenue

	2018 Budget	2017 Actual	2016 Actual
Customers	8,412	8,577	8,270
Revenue:			
Cable modem	\$ 4,576,662	\$ 5,317,078	\$ 4,959,282
Fiber service	545,942	488	-
Voice service	37,564	-	-
Wi-fi @ Home	228,643	268,743	222,931
Wimax	100,068	92,989	100,940
Modem rentals	261,068	298,937	286,890
Other internet revenues	39,203	51,174	47,757
Gross internet revenues	\$ 5,789,150	\$ 6,029,409	\$ 5,617,800
Discounts	(96,000)	(102,132)	(89,334)
Net internet revenues	<u>\$ 5,693,150</u>	<u>\$ 5,927,277</u>	<u>\$ 5,528,466</u>
Net monthly revenue per subscriber	\$ 84.60	\$ 86.38	\$ 83.56

- Cable modem revenues are higher due to more subscribers and more subscribers taking a higher level of service.
- Wi-fi @ home is higher due to more subscribers.
- Fiber and voice service were anticipated to be available in August. However, fiber and voice services will not be available until early 2018.

MAN

Revenue is \$171,046 higher than budget mostly due to more subscribers and new contracts.

Miscellaneous Revenues

Miscellaneous revenues are under budget \$5,533, primarily due to lower than budgeted job sales revenue.

Nonoperating Revenue (Expense)

- Interest income is over budget \$38,177 due to higher than projected cash balances.
- Interest expense is lower than budget due to a lower borrowing than budgeted (\$10,000,000 actual vs. \$12,000,000 budget). In addition, there were no loan fees on the loan, which were budgeted at \$240,000.
- The current year financials reflect an adjustment of prior period net position due to implementation of GASB 75. GASB 75 is related to recording expense and liability related to future benefits provided to retirees.

Year-To-Date Summary of ExpensesCATVProgram Acquisition Expense – (751 to 758)

Programming is lower due to lower subscribers than budgeted.

	<u>2017 Budget</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
Basic	\$ 851,758	\$ 830,226	\$ 787,078
Select	2,632,599	2,479,888	2,439,230
Preferred	428,563	403,703	397,085
Premium	227,236	185,832	236,216
Digital	347,676	338,945	326,322
Pay-per-View	19,914	22,273	18,922
Video on Demand	<u>84,059</u>	<u>69,307</u>	<u>87,969</u>
Total	<u>\$4,591,805</u>	<u>\$4,330,174</u>	<u>\$4,292,822</u>

Basic, select, preferred and premium programming are lower than budget due to negotiated contracts coming in lower than budgeted and fewer subscribers.

Promotional Expense – (960)

- Temp services, mileage and phone expenses for DSRs are under budget \$24,807 due to a delay in FTTH project. Expenses for these items began in September when two DSRs were hired.
- Vehicle rewraps budgeted for \$9,250 have not yet been completed.
- FTTH promotional expenses of \$8,151 were budgeted but have not been incurred.

Underground Line Expense - (743)

- Labor is under budget \$44,831 due to more hours budgeted for FTTH locates but not actually utilized yet due to a delay in the timing of the project.

Miscellaneous CATV Expense – (740)

- Labor is over budget \$23,288.
- Temp services of \$20,586 were not budgeted.
- Remotes are under budget \$3,677.
- Tools are over budget \$7,867.
- Write-off of net book value of boxes are under budget by \$6,218.
- Other miscellaneous materials are over budget \$16,417.

Vehicle Expense – (760)

- Labor is below budget \$1,802.
- Fuel expense is lower than budget by \$4,778.
- Other miscellaneous materials are over budget \$2,479.

CATV (cont'd)Maintenance of Fiber - (711)

- Materials are over budget \$6,778.

Maintenance of Coax - (712)

- Labor is under budget \$4,186.
- Materials are under budget \$1,700.

Maintenance of Drops - (713)

- Labor is over budget \$12,894.
- Materials are under budget \$23,790.

Maintenance of Conduit – (714)

- Labor is under budget \$7,551.

Maintenance of Headend – (721-725)

- Total labor is under budget by \$53,998.
- Maintenance agreements are over budget \$41,233. The video encryption and VOD equipment maintenance agreements were not budgeted.
- Miscellaneous materials are over budget \$17,304 primarily for custom programming related to add and activate services and boxes in the field.

Maintenance of Converters – (741)

- Labor is under budget \$21,813.
- Materials over budget \$5,876 due to the cost of equipment repairs exceeding budget.

Maintenance of Ad Insertion- (966)

- Labor is over budget \$13,417.
- Maintenance agreements are over budget \$2,896.

Vacation, Holiday, Sick Leave – (799)

- Sick, personal, and vacation is over budget \$9,420 due to an employee's extended absence.

Property Taxes – (794)

- Property taxes are below budget by \$5,500 due to a reduction in valuation of assets.

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.

InternetPromotional Expense – (961)

- Labor is over budget \$2,891.
- Temp services, mileage and phone expenses for DSRs are under budget \$24,807 due to delay in FTTH project. Expenses for these items began in September when two DSRs were hired.
- Vehicle rewraps budgeted for \$9,250 have not yet been done.
- FTTH promotional expenses of \$7,940 were budgeted but have not been incurred.

Underground Line Expense - (843)

- Labor is over budget \$9,694.

Miscellaneous Data/Internet Expense – (847)

- Labor is over budget \$20,000.
- Temp services of \$6,862 were not budgeted.
- Other miscellaneous materials are over budget \$4,058.

Maintenance of Drops – (814)

- Labor is over budget \$6,589.
- Materials are under budget \$24,512.

Maintenance of Headend – (820, 821)

- Labor is over budget \$52,801.
- Maintenance agreements are over budget by \$11,230.
- A credit for a piece of equipment purchased in 2016 was received in 2017 for \$7,449.

Maintenance of Line Equipment – (831-835)

- Labor is over budget \$4,213.

Maintenance of Modems – (841)

- Labor is under budget \$15,386.

Depreciation – (893)

Depreciation is lower than budget due to lower than expected expenditures for modems, 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.

MANMaintenance of MAN Equipment – (818, 819)

- Labor is under budget \$28,167.
- Maintenance agreements are under budget \$17,445.
- Other miscellaneous materials are over budget \$6,210.

Customer Service ExpenseCustomer Information Expense – (909-Marketing)

	2017 Budget	2017 Actual	2016 Actual
Promotion/Education Expense	\$ 19,596	\$ 10,652	\$ 4,907
Giveaways	7,968	6,650	-
Media Advertising	11,106	11,895	10,704
Newsletter	3,515	3,259	3,212
Postage	10,450	-	2,022
Other	-	1,589	2,348
	<u>\$ 52,635</u>	<u>\$ 34,045</u>	<u>\$ 23,193</u>

Customer Records and Collections – (903)

- Labor is under budget \$21,994.
- Temp services are over budget \$14,939.
- Postage is under budget \$2,541.
- Travel and training is over budget \$13,234, due to FTTH training which was budgeted in 2016 but not done until 2017.
- Miscellaneous supplies are over budget \$3,672.

Uncollectible Accounts Expense – (904)

- The allowance for uncollectible accounts was adjusted in December to reflect the current estimate in accounts receivable.

Administrative & GeneralA&G Salaries – (920)

- Salaries in the Information Systems and Data Tech departments are under budget by a combined \$36,000 due to vacancies.
- Salaries in the Marketing, Purchasing and Cable Tech departments are over budget by a combined \$18,000 due to dual incumbents and overtime, respectively.

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

	Responsibility	2017	2017	2016
		Code	Budget	Actual
Succession Planning	110-Sal	\$ 16,200	\$ -	\$ -
Organizational Development	120-Sal	9,000	5,030	9,837
Consulting Services	120-Sal	-	873	-
Legal Fees	140-Brandy	10,200	828	2,863
Employment Legal Fees	140-Brandy	1,200	-	-
Communications Legal Fees	140-Brandy	10,000	6,223	8,331
MCC Public Access	224-Rick	56,663	56,695	56,191
Web/Graphics Services	224-Rick	1,085	6,461	438
FTTH Design	224-Rick	20,000	4,590	-
Training	224-Rick	-	11,260	-
Insurance Advisor	310-Jerry	6,048	6,048	6,048
Audit Fees	320-Cassie	6,240	4,418	7,343
GASB 45 Actuarial Update	320-Cassie	960	900	-
IS Department Review	350-Greg	-	2,353	5,485
IS Outside Professional Services	350-Greg	-	3,673	-
Pension Study	410-Erika	-	3,000	5,546
Benefits Consulting	410-Erika	3,576	3,888	3,576
Employee Search Services	410-Erika	6,000	-	-
509A Actuary	410-Erika	132	117	120
Other Misc HR Expenses	410-Erika	-	233	-
Communications Consulting - IUB/FCC	920-Beecher	-	3,600	-
Security Assessment	920-Beecher	-	-	5,300
Transport Network Study	920-Beecher	-	-	3,983
Organizational Development	920-Beecher	-	2,113	6,049
		<u>\$147,304</u>	<u>\$122,303</u>	<u>\$121,110</u>

Casualty Insurance, Injuries and Damages – (925)

- Insurance expense is lower than budget \$4,541.
- Workers' compensation expense is lower than budget \$4,570.

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

	2017 Budget	2017 Actual	2016 Actual
Health care cost	\$ 455,448	\$ 430,999	\$ 409,606
Pension	365,690	610,874	465,066
FICA	226,550	209,141	198,029
Deferred compensation	39,360	37,748	33,686
Dental	18,480	17,294	17,885
Life, LTD & ADD	16,709	18,880	15,682
OPEB	5,053	(5,655)	5,053
Other expenses	<u>13,462</u>	<u>17,166</u>	<u>17,040</u>
	<u>\$ 1,140,752</u>	<u>\$ 1,336,447</u>	<u>\$ 1,162,047</u>

- OPEB expense is negative due to implementation of new GASB 75 which decreased the liability to be recorded.
- Pension expense is higher than budgeted due to GASB 68 adjustments.

Fringe Benefits Charged to Construction – (927)

More labor has been charged to capital projects than budgeted.

Miscellaneous General Expense – (930)

- Labor is under budget \$21,687.
- Memberships and subscriptions are below budget \$4,370.
- Travel & training are over budget by \$6,021.
- Temp services are over budget by \$4,326.

Maintenance of General Plant – (932)

- Maintenance agreements in information systems are under budget \$13,700.
- Memberships & subscriptions are below budget \$3,600.
- Miscellaneous small upgrades to business applications are over budget \$14,793.

Depreciation – (933)

Depreciation is lower than budget due to lower than expected expenditures for equipment prior to year-end 2016. This type of equipment has a five-year life.

Communications Utility
Statement of Net Position Review
December 2017

<u>Current Assets</u>	<u>2017</u>	<u>2016</u>
<u>Receivables - Consumer Accounts</u>		
Customer Communications Accounts	\$1,221,700	\$1,154,276
Unbilled Revenue	87,178	85,167
Merchandise Accounts	168,474	122,388
Allowance for Doubtful Accounts	(6,364)	(9,413)
	<u><u>\$1,470,988</u></u>	<u><u>\$1,352,418</u></u>
<u>Inventories</u>		
Inventory	\$145,638	\$144,247
Stores Expense (a/c 163)	1,891	(735)
	<u><u>\$147,529</u></u>	<u><u>\$143,512</u></u>
<u>Prepaid Expenses</u>		
Prepaid Insurance	\$59,649	\$59,571
Prepaid Maintenance Contracts	80,723	34,031
Griffin Media Research	5,467	—
Wageworks	2,010	—
Travel advances	—	3,896
Other Prepaid Expenses	175	9,252
	<u><u>\$148,024</u></u>	<u><u>\$106,750</u></u>
<u>Current Liabilities</u>		
<u>Accounts Payable (amounts over \$2,500 itemized)</u>		
Pole Rental	\$41,623	—
4Imprint - promotional items	19,720	—
Associated Computer Systems - Network Supv augmentation	2,543	—
Atlantic Engineering Group - FTTH	42,344	—
Big 10 - programming fee	9,919	9,616
BillTrust - bill processing	—	2,881
CDW-G - wireless equip	—	6,134
Centurylink - tel/access fees	5,671	5,579
City of Muscatine - Mississippi Dr project	4,150	—
Cogsdale - business system implementation	6,282	13,981
Comcast Sportsnet Chicago - programming fee	23,843	23,650
Comsonics - multimeter repair	2,984	—
Dascom Systems Group - satellites	30,024	30,347
Finley Engineering - services	16,589	—
Fox Sports Net Midwest - programming fee	22,351	22,631
Gray Television - programming fee	14,187	—
Graybar Electric - fiber jumper	3,158	—
Harris - programming	4,499	—
Inca Networks - modular chassis	—	13,874
Innovative Systems - hard drives	9,584	—
Insight Direct - routers	14,923	—
Iphotonix - terminals	159,612	—
KGCW - programming fee	180,667	116,594
LIN Television - programming fee	—	13,529
MCC - public access	14,394	14,028
MP Nextlevel - equipment installation	16,554	—
MRV Optical Communications - MAN equipment	—	6,841
Natl Cable TV Coop - programming fee	207,027	211,292
Nexstar - programming fee	29,532	28,288
Power & Tel - terminals	4,239	4,628
Rovi Guides - programming fee	8,806	9,025
Showtime Networks - programming fee	2,074	2,336
S&O Aerial Construction - svc delash fiber	—	5,347
Sycamore Printing - yard signs	4,977	2,923
Telco Systems - console cable demo	—	7,449
Tower Distribution - programming fee	18,138	14,465
Univision - programming fee	6,630	6,693
Vubiquity - programming fee	7,386	9,008
Other	38,009	34,069
	<u><u>\$972,439</u></u>	<u><u>\$615,208</u></u>
<u>Miscellaneous Accrued Expenses</u>		
Sales/Use Tax Collections Payable	\$12,514	\$20,868
Franchise Fees Payable	41,472	46,252
Payroll Tax Collections Payable	22,573	21,291
Workers' Comp Self Insurance Reserves	44,086	60,375
	<u><u>\$120,645</u></u>	<u><u>\$148,786</u></u>

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

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

Items equal to or greater than \$25,000	
(Unfavorable)/ Favorable Compared to Budget	
Sales of Electricity	
Native System Sales	\$ 604,591 2.6% higher average sales price (\$.06886/kWh versus \$.06714/kWh budgeted), offset by 1.5% lower kWhs sold
Wholesale Sales	2,177,038 9.1% higher kWhs sold; offset by a 0.7% lower average sale price (\$.03313/kWh versus \$.03336/kWh)
	2,781,629
Steam Sales	2,854,775 82.6% higher pounds of steam sold, offset by a 7.1% lower average sales price
Other Revenue	
Miscellaneous Revenue	79,582 Higher job sales, net of expenses 83,015 IAMWind payment 24,952 Other miscellaneous variances - net 187,549
Operating Expense	
Purchased Power - Native System	(2,244,932) Average purchase price is 10.2% higher (\$.02926/kwh vs \$.02654/kwh), offset by 1.2% lower kWhs purchased
Purchased Power - Wind	(147,628) 11.5% higher kWhs purchased 2,392,560
Production Fuel	(2,456,931) 19.9% or 111,383 higher coal tons burned, offset by a 3.9% lower price/ton (123,365) Unit 8's natural gas usage was not budgeted 63,397 Lower gasoline/diesel fuel usage for dozers 26,732 Lower fly ash handling expense (75,429) CCR compliance costs were not budgeted 96,551 Other miscellaneous variances - net 2,469,045
Emissions Allowance	290,220 Market price lower than assumed
Operation	(56,205) Higher bottom ash handling expense due to timing 55,835 Lower gas usage for auxiliary boiler 86,028 PAC (powdered activated carbon) injection system costs were lower 31,500 Lower scrubber waste handling expenses (42,442) Higher water expense for power plants (96,629) Higher cost for IDNR Title V permit fee 96,000 Environmental permitting fee, not expended 50,000 Effluent limit guidelines study, not performed 162,804 Lower cost for stack emission testing 37,000 Relative accuracy test audits not performed (53,167) Higher cost for continuous emissions monitoring system consulting 50,000 Unit 9 levee pipe inspection, not performed 68,496 Lower cost for rail car storage, switching costs, and administration fees 339,548 Lower cost for MISO's multi-value and market efficiency transmission projects 103,000 Transmission coordination study, not completed 25,000 Relay technician consultant, not utilized (57,463) Transmission pricing zone study, not budgeted 31,881 Fewer energy efficiency rebates 39,321 Lower bad debt expense 109,350 Succession planning costs, not expended 61,399 Board legal service not expended 44,081 Environmental/regulatory legal service not expended 31,900 CIP compliance consulting, not expended (40,675) IS department professional services and review, not budgeted

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

(Unfavorable)/ Favorable Compared to Budget	Items equal to or greater than \$25,000
	30,690 Lower general liability insurance costs
	(1,574,152) Higher cost for pension
	132,744 Lower healthcare costs
	49,929 Lower FICA expense
	58,127 OPEB liability decreased
	(141,172) Higher unemployment expenses
	52,272 Higher fringe charged to construction
	38,264 Lower cost for continuous improvement
	30,000 CIP low impact site compliance, not expended
	26,190 Lower cost for gasoline/diesel fuel
	191,245 Less training/travel
	(31,237) Higher cost for temporary labor services
	172,207 Lower labor cost
	31,506 Lower vacation accrual
	<u>215,979</u> Other miscellaneous variances - net
	<u>359,154</u>

Maintenance	(38,824) Higher elevator maintenance costs 28,000 Contracted utility work not utilized 201,749 Lower cost for Unit 9 boiler roof and other roof repairs 33,587 Lower bottom ash system materials expense (58,393) Repair auxiliary boiler steam line under RR crossing, not budgeted (29,019) Unit 8 boiler cyclone weld repairs, not budgeted (29,899) Unit 8 grit blasting & boiler tube inspection, not budgeted (26,378) Unit 8 boiler cyclone inspection, not budgeted 125,000 Unit 8 boiler layup costs not completed (29,923) Replacement of 9B pulverizer ceramic tile on the journal inner cone not budgeted 69,903 Lower cost for pulverizer journal rebuild/repair 51,712 Lower cost for routine pulverizer maintenance 26,552 Unit 9 sootblower rebuild, not completed (77,459) Higher cost for Unit 9 superheater temperator inspection (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 71,364 Lower cost for fuel piping inspection and replacement 40,500 Miscellaneous boiler tube repairs, not needed 37,755 Lower cost to replace Unit 9 hot & cold reheat drip leg switches (32,122) Higher cost for absorber spray pump inspection and repair 25,391 Refurbishment of Unit 9 transformer rectifier precipitator, not complete 28,290 Lower cost for miscellaneous FGD equipment repairs (123,037) Higher cost for Unit 9 turbine & control valves inspection/overhaul (27,686) Unit 9 generator reliability standards testing, not budgeted 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 108,180 Unit 8 turbine layup costs not completed 31,564 Plant tool crib expenses, not needed (56,362) Higher cost for rail car maintenance 30,997 Lower cost for coal dozer maintenance 54,000 Track maintenance not performed (25,412) Higher cost for transmission line maintenance (40,492) Oregon Street substation barrier board replacement, not budgeted (51,537) Higher cost for distribution line maintenance due to storm restoration work (31,669) Higher cost for underground line repairs (38,380) Higher cost for street lighting maintenance 40,947 Lower cost for computer hardware/software maintenance 60,016 Lower cost for vehicle maintenance
-------------	--

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

	Items equal to or greater than \$25,000
	(Unfavorable)/
	Favorable
	Compared to
	Budget
	126,299 Lower labor cost
	197,815 Other miscellaneous variances - net
	<u>755,716</u>
Depreciation	<u>685,621</u> Net value of the A&G assets were overestimated for the budget
Nonoperating Revenue (Expense)	
Interest Income	274,648 Higher average cash balances
Interest Expense	<u>(924)</u>
	<u>273,724</u>
Revenue Adjustment-Extraordinary O&M	
Capital Contributions	(15,000,000)
	<u>64,983</u> HNI, and CenturyLink transformers
Prior Period Adjustment	<u>(294,017)</u> OPEB - GASB 75
Change in Net Position	<u><u>\$(11,902,251)</u></u> Total Variance from Budgeted Net Position

MUSCATINE POWER AND WATER - WATER UTILITY
VARIANCES FROM BUDGETED NET POSITION - December 31, 2017
 Items equal to or greater than \$5,000

(Unfavorable)/
 Favorable
 Compared to
Budget

Sales of Water	
Contract Customers	
	\$ 137,700 GPC consumption is 1.9% higher than budgeted, along with a 2.8% higher billing rate
	42,443 Power plants' consumption is 2.3% lower than budgeted, offset by a higher billing rate
	(1,340) Commercial consumption is 1.0% lower than budgeted offset by higher billing rate
	(3,415) Residential consumption is 3.4% lower than budgeted, partially offset by higher billing rate
	<u>(14,996)</u> Heinz's consumption is 8.1% lower than budgeted, offset by a higher billing rate
	<u>160,392</u>
Other Revenue	
Merchandise & Job Sales-Net	1,661 Higher job sales revenue
Miscellaneous Revenue	<u>2,609</u> Other miscellaneous variances
	<u>4,270</u>
Operating Expense	
Operation	
	85,126 Lower fuel/power purchased due to 0.8% more gallons pumped, offset by 6.9% lower kWh consumed and 1.1% lower cost per kWh
	10,490 Lower chemicals than budgeted due to lower price/unit
	(13,137) East Hill and West Hill electricity higher than budgeted
	(7,662) Higher cost of T&D lines material expenses
	(7,173) Higher cost of inventory adjustments
	(8,585) Higher cost of vehicle repairs
	9,450 Succession planning costs not incurred yet
	6,597 Lower legal & attorney fees than budgeted
	7,617 Lower cost of water cost of services study
	17,480 Lower health care cost
	(70,679) Higher cost of pension & IPERS expense due to GASB 68 adjustment
	7,648 Lower cost of OPEB expense due to GASB 75 adjustment
	(5,743) Temp services higher than budgeted
	6,576 Travel and training lower than budgeted
	122,316 Lower labor, sick, personal and vacation expense
	<u>9,919</u> Other miscellaneous variances - net
	<u>170,240</u>
Maintenance	
	(7,771) Vacuum regulator, yoke assembly, chlorine injector and spare pump repairs not budgeted
	(7,649) Higher cost of water treatment structures maintenance
	(7,771) Higher cost of purification equipment maintenance
	(135,472) Street and concrete repairs more than budgeted in maintenance of mains
	12,595 Lower cost of general plant maintenance agreements
	7,426 Lower cost of meter repairs
	(11,548) Higher cost of hydrant repairs
	(10,311) Temp labor for hydrant painting is over budget
	14,000 Reservoir drain line project not yet begun
	12,018 Budgeted tower cleaning/painting not incurred
	(14,711) Well cleaning (some budgeted in 2016 and completed in 2017)
	(56,220) Maintenance of well #24
	(56,994) Maintenance of well #23 budgeted in 2016
	<u>(2,710)</u> Other miscellaneous variances - net
	<u>(265,118)</u>
Depreciation	<u>10,018</u>
Nonoperating Revenue (Expense)	
Interest Income	34,726 Water bond interest not budgeted
Interest Expense	<u>(45,352)</u> Higher borrowing than budgeted
	<u>(10,626)</u>
Capital Contributions	
	<u>(8,102)</u> Lutheran Homes budgeted for \$60,000 actual \$52,646
Prior Period Adjustment	<u>(38,686)</u> OPEB - GASB 75
Change in Net Position	<u>\$ 22,388</u> Total Variance in Budgeted Net Position

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

Items equal or greater than \$5,000

	(Unfavorable)/ Favorable Compared to Budget
Operating Revenue	
CATV Revenue	<p>\$ (782,585) Lower CATV revenues due to fewer subscribers (5,244 actual vs. 5,378 budget), incorrect prices in budget, broadcast fee has been pulled out of packages and different rate increase than budget</p> <p>(186,800) Bulk lower because budgeted upgrades are recorded in basic and select, broadcast fee has been pulled out and different rate increase than budget</p> <p>528,365 New broadcast fee pulled out of packages</p> <p>81,401 Lower marketing promotional discounts (\$282,514 actual vs. \$363,915 budget) due to fewer overall subscribers and fewer promotional discounts</p> <p>(19,208) Lower VOD/PPV sales due to fewer subscribers and less buys</p> <p>(39,439) Lower ad sales</p> <p>(39,289) Lower converter rentals due to less subscribers</p> <p>3,557 Other miscellaneous variances - net</p> <hr/> <p>(453,998)</p>
Data/Internet Revenue	<p>740,416 Higher cable modem revenues due to higher subscribers (8,412 actual vs. 8,577 budget) and more subscribers taking a higher level of service</p> <p>(545,454) Fiber service has not yet become available</p> <p>(37,564) VoIP service has not yet become available</p> <p>(7,079) Lower Wimax revenues than budgeted</p> <p>(6,132) Higher promotional discounts due to higher subscribers (\$102,132 actual vs. \$96,000 budget)</p> <p>37,869 Higher modem rentals due to more subscribers</p> <p>40,100 Higher Wi-fi @ Home due to more subscribers</p> <p>11,972 Other miscellaneous variances - net</p> <hr/> <p>234,128</p>
MAN	<p>171,046 More subscribers than budgeted and new contracts</p>
Miscellaneous Revenue	<p>(4,871) Job sales lower than budgeted</p> <p>(662) Other miscellaneous variances - net</p> <hr/> <p>(5,533)</p>
Operating Expense	
Operation	<p>261,631 Lower programming due to fewer subscribers and lower negotiated contracts</p> <p>58,177 Lower labor than budgeted</p> <p>(14,389) Miscellaneous CATV materials are over budget</p> <p>8,944 Lower promotional/education than budgeted</p> <p>6,182 Memberships and subscriptions lower than budgeted</p> <p>10,752 More labor charged to capital projects than budgeted</p> <p>7,622 Lower fuel expense</p> <p>14,349 Lower legal costs</p> <p>15,410 FTTH graphic design expense not fully expended</p> <p>34,591 FTTH promotional expense not incurred, vehicle wraps etc.</p> <p>6,000 Employee search services not needed</p> <p>16,200 Succession planning expenses, not incurred</p> <p>17,409 Lower FICA than budgeted</p> <p>24,449 Health care expenses lower than budgeted</p> <p>9,111 Insurance and workers' compensation expenses are lower than budget</p> <p>(245,184) Pension expense is over budget due to GASB 68 adjustments</p> <p>10,708 Implementation of GASB 75 adjustment</p> <p>8,855 Uncollectible accounts estimate is lower than budgeted</p> <p>(6,361) Temp labor over budget</p> <p>(19,256) Travel and training over budget, including FTTH training budgeted in 2016</p> <p>(18,447) Other miscellaneous variances - net</p> <hr/> <p>206,753</p>
Maintenance	<p>(29,202) Higher maintenance agreements, for bandwidth monitoring equipment , CMTS and IS (timing)</p> <p>31,985 Lower labor</p> <p>48,302 Fewer drop repairs</p> <p>(6,778) Fiber repairs are over budget</p> <p>(5,876) Maintenance of CATV converters higher than budget</p>

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

Items equal or greater than \$5,000

	7,449	Credit for headend equipment returned in 2016
	(17,304)	Other headend expenses are over budget due to custom programming
	(14,793)	Miscellaneous small upgrades to business applications are over budget
	(6,210)	Costs for maintenance of MAN equipment is greater than budget
	(116)	Other miscellaneous variances - net
	<u>7,457</u>	
Depreciation	<u>123,283</u>	Lower depreciation due to fewer fixed assets purchases in 2016 than anticipated

Nonoperating Revenue (Expense)

Interest Income	38,177	More interest income due to higher cash balances
Interest Expense	263,069	Lower borrowing than anticipated; loan fees were budgeted but not actually incurred
Interest Income/Expense	<u>301,246</u>	More interest income due to higher cash balances

Change in Net Position before Capital Contributions

Prior Period Adj. for GASB 75 OPEB	(54,161)	GASB 75 implemented requiring adjustment to previous year's net position
Capital Contributions	<u>(5,798)</u>	

Change in Net Position

\$ 524,423 Total Variance from Budgeted Net Position