

Muscatine Power and Water

Electric Utility

Operating Statements and Balance Sheets

July 2011

**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 Assets.....	3 - 4
Balance Sheets.....	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

Muscatine Power and Water - Electric Utility
Classification of Electric Energy/Steam Sales
Current Month - July 2011

	<u>Budget Estimate</u>	<u>% Increase (Decrease) From Budget</u>	<u>This Year</u>	<u>% Increase (Decrease) Fr. Last Yr.</u>	<u>Last Year</u>
<u>KWH Generated and Sold</u>					
Gross Generation	103,648,310	31.8	136,658,717	8.9	125,493,676
Less: Plant Use	<u>6,444,710</u>	91.8	<u>12,363,585</u>	2.3	<u>12,080,006</u>
Net Generation/Wholesale Sales	<u>97,203,600</u>	27.9	<u>124,295,132</u>	9.6	<u>113,413,670</u>
<u>Net Capacity Factors</u>					
Unit 9	59.49	23.4	73.42	8.5	67.66
Unit 8/8A	50.34	59.8	80.46	20.0	67.07
Unit 7	49.79	(1.4)	49.11	(10.5)	54.89
Total Plant	56.75	27.5	72.37	9.2	66.25
<u>KWH Distribution</u>					
Residential	10,838,753	17.7	12,752,450	3.7	12,295,958
Commercial I	3,790,935	7.7	4,084,491	4.6	3,906,159
Commercial II	9,376,711	13.2	10,612,086	16.7	9,092,353
Industrial I	10,776,093	15.0	12,394,080	10.7	11,200,140
Industrial II	36,971,990	2.7	37,961,791	(1.1)	38,367,142
City Enterprise Funds	443,909	(4.9)	422,205	(31.2)	613,888
Water & Communications Utilities	<u>1,409,011</u>	5.4	<u>1,484,622</u>	13.4	<u>1,309,253</u>
Native System Sales	73,607,402	8.3	79,711,725	3.8	76,784,893
City Lighting	175,911	(1.0)	174,091	1.3	171,891
City Buildings	541,414	13.1	612,587	16.8	524,290
Offline Power Plant Usage	---	---	39,456	---	---
Losses & Cycle Billing	<u>3,619,828</u>	(19.0)	<u>2,932,273</u>	(20.0)	<u>3,665,596</u>
Total Native System KWH Distributed/Purchased Power	<u>77,944,555</u>	7.1	<u>83,470,132</u>	2.9	<u>81,146,670</u>
<u>STEAM SALES - 1000 lbs</u>					
	<u>197,160</u>	33.5	<u>263,293</u>	7.3	<u>245,303</u>

Muscatine Power and Water - Electric Utility
Classification of Electric Energy/Steam Sales
Calendar Year-to-Date - July 2011

Page 2

	<u>Budget Estimate</u>	<u>% Increase (Decrease) From Budget</u>	<u>This Year</u>	<u>% Increase (Decrease) Fr. Last Yr.</u>	<u>Last Year</u>
<u>KWH Generated and Sold</u>					
Gross Generation	566,902,330	(9.0)	515,985,013	(32.8)	768,103,422
Less: Plant Use	<u>47,703,130</u>	10.6	<u>52,739,534</u>	(31.0)	<u>76,434,515</u>
Net Generation/Wholesale Sales	<u>519,199,200</u>	(10.8)	<u>463,245,479</u>	(33.0)	<u>691,668,907</u>
<u>Net Capacity Factors</u>					
Unit 9	43.78	(15.8)	36.86	(42.4)	63.94
Unit 8/8A	43.46	18.0	51.30	(1.4)	52.01
Unit 7	49.79	(29.5)	35.08	(6.7)	37.58
Total Plant	44.33	(11.1)	39.43	(33.1)	58.98
<u>KWH Distribution</u>					
Residential	57,103,153	9.1	62,305,440	---	62,292,242
Commercial I	22,131,318	3.0	22,803,110	1.1	22,557,885
Commercial II	58,614,632	2.5	60,098,875	3.0	58,335,655
Industrial I	65,328,031	7.5	70,242,320	2.2	68,742,482
Industrial II	257,133,594	1.8	261,775,888	0.4	260,609,220
City Enterprise Funds	3,395,424	(3.7)	3,270,361	(14.6)	3,830,092
Water & Communications Utilities	<u>9,282,678</u>	(4.6)	<u>8,853,378</u>	(8.9)	<u>9,717,482</u>
Native System Sales	472,988,830	3.5	489,349,372	0.7	486,085,058
City Lighting	1,196,521	(3.5)	1,154,711	(1.9)	1,177,285
City Buildings	3,701,182	6.5	3,940,279	3.8	3,796,910
Offline Power Plant Usage	---	---	427,930	19.5	358,189
Losses & Cycle Billing	<u>16,918,640</u>	13.3	<u>19,176,272</u>	25.9	<u>15,234,696</u>
Total Native System KWH Distributed/Purchased Power	<u>494,805,173</u>	3.9	<u>514,048,564</u>	1.5	<u>506,652,138</u>
<u>STEAM SALES - 1000 lbs</u>					
	<u>1,394,280</u>	12.8	<u>1,573,014</u>	1.9	<u>1,544,423</u>

Muscatine Power and Water - Electric Utility
Statements of Revenues, Expenses, and Changes in Net Assets
Current Month - July 2011

	<u>Budget Estimate</u>	<u>Avg. Price</u>	<u>This Year</u>	<u>Avg. Price</u>	<u>Last Year</u>	<u>Avg. Price</u>
<u>Sales of Electricity</u>						
Residential	\$832,042	0.0768	\$914,046	0.0717	\$884,752	0.0720
Commercial I	306,736	0.0809	312,521	0.0765	300,457	0.0769
Commercial II	577,707	0.0616	582,180	0.0549	525,492	0.0578
Industrial I	567,200	0.0526	585,438	0.0472	553,124	0.0494
Industrial II	1,673,102	0.0453	1,632,914	0.0430	1,658,344	0.0432
City Enterprise Funds	23,711	0.0534	24,491	0.0580	32,772	0.0534
Water & Communication Utilities	73,698	0.0523	66,990	0.0451	64,902	0.0496
Native System Sales	4,054,196	0.0551	4,118,580	0.0517	4,019,843	0.0524
Wholesale Sales	4,312,477	0.0444	5,354,948	0.0431	5,074,824	0.0447
Energy Sales	8,366,673		9,473,528		9,094,667	
<u>Steam Sales</u>	708,692	3.59	910,143	3.46	903,957	3.69
<u>Other Revenue</u>						
Rail Car Lease	31,500		27,068		1,880	
By-Product Revenue	39,133		21,005		28,361	
Miscellaneous Revenue	35,314		38,154		49,994	
Total Other Revenue	105,947		86,227		80,235	
Operating Revenue	9,181,312		10,469,898		10,078,859	
<u>Operating Expense</u>						
Purchased Power	3,121,781	0.0401	3,422,227	0.0410	3,168,914	0.0391
Production Fuel	2,295,670		2,986,549		2,414,009	
Emissions Allowance	44,452		25,733		57,570	
Operation	1,857,348		1,622,652		1,604,858	
Maintenance	861,653		500,798		661,539	
Depreciation	928,218		921,606		1,186,227	
Total Operating Expense	9,109,122		9,479,565		9,093,117	
Operating Income	72,190		990,333		985,742	
<u>Nonoperating Revenue (Expense)</u>						
Interest Income	121,739		106,577		125,952	
Interest Expense	(64,475)		(63,195)		(124,827)	
Total Nonoperating Revenue (Expense)	57,264		43,382		1,125	
Net Income Before Revenue Adjustment and Capital Contributions	129,454		1,033,715		986,867	
Capital Contributions	—		311		27,320	
Change in Net Assets	129,454		1,034,026		1,014,187	
Beginning Net Assets	153,796,164		172,517,870		167,302,868	
Ending Net Assets	\$153,925,618		\$173,551,896		\$168,317,055	
Net Income (Loss) to Total Income	1.4		9.8		9.7	
Debt Service Coverage	0.96		1.74		2.04	

Muscatine Power and Water - Electric Utility
Statements of Revenues, Expenses, and Changes in Net Assets
Calendar Year-to-Date - July 2011

Page 4

	<u>Budget Estimate</u>	<u>Avg. Price</u>	<u>This Year</u>	<u>Avg. Price</u>	<u>Last Year</u>	<u>Avg. Price</u>
<u>Sales of Electricity</u>						
Residential	\$4,349,405	0.0762	\$4,651,098	0.0746	\$4,503,547	0.0723
Commercial I	1,746,507	0.0789	1,778,596	0.0780	1,706,091	0.0756
Commercial II	3,476,722	0.0593	3,479,789	0.0579	3,303,146	0.0566
Industrial I	3,374,111	0.0516	3,454,778	0.0492	3,353,710	0.0488
Industrial II	11,255,711	0.0438	11,379,802	0.0435	10,950,125	0.0420
City Enterprise Funds	172,250	0.0507	184,844	0.0565	196,758	0.0514
Water & Communications Utilities	467,145	0.0503	424,555	0.0480	466,778	0.0480
Native System Sales	24,841,851	0.0525	25,353,462	0.0518	24,480,155	0.0504
Wholesale Sales	19,689,860	0.0379	16,580,554	0.0358	25,840,394	0.0374
Energy Sales	44,531,711		41,934,016		50,320,549	
<u>Steam Sales</u>	4,812,090	3.45	5,474,537	3.48	5,888,939	3.81
<u>Other Revenue</u>						
Rail Car Lease	157,500		247,023		164,948	
By-Product Revenue	141,919		72,768		137,640	
Miscellaneous Revenue	266,654		312,284		288,828	
Total Other Revenue	566,073		632,075		591,416	
Operating Revenue	49,909,874		48,040,628		56,800,904	
<u>Operating Expense</u>						
Purchased Power	17,028,885	0.0344	15,772,931	0.0307	16,896,848	0.0333
Production Fuel	12,838,815		12,245,431		13,292,748	
Emissions Allowance	287,118		251,930		466,804	
Operation	13,146,054		11,951,029		12,010,046	
Maintenance	10,472,891		9,159,687		5,445,436	
Depreciation	6,497,527		6,451,242		8,303,589	
Total Operating Expense	60,271,290		55,832,250		56,415,471	
Operating Income (Loss)	(10,361,416)		(7,791,622)		385,433	
<u>Nonoperating Revenue (Expense)</u>						
Interest Income	896,053		780,964		879,145	
Interest Expense	(451,328)		(444,105)		(873,501)	
Total Nonoperating Revenue (Expense)	444,725		336,859		5,644	
Net Income (Loss) Before Revenue Adjustment and Capital Contributions	(9,916,691)		(7,454,763)		391,077	
Capital Contributions	---		9,185		27,320	
Revenue Adjustment-Extraordinary O & M	---		17,155,162		5,100,000	
Change in Net Assets	(9,916,691)		9,709,584		5,518,397	
Beginning Net Assets	163,842,312		163,842,312		162,798,658	
Ending Net Assets	\$153,925,621		\$173,551,896		\$168,317,055	
Net Income (Loss) before Rev Adj to Total Income	(19.5)		(15.3)		0.7	
Net Income (Loss) after Rev Adj to Total Income	(19.5)		19.9		9.6	
Debt Service Coverage Before Transfers	(0.36)		(0.06)		1.20	
Debt Service Coverage After Transfers	(0.36)		2.04		1.87	

Muscatine Power and Water - Electric Utility
Statements of Net Assets
July 2011

ASSETS

	<u>2011</u>	<u>2010</u>
Current Assets:		
<u>Restricted</u>		
Cash - interest bearing	\$3,239,404	\$5,593,944
Investments	<u>4,223,649</u>	<u>14,854,720</u>
Total Restricted Current Assets	<u>7,463,053</u>	<u>20,448,664</u>
<u>Unrestricted</u>		
Cash - interest bearing	6,900,947	7,231,262
Investments	3,679,174	7,787,225
Receivables:		
Consumer Accounts	6,243,913	5,084,785
Wholesale	1,881,119	1,842,343
Steam Sales	2,117,468	1,262,449
Interest	122,161	258,262
Intercompanies	14,947	12,082
Inventories	6,595,584	6,559,113
Fuel	13,966,911	10,277,418
Prepaid Expenses	<u>751,199</u>	<u>744,496</u>
Total Unrestricted Current Assets	<u>42,273,423</u>	<u>41,059,435</u>
Total Current Assets	<u>49,736,476</u>	<u>61,508,099</u>
Property and Equipment:		
At Cost	407,289,081	404,685,361
Less Accumulated Depreciation	<u>297,901,653</u>	<u>285,878,832</u>
Net Property and Equipment	<u>109,387,428</u>	<u>118,806,529</u>
Other Assets:		
Unamortized Cost of Issuing Bonds	---	11,367
Note Receivable - Communications Utility	35,327,000	35,327,000
Joint Venture Rights	<u>147,478</u>	<u>191,473</u>
Total Other Assets	<u>35,474,478</u>	<u>35,529,840</u>
TOTAL ASSETS	<u><u>\$194,598,382</u></u>	<u><u>\$215,844,468</u></u>

Muscatine Power and Water - Electric Utility
Statements of Net Assets
July 2011

LIABILITIES AND NET ASSETS

	<u>2011</u>	<u>2010</u>
Current Liabilities:		
<u>Restricted</u>		
2001 Revenue Bonds - Plus Unamortized Premium of \$30,697 in 2011 and \$31,754 in 2010; and Less Deferred Amount on Refund of \$30,153 in 2011 and \$28,596 in 2010	\$13,270,544	\$12,588,158
Accrued Interest	60,821	118,502
Total Restricted Current Liabilities	<u>13,331,365</u>	<u>12,706,660</u>
<u>Unrestricted</u>		
Accounts Payable	1,436,947	2,526,511
Pension Provision	1,082,935	942,215
Health & Dental Insurance Provision	233,632	216,660
Accrued Payroll	289,911	284,391
Accrued Vacation	1,127,936	1,047,024
Accrued Emission Allowance Expense	234,113	466,804
Consumers' Deposits	600,926	603,593
Accrued Property Taxes	106,097	108,793
Miscellaneous Accrued Expenses	613,724	492,490
Miscellaneous Deferred Credits	52,850	86,050
Total Unrestricted Current Liabilities	<u>5,779,071</u>	<u>6,774,531</u>
Total Current Liabilities	<u>19,110,436</u>	<u>19,481,191</u>
Non-Current Liabilities:		
Health & Dental Insurance Provision	1,800,650	1,968,439
Post-Employment Health Benefit Provision	135,400	---
Long-Term Debt - Less Current Portion:		
2001 Revenue Bonds - Plus Unamortized Premium of \$107,148 in 2010 and less Deferred Amount on Refunding of \$102,527 in 2010	---	13,274,621
Total Non-Current Liabilities	<u>1,936,050</u>	<u>15,243,060</u>
Deferred Revenue - Extraordinary O & M	<u>---</u>	<u>12,803,162</u>
Net Assets:		
Invested in capital assets, net of related debt	96,128,251	92,993,182
Restricted	7,402,232	20,330,162
Unrestricted	<u>70,021,413</u>	<u>54,993,711</u>
Total Net Assets	<u>173,551,896</u>	<u>168,317,055</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$194,598,382</u></u>	<u><u>\$215,844,468</u></u>

Muscatine Power and Water - Electric Utility
Statements of Cash Flows
July 2011

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Retail electric sales	\$2,430,067	\$23,728,734
MISO sales	2,589,061	14,754,217
Steam sales	---	5,107,827
Coal & transportation allowances	---	318,887
Railcar leasing	---	122,486
By-product sales	---	73,948
Miscellaneous sources	26,882	298,915
Cash paid to/for:		
Suppliers	(854,696)	(8,932,099)
MISO purchases/administration fees	(2,114,431)	(14,226,427)
Coal	(2,351,102)	(14,631,690)
Employees payroll, taxes and benefits	(1,533,025)	(11,873,544)
Net cash flows from operating activities	<u>(1,807,244)</u>	<u>(5,258,746)</u>
Cash flows from capital and related financing activities:		
Capital expenditures, net	(215,207)	(2,333,794)
Bond principal payments	---	(12,585,000)
Bond interest payments	(364,925)	(1,075,938)
Net cash flows from capital and related financing activities	<u>(580,132)</u>	<u>(15,994,732)</u>
Cash flows from investing activities:		
Purchase of joint venture rights	(18,775)	(43,825)
Interest received on investments and note receivable	628,873	1,399,645
Accrued Interest Purchased	---	---
Amortization/accretion of investments	(116)	10,178
Mark to market	(10,826)	(82,639)
Net cash flows from investing activities	<u>599,156</u>	<u>1,283,359</u>
Net decrease in cash and investments	<u>(1,788,220)</u>	<u>(19,970,119)</u>
Cash and investments at beginning of period	<u>19,831,394</u>	<u>38,013,293</u>
Cash and investments at end of period	<u><u>\$18,043,174</u></u>	<u><u>\$18,043,174</u></u>

Muscatine Power and Water - Electric Utility
Statements of Cash Flows
July 2011

	<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)	\$990,333	(\$7,791,622)
Noncash items in operating income:		
Depreciation of electric utility plant	921,606	6,451,242
Amortization of joint venture rights	8,991	58,879
Changes in assets and liabilities:		
Consumer accounts receivable	(1,771,802)	(1,296,829)
Wholesale receivable	(1,419,434)	(588,520)
Steam sales receivable	(881,139)	248,277
Intercompany receivable	9,683	7,253
Inventories	(78,228)	64,236
Fuel	527,902	(2,848,324)
Prepaid expenses	12,712	(229,598)
Hedge Asset	---	2,196,100
Accounts payable	(137,644)	(26,088)
Pension provision	126,679	1,082,935
Health & dental insurance provision	(77,893)	(58,232)
Other post-employment benefit provision	2,462	17,234
Accrued payroll	72,465	(4,416)
Accrued vacation	(20,176)	111,879
Accrued emission allowance expense	25,733	(402,323)
Consumers' deposits	5,317	3,134
Retained percentage	---	---
Accrued property taxes	9,304	16,677
Miscellaneous accrued expenses	(134,115)	(74,540)
Hedge Liability	---	(2,196,100)
	<hr/>	<hr/>
Net cash flows from operating activities	<u>(\$1,807,244)</u>	<u>(\$5,258,746)</u>

**Muscatine Power and Water - Electric Utility
Funds Appropriated for Specific Purposes
July 2011**

	<u>This Year</u>	<u>Last Year</u>
Bond Reserve Fund	\$7,463,053	\$7,444,646
Extraordinary Operation & Maintenance Account	<u>---</u>	<u>13,004,018</u>
 Total Cash and Investments Appropriated for Specific Purposes	 <u><u>\$7,463,053</u></u>	 <u><u>\$20,448,664</u></u>

Muscatine Power and Water - Electric Utility
Summary of Expenses
Current Month - July 2011

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Purchased Power</u>	\$3,121,781	34.0	\$3,422,227	32.7	\$3,168,914	31.4
Average price per kWh	\$0.0401		\$0.0410		\$0.0391	
<u>Generation</u>						
Operation Supervision	78,349		71,947		73,359	
Fuel:						
Coal	2,193,423		2,846,034		2,318,948	
Fuel Oil	10,000		2,142		7,905	
Gas	24,000		27,520		4,616	
Coal Handling Expense	59,837		69,226		76,597	
Landfill Operation Expense	8,410		41,627		5,943	
Emissions Allowance Expense	44,452		25,733		57,570	
Steam Expense:						
Boiler	105,376		100,664		103,814	
Pollution Control	59,790		40,827		43,512	
Electric Expense	105,477		100,730		100,173	
Miscellaneous Steam Power Expense	119,681		110,783		84,036	
Maintenance:						
Supervision	77,752		75,488		76,226	
Structures	60,767		52,191		61,390	
Boiler Plant:						
Boiler	235,813		71,842		127,945	
Pollution Control	16,596		39,827		31,431	
Electric Plant	36,967		(59,570)		28,720	
System Control	19,988		14,661		16,697	
Miscellaneous Steam Plant	50,901		44,603		35,183	
Coal Handling Equipment	92,329		95,841		127,478	
System Control and Load Dispatch	59,850		57,716		43,971	
Vacation, Holiday, Sick Leave	107,536		111,495		99,056	
Depreciation	621,860		620,375		885,239	
Total Generation Expense	\$4,189,154	45.6	\$4,561,702	43.6	\$4,409,809	43.8

Muscatine Power and Water - Electric Utility
Summary of Expenses
Calendar Year-to-Date - July 2011

Page 11

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
Purchased Power	<u>\$17,028,885</u>	34.1	<u>\$15,772,931</u>	32.8	<u>\$16,896,848</u>	29.7
Average price per kWh	\$0.0344		\$0.0307		\$0.0333	
<u>Generation</u>						
Operation Supervision	535,314		556,363		566,518	
Fuel:						
Coal	12,083,054		11,389,292		12,701,931	
Fuel Oil	71,314		225,165		38,784	
Gas	207,400		142,592		63,629	
Coal Handling Expense	422,984		416,977		462,298	
Landfill Operation Expense	54,063		71,405		26,106	
Emissions Allowance Expense	287,118		251,930		466,804	
Steam Expense:						
Boiler	698,800		694,676		772,033	
Pollution Control	398,571		206,904		269,637	
Electric Expense	683,353		608,436		650,797	
Miscellaneous Steam Power Expense	1,296,510		1,149,081		1,008,860	
Maintenance:						
Supervision	556,681		611,207		586,814	
Structures	678,345		484,428		396,721	
Boiler Plant:						
Boiler	3,052,984		2,682,168		1,587,714	
Pollution Control	880,214		902,063		286,427	
Electric Plant	2,458,740		2,177,743		303,785	
System Control	157,004		143,364		101,901	
Miscellaneous Steam Plant	402,271		398,134		353,230	
Coal Handling Equipment	793,753		594,642		653,282	
System Control and Load Dispatch	420,676		317,726		384,162	
Vacation, Holiday, Sick Leave	614,753		613,898		647,491	
Depreciation	<u>4,353,022</u>		<u>4,342,625</u>		<u>6,196,673</u>	
Total Generation Expense	<u>\$31,106,924</u>	62.3	<u>\$28,980,819</u>	60.3	<u>\$28,525,597</u>	50.2

Muscatine Power and Water - Electric Utility
Summary of Expenses
Current Month - July 2011

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Transmission</u>						
Operation Supervision	\$3,826		\$1,249		\$3,955	
Load Dispatching	9,205		7,452		8,673	
Station Expense	8,171		6,495		7,856	
Overhead Line Expense	66		---		---	
Miscellaneous Transmission Expense	12,167		17,970		6,526	
Maintenance:						
Supervision	1,995		1,471		1,943	
Structures	884		---		1,498	
Station Equipment	7,061		5,668		2,450	
Overhead Lines	5,514		2,041		---	
Vacation, Holiday, Sick Leave	6,444		6,402		5,476	
Depreciation	30,608		30,592		30,568	
Tax on Rural Property	5,560		6,369		5,942	
Total Transmission Expense	91,501	1.0	85,709	0.8	74,887	0.7
<u>Distribution</u>						
Operation Supervision	10,864		8,805		11,967	
Load Dispatching	41,579		27,829		28,347	
Station Expense	9,508		9,027		10,735	
Overhead Line Expense	2,592		4,308		1,088	
Vehicle Expense	15,168		16,844		12,229	
Underground Line Expense	3,299		2,162		2,903	
Street Lighting	1,574		1,837		3,735	
Signal Expense	642		123		635	
Meter Expense	9,016		6,733		8,542	
Consumer Installation Expense	1,393		2,544		2,400	
Miscellaneous Distribution Expense	58,829		45,722		51,750	
Maintenance:						
Supervision	9,760		8,725		10,562	
Structures	1,104		1,403		---	
Station Equipment	11,575		9,645		4,873	
Overhead Lines	69,062		37,330		48,792	
Underground Lines	8,234		5,173		15,358	
Line Transformers	3,031		4,042		6,257	
Street Lighting	4,924		3,386		4,556	
Signal System	2,135		3,233		4,041	
Meters	3,783		1,717		---	
Miscellaneous Distribution Plant	2,917		1,238		1,573	
Vacation, Holiday, Sick Leave	30,125		31,323		26,223	
Depreciation	150,714		148,879		146,484	
Tax on Rural Property	1,661		1,902		1,775	
Total Distribution Expense	\$453,489	4.9	\$383,930	3.7	\$404,825	4.0

Muscatine Power and Water - Electric Utility
Summary of Expenses
Calendar Year-to-Date - July 2011

	<u>Budget</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Transmission</u>						
Operation Supervision	\$26,696		\$16,713		\$26,984	
Load Dispatching	73,472		54,561		68,444	
Station Expense	60,475		48,577		58,449	
Overhead Line Expense	487		869		1,452	
Miscellaneous Transmission Expense	89,624		73,034		62,280	
Maintenance:						
Supervision	13,787		11,658		12,756	
Structures	16,059		---		1,709	
Station Equipment	51,060		35,932		44,140	
Overhead Lines	53,598		44,671		65,268	
Vacation, Holiday, Sick Leave	37,991		38,158		37,506	
Depreciation	214,254		214,144		213,976	
Tax on Rural Property	38,920		40,070		41,734	
Total Transmission Expense	676,423	1.4	578,387	1.2	634,698	1.1
<u>Distribution</u>						
Operation Supervision	76,935		69,662		84,478	
Load Dispatching	282,852		209,254		215,525	
Station Expense	56,111		52,770		61,520	
Overhead Line Expense	23,993		26,253		6,240	
Vehicle Expense	106,058		109,363		97,349	
Underground Line Expense	22,779		18,108		21,609	
Street Lighting	10,694		15,076		18,575	
Signal Expense	4,430		996		7,639	
Meter Expense	66,229		59,576		61,112	
Consumer Installation Expense	9,821		12,200		10,213	
Miscellaneous Distribution Expense	432,490		368,353		420,011	
Maintenance:						
Supervision	70,622		66,183		74,197	
Structures	8,702		3,094		---	
Station Equipment	73,299		67,712		75,408	
Overhead Lines	450,037		345,259		375,002	
Underground Lines	57,245		32,592		51,431	
Line Transformers	32,374		44,998		64,618	
Street Lighting	34,398		34,688		30,200	
Signal System	13,291		32,899		22,020	
Meters	7,642		12,805		2,624	
Miscellaneous Distribution Plant	20,417		12,482		15,790	
Vacation, Holiday, Sick Leave	177,185		183,306		208,126	
Depreciation	1,054,999		1,042,153		1,025,388	
Tax on Rural Property	11,627		11,985		12,454	
Total Distribution Expense	\$3,104,230	6.2	\$2,831,767	5.9	\$2,961,529	5.2

Muscatine Power and Water - Electric Utility
Summary of Expenses
Current Month - July 2011

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Customer Service Expense</u>						
Customer Information Expense	\$54,750		\$50,340		\$17,084	
Electric Ranges/Dryers-Maint/Promotion	1,329		608		1,106	
Electric Water Heaters-Maint/Promotion	851		302		802	
Total Customer Service Expense	56,930	0.6	51,250	0.5	18,992	0.2
<u>Consumer Accounts</u>						
Supervision	1,950		2,088		2,202	
Meter Reading Expense	8,083		8,068		7,937	
Consumer Records and Collection	31,838		31,015		27,520	
Uncollectible Accounts Expense	1,942		1,942		1,834	
Vacation, Holiday, Sick Leave	3,847		4,581		3,952	
Total Consumer Accounts Expense	47,660	0.5	47,694	0.5	43,445	0.4
<u>Administrative and General</u>						
Administrative and General Salaries	174,380		146,686		156,485	
Office Supplies and Expenses	16,643		12,259		15,021	
Outside Services Employed	72,409		40,910		54,522	
Property Insurance	39,120		38,809		41,012	
Casualty Ins, Injuries & Damages	38,044		28,180		29,388	
Employee Pensions and Benefits	487,081		424,209		459,193	
Fringe Benefits Charged to Constr.	(13,006)		(34,416)		(17,447)	
Regulatory Commission	4,400		4,400		3,651	
Miscellaneous General Expense	33,852		28,709		23,492	
Maintenance of General Plant	30,154		24,571		25,167	
Maintenance of A/O Center	108,407		56,272		29,399	
Vacation, Holiday, Sick Leave	32,087		34,704		28,426	
Depreciation	125,036		121,760		123,936	
Total Administrative and General	1,148,607	12.5	927,053	8.9	972,245	9.6
Total Operating Expense	\$9,109,122		\$9,479,565		\$9,093,117	
Percent to Operating Revenue		99.2		90.5		90.2

Muscatine Power and Water - Electric Utility
Summary of Expenses
Calendar Year-to-Date - July 2011

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Customer Service Expense</u>						
Customer Information Expense	\$408,147		\$209,950		\$138,402	
Electric Ranges/Dryers-Maint/Promotion	9,790		6,340		8,362	
Electric Water Heaters-Maint/Promotion	6,055		5,540		9,421	
Total Customer Service Expense	<u>\$423,992</u>	0.8	<u>\$221,830</u>	0.5	<u>\$156,185</u>	0.3
<u>Consumer Accounts</u>						
Supervision	13,410		14,332		14,420	
Meter Reading Expense	57,299		56,834		58,424	
Consumer Records and Collection	215,614		199,330		207,407	
Uncollectible Accounts Expense	13,592		13,592		12,838	
Vacation, Holiday, Sick Leave	22,042		26,478		26,027	
Total Consumer Accounts Expense	<u>321,957</u>	0.6	<u>310,566</u>	0.6	<u>319,116</u>	0.6
<u>Administrative and General</u>						
Administrative and General Salaries	1,196,741		1,148,193		1,126,644	
Office Supplies and Expenses	126,178		95,315		98,640	
Outside Services Employed	418,860		419,076		425,607	
Property Insurance	279,516		278,271		287,068	
Casualty Ins, Injuries & Damages	266,305		306,906		220,823	
Employee Pensions and Benefits	3,427,979		3,343,541		3,227,923	
Fringe Benefits Charged to Constr.	(108,426)		(157,039)		(99,355)	
Regulatory Commission	30,800		26,306		44,049	
Miscellaneous General Expense	315,434		217,041		192,552	
Maintenance of General Plant	217,770		171,647		157,911	
Maintenance of A/O Center	372,598		249,318		182,488	
Vacation, Holiday, Sick Leave	189,872		185,055		189,596	
Depreciation	875,252		852,320		867,552	
Total Administrative and General	<u>7,608,879</u>	15.2	<u>7,135,950</u>	14.9	<u>6,921,498</u>	12.2
Total Operating Expense	<u>\$60,271,290</u>		<u>\$55,832,250</u>		<u>\$56,415,471</u>	
Percent to Operating Revenue		120.8		116.2		99.3

Muscatine Power and Water - Electric Utility
Statistical Data
July 2011

Per KWH Delivered to Wholesale Customers

	Current Month <u>2011 Budget</u>	Current Month <u>2011 Actual</u>	Current Month <u>2010 Actual</u>	Year-To-Date <u>2011 Budget</u>	Year-To-Date <u>2011 Actual</u>	Year-To-Date <u>2010 Actual</u>
Wholesale Sales KWHs	97,203,600	124,295,132	113,413,670	519,199,200	463,245,479	691,668,907
Wholesale Sales	\$0.04437	\$0.04308	\$0.04475	\$0.03792	\$0.03579	\$0.03736
Less:						
Generation	0.03816	0.03187	0.03377	0.05334	0.05451	0.03582
Transmission	0.00094	0.00069	0.00066	0.00130	0.00125	0.00092
Subtotal	0.03910	0.03256	0.03443	0.05464	0.05576	0.03674
Wholesale Margin	<u>\$0.00527</u>	<u>\$0.01052</u>	<u>\$0.01032</u>	<u>(\$0.01672)</u>	<u>(\$0.01997)</u>	<u>\$0.00062</u>

Per KWH Delivered to Paying Native System Customers

	Current Month <u>2011 Budget</u>	Current Month <u>2011 Actual</u>	Current Month <u>2010 Actual</u>	Year-To-Date <u>2011 Budget</u>	Year-To-Date <u>2011 Actual</u>	Year-To-Date <u>2010 Actual</u>
Native System Sales KWHs	73,607,402	79,711,725	76,784,893	472,988,830	489,349,372	486,085,058
Native System Sales	\$0.05508	\$0.05167	\$0.05235	\$0.05252	\$0.05181	\$0.05036
Less:						
Purchased Power	0.04241	0.04293	0.04127	0.03600	0.03223	0.03476
Distribution	0.00616	0.00482	0.00527	0.00656	0.00579	0.00609
Customer Service	0.00077	0.00064	0.00025	0.00090	0.00045	0.00032
Consumers Accounts	0.00065	0.00060	0.00057	0.00068	0.00063	0.00066
Administrative & General	0.01560	0.01163	0.01266	0.01609	0.01458	0.01424
Subtotal	0.06560	0.06062	0.06002	0.06023	0.05369	0.05607
Native System Margin	(0.01052)	(0.00895)	(0.00767)	(0.00771)	(0.00188)	(0.00571)
Wholesale Margin	0.00695	0.01640	0.01524	(0.01836)	(0.01890)	0.00089
Net Electric Margin before Steam Sales	<u>(\$0.00357)</u>	<u>\$0.00745</u>	<u>\$0.00758</u>	<u>(\$0.02606)</u>	<u>(\$0.02078)</u>	<u>(\$0.00482)</u>
Net Electric Margin after Steam Sales	<u>(\$0.00046)</u>	<u>\$0.01134</u>	<u>\$0.01179</u>	<u>(\$0.02310)</u>	<u>(\$0.01721)</u>	<u>(\$0.00042)</u>

Total Fuel Cost
(To & Including Ash Handling)

	<u>Current Month</u>		<u>Calendar Year-To-Date</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Per Million Btu.	\$1.726	\$1.524	\$1.671	\$1.394
Per Net MW Generated	\$19.71	\$17.47	\$18.50	\$15.60
Net Peak Monthly Demand-KW	140,880	137,900	140,880	137,900
Date of Peak	7/20	7/27	7/20	7/27
Hour of Peak	1500	1500	1500	1500
Average Temperature	78°	78°		
<u>Services</u>	<u>2011</u>	<u>2010</u>		
Residential	9,712	9,677		
Commercial I	1,395	1,395		
Commercial II	117	119		
Industrial I	11	11		
Industrial II	2	2		
City Enterprise Funds	22	22		
Water & Communications Utility	32	39		
Total	<u>11,291</u>	<u>11,265</u>		

Muscatine Power and Water - Electric Utility
Wholesale Sales Analysis
Current Month - July 2011

	<u>Budget</u> <u>Estimate</u>	<u>\$/kWh</u>	<u>This</u> <u>Year</u>	<u>\$/kWh</u>	<u>Last</u> <u>Year</u>	<u>\$/kWh</u>
<u>Wholesale kWh Sales</u>	<u>97,203,600</u>		<u>124,295,132</u>		<u>113,413,670</u>	
<u>Wholesale Sales</u>	<u>\$4,312,477</u>	<u>\$0.0444</u>	<u>\$5,354,948</u>	<u>\$0.0431</u>	<u>\$5,074,824</u>	<u>\$0.0447</u>
<u>Variable Costs</u>						
Fuel (Coal, Gas & Fuel Oil)	1,810,116	0.0186	2,322,648	0.0187	1,883,102	0.0166
SO ² Allowances ^{fn1}	320	0.0000	488	0.0000	5,233	0.0000
NO _x Allowances ^{fn2}	44,131	0.0005	33,268	0.0003	56,345	0.0005
Other ^{fn4}	283,062	0.0029	278,856	0.0022	284,544	0.0025
Total Variable Costs	<u>2,137,629</u>	<u>0.0220</u>	<u>2,635,260</u>	<u>0.0212</u>	<u>2,229,224</u>	<u>0.0197</u>
Gross Margin	<u>\$2,174,848</u>	<u>\$0.0224</u>	<u>\$2,719,688</u>	<u>\$0.0219</u>	<u>\$2,845,600</u>	<u>\$0.0251</u>
Percent Gross Margin	50.4%		50.8%		56.1%	

Calendar Year To Date

	<u>Budget</u> <u>Estimate</u>	<u>\$/kWh</u>	<u>This</u> <u>Year</u>	<u>\$/kWh</u>	<u>Last</u> <u>Year</u>	<u>\$/kWh</u>
<u>Wholesale kWh Sales</u>	<u>519,199,200</u>		<u>463,245,479</u>		<u>691,668,907</u>	
<u>Wholesale Sales</u>	<u>\$19,689,860</u>	<u>\$0.0379</u>	<u>\$16,580,554</u>	<u>\$0.0358</u>	<u>\$25,840,394</u>	<u>\$0.0374</u>
<u>Variable Costs</u>						
Fuel (Coal, Gas & Fuel Oil)	9,516,846	0.0183	8,480,394	0.0183	10,178,052	0.0147
SO ² Allowances ^{fn1}	2,234	0.0000	2,840	0.0000	20,496	0.0000
NO _x Allowances ^{fn3}	243,707	0.0005	171,899	0.0004	464,980	0.0007
Other ^{fn4}	1,981,434	0.0038	1,934,372	0.0042	2,050,233	0.0030
Total Variable Costs	<u>11,744,221</u>	<u>0.0226</u>	<u>10,589,505</u>	<u>0.0229</u>	<u>12,713,761</u>	<u>0.0184</u>
Gross Margin	<u>\$7,945,639</u>	<u>\$0.0153</u>	<u>\$5,991,049</u>	<u>\$0.0129</u>	<u>\$13,126,633</u>	<u>\$0.0190</u>
Percent Gross Margin	40.4%		36.1%		50.8%	

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

	<u>Budget</u>	<u>2011</u>	<u>2010</u>
fn1 SO²	\$30.00	\$4.00	\$56.00
YTD SO ²	30.00	6.25	49.29
fn2 NO_x annual	400.00	142.50	302.00
NO _x seasonal	50.00	15.00	41.00
fn3 YTD NO_x annual	400.00	218.36	476.55
YTD NO _x seasonal	50.00	14.94	38.97

fn4 Other includes variable generation O&M, rail car cost, and Title V permit fees