

Muscatine Power and Water

Electric Utility

Operating Statements and Balance Sheets

October 2010

**Muscatine Power and Water
Electric Utility**

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Muscatine Power and Water - Electric Utility
Classification of Electric Energy/Steam Sales
Current Month - October 2010

	<u>Budget</u>	<u>% Increase (Decrease)</u>	<u>This Year</u>	<u>% Increase (Decrease)</u>	<u>Last Year</u>
	<u>Estimate</u>	<u>From Budget</u>		<u>Fr. Last Yr.</u>	
<u>KWH Generated and Sold</u>					
Gross Generation	131,785,115	(49.5)	66,595,581	(20.6)	83,885,360
Less: Plant Use	<u>13,454,624</u>	(42.7)	<u>7,708,925</u>	(23.9)	<u>10,134,990</u>
Net Generation/Wholesale Sales	<u>118,330,491</u>	(50.2)	<u>58,886,656</u>	(20.2)	<u>73,750,370</u>
<u>Capacity Factors</u>					
Unit 9	82.26	(53.4)	38.32	(30.0)	54.74
Unit 8	---	---	---	---	---
Unit 8A	91.02	(1.6)	89.53	(7.6)	96.90
Unit 7	68.48	(74.8)	17.24	---	---
Total Plant	81.46	(57.2)	34.83	(21.8)	44.56
<u>KWH Distribution</u>					
Residential	7,057,825	(1.3)	6,968,932	(1.1)	7,045,919
Commercial I	3,007,526	(2.5)	2,933,724	1.5	2,890,648
Commercial II	8,334,123	1.6	8,469,368	8.7	7,791,773
Industrial I	10,439,028	(2.3)	10,203,940	7.7	9,474,754
Industrial II	34,381,818	14.7	39,450,616	2.9	38,325,966
City Enterprise Funds	448,974	5.7	474,499	(8.5)	518,303
Water & Communications Utilities	<u>1,372,378</u>	(7.2)	<u>1,273,408</u>	(7.4)	<u>1,375,095</u>
Native System Sales	65,041,672	7.3	69,774,487	3.5	67,422,458
City Lighting	164,756	(0.1)	164,543	(6.4)	175,753
City Buildings	447,244	(5.0)	425,023	(1.8)	432,878
Offline Power Plant Usage	---	---	88,051	(25.7)	118,525
MAPP Trans Loss-Net	---	---	---	---	---
Losses & Cycle Billing	<u>1,943,818</u>	(42.5)	<u>1,117,552</u>	(47.8)	<u>2,140,146</u>
Total Native System KWH Distributed/Purchased Power	<u>67,597,490</u>	5.9	<u>71,569,656</u>	1.8	<u>70,289,760</u>
<u>STEAM SALES - 1000 lbs</u>	<u>197,160</u>	31.5	<u>259,168</u>	6.8	<u>242,750</u>

Muscatine Power and Water - Electric Utility
Classification of Electric Energy/Steam Sales
Calendar Year-to-Date - October 2010

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	Budget Estimate	% Increase (Decrease) From Budget	This Year	% Increase (Decrease) Fr. Last Yr.	Last Year
<u>KWH Generated and Sold</u>					
Gross Generation	1,291,014,090	(19.3)	1,041,562,700	7.2	971,674,132
Less: Plant Use	<u>123,982,521</u>	(15.2)	<u>105,152,640</u>	1.5	<u>103,617,777</u>
Net Generation	<u>1,167,031,569</u>	(19.8)	<u>936,410,060</u>	7.9	<u>868,056,355</u>
Wholesale Sales	<u>1,167,031,569</u>	(19.8)	<u>936,410,060</u>	---	<u>357,539,728</u> ^{fn1}
<u>Capacity Factors</u>					
Unit 9	83.85	(28.5)	59.93	4.9	57.13
Unit 8	---	---	13.77	60.7	8.57
Unit 8A	82.16	1.8	83.65	5.5	79.27
Unit 7	56.22	(31.7)	38.40	13.7	33.76
Total Plant	80.74	(31.2)	55.54	7.3	51.75
<u>KWH Distribution</u>					
Residential	87,925,516	4.5	91,901,127	11.2	82,629,192
Commercial I	33,447,774	(1.5)	32,962,551	2.9	32,042,941
Commercial II	85,993,730	(0.7)	85,360,289	2.9	82,937,498
Industrial I	102,709,205	(0.1)	102,656,482	1.8	100,819,301
Industrial II	344,846,459	8.8	375,152,108	2.2	367,052,952
City Enterprise Funds	4,733,419	13.5	5,372,516	6.2	5,056,817
Water & Communications Utilities	<u>13,319,609</u>	3.5	<u>13,781,038</u>	(2.9)	<u>14,189,942</u>
Native System Sales	672,975,712	5.1	707,186,111	3.3	684,728,643
City Lighting	1,705,490	(3.0)	1,654,139	(2.0)	1,688,219
City Buildings	5,217,492	0.5	5,244,483	2.0	5,140,999
Offline Power Plant Usage	---	---	506,726	98.9	254,720
MAPP Trans Loss-Net	---	---	---	---	(713,000)
Losses & Cycle Billing	<u>20,121,510</u>	(12.2)	<u>17,673,832</u>	1.8	<u>17,361,396</u>
Total Native System KWH Distributed	<u>700,020,204</u>	4.6	<u>732,265,291</u>	3.4	<u>708,460,977</u>
Purchased Power	<u>700,020,204</u>	4.6	<u>732,265,291</u>	---	<u>197,944,350</u> ^{fn1}
<u>STEAM SALES - 1000 lbs</u>	<u>1,966,680</u>	16.2	<u>2,286,254</u>	6.8	<u>2,140,712</u>

^{fn1} Wholesale sales and purchased power are not comparable due to joining MISO September 1, 2009

Muscatine Power and Water - Electric Utility
Statements of Revenues, Expenses, and Changes in Net Assets
Current Month - October 2010

	<u>Budget</u>	<u>Avg.</u>	<u>This</u>	<u>Avg.</u>	<u>Last</u>	<u>Avg.</u>
	<u>Estimate</u>	<u>Price</u>	<u>Year</u>	<u>Price</u>	<u>Year</u>	<u>Price</u>
<u>Sales of Electricity</u>						
Residential	\$544,638	0.0772	\$542,536	0.0779	\$526,048	0.0747
Commercial I	234,587	0.0780	231,451	0.0789	219,561	0.0760
Commercial II	502,714	0.0603	492,848	0.0582	442,517	0.0568
Industrial I	515,087	0.0493	492,994	0.0483	468,305	0.0494
Industrial II	1,547,701	0.0450	1,685,332	0.0427	1,588,425	0.0414
City Enterprise Funds	23,088	0.0514	25,684	0.0541	25,732	0.0496
Water & Communication Utilities	<u>66,771</u>	<u>0.0487</u>	<u>62,641</u>	<u>0.0492</u>	<u>66,687</u>	<u>0.0485</u>
Native System Sales	3,434,586	0.0528	3,533,486	0.0506	3,337,275	0.0495
Wholesale Sales	<u>2,958,262</u>	<u>0.0250</u>	<u>1,554,529</u>	<u>0.0264</u>	<u>1,919,826</u>	<u>0.0260</u>
Energy Sales	<u>6,392,848</u>		<u>5,088,015</u>		<u>5,257,101</u>	
<u>Steam Sales</u>	<u>737,574</u>	<u>3.74</u>	<u>902,115</u>	<u>3.48</u>	<u>914,431</u>	<u>3.77</u>
<u>Other Revenue</u>						
Rail Car Lease	15,300		---		---	
By-Product Revenue	48,731		31,778		15,747	
Miscellaneous Revenue	<u>32,715</u>		<u>36,441</u>		<u>32,820</u>	
Total Other Revenue	<u>96,746</u>		<u>68,219</u>		<u>48,567</u>	
Operating Revenue	<u>7,227,168</u>		<u>6,058,349</u>		<u>6,220,099</u>	
<u>Operating Expense</u>						
Purchased Power	1,689,937		1,603,659		1,507,127	
Production Fuel	2,360,869		1,517,386		1,364,047	
Emissions Allowance	94,861		25,360		81,165	
Operation	1,714,243		1,565,701		1,596,791	
Maintenance	1,015,092		719,014		825,041	
Depreciation	<u>1,191,485</u>		<u>1,186,227</u>		<u>1,175,880</u>	
Total Operating Expense	<u>8,066,487</u>		<u>6,617,347</u>		<u>6,550,051</u>	
Operating Loss	<u>(839,319)</u>		<u>(558,998)</u>		<u>(329,952)</u>	
<u>Nonoperating Revenue (Expense)</u>						
Interest Income	124,234		137,988		157,216	
Interest Expense	<u>(123,199)</u>		<u>(123,530)</u>		<u>(179,696)</u>	
Total Nonoperating Revenue (Expense)	<u>1,035</u>		<u>14,458</u>		<u>(22,480)</u>	
Net Income (Loss) Before Capital Contributions	(838,284)		(544,540)		(352,432)	
Capital Contributions	---		---		---	
Change in Net Assets	<u>(838,284)</u>		<u>(544,540)</u>		<u>(352,432)</u>	
Beginning Net Assets	<u>157,488,530</u>		<u>168,827,471</u>		<u>154,177,264</u>	
Ending Net Assets	<u>\$156,650,246</u>		<u>\$168,282,931</u>		<u>\$153,824,832</u>	
Net Income (Loss) to Total Income	(11.4)		(8.8)		(5.5)	
Debt Service Coverage	0.41		0.68		0.87	

Muscatine Power and Water - Electric Utility
Statements of Revenues, Expenses, and Changes in Net Assets
Calendar Year-to-Date - October 2010

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	<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	\$6,448,818	0.0733	\$6,691,680	0.0728	\$5,999,007	0.0726
Commercial I	2,524,790	0.0755	2,514,791	0.0763	2,407,854	0.0751
Commercial II	4,960,492	0.0577	4,861,661	0.0570	4,690,617	0.0566
Industrial I	5,088,064	0.0495	4,984,165	0.0486	4,962,667	0.0492
Industrial II	14,931,275	0.0433	15,901,363	0.0424	15,303,572	0.0417
City Enterprise Funds	231,740	0.0490	281,131	0.0523	251,687	0.0498
Water & Communications Utilities	638,876	0.0480	662,849	0.0481	667,160	0.0470
Native System Sales	34,824,055	0.0517	35,897,640	0.0508	34,282,564	0.0501
Wholesale Sales	29,175,782	0.0250	34,290,997	0.0366	11,267,492	^{fn1}
Energy Sales	63,999,837		70,188,637		45,550,056	
<u>Steam Sales</u>	8,128,063	4.13	8,606,228	3.76	9,179,866	4.29
<u>Other Revenue</u>						
Rail Car Lease	363,000		186,606		182,849	
By-Product Revenue	357,371		265,587		198,989	
Miscellaneous Revenue	353,495		460,899		428,726	
Total Other Revenue	1,073,866		913,092		810,564	
Operating Revenue	73,201,766		79,707,957		55,540,486	
<u>Operating Expense</u>						
Purchased Power	17,500,506		23,181,622		5,345,059	^{fn1}
Production Fuel	20,870,251		18,988,824		16,375,493	
Emissions Allowance	966,454		625,364		1,678,780	
Operation	18,448,783		17,119,018		17,259,584	
Maintenance	9,734,133		7,626,015		10,099,023	
Depreciation	11,914,851		11,862,270		11,758,800	
Total Operating Expense	79,434,978		79,403,113		62,516,739	
Operating Income (Loss)	(6,233,212)		304,844		(6,976,253)	
<u>Nonoperating Revenue (Expense)</u>						
Interest Income	1,316,791		1,244,569		1,688,822	
Interest Expense	(1,231,988)		(1,244,162)		(1,796,662)	
Total Nonoperating Revenue (Expense)	84,803		407		(107,840)	
Net Income (Loss) Before Revenue Adjustment and Capital Contributions	(6,148,409)		305,251		(7,084,093)	
Capital Contributions	—		79,022		—	
Revenue Adjustment-Extraordinary O & M	—		5,100,000		1,500,000	
Change in Net Assets	(6,148,409)		5,484,273		(5,584,093)	
Beginning Net Assets	162,798,658		162,798,658		159,408,925	
Ending Net Assets	\$156,650,249		\$168,282,931		\$153,824,832	
Net Income (Loss) before Rev Adj to Total Income	(8.3)		0.4		(12.4)	
Debt Service Coverage Before Transfers	0.60		1.18		0.57	
Debt Service Coverage After Transfers	0.60		1.62		1.21 ^{fn3}	

^{fn1} MPW Joined MISO September 1, 2009.

^{fn2} Average price excludes Pella 85% load factor adjustment of \$356,533 for the period 6/01/08 - 5/31/09 recorded in May 2009

^{fn3} Transfers include \$5,976,634 from the Rate Stabilization Fund and \$1,500,00 from the Extraordinary O&M Account

Muscatine Power and Water - Electric Utility
Statements of Net Assets
October 2010

ASSETS

	<u>2010</u>	<u>2009</u>
Current Assets:		
<u>Restricted</u>		
Cash - interest bearing	\$83,956	\$8,770,978
Investments	<u>20,272,274</u>	<u>26,925,975</u>
Total Restricted Current Assets	<u>20,356,230</u>	<u>35,696,953</u>
<u>Unrestricted</u>		
Cash - interest bearing	3,285,139	1,288,554
Investments	14,052,664	2,563,000
Receivables:		
Consumer Accounts	4,843,394	4,208,750
Wholesale	233,857	410,331
Steam Sales	1,389,459	905,816
Interest	561,724	785,542
Intercompanies	22,560	17,016
Inventories	6,589,428	8,411,995
Fuel	11,863,665	10,529,044
Prepaid Pension	269,204	--
Prepaid Expenses	625,426	609,446
Hedge Asset ^{fn1}	<u>2,196,100</u>	<u>--</u>
Total Unrestricted Current Assets	<u>45,932,620</u>	<u>29,729,494</u>
Total Current Assets	<u>66,288,850</u>	<u>65,426,447</u>
Property and Equipment:		
At Cost	404,988,182	404,645,979
Less Accumulated Depreciation	<u>289,406,341</u>	<u>276,374,500</u>
Net Property and Equipment	<u>115,581,841</u>	<u>128,271,479</u>
Other Assets:		
Unamortized Cost of Issuing Bonds	4,546	36,143
Note Receivable - Communications Utility	35,327,000	35,327,000
Joint Venture Rights	<u>180,671</u>	<u>211,764</u>
Total Other Assets	<u>35,512,217</u>	<u>35,574,907</u>
TOTAL ASSETS	<u>\$217,382,908</u>	<u>\$229,272,833</u>

fn1 The hedge asset and liability is a result of a financial swap with Tenaska based on 73,200 MWH at an average price of \$30/MWH for Unit 9's scheduled maintenance outage in March and April 2011.

Muscatine Power and Water - Electric Utility
Statements of Net Assets
October 2010

LIABILITIES AND NET ASSETS

	<u>2010</u>	<u>2009</u>
Current Liabilities:		
Restricted		
2001 Revenue Bonds - Plus Unamortized Premium of \$12,701 in 2010 and \$12,870 in 2009; and Less Deferred Amount on Refunding of \$11,439 in 2010 and \$10,843 in 2009	\$12,586,262	\$11,932,027
Accrued Interest	<u>474,008</u>	<u>692,725</u>
Total Restricted Current Liabilities	<u>13,060,270</u>	<u>12,624,752</u>
Unrestricted		
Accounts Payable	1,952,613	1,282,513
Pension Provision	---	1,170,169
Health & Dental Insurance Provision	216,660	192,660
Accrued Payroll	585,473	589,297
Accrued Vacation	1,009,950	974,262
Accrued Emission Allowance Expense	625,364	1,686,530
Consumers' Deposits	607,350	625,831
Accrued Property Taxes	83,235	78,867
Miscellaneous Accrued Expenses	557,490	509,489
Miscellaneous Deferred Credits	86,050	119,250
Hedge Liability ^{fn1}	<u>2,196,100</u>	<u>---</u>
Total Unrestricted Current Liabilities	<u>7,920,285</u>	<u>7,228,868</u>
Total Current Liabilities	<u>20,980,555</u>	<u>19,853,620</u>
Non-Current Liabilities:		
Health & Dental Insurance Provision	1,930,388	1,915,085
Post-Employment Health Benefit Provision	113,242	---
Long-Term Debt - Less Current Portion:		
2001 Revenue Bonds - Plus Unamortized Premium of \$87,063 in 2010 and \$258,014 in 2009; and less Deferred Amount on Refunding of \$84,432 in 2010 and \$236,880 in 2009	<u>13,272,630</u>	<u>25,876,134</u>
Total Non-Current Liabilities	<u>15,316,260</u>	<u>27,791,219</u>
Deferred Revenue - Extraordinary O & M	<u>12,803,162</u>	<u>27,803,162</u>
Net Assets:		
Invested in capital assets, net of related debt	89,759,091	90,556,707
Restricted	19,882,222	35,004,228
Unrestricted	<u>58,641,618</u>	<u>28,263,897</u>
Total Net Assets	<u>168,282,931</u>	<u>153,824,832</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$217,382,908</u></u>	<u><u>\$229,272,833</u></u>

fn1 The hedge asset and liability is a result of a financial swap with Tenaska based on 73,200 MWH at an average price of \$30/MWH for Unit 9's scheduled maintenance outage in March and April 2011.

Muscatine Power and Water - Electric Utility
Statements of Cash Flows
October 2010

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Retail electric sales	\$3,750,807	\$35,469,882
MISO/Tenaska, net sales/purchases	296,669	12,356,951
Steam sales	919,354	8,187,307
Coal & transportation allowances	219,363	649,148
Railcar leasing	21,658	186,606
By-product sales	63,824	184,703
Miscellaneous sources	42,868	477,420
Cash paid to/for:		
Suppliers	(1,152,458)	(8,198,535)
Coal	(2,904,187)	(18,589,421)
Employees payroll, taxes and benefits	<u>(1,415,829)</u>	<u>(17,864,247)</u>
Net cash flows from operating activities	<u>(157,931)</u>	<u>12,859,814</u>
Cash flows from capital and related financing activities:		
Capital expenditures, net	(98,733)	(1,275,896)
Bond principal payments	---	(11,930,000)
Bond interest payments	---	<u>(1,750,101)</u>
Net cash flows from capital and related financing activities	<u>(98,733)</u>	<u>(14,955,997)</u>
Cash flows from investing activities:		
Purchase of joint venture rights	---	(16,865)
Interest received on investments and note receivable	23,422	1,378,364
Accrued Interest Purchased	(3,683)	(42,774)
Amortization/accretion of investments	8,406	51,653
Mark to market	<u>(30,528)</u>	<u>(368,904)</u>
Net cash flows from investing activities	<u>(2,383)</u>	<u>1,001,474</u>
Net decrease in cash and investments	<u>(259,047)</u>	<u>(1,094,709)</u>
Cash and investments at beginning of period	<u>37,953,080</u>	<u>38,788,742</u>
Cash and investments at end of period	<u>\$37,694,033</u>	<u>\$37,694,033</u>

Muscatine Power and Water - Electric Utility
Statements of Cash Flows
October 2010

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	(\$558,998)	\$304,844
Noncash items in operating income:		
Depreciation of electric utility plant	1,186,227	11,862,270
Amortization of joint venture rights	(4,966)	33,705
Changes in assets and liabilities:		
Consumer accounts receivable	481,152	(515,591)
Wholesale receivable	(184,633)	892,157
Steam sales receivable	16,935	(485,811)
Intercompany receivable	(33,722)	(9,946)
Inventories	52,108	1,441,405
Fuel	(1,366,896)	1,214
Prepaid expenses	8,567	(124,882)
Accounts payable	108,385	604,580
Pension provision	134,602	(269,204)
Health & dental insurance provision	(104,015)	(62,896)
Other post-employment benefit provision	2,462	113,242
Accrued payroll	81,577	355,702
Accrued vacation	10,549	(4,170)
Accrued emission allowance expense	25,359	(1,073,765)
Consumers' deposits	12,569	(13,113)
Retained percentage	---	---
Accrued property taxes	7,991	(13,048)
Miscellaneous accrued expenses	(33,184)	(176,879)
Miscellaneous deferred credits	---	---
Net cash flows from operating activities	<u><u>(\$157,931)</u></u>	<u><u>\$12,859,814</u></u>

**Muscatine Power and Water - Electric Utility
Funds Appropriated for Specific Purposes
October 2010**

	<u>This Year</u>	<u>Last Year</u>
Bond Reserve Fund	\$7,419,406	\$7,496,368
Extraordinary Operation & Maintenance Account	<u>12,936,824</u>	<u>28,200,585</u>
Total Cash and Investments Appropriated for Specific Purposes	<u>\$20,356,230</u>	<u>\$35,696,953</u>

Muscatine Power and Water - Electric Utility
Summary of Expenses
Current Month - October 2010

	<u>Budget</u>		<u>This Year</u>		<u>Last Year</u>
	<u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>
Purchased Power	\$1,689,937	23.4	\$1,603,659	26.5	\$1,507,127
Average price per kWh	\$0.0250		\$0.0224		\$0.0214
Generation					
Operation Supervision	88,641		71,778		84,015
Fuel:					
Coal	2,248,061		1,421,095		1,303,519
Fuel Oil	10,027		25,166		438
Gas	34,500		5,448		3,337
Coal Handling Expense	58,101		54,360		49,248
Landfill Operation Expense	10,180		11,317		7,505
Emissions Allowance Expense	94,861		25,360		81,165
Steam Expense:					
Boiler	99,067		86,655		86,375
Pollution Control	57,926		27,646		34,230
Electric Expense	95,124		89,054		87,338
Miscellaneous Steam Power Expense	120,225		92,314		105,445
Maintenance:					
Supervision	77,743		78,207		81,054
Structures	69,430		48,264		47,994
Boiler Plant:					
Boiler	244,521		141,723		200,406
Pollution Control	18,449		26,604		32,330
Electric Plant	35,248		160,392		42,047
System Control	22,423		25,314		17,101
Miscellaneous Steam Plant	56,197		42,729		56,551
Coal Handling Equipment	320,086		47,695		152,376
Wholesale Sales Commission	---		---		---
System Control and Load Dispatch	70,504		24,698		113,733
Vacation, Holiday, Sick Leave	75,789		79,977		74,109
Depreciation	<u>885,000</u>		<u>885,239</u>		<u>877,564</u>
Total Generation Expense	\$4,792,103	66.3	\$3,471,035	57.3	\$3,537,880
					56.9

Muscatine Power and Water - Electric Utility
Summary of Expenses
Calendar Year-to-Date - October 2010

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	<u>Budget</u>		<u>This Year</u>		<u>Last Year</u>	
	<u>Estimate</u>				<u>fa1</u>	
Purchased Power	\$17,500,506	23.9	\$23,181,622	29.1	\$5,345,059	9.6
Average price per kWh	\$0.0250		\$0.0317		\$0.0270	
Generation						
Operation Supervision	870,563		794,552		806,619	
Fuel:						
Coal	19,799,023		18,145,258		15,282,409	
Fuel Oil	112,137		76,832		112,130	
Gas	306,400		81,472		342,601	
Coal Handling Expense	564,618		637,160		566,227	
Landfill Operation Expense	88,073		48,102		72,126	
Emissions Allowance Expense	966,454		625,364		1,678,780	
Steam Expense:						
Boiler	1,034,009		1,071,829		1,073,408	
Pollution Control	612,575		430,698		372,947	
Electric Expense	980,029		928,536		923,929	
Miscellaneous Steam Power Expense	1,639,690		1,323,285		1,553,207	
Maintenance:						
Supervision	803,862		822,671		749,624	
Structures	846,719		672,800		745,556	
Boiler Plant:						
Boiler	3,240,460		1,892,251		2,478,894	
Pollution Control	239,392		359,958		652,672	
Electric Plant	600,687		542,143		2,012,548	
System Control	184,050		168,236		166,902	
Miscellaneous Steam Plant	629,008		502,796		576,981	
Coal Handling Equipment	1,423,545		1,023,856		1,092,545	
Wholesale Sales Commission	---		---		318,024	
System Control and Load Dispatch	720,941		585,749		631,953	
Vacation, Holiday, Sick Leave	926,608		900,320		874,373	
Depreciation	<u>8,849,998</u>		<u>8,852,390</u>		<u>8,775,640</u>	
Total Generation Expense	\$45,438,841	62.1	\$40,486,258	50.8	\$41,860,095	75.4

fn1 MPW Joined MISO September 1, 2009.

Muscatine Power and Water - Electric Utility
Summary of Expenses
Current Month - October 2010

	Budget		This Year		Last Year
	Estimate		 		
<u>Transmission</u>					
Operation Supervision	\$3,888		\$3,932		\$2,726
Load Dispatching	7,475		12,181		9,200
Station Expense	10,806		10,106		8,701
Overhead Line Expense	111		369		---
Transmission of Electricity by Others	---		---		5
Miscellaneous Transmission Expense	7,225		11,535		18,674
Maintenance:					
Supervision	1,974		1,981		1,778
Structures	314		---		---
Station Equipment	9,408		4,209		5,628
Overhead Lines	11,074		3,195		16,313
Vacation, Holiday, Sick Leave	4,154		3,437		3,719
Depreciation	30,628		30,568		30,535
Tax on Rural Property	<u>5,942</u>		<u>5,942</u>		<u>5,910</u>
Total Transmission Expense	<u>92,999</u>	1.3	<u>87,455</u>	1.4	<u>103,189</u>
					1.7
<u>Distribution</u>					
Operation Supervision	10,764		11,788		10,943
Load Dispatching	7,557		48,727		9,094
Station Expense	8,401		7,216		8,739
Overhead Line Expense	2,645		2,487		3,524
Vehicle Expense	14,318		12,186		10,083
Underground Line Expense	3,258		2,482		3,924
Street Lighting	1,971		2,165		2,583
Signal Expense	1,078		288		489
Meter Expense	9,334		9,919		9,998
Consumer Installation Expense	1,269		1,121		1,412
Miscellaneous Distribution Expense	68,269		59,982		57,217
Maintenance:					
Supervision	9,986		10,649		10,419
Structures	328		---		---
Station Equipment	10,318		6,812		12,639
Overhead Lines	54,294		38,508		70,546
Underground Lines	8,368		3,641		5,531
Line Transformers	4,189		9,697		6,664
Street Lighting	3,247		3,528		6,069
Signal System	3,933		2,235		2,738
Meters	400		216		---
Miscellaneous Distribution Plant	2,584		2,168		1,016
Vacation, Holiday, Sick Leave	22,264		16,963		21,743
Depreciation	147,816		146,484		143,739
Tax on Rural Property	<u>1,775</u>		<u>1,775</u>		<u>1,765</u>
Total Distribution Expense	<u>\$398,366</u>	5.5	<u>\$401,037</u>	6.6	<u>\$400,875</u>
					6.4

Muscatine Power and Water - Electric Utility
Summary of Expenses
Calendar Year-to-Date - October 2010

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>Transmission</u>			
Operation Supervision	\$38,906	\$39,055	\$36,023
Load Dispatching	75,610	97,637	80,300
Station Expense	91,841	86,148	94,773
Overhead Line Expense	684	1,821	667
Transmission of Electricity by Others	---	---	139,232
Miscellaneous Transmission Expense	198,492	96,930	99,468
Maintenance:			
Supervision	19,770	18,699	17,800
Structures	10,564	12,183	3
Station Equipment	81,041	54,442	53,683
Overhead Lines	75,743	69,981	42,431
Vacation, Holiday, Sick Leave	50,631	50,411	48,470
Depreciation	306,280	305,680	305,350
Tax on Rural Property	<u>59,417</u>	<u>59,587</u>	<u>56,577</u>
Total Transmission Expense	<u>1,008,979</u>	1.4	<u>892,574</u> 1.1
			974,777 1.8
<u>Distribution</u>			
Operation Supervision	108,143	119,825	120,816
Load Dispatching	76,613	317,607	79,686
Station Expense	91,040	86,835	87,325
Overhead Line Expense	28,860	11,531	30,649
Vehicle Expense	143,274	136,350	125,358
Underground Line Expense	32,861	31,144	31,413
Street Lighting	20,311	26,308	18,268
Signal Expense	9,419	8,758	4,967
Meter Expense	93,670	86,867	89,439
Consumer Installation Expense	13,357	14,000	13,616
Miscellaneous Distribution Expense	685,961	586,808	643,002
Maintenance:			
Supervision	100,443	105,962	109,310
Structures	11,496	---	---
Station Equipment	106,338	94,358	136,728
Overhead Lines	542,388	496,532	453,431
Underground Lines	84,730	61,467	103,709
Line Transformers	41,271	85,661	62,460
Street Lighting	32,467	69,263	46,436
Signal System	31,382	35,396	32,073
Meters	6,150	2,057	---
Miscellaneous Distribution Plant	26,638	23,915	24,278
Vacation, Holiday, Sick Leave	273,466	267,707	257,174
Depreciation	1,478,161	1,464,840	1,437,390
Tax on Rural Property	<u>17,750</u>	<u>17,779</u>	<u>16,913</u>
Total Distribution Expense	<u>\$4,056,189</u>	5.5	<u>\$4,150,970</u> 5.2
			\$3,924,441 7.1

Muscatine Power and Water - Electric Utility
Summary of Expenses
Current Month - October 2010

	Budget			
	Estimate	This Year	Last Year	
<u>Customer Service Expense</u>				
Customer Information Expense	\$45,889	\$30,326	\$9,170	
Electric Ranges/Dryers-Maint/Promotion	1,277	1,002	854	
Electric Water Heaters-Maint/Promotion	<u>1,783</u>	<u>1,295</u>	<u>666</u>	
Total Customer Service Expense	<u>48,949</u>	0.7	<u>32,623</u>	0.5
			<u>10,690</u>	0.2
<u>Consumer Accounts</u>				
Supervision	1,945	2,150	2,307	
Meter Reading Expense	7,358	7,409	7,362	
Consumer Records and Collection	29,556	28,979	31,896	
Uncollectible Accounts Expense	1,834	1,834	1,392	
Vacation, Holiday, Sick Leave	<u>2,949</u>	<u>2,548</u>	<u>3,276</u>	
Total Consumer Accounts Expense	<u>43,642</u>	0.6	<u>42,920</u>	0.7
			<u>46,233</u>	0.7
<u>Administrative and General</u>				
Administrative and General Salaries	165,670	165,249	170,036	
Office Supplies and Expenses	19,808	14,932	17,227	
Outside Services Employed	51,901	51,332	53,364	
Property Insurance	43,440	41,012	41,006	
Casualty Ins, Injuries & Damages	37,906	24,676	29,965	
Employee Pensions and Benefits	460,159	452,161	418,912	
Fringe Benefits Charged to Constr.	(20,565)	(19,485)	(18,516)	
Regulatory Commission	4,400	3,651	2,361	
Miscellaneous General Expense	35,264	39,327	25,030	
Maintenance of General Plant	26,455	32,600	31,072	
Maintenance of A/O Center	24,123	28,647	24,769	
Vacation, Holiday, Sick Leave	23,889	20,580	24,789	
Depreciation	<u>128,041</u>	<u>123,936</u>	<u>124,042</u>	
Total Administrative and General	<u>1,000,491</u>	13.8	<u>978,618</u>	16.2
			<u>944,057</u>	15.2
Total Operating Expense	<u>\$8,066,487</u>		<u>\$6,617,347</u>	
			<u>\$6,550,051</u>	
Percent to Operating Revenue		111.6	109.2	105.3

Muscatine Power and Water - Electric Utility
Summary of Expenses
Calendar Year-to-Date - October 2010

	<u>Budget</u>		<u>This Year</u>		<u>Last Year</u>
	<u>Estimate</u>		<u> </u>		<u> </u>
<u>Customer Service Expense</u>					
Customer Information Expense	\$450,148		\$228,407		\$222,851
Electric Ranges/Dryers-Maint/Promotion	12,938		12,062		10,452
Electric Water Heaters-Maint/Promotion	<u>17,939</u>		<u>14,363</u>		<u>11,470</u>
Total Customer Service Expense	<u>\$481,025</u>	0.7	<u>\$254,832</u>	0.3	<u>\$244,773</u> 0.4
<u>Consumer Accounts</u>					
Supervision	19,115		20,712		19,850
Meter Reading Expense	74,876		81,233		77,424
Consumer Records and Collection	304,310		295,182		294,896
Uncollectible Accounts Expense	18,340		18,340		13,917
Vacation, Holiday, Sick Leave	<u>37,059</u>		<u>36,308</u>		<u>36,523</u>
Total Consumer Accounts Expense	<u>453,700</u>	0.6	<u>451,775</u>	0.6	<u>442,610</u> 0.8
<u>Administrative and General</u>					
Administrative and General Salaries	1,661,687		1,624,981		1,580,931
Office Supplies and Expenses	214,235		142,983		174,505
Outside Services Employed	672,063		557,704		618,955
Property Insurance	427,098		410,105		387,376
Casualty Ins, Injuries & Damages	378,613		367,261		377,988
Employee Pensions and Benefits	4,693,683		4,677,870		4,354,326
Fringe Benefits Charged to Constr.	(172,139)		(149,326)		(157,031)
Regulatory Commission	44,000		55,002		35,792
Miscellaneous General Expense	408,441		288,114		314,400
Maintenance of General Plant	267,843		232,455		233,147
Maintenance of A/O Center	328,146		278,933		307,812
Vacation, Holiday, Sick Leave	291,656		259,640		256,363
Depreciation	<u>1,280,412</u>		<u>1,239,360</u>		<u>1,240,420</u>
Total Administrative and General	<u>10,495,738</u>	14.3	<u>9,985,082</u>	12.5	<u>9,724,984</u> 17.5
Total Operating Expense	<u>\$79,434,978</u>		<u>\$79,403,113</u>		<u>\$62,516,739</u>
Percent to Operating Revenue		108.5		99.6	112.6

Muscatine Power and Water - Electric Utility
Statistical Data
October 2010

Per KWH Delivered to Wholesale Customers

	Current Month <u>2010 Budget</u>	Current Month <u>2010 Actual</u>	Current Month <u>2009 Actual</u>	Year-To-Date <u>2010 Budget</u>	Year-To-Date <u>2010 Actual</u>
Wholesale Sales KWHs	<u>118,330,491</u>	<u>58,886,656</u>	<u>73,750,370</u>	<u>1,167,031,569</u>	<u>936,410,060</u>
Wholesale Sales	\$0.02500	\$0.02640	\$0.02603	\$0.02500	\$0.03662
Less:					
Generation	0.03576	0.04833	0.04046	0.03441	0.03729
Transmission	0.00079	0.00149	0.00140	0.00086	0.00095
Subtotal	<u>0.03655</u>	<u>0.04982</u>	<u>0.04186</u>	<u>0.03527</u>	<u>0.03824</u>
Wholesale Margin	<u>(\$0.01155)</u>	<u>(\$0.02342)</u>	<u>(\$0.01583)</u>	<u>(\$0.01027)</u>	<u>(\$0.00162)</u>

Per KWH Delivered to Paying Native System Customers

	Current Month <u>2010 Budget</u>	Current Month <u>2010 Actual</u>	Current Month <u>2009 Actual</u>	Year-To-Date <u>2010 Budget</u>	Year-To-Date <u>2010 Actual</u>
Native System Sales KWHs	<u>65,041,672</u>	<u>69,774,487</u>	<u>67,422,458</u>	<u>672,975,712</u>	<u>707,186,111</u>
Native System Sales	\$0.05281	\$0.05064	\$0.04950	\$0.05175	\$0.05076
Less:					
Purchased Power	0.02598	0.02298	0.02235	0.02600	0.03278
Distribution	0.00612	0.00575	0.00595	0.00603	0.00587
Customer Service	0.00075	0.00047	0.00016	0.00071	0.00036
Consumers Accounts	0.00067	0.00062	0.00069	0.00067	0.00064
Administrative & General	0.01538	0.01403	0.01400	0.01560	0.01412
Subtotal	<u>0.04891</u>	<u>0.04384</u>	<u>0.04315</u>	<u>0.04902</u>	<u>0.05377</u>
Native System Margin	0.00389	0.00680	0.00635	0.00273	(0.00301)
Wholesale Margin	<u>(0.02101)</u>	<u>(0.01976)</u>	<u>(0.01731)</u>	<u>(0.01781)</u>	<u>(0.00215)</u>
Net Electric Margin before Steam Sales	<u>(\$0.01711)</u>	<u>(\$0.01296)</u>	<u>(\$0.01096)</u>	<u>(\$0.01508)</u>	<u>(\$0.00515)</u>
Net Electric Margin after Steam Sales	<u>(\$0.01439)</u>	<u>(\$0.00899)</u>	<u>(\$0.00561)</u>	<u>(\$0.01086)</u>	<u>(\$0.00086)</u>

Total Fuel Cost

(To & Including Ash Handling)

	<u>Current Month</u>		<u>Calendar Year-To-Date</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Per Million Btu.	\$1.594	\$1.246	\$1.442	\$1.354
Per Net MW Generated	\$17.68	\$13.76	\$16.16	\$15.31
Net Peak Monthly Demand - KW	111,700	111,000	137,900	139,000
Date of Peak	10/5	10/13	7/27	6/23
Average Temperature	54°	49°		
Services	<u>2010</u>	<u>2009</u>		
Residential	9,663	9,648		
Commercial I	1,393	1,379		
Commercial II	118	118		
Industrial I	11	11		
Industrial II	2	2		
City Enterprise Funds	22	22		
Water & Communications Utility	34	39		
Total	<u>11,243</u>	<u>11,219</u>		

Muscatine Power and Water - Electric Utility
Wholesale Sales Analysis
Current Month - October 2010

	<u>Budget</u> <u>Estimate</u>	<u>This</u> <u>Year</u>	<u>Last</u> <u>Year</u> ^{fn5}	
	<u>\$/kWh</u>	<u>\$/kWh</u>	<u>\$/kWh</u>	
Wholesale kWh Sales	<u>118,330.491</u>	<u>58,886.656</u>	<u>73,750.370</u>	
Wholesale Sales	<u>\$2,958.262</u>	<u>\$0.0250</u>	<u>\$1,554.529</u>	<u>\$0.0264</u>
Variable Costs				
Transmission Path ^{fn5}	---	0.0000	---	5 0.0000
Fuel (Coal, Gas & Fuel Oil)	1,924,077	0.0163	965,188 0.0164	945,435 0.0128
SO ² Allowances ^{fn1}	2,880	0.0000	1,653 0.0000	4,153 0.0001
NO _x Allowances ^{fn2}	99,000	0.0008	21,564 0.0004	58,227 0.0008
Other ^{fn4}	<u>293,341</u>	<u>0.0025</u>	<u>284,544</u> <u>0.0048</u>	<u>320,660</u> <u>0.0043</u>
Total Variable Costs	<u>2,319,298</u>	<u>0.0196</u>	<u>1,272,949</u> <u>0.0216</u>	<u>1,328,480</u> <u>0.0180</u>
Gross Margin	<u>\$638.964</u>	<u>\$0.0054</u>	<u>\$281,580</u>	<u>\$0.0048</u>
Percent Gross Margin	21.6%		18.1%	30.8%

Calendar Year To Date

	<u>Budget</u> <u>Estimate</u>	<u>This</u> <u>Year</u>	<u>Last</u> <u>Year</u> ^{fn5}	
	<u>\$/kWh</u>	<u>\$/kWh</u>	<u>\$/kWh</u>	
Wholesale kWh Sales	<u>1,167,031.569</u>	<u>936,410.060</u>	<u>357,539.728</u>	
Wholesale Sales	<u>\$29,175.782</u>	<u>\$0.0250</u>	<u>\$10,832.343</u>	<u>\$0.0303</u>
Variable Costs				
Marketers' Commissions	---	0.0000	---	318,024 0.0009
Transmission Path ^{fn5}	---	0.0000	---	139,232 0.0004
Fuel (Coal, Gas & Fuel Oil)	16,952,197	0.0145	14,285,120 0.0153	4,986,790 0.0139
SO ² Allowances ^{fn1}	28,818	0.0000	33,281 0.0000	39,740 0.0001
NO _x Allowances ^{fn3}	1,071,374	0.0009	619,554 0.0007	624,135 0.0017
Other ^{fn4}	<u>2,933,410</u>	<u>0.0025</u>	<u>2,903,865</u> <u>0.0031</u>	<u>1,397,593</u> <u>0.0039</u>
Total Variable Costs	<u>20,985,799</u>	<u>0.0180</u>	<u>17,841,820</u> <u>0.0191</u>	<u>7,505,514</u> <u>0.0210</u>
Gross Margin	<u>\$8,189,983</u>	<u>\$0.0070</u>	<u>\$16,449.177</u>	<u>\$0.0176</u>
Percent Gross Margin	28.1%		48.0%	30.7%

Allowance costs are based on budgeted/actual market price for allowances:

	<u>Budget</u>	<u>2010</u>	<u>2009</u>
fn1 SO ²	\$80.00	\$56.00	\$157.00
fn2 NO _x annual	1,000.00	330.00	685.00
NO _x seasonal	0.00	0.00	0.00
fn3 YTD NO _x annual	1,000.00	437.70	1,331.00
YTD NO _x seasonal	200.00	46.70	181.43

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

fn5 MPW Joined MISO September 1, 2009; since joining transmission expense is netted against revenue