

Muscatine Power and Water

Electric Utility

Operating Statements and Balance Sheets

**December 2010
(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 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 - December 2010

	<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	133,093,994	(9.1)	120,943,644	15.6	104,621,625
Less: Plant Use	<u>12,725,559</u>	(7.4)	<u>11,780,031</u>	4.4	<u>11,282,858</u>
Net Generation/Wholesale Sales	<u>120,368,435</u>	(9.3)	<u>109,163,613</u>	17.0	<u>93,338,767</u>
<u>Capacity Factors</u>					
Unit 9	84.30	(19.0)	68.28	2.5	66.60
Unit 8	---	---	35.04	---	---
Unit 8A	79.25	22.1	96.78	6.6	90.76
Unit 7	54.79	(24.9)	41.12	72.4	23.85
Total Plant	81.93	(17.7)	67.39	(13.2)	77.60
<u>KWH Distribution</u>					
Residential	8,596,007	6.4	9,148,505	5.7	8,653,285
Commercial I	3,174,275	0.6	3,193,828	4.3	3,061,289
Commercial II	8,028,328	3.2	8,285,932	1.9	8,132,086
Industrial I	9,234,326	(0.7)	9,170,560	3.8	8,834,897
Industrial II	34,823,584	12.8	39,276,495	7.6	36,514,180
City Enterprise Funds	496,043	(1.7)	487,656	(13.1)	561,415
Water & Communications Utilities	<u>1,304,056</u>	(10.9)	<u>1,161,275</u>	(12.4)	<u>1,325,819</u>
Native System Sales	65,656,619	7.7	70,724,251	5.4	67,082,971
City Lighting	169,631	(4.1)	162,653	(5.6)	172,318
City Buildings	572,690	3.8	594,265	11.5	532,825
Offline Power Plant Usage	---	---	49,949	(45.7)	92,032
MAPP Trans Loss-Net	---	---	---	---	---
Losses & Cycle Billing	<u>2,861,059</u>	12.8	<u>3,227,495</u>	6.3	<u>3,035,014</u>
Total Native System KWH					
Distributed/Purchased Power	<u>69,259,999</u>	7.9	<u>74,758,613</u>	5.4	<u>70,915,160</u>
 STEAM SALES - 1000 lbs	 <u>223,560</u>	 23.7	 <u>276,505</u>	 9.6	 <u>252,327</u>

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

Page 2

	Budget Estimate	% Increase (Decrease) From Budget	This Year	% Increase (Decrease) Fr. Last Yr.	Last Year
<u>KWH Generated and Sold</u>					
Gross Generation	1,549,566,354	(19.0)	1,255,201,792	9.6	1,145,469,487
Less: Plant Use	<u>148,838,054</u>	(15.1)	<u>126,411,662</u>	2.5	<u>123,309,309</u>
Net Generation	<u>1,400,728,300</u>	(19.4)	<u>1,128,790,130</u>	10.4	<u>1,022,160,178</u>
Wholesale Sales	<u>1,400,728,300</u>	(19.4)	<u>1,128,790,130</u>	---	<u>511,495,879</u> ^{fn1}
<u>Capacity Factors</u>					
Unit 9	83.77	(27.5)	60.70	6.2	57.13
Unit 8	---	---	28.51	53.4	18.58
Unit 8A	81.08	2.9	83.47	5.3	79.27
Unit 7	55.98	(33.2)	37.40	10.8	33.76
Total Plant	80.10	(14.8)	68.21	(1.5)	69.28
<u>KWH Distribution</u>					
Residential	103,440,576	4.2	107,828,594	10.0	98,059,284
Commercial I	39,424,667	(1.6)	38,779,028	2.4	37,858,695
Commercial II	102,187,607	(1.1)	101,098,873	2.3	98,815,076
Industrial I	121,371,571	(0.4)	120,922,082	2.5	118,013,199
Industrial II	413,265,301	9.7	453,353,477	2.7	441,645,304
City Enterprise Funds	5,679,193	10.6	6,282,407	2.7	6,119,325
Water & Communications Utilities	<u>15,916,083</u>	1.3	<u>16,124,668</u>	(4.7)	<u>16,919,435</u>
Native System Sales	801,284,998	5.4	844,389,129	3.3	817,430,318
City Lighting	2,036,819	(3.1)	1,974,310	(4.6)	2,069,258
City Buildings	6,266,830	0.1	6,275,186	2.7	6,111,708
Offline Power Plant Usage	---	---	651,914	49.3	436,618
MAPP Trans Loss-Net	---	---	---	---	(713,000)
Losses & Cycle Billing	<u>24,996,860</u>	---	<u>24,032,822</u>	13.6	<u>21,149,377</u>
Total Native System KWH Distributed	<u>834,585,507</u>	5.1	<u>877,323,361</u>	3.6	<u>846,484,279</u>
Purchased Power	<u>834,585,507</u>	5.1	<u>877,323,361</u>	---	<u>335,819,980</u> ^{fn1}
STEAM SALES - 1000 lbs	<u>2,388,960</u>	15.1	<u>2,750,241</u>	7.2	<u>2,565,911</u>

^{fn1} Wholesale sales and purchased power are not comparable due to joining MISO September 1, 2001

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

	<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	\$647,245	0.0753	\$684,200	0.0742	^{fn1} \$619,691	0.0719 ^{fn2}
Commercial I	245,943	0.0775	240,852	0.0782	^{fn1} 232,266	0.0754 ^{fn2}
Commercial II	487,609	0.0607	483,859	0.0584	455,668	0.0560
Industrial I	474,662	0.0514	460,972	0.0503	449,063	0.0508
Industrial II	1,558,516	0.0448	1,695,362	0.0432	1,522,264	0.0417
City Enterprise Funds	25,253	0.0509	27,601	0.0566	27,705	0.0493
Water & Communication Utilities	64,647	0.0496	58,501	0.0504	64,257	0.0485
Native System Sales	3,503,875	0.0534	3,651,347	0.0517	3,370,914	0.0503
Wholesale Sales	3,009,211	0.0250	3,712,951	0.0340	3,077,608	0.0330
Energy Sales	6,513,086		7,364,298		6,448,522	
<u>Steam Sales</u>	841,834	3.77	972,974	0.41	1,012,131	4.01
<u>Other Revenue</u>						
Rail Car Lease	27,900		52,340		---	
By-Product Revenue	6,215		14,638		3,952	
Miscellaneous Revenue	32,696		45,615		67,335	
Total Other Revenue	66,811		112,593		71,287	
Operating Revenue	7,421,731		8,449,865		7,531,940	
<u>Operating Expense</u>						
Purchased Power	1,731,500	0.0250	2,302,598	0.0308	2,140,188	0.0302
Production Fuel	2,448,846		2,444,917		1,675,881	
Emissions Allowance	107,387		46,425		67,112	
Operation	1,825,033		1,968,423		1,827,649	
Maintenance	662,380		785,393		711,500	
Depreciation	1,191,485		1,186,227		1,175,880	
Total Operating Expense	7,966,631		8,733,983		7,598,210	
Operating Loss	(544,900)		(284,118)		(66,270)	
<u>Nonoperating Revenue (Expense)</u>						
Interest Income	121,317		113,607		81,112	
Interest Expense	(123,199)		(123,534)		(179,772)	
Total Nonoperating Revenue (Expense)	(1,882)		(9,927)		(98,660)	
Net Income (Loss) Before Capital Contributions	(546,782)		(294,045)		(164,930)	
Capital Contributions	---		80		43,302	
Revenue Adjustment-Extraordinary O&M	5,745,886		(4,352,000)		9,900,000	
Change in Net Assets	5,199,104		(4,645,965)		9,778,372	
Beginning Net Assets	155,865,872		168,488,277		153,020,286	
Ending Net Assets	\$161,064,976		\$163,842,312		\$162,798,658	
Net Income (Loss) to Total Income Before Revenue Adj	(7.3)		(3.4)		(2.2)	
Net Income (Loss) to Total Income After Revenue Adj	68.9		(54.3)		128.4	
Debt Service Coverage Before Transfer	0.66		0.87		1.10	
Debt Service Coverage After Transfer	5.58		(2.86)		9.58	

fn1 Excludes an adjustment to unbilled revenues of \$5,085 for residential customers and (\$8,822) for commercial I customers

fn2 Excludes an adjustment to unbilled revenues of (\$2,849) for residential customers and \$1,368 for commercial I customers

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

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	\$7,635,750	0.0738	\$7,905,137	0.0733	\$7,127,122	0.0727
Commercial I	2,991,931	0.0759	2,965,597	0.0767	2,850,428	0.0753
Commercial II	5,942,345	0.0582	5,797,915	0.0573	5,587,242	0.0565
Industrial I	6,044,572	0.0498	5,903,966	0.0488	5,844,287	0.0495
Industrial II	18,013,719	0.0436	19,274,788	0.0425	18,405,692	0.0417
City Enterprise Funds	279,804	0.0493	333,119	0.0530	304,855	0.0498
Water & Communications Utilities	<u>767,366</u>	<u>0.0482</u>	<u>780,463</u>	<u>0.0484</u>	<u>798,953</u>	<u>0.0472</u>
Native System Sales	41,675,487	0.0520	42,960,985	0.0509	40,918,579	0.0501
Wholesale Sales	<u>35,018,208</u>	<u>0.0250</u>	<u>40,535,035</u>	<u>0.0359</u>	<u>15,892,039</u>	<u>fn1</u>
Energy Sales	<u>76,693,695</u>		<u>83,496,020</u>		<u>56,810,618</u>	
Steam Sales	9,718,194	4.07	11,089,012	4.03	10,877,226	4.24
<u>Other Revenue</u>						
Rail Car Lease	417,900		257,063		182,849	
By-Product Revenue	386,788		302,299		226,967	
Miscellaneous Revenue	<u>426,490</u>		<u>547,877</u>		<u>540,048</u>	
Total Other Revenue	1,231,178		1,107,239		949,864	
Operating Revenue	87,643,067		95,692,271		68,637,708	
<u>Operating Expense</u>						
Purchased Power	20,864,639	0.0250	27,314,007	0.0311	8,931,455	fn1
Production Fuel	25,608,325		23,240,870		19,163,805	
Emissions Allowance	1,169,443		659,927		1,780,667	
Operation	22,084,777		20,711,508		20,758,320	
Maintenance	11,181,034		9,268,167		11,732,743	
Depreciation	<u>14,297,820</u>		<u>14,234,724</u>		<u>14,110,560</u>	
Total Operating Expense	95,206,038		95,429,203		76,477,550	
Operating Income (Loss)	(7,562,971)		263,068		(7,839,842)	
<u>Nonoperating Revenue (Expense)</u>						
Interest Income	1,561,789		1,444,829		1,942,315	
Interest Expense	<u>(1,478,386)</u>		<u>(1,491,345)</u>		<u>(2,156,042)</u>	
Total Nonoperating Revenue (Expense)	83,403		(46,516)		(213,727)	
Net Income (Loss) Before Revenue Adjustment and Capital Contributions	(7,479,568)		216,552		(8,053,569)	
Capital Contributions	—		79,102		43,302	
Revenue Adjustment-Extraordinary O & M	<u>5,745,886</u>		<u>748,000</u>		<u>11,400,000</u>	
Change in Net Assets	(1,733,682)		1,043,654		3,389,733	
Beginning Net Assets	162,798,658		162,798,658		159,408,925	
Ending Net Assets	\$161,064,976		\$163,842,312		\$162,798,658	
Net Income (Loss) before Rev Adj to Total Income	(8.4)		0.2		(11.4)	
Net Income (Loss) after Rev Adj to Total Income	(1.9)		1.1		4.8	
Debt Service Coverage Before Transfers	0.59		1.11		0.61	
Debt Service Coverage After Transfers	1.00		1.16		1.85	fn2

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

fn4 Excludes an adjustment to unbilled revenues of \$5,085 for residential customers and (\$8,822) for commercial I customers.

fn5 Excludes an adjustment to unbilled revenues of (\$2,849) for residential customers and \$1,368 for commercial I customers.

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

ASSETS

	<u>2010</u>	<u>2009</u>
Current Assets:		
<u>Restricted</u>		
Cash - interest bearing	\$21,610,535	\$10,223,289
Investments	<u>16,397,650</u>	<u>28,445,201</u>
Total Restricted Current Assets	<u>38,008,185</u>	<u>38,668,490</u>
<u>Unrestricted</u>		
Cash - interest bearing	5,108	120,252
Investments	---	---
Receivables:		
Consumer Accounts	4,947,084	4,327,803 ^{fn2}
Wholesale	1,292,599	1,126,014
Steam Sales	2,365,745	903,648
Interest	668,380	335,495
Intercompanies	22,200	12,614
Inventories	6,659,820	8,030,833
Fuel	11,118,587	11,864,879
Prepaid Expenses	537,516	522,105
Hedge Asset ^{fn1}	<u>2,196,100</u>	---
Total Unrestricted Current Assets	<u>29,813,139</u>	<u>27,243,643</u>
Total Current Assets	<u>67,821,324</u>	<u>65,912,133</u>
Property and Equipment:		
At Cost	405,071,805	403,977,087
Less Accumulated Depreciation	<u>291,559,776</u>	<u>277,789,364</u>
Net Property and Equipment	<u>113,512,029</u>	<u>126,187,723</u>
Other Assets:		
Unamortized Cost of Issuing Bonds	---	27,283
Note Receivable - Communications Utility	35,327,000	35,327,000
Joint Venture Rights	<u>162,532</u>	<u>197,510</u>
Total Other Assets	<u>35,489,532</u>	<u>35,551,793</u>
TOTAL ASSETS	<u>\$216,822,885</u>	<u>\$227,651,649</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.

fn2 Includes \$378,203 for unbilled revenues.

fn3 Includes \$381,941 for unbilled revenues.

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

LIABILITIES AND NET ASSETS

	<u>2010</u>	<u>2009</u>
Current Liabilities:		
<u>Restricted</u>		
2001 Revenue Bonds	\$12,585,000	\$11,930,000
Accrued Interest	711,013	1,039,088
Total Restricted Current Liabilities	<u>13,296,013</u>	<u>12,969,088</u>
<u>Unrestricted</u>		
Accounts Payable	1,479,372	1,446,562
Health & Dental Insurance Provision	233,632	216,660
Accrued Payroll	294,327	229,771
Accrued Vacation	1,016,057	1,014,120
Accrued Emission Allowance Expense	636,436	1,699,129
Consumers' Deposits	597,792	620,463
Accrued Property Taxes	89,420	96,283
Miscellaneous Accrued Expenses	685,063	706,572
Miscellaneous Deferred Credits	52,850	86,050
Hedge Liability ^{fn1}	2,196,100	---
Total Unrestricted Current Liabilities	<u>7,281,049</u>	<u>6,115,610</u>
Total Current Liabilities	<u>20,577,062</u>	<u>19,084,698</u>
Non-Current Liabilities:		
Health & Dental Insurance Provision	1,858,882	1,993,284
Post-Employment Health Benefit Provision	118,166	---
Long-Term Debt - Less Current Portion:		
2001 Revenue Bonds - Plus Unamortized Premium of \$73,672 in 2010 and \$230,226 in 2009; and less Deferred Amount on Refunding of \$72,370 in 2010 and \$213,379 in 2009	13,271,301	25,871,847
Total Non-Current Liabilities	<u>15,248,349</u>	<u>27,865,131</u>
Deferred Revenue - Extraordinary O & M	<u>17,155,162</u>	<u>17,903,162</u>
Net Assets:		
Invested in capital assets, net of related debt	87,683,011	88,466,317
Restricted	37,297,172	37,629,402
Unrestricted	38,862,129	36,702,939
Total Net Assets	<u>163,842,312</u>	<u>162,798,658</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$216,822,885</u></u>	<u><u>\$227,651,649</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
December 2010

	Current Month	Year- To-Date
Cash flows from operating activities:		
Cash received from:		
Retail electric sales	\$3,428,249	\$42,509,061
MISO/Tenaska, net sales/purchases	574,752	13,128,832
Steam sales	619,094	9,672,985
Coal & transportation allowances	24,812	806,795
Railcar leasing	---	186,606
By-product sales	36,467	265,656
Miscellaneous sources	169,145	730,375
Cash paid to/for:		
Suppliers	(584,313)	(9,660,710)
Coal	(1,913,519)	(22,648,740)
Employees payroll, taxes and benefits	<u>(1,754,874)</u>	<u>(21,619,228)</u>
Net cash flows from operating activities	<u>599,813</u>	<u>13,371,632</u>
Cash flows from capital and related financing activities:		
Capital expenditures, net	(87,293)	(1,520,143)
Bond principal payments	---	(11,930,000)
Bond interest payments	---	<u>(1,750,101)</u>
Net cash flows from capital and related financing activities	<u>(87,293)</u>	<u>(15,200,244)</u>
Cash flows from investing activities:		
Purchase of joint venture rights	---	(58,780)
Interest received on investments and note receivable	148,643	1,534,576
Accrued Interest Purchased	---	(42,774)
Amortization/accretion of investments	2,424	59,465
Mark to market	<u>(29,172)</u>	<u>(439,324)</u>
Net cash flows from investing activities	<u>121,895</u>	<u>1,053,163</u>
Net increase (decrease) in cash and investments	<u>634,415</u>	<u>(775,449)</u>
Cash and investments at beginning of period	<u>37,378,878</u>	<u>38,788,742</u>
Cash and investments at end of period	<u>\$38,013,293</u>	<u>\$38,013,293</u>

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

	<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)	(\$284,118)	\$263,068
Noncash items in operating income:		
Depreciation of electric utility plant	1,186,227	14,234,724
Amortization of joint venture rights	10,258	93,759
Changes in assets and liabilities:		
Consumer accounts receivable	(431,219)	(619,281)
Wholesale receivable	(549,737)	(166,585)
Steam sales receivable	(384,920)	(1,462,097)
Intercompany receivable	44,708	(9,586)
Inventories	(67,197)	1,371,013
Fuel	943,631	746,292
Prepaid expenses	(11,092)	(41,285)
Accounts payable	(38,286)	73,022
Pension provision	134,602	--
Health & dental insurance provision	(67,677)	(117,430)
Other post-employment benefit provision	2,462	118,166
Accrued payroll	180,677	64,556
Accrued vacation	(1,658)	1,937
Accrued emission allowance expense	46,425	(1,062,693)
Consumers' deposits	(2,865)	(22,671)
Retained percentage	--	--
Accrued property taxes	(1,807)	(6,863)
Miscellaneous accrued expenses	(75,401)	(53,214)
Miscellaneous deferred credits	<u>(33,200)</u>	<u>(33,200)</u>
Net cash flows from operating activities	<u>\$599,813</u>	<u>\$13,371,632</u>

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

	<u>This Year</u>	<u>Last Year</u>
Bond Reserve Fund	\$7,500,767	\$7,474,031
Bond Sinking Fund	\$13,296,013	\$12,969,088
Extraordinary Operation & Maintenance Account	<u>17,211,405</u>	<u>18,225,371</u>
 Total Cash and Investments Appropriated for Specific Purposes	 <u>\$38,008,185</u>	 <u>\$38,668,490</u>

Muscatine Power and Water - Electric Utility

Summary of Expenses

Current Month - December 2010

	<u>Budget</u>		<u>This Year</u>		<u>Last Year</u>
	<u>Estimate</u>				
Purchased Power	\$1,731,500	23.3	\$2,302,598	27.3	\$2,140,188
Average price per kWh	\$0.0250		\$0.0308		\$0.0302
Generation					
Operation Supervision	85,262		70,422		83,851
Fuel:					
Coal	2,353,440		2,361,347		1,603,385
Fuel Oil	1,000		881		1,154
Gas	32,600		14,695		18,124
Coal Handling Expense	56,933		61,607		51,092
Landfill Operation Expense	4,873		6,387		2,126
Emissions Allowance Expense	107,387		46,425		67,112
Steam Expense:					
Boiler	105,664		100,896		99,535
Pollution Control	55,718		40,163		38,244
Electric Expense	102,738		95,593		97,623
Miscellaneous Steam Power Expense	105,481		122,349		87,054
Maintenance:					
Supervision	80,231		73,737		76,286
Structures	54,953		113,155		46,142
Boiler Plant:					
Boiler	135,894		122,949		204,078
Pollution Control	17,971		35,231		39,668
Electric Plant	32,224		64,631		72,797
System Control	16,005		24,531		15,899
Miscellaneous Steam Plant	56,677		44,928		49,676
Coal Handling Equipment	111,774		84,532		49,286
Wholesale Sales Commission	---		---		---
System Control and Load Dispatch	72,609		70,728		102,361
Vacation, Holiday, Sick Leave	143,553		187,823		167,736
Depreciation	885,000		885,239		877,564
Total Generation Expense	\$4,617,987	62.2	\$4,628,249	54.8	\$3,850,793
					51.1

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

Page 11

	Budget		Last Year	<small>fn1</small>
	<u>Estimate</u>	<u>This Year</u>		
Purchased Power	\$20,864,639	23.8	\$27,314,007	28.5
Average price per kWh	\$0.0250	\$0.0311		\$0.0266
Generation				
Operation Supervision	1,041,525	936,743	969,685	
Fuel:				
Coal	24,340,999	22,238,263	17,944,360	
Fuel Oil	122,220	81,752	113,383	
Gas	372,000	114,473	367,067	
Coal Handling Expense	673,738	744,747	659,497	
Landfill Operation Expense	99,368	61,635	79,498	
Emissions Allowance Expense	1,169,443	659,927	1,780,667	
Steam Expense:				
Boiler	1,251,993	1,274,256	1,262,456	
Pollution Control	725,030	507,153	442,680	
Electric Expense	1,181,060	1,116,152	1,109,754	
Miscellaneous Steam Power Expense	1,852,354	1,528,725	1,731,379	
Maintenance:				
Supervision	966,104	976,376	902,540	
Structures	955,949	829,446	839,571	
Boiler Plant:				
Boiler	3,534,230	2,223,998	2,878,866	
Pollution Control	281,994	432,700	716,514	
Electric Plant	749,126	629,276	2,131,507	
System Control	215,721	214,622	199,309	
Miscellaneous Steam Plant	752,663	594,927	684,732	
Coal Handling Equipment	1,644,042	1,370,649	1,369,579	
Wholesale Sales Commission	---	---	318,024	
System Control and Load Dispatch	865,266	691,884	816,168	
Vacation, Holiday, Sick Leave	1,213,742	1,241,712	1,192,288	
Depreciation	<u>10,619,997</u>	<u>10,622,868</u>	<u>10,530,768</u>	
Total Generation Expense	<u>\$54,628,564</u>	62.3	<u>\$49,092,284</u>	51.3
			<u>\$49,040,292</u>	71.4

fn1 MPW Joined MISO September 1, 2009.

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>Transmission</u>			
Operation Supervision	\$4,192	\$3,866	\$5,876
Load Dispatching	8,044	8,149	7,505
Station Expense	8,881	5,321	10,968
Overhead Line Expense	111	---	---
Transmission of Electricity by Others	--	--	--
Miscellaneous Transmission Expense	6,575	4,241	6,595
Maintenance:			
Supervision	1,973	1,840	2,253
Structures	116	---	---
Station Equipment	7,237	9,513	3,883
Overhead Lines	4,824	49,629	3,287
Vacation, Holiday, Sick Leave	7,751	11,350	9,139
Depreciation	30,628	30,568	30,535
Tax on Rural Property	<u>5,942</u>	<u>1,374</u>	<u>5,910</u>
Total Transmission Expense	<u>86,274</u>	<u>1.2</u>	<u>125,851</u>
	<u>1.5</u>	<u>1.5</u>	<u>85,951</u>
	<u>1.1</u>		
<u>Distribution</u>			
Operation Supervision	10,764	11,197	13,380
Load Dispatching	8,159	31,140	7,403
Station Expense	7,769	5,750	10,434
Overhead Line Expense	2,745	1,750	2,676
Vehicle Expense	14,318	16,948	14,595
Underground Line Expense	3,199	1,202	4,254
Street Lighting	1,971	2,762	1,939
Signal Expense	881	157	599
Meter Expense	9,215	3,748	4,129
Consumer Installation Expense	1,352	1,370	1,443
Miscellaneous Distribution Expense	66,608	51,348	55,636
Maintenance:			
Supervision	9,986	9,767	11,449
Structures	378	---	---
Station Equipment	12,519	16,046	13,776
Overhead Lines	49,313	64,503	48,784
Underground Lines	8,368	3,117	3,028
Line Transformers	4,189	5,341	11,422
Street Lighting	3,247	830	6,668
Signal System	3,741	3,682	698
Meters	400	352	---
Miscellaneous Distribution Plant	2,584	2,896	1,778
Vacation, Holiday, Sick Leave	42,645	48,437	49,018
Depreciation	147,816	146,484	143,739
Tax on Rural Property	<u>1,775</u>	<u>413</u>	<u>1,765</u>
Total Distribution Expense	<u>\$413,942</u>	<u>5.6</u>	<u>\$429,240</u>
	<u>5.1</u>	<u>5.1</u>	<u>\$408,613</u>
	<u>5.4</u>		

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>Transmission</u>			
Operation Supervision	\$47,266	\$46,479	\$44,507
Load Dispatching	91,449	113,843	95,159
Station Expense	108,626	99,470	119,335
Overhead Line Expense	859	2,054	763
Transmission of Electricity by Others	---	2	141,403
Miscellaneous Transmission Expense	211,481	111,388	116,279
Maintenance:			
Supervision	23,686	22,352	21,690
Structures	10,911	12,183	3
Station Equipment	100,692	66,640	61,098
Overhead Lines	85,391	122,882	108,525
Vacation, Holiday, Sick Leave	66,133	70,263	65,997
Depreciation	367,536	366,816	366,420
Tax on Rural Property	<u>71,300</u>	<u>66,903</u>	<u>68,397</u>
Total Transmission Expense	<u>1,185,330</u>	<u>1.4</u>	<u>1,209,576</u>
	<u>1,101,275</u>	<u>1.2</u>	<u>1.8</u>
<u>Distribution</u>			
Operation Supervision	129,252	142,545	143,702
Load Dispatching	92,678	379,336	94,363
Station Expense	105,907	98,682	104,350
Overhead Line Expense	34,251	14,127	35,372
Vehicle Expense	171,929	164,355	151,160
Underground Line Expense	39,320	35,606	39,608
Street Lighting	24,254	32,198	24,011
Signal Expense	10,932	8,915	5,953
Meter Expense	111,988	98,831	100,446
Consumer Installation Expense	16,020	16,604	16,631
Miscellaneous Distribution Expense	816,223	685,951	756,306
Maintenance:			
Supervision	119,951	125,549	129,572
Structures	12,284	---	---
Station Equipment	133,512	113,777	159,388
Overhead Lines	636,128	596,357	568,998
Underground Lines	101,594	69,502	114,466
Line Transformers	49,587	97,696	83,117
Street Lighting	38,961	75,225	61,631
Signal System	38,769	50,574	34,999
Meters	7,000	2,210	352
Miscellaneous Distribution Plant	31,805	29,353	28,539
Vacation, Holiday, Sick Leave	358,781	351,426	353,201
Depreciation	1,773,793	1,757,808	1,724,868
Tax on Rural Property	<u>21,300</u>	<u>19,967</u>	<u>20,443</u>
Total Distribution Expense	<u>\$4,876,219</u>	<u>5.6</u>	<u>\$4,966,594</u>
	<u>5.2</u>	<u>5.2</u>	<u>6.9</u>

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

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>Customer Service Expense</u>			
Customer Information Expense	\$39,890	\$35,104	\$30,631
Electric Ranges/Dryers-Maint/Promotion	1,244	1,518	1,922
Electric Water Heaters-Maint/Promotion	1,783	708	1,081
 Total Customer Service Expense	 42,917	 0.6	 33,634
			0.4
<u>Consumer Accounts</u>			
Supervision	1,945	734	2,045
Meter Reading Expense	7,304	8,483	8,602
Consumer Records and Collection	29,585	29,732	32,894
Uncollectible Accounts Expense	1,834	(922)	15,213
Vacation, Holiday, Sick Leave	5,976	8,070	7,530
 Total Consumer Accounts Expense	 46,644	 0.6	 66,284
			0.9
<u>Administrative and General</u>			
Administrative and General Salaries	165,249	158,271	150,610
Office Supplies and Expenses	18,981	15,995	17,967
Outside Services Employed	56,286	87,204	42,323
Property Insurance	43,440	41,012	41,006
Casualty Ins, Injuries & Damages	37,906	143,688	63,187
Employee Pensions and Benefits	462,402	448,338	427,299
Fringe Benefits Charged to Constr.	(16,830)	(6,048)	(17,131)
Regulatory Commission	4,400	3,651	2,361
Miscellaneous General Expense	35,023	44,601	65,063
Maintenance of General Plant	25,742	25,631	23,225
Maintenance of A/O Center	22,034	28,552	27,417
Vacation, Holiday, Sick Leave	44,693	49,787	45,378
Depreciation	128,041	123,936	124,042
 Total Administrative and General	 1,027,367	 13.8	 1,012,747
			13.4
 Total Operating Expense	 \$7,966,631	 \$8,733,983	 \$7,598,210
 Percent to Operating Revenue	 107.3	 103.4	 100.9

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>Customer Service Expense</u>			
Customer Information Expense	\$528,683	\$275,594	\$273,118
Electric Ranges/Dryers-Maint/Promotion	15,510	15,242	14,196
Electric Water Heaters-Maint/Promotion	21,506	16,647	13,963
 Total Customer Service Expense	 <u>\$565,699</u>	 0.6	 <u>\$301,277</u> 0.4
 <u>Consumer Accounts</u>			
Supervision	22,963	23,492	23,887
Meter Reading Expense	89,510	97,548	93,470
Consumer Records and Collection	363,384	353,223	358,296
Uncollectible Accounts Expense	22,008	19,252	30,521
Vacation, Holiday, Sick Leave	49,012	51,148	50,148
 Total Consumer Accounts Expense	 <u>546,877</u>	 0.6	 <u>556,322</u> 0.8
 <u>Administrative and General</u>			
Administrative and General Salaries	1,992,115	1,938,568	1,877,331
Office Supplies and Expenses	253,230	170,487	208,003
Outside Services Employed	768,790	678,113	695,914
Property Insurance	513,978	492,130	469,388
Casualty Ins, Injuries & Damages	454,427	545,675	507,578
Employee Pensions and Benefits	5,623,712	5,580,074	5,195,385
Fringe Benefits Charged to Constr.	(205,737)	(178,233)	(187,029)
Regulatory Commission	52,800	62,305	40,514
Miscellaneous General Expense	476,925	365,455	409,634
Maintenance of General Plant	319,448	277,797	277,832
Maintenance of A/O Center	371,486	334,076	359,915
Vacation, Holiday, Sick Leave	381,042	349,218	344,183
Depreciation	<u>1,536,494</u>	<u>1,487,232</u>	<u>1,488,504</u>
 Total Administrative and General	 <u>12,538,710</u>	 14.3	 <u>12,102,897</u> 12.6
 Total Operating Expense	 <u>\$95,206,038</u>	 <u>\$95,429,203</u>	 <u>\$76,477,550</u>
 Percent to Operating Revenue	 108.6	 99.7	 111.4

Muscatine Power and Water - Electric Utility
Statistical Data
December 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>120,368,435</u>	<u>109,163,613</u>	<u>93,338,767</u>	<u>1,400,728,300</u>	<u>1,128,790,130</u>
Wholesale Sales	\$0.02500	\$0.03401	\$0.03297	\$0.02500	\$0.03591
Less:					
Generation	0.03314	0.03597	0.03487	0.03436	0.03749
Transmission	0.00072	0.00115	0.00092	0.00085	0.00098
Subtotal	<u>0.03386</u>	<u>0.03712</u>	<u>0.03579</u>	<u>0.03521</u>	<u>0.03847</u>
Wholesale Margin	<u>(\$0.00886)</u>	<u>(\$0.00311)</u>	<u>(\$0.00282)</u>	<u>(\$0.01021)</u>	<u>(\$0.00256)</u>

Per KWH Delivered to Paving 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>65,656,619</u>	<u>70,724,251</u>	<u>67,082,971</u>	<u>801,284,998</u>	<u>844,389,129</u>
Native System Sales	\$0.05337	\$0.05163	\$0.05025	\$0.05201	\$0.05088
Less:					
Purchased Power	0.02637	0.03256	0.03190	0.02604	0.03235
Distribution	0.00630	0.00607	0.00609	0.00609	0.00588
Customer Service	0.00065	0.00053	0.00050	0.00071	0.00036
Consumers Accounts	0.00071	0.00065	0.00099	0.00068	0.00065
Administrative & General	0.01565	0.01647	0.01510	0.01565	0.01433
Subtotal	<u>0.04969</u>	<u>0.05627</u>	<u>0.05458</u>	<u>0.04916</u>	<u>0.05357</u>
Native System Margin	0.00368	(0.00465)	(0.00433)	0.00285	(0.00269)
Wholesale Margin	<u>(0.01625)</u>	<u>(0.00480)</u>	<u>(0.00392)</u>	<u>(0.01784)</u>	<u>(0.00341)</u>
Net Electric Margin before Steam Sales	<u>(\$0.01257)</u>	<u>(\$0.00944)</u>	<u>(\$0.00825)</u>	<u>(\$0.01499)</u>	<u>(\$0.00611)</u>
Net Electric Margin after Steam Sales	<u>(\$0.00932)</u>	<u>\$0.00661</u>	<u>(\$0.00203)</u>	<u>(\$0.01098)</u>	<u>(\$0.00100)</u>

Total Fuel Cost
(To & Including Ash Handling)

	Current Month		Calendar Year-To-Date	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Per Million Btu.	\$1.596	\$1.256	\$1.467	\$1.340
Per Net MW Generated	\$17.61	\$13.98	\$16.40	\$15.13
Net Peak Monthly Demand - KW	119,300	114,000	137,900	139,000
Date of Peak	12/6	12/9	7/27	6/23
Average Temperature	27°	26°		
Services	<u>2010</u>	<u>2009</u>		
Residential	9,677	9,652		
Commercial I	1,394	1,382		
Commercial II	118	117		
Industrial I	11	11		
Industrial II	2	2		
City Enterprise Funds	22	22		
Water & Communications Utility	<u>33</u>	<u>39</u>		
Total	<u>11,257</u>	<u>11,225</u>		

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

	Budget <u>Estimate</u>	This <u>Year</u>	Last <u>Year</u> ^{fn5}	
	<u>\$/kWh</u>	<u>\$/kWh</u>	<u>\$/kWh</u>	<u>\$/kWh</u>
Wholesale kWh Sales	<u>120,368,435</u>	<u>109,163,613</u>	<u>93,338,767</u>	
Wholesale Sales	<u>\$3,009,211</u>	<u>\$0.0250</u>	<u>\$3,712,951</u>	<u>\$0.0340</u>
Variable Costs				
Transmission Path ^{fn5}	---	0.0000	---	0.0000
Fuel (Coal, Gas & Fuel Oil)	1,963,815	0.0163	1,834,188	0.0168
SO ² Allowances ^{fn1}	2,800	0.0000	673	0.0000
NO _x Allowances ^{fn2}	94,000	0.0008	47,395	0.0004
Other ^{fn4}	293,341	0.0024	284,544	0.0026
Total Variable Costs	<u>2,353,956</u>	<u>0.0196</u>	<u>2,166,800</u>	<u>0.0198</u>
Gross Margin	<u>\$655,255</u>	<u>\$0.0054</u>	<u>\$1,546,151</u>	<u>\$0.0142</u>
Percent Gross Margin	21.8%		41.6%	46.9%

	Calendar Year To Date				
	Budget <u>Estimate</u>	This <u>Year</u>	Last <u>Year</u> ^{fn5}		
	<u>\$/kWh</u>	<u>\$/kWh</u>	<u>\$/kWh</u>		<u>\$/kWh</u>
Wholesale kWh Sales	<u>1,400,728,300</u>	<u>1,128,790,130</u>	<u>511,495,879</u>		
Wholesale Sales	<u>\$35,018,208</u>	<u>\$0.0250</u>	<u>\$40,535,035</u>	<u>\$0.0359</u>	<u>\$15,456,890</u> ^{fn6}
Variable Costs					
Marketers' Commissions	---	0.0000	---	0.0000	318,024
Transmission Path ^{fn5}	---	0.0000	2	0.0000	141,403
Fuel (Coal, Gas & Fuel Oil)	20,770,811	0.0148	17,513,006	0.0155	7,024,630
SO ² Allowances ^{fn1}	34,498	0.0000	35,614	0.0000	47,711
NO _x Allowances ^{fn2}	1,259,374	0.0009	687,308	0.0006	804,421
Other ^{fn4}	3,520,092	0.0025	3,472,953	0.0031	2,038,913
Total Variable Costs	<u>25,584,775</u>	<u>0.0183</u>	<u>21,708,883</u>	<u>0.0192</u>	<u>10,375,102</u>
Gross Margin	<u>\$9,433,433</u>	<u>\$0.0067</u>	<u>\$18,826,152</u>	<u>\$0.0167</u>	<u>\$5,081,788</u>
Percent Gross Margin	26.9%		46.4%		32.9%

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

	Budget	2010	2009
fn1 SO ²	\$80.00	\$10.00	\$56.00
YTD SO ²	\$80.00	\$34.62	\$80.00
fn2 NO _x annual	1,000.00	330.00	680.00
NO _x seasonal	0.00	0.00	0.00
fn3 YTD NO _x annual	1,000.00	442.51	1,155.00
YTD NO _x seasonal	200.00	47.38	166.00

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

fn6 Excludes Pella 85% load factor adjustment of \$356,533 for the period 6/1/08-5/31/09 and \$78,616 for the period 6/1/09-8/31/09.