

**Muscatine Power and Water**

**Electric Utility**

**Operating Statements and Balance Sheets**

**August 2007**

**Muscatine Power and Water  
Electric Utility**

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**Muscatine Power and Water - Electric Utility**  
**Classification of Electric Energy Distribution**  
**Current Month - August 2007**

	<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>
<b>Electric Energy Distribution - KWH</b>					
Residential					
Commercial I	11,777,100	7.2	12,623,426	3.4	12,204,996
Commercial II	4,257,800	2.1	4,347,853	2.8	4,228,160
Industrial I	11,594,700	(1.4)	11,435,158	5.2	10,865,032
Industrial II	13,184,500	3.2	13,610,300	(0.2)	13,642,240
City Enterprise Funds	38,756,600	0.5	38,941,790	2.2	38,096,721
Water & Communications Utilities	456,600	(5.4)	431,726	(10.3)	481,221
	<u>1,590,494</u>	<u>13.2</u>	<u>1,800,881</u>	<u>3.7</u>	<u>1,736,804</u>
Native System Sales	81,617,794	1.9	83,191,134	2.4	81,255,174
Wholesale Sales	<u>48,877,000</u>	<u>6.2</u>	<u>51,908,000</u>	<u>---</u>	<u>51,917,000</u>
Total Sales Delivered to Paying Consumers	130,494,794	3.5	135,099,134	1.4	133,172,174
City Lighting	165,400	(4.1)	158,610	(3.7)	164,621
City Buildings	577,100	0.9	582,424	0.1	581,993
MAPP Schedule	---	---	326,000	98.8	164,000
Losses & Cycle Billing	<u>2,128,000</u>	<u>42.0</u>	<u>3,021,527</u>	<u>69.1</u>	<u>1,786,308</u>
Total KWH Distributed	<u>133,365,294</u>	<u>4.4</u>	<u>139,187,695</u>	<u>2.4</u>	<u>135,869,096</u>
<b>KWH Generated and Received</b>					
Gross Generation	147,496,294	3.3	152,400,995	3.3	147,538,996
Less: Plant Use	<u>14,131,000</u>	<u>(6.2)</u>	<u>13,256,300</u>	<u>1.7</u>	<u>13,029,900</u>
Net Generation	133,365,294	4.3	139,144,695	3.4	134,509,096
Purchased Power	---	---	---	---	1,257,000
MAPP Schedule	---	---	<u>43,000</u>	<u>(58.3)</u>	<u>103,000</u>
Total Net Generated and Received	<u>133,365,294</u>	<u>4.4</u>	<u>139,187,695</u>	<u>2.4</u>	<u>135,869,096</u>
<b>Steam Sales - 1000 lbs</b>	<u>197,160</u>	<u>18.7</u>	<u>234,076</u>	<u>10.1</u>	<u>212,565</u>
<b>Purchased Power</b>	<b>KWH</b>		<b>Amount</b>		<b>Avg. Price</b>
Other	---		---		---
	---		---		---
<b>Resale and Demand</b>					
OPPM	24,305,000		\$1,133,804		0.0466
PELLA	5,459,000		257,898		0.0472
REM	21,856,000		1,052,677		0.0482
Other	288,000		16,671		0.0579
	<u>51,908,000</u>		<u>\$2,461,050</u>		<u>\$0.0474</u>

**Muscatine Power and Water - Electric Utility**  
**Classification of Electric Energy Distribution**  
**Calendar Year-to-Date - August 2007**

	<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>
<b>Electric Energy Distribution - KWH</b>					
<b>Residential</b>					
Residential	69,380,900	2.8	71,314,933	3.4	68,960,188
Commercial I	27,367,200	2.8	28,133,902	5.5	26,679,399
Commercial II	81,203,300	(3.2)	78,569,462	0.7	78,059,626
Industrial I	92,049,200	1.6	93,485,035	---	93,475,480
Industrial II	308,578,500	(2.9)	299,519,487	0.1	299,132,625
City Enterprise Funds	3,898,500	1.9	3,971,108	7.5	3,694,911
Water & Communication Utilities	<u>11,864,752</u>	<u>14.4</u>	<u>13,576,268</u>	<u>4.9</u>	<u>12,940,965</u>
Native System Sales	594,342,352	(1.0)	588,570,195	1.0	582,943,194
Wholesale Sales	<u>330,255,000</u>	<u>15.4</u>	<u>380,956,000</u>	<u>3.4</u>	<u>368,472,000</u>
Total Sales Delivered to Paying Consumers	924,597,352	4.9	969,526,195	1.9	951,415,194
City Lighting	1,357,100	(2.6)	1,321,554	(1.1)	1,336,865
City Buildings	4,385,800	(0.3)	4,372,674	1.7	4,297,526
MAPP Schedule	---	---	1,495,000	63.9	912,000
Losses & Cycle Billing	<u>19,537,000</u>	<u>6.3</u>	<u>20,767,705</u>	<u>3.0</u>	<u>20,159,988</u>
Total KWH Distributed	<u>949,877,252</u>	<u>5.0</u>	<u>997,483,128</u>	<u>2.0</u>	<u>978,121,573</u>
<b>KWH Generated and Received</b>					
Gross Generation	1,001,200,252	4.5	1,046,573,928	4.7	999,927,373
Less: Plant Use	<u>93,238,000</u>	<u>0.5</u>	<u>93,688,800</u>	<u>2.0</u>	<u>91,839,800</u>
Net Generation	907,962,252	4.9	952,885,128	4.9	908,087,573
Purchased Power	41,915,000	2.8	43,075,000	(37.7)	69,183,000
MAPP Schedule	---	---	1,523,000	79.0	851,000
Total Net Generated and Received	<u>949,877,252</u>	<u>5.0</u>	<u>997,483,128</u>	<u>2.0</u>	<u>978,121,573</u>
<b>Steam Sales - 1000 lbs</b>	<u>1,578,720</u>	<u>8.8</u>	<u>1,718,268</u>	<u>6.7</u>	<u>1,609,749</u>
<b>Purchased Power</b>					
OPPM	42,475,000		\$2,241,920		0.0528
REM	600,000		21,780		0.0363
Other	---		(199)		---
	<u>43,075,000</u>		<u>\$2,263,501</u>		<u>\$0.0525</u>
<b>Resale and Demand</b>					
OPPM	149,373,000		\$6,832,194		0.0457
PELLA	39,821,000		1,537,251		0.0386
REM	190,843,000		8,289,453		0.0434
Other	919,000		49,832		0.0542
	<u>380,956,000</u>		<u>\$16,708,730</u>		<u>\$0.0439</u>

**Muscatine Power and Water - Electric Utility**  
**Statements of Revenues, Expenses, and Changes in Net Assets**  
**Current Month - August 2007**

	<u>Budget Estimate</u>	<u>Avg. Price</u>	<u>This Year</u>	<u>Avg. Price</u>	<u>Last Year</u>	<u>Avg. Price</u>
<b><u>Sales of Electricity</u></b>						
Residential	\$818,500	0.0695	\$869,232	0.0689	\$846,098	0.0693
Commercial I	310,900	0.0730	317,714	0.0731	311,530	0.0737
Commercial II	613,900	0.0529	611,583	0.0535	585,719	0.0539
Industrial I	585,500	0.0444	600,515	0.0441	596,168	0.0437
Industrial II	1,594,400	0.0411	1,602,222	0.0411	1,573,430	0.0413
City Enterprise Funds	25,200	0.0552	21,197	0.0491	22,910	0.0476
Water & Communication Utilities	<u>73,606</u>	<u>0.0463</u>	<u>77,685</u>	<u>0.0431</u>	<u>76,246</u>	<u>0.0439</u>
Native System Sales	4,022,006	0.0493	4,100,148	0.0493	4,012,101	0.0494
Wholesale Sales	<u>2,150,588</u>	<u>0.0440</u>	<u>2,461,050</u>	<u>0.0474</u>	<u>2,460,373</u>	<u>0.0474</u>
Energy Sales	<u>6,172,594</u>		<u>6,561,198</u>		<u>6,472,474</u>	
<b>Steam Sales</b>	<b><u>666,795</u></b>	<b>3.38</b>	<b><u>782,195</u></b>	<b>3.34</b>	<b><u>675,349</u></b>	<b>3.18</b>
<b><u>Other Revenue</u></b>						
Rail Car Lease	56,644		53,787		9,522	
By-Product Revenue	45,825		55,923		49,406	
Miscellaneous Revenue	<u>34,741</u>		<u>37,024</u>		<u>33,654</u>	
Total Other Revenue	<u>137,210</u>		<u>146,734</u>		<u>92,582</u>	
Operating Revenue	<u>6,976,599</u>		<u>7,490,127</u>		<u>7,240,405</u>	
<b><u>Operating Expense</u></b>						
Production Fuel and Purchased Power	1,957,838		2,114,419		1,874,033	
Operation	1,588,080		1,524,418		1,495,712	
Maintenance	734,931		933,152		704,782	
Depreciation	<u>1,145,808</u>		<u>1,137,400</u>		<u>1,114,784</u>	
Total Operating Expense	<u>5,426,657</u>		<u>5,709,389</u>		<u>5,189,311</u>	
Operating Income	<u>1,549,942</u>		<u>1,780,738</u>		<u>2,051,094</u>	
<b><u>Interest and Miscellaneous</u></b>						
Interest Income	252,031		368,577		373,434	
Interest Expense	<u>(291,444)</u>		<u>(291,689)</u>		<u>(347,202)</u>	
Total Interest and Misc.	<u>(39,413)</u>		<u>76,888</u>		<u>26,232</u>	
<b>Net Income Before Capital Contributions</b>	<b>1,510,529</b>		<b>1,857,626</b>		<b>2,077,326</b>	
Capital Contributions	<u>---</u>		<u>8,091</u>		<u>---</u>	
<b>Change in Net Assets</b>	<b>1,510,529</b>		<b>1,865,717</b>		<b>2,077,326</b>	
<b>Beginning Net Assets</b>	<b><u>147,668,110</u></b>		<b><u>150,689,522</u></b>		<b><u>139,209,298</u></b>	
<b>Ending Net Assets</b>	<b><u>\$149,178,639</u></b>		<b><u>\$152,555,239</u></b>		<b><u>\$141,286,624</u></b>	
Percent to Total Income	20.9		23.6		27.3	
Debt Service Coverage	2.24		2.45		2.58	

**Muscatine Power and Water - Electric Utility**  
**Statements of Revenues, Expenses, and Changes in Net Assets**  
**Calendar Year-to-Date - August 2007**

	<u>Budget Estimate</u>	<u>Avg. Price</u>	<u>This Year</u>	<u>Avg. Price</u>	<u>Last Year</u>	<u>Avg. Price</u>
<b><u>Sales of Electricity</u></b>						
Residential	\$4,999,900	0.0721	\$5,119,707	0.0718	\$4,974,474	0.0721
Commercial I	2,033,200	0.0743	2,092,520	0.0744	1,991,004	0.0746
Commercial II	4,392,100	0.0541	4,285,460	0.0545	4,275,985	0.0548
Industrial I	4,212,900	0.0458	4,235,331	0.0453	4,217,292	0.0451
Industrial II	12,795,300	0.0415	12,432,884	0.0415	12,408,249	0.0415
City Enterprise Funds	216,400	0.0555	191,502	0.0482	178,848	0.0484
Water & Communications Utilities	<u>560,348</u>	<u>0.0472</u>	<u>596,458</u>	<u>0.0439</u>	<u>589,364</u>	<u>0.0455</u>
Native System Sales	29,210,148	0.0491	28,953,862	0.0492	28,635,216	0.0491
Wholesale Sales	<u>14,322,945</u>	<u>0.0434</u>	<u>16,708,730</u>	<u>0.0439</u>	<u>15,357,234</u>	<u>0.0417</u>
Energy Sales	<u>43,533,093</u>		<u>45,662,592</u>		<u>43,992,450</u>	
<b><u>Steam Sales</u></b>	<b><u>5,296,192</u></b>	<b>3.35</b>	<b><u>5,733,613</u></b>	<b>3.34</b>	<b><u>5,115,741</u></b>	<b>3.18</b>
<b><u>Other Revenue</u></b>						
Rail Car Lease	199,087		233,927		246,893	
By-Product Revenue	248,680		274,861		256,110	
Miscellaneous Revenue	<u>303,837</u>		<u>317,818</u>		<u>687,955</u>	
Total Other Revenue	<u>751,604</u>		<u>826,606</u>		<u>1,190,958</u>	
Operating Revenue	<u>49,580,889</u>		<u>52,222,811</u>		<u>50,299,149</u>	
<b><u>Operating Expense</u></b>						
Production Fuel and Purchased Power	15,575,250		16,212,552		16,328,881	
Operation	12,832,316		12,423,474		11,889,468	
Maintenance	8,604,595		8,269,498		8,742,253	
Depreciation	<u>9,166,479</u>		<u>9,099,200</u>		<u>8,918,272</u>	
Total Operating Expense	<u>46,178,640</u>		<u>46,004,724</u>		<u>45,878,874</u>	
Operating Income	<u>3,402,249</u>		<u>6,218,087</u>		<u>4,420,275</u>	
<b><u>Interest and Miscellaneous</u></b>						
Interest Income	2,030,412		2,505,856		2,086,471	
Interest Expense	(2,331,564)		(2,331,988)		(2,775,144)	
Gain on Land Disposal	<u>---</u>		<u>18,250</u>		<u>---</u>	
Total Interest and Misc.	<u>(301,152)</u>		<u>192,118</u>		<u>(688,673)</u>	
<b><u>Net Income Before Capital Contributions</u></b>	<b>3,101,097</b>		<b>6,410,205</b>		<b>3,731,602</b>	
Capital Contributions	<u>---</u>		<u>67,492</u>		<u>95,414</u>	
<b><u>Change in Net Assets</u></b>	<b>3,101,097</b>		<b>6,477,697</b>		<b>3,827,016</b>	
<b><u>Beginning Net Assets</u></b>	<b><u>146,077,542</u></b>		<b><u>146,077,542</u></b>		<b><u>137,459,608</u></b>	
<b><u>Ending Net Assets</u></b>	<b><u>\$149,178,639</u></b>		<b><u>\$152,555,239</u></b>		<b><u>\$141,286,624</u></b>	
Percent to Total Income	6.0		11.7		7.1	
Debt Service Coverage	1.38		1.68		1.46	

**Muscatine Power and Water - Electric Utility**  
**Balance Sheets**  
**August 2007**

**ASSETS**

	<u>2007</u>	<u>2006</u>
<b>Current Assets:</b>		
<b><u>Restricted</u></b>		
Cash - interest bearing	\$4,326,545	\$2,200,658
Investments	<u>31,002,839</u>	<u>32,972,785</u>
Total Restricted Current Assets	<u>35,329,384</u>	<u>35,173,443</u>
<b><u>Unrestricted</u></b>		
Cash - interest bearing	8,799,477	3,773,066
Investments	7,715,627	8,352,835
Receivables:		
Consumer Accounts	4,613,513	4,370,357
Resale	2,969,220	2,849,952
Interest	537,083	391,060
Intercompanies	27,936	64,025
Inventories	6,228,745	6,187,443
Fuel	4,336,042	2,879,774
Prepaid Pension	273,799	---
Prepaid Expenses	<u>733,990</u>	<u>749,322</u>
Total Unrestricted Current Assets	<u>36,235,432</u>	<u>29,617,834</u>
Total Current Assets	<u>71,564,816</u>	<u>64,791,277</u>
<b>Property and Equipment:</b>		
At Cost	390,235,164	387,718,630
Less Accumulated Depreciation	<u>248,321,128</u>	<u>237,466,584</u>
Net Property and Equipment	<u>141,914,036</u>	<u>150,252,046</u>
<b>Other Assets:</b>		
Unamortized Cost of Issuing Bonds	191,776	310,241
Note Receivable - Long-Term	35,327,000	35,327,000
Joint Venture Rights	<u>203,777</u>	<u>206,185</u>
Total Other Assets	<u>35,722,553</u>	<u>35,843,426</u>
<b>TOTAL ASSETS</b>	<u><u>\$249,201,405</u></u>	<u><u>\$250,886,749</u></u>

**Muscatine Power and Water - Electric Utility**  
**Balance Sheets**  
**August 2007**

**LIABILITIES AND NET ASSETS**

	<u>2007</u>	<u>2006</u>
<b>Current Liabilities:</b>		
<b><u>Restricted</u></b>		
2002 Revenue Bonds - Less Deferred Amount on Refund of \$59,946 in 2007 and \$57,878 in 2006	\$12,535,054	\$12,102,122
Accrued Interest	<u>533,116</u>	<u>606,476</u>
Total Restricted Current Liabilities	<u>13,068,170</u>	<u>12,708,598</u>
<b><u>Unrestricted</u></b>		
Accounts Payable	1,294,356	1,876,898
Pension Provision	---	462,676
Health Insurance Provision	1,307,510	981,132
Accrued Payroll	268,159	218,021
Accrued Vacation	916,807	879,424
Consumers' Deposits	585,039	626,003
Retained Percentage on Contracts	7,262	183,517
Accrued Property Taxes	118,820	117,861
Miscellaneous Accrued Expenses	420,544	462,582
Miscellaneous Deferred Credits	<u>120,000</u>	<u>120,000</u>
Total Unrestricted Current Liabilities	<u>5,038,497</u>	<u>5,928,114</u>
Total Current Liabilities	<u>18,106,667</u>	<u>18,636,712</u>
<b>Deferred Revenue - Extraordinary O &amp; M</b>	<u>29,303,164</u>	<u>29,303,164</u>
<b>Long-Term Debt - Less Current Portion:</b>		
2001 Revenue Bonds - Plus Unamortized Premium of \$922,748 in 2007 and \$1,258,179 in 2006; and less Deferred Amount on Refunding of \$776,413 in 2007 and \$1,044,142 in 2006	49,236,335	49,305,037
2002 Revenue Bonds - Less Deferred Amount on Refunding of \$239,788 in 2006	<u>---</u>	<u>12,355,212</u>
Total Long-Term Debt - Less Current Portion	<u>49,236,335</u>	<u>61,660,249</u>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt and accrued interest	80,452,868	76,970,302
Restricted	34,796,268	34,566,967
Unrestricted	<u>37,306,103</u>	<u>29,749,355</u>
Total Net Assets	<u>152,555,239</u>	<u>141,286,624</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$249,201,405</u>	<u>\$250,886,749</u>

**Muscatine Power and Water - Electric Utility**  
**Statements of Cash Flows**  
**August 2007**

	<u>Current Month</u>	<u>Year- To-Date</u>
<b>Cash flows from operating activities:</b>		
Cash received from:		
Retail electric sales	\$3,859,424	\$28,269,855
Wholesale electric sales, net	2,505,342	17,171,383
Steam sales	1,484,521	5,785,109
Coal & transportation allowances	69,402	509,751
Railcar leasing	1,800	206,350
By-product sales	47,088	243,042
Cash paid to/for:		
Suppliers	(1,197,723)	(9,531,102)
Wholesale power	---	(2,422,870)
Coal	(2,208,802)	(14,746,751)
Employees payroll, taxes and benefits	(1,657,556)	(14,006,659)
Reimbursements by Intercompany	(20,841)	52,297
Other	<u>44,583</u>	<u>1,582,376</u>
Net cash flows from operating activities	<u>2,927,238</u>	<u>13,112,781</u>
<b>Cash flows from capital and related financing activities:</b>		
Capital expenditures, net	(208,295)	(3,738,574)
Bond principal payments	---	(12,160,000)
Bond interest payments	<u>---</u>	<u>(3,418,808)</u>
Net cash flows from capital and related financing activities	<u>(208,295)</u>	<u>(19,317,382)</u>
<b>Cash flows from investing activities:</b>		
Purchase of joint venture rights	---	(37,511)
Interest received on investments and note receivable	292,351	3,099,195
Accrued interest purchased	---	(171,911)
Amortization/accretion of investments	23,274	221,829
Mark to market	<u>53,257</u>	<u>105,882</u>
Net cash flows from investing activities	<u>368,882</u>	<u>3,217,484</u>
Net increase (decrease) in cash and investments	<u>3,087,825</u>	<u>(2,987,117)</u>
Cash and investments at beginning of period	<u>48,756,663</u>	<u>54,831,605</u>
Cash and investments at end of period	<u><u>\$51,844,488</u></u>	<u><u>\$51,844,488</u></u>

**Muscatine Power and Water - Electric Utility**  
**Statements of Cash Flows**  
**August 2007**

	<u>Current</u> <u>Month</u>	<u>Year-</u> <u>To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$1,780,738	\$6,218,087
Noncash items in operating income:		
Depreciation of electric utility plant	1,137,400	9,099,200
Amortization of joint venture rights	5,158	30,736
Changes in assets and liabilities:		
Consumer accounts receivable	(299,950)	(728,502)
Resale receivable	760,745	301,831
Intercompany receivable	(48,777)	5,166
Inventories	(6,571)	(61,503)
Fuel	401,476	(268,866)
Prepaid expenses	29,407	(312,599)
Accounts payable	(871,265)	(764,534)
Pension provision	68,449	(273,799)
Health insurance provision	19,771	177,084
Accrued payroll	155,564	(315,885)
Accrued vacation	(23,680)	75,262
Consumers' deposits	(6,619)	(23,893)
Retained percentage	3,443	(735)
Accrued property taxes	8,331	19,539
Miscellaneous accrued expenses	<u>(186,382)</u>	<u>(63,808)</u>
Net cash flows from operating activities	<u><u>\$2,927,238</u></u>	<u><u>\$13,112,781</u></u>

**Muscatine Power and Water - Electric Utility**  
**Funds Appropriated for Specific Purposes**  
**August 2007**

	<u>This Year</u>	<u>Last Year</u>
Rate Stabilization Fund	\$5,869,681	\$5,850,080
Extraordinary Operation & Maintenance Account	<u>29,459,703</u>	<u>29,323,363</u>
Total Cash and Investments Appropriated for Specific Purposes	<u>\$35,329,384</u>	<u>\$35,173,443</u>

**Muscatine Power and Water - Electric Utility**  
**Summary of Expenses**  
**Current Month - August 2007**

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<b>Generation</b>			
Operation Supervision	\$73,341	\$83,820	\$79,520
Fuel:			
Coal	1,824,119	2,018,276	1,602,732
Fuel Oil	17,263	163	15,199
Gas	35,000	9,118	52,867
Coal Handling Expense	63,076	74,431	71,102
Landfill Operation Expense	9,735	3,785	4,415
Emissions Allowance Expense	8,645	8,646	7,196
Steam Expense:			
Boiler	100,791	90,871	91,188
Pollution Control	91,850	54,286	61,550
Electric Expense	98,829	96,462	93,069
Miscellaneous Steam Power Expense	142,293	134,097	121,631
Maintenance:			
Supervision	72,262	81,814	79,842
Structures	140,985	54,962	54,166
Boiler Plant:			
Boiler	109,295	141,675	139,534
Pollution Control	11,443	70,158	71,426
Electric Plant	23,960	143,120	25,653
System Control	4,679	5,673	4,755
Miscellaneous Steam Plant	45,426	49,823	66,013
Coal Handling Equipment	106,090	118,179	93,467
Purchased Power	---	---	120,522
System Control and Load Dispatch	49,490	53,960	58,452
Vacation, Holiday, Sick Leave	66,624	71,685	70,390
Depreciation	<u>858,330</u>	<u>856,222</u>	<u>841,434</u>
Total Generation Expense	<u>3,953,526</u>	<u>56.7</u>	<u>3,826,123</u>
		56.4	52.8
<b>Transmission</b>			
Operation Supervision	3,556	3,956	3,672
Load Dispatching	6,121	7,581	7,050
Station Expense	11,906	13,952	11,466
Overhead Line Expense	---	---	351
Transmission of Electricity by Others	20,000	4,904	19,016
Miscellaneous Transmission Expense	7,613	9,015	6,987
Maintenance:			
Supervision	1,788	1,956	1,916
Structures	1,167	---	139
Station Equipment	11,507	4,162	6,048
Overhead Lines	24,956	37,161	2,694
Vacation, Holiday, Sick Leave	4,233	5,214	3,925
Depreciation	30,338	29,783	29,759
Tax on Rural Property	<u>5,873</u>	<u>5,873</u>	<u>6,046</u>
Total Transmission Expense	<u>\$129,058</u>	<u>1.8</u>	<u>\$99,069</u>
		1.6	1.4

**Muscatine Power and Water - Electric Utility**  
**Summary of Expenses**  
**Calendar Year-to-Date - August 2007**

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<b><u>Generation</u></b>			
Operation Supervision	\$567,085	\$613,866	\$583,045
Fuel:			
Coal	12,116,751	13,079,490	10,912,356
Fuel Oil	135,105	61,420	95,583
Gas	412,550	193,616	479,896
Coal Handling Expense	465,315	493,936	478,706
Landfill Operation Expense	71,027	51,409	50,631
Emissions Allowance Expense	69,177	69,180	57,571
Steam Expense:			
Boiler	773,878	787,649	817,083
Pollution Control	499,410	382,009	420,458
Electric Expense	726,785	704,325	682,792
Miscellaneous Steam Power Expense	1,351,029	1,208,527	1,174,887
Maintenance:			
Supervision	576,949	635,488	586,389
Structures	662,862	436,769	501,474
Boiler Plant:			
Boiler	2,573,385	2,223,483	3,263,335
Pollution Control	386,038	589,144	582,212
Electric Plant	1,515,657	1,152,632	917,663
System Control	43,934	40,694	42,886
Miscellaneous Steam Plant	406,337	451,245	509,049
Coal Handling Equipment	1,181,220	1,047,592	1,176,450
Purchased Power	2,305,325	2,263,501	4,254,138
System Control and Load Dispatch	441,155	386,337	398,243
Vacation, Holiday, Sick Leave	642,452	693,572	662,229
Depreciation	<u>6,866,645</u>	<u>6,849,776</u>	<u>6,731,472</u>
Total Generation Expense	<u>34,790,071</u>	<u>70.2</u>	<u>34,415,660</u>
	<u>65.9</u>	<u>65.9</u>	<u>35,378,548</u>
			70.3
<b><u>Transmission</u></b>			
Operation Supervision	27,470	28,292	27,363
Load Dispatching	48,078	55,581	51,171
Station Expense	80,803	89,990	80,120
Overhead Line Expense	---	31	1,040
Transmission of Electricity by Others	180,000	11,786	149,010
Miscellaneous Transmission Expense	57,207	63,859	50,262
Maintenance:			
Supervision	13,612	13,841	13,373
Structures	7,449	1,059	5,364
Station Equipment	83,334	38,324	72,707
Overhead Lines	51,303	126,134	20,079
Vacation, Holiday, Sick Leave	40,173	46,797	40,237
Depreciation	242,707	238,264	238,072
Tax on Rural Property	<u>46,984</u>	<u>47,106</u>	<u>46,698</u>
Total Transmission Expense	<u>\$879,120</u>	<u>1.8</u>	<u>\$761,064</u>
			1.5
			\$795,496
			1.6

**Muscatine Power and Water - Electric Utility**  
**Summary of Expenses**  
**Current Month - August 2007**

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<b><u>Distribution</u></b>			
Operation Supervision	\$10,457	\$11,504	\$11,367
Load Dispatching	6,121	7,469	7,050
Station Expense	12,947	14,256	12,836
Overhead Line Expense	4,495	3,507	2,613
Vehicle Expense	13,141	16,559	14,011
Underground Line Expense	2,914	2,554	3,158
Street Lighting	1,554	1,265	2,754
Signal Expense	873	473	254
Meter Expense	8,115	8,650	13,193
Consumer Installation Expense	2,167	1,986	3,521
Miscellaneous Distribution Expense	80,917	62,956	68,706
Maintenance:			
Supervision	9,848	10,353	10,335
Structures	662	---	251
Station Equipment	12,589	12,648	7,544
Overhead Lines	64,444	92,793	42,802
Underground Lines	6,864	17,396	22,895
Line Transformers	3,079	1,141	7,641
Street Lighting	2,430	2,498	4,677
Signal System	1,289	2,359	592
Meters	---	---	---
Miscellaneous Distribution Plant	2,383	1,514	3,171
Vacation, Holiday, Sick Leave	19,974	23,156	19,486
Depreciation	135,747	133,965	130,139
Tax on Rural Property	<u>1,754</u>	<u>1,754</u>	<u>1,805</u>
Total Distribution Expense	<u>404,764</u>	<u>5.8</u>	<u>390,801</u>
		5.4	
<b><u>Customer Service Expense</u></b>			
Customer Information Expense	27,869	16,730	16,984
Electric Ranges/Dryers-Maint/Promotion	1,366	743	1,245
Electric Water Heaters-Maint/Promotion	<u>929</u>	<u>1,074</u>	<u>868</u>
Total Customer Service Expense	<u>\$30,164</u>	<u>0.4</u>	<u>\$19,097</u>
		0.3	

**Muscatine Power and Water - Electric Utility**  
**Summary of Expenses**  
**Calendar Year-to-Date - August 2007**

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<b><u>Distribution</u></b>			
Operation Supervision	\$76,610	\$81,018	\$78,611
Load Dispatching	48,078	54,864	51,171
Station Expense	82,849	103,068	78,348
Overhead Line Expense	35,927	31,051	27,536
Vehicle Expense	108,598	117,754	96,421
Underground Line Expense	22,557	20,561	21,005
Street Lighting	12,373	16,012	14,254
Signal Expense	7,763	3,462	3,943
Meter Expense	62,601	84,688	68,979
Consumer Installation Expense	16,834	13,595	21,237
Miscellaneous Distribution Expense	540,706	537,838	471,149
<b>Maintenance:</b>			
Supervision	71,436	72,697	70,624
Structures	5,917	1,070	1,117
Station Equipment	87,586	91,488	82,825
Overhead Lines	295,098	722,935	329,644
Underground Lines	52,675	34,761	50,821
Line Transformers	24,417	88,613	36,176
Street Lighting	19,356	26,745	30,177
Signal System	14,438	25,357	3,410
Meters	700	956	44
Miscellaneous Distribution Plant	22,672	16,761	17,151
Vacation, Holiday, Sick Leave	192,946	223,716	207,787
Depreciation	1,085,981	1,071,720	1,041,112
Tax on Rural Property	<u>14,032</u>	<u>14,060</u>	<u>13,944</u>
Total Distribution Expense	<u>2,902,150</u>	<u>5.9</u>	<u>2,817,486</u>
		5.6	
<b><u>Customer Service Expense</u></b>			
Customer Information Expense	296,566	131,591	151,676
Electric Ranges/Dryers-Maint/Promotion	10,934	9,262	11,169
Electric Water Heaters-Maint/Promotion	<u>7,443</u>	<u>9,566</u>	<u>7,282</u>
Total Customer Service Expense	<u>\$314,943</u>	<u>0.6</u>	<u>\$170,127</u>
		0.3	0.3

**Muscatine Power and Water - Electric Utility**  
**Summary of Expenses**  
**Current Month - August 2007**

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<b><u>Consumer Accounts</u></b>			
Supervision	\$1,672	\$1,909	\$2,191
Meter Reading Expense	6,647	6,854	7,486
Consumer Records and Collection	26,195	30,414	28,504
Uncollectible Accounts Expense	2,317	2,317	2,667
Vacation, Holiday, Sick Leave	<u>2,446</u>	<u>2,337</u>	<u>2,016</u>
Total Consumer Accounts Expense	<u>39,277</u>	<u>0.6</u>	<u>42,864</u>
	<u>0.6</u>	<u>0.6</u>	<u>0.6</u>
<b><u>Administrative and General</u></b>			
Administrative and General Salaries	150,834	139,386	142,180
Office Supplies and Expenses	17,908	20,516	15,649
Outside Services Employed	22,468	58,382	17,141
Property Insurance	39,546	32,754	37,844
Casualty Ins, Injuries & Damages	35,006	19,983	33,773
Employee Pensions and Benefits	367,807	362,023	368,525
Fringe Benefits Charged to Constr.	(23,612)	(17,057)	(31,475)
Regulatory Commission	4,833	4,833	3,966
Miscellaneous General Expense	38,808	33,511	34,162
Maintenance of General Plant	26,190	17,804	29,985
Maintenance of A/O Center	51,595	65,963	29,236
Vacation, Holiday, Sick Leave	17,092	15,944	16,919
Depreciation	<u>121,393</u>	<u>117,430</u>	<u>113,452</u>
Total Administrative and General	<u>869,868</u>	<u>12.5</u>	<u>811,357</u>
	<u>11.2</u>		<u>11.2</u>
Total Operating Expense	<u><u>\$5,426,657</u></u>	<u><u>\$5,709,389</u></u>	<u><u>\$5,189,311</u></u>
Percent to Operating Revenue	77.8	76.2	71.7

**Muscatine Power and Water - Electric Utility**  
**Summary of Expenses**  
**Calendar Year-to-Date - August 2007**

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<b><u>Consumer Accounts</u></b>			
Supervision	\$12,988	\$14,911	\$14,223
Meter Reading Expense	55,572	62,218	60,339
Consumer Records and Collection	203,871	217,227	208,989
Uncollectible Accounts Expense	18,536	18,536	21,336
Vacation, Holiday, Sick Leave	24,253	26,098	25,892
 Total Consumer Accounts Expense	 315,220	 0.6	 330,779
	 0.6	 0.6	 0.7
<b><u>Administrative and General</u></b>			
Administrative and General Salaries	1,044,258	1,045,906	999,190
Office Supplies and Expenses	143,621	140,249	121,781
Outside Services Employed	322,423	445,165	199,822
Property Insurance	311,265	277,299	297,765
Casualty Ins, Injuries & Damages	279,872	224,314	240,450
Employee Pensions and Benefits	3,003,506	3,021,435	2,873,857
Fringe Benefits Charged to Constr.	(168,520)	(156,699)	(182,116)
Regulatory Commission	38,668	30,629	32,891
Miscellaneous General Expense	362,186	307,293	284,009
Maintenance of General Plant	199,554	193,163	192,384
Maintenance of A/O Center	308,666	238,547	236,899
Vacation, Holiday, Sick Leave	160,491	177,060	181,890
Depreciation	971,146	939,440	907,616
 Total Administrative and General	 6,977,136	 14.1	 6,386,438
	 14.1	 13.2	 12.7
 Total Operating Expense	 \$46,178,640	 \$46,004,724	 \$45,878,874
 Percent to Operating Revenue	 93.1	 88.1	 91.2

**Muscatine Power and Water - Electric Utility**  
**Statistical Data**  
**August 2007**

**Per KWH Delivered to Paying Customers**

	<b>This Year</b>		<b>Last Year</b>	
	<b>Month</b>	<b>Year-to-Date</b>	<b>Month</b>	<b>Year-to-Date</b>
Generated & Purchased Power	0.02800	0.03218	0.02609	0.03401
Transmission	0.00091	0.00078	0.00074	0.00084
Distribution	0.00319	0.00356	0.00293	0.00296
Customer Service	0.00014	0.00016	0.00014	0.00018
Consumers Accounts	0.00032	0.00035	0.00032	0.00035
Administrative & General	<u>0.00645</u>	<u>0.00710</u>	<u>0.00609</u>	<u>0.00671</u>
<b>Total</b>	<b><u>0.03901</u></b>	<b><u>0.04413</u></b>	<b><u>0.03631</u></b>	<b><u>0.04505</u></b>

**Per KWH Delivered to Paying Native System Customers**

	<b>This Year</b>		<b>Last Year</b>	
	<b>Month</b>	<b>Year-to-Date</b>	<b>Month</b>	<b>Year-to-Date</b>
Distribution	0.00518	0.00587	0.00481	0.00483
Customer Service	0.00022	0.00026	0.00024	0.00029
Consumers Accounts	0.00053	0.00058	0.00053	0.00057
Administrative & General	0.01048	0.01170	0.00999	0.01096

**Total Fuel Cost**

(To & Including Ash Handling)

	<b><u>Current Month</u></b>		<b><u>Calendar Year-to-Date</u></b>	
	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>
Per Million Btu.	1.162	1.007	1.111	1.000
Per Net MW Generated	12.92	11.37	12.29	11.35
Net Peak Monthly Demand - KW	141,800	141,600	141,800	146,900
Date of Peak	8/22	8/2	8/22	7/17
<b>Services</b>	<b><u>2007</u></b>	<b><u>2006</u></b>		
Residential	9,608	9,593		
Commercial I	1,386	1,356		
Commercial II	118	120		
Industrial I	10	10		
Industrial II	2	2		
City Enterprise Funds	22	22		
Water & Communications Utility	<u>38</u>	<u>38</u>		
<b>Total</b>	<b><u>11,184</u></b>	<b><u>11,141</u></b>		

**Electric Utility**  
**Review of Operating Results**  
**August 2007**

**MUSCATINE POWER AND WATER - ELECTRIC UTILITY**  
**REVIEW OF YEAR-TO-DATE OPERATING RESULTS - AUGUST 31, 2007**  
**(Analysis of Financial Statements - Page 4)**

Increase (Decrease) to Budgeted Net Assets		
<b>Sales of Electricity</b>		
Native System Sales	\$ (256,286)	KWh sales 1.0% lower
Wholesale Sales	2,385,785	KWh sales 15.4% higher
<b>Steam Sales</b>	437,421	Pounds of steam sold 8.8% higher; average price 0.3% lower
<b>Other Revenue</b>		
Rail Car Lease	34,840	Higher lease revenue per car
By-Product Revenue	14,128 24,828 (12,775)	Higher gypsum sales Higher fly ash sales Lower slag sales
Miscellaneous Revenue	(33,264) (8,895) 12,134 6,272 6,800 10,394 11,253 9,662	MAGIC fees, incorrect in budget Lower job sales revenue Recycling revenue Easement from Muscatine County Highway Department Surplus belting sale New contracted farm rent EPA proceeds Net coal sales
<b>Operating Expense</b>		
Production Fuel and Purchased Power	(962,739) 73,308 217,834 14,403 41,824 (15,406)	Tons of coal burned is 8.7% greater 47.2% lower fuel oil usage for Unit 9; 14.1% lower average price Unit 8's lower natural gas usage (20,412.1 mmbtu's compared to 48,236 mmbtu's budgeted), offset by a 10.7% higher price (\$9.41/mmbtu compared to \$8.50/mmbtu) Less ground maintenance and irrigation system repairs at landfill 2.8% higher KWh's purchased; lower average cost (\$.0525/kWh compared to \$.0550/kWh budgeted) Budgeted adjustment for less than full employment
Operation	15,000 18,798 35,062 26,309 94,517 (13,022) 32,000 44,051 60,000 24,531 39,918 9,000 180,000 (12,947) 15,562 15,827 22,999 7,100 63,000 9,890 12,754 20,772 (16,632) (25,870) (56,000) 11,200 20,000	Reverse osmosis membrane replacement, not taken place Chemicals for the reverse osmosis system Lower auxiliary boiler natural gas usage Unit 9 & 8 boiler water chemicals Fewer wastewater treatment chemicals Preventative/predictive maintenance training not budgeted Mercury, HCl & HF testing at Units 7 & 8, to be done later this year Water Intake Study suspended due to a federal court ruling Move barge unloader transformers and build containment area; this will not take place this year Fewer purchases of safety gear and welding hoods so far this year MAPPCOR refund distribution, not budgeted Transmission service coordinator not expended Transmission path, cost netted against wholesale sales Linecrew's bucket truck repairs not budgeted Lower joint venture cost Lower external media advertising expense Fewer promotional/educational materials Customer service rules not expended Name & logo enhancement cancelled for 2007 Customer survey to take place in September Less travel Fewer computer hardware/software purchases Enterprise security consultant, budgeted in 2006 Wind project administration not budgeted Joint Iowa Base Load Energy Project not budgeted IS application consulting not expended Financial advisor not expended

**MUSCATINE POWER AND WATER - ELECTRIC UTILITY**  
**REVIEW OF YEAR-TO-DATE OPERATING RESULTS - AUGUST 31, 2007**  
**(Analysis of Financial Statements - Page 4)**

Increase (Decrease) to Budgeted Net Assets	
22,400	Workforce development training to begin in September
(29,199)	Communications Utility valuation, not budgeted
(7,135)	Higher employee team training, budgeted in September
10,000	Wind Power Feasibility Study, not begun
(25,132)	Transmission Reliability Study, budgeted in 2006, not carried forward into 2007
(107,615)	System Reliability Study, not budgeted, approved by the Board in 2007
73,000	Transmission Coordination Study to be completed later this year
8,400	Health care consultant, not expended
7,481	Lower labor attorney costs
33,966	Lower property insurance primarily due to membership credit
134,108	Lower workers compensation claims
(44,858)	Higher FICA expense
17,985	Lower health care costs
(78,824)	Uninsured Communications Utility tornado expenses shared by the Electric Utility based on the property insurance premium split
15,812	Fewer subscriptions/memberships
24,232	Lower employment expenses
19,799	Annual report costs not expended
(54,865)	Higher sick leave and personal time usage
(315,627)	Higher labor costs due to the budgeted "less than full employment adjustment" not realized, and less vacation taken than budgeted thus far
 Maintenance	
100,000	Painting of Unit 9 outside structures to be completed in October
69,560	Units 7, 8 & 9 roof maintenance less than anticipated
176,000	9B boiler feed pump motor project deferred indefinitely
23,042	Unit 9 air heater basket replacement lower than expected
23,011	Less boiler plant repairs
(36,628)	Replacement of 9B vacuum filter cloths, not budgeted
(20,944)	Higher limestone handling equipment maintenance
395,089	Unit 8 turbine inspection and overhaul less than anticipated
35,000	Unit 8 turbine turning gear drive component replacement, cancelled
50,000	Install contactors on Unit 8 high pressure ash pump breakers to be completed in November
(48,734)	Unit 9 generator core monitor repair not budgeted
(44,444)	Increased Unit 9 equipment maintenance
38,331	Coal transfer conveyor tunnel repairs will not be completed this year
10,000	Containment area barge unloader inside transformer, not expended
(47,195)	Higher Unit 8 crusher cages replacement cost
(17,550)	Higher Unit 8 coal crusher hammer replacement cost
44,467	Fewer dozer repairs
16,834	Programmable logic controller I/O not expended
15,432	Tires for Clark 380B wheel dozer, lower cost
25,000	Fire protection valves, not replaced
24,018	Rail car repairs lower than anticipated
26,000	Tie and ballast replacement, to be completed later this year
8,000	Preventative maintenance on a 161 kV oil circuit breaker not completed
(60,011)	Transmission overhead lines repair cost related to tornado
15,000	Transmission pole inspections to be performed later this year
(210,413)	Distribution overhead lines repair cost related to tornado
(50,580)	Unexpected line transformer failures
(7,506)	Telephone system maintenance
27,499	Staining of A/O Center siding not begun
26,068	Asphalting of storage yard lot at A/O Center, not completed
8,381	Lower cost for lawn care
(37,659)	Temporary services not budgeted
(204,171)	Higher labor costs due to the budgeted "less than full employment adjustment" not realized, less vacation taken than budgeted, and extra overtime due to storm the storms
 Depreciation	
67,279	Fewer capital purchases in 2006 than estimated

**MUSCATINE POWER AND WATER - ELECTRIC UTILITY**  
**REVIEW OF YEAR-TO-DATE OPERATING RESULTS - AUGUST 31, 2007**  
**(Analysis of Financial Statements - Page 4)**

<u>Increase (Decrease) to Budgeted Net Assets</u>		
<b>Interest and Miscellaneous</b>		
Interest Income	105,884	Positive mark-to-market
	369,560	Higher fund balances than projected
Gain on Land Sale	18,250	Sale of Woodlawn Avenue and Northwood Lane substation sites
<b>Capital Contributions</b>		
	32,281	Transformer/electric service at Unity Hospital expansion
	5,069	Transformer for Muscatine Metals
	22,051	Transformer and primary cabling at Monsanto
	8,091	Switchgear for GPC
	<u>43,181</u>	Other miscellaneous variances - net
	<u>\$ 3,376,600</u>	Total Increase in Budgeted Net Assets

## Statements of Revenues, Expenses and Changes in Net Assets

### Sales of Electricity

#### Native System Sales

Total native system sales were \$256,286 less than budget primarily due to Industrial II customers' 2.9% lower kWh usage. City Enterprise Funds revenue is \$24,898 less than budget due to a new lift station, with a high demand charge, being included in the budget but not placed into service. Water Utility revenue is \$36,795 greater than budget due to higher usage caused by low water conditions impacting the amount of energy required for pumping.

#### Wholesale Sales

KWh sales were 15.4% higher than budget, resulting in \$2,385,785 higher revenue than projected.

### Steam Sales

8.8% more pounds of steam sold offset by a lower sale price for steam (\$3.34 compared to \$3.35 per 1,000 lbs), resulted in \$437,421 greater revenue than budgeted.

### Other Revenue

#### Rail Car Lease

Lease revenue per car is higher than budgeted, plus the consultant's commission is a lower percentage of sales than anticipated, resulting in \$34,840 higher rail car lease revenue.

#### By-Product Revenue

Gypsum and fly sales are higher than projected by \$14,128 and \$24,828, respectively. Slag sales are lower than projected by \$12,775.

#### Miscellaneous Revenue

EPA proceeds were budgeted at \$20,000; \$31,253 was realized. Recycling revenue is \$12,134 higher than budgeted through August, and \$6,272 received from the Muscatine County Highway Department for an easement was not included in the budget, nor was \$6,800 received for the sale of surplus belting. Farm lease revenue was \$10,394 greater than the budget. Fees charged to MAGIC were included in the budget at an incorrect rate of \$4,399 instead of \$241/month. Job sales revenue is \$8,895 lower than anticipated through August. Coal sales netted \$362,710 in 2006 and \$9,662 in 2007.

### Interest and Miscellaneous

#### Interest Income

Interest income is \$475,444 more than budget due to higher cash and investment balances, plus a positive mark-to-market adjustment of \$105,884. The mark-to-market adjustment in 2006 was a positive \$51,987.

#### Gain on Land Sale

The sale of Woodlawn Avenue and Northwood Lane substation sites resulted in the \$18,250 gain.

## **Statements of Revenues, Expenses and Changes in Net Assets (cont'd)**

### **Capital Contributions**

Capital contributions are a result of billing Frye Builders for a transformer and providing electric service to the Unity Hospital expansion, installation of a three-phase transformer bank for Muscatine Metals, installation of a transformer and primary cabling at Monsanto, and a switchgear billed to GPC.

### **Balance Sheets**

#### **Unrestricted Current Liabilities**

##### **Health Insurance Provision**

Health care claims have been less than premiums accrued.

### **Year-To-Date Summary of Expenses**

The 2007 operating budget includes a 5% reduction in all accounts with a labor budget to adjust for less than full employment. This percentage was based on historical data reflecting the difference between actual labor expense and budgeted labor. The total adjustment through August is \$468,640.

#### **Generation**

##### **Operation Supervision**

The adjustment for less than full employment is \$29,847 through August. The plant engineering and environmental departments' labor expenses are greater than budget by \$7,226 and \$6,110, respectively.

##### **Fuel – Coal**

There was 8.7 % greater or 61,516 more tons of coal burned than projected, which resulted in \$962,739 higher coal expense.

##### **Fuel – Fuel Oil**

A lower price (\$2.14 vs \$2.49/gallon budgeted) plus 47.2% fewer gallons of fuel oil used at Unit 9, resulted in \$73,308 lower expense.

##### **Fuel - Gas**

Unit 8's natural gas expense is \$217,834 lower than budget due to lower usage (20,412.1 actual mmbtu's compared to the budgeted 48,236 mmbtu's), offset by a 10.7% higher price (\$9.41/mmbtu vs. \$8.50/mmbtu budgeted).

## Generation (cont'd)

### Landfill Operations Expense

Material expense for ground maintenance and irrigation system repairs are \$14,403 less than anticipated. The material handling department's labor expense is also lower than budget by \$7,965 through August. The adjustment for less than full employment is \$1,441.

### Steam Expense – Boiler

The plant's operations department's labor expense is higher than projected by \$90,515; the adjustment for less than full employment is \$25,249 through August. The budget includes \$15,000 for the reverse osmosis membrane replacement; it is still being determined whether this will be done this year or next. Chemical costs for the reverse osmosis system are lower than projected by \$18,798; the auxiliary boiler's natural gas usage is below the budget by \$35,062; and boiler water chemicals for Unit 9 and Unit 8 are below budget by \$16,829 and \$9,480, respectively.

### Steam Expense – Pollution Control

Waste water treatment chemicals and labor expense are below budget by \$94,517 and \$24,408, respectively.

### Electric Expense

Hydrogen gas expense and other miscellaneous material expenses are less than budget by \$20,046 through August.

### Miscellaneous Steam Power Expense

Preventative/predictive maintenance training was held in February at a cost of \$13,022; this was not included in the budget. Labor expense is higher than budget by \$71,168. Mercury, HCl & hafnium testing for Units 7 & 8, included in the budget at \$32,000, has not begun. Lawn care expenses are lower than budget by \$24,231. The Water Intake Study is included in the budget at \$50,400; total expenditures through August have been \$6,349. The study has been postponed due to the EPA suspending Phase II of the cooling water intake structure as a result of a federal court ruling. The budget includes \$60,000 to move the barge unloader transformers and to build a containment area; this will not be completed this year. Also, budgeted is \$40,000 for safety gear and welding hoods; only \$15,469 has been expended. Technical support for the PEPSI and PMAX software, budgeted at \$8,000, has not been needed.

### Maintenance of Structures

The budget includes \$100,000 to paint Units 7, 8 & 9's outside structures, which is anticipated to be completed in October. Roof maintenance is included in the budget at \$40,000 for Unit 9, \$20,000 for Unit 8, and \$15,000 for Unit 7; total cost is \$5,440 through August, with an additional \$1,000 expense expected to finish the repairs. Other structural maintenance at Unit 9 is below budget by \$76,401 through August.

### Maintenance of Boiler Plant – Boiler

Labor expense is lower than budgeted by \$173,994 through August. The 9B boiler feed pump motor project that is budgeted at \$176,000, will not be completed this year. The 9A air heater basket replacement is lower than budget by \$23,042; other material expenses are higher than budgeted by \$23,011.

## Generation (cont'd)

### Maintenance of Boiler Plant – Pollution Control

The maintenance department's labor expense is greater than budgeted by \$121,720. Unanticipated costs to replace 9B vacuum filter cloths amounted to \$36,628. Limestone handling equipment maintenance exceeded budget by \$20,944 through August.

### Maintenance of Electric Plant

Labor expense is below budget by \$38,397. Unit 8 turbine inspection and overhaul is \$395,089 lower than projected. The turbine was in better condition than anticipated. The budget also includes \$35,000 for Unit 8's turbine turning gear drive component replacement, which has been cancelled, and \$50,000 to install contactors on HP ash pump breakers that will be completed later this year. Maintenance of Unit 9's generator core monitor, costing \$48,734, was not budgeted; other Unit 9 material expenses are greater than budgeted by \$36,244. Unit 7 material expense exceeded the budget by \$32,006.

### Maintenance of Miscellaneous Steam Plant

Material expense for Unit 9 equipment is \$44,444 higher than projected.

### Maintenance of Coal Handling Equipment

The following expenses are higher/(lower) than budget:

Transfer conveyor tunnel repairs	(\$38,331)
Containment area barge unloader inside transformer	(\$10,000)
Dozer repairs	(\$44,467)
Labor	(\$24,429)
Programmable logic controller I/O	(\$16,834)
Tires for Clark 380B wheel dozer	(\$15,432)
Fire protection valves, not replaced	(\$25,000)
Rail car repairs	(\$24,018)
Tie and ballast replacement	(\$26,000)
Replace Unit 8 crusher cages	\$47,195
Replace hammers in 8A coal crusher	\$17,550

### Purchased Power

KWh's purchased were 2.8% higher than projected, however actual average cost was \$.0525/kWh versus \$.0550/kWh budgeted, resulting in \$41,824 lower expense.

### System Control and Load Dispatch

A surplus distribution from MAPPCOR in the amounts of \$39,918 and \$26,035 were received in March 2007 and March 2006, respectively. The budget includes \$9,000 for a transmission service coordinator which has not been expended. Labor expense is below budget by \$10,245 through August.

### Vacation, Holiday, Sick Leave

Both sick leave and personal time usage were higher than anticipated for the year.

## Transmission

### Load Dispatching

System control's labor expense is greater than budget by \$4,641; the adjustment for less than full employment is \$2,530.

## Transmission (cont'd)

### Station Expense

Total labor expense is greater than budgeted by \$8,361. Technical service's labor expense is \$2,908 greater than budgeted; the adjustment for less than full employment was \$3,678.

### Transmission of Electricity by Others

The budget assumed a transmission path would be purchased at a cost of \$180,000 through August. MAPP Schedule F administrative fees and charges related to transmission service amounted to \$11,786 for the year.

### Maintenance of Structures

The budget includes \$3,800 for substation repairs, including rock, shingles, fence, and painting, and \$1,350 to repair a portable air-conditioning unit, which have not been needed. Labor expense is \$1,321 lower than budget through August.

### Maintenance of Station Equipment

Total labor expense is \$27,046 less than budget. The budget includes \$8,000 for preventative maintenance on a 161 kV oil circuit breaker that has not been completed. The Doble maintenance agreement is less than budgeted by \$3,499 through August.

### Maintenance of Overhead Lines

Contracted services for storm damage repair amounted to \$60,011. The linecrew's labor expense was greater than the budget by \$20,260. Pole inspections, included in the budget at \$15,000, will be performed later this year. Other material expenses are higher than budget by \$6,912.

### Vacation, Holiday, Sick Leave

Both sick leave and personal time usage were higher than anticipated for the year.

## Distribution

### Load Dispatching

System control's labor expense is greater than budget by \$3,958; the adjustment for less than full employment is \$2,530.

### Station Expense

Substation electricians' labor expense is \$4,329 greater than budgeted; the adjustment for less than full employment was \$3,417 through August. Lawn care expense is also greater than budget by \$8,351 so far this year.

### Vehicle Expense

Two linecrew trucks had repairs of \$12,947 to the boom assembly and bucket controls that were not budgeted. Other materials are lower than budget by \$2,230 through August.

### Street Lighting

Labor is over budget \$3,605 through August.

### Signal Expense

The linecrew has spent less time on signal maintenance, resulting in \$2,916 lower labor expense than anticipated. Materials, budgeted at \$1,000 through August, have not been needed.

## Distribution (cont'd)

### Meter Expense

The metering department spent more time than anticipated upgrading meter installations, resulting in \$8,809 higher labor expense. Temporary services, costing \$5,166, were not included in the budget; project engineering's labor is \$2,524 higher than budget; the adjustment for less than full employment is \$2,940 through August.

### Customer Installation Expense

Labor expense is \$3,837 lower than budget for the linecrew. More of their time has been spent on maintenance of overhead lines.

### Miscellaneous Distribution Expense

Labor expense is \$21,011 greater than budget, primarily due to the adjustment for less than full employment of \$20,550. Safety and training materials and the joint venture cost in MAGIC are lower than budget by \$13,467 and \$15,562, respectively.

### Maintenance of Structures

Labor expense for facilities maintenance and the linecrew departments are less than budget by \$1,839 and \$2,128, respectively.

### Maintenance of Overhead Lines

Labor expense attributable to the February storm amounted to \$28,517; the June tornado cost was \$159,847; and the August storm was \$18,525. The linecrew's labor expense is \$26,917 higher than budget for August due to storm repair. Material expenses are greater than budgeted by \$219,559; \$210,413 was related to the tornado.

### Maintenance of Underground Lines

Linecrew labor and materials expenses are below budget by \$14,451 and \$7,625, respectively.

### Maintenance of Line Transformers

The linecrew and engineering technician's labor is greater than budget by \$7,934 and \$2,530, respectively, through August. Three failed transformers cost \$50,580, in July, to repair.

### Maintenance of Street Lighting

Material expense is greater than budget by \$6,113 through August.

### Maintenance of Signal System

More time has been spent on signal system repair than anticipated, resulting in \$12,431 higher labor costs.

### Maintenance of Miscellaneous Distribution Plant

The budget includes \$1,600 for test equipment calibration and \$1,900 for scanner/copier maintenance that have not been expended. Vehicle maintenance department's labor is lower than budgeted by \$3,177 for the year.

### Vacation, Holiday, Sick Leave

Both sick leave and personal time usage are higher than anticipated for the year.

## Customer Service Expense

### Customer Information Expense

The following expenses are higher/(lower) than budget:

Name & logo enhancement, cancelled	(\$63,000)
Media advertising	(\$15,827)
Promotional/educational materials	(\$22,999)
Customer service rules	(\$7,100)
Photo library	(\$3,402)
Residential geothermal HVAC	(\$5,880)
Customer survey	(\$9,890)
Rebates	(\$3,380)
Postage	(\$3,323)
Contractor visits	(\$3,700)
City building audits	(\$3,400)
Customer awareness programs	(\$3,667)

### Electric Water Heaters-Maintenance/Promotion

Water heater rebates are greater than budgeted by \$1,932.

## Consumer Accounts

### Meter Reading Expense

Labor expense is \$13,072 greater than budget; more time was spent reading meters and less time was spent on meter installations/sealing meters. Material expenses, including temporary services, are \$6,426 less than budget.

### Consumer Records and Collection

The adjustment for less than full employment is \$8,748. The linecrew department's labor is \$1,419 higher than budgeted. Commissions paid to the credit bureau and the credit card processing fees have been \$3,082 and \$605, respectively, more than anticipated through August. Training materials are \$1,730 lower than budget for the year.

## Administrative and General

### Outside Services Employed

The following expenses are higher/(lower) than budget:

Enterprise security consultant	\$16,632
Wind project administration	\$25,870
Iowa Base Load Energy Project	\$56,000
Financial advisor	(\$20,000)
Communications Utility valuation	\$29,199
IS application consulting	(\$11,200)
ROC training	\$7,135
Workforce development training	(\$22,400)
Transmission Reliability Study	\$25,132
System Reliability Study	\$107,615
Transmission Coordination Study	(\$73,000)
Wind Power Feasibility Study	(\$10,000)
Health care consultant	(\$8,400)
Labor attorney	(\$7,481)

### Outside Services Employed (cont'd)

The following expenses are higher than 2006:

Enterprise security consultant	\$16,632
Wind project administration	\$25,870
Iowa Base Load Energy Project	\$56,000
Transmission Reliability Study	\$25,132
System Reliability Study	\$107,615
ROC training	\$7,135
Board legal counsel	\$18,350
Bond Services	(\$39,869)
Valuation of Cable	\$29,199

### Property Insurance

The property insurance renewal premium was less than anticipated due to a membership credit of \$47,304, which is being allocated over 12 months beginning in April 2007.

### Casualty Ins, Injuries & Damages

Workers compensation claims are lower than budget by \$134,108. Damages caused by the June tornado, which were allocated to the Electric Utility, amounted to \$78,824.

### Employee Pensions and Benefits

The following expenses are higher/(lower) than budget:

FICA	\$44,858
Health care	(\$17,985)
Unemployment	(\$5,319)
Deferred compensation match	(\$3,750)

The following expenses are higher/(lower) than 2006:

FICA	\$40,205
Pension	\$80,569
Health care	\$39,777
Deferred compensation match	\$7,666
Life, LTD & AD&D insurance	(\$19,811)

### Miscellaneous General Expense

The following expenses are higher/(lower) than budget:

Employment expenses	(\$24,232)
Travel	(\$7,966)
Subscriptions/memberships	(\$25,714)
BIT expenses	(\$8,209)
Annual report	(\$19,799)
Labor	\$11,379
Tornado related expenses	\$6,377
Policies and procedures development	\$11,671

### Maintenance of A/O Center

A/O Center siding re-staining, included in the budget at \$27,499, will not be completed this year. Asphalting of the storage yard lot is budgeted at \$56,250; \$30,182 has been expended to date. Lawn care expenses are lower than budget by \$10,285 through August.

### Vacation, Holiday, Sick Leave

Both sick leave and personal time usage were higher than anticipated for the year.

**Electric Utility**  
**Balance Sheet Review**  
**August 2007**

	<u>2007</u>	<u>2006</u>
<b>Current Assets</b>		
<b>Consumer Accounts</b>		
Customer Electric Accounts	\$4,322,558	\$4,211,412
Merchandise Accounts	343,760	215,483
Allowance for Doubtful Accounts	<u>(52,805)</u>	<u>(56,538)</u>
	<u><u>\$4,613,513</u></u>	<u><u>\$4,370,357</u></u>
<b>Note Receivable</b>		
Loan to Communications Division	<u><u>\$35,327,000</u></u>	<u><u>\$35,327,000</u></u>
<b>Inventories</b>		
Inventory	\$5,946,244	\$5,981,393
Stores Expense (a/c 163)	73,299	(33,130)
Gas and Diesel Fuel	164,101	209,184
Limestone	<u>45,101</u>	<u>29,996</u>
	<u><u>\$6,228,745</u></u>	<u><u>\$6,187,443</u></u>
<b>Prepaid Expenses</b>		
Prepaid Insurance	\$322,597	\$354,108
Unamortized Bond Issue Expense (current portion)	118,445	170,386
Other Prepaid Expenses	<u>292,948</u>	<u>224,828</u>
	<u><u>\$733,990</u></u>	<u><u>\$749,322</u></u>
<b>Current Liabilities</b>		
<b>Miscellaneous Accrued Expenses</b>		
Interest on Customer Deposits	\$114,373	\$107,280
Sales/Use Tax Collections Payable	85,159	44,766
Payroll Tax Collections Payable	149,838	140,543
Employee Payroll Deductions	3,480	6,537
Workers' Comp Self Insurance Reserves	35,521	135,957
Comp Time Payable	23,787	27,499
Other	<u>8,386</u>	<u>---</u>
	<u><u>\$420,544</u></u>	<u><u>\$462,582</u></u>
<b>Miscellaneous Deferred Credits</b>		
Economic Development Reserve	<u><u>\$120,000</u></u>	<u><u>\$120,000</u></u>
<b>Accounts Payable</b>		
Water Bills	\$35,629	\$30,389
Alliant Utilities - gas	9,310	53,053
Alstom Power - elements/#9 combustion sys	---	5,398
Altech Environment - env compliance	55,017	---
American Industrial Motor - breaker rpr	8,954	---
Arch Coal - coal	59,308	---
Asphlundh Tree Expert - tree trimming	---	12,736
B. N. & S. F. RR - railcar rpr/coal transport	---	111,746
BL Robinson - parts	3,767	11,320

Babcock & Wilcox - block	---	14,157
Bancard - travel	13,288	9,574
Bank of America - supplies	16,301	---
Belco Technologies - wire	13,968	---
Benetech - coal audit/dust suppressant	13,311	13,613
Black & Veatch - env compliance	31,891	48,919
Buckskin Mining Co - coal	75,267	60,362
Carman Industries - motor	8,260	---
Champs Software - software	---	13,751
City of Muscatine - sewer/san	25,280	25,306
Coca Lawn Care Services - lawn care	8,802	---
Cottingham & Butler - workers comp	9,172	---
Crescent Electric - parts	6,922	11,573
Decatur industrial Electric - motor	---	11,847
Diamond Pwr International - fittings/seals	5,909	1,403
Doble Engineering - equip rental	22,545	---
ESRI - yrly maint agreement	---	7,221
Eastern Iowa Tire - tire	---	36,247
Eimco Water Technologies - liner	---	6,798
Fletcher-Reinhardt - parts	13,113	13,416
General Electric Intl - analyzer testing/liners	52,705	---
Hagerty Lawn Care - lawn care	---	14,891
Illowa Investment - asphalt surfacing	65,426	---
Iowa, Chicago & Eastern RR - coal transport	42,353	122,670
Iowa Utilities Board - assessment	12,289	216
Koenig Body & Equipment - platform	---	8,816
Lafarge - ash hauling	6,791	9,955
Lewis Industrial Services - rpr/fabrication	298	7,024
Linwood Mining - limestone	21,796	10,479
Market Strategies - customer survey	---	18,707
Maxefish, LLC - rr consulting	7,063	1,000
McDaniel Fire Systems - fire detection sys	---	66,384
Midwest Janitorial Service - cleaning svc	5,187	5,187
MISO - transmission	---	7,108
Nelson Plant Services - remodel rooms	---	28,402
NWL Transformers - transformers	14,060	---
Overland - ash hauling	15,915	10,943
Pennsylvania Crusher - hammer	---	11,303
Petrochem Insulation - scaffold svc	---	6,604
Quad City Safety - safety equipment	2,858	6,559
RK Dixon - maint agree/scanner	---	24,022
Rainbow Energy Marketing - commissions & fees	121,145	---
Resco - transformer	10,950	1,821
Roth Pump Company - pump	---	12,390
Schimberg - parts	7,955	6,757
Siemens Water Tech - chains	7,068	---
Spratt Oil Sales - fuel	10,307	14,902
Spraying Systems - nozzles	14,466	---
United Conveyor Supply - parts	5,596	3,528
Wachovia - supplies	---	14,417
Wear Concepts - tiles	---	6,069
Wellmark - weekly health ins	14,174	256,461
Wesco Receivables - parts	7,487	3,858
Other	412,453	697,596
	<u>\$1,294,356</u>	<u>\$1,876,898</u>

Account 923  
 Outside Services  
 8/31/2007

<b>Description</b>	<b>Resp Code</b>	<b>Electric</b>		<b>Water</b>		<b>Communications</b>	
		<b>Budget</b>	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
Board Legal Counsel	120	33,600.00	41,918.07	2,400.00	4,274.79	4,000.00	4,278.24
Iowa Base Load Energy Project	120	0.00	56,000.00	0.00	0.00	0.00	0.00
Wind Project Administration	120	0.00	25,870.00	0.00	0.00	0.00	0.00
MCC Public Access	221	0.00	0.00	0.00	0.00	28,668.00	28,595.43
Sales Training	224	0.00	0.00	0.00	0.00	0.00	0.00
Distribution Study on Mad Creek Crossing by Heinz	231	0.00	0.00	5,000.00	0.00	0.00	0.00
Insurance Advisor	310	25,200.00	30,794.40	1,800.00	2,199.60	3,000.00	3,666.00
Financial Advisor	320	20,000.00	0.00	0.00	0.00	0.00	0.00
Rating Agency	320	13,336.00	10,000.00	0.00	0.00	0.00	0.00
Investment Advisor	325	10,000.00	10,000.00	0.00	0.00	0.00	0.00
GASB 45 Study	325	0.00	0.00	0.00	0.00	0.00	0.00
Coal & Transportation Consulting	331	10,000.00	24,421.57	0.00	0.00	0.00	0.00
Railman Administration	331	10,668.00	0.00	0.00	0.00	0.00	0.00
Communications Utility Valuation	331	0.00	29,198.91	0.00	0.00	0.00	0.00
Trustee Fee-FNB	340	0.00	0.00	0.00	0.00	0.00	0.00
Bond Services	340	9,645.00	7,485.42	0.00	0.00	0.00	0.00
Audit Services/Virchow-Krause	340	25,872.00	26,790.12	1,848.00	1,913.58	3,080.00	3,189.30
Misc Auditor Work	340	0.00	0.00	0.00	0.00	0.00	0.00
Intrusion Prevention	350	7,392.00	7,056.00	528.00	555.07	880.00	848.75
Application Consulting	350	11,200.00	0.00	800.00	0.00	1,336.00	0.00
Enterprise Security	350	0.00	16,632.00	0.00	1,188.00	0.00	1,980.00
Contact Center Health Check (HD)	364	1,720.00	0.00	720.00	0.00	1,560.00	0.00
ROC Training - GW000116	364	0.00	7,134.65	0.00	2,986.60	0.00	6,470.96
Labor Attorney	410	11,834.00	4,353.18	4,834.00	477.99	0.00	40.50
Health Care Consultant	410	8,400.00	0.00	600.00	0.00	1,000.00	0.00
Development Training	410	22,400.00	0.00	1,600.00	0.00	2,668.00	0.00
509A Actuary	410	756.00	756.00	54.00	54.00	90.00	90.00
Pension Actuary	410	0.00	0.00	0.00	0.00	0.00	0.00
Legal Expenses to Develop Marketing Agreements	510	4,000.00	0.00	0.00	0.00	0.00	0.00
Wind Power Feasibility Study	721	10,000.00	0.00	0.00	0.00	0.00	0.00
Transmission Reliability Study	760	0.00	25,132.40	0.00	0.00	0.00	0.00
System Reliability Study	760	0.00	107,615.14	0.00	0.00	0.00	0.00
Coal Pile Survey - GW000101	760	13,400.00	14,007.25	0.00	0.00	0.00	0.00
Coordination Study - GW000014	760	73,000.00	0.00	0.00	0.00	0.00	0.00
Communications Legal Counsel/Consulting	910	0.00	0.00	0.00	0.00	2,000.00	3,961.25
<b>TOTAL</b>		<b>\$322,423.00</b>	<b>\$445,165.11</b>	<b>\$20,184.00</b>	<b>\$13,649.63</b>	<b>\$48,282.00</b>	<b>\$53,120.43</b>