

Muscatine Power and Water

Electric Utility

Operating Statements and Balance Sheets

August 2007

**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

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>
Electric Energy Distribution - KWH					
Residential	11,777,100	7.2	12,623,426	3.4	12,204,996
Commercial I	4,257,800	2.1	4,347,853	2.8	4,228,160
Commercial II	11,594,700	(1.4)	11,435,158	5.2	10,865,032
Industrial I	13,184,500	3.2	13,610,300	(0.2)	13,642,240
Industrial II	38,756,600	0.5	38,941,790	2.2	38,096,721
City Enterprise Funds	456,600	(5.4)	431,726	(10.3)	481,221
Water & Communications Utilities	<u>1,590,494</u>	13.2	<u>1,800,881</u>	3.7	<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>	6.2	<u>51,908,000</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>	42.0	<u>3,021,527</u>	69.1	<u>1,786,308</u>
Total KWH Distributed	<u>133,365,294</u>	4.4	<u>139,187,695</u>	2.4	<u>135,869,096</u>
<u>KWH Generated and Received</u>					
Gross Generation	147,496,294	3.3	152,400,995	3.3	147,538,996
Less: Plant Use	<u>14,131,000</u>	(6.2)	<u>13,256,300</u>	1.7	<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>---</u>	---	<u>43,000</u>	(58.3)	<u>103,000</u>
Total Net Generated and Received	<u>133,365,294</u>	4.4	<u>139,187,695</u>	2.4	<u>135,869,096</u>
<u>Steam Sales - 1000 lbs</u>	<u>197,160</u>	18.7	<u>234,076</u>	10.1	<u>212,565</u>
<u>Purchased Power</u>					
	<u>KWH</u>		<u>Amount</u>		<u>Avg. Price</u>
Other	<u>---</u>		<u>---</u>		<u>---</u>
	<u>---</u>		<u>---</u>		<u>---</u>
<u>Resale and Demand</u>					
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	<u>288,000</u>		<u>16,671</u>		<u>0.0579</u>
	<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>
Electric Energy					
<u>Distribution - KWH</u>					
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	11,864,752	14.4	13,576,268	4.9	12,940,965
Native System Sales	594,342,352	(1.0)	588,570,195	1.0	582,943,194
Wholesale Sales	330,255,000	15.4	380,956,000	3.4	368,472,000
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	19,537,000	6.3	20,767,705	3.0	20,159,988
Total KWH Distributed	949,877,252	5.0	997,483,128	2.0	978,121,573
<u>KWH Generated and Received</u>					
Gross Generation	1,001,200,252	4.5	1,046,573,928	4.7	999,927,373
Less: Plant Use	93,238,000	0.5	93,688,800	2.0	91,839,800
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	949,877,252	5.0	997,483,128	2.0	978,121,573
<u>Steam Sales - 1000 lbs</u>	1,578,720	8.8	1,718,268	6.7	1,609,749
<u>Purchased Power</u>					
	<u>KWH</u>		<u>Amount</u>		<u>Avg. Price</u>
OPPM	42,475,000		\$2,241,920		0.0528
REM	600,000		21,780		0.0363
Other	---		(199)		---
	43,075,000		\$2,263,501		\$0.0525
<u>Resale and Demand</u>					
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
	380,956,000		\$16,708,730		\$0.0439

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>
<u>Sales of Electricity</u>						
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	73,606	0.0463	77,685	0.0431	76,246	0.0439
Native System Sales	4,022,006	0.0493	4,100,148	0.0493	4,012,101	0.0494
Wholesale Sales	2,150,588	0.0440	2,461,050	0.0474	2,460,373	0.0474
Energy Sales	6,172,594		6,561,198		6,472,474	
<u>Steam Sales</u>	666,795	3.38	782,195	3.34	675,349	3.18
<u>Other Revenue</u>						
Rail Car Lease	56,644		53,787		9,522	
By-Product Revenue	45,825		55,923		49,406	
Miscellaneous Revenue	34,741		37,024		33,654	
Total Other Revenue	137,210		146,734		92,582	
Operating Revenue	6,976,599		7,490,127		7,240,405	
<u>Operating Expense</u>						
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	1,145,808		1,137,400		1,114,784	
Total Operating Expense	5,426,657		5,709,389		5,189,311	
Operating Income	1,549,942		1,780,738		2,051,094	
<u>Interest and Miscellaneous</u>						
Interest Income	252,031		368,577		373,434	
Interest Expense	(291,444)		(291,689)		(347,202)	
Total Interest and Misc.	(39,413)		76,888		26,232	
Net Income Before Capital Contributions	1,510,529		1,857,626		2,077,326	
Capital Contributions	---		8,091		---	
Change in Net Assets	1,510,529		1,865,717		2,077,326	
Beginning Net Assets	147,668,110		150,689,522		139,209,298	
Ending Net Assets	\$149,178,639		\$152,555,239		\$141,286,624	
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>
<u>Sales of Electricity</u>						
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>	0.0472	<u>596,458</u>	0.0439	<u>589,364</u>	0.0455
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>	0.0434	<u>16,708,730</u>	0.0439	<u>15,357,234</u>	0.0417
Energy Sales	<u>43,533,093</u>		<u>45,662,592</u>		<u>43,992,450</u>	
<u>Steam Sales</u>	<u>5,296,192</u>	3.35	<u>5,733,613</u>	3.34	<u>5,115,741</u>	3.18
<u>Other Revenue</u>						
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>	
<u>Operating Expense</u>						
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>	
<u>Interest and Miscellaneous</u>						
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>	
Net Income Before Capital Contributions	3,101,097		6,410,205		3,731,602	
Capital Contributions	<u>---</u>		<u>67,492</u>		<u>95,414</u>	
Change in Net Assets	3,101,097		6,477,697		3,827,016	
Beginning Net Assets	<u>146,077,542</u>		<u>146,077,542</u>		<u>137,459,608</u>	
Ending Net Assets	<u>\$149,178,639</u>		<u>\$152,555,239</u>		<u>\$141,286,624</u>	
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>
Current Assets:		
<u>Restricted</u>		
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>
<u>Unrestricted</u>		
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>
Property and Equipment:		
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>
Other Assets:		
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>
 TOTAL ASSETS	 <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>
Current Liabilities:		
<u>Restricted</u>		
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>
<u>Unrestricted</u>		
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>
Deferred Revenue - Extraordinary O & M	<u>29,303,164</u>	<u>29,303,164</u>
Long-Term Debt - Less Current Portion:		
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>
Net Assets:		
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>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$249,201,405</u></u>	<u><u>\$250,886,749</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>
Cash flows from operating activities:		
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	44,583	1,582,376
Net cash flows from operating activities	<u>2,927,238</u>	<u>13,112,781</u>
Cash flows from capital and related financing activities:		
Capital expenditures, net	(208,295)	(3,738,574)
Bond principal payments	---	(12,160,000)
Bond interest payments	---	(3,418,808)
Net cash flows from capital and related financing activities	<u>(208,295)</u>	<u>(19,317,382)</u>
Cash flows from investing activities:		
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	53,257	105,882
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	(186,382)	(63,808)
Net cash flows from operating activities	<u>\$2,927,238</u>	<u>\$13,112,781</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><u>\$35,329,384</u></u>	<u><u>\$35,173,443</u></u>

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>	
<u>Generation</u>						
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	858,330		856,222		841,434	
Total Generation Expense	3,953,526	56.7	4,221,226	56.4	3,826,123	52.8
<u>Transmission</u>						
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	5,873		5,873		6,046	
Total Transmission Expense	\$129,058	1.8	\$123,557	1.6	\$99,069	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>	
<u>Generation</u>						
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	6,866,645		6,849,776		6,731,472	
Total Generation Expense	34,790,071	70.2	34,415,660	65.9	35,378,548	70.3
<u>Transmission</u>						
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	46,984		47,106		46,698	
Total Transmission Expense	\$879,120	1.8	\$761,064	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>	
<u>Distribution</u>						
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	1,754		1,754		1,805	
Total Distribution Expense	<u>404,764</u>	5.8	<u>430,756</u>	5.8	<u>390,801</u>	5.4
<u>Customer Service Expense</u>						
Customer Information Expense	27,869		16,730		16,984	
Electric Ranges/Dryers-Maint/Promotion	1,366		743		1,245	
Electric Water Heaters-Maint/Promotion	929		1,074		868	
Total Customer Service Expense	<u>\$30,164</u>	0.4	<u>\$18,547</u>	0.2	<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>	
<u>Distribution</u>						
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	
Maintenance:						
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	14,032		14,060		13,944	
Total Distribution Expense	<u>2,902,150</u>	5.9	<u>3,454,790</u>	6.6	<u>2,817,486</u>	5.6
<u>Customer Service Expense</u>						
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	7,443		9,566		7,282	
Total Customer Service Expense	<u>\$314,943</u>	0.6	<u>\$150,419</u>	0.3	<u>\$170,127</u>	0.3

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>	
<u>Consumer Accounts</u>						
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	2,446		2,337		2,016	
Total Consumer Accounts Expense	39,277	0.6	43,831	0.6	42,864	0.6
<u>Administrative and General</u>						
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	121,393		117,430		113,452	
Total Administrative and General	869,868	12.5	871,472	11.6	811,357	11.2
Total Operating Expense	<u>\$5,426,657</u>		<u>\$5,709,389</u>		<u>\$5,189,311</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</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Consumer Accounts</u>						
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	338,990	0.6	330,779	0.7
<u>Administrative and General</u>						
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	6,883,801	13.2	6,386,438	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

	This Year		Last Year	
	<u>Month</u>	<u>Year-to-Date</u>	<u>Month</u>	<u>Year-to-Date</u>
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	0.00645	0.00710	0.00609	0.00671
Total	0.03901	0.04413	0.03631	0.04505

Per KWH Delivered to Paying Native System Customers

	This Year		Last Year	
	<u>Month</u>	<u>Year-to-Date</u>	<u>Month</u>	<u>Year-to-Date</u>
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)

	<u>Current Month</u>		<u>Calendar Year-to-Date</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
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
 <u>Services</u>	 <u>2007</u>	 <u>2006</u>		
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	38	38		
Total	11,184	11,141		

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

Increase (Decrease) to Budgeted Net Assets

Interest and Miscellaneous

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
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Capital Contributions

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
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<u>\$ 3,376,600</u>	Total Increase in Budgeted Net Assets
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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. Asphaltting 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>
<u>Current Assets</u>		
<u>Consumer Accounts</u>		
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>\$4,613,513</u>	<u>\$4,370,357</u>
 <u>Note Receivable</u>		
Loan to Communications Division	<u>\$35,327,000</u>	<u>\$35,327,000</u>
 <u>Inventories</u>		
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>\$6,228,745</u>	<u>\$6,187,443</u>
 <u>Prepaid Expenses</u>		
Prepaid Insurance	\$322,597	\$354,108
Unamortized Bond Issue Expense	118,445	170,386
(current portion)		
Other Prepaid Expenses	<u>292,948</u>	<u>224,828</u>
	<u>\$733,990</u>	<u>\$749,322</u>
 <u>Current Liabilities</u>		
<u>Miscellaneous Accrued Expenses</u>		
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>\$420,544</u>	<u>\$462,582</u>
 <u>Miscellaneous Deferred Credits</u>		
Economic Development Reserve	<u>\$120,000</u>	<u>\$120,000</u>
 <u>Accounts Payable</u>		
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
Maxeefish, 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

		<u>Electric</u>		<u>Water</u>		<u>Communications</u>	
<u>Description</u>	<u>Resp Code</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
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
TOTAL		<u>\$322,423.00</u>	<u>\$445,165.11</u>	<u>\$20,184.00</u>	<u>\$13,649.63</u>	<u>\$48,282.00</u>	<u>\$53,120.43</u>