

**MUSCATINE POWER AND WATER**  
**REVIEW OF YEAR-TO-DATE OPERATING RESULTS**  
**JUNE 30, 2007**

**MUSCATINE POWER AND WATER - ELECTRIC UTILITY**  
**REVIEW OF YEAR-TO-DATE OPERATING RESULTS - JUNE 30, 2007**  
**(Analysis of Financial Statements - Page 4)**

Increase (Decrease) to Budgeted Net Assets - Items over \$25,000		
<b>Sales of Electricity</b>		
Native System Sales	\$ (290,569)	KWh sales 1.7% lower
Wholesale Sales	2,043,778	KWh sales 23.5% higher; offset by a 2.6% lower price
<b>Steam Sales</b>	247,866	Pounds of steam sold 6.6% higher; average price 0.6% lower
<b>Other Revenue</b>		
Rail Car Lease	42,538	Higher lease revenue per car
<b>Operating Expense</b>		
Production Fuel and Purchased Power	(791,336)	Tons of coal burned is 10.9% greater
	56,277	39.7% lower fuel oil usage for Unit 9; 14.1% lower average price
	169,279	Unit 8's lower natural gas usage (18,243 mmbtu's compared to 40,000 mmbtu's budgeted), offset by a 10.1% higher price (\$9.36/mmbtu compared to \$8.50/mmbtu)
	41,824	2.8% higher kWh's purchased; lower average cost (\$.0525/kWh compared to \$.0550/kWh budgeted)
<b>Operation</b>		
	35,154	Lower auxiliary boiler natural gas usage
	52,848	Fewer wastewater treatment chemicals
	32,000	Mercury, HCl & HF testing at Units 7 & 8, to be done later this year
	31,451	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
	39,918	MAPPCOR refund distribution, not budgeted
	120,000	Transmission path, cost netted against wholesale sales
	63,000	Name & logo enhancement cancelled for 2007
	(25,870)	Wind project administration not budgeted
	(56,000)	Joint Iowa Base Load Energy Project not budgeted
	(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
	67,081	Lower workers compensation claims
	(53,178)	Higher FICA expense
	(74,965)	Uninsured Communications Utility tornado expenses shared by the Electric Utility based on the property insurance premium split
	(58,952)	Higher sick leave and personal time usage
	(280,683)	Higher labor costs due to the budgeted "less than full employment adjustment" not realized, and less vacation taken than budgeted thus far
<b>Maintenance</b>		
	50,000	Painting of Unit 9 outside structures to begin in August
	176,000	9B boiler feed pump motor project deferred indefinitely
	88,034	Less boiler plant repairs
	410,089	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
	(55,559)	Increased Unit 9 equipment maintenance
	54,963	Coal transfer conveyor tunnel repairs will not be completed this year
	(47,195)	Higher Unit 8 crusher cages replacement cost
	45,777	Fewer dozer repairs
	(62,340)	Transmission overhead lines repair material cost related to tornado
	(196,111)	Distribution overhead lines repair material cost related to tornado
	37,500	Asphalting of storage yard lot at A/O Center, to be completed in 3rd Quarter
	(29,087)	Temporary services not budgeted

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<u>Increase (Decrease) to Budgeted Net Assets - Items over \$25,000</u>		
	(150,531)	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 and tornado
Depreciation	50,463	Fewer capital purchases in 2006 than estimated
<b>Interest and Miscellaneous</b>		
Interest Income	(52,082)	Negative mark-to-market
	246,579	Higher fund balances than projected
<b>Capital Contributions</b>	59,401	Customer contributions for transformers/electric service
	<u>461,712</u>	Other miscellaneous variances - net
	<u>\$ 2,584,327</u>	Total Increase in Budgeted Net Assets

**MUSCATINE POWER AND WATER - WATER UTILITY**  
**REVIEW OF YEAR-TO-DATE OPERATING RESULTS - JUNE 30, 2007**  
**(Analysis of Financial Statements - Page 3)**

	<u>Increase (Decrease) to Budgeted Net Assets - Items over \$5,000</u>	
<b>Sales of Water</b>		
Contract Customers	\$ 57,432	11.5% higher usage
Residential	28,217	4.7% higher usage
<b>Operating Expense</b>		
Operation	(28,528)	Higher fuel/power purchased
	(22,022)	Higher price for chemicals
	6,803	Lower workers compensation claims
	(9,958)	Less fringe benefits charged to construction
Maintenance	71,488	Well cleaning to begin in July
	32,415	Pumping equipment repairs to coincide with well cleaning beginning in July
	8,000	East Hill's reservoir tank cleaning, may not be completed this year
	(41,864)	More main repairs than anticipated
	14,218	Fewer valve repairs than anticipated
Depreciation	9,351	Fewer capital purchases in 2006 than estimated
<b>Interest Income</b>	13,846	Primarily due to higher fund balances
	<u>(6,214)</u>	Other miscellaneous variances - net
	<u>\$ 133,184</u>	Total Increase in Budgeted Net Assets

**MUSCATINE POWER AND WATER - COMMUNICATIONS UTILITY**  
**REVIEW OF YEAR-TO-DATE OPERATING RESULTS - JUNE 30, 2007**  
(Analysis of Financial Statements - Page 2)

<u>Increase (Decrease) to Budgeted Net Assets - Items Over \$5,000</u>		
<b>Operating Revenue</b>		
CATV Revenue	\$ 20,761	Revenue from digital subscribers and HDTV greater than budgeted, due to more subscribers
	17,506	Pay-Per-View and Video on Demand buys greater than budgeted
	(59,707)	Revenue from premium channels is lower than budgeted due to an error in the budget
Data/Internet Revenue	45,060	Higher residential cable modem revenues due to more subscribers
	10,327	Higher residential dialup revenues due to more subscribers
<b>Operating Expense</b>		
Operation	20,306	Broadcast channel costs have not yet been realized
	19,590	Travel expenses lower than expected
	11,045	Lower external media advertising expense
	10,201	Fewer promotional/educational materials
	9,347	Lower workers compensation claims
	7,500	Name & logo enhancement cancelled for 2007
	(6,471)	Higher employee team training, budgeted in September
	(9,548)	A&G salaries are higher due to less vacation used and less labor charged to other accounts
	(13,072)	Higher educational refunds
	(22,018)	Misc. CATV labor over budget, due to less labor charged to specific tasks
Maintenance	22,225	CATV headend equipment labor & materials less than anticipated
	8,652	Labor for ad insertion maintenance is under budget and agreements have been renewed at lower amounts than anticipated
	6,674	Labor to repair converters is under budget and materials have not yet been needed
	(9,503)	Repair of line equipment higher due to two fiber lines cut in January, storm damage in February, and tornado in June
	(15,312)	CATV headend maintenance agreements relating to 2006, delayed billing by vendor
	(17,857)	Labor is over budget due to the cable modem system change out
Interest Income	14,336	Higher fund balances than projected
	<u>39,224</u>	Other miscellaneous variances - net
	<u>\$ 109,266</u>	Total Increase in Budgeted Net Assets