

Muscatine Power and Water

Electric Utility

Operating Statements and Balance Sheets

January 2008

**Muscatine Power and Water
Electric Utility**

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Muscatine Power and Water - Electric Utility
Classification of Electric Energy Distribution
Current Month - January 2008

	<u>Budget Estimate</u>	<u>% Increase (Decrease) From Budget</u>	<u>This Year</u>	<u>% Increase (Decrease) Fr. Last Yr.</u>	<u>Last Year</u>
<u>Electric Energy Distribution - KWH</u>					
Residential	8,850,000	2.2	9,044,869	5.6	8,566,624
Commercial I	3,428,100	---	3,426,724	3.4	3,313,287
Commercial II	10,226,100	(6.3)	9,582,860	(1.8)	9,756,451
Industrial I	10,927,300	(1.3)	10,783,600	(2.7)	11,079,680
Industrial II	40,303,000	(4.8)	38,372,977	(2.2)	39,228,517
City Enterprise Funds	555,000	(11.6)	490,779	(10.7)	549,774
Water & Communications Utilities	<u>1,720,400</u>	(2.5)	<u>1,677,060</u>	(2.6)	<u>1,722,353</u>
Native System Sales	76,009,900	(3.5)	73,378,869	(1.1)	74,216,686
Wholesale Sales	<u>55,222,268</u>	16.8	<u>64,512,000</u>	7.3	<u>60,130,000</u>
Total Sales Delivered to Paying Consumers	131,232,168	5.1	137,890,869	2.6	134,346,686
City Lighting	165,625	(0.3)	165,132	(5.0)	173,786
City Buildings	660,579	(4.0)	634,265	10.5	574,203
MAPP Trans Loss-Payment	---	---	792,000	---	103,000
Losses & Cycle Billing	<u>1,810,244</u>	60.5	<u>2,904,538</u>	35.0	<u>2,151,201</u>
Total KWH Distributed	<u>133,868,616</u>	6.4	<u>142,386,804</u>	3.7	<u>137,348,876</u>
<u>KWH Generated and Received</u>					
Gross Generation	146,906,616	6.3	156,138,804	3.9	150,266,876
Less: Plant Use	<u>13,038,000</u>	5.5	<u>13,752,000</u>	4.5	<u>13,164,000</u>
Net Generation	133,868,616	6.4	142,386,804	3.9	137,102,876
Purchased Power	---	---	---	---	---
MAPP Trans Loss-Repayment	<u>---</u>	---	<u>---</u>	---	<u>246,000</u>
Total Net Generated and Received	<u>133,868,616</u>	6.4	<u>142,386,804</u>	3.7	<u>137,348,876</u>
<u>Steam Sales - 1000 lbs</u>	<u>256,680</u>	0.9	<u>258,996</u>	5.9	<u>244,532</u>
<u>Purchased Power</u>	<u>KWH</u>		<u>Amount</u>	<u>Avg. Price</u>	
Other	<u>---</u>		<u>(2,269)</u>	<u>---</u>	
	<u>---</u>		<u>(2,269)</u>	<u>---</u>	
<u>Resale and Demand</u>					
OPPM	30,126,000		\$1,454,006	0.0483	
PELLA	4,616,000		208,540	0.0452	
REM	29,746,000		1,605,781	0.0540	
Other	<u>24,000</u>		<u>2,400</u>	<u>0.1000</u>	
	<u>64,512,000</u>		<u>\$3,270,727</u>	<u>\$0.0507</u>	

Muscatine Power and Water - Electric Utility
Statements of Revenues, Expenses, and Changes in Net Assets
Current Month - January 2008

	<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	\$631,890	0.0714	\$645,561	0.0714	\$616,617	0.0720
Commercial I	254,708	0.0743	255,346	0.0745	247,474	0.0747
Commercial II	541,983	0.0530	529,197	0.0552	526,308	0.0539
Industrial I	507,297	0.0464	493,923	0.0458	503,064	0.0454
Industrial II	1,650,400	0.0409	1,590,024	0.0414	1,616,009	0.0412
City Enterprise Funds	25,123	0.0453	23,460	0.0478	25,062	0.0456
Water & Communication Utilities	78,954	0.0459	73,940	0.0441	76,390	0.0444
Native System Sales	3,690,355	0.0486	3,611,451	0.0492	3,610,924	0.0487
Wholesale Sales	2,599,691	0.0471	3,270,727	0.0507	2,280,265	0.0379
Energy Sales	6,290,046		6,882,178		5,891,189	
<u>Steam Sales</u>	890,936	3.47	919,955	3.55	802,064	3.28
<u>Other Revenue</u>						
Rail Car Lease	37,625		---		---	
By-Product Revenue	15,424		13,303		14,675	
Miscellaneous Revenue	28,230		22,992		26,158	
Total Other Revenue	81,279		36,295		40,833	
Operating Revenue	7,262,261		7,838,428		6,734,086	
<u>Operating Expense</u>						
Production Fuel and Purchased Power	2,190,644		2,415,839		1,867,471	
Operation	1,960,012		1,936,402		1,741,046	
Maintenance	1,026,526		751,074		737,584	
Depreciation	1,148,714		1,142,497		1,137,400	
Total Operating Expense	6,325,896		6,245,812		5,483,501	
Operating Income	936,365		1,592,616		1,250,585	
<u>Interest and Miscellaneous</u>						
Interest Income	272,960		563,596		248,042	
Interest Expense	(230,656)		(230,696)		(291,595)	
Total Interest and Misc.	42,304		332,900		(43,553)	
Net Income Before Capital Contributions	978,669		1,925,516		1,207,032	
Capital Contributions	---		---		---	
Change in Net Assets	978,669		1,925,516		1,207,032	
Beginning Net Assets	156,550,023		156,550,023		146,077,542	
Ending Net Assets	\$157,528,692		\$158,475,539		\$147,284,574	
Percent to Total Income	13.0		22.9		17.3	
Debt Service Coverage	2.02		2.57		2.02	

Muscatine Power and Water - Electric Utility
Balance Sheets
January 2008

ASSETS

	<u>2008</u>	<u>2007</u>
Current Assets:		
<u>Restricted</u>		
Cash	\$4,850	\$2,039,036
Investments	35,971,756	33,264,817
	<hr/>	<hr/>
Total Restricted Current Assets	35,976,606	35,303,853
	<hr/>	<hr/>
<u>Unrestricted</u>		
Cash	2,464,947	4,282,017
Investments	10,719,156	4,398,872
Receivables:		
Consumer Accounts	3,996,468	3,968,599
Resale	4,177,385	2,985,711
Interest	436,462	411,910
Intercompanies	20,173	18,604
Inventories	6,684,976	6,425,636
Fuel	4,221,243	4,081,166
Prepaid Expenses	625,021	678,888
	<hr/>	<hr/>
Total Unrestricted Current Assets	33,345,831	27,251,403
	<hr/>	<hr/>
Total Current Assets	69,322,437	62,555,256
	<hr/>	<hr/>
Property and Equipment:		
At Cost	391,315,251	387,959,235
Less Accumulated Depreciation	252,893,592	241,321,216
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Net Property and Equipment	138,421,659	146,638,019
	<hr/>	<hr/>
Other Assets:		
Unamortized Cost of Issuing Bonds	151,653	250,661
Note Receivable - Long-Term	35,327,000	35,327,000
Joint Venture Rights	206,902	207,275
	<hr/>	<hr/>
Total Other Assets	35,685,555	35,784,936
	<hr/>	<hr/>
TOTAL ASSETS	<u><u>\$243,429,651</u></u>	<u><u>\$244,978,211</u></u>

Muscatine Power and Water - Electric Utility
Balance Sheets
January 2008

LIABILITIES AND NET ASSETS

	<u>2008</u>	<u>2007</u>
Current Liabilities:		
<u>Restricted</u>		
2001 Revenue Bonds - Plus Unamortized Premium of \$71,021 in 2008 and less Deferred Amount on Refunding on \$56,519 in 2008	\$11,319,502	---
2002 Revenue Bonds - Less Deferred Amount on Refunding of \$164,855 in 2007	---	12,430,145
Accrued Interest	224,995	266,559
Total Restricted Current Liabilities	<u>11,544,497</u>	<u>12,696,704</u>
<u>Unrestricted</u>		
Accounts Payable	2,163,852	2,560,526
Pension Provision	82,115	67,594
Health Insurance Provision	1,523,443	1,175,228
Accrued Payroll	219,453	160,788
Accrued Vacation	937,785	897,622
Consumers' Deposits	601,563	614,647
Retained Percentage on Contracts	148	3,578
Accrued Property Taxes	106,864	107,356
Miscellaneous Accrued Expenses	463,025	710,022
Miscellaneous Deferred Credits	120,000	120,000
Total Unrestricted Current Liabilities	<u>6,218,248</u>	<u>6,417,361</u>
Total Current Liabilities	<u>17,762,745</u>	<u>19,114,065</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 \$711,548 in 2008 and \$1,119,000 in 2007; and less Deferred Amount on Refunding of \$608,345 in 2008 and \$932,590 in 2007	37,888,203	49,276,410
Total Long-Term Debt - Less Current Portion	<u>37,888,203</u>	<u>49,276,410</u>
Net Assets:		
Invested in capital assets, net of related debt	89,460,219	85,331,222
Restricted	35,751,611	35,037,294
Unrestricted	33,263,709	26,916,056
Total Net Assets	<u>158,475,539</u>	<u>147,284,572</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$243,429,651</u></u>	<u><u>\$244,978,211</u></u>

Muscatine Power and Water - Electric Utility
Statements of Cash Flows
January 2008

	<u>Current Month</u>
Cash flows from operating activities:	
Cash received from:	
Retail electric sales	\$3,533,620
Wholesale electric sales	3,035,857
Coal & transportation allowances	30,628
Railcar leasing	54,699
By-product sales	40,097
Miscellaneous sources	63,445
Cash paid to/for:	
Suppliers	(1,425,471)
Wholesale power	(257,012)
Coal	(2,161,915)
Employees payroll, taxes and benefits	(1,690,541)
Reimbursements by Intercompany	<u>15,128</u>
Net cash flows from operating activities	<u>1,238,535</u>
Cash flows from capital and related financing activities:	
Capital expenditures, net	(369,347)
Bond principal payments	(12,595,000)
Bond interest payments	<u>(1,599,356)</u>
Net cash flows from capital and related financing activities	<u>(14,563,703)</u>
Cash flows from investing activities:	
Purchase of joint venture rights	(17,830)
Interest received on investments and note receivable	815,043
Accrued interest purchased	---
Amortization/accretion of investments	35,317
Mark to market	<u>292,409</u>
Net cash flows from investing activities	<u>1,124,939</u>
Net decrease in cash and investments	<u>(12,200,229)</u>
Cash and investments at beginning of period	<u>61,360,938</u>
Cash and investments at end of period	<u><u>\$49,160,709</u></u>

Muscatine Power and Water - Electric Utility
Statements of Cash Flows
January 2008

	<u>Current Month</u>
Reconciliation of operating income to net cash flows from operating activities	
Operating income	\$1,592,616
Noncash items in operating income:	
Depreciation of electric utility plant	1,142,497
Amortization of joint venture rights	5,332
Changes in assets and liabilities:	
Consumer accounts receivable	85,577
Resale receivable	(1,088,007)
Intercompany receivable	(5,045)
Inventories	(36,376)
Fuel	498,552
Prepaid expenses	(126,377)
Accounts payable	(618,532)
Pension provision	82,115
Health insurance provision	49,806
Accrued payroll	(395,672)
Accrued vacation	70,675
Consumers' deposits	(887)
Retained percentage	(4,327)
Accrued property taxes	8,296
Miscellaneous accrued expenses	(21,708)
Net cash flows from operating activities	<u><u>\$1,238,535</u></u>

**Muscatine Power and Water - Electric Utility
Funds Appropriated for Specific Purposes
January 2008**

	<u>This Year</u>	<u>Last Year</u>
Rate Stabilization Fund	\$5,988,289	\$5,852,203
Extraordinary Operation & Maintenance Account	<u>29,988,317</u>	<u>29,451,650</u>
Total Cash and Investments Appropriated for Specific Purposes	<u><u>\$35,976,606</u></u>	<u><u>\$35,303,853</u></u>

Muscatine Power and Water - Electric Utility
Summary of Expenses
Current Month - January 2008

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Generation</u>						
Operation Supervision	\$81,451		\$80,817		\$74,497	
Fuel:						
Coal	2,004,363		2,314,244		1,732,936	
Fuel Oil	23,632		233		74	
Gas	91,000		7,127		56,113	
Coal Handling Expense	59,226		85,394		65,432	
Landfill Operation Expense	4,393		3,080		1,773	
Emissions Allowance Expense	8,030		8,030		8,648	
Steam Expense:						
Boiler	150,249		153,040		113,602	
Pollution Control	70,173		73,235		49,519	
Electric Expense	105,605		99,692		90,347	
Miscellaneous Steam Power Expense	135,584		111,022		107,211	
Maintenance:						
Supervision	76,421		81,089		76,824	
Structures	53,206		51,852		64,654	
Boiler Plant:						
Boiler	218,858		163,496		98,591	
Pollution Control	132,428		65,055		45,741	
Electric Plant	133,264		41,202		91,675	
System Control	17,043		16,655		7,930	
Miscellaneous Steam Plant	53,116		58,979		39,141	
Coal Handling Equipment	192,360		120,202		179,557	
Purchased Power	---		(2,269)		2,495	
Wholesale Sales Commission	107,491		167,263		88,166	
System Control and Load Dispatch	58,517		69,445		55,858	
Vacation, Holiday, Sick Leave	104,288		118,633		117,714	
Depreciation	860,174		859,234		856,222	
Total Generation Expense	4,740,872	65.3	4,746,750	60.6	4,024,720	59.8
<u>Transmission</u>						
Operation Supervision	3,739		4,083		3,995	
Load Dispatching	8,250		8,894		7,872	
Station Expense	9,228		8,926		9,729	
Overhead Line Expense	---		261		---	
Transmission of Electricity by Others	83,366		62,271		59,741	
Miscellaneous Transmission Expense	10,445		5,153		6,919	
Maintenance:						
Supervision	1,897		1,810		1,772	
Structures	292		---		876	
Station Equipment	10,669		7,221		5,188	
Overhead Lines	3,068		1,560		11,601	
Vacation, Holiday, Sick Leave	6,493		5,800		6,995	
Depreciation	30,445		30,282		29,783	
Tax on Rural Property	5,910		5,910		5,873	
Total Transmission Expense	\$173,802	2.4	\$142,171	1.8	\$150,344	2.2

Muscatine Power and Water - Electric Utility
Summary of Expenses
Current Month - January 2008

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>
<u>Distribution</u>					
Operation Supervision	\$10,737		\$10,937		\$10,624
Load Dispatching	7,727		8,852		7,774
Station Expense	9,965		7,424		9,639
Overhead Line Expense	5,497		1,411		3,167
Vehicle Expense	13,908		15,236		10,907
Underground Line Expense	3,037		2,030		1,607
Street Lighting	1,637		1,570		2,175
Signal Expense	1,798		413		264
Meter Expense	9,413		12,592		11,884
Consumer Installation Expense	2,430		1,475		2,668
Miscellaneous Distribution Expense	73,996		55,813		82,559
Maintenance:					
Supervision	10,050		9,681		9,415
Structures	497		---		37
Station Equipment	11,648		10,093		7,682
Overhead Lines	31,276		42,757		30,737
Underground Lines	7,604		13,818		1,429
Line Transformers	4,002		4,740		2,752
Street Lighting	3,012		2,901		1,691
Signal System	2,442		2,730		1,336
Meters	---		786		331
Miscellaneous Distribution Plant	2,910		2,370		2,092
Vacation, Holiday, Sick Leave	32,469		31,433		34,060
Depreciation	139,808		138,797		133,965
Tax on Rural Property	1,765		1,765		1,754
Total Distribution Expense	<u>387,628</u>	5.3	<u>379,624</u>	4.8	<u>370,549</u> 5.5
<u>Customer Service Expense</u>					
Customer Information Expense	18,346		31,783		9,700
Electric Ranges/Dryers-Maint/Promotion	1,341		1,795		1,407
Electric Water Heaters-Maint/Promotion	<u>1,237</u>		<u>2,221</u>		<u>1,359</u>
Total Customer Service Expense	<u>\$20,924</u>	0.3	<u>\$35,799</u>	0.5	<u>\$12,466</u> 0.2

Muscatine Power and Water - Electric Utility
Summary of Expenses
Current Month - January 2008

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Consumer Accounts</u>						
Supervision	\$1,816		\$2,129		\$2,051	
Meter Reading Expense	7,971		8,129		8,805	
Consumer Records and Collection	27,443		31,783		24,743	
Uncollectible Accounts Expense	1,267		1,267		2,317	
Vacation, Holiday, Sick Leave	4,268		4,380		4,232	
	<u>42,765</u>		<u>47,688</u>		<u>42,148</u>	
Total Consumer Accounts Expense		0.6		0.6		0.6
<u>Administrative and General</u>						
Administrative and General Salaries	152,182		149,067		139,875	
Office Supplies and Expenses	20,023		25,093		22,802	
Outside Services Employed	63,207		63,149		33,157	
Property Insurance	34,228		32,754		37,844	
Casualty Ins, Injuries & Damages	33,985		20,595		46,228	
Employee Pensions and Benefits	426,087		405,025		390,782	
Fringe Benefits Charged to Constr.	(22,292)		(24,464)		(21,569)	
Regulatory Commission	4,500		4,500		4,834	
Miscellaneous General Expense	41,210		23,425		26,967	
Maintenance of General Plant	38,038		24,807		31,940	
Maintenance of A/O Center	22,425		27,270		24,592	
Vacation, Holiday, Sick Leave	28,025		28,375		28,392	
Depreciation	118,287		114,184		117,430	
	<u>959,905</u>		<u>893,780</u>		<u>883,274</u>	
Total Administrative and General		13.2		11.4		13.1
 Total Operating Expense	<u>\$6,325,896</u>		<u>\$6,245,812</u>		<u>\$5,483,501</u>	
 Percent to Operating Revenue		87.1		79.7		81.4

Muscatine Power and Water - Electric Utility
Statistical Data
January 2008

Per KWH Delivered to Paying Customers

	<u>This Year</u> <u>Month</u>	<u>Last Year</u> <u>Month</u>
Generated & Purchased Power	\$0.03073	\$0.02688
Transmission	0.00103	0.00112
Distribution	0.00275	0.00276
Customer Service	0.00026	0.00009
Consumers Accounts	0.00035	0.00031
Administrative & General	0.00648	0.00657
	<hr/>	<hr/>
Total	<u>\$0.04160</u>	<u>\$0.03773</u>

Per KWH Delivered to Paying Native System Customers

	<u>This Year</u> <u>Month</u>	<u>Last Year</u> <u>Month</u>
Distribution	\$0.00517	\$0.00499
Customer Service	0.00049	0.00017
Consumers Accounts	0.00065	0.00057
Administrative & General	0.01218	0.01190

Total Fuel Cost

(To & Including Ash Handling)

Current Month

	<u>2008</u>	<u>2007</u>
Per Million Btu.	\$1.263	\$1.046
Per Net MW Generated	14.27	11.26
Net Peak Monthly Demand - KW	122,500	120,800
Date of Peak	1/29	1/17
<u>Services</u>	<u>2008</u>	<u>2007</u>
Residential	9,659	9,632
Commercial I	1,381	1,359
Commercial II	118	121
Industrial I	10	10
Industrial II	2	2
City Enterprise Funds	22	22
Water & Communications Utility	38	38
	<hr/>	<hr/>
Total	<u>11,230</u>	<u>11,184</u>

Muscatine Power and Water - Electric Utility
Wholesale Sales Analysis
Current Month - January 2008

	<u>Budget</u> <u>Estimate</u>	<u>\$/kWh</u>	<u>This</u> <u>Year</u>	<u>\$/kWh</u>	<u>Last</u> <u>Year</u>	<u>\$/kWh</u>
<u>Wholesale kWh Sales</u>	<u>55,222,268</u>		<u>64,512,000</u>		<u>60,130,000</u>	
<u>Wholesale Sales</u>	<u>\$2,599,691</u>	<u>\$0.0471</u>	<u>\$3,270,727</u>	<u>\$0.0507</u>	<u>\$2,280,265</u>	<u>\$0.0379</u>
<u>Variable Costs</u>						
Marketers' Commissions	107,491	0.0019	167,263	0.0026	88,166	0.0015
Transmission Path	83,366	0.0015	62,271	0.0010	59,741	0.0010
Fuel (Coal, Gas & Fuel Oil)	721,051	0.0131	865,313	0.0134	645,495	0.0107
SO2 Allowances*	29,617	0.0005	38,202	0.0006	38,282	0.0006
Other**	<u>127,045</u>	<u>0.0023</u>	<u>138,092</u>	<u>0.0021</u>	<u>133,673</u>	<u>0.0022</u>
Total Variable Costs	<u>1,068,570</u>	<u>0.0194</u>	<u>1,271,141</u>	<u>0.0197</u>	<u>965,357</u>	<u>0.0161</u>
Gross Margin	<u>\$1,531,121</u>	<u>\$0.0277</u>	<u>\$1,999,586</u>	<u>\$0.0310</u>	<u>\$1,314,908</u>	<u>\$0.0219</u>
Percent Gross Margin	58.9		61.1		57.7	

* SO2 Allowance cost is based on the market price for allowances as of 12/31/07 (\$535/allowance).

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