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**Muscatine Power and Water**

**Electric Utility**

**Operating Statements and Balance Sheets**

**January 2008**

**Muscatine Power and Water  
Electric Utility**

**Table of Contents**

	Page
Classification of Electric Energy Distribution.....	1
Statements of Revenues, Expenses, and Changes in Net Assets.....	2
Balance Sheets.....	3 - 4
Statements of Cash Flows.....	5 - 6
Funds Appropriated for Specific Purposes.....	7
Summary of Expenses.....	8 - 10
Statistical Data.....	11
Wholesale Sales Analysis.....	12

**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>
<b><u>Electric Energy Distribution - KWH</u></b>					
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>
<b><u>KWH Generated and Received</u></b>					
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>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>
<b><u>Steam Sales - 1000 lbs</u></b>	<u>256,680</u>	0.9	<u>258,996</u>	5.9	<u>244,532</u>
<b><u>Purchased Power</u></b>					
Other	<u>---</u>		<u>Amount</u> <u>(2,269)</u>		<u>Avg. Price</u> <u>---</u>
	<u>---</u>		<u>(2,269)</u>		<u>---</u>
<b><u>Resale and Demand</u></b>					
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>
<b><u>Sales of Electricity</u></b>						
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	
<b><u>Steam Sales</u></b>	<b>890,936</b>	<b>3.47</b>	<b>919,955</b>	<b>3.55</b>	<b>802,064</b>	<b>3.28</b>
<b><u>Other Revenue</u></b>						
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	
<b><u>Operating Expense</u></b>						
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	
<b><u>Interest and Miscellaneous</u></b>						
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)	
<b>Net Income Before Capital Contributions</b>	<b>978,669</b>		<b>1,925,516</b>		<b>1,207,032</b>	
Capital Contributions	---		---		---	
<b>Change in Net Assets</b>	<b>978,669</b>		<b>1,925,516</b>		<b>1,207,032</b>	
<b>Beginning Net Assets</b>	<b>156,550,023</b>		<b>156,550,023</b>		<b>146,077,542</b>	
<b>Ending Net Assets</b>	<b>\$157,528,692</b>		<b>\$158,475,539</b>		<b>\$147,284,574</b>	
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>
<b>Current Assets:</b>		
<b><u>Restricted</u></b>		
Cash	\$4,850	\$2,039,036
Investments	<u>35,971,756</u>	<u>33,264,817</u>
Total Restricted Current Assets	<u>35,976,606</u>	<u>35,303,853</u>
<b><u>Unrestricted</u></b>		
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	<u>625,021</u>	<u>678,888</u>
Total Unrestricted Current Assets	<u>33,345,831</u>	<u>27,251,403</u>
Total Current Assets	<u>69,322,437</u>	<u>62,555,256</u>
<b>Property and Equipment:</b>		
At Cost	391,315,251	387,959,235
Less Accumulated Depreciation	<u>252,893,592</u>	<u>241,321,216</u>
Net Property and Equipment	<u>138,421,659</u>	<u>146,638,019</u>
<b>Other Assets:</b>		
Unamortized Cost of Issuing Bonds	151,653	250,661
Note Receivable - Long-Term	35,327,000	35,327,000
Joint Venture Rights	<u>206,902</u>	<u>207,275</u>
Total Other Assets	<u>35,685,555</u>	<u>35,784,936</u>
<b>TOTAL ASSETS</b>	<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>
<b>Current Liabilities:</b>		
<b><u>Restricted</u></b>		
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
	<u>11,544,497</u>	<u>12,696,704</u>
Total Restricted Current Liabilities	<u>11,544,497</u>	<u>12,696,704</u>
<b><u>Unrestricted</u></b>		
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
	<u>6,218,248</u>	<u>6,417,361</u>
Total Unrestricted Current Liabilities	<u>6,218,248</u>	<u>6,417,361</u>
	<u>17,762,745</u>	<u>19,114,065</u>
Total Current Liabilities	<u>17,762,745</u>	<u>19,114,065</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 \$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
	<u>37,888,203</u>	<u>49,276,410</u>
Total Long-Term Debt - Less Current Portion	<u>37,888,203</u>	<u>49,276,410</u>
<b>Net Assets:</b>		
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
	<u>158,475,539</u>	<u>147,284,572</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$243,429,651</u>	<u>\$244,978,211</u>

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

	<u>Current Month</u>
<b>Cash flows from operating activities:</b>	
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>
<b>Cash flows from capital and related financing activities:</b>	
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>
<b>Cash flows from investing activities:</b>	
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>\$49,160,709</u>

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

	<b><u>Current</u></b> <b><u>Month</u></b>
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	<u>(21,708)</u>
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>\$35,976,606</u>	<u>\$35,303,853</u>

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

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<b><u>Generation</u></b>			
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	<u>860,174</u>	<u>859,234</u>	<u>856,222</u>
 Total Generation Expense	 <u>4,740,872</u>	 65.3	 4,024,720
	4,746,750	60.6	59.8
 <b><u>Transmission</u></b>			
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	<u>30,445</u>	<u>30,282</u>	<u>29,783</u>
Tax on Rural Property	<u>5,910</u>	<u>5,910</u>	<u>5,873</u>
 Total Transmission Expense	 <u>\$173,802</u>	 2.4	 1.8
	\$142,171	1.8	\$150,344
	2.2		

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

<u><b>Distribution</b></u>	<u><b>Budget Estimate</b></u>	<u><b>This Year</b></u>	<u><b>Last Year</b></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	<u>1,765</u>	<u>1,765</u>	<u>1,754</u>
Total Distribution Expense	<u>387,628</u>	<u>5.3</u>	<u>370,549</u>
		379,624	4.8
		370,549	5.5
<b><u>Customer Service Expense</u></b>			
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>	<u>0.3</u>	<u>\$12,466</u>
		\$35,799	0.5
		\$12,466	0.2

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

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<b><u>Consumer Accounts</u></b>			
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	<u>4,268</u>	<u>4,380</u>	<u>4,232</u>
Total Consumer Accounts Expense	<u>42,765</u> 0.6	<u>47,688</u> 0.6	<u>42,148</u> 0.6
<b><u>Administrative and General</u></b>			
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	<u>118,287</u>	<u>114,184</u>	<u>117,430</u>
Total Administrative and General	<u>959,905</u> 13.2	<u>893,780</u> 11.4	<u>883,274</u> 13.1
<b>Total Operating Expense</b>	<b><u>\$6,325,896</u></b>	<b><u>\$6,245,812</u></b>	<b><u>\$5,483,501</u></b>
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**

	<b>This Year</b> <b>Month</b>	<b>Last Year</b> <b>Month</b>
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	<u>0.00648</u>	<u>0.00657</u>
 Total	 <u>\$0.04160</u>	 <u>\$0.03773</u>

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

	<b>This Year</b> <b>Month</b>	<b>Last Year</b> <b>Month</b>
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**

	<b>2008</b>	<b>2007</b>
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
 <b>Services</b>	 <b>2008</b>	 <b>2007</b>
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	<u>38</u>	<u>38</u>
 Total	 <u>11,230</u>	 <u>11,184</u>

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

	<u>Budget Estimate</u>	<u>\$/kWh</u>	<u>This Year</u>	<u>\$/kWh</u>	<u>Last Year</u>	<u>\$/kWh</u>
<b><u>Wholesale kWh Sales</u></b>	<b><u>55,222,268</u></b>		<b><u>64,512,000</u></b>		<b><u>60,130,000</u></b>	
<b><u>Wholesale Sales</u></b>	<b><u>\$2,599,691</u></b>	<b><u>\$0.0471</u></b>	<b><u>\$3,270,727</u></b>	<b><u>\$0.0507</u></b>	<b><u>\$2,280,265</u></b>	<b><u>\$0.0379</u></b>
<b><u>Variable Costs</u></b>						
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>
<b><u>Gross Margin</u></b>	<b><u>\$1,531,121</u></b>	<b><u>\$0.0277</u></b>	<b><u>\$1,999,586</u></b>	<b><u>\$0.0310</u></b>	<b><u>\$1,314,908</u></b>	<b><u>\$0.0219</u></b>
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.