

MUSCATINE POWER AND WATER

2011 OPERATING BUDGET

(SUMMARY)

MUSCATINE POWER AND WATER - ELECTRIC UTILITY
KWH GENERATION, DISTRIBUTION, AND CAPACITY
For the Calendar Year 2011

	2011 Budget Estimate	% Incr. (Decr.)	2010 Actual/ Estimate	% Incr. (Decr.)	2009 From 2009	2009 Actual
<u>ELECTRIC ENERGY</u>						
Gross Generation	1,081,470,180	(20.6)	1,361,340,604	18.8	1,145,469,487	
Less: Plant Use	<u>95,971,380</u>	(31.8)	<u>140,625,830</u>	14.0	<u>123,309,309</u>	
Net Generation	<u>985,498,800</u>	(19.3)	<u>1,220,714,774</u>	19.4	<u>1,022,160,178</u>	
Wholesale Sales fn1	<u>985,498,800</u>	(19.3)	<u>1,220,714,774</u>	138.7	<u>511,495,879</u>	
<u>DISTRIBUTION - KWH</u>						
Residential	99,470,750	(7.9)	107,965,929	10.1	98,059,284	
Commercial I	38,353,940	(2.3)	39,263,156	3.7	37,858,695	
Commercial II	101,735,200	(0.1)	101,812,758	3.0	98,815,076	
Industrial I	113,048,727	(6.6)	121,019,513	2.5	118,013,199	
Industrial II	443,496,990	2.1	434,250,873	(1.7)	441,645,304	
City Enterprise Funds	5,686,742	(9.3)	6,268,118	2.4	6,119,325	
Water & Communication Utilities	<u>15,905,738</u>	(3.8)	<u>16,530,662</u>	(2.3)	<u>16,919,435</u>	
Native System Sales	817,698,087	(1.1)	827,111,009	1.2	817,430,318	
City Lighting	2,021,762	1.3	1,995,515	(3.6)	2,069,258	
City Buildings	6,203,875	(2.4)	6,358,364	4.0	6,111,708	
Offline Power Plant Usage	3,550,000	—	358,189	(18.0)	436,618	
MAPP Trans. Loss - Net	—	—	—	(100.0)	(713,000)	
Losses & Cycle Billing	<u>26,612,770</u>	13.3	<u>23,489,376</u>	11.1	<u>21,149,377</u>	
TOTAL KWH DISTRIBUTED	<u>856,086,494</u>	(0.4)	<u>859,312,453</u>	1.5	<u>846,484,279</u>	
Purchased Power fn1	<u>856,086,494</u>	(0.4)	<u>859,312,453</u>	155.9	<u>335,819,980</u>	
Steam Sales (1,000 lbs.)	<u>2,355,840</u>	(8.7)	<u>2,579,730</u>	0.5	<u>2,565,911</u>	
<u>NATIVE SYSTEM ELECTRICAL REQUIREMENTS - KW</u>						
Available Gen. Capacity	259,000	—	259,000	(0.2)	259,500	
Capacity - Steam Sales (net)	<u>22,800</u>	—	<u>22,800</u>	3.2	<u>22,100</u>	
Net Available Capacity	<u>236,200</u>	—	<u>236,200</u>	(0.5)	<u>237,400</u>	
Summer Peak	137,900	—	137,900	(0.8)	139,000	
Reserve Reqt. (11.94%/15%)	<u>16,465</u>	—	<u>16,465</u>	(21.0)	<u>20,850</u>	
Required Capacity	<u>154,365</u>	—	<u>154,365</u>	(3.4)	<u>159,850</u>	
EXCESS CAPACITY	<u>81,835</u>	—	<u>81,835</u>	5.5	<u>77,550</u>	
NATIVE SYSTEM LOAD FACTOR	<u>70.9%</u>		<u>71.1%</u>		<u>69.5%</u>	
CAPACITY FACTOR - ELECTRIC	<u>47.6%</u>		<u>59.0%</u>		<u>49.2%</u>	

fn1 Wholesale sales and purchased power for 2011 and 2010 are not comparable to 2009 due to joining MISO September 1, 2009.

MUSCATINE POWER AND WATER - ELECTRIC UTILITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For Calendar Year 2011

	2011 Budget Estimate	% Incr. (Decr.) From 2010	2010 Actual/ Estimate	% Incr. (Decr.) From 2009	2009 Actual
<u>SALES OF ELECTRICITY</u>					
Residential	\$7,682,841	(2.9)	\$7,909,519	11.0	\$7,127,122
Commercial I	3,078,061	2.6	2,999,081	5.2	2,850,428
Commercial II	6,109,889	4.1	5,868,891	5.0	5,587,242
Industrial I	5,941,535	(0.5)	5,971,649	2.2	5,844,287
Industrial II	19,745,672	5.5	18,715,351	1.7	18,405,692
City Enterprise Funds	292,683	(9.3)	322,607	5.8	304,855
Water & Communication Utilities	<u>811,427</u>	1.8	<u>797,091</u>	(0.2)	<u>798,953</u>
Native System Sales	43,662,108	2.5	42,584,189	4.1	40,918,579
Wholesale Sales	<u>34,492,458</u>	(25.8)	<u>46,489,269</u>	192.5	<u>15,892,039</u>
ENERGY SALES	<u>78,154,566</u>	(12.3)	<u>89,073,458</u>	56.8	<u>56,810,618</u>
STEAM SALES REVENUE	<u>8,396,317</u>	(15.3)	<u>9,908,049</u>	(8.9)	<u>10,877,226</u>
<u>OTHER REVENUE</u>					
Rail Car Lease	315,000	68.8	186,606	2.1	182,849
By-Product Revenue	255,072	(20.8)	322,264	42.0	226,967
Miscellaneous Revenue	<u>463,399</u>	(10.2)	<u>515,845</u>	(4.5)	<u>540,048</u>
TOTAL OTHER REVENUE	<u>1,033,471</u>	0.9	<u>1,024,715</u>	7.9	<u>949,864</u>
OPERATING REVENUE	<u>87,584,354</u>	(12.4)	<u>100,006,222</u>	45.7	<u>68,637,708</u>
<u>OPERATING EXPENSE</u>					
Production Fuel	23,945,824	(2.2)	24,490,298	27.8	19,163,805
Purchased Power	27,291,774	(4.8)	28,657,869	220.9	8,931,455
Emissions Allowance	519,348	(46.6)	973,174	N/A	1,780,667
Operation	22,353,806	5.4	21,201,440	2.1	20,758,320
Maintenance	14,867,380	55.4	9,568,625	(18.4)	11,732,743
Depreciation	<u>11,138,620</u>	(21.8)	<u>14,251,145</u>	1.0	<u>14,110,560</u>
TOTAL OPERATING EXPENSE	<u>100,116,752</u>	1.0	<u>99,142,551</u>	29.6	<u>76,477,550</u>
OPERATING INCOME (LOSS)	<u>(12,532,398)</u>	—	<u>863,671</u>	(111.0)	<u>(7,839,842)</u>
<u>NONOPERATING REVENUE (EXPENSE)</u>					
Interest Income	1,489,235	2.7	1,450,784	(25.3)	1,942,315
Interest Expense	(773,705)	(48.1)	(1,489,495)	(30.9)	(2,156,042)
Other	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
TOTAL NONOPERATING REVENUE (EXPENSE)	<u>715,530</u>	—	<u>(38,711)</u>	(81.9)	<u>(213,727)</u>
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS & REVENUE ADJUSTMENT	<u>(11,816,868)</u>	N/A	<u>824,960</u>	(110.2)	<u>(8,053,569)</u>
CAPITAL CONTRIBUTIONS	<u>—</u>	—	<u>27,320</u>	(36.9)	<u>43,302</u>
CHANGE IN NET ASSETS BEFORE REVENUE ADJUSTMENT	<u>(11,816,868)</u>	N/A	<u>852,280</u>	(110.6)	<u>(8,010,267)</u>
REVENUE ADJUSTMENT - EXTRA-ORDINARY O&M	<u>13,922,263</u>	—	<u>3,918,286</u>	—	<u>11,400,000</u>
CHANGE IN NET ASSETS	<u>2,105,395</u>	—	<u>4,770,566</u>	—	<u>3,389,733</u>
BEGINNING NET ASSETS	<u>167,569,224</u>	—	<u>162,798,658</u>	—	<u>159,408,925</u>
ENDING NET ASSETS	<u>\$169,674,619</u>	—	<u>\$167,569,224</u>	—	<u>\$162,798,658</u>
Net Income (Loss) before Rev Adj to Total Income	-13.3%	—	0.8%	—	-11.4%
Debt Service Coverage before Transfers	0.00	—	1.18	—	0.61
Debt Service Coverage after Transfers	<u>1.00</u>	<u>—</u>	<u>1.46</u>	<u>—</u>	<u>1.85</u>

**MUSCATINE POWER AND WATER - WATER UTILITY
WATER DISTRIBUTION AND PUMPING CAPACITY
FOR THE CALENDAR YEAR 2011
(1,000 Gallons)**

	2011 <u>Budget Estimate</u>	% Incr. (Decr.) From <u>2010</u>	2010 Actual/ <u>Estimate</u>	% Incr. (Decr.) From <u>2009</u>	2009 <u>Actual</u>
<u>WATER DISTRIBUTION</u>					
Contract Customers	7,193,516	1.4	7,094,637	1.3	7,001,257
Power Plants	947,744	(2.3)	969,787	3.2	939,470
Residential	483,000	2.8	469,766	(0.7)	473,228
Commercial	<u>390,000</u>	0.5	<u>388,243</u>	6.5	<u>364,508</u>
Total Metered Customers	9,014,260	1.0	8,922,433	1.6	8,778,463
City Use, Line Loss, Cycle Billing	<u>540,856</u>	1.0	<u>535,346</u>	1.6	<u>526,708</u>
TOTAL WATER PUMPED	<u>9,555,116</u>	1.0	<u>9,457,779</u>	1.6	<u>9,305,171</u>
DAILY AVERAGE WATER PUMPED	<u>26,178</u>	1.0	<u>25,912</u>	1.6	<u>25,494</u>
PEAK DAY WATER PUMPED	<u>35,341</u>	1.7	<u>34,750</u>	7.2	<u>32,414</u>
<u>PUMPING CAPACITY</u>					
Total Available	41,537	(3.1)	42,883	(1.4)	43,492
Less: Reserve	<u>(4,320)</u>	---	<u>(4,320)</u>	---	<u>(4,320)</u>
FIRM CAPACITY	<u>37,217</u>	(3.5)	<u>38,563</u>	(1.6)	<u>39,172</u>
EXCESS CAPACITY	<u>1,876</u>	(50.8)	<u>3,813</u>	(43.6)	<u>6,758</u>

MUSCATINE POWER AND WATER - WATER UTILITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE CALENDAR YEAR 2011

	2011 Budget Estimate	% Incr. (Decr.) From 2010	2010 Actual/ Estimate	% Incr. (Decr.) From 2009	2009 Actual
<u>SALES OF WATER</u>					
Contract Customers	\$2,158,693	5.1	\$2,054,128	1.4	\$2,026,692
Power Plants	364,117	9.5	332,673	(2.8)	342,176
Residential	1,441,117	4.8	1,374,823	3.5	1,328,590
Commercial	<u>453,614</u>	3.1	<u>440,157</u>	9.0	<u>403,908</u>
WATER SALES	<u>4,417,541</u>	5.1	<u>4,201,781</u>	2.4	<u>4,101,366</u>
<u>OTHER REVENUE</u>					
Penalty Revenue	6,400	(2.9)	6,593	(3.6)	6,839
Merchandise & Job Sales-Net	10,645	(0.4)	10,683	164.9	4,033
Miscellaneous Revenue-Net	<u>10,337</u>	(5.2)	<u>10,903</u>	1.2	<u>10,777</u>
TOTAL OTHER REVENUE	<u>27,382</u>	(2.8)	<u>28,179</u>	30.2	<u>21,649</u>
OPERATING REVENUE	<u>4,444,923</u>	5.1	<u>4,229,960</u>	2.6	<u>4,123,015</u>
<u>OPERATING EXPENSE</u>					
Operation	3,240,807	8.7	2,980,334	(1.5)	3,026,879
Maintenance	524,922	(5.4)	555,087	(9.8)	615,078
Depreciation	<u>549,457</u>	5.5	<u>520,846</u>	10.0	<u>473,484</u>
TOTAL OPERATING EXPENSE	<u>4,315,186</u>	6.4	<u>4,056,267</u>	(1.4)	<u>4,115,441</u>
OPERATING INCOME	<u>129,737</u>	(25.3)	<u>173,693</u>	N/A	<u>7,574</u>
<u>INTEREST AND MISCELLANEOUS</u>					
Interest Income	1,217	(68.7)	3,887	(79.8)	19,225
Interest Expense	(11,440)	(26.3)	(15,521)	N/A	(253)
Other	<u>0</u>	—	<u>0</u>	—	<u>0</u>
TOTAL INTEREST AND MISC.	<u>(10,223)</u>	(12.1)	<u>(11,634)</u>	(161.3)	<u>18,972</u>
NET INCOME BEFORE CAPITAL CONTRIBUTIONS	<u>119,514</u>	(26.3)	<u>162,059</u>	N/A	<u>26,546</u>
CAPITAL CONTRIBUTIONS	<u>0</u>	(100.0)	<u>92,081</u>	—	<u>120,988</u>
CHANGE IN NET ASSETS	<u>\$119,514</u>	(53.0)	<u>\$254,140</u>	N/A	<u>\$147,534</u>
BEGINNING NET ASSETS	<u>13,343,583</u>		<u>13,089,443</u>		<u>12,941,909</u>
ENDING NET ASSETS	<u>\$13,463,097</u>		<u>\$13,343,583</u>		<u>\$13,089,443</u>
Percent to Total Income	2.7%		3.8%		0.6%
Debt Service Coverage	15.64		N/A		N/A

**MUSCATINE POWER AND WATER - COMMUNICATIONS UTILITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET DEFICIT
FOR THE CALENDAR YEAR 2011**

	2011 Budget Estimate	% Incr. (Decr.) From 2010	2010 Actual/ Estimate	% Incr. (Decr.) From 2009	2009 Actual
<u>Operating Revenue</u>					
CATV :					
VOD & PPV	\$321,945	3.7	\$310,410	20.3	\$257,932
Ad Sales	450,000	99.2	225,933	(2.3)	231,196
All Other	7,624,779	13.2	6,733,818	9.0	6,177,400
Data/Internet	3,676,249	9.0	3,371,449	8.7	3,102,631
MAN	360,024	5.4	341,455	1.3	336,972
Miscellaneous	<u>105,825</u>	21.2	<u>87,309</u>	(3.9)	<u>90,884</u>
Total Operating Revenue	<u>12,538,822</u>	13.3	<u>11,070,374</u>	8.6	<u>10,197,015</u>
<u>Operating Expense</u>					
Operation					
Maintenance	8,194,753	8.2	7,571,218	9.7	6,904,167
Depreciation	972,830	12.7	863,032	3.1	836,972
Amortization	2,404,904	5.0	2,290,464	12.1	2,043,216
	<u>773,137</u>	0.0	<u>773,137</u>	0.0	<u>773,059</u>
Total Operating Expense	<u>12,345,624</u>	7.4	<u>11,497,851</u>	8.9	<u>10,557,414</u>
Operating Income	<u>193,198</u>	N/A	<u>(427,477)</u>	18.6	<u>(360,399)</u>
<u>Interest and Miscellaneous</u>					
Interest Income					
Interest Expense	149,806	3,489.9	4,173	(84.8)	27,458
Other	(1,472,640)	13.6	(1,296,292)	0.2	(1,294,256)
	<u>0</u>	N/A	<u>0</u>	N/A	<u>0</u>
Total Interest and Miscellaneous	<u>(1,322,834)</u>	2.4	<u>(1,292,119)</u>	2.0	<u>(1,266,798)</u>
Net Loss before Capital Contribution	<u>(1,129,636)</u>	(34.3)	<u>(1,719,596)</u>	5.7	<u>(1,627,197)</u>
Capital Contribution	<u>0</u>	N/A	<u>0</u>	N/A	<u>181,972</u>
Change in Net Deficit	<u>(1,129,636)</u>		<u>(1,719,596)</u>		<u>(1,445,225)</u>
Beginning Net Deficit	<u>(21,255,234)</u>		<u>(19,535,638)</u>		<u>(18,090,413)</u>
Ending Net Deficit	<u>(\$22,384,870)</u>		<u>(\$21,255,234)</u>		<u>(\$19,535,638)</u>
Percent to Total Income	<u>-8.9%</u>		<u>-15.5%</u>		<u>-15.9%</u>
Debt Service Coverage on Bank Debt	4.78		61.46		59.50
Debt Service Coverage Including Debt Owed the Electric Utility	1.78		2.05		1.93