

**Muscatine Power and Water**

**Electric Utility**

**Operating Statements and Balance Sheets**

**December 2011**

**(Unaudited)**

**Muscatine Power and Water  
Electric Utility**

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**Muscatine Power and Water - Electric Utility**  
**Classification of Electric Energy/Steam Sales**  
**Current Month - December 2011**

	<b>Budget Estimate</b>	<b>% Increase (Decrease) From Budget</b>	<b>This Year</b>	<b>% Increase (Decrease) Fr. Last Yr.</b>	<b>Last Year</b>
<b><u>KWH Generated and Sold</u></b>					
Gross Generation	106,648,310	(24.2)	80,810,367	(33.2)	120,943,644
Less: Plant Use	<u>9,444,710</u>	1.3	<u>9,570,362</u>	(18.8)	<u>11,780,031</u>
Net Generation/Wholesale Sales	<u><u>97,203,600</u></u>	(26.7)	<u><u>71,240,005</u></u>	(34.7)	<u><u>109,163,613</u></u>
<b><u>Net Capacity Factors</u></b>					
Unit 9	59.49	(23.1)	45.73	(32.9)	68.16
Unit 8/8A	50.34	(29.9)	35.29	(41.2)	60.04
Unit 7	49.79	(54.1)	22.84	(42.9)	40.00
Total Plant	56.75	(26.9)	41.50	(34.9)	63.75
<b><u>KWH Distribution</u></b>					
Residential	8,334,653	2.7	8,559,971	(6.4)	9,148,505
Commercial I	3,071,309	(3.4)	2,967,002	(7.1)	3,193,828
Commercial II	7,989,761	(0.9)	7,918,119	(4.4)	8,285,932
Industrial I	8,430,802	1.6	8,567,140	(6.6)	9,170,560
Industrial II	37,635,463	2.7	38,636,699	(1.6)	39,276,495
City Enterprise Funds	508,179	(17.9)	417,402	(14.4)	487,656
Water & Communications Utilities	<u>1,289,329</u>	(8.1)	<u>1,185,537</u>	2.1	<u>1,161,275</u>
Native System Sales	67,259,496	1.5	68,251,870	(3.5)	70,724,251
City Lighting	168,377	(1.9)	165,237	1.6	162,653
City Buildings	545,384	1.2	552,136	(7.1)	594,265
Offline Power Plant Usage	—	—	365,932	—	49,949
Losses & Cycle Billing	<u>3,315,055</u>	—	<u>2,790,830</u>	—	<u>3,227,495</u>
Total Native System KWH Distributed/Purchased Power	<u><u>71,288,312</u></u>	1.2	<u><u>72,126,005</u></u>	(3.5)	<u><u>74,758,613</u></u>
 <b><u>STEAM SALES - 1000 lbs</u></b>					
	<u><u>256,680</u></u>	(0.5)	<u><u>255,295</u></u>	(7.7)	<u><u>276,505</u></u>

**Muscatine Power and Water - Electric Utility**  
**Classification of Electric Energy/Steam Sales**  
**Calendar Year-to-Date - December 2011**

Page 2

	<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>KWH Generated and Sold</u></b>					
Gross Generation	1,081,470,180	(12.8)	942,540,698	(24.9)	1,255,201,792
Less: Plant Use	95,971,380	4.8	100,564,672	(20.4)	126,411,662
Net Generation/Wholesale Sales	<u>985,498,800</u>	(14.6)	<u>841,976,026</u>	(25.4)	<u>1,128,790,130</u>
<b><u>Net Capacity Factors</u></b>					
Unit 9	50.36	(17.4)	41.60	(31.0)	60.31
Unit 8/8A	44.96	7.0	48.09	(4.7)	50.45
Unit 7	45.83	(36.0)	29.35	(18.2)	35.87
Total Plant	48.87	(14.8)	41.63	(25.6)	55.95
<b><u>KWH Distribution</u></b>					
Residential	99,470,747	7.5	106,974,433	(0.8)	107,828,594
Commercial I	38,353,942	1.4	38,883,510	0.3	38,779,028
Commercial II	101,735,224	0.3	102,064,237	1.0	101,098,873
Industrial I	113,048,734	5.6	119,390,280	(1.3)	120,922,082
Industrial II	443,496,990	2.1	452,900,072	(0.1)	453,353,477
City Enterprise Funds	5,686,744	(8.1)	5,227,385	(16.8)	6,282,407
Water & Communications Utilities	15,906,006	(3.2)	15,389,168	(4.6)	16,124,668
Native System Sales	817,698,387	2.8	840,829,085	(0.4)	844,389,129
City Lighting	2,021,762	(2.2)	1,977,475	0.2	1,974,310
City Buildings	6,203,877	3.2	6,405,336	2.1	6,275,186
Offline Power Plant Usage	---	---	6,270,591	---	651,914
Losses & Cycle Billing	26,612,772	(9.7)	24,033,132	---	24,032,822
Total Native System KWH Distributed/Purchased Power	<u>852,536,798</u>	3.2	<u>879,515,619</u>	0.2	<u>877,323,361</u>
<b><u>STEAM SALES - 1000 lbs</u></b>	<u>2,368,560</u>	18.5	<u>2,807,744</u>	2.1	<u>2,750,241</u>

**Muscatine Power and Water - Electric Utility**  
**Statements of Revenues, Expenses, and Changes in Net Assets**  
**Current Month - December 2011**

	<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	\$651,628	0.0782	\$706,216	0.0828 <sup>fn1</sup>	\$684,200	0.0742 <sup>fn2</sup>
Commercial I	254,572	0.0829	239,276	0.0800 <sup>fn1</sup>	240,852	0.0782 <sup>fn2</sup>
Commercial II	491,207	0.0615	476,875	0.0602	483,859	0.0584
Industrial I	466,493	0.0553	456,613	0.0533	460,972	0.0503
Industrial II	1,707,695	0.0454	1,742,109	0.0451	1,695,362	0.0432
City Enterprise Funds	26,720	0.0526	24,571	0.0589	27,601	0.0566
Water & Communication Utilities	67,230	0.0521	59,292	0.0500	58,501	0.0504
Native System Sales	3,665,545	0.0545	3,704,952	0.0543	3,651,347	0.0516
Wholesale Sales	3,177,770	0.0327	1,788,217	0.0251	3,712,951	0.0340
Energy Sales	6,843,315		5,493,169		7,364,298	
<b><u>Steam Sales</u></b>	954,468	3.72	935,031	3.66	972,974	3.52
<b><u>Other Revenue</u></b>						
Rail Car Lease	31,500		34,515		52,340	
By-Product Revenue	10,366		13,730		14,638	
Miscellaneous Revenue	35,336		48,797		45,615	
Total Other Revenue	77,202		97,042		112,593	
Operating Revenue	7,874,985		6,525,242		8,449,865	
<b><u>Operating Expense</u></b>						
Purchased Power	2,206,521	0.0310	1,547,763	0.0215	2,302,598	0.0308
Production Fuel	2,414,734		2,029,405		2,444,917	
Emissions Allowance	63,270		5,177		46,425	
Operation	1,901,148		1,787,154		1,968,423	
Maintenance	756,873		710,293		785,393	
Depreciation	928,218		921,606		1,186,227	
Total Operating Expense	8,270,764		7,001,398		8,733,983	
Operating Loss	(395,779)		(476,156)		(284,118)	
<b><u>Nonoperating Revenue (Expense)</u></b>						
Interest Income	112,976		110,077		113,607	
Interest Expense	(64,475)		(63,184)		(123,534)	
Gain on Land Disposal	---		---		---	
Total Nonoperating Revenue (Expense)	48,501		46,893		(9,927)	
Net Loss Before Revenue Adjustment and Capital Contributions	(347,278)		(429,263)		(294,045)	
Capital Contributions	---		1,672		80	
Revenue Adjustment-Extraordinary O&M	---		(10,032,866)		(4,352,000)	
Change in Net Assets	(347,278)		(10,460,457)		(4,645,965)	
Beginning Net Assets	152,372,719		172,837,717		168,488,277	
Ending Net Assets	\$152,025,441		\$162,377,260		\$163,842,312	
Net Income (Loss) to Total Income Before Revenue Adj	(4.4)		(6.5)		(3.4)	
Net Income (Loss) to Total Income After Revenue Adj	(4.4)		(157.7)		(54.3)	
Debt Service Coverage Before Revenue Adj	0.55		0.48 <sup>fn3</sup>		0.87	
Debt Service Coverage After Revenue Adj	0.55		(8.12) <sup>fn3</sup>		(2.86)	

fn1 Excludes an adjustment to unbilled revenues of (\$2,867) and \$1,785 for residential and commercial I customers, respectively.

fn2 Excludes an adjustment to unbilled revenues of \$5,085 and (\$8,822) for residential and commercial I customers, respectively.

fn3 No longer applicable; final principal and interest paid on 12/28/11.

**Muscatine Power and Water - Electric Utility**  
**Statements of Revenues, Expenses, and Changes in Net Assets**  
**Calendar Year-to-Date - December 2011**

	<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	\$7,682,841	0.0772	\$8,344,077	0.0780 <sup>fn1</sup>	\$7,905,137	0.0733 <sup>fn2</sup>
Commercial I	3,078,061	0.0803	3,066,855	0.0788 <sup>fn1</sup>	2,965,597	0.0767 <sup>fn2</sup>
Commercial II	6,109,889	0.0601	6,000,684	0.0588	5,797,915	0.0573
Industrial I	5,941,535	0.0526	5,998,530	0.0502	5,903,966	0.0488
Industrial II	19,745,672	0.0445	19,975,768	0.0441	19,274,788	0.0425
City Enterprise Funds	292,683	0.0515	297,371	0.0569	333,119	0.0530
Water & Communications Utilities	811,426	0.0510	745,418	0.0484	780,463	0.0484
Native System Sales	43,662,107	0.0534	44,428,703	0.0528	42,960,985	0.0509
Wholesale Sales	34,492,459	0.0350	27,669,624	0.0329	40,535,035	0.0359
Energy Sales	78,154,566		72,098,327		83,496,020	
<b><u>Steam Sales</u></b>	8,396,317	3.54	9,790,795	3.49	11,089,012	4.03
<b><u>Other Revenue</u></b>						
Rail Car Lease	315,000		383,153		257,063	
By-Product Revenue	255,070		321,333		302,299	
Miscellaneous Revenue	463,402		617,675		547,877	
Total Other Revenue	1,033,472		1,322,161		1,107,239	
Operating Revenue	87,584,355		83,211,283		95,692,271	
<b><u>Operating Expense</u></b>						
Purchased Power	27,291,773	0.0320	24,756,612	0.0281	27,314,007	0.0311
Production Fuel	23,945,825		22,518,807		23,240,870	
Emissions Allowance	519,348		299,625		659,927	
Operation	22,353,807		20,401,173		20,711,508	
Maintenance	14,867,383		13,331,578		9,268,167	
Depreciation	11,138,620		11,059,272		14,234,724	
Total Operating Expense	100,116,756		92,367,067		95,429,203	
Operating Income (Loss)	(12,532,401)		(9,155,784)		263,068	
<b><u>Nonoperating Revenue (Expense)</u></b>						
Interest Income	1,489,235		1,315,863		1,444,829	
Interest Expense	(773,705)		(759,976)		(1,491,345)	
Gain on Land Disposal	---		490		---	
Total Nonoperating Revenue (Expense)	715,530		556,377		(46,516)	
Net Income (Loss) Before Revenue Adjustment and Capital Contributions	(11,816,871)		(8,599,407)		216,552	
Capital Contributions	---		12,059		79,102	
Revenue Adjustment-Extraordinary O & M	---		7,122,296		748,000	
Change in Net Assets	(11,816,871)		(1,465,052)		1,043,654	
Beginning Net Assets	163,842,312		163,842,312		162,798,658	
Ending Net Assets	\$152,025,441		\$162,377,260		\$163,842,312	
Net Income (Loss) before Rev Adj to Total Income	(13.3)		(10.2)		0.2	
Net Income (Loss) after Rev Adj to Total Income	(13.3)		(1.7)		1.1	
Debt Service Coverage Before Transfers	0.01		0.24 <sup>fn3</sup>		1.11	
Debt Service Coverage After Transfers	0.01		0.75 <sup>fn3</sup>		1.16	

fn1 Excludes an adjustment to unbilled revenues of (\$2,867) and \$1,785 for residential and commercial I customers, respectively.

fn2 Excludes an adjustment to unbilled revenues of \$5,085 and (\$8,822) for residential and commercial I customers, respectively.

fn3 No longer applicable; final principal and interest paid on 12/28/11.

**Muscatine Power and Water - Electric Utility**  
**Statements of Net Assets**  
**December 2011**

**ASSETS**

	<u>2011</u>	<u>2010</u>
<b>Current Assets:</b>		
<b><u>Restricted</u></b>		
Cash - interest bearing	\$9,196,715	\$21,610,535
Investments	916,621	16,397,650
	<hr/>	<hr/>
Total Restricted Current Assets	10,113,336	38,008,185
	<hr/>	<hr/>
<b><u>Unrestricted</u></b>		
Cash - interest bearing	3,012	5,108
Investments	---	---
Receivables:		
Consumer Accounts	4,995,520 <sup>fn2</sup>	4,947,084 <sup>fn3</sup>
Wholesale	195,437	1,292,599
Steam Sales	1,156,009	2,365,745
Interest	3,996	668,380
Intercompanies	25,821	22,200
Inventories	6,741,124	6,659,820
Fuel	15,618,770	11,118,587
Prepaid Expenses	497,771	537,516
Hedge Asset <sup>fn1</sup>	---	2,196,100
	<hr/>	<hr/>
Total Unrestricted Current Assets	29,237,460	29,813,139
	<hr/>	<hr/>
Total Current Assets	39,350,796	67,821,324
	<hr/>	<hr/>
<b>Property and Equipment:</b>		
At Cost	406,977,562	405,071,805
Less Accumulated Depreciation	301,325,190	291,559,776
	<hr/>	<hr/>
Net Property and Equipment	105,652,372	113,512,029
	<hr/>	<hr/>
<b>Other Assets:</b>		
Note Receivable - Communications Utility	35,327,000	35,327,000
Joint Venture Rights	123,220	162,532
	<hr/>	<hr/>
Total Other Assets	35,450,220	35,489,532
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<u>\$180,453,388</u>	<u>\$216,822,885</u>

**fn1** The derivative asset and liability is a result of a financial swap with Tenaska based on 73,200 MWH at an average price of \$30/MWH of Unit 9's scheduled maintenance outage in March and April, 2011.

**fn2** Includes \$377,122 for unbilled revenues.

**fn3** Includes \$378,203 for unbilled revenues.

**Muscatine Power and Water - Electric Utility**  
**Statements of Net Assets**  
**December 2011**

**LIABILITIES AND NET ASSETS**

	<u>2011</u>	<u>2010</u>
<b>Current Liabilities:</b>		
<u>Restricted</u>		
2001 Revenue Bonds	---	\$12,585,000
Accrued Interest	---	711,013
	<hr/>	<hr/>
Total Restricted Current Liabilities	---	13,296,013
	<hr/>	<hr/>
<u>Unrestricted</u>		
Accounts Payable	2,719,645	1,479,372
Health & Dental Insurance Provision	196,533	233,632
Accrued Payroll	305,679	294,327
Accrued Vacation	1,060,721	1,016,057
Accrued Emission Allowance Expense	281,807	636,436
Consumers' Deposits	591,265	597,792
Accrued Property Taxes	106,826	89,420
Miscellaneous Accrued Expenses	716,528	685,063
Miscellaneous Deferred Credits	52,850	52,850
Hedge Liability <sup>fn1</sup>	---	2,196,100
	<hr/>	<hr/>
Total Unrestricted Current Liabilities	6,031,854	7,281,049
	<hr/>	<hr/>
Total Current Liabilities	6,031,854	20,577,062
	<hr/>	<hr/>
<b>Non-Current Liabilities:</b>		
Health & Dental Insurance Provision	1,871,417	1,858,882
Post-Employment Health Benefit Provision	139,991	118,166
Miscellaneous Accrued Expenses		
Long-Term Debt - Less Current Portion:		
2001 Revenue Bonds - Plus Unamortized Premium of \$73,672 in 2010		
and less Deferred Amount on Refunding of \$7,2370 in 2010	---	13,271,301
	<hr/>	<hr/>
Total Non-Current Liabilities	2,011,408	15,248,349
	<hr/>	<hr/>
<b>Deferred Revenue - Extraordinary O &amp; M</b>	10,032,866	17,155,162
	<hr/>	<hr/>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	105,652,372	87,683,011
Restricted	10,113,336	37,297,172
Unrestricted	46,611,552	38,862,129
	<hr/>	<hr/>
Total Net Assets	162,377,260	163,842,312
	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$180,453,388</u>	<u>\$216,822,885</u>

**fn1** The derivative asset and liability is a result of a financial swap with Tenaska based on 73,200 MWH at an average price of \$30/MWH of Unit 9's scheduled maintenance outage in March and April, 2011.

**Muscatine Power and Water - Electric Utility**  
**Statements of Cash Flows**  
**December 2011**

	<b><u>Current</u> <u>Month</u></b>	<b><u>Year-</u> <u>To-Date</u></b>
Cash flows from operating activities:		
Cash received from:		
Retail electric sales	\$4,058,886	\$44,425,467
MISO sales	983,617	31,081,934
Steam sales	934,372	10,413,345
Coal & transportation allowances	---	361,101
Railcar leasing	---	251,168
By-product sales	77,604	289,937
Miscellaneous sources	78,037	614,612
Cash paid to/for:		
Suppliers	(937,735)	(13,449,824)
MISO purchases/administration fees	(1,582,178)	(26,565,742)
Coal	(2,033,050)	(25,003,331)
Employees payroll, taxes and benefits	(1,755,847)	(21,913,430)
Net cash flows from operating activities	<u>(176,294)</u>	<u>505,237</u>
Cash flows from capital and related financing activities:		
Capital expenditures, net	119,389	(3,024,456)
Gain on Sale of Land	---	490
Bond principal payments	(13,270,000)	(25,855,000)
Bond interest payments	(364,925)	(1,440,863)
Net cash flows from capital and related financing activities	<u>(13,515,536)</u>	<u>(30,319,829)</u>
Cash flows from investing activities:		
Purchase of joint venture rights	---	(62,600)
Interest received on investments and note receivable	675,565	2,094,274
Accrued Interest Purchased	---	---
Amortization/accretion of investments	---	8,203
Mark to market	(321)	(122,230)
Net cash flows from investing activities	<u>675,244</u>	<u>1,917,647</u>
Net decrease in cash and investments	<u>(13,016,586)</u>	<u>(27,896,945)</u>
Cash and investments at beginning of period	<u>23,132,934</u>	<u>38,013,293</u>
Cash and investments at end of period	<u><u>\$10,116,348</u></u>	<u><u>\$10,116,348</u></u>

**Muscatine Power and Water - Electric Utility**  
**Statements of Cash Flows**  
**December 2011**

	<b><u>Current</u></b> <b><u>Month</u></b>	<b><u>Year-</u></b> <b><u>To-Date</u></b>
Reconciliation of operating loss to net cash flows from operating activities		
Operating loss	(\$476,156)	(\$9,155,784)
Noncash items in operating income:		
Depreciation of electric utility plant	921,606	11,059,272
Amortization of joint venture rights	7,919	101,912
Changes in assets and liabilities:		
Consumer accounts receivable	124,482	(48,436)
Wholesale receivable	(193,161)	1,097,162
Steam sales receivable	(3,436)	1,209,736
Intercompany receivable	(3,593)	(3,621)
Inventories	(193,318)	(81,304)
Fuel	(688,678)	(4,500,183)
Prepaid expenses	(9,868)	12,463
Hedge Asset	---	2,196,100
Accounts payable	98,653	1,077,172
Pension provision	154,705	---
Health & dental insurance provision	(22,315)	(24,564)
Other post-employment benefit provision	1,940	21,825
Accrued payroll	135,401	11,352
Accrued vacation	(5,524)	44,664
Accrued emission allowance expense	5,176	(354,629)
Consumers' deposits	433	(6,527)
Retained percentage	---	---
Accrued property taxes	12,775	17,406
Miscellaneous accrued expenses	(43,335)	27,321
Hedge Liability	---	(2,196,100)
	<hr/>	<hr/>
Net cash flows from operating activities	<u>(\$176,294)</u>	<u>\$505,237</u>

**Muscatine Power and Water - Electric Utility  
Funds Appropriated for Specific Purposes  
December 2011**

	<u><b>This Year</b></u>	<u><b>Last Year</b></u>
Bond Reserve Fund	---	\$7,500,767
Bond Sinking Fund	---	13,296,013
Extraordinary Operation & Maintenance Account	<u>10,113,336</u>	<u>17,211,405</u>
 Total Cash and Investments Appropriated for Specific Purposes	 <u><u>\$10,113,336</u></u>	 <u><u>\$38,008,185</u></u>

## Muscatine Power and Water - Electric Utility

## Summary of Expenses

Current Month - December 2011

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<b><u>Purchased Power</u></b>	<u>\$2,206,521</u>	28.0	<u>\$1,547,763</u>	23.7	<u>\$2,302,598</u>	27.3
Average price per kWh	\$0.0310		\$0.0215		\$0.0308	
<b><u>Generation</u></b>						
Operation Supervision	73,514		77,963		70,422	
Fuel:						
Coal	2,315,870		1,904,233		2,361,347	
Fuel Oil	1,000		49,056		881	
Gas	32,700		5,471		14,695	
Coal Handling Expense	60,430		64,643		61,607	
Landfill Operation Expense	4,734		6,002		6,387	
Emissions Allowance Expense	63,270		5,177		46,425	
Steam Expense:						
Boiler	145,526		100,584		100,896	
Pollution Control	56,149		32,093		40,163	
Electric Expense	97,722		100,242		95,593	
Miscellaneous Steam Power Expense	107,616		112,242		122,349	
Maintenance:						
Supervision	77,840		73,964		73,737	
Structures	59,559		102,592		113,155	
Boiler Plant:						
Boiler	143,421		196,171		122,949	
Pollution Control	17,105		33,016		35,231	
Electric Plant	36,720		37,012		64,631	
System Control	22,462		19,110		24,531	
Miscellaneous Steam Plant	51,159		61,157		44,928	
Coal Handling Equipment	178,546		70,274		84,532	
System Control and Load Dispatch	60,314		56,640		70,728	
Vacation, Holiday, Sick Leave	140,509		154,006		187,823	
Depreciation	<u>621,860</u>		<u>620,375</u>		<u>885,239</u>	
<b>Total Generation Expense</b>	<u>\$4,368,026</u>	55.5	<u>\$3,882,023</u>	59.5	<u>\$4,628,249</u>	54.8

**Muscatine Power and Water - Electric Utility**  
**Summary of Expenses**  
**Calendar Year-to-Date - December 2011**

Page 11

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<b>Purchased Power</b>	<u>\$27,291,773</u>	31.2	<u>\$24,756,612</u>	29.8	<u>\$27,314,007</u>	28.5
Average price per kWh	\$0.0320		\$0.0281		\$0.0311	
<b><u>Generation</u></b>						
Operation Supervision	918,193		950,386		936,743	
Fuel:						
Coal	22,634,168		21,140,538		22,238,263	
Fuel Oil	122,727		333,581		81,752	
Gas	370,000		181,521		114,473	
Coal Handling Expense	717,132		743,374		744,747	
Landfill Operation Expense	101,798		119,793		61,635	
Emissions Allowance Expense	519,348		299,625		659,927	
Steam Expense:						
Boiler	1,281,728		1,238,901		1,274,256	
Pollution Control	734,843		439,633		507,153	
Electric Expense	1,170,373		1,093,178		1,116,152	
Miscellaneous Steam Power Expense	1,907,112		1,725,369		1,528,725	
Maintenance:						
Supervision	949,019		1,015,424		976,376	
Structures	1,037,118		840,257		829,446	
Boiler Plant:						
Boiler	4,107,429		3,673,732		2,223,998	
Pollution Control	1,019,646		1,165,362		432,700	
Electric Plant	2,830,142		2,505,068		629,276	
System Control	268,975		241,950		214,622	
Miscellaneous Steam Plant	675,514		681,116		594,927	
Coal Handling Equipment	1,479,342		1,228,173		1,370,649	
System Control and Load Dispatch	716,987		590,224		691,884	
Vacation, Holiday, Sick Leave	1,152,410		1,156,360		1,241,712	
Depreciation	<u>7,462,324</u>		<u>7,444,500</u>		<u>10,622,868</u>	
<b>Total Generation Expense</b>	<u>\$52,176,328</u>	59.6	<u>\$48,808,065</u>	58.7	<u>\$49,092,284</u>	51.3

**Muscatine Power and Water - Electric Utility**  
**Summary of Expenses**  
**Current Month - December 2011**

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<b><u>Transmission</u></b>						
Operation Supervision	\$3,827		\$3,054		\$3,866	
Load Dispatching	9,491		9,359		8,149	
Station Expense	7,499		10,154		5,321	
Overhead Line Expense	118		---		---	
Miscellaneous Transmission Expense	11,139		6,014		4,241	
Maintenance:						
Supervision	1,995		1,068		1,840	
Structures	28		---		---	
Station Equipment	6,347		2,646		9,513	
Overhead Lines	5,513		(49,949)		49,629	
Vacation, Holiday, Sick Leave	7,999		7,932		11,350	
Depreciation	30,608		30,592		30,568	
Tax on Rural Property	5,560		6,616		1,374	
Total Transmission Expense	90,124	1.1	27,486	0.4	125,851	1.5
<b><u>Distribution</u></b>						
Operation Supervision	10,864		6,611		11,197	
Load Dispatching	42,084		30,363		31,140	
Station Expense	7,109		7,278		5,750	
Overhead Line Expense	2,591		3,298		1,750	
Vehicle Expense	15,148		14,006		16,948	
Underground Line Expense	3,297		2,412		1,202	
Street Lighting	1,474		2,405		2,762	
Signal Expense	551		63		157	
Meter Expense	8,863		8,126		3,748	
Consumer Installation Expense	1,418		1,110		1,370	
Miscellaneous Distribution Expense	57,460		59,224		51,348	
Maintenance:						
Supervision	9,638		5,698		9,767	
Structures	359		---		---	
Station Equipment	11,616		8,312		16,046	
Overhead Lines	58,623		69,969		64,503	
Underground Lines	8,088		6,127		3,117	
Line Transformers	3,697		3,038		5,341	
Street Lighting	4,904		3,429		830	
Signal System	1,841		5,993		3,682	
Meters	283		320		352	
Miscellaneous Distribution Plant	2,917		1,395		2,896	
Vacation, Holiday, Sick Leave	38,095		38,816		48,437	
Depreciation	150,714		148,879		146,484	
Tax on Rural Property	1,661		1,976		413	
Total Distribution Expense	\$443,295	5.6	\$428,848	6.6	\$429,240	5.1

**Muscatine Power and Water - Electric Utility**  
**Summary of Expenses**  
**Calendar Year-to-Date - December 2011**

	<u>Budget</u>		<u>This Year</u>		<u>Last Year</u>	
	<u>Estimate</u>					
<b><u>Transmission</u></b>						
Operation Supervision	\$46,076		\$25,269		\$46,479	
Load Dispatching	119,259		133,991		113,843	
Station Expense	102,142		99,187		99,470	
Overhead Line Expense	908		9,534		2,054	
Miscellaneous Transmission Expense	147,462		145,059		111,390	
Maintenance:						
Supervision	23,812		18,807		22,352	
Structures	18,273		7,955		12,183	
Station Equipment	92,072		54,280		66,640	
Overhead Lines	83,665		127,449		122,882	
Vacation, Holiday, Sick Leave	70,041		65,558		70,263	
Depreciation	367,293		367,104		366,816	
Tax on Rural Property	66,720		69,990		66,903	
<b>Total Transmission Expense</b>	<u>1,137,723</u>	1.3	<u>1,124,183</u>	1.4	<u>1,101,275</u>	1.2
<b><u>Distribution</u></b>						
Operation Supervision	132,806		113,441		142,545	
Load Dispatching	489,538		351,969		379,336	
Station Expense	94,029		87,071		98,682	
Overhead Line Expense	36,949		55,387		14,127	
Vehicle Expense	181,839		175,003		164,355	
Underground Line Expense	39,060		31,976		35,606	
Street Lighting	18,264		26,865		32,198	
Signal Expense	7,332		1,613		8,915	
Meter Expense	112,793		103,229		98,831	
Consumer Installation Expense	16,844		18,415		16,604	
Miscellaneous Distribution Expense	730,058		640,719		685,951	
Maintenance:						
Supervision	121,926		108,318		125,549	
Structures	11,960		3,094		---	
Station Equipment	156,898		113,941		113,777	
Overhead Lines	820,342		584,965		596,357	
Underground Lines	97,820		57,145		69,502	
Line Transformers	58,432		59,107		97,696	
Street Lighting	58,968		53,185		75,225	
Signal System	23,149		53,595		50,574	
Meters	10,194		28,507		2,210	
Miscellaneous Distribution Plant	35,000		19,895		29,353	
Vacation, Holiday, Sick Leave	327,811		308,162		351,426	
Depreciation	1,808,570		1,786,548		1,757,808	
Tax on Rural Property	19,932		20,918		19,967	
<b>Total Distribution Expense</b>	<u>\$5,410,514</u>	6.2	<u>\$4,803,068</u>	5.8	<u>\$4,966,594</u>	5.2

**Muscatine Power and Water - Electric Utility**  
**Summary of Expenses**  
**Current Month - December 2011**

	<u>Budget Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<b><u>Customer Service Expense</u></b>						
Customer Information Expense	\$56,255		\$64,138		\$35,104	
Electric Ranges/Dryers-Maint/Promotion	1,329		1,211		1,518	
Electric Water Heaters-Maint/Promotion	878		489		708	
	<hr/>		<hr/>		<hr/>	
Total Customer Service Expense	58,462	0.7	65,838	1.0	37,330	0.4
	<hr/>		<hr/>		<hr/>	
<b><u>Consumer Accounts</u></b>						
Supervision	1,994		1,293		734	
Meter Reading Expense	8,029		8,696		8,483	
Consumer Records and Collection	30,944		26,843		29,732	
Uncollectible Accounts Expense	1,942		12,931		(922)	
Vacation, Holiday, Sick Leave	4,989		6,295		8,070	
	<hr/>		<hr/>		<hr/>	
Total Consumer Accounts Expense	47,898	0.6	56,058	0.9	46,097	0.5
	<hr/>		<hr/>		<hr/>	
<b><u>Administrative and General</u></b>						
Administrative and General Salaries	174,001		141,273		158,271	
Office Supplies and Expenses	15,801		15,378		15,995	
Outside Services Employed	66,470		56,763		87,204	
Property Insurance	39,120		38,809		41,012	
Casualty Ins, Injuries & Damages	38,044		23,075		143,688	
Employee Pensions and Benefits	472,977		459,345		448,338	
Fringe Benefits Charged to Constr.	(12,488)		(16,100)		(6,048)	
Regulatory Commission	4,400		8,082		3,651	
Miscellaneous General Expense	38,518		47,410		44,601	
Maintenance of General Plant	29,122		22,137		25,631	
Maintenance of A/O Center	25,090		36,814		28,552	
Vacation, Holiday, Sick Leave	40,347		38,636		49,787	
Depreciation	125,036		121,760		123,936	
	<hr/>		<hr/>		<hr/>	
Total Administrative and General	1,056,438	13.4	993,382	15.2	1,164,618	13.8
	<hr/>		<hr/>		<hr/>	
Total Operating Expense	<u>\$8,270,764</u>		<u>\$7,001,398</u>		<u>\$8,733,983</u>	
	<hr/>		<hr/>		<hr/>	
Percent to Operating Revenue		105.0		107.3		103.4

**Muscatine Power and Water - Electric Utility**  
**Summary of Expenses**  
**Calendar Year-to-Date - December 2011**

	<b><u>Budget</u></b>		<b><u>This Year</u></b>		<b><u>Last Year</u></b>	
	<b><u>Estimate</u></b>					
<b><u>Customer Service Expense</u></b>						
Customer Information Expense	\$706,338		\$359,359		\$275,594	
Electric Ranges/Dryers-Maint/Promotion	16,460		11,417		15,242	
Electric Water Heaters-Maint/Promotion	10,446		8,133		16,647	
<b>Total Customer Service Expense</b>	<b>\$733,244</b>	<b>0.8</b>	<b>\$378,909</b>	<b>0.5</b>	<b>\$307,483</b>	<b>0.3</b>
<b><u>Consumer Accounts</u></b>						
Supervision	23,250		23,909		23,492	
Meter Reading Expense	97,721		98,644		97,548	
Consumer Records and Collection	370,521		341,050		353,223	
Uncollectible Accounts Expense	23,300		34,289		19,252	
Vacation, Holiday, Sick Leave	41,277		49,888		51,148	
<b>Total Consumer Accounts Expense</b>	<b>556,069</b>	<b>0.6</b>	<b>547,780</b>	<b>0.7</b>	<b>544,663</b>	<b>0.6</b>
<b><u>Administrative and General</u></b>						
Administrative and General Salaries	2,067,533		1,903,135		1,938,568	
Office Supplies and Expenses	210,808		166,954		170,487	
Outside Services Employed	699,011		678,358		678,113	
Property Insurance	475,116		472,314		492,130	
Casualty Ins, Injuries & Damages	456,523		447,527		545,675	
Employee Pensions and Benefits	5,811,140		5,592,281		5,580,074	
Fringe Benefits Charged to Constr.	(174,966)		(271,197)		(178,233)	
Regulatory Commission	52,800		62,637		62,305	
Miscellaneous General Expense	474,294		417,380		365,455	
Maintenance of General Plant	365,742		282,188		277,797	
Maintenance of A/O Center	521,945		408,065		334,076	
Vacation, Holiday, Sick Leave	350,726		327,688		349,218	
Depreciation	1,500,433		1,461,120		1,487,232	
<b>Total Administrative and General</b>	<b>12,811,105</b>	<b>14.6</b>	<b>11,948,450</b>	<b>14.4</b>	<b>12,102,897</b>	<b>12.6</b>
<b>Total Operating Expense</b>	<b>\$100,116,756</b>		<b>\$92,367,067</b>		<b>\$95,429,203</b>	
<b>Percent to Operating Revenue</b>		<b>114.3</b>		<b>111.0</b>		<b>99.7</b>

**Muscatine Power and Water - Electric Utility**  
**Statistical Data**  
**December 2011**

**Per KWH Delivered to Wholesale Customers**

	<u>Current Month</u> <u>2011 Budget</u>	<u>Current Month</u> <u>2011 Actual</u>	<u>Current Month</u> <u>2010 Actual</u>	<u>Year-To-Date</u> <u>2011 Budget</u>	<u>Year-To-Date</u> <u>2011 Actual</u>	<u>Year-To-Date</u> <u>2010 Actual</u>
Wholesale Sales KWHs	97,203,600	71,240,005	109,163,613	985,498,800	841,976,026	1,128,790,130
Wholesale Sales	\$0.03269	\$0.02510	\$0.03401	\$0.03500	\$0.03286	\$0.03591
Less:						
Generation	0.03853	0.04615	0.03597	0.04706	0.05023	0.03747
Transmission	0.00093	0.00039	0.00115	0.00115	0.00134	0.00098
Subtotal	0.03946	0.04654	0.03712	0.04821	0.05157	0.03845
Wholesale Margin	(\$0.00677)	(\$0.02144)	(\$0.00311)	(\$0.01321)	(\$0.01871)	(\$0.00254)

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

	<u>Current Month</u> <u>2011 Budget</u>	<u>Current Month</u> <u>2011 Actual</u>	<u>Current Month</u> <u>2010 Actual</u>	<u>Year-To-Date</u> <u>2011 Budget</u>	<u>Year-To-Date</u> <u>2011 Actual</u>	<u>Year-To-Date</u> <u>2010 Actual</u>
Native System Sales KWHs	67,259,496	68,251,870	70,724,251	817,698,387	840,829,085	844,389,129
Native System Sales	\$0.05450	\$0.05428	\$0.05163	\$0.05340	\$0.05284	\$0.05088
Less:						
Purchased Power	0.03281	0.02268	0.03256	0.03338	0.02944	0.03235
Distribution	0.00659	0.00628	0.00607	0.00662	0.00571	0.00588
Customer Service	0.00087	0.00096	0.00053	0.00090	0.00045	0.00036
Consumers Accounts	0.00071	0.00082	0.00065	0.00068	0.00065	0.00065
Administrative & General	0.01571	0.01455	0.01647	0.01567	0.01421	0.01433
Subtotal	0.05669	0.04530	0.05627	0.05724	0.05047	0.05357
Native System Margin	(0.00219)	0.00898	(0.00465)	(0.00384)	0.00237	(0.00269)
Wholesale Margin	(0.00978)	(0.02237)	(0.00480)	(0.01593)	(0.01873)	(0.00339)
Net Electric Margin before Steam Sales	(\$0.01197)	(\$0.01339)	(\$0.00944)	(\$0.01977)	(\$0.01636)	(\$0.00609)
Net Electric Margin after Steam Sales	(\$0.00703)	(\$0.00840)	(\$0.00561)	(\$0.01659)	(\$0.01246)	(\$0.00100)

**Total Fuel Cost**  
**(To & Including Ash Handling, Gas & Oil)**

	<u>Current Month</u>		<u>Calendar Year-To-Date</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Per Million Btu.	\$1.860	\$1.586	\$1.735	\$1.453
Per Net MW Generated	\$20.65	\$17.55	\$19.37	\$16.28
Net Peak Monthly Demand-KW	114,310	119,300	116,790	137,900
Date of Peak	12/5	12/6	11/29	7/27
Hour of Peak	1900	1800	1800	1500
Average Temperature	33°	27°		
<b><u>Services</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>		
Residential	9,729	9,677		
Commercial I	1,389	1,394		
Commercial II	118	118		
Industrial I	11	11		
Industrial II	2	2		
City Enterprise Funds	22	22		
Water & Communications Utility	33	33		
Total	11,304	11,257		

**Muscatine Power and Water - Electric Utility**  
**Wholesale Sales Analysis**  
**Current Month - December 2011**

	<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>
<b>Wholesale kWh Sales</b>	<b>97,203,600</b>		<b>71,240,005</b>		<b>109,163,613</b>	
<b>Wholesale Sales</b>	<b>\$3,177,770</b>	<b>\$0.0327</b>	<b>\$1,788,217</b>	<b>\$0.0251</b>	<b>\$3,712,951</b>	<b>\$0.0340</b>
<b>Variable Costs</b>						
Fuel (Coal, Gas & Fuel Oil)	1,809,816	0.0186	1,385,431	0.0194	1,834,188	0.0168
SO <sup>2</sup> Allowances <sup>fn1</sup>	319	0.0000	18	0.0000	673	0.0000
NO <sub>x</sub> Allowances <sup>fn2</sup>	38,801	0.0004	1,449	0.0000	47,395	0.0004
Other <sup>fn4</sup>	283,062	0.0029	278,856	0.0039	284,544	0.0026
<b>Total Variable Costs</b>	<b>2,131,998</b>	<b>0.0219</b>	<b>1,665,754</b>	<b>0.0234</b>	<b>2,166,800</b>	<b>0.0198</b>
<b>Gross Margin</b>	<b>\$1,045,772</b>	<b>\$0.0108</b>	<b>\$122,463</b>	<b>\$0.0017</b>	<b>\$1,546,151</b>	<b>\$0.0142</b>
<b>Percent Gross Margin</b>	<b>32.9%</b>		<b>6.8%</b>		<b>41.6%</b>	

**Calendar Year To Date**

	<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>
<b>Wholesale kWh Sales</b>	<b>985,498,800</b>		<b>841,976,026</b>		<b>1,128,790,130</b>	
<b>Wholesale Sales</b>	<b>\$34,492,459</b>	<b>\$0.0350</b>	<b>\$27,669,624</b>	<b>\$0.0329</b>	<b>\$40,535,035</b>	<b>\$0.0359</b>
<b>Variable Costs</b>						
Fuel (Coal, Gas & Fuel Oil)	18,223,707	0.0185	15,727,838	0.0187	17,513,006	0.0155
SO <sup>2</sup> Allowances <sup>fn1</sup>	3,831	0.0000	3,018	0.0000	23,929	0.0000
NO <sub>x</sub> Allowances <sup>fn3</sup>	448,372	0.0005	205,076	0.0002	696,830	0.0006
Other <sup>fn4</sup>	3,396,744	0.0034	3,049,796	0.0036	3,472,953	0.0031
<b>Total Variable Costs</b>	<b>22,072,654</b>	<b>0.0224</b>	<b>18,985,728</b>	<b>0.0225</b>	<b>21,706,718</b>	<b>0.0192</b>
<b>Gross Margin</b>	<b>\$12,419,805</b>	<b>\$0.0126</b>	<b>\$8,683,896</b>	<b>\$0.0103</b>	<b>\$18,828,317</b>	<b>\$0.0167</b>
<b>Percent Gross Margin</b>	<b>36.0%</b>		<b>31.4%</b>		<b>46.4%</b>	

Allowance costs are based on budgeted and market prices for allowances:

	<u>Budget</u>	<u>2011</u>	<u>2010</u>
<b>fn1</b> SO <sup>2</sup>	\$30.00	\$0.50	\$10.00
YTD SO <sup>2</sup>	30.00	4.29	34.62
<b>fn2</b> NO <sub>x</sub> annual	400.00	17.50	282.50
NO <sub>x</sub> seasonal	0.00	0.00	0.00
<b>fn3</b> YTD NO <sub>x</sub> annual	400.00	153.45	442.51
YTD NO <sub>x</sub> seasonal	50.00	12.70	47.38

**fn4** Other includes variable generation O&M, rail car cost, and Title V permit fees.