

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

	<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>KWH Generated and Sold</u>					
Gross Generation	106,648,310	(24.2)	80,810,367	(33.2)	120,943,644
Less: Plant Use	9,444,710	1.3	9,570,362	(18.8)	11,780,031
Net Generation/Wholesale Sales	<u>97,203,600</u>	(26.7)	<u>71,240,005</u>	(34.7)	<u>109,163,613</u>
<u>Net Capacity Factors</u>					
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
<u>KWH Distribution</u>					
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>71,288,312</u>	1.2	<u>72,126,005</u>	(3.5)	<u>74,758,613</u>
<u>STEAM SALES - 1000 lbs</u>	<u>256,680</u>	(0.5)	<u>255,295</u>	(7.7)	<u>276,505</u>

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

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	Budget Estimate	% Increase (Decrease) From Budget	This Year	% Increase (Decrease) Fr. Last Yr.	Last Year
<u>KWH Generated and Sold</u>					
Gross Generation	1,081,470,180	(12.8)	942,540,698	(24.9)	1,255,201,792
Less: Plant Use	<u>95,971,380</u>	4.8	<u>100,564,672</u>	(20.4)	<u>126,411,662</u>
Net Generation/Wholesale Sales	<u>985,498,800</u>	(14.6)	<u>841,976,026</u>	(25.4)	<u>1,128,790,130</u>
<u>Net Capacity Factors</u>					
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
<u>KWH Distribution</u>					
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	<u>15,906,006</u>	(3.2)	<u>15,389,168</u>	(4.6)	<u>16,124,668</u>
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	<u>26,612,772</u>	(9.7)	<u>24,033,132</u>	---	<u>24,032,822</u>
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>
<u>STEAM SALES - 1000 lbs</u>	<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>
<u>Sales of Electricity</u>						
Residential	\$651,628	0.0782	\$706,216	0.0828	\$684,200	0.0742
Commercial I	254,572	0.0829	239,276	0.0800	240,852	0.0782
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	
<u>Steam Sales</u>	954,468	3.72	935,031	3.66	972,974	3.52
<u>Other Revenue</u>						
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	
<u>Operating Expense</u>						
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)	
<u>Nonoperating Revenue (Expense)</u>						
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	^{fn3}	0.87	
Debt Service Coverage After Revenue Adj	0.55		(8.12)	^{fn3}	(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

	Budget Estimate	Avg. Price	This Year	Avg. Price	Last Year	Avg. Price
Sales of Electricity						
Residential	\$7,682,841	0.0772	\$8,344,077	0.0780 ^{fn1}	\$7,905,137	0.0733 ^{fn2}
Commercial I	3,078,061	0.0803	3,066,855	0.0788 ^{fn1}	2,965,597	0.0767 ^{fn2}
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	
Steam Sales	8,396,317	3.54	9,790,795	3.49	11,089,012	4.03
Other Revenue						
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	
Operating Expense						
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	
Nonoperating Revenue (Expense)						
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 ^{fn3}		1.11	
Debt Service Coverage After Transfers	0.01		0.75 ^{fn3}		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>
Current Assets:		
 <u>Restricted</u>		
Cash - interest bearing	\$9,196,715	\$21,610,535
Investments	<u>916,621</u>	<u>16,397,650</u>
Total Restricted Current Assets	<u>10,113,336</u>	<u>38,008,185</u>
 <u>Unrestricted</u>		
Cash - interest bearing	3,012	5,108
Investments	---	---
Receivables:		
Consumer Accounts	4,995,520	4,947,084 ^{fn2}
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 ^{fn1}	---	2,196,100
Total Unrestricted Current Assets	<u>29,237,460</u>	<u>29,813,139</u>
Total Current Assets	<u>39,350,796</u>	<u>67,821,324</u>
Property and Equipment:		
At Cost	406,977,562	405,071,805
Less Accumulated Depreciation	<u>301,325,190</u>	<u>291,559,776</u>
Net Property and Equipment	<u>105,652,372</u>	<u>113,512,029</u>
Other Assets:		
Note Receivable - Communications Utility	35,327,000	35,327,000
Joint Venture Rights	<u>123,220</u>	<u>162,532</u>
Total Other Assets	<u>35,450,220</u>	<u>35,489,532</u>
TOTAL ASSETS	<u><u>\$180,453,388</u></u>	<u><u>\$216,822,885</u></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

	2011	2010
Current Liabilities:		
<u>Restricted</u>		
2001 Revenue Bonds	---	\$12,585,000
Accrued Interest	---	711,013
	<hr/>	<hr/>
Total Restricted Current Liabilities	---	<u>13,296,013</u>
<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 ^{fn1}	---	<u>2,196,100</u>
	<hr/>	<hr/>
Total Unrestricted Current Liabilities	<u>6,031,854</u>	<u>7,281,049</u>
	<hr/>	<hr/>
Total Current Liabilities	<u>6,031,854</u>	<u>20,577,062</u>
Non-Current Liabilities:		
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	---	<u>13,271,301</u>
	<hr/>	<hr/>
Total Non-Current Liabilities	<u>2,011,408</u>	<u>15,248,349</u>
	<hr/>	<hr/>
Deferred Revenue - Extraordinary O & M	<u>10,032,866</u>	<u>17,155,162</u>
Net Assets:		
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	<u>162,377,260</u>	<u>163,842,312</u>
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	<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

	<u>Current</u> <u>Month</u>	<u>Year-</u> <u>To-Date</u>
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	<u>(1,755,847)</u>	<u>(21,913,430)</u>
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	<u>(364,925)</u>	<u>(1,440,863)</u>
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	<u>(321)</u>	<u>(122,230)</u>
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>\$10,116,348</u>	<u>\$10,116,348</u>

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

	<u>Current</u> <u>Month</u>	<u>Year-</u> <u>To-Date</u>
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)
 Net cash flows from operating activities	 <u><u>(\$176,294)</u></u>	 <u><u>\$505,237</u></u>

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

	<u>This Year</u>	<u>Last Year</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>\$10,113,336</u>	 <u>\$38,008,185</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>
Purchased Power	\$2,206,521	28.0	\$2,302,598
Average price per kWh	\$0.0310	\$0.0215	\$0.0308
Generation			
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>
Total Generation Expense	<u>\$4,368,026</u>	<u>55.5</u>	<u>\$4,628,249</u>
			54.8

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

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	<u>Budget</u>		<u>This Year</u>		<u>Last Year</u>
	<u>Estimate</u>				
Purchased Power	\$27,291,773	31.2	\$24,756,612	29.8	\$27,314,007
Average price per kWh	\$0.0320		\$0.0281		\$0.0311
Generation					
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	7,462,324		7,444,500		10,622,868
 Total Generation Expense	 \$52,176,328	 59.6	 \$48,808,065	 58.7	 \$49,092,284
					51.3

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

	<u>Budget</u>		<u>This Year</u>		<u>Last Year</u>
	<u>Estimate</u>		<u> </u>		<u> </u>
<u>Transmission</u>					
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	<u>5,560</u>		<u>6,616</u>		<u>1,374</u>
 Total Transmission Expense	 <u>90,124</u>	 1.1	 <u>27,486</u>	 0.4	 <u>125,851</u>
					1.5
<u>Distribution</u>					
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	<u>57,460</u>		<u>59,224</u>		<u>51,348</u>
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	<u>1,661</u>		<u>1,976</u>		<u>413</u>
 Total Distribution Expense	 <u>\$443,295</u>	 5.6	 <u>\$428,848</u>	 6.6	 <u>\$429,240</u>
					5.1

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

	Budget Estimate	This Year	Last Year
<u>Transmission</u>			
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
 Total Transmission Expense	 1,137,723	 1.3	 1,124,183
	1.4	1.4	1,101,275
	1.2		
 <u>Distribution</u>			
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
 Total Distribution Expense	 \$5,410,514	 6.2	 \$4,803,068
	5.8	5.8	\$4,966,594
	5.2		

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

	<u>Budget</u>		<u>This Year</u>		<u>Last Year</u>
	<u>Estimate</u>		<u></u>		<u></u>
<u>Customer Service Expense</u>					
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
 Total Customer Service Expense	 <u>58,462</u>	 0.7	 <u>65,838</u>	 1.0	 <u>37,330</u> 0.4
 <u>Consumer Accounts</u>					
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
 Total Consumer Accounts Expense	 <u>47,898</u>	 0.6	 <u>56,058</u>	 0.9	 <u>46,097</u> 0.5
 <u>Administrative and General</u>					
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
 Total Administrative and General	 <u>1,056,438</u>	 13.4	 <u>993,382</u>	 15.2	 <u>1,164,618</u> 13.8
 Total Operating Expense	 <u>\$8,270,764</u>		 <u>\$7,001,398</u>		 <u>\$8,733,983</u>
 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

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>
<u>Customer Service Expense</u>					
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	<u>10,446</u>		<u>8,133</u>		<u>16,647</u>
Total Customer Service Expense	<u>\$733,244</u>	0.8	<u>\$378,909</u>	0.5	<u>\$307,483</u> 0.3
<u>Consumer Accounts</u>					
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	<u>41,277</u>		<u>49,888</u>		<u>51,148</u>
Total Consumer Accounts Expense	<u>556,069</u>	0.6	<u>547,780</u>	0.7	<u>544,663</u> 0.6
<u>Administrative and General</u>					
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	<u>1,500,433</u>		<u>1,461,120</u>		<u>1,487,232</u>
Total Administrative and General	<u>12,811,105</u>	14.6	<u>11,948,450</u>	14.4	<u>12,102,897</u> 12.6
Total Operating Expense	<u>\$100,116,756</u>		<u>\$92,367,067</u>		<u>\$95,429,203</u>
Percent to Operating Revenue		114.3		111.0	99.7

Muscatine Power and Water - Electric Utility
Statistical Data
December 2011

Per KWH Delivered to Wholesale Customers

	Current Month 2011 Budget	Current Month 2011 Actual	Current Month 2010 Actual	Year-To-Date 2011 Budget	Year-To-Date 2011 Actual	Year-To-Date 2010 Actual
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	<u>(\$0.00677)</u>	<u>(\$0.02144)</u>	<u>(\$0.00311)</u>	<u>(\$0.01321)</u>	<u>(\$0.01871)</u>	<u>(\$0.00254)</u>

Per KWH Delivered to Paying Native System Customers

	Current Month 2011 Budget	Current Month 2011 Actual	Current Month 2010 Actual	Year-To-Date 2011 Budget	Year-To-Date 2011 Actual	Year-To-Date 2010 Actual
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	<u>(0.00978)</u>	<u>(0.02237)</u>	<u>(0.00480)</u>	<u>(0.01593)</u>	<u>(0.01873)</u>	<u>(0.00339)</u>
Net Electric Margin before Steam Sales	<u>(\$0.01197)</u>	<u>(\$0.01339)</u>	<u>(\$0.00944)</u>	<u>(\$0.01977)</u>	<u>(\$0.01636)</u>	<u>(\$0.00609)</u>
Net Electric Margin after Steam Sales	<u>(\$0.00703)</u>	<u>(\$0.00840)</u>	<u>(\$0.00561)</u>	<u>(\$0.01659)</u>	<u>(\$0.01246)</u>	<u>(\$0.00100)</u>

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

	Current Month		Calendar Year-To-Date	
	2011	2010	2011	2010
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°		
Services	2011	2010		
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 Estimate</u>	<u>\$/kWh</u>	<u>This Year</u>	<u>\$/kWh</u>	<u>Last Year</u>	<u>\$/kWh</u>
<u>Wholesale kWh Sales</u>	<u>97,203,600</u>		<u>71,240,005</u>		<u>109,163,613</u>	
<u>Wholesale Sales</u>	<u>\$3,177,770</u>	<u>\$0.0327</u>	<u>\$1,788,217</u>	<u>\$0.0251</u>	<u>\$3,712,951</u>	<u>\$0.0340</u>
<u>Variable Costs</u>						
Fuel (Coal, Gas & Fuel Oil)	1,809,816	0.0186	1,385,431	0.0194	1,834,188	0.0168
SO ² Allowances ^{fn1}	319	0.0000	18	0.0000	673	0.0000
NO _x Allowances ^{fn2}	38,801	0.0004	1,449	0.0000	47,395	0.0004
Other ^{fn4}	283,062	0.0029	278,856	0.0039	284,544	0.0026
Total Variable Costs	<u>2,131,998</u>	<u>0.0219</u>	<u>1,665,754</u>	<u>0.0234</u>	<u>2,166,800</u>	<u>0.0198</u>
Gross Margin	<u>\$1,045,772</u>	<u>\$0.0108</u>	<u>\$122,463</u>	<u>\$0.0017</u>	<u>\$1,546,151</u>	<u>\$0.0142</u>
Percent Gross Margin	32.9%		6.8%		41.6%	

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

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

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

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