

Muscatine Power and Water

Electric Utility

Statement of Revenues, Expenses and Changes in Net Position

January 2016

**Muscatine Power and Water
Electric Utility**

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Muscatine Power and Water - Electric Utility
Classification of Electric Energy/Steam Sales
Current Month - January 2016

	<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	107,557,625	(13.6)	92,913,162	(8.5)	101,589,966
Less: Plant Use	<u>10,913,364</u>	<u>(0.1)</u>	<u>10,904,729</u>	<u>(2.5)</u>	<u>11,178,988</u>
Net Generation/Wholesale Sales	<u>96,644,261</u>	<u>(15.1)</u>	<u>82,008,433</u>	<u>(9.3)</u>	<u>90,410,978</u>
<u>Net Capacity Factors</u>					
Unit 9	65.00	(6.8)	60.57	(8.6)	66.30
Unit 8/8A	44.02	(26.2)	32.47	3.9	31.25
Unit 7	20.00	---	---	---	---
Total Plant	56.33	(12.4)	49.36	(6.4)	52.73
<u>KWH Distribution</u>					
Residential	9,894,765	(3.1)	9,586,255	(4.0)	9,981,403
Commercial I	3,504,676	(8.7)	3,200,947	(4.1)	3,336,307
Commercial II	9,503,417	(3.4)	9,182,760	2.9	8,920,160
Industrial I	8,746,967	(1.0)	8,658,500	(8.5)	9,458,700
Industrial II	39,860,319	(6.3)	37,347,154	(6.1)	39,771,750
City Enterprise Funds	486,973	3.5	503,791	(2.6)	517,044
Water & Communications Utilities	<u>1,552,204</u>	<u>(12.3)</u>	<u>1,362,004</u>	<u>4.5</u>	<u>1,303,960</u>
Native System Sales	73,549,321	(5.0)	69,841,411	(4.7)	73,289,324
City Lighting	140,694	2.6	144,316	(6.3)	153,946
City Buildings	727,076	(10.5)	650,738	(1.9)	663,552
Offline Power Plant Usage	40,000	1.2X	88,451	(3.5)	91,681
Losses & Cycle Billing	<u>2,006,674</u>	<u>(37.7)</u>	<u>1,250,517</u>	<u>(11.5)</u>	<u>1,412,906</u>
Total Native System KWH Distributed/Purchased Power	<u>76,463,765</u>	<u>(5.9)</u>	<u>71,975,433</u>	<u>(4.8)</u>	<u>75,611,409</u>
 <u>STEAM SALES - 1000 lbs</u>					
	<u>266,663</u>	0.8	<u>268,799</u>	1.8	<u>264,102</u>

Muscatine Power and Water - Electric Utility
Statements of Revenues, Expenses, and Changes in Net Position
Current Month - January 2016

	Budget Estimate	Avg. Price	% Increase (Decrease) from Budget	This Year	Avg. Price	% Increase (Decrease) from Last Year	Last Year	Avg. Price
<u>Sales of Electricity</u>								
Residential	\$1,051,695	\$ 0.10629	(6.3)	\$985,297	\$ 0.10278	(3.3)	\$1,019,294	\$ 0.10212
Commercial I	348,953	0.09957	(11.3)	309,516	0.09670	(3.3)	319,998	0.09591
Commercial II	713,692	0.07510	(6.5)	667,560	0.07270	1.6	656,935	0.07365
Industrial I	537,229	0.06142	(0.8)	532,863	0.06154	(8.4)	581,934	0.06152
Industrial II	1,959,285	0.04915	(6.3)	1,836,000	0.04916	(7.5)	1,985,790	0.04993
City Enterprise Funds	32,911	0.06758	5.9	34,867	0.06921	(1.6)	35,431	0.06853
Water & Communication Utilities	98,856	0.06369	(15.3)	83,778	0.06151	(1.3)	84,872	0.06509
Native System Sales	4,742,621	0.06448	(6.2)	4,449,881	0.06371	(5.0)	4,684,254	0.06391
Wholesale Sales	3,122,123	0.03231	(34.9)	2,032,666	0.02479	(20.2)	2,547,549	0.02818
Energy Sales	7,864,744		(17.6)	6,482,547		(10.4)	7,231,803	
<u>Steam Sales</u>	1,105,669	4.15	(3.8)	1,063,762	3.96	(3.4)	1,101,049	4.17
<u>Other Revenue</u>								
Rail Car Lease	39,000			---			---	
By-Product Revenue	31,449		13.8	35,789		9.5X	3,402	
Miscellaneous Revenue	52,190		(20.8)	41,353		(3.8)	42,981	
Total Other Revenue	122,639		(37.1)	77,142		66.3	46,383	
Operating Revenue	9,093,052		(16.2)	7,623,451		(9.0)	8,379,235	
<u>Operating Expense</u>								
Purchased Power	1,967,009	0.02572	(15.5)	1,661,853	0.02309	(14.4)	1,941,665	0.02568
Production Fuel	2,565,913		(12.3)	2,250,342		(11.0)	2,527,352	
Emissions Allowance	26,232		(50.9)	12,879		(68.9)	41,347	
Operation	2,259,733		(8.3)	2,073,151		7.5	1,928,153	
Maintenance	862,618		(18.6)	701,782		3.2	680,243	
Depreciation	884,956		(5.4)	837,341		(13.1)	963,852	
Total Operating Expense	8,566,461		(12.0)	7,537,348		(6.7)	8,082,612	
Operating Income	526,591		(83.6)	86,103		(71.0)	296,623	
<u>Nonoperating Revenue (Expense)</u>								
Interest Income	9,042		17.5	10,622		18.6	8,959	
Interest Expense	(167)		73.7	(290)		1.8X	(103)	
Total Nonoperating Revenue (Expense)	8,875		16.4	10,332		16.7	8,856	
Net Income Before Revenue Adjustment	535,466		(82.0)	96,435		(68.4)	305,479	
Capital Contributions	---		---	---		---	---	
Write Off - Loan to Communications	---		---	---		---	(25,327,000)	
Change in Net Position	535,466		(82.0)	96,435		-1.0X	(25,021,521)	
Beginning Net Position	126,410,263			123,099,408			156,271,838	
Ending Net Position	\$126,945,729			\$123,195,843			\$131,250,317	
Net Loss Before Rev Adj to Op Revenue	5.9			1.3			3.7	
Change in Net Position to Operating Revenue	5.9			1.3			(298.6)	

Muscatine Power and Water - Electric Utility
Statements of Net Position
January 2016

ASSETS

	<u>2016</u>	<u>2015</u>
Current Assets:		
<u>Unrestricted Assets</u>		
Cash - interest bearing	\$9,382,207	\$10,000,574
Investments -	5,497,511	13,004,815
Receivables:		
Consumer Accounts	5,706,890	5,838,294
Refined Coal	3,748,538	3,884,770
Wholesale	350,787	397,861
Steam Sales	1,129,825	1,158,643
Interest	10,207	18,707
Inventories	5,900,747	5,919,762
Fuel	15,190,535	7,012,996
Prepaid Expenses	787,640	811,585
	<u>47,704,887</u>	<u>48,048,007</u>
<u>Restricted Assets</u>		
Cash - interest bearing	8,582,587	9,056,727
Investments	4,500,000	4,001,412
	<u>13,082,587</u>	<u>13,058,139</u>
Total Current Assets	<u>60,787,474</u>	<u>61,106,146</u>
Property and Equipment:		
At Cost	419,746,627	415,282,093
Less Accumulated Depreciation	341,742,368	331,950,974
	<u>78,004,259</u>	<u>83,331,119</u>
Other Assets:		
Note Receivable - Communications Utility	9,523,335	10,000,000
Note Receivable - Water Utility	2,900,000	2,400,000
Joint Venture Rights	118,849	113,313
	<u>12,542,184</u>	<u>12,513,313</u>
Deferred Outflows of Resources - Pension		
Changes of Assumptions	2,764,049	---
Difference between projected and actual earnings on pension plan	575,136	---
Contributions subsequent to measurement date	2,181,815	---
	<u>5,521,000</u>	<u>---</u>
TOTAL ASSETS	<u><u>\$156,854,917</u></u>	<u><u>\$156,950,578</u></u>

Muscatine Power and Water - Electric Utility
Statements of Net Position
January 2016

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	<u>2016</u>	<u>2015</u>
Current Liabilities:		
<u>Unrestricted</u>		
Accounts Payable	\$4,449,308	\$7,041,894
Pension Provision	---	176,193
Health & Dental Insurance Provision	295,620	289,930
Accrued Payroll	637,866	623,771
Accrued Vacation	1,252,710	1,166,641
Accrued Emission Allowance Expense	407,593	109,945
Consumers' Deposits	731,252	686,868
Retained Percentage on Contracts	48,610	73,894
Accrued Property Taxes	109,664	108,895
Miscellaneous Accrued Expenses	803,297	565,879
Unearned Revenue	50,144	---
	<hr/>	<hr/>
Total Unrestricted Current Liabilities	8,786,064	10,843,910
	<hr/>	<hr/>
Non-Current Liabilities:		
Health & Dental Insurance Provision	1,034,421	1,211,035
Post-Employment Health Benefit Provision	384,242	428,711
Net Pension Liability	9,762,561	---
Consumer Advances for Construction	---	183,739
	<hr/>	<hr/>
Total Non-Current Liabilities	11,181,224	1,823,485
	<hr/>	<hr/>
Deferred Inflows of Resources		
Extraordinary O&M	13,032,866	13,032,866
Pension		
Differences between expected and actual experience	658,920	---
	<hr/>	<hr/>
Total Deferred Inflows of Resources	13,691,786	13,032,866
	<hr/>	<hr/>
Net Position:		
Net Investment in Capital Assets	78,004,259	83,331,119
Restricted	18,603,587	13,058,139
Unrestricted	26,587,997	34,861,059
	<hr/>	<hr/>
Total Net Position	123,195,843	131,250,317
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TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$156,854,917</u>	<u>\$156,950,578</u>

Muscatine Power and Water - Electric Utility
Statements of Cash Flows
January 2016

	<u>Current Month</u>
Cash flows from operating activities:	
Cash received from:	
Retail electric sales	\$4,109,134
MISO sales	1,311,745
Steam sales	923,820
Coal sales	3,008,650
Railcar/facilities leasing	5,408
By-product sales	64,437
Miscellaneous sources	38,334
Cash paid to/for:	
Suppliers	(883,296)
MISO purchases/administration fees	(1,321,600)
Coal purchases	(2,972,733)
Employees payroll, taxes and benefits	(1,767,404)
Net cash flows from operating activities	<u>2,516,495</u>
Cash flows from noncapital financing activities:	
Interest received on notes receivable from water & communications utilities	---
Principal received on note receivable from communications utility	---
Loan to Water Utility	---
Net cash flows from noncapital financing activities	<u>---</u>
Cash flows from capital financing activities:	
Capital expenditures, net	<u>(625,790)</u>
Net cash flows from capital and related financing activities	<u>(625,790)</u>
Cash flows from investing activities:	
Purchase of joint venture rights	(22,915)
Interest received on investments	10,778
Amortization/accretion of investments	428
Mark to Market	1,752
Net cash flows from investing activities	<u>(9,957)</u>
Net increase (decrease) in cash and investments	<u>1,880,748</u>
Cash and investments at beginning of period	<u>26,081,557</u>
Cash and investments at end of period	<u><u>\$27,962,305</u></u>

Muscatine Power and Water - Electric Utility
Statements of Cash Flows
January 2016

	<u>Current Month</u>
Reconciliation of operating income (loss) to net cash flows from operating activities	
Operating income (loss)	\$86,103
Noncash items in operating income:	
Depreciation of electric utility plant	837,341
Amortization of joint venture rights	8,456
Changes in assets and liabilities:	
Consumer accounts receivable	(144,586)
Refined coal	(734,480)
Wholesale receivable	(338,386)
Steam sales receivable	(129,302)
Inventories	(13,845)
Fuel	2,228,023
Prepaid expenses	82,491
Accounts payable	434,551
Net pension liability	179,935
Health & dental insurance provision	(39,983)
Other post-employment benefit provision	2,316
Accrued payroll	32,731
Accrued vacation	56,422
Accrued emission allowance expense	12,880
Consumers' deposits	(2,065)
Retained Percentage	---
Accrued property taxes	7,545
Unearned revenue	(6,437)
Miscellaneous accrued expenses	(43,215)
Net cash flows from operating activities	<u><u>\$2,516,495</u></u>

**Muscatine Power and Water - Electric Utility
Funds Appropriated for Specific Purposes
January 2016**

	<u>This Year</u>	<u>Last Year</u>
Extraordinary Operation & Maintenance Account	<u>\$13,082,587</u>	<u>\$13,058,139</u>
Total Cash and Investments Appropriated for Specific Purposes	<u><u>\$13,082,587</u></u>	<u><u>\$13,058,139</u></u>

Muscatine Power and Water - Electric Utility
Summary of Expenses
Current Month - January 2016

	<u>Budget Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
Purchased Power	<u>\$1,967,009</u>	21.6	<u>\$1,661,853</u>	21.8	<u>\$1,941,665</u>	23.2
Average price per kWh	\$0.0257		\$0.0231		\$0.0257	
<u>Generation</u>						
Operation Supervision	88,720		85,046		84,618	
Fuel:						
Coal	2,453,426		2,176,719		2,433,474	
Fuel Oil	9,000		4,852		2,856	
Gas	22,500		5,749		25,556	
Coal Handling Expense	74,312		58,504		62,694	
Landfill Operation Expense	6,675		4,518		2,772	
Emissions Allowance Expense	26,232		12,879		41,347	
Steam Expense:						
Boiler	103,184		102,156		103,335	
Pollution Control	139,310		41,406		31,912	
Electric Expense	106,813		100,821		97,546	
Miscellaneous Steam Power Expense	258,712		169,873		156,504	
Maintenance:						
Supervision	89,039		80,845		91,180	
Structures	53,021		43,145		63,558	
Boiler Plant:						
Boiler	171,880		63,352		88,863	
Pollution Control	62,947		108,698		30,255	
Electric Plant	48,626		36,592		18,372	
System Control	21,000		22,539		15,117	
Miscellaneous Steam Plant	72,539		56,159		76,969	
Coal Handling Equipment	96,337		84,313		56,371	
System Control and Load Dispatch	36,416		30,661		32,200	
Vacation, Holiday, Sick Leave	114,715		125,644		124,167	
Depreciation	<u>645,074</u>		<u>637,587</u>		<u>636,060</u>	
Total Generation Expense	<u>\$4,700,478</u>	51.7	<u>\$4,052,058</u>	53.2	<u>\$4,275,726</u>	51.0

Muscatine Power and Water - Electric Utility
Summary of Expenses
Current Month - January 2016

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Transmission</u>						
Operation Supervision	\$5,462		\$5,597		\$4,637	
Load Dispatching	63,484		64,188		60,160	
Station Expense	9,856		11,495		9,249	
Overhead Line Expense	---		4,143		---	
Transmission of Electricity by Others	71,150		77,220		53,736	
Miscellaneous Transmission Expense	30,210		17,155		7,631	
Maintenance:						
Supervision	3,416		3,391		2,257	
Structures	120		---		---	
Station Equipment	7,980		11,779		2,909	
Overhead Lines	36,453		35,349		62,146	
Vacation, Holiday, Sick Leave	9,703		9,608		7,918	
Depreciation	31,050		31,072		30,688	
Tax on Rural Property	5,673		5,686		5,642	
Total Transmission Expense	<u>274,557</u>	3.0	<u>276,683</u>	3.6	<u>246,973</u>	2.9
<u>Distribution</u>						
Operation Supervision	16,044		16,483		11,986	
Load Dispatching	27,485		23,875		33,531	
Station Expense	7,071		5,508		6,814	
Overhead Line Expense	12,963		4,047		1,499	
Vehicle Expense	18,437		11,779		12,520	
Underground Line Expense	3,820		1,270		2,169	
Street Lighting	3,557		2,282		5,471	
Signal Expense	621		---		---	
Meter Expense	10,041		8,870		6,503	
Consumer Installation Expense	609		1,245		567	
Miscellaneous Distribution Expense	53,995		54,653		52,591	
Maintenance:						
Supervision	14,582		14,457		10,521	
Structures	454		17		---	
Station Equipment	11,769		12,481		9,578	
Overhead Lines	55,884		55,059		61,560	
Underground Lines	15,342		7,829		2,845	
Line Transformers	4,345		875		5,477	
Street Lighting	8,779		5,372		3,692	
Signal System	2,946		4,859		5,132	
Meters	2,477		4,040		2,233	
Miscellaneous Distribution Plant	2,542		1,473		2,298	
Vacation, Holiday, Sick Leave	36,737		40,947		36,696	
Depreciation	168,629		168,481		163,755	
Tax on Rural Property	1,695		1,698		1,685	
Total Distribution Expense	<u>\$480,824</u>	5.3	<u>\$447,600</u>	5.9	<u>\$439,123</u>	5.2

Muscatine Power and Water - Electric Utility
Summary of Expenses
Current Month - January 2016

	<u>Budget Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Customer Service Expense</u>						
Customer Information Expense	\$4,390		\$1,411		\$8,284	
Energy Efficiency Rebates	18,340		4,074		8,335	
Electric Ranges/Dryers Maintenance	535		71		310	
Electric Water Heaters Maintenance	255		47		118	
Total Customer Service Expense	<u>23,520</u>	0.3	<u>5,603</u>	0.1	<u>17,047</u>	0.2
<u>Consumer Accounts</u>						
Supervision	3,143		3,384		3,159	
Meter Reading Expense	8,767		9,313		10,654	
Consumer Records and Collection	38,851		29,967		29,993	
Uncollectible Accounts Expense	4,769		4,769		4,565	
Vacation, Holiday, Sick Leave	5,950		5,950		5,432	
Total Consumer Accounts Expense	<u>61,480</u>	0.7	<u>53,383</u>	0.7	<u>53,803</u>	0.6
<u>Administrative and General</u>						
Administrative and General Salaries	180,566		174,739		171,061	
Office Supplies and Expenses	18,203		14,507		16,352	
Outside Services Employed	34,442		23,383		42,027	
Property Insurance	58,597		58,782		59,470	
Casualty Ins, Injuries & Damages	41,311		121,759		46,470	
Employee Pensions and Benefits	532,969		539,297		519,067	
Fringe Benefits Charged to Constr.	(17,174)		(22,328)		(15,465)	
Regulatory Commission	6,408		7,277		7,285	
Miscellaneous General Expense	49,207		33,519		28,437	
Maintenance of General Plant	49,252		23,567		38,016	
Maintenance of A/O Center	30,888		25,591		30,894	
Vacation, Holiday, Sick Leave	33,721		39,874		31,312	
Depreciation	40,203		201		133,349	
Total Administrative and General	<u>1,058,593</u>	11.6	<u>1,040,168</u>	13.6	<u>1,108,275</u>	13.2
Total Operating Expense	<u>\$8,566,461</u>		<u>\$7,537,348</u>		<u>\$8,082,612</u>	
Percent to Operating Revenue		94.2		98.9		96.5

Muscatine Power and Water - Electric Utility
Statistical Data
January 2016

Total Fuel Cost

(To & Including Ash Handling, Gas & Oil)

	<u>Current Month</u>	
	<u>2016</u>	<u>2015</u>
Per Million Btu.	\$1.839	\$1.950
Per Net MW Generated	\$20.21	\$21.18
Net Peak Monthly Demand-KW	116,710	118,740
Date of Peak	1/12	1/7
Hour of Peak	1900	1200
Average Temperature	22.7°	21.5°
<u>Services</u>	<u>2016</u>	<u>2015</u>
Residential	9,842	9,793
Commercial I	1,367	1,362
Commercial II	120	119
Industrial I	9	10
Industrial II	2	2
City Enterprise Funds	22	22
Water & Communications Utility	35	35
Total	<u>11,397</u>	<u>11,343</u>

Muscatine Power and Water - Electric Utility
Wholesale Sales Analysis
Current Month - January 2016

	Modified Budget	\$/kWh	This Year	\$/kWh	Last Year	\$/kWh
Wholesale kWh Sales	<u>96,644,261</u>		<u>82,008,433</u>		<u>90,410,978</u>	
Wholesale Sales	<u>\$3,122,123</u>	<u>\$0.03231</u>	<u>\$2,032,666</u>	<u>\$0.02479</u>	<u>\$2,547,549</u>	<u>\$0.02818</u>
Variable Costs						
Fuel (Coal, Gas & Fuel Oil)	1,900,509	0.01966	1,576,175	0.01922	1,835,688	0.02030
Emissions:						
SO ² Allowances-ARP ^{fn1}	236	0.00000	25	0.00000	19	0.00000
SO ² Allowances-CSAPR ^{fn2}	---	---	62	0.00000	3,628	0.00004
SO ² Allowances-CAIR ^{fn3}	648	0.00001	---	---	---	---
NO _x Allowances ^{fn4}	25,348	0.00026	9,058	0.00011	19,684	0.00022
Other ^{fn5}	<u>206,112</u>	<u>0.00213</u>	<u>192,431</u>	<u>0.00235</u>	<u>193,507</u>	<u>0.00214</u>
Total Variable Costs	<u>2,132,853</u>	<u>0.02207</u>	<u>1,777,751</u>	<u>0.02168</u>	<u>2,052,526</u>	<u>0.02270</u>
Gross Margin	<u>\$989,270</u>	<u>\$0.01024</u>	<u>\$254,915</u>	<u>\$0.00311</u>	<u>\$495,023</u>	<u>\$0.00548</u>
Percent Gross Margin	31.7%		12.5%		19.4%	

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

	Budget	2016	2015
fn1 SO ² ARP	\$2.00	\$0.80	\$0.80
fn2 SO ² CSAPR	0.00	2.00	150.00
fn3 SO ² CAIR	0.00	0.00	0.00
fn4 NO _x annual	160.00	90.00	187.50

fn5 Other includes variable generation O&M, rail car cost, and Title V permit fees. Costs included have been amortized evenly over the year.