

Muscatine Power and Water

Electric Utility

Statement of Revenues, Expenses and Changes in Net Position

January 2016

**Muscatine Power and Water
Electric Utility**

Table of Contents

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

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

	Budget Estimate	% Increase (Decrease) From Budget	This Year	% Increase (Decrease) Fr. Last Yr.	Last Year
<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>	(0.1)	<u>10,904,729</u>	(2.5)	<u>11,178,988</u>
Net Generation/Wholesale Sales	<u>96,644,261</u>	(15.1)	<u>82,008,433</u>	(9.3)	<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	<u>56.33</u>	(12.4)	<u>49.36</u>	(6.4)	<u>52.73</u>
<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>	(12.3)	<u>1,362,004</u>	4.5	<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>	(37.7)	<u>1,250,517</u>	(11.5)	<u>1,412,906</u>
Total Native System KWH Distributed/Purchased Power	<u>76,463,765</u>	(5.9)	<u>71,975,433</u>	(4.8)	<u>75,611,409</u>
STEAM SALES - 1000 lbs	<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

	% Increase (Decrease)			% Increase (Decrease) from Last		<u>Last Year</u>	<u>Avg. Price</u>
	<u>Budget</u>	<u>Estimate</u>	<u>Avg. Price</u>	<u>This Year</u>	<u>Avg. Price</u>		
<u>Sales of Electricity</u>							
Residential	\$1,051,695	\$ 0.10629	(6.3)	\$985,297	\$ 0.10278	(3.3)	\$1,019,294
Commercial I	348,953	0.09957	(11.3)	309,516	0.09670	(3.3)	319,998
Commercial II	713,692	0.07510	(6.5)	667,560	0.07270	1.6	656,935
Industrial I	537,229	0.06142	(0.8)	532,863	0.06154	(8.4)	581,934
Industrial II	1,959,285	0.04915	(6.3)	1,836,000	0.04916	(7.5)	1,985,790
City Enterprise Funds	32,911	0.06758	5.9	34,867	0.06921	(1.6)	35,431
Water & Communication Utilities	98,856	0.06369	(15.3)	83,778	0.06151	(1.3)	84,872
Native System Sales	4,742,621	0.06448	(6.2)	4,449,881	0.06371	(5.0)	4,684,254
Wholesale Sales	3,122,123	0.03231	(34.9)	2,032,666	0.02479	(20.2)	2,547,549
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
<u>Other Revenue</u>							4.17
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
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
<u>Net Income Before Revenue Adjustment</u>	535,466	(82.0)	96,435	(68.4)		305,479	
Capital Contributions	---	---	---	---	---		---
Write Off - Loan to Communications	---	---	---	---	---		(25,327,000)
<u>Change in Net Position</u>	535,466	(82.0)	96,435	-1.0X		(25,021,521)	
<u>Beginning Net Position</u>	126,410,263		123,099,408			156,271,838	
<u>Ending Net Position</u>	\$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:		
Unrestricted Assets		
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
	<hr/>	<hr/>
Total Unrestricted Current Assets	47,704,887	48,048,007
Restricted Assets		
Cash - interest bearing	8,582,587	9,056,727
Investments	4,500,000	4,001,412
	<hr/>	<hr/>
Total Restricted Current Assets	13,082,587	13,058,139
	<hr/>	<hr/>
Total Current Assets	60,787,474	61,106,146
Property and Equipment:		
At Cost	419,746,627	415,282,093
Less Accumulated Depreciation	341,742,368	331,950,974
	<hr/>	<hr/>
Net Property and Equipment	78,004,259	83,331,119
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
	<hr/>	<hr/>
Total Other Assets	12,542,184	12,513,313
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	---
	<hr/>	<hr/>
Total Deferred Outflows of Resources - Pension	5,521,000	---
TOTAL ASSETS	<hr/> <hr/>	<hr/> <hr/>
	\$156,854,917	\$156,950,578

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:		
Unrestricted		
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	<u>50,144</u>	<u>---</u>
Total Unrestricted Current Liabilities	<u>8,786,064</u>	<u>10,843,910</u>
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	<u>---</u>	<u>183,739</u>
Total Non-Current Liabilities	<u>11,181,224</u>	<u>1,823,485</u>
Deferred Inflows of Resources		
Extraordinary O&M	13,032,866	13,032,866
Pension		
Differences between expected and actual experience	<u>658,920</u>	<u>---</u>
Total Deferred Inflows of Resources	<u>13,691,786</u>	<u>13,032,866</u>
Net Position:		
Net Investment in Capital Assets	78,004,259	83,331,119
Restricted	18,603,587	13,058,139
Unrestricted	<u>26,587,997</u>	<u>34,861,059</u>
Total Net Position	<u>123,195,843</u>	<u>131,250,317</u>
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	<u>(1,767,404)</u>
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	<u>---</u>
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	<u>1,752</u>
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>\$27,962,305</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	<u>(43,215)</u>
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>\$13,082,587</u>	<u>\$13,058,139</u>

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>
Purchased Power	\$1,967,009	21.6	\$1,661,853	21.8	\$1,941,665
Average price per kWh	\$0.0257		\$0.0231		\$0.0257
Generation					
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	<u>5,673</u>	<u>5,686</u>	<u>5,642</u>
Total Transmission Expense	<u>274,557</u>	3.0	<u>246,973</u>
		276,683	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	<u>1,695</u>	<u>1,698</u>	<u>1,685</u>
Total Distribution Expense	<u>\$480,824</u>	5.3	<u>\$439,123</u>
		\$447,600	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	 23,520	 0.3	 5,603	 0.1	 17,047
					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	 61,480	 0.7	 53,383	 0.7	 53,803
					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	 1,058,593	 11.6	 1,040,168	 13.6	 1,108,275
					13.2
 Total Operating Expense	 \$8,566,461		 \$7,537,348		 \$8,082,612
 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><u>11,397</u></u>	<u><u>11,343</u></u>

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

	Modified Budget		This Year		Last Year	
		\$/kWh		\$/kWh		\$/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.