

Muscatine Power and Water

Electric Utility

Statement of Revenues, Expenses and Changes in Net Position

September 2017

**Muscatine Power and Water
Electric Utility**

Table of Contents

	Page
Classification of Electric Energy Distribution.....	1 - 2
Statements of Revenues, Expenses, and Changes in Net Position.....	3 - 4
Statements of Net Position.....	5 - 6
Statements of Cash Flows.....	7 - 8
Funds Appropriated for Specific Purposes.....	9
Summary of Expenses.....	10 - 15
Statistical Data.....	16
Wholesale Sales Analysis.....	17
Wind Sales Analysis.....	18

Muscatine Power and Water - Electric Utility
Classification of Electric Energy/Steam Sales
Current Month - September 2017

	<u>Budget</u> <u>Estimate</u>	<u>% Increase</u> <u>(Decrease)</u> <u>From Budget</u>	<u>This</u> <u>Year</u>	<u>% Increase</u> <u>(Decrease)</u> <u>Fr. Last Yr.</u>	<u>Last</u> <u>Year</u>
<u>KWH Generated and Sold</u>					
Gross Generation	41,040,000	67.9	68,893,740	41.8	48,577,446
Less: Plant Use	3,636,000	91.1	6,948,166	20.5	5,763,796
Net Generation/Wholesale Sales	37,404,000	65.6	61,945,574	44.7	42,813,650
Wholesale Sales - Wind	3,163,013	33.4	4,219,160	---	---
Total Wholesales Sales	40,567,013	63.1	66,164,734	54.5	42,813,650
<u>Net Capacity Factors</u>					
Unit 9	30.00	73.0	51.90	1.1X	24.83
Unit 8/8A	---	---	---	---	44.07
Unit 7	20.00	(0.9)	19.82	5.8X	2.91
Total Plant	26.69	44.7	38.63	45.6	26.53
<u>KWH Distribution</u>					
Residential	9,307,066	(8.6)	8,510,160	(19.8)	10,612,761
Commercial I	3,285,996	(0.9)	3,256,566	(6.5)	3,484,463
Commercial II	8,131,511	(1.7)	7,992,600	(0.2)	8,008,640
Industrial I	11,192,842	5.2	11,770,580	3.4	11,380,420
Industrial II	39,800,000	(2.0)	38,994,316	4.4	37,356,972
City Enterprise Funds	397,785	(1.7)	391,197	(4.3)	408,788
Water & Communications Utilities	1,595,502	(14.7)	1,361,492	(14.3)	1,589,238
Native System Sales	73,710,702	(1.9)	72,276,911	(0.8)	72,841,282
City Lighting	115,051	23.9	142,583	(13.7)	165,216
City Buildings	540,675	0.1	541,050	5.3	513,701
Offline Power Plant Usage	998,160	(40.2)	596,830	(36.9)	946,588
Losses & Cycle Billing	(455,721)	-4.5X	1,612,200	4.2X	312,863
Total Native System KWH					
Distributed	74,908,867	0.3	75,169,574	0.5	74,779,650
Wind KWH Purchases	3,163,013	33.4	4,219,160	---	---
Total Purchased Power KWH	78,071,880	1.7	79,388,734	6.2	74,779,650
<u>STEAM SALES - 1,000 lbs</u>	---	---	---	---	270,252

Muscatine Power and Water - Electric Utility
Classification of Electric Energy/Steam Sales
Calendar Year-to-Date - September 2017

	Budget Estimate	% Increase (Decrease) From Budget	This Year	% Increase (Decrease) Fr. Last Yr.	Last Year
<u>KWH Generated and Sold</u>					
Gross Generation	649,598,659	0.7	653,954,975	(6.0)	695,338,084
Less: Plant Use	66,333,000	4.1	69,047,657	(14.4)	80,689,775
Net Generation/Wholesale Sales	583,265,659	0.3	584,907,318	(4.8)	614,648,309
Wholesale Sales - Wind	33,940,529	10.4	37,466,800	---	---
Total Wholesales Sales	617,206,188	0.8	622,374,118	1.3	614,648,309
<u>Net Capacity Factors</u>					
Unit 9	52.01	(5.8)	48.99	3.1	47.54
Unit 8/8A	39.02	(51.9)	18.76	(48.9)	36.69
Unit 7	2.99	4.9X	17.79	1.2X	8.09
Total Plant	45.74	(12.4)	40.07	(3.9)	41.70
<u>KWH Distribution</u>					
Residential	81,098,396	(6.1)	76,168,283	(7.2)	82,101,244
Commercial I	28,263,881	0.6	28,426,116	0.2	28,364,633
Commercial II	70,985,789	(3.2)	68,691,700	(6.1)	73,119,800
Industrial I	99,280,815	2.2	101,471,220	10.6	91,714,020
Industrial II	344,750,000	(1.2)	340,524,575	1.9	334,335,708
City Enterprise Funds	3,986,968	(2.0)	3,906,879	3.0	3,793,422
Water & Communications Utilities	13,558,721	(7.0)	12,605,562	(6.7)	13,512,834
Native System Sales	641,924,570	(1.6)	631,794,335	0.8	626,941,661
City Lighting	1,033,908	39.2	1,439,298	0.0	1,439,062
City Buildings	4,950,172	7.7	5,333,679	8.5	4,917,415
Offline Power Plant Usage	2,835,360	59.5	4,522,090	36.8	3,304,703
Losses & Cycle Billing	17,746,362	5.0	18,641,491	2.7	18,150,721
Total Native System KWH Distributed	668,490,372	(1.0)	661,730,893	1.1	654,753,562
Wind KWH Purchases	33,940,529	10.4	37,466,800	---	---
Total Purchased Power KWH	702,430,901	(0.5)	699,197,693	6.8	654,753,562
<u>STEAM SALES - 1,000 lbs</u>	997,619	5.0	1,047,098	(52.3)	2,195,068

Muscatine Power and Water - Electric Utility
Statements of Revenues, Expenses, and Changes in Net Position
Current Month - September 2017

	Budget Estimate	Avg. Price	% Increase (Decrease) from Budget	This Year	Avg. Price	% Increase (Decrease) from Last Year	Last Year	Avg. Price
Sales of Electricity								
Residential	\$1,041,613	\$ 0.11192	(5.8)	\$981,557	\$ 0.11534	(12.5)	\$1,122,070	\$ 0.10573
Commercial I	347,316	0.10570	1.0	350,902	0.10775	(1.0)	354,424	0.10172
Commercial II	688,502	0.08467	(2.7)	670,148	0.08385	5.8	633,417	0.07909
Industrial I	748,896	0.06691	7.2	803,054	0.06823	10.6	725,913	0.06379
Industrial II	2,131,938	0.05357	3.1	2,198,699	0.05639	12.2	1,959,777	0.05246
City Enterprise Funds	32,225	0.08101	3.0	33,183	0.08482	7.1	30,975	0.07577
Water & Communication Utilities	106,638	0.06684	(12.9)	92,843	0.06819	(5.1)	97,865	0.06158
Native System Sales	5,097,128	0.06915	0.7	5,130,386	0.07098	4.2	4,924,441	0.06761
Wholesale Sales	1,542,710	0.03803	52.6	2,354,897	0.03559	36.2	1,729,229	0.04039
Energy Sales	6,639,838		12.7	7,485,283		12.5	6,653,670	
Steam Sales	---	---	---	---	---	---	1,062,696	3.93
Other Revenue								
By-Product Revenue	16,160		94.4	31,421		66.5	18,871	
Miscellaneous Revenue	53,339		2.8	54,859		6.3	51,592	
Total Other Revenue	69,499		24.1	86,280		22.4	70,463	
Operating Revenue	6,709,337		12.9	7,571,563		(2.8)	7,786,829	
Operating Expense								
Purchased Power	2,000,969	0.02563	19.2	2,384,440	0.03003	10.4	2,160,204	0.02889
Production Fuel	831,103		54.1	1,281,088		(8.1)	1,394,063	
Emissions Allowance	---		---	11		(100.0)	48,467	
Operation	2,032,626		(9.4)	1,841,656		(11.8)	2,087,007	
Maintenance	882,780		(17.2)	730,988		(9.6)	808,876	
Depreciation	957,139		(6.0)	900,004		7.5	837,341	
Total Operating Expense	6,704,617		6.5	7,138,187		(2.7)	7,335,958	
Operating Income	4,720		90.8X	433,376		(3.9)	450,871	
Nonoperating Revenue (Expense)								
Interest Income	9,047		3.3X	39,007		1.4X	16,294	
Interest Expense	(400)		11.5	(446)		70.9	(261)	
Total Nonoperating Revenue (Expense)	8,647		3.5X	38,561		1.4X	16,033	
Net Income Before Revenue Adjustment	13,367		34.3X	471,937		1.1	466,904	
Capital Contributions	---		---	---		---	---	
Change in Net Position	13,367		34.3X	471,937		1.1	466,904	
Beginning Net Position	125,009,971			127,687,273			125,129,100	
Ending Net Position	\$125,023,338			\$128,159,210			\$125,596,004	
Net Loss Before Rev Adj to Op Revenue	0.2			6.2			6.0	
Change in Net Position to Operating Revenue	0.2			6.2			6.0	

Muscatine Power and Water - Electric Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - September 2017

	Budget		% Increase (Decrease) from Budget	This Year	Avg. Price		% Increase (Decrease) from Last Year	Last Year	Avg. Price
	Estimate	Avg. Price			Avg. Price	Year			
Sales of Electricity									
Residential	\$8,725,908	\$ 0.10760	(1.7)	\$8,575,064	\$ 0.11258	(1.1)	\$8,671,530	\$ 0.10562	
Commercial I	2,896,897	0.10249	2.9	2,982,008	0.10490	6.1	2,810,711	0.09909	
Commercial II	5,829,069	0.08212	(4.0)	5,595,356	0.08146	(0.6)	5,630,221	0.07700	
Industrial I	6,279,689	0.06325	6.3	6,674,124	0.06577	17.4	5,685,466	0.06199	
Industrial II	17,982,243	0.05216	3.7	18,651,291	0.05477	10.9	16,812,219	0.05029	
City Enterprise Funds	304,594	0.07640	0.3	305,442	0.07818	8.3	282,085	0.07436	
Water & Communications Utilities	873,694	0.06444	(4.4)	835,223	0.06626	1.1	826,478	0.06116	
Native System Sales	42,892,094	0.06682	1.7	43,618,508	0.06904	7.1	40,718,710	0.06495	
Wholesale Sales	20,752,350	0.03362	5.2	21,825,792	0.03507	13.2	19,278,117	0.03136	
Energy Sales	63,644,444		2.8	65,444,300		9.1	59,996,827		
Steam Sales	4,095,826	4.11	(2.2)	4,005,118	3.82	(53.9)	8,691,696	3.96	
Other Revenue									
By-Product Revenue	211,911		0.9	213,793		(7.0)	230,006		
Miscellaneous Revenue	472,995		21.4	574,272		5.4	544,704		
Total Other Revenue	684,906		15.1	788,065		1.7	774,710		
Operating Revenue	68,425,176		2.6	70,237,483		1.1	69,463,233		
Operating Expense									
Purchased Power	19,114,417	0.02721	10.7	21,167,870	0.03027	23.9	17,080,424	0.02609	
Production Fuel	13,756,206		2.1	14,049,600		(17.9)	17,106,566		
Emissions Allowance	298,102		(98.2)	5,385		(97.5)	219,692		
Operation	19,689,207		(9.3)	17,858,764		(4.0)	18,595,871		
Maintenance	9,892,934		(8.1)	9,093,721		36.1	6,680,241		
Depreciation	8,614,256		(6.0)	8,100,039		7.5	7,536,071		
Total Operating Expense	71,365,122		(1.5)	70,275,379		4.5	67,218,865		
Operating Income (Loss)	(2,939,946)		(98.7)	(37,896)		-1.0X	2,244,368		
Nonoperating Revenue (Expense)									
Interest Income	78,920		2.2X	249,912		1.1X	121,083		
Interest Expense	(3,600)		18.1	(4,253)		74.9	(2,432)		
Total Nonoperating Revenue (Expense)	75,320		2.3X	245,659		1.1X	118,651		
Net Income (Loss) Before Revenue Adjustment and Capital Contributions	(2,864,626)		-1.1X	207,763		(91.2)	2,363,019		
Capital Contributions	---		---	63,483		(52.5)	133,577		
Change in Net Position	(2,864,626)		-1.1X	271,246		(89.1)	2,496,596		
Beginning Net Position	127,887,964			127,887,964			123,099,408		
Ending Net Position	\$125,023,338			\$128,159,210			\$125,596,004		
Net Income (Loss) Before Rev Adj to Op Revenue	(4.2)			0.3			3.4		
Change in Net Position to Operating Revenue	(4.2)			0.4			3.6		

Muscatine Power and Water - Electric Utility
Statements of Net Position
September 2017

ASSETS

	<u>2017</u>	<u>2016</u>
Current Assets:		
Cash - interest bearing	\$36,274,126	\$15,335,459
Investments	15,550,000	19,251,727
Receivables:		
Consumer Accounts	6,659,766	6,201,540
Refined Coal	2,216,519	2,290,464
Wholesale	327,304	143,787
Steam Sales	---	1,063,051
Interest	94,503	73,791
Inventories	5,259,463	5,724,415
Fuel	8,355,039	14,555,778
Prepaid Expenses	733,515	904,650
	<hr/>	<hr/>
Total Current Assets	75,470,235	65,544,662
	<hr/>	<hr/>
Property and Equipment:		
At Cost	429,458,346	423,824,424
Less Accumulated Depreciation	357,700,540	348,016,691
	<hr/>	<hr/>
Net Property and Equipment	71,757,806	75,807,733
	<hr/>	<hr/>
Other Assets:		
Note Receivable - Communications Utility	9,044,287	9,523,335
Note Receivable - Water Utility	---	2,900,000
Joint Venture Rights	93,141	102,254
	<hr/>	<hr/>
Total Other Assets	9,137,428	12,525,589
	<hr/>	<hr/>
Deferred Outflows of Resources - Pension		
Changes of Assumptions	2,764,049	2,764,049
Difference between projected and actual earnings on pension plan	3,171,557	575,136
Contributions subsequent to measurement date	3,051,418	3,582,951
	<hr/>	<hr/>
Total Deferred Outflows of Resources - Pension	8,987,024	6,922,136
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$165,352,493</u>	<u>\$160,800,120</u>

Muscatine Power and Water - Electric Utility
Statements of Net Position
September 2017

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	<u>2017</u>	<u>2016</u>
Current Liabilities:		
<u>Unrestricted</u>		
Accounts Payable	\$3,705,304	\$5,000,883
Health & Dental Insurance Provision	271,040	295,620
Accrued Payroll	294,517	300,749
Accrued Vacation	1,172,850	1,188,191
Accrued Emission Allowance Expense	5,385	219,692
Consumers' Deposits	777,362	759,453
Retained Percentage on Contracts	27,223	6,744
Accrued Property Taxes	73,324	81,017
Miscellaneous Accrued Expenses	746,713	828,131
Unearned Revenue	153,718	181,120
	<hr/>	<hr/>
Total Unrestricted Current Liabilities	7,227,436	8,861,600
	<hr/>	<hr/>
Non-Current Liabilities:		
Health & Dental Insurance Provision	1,112,464	1,045,922
Post-Employment Health Benefit Provision	425,809	402,770
Net Pension Liability	14,761,549	11,202,038
	<hr/>	<hr/>
Total Non-Current Liabilities	16,299,822	12,650,730
	<hr/>	<hr/>
Deferred Inflows of Resources		
Extraordinary O&M	13,032,866	13,032,866
Pension		
Differences between expected and actual experience	633,159	658,920
	<hr/>	<hr/>
Total Deferred Inflows of Resources	13,666,025	13,691,786
	<hr/>	<hr/>
Net Position:		
Net Investment in Capital Assets	71,757,806	75,807,733
Unrestricted	56,401,404	49,788,271
	<hr/>	<hr/>
Total Net Position	128,159,210	125,596,004
	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$165,352,493</u>	<u>\$160,800,120</u>

Muscatine Power and Water - Electric Utility
Statements of Cash Flows
September 2017

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Retail electric sales	\$5,273,476	\$42,902,542
MISO sales	1,501,266	22,310,837
Steam sales	---	7,357,805
Coal sales	2,326,620	25,834,910
Railcar/facilities leasing	5,849	50,844
By-product sales	28,205	230,551
Miscellaneous sources	14,869	441,568
Cash paid to/for:		
Suppliers	(551,199)	(8,205,269)
MISO purchases/administration fees	(1,904,319)	(20,292,861)
South Fork Wind purchases	(62,771)	(945,891)
Coal purchases	(3,552,644)	(34,730,026)
Employees payroll, taxes and benefits	(2,006,880)	(17,567,094)
Net cash flows from operating activities	<u>1,072,472</u>	<u>17,387,916</u>
Cash flows from noncapital financing activities:		
Interest received on notes receivable from water & communications utilities	---	28,829
Principal received on note receivable from water utility	---	6,000,000
Loan to Water Utility	---	(3,100,000)
Net cash flows from noncapital financing activities	<u>---</u>	<u>2,928,829</u>
Cash flows from capital financing activities:		
Capital expenditures, net	<u>(360,952)</u>	<u>(4,698,872)</u>
Net cash flows from capital and related financing activities	<u>(360,952)</u>	<u>(1,770,043)</u>
Cash flows from investing activities:		
Purchase of joint venture rights	---	(74,540)
Interest received on investments	19,397	198,418
Amortization/accretion of investments	---	(210)
Mark to Market	---	(37)
Net cash flows from investing activities	<u>19,397</u>	<u>123,631</u>
Net increase in cash and investments	<u>730,917</u>	<u>15,741,504</u>
Cash and investments at beginning of period	<u>51,093,209</u>	<u>36,082,622</u>
Cash and investments at end of period	<u><u>\$51,824,126</u></u>	<u><u>\$51,824,126</u></u>

Muscatine Power and Water - Electric Utility
Statements of Cash Flows
September 2017

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	\$433,376	(\$37,896)
Noncash items in operating income:		
Depreciation of electric utility plant	900,004	8,100,039
Amortization of joint venture rights	7,024	76,822
Change in deferred outflows of resources - pension	(404,800)	(809,600)
Changes in assets and liabilities:		
Consumer accounts receivable	130,603	457,809
Refined coal	143,786	1,814,950
Wholesale receivable	(271,129)	705,519
Steam sales receivable	---	2,276,369
Inventories	(14,439)	407,831
Fuel	(220,213)	5,542,426
Prepaid expenses	96,131	111,021
Accounts payable	80,275	(2,398,670)
Net pension liability	195,654	1,760,880
Health & dental insurance provision	78,784	101,187
Other post-employment benefit provision	2,121	16,091
Accrued payroll	59,849	(386,582)
Accrued vacation	(7,511)	(13,354)
Accrued emission allowance expense	11	(219,013)
Consumers' deposits	7,814	15,762
Retained Percentage	(43,959)	(24,063)
Accrued property taxes	(40,117)	(28,710)
Unearned revenue	(3,508)	44,926
Miscellaneous accrued expenses	(57,284)	(125,828)
Net cash flows from operating activities	<u>\$1,072,472</u>	<u>\$17,387,916</u>

**Muscatine Power and Water - Electric Utility
Funds Appropriated for Specific Purposes
September 2017**

	<u>This Year</u>	<u>Last Year</u>
Extraordinary Operation & Maintenance Account	<u>\$13,167,236</u>	<u>\$13,083,910</u>
Total Cash and Investments Appropriated for Specific Purposes	<u><u>\$13,167,236</u></u>	<u><u>\$13,083,910</u></u>

Muscatine Power and Water - Electric Utility
Summary of Expenses
Current Month - September 2017

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Purchased Power</u>	<u>\$2,000,969</u>	29.8	<u>\$2,384,440</u>	31.5	<u>\$2,160,204</u>	27.7
Average price per kWh	\$0.0267		\$0.0317		\$0.0289	
 <u>Generation</u>						
Operation Supervision (500)	69,091		77,409		80,505	
Fuel: (501)						
Coal	764,600		1,219,432		1,312,566	
Fuel Oil	15,000		27,492		18,311	
Gas	---		(3,080)		5,876	
Coal Handling Expense (501-003)	34,850		26,633		43,026	
Landfill Operation Expense (501-925)	16,653		10,611		14,284	
Emissions Allowance Expense (509)	---		11		48,467	
Steam Expense:						
Boiler (502-004)	69,119		74,915		84,435	
Pollution Control (502-005)	30,088		39,291		94,749	
Electric Expense (505)	78,048		75,294		99,619	
Miscellaneous Steam Power Expense (506)	182,920		131,688		290,872	
Maintenance:						
Supervision (510)	50,221		69,321		66,895	
Structures (511)	66,992		48,832		71,146	
Boiler Plant:						
Boiler (512-006)	274,326		157,631		140,813	
Pollution Control (512-007)	45,227		44,420		85,746	
Electric Plant (513-008)	44,920		37,421		52,703	
System Control (513-009)	22,202		16,085		20,184	
Miscellaneous Steam Plant (514)	80,134		54,180		60,905	
Coal Handling Equipment (516)	51,508		124,411		112,438	
System Control and Load Dispatch (556)	29,173		23,855		21,104	
Vacation, Holiday, Sick Leave (557)	79,786		88,397		94,116	
Depreciation (558)	<u>643,473</u>		<u>648,814</u>		<u>637,587</u>	
 Total Generation Expense	 <u>\$2,648,331</u>	 39.5	 <u>\$2,993,063</u>	 39.5	 <u>\$3,456,347</u>	 44.4

Muscatine Power and Water - Electric Utility
Summary of Expenses
Calendar Year-to-Date - September 2017

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Purchased Power</u>	<u>\$19,114,417</u>	27.9	<u>\$21,167,870</u>	30.1	<u>\$17,080,424</u>	24.6
Average price per kWh	\$0.0286		\$0.0320		\$0.0261	
 <u>Generation</u>						
Operation Supervision (500)	748,100		702,895		734,879	
Fuel: (501)						
Coal	13,112,533		13,393,876		16,414,817	
Fuel Oil	79,135		57,007		69,541	
Gas	8,000		121,795		118,235	
Coal Handling Expense (501-003)	448,836		333,990		415,509	
Landfill Operation Expense (501-925)	107,702		142,932		88,464	
Emissions Allowance Expense (509)	298,102		5,385		219,692	
Steam Expense:						
Boiler (502-004)	830,585		799,387		960,341	
Pollution Control (502-005)	577,541		397,651		659,042	
Electric Expense (505)	834,628		766,399		921,201	
Miscellaneous Steam Power Expense (506)	2,075,205		1,610,466		1,919,171	
Maintenance:						
Supervision (510)	545,022		689,707		624,057	
Structures (511)	903,340		549,624		440,637	
Boiler Plant:						
Boiler (512-006)	1,989,592		1,632,863		1,289,110	
Pollution Control (512-007)	483,656		549,910		594,645	
Electric Plant (513-008)	2,345,324		2,399,064		341,765	
System Control (513-009)	194,279		157,205		190,887	
Miscellaneous Steam Plant (514)	705,419		484,227		523,395	
Coal Handling Equipment (516)	663,061		653,688		766,901	
System Control and Load Dispatch (556)	258,940		223,863		207,968	
Vacation, Holiday, Sick Leave (557)	775,862		763,049		820,233	
Depreciation (558)	<u>5,791,256</u>		<u>5,839,328</u>		<u>5,738,286</u>	
 Total Generation Expense	 <u>\$33,776,118</u>	 49.4	 <u>\$32,274,311</u>	 46.0	 <u>\$34,058,776</u>	 49.0

Muscatine Power and Water - Electric Utility
Summary of Expenses
Current Month - September 2017

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Transmission</u>						
Operation Supervision (560)	\$7,686		\$6,686		\$7,547	
Load Dispatching (561)	66,690		72,566		59,631	
Station Expense (562)	13,328		9,347		11,326	
Overhead Line Expense (563)	---		435		525	
Transmission of Electricity by Others (565)	113,017		99,653		80,093	
Miscellaneous Transmission Expense (566)	9,269		9,031		25,971	
Maintenance:						
Supervision (568)	2,910		1,729		2,826	
Structures (569)	188		---		---	
Station Equipment (570)	7,265		1,944		11,165	
Overhead Lines (571)	21,661		8,189		7,433	
Vacation, Holiday, Sick Leave (575)	12,023		10,369		10,228	
Depreciation (576)	40,936		31,072		31,072	
Tax on Rural Property (577)	5,677		4,657		5,752	
	<u>300,650</u>	4.5	<u>255,678</u>	3.4	<u>253,569</u>	3.3
<u>Distribution</u>						
Operation Supervision (580)	15,402		10,060		15,956	
Load Dispatching (581)	28,946		32,017		35,436	
Station Expense (582)	9,842		8,108		8,517	
Overhead Line Expense (583)	2,157		372		2,839	
Vehicle Expense (589)	16,404		13,854		14,322	
Underground Line Expense (584)	9,974		6,663		5,163	
Street Lighting (585-418)	2,611		168		654	
Signal Expense (585-419)	579		74		203	
Meter Expense (586)	8,957		9,926		10,095	
Consumer Installation Expense (587)	528		918		579	
Miscellaneous Distribution Expense (588)	60,542		61,021		63,345	
Maintenance:						
Supervision (590)	11,665		6,042		11,554	
Structures (591)	892		---		---	
Station Equipment (592)	9,168		10,259		6,249	
Overhead Lines (593)	51,179		42,585		51,424	
Underground Lines (594)	14,801		8,804		20,608	
Line Transformers (595)	17,598		362		2,434	
Street Lighting (596-418)	10,226		7,278		15,939	
Signal System (596-419)	5,196		4,726		4,288	
Meters (597)	2,174		9,884		2,129	
Miscellaneous Distribution Plant (598)	2,708		3,372		3,871	
Vacation, Holiday, Sick Leave (599)	37,637		33,019		37,286	
Depreciation (578)	172,686		172,352		168,481	
Tax on Rural Property (579)	1,696		1,391		1,718	
	<u>\$493,568</u>	7.4	<u>\$443,255</u>	5.9	<u>\$483,090</u>	6.2

Muscatine Power and Water - Electric Utility
Summary of Expenses
Calendar Year-to-Date - September 2017

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Transmission</u>						
Operation Supervision (560)	\$67,915		\$65,728		\$60,616	
Load Dispatching (561)	609,034		588,041		534,468	
Station Expense (562)	93,112		80,104		99,004	
Overhead Line Expense (563)	725		4,227		5,291	
Transmission of Electricity by Others (565)	1,017,153		767,880		696,558	
Miscellaneous Transmission Expense (566)	243,430		114,156		172,165	
Maintenance:						
Supervision (568)	25,817		22,186		28,732	
Structures (569)	1,191		---		---	
Station Equipment (570)	56,699		61,098		98,388	
Overhead Lines (571)	180,586		44,124		162,199	
Vacation, Holiday, Sick Leave (575)	92,691		81,263		74,550	
Depreciation (576)	368,423		279,646		279,649	
Tax on Rural Property (577)	51,095		50,267		51,321	
	<u>2,807,871</u>	4.1	<u>2,158,720</u>	3.1	<u>2,262,941</u>	3.3
<u>Distribution</u>						
Operation Supervision (580)	136,118		125,316		150,701	
Load Dispatching (581)	253,672		290,579		306,782	
Station Expense (582)	87,606		73,355		71,870	
Overhead Line Expense (583)	33,913		16,227		21,272	
Vehicle Expense (589)	148,894		125,249		113,231	
Underground Line Expense (584)	73,592		42,493		34,326	
Street Lighting (585-418)	23,418		7,313		8,664	
Signal Expense (585-419)	6,568		1,368		1,178	
Meter Expense (586)	83,192		95,533		95,216	
Consumer Installation Expense (587)	4,906		5,903		5,835	
Miscellaneous Distribution Expense (588)	506,985		595,842		500,223	
Maintenance:						
Supervision (590)	104,702		87,426		121,853	
Structures (591)	13,392		---		17	
Station Equipment (592)	85,961		118,710		87,476	
Overhead Lines (593)	488,489		636,153		446,642	
Underground Lines (594)	141,674		158,524		162,181	
Line Transformers (595)	62,942		33,239		23,836	
Street Lighting (596-418)	93,040		105,878		129,174	
Signal System (596-419)	30,863		40,490		35,268	
Meters (597)	22,578		23,971		20,758	
Miscellaneous Distribution Plant (598)	24,375		24,749		24,639	
Vacation, Holiday, Sick Leave (599)	290,049		305,157		290,661	
Depreciation (578)	1,554,178		1,551,169		1,516,330	
Tax on Rural Property (579)	15,262		15,015		15,330	
	<u>\$4,286,369</u>	6.3	<u>\$4,479,659</u>	6.4	<u>\$4,183,463</u>	6.0

Muscatine Power and Water - Electric Utility
Summary of Expenses
Current Month - September 2017

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Customer Service Expense</u>						
Customer Information Expense (909)	\$3,456		\$4,048		\$1,315	
Energy Efficiency Rebates (912)	17,857		10,124		9,371	
Electric Ranges/Dryers Maintenance (910)	451		65		63	
Electric Water Heaters Maintenance (911)	161		32		94	
Total Customer Service Expense	<u>21,925</u>	0.3	<u>14,269</u>	0.2	<u>10,843</u>	0.1
<u>Consumer Accounts</u>						
Supervision (901)	3,303		2,688		3,684	
Meter Reading Expense (902)	9,397		9,880		8,460	
Consumer Records and Collection (903)	41,039		37,849		36,715	
Uncollectible Accounts Expense (904)	5,623		5,623		4,769	
Vacation, Holiday, Sick Leave (906)	6,134		5,313		8,019	
Total Consumer Accounts Expense	<u>65,496</u>	1.0	<u>61,353</u>	0.8	<u>61,647</u>	0.8
<u>Administrative and General</u>						
Administrative and General Salaries (920)	192,353		169,171		179,712	
Office Supplies and Expenses (921)	20,272		15,897		11,577	
Outside Services Employed (923)	54,817		25,644		45,845	
Property Insurance (924)	57,271		55,721		53,778	
Casualty Ins, Injuries & Damages (925)	51,170		46,196		36,402	
Employee Pensions and Benefits (926)	550,800		529,113		496,123	
Fringe Benefits Charged to Constr. (927)	(28,675)		(45,806)		(58,070)	
Regulatory Commission (928)	6,231		9,093		9,342	
Miscellaneous General Expense (930)	43,781		30,893		46,247	
Maintenance of General Plant (932)	52,516		35,097		25,462	
Maintenance of A/O Center (934)	37,103		38,416		32,664	
Vacation, Holiday, Sick Leave (936)	35,995		28,928		30,975	
Depreciation (933)	100,044		47,766		201	
Total Administrative and General	<u>1,173,678</u>	17.5	<u>986,129</u>	13.0	<u>910,258</u>	11.7
Total Operating Expense	<u><u>\$6,704,617</u></u>		<u><u>\$7,138,187</u></u>		<u><u>\$7,335,958</u></u>	
Percent to Operating Revenue		99.9		94.3		94.2

Muscatine Power and Water - Electric Utility
Summary of Expenses
Calendar Year-to-Date - September 2017

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Customer Service Expense</u>						
Customer Information Expense (909)	\$58,406		\$45,317		\$68,835	
Energy Efficiency Rebates (912)	164,221		158,613		72,036	
Electric Ranges/Dryers Maintenance (910)	4,162		1,257		1,360	
Electric Water Heaters Maintenance (911)	1,486		541		581	
	<u> </u>		<u> </u>		<u> </u>	
Total Customer Service Expense	<u>\$228,275</u>	0.3	<u>\$205,728</u>	0.3	<u>\$142,812</u>	0.2
 <u>Consumer Accounts</u>						
Supervision (901)	29,153		28,658		29,917	
Meter Reading Expense (902)	82,922		87,904		80,120	
Consumer Records and Collection (903)	363,941		347,145		333,576	
Uncollectible Accounts Expense (904)	50,606		50,607		42,921	
Vacation, Holiday, Sick Leave (906)	46,395		43,297		49,296	
	<u> </u>		<u> </u>		<u> </u>	
Total Consumer Accounts Expense	<u>573,017</u>	0.8	<u>557,611</u>	0.8	<u>535,830</u>	0.8
 <u>Administrative and General</u>						
Administrative and General Salaries (920)	1,698,535		1,567,897		1,598,118	
Office Supplies and Expenses (921)	148,781		123,078		112,412	
Outside Services Employed (923)	522,643		314,199		282,543	
Property Insurance (924)	504,961		495,663		499,014	
Casualty Ins, Injuries & Damages (925)	464,527		476,864		739,082	
Employee Pensions and Benefits (926)	5,042,698		5,010,654		4,709,731	
Fringe Benefits Charged to Constr. (927)	(270,204)		(291,438)		(249,069)	
Regulatory Commission (928)	56,082		74,266		69,601	
Miscellaneous General Expense (930)	506,039		351,994		362,880	
Maintenance of General Plant (932)	405,751		308,750		242,515	
Maintenance of A/O Center (934)	325,181		312,135		325,166	
Vacation, Holiday, Sick Leave (936)	273,662		257,522		260,820	
Depreciation (933)	900,399		429,896		1,806	
	<u> </u>		<u> </u>		<u> </u>	
Total Administrative and General	<u>10,579,055</u>	15.5	<u>9,431,480</u>	13.4	<u>8,954,619</u>	12.9
	<u> </u>		<u> </u>		<u> </u>	
Total Operating Expense	<u>\$71,365,122</u>		<u>\$70,275,379</u>		<u>\$67,218,865</u>	
Percent to Operating Revenue		104.3		100.1		96.8

Muscatine Power and Water - Electric Utility
Statistical Data
September 2017

Total Fuel Cost

(To & Including Ash Handling, Gas & Oil)

	<u>Current Month</u>	
	<u>2017</u>	<u>2016</u>
Per Million Btu.	\$1.807	\$1.806
Per Net MW Generated	\$20.79	\$19.55
Net Peak Monthly Demand-KW	135,890	137,009
Date of Peak	9/20	9/6
Hour of Peak	1400	1700

	<u>Calendar Year-To-Date</u>	
	<u>2017</u>	<u>2016</u>
Per Million Btu.	\$1.789	\$1.828
Per Net MW Generated	\$20.34	\$20.10
Net Peak Monthly Demand-KW	135,890	137,009
Date of Peak	9/20	9/6
Hour of Peak	1400	1700

Average Temperature	66.4°	69.4°
---------------------	-------	-------

<u>Services</u>	<u>2017</u>	<u>2016</u>
Residential	9,864	9,845
Commercial I	1,383	1,372
Commercial II	109	116
Industrial I	11	11
Industrial II	2	2
City Enterprise Funds	24	22
Water & Communications Utility	35	35
Total	<u>11,428</u>	<u>11,403</u>

Muscatine Power and Water - Electric Utility
Wholesale Sales Analysis - Excluding Wind
Current Month - September 2017

	Modified Budget	\$/kWh	This Year	\$/kWh	Last Year	\$/kWh
Wholesale kWh Sales*	<u>37,404,000</u>		<u>61,945,574</u>		<u>42,813,650</u>	
Wholesale Sales*	<u>\$1,491,058</u>	<u>\$0.03986</u>	<u>\$2,293,663</u>	<u>\$0.03703</u>	<u>\$1,729,229</u>	<u>\$0.04039</u>
Variable Costs						
Fuel (Coal, Gas & Fuel Oil)	777,169	0.02078	1,239,409	0.02001	768,606	0.01795
Emissions:						
SO ² Allowances-ARP ^{fn1}	---	---	3	---	30	---
SO ² Allowances-CSAPR ^{fn2}	---	---	7	---	74	---
NO _x Allowances ^{fn3}	---	---	19,316	---	24,045	0.00056
Other ^{fn4}	<u>159,224</u>	<u>0.00426</u>	<u>178,138</u>	<u>0.00288</u>	<u>193,885</u>	<u>0.00453</u>
Total Variable Costs	<u>936,393</u>	<u>0.02503</u>	<u>1,436,873</u>	<u>0.02320</u>	<u>986,640</u>	<u>0.02304</u>
Gross Margin	<u>\$554,665</u>	<u>\$0.01483</u>	<u>\$856,790</u>	<u>\$0.01383</u>	<u>\$742,589</u>	<u>\$0.01734</u>
Percent Gross Margin	37.2%		37.4%		42.9%	

*Wholesale analysis excludes wind. (see next page)

Calendar Year To Date

	Modified Budget	\$/kWh	This Year	\$/kWh	Last Year	\$/kWh
Wholesale kWh Sales*	<u>583,265,659</u>		<u>584,907,318</u>		<u>614,648,309</u>	
Wholesale Sales*	<u>\$20,036,217</u>	<u>\$0.03435</u>	<u>\$21,310,132</u>	<u>\$0.03643</u>	<u>\$19,278,117</u>	<u>\$0.03136</u>
Variable Costs						
Fuel (Coal, Gas & Fuel Oil)	11,089,068	0.01901	11,309,782	0.01934	11,716,067	0.01906
Emissions:						
SO ² Allowances-ARP ^{fn1}	882	---	142	---	262	---
SO ² Allowances-CSAPR ^{fn2}	882	---	360	---	651	---
NO _x Allowances ^{fn3}	296,337	0.00051	172,725	0.00030	197,710	0.00032
Other ^{fn4}	<u>1,433,014</u>	<u>0.00246</u>	<u>1,548,482</u>	<u>0.00265</u>	<u>1,737,695</u>	<u>0.00283</u>
Total Variable Costs	<u>12,820,183</u>	<u>0.02198</u>	<u>13,031,491</u>	<u>0.02228</u>	<u>13,652,385</u>	<u>0.02221</u>
Gross Margin	<u>\$7,216,034</u>	<u>\$0.01237</u>	<u>\$8,278,641</u>	<u>\$0.01415</u>	<u>\$5,625,732</u>	<u>\$0.00915</u>
Percent Gross Margin	36.0%		38.8%		29.2%	

*Wholesale analysis excludes wind. (see next page)

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

	Budget	2017	2016
fn1 SO ² ARP	\$2.00	\$0.80	\$0.80
YTD SO ² ARP	2.00	0.79	0.80
fn2 SO ² CSAPR	0.00	2.00	2.00
YTD SO ² CSAPR	0.00	2.00	2.00
fn3 NO _x annual	500.00	3.00	8.50
NO _x seasonal	1,300.00	375.00	325.00
YTD NO _x annual	500.00	4.70	35.24
YTD NO _x seasonal	1,300.00	595.41	262.24

fn4 Other includes variable generation O&M, rail car cost, and Title V permit fees. Costs included have been amortized evenly over the year.

Muscatine Power and Water - Electric Utility
Wind Sales Analysis
Current Month - September 2017

	<u>Budget</u>	<u>\$/kWh</u>	<u>This Year</u>	<u>\$/kWh</u>	<u>Last Year</u>	<u>\$/kWh</u>
Revenue						
Wholesale kWh Sales	3,163,013		4,219,160		0	
Wholesale Sales	\$51,652	\$0.01633	\$61,234	\$0.01451	\$0	--
Expense						
Purchased Power kWh	3,163,013		4,219,160		0	
Purchased Power	\$82,238	0.02600	\$109,698	0.02600	\$0	--
Gross Margin/(Loss)	<u>(\$30,586)</u>	<u>(\$0.00967)</u>	<u>(\$48,464)</u>	<u>(\$0.01149)</u>	<u>\$0</u>	<u>--</u>
Percent Gross Margin	-59.2%		-79.1%		--	
RECs Sold	--		--		--	
REC Net Proceeds	\$0	--	\$0	--	\$0	--
Misc Wind Revenues/Charges	\$0		\$0		\$0	
Wind Net Margin/(Loss)	(\$30,586)		(\$48,464)		\$0	

Calendar Year To Date

	<u>Budget</u>	<u>\$/kWh</u>	<u>This Year</u>	<u>\$/kWh</u>	<u>Last Year</u>	<u>\$/kWh</u>
Revenue						
Wholesale kWh Sales	33,940,529		37,466,800		0	
Wholesale Sales	\$716,133	\$0.02110	\$515,660	\$0.01376	\$0	--
Expense						
Purchased Power kWh	33,940,529		37,466,800		0	
Purchased Power	\$882,453	0.02600	\$974,285	0.02600	\$0	--
Gross Margin/(Loss)	<u>(\$166,320)</u>	<u>(\$0.00490)</u>	<u>(\$458,625)</u>	<u>(\$0.01224)</u>	<u>\$0</u>	<u>--</u>
Percent Gross Margin	-23.2%		-88.9%		--	
RECs Sold	--		2,500		--	
REC Net Proceeds	\$0	--	\$1,875	0.75	\$0	--
Misc Wind Revenues/Charges	\$0		\$0		\$0	
Wind Net Margin/(Loss)	(\$166,320)		(\$456,750)		\$0	

	<u>Budget</u>	<u>This Year</u>	<u>Last Year</u>
RECs at end of Prior Period	0	3,438	0
RECs Added This Period	0	24,873	0
RECs Sold This Period	0	2,500	0
Number of RECs on hand	0	25,811	0
Market Value per REC	\$0.00	\$0.75	\$0.00
Value of RECs on Hand	\$0.00	\$19,358.49	\$0.00

Muscatine Power and Water - Electric Utility
SUPPLEMENTAL STATISTICAL DATA - FOR INTERNAL PURPOSES ONLY
September 2017

Delivered to Wholesale Customers

	<u>Current Month 2017 Budget</u>	<u>Current Month 2017 Actual</u>	<u>Current Month 2016 Actual</u>	<u>Year-To-Date 2017 Budget</u>	<u>Year-To-Date 2017 Actual</u>	<u>Year-To-Date 2016 Actual</u>
Wholesale Sales KWHs	40,567,013	66,164,734	42,813,650	617,206,188	622,374,118	614,648,309
Wholesale Sales	\$1,542,710	\$2,354,897	\$1,729,229	\$20,752,350	\$21,825,792	\$19,278,117
Less:						
Production Fuel	831,103	1,281,088	831,268	11,690,065	11,826,744	12,268,207
Generation-Other	1,786,533	1,670,703	1,982,708	19,529,926	17,897,364	16,435,816
Transmission	300,650	255,678	253,569	2,807,871	2,158,720	2,262,941
Subtotal	<u>2,918,286</u>	<u>3,207,469</u>	<u>3,067,545</u>	<u>34,027,862</u>	<u>31,882,828</u>	<u>30,966,964</u>
Wholesale Margin	<u>(\$1,375,576)</u>	<u>(\$852,572)</u>	<u>(\$1,338,316)</u>	<u>(\$13,275,512)</u>	<u>(\$10,057,036)</u>	<u>(\$11,688,847)</u>

Delivered to Steam Customer

	<u>Current Month 2017 Budget</u>	<u>Current Month 2017 Actual</u>	<u>Current Month 2016 Actual</u>	<u>Year-To-Date 2017 Budget</u>	<u>Year-To-Date 2017 Actual</u>	<u>Year-To-Date 2016 Actual</u>
Steam Sales - 1,000 lbs.	---	---	270,252	997,619	1,047,098	2,195,068
Steam Sales	---	---	\$1,062,696	\$4,095,826	\$4,005,118	\$8,691,696
Less:						
Production Fuel	---	---	562,795	2,066,141	2,222,856	4,838,359
Generation-Other	30,696	41,273	79,577	489,986	327,347	516,394
Steam Sales Margin	<u>(\$30,696)</u>	<u>(\$41,273)</u>	<u>\$420,325</u>	<u>\$1,539,699</u>	<u>\$1,454,915</u>	<u>\$3,336,943</u>

Delivered to Paving Native System Customers

	<u>Current Month 2017 Budget</u>	<u>Current Month 2017 Actual</u>	<u>Current Month 2016 Actual</u>	<u>Year-To-Date 2017 Budget</u>	<u>Year-To-Date 2017 Actual</u>	<u>Year-To-Date 2016 Actual</u>
Native System Sales KWHs	73,710,702	72,276,911	72,841,282	641,924,570	631,794,335	626,941,661
Native System Sales	\$5,097,128	\$5,130,386	\$4,924,441	\$42,892,094	\$43,618,508	\$40,718,710
Less:						
Purchased Power	2,000,969	2,384,440	2,160,204	19,114,417	21,167,870	17,080,424
Distribution	493,568	443,255	483,090	4,286,369	4,479,659	4,183,463
Customer Service	21,925	14,269	10,843	228,275	205,728	142,812
Consumers Accounts	65,496	61,353	61,647	573,017	557,611	535,830
Administrative & General	1,173,678	986,129	910,258	10,579,055	9,431,480	8,954,619
Subtotal	<u>3,755,636</u>	<u>3,889,446</u>	<u>3,626,042</u>	<u>34,781,133</u>	<u>35,842,348</u>	<u>30,897,148</u>
Native System Margin	1,341,492	1,240,940	1,298,399	8,110,961	7,776,160	9,821,562
Steam Sales Margin	(30,696)	(41,273)	420,325	1,539,699	1,454,915	3,336,943
Wholesale Margin	<u>(1,375,576)</u>	<u>(852,572)</u>	<u>(1,338,316)</u>	<u>(13,275,512)</u>	<u>(10,057,036)</u>	<u>(11,688,847)</u>
Net Electric Margin	(64,779)	347,096	380,408	(3,624,852)	(825,961)	1,469,658
Other Revenue	69,499	86,280	70,463	684,906	788,065	774,710
Nonoperating Revenue (Expense)	8,647	38,561	16,033	75,320	245,659	118,651
Net Income (Loss) Before Revenue Adjustment and Capital Contributions	<u>\$13,367</u>	<u>\$471,937</u>	<u>\$466,904</u>	<u>(\$2,864,626)</u>	<u>\$207,763</u>	<u>\$2,363,019</u>

Electric Utility
Review of Operating Results
September 2017

MUSCATINE POWER AND WATER - ELECTRIC UTILITY
VARIANCES FROM BUDGETED NET POSITION - SEPTEMBER 30, 2017

	(Unfavorable)/ Favorable	
	Compared to Budget	
Sales of Electricity		
Native System Sales	\$ 726,414	3.3% higher average sales price (\$.06904/kWh versus \$.06682/kWh budgeted), offset by 1.6% lower kWhs sold
Wholesale Sales	1,073,442	4.3% higher average sale price (\$.03507/kWh versus \$.03362/kWh), plus 0.8% higher kWhs sold
	<u>1,799,856</u>	
Steam Sales	<u>(90,708)</u>	A 7.1% lower average sales price, offset by 5.0% higher pounds of steam sold
Other Revenue		
By-Product Revenue	16,170	Fly ash sales
	(14,288)	Gypsum sales
Miscellaneous Revenue	14,243	Higher job sales, net of expenses
	2,668	Higher penalty revenue
	83,015	IAMWind payment
	1,351	Other miscellaneous variances - net
	<u>103,159</u>	
Operating Expense		
Purchased Power - Native System	(1,961,622)	Average purchase price is 11.2% higher (\$.03027/kwh vs \$.02721/kwh), offset by 1.0% lower kWhs purchased
Purchased Power - Wind	(91,831)	10.4% higher kWhs purchased
	<u>(2,053,453)</u>	
Production Fuel	(281,344)	4.5% or 20,631 higher coal tons burned, offset by a 2.3% lower price/ton
	22,127	Fewer Unit 9 start-ups, resulted in lower fuel oil cost
	(95,829)	Unit 8's natural gas usage was not budgeted
	(17,966)	Unit 7's natural gas usage was higher than budgeted
	49,529	Lower gasoline/diesel fuel usage for dozers
	8,341	Lower bottom ash handling expense
	21,421	Lower fly ash handling expense
	(63,955)	CCR compliance costs were not budgeted
	23,795	Lower labor cost
	40,487	Other miscellaneous variances - net
	<u>(293,394)</u>	
Emissions Allowance	<u>292,717</u>	Market price lower than assumed
Operation		
	(63,032)	Higher bottom ash handling expense due to timing
	(9,886)	Higher cost for boiler water chemical expenses
	32,529	Lower gas usage for auxiliary boiler
	132,907	PAC (powdered activated carbon) injection system costs were lower
	23,625	Lower scrubber waste handling expenses
	(13,889)	Higher limestone expense
	(17,033)	Higher water expense for power plants
	(20,273)	Higher hydrogen cost and other electric material expenses
	(54,729)	Higher cost for IDNR Title V permit fee
	96,000	Environmental permitting fee, not expended
	13,376	PM2.5 modeling not performed
	11,352	Lower cost of the 316(b) cooling water impingement/entrainment study
	50,000	Effluent limit guidelines study, not performed

MUSCATINE POWER AND WATER - ELECTRIC UTILITY
 VARIANCES FROM BUDGETED NET POSITION - SEPTEMBER 30, 2017

(Unfavorable)/
 Favorable
 Compared to
Budget

105,741	Lower cost for stack emission testing
22,000	Relative accuracy test audits not performed
17,000	Nuclear source disposal services, not expended
5,000	Coal and byproduct analysis not completed
(39,221)	Higher cost for continuous emissions monitoring system consulting
50,000	Unit 9 levee pipe inspection, not performed
13,340	Lower cost for plant safety materials
51,086	Lower cost for rail car storage, switching costs, and administration fees
(3,128)	Higher cost for power plant ground maintenance
3,000	North American Energy Markets membership, not expended
3,906	Tenaska management fee lower than budget
4,321	Lower cost for NERC assessments
7,199	OATI WebCares cost lower due to timing
12,000	161kV breakers painting, not completed
(6,324)	Protective relay device support, not budgeted
249,124	Lower cost for MISO's multi-value transmission projects
103,000	Transmission coordination study, not completed
25,000	Relay technician consultant, not utilized
11,412	Electric line workers' tools not needed
6,480	Fewer promotional materials expended
4,623	Lower cost of energy services
5,608	Lower cost for energy efficiency rebates
22,396	Organizational development consulting not expended
97,200	Succession planning costs, not expended
44,830	Board legal service not expended
31,582	Environmental/regulatory legal service not expended
(3,985)	Higher cost for transmission/reliability standards attorney
(5,888)	NERC audit preparation consultant, not budgeted
31,900	CIP compliance consulting, not expended
4,201	Lower cost for financial audit services due to timing
4,188	Lower cost for cost of service study
6,480	GASB 45 actuarial study, not completed
4,500	Fuel procurement committee consulting not expended
(23,507)	IS department professional services and review, not budgeted
6,035	Lower cost for benefits consulting
(7,214)	Higher cost for employee search services
(16,320)	Engineering services, not budgeted
(36,901)	Higher cost for workers compensation claims
24,564	Lower general liability insurance costs
90,060	Lower healthcare costs
39,478	Lower FICA expense
20,808	Lower cost for educational reimbursements
(122,910)	Higher unemployment expenses
4,329	Higher fringe charged to construction
16,133	Lower cost for employee team expenses
28,423	Lower cost for continuous improvement
30,000	CIP low impact site compliance, not expended
20,120	Fewer subscriptions/memberships
19,809	Lower cost for gasoline/diesel fuel
188,413	Less training/travel
(29,048)	Higher cost for temporary labor services
299,612	Lower labor cost

MUSCATINE POWER AND WATER - ELECTRIC UTILITY
 VARIANCES FROM BUDGETED NET POSITION - SEPTEMBER 30, 2017

(Unfavorable)/	
Favorable	
Compared to	
Budget	
<hr/>	
46,744	Lower vacation accrual
<hr/>	
162,297	Other miscellaneous variances - net
<hr/>	
1,830,443	

Maintenance

15,057	Lower cost for contracted insulation replacement/repair
7,170	Overhead door maintenance not needed
5,883	Lower cost for Central Stores building maintenance
20,700	Contracted utility work not utilized
201,749	Lower cost for Unit 9 boiler roof and other roof repairs
9,000	Unit 7 building sump pump, not expended
6,000	Waste oil material dumpster not expended
8,380	Lower cost of FGD reheater hoist oil leak repair
5,000	Inspection of Unit 9 AFFF foam system, plus foam not completed
(4,871)	Unit 9 wastewater treatment sump pump cleaning, budgeted later this year
23,668	Lower bottom ash system materials expense
(8,281)	Higher cost for partial replacement of Unit 9 BA pantleg refractory
14,000	Unit 9 HP ash pump motor inspection/repair, not completed
(7,575)	Unit 8 BA settling tank pump seal, not budgeted
(14,826)	Higher cost for fly ash system materials
(24,324)	9A flyash vacuum blower repair, not budgeted
7,252	Lower cost to replace fly ash silo bin vent and secondary collector bags
11,000	Unit 8 fly ash filter replacements not completed
(58,393)	Repair auxiliary boiler steam line under RR crossing, not budgeted
(6,962)	Inspection Unit 7 stack fall protection system not budgeted
(5,070)	Replacement of Unit 7 air preheater impulse traps, not budgeted
(8,547)	Unit 7 boiler tube leak, not budget
(4,646)	Unit 7 steam drum gauge glass leak, not budgeted
(13,975)	Higher cost for Unit 7 safety valve repairs
(8,415)	Unit 8 isolation balloon for flue gas exhaust stack not budgeted
(11,210)	Unit 8 distributive control repair not budgeted
(29,019)	Unit 8 boiler cyclone weld repairs, not budgeted
(29,899)	Unit 8 grit blasting & boiler tube inspection, not budgeted
(18,862)	Unit 8 grit blast precipitator, not budgeted
(13,368)	Unit 8 boiler explosive deslagging, not budgeted
(26,378)	Unit 8 boiler cyclone inspection, not budgeted
(4,577)	Unit 8 sootblower repairs, not budgeted
125,000	Unit 8 boiler layup costs not completed
30,608	Lower cost to waterblast and repaint Unit 8 stack
5,000	Unit 8 FA blower inlet piping not replaced
6,000	Replace one hydrojet seal air fan bearing cartridge at Unit 9, not completed
(21,990)	Unit 9 drum level gauge glass assembly not budgeted
(4,031)	Unit 9 air ejector pressure controller repair, not budgeted
16,035	Unit 9 sootblower repairs, not needed
(4,950)	Unit 9 coal feeder piping repair budgeted later in the year
(29,923)	Replacement of 9B pulverizer ceramic tile on the journal inner cone not budgeted
80,000	Pulverizer journal rebuild, not completed
36,384	Lower cost for routine pulverizer maintenance
18,677	Unit 9 sootblower rebuild, not completed
17,020	Lower cost for Unit 9 miscellaneous valve repairs
16,875	Unit 9 boiler vent, drain, and blowdown valve repairs not expended
(11,677)	Inspection of Unit 9 boiler windboxes and SOFA ductwork not budgeted
(21,363)	Higher cost for Unit 9 superheater temperator inspection

MUSCATINE POWER AND WATER - ELECTRIC UTILITY
 VARIANCES FROM BUDGETED NET POSITION - SEPTEMBER 30, 2017

(Unfavorable)/
 Favorable
 Compared to
 Budget

(5,109)	Higher cost for hydroset boiler safeties & repair
10,396	Lower cost to explosive clean Unit 9 boiler
(28,038)	Deslag Unit 9 boiler, not budgeted
7,000	Economizer contract cleaning not completed
38,000	Unit 9 coal nozzle tip repair or replacement not completed
20,000	Replace Unit 9 coal nozzles not completed
(4,919)	Higher cost for Unit 9 boiler & ductwork vacuum services
108,000	Contracted labor not utilized
(4,964)	Higher cost for ID FD Fan OEM inspection
(17,514)	Higher cost for Unit 9 boiler tube shield repairs
46,496	Lower cost to replace Unit 9 hot & cold reheat drip leg switches
15,000	9C Mill tungston tiles on bowl deflectors not completed
40,500	Replace one 9D and two 9A mill upper riffle distributor housings not completed
(7,128)	Cleaning of coal bunkers, not budgeted
13,370	Wastewater equipment maintenance not needed
6,794	Scrubber waste equipment repairs, not needed
(12,264)	Inspection and cleaning Tower 902 not budgeted
(19,915)	FGD batteries replacement not budgeted
(22,488)	Higher cost for absorber spray pump inspection and repair
(14,464)	Leak repair in 9B scrubber reheat condensate return pump, not budgeted
8,000	Process piping repairs not expended
(10,736)	Higher cost for booster fan OEM inspection
(8,784)	Unit 9 circulating water pump valves repair, not budgeted
(9,441)	Ox air compressor 901 relief valve repairs, not budgeted
(9,905)	Unit 9 precipitator weld repairs, not budgeted
(4,179)	Higher cost for Quencher sump pump motor repair
(123,037)	Higher cost for Unit 9 turbine & control valves inspection/overhaul
16,776	Lower cost to replace oil in Unit 9 transformer
26,000	Unit 9 auxiliary transformer repair/hot oil process not performed
30,000	Bearing laser align and load testing not completed
25,737	Lower cost for circulating water tunnel inspection
5,000	Unit 9 CV-2 relay not needed
(91,012)	Replace Unit 9 batteries not budgeted
(4,222)	Repair Unit 9 air ejector supply safety valve leak, not budgeted
7,200	Unit 9 heat exchangers cleaning, not performed
(6,222)	Unit 9 circulating water booster strainer repair, not budgeted
(9,293)	8A turbine/generator repairs, not budgted
108,180	Unit 8 turbine layup costs not completed
17,156	Unit 7 stop valve overhaul not completed
11,000	UPS service agreement, not expended
15,713	Service Unit 8 air compressor motor, not completed
6,000	Unit 9 CCHX heads, not replaced
22,761	Plant tool crib expenses, not needed
10,259	Lower cost for hoist and chain fall inspections/repairs
(22,635)	Higher cost for rail car maintenance
8,422	Lower cost for coal dozer maintenance
18,342	Lower cost for coal conveyor maintenance
9,000	Coal chute ceramic repair, not completed
54,000	Track maintenance not performed
(5,284)	Motor control center breaker reconditioning, not budgeted
(22,315)	Inspect Unit 8 coal crushers and feeders not budgeted
(14,551)	Replace rail unloader stacker conveyor belt not budgeted

**MUSCATINE POWER AND WATER - ELECTRIC UTILITY
 VARIANCES FROM BUDGETED NET POSITION - SEPTEMBER 30, 2017**

	(Unfavorable)/ Favorable Compared to Budget	
	(41,665)	Correct radial stacker motor & gearbox vibration problem
	(15,394)	DC-3 blower fan rebuild, not budgeted
	(4,292)	Unit 7 lump breaker switch replacement, not budgeted
	(8,325)	Higher cost for battery load testing and station equipment calibrations
	89,115	Lower cost for transmission line maintenance
	9,100	Distribution structure repairs, not needed
	(40,492)	Oregon Street substation barrier board replacement, not budgeted
	(46,146)	Higher cost for distribution line maintenance due to storm restoration work
	(4,581)	Higher cost for distribution pole inspections
	(34,299)	Higher cost for underground line repairs
	(8,111)	Video detection sensor, not budgeted
	45,701	Lower cost for computer hardware/software maintenance
	25,066	Lower cost for vehicle maintenance
	15,782	Radio equipment maintenance not needed
	11,213	Lower cost for Pine Street building maintenance
	9,497	Lower cost for A/O Center maintenance
	15,140	Lower labor cost
	<u>261,895</u>	Other miscellaneous variances - net
	<u>799,213</u>	
 Depreciation	 <u>514,217</u>	 Net value of the A&G assets were overestimated for the budget
 Nonoperating Revenue (Expense)		
Interest Income	170,992	Higher average cash balances
Interest Expense	<u>(653)</u>	
	<u>170,339</u>	
 Capital Contributions	 <u>63,483</u>	 HNI, and CenturyLink transformers
 Change in Net Position	 <u>\$ 3,135,872</u>	 Total Variance from Budgeted Net Position

Statements of Revenues, Expenses and Changes in Net Position**Sales of Electricity****Native System Sales**

A 3.3% higher average sales price per kWh (\$.06904/kWh versus \$.06682/kWh budgeted), offset by 1.6% lower kWh's sold, resulted in \$726,414 higher revenue.

Wholesale Sales

A 4.3% higher average sales price (\$.03507/kWh versus \$.03362/kWh budgeted), plus 0.8% higher kWhs sold, resulted in \$1,073,442 higher revenue than projected.

Steam Sales

A 7.1% lower average sales price, offset by 5.0% higher pounds of steam sold, resulted in \$90,708 lower revenue than projected.

Other Revenue**By-Product Revenue**

Fly ash sales are \$16,170 higher than budgeted; gypsum sales are lower than budgeted by \$14,288.

Miscellaneous Revenue

The budget did not include the IAMWind payments totaling \$83,015. Net job sales revenue and penalty revenue are \$14,243 and \$2,668 higher than budgeted, respectively.

Nonoperating Revenue (Expense)**Interest Income**

Interest income is \$170,992 higher than budgeted due to higher average cash balances.

Capital Contributions

Capital contributions include customer contributions for transformers.

Statement of Net Position**Liabilities****Health and Dental Insurance Provision**

Health care claims have been less than premiums accrued. The current portion is based on the third-party administrator's estimate of incurred but unpaid health claims at year end. This estimate is adjusted in December each year.

Summary of Expenses

Purchased Power – (555)

A 11.2% higher average purchase price (\$.03027/kWh versus \$.02721/kWh budgeted), offset by 1.0% lower kWhs purchased for native system sales, resulted in \$1,961,622 higher cost. Wind energy kWh purchases were 10.4% or \$91,831 higher than budgeted.

Generation

Fuel – Coal – (501-001)

4.5% or 20,631 higher tons of coal burned offset by a 2.3% lower price/ton, resulted in \$281,344 higher coal expense.

Fuel – Fuel Oil – (501-921)

Fewer Unit 9 start-ups, resulted in \$22,127 lower fuel oil expense.

Fuel – Gas – (501-002)

The budget assumed there would be no Unit 8 natural gas usage; actual expense is \$95,829. Unit 7's gas usage is also \$17,966 higher than budgeted.

Coal Handling Expense - (501-003)

Gasoline/diesel fuel expense for the dozers, labor, bottom ash handling, and fly ash handling expenses are \$49,529, \$30,503, \$8,341, and \$21,421 lower than budgeted, respectively.

Landfill Operation Expense - (501-925)

Actual expenses are \$35,230 higher than budget due to not budgeting for CCR compliance expenses.

Emissions Allowance Expense - (509)

Expense is based on current market price, which is \$292,717 lower than budgeted.

Annual SO₂ - CSAPR allowance information follows:

1/1/17 Beg balance

4102.5

Annual EPA <u>Allocation</u> + <u>Purchases</u> +	GPC <u>Provides</u> =	Allowances <u>Available</u>	MPW <u>Electricity</u> +	GPC <u>Steam</u> =	Allowances <u>Consumed</u>
1956.0	0.0	447.0	6505.5	181.5	447.0
			Valued @	\$609	\$894
			Ending Balance 9/30/17		<u>5877.0</u>

Annual NO_x allowance information follows:

1/1/17 Beg balance

1301.7

Annual EPA <u>Allocation</u> + <u>Purchases</u> +	GPC <u>Provides</u> =	Allowances <u>Available</u>	MPW <u>Electricity</u> +	GPC <u>Steam</u> =	Allowances <u>Consumed</u>
1746.0	0.0	586.0	3633.7	624.7	586.0
			Valued @	\$0	\$3,530
			Ending Balance 9/30/17		<u>2423.0</u>

Generation (cont'd)Steam Expense – Boiler – (502-004)

Gas usage for the auxiliary boiler and labor expenses are \$32,529 and \$71,587 lower than budgeted, respectively. Bottom ash handling expense is \$63,032 higher than budgeted; other boiler water chemical expenses are \$9,886 higher than the budget.

Steam Expense – Pollution Control – (502-005)

Labor, PAC (powdered activated carbon) injection system costs, and scrubber waste handling are \$34,220, \$132,907, and \$23,625 lower than budgeted, respectively. Limestone expense is \$13,889 higher than budgeted.

Electric Expense – (505)

Labor expense is \$105,535 lower than budget; power plant water expense is \$17,033 higher than budgeted. Hydrogen and other material expenses are \$20,273 higher than budgeted.

Generation (cont'd)

<u>Miscellaneous Steam Power Expense - (506)</u>	2017	2017
	<u>Budget</u>	<u>Actual</u>
Labor	\$661,693	\$701,523
IDNR Title V permit fee	74,759	129,488
Environmental permitting fee	96,000	-
PM2.5 modeling	18,000	4,624
316(b) cooling water impingement/entrainment study	135,000	123,648
Effluent Limit Guidelines study	50,000	-
Stack emission testing	276,250	170,509
Relative accuracy test audits	22,000	-
NPDES permit fee	3,600	3,400
Nuclear source disposal services	17,000	-
Coal and byproduct analysis	5,000	-
Continuous emissions monitoring system consulting	17,307	56,528
ESC software engineering time/maintenance	18,900	18,517
Unit 9 4-SYTE system strategy program	6,003	7,400
Unit 9 levee pipe inspection	50,000	-
Plant safety material expenses	98,507	85,167
Rail car storage/switching costs/admin fees	133,893	82,807
Travel/training	146,850	73,033
Temporary labor services	30,240	35,081
Ground maintenance	46,750	49,878
Membership/subscriptions	9,850	5,303
Gasoline/diesel fuel	10,500	6,232
Other expenses	<u>147,103</u>	<u>57,328</u>
	<u>\$2,075,205</u>	<u>\$1,610,466</u>

Maintenance of Supervision – (510)

Labor expense is \$144,685 higher than budget primarily due to Unit 9 maintenance outage being moved to February and March, and work being done to Unit 8 during the summer outage period.

Generation (cont'd)

<u>Maintenance of Structures - (511)</u>	2017 <u>Budget</u>	2017 <u>Actual</u>
Labor	\$209,116	\$184,591
Elevator maintenance	34,014	26,900
State elevator inspection and permits	2,000	-
Contracted insulation replacement/repair	18,054	2,997
Overhead door maintenance	9,000	1,830
Central Stores building maintenance	6,750	867
Contracted utility work	20,700	-
Units 9, 8 & 8A annual backflow preventer testing	3,470	7,083
Unit 9 boiler roof	300,000	218,251
Other roof maintenance	120,000	-
Unit 7 building sump pump	9,000	-
Waste oil material dumpster	6,000	-
Replacement of cathodic protection anodes	1,000	-
Repair FGD reheater hoist; oil leak from gearbox	15,000	6,620
Inspect Unit 9 AFFF foam system; foam	5,000	-
Unit 8 fire protection pump/valve repair/panel inspection	8,100	9,820
Unit 9 fire protection panel repair/inspection	9,000	12,559
Unit 9 wastewater treatment sump pump cleaning	-	4,871
Other expenses	<u>127,136</u>	<u>73,235</u>
	<u>\$903,340</u>	<u>\$549,624</u>

Generation (cont'd)

<u>Maintenance of Boiler Plant - Boiler - (512-006)</u>	2017 <u>Budget</u>	2017 <u>Actual</u>
Labor	\$605,538	\$513,874
Bottom ash system materials	64,821	41,153
Partial replacement of Unit 9 BA pantleg refractory	75,000	83,281
Unit 9 HP ash pump motor inspection/repair	14,000	-
Unit 8 BA settling tank pump seal	-	7,575
Fly ash system materials	49,082	63,908
9A flyash vacuum blower repair	-	24,324
Replace fly ash silo bin vent and secondary collector bags	13,000	5,748
Unit 8 fly ash filter replacements	11,000	-
Reverse osmosis system	6,450	8,205
Repair auxiliary boiler steam line under RR crossing	-	58,393
Inspect Unit 7 stack fall protection system	-	6,962
Replace Unit 7 air preheater impulse traps	-	5,070
Unit 7 feeder paddles & drum replacement	-	2,312
Unit 7 boiler tube leak	-	8,547
Unit 7 steam drum gauge glass leak	-	4,646
Unit 7 safety valve repairs	-	13,975
Unit 8 isolation balloon for flue gas exhaust stack	-	8,415
Unit 8 distributive control repair	-	11,210
Unit 8 boiler cyclone weld repairs	-	29,019
Unit 8 grit blasting & boiler tube inspection	-	29,899
Unit 8 grit blast precipitator	-	18,862
Unit 8 boiler explosive deslagging	-	13,368
Unit 8 boiler cyclone inspection	-	26,378
Unit 8 sootblower repairs	-	4,577
Unit 8 FWH valve repair	-	3,198
Unit 8 boiler layup	125,000	-
Waterblast and repaint Unit 8 stack	90,000	59,392
Replace Unit 8 FA blower inlet piping	5,000	-
Replace one hydrojet seal air fan bearing cartridge at Unit 9	6,000	-
Unit 9 drum level gauge glass assembly	-	21,990
Unit 9 air ejector pressure controller repair	-	4,031
Unit 9 sootblower repairs	23,625	7,590
Unit 9 coal feeder piping repair	-	4,950
Replace 9B pulverizer ceramic tile on the journal inner cone	-	29,923
Pulverizer journal rebuild	80,000	-
Unit 9 routine pulverizer maintenance	75,010	38,626
Rebuild Unit 9 sootblowers	23,625	4,948
Unit 9 miscellaneous valve repairs	31,500	14,480

Generation (cont'd)

<u>Maintenance of Boiler Plant - Boiler - (512-006) cont'd</u>	2017 <u>Budget</u>	2017 <u>Actual</u>
Unit 9 boiler vent, drain, and blowdown valve repairs	16,875	-
Inspect Unit 9 boiler windboxes and SOFA ductwork	-	11,677
Unit 9 superheater temperator inspection	15,000	36,363
9A ID fan motor inspection	14,000	14,162
Unit 9 boiler feed pump motor inspection/repair	14,000	-
Update Unit 9 BFP recirculating valve controls	8,000	7,714
Hydroset boiler safeties & repair	10,000	15,109
Explosive clean Unit 9 boiler	15,000	4,604
Deslag Unit 9 boiler tubes	-	28,038
Economizer contract cleaning	7,000	-
Unit 9 coal nozzle tip repair or replacement	38,000	-
Replace Unit 9 coal nozzles	20,000	-
Unit 9 boiler & ductwork vacuum services	32,000	36,919
Contracted labor	108,000	-
Unit 9 high pressure air heater boiler washing	36,000	32,683
Grit blast U9 ID fans	3,240	-
Scaffold Unit 9 boiler pantlegs for refractory and screen repair	10,000	8,113
ID FD Fan OEM inspection services	8,000	12,964
Unit 9 boiler tube shield repairs	15,000	32,514
Replace Unit 9 hot & cold reheat drip leg switches	75,000	28,504
9C Mill tungston tiles on bowl deflectors	15,000	-
Replace one 9D and two 9A mill upper riffle distributor housings	40,500	-
Install grease lines to ID fan damper bearings	-	3,283
Clean coal bunkers	-	7,128
Software/plant controls maintenance agreements	39,075	41,801
Other expenses	<u>151,251</u>	<u>132,458</u>
	<u>\$1,989,592</u>	<u>\$1,632,863</u>

Generation (cont'd)

<u>Maintenance of Boiler Plant – Pollution Control - (512-007)</u>	2017 <u>Budget</u>	2017 <u>Actual</u>
Labor	\$219,635	\$220,067
Continuous emission monitoring expenses	92,660	91,821
PAC (powdered activated carbon) injection system costs	7,497	4,488
Grit blast and vacuum clean Unit 9 precipitator	35,000	37,657
Miscellaneous limestone handling equipment repairs	8,541	3,652
Wastewater equipment maintenance	16,925	3,555
Scrubber waste equipment repairs	8,100	1,306
Inspect/clean Tower 902	-	12,264
FGD hydroclone repairs/replacements	11,250	15,224
FGD batteries replacement	-	19,915
Absorber spray pump inspection/repair	6,000	28,488
Repair leak in 9B scrubber reheat condensate return pump	-	14,464
WDHFP discharge valves to Clarkson	9,800	10,328
Process piping repairs	8,000	-
Booster fan OEM inspection	9,600	20,336
Unit 9 circulating water pump valves repair	-	8,784
Ox air compressor 901 relief valve repairs	-	9,441
Unit 9 precipitator weld repairs	-	9,905
Quencher sump pump motor repair	5,000	9,179
Replace transformer for 9 precipitator transformer rectifier	-	3,268
Miscellaneous FGD equipment repairs	29,997	16,593
Other expenses	<u>15,651</u>	<u>9,175</u>
	<u>\$483,656</u>	<u>\$549,910</u>

Generation (cont'd)

<u>Maintenance of Electric Plant - (513-008)</u>	2017 <u>Budget</u>	2017 <u>Actual</u>	
Labor	\$230,559	\$325,348	
Unit 9 turbine & control valves inspection/overhaul	1,600,000	1,767,037	*
Unit 9 transformer oil samples	2,500	-	
Replace oil in Unit 9 transformer	65,000	48,224	
Unit 9 auxiliary transformer repair/hot oil process	26,000	-	
Replace Unit 9 turbine thermocouples	-	2,839	
Replace #2 bearing seals	29,000	-	*
Unit 9 Dovetail pin inspection	15,000	-	*
Bearing laser align and load testing	30,000	-	
Circulating water tunnel inspection	50,000	24,263	
Inspect/recondition 4160 volt breakers	13,000	14,276	
Unit 9 CV-2 relay	5,000	-	
Replace Unit 9 batteries	-	91,012	
Repair Unit 9 air ejector supply safety valve leak	-	4,222	
Clean Unit 9 heat exchangers	7,200	-	
Unit 9 circulating water booster strainer repair	-	6,222	
Unit 9 flux probe and PDA generator analysis	8,750	7,697	
8A turbine/generator repairs	-	9,293	
Unit 8 flux probe and PDA generator analysis	8,500	6,090	
Unit 8 station batteries 5 year load test	-	2,070	
Unit 8 turbine layup	125,000	16,820	
Battery room absorbent neutralizing pads	2,000	2,942	
Unit 8 miscellaneous plant maintenance	8,565	1,678	
Unit 7 stop valve overhaul	25,000	7,844	
Unit 7 miscellaneous plant maintenance	17,293	10,511	
UPS service agreement	11,000	-	
GE, EX-2000, and Mark V service agreement	16,848	17,179	
Other expenses	<u>49,109</u>	<u>33,497</u>	
	<u>\$2,345,324</u>	<u>\$2,399,064</u>	

*Costs included in turbine overhaul project

Maintenance of System Control - (513-009)

Labor expense is \$16,708 lower than budgeted. The budget includes \$4,025 for CIP-related expenses that were not expended, plus software maintenance costs are \$13,085 lower than budgeted.

Maintenance of Miscellaneous Steam Plant - (514)

Labor expense is \$78,321 lower than budgeted. The budget includes \$18,000 to service Unit 8's air compressor motor of which \$2,287 has been expended, \$6,000 to replace Unit 9 CCHX heads, and \$22,761 for tools and tool crib expenses that have not been needed. Hoist and chain fall inspections and repairs are \$10,259 lower than budgeted. Other miscellaneous material expenses are lower than budget by \$88,138.

Generation (cont'd)

<u>Maintenance of Coal Handling Equipment - (516)</u>	2017 <u>Budget</u>	2017 <u>Actual</u>
Labor	\$204,830	\$178,685
Rail car maintenance	117,300	139,935
Dozer maintenance	102,825	109,766
Recap 4 tires on coal dozer V101	60,000	44,780
Coal conveyor maintenance	42,087	23,745
Coal chute ceramic repair	9,000	-
Track maintenance	54,000	-
Update Unit 8 coal handling modicon	-	3,940
Recondition motor control center breaker	-	5,284
Inspect Unit 8 coal crushers and feeders	-	22,315
Replace rail unloader stacker conveyor belt	-	14,551
Correct radial stacker motor & gearbox vibration	-	41,665
Rebuild DC-3 blower fan	-	15,394
Unit 7 lump breaker switch replacement	-	4,292
Other expenses	<u>73,019</u>	<u>49,336</u>
	<u>\$663,061</u>	<u>\$653,688</u>

<u>System Control and Load Dispatch - (556)</u>	2017 <u>Budget</u>	2017 <u>Actual</u>
Labor	\$129,852	\$96,199
SCADA Dark Fiber service & BUCC MME services	14,598	14,202
MISO operating & administrative fees	109,441	108,835
North American Energy Markets membership	3,000	-
Travel and training	-	2,869
Other expenses	<u>2,049</u>	<u>1,758</u>
	<u>\$258,940</u>	<u>\$223,863</u>

TransmissionLoad Dispatching – (561)

Travel/training, Tenaska management fee, NERC assessments and OATI WebCares are \$8,425, \$3,906, \$4,321 and \$7,199 lower than budgeted, respectively.

Station Expense – (562)

Labor expense is \$3,961 lower than budgeted. The budget includes \$12,000 to paint 161 breakers and \$2,000 for oil testing that have not been completed; actual expenses include \$6,324 for protective relay device support that was not budgeted.

Transmission of Electricity by Others – (565)

The cost of MISO's multi-value projects is \$249,124 lower than budgeted.

Transmission (cont'd)Miscellaneous Transmission Expense – (566)

The budget includes \$110,000 for a consultant for the system protection coordination study, of which \$7,000 has been expended; \$25,000 for a relay technician consultant; and \$5,400 for software maintenance that have not been expended. Labor expense is \$13,804 higher than budget due to project engineering spending more time on the transmission study than budgeted.

Maintenance of Station Equipment – (570)

Material expenses, including battery load testing and equipment calibrations, are \$8,325 higher than budgeted; labor expense is \$3,926 lower than budgeted.

Maintenance of Overhead Lines – (571)

Line maintenance performed by MEC for the joint section of Line 104 was budgeted at \$6,250/month; it is now estimated at \$1,000/month. Other material expenses are \$41,865 lower than budgeted. Electric line workers' labor expense is \$49,369 lower than the budget.

Depreciation – (576)

The budget assumed the South Substation autotransformer would be installed by 2016's year end and depreciation would begin in 2017; the project was not completed.

DistributionLoad Dispatching – (581)

System control labor expense is \$39,003 higher than budgeted.

Station Expense – (582)

Substation electricians' labor expense is \$17,131 lower than budgeted

Overhead Line Expense – (583)

The budget includes \$11,412 for electric line workers' tools and tool repairs, plus \$1,750 for hoist testing and \$2,500 for Lean initiative expenses that have not been needed.

Vehicle Expense – (589)

Gasoline/diesel fuel expense is \$12,682 lower than budgeted, other material costs are \$12,127 lower than the budget.

Underground Line Expense – (584)

Outside servicemen's labor expense is \$30,782 lower than budgeted; less time was required for locates.

Street Lighting – (585-STL)

Less time has been spent on street light repairs, resulting in \$12,393 lower labor expense and \$3,712 lower material cost.

Signal Expense – (585-419)

Labor expense is \$4,346 lower than budgeted.

Distribution (cont'd)Meter Expense – (586)

Labor expense is \$11,778 higher than budgeted.

Miscellaneous Distribution Expense – (588)

Labor expense is \$89,679 higher than budgeted; the electric line workers' labor makes up \$42,237 of this total.

Maintenance of Structures – (591)

The budget includes \$6,400 for HVAC unit repairs, \$2,700 for rock, fence, and paint, plus \$4,292 for labor expenses that have not been needed.

Maintenance of Station Equipment – (592)

Expenses include \$40,492 to replace the barrier board at Oregon Street substation that was not budgeted. Labor expense is \$7,847 lower than budgeted.

Maintenance of Overhead Lines – (593)

Pole inspections are \$4,581 higher than the budget. Other material costs and labor expenses are \$46,146 and \$96,937 higher than budgeted, respectively, primarily due to the March storm restoration work.

Maintenance of Underground Lines – (594)

Material expenses are \$34,299 higher than budgeted primarily due to the URD cable replacement, costing \$25,649; labor expense is \$17,449 lower than budgeted.

Maintenance of Line Transformers – (595)

Labor for transformer change-outs and other maintenance is \$17,004 lower than budgeted.

Maintenance of Street Lighting – (596-STL)

Labor and materials are higher than budgeted by \$9,665 and \$3,173, respectively.

Maintenance of Signal Expense – (596-419)

Expenses include \$8,111 for a video detection sensor that was not budgeted.

Vacation, Holiday, Sick Leave – (599)

The electric line workers' sick leave and personal time usage was higher than anticipated.

Customer Service Expense

<u>Customer Information Expense - (909)</u>	2017	2017	2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<u>Marketing</u>			
Media advertising	\$12,732	\$12,764	\$8,761
Customer newsletter/bill inserts	2,786	3,101	2,278
Postage	1,648	-	-
Promotional materials	6,822	342	3,407
Photo library	<u>2,286</u>	<u>1,458</u>	<u>1,458</u>
Subtotal - Marketing	<u>26,274</u>	<u>17,665</u>	<u>15,904</u>
<u>Energy Services</u>			
Trees Forever	13,000	13,000	12,500
IAMU energy efficiency report	-	-	150
City-owned buildings energy efficiencies	-	1,916	24,358
Customized energy efficiencies	2,700	-	-
Compact fluorescent exchange program	5,400	2,485	4,243
Customer awareness programs	5,924	4,786	4,786
Presentation materials	4,008	3,462	3,463
Science fair/poster contest	<u>1,100</u>	<u>1,860</u>	<u>2,946</u>
Subtotal - Energy Services	<u>32,132</u>	<u>27,509</u>	<u>52,446</u>
Miscellaneous	-	144	485
	<u>\$58,406</u>	<u>\$45,318</u>	<u>\$68,835</u>
<u>Energy Efficiency Rebates - (912)</u>	2017	2017	2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Compact fluorescent lighting	\$2,250	\$1,770	\$1,492
Commercial lighting	56,250	58,705	11,778
Air conditioning	18,575	32,563	23,765
Refrigerator	7,496	2,635	3,295
City building improvement	13,500	-	-
Washing machine	4,500	2,300	2,950
Customized energy efficiency	-	4,295	19,681
Water heater	4,050	5,200	6,300
Geo-thermal	9,000	7,620	1,200
Motor	45,000	42,250	-
Dishwasher	<u>3,600</u>	<u>1,275</u>	<u>1,575</u>
	<u>\$164,221</u>	<u>\$158,613</u>	<u>\$72,036</u>

Consumer Accounts

<u>Consumer Records and Collection - (903)</u>	2017	2017	2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Labor	\$277,576	\$251,827	\$243,757
Temporary labor services	780	15,291	9,254
Postage	21,450	21,150	21,431
Payment processing fees	41,370	42,309	42,975
Collection fees	8,910	7,599	7,127
Integrated voice response service	1,485	1,391	1,303
Travel/training	4,405	2,146	2,264
Gasoline/diesel fuel	2,250	1,692	1,444
Other	<u>5,715</u>	<u>3,740</u>	<u>4,021</u>
	<u>\$363,941</u>	<u>\$347,145</u>	<u>\$333,576</u>

Administrative and GeneralAdministrative and General Salaries – (920)

Labor is lower than budget by \$130,638 due to the Manager, Information Systems position not being filled until May, plus not filling the Manager, Continuous Improvement position after April.

<u>Office Supplies - (921)</u>	2017	2017	2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Phone expense	\$29,039	\$26,994	\$25,841
Memberships/subscriptions	19,247	17,140	11,035
Internet/MME	12,466	11,689	12,910
Office furniture	12,566	6,908	7,393
Computer hardware/software	20,012	16,952	16,874
Postage	-	6,648	6,837
Vehicle allowance	9,347	9,647	9,337
Vehicle maintenance	7,050	2,880	3,649
Gasoline/diesel fuel	3,000	1,463	1,425
General office supplies	10,337	10,121	7,286
Other	<u>25,717</u>	<u>12,636</u>	<u>9,825</u>
	<u>\$148,781</u>	<u>\$123,078</u>	<u>\$112,412</u>

Administrative and General (cont'd)

<u>Outside Services Employed - (923)</u>	<u>Resp</u>	2017	2017	2016
	<u>Code</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Organizational development consulting	120-Sal	\$60,750	\$38,354	\$34,526
Succession planning	110-Board	97,200	-	-
Legal services	140-Brandy	71,840	27,010	24,324
Environmental/regulatory legal services	140-Brandy	37,500	5,918	12,912
Transmission/reliability standards attorney	140-Brandy	8,000	11,985	2,833
NERC audit preparation consultant	140-Brandy	-	5,888	2,850
Coal & transportation attorney	140-Brandy	3,744	-	-
Bond counsel	140-Brandy	1,875	-	-
Labor attorney	140-Brandy	3,780	1,497	-
CIP compliance consulting	145-Seth	32,500	600	7,000
Web design service	224-Rick	5,715	4,213	2,253
Insurance advisor	310-Jerry	30,618	30,618	30,618
Financial audit services	320-Cassie	34,020	29,819	37,263
Cost of service study	320-Cassie	25,000	20,812	-
GASB 45 actuarial study	320-Cassie	6,480	-	-
Coal & transportation consulting	331-Brad	45,000	45,237	63,191
Fuel procurement committee consulting	331-Brad	4,500	-	-
IS department professional services	350-Jerry	-	7,625	-
IS department review	350-Jerry	-	15,882	8,108
509A Actuary	410-Erika	891	790	811
Benefits consulting	410-Erika	18,104	12,069	18,104
Employee search services	410-Erika	30,374	37,588	-
Engineering compensation review	410-Erika	-	1,175	-
Career transition support	410-Erika	-	405	-
Labor legal services	410-Erika	-	-	1,853
Pension study	410-Erika	-	-	28,787
MISO consultant	610-Gage	3,752	-	-
Coal pile survey	612-Scott	1,000	393	7,110
Engineering services	760-Mark	-	16,320	-
		<u>\$522,643</u>	<u>\$314,198</u>	<u>\$282,543</u>

Injuries and Damages – (925)

Workers compensation claims are \$36,901 higher than anticipated; insurance costs are \$24,564 lower than budget.

Administrative and General (cont'd)

<u>Employee Pensions and Benefits (926)</u>	2017	2017	2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Pension	\$1,760,880	\$1,760,880	\$1,619,412
Healthcare costs	1,854,610	1,764,549	1,698,253
FICA	956,995	917,517	927,893
Deferred comp utility match	218,400	219,922	197,795
Dental	75,240	70,682	74,537
Educational reimbursements	33,210	12,402	22,276
LTD insurance	46,930	43,105	44,645
Life insurance	33,754	34,016	31,472
Post-employment health benefit	20,573	16,090	20,844
Recognition dinner	12,150	14,975	15,792
Unemployment expenses	6,075	128,985	34,333
Other expenses	<u>23,882</u>	<u>27,529</u>	<u>22,478</u>
	<u>\$5,042,698</u>	<u>\$5,010,654</u>	<u>\$4,709,730</u>

Fringe Benefits Charged to Construction – (927)

More time has been charged to capital projects than projected.

Regulatory Commission – (928)

The regulatory fees for both Iowa Utilities Board and FERC are higher than budgeted by \$8,586 and \$9,598, respectively.

<u>Miscellaneous General Expense - (930)</u>	2017	2017	2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Employment expenses	\$25,677	\$29,791	\$6,560
APPA dues	16,634	19,311	17,557
IUB Iowa Energy Center	37,500	39,449	37,637
IAMU membership	25,497	28,733	26,376
Economic development pledge	21,263	25,515	25,515
Customer appreciation day	-	-	13,501
Annual report	7,047	4,528	4,059
Legal publications	3,949	3,406	3,299
Continuous Improvement	29,525	1,102	195
CIP low impact site compliance	30,000	-	-
Subscriptions/memberships	17,347	13,561	21,085
Employee team expenses	36,096	19,963	27,358
Training/travel	119,365	32,720	42,968
Safety-related expenses	14,239	3,401	11,554
Labor	36,367	20,860	28,929
Temporary labor services	35,394	48,667	57,501
Board trustee fees	5,468	5,468	5,466
Freight	9,765	15,772	5,222
Other expenses	<u>34,907</u>	<u>39,746</u>	<u>28,098</u>
	<u>\$506,039</u>	<u>\$351,994</u>	<u>\$362,880</u>

Administrative and General (cont'd)Maintenance of General Plant – (932)

Radio equipment, Pine Street building, vehicle, and computer hardware/software maintenance costs are \$15,782, \$11,213, \$20,924, and \$45,701 lower than budgeted, respectively.

Maintenance of A/O Center – (934)

Material expenses for maintenance on HVAC units and security systems, concrete repairs, overhead door repairs, and painting are below budget by \$9,497.

Depreciation – (933)

The budget overestimated the net value of A&G assets at 2016-year end.

Electric Utility
Statement of Net Position Review
September 2017

	<u>2017</u>	<u>2016</u>
<u>Current Assets</u>		
<u>Consumer Accounts</u>		
Customer Electric Accounts	\$5,861,573	\$5,511,294
Unbilled Revenue	479,274	482,645
Merchandise Accounts	357,580	241,580
Utility loan program	2,636	5,100
Allowance for Doubtful Accounts	(41,297)	(39,079)
	<u>\$6,659,766</u>	<u>\$6,201,540</u>
 <u>Inventories</u>		
Inventory	\$4,840,643	\$5,231,620
Emission Allowance - NOx	3,530	167,779
Emission Allowance - SO2	119,970	122,717
Stores Expense	36,084	(39,496)
Gas and Diesel Fuel	122,706	113,116
Limestone	136,530	128,679
	<u>\$5,259,463</u>	<u>\$5,724,415</u>
 <u>Prepaid Expenses</u>		
Prepaid Insurance	\$430,238	\$423,799
Prepaid Maintenance Contracts	212,153	270,452
Economic Development Pledge	8,505	8,505
GP Strategies operator training program	5,125	5,100
IA Dept Comm Global Warming	---	52,599
IAMU-annual dues	16,292	14,810
IDNR lease	---	8,663
IDNR Title V emission fee	---	75,950
NERC-quarterly assessment	11,102	12,283
OATI Digital Certificates	10,725	---
Travel advances	27,547	25,058
SOS International, LLC	12,129	---
Other Prepaid Expenses	(301)	7,431
	<u>\$733,515</u>	<u>\$904,650</u>
 <u>Current Liabilities</u>		
<u>Accounts Payable (amounts over \$10,000 itemized)</u>		
Water bills	\$23,425	\$33,008
Communications bills	13,812	13,812
Alliant Energy - gas	4,257	16,664
Altorfer - dozer repair	20,940	---
American Electric Power - rail car repairs	69,837	---
Associated Computer Systems - Microsoft Exchange	---	35,416
Baker Hughes - Mark VIE upgrade	54,265	---
Bank of America - supplies	23,747	15,279
Benetech - dust suppressant	---	22,566

Black & Veatch - transmission study	9,129	21,053
Buckskin Mining Company - coal	290,855	286,156
Burlington Northern - coal transport/railcar rpr	---	449,022
Canadian Pacific Railway - coal transport	65,646	110,181
City of Muscatine - Miss Dr project/wastewater/sanitation	111,876	40,866
Cogsdale - business system implementation	109,745	26,304
Cottingham & Butler -workers comp claims	18,954	12,294
Fluid Technology Corp - svc elbow	---	13,856
GE Energy Services - #9 turbine overhaul	48,957	---
Gerard Chimney Company - #8 water blasting	49,957	---
Graybar Electric Co - training/parts	9,092	29,979
Heuer Construction - parking lot	10,037	---
IDNR - Title V Fee	128,404	---
Iowa Chicago & Eastern RR - coal transportation	38,930	38,930
Iowa Utilities Board - assessment	10,536	10,235
Jefferies Refined Coal - refined coal	---	2,239,143
Kone - elevator inspections	---	11,781
Leidos Engineering - power supply study	---	22,600
MidAmerican Energy - joint trans line maint	11,000	86,250
MISO - purch power/trans svc/admin fee	2,303,357	749,153
Mostardi Platt - emissions testing	8,068	70,596
Nalco - chemicals	---	69,411
Open Systems Intl - yearly support	---	64,332
Ovivo USA LLC - liners	10,339	---
Power System Engineering - South Sub autotransformer	---	37,523
Resco - switchgears/wire	---	63,215
RMB Consulting & Research - environmental consult	---	11,880
Rosemount Inc - chambers	17,879	---
Seal & Stripe Inc - asphalt repair	---	10,095
South Fork Wind - energy	109,698	---
Tenaska - monthly fee	17,500	---
Trackmasters - track repairs	---	53,618
Trinity Consultants - emissions audit	---	33,633
Van Meter - batteries/conduit/connectors	10,446	10,755
Visa - travel	13,223	12,336
Walt Lambach - fire ext inspection	---	13,628
Other	91,393	265,313
	<u>\$3,705,304</u>	<u>\$5,000,883</u>

Miscellaneous Accrued Expenses

Interest on Customer Deposits	\$83,217	\$87,605
Sales/Use Tax Collections Payable	76,898	65,309
Payroll Tax Collections Payable	149,656	155,578
Workers' Comp Self Insurance Reserves	346,139	404,747
Comp Time Payable	31,269	52,715
Employee team bank	59,534	62,177
	<u>\$746,713</u>	<u>\$828,131</u>

Muscatine Power and Water

Water Utility

Statement of Revenues, Expenses and Changes in Net Position

September 2017

**Muscatine Power and Water
Water Utility**

Table of Contents

	Page
Classification of Water Distribution.....	1
Statements of Revenues, Expenses, and Changes in Net Position.....	2-3
Statements of Net Position.....	4-5
Statements of Cash Flows.....	6-7
Summary of Expenses.....	8-11
Statistical Data.....	12

Muscatine Power and Water - Water Utility
Classification of Water Distribution
Current Month - September 2017

	<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>Water Distribution - 1,000 Gallons</u>					
Contract Customers	724,402	(0.2)	723,048	(3.1)	745,921
Power Plants	56,500	(50.8)	27,821	(60.8)	70,908
Residential	41,818	3.4	43,231	11.1	38,898
Commercial	39,635	0.5	39,850	15.1	34,622
Total Metered Customers	862,355	(3.3)	833,950	(6.3)	890,349
Rated Customers - Estimate	---	---	15	1.1X	7
City Use, Line Loss, Cycle Billing	51,741	(3.3)	50,037	(6.3)	53,421
Total Water Pumped	914,096	(3.3)	884,002	(6.3)	943,777

Calendar Year-to-Date

	<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>Water Distribution - 1,000 Gallons</u>					
Contract Customers	6,105,896	1.6	6,201,441	1.1	6,130,971
Power Plants	482,306	(10.5)	431,629	(35.8)	672,088
Residential	349,401	(2.9)	339,235	(0.5)	340,916
Commercial	290,474	(0.7)	288,313	5.9	272,202
Total Metered Customers	7,228,077	0.5	7,260,618	(2.1)	7,416,177
Rated Customers - Estimate	---	---	127	47.7	86
City Use, Line Loss, Cycle Billing	433,685	0.5	435,637	(2.1)	444,971
Total Water Pumped	7,661,762	0.5	7,696,382	(2.1)	7,861,234

Muscatine Power and Water - Water Utility
Statements of Revenues, Expenses, and Changes in Net Position
Current Month - September 2017

	Budget		% Increase (Decrease) from Budget	% Increase (Decrease) from Last Year			Last Year	
	Estimate	Avg. Price		This Year	Avg. Price	Year	Last Year	Avg. Price
<u>Sales of Water</u>								
Contract Customers	\$285,303	\$ 0.39385	2.5	\$292,423	\$ 0.40443	3.7	\$281,869	\$ 0.37788
Power Plants	26,262	0.46481	(11.3)	23,300	0.83749	(29.2)	32,889	0.46383
Residential	169,081	4.04326	2.2	172,784	3.99672	8.2	159,721	4.10615
Commercial	68,678	1.73276	(9.4)	62,214	1.56119	13.7	54,717	1.58041
Water Sales	549,324	0.63700	0.3	550,721	0.66038	4.1	529,196	0.59437
<u>Other Revenue</u>								
Penalty Revenue	845		67.0	1,411		38.2	1,021	
Merchandise & Job Sales-Net	917		(28.2)	658		74.1	378	
Miscellaneous Revenue	991		-2.5X	(1,450)		-3.3X	635	
Total Other Revenue	2,753		(77.5)	619		(69.6)	2,034	
Operating Revenue	552,077		(0.1)	551,340		3.8	531,230	
<u>Operating Expense</u>								
Operation	354,887		(6.5)	331,994		0.4	330,651	
Maintenance	43,369		94.0	84,144		80.0	46,758	
Depreciation	65,294		(1.3)	64,466		5.2	61,304	
Total Operating Expense	463,550		3.7	480,604		9.5	438,713	
Operating Income	88,527		(20.1)	70,736		(23.5)	92,517	
<u>Nonoperating Revenues (Expenses)</u>								
Interest Income	129		56.6X	7,426		134.0X	55	
Interest Expense	(30,875)		28.8	(39,754)		54.8X	(712)	
Net Nonoperating Revenues (Expenses)	(30,746)		5.1	(32,328)		48.2X	(657)	
Net Income (Loss) before Capital Contributions	57,781		(33.5)	38,408		(58.2)	91,860	
Capital Contributions	---		---	---		---	41,714	
Change in Net Position	57,781		(33.5)	38,408		(71.2)	133,574	
Beginning Net Position	16,370,129			16,500,999			16,260,328	
Ending Net Position	\$16,427,910			\$16,539,407			\$16,393,902	
Net Income (Loss) to Operating Revenue	10.5			7.0			17.3	
Debt Service Coverage	4.59			2.81			56.02	

Muscatine Power and Water - Water Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - September 2017

	Budget		% Increase (Decrease) from Budget	This Year	% Increase (Decrease) from Last Year		Last Year	Avg. Price
	Estimate	Avg. Price			Avg. Price	Year		
Sales of Water								
Contract Customers	\$2,433,750	\$ 0.39859	4.2	\$2,535,624	\$ 0.40888	8.1	\$2,346,670	\$ 0.38276
Power Plants	238,552	0.49461	7.1	255,584	0.59214	(11.7)	289,372	0.43056
Residential	1,469,190	4.20488	(0.2)	1,465,815	4.32094	4.4	1,403,682	4.11738
Commercial	496,610	1.70965	(1.5)	489,312	1.69716	8.9	449,263	1.65048
Water Sales	4,638,102	0.64168	2.3	4,746,335	0.65371	5.7	4,488,987	0.60530
Other Revenue								
Penalty Revenue	6,760		16.0	7,841		11.5	7,031	
Merchandise & Job Sales-Net	8,252		25.0	10,315		76.1	5,858	
Miscellaneous Revenue	10,798		5.7	11,414		10.1	10,367	
Total Other Revenue	25,810		14.6	29,570		27.1	23,256	
Operating Revenue	4,663,912		2.4	4,775,905		5.8	4,512,243	
Operating Expense								
Operation	3,115,102		(5.0)	2,958,789		2.7	2,881,176	
Maintenance	677,045		23.9	839,084		96.3	427,445	
Depreciation	587,646		(1.3)	580,112		5.1	551,744	
Total Operating Expense	4,379,793		---	4,377,985		13.4	3,860,365	
Operating Income	284,119		40.1	397,920		(39.0)	651,878	
Nonoperating Revenues (Expenses)								
Interest Income	793		18.8X	15,703		25.5X	592	
Interest Expense	(325,095)		5.3	(342,309)		48.9X	(6,865)	
Net Nonoperating Revenues (Expenses)	(324,302)		0.7	(326,606)		51.1X	(6,273)	
Net Income (Loss) before Capital Contributions								
Contributions	(40,183)		-2.8X	71,314		(89.0)	645,605	
Capital Contributions	---		---	---		---	78,584	
Change in Net Position	(40,183)		-2.8X	71,314		(90.2)	724,189	
Beginning Net Position	16,468,093			16,468,093			15,669,713	
Ending Net Position	\$16,427,910			\$16,539,407			\$16,393,902	
Net Income (Loss) to Operating Revenue	(0.9)			1.5			14.3	
Debt Service Coverage	7.11			5.54			48.83	

Muscatine Power and Water - Water Utility
Statements of Net Position
September 2017

ASSETS

	<u>2017</u>	<u>2016</u>
Current Assets:		
<u>Unrestricted Assets</u>		
Cash - interest bearing	\$553,331	\$829,847
Receivables:		
Consumer Accounts	763,626	688,610
Interest	31	3
Inventories	344,317	370,192
Prepaid Expenses	38,841	37,219
	<hr/>	<hr/>
Total Unrestricted Current Assets	1,700,146	1,925,871
	<hr/>	<hr/>
<u>Restricted Assets</u>		
Cash - interest bearing	8,474,505	35,274
	<hr/>	<hr/>
	8,474,505	35,274
	<hr/>	<hr/>
Total Current Assets	10,174,651	1,961,145
	<hr/>	<hr/>
Non-Current Assets:		
Unamortized debt issuance costs	57,632	---
	<hr/>	<hr/>
Property and Equipment:		
At Cost	35,500,797	30,181,323
Less Accumulated Depreciation	11,072,567	11,018,657
	<hr/>	<hr/>
Net Property and Equipment	24,428,230	19,162,666
	<hr/>	<hr/>
Deferred Outflows of Resources - Pension		
Changes of Assumptions	120,280	120,280
Difference between projected and actual earnings on pension plan	294,580	54,648
Contributions subsequent to measurement date	366,562	387,245
	<hr/>	<hr/>
Total Deferred Outflows of Resources - Pension	781,422	562,173
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$35,441,935</u>	<u>\$21,685,984</u>

Muscatine Power and Water - Water Utility
Statements of Net Position
September 2017

LIABILITIES AND NET POSITION

	<u>2017</u>	<u>2016</u>
Current Liabilities:		
<u>Payable from Unrestricted Assets</u>		
Accounts Payable	\$451,270	\$227,490
Health & Dental Insurance Provision	31,680	30,320
Retained Percentage on Contracts	51,420	12,316
Consumer Advances for Construction	90,745	6,595
Accrued Payroll	36,339	34,426
Accrued Vacation	132,537	125,048
Accrued Property Taxes	2,330	1,019
Miscellaneous Accrued Expenses	67,265	69,616
	<hr/>	<hr/>
Total Payable from Unrestricted Assets	863,586	506,830
<u>Payable from Restricted Assets</u>		
State Revolving Loan	32,000	31,000
Accrued Interest	147,785	4,685
	<hr/>	<hr/>
Total Payable from Restricted Assets	179,785	35,685
	<hr/>	<hr/>
Total Current Liabilities	1,043,371	542,515
Non-Current Liabilities:		
State Revolving Loan	68,000	100,000
Notes Payable to Electric Utility	---	2,900,000
Water Revenue Bond Series 2017	15,846,184	---
Health & Dental Insurance Provision	59,482	44,619
Post-Employment Health Benefit Provision	41,939	39,009
Net Pension Liability	1,382,687	1,127,614
Consumer Advances for Construction	198,569	290,241
	<hr/>	<hr/>
Total Non-Current Liabilities	17,596,861	4,501,483
	<hr/>	<hr/>
Deferred Inflows of Resources - Pension	262,296	248,084
	<hr/>	<hr/>
Net Position:		
Net Investment in Capital Assets	24,038,916	18,734,830
Restricted	8,326,720	30,589
Unrestricted	(15,826,229)	(2,371,517)
	<hr/>	<hr/>
Total Net Position	16,539,407	16,393,902
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET POSITION	<u>\$35,441,935</u>	<u>\$21,685,984</u>

Muscatine Power and Water - Water Utility
Statements of Cash Flows
September 2017

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Water sales	\$516,017	\$4,679,320
Miscellaneous sources	541	23,685
Cash paid to/for:		
Suppliers	(223,595)	(1,652,308)
Employees payroll, taxes and benefits	(223,174)	(2,009,180)
Net cash flows from operating activities	<u>69,789</u>	<u>1,041,517</u>
Cash flows from capital and related financing activities:		
State revolving loan fund principal payments	---	(31,000)
State revolving loan interest payments	---	(2,293)
Loan from electric utility	---	3,100,000
Loan from electric utility interest payments	---	(6,218)
Electric loan principal payment	---	(6,000,000)
Water revenue bond series 2017 proceeds	---	15,872,296
Water revenue bond series 2017 issuance costs	---	(270,277)
Capital expenditures, net	(375,740)	(5,575,216)
Net cash flows from capital and related financing activities	<u>(375,740)</u>	<u>7,087,292</u>
Cash flows from investing activities:		
Interest received on investments	<u>7,426</u>	<u>15,681</u>
Net cash flows from investing activities	<u>7,426</u>	<u>15,681</u>
Net increase (decrease) in cash and investments	<u>(298,525)</u>	<u>8,144,490</u>
Cash and investments at beginning of period	<u>9,326,361</u>	<u>883,346</u>
Cash and investments at end of period	<u><u>\$9,027,836</u></u>	<u><u>\$9,027,836</u></u>

Muscatine Power and Water - Water Utility
Statements of Cash Flows
September 2017

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$70,736	\$397,920
Noncash item in operating income:		
Depreciation of utility plant	64,466	580,112
Change in deferred outflows of resources - pension	(28,550)	(57,100)
Changes in assets and liabilities:		
Consumer accounts receivable	(37,211)	(62,278)
Inventories	11,998	12,650
Prepaid and deferred expenses	4,299	14,902
Accounts payable	(48,118)	(10,691)
Net pension liability	13,799	124,192
Health & dental insurance provision	11,544	28,240
Other post-employment benefit provision	279	2,117
Retained percentage	(4,456)	50,637
Accrued payroll	8,736	(40,705)
Accrued vacation	2,595	3,023
Accrued property taxes	745	971
Unearned revenue	---	(2,300)
Miscellaneous accrued expenses	(1,073)	(173)
	<u>\$69,789</u>	<u>\$1,041,517</u>
Net cash flows from operating activities	<u>\$69,789</u>	<u>\$1,041,517</u>

Muscatine Power and Water - Water Utility
Summary of Expenses
Current Month - September 2017

<u>Source of Supply</u>	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
Operation Supervision (600)	\$3,364		\$3,465		\$3,524	
Operation Labor and Expenses (601)	1,037		1,027		1,540	
Miscellaneous Expense (603)	330		255		613	
Maintenance of Wells (614)	---		---		---	
Maintenance of Supply Mains (616)	760		---		925	
Depreciation (618)	9,494		9,525		9,014	
Total Source of Supply Expense	14,985	2.7	14,272	2.6	15,616	2.9
<u>Pumping</u>						
Operation Supervision (620)	3,487		3,791		3,915	
Fuel or Power Purchased (623)	98,804		83,693		88,759	
Pumping Labor and Expenses (624)	4,595		4,098		5,050	
Miscellaneous Expense (626)	262		236		295	
Maintenance of Structures (631)	449		---		---	
Maintenance of Pumping Equipment (632/633)	3,558		9,156		2,592	
Depreciation (634)	6,382		6,294		6,024	
Total Pumping Expense	117,537	21.3	107,268	19.5	106,635	20.1
<u>Water Treatment</u>						
Operation Supervision (640)	3,074		3,451		3,558	
Chemicals (641)	18,917		18,078		20,757	
Operation Labor and Expenses (642)	12,802		11,942		13,017	
Miscellaneous Expense (643)	207		756		944	
Maintenance of Structures (651)	665		30		46	
Maintenance of Purification Equip. (652)	2,168		175		1,121	
Depreciation (654)	3,518		3,262		3,229	
Total Water Treatment Expense	41,351	7.5	37,694	6.8	42,672	8.0
<u>Distribution</u>						
Operation Supervision (660)	3,573		3,610		3,775	
Storage Facilities Expense (661)	4,512		5,805		5,560	
Trans. & Distr. Lines Expense (662)	6,490		13,121		12,034	
Meter Expense (663)	9,575		6,451		6,730	
Consumer Installation Expense (664)	11,129		4,589		6,004	
Miscellaneous Expense (665)	15,364		9,010		14,664	
Vehicle Expense (667)	4,494		4,818		3,023	
Maintenance:						
Supervision (670)	3,939		4,739		4,980	
Structures (671)	157		474		---	
Reservoirs and Standpipes (672)	64		1,063		828	
Mains (673)	15,995		51,196		10,826	
Valves (674)	4,775		3,349		15,463	
Meters (676)	1,800		1,493		1,632	
Hydrants (677)	1,115		7,115		489	
Miscellaneous Plant (678)	2,969		2,015		4,992	
Vacation, Holiday, Sick Leave (679)	16,320		15,639		16,183	
Depreciation (680)	38,251		36,184		35,403	
Total Distribution Expense	\$140,522	25.5	\$170,671	31.0	\$142,586	26.8

Muscatine Power and Water - Water Utility
Summary of Expenses
Calendar Year-to-Date - September 2017

<u>Source of Supply</u>	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
Operation Supervision (600)	\$30,328		\$31,557		\$27,698	
Operation Labor and Expenses (601)	9,331		9,233		8,954	
Miscellaneous Expense (603)	3,055		6,132		3,793	
Maintenance of Wells (614)	100,000		114,711		37,000	
Maintenance of Supply Mains (616)	6,839		104		7,365	
Depreciation (618)	<u>85,441</u>		<u>85,728</u>		<u>81,132</u>	
Total Source of Supply Expense	<u>234,994</u>	5.0	<u>247,465</u>	5.2	<u>165,942</u>	3.7
<u>Pumping</u>						
Operation Supervision (620)	33,160		35,389		31,633	
Fuel or Power Purchased (623)	801,835		752,370		745,601	
Pumping Labor and Expenses (624)	41,167		40,630		48,452	
Miscellaneous Expense (626)	2,358		2,688		2,916	
Maintenance of Structures (631)	4,036		272		91	
Maintenance of Pumping Equipment (632/633)	157,497		198,918		99,209	
Depreciation (634)	<u>57,439</u>		<u>56,646</u>		<u>54,215</u>	
Total Pumping Expense	<u>1,097,492</u>	23.5	<u>1,086,913</u>	22.8	<u>982,117</u>	21.8
<u>Water Treatment</u>						
Operation Supervision (640)	30,114		32,415		30,260	
Chemicals (641)	170,254		161,378		169,171	
Operation Labor and Expenses (642)	130,831		136,594		135,312	
Miscellaneous Expense (643)	22,213		17,004		8,490	
Maintenance of Structures (651)	13,621		8,222		5,275	
Maintenance of Purification Equip. (652)	15,216		24,061		15,072	
Depreciation (654)	<u>31,659</u>		<u>29,355</u>		<u>29,062</u>	
Total Water Treatment Expense	<u>413,908</u>	8.9	<u>409,029</u>	8.6	<u>392,642</u>	8.7
<u>Distribution</u>						
Operation Supervision (660)	32,375		33,490		31,160	
Storage Facilities Expense (661)	37,237		49,582		45,650	
Trans. & Distr. Lines Expense (662)	45,803		53,770		55,051	
Meter Expense (663)	86,592		80,794		76,393	
Consumer Installation Expense (664)	84,319		43,347		44,003	
Miscellaneous Expense (665)	144,446		130,714		131,183	
Vehicle Expense (667)	41,729		52,999		31,986	
Maintenance:						
Supervision (670)	42,641		45,780		43,503	
Structures (671)	3,416		3,269		9,091	
Reservoirs and Standpipes (672)	35,572		16,702		8,586	
Mains (673)	150,669		269,267		58,050	
Valves (674)	41,694		48,189		58,254	
Meters (676)	18,071		9,253		17,228	
Hydrants (677)	18,627		36,847		3,867	
Miscellaneous Plant (678)	26,724		30,806		39,532	
Vacation, Holiday, Sick Leave (679)	128,354		128,992		114,071	
Depreciation (680)	<u>344,263</u>		<u>325,576</u>		<u>318,626</u>	
Total Distribution Expense	<u>\$1,282,532</u>	27.5	<u>\$1,359,377</u>	28.5	<u>\$1,086,234</u>	24.1

Muscatine Power and Water - Water Utility
Summary of Expenses
Current Month - September 2017

	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Customer Service Expense</u>						
Customer Information Expense (909)	<u>\$669</u>	0.1	<u>\$974</u>	0.2	<u>\$431</u>	0.1
<u>Consumer Accounts</u>						
Supervision (901)	1,426		1,161		1,591	
Meter Reading Expense (902)	3,893		4,170		3,606	
Consumer Records and Collection (903)	16,576		15,430		14,874	
Uncollectible Accounts Expense (904)	1,104		1,104		1,049	
Vacation, Holiday, Sick Leave (906)	<u>2,504</u>		<u>2,138</u>		<u>3,332</u>	
Total Consumer Accounts Expense	<u>25,503</u>	4.6	<u>24,003</u>	4.4	<u>24,452</u>	4.6
<u>Administrative and General</u>						
Administrative and General Salaries (920)	22,950		19,733		21,695	
Office Supplies and Expenses (921)	1,906		2,154		1,460	
Outside Services Employed (923)	5,178		15,907		3,251	
Property Insurance (924)	1,809		1,760		1,698	
Casualty Ins, Injuries & Damages (925)	4,798		4,120		5,361	
Employee Pensions and Benefits (926)	63,031		62,937		54,824	
Fringe Benefits Charged to Constr. (927)	(10,743)		(11,174)		(11,393)	
Miscellaneous General Expense (930)	10,417		7,768		8,784	
Rents (931)	6,279		6,279		6,096	
Maintenance of General Plant (932)	4,955		3,339		2,864	
Vacation, Holiday, Sick Leave (936)	4,754		3,698		4,047	
Depreciation (933)	<u>7,649</u>		<u>9,201</u>		<u>7,634</u>	
Total Administrative and General	<u>122,983</u>	22.3	<u>125,722</u>	22.8	<u>106,321</u>	20.0
Total Operating Expense	<u><u>\$463,550</u></u>		<u><u>\$480,604</u></u>		<u><u>\$438,713</u></u>	
Percent to Operating Revenue		84.0		87.2		82.6

Muscatine Power and Water - Water Utility
Summary of Expenses
Calendar Year-to-Date - September 2017

	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Customer Service Expense</u>						
Customer Information Expense (909)	<u>\$11,158</u>	0.2	<u>\$6,419</u>	0.1	<u>\$6,738</u>	0.1
<u>Consumer Accounts</u>						
Supervision (901)	12,589		12,375		12,914	
Meter Reading Expense (902)	34,142		37,473		33,751	
Consumer Records and Collection (903)	147,239		139,862		134,925	
Uncollectible Accounts Expense (904)	9,935		9,936		9,441	
Vacation, Holiday, Sick Leave (906)	<u>18,954</u>		<u>18,147</u>		<u>20,264</u>	
Total Consumer Accounts Expense	<u>222,859</u>	4.8	<u>217,793</u>	4.6	<u>211,295</u>	4.7
<u>Administrative and General</u>						
Administrative and General Salaries (920)	202,627		187,013		194,044	
Office Supplies and Expenses (921)	16,758		17,529		14,867	
Outside Services Employed (923)	52,936		27,689		16,300	
Property Insurance (924)	15,946		15,652		15,371	
Casualty Ins, Injuries & Damages (925)	43,580		42,766		79,915	
Employee Pensions and Benefits (926)	566,911		556,834		508,594	
Fringe Benefits Charged to Constr. (927)	(83,668)		(78,002)		(82,075)	
Miscellaneous General Expense (930)	97,720		76,041		87,460	
Rents (931)	56,513		56,513		54,867	
Maintenance of General Plant (932)	42,422		32,683		25,322	
Vacation, Holiday, Sick Leave (936)	36,261		33,464		32,023	
Depreciation (933)	<u>68,844</u>		<u>82,807</u>		<u>68,709</u>	
Total Administrative and General	<u>1,116,850</u>	23.9	<u>1,050,989</u>	22.0	<u>1,015,397</u>	22.5
Total Operating Expense	<u>\$4,379,793</u>		<u>\$4,377,985</u>		<u>\$3,860,365</u>	
Percent to Operating Revenue		93.9		91.7		85.6

Muscatine Power and Water - Water Utility
Statistical Data
Current Month - September 2017

	<u>2017</u>		<u>2016</u>	
	<u>Pumped</u>	<u>Sold</u>	<u>Pumped</u>	<u>Sold</u>
Average Revenue Per 1,000 Gallons	0.623	0.660	0.561	0.594
Cost Per 1,000 Gallons	<u>0.544</u>	<u>0.576</u>	<u>0.465</u>	<u>0.493</u>
Margin	<u>0.079</u>	<u>0.084</u>	<u>0.096</u>	<u>0.102</u>

	<u>2017</u>	<u>2016</u>
Maximum Daily Water Pumped (1,000 gallons)	31,798	31,857
Date of Maximum	09/21	09/29

Calendar Year-to-Date

	<u>2017</u>		<u>2016</u>	
	<u>Pumped</u>	<u>Sold</u>	<u>Pumped</u>	<u>Sold</u>
Average Revenue Per 1,000 Gallons	0.617	0.654	0.571	0.605
Cost Per 1,000 Gallons	<u>0.569</u>	<u>0.603</u>	<u>0.491</u>	<u>0.521</u>
Margin	<u>0.048</u>	<u>0.051</u>	<u>0.080</u>	<u>0.085</u>

	<u>2017</u>	<u>2016</u>
Maximum Daily Water Pumped (1,000 gallons)	32,963	34,405
Date of Maximum	08/30	08/09

Services

Contract Customers	2	2
Power Plants	2	2
Residential	8,786	8,767
Commercial	<u>1,083</u>	<u>1,084</u>
Total	<u><u>9,873</u></u>	<u><u>9,855</u></u>

Water Utility
Review of Operating Results
September 2017

MUSCATINE POWER AND WATER - WATER UTILITY
VARIANCES FROM BUDGETED NET POSITION - September 30, 2017

(Unfavorable)/
Favorable
Compared to
Budget

Sales of Water

Contract Customers	\$ 108,678	GPC consumption is 2.4% higher than budgeted, along with a higher billing rate
	17,032	Power plants' consumption is 5.2% lower than budgeted, offset by a higher billing rate
	(7,298)	Commercial consumption is 0.9% lower than budgeted offset by higher billing rate
	(3,375)	Residential consumption is 3.8% lower than budgeted, partially offset by higher billing rate
	(6,804)	Heinz's consumption is 4.6% lower than budgeted, offset by a higher billing rate
	<u>108,233</u>	

Other Revenue

Merchandise & Job Sales-Net	2,063	Higher job sales revenue
Miscellaneous Revenue	1,697	Other miscellaneous variances
	<u>3,760</u>	

Operating Expense

Operation	49,465	Lower fuel/power purchased due to 0.5% higher cost per kWh, 1.2% more gallons pumped pumped, offset by 3.9% lower kWh consumed
	5,377	Lower chemicals than budgeted due to lower price/unit and lower phosphate lbs used
	6,087	Lower cost of lab supplies and chemicals
	5,400	Lower cost of road rock at well fields
	(10,696)	East Hill and West Hill electricity higher than budgeted
	4,000	RPZ replacement costs budgeted in February and not yet incurred
	(6,366)	Higher cost of inventory adjustments
	4,325	Promotional/education materials
	8,400	Succession planning costs not incurred yet
	4,355	Lower legal costs than budgeted
	2,445	Lower organizational development costs than budgeted
	2,628	Employee search services not incurred yet
	(1,373)	IS review not budgeted
	7,617	Lower cost of water cost of services study
	11,864	Lower health care cost
	(6,480)	Temp services higher than budgeted
	7,877	Travel and training lower than budgeted
	62,988	Lower labor, sick, personal and vacation expense
	(1,600)	Other miscellaneous variances - net
	<u>156,313</u>	

Maintenance

	5,183	Maintenance labor under budget
	(5,990)	Vacuum regulator, yoke assembly, chlorine injector and spare pump repairs not budgeted
	2,550	Supply main repairs lower than budget
	3,593	Lower cost of pumping structures maintenance
	3,410	Lower cost of water treatment structures maintenance
	(123,406)	Street and concrete repairs more than budgeted in maintenance of mains
	8,620	Lower cost of general plant maintenance agreements
	4,958	Lower cost of meter repairs
	(10,311)	Temp labor for hydrant painting is over budget
	14,000	Reservoir drain line project not yet begun
	21,000	Budgeted tank inspection and tower cleaning/painting not incurred through August
	(14,711)	Well cleaning (some budgeted in 2016 and completed in 2017), behind schedule for 2017
	(56,994)	Maintenance of well #23 budgeted in 2016
	(13,941)	Other miscellaneous variances - net
	<u>(162,039)</u>	

Depreciation

7,534

Nonoperating Revenue (Expense)

Interest Income	14,910	Water bond dividend interest not budgeted
Interest Expense	(17,214)	Higher borrowing than budgeted
	<u>(2,304)</u>	

Change in Net Loss before Capital Contributions

111,497

Capital Contributions

-

Change in Net Position

\$ 111,497 Total Variance in Budgeted Net Position

Statements of Revenues, Expenses and Changes in Net Position

Sales of Water

Contract customers' water usage is 1.6% higher than budgeted, resulting in \$101,874 more revenue. GPC's usage was 2.3% higher than budget along with a 2.6% higher billing rate, resulting in \$108,678 more revenue. Heinz's usage was 6.7% lower than budget, offset by 3.9% higher billing rate, resulting in \$6,805 less revenue. Power plants' revenue was \$17,032 or 7.1% higher than budget due to a 19.7% higher billing rate offset by 10.5% lower usage. Residential customers' water usage is 2.9% lower than budgeted, offset by a 2.8% higher billing rate, resulting in \$3,375 less revenue. Commercial customers' water usage is 0.7% lower than budgeted with a 0.7% lower billing rate, resulting in \$7,298 less revenue.

Year-To-Date Summary of Expenses

Source of Supply

Miscellaneous Expense – (603)

Lawncare expense is \$2,934 higher than budgeted through September.

Maintenance of Wells – (614)

Well cleaning leftover from 2016 was completed in January and February, totaling \$42,374. 2017 well cleaning was budgeted at \$100,000 through September with only \$72,337 expended to date.

Maintenance of Supply Mains – (616)

Production department labor and materials are under budget \$4,289 and \$2,550, respectively, due to fewer repairs.

Pumping

Fuel or Purchased Power – (623)

The kWh consumed were 6.5% fewer than budgeted, offset by a 0.3% higher cost per kWh and 0.5% higher gallons pumped, resulting in \$49,465 lower expense.

	<u>2017 Budget</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
Fuel or Power Purchased	\$801,835	\$752,370	\$745,601
1,000 Gallons Pumped	<u>7,661,762</u>	<u>7,696,382</u>	<u>7,861,234</u>
Cost per 1,000 Gal. Pumped	\$0.1047	\$0.0978	\$0.0948
kWhs Consumed	12,544,375	11,734,053	12,628,020
kWh per 1,000 Gal. Pumped	1.64	1.52	1.61

Maintenance of Structures – (631)

Labor and materials are under budget by \$170 and \$3,593, due to fewer repairs.

Maintenance of Pumping Equipment – (632/633)

Well maintenance is over budget \$55,946, primarily due to repairs to Well 23 totaling \$56,994. RTU labor is under budget \$14,284, including \$12,093 in technical services department and \$2,191 in SCADA department.

Water TreatmentChemicals Expense – (641)

Chemical purchases, are \$8,035 less than budgeted primarily due to lower price/unit through July offset by higher fluoride usage.

1,000 Gal. Pumped	2017 Budget			2017 Actual			2016 Actual		
	Units	\$	Per Unit	Units	\$	Per Unit	Units	\$	Per Unit
	7,661,762			7,696,382			7,861,234		
Chlorine (lbs)	113,550	\$36,199	\$0.319	113,950	\$34,314	\$0.301	117,660	\$35,429	\$0.301
Hydrofluoro-silic Acid (lbs)	140,250	\$50,490	\$0.360	151,292	\$48,876	\$0.323	154,990	\$51,634	\$0.333
Phosphate (lbs)	81,225	\$83,565	\$1.029	82,385	\$78,188	\$0.949	85,950	\$82,109	\$0.956

Operation Labor and Expenses – (642)

Water production department labor is over budget by \$11,235 and lab supplies and chemicals are under budget by \$6,087.

Miscellaneous Expense – (643)

Road rock at well fields is \$5,400 less than budgeted through September.

Maintenance of Structures – (651)

Labor and materials are lower than budget by \$1,989 and \$3,410, respectively, due to lower cost of repairs.

Maintenance of Purification Equipment – (652)

Planning and scheduling department labor is over budget \$4,700. Materials are over budget \$5,990, due to purchases of a vacuum regulator, yoke assembly, chlorine injector, and a spare pump for Grandview that were not budgeted.

DistributionStorage Facilities Expense – (661)

Materials are over budget \$11,113 primarily due to East Hill Reservoir and West Hill Reservoir power bills higher than budgeted by \$7,416 and \$3,280, respectively.

Trans. & Distr. Lines Expense – (662)

Labor is over budget in the water production, distribution and material handling departments by \$1,601, \$1,972 and \$1,459, respectively. Materials are over budget by \$1,845.

Meter Expense – (663)

Metering department labor and materials are over budget by \$3,664 and \$1,881.

Consumer Installation Expense – (664)

Labor is under budget \$36,473 in the outside services department. Materials are under budget \$5,000 primarily due to \$4,000 RPZ replacement not incurred yet.

Distribution (cont'd)Miscellaneous Expense – (665)

Engineering tech, CAD, and Project Engineering department's labor expenses are less than budget by \$15,694, \$13,310, and \$12,622, respectively. Outside service supervisor and Supply Chain department's labor expenses are higher than budget by \$10,146 and \$4,695, respectively. Inventory adjustments are \$6,366 over budget. Engineering tech temp services are \$2,812 over budget. Project engineering department outside engineering services are \$3,047 over budget.

Vehicle Expense – (667)

Vehicle maintenance department labor is over budget by \$4,845. Vehicle repairs are over budget by \$8,215 and fuel expense is under budget by \$2,086.

Maintenance – Supervision – (670)

Labor is over budget in the planning and scheduling department by \$2,450.

Maintenance of Reservoirs and Standpipes – (672)

Materials are under budget primarily due to \$6,000 for inspection of tanks, \$15,000 for tower cleaning and painting and \$14,000 for reservoir drain line projects that have not begun yet. Labor is over budget by \$11,138.

Maintenance of Mains – (673)

Materials are over budget \$123,406 due to higher cost of landscaping and street and concrete repairs than budgeted.

Maintenance of Valves – (674)

Distribution and material handling department's labor expenses are over budget by \$4,820 and \$1,973, respectively.

Maintenance of Meters – (676)

Labor is under budget \$3,860 and materials are under budget \$4,958 due to fewer repairs.

Maintenance of Hydrants – (677)

Distribution and material handling department labor expense is over budget \$5,061 and \$1,106, respectively. Temp services are over budget \$10,311 for hydrant painting.

Miscellaneous Plant – (678)

Vehicle maintenance department labor is over budget \$3,382.

Depreciation – (680)

Depreciation is under budget due to reservoir, mains and other projects not completed in 2016.

Customer Information Expense – (909)

	<u>2017 Budget</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
Promotional Material/Education	\$4,450	\$125	\$1,436
Media Advertising	3,977	4,204	3,788
Newsletter	1,204	1,298	963
Billtrust	271	226	---
Presentation Materials	348	299	---
Postage	710	---	---
Customer awareness programs	---	141	---
Photo Library	198	126	126
Other	---	---	425
	<u>\$11,158</u>	<u>\$6,419</u>	<u>\$6,738</u>

Meter Reading Expense – (902)

Labor expense is over budget by \$6,896. Temp services expense is under budget by \$3,854.

Consumer Records and Collections – (903)

	<u>2017 Budget</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
Labor	\$109,691	\$98,866	\$97,024
Credit Card Processing	9,172	9,323	9,729
Bill Trust Expense	4,275	4,106	4,084
Postage	9,263	9,133	9,254
Temp Services	337	6,604	3,738
Fuel	1,350	725	634
Invoice Cloud	1,681	1,731	1,546
Collection Expense	3,562	3,251	3,057
IVR	641	552	563
Other Expenses	<u>7,267</u>	<u>5,571</u>	<u>5,296</u>
	<u>\$147,239</u>	<u>\$139,862</u>	<u>\$134,925</u>

Administrative and GeneralAdministrative and General Salaries – (920)

Labor is under budget \$15,614, primarily in information services and supply chain.

Administrative and General (cont'd)Outside Services Employed – (923)

	<u>Resp Code</u>	<u>2017 Budget</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
Organizational				
Development	120-Sal	\$5,250	\$2,805	\$781
Consulting Services	120-Sal	---	509	---
Succession Planning	110-Board	8,400	---	---
Legal Fees	140-Brandy	4,480	125	3,873
Labor Attorney	140-Brandy	900	---	158
Web Graphics	224-Rick	494	364	195
Insurance Advisor	310-Jerry	2,646	2,646	2,646
Audit Services	320-Cassie	2,940	2,577	3,220
Cost of Service Study	320-Cassie	23,000	15,383	---
IS Professional Svc	350-Greg	---	659	---
IS Review	350-Greg	---	1,373	---
Pension Study	410-Erika	---	---	2,488
Benefits Consulting	410-Erika	1,563	1,043	2,169
Employee Search				
Services	410-Erika	2,628	---	---
Other Expenses		<u>637</u>	<u>205</u>	<u>770</u>
		<u>\$52,938</u>	<u>\$27,689</u>	<u>\$16,330</u>

Employee Pensions and Benefits – (926)

	<u>2017 Budget</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
Health Care Cost	\$244,028	\$232,163	\$198,499
Pension	124,193	124,193	120,939
FICA	110,904	107,787	105,222
IPERS	38,234	42,026	35,688
Deferred comp utility match	21,840	21,992	22,534
Life, LTD & ADD	8,354	7,974	7,876
Dental	9,900	9,300	8,712
OPEB	2,707	2,117	2,436
Unemployment	525	1,023	---
Other Expenses	<u>6,226</u>	<u>8,259</u>	<u>6,688</u>
	<u>\$566,911</u>	<u>\$556,834</u>	<u>\$508,594</u>

Fringe Benefits Charged to Construction – (927)

More time has been charged to capital projects than projected.

Miscellaneous General Expense – (930)

Labor expenses are lower than budget by \$11,837, mostly in water production, distribution, environmental and safety and training departments. Materials are under budget \$9,842, mostly due to travel and training lower than budget by \$6,926 and continuous improvement supplies lower by \$2,516.

Administrative and General (cont'd)

Maintenance of General Plant – (932)

Maintenance agreements are under budget \$8,620 and memberships and subscriptions are under budget by \$1,610.

Depreciation – (933)

Depreciation is over budget \$13,963, primarily due to tools and equipment not budgeted.

Water Utility
Statement of Net Position Review
September 2017

	<u>2017</u>	<u>2016</u>
<u>Current Assets</u>		
<u>Receivables - Consumer Accounts</u>		
Customer Water Accounts	\$687,744	\$626,951
Customer Loan	4,833	—
Unbilled Revenue	68,790	65,128
Merchandise Accounts	11,207	2,873
Allowance for Doubtful Accounts	<u>(8,948)</u>	<u>(6,342)</u>
	<u>\$763,626</u>	<u>\$688,610</u>
<u>Inventories</u>		
Inventory	342,265	\$372,552
Stores Expense (a/c 163)	<u>2,052</u>	<u>(2,360)</u>
	<u>\$344,317</u>	<u>\$370,192</u>
<u>Prepaid Expenses</u>		
Prepaid Insurance	\$19,272	\$19,826
Prepaid Maintenance Contracts	20,111	18,778
Other Prepaid Expenses/Deposits	<u>(542)</u>	<u>(1,385)</u>
	<u>\$38,841</u>	<u>\$37,219</u>
<u>Current Liabilities</u>		
<u>Accounts Payable (amounts over \$2,500 itemized)</u>		
Electric bills	\$90,866	\$96,076
Alexander Chemical Corp - chlorine	4,824	4,824
Associated Computer Systems - Microsoft Exchange	—	3,061
Cahoy Pump Service - well construction	140,753	20,190
Carus Corp - phosphate	—	39,805
City of Muscatine - Mississippi Dr project	74,117	—
Cogsdale - business system implementation	9,484	—
Core & Main - hydrants & parts	7,031	—
Cottingham & Butler -workers comp claims	—	3,268
Dave Berg Consulting LLC - prof services	5,313	—
Greif Construction - main repair	—	2,900
HD Supply - hydrants	—	7,044
Heuer Construction - concrete repair	38,920	2,863
Hometown Plumbing & Heating - plumbing svcs	16,005	—
IPERS - pension	5,956	4,958
Metering & Tech Solutions - encoders	16,427	—
Mosaic Global Sales - chemical analysis	—	11,072
Municipal Supply - valves/shaft assemblies	4,967	—
USA Blue Book - pumps/wheel kit	—	2,553
Utility Equipment - tapping machine/valves/parts	8,968	—
Wendling Quarries - sand/stone	—	12,716
Other	<u>46,820</u>	<u>16,160</u>
	<u>\$470,451</u>	<u>\$227,490</u>
<u>Customer Advances for Construction</u>		
Lutheran Homes	\$59,640	\$6,000
Curry Trucking	30,815	—
Others	<u>290</u>	<u>595</u>
	<u>\$90,745</u>	<u>\$6,595</u>
<u>Miscellaneous Accrued Expenses</u>		
Sales/Use Tax Collections Payable	\$10,681	\$9,311
Payroll Tax Collections Payable	13,383	12,500
Employee Payroll Deductions	3,222	3,969
Workers' Comp Self Insurance Reserves	32,872	38,452
Comp Time Payable	<u>7,107</u>	<u>5,384</u>
	<u>\$67,265</u>	<u>\$69,616</u>

Muscatine Power and Water

Communications Utility

Statement of Revenues, Expenses and Changes in Net Position

September 2017

**Muscatine Power and Water
Communications Utility**

Table of Contents

	Page
Statements of Revenues, Expenses, and Changes in Net Position.....	1-2
Statements of Net Position.....	3-4
Statements of Cash Flows.....	5-6
Summary of Expenses.....	7-10
Statistical Data.....	11

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Position
Current Month - September 2017

	<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>Operating Revenue</u>					
CATV	\$609,127	(5.7)	\$574,305	(2.1)	\$586,669
Data/Internet	477,988	4.5	499,411	6.1	470,897
MAN	48,800	31.7	64,273	20.9	53,170
Miscellaneous	11,670	(5.8)	10,997	1.5	10,831
Total Operating Revenues	<u>1,147,585</u>	0.1	<u>1,148,986</u>	2.4	<u>1,121,567</u>
<u>Operating Expense</u>					
Operation	779,939	(5.6)	736,576	7.0	688,552
Maintenance	79,407	32.7	105,339	32.7	79,380
Depreciation	145,199	(7.1)	134,926	(3.2)	139,329
Total Operating Expenses	<u>1,004,545</u>	(2.8)	<u>976,841</u>	7.7	<u>907,261</u>
Operating Income	<u>143,040</u>	20.3	<u>172,145</u>	(19.7)	<u>214,306</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	418	7.0X	3,338	31.5	2,538
Interest Expense	(3,769)	---	(3,768)	(5.0)	(3,968)
Net Nonoperating Expense	<u>(3,351)</u>	(87.2)	<u>(430)</u>	(69.9)	<u>(1,430)</u>
Net Income before Capital Contributions	139,689	22.9	171,715	(19.3)	212,876
Capital Contributions	<u>1,722</u>	(40.9)	<u>1,018</u>	(35.5)	<u>1,579</u>
Change in Net Position	141,411		172,733		214,455
Beginning Net Position	<u>6,639,619</u>		<u>7,241,129</u>		<u>4,869,381</u>
Ending Net Position	<u>\$6,781,030</u>		<u>\$7,413,862</u>		<u>\$5,083,836</u>
Net Income (Loss) to Operating Revenue	12.2		14.9		19.0
Debt Service Coverage on Electric Utility Debt	6.58		7.07		8.12

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - September 2017

	<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>Operating Revenue</u>					
CATV	\$5,427,765	(4.7)	\$5,172,228	(2.2)	\$5,287,485
Data/Internet	4,248,450	3.7	4,405,231	7.0	4,117,250
MAN	439,200	27.9	561,651	17.8	476,708
Miscellaneous	<u>104,961</u>	(3.4)	<u>101,444</u>	4.0	<u>97,552</u>
Total Operating Revenues	<u>10,220,376</u>	0.2	<u>10,240,554</u>	2.6	<u>9,978,995</u>
<u>Operating Expense</u>					
Operation	7,001,971	(6.2)	6,565,376	2.4	6,408,822
Maintenance	779,853	(8.3)	715,070	0.1	714,471
Depreciation	<u>1,306,796</u>	(7.1)	<u>1,214,334</u>	(3.2)	<u>1,253,961</u>
Total Operating Expenses	<u>9,088,620</u>	(6.5)	<u>8,494,780</u>	1.4	<u>8,377,254</u>
Operating Income	<u>1,131,756</u>	54.3	<u>1,745,774</u>	9.0	<u>1,601,741</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	6,155	3.6X	28,354	67.1	16,966
Interest Expense	<u>(33,914)</u>	---	<u>(33,916)</u>	(5.0)	<u>(35,712)</u>
Net Nonoperating Expense	<u>(27,759)</u>	(80.0)	<u>(5,562)</u>	(70.3)	<u>(18,746)</u>
Net Income before Capital Contributions	1,103,997	57.6	1,740,212	9.9	1,582,995
Capital Contributions	<u>15,498</u>	(21.8)	<u>12,115</u>	(24.5)	<u>16,046</u>
Change in Net Position	1,119,495		1,752,327		1,599,041
Beginning Net Position	<u>5,661,535</u>		<u>5,661,535</u>		<u>3,484,795</u>
Ending Net Position	<u>\$6,781,030</u>		<u>\$7,413,862</u>		<u>\$5,083,836</u>
Net Income (Loss) to Operating Revenue	10.8		17.0		15.9
Debt Service Coverage on Electric Utility Debt	6.19		7.57		7.27

Muscatine Power and Water - Communications Utility
Statements of Net Position
September 2017

ASSETS

	<u>2017</u>	<u>2016</u>
Current Assets:		
Cash - interest bearing	\$5,900,208	\$3,933,252
Investments	---	4,000,000
Receivables:		
Consumer Accounts	1,358,863	1,285,138
Interest	3,198	15,033
Inventories	115,440	164,595
Prepaid Expenses	<u>236,221</u>	<u>125,809</u>
Total Current Assets	<u>7,613,930</u>	<u>9,523,827</u>
Property and Equipment:		
At Cost	39,521,789	34,318,091
Less Accumulated Depreciation	<u>28,017,562</u>	<u>26,869,049</u>
Net Property and Equipment	<u>11,504,227</u>	<u>7,449,042</u>
Deferred Outflows of Resources - Pension		
Changes of Assumptions	425,212	425,212
Difference between projected and actual earnings on pension plan	493,996	88,477
Contributions subsequent to measurement date	<u>476,281</u>	<u>554,505</u>
Total Deferred Outflows of Resources - Pension	<u>1,395,489</u>	<u>1,068,194</u>
TOTAL ASSETS	<u><u>\$20,513,646</u></u>	<u><u>\$18,041,063</u></u>

Muscatine Power and Water - Communications Utility
Statements of Net Position
September 2017

LIABILITIES AND NET POSITION

	<u>2017</u>	<u>2016</u>
Current Liabilities:		
<u>Payable from Unrestricted Assets</u>		
Accrued Interest	11,305	11,904
Accounts Payable	755,266	727,968
Health & Dental Insurance Provision	49,280	53,060
Retained Percentage on Contracts	65,559	999
Accrued Payroll	60,445	52,574
Accrued Vacation	185,082	176,323
Accrued Property Taxes	4,440	4,868
Unearned Revenue - Dark Fiber Lease	17,500	17,500
Miscellaneous Accrued Expenses	133,296	142,994
	<hr/>	<hr/>
Total Payable from Unrestricted Assets	1,282,173	1,188,190
<u>Payable from Restricted Assets</u>		
Notes Payable:		
Electric Utility	481,443	479,048
	<hr/>	<hr/>
Total Payable from Restricted Assets	481,443	479,048
	<hr/>	<hr/>
Total Current Liabilities	1,763,616	1,667,238
Non-Current Liabilities:		
Health & Dental Insurance Provision	99,510	114,900
Post-Employment Health Benefit Provision	72,724	68,496
Unearned Revenue - Dark Fiber Lease	216,354	233,854
Net Pension Liability	2,287,393	1,727,086
Notes Payable:		
Electric Utility	8,562,844	9,044,287
	<hr/>	<hr/>
Total Non-Current Liabilities	11,238,825	11,188,623
	<hr/>	<hr/>
Deferred Inflows of Resources - Pension	97,343	101,366
	<hr/>	<hr/>
Net Position:		
Net Investment in Capital Assets	11,022,784	6,969,994
Unrestricted	(3,608,922)	(1,886,158)
	<hr/>	<hr/>
Total Net Position	7,413,862	5,083,836
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET POSITION	<u>\$20,513,646</u>	<u>\$18,041,063</u>

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
September 2017

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$1,054,243	\$9,809,648
Advertising sales	25,669	234,481
Miscellaneous sources	8,996	98,405
Cash paid to/for:		
Suppliers	(422,971)	(4,160,292)
Employees payroll, taxes and benefits	(346,329)	(2,885,810)
Net cash flows from operating activities	<u>319,608</u>	<u>3,096,432</u>
Cash flows from capital and related financing activities:		
Capital expenditures, net	(640,895)	(5,457,582)
Loan interest payments	---	(22,611)
Net cash flows from capital and related financing activities	<u>(640,895)</u>	<u>(5,480,193)</u>
Cash flows from investing activities:		
Interest received on investments	<u>3,581</u>	<u>26,502</u>
Net cash flows from investing activities	<u>3,581</u>	<u>26,502</u>
Net decrease in cash and investments	<u>(317,706)</u>	<u>(2,357,259)</u>
Cash and investments at beginning of period	<u>6,217,914</u>	<u>8,257,467</u>
Cash and investments at end of period	<u><u>\$5,900,208</u></u>	<u><u>\$5,900,208</u></u>

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
September 2017

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$172,145	\$1,745,774
Noncash items in operating income:		
Converter/modem write-off	3,296	16,762
Depreciation of utility plant	134,926	1,214,334
Change in deferred outflows of resources - pension	(63,050)	(126,100)
Changes in assets and liabilities:		
Consumer accounts receivable	(55,833)	(6,445)
Inventories	6,960	28,072
Prepaid and deferred expenses	21,224	(129,471)
Accounts payable	18,555	85,655
Net pension liability	30,475	274,268
Health & dental insurance provision	12,608	(550)
Other post-employment benefit provision	391	2,965
Unearned revenue	(1,459)	(20,733)
Retained percentage on contracts	10,800	64,218
Accrued payroll	13,989	(44,896)
Accrued vacation	4,218	10,118
Accrued property taxes	(3,132)	(2,050)
Miscellaneous accrued expenses	13,495	(15,489)
	<u>\$319,608</u>	<u>\$3,096,432</u>
Net cash flows from operating activities	<u>\$319,608</u>	<u>\$3,096,432</u>

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - September 2017

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense (751-758)	\$377,264	\$353,130	\$347,370
Promotional Expense (960)	5,838	3,966	847
Electricity Expense (736)	2,235	2,667	2,657
Pole Attachment Expense (715)	1,967	1,967	1,967
Changes of Service (742)	1,169	571	1,518
Underground Line Expense (743)	9,153	4,926	4,039
Ad Insertion - Marketing/Production (964, 965)	15,988	7,305	7,294
Miscellaneous CATV Expense (710, 738, 739)	14,583	19,766	17,092
Vehicle Expense (760)	4,808	4,843	7,420
Maintenance:			
Fiber (711)	678	1,586	1,283
Coax (712)	1,262	1,015	2,222
Drops (713)	3,386	3,112	1,832
Conduit System (714)	1,674	2,226	1,321
Headend (721-725)	21,575	28,059	18,167
Line Equipment (731-735)	2,729	3,256	2,953
Converters (741)	3,858	2,125	2,400
Ad Insertion (966)	3,450	4,993	4,059
Vacation, Holiday, Sick Leave (799)	6,408	5,282	6,254
Property Taxes (794)	731	(99)	(410)
Depreciation (793)	84,951	76,631	82,721
	<hr/>	<hr/>	<hr/>
Total CATV	563,707	527,327	513,006
<u>Data/Internet</u>			
Data/Internet Access Charges (851-853)	28,019	26,397	16,641
Promotional Expense (961)	5,838	4,002	895
Electricity Expense (836)	394	346	332
Pole Attachment Expense (837)	346	346	346
Changes of Service (842)	206	190	268
Customer Wireless Equipment Expense (846)	---	240	---
Underground Line Expense (843)	393	1,642	713
Miscellaneous Data/Internet Expense (839, 844, 848)	5,199	8,868	6,372
Vehicle Expense (860)	803	587	907
Maintenance:			
Fiber (811)	117	661	226
Coax (813)	223	338	392
Drops (814)	2,314	1,037	323
Conduit System (816)	224	928	204
Headend (820, 821)	21,384	38,168	29,216
Line Equipment (831-835)	446	941	521
Modems (841)	4,805	3,774	5,121
Vacation, Holiday, Sick Leave (879)	3,273	3,016	2,727
Property Taxes (894)	129	(18)	(72)
Depreciation (893)	27,909	26,898	25,111
	<hr/>	<hr/>	<hr/>
Total Data/Internet	102,022	118,361	90,243

Muscatine Power and Water - Communications Utility
Summary of Expenses
Calendar Year-to-Date - September 2017

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense (751-758)	\$3,463,332	\$3,211,856	\$3,195,428
Promotional Expense (960)	58,411	12,292	6,282
Electricity Expense (736)	20,115	22,573	21,851
Pole Attachment Expense (715)	17,706	17,706	17,703
Changes of Service (742)	10,008	10,455	13,034
Underground Line Expense (743)	63,087	31,289	20,812
Ad Insertion - Marketing/Production (964, 965)	72,140	72,177	59,640
Miscellaneous CATV Expense (710, 738, 739)	129,146	166,088	142,366
Vehicle Expense (760)	44,182	37,044	49,078
Maintenance:			
Fiber (711)	6,422	5,645	8,526
Coax (712)	11,033	6,830	8,548
Drops (713)	30,360	21,105	18,814
Conduit System (714)	13,708	8,316	8,256
Headend (721-725)	191,930	174,301	157,576
Line Equipment (731-735)	25,238	26,098	44,152
Converters (741)	34,515	21,987	18,699
Ad Insertion (966)	31,019	43,824	43,592
Vacation, Holiday, Sick Leave (799)	49,004	56,587	46,185
Property Taxes (794)	6,578	2,410	2,511
Depreciation (793)	764,558	689,679	744,489
Total CATV	5,042,492	4,638,262	4,627,542
<u>Data/Internet</u>			
Data/Internet Access Charges (851-853)	238,673	236,958	228,302
Promotional Expense (961)	58,411	12,394	6,659
Electricity Expense (836)	3,546	3,063	3,459
Pole Attachment Expense (837)	3,114	3,114	3,114
Changes of Service (842)	1,766	3,485	2,300
Customer Wireless Equipment Expense (846)	---	240	---
Underground Line Expense (843)	2,881	9,979	3,673
Miscellaneous Data/Internet Expense (839, 844, 848)	47,780	72,934	59,080
Vehicle Expense (860)	7,223	4,459	5,958
Maintenance:			
Fiber (811)	1,109	2,352	1,499
Coax (813)	1,947	2,277	1,508
Drops (814)	20,797	6,986	3,320
Conduit System (816)	1,902	3,465	1,424
Headend (820, 821)	263,656	269,602	267,449
Line Equipment (831-835)	3,922	7,181	7,509
Modems (841)	40,039	30,311	47,058
Vacation, Holiday, Sick Leave (879)	24,828	23,929	23,195
Property Taxes (894)	1,156	424	445
Depreciation (893)	251,185	242,082	225,999
Total Data/Internet	973,935	935,235	891,951

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - September 2017

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN</u>			
Pole Attachment Expense (838)	\$1,079	\$1,179	\$1,179
Tools Expense (845)	208	337	---
Maintenance:			
Fiber (812)	374	3,153	703
Conduit System (817)	891	1,484	636
MAN Equipment (818, 819)	3,461	2,304	4,623
Vacation, Holiday, Sick Leave (899)	490	427	339
Property Taxes (896)	401	(55)	(225)
Depreciation (840)	22,135	22,038	21,854
Total MAN	29,039	30,867	29,109
<u>Customer Service Expense</u>			
Customer Information Expense (909)	2,354	1,445	782
<u>Consumer Accounts</u>			
Supervision (901)	2,778	2,260	3,098
Consumer Records and Collections (903)	47,622	54,018	43,566
Uncollectible Accounts Expense (904)	1,574	1,574	1,519
Vacation, Holiday, Sick Leave (906)	6,332	5,679	7,612
Total Consumer Accounts	58,306	63,531	55,795
<u>Administrative and General</u>			
Administrative and General Salaries (920)	80,537	75,455	76,429
Office Supplies and Expense (921)	4,975	4,423	3,650
Outside Services Employed (923)	11,956	16,770	11,839
Property Insurance (924)	1,206	1,173	1,132
Casualty Ins, Injuries & Damages (925)	7,632	6,606	3,541
Employee Pensions and Benefits (926)	95,322	89,614	83,207
Fringe Benefits Charges to Construction (927)	(5,840)	(7,907)	(7,414)
Rents (931)	9,656	9,656	9,375
Miscellaneous General Expense (930)	11,565	10,784	9,518
Maintenance of General Plant (932)	6,556	6,179	3,178
Vacation, Holiday, Sick Leave (936)	15,348	13,198	14,228
Depreciation (933)	10,204	9,359	9,643
Total Administrative and General	249,117	235,310	218,326
Total Operating Expenses	\$1,004,545	\$976,841	\$907,261

Muscatine Power and Water - Communications Utility
Summary of Expenses
Calendar Year-to-Date - September 2017

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN</u>			
Pole Attachment Expense (838)	\$9,708	\$10,608	\$10,411
Tools Expense (845)	1,875	1,984	605
Maintenance:			
Fiber (812)	3,542	5,860	4,675
Conduit System (817)	7,329	5,544	4,439
MAN Equipment (818, 819)	38,933	30,194	36,283
Vacation, Holiday, Sick Leave (899)	3,699	2,468	2,582
Property Taxes (896)	3,606	1,321	1,377
Depreciation (840)	199,212	198,342	196,686
Total MAN	<u>267,904</u>	<u>256,321</u>	<u>257,058</u>
<u>Customer Service Expense</u>			
Customer Information Expense (909)	<u>40,281</u>	<u>14,898</u>	<u>14,413</u>
<u>Consumer Accounts</u>			
Supervision (901)	24,515	24,099	25,136
Consumer Records and Collections (903)	424,883	438,089	401,064
Uncollectible Accounts Expense (904)	14,166	14,166	13,671
Vacation, Holiday, Sick Leave (906)	47,727	46,508	49,162
Total Consumer Accounts	<u>511,291</u>	<u>522,862</u>	<u>489,033</u>
<u>Administrative and General</u>			
Administrative and General Salaries (920)	711,098	708,270	694,848
Office Supplies and Expense (921)	41,834	36,067	32,525
Outside Services Employed (923)	117,675	82,521	90,520
Property Insurance (924)	10,631	10,435	10,309
Casualty Ins, Injuries & Damages (925)	69,287	66,243	108,517
Employee Pensions and Benefits (926)	857,279	831,758	785,596
Fringe Benefits Charges to Construction (927)	(51,799)	(59,845)	(48,746)
Rents (931)	86,906	86,906	84,375
Miscellaneous General Expense (930)	149,066	123,756	116,653
Maintenance of General Plant (932)	52,452	43,192	31,144
Vacation, Holiday, Sick Leave (936)	116,447	113,668	104,729
Depreciation (933)	91,841	84,231	86,787
Total Administrative and General	<u>2,252,717</u>	<u>2,127,202</u>	<u>2,097,257</u>
Total Operating Expenses	<u><u>\$9,088,620</u></u>	<u><u>\$8,494,780</u></u>	<u><u>\$8,377,254</u></u>

Muscatine Power and Water - Communications Utility
Statistical Data
September 2017

<u>Services</u>	<u>Budget Estimate</u>	<u>% Increase (Decrease) From Budget</u>	<u>This Year</u> ^{fn1}	<u>% Increase (Decrease) Fr. Last Yr.</u>	<u>Last Year</u> ^{fn1}
<u>CATV</u>					
Residential	5,291	(2.2)	5,175	(6.8)	5,551
Commercial/Hospitality	<u>149</u>	8.1	<u>161</u>	1.3	<u>159</u>
Total CATV	<u>5,440</u>	(1.9)	<u>5,336</u>	(6.5)	<u>5,710</u>
<u>Bulk Equivalent Services</u>					
Bulk Equivalent Services	<u>368</u>	(13.3)	<u>319</u>	(10.6)	<u>357</u>
Bulk Master Services	<u>24</u>	---	<u>24</u>	(4.0)	<u>25</u>
<u>Internet</u>					
Residential	7,863	1.8	8,004	4.1	7,686
Commercial	<u>507</u>	5.7	<u>536</u>	5.7	<u>507</u>
Total Internet	<u>8,370</u>	2.0	<u>8,540</u>	4.2	<u>8,193</u>
<u>MAN</u>					
MAN	<u>80</u>	11.3	<u>89</u>	8.5	<u>82</u>

fn1 Number of actual residential and commercial services are per the end of month subscriber report

Communications Utility
Review of Operating Results
September 2017

**MUSCATINE POWER AND WATER - COMMUNICATIONS UTILITY
VARIANCES FROM BUDGETED NET POSITION - SEPTEMBER 30, 2017**

	(Unfavorable)/ Favorable Compared to Budget	
Operating Revenue		
CATV Revenue	\$ (513,358)	Lower CATV revenues due to fewer subscribers 5,336 actual vs. 5,440 budget, incorrect prices in budget, broadcast fee has been pulled out of packages and different rate increase than budget
	(133,522)	Bulk lower because budgeted upgrades are recorded in basic and select, broadcast fee has been pulled out and different rate increase than budget
	358,004	New broadcast fee pulled out of packages
	88,148	Lower marketing promotional discounts (\$285,671 vs. \$197,523) due to end of price pledge
	(12,629)	Lower VOD/PPV sales due to fewer subscribers and less buys
	(22,695)	Lower ad sales
	(23,898)	Lower converter rentals due to less subscribers
	4,413	Other miscellaneous variances - net
	<u>(255,537)</u>	
Data/Internet Revenue	315,816	Higher cable modem revenues due to higher subscribers (8,540 actual vs. 8,370 budget) and more subscribers taking a higher level of service
	(185,777)	Fiber service has not yet become available
	(14,424)	VoIP service has not yet become available
	(4,980)	Lower Wimax revenues than budgeted
	(2,019)	Higher promotional discounts due to higher subscribers (\$57,765 actual vs. \$55,859 budget)
	14,979	Higher modem rentals due to more subscribers
	28,157	Higher Wi-fi @ Home due to more subscribers
	5,029	Other miscellaneous variances - net
	<u>156,781</u>	
MAN	<u>122,451</u>	More subscribers than budgeted and new contracts
Miscellaneous Revenue	(3,913)	Job sales lower than budgeted
	396	Other miscellaneous variances - net
	<u>(3,517)</u>	
Operating Expense		
Operation	251,467	Lower programming due to fewer subscribers and lower negotiated contracts
	33,318	Lower labor than budgeted
	15,784	Lower promotional/education than budgeted
	5,638	Giveaways have not been spent
	3,553	Memberships and subscriptions lower than budgeted
	4,314	Temp services lower than budgeted
	5,787	Lower fuel expense
	4,191	Organizational development expenses not fully expended
	15,571	Lower legal costs
	14,347	FTTH graphic design expense not incurred
	25,913	FTTH promotional expense not incurred, vehicle wraps etc.
	4,500	Employee search services not yet needed
	14,400	Succession planning expenses, not yet incurred
	11,735	Lower FICA than budgeted
	16,590	Health care expenses lower than budgeted
	4,253	Miscellaneous customer records and collections supplies lower than budgeted
	(10,998)	Travel and training over budget, including FTTH training budgeted in 2016
	16,232	Other miscellaneous variances - net
	<u>436,595</u>	
Maintenance		Lower maintenance agreements, for bandwidth monitoring equipment , CMTS and IS (timing)
	43,469	Lower labor
	35,590	Fewer drop repairs
	(5,054)	Maintenance of CATV converters higher than budget
	7,449	Credit for headend equipment returned in 2016
	(7,135)	Other headend repairs are lower than budget
	2,760	Memberships and subscription under budget
	(6,210)	Costs for maintenance of MAN equipment is greater than budget
	(6,086)	Other miscellaneous variances - net
	<u>64,783</u>	
Depreciation	<u>92,462</u>	Lower depreciation due to fewer fixed assets purchases in 2016 than anticipated
Nonoperating Revenue (Expense)		
Interest Income/expense	<u>22,197</u>	More interest income due to higher cash balances

**MUSCATINE POWER AND WATER - COMMUNICATIONS UTILITY
VARIANCES FROM BUDGETED NET POSITION - SEPTEMBER 30, 2017**

Change in Net Position before Capital Contributions	<u>636,215</u>	
Capital Contributions	<u>(3,383)</u>	
Change in Net Position	<u>\$ 632,832</u>	Total Variance from Budgeted Net Position

Statement of Revenues, Expenses and Changes in Net Position

Operating Revenues

CATV

Revenue:			
Basic	\$ 160,793	\$ 129,601	\$ 154,088
Select	3,308,045	2,873,541	3,130,936
Preferred	520,017	519,315	562,164
Premium	237,264	186,342	227,628
Bulk	316,883	183,364	203,110
Broadcast fee	-	358,004	-
PPV	22,433	26,392	22,525
VOD	93,116	80,487	98,511
Subtotal	\$ 4,658,551	\$ 4,357,046	\$ 4,398,962
Set top box rentals	748,035	724,137	759,889
Ad insertion revenue	269,000	246,305	312,431
Other CATV revenues	37,850	42,263	48,634
Gross CATV revenue	\$ 5,713,436	\$ 5,369,751	\$ 5,519,916
Discounts	(285,671)	(197,523)	(232,431)
Net CATV Revenue	\$ 5,427,765	\$ 5,172,228	\$ 5,287,485
Net Monthly Revenue per Subscriber	\$ 124.72	\$ 121.16	\$ 115.75

- Basic, Select and Bulk revenues are under budget because the broadcast fee has been reallocated to a separate revenue account and the overall rate increase is lower than budget.
- Select revenue was budgeted at an incorrect price and service upgrades for bulk customers were budgeted in bulk revenue instead of select or preferred.
- Broadcast fee revenue was not budgeted because it was added in lieu of the full budgeted rate increase.
- VOD movie revenues are lower due to fewer CATV subscribers and a lower buy rate.
- Set-top box rentals are lower than budget due to fewer CATV subscribers.
- Ad insertion revenues are lower due to fewer ads sold.
- Discounts are less than budgeted due to fewer overall subscribers and fewer promotional discounts.

Internet Revenue

	<u>2018 Budget</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
Customers	8,370	8,540	8,193
Revenue:			
Cable modem	\$ 3,638,368	\$ 3,954,184	\$ 3,691,702
Fiber service	185,777	-	-
Voice service	14,424	-	-
Wi-fi @ Home	169,578	197,735	162,631
Wimax	74,714	69,734	74,614
Modem rentals	208,259	223,238	214,063
Other internet revenues	29,245	34,274	39,850
Gross internet revenues	\$ 4,320,365	\$ 4,479,165	\$ 4,182,860
Discounts	(71,915)	(73,934)	(60,730)
Net internet revenues	<u>\$ 4,248,450</u>	<u>\$ 4,405,231</u>	<u>\$ 4,122,130</u>
Net monthly revenue per subscriber	\$ 63.45	\$ 64.48	\$ 62.89

- Cable modem revenues are higher due to more subscribers and more subscribers taking a higher level of service.
- Wi-fi @ home is higher due to more subscribers.
- Fiber and voice service were anticipated to be available in August. However, fiber will not be available until later this year and voice will not be available until early next year.

MAN

Revenue is \$122,451 higher than budget mostly due to more subscribers and new contracts.

Miscellaneous Revenues

Miscellaneous revenues are under budget \$3,517, primarily due to lower than budgeted job sales revenue.

Nonoperating Revenue (Expense)

Interest income is over budget \$22,199 due to higher than projected cash balances.

Statement of Net PositionLiabilitiesHealth and Dental Insurance Provision

Health and dental care claims have been less than premiums accrued. The current portion is based on the third-party administrator's estimate of incurred but unpaid health claims at year end. The estimate is adjusted annually.

Year-To-Date Summary of Expenses**CATV****Program Acquisition Expense – (751 to 758)**

Programming is lower due to lower subscribers than budgeted.

	<u>2017 Budget</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
Basic	\$ 642,634	\$ 569,370	\$ 553,499
Select	1,985,061	1,868,877	1,835,469
Preferred	323,150	304,236	298,798
Premium	170,757	142,486	181,045
Digital	263,145	253,859	245,879
Pay-per-View	15,208	19,323	15,474
Video on Demand	<u>63,368</u>	<u>53,705</u>	<u>65,264</u>
Total	<u>\$3,463,323</u>	<u>\$3,211,856</u>	<u>\$3,195,428</u>

Basic, select, preferred and premium programming are lower than budget due to negotiated contracts coming in lower than budgeted and fewer subscribers.

Promotional Expense – (960)

- Labor is over budget \$2,266.
- Temp services, mileage and phone expenses for DSRs are under budget \$22,368 due to delay in FTTH project. Expenses for these items began in September when two DSRs were hired.
- Vehicle rewraps budgeted for \$9,250 have not yet been completed.
- FTTH promotional expenses of \$16,766 were budgeted but have not been incurred.

Underground Line Expense - (743)

- Labor is under budget \$32,926 due to more hours budgeted for FTTH locates but not actually utilized yet due to a delay in the timing of the project.

Miscellaneous CATV Expense – (740)

- Labor is over budget \$15,952.
- Temp services of \$14,523 were not budgeted.
- Remotes are under budget \$3,145.
- Tools are over budget \$4,371.
- Write-off of net book value of boxes are under budget by \$4,727.
- Other miscellaneous materials are over budget \$9,969.

Vehicle Expense – (760)

- Labor is below budget \$1,976.
- Fuel expense is lower than budget by \$3,653.
- Other miscellaneous materials are below budget \$1,509.

CATV (cont'd)Maintenance of Coax - (712)

- Labor is under budget \$2,928
- Materials are under \$1,275.

Maintenance of Drops - (713)

- Labor is over budget \$8,103.
- Materials are under budget \$17,358.

Maintenance of Conduit – (714)

- Labor is under budget \$5,040.

Maintenance of Headend – (721-725)

- Total labor is under budget by \$42,646.
- Maintenance agreements are over budget \$12,560.
- Miscellaneous materials are over budget \$12,458 for custom programming related to add and activate services and boxes in the field.

Maintenance of Converters – (741)

- Labor is under budget \$17,583.
- Materials over budget \$5,054 due to the cost of equipment repairs exceeding budget.

Maintenance of Ad Insertion- (966)

- Labor is over budget \$9,976.
- Maintenance agreements are over budget \$2,829.

Vacation, Holiday, Sick Leave – (799)

- Sick, personal, and vacation is over budget \$7,583, due to an employee's extended absence.

Depreciation – (793)

Depreciation is lower than budget due to lower than expected expenditures for digital boxes, headend equipment, and customer drops prior to year-end 2016. Minimal equipment is being purchased until the FTTH project is completed. This type of equipment has five- and ten-year lives.

InternetPromotional Expense – (961)

- Labor is over budget \$2,265.
- Temp services, mileage and phone expenses for DSRs are under budget \$22,368 due to delay in FTTH project. Expenses for these items began in September when two DSRs were hired.
- Vehicle rewraps budgeted for \$9,250 have not yet been done.
- FTTH promotional expenses of \$16,663 were budgeted but have not been incurred.

Internet (cont'd)Underground Line Expense - (843)

- Labor is over budget \$6,371.

Miscellaneous Data/Internet Expense – (847)

- Labor is over budget \$14,648.
- Temp services of \$4,841 were not budgeted.
- Other miscellaneous materials are over budget \$5,665.

Maintenance of Drops – (814)

- Labor is over budget \$4,422.
- Materials are under budget \$18,232.

Maintenance of Headend – (820, 821)

- Labor is over budget \$25,064.
- Maintenance agreements are under budget by \$12,292. This includes bandwidth/cache monitoring equipment which was budgeted all in one month but is being written off over the entire year (\$6,239), Force 10 contract which is also being written off over the entire year and was budgeted higher than the actual renewal amount (\$19,255) and Tech Data Extreme due to timing (\$2,388); offset by higher than budgeted maintenance agreements for CMTS maintenance (\$8,603), servers (\$2,989) and Phone Plus was not budgeted (\$2,469).
- A credit for a piece of equipment purchased in 2016 was received in 2017 for \$7,449.
- Other materials are under budget \$5,323.

Maintenance of Line Equipment – (831-835)

- Labor is over budget \$3,179.

Maintenance of Modems – (841)

- Labor is under budget \$9,728.

Depreciation – (893)

Depreciation is lower than budget due to lower than expected expenditures for modems, equipment and customer drops prior to year-end 2016. Minimal equipment is being purchased until the FTTH project is completed. This type of equipment has five- and ten-year lives.

MANMaintenance of MAN Equipment – (818, 819)

- Labor is under budget \$20,378.
- Maintenance agreements are over budget \$5,427.
- Other miscellaneous materials are over budget \$6,210.

Customer Service ExpenseCustomer Information Expense – (909-Marketing)

	<u>2017 Budget</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
Promotion/Education Expense*	\$ 16,873	\$ 1,089	\$ 1,857
Giveaways	5,638	-	-
Media Advertising	7,742	8,187	7,369
Newsletter	2,343	2,607	1,916
Postage	7,285	30	997
Other	400	2,985	2,274
Total	<u>\$40,281</u>	<u>\$14,898</u>	<u>\$14,413</u>

Customer Records and Collections – (903)

- Labor is under budget \$17,786.
- Temp services are over budget \$12,202.
- Travel and training is over budget \$15,285, due to FTTH training which was budgeted in 2016 but not done until 2017.
- Forms are \$7,758 over budget.
- Miscellaneous supplies are under budget \$4,253.

Administrative & GeneralOffice Supplies and Expense – (921)

- Memberships and subscriptions are lower than budget by \$1,4546.
- Miscellaneous computer hardware/software and other IS purchases are lower than budget by \$1,033.
- Miscellaneous communications departments expenses are lower than budget by \$2,175.

Administrative & General (cont'd)Outside Services – (923)

	Responsibility	2017	2017	2016
	Code	Budget	Actual	Actual
Succession Planning	110-Sal	14,400	-	-
Organizational Development	120-Sal	9,000	4,809	5,115
Consulting Services	120-Sal	-	873	-
Legal Fees	140-Brandy	7,680	214	2,862
Employment Legal Fees	140-Brandy	900	-	-
Communications Legal Fees	140-Brandy	7,500	295	6,788
MCC Public Access	224-Rick	42,498	42,105	42,163
Web/Graphics Services	224-Rick	847	2,724	334
FTTH Design	224-Rick	17,000	2,653	-
Training	224-Rick	-	11,260	-
Insurance Advisor	310-Jerry	4,536	4,536	4,536
Audit Fees	320-Cassie	5,040	4,418	5,520
GASB 45 Actuarial Update	320-Cassie	960	-	-
IS Department Review	350-Greg	-	3,483	1,201
Pension Study	410-Erika	-	-	4,265
Benefits Consulting	410-Erika	2,682	1,788	2,682
Employee Search Services	410-Erika	4,500	-	-
509A Actuary	410-Erika	132	117	120
Other Misc HR Expenses	410-Erika	-	1,134	-
Security Assessment	920-Beecher	-	-	5,300
Transport Network Study	920-Beecher	-	-	3,983
Organizational Development	920-Beecher	-	2,113	5,651
		<u>\$ 117,675</u>	<u>\$ 82,522</u>	<u>\$ 90,520</u>

Administrative & General (cont'd)Employee Pensions & Benefits – (926)

	<u>2017 Budget</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
Health care cost	\$ 341,639	\$ 325,049	\$ 308,775
Pension	274,268	274,268	252,926
FICA	167,315	155,580	150,562
Deferred compensation	32,760	32,988	30,045
Dental	13,860	13,020	13,552
Life, LTD & ADD	12,531	14,910	11,815
OPEB	3,790	2,964	3,790
Unemployment	900	1,992	2,586
Severance	-	-	3,920
Recognition	1,800	2,218	2,304
Other expenses	8,416	8,769	5,321
	<u>\$ 857,279</u>	<u>\$ 831,758</u>	<u>\$ 785,596</u>

Fringe Benefits Charged to Construction – (927)

More labor has been charged to capital projects than budgeted.

Miscellaneous General Expense – (930)

- Labor is under budget \$19,740.
- Memberships and subscriptions are below budget \$2,099.
- Travel & training are below budget by \$4,287.

Maintenance of General Plant – (932)

- Maintenance agreements in information systems are under budget \$9,532.
- Memberships & subscriptions are below budget \$2,760.
- Miscellaneous small upgrades to business applications are over budget \$2,415.

Depreciation – (933)

Depreciation is lower than budget due to lower than expected expenditures for equipment prior to year-end 2016. This type of equipment has a five-year life.

Communications Utility
Statement of Net Position Review
September 2017

<u>Current Assets</u>	<u>2017</u>	<u>2016</u>
<u>Receivables - Consumer Accounts</u>		
Customer Communications Accounts	\$1,224,649	\$1,135,472
Unbilled Revenue	85,167	86,239
Merchandise Accounts	67,418	68,465
Allowance for Doubtful Accounts	<u>(18,371)</u>	<u>(5,038)</u>
	<u>\$1,358,863</u>	<u>\$1,285,138</u>
 <u>Inventories</u>		
Inventory	\$114,251	\$166,080
Stores Expense (a/c 163)	<u>1,189</u>	<u>(1,485)</u>
	<u>\$115,440</u>	<u>\$164,595</u>
 <u>Prepaid Expenses</u>		
Prepaid Insurance	\$21,305	\$21,898
Prepaid Maintenance Contracts	131,401	108,270
E-rate customers	72,091	---
Griffin Media Research	7,517	---
Travel advances	35	1,191
Other Prepaid Expenses	<u>3,872</u>	<u>(5,550)</u>
	<u>\$236,221</u>	<u>\$125,809</u>
 <u>Current Liabilities</u>		
<u>Accounts Payable (amounts over \$2,500 itemized)</u>		
Pole Rental	\$30,528	\$30,528
Anixter - cable	4,941	---
Associated Computer Systems - Microsoft Exchange	---	5,247
Atlantic Engineering Group - FTTH	110,925	---
Big 10 - programming fee	10,109	9,841
BillTrust - bill processing	3,573	2,878
CATV Services Inc - converters	14,149	---
CDW-G - wireless equip	---	12,197
Centurylink - tel/access fees	5,593	---
City of Muscatine - Mississippi Dr project	8,160	---
Cogsdale - business system implementation	16,259	3,897
Comcast Sportsnet Chicago - programming fee	22,449	21,790
Cottingham & Butler -workers comp claims	2,843	---
Dell Marketing - server	6,055	---
Fox Sports Net Midwest - programming fee	22,847	23,099
Gray Television - programming fee	14,402	---
Graybar Electric - fiber	7,843	---
INCA Networks - modular chassis	---	5,357
Insight - routers	10,876	---
KGCW - programming fee	116,594	61,207
LIN Television - programming fee	---	13,774
MCC - public access	14,028	14,068
Natl Cable TV Coop - programming fee	223,981	340,406
NewComTech GIS - FTTH consulting	---	79,198
Nexstar - programming fee	29,980	28,801
Power & Tel - switches/panels	---	3,174
Quality Resource Group Inc - forms	5,447	---
Rovi Guides - programming fee	8,646	8,922
Showtime Networks - programming fee	---	2,572
Telco Systems - console cable demo	---	7,449
Tower Distribution - programming fee	18,426	14,738
Univision - programming fee	6,754	6,825
Vubiquity - programming fee	5,909	7,073
Other	<u>33,949</u>	<u>24,927</u>
	<u>\$755,266</u>	<u>\$727,968</u>
 <u>Miscellaneous Accrued Expenses</u>		
Sales/Use Tax Collections Payable	\$21,520	\$21,290
Franchise Fees Payable	44,560	47,040
Payroll Tax Collections Payable	18,660	17,356
Workers' Comp Self Insurance Reserves	<u>48,556</u>	<u>57,308</u>
	<u>\$133,296</u>	<u>\$142,994</u>

MUSCATINE POWER AND WATER
REVIEW OF YEAR-TO-DATE OPERATING RESULTS
SEPTEMBER 30, 2017

**MUSCATINE POWER AND WATER - ELECTRIC UTILITY
 VARIANCES FROM BUDGETED NET POSITION - SEPTEMBER 30, 2017**

Items equal to or greater than \$25,000

(Unfavorable)/
 Favorable
 Compared to
Budget

28,423 Lower cost for continuous improvement
 30,000 CIP low impact site compliance, not expended
 188,413 Less training/travel
 (29,048) Higher cost for temporary labor services
 299,612 Lower labor cost
 46,744 Lower vacation accrual
352,655 Other miscellaneous variances - net
1,830,443

Maintenance

201,749 Lower cost for Unit 9 boiler roof and other roof repairs
 (58,393) Repair auxiliary boiler steam line under RR crossing, not budgeted
 (29,019) Unit 8 boiler cyclone weld repairs, not budgeted
 (29,899) Unit 8 grit blasting & boiler tube inspection, not budgeted
 (26,378) Unit 8 boiler cyclone inspection, not budgeted
 125,000 Unit 8 boiler layup costs not completed
 30,608 Lower cost to waterblast and repaint Unit 8 stack
 (29,923) Replacement of 9B pulverizer ceramic tile on the journal inner cone not budgeted
 80,000 Pulverizer journal rebuild, not completed
 36,384 Lower cost for routine pulverizer maintenance
 (28,038) Deslag Unit 9 boiler, not budgeted
 38,000 Unit 9 coal nozzle tip repair or replacement not completed
 108,000 Contracted labor not utilized
 46,496 Lower cost to replace Unit 9 hot & cold reheat drip leg switches
 40,500 Replace one 9D and two 9A mill upper riffle distributor housings not completed
 (123,037) Higher cost for Unit 9 turbine & control valves inspection/overhaul
 26,000 Unit 9 auxiliary transformer repair/hot oil process not performed
 30,000 Bearing laser align and load testing not completed
 25,737 Lower cost for circulating water tunnel inspection
 (91,012) Replace Unit 9 batteries not budgeted
 108,180 Unit 8 turbine layup costs not completed
 54,000 Track maintenance not performed
 (41,665) Correct radial stacker motor & gearbox vibration problem
 89,115 Lower cost for transmission line maintenance
 (40,492) Oregon Street substation barrier board replacement, not budgeted
 (46,146) Higher cost for distribution line maintenance due to storm restoration work
 (34,299) Higher cost for underground line repairs
 45,701 Lower cost for computer hardware/software maintenance
 25,066 Lower cost for vehicle maintenance
266,978 Other miscellaneous variances - net
799,213

Depreciation

514,217 Net value of the A&G assets were overestimated for the budget

Nonoperating Revenue (Expense)

Interest Income 170,992 Higher average cash balances
 Interest Expense (653)
170,339

Capital Contributions

63,483 HNI, and CenturyLink transformers

Change in Net Position

\$ 3,135,872 Total Variance from Budgeted Net Position

**MUSCATINE POWER AND WATER - ELECTRIC UTILITY
 VARIANCES FROM BUDGETED NET POSITION - SEPTEMBER 30, 2017**

Items equal to or greater than \$25,000

	(Unfavorable)/ Favorable Compared to Budget	
Sales of Electricity		
Native System Sales	\$ 726,414	3.3% higher average sales price (\$.06904/kWh versus \$.06682/kWh budgeted), offset by 1.6% lower kWhs sold
Wholesale Sales	1,073,442	4.3% higher average sale price (\$.03507/kWh versus \$.03362/kWh), plus 0.8% higher kWhs sold
	1,799,856	
Steam Sales	(90,708)	A 7.1% lower average sales price, offset by 5.0% higher pounds of steam sold
Other Revenue		
Miscellaneous Revenue	83,015	IAMWind payment
	20,144	Other miscellaneous variances - net
	103,159	
Operating Expense		
Purchased Power - Native System	(1,961,622)	Average purchase price is 11.2% higher (\$.03027/kwh vs \$.02721/kwh), offset by 1.0% lower kWhs purchased
Purchased Power - Wind	(91,831)	10.4% higher kWhs purchased
	(2,053,453)	
Production Fuel	(281,344)	4.5% or 20,631 higher coal tons burned, offset by a 2.3% lower price/ton
	(95,829)	Unit 8's natural gas usage was not budgeted
	49,529	Lower gasoline/diesel fuel usage for dozers
	(63,955)	CCR compliance costs were not budgeted
	98,205	Other miscellaneous variances - net
	(293,394)	
Emissions Allowance	292,717	Market price lower than assumed
Operation	(63,032)	Higher bottom ash handling expense due to timing
	32,529	Lower gas usage for auxiliary boiler
	132,907	PAC (powdered activated carbon) injection system costs were lower
	(54,729)	Higher cost for IDNR Title V permit fee
	96,000	Environmental permitting fee, not expended
	50,000	Effluent limit guidelines study, not performed
	105,741	Lower cost for stack emission testing
	(39,221)	Higher cost for continuous emissions monitoring system consulting
	50,000	Unit 9 levee pipe inspection, not performed
	51,086	Lower cost for rail car storage, switching costs, and administration fees
	249,124	Lower cost for MISO's multi-value transmission projects
	103,000	Transmission coordination study, not completed
	25,000	Relay technician consultant, not utilized
	97,200	Succession planning costs, not expended
	44,830	Board legal service not expended
	31,582	Environmental/regulatory legal service not expended
	31,900	CIP compliance consulting, not expended
	(36,901)	Higher cost for workers compensation claims
	90,060	Lower healthcare costs
	39,478	Lower FICA expense
	(122,910)	Higher unemployment expenses

MUSCATINE POWER AND WATER - WATER UTILITY
VARIANCES FROM BUDGETED NET POSITION - September 30, 2017
 Items equal to or greater than \$5,000

	(Unfavorable)/ Favorable	Compared to Budget	
Sales of Water			
Contract Customers	\$ 108,678		GPC consumption is 2.4% higher than budgeted, along with a higher billing rate
	17,032		Power plants' consumption is 5.2% lower than budgeted, offset by a higher billing rate
	(7,298)		Commercial consumption is 0.9% lower than budgeted offset by higher billing rate
	(3,375)		Residential consumption is 3.8% lower than budgeted, partially offset by higher billing rate
	(6,804)		Heinz's consumption is 4.6% lower than budgeted, offset by a higher billing rate
	<u>108,233</u>		
Other Revenue			
Merchandise & Job Sales-Net	2,063		Higher job sales revenue
Miscellaneous Revenue	1,697		Other miscellaneous variances
	<u>3,760</u>		
Operating Expense			
Operation	49,465		Lower fuel/power purchased due to 0.5% higher cost per kWh, 1.2% more gallons pumped pumped, offset by 3.9% lower kWh consumed
	5,377		Lower chemicals than budgeted due to lower price/unit and lower phosphate lbs used
	6,087		Lower cost of lab supplies and chemicals
	5,400		Lower cost of road rock at well fields
	(10,696)		East Hill and West Hill electricity higher than budgeted
	(6,366)		Higher cost of inventory adjustments
	8,400		Succession planning costs not incurred yet
	7,617		Lower cost of water cost of services study
	11,864		Lower health care cost
	(6,480)		Temp services higher than budgeted
	7,877		Travel and training lower than budgeted
	62,988		Lower labor, sick, personal and vacation expense
	14,780		Other miscellaneous variances - net
	<u>156,313</u>		
Maintenance	5,183		Maintenance labor under budget
	(5,990)		Vacuum regulator, yoke assembly, chlorine injector and spare pump repairs not budgeted
	(123,406)		Street and concrete repairs more than budgeted in maintenance of mains
	8,620		Lower cost of general plant maintenance agreements
	(10,311)		Temp labor for hydrant painting is over budget
	14,000		Reservoir drain line project not yet begun
	21,000		Budgeted tank inspection and tower cleaning/painting not incurred through August
	(14,711)		Well cleaning (some budgeted in 2016 and completed in 2017), behind schedule for 2017
	(56,994)		Maintenance of well #23 budgeted in 2016
	570		Other miscellaneous variances - net
	<u>(162,039)</u>		
Depreciation	<u>7,534</u>		
Nonoperating Revenue (Expense)			
Interest Income	14,910		Water bond dividend interest not budgeted
Interest Expense	(17,214)		Higher borrowing than budgeted
	<u>(2,304)</u>		
Change in Net Loss before Capital Contributions	<u>111,497</u>		
Capital Contributions	-		
Change in Net Position	<u>\$ 111,497</u>		Total Variance in Budgeted Net Position

**MUSCATINE POWER AND WATER - COMMUNICATIONS UTILITY
 VARIANCES FROM BUDGETED NET POSITION - SEPTEMBER 30, 2017**

Items equal or greater than \$5,000

	(Unfavorable)/ Favorable Compared to Budget	
Operating Revenue		
CATV Revenue	\$ (513,358)	Lower CATV revenues due to fewer subscribers 5,336 actual vs. 5,440 budget, incorrect prices in budget, broadcast fee has been pulled out of packages and different rate increase than budget
	(133,522)	Bulk lower because budgeted upgrades are recorded in basic and select, broadcast fee has been pulled out and different rate increase than budget
	358,004	New broadcast fee pulled out of packages
	88,148	Lower marketing promotional discounts (\$285,671 vs. \$197,523) due to end of price pledge
	(12,629)	Lower VOD/PPV sales due to fewer subscribers and less buys
	(22,695)	Lower ad sales
	(23,898)	Lower converter rentals due to less subscribers
	4,413	Other miscellaneous variances - net
	<u>(255,537)</u>	
Data/Internet Revenue	315,816	Higher cable modem revenues due to higher subscribers (8,540 actual vs. 8,370 budget) and more subscribers taking a higher level of service
	(185,777)	Fiber service has not yet become available
	(14,424)	VoIP service has not yet become available
	14,979	Higher modem rentals due to more subscribers
	28,157	Higher Wi-fi @ Home due to more subscribers
	(1,970)	Other miscellaneous variances - net
	<u>156,781</u>	
MAN	<u>122,451</u>	More subscribers than budgeted and new contracts
Miscellaneous Revenue	(3,913)	Job sales lower than budgeted
	396	Other miscellaneous variances - net
	<u>(3,517)</u>	
Operating Expense		
Operation	251,467	Lower programming due to fewer subscribers and lower negotiated contracts
	33,318	Lower labor than budgeted
	15,784	Lower promotional/education than budgeted
	5,638	Giveaways have not been spent
	5,787	Lower fuel expense
	15,571	Lower legal costs
	14,347	FTTH graphic design expense not incurred
	25,913	FTTH promotional expense not incurred, vehicle wraps etc.
	14,400	Succession planning expenses, not yet incurred
	11,735	Lower FICA than budgeted
	16,590	Health care expenses lower than budgeted
	(10,998)	Travel and training over budget, including FTTH training budgeted in 2016
	37,043	Other miscellaneous variances - net
	<u>436,595</u>	
Maintenance		Lower maintenance agreements, for bandwidth monitoring equipment , CMTS and IS (timing)
	43,469	Lower labor
	35,590	Fewer drop repairs
	(5,054)	Maintenance of CATV converters higher than budget
	7,449	Credit for headend equipment returned in 2016
	(7,135)	Other headend repairs are lower than budget
	(6,210)	Costs for maintenance of MAN equipment is greater than budget
	(3,326)	Other miscellaneous variances - net
	<u>64,783</u>	
Depreciation	<u>92,462</u>	Lower depreciation due to fewer fixed assets purchases in 2016 than anticipated
Nonoperating Revenue (Expense)		
Interest Income/expense	<u>22,197</u>	More interest income due to higher cash balances
Change in Net Position before Capital Contributions	<u>636,215</u>	
Capital Contributions	<u>(3,383)</u>	
Change in Net Position	<u>\$ 632,832</u>	Total Variance from Budgeted Net Position