

Muscatine Power and Water

Electric Utility

Statement of Revenues, Expenses and Changes in Net Position

October 2018

**Muscatine Power and Water
Electric Utility**

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Muscatine Power and Water - Electric Utility
Classification of Electric Energy/Steam Sales
Current Month - October 2018

	<u>Budget Estimate</u>	<u>% Increase (Decrease) From Budget</u>	<u>This Year</u>	<u>% Increase (Decrease) Fr. Last Yr.</u>	<u>Last Year</u>
<u>KWH Generated and Sold</u>					
Gross Generation	55,686,614	64.8	91,788,542	34.1	68,452,554
Less: Plant Use	<u>6,535,296</u>	24.0	<u>8,102,332</u>	7.5	<u>7,540,072</u>
Net Generation/Wholesale Sales	49,151,318	70.3	83,686,210	37.4	60,912,482
Wholesale Sales - Wind	<u>5,620,000</u>	(22.9)	<u>4,330,289</u>	(20.6)	<u>5,450,431</u>
Total Wholesales Sales	<u>54,771,318</u>	60.7	<u>88,016,499</u>	32.6	<u>66,362,913</u>
<u>Net Capacity Factors</u>					
Unit 9	30.11	46.7	44.17	20.7	36.58
Unit 8/8A	42.72	1.3X	100.00	78.9	55.91
Unit 7	---	---	0.27	---	---
Total Plant	29.90	72.1	51.45	38.6	37.12
<u>KWH Distribution</u>					
Residential	6,868,837	3.2	7,091,866	(7.7)	7,680,137
Commercial I	2,728,594	(15.0)	2,319,998	(22.6)	2,996,054
Commercial II	7,576,651	(1.8)	7,441,220	(6.3)	7,938,300
Industrial I	10,771,676	3.3	11,131,200	(3.7)	11,556,620
Industrial II	41,637,130	(2.2)	40,734,312	3.7	39,267,158
City Enterprise Funds	419,350	8.6	455,611	10.9	410,832
Water & Communications Utilities	<u>1,472,400</u>	0.5	<u>1,480,307</u>	4.6	<u>1,415,637</u>
Native System Sales	71,474,638	(1.1)	70,654,514	(0.9)	71,264,738
City Lighting	166,314	(12.9)	144,815	(8.7)	158,608
City Buildings	440,266	13.1	497,798	(8.1)	541,765
Offline Power Plant Usage	78,720	7.1X	639,504	9.0	586,536
Losses & Cycle Billing	<u>2,102,192</u>	(10.7)	<u>1,877,579</u>	3.4X	<u>423,250</u>
Total Native System KWH					
Distributed	74,262,130	(0.6)	73,814,210	1.2	72,974,897
Wind KWH Purchases	<u>5,620,000</u>	(22.9)	<u>4,330,289</u>	(20.6)	<u>5,450,431</u>
Total Purchased Power KWH	<u>79,882,130</u>	(2.2)	<u>78,144,499</u>	(0.4)	<u>78,425,328</u>
<u>STEAM SALES - 1,000 lbs</u>	<u>260,400</u>	(71.7)	<u>73,809</u>	(70.5)	<u>250,087</u>

Muscatine Power and Water - Electric Utility
Classification of Electric Energy/Steam Sales
Calendar Year-to-Date - October 2018

	<u>Budget Estimate</u>	<u>% Increase (Decrease) From Budget</u>	<u>This Year</u>	<u>% Increase (Decrease) Fr. Last Yr.</u>	<u>Last Year</u>
<u>KWH Generated and Sold</u>					
Gross Generation	727,735,130	27.8	930,271,765	28.8	722,407,529
Less: Plant Use	73,516,195	25.5	92,280,005	20.5	76,587,729
Net Generation/Wholesale Sales	654,218,935	28.1	837,991,760	29.8	645,819,800
Wholesale Sales - Wind	42,015,000	0.3	42,140,776	(1.8)	42,917,231
Total Wholesales Sales	696,233,935	26.4	880,132,536	27.8	688,737,031
<u>Net Capacity Factors</u>					
Unit 9	51.07	22.2	62.42	30.4	47.88
Unit 8/8A	17.63	92.1	33.87	50.2	22.55
Unit 7	8.48	1.2X	18.24	7.5	16.96
Total Plant	40.58	29.5	52.54	31.2	40.06
<u>KWH Distribution</u>					
Residential	85,753,254	6.7	91,496,599	9.1	83,848,420
Commercial I	31,063,335	(7.9)	28,612,314	(8.9)	31,422,170
Commercial II	78,130,798	6.7	83,400,900	8.8	76,630,000
Industrial I	108,478,828	5.3	114,228,180	1.1	113,027,840
Industrial II	378,895,328	3.1	390,696,102	2.9	379,791,733
City Enterprise Funds	4,421,106	(1.7)	4,345,382	0.6	4,317,711
Water & Communications Utilities	14,694,480	(1.9)	14,408,282	2.8	14,021,199
Native System Sales	701,437,129	3.7	727,187,759	3.4	703,059,073
City Lighting	1,626,195	(18.8)	1,320,742	(17.3)	1,597,906
City Buildings	5,534,619	8.6	6,012,382	2.3	5,875,444
Offline Power Plant Usage	2,306,160	49.3	3,444,040	(32.6)	5,108,626
Losses & Cycle Billing	19,998,828	(0.3)	19,936,742	4.6	19,064,742
Total Native System KWH					
Distributed	730,902,931	3.7	757,901,665	3.2	734,705,791
Wind KWH Purchases	42,015,000	0.3	42,140,776	(1.8)	42,917,231
Total Purchased Power KWH	772,917,931	3.5	800,042,441	2.9	777,623,022
<u>STEAM SALES - 1,000 lbs</u>	<u>1,268,400</u>	(16.9)	<u>1,054,600</u>	(18.7)	<u>1,297,185</u>

Muscatine Power and Water - Electric Utility
Statements of Revenues, Expenses, and Changes in Net Position
Current Month - October 2018

	Budget		% Increase		% Increase		% Increase		
	Estimate	Avg. Price	(Decrease)	This Year	Avg. Price	(Decrease)	from Last	Year	
			from Budget				Year	Last Year	
								Avg. Price	
Sales of Electricity									
Residential	\$822,534	\$ 0.11975	2.3	\$841,784	\$ 0.11870	(5.6)		\$891,767	\$ 0.11611
Commercial I	294,744	0.10802	(13.8)	253,995	0.10948	(20.3)		318,740	0.10639
Commercial II	614,928	0.08116	2.2	628,630	0.08448	(3.5)		651,623	0.08209
Industrial I	695,413	0.06456	8.6	755,508	0.06787	0.9		748,723	0.06479
Industrial II	2,198,982	0.05281	(0.4)	2,190,863	0.05378	2.1		2,145,621	0.05464
City Enterprise Funds	31,103	0.07417	16.4	36,203	0.07946	4.0		34,821	0.08476
Water & Communication Utilities	94,583	0.06424	1.4	95,883	0.06477	4.0		92,156	0.06510
Native System Sales	4,752,288	0.06649	1.1	4,802,867	0.06798	(1.7)		4,883,451	0.06853
Wholesale Sales	1,504,255	0.02746	89.1	2,844,060	0.03231	47.5		1,928,734	0.02906
Energy Sales	6,256,543		22.2	7,646,927		12.3		6,812,185	
Steam Sales	1,000,649	---	---	283,440	---	---		951,110	---
Other Revenue									
By-Product Revenue	14,557		1.3X	32,855		40.3		23,421	
Miscellaneous Revenue	54,599		14.2	62,362		(32.0)		91,726	
Total Other Revenue	69,156		37.7	95,217		(17.3)		115,147	
Operating Revenue	7,326,348		9.5	8,025,584		1.9		7,878,442	
Operating Expense									
Purchased Power	1,942,416	0.02432	34.8	2,619,227	0.03352	20.8		2,168,433	0.02765
Production Fuel	1,491,858		29.1	1,926,176		13.2		1,701,949	
Emissions Allowance	1,234		---	557		(37.3)		889	
Operation	2,147,803		9.6	2,355,040		16.3		2,024,143	
Maintenance	1,006,362		4.1	1,047,501		30.0		805,889	
Depreciation	1,018,679		(5.9)	958,834		6.5		900,004	
Total Operating Expense	7,608,352		17.1	8,907,336		17.2		7,601,307	
Operating Income (Loss)	(282,004)		2.1X	(881,752)		-4.2X		277,135	
Nonoperating Revenue (Expense)									
Interest Income	23,435		3.7X	109,468		1.6X		41,525	
Interest Expense	(716)		46.0	(1,045)		90.0		(550)	
Total Nonoperating Revenue (Expense)	22,719		3.8X	108,423		1.6X		40,975	
Net Income (Loss) Before Revenue Adjustment	(259,285)		2.0X	(773,329)		-3.4X		318,110	
Capital Contributions	---		---	---		---		---	
Change in Net Position	(259,285)		2.0X	(773,329)		-3.4X		318,110	
Beginning Net Position	110,289,524			113,825,966				128,159,210	
Ending Net Position	\$110,030,239			\$113,052,637				\$128,477,320	
Net Income (Loss) Before Rev Adj to Op Revenue	(3.5)			(9.6)				4.0	
Change in Net Position to Operating Revenue	(3.5)			(9.6)				4.0	

Muscatine Power and Water - Electric Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - October 2018

	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	\$9,714,316	\$ 0.11328	3.2	\$10,026,624	\$ 0.10958	5.9	\$9,466,831	\$ 0.11290	
Commercial I	3,278,341	0.10554	(9.2)	2,976,758	0.10404	(9.8)	3,300,748	0.10505	
Commercial II	6,378,902	0.08164	2.7	6,552,103	0.07856	4.9	6,246,979	0.08152	
Industrial I	7,064,018	0.06512	3.2	7,288,843	0.06381	(1.8)	7,422,847	0.06567	
Industrial II	20,274,327	0.05351	0.1	20,285,888	0.05192	(2.5)	20,796,912	0.05476	
City Enterprise Funds	337,438	0.07632	(2.1)	330,215	0.07599	(3.0)	340,262	0.07881	
Water & Communications Utilities	934,431	0.06359	(4.2)	894,990	0.06212	(3.5)	927,379	0.06614	
Native System Sales	47,981,772	0.06840	0.8	48,355,420	0.06650	(0.3)	48,501,958	0.06899	
Wholesale Sales	20,563,281	0.02954	39.6	28,708,401	0.03262	20.9	23,754,527	0.03449	
Energy Sales	68,545,054		12.4	77,063,821		6.7	72,256,485		
Steam Sales	4,835,826	3.81	(17.0)	4,011,943	3.80	(19.1)	4,956,228	3.82	
Other Revenue									
By-Product Revenue	214,365		78.0	381,627		60.9	237,214		
Miscellaneous Revenue	538,529		10.5	594,950		(10.7)	665,998		
Total Other Revenue	752,894		29.7	976,577		8.1	903,212		
Operating Revenue	74,133,773		10.7	82,052,341		5.0	78,115,925		
Operating Expense									
Purchased Power	19,814,061	0.02564	22.4	24,249,867	0.03031	3.9	23,336,302	0.03001	
Production Fuel	15,970,509		21.7	19,433,106		23.4	15,751,550		
Emissions Allowance	6,010		(50.8)	2,956		(52.9)	6,274		
Operation	21,575,330		(1.5)	21,262,121		6.9	19,882,909		
Maintenance	9,650,056		(15.3)	8,172,114		(17.5)	9,899,608		
Depreciation	10,186,794		(5.9)	9,588,342		6.5	9,000,043		
Total Operating Expense	77,202,760		7.1	82,708,505		6.2	77,876,686		
Operating Income (Loss)	(3,068,987)		(78.6)	(656,164)		-3.7X	239,239		
Nonoperating Revenue (Expense)									
Interest Income	211,421		2.9X	823,513		1.8X	291,437		
Interest Expense	(7,157)		35.2	(9,673)		1.0X	(4,803)		
Total Nonoperating Revenue (Expense)	204,265		3.0X	813,839		1.8X	286,634		
Net Income (Loss) Before Revenue Adjustment and Capital Contributions	(2,864,722)		-1.1X	157,675		(70.0)	525,873		
Capital Contributions	---		---	---		---	63,483		
Change in Net Position	(2,864,722)		-1.1X	157,675		(73.2)	589,356		
Beginning Net Position	112,894,961			112,894,961			127,887,964		
Ending Net Position	\$110,030,239			\$113,052,637			\$128,477,320		
Net Income (Loss) Before Rev Adj to Op Revenue	(3.9)			0.2			0.7		
Change in Net Position to Operating Revenue	(3.9)			0.2			0.8		

Muscatine Power and Water - Electric Utility
Statements of Net Position
October 2018

ASSETS

	<u>2018</u>	<u>2017</u>
Current Assets:		
Cash - interest bearing	\$21,303,070	\$37,095,634
Investments	38,007,427	15,550,000
Receivables:		
Consumer Accounts	6,459,763	6,155,324
Refined Coal	3,103,788	2,932,559
Wholesale	792,319	353,531
Steam Sales	283,426	972,601
Interest	345,666	116,123
Inventories	5,449,965	5,209,490
Fuel	9,015,476	9,171,657
Prepaid Expenses	698,587	697,628
	<u>85,459,488</u>	<u>78,254,547</u>
Property and Equipment:		
At Cost	434,838,360	429,307,854
Less Accumulated Depreciation	<u>(368,467,765)</u>	<u>357,837,922</u>
	<u>66,370,595</u>	<u>71,469,932</u>
Other Assets:		
Note Receivable - Communications Utility	8,562,844	9,044,287
Joint Venture Rights	<u>85,820</u>	<u>85,079</u>
	<u>8,648,664</u>	<u>9,129,366</u>
Deferred Outflows of Resources		
Pension	12,583,917	9,391,824
OPEB	<u>79,020</u>	<u>---</u>
	<u>12,662,937</u>	<u>9,391,824</u>
TOTAL ASSETS	<u><u>\$173,141,684</u></u>	<u><u>\$168,245,669</u></u>

Muscatine Power and Water - Electric Utility
Statements of Net Position
October 2018

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	<u>2018</u>	<u>2017</u>
Current Liabilities:		
Unrestricted		
Accounts Payable	\$6,257,302	\$5,908,840
Health & Dental Insurance Provision	248,520	271,040
Accrued Payroll	522,835	427,790
Accrued Vacation	1,217,191	1,171,320
Accrued Emission Allowance Expense	10,838	6,274
Consumers' Deposits	838,987	783,183
Retained Percentage on Contracts	---	28,408
Accrued Property Taxes	82,210	81,288
Miscellaneous Accrued Expenses	783,584	718,010
Unearned Revenue	12,749	150,209
	<hr/>	<hr/>
Total Unrestricted Current Liabilities	9,974,216	9,546,362
	<hr/>	<hr/>
Non-Current Liabilities:		
Health & Dental Insurance Provision	1,233,783	1,170,831
Post-Employment Health Benefit Provision	679,513	427,929
Net Pension Liability	18,914,541	14,957,202
	<hr/>	<hr/>
Total Non-Current Liabilities	20,827,837	16,555,962
	<hr/>	<hr/>
Deferred Inflows of Resources		
Extraordinary O&M	28,032,866	13,032,866
Pension	1,163,568	633,159
OPEB	90,560	---
	<hr/>	<hr/>
Total Deferred Inflows of Resources	29,286,994	13,666,025
	<hr/>	<hr/>
Net Position:		
Net Investment in Capital Assets	66,370,595	71,469,932
Unrestricted	46,682,042	57,007,388
	<hr/>	<hr/>
Total Net Position	113,052,637	128,477,320
	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$173,141,684</u>	<u>\$168,245,669</u>

Muscatine Power and Water - Electric Utility
Statements of Cash Flows
October 2018

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating loss to net cash flows from operating activities		
Operating loss	(\$881,752)	(\$656,164)
Noncash items in operating income:		
Depreciation of electric utility plant	958,834	9,588,342
Amortization of joint venture rights	9,246	93,610
Change in deferred outflows of resources - pension	(320,988)	(2,164,165)
Changes in assets and liabilities:		
Consumer accounts receivable	96,443	(18,722)
Refined coal	658,565	393,531
Wholesale receivable	355,931	(297,653)
Steam sales receivable	(283,426)	727,369
Inventories	(206,567)	(266,006)
Fuel	94,019	72,358
Prepaid expenses	161,151	160,924
Accounts payable	1,573,301	756,946
Net pension liability	347,624	2,897,516
Health & dental insurance provision	17,666	(46,907)
Other post-employment benefit provision	2,608	26,078
Accrued payroll	222,486	(128,678)
Accrued vacation	6,384	62,696
Accrued emission allowance expense	557	2,956
Consumers' deposits	2,996	48,894
Retained Percentage	---	(23,982)
Accrued property taxes	7,988	(15,005)
Unearned revenue	(3,528)	7,057
Miscellaneous accrued expenses	45,814	17,604
Net cash flows from operating activities	<u>2,865,352</u>	<u>11,238,598</u>
Cash flows from capital financing activities:		
Capital expenditures, net	<u>(776,368)</u>	<u>(6,000,348)</u>
Net cash flows from capital and related financing activities	<u>(776,368)</u>	<u>(6,000,348)</u>
Cash flows from investing activities:		
Purchase of joint venture rights	---	(80,880)
Reimbursement of Resco stock	---	---
Interest received on investments	29,575	613,848
Net cash flows from investing activities	<u>29,575</u>	<u>532,968</u>
Net increase in cash and investments	<u>2,118,558</u>	<u>5,771,217</u>
Cash and investments at beginning of period	<u>\$57,191,939</u>	<u>\$53,539,280</u>
Cash and investments at end of period	<u>\$59,310,497</u>	<u>\$59,310,497</u>

**Muscatine Power and Water - Electric Utility
Funds Appropriated for Specific Purposes
October 2018**

	<u>This Year</u>	<u>Last Year</u>
Extraordinary Operation & Maintenance Account	<u>\$28,032,866</u>	<u>\$13,167,236</u>
Total Cash and Investments Appropriated for Specific Purposes	<u><u>\$28,032,866</u></u>	<u><u>\$13,167,236</u></u>

Muscatine Power and Water - Electric Utility
Summary of Expenses
Current Month - October 2018

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Purchased Power</u>	<u>\$1,942,416</u>	26.5	<u>\$2,619,227</u>	32.6	<u>\$2,168,433</u>	27.5
Average price per kWh	\$0.02432		\$0.03352		\$0.02765	
<u>Generation</u>						
Operation Supervision (500)	79,029		95,977		82,922	
Fuel: (501)						
Coal	1,392,516		1,852,967		1,619,583	
Fuel Oil	21,035		2,458		22,527	
Gas	18,571		8,990		10,558	
Coal Handling Expense (501-003)	34,943		39,579		33,282	
Landfill Operation Expense (501-925)	24,793		22,183		15,999	
Emissions Allowance Expense (509)	1,234		557		889	
Steam Expense:						
Boiler (502-004)	91,264		96,310		86,680	
Pollution Control (502-005)	86,070		89,783		87,228	
Electric Expense (505)	100,842		101,732		93,112	
Miscellaneous Steam Power Expense (506)	225,190		155,650		153,369	
Maintenance:						
Supervision (510)	63,408		100,144		80,370	
Structures (511)	66,922		31,963		55,212	
Boiler Plant:						
Boiler (512-006)	311,548		253,306		217,506	
Pollution Control (512-007)	46,963		58,349		65,740	
Electric Plant (513-008)	107,458		152,401		85,312	
System Control (513-009)	20,265		22,402		20,636	
Miscellaneous Steam Plant (514)	45,151		50,402		57,074	
Coal Handling Equipment (516)	112,409		74,675		49,080	
System Control and Load Dispatch (556)	27,759		35,561		28,691	
Vacation, Holiday, Sick Leave (557)	66,994		51,236		74,704	
Depreciation (558)	637,616		641,039		648,814	
Total Generation Expense	<u>\$3,581,979</u>	48.9	<u>\$3,937,663</u>	49.1	<u>\$3,589,288</u>	45.6

Muscatine Power and Water - Electric Utility
Summary of Expenses
Current Month - October 2018

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Transmission</u>						
Operation Supervision (560)	\$7,888		\$9,969		\$7,762	
Load Dispatching (561)	73,065		86,444		82,441	
Station Expense (562)	12,417		8,934		7,450	
Overhead Line Expense (563)	136		4,112		1,527	
Transmission of Electricity by Others (565)	125,864		99,738		91,393	
Miscellaneous Transmission Expense (566)	11,739		17,217		27,486	
Maintenance:						
Supervision (568)	2,878		2,629		1,985	
Structures (569)	264		---		---	
Station Equipment (570)	5,408		9,017		3,524	
Overhead Lines (571)	15,010		10,610		1,664	
Vacation, Holiday, Sick Leave (575)	9,186		6,030		6,971	
Depreciation (576)	44,388		43,048		31,072	
Tax on Rural Property (577)	5,690		5,690		5,621	
	<hr/>		<hr/>		<hr/>	
Total Transmission Expense	313,933	4.3	303,438	3.8	268,896	3.4
<u>Distribution</u>						
Operation Supervision (580)	15,021		13,320		11,950	
Load Dispatching (581)	30,442		30,526		28,810	
Station Expense (582)	12,024		6,825		17,080	
Overhead Line Expense (583)	2,743		---		1,246	
Vehicle Expense (589)	15,469		20,249		13,460	
Underground Line Expense (584)	8,753		4,082		6,007	
Street Lighting (585-418)	2,627		696		606	
Signal Expense (585-419)	1,029		---		1	
Meter Expense (586)	9,770		16,080		8,740	
Consumer Installation Expense (587)	545		779		413	
Miscellaneous Distribution Expense (588)	60,482		79,611		74,016	
Maintenance:						
Supervision (590)	11,150		8,537		7,309	
Structures (591)	472		---		---	
Station Equipment (592)	10,797		7,820		11,256	
Overhead Lines (593)	62,304		146,597		47,094	
Underground Lines (594)	20,511		6,213		9,188	
Line Transformers (595)	3,932		6,919		915	
Street Lighting (596-418)	10,231		16,531		10,121	
Signal System (596-419)	2,015		3,556		774	
Meters (597)	2,280		1,848		2,052	
Miscellaneous Distribution Plant (598)	2,708		3,620		3,365	
Vacation, Holiday, Sick Leave (599)	26,212		24,038		23,024	
Depreciation (578)	177,226		175,558		172,352	
Tax on Rural Property (579)	1,700		1,700		1,679	
	<hr/>		<hr/>		<hr/>	
Total Distribution Expense	\$490,443	6.7	\$575,103	7.2	\$451,458	5.7

Muscatine Power and Water - Electric Utility
Summary of Expenses
Current Month - October 2018

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Customer Service Expense</u>						
Customer Information Expense (909)	\$4,204		\$2,723		\$2,913	
Energy Efficiency Rebates (912)	15,560		19,435		22,064	
Electric Ranges/Dryers Maintenance (910)	435		170		469	
Electric Water Heaters Maintenance (911)	155		127		65	
	<u>20,355</u>	0.3	<u>22,454</u>	0.3	<u>25,511</u>	0.3
<u>Consumer Accounts</u>						
Meter Reading Expense (902)	9,950		10,750		9,433	
Consumer Records and Collection (901/903)	45,836		42,545		41,193	
Uncollectible Accounts Expense (904)	4,253		4,253		5,623	
Vacation, Holiday, Sick Leave (906)	4,484		4,062		3,629	
	<u>64,523</u>	0.9	<u>61,609</u>	0.8	<u>59,878</u>	0.8
<u>Administrative and General</u>						
Administrative and General Salaries (920)	189,767		214,321		190,310	
Office Supplies and Expenses (921)	13,953		21,115		16,420	
Outside Services Employed (923)	36,183		42,755		54,791	
Property Insurance (924)	58,354		62,067		55,721	
Casualty Ins, Injuries & Damages (925)	48,267		100,650		24,939	
Employee Pensions and Benefits (926)	556,457		685,111		530,704	
Fringe Benefits Charged to Constr. (927)	(25,679)		(29,229)		(40,797)	
Regulatory Commission (928)	8,615		21,720		9,794	
Miscellaneous General Expense (930)	42,556		65,843		53,325	
Maintenance of General Plant (932)	43,856		35,703		36,231	
Maintenance of A/O Center (934)	38,421		44,259		39,481	
Vacation, Holiday, Sick Leave (936)	24,505		24,337		19,158	
Depreciation (933)	159,450		99,190		47,766	
	<u>1,194,704</u>	16.3	<u>1,387,841</u>	17.3	<u>1,037,843</u>	13.2
Total Operating Expense	<u>\$7,608,352</u>		<u>\$8,907,336</u>		<u>\$7,601,307</u>	
Percent to Operating Revenue		103.8		111.0		96.5

Muscatine Power and Water - Electric Utility
Summary of Expenses
Calendar Year-to-Date - October 2018

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Purchased Power</u>	<u>\$19,814,061</u>	26.7	<u>\$24,249,867</u>	29.6	<u>\$23,336,302</u>	29.9
Average price per kWh	\$0.02564		\$0.03031		\$0.03001	
<u>Generation</u>						
Operation Supervision (500)	756,953		820,085		785,817	
Fuel: (501)						
Coal	15,344,025		18,726,000		15,013,460	
Fuel Oil	88,674		57,565		79,535	
Gas	101,855		108,046		132,353	
Coal Handling Expense (501-003)	328,488		376,302		367,271	
Landfill Operation Expense (501-925)	107,468		165,193		158,931	
Emissions Allowance Expense (509)	6,010		2,956		6,274	
Steam Expense:						
Boiler (502-004)	932,718		1,029,790		886,067	
Pollution Control (502-005)	645,304		567,861		484,880	
Electric Expense (505)	892,075		943,008		859,511	
Miscellaneous Steam Power Expense (506)	2,243,709		1,528,171		1,763,835	
Maintenance:						
Supervision (510)	669,846		774,809		770,077	
Structures (511)	949,669		501,460		604,836	
Boiler Plant:						
Boiler (512-006)	2,505,954		1,960,210		1,850,369	
Pollution Control (512-007)	615,898		486,975		615,650	
Electric Plant (513-008)	1,106,205		587,361		2,484,377	
System Control (513-009)	202,728		205,007		177,840	
Miscellaneous Steam Plant (514)	498,390		436,462		541,301	
Coal Handling Equipment (516)	677,271		729,966		702,767	
System Control and Load Dispatch (556)	276,512		318,287		252,554	
Vacation, Holiday, Sick Leave (557)	810,599		770,308		837,753	
Depreciation (558)	<u>6,376,156</u>		<u>6,410,393</u>		<u>6,488,142</u>	
Total Generation Expense	<u>\$36,136,506</u>	48.7	<u>\$37,506,214</u>	45.7	<u>\$35,863,600</u>	45.9

Muscatine Power and Water - Electric Utility
Summary of Expenses
Calendar Year-to-Date - October 2018

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Transmission</u>						
Operation Supervision (560)	\$77,502		\$80,308		\$73,490	
Load Dispatching (561)	731,691		723,679		670,482	
Station Expense (562)	148,351		119,239		87,554	
Overhead Line Expense (563)	844		23,091		5,754	
Transmission of Electricity by Others (565)	1,258,638		945,016		859,273	
Miscellaneous Transmission Expense (566)	131,255		117,446		141,642	
Maintenance:						
Supervision (568)	28,273		21,314		24,171	
Structures (569)	1,520		---		---	
Station Equipment (570)	51,080		73,202		64,622	
Overhead Lines (571)	155,513		85,187		45,788	
Vacation, Holiday, Sick Leave (575)	112,159		100,898		88,234	
Depreciation (576)	443,875		430,475		310,718	
Tax on Rural Property (577)	56,898		57,780		55,888	
	<hr/>		<hr/>		<hr/>	
Total Transmission Expense	3,197,596	4.3	2,777,635	3.4	2,427,616	3.1
<u>Distribution</u>						
Operation Supervision (580)	147,411		115,650		137,266	
Load Dispatching (581)	300,323		316,837		319,389	
Station Expense (582)	127,880		73,999		90,435	
Overhead Line Expense (583)	41,930		1,035		17,473	
Vehicle Expense (589)	154,326		155,488		138,709	
Underground Line Expense (584)	75,283		50,506		48,501	
Street Lighting (585-418)	26,168		14,458		7,919	
Signal Expense (585-419)	10,703		5,284		1,369	
Meter Expense (586)	98,926		110,741		104,273	
Consumer Installation Expense (587)	5,596		10,800		6,315	
Miscellaneous Distribution Expense (588)	574,020		732,471		669,858	
Maintenance:						
Supervision (590)	110,860		73,198		94,734	
Structures (591)	13,853		---		---	
Station Equipment (592)	86,686		64,265		129,965	
Overhead Lines (593)	547,146		786,675		683,247	
Underground Lines (594)	206,553		194,763		167,713	
Line Transformers (595)	66,894		63,750		34,153	
Street Lighting (596-418)	103,288		138,746		116,000	
Signal System (596-419)	31,738		63,527		41,264	
Meters (597)	25,821		22,865		26,023	
Miscellaneous Distribution Plant (598)	27,083		27,099		28,114	
Vacation, Holiday, Sick Leave (599)	317,900		330,093		328,181	
Depreciation (578)	1,772,264		1,755,577		1,723,521	
Tax on Rural Property (579)	16,995		17,263		16,694	
	<hr/>		<hr/>		<hr/>	
Total Distribution Expense	\$4,889,648	6.6	\$5,125,092	6.2	\$4,931,116	6.3

Muscatine Power and Water - Electric Utility
Summary of Expenses
Calendar Year-to-Date - October 2018

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Customer Service Expense</u>						
Customer Information Expense (909)	\$54,498		\$47,404		\$48,231	
Energy Efficiency Rebates (912)	159,100		120,987		180,677	
Electric Ranges/Dryers Maintenance (910)	4,450		1,757		1,725	
Electric Water Heaters Maintenance (911)	<u>1,591</u>		<u>1,162</u>		<u>606</u>	
Total Customer Service Expense	<u>\$219,639</u>	0.3	<u>\$171,311</u>	0.2	<u>\$231,239</u>	0.3
<u>Consumer Accounts</u>						
Meter Reading Expense (902)	98,490		102,009		97,337	
Consumer Records and Collection (901/903)	462,926		433,056		416,996	
Uncollectible Accounts Expense (904)	42,532		42,530		56,230	
Vacation, Holiday, Sick Leave (906)	<u>54,835</u>		<u>51,125</u>		<u>46,926</u>	
Total Consumer Accounts Expense	<u>658,782</u>	0.9	<u>628,719</u>	0.8	<u>617,489</u>	0.8
<u>Administrative and General</u>						
Administrative and General Salaries (920)	1,864,515		1,862,524		1,758,207	
Office Supplies and Expenses (921)	149,710		165,307		139,498	
Outside Services Employed (923)	452,217		349,657		368,990	
Property Insurance (924)	575,641		601,631		551,384	
Casualty Ins, Injuries & Damages (925)	476,669		517,535		501,803	
Employee Pensions and Benefits (926)	5,609,886		6,333,667		5,541,358	
Fringe Benefits Charged to Constr. (927)	(284,967)		(287,010)		(332,235)	
Regulatory Commission (928)	86,150		70,664		84,060	
Miscellaneous General Expense (930)	498,638		464,052		405,319	
Maintenance of General Plant (932)	433,998		382,650		344,981	
Maintenance of A/O Center (934)	533,789		492,623		351,616	
Vacation, Holiday, Sick Leave (936)	295,782		304,471		276,681	
Depreciation (933)	<u>1,594,499</u>		<u>991,897</u>		<u>477,662</u>	
Total Administrative and General	<u>12,286,528</u>	16.6	<u>12,249,667</u>	14.9	<u>10,469,324</u>	13.4
Total Operating Expense	<u><u>\$77,202,760</u></u>		<u><u>\$82,708,505</u></u>		<u><u>\$77,876,686</u></u>	
Percent to Operating Revenue		104.1		100.8		99.7

Muscatine Power and Water - Electric Utility
Statistical Data
October 2018

Total Fuel Cost

(To & Including Ash Handling, Gas & Oil)

	<u>Current Month</u>	
	<u>2018</u>	<u>2017</u>
Per Million Btu.	\$1.847	\$1.790
Per Net MW Generated	\$21.37	\$19.62
Net Peak Monthly Demand-KW	119,990	117,030
Date of Peak	10/3	10/2
Hour of Peak	1700	1700

	<u>Calendar Year-To-Date</u>	
	<u>2018</u>	<u>2017</u>
Per Million Btu.	\$1.820	\$1.789
Per Net MW Generated	\$20.98	\$20.28
Net Peak Monthly Demand-KW	145,010	135,890
Date of Peak	6/18	9/20
Hour of Peak	1800	1400
Average Temperature	50.6°	55.8°

<u>Services</u>	<u>2018</u>	<u>2017</u>
Residential	9,921	9,869
Commercial I	1,368	1,373
Commercial II	146	116
Industrial I	12	11
Industrial II	2	2
City Enterprise Funds	24	25
Water & Communications Utility	36	35
Total	<u>11,509</u>	<u>11,431</u>

**Muscatine Power and Water - Electric Utility
Wholesale Sales Analysis - Excluding Wind
Current Month - October 2018**

	Modified Budget	\$/kWh	This Year	\$/kWh	Last Year	\$/kWh
Wholesale kWh Sales*	49,151,318		83,686,210		60,912,482	
Wholesale Sales*	\$1,446,931	\$0.02944	\$2,762,436	\$0.03301	\$1,860,118	\$0.03054
Variable Costs						
Fuel (Coal, Gas & Fuel Oil)	858,466	0.01747	1,713,837	0.02048	1,135,274	0.01864
Emissions:						
SO ² Allowances-ARPF ^{fn1}	230	0.00016	101	0.00004	46	---
SO ² Allowances-CSAPR ^{fn2}	---	---	127	---	116	---
NO _x Allowances ^{fn3}	774	0.00090	323	0.00019	339	---
Other ^{fn4}	166,158	0.00338	162,080	0.00194	178,138	0.00292
Total Variable Costs	1,025,628	0.02087	1,876,468	0.02242	1,313,913	0.02157
Gross Margin	\$421,303	\$0.00857	\$885,968	\$0.01059	\$546,205	\$0.00897
Percent Gross Margin	29.1%		32.1%		29.4%	

*Wholesale analysis excludes wind. (see next page)

Calendar Year To Date

	Modified Budget	\$/kWh	This Year	\$/kWh	Last Year	\$/kWh
Wholesale kWh Sales*	654,218,935		837,991,760		645,819,800	
Wholesale Sales*	\$19,979,499	\$0.03054	\$27,916,360	\$0.03331	\$23,170,252	\$0.03588
Variable Costs						
Fuel (Coal, Gas & Fuel Oil)	11,336,151	0.01733	16,870,749	0.02013	12,445,056	0.01927
Emissions:						
SO ² Allowances-ARPF ^{fn1}	1,121	0.00006	306	0.00001	188	0.00001
SO ² Allowances-CSAPR ^{fn2}	879	---	384	---	475	---
NO _x Allowances ^{fn3}	3,770	0.00033	104,150	0.00617	173,064	0.01391
Other ^{fn4}	1,661,577	0.00254	1,645,256	0.00196	1,726,620	0.00267
Total Variable Costs	13,003,498	0.01988	18,620,845	0.02222	14,345,403	0.02221
Gross Margin	\$6,976,001	\$0.01066	\$9,295,515	\$0.01109	\$8,824,849	\$0.01366
Percent Gross Margin	34.9%		33.3%		38.1%	

*Wholesale analysis excludes wind. (see next page)

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

	Budget	2018	2017
fn1 SO ² ARP	\$2.00	\$0.70	\$0.80
YTD SO ² ARP	2.00	0.70	0.79
fn2 SO ² CSAPR	2.00	0.88	2.00
YTD SO ² CSAPR	0.00	0.88	2.00
fn3 NO _x annual	5.00	1.50	3.00
NO _x seasonal	1,300.00	190.00	375.00
YTD NO _x annual	500.00	1.50	4.44
YTD NO _x seasonal	1,300.00	229.61	595.41

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 - October 2018**

	<u>Budget</u>	<u>\$/kWh</u>	<u>This Year</u>	<u>\$/kWh</u>	<u>Last Year</u>	<u>\$/kWh</u>
Revenue						
Wholesale kWh Sales	5,620,000		4,330,289		5,450,431	
Wholesale Sales	\$57,324	\$0.01020	\$81,624	\$0.01885	\$68,616	\$0.01259
Expense						
Purchased Power kWh	5,620,000		4,330,289		5,450,431	
Purchased Power	\$149,323	0.02657	\$115,056	0.02657	\$141,902	0.02604
Gross Margin/(Loss)	<u>(\$91,999)</u>	<u>(\$0.01637)</u>	<u>(\$33,432)</u>	<u>(\$0.00772)</u>	<u>(\$73,286)</u>	<u>(\$0.01345)</u>
Percent Gross Margin	-160.5%		-41.0%		-106.8%	
RECs Sold	---		---		---	
REC Net Proceeds	\$0	---	\$0	---	\$0	---
Misc Wind Revenues/Charges	\$0		\$0		\$0	
Wind Net Margin/(Loss)	(\$91,999)		(\$33,432)		(\$73,286)	

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	42,015,000		42,140,776		42,917,231	
Wholesale Sales	\$583,782	\$0.01389	\$792,041	\$0.01880	\$584,275	\$0.01361
Expense						
Purchased Power kWh	42,015,000		42,140,776		42,917,231	
Purchased Power	\$1,116,339	0.02657	\$1,120,396	0.02659	\$1,116,187	0.02601
Gross Margin/(Loss)	<u>(\$532,557)</u>	<u>(\$0.01268)</u>	<u>(\$328,355)</u>	<u>(\$0.00779)</u>	<u>(\$531,912)</u>	<u>(\$0.01239)</u>
Percent Gross Margin	-91.2%		-41.5%		-91.0%	
RECs Sold	---		1,000		2,500	
REC Net Proceeds	\$0	---	\$750	0.75	\$1,875	0.75
Misc Wind Revenues/Charges	\$0		\$0		\$0	
Wind Net Margin/(Loss)	(\$532,557)		(\$327,605)		(\$530,037)	

	<u>Budget</u>	<u>This Year</u>	<u>Last Year</u>
RECs at end of Prior Period	0	32,618	3,438
RECs Added This Period	0	33,773	24,873
RECs Sold This Period	0	1,000	2,500
Number of RECs on hand	0	65,391	25,811
Market Value per REC	\$0.00	\$0.75	\$0.75
Value of RECs on Hand	\$0.00	\$49,043.25	\$19,358.25

Muscatine Power and Water - Electric Utility
SUPPLEMENTAL STATISTICAL DATA - FOR INTERNAL PURPOSES ONLY
October 2018

Delivered to Wholesale Customers

	Current Month 2018 Budget	Current Month 2018 Actual	Current Month 2017 Actual	Year-To-Date 2018 Budget	Year-To-Date 2018 Actual	Year-To-Date 2017 Actual
Wholesale Sales KWHs	54,771,318	88,016,499	66,362,913	696,233,935	880,132,536	688,737,031
Wholesale Sales	\$1,504,255	\$2,844,060	\$1,928,734	\$20,563,281	\$28,708,401	\$23,754,527
Less:						
Production Fuel	924,965	1,779,442	1,189,837	13,318,289	17,449,156	13,016,582
Generation-Other	2,049,009	1,903,561	1,854,426	19,754,840	17,555,572	19,751,786
Transmission	313,933	303,438	268,896	3,197,596	2,777,635	2,427,616
Subtotal	<u>3,287,906</u>	<u>3,986,442</u>	<u>3,313,159</u>	<u>36,270,725</u>	<u>37,782,362</u>	<u>35,195,984</u>
Wholesale Margin	<u>(\$1,783,652)</u>	<u>(\$1,142,382)</u>	<u>(\$1,384,425)</u>	<u>(\$15,707,444)</u>	<u>(\$9,073,962)</u>	<u>(\$11,441,457)</u>

Delivered to Steam Customer

	Current Month 2018 Budget	Current Month 2018 Actual	Current Month 2017 Actual	Year-To-Date 2018 Budget	Year-To-Date 2018 Actual	Year-To-Date 2017 Actual
Steam Sales - 1,000 lbs.	260,400	73,809	250,087	1,268,400	1,054,600	1,297,185
Steam Sales	1,000,649	283,440	951,110	\$4,835,826	\$4,011,943	\$4,956,228
Less:						
Production Fuel	566,893	146,734	512,112	2,652,220	1,983,950	2,734,968
Generation-Other	41,112	107,926	32,914	411,157	517,537	360,264
Steam Sales Margin	<u>\$392,644</u>	<u>\$28,781</u>	<u>\$406,085</u>	<u>\$1,772,448</u>	<u>\$1,510,456</u>	<u>\$1,860,996</u>

Delivered to Paying Native System Customers

	Current Month 2018 Budget	Current Month 2018 Actual	Current Month 2017 Actual	Year-To-Date 2018 Budget	Year-To-Date 2018 Actual	Year-To-Date 2017 Actual
Native System Sales KWHs	71,474,638	70,654,514	71,264,738	701,437,129	727,187,759	703,059,073
Native System Sales	\$4,752,288	\$4,802,867	\$4,883,451	\$47,981,772	\$48,355,420	\$48,501,958
Less:						
Purchased Power	1,942,416	2,619,227	2,168,433	19,814,061	24,249,867	23,336,302
Distribution	490,443	575,103	451,458	4,889,648	5,125,092	4,931,116
Customer Service	20,355	22,454	25,511	219,639	171,311	231,239
Consumers Accounts	64,523	61,609	59,878	658,782	628,719	617,489
Administrative & General	1,194,704	1,387,841	1,037,843	12,286,528	12,249,667	10,469,324
Subtotal	<u>3,712,441</u>	<u>4,666,235</u>	<u>3,743,123</u>	<u>37,868,658</u>	<u>42,424,656</u>	<u>39,585,470</u>
Native System Margin	1,039,847	136,632	1,140,328	10,113,115	5,930,764	8,916,488
Steam Sales Margin	392,644	28,781	406,085	1,772,448	1,510,456	1,860,996
Wholesale Margin	<u>(1,783,652)</u>	<u>(1,142,382)</u>	<u>(1,384,425)</u>	<u>(15,707,444)</u>	<u>(9,073,962)</u>	<u>(11,441,457)</u>
Net Electric Margin	(351,160)	(976,969)	161,988	(3,821,881)	(1,632,741)	(663,973)
Other Revenue	69,156	95,217	115,147	752,894	976,577	903,212
Nonoperating Revenue (Expense)	<u>22,719</u>	<u>108,423</u>	<u>40,975</u>	<u>204,265</u>	<u>813,839</u>	<u>286,634</u>
Net Income (Loss) Before Revenue Adjustment and Capital Contributions	<u>(\$259,285)</u>	<u>(\$773,329)</u>	<u>\$318,110</u>	<u>(\$2,864,722)</u>	<u>\$157,675</u>	<u>\$525,873</u>

Electric Utility
Review of Operating Results
October 2018

**MUSCATINE POWER AND WATER - ELECTRIC UTILITY
 VARIANCES FROM BUDGETED NET POSITION - OCTOBER 31, 2018**

	(Unfavorable)/ Favorable Compared to Budget	
Sales of Electricity		
Native System Sales	\$ 373,648	3.7% higher kWhs sold; offset by a 2.8% lower average sales price (\$.06650/kWh versus \$.06840/kWh budgeted)
Wholesale Sales	8,145,119	10.4% higher average sale price (\$.03262/kWh versus \$.02954/kWh), plus 26.4% higher kWhs sold
	<u>8,518,767</u>	
Steam Sales	<u>(823,883)</u>	16.9% lower pounds of steam sold
Other Revenue		
By-Product Revenue	156,933	Fly ash sales higher than budgeted
	20,077	Gypsum sales higher than budgeted
	(9,748)	Slag sales lower than budgeted
Miscellaneous Revenue	(24,077)	Lower job sales, net of expenses
	34,473	Alliant Energy easement, not budgeted
	15,373	Revenue from RECs
	4,959	RESCO patronage dividend, not budgeted
	(7,329)	Lower transmission-related revenue
	8,724	Higher recycling revenue
	18,809	Higher penalty revenue
	<u>5,489</u>	Other miscellaneous variances - net
	<u>223,683</u>	
Operating Expense		
Purchased Power - Native System	(4,431,749)	Average purchase price is 18.2% higher (\$.03031/kwh vs \$.02564/kwh), plus 3.7% higher kWhs purchased
Purchased Power - Wind	(4,057)	0.3% higher kWhs purchased
	<u>(4,435,806)</u>	
Production Fuel	(3,396,328)	24.0% or 124,773 higher number of coal tons burned, offset by a 1.6% lower price/ton
	30,517	Unit 9's lower cost of fuel oil
	4,575	Lower Unit 8 natural gas usage
	(10,766)	Higher Unit 7 natural gas usage
	(12,754)	CCR compliance costs were not budgeted
	(22,918)	Higher cost for landfill rock, propane, and diesel fuel
	(91,136)	Higher labor cost
	<u>36,213</u>	Other miscellaneous variances - net
	<u>(3,462,597)</u>	
Emissions Allowance	<u>3,054</u>	Market price lower than assumed
Operation		
	7,835	Lower gas usage for auxiliary boiler
	(24,401)	Higher cost for bottom ash system chemicals
	92,638	Lower PAC injection system costs
	40,030	Lower cost for wastewater chemicals and analysis
	(122,341)	Higher limestone usage
	12,973	Lower power plant water bills
	18,947	Hydrogen and other electric material expenses lower than budgeted
	19,088	Lower cost for PM2.5 modeling
	231,853	Stack testing not performed
	22,374	Engineering services for CCR rule compliance not expended
	94,915	Lower cost for 316(b) Impingement/Entrainment study
	20,000	ARC flash study update not completed
	17,200	EPA protocol-1 cal. & linearity gasses & demurrage, not expended
	5,702	Lower cost for universal waste recycling/hazardous waste disposal
	9,500	Coal and byproduct analysis, not expended
	32,664	IDNR fees lower than anticipated
	18,000	ESII training not expended
	7,832	Lower cost for plant safety materials
	16,768	Lower cost for rail car storage and administration fees
	6,743	Lower cost for plant ground maintenance
	(41,307)	Higher cost of MISO operating and administrative fees
	12,580	Inspection, replacement, and painting of pole breakers not expended
	(5,900)	Fencing at Unit 7 substation, not budgeted
	313,621	Lower cost for MISO's multi-value transmission and market efficiency projects
	8,333	Local balancing authority investigation expenses not expended
	38,610	Electric line workers' tools & lean supplies not needed
	6,367	Lower cost for vehicle material expenses
	(8,562)	Higher cost for share in MAGIC's operating expenses
	(8,588)	Engineering services not budgeted
	(14,752)	Higher cost for fire retardant clothing

MUSCATINE POWER AND WATER - ELECTRIC UTILITY
 VARIANCES FROM BUDGETED NET POSITION - OCTOBER 31, 2018

(Unfavorable)/ Favorable Compared to Budget	
8,017	Lower marketing costs
38,113	Lower cost for energy efficiency rebates
(6,217)	Higher cost for payment processing fees
(9,023)	Higher cost for computer hardware/software
(14,611)	Higher cost for organizational development consulting
35,130	Succession planning not expended
58,964	Legal services not expended
15,704	CIP compliance consulting not utilized
8,855	Lower cost for web design service
6,000	Fuel procurement committee consulting, not expended
(18,011)	Higher cost for employee search services
9,551	Lower cost for coal pile survey
(25,990)	Higher cost for property insurance
(60,136)	Workers compensation claims expense is higher than historical data used for budgeting
19,270	Casualty insurance premiums were expected to increase by 5-7%; instead increased slightly
(895,516)	Pension expense is accrued at a higher amount to approximate GASB 68 effect
141,191	Lower healthcare costs
(12,889)	Higher FICA expense
10,848	Lower cost of educational reimbursements
22,512	Lower cost for unemployment expenses
15,486	Lower expense for IUB regulatory commission
(45,360)	Higher cost for GMCCI joint community projects/economic development pledge
29,918	General CIP expense not expended
16,019	Continuous improvement expenses not incurred
11,885	2017 Annual Report, Highlights not expended
10,151	Lower cost for employee team expenses
148,791	Less training/travel
(12,607)	Higher cost for gasoline/diesel fuel
(66,732)	Higher cost for temporary labor services
(21,576)	Higher cost for vacation expense
(17,063)	Higher labor cost
83,813	Other miscellaneous variances - net
<u>313,209</u>	

Maintenance

18,360	Lower cost for contracted insulation replacement & repairs
300,000	Unit 9 roof restoration deferred to 2019
(13,967)	Unit 9 training room air conditioner, not budgeted
115,940	Other Unit 9 roof repairs not expended
(43,476)	Higher cost for spray foam and coat Unit 9 Crusher House
5,420	Plant building door repairs not needed
112,685	Lower bottom ash system materials expense
(55,969)	Higher fly ash system materials expense
9,382	Lower cost for reverse osmosis materials expenses
(55,464)	Higher cost for 8A reboiler repairs
12,361	Inspection Unit 7 boiler feed pump motor not completed
16,000	Unit 7 hydroset boiler & FWH safety valve repairs, postponed
40,000	Unit 7 grit blast furnace and scaffold boiler, postponed
10,000	Unit 7 stack inspection, postponed
75,000	Unit 7 NDE of steam drum, mud drum, penthouse headers, postponed
12,000	Unit 7 NDE of deaerator and storage tank, postponed
(21,422)	Unit 7 traveling grate repair not budgeted
(24,657)	Unit 7 boiler tube repair, not budgeted
(30,655)	Unit 8 vacuum services not budgeted
15,000	Deslag Unit 8 furnace not expended
4,848	Lower cost to explosive-clean Unit 8 boiler
15,000	Unit 8 fly ash vacuum blower rebuild, not completed
27,000	Unit 8 LPAP housing not replaced
56,377	Lower cost for Unit 8 restud/refractory
20,000	Unit 8 cyclone repairs not expended
(7,378)	Cost for Unit 8 miscellaneous piping repairs, not budgeted
12,000	Unit 8 cyclone tubes NDE not expended
12,000	Unit 8 deaerator NDE not expended
35,000	Unit 8 boiler layup not expended
(75,089)	Unit 8 boiler superheat tube alignment clips not budgeted
(16,846)	Higher cost for Unit 8 miscellaneous valve repairs
(18,615)	Replace Unit 9 auxiliary steam line not budgeted
80,000	Unit 9 pulverizer journal rebuild not completed
6,408	9A Pulverizer motor inspection not completed
37,229	Lower cost for Unit 9 routine pulverizer maintenance
12,032	Lower cost for Unit 9 miscellaneous piping repairs
(17,729)	Grit blast the finishing superheat on Unit 9 boiler not budgeted

**MUSCATINE POWER AND WATER - ELECTRIC UTILITY
 VARIANCES FROM BUDGETED NET POSITION - OCTOBER 31, 2018**

	(Unfavorable)/ Favorable Compared to Budget	
	12,000	Unit 9 reheat spray valve trim replacement not expended
	14,752	Lower cost to rebuild/repair Unit 9 sootblowers
	(12,896)	Higher cost of Unit 9 boiler tube repairs/NDE
	(48,381)	Higher cost for Unit 9 boiler vent, drain and blowdown valve repairs
	26,160	Lower cost for Unit 9 miscellaneous valve repairs
	8,000	Replacement of Unit 9 condensate control valve with DVC valve controller not completed
	14,660	Lower cost for continuous emission monitoring expenses
	19,747	Lower cost for PAC injection system expenses
	57,967	Lower cost of miscellaneous precipitator repairs
	18,000	Repair of the limestone silo 901 south wall has not begun
	8,539	Lower cost of miscellaneous limestone handling equipment repairs
	3,425	Lower cost for wastewater equipment maintenance
	7,590	Lower cost for scrubber waste equipment repairs
	(7,365)	Higher cost for FGD hydroclone repairs/replacements
	9,518	Absorber spray pump inspection/repair not completed
	6,000	Absorber spray impeller replacement not expended
	36,000	Oxidation air compressor 901 rebuild not performed
	(56,036)	WFC pump inspection/repairs, not budgeted
	(13,682)	Higher cost for the Quencher pump inspection
	(10,164)	Replace recirculating control valve for makeup water tank not budgeted
	(8,576)	Replace regulating valve for makeup water tank not budgeted
	16,572	Lower cost of miscellaneous FGD equipment repairs
	7,200	Unit 9 heat exchangers cleaning not performed
	28,000	Unit 9 harmonic noise inspection (HNI) testing not needed
	(68,116)	Unit 9 generator overhaul, not budgeted
	9,243	Unit 8 generator electrical testing not expended
	(9,702)	Unit 8 lube oil pump motor repair not budgeted
	35,000	Unit 8 turbine layup, not expended
	7,751	Lower cost for 8A turbine/generator repairs
	193,000	Unit 7 generator inspection/overhaul postponed to 2019
	252,618	Unit 7 turbine inspection/overhaul postponed to 2019
	12,750	Flux probe generator testing - Units 8, 8A, & 9, not completed
	8,500	PDA testing - Units 8 & 9, not completed
	9,440	Lower cost for GE, EX-2000, and Mark V service agreement
	5,591	Generation plant tool expense not expended
	(4,381)	Higher cost for rail car maintenance
	36,084	Lower cost for dozer maintenance
	(134,744)	Higher cost for coal conveyor repairs
	50,042	Track maintenance not completed
	(16,641)	Inspection of Unit 8 coal crusher hammers not budgeted
	19,492	Lower cost for rail unloader maintenance
	39,330	Lower cost for the jointly-owned transmission line maintenance performed by MEC
	(125,393)	Higher overhead lines material costs
	(37,651)	Higher underground lines material costs
	(29,660)	Higher cost of street lighting repairs
	(12,985)	Higher cost of traffic signal repairs
	55,155	Lower cost of vehicle maintenance
	14,899	Lower cost for two-way radio maintenance
	75,000	A/O Center staining/cleaning postponed
	(35,000)	Higher cost for asphalt overlay
	6,206	Lower cost of gasoline and diesel fuel
	13,679	Lower cost for temporary labor services
	49,316	Lower labor cost
	243,314	Other miscellaneous variances - net
	<u>1,477,942</u>	
Depreciation	598,453	Net value of the A&G assets were overestimated for the budget
Nonoperating Revenue (Expense)		
Interest Income	612,092	Higher average cash balances
Interest Expense	(2,517)	
	<u>609,575</u>	
Change in Net Position	<u>\$ 3,022,397</u>	Total Variance from Budgeted Net Position

Statements of Revenues, Expenses and Changes in Net Position

Sales of Electricity

Native System Sales

3.7% higher kWhs sold, offset by a 2.8% lower average sales price per kWh (\$.06650/kWh versus \$.06840/kWh budgeted), resulted in \$373,648 higher revenue than projected.

Wholesale Sales

26.4% higher kWhs sold, plus a 10.4% higher average sales price (\$.03262/kWh versus \$.02954/kWh budgeted), resulted in \$8,145,119 higher revenue than projected.

Steam Sales

16.9% lower pounds of steam sold, resulted in \$823,883 lower revenue than projected.

Other Revenue

By-Product Revenue

Gypsum and fly ash sales are \$20,077 and \$156,933 higher than budgeted, respectively. The budget includes \$9,748 for slag sales that has not occurred.

Miscellaneous Revenue

Net job sales and transmission-related revenue are \$24,077 and \$7,329 lower than budget, respectively; recycling and penalty revenue are \$8,724 and \$18,809 higher than budgeted, respectively. Included in revenue is a payment from Alliant Energy for an easement totaling \$34,473, \$15,373 for renewable energy credits, and \$4,959 from RESCO for patronage dividends.

Nonoperating Revenue (Expense)

Interest Income

Interest income is \$612,091 higher than budgeted due to higher average cash balances.

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 18.2% higher average purchase price (\$.03031/kWh versus \$.02564/kWh budgeted), plus 3.7% higher kWhs purchased for native system sales, resulted in \$4,431,749 higher cost. Wind energy kWh purchases were 0.3% or \$4,057 higher than budgeted.

Generation

Operation Supervision – (500)

Total labor expense is \$63,132 higher than budget due to more overtime than expected.

Fuel – Coal – (501-001)

24.0% or 124,773 higher tons of coal burned, offset by a 1.6% lower price/ton, resulted in \$3,396,328 higher coal expense.

Fuel – Fuel Oil – (501-921)

Cost of fuel oil for Unit 9 start-ups is \$30,517 lower than budgeted.

Fuel – Gas – (501-002)

Unit 7's natural gas usage is \$10,766 higher than budgeted and unit 8's natural gas usage is \$4,575 lower than budgeted.

Coal Handling Expense - (501-003)

Labor expenses are \$67,400 higher than budgeted, respectively; gasoline and diesel fuel expenses are \$14,983 lower than budgeted.

Landfill Operation Expense - (501-925)

Actual expenses include \$12,754 for engineering services relating to CCR compliance, which were not budgeted, plus, labor expense is \$22,053 higher than budgeted. Other material costs for rock, propane, and diesel fuel, are \$22,918 higher than the budget.

Steam Expense – Boiler – (502-004)

Labor expenses are \$70,256 higher than budgeted. Gas usage for the auxiliary boiler is \$7,835 lower than budgeted. Bottom ash system chemicals are \$24,401 higher than budget due to timing.

Steam Expense – Pollution Control – (502-005)

PAC (powdered activated carbon) injection system costs, wastewater chemicals/analysis, and labor expenses are \$92,638, \$40,030, and \$63,367 lower than budgeted, respectively. Limestone expense is \$122,341 higher than budgeted, due to a survey inventory adjustment that has adjusted the weighted average cost significantly.

Electric Expense – (505)

Labor expense is \$82,853 higher than budget. Power plant water bills are \$12,973 lower than budgeted. Hydrogen and other material expenses are \$18,947 lower than budgeted.

Generation (cont'd)

<u>Miscellaneous Steam Power Expense - (506)</u>	2018	2018
	<u>Budget</u>	<u>Actual</u>
Labor	\$701,269	\$646,075
IDNR Title V permit fee	226,200	239,732
PM2.5 modeling	20,000	912
Stack testing	304,600	72,747
RATA testing	44,000	42,423
Engineering services for CCR rule compliance	22,923	549
316(b) cooling water impingement/entrainment study	150,000	55,085
ARC flash study update	20,000	-
EPA protocol-1 cal. & linearity gasses & demurrage	17,200	-
Universal waste recycling/hazardous waste disposal	11,670	5,968
Coal and byproduct analysis	9,500	-
IDNR fees	54,000	21,336
ESC software engineering time/maintenance	14,900	20,575
ESII training	18,000	-
Nuclear source disposal	12,000	8,803
Plant safety material expenses	114,428	106,596
Plant road and railroad crossing repairs	7,500	6,816
Rail car storage/switching costs/admin fees	104,733	87,965
PMA/PEPSI/Aware maintenance agreements	11,068	7,664
Travel/training	146,197	69,953
Temporary labor services	6,840	24,764
Ground maintenance	43,650	36,907
Membership/subscriptions	10,675	9,727
Gasoline/diesel fuel	11,667	13,530
Other expenses	<u>160,689</u>	<u>50,044</u>
	<u>\$2,243,709</u>	<u>\$1,528,171</u>

Maintenance Supervision – (510)

Plant maintenance and technical departments' labor expenses are \$67,658 and \$35,550 higher than budgeted, respectively.

Generation (cont'd)

<u>Maintenance of Structures - (511)</u>	2018	2018
	<u>Budget</u>	<u>Actual</u>
Labor	\$232,883	\$211,599
Elevator maintenance	42,600	48,264
Contracted insulation replacement/repair	21,640	3,280
Overhead door maintenance	7,500	2,080
Unit 9 turbine roof restoration	300,000	-
Unit 9 training room airconditioner	-	13,967
Plant roof maintenance	120,000	4,060
Unit 9 miscellaneous piping repairs	-	3,438
Unit 7 sump pump	9,000	5,690
Hoist and crane repairs	-	5,669
Waste oil material dumpster	6,000	1,040
Extend Unit 9 vacuum header to the SH level	26,000	22,531
Spray foam and coat Unit 9 Crusher House	2,000	45,476
Fire protection panel inspection/repair	17,100	19,849
Backflow preventer inspection/repairs	31,650	27,791
Other expenses	<u>133,296</u>	<u>86,726</u>
	<u>\$949,669</u>	<u>\$501,460</u>

Generation (cont'd)

<u>Maintenance of Boiler Plant - Boiler - (512-006)</u>	2018	2018
	<u>Budget</u>	<u>Actual</u>
Labor	\$614,826	\$523,558
Bottom ash system materials	181,304	68,619
Fly ash system materials	73,088	129,057
Reverse osmosis system	11,111	1,729
8A reboiler repairs	17,216	72,680
Inspect & clean Unit 7 boiler feed pump motor	14,000	1,639
Unit 7 hydroset boiler & FWH safety valve repairs	16,000	-
Unit 7 grit blast furnace and scaffold boiler	40,000	-
Unit 7 stack inspection	10,000	-
Unit 7 NDE of steam drum, mud drum, penthouse headers	75,000	-
Unit 7 NDE of deaerator and storage tank	12,000	-
Unit 7 traveling grate repair	-	21,422
Unit 7 boiler tube repair	-	24,657
8A stock feeder belt replacement	-	2,693
Unit 8 vacuum services	-	30,655
Deslag Unit 8 furnace	15,000	-
Explosive clean Unit 8 boiler	22,500	17,652
Unit 8 fly ash vacuum blower rebuild	15,000	-
Replace Unit 8 LPAP housing	27,000	-
Unit 8 restud/refractory	600,000	543,623
Unit 8 cyclone repairs	20,000	-
Unit 8 miscellaneous piping repairs	-	7,378
Unit 8 sootblower repairs	7,650	9,962
Unit 8 hydroset boiler & feedwater heater safety valves & repair	3,600	-
Unit 8 cyclone tubes NDE	12,000	-
Unit 8 deaerator NDE	12,000	-
Unit 8 boiler layup	35,000	-
Unit 8 boiler superheat tube alignment clips	-	75,089
Unit 8 miscellaneous valve repairs	240	17,086
Replace Unit 9 auxiliary steam line	-	18,615
Unit 9 pulverizer journal rebuild	80,000	-
9A Pulverizer motor inspection	14,000	7,592
Unit 9 routine pulverizer maintenance	104,170	66,941
Unit 9 miscellaneous piping repairs	40,000	27,968
Grit blast Unit 9 ID fans	3,240	-
Grit blast the finishing superheat on Unit 9 boiler	-	17,729
9A & 9B forced draft fan lubrication	-	2,202
Unit 9 reheat spray valve trim replacement	12,000	-
Unit 9 sootblower repairs	-	11,498
Rebuild Unit 9 sootblowers	26,250	-
Unit 9 boiler tube repairs/NDE	10,000	22,896

Generation (cont'd)

<u>Maintenance of Boiler Plant - Boiler - (512-006) (cont'd)</u>	2018 <u>Budget</u>	2018 <u>Actual</u>
Unit 9 boiler vent, drain and blowdown valve repairs	18,750	67,131
Unit 9 miscellaneous valve repairs	35,000	8,840
Replace Unit 9 condensate control valve with DVC valve controller	8,000	-
Software/plant controls maintenance agreements	37,560	36,737
Other expenses	<u>282,449</u>	<u>124,562</u>
	<u>\$2,505,954</u>	<u>\$1,960,210</u>
<u>Maintenance of Boiler Plant – Pollution Control - (512-007)</u>	2018 <u>Budget</u>	2018 <u>Actual</u>
Labor	\$238,568	\$213,264
Continuous emission monitoring expenses	101,825	87,165
PAC (powdered activated carbon) injection system costs	11,240	-8,507
Grit blast & vacuum Unit 8 precipitator & ductwork	16,200	14,317
Miscellaneous precipitator repairs	61,552	3,585
Repair the limestone silo 901 south wall	18,000	-
Miscellaneous limestone handling equipment repairs	9,490	951
Wastewater equipment maintenance	11,583	8,158
Scrubber waste equipment repairs	9,830	2,240
FGD hydroclone repairs/replacements	12,500	19,865
Absorber spray pump inspection/repair	14,000	4,482
Absorber spray impeller replacement	6,000	-
Oxidation air compressor 901 rebuild	36,000	-
T901 WFC pump inspection	-	29,796
902 WFC pump motor repair	-	26,240
Quencher pump inspection/replacement/repair	5,000	18,682
Replace recirculating control valve for makeup water tank	-	10,164
Replace regulating valve for makeup water tank	-	8,576
Miscellaneous FGD equipment repairs	<u>64,110</u>	<u>47,997</u>
	<u>\$615,898</u>	<u>\$486,975</u>

Generation (cont'd)

<u>Maintenance of Electric Plant - (513-008)</u>	2018	2018
	<u>Budget</u>	<u>Actual</u>
Labor	\$268,002	\$266,298
Rebuild two Unit 9 traveling screens	55,000	56,430
Unit 9 transformer & turbine oil samples	3,700	2,920
Unit 9 circulating water booster pump check valve repair	-	2,496
Rebuild Unit 9 chlorine vacuum regulator	5,000	3,083
Unit 9 auxiliary transformer repairs, hot oil process	28,750	29,222
Clean Unit 9 heat exchangers	7,200	-
Unit 9 harmonic noise inspection (HNI) testing	28,000	-
Unit 9 generator overhaul	-	68,116
Unit 9 miscellaneous plant maintenance	51,240	50,582
Unit 8 switchgear contactors' testing	-	3,053
Unit 8 generator electrical testing	15,000	5,757
Unit 8 lube oil pump motor repair	-	9,702
Clean Unit 8 condenser	2,800	-
Unit 8 turbine layup	35,000	-
8A steam turbine control & stop valve overhaul	31,000	33,741
8A turbine/generator repairs	26,150	18,399
Unit 8 UPS battery replacement	6,000	4,151
Unit 8 MV contactor inspection and test	3,500	-
Unit 8 station battery annual inspection	2,500	-
Unit 8 miscellaneous plant maintenance	16,330	7,650
Unit 7 generator inspection/overhaul	193,000	-
Unit 7 turbine inspection/overhaul	266,000	13,382
Unit 7 miscellaneous plant maintenance	14,160	940
Flux probe generator testing - Units 8, 8A, & 9	12,750	-
PDA testing - Units 8 & 9	8,500	-
GE, EX-2000, and Mark V service agreement	20,833	11,393
Other expenses	<u>5,790</u>	<u>47</u>
	<u>\$1,106,205</u>	<u>\$587,361</u>

Maintenance of Miscellaneous Steam Plant – (514)

Labor expense is \$53,964 lower than budgeted. Materials expenses are \$5,591 lower than budget.

Generation (cont'd)

<u>Maintenance of Coal Handling Equipment - (516)</u>	2018	2018
	<u>Budget</u>	<u>Actual</u>
Labor	\$225,717	\$242,918
Rail car maintenance	159,300	163,681
Dozer maintenance	87,583	51,499
Coal conveyor maintenance	38,937	173,681
Lumpbreaker inspection/repair	4,200	2,781
Unit 8 control room PC	3,200	-
Track maintenance	54,000	3,958
Unit 9 DC-14A heat blanket	5,000	-
RC-2 main drive gear reducer leak repair	-	3,160
Inspect Unit 8 coal crusher hammers	-	16,641
Rail unloader maintenance	22,460	10,468
Rail unloader sheave inspection	7,500	-
Other expenses	<u>76,874</u>	<u>61,179</u>
	<u>\$677,271</u>	<u>\$729,966</u>
<u>System Control and Load Dispatch - (556)</u>	2018	2018
	<u>Budget</u>	<u>Actual</u>
Labor	\$135,001	\$131,742
SCADA Dark Fiber service & BUCC MME services	16,220	15,775
MISO operating & administrative fees	121,941	163,248
MISO & APDA memberships	1,126	1,126
Travel and training	250	3,280
Other expenses	<u>1,974</u>	<u>3,116</u>
	<u>\$276,512</u>	<u>\$318,287</u>

Depreciation -- (558)

The budget assumed we would sell 36 railcars at the end of 2017, which did not occur.

TransmissionLoad Dispatching -- (561)

Labor expenses and travel/training expenses are \$518 and \$6,724 lower than budgeted, respectively.

Station Expense -- (562)

Labor expense is \$28,405 lower than budget. The budget includes \$24,000 to paint the 161 breakers that has not been expended. Actual expenses include \$11,420 to inspect and replace pole breakers, \$5,900 for fencing at Unit 7 substation, and \$2,843 for a GPC satellite clock.

Overhead Line Expense -- (563)

Labor expense is \$22,063 higher than budgeted.

Transmission (cont'd)Transmission of Electricity by Others – (565)

The cost of MISO's multi-value transmission and market efficiency projects are \$313,621 lower than budgeted.

Miscellaneous Transmission Expense – (566)

Local balancing authority investigation expenses, budgeted at \$8,333, have not been expended. Labor expense is \$6,879 lower than the budgeted.

Maintenance Supervision – (568)

Labor expense is \$6,959 lower than budgeted primarily due to the Manager, T&D position opening.

Maintenance of Station Equipment – (570)

Labor expense is \$22,269 higher than budgeted.

Maintenance of Overhead Lines – (571)

Line maintenance performed by MEC for the joint section of Line 104 is \$39,330 lower than budgeted. Other material expenses are \$5,750 lower than budgeted; plus, labor expense is \$29,179 lower than the budget.

Depreciation – (576)

Substation assets were estimated at a higher cost than 2017 year-end actual.

DistributionOperation Supervision – (580)

Labor expense is \$31,761 lower than budgeted due to the Manager, T&D position opening.

Load Dispatching – (581)

System control labor expense is \$19,795 higher than budgeted.

Station Expense – (582)

Substation electricians' labor expense is \$38,291 lower than budgeted; project engineering budgeted \$11,260 labor expense that has not been expended. Material expenses, including lawn care, tools and grease, are \$5,397 lower than budgeted.

Overhead Line Expense – (583)

The budget includes \$36,110 for electric line workers' tools and tool repairs, plus \$2,500 for Lean initiative expenses that have not been needed.

Vehicle Expense – (589)

Vehicle labor and materials expenses are lower than the budget by \$5,185 and \$6,367 respectively. Gasoline and diesel fuel usage is \$12,696 greater than budgeted.

Underground Line Expense – (584)

Outside servicemen have spent less time on locates, resulting in \$27,989 lower labor expense.

Street Lighting – (585-STL)

Less time has been spent on street light repairs, resulting in \$13,076 lower labor expense.

Distribution (cont'd)Signal Expense – (585-SIG)

Less time has been spent on signal repairs, resulting in \$7,912 lower labor expense.

Meter Expense – (586)

The metering department labor expense is \$8,926 higher than budgeted.

Customer Installation Expense – (587)

The metering department labor expense is \$4,952 higher than budgeted.

Miscellaneous Distribution Expense – (588)

Labor expense is \$103,745 higher than budgeted; the electric line workers' labor makes up \$47,429 or 46% of this total. The share in MAGIC's operating expenses is \$8,562 higher than budgeted due to the implementation of GASB 75, which increased OPEB expense significantly. Engineering services, costing \$8,588, were not budgeted. Temporary labor services, totaling \$44,782, were not budgeted, and travel & training expenses are \$21,199 lower than budgeted. Fire retardant clothing expenses are \$14,752 higher than budgeted.

Maintenance Supervision – (590)

Labor expense is \$37,662 lower than budget primarily due to the Manager, T&D position opening.

Maintenance of Structures – (591)

Labor, budgeted at \$4,753, has not been needed. Repair of HVAC units for \$5,000 and replacement of a portable A/C unit for \$1,400 has not been expended, along with rock, fencing, painting budgeted at \$2,700.

Maintenance of Station Equipment – (592)

Material expenses, including cost to load test substation batteries, are lower than budget by \$1,691. Substation electricians' labor expense is \$12,122 lower than budgeted. The electric line workers budgeted \$8,608 labor to this account that has not been needed.

Maintenance of Overhead Lines – (593)

Labor and material expenses are \$119,887 and \$119,643 higher than the budget, respectively. \$20,925 of the material expenses variance is for higher tree trimming expense than budget and \$26,368 is for replacing a switchgear at Wiggins Rd.

Maintenance of Underground Lines – (594)

Labor is \$49,441 lower than budgeted and materials expenses are \$37,651 higher than budgeted.

Maintenance of Street Lighting – (596-STL)

Labor and material expenses are higher than budgeted by \$5,849 and \$29,660, respectively.

Maintenance of Signal Expense – (596-419)

More than anticipated signal repairs resulted in \$18,804 higher labor and \$12,985 higher material expenses.

Vacation, Holiday, Sick Leave – (599)

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

Distribution (cont'd)Depreciation – (578)

Substation assets were estimated at a higher cost than 2017 year-end actual due to capital projects not being completed.

Customer Service Expense

<u>Customer Information Expense - (909)</u>	2018 <u>Budget</u>	2018 <u>Actual</u>	2017 <u>Actual</u>
<u>Marketing</u>			
Media advertising	\$9,011	\$9,929	\$13,931
MP&W Newsletter	3,096	2,364	3,101
Billing services	4,583	838	-
Promotional materials	3,992	1,916	1,262
Photo library	<u>2,544</u>	<u>162</u>	<u>1,620</u>
Subtotal - Marketing	<u>23,226</u>	<u>15,209</u>	<u>19,914</u>
<u>Energy Services</u>			
Trees Forever	13,000	13,000	13,000
EE newsletter/email service	5,000	7,389	-
City-owned buildings energy efficiencies	-	-	1,916
Customized energy efficiencies	1,000	-	-
Customer light bulb exchange program (LED/CFL)	5,000	2,773	3,146
Customer awareness programs	1,668	6,046	4,786
Presentation materials	3,104	-	3,462
Youth education (science fair/poster contest)	<u>2,500</u>	<u>2,315</u>	<u>1,860</u>
Subtotal - Energy Services	<u>31,272</u>	<u>31,523</u>	<u>28,170</u>
Miscellaneous	<u>0</u>	<u>672</u>	<u>147</u>
	<u>\$54,498</u>	<u>\$47,404</u>	<u>\$48,231</u>
<u>Energy Efficiency Rebates - (912)</u>	2018 <u>Budget</u>	2018 <u>Actual</u>	2017 <u>Actual</u>
Commercial lighting	\$34,000	\$23,018	\$77,184
Compact fluorescent lighting	2,500	1,394	1,770
Air conditioning	24,750	27,940	34,773
Refrigerator	3,850	3,210	2,985
City building improvement	9,000	-	-
Washing machine	3,333	2,950	2,450
Customized energy efficiency	-	15,900	4,895
Water heater	6,000	2,900	5,400
Geo-thermal	6,000	4,200	7,620
Motor	68,000	38,150	42,250
Dishwasher	<u>1,667</u>	<u>1,325</u>	<u>1,350</u>
	<u>\$159,100</u>	<u>\$120,987</u>	<u>\$180,677</u>

Consumer Accounts

<u>Consumer Records and Collection - (901& 903)</u>	2018	2018	2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Labor	\$359,259	\$334,781	\$315,192
Temporary labor services	11,350	7,622	16,455
Postage	23,560	22,813	21,150
Payment processing fees	44,860	51,077	46,024
Collection fees	9,785	6,273	8,125
Integrated voice response service	1,506	1,405	1,541
Travel/training	3,060	2,506	2,146
Gasoline/diesel fuel	2,500	1,276	1,921
Other	7,046	5,303	4,442
	<u>\$462,926</u>	<u>\$433,056</u>	<u>\$416,996</u>

Administrative and General

<u>Office Supplies - (921)</u>	2018	2018	2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General office supplies/phone	\$33,422	\$40,203	\$40,731
Memberships/subscriptions	18,013	23,981	18,084
Internet/MME	13,850	14,307	12,988
Office furniture	13,666	8,168	9,421
Computer hardware/software	24,610	32,274	21,697
Postage	-	7,082	6,638
Vehicle allowance	11,885	11,981	10,835
Vehicle maintenance	7,833	2,836	3,377
Gasoline/diesel fuel	3,333	2,620	1,631
Other	23,098	21,855	14,096
	<u>\$149,710</u>	<u>\$165,307</u>	<u>\$139,498</u>

Administrative and General (cont'd)

<u>Outside Services Employed - (923)</u>	<u>Resp</u>	<u>2018</u>	<u>2018</u>	<u>2017</u>
	<u>Code</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Organizational development consulting	120-Sal	\$40,500	\$55,111	\$39,842
Succession planning	110-Board	64,800	29,670	-
Legal services	140-Brandy	43,050	10,772	28,344
Environmental legal services	140-Brandy	18,750	-	5,919
Transmission/reliability standards legal services	140-Brandy	15,000	18,709	11,985
Coal & transportation attorney	140-Brandy	4,160	-	-
Bond counsel	140-Brandy	1,125	-	-
Labor attorney	140-Brandy	4,200	424	1,497
CIP compliance consulting	145-Seth	20,000	4,296	600
NERC compliance consulting	145-Seth	7,500	7,988	5,888
Web design service	224-Rick	10,851	1,996	4,918
Insurance advisor	310-Jerry	34,020	34,020	34,020
Financial audit services	320-Cassie	35,235	39,175	29,819
Cost of service study	320-Cassie	-	-	20,812
GASB 45 actuarial study	320-Cassie	-	-	6,075
Coal & transportation consulting	331-Brad	65,000	65,140	50,237
Fuel procurement committee consulting	331-Brad	6,000	-	-
IS department professional services	350-Greg	8,100	4,050	24,793
IS department review	350-Greg	-	-	15,882
509A Actuary	410-Brandy	891	790	790
Benefits consulting	410-Brandy	27,338	28,917	20,574
2017 Pension plan study	410-Brandy	-	(4,050)	-
Employee search services	410-Brandy	32,400	50,411	48,702
Engineering compensation review	410-Brandy	1,215	1,214	1,175
Career transition support	410-Brandy	-	-	405
MISO consultant	610-Gage	2,082	-	-
Coal pile survey	612-Neal	10,000	449	393
Engineering services	760-Mark	-	575	16,320
		<u>\$452,217</u>	<u>\$349,657</u>	<u>\$368,990</u>

Property Insurance – (924)

The premium for property insurance was budgeted to increase 5%; the actual year over year increase is 9.1%.

Injuries and Damages – (925)

Workers compensation claims are \$60,136 higher than the budget, which was calculated using 6-years of historical data. The casualty insurance expense budget assumed 5-7% premium increases; actual premium costs increased only slightly resulting in \$19,270 lower expense.

Administrative and General (cont'd)

<u>Employee Pensions and Benefits (926)</u>	2018	2018	2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Pension*	\$2,002,000	\$2,897,516	\$1,956,533
Healthcare costs	2,070,023	1,928,832	1,953,773
FICA	1,023,312	1,036,201	1,014,980
Deferred comp utility match	230,680	231,051	231,976
Dental	79,899	76,332	78,331
Educational reimbursements	23,625	12,777	14,501
LTD insurance	50,278	47,903	47,839
Life insurance	39,204	37,583	37,758
Post-employment health benefit	26,078	26,078	18,211
Recognition dinner	14,426	14,907	14,975
Unemployment expenses	24,300	1,788	143,216
Other expenses	<u>26,061</u>	<u>22,699</u>	<u>29,265</u>
	<u>\$5,609,886</u>	<u>\$6,333,667</u>	<u>\$5,541,358</u>

*Pension expense is higher than budgeted due to recording expense to be more in-line with prior years' experience.

Fringe Benefits Charged to Construction – (927)

More time has been charged to capital projects than projected.

Regulatory Commission – (928)

Iowa Utilities Board assessments for the years ending 6/30/17 and 6/30/18 were lower than anticipated.

Administrative and General (cont'd)

<u>Miscellaneous General Expense (930)</u>	2018	2018	2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Employment expenses	\$30,512	\$27,377	\$30,829
APPA dues	24,800	28,127	21,548
IUB Iowa Energy Center	43,830	45,059	43,923
IAMU membership	29,620	33,886	31,991
GMCCI Economic Pledge/Projects	8,910	54,270	28,350
Legal publications	4,390	3,458	3,406
General CIP Expense	30,000	82	-
Continuous Improvement	16,605	586	1,102
Financial Annual Report	12,555	670	4,528
Subscriptions/memberships	13,437	13,674	21,307
Employee team expenses	30,472	20,321	22,396
Training/travel	125,641	71,975	46,742
Safety-related expenses	4,257	3,525	3,545
Labor	38,431	23,801	23,949
Temporary labor services	18,073	45,690	53,092
Board trustee fees	6,075	6,075	6,075
Freight	10,850	9,304	17,739
Other expenses	50,180	76,172	44,797
	<u>\$498,638</u>	<u>\$464,052</u>	<u>\$405,319</u>

Maintenance of General Plant – (932)

Labor expenses associated with the phone equipment is \$10,303 lower than budgeted. Materials expenses are \$11,682 lower than budgeted. Maintenance agreements are \$8,083 lower than budgeted. Memberships and subscriptions are \$20,518 lower than budgeted.

Maintenance of A/O Center – (934)

Labor expenses are \$5,036 higher than budgeted. The budget includes \$75,000 for cleaning/re-staining of the A/O Center siding that did not take place. The asphalt overlay was completed in August at \$35,000 over budget. Other materials expenses are \$5,750 higher than budgeted. Temporary labor services are lower than budgeted by \$13,679.

Depreciation – (933)

The budget did not take into consideration that the composite net A&G assets value would be nearly fully depreciated by the end of 2017.

**Electric Utility
Statement of Net Position Review
October 2018**

	<u>2018</u>	<u>2017</u>
<u>Current Assets</u>		
<u>Consumer Accounts</u>		
Customer Electric Accounts	\$5,695,905	\$5,521,640
Unbilled Revenue	506,558	479,274
Utility loan program	1,450	2,197
Merchandise Accounts	266,219	196,186
Allowance for Doubtful Accounts	(10,369)	(43,973)
	<u>\$6,459,763</u>	<u>\$6,155,324</u>
 <u>Inventories</u>		
Inventory	\$5,049,098	\$4,825,081
Emission Allowance - SO2	121,502	119,970
Emission Allowance - Nox	5,572	3,530
Stores Expense	95,512	40,873
Gas and Diesel Fuel	157,137	87,705
Limestone	21,144	132,331
	<u>\$5,449,965</u>	<u>\$5,209,490</u>
 <u>Prepaid Expenses</u>		
Prepaid insurance	\$374,046	\$343,202
APPA dues	8,153	---
Economic development pledge	---	5,670
GP Strategies	3,094	3,844
IA Dept Comm Global Warming	---	49,214
IAMU annual dues	13,685	13,033
NERC-quarterly assessment	7,411	7,401
OATI digital certificates	4,387	10,238
SOS International	7,833	12,129
Prepaid maintenance contracts	251,692	234,439
Prepaid travel	22,599	16,741
Other	5,687	1,717
	<u>\$698,587</u>	<u>\$697,628</u>
 <u>Current Liabilities</u>		
<u>Accounts Payable (amounts over \$10,000 itemized)</u>		
Communications/Water bills	\$46,741	\$42,058
ADA Carbon Solutions - PAC	67,831	62,119
Alliant Energy - gas	---	10,760
Allied Valve - valve repairs	---	22,607
Argo Turboserve	16,385	---
Associated Computer Systems - Network Supv augmentation	---	17,168
Babcock & Wilcox	12,418	---
Baker Hughes - Mark VIE upgrade	---	32,921
Bank of America - supplies	---	18,037
Benetech - dust suppressant	---	22,609
Black & Veatch - transmission study	---	9,129
Brandt Construction - asphalt	125,000	---

Buckskin Mining Company - coal	270,627	391,838
Burlington Northern - coal transport/railcar rpr	251,944	449,483
Canadian Pacific Railway - coal transport	140,827	126,451
City of Muscatine - wastewater/sanitation/Mississippi Dr project	136,876	99,555
Cogsdale - business system implementation	23,218	46,211
Fletcher-Reinhardt	22,484	---
Graybar Electric Co - wire	---	73,781
Heartland - security camera system	---	15,683
HNI - rebate	15,880	---
HR Green	15,442	---
IDNR - Title V Fee	212,784	150,676
Irby	21,733	---
Iowa Chicago & Eastern RR - coal transportation	---	38,930
Iowa Utilities Board - assessment	---	14,048
Jefferies Refined Coal - refined coal	3,035,751	2,875,122
Konecranes	17,543	---
MISO - purch power/trans svc/admin fee	839,399	464,986
Midamerican Energy - joint line maintenance	30,121	12,000
Mostardi Platt - emissions testing	---	15,470
Osmose - pole inspections	38,633	---
Ovivo USA LLC	14,914	---
Power Plant Services	20,896	---
Ragan	24,657	---
Ragan Mechanical - HVAC system	13,808	23,608
Resco	29,619	---
Secure Works - software maintenance	---	10,509
South Fork Wind - energy	115,056	141,902
Southwest Electric - repair #9 auxiliary transformer	---	21,174
Spratt Oil	93,963	---
S&R Lawncare	11,342	---
Stan A Huber	10,604	---
Taylor Ridge	21,624	---
Telcom - IVR switch upgrade	---	17,821
Telexpress - power distribution system	---	12,318
Tenaska - monthly fee	17,500	17,500
Terry Durin	119,452	---
Timberline	35,673	---
Tri-City Electric	162,403	---
Van Meter - Mississippi Dr corridor project	---	347,749
Woodruff	437,629	---
Visa - travel	---	11,540
	<u>\$6,257,302</u>	<u>\$5,908,840</u>

Miscellaneous Accrued Expenses

Interest on Customer Deposits	\$85,024	\$83,213
Sales/Use Tax Collections Payable	51,271	52,356
Payroll Tax Collections Payable	174,953	161,358
Workers' Comp Self Insurance Reserves	370,879	321,919
Employee Payroll Deductions	32	---
Comp Time Payable	34,868	37,685
Employee team bank	66,557	61,479
	<u>\$783,584</u>	<u>\$718,010</u>

Muscatine Power and Water

Water Utility

Statement of Revenues, Expenses and Changes in Net Position

October 2018

**Muscatine Power and Water
Water Utility**

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Muscatine Power and Water - Water Utility
Classification of Water Distribution
Current Month - October 2018

	<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>Water Distribution - 1,000 Gallons</u>					
Contract Customers	703,120	1.2	711,344	1.4	701,312
Power Plants	65,675	(13.8)	56,588	15.6	48,958
Residential	36,737	(7.8)	33,858	(9.2)	37,274
Commercial	<u>32,379</u>	(8.2)	<u>29,734</u>	(10.7)	<u>33,285</u>
Total Metered Customers	837,911	(0.8)	831,525	1.3	820,829
Rated Customers - Estimate	---	---	---	---	11
City Use, Line Loss, Cycle Billing	<u>50,275</u>	(0.8)	<u>49,893</u>	1.3	<u>49,250</u>
Total Water Pumped	<u><u>888,186</u></u>	(0.8)	<u><u>881,417</u></u>	1.3	<u><u>870,090</u></u>

Calendar Year-to-Date

	<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>Water Distribution - 1,000 Gallons</u>					
Contract Customers	6,907,780	0.2	6,922,080	0.3	6,902,754
Power Plants	556,310	(5.2)	527,391	9.7	480,587
Residential	385,149	(5.2)	365,001	(3.1)	376,509
Commercial	<u>312,694</u>	0.5	<u>314,320</u>	(2.3)	<u>321,597</u>
Total Metered Customers	8,161,933	(0.4)	8,128,792	0.6	8,081,447
Rated Customers - Estimate	---	---	41	(70.3)	138
City Use, Line Loss, Cycle Billing	<u>489,716</u>	(0.4)	<u>487,728</u>	0.6	<u>484,887</u>
Total Water Pumped	<u><u>8,651,649</u></u>	(0.4)	<u><u>8,616,561</u></u>	0.6	<u><u>8,566,471</u></u>

Muscatine Power and Water - Water Utility
Statements of Revenues, Expenses, and Changes in Net Position
Current Month - October 2018

	Budget		% Increase (Decrease) from Budget	This Year	% Increase (Decrease) from Last Year		Last Year	Avg. Price
	Estimate	Avg. Price			Avg. Price	Year		
<u>Sales of Water</u>								
Contract Customers	\$303,255	\$ 0.43130	0.7	\$305,237	\$ 0.42910	6.0	\$287,961	\$ 0.41060
Power Plants	33,914	0.51638	(7.5)	31,370	0.55436	11.5	28,128	0.57453
Residential	170,477	4.64047	(0.6)	169,515	5.00661	2.8	164,938	4.42507
Commercial	59,815	1.84733	(10.9)	53,289	1.79217	(5.1)	56,136	1.68656
Water Sales	567,460	0.67723	(1.4)	559,411	0.67275	4.1	537,164	0.65442
<u>Other Revenue</u>								
Penalty Revenue	855		71.9	1,469		9.6	1,340	
Merchandise & Job Sales-Net	835		(19.4)	673		11.6	603	
Miscellaneous Revenue	926		(29.1)	657		(26.0)	887	
Total Other Revenue	2,616		7.0	2,799		(1.1)	2,831	
Operating Revenue	570,076		(1.4)	562,210		4.1	539,995	
<u>Operating Expense</u>								
Operation	356,905		5.5	376,660		16.8	322,371	
Maintenance	46,022		40.0	64,434		5.4	61,115	
Depreciation	73,911		(3.2)	71,557		11.0	64,467	
Total Operating Expense	476,839		7.5	512,652		14.4	447,953	
Operating Income	93,237		(46.8)	49,559		(46.2)	92,042	
<u>Nonoperating Revenues (Expenses)</u>								
Interest Income	811		11.7X	10,304		55.5	6,625	
Interest Expense	(39,668)		(0.0)	(39,668)		(0.2)	(39,754)	
Net Nonoperating Revenues (Expenses)	(38,857)		(24.4)	(29,363)		(11.4)	(33,129)	
Net Income (Loss) before Capital Contributions	54,380		(62.9)	20,195		(65.7)	58,913	
Capital Contributions	---		---	---		---	---	
Change in Net Position	54,380		(62.86)	20,195		(65.7)	58,913	
Beginning Net Position	16,776,739			17,127,891			16,539,407	
Ending Net Position	\$16,831,119			\$17,148,086			\$16,598,320	
Net Income (Loss) to Operating Revenue	9.5			3.6			10.9	
Debt Service Coverage	1.95			2.07			2.81	

Muscatine Power and Water - Water Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - October 2018

	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	\$2,957,151	\$ 0.42809	0.2	\$2,962,891	\$ 0.42803	4.9	\$2,823,585	\$ 0.40905
Power Plants	311,512	0.55996	(4.2)	298,539	0.56607	5.2	283,712	0.59034
Residential	1,709,904	4.43959	(0.4)	1,703,202	4.66629	4.4	1,630,753	4.33125
Commercial	570,694	1.82509	(3.8)	548,822	1.74606	0.6	545,448	1.69606
Water Sales	5,549,261	0.67990	(0.6)	5,513,455	0.67826	4.4	5,283,499	0.65378
Other Revenue								
Penalty Revenue	7,691		41.7	10,895		18.7	9,181	
Merchandise & Job Sales-Net	8,334		37.7	11,472		5.1	10,918	
Miscellaneous Revenue	10,842		(5.3)	10,270		(16.5)	12,301	
Total Other Revenue	26,867		21.5	32,638		0.7	32,401	
Operating Revenue	5,576,128		(0.5)	5,546,092		4.3	5,315,900	
Operating Expense								
Operation	3,483,139		(2.2)	3,407,799		3.9	3,281,160	
Maintenance	726,307		(22.4)	563,818		(37.4)	900,199	
Depreciation	739,113		(3.2)	715,572		11.0	644,579	
Total Operating Expense	4,948,559		(5.3)	4,687,188		(2.9)	4,825,938	
Operating Income	627,569		36.9	858,904		75.3	489,962	
Nonoperating Revenues (Expenses)								
Interest Income	9,071		9.3X	93,203		3.2X	22,328	
Interest Expense	(397,110)		(0.4)	(395,610)		3.5	(382,063)	
Net Nonoperating Revenues (Expenses)	(388,039)		(22.1)	(302,407)		(15.9)	(359,735)	
Net Income (Loss) before Capital Contributions								
	239,530		1.3X	556,497		3.3X	130,227	
Capital Contributions	---		---	---		---	---	
Change in Net Position	239,530		1.3X	556,497		3.3X	130,227	
Beginning Net Position	16,591,589			16,591,589			16,468,093	
Ending Net Position	\$16,831,119			\$17,148,086			\$16,598,320	
Net Income (Loss) to Operating Revenue	4.3			10.0			2.4	
Debt Service Coverage	1.64			2.08			5.54	

Muscatine Power and Water - Water Utility
Statements of Net Position
October 2018

ASSETS

	<u>2018</u>	<u>2017</u>
Current Assets:		
<u>Unrestricted Assets</u>		
Cash - interest bearing	\$44,820	\$769,309
Receivables:		
Consumer Accounts	773,166	736,536
Interest	97	34
Inventories	356,049	319,998
Prepaid Expenses	31,064	29,622
	<hr/>	<hr/>
Total Unrestricted Current Assets	1,205,196	1,855,499
	<hr/>	<hr/>
<u>Restricted Assets</u>		
Cash - interest bearing	6,532,537	8,135,760
	<hr/>	<hr/>
Total Restricted Current Assets	6,532,537	8,135,760
	<hr/>	<hr/>
Total Current Assets	7,737,733	9,991,259
	<hr/>	<hr/>
Non-Current Assets:		
Unamortized debt issuance costs	53,082	57,282
	<hr/>	<hr/>
Property and Equipment:		
At Cost	39,120,710	35,798,746
Less Accumulated Depreciation	11,634,284	11,136,969
	<hr/>	<hr/>
Net Property and Equipment	27,486,426	24,661,777
	<hr/>	<hr/>
Deferred Outflows of Resources		
Pension	905,702	809,972
IPERS	197,472	---
OPEB	10,397	---
	<hr/>	<hr/>
Total Deferred Outflows of Resources	1,113,571	809,972
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$36,390,812</u>	<u>\$35,520,290</u>

Muscatine Power and Water - Water Utility
Statements of Net Position
October 2018

LIABILITIES AND NET POSITION

	<u>2018</u>	<u>2017</u>
Current Liabilities:		
<u>Payable from Unrestricted Assets</u>		
Accounts Payable	\$469,631	\$386,345
Health & Dental Insurance Provision	32,700	31,680
Retained Percentage on Contracts	56,176	58,930
Consumer Advances for Construction	600	90,745
Accrued Payroll	50,542	54,218
Accrued Vacation	146,447	133,391
Accrued Property Taxes	2,685	2,589
Miscellaneous Accrued Expenses	75,565	62,766
	<hr/>	<hr/>
Total Payable from Unrestricted Assets	834,346	820,664
<u>Payable from Restricted Assets</u>		
State Revolving Loan - Current Portion	33,000	32,000
Water Revenue Bonds - Current Portion	375,000	---
Accrued Interest	240,108	195,893
	<hr/>	<hr/>
Total Payable from Restricted Assets	648,108	227,893
	<hr/>	<hr/>
Total Current Liabilities	1,482,454	1,048,557
Non-Current Liabilities:		
State Revolving Loan	35,000	68,000
Water Revenue Bond Series 2017	15,358,031	15,837,480
Health & Dental Insurance Provision	54,552	68,362
Post-Employment Health Benefit Provision	89,455	42,218
Net Pension Liability	1,831,174	1,396,487
Consumer Advances for Construction	197,650	198,570
	<hr/>	<hr/>
Total Non-Current Liabilities	17,565,862	17,611,117
Deferred Inflows of Resources		
Pension	79,730	42,321
IPERS	102,764	219,975
OPEB	11,916	---
	<hr/>	<hr/>
Total Deferred Inflows of Resources	194,410	262,296
Net Position:		
Net Investment in Capital Assets	11,487,145	8,434,982
Restricted	6,292,429	7,939,867
Unrestricted	(631,488)	223,471
	<hr/>	<hr/>
Total Net Position	17,148,086	16,598,320
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET POSITION	<u>\$36,390,812</u>	<u>\$35,520,290</u>

Muscatine Power and Water - Water Utility
Statements of Cash Flows
October 2018

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$49,559	\$858,904
Noncash item in operating income:		
Depreciation of utility plant	71,557	715,572
Amortization of debt issuance costs	---	1,650
Change in deferred outflows of resources - pension	(25,413)	(181,735)
Changes in assets and liabilities:		
Consumer accounts receivable	(20,329)	(22,127)
Inventories	24,167	(1,049)
Prepaid and deferred expenses	5,208	24,958
Accounts payable	348,305	(407,313)
Net pension liability	29,635	229,422
Health & dental insurance provision	203	(27,564)
Other post-employment benefit provision	347	3,477
Retained percentage	---	(27,340)
Accrued payroll	16,541	(26,593)
Accrued vacation	(2,596)	8,765
Accrued property taxes	259	(421)
Unearned revenue	---	(2,800)
Miscellaneous accrued expenses	15,764	15,301
Net cash flows from operating activities	<u>513,208</u>	<u>1,161,106</u>
Cash flows from capital and related financing activities:		
State revolving loan fund principal payments	---	(32,000)
Bond & loan interest payments	---	(288,775)
Capital expenditures, net	(219,035)	(2,535,964)
Net cash flows from capital and related financing activities	<u>(219,035)</u>	<u>(2,856,739)</u>
Cash flows from investing activities:		
Interest received on investments	10,287	93,144
Net cash flows from investing activities	<u>10,287</u>	<u>93,144</u>
Net increase (decrease) in cash and investments	<u>304,459</u>	<u>(1,602,488)</u>
Cash and investments at beginning of period	<u>\$6,272,898</u>	<u>\$8,179,845</u>
Cash and investments at end of period	<u><u>\$6,577,357</u></u>	<u><u>\$6,577,357</u></u>

Muscatine Power and Water - Water Utility
Summary of Expenses
Current Month - October 2018

<u>Source of Supply</u>	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
Operation Supervision (600)	\$3,564		\$3,686		\$3,973	
Operation Labor and Expenses (601)	787		55		905	
Miscellaneous Expense (603)	385		558		0	
Maintenance of Wells (614)	---		27,800		0	
Maintenance of Supply Mains (616)	382		---		(0)	
Depreciation (618)	11,563		9,449		9,525	
Total Source of Supply Expense	16,680	2.9	41,547	7.4	14,404	2.7
 <u>Pumping</u>						
Operation Supervision (620)	3,968		3,524		4,373	
Fuel or Power Purchased (623)	87,984		80,709		82,758	
Pumping Labor and Expenses (624)	5,251		2,959		3,895	
Miscellaneous Expense (626)	316		419		354	
Maintenance of Structures (631)	449		---		383	
Maintenance of Pumping Equipment (632/633)	5,895		7,800		1,134	
Depreciation (634)	6,690		6,240		6,294	
Total Pumping Expense	110,554	19.4	101,651	18.1	99,191	18.4
 <u>Water Treatment</u>						
Operation Supervision (640)	3,622		3,586		3,968	
Chemicals (641)	18,727		19,262		19,757	
Operation Labor and Expenses (642)	14,948		17,046		16,007	
Miscellaneous Expense (643)	1,197		2,603		467	
Maintenance of Structures (651)	987		531		11,291	
Maintenance of Purification Equip. (652)	980		2,871		360	
Depreciation (654)	3,443		3,262		3,262	
Total Water Treatment Expense	43,904	7.7	49,161	8.7	55,112	10.2
 <u>Distribution</u>						
Operation Supervision (660)	3,801		3,622		4,100	
Storage Facilities Expense (661)	4,995		6,098		6,003	
Trans. & Distr. Lines Expense (662)	12,115		16,890		10,089	
Meter Expense (663)	9,928		28,001		10,837	
Consumer Installation Expense (664)	10,240		4,574		4,839	
Miscellaneous Expense (665)	16,541		9,314		7,670	
Vehicle Expense (667)	4,634		13,487		5,176	
Maintenance:	---		---		---	
Supervision (670)	5,203		4,922		5,468	
Structures (671)	415		42		468	
Reservoirs and Standpipes (672)	249		62		5,758	
Mains (673)	14,964		1,859		20,542	
Valves (674)	4,758		8,258		5,636	
Meters (676)	2,348		4,202		1,884	
Hydrants (677)	1,079		1,111		1,654	
Miscellaneous Plant (678)	3,242		1,634		3,104	
Vacation, Holiday, Sick Leave (679)	12,228		5,517		10,668	
Depreciation (680)	40,815		39,456		36,185	
Total Distribution Expense	\$147,555	25.9	\$149,048	26.5	\$140,079	25.9

Muscatine Power and Water - Water Utility
Summary of Expenses
Current Month - October 2018

	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Customer Service Expense</u>						
Customer Information Expense (909)	<u>\$1,127</u>	0.2	<u>\$989</u>	0.2	<u>\$956</u>	0.2
<u>Consumer Accounts</u>						
Meter Reading Expense (902)	4,138		4,483		3,943	
Consumer Records and Collection (901/903)	19,325		17,503		16,725	
Uncollectible Accounts Expense (904)	811		811		1,104	
Vacation, Holiday, Sick Leave (906)	<u>1,870</u>		<u>1,340</u>		<u>1,536</u>	
Total Consumer Accounts Expense	<u>26,144</u>	4.6	<u>24,138</u>	4.3	<u>23,308</u>	4.3
<u>Administrative and General</u>						
Administrative and General Salaries (920)	22,781		23,290		22,304	
Office Supplies and Expenses (921)	1,656		3,054		1,913	
Outside Services Employed (923)	2,283		3,102		3,335	
Property Insurance (924)	1,843		1,960		1,760	
Casualty Ins, Injuries & Damages (925)	5,169		10,709		2,052	
Employee Pensions and Benefits (926)	65,984		72,919		59,988	
Fringe Benefits Charged to Constr. (927)	(6,925)		(4,767)		(12,170)	
Miscellaneous General Expense (930)	12,121		10,770		14,038	
Rents (931)	6,207		6,207		6,280	
Maintenance of General Plant (932)	5,071		3,343		3,434	
Vacation, Holiday, Sick Leave (936)	3,286		2,381		2,770	
Depreciation (933)	<u>11,401</u>		<u>13,151</u>		<u>9,201</u>	
Total Administrative and General	<u>130,876</u>	23.0	<u>146,118</u>	26.0	<u>114,904</u>	21.3
Total Operating Expense	<u>\$476,839</u>		<u>\$512,652</u>		<u>\$447,953</u>	
Percent to Operating Revenue		83.6		91.2		83.0

Muscatine Power and Water - Water Utility
Summary of Expenses
Calendar Year-to-Date - October 2018

<u>Source of Supply</u>	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
Operation Supervision (600)	\$35,270		\$36,477		\$35,530	
Operation Labor and Expenses (601)	8,933		11,530		10,138	
Miscellaneous Expense (603)	4,735		4,888		6,132	
Maintenance of Wells (614)	120,000		82,400		114,711	
Maintenance of Supply Mains (616)	3,818		51		104	
Depreciation (618)	<u>115,627</u>		<u>94,487</u>		<u>95,253</u>	
Total Source of Supply Expense	<u>288,382</u>	5.2	<u>229,833</u>	4.1	<u>261,869</u>	4.9
<u>Pumping</u>						
Operation Supervision (620)	38,858		37,971		39,762	
Fuel or Power Purchased (623)	856,826		790,291		835,128	
Pumping Labor and Expenses (624)	52,261		45,235		44,525	
Miscellaneous Expense (626)	3,161		3,916		3,042	
Maintenance of Structures (631)	4,495		---		655	
Maintenance of Pumping Equipment (632/633)	175,933		68,976		200,052	
Depreciation (634)	<u>66,899</u>		<u>62,403</u>		<u>62,940</u>	
Total Pumping Expense	<u>1,198,434</u>	21.5	<u>1,008,793</u>	18.2	<u>1,186,104</u>	22.3
<u>Water Treatment</u>						
Operation Supervision (640)	35,587		36,138		36,383	
Chemicals (641)	183,642		186,434		181,135	
Operation Labor and Expenses (642)	150,256		160,145		152,601	
Miscellaneous Expense (643)	19,819		23,546		17,471	
Maintenance of Structures (651)	10,852		13,616		19,513	
Maintenance of Purification Equip. (652)	17,886		12,245		24,421	
Depreciation (654)	<u>34,430</u>		<u>32,617</u>		<u>32,617</u>	
Total Water Treatment Expense	<u>452,473</u>	8.1	<u>464,741</u>	8.4	<u>464,141</u>	8.7
<u>Distribution</u>						
Operation Supervision (660)	36,936		37,641		37,590	
Storage Facilities Expense (661)	50,031		56,443		55,585	
Trans. & Distr. Lines Expense (662)	60,828		70,191		63,859	
Meter Expense (663)	99,203		114,704		91,631	
Consumer Installation Expense (664)	86,103		56,014		48,186	
Miscellaneous Expense (665)	169,150		147,821		138,384	
Vehicle Expense (667)	45,819		76,824		58,175	
Maintenance:						
Supervision (670)	51,013		49,338		51,248	
Structures (671)	3,954		678		3,737	
Reservoirs and Standpipes (672)	2,490		4,591		22,460	
Mains (673)	161,065		144,614		289,809	
Valves (674)	50,023		65,254		53,825	
Meters (676)	21,289		39,011		11,137	
Hydrants (677)	20,692		12,545		38,501	
Miscellaneous Plant (678)	32,418		34,997		33,910	
Vacation, Holiday, Sick Leave (679)	148,854		125,070		139,660	
Depreciation (680)	<u>408,151</u>		<u>394,558</u>		<u>361,761</u>	
Total Distribution Expense	<u>\$1,448,016</u>	26.0	<u>\$1,430,292</u>	25.8	<u>\$1,499,456</u>	28.2

Muscatine Power and Water - Water Utility
Summary of Expenses
Calendar Year-to-Date - October 2018

	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Customer Service Expense</u>						
Customer Information Expense (909)	<u>\$7,805</u>	0.1	<u>\$5,840</u>	0.1	<u>\$7,375</u>	0.1
<u>Consumer Accounts</u>						
Meter Reading Expense (902)	41,067		43,107		41,416	
Consumer Records and Collection (903)	192,256		178,181		168,962	
Uncollectible Accounts Expense (904)	8,110		8,110		11,040	
Vacation, Holiday, Sick Leave (906)	<u>22,826</u>		<u>18,952</u>		<u>19,683</u>	
Total Consumer Accounts Expense	<u>264,259</u>	4.7	<u>248,350</u>	4.5	<u>241,101</u>	4.5
<u>Administrative and General</u>						
Administrative and General Salaries (920)	223,833		216,394		209,317	
Office Supplies and Expenses (921)	17,408		23,211		19,442	
Outside Services Employed (923)	25,167		20,113		31,024	
Property Insurance (924)	18,178		18,999		17,412	
Casualty Ins, Injuries & Damages (925)	50,742		50,889		44,818	
Employee Pensions and Benefits (926)	669,870		697,527		616,822	
Fringe Benefits Charged to Constr. (927)	(89,945)		(87,887)		(90,172)	
Miscellaneous General Expense (930)	108,039		94,546		90,079	
Rents (931)	62,070		62,070		62,793	
Maintenance of General Plant (932)	50,380		35,503		36,117	
Vacation, Holiday, Sick Leave (936)	39,442		36,468		36,234	
Depreciation (933)	<u>114,007</u>		<u>131,507</u>		<u>92,008</u>	
Total Administrative and General	<u>1,289,190</u>	23.1	<u>1,299,340</u>	23.4	<u>1,165,893</u>	21.9
Total Operating Expense	<u>\$4,948,559</u>		<u>\$4,687,188</u>		<u>\$4,825,938</u>	
Percent to Operating Revenue		88.7		84.5		90.8

**Muscatine Power and Water - Water Utility
Statistical Data
Current Month - October 2018**

	<u>2018</u>		<u>2017</u>	
	<u>Pumped</u>	<u>Sold</u>	<u>Pumped</u>	<u>Sold</u>
Average Revenue Per 1,000 Gallons	0.635	0.673	0.617	0.654
Cost Per 1,000 Gallons	<u>0.582</u>	<u>0.617</u>	<u>0.515</u>	<u>0.546</u>
Margin	<u>0.053</u>	<u>0.056</u>	<u>0.103</u>	<u>0.109</u>
		<u>2018</u>	<u>2017</u>	
Maximum Daily Water Pumped (1,000 gallons)		34,315	31,460	
Date of Maximum		10/28	10/02	

Calendar Year-to-Date

	<u>2018</u>		<u>2017</u>	
	<u>Pumped</u>	<u>Sold</u>	<u>Pumped</u>	<u>Sold</u>
Average Revenue Per 1,000 Gallons	0.640	0.678	0.617	0.654
Cost Per 1,000 Gallons	<u>0.544</u>	<u>0.577</u>	<u>0.563</u>	<u>0.597</u>
Margin	<u>0.096</u>	<u>0.102</u>	<u>0.053</u>	<u>0.057</u>
		<u>2018</u>	<u>2017</u>	
Maximum Daily Water Pumped (1,000 gallons)		34,315	32,963	
Date of Maximum		10/28	08/30	

Services

Contract Customers	2	2
Power Plants	2	2
Residential	8,814	8,793
Commercial	<u>1,085</u>	<u>1,079</u>
Total	<u><u>9,903</u></u>	<u><u>9,876</u></u>

Water Utility
Review of Operating Results
October 2018

MUSCATINE POWER AND WATER - WATER UTILITY
VARIANCES FROM BUDGETED NET POSITION - October 31, 2018

	(Unfavorable)/ Favorable Compared to Budget	
Sales of Water		
Contract Customers	\$ 6,946	GPC consumption is 0.4% higher than budget, offset by a 0.1% lower billing rate
	(1,206)	Heinz's consumption is 2.3% lower than budgeted, offset by a 1.8% higher billing rate
	(12,973)	Power plants' consumption is 5.2% lower than budgeted offset by a 1.1% higher billing rate
	(6,702)	Residential consumption is 5.2% lower than budgeted offset by a 5.1% higher billing rate
	(21,872)	Commercial consumption is 0.5% higher than budgeted offset by a 4.3% lower billing rate
	<u>(35,807)</u>	
Other Revenue		
Penalty Revenue	3,204	Higher penalty revenue
Merchandise & Job Sales-Net	3,139	Higher job sales revenue
Miscellaneous Revenue	(573)	Other miscellaneous variances
	<u>5,770</u>	
Operating Expense		
Operation	66,535	Fuel/power purchased lower due to 3.3% lower kWh consumed, 2.5% lower cost per kWh, offset by 0.4% lower gallons pumped
	(2,792)	Chemicals expense higher than budgeted due to increased application of phosphate compared to budget offset by 0.4% lower gallons pumped
	(7,750)	Storage facilities materials expense higher than budgeted
	(4,686)	T&D lines materials expense higher than budgeted
	(23,205)	Meter expense higher than budgeted
	(8,195)	Vehicle fuel usage expense higher than budgeted
	(20,852)	Vehicle materials expense higher than budgeted
	(2,372)	Credit card processing fees higher than budgeted
	(5,808)	Office supplies and expenses higher than budgeted
	3,175	Succession planning expense lower than budgeted
	(1,263)	Organizational development expense higher than budgeted
	16,253	Lower health care cost
	(66,557)	Higher pension expense
	21,887	Lower FICA expense
	(4,947)	Higher IPERS expense
	11,629	Lower travel and training expenses
	(2,360)	Temporary services expense higher than budgeted
	124,825	Lower labor, sick, personal and vacation expense
	(18,177)	Other miscellaneous variances - net
	<u>75,340</u>	
Maintenance	37,600	Well cleaning began in August, later in the year than budgeted
	4,167	Lower cost to pumping structure maintenance
	84,347	Fewer repairs to pumping equipment
	3,676	Lower cost of purification equipment materials due to fewer repairs
	(4,136)	Higher cost of mains materials due to higher concrete repairs
	(10,542)	Higher cost of valves materials due to more repairs
	(10,981)	Higher cost of meter materials due to more repairs at GPC
	13,109	Lower cost of hydrant materials due to fewer repairs
	12,471	Lower cost of maintenance agreements
	1,610	Lower cost of memberships and subscriptions
	4,500	Vehicle fuel usage expense lower than budgeted
	(5,631)	Temporary services expense higher than budgeted
	21,590	Maintenance labor under budget
	10,709	Other miscellaneous variances - net
	<u>162,489</u>	
Depreciation	<u>23,542</u>	
Nonoperating Revenue (Expense)		
Interest Income	84,132	Water bond project fund interest rate higher than budgeted
Interest Expense	1,500	Refund of bond issuance cost overpayment
	<u>85,632</u>	
Change in Net Position	<u>\$ 316,966</u>	Total Variance in Budgeted Net Position

Statements of Revenues, Expenses and Changes in Net Position

Sales of Water

- Contract customers' water usage is 0.2% higher than budgeted resulting in \$5,740 more revenue. GPC's usage was 0.4% higher than budget offset by a 0.1% lower billing rate, resulting in \$6,946 more revenue. Heinz's usage was 2.3% lower than budget, offset by a 1.8% higher billing rate, resulting in \$1,206 less revenue.
- Power plants' usage was 5.2% lower than budget, offset by a 1.1% higher billing rate, resulting in \$12,973 less revenue.
- Residential customers' water usage was 5.2% lower than budgeted, offset by a 5.1% higher billing rate resulting in \$6,702 lower revenue.
- Commercial customers' water usage was 0.5% higher than budgeted, offset by a 4.3% lower billing rate, resulting in \$21,871 lower revenue.

Nonoperating Revenue (Expense)

- Interest income is \$84,132 higher than budget due to higher rate of return on water bond project fund.

Year-To-Date Summary of Expenses

Source of Supply

Operation Labor and Expenses – (601)

- Water production labor over budget \$2,396.
- Materials expense under budget \$927.

Maintenance of Wells – (614)

- Materials expense under budget \$37,600; well cleaning was budgeted to begin earlier in the year but did not begin until August. To date, 3 have been completed of the 4 budgeted.

Maintenance of Supply Mains – (616)

- Materials, budgeted at \$2,833, have not been needed.
- Water production labor, budgeted at \$984, has not been needed.

Depreciation – (618)

- Depreciation under budget \$21,140 primarily due to well 47, 48 and 49 projects not closed at the end of 2017.

PumpingFuel or Purchased Power – (623)

- The cost per kWh was 2.5% lower than budget due to efficiencies recognized by not shutting down the wells and having to restart them; instead they are slowed down and left running. The lower cost per kWh savings and 0.4% lower gallons pumped than budget, results in \$66,535 lower expense.

	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
Fuel or Power Purchased	\$ 856,826	\$ 790,291	\$ 835,128
1,000 Gallons Pumped	<u>8,651,649</u>	<u>8,616,561</u>	<u>8,566,471</u>
Cost per 1,000 Gal. Pumped	0.0990	0.0917	0.0975
kWhs Consumed	13,795,201	13,342,820	13,035,293
kWh per 1,000 Gal. Pumped	1.59	1.55	1.52

Pumping Labor and Expenses – (624)

- Water production labor under budget \$4,922.
- Control center labor under budget \$5,195.
- SCADA labor over budget \$1,059.
- Materials expense over budget \$2,190.

Maintenance of Structures – (631)

- Materials expense under budget \$4,167.

Maintenance of Pumping Equipment – (632/633)

- Tech Services labor under budget \$11,854.
- Planning/Scheduling labor under budget \$9,142.
- Water production labor under budget \$8,017.
- SCADA labor under budget \$2,729.
- Water distribution department labor over budget \$7,701.
- Materials expense under budget \$84,347 due to fewer repairs. Repairs began in August with the start of well cleaning.

Depreciation – (634)

- Depreciation under budget \$4,496 primarily due to well 47, 48 and 49 projects not closed at the end of 2017.

Water TreatmentChemicals Expense – (641)

- Chemical expense year-to-date is \$2,792 higher than budgeted primarily due to increased application of phosphate, offset by lower gallons pumped compared to budget.

	<u>2018 Budget</u>			<u>2018 Actual</u>			<u>2017 Actual</u>		
1,000 Gal. Pumped	8,651,649			8,616,561			8,566,471		
(lbs)	Units	\$	Per Unit	Units	\$	Per Unit	Units	\$	Per Unit
Chlorine	124,869	\$ 39,059	\$ 0.313	125,170	\$ 37,934	\$ 0.303	127,860	\$ 38,626	\$ 0.302
Hydrofluoro-silic Acid	179,794	\$ 57,534	\$ 0.320	171,431	\$ 54,720	\$ 0.319	169,293	\$ 54,636	\$ 0.323
Phosphate	91,631	\$ 87,049	\$ 0.950	97,862	\$ 93,780	\$ 0.958	92,550	\$ 87,872	\$ 0.949
Total		\$ 183,642			\$ 186,434			\$ 181,134	

Operation Labor and Expenses – (642)

- Control center labor under budget \$4,688.
- Water production labor over budget \$13,357.
- Materials expense over budget \$1,002.

Maintenance of Structures – (651)

- Electricians labor under budget \$2,922.
- Water distribution department labor over budget \$3,902.
- Materials expense over budget \$1,741.

Maintenance of Purification Equipment – (652)

- Technical labor under budget \$4,203.
- Electricians labor under budget \$1,987.
- Planning/Scheduling labor over budget \$3,771.
- Materials expense under budget \$3,676 due to fewer equipment repairs.

DistributionStorage Facilities Expense (661)

- Facilities maintenance department labor under budget \$1,653.
- Materials expense over budget \$7,750.

Transmission & Distribution Lines Expense (662)

- Water distribution department labor over budget \$4,625.
- Material handling department labor over budget \$929.
- Materials expense over budget \$4,686 primarily due to software training not budgeted.

Meter Expense – (663)

- Labor under budget \$7,704.
- Materials expense over budget \$23,205.

Distribution (cont'd)Customer Installation Expense – (664)

- Outside services department labor under budget \$29,995 due to fewer locates.
- Materials expense over budget \$978.

Miscellaneous Expense – (665)

- Engineering department labor under budget \$92,805.
- Supply Chain department labor over budget \$14,976.
- Outside services department labor over budget \$16,471.
- Temp services over budget \$8,599.
- Stores counts/adjustments expense over budget \$2,147.
- Other materials expense over budget \$29,283 primarily due to the use of outside engineering services.

Vehicle Expense – (667)

- Fuel usage over budget \$9,329.
- Materials expense over budget \$20,852, of which \$6,811 is for a short block assembly for V69 and \$4,214 is for a DPF filter for V64.

Maintenance of Mains – (673)

- Water distribution department labor under budget \$23,068.
- Material handling department labor over budget \$1,190.
- Materials expense over budget \$4,136 due to higher concrete repairs.

Maintenance of Valves – (674)

- Material handling department labor over budget \$1,767.
- Materials expense over budget \$10,542 due to higher valve repairs.

Maintenance of Meters – (676)

- Labor over budget \$6,741.
- Materials expense over budget \$10,981 which is primarily due to higher meter repairs at GPC.

Maintenance of Hydrants – (677)

- Water distribution department labor under budget \$1,166.
- Temp services over budget \$5,631.
- Fewer hydrant repairs resulted in materials expenses being under budget by \$13,109.

Maintenance of Miscellaneous Plant – (678)

- Vehicle maintenance department labor over budget \$5,049.
- Fuel usage under budget \$5,000.
- Materials expense over budget \$556.

Vacation, Holiday, Sick Leave – (679)

- Sick leave usage was lower than expected.

Distribution (cont'd)Depreciation – (680)

- Depreciation under budget primarily due to water main transmission line and replacement projects not closed in 2017.

Customer Service ExpenseCustomer Information Expense – (909)

	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
Billtrust	\$ 302	\$ 370	\$ 226
Postage	476	---	---
Promotional Material/Education	1,186	985	565
Media Advertising	3,982	3,310	4,706
Newsletter	1,369	1,003	1,298
Customer Awareness Programs	---	158	141
Presentation Materials	270	---	299
Photo Library	220	14	140
	<u>\$ 7,805</u>	<u>\$ 5,840</u>	<u>\$ 7,375</u>

Consumer AccountsConsumer Records and Collection – (903)

	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
Labor	\$ 146,232	\$ 136,300	\$ 125,190
Credit Card Processing	10,290	12,662	10,368
Bill Trust Expense	4,750	4,662	4,106
Postage	10,410	10,058	9,133
Temp Services	5,017	3,362	7,107
Fuel	1,500	584	823
Invoice Cloud	1,930	1,945	1,969
Collection Expense	4,325	2,772	3,478
IVR	666	616	617
Other Expenses	<u>7,136</u>	<u>5,220</u>	<u>6,171</u>
	<u>\$ 192,256</u>	<u>\$ 178,181</u>	<u>\$ 168,962</u>

Vacation, Holiday, Sick Leave – (906)

- Sick leave usage was lower than expected.

Administrative and GeneralAdministrative and General Salaries – (920)

- Customer and Employee services department labor under budget \$7,524.
- Supply Chain department labor under budget \$3,839.
- Information Systems department labor under budget \$2,431.
- Marketing and Sales department labor under budget \$2,659.
- Finance and Accounting labor over budget \$4,038.
- Water and Utility services department labor over budget \$4,708.

Office Supplies and Expenses – (921)

- Materials expense over budget \$5,808, primarily due to higher cost of telephone service and telephone equipment replacements.

Outside Services Employed – (923)

	Resp Code	2018 Budget	2018 Actual	2017 Actual
Succession Planning	110-Board	\$ 5,600	\$ 2,425	\$---
Consulting Services	120-Sal	---	---	509
Organizational Development	120-Sal	3,500	4,763	2,934
Labor Legal Services	140-Brandy	1,000	424	---
General Legal Services	140-Brandy	2,100	256	233
Web Graphics	224-Rick	937	374	425
Insurance Advisor	310-Jerry	2,940	2,940	2,940
Bond Services	310-Jerry	---	1,000	---
Audit Services	320-Cassie	3,045	3,385	3,102
Water Cost of Service Study	320-Cassie	---	---	15,383
IS Review	350-Greg	---	---	1,373
ACS Services	350-Greg	700	350	2,142
Comp Reviews-Pete Keller	410-Brandy	105	105	---
Pension Study/ GASB Rpt	410-Brandy	---	(350)	---
509A Actuary	410-Brandy	77	68	68
Engineering Comp Review	410-Brandy	---	---	102
Employee Search	410-Brandy	2,800	1,874	---
Benefits Consulting	410-Brandy	2,363	2,499	1,778
Career Transition Support	410-Brandy	---	---	35
		\$ 25,167	\$ 20,113	\$ 31,024

Injuries & Damages – (925)

- Workers compensation claims over budget \$1,921.
- Insurance premiums are \$1,773 under budget.

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

	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
Health Care Cost	\$ 276,003	\$ 259,750	\$ 257,061
Pension*	158,500	225,057	137,992
FICA	131,790	109,903	119,415
IPERS	44,703	49,652	47,115
Deferred comp utility match	26,280	24,411	23,198
Life, LTD & ADD	10,545	8,819	8,851
Dental	10,653	10,280	10,307
OPEB	3,477	3,477	2,396
Unemployment	2,100	---	3,538
Other Expenses	<u>5,819</u>	<u>6,178</u>	<u>6,949</u>
	\$ 669,870	\$ 697,527	\$ 616,822

*Pension expense is higher than budgeted due to recording expense to be more in-line with prior years' experience.

Miscellaneous General Expense – (930)

- Water distribution department labor under budget \$5,571.
- Other Water and Utility labor under budget \$2,533.
- Environmental department labor over budget \$3,247.
- Travel & training expenses under budget \$10,345.
- Memberships & subscriptions under budget \$1,338.
- Temporary services over budget \$4,031.
- GMCCI Joint Committee branding project over budget \$2,170.
- Other miscellaneous materials are under budget \$3,372.

Maintenance of General Plant – (932)

- Maintenance agreements under budget \$12,471.
- Memberships and subscriptions under budget \$1,773.

Depreciation – (933)

- Depreciation is \$17,500 over budget due to higher software/hardware asset values at 2017 year end than budgeted.

Water Utility
Statement of Net Position Review
October 2018

	<u>2018</u>	<u>2017</u>
<u>Current Assets</u>		
<u>Receivables - Consumer Accounts</u>		
Customer Water Accounts	\$696,894	\$664,657
Unbilled Revenue	71,717	68,790
Utility loan program	1,963	5,417
Merchandise Accounts	7,549	6,742
Allowance for Doubtful Accounts	(4,957)	(9,070)
	<u>\$773,166</u>	<u>\$736,536</u>
 <u>Inventories</u>		
Inventory	\$350,591	\$317,816
Stores Expense (a/c 163)	5,458	2,182
	<u>\$356,049</u>	<u>\$319,998</u>
 <u>Prepaid Expenses</u>		
Prepaid Insurance	\$15,840	\$14,680
Prepaid Maintenance Contracts	17,416	17,252
Other Prepaid Expenses	(2,192)	(2,310)
	<u>\$31,064</u>	<u>\$29,622</u>
 <u>Current Liabilities</u>		
<u>Accounts Payable (amounts over \$2,500 itemized)</u>		
Electric/communications bills	\$91,305	\$90,289
Alexander Chemical Corporation	11,476	\$0
Calacci Construction - plant expansion	195,157	---
Cahoy Pump Service - well construction	5,153	56,396
City of Muscatine - Mississippi Dr project	---	5,722
Cogsdale - business system implementation	---	3,994
DN Tanks Inc - tank inspection	---	5,750
E H Wachs - wire loops	---	3,026
Ferguson Enterprises - pipe	---	2,534
Hahn Ready Mix concrete	---	2,638
Heuer Construction - concrete repair	---	70,605
Hometown Plumbing & Heating - plumbing svcs	---	52,623
IPERS - pension	---	6,209
Krohne - signal converters	---	12,634
Metering & Tech Solutions - radios/meters/encoders	9,109	15,628
Municipal Pipe Services - line stops	---	22,000
Municipal Supply - valves/shaft assemblies	---	4,967
Telexpress - power distribution system for water treatment bldg	---	5,974
TMI Coatings	24,110	---
	<u>\$469,631</u>	<u>\$386,345</u>
 <u>Customer Advances for Construction</u>		
Curry Trucking	---	\$30,815
Lutheran Homes	---	59,640
R.L. Fridley Theaters, Inc	600	290
	<u>\$600</u>	<u>\$90,745</u>
 <u>Miscellaneous Accrued Expenses</u>		
Sales/Use/Excise Tax Collections Payable	\$13,488	\$8,308
Payroll Tax Collections Payable	15,595	14,666
Employee Payroll Deductions	2,908	2,998
Workers' Comp Self Insurance Reserves	36,106	30,450
Comp Time Payable	7,468	6,344
	<u>\$75,565</u>	<u>\$62,766</u>

Muscatine Power and Water

Communications Utility

Statement of Revenues, Expenses and Changes in Net Position

October 2018

**Muscatine Power and Water
Communications Utility**

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Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Position
Current Month - October 2018

	<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>					
Video	\$614,457	(2.6)	\$598,314	12.7	\$530,715
Data/Internet	513,023	2.4	525,184	4.3	503,369
Phone	15,597	(92.0)	1,251	---	---
MAN	60,500	11.8	67,615	4.4	64,747
Miscellaneous	<u>11,663</u>	(10.7)	<u>10,411</u>	(5.2)	<u>10,984</u>
Total Operating Revenues	<u>1,215,240</u>	(1.0)	<u>1,202,775</u>	8.4	<u>1,109,815</u>
<u>Operating Expense</u>					
Operation	784,900	5.1	824,610	3.4	797,304
Maintenance	92,179	0.2	92,397	(6.9)	99,192
Depreciation	<u>134,849</u>	(6.0)	<u>126,791</u>	(6.0)	<u>134,926</u>
Total Operating Expenses	<u>1,011,928</u>	3.1	<u>1,043,798</u>	1.2	<u>1,031,422</u>
Operating Income	<u>203,312</u>	(21.8)	<u>158,977</u>	1.0X	<u>78,393</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	1,089	20.0X	22,862	5.8X	3,371
Interest Expense	<u>(28,151)</u>	(12.2)	<u>(24,713)</u>	5.6X	<u>(3,768)</u>
Net Nonoperating Expense	<u>(27,062)</u>	(93.2)	<u>(1,851)</u>	3.7X	<u>(397)</u>
Net Income before Capital Contributions	176,250	(10.9)	157,126	1.0X	77,996
Capital Contributions	<u>1,365</u>	17.9	<u>1,609</u>	59.8	<u>1,007</u>
Change in Net Position	177,615		158,735		79,003
Beginning Net Position	<u>8,587,336</u>		<u>9,148,749</u>		<u>7,413,859</u>
Ending Net Position	<u>\$8,764,951</u>		<u>\$9,307,484</u>		<u>\$7,492,862</u>
Net Income (Loss) to Operating Revenue	14.5		13.1		7.0
Debt Service Coverage on Bank Debt	1.88		1.71		---
Debt Service Coverage on Electric Utility Debt	3.62		2.93		4.94

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - October 2018

	<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>					
Video	\$5,936,202	(2.6)	\$5,779,832	1.3	\$5,702,943
Data/Internet	4,986,159	4.6	5,216,848	6.3	4,908,600
Phone	91,795	(94.7)	4,892	---	---
MAN	605,000	9.8	664,380	6.1	626,399
Miscellaneous	<u>116,477</u>	(8.8)	<u>106,276</u>	(5.5)	<u>112,428</u>
Total Operating Revenues	<u>11,735,633</u>	0.3	<u>11,772,228</u>	3.7	<u>11,350,370</u>
<u>Operating Expense</u>					
Operation	7,942,044	(2.5)	7,746,004	5.2	7,362,685
Maintenance	915,481	(7.9)	842,722	3.5	814,261
Depreciation	<u>1,348,489</u>	(6.0)	<u>1,267,910</u>	(6.0)	<u>1,349,260</u>
Total Operating Expenses	<u>10,206,014</u>	(3.4)	<u>9,856,636</u>	3.5	<u>9,526,206</u>
Operating Income	<u>1,529,619</u>	25.2	<u>1,915,592</u>	5.0	<u>1,824,164</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	13,965	11.4X	172,546	4.4X	31,725
Interest Expense	<u>(281,512)</u>	1.1	<u>(284,587)</u>	6.6X	<u>(37,684)</u>
Net Nonoperating Expense	<u>(267,547)</u>	(58.1)	<u>(112,041)</u>	17.8X	<u>(5,959)</u>
Net Income before Capital Contributions	1,262,072	42.9	1,803,551	(0.8)	1,818,205
Capital Contributions	<u>13,650</u>	7.7	<u>14,704</u>	12.1	<u>13,122</u>
Change in Net Position	1,275,722		1,818,255		1,831,327
Beginning Net Position	<u>7,489,229</u>		<u>7,489,229</u>		<u>5,661,535</u>
Ending Net Position	<u>\$8,764,951</u>		<u>\$9,307,484</u>		<u>\$7,492,862</u>
Net Income (Loss) to Operating Revenue	10.8		15.3		16.0
Debt Service Coverage on Bank Debt	1.60		1.86		---
Debt Service Coverage on Electric Utility Debt	2.48		3.54		7.30

Muscatine Power and Water - Communications Utility
Statements of Net Position
October 2018

ASSETS

	<u>2018</u>	<u>2017</u>
Current Assets:		
Cash - interest bearing	\$4,093,861	\$5,731,402
Investments	7,806,647	---
Receivables:		
Consumer Accounts	1,363,558	1,250,426
Interest	20,771	3,196
Inventories	213,998	136,643
Prepaid Expenses	366,964	202,075
	<hr/>	<hr/>
Total Current Assets	13,865,799	7,323,742
	<hr/>	<hr/>
Property and Equipment:		
At Cost	44,158,388	40,352,341
Less Accumulated Depreciation	28,803,127	27,982,018
	<hr/>	<hr/>
Net Property and Equipment	15,355,261	12,370,323
	<hr/>	<hr/>
Deferred Outflows of Resources		
Pension	1,963,832	1,458,539
OPEB	14,555	---
	<hr/>	<hr/>
Total Deferred Outflows of Resources	1,978,387	1,458,539
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$31,199,447</u>	<u>\$21,152,604</u>

Muscatine Power and Water - Communications Utility
Statements of Net Position
October 2018

LIABILITIES AND NET POSITION

	<u>2018</u>	<u>2017</u>
Current Liabilities:		
<u>Payable from Unrestricted Assets</u>		
Accrued Interest	\$35,417	15,074
Accounts Payable	592,367	1,290,597
Health & Dental Insurance Provision	45,780	49,280
Retained Percentage on Contracts	126,205	74,913
Accrued Payroll	86,058	89,933
Accrued Vacation	159,596	185,895
Accrued Property Taxes	4,987	4,933
Unearned Revenue - Dark Fiber Lease	18,500	17,500
Miscellaneous Accrued Expenses	112,344	75,900
	<hr/>	<hr/>
Total Payable from Unrestricted Assets	1,181,254	1,804,025
	<hr/>	<hr/>
<u>Payable from Restricted Assets</u>		
Notes Payable:		
Banks	1,931,155	---
Electric Utility	483,850	481,443
	<hr/>	<hr/>
Total Payable from Restricted Assets	2,415,005	481,443
	<hr/>	<hr/>
Total Current Liabilities	3,596,259	2,285,468
	<hr/>	<hr/>
Non-Current Liabilities:		
Health & Dental Insurance Provision	84,475	108,210
Post-Employment Health Benefit Provision	125,585	73,114
Unearned Revenue - Dark Fiber Lease	196,396	214,896
Net Pension Liability	2,943,324	2,317,867
Notes Payable:		
Banks	6,670,291	---
Electric Utility	8,078,994	8,562,844
	<hr/>	<hr/>
Total Non-Current Liabilities	18,099,065	11,276,931
	<hr/>	<hr/>
Deferred Inflows of Resources		
Pension	179,957	97,343
OPEB	16,682	---
	<hr/>	<hr/>
Total Deferred Inflows of Resources	196,639	97,343
	<hr/>	<hr/>
Net Position:		
Net Investment in Capital Assets	6,753,815	11,888,880
Unrestricted	2,553,669	(4,396,018)
	<hr/>	<hr/>
Total Net Position	9,307,484	7,492,862
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET POSITION	<u>\$31,199,447</u>	<u>\$21,152,604</u>

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
October 2018

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$158,977	\$1,915,592
Noncash items in operating income:		
Converter/modem write-off	(450)	34,177
Depreciation of utility plant	126,791	1,267,910
Change in deferred outflows of resources	(51,347)	(346,190)
Changes in assets and liabilities:		
Consumer accounts receivable	58,940	107,430
Inventories	8,659	(66,469)
Prepaid and deferred expenses	16,274	(218,940)
Accounts payable	256,240	(380,072)
Net pension liability	56,665	461,387
Health & dental insurance provision	299	(39,636)
Other post-employment benefit provision	521	5,215
Unearned revenue	(1,458)	(15,583)
Retained percentage on contracts	---	37,384
Accrued payroll	28,334	(35,661)
Accrued vacation	(4,420)	(15,994)
Accrued property taxes	541	(933)
Miscellaneous accrued expenses	(37,684)	(8,503)
	616,882	2,701,114
Net cash flows from operating activities		
Cash flows from capital and related financing activities:		
Capital expenditures, net	(278,992)	(3,627,867)
Bank loan closing costs	---	(17,500)
Loan principal payments	---	(1,398,554)
Loan interest payments	(21,408)	(263,101)
	(300,400)	(5,307,022)
Net cash flows from capital and related financing activities		
Cash flows from investing activities:		
Interest received on investments	19,343	160,835
	19,343	160,835
Net cash flows from investing activities		
Net increase (decrease) in cash and investments	335,825	(2,445,073)
Cash and investments at beginning of period	\$11,564,683	\$14,345,581
Cash and investments at end of period	\$11,900,508	\$11,900,508

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - October 2018

<u>Video</u>	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
Program Acquisition Expense (751-758)	\$374,362	\$370,554	\$406,769
Promotional Expense (960)	6,273	1,442	4,021
Electricity Expense (736)	---	1,773	2,595
Pole Attachment Expense (715)	2,043	2,043	1,967
Changes of Service (742)	1,899	1,380	974
Underground Line Expense (743)	6,524	2,709	5,787
Ad Insertion - Marketing/Production (964, 965)	6,912	5,876	9,295
Miscellaneous Video Expense (710, 738, 739)	23,522	31,155	24,813
Vehicle Expense (760)	5,215	8,404	5,296
Maintenance:			
Fiber (711)	525	3,580	1,781
Coax (712)	1,383	1,560	1,597
Drops (713)	2,150	5,240	2,680
Conduit System (714)	1,791	652	1,162
Headend (721-725)	29,047	33,473	22,121
Line Equipment (731-735)	1,530	1,699	4,999
Converters (741)	3,995	1,737	3,979
Ad Insertion (966)	5,043	2,660	4,380
Vacation, Holiday, Sick Leave (799)	4,900	2,881	4,784
Property Taxes (794)	314	314	286
Depreciation (793)	69,399	70,512	76,631
Total Video	546,827	549,644	585,917
<u>Data/Internet</u>			
Data/Internet Access Charges (851-853)	25,112	27,890	26,424
Promotional Expense (961)	6,273	1,412	4,057
Electricity Expense (836)	---	61	340
Pole Attachment Expense (837)	359	359	346
Changes of Service (842)	633	460	325
Customer Wireless Equipment Expense (846)	---	---	---
Underground Line Expense (843)	659	903	1,929
Miscellaneous Data/Internet Expense (839, 844, 848)	9,957	10,464	7,716
Vehicle Expense (860)	844	2,292	639
Maintenance:			
Fiber (811)	219	1,491	742
Coax (813)	461	520	532
Drops (814)	717	1,747	893
Conduit System (816)	746	272	484
Headend (820, 821)	28,804	24,239	40,098
Line Equipment (831-835)	422	566	1,452
Modems (841)	5,523	1,843	2,977
Vacation, Holiday, Sick Leave (879)	2,316	2,048	2,577
Property Taxes (894)	55	55	50
Depreciation (893)	31,528	28,720	26,898
Total Data/Internet	114,628	105,342	118,479

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - October 2018

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN</u>			
Pole Attachment Expense (838)	\$1,120	\$1,220	\$1,179
Tools Expense (845)	208	509	118
Maintenance:			
Fiber (812)	350	2,386	1,187
Conduit System (817)	1,194	435	775
MAN Equipment (818, 819)	2,380	3,676	2,413
Vacation, Holiday, Sick Leave (899)	202	50	153
Property Taxes (896)	172	172	157
Depreciation (840)	20,579	18,747	22,038
Total MAN	26,205	27,195	28,020
Phone Expenses (880)	6,748	4,500	---
<u>Customer Service Expense</u>			
Customer Information Expense (909)	4,028	2,349	4,445
<u>Consumer Accounts</u>			
Consumer Records and Collections (901/903)	55,031	54,394	48,680
Uncollectible Accounts Expense (904)	1,170	1,170	1,574
Vacation, Holiday, Sick Leave (906)	4,613	4,233	3,779
Total Consumer Accounts	60,814	59,797	54,033
<u>Administrative and General</u>			
Administrative and General Salaries (920)	85,455	91,924	85,201
Office Supplies and Expense (921)	3,863	5,985	4,990
Outside Services Employed (923)	8,565	27,845	19,749
Property Insurance (924)	1,229	1,307	1,173
Casualty Ins, Injuries & Damages (925)	7,694	15,062	3,532
Employee Pensions and Benefits (926)	99,970	118,417	90,283
Fringe Benefits Charges to Construction (927)	(6,058)	(5,180)	(5,994)
Rents (931)	9,844	9,844	9,656
Miscellaneous General Expense (930)	12,318	11,331	8,025
Maintenance of General Plant (932)	5,899	4,621	4,940
Vacation, Holiday, Sick Leave (936)	10,556	5,003	9,614
Depreciation (933)	13,343	8,812	9,359
Total Administrative and General	252,678	294,971	240,528
Total Operating Expenses	\$1,011,928	\$1,043,798	\$1,031,422

Muscatine Power and Water - Communications Utility
Summary of Expenses
Calendar Year-to-Date - October 2018

<u>Video</u>	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
Program Acquisition Expense (751-758)	\$3,800,479	\$3,745,575	\$3,618,625
Promotional Expense (960)	52,746	27,655	16,313
Electricity Expense (736)	5,808	25,208	25,168
Pole Attachment Expense (715)	20,426	20,426	19,673
Changes of Service (742)	18,402	15,384	11,429
Underground Line Expense (743)	59,305	31,183	37,077
Ad Insertion - Marketing/Production (964, 965)	69,668	63,118	81,471
Miscellaneous Video Expense (710, 738, 739)	233,151	202,887	190,901
Vehicle Expense (760)	52,703	58,726	42,340
Maintenance:			
Fiber (711)	5,315	24,956	7,426
Coax (712)	13,800	10,977	8,427
Drops (713)	21,382	53,333	23,784
Conduit System (714)	16,915	5,703	9,478
Headend (721-725)	290,520	249,142	196,422
Line Equipment (731-735)	17,185	20,321	31,097
Converters (741)	38,773	21,617	25,966
Ad Insertion (966)	50,093	39,994	48,204
Vacation, Holiday, Sick Leave (799)	59,286	50,783	61,371
Property Taxes (794)	3,137	2,734	2,696
Depreciation (793)	693,989	705,120	766,310
Total Video	5,523,083	5,374,842	5,224,178
<u>Data/Internet</u>			
Data/Internet Access Charges (851-853)	251,120	271,372	263,382
Promotional Expense (961)	52,746	27,712	16,452
Electricity Expense (836)	1,025	2,884	3,403
Pole Attachment Expense (837)	3,592	3,592	3,460
Changes of Service (842)	6,134	5,128	3,810
Customer Wireless Equipment Expense (846)	---	---	240
Underground Line Expense (843)	6,995	10,394	11,908
Miscellaneous Data/Internet Expense (839, 844, 848)	99,473	84,149	80,651
Vehicle Expense (860)	8,442	11,053	5,098
Maintenance:			
Fiber (811)	2,215	10,624	3,094
Coax (813)	4,600	3,608	2,809
Drops (814)	7,127	17,777	7,880
Conduit System (816)	7,048	2,376	3,949
Headend (820, 821)	287,185	245,233	309,700
Line Equipment (831-835)	4,137	6,648	8,633
Modems (841)	54,111	27,647	33,288
Vacation, Holiday, Sick Leave (879)	28,335	28,125	26,506
Property Taxes (894)	554	381	474
Depreciation (893)	315,277	287,200	268,980
Total Data/Internet	1,140,116	1,045,903	1,053,717

Muscatine Power and Water - Communications Utility
Summary of Expenses
Calendar Year-to-Date - October 2018

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN</u>			
Pole Attachment Expense (838)	\$11,199	\$12,199	\$11,787
Tools Expense (845)	2,183	3,854	2,102
Maintenance:			
Fiber (812)	3,542	17,513	7,047
Conduit System (817)	11,275	3,802	6,319
MAN Equipment (818, 819)	24,658	29,762	32,606
Vacation, Holiday, Sick Leave (899)	2,562	2,344	2,621
Property Taxes (896)	1,721	1,449	1,478
Depreciation (840)	205,793	187,470	220,380
Total MAN	<u>262,933</u>	<u>258,393</u>	<u>284,340</u>
Phone Expenses (880)	<u>53,865</u>	<u>40,583</u>	<u>---</u>
<u>Customer Service Expense</u>			
Customer Information Expense (909)	<u>31,470</u>	<u>26,770</u>	<u>19,343</u>
<u>Consumer Accounts</u>			
Consumer Records and Collections (901/903)	544,351	532,144	510,868
Uncollectible Accounts Expense (904)	11,700	11,700	15,740
Vacation, Holiday, Sick Leave (906)	56,410	53,229	50,287
Total Consumer Accounts	<u>612,461</u>	<u>597,073</u>	<u>576,895</u>
<u>Administrative and General</u>			
Administrative and General Salaries (920)	840,357	725,866	793,471
Office Supplies and Expense (921)	40,539	53,997	41,057
Outside Services Employed (923)	92,149	106,071	102,271
Property Insurance (924)	12,119	12,666	11,608
Casualty Ins, Injuries & Damages (925)	75,683	76,983	69,775
Employee Pensions and Benefits (926)	1,012,986	1,101,677	922,041
Fringe Benefits Charges to Construction (927)	(59,683)	(55,570)	(65,838)
Rents (931)	98,440	98,440	96,563
Miscellaneous General Expense (930)	152,708	132,774	131,781
Maintenance of General Plant (932)	55,600	51,689	48,132
Vacation, Holiday, Sick Leave (936)	127,758	120,359	123,282
Depreciation (933)	133,430	88,120	93,590
Total Administrative and General	<u>2,582,086</u>	<u>2,513,072</u>	<u>2,367,733</u>
Total Operating Expenses	<u><u>\$10,206,014</u></u>	<u><u>\$9,856,636</u></u>	<u><u>\$9,526,206</u></u>

Muscatine Power and Water - Communications Utility
Statistical Data
October 2018

Services	Budget Estimate	% Increase (Decrease) From Budget	This Year ^{fn1}	% Increase (Decrease) Fr. Last Yr.	Last Year ^{fn1}
<u>Video</u>					
Residential	5,010	(3.8)	4,820	(6.6)	5,158
Commercial/Hospitality	<u>160</u>	(9.4)	<u>145</u>	(8.8)	<u>159</u>
Total Video	<u><u>5,170</u></u>	(4.0)	<u><u>4,965</u></u>	(6.6)	<u><u>5,317</u></u>
<u>Bulk Equivalent Services</u>					
Bulk Equivalent Services	<u>319</u>	(4.1)	<u>306</u>	(4.1)	<u>319</u>
Bulk Master Services	<u>24</u>	---	<u>24</u>	---	<u>24</u>
<u>Data/Internet</u>					
Residential	8,223	(1.6)	8,089	0.5	8,046
Commercial	<u>549</u>	(9.8)	<u>495</u>	(7.8)	<u>537</u>
Total Data/Internet	<u><u>8,772</u></u>	(2.1)	<u><u>8,584</u></u>	0.0	<u><u>8,583</u></u>
<u>Phone</u>					
Residential	504	(82.9)	86	---	---
Commercial	<u>37</u>	(73.0)	<u>10</u>	---	---
Total Phone	<u><u>541</u></u>	(82.3)	<u><u>96</u></u>	---	<u><u>---</u></u>
<u>MAN</u>	<u><u>82</u></u>	4.9	<u><u>86</u></u>	(3.4)	<u><u>89</u></u>

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

Communications Utility
Review of Operating Results
October 2018

**MUSCATINE POWER AND WATER - COMMUNICATIONS UTILITY
VARIANCES FROM BUDGETED NET POSITION -OCTOBER 31, 2018**

	(Unfavorable)/ Favorable Compared to Budget	
Operating Revenue		
Video Revenue	\$ 72,219	Higher CATV revenues due to changes in subscriber mix offset by fewer subscribers (5,271 actual vs. 5,489 budget).
	(18,742)	Broadcast fee lower than budget, due to less subscribers
	(1,610)	Higher marketing promotional discounts due to fewer promotional programs offered
	(40,687)	Lower VOD/PPV sales due to fewer subscribers and less buys
	(39,726)	Lower ad sales
	(106,240)	Lower converter rentals due to less subscribers
	(21,584)	Other miscellaneous variances - net
	<u>(156,370)</u>	
Data/Internet Revenue	1,978,817	Higher cable modem revenues due to customers migrating to a higher level of service offset by fewer subscribers (Subscribers = 8,584 actual & 8,772 budget)
	(1,906,940)	Fiber service installs are behind schedule
	101,985	Lower promotional discounts due to fewer promotional programs offered
	47,334	Higher Wi-fi @ Home due to more subscribers
	9,493	Other miscellaneous variances - net
	<u>230,689</u>	
Phone	(86,903)	Service availability was budgeted to begin in February but was not available until late April in addition to fewer subscribers than budgeted (96 actual vs. 541 budget)
MAN	<u>59,380</u>	More customers than budgeted
Miscellaneous Revenue	<u>(10,201)</u>	Other miscellaneous variances - net
Operating Expense		
Operation	54,904	Programming expense under budget
	72,123	Lower temp labor than budgeted, primarily due to DSRs and cable tech areas
	(19,400)	Higher electricity expense than budgeted due to timing of FTTH construction
	(5,467)	Griffin Media Research, not budgeted
	124,094	Fewer cable modems and set-top boxes have been retired than anticipated
	(27,483)	Higher cost of miscellaneous CATV materials expense
	(20,252)	Data/Internet access charges higher than budget
	(3,188)	Higher cost of fuel
	(4,798)	Higher credit card processing fees
	(10,250)	Higher cost of miscellaneous data/internet materials expense
	(20,989)	Miscellaneous office supplies higher than budget
	8,819	Lower cost of promotional materials
	(3,281)	Higher cost of media advertising
	3,102	Lower cost of collection expense
	14,763	Telephone expenses less than budgeted
	(2,165)	Organizational development expenses higher than budget
	1,587	Employee search services under budget
	(9,000)	Communications IUB/FCC consulting, not budgeted
	5,204	Succession planning lower than budget
	135,361	Labor & vacation under budget
	(14,597)	Higher cost of MCC public access
	24,698	Lower FICA than budgeted
	(500)	Higher deferred comp than budgeted
	26,317	Health care expenses lower than budgeted
	3,600	Lower unemployment expense
	13,282	VoIP management fee and service expenses are lower than budget due to delay in service availability
	(141,136)	Pension expense is over budget due to accruing expense at a higher rate to approximate GASB 68 effects
	(3,388)	IAMU telecom dues, not budgeted
	15,997	Travel and training under budget
	(2,500)	Employment expenses higher than budgeted
	(3,000)	Muscatine Levee flood study, not budgeted
	(4,113)	Lower cost of fringe charged to construction
	(12,304)	Other miscellaneous variances - net
	<u>196,040</u>	
Maintenance	37,661	Labor under budget
	(1,789)	Fiber maintenance materials higher than budget
	9,244	Line equipment maintenance materials lower than budget
	5,021	CATV headend maintenance materials lower than budget
	4,065	Converter maintenance materials lower than budget
	2,642	Internet headend maintenance materials lower than budget
	(2,069)	Fiber maintenance materials higher than budget
	(1,860)	MAN equipment maintenance materials higher than budget
	26,030	Maintenance agreements are lower than budget
	3,040	Memberships and subscriptions are lower than budget

**MUSCATINE POWER AND WATER - COMMUNICATIONS UTILITY
 VARIANCES FROM BUDGETED NET POSITION -OCTOBER 31, 2018**

(7,934) Temp services are higher than budget

(1,292) Other miscellaneous variances - net

72,759

Depreciation

80,579 Lower depreciation due to fewer fixed assets purchases in 2017 than anticipated

Nonoperating Revenue (Expense)

Interest Income

158,581 More interest income due to higher cash balances & higher rate of return

Interest Expense

(3,075) 2017 loan fees expensed in 2018

Change in Net Position before

Capital Contributions

541,479

Capital Contributions

1,054

Change in Net Position

\$ 542,533 Total Variance from Budgeted Net Position

Statement of Revenues, Expenses and Changes in Net Position

Operating Revenues

Video

	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
Total Subscribers (incl. Bulk)	5,489	5,271	5,636
Revenue:			
Basic	\$ 130,117	\$ 129,523	\$ 141,256
Select	2,946,504	3,008,949	3,150,375
Preferred	552,764	579,771	569,201
Premium	190,784	184,316	203,260
Bulk	199,835	189,664	200,487
Broadcast fee	703,845	685,103	411,213
PPV	25,488	14,244	27,046
VOD	<u>100,188</u>	<u>70,745</u>	<u>88,693</u>
Subtotal	\$ 4,849,525	\$ 4,862,315	\$ 4,791,531
Set top box rentals	894,598	788,358	795,934
Ad insertion revenue	290,000	250,274	288,556
Other Video revenues	<u>57,698</u>	<u>36,114</u>	<u>46,992</u>
Gross Video revenue	\$ 6,091,821	\$ 5,937,061	\$ 5,923,013
Discounts	<u>(155,619)</u>	<u>(157,229)</u>	<u>(220,070)</u>
Net Video Revenue	<u>\$ 5,936,202</u>	<u>\$ 5,779,832</u>	<u>\$ 5,702,943</u>
Net Monthly Revenue per Subscriber	\$ 108.15	\$ 109.65	\$ 101.19
Year-over-Year Increase		8.4%	

- Broadcast fee revenue is lower than budgeted due to fewer subscribers than budgeted.
- Discounts are less than budgeted due to fewer promotional discounts offered to date.

Data/Internet Revenue

	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
Customers	8,772	8,584	8,583
Revenue:			
Cable modem	\$ 2,195,896	\$ 4,174,713	\$ 4,406,422
Fiber service	2,419,385	512,445	-
Wi-fi @ Home	203,129	250,463	221,246
Wimax	74,974	77,574	77,493
Modem rentals	256,017	257,531	248,450
Other internet revenues	<u>38,701</u>	<u>44,080</u>	<u>38,545</u>
Gross internet revenues	\$ 5,188,102	\$ 5,316,806	\$ 4,992,156
Discounts	<u>(201,943)</u>	<u>(99,958)</u>	<u>(83,556)</u>
Net internet revenues	<u>\$ 4,986,159</u>	<u>\$ 5,216,848</u>	<u>\$ 4,908,600</u>
Net monthly revenue per subscriber	\$ 56.84	\$ 60.77	\$ 57.19

- Cable modem revenues are higher; although overall residential subs are slightly below budget, there has been a lot of migration from lower speed services (Lite and Turbo) into higher speed services (Nitro, Xtreme50 and Xtreme100) and not as many customers have been converted to Fiber than budgeted.
- Discounts are less than budgeted due to fewer promotional discounts offered to date.
- Fiber was anticipated to be available in August 2017; installation began in late April for initial customers.

Phone

Phone services were budgeted to be available beginning in February, however the service was not available until April 23. In addition, 541 customers were budgeted, actual customers receiving service are 96. This results in \$86,903 less revenue than budgeted.

MAN

Revenue is \$59,380 higher than budget due to more contracts.

Nonoperating Revenue (Expense)

- Interest income is over budget \$158,851 due to higher than projected cash balances and a higher rate of return.
- Interest expense is higher than budget due to additional 2017 loan fees expensed in 2018.

Year-To-Date Summary of Expenses**Video****Program Acquisition Expense (751-758)**

Programming is lower due to lower subscribers than budgeted.

	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
Basic	\$ 812,707	\$ 853,462	\$ 689,031
Select	2,474,110	2,415,401	2,411,386
Premium	169,358	141,737	157,041
Digital	266,474	275,472	282,247
Pay-per-View	15,553	10,498	19,779
Video on Demand	<u>62,277</u>	<u>49,005</u>	<u>59,141</u>
Total	<u>\$ 3,800,479</u>	<u>\$ 3,745,575</u>	<u>\$ 3,618,625</u>
Total Subscribers (incl. Bulk)	5,489	5,271	5,636
Per Subscriber	\$ 69.24	\$ 71.06	\$ 64.21
Year over Year Increase		10.7%	

Promotional Expense -- (960)

- Temp services for DSRs are under budget \$24,465.

Electricity Expense -- (736)

- Electricity expense is over budget \$19,400 due to the fiber project being farther behind than planned, which was anticipated to lower electric consumption.

Underground Line Expense (743)

- Labor is under budget \$28,142 due to fewer requests for locates than anticipated.

Ad Insertion -- Marketing/Production (964,965)

- Griffin Media Research \$5,467, not budgeted.
- Labor is under budget \$8,560.
- Mileage under budget \$2,000.
- Telephone expense under budget \$1,250.

Miscellaneous Video Expense (710, 738, 739)

- Labor is over budget \$49,138.
- Fewer boxes have been retired in the amount of \$94,921.
- Temp services of \$12,500 have not been utilized.
- Materials expense is over budget \$27,483, including \$3,399 for a signal meter and \$2,964 for labels and other inventory issues.

Vehicle Expense (760)

- Labor is under budget \$3,124.
- Fuel expense is over budget \$3,188.
- Materials expense is over budget \$5,619.

Video (cont'd)Maintenance of Fiber (711)

- Labor is over budget \$17,853.
- Materials expense is over budget \$1,789.

Maintenance of Drops (713)

- Labor is over budget \$26,353, primarily for directional boring.
- Temp services are over budget \$5,950.

Maintenance of Conduit System (714)

- Labor is under budget \$11,583.

Maintenance of Headend (721-725)

- Labor is under budget \$40,386.
- Maintenance agreements are over budget \$4,027.
- Materials expense is under budget \$5,021.

Maintenance of Line Equipment (731-735)

- Labor is over budget \$9,649.
- Maintenance agreements are over budget \$2,732.
- Materials expense is under budget \$9,244.

Maintenance of Converters (741)

- Labor is under budget \$13,091, mainly due to fewer converters being repaired.
- Materials expense is under budget \$4,065.

Maintenance of Ad Insertion – (966)

- Labor is under budget \$11,111.
- Maintenance agreements are under budget \$1,012.

Vacation, Holiday, Sick Leave – (799)

- Sick leave and personal leave are under budget \$1,955.
- Vacation is under budget \$6,550.

Depreciation Expense (793)

Depreciation is higher than budget due to more than expected expenditures for digital boxes, headend equipment, and customer drops prior to year-end 2017. This type of equipment has five- and ten-year lives.

Data/InternetData/Internet Access Charges – (851-853)

- NCTC internet subscriber expenses of \$13,366, not budgeted.
- Apogee expenses of \$7,500, not budgeted.

Data/Internet (cont'd)Promotional Expense – (961)

- Temp services for DSRs are under budget \$24,465.

Underground Line Expense – (843)

- Labor over budget \$2,603.
- Materials over budget \$795.

Miscellaneous Data/Internet Expense – (847)

- Labor is over budget \$15,914.
- Temp services of \$12,500 have not been utilized.
- Fewer modems have been retired in the amount of \$29,173.
- Other miscellaneous materials are over budget \$10,250.

Maintenance of Fiber – (811)

- Labor is over budget \$7,439.
- Materials expense is over budget \$970.

Maintenance of Drops – (814)

- Labor is over budget \$8,783.
- Temp services of \$1,984 were not budgeted.

Maintenance of Conduit System – (816)

- Labor is under budget \$4,827.

Maintenance of Headend – (820, 821)

- Labor is over budget \$6,144.
- Maintenance agreements are under budget by \$45,452.
- Materials expense is under budget by \$2,642.

Maintenance of Modems – (841)

- Labor is under budget \$26,464.

Depreciation – (893)

Depreciation is lower than budget due to lower than expected expenditures for modems, equipment and customer drops prior to year-end 2017. This type of equipment has five- and ten-year lives.

MANMaintenance of Fiber – (812)

- Labor is over budget \$11,901.
- Material expense is over budget \$2,069.

Maintenance of Conduit System – (817)

- Labor is under budget \$7,721.

MAN (Cont'd)Maintenance of MAN Equipment – (818, 819)

- Labor is under budget \$11,152
- Maintenance agreements over budget \$14,396.
- Materials expense over budget \$1,860.

Depreciation – (840)

Depreciation is lower than budget due to lower than expected expenditures for customer drops, equipment and coax prior to year-end 2017. This type of equipment has five- and ten-year lives.

Phone Expenses – (880)

- Due to the delay in phone service from February to late April, the monthly administrative fee to the service provider and fees for services provided are under budget by \$13,282.

Customer Service Expense – (909)

	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
Billtrust	\$ 520	\$ 740	\$ 387
Postage	950	995	---
Promotional Material/Education	18,465	9,646	3,222
Media Advertising	7,963	11,244	9,169
Newsletter	2,736	2,089	2,607
Customer Awareness Programs	---	70	788
Presentation Materials	460	1,398	513
Photo Library	376	24	240
Miscellaneous	---	564	2,417
	<u>\$ 31,470</u>	<u>\$ 26,770</u>	<u>\$ 19,343</u>

Consumer AccountsCustomer Records and Collections – (901/903)

	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
Labor	\$ 445,548	\$ 435,742	\$ 396,464
Credit Card Processing	20,582	25,380	20,189
Bill Trust Expense	9,500	10,499	7,997
ACH Fees	5,700	6,604	6,681
Postage	20,820	20,067	17,785
Temp Services	10,030	6,713	13,838
Fuel & Vehicle Expense	290	1,358	---
Invoice Cloud	3,862	4,361	3,835
Collection Expense	8,646	5,544	6,832
IVR	1,330	1,390	1,088
Travel & Training	5,284	2,290	19,403
Other Expenses	<u>18,043</u>	<u>14,486</u>	<u>36,159</u>
	\$ 544,351	\$ 532,144	\$ 510,868

Administrative & GeneralA&G Salaries – (920)

- Salaries in the Employee Services, Data Systems and Telecommunications departments are under budget by \$15,780, \$70,786, and \$66,226, respectively.
- Salaries in the Finance, Marketing, Cable Tech and Utility Services Delivery departments are over budget by \$6,285, \$12,872, \$7,200 and \$10,361.

Office Supplies and Expense – (921)

- Telephone expense is under budget by \$11,121
- Vehicle allowance is over budget by \$3,904.
- Mileage is under budget by \$2,000.
- Memberships and subscriptions over budget by \$1,092.
- Materials expenses are over budget by \$20,989 including Data Systems labeling logos expense of \$2,242 and software expense of \$1,139.

Outside Services – (923)

	Responsibility Code	2018 Budget	2018 Actual	2017 Actual
Succession Planning	110-Sal	\$ 9,600	\$ 4,396	\$ -
Consulting Services	120-Sal	-	-	873
Organizational Development	120-Sal	6,000	8,165	5,030
General Legal Services	140-Brandy	3,600	292	399
Employment Legal Services	140-Brandy	1,000	-	-
Communications Legal Services	140-Brandy	2,500	7,112	6,223
MCC Public Access	224-Rick	47,220	61,817	47,043
FTTH Training	224-Rick	-	-	11,260
FTTH Design	224-Rick	-	-	4,919
Web/Graphics Services	224-Rick	1,608	810	2,829
Insurance Advisor	310-Jerry	5,040	5,040	5,040
Audit Fees	320-Cassie	5,220	5,804	4,418
GASB 45 Actuarial Update	320-Cassie	-	-	900
IS Department Review	350-Greg	-	-	2,353
IS Outside Professional Services	350-Greg	1,200	600	3,673
Benefits Consulting	410-Brandy	4,050	4,284	3,048
Employee Search Services	410-Brandy	4,800	3,213	-
Pension Study/GASB 67/68	410-Brandy	-	(600)	-
Engineering Compensation Review	410-Brandy	-	-	174
509A Actuary	410-Brandy	131	117	117
Other Misc HR Expenses	410-Brandy	180	178	59
Communications Consulting - IUB/FCC	920-Brad	-	9,000	3,913
		<u>\$ 92,149</u>	<u>\$ 110,228</u>	<u>\$ 102,271</u>

Employee Pensions & Benefits – (926)

	2018 Budget	2018 Actual	2017 Actual
Health care cost	\$ 414,005	\$ 387,688	\$ 359,906
Pension	320,250	461,386	304,742
FICA	195,209	170,511	174,243
Deferred compensation	35,040	35,540	34,796
Dental	15,980	15,343	14,429
Life, LTD & ADD	14,060	13,729	16,223
OPEB	5,216	5,216	3,355
Unemployment expense	3,600	-	1,992
Other expenses	9,626	12,264	12,355
	<u>\$ 1,012,986</u>	<u>\$ 1,101,677</u>	<u>\$ 922,041</u>

- Pension expense is higher than budgeted due to recording expense to be more in-line with GASB 68.

Fringe Benefits Charges to Construction – (927)

- More labor has been charged to capital projects than budgeted.

Administrative & General (cont'd)Miscellaneous General Expense – (930)

- Labor is under budget \$19,229.
- Travel & training are under budget by \$14,955.
- Memberships and subscriptions are over budget \$1,653.
- Temp services are over budget \$5,098.
- Safety expenses are under budget \$2,909.
- Employment expenses are over budget \$2,500.
- Annual report expenses are under budget \$1,761.
- Wellness expenses are under budget \$1,287.
- Employee team expenses are under budget \$1,504.
- IAMU telecom dues totaling \$3,388, not budgeted.
- Muscatine Levee flood study totaling \$3,000, not budgeted.
- Wireless Connections support totaling \$1,500, not budgeted.
- GMCCI Joint Communication Branding project over budget \$3,940.

Miscellaneous General Expense – (930)

- Maintenance agreements under budget by \$3,655.

Vacation, Holiday, Sick Leave – (936)

- Sick leave and personal leave are over budget \$11,123.
- Vacation is under budget \$18,519.

Depreciation – (933)

Depreciation is lower than budget due to lower than expected expenditures for equipment prior to year-end 2017. This type of equipment has a five-year life.