



**MJMEUC**

Missouri Joint Municipal Electric Utility Commission

**PRAIRIE STATE PROJECT – POWER PROJECT  
REVENUE BONDS, SERIES 2007, SERIES 2009, &  
SERIES 2010**

**CONTINUING DISCLOSURE  
REPORT**

**FISCAL YEAR ENDING  
December 31, 2010**

**Prepared by:  
Michael J. Loethen, Chief Financial Officer & Director of Administration  
May 30, 2011**

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**MAP OF POWER PURCHASERS**

**MISSOURI JOINT MUNICIPAL  
ELECTRIC UTILITY COMMISSION**

**POOL POWER PURCHASERS AND  
PRAIRIE STATE PROJECT UNIT POWER PURCHASERS**



- Pool Power Purchasers
- ▲ Unit Power Purchasers

**OFFICER & MANAGEMENT INFORMATION**

**Missouri Joint Municipal  
Electric Utility Commission**

1808 I-70 Drive S.W.  
Columbia, Missouri 65203  
(573) 445-3279

**Officers**

Chair ..... Mark Petty  
Vice Chair..... Don Trigg  
Secretary/Treasurer..... Rodney Bourne  
Chair, Engineering Committee ..... Robert E. Williams  
Chair, Operating Committee..... Kyle Gibbs  
Chair, Budget & Finance Committee ..... James D. Roach  
Chair, Power Contract/MoPEP Committee ..... Chad Davis  
Member at Large ..... Richard Shockley  
Immediate Past Chair..... Darrell Dunlap

**Management**

General Manager and Chief Executive Officer ..... Duncan Kincheloe  
Executive Director for Engineering and Operations  
and Chief Operating Officer..... John Grotzinger  
Assistant General Manager..... Eve Lissik  
Chief Financial Officer & Director of Administration ..... Michael J. Loethen

**Bond Counsel**

Gilmore & Bell, P.C.  
Kansas City, Missouri

**Financial Advisor**

McDonald Partners, Inc.  
Alamo, California

**Trustee, Bond Registrar and Paying Agent**

The Bank of New York Trust Company, N.A.  
St. Louis, Missouri

## INTRODUCTION

The information contained in this annual CONTINUING DISCLOSURE REPORT (Report) is provided to give an overview of the Prairie State project development and address the continuing disclosure items listed in Appendix G, Section 4 of the Power Project Revenue Bonds (Prairie State Project ), Series 2007 A&B, Series 2009 A&B and Series 2010 A&B Official Statements. Under the terms of MJMEUC's CONTINUING DISCLOSURE AGREEMENT, the Report is to be disseminated by its trustee not later than 5 months after the end of each of MJMEUC's fiscal years (currently, by May 31).

### A. PROJECT FINANCING

	\$549,805,000	
	Power Project Revenue Bonds	
	(Prairie State Project)	
\$521,760,000		\$28,045,000
Series 2007A		Series 2007B
		(Federally Taxable)

The Series 2007 Bonds were issued in September 2007 by MJMEUC to finance a portion of the costs of acquiring its approximate 195 megawatt (MW) interest in the Prairie State Energy Campus, a 1,582 MW two-unit coal-fired generating plant and adjacent coal reserve and mine facilities being constructed in Illinois. The Series 2007 Bonds also included the repayment of project interim financing undertaken by MJMEUC, funding of a debt service reserve for the Series 2007 Bonds, funding of certain capitalized interest on the Series 2007 Bonds and to pay costs of issuance of the Series 2007 Bonds.

	\$207,920,000	
	Power Project Revenue Bonds	
	(Prairie State Project)	
\$193,720,000		\$14,200,000
Series 2009A		Series 2009B
(Federally Taxable Build		(Federally Taxable)
America Bonds – Direct Pay)		

The Series 2009 Bonds were issued in December 2009 by MJMEUC to finance an additional portion of costs of acquiring its 195 MW undivided interest in the Prairie State Energy Campus. The Series 2009 Bonds also included funding of debt service reserves for the Series 2009 Bonds, funding of certain capitalized interest on the Series 2009 Bonds, funding of a deposit to the Operating Reserve Account and to pay costs of issuance of the Series 2009 Bonds.

	\$78,005,000	
	Power Project Revenue Bonds	
	(Prairie State Project)	
\$73,420,000		\$4,585,000
Series 2010A		Series 2010B
(Federally Taxable Build		
America Bonds – Direct Pay)		

The Series 2010 Bonds were issued in December 2010 by MJMEUC to finance an additional portion of costs of acquiring its 195 MW undivided interest in the Prairie State Energy Campus. The Series 2010 Bonds also included funding of debt service reserves for the Series 2010 Bonds, funding of certain capitalized interest on the Series 2010 Bonds, and to pay costs of issuance of the Series 2010 Bonds.

MJMEUC Prairie State Bonds are rated “A3” by Moody’s Investors Service (“Moody’s”) and “A-” by Fitch Ratings (“Fitch”).

## **B. PROJECT UPDATE REPORT**

Background –

MJMEUC has an undivided ownership interest of approximately 195 MW in a two-unit coal-fired, steam-electric generating station, the Prairie State Energy Campus Project (Project) that includes a coal supply that is expected to fuel MJMEUC’s interest for approximately thirty years through this mine-mouth operation currently being constructed in Southwest Illinois. The Project will consist of two supercritical units with a nominal net output capacity of 800 MW each. Project construction began in Fall 2007.

As an equity partner, MJMEUC has a 12.33% ownership interest in the Project and is part of a Prairie State partnership group that also includes American Municipal Power (AMP); Illinois Municipal Electric Agency (IMEA); Indiana Municipal Power Agency (IMPA); Kentucky Municipal Power Agency (KMPA); Northern Illinois Municipal Power Agency (NIMPA); Prairie Power, Inc.; Southern Illinois Power Cooperative (SIPC); and Peabody Energy. This partnership group governs the construction and operation of Prairie State through a non-profit corporation, Prairie State Generating Company, LLC (PSGC). MJMEUC has and continues to actively participate in the progress of the

Project, including engineering, procurement and construction, project schedule and project financial standing.

#### Project Update –

Progress on the Prairie State project continues satisfactorily. As of the end of April 2011 engineering is approximately 97 percent complete, construction is approximately 77 percent complete, and the overall project is about 77 percent complete compared to a plan 79 percent for overall completion. Construction of Unit 1 boiler was completed in May 2011 and preparation is under way for first fire on gas. The coal mine is approximately 80 percent complete compared to a plan of 76 percent. Although some delays have occurred, construction activities are proceeding at a pace to meet the substantial completion in fourth quarter 2011 (Unit 1) and second quarter 2012 (Unit 2). The mine is producing coal and is ready to support expected plant operations.

Management staff along with engineering, operations, maintenance, and environmental staff have been hired and trained to support construction completion, plant testing, and plant operations. The plant-specific HI-Fidelity dynamic simulator is in operation and is being used to provide pre-testing and operations/maintenance training to start-up personnel along with PSGC personnel. The coal mine staff has also been hired and trained and is producing in-specification coal for the initial fire on coal, testing, and operation. They actively participate in managing and monitoring remaining project costs and construction which provides additional oversight and enhancement of their knowledge of the Project. Remaining staffing and procedural training continues on schedule.

While PSGC negotiated an amended and restated engineering, procurement, construction contract in early spring 2010 that provides a lump sum turn-key guaranteed price, and, although adequate progress is being made toward substantial completion of the project, MJMEUC is aware that some construction and completion risks remain as well as additional costs related to needed change orders to achieve completion of a high quality, reliable power generation asset. These risk factors do not appear uncommon from MJMEUC's experience with the construction of three other coal-fired generating facilities that have now reached commercial operation. Even with reasonable change order cost increases, MJMEUC believes the Project economics remain competitive and will be a valuable

base-load resource. Current construction activities continue to support MJMEUC's expectations for a total busbar cost of \$56 - \$59/MWh for the Prairie State Project.



**C. MJMEUC 2010 AND 2009 UNAUDITED FINANCIAL REPORT**

Missouri Joint Municipal Electric Utility Commission

**Balance Sheet - Unaudited**

**December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Current Assets	\$ 125,876,252	\$ 108,155,421
Capital Assets	1,122,978,709	833,213,652
Other noncurrent assets	305,893,497	514,069,047
Total Assets	<u>\$ 1,554,748,458</u>	<u>\$ 1,455,438,120</u>
<b>LIABILITIES</b>		
Accounts Payable	\$ 27,196,979	\$ 21,303,382
Accrued Liabilities	8,435,356	4,569,447
Long Term Debt	1,467,952,347	1,387,320,459
Accrued Interest Payable	36,763,434	29,724,275
Total Liabilities	<u>1,540,348,116</u>	<u>1,442,917,563</u>
<b>FUND EQUITY</b>		
Fund Equity	12,520,557	6,046,693
Net Income	1,879,785	6,473,864
Total Fund Equity	<u>14,400,342</u>	<u>12,520,557</u>
Total liabilities and fund equity	<u>\$ 1,554,748,458</u>	<u>\$ 1,455,438,120</u>

The table above presents a summarized financial position and results as of and for the years ended December 31, 2010 and 2009. The financial statements presented above reflect MJMEUC's continued investments in capital assets to meet its members' energy needs and to support its operations.

Current assets increased by approximately \$17.7 million or 16.4% in 2010. Cash and cash investments increased by approximately \$1.8 million from reserve account transactions related to the MoPEP and Plum Point funds. The current portion of bond accounts increased by approximately \$78 million as a result of the Prairie State Bonds issued in 2010. The current portion of bond cash and investment accounts are held by trustees and are used to make bond interest payments.

A 27.7% increase in accounts payable occurred primarily from an increase in power sales that were attributed to the commencement of Plum Point operations, the addition of Lebanon and increased load demand due to more normal weather conditions. Accrued liabilities and other liabilities netted an increase of approximately \$3.87 million. Long-term debt increased approximately \$80.6 million as result of the additional debt issues in 2010 for the power plant construction projects. Accrued interest payable increased approximately \$7.04 million and is attributed entirely to interest payable on combined

debt associated with the three jointly-owned power plant projects. Total fund equity increased by 15% over 2009 comparable figures.

Missouri Joint Municipal Electric Utility Commission  
**Statement of Revenues, Expenses, and Changes in Equity - Unaudited**  
**Years Ended December 31, 2010 and 2009**

	<b>2010</b>	<b>2009</b>
<b>OPERATING REVENUES</b>		
Power sales and related charges	\$ 174,494,258	\$ 139,914,266
Noncapital project cost reimbursements	642,751	582,534
Transfer from MAMU	124,500	180,868
Transfer from MGCM	20,629	-
Member training program	184,725	277,941
Other	119,904	121,278
Total Operating Revenues	175,586,767	141,076,887
<b>OPERATING EXPENSES</b>		
Power purchases and generation	166,019,491	130,923,217
General and administration	3,972,791	3,184,942
Total Operating Expenses	169,992,282	134,108,159
Nonoperating Income Net of Expenses	(3,714,700)	(494,864)
Increase in fund equity	1,879,785	6,473,864
Fund equity, beginning of the year	12,520,557	6,046,693
Fund equity, end of the year	\$ 14,400,342	\$ 12,520,557

Power sales to members largely consist of power sales to MJMEUC's full requirements pool, MoPEP, four months of Plum Point generation sales and a lesser degree to other MJMEUC members outside of MoPEP. Overall, 2010 power sales increased by approximately \$34.58 million in comparison to 2009 as a result of an increase in MoPEP member load demand, more normal weather conditions, and commencement of Plum Point power generating facility. MoPEP membership growth is attributed to the city of Lebanon, Missouri beginning service in April 2010. MoPEP's MWh requirements for 2010 of 2,592,340 exceeded comparable amounts of 2,206,062 for 2009 by 17.5%.

The margin on power sales revenues was 4.9% for 2010 compared to 6.4% for 2009 and includes increased contributions to reserves for both years. MJMEUC bills member municipalities monthly for power and energy based on the cost of MJMEUC's power and energy purchases plus a mark-up for associated MJMEUC overhead. In 2009, MoPEP power sales represents power sales less credits to MoPEP pool members that own electric generating units or third-party contracts that are utilized in meeting the overall power needs of the pool members. However, for 2010 these MoPEP credits and contracts were fully represented as power expenditures. In addition, 2010 power purchases increased total operating expenses largely due to Plum Point operations beginning in September 2010. Non-capitalized payroll and other overhead expenses allocated to the jointly-owned projects were offset by revenues received and or billed to municipalities participating in these projects. Nonoperating income net of expenses increased by approximately \$3.2 million as it reflects the transitioning from capitalized interest to bond interest expense related to the Plum Point bonds.

**MJMEUC's 2010 audited financials are not expected to be released until MJMEUC's Plum Point Project costs are finalized after June 30, 2011.**

**D. MISSOURI PUBLIC ENERGY POOL #1 (MOPEP 1) UPDATE**

**MoPEP 1 POWER PURCHASERS  
PEAK LOADS**

<u>City</u>	<u>2010 Peak Load (MW)<sup>(1)</sup></u>	<u>Percent of Total</u>
Lebanon .....	58.5	10.62
Rolla .....	58.0	10.53
Farmington.....	46.4	8.42
Marshall.....	39.5	7.17
Jackson .....	39.3	7.13
Harrisonville .....	27.5	4.99
Chillicothe .....	25.6	4.65
Macon .....	18.9	3.43
Trenton .....	18.2	3.30
Lamar.....	17.1	3.10
Ava .....	14.7	2.67
St. James .....	14.0	2.54
Higginsville .....	13.7	2.49
Butler .....	12.5	2.27
El Dorado Springs.....	12.4	2.25
Hermann .....	11.8	2.14
Odessa.....	11.6	2.11
Carrollton.....	11.0	2.00
Fredericktown.....	10.9	1.98
Palmyra.....	9.9	1.80
Bethany .....	9.8	1.78
Monroe City.....	8.5	1.54
Shelbina .....	7.9	1.43
Owensville.....	6.4	1.16
Fayette .....	6.1	1.11
Vandalia.....	5.5	1.00
Albany .....	5.0	0.91
Memphis .....	4.7	0.85
Salisbury .....	4.5	0.82
Unionville.....	4.5	0.82
Gallatin .....	4.0	0.73
Thayer.....	4.0	0.73
Rock Port.....	3.1	0.56
Stanberry.....	2.8	0.51
La Plata.....	<u>2.6</u>	<u>0.47</u>
Total.....	550.9 MW	100.00%
Total Pool Power Purchasers Served by		
MoPEP 1 as of December 31, 2010 .....	35	

<sup>(1)</sup> Coincident.

**AVERAGE COST OF MoPEP 1 DELIVERED ENERGY**

<u>Year</u>	<u>\$/MWh</u>
2006 .....	57.09
2007 .....	60.98
2008 .....	62.24
2009 .....	56.54
2010 .....	51.21

The table above shows the system average rate for all energy delivered during the last five calendar years. Charges include all costs for capacity, energy, transmission, load monitoring, scheduling, dispatch and ancillary services and all administrative costs for managing MoPEP 1. System average rates include average bill credits for the use of Member Capacity. If MJMEUC did not apply such credits as an offset to MoPEP 1 participants' energy bills, MJMEUC's average cost of delivered energy and annual revenues for MoPEP 1 would be approximately 15 percent higher and MJMEUC's operating expenses for MoPEP 1 would be higher by an equal amount. In 2010, the average cost includes increased contributions to reserves.

**HISTORICAL AND PROJECTED MoPEP 1 LOADS AND RESOURCES <sup>(1)</sup>**  
(MW)

<u>Fiscal Year</u> <u>Ending</u> <u>December 31</u>	<u>Annual</u> <u>Peak</u> <u>Load</u>	<u>Peak</u> <u>Capacity</u> <u>Requirement<sup>(2)</sup></u>	<u>Dedicated</u> <u>Member</u> <u>Capacity</u>	<u>Contract</u> <u>Purchases<sup>(3)</sup></u>	<u>MoPEP 1</u> <u>Owned</u> <u>Capacity<sup>(4)</sup></u>	<u>Total</u> <u>Capacity</u>	<u>Surplus/</u> <u>(Deficit)</u>
Historical:							
2006	447	568	449	231	-	680	112
2007	491	644	463	242	12	717	73
2008	455	518	463	202	12	677	159
2009	476	543	454	203	12	669	126
2010	551	634	448	245	12	702	68
Projected:							
2011	585	673	448	245	42	735	62
2012	597	687	448	245	107	789	102
2013	609	700	448	234	148	830	130
2014	618	711	448	234	148	830	119
2015	627	721	448	234	148	830	109

- (1) Excludes new Members until the respective years in which they become Pool Power Purchasers.
- (2) Includes firm sales, firm purchases and system reserve requirements.
- (3) Includes firm power sales agreements, 57 MW of capacity from NC2 beginning in 2009, 50 MW of capacity from Plum Point Project beginning in 2010 and 3 MW of capacity from the Lamar Project beginning in June 2010.
- (4) The Iatan 2 Project began Jan. 1, 2011, 41MW of the Prairie State Project (unit one) beginning in late 2011 with an additional 41 MW from unit 2 of the Prairie State Project by the third quarter of 2012.

**MoPEP MEMBER CAPACITY DEDICATED TO MoPEP 1 THROUGH  
DECEMBER 31, 2010:**

Facility	Fuel Type	Capacity (MW)	2010
			Capacity Factor
Chillicothe Units 1 & 2	Natural Gas/Oil	80.0	<1.0%
Macon Gas Turbine	Natural Gas	8.5	98.0% <sup>(1)</sup>
Marshall Units 4 & 5	Coal	20.6	~24.20%
Other Peaking Units	Natural Gas/Oil	315.4	<1.0%
City of Jackson 10 units	Natural Gas/Oil	24.0	<1.0%
Total Member Capacity .....		448.5	

(1) The capacity of this unit is based upon a summertime rating, determined with evaporation at 100°F. At lower temperatures, the output of the unit is well above 8.5 MW, and the unit regularly produces 10 MW.

**HISTORICAL AND PROJECTED MoPEP 1 ENERGY REQUIREMENTS**

Year	Historical Energy Requirements (MWh)	Year	Projected Energy Requirements (MWh)
2006	1,962,615	2011	2,557,378
2007	2,198,185	2012	2,609,752
2008	2,096,441	2013	2,661,947
2009	2,206,062	2014	2,701,876
2010	2,592,340	2015	2,825,634



**E. THE LARGE POOL POWER PURCHASERS  
(OFFICIAL STATEMENT - APPENDIX B)**

**THE LARGE POOL POWER PURCHASERS & CITY OF HARRISONVILLE**  
**GENERAL INFORMATION SUMMARY**

	<b>Lebanon</b>	<b>City of Farmington</b>	<b>City of Harrisonville</b>	<b>City of Jackson</b>	<b>City of Marshall</b>	<b>Rolla Municipal Utilities</b>
<b>General</b>						
Year Established	1853	1891	1863	1905	1914	1945
Service Area (sq. Miles)	19	5.2	10.0	13.5	10.5	11.6
Fiscal Year End	October 31	Sept 30	Dec 31	Dec 31	Sept 30	Sept 30
<b>Peak Load (in MW) &amp; Energy Sales in (MWh)</b>						
<b><u>Fiscal Year 2010</u></b>						
Peak Load-MW	58.5	46.4	27.5	39.3	39.5	58.0
Residential Sales	87,200	80,140	44,437	N/A	51,771	104,264
Commercial Sales	48,161	23,686	61,900		60,746	35,068
Industrial Sales	142,482	103,572	0		69,349	145,874
Other Sales	0	19,828	0		0	0
Total Sales	277,843	227,226	106,337		181,866	285,206
<b><u>Fiscal Year 2009</u></b>						
Peak Load-MW	55.3	45.4	28.0	31.0	39.4	57.0
Residential Sales	81,254	72,097	40,066	67,144	46,791	95,796
Commercial Sales	54,622	40,875	52,594	43,736	58,513	34,658
Industrial Sales	124,216	105,735	7,346	21,799	68,384	149,232
Other Sales	0	0	0	0	0	0
Total Sales	260,092	218,707	100,006	132,679	173,688	279,686
<b><u>Fiscal Year 2008</u></b>						
Peak Load - MW	61	45.6	27.1	33.3	36.1	60.1
Residential Sales	94,079	71,365	51,271	68,072	47,543	96,512
Commercial Sales	65,053	41,723	7,697	39,786	56,544	33,057
Industrial Sales	144,797	102,157	45,956	27,568	67,249	161,006
Other Sales	0	141	1	6,676	0	0
Total Sales	303,929	215,386	104,925	142,102	171,336	290,575
<b>Customer Revenues (in 000's)</b>						
<b><u>Fiscal Year 2010</u></b>						
Residential Sales	\$7,601	\$7,001	\$4,890	N/A	\$5,606	\$10,345
Commercial Sales	4,440	2,358	6,391		6,469	3,376
Industrial Sales	11,307	8,377	0		5,738	12,834
Other Sales	0	1,505	0		0	0
Total Sales	\$23,348	\$19,241	\$11,281		\$17,813	\$26,555
<b><u>Fiscal Year 2009</u></b>						
Residential Sales	\$5,846	\$6,342	\$4,616	\$7,684	\$5,226	\$9,673
Commercial Sales	4,226	3,610	738	4,847	5,192	3,341
Industrial Sales	8,216	8,450	5,639	2,297	4,545	13,194
Other Sales	0	354	0	0	0	0
Total Sales	\$18,288	\$18,756	\$10,993	\$14,828	\$14,963	\$26,208
<b><u>Fiscal Year 2008</u></b>						
Residential Sales	\$6,046	\$6,303	\$5,060	\$7,756	\$4,658	\$9,637
Commercial Sales	4,249	3,678	747	4,457	5,192	3,182
Industrial Sales	8,249	8,651	5,782	2,782	4,545	14,074
Other Sales	0	80	0	695	0	0
Total Sales	\$18,544	\$18,712	\$11,589	\$15,690	\$14,395	\$26,893

**THE LARGE POOL POWER PURCHASERS & CITY OF HARRISONVILLE**  
**BALANCE SHEET SUMMARY (in '000s)**

	<b>Lebanon</b>	<b>City of Farmington</b>	<b>City of Harrisonville</b>	<b>City of Jackson</b>	<b>City of Marshall</b>	<b>Rolla Municipal Utilities</b>
Fiscal Year End	<b>October 31</b>	<b>Sept 30</b>	<b>Dec 31</b>	<b>Dec 31</b>	<b>Sept 30</b>	<b>Sept 30</b>
<b><i>Fiscal Year 2010</i></b>	Unaudited		Unaudited			
Assets:						
Utility Plant, Net	\$0	\$12,303	\$5,300	N/A	\$21,903	\$30,985
Cash and Investments	8,713	4,883	2,666		19,649	28,216
Other Assets	<u>9,758</u>	<u>3,3815</u>	<u>2,214</u>		<u>3,428</u>	<u>2,578</u>
Total Assets	\$18,471	\$21,001	\$10,180	\$	\$44,980	\$61,779
Liabilities and Equity:						
Equity	\$16,091	\$16,993	\$7,426	N/A	\$42,521	\$40,883
Bonds/Leases Payable, Noncurrent	1,330	1,693	2,065		0	15,765
Other Liabilities	<u>1,050</u>	<u>2,315</u>	<u>689</u>		<u>2,459</u>	<u>5,131</u>
Total Liabilities and Equity	\$18,471	\$21,001	\$10,180	\$	\$44,980	\$61,779
<b><i>Fiscal Year 2009</i></b>						
Assets:						
Utility Plant, Net	\$0	\$12,346	\$5,397	\$13,856	\$21,384	\$27,890
Cash and Investments	6,542	3,780	1,878	10,374	17,677	28,208
Other Assets	<u>9,988</u>	<u>3,524</u>	<u>2,050</u>	<u>63</u>	<u>4,466</u>	<u>2,548</u>
Total Assets	\$16,530	19,650	\$9,325	\$24,293	43,527	58,646
Liabilities and Equity:						
Equity	\$13,906	\$15,408	\$6,349	\$22,186	\$40,989	\$37,359
Bonds/Leases Payable, Noncurrent	1,975	2,046	2,240	1,485	0	16,440
Other Liabilities	<u>649</u>	<u>2,196</u>	<u>736</u>	<u>622</u>	<u>2,538</u>	<u>4,847</u>
Total Liabilities and Equity	\$16,530	\$19,650	\$9,325	\$24,293	\$43,527	\$58,646
<b><i>Fiscal Year 2008</i></b>						
Assets:						
Utility Plant, Net	\$0	\$12,440	\$5,382	\$13,627	\$22,304	\$26,830
Cash and Investments	12,075	3,244	2,264	9,346	13,531	11,656
Other Assets	<u>6,686</u>	<u>3,448</u>	<u>1,972</u>	<u>75</u>	<u>4,478</u>	<u>2,625</u>
Total Assets	\$18,761	\$19,132	\$9,618	\$23,048	\$40,313	\$41,111
Liabilities and Equity:						
Equity	\$15,579	\$14,724	\$5,833	\$20,619	\$38,280	\$34,488
Revenue Bonds Payable, Noncurrent	2,559	2,384	2,226	1,835	0	2,540
Other Liabilities	<u>623</u>	<u>2,024</u>	<u>1,559</u>	<u>594</u>	<u>2,033</u>	<u>4,083</u>
Total Liabilities and Equity	\$18,761	\$19,132	\$9,618	\$23,048	\$40,313	\$41,111

**THE LARGE POOL POWER PURCHASERS & CITY OF HARRISONVILLE**  
**INCOME SHEET SUMMARY (in '000s)**

	Lebanon	City of Farmington	City of Harrisonville	City of Jackson	City of Marshall	Rolla Municipal Utilities
Fiscal Year End	October 31 Unaudited	Sept 30	Dec 31 Unaudited	Dec 31	Sept 30	Sept 30
<b><i>Fiscal Year 2010</i></b>						
Customer Revenues	\$23,482	\$19,502	\$11,431	N/A	\$21,295	\$30,110
Other Revenues	<u>642</u>	<u>1,551</u>	<u>65</u>		<u>286</u>	<u>492</u>
Total Revenues	\$24,124	\$21,053	\$11,496		\$21,581	\$30,602
Purchased Power Expense	\$19,944	\$17,706	\$7,251	N/A	\$11,164	\$19,596
Other Operating Expense	<u>1,539</u>	<u>1,068</u>	<u>2,979</u>		<u>4,882</u>	<u>4,914</u>
Total Operating Expenses	\$21,483	\$18,774	\$10,230		\$16,046	\$24,510
Net Revenues	\$2,641	\$2,279	\$1,266		\$5,535	\$6,092
Depreciation, Amortization	\$0	\$684	0		\$1,903	\$2,053
Transfers Out/(In)	456	(73)	0		1,749	0
Other non-Operating Expenses	<u>0</u>	<u>83</u>	<u>222</u>		<u>350</u>	<u>516</u>
Net Income	\$2,185	\$1,585	\$1,044		\$1,533	\$3,523
Debt Service/Capital Lease	\$679	\$416	\$175	N/A	\$0	\$1,631
Debt Service Coverage	3.89	5.48	7.23			3.74
<b><i>Fiscal Year 2009</i></b>						
Customer Revenues	\$18,540	\$18,756	\$11,121	\$14,484	\$21,700	\$29,551
Other Revenues	<u>1,112</u>	<u>1,385</u>	<u>197</u>	<u>345</u>	<u>770</u>	<u>606</u>
Total Revenues	\$19,652	\$20,141	\$11,318	\$14,829	\$22,470	30,157
Purchased Power Expense	18,113	17,926	7,895	10,720	12,121	20,135
Other Operating Expense	<u>1,506</u>	<u>872</u>	<u>2,754</u>	<u>1,068</u>	<u>5,064</u>	<u>4,750</u>
Total Operating Expenses	\$19,619	\$18,798	\$10,649	\$11,788	\$17,185	24,885
Net Revenues	\$33	\$1,343	\$669	\$3,041	\$5,285	\$5,272
Depreciation, Amortization	0	686	0	590	1,953	1,918
Transfers Out/(In)	1,706	(124)	0	791	1,682	0
Other non-Operating Expenses	<u>0</u>	<u>97</u>	<u>156</u>	<u>94</u>	<u>0</u>	<u>482</u>
Net Income	(\$1,673)	\$684	\$516	\$1,566	1,650	\$2,872
Debt Service/Capital Lease	\$687	\$414	\$267	\$431	\$0	\$1,319
Debt Service Coverage	0.05	3.24	2.51	7.06	N/A	4.0
<b><i>Fiscal Year 2008</i></b>						
Customer Revenues	\$16,801	\$19,103	\$11,712	\$15,363	\$19,935	\$30,310
Other Revenues	<u>982</u>	<u>1,264</u>	<u>40</u>	<u>1,161</u>	<u>705</u>	<u>512</u>
Total Revenues	\$17,783	\$20,367	\$11,752	\$16,524	\$20,640	\$30,822
Purchased Power Expense	15,934	\$17,581	\$8,112	\$11,705	\$12,258	\$21,671
Other Operating Expense	<u>1,242</u>	<u>869</u>	<u>2,995</u>	<u>1,929</u>	<u>6,617</u>	<u>4,301</u>
Total Operating Expenses	\$17,176	\$18,450	\$11,107	\$13,634	\$18,875	\$25,972
Net Revenues	\$607	\$1,917	\$645	\$2,890	\$1,765	\$4,850
Depreciation, Amortization	0	\$659	\$0	\$576	\$1,538	\$1,795
Transfers Out to City	1,232	0	0	885	1,413	6
Other non-Operating Expenses	<u>793</u>	<u>231</u>	<u>114</u>	<u>106</u>	<u>0</u>	<u>(163)</u>
Net Income	(\$1,418)	\$1,027	\$531	\$1,323	(\$1,816)	\$3,212
Debt Service/Capital Lease	\$768	\$531	\$264	\$426	\$0	\$1,001
Debt Service Coverage	0.79	3.61	2.44	6.78	-	4.85

**THE LARGE POOL POWER PURCHASERS & CITY OF HARRISONVILLE  
TOP TEN CUSTOMERS BY REVENUE**

<b>Customer</b>	<b>Industry</b>	<b>% of Revenues</b>
<b><i>Lebanon – 2010</i></b>		
Copeland	Manufacturer AC Compressors	15.2%
Independent Stave Company	Manufacturer Oak Barrels	6.2%
Detroit Tool Metal Products	Manufacturer Metal Stamper	3.8%
Marathon Electric	Manufacturer Electric Motors	3.3%
St. John/ Breech Medical Ctr	Medical Hospital	2.9%
Detroit Tool Metal Products	Manufacturing Tool & Die	2.1%
Wal-Mart	Retail	2.0%
County Courthouse	Government	1.7%
City of Lebanon	Government	1.3%
Ramey's	Retail	1.1%
<b><i>Farmington – 2010</i></b>		
SR Automotive Products	Automotive	11.3%
Mineral Area Regional	Medical Center	3.4%
BJC Parkland Med.	Health Services	3.3%
Farmington R-VIII Schools	Education	2.3%
Wal-Mart Super Center	Retail	2.2%
*Little Tikes Commercial	Manufacturing – Recreation	2.1%
Accent Marketing	Call Center	1.3%
Country Mart	Retail	1.0%
Lowe's Home Center	Retail	0.9%
The Molding Company-Forte	Manufacturing - Plastics	0.9%
*Little Tikes Commercial Play Systems scheduled to cease production at the local facility in 2010, but plans to maintained sales and G&A related operations at that facility.		
<b><i>Harrisonville – 2010</i></b>		
Wal-Mart Stores	Retailer	7.7%
Cass Regional Medical Center	Healthcare	7.4%
Four B Corporation	Retailer	5.3%
Cass County Justice Center	Government	4.9%
Aptuit LLC	Pharmaceutical Mfg	4.0%
City of Harrisonville	Government	2.5%
Sutherlands	Retailer	2.1%
City of Harrisonville - Community Center	Recreational	1.9%
Cass R-IV School – Middle	Education	1.7%
Cass R-IV School – High School	Education	1.6%
<b><i>Jackson – 2009</i></b>		
Rubbermaid	Closet Organization Products	9.9%
Jackson R-2 Schools	Education	4.6%
American Railcar	Railroad car industry	2.6%
Wal-Mart	Retail	2.0%
Midwest Sterilization	Processing	1.9%
Cape Girardeau County	Government	1.6%
Country Mart	Grocery Retail	1.5%
NLC, Inc.	Manufacturer clay products	1.1%
DCO International	Recycling	0.6%
Buchheit, Inc.	Retail	0.5%

<b>Customer</b>	<b>Industry</b>	<b>% of Revenues</b>
<b><i>Marshall – 2010</i></b>		
Con Agra	Food Packaging Mfg	15.8%
Excel (bought out by Cargil)	Food Packaging Mfg	5.0%
State of MO	Government	2.2%
Fitzgibbon Hospital	Hospital	2.0%
Wal-Mart	Retail	1.6%
MMU Wastewater	Government	1.6%
Americold Logistics	Refrigeration Plant	1.5%
MMU Water	Government	1.3%
Marshall Egg Products	Agriculture - Dry Egg Production	0.9%
Jerden Foods	Grocery retail	0.9%
<b><i>Rolla – 2010</i></b>		
Missouri – S & T – Physical Facilities	Educational	10.9%
Phelps County Regional Medical Center	Medical	5.8%
Rolla Public Schools	Educational	2.5%
City of Rolla	Local Government	2.3%
Brewer Science	Research & Development	2.1%
Wal-Mart Store 01-101	Retail	1.9%
St. Johns Clinic, Inc.	Medical	1.7%
Missouri S & T –Student Affairs	Educational	1.5%
Rolla Municipal Utilities	Local Government	1.3%
Cantex(1)	Manufacturing	0.9%

<sup>(1)</sup> [Cantex has announced that it will be closing its operations in Rolla.]

**F. LARGE UNIT POWER PURCHASERS UPDATE  
(OFFICIAL STATEMENT - APPENDIX C)**

## CITY OF COLUMBIA MISSOURI

15 N. Seventh Street  
Columbia, MO 65205  
874-7325

### **Organization**

The City of Columbia, Missouri (the “City”) was incorporated in 1826 and became a Constitutional Charter City in 1949. The City is located near the center of the state, and is joined by interstate with Kansas City, Missouri, to the west and St. Louis, Missouri, to the east. The City is located in Boone County. The City’s utility is Columbia Water & Light (“CWLD”), which was formed in 1904. The City is home to the University of Missouri, Columbia College and Stephens College.

The City is organized under the laws of the State of Missouri and operates under a Constitutional Charter approved by the citizenry in 1949. The City is governed according to a Council–Manager form of government. The Mayor and six council members are elected by the citizens of Columbia for three years with staggered terms of service. The City Council appoints a City Manager to implement its policies and direct operations of City departments, including CWLD.

All decisions concerning CWLD are made by the City Council. Recommendations are made to the Council by the Water and Light Advisory Board (the “Board”). The Board is a five member advisory board created by the City Charter. Board members serve overlapping four year terms. The Board’s powers and duties are solely advisory. The Board performs duties according to the City Charter and Code of Ordinances of the City of Columbia, Missouri, and reports its findings and recommendations at least annually to the residents of Columbia and the City Council.

### **Service Territory, Transmission and Distribution System**

CWLD serves retail customers inside and outside the limits of the City. The City limits consist of a 60 square mile area. CWLD serves over 45,000 retail customers for both electric and water service.

CWLD’s transmission system is comprised of approximately 70 miles of 161 kV lines and 69 kV lines. CWLD’s transmission system is interconnected to transmission facilities owned by Associated Electric Cooperative, Ameren, City of Fulton, and the University of Missouri.

As of September 30, 2010, CWLD’s distribution system consisted of approximately 788 circuit miles of overhead and underground lines. The City maintains nine distribution substations.

### **Power Supply**

The City provides power and energy to its customers from a combination of owned generating resources and purchased power. See “Operating Statistics” below for certain historical information regarding CWLD’s demand and energy requirements.

CWLD owns and operates the Columbia Municipal Power Plant which has two coal boilers, one natural gas boiler and one gas turbine. The plant has a net rated capacity of 86 MW and the last unit was placed in service in 1970. The plant is used primarily for load following and contributed approximately 10.5% of system energy during the previous year.



CWLD also owns nine distributed generators, totaling 12.5MW, located at five customer sites around Columbia. The generation, which runs on diesel oil, was installed primarily for reliability and peaking purposes. The customers pay a monthly standby power charge. CWLD also owns 2MW of landfill gas generation. This facility began operation in June 2009. The facility was built to allow the addition of another 2MW of generation as the landfill gas supply develops. In 2010, CWLD purchased a 25% (36 MW) interest in the 144 MW natural gas fired Columbia Energy Center peaking facility. The remaining 75% is owned by Ameren and they continue to operate the facility.

The majority of CWLD's energy is purchased from market participants under long-term contracts. The City has long term purchase agreements in place with the City of Sikeston, Missouri, the Kansas City, Kansas, Board of Public Utilities, AEM, Associated Electric Cooperative and Ameresco. The amount and term of these contracts is as follows:

**Columbia Water & Power  
Long Term Power Supply Contracts**

	Capacity (MW)	Contract Expiration
City of Sikeston, Missouri	66	Plant Life
Kansas City, Kansas, Board of Public Utilities	20	Plant Life
AEM	Rising to 70	May 31, 2011
Ameren (Columbia Energy Center)	72	2017 with Purchase Option
Associated Electric Cooperative (Wind)	6.3	20 Years
Ameresco	3	20 Years

CWLD is obligated to purchase approximately 20 MW of MJMEUC's interest in the Iatan Unit 2 Project under a long-term take-or-pay contract. CWLD expects to use this Iatan Unit 2 capacity, together with its 50 MW participation in the Prairie State Project, to replace the AmerenIL contract that expires in 2011. CWLD expects to arrange additional power supply contracts to provide sufficient capacity and energy to meet customer loads for the foreseeable future.

The City has contracted with The Energy Authority ("TEA") to act as the MISO market participant for the City. All purchased power arrangements are handled by TEA, with prior approval by the CWLD. In addition, the CWLD has contracted with TEA for power supply risk management services. CWLD's portfolio is modeled and monthly status updates are held to review current status and future options.

**Environmental and Regulatory Factors**

The Columbia Municipal Power Plant has the capability to burn coal, gas, oil and wood. Low sulfur coal is used to reduce air emissions. Other measures have also been installed at the plant to accurately measure and reduce air emissions. The system is in full compliance with air quality standards set forth by the Missouri Air Conservation Commission and approved by the Federal Environmental Protection Agency. During 2008, CWLD received a temporary permit to test burn wood as a fuel source. Missouri Department of Natural Resources subsequently informed CWLD that no further permitting would be required in order to continue burning wood as a fuel source.

## **Projected Capital Additions**

Current estimates indicate that CWLD will invest up to \$90 million in capital improvements over the next 5 years. Planned capital improvements include an executed purchase option for 72MW of the Columbia Energy Center natural gas peaking plant; additions to the transmission system; and improvements and updates to the distribution system. CWLD expects to finance the improvements with a combination of previously issued revenue bonds, cash from operations, and a bond election in 2011.

## **Electric Rates**

The City Council has sole authority to establish electric rates. The City reviews these rates and charges annually. The City Council has also granted CWLD the authority to automatically adjust energy rates included in its electric class rate schedules in accordance with a fuel adjustment rider (the "Fuel Adjustment Rider").

As provided in its bond indentures, the City covenants to charge and collect rates for the electric power and energy supplied by CWLD's electric system as shall be required to provide the greater of (i) net revenues sufficient to cover 110% of CWLD's aggregate debt service, or (ii) revenues and income sufficient to pay operating expenses, 100% of aggregate debt service on all bonds of the City and any other charges required to be paid out of revenues of CWLD's electric system. Other charges to be paid out of revenues are generally defined by the City to include payments of in lieu of taxes to the City, capital improvements and replacements that are not bond financed and system working capital requirements. In addition, the City covenants to review the sufficiency of its rates for electric service annually.

In September 2010, the City Council approved average rate increases of 2.0% effective October 1, 2010. This increase followed a previous rate increase of 5.0% which was effective on October 1, 2009. While CWLD has the authority to use a Fuel Adjustment Rider, every effort is made to maintain a zero fuel adjustment. The last time the Fuel Adjustment Rider was utilized was for three months in the summer of 2004.

The City's electric service rate schedules are designed to encourage energy conservation and the efficient use of energy. All customer classes are subject to seasonal rates that increase during peak summer months.

## **Energy Sales and Customer Information**

With the exception of 2008 and 2009, the City continues to experience growth in its energy requirements. Both summers were some of the mildest on record. Due to the national economic situation, CWLD's customer growth has slowed from a 3%-4% annual growth to a 1%-2% growth. Forecasts of peak loads and annual energy requirements have been adjusted. CWLD recently completed an Integrated Resource Plan ("IRP"). The IRP recommends an aggressive Demand Side Management ("DSM") program as an important least-cost option to meeting future requirements. CWLD is taking steps to ramp-up existing DSM programs to assist customers in becoming more energy efficient.

**Historical Peak Load and Energy Sales  
Fiscal Year Ending September 30**

	<b>Peak Load (in MW)</b>	<b>Total Energy Sold (MWh)</b>
2004	240	1,037,604
2005	257	1,080,407
2006	272	1,114,473
2007	265	1,143,910
2008	257	1,126,418
2009	250	1,081,978
2010	265	1,142,702

CWLD's service area is primarily residential in nature. As of September 30, 2010, 86.3% of CWLDs customers were residential, 13.6% were commercial and less than 1% were industrial or other classifications.

**Customers by Class  
Fiscal Year Ending September 30**

	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>
Average Number of Customers:			
Residential	37,849	38,793	39,024
Commercial	6,915	6,115	6,171
Industrial	<u>32</u>	<u>32</u>	<u>30</u>
Total Customers:	44,796	44,940	45,225

CWLD's sales are dispersed among all customer classes. As of September 30, 2010, 37.3% of CWLD's energy sales were made to residential customers, 41.0% were made to commercial customers and 21.7% were attributable to industrial and other customers. Large commercial and industrial customers represent the full spectrum of CWLD's business. Food processing, electronics, car parts, insurance, and health care represent major areas of the large customer base.

**Energy Sales (MWh) by Class  
Fiscal Year Ending September 30**

	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>
Residential	391,327	384,518	425,702
Commercial	463,139	448,242	468,691
Industrial	<u>271,952</u>	<u>249,217</u>	<u>248,309</u>
Total Retail Sales (MWh)	1,126,418	1,081,977	1,142,702

As of September 30, 2010, 42.6% of CWLD's revenues from the sale of energy were made to residential customers, 39.9% were made to commercial customers and 17.5% were attributable to industrial and other customers.

**Energy Revenues by Class  
Fiscal Year Ending September 30**

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Residential	\$39,077,413	\$ 40,259,530	47,729,009
Commercial	40,859,340	41,400,295	44,694,810
Industrial	<u>19,708,608</u>	<u>19,091,055</u>	<u>19,526,553</u>
Total Retail Sales	\$99,645,361	\$100,750,880	\$111,950,372

**Regional Transmission Organization (“RTO”)**

CWLD became a member of MISO in 2005. CWLD is a Transmission Owner (“TO”) and has contracted with TEA for market participant services. CWLD receives revenue as a TO and by selling energy in the market when not needed for local requirements. CWLD has 86MW’s of life-of-plant coal generation in the SPP RTO. SPP market prices have historically been higher than MISO market prices. With the assistance of TEA, CWLD has been able to sell SPP resources at a very favorable margin. CWLD only participates in low-risk transactions. TEA also provides energy risk management services for CWLD. CWLD’s portfolio is modeled and monthly telephone status update meetings are held to assess current and long-term positions. Energy sales are from existing supplies that are not needed for native load and benefit CWLD’s customers by mitigating rate changes.

**Revenues from RTO Transactions  
Fiscal Year Ending September 30**

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Energy Revenues	\$2,593,674	\$5,940,915	\$5,364,906
Transmission Revenues	<u>4,390,961</u>	<u>2,565,070</u>	<u>1,620,718</u>
Total RTO Revenues	\$6,984,635	\$8,505,985	6,985,624

## Financial Condition

The following Condensed Balance Sheet and Condensed Statement of Operations for the last fiscal year has been prepared by CWLD based upon unaudited financial statements. Copies of the City's audited financial statements may be obtained from City of Columbia, Finance Department, P. O. Box 6015, Columbia, MO 65205 or on the web at [www.gocolumbiamo.com](http://www.gocolumbiamo.com).

### Columbia Water & Light Condensed Balance Sheet Fiscal Year Ending September 30

	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>Assets:</u>			
Net Plant in Service	\$194,177,163	\$197,107,127	\$217,346,086
Cash and Marketable Securities	35,958,288	43,938,121	27,978,533
Other Assets	<u>91,196,627</u>	<u>99,614,820</u>	<u>97,777,044</u>
Total Assets	\$320,332,078	\$340,660,068	343,101,663
 <u>Liabilities and Equity :</u>			
Retained Earnings	\$166,953,199	\$175,165,489	180,482,700
Revenue Bonds Payable, Noncurrent	132,002,071	143,930,599	139,201,611
Current Liabilities from Restricted	10,902,293	10,400,304	11,280,667
Current Liabilities	<u>10,474,515</u>	<u>11,163,676</u>	<u>12,136,685</u>
Total Liabilities and Retained Earnings	\$320,332,078	\$340,660,068	343,101,663

**Columbia Water & Light  
Condensed Statement of Operations  
Fiscal Year Ending September 30**

	<b>2008<sup>(1)</sup></b>	<b>2009</b>	<b>2010</b>
<u>Revenues</u>			
Sale of Electricity Retail	\$ 98,826,911	\$101,408,819	\$112,259,981
Other Revenues <sup>(1)</sup>	<u>29,582,320</u>	<u>29,866,960</u>	<u>32,705,985</u>
Total Revenues	\$128,409,231	\$131,275,779	\$144,965,966
<u>Operating Expenses</u>			
Fuel and Purchased Power	\$62,337,258	\$66,517,782	\$73,284,556
Other Electric Production Expenses	4,045,520	4,406,956	4,506,466
Electric Distribution & Transmission	9,120,759	10,092,812	11,368,196
Other Operating Expenses <sup>(2)</sup>	<u>15,220,058</u>	<u>16,288,912</u>	<u>15,801,134</u>
Total Operating Expenses	\$90,723,058	\$97,295,462	\$104,960,352
<u>Other Expenses</u>			
Depreciation	\$ 9,606,527	\$10,324,043	\$10,997,082
Interest Expense	5,621,734	5,940,890	6,384,864
Other	<u>11,408,370</u>	<u>11,292,823</u>	<u>12,798,100</u>
Total Other Expenses	\$26,636,631	\$27,557,756	\$30,179,996
Contributed Capital	\$719,869	\$268,382	\$327,405
Net Earnings	\$11,768,874	\$6,690,943	\$10,153,023

<sup>(1)</sup> Does not include unrealized gains.

<sup>(2)</sup> Includes operating revenues or expenses associated with the operation of the City's water system

**Columbia Water & Light  
Net Revenues Available for Debt Service<sup>(1)</sup>  
Fiscal Year Ending September 30**

	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>
Total Gross Revenue	\$128,409,231	\$131,275,779	\$144,965,966
Operating Expenses	<u>(90,723,595)</u>	<u>(97,295,462)</u>	<u>(104,960,352)</u>
Net Revenue Available for Coverage	\$ 37,685,636	\$ 33,980,317	\$ 40,005,614
Principal and Interest Payments	\$8,834,238	\$10,000,758	\$10,404,864
Debt Service Coverage	4.3	3.4	3.8

<sup>(1)</sup> Calculation may differ from specifics of City ordinances.

**Litigation**

There is no material pending litigation relating to CWLD or its operations.

## **CITY OF KIRKWOOD MISSOURI**

139 South Kirkwood Road  
Kirkwood, Missouri 63122  
314-822-5806  
[www.ci.kirkwood.mo.us](http://www.ci.kirkwood.mo.us)

### **Organization**

The City of Kirkwood, Missouri (the “City”) was the first planned suburban residential area west of the Mississippi River. The City is located in St. Louis County, approximately 14 miles west of the City of St. Louis. The City covers approximately 9.1 miles and is bounded by Interstate 44 on its southern boundary and traversed by Interstate 270 near its western boundary. Together, the interstate highways provide excellent access to all parts of the St. Louis metropolitan area. The City has a diverse economic base, which includes several large retailers, limited industries, and many small specialty shops.

The City was established in 1853, incorporated in 1865, re-incorporated as a fourth class city in 1899, and as a third class city in 1930. In 1984, the City became a home rule city as permitted under a 1971 amendment to the Missouri Constitution. The City is governed according to a Council–Manager form of government which places legislative and policy-making authority in the city council, which includes the Mayor, and the administrative authority in a Chief Administrative Officer (the “City Council”). The Mayor and six council members are elected by the citizens of Kirkwood. Other than the Mayor, three council seats are filled every two years on a rotating basis. The Mayor is elected from the city at large for a term of four years.

The Mayor is the official representative of the city, presides over meetings of the City Council, and leads the annual review of the Chief Administrative Officer. The City Council appoints a Chief Administrative Officer to implement its policies and direct operations of City departments. All decisions concerning the Electric Department are made by the City Council. Recommendations are made to the Council by the Chief Administrative Officer.

### **Service Territory, Transmission and Distribution System**

Kirkwood serves retail customers in approximately two thirds of the City. The remainder of the City’s residents and business receive service from Ameren Missouri. The City limits consist of a 9.1 square mile area. Kirkwood serves just over 10,000 retail customers for electric service.

As of March 31, 2010, the City’s distribution system consisted of approximately 132 circuit miles of overhead and underground lines. The City maintains six distribution substations. The City’s distribution system is interconnected to transmission facilities owned by Ameren Missouri.

### **Power Supply**

The City currently purchases energy and capacity at very favorable rates under an agreement with Ameren Missouri that expires on May 31, 2011. The City will then purchase energy and capacity at very favorable rates under new agreements with Ameren Missouri, American Electric Power, and the Midwest Independent Systems Operator starting June 1, 2011 until September 30, 2014. These contracts will supplement the City’s purchase of capacity and energy from the Prairie State Project. The City also expects to contract for additional scheduling and load monitoring services to round out its power portfolio.

## Projected Capital Additions

Current estimates indicate that the City will invest up to \$7.5 million in capital improvements over the next 5 years. A majority of the capital improvements will be dedicated to improving and updating the distribution system. The City expects to fund the improvements with available cash on hand.

## Electric Rates

The City Council has sole authority to establish electric rates. The City reviews these rates as needed and the City Council has the authority by ordinance to adjust the energy rate included in its electric rate schedules in accordance with recommendations by the Chief Administrative Officer. The City has historically charged the same rates for electric service as Ameren Missouri but has now implemented a power supply cost recovery factor that allows the City to adjust its rates as needed to achieve a predetermined target of reserve funds by the end of fiscal year 2015 of at least one year's worth of operating expenses. Electric rates were most recently changed in June of 2010 when the City Council approved an overall base rate increase of 24% effective in July of 2010. Additional rate increases of 5% are projected annually for the next four years. Kirkwood Electric intends to match an 11% base rate increase case filed by Ameren Missouri with the Missouri Public Service Commission that will be adjudicated by June of 2011.

## Energy Sales and Customer Information

The City has experienced an inordinate amount of rain that has reduced its peak load and energy requirements over the last two years. Since Kirkwood's load is almost exclusively residential and affluent, its load has not been significantly affected by the downturn in the economy and it is expected that it will return to 2007 levels in 2011.

### Historical Peak Load and Energy Sales Fiscal Year Ending March 31

	<u>Peak Load (in MW)</u>	<u>Total Energy Sold (MWh)</u>
2006	63.2	225,157
2007	66.0	222,307
2008	62.0	234,456
2009	60.1	222,866
2010	58.0	204,765

Kirkwood's service area is primarily residential in nature. As of March 31, 2010, 86.4% of the City's customers were residential and 13.6% were commercial.

### Customers by Class Fiscal Year Ending March 31

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Average Number of Customers:			
Residential	8,678	8,683	8,948
Commercial	<u>1,366</u>	<u>1,365</u>	<u>1,405</u>
Total Customers:	10,044	10,048	10,353



The City's sales are fairly evenly dispersed among residential and commercial customer classes. As of March 31, 2010, 47% of City's energy sales were made to residential customers and 53% were made to commercial customers. Commercial customers represent a full spectrum of business. Education, health care and retail represent major areas of the large customer base.

**Energy Sales (MWh) by Class  
Fiscal Year Ending March 31**

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Residential	105,280	97,988	96,092
Commercial	<u>129,176</u>	<u>124,878</u>	<u>108,673</u>
Total Retail Sales	234,456	222,866	204,765

As of March 31, 2010, 47% of City's revenues from the sale of energy were made to residential customers and 53% were made to commercial customers.

**Energy Revenues by Class  
Fiscal Year Ending March 31**

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Residential	\$ 6,448,400	\$ 6,062,517	\$ 6,462,187
Commercial	<u>7,912,030</u>	<u>7,726,202</u>	<u>7,308,259</u>
Total Retail Sales	\$14,360,430	\$13,788,719	\$13,770,446

**Financial Condition**

The following Condensed Balance Sheet and Condensed Statement of Operations for the last three fiscal years have been prepared by Kirkwood based upon audited financial statements. Copies of the City's audited financial statements may be obtained from City of Kirkwood, Finance Department, 139 South Kirkwood Road, Kirkwood, MO 63122 or on the web at [www.ci.kirkwood.mo.us](http://www.ci.kirkwood.mo.us).

**City of Kirkwood Electric Enterprise  
Condensed Balance Sheet  
Fiscal Year Ending March 31**

	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>Assets:</u>			
Utility Plant, Net	\$ 3,488,243	\$ 3,853,066	\$ 3,668,746
Cash and Investments	25,067,423	25,397,402	16,820,358
Other Assets	<u>3,545,552</u>	<u>1,377,272</u>	<u>2,166,006</u>
Total Assets	\$32,101,218	\$30,627,740	\$22,655,110
<u>Liabilities and Equity :</u>			
Equity	\$31,158,358	\$28,940,168	\$21,002,362
Other Liabilities	<u>942,860</u>	<u>1,687,572</u>	<u>1,652,748</u>
Total Liabilities and Equity	\$32,101,218	\$30,627,740	\$22,655,110

**City of Kirkwood Electric Enterprise  
Condensed Statement of Operations  
Fiscal Year Ending March 31**

	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>Revenues</u>			
Sale of Electricity Retail	\$14,461,690	\$13,796,298	\$13,831,740
Other Revenues	<u>2,660,713</u>	<u>1,271,155</u>	<u>864,766</u>
Total Revenues	\$17,122,403	\$15,067,453	\$14,696,506
 <u>Operating Expenses</u>			
Purchased Power	\$ 8,621,621	\$11,063,039	\$ 18,154,624
Distribution & Customer Care	1,869,980	1,868,755	1,852,726
Administrative and General	<u>1,820,736</u>	<u>1,800,716</u>	<u>1,485,655</u>
Total Operating Expenses	\$12,312,337	\$14,732,510	\$21,493,005
 <u>Other Expenses</u>			
Depreciation	\$ 352,462	\$ 353,133	\$ 341,307
Other / Transfers	<u>1,500,000</u>	<u>2,200,000</u>	<u>800,000</u>
Total Other Expenses	\$1,852,462	\$2,553,133	\$1,141,307
 Net Earnings	 \$2,957,604	 (\$2,218,190)	 (\$7,937,806)

**Net Revenues Available for Debt Service**

The City has no long-term debt outstanding.

**Litigation**

There is no material pending litigation relating to the City or its operations.

## **CITY OF HANNIBAL MISSOURI**

320 Broadway  
Hannibal, MO 63401  
573-221-0111

email: [cityhall@hannibal-mo.gov](mailto:cityhall@hannibal-mo.gov)

### **Organization**

The City of Hannibal, Missouri (the “City”) was founded in 1819 and became chartered as a city in 1845. The City is located 116 miles northwest of St. Louis in Marion County along the Mississippi River’s west bank. The city and adjacent area comprise an area over 14 square miles and contain approximately two-thirds of the Marion County population and a portion of Ralls County. The city and surrounding area population is over 20,000, and over 176,000 people live within a radius of fifty miles.

The City is organized under the laws of the State of Missouri and operates under a Constitutional Charter approved by the citizenry in 1845. The City is governed according to a Council–Manager form of government. The Mayor and six council members are elected by the citizens of Hannibal for 3 years with staggered terms of service. The City Council appoints a City Manager to implement its policies and direct operations of City departments.

The Board of Public Works (the “BPW”) is an executive department of the City under the City Charter. The City Charter grants the Board all management, supervision and control of the City’s electric, water, wastewater treatment, collection and artificial underground stormwater collection systems. The BPW was formed in 1903 and is governed by four Board Members who are appointed for a four-year term by the City Manager, subject to confirmation by the City Council, with one member appointed each year. The Board has the exclusive power to establish rates and provide for the assessment and collection of charges for the City’s municipal utilities. The Board has delegated responsibility for the day-to-day management and operations of the municipal utilities to its General Manager.

### **Service Territory, Transmission and Distribution System**

The BPW serves retail customers inside and outside the limits of the City and provides approximately 9,000 retail customers with electric, water and wastewater service.

The BPW’s transmission system is comprised of approximately 6 miles of 161 kV line and 21 miles of 34.5 kV lines, and is interconnected to transmission facilities owned by AmerenUE. The BPW operates three transmission lines that loop around the City, allowing supply of power from any of three directions. The BPW built a 161 kV transmission line and substation west of the City in 2008-2009. The line was put into service in Mid-June but was not totally completed and capitalized until 2009-2010.

As of June 30, 2010, the BPW’s distribution system consisted of approximately 68 circuit miles of overhead and underground lines. The City maintains 6 distribution substations.

### **Power Supply**

The BPW presently purchases 100% of its electrical load requirements from AEM under an three-year contract that will expire at the end of 2011. In addition to the purchase of capacity and energy from the Prairie State Project, the BPW has recently executed a new power supply agreement with AEM that begins the first of 2012 and extends three years.

## Projected Capital Additions

The BPW completed \$10 million of capital improvements in the electrical system during 2009-2010 to increase the reliability of the BPW power grid. These improvements are expected to carry the City's load for the next 20 years.

## Electric Rates

There were no electric rate increases for 2009-2010. The most recent rate increase of 38% was carried out in January of 2009 to bring rates to a level necessary to cover the cost of electricity under the present purchased power agreement.

## Energy Sales and Customer Information

The City has experienced a decrease in peak demand and energy over the last two years due to the economic downturn. This should stabilize in 2010 and return to a 1-1/2% to 2% annual growth rate in the years following.

### Historical Peak Load and Energy Sales Fiscal Year Ending June 30

	<u>Peak Load (in MW)</u>	<u>Total Energy Sold (MWh)</u>
2006	64.2	280,559
2007	64.1	274,309
2008	63.0	285,079
2009	60.8	264,519
2010	56.2	259,206

The BPW's service area is primarily residential in nature. As of June 30, 2010, 86% of the BPW's customers were residential, 13% were commercial and less than 2% were industrial or other classifications.

### Customers by Class Fiscal Year Ending June 30

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Average Number of Customers:			
Residential	7,791	7,823	7,809
Commercial	1,134	1,137	1,172
Industrial	133	125	121
Other	<u>0</u>	<u>0</u>	<u>0</u>
Total Number of Customers	9,058	9,085	9,102

The BPW's sales are dispersed among all customer classes. As of June 30, 2010, 32% of the BPW's energy sales were made to residential customers, 11% were made to commercial customers and 57% were attributable to industrial and other customers. Large commercial and industrial customers represent a full spectrum of business. Major industrial customers include General Mills Incorporated, Watlow, Spartan, and Buckhorn Rubber. Hannibal Regional Hospital is the area's largest employer, with 1,009 employees.

**Energy Sales (MWh) by Class  
Fiscal Year Ending June 30**

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Residential	93,194	\$ 82,582	83,109
Commercial	30,882	30,734	29,231
Industrial	151,183	141,354	137,510
Other	<u>9,820</u>	<u>9,849</u>	<u>9,356</u>
Total Energy Sales (MWh)	285,079	264,519	259,206

As of June 30, 2010, 35% of the BPW's revenues from the sale of energy were made to residential customers, 13% were made to commercial customers and 52% were attributable to industrial and other customers.

**Energy Revenues by Class  
Fiscal Year Ending June 30**

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Residential	\$ 6,021	\$ 6,970	\$ 8,248
Commercial	2,143	2,763	3,124
Industrial	8,693	10,210	11,569
Other	<u>149</u>	<u>838</u>	<u>921</u>
Total Energy Revenues (000's)	\$17,006	\$20,781	\$23,862

**Financial Condition**

The following Condensed Balance Sheet and Condensed Statement of Operations for the last three fiscal years have been prepared by the BPW based upon audited financial statements. Copies of the City's audited financial statements may be obtained from City of Hannibal, 320 Broadway, Hannibal, MO 63401 or email: [cityhall@hannibal-mo.gov](mailto:cityhall@hannibal-mo.gov).

**City of Hannibal Electric Enterprise  
Condensed Balance Sheet  
Fiscal Year Ending June 30**

	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>Assets:</u>			
Utility Plant, Net	\$12,600,874	\$18,654,271	\$18,544,505
Cash and Investments	4,357,541	4,787,765	4,803,324
Other Assets	<u>10,075,174</u>	<u>4,651,912</u>	<u>4,682,714</u>
Total Assets	\$27,033,589	\$28,093,948	\$28,030,543
<u>Liabilities and Equity:</u>			
Equity	\$13,937,199	\$15,466,546	\$16,185,796
Revenue Bonds Payable, Noncurrent	9,500,747	8,533,152	7,524,498
Other Liabilities	<u>3,595,643</u>	<u>4,094,250</u>	<u>4,320,249</u>
Total Liabilities and Equity	\$27,033,589	\$28,093,948	\$28,030,543

**City of Hannibal Electric Enterprise  
Condensed Statement of Operations  
Fiscal Year Ending June 30**

	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>Revenues</u>			
Sale of Electricity Retail	\$16,855,789	\$20,614,316	\$23,698,698
Other Revenues	<u>1,909,352</u>	<u>2,370,288</u>	<u>2,526,009</u>
Total Revenues	\$18,765,141	\$22,984,604	\$26,224,707
<u>Operating Expenses</u>			
Purchased Power	\$10,023,860	\$14,733,976	\$18,561,477
Distribution & Customer Care	3,373,888	3,281,289	3,326,090
Administrative and General	<u>1,710,011</u>	<u>2,031,824</u>	<u>2,329,476</u>
Total Operating Expenses	\$15,107,759	\$20,047,089	\$24,217,043
<u>Other Expenses</u>			
Depreciation	\$ 921,371	\$ 898,314	\$ 891,631
Interest Expense	237,462	435,131	396,783
Other/Transfers	<u>280,809</u>	<u>74,723</u>	<u>0</u>
Total Other Expenses	\$1,439,642	\$1,408,168	\$1,288,414
Net Earnings	\$2,217,740	\$1,529,347	\$719,250

**City of Hannibal Electric Enterprise  
Net Revenues Available for Debt Service<sup>(1)</sup>  
Fiscal Year Ending June 30**

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Total Gross Revenue	\$18,722,374	\$22,984,604	\$26,224,707
Operating Expenses	<u>15,107,759</u>	<u>20,047,089</u>	<u>24,217,043</u>
Net Revenue Available for Coverage	\$ 3,614,615	\$ 2,937,515	\$ 2,007,664
Principal and Interest Payments	\$1,167,441	\$1,280,601	\$1,364,378
Debt Service Coverage	3.1	2.3	1.5

<sup>(1)</sup> Calculation may differ from specifics contained in any bond ordinance, indenture or capital lease agreement.

**Litigation**

There is no material pending litigation relating to the BPW or its operations.