

CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

(in thousands)

For the Years Ended December 31,	2010	2009
Operating Revenues		
Sales to municipalities (used as security for revenue bonds)	\$ 374,395	\$ 350,351
Other revenues	9,278	25,889
Total Operating Revenues	383,673	376,240
Operating Expenses		
Purchased power	249,291	258,759
Fuel	31,423	30,933
Production	10,980	11,027
Transmission and local facilities	18,792	17,673
Other operating	8,989	8,760
Maintenance	11,969	7,515
Depreciation	15,459	15,772
Future recoverable costs	8,181	3,804
Total Operating Expenses	355,084	354,243
Operating Income	28,589	21,997
Non-Operating Expenses (Income)		
Interest expense on revenue bonds	18,833	21,086
Amortization of debt costs	2,026	2,413
Interest income	(6,030)	(5,042)
Other non-operating expenses	158	129
Total Non-Operating Expenses (Income)	14,987	18,586
Net Income	13,602	3,411
Net Assets at Beginning of Year	141,070	137,659
Net Assets at End of Year	\$ 154,672	\$ 141,070

The accompanying notes are an integral part of the above statements.

CONSOLIDATED BALANCE SHEETS

(in thousands)

December 31,	2010	2009
Assets		
Utility Plant		
Utility plant in service	\$ 516,026	\$ 506,491
Less accumulated depreciation	(242,109)	(226,855)
	273,917	279,636
Construction work in progress	784,528	534,580
Total Utility Plant, Net	1,058,445	814,216
Long-Term Investments	107,225	171,908
Restricted Cash and Cash Equivalents	149,917	262,464
Current Assets		
Unrestricted cash and cash equivalents	26,379	22,085
Short-term investments	67,543	17,002
Municipality accounts receivable	50,604	55,966
Fuel stock and material inventory	7,803	8,760
Other current assets	18,930	4,015
Total Current Assets	171,259	107,828
Deferred Costs		
Regulatory assets	52,152	61,392
Other	11,440	10,569
Total Deferred Costs	63,592	71,961
	\$ 1,550,438	\$ 1,428,377
Net Assets and Liabilities		
Net Assets		
Invested in capital assets, net of related debt	\$ (247,713)	\$ (391,626)
Restricted	258,198	386,174
Unrestricted	144,187	146,522
Total Net Assets	154,672	141,070
Non-Current Liabilities		
Long-term revenue bonds, net	1,281,818	1,145,942
Other non-current liabilities	4,593	5,963
Regulatory liabilities	4,313	3,935
Total Non-Current Liabilities	1,290,724	1,155,840
Current Liabilities		
Current maturities of revenue bonds	24,340	22,900
Current revenue bonds	-	37,000
Accounts payable	42,235	29,104
Accrued interest on revenue bonds	30,900	30,430
Accrued liabilities	7,567	12,033
Total Current Liabilities	105,042	131,467
	\$ 1,550,438	\$ 1,428,377

The accompanying notes are an integral part of the above statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands)

For the Years Ended December 31,	2010	2009
Cash Flows From Operating Activities:		
Receipts from municipalities	\$ 368,946	\$ 374,136
Other operating receipts	6,169	26,377
Payments for purchased power	(246,857)	(263,790)
Payments for fuel	(31,276)	(33,821)
Payments for production	(10,504)	(10,733)
Payments for transmission and local facilities	(18,342)	(17,712)
Payments for other operating expenses	(15,508)	(11,183)
Payments for maintenance	(10,570)	(7,189)
Net cash provided by operating activities	42,058	56,085
Cash Flows From Capital And Related Financing Activities:		
Net additions to utility plant	(211,206)	(177,457)
Proceeds from issuance of long-term debt	145,635	239,311
Principal payments on long-term debt	(45,675)	(20,795)
Interest payments	(60,475)	(50,191)
Net cash used in capital and related financing activities	(171,721)	(9,132)
Cash Flows From Investing Activities:		
Investment purchases	(4,162)	(121,170)
Maturities and called investments	17,186	45,525
Interest income and other	8,386	7,358
Net cash (used in) provided by investing activities	21,410	(68,287)
Net Increase (Decrease) in Cash and Cash Equivalents	(108,253)	(21,334)
Cash and Cash Equivalents at Beginning of Year	284,549	305,883
Cash and Cash Equivalents at End of Year	\$ 176,296	\$ 284,549
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income	\$ 28,589	\$ 21,997
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	15,459	15,772
Future recoverable costs	8,181	3,804
Changes in current assets and liabilities		
Municipality accounts receivable	5,362	(5,586)
Fuel stock and material inventory	957	(2,269)
Accounts payable	4,595	687
Other	(21,085)	21,680
Net cash provided by operating activities	\$ 42,058	\$ 56,085

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