

## CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

(in thousands)

For the Years Ended December 31,	2006	2005
<b>Operating Revenues</b>		
Sales to members (used as security for revenue bonds)	\$ 255,141	\$ 253,916
Other revenues	13,632	6,796
	<b>268,773</b>	<b>260,712</b>
<b>Operating Expenses</b>		
Purchased power	154,850	148,020
Fuel	24,883	22,512
Production	8,009	8,893
Transmission and local facilities	23,447	24,759
Other operating	6,793	5,772
Maintenance	6,641	4,272
Depreciation	14,291	14,852
Future recoverable costs	2,966	274
	<b>241,880</b>	<b>229,354</b>
<b>Operating Income</b>	<b>26,893</b>	<b>31,358</b>
<b>Non-Operating Expenses and (Income)</b>		
Interest expense on revenue bonds	21,698	22,296
Amortization of cost of reacquiring debt	2,770	2,921
Amortization of discount and issuance costs	136	226
Interest income	(5,822)	(6,015)
Other non-operating expenses	55	70
Net (increase)/decrease in the fair value of investments	(815)	1,105
Deferred net change in the fair value of investments	815	(1,105)
	<b>18,837</b>	<b>19,498</b>
<b>Net Income</b>	<b>8,056</b>	<b>11,860</b>
<b>Net Assets at Beginning of Year</b>	<b>123,278</b>	<b>111,418</b>
<b>Net Assets at End of Year</b>	<b>\$ 131,334</b>	<b>\$ 123,278</b>

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

## CONSOLIDATED BALANCE SHEETS

(in thousands)

December 31,	2006	2005
<b>Assets</b>		
<b>Utility Plant</b>		
Utility plant in service	\$ 475,179	\$ 472,496
Less accumulated depreciation	(183,800)	(170,761)
	291,379	301,735
Construction work in progress	34,449	10,594
Total Utility Plant, Net	325,828	312,329
Long-Term Investments	236,419	85,907
Restricted Cash and Cash Equivalents	36,837	29,326
<b>Current Assets</b>		
Unrestricted cash and cash equivalents	20,801	12,229
Short-term investments	25,297	14,784
Member accounts receivable	36,919	37,763
Fuel stock and material inventory	4,977	3,907
Other current assets	8,412	16,740
Total Current Assets	96,406	85,423
<b>Deferred Costs</b>		
Regulatory assets	80,288	86,839
Other	5,750	4,085
Total Deferred Costs	86,038	90,924
	\$ 781,528	\$ 603,909
<b>Net Assets and Liabilities</b>		
<b>Net Assets</b>		
Invested in capital assets, net of related debt	\$(269,326)	\$(124,945)
Restricted	254,764	92,558
Unrestricted	145,896	155,665
Total Net Assets	131,334	123,278
<b>Non-Current Liabilities</b>		
Long-term revenue bonds, net	576,714	419,804
Other non-current liabilities	2,767	1,996
Regulatory liabilities	2,326	2,207
Total Non-Current Liabilities	581,807	424,007
<b>Current Liabilities</b>		
Current maturities of revenue bonds	18,440	17,470
Accounts payable	32,015	24,694
Accrued interest on revenue bonds	14,806	10,797
Accrued liabilities	3,126	3,663
Total Current Liabilities	68,387	56,624
	\$ 781,528	\$ 603,909

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

For the Years Ended December 31,	2006	2005
<b>Cash Flows From Operating Activities:</b>		
Receipts from members	\$ 265,167	\$ 231,253
Other operating receipts	15,230	4,727
Payments for purchased power	(156,323)	(138,738)
Payments for fuel	(26,708)	(22,711)
Payments for production	(8,056)	(8,498)
Payments for transmission and local facilities	(23,627)	(24,042)
Payments for other operating expenses	(6,698)	(3,871)
Payments for maintenance	(6,693)	(4,336)
Net cash provided by operating activities	52,292	33,784
<b>Cash Flows From Capital And Related Financing Activities:</b>		
Net additions to utility plant	(20,214)	(7,673)
Issuance of long-term debt	173,549	-
Principal payments on long-term debt	(17,470)	(16,610)
Interest payments	(22,165)	(21,710)
Net cash provided by (used in) capital and related financing activities	113,700	(45,993)
<b>Cash Flows From Investing Activities:</b>		
Investment purchases	(191,165)	(12,450)
Maturities and called investments	31,142	18,890
Interest income and other	10,114	5,982
Net cash provided by (used in) investing activities	(149,909)	12,422
Net Increase in Cash and Cash Equivalents	16,083	213
Cash and Cash Equivalents at Beginning of Year	41,555	41,342
Cash and Cash Equivalents at End of Year	\$ 57,638	\$ 41,555
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating income	\$ 26,893	\$ 31,358
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	14,291	14,852
Future recoverable costs	2,966	274
Changes in current assets and liabilities		
Member accounts receivable	843	(9,660)
Fuel stock and material inventory	(1,070)	(858)
Accounts payable	7,321	8,392
Other	1,048	(10,574)
Net cash provided by operating activities	\$ 52,292	\$ 33,784

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