

Consolidated Statements of Revenues, Expenses and Changes in Net Assets

[in thousands]

For the Years Ended December 31,	2008	2007
Operating Revenues		
Sales to municipalities (used as security for revenue bonds)	\$ 342,902	\$ 303,484
Other revenues	20,753	25,648
	363,655	329,132
Operating Expenses		
Purchased power	247,386	218,636
Fuel	30,059	28,168
Production	9,910	8,912
Transmission and local facilities	20,615	16,326
Other operating	8,413	7,189
Maintenance	13,830	5,099
Depreciation	15,068	14,645
Future recoverable costs	4,740	2,947
	350,021	301,922
Operating Income	13,634	27,210
Non-Operating Expenses and (Income)		
Interest expense on revenue bonds	19,352	20,772
Amortization of cost of reacquiring debt	2,434	2,609
Amortization of discount and issuance costs	(18)	40
Interest income	(4,972)	(5,954)
Other non-operating expenses	126	130
	16,922	17,597
Net Income (Loss)	(3,288)	9,613
Net Assets at Beginning of Year	140,947	131,334
Net Assets at End of Year	\$ 137,659	\$ 140,947

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

Consolidated Balance Sheets

[in thousands]

December 31,	2008	2007
Assets		
Utility Plant		
Utility plant in service	\$ 507,558	\$ 482,762
Less accumulated depreciation	(212,655)	(198,063)
	294,903	284,699
Construction work in progress	326,040	168,488
Total Utility Plant, Net	620,943	453,187
Long-Term Investments	99,318	163,407
Restricted Cash and Cash Equivalents	283,138	389,480
Current Assets		
Unrestricted cash and cash equivalents	22,745	29,612
Short-term investments	16,237	28,966
Municipality accounts receivable	50,380	39,370
Fuel stock and material inventory	6,491	4,918
Other current assets	26,049	21,154
Total Current Assets	121,902	124,020
Deferred Costs		
Regulatory assets	68,040	72,769
Other	9,314	9,873
Total Deferred Costs	77,354	82,642
	\$ 1,202,655	\$ 1,212,736
Net Assets and Liabilities		
Net Assets		
Invested in capital assets, net of related debt	\$ (364,953)	\$ (553,016)
Restricted	369,166	550,624
Unrestricted	133,446	143,339
Total Net Assets	137,659	140,947
Non-Current Liabilities		
Long-term revenue bonds, net	965,101	986,533
Other non-current liabilities	5,377	3,629
Regulatory liabilities	5,425	2,568
Total Non-Current Liabilities	975,903	992,730
Current Liabilities		
Current maturities of revenue bonds	20,795	19,670
Accounts payable	30,606	33,847
Accrued interest on revenue bonds	24,101	19,596
Accrued liabilities	13,591	5,946
Total Current Liabilities	89,093	79,059
	\$ 1,202,655	\$ 1,212,736

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

Consolidated Statements of Cash Flows

[in thousands]

For the Years Ended December 31,	2008	2007
Cash Flows From Operating Activities:		
Receipts from municipalities	\$ 320,656	\$ 289,474
Other operating receipts	21,888	25,651
Payments for purchased power	(241,276)	(221,276)
Payments for fuel	(30,451)	(27,701)
Payments for production	(9,793)	(8,694)
Payments for transmission and local facilities	(19,929)	(16,854)
Payments for other operating expenses	(217)	(4,154)
Payments for maintenance	(13,961)	(5,084)
Net cash provided by operating activities	26,917	31,362
Cash Flows From Capital And Related Financing Activities:		
Net additions to utility plant	(172,625)	(135,814)
(Cost of) or proceeds from issuance of long-term debt	(60)	425,323
Principal payments on long-term debt	(19,670)	(18,440)
Interest payments	(44,595)	(29,982)
Net cash (used in) provided by capital and related financing activities	(236,950)	241,087
Cash Flows From Investing Activities:		
Investment purchases	(3,011)	(5,905)
Maturities and called investments	81,105	77,323
Interest income and other	18,730	17,587
Net cash provided by investing activities	96,824	89,005
 Net Increase (Decrease) in Cash and Cash Equivalents	 (113,209)	 361,454
Cash and Cash Equivalents at Beginning of Year	419,092	57,638
Cash and Cash Equivalents at End of Year	\$ 305,883	\$ 419,092
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income	\$ 13,634	\$ 27,210
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	15,068	14,645
Future recoverable costs	4,740	2,947
Changes in current assets and liabilities:		
Municipality accounts receivable	(11,010)	(2,451)
Fuel stock and material inventory	(1,573)	59
Accounts payable	(3,241)	1,832
Other	9,299	(12,880)
Net cash provided by operating activities	\$ 26,917	\$ 31,362

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