

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

[in thousands]

For the Years Ended December 31,	2009	2008
<b>Operating Revenues</b>		
Sales to municipalities (used as security for revenue bonds)	\$ 350,351	\$ 342,902
Other revenues	25,889	20,753
<b>376,240</b>	<b>376,240</b>	<b>363,655</b>
<b>Operating Expenses</b>		
Purchased power	258,759	247,386
Fuel	30,933	30,059
Production	11,027	9,910
Transmission and local facilities	17,673	20,615
Other operating	8,760	8,413
Maintenance	7,515	13,830
Depreciation	15,772	15,068
Future recoverable costs	3,804	4,740
<b>354,243</b>	<b>354,243</b>	<b>350,021</b>
<b>Operating Income</b>	<b>21,997</b>	<b>13,634</b>
<b>Non-Operating Expenses and (Income)</b>		
Interest expense on revenue bonds	21,086	19,352
Amortization of cost of reacquiring debt	2,249	2,434
Amortization of discount and issuance costs	164	(18)
Interest income	(5,042)	(4,972)
Other non-operating expenses	129	126
<b>18,586</b>	<b>18,586</b>	<b>16,922</b>
<b>Net Income (Loss)</b>	<b>3,411</b>	<b>(3,288)</b>
<b>Net Assets at Beginning of Year</b>	<b>137,659</b>	<b>140,947</b>
<b>Net Assets at End of Year</b>	<b>\$ 141,070</b>	<b>\$ 137,659</b>

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

## CONSOLIDATED BALANCE SHEETS

[in thousands]

December 31,	2009	2008
<b>Assets</b>		
<b>Utility Plant</b>		
Utility plant in service	\$ 506,491	\$ 507,558
Less accumulated depreciation	(226,855)	(212,655)
	279,636	294,903
Construction work in progress	534,580	326,040
<b>Total Utility Plant, Net</b>	<b>814,216</b>	<b>620,943</b>
<b>Long-Term Investments</b>	<b>171,908</b>	<b>99,318</b>
<b>Restricted Cash and Cash Equivalents</b>	<b>262,464</b>	<b>283,138</b>
<b>Current Assets</b>		
Unrestricted cash and cash equivalents	22,085	22,745
Short-term investments	17,002	16,237
Municipality accounts receivable	55,966	50,380
Fuel stock and material inventory	8,760	6,491
Other current assets	4,015	26,049
<b>Total Current Assets</b>	<b>107,828</b>	<b>121,902</b>
<b>Deferred Costs</b>		
Regulatory assets	61,392	68,040
Other	10,569	9,314
<b>Total Deferred Costs</b>	<b>71,961</b>	<b>77,354</b>
	<b>\$ 1,428,377</b>	<b>\$ 1,202,655</b>
<b>Net Assets and Liabilities</b>		
<b>Net Assets</b>		
Invested in capital assets, net of related debt	\$ (391,626)	\$ (364,953)
Restricted	386,174	369,166
Unrestricted	146,522	133,446
<b>Total Net Assets</b>	<b>141,070</b>	<b>137,659</b>
<b>Non-Current Liabilities</b>		
Long-term revenue bonds, net	1,145,942	965,101
Other non-current liabilities	5,963	5,377
Regulatory liabilities	3,935	5,425
<b>Total Non-Current Liabilities</b>	<b>1,155,840</b>	<b>975,903</b>
<b>Current Liabilities</b>		
Current maturities of revenue bonds	22,900	20,795
Current revenue bonds	37,000	-
Accounts payable	29,104	30,606
Accrued interest on revenue bonds	30,430	24,101
Accrued liabilities	12,033	13,591
<b>Total Current Liabilities</b>	<b>131,467</b>	<b>89,093</b>
	<b>\$ 1,428,377</b>	<b>\$ 1,202,655</b>

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS

[in thousands]

<b>For the Years Ended December 31,</b>	<b>2009</b>	<b>2008</b>
<b>Cash Flows From Operating Activities:</b>		
Receipts from municipalities	\$ 374,136	\$ 320,656
Other operating receipts	26,377	21,888
Payments for purchased power	(263,790)	(241,276)
Payments for fuel	(33,821)	(30,451)
Payments for production	(10,733)	(9,793)
Payments for transmission and local facilities	(17,712)	(19,929)
Payments for other operating expenses	(11,183)	(217)
Payments for maintenance	(7,189)	(13,961)
<b>Net cash provided by operating activities</b>	<b>56,085</b>	<b>26,917</b>
<b>Cash Flows From Capital And Related Financing Activities:</b>		
Net additions to utility plant	(177,457)	(172,625)
(Cost of) or proceeds from issuance of long-term debt	239,311	(60)
Principal payments on long-term debt	(20,795)	(19,670)
Interest payments	(50,191)	(44,595)
<b>Net cash used in capital and related financing activities</b>	<b>(9,132)</b>	<b>(236,950)</b>
<b>Cash Flows From Investing Activities:</b>		
Investment purchases	(121,170)	(3,011)
Maturities and called investments	45,525	81,105
Interest income and other	7,358	18,730
<b>Net cash (used in) provided by investing activities</b>	<b>(68,287)</b>	<b>96,824</b>
Net Decrease in Cash and Cash Equivalents	(21,334)	(113,209)
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>305,883</b>	<b>419,092</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 284,549</b>	<b>\$ 305,883</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating income	\$ 21,997	\$ 13,634
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>		
Depreciation	15,772	15,068
Future recoverable costs	3,804	4,740
<b>Changes in current assets and liabilities:</b>		
Municipality accounts receivable	(5,586)	(11,010)
Fuel stock and material inventory	(2,269)	(1,573)
Accounts payable	687	(3,241)
Other	21,680	9,299
<b>Net cash provided by operating activities</b>	<b>\$ 56,085</b>	<b>\$ 26,917</b>

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