

REPORT OF
MISSOURI JOINT MUNICIPAL
ELECTRIC UTILITY COMMISSION
DECEMBER 31, 2010 and 2009

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Missouri Joint Municipal Electric Utility Commission

We have audited the accompanying balance sheets of Missouri Joint Municipal Electric Utility Commission ("MJMEUC"), as of December 31, 2010 and 2009, and the related statements of revenues, expenses and changes in equity; and cash flows for the years then ended. These financial statements are the responsibility of MJMEUC's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with U.S generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Missouri Joint Municipal Electric Utility Commission as of December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis on pages 2 through 7 and the required supplementary information on page 30 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The accompanying statements of individual funds revenues, expenses and changes in equity and the schedule of changes in restricted bond accounts are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Williams-Keepers LLC

October 24, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report provides an overview and analysis of the financial activities of the Missouri Joint Municipal Electric Utility Commission ("MJMEUC") for the years ended December 31, 2010 and 2009. We encourage you to consider the information presented here in conjunction with additional information presented in the basic financial statements which follow this section.

MJMEUC's purpose is to provide services and obtain sufficient and economical electric power and energy for the benefit of member municipalities and their residents. MJMEUC arranges electric power purchases for members and the sale of members' excess power, as called upon by its member utilities.

Overview of the Financial Statements

The basic financial statements are prepared using proprietary or enterprise fund accounting. Proprietary funds account for governmental operations that are designed to be self-supporting from fees charged to consumers for the provision of goods and services or where the government has decided that the periodic determination of revenues, expenses, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The accounting and financial reporting practices of proprietary funds are similar to those used for business enterprises and focus on capital maintenance and the flow of economic resources through the use of accrual accounting.

The basic financial statements, in addition to Management's Discussion and Analysis, are comprised of the Balance Sheet; the Statement of Revenue, Expenses and Changes in Equity; the Statement of Cash Flows; and the Notes to Financial Statements. The financial statements are prepared on the accrual basis in accordance with U.S. generally accepted accounting principles.

The Balance Sheet presents MJMEUC's financial position as of the end of the year. Information is displayed on assets and liabilities, with the difference between the two reported as fund equity. The fund equity of MJMEUC reflects the resources available as of the end of the year to support member activities. Over time, increases and decreases in fund equity are one measure of MJMEUC's financial position.

The Statement of Revenue, Expenses and Changes in Equity presents information detailing the revenues and expenses that resulted in the change in equity that occurred during the current year. All revenues and expenses are reported on an accrual basis. This means that the revenue or expense is recognized as soon as the underlying event giving rise to the change occurs, regardless of when the actual cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future periods. For example, power purchases that occurred during the year will be reflected as an expense, whether or not they have been paid as of the end of the fiscal year.

The Statement of Cash Flows presents the cash inflows and outflows of MJMEUC categorized by operating, capital and related financing, and investing activities. It reconciles the beginning and end-of-year cash balances contained in the Balance Sheet. The effects of accrual accounting are adjusted out and non-cash activities, such as depreciation, are removed to supplement the presentation in the Statement of Revenue, Expenses and Changes in Equity.

The Notes to Financial Statements follow the above basic financial statements and provide additional information that is essential to a full understanding of the data provided in the financial statements.

Financial Analysis

The following tables present summarized financial position and results as of and for the years ended December 31, 2010 and 2009. Additional details are available in the accompanying basic financial statements.

Balance Sheet Analysis for 2010

	<u>2010</u>	<u>2009</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
ASSETS				
Current assets	\$ 127,383,097	\$ 99,158,716	\$ 28,224,381	28.5%
Capital assets	1,119,674,699	833,213,652	286,461,047	34.4%
Other noncurrent assets	308,944,357	523,065,752	(214,121,395)	-40.9%
Total assets	<u>\$ 1,556,002,153</u>	<u>\$ 1,455,438,120</u>	<u>\$ 100,564,033</u>	<u>6.9%</u>
LIABILITIES				
Accounts payable	\$ 25,136,460	\$ 21,303,382	\$ 3,833,078	18.0%
Accrued liabilities and other liabilities	12,819,882	4,569,447	8,250,435	180.6%
Long-term debt	1,466,471,290	1,387,320,459	79,150,831	5.7%
Accrued interest payable	36,763,434	29,724,275	7,039,159	23.7%
Total liabilities	<u>1,541,191,066</u>	<u>1,442,917,563</u>	<u>98,273,503</u>	<u>6.8%</u>
FUND EQUITY				
Invested in capital assets, net of debt	(44,623,386)	(27,127,249)	(17,496,137)	64.5%
Restricted	32,707,111	23,288,001	9,419,110	40.4%
Unrestricted	26,727,362	16,359,805	10,367,557	63.4%
Total fund equity	<u>14,811,087</u>	<u>12,520,557</u>	<u>2,290,530</u>	<u>18.3%</u>
Total liabilities and fund equity	<u>\$ 1,556,002,153</u>	<u>\$ 1,455,438,120</u>	<u>\$ 100,564,033</u>	<u>6.9%</u>

The financial statements contained herein reflect MJMEUC's continued investments in capital assets to meet its members' energy needs and to support its operations. Capital investments in power plant construction projects increased by approximately \$286 million in 2010. MJMEUC placed one power plant in service in 2010 with a total cost of approximately \$274 million.

Current assets increased by approximately \$28.2 million or 28.5% in 2010. Cash and cash investments decreased by approximately \$3.5 million from investing \$6 million in certificates of deposit offset by cash generated by operations of approximately \$2.6 million. The current portion of bond accounts increased by approximately \$9.9 million as a result of the new 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.

An 18% increase in accounts payable occurred primarily from an increase in payable balances relating to the Plum Point power plant becoming operational. Accrued liabilities and other liabilities netted an increase of approximately \$8.2 million due to a \$4.8 million increase in deferred revenues and O&M reserve advances relating to the Plum Point power plant becoming operational and \$3.9 million of arbitrage rebate being recognized. Long-term debt increased approximately \$79 million as result of the additional debt issued in 2010 for the power plant construction projects. Accrued interest payable increased approximately \$7 million and is attributed entirely to interest payable on combined debt associated with the three jointly-owned power plant projects.

Overall fund equity increased by 18% over 2009 comparable figures. The approximate \$44.6 million deficit portion of fund equity increased over 2009 figures by approximately \$17.5 million. This deficit reflects the investments in capital assets less any outstanding debt net of unspent debt project funds that were issued to acquire those assets. Restricted fund equity consists of funds held by either MJMEUC for operations and

maintenance reserves or held by MJMEUC's bond trustees that are to be used for payment of debt service and as debt service reserves, less liabilities as of the end of the fiscal year that are to be settled with these funds.

Balance Sheet Analysis for 2009

	2009	2008	Increase (Decrease)	Percentage Change
ASSETS				
Current assets	\$ 99,158,716	\$ 75,530,357	\$ 23,628,359	31.3%
Capital assets	833,213,652	548,911,996	284,301,656	51.8%
Other noncurrent assets	523,065,752	467,297,432	55,768,320	11.9%
Total assets	<u>\$ 1,455,438,120</u>	<u>\$ 1,091,739,785</u>	<u>\$ 363,698,335</u>	<u>33.3%</u>
LIABILITIES				
Accounts payable	\$ 21,303,382	\$ 25,960,815	\$ (4,657,433)	-17.9%
Accrued liabilities and other liabilities	4,569,447	5,086,142	(516,695)	-10.2%
Long-term debt	1,387,320,459	1,029,912,797	357,407,662	34.7%
Accrued interest payable	29,724,275	24,733,338	4,990,937	20.2%
Total liabilities	<u>1,442,917,563</u>	<u>1,085,693,092</u>	<u>357,224,471</u>	<u>32.9%</u>
FUND EQUITY				
Invested in capital assets, net of debt	(27,127,249)	(9,544,074)	(17,583,175)	184.2%
Restricted	23,288,001	11,214,059	12,073,942	107.7%
Unrestricted	16,359,805	4,376,708	11,983,097	273.8%
Total fund equity	<u>12,520,557</u>	<u>6,046,693</u>	<u>6,473,864</u>	<u>107.1%</u>
Total liabilities and fund equity	<u>\$ 1,455,438,120</u>	<u>\$ 1,091,739,785</u>	<u>\$ 363,698,335</u>	<u>33.3%</u>

The financial statements contained herein reflect MJMEUC's continued investments in capital assets to meet its members' energy needs and to support its operations. Capital investments in power plant construction projects increased by approximately \$275 million in 2009.

Current assets increased by approximately \$23.6 million or 31 % in 2009. Cash and cash investments increased by approximately \$6 million from cash generated by operations and from other sources. The current portion of bond accounts increased by approximately \$16.7 million as a result of the new bonds issued in 2009. The current portion of bond cash and investment accounts are held by trustees and are used to make bond interest.

Although membership and MW hours sold increased, an 18% decrease in accounts payable occurred primarily from a decrease in power sales that were attributed to lower energy prices and less individual city load demand largely due to mild weather. Accrued liabilities and other liabilities netted a decrease of approximately \$500,000. Long-term debt increased approximately \$357 million as result of the additional debt issues in 2009 for the power plant construction projects. Accrued interest payable increased approximately \$5 million and is attributed entirely to interest payable on combined debt associated with the three jointly-owned power plant projects.

Overall fund equity increased by 107% over 2008 comparable figures. The approximate \$27.1 million deficit portion of fund equity increased over 2008 figures by approximately \$17.6 million. This deficit reflects the investments in capital assets less any outstanding debt net of unspent debt project funds that were issued to acquire those assets. Restricted fund equity consists of funds held by MJMEUC's bond trustees that are to be used for payment of debt service and as debt service reserves, less liabilities as of the end of the fiscal year that are to be settled with these funds.

Statement of Revenue, Expenses, and Change in Fund Equity Analysis for 2010

	<u>2010</u>	<u>2009</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Operating revenues:				
Power sales and related charges	\$ 168,003,874	\$ 153,165,361	\$ 14,838,513	9.7%
Transmission	6,968,678	4,500,506	2,468,172	54.8%
Noncapital project cost reimbursements	642,751	582,534	60,217	10.3%
Transfers from MAMU and MGCM	145,129	180,868	(35,739)	-19.8%
Member training program	184,725	277,941	(93,216)	-33.5%
Other	260,053	121,278	138,775	114.4%
Total operating revenues	<u>176,205,210</u>	<u>158,828,488</u>	<u>17,376,722</u>	<u>10.9%</u>
Operating expenses:				
Power purchases and generation	133,541,062	120,814,909	12,726,153	10.5%
Member capacity and generation credits	19,521,847	17,751,601	1,770,246	10.0%
Transmission	12,957,651	10,108,308	2,849,343	28.2%
General and administration	5,909,030	3,184,942	2,724,088	85.5%
Future recoverable costs	(1,729,611)	-	(1,729,611)	N/A
Total operating expenses	<u>170,199,979</u>	<u>151,859,760</u>	<u>18,340,219</u>	<u>12.1%</u>
Nonoperating income net of expenses	<u>(3,714,701)</u>	<u>(494,864)</u>	<u>(3,219,837)</u>	<u>650.7%</u>
Increase in fund equity	2,290,530	6,473,864	(4,183,334)	-64.6%
Fund equity, beginning of the year	<u>12,520,557</u>	<u>6,046,693</u>	<u>6,473,864</u>	<u>107.1%</u>
Fund equity, end of the year	<u>\$ 14,811,087</u>	<u>\$ 12,520,557</u>	<u>\$ 2,290,530</u>	<u>18.3%</u>

Power sales to members largely consist of power sales to MJMEUC's full requirements pool, MoPEP 1, and a lesser degree to other MJMEUC members outside of MoPEP 1. Overall, 2010 power sales increased by approximately \$14.8 million in comparison to 2009, while transmission revenue increased approximately \$2.5 million over the same period. Power purchase agreements with members for power generated by the Plum Point power generation facility, which was placed in service in 2010, accounts for \$12.1 million of the increase in power sales. The remaining \$2.3 million increase is the result a new member (City of Lebanon) joining MoPEP 1 in April 2010. Membership growth is attributed to MoPEP 1's MWh requirements for 2010 of 2,592,340 exceeding comparable amounts by 386,279.

The margin on power sales revenues was 6.1% for 2010 compared to 5.7% for 2009. 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.

Accordingly, an 11.7% increase in power purchases, power generation, and transmission costs combined, were attributed to similar factors affecting power sales and transmission revenue mentioned above. General administration costs were 3.5% of 2010 total operating expenses including depreciation. 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.

Statement of Revenue, Expenses, and Change in Fund Equity Analysis for 2009

	2009	2008	Increase (Decrease)	Percentage Change
Operating revenues:				
Power sales and related charges	\$ 157,665,867	\$ 142,787,074	\$ 14,878,793	10.4%
Noncapital project cost reimbursements	582,534	678,515	(95,981)	-14.1%
Transfer from MAMU	180,868	215,935	(35,067)	-16.2%
Member training program	277,941	256,951	20,990	8.2%
Other	121,278	123,828	(2,550)	-2.1%
Total operating revenues	<u>158,828,488</u>	<u>144,062,303</u>	<u>14,766,185</u>	<u>10.2%</u>
Operating expenses:				
Power purchases and generation	148,674,818	138,994,143	9,680,675	7.0%
General and administration	3,184,942	3,063,095	121,847	4.0%
Total operating expenses	<u>151,859,760</u>	<u>142,057,238</u>	<u>9,802,522</u>	<u>6.9%</u>
Non-operating income net of expenses	<u>(494,864)</u>	<u>(286,529)</u>	<u>(208,335)</u>	<u>-72.7%</u>
Increase in fund equity	6,473,864	1,718,536	4,755,328	276.7%
Fund equity, beginning of the year	<u>6,046,693</u>	<u>4,328,157</u>	<u>1,718,536</u>	<u>39.7%</u>
Fund equity, end of the year	<u>\$ 12,520,557</u>	<u>\$ 6,046,693</u>	<u>\$ 6,473,864</u>	<u>107.1%</u>

Power sales to members largely consist of power sales to MJMEUC's full requirements pool, MoPEP 1, and a lesser degree to other MJMEUC members outside of MoPEP 1. Overall, 2009 power sales decreased by approximately \$2.9 million in comparison to 2008 as a result of lower power costs, a decrease in individual member load demand and mild weather. Membership growth is attributed to MoPEP 1's MWh requirements for 2009 of 2,206,061 exceeding comparable amounts of 2,096,441 for 2008.

The margin on power sales revenues was 6.0% for 2009 compared to 2.7% for 2008 which resulted primarily from MoPEP 1 members' increased contributions to reserves. 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. For 2008 power sales represent 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. Power sales for 2009 and 2010 are not reported net of the before mentioned member credits.

Accordingly, power purchases decreased total operating expenses by approximately 7.0% and were attributed to similar factors affecting power sales mentioned above. General and administration costs were 2.1% of 2009 total operating expenses including depreciation. 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.

Financial Outlook for 2011 and Beyond

In 2011 MJMEUC has achieved commercial operation of its interest in the new Iatan 2 generating unit developed by Kansas City Power & Light. The plant is recognized by *Power Magazine* as the 2011 "Plant of the Year," and MJMEUC capacity of approximately 100MW from the unit is allocated to its MoPEP power pool and to new life-of-unit power sales to Independence Power & Light and Columbia Water & Light. Sales from the latter two contracts (70MW of capacity) in 2011 are projected to increase MJMEUC revenue 13% above sales to its 2010 customer base.

Construction of the two-unit Prairie State generating campus, in which MJMEUC has an approximate 195MW interest, will be complete in 2012. The MoPEP power pool is allocated 82MW, with the remainder supporting new life-of-unit power sales to seven municipalities. Sales to these seven utilities for the partial year of Prairie State operations in 2012 are projected to increase MJMEUC revenue another 10% above 2011.

Revenue associated with the MoPEP power pool will remain relatively stable for several years as costs have been stabilized by new power plants fully equipped with environmental controls meeting new and pending regulatory requirements. As Nebraska City 2, Plum Point and Iatan 2 achieved commercial status and market energy costs fell with the economic recession, MoPEP costs per megawatt hour have actually declined during the past three years while load has grown. MoPEP further strengthened its long term cost outlook in 2011 by acquiring transfer of a 20MW interest in MJMEUC ownership of Plum Point from the City of Kennett. Achieving commercial operation of Prairie State will complete the construction phase of MJMEUC base load generation facilities and MoPEP's decade-long transition from reliance on short term contracts to plant ownership and long term contracts for base load needs. This provides the long term basis for more stable and predictable costs although natural inflationary pressures on fuels and operations can be expected to produce nominal increases.

MJMEUC will continue refining its portfolio of intermediate and peaking power resources for further improvements to the MoPEP cost outlook. Installation of two gas units in Fredericktown will provide approximately a combined 27.6 MW of capacity by 2012. Long term financing for this project is scheduled for late 2011. Potential additional intermediate resources are being evaluated. A significant number of small diesel units owned by MoPEP members are expected to be retired in 2013, reducing surplus peaking capacity and associated costs.

Major load growth for MoPEP will depend on participation by additional municipalities, not to be expected unless advantageous to current pool participants. MJMEUC has approved new MoPEP participation by the City of Waynesville (for supply beginning in 2012) by authorizing assignment of Owensville's MoPEP status to Waynesville. Waynesville, which has a larger load, was evaluated as having stronger growth and financial strength than Owensville.

In other activity, MJMEUC is assisting a group of twelve small municipal utilities (non-coincident peak of approximately 115 MW) currently supplied by Sho-Me Electric Power Cooperative. These utilities propose to form a new power pool called the Mid Missouri Municipal Power Energy Pool ("MMMPEP"), effective upon expiration of their contracts with Sho-Me in 2013. They have asked MJMEUC to develop a contract to supply them for a five year period from 2013-2018. Work continues on this project, but MJMEUC has not yet executed a contract with any of these municipalities nor committed to any supply resource to serve them.

The agency will continue to approach service and growth requirements with prudence, assuring that its contract terms, rates and financial arrangements continue to secure recovery of all foreseeable costs and risks attendant to fulfillment of its mission and responsibilities. It expects continued strengthening of both liquidity and financial reserves in accordance with indentures of recent projects, provisions for invoicing Plum Point, Iatan 2, and Prairie State unit power sales one month in advance, development of a 30-day financial reserves to be maintained for MoPEP in addition to its debt service coverage requirements, and the substantial revolving line of credit that is available for needs of any project or fund.

Requests for Information

This financial report is designed to provide the reader a general overview and analysis of the financial activities of MJMEUC. Questions or requests for more information concerning any of the information provided in this report should be directed to Duncan Kincheloe, General Manager, Missouri Joint Municipal Electric Utility Commission, 1808 I-70 Drive, Columbia, Missouri 65203, (573-445-3279).

MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION

BALANCE SHEETS
December 31, 2010 and 2009

ASSETS	2010	2009
NONCURRENT ASSETS		
Plant, office buildings and equipment, net	\$ 292,420,951	\$ 21,164,254
Construction work in progress	827,253,748	812,049,398
Deferred costs:		
Regulatory assets	1,729,611	-
Other	5,024,267	408,710
Restricted assets:		
Bond accounts cash and investments	294,158,155	513,652,374
Accrued interest receivable on restricted investments	1,495	7,963
Other cash and cash equivalents	8,030,829	8,996,705
Total noncurrent assets	1,428,619,056	1,356,279,404
CURRENT ASSETS		
Cash and cash investments	10,377,521	13,882,497
Certificates of deposit	6,249,600	-
Accounts receivable	26,992,481	18,223,533
Intergovernmental receivable	115,789	181,421
Prepaid expenses	3,273,442	56,421
Fuel stock and material inventory	3,694,557	-
Restricted assets:		
Bond accounts cash and investments, current portion	76,063,207	66,156,882
Accrued interest receivable on restricted investments	616,500	657,962
Total current assets	127,383,097	99,158,716
Total assets	\$ 1,556,002,153	\$ 1,455,438,120
LIABILITIES AND EQUITY		
NONCURRENT LIABILITIES		
Long-term debt, net of current maturities	\$ 1,465,891,290	\$ 1,386,742,459
Arbitrage rebate payable	390,964	-
Advances for O&M reserves	1,116,608	-
Deferred revenue	5,978,764	4,164,149
Total noncurrent liabilities	1,473,377,626	1,390,906,608
CURRENT LIABILITIES		
Accounts payable	17,040,179	11,823,330
Accrued payroll and payroll taxes	95,502	77,039
Arbitrage rebate payable	3,528,000	-
Deferred revenue	1,710,044	328,259
Current maturities, long-term debt	580,000	578,000
Payable from restricted assets:		
Accounts payable for jointly owned and other project costs	8,096,281	9,480,052
Accrued interest payable on debt	36,763,434	29,724,275
Total current liabilities	67,813,440	52,010,955
Total liabilities	1,541,191,066	1,442,917,563
FUND EQUITY		
Invested in capital assets, net of related debt	(44,623,386)	(27,127,249)
Restricted	32,707,111	23,288,001
Unrestricted	26,727,362	16,359,805
Total fund equity	14,811,087	12,520,557
Total liabilities and fund equity	\$ 1,556,002,153	\$ 1,455,438,120

The notes to financial statements are an integral part of these statements

MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN EQUITY

Years Ended December 31, 2010 and 2009

	2010	2009
OPERATING REVENUES		
Power sales and related charges	\$ 168,003,874	\$ 153,165,361
Transmission	6,968,678	4,500,506
Noncapital project cost reimbursements	642,751	582,534
Transfers from MAMU and MGCM	145,129	180,868
Member training program	184,725	277,941
Conferences	76,624	56,015
Newsletter	15,388	14,473
Other joint projects	148,150	-
Miscellaneous	19,891	50,790
Total operating revenues	176,205,210	158,828,488
OPERATING EXPENSES		
Power purchases	120,972,700	114,032,743
Member capacity and generation credits	19,521,847	17,751,601
Power generation	12,568,362	6,782,166
Transmission	12,957,651	10,108,308
Personnel services and staff support	1,257,864	1,214,308
Professional services	800,766	362,649
Rental and maintenance	248,751	287,643
Utilities	198,511	165,836
Other services	58,468	58,654
Member training program	48,269	57,264
Conference	68,261	50,247
Depreciation	2,707,644	651,783
Other joint projects	140,150	-
Other operating expenses	326,499	302,878
Future recoverable costs	(1,729,611)	-
Miscellaneous project expenses	53,847	33,680
Total operating expenses	170,199,979	151,859,760
Operating income	6,005,231	6,968,728
NONOPERATING REVENUES (EXPENSES)		
Interest income not capitalized	77,674	71,832
Net gain on sale of property	-	2,753
Interest expense and financing fees not capitalized	(3,729,748)	(560,696)
Amortization expense	(62,627)	(8,753)
Increase in fund equity	2,290,530	6,473,864
Fund equity, beginning of year	12,520,557	6,046,693
Fund equity, end of year	\$ 14,811,087	\$ 12,520,557

The notes to financial statements are an integral part of these statements

MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2010 and 2009

	2010	2009
OPERATING ACTIVITIES		
Receipts from power sales	\$ 167,670,393	\$ 139,279,592
Receipts from other revenue sources	1,232,658	1,162,621
Payments for power purchases and other goods and services	(167,509,185)	(137,229,612)
Payments to employees for services and benefits	(1,239,401)	(1,204,490)
Net cash provided by operating activities	154,465	2,008,111
CAPITAL AND RELATED FINANCING ACTIVITIES		
Net short-term debt principal (payments) proceeds	-	(362,238)
Proceeds from long-term debt	80,500,567	360,802,872
Principal payments on long-term debt	(640,219)	(616,219)
Payment of bond issuance costs	(688,118)	(3,712,128)
Payments of interest and fees on debt	(66,701,942)	(51,511,861)
Expenditures for jointly-owned and other projects	(228,277,921)	(231,400,602)
Expenditures for office buildings and equipment	(102,122)	(136,419)
Net cash provided (used) by capital and related financing activities	(215,909,755)	73,063,405
INVESTING ACTIVITIES		
Purchases of restricted cash and investments	(166,000,627)	(471,361,707)
Proceeds from sales and maturities of restricted cash and investments	376,258,734	396,943,937
Purchases of certificates of deposit	(6,249,600)	-
Interest received on investments	8,241,807	5,535,530
Net cash provided (used) by investing activities	212,250,314	(68,882,240)
Net increase (decrease) in cash and cash equivalents	(3,504,976)	6,189,276
Cash and cash equivalents at beginning of year	13,882,497	7,693,221
Cash and cash equivalents at end of year	\$ 10,377,521	\$ 13,882,497
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 6,005,231	\$ 6,968,728
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,707,644	651,783
Future recoverable costs	(1,729,611)	-
Adjustments for (increases) decreases in assets and increases (decreases) in liabilities:		
Accounts receivable	(8,768,948)	(470,399)
Prepaid expenses	(3,217,021)	(31,780)
Fuel stock and material inventory	(3,694,557)	-
Change in other deferred costs	(4,615,557)	(285,289)
Accounts payable	5,216,849	(4,670,475)
Accrued payroll and payroll taxes	18,463	9,818
Advances for O&M reserves	1,116,608	-
Arbitrage rebate	3,918,964	-
Deferred revenue	3,196,400	(164,275)
Net cash provided by operating activities	\$ 154,465	\$ 2,008,111

The notes to financial statements are an integral part of these statements

MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization: MJMEUC is a joint action agency formed under the Joint Municipal Utility Commission Act, Revised Statutes of Missouri Sections 393.700-393.770, to obtain sufficient and economical electric power and energy for the benefit of member Missouri municipalities and their residents. MJMEUC provides full power purchase requirements to members, and arranges purchases for members in need of supplemental power and the sale of members' excess power under joint contracts with the members.

Within MJMEUC there is a full requirements pool called the Missouri Public Energy Pool #1 ("MoPEP"). The municipal members of the MoPEP pool have entered into joint agreements committing their current and future electric generating facilities and purchase power contracts to the pool of members to facilitate joint planning, scheduling, dispatching, power purchases, and acquisition of joint ownership interests in power generating facilities. The joint agreements under MoPEP entail certain obligations by the members, including maintaining adequate customer rates and maintenance of power facilities and contracts in order to meet the members' commitments to the pool.

As of December 31, 2010, MJMEUC has several long-term commitments for power purchase contracts and acquisition of ownership interests in power generating facilities under construction or to be constructed, as explained elsewhere in these notes. The acquisition of ownership interests generally includes commitments under loan or bond financing arrangements. Through participation in the joint agreement with other MJMEUC members, each member has an allocated share of the various long-term commitments under these contracts, including its allocated portion of costs with MJMEUC's ownership interest in power generating facilities under construction and take-or-pay power purchase commitments. MJMEUC also has a second category of "advisory" members to allow rural electric cooperatives and non-Missouri municipalities to participate in these power supply programs and projects. There are various cancellation provisions under these contracts.

MJMEUC is a party to a joint operating agreement with the Missouri Association of Municipal Utilities (MAMU) and the Municipal Gas Commission of Missouri (MGCM) for the purpose of coordinating resources to improve efficiency and reduce costs. The resulting alliance, known as the Missouri Public Utility Alliance (MPUA), is managed by a Joint Operating Committee comprised of three representatives from the governing boards of each member. This committee reviews and recommends annual budgets for each member, determines the allocation of expenses on a cost reimbursement basis to members, consults on employee issues, and recommends contractual arrangements with joint consultants to each member.

Basis of accounting: The financial statements are prepared on the accrual basis of accounting. In accordance with the provisions of Governmental Accounting Standards Board Statement (GASB) No. 20, MJMEUC follows all applicable GASB statements, and only Financial Accounting Board Standards issued prior to November 30, 1989 that do not conflict with or contradict GASB pronouncements.

Use of estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Utility plant in service and other buildings and equipment: Utility plant in service and other buildings and equipment are recorded at cost. Capital spares consist of critical equipment component spares for a utility plant and are capitalized and depreciated as part of the utility plant. MJMEUC considers capital assets as assets with an initial individual cost of \$5,000 or more and a useful life in excess of one year, with the exception of computer equipment and furniture with an initial cost in excess of \$1,500 and a useful life of more than one year. The costs of normal maintenance and repairs are charged to operations as incurred. Property, plant and equipment financed by capital leases are recorded as capital assets and as corresponding liabilities. Amortization expense related to assets acquired with capital leases are recorded as depreciation expense on the same basis as assets financed with other resources. Depreciation is expensed using the straight line method over the estimated useful lives of the assets. Following are the estimated useful lives for capital assets:

Asset class	Years
Computer equipment	5
Office furniture	7-10
Other equipment	7-10
Office buildings	39.5
Railcars	15
Utility plant in service	20-60

Jointly owned utility plant projects: Costs incurred for MJMEUC’s joint investments in utility power plant projects that have not been directly billed to those municipalities participating in MJMEUC’s joint ownership have been capitalized. Capitalized costs include net interest incurred on borrowed funds during development and construction. Once the utility plants have been completed and placed in service, MJMEUC depreciates its ownership interest over the estimated service lives of the utility plants.

Regulatory assets: MJMEUC applies the accounting principles of Financial Accounting Standards Board Accounting Standard Codification (FASB ASC) 980, *Regulated Operations*, as the statement pertains to the deferral of revenues and expenses to future periods in which the revenues are earned or the expenses are recovered through the rate-making process that is under the control of MJMEUC’s board of directors. Regulatory assets are expenses incurred that will be recovered in future rates. As a governmental entity, MJMEUC is not a public utility subject to regulation by the Federal Energy Regulatory Commission or by the Missouri Public Service Commission.

Other deferred costs: Other deferred costs include deposits held by third parties for deposits on power purchase and transmission agreements and funds held by jointly owned utility plant projects for working capital reserves.

Bond issuance costs and bond premiums and discounts: Financing costs incurred in connection with issuance of bonds and other long-term debt, and premiums or discounts on such debt, have been deferred. These amounts are being amortized over the life of the respective debt in accordance with MJMEUC’s rate-making policy.

Investments: Investments are reported at fair value, as determined by quoted market prices. Return on investment includes interest income and realized and unrealized gains or losses.

Arbitrage rebate liability: The arbitrage rebate liability has been determined based upon rebate calculations performed by MJMEUC’s rebate analyst. The change in the liability amount is recorded as an adjustment to construction in process for the specific utility plant project.

Fund equity: Fund equity is classified into three components. Fund equity invested in capital assets, net of related debt, consists of capital assets net of accumulated depreciation less the portion of outstanding balances of debt incurred to finance those assets that has been spent as of the balance sheet date. Restricted fund equity consists of amounts deposited with trustees as required by bond indentures, including accrued investment income on those funds, less the unspent portion from any related debt proceeds. The remaining fund equity is classified as unrestricted.

Restricted resources: MJMEUC uses restricted resources first to fund expenditures when both restricted and unrestricted net assets are available.

Operating revenues and expenses: Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with MJMEUC's ongoing operations. Operating expenses include the costs of power purchases and generation, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Income taxes: MJMEUC is exempt from federal and state income taxes because it is considered a political subdivision of the State of Missouri.

Fund: For internal accounting purposes MJMEUC maintains separate cost centers, which are referred to as funds. Resources are allocated to and accounted for in these individual funds based upon the purposes for which they are to be spent. The funds are as follows:

The Alliance Fund is used to account for all revenues and expenses associated with the MPUA. The Alliance Fund pays for various administrative costs of MPUA members and receives payments from members to cover the costs.

The General Fund is used to account for all revenues and expenses not accounted for in other funds.

The Power Interchange Fund is used to account for financial resources related to power sales and the costs of power purchases other than those of the MoPEP Fund and other project funds.

The MoPEP fund is used to account for financial resources related to power sales and the costs of power sales for the member municipalities of the fund. Power transactions not related to MoPEP members are accounted for in the power interchange fund.

The Project Fund is used to account for revenues and expenses of the various jointly-owned power plant and other projects.

MAMU and MGCM transfers: A portion of MAMU's and MGCM's income is transferred to the Alliance Fund maintained by MJMEUC to pay for MPUA expenses. Transfers from MAMU and MGCM (see Note 9) for the Alliance Fund are recognized as revenue in the calendar year to which they pertain. Transfers billed or received in advance of the year to which they pertain are deferred and reported as unearned revenue.

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

For the purpose of the Statement of Cash Flows, MJMEUC considers unrestricted cash and highly liquid debt instruments purchased with a maturity of three months or less, such as overnight repurchase agreements, to be cash equivalents. MJMEUC maintains its main checking and sweep account as a cash pool that is available for use by all funds.

Missouri State Statutes authorize political subdivisions of the state to invest funds in obligations of the United States or its agencies; certain obligations of the State of Missouri or its political subdivisions and municipalities; certificates of deposit; repurchase agreements; bankers' acceptances; and certain domestic corporation commercial paper. With respect to restricted investments of bond funds held in trust, MJMEUC's board of directors has obtained the opinion of legal counsel in further defining the types of investments permitted, which also includes investment agreements (including guaranteed investment contracts, or "GICs") and certain other investment agreements which are either collateralized or are provided by an entity that is rated, or whose guarantor is rated, in at least the two highest rating categories by Standard and Poor's and Moody's.

While MJMEUC does not have a formal investment policy that specifically addresses each of the following types of risks, the following describes its practices and exposures with respect to these risks:

Interest rate risk – MJMEUC manages its exposure to declines in fair values by only investing in obligations that return initial purchase prices and the earned interest.

Credit risk – MJMEUC's practice is to only invest in obligations permitted by Missouri State Statutes as explained above.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. MJMEUC does not place limits on the amount that may be invested in any one issuer. As of December 31, 2010, MJMEUC had investments issued by Federated Treasury investments, FHLB bonds, and FNMA bonds which represent 84%, 8%, and 6%, respectively, of its total investments.

Custodial risk for deposits is the risk that, in the event of a financial institution failure, deposits may not be returned. MJMEUC's practice is to utilize a bank depository that poses little or no risk of loss of principal balance. Bank checking accounts are maintained so that excess funds are swept each night into overnight repurchase agreements. MJMEUC requires that securities underlying repurchase agreements must have a fair value of at least 100% of the cost of the repurchase agreement.

Custodial credit risk – For an investment, this is the risk that in the event of failure of the issuer or other counterparty to an investment, the investor will not be able to recover the value its investment or collateral securities that are in the possession of an outside party. As of December 31, 2010, all of MJMEUC's investments were held by the counterparty's trust department or agent in MJMEUC's name. Credit risk is measured using credit quality ratings of investments in debt securities as described by nationally recognized rating agencies such as Standard and Poor's and Moody's. The following is a summary of the credit quality ratings by investment type, as listed by Moody's Investor Service, as of December 31, 2010:

Type of Investment	Quality Rating	Fair Value
Money Market Funds	Aaa	\$ 217,059,126
Federal National Mortgage Association	Aaa	14,524,204
Federal Home Loan Bank	Aaa	19,775,648
Guaranteed investment contracts	A1	7,188,741
		<u>\$ 258,547,719</u>

Restricted cash and investments held by trustees under bond and trust indentures are managed in accordance with the applicable legal documents. The following is a summary of these accounts as of December 31, 2010:

	Cash and Cash Equivalents	Investment Maturities (in years)			Fair Value
		Less than 1	1-5	Over 5	
Cash balances	\$111,673,643	\$ -	\$ -	\$ -	\$111,673,643
Money market accounts	217,059,126	-	-	-	217,059,126
Guaranteed investment contracts	-	7,188,741	-	-	7,188,741
FNMA bond, 5.25%	-	-	-	14,524,204	14,524,204
FHLB bond, 4.85%	-	19,775,648	-	-	19,775,648
Total bond accounts cash and investments	<u>\$328,732,769</u>	<u>\$ 26,964,389</u>	<u>\$ -</u>	<u>\$ 14,524,204</u>	<u>\$370,221,362</u>

Classified on the Balance Sheet as:

Current assets (portion of debt service accounts for bond interest payments through January 1, 2011)	\$ 76,063,207
Non-current assets	294,158,155
	<u>\$370,221,362</u>

The following is a summary of these accounts as of December 31, 2009:

	Cash and Cash Equivalents	Investment Maturities (in years)			Fair Value
		Less than 1	1-5	Over 5	
Cash balances	\$203,782,064	\$ -	\$ -	\$ -	\$203,782,064
Money market accounts	325,210,854	-	-	-	325,210,854
Guaranteed investment contracts	-	603,520	15,617,304	-	16,220,824
FNMA bond, 5.25%	-	-	-	14,015,170	14,015,170
FHLB bond, 4.85%	-	-	20,580,344	-	20,580,344
Total bond accounts cash and investments	<u>\$528,992,918</u>	<u>\$ 603,520</u>	<u>\$ 36,197,648</u>	<u>\$ 14,015,170</u>	<u>\$579,809,256</u>

Classified on the Balance Sheet as:

Current assets (portion of debt service accounts for bond interest payments through January 1, 2011)	\$ 66,156,882
Non-current assets	513,652,374
	<u>\$579,809,256</u>

A summary of restricted cash and cash equivalents held by MJMEUC under bond indentures as of December 31, 2010 and 2009, is as follows:

	2010	2009
Operating and maintenance accounts	\$ 7,780,807	\$ 8,996,705
Contingency reserve accounts	250,022	-
	<u>\$ 8,030,829</u>	<u>\$ 8,996,705</u>

3. UTILITY PLANT IN SERVICE AND OTHER BUILDINGS AND EQUIPMENT

A summary of changes in utility plant in service and other buildings and equipment for the year ended December 31, 2010 is as follows:

	Balance 1/1/10	Additions	Transfers	Disposals	Balance 12/31/10
Capital assets not being depreciated:					
Land	\$ 68,500	\$ -	\$ -	\$ -	\$ 68,500
Total capital assets not being depreciated	<u>\$ 68,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,500</u>
Capital assets being depreciated:					
Utility plant in service	\$ 11,148,820	\$ 22,334,971	\$251,527,248	\$ -	\$285,011,039
Railcars	9,722,356	-	-	-	9,722,356
Office building	1,488,378	-	-	-	1,488,378
Furniture and equipment	349,322	102,122	-	-	451,444
Total capital assets being depreciated	22,708,876	22,437,093	251,527,248	-	296,673,217
Accumulated depreciation	1,613,122	2,707,644	-	-	4,320,766
Total capital assets being depreciated, net of depreciation	<u>\$ 21,095,754</u>	<u>\$ 19,729,449</u>	<u>\$251,527,248</u>	<u>\$ -</u>	<u>\$292,352,451</u>

A summary of changes in utility plant in service and other buildings and equipment for the year ended December 31, 2009 is as follows:

	Balance 1/1/09	Additions	Transfers	Disposals	Balance 12/31/09
Capital assets not being depreciated:					
Land	\$ 68,500	\$ -	\$ -	\$ -	\$ 68,500
Total capital assets not being depreciated	<u>\$ 68,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,500</u>
Capital assets being depreciated:					
Utility plant in service	\$ 11,148,820	\$ -	\$ -	\$ -	\$ 11,148,820
Railcars	-	9,722,356	-	-	9,722,356
Office building	1,355,228	133,150	-	-	1,488,378
Furniture and equipment	354,926	3,269	-	8,873	349,322
Total capital assets being depreciated	12,858,974	9,858,775	-	8,873	22,708,876
Accumulated depreciation	972,965	648,012	-	7,855	1,613,122
Total capital assets being depreciated, net of depreciation	<u>\$ 11,886,009</u>	<u>\$ 9,210,763</u>	<u>\$ -</u>	<u>\$ 1,018</u>	<u>\$ 21,095,754</u>

Following is the gross amount of assets recorded under capital leases and the accumulated depreciation recognized as of December 31, 2010:

	Gross Amount	Accumulated Depreciation	Net Book Value
Utility plant in service	\$ 11,148,820	\$ 1,656,491	\$ 9,492,329
Office building	1,488,378	102,568	1,385,810
	<u>\$ 12,637,198</u>	<u>\$ 1,759,059</u>	<u>\$ 10,878,139</u>

4. UTILITY PLANT PROJECTS

a. *Prairie State Energy*

In February 2005, MJMEUC and several other municipal joint action agencies and electric power cooperatives signed agreements with Prairie State Generating Company, LLC to participate in the development and construction of a two unit 1,582 megawatt (MW) pulverized coal-fueled power generating facility in Washington County, Illinois. Under these agreements, which were amended and restated in 2007, MJMEUC and the other co-owners fund the development and construction of the facility as tenants in common, based upon each owner's proportionate share of ownership. Direct project expenditures by MJMEUC for its share of the costs of the Prairie State Energy Campus, which include coal reserves, are being capitalized and will be recovered from MJMEUC's MoPEP members through rates and charges under the MoPEP Agreement and from several other members under life-of-unit take or pay unit power purchase agreements upon completion of the plant. See Note 5 regarding bond financing. MJMEUC is authorized to take up to 195 MW, or 12.33%, of the total 1,582 MW capacity. The MoPEP pool will take 42% of the electric power generated by MJMEUC's share in the facility. The remaining 58% will be supplied to seven other MJMEUC member utilities that have contracted with MJMEUC for those supplies. MJMEUC is required to pay its proportionate share of plant operation costs, operating reserves, working capital requirements and plant closure costs. Construction has begun on the project with the first unit expected to commence operation in late 2011 or early 2012, and the second unit by August 2012.

b. *Plum Point Energy Station Unit 1 Plant (placed in service during 2010)*

In March of 2006, MJMEUC entered into agreements to acquire a 22.11% undivided interest (or approximately 147 MW) in the Plum Point Energy Station, a 665 MW coal-fired generating plant near Osceola, Arkansas. MJMEUC and the other co-owners fund the development and construction of the facility based upon each owner's proportionate share of ownership. Initially, MJMEUC entered into life of unit, take-or-pay unit power purchase agreements with four of its Missouri member municipalities and the three Arkansas municipalities which are Advisory Members. In June 2011, MJMEUC's MoPEP members accepted assignment of 20 MW from one of the original Missouri member municipality's unit power purchase agreements. Direct project expenditures by MJMEUC for its share of the costs of the Plum Point Energy Station, are capitalized and will be recovered through rates and charges from MJMEUC's MoPEP members and from the participating municipalities under life-of-unit take or pay unit power purchase agreements. See Note 5 regarding bond financing. MJMEUC is required to pay its proportionate share of plant operation costs, operating reserves, working capital requirements and plant closure costs. Construction on the project began in 2006 and the unit commenced operation in September 2010. Not all of the construction costs of the Plum Point Energy Station were incurred or paid as of December 31, 2010. See Note 11 regarding the remaining construction commitment.

c. *Iatan Unit 2 (placed in service during 2011)*

MJMEUC has acquired an 11.76% undivided interest (or approximately 100 MW) in a second unit of the Iatan Generating Station, a planned 850 MW coal-fired generating plant to be constructed at the Iatan Station site in Platte County, Missouri. MJMEUC is required to pay its proportionate share of construction costs. MJMEUC allocated 30% of its Iatan Unit 2 interest to the MoPEP pool and has entered into life of unit, take-or-pay unit power purchase agreements with two of its Member municipalities for the sale of the remaining capacity and energy. The MoPEP agreement and the Iatan Unit 2 Power Purchase Agreements require MoPEP and the participating municipalities to pay all of MJMEUC's cost associated with Iatan Unit 2. MJMEUC is required to pay, through rates, its allocable share of common facilities upgrade costs, common facilities additions and retirements, and plant operation costs. Construction on the project began in 2006 and the unit successfully completed final testing and began providing schedulable power to the grid at the beginning of 2011, at which time MJMEUC announced the commercial operation date of the facility. See Note 5 regarding bond financing.

d. *Ladonia Ethanol Co-Generation Plant (placed in service during 2007)*

In 2006 and 2007, MJMEUC entered into a lease-purchase agreement with MAMU to obtain funding under MAMU's finance program for Missouri municipal utilities for development of an electrical co-generation facility linked to an ethanol plant near Ladonia, Missouri. The project is for the energy needs of MoPEP pool members and MJMEUC will recover all costs incurred from those members through rates and charges. See Note 5 regarding capital lease financing for this project. The project was placed in service during 2007.

e. *Fredericktown Power Generation Plant*

In October 2010, MJMEUC approved the development, construction and installation of an approximate two-unit, 27.6 MW (combined) natural gas fired generating facility in Fredericktown Missouri, a member city of MoPEP 1. The output of the generating station is expected to serve electric peaking loads of MJMEUC's members participating in the MoPEP pool and MJMEUC will recover all costs incurred from those members through rates and charges. Construction of the project commenced in December of 2010. Initial funds for construction costs will be paid through MJMEUC's revolving line of credit to receive benefits of short-term borrowing costs (see note 5). Commencement of operations is expected in first quarter 2012, with final long-term financing secured by late fourth quarter 2011.

A summary of changes in construction work in progress for utility plant projects for the year ended December 31, 2010 is as follows:

	Balance 1/1/10	Additions	Placed in Service	Balance 12/31/10
Prairie State Energy Campus	\$ 363,596,477	\$ 217,468,596	\$ -	\$ 581,065,073
Plum Point Energy Station Unit 1	251,527,248	22,317,283	273,844,531	-
Iatan Unit 2	196,925,673	47,202,482	-	244,128,155
Fredericktown	-	2,060,520	-	2,060,520
	<u>\$ 812,049,398</u>	<u>\$ 289,048,881</u>	<u>\$ 273,844,531</u>	<u>\$ 827,253,748</u>

A summary of changes in construction work in progress for utility plant projects for the year ended December 31, 2009 is as follows:

	Balance 1/1/09	Additions	Placed in Service	Balance 12/31/09
Prairie State Energy Campus	\$ 204,738,880	\$ 158,857,597	\$ -	\$ 363,596,477
Plum Point Energy Station Unit 1	206,678,003	44,849,245	-	251,527,248
Iatan Unit 2	125,540,604	71,385,069	-	196,925,673
	<u>\$ 536,957,487</u>	<u>\$ 275,091,911</u>	<u>\$ -</u>	<u>\$ 812,049,398</u>

For 2010 and 2009, interest costs, net of related investment return on funds held by trustees, totaling \$62,193,300 and \$54,470,418, respectively, have been capitalized as construction in progress.

5. LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended December 31, 2010:

	December 31, 2009	Additions	Payments or Amortization	December 31, 2010	Principal Due in One Year
Utility plant projects:					
Plum Point Energy Station - bonds	\$ 332,340,000	\$ -	\$ -	\$ 332,340,000	\$ -
Add (deduct):					
Bond premium	6,535,937	-	251,786	6,284,151	
Issuance costs	(8,019,058)	-	(305,660)	(7,713,398)	
Iatan Unit 2 - bonds	285,520,000	-	-	285,520,000	-
Add (deduct):					
Bond premium	6,461,167	-	251,734	6,209,433	
Bond discount	(2,579,951)	-	(88,203)	(2,491,748)	
Issuance costs	(2,820,250)	-	(105,354)	(2,714,896)	
Prairie State Energy Campus - bonds	757,725,000	78,005,000	-	835,730,000	-
Add (deduct):					
Bond premium	10,283,859	435,047	322,258	10,396,648	
Issuance costs	(7,378,585)	(688,118)	(236,190)	(7,830,513)	
2005A capital lease for Laddonia	7,230,000	-	496,000	6,734,000	496,000
(Deduct):					
Issuance costs	(99,660)	-	(8,753)	(90,907)	
2006A capital lease for Laddonia	677,000	-	48,000	629,000	48,000
Revolving credit line - Fredericktown	-	2,060,520	-	2,060,520	-
Other:					
2006A capital lease for new office	1,445,000	-	36,000	1,409,000	36,000
Total long-term debt	<u>\$ 1,387,320,459</u>	<u>\$ 79,812,449</u>	<u>\$ 661,618</u>	<u>\$ 1,466,471,290</u>	<u>\$ 580,000</u>

The following is a summary of changes in long-term debt for the year ended December 31, 2009:

	December 31, 2008	Additions	Payments or Amortization	December 31, 2009	Principal Due in One Year
Utility plant projects:					
Plum Point Energy Station - bonds	\$ 278,880,000	\$ 53,460,000	\$ -	\$ 332,340,000	\$ -
Add (deduct):					
Bond premium	6,787,724	-	251,787	6,535,937	
Issuance costs	(7,625,628)	(683,779)	(290,349)	(8,019,058)	
Iatan Unit 2 - bonds	182,385,000	103,135,000	-	285,520,000	-
Add (deduct):					
Bond premium	6,712,902	-	251,735	6,461,167	
Bond discount	-	(2,646,104)	(66,153)	(2,579,951)	
Issuance costs	(1,944,904)	(972,595)	(97,249)	(2,820,250)	
Prairie State Energy Campus - bonds	549,805,000	207,920,000	-	757,725,000	-
Add (deduct):					
Bond premium	10,605,230	-	321,371	10,283,859	
Issuance costs	(5,492,114)	(2,055,754)	(169,283)	(7,378,585)	
2005A capital lease for Laddonia	7,702,000	-	472,000	7,230,000	494,000
(Deduct):					
Issuance costs	(108,413)	-	(8,753)	(99,660)	
2006A capital lease for Laddonia	725,000	-	48,000	677,000	48,000
Other:					
2006A capital lease for new office	1,481,000	-	36,000	1,445,000	36,000
Total long-term debt	<u>\$ 1,029,912,797</u>	<u>\$ 358,156,768</u>	<u>\$ 749,106</u>	<u>\$ 1,387,320,459</u>	<u>\$ 578,000</u>

The following is a description of long-term debt. Amounts are presented net of unamortized issuance costs and bond premium or discount.

	2010	2009
\$278,880,000 MJMEUC Power Project Revenue Bonds (Plum Point Project), Series 2006. Principal due annually on January 1, 2012 through 2036. (a)	\$ 278,104,257	\$ 278,073,176
\$181,660,000 Series 2006A and \$725,000 Series 2006B MJMEUC Power Project Revenue Bonds (Iatan 2 Project). Principal due annually on January 1, 2012 through 2036. (b)	186,795,399	186,974,199
\$521,760,000 Series 2007A and \$28,045,000 Series 2007B MJMEUC Power Project Revenue Bonds (Prairie State Project). Principal due annually on January 1, 2012 through 2042. (c)	554,608,230	554,763,173
\$48,600,000 Series 2009A and \$4,860,000 Series 2009B MJMEUC Power Project Revenue Bonds (Plum Point Project). Principal due annually on January 1, 2037 through 2039. (d)	52,806,496	52,783,703
\$99,975,000 Series 2009A and \$3,160,000 Series 2009B MJMEUC Power Project Revenue Bonds (Iatan 2 Project). Principal due annually on January 1, 2012 through 2039. (e)	99,727,390	99,606,767
\$193,720,000 Series 2009A and \$14,200,000 Series 2009B MJMEUC Power Project Revenue Bonds (Prairie State Project). Principal due annually on January 1, 2014 through 2042. (f)	205,935,626	205,867,101
\$73,420,000 Series 2010A and \$4,585,000 Series 2010B MJMEUC Power Project Revenue Bonds (Prairie State Project). Principal due annually on January 1, 2014 through 2042. (g)	77,752,279	-

	2010	2009
\$8,715,000 capital lease financing under the Missouri Association of Municipal Utilities Lease Financing Program Series 2005A. (h)	6,643,093	7,130,340
\$781,000 capital lease financing under the Missouri Association of Municipal Utilities Lease Financing Program Series 2006A. (i)	629,000	677,000
\$1,523,000 capital lease financing under the Missouri Association of Municipal Utilities Lease Financing Program Series 2006A.(j)	1,409,000	1,445,000
\$20,000,000 revolving credit agreement with a financial institution. Interest due monthly with final maturity on December 20, 2013. (k)	2,060,520	-
Total long-term debt	1,466,471,290	1,387,320,459
Less current maturities	(580,000)	(578,000)
Total long-term debt, net of current maturities	<u>\$ 1,465,891,290</u>	<u>\$ 1,386,742,459</u>

- (a) Plum Point Project – Series 2006: Principal due annually on January 1, 2012 through 2036. Interest is payable semi-annually at 5%, except for bonds of \$7,880,000 which are at 4.2% and \$36,655,000 at 4.6%. Bonds maturing in 2017 and thereafter are subject to early redemption without a premium on and after January 1, 2016.
- (b) Iatan 2 Project – Series 2006: Principal due annually on January 1, 2012 through 2036. Interest is payable semi-annually. Interest on the Series 2006A tax-exempt bonds is at 5%, except for bonds of \$5,965,000 which are at 4.125% and \$23,955,000 at 4.5%. Interest on the Series 2006B taxable bonds is at 5.61%. The Series 2006A bonds maturing in 2017 and thereafter are subject to early redemption without a premium on and after January 1, 2016.
- (c) Prairie State Project – Series 2007: Interest is payable semi-annually. Interest on the Series 2007A tax-exempt bonds is at 5.0%, except for bonds of \$121,080,000 which are at 4.50% and \$11,285,000 at 4.0%. Interest on the Series 2007B taxable bonds ranges from 5.22% to 5.35%. The Series 2007A bonds maturing in 2018 and thereafter are subject to early redemption without a premium on and after January 1, 2017.
- (d) Plumb Point Project – Series 2009: Principal due annually on January 1, 2037 through 2039. Interest is payable semi-annually. Interest on the Series 2009A taxable "Build America Bonds" is at 7.730%. Interest on the Series 2006B taxable bonds is at 7.730%.
- (e) Iatan 2 Project – Series 2009: Principal due annually on January 1, 2012 through 2039. Interest is payable semi-annually. Interest on the Series 2009A tax-exempt bonds ranges from 3.50% to 6.0%. Interest on the Series 2009B taxable bonds is at 6.25%.
- (f) Prairie State Project – Series 2009: Principal due annually on January 1, 2014 through 2042. Interest is payable semi-annually. Interest on the Series 2009A taxable "Build America Bonds" ranges from 3.87% to 6.89%. Interest on the Series 2009B taxable bonds ranges from 3.87% to 4.69%.
- (g) Prairie State Project – Series 2010: Principal due annually on January 1, 2014 through 2042. Interest is payable semi-annually. Interest on the Series 2010A taxable "Build America Bonds" ranges from 4.88% to 7.9%. Interest on the Series 2010B taxable bonds is at 5.0%.
- (h) MAMU Lease Financing Program Series 2005A: Proceeds were used to fund construction of the Laddonia Co-Generation Plant and related equipment. Payments are due monthly through March, 2021, and include principal, interest and certain fees. Interest is at a rate of 4.122%. The lease is secured by the property financed with the lease proceeds.
- (i) MAMU Lease Financing Program Series 2006A: Proceeds were used to fund additional construction costs of the Laddonia Co-Generation Plant and related equipment. Payments are due monthly through March, 2021, and include principal, interest and certain fees. Interest is at a rate of 3.685%. The lease is secured by the property financed with the lease proceeds.

- (j) MAMU Lease Financing Program Series 2006A. Proceeds were used to fund purchase of MJMEUC's office building and associated remodeling costs. Payments are due monthly through November, 2032, and include principal, interest and certain fees. Interest is at a rate of 3.82%. The lease is secured by the property financed with the lease proceeds.
- (k) Revolving credit agreement with a financial institution: Interest due monthly with final maturity on December 20, 2013. Proceeds can be used for any purpose consistent with MJMEUC's operations. Interest variable based on one month LIBOR plus applicable spread (1.5% at December 31, 2010). Applicable spread ranges from 1.25% to 2.5% depending on downgrades to MJMEUC's debt (1.25% spread at December 31, 2010).

The revenue bonds are special, limited obligations of MJMEUC, payable solely out of the net revenues relating to the ownership and operation of the project funded with the bonds, and the ownership and a pledge and security interest in the respective bond sale proceeds and assets held by trustees under each respective bond indenture. The net revenues include sales to participating MJMEUC members and other municipalities pursuant to unit-specific, life-of-unit, take-or-pay power purchase agreements between MJMEUC and each of the municipalities participating with MJMEUC in the respective project. The bonds are insured as to payment of principal and interest by financial guaranty insurance policies issued by Ambac Assurance Corporation (Ambac) for Prairie State (Series 2007A and 2007B) and Plum Point (Series 2006) and by MBIA Insurance Corporation (MBIA) for Iatan 2 Series (2006A and 2006B). The bonds issued in 2009 and 2010 were issued without financial guaranty insurance policies.

Due to the negative outlook for their mortgage-related exposures, the credit ratings for Ambac and MBIA were downgraded from Aaa when the bonds were issued to Ba3 in April 2009 and again to Caa2 in July 2009 for Ambac and to B3 for MBIA in February 2009 by Moody's Investors Service. Ambac subsequently filed for Chapter 11 bankruptcy on November 8, 2010 and Moody's Investors Service withdrew its rating on April 7, 2011. Consequently, the insured ratings of the above bond issues were similarly downgraded, although the credit ratings of the underlying public entities were not affected.

MJMEUC had the option of fixed or variable interest rate leases under MAMU's financing program. MJMEUC selected fixed rates to protect against the potential of rising interest rates. The trustee for MAMU's financing program entered into interest rate exchange agreements with a financial institution to effectively convert the variable interest rates into fixed interest rates for the three capital leases above. Although MJMEUC is not a direct party to these interest exchange agreements, if MJMEUC elects to prepay a capital lease obligation, its optional prepayment price under the lease is roughly equal to the fair value of the interest rate exchange agreement, and as such, corresponds directly to the termination payment the trustee would receive or pay under the terms of the interest rate exchange agreement. MAMU's financing program bears all counterparty credit risk of the interest rate exchange agreements. If elected, the early termination payment under the terms of the lease and interest rate exchange agreements at December 31, 2010 would have been as follows:

<u>Capital Lease Issue</u>	
Laddonia Series 2005A capital lease obligation	\$ 626,789
Laddonia Series 2006A capital lease obligation	44,450
Office Building Series 2006A capital lease	89,017
	<u>\$ 760,256</u>

The bond indentures contain certain financial and other covenants, including a rate covenant to provide sufficient revenues for payments into the various accounts held by bond trustees for reserves and for payment of principal and interest, and continuing disclosure obligations. Management of MJMEUC is not aware of any instances of default with respect to the bonds' covenants.

Total interest expense on long-term debt was \$73,741,101 and \$56,502,575 for 2010 and 2009, respectively. The amount of interest expense capitalized as construction work in progress, after netting related interest earnings on funds held in trust, was \$62,193,300 and \$54,470,418 for 2010 and 2009, respectively.

Future payments due on long-term debt as of December 31, 2010 are as follows:

	Bonds			Capital
	Principal	Interest	Total	Leases
2011	\$ -	\$ 76,063,206	\$ 76,063,206	\$ 1,024,436
2012	11,425,000	78,294,812	89,719,812	1,023,353
2013	22,435,520	77,470,461	99,905,981	1,037,410
2014	29,295,000	76,312,161	105,607,161	1,039,598
2015	30,605,000	74,971,926	105,576,926	1,036,347
2016	30,925,000	73,551,396	104,476,396	1,032,622
2017	30,515,000	72,080,645	102,595,645	1,031,211
2018	31,935,000	70,541,803	102,476,803	1,037,826
2019	33,380,000	68,899,292	102,279,292	1,046,158
2020	34,860,000	67,131,591	101,991,591	1,041,487
2021	36,530,000	65,210,880	101,740,880	336,835
2022	38,250,000	63,288,242	101,538,242	100,000
2023	40,095,000	61,225,830	101,320,830	105,133
2024	42,070,000	59,043,764	101,113,764	105,911
2025	44,140,000	56,731,772	100,871,772	103,682
2026	46,330,000	54,285,777	100,615,777	100,450
2027	48,630,000	51,718,814	100,348,814	107,831
2028	51,055,000	49,024,561	100,079,561	104,070
2029	53,595,000	46,196,571	99,791,571	100,306
2030	56,265,000	43,219,519	99,484,519	108,186
2031	59,085,000	40,085,290	99,170,290	103,886
2032	62,040,000	36,794,507	98,834,507	93,431
2033	65,135,000	33,390,455	98,525,455	-
2034	68,295,000	29,869,496	98,164,496	-
2035	71,615,000	26,241,952	97,856,952	-
2036	74,955,000	22,505,821	97,460,821	-
2037	62,935,000	18,680,632	81,615,632	-
2038	66,090,000	14,685,206	80,775,206	-
2039	69,425,000	10,418,055	79,843,055	-
2040	45,645,000	6,924,728	52,569,728	-
2041	47,875,000	4,246,491	52,121,491	-
2042	50,220,000	1,437,788	51,657,788	-
Total payments	<u>\$1,455,650,520</u>	<u>\$1,530,543,444</u>	<u>\$2,986,193,964</u>	\$ 11,820,169
Less interest				(3,048,169)
Present value of minimum lease payments				<u>\$ 8,772,000</u>

6. SHORT-TERM DEBT

MJMEUC had two standby letters of credit as of December 31, 2010 with Commerce Bank for \$6.2 million and \$4.4 million, respectively, which are referred to in Note 11. The agreement for the \$6.2 million letter of credit was amended subsequent to December 21, 2010, increasing the amount to \$6.5 million and extending the term through April 30, 2012. This \$6.2 million letter of credit is secured by \$6.2 million of certificates of deposit. The \$4.4 million agreement was cancelled at MJMEUC's request in February 2011.

A summary of changes in short-term debt for the year ended December 31, 2009 is as follows:

	Balance 12/31/08	Additions	Payments	Balance 12/31/09
Commerce Bank	\$ 362,238	\$ -	\$ 362,238	\$ -

No short-term debt was outstanding during 2010. Total interest expense on short-term debt was \$3,454 for 2009.

8. RESTRICTED FUND EQUITY

Assets and fund equity were restricted for the following purposes as of December 31:

	2010		2009	
	Assets	Fund Equity	Assets	Fund Equity
For utility plant projects:				
Held by trustees for payment of construction costs:				
Plum Point Energy Station Unit 1	\$ 15,929,444	\$ -	\$ 29,104,699	\$ -
Iatan Unit 2	14,840,476	-	46,573,890	-
Prairie State Energy Campus	158,632,332	-	278,339,922	-
Held by trustees for regular debt service payments:				
Plum Point Energy Station Unit 1	7,723,233	2,034,160	20,225,949	2,033,965
Iatan Unit 2	11,009,926	2,847,716	25,387,576	2,363,808
Prairie State Energy Campus	58,963,196	2,257,414	83,808,443	2,248,576
Held by trustees for debt service reserve:				
Plum Point Energy Station Unit 1	26,713,603	6,870,640	26,538,154	4,599,843
Iatan Unit 2	21,755,712	4,923,812	22,475,326	1,935,036
Prairie State Energy Campus	55,271,435	5,742,540	48,021,222	1,110,068
Held by MJMEUC for utility plant operations and maintenance				
Plum Point Energy Station Unit 1	3,006,063	3,006,063	3,995,397	3,995,397
Iatan Unit 2	2,523,299	2,523,299	2,511,317	2,511,317
Prairie State Energy Campus	2,501,467	2,501,467	2,489,991	2,489,991
	<u>\$378,870,186</u>	<u>\$ 32,707,111</u>	<u>\$589,471,886</u>	<u>\$ 23,288,001</u>

9. RELATED ENTITY TRANSACTIONS

Significant transactions among the three member entities of the MPUA reported in the accompanying financial statements are as follows:

MAMU and MGCM reimburse MJMEUC's Alliance Fund for time spent by MJMEUC employees on MAMU and MGCM matters. Salary reimbursements received from MAMU totaled \$393,690 for 2010 and \$432,281 for 2009. Salary reimbursement received from MGCM totaled \$140,890 for 2010; there were no salary reimbursements from MGCM for 2009. The line item, "personnel services and staff support" in the accompanying Statement of Revenues, Expenses and Changes in Equity is net of these reimbursements.

A majority of telephone, utility, postage, and other miscellaneous office expenses not directly attributable to a specific program or member are charged to MJMEUC's Alliance Fund. MAMU and MGCM combined transferred \$145,129 and \$180,868 in 2010 and 2009, respectively, to MJMEUC to pay their allocated share of Alliance expenses.

10. EMPLOYEE RETIREMENT PLANS

MJMEUC participates in the Missouri Local Government Employees Retirement System (LAGERS) retirement system.

Plan Description

LAGERS is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, section RSMo. 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed interest of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

Funding Status

MJMEUC's full-time employees do not contribute to the pension plan. The June 30th statutorily required contribution rate is 15.3% of annual covered payroll. The contribution requirements of plan members are determined by the governing body of each political subdivision. The contribution provisions of the political subdivision are established by state statute.

Annual Pension Cost

MJMEUC's annual pension cost and net pension obligation ("NPO") for the current year were as follows:

Annual required contribution	\$ 220,120
Interest on net pension obligation	-
Adjustment to annual required contribution	-
	<hr/>
Annual pension cost	220,120
Actual contributions	220,120
	<hr/>
Increase (decrease) in NPO	-
NPO beginning of year	-
	<hr/>
NPO end of year	<u>\$ -</u>

The annual required contribution (ARC) was determined as part of the February 29, 2008 and/or February 28, 2009 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included: (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, and (d) pre-retirement mortality based on the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women (e) post-retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back 1 year for men and 7 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period as of February 28, 2009 was 21 years for the General division.

Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due.

Schedule of Funding Progress						
	(a)	(b)	(b - a)		(c)	[(b - a)/c]
Actuarial	Actuarial	Entry Age	Unfunded	(a/b)	Annual	UAL as a
Valuation	Value of	Actuarial	Accrued	Funded	Covered	Percentage
Date	Assets	Liability	Liability	Ratio	Payroll	of Covered
			(UAL)			Payroll
02/28/10	\$ 1,391,694	\$ 2,033,749	\$ 642,055	68%	\$ 1,480,159	43%

Three-Year Trend Information				
Year	Annual	Percentage	Net Pension	
Ended	Pension	of APC	Obligation	
June 30	Cost (APC)	Contributed		
2008	\$ 133,288	100.0%	\$ -	
2009	170,581	100.0	-	
2010	220,120	100.0	-	

The assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2006 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, contact the LAGERS office in Jefferson City.

11. COMMITMENTS AND CONTINGENCIES

Power Supply and Related Contracts

To ensure adequate power supplies for its members, MJMEUC enters into purchase commitments with electric energy suppliers. These contracts have various terms covering minimum required megawatts of power to be purchased, prices to be paid and period covered. As December 31, 2010, MJMEUC has long-term contracts with the Southwestern Power Administration and with Ameren Energy Marketing Company (“Ameren”), and several unit-specific contracts of 3-5 year lengths with the Sikeston Board of Municipal Utilities. MJMEUC’s power purchase commitments under the Ameren contract are secured by its annual standby letter of credit from Commerce Bank issued in favor of Ameren.

Under its long-term contract through May 31, 2021 for power with Ameren, MJMEUC deposited with Ameren in 2006 the amount of \$2,933,266 under an annual election in order to eliminate the return on capital component from Ameren’s monthly energy billings. In 2008 MJMEUC elected not to maintain this deposit and received a refund of the deposit. MJMEUC had billed the MoPEP pool members to fund this deposit with Ameren and has retained these funds to increase MJMEUC’s operating reserves. The retained funds are reported in deferred revenue and are being amortized into revenue over the remaining term of the contract with Ameren.

In 2006, MJMEUC executed a long-term power purchase contract with Plum Point Energy Associates (“PPEA”), to purchase a share of the capacity and energy of PPEA’s interest in the Plum Point Energy Station (see Note 4). The power purchase contract entitles MJMEUC to 7.52% (approximately 50 MW) of capacity and energy from Plum Point for thirty (30) years after the commencement of commercial operations. The contract obligates MJMEUC to pay a monthly capacity payment which is based on the availability of the unit. MJMEUC has committed all of the capacity and energy from this purchase to the MoPEP pool.

In January 2004, MJMEUC entered in to a 40 year take-or-pay “Participation Agreement” with the Omaha Public Power District (“OPPD”) to purchase a share of the capacity and energy of OPPD’s Nebraska City Unit 2 (“NC2”). The NC2 unit is a 663 megawatt (MW) coal-fired generating station solely owned by OPPD. MJMEUC is entitled to 55.23 MW, or 8.33%, of capacity and energy from NC2 and is committed to pay 8.33% of NC2 project costs, including debt service, whether or not the unit is operating. MJMEUC’s share of the total project costs, approximately \$74.8 million, is being financed through OPPD’s bond debt proceeds. MJMEUC has pledged the revenues from sales of its share of NC2 power to its share of OPPD’s bond debt service. MJMEUC also has certain limited obligations for additional debt service in the event another of the six other participating public power districts and municipal utilities fail to pay obligations under its respective Participation Agreement.

In September 2008, MJMEUC executed a long-term power purchase agreement to purchase energy from a landfill-gas-powered electric generating facility located near the City of Lamar, Missouri. Lamar, a member of the MoPEP Pool, is responsible for installing and operating two 1.6 MW gas turbines with a total generating facility output of 3.2 MW that commenced commercial operation in June 2010. The take-or-pay agreement provides for MJMEUC to receive the entire capacity and energy until the agreement expires in 2022. The capacity is fully dedicated to the MoPEP Pool.

A long-term energy generation purchase agreement was entered into by MJMEUC in 2006 to receive 5-MW of renewable energy using wind as a fuel. This wind generating facility is owned by the Loess Hills Wind Farm located at the City of Rock Port, Missouri, the interconnection provider and member of MJMEUC's MoPEP Pool. MJMEUC has rights to purchase the entire capacity and net energy which is fully dedicated to the MoPEP Pool. MJMEUC has the right, but not the obligation, to extend this agreement for one or more five-year terms through the end of 2027.

Investments in Utility Plant Projects

See Note 4 for a description of the utility plant projects that were in progress as of December 31, 2010. At that date MJMEUC had commitments of approximately the following amounts, excluding debt service, related to completion of construction for the jointly-owned and other power plant projects that were in progress:

Plum Point Energy Station	\$ 14 million
Iatan Unit 2	\$ 12 million
Prairie State Energy Campus	\$ 111 million
Fredericktown	\$ 14 million

After receiving notification of an expansion to develop a duplicate Unit 2 at the Plum Point Site (see Note 4), MJMEUC executed an agreement to participate in the development of the second 665 MW unit. MJMEUC had the rights to acquire a 147 MW interest in the second unit. MJMEUC continues to hold its option to participate in the project. Direct development costs were incurred beginning in 2007, of which MJMEUC's entire share of such cost was billed to MJMEUC's participating members.

Litigation

In the ordinary course of business, MJMEUC is a party, individually or as part of a group, to various litigation and other legal proceedings, generally related to policy issues and matters regarding prospective rates and terms of service, including availability of certain transmission rights, rather than issues that involve potential liability to MJMEUC.

REQUIRED SUPPLEMENTARY INFORMATION

MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION

**REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress**

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b - a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b - a)/c] UAL as a Percentage of Covered Payroll
02/29/08	\$ 1,120,610	\$ 1,382,739	\$ 262,129	81%	\$ 965,896	27%
02/28/09	1,080,995	1,558,275	477,280	69	1,098,027	43
02/28/10	1,391,694	2,033,749	642,055	68	1,480,159	43

Note: The assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2006 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, contact the LAGERS office in Jefferson City.

SUPPLEMENTAL INFORMATION

MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION

STATEMENT OF INDIVIDUAL FUNDS REVENUES, EXPENSES
AND CHANGES IN EQUITY
Year Ended December 31, 2010

	Alliance Fund	General Fund	Power Interchange Fund	MoPEP 1 Pool Fund	Projects Fund	Total
OPERATING REVENUES						
Power sales and related charges	\$ -	\$ -	\$ -	\$ 155,421,272	\$ 12,582,602	\$ 168,003,874
Transmission	-	85,728	665,829	5,862,649	354,472	6,968,678
Noncapital project cost reimbursements	-	-	-	-	642,751	642,751
Transfers from MAMU and MGCM	145,129	-	-	-	-	145,129
Member training program	-	184,725	-	-	-	184,725
Conferences	76,624	-	-	-	-	76,624
Newsletter	15,388	-	-	-	-	15,388
Other joint projects	-	148,150	-	-	-	148,150
Miscellaneous	-	19,882	-	9	-	19,891
Total operating revenues	<u>237,141</u>	<u>438,485</u>	<u>665,829</u>	<u>161,283,930</u>	<u>13,579,825</u>	<u>176,205,210</u>
OPERATING EXPENSES						
Power purchases	-	-	-	120,972,700	-	120,972,700
Member capacity and generation credits	-	-	-	19,521,847	-	19,521,847
Power generation	-	-	-	3,975,176	8,593,186	12,568,362
Transmission	-	98,334	644,658	11,860,187	354,472	12,957,651
Personnel services and staff support	178,059	459,232	6,892	541,927	71,754	1,257,864
Professional services	385	577,703	-	213,570	9,108	800,766
Rental and maintenance	54,640	-	-	194,111	-	248,751
Utilities	33,162	-	-	165,349	-	198,511
Other services	14,418	44,050	-	-	-	58,468
Member training program	-	48,269	-	-	-	48,269
Conferences	68,261	-	-	-	-	68,261
Depreciation	52,363	7,205	-	493,445	2,154,631	2,707,644
Other joint projects	-	140,150	-	-	-	140,150
Other operating expenses	117,618	79,485	-	115,244	14,152	326,499
Future recoverable costs	-	-	-	-	(1,729,611)	(1,729,611)
Miscellaneous project expenses	-	-	-	-	53,847	53,847
Total operating expenses	<u>518,906</u>	<u>1,454,428</u>	<u>651,550</u>	<u>158,053,556</u>	<u>9,521,539</u>	<u>170,199,979</u>
Operating income (loss)	<u>(281,765)</u>	<u>(1,015,943)</u>	<u>14,279</u>	<u>3,230,374</u>	<u>4,058,286</u>	<u>6,005,231</u>
NONOPERATING REVENUES (EXPENSES)						
Interest income	-	2,460	-	36,442	38,772	77,674
Interest and fees expense	(66,067)	-	-	(478,993)	(3,184,688)	(3,729,748)
Amortization expense	-	-	-	(8,753)	(53,874)	(62,627)
Total nonoperating revenues (expenses)	<u>(66,067)</u>	<u>2,460</u>	<u>-</u>	<u>(451,304)</u>	<u>(3,199,790)</u>	<u>(3,714,701)</u>
OTHER FINANCING SOURCES (USES)						
Interfund operating transfers	<u>347,910</u>	<u>767,614</u>	<u>(3,131)</u>	<u>(492,669)</u>	<u>(619,724)</u>	<u>-</u>
Increase (decrease) in fund equity	78	(245,869)	11,148	2,286,401	238,772	2,290,530
Fund equity, beginning of year	<u>276,019</u>	<u>45,910</u>	<u>998,603</u>	<u>11,721,739</u>	<u>(521,714)</u>	<u>12,520,557</u>
Fund equity, end of year	<u>\$ 276,097</u>	<u>\$ (199,959)</u>	<u>\$ 1,009,751</u>	<u>\$ 14,008,140</u>	<u>\$ (282,942)</u>	<u>\$ 14,811,087</u>

MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION

STATEMENT OF INDIVIDUAL FUNDS REVENUES, EXPENSES
AND CHANGES IN EQUITY
Year Ended December 31, 2009

	Alliance Fund	General Fund	Power Interchange Fund	MoPEP 1 Pool Fund	Projects Fund	Total
OPERATING REVENUES						
Power sales and related charges	\$ -	\$ -	\$ -	\$ 153,165,361	\$ -	\$ 153,165,361
Transmission	-	-	47,330	4,453,176	-	4,500,506
Noncapital project cost reimbursements	-	-	-	-	582,534	582,534
Transfer from MAMU	180,868	-	-	-	-	180,868
Member training program	277,941	-	-	-	-	277,941
Conferences	56,015	-	-	-	-	56,015
Newsletter	14,473	-	-	-	-	14,473
Miscellaneous	-	21,040	-	-	29,750	50,790
Total operating revenues	529,297	21,040	47,330	157,618,537	612,284	158,828,488
OPERATING EXPENSES						
Power purchases	-	-	-	114,032,743	-	114,032,743
Member capacity and generation credits	-	-	-	17,751,601	-	17,751,601
Power generation	-	-	-	6,782,166	-	6,782,166
Transmission	-	-	36,455	10,071,853	-	10,108,308
Personnel services and staff support	303,314	293,565	8,804	544,255	64,370	1,214,308
Professional services	4,890	214,416	-	142,883	460	362,649
Rental and maintenance	68,378	-	-	219,265	-	287,643
Utilities	34,123	107	-	131,606	-	165,836
Other services	12,603	46,051	-	-	-	58,654
Member training program	57,046	218	-	-	-	57,264
Conferences	50,247	-	-	-	-	50,247
Depreciation	51,185	6,475	-	491,498	102,625	651,783
Other operating expenses	113,044	71,665	-	118,119	50	302,878
Miscellaneous project expenses	-	-	-	-	33,680	33,680
Total operating expenses	694,830	632,497	45,259	150,285,989	201,185	151,859,760
Operating income (loss)	(165,533)	(611,457)	2,071	7,332,548	411,099	6,968,728
NONOPERATING REVENUES (EXPENSES)						
Interest income	807	2,253	-	50,184	18,588	71,832
Gain on sale of property	(295)	3,417	-	(369)	-	2,753
Interest and fees expense	(67,678)	-	-	(493,018)	-	(560,696)
Amortization expense	-	-	-	(8,753)	-	(8,753)
Total nonoperating revenues (expenses)	(67,166)	5,670	-	(451,956)	18,588	(494,864)
OTHER FINANCING SOURCES (USES)						
Interfund operating transfers	234,049	626,866	(2,409)	(375,847)	(482,659)	-
Increase (decrease) in fund equity	1,350	21,079	(338)	6,504,745	(52,972)	6,473,864
Fund equity, beginning of year	274,669	24,831	998,941	5,216,994	(468,742)	6,046,693
Fund equity, end of year	\$ 276,019	\$ 45,910	\$ 998,603	\$ 11,721,739	\$ (521,714)	\$ 12,520,557

MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION

SCHEDULE OF CHANGES IN RESTRICTED BOND ACCOUNTS
HELD IN TRUST BY THE BANK OF NEW YORK TRUST COMPANY, N.A.
Year Ended December 31, 2010

	Fair Value 12/31/09	Receipts	Disbursements	Change in Fair Value	Change in Interest Receivable	Fair Value 12/31/10
Power Project Revenue Bonds (Plum Point Project) Series 2006, Series 2009A and Series 2009B						
Project Fund	\$ 29,104,699	\$ 1,334,640	\$ 14,509,765	\$ -	\$ (130)	\$ 15,929,444
Debt Service Fund	20,225,949	5,182,598	17,685,194	-	(120)	7,723,233
Debt Service Reserve Account	26,538,154	5,557,967	4,577,812	(804,696)	(10)	26,713,603
Total	<u>\$ 75,868,802</u>	<u>\$ 12,075,205</u>	<u>\$ 36,772,771</u>	<u>\$ (804,696)</u>	<u>\$ (260)</u>	<u>\$ 50,366,280</u>
Power Project Revenue Bonds (Iatan 2 Project) Series 2006A, 2006B, 2009A and 2009B						
Project Fund						
Taxable	\$ 612,578	\$ 13,444	\$ 9,516	\$ -	\$ (2,643)	\$ 613,863
Tax Exempt	45,961,312	3,343,404	35,078,089	-	(14)	14,226,613
Debt Service Fund						
Taxable	391,704	230,266	437,173	-	(186)	184,611
Tax Exempt	24,995,872	6,261,818	20,391,769	-	(40,606)	10,825,315
Debt Service Reserve Account	22,475,326	9,618,476	10,847,110	509,033	(13)	21,755,712
Total	<u>\$ 94,436,792</u>	<u>\$ 19,467,408</u>	<u>\$ 66,763,657</u>	<u>\$ 509,033</u>	<u>\$ (43,462)</u>	<u>\$ 47,606,114</u>
Power Project Revenue Bonds (Prairie State Project) Series 2007A, 2007B, 2009A and 2009B						
Project Fund						
Taxable	\$ 16,333,854	\$ 4,141,933	\$ 5,515,351	\$ -	\$ (183)	\$ 14,960,253
Tax Exempt	262,006,068	78,114,475	196,445,402	-	(3,062)	143,672,079
Debt Service Fund						
Taxable	5,018,161	408,942	1,802,522	-	(32)	3,624,549
Tax Exempt	78,790,282	6,375,075	29,826,215	-	(495)	55,338,647
Debt Service Reserve Accounts	48,021,222	41,438,977	34,188,638	-	(126)	55,271,435
Total	<u>\$ 410,169,587</u>	<u>\$ 130,479,402</u>	<u>\$ 267,778,128</u>	<u>\$ -</u>	<u>\$ (3,898)</u>	<u>\$ 272,866,963</u>