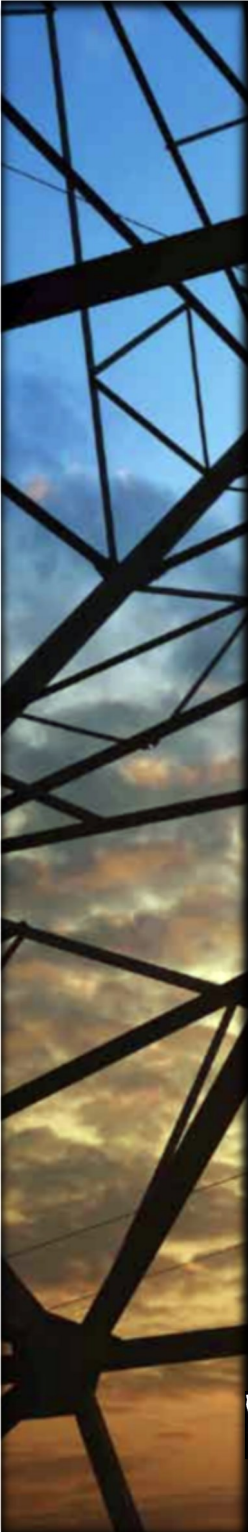




**Missouri Basin Municipal Power Agency
d/b/a Missouri River Energy Services
Western Minnesota Municipal Power Agency
Combined Statements of Net Position (Unaudited)
March 31, 2017 and 2016**

	<u>March 31</u>			<u>March 31</u>	
Assets:	<u>2017</u>	<u>2016</u>	Liabilities and Net Position:	<u>2017</u>	<u>2016</u>
Current Assets:					
Cash and cash equivalents:					
Restricted	\$ 39,821,228	\$ 56,109,725	Current Liabilities:		
Unrestricted	<u>18,014,384</u>	<u>13,155,652</u>	Accounts Payable	\$ 34,201,120	\$ 31,589,851
Total cash and cash equivalents	<u>57,835,612</u>	<u>69,265,377</u>	Accrued taxes	4,935,938	4,086,396
Short-term investments:					
Restricted	120,996,854	133,959,320	Current liabilities payable from restricted assets:		
Unrestricted	<u>55,225,654</u>	<u>39,474,592</u>	Current maturity of revenue bonds	10,120,000	11,095,000
Total short-term investments	<u>176,222,508</u>	<u>173,433,912</u>	Accrued interest	<u>7,022,124</u>	<u>7,155,075</u>
Accounts receivable	17,456,925	16,167,010	Total Current Liabilities	<u>56,279,182</u>	<u>53,926,322</u>
Advances to Missouri Basin Power Project	26,095,595	19,812,517	Non-Current Liabilities:		
Fuel stock	1,100,737	1,085,217	Revenue bonds, net of unamortized debt discount and premium and excluding current maturities	572,844,612	587,086,817
Materials and supplies	173,911	173,911	Revenues collected for future costs	38,635,698	37,571,880
Other current assets	<u>1,121,096</u>	<u>1,481,649</u>	Other non-current liabilities	380,637	—
Total Current Assets	<u>280,006,384</u>	<u>281,419,593</u>	Unearned revenue	<u>8,520,055</u>	<u>13,388,659</u>
Non-Current Assets:					
Long-term investments:					
Restricted	27,673,389	67,944,103	Total Non-Current Liabilities	<u>620,381,002</u>	<u>638,047,356</u>
Unrestricted	<u>55,731,453</u>	<u>63,003,882</u>	Total Liabilities	<u>676,660,184</u>	<u>691,973,678</u>
Total long-term investments	<u>83,404,842</u>	<u>130,947,985</u>	Net Position		
Capital assets:					
Utility plant in service	499,338,436	494,429,224	Total Liabilities and Net Position	<u>\$ 890,660,391</u>	<u>\$ 870,530,865</u>
Less-accumulated depreciation	<u>239,876,528</u>	<u>237,552,689</u>			
Net utility plant in service	<u>259,461,908</u>	<u>256,876,535</u>			
Construction work in progress	<u>257,666,045</u>	<u>193,865,884</u>			
Net capital assets	<u>517,127,953</u>	<u>450,742,419</u>			
Advances for mine development	2,332,837	1,630,221			
Unamortized debt expense	3,573,445	3,854,144			
Other non-current assets	<u>4,214,930</u>	<u>1,936,503</u>			
Total Assets	<u>\$ 890,660,391</u>	<u>\$ 870,530,865</u>			




Missouri River
Energy Services

Western Minnesota
Municipal
Power Agency

Quarterly
Financial
Statements

As of
March 31, 2017



Western Minnesota
Municipal Power Agency



Management Discussion

Missouri Basin Municipal Power Agency d/b/a
Missouri River Energy Services
Western Minnesota Municipal Power Agency
Combined Statements of Revenues, Expenses and
Changes in Net Position (Unaudited)
For the Periods Ending March 31, 2017 and 2016

The Combined Statements of Net Position and Statements of Revenues, Expenses, and Changes in Net Position for the periods ended March 31, 2017, and 2016, are included for those interested in the operations of the Missouri Basin Municipal Power Agency d.b.a. Missouri River Energy Services (MRES) and the Western Minnesota Municipal Power Agency (WMPMA). These statements should be read in conjunction with the 2016 Annual Report.

LONG-TERM POWER SALES

Long-term sales revenue for the three months ended March 31, 2017, totaled \$45.8 million, which is 22 percent more than the \$45.8 million during the same period in 2016. The average rate for long-term power sales was approximately 5.8 cents per kilowatt-hour (kWh) for the three months ended March 31, 2017, compared to the 5.6 cents per kWh for the three months ended March 31, 2016, an increase of seven percent. The increase in revenue is largely due to serving the entire demand and energy requirements in excess of purchases from the Western Area Power Administration (WAPA) for Marshall, Minn., beginning in July 2016. Prior to July 2016, MRES was only serving a portion of the demand and energy in excess of WAPA purchases.

SHORT-TERM POWER SALES

Short-term power sales revenue for the three months ended March 31, 2017, totaled \$2.1 million, which is higher than the \$1.6 million during the same period in 2016. The increase in short-term power sales is due to the increase in the market price for the first three months of 2017.

TRANSMISSION SERVICE REVENUE

Transmission service revenue for the three months ended March 31, 2017, totaled \$13.7 million, ten percent higher than the \$12.5 million during the same period in 2016. The higher revenue in 2017 was largely due to higher transmission costs paid to others and passing these costs along to MRES members.

OPERATING EXPENSES

Fuel expense for the three months ended March 31, 2017, was six percent lower than the same period in 2016 due to a decrease in average cost per megawatt-hour (MWh) at Laramie River Station. Other power supply operations and maintenance expenses of \$25 million were 21 percent higher during the three months ended March 31, 2016, than the prior year, primarily due to higher purchased power expenses. The higher purchased power expenses were due to higher MWh purchases and higher market prices. Transmission operations and maintenance expenses during the three months ended March 31, 2017, were seven percent more than the prior year, largely due to higher costs for transmission of electricity by others.

NON-OPERATING REVENUES (EXPENSES)

The investment income for the three months ended March 31, 2017, was six percent higher than the same period in 2016 due to an increase in investment yields. Interest expense for the three months ended March 31, 2017, decreased compared to the same period in the prior year due to the regularly scheduled principal payments.

CHANGE IN NET POSITION

The change in net position for the three months ended March 31, 2017, was approximately \$12.9 million compared to approximately \$8.2 million for the same period in 2016. The year-to-date change in net position is \$4.1 million higher than budgeted. The increase in net position compared to 2016 was largely due to higher long-term power sales to Marshall, Minn., offset by higher purchased power expense. The favorable variance in the year-to-date March 31, 2017 change in net position compared to budget is largely due to lower purchased power and fuel expense offset by lower long-term and short-term power sales.

	Three Months Ended March 31	
	<u>2017</u>	<u>2016</u>
Operating Revenues:		
Long-term power sales	\$ 45,844,022	\$ 37,660,265
Short-term power sales	2,051,327	1,796,112
Transmission services	13,739,586	12,477,635
Other operating income	<u>1,375,248</u>	<u>1,244,846</u>
Total Operating Revenues	<u>63,010,183</u>	<u>53,178,858</u>
Operating Expenses:		
Fuel	4,704,487	5,013,486
Other power supply operation and maintenance	25,192,846	20,783,961
Depreciation and amortization	2,211,507	2,184,463
Transmission operation and maintenance	9,369,192	8,725,088
Customer information and collections	48,972	53,525
Administrative and general	2,452,809	2,516,582
Property taxes	<u>1,390,728</u>	<u>874,746</u>
Total Other Operating Expenses	<u>45,370,541</u>	<u>40,151,851</u>
Operating Income	<u>17,639,642</u>	<u>13,027,007</u>
Non-Operating Revenues (Expenses):		
Investment income	740,697	696,192
Other income	1,630,016	1,876,899
Other expense	(923,386)	(841,600)
Interest expense	(7,022,124)	(7,155,075)
Amortization of financing related costs, premium and discount	913,738	923,499
Amortization of reserves previously collected	1,266,317	1,266,317
Net Costs recoverable in (for) future years:		
Principal in excess of depreciation and amortization	<u>(1,344,817)</u>	<u>(1,609,240)</u>
Total Non-Operating Expenses	<u>(4,739,559)</u>	<u>(4,843,008)</u>
Change in Net Position	<u>\$ 12,900,083</u>	<u>\$ 8,183,999</u>