

QUARTERLY UPDATE

Strategic Business Objectives Scorecard Fiscal Year 2012 (December 31, 2011)

	Actual	Target	Industry
Utility Supply			
◆ Equivalent Forced Outage Rate ¹ Measure of generation reliability. Hours units not available at full load as a percentage of hours scheduled.	0.26%	< 3.00%	10.78% (2010)
◆ System Busbar Cost (Excluding Depreciation) ² Measure of the cost of generation. CU's generation operations and maintenance per MWh generated.	\$38.32	< \$38.00	\$37.37 (2010)
Customer Delivery			
◆ Customer Satisfaction ³ Measure of customer satisfaction with CU. From customer survey, percent of respondents Very Satisfied or Somewhat Satisfied for overall customer satisfaction.	94%	> 90%	90% (2011*)
Financial Strength			
◆ Days Cash on Hand Ability to meet the day-to-day financial obligations of the utility. Utility funds available for working capital divided by daily cash requirements. (Not including contingency reserve or market value adjustment.)	67	60-75	105 (2010)
Human Resources			
◆ Customers per Employee ² Measure of productivity. Ratio of the number of electric, natural gas, and water customers to full-time equivalent employees, excluding transit and telecommunications.	282	> 280	296 (2010*)
◆ Overtime ¹ Measure of productivity. Ratio of dollars paid in overtime to total labor dollars.	8.52% (8.50% excluding OT from storms)	< 6.50%	6.62% (2010*)
Community Responsibility			
◆ Community Services ¹ Measure of financial contribution to the community. Cash, free services, and other community services as a percentage of CU combined operating revenues.	7.8%	7.0% - 8.0%	5.3% (2010*)
Environmental Responsibility			
◆ Reportable Incidents ¹ Measure of environmental stewardship. Superfund air, water, or landfill incidents that are reportable to the National Response Center (EPA). (Additionally, the reference to NOV is the number of Notices of Violation received that are not reportable.)	0 (0 NOV)	0	0.7 (2010*)
Safety			
◆ Lost Time Rate ⁴ Measure of employee safety. Incident rate for cases resulting in absence due to work-related injuries or illnesses.	0.5	≤ 1.25	1.0 (2010)

¹“Actual” figures reflecting Fiscal Year 2012 information.

²“Actual” figures reflecting 12 months ended December 31, 2011.

³Customer Satisfaction was last measured during August and September 2011.

⁴Lost Time Rate is listed for January 1, 2011 - December 31, 2011.

The “Industry” column reflects the comparable metrics readily available from industry resources. When comparable industry data was not available, results from a peer utility survey were utilized, as referenced by the “*” symbol.

Finance at a Glance Quarter Ended December 31, 2011

Performance Criteria Used for Operating Income:

<5% unfavorable variance	5% to 15% unfavorable variance	>15% unfavorable variance
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Electric Operating Income

Actuals	\$ 2,531,007
Budget	\$ 1,538,259
Variance	\$ 992,748
Over/(Under)%	65%

Variance Explanation

Electric revenues were \$3.4 million, or 5.5%, below budget with sales volumes that were 3.4% below budget. Electric expenses were \$4.4 million, or 7.2%, below budget. Both variances can be attributed to milder weather patterns in the first quarter. Result: Operating Income \$1.0 million favorable.

Natural Gas Operating Income

Actuals	\$ 2,431,474
Budget	\$ 2,846,662
Variance	(415,188)
Over/(Under)%	-15%

Natural Gas revenues were \$3.5 million under budget with sales volumes that were 10.1% below budget. Expenses were \$3.1 million under budget with lower purchased gas costs representing most of the underrun. Both variances are due to warmer weather. Result: Operating Income was \$415,000 unfavorable.

Transit Operating Income (Loss)

Actuals	\$ (1,746,710)
Budget	\$ (1,893,635)
Variance	\$ 146,925
Over/(Under)%	8%

Transit revenues were \$51,000 over budget. Expenses were \$96,000 under budget, driven by maintenance expenses being lower than estimated. Result: Operating Loss was \$147,000 less than budgeted.

Telco/Broadband Operating Income

Actuals	\$ 676,599
Budget	\$ 630,441
Variance	\$ 46,158
Over/(Under)%	7%

Telecommunications revenues were over budget by \$111,000 while expenses were \$65,000 over budget. Result: Operating Income was \$46,000 favorable.

Water Operating Income

Actuals	\$ 1,451,054
Budget	\$ 1,193,704
Variance	\$ 257,350
Over/(Under)%	22%

Water revenues were \$286,000 over budget with sales volumes that were 3.2% higher than budget. Operating expenses were on target with the budget. Result: Operating Income was \$257,000 favorable.

Performance Criteria Used for Days Cash:

>55 days cash	50 to 55 days cash	<50 days cash
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Days Cash

Actuals	67
Target	60 to 75

Variance Explanation

Targeted days cash on hand is 60-75 days. Actual cash on hand (working capital) was 67 days.

Performance Criteria Used for Fuels Inventory:

<10% unfavorable variance	10% to 25% unfavorable variance	>25% unfavorable variance
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Coal Inventory (Tons)

Actuals	405,585
Budget	331,689
Variance	73,896
Over/(Under)%	22%

Variance Explanation

At the end of December, coal inventory was 74,000 tons over budgeted quantities. Coal purchases were 3,000 tons over budget and coal burned was 71,000 tons under budget.

Coal Inventory

Actuals	\$ 15,866,654
Budget	\$ 12,655,356
Variance	\$ 3,211,298
Over/(Under)%	25%

The value of the coal inventory was \$3.2 million over budget.

Natural Gas Inventory (DTH)

Actuals	2,007,567
Budget	1,429,925
Variance	577,642
Over/(Under)%	40%

Inventory level of natural gas was 40% over the budgeted levels, primarily due to the milder weather patterns experienced and lower spot market prices during the first quarter.

Natural Gas Inventory

Actuals	\$ 8,052,997
Budget	\$ 5,807,524
Variance	\$ 2,245,473
Over/(Under)%	39%

Inventory value of natural gas was 39% over the budgeted level. Actual average cost of \$4.01 per DTH was on target with the budget.



Natural Gas Statistics as of December 31, 2011

Natural Gas	Residential	Commercial	Industrial
Average Number of Customers	74,352	7,973	216
Average Annual Natural Gas Bill	\$ 649	\$ 3,269	\$ 49,173
Therms Used	740	4,630	88,650
Record Peak	131,487	Dekatherms - January 12, 2011	
Natural Gas Used by Power Plants	687,100	Dekatherms	
Firm Pipeline Capacity	125,000	Dekatherms per Day	
Firm Storage Capacity	2	Billion Cubic Feet	
Natural Gas Distribution	1,258	Miles	
Transmission	49	Miles	

Smell Gas?

It is important for everyone in your family to recognize the “smell” of natural gas. Mercaptan is the chemical added to natural gas to give it an easily detected odor. The smell is often described as similar to sulfur or rotten eggs.

A scratch and sniff brochure is available to help you identify the smell of natural gas. Call (417) 863-9000 to request a sample.

If you smell natural gas, your equipment may not be operating properly; don't take chances. Leave the immediate area quickly. Once you are safely away from the area of danger call CU at (417) 863-9000 to report a natural gas emergency. Phones are answered 24 hours per day, 7 days per week. The call is free. The service is free.

If you smell gas, don't do any of the following actions - they could ignite the natural gas:

- Don't turn a light switch off or on.
- Don't use a telephone, cell phone or computer.
- Don't ring a doorbell.
- Don't use smoking devices or have open flames.

Natural gas detectors are recommended for individuals with diminished or no sense of smell. Most gas detectors plug into an electrical outlet and must be mounted on the wall. Check with local home building stores for purchase and follow the recommended guidelines for installation.



Second Gas Pipeline

In 2009 a segment of City Utilities' Second Gas Pipeline was discovered to be exposed at a crossing of the James River in Christian County. Temporary measures were put in place to protect the pipeline while temporary and permanent easements were acquired to facilitate the construction of a new crossing. The new pipeline crossing was completed in the spring, and restoration of the easements was completed in September 2011.

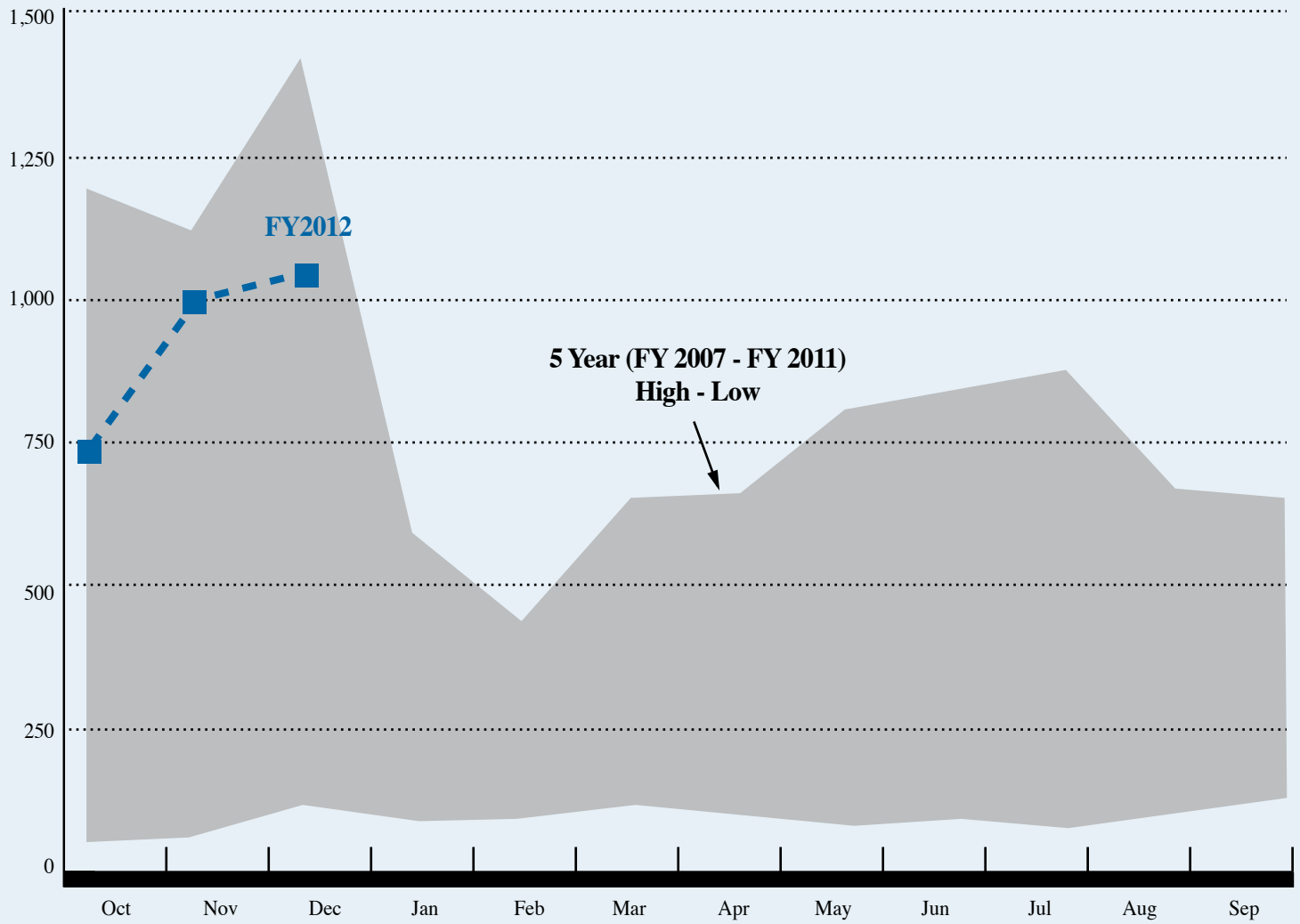
Public Safety

City Utilities surveyed more than one-third of the natural gas mains and services for leaks during the year as part of the Natural Gas Operations and Maintenance Plan. In addition, comprehensive inspections of all emergency valves, pipeline markers, regulator stations and cathodic protection devices were also conducted.

Employee Safety

The American Public Gas Association presented City Utilities with its Safety Contest Award for calendar year 2010, based on the Natural Gas Distribution Department's outstanding safety record. This is the seventh consecutive year that CU has won this award.

Energy Management & Conservation Residential Energy Audits, Commercial Energy Audits and Rebates



- ◆ Programmable Thermostat Rebate
- ◆ Residential Insulation Rebate
- ◆ Commercial Lighting Rebate
- ◆ High Efficiency Toilet Rebate
- ◆ ENERGY STAR® Central Air Conditioner Rebate
- ◆ ENERGY STAR® Natural Gas Furnace Rebate
- ◆ ENERGY STAR® Air-Source Heat Pump Rebate
- ◆ ENERGY STAR® Geothermal Heat Pump Rebate
- ◆ Natural Gas Furnace Tune-Up Rebate
- ◆ ENERGY STAR® Home Rating Rebate
- ◆ Home Performance with ENERGY STAR®
- ◆ Commercial Lighting Audit
- ◆ Commercial Energy Audit