

**OFFICIAL PROCEEDINGS OF THE
BOARD OF WATER, ELECTRIC,
AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA
DECEMBER 21, 2023 – 5:30 P.M.**

The Board of Trustees met in regular session at Muscatine Power and Water's Administration/Operations Building, 3205 Cedar Street, Muscatine, Iowa, on Thursday, December 21, 2023, at 5:30 p.m.

Chairperson Keith Porter called the meeting to order. Other members of the Board were present as follows: Trustees Susan Eversmeyer, Tracy McGinnis, Kevin Fields, and Steven Bradford.

Also present were Kelly Miller, Board Secretary; Brandy Olson, Mark Roberts, Ryan Streck and Doug White of Muscatine Power and Water. Additional guests included Jacob Elliott and Jessica Rexroth.

Secretary Miller asked if there was anyone in attendance who wished to make any public comments.

Brandy Olson introduced Jessica Rexroth.

The November 28, 2023, Public Hearing meeting and Board meeting minutes and the November 28, 2023 Audit/Finance Committee meeting minutes were presented as previously submitted. Trustee Eversmeyer moved, seconded by Trustee Fields, for the minutes from the November 28, 2023 Public Hearing, Board meeting and Audit/Finance Committee meeting be approved. All Trustees present voted aye. Motion carried.

The list of expenditures and transactions for November 2023 was presented. After review by Mr. Roberts, and discussion of the expenditures, Trustee McGinnis moved, seconded by Trustee Bradford to ratify payment of \$9,476,078.33 for the Electric Utility, \$617,218.71 for the Water Utility, and \$1,185,588.80 for the Communications Utility, for a cumulative total of \$11,278,885.84. All Trustees present voted aye. Motion carried.

The next agenda item was a recommendation to Approve a Project Summary Form ("PSF") for the 9A Circulating Water Pump Overhaul. Mr. White provided a presentation to the Trustees regarding the process for the overhaul. Mr. White updated the Trustees stating that the pump was last sent in for inspection in 1994. The age and condition of the pump made disassembly and inspection difficult, leaving several components destroyed in the process. Inspection and measurement revealed repairs were more extensive than expected, resulting in the final repair costs being higher than originally estimated. After discussion, Trustee Eversmeyer moved, seconded by Trustee Fields, to approve the revised PSF for the 9A Circulating Water Pump overhaul for a total cost of \$254,400. All Trustees present voted aye. Motion carried.

Mr. Roberts introduced the next agenda item, which was a recommendation to Approve Accounting for Power Plant Decommissioning and Demolition Costs. Over the last year, Staff has been working with MPW's auditor, Eide Bailly, LLC ("EB") to investigate and agree on the appropriate accounting for decommissioning and demolition costs (referred to herein and generally in accounting references as simply "decommissioning costs") for the MPW generation station. MPW has not set a firm date for completing demolition, but Staff knows it will eventually occur. Staff investigated several options. In addition to the obligation to its customers, MPW is also a component unit of the City of Muscatine and the plant is located within City limits. It is reasonable to believe the City would at some point require the decommission/demolition of the generation station units that are no longer in service. Staff also recommends setting aside cash each month equal to the amounts expensed. Staff does not recommend restricting these funds; however, the amount set aside will be reported on a separate line on at least

internal balance sheets. This cash would be used to pay any incurred decommissioning expenses. These changes were discussed with EB and will be further reviewed by EB during the 2023 audit. It is Staff's recommendation to approve accounting for Power Plant Decommissioning and Demolition Costs to be amortized over the remaining life of MPW's generation station Units 7, 8, and 9. The following resolution was submitted:

RESOLUTION 23-34

WHEREAS, MPW Staff have been working with our auditors, Eide Bailly LLC, to investigate and agree to the appropriate accounting for decommissioning and demolition costs for the MPW generation station; and,

WHEREAS, Staff has previously provided information to the Board on this matter;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, authorizes MPW Staff to recognize in its accounting and financial reports to recognize certain deferred outflows, liabilities and ongoing amortization expenses related to future obligations to decommission and demolish MPW's generation station Units 7, 8, and 9 and related assets at the site related to those units:

1. Recognize a deferred outflow as an asset to recognize there will be future expenditures for decommissioning.
2. Recognize a liability to show MPW has significant expected costs to decommission the generation station.
3. Update those deferred outflow and liability balance sheet items on an annual basis based on such changes as inflation assumptions and decommissioning cost estimates from engineering studies (timed with annual budget planning cycle).
4. Amortize the deferred outflow based on the liability amount and the expected lives of the units.
5. Adjust amortization each year based on changes in deferred outflow and expected life (timed with annual budget planning cycle).
6. Include costs in all future electric rate evaluations until decommissioning is completed.
7. Set aside in an unrestricted fund cash based on the amounts expensed that are to be used for future decommissioning costs.

Trustee Bradford moved, seconded by Trustee Fields, that said resolution be passed, approved, and adopted this 21st day of December 2023. On roll call, Trustees Eversmeyer, McGinnis, Bradford, Fields, and Porter voted aye. Voting nay, none. Resolution carried.

The meeting was adjourned at 5:56 p.m.

BOARD OF WATER, ELECTRIC, AND
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A handwritten signature in cursive script that reads "Kelly Miller".

Kelly Miller
Board Secretary