

**OFFICIAL PROCEEDINGS OF THE
BOARD OF WATER, ELECTRIC,
AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA
MARCH 28, 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 Tuesday, March 28, 2023 at 5:30 p.m.

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

Also present were Gage Huston, General Manager of Muscatine Power and Water (MPW); Kelly Miller, Board Secretary; Erika Cox, Brandy Olson, Mark Roberts, Ryan Streck, and Doug White of MPW. Additional guests included Dave Berg (Dave Berg Consulting), Tom Mergen, Don Curry, Lisa Brunie McDermott, Bryan Popelka, Nikki Sink, Kent Jurgensen, Jean Clark, Rebecca Paulsen, Sal LoBianco, Jessica Brackett, Linda Schmarje, Jim Elias, and Lance Rowell were also present.

Ms. Clark made a public comment.

Trustee Eversmeyer moved, seconded by Trustee Porter, to approve the February 28, 2023 Audit/Finance Committee meeting minutes, the Public Hearing minutes, and regular Board meeting minutes. All Trustees voted aye. Motion carried.

Trustee Bradford moved, seconded by Trustee McGinnis, to ratify payments totaling \$5,985,325.71 for the Electric Utility, \$461,743.57 for the Water Utility, and \$1,147,776.31 for the Communications Utility, for a cumulative total of \$7,594,845.59. All Trustees voted aye. Motion carried.

Mr. Huston introduced a recommendation to approve a two-year Electric Utility base rate adjustment plan. A Cost-of-Service/Rate Design Study for the Electric Utility was conducted by Mr. Berg of Dave Berg Consulting, LLC (DBC). He had reviewed the results of the Study with the Audit/Finance Committee prior to the Board meeting. Mr. Roberts continued that Management is recommending overall 1.3% electric base rate increases to be effective July 1, 2023, and July 1, 2024. The combined recommended increases are slightly higher than the assumptions included in the Electric Utility's most recent Ten-Year Financial Projection. Management believes the increases are necessary to maintain the long-term financial stability of the Utility. Even with the proposed rate increases, MPW's electric rates will remain competitive and below State and national averages. Mr. Berg provided a high-level summary of the Electric Cost of Service and Rate Design Study results during the Board meeting. A summary was included as an attachment to the memo, including a table of proposed rates and bill comparisons for different types of customers, and the full study was provided as well. There was no recommended change to the rate design for electric services. After additional discussion, the following resolution was submitted:

**RESOLUTION 23-07
ELECTRIC UTILITY RATE ADJUSTMENT**

WHEREAS, certain studies have been made of the financial condition of the Electric Utility and presented to the Board of Water, Electric, and Communications Trustees for its consideration; and,

WHEREAS, the Board has reviewed these studies and determined a revenue increase is necessary to keep the Electric Utility in sound financial condition; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa that electric revenue be increased by 1.3% effective with electric billings after July 1, 2023 and by another 1.3% effective with electric billings after July 1, 2024;

BE IT FURTHER RESOLVED, that said increases be effected by adoption of the rates for each customer class delineated in the March 28, 2023 Electric Cost of Service and Rate Design Study completed by Dave Berg Consulting, LLC; and,

BE IT FURTHER RESOLVED, that proper notice be given to contract consumers in accordance with the terms of the contracts.

Trustee Eversmeyer moved, seconded by Trustee Bradford, that said resolution should be passed, approved, and adopted on this 28th day of March 2023. On roll call Trustees McGinnis, Bradford, Eversmeyer, Porter, and Fields voted aye. Voting nay, none. Resolution carried.

Next on the agenda Mr. Huston introduced the recommendation to approve the recommended Water rate adjustments of 8.0% effective July 1, 2023 and 4.0% effective July 1, 2024. The proposed rate increase is cost-of-service based and is the result of a Water Utility Cost of Service and Rate Design Study completed by DBC. The Water Utility's costs are reviewed based on the cost to serve various classes of customer and broken out by various rate components that reflect customer-, demand- and commodity-related costs. The proposed rate adjustments for the various customer classes and rate components are recommended based on an effort to align revenues with the cost of providing water services to MPW's customers, by class of customer by rate component. The results of the Water Cost of Service and Rate Design Study were reviewed with the Audit/Finance Committee at its February 28, 2023 meeting. Mr. Berg provided a high-level summary of the Water cost-of-service study results during the Board meeting. A summary of the results was included in the attachment to the memo, including a table of proposed rates and bill comparisons for different types of customers. After additional discussion, the following resolution was submitted:

**RESOLUTION 23-08
WATER UTILITY RATE ADJUSTMENT**

WHEREAS, certain studies have been made of the financial condition of the Water Utility and presented to the Board of Water, Electric, and Communications Trustees for its consideration; and,

WHEREAS, the Board has reviewed these studies and determined a revenue increase is necessary to keep the Water Utility in sound financial condition; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa that water revenue be increased by 8.0% effective with water billings after July 1, 2023 and 4.0% effective with water billings after July 1, 2024;

BE IT FURTHER RESOLVED, that said increases be effected by adoption of the rates for each customer class delineated in the March 28, 2023 Water Cost of Service and Rate Design Study completed by Dave Berg Consulting, LLC; and,

BE IT FURTHER RESOLVED, that proper notice be given to contract consumers in accordance with the terms of the contracts.

Trustee Porter moved, seconded by Trustee McGinnis, that said resolution should be passed, approved, and adopted on this 28th day of March 2023. On roll call Trustees Porter, Eversmeyer, Bradford, McGinnis, Porter, and Fields voted aye. Voting nay, none. Resolution carried.

Mr. Berg left the meeting at 6:15 p.m.

Next on the agenda Mr. Huston introduced a resolution to approve the Communications Utility's recommended MPW Video price adjustments, effective May 1, 2023, and authorize the General Manager to continue to be responsible for approving tiers, bulk packages, premium services, equipment and other fees, promotional packages, and discounts for all MPW's Communications services as deemed necessary to ensure the financial viability of the Communications Utility. He stated the ever-increasing costs to acquire programming content have long been the major driver in setting and adjusting rates for MPW Video services. Our practice had been to recommend annual rate adjustments to cover programming cost increases. In the 2023 Operating Budget, staff estimated an 8.5% programming cost increase based on known and estimated new costs. Mr. Huston further stated that the overall cost of MPW's Video offerings continues to stay in line with our direct satellite competition, as well as regional benchmarks. This continued competitiveness is because all video providers are facing the price increases from programmers. Mr. Huston also stated that costs for phone services do not experience the same volatility we see with video services, and rates for MPW Telephone services will be held at current levels. After additional discussion, the following resolution was submitted:

RESOLUTION 23-09

WHEREAS, review of the financial condition of the Communications Utility has been completed and reviewed with the Board of Water, Electric, and Communications Trustees for its consideration; and,

WHEREAS, the Board has reviewed this information and determined a revenue adjustment is necessary to keep the Communications Utility in a sound financial condition; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, effective May 1, 2023 the price for MPW TV Basic service shall be \$25.99 per month and Select service shall be \$89.99 per month; and

BE IT FURTHER RESOLVED, the Broadcast Surcharge shall be \$22.09; and

BE IT FURTHER RESOLVED, the Regional Sports Charge for Select service shall be \$9.49; and

BE IT FURTHER RESOLVED, the General Manager of Muscatine Power and Water shall continue to be responsible for approving tier pricing, premium services, equipment fees, promotional packages, and discounts to assure financial viability of the Communications Utility; and

BE IT FURTHER RESOLVED, proper notice be given to consumers in accordance with the terms of the contracts, Federal Communications Commission (FCC) and Iowa State Code.

Trustee Bradford moved, seconded by Trustee Porter, that said resolution should be passed, approved, and adopted on this 28th day of March 2023. On roll call Trustees McGinnis, Bradford, Eversmeyer, Porter, and Fields voted aye. Voting nay, none. Resolution carried.

Mr. Huston introduced the following Resolution to approve the Communications Utility's recommended Internet package restructure and Internet rate adjustments, effective May 1, 2023. Mr. Huston stated that people need bandwidth. And that need grows every time a new device enters the home, or a new user becomes active. But because a family's needs grow incrementally, their internet connection is usually under-sized. In 2022, Staff set in motion a multi-phased plan to give MPW customers the internet speeds they need while lowering the price barriers to our highest bandwidth offerings. Costs for internet services are not as volatile as video services and the growth in internet subscribers has enabled staff to creatively maneuver customers to higher speed options that will be the same price; and in some cases, less than they are paying at present.

Mr. Huston stated that MPW enjoys significant market share for internet services, but competitive pressures remain present. These changes will position MPW to stave off any internet service provider (ISP) that may consider overbuilding in Muscatine as they have done in other nearby cities. Our new lower priced, symmetrical 1G service now compares favorably to regional providers. After additional discussion, the following resolution was submitted:

RESOLUTION 23-10

WHEREAS, review of the Communications Utility Internet structure has been completed and reviewed with the Board of Water, Electric, and Communications Trustees for its consideration; and,

WHEREAS, review of the financial condition of the Communications Utility has been completed and reviewed; and,

WHEREAS, the Board has reviewed this information and determined that a restructure of the internet packages and internet service pricing adjustments maintain the Communications Utility in a sound financial condition; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, that the Residential and Business Class 50M Internet packages and Residential 500M Internet package be eliminated; and

BE IT FURTHER RESOLVED, that effective May 1, 2023 the packages and prices for MPW Residential Internet be as follows: 15M at \$30.99; 100M at \$50.99; 250M at \$65.99; 1G at 80.99; and

BE IT FURTHER RESOLVED, that effective May 1, 2023 the packages and prices for MPW Business Class Internet be as follows: 15M at \$59.99; 100M at \$79.99; 250M at \$109.99; 500M at \$149.99; and 1G at 189.99; and

BE IT FURTHER RESOLVED, Residential customers that subscribe to MPW TV and Internet at 100M or more, receive a \$5.00 per month discount on Internet services; and

BE IT FURTHER RESOLVED, that proper notice be given to customers in accordance with the terms of the contracts, Federal Communications Commission (FCC) and Iowa State Code.

Trustee Eversmeyer moved, seconded by Trustee Porter, that said resolution should be passed, approved, and adopted on this 28th day of March 2023. On roll call Trustees McGinnis, Bradford, Eversmeyer, Porter, and Fields voted aye. Voting nay, none. Resolution carried.

The next agenda item was Recommendation to Set Dates for Receipt of Bids/Conduct a Public Hearing on the West Hill Pump Station – Exterior Improvements Project (2C-WD230288). Mr. Huston stated that the scope of this project involves improving the exterior on the West Hill pump station as continued maintenance to allow the life of the 56-year-old building to be extended and maintain the level of appearance that reflects the high quality and reliability of MPW's water service. Improvements will include roof demolition and replacement; repairs to exterior walls and windows; repairs to doorways; and MPW sign fabrication and installation. It is management's recommendation the public hearing be set for May 30, 2023, at 5:28 p.m. The following resolution was submitted:

RESOLUTION 23-11

WHEREAS, plans and specifications have been prepared for the West Hill Pump Station – Exterior Improvements Project; and,

WHEREAS, said proposed plans and specifications and proposed form of contract are now on file with the Secretary of the Board and the Board finds the same are in substantial conformity with the requirements necessary to carry out said plans; now therefore, the West Hill Pump Station – Exterior Improvements Project is tentatively approved; and,

BE IT RESOLVED, that the date of May 2, 2023 at 3:30 p.m., is hereby set for receipt of bids on the West Hill Pump Station – Exterior Improvements Project at which time the Board's duly appointed representatives are hereby authorized, empowered and directed to receive, open and read aloud all sealed bids, and receive and record all oral bids, and keep a written record of said proceedings and notice of receipt of bids to bidders is published not less than thirteen (13) days nor more than forty-five (45) days prior to said date for receipt of bids all as required by the Code of Iowa; and,

BE IT FURTHER RESOLVED, that the hearing on said plans and specifications and proposed form of contract as provided by statute, be held at the office of the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa on May 30, 2023 at 5:28 p.m., and notice of public hearing to bidders be published not less than four (4) days nor more than twenty (20) days prior to said hearing all as required by the code of Iowa.

Trustee McGinnis moved, seconded by Trustee Bradford, that said resolution should be passed, approved, and adopted on this 28th day of March 2023. On roll call Trustees McGinnis, Bradford, Eversmeyer, Porter, and Fields voted aye. Voting nay, none. Resolution carried.

Mr. Huston introduced the following resolution requesting the Muscatine Mayor and City Council designate the week of May 7-13, 2023 as Drinking Water Week:

RESOLUTION 23-12***DRINKING WATER WEEK*****May 7-13, 2023**

WHEREAS, the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa wish to recognize its customers and employees during Drinking Water Week; and,

WHEREAS, water is our most valuable natural resource; and,

WHEREAS, Muscatine's municipal water supply provides many benefits to the community, including supporting public health, providing fire protection, supporting our economy, and sustaining the quality of life we enjoy; and,

WHEREAS, MPW provides our homes, businesses, farms, social service, and local government agencies with reliable, efficient and low-cost water services; employing sound business practices designed to ensure the best possible service at the lowest possible rate; now therefore,

BE IT RESOLVED, the Board of Trustees request the Mayor and City Council designate the week of May 7-13, 2023, as Drinking Water Week in Muscatine, in order to honor MPW, its employees who work together to provide the best possible water services; and its consumer-owners, and,

BE IT FURTHER RESOLVED, Muscatine will join hands with other communities across the nation to celebrate the benefits of a consumer-owned water utility for our local and national progress.

Trustee Porter moved, seconded by Trustee Eversmeyer, that said resolution should be passed, approved, and adopted on this 28th day of March 2023. On roll call Trustees McGinnis, Bradford, Eversmeyer, Porter, and Fields voted aye. Voting nay, none. Resolution carried.

The next item on the agenda was the 2023 Power Supply Study Results and Recommendations presented by Mr. Huston. The summary of the Muscatine Power and Water (MPW) 2022 Power Supply Study was reviewed at the February 2023 Board meeting. On March 6, 2023, MPW hosted a Customer Forum to review the results of the study and to hear feedback and questions from customers. Staff reviewed feedback it has received over the past few years from customers and stakeholders related to its Powering The Future initiative and the latest study results. Staff also recapped key conclusions from the latest study, reviewed staff's recommendations, and facilitated additional dialog with the Trustees on the direction of MPW's power supply portfolio.

Public comments were made by Ms. Brunie-McDermott, Ms. Paulsen, Ms. Clark, Mr. Popelka, Mr. LoBianco, and Ms. Brackett.

After discussion from the board and Mr. Huston, a revised motion was presented by Trustee Bradford. Motion to support the strategic direction of MPW's Powering the Future initiative, as recommended by staff, presented by the General Manager, and reviewed with the Board during the March meeting.

Trustee Bradford moved, seconded by Trustee Eversmeyer, to support the strategic direction of MPW's Powering The Future initiative, as recommended by staff, presented by the General Manager, and reviewed with the Board during the March Board meeting. All Trustees voted aye. Motion carried.

In the March GM Report, Mr. Huston updated the Board on the following topics:

- MPW Safety achievement with an Improved Experience Modification Rate, MPW's (EMR) is 0.89, a significant decrease of 1.03 from 2018 (a "Mod Rate" of 1.0 is average, while numbers lower than 1.0 are better than average)
- Revised PSF expected for effluent limit guidelines for unit 9 bottom ash system upgrades project
- APPA Legislative Rally updated, provided by Ms. Olson
- Capacity Bilateral Deal; increase in price of capacity; driven by lower accreditation of renewables entering the Midcontinent Independent System Operator (MISO) market; retirement of thermal units; this year's auction undergoing major change primarily with MISO implementation of seasonal capacity framework

The February Financial highlights and Financial Results Summaries were reviewed by Mr. Roberts.

There were no entries on the Competitive Quotes for Public Improvements Report.

Mr. Huston reviewed the Monthly Project Status Report and Variance Analysis reports.

Mr. Huston reviewed the February 2023 Departmental Reports, and Mr. White reviewed the Powering the Future section of the departmental reports.

Trustee Eversmeyer moved, seconded by Trustee Bradford, to receive and place on file the March 2023 Utility Reports. All Trustees voted aye. Motion carried.

The meeting of the Board of Trustees was adjourned at 8:00 p.m.

BOARD OF WATER, ELECTRIC, AND
COMMUNICATIONS TRUSTEES OF
THE CITY OF MUSCATINE, IOWA



Kelly Miller
Board Secretary