



VIA EMAIL

October 11, 2021

IDNR
State Director,
c/o Ms. Wendy Heib, NPDES Industrial Permit Coordinator
502 East 9th Street
Des Moines, IA 50319

**RE: Notice of Planned Participation, Effluent Limitation Guidelines
Unit 7 Compliance Subcategory - Cease Coal Combustion by 2028
Muscatine Power and Water (MPW) - NPDES Permit 7048-016**

Dear Ms. Heib,

On November 3, 2015, the Environmental Protection Agency (EPA) published a final rule updating and amending the Effluent Limitation Guidelines for the Steam Electric Power Generating Point Source category. On October 13, 2020, the EPA published the final Steam Electric Reconsideration Rule (the Rule) with updated regulatory limits for existing wastewater categories, and several new subcategories for Bottom Ash Transport Water (BATW) and Flue-Gas Desulfurization Wastewater (FGDW).

This letter provides Notice of Planned Participation (NOPP) for Unit 7 in the ELG Compliance Subcategory – “Cease Coal Combustion by 2028”, for BATW. Unit 7 is not a large unit but shares a bottom ash transport water (BATW) system with Unit 8, so compliance with ELG BATW is required.

Timeline: At the August 2021 Board meeting, the MPW Board of Trustees (Board) resolved to retire Unit 7 by May 31, 2023. This retirement is contingent upon the completion and operation of an additional transmission line (already under construction) and suspension of generation resource operation (retirement) approval from the Midcontinent Independent System Operator (MISO).

Documentation: A copy of the press release announcing the Unit 7 retirement date is attached to this NOPP. As discussed previously, this press release is sufficient documentation for the planned retirement.

Note that Unit 7 does not operate an FGD and does not generate FGDW. Please contact me with questions you may have.

Sincerely,

Jean Brewster
Manager, Environmental Affairs, MPW

CC: Doug White, Director Power Production and Supply, MPW

PRESS RELEASE

August 31, 2021

Muscatine Power and Water
3205 Cedar Street
P.O. Box 899
Muscatine, IA 52761

Contact: Erika Cox, ecox@mpw.org

MPW to Retire Coal-Fired Generating Units as Part of Strategic Plan

At Tuesday night's meeting of the Board of Water, Electric and Communications Trustees, the Board approved the retirement of Units 7, 8 and 8A (Plant 1), signaling the beginning of the phased transition away from coal-fired power generation. The Units are anticipated to be retired on May 31, 2023.

Collectively, the Units have been providing reliable and affordable power since 1960, allowing for economic growth and prosperity for all Muscatine residents. At the time of Unit 7's dedication, then Governor Robert Ray said, "This project is one example we can use as we attempt to attract new industry to Iowa."

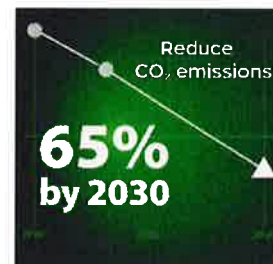
Attracting new industry was not the only advantage to having a local generation resource. Just two years after Unit 7 went online, the Utility was able to reduce electricity rates for Muscatine customers. The reduction of rates was made possible by economies of scale due the Unit's powerful turbine generator, allowing customers to enjoy some of the lowest rates in Iowa.

"Muscatine residents have all enjoyed the benefits from the energy Plant 1 has provided over the years," said MPW's General Manger, Gage Huston. "Because of MPW's ability to provide reliable and affordable power, our community has a strong industrial presence that has created a robust economic environment."

Although Plant 1 is a valued asset for the Utility, the decision to retire the Units derive from MPW's strategic plan to expand its renewable portfolio, reduce environmental impact, investigate a replacement local resource and transition reliably and safely. Encroaching environmental regulations and associated costs factored into the Trustees' decision.

"Our strategic plan will guide MPW's direction to evolve our power supply to maintain reliability, reduce environmental impact, optimize cost and risk, and meet customers' evolving needs," shared Huston.

Retiring Plant 1 will aid in MPW's strategic goal of reducing carbon emissions by at least 25% by 2024. An additional reduction of at least 65% by the end of the decade can be realized if a replacement generation resource for Unit 9, the Utility's last coal-fired unit, is in place by then.



While the retirement of Plant 1 aligns MPW's generation capacity more closely to local energy load, it brings about some unfortunate negative consequences to MPW staff and the local economy. When fully implemented, the retirement of Plant 1 will negatively impact MPW's

workforce. Approximately 25-30 positions will need to be reduced through a combination of retirements, job transfers and phased layoffs.

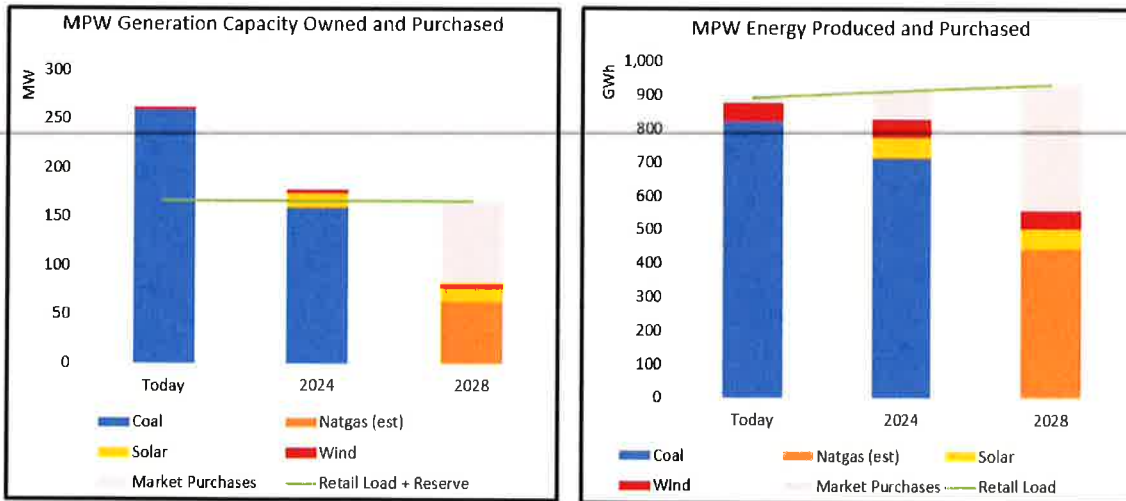
“This decision is gut-wrenching,” shared Huston. “Muscatine owes a debt of gratitude to the men and women who have faithfully worked to keep the lights on. Their institutional knowledge of our generating units, pride in maintaining these units, and their years of service cannot be overstated. Our record of high reliability is in large part due to them. This is the toughest decision we’ve had to make in our careers because we care about these people. They are not just co-workers; they’re part of the MPW family.”

To support system reliability, Plant 1 retirement is contingent on the completion of the 161 kV transmission line scheduled to be in service in mid-2022.

Doug White, Director of Power Production and Supply, gave a presentation covering the Effluent Limit Guidelines (ELG) Compliance Strategy. ELG, a portion of the Clean Water Act (CWA) established in 1972, outlines the basic structure of regulating pollutant discharges into surface waters in the United States. Consultants Black and Veatch were retained to complete an ELG Compliance Study for the Utility. The study provided compliance options, costs and timelines for the Trustees to consider.

In addition to the recommendation to retire Plant 1 by May 31, 2023, the Trustees approved the environmental compliance strategies for Unit 9. These decisions will ensure the Utility remains in compliance while retaining flexibility to allow investigations for replacement resources to be completed in the coming year. A retirement of Unit 9 by 2028 is still an option Trustees may choose depending on the results of these investigations.

As decisions are made on MPW’s existing fleet of generating resources, studies and plans are under way for future generating resources including the addition of more local renewable resources, a natural gas-fired unit, as well as making remaining purchases from the market. “Total reliance on just any one of these options puts Muscatine customers at more risk. We continue to pursue development of a diversified portfolio to balance Reliability, Affordability, Flexibility, and Sustainability,” closed Huston.



The Trustees were updated on MPW’s second safety perception survey conducted by the National Safety Council’s (NSC) Safety Barometer. The NSC Safety Barometer is a validated safety survey, asking respondents to indicate their level of agreement with general safety statements assessing the safety management system health and safety culture. There are six

fundamental safety performance categories measured: Management Commitment, Supervisor Engagement, Employee Involvement, Safety Support Activities, Safety Support Climate, and Organizational Climate. An impressive 92% of MPW employees completed the survey.

MPW employee responses were compared with 1,420 organizations in the NSC Database, with an overall percentile score of 91.6. It was noted that this is a percentile score, which means that MPW's results were better than about 92% of all other organizations surveyed. Not only did MPW achieve a high score, the scores across all six performance categories were very consistent.

"This is an important accomplishment," shared Brandy Olson, director of legal, regulatory and people services. "The safety of our team members and customers is MPW's top priority. We engage our frontline workers to call out safety concerns and continue to refine processes to embed safety excellence in our culture."

The National Cable Television Cooperative (NCTC) concluded negotiations with Disney Media & Entertainment Distribution on the Utility's behalf. This large contract covers 17 networks MPW carries, including multiple ESPN, Disney, FX and National Geographic networks for years 2021-2025. While new programming contracts result in price increases for content and network carriage requirements, overall, the final contract was one MPW supported and renewed for these highly viewed networks.

During the last legislative session, several changes were made to Iowa's Administrative Code Chapter 27 which impact municipal utilities. The changes range from the way Electric Service Rules are published to the standardization of electric meter inspection, testing and verification. The changes help clarify the regulatory authority for municipal utilities. Based on MPW's current practices, the changes are expected to have a minimal impact. To learn more, the public is encouraged to visit www.legis.iowa.gov.

Mark Roberts, Director of Finance and Administrative Services, discussed the July financial results with the Board of Trustees. For the month, MPW had net income of \$40,607, which was \$207,845 below budget. Roberts said that "while the Water and Communications utilities had positive net income, the Electric utility had a net loss of \$169,182, which was \$353,304 below budget primarily due to unplanned generation unit outages." The Water and Communications utilities had net income \$72,187 and \$137,602, respectively. For the year through July, MPW net income was \$879,053, which was \$5,883,303 above budget.

In other Board action the Trustees:

- Approved payment for July 2021 expenditures and transactions.
- Approved a resolution requesting the Mayor and Muscatine City Council designate October 3-9, 2021 as Public Power Week. MPW is planning a public event for October 7 at its Grandview Wellfield, proposed development site of MPW's 30-megawatt solar project.

Muscatine Power and Water (MPW) is a customer-driven, not-for-profit municipal utility, established by the community for the purpose of serving the community responsively, competitively, and responsibly. MPW provides reliable electricity, high quality water, and state-of-the-art communications services, including internet, video and phone services, to homes and businesses throughout the Muscatine community at rates below state and national averages with outstanding customer service. MPW is locally controlled and operated for the benefit and betterment of the community.