

**OFFICIAL PROCEEDINGS OF THE  
BOARD OF WATER, ELECTRIC,  
AND COMMUNICATIONS TRUSTEES  
OF THE CITY OF MUSCATINE, IOWA  
MARCH 29, 2007**

The Board of Trustees conducted three public hearings in Muscatine Power and Water's Administration Building, 3205 Cedar Street, Muscatine, Iowa on Thursday, March 29, 2007.

The roll was called and the following were present: Trustees Joan Axel, Warren Heidbreder, Scott Ingstad, and Doyle Tubandt. Trustee Don Mead was absent.

Also present were Mr. Jay Logel, General Manager of Muscatine Power and Water; Mr. Duane Goedken, Board Attorney; Mr. Donald W. Kerker, Board Secretary; Mr. Matt Lavold, Virchow Krause & Company; Messrs. Kyle Meier and Randy McClinklock, KCM Construction Corp.; Ms. Jennifer Meyer, Muscatine Journal; Messrs. Sal LoBianco, Ray Danz, and Gary Wieskamp, and Mses. Erika Cox and Ann Jones of MP&W.

The purpose of the hearings was to receive any written or oral comments about the following projects: Asphalt Surfacing and Repairs, and Concrete Curb and Storm Drainage – 2007 Projects, Water Main Improvements – 2007 Projects, and Units 8 and 9 Environmental Compliance Projects.

At 5:24 p.m., the Secretary opened the public hearing for the Asphalt Surfacing and Repairs, and Concrete Curb and Storm Drainage – 2007 Projects.

Chairperson Axel asked Secretary Kerker if any written or oral comments had been received regarding the Asphalt Surfacing and Repairs, and Concrete Curb and Storm Drainage – 2007 Projects and the Secretary replied that no comments had been received. The Chairperson asked the Secretary if publication of the notice of hearing and taking of bids in connection therewith had been published as required by the Code of Iowa and the Secretary replied that they had been published.

The Secretary asked if anyone in attendance wished to make any comments regarding this project. There were no comments. The following resolution was submitted.

**RESOLUTION 07-12**

WHEREAS, the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, has given tentative approval to plans and specifications for the Asphalt Surfacing and Repairs, and Concrete Curb and Storm Drainage – 2007 Projects; and,

WHEREAS, bids have been received and there were no written or oral objections to proceeding with this project; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, that the plans and specifications for the Asphalt Surfacing and Repairs, and Concrete Curb and Storm Drainage – 2007 Projects be adopted.

Trustee Ingstad moved, seconded by Trustee Heidbreder, that the said resolution should be passed, approved, and adopted this 29<sup>th</sup> day of March 2007. On roll call Trustees Axel, Heidbreder, Ingstad, and Tubandt voted aye. Voting nay, none. Trustee Mead was absent.

The Secretary closed the hearing.

At 5:26 p.m., the Secretary opened the public hearing for Water Main Improvements – 2007 Projects.

Chairperson Axel asked Secretary Kerker if any written or oral comments had been received regarding Water Main Improvements – 2007 Projects and the Secretary replied that no comments had been received. The Chairperson asked the Secretary if publication of the notice of hearing and taking of bids in connection therewith had been published as required by the Code of Iowa and the Secretary replied that they had been published.

The Secretary asked if anyone in attendance wished to make any comments regarding these projects. There were no comments. The following resolution was submitted.

#### **RESOLUTION 07-13**

WHEREAS, the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, has given tentative approval to plans and specifications for the Water Main Improvements – 2007 Projects; and,

WHEREAS, bids have been received and there were no written or oral objections to proceeding with this project; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, that the plans and specifications for the Water Main Improvements – 2007 Projects be adopted.

Trustee Tubandt moved, seconded by Trustee Heidbreder, that the said resolution should be passed, approved, and adopted this 29<sup>th</sup> day of March 2007. On roll call Trustees Axel, Heidbreder, Ingstad, and Tubandt voted aye. Voting nay, none. Trustee Mead was absent.

The Secretary closed the hearing.

At 5:28 p.m., the Secretary opened the public hearing for Units 8 and 9 Environmental Compliance Projects.

Chairperson Axel asked Secretary Kerker if any written or oral comments had been received regarding Units 8 and 9 Environmental Compliance Projects and the Secretary replied that no comments had been received. The Chairperson asked the Secretary if publication of the notice of hearing had been published as required by the Code of Iowa and the Secretary replied that it had been published.

The Secretary asked if anyone in attendance wished to make any comments regarding these projects. There were no comments.

The Secretary closed the hearing.

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

A handwritten signature in black ink, appearing to read "Donald W. Kerker". The signature is written in a cursive style with a large initial 'D'.

Donald W. Kerker  
Board Secretary

**OFFICIAL PROCEEDINGS OF THE  
BOARD OF WATER, ELECTRIC, AND  
COMMUNICATIONS TRUSTEES  
OF THE CITY OF MUSCATINE, IOWA  
MARCH 29, 2007—5:30 P.M.**

The Board of Trustees met in regular session at Muscatine Power and Water's Administration Building, 3205 Cedar Street, Muscatine, Iowa, on Thursday, March 29, 2007, at 5:30 p.m., CDT.

Chairperson Axel called the meeting to order. Members of the Board were present as follows: Trustees Joan Axel, Warren Heidbreder, Scott Ingstad, and Doyle Tubandt. Trustee Don Mead was absent.

Also present were Mr. Jay Logel, General Manager of Muscatine Power and Water; Mr. Donald W. Kerker, Board Secretary; Mr. Duane J. Goedken, Board Attorney; Mr. Matt Lavold, Virchow Krause & Company; Messrs. Kyle Meier and Randy McClinklock, KCM Construction Corp.; Ms. Jennifer Meyer, Muscatine Journal; Messrs. Sal LoBianco, Ray Danz, and Gary Wieskamp, and Meses. Erika Cox and Ann Jones of MP&W's staff. Mr. Charles Potter, KWPC/KMCS Radio Station, arrived at 5:35 p.m.

Chairperson Axel asked if there were any comments from the public. There were no comments.

The minutes of February 27, 2007 public hearing and regular meeting were presented as previously submitted to all Board members in written form. Trustee Heidbreder moved, seconded by Trustee Ingstad, that the minutes be approved as submitted. Motion carried. All Trustees present voted aye.

The list of expenditures and transactions for February was presented as previously submitted to all Board members in written form. After review of the expenditures, Trustee Ingstad moved, seconded by Trustee Heidbreder, to ratify payment of \$6,093,426.56 for the Electric Utility, \$294,168.72 for the Water Utility, and \$637,620.42 for the Communications Utility. Motion carried. All Trustees present voted aye.

Mr. Logel stated that all the Board members received a copy of the 2006 audit for the Water, Electric, and Communications Utilities, and he asked Mr. Kerker, Director of Finance and Administrative Services, to introduce the representative from the Utility's auditing firm. Mr. Kerker advised that a meeting was conducted earlier today with the Board's Audit/Finance Committee. This was the first year of a three-year agreement with Virchow Krause and Company; however, Virchow Krause completed Muscatine Power and Water's audits for the years 2003, 2004, and 2005. The Electric Utility bond covenants required that an audit be completed within ninety days from year end. Mr. Kerker introduced Mr. Matt Lavold, Audit Manager of Virchow Krause Company. Mr. Lavold reviewed the audit in detail with the Board's Audit/Finance Committee members and was present this evening to present the 2006 audit and the management letter, and to answer any questions the Board members may have regarding the audit.

Mr. Lavold reviewed the highlights of the audit and the management letter. All internal control procedures were sound and no audit adjustments to the financial statements were required. The audit did not identify any instances of fraud or illegal acts and no material weaknesses or reportable conditions were discovered. The financial statements for all three

Utilities received an unqualified opinion. Virchow Krause & Company was independent of MP&W in accordance with American Institute of Certified Public Accountant requirements. Mr. Lavold stated that MP&W's management and staff were great to work with and provided the required audit data in a very compressed time frame to complete the audit within the deadline.

Trustee Heidbreder, Audit/Finance Committee Chairperson, stated the Committee met privately with the auditor and no issues were brought to the Committee's attention. Trustee Heidbreder had no concerns regarding the audit.

After further review and discussion, Trustee Heidbreder moved, seconded by Trustee Ingstad, to receive and place on file the 2006 audit of the Electric, Water, and Communications Utilities records. Motion carried. All Trustees present voted aye.

Mr. Lavold left the meeting at 6:00 p.m.

Mr. Logel reviewed the previously submitted memorandum to all Board members regarding Asphalt Surfacing and Repairs, Concrete Curbs and Storm Drainage – 2007 Projects. Bids were received on March 13, 2007, and four bids were received, opened, and read aloud. The published estimate for this letting was \$108,270. The low bid was submitted by Illowa Investment, Inc. in the total amount of \$82,123.35. Staff has reviewed the bids and established conformance to the specifications of the low bidder. The low bid included exceptions and clarifications to the bid documents which have been reviewed and approved by staff. It was staff's recommendation that a contract be awarded to Illowa Investment Inc. in the amount of \$82,123.35 for the Asphalt Surfacing and Repairs, and Concrete Curbs and Storm Drainage - 2007 Projects. The work included both the Generation and A/O sites.

After further discussion and review the following resolution was submitted.

#### **RESOLUTION 07-14**

WHEREAS, it appears in a written report from the Board's staff that the bid as submitted by Illowa Investment, Inc. in the amount of \$82,123.35 for Asphalt Surfacing and Repairs, Concrete Curbs and Storm Drainage - 2007 Projects was the best and lowest bid received; now therefore,

BE IT RESOLVED by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, that the proposal of Illowa Investments, Inc. in the amount of \$82,123.35 for Asphalt Surfacing and Repairs, Concrete Curbs and Storm Drainage - 2007 Projects was hereby accepted as submitted; and,

BE IT FURTHER RESOLVED, that the Chairperson and Secretary of the Board be and they were hereby authorized, empowered, and directed to execute a contract in the sum heretofore approved by the said Board of Water, Electric and Communications Trustees; and,

BE IT FURTHER RESOLVED, that the bid security be returned to the unsuccessful bidders.

Trustee Tubandt moved, seconded by Trustee Heidbreder, that the said resolution should be passed, approved, and adopted on this 29<sup>th</sup> day of March 2007. Trustees Axel, Heidbreder, Ingstad, and Tubandt voted aye. Voting nay, none. Trustee Mead was absent.

Mr. Logel reviewed the previously submitted memorandum to all Board members regarding the bid evaluation and recommendation to award contracts for Water Main Improvements – 2007 Projects. Six bids plus an alternate bid were received, opened publicly, and read aloud on March 13, 2007. Bids were received on the basis of unit adjustment prices for each project. The bid documents allowed awarding contracts to one or multiple contractors.

The apparent low bid in the amount of \$271,281.35 for Breese Avenue and League Street, Burnside Drive, and Barry Avenue projects was an alternate submitted by KCM Construction Corp. The alternate bid was for high density polyethylene (HDPE) piping with directional boring installation of the pipe. Directional boring was a method of installing smaller water mains with less disruption of real estate and, in this case, at a lower cost. These three locations were ideal for HDPE pipe with directional boring installation. HDPE pipe was not specified in the bid documents as normally directional boring was more expensive and possibly could limit the number of bidders having the ability to install pipe by the directional boring method. After the pre-bid meeting it was determined that the use of HDPE piping with directional boring would not limit the number of bidders for the projects. Therefore the use of HDPE pipe was established as an acceptable alternate and Addendum 1, dated March 1, 2007, was submitted to all bid document holders. KCM's alternate bid included exceptions and clarifications to the bid documents which were resolved by staff. KCM Construction Corp.'s references were verified with satisfactory results.

The apparent low bidder for the Tipton Road water main project was submitted by Sulzberger Excavating, Inc. in the amount of \$140,877.50 for ductile iron piping. This was a larger main size and therefore the HDPE pipe would not be an acceptable alternate for this installation. Sulzberger Excavating, Inc.'s bid did not take any exceptions or clarifications to the bid documents. Staff has previously worked with Sulzberger Excavating and found their work to be acceptable.

The published estimate for this letting was \$393,577.20. The total approved expenditure for the projects was \$500,805.00. It was staff's recommendation that KCM's alternate bids in the amount of \$38,443.35 for Breese Avenue and League Street, \$46,071 for Burnside Drive, and \$186,767 for Barry Avenue for a total bid amount of \$271,281.35 be accepted and a contract awarded to KCM Construction Corp. for HDPE piping installation. Staff also recommended that the bid submitted by Sulzberger Excavating, Inc. in the amount of \$140,877.50 for the Tipton Road project be accepted and a contract awarded to Sulzberger Excavating for ductile iron piping installation.

General discussion was conducted on the projects with the following resolutions submitted.

#### **RESOLUTION 07-15**

WHEREAS, it appears in a written report from the Board's staff that the alternate bids as submitted by KCM Construction, Corp. in the total amount of \$271,281.35 for Breese

Avenue and League Street, Burnside Drive, and Barry Avenue of the Water Main Improvements – 2007 Projects was the best and lowest bid received; now therefore,

BE IT RESOLVED by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, that the proposals of KCM Construction Corp. in the total amount of \$271,281.35 for Breese Avenue and League Street, Burnside Drive, and Barry Avenue portions of the Water Main Improvements – 2007 Projects were hereby accepted as submitted; and,

BE IT FURTHER RESOLVED, that the Chairperson and Secretary of the Board be and they were hereby authorized, empowered, and directed to execute a contract in the sum heretofore approved by the said Board of Water, Electric and Communications Trustees; and,

BE IT FURTHER RESOLVED, that the bid security be returned to the unsuccessful bidders.

Trustee Heidbreder moved, seconded by Trustee Tubandt, that the said resolution should be passed, approved, and adopted on this 29<sup>th</sup> day of March 2007. Trustees Axel, Heidbreder, Ingstad, and Tubandt voted aye. Voting nay, none. Trustee Mead was absent.

#### **RESOLUTION 07-16**

WHEREAS, it appears in a written report from the Board's staff that the bid as submitted by Sulzberger Excavating, Inc. in the amount of \$140,877.50 for Tipton Road of the Water Main Improvements – 2007 Projects was the best and lowest bid received; now therefore,

BE IT RESOLVED by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, that the proposal of Sulzberger Excavating, Inc. in the amount of \$140,877.50 for the Tipton Road portion of the Water Main Improvements – 2007 Projects was hereby accepted as submitted; and,

BE IT FURTHER RESOLVED, that the Chairperson and Secretary of the Board be and they were hereby authorized, empowered, and directed to execute a contract in the sum heretofore approved by the said Board of Water, Electric and Communications Trustees; and,

BE IT FURTHER RESOLVED, that the bid security be returned to the unsuccessful bidders.

Trustee Ingstad moved, seconded by Trustee Tubandt, that the said resolution should be passed, approved, and adopted on this 29<sup>th</sup> day of March 2007. Trustees Axel, Heidbreder, Ingstad, and Tubandt voted aye. Voting nay, none. Trustee Mead was absent.

Mr. Logel reviewed the previously submitted memorandum to all Board members regarding a proposed energy sales agreement with the City of Pella Iowa. Muscatine Power and Water has been selling energy to the City of Pella since 1991 through several contracts ranging in length of term from six months to ten years. Mr. Logel asked Mr. Ray Danz, Director of Utility Operations, to review the proposed agreement that was submitted with the memorandum.

Mr. Danz stated that this was a two-year agreement with an option to extend the agreement for one year. The proposed agreement term was June 1, 2007 through May 31, 2009 with the potential to continue to May 31, 2010. The agreement was for seven megawatts (7 MW) of energy at an eighty-five percent (85%) load factor. The agreement rates were in line with current market conditions and the agreement contains provisions for four percent (4%) fixed annual increases and monthly adjustments for fuel and emission allowances based on actual costs. This sale utilized a firm transmission path, which was a plus in today's congested state of transmission.

It was management's recommendation that the Board of Trustees approve the agreement subject to approval by the City of Pella's City Council.

Trustee Heidbreder moved, seconded by Trustee Tubandt, to approve the City of Pella Energy Sales Agreement for seven megawatts effective June 1, 2007 through May 31, 2009 with a one-year extension option subject to the approval by the City of Pella's City Council. Motion carried. All Trustees present voted aye.

The family of Mr. Ed Archer has invited Muscatine Power and Water to participate in establishing a scholarship fund in memory of Mr. Archer. Ed was a System Control Operator and a nineteen year employee that recently passed away from surgery complication. Mr. Logel stated that enclosed with the memorandum to all Board members was a copy of the Board Attorney's legal opinion regarding the ability of Muscatine Power and Water to assist in the establishment and the funding of a scholarship at Northwest Iowa Community College. Mr. Archer was a lineman prior to becoming a System Control Operator and it was his family's desire to establish a lineman scholarship for the Northwest Iowa Community College Powerline Program for the training of linemen.

Attorney Goedken stated that the issue involved was whether the establishment and funding of a scholarship for the Powerline Program at Northwest Iowa Community College (NICC) was an appropriate expenditure of "public funds." The Iowa Code confers unto the Board of Trustees the sole and exclusive authority to expend utility funds. Any such expenditure must meet the test imposed by the Iowa Constitution, namely that the expenditure was for a "public purpose". The Iowa law and Iowa judicial precedent do not provide any specific guidance in determining whether the establishment and funding of a scholarship for the training of linemen represents an appropriate expenditure of public funds by a city utility. The only meaningful pronouncement by the Iowa Supreme Court involving "public purpose" versus "private purpose" is found in 255 N.W. 2<sup>nd</sup> 89. The case cited in an Attorney General's Opinion, 1986 OP.Att'yGen.#86-8-8. The Attorney General stated, "The test applied by the Supreme Court to determine whether statutes authorizing the expenditure of public money are for private purposes is whether there is an "absence of public purpose" which is so "clear as to be perceptible by every mind at first blush." It was Attorney Goedken's opinion that the Court would not overturn a public body's decision except when there was no rational business basis for the decision.

Management has set forth numerous benefits for the establishment and funding of the proposed scholarship. If the Board, in the exercise of its business judgment, agrees that these benefits can accrue to the Utility's "public purpose" test, Attorney Goedken could support the Board's decision from a legal standpoint. Attorney Goedken continued that there were two caveats to this opinion: 1) if the Powerline Program was discontinued by NICC the Utility should



have the ability to select an alternate program that would provide benefit to the Utility, and 2) this opinion was not a blanket endorsement for the establishment and funding of scholarships and was not intended to create a precedent for future requests. The establishment and funding of scholarships must be based on a case-by-case analysis by the Board and can be authorized only if the Board determines the "public purpose" test was met.

Mr. Logel stated that the last four linemen hired by Muscatine Power and Water were graduates of the NICC Powerline Program. The scholarship will help direct future graduates to MP&W, help the Utility with the workforce development program, and the succession planning efforts to "catch them young."

General discussion was conducted on the proposal. The training was a twelve month program. MP&W will be involved in the selection of the scholarship candidate and monitor the program. The expenditure was small compared to the money MP&W could expend advertising and recruiting linemen. MP&W will assist in setting the criteria for and the selection of the recipients. Management recommended that the Board authorize the contribution of \$5,000 to provide for ongoing scholarships for individuals studying to be an electric lineman.

Trustee Ingstad moved, seconded by Trustee Tubandt, to approve the contribution in the amount of \$5,000 for a scholarship at the Northwest Iowa Community College for the Powerline Program. Motion carried. All Trustees present voted aye.

Mr. Logel advised the next meeting item pertained to management's recommendation that the Board authorize the inspection and overhaul of Unit 7 in 2007. Mr. Logel asked Mr. Sal LoBianco, Director of Generation and Telecommunications, to review the request.

Mr. LoBianco stated that included in the Board's meeting information was a recommendation to Inspect and Overhaul Unit 7's Turbine at an estimated expenditure of \$400,000. The turbines were routinely inspected and overhauled every seven years; Unit 7's next scheduled overhaul was 2009. An important operating parameter was out of specification and if left uncorrected for a period of time could jeopardize the metallurgical life and integrity of a related pressure vessel. Staff has concerns about shaft packing leakage which was elevating the steam extraction temperatures going to feedwater heater #3. The elevated temperatures could have a severe detrimental effect on the design operating temperatures of the deaerator. The inspect and overhaul of Unit 7's turbine and its related auxiliary equipment will include visual inspection and non-destructive examination of all steam path components, repair or replacement of parts and components identified by previous inspections and those found during the current inspection. The disassembly, inspection, and reassembly of the turbine will be performed by MP&W maintenance staff under the direction of a qualified contracted technical engineer. This work will also include electrical tests on Unit 7's generator.

In order to prevent significant long-term damage to the deaerator it was staff's recommendation that Unit 7 turbine be overhauled during the fall 2007 outage. The outage was scheduled for four weeks and the turbine overhaul can be completed in that time frame so no additional outage time was necessary. The cost of the turbine overhaul was anticipated to be \$400,000 which was not in the 2007 budget. Budget offsets will be made for the \$400,000 expenditure.

General discussion was conducted on the project. Trustee Heidbreder asked if work could be delayed until fall, and Mr. LoBianco replied yes, and this was the first available time to complete the overhaul. The next inspection and overhaul of Unit 7 will be seven years or 2014.

Trustee Ingstad moved, seconded by Trustee Tubandt, to approve the Unit 7 Turbine Inspection and Overhaul at an estimated expenditure of \$400,000. Motion carried. All Trustees present voted aye.

Mr. Logel reviewed the previously submitted memorandum to all Board members regarding the recommendation to approve the replacement of 8C switchgear and to set dates for the receipt of bids and to conduct a public hearing. The estimated cost for switchgear replacement was \$183,000. The switchgear serves Units 7 and 8 and because of reliability issues was being recommended for replacement. The switchgear maintenance was included in the 2007 budget as breaker replacement and as an expense item based upon data obtained from the switchgear manufacturer. The manufacturer representative inspected the switchgear and provided a budgetary estimate of \$50,000 to replace the switchgear breakers with vacuum contactors that would fit in the existing switchgear cubicles. Later the manufacturer notified Generation engineering that direct replacements for all of the breakers was not possible due to the way the breakers were fed from the switchgear bus (main electrical conductors).

During the 1998 Unit 8 Fuel Conversion Project an extension was made to the existing 8B 2400-volt switchgear, and the extension was identified as 8C. There were five 2400-volt breakers feeding Unit 8's two coal crushers and the two high-pressure ash pumps servicing both Units 7 and 8, and a new unit substation 8E Unit Sub. Since the 8C switchgear installation, the four breakers feeding the coal crushers and high-pressure ash pumps have experienced numerous failures. These breakers were not designed to be used for motor service and cannot handle the large number of breaker operations that the equipment was exposed to – typically four to six operations per day for the coal crushers and ten to twelve operations per day for the high-pressure ash pumps.

Because of high failure rate of the breakers, the potential resultant outages of Units 7 and 8, and the lost revenue from energy and steam sales, it was recommended to replace the existing 8C switchgear. The replacement switchgear was estimated to cost \$183,000 and would be a capital expenditure. The 2007 budget included \$50,000 for replacement of the breakers as an expense item. Staff recommended that the 8C switchgear be replaced as a "turn-key" project during the 2007 fall Units 7 and 8 maintenance outage at an estimated cost of \$183,000. It was also recommended that dates be set for receiving bids on May 1, 2007 at 3:00 p.m. and a public hearing conducted at 5:28 p.m. on May 29, 2007.

After further discussion on the project Trustee Ingstad moved, seconded by Trustee Heidbreder, to approve the replacement of 8C switchgear at an estimated cost of \$183,000. The motion carried. All Trustees present voted aye.

#### **RESOLUTION 07-17**

WHEREAS, plans and specifications have been prepared for 8C Switchgear Replacement; and,

WHEREAS, said proposed plans and specifications and proposed form of contract were now on file with the Secretary of the Board and the Board finds the same were in substantial conformity with the requirements necessary to carry out said plans; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, that the plans and specifications in the proposed form for the 8C Switchgear Replacement were tentatively approved; and,

BE IT FURTHER RESOLVED, that the date of May 1, 2007, at 3:00 p.m., CDT, was hereby set for receipt of bids on said project at which time the Board's duly appointed representative was 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,

BE IT FURTHER RESOLVED, that the hearing on said plans and specifications and proposed form of contract as provided by statute, be held in the office of the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, on May 29, 2007, at 5:28 p.m. CDT, and notice to bidders be published not less than twenty (20) days nor more than forty-five (45) days prior to said hearing all as required by the Code of Iowa.

Trustee Tubandt moved, seconded by Trustee Ingstad, that the said resolution should be passed, approved, and adopted this 29<sup>th</sup> day of March 2007. On roll call Trustees Axel, Heidbreder, Ingstad, and Tubandt voted aye. Voting nay, none. Trustee Mead was absent.

Mr. Logel stated that it was recommended that the Board conduct a public hearing for two of the Public Utility Regulatory Policies Act (PURPA) standards, and he asked Mr. Danz to review the data.

Mr. Danz stated this issue was first brought before the Board of Trustees at the July 2006 Board meeting and was associated with the Energy Policy Act signed into law August 8, 2005. Among the many provisions of the Energy Policy Act were five new standards for PURPA that the Board of Trustees must consider. These five standards apply to utilities with total annual retail sales greater than 500,000,000 kilowatt-hours. The Board may implement the standards or may decline to adopt the standards, but must state in written form the reasons for its decisions. The first two standards were Interconnection, and Time-Based Metering and Communications. The Board must make a determination on these two standards prior to August 8, 2007. The other three standards will be considered later this year with a recommendation to the Board in 2008.

Staff has completed the review of these two standards and will prepare a recommendation to present to the Board of Trustees at the April 24, 2007 Board meeting. It was recommended that the Board set a public hearing to allow the citizens the opportunity to submit any written or oral comments regarding the standards. A notice will be published in the local newspaper advising of the hearing date and time, and that the recommendations were available for review by citizens. It was recommended that the public hearing for PURPA standards regarding Interconnection, and Time-Base Metering and Communications be conducted at 5:28 p.m. on April 24, 2007.

The following resolution was submitted.

**RESOLUTION 07-18**

WHEREAS, it appears in a written report from the Board's staff that a public hearing for the Public Utility Regulatory Act (PURPA) standards regarding Interconnection, and Time-Based Metering and Communications should be conducted; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa that a public hearing be conducted on the said PURPA standards in the office of the Board of Trustees on April 24, 2007 at 5:28 p.m. CDT and notice to the citizens be published not less than four (4) days nor more than twenty (20) days prior to said hearing and that the said standards were available for review at the office of the Board of Trustees, 3205 Cedar St., Muscatine, Iowa.

Trustee Heidbreder moved, seconded by Trustee Tubandt, that the said resolution should be passed, approved, and adopted this 29<sup>th</sup> day of March 2007. On roll call Trustees Axe, Heidbreder, Ingstad, and Tubandt voted aye. Voting nay, none. Trustee Mead was absent.

In the General Manager's report, Mr. Logel reviewed his previously submitted written report to all Board members. Enclosed with the General Manager's report was a summary of legislative activities. Mr. Gary Wieskamp, Director of Utility Relations, monitors state and federal legislative activities for Muscatine Power and Water. This has been a very busy year and there were numerous bills that were being closely monitored that could have an impact on MP&W's operations. Mr. Logel recognized Mr. Wieskamp for all his efforts. The Board appreciated the good report.

A couple of updates were provided by Mr. Logel. For the General Counsel position the "short-list" of applicants has been developed and telephone interviews conducted with four individuals. The telephone interviews were conducted by Erika Cox, Board Attorney Goedken, and Mr. Logel and on-site interviews will be conducted in April. A meeting was conducted with Trustees Don Mead and Doyle Tubandt to discuss consulting firms to assist in the succession planning for the General Manager's position. Once a consulting firm has been selected a timeline will be developed for discussion with the Board.

Mr. Logel recommended that the Board of Trustees consider changing the date of the June 26, 2007 Board meeting as it was in conflict with the American Public Power Association annual conference. It was recommended that the June meeting be conducted on June 20, 2007, Wednesday, at 5:30 p.m.

Trustee Tubandt moved, seconded by Trustee Heidbreder, to conduct the June Board of Trustees meeting on June 20, 2007, Wednesday, at 5:30 p.m. Motion carried. All Trustees present voted aye.

Mr. Logel advised that Muscatine Power and Water purchased property for a landfill in the 1980's. The unused property was leased to an individual for farming purposes. The individual passed away and bids will be received for leasing the property. A written notice will be submitted to all individuals that have expressed interest in the site and a public notice will be published in the local paper of the intent to receive bids for leasing the site.

Recently Mr. Logel participated in the American Public Power Association CEO policy roundtable session. One subject pertained to global warming and that it could take fifteen to twenty years to resolve this issue. There were no viable methods to control CO<sub>2</sub> emissions at this time. General discussion was conducted on emission allowance trading, companies testing and building control equipment, and the country's growing interest in this issue. Chairperson Axel asked if wind energy could be a possible solution, and Mr. Logel stated that he felt energy conservation was a major portion of the answer to the issue. The consistency of the regulations, federal and state, was important in that it would be best if regulations were not established state by state.

Mr. Logel stated this concluded the General Manager's report, unless there were questions for him or management.

The financial operating statements and balance sheets for February were presented as previously submitted in written form to all Board members. General discussion was conducted on the statements. All three utilities were at or better than budget.

Trustee Ingstad moved, seconded by Trustee Heidbreder, to receive and place on file the February financial operating statements and balance sheets for the Electric, Water, and Communications Utilities. Motion carried. All Trustees present voted aye.

The February Competitive Quote for Public Improvements Report was submitted in written format to all Board members. There were no awards for public improvements projects during the month of February. Trustee Tubandt moved, seconded by Trustee Heidbreder, to receive and place on file the February Competitive Quote for Public Improvements Report. Motion carried. All Trustees present voted aye.

The February departmental reports were presented as previously submitted to all Board members in written form. Trustee Ingstad was not at the February Board meeting, but he is still receiving comments about the great job MP&W's crews and employees did during the ice storm - hats off to all employees for a great job.

Trustee Tubandt moved, seconded by Trustee Heidbreder, to receive and place on file the February Departmental Reports. Motion carried. All Trustees present voted aye.

Trustee Heidbreder moved, seconded by Trustee Tubandt that the meeting should be adjourned. The meeting was adjourned at 6:30 p.m.

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



Donald W. Kerker  
Board Secretary