

## **PRESS RELEASE**

March 30, 2010  
Muscatine Power and Water  
3205 Cedar Street  
P.O. Box 899  
Muscatine, IA 52761  
Contact: Gary Wieskamp  
Phone: 563-262-3350  
FAX: 563-262-3315

### **FOR IMMEDIATE RELEASE**

#### **MP&W Board of Trustees Approve Electric Utility Revenue Adjustment**

At Tuesday night's Board of Water, Electric and Communications Trustees meeting, the Board approved a recommendation by management to increase the Electric revenue by four percent (4%) effective July 1, 2010. The last Electric Utility rate increase of 4.6% was implemented on September 1, 2002

According to Don Kerker, Director, Finance & Administrative Services, "The increase is necessary due to a significant reduction in wholesale energy revenues and associated margin, increased coal and coal transportation expenses, and the reduction in native system energy sales and the resultant reduced revenue. In addition to these variables, it is also necessary for us to continue to make capital investments in our electric infrastructure as well as expenditures to comply with environmental legislation and energy efficiency and renewable standards." "The recommended 4.0% adjustment will result in a \$2.47 a month increase for our average residential customer. Based upon our most recent rate comparison data from the American Public Power Association, our residential rates continue to be approximately 22% below the state average and 27% below the national average for rates when compared to investor owned, cooperatives and public power utilities." added Kerker.

General Manager, Sal LoBianco told the Board, "The electric Utility ended 2009 with an \$8 million loss and similar challenges are anticipated in 2010 with a budgeted loss of \$8.1 million, even with the implementation of the 4.0% rate increase we're recommending tonight. Many cost saving measures have been implemented, but we will continue to monitor expenses and capital expenditures looking

for ways to reduce expenditures without impacting safety, reliability, or customer service.”

LoBianco concluded by saying, “No one can confidently predict how soon, or to what degree the demand for electricity will grow, or how many years it will take to balance the surplus energy available in the Midwest Independent Transmission System Operator, (MISO) market. But, MP&W will work diligently to mitigate the effects of the revenue reductions by lowering expenses through deferring expense projects and capital expenditures, and the hiring of personnel whenever possible.”

In Other Action:

- The Board received and placed on file the 2009 Audit for the Electric, Water and Communications Utilities.
- The Board was informed that as part of MP&W’s effort to obtain funding from the American Recovery and Reinvestment Stimulus Act of 2009, MP&W received preliminary notice of three grants from the Iowa Office of Energy Independence’s Energy Efficiency and Conservation Block Grant program totaling \$200,492. The awards still subject to the Department of Energy approval will be used to cover 50% of the cost of a LED street lighting project, two building lighting improvement projects and as supplemental funding to the MP&W Appliance Rebate Program.

###