

## **PRESS RELEASE**

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### **FOR IMMEDIATE RELEASE**

#### **MP&W Continues Major Projects into 2018**

At the Tuesday night, Muscatine Board of Electric, Water and Communications Trustees meeting, the Board gave approval to the Utility's 2018 Operating Budget.

"The budget assumptions continue to be designed to support the medium-term achievement of financial targets, meet the needs of our customer owners at the lowest possible cost and support the Critical Issues identified in the Strategic Plan," said Sal LoBianco, General Manager. "The budgets reflect ongoing efforts to keep expenses and capital expenditures at conservative levels, however, capital expenditures in all three Utilities are at levels needed to address infrastructure projects in support of the core values of reliability, safety, and customer service."

Highlights of the approved budget include continued funding for the innovative Fiber to the Home Project, ongoing major improvements for the City of Muscatine Mississippi Drive Corridor Project and Sewer Separation projects, as well as smaller projects to build new and maintain existing water and electric infrastructure while ensuring MP&W's industry-leading reliability ranking.

MP&W's Fiber to the Home Project is well into the construction phase of converting the current Hybrid Fiber Coax (HFC) system to 100% Fiber, thus enabling increased Internet bandwidth upload and download capabilities, the conversion of the cable TV system to Internet Protocol Television (IPTV) and the introduction of telephone service. The budget includes capital expenditures of \$8.02 million in 2018. A small number of beta testers have been converted to the all fiber services for final product and service testing before beginning full system cutovers in 2018. Customer installations will follow the activation order indicated on MP&W's interactive MachLink® Fiber Construction Map on mpw.org.

As part of the 2018 budget approval, the Trustees authorized an overall water rate adjustment of 5.5% effective April 1, 2018 and a similar increase April 1, 2019. Even with that adjustment, the cost of Muscatine water for consumers will remain among the lowest in the surrounding area, as demonstrated below, and in the state and nation.

<b>Community</b>	<b>3 CCF or ~2,250 gallons/mo.</b>	<b>8 CCF or ~6,000 gallons/mo.</b>
Muscatine (eff 4/2017)	\$16.05	\$20.81
Muscatine (eff 4/2018)	\$16.94	\$21.96
Muscatine (eff 4/2019)	\$17.86	\$23.16
Davenport/Bettendorf/Clinton*	\$26.25	\$47.70
Iowa City*	\$13.67	\$30.17
Burlington*	\$16.88	\$20.61

*\*Costs are 4/2016 billing estimates*

Jerry Gowey, Director of Finance and Administrative Services stated, “The proposed rate adjustment is cost of service based and is the result of a Water Utility Cost of Service and Rate Design Study completed by Dave Berg Consulting, LLC in September 2017. The Water Utility’s Ten-Year Financial Projections were presented to the Board of Trustees at the October 2017 Board meeting. These projections showed capital expenditures of over \$19.0 million through 2027, driven by projects identified by the Water System Infrastructure Assessment completed in 2011 and in the Water Source Expansion Evaluation and Design completed in 2012, which is a major contributing factor for the projected revenue adjustments.”

In other action:

- The Board approved a Revised Project Summary Form for the Construct Well 47 at New Well Field Project due to a change in the drilling plans for this well.
- Approved a Contract Change Order for Construct Wells 47,48 and 49 at New Well Field Projects.
- The 2018 Budget Estimate Summary was approved to submit to the Muscatine City Clerk.

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