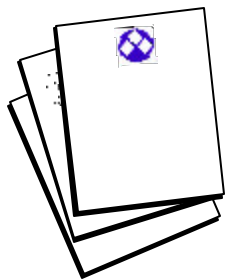




September 2004

# IOWA ASSOCIATION OF MUNICIPAL UTILITIES NEWSLETTER



## IAMU ELECTRIC/GAS RATE COMPARISON IS READY

IAMU has recently finished the 2004 edition of the Electric and Natural Gas Rate Comparison. This new and improved edition features a more thorough comparison of Iowa gas and electric rates, and is available online for the first time on the IAMU web site at [www.iamu.org](http://www.iamu.org). Printed copies have also been sent to IAMU member utilities.

This study assists member utilities in assessing their competitive positions by providing comparisons of municipal rates with those of investor-owned utilities, rural electric cooperatives, and/or any other gas or electric utilities in Iowa and seven surrounding states. Overall, both municipal electric and gas utility rates remained competitive, especially for residential electric customers and industrial gas customers. The table below shows the average rates for municipal electric and gas utility customers in the residential, commercial, and industrial end-use classes:

|  | Customer Class |            |            |
|--|----------------|------------|------------|
|  | Residential    | Commercial | Industrial |
| <b>Municipal Electric Utilities (\$/KwH)</b> | \$0.0660       | \$0.0586   | \$0.0470   |
| <b>Municipal Gas Utilities (\$/MCF)</b>      | \$7.70         | \$6.22     | \$5.07     |

The actual Rate Comparison includes rate comparisons by utility type and customer class, individual utility rates for Iowa and surrounding states, rate comparisons for Iowa and surrounding states, and historical rate plots from 1990-2002 for electric utilities and 1996-2002 for gas utilities.

## TAX & GOVERNMENT CONTRIBUTIONS SURVEY

IAMU has recently completed the Tax Payments and Contributions to State and Local Government Survey for 2004. Many thanks go to the 58 electric and 10 gas utilities that responded to the survey.

The results of this survey show that Iowa municipal electric utilities make substantial contributions to their local communities in the form of property taxes, payments in lieu of taxes, and free or reduced cost services. IAMU calculated that the median net contribution a municipal electric utility makes is 5.5 percent of gross electric operating revenues.

The report features information that will allow municipal electric utilities to better compare the level of their transfers with utilities of similar size.

The rest of the report includes:

- A breakdown of the most common types of payments and contributions.
- Summaries by revenue size class of payments and contributions.
- Types of methods used by utilities to determine the amount of payment in lieu of taxes or transfers to the general fund of the city.

IAMU plans to finish the report for gas utilities later this fall.

IAMU members may access the full report on the IAMU web site, [www.iamu.org](http://www.iamu.org).

**"To support and strengthen Iowa's municipal utilities"**



## IDNR CONSTRUCTION & OPERATING PERMIT UPDATE

If your utility has been issued a Voluntary Operating Permit (VOP) or Title V permit from the Iowa Department of Natural Resources, IAMU recommends verifying the expiration date and current status of the permit.

These permits are set to expire soon for many electric utilities, and may also need to be updated if your utility has installed a new generator or other fuel burning equipment within the last five years.

If you are unsure of the status of your operating and/or construction permit(s), please contact Anne Kimber at IAMU, 515/289-1999 or [akimber@iamu.org](mailto:akimber@iamu.org). IAMU is now able to assist a limited number of municipal utilities with completing renewal VOPs, construction permits, and/or Title V permits.

## NEW STORMWATER WORKSHOPS RAPIDLY APPROACHING

Time is running out to register for two new IAMU Stormwater workshops.



### Municipal Stormwater

"Saving Energy = Saving Money: The Energy Water/Wastewater Treatment Connection" workshop will take place September 28 at the West Des Moines Marriott, 1-80 at 74<sup>th</sup> Street, West Des Moines. Please note that this is a change of location for the workshop from what was originally announced.

"Saving Energy = Saving Money: The Energy Water/Wastewater Treatment Connection" workshop will take place September 28 at the West Des Moines Marriott, 1-80 at 74<sup>th</sup> Street, West Des Moines. Please note that this is a change of location for the workshop from what was originally announced.

The inaugural **Iowa Stormwater Expo** will be held October 5 at the IAMU Training & Office Complex in Ankeny. IAMU is presenting this conference in conjunction with the Iowa Department of Natural Resources (IDNR), the Urban Resources & Borderlands Alliance Network (URBAN) and Natural Resources Conservation Service (NRCS).

To register for either workshop contact Kathleen Keyworth at IAMU, 800/810-4268, or see the IAMU web site for more information ([www.iamu.org](http://www.iamu.org), "Upcoming Workshops").



### Public Power Week 2004 is just around the corner!

If your electric utility would still like to make plans to take advantage of this annual public relations opportunity, various materials can be obtained through the American Public Power Association (APPA) web site at [www.appanet.org](http://www.appanet.org). Sample proclamation letters, letters to public officials, a press release, radio commercial scripts, and more are available for downloading by APPA members. Imprinted promotional materials may also be ordered from APPA. But act quickly! Public Power Week is October 3-9.

Click on "Special Utility Programs" on the APPA web site front page to access the Public Power Week page.

## "NO REASON, NO CONFIDENCE"

APPA "Washington Report" by Robert Varela, Editor, *Public Power Weekly*

The centerpiece of the Federal Energy Regulatory Commission's proposed standard market design is local marginal pricing. The *raison d'être*—the reason for being—for locational marginal pricing is that it will produce the "proper price signals" (code words for high prices) that will attract investment in transmission and generation, and will manage congestion in the short-term. To hear commissioners talk, FERC's *raison d'être* is not so much to protect consumers as to design and impose markets that will send the proper price signals.

But a recent report by Standard & Poor's shines a light on a fatal flaw in the commission's reasoning that LMP price signals will attract investors. In a report on the California Independent System Operator's "MD02" proposal to implement SMD, Standard & Poor's said:

*By allowing for high prices within a constrained node, the [California Independent System Operator] is hoping that the high prices will induce the building of generation. Pricing data associated with hourly nodal prices should provide market signals for use in planning for investment in transmission and new generation. Yet, generators may realize that the benefits will be ephemeral. Once generators build capacity in a load pocket to address transmission congestion issues, prices will likely reach equilibrium levels that could remove the economic incentives created by locational marginal pricing. Therefore, generators may forego developing fixes if their investments might fail to provide them with economic benefits commensurate with development risks throughout the asset's life. The same argument also could be extended to developing transmission. If MD02's ultimate aim is*

Continued on Page 4



## WORK ROLLS ON IN IAMU GAS SERVICES DEPARTMENT

As we head toward the fall season, the hard work continues in the IAMU Gas Services Department. At press time for this issue of the Newsletter, the annual APGA/IAMU Midwest Regional Gas Operators Workshop was set to begin at IAMU's Training & Office Complex in Ankeny. Customer regulator lock-up and checks, meter installation, TBS DRS regulator design, over pressure protection (OPD), backhoe and trenching and cathodic protection were among the featured workshop topics this year. Watch for complete post-workshop coverage in the October issue of the IAMU Newsletter.

Workshop planning and preparation is a key component of the efforts put forth by the IAMU Gas Safety & Training Committee, and a big thank you goes out to all committee members for their efforts throughout the year:

Bruce Harden (Chair), City of Everly  
 Jerry Fasteneau, Corning Municipal Utilities  
 Al Ickes, Harlan Municipal Utilities  
 Paul Kroenke, Graettinger Municipal Gas & Water  
 Paul Marshall, Woodbine Gas Company  
 Rod Parcel, Consumers Energy  
 Eldon Snook, Montezuma Natural Gas

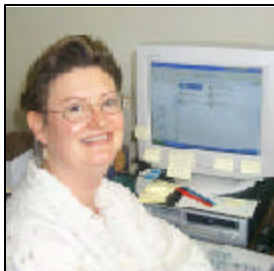
IAMU Staff:  
 □ Dick Eades, Special Liaison, Training Field Coordinator  
 □ Dave Hraha, Gas Services & Safety Specialist  
 □ Rudy Parcel, Gas Services Coordinator  
 □ Melody Taninies, Job Training & Safety Program Assistant  
 □ Denis Zeimet, Director of Member Services

When on hand for IAMU events, please thank these individuals for their work on behalf of the association.



## IAMU ANNOUNCES TWO ADDITIONS TO OFFICE STAFF

**Kathleen Keyworth** joins your association's office staff as a full time Member Services Specialist. She will primarily assist in the areas of water/wastewater and stormwater/soil & erosion control.



*Kathleen Keyworth*

Kathleen brings more than 15 years of administrative assistant experience to IAMU. Along with her cat, Suny, she has relocated to Des Moines from Minneapolis.

**Jane Riessen** has joined the IAMU staff to assist with various legal projects, including the IAMU municipalization program. She is a recent graduate of the Drake Law School, and recently took the state bar exam. Originally from West Burlington, Jane now resides in Des Moines. She has also spent time in Sweden and Holland as part of school educational programs.



*Jane Riessen*

An avid athlete, she is part of a local bicycle racing club and also competes regularly in triathlons.

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## APPA WASHINGTON REPORT

Continued from Page 2

*to ensure that sufficient generation and transmission are built in California, what seems to be lacking is a formal mechanism to plough 'congestion revenues' earned under the nodal pricing scheme back into the system as new generation or transmission. In its absence, it would require a regulatory fiat to build assets at the right locations. Many stakeholders argue that if a regulatory fiat is to be used, there may be no need for nodal pricing and [congestion revenue rights] in the first place.*

As part of the financial community, S&P presumably knows more about what motivates investors than FERC. The credit rating agency also has no ax to grind in the proceedings on SMD or locational marginal pricing. Most importantly, S&P's comments clearly make sense.

A strong argument can be made that FERC's standard market design would discourage, not simply fail to attract, investment. As Wisconsin Public Power Inc. and others have pointed out, the commission's plan to use a congestion management system of auctioning off short-term financial transmission rights could be a death blow to baseload coal-fired plants. Absent the ability to line up long-term transmission contracts with a known price to deliver the power from such plants, investing in them makes no sense. With no *raison d'être* for the centerpiece of its market restructuring plans, it's no great wonder that the commission—and Chairman Pat Wood in particular—received what amounted to a vote of no confidence from a group of 20 senators.

The bipartisan group of lawmakers slammed the commission for pursuing a "piecemeal approach" to implementing its proposed standard market design rule. In a strongly worded letter to Wood, the senators said the commission's "single-minded pursuit of redesigning the electricity markets at any cost will not be accepted when our constituents bear the brunt of all the costs with no proven benefits."

The senators, mainly from the Southeast and Northwest, clearly are not buying FERC's apparent abandonment of the SMD rulemaking proceeding. The language used in recent orders, "much like SMD, will require consumers ... to

foot the bill for significant restructuring of their electric power systems, preempt state laws and policies designed to protect them, and abolish the current structure of the utilities that have provided them low-cost, reliable power for so many years."

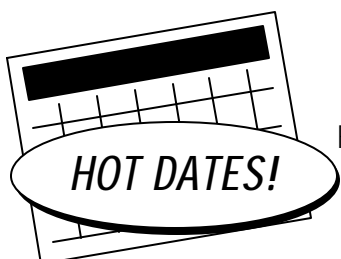
"This market manipulation will only serve to move regulation further from consumers and their locally elected officials and send it to Washington, D.C., into the hands of an unelected and apparently unresponsive body of regulators," the senators said. There is no reason to replace existing electricity markets with "an untested, federally coerced structure that will result in higher prices for consumers, inefficient and unnecessary siting of generation and transmission, and questionable reliability."

The commission should "allow competitive wholesale markets to continue to evolve in a manner that complements the reliable, low-cost electric service that is provided under strict state supervision and regulation in our regions of the country," the senators said.

Several recent court decisions have "taken the commission to task for going well beyond the authority granted by the Federal Power Act," the senators said. "Those cases increase our level of anxiety as well as erode our confidence in your leadership on electricity issues."

In a separate letter, another bipartisan group of 10 senators from the Midwest chastised FERC for its haste in pushing utilities in the Midwest Independent System Operator's territory to revise existing transmission service contracts. "For FERC to step in and essentially abrogate the terms of these agreements ... flies in the face of private contracting authority," the Midwestern senators said. "We believe FERC's efforts will cause more harm than good in the market because no one will want to enter contractual agreements if there is a doubt that the terms will be fulfilled."

The commission clearly is on thin ice politically. Legislation restricting what lawmakers see as backdoor efforts to implement SMD is not out of the question. But what should give Wood and the other commissioners more reason to pause is Standard & Poor's common sense dismantling of the rationale for locational marginal pricing.



Fall in love with the new two-page Calendar of IAMU Workshops and Events. In every issue of the IAMU Newsletter!



## CALENDAR OF IAMU WORKSHOPS AND EVENTS

*All information subject to change.*

*Unless otherwise noted, all events held at IAMU Training & Office Complex: 1735 NE 70th Ave., Ankeny, IA*



### September 2004

- |                   |   |
|-------------------|---|
| September 15 – 17 | Basic Underground Electric Distribution Workshop                  |
| September 21      | Construction Site Erosion/Sediment Control Workshop, Cedar Rapids |
| September 28      | Saving Energy-Water/WW Treatment Connection Workshop              |

### October 2004

- |                         |  |
|-------------------------|--|
| October 4               | ASIST Software Training  |
| October 5               | Iowa Stormwater Expo   |
| October 6               | Construction Site Erosion/Sediment Control Workshop, Ankeny (IAMU) |
| October 26              | Competent Person Workshop (Fall Session)                           |
| October 27 – 29         | APPA Policymakers Workshop   |
| October 28              | Safety Audits/Supervision Checklists Workshop                      |
| (Dates to be announced) | Grade I Water Treatment Workshops (Six sessions)                   |

### November 2004

- |                  |   |
|------------------|---|
| November 16 – 18 | Water/Wastewater Operators Workshop<br>Sheraton Four Points, Des Moines |
|------------------|---|

### December 2004

- |                      |                             |
|----------------------|-----------------------------|
| Date to be announced | Watt-Hour Metering Workshop |
|----------------------|-----------------------------|

### January 2005

- |                       |   |
|-----------------------|---|
| January 19 – 21       | Advanced Electric Workshop                      |
| January 25 – 26       | Safety Coordinators Workshop                    |
| Dates to be announced | Gas Winter Workshop                             |
| Dates to be announced | Gas OQ Training for Beginners/On-Call Personnel |

### February 2005

- |             |  |
|-------------|--|
| February 24 | Competent Person Workshop (Spring Session) |
|-------------|--|



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## — HELP WANTED —

### **PUBLIC WORKS/CITY COORDINATOR:**

Center Point (pop 2,007) is a rapidly growing community 16 miles north of Cedar Rapids and 45 miles south of Waterloo. Accepting applications for the position of Public Works/City Coordinator. Duties include all aspects of public works including water plant/distribution, wastewater lagoons and collection systems, streets, budgeting, parks, cemeteries, municipal buildings, properties, and team leader for the Public Works Department. Position will also provide Council assistance in manpower scheduling, long range planning, financial planning, and economic development and grant preparation. Successful candidate must meet Iowa DNR certification requirements and hold a Class B CDL. Salary DOQ, plus excellent benefits package. *Resumes accepted until position is filled.* Satisfactory completion of pre-employment physical, drug screen and background check required. EEO. Submit a detailed resume and salary history to:

City of Center Point  
City Hall  
200 Franklin St.  
Center Point, IA 52213 9/04

**DIRECTOR OF PUBLIC WORKS:** The City of Bloomfield (pop. 2,600) has an opening for this full-time position. Starting wage will vary according to prior experience and qualifications. Performs a variety of working foreman-type supervisory, administrative, skilled, technical and public facilities work, which includes streets, water plant/distribution and gas distribution. Post-offer, pre-employment physical, including drug and alcohol testing, will be required. *Position open until filled.* Submit detailed resume outlining experience and salary history to:

Mayor  
City of Bloomfield  
111 W. Franklin St.  
Bloomfield, IA 52537 9/04

The Iowa Utilities Board has scheduled a series of fall customer service meetings around the state in September. For details, contact the Iowa Utilities Board at 515/281-3839.

## — HELP WANTED —

**WATER PLANT SUPERVISOR:** The City of Bloomfield is seeking candidates for this position. Starting salary will vary according to the current union scale classification and DOQ. Current wage range \$13.09 – \$14.72. Responsible for operation and maintenance of Grade III surface water treatment plant. Must have Grade III license or ability to obtain within six months. Public relations and record keeping skills required. EOE. For copy of job description contact Public Works Director at 641/664-2260, ext.14. Send resume with cover letter and references to:

City of Bloomfield  
111 W. Franklin St.  
Bloomfield, IA 52537 7/04

**POLICE OFFICER:** The City of Seymour is seeking ILEA certified candidates for this position. Send letter of application and resume to:

Seymour City Hall  
109 N. 5th St.  
Seymour, IA 52590 7/04

## — FOR SALE —

**STREET LIGHTING COMPONENTS:** 29-30' steel light poles, 21-250 watt HP sodium cobra fixtures, 13-150 watt HP sodium cobra fixtures, 9-250 watt mercury vapor cobra head fixtures. Make offer!! Can request pictures at [bryang@hartleyiowa.com](mailto:bryang@hartleyiowa.com). Or call Bryan at Hartley Municipal Utilities, 712/928-2240.

Bryan Gerritson  
Superintendent Of Public Works  
11 S. Central Ave.  
Hartley, Iowa 51346  
712-928-2240  
712-928-2878 Fax  
[bryang@hartleyiowa.com](mailto:bryang@hartleyiowa.com)  
[www.hartleyiowa.com](http://www.hartleyiowa.com) 9/04

**TRICKLING FILTER DOME:** City of Jesup is selling fiberglass dome from abandoned trickling filter. Dome currently covering 66' I.D. tank with 8" walls. Will sell dome for \$1.00. Purchaser responsible for disassembly and removal.

Contact Chris Even  
319-827-1602 9/04

## CLASSIFIEDS

*IAMU Classified Ads are provided on a space-available basis at no charge to IAMU member utilities. At the discretion of IAMU, ad space may be granted to other entities for a fee. Please call IAMU for more information.*

*Ads will be run for a minimum of one month. Ads placed by IAMU member utilities may be repeated, at the advertiser's request, if space allows.*

***If an ad carries a specific deadline for response, before placing the ad, please call to check the Newsletter publication schedule.***

*Mail, fax (515/289-2499) or e-mail ([jburnett@iamu.org](mailto:jburnett@iamu.org)) ad copy to John Burnett at IAMU.*



***Help support IAMU's training programs when you buy safety equipment online from Omark Safety.***

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The IAMU Newsletter is published monthly to provide information to IAMU members on the safe, efficient and reliable operation of municipal electric, gas, water and telecommunication utilities. Contributions from members and others which advance this purpose are solicited and appreciated. Address changes should be sent to: IAMU, 1735 NE 70th Ave., Ankeny, IA 50021-9353.

Communication Manager/Newsletter Editor:  
John Burnett  
Telephone: 515/289-1999 FAX: 515/289-2499  
e-mail: jburnett@iamu.org  
IAMU web site: www.iamu.org

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**Visit the IAMU Web Site to download an information packet: [www.iamu.org](http://www.iamu.org). Or call IAMU at 800/810-4268.**

### Newsletter Delivery Concerns?



- \* New employees or board/council members?
- \* Change of address?
- \* Need your own copy?

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Fax: 515/289-2499  
e-mail: jburnett@iamu.org

NEWSLETTER, Volume 37 Issue IX, The Iowa Association of Municipal Utilities NEWSLETTER, ISSN 10589597, is published monthly for \$45 per year by the Iowa Association of Municipal Utilities, 1735 NE 70th Ave., Ankeny, Iowa 50021-9353. Periodicals postage paid at Ankeny, Iowa. POSTMASTER: Send address changes to the Iowa Association of Municipal Utilities Newsletter, 1735 NE 70th Ave., Ankeny, IA 50021-9353.



## IOWA ASSOCIATION OF MUNICIPAL UTILITIES NEWSLETTER

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