# HASTINGS UTILITY BOARD
# AGENDA

## Council Chambers – City Hall
## 220 North Hastings Avenue
## September 5, 2019
## 9:00 AM

**ROLL CALL:**

**PLEDGE OF ALLEGIANCE:**

**MOTION TO ADOPT CURRENT AGENDA FOR September 5, 2019 REGULAR MEETING.**

**PUBLIC NOTICE** - Official Notice of the Regular Meeting was published in the Hastings Tribune on Tuesday, September 3, 2019. Pursuant to Nebraska Revised Statute Section 84-1412, the public is advised that a copy of today's agenda and all reproducible written material which will be discussed at today's meeting is located at the back of the Council Chambers. Also, a current copy of the Nebraska Open Meetings Act is posted on the south wall of the Council Chambers which is accessible to members of the public.

**MANAGER'S COMMUNICATIONS:**

**BOARD CHAIRMAN'S COMMUNICATIONS:**

**BOARD MEMBERS' COMMUNICATIONS:**

**CITIZEN COMMUNICATIONS:**

**CONSENT AGENDA:**

1. <u>All Consent Items.</u>

    (a) Approval of the minutes of the Hastings Utility Board Meeting of August 8, 2019

**REGULAR AGENDA:**

2. <u>Unfinished Business of Preceding Meeting.</u>

3. <u>General Business.</u>

    (a) Finance

i. Review and Recommendation of Gas Rate Ordinance 4601

(ii.) Review and Recommendation of Funding Agreement with Hastings Economic Development Corporation

iii. Review and Recommendation of Funding Agreement with Hastings Area Chamber of Commerce

iv. Recommend Approval of City of Hastings Utility Department 2019-2020 Budget

(b) Production

i. Review and Recommendation of Change Order 3 to IES Commercial, Inc. for WEC1 Switchgear Replacement Electrical Equipment Installation

ii. Review and Recommendation of Change Order No. 2 to Siemens Industry Inc. for WEC1 Switchgear Replacement

(c) Operations

(d) Administration

(e) Other

4. Possible Closed Session (if necessary or requested).

**ADJOURN:**

The Hastings Utility Board reserves the right to enter into an executive session at any time during the meeting, in accordance with the Nebraska Open Meetings Act, even though the closed session may not be indicated on the agenda. It is the intention of the Hastings Utility Board to take up the items on the agenda in sequential order. However, the Hastings Utilities Board reserves the right to take up matters in a different order to accommodate the schedule of the Utility Board Members, persons having items on the agenda, and the public.

CITY OF HASTINGS, NEBRASKA
MINUTES OF UTILITY BOARD REGULAR MEETING
Thursday, August 8, 2019

Pursuant to due call and notice thereof, a Regular Meeting of the Utility Board of Hastings, Nebraska was conducted in the Council Chambers of City Hall, 220 N. Hastings Avenue, on August 8, 2019.

**ROLL CALL:**

The meeting was called to order at 9:00 p.m. in Regular Session by Acting Chairman Bill Hitesman with the following members present: Shawn Hartmann, Joanne Seberg, Jeanette Dewalt, Bill Hitesman, Shayne Raitt.

**PLEDGE OF ALLEGIANCE:**

The Acting Chairman led the group in recital of the Pledge of Allegiance to the United States of America.

**MOTION TO ADOPT CURRENT AGENDA FOR August 8, 2019 REGULAR MEETING.**

Moved by Shayne Raitt seconded by Bill Hitesman to adopt the current agenda for August 8, 2019 regular meeting. Roll Call: Ayes: Shawn Hartmann, Bill Hitesman, Joanne Seberg, Shayne Raitt, Jeanette Dewalt. Nays: None. Absent: None. The motion carried.

**PUBLIC NOTICE** - Official Notice of the Regular Meeting was published in the Hastings Tribune on Tuesday, August 6, 2019.

Acting Chairman Bill Hitesman read the Public Notice - Pursuant to Nebraska Revised Statute Section 84-1412, the public is advised that a copy of today's agenda and all reproducible written material which will be discussed at today's meeting is located at the back of the Council Chambers. Also, a current copy of the Nebraska Open Meetings Act is posted on the south wall of the Council Chambers which is accessible to members of the public.

**MANAGER'S COMMUNICATIONS:**

Kevin Johnson stated that the budget information presented today is an introduction and he is not intending to go over it in detail at this meeting. There is a Council workshop on August 19th for discussion. If the Utility Board would like a special meeting between now and August 19th, Johnson said we can schedule that at the Board's direction. Otherwise, we can handle questions like last year, where you email the questions and the answers will be shared with all Board members.

**BOARD CHAIRMAN'S COMMUNICATIONS:**

Acting Chairman Bill Hitesman was given his copy of the Essent newsletter today. He asked that any Board members who would like to get on this mailing list, let us know.

Hitesman welcomed new Board member Jeanette Dewalt.

**BOARD MEMBERS' COMMUNICATIONS:**

None.

**CITIZEN COMMUNICATIONS:**

Mayor Stutte thanked Jeanette Dewalt for her willingness to serve on the Board and he welcomed her today.

**CONSENT AGENDA:**

1. All Consent Items.

   (a) Approval of the minutes of the Hastings Utility Board Meeting of July 11, 2019

Joanne Seberg stated that the minutes need to be amended to show that Shayne Raitt was not present at the meeting.

Moved by Jeanette Dewalt seconded by Shawn Hartmann to approve all Consent Items as amended. Roll Call: Ayes: Shawn Hartmann, Bill Hitesman, Joanne Seberg, Shayne Raitt, Jeanette Dewalt. Nays: None. Absent: None. The motion carried.

**REGULAR AGENDA:**

2. Unfinished Business of Preceding Meeting.

None.

3. General Business.

   (a) Other

      i. New Board Member Introduction

The Board welcomed Jeanette Dewalt as a new member to the Utility Board.

      ii. Election of New Chair and Vice Chair

Acting Chairman Hitesman entertained nominations for the election of the Chairman.

Moved by Shayne Raitt seconded by Shawn Hartmann to nominate Bill Hitesman as Chairman.

Moved by Shawn Hartmann that nominations cease.

Moved by Joanne Seberg seconded by Jeanette Dewalt for unanimous consent for Bill Hitesman as Chairman. Roll Call: Ayes: Shawn Hartmann, Joanne Seberg, Jeanette Dewalt, Shayne Raitt, Bill Hitesman. Nays: None. Absent: None. The motion carried.

Chairman Hitesman entertained nominations for Vice Chairman.

Moved by Joanne Seberg seconded by Shayne Raitt to nominate Shawn Hartman as Vice Chairman.

Chairman Hitesman declared the nominations will cease.

Roll Call on Vice Chairman: Ayes: Joanne Seberg, Shayne Raitt, Jeanette Dewalt, Bill Hitesman, Shawn Hartmann. Nays: None. Absent: None. Motion carried.

(b) Finance

i. Introduction of New Financial Manager (Utilities)

Roger Nash introduced the new Accounting Manager for Hastings Utilities, Robin Ginn. Roger stated that she has gotten in the final few budget meetings as the budget is wrapping up.

Derek Zeisler introduced Tara Ogren who is the Utilities' new Process Financial Analyst.

ii. 2nd Qtr. Financials Update, Report Distribution Only

Kevin Johnson asked Tara Ogren to put together a summary of the 2nd Quarter Financials. The summary was handed out at the meeting. A presentation was not given because the information is from the March financials and in August the numbers are not as meaningful. Johnson told the Board to let him know if they have any questions. He is hoping that Roger's department is now fully staffed and they can get caught up after the budget is complete.

iii. '19/'20 Budget Introduction, High Level Preview

Kevin Johnson presented the 2019-2020 Fiscal Year Budget for Hastings Utilities. He gave a presentation on highlights in the budget, including information on how the HR, IT, City Attorney, City Administrator, and Finance funding allocations are split between the General City Budget and the Utilities Department Budget. His presentation also spelled out HU Strategic Initiatives for the new fiscal year, included a staffing summary, and a recommendation for a rate increase in the gas rates.

Jeanette Dewalt stated that an additional session for the entire Board to review the budget together would be beneficial. Joanne Seberg said that the other option would be use email to ask questions and get answers back to entire board. Dave Ptak said that staff could meet with a maximum of two members at a time but if a quorum, we would need to advertise as a formal meeting. At this time, the Board did not set a special Board meeting. Johnson said that he will email the Board to determine their needs for a special meeting or to meet in smaller groups.

As a large item in the budget, an ASR presentation was given by Marty Stange, His presentation included what the Aquifer Storage and Restoration Project (ASR) project is, operations done to date, the effectiveness, ASR injection modeling, well quality, nitrate concentration changes, uranium changes, injection water travel, mushroom effect, required construction, and future operation and construction

(c) Production

i. Solar Farm Construction and Customer Participation Update

Derek Zeisler gave an update on the solar farm construction and a customer participation update. Zeisler stated that the construction of the solar farm is 2/3 complete and is on schedule. He said that there is a customer meeting tonight at 5 p.m. at the Hastings Public Library. Official customer signups are starting Monday, August 12th. Johnson stated that we are piloting the process today and tomorrow with city employees who are also Hastings Utilities' customers who are interested in solar.

(d) Operations

None.

(e) Administration

i. Introduction of New Process Financial Analyst

Already introduced Robin Ginn.

ii. Security and Customer Service Project at NDS Update

Johnson informed the Board that the NDS Construction Update has been delayed as the bids came in pretty high. He stated that staff is re-evaluating the design but still plan to have safety and security measures, customer service aspect, drive-up window, restrooms up front, and a private customer office.

iii. Discussion of Central Plains Energy Project 2

Derek Zeisler gave an update on the Central Plains Energy Project 2. He stated that Hastings has participated in CPEP projects in the past, were you buy prepay gas where you agree to volumes ahead in order to receive a discount. As before, this is part of a 30 year agreement, with resets every five years. A second reset period is coming up in September in the CPEP Project 2. This resolution will allow us to move forward once we make a deal (currently in negotiations). Partners in CPEP 2 are Metropolitan Utility Department (MUD) of Omaha and Cedar Falls, Iowa.

Moved by Jeanette Dewalt seconded by Shawn Hartmann to recommend for City Council approval a Resolution to participate in CPEP Project 2. Roll Call: Ayes: Shawn Hartmann, Bill Hitesman, Joanne Seberg, Jeanette Dewalt. Nays: None. Absent: Shayne Raitt. The motion carried.

4. <u>Possible Closed Session (if necessary or requested).</u>

None.

**ADJOURN:**

Moved by Joanne Seberg seconded by Jeanette Dewalt that there being no further business, the meeting adjourn at 10:21 a.m. Roll Call: Ayes: Shawn Hartmann, Bill Hitesman, Joanne Seberg, Jeanette Dewalt. Nays: None. Absent: Shayne Raitt. The motion carried.

APPROVED:

______________________________
Board Secretary

**ORDINANCE NO. 4601**

AN ORDINANCE OF THE CITY OF HASTINGS, NEBRASKA, TO ESTABLISH FAIR AND EQUITABLE RATES FOR THE CONSUMPTION OF NATURAL GAS FROM THE CITY OF HASTINGS, NEBRASKA; TO ESTABLISH THE EFFECTIVE DATE FOR SAID RATES; TO REPEAL ANY ORDINANCES OR OTHER PROVISIONS IN CONFLICT THEREWITH; TO PROVIDE FOR SEVERABILITY OF ANY PHRASE, CLAUSE, OR PART OF THIS ORDINANCE; AND TO PROVIDE FOR THE PUBLICATION OF THIS ORDINANCE IN PAMPHLET FORM.

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF HASTINGS, NEBRASKA:

SECTION 1. That Hastings City Code Section 32-402 of the Hastings City Code be and the same is hereby amended as follows:

(See Attached Section 32-402)

SECTION 2. The rates set forth in Section 1 hereinabove shall be effective beginning October 1, 2019.

SECTION 3. Any ordinance passed and approved prior to the passage, approval and publication or posting of this ordinance and in conflict with its provisions is hereby repealed.

SECTION 4. This ordinance shall take effect and be in full force from and after its passage, approval and publication in pamphlet form, said effective date being October 1, 2019, and this ordinance shall thereafter be included in the Hastings City Code book.

SECTION 5. The provisions of this ordinance are separable and the invalidity of any phrase, clause or part of this ordinance shall not affect the validity or effectiveness of the remainder of the ordinance.

PASSED AND APPROVED this ___ day of ___________, 2019.

ATTEST: ____________________________________________
Mayor

____________________________________
City Clerk

( S E A L )

APPROVED AS TO FORM:

____________________________________

City Attorney

**Sec. 32-402. Rate Schedule**

As a tariff of rates based on monthly consumption of each consumer of natural gas from the distribution system of the city, the following schedules are hereby established:

**GRS-U GAS RESIDENTIAL SERVICE - URBAN**

AVAILABLE - Within established corporate limits of the City of Hastings.

APPLICABLE - To single-family residences and individually metered apartments for domestic purposes when all service is supplied through a single meter to each customer.

CHARACTER OF SERVICE - Standard Hastings Utilities pressures and temperatures.

RATE - Subject to application of Btu and Purchased Gas Adjustment.

Gas Residential Service - Urban (GRS-U)

Customer Charge $4.41 per month plus:

| Summer | Winter | |
|---|---|---|
| $0.354 | $0.502 | per hundred cubic feet (ccf) for the first 120 ccf used per month. |
| $0.326 | $0.463 | per ccf for all additional use. |

Summer

The summer rate shall apply to the billing months of June through September.

Winter

The winter rate shall apply to the billing months of October through May.

Service will be furnished under the General Terms and Conditions of Hastings Utilities.

**GGS-U GAS GENERAL SERVICE - URBAN**

AVAILABLE - Within established corporate limits of the City of Hastings.

APPLICABLE - To any Customer for non-domestic purposes or multiple family domestic use where all service is taken through a single meter at one location, and where the Customer's peak winter usage does not exceed 3,000 ccf per month.

CHARACTER OF SERVICE - Standard Hastings Utilities pressures and temperatures.

RATE - Subject to application of Btu and Purchased Gas Adjustment.

Gas General Service - Urban (GGS-U)

Customer Charge $8.82 per month plus:

| Summer | Winter | |
|---|---|---|
| $0.358 | $0.523 | per hundred cubic feet (ccf) for the first 120 ccf used per month. |
| $0.341 | $0.458 | per ccf for all additional use. |

Summer

The summer rate shall apply to the billing months of June through September.

Winter

The winter rate shall apply to the billing months of October through May.

Service will be furnished under the General Terms and Conditions of Hastings Utilities.

## GLGS-U GAS LARGE GENERAL SERVICE - URBAN

AVAILABLE - Within established corporate limits of the City of Hastings.

APPLICABLE - To any Customer for non-domestic purposes or multiple family domestic use where all service is taken through a single meter at one location, and where the Customer's peak winter requirement is greater than 3,000 and less than 60,000 ccf per month.

CHARACTER OF SERVICE - Standard Hastings Utilities pressures and temperatures.

RATE - Subject to application of Btu and Purchased Gas Adjustment.

Gas Large General Service - Urban (GLGS-U)

Customer Charge $44.12 per month plus:

| Summer | Winter | |
|---|---|---|
| $0.386 | $0.456 | per hundred cubic feet (ccf) for the first 120 ccf used per month. |
| $0.386 | $0.439 | per ccf for all additional use. |

Summer

The summer rate shall apply to the billing months of June through September.

Winter

The winter rate shall apply to the billing months of October through May.

Service will be furnished under the General Terms and Conditions of Hastings Utilities.

## GRS-R GAS RESIDENTIAL SERVICES - RURAL

AVAILABLE - Within established service area but outside the corporate limits of the City of Hastings.

APPLICABLE - To single-family residences and individually metered apartments for domestic purposes when all service is supplied through a single meter to each customer.

CHARACTER OF SERVICE - Standard Hastings Utilities pressures and temperatures.

RATE - Subject to application of Btu and Purchased Gas Adjustment.

Gas Residential Service - Rural (GRS-R)

Customer Charge $4.97 per month plus:

| Summer | Winter | |
|---|---|---|
| $0.354 | $0.524 | per hundred cubic feet (ccf) for the first 120 ccf used per month. |
| $0.326 | $0.464 | per ccf for all additional use. |

Summer

The summer rate shall apply to the billing months of June through September.

Winter

The winter rate shall apply to the billing months of October through May.

Service will be furnished under the General Terms and Conditions of Hastings Utilities.

## GGS-R GAS GENERAL SERVICE - RURAL

AVAILABLE - Within established service area but outside the corporate limits of the City of Hastings.

APPLICABLE - To any Customer for non-domestic purposes or multiple family domestic use where all service is taken through a single meter at one location, and where the Customer's peak winter requirement does not exceed 3,000 ccf per month.

CHARACTER OF SERVICE - Standard Hastings Utilities pressures and temperatures.

RATE - Subject to application of Btu and Purchased Gas Adjustment.

Gas General Service - Rural (GGS-R)

Customer Charge $9.93 per month plus:

| Summer | Winter | |
|---|---|---|
| $0.419 | $0.529 | per hundred cubic feet (ccf) for the first 120 ccf used per month. |
| $0.370 | $0.465 | per ccf for all additional use. |

Summer

The summer rate shall apply to the billing months of June through September.

Winter

The winter rate shall apply to the billing months of October through May.

Service will be furnished under the General Terms and Conditions of Hastings Utilities.

## GLGS-R GAS LARGE GENERAL SERVICE - RURAL

AVAILABLE - Within established service area but outside the corporate limits of the City of Hastings.

APPLICABLE - To any Customer for non-domestic purposes or multiple family domestic use where all service is taken through a single meter at one location, and where the Customer's maximum winter requirement is greater than 3000 ccf and less than 60,000 ccf per month.

CHARACTER OF SERVICE - Standard Hastings Utilities pressures and temperatures.

RATE - Subject to application of Btu and Purchased Gas Adjustment.

Gas Large General Service - Rural (GLGS-R)

Customer Charge $49.64 per month plus:

| Summer | Winter | |
|---|---|---|
| $0.386 | $0.456 | per hundred cubic feet (ccf) for the first 120 ccf used per month. |
| $0.386 | $0.439 | per ccf for all additional use. |

Summer

The summer rate shall apply to the billing months of June through September.

Winter

The winter rate shall apply to the billing months of October through May.

Service will be furnished under the General Terms and Conditions of Hastings Utilities.

## GLV-D GAS LARGE VOLUME - DEMAND

AVAILABLE - Within established rate areas of Hastings Utilities.

APPLICABLE - To any Customer for non-domestic purposes where all service is taken through a single meter at one location, and where the Customer's maximum winter usage is greater than 60,000 ccf per month. This rate is optional.

CHARACTER OF SERVICE - Standard Hastings Utilities pressures and temperatures.

RATE - Subject to application of Btu and Purchased Gas Adjustment.

Gas Large Volume - Demand (GLV-D)

Customer Charge $110.31 per month plus:

| | | |
|---|---|---|
| Demand | $0.110 | per ccf times the peak winter usage within the past 11 months. |
| Commodity | $0.299 | per ccf for all usage. |

Summer

The summer rate shall apply to the billing months of June through September.

Winter

The winter rate shall apply to the billing months of October through May.

Service will be furnished under the General Terms and Conditions of Hastings Utilities.

## GLV-I GAS LARGE VOLUME - INTERRUPTIBLE

AVAILABLE - Within established rate areas of Hastings Utilities and to the extent gas under this Schedule is available to Hastings Utilities.

APPLICABLE - To any Customer for non-domestic purposes where all service is taken through a single meter at one location, and who has executed an agreement with the City whereby, in a period of curtailment or interruption, the Customer can switch to alternate fuel(s) to maintain operation or curtail all operations requiring the use of natural gas from the City distribution system. Customer must demonstrate the capability to remain off the City system. Customer must remain on the rate a minimum of twelve (12) consecutive months.

MINIMUM USAGE: 10,000 ccf/Month

CHARACTER OF SERVICE - Standard Hastings Utilities pressures and temperatures.

RATE - Subject to application of Btu and Purchased Gas Adjustment.

Gas Large Volume - Interruptible (GLV-I)

Customer Charge $110.31 per month plus:

| | Summer | Winter |
|---|---|---|
| Commodity Charge (per ccf for all usage) | $0.340 | $0.366 |

Summer

The summer rate shall apply to the billing months of June through September.

Winter

The winter rate shall apply to the billing months of October through May.

FAILURE TO INTERRUPT: In the event that customer is unwilling or unable to interrupt all service under this schedule when required by Hastings Utilities, Customer shall be liable for 110 percent of all penalties and charges arising from said failure.

Gas service under this schedule is subject to the General Terms and Conditions of Hastings Utilities.

## GITS - GAS INTERRUPTIBLE TRANSPORTATION SERVICE

(1) AVAILABILITY

(a) This Rate Schedule ("Schedule") is available to any end user ("Customer") with facilities served by Hastings Utilities ("Hastings") who has executed an Agency Agreement with Hastings or purchased natural gas from a qualified third-party supplier and who has had peak monthly usage of greater than 300 MMBtu during any of the previous twelve months.

(b) Service under this Schedule is subject to all contractual requirements of existing interstate pipeline service agreements that Hastings currently has in place with Tallgrass Interstate Gas Transmission ("TIGT"), Trailblazer Pipeline Company ("Trailblazer"), or their successors or assigns, or any other pipeline and/or supplier(s) with which Hastings enters into a contract. Continuous service may not be available.

(2) APPLICABILITY

(a) This Schedule shall apply to gas purchased by Customer through an Agency Agreement with Hastings or from a qualified third-party supplier and delivered to the Hastings Town Border Station ("Hastings TBS"), and received, transported, and delivered by Hastings to Customer's premises, when Hastings and Customer have executed an agreement for service under Schedule GITS. All third-party suppliers must hold and utilize TIGT pipeline capacity to effectuate delivery of gas to the Hastings TBS.

(b) Service under this rate schedule shall be subject to interruption or curtailment in the sole discretion of Hastings.

(c) All gas delivered hereunder by Hastings shall be thermally balanced by Customer.

(d) Requests for service will be granted on a "first-come/first-served" capacity and/or contractual available basis.

(3) RATE

(a) Customer Charge & Commodity Charge:

Customer Charge: $110.31 per billing period per Delivery Point

Plus

Commodity Charge: $0.601 per MMBtu delivered during each billing period.

(b) Transfer Fee - Hastings will include on the Customer's invoice a charge equal to 6.5 percent of the gross monthly billing from Customer's natural gas supplier, which shall include all charges associated with delivery of the supply to the Hastings TBS. In the event Customer is unable or unwilling to provide Hastings a copy of its actual invoice to verify pricing, Hastings will bill the Customer on an assumed gas cost based upon the first of the month index price listed in the publication *Platts Gas Daily Price Guide* for the higher of the Northern Natural Gas Company - Demarcation, or the Colorado Interstate Gas Co. Rocky Mountains indices, plus $1.00/MMBtu.

(c) Application Fee and Other Charges - In addition to the monthly charges set forth above, Customer shall pay (i) an Application Fee of $250.00 with each Request for Transportation Service, and (ii) all directly assignable costs related to such service, including, as applicable, the cost of any electronic metering and/or telemetering and any other facilities constructed or installed to provide transportation service and all “Exit Fees” (See General Terms and Conditions).

(d) Telemetering Facilities and Charges - Subsequent to a request for service, and prior to initiation of service, electronic metering and/or telemetering facilities must be installed and operable in accordance with current policies and practices of Hastings.

(e) Modernization Charges - In the event the Federal Energy Regulatory Commission (FERC) permits an interstate pipeline to collect through its rates via a surcharge to Hastings, costs related to modernizing the pipeline’s facilities and infrastructure to enhance the efficiency and safe operation of the pipeline’s system pursuant to the FERC Policy Statement in Docket No. PL15-1-000, Cost Recovery Mechanisms for Modernization of Natural Gas Facilities, Hastings shall pass on all such additional costs to the Customer so Hastings remains revenue neutral.

(f) Interstate Pipeline Rate Case - In the event an interstate pipeline that serves Hastings files a Rate Case with FERC, and FERC allows the implementation of rates that are different than the incremental pipeline transportation and/or fuel costs Customer has in effect with Hastings through an Agency Agreement, Hastings reserves the right to adjust those incremental costs to allow recovery from Customer so Hastings remains revenue neutral.

(4) MINIMUM MONTHLY BILL - The Customer charge, associated Pipeline charges, Modernization charges and applicable Penalty charges, if any, along with the associated Transfer Fee.

(5) AGENCY AGREEMENT - Customer may, at Hastings' option, execute an Agency Agreement which provides for Hastings to procure a supply of natural gas and handle certain administrative duties involved with delivering gas to Customer. Customer shall be responsible for all other terms and requirements of this rate schedule.

(6) RECEIPT AND DELIVERY

(a) A Customer who has purchased third-party gas shall be solely responsible for scheduling and securing delivery of said transportation gas to the Hastings TBS, unless otherwise agreed to in writing by Hastings.

(b) The Receipt Point shall be the Hastings TBS and the Delivery Point shall be the retail meter at the Customer's facility located within the Hastings distribution service area.

(c) A change of either a Receipt or Delivery Point will be treated as new service.

(d) All gas delivered to transporting pipeline(s) for transportation and delivery to Hastings, and further transportation hereunder to the Customer, shall at all times conform to the generally applicable quality and delivery condition specification of each receiving transporter's FERC approved pipeline tariff.

(e) Ownership of gas transported by Hastings shall at all times remain with the Customer.

(7) CAPACITY CONSTRAINTS

Service under this Schedule is subject to the physical and contractual constraints of Hastings' gas system pertinent to each Delivery Point.

(8) CUSTOMER BALANCING OBLIGATION

(a) Customer shall have the obligation to Balance, on a daily basis, Receipts of transportation gas scheduled at the Hastings TBS with Deliveries of such gas by Hastings to the Customer's facilities.

The Customer is responsible for keeping informed as to daily Receipts from its supplier of gas so as to enable it to adjust its consumption of gas to ensure that Receipts and Deliveries of gas into and out of Hastings' system will be kept as near to zero as practicable.

(b) The Customer is permitted to incur a daily Positive or Negative imbalance of up to 10 percent of the quantities received by Hastings on the Customer's behalf, except on Critical Days. Volumes exceeding those amounts will be subject to penalties as described in Section 10 hereinafter.

(c) Continuous or willful incurring of imbalances that exceed the limits as established herein will constitute grounds for termination of Service under this Schedule. In the event of Termination of Service, immediate settlement of the imbalance will be made under the terms described in Sections 9 and 10 herein.

(9) SETTLEMENT OF IMBALANCES

(a) On a monthly basis, the Customer will receive an Imbalance Statement from Hastings which will show the quantities scheduled and received by Hastings on behalf of the Customer, deliveries to the Customer's facilities and any imbalance resulting from the over or under-delivery of gas.

(b) All monthly Positive Imbalances shall be cashed out in accordance with the Monthly Balancing provisions of the FERC approved TIGT pipeline tariff.

(c) All monthly Negative Imbalances, except those incurred on a Critical Day(s), will be deemed to have been purchased from Hastings at the Applicable Retail Sales Rate.

(10) PENALTIES FOR IMBALANCE

(a) Customers with an imbalance in excess of the limits permitted under Sections 8(b) will be subject to a penalty to be assessed at the rate of $1.00 per MMBtu for all MMBtu in excess of the permitted limit plus 110 percent of any pipeline imbalance penalty incurred by Hastings as a result of Customer’s imbalance, if any, should the imbalance occur on a Critical Day.

(b) Customers with a Negative imbalance on any Critical Day will be subject to a penalty charge for each Critical Day a Negative imbalance is incurred. Penalty charges will be assessed under the terms described in paragraph (c) below.

(c) If Hastings incurs increased gas or transportation costs, or any penalties whatsoever due to a Customer's imbalance, those costs will be passed on to the Customer at 110 percent of cost.

(11) CUSTOMER INTERRUPTION AND CURTAILMENT OBLIGATIONS

Service hereunder is available only to Customers who can and will immediately reduce or cease the taking of gas if curtailment or interruption is called for by Hastings, in its sole discretion. If Customer refuses to reduce or cease the taking of gas at the delivery point(s) as requested and within the notice period, Hastings may, in its sole discretion, bill Customer for service at the greater of the Customer's applicable standard sales service rate or 110 percent of all supply and penalty costs incurred by Hastings resulting from Customer's non-compliance, or discontinue service to Customer. In the event Hastings must physically disconnect service as a result of Customer’s non-compliance, Customer will be charged on a Time and Material basis for all costs incurred by Hastings to discontinue and/or reconnect service.

If it can be determined with reasonable accuracy that Customer's gas supply is not available at the receipt point in sufficient volume to match Customer's deliveries, Hastings may, in its sole discretion, order Customer to reduce takes at the delivery point(s) to match gas entering at the receipt point. Said amount, if any, shall be the Customer's Curtailment Quantity.

(12) SERVICE REGULATIONS

All other Terms and General Conditions, and regulations applicable to this service shall apply to the extent not inconsistent with this tariff.

(13) ALTERNATIVE FUELS ADJUSTMENT

(a) In the interest of continuity of service, and at the sole discretion of Hastings, the rates for interruptible transportation service hereinabove may be adjusted down to reflect the cost of alternative fuels and supplies.

(b) In the case of alternative fuels, Hastings may require from Customer written and verifiable documentation of the end use cost of alternative fuels.

(c) In no case shall the applicable rates be less than the Minimum Allowable Cost of Hastings.

(14) FIRST RIGHT OF REFUSAL

Customer shall notify Hastings if Customer receives a bona fide offer from a third party to supply natural gas under terms which, in Customer's opinion, are more favorable than those offered by Hastings. Customer further agrees that Hastings shall have the first right of refusal to match the third party offer. Customer shall provide Hastings with a copy of such third party offer or sign an affidavit which identifies the terms and conditions of any such offer. For thirty (30) working days following receipt of such notification, Hastings shall have the right to match such third party offer which would otherwise be accepted by Customer. If Hastings matches such offer, Customer and Hastings shall enter into a contract which contains such terms. Hastings' failure to match such third party offer within thirty (30) working days following receipt of notification shall constitute a waiver of Hastings' right to meet the third party offer.

(15) DEFINITIONS

<u>Critical Day Definition</u>: "Critical Day" shall mean any day, or portion thereof, that a pipeline transporter issues a Directional Notice or Critical Time Operational Flow Order (OFO), or equivalent, or when Hastings shall be curtailed in whole or part by a pipeline

transporter, operational issue, or any similar period of interruption due to limitations or constraints of supply or delivery capacity.

Customer's Daily Transport Limit: The maximum daily transportation amount, in MMBtu, which Customer has contracted with Hastings. Said limit may be used by Customer on any day in which no restriction or curtailment is in effect.

Customer's Curtailment Quantity: The maximum daily transportation amount in MMBtu, if any, which Customer is allowed to use during periods of restriction or curtailment. Said amount must be confirmed by contract, in writing, or by fax with Hastings, prior to usage.

Minimum Allowable Cost: An amount which is less than the fully allocated cost of service but which is greater than the marginal cost of operation of the Hastings Gas System.

(16) RATE TERM

A Customer shall remain on a rate for a minimum of twelve (12) consecutive months, unless determined to be on a non-applicable rate by Hastings or upon mutual consent of Hastings and Customer.

(17) FORCE MAJEURE:

All service under this schedule is subject to interruption under conditions of Force Majeure (See General Terms & Conditions).

(18) GENERAL TERMS AND CONDITIONS

Service will be furnished under the General Terms and Conditions of Hastings Utilities.

## GFTS - GAS FIRM TRANSPORTATION SERVICE

(1) AVAILABILITY

(a) This Rate Schedule (“Schedule”) is available to any end user ("Customer") with facilities served by Hastings Utilities ("Hastings") who has executed an Agency Agreement with Hastings or purchased natural gas from a qualified third-party supplier and who has had peak monthly usage of greater than 300 MMBtu during any of the previous twelve months.

(b) Service under this Schedule is subject to all contractual requirements of existing interstate pipeline service agreements that Hastings currently has in place with Tallgrass Interstate Gas Transmission (“TIGT”), Trailblazer Pipeline Company (“Trailblazer”), or their successors or assigns, or any other pipeline and/or supplier(s) with which Hastings enters into a contract. Continuous service may not be available.

(2) APPLICABILITY

(a) This Schedule shall apply to gas purchased by Customer through an Agency Agreement with Hastings or from a qualified third-party supplier and delivered to the Hastings Town Border Station ("Hastings TBS"), and received, transported, and delivered by Hastings to Customer's premises, when Hastings and Customer have executed an agreement for service under Schedule GFTS. All third-party suppliers must hold and utilize TIGT pipeline capacity to effectuate delivery of gas to the Hastings TBS.

(b) Service under this rate schedule shall not be subject to interruption or curtailment except for operational emergencies, Force Majeure conditions, issuance of an Operational Flow Order (OFO), or the equivalent, by a transporting pipeline, or failure of Customer to secure adequate supplies of gas, as outlined in Section 11 hereinafter.

(c) All gas delivered hereunder by Hastings shall be thermally balanced by Customer.

(d) Requests for service will be granted on a "first-come/first-served" capacity and/or contractually available basis.

3) RATE

(a) Customer Charge & Commodity Charge:

Customer Charge: $110.31 per billing period per Delivery Point

Plus

Demand Charge: $3.86 per MMBtu times the peak daily winter usage within the past 24 months. If actual usage data is not available, the Utility Department may estimate peak day values.

Plus

Commodity Charge: $0.601 per MMBtu delivered during each billing period.

(b) Transfer Fee - Hastings will include on the Customer's invoice a charge equal to 6.5 percent of the gross monthly billing from Customer's natural gas supplier, which shall include all charges associated with delivery of the supply to the Hastings TBS. In the event Customer is unable or unwilling to provide Hastings a copy of its actual invoice to verify pricing, Hastings will bill the Customer on an assumed gas cost based upon the first of the month index price listed in the publication *Platts Gas Daily Price Guide* for the higher of the Northern Natural Gas Company - Demarcation, or the Colorado Interstate Gas Co. Rocky Mountains indices, plus $1.00/MMBtu.

c) Application Fee and Other Charges - In addition to the monthly charges set forth above, Customer shall pay (i) an Application Fee of $250.00 with each Request for Transportation service, and (ii) all directly assignable costs related to such service, including, as applicable, the cost of any electronic metering and/or telemetering and any other facilities constructed or installed to provide transportation service and all “Exit Fees” (See General Terms and Conditions).

(d) Telemetering Facilities and Charges - Subsequent to a request for service, and prior to initiation of service, electronic metering and/or telemetering facilities must be installed and operable in accordance with current policies and practices of Hastings.

(e) Modernization Charges - In the event the Federal Energy Regulatory Commission (FERC) permits an interstate pipeline to collect through its rates via a surcharge to Hastings, costs related to modernizing the pipeline’s facilities and infrastructure to enhance the efficiency and safe operation of the pipeline’s system pursuant to the FERC Policy Statement in Docket No. PL15-1-000, Cost Recovery Mechanisms for Modernization of Natural Gas Facilities, Hastings shall pass on all such additional costs to the Customer so Hastings remains revenue neutral.

(f) Interstate Pipeline Rate Case - In the event an interstate pipeline that serves Hastings files a Rate Case with FERC, and FERC allows the implementation of rates that are different than the incremental pipeline transportation and/or fuel costs Customer has in effect with Hastings through an Agency Agreement, Hastings reserves the right to adjust those incremental costs to allow recovery from Customer so Hastings remains revenue neutral.

(4) MINIMUM MONTHLY BILL - The Customer charge, associated Pipeline charges, Modernization charges and applicable Penalty charges, if any, along with the associated Transfer Fee.

(5) AGENCY AGREEMENT - Customer may, at Hastings' option, execute an Agency Agreement which provides for Hastings to procure a supply of natural gas and handle certain administrative duties involved with delivering gas to Customer. Customer shall be responsible for all other terms and requirements of this rate schedule.

(6) RECEIPT AND DELIVERY

(a) A Customer who has purchased third-party gas shall be solely responsible for scheduling and securing delivery of said transportation gas to the Hastings TBS , unless otherwise agreed to in writing by Hastings.

(b) The Receipt Point shall be the Hastings TBS and the Delivery Point shall be the retail meter at the Customer's facility located within the Hastings distribution service area.

(c) A change of either a Receipt or Delivery Point will be treated as new service.

(d) All gas delivered to transporting pipeline(s) for transportation and delivery to Hastings , and further transportation hereunder to the Customer, shall at all times conform to the generally applicable quality and delivery condition specification of each receiving transporter’s FERC approved pipeline tariff.

(e) Ownership of gas transported by Hastings shall at all times remain with the Customer.

(7) CAPACITY CONTRAINTS

Service under this Schedule is subject to the physical and contractual constraints of Hastings' gas system pertinent to each Delivery Point.

(8) CUSTOMER BALANCING OBLIGATION

(a) Customer shall have the obligation to Balance, on a daily basis, Receipts of transportation gas scheduled at the Hastings TBS with Deliveries of such gas by Hastings to the Customer's facilities.

The Customer is responsible for keeping informed as to daily Receipts from its supplier of gas so as to enable it to adjust its consumption of gas to ensure that Receipts and Deliveries of gas into and out of Hastings' system will be kept as near to zero as practicable.

(b) The Customer is permitted to incur a daily Positive or Negative imbalance of up to 10 percent of the quantities received by Hastings on the Customer's behalf, except on Critical Days. Volumes exceeding those amounts will be subject to penalties as described in Section 10 hereinafter.

(c) Continuous or willful incurring of imbalances that exceed the limits as established herein will constitute grounds for termination of Service under this Schedule. In the event of Termination of Service, immediate settlement of the imbalance will be made under the terms described in Sections 9 and 10 herein.

(9) SETTLEMENT OF IMBALANCES

(a) On a monthly basis, the Customer will receive an Imbalance Statement from Hastings which will show the quantities scheduled and received by Hastings on behalf of the Customer, deliveries to the Customer's facilities and any imbalance resulting from the over or under-delivery of gas.

(b) All monthly Positive Imbalances shall be cashed out in accordance with the Monthly Balancing provisions of the FERC approved TIGT pipeline tariff.

(c) All monthly Negative Imbalances, except those incurred on a Critical Day(s), will be deemed to have been purchased from Hastings at the Applicable Retail Sales Rate.

(10) PENALTIES FOR IMBALANCE

(a) Customers with an imbalance in excess of the limits permitted under Sections 8(b) will be subject to a penalty to be assessed at the rate of $1.00 per MMBtu for all MMBtu in excess of the permitted limit plus 110 percent of any pipeline imbalance penalty incurred by Hastings as a result of Customer's imbalance, if any, should the imbalance occur on a Critical Day.

(b) Customers with a Negative imbalance on any Critical Day will be subject to a penalty charge for each Critical Day a Negative imbalance is incurred. Penalty charges will be assessed under the terms described in paragraph (c) below.

(c) If Hastings incurs increased gas or transportation costs or any penalties whatsoever due to a Customer's imbalance, those costs will be passed on to the Customer at 110 percent of cost.

(11) CUSTOMER INTERRUPTION AND CURTAILMENT OBLIGATIONS

If it can be determined with reasonable accuracy that Customer's gas supply is not available at the receipt point in sufficient volume to match Customer's deliveries, Hastings may, in its sole discretion, order Customer to reduce takes at the delivery point(s) to match gas entering at the receipt point.

If Customer refuses to reduce or cease the taking of gas at the delivery point(s) as requested and within the notice period, Hastings may, in its sole discretion, bill Customer for service at the greater of the Customer's applicable standard sales service rate or 110 percent of all supply and penalty costs incurred by Hastings resulting from Customer's non-compliance, or physically discontinue service to Customer. In the event Hastings must physically disconnect service as a result of Customer's non-compliance, Customer will be charged on a Time and Material basis for all costs incurred by Hastings to discontinue and/or reconnect service.

In the event that a transporting pipeline issues an Operational Flow Order (OFO), or the equivalent, Hastings may, at its sole discretion, reduce or suspend total deliveries of transportation gas to Customer during the duration, or any portion thereof, that an OFO is in existence. Said amount, if any, shall be the Customer's Curtailment Quantity.

If all or a portion of transportation service is suspended to a Customer, Hastings may attempt to continue serving the Customer's full requirements but Customer will pay Hastings the higher of Customer's standard sales service rate or the actual incremental cost, plus 10 percent, of any replacement supply obtained to serve Customer.

In the event that an OFO results in supply or operational restrictions that limits or threatens Hastings' ability to serve its entire system load, Hastings may order Customer to reduce or eliminate the taking of natural gas at the delivery point(s) during the duration of an OFO. If a Customer fails to adjust takes to the ordered level, Hastings may continue to serve the Customer and shall invoice consumption at a rate of 110 percent of all associated costs, including but not limited to pipeline penalties, supplier variance/penalty costs and incremental replacement supply costs, or may physically discontinue service to Customer.

(12) SERVICE REGULATIONS

All other Terms and General Conditions, and regulations applicable to this service shall apply to the extent not inconsistent with this tariff.

(13) ALTERNATIVE FUELS ADJUSTMENT

(a) In the interest of continuity of service, and at the sole discretion of Hastings, the rates for firm transportation service hereinabove may be adjusted down to reflect the cost of alternative fuels and supplies.

(b) In the case of alternative fuels, Hastings may require from Customer written and verifiable documentation of the end use cost of alternative fuels.

(c) In no case shall the applicable rates be less than the Minimum Allowable Cost of Hastings.

(14) FIRST RIGHT OF REFUSAL

Customer shall notify Hastings if Customer receives a bona fide offer from a third party to supply natural gas under terms which, in Customer's opinion, are more favorable than those offered by Hastings. Customer further agrees that Hastings shall have the first right of refusal to match the third party offer. Customer shall provide Hastings with a copy of such third party offer or sign an affidavit which identifies the terms and conditions of any such offer. For thirty (30) working days following receipt of such notification, Hastings shall have the right to match such third party offer which would otherwise be accepted by Customer. If Hastings matches such offer, Customer and Hastings shall enter into a contract which contains such terms. Hastings' failure to match such third party offer within thirty (30) working days following receipt of notification shall constitute a waiver of Hastings' right to meet the third party offer.

(15) DEFINITIONS

<u>Critical Day Definition</u>: "Critical Day" shall mean any day, or portion thereof, that a pipeline transporter issues a Directional Notice or Critical Time Operational Flow Order (OFO), or the equivalent, or when Hastings shall be curtailed in whole or part by a pipeline transporter, or any similar period of interruption due to limitations or constraints of supply or delivery capacity.
<u>Customer's Daily Transport Limit</u>: The maximum daily transportation amount, in MMBtu, which Customer has contracted with Hastings. Said limit may be used by Customer on any day in which no restriction or curtailment is in effect.

<u>Customer's Curtailment Quantity</u>: The maximum daily transportation amount in MMBtu, if any, which Customer is allowed to use during periods of restriction or curtailment. Said amount must be confirmed by contract, in writing, or by fax with Hastings, prior to usage.

<u>Minimum Allowable Cost</u>: An amount which is less than the fully allocated cost of service but which is greater than the marginal cost of operation of the Hastings Gas System.

(16) RATE TERM

A Customer shall remain on a rate for a minimum of twelve (12) consecutive months, unless determined to be on a non-applicable rate by Hastings or upon mutual consent of Hastings and Customer.

(17) FORCE MAJEURE:

All service under this schedule is subject to interruption under conditions of Force Majeure (See General Terms & Conditions).

(18) GENERAL TERMS AND CONDITIONS

Service will be furnished under the General Terms and Conditions of Hastings Utilities.

## GENERAL TERMS AND CONDITIONS

All purchases of natural gas from Hastings Utilities are subject to the following General Terms and Conditions.

ADVANTAGEOUS RATE: To the extent that more than one rate may be available for a given Customer usage, it shall be the responsibility of the Customer to choose the rate which may be best for the Customer. The Utility will attempt to provide as much information as possible in helping the Customer determine which rate may be most advantageous.

BILLING DUE DATE: All bills are due and payable upon receipt. Bills are delinquent fifteen (15) days after the date of billing and shall be subject to all applicable penalties and other charges.

BTU ADJUSTMENT: All retail gas sales are subject to a monthly Btu adjustment based upon the average monthly Btu content of the purchased and produced gas. The adjustment shall be calculated as follows:
Btu Adjusted Sales = Metered ccf Sales * (Average Btu Content) / 945 Btu

CHANGING RATES -- TERM OF CONTRACT: In the event that a Customer chooses to change to another available rate classification, the Customer must remain on the new rate for a period of not less than one year. If Customer does not remain on Schedule GITS or GFTS for 36 consecutive months, Hastings may bill Customer for any unamortized cost of electronic metering and/or telemetering facilities.

EXIT FEES: Any customer that is receiving or has received natural gas service from Hastings Utilities, and desires to receive natural gas supply and/or service from any third party other than Hastings Utilities, shall send written notification of their desire by certified mail or hand delivery to: Manager of Utilities, Hastings Utilities, P.O. Box 289, Hastings, NE., 68902-0289, not less than ninety (90) days prior to the desired date of receiving third party supply and/or service. Within thirty (30) days after receipt of said notification, Hastings Utilities shall advise Customer as to whether they qualify to receive third party supply and/or service. If Customer does qualify to receive third party supply and/or service, such notification shall include an “Exit Fee” payment obligation due and payable to Hastings Utilities as a result of said modification of service. Customer shall be obligated to pay these charges in full, or make acceptable payment arrangements, not less than thirty (30) days prior to the date Customer desires to begin receiving third party supply and/or service.

“Exit Fees” shall include all costs, charges or obligations previously contracted for or otherwise incurred by Hastings Utilities on behalf of Customer prior to Hastings’ receipt of written notice from Customer. “Exit Fees” shall include a pro rata share of all short and long term gas supply and pipeline charges, capital improvements, gas supply realignment costs and any other costs or charges which will continue to be incurred by Hastings Utilities as a result of Customer receiving service and/or supply from a third party. Said fees may be waived in whole or in part on a case by case basis at the sole discretion of Hastings Utilities.

FORCE MAJEURE: In the event that Hastings Utilities is rendered unable to carry out its obligations under this Agreement, either in whole or in part, by reason of force majeure, it is agreed that Hastings Utilities shall give notice and provide the full particulars of such force majeure in writing or by telegraph to the affected Customer(s) as soon as possible after the occurrence of the causes relied upon. The obligations of Hastings Utilities hereto, to the extent that they are affected by a condition of force majeure, shall be suspended during the period of such force majeure condition.

The term "Force Majeure" as employed herein shall mean acts of God, strikes, facility maintenance, lockouts or other industrial disturbances, acts of the public enemy, wars, blockages, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, tornadoes, storms, floods, washouts, arrest and restraint of rulers and peoples, necessity for compliance with any court order, law ordinance or resolution promulgated by a governmental authority having jurisdiction, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, sudden partial or sudden entire failure of wells, failure to obtain materials and supplies due to governmental regulations, and causes of like or similar kind, whether herein enumerated or not, and not within the control of Hastings Utilities, and which by the exercise of due diligence Hastings Utilities is unable to overcome; however, the exercise of due diligence shall not require settlement of strikes or labor disputes against the better judgment of Hastings Utilities.

SEASONS: Unless otherwise noted, the following definitions shall apply:

Summer: Summer rate(s) shall apply to the billing months of June through September.

Winter: Winter rate(s) shall apply to the billing months of October through May.

## PURCHASE GAS ADJUSTMENT (PGA)

All retail gas sales are subject to the application of a "Purchase Gas Adjustment" (PGA). Said adjustment shall be made when deemed appropriate by Hastings Utilities and shall be determined as follows:

Purchased and produced gas costs shall be calculated for each month, summer and winter seasons, or as otherwise deemed appropriate by Hastings Utilities, to reflect changes in the cost of gas above the Base Cost. For these purposes, the "Cost of Gas" shall mean the total cost, including all transportation, demand, commodity, fuel and other supply related charges. Said calculations and adjustments shall be made and become effective with the first billing of each month, season or as Hastings Utilities otherwise deems necessary to fully recover additional gas supply costs. Costs for the subsequent period shall reflect the cost(s) as may be reasonably anticipated, plus or minus any corrective adjustments from the previous period.

The Base Gas Supply Costs for the tariffs presently in effect are $2.702 and $3.111 per mcf for the summer and winter seasons, respectively.

ALLOCATION OF SEASONAL COSTS: Costs incurred because of winter season usage may be charged to winter season sales, irrespective of the month or season in which the costs are due and payable. The example, the demand charges associated with No-Notice Service may be received on a monthly basis, however, the pro rata share of those costs shall be included in the winter season cost of gas calculations. The pro ration shall be based upon the firm summer/winter peak day demands.

PURCHASE GAS ADJUSTMENT CALCULATIONS: The actual or estimated production costs, including any corrective adjustments from the previous period, shall be the basis for the PGA. The Base Gas Supply Cost shall then be subtracted from this number and the result multiplied by the Loss/Conversion ratio. The PGA adjustment shall be multiplied times the appropriate monthly customer usage to determine the monthly billing adjustment.

EXAMPLES OF CALCULATION:

| | | |
|---|---|---|
| Actual Gas Cost(s) for the Period: | $3.211 | per mcf |
| Base Gas Cost: | 3.111 | per mcf |
| Difference | $0.100 | per mcf |
| Loss/Conversion Adjustment | 0.100 | mcf |
| PGA Adjustment: | $0.0100 | per ccf of sales |

# AGREEMENT
# BETWEEN
# THE CITY OF HASTINGS, NEBRASKA
# AND
# HASTINGS ECONOMIC DEVELOPMENT CORPORATION

FY2019/2020

This agreement entered by and between the City of Hastings, Nebraska (City), and Hastings Economic Development Corporation (HEDC).

WHEREAS, the City created the Hastings Utility Board by ordinance to make recommendations to the Mayor and City Council regarding the delivery of all utility services, including water, sanitary sewer, electricity, natural gas, and street lighting to residents, businesses and industries of the City of Hastings; and,

WHEREAS, Hastings Economic Development Corporation, a not-for-profit local development corporation organized and existing under the statutes of the State of Nebraska, has been created for the purpose of encouraging new residents to the City of Hastings and Adams County and for encouraging investment in the City of Hastings and Adams County and the businesses, industries and institutions located therein; and,

WHEREAS, the City's Utility Department provides utility services to all ratepayers on the basis of the cost of producing and delivering each utility service and the cost of each service is reduced for all ratepayers by delivery of services to large industrial ratepayers whose use of utilities services is constant on a daily, monthly and annual basis; and,

WHEREAS, since its creation in 1973, HEDC has successfully promoted the growth of business and industry already located in Hastings and Adams County and persuaded other companies to locate new businesses and industries in Hastings and Adams County which have become major consumers of utility services provided by Hastings Utilities; and,

WHEREAS, through the economic development promoted by HEDC, the City's Utility Department has increased its capacity to serve ratepayers and has reduced rates for utility services without the City creating and funding its own economic development office; and,

WHEREAS, by virtue of an agreement originally executed by the former Hastings Board of Public Works and HEDC on the 17th of September, 1987, the City of Hastings through the Hastings Utility Department has contributed regularly together with Adams County and many private companies and individuals to HEDC for the purpose of promoting the goals for which HEDC was created; and,

WHEREAS, it is beneficial to the ratepayers of the City, in addition to the historical recruitment efforts of HEDC, a continued special emphasis be placed on expanding, recruiting and securing new retail businesses, commercial enterprises, and industrial customers for the City of Hastings and Adams County; and, WHEREAS, it is in the interest of ratepayers and the City of Hastings to continue support of economic development through HEDC by the Board's investment to the annual budget of HEDC for FY2019-20; and,

WHEREAS, the City Council of the City of Hastings is authorized under the provisions of Neb. Rev. Stat. §13-315 of the Revised Statutes of the State of Nebraska to expend revenue received from any of its proprietary functions to carry out the purposes for which HEDC was created through a local development corporation such as HEDC; and,

WHEREAS, the Mayor and City Council of the City of Hastings are desirous of contributing, from the City's Utility Department, to HEDC $125,000 for FY2019-20 in order to promote economic development and to increase the benefit to the ratepayers of the presence, in Hastings and Adams County, of Hastings Utilities' major industrial, commercial, and retail customers;

NOW THEREFORE, in consideration of the above recitals and the continued benefit of the presence of HEDC to the City of Hastings, and Adams County, the City and HEDC hereby stipulate and agree that:

1. The City shall invest $125,000 with HEDC for FY 2019-20 to be paid on a prorated basis monthly following approval of this agreement from the funds designated in Utility Department's FY2019-20 budget;

2. HEDC will continue to exercise its best effort to promote the purposes for which it was created and to solicit retail businesses, commercial enterprises and industrial consumers to locate businesses and plants in Hastings and Adams County, which will provide for and make constant the usage of services for the benefit of the City's ratepayers;

3. HEDC and the City shall continue to cooperate in exchange of information which will attract qualified businesses to Hastings and Adams County;

4. HEDC will continue to develop commercial areas which have major infrastructure capabilities currently available from the City's utility systems;

5. HEDC will provide annual updates, and as requested by the Utility Board and the City, detailing its economic development activities and the use of the annual investment from the City Utility Department, including the most recent Form 990 filed with the Internal Revenue Service, and will provide information prior to the City's annual budget sessions detailing HEDC's plan for the following year for employing the City's investment;

6. HEDC will support legislative positions consistent with the interests of local businesses including the City;

7. HEDC, when discussing the strengths of the community and county with local interests plus prospective clients of HEDC, will emphasize the City as a good supporter of HEDC;

8. HEDC agrees that it will use its best efforts to assure that, for all areas developed by HEDC as titleholder, lessor or agent or in any other capacity of control, the City's Utility Department will be the provider of all utility services, including but not limited to water, sanitary sewer, electricity and natural gas and street lights and necessary easements therefor, to all residents and businesses located in those areas which are or may be served by the City's utilities, including areas which are adjacent to the City of Hastings but may not at the present time be incorporated into its city limits, such as Industrial Park North and Industrial Park West;

9. By virtue of the City's investment herein the Hastings City Council shall be entitled to two (2) permanent voting members on the Executive Committee of the HEDC Board of Directors. The two members shall be one (1) member of the Hastings Utility Board or Utility Manager who is appointed by the Mayor and confirmed by the City Council; and one (1) member determined by the Mayor and City Council who shall be either the Mayor, a City Council Member, the City Administrator, or the City Attorney.

Signed on this ___ day of ___________, 2019.

Hastings Economic Development Corporation

By ____________________________________
Its President

Signed on this ___ day of ___________, 2019.

City of Hastings, Nebraska

By ____________________________________
Mayor

Attest:

____________________________________
City Clerk

( S E A L )

Approved as to form:

____________________________________
City Attorney

# AGREEMENT

## BETWEEN THE CITY OF HASTINGS

## AND THE HASTINGS AREA CHAMBER OF COMMERCE

This Agreement undertaken on this _____ day of ____________, 2019, by and between the City of Hastings and the Hastings Area Chamber of Commerce (Chamber).

WHEREAS, the City created the Hastings Utility Board by ordinance to make recommendations to the Mayor and City Council regarding the delivery of all utility services, including water, sanitary sewer, electricity, natural gas, and street lighting to residents, businesses and industries of the City of Hastings; and,

WHEREAS, the Hastings Area Chamber of Commerce, a not-for-profit corporation organized and existing under the statutes of the State of Nebraska, has been created for the purpose of promoting economic development and commercial activity in the City of Hastings and Adams County and for encouraging investment in the City of Hastings and Adams County and the businesses, industries and institutions located therein; and,

WHEREAS, Hastings Utility Department provides utility services to all ratepayers on the basis of the cost of producing and delivering each utility service and the cost of each service is reduced for all ratepayers by delivery of services to commercial businesses whose use of utility services is constant on a daily, monthly and annual basis; and,

WHEREAS, the Chamber has always promoted the growth of commercial activity in the City of Hastings and Adams County and has persuaded companies to locate new businesses in the City of Hastings and Adams County; and,

WHEREAS, through the promotion of commercial activity by the Chamber Hastings Utilities has increased its capacity to serve ratepayers and has reduced rates for utility services without the expense of creating and funding its own economic development office; and,

WHEREAS, it is in the interest of ratepayers and of the City of Hastings to continue support of economic development and of commercial activity through the Chamber; and,

WHEREAS, the City Council of the City of Hastings is authorized under the provisions of Neb. Rev. Stat. §13-315 to expend revenue received from any of its proprietary functions to promote economic development and to conduct a publicity campaign advertising commercial and other resources of the City; and,

WHEREAS, the Mayor and City Council of the City of Hastings are desirous of contributing, from the City's Utility Department, to Chamber $30,000.00 for FY2019-20 in order to promote economic development and to conduct a publicity campaign in accordance with the said statutory provisions;

NOW THEREFORE, in consideration of the foregoing recitals and of the continued benefit of the activity of the Chamber to the City of Hastings and to its ratepayers, the City of Hastings and the Hastings Area Chamber of Commerce hereby stipulate and agree:

1. The City shall invest $30,000 with the Chamber for FY 2019-20 to be paid from the funds designated in Utility Department's FY2019-20 budget for the benefit and support of the Chamber in promoting economic development and in conducting a publicity campaign in accordance with the provisions of Neb. Rev. Stat. §13-315 of the Revised Statutes for salaries, services and promotions;

2. That the Chamber shall continue to exercise its best efforts to promote the purposes for which it was created and to promote economic development and commercial activity in the City of Hastings and Adams County which will make regular use of services provided by the City's Utility Department;

3. That City shall continue to cooperate with the Chamber in the exchange of information which will attract qualified businesses and commercial activity to the City of Hastings and Adams County;

4. That the Chamber shall continue to develop commercial activities requiring services provided by the City's Utility Department;

5. That the Chamber shall provide annual reports to the Hastings Utility Board and Hastings City Council at a regular Council meeting concerning economic development and commercial activities in the City of Hastings and Adams County and concerning the use of the investment from the City Utility Department's funds in accordance with the provisions of Neb. Rev. Stat. §13-315 limiting such use to payment of salaries and services for promotion of economic development and publicity campaigns and shall provide such information prior to preparation of the annual budget of the City's Utility Department;

6. That the Chamber shall support legislative positions consistent with the interest of local businesses and the City;

7. That the Chamber in its presentations of the advantages and strengths of the City of Hastings and of Adams County shall promote the City as a supporter of the Chamber;

8. That the Chamber shall recommend to all residents and businesses located within areas served by the Chamber that the City's Utility Department provide them all utility services, including but not limited to water, sanitary sewer, electricity, natural gas, community street lighting, and necessary easements therefor;

9. That during the duration of this Agreement the Chamber shall name to its Retail Oversight Committee two (2) members of the Utility Board designated by the Chairman of the Board and confirmed by the Mayor and City Council;

10. That the Mayor and City Council of the City of Hastings shall continue to support the efforts of the Chamber to promote economic development and commercial activity in the City of Hastings and in Adams County to achieve the goals of economic development and commercial activity.

Signed on this ___ day of ___________, 2019.

Hastings Area Chamber of Commerce

By

___________________________________
Its President

Signed on this ___ day of ___________, 2019.

City of Hastings, Nebraska

By

___________________________________
Mayor

Attest:

___________________________________
City Clerk

( S E A L )

Approved as to form:

___________________________________
City Attorney

HASTINGS UTILITIES

To: Kevin Johnson
From: Keith Leonhardt KL
Date: August 29, 2019
Subject: Change Order No. 3 to IES Commercial, Inc. for WEC 1 switchgear replacement Electrical Equipment Installation (Contract 194294.70.1000)

In 2018 a contract was awarded to IES Commercial Inc. to install 5 KV and 480 V switchgear for Whelan Energy Center Unit 1. This switchgear provides power to operate the large motors and equipment in the plant. This equipment was installed with the plant when it went on line in 1981. Plant staff is concerned about the reliability of these systems. The breaker operating mechanisms are wearing out. The protective relaying is of the electro mechanical type which is outdated. The new switchgear now has solid state relaying with diagnostic capability. The new 5 KV switchgear is located in an outdoor building.

Staff is requesting change order No. 3 to reflect scope changes for phase 2 of the project. The project is now completed and in service.

Item 1. This item is a deduct for replacement of TC ECA 1208 Electro Hydraulic Control system inlet water temperature controller which was damaged during construction. This is to reimburse Hastings Utilities cost to replace the damaged equipment.

Item 2. This deduct is to reimburse Utilities' cost for assistance in moving the 480 V switchgear into place and removing and replacing instrument lines and a boiler feed pump drain line.

Item 3. The specifications required the contractor to install temporary power for the coal crusher, ash water pump, condensate pump, and well water pump 1A. Staff was able to find operational alternatives to the temporary power so this work was deducted from the work scope.

Item 4. This change was to add control cables for 480 V power and compressed air systems per May 9, 2019 letter.

Item 5. Item 5 is to extend motor heater circuits per May 9, 2019 letter.

Staff recommends approval of Change Order No. 3 to IES Commercial, Inc. for a net deduct of $7,580.33.

# CITY OF HASTINGS
# CHANGE ORDER

| | | | |
|---|---|---|---|
| 1228 North Denver Avenue | | Ph. No. | 402-463-1371 |
| PO Box 289 | | Fax No. | 402-463-3666 |
| Hastings, NE 68902-0289 | | | |

Date 8/29/2019 Change Order No.: 3

Contractor IES Commercial, Inc.

Contract for WEC 1 Switchgear Replacement Electrical Equipment Installation Specification
Contract No. 194294.70.1000

| The contract is hereby changed as follows: | Dollars |
|---|---|
| 1. Deduct for replace of TC ECA 1208 Electro Hydraulic Control Inlet Water Temp Controller | ($5,319.90) |
| 2. Deduct for assistance in moving 480 V switchgear into place and removing and replacing instrument lines and boiler feed pump drain line | ($2,112.84) |
| 3. Deduct for not installing temporary power for the coal crusher, ash water pump condensate pump, and well pump 1A | ($5,078.98) |
| 4. Add control cables for 480 V power and compressed air systems per May 9, 2019 letter | $4,148.57 |
| 5. Extend motor heater circuits per May 9, 2019 letter | $782.82 |
| Net deduct of this order ....................................................... | ($7,580.33) |
| Previous total addition to contract ......................................... | $326,453.96 |
| Net total addition to contract ................................................ | $318,873.63 |
| Original contract and budget amount ................................................................. | $1,248,818.00 |
| Net contract amount ................................................................................ | $1,567,691.63 |

| CITY OF HASTINGS | | CONTRACTOR | |
|---|---|---|---|
| By | ____________________ | By | ____________________ |
| Date | ____________________ | Date | ____________________ |

HASTINGS UTILITIES

To: Kevin Johnson
From: Keith Leonhardt KL
Date: August 28, 2019
Subject: Change Order No. 2 to Siemens Industry Inc. for WEC 1 switchgear replacement (Contract 194294.63.3606)

In 2017 a contract was awarded to Siemens Industry Inc. to provide 5 KV and 480 V switchgear for Whelan Energy Center Unit 1. This switchgear provides power to operate the large motors and equipment in the plant. This equipment was installed with the plant when it went on line in 1981. Plant staff is concerned about the reliability of these systems. The breaker operating mechanisms are wearing out. The protective relaying is of the electro mechanical type which is outdated. The New switchgear now has solid state relaying with diagnostic capability. The new 5 KV switchgear is now located in an outdoor building.

Staff is requesting approval for change order number 2 in the amount of $12,383.90 to reflect scope changes for phase 2 of the contract. The project is completed and in service.

I have listed the changes below.

Item 1. Four of the medium voltage switchgear (5 KV) bus duct sections had to be sent back to the factory to be modified. The bus duct sections were dimensionally incorrect. They were fabricated to the measurements we were able to take when the project was designed. We determined after installation had begun, that the main auxiliary transformer and the reserve auxiliary transformer were not vertical or square with the west plant column line. It was not possible to observe this during design because it was not safe to take the measurements with the transformers energized.

Item 2. Technibus fabricated the bus duct and made a change to section #109 after the vendor drawings were approved. Technibus did not inform Hastings Utilities or the engineer of the change. The item is for the cost by the construction contractor to remove and replace bus duct section #109.

Item 3. The contract was based on 5 days of training and additional costs for preparation and materials. Only 1 day of training was required. This deduct is based on the unit price in the contract.

Item 4. This deduct is for two bus duct support fabrication errors by Technibus on the Main Auxiliary Transformer.

Item 5. This deduct is the cost for the contractor to revise 3 column supports for the bus duct at the Reserve Auxiliary Transformer. This was a Technibus error.



1228 N. Denver Ave. • P. O. Box 289 • Hastings, NE 68902-0289 • Phone: (402) 463-1371 • Fax: (402) 463-1705 • www.hastingsutilities.com

Item 6. This additional cost was for Siemens to change drawings for well water pump 1A, both condensate pumps, both 480 V main breakers, and the switchgear tie breaker.

Item 7. This addition is for additional Beckwith service time for the fast bus transfer relay.

Item 8. This item is the sales tax associated with change order number 2.

Item 9. This item is the sales tax on previously approved change order number 1.

# CITY OF HASTINGS
# CHANGE ORDER

1228 North Denver Avenue
PO Box 289
Hastings, NE 68902-0289

Ph. No. 402-463-1371
Fax No. 402-463-3666

Date 8/26/2019

Change Order No.: 2

Contractor Siemens Industry Inc. 194294.63.3606

Contract for Electrical Switchgear for WEC Unit 1

| The contract is hereby changed as follows: | Dollars |
|---|---|
| 1. Modify 4 bus duct assemblies provided by Technibus | $19,093.00 |
| 2. Deduct IES labor to remove and modify bus duct section #109 because of phase shift error by Technibus | ($13,292.74) |
| 3. Deduct for actual training costs. Contract amount is $14,000 | ($8,020.00) |
| 4. Deduct for 2 bus duct support fabrication errors by Technibus on Main Aux Transformer | ($1,650.00) |
| 5. Deduct to revise 3 column bus duct supports by Res Aux Transformer (Technibus) | ($1,650.00) |
| 6. Add for revised drawings received on 12/7/18 | $9,732.00 |
| 7. Adder for additional Beckwith trips for fast bus transfer relay | $3,927.13 |
| 8. Additional sales tax on above items for change order no. 2 | $444.20 |
| 9. Sales tax on previously approved change order no. 1 | $3,863.31 |
| Net addition of this order | $12,446.90 |
| Previous total addition to contract | $70,242.00 |
| Net total addition to contract | $82,688.90 |
| Original contract and budget amount | $1,978,605.00 |
| Net contract amount | $2,061,293.90 |

CITY OF HASTINGS

By __________

Date __________

CONTRACTOR

By __________

Date __________