HASTINGS UTILITY BOARD
AGENDA

Council Chambers – City Hall
220 North Hastings Avenue
July 9, 2020
9:00 AM

ROLL CALL:

PLEDGE OF ALLEGIANCE:

MOTION TO ADOPT CURRENT AGENDA FOR JULY 9, 2020 REGULAR MEETING.

PUBLIC NOTICE - Official Notice of the Regular Meeting was published in the Hastings Tribune on Tuesday, July 7, 2020. 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:

APPROVAL OF MINUTES:

1. <u>Approval of Minutes of the Hastings Utility Board Meeting on June 11, 2020</u>

REGULAR AGENDA:

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

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

    (a) Finance

        i. Capital Budget Highlights

    (b) Production

(c) Operations

(d) Administration

i. Service Fee Changes ... Credit Card Fees, Deposits

ii. Cost of Service Study Impacts Under Further Review

(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, June 11, 2020

Pursuant to due call and notice thereof, a Regular Meeting of the Utility Board of Hastings, Nebraska was conducted Teleconference/Video Conference Meeting, on June 11, 2020.

ROLL CALL:

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

MOTION TO ADOPT CURRENT AGENDA FOR June 11, 2020 REGULAR MEETING.

Moved by Shayne Raitt seconded by Jeanette Dewalt to adopt the current agenda for June 11, 2020 teleconference meeting. Roll Call: Ayes: Shawn Hartmann, Shayne Raitt, Jeanette Dewalt. Nays: None. Absent: Bill Hitesman, Joanne Seberg. The motion carried.

PUBLIC NOTICE - Official Notice of the Regular Meeting was published in the Hastings Tribune on Tuesday, June 9, 2020. 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 can be found on the Hastings Utilities' website, hastingsutilities.com.

Acting Chairman Shawn Hartmann read the Public Notice - Pursuant to the 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 office of the Manager of Utilities. Also, a current copy of the Nebraska Open Meetings Act is posted on-line which is accessible to members of the public.

MANAGER'S COMMUNICATIONS:

Manager Kevin Johnson gave kuddos to the utility operations crews, street department crews, and parks staff for the great job they did with cleanup and restoration from the storm that happened earlier this week. He said that we now have a new citizen's outage map. It is an outage recording capability where citizens can go online and see through the city website or utilities sub-website where the outages are occurring. This will give them an idea of the areas experiencing outages, but not individual homes that are out. This will also will provide outage notifications to staff of problem areas.

Kevin stated that he would like to modify the agenda order today to have the Cost of Service Study conversation directly after the Financial budget update.

BOARD CHAIRMAN'S COMMUNICATIONS:

None.

BOARD MEMBERS' COMMUNICATIONS:

None.

CITIZEN COMMUNICATIONS:

None.

APPROVAL OF MINUTES:

1. Approval of the following minutes.

   (a) Approval of the minutes of the Hastings Utility Board Meeting of May 14, 2020

Moved by Shayne Raitt seconded by Jeanette Dewalt to approve the minutes of the May 14, 2020 meeting. Roll Call: Ayes: Shawn Hartmann, Shayne Raitt, Jeanette Dewalt. Nays: None. Absent: Bill Hitesman, Joanne Seberg. The motion carried.

REGULAR AGENDA:

2. Unfinished Business of Preceding Meeting.

None.

3. General Business.

   (a) Finance

      i. Budget Status Update

Robin Ginn stated that the budget is going well and they plan to have a rough draft for the July meeting. Roger Nash said the process is moving smoothly.

   (d) Administration

      i. Cost of Service Overview

John Krajewski from JK Energy Consulting gave a presentation on the Cost of Service/Rate Design Studies - Electric and Natural Gas Utilities. His presentation included an overview of recommendation from the last meeting, Electric Cost of Service/Rate Design Study Results and Conclusions which showed that existing rates are projected to collect insufficient revenue to cover projected expenses and a series of 1% rate increase in FY 2021 through FY 2024 is necessary to ensure adequate cash flow. His presentation showed proposed changes to the rate design, comparison of rates in each rate class, and gave recommendations to adopt a proposed rate ordinance increasing rates by approximately 1% on October 1, 2020 and each year thereafter through 2023. Also recommended were customer charges increase to reflect the cost of service, and base rates increased to recover a fixed portion of purchased power and participation agreements.

In the Natural Gas Cost of Service/Rate Design Study, he concluded a need for a series of 3% rate increases, that customer charge does not currently cover the cost of service, and that natural gas costs have decreased over time to an amount less than the base cost included in the rates. Mr. Krajewski proposed rate design changes, showed comparison of rate classes and recommended a proposed rate ordinance which would implement a 3% rate increase on October 1, 2020 and each year thereafter through 2023, modify the PGA clause to reflect collection of costs and implements true up calculation, and modifies transportation rate schedule.

In the Street Lighting portion of his presentation, he proposed methodology of street lighting embedded in the electric rates, allocate amongst customer classes based on "weighted customers", exploring ways to mitigate impact on largest users within rate classes, and showed an example of a residential customer's impact. He said that the next steps are to finalize rate methodology, and make modifications to rate schedules to incorporate recommendations.

(b) Production

i. Recommendation for Award of Contract for the Purchase of Railcar Overhead Shaker with Hoist and Control System for the Coal Dumper Building at WEC

Chuck Oliver (new Director of Electric Production) stated that with the purchase of this shaker, it will increase efficiency for moving railcars and for unloading in winter months, increase safety, and help empty cars in a more timely manner.

Moved by Jeanette Dewalt seconded by Shayne Raitt to recommend the City Council award a contract to NAVCO, Houston, Texas, for the purchase if a Railcar Overhead Shaker with Hoist and Control System for the Coal Dumper Building at WEC, in the amount of $159,389.00 excluding sales tax. Roll Call: Ayes: Shawn Hartmann, Shayne Raitt, Jeanette Dewalt. Nays: None. Absent: Bill Hitesman, Joanne Seberg. The motion carried.

(c) Operations

i. Recommendation for Award of Contract for 2021 Cab and Chassis with Hydraulic Telescopic Crane (B.I. 2.50)

Lee Vrooman stated that this new cab and chassis with a hydraulic telescopic crane is recommended to be purchased and will have a longer reach and more lifting capacity.

Moved by Jeanette Dewalt seconded by Shayne Raitt to recommend the City Council award a contract to Altec Industries, Inc., St. Joseph, Missouri, for a 2021 Peterbuilt 567 6x4 Cab and Chassis with an Altec Hydraulic Telescopic Crane (B.I. 2.50) for an amount of $469,429.00 excluding sales tax. Roll Call: Ayes: Shawn Hartmann, Shayne Raitt, Jeanette Dewalt. Nays: None. Absent: Bill Hitesman, Joanne Seberg. The motion carried.

(d) Administration

ii. Energy Supply - SPP 'Soft Market' Impacts to Operations and Financials

Derek Zeisler gave a presentation on the SPP "Soft Market" Impacts to our Operations and Financials. He showed a map of the SPP Market area. He said this is the heart of wind country and alot of wind generators have popped up. Graphs showing wind generation as a percent of load, wind capacity and generation, executed generation interconnection requests, negative price intervals, and energy price versus natural gas price were presented.

iii. Integrated Resource Plan (IRP) Status Update

Kevin Johnson said that the challenge we have with the Soft Market with the assets that we have - the 40 yr. old WEC Unit 1 and the older Units 4 and 5 at North Denver are the reason we are updating our Integrated Resource Plan. Staff has seen a draft of the plan. He said that the consultant provided analysis on 10 different scenarios of utilization of current assets for electric energy supply and potential assets for electric energy supply. We have not received a final draft at this time but the consultant took these 10 scenarios and narrowed it down to the top four. Staff will analyze all of that information and come up with a recommendation for the Board. Johnson said this will not likely be completed by the time budgets need to be approved but we are anticipating coming back to the Board and Council with some strategic plans that need to be implemented within the next three to five years on our energy sourcing assets.

(e) Other

None.

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

None.

ADJOURN:

Moved by Shayne Raitt seconded by Jeanette Dewalt that there being no further business, the meeting adjourn at 10:19 a.m. Roll Call: Ayes: Shawn Hartmann, Shayne Raitt, Jeanette Dewalt. Nays: None. Absent: Bill Hitesman, Joanne Seberg. The motion carried.

APPROVED:

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Board Secretary