

HASTINGS UTILITY BOARD AGENDA

**Airport Conference Room - Hastings Municipal Airport
3300 W. 12th Street
April 11, 2024
9:00 AM**

ROLL CALL:

PLEDGE OF ALLEGIANCE:

MOTION TO ADOPT CURRENT AGENDA FOR April 11, 2024 REGULAR MEETING.

PUBLIC NOTICE - Official Notice of the Regular Meeting was published in the Hastings Tribune on Tuesday, April 9, 2024. 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 Conference Room. Also, a current copy of the Nebraska Open Meetings Act is posted on the south wall of the Airport Conference Room, which is accessible to members of the public.

MANAGER'S COMMUNICATIONS:

BOARD CHAIRMAN'S COMMUNICATIONS:

BOARD MEMBERS' COMMUNICATIONS:

CITIZEN COMMUNICATIONS:

CONSENT AGENDA:

1. All Consent Items.
 - (a) Approval of the minutes of the Hastings Utility Board Meeting of March 14, 2024.

REGULAR AGENDA:

2. Unfinished Business of Preceding Meeting.
3. General Business.
 - (a) Finance
 - i. First Quarter Financial Update
 - ii. Budget Schedule Overview

(b) Production

i. Electric Production Spring Outages Update

(c) Operations

i. Sewer Explosion Update

ii. South Street Water/Sewer Infrastructure Failure Update

(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, March 14, 2024

Pursuant to due call and notice thereof, a Regular Meeting of the Utility Board of Hastings, Nebraska was conducted Airport Conference Room - Hastings Municipal Airport - 3300 W. 12th Street, on March 14, 2024.

ROLL CALL:

The meeting was called to order at 9:00 a.m. in Regular Session by Jeanette Dewalt with the following members present: Mark Hemje, Susan Meeske, Scott Snell. Kevin Johnson, Shawn Hartmann, Butch Eley, Shawn Metcalf, Keith Leonhardt, Erik Nielsen, Mark Funkey, Brandan Lubken, Jaci Higgins, Karl Block, Brian Strom, Lee Vrooman, Larry Fox, Noel Nienhueser, Roger Nash, Lori Hartman
Absent: Bill Hitesman, Jesse Oswald, Corey Stutte

PLEDGE OF ALLEGIANCE:

Jeanette Dewalt led the group in the recital of the Pledge of Allegiance to the United States of America.

MOTION TO ADOPT CURRENT AGENDA FOR March 14, 2024 REGULAR MEETING.

Moved by Meeske and seconded by Hemje to adopt the current agenda for the March 14, 2024 Regular Meeting. Roll Call: Ayes: Dewalt, Hemje, Meeske, Snell. Nays: None. Absent: Hitesman. The motion carried.

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MANAGER'S COMMUNICATIONS:

Thank you Jeanette for stepping in for Bill. The agenda is a little light, but it's just getting started on the construction season. Looking forward to the audit presentation today.

BOARD CHAIRMAN'S COMMUNICATIONS:

None.

BOARD MEMBERS' COMMUNICATIONS:

None.

CITIZEN COMMUNICATIONS:

None.

CONSENT AGENDA:

1. All Consent Items.

- (a) Approval of the minutes of the Hastings Utility Board Meeting of February, 8, 2024.

Hemje moved, Meeske second. Roll Call: Ayes: Dewalt, Hemje, Meeske, Snell. Nays: None. Absent: Hitesman.
Approved.

REGULAR AGENDA:

2. Unfinished Business of Preceding Meeting.

3. General Business.

(a) Finance

i. Financial Audit Presentation

Marci is introduced, and she presents the audit report via video call and discusses the letter of recommendations.

(b) Production

(c) Operations

i. Tax Issue Resolved: Lead Water Service Replacement

Brandon discusses the tax issues with lead water service removal. Dollars were distributed through the EPA to be distributed through the states with the intention of removing all lead water services for the nation. The IRS waived all tax implications for this work.

ii. New Development Natural Gas Districting Process

Brandon discusses a situation that we are still studying and we wanted to talk about it with the board. We are not prepared to move forward, this is still a work in progress.

Natural Gas Main Cost Capture.

- Current challenges in natural gas market have is focused on status quo.
- Move cost capture of gas mains in new developments from rate payers to developers (who should pay?)
- Investigated other gas utility models for new development cost capture. Most models do not directly address motive.
- Our City Attorney found state statute language indicating the ability to form districts for gas mains and recommends the methodology.
- Historically used for water and sewer main cost capture in new developments.
- Utilities pays for feet of main in intersections, and frontage of City owned property within the district.
- Cost of Project (less intersections)/Total Frontage Feet=Cost Per Frontage Foot
- Cost of front footage conveyed to developer.
- Developer has 15 years to pay for infrastructure, or withing 50 days interest free.
- Cost capture for Natural Gas Main has been socialized with developers.
- New Development Gas Main work commencing on or after October 1, 2024, will be eligible for cost capture.
- Currently evaluating service line fee of \$4 per foot and new meter fee.

(d) Administration

(e) Other

i. Sr Management Team Engagement Effort - Council Inclusion in Budget Meetings with Board One-on-One Sessions

We have had several discussions internally. Management team came up with having one on one meetings. We thought the best time to start would be during the budget season. Hoping to get the council more involved so they can see the effort and work that goes into the budget. Engage them as early as the board. There are summary pages and details in the budget book.

Would like some of the council members to sit in some of the board meetings when there are things that need to be passed through board and council so they get a more in depth description.

There is an annual budget meeting. They are necessary to be able to ask those questions.

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

ADJOURN:

Moved by Hemje seconded by Meeske there being no further business to adjourn at 10:21 am.
Roll Call: Ayes: Jeanette Dewalt Mark Hemje, Susan Meeske, Scott Snell. Nays: None.
Absent: Bill Hitesman. Meeting Adjourned.

APPROVED:

Board Secretary



Utility Board Meeting
April 2024



Financial and Operating Report

Fiscal Year 2024

Quarter 1

Oct 1, 2023 – Dec 31, 2023

Accounting and Finance Updates

- Budget Schedule Overview
- Due to/Due from Reconciliation
- Depreciation/fixed assets Update

Electric Summary

FY 2024 Q1 Update

(\$M)	Q1	Year Over Year	FY 2024 Budget	%
<u>Operating Revenue:</u>	10.7	(3.9)	61.3	17%
Retail	8.5	0.0	39.1	22%
Wholesale, Solar, Str	0.6	(0.2)	3.6	17%
SPP Market Sales	1.6	(3.7)	18.6	9%
<u>Operating Expenses:</u>	11.7	2.5	52.3	22%
Production	2.9	0.6	15.0	19%
SPP Market Purchases	1.7	2.0	15.2	11%
Purchased Power	0.8	(0.1)	2.7	30%
PP - PPGA	3.2	(0.2)	11.1	29%
Trans & Dist	0.3	0.1	2.2	14%
Gen & Admin	1.3	0.7	5.9	22%
Pymt in Lieu of Tax	0.6	0.2	2.2	27%
<u>Operating Income</u>	(1.1)	(1.5)	1.7	
Depreciation	1.0	0.2	5.8	
<u>Other Income/Exp</u>	1.0	0.3	2.0	
<u>Net Income</u>	(1.1)	(1.1)	2.4	

- WEC1 was in a longer than normal outage in Q1 driving a decrease in SPP Market Sales. Combined a mild fall and weaker SPP Market, both SPP Market Sales and SPP Market Purchases are below budget
- Typically, the strongest time for the SPP market is in Q3

Gas Summary

FY 2024 Q1 Update

(\$M)	Q1	Year Over Year	FY 2024 Budget	%
<u>Operating Revenue</u>	2.1	(1.3)	10.3	20%
<u>Operating Expenses:</u>	2.3	2.4	10.5	22%
Purchased Gas	1.5	2.3	6.2	24%
Trans & Dist	0.3	(0.1)	1.3	23%
Gen & Admin	0.5	(0.3)	2.3	22%
Pymt in Lieu of Tax & Transfer to Gen. Fund	0.1	0.0	0.7	14%
<u>Operating Income</u>	(0.3)	1.0	(0.2)	
Depreciation	0.0	0.2	1.0	
<u>Other Income/Exp</u>	0.1	0.0	0.1	
<u>Net Income</u>	(0.2)	1.3	(1.0)	

- Q1 is the second highest quarter for gas purchased, after Q2; Revenue follows this trend as majority of revenue is collected in Q2

Water Summary

FY 2024 Q1 Update

(\$M)	Q1	Year Over Year	FY 2024 Budget	%
<u>Operating Revenue</u>	1.8	0.1	8.4	21%
<u>Operating Expenses:</u>	1.2	0.0	5.7	21%
Production & Water Treatment	0.5	(0.1)	1.6	31%
Trans & Dist	0.2	0.0	1.1	18%
Gen & Admin	0.5	0.0	2.2	23%
Pymt in Lieu of Tax & Transfer to General Fund	0.1	0.0	0.6	17%
<u>Operating Income:</u>	0.6	0.1	2.6	23%
Depreciation	0.2	0.0	0.8	25%
<u>Other Income/Exp</u>	0.0	0.0	0.1	0%
<u>Net Income</u>	0.4	0.1	2.3	17%

- Majority of water revenue comes in Q4 with summer watering

Pollution Control

FY 2024 Q1 Update

(\$M)	Q1	Year Over Year	FY 2024 Budget	%
<u>Operating Revenue</u>	1.9	(0.1)	7.5	25%
<u>Operating Expenses:</u>	1.0	0.1	4.6	22%
Wastewater Treatment Plant	0.4	0.1	1.9	21%
Collection System	0.1	0.0	0.4	25%
Gen & Admin	0.4	0.0	1.9	21%
Pymt in Lieu of Tax	0.1	0.0	0.3	33%
<u>Operating Income:</u>	0.9	0.0	2.9	31%
Depreciation	0.4	(0.1)	1.3	31%
<u>Other Income/Exp</u>	0.1	0.0	0.0	
<u>Net Income</u>	0.6	0.0	1.7	35%

- On track per budget; this department tends to be consistent each month

General & Admin

FY 2024 Q1 Update

(\$M)	Q1	Year Over Year	FY 2024 Budget	%
<u>General & Administrative</u> <i>(showing only budgets > \$400K)</i>	1.8	0.4	8.9	20%
Engineering	0.3	(0.2)	1.6	19%
G & A Salaries	0.2	0.0	1.0	20%
Admin & Engineering Services to PPGA	0.3	0.0	1.2	25%
Outside Services	0.1	0.0	0.4	25%
Employee Benefits	0.2	0.0	0.8	25%
Maintenance of Buildings & Grounds	0.1	0.0	0.6	17%

- Overall, the G&A budget is tracking slightly under budget

Electric Analysis

Revenue and Expenses Detail

Year to Date FY 2024	Expenses	Revenue	kWh	\$/kWh
WEC1, DHPC, NDS Net Generation			70,806,283	
Fuel Cost (WEC1, DHPC, NDS)	\$1,234,910			\$0.0174
Other Generation Expenses (WEC1, DHPC, NDS)	\$1,696,966			\$0.0240
Generation Depreciation (WEC1, DHPC, NDS)	\$1,017,936			\$0.0144
HU Generation Production Costs	\$3,949,812			\$0.0558
Contracted Power Behind the Meter (Wind and Solar)	\$21,185		626,691	\$0.0338
Contracted Power Purchased from PPGA and WAPA	\$3,594,035		24,019,730	\$0.1496
SPP Purchases (City Load)	\$1,692,146		97,683,660	\$0.0173
SPP Market Sales (Generation)		\$1,710,426	78,418,120	\$0.0218

- Compared to Q1 FY 2023, Fuel Cost for Q1 FY 2024 is slightly higher due to an increase in coal cost. Other Generation Expenses are also higher in Q1 FY2024 due to a larger than normal outage, incurring higher expenses.
- Under SPP Market Sales and SPP Purchases, we are making more money selling our generation than we are paying for city load...that is what we want to see!

Natural Gas and Water Analysis

- Previously titled “Unit Sales & Cost Analysis,” will be reviewed and potentially a new layout will be presented

Electric Production

HASTINGS UTILITIES
COMPARATIVE STATEMENT OF RETAIL SALES
December 2023 and 2022 - Year to Date FY2024 and FY2023

					No. Meters			No. Meters			
					In Service	December	Year to Date	Yr Over Yr	In Service	December	Year to Date
Electric Department K-W Hours					12/31/2023	2023	FY 2023-2024		12/31/2022	2022	FY 2022-2023
Residential - Hastings					10,844	7,606,001	21,753,923		10,761	8,230,732	21,570,540
Residential - Rural					276	447,038	1,102,980		286	538,581	1,191,105
Residential - Juniata					357	349,216	868,928		355	426,776	940,989
Commercial - Hastings					1,873	6,136,369	17,645,177		1,855	6,496,333	18,740,270
Commercial - Rural					229	1,189,805	3,379,144		229	1,211,465	3,314,038
Commercial - Juniata					51	113,819	329,815		52	123,370	346,533
Commercial Heating - Hastings					33	221,436	518,442		31	268,700	562,499
Commercial Heating - Rural					4	14,585	32,410		4	19,049	38,725
Primary Power					39	15,206,840	47,187,340		38	16,118,960	50,444,500
Irrigation					-	-	67,646		5	11,172	93,842
Street Lighting - Hastings					1	168,020	471,400		1	166,123	457,986
Traffics - Hastings					1	5,357	15,280		1	5,722	15,668
Public Authorities - Hastings					79	222,755	686,103		77	235,797	709,198
Public Authorities - Juniata					9	14,801	40,265		9	18,950	52,061
Unmetered					10	5,214	15,642		10	5,214	15,642
Interdepartmental					36	833,045	2,294,213		37	1,031,059	2,988,209
					13,842				13,751		
Total Retail Sales						32,534,301	96,408,708			34,908,003	101,481,805
Commercial Rural includes PPGA Meters											

Gas Production

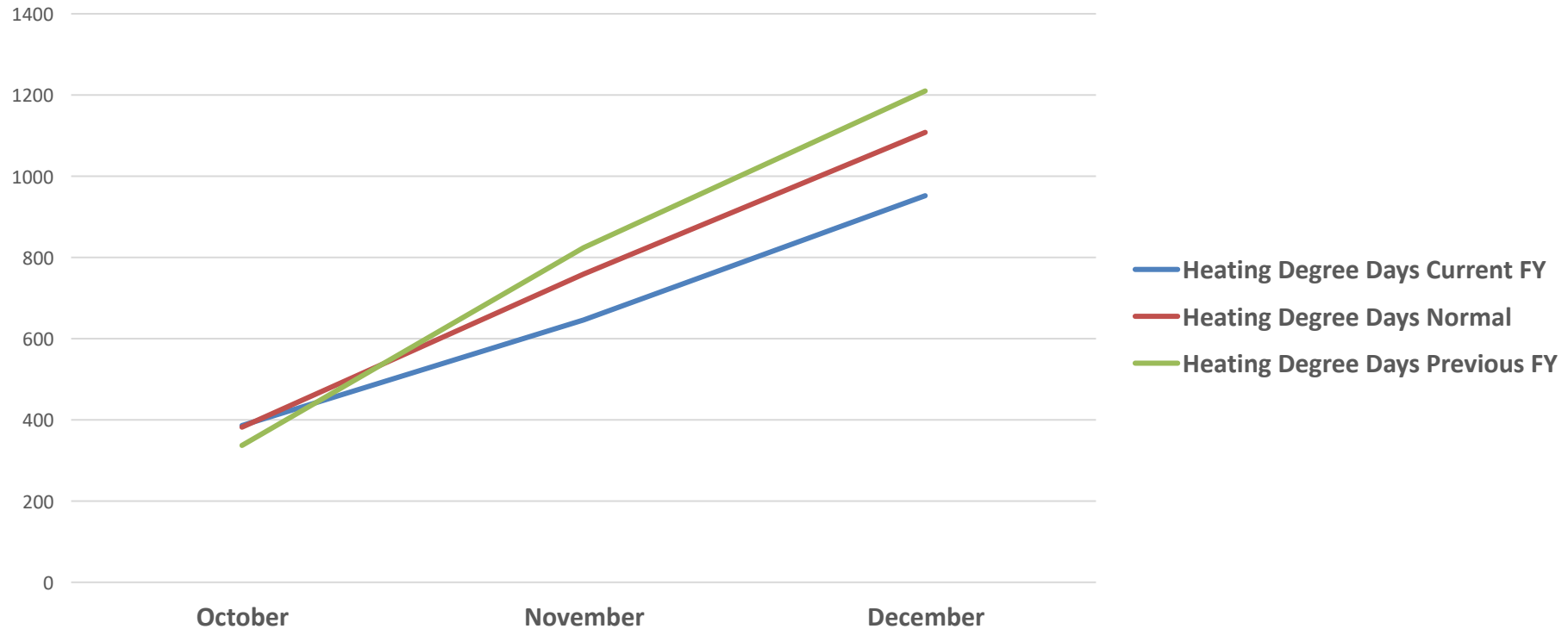
HASTINGS UTILITIES COMPARATIVE STATEMENT OF PRODUCTION October 2023 2022 - Year to Date FY2024 and FY2023

				No. Meters			No. Meters			
				In Service	October	Year to Date	Yr Over Yr	In Service	October	Year to Date
Gas Department - CCF				10/31/2023	2023	FY 2023-2024		10/31/2022	2022	FY 2022-2023
Residential - Hastings				9,390	422,290	574,696		9,362	405,679	556,679
Residential - Rural				17	1,248	1,602		18	1,631	2,072
Commercial - Hastings				1,205	169,334	230,843		1,208	184,192	254,605
Commercial - Rural				40	22,070	30,292		44	22,254	60,194
Industrial - Hastings				40	64,904	82,222		40	92,620	135,529
Industrial - Rural				3	6,743	9,995		2	8,125	10,726
Sales to Public Authorities				23	5,922	8,284		23	5,780	8,557
Firm Transportation				14	193,272	324,597		14	192,105	344,881
Interdepartmental				9	17,042	18,456		9	18,333	24,110
Total				10,741	902,825	1,280,987	0.20%	10,720	930,719	1,397,353
Gas Purchased					1,167,260	1,864,920			1,519,420	2,179,730
Gas Manufactured					21,400	32,540			21,300	29,300
Total CCF					1,188,660	1,897,460			1,540,720	2,209,030
Unaccounted For/Unbilled					285,835	616,473			610,001	811,677
CCF Sold					902,825	1,280,987	-9.08%		930,719	1,397,353
*Commercial CMS includes PPGA Meters										

Water Production

HASTINGS UTILITIES COMPARATIVE STATEMENT OF PRODUCTION October 2023 2022 - Year to Date FY2024 and FY2023									
				No. Meters					No. Meters
				In Service	October	Year to Date	Yr Over Yr	In Service	October
				10/31/2023	2023	FY 2023-2024		10/31/2022	2022
Water Department - CCF									Year to Date
									FY 2022-2023
Residential - Hastings				8,720	63,377	191,224		8,684	66,636
Residential - Rural				35	259	687		35	181
Residential - CMS				5	32	58		5	29
Commercial - Hastings				1,315	52,179	141,750		1,298	55,861
Commercial - Rural				48	922	2,480		42	588
Commercial - CMS *				78	10,056	21,147		80	11,640
Large Industrial - Hastings				4	16,051	31,242		4	15,065
Large Industrial - Rural				1	33,324	73,387		1	34,356
Sales to Public Authorities				42	3,704	20,079		45	3,660
Interdepartmental				9	1,980	4,689		9	1,328
				10,257			0.53%	10,203	
Total Retail Sales					181,884	486,743			189,344
Total Wholesale Sales					902	2,372			1,073
Total Sales					182,786	489,115			190,417
CCF Pumped					178,457	449,489			176,430
Water Main Flushing					289	1,274			324
Unaccounted For/Unbilled					(4,618)	(40,900)			(14,311)
CCF Sold					182,786	489,115	-1.31%		190,417
									495,546

Heating Degree Days



- Degree days are based on the assumption that when the outside temperature is 65°F, we don't need heating or cooling to be comfortable. Degree days are the difference between the daily temperature mean, (high temperature plus low temperature divided by two) and 65°F. If the temperature mean is above 65°F, we subtract 65 from the mean and the result is **Cooling Degree Days**. If the temperature mean is below 65°F, we subtract the mean from 65 and the result is **Heating Degree Days**.



16", DIP
WA-180, 1995

WV - 431

WV - 432

WV - 430

NOINFO
8", Unknown

WV - 572

FH - 315

HV - 315

SOUTH ST W

8", CAS
WD-A, 1928

LINCOLN AVE S

138

8", PVC

SW-017, 1995

MH - 1079

SO₂ STW

8", CT

SD-065, 1912

LINCOLN AVE S