

HASTINGS UTILITY BOARD AGENDA

**Airport Conference Room - Hastings Municipal Airport
3300 W. 12th Street
October 10, 2024
9:00 AM**

ROLL CALL:

PLEDGE OF ALLEGIANCE:

MOTION TO ADOPT CURRENT AGENDA FOR October 10, 2024 REGULAR MEETING.

PUBLIC NOTICE - Official Notice of the Regular Meeting was published in the Hastings Tribune on Tuesday, October 8, 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 August 22, 2024.

REGULAR AGENDA:

2. Unfinished Business of Preceding Meeting.
3. General Business.
 - (a) Finance
 - i. Finance Status Update
 - (b) Production

- i. Public Power Week
 - ii. Electric Production Updates
 - (c) Operations
 - i. Electric Infrastructure Update
 - ii. Electric Infrastructure Development Cost Share Internal Study
 - (d) Administration
 - i. Share the Warmth Update
 - ii. Mission Statement and Core Values Review
 - (e) Other
 - (f) Finance Status Update
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 22, 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 August 22, 2024.

ROLL CALL:

The meeting was called to order at 9:00 am by Bill Hitesman with the following members present: Bill Hitesman, Jeanette Dewalt, Mark Hemje, Susan Meeske, Scott Snell, Derek Zeisler, Erik Nielsen, Kirk Layton, Larry Fox, Tony Herrman, Shawn Hartmann, Micah McCaffery, Jaci Higgins, Jason Redding, Brian Strom, Noel Nienhueser, Karl Block, Lee Vrooman, Roger Nash, Lori Hartman, Brandan Lubken, Kyle Patten, Mark Funkey, Jesse Oswald
Absent: Corey Stutte, Butch Eley, Shawn Metcalf

PLEDGE OF ALLEGIANCE:

Bill Hitesman led the group in the recital of the Pledge of Allegiance to the United States of America.

MOTION TO ADOPT CURRENT AGENDA FOR August 22, 2024 REGULAR MEETING.

Moving things around
Presentation will be first and the Recommendation for Approval of the 24/25 Utilities Budget will go third in the Operations section.
Moved by Meeske and seconded by Hemje to adopt the current agenda for the August 22, 2024 Regular Meeting. Roll Call: Ayes: Hitesman, Dewalt, Hemje, Meeske, Snell. Nays: None.
The motion carried.

PUBLIC NOTICE - Official Notice of the Regular Meeting was published in the Hastings Tribune on Tuesday, August 20, 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:

We tried to incorporate questions that have been asked since our last meeting. Our hope is that from what we present today, we will be able to answer all the questions that have been asked. If something comes up that the board would like us to go back and check, we did move the September meeting to September 5th, which is before the city council meeting on September 9th.

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 July 25, 2024.

Moved by Dewalt and seconded by Hemje to approve the minutes for the meeting of July 25, 2024. Roll Call: Ayes: Hitesman, Dewalt, Hemje, Meeske, Snell. Nays: None. Approved.

REGULAR AGENDA:

2. Unfinished Business of Preceding Meeting.

3. General Business.

- (a) Finance

i. UFS Electric Cost of Service Presentation

Chris Lund from Utility Financial Solutions presents the Electric Cost of Service for us. Presentation Objectives

- Review Financial Projection
 - Significant Assumptions
 - Main Financial Targets
 - Debt Coverage Ratio - Minimum Cash - Adjusted Operating Income
- Review Cost of Service Results
 - Class Cost Results - Customer Charges
- Rate Evolution
 - Discuss Rate plan (4 year progression) & Customer Impacts
 - PCA (power cost adjustment or EAC energy adjustment charge) -changes in power supply costs
- Basic of Customer Classes (Rates)
 - Electric Rates are broken into groups of similar customers

- Main Classes (Customer Groups/ Rate Classes)
 - Residential (Housing) - Commercial /General Service (Business)
 - The Residential Urban RS-U, Small General Serviced Urban SGS-U, Large General Service LGSS and Large Light & Power LL&P make up over 86% of revenue for Hastings Utilities

- The other rates are variations of residential and commercial to accommodate for
 - Various sizes amid locations of residential and commercial customers

Presentation Summary

- Summary Rate Track
 - 4 years of 5% rate increase each year (FY 2025 through FY 2028)
- Summary of Class Impacts
 - Average impacts slightly vary across rate classes between 3.0% to 6.7% with a total of 5%

- Future Adjustments

- This plan is an incremental, smooth plan to work Hastings Utilities toward their financial goals

- Future years of rate changes should be based on further updates and studies

- This study is not a "one and done" study, future increases may be needed

Significant Assumptions (with 5% rate track)

Main Financial Targets - Projection Summary (with 0.0% annual rate increases, with PCA)

Main Financial Targets - Projection Summary (with 5% annual rate increases, with PCA)

COS Summary Results (% change to evolve to COS and meet financial targets)

Main Billing Components

- Monthly Customer Charge - Intended for some operational fixed cost recovery (non-power supply)

- Customer kWh energy usage - Intended to recover variable power supply (power supply)

- Customer peak demand kW usage - Intended to recover fixed cost recovery for operations (non-power supply)

- PCA-Power Cost Adjustment - Intended to recover variations in power supply costs (power supply)

Monthly Customer Charges

- Customer charge, portion of fixed cost recovery (non-power supply), customer service, meter reading, billing, portion of distribution system. These are costs that don't go away with varying customer usage.

Rate Evolution

- Rate Evolution

- Discuss Rate Plan (4 year progression) & Customer Impacts

- Monthly fixed charge for all rate classes, Charge consistent kWh rate instead of varying rate by tiers, Charge consistent kW rate instead of varying by tiers

- PCA (power cost adjustment) - changes in power supply

- Note: The Residential Urban RS-U, Small General Service Urban SGS-U, Large General Service LGS and Large Light & Power LL&P make up over 86% if revenue for Hastings Utilities

PCA-Power Cost Adjustment

- Mechanism to fairly and smoothly charge customers for varying power costs

- Intended to recoup power costs that are more than what's being collected in retail rates

- Charged on a per kWh basis as an additional fee to balance power cost overages

ii. Highlight Budget Adjustments

Larry Discusses the changes that were made from the first draft to now. Mostly capital changes.

Blue is related to admin and engineering changes.

Green is capital improvement changes.

Yellow are corrections.

Roger discusses the self insured health fund. Moving money back into the departments so they can start using those funds.

Will get closer to the 5 million mark in 2 years.

This is not taking funds from employees or their health costs. This is money put in by the employer.

iii. Recommendation for Approval of 24/25 Utilities Budget

Request for recommendation for approval of the 24/25 Utilities Budget.

We can approve as is and not come back on the 5th or reevaluate and come back on the 5th.

The recommendation to approve moving on to City Council was moved by Dewalt and seconded by Snell. Roll Call Ayes: Hitesman, Dewalt, Hemje, Meeske, Snell. Nays: None.

(b) Production

(c) Operations

i. Continuation of Water Infrastructure Fee

Brian discusses the cost of service study done in 2022 and the ordinance put in place. Asking for the ordinance to be updated.

ii. Fee Schedule Adjustments

Customer Service Fees presented by Brian, not a lot of changes.

Only other changes are on the underground side.

iii. Mutual Aid Update

Noel talks about the Mutual Aid to Lincoln and Omaha.

No cost to the city of Hastings for crew members to do this.

OPPD has a video of trucks leaving the yard on their Facebook page.

(d) Administration

(e) Other

i. Presentation from Chamber/HEDC

Shannan discusses what is going on with Chamber HEDC.

Review of what we did in 2024 and continues through 2025.

Existing Industry

- BRE software and visit process underway
- Four industry expansions, three small business assistant expansions
- Manufacturing week tours, proclamation and luncheon
- Advocacy for state policy to support existing companies
- Completion of four state fund projects to support RLF

Business Location

- 12 request for proposal opportunities with Nebraska Department of Economic Development
- Two Foreign Direct Investment project inquiries
- Three company site visits
- Familiarization tour with DED recruitment team-March
- Three site selector events-Area Development Forum, Next Move Group Summit, Select USA-Nebraska Delegation
- State Funding process complete for Heartwell Renewables

Housing

- Rural Workforce Housing Funds (RWHF)
 - Projects Supported: Grant Funds: Pioneer Flats, Osborne View Estates, Aspen Bluff
 - Revolved Funds: Hangar 55, Corner Building, Garage Flats, Osborne View Estates 2

Additional Housing Projects Underway

- Hoppe Development Project, Mesner Development, Suzanne & Walter Scott Foundation project with Hastings College, Innate Concepts LLC Multi-Family Development, Lagunas Development, Downtown Condos

Talent Development

- Manufacturing Pathways, Business Tours, HAMA-Manufacturing Madness, Intern Engagement, School/Education Events (Welcome Events, Career Days, Mock Interviews)

Administration

- Revolving Loan Fund, Legislative Advocacy, Certified Community Status, Retail Site and Building Work, Chamber/HEDC Partnership

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

ADJOURN:

Motioned to adjourn by Dewalt, seconded by Hemje. Roll Call: Ayes: Hitesman, Dewalt, Hemje, Snell. Nays: None. Absent: Meeske. Adjourned at 11:03 am.

APPROVED:

Board Secretary

Electric Production Updates

- WEC 1
 - WEC 1 Fall Outage: Sept. 16th – Sept. 28th.
 - Ended outage 4 days earlier than originally scheduled.
 - Outage focus on dust collector backflow preventer project, boiler inspection, boiler feed pump repair, and offline preventive maintenance items.
 - Next outage scheduled to begin March 21st.



Electric Production Updates

- WEC 2
 - WEC 2 Fall Outage: Oct. 25th – Nov 25th.
 - Major outage work includes two levels of burner replacement, cooling tower fill replacement, and extensive pulverizer maintenance.
 - Next outage scheduled to begin April 7th.
 - PPGA Board is considering a fuel conversion for WEC 2.
 - Feasibility study in 2025.
 - Response and preparation for pending EPA Co2 emissions guidelines.



Electric Production Updates

- NDS
 - NDS 4 & 5 have been called into operation 18 times this year.
 - NDS 5 Outage: Oct. 7th – Oct 14th.
 - Circulation water line inspection.
 - Boiler building winterization.
 - Next NDS outage begins Jan. 4th.
 - Investigating fuel oil operation for NDS units.



Energy Supply Updates

- 2026 Planning Reserve Margin
 - Summer – 16%
 - Winter – 36%
- Performance Based Accreditation
- Fuel Assurance - Winter



Infrastructure and Project Update

- Substation tie from 7th to WEC. Waiting on crops to be removed so the last section can be bored and the North/South poles can be set next to the Railroad
- WEC final testing begins 10-14. If everything passes the Transformer will be on-line by 10-18
- 7th Street final testing and cross tie outage begins 10-21. If everything passes the new Transformer will be on-line by 10-25
- B Street final testing and tie in begins 10-28. If everything passes the new Transformer will be on-line by 11-1

Infrastructure and Project Update

- This week duct for distribution connection and communications began installation into the Solar Phase 2 project
- Pre-work has been completed and the first major step for construction at Hastings College began 10-10. They are on break and internal routing of the primary power distribution is being altered around the center of the campus
- Meter Pedestals which are a critical item we have been running very low on that have been on order for over 2 years have begun to arrive
- AMI just completed a server update with Tantalus. Had a good summer of installation with the assistance of a summer employee. Roughly 2,000 of 14,300 meters remain to be changed out which is 85% completed.

Share the Warmth



Share the Warmth

- Designed in coordination with The Salvation Army, Catholic Social Services, and Community Action Partnership of Mid-Nebraska
 - Tailored to assist Hastings Utility customers who may be unable to afford their utility bills during the colder months
 - December 1st – April 30th
 - Individuals 60 years of age or older
 - Individuals with disabilities
 - Anyone experiencing unusual needs



Share the Warmth

- Hastings Utilities assists in the collection of funds through 1-time donations or reoccurring deductions on monthly utility bills
- 100% of funds collected are directed to Salvation Army as the fiduciary
- Donated funds are used exclusively to assist those in need with their Hastings Utilities invoice
- Salvation Army coordinates the dispersal of funds with partner agencies
- Salvation Army and partner agencies have established the criteria for approval and are responsible to disperse all funds

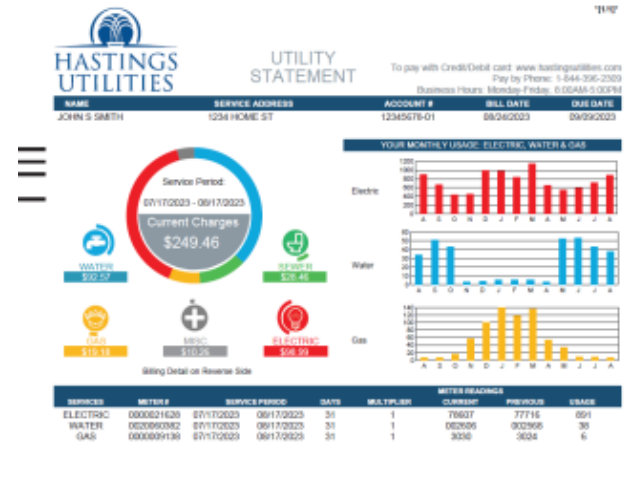
Share the Warmth

Ways to Contribute

1-Time Contribution



Reoccurring Charge on Bill



HASTINGS UTILITIES MISSION STATEMENT

Our mission is providing customers with utilities and utility related services and products of superior value while enhancing growth and development of Hastings and the surrounding area.

Approved by BPW 2/5/01

HASTINGS UTILITIES

CORE VALUES

1. To conduct all business with highest level of integrity.
2. To protect and enhance the reliability of service.
3. To provide service in a safe, legal, and environmentally-responsible manner.
4. To provide exemplary customer service.
5. To assure a financially strong enterprise.
6. To provide goods and services at competitively advantageous prices.
7. To provide an innovative, stimulative and cooperative work environment, respectful of cultural and intellectual diversity.
8. To invest in utility infrastructure renovation and expansion for community development purposes.
9. To undertake or participate in community activities and projects which promote the growth and development of Hastings and surrounding areas.
10. To continually identify and evaluate new markets, products and services.
11. To embrace change and pursue the opportunities and challenges it presents.

Approved by BPW 2/5/01

Department: Utility Administration
Staff Contact:
Utility Board Meeting Date: 10/10/2024

AGENDA ITEM SUMMARY SHEET

Description of Item:

Names of People/Business affected by this action:

Why Council action is required:

Type of action requested:

Suggested motion:

Deadlines associated with action:

Department head comments:

City Administrator comments: