

HASTINGS UTILITY BOARD AGENDA

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

ROLL CALL:

PLEDGE OF ALLEGIANCE:

MOTION TO ADOPT CURRENT AGENDA FOR December 12, 2024 REGULAR MEETING.

PUBLIC NOTICE - Official Notice of the Regular Meeting was published in the Hastings Tribune on Tuesday, December 10, 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 November 7, 2024.

REGULAR AGENDA:

2. Unfinished Business of Preceding Meeting.
3. General Business.
 - (a) Finance
 - (b) Production
 - (c) Operations

(d) Administration

- i. Contribution in Aid of Construction for Electric
- ii. Low-Income Communities Bonus Credit Program for Hastings Solar

(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, November 7, 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 November 7, 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 Kvols, Derek Zeisler, Eirk Nielsen, Jaci Higgins, Shawn Hartmann, Micah McCaffery, Jason Redding, Noel Nienhueser, Larry Fox, Lee Vrooman, Brandan Lubken, Karl Block, Kyle Patten, Lori Hartman, Tony Herrman, Mark Funkey, Jesse Oswald.
Absent: Corey Stutte, Butch Eley

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 November 7, 2024 REGULAR MEETING.

Moved by Dewalt and seconded by Meeske to adopt the current agenda for November 7, 2024. Regular Meeting. Roll Call: Ayes: Hitesman, Dewalt, Hemje, Meeske, Kvols. Nays: None. Absent: None. The motion carried.

PUBLIC NOTICE - Official Notice of the Regular Meeting was published in the Hastings Tribune on Tuesday, November 5, 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:

Short agenda today, but ones with some significance. Welcom Scott Kvols. Thank you Shawn Hartmann for your time with Utility board and City Council.

BOARD CHAIRMAN'S COMMUNICATIONS:

Also thanked Shawn for his time and welcomed Scott.

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 October 10, 2024.

Moved by Hemje and seconded by Meeske to approve the minutes for the meeting of October 10, 2024. Roll Call: Ayes: Hitesman, Dewalt, Hemje, Meeske, Kvols. Nays: None. Absent: None. Approved.

REGULAR AGENDA:

2. Unfinished Business of Preceding Meeting.

3. General Business.

- (a) Finance

- (b) Production

- (c) Operations

- i. LCR(I) Final Rule Update and Lead Replacement Progress

Brandon discusses the updates of the lead replacement progress.

- Dec 2021, Lead and Copper Rule updates proposed by EPA with compliance deadline of Oct 16, 2024:

- Damaged lead lines can't be repaired, replaced in full.
 - 6 months of water filtration for lead required post replacement.
 - Post replacement sampling 3-6 months after replacement.
 - Action level from 15 ppb to 10ppb lead.
- April 2024, Lead and Copper Rule Improvements (LCRI) became only required compliance mandate due Oct 16, 2024:

- Full water service line material inventory to NDEE (October 15, 2024).
 - New: letters to all customers with lead, unknown, or GRR within 30 days of inventory submittal. 1094 lead, 671 known, 3 GRR.
 - New customers at these locations will receive letters upon sign up.
 - Service material inventory and notification letters are annualized.

Letters Include:

- Health effects of lead: Decreased IQ, behavior problems in infants/children. Adults, increased heart disease risk, high blood pressure, kidney and nervous system problems.
- Ways to reduce lead in drinking water: Filtration, clean aerators, use cold water, run tap longer.
- What we're doing: Lead service removal, unknown material verification.

Letters being mailed tomorrow.

It was suggested to do a Facebook live video to discuss this so customers and residents are more clear about this program/process.

October 8, 2024, Biden administration finalizes LCRI rule with additions:

- Action level from 15ppb to 10ppb lead.
- Additional funding of \$2.7 Billion.
- All municipalities/utilities no lead water services in 10 years.
- HU 2 person lead water service replacement crew ~ \$4,000 per service.
- Local contractors pothole to verify service material ~ \$230 per pothole.
- M.U.D. budgeted last year for \$12,000 per service line replacement.
- Detroit Mayor: Internal crews ~ \$9,300 per service, contractors ~ \$23,000
- City of Cleveland Ohio is paying ~ \$1800 per pothole.

(d) Administration

i. Mission Statement and Core Values Review

This has been reviewed with staff and employee committees. Even though this is over 20 years old, this still holds relevance.

Does anyone feel like there is anything missing from our statement or if something should be taken out?

Providing customers with reliability.

Nobody has any major concerns, so this will be left alone for now.

(e) Other

i. HEDC request for Economic Development Funds

Utilities have set aside money for economic development funds. This will be similar to the request that was made in the past.

Shannon will talk about this request. Asking for \$1.5 million, \$200,000 from this group.

Concern is how we replenish the funds so we can continue to do this.

Maybe we need to put on our agenda in the future how the city can also put money into the funds and how it can get replenished.

Dewalt motions to approve the \$200,000 for this application request to move on to City Council, Hemje Seconds.

Ayes: Hitesman, Dewalt, Hemje, Meeske, Kvols. Nays: None. Approved to go to City Council.

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

Motion to go into closed session at 10:14 am. Motioned by Hemje, seconded by Dewalt. Ayes: Hitesman, Dwalt, Hemje, Meeske, Kvols. Nays: None. Absent: None. Approved.

Motioned by Dewalt and seconded by Hemje to come out of the closed session at 10:30 am. Ayes: Hitesman, Dewalt, Hemje, Meeske, Kvols. Nays: None. Absent: None. Approved.

ADJOURN:

Motioned to adjourn by Hemje, seconded by Dewalt. Roll Call: Ayes: Hitesman, Dewalt, Hemje, Meeske, Kvols. Nays: None. Absent: None. Adjourned at 10:30 am.

APPROVED:

Board Secretary



Contribution in Aid to Construction Review

Utility Advisory Board Meeting
December 12th, 2024

Objectives

- Identify up front costs associated with providing new electrical services
- Evaluate how other Utilities are handling their Contribution in Aid to Construction (CIAC) fees to ensure that any HU proposals maintain a competitive and comparable market for development
- Ensure that we meet our “Duty to Serve” requirements while safeguarding rate payer dollars

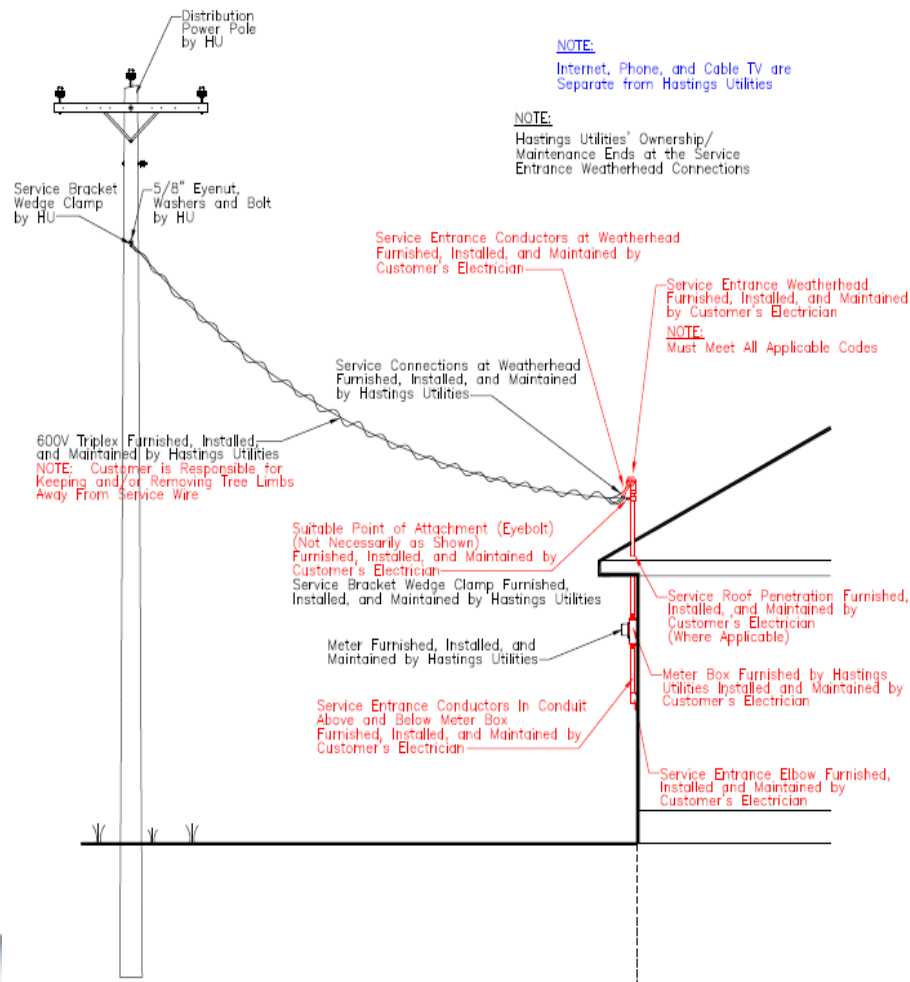
Hastings Utilities – Current CIAC

- Currently, HU bears the full cost of engineering services and electric system extensions for all electric services
- HU provides, installs, and maintains ownership of the entire primary portion (including infrastructure if necessary)
 - Commercial/Industrial customers install primary and secondary conduit and pour concrete transformer pad
- Residential customers/developers are responsible for the installation and ownership of the secondary portion of the service

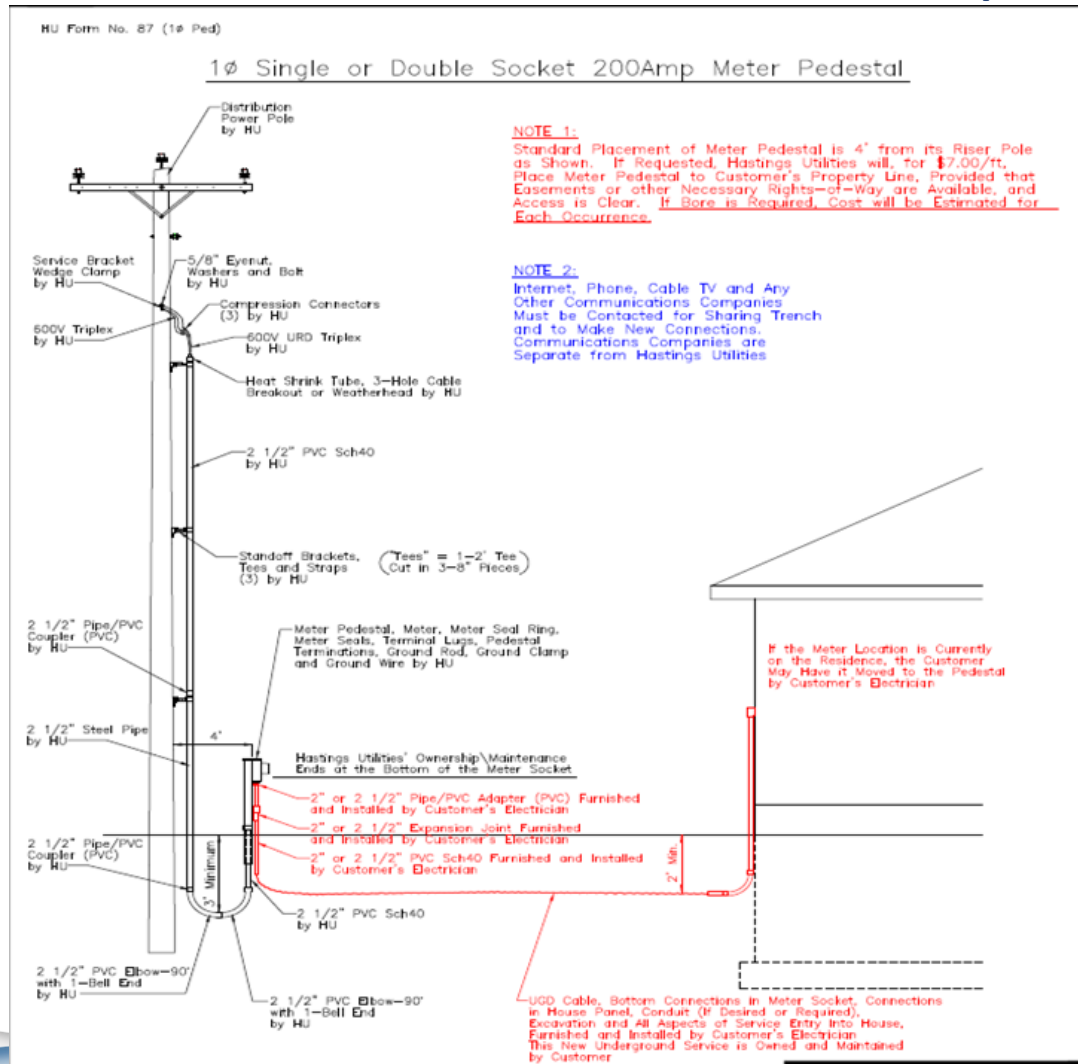
Hastings Utilities – Current Division of Ownership

HU Form No. 87 (OH)

Overhead Service



Hastings Utilities – Current Division of Ownership



Hastings Utilities CIAC - Contacts

- The following companies were contacted to compare
 - Fremont
 - Loup Power
 - Lincoln Electric System (LES)
 - NPPD
 - Grand Island (Indirect)
 - OPPD (No Response)

Note that all contacted companies require CIAC to be paid up front

Fremont

- Prices quoted upon request
- Residential – Costs generally covered by developer agreement fees and meter install charge
- Overhead Versus Underground – Cost differential charge of 50% or total difference between the two

Fremont Cont'd

- Commercial/Industrial – Customer installs primary and secondary conduits, transformer pads, and bases for switching cabinets/pull boxes based on Fremont Utilities design. Fremont installs and terminates the primary conductor. No CIAC.
- Large demand/Redundant Supply Customers – Services that require substantial infrastructure upgrades require a development agreement to pay for the portion of the demand/capacity upgrades they will use.

Loup Power

- Loup Power requires a 50% cost share for all new services, as well as requests for additional power needs.
- For removal of old services, or any service relocations without a load increase, the cost is 100% borne by the customer.
- For underground services, the customer must install the transformer pad and conduit between the transformer pad and customer owned switchgear.

Lincoln Electric System (LES)

- LES utilizes the same formula to calculate all Contribution In Aid of Construction charges. The formula is (CIAC = Billable Facilities minus Applicable Credits).
- Anticipated Revenue Credit - Equals 2.5 years of estimated anticipated rate revenue generated by the service.

LES Cont'd

- Used Life Credit - Credit for both new services and service relocations. Encourages system turnover and retirement of overhead lines. Credit is for the LOST life value of any facilities requiring removal or abandonment and is calculated based on FERC/NERC prescribed life.
- Salvage Credit - Credit for any materials they expect to reclaim as part of the requested work. Most relevant for transformers on temporary services as the entire value is claimed when removed.

NPPD

- Residential Development
 - Subdivisions: Contribution is 50% of the cost.
 - Single Residence: \$2,200 AIL (Allowable Investment Limit) per service, CIAC is all above that
- Commercial Development
 - Subdivisions: 50% of the planned electrical infrastructure project costs within the subdivision
 - Demand/Non-Demand: Margin calculation applied to estimated annual kWh used over a 3-year period to calculate the AIL. CIAC would equal the Total Extension Investment minus the calculated AIL.

NPPD Cont'd

- Industrial – Aims to recover either 50% of the Total Extension Investment minus the same 3-year calculated AIL, or 100% of the non-recoverable construction costs of the infrastructure, whichever is greater.
- Rate margin calculation varies by customer type
- To mitigate risk, NPPD may implement MMF (Minimum Monthly Facilities) Charges or ESA (Extension Security Agreement) contracts prior to construction

Grand Island – Proposed

- The City of Grand Island is currently proposing a flat rate investment limit for residential development of \$1,300/lot, and a 2.5 year Estimated Gross Revenue Based Return contribution limit for commercial/industrial.
- Please note that as of 11-21-2024 this was an “Informational Only” agenda item for the City of Grand Island.

Hastings – Options

- No change: Rate payer cost
- Flat rates: Levels cost but yearly calculation needed
- Revenue-based recovery: Individual calculation for each project
- Percentage: Simple
- Full cost: No cost to rate payers
- Combination of above options



Low-Income Solar Program

Utility Advisory Board Meeting

December 12th, 2024

Program Background

- Energize the second solar field in December
 - 4.6MW
- Initial application submitted June 2024
 - Received notification of approval Nov 2024
 - Receive additional \$1.6M of funding for solar field with program implementation
 - This is in addition to the ITC direct pay of \$2.4M
- Low Income Qualifiers: Participation in a needs-based program (Medicaid, LIHEAP, SNAP, SSI, etc.)

Program Plan

- Enroll customers that qualify based on the categorical qualifiers
- According to program requirements, 50% of the energy generated from the solar farm is provided to those enrolled at a 20% discount
 - The program will run for five years
- May utilize local agencies to gather additional customers eligible for enrollment



