

CITY OF HASTINGS, NEBRASKA
MINUTES OF UTILITY BOARD REGULAR MEETING
Thursday, March 13, 2025

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 13, 2025.

ROLL CALL:

The meeting was called to order at 9:00 a.m. in Regular Session by Bill Hitesman with the following members present: Jeanette Dewalt, Mark Hemje, Susan Meeske. Derek Zeisler, Erik Nielsen, Jason Redding, Tony Herrman, Steve Huntley, Noel Nienhueser, Brandan Lubken, Larry Fox, Karl Block, Micha McCaffery, Lee Vrooman, Lori Hartman, Mark Funkey, Jay Beckby, Kyle Patten, Jesse Oswald, Larry COnsbruck, Roger Nash.
Absent: Scott Kvolts

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 March 13, 2025 REGULAR MEETING.

Moved by Meeske and seconded by Hemje to adopt the current agenda for the March 13, 2025, Regular Meeting. Roll Call: Ayes: Hitesman, Dewalt, Hemje, Meeske. Nays: None. Absent: Kvolts. The motion carried.

PUBLIC NOTICE - Official Notice of the Regular Meeting was published in the Hastings Tribune on Tuesday, March 11, 2025. 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:

There was a list of acronyms passed out to the board members.
Wanted to give a thank you to the Utilities and line crew with the windstorm that came through last week. We didn't have as many tree incidents as we have in the past.
Asked Shannon from HEDC to share some good news.
Shannon: Last night we had a meeting and was awarded with 2024 round of rural housing dollars. We are partnering with \$200,000 from the Utilities and City, \$200,000 from CRA, and \$150,000 from HEDC. The project intent with these funds is the renovation of the old middle school and the trailside village.

1. Updated Utilities Acronym List

A list was handed out to board members and can be sent out to others if requested.

BOARD CHAIRMAN'S COMMUNICATIONS:

None

BOARD MEMBERS' COMMUNICATIONS:

None

CITIZEN COMMUNICATIONS:

None

CONSENT AGENDA:

2. All Consent Items.

- (a) Approval of the minutes of the Hastings Utility Board Meeting of February 13, 2025.

Moved by Dewalt, seconded by Hemje. Roll Call: Ayes: Hitesman, Dewalt, Hemje, Meeske. Nays: None. Absent: Kvols.
Approved.

REGULAR AGENDA:

3. Unfinished Business of Preceding Meeting.

4. General Business.

- (a) Finance

- i. City Council Budget Sub-Committee

Mark Funkey and Mayor Beckby put together a Subcommittee for the budget. Mark tells us a little about it.

Last fall we had a difficult budget conversation and there was a discussion on how to improve the process.

They decided to create a Budget Sub-Committee. Formed a group with four council members, one from each ward. This group includes Huntley, Consbrick, Esch, Hoffman, and Mayor Beckby. This group will talk through the budget process.

- ii. 24/25 Q1 Financial Report

Derek presents a slide show for this.

Financial and Operating Report - Fiscal year 2025 Q1

Electric Department

- Electric is a seasonal department with its largest revenue quarter typically in Q4.
- Comparing FY2024 to FY2025, there was a decrease in generation that lowered SPP sales about \$1.5M.

Gas Department

- Mild start to the quarter with a decrease in heating degree days.
- Seasonal department: majority of revenue comes in Q1 and Q2.

When will we lock in the rates? During budgeting.

Water Department

- With a warmer Oct 2024 than Oct 2023, there was still lawn watering in Oct 2024 leading to an increase in revenue but not an increase in expenses.

Sewer Department

- Sewer is typically a constant department with a minimal amount of weather driven impacts. The budget is reflected accordingly.

Comment: Appreciate the cash balance percentage of the operating revenue of the projections on the bottom for this year and the next few years.

(b) Production

i. Electric Production Overview

Electric Production Updates presented by Micah McCaffery

Electric Production Updates

- WEC 1 is self-committed to the market and online.
 - WEC 1 Spring outage will run from March 22nd to April 11th. The major outage items are air heater basket replacement, electrostatic precipitator repairs, safety testing and repairs, and circulating water makeup line repairs.
- WEC 2 is in reliability status, offline, and available.
 - WEC 2 spring outage will run from April 6th to May 13th. The major outage items are extensive coal pulverizer overhauls, burner replacement, and electrostatic precipitator repairs.
- NDS 4 and 5 are in reliability status, offline, and available.
 - NDS 5 is finishing a short 3-day outage today.
- DHPC is in market status, offline, and available.

Electric Production

- History
 - NDS 4 and 5 were originally designed to operate on fuel oil or natural gas.
 - The units ran primarily on natural gas but operated for extended periods on fuel oil due to natural gas supply constraints.
 - After the commissioning of WEC 1, NDS 4 & 5 operations is significantly decreased and were operated primarily during WEC 1 outages.
 - Work was done in 1998 to repair underground fuel oil and steam lines.
 - NDS 4 & 5 have not operated on fuel oil since 2001.
- Why
 - Reliability
 - During winter months, NDS 4 & 5 are more likely to be dispatched during the coldest periods when natural gas availability is low.
 - Allows us to earnestly participate in the market and offer the NDS units throughout the year regardless of natural gas supply constraints.
 - Pricing

- Hedge against spiking natural gas prices.
- Ability to purchase and store fuel when prices are low.
- Capacity
 - Southwest Power Pool (SPP), and other regional transmission organizations (RTO's) have been developing policies aimed at improving grid reliability.
 - SPP has introduced performance-based capacity accreditation policies for 2026 to incentivize reliable generation.
 - Part of that policy focuses on the reliability of generating units during the highest risk hours of the winter months.
 - The policy will assess a reduction in a plant's accreditation when those resources are not available in the top 3% of load hours during the winter months.
- EFOR
 - Equivalent Forced Outage Rate: a reliability metric that represents the probability of a unit being unable to generate at full capacity during a specific period.
- EFOF
 - Equivalent Forced Outage Factor: measures the proportion of time a generating unit is unavailable due to forced outages compared to the total time it could have been available.

Progress and Action Items

- Tank Inspection and Repairs
 - 500,000-gallon tank that can provide 5 days of fuel for NDS 4 & 5 at max continuous rating (MCR).
 - The fuel oil tank has been inspected and overall is in good condition. Requires some work to bring the tank up to code.
- Soot Blowers
 - Soot blowing is the process of using steam to clean ash and soot off the internal boiler walls. Soot blowing isn't required during natural gas operation but will be needed to operate the unit with fuel oil.
 - The original soot blowers are being rebuilt, and the steam lines have been maintained or replaced.

Electric Production

- Progress and Action Items
 - Fuel Oil Pumps and Lines
 - Fuel oil pumps and lines will be repaired and rebuilt as needed.
 - Safety Items
 - Some platforms need to be replaced to provide safe access to critical equipment.
- Boiler and DCS Tuning
 - The boiler and distributed control systems (DCS) have been tuned for natural gas firing.
 - Once the mechanical work is done, 4 & 5's boiler and DCS will be tested and turned for fuel operation.
- Don Henry Recontrol
 - DHPC was last recontrolled in 2000.
 - Current controls are outdated and present reliability concerns.
- Dual Fuel
 - Originally operated on fuel oil
 - Recontrolled for dual fuel in the early 90s.
 - Experienced increased required maintenance when operating on fuel oil.
 - Recontrol is scheduled to be completed in 2027. Currently exploring recontrol options and scope of work.
- WEC 2 Natural Gas Conversion Study
 - PPGA is exploring natural gas as an alternative fuel for WEC 2.

- Driven by the Clean Air Act
- EPA set stringent carbon emission standards for natural gas and coal-fired power plants.

(c) Operations

i. CPEP 2 Extension Resolution Approval

Central Plains Energy Project (CPEP) Gas Prepayment Project 2 Reset presented by Jason.

Central Plains Energy Project (CPEP)

- Created in 2006 - Members include: Metropolitan Utilities District of Omaha (MUD), Municipal Gas Utility of Cedar Falls, Iowa, and City of Hastings.
- CPEP prepaid gas deals provide cost savings for municipalities, locked-on discounts for long periods of time, historically 30 years.
- 61% of Hastings baseload gas purchases are in CPEP prepaid gas transactions.

Prepaid Natural Gas Explained

- When a municipality pays a natural gas supplier for a long-term set amount of natural gas in exchange for a discount on the price.
- This transaction is funded by issuing tax-exempt bonds that are backed by a bank.
- The municipality receives a discounted price on the gas for the term of the contract.
- The monthly prepaid gas payment goes directly to paying the tax-exempt bonds.

CPEP Historical Savings

- 2009 CPEP Project 2: \$1,151,656
- 2019 CPEP Project 4: \$605,730
- 2023 CPEP Project 5: \$21,627
- Total Savings: \$1,779,013

Risks

- Volumes cannot exceed what Hastings consumes
- CPEP structures look in periods, we we have options every 5-7 years
- Spread CPEP Projects out so they don't fall on the same year.

CPEP 2 Reset Target Discount and Savings

- CPEP 2 Volume - 399,900 Dth per year
- Current Discount is \$0.13 per Dth - \$51,987 per year
- \$0.35 - \$0.40 per Dth \$139,965 - \$159,960 per year
- \$0.35 over 5 years \$699,825 - over 7 years \$979,755
- \$0.40 over 5 years \$799,800 - over 7 years \$1,119,720
- Additional savings of approximately \$108,000 per year.

CPEP Project 2 Resolution Approval

The resolution was handed out with the agenda to the Board members for review.

We are asking the Utility Board to recommend approval to the City Council.

Dewalt motions to approve this be moved to City Council. Seconded by Meeske.

Roll Call Ayes: Hitesman, Dealwt, Hemje, Meeske. Nay: None. Absent: Kvols.

Approved.

(d) Administration

(e) Other

Bill would like to make a comment that when he first came on the board, there were a lot of new people, and they were given the opportunity to tour the facilities for Hastings Utilities. Was wondering if that could be another opportunity as there are a lot of new council members, board members. Not sure if there will be a lot of interest in that, but it is something to think about.

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

ADJOURN:

Moved by Dewalt seconded by Hemje there being no further business to adjourn at 9:58 am.
Roll Call: Ayes: Bill Hltesman, Jeanette Dewalt, Mark Hemje, Susan Meeske. Nays: None.
Absent: Scott Kvols. Meeting Adjourned.

APPROVED:

Board Secretary