

**HASTINGS UTILITY BOARD
AGENDA**

**Airport Conference Room - Hastings Municipal Airport
3300 W. 12th Street
April 10, 2025
9:00 AM**

ROLL CALL:

PLEDGE OF ALLEGIANCE:

MOTION TO ADOPT CURRENT AGENDA FOR April 10, 2025 REGULAR MEETING.

PUBLIC NOTICE - Official Notice of the Regular Meeting was published in the Hastings Tribune on Tuesday, April 8, 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:

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 13, 2025.

REGULAR AGENDA:

2. Unfinished Business of Preceding Meeting.
3. General Business.
 - (a) Finance
 - i. Monthly Financial Comments
 - (b) Production

- i. Coal Contract Extension
 - (c) Operations
 - i. March 19th Outage Summary
 - (d) Administration
 - i. Elimination of postings/potential late fees.
 - (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 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

FIRST AMENDMENT TO COAL SUPPLY AGREEMENT

This First Amendment to the Coal Supply Agreement (“First Amendment”) is made and entered into as of this __ day of January, 2025 by and between City of Hastings, Nebraska, dba Hastings Utilities (“Buyer”) and Peabody COALSALES, LLC, (“Seller”), a Delaware limited liability company, (individually, a “Party” or collectively, the “Parties”).

RECITALS:

WHEREAS, Buyer and Seller are parties to a certain Coal Supply Agreement dated October 19, 2022 (“Agreement”), and

WHEREAS, Buyer and Seller now desire to amend the Agreement as set forth below.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and promises of the Parties hereinafter set forth, the Parties agree effective as of the date of this First Amendment that the Agreement is amended in the following manner:

1. Section 1.2 Term of the Agreement is amended by deleting the existing section in its entirety and replacing it with the following:

The Term of this Agreement shall commence on its Effective Date and end on [REDACTED], except as otherwise provided in this Agreement. Deliveries of coal pursuant to the terms of this Agreement shall take place during the period beginning January 1, 2023 and continuing through [REDACTED].

2. Section 3.1 Hastings Purchases of the Agreement is amended by adding the following new rows to the end of the existing Annual Quantity table:

<u>Calendar Year</u>	<u>Annual Quantity (Tons)</u>
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

3. Section 3.2 Requirements Tonnage is amended by deleting the existing section in its entirety and replacing it with the following:

This Agreement is for 100% of Buyer’s coal requirements; Buyer will purchase [REDACTED] per calendar year during the Term of this Agreement. In the event Buyer requires tonnage [REDACTED] tons per calendar year, Seller shall have the first right to supply such tons under the terms of this Agreement.

4. Section 4.1 Contract Price of the Agreement is amended by adding the following new text to the end of the existing section:

Effective January 1, 2026 the Contract Price for all coal sold at the Mine shall be the following amount per ton (including all federal, state and local taxes, fees and royalties as of

January 8, 2025 for coal having an average Btu/lb per trainload [REDACTED] Btu and an average Lbs SO₂/mmBtu of 0.87 per trainload:

<u>Calendar Year</u>	<u>Contract Price per Ton</u>
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

The Contract Price as set forth above, shall be adjusted according to the price adjustment provisions in this Agreement.

5. Section 4.2 Adjustment for Variation in BTU Content of the Agreement is amended by adding the following new text to the end of the existing section:

Effective January 1, 2026, the Contract Price will be adjusted on a monthly basis by the difference, if any, between the actual monthly weighted average Btu/lb. and [REDACTED] Btu/lb. based on the following formula:

$$\text{BTU Price Adjustment} = \text{Contract Price} \times ((\text{Actual Btu/lb} - [\text{REDACTED}]$$

6. Section 4.4 Adjustment for Changes in Laws subsection (a) of the Agreement is amended by deleting the last sentence in the first paragraph in its entirety and replacing it with the following new sentence:

The Contract Price shall not be adjusted, however, nor shall Buyer be otherwise responsible for the cost to Seller or the Mine for (vi) any income taxes or taxes on profits, changes to direct mining cost ration and/or the mill levy rate applicable to the Mine under Wyoming law, as used in the calculation of Wyoming production taxes, or changes to the quarterly Federal Reclamation Fee as a result of moisture adjustments or (vii) costs related to real or personal property taxes, corporate net income and franchise taxes.

7. Pursuant to the provisions of Section 4.4 Adjustment for Changes in Laws of the Agreement the Applicable Law Date for calendar year [REDACTED] Annual Quantities is January 8, 2025.
8. As amended by this First Amendment, the Agreement is hereby ratified and confirmed and shall continue in full force and effect. Unless hereby amended, all terms and conditions of the Agreement shall remain unchanged and continue in full force and effect.

IN WITNESS WHEREOF, Buyer and Seller have caused this First Amendment to be executed by their respective, duly authorized representatives as of the date first set forth above.

AGREED TO AND ACCEPTED BY:

Peabody COALSALES, LLC

By: _____

Title: _____

Date: _____

**Hastings Utilities
City of Hastings, Nebraska**

By: _____

Title: _____

Date: _____

March 19th Blizzard Event

- The first storm outage call came in at 2:30 am, the wind was up and it was more like a hailstorm than a blizzard
- By 5:00 am it was a full-blown blizzard. Everyone was called in
- Outages peaked shortly after 9:00 am at about 5000 customers on Tunet
- At 9:30 am amid the storm the first large area was brought back returning 148 customers
- SCADA, GIS mapping, and Tunet mapping were heavily utilized to determine scale and prioritize areas for restoration efforts.

March 19th Blizzard Event

- Juniata had broken poles on its primary feed down 12th Street and on its back up feed down DLD. DLD was impassable so repairs had begun before noon on the primary feed down 12th Street.
- By 1:30 pm 2000 customers were without power. Half of Don Henry and the WEC Substation had sustained damage. Feeders from those substations had been rerouted to other feeders
- Transmission lines had been restored and were holding
- The Water department was working to clear DLD and the Gas Department was delivering poles and vacuuming holes for replacement poles



March 19th Blizzard Event

- All crews worked straight through the day. The Water Department delivered food to crew sites shortly after 5:00 pm
- The majority of Juniata was restored about 9:00 pm. At that time, a small portion of the crews began being sent home as they would be returning at 6:00 am to take over
- By 12:15 am on the 20th just over 100 customers were without power. A small number of those were residential customers that were in between areas of major damage. The others were customers such as irrigation wells and street light services which were a lower priority
- At 12:15 am a skeleton crew as kept to keep working until 6:00 am to be available for emergencies such as fire calls. Others were sent home to return at 8:00 am

March 19th Blizzard Event

- The last known residential customer from the initial wave of the storm was restored at 8:00 pm Thursday the 20th
- The 20 Electrical Department employees logged over 400 hours during the Wednesday workday. All employees also worked a minimum of a 12-hour day on Thursday
- Monday the 24th a 4-man crew left with 3 bucket trucks and a skid loader to provide Mutual Aid to Fremont. They returned on the 28th
- Line crews have replaced over 20 poles since the 19th which were either temporarily braced or noted as heavily damaged but not completely broken

March 19th Blizzard Event

- Saturday the 22nd a 115 KV insulator failed that was damaged in the storm
- A 115KV failed arrestor jumper was found on Monday the 24th
- 34.5 KV spacer brackets that were damaged but inaccessible due to snow and mud were replaced on the 27th
- The System was return to “Normal” on Friday April 4th when the Don Henry West bus was returned to service





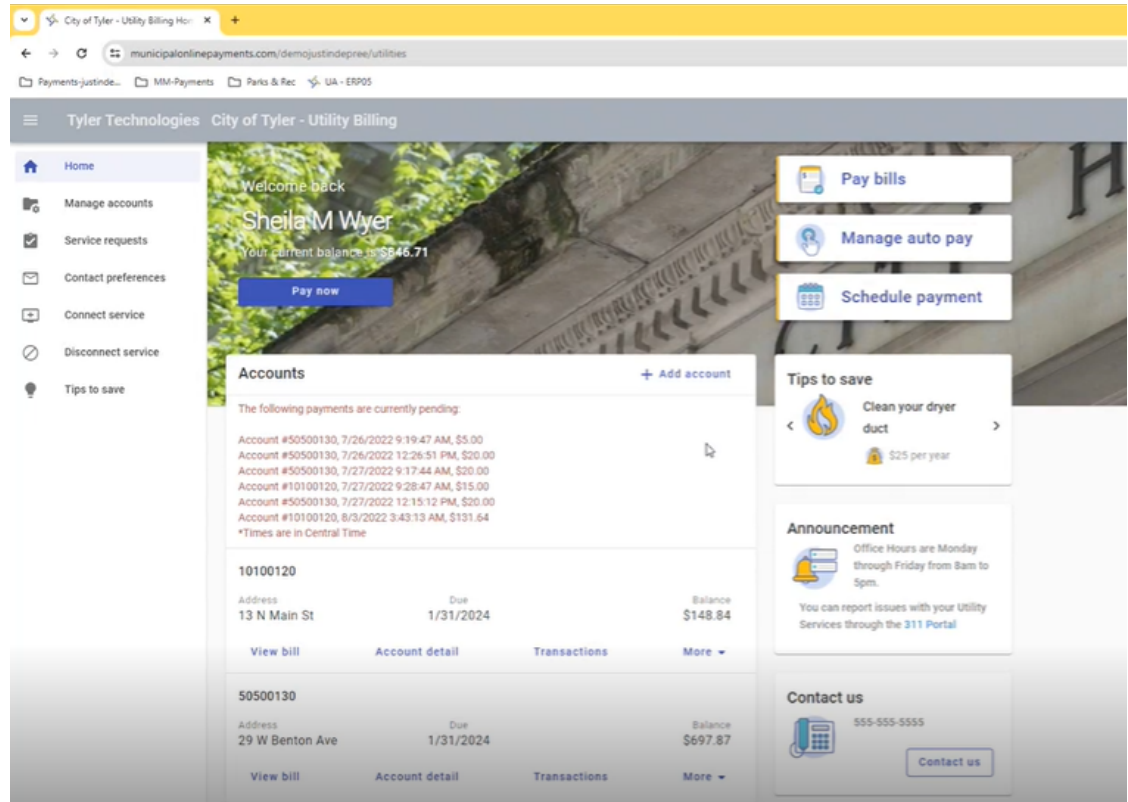
March 19th Blizzard Event

- Two 13.8 KV breakers failed at Don Henry. They are 1971 breakers scheduled for upgrade in 26-27 budget cycles.
- The 13.8 KV breakers just taken out of service in January during the B Street substation upgrade were utilized
- Breaker Bus Terminal posts were also taken from the B Street switchgear during the repairs to repair Don Henry feeder 234 which was damaged a few years ago
- SCADA reported 372 unplanned breaker cycles on the 19th. In each of the last 4 years it has not been over 100 total

Next Phase of ERP (Utility Billing)

New Features and Changes

- Communication Options
 - Email
 - Text
 - Automated Voice
- Updated Customer Portal
 - Schedule Payments
 - See Meter Data
 - Set Self-Service Alerts
- Change to Budget Billing
 - 12 Month Spread
 - No Settlement Month



Postings/Late Fees



- No Other Peer Utilities Currently Use Postings
- Improved Communication Methods to Avoid Lost/Unseen Posting
- No Need to Roll Truck to Post to Address
- Start June 1, 2025
- Will Work with Tony to Get the Word Out and Ask Customers to Ensure We Have Current Contact Information

Yearly Stats

	2022	2023	2024
Delinquent	21767	23049	23711
Posting	4546	4883	6046
Shut-Off/Limit	429	427	390

Customer Charge –

Delinquent Notice – \$0.00

Posting – \$25.00

Shut-off – \$75.00

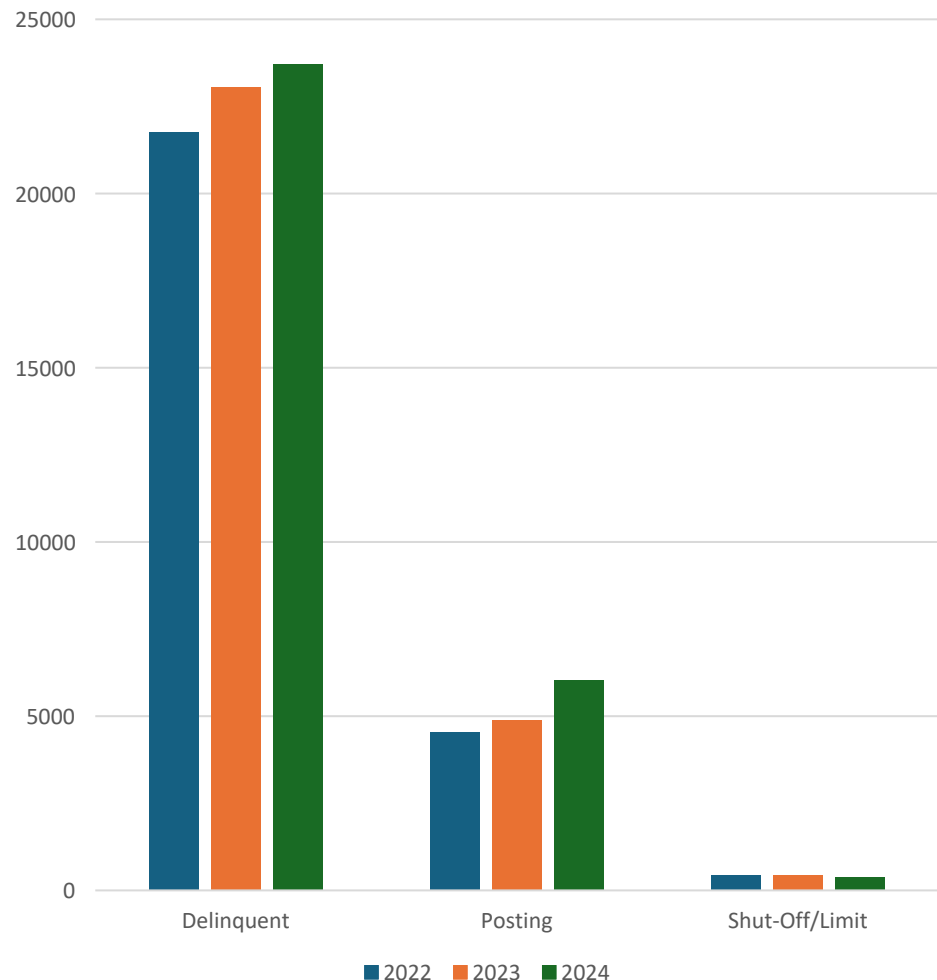
HU Cost Analysis

Delinquent Letter – \$16,834.81 (\$0.71)

Posting – \$108,828.00 (\$18.00)

Posting Charges Billed –

2022-24 Average – \$128,958



Late Fee Projection Study

What is Happening Around the State in our Peer Group?

Grand Island – 3% of Electric

Fremont – 10% (\$10.00 Max)

LES – 3% of Total Bill

North Platte – 1.333% of Total Bill

OPPD – 4% of Total Bill

NPPD – 3% of Total (\$15.00 Minimum)

Southern Power – 2% of Total (\$10.00 Minimum)

Hastings Average Bill Amount – \$204.29

	Single Bill Delinquent Fee	Total Delinquents Jan-Dec 2024
Projected 3% Fee	\$6.13	\$145,317.61

Bill Amount		Delinquent Fee
\$100	3%	\$3
\$200	3%	\$6
\$300	3%	\$9
\$500	3%	\$15



Additional Questions?