

**HASTINGS UTILITY BOARD
AGENDA**

**Airport Conference Room - Hastings Municipal Airport
3300 W. 12th Street
July 24, 2025
9:00 AM**

ROLL CALL:

PLEDGE OF ALLEGIANCE:

MOTION TO ADOPT CURRENT AGENDA FOR July 24, 2025 REGULAR MEETING.

PUBLIC NOTICE - Official Notice of the Regular Meeting was published in the Hastings Tribune on Tuesday, July 22, 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 June 19, 2025.

REGULAR AGENDA:

2. Unfinished Business of Preceding Meeting.
3. General Business.
 - (a) Finance
 - i. JK Consulting Line Extension Study Presentation
 - ii. FY 25-26 Utility Budget Presentation
 - (b) Production

- (c) Operations
- (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, June 19, 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 June 19, 2025.

ROLL CALL:

The meeting was called to order at 9:00 am in regular session by Bill Hitesman with the following members present: Jeanette Dewalt, Mark Hemje, Scott Kvolz. Absent: Susan Meeske Derek Zeisler, Erik Nielsen, Kirk Layton, Jaci Higgins, Jason Redding, Adam Story, Shane Stone, Larry Fox, Noel Nienhueser, Larry Consbruck, Kyle Patten, Steve Huntley, Brandan Lubken, Tony Herrman, Lee Vrooman, Jay Beckby, Lori Hartman, Mark Funkey, Jesse Oswald, Karl Block.

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 June 19, 2025 REGULAR MEETING.

Moved by Hemje and seconded by Dewalt to adopt the current agenda for the June 19, 2025, Regular Meeting. Roll Call: Ayes: Hitesman, Dewalt, Hemje, Kvolz. Nays: None. Absent: Meeske. The motion carried.

PUBLIC NOTICE - Official Notice of the Regular Meeting was published in the Hastings Tribune on Tuesday, June 17, 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:

We are now in the thick of budgets. Would like to thank the staff for all the work put in. We were contacted by NPPD who has been hired by the state to continue to look into the potential for nuclear energy. Looking to do a town hall meeting July 17th from 5-7 is the scheduled Q & A at the airport. Encourage everyone interested in nuclear energy. Great time to learn. They are looking at four areas for planning. They will be bringing subject matter experts.

Turning to Brandan to let us know about celebrating two wells this year. Well 1 is 110 years & Will 4 is 100 years. Will be celebrating at the same time as the 4th of July celebration at Fisher Fountain.

Dave from RESCO was introduced and talks about what RESCO is.

BOARD CHAIRMAN'S COMMUNICATIONS:

Had the opportunity to go to the American Public Power Association Conference. Very fortunate that we are able to go. Gives us a different prospective. Encourage other board members to attend and utility members. Sat in a lot of conferences that not only were related to power, but a lot of economy and utilities related. There were also meetings specific to board members.

What is the purpose of this Advisory Board? We are focused strictly on Utilities. Our Utilities is very unique, because we have water, sewer and electric. We look at projects for the future and provide advice and our expertise. We have the largest department in the cit of hastings and have the largest budget. We focus on cost for our rate payers.

These meetings are open to the public and we are very transparent. We are all volunteers, we are not getting paid to be here. We are here because we care. Want to thank everyone for their support.

BOARD MEMBERS' COMMUNICATIONS:

We are not going to go on, but we appreciate the comments. We think it's good to bring things out. If anyone ever has a questions of the board members, never been contacted by anyone by the city council. Would be more then happy to answer any questions.

Mayor Beckby states that he doesn't support the abolishment of the Utility Board meeting. We are still evaluating and discussing how this board brings information and provide a filter to the city council for information. This board is very important during the budget season.

CITIZEN COMMUNICATIONS:

Willis Hunt speaks about APPA. He says he is always a resource for information if anyone would like to talk.

CONSENT AGENDA:

1. All Consent Items.

- (a) Approval of the minutes of the Hastings Utility Board Meeting of May 8, 2025.

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

REGULAR AGENDA:

2. Unfinished Business of Preceding Meeting.

3. General Business.

- (a) Finance

i. High Level Utilities Budget Presentation

Jeanette asks a few questions about the April financials.

Presented this Monday night to the City council. Staff will go over the budget.

Line Extension Policy - Fiscal Year 2026 Proposal - Potential Methodologies for Assessing Contribution in Aid of Construction (CIAOC)

Overview

- Analysis being performed with JK Energy Consulting
- Have broken down customers into four categories. 1) Residential 2) General service, which includes all non-residential units except irrigation and large power customers 3) Irrigation 4) Large power (>1,000 kW annual peak demand)
- Many different methods are discussed, narrowed down to the following.
- Would like the Board to opine on directions for the budget.

Kyle goes over what was prepared for us. Showed the calculations for Residential and Commercial.

Irrigation - Although it is unlikely there will be numerous future irrigation line extension requests, it is appropriate to have a rate in place. Given the volatile nature of the irrigation service, it is proposed to provide an AIL of approximately \$74 per horsepower of installed capacity. This provides HU with a one-year payback period and protects other customers against adverse impacts associated with the uncertain nature of irrigation loads.

Large Power - Large power customers (>1,000 kW) provide special challenges in terms of calculating projected margins and payback periods. Expected margins can vary based on expected load factors, interconnection voltage and seasonal usage factors (summer vs. winter loads). Some utilities provide that large customer line extension costs will be calculated on a case-by-case basis. It is recommended that HU include in its line extension policy a provision to complete a customer-specific payback analysis and require a CIAOC based on a payback period approved by the City Council.

Payment in Lieu of Tax - Fiscal Year 2026 Proposal

Public Power Pays Back *Public power utilities provide affordable, reliable electricity to the customers they serve. These community-owned utilities are not beholden to any shareholders and are driven only by the mission to serve customers and the community. In addition to affordable electricity, public power utilities provide a direct benefit to their communities in the form of payments and contributions to state and local government. These contributions come in many forms - property-like taxes, payments in lieu of taxes, transfers to the general fund, and free or reduced-cost services provided to states and cities. The total value of these contributions is not always recognized. *Public Power Contributes More. In 2022, public power utility respondents making contributions to state and/or local governments will contribute \$1.476 billion, or a median of 5.1% of electric operating revenues back to the communities they serve. In comparison, investor-owned utilities paid a median of 4.7% of electric operating revenues in taxes and fees to state and/or local governments in 2022.

Electric PILOT Comparisons

- PILOT study performed by John Krajewski with JK Consulting
- PILOT % shown is a calculated amount based on actual transfer and retail revenue for 2021
- (1) 5% gross receipts tax paid to the treasurer and distributed to all taxing entities, including schools. (2) Does not include lease payments, which are applicable to large

number of municipalities where NPPD provides service (Kearney, Norfolk, Columbus).
(3) These utilities may provide free or discounted services to municipal accounts or in-kind labor. (4) These cities transfer a fixed amount.

Current PILOT Plan in Place

- Currently Electric is at 5.7% - Stepping back to 5.2% by FY27, Resolution 2023-39 and 2023-40 - FY 2025 Forecasted total to City is \$2,502,700

Gas PILOT Comparisons

Current PILOT Plan in Place

- Gas PILOT is Currently at 6.5% -- Includes rolling Res 1344 2.5% into PILOT, Res 2024-31 --FY 2025 forecaster total to City is \$702,410

Water PILOT Comparisons

-Kearny: Not a set PILOT, but a transfer to general fund pursuant to appropriations in approved budget. Does not include \$848,030 transfer to airport fund. Lincoln: City billed water system \$832,000 for Administrative Service (approximately 1.7% of annual revenue)

Current PILOT Plan in Place

- Water 7.64% --Includes rolling Res 1344 2.5% into PILOT, Res 2024-31 --Also includes 1.14% Agreement with Parks Department --FY 2025 forecaster total to City is \$676,851

- Electric, Water, and Gas PILOT FY25 Forecasted total is \$3,881,961

Proposal: - Convert the current PILOT to a City Dividend for Utility Ownership. - PILOT would be pulled out of rates and replaced the Dividend - City Dividend would be set in the Fee Schedule by Council - Would list gas, Water, and Electric as separate Dividend rates - Follows model from other City opened Utilities (GI, LES)

Utilities Admin - Cost of service studies scheduled for Water and Sewer -- last studies for both done in 2022 - Moving city building maintenance department to NDS -- utilities funding the move, will benefit all City Departments - Future planning for Yost building/evaluating needs --Currently housing Developmental Service, Vehicle Maintenance, and Highway 6 project material overflow. - Working with Streets/City to fill Vehicle Maintenance Shop needs -- Pending sale of Yost

Utilities Headcount -No new headcount additions requested in budget -Continue to evaluate all open positions

Water Distribution Budget Highlights

- 10-year Lead water service replacement mandate initiated on Oct 8, 2024. Need to increase annual replacement to about 130 per year from about 90. Moved W/S service vacancy headcount to these efforts.

- NDOT Hastings Southeast Project water work spend mostly carried over to 25/26 (\$3.300.000). All utility work 80% reimbursed by State.

- Projected budget shows two new wells and two old well rehanilitaitons \$2,350,000 total.

- Municipal well capacity currently at about 1,000,000 gallons per hour. - Average daily water use about 300,000 gallons per hour. - Peak hour approaching capacity at 850,000 gallons per hour. Peak hour potential in summer Mon, Wed, Fri, 7am (yard irrigation)

- Projected budget shows about \$3,000,000 in capital costs due to current and future contaminant management: ASR, Future Uranium Treatment (Design Only). Annualized O&M costs approaching \$1,000,000 per year.

- ASR Feed wells expanded to increase umbrella of aquifer protection. - Realtime Nitrate analyses in wells expanded from 2 wells to 4. - Wastewater discharge of ASR may end up being to high in Uranium to send to PCF, requiring site spec ific treatment. Plant/s would require SRF funding.

Sewer Budget Highlights

•2025 FY a big capital execution year, \$5,400,000 projected spend. 2026 FY to be much less significant financially at about \$1,500,000. •New generator at PCF to replace original \$275,000 & Highway Project \$500,000 (\$200,000 carry over) represent the largest pieces. •3rd year of contracted sewer video inspection, targeting (roughly) 17th Street to 7th Street, between Bellevue Avenue to Minnesota Avenue (9.6 miles). •Bacteria treatment design and implementation starting 2028 FY (UV Treatment of Effluent). •Other potential regulatory compliance issues: PFAS in Biosolids, Nitrate and Phosphorus limits in wastewater, Uranium loading. May require SRF Funding.

Gas Distribution Budget Highlights

•Gas work on Highway Project looks to be completed in full this fiscal year. •Downtown low-pressure system fully replaced 2026 FY. Hastings Ave. to St. Joseph Ave (alley between 1st & 2nd St.). •Projected budget for main replacement targets areas installed prior to cathodic protection, qualified welders, and possible mechanical fittings. •Directional Drill Over Budget this year, re-budgeted 2026 FY (\$325,000). •Gas Extension Districts look to save current customer about \$75,000 per year.

•Gas Beltline Maximum Allowable Operating Pressure (MAOP) adjustment up from 100 psi To 120 psi. •Gas Beltline Maximum Allowable Operating Pressure (MAOP) adjustment up from 100 psi To 120 psi. •Run all gas supply from West Town Border during winter events so we can peak shave more.

•Peak Shaver West electrical wiring upgrades \$200,000 2026 FY, about \$100,000 equipment repairs 2025 FY. •Move North Kansas Storage Facility out of town \$100,000 2026 FY (Initial Planning/Design Only).

Natural Gas Agreement & CPEP

- CPEP2 is 30% CPEP4 is 23% \$0.35 Discount CPEP5 is 8% \$0.28 Discount Total 61% of Hastings annual gas supply is Prepaid. Hastings total baseload purchases 997,039 per year.

Historical Savings through fiscal year 2024. For CPEP2 Repricing Based on \$0.35 conservatively additional savings of \$108,000 per year.

Outage Management System (OMS)

- The new OMS has been delayed. IT and survalent have run into issues and have been working to resolve them. Training of staff to begin in the next few weeks.

Critical Capital Planning - Electric Production WEC 1

- •(Compliance) Continued work to finish out CCR compliance for Unit 1. The bottom ash collection system was completed in 2024. A recirc system will address issues of minimum flow to the bottom ash hopper, resize the bottom ash pumps, recirc the bottom ash water, and collect solids from overflow. Completed in conjunctions with rerouting the blowdown line for the cooling tower. (\$1.125M project total)

•(Reliability/Safety) The bottom ash bunker enclosure addresses concerns of the conveyor freezing during the winter months. In the winter of 24/25, the conveyor began to freeze at temperatures as high as 22°. Heaters were put in place and insulation was added on the water side of the conveyor. The enclosure will address freezing at the head section of the conveyor. Anticipated completion in Dec. 2025. (\$300k project total. Started in 24/25)

•(Compliance) Fly ash collection system to be completed in 2025. Silo will have 3 days of storage at MCR. Already contracted for the marketing of the fly ash. Historically, budgeted \$500k for pond ash removal. Anticipating a 4-year ROI, and after 2-3 years years, converting an approximately \$425k annual expense into approximately \$600k annually in revenue. (\$3.1M project total. Started in 24/25)

•(Reliability) DCS Evergreen is now 2 versions behind. As time goes on, Microsoft

updates will stop supporting our current DCS software, and support will become more difficult. (\$800k project total)

- (Reliability/Safety) MCC 1G, located in the cooling tower chemical room and provides power for the cooling tower fans, controls, and chemical feed systems. For over 40 years that MCC has been exposed to ash, coal dust, and moisture. That MCC is critical to plant operation and has experienced numerous failures every year, putting generation at risk. Recent work has been completed to move water lines further away from the MCC in preparation for the retrofit. (\$150k project total)

- (Efficiency/Reliability) The reheat desuperheater has not functioned properly since commissioning. During high loads, reheat temps become difficult to manage, spike to concerning levels, and force Operators to manage the temps utilizing excessive soot blowing or derating the unit. Working with B&V for non-destructive testing, stress analysis, and modify control parameters. (\$120k project total)

- (Safety) Platform for maintenance staff to safely work on the new blow back preventer for dust collector 2. (\$35k project total)

- (Reliability/Safety)Both, the switchgear and MCC are obsolete, we are unable to find replacement parts in the case of failures, and present safety concerns during normal operation and for maintenance. First of 5 MCCs that will need retrofits. Spread out over 6 years. (\$845k project total for switchgear. \$90k for MCC)

- (Reliability) The steam driven boiler feed pump, or terry turbine would need extensive repairs to bring it back into reliable and safe operation. A more cost-effective and reliable solution is to replace the turbine with an electric motor. The pump itself will not have to be replaced. Currently operating on the backup electric driven boiler feed pump. (\$150k project total. Started in 24/25)

- (Reliability) DCS HVAC system provides critical cooling air to the DCS server room. It is unreliable and has required extensive repairs over the last couple years. (Also provides HVAC to Dispatching control room. Split 50/50 with Admin.)

- Fuel oil polishing skid will protect the investment of large quantities of diesel that may be stored for extended periods. Removes contaminants, water, and prevents microbial growth. Extends the life of diesel from 1-2 year to 10 or more years. (\$125k project total. Started in 24/25)

- (Reliability) DCS and controls systems are outdated, unsupported, and actively causing reliability concerns. The new system would allow our technicians troubleshooting capabilities on a system they are familiar with. Staff is working to bring dual fuel operations to DHPC. Also, would allow remote operation from WEC. (\$2.1M project total. Started in 24/25. \$1.6M projected for 26/27)

- (Efficiency) Exploring a performance kit enhancement that would provide a 2-5 MW increase in the GTs max capacity. (\$2M project total)

- (Reliability) MCC replacement - Controls and auxiliaries power supply to be completed in coordination with recontrol. (\$800k project total)

- With an aging generation fleet, and environmental regulations still pending, it would be prudent to identify generation options for the City's electric production needs for the near future and beyond. Budgeting for a study to evaluate the viability of adding and/or replacing generation for HU. The study will analyze the market demand, siting and infrastructure requirements, generation options, capital, O&M, and revenue projections, regulatory and environmental considerations, and associated risk.

Large O&M Planning - Electric Production

Large, longer interval, and non-routine O&M items:

WEC

- Turbine and Valve Overhaul: 7-year turbine overhaul lined up with the 3-year control and stop valve overhaul. Example for need: The last turbine overhaul in 2019 revealed erosion in the turbine reheat section buckets. The erosion was significant enough to

cause concern that the buckets may crack and break away during operation which would cause significant damage to the turbine.

- Condenser Tube Cleaning: 5-year interval. Currently using a heavier chemical treatment to maintain condenser efficiency. Contractor to complete projectile cleaning process for the 6,000+ condenser tubes.

- Coal burners are at the end of life and showing significant signs of wear and warping. We have the burners in stock; this cost is for contracted labor for the replacement.

- The conveyor 3 belt is cracking, has required repairs, and is at the end of useful life.

NDS

- NDS 5 turbine trip solenoid leaks and fills the front standard with oil. Attempts have been made to repair the solenoid without luck. Budgeted for a repair that would require sending the solenoid to the manufacturer, or a replacement.

- NDS Shared chemical feed system requires repairs and replacement of chemical pumps and associated equipment. Only one pump is currently operational, and we need to repair and replace pumps for reliability.

Southwest Power Pool (SPP) Market Changes for Reliability

- SPP is implementing new policies to help increase the reliability of the region. These policies underscore the need for our generation units to be as reliable as possible in the summer and the winter.

- Seasonal Capacity Accreditation•Historically, generation units were required to test only in their peak demand season (summer or winter) to hold capacity for the entire year. Starting in 2026, testing will be required for both seasons. •We started testing all of our units in both seasons starting in winter of 2023, so no major impact to Hastings Utilities.

- Performance Based Accreditation (PBA) and Fuel Assurance

- Set to begin for summer and winter 2026 seasons.

- Summer accreditation is based solely on unit specific Equivalent Forced Outage Rate on Demand (EFORd)

- Winter accreditation is based on unit specific EFORd and Equivalent Forced Outage Factor (EFOF), as well as Fuel Assurance Incremental Outage Impact (IOI) for the entire SPP region.

- Impact of these new policies for Hastings Utilities:

- While the majority of our generation EFORd's are less than half of the class averages, we have still forecasted an approximate MW capacity accreditation reduction of 12MW (7.6%) in summer of 2026, and 28MW (10%) in winter of 2026 based upon the latest data from SPP.

- Fortunately, even with these expected reductions, we are still able to meet our current capacity needs and market some excess capacity to entities in need.

Substation Infrastructure Upgrades Completed 24/25

- New WEC Substation with 28.8 MVA Base rating. 12MW for Heartwell. Direct tie to Feeder 273. Direct tie to Feeder 244.

- 7th St Additional 28.8 MVA Base rating. High capacity bus tie to WEC. Bus tie to Existing 7th St. Direct tie to feeder 241.

- B St Upgraded from 12 MVA Base to 28.8 MVA Base rating. Direct tie to feeder 255. Direct Tie to Feeder 244. Replacement of 1970 Magna Blast Equipment and Relay upgrade.

- 25/26 area #4 of 4 tree trimming zones which is Juniata and Rural areas.

- 25/26 year 4 of fiber optic upgrades. Installation of duct and fiber from 12th and Crane to Don Henry and from NDS to the City Building.

- 25/26 Year 1 of 2 Engineering and contracts for Don Henry Replace 1970 Magna Blast Breakers and mechanic relaying. 15 MVA Base transformer was re-wound and installed in 2024 after failure

Priority Projects - •Year 1 of 2 for NDOR Hwy 6. Park Street conversion, South and Elm Round-a-bout, East to 6th Ave and South to J St.

•Upgrade overhead conductor size on 12th St from Showboat to 6th Ave to distribute additional power from 7th St.

•Changes from load growth to Feeders 291, 293, 244, 253, 255, 273 to reduce exposure, improve reliability, and restoration times.

Future projects and priorities - •4160 Conversion. Equipment continues to age.

•Crane Substation utilizing small 12MVA Spare from Crane for a few 13.8 Feeders to relieve congestion at NDS and cover 4160 conversion.

•Cross Tie Feeder 291 and 294 North of 26th for redundancy

•Cross Tie Feeder 206 to 208 on 42nd from 281 to Baltimore, Poles are in place.

•Run Feeder 292 North up Columbine to relive congestion on 294. Poles are in place.

Utilities Budget Summary - •No added headcount•No new proposed rate

increases•Move to City Dividend to offer City financial flexibility•Implement CAIC to ease rate pressure from new developments•Focus on Hastings future in Electrical

Generation•Strategy for continuing to address our nitrate legacy issue

(b) Administration

i. Utility Billing Update

Karl goes over the Utility Billing Update

Utility Billing is LIVE.

Would like to discuss some upcoming changes that will be happening when we go-live with the Utility Billing module of Tyler ERP. As we implement these changes and make improvements in communication, we are proposing some modifications to our processes and procedures. We are excited about the increased functionality this module will bring in terms of the customer experience and interaction with Hastings Utilities. I want to be clear up front what we are asking for so that you can ask questions as I move through the presentation. We will be talking about ending the practice of posting a disconnection notice to the front door of a property the day before disconnection effective June 1st. We will also be talking about bringing Hastings Utilities in line with our peer Utilities with the implementation of a late fee to coincide with a payment becoming delinquent. This will be discussed further and proposed along with the fee schedule that goes into effect October 1st along with the budget. New Features and Changes -The biggest challenge that we are having with the new system is that customers will need to have a new CID or customer ID # in order to make a payment online or create a new login to their portal. Working through some final little bumps as we return to normal billing processes. None of the bumps were unexpected. As we return to normal operations we will have another month of some billing that is slightly compressed but that will mainly affect our internal operations and move customers due dates slightly. We expect all to return to normal for customers in July and our office in August.

Proposed Update (Late Fee)

Late fee Projection Study -What is happening around the state in our peer group?

Hastings Average Bill Amount is \$204.29

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

ADJOURN:

Moved by Dewalt seconded by Kvols with there being no further business to adjourn at 11:49 am. Roll Call: Ayes: Bill Hitesman, Jeanette Dewalt, Mark Hemje, Scott Kvols. Nays: None. Absent: Meeske. Meeting Adjourned.

APPROVED:

Board Secretary

FY 2026 Hastings Utilities Proposed Budget

JULY 2025

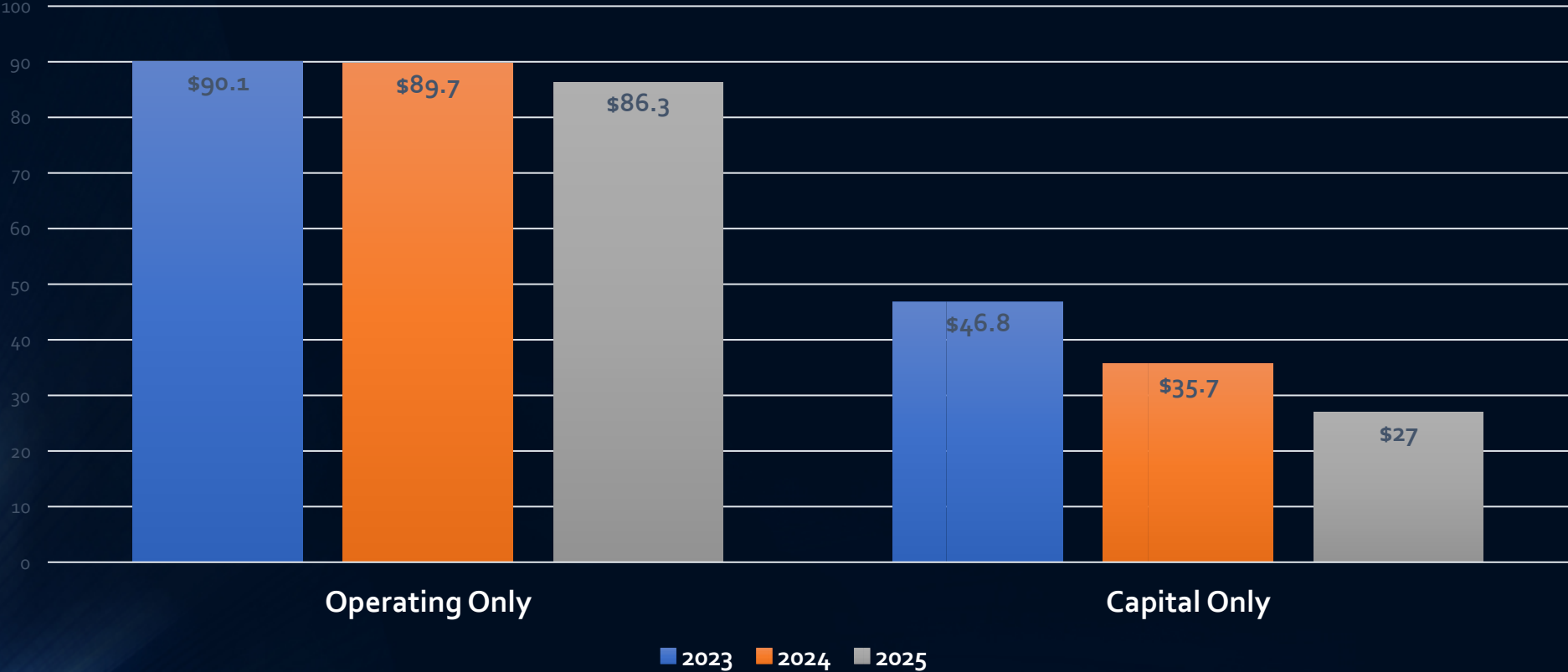
Budget Highlights

- The Utilities includes Electric, Gas, Water, and Sewer services
- Projecting FY2025 to end (Cash Change):
 - Electric – Increase
 - Gas – Increase
 - Water – Increase
 - Sewer – Decrease
- No additional rate increases requested for FY2026 beyond Cost-of-Service Study Results



Budget Authorization Comparison

Utilities (Electric, Gas, Water, and Sewer) Budget Authorization
(\$ in millions)



Utilities Dept Staffing

2025-26 Personnel Authorization Schedule

- No change in total headcount

- Headcount shown is what the Utilities is responsible for

Utilities				FY24-25
Utilities Department - Division	FT	PT	Total	Total
Electric				
Distribution, Substation, and Metering	22	0	22	22
North Denver Station	6	0	6	6
Whelan Energy Center	74	1	75	74
Electric Totals	102	1	103	102
Gas Totals	18	0	18	19
Water Totals	15	0	15	15
Pollution Control Facility Totals	11	0	11	11
General Administrative				
Administration	4	0	4	5
Customer Service	10	0	10	10
Maintenance and Mechanic	1	0	1	1
Marketing and Energy Supply	5	0	5	4
Warehouse	4	0	4	4
General Administrative Totals	24	0	24	24
Grand Total	170	1	171	171

Additional Staffing

- Environmental Engineering is combined with Engineering

- Percentages are an actual allocation
- HU's share has not changed

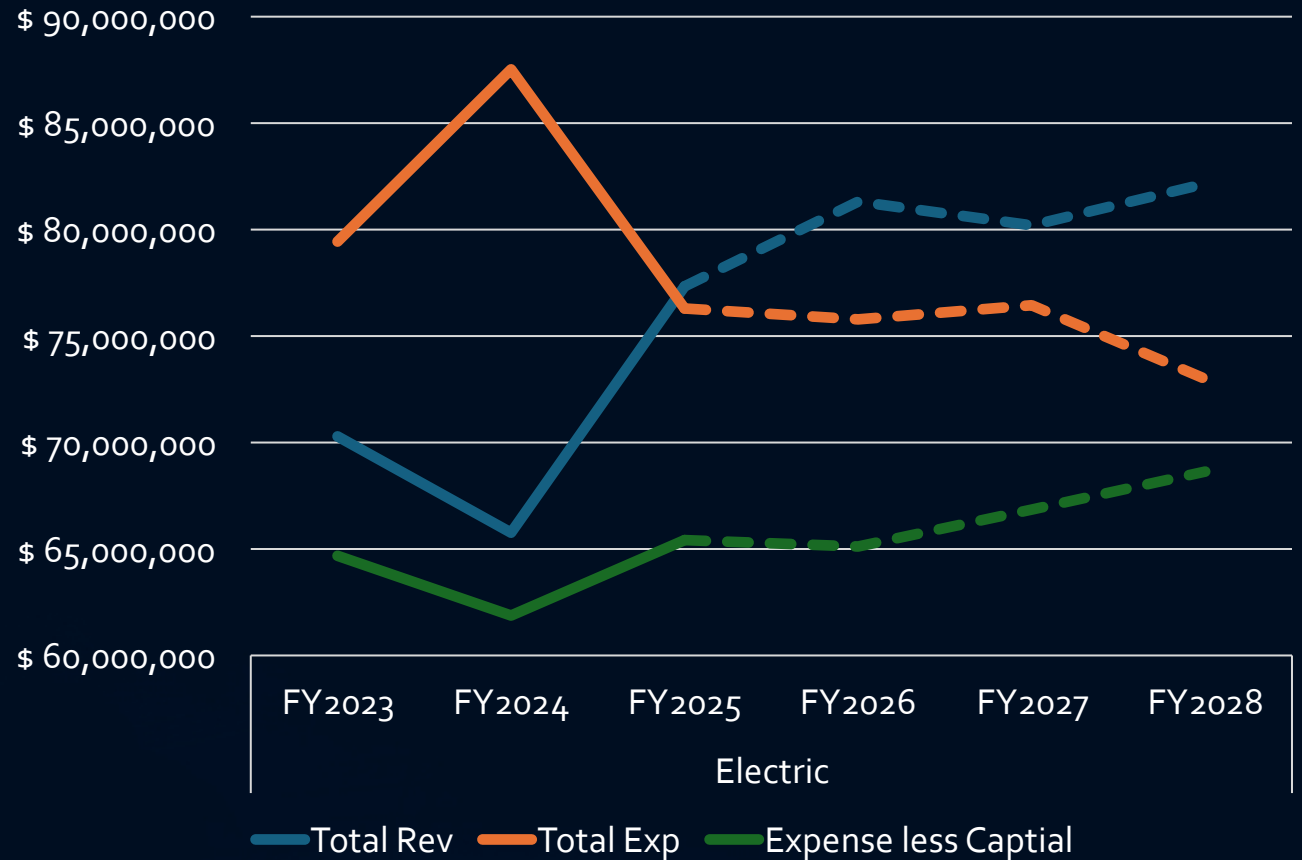
	#	% SPLIT	HU Share
ENGINEERING	25	70%	17.5
FINANCE	9		7.5
HR	5	45%	2.3
IT	12	45%	5.4
SAFETY	2		1.0
MAINTENANCE	5		1.0
	58		34.7

Electric Dept Budget



- Electric Revenue (and Expense) Impacts
 - SPP Market
 - Weather
- Cost of Service Study completed and implemented in FY2025 for four years with an average 5% revenue increase through rates each year
- FY2023 and FY2024 were high Capital spend years

Electric Revenue vs Expenditure

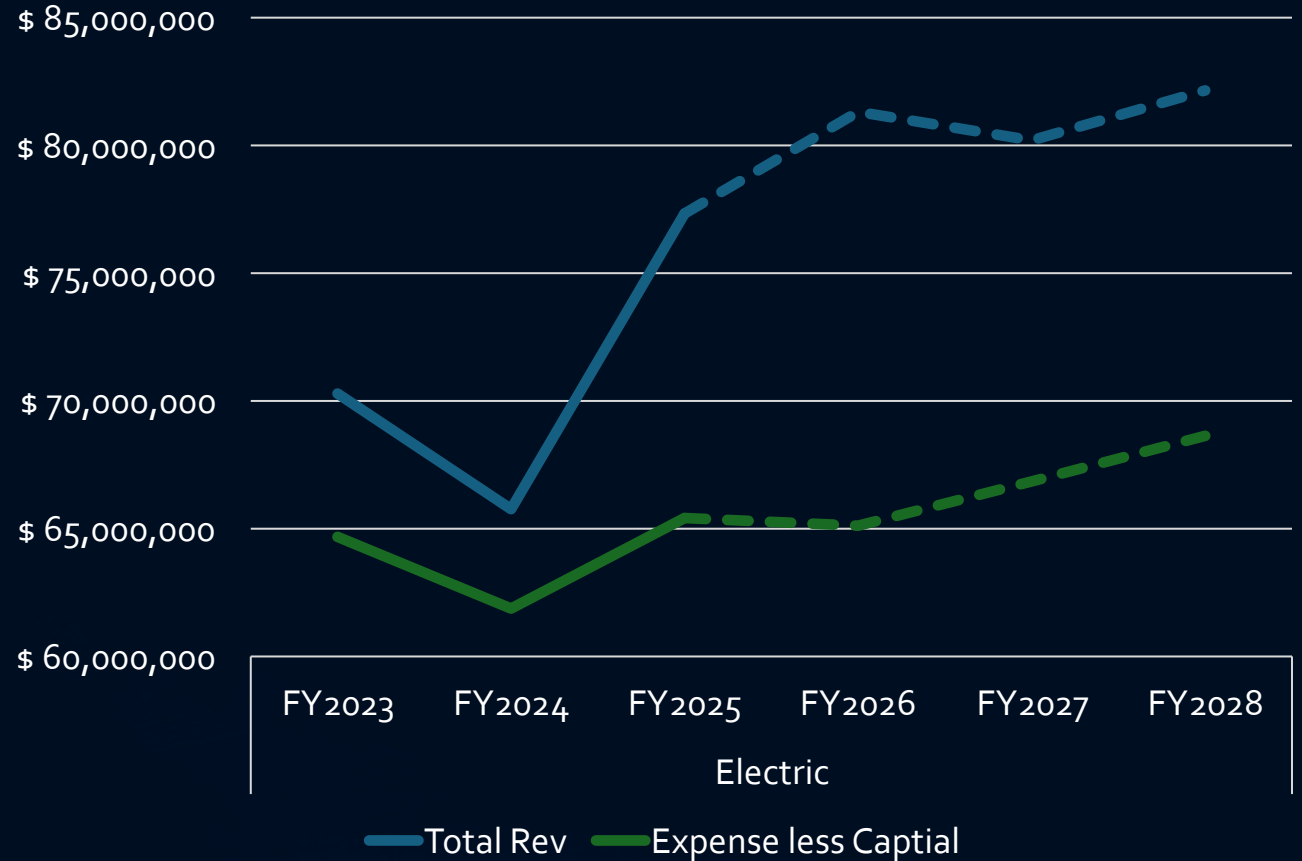


Electric Dept Budget



- APPA Reliability
 - Recognized for 4 consecutive years in the top 25% of utilities nationwide for the System Average Interruption Duration Index
- Automated Meter Infrastructure (AMI)
 - Will be fully implemented by calendar year 2025
- Brought on-line the new WEC substation, increased the capacity of B Street and 7th Street. Solar Phase II rated at 4.58 MW producing power at the 13.8 KV level

Electric Revenue vs Expense

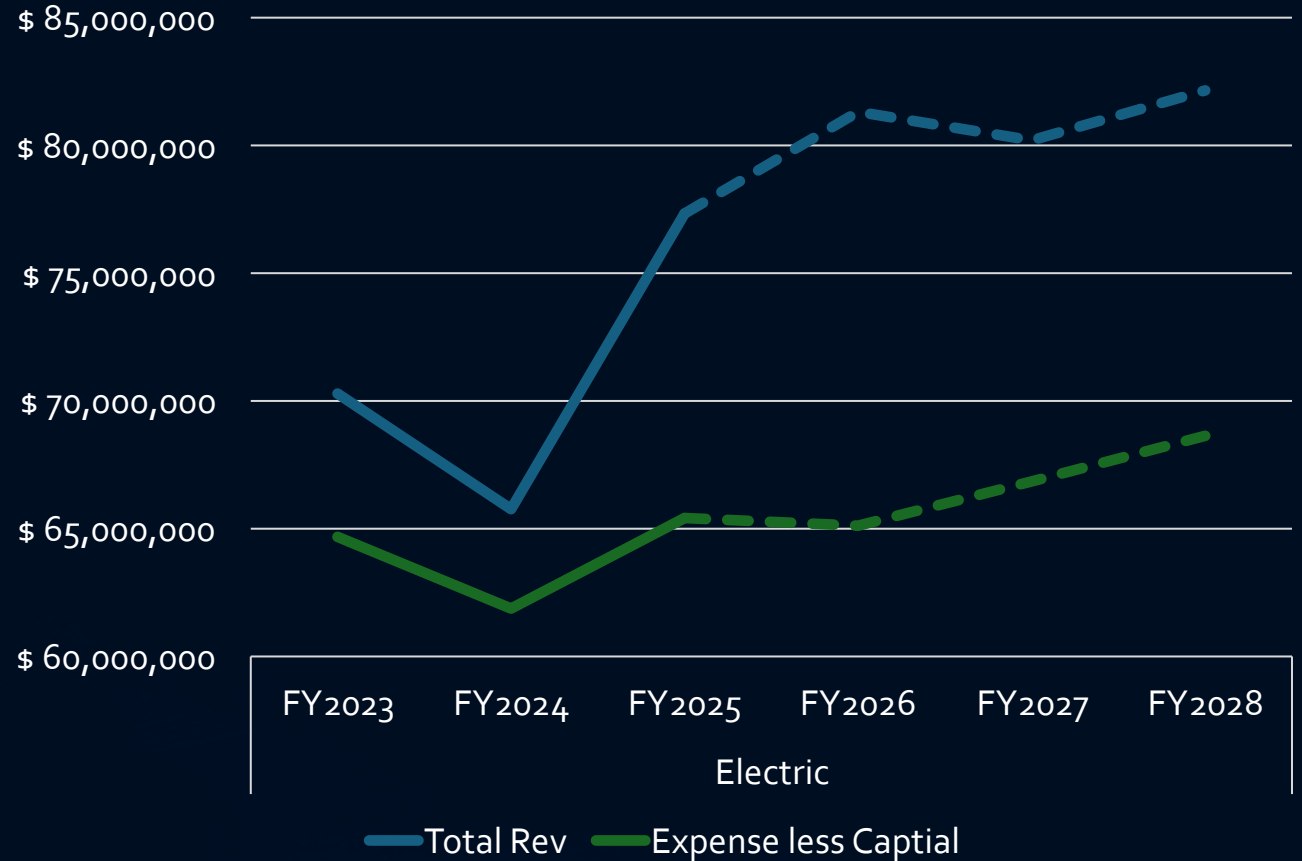


Electric Dept Budget



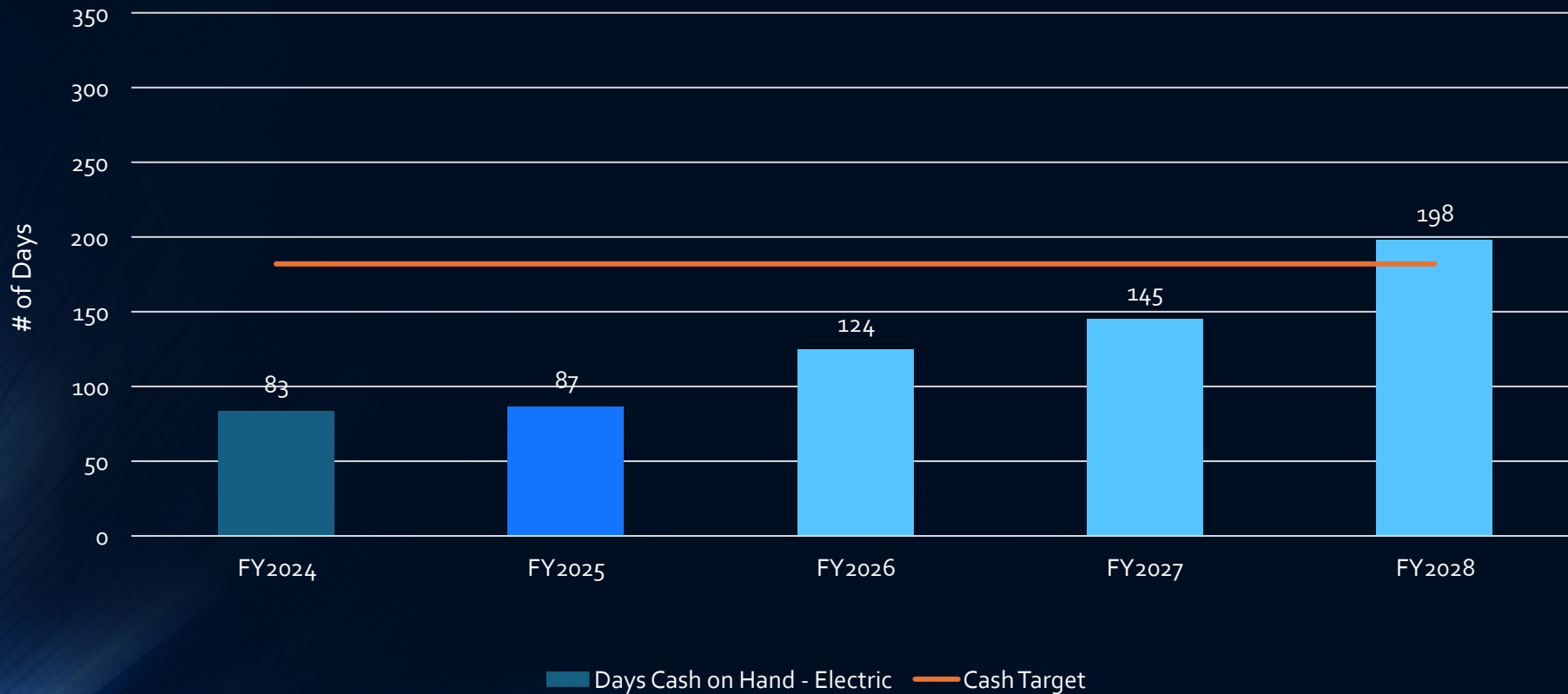
- Turbine, Control & Stop Valve Overhaul - WEC
- Replace Coal Burners - WEC
- Conveyor 3 Replacement – WEC

Electric Revenue vs Expense



Electric Cash on Hand

- As recommended by audit staff and cost of service consultants, 180 days of cash on hand would allow for the electric department to operate with no revenue



Electric Industry Cost Impacts



Persistent Cost Increases Across Categories

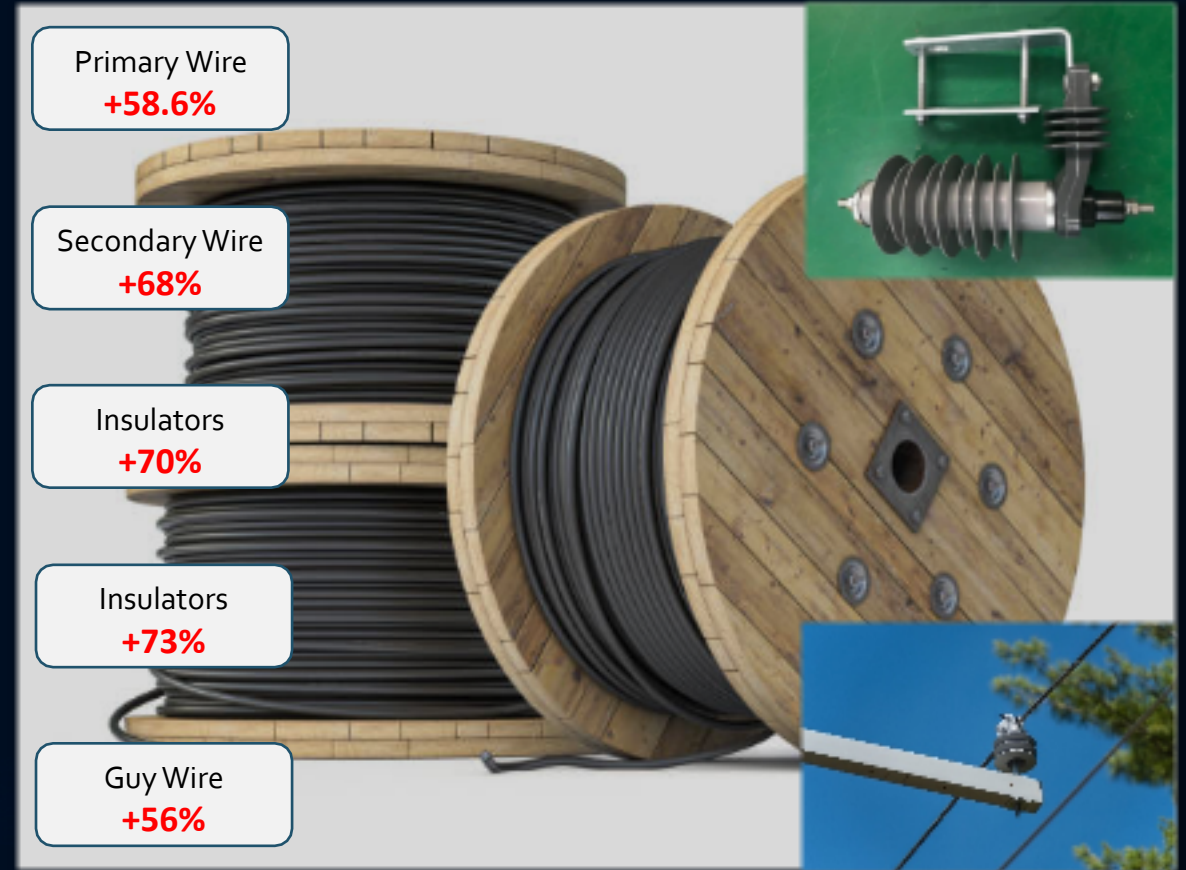
- Primary and Secondary Conductors
- Insulators and Arrestors
- Guying Materials

Drivers of Cost Increases

- Volatile Raw Material Markets
- Global Supply Chain Pressures
- Increased Infrastructure Demand

How We're Adapting

- Strategic Sourcing – New Vendors
- Adjusting Minimum Quantity on Hand Targets
- Evaluating New and Innovative Products



*Data from United Utility Supply Cooperative - 2025

Generation Considerations

Age of Generation Fleet

• NDS 4	1957	16MW
• NDS 5	1967	25MW
• DHPC	1971	18-24MW
• WEC 1	1981	77MW
• WEC 2	2011	35MW

Additional Generation

• Solar Farm Phase 1 and 2	6MW
• CCC Wind Turbine (PPA)	1.7MW
• WAPA Hydro (PPA)	6-12MW

72% of Hastings' generating capacity is over 40 years old with O&M costs increasing as plants age.

Tightening Regulation

EPA GHG Rules for Coal Plants:

- Coal plants must retire by 2032 unless they take action to reduce carbon emissions
- Limited extension to 2039 is possible with partial natural gas use and emission cuts
- Long-term operation past 2039 requires major upgrades: carbon capture or full conversion to natural gas

EPA GHG Rules for Natural Gas Plants:

- Existing natural gas plants will face CO₂ limits tied to how often they run (more use = stricter limits)
- High-use plants (running more than 40% of the year) must install carbon capture by 2032

Market

Where will our coal- and natural gas-fired plants fit in a market of renewable energy and on-demand quick start plants?

DRAFT

Strategic Options – Explore, Plan, Prepare

Option:	Summary:	Benefits:	Considerations:
A: Do Nothing	Continue to operate plants for as long as possible.	Low immediate cost.	O&M and Capital investments, long-term outage risk, regulatory risk, rate impacts.
B: Convert WEC1 to Natural Gas	≈\$38M retrofit	Extend the life of an existing asset.	Significant investment on an older asset for a short-term solution.
C: Build New Generation	Peaking or combined-cycle, fuel flexible plants.	High efficiency, long-term solution.	High capital investment (\$1-2M per MW), long lead time.
D: Other Options	Solar, Battery Storage, Small Modular Reactors (SMR), Purchase Power Agreements.	Long-term solutions, building for future clean energy policies.	Capital investment, viability of technology, rate impacts.

Recommendation:

- Initiate feasibility studies for a WEC1 conversion and new generation.
- Evaluate long-term cost, regulatory changes, and customer rate impacts.

Payment in Lieu of Taxes (PILOT)

- Payment in Lieu of Taxes (PILOT)
 - Move to dividend fee
 - Has been removed from utility revenue and expense
 - PILOT Expense line has been decreased to zero, while the operating revenue has been decreased by the same amount

<u>Electric</u>	<u>PILOT</u>	<u>Dividend</u>	<u>Gas</u>	<u>PILOT</u>	<u>Dividend</u>	<u>Water</u>	<u>PILOT</u>	<u>Dividend</u>
Usage ALL kWh	\$ 88.70	\$ 83.64	Gas Usage	\$ 69.42	\$ 64.91	Usage	\$ 12.90	\$ 11.91
+ EAC adjustment	\$ -		+ PGA adjustment	\$ -		Customer Charge	\$ 9.47	\$ 8.75
+ Street Light O&M/R&R Charge	\$ 3.32	\$ 3.13	Customer Charge	\$ 11.00	\$ 10.29	Water Infrastructure Charge	\$ 4.20	\$ 3.88
+ Street Light Infrastructure Charge	\$ 1.36	\$ 1.28	City Dividend Fee		\$ 5.23	City Dividend Fee		\$ 2.03
Customer Charge	\$ 21.50	\$ 20.28		\$ 80.42	\$ 80.42		\$ 26.57	\$ 26.57
City Dividend Fee		\$ 6.55						
	\$ 114.88	\$ 114.88						

- Forecasted FY2025 Payment in Lieu of Taxes (PILOT) paid to the City: Electric \$2,524,000, Gas \$690,130, Water \$669,282. This totals \$3,883,412 to the City.

Line Extension Policy (Electric)

- JK Energy Consulting performed analysis
- Recommended developer contribution defined by category;
 1. Residential – 25% of project cost as Developer contribution
 2. General Service (All Non-Residential except Irrigation and Large Light and Power) – 2-year margin of rate credit as Hastings Utilities contribution
 3. Irrigation - \$74 per horsepower as Developer contribution
 4. Large Light and Power (>1,000 kW Annual Peak Demand) – Open-ended to keep all options at City Council’s discretion after situational analysis results



Capital Developer Projects Supported

- 
- Lochland Meadows
 - Elm Meadows
 - Elm 26 Apartments
 - Trailside
 - Fairview Villas
 - Cedar Park
 - Noah's Ark Expansion
 - Hastings SE Project
 - Showboat Condos
 - Flowserve
 - Hastings College
 - Heartwell Renewables

- **24/25 Spend - \$6.479 million**

- Electric - \$4.275 million
- Gas - \$0.764 million
- Water - \$0.844 million
- Sewer - \$0.596 million

- **25/26 Spend - \$7.521 million**

- Electric - \$3.354 million
- Gas - \$0.127 million
- Water - \$3.22 million
- Sewer - \$0.82 million

Electric Dept. Capital - \$14.22 million

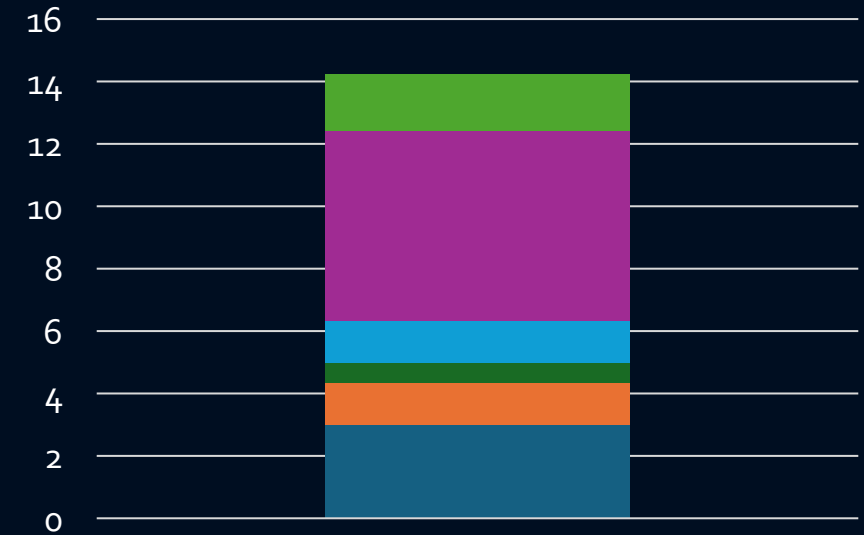
WEC – Regulation driven projects (Dry fly ash system and bottom ash water discharge)

NDS – Continued improvements for reliability (Electrical switchgear upgrades, boiler feed pump, fuel oil polishing skid)

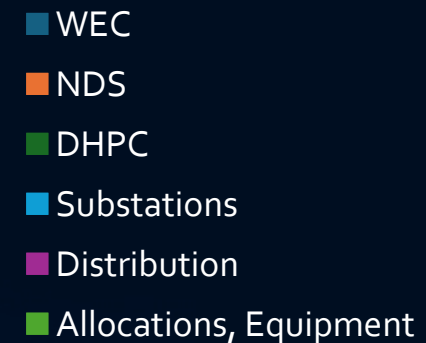
DHPC – Turbine recontrol and electrical upgrades

Substations – Continued upgrades for reliability (Don Henry Sub, spare transformer purchase)

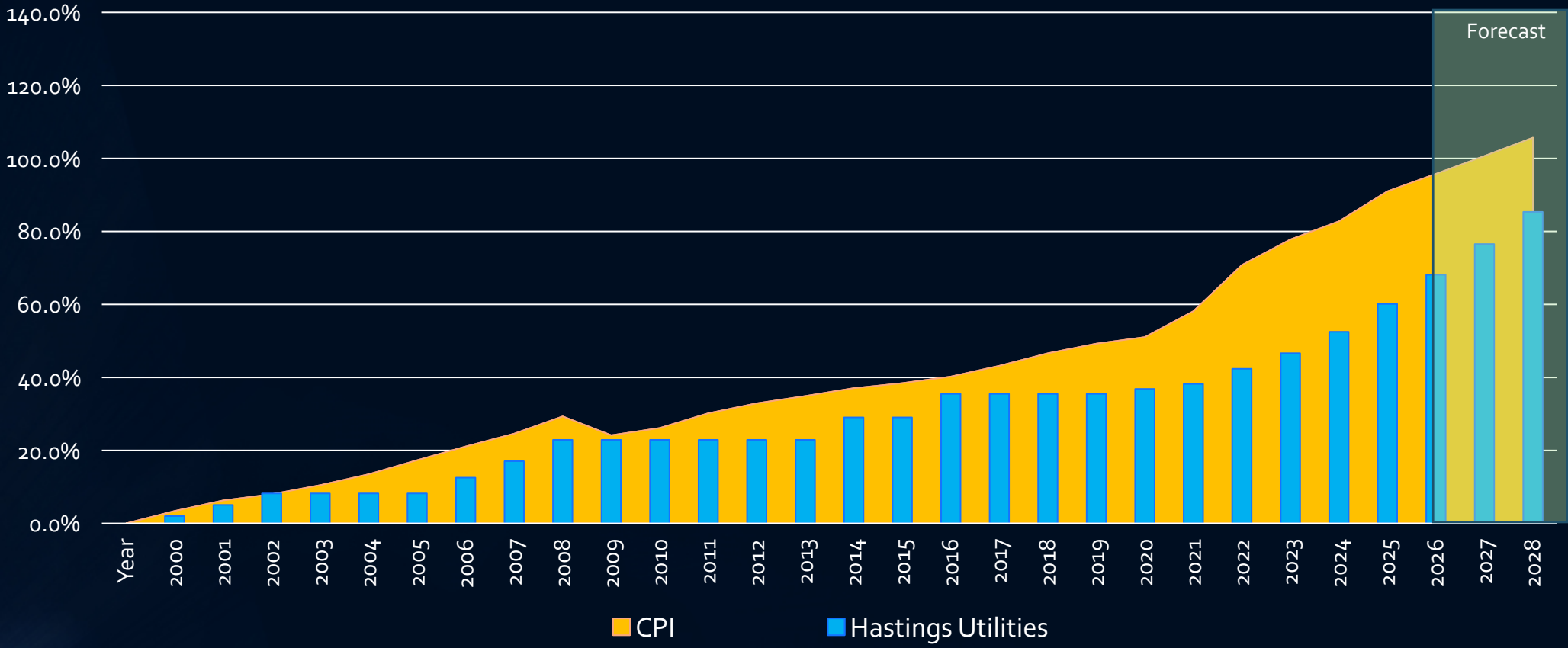
Distribution – (Hastings SE project, 4.16 to 13.8 KV conversion, developer support)



Dollars - Million

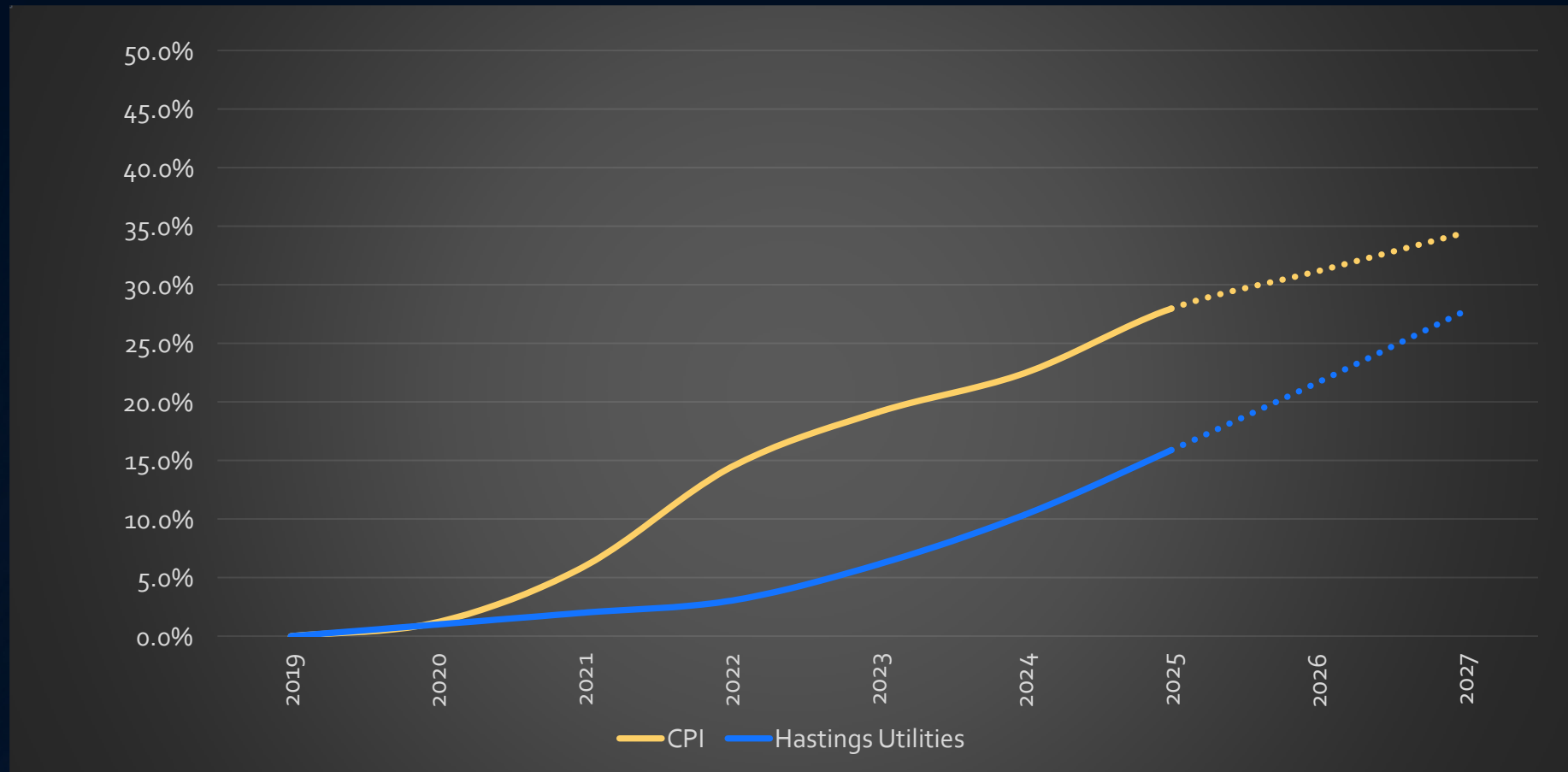


Electric Rate Increases – CPI vs Hastings



*Cumulative Percentage Change from Base Year (2000)

Electric Rate Changes – CPI vs Hastings Utilities



* Cumulative Percentage Change by Year - 2019 Baseline

**Assumed 2.5% CPI Increase for Forecasts

Average Electric Bill Comparison



Hastings (After Approved Increase) includes an estimated 5% Cost Of Service addition to total revenue

All other totals are based on current rates without factoring any upcoming adjustments

Bill factored for Urban Residential Customer - PILOT and Street Light fee removed from all

Location	Average Monthly Bill
Hastings (Current)	\$94.71
Grand Island	\$95.13
Southern Power	\$95.42
Hastings (After Approved Increase)	\$99.44
LES	\$106.75
Kearney (NPPD)	\$107.77
Fremont	\$123.82
Omaha (OPPD)	\$128.00

*Assuming 1000 KWH Summer (8 Months) and 700 KWH Winter (4 Months) Consumption

How Hastings Utilities Compares



Location	Energy Cost (Cents Per kWh)
Hastings Utilities	10.33¢
Nebraska Average	13.1¢
Regional Average	13.6¢
National Average	17.45¢

*Hastings Utilities Rate Based on All-In Costs Estimated at 1,000 kWh per Month

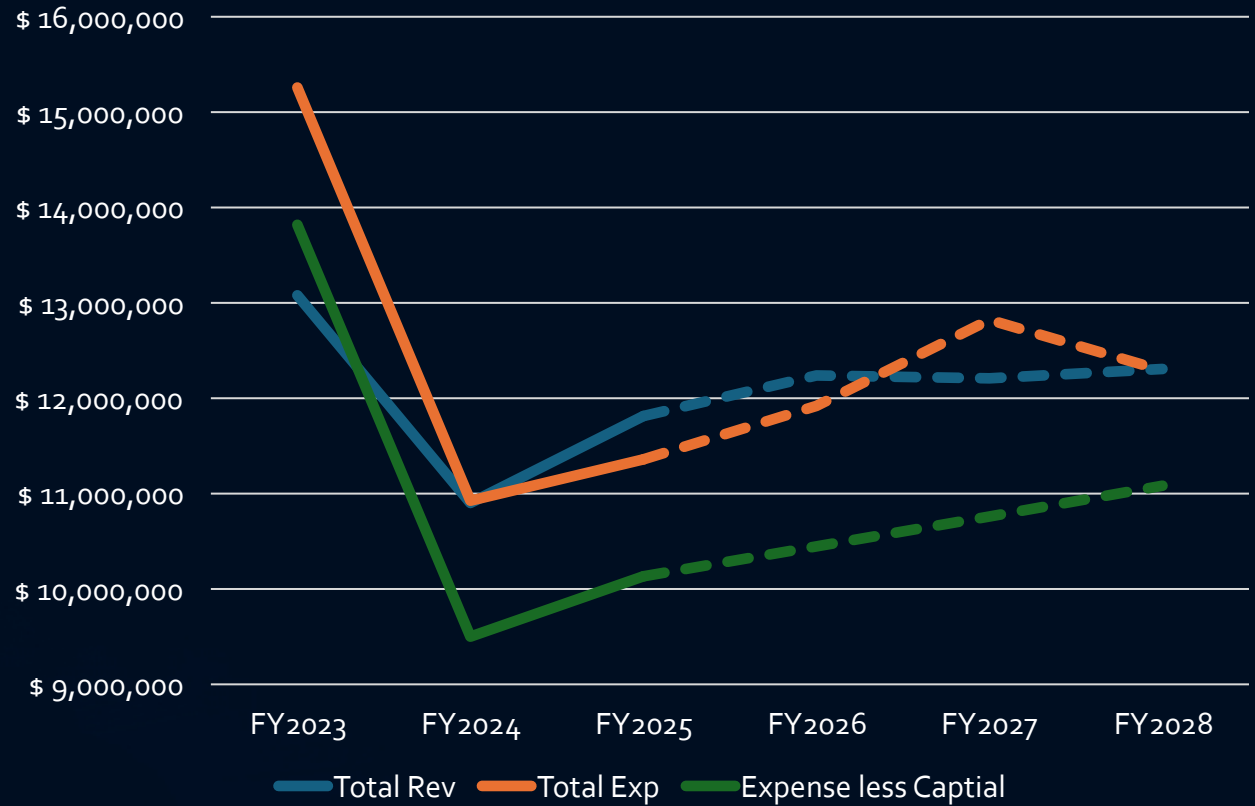
**Residential Rate Data from U.S. Energy Information Administration – April 2025

Gas Dept Budget



- Gas Revenue (and Expense) Impacts
 - Gas Market
 - Weather
- Cost of Service Study completed and implemented in FY2024 for four years with an average 6.3% revenue increase through rates each year
- FY2023 Winter Storm Impact

Gas Revenue vs Expenditure

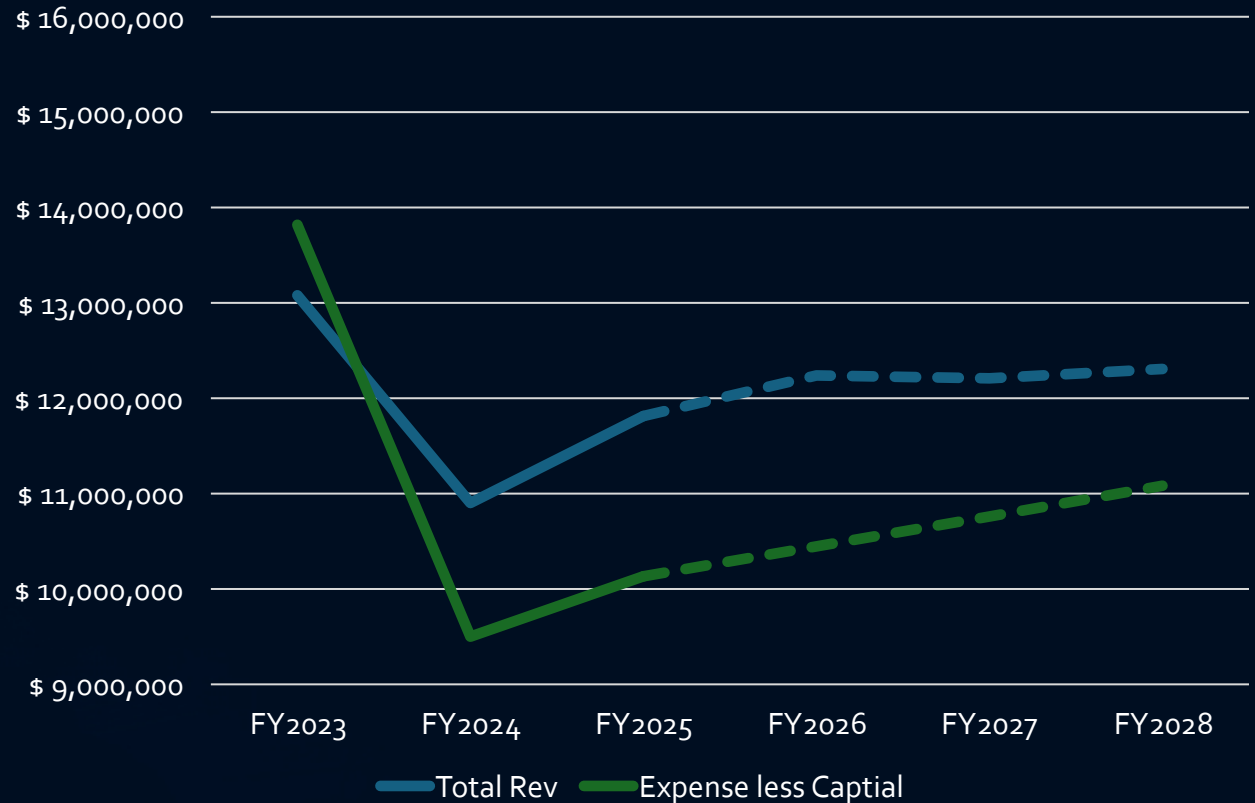


Gas Dept Budget



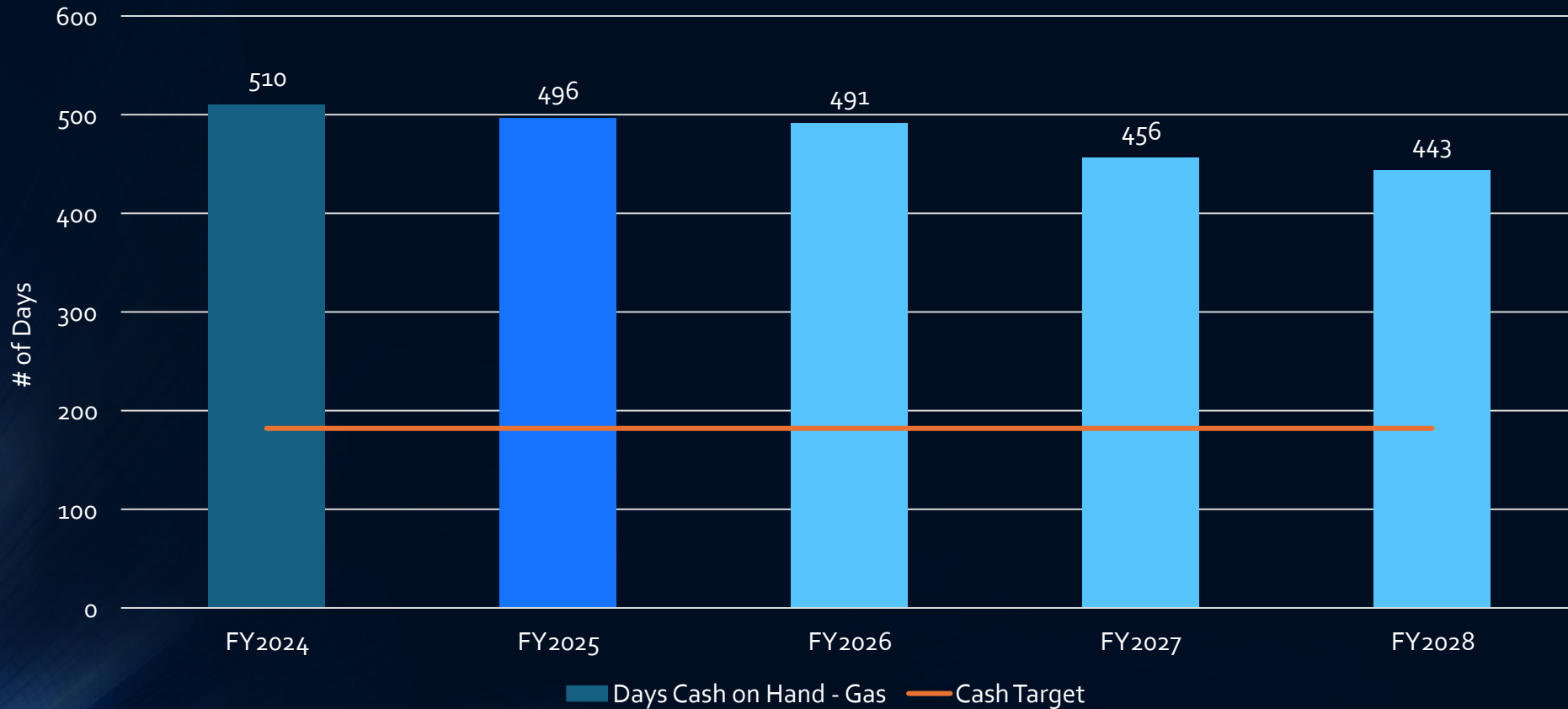
- Increase the Maximum Allowable Operating Pressure (MAOP) from 100psi to 120psi. Increase gas packing (storage) in system and use of Peak Shaver West
- Two new liquid propane forwarding pumps
- New specific gravity analyzer

Gas Revenue vs Expense



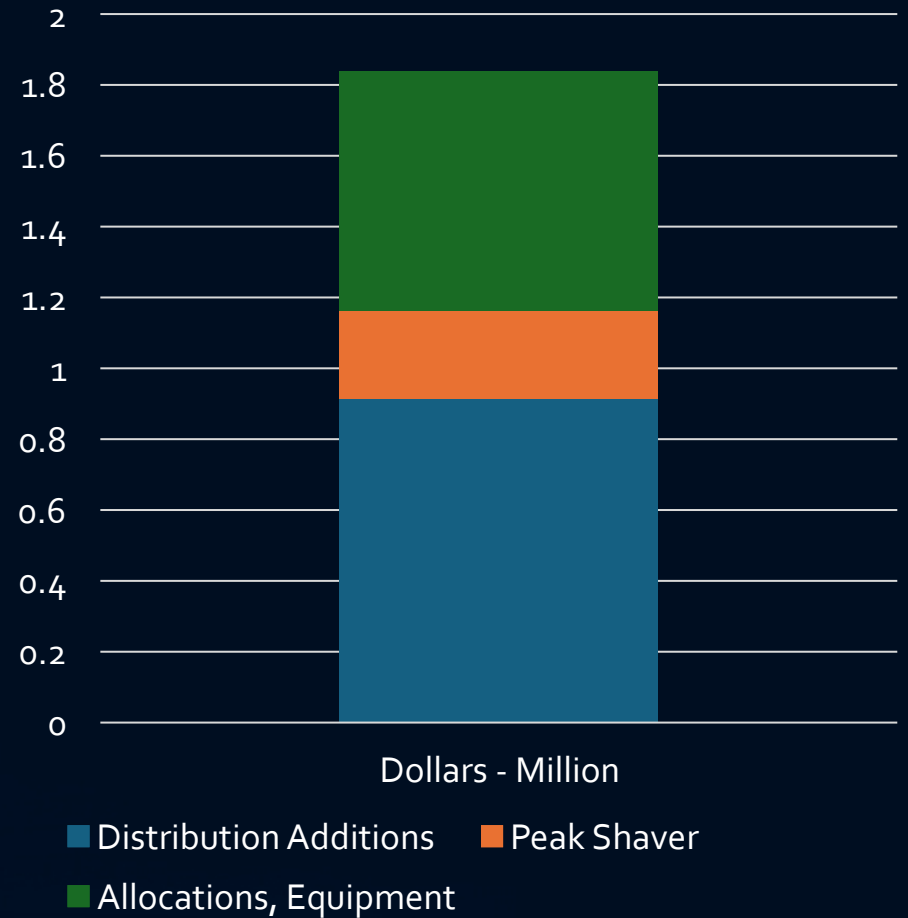
Gas Cash on Hand

- As recommended by audit staff and cost of service consultants, 180 days of cash on hand would allow for the gas department to operate with no revenue

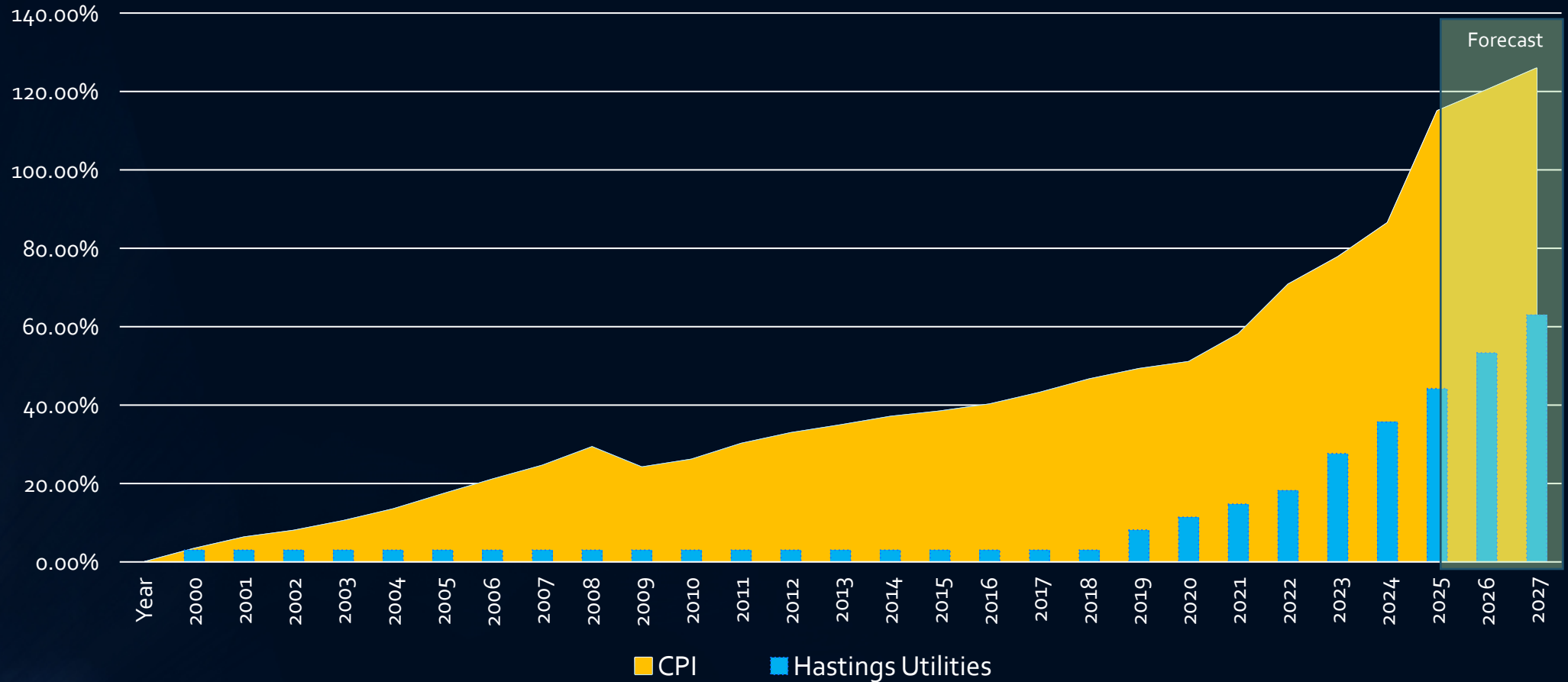


Gas Dept Capital - \$1.84 million

- Distribution Additions
 - Finish Downtown low pressure
 - CCC system replacement
 - Mall area main replacements
- Peak Shaver Improvements
 - Electrical upgrades

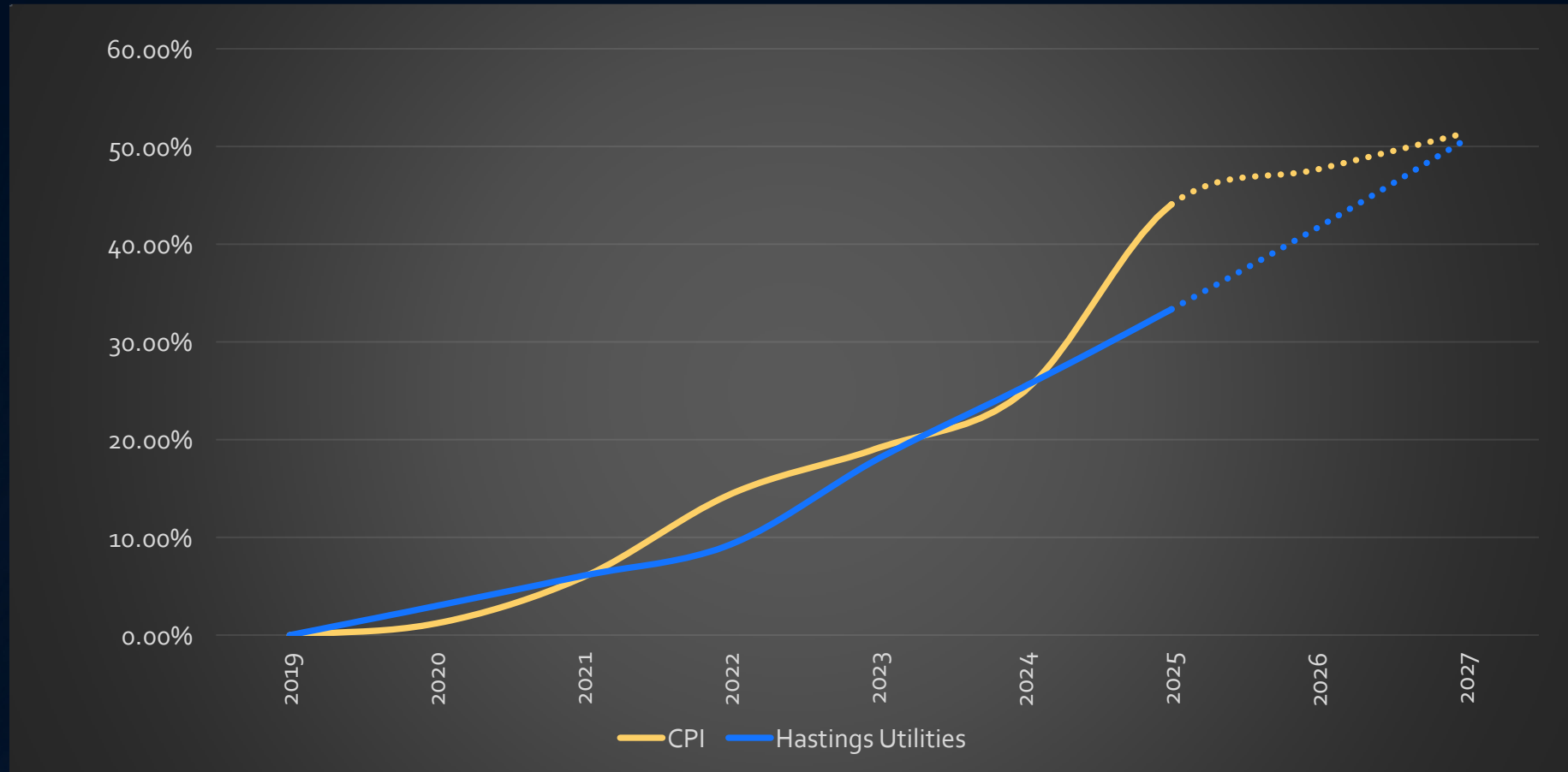


Gas Rate Changes – CPI vs Hastings Utilities



*Cumulative Percentage Change by Year – 2000 Baseline

Gas Rate Changes – CPI vs Hastings Utilities



* Cumulative Percentage Change by Year - 2019 Baseline

** Assumed 2.5% CPI Increase for Forecasts

Average Gas Bill Comparison



Hastings (After Approved Increase) includes an estimated 6.3% Cost Of Service addition to total revenue

All other totals are based on current rates without factoring any upcoming adjustments

Bill factored as an annualized average
- PILOT removed from all

Location	Current Bill
Hastings (Current)	\$47.90
Hastings (After Approved Increase)	\$50.92
Fremont	\$51.31
Northwestern	\$57.17
MUD	\$62.87
Black Hills	\$77.06

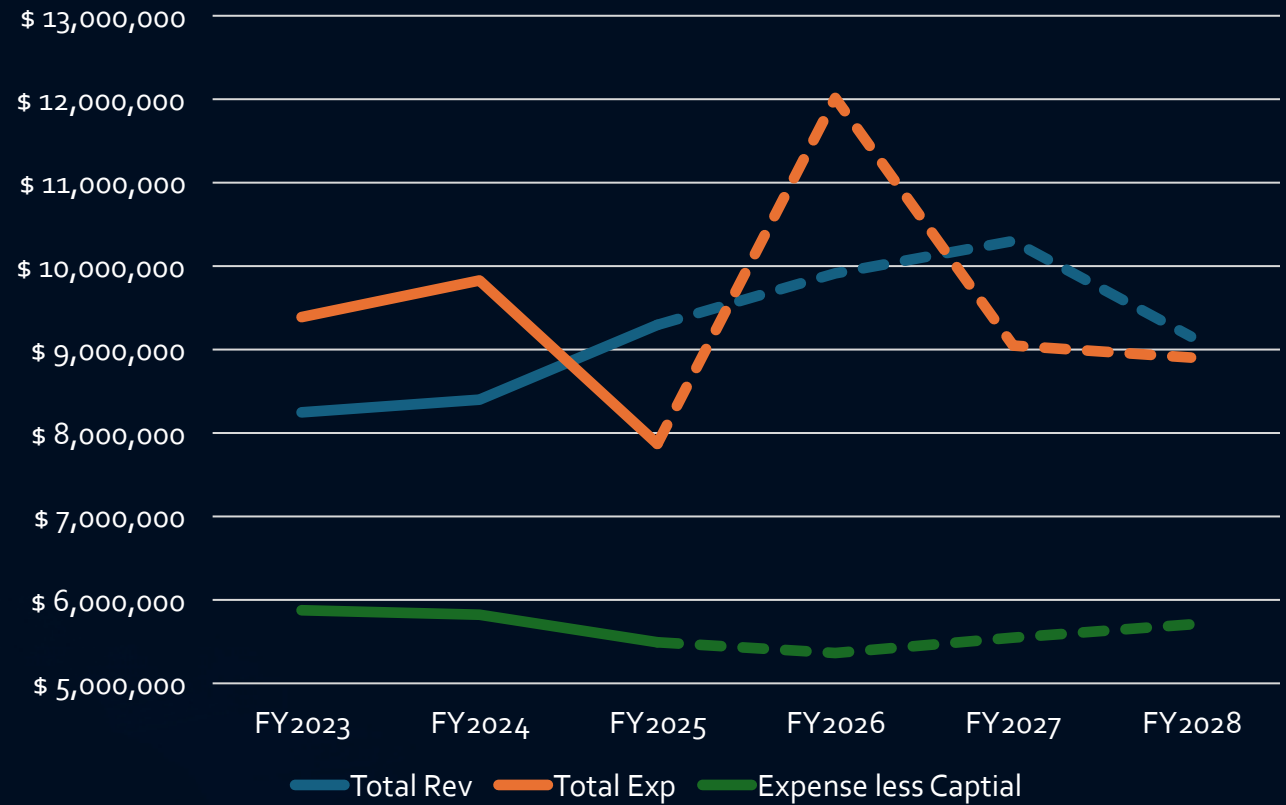
Assuming 20 CCF Summer (4 Months) and 130 CCF Winter (8 Months) Consumption

Water Dept Budget



- Water Revenue Impacts
 - Weather
- Cost of Service Study completed and implemented in FY2023 for four years with an average 5% revenue increase through rates each year
- Capital is Higher Percentage of Water Budget
- Large FY25 capital shift to FY26

Water Revenue vs Expenditure

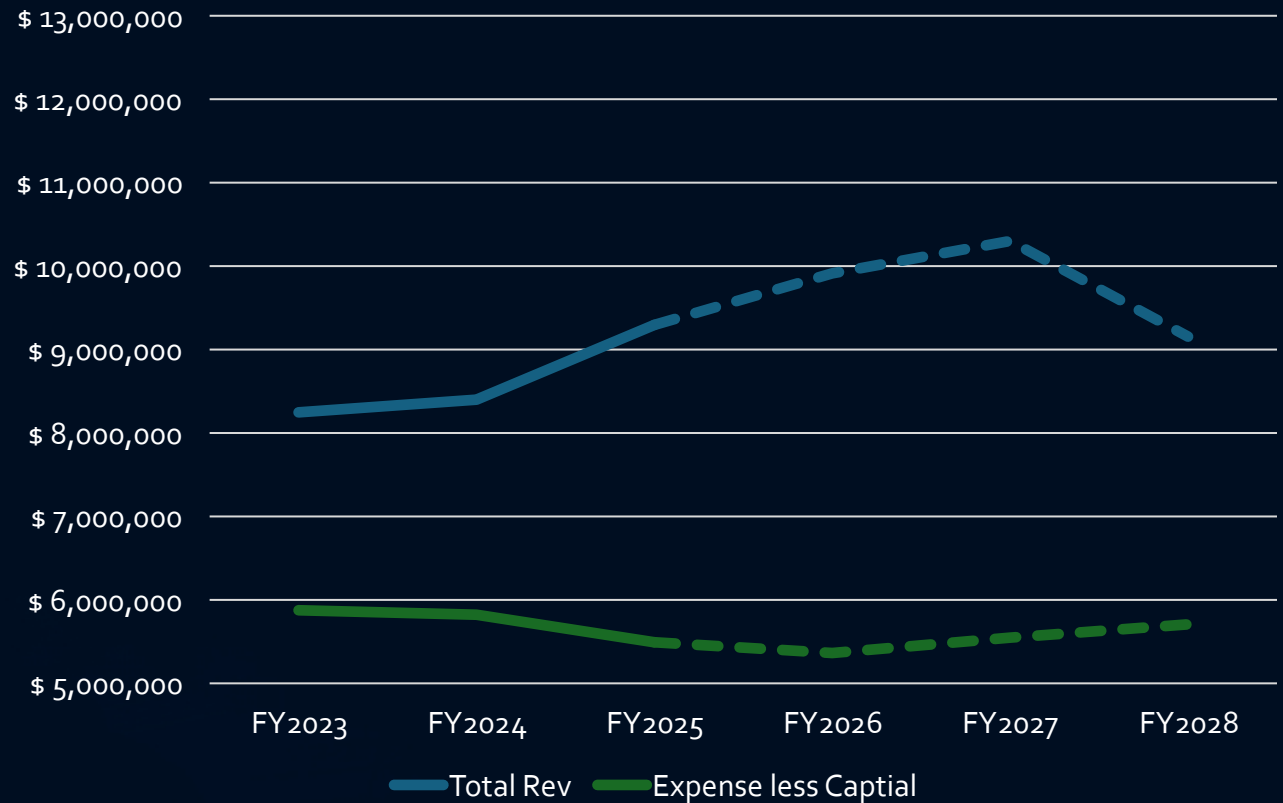


Water Dept Budget



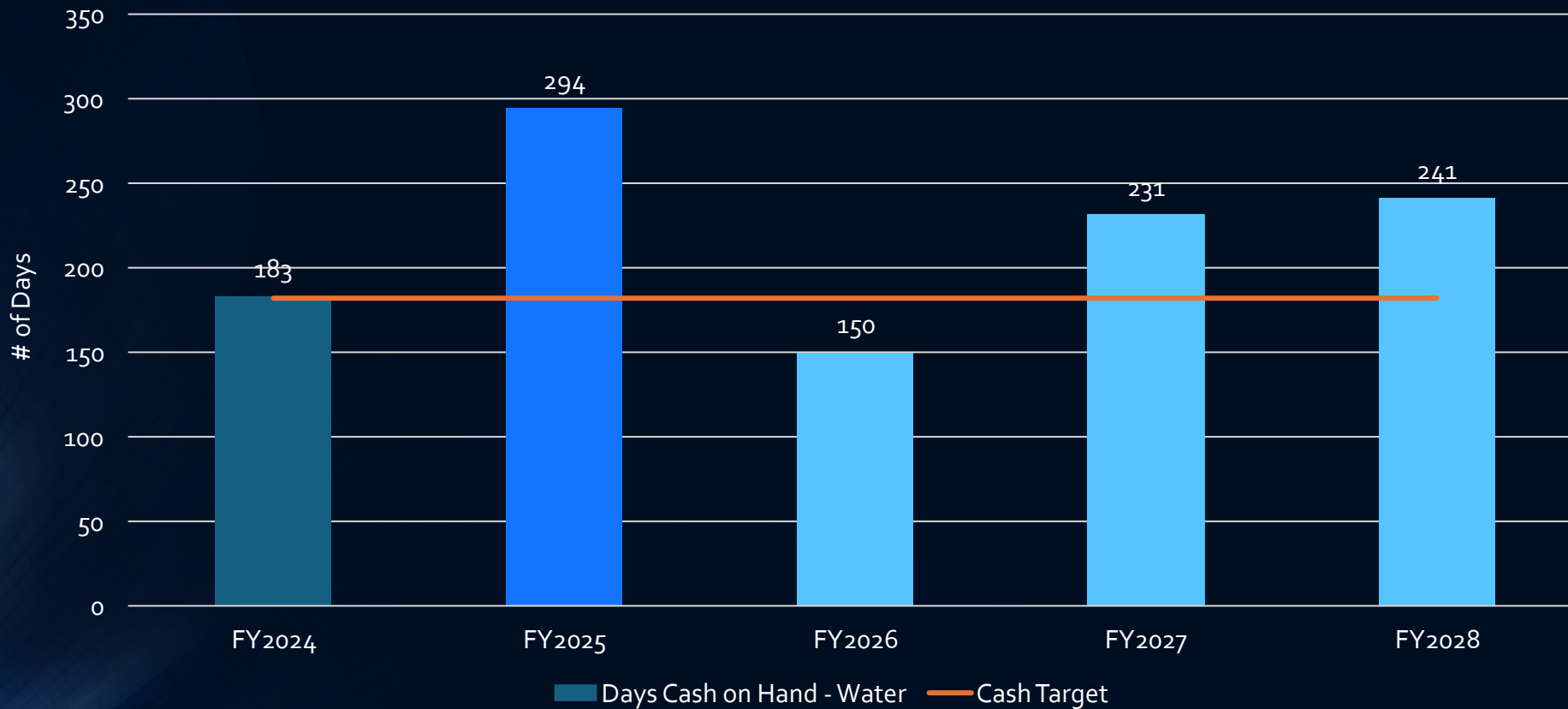
- Expansion of real-time flow and nitrate monitoring
- Wellhouse roof rehabilitations (wells 27, 33, 34, & 35)
- Water Conservation Plan due and in practice May 2026 per Lower Blue Natural Resource District (LBNRD)

Water Revenue vs Expense



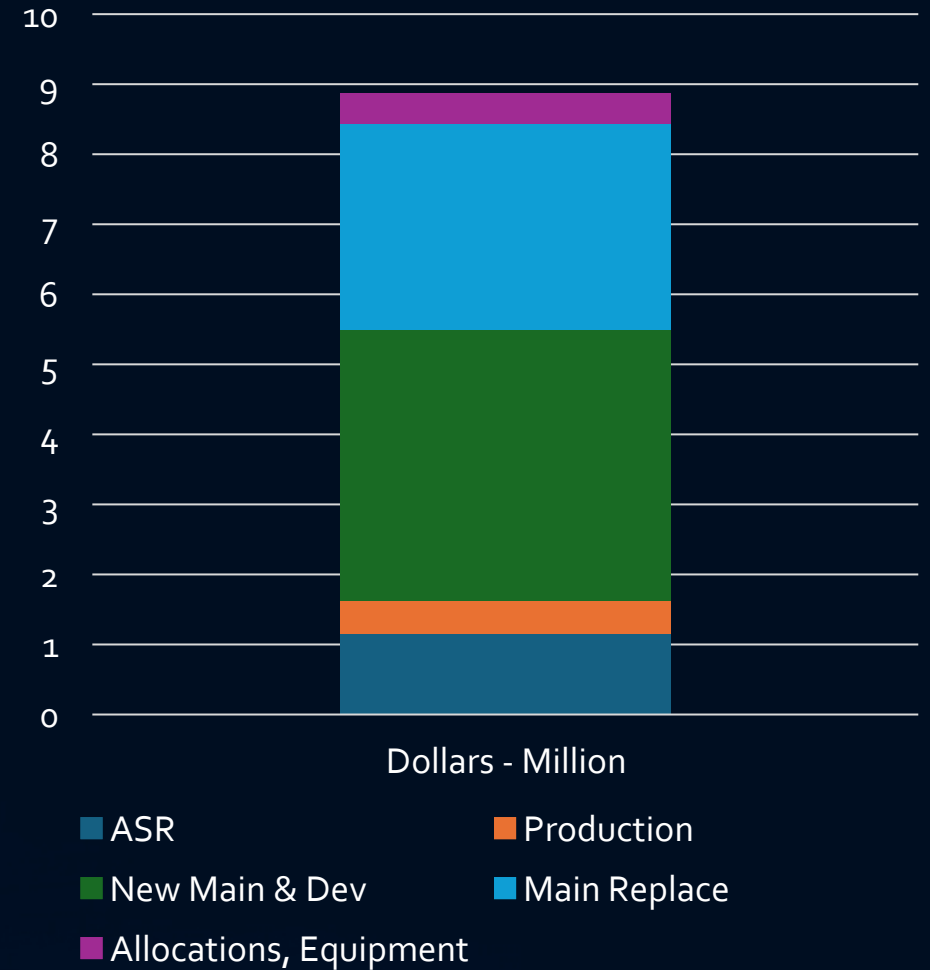
Water Cash on Hand

- As recommended by audit staff and cost of service consultants, 180 days of cash on hand would allow for the water department to operate with no revenue

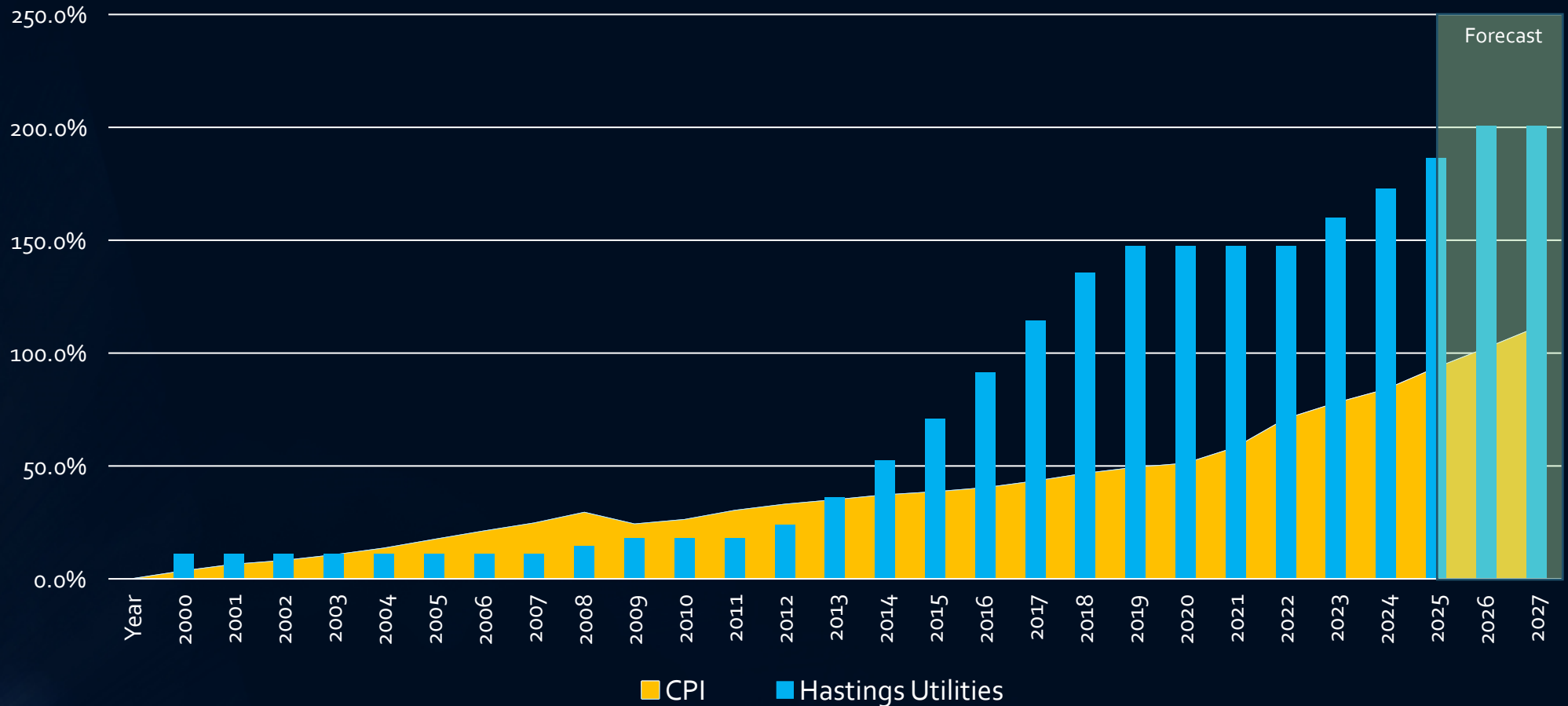


Water Dept Capital - \$8.87 million

- ASR additions
 - Well 17 connection
- Production
 - Well rehab and new well
- New Mains & Developer Projects
 - Hastings SE Project
- Main Replacement Program

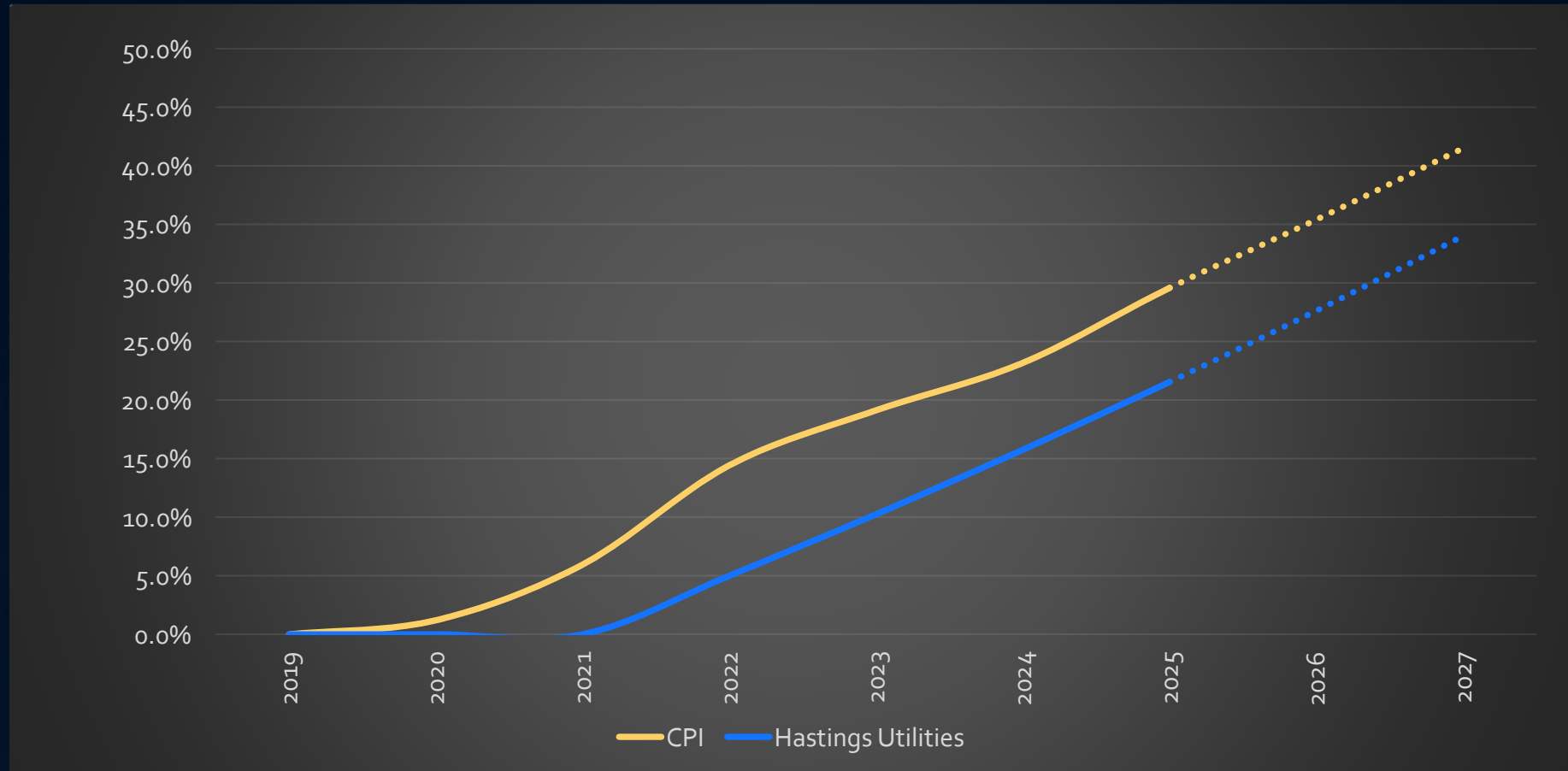
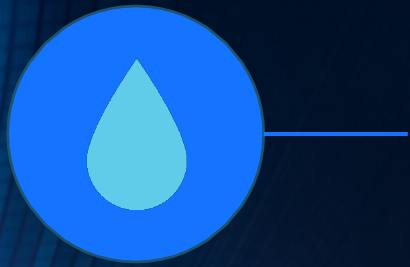


Water Rate Changes – CPI vs Hastings Utilities



*Cumulative Percentage Change by Year – 2000 Baseline

Water Rate Changes – CPI vs Hastings Utilities



* Cumulative Percentage Change by Year - 2019 Baseline

**Assumed 4.5% CPI Increase for Forecasts

Average Water Bill Comparison



Hastings (After Approved Increase) includes an estimated 5% Cost Of Service addition to total revenue

All other totals are based on current rates without factoring any upcoming adjustments

Bill factored for Urban Residential Customer –
Excluding lawn irrigation
- PILOT removed from all

Location	Current Bill
Grand Island	\$12.53
Fremont	\$19.10
Lincoln	\$20.98
Kearney	\$21.62
Hastings (Current)	\$24.54
Hastings (After Approved Increase)	\$25.83
Omaha	\$30.79

*Based on an Average Consumption of 6 CCF

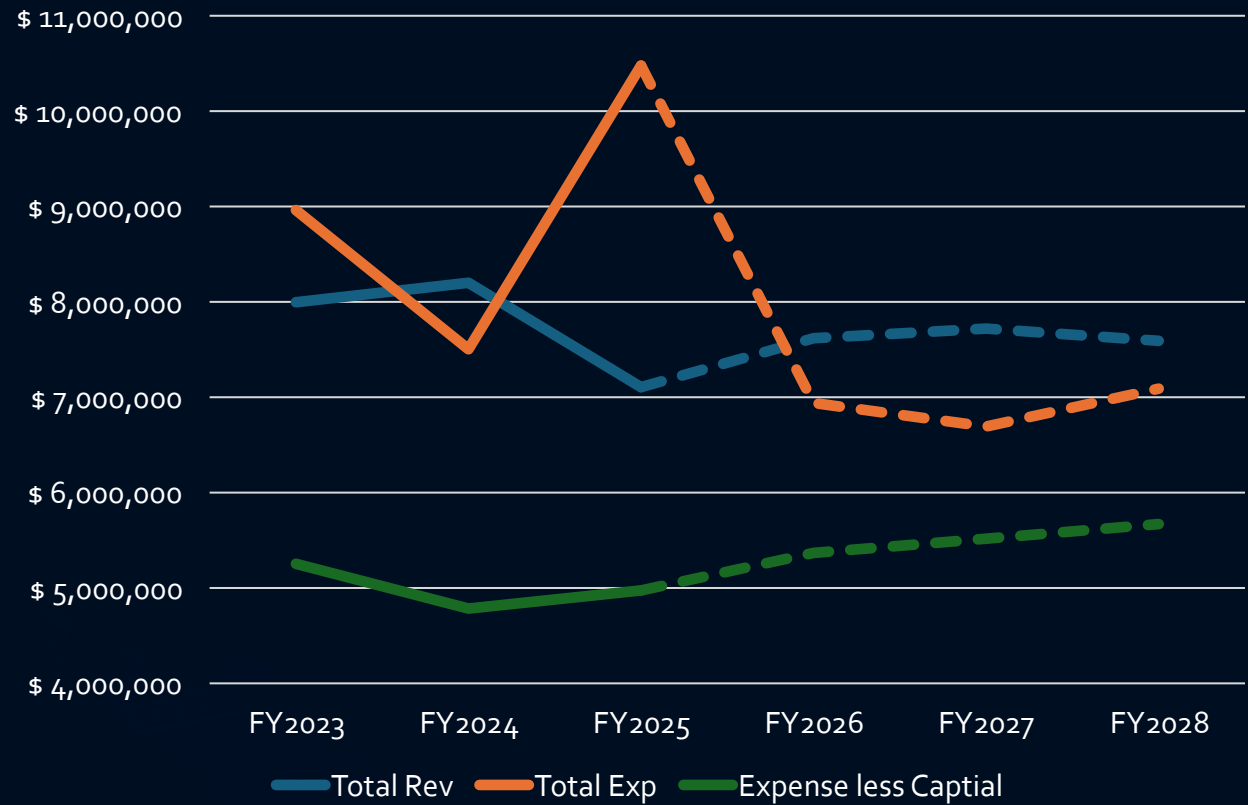
**One CCF of Water is 748 Gallons

Sewer Dept Budget



- No real market or weather impacts year to year
- Cost of Service Study completed and implemented in FY2023 for four years
- FY2025 was a large capital year
 - Activated Sludge Basin
 - Dredged Maxon Lagoon

Sewer Revenue vs Expenditure

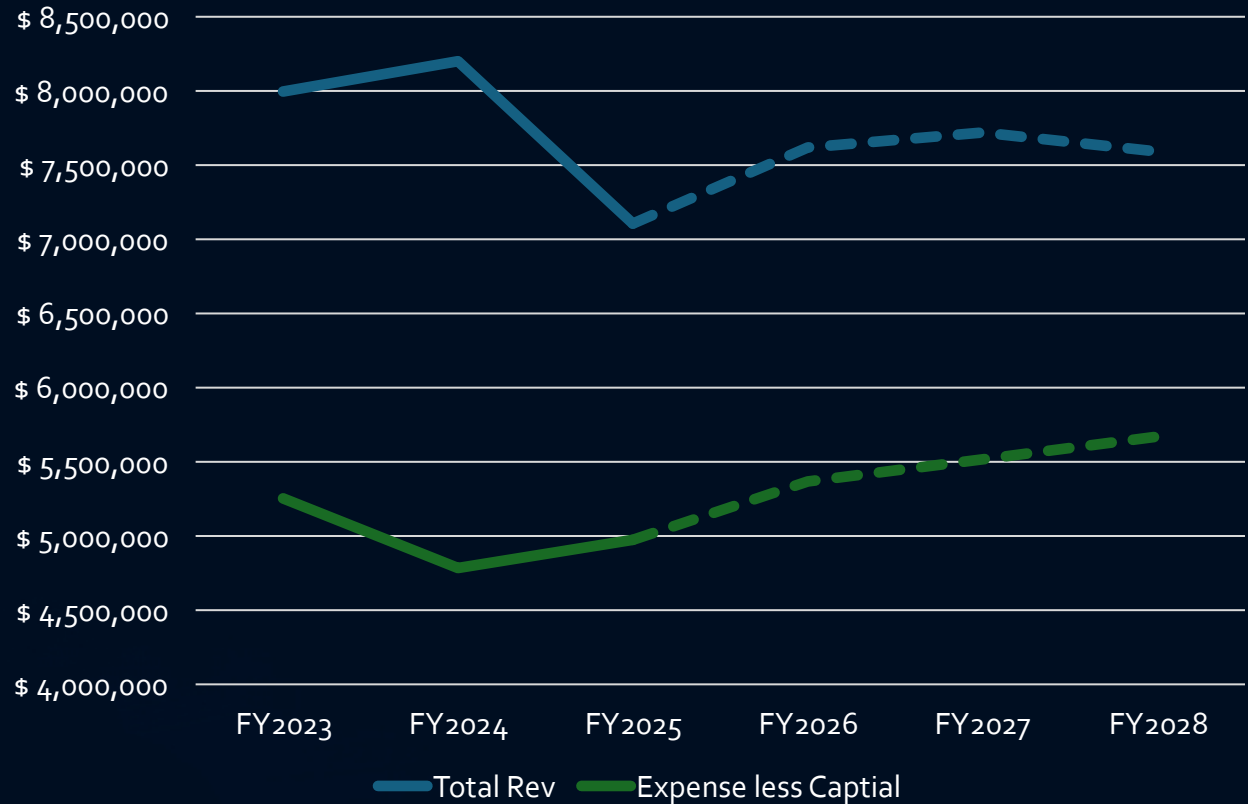


Sewer Dept Budget



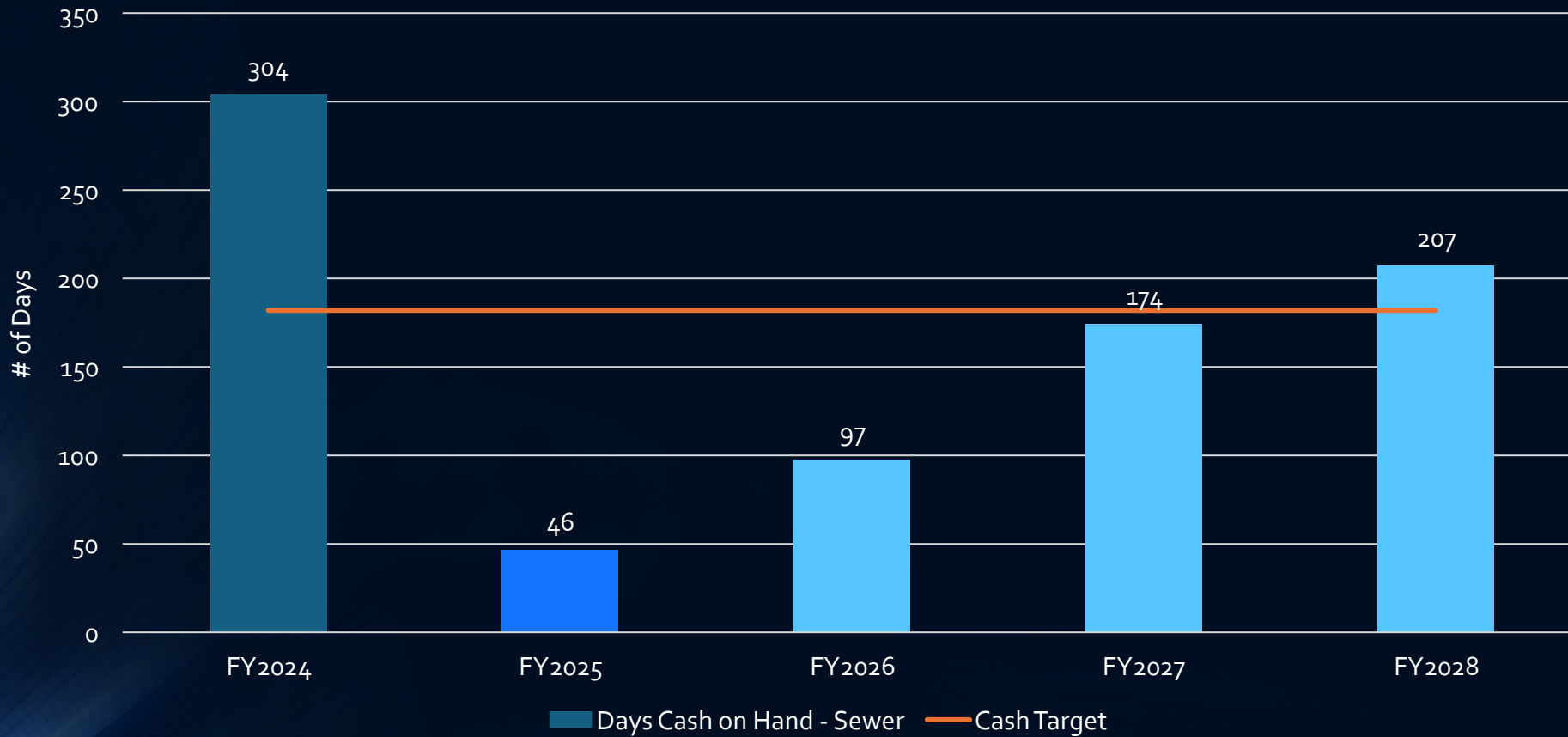
- Collections: Year 3, 10-mile video inspection of sewer system. Roughly 17th St to 7th St between Bellevue Ave & Minnesota Ave
- Tuckpointing (brick and mortar repair) and new doors
- Energy Recover Unit (ERU) Flare repair
- Second pump replacement Maxon Ave Lift Station

Sewer Revenue vs Expense



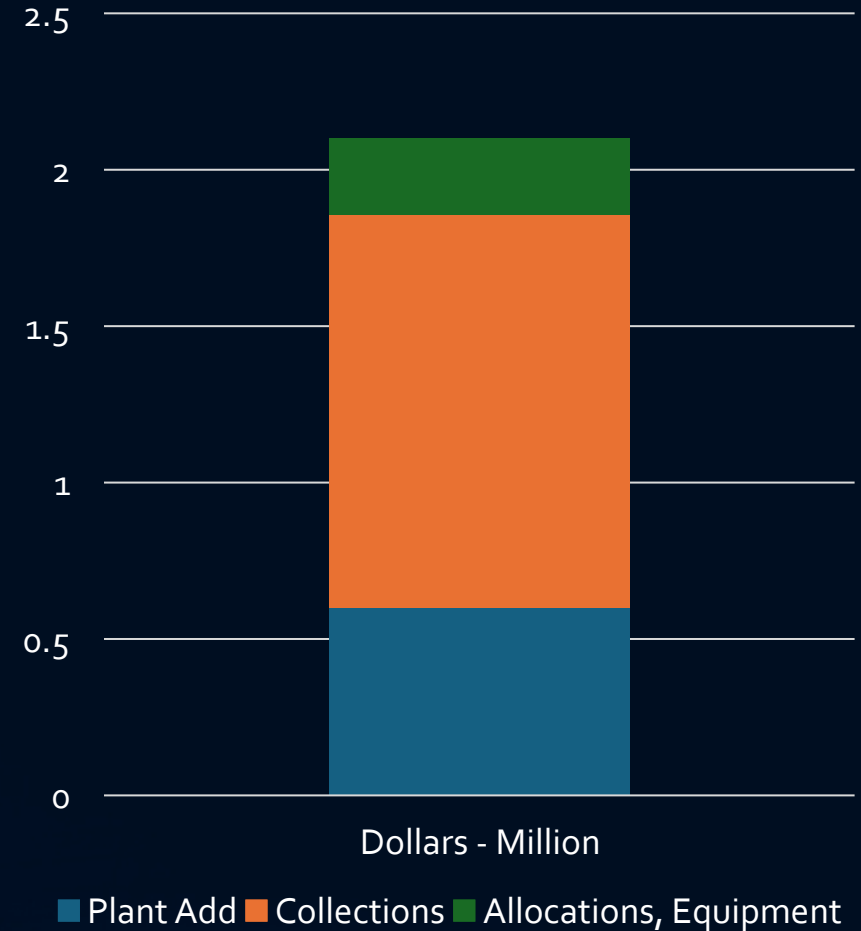
Sewer Cash on Hand

- As recommended by audit staff and cost of service consultants, 180 days of cash on hand would allow for the sewer department to operate with no revenue

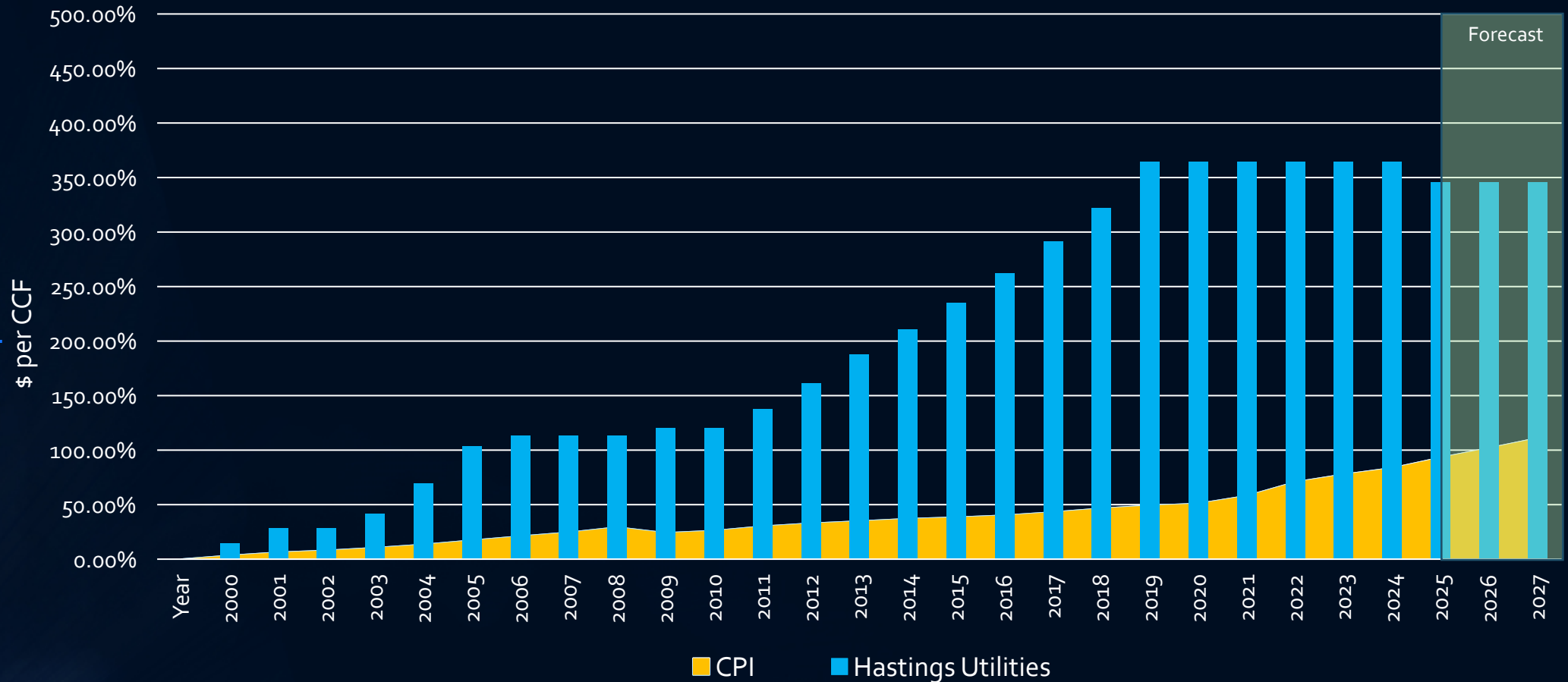


Sewer Dept Capital - \$2.1 million

- Plant Additions
 - Control upgrades
 - Generator replacement
- Collections
 - Hastings SE Project

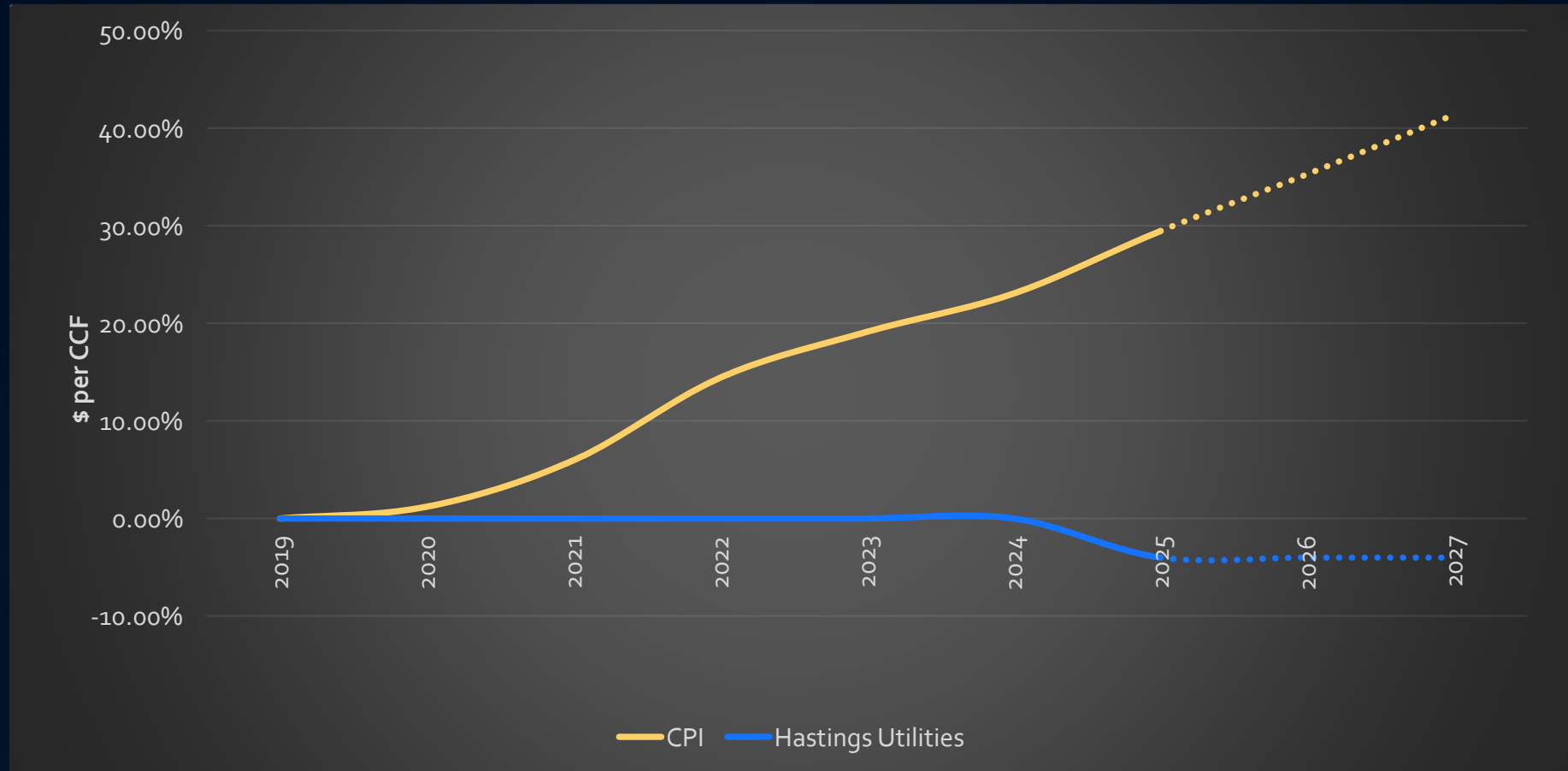


Sewer Rate Changes – CPI vs Hastings Utilities



*Cumulative Percentage Change by Year – 2000 Baseline

Sewer Rate Changes – CPI vs Hastings Utilities



* Cumulative Percentage Change by Year - 2019 Baseline

** Assumed 4.5% CPI Increase for Forecasts

Average Sewer Bill Comparison



Hastings does not currently have any scheduled rate increases for sewer

All other totals are based on current rates without factoring any upcoming adjustments

Individual sewer rates are reflective of water consumption for the months of December, January, and February

Location	Current Bill
Lincoln	\$20.37
Kearney	\$21.93
Hastings	\$30.01
Fremont	\$32.38
Grand Island	\$34.89
Omaha	\$68.95

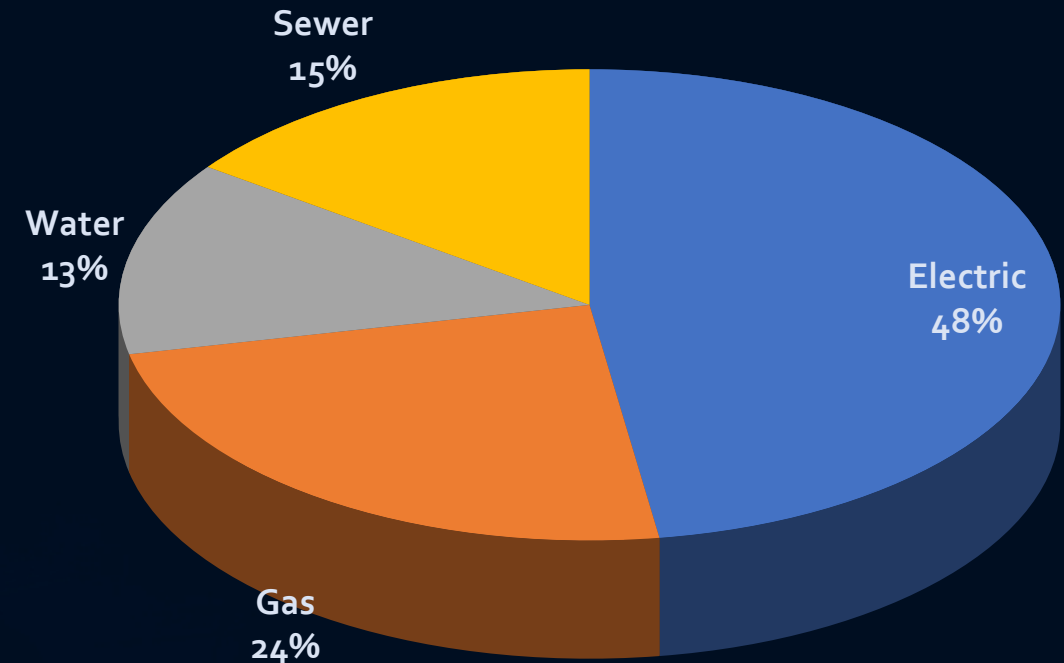
*Average of 6 CCF used for calculation

Estimated Rate Change Impact

Residential	Current Ave Monthly Cost	FY26	FY27	FY28	FY29
Electric	\$94.71	\$99.45	\$104.42	\$109.64	\$109.64
Gas	\$47.90	\$50.92	\$54.13	\$54.13	\$54.13
Water	\$24.54	\$25.77	\$25.77	\$25.77	\$25.77
Sewer	\$30.01	\$30.01	\$30.01	\$30.01	\$30.01
	<u>\$197.16</u>	<u>\$206.15</u>	<u>\$214.33</u>	<u>\$219.55</u>	<u>\$219.55</u>
	Rate Chg impact	\$8.99	\$8.18	\$5.22	\$-
	Year over Year % Chg	<u>4.56%</u>	<u>3.97%</u>	<u>2.65%</u>	<u>0.00%</u>

Commercial	Current Ave Monthly Cost	FY26	FY27	FY28	FY29
Electric	\$357.40	\$375.27	\$394.03	\$413.73	\$413.73
Gas	\$174.63	\$185.63	\$197.32	\$197.32	\$197.32
Water	\$97.99	\$102.89	\$102.89	\$102.89	\$102.89
Sewer	\$153.43	\$153.43	\$153.43	\$153.43	\$153.43
	<u>\$783.45</u>	<u>\$817.22</u>	<u>\$847.67</u>	<u>\$876.37</u>	<u>\$876.37</u>
	Rate Chg impact	\$33.77	\$30.45	\$19.70	\$-
	Year over Year % Chg	<u>4.31%</u>	<u>3.73%</u>	<u>2.41%</u>	<u>0.00%</u>

AVG BILL BREAKDOWN



Estimated Rate Change Impact



	Electric	Gas	Water	Sewer	Avg Monthly Bill
Hastings (Current)	\$94.71	\$47.90	\$24.54	\$30.01	\$197.16
Grand Island	\$95.15	\$57.17	\$12.53	\$34.89	\$199.74
Hastings (New)	\$99.44	\$50.92	\$25.83	\$30.01	\$206.20
Kearney	\$107.77	\$57.17	\$21.62	\$21.93	\$208.49
Lincoln	\$106.75	\$77.06	\$20.98	\$20.37	\$225.16
Fremont	\$123.82	\$51.31	\$19.10	\$32.38	\$226.61
Omaha	\$128.00	\$62.87	\$30.79	\$68.95	\$290.61