Madison City Council Chambers
211 S. Lincoln Street
Madison, NE 68748

CITY COUNCIL AGENDA

April 8, 2026

Welcome and reminder to turn off electronic devices.

ACKNOWLEDGEMENT OF OPEN MEETINGS ACT

ROLL CALL

PLEDGE OF ALLEGIANCE

CONSENT AGENDA ***(one motion to approve items 1 – 8)***

1. Regular Agenda
2. March 11, 2026 Regular Meeting Minutes
3. March 16, 2026 Special Meeting Minutes
4. Claims
5. Treasurer's Report
6. Authorization to Purchase a Mower from Reigle Implement at a sale price of $18,900 as included in the City of Madison Budget.
7. Approval of the Appointment of Part-time Mowers/Maintenance at a Pay Rate of $16.48.
8. Consideration and Approval of the Appointment of Catibrie Hysell for the Madison Park Board Pool Manager at a Pay Rate of $19.00.

PUBLIC HEARINGS AND RELATED ACTION

REGULAR AGENDA

The City Council will review the above matters and take such action as they deem appropriate and necessary.
The City Council reserves the right to enter executive session on certain matters authorized under the Nebraska Open Meetings Act.

9. Report from Jeanne Reigle for the MHS All-Alumni Celebration the weekend of August 14th-16th, 2026.
10. Letter of Agreement and Scope of Services with Olsson Inc. to Prepare a Comprehensive Transportation and Safety Action Plan.
11. Discussion/Action on City Wide Clean up.
12. Discussion/Action on a Resolution Adopting the Proposed Electric Rate Schedule from JK Energy Consulting, LLC.
13. Discussion/Action on a Request from the Community Redevelopment Authority to Sell the Remaining Six Lots on South Ingram to K. Herman Development for a Discounted Price of $10,000 each, for the Construction of New Single-Family Homes.
14. Discussion/Action on offer to Settle Rent on the Child Care Center Lease.
15. Discussion/Action on engagement agreement with Johnson Flodman Guenzel & Wasserburger LLP for legal opinion pertaining to U.S. District Court case number 4:25-cv-3184. A closed session may be called to discuss this pending litigation, for the protection of the public interest.

ADJOURN

PUBLIC NOTICE
MADISON CITY COUNCIL

Notice is hereby given that a meeting of the City Council will be held **WEDNESDAY, April 8th**, 2026, at **5:30 PM**, in the **Madison Council Chambers at 211 South Lincoln Street**, in Madison, Nebraska. This meeting will be open to the public. An agenda for such meetings kept continuously current, is available for public inspection at the office of the City Clerk at City Hall.

Ruth Yuman
City Clerk
City of Madison

REGULAR MEETING OF THE COUNCIL

The Mayor and City Council of the City of Madison met in regular session at the City Council Chambers, Madison, Nebraska, on Wednesday, March 11, 2026, beginning at 5:30 p.m.

CALL TO ORDER

Mayor Rob Fite called the meeting to order. Roll call found the following council members present: Rick Schommer, Paula Biehle, and Mindy Spray. Staff members present: City Treasurer Deputy Clerk Amy Wegener, City Clerk Ruth Yuman, Economic Development Director Andy Colvin, City Attorney Mike Brogan, Police Chief Mike Hopen, and Utilities Superintendent Matt Schnebel.

The Mayor presided over the meeting and the City Clerk recorded the proceedings. Upon opening of the meeting at 5:30 p.m. the Mayor welcomed all guests.

The Mayor informed the public about the location of the current copy of the Open Meetings Act in the back of the City Council room and made accessible to members of the public.

Notice of the meeting was given in advance thereof by posting in the Madison Star Mail and three public places.

Notice was given to the Mayor and all members of the Council, and a copy of their Acknowledgement of Receipt for Notice is attached to the Minutes. Availability of the agenda was communicated in advance to the Mayor and Council of this meeting. All proceedings shown hereafter were taken while the convened meeting was open to the public.

CONSENT AGENDA

Motion by Councilmember Spray, Seconded by Councilmember Schommer to approve the Consent Agenda: Motion will include 1 through 8 as one. Approve 1. Agenda, 2. Minutes, 3. Claims, 4. Treasurer's Report. 5. Mainelli Wagner and Associates Agreement. 6. Lot split for Larry and Jean Mace. 7. LIHEAP Utility Provider Agreement. 8. Interlocal Agreement with the Madison County Library Association. Roll call: Yeas: Spray, Biehle, Schommer. Absent: Ainsworth Nays: None. Motion carried.

BUSINESS

Discussion on the process for approving and offering Charitable Gaming (Keno) in Madison. No action

Motion made by Councilmember Biehle to change the date pertaining to campaign signs from putting them up 30 days prior to the elections, to 40 days, to allow for the mail in ballot. The motion died for a lack of a second.

Motion made by Councilmember Biehle, Seconded by Councilmember Spray to make a provision for allowing political signs to be put up in the City of Madison starting March 31st to allow the early voting dates. Roll Call: Yeas: Biehle, Spray, Schommer. Nays: None. Motion Carried.

Motion made by Councilmember Schommer, Seconded by Councilmember Biehle to approve the Advertising Park Sign Agreement for the Park Board. Roll Call: Yeas: Schommer, Biehle, Spray. Nays: None. Motion Carried.

Motion made by Councilmember Biehle, Seconded by Councilmember Spray to approve Ordinance 836, to adopt Nebraska Basic Code updates and wave the three readings, and to publish pamphlet form. Roll Call: Yeas: Biehle, Spray, Schommer. Nays: None. Motion Carried.

Police Reports given by Police Chief Mike Hopen. No action

Motion made by Councilmember Biehle, Seconded by Councilmember Schommer to go into Executive Session at 7:03 PM for the protection of the public interest to discuss contract terms and negotiations for the lease and management of the Countryside Care Center Building. Roll Call: Yeas Biehle, Schommer, Spray. Nays: None Motion Carried.

Motion made by Councilmember Spray, Seconded by Councilmember Schommer to be out of Executive Session at 8:02 PM. Roll Call: Spray, Schommer, and Biehle. Nays: None. Motion carried.

Motion by Councilmember Biehle, Seconded by Councilmember Schommer to adjourn the meeting at 8:02 PM. Roll Call: Yeas: Biehle, Schommer, Spray. Nays: None. Motion Carried.

_____ _____

Ruth Yuman, City Clerk **Robert Fite, Mayor**

I, the undersigned City Clerk, hereby certify that the foregoing is the full, true and correct original document of the Madison City Council Meeting proceedings had and done by the Mayor and City Council; that all of the subjects included in the proceedings were contained in the agenda for the meeting, kept continually current and available for public inspection at the office of the Clerk; that such subjects were contained in said agenda for at least twenty-four hours prior to the meeting; that at least one copy of all reproducible material discussed at the meeting was available at the meeting for examination and copying by members of the public; that the said Minutes were in written form and available for public inspection within ten working days and prior to the next convened meeting of said body; that all news media requesting notification concerning meetings of said body were provided advance notification of the time and place of said meeting and the subjects to be discussed at said meeting.

_____

Ruth Yuman, City Clerk

SPECIAL MEETING OF THE COUNCIL

The Mayor and City Council of the City of Madison met in a special session at the City Council Chambers, Madison, Nebraska, on Monday, March 16, 2026, beginning at 5:30 PM.

CALL TO ORDER

Mayor Rob Fite called the meeting to order. Roll call found the following council members present: Rick Schommer, Paula Biehle, Mindy Spray, and Steve Ainsworth. Staff members present: City Treasurer Amy Wegener, Utilities Superintendent Matt Schnebel, Economic Development Director Andy Colvin, and City Clerk Ruth Yuman.

The Mayor presided over the meeting and the City Clerk recorded the proceedings. Upon opening of the meeting at 5:30PM, the Mayor welcomed all guests and gave a reminder to turn off electronic devices.

The Mayor informed the public about the location of the current copy of the Open Meetings Act in the back of the City Council room and accessible to members of the public.

Notice of the meeting was given in advance thereof by posting in the Madison Star Mail and three public places.

Notice was given to the Mayor and all members of the council and a copy of their Acknowledgement of Receipt for Notice is attached to the Minutes. Availability of the agenda was communicated in advance to the Mayor and Council of this meeting. All proceedings shown hereafter were taken while the convened meeting was open to the public.

NEW BUSINESS

John Krajewski from JK Energy Consulting, LLC, gave a presentation on the 2026 cost of service and the rate proposals for the City of Madison.

Discussion to introduce a resolution that will adopt the rate schedule proposed by JK Energy Consulting, LLC. No action.

Motion by Councilmember Ainsworth, Seconded by Councilmember Biehle to adjourn the meeting at 6:22 PM. Roll Call: Yeas: Ainsworth, Biehle, Spray, Schommer. Nays: None. Motion carried.

Ruth Yuman, City Clerk **Robert Fite, Mayor**

I, the undersigned City Clerk, hereby certify that the foregoing is the full, true and correct original document of the Madison City Council Meeting proceedings had and done by the Mayor and City Council; that all of the subjects included in the proceedings were contained in the agenda for the meeting, kept continually current and available for public inspection at the office of the Clerk; that such subjects were contained in said agenda for at least twenty-four hours prior to the meeting; that at least one copy of all reproducible material discussed at the meeting was available at the meeting for examination and copying by members of the public; that the said Minutes were in written form and available for public inspection within ten working days and prior to the next convened meeting of said body; that all news media requesting notification concerning meetings of said body were provided advance notification of the time and place of said meeting and the subjects to be discussed at said meeting.

Ruth Yuman, City Clerk

April Claims

Advanced Engineering	$247.50	Jackson Bridge
AMGL, Auditor Services	$9,220.00	24/25 Audit
Albracht Disposal	$222.00	March Service
Allo Business	$560.15	Feb 2026 Service
Appeara	$203.94	Office rugs
Arkfeld Lock & Security	$28.69	Repair door latch
A.S.A.P	$20.00	Shipment of Water Samples
Big Red Printing	$125.21	Water Letter
Black Hills Energy	$1,279.92	March service
Bound Tree	$825.02	Rescue Supplies
Brady & Amy's	$2,273.80	March Fuel
Breakout EDU	$199.00	Library Supplies
Brogan & Stafford	$1,608.50	March Services
Cengage	$332.12	Books
Center Point	$149.82	Books
Choice Foods	$42.56	Shop supplies
City Petty Cash	$110.11	Postage,shop supplies,Park Supp
City of Madison	$4,653.64	February Service
City of Norfolk	$712.70	Building Inspections/SW testing
Comfort Inn	$1,169.55	Rescue NEMSA conference
Complete Pest	$260.00	Quarterly Spray
Cornhusker Auto	$771.60	Police Car Repair
Dinges Fire	$582.23	Fire Supplies
Dutton-Lainson	$1,792.84	Electrical Supplies
Eakes	$580.48	Office Supplies
Faith Regional	$153.09	Rescue Supplies
Farmers Pride	$252.69	Shop Fuel
Fields Hardware	$50.27	Water Repairs
Fields Hardware	$572.71	Supplies/Repairs
Home2 Suites	$591.06	Rescue NEMSA conference
Host Coffee	$68.15	March Service
JK Consulting	$13,000.00	Electric rate Study
Jackson Services	$158.17	Shop supplies
Library Guild	$548.80	annual book order

MMPS1,LLC	$23,446.35	March Service
Matheson	$377.28	Rescue/Shop
NAQS,LLC	$4,285.19	Electric Plant reporting
Modern Marketing	$202.00	Library Supplies
NE public Health Lab	$108.00	Water Samples
NPPD	$368,621.17	March Power bill
NPPD	$4,211.93	O/M Repairs/Read Meters
Norfolk Daily news	$206.00	Library Subscription
Northeast College	$500.00	Leah Rast-Rescue Classes
One Call Concepts	$21.28	March 811 calls
One Office	$208.91	Office Supplies
Pitzer Digital,LLC	$367.65	Printing
Pavers	$1,031.23	Cold Mix
Reigle Implement	$736.89	Park, Shop Supplies
Sterling Computers	$98.83	Library Toner
Teeco	$67.00	March Service
US Cellular	$63.27	Rescue Phone
Verizon	$407.94	Library/Police/Utilities
Wesco	$30,878.84	Electrical Supplies
WAPA	$52,348.00	March Power bill
Wells Fargo-1	$2,583.37	Clerk School, Postage, Water Letter, Park Supplies
Wells Fargo-2	$2,119.94	Library and Park supplies
Zelle HR	$3,500.00	March Service
	$514,155.41	

TREASURER'S REPORT

03/31/26	*Begin Balance*	*Disbursed*	*Received*	*End Balance*
CDBG Non-Interest	$ 0.35			$ 0.35
CRA - TIF Funds	$ 3,163.38	(3,961.66)	$848.42	$ 50.14
CRA - Operations	$ 19,697.95	(5,680.00)	$40.26	$ 14,058.21
CRA - Land Purchase	$ 22,676.52	0.00	$50.07	$ 22,726.59
Youth Rec	$ 1,760.37	$ -	$ 0.37	$ 1,760.74
Countryside Home	$ 51,884.36	(34,077.56)	$38,442.08	$ 56,248.88
General Checking	$ 100,085.48	(1,178,283.84)	$1,178,421.05	$ 100,222.69

Current Available balance as of 4-3-26 $6,577,726.23

CSH Therapy/RTU replacement Loan Principal Balance $ 439,843.19 (Monthly Pmts: $17,038.78) Pinnacle Bank

Quotation

Reigle Implement Co., Inc.
Est. 1950 Madison, NE 402.454.6622

105 W. 2nd Street, POBox 561
Madison, NE, 68748
(402) 454-6622

DATE March 25, 2026
Quotation #
Customer ID

Quotation valid until: -
Prepared by: NTR

Quoted to:
City of Madison
c/o Matt Schnebel
211 S. Lincoln St., POBox 527
Madison, NE 68748

Comments or special instructions: All freight and setup fees are included in quoted prices. Taxes not included, if applicable. Quoted prices are for base models only, and with accessories indicated. Thank you for allowing Reigle Implement Co., Inc. to assist you.

Description		
Grasshopper 325D, 25hp Kubota D902 3-cyl. Diesel Engine, 72" Deck	$	21,230.00
4X Rear Discharge Deck	$	395.00
Grammer Seat, In Lieu of	$	810.00
Subtotal	**$**	**22,435.00**
Discount	$	(5,035.00)
Sale Price	**$**	**17,400.00**
Grasshopper 440EFI, 40hp Vanguard Big Block EFI, 72" Deck	$	19,475.00
4X Rear Discharge Deck	$	395.00
Subtotal	**$**	**19,870.00**
Discount	$	(4,370.00)
Sale Price	**$**	**15,500.00**
Hustler Super Z Hyperdrive, 38.5hp Kawasaki FX1000EFI, 72" Deck	$	22,022.00
Rear Discharge Deck	$	465.00
Subtotal	**$**	**22,487.00**
Discount	$	(6,087.00)
Sale Price	**$**	**16,400.00**

If you have any questions or comments regarding this quotation, please call us at (402) 454-6622, or by email at reigleimp@reigleimplement.com.

THANK YOU FOR YOUR BUSINESS!

www.reigleimplement.com

Reigle Implement Co., Inc.
Est. 1950 Madison, NE 402.454.6622

Quotation

105 W. 2nd Street, POBox 561
Madison, NE, 68748
(402) 454-6622

DATE March 27, 2026
Quotation #
Customer ID

Quoted to:
City of Madison
c/o Matt Schnebel
211 S. Lincoln St., POBox 527
Madison, NE 68748

Quotation valid until: -
Prepared by: NTR

Comments or special instructions: All freight and setup fees are included in quoted prices. Taxes not included, if applicable. Quoted prices are for base models only, and with accessories indicated. Thank you for allowing Reigle Implement Co., Inc. to assist you.

Description		
Grasshopper 325D, 25hp Kubota D902 3-cyl. Diesel Engine, 72" Deck	$	21,230.00
4X Rear Discharge Deck	$	395.00
Grammer Seat, In Lieu of	$	810.00
LED Light Kit, Installed	$	150.00
Tweels, (2) 24x12-12, (2) 13x6.50-6, In Lieu of	$	1,785.00
Subtotal	**$**	**24,370.00**
Discount	$	(5,470.00)
Sale Price	**$**	**18,900.00**

If you have any questions or comments regarding this quotation, please call us at (402) 454-6622, or by email at reigleimp@reigleimplement.com.

THANK YOU FOR YOUR BUSINESS!

City Council Agenda Memo

Date: April 8, 2026

To: Mayor and City Council

From: Andrew Colvin, Economic Development Director

Subject: Letter of Agreement and Scope of Services with Olsson Inc

Background: In 2023, the City of Madison applied for and received a grant from the U.S. Department of Transportation Federal Highway Administration to develop a Safety Action Plan as part of the Safe Streets and Roads for All (SS4A) program. The SS4A program supports local governments in developing comprehensive Safety Action Plans that identify traffic safety risks and prioritize projects, policies, and programs to address those risks. An adopted Safety Action Plan is a prerequisite for pursuing future SS4A Implementation Grant funding.

The grant agreement outlines the specific work to be completed during this planning phase. The Safety Action Plan will focus on evaluating roadway safety conditions at identified priority locations and corridors throughout the entire City, including the Madison Fairgrounds area, where known safety concerns exist. The work includes reviewing crash history, roadway characteristics, and user behavior to better understand factors contributing to serious injuries and fatalities for all roadway users.

The plan development process requires meaningful public and stakeholder engagement, along with the identification of practical and implementable safety strategies and priority recommendations. The final deliverable will be a complete Safety Action Plan suitable for formal adoption by the City Council and structured to support future applications for SS4A Implementation Grant funding.

The significance of this grant is notable for a community the size of Madison. Because Madison is a smaller community with a geographically dispersed and complex transportation network, this effort will provide long-term planning benefits. Multimodal

transportation options such as trails and shared-use paths, bridge improvements, roadway classifications, traffic data, and future roadway connections can all be evaluated and incorporated into a long-range capital improvement framework for the City.

Discussion: In Fall 2025, the City of Madison solicited a Request for Qualifications for professional engineering consulting services to assist with the preparation of an SS4A-compliant Safety Action Plan. Two proposals were received, from JEO Engineering and Olsson Engineering. After review by City representatives, Olsson Engineering was recommended. The City Council has already approved the selection of Olsson Engineering as the consultant for this project. Since that approval, City staff has been working with Olsson to develop a detailed scope of services and professional services agreement consistent with the requirements of the SS4A grant program.

The item before the City Council on April 8, 2026, is approval of the scope of services and authorization to enter into a professional services agreement with Olsson Engineering for completion of the SS4A Safety Action Plan. City staff will remain closely involved throughout the process to ensure compliance with federal requirements, timely completion of milestones, and alignment with City priorities.

Financial Consideration: For this phase of the program, $320,000 in federal SS4A funds have been obligated, along with an $80,000 local match that has been budgeted by the City of Madison, for a total project budget of $400,000. The final negotiated fee for professional services is _____, consistent with the approved project budget limits.

Staff Recommendation: Staff recommend approval of the proposed scope of services and professional services agreement with Olsson Engineering for the development of the SS4A Safety Action Plan and authorization for the Mayor to execute the agreement.

Project Name: **Madison Safety Action Plan Project**

Project Number: **025-05833**

Project Manager: **Chris Rolling**

TASK	Estimated Hours												Total Labor Cost ($)	Reimb Expenses ($)	Percent of Fee
	Senior Team Leader	Group Leader	Lead Planner	Senior Planner	Planner	Lead Engineer	Senior Engineer	Engineer	Assistant Engineer	Public Engagement Senior Coordinator	Public Engagement Coordinator	Admin			
HOURLY RATES	$295.00	$270.00	$235.00	$180.00	$130.00	$275.00	$250.00	$230.00	$200.00	$150.00	$100.00	$80.00			
Phase 100 - Project Management															
101 Project Management Tasks		40	40										$ 20,200.00	$ 1,320	6%
Progress Meetings		18		8			8	6		8	4		$ 11,280.00	$ -	3%
Progress Reports		4	10									12	$ 4,390.00	$ -	1%
Phase 100 Total	**0**	**62**	**50**	**8**	**0**	**0**	**8**	**6**	**0**	**8**	**4**	**12**	**$ 35,870.00**	**$ 1,320.00**	**10.78%**
Phase 200 - Data Collection and Analysis															
201 Data Collection				10		8		16	20				$ 11,680.00	$ -	3%
202 High Injury and High Risk Network Analysis		4		40		4		40					$ 18,580.00	$ -	5%
203 Demographics / Vulnerable Populatios				20				20					$ 8,200.00	$ -	2%
204 Multimodal Mobility Network Data Collection				20				20	40				$ 16,200.00	$ 10,000.00	8%
Phase 200 Total	**0**	**4**	**0**	**90**	**0**	**12**	**0**	**96**	**60**	**0**	**0**	**0**	**$ 54,660.00**	**$ 10,000.00**	**18.74%**
Phase 300 - Stakeholder and Public Engagement															
301 Public Engagement and Outreach Plan		4								6	20		$ 3,980.00	$ -	1%
302 Steering Committee		6	3	6			6			6	45		$ 10,305.00	$ 1,000	3%
303 Public Engagement Outreach (Community Meetings 3x)		6	6		6		6				60		$ 11,310.00	$ 1,500	4%
304 City Leadership Meetings (x3)		6					6				18		$ 4,920.00	$ -	1%
305 Pop-Up Meetings (x4)		2			12					2	20		$ 4,400.00	$ 1,000	2%
306 Project Website		4		20						10	40		$ 10,180.00	$ -	3%
307 Communications and Branding				20							20		$ 5,600.00	$ -	2%
308 Spanish Translation Services								20			10		$ 5,600.00	$ -	2%
309 Public Engagement Summary			4							20	40		$ 7,940.00	$ -	2%
Phase 300 Total	**0**	**28**	**13**	**46**	**18**	**0**	**18**	**20**	**0**	**44**	**273**	**0**	**$ 64,235.00**	**$ 3,500.00**	**19.63%**
Phase 400 - Action Plan Development															
401 Develop Vision and Goals		4		10	20								$ 5,480.00	$ -	2%
402 Project Development		10				10	10	40	40				$ 25,150.00	$ -	7%
Phase 400 Total	**0**	**14**	**0**	**10**	**20**	**10**	**10**	**40**	**40**	**0**	**0**	**0**	**$ 30,630.00**	**$ -**	**8.88%**
Phase 500 – Implementation Strategy															
501 Location Priorization		10		40				40					$ 19,100.00	$ -	6%
502 Project Concept Sheets		4		20			10	20	40				$ 19,780.00	$ -	6%
503 Policies, Programs, and Partnerships		10		10	20								$ 7,100.00	$ -	2%
504 Target and Goal Setting		4		4	16		4	4					$ 5,800.00	$ -	2%
505 Mode-Specific Strategy Development		10		20	20	20							$ 14,400.00	$ -	4%
Phase 500 Total	**0**	**38**	**0**	**94**	**56**	**20**	**14**	**64**	**40**	**0**	**0**	**0**	**$ 64,235.00**	**$ -**	**19.18%**
Phase 600 – Safety Action Plan															
601 Draft and Final Safety Action Plan		20	40	20	100				40				$ 39,400.00	$ -	11%
602 Reporting / GIS Dashboard		10	10	80	20								$ 22,050.00	$ -	6%
Phase 600 Total	**0**	**30**	**50**	**100**	**120**	**0**	**0**	**0**	**40**	**0**	**0**	**0**	**$ 61,450.00**	**$ -**	**17.81%**
Phase 700 – Future Mobility Challenges and Opportunities for Long Range Transportation Plan															
701 Future Mobility Challenges and Opportunities for Long Range Transportation Plan		20	20	40	80		20						$ 32,700.00	$ -	9%
Phase 700 Total	**0**	**20**	**20**	**40**	**80**	**0**	**20**	**0**	**0**	**0**	**0**	**0**	**$ 19,100.00**	**$ -**	**9.48%**
PROJECT TOTAL HOURS	**0**	**196**	**133**	**388**	**294**	**42**	**70**	**226**	**180**	**52**	**277**	**12**	**$ 330,180.00**	**$ 14,820.00**	**104.51%**
TOTAL														**$ 345,000.00**	

City Council Agenda Memo

Date: April 8, 2026

To: Mayor and City Council

From: Andrew Colvin, Economic Development Director

Subject: Electric Rate Schedule

Background: On March 16, 2026, the City of Madison received a presentation from JK Energy Consulting, LLC, regarding a Cost of Service and Rate Design Study for the City's electric utility. The purpose of the study was to evaluate the financial performance of the utility, assess whether existing electric rates adequately recover the cost of providing service, and develop rate recommendations that ensure long-term financial sustainability while remaining fair and competitive with neighboring utilities. The study analyzed projected revenues and expenses through Fiscal Year (FY) 2029, reviewed how costs are allocated among different customer classes, and evaluated the City's rate structure in comparison to surrounding municipal and public power utilities.

Discussion: The study identified that, under current rates, the electric utility is projected to experience operating deficits on a cash basis. The projected deficit is approximately $1.1 million in FY 2026 and is expected to grow to approximately $1.7 million by FY 2029.

Key drivers of the projected deficit include increasing purchased power costs, funding requirements for the City's capital improvement plan, and general cost escalation. The cost of service analysis determined that all existing rate classes are currently generating revenues below the actual cost of providing service. For residential customers, the cost of customer-related service alone is estimated at $32.72 per month, compared to the current minimum charge of $13.00 per month. Similar shortfalls were identified across other customer classes.

To address these issues, the consultant outlined a multi-year rate increase strategy. Based on cost-of-service principles, annual rate increases of 7.6% are recommended for FY 2026

and FY 2027, followed by increases of 6.0% in FY 2028 and 3.0% in FY 2029. The proposed rate design directs larger increases to customer charges, rather than energy or demand charges, to better align rates with the fixed costs of providing service.

The presentation also highlighted the complexity of the City's existing rate structure, noting multiple rate schedules with similar charges and several declining-block energy rates. Simplification of the rate structure was recommended to improve transparency and to ease administration of the structure. Rate comparisons show that, even with the proposed adjustments, Madison's electric rates remain generally competitive with neighboring utilities for both residential and general service customers when evaluated at typical usage levels.

The financial status of the City of Madison's electric utility can't be attributed to one specific issue. The cost of providing service has increased over time, as has the purchase of wholesale power. Without long-term capital improvement planning, there isn't a roadmap for the City Council to follow in order to properly maintain the system and ensure reliability. The City's goal will now be to develop a long-term plan that is financially sustainable and fully funded without having to take on significant debt or implement substantial increases in the future, barring unforeseen circumstances or emergency repairs. These rate increases get the City to a point where the Mayor and City Council can create financial stability.

Financial Consideration: The proposed resolution increases the monthly customer charge from the current $13.00 to $17.10 for FY 2026, increasing to $21.00 for FY 2027. This is still below the actual cost of service as of today.

With respect to the rate charge, the average increase will be 7.6% for FY 2026 and 2027, 6% for FY 2028, and 3% for FY 2029.

With these increases, the projected typical bill for a domestic (residential) customer is approximately $8.77 per month in FY 2026, and $9.59 per month in FY 2027.

Staff Recommendation: The City of Madison Electric Utility is an extremely important social, physical and economic asset for the community. It is vital to ensure the system is reliable for all customers and maintained properly to keep up with future demand. Staff recommend approval of the proposed rate resolution.

2026 Cost of Service / Rate Design Study

City of Madison, Nebraska
Electric Utility

City Council Review Draft

March 16, 2026

JKEC
JK Energy Consulting, LLC
John A. Krajewski, P.E.
74408 Road 433
Smithfield, Nebraska 68976
402-440-0227
jk@jkenergyconsulting.com
www.jkenergyconsulting.com

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Appendix A - Rate Schedule

Executive Summary

This study was prepared by JK Energy Consulting, LLC for the City of Madison, Nebraska (City). The purpose of the study was to review the electric rates for the City and its electric utility (Utility) and ensure that electric rates are adequate to pay for projected expenses.

Based on the analysis completed, the existing rates are projected to collect less revenue than projected revenue requirements in fiscal year (FY) 2026 and beyond. Projected retail revenue for FY 2026 was approximately $6.7 million (Table 5, Line 15), while projected revenue requirements (operating expenses and capital improvements less non-retail revenues) were approximately $7.2 million (Table 3, Line 15). The projected operating results indicated that a cumulative rate increase of approximately 24.9% would be necessary by FY 2029 (Table 1, Line 30).

Of the projected revenue requirements, approximately $5.8 million (Table 3, Line 15) is for purchased power from the Nebraska Public Power District (NPPD), Western Area Power Administration (Western), and Bluestem Energy Solutions (Bluestem), including transmission service to deliver these purchases. This represents approximately 80% of projected revenue requirements. For projection purposes, Western rates are projected to remain stable through the study period. NPPD rates are projected to increase 1% annually while Bluestem rates are projected to increase 3% annually through the study period.

The analyses indicated that rate increases of 7.6% in FY 2026 and FY 2027, 6.0% in FY 2028 and 3.0% in FY 2029 (Table 2, Line 6) would recover sufficient revenue for projected expenses. These increases will be dependent on power supply cost increases and how much reserve margin the City maintains for capital expenses and other needs. It is proposed to implement a rate schedule that would increase rates 7.6% on April 1, 2026, and 7.6% on January 1, 2027. Future rate changes should be implemented based on future operating results and cost of service analyses.

The cost of service analysis was completed to assess the amount that each rate class should be paying compared to the revenue that is being collected from existing rates (Table 5). The analysis also indicated how much revenue is collected in each season compared to the cost of service in the respective season (Table 6). It appears that all rate classes are collecting less than the calculated cost of service. One of the key findings of the cost of service analysis is that the existing customer charge for all rate classes, except Large Power Primary, are lower than the cost of service (Table 4). For example, the existing Domestic Electric customer charge of $13.00 per month is lower than the cost of service of approximately $32.72 per month (Table 4, Line 1).

The purpose of rate design is to develop rates that reflect the cost of service and accomplish other goals established by the City. While the overall rate change is 7.6%, a higher rate increase is proposed for all rate classes except General Service and Large Power Primary. Based on the cost of service results, customer charges would increase by a greater percentage than other rate components.

The City has a complicated rate structure for the size of the system. Rate structure changes are being proposed to reduce the number of rate classes and the number of energy blocks.

1. Consolidate the Rural Heat Pump and Rural All-Electric rate classes into one rate class called “Rural Electric Heat.”
2. Eliminate the General Service Heat Pump rate as the revenues under that rate were comparable to revenue under the General Service Electric rate.
3. Reduce the Domestic Electric Heat energy blocks from three to two.
4. Reduce the General Service energy blocks from four to two.
5. Reduce the General Service Demand energy blocks from four to two.
6. Add language to clarify how and when customers are classified as either General Service Demand or General Service Electric customers.

The proposed rates tend to be lower than or competitive with the City’s peer group (see Tables 10 and 11). Rates were compared to Nebraska Public Power District (NPPD), Loup Power District (Loup), and the cities of Pierce and West Point, Nebraska. These neighboring utilities may be experiencing power supply and operating cost increases over the next few years. For example, NPPD is projecting increased wholesale rates in future years, which are likely to be passed through to retail customers served by the NPPD retail division and NPPD’s wholesale customers. West Point purchases power from the Municipal Energy Agency of Nebraska (MEAN) and will likely need rate increases if MEAN’s wholesale rates increase in the future.

Conclusions

The following conclusions were reached, based on the information provided and analyses completed:

1. In FY 2026, the projected deficit was approximately $1.1 million, increasing to approximately $1.7 million by FY 2029.
2. A rate plan consisting of 7.6% rate increases in FY 2026 and FY 2027, a 6.0% rate increase in FY 2028, and a 3.0% rate increase in FY 2029 would provide sufficient revenue to cover projected operating costs and capital expenditures.
3. The primary drivers for the proposed rate increase are increased purchased power costs and capital projects.
4. The cost of service analysis indicated that rate increases for all rate classes would be reasonable. The City Use rate class should receive a larger rate increase than other rate classes.
5. The City’s rate structure is somewhat complex, with multiple rate schedules providing similar rates and service and multiple energy blocks.
6. With the proposed rate increases, the projected typical bill for a Domestic Electric customer would increase approximately $8.77 per month in FY 2026 and $9.59 per month in FY 2027.

Recommendations

The following recommendations were developed based on the analyses completed and conclusions reached:

1. The City should adopt retail rate increases of 7.6% on April 1, 2026 (FY 2026) and April 1, 2027 (FY 2027). The proposed rate increases would be implemented with the rate schedule included in Appendix A.
2. The City should consider implementing a 6.0% rate increase in FY 2028 and a 3.0% rate increase in FY 2029. These rate increases will be dependent on future purchased power, operating and maintenance, and capital improvement costs.
3. The City should simplify its rate structure by eliminating duplicative rates and reducing the number of energy blocks.
4. The City should review its rates on a regular basis, particularly as purchased power and other operating costs increase.

Purpose and Approach

The purpose of this study was to review the electrical rates charged by the City and develop rates that were consistent with a number of goals established by the City. The rate goals established by the City included having rates that provide sufficient revenues to cover projected operating expenses and having rates that reflect the cost of service for each rate class.

The approach to the study involved completing several tasks. Retail sales, purchased power, operating expenses, capital project, and financial information was collected. Test year expenses for FY 2026 were projected, and future revenues and expenses were projected through FY 2029. A rate plan was developed to meet the financial goals established by the City. The allocated cost of service for each rate class was calculated and compared to revenue from existing rates. Rates for each rate class were developed based on the cost of service and other goals established by the City. A rate schedule was developed establishing new rates effective April 1, 2026 (FY 2026) and January 1, 2027 (FY 2027). A written report was prepared and presented to staff prior to submitting it to the City Council.

Background

City of Madison – Electric Utility

The City operates its electric utility, which serves customers located within the City and in some areas adjacent to the City. The Utility serves approximately 1,100 customers, including a mix of residential, rural, general service and lighting.

Purchased Power

The City purchases its total electric requirements from NPPD, Western and Bluestem. Western supplies approximately 21% of the City's energy requirements from hydro-electric resources while Bluestem supplies approximately .05% of the City's energy requirements from solar resources. NPPD supplies the City's supplemental capacity and energy requirements. In FY 2026, the projected cost of purchased power from NPPD, Western and Bluestem is approximately 6.7¢/kWh, delivered to the City.

Projected Financial Results

The purpose of preparing projected financial results is to compare projected revenues with projected expenses and determine the need for future rate increases. Projections were prepared for the period FY 2025 through FY 2029 based on information provided by NPPD, Western, Bluestem and the Utility.

Parameters

The following parameters were used to develop the projected financial results:

1. Historical and projected results were prepared based on the City's fiscal year (October through September).
2. The FY 2026 budget was used as the basis for the test year budget, with adjustments for known changes and to ensure consistency with historical actual expenditures.
3. Western rates were projected to remain stable during the study period.
4. NPPD rates were projected to increase 1% annually while Bluestem rates were projected to increase 3% annually through FY 2029. The existing PCA credit was projected to phase out over the next two calendar years.
5. Transmission rates were projected to increase 3% annually through the study period.
6. Operating and maintenance expenses, administrative costs, and other internal expenses were projected to increase at a rate of 3% annually. This is in addition to cost escalation that was built into the current budget projections.
7. Capital expenditures of $300,000 per year were included beginning in FY 2026, escalating 3% annually through FY 2029.
8. Projected financial results were presented on a "cash basis" as opposed to "accrual basis." Cash basis accounting includes capital improvements and debt service principal as expenses but does not include depreciation expense.
9. Rate changes were developed using the cash basis operating results.

Projected Financial Results

Table 1 (see page 6) shows the projected financial results for FY 2025 through FY 2029, along with actual financial results for FY 2024. The projected financial results do not include rate increases.

Without a rate increase or use of reserve funds, the projected deficit on a cash basis would be approximately $1.1 million in FY 2026, increasing to approximately $1.7 million in FY 2029. Between now and FY 2029, retail rates would need to be increased by approximately 24.9% to cover the projected deficit. The major cause of the deficit is the funding of increases in purchased power costs and ensuring sufficient revenue to cover future capital improvement needs.

Future Rate Changes

One of the rate design goals was to spread any major rate increases over a number of years. Table 2 (see page 7) shows projected financial results, and proposed rate increases of 7.6% in FY 2026 and FY 2027, 6.0% in FY 2028 and 3.0% in FY 2029. The proposed rate changes provide sufficient revenue to cover projected purchased power, operating and maintenance, and administrative and general costs.

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Table 1
2026 Cost of Service Study
City of Madison, Nebraska
Projected Financial Results
Existing Rates - Cash Basis

Line	Description	Actual (1) 2024	Projected 2025	Test Year 2026	Projected 2027	Projected 2028	Projected 2029
1	**Operating Revenues**						
2	Charges for Services	$ 6,495,277	$ 6,696,290	$ 6,696,290	$ 6,696,290	$ 6,696,290	$ 6,696,290
3	Other Operating Revenue	83,688	39,380	30,974	30,974	30,974	30,974
4	**Total Operating Revenue**	**$ 6,578,965**	**$ 6,735,670**	**$ 6,727,264**	**$ 6,727,264**	**$ 6,727,264**	**$ 6,727,264**
5	**Operating Expenses**						
6	Purchased Power	$ 5,299,789	$ 5,529,718	$ 5,766,772	$ 5,906,035	$ 6,048,592	$ 6,135,055
7	Franchise Fee	765,390	878,474	783,000	806,490	830,685	855,605
8	Personnel Costs	339,201	311,698	365,089	376,042	387,323	398,943
9	Contract Services	2,735	1,794	-	-	-	-
10	Utilities	14,680	13,689	26,622	27,421	28,243	29,091
11	Fuel & Transportation	5,576	816	7,140	7,354	7,575	7,802
12	Dues, Memberships & Training	3,472	4,363	6,396	6,588	6,786	6,989
13	Professional Fees	24,805	12,574	88,536	91,192	93,928	96,746
14	Insurance	59,628	56,037	134,000	138,020	142,161	146,425
15	Repairs & Maintenance	84,376	109,741	100,525	103,541	106,647	109,846
16	Supplies	172,157	146,820	156,860	161,566	166,413	171,405
17	Other Expenses	6,147	50,103	99,034	102,005	105,065	108,217
18	**Total Operating Expenses**	**$ 6,777,956**	**$ 7,115,826**	**$ 7,533,974**	**$ 7,726,253**	**$ 7,923,416**	**$ 8,066,124**
19	**Operating Income**	**$ (198,991)**	**$ (380,156)**	**$ (806,709)**	**$ (998,989)**	**$ (1,196,152)**	**$ (1,338,860)**
20	**Non-Operating Expense/(Revenue)**						
21	Interest Income	$ (6,275)	$ -	$ -	-	-	-
22	Gain (Loss) on Sale of Assets	(1,135)	(1,135)	-	-	-	-
23	Other Non-Operating Expenses	-	-	-	-	-	-
24	Capital Improvements	-	(26,032)	300,000	309,000	318,270	327,818
25	Debt Service		-	-	-	-	-
26	**Total Non-Operating Expense/(Revenue)**	**$ (7,410)**	**$ (27,166)**	**$ 300,000**	**$ 309,000**	**$ 318,270**	**$ 327,818**
27	**Net Income Before Transfers**	**$ (191,581)**	**$ (352,989)**	**$ (1,106,709)**	**$ (1,307,989)**	**$ (1,514,422)**	**$ (1,666,678)**
28	**Transfers**	**$ (30,000)**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
29	**Net Income - Cash Basis**	**$ (221,581)**	**$ (352,989)**	**$ (1,106,709)**	**$ (1,307,989)**	**$ (1,514,422)**	**$ (1,666,678)**
30	**Rate Change for Breakeven Cash Flow**			**16.5%**	**19.5%**	**22.6%**	**24.9%**

Notes:
(1) Based on audited financial statements.

Table 2
2026 Cost of Service Study
City of Madison, Nebraska
Projected Financial Results
Proposed Rates - Cash Basis

Line	Description	Test Year 2026	Projected 2027	2028	2029
1	**Operating Revenues**				
2	Charges for Services	$ 6,696,290	$ 6,696,290	$ 6,696,290	$ 6,696,290
3	Rate Change	510,761	1,058,432	1,523,715	1,770,315
4	Other Operating Revenue	30,974	30,974	30,974	30,974
5	**Total Operating Revenue**	**$ 7,238,025**	**$ 7,785,696**	**$ 8,250,979**	**$ 8,497,579**
6	**Rate Change (%)**	**7.6%**	**7.6%**	**6.0%**	**3.0%**
7	**Operating Expenses**				
8	Purchased Power	$ 5,766,772	$ 5,906,035	$ 6,048,592	$ 6,135,055
9	Internal Operating	1,767,202	1,820,218	1,874,825	1,931,069
10	**Total Operating Expenses**	**$ 7,533,974**	**$ 7,726,253**	**$ 7,923,416**	**$ 8,066,124**
11	**Operating Income**	**$ (295,948)**	**$ 59,443**	**$ 327,563**	**$ 431,455**
12	**Non-Operating Expense/(Revenue)**				
13	Interest Income	$ -	$ -	$ -	$ -
14	Gain (Loss) on Sale of Assets	-	-	-	-
15	Other Non-Operating Expense	-	-	-	-
16	Capital Improvements	300,000	309,000	318,270	327,818
17	Debt Service	-	-	-	-
18	**Total Non-Operating Expense/(Revenue)**	**$ 300,000**	**$ 309,000**	**$ 318,270**	**$ 327,818**
19	**Net Income Before Transfers**	**$ (595,948)**	**$ (249,557)**	**$ 9,293**	**$ 103,637**
20	**Transfers**	**$ -**	**$ -**	**$ -**	**$ -**
21	**Net Income - Cash Basis**	**$ (595,948)**	**$ (249,557)**	**$ 9,293**	**$ 103,637**
22	**Rate Change for Breakeven Cash Flow**	**8.9%**	**3.7%**	**-0.1%**	**-1.5%**

Cost of Service

The purpose of the cost of service analysis is to identify the costs related to serving each class of customers. Several steps were taken to prepare the cost of service analysis. A test year budget was prepared based on the FY 2026 operating budget with adjustments for known changes. Each expense item was identified and assigned to a utility function, and further classified as a demand, energy, or customer related expense. This process is called “functionalization” and “classification.” The costs related to each function are then allocated to each customer class based on generally accepted cost allocation principles for municipal electric utilities. The allocated costs were compared to revenues based on existing rates. The comparison of the cost of service to revenue from existing rates was used as a factor in designing rates.

Test Year Budget

The FY 2026 operating budget was used as the basis for the test year budget. The purpose of preparing a test year budget is to create a scenario that is as close to "normal" operating conditions as possible, reflecting known changes for the utility. The test year budget included the following adjustments to the FY 2026 operating budget:

- A reduction in internal budgeted operating costs was applied to normalize costs based on historical actual expenditures.
- Adjusted purchased power costs for NPPD, Western and Bluestem to match projected rates.
- A capital improvement plan of $300,000 was included in the test year budget.
- Revenue based on actual retail sales for the period October 2024 through September 2025 was used to calculate revenues based on "existing rates" for the FY 2026 test year budget.
- A rate stabilization adjustment of approximately $521,000 was added to the revenue requirement based on the proposed rate plan to implement a 7.6% rate increase in FY 2026.

The test year budget for FY 2026 was approximately $7.2 million and is summarized in Table 3 (see page 9). This figure represents the amount that needs to be collected from retail rates. It includes all operating expenses and is reduced for revenue from interest income and other non-retail revenue.

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Table 3
2026 Cost of Service Study
City of Madison, Nebraska
Test Year Budget by Function
Annual

Line	Rate Class	Production / Transmission	Subtrans/ Distribution	Customer/ Admin	Total
1	Domestic Electric (6, 9)	$ 444,154	$ 319,533	$ 58,409	$ 822,097
2	Domestic All-Electric (8)	112,044	54,999	8,104	175,147
3	Domestic Heat Pump (7)	4,177	2,695	490	7,362
4	Rural Electric (16, 28)	38,711	25,355	5,941	70,007
5	Rural All-Electric (18)	10,245	5,243	1,076	16,564
6	Rural Heat Pump (17)	-	-	-	-
7	General Service (1, 4)	203,344	109,611	14,983	327,938
8	General Service Heat Pump (2)	495	545	105	1,145
9	General Service Demand (10)	358,792	82,867	4,232	445,891
10	City Use	89,123	39,323	7,850	136,295
11	Large Power Primary	4,480,322	669,843	1,582	5,151,748
12	Lighting	-	991	785	1,776
13	Irrigation	2,118	3,178	524	5,821
14	General Service All-Electric (3)	23,245	11,158	2,317	36,720
15	**Total**	**$ 5,766,772**	**$ 1,325,341**	**$ 106,399**	**$ 7,198,512**
16	**Percentage**	**80.1%**	**18.4%**	**1.5%**	**100.0%**

Functionalization and Classification

Functionalization and classification involve assigning the expense items to a function and classifying those expenses by allocation method. Functions vary by utility and are based on power supply arrangements, size, and type of utility. The following functions were used for the Utility:

- Purchased power
- Transmission and sub-transmission service
- Distribution (primary and secondary)
- Services
- Meter reading
- Billing and customer accounting

Expenses were classified into demand-related, energy-related, and customer-related classifications. Some costs are allocated solely to a single classification. For example, transmission service is classified as demand related. Other functions, including primary distribution, are spread between the demand-related and customer-related classifications. The classifications were based on cost causation and how the costs should be recovered from the Utility's retail rate classes.

Table 4 summarizes the classification of test year expenses, including the allocation to the various retail rate classes. Approximately $496,000 is customer-related, $2.3 million is energy-related, and $4.4 million is demand-related expense. Based on this classification, 6.9% of the Utility's test year budget is customer-related, 31.3% is energy-related, and 61.8% is demand-related.

Table 4
2026 Cost of Service Study
City of Madison, Nebraska
Classification of Expenses
Annual

Line	Rate Class	Customer		Energy		Demand	
		($)	($/mon)	($)	(¢/kWh)	($)	¢/kWh
1	Domestic Electric (6, 9)	$ 280,755	$ 32.72	$ 207,551	2.67	$ 333,792	4.30
2	Domestic All-Electric (8)	38,955	32.79	51,316	2.64	84,876	4.37
3	Domestic Heat Pump (7)	2,357	32.73	1,890	2.66	3,115	4.39
4	Rural Electric (16, 28)	23,407	44.08	17,044	2.66	29,556	4.62
5	Rural All-Electric (18)	4,238	44.14	4,402	2.66	7,924	4.79
6	Rural Heat Pump (17)	-	-	-	-	-	-
7	General Service (1, 4)	79,502	46.55	68,116	2.67	180,320	7.07
8	General Service Heat Pump (2)	557	46.40	191	2.66	397	5.53
9	General Service Demand (10)	17,365	72.66	153,566	2.66	274,960	4.77
10	City Use	32,212	72.06	40,330	2.66	63,754	4.20
11	Large Power Primary	3,013	251.10	1,699,599	2.55	3,449,135	5.18
12	Lighting	1,776	9.86	-	-	-	-
13	Irrigation	2,782	46.37	785	2.65	2,254	7.62
14	General Service All-Electric (3)	9,506	72.02	7,988	2.67	19,226	6.43
15	**Total**	**$ 496,425**		**$ 2,252,777**		**$ 4,449,309**	
16	**Percentage**	**6.9%**		**31.3%**		**61.8%**	

Of note, the cost of service for customer-related service is $32.72 per month for Domestic Electric rates (Table 4, Line 1). This compares to the existing Domestic Electric customer charge of $13.00 per month. It is recommended that the customer charge be increased to more closely reflect the cost of service.

Cost Allocation

The functionalized costs were allocated to the various rate classes using generally accepted methods for preparing embedded cost of service studies. There is no standard cost of service methodology set by a regulatory agency that the City is required to follow. There are a number of guidelines that municipal utilities typically follow, including publications and guidelines from the American Public Power Association, the National Association of Regulatory Utility Commissioners, and the Federal Energy Regulatory Commission.

Demand-related costs were allocated on the basis of coincident or non-coincident demands, depending on the function, and adjusted for losses. Energy-related costs were

allocated on the basis of energy sales, adjusted for losses. Customer-related costs were allocated on the basis of the weighted number of customers within each rate class, with weighting factors determined based on the cost of metering, customer billing or services.

Some expenses are not easily assigned to a particular function. Examples of expenses that are not easily assigned include interest income, general administrative expenses, and miscellaneous operating revenue. These expenses were assigned to functions at the same ratio as expenses that were directly assigned to functions, which is one of several generally accepted methods for assigning these costs to the appropriate function.

Comparison of Revenues to Cost of Service

Revenues collected from existing rates were compared to the allocated cost of service. The purpose of this comparison was to provide guidance on the adequacy of existing rates for each rate class. This comparison can be used to assess the general magnitude of rate changes needed for each rate class and is one factor in determining the need for rate adjustments for individual rate classes.

Table 5 (see page 12) compares the revenue from existing rates to the calculated cost of service. On an annual basis, the most significant deviation is for City Use, Irrigation, Lighting and Domestic rate classes. Excluding the discounted City Use rate class, if the rate increases were implemented to cover the cost of service they would range between 3.4% and 16.2%.

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Table 5
2026 Cost of Service Study
City of Madison, Nebraska
Comparison of Cost of Service
to Revenue from Existing Rates
Annual

Line	Rate Class	Revenue Existing Rates	Cost of Service	Difference $	Difference %
1	Domestic Electric (6, 9)	$ 750,663	$ 822,097	$ 71,435	9.5%
2	Domestic All-Electric (8)	159,751	175,147	15,396	9.6%
3	Domestic Heat Pump (7)	6,681	7,362	681	10.2%
4	Rural Electric (16, 28)	66,068	70,007	3,939	6.0%
5	Rural All-Electric (18)	15,627	16,564	937	6.0%
6	Rural Heat Pump (17)	-	-	-	0.0%
7	General Service (1, 4)	317,159	327,938	10,779	3.4%
8	General Service Heat Pump (2)	1,100	1,145	45	4.1%
9	General Service Demand (10)	425,749	445,891	20,143	4.7%
10	City Use	63,702	136,295	72,593	114.0%
11	Large Power Primary	4,848,801	5,151,748	302,947	6.2%
12	Lighting	1,552	1,776	223	14.4%
13	Irrigation	5,010	5,821	811	16.2%
14	General Service All-Electric (3)	34,429	36,720	2,292	6.7%
15	**Total**	**$ 6,696,290**	**$ 7,198,512**	**$ 502,221**	**7.5%**

Table 6 (see page 13) shows the calculated cost of service for the summer and winter season. Summer season rates would require an increase of 8.9% to recover the cost of service, while winter season rates would need to increase approximately 6.7% to recover the cost of service. This result indicates that rate increases should be directed more toward the summer season than the winter season.

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Table 6
2026 Cost of Service Study
City of Madison, Nebraska
Comparison of Cost of Service
to Revenue from Existing Rates
Summer

Line	Rate Class	Revenue Existing Rates	Cost of Service	Difference $	Difference %
1	Domestic Electric (6, 9)	$ 290,146	$ 306,681	$ 16,535	5.7%
2	Domestic All-Electric (8)	42,424	51,976	9,552	22.5%
3	Domestic Heat Pump (7)	2,276	2,598	323	14.2%
4	Rural Electric (16, 28)	23,746	25,073	1,327	5.6%
5	Rural All-Electric (18)	5,461	5,633	172	3.1%
6	Rural Heat Pump (17)	-	-	-	0.0%
7	General Service (1, 4)	112,983	123,239	10,256	9.1%
8	General Service Heat Pump (2)	341	393	52	15.1%
9	General Service Demand (10)	147,120	155,965	8,845	6.0%
10	City Use	18,473	46,498	28,025	151.7%
11	Large Power Primary	1,833,236	1,979,996	146,760	8.0%
12	Lighting	517	592	74	14.4%
13	Irrigation	3,557	2,143	(1,413)	-39.7%
14	General Service All-Electric (3)	12,090	13,284	1,194	9.9%
15	**Total**	**$ 2,492,368**	**$ 2,714,070**	**$ 221,702**	**8.9%**

Winter

Line	Rate Class	Revenue Existing Rates	Cost of Service	Difference $	Difference %
1	Domestic Electric (6, 9)	$ 460,517	$ 515,416	$ 54,899	11.9%
2	Domestic All-Electric (8)	117,327	123,171	5,844	5.0%
3	Domestic Heat Pump (7)	4,406	4,764	359	8.1%
4	Rural Electric (16, 28)	42,323	44,934	2,612	6.2%
5	Rural All-Electric (18)	10,166	10,931	765	7.5%
6	Rural Heat Pump (17)	-	-	-	0.0%
7	General Service (1, 4)	204,176	204,699	523	0.3%
8	General Service Heat Pump (2)	758	752	(7)	-0.9%
9	General Service Demand (10)	278,629	289,927	11,298	4.1%
10	City Use	45,229	89,797	44,568	98.5%
11	Large Power Primary	3,015,565	3,171,752	156,187	5.2%
12	Lighting	1,035	1,184	149	14.4%
13	Irrigation	1,453	3,678	2,225	153.1%
14	General Service All-Electric (3)	22,338	23,436	1,098	4.9%
15	**Total**	**$ 4,203,922**	**$ 4,484,441**	**$ 280,519**	**6.7%**

Rate Design

The purpose of rate design is to develop rates that help achieve established revenue and financial performance goals while balancing other rate goals established by the Utility. This process involves meeting goals that sometimes conflict with each other. For example, a goal to have competitive rates may conflict with the need to have rates that recover sufficient revenue to pay for projected expenses.

The rates were designed to best meet several goals that were established by the Utility and its consultant. These goals included:

- Ensuring the long-term financial integrity of the utility.
- Establishing rates that are fair, reasonable, and non-discriminatory.
- Developing rates that are competitive with neighboring utilities.
- Encouraging usage during low cost time periods, while discouraging usage during high cost periods.
- Recognizing the cost of service for rate classes and seasons.

Summary of Major Changes

The proposed rate schedule, included in Appendix A, would implement rate increases of 7.6% on April 1, 2026 (FY 2026) and January 1, 2027 (FY 2027). The proposed rate changes are consistent with the cost of service results. The proposed rate changes by rate class, effective April 1, 2026, are shown in Table 7 (see page 15). Table 8 (see page 16) shows the proposed rate increases broken out by summer and winter seasons. Table 9 (see page 17) shows the proposed rate changes by rate class for FY 2027, effective January 1, 2027.

The proposed changes to the rate design include:

1. Customer charges would be increased at a greater percentage than the energy rate. It is proposed to increase the Domestic Electric customer charge from $13.00 to $17.10 in FY 2026 and $21.00 in FY 2027. All other rate classes would increase a similar percentage in their customer charges.

2. Based on the cost of service results, the proposed rate increases would be higher for City Use, Domestic, Rural, General Service Demand and Lighting rate classes than other rate classes.

The City has a complicated rate structure for the size of the system. Some rate classes have similar rates and could easily be combined with other rate classes. In addition, the trend in the industry in recent years is to reduce the number of energy rate blocks and reduce the use of declining-block rates which may encourage additional usage by offering a lower rate for higher energy usage.

The following rate structure changes are proposed:

1. Consolidate the Rural Heat Pump and Rural All-Electric rate classes into one rate class called “Rural Electric Heat.”
2. Eliminate the General Service Heat Pump rate as the revenues under that rate were comparable to revenue under the General Service Electric rate.
3. Reduce the Domestic Electric Heat energy blocks from three to two.
4. Reduce the General Service energy blocks from four to two.
5. Reduce the General Service Demand energy blocks from four to two.
6. Add language to clarify how and when customers are classified as either General Service Demand or General Service Electric customers. A review will be completed on an annual basis in October with reclassification effective the immediately succeeding January 1.

Table 7
2026 Cost of Service Study
City of Madison, Nebraska
Proposed Rate Change by Rate Class - April 2026
Annual

Line	Rate Class	Revenue Existing Rates	Revenue Proposed Rates	Difference $	Difference %
1	Domestic Electric (6, 9)	$ 750,663	$ 825,956	$ 75,294	10.0%
2	Domestic All-Electric (8)	159,751	176,193	16,442	10.3%
3	Domestic Heat Pump (7)	6,681	7,378	697	10.4%
4	Rural Electric (16, 28)	66,068	72,707	6,639	10.0%
5	Rural All-Electric (18)	15,627	17,222	1,595	10.2%
6	Rural Heat Pump (17)	-	-	-	0.0%
7	General Service (1, 4)	317,159	336,987	19,828	6.3%
8	General Service Heat Pump (2)	1,100	1,148	48	4.4%
9	General Service Demand (10)	425,749	468,672	42,923	10.1%
10	City Use	63,702	72,012	8,310	13.0%
11	Large Power Primary	4,848,801	5,184,841	336,041	6.9%
12	Lighting	1,552	1,708	155	10.0%
13	Irrigation	5,010	5,514	504	10.1%
14	General Service All-Electric (3)	34,429	36,714	2,285	6.6%
15	**Total**	**$ 6,696,290**	**$ 7,207,051**	**$ 510,761**	**7.6%**

Table 8
2026 Cost of Service Study
City of Madison, Nebraska
Proposed Rate Change by Rate Class - April 2026
Summer

Line	Rate Class	Revenue Existing Rates	Revenue Proposed Rates	Difference $	Difference %
1	Domestic Electric (6, 9)	$ 290,146	$ 316,165	$ 26,020	9.0%
2	Domestic All-Electric (8)	42,424	45,580	3,157	7.4%
3	Domestic Heat Pump (7)	2,276	2,474	198	8.7%
4	Rural Electric (16, 28)	23,746	26,791	3,046	12.8%
5	Rural All-Electric (18)	5,461	5,920	459	8.4%
6	Rural Heat Pump (17)	-	-	-	0.0%
7	General Service (1, 4)	112,983	120,565	7,582	6.7%
8	General Service Heat Pump (2)	341	357	16	4.7%
9	General Service Demand (10)	147,120	158,368	11,248	7.6%
10	City Use	18,473	20,972	2,499	13.5%
11	Large Power Primary	1,833,236	1,939,726	106,491	5.8%
12	Lighting	517	569	52	10.0%
13	Irrigation	3,557	3,938	381	10.7%
14	General Service All-Electric (3)	12,090	12,887	796	6.6%
15	**Total**	**$ 2,492,368**	**$ 2,654,313**	**$ 161,945**	**6.5%**

Winter

Line	Rate Class	Revenue Existing Rates	Revenue Proposed Rates	Difference $	Difference %
1	Domestic Electric (6, 9)	$ 460,517	$ 509,791	$ 49,274	10.7%
2	Domestic All-Electric (8)	117,327	130,612	13,285	11.3%
3	Domestic Heat Pump (7)	4,406	4,905	499	11.3%
4	Rural Electric (16, 28)	42,323	45,915	3,593	8.5%
5	Rural All-Electric (18)	10,166	11,302	1,136	11.2%
6	Rural Heat Pump (17)	-	-	-	0.0%
7	General Service (1, 4)	204,176	216,422	12,246	6.0%
8	General Service Heat Pump (2)	758	790	32	4.2%
9	General Service Demand (10)	278,629	310,304	31,675	11.4%
10	City Use	45,229	51,040	5,811	12.8%
11	Large Power Primary	3,015,565	3,245,115	229,550	7.6%
12	Lighting	1,035	1,138	103	10.0%
13	Irrigation	1,453	1,576	123	8.5%
14	General Service All-Electric (3)	22,338	23,827	1,489	6.7%
15	**Total**	**$ 4,203,922**	**$ 4,552,738**	**$ 348,816**	**8.3%**

Table 9
2026 Cost of Service Study
City of Madison, Nebraska
Proposed Rate Change by Rate Class - January 2027
Annual

Line	Rate Class	Revenue Existing Rates	Revenue Proposed Rates	Difference $	Difference %
1	Domestic Electric (6, 9)	$ 825,956	$ 908,281	$ 82,325	10.0%
2	Domestic All-Electric (8)	176,193	193,481	17,288	9.8%
3	Domestic Heat Pump (7)	7,378	8,112	734	9.9%
4	Rural Electric (16, 28)	72,707	80,131	7,424	10.2%
5	Rural All-Electric (18)	17,222	18,991	1,769	10.3%
6	Rural Heat Pump (17)	-	-	-	0.0%
7	General Service (1, 4)	336,987	360,222	23,235	6.9%
8	General Service Heat Pump (2)	1,148	1,251	103	9.0%
9	General Service Demand (10)	468,672	515,792	47,121	10.1%
10	City Use	72,012	81,217	9,204	12.8%
11	Large Power Primary	5,184,841	5,540,303	355,461	6.9%
12	Lighting	1,708	1,878	171	10.0%
13	Irrigation	5,514	6,066	552	10.0%
14	General Service All-Electric (3)	36,714	38,997	2,283	6.2%
15	**Total**	**$ 7,207,051**	**$ 7,754,722**	**$ 547,671**	**7.6%**

Rate Comparisons

With the proposed rate increases, the Utility's electric rates will still be lower than or competitive with neighboring utilities. Rates were compared to NPPD, Loup, and the cities of Pierce and West Point, Nebraska. Table 10 compares Domestic Electric rates and Table 11 (see page 18) compares General Service rates at various usage levels for the summer and winter seasons.

The proposed rates are competitive with neighboring utilities for Domestic Electric and General Service in both seasons even when considering the proposed rate increases. These neighboring utilities may be experiencing power supply and operating cost increases, which may result in retail rate increases in the future comparable to the Utility's proposed increases.

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Table 10
2026 Cost of Service Study
City of Madison, Nebraska
Typical Bill Comparison
Domestic Electric (6, 9)

Summer Comparisons					
Utility	**500 kWh**	**Utility**	**1,000 kWh**	**Utility**	**2,500 kWh**
Madison	**64.60**	**Madison**	**112.10**	**Madison**	**254.60**
Pierce	88.65	Pierce	148.25	Pierce	314.90
West Point	89.50	NPPD	148.77	Loup	315.50
NPPD	90.03	Loup	149.00	NPPD	324.97
Loup	91.00	West Point	153.00	West Point	343.50
Winter Comparisons					
Utility	**500 kWh**	**Utility**	**1,000 kWh**	**Utility**	**2,500 kWh**
Madison	**59.80**	**Madison**	**99.30**	**Madison**	**217.80**
West Point	65.50	West Point	108.60	Loup	244.20
Loup	68.00	Loup	112.20	West Point	254.10
NPPD	77.51	NPPD	123.73	NPPD	262.37
Pierce	88.65	Pierce	148.23	Pierce	314.73

Table 11
2026 Cost of Service Study
City of Madison, Nebraska
Typical Bill Comparison
General Service (1, 4)

Summer Comparisons					
Utility	**1,000 kWh**	**Utility**	**5,000 kWh**	**Utility**	**10,000 kWh**
Madison	**143.00**	**Madison**	**549.00**	**Madison**	**974.00**
NPPD	155.96	NPPD	616.01	NPPD	1,191.06
Loup	170.00	Loup	654.00	Loup	1,254.00
West Point	172.11	West Point	700.55	Pierce	1,345.20
Pierce	179.60	Pierce	719.20	West Point	1,361.10
Winter Comparisons					
Utility	**1,000 kWh**	**Utility**	**5,000 kWh**	**Utility**	**10,000 kWh**
NPPD	131.51	NPPD	493.74	NPPD	946.53
Madison	**143.00**	**Madison**	**549.00**	**Madison**	**974.00**
Loup	140.00	Loup	551.50	Loup	1,064.00
West Point	172.11	West Point	580.55	West Point	1,091.10
Pierce	174.60	Pierce	714.20	Pierce	1,340.20

Rate comparisons are important but do not take into account multiple factors that cause rate differences. For example, NPPD provides a fixed lease payment and does not provide discounted electric service to governmental entities. Municipally owned utilities may transfer funds to the City as an in-lieu-of tax payment and, in some cases, provide free or discounted labor and equipment to the City or other enterprise funds. Rate comparisons were based on existing rate schedules for neighboring utilities and do not consider future rate changes that may be implemented by those utilities.

Conclusions

The following conclusions were reached, based on the information provided and analyses completed:

1. In FY 2026, the projected deficit was approximately $1.1 million, increasing to approximately $1.7 million by FY 2029.
2. A rate plan consisting of 7.6% rate increases in FY 2026 and FY 2027, a 6.0% rate increase in FY 2028, and a 3.0% rate increase in FY 2029 would provide sufficient revenue to cover projected operating costs and capital expenditures.
3. The primary drivers for the proposed rate increase are increased purchased power costs and capital projects.
4. The cost of service analysis indicated that rate increases for all rate classes would be reasonable. The City Use rate class should receive a larger rate increase than other rate classes.
5. The City's rate structure is somewhat complex, with multiple rate schedules providing similar rates and service and multiple energy blocks.
6. With the proposed rate increases, the projected typical bill for a Domestic Electric customer would increase approximately $8.77 per month in FY 2026 and $9.59 per month in FY 2027.

Recommendations

The following recommendations were developed based on the analyses completed and conclusions reached:

1. The City should adopt retail rate increases of 7.6% on April 1, 2026 (FY 2026) and April 1, 2027 (FY 2027). The proposed rate increases would be implemented with the rate schedule included in Appendix A.
2. The City should consider implementing a 6.0% rate increase in FY 2028 and a 3.0% rate increase in FY 2029. These rate increases will be dependent on future purchased power, operating and maintenance, and capital improvement costs.
3. The City should simplify its rate structure by eliminating duplicative rates and reducing the number of energy blocks.
4. The City should review its rates on a regular basis, particularly as purchased power and other operating costs increase.

Appendix A – Rate Schedule

APPENDIX A
CITY OF MADISON, NEBRASKA
ELECTRIC RATES
(Passed by City Council on _____, 2026)

Summer months are June through September. Winter months are October through May.

DOMESTIC ELECTRIC

Effective First Full Billing Cycle After:	**April 1, 2026**	**January 1, 2027**
Customer Charge, per month	$17.10	$21.00
Energy Rate		
Summer		
First 200 kWh, per kWh	$0.0950	$0.0980
Excess	$0.0950	$0.0980
Winter		
First 200 kWh, per kWh	$0.0950	$0.0980
Excess	$0.0790	$0.0890

DOMESTIC ELECTRIC HEAT*

Effective First Full Billing Cycle After:	**April 1, 2026**	**January 1, 2027**
Customer Charge, per month	$17.10	$21.00
Energy Rate		
Summer		
First 600 kWh, per kWh	$0.0950	$0.0980
Excess	$0.0950	$0.0980
Winter		
First 600 kWh, per kWh	$0.0950	$0.0980
Excess	$0.0740	$0.0820

DOMESTIC HEAT PUMP*

Effective First Full Billing Cycle After:	**April 1, 2026**	**January 1, 2027**
Customer Charge, per month	$17.10	$21.00
Energy Rate		
Summer		
First 600 kWh, per kWh	$0.0950	$0.0980
Excess	$0.0950	$0.0980
Winter		
First 600 kWh, per kWh	$0.0950	$0.0980
Excess	$0.0800	$0.0890

RURAL ELECTRIC

Effective First Full Billing Cycle After:	**April 1, 2026**	**January 1, 2027**
Customer Charge, per month	$19.00	$23.00
Energy Rate		
Summer		
First 250 kWh, per kWh	$0.1200	$0.1200
Excess	$0.1150	$0.1200

Winter		
First 250 kWh, per kWh	$0.1200	$0.1200
Excess	$0.0810	$0.0940

RURAL ELECTRIC HEAT (INCLUDING HEAT PUMP)*

Effective First Full Billing Cycle After:	**April 1, 2026**	**January 1, 2027**
Customer Charge, per month	$19.00	$23.00
Energy Rate		
Summer		
First 600 kWh, per kWh	$0.1200	$0.1200
Excess	$0.1080	$0.1200
Winter		
First 600 kWh, per kWh	$0.1200	$0.1200
Excess	$0.0720	$0.0830

IRRIGATION

Effective First Full Billing Cycle After:	**April 1, 2026**	**January 1, 2027**
Customer Charge, per month	$30.00	$30.00
Demand Rate, per horsepower at season	$20.50	$24.15
Energy Rate		
All kWh, per kWh	$0.0680	$0.0750

CITY USE (including Countryside Home)

Effective First Full Billing Cycle After:	**April 1, 2026**	**January 1, 2027**
Customer Charge, per month	$15.00	$22.00
Energy Rate		
All kWh, per kWh	$0.0430	$0.0470

LIGHTING

Effective First Full Billing Cycle After:	**April 1, 2026**	**January 1, 2027**
Domestic Electric, per light	$6.78	$7.45
Rural Electric, per light	$6.78	$7.45
General Service, per light	$8.13	$8.94
General Service Non-Tax, per light	$10.84	$11.93
General Service All-Electric, per light	$20.33	$22.36

GENERAL SERVICE ELECTRIC**

Effective First Full Billing Cycle After:	**April 1, 2026**	**January 1, 2027**
Customer Charge, per month	$25.00	$30.00
Energy Rate		
First 3,000 kWh, per kWh	$0.1180	$0.1240
Excess	$0.0850	$0.0880

GENERAL SERVICE DEMAND**

If the Large Power Service rate is not applicable, the General Service Demand rate is as follows:

Effective First Full Billing Cycle After:	**April 1, 2026**	**January 1, 2027**
Customer Charge, per month	$50.00	$60.00
Demand Rate, per kW		
Summer	$13.75	$15.00
Winter	$10.00	$11.50
Energy Rate		
First 5,000 kWh, per kWh	$0.0700	$0.0750
Excess	$0.0420	$0.0460

When service is metered at primary voltage, the metered kWh will be multiplied by a factor of 1.028 and the metered kW will be multiplied by a factor of 1.032.

LARGE POWER PRIMARY SERVICE (TYSON)**

The Large Power Service rate is applicable when demand exceeds 2,000 kW per month in any billing period in the previous twelve (12) billing periods. Service is provided at a primary voltage as determined by the City.

Summer months are June through September. Winter months are October through May.

Effective First Full Billing Cycle After:	**April 1, 2026**	**January 1, 2027**
Customer Charge, per month	$350.00	$400.00
Demand Rate, per kW		
Summer	$17.00	$18.00
Winter	$13.50	$15.00
Energy Rate		
Summer		
All kWh, per kWh	$0.0480	$0.0500
Winter		
All kWh, per kWh	$0.0415	$0.0439

Monthly Billing Demand:

The Monthly Billing Demand shall be either (a), (b) or (c), whichever is higher.

(a) The maximum demand occurring during the billing period.

(b) Seventy-five percent (75%) of the highest maximum demand established for the bills rendered in June, July, August or September of the preceding eleven (11) months.

(c) 2,000 kW.

**** APPLICABILITY OF GENERAL SERVICE ELECTRIC AND GENERAL SERVICE DEMAND RATES**

For new accounts, the City will estimate the expected kWh and kW amounts for determination of applicable rate schedule. A demand meter may be installed on any existing or new customer with energy usage greater than 10,000 kWh per month in any billing period in the previous twelve (12) billing periods.

Each year in October, the City will review the applicability of either the General Service Electric or General Service Demand rate for all General Service customers not served under the Large Power Service rate. The City will complete this review based on the monthly peak demands occurring in the twelve (12) billing periods immediately preceding October 1. Any customer (excluding Large Power Service customers) that established a peak demand of 50 kW or greater in two (2) separate months will be placed into the General Service Demand rate. If a customer already served under the General Service Demand rate does not establish a peak of 50 kW in two (2) separate months, it will be placed on the General Service Electric rate schedule.

Cost of Service / Rate Design Study

City of Madison
March 16, 2026

Presented by:
John A. Krajewski, P.E.

JKEC
JK Energy Consulting, LLC

Overview of Presentation

- Introduction
- Projected Financial Results
- Cost of Service
- Rate Design
- Comparison to Neighboring Utilities
- Recommendations

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JK Energy Consulting, LLC

Purpose of Study

- Review financial performance of electric utility
- Develop rates that reflect the cost of service and accomplish other goals established by the City
  - Rates that provide sufficient revenues to cover projected operating expenses
  - Rates that reflect the cost of service for each rate class
  - Rates that are competitive with neighboring utilities

Projected Financial Results

- Purpose
  - Compare revenues and expenses for current budget and future years through FY 2029
  - Determine need for future rate increases
- On a cash basis, there is projected deficit
  - $1.1 million in FY 2026
  - $1.7 million by FY 2029
  - Between now and FY 2029, rates would need to increase 24.9% to cover projected deficit

Projected Financial Results

- Reasons for deficit
  - Increased purchased power expenses
  - Funding of City's capital improvement plan
  - General cost escalation

Cost of Service

- Purpose
  - Determine which rate classes cause the City to incur costs
  - Compare cost of service to revenue under existing rates
  - Determine need for rate changes

Cost of Service

- Rate increases needed
  - FY 2026: 7.6%
  - FY 2027: 7.6%
  - FY 2028: 6.0%
  - FY 2029: 3.0%
- Cost of service for customer-related service is $32.72/month for residential
  - Currently, minimum charge is $13.00/month
- All rate classes are less than the cost of service

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JK Energy Consulting, LLC

Rate Design

- Goals
  - Long-term financial integrity
  - Fair, reasonable and non-discriminatory rates
  - Competitive rates compared to neighboring utilities
  - Encourage use during low-cost periods
  - Discourage use during high-cost periods
  - Recognize the cost of service for each rate class and season

Proposed Rate Design Changes

- Rate changes directed based on cost of service
  - Residential: ~10%
  - General Service: ~6%
  - General Service Demand: ~10%
  - Large Power: ~7%
- Increase customer charge a greater percentage than energy and demand rates
  - Residential: $13.00 existing, $17.10 proposed

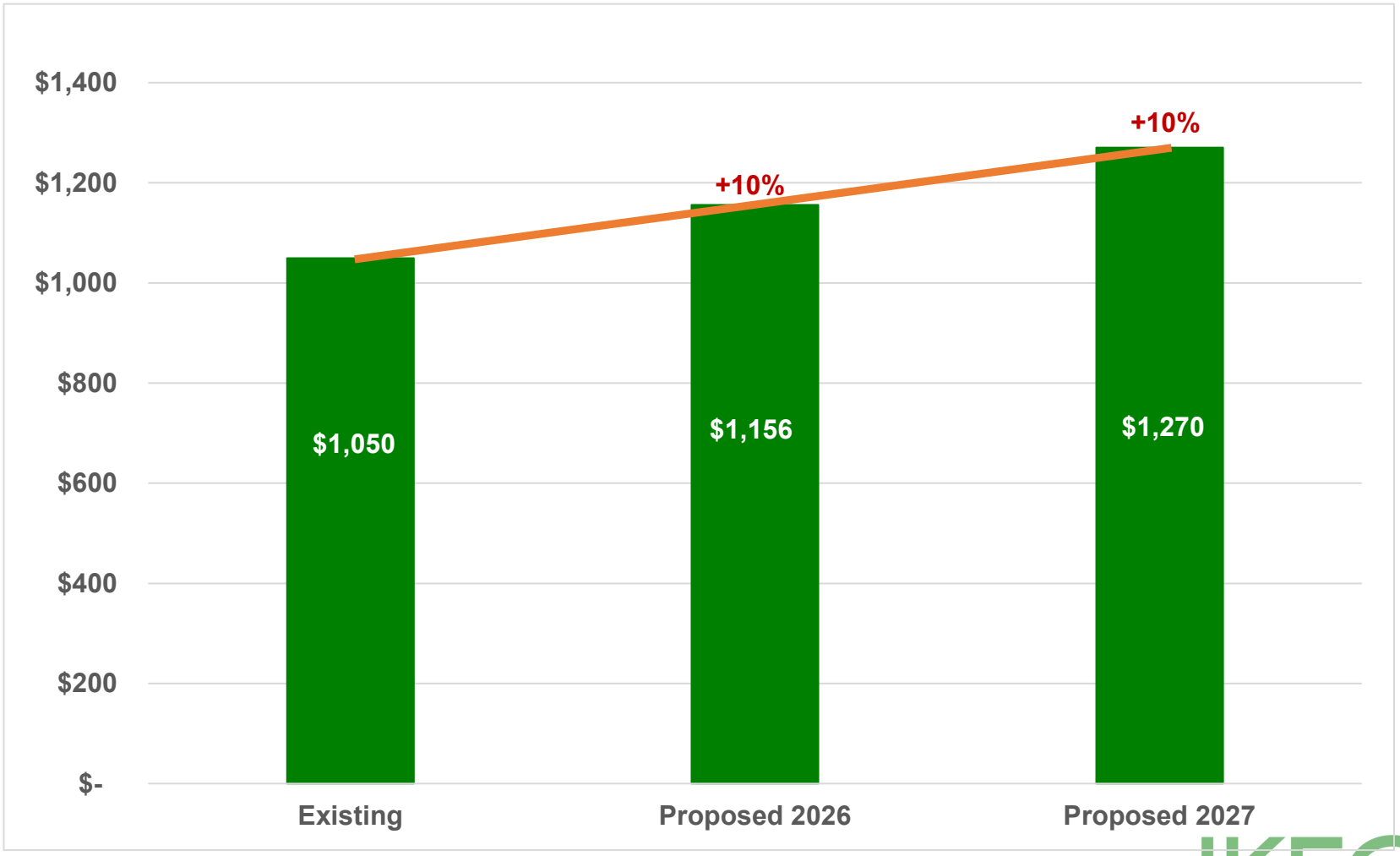
Proposed Rate Design Changes

- Rate structure simplification
  - Consolidate rate classes with similar rates
  - Reduce number of energy rate blocks
  - Reduce the use of declining-block rates
- Add language to clarify how and when customers are classified as either General Service Demand or General Service Electric

Proposed Rate Design Changes

- Proposed residential rate would result in $8.77/month increase for typical customer in April 2026 and $9.59/month in January 2027

Annual Cost for Typical Residential Customer



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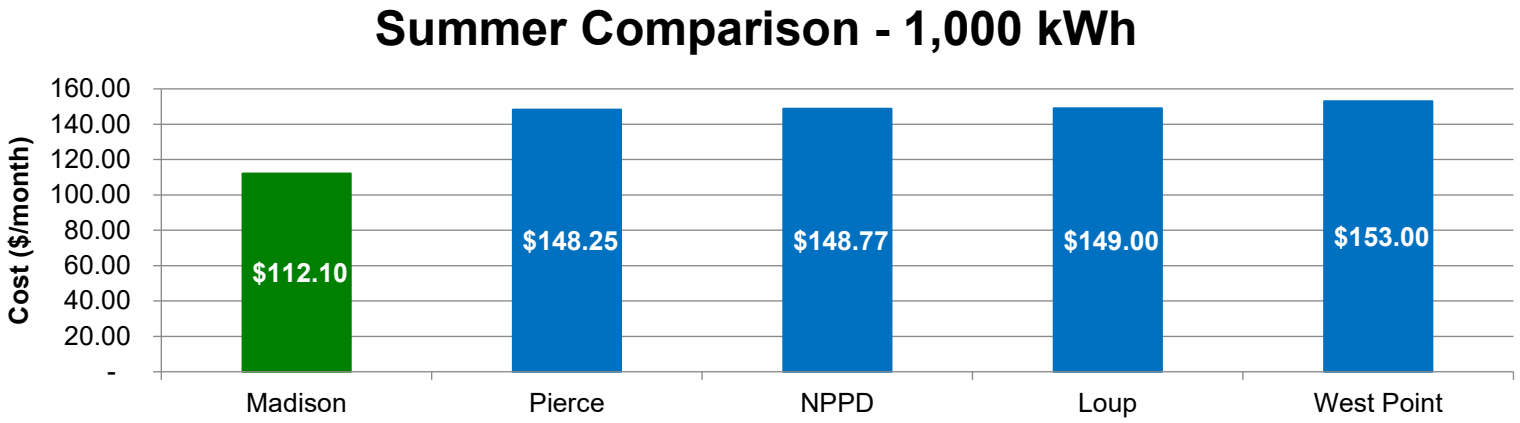
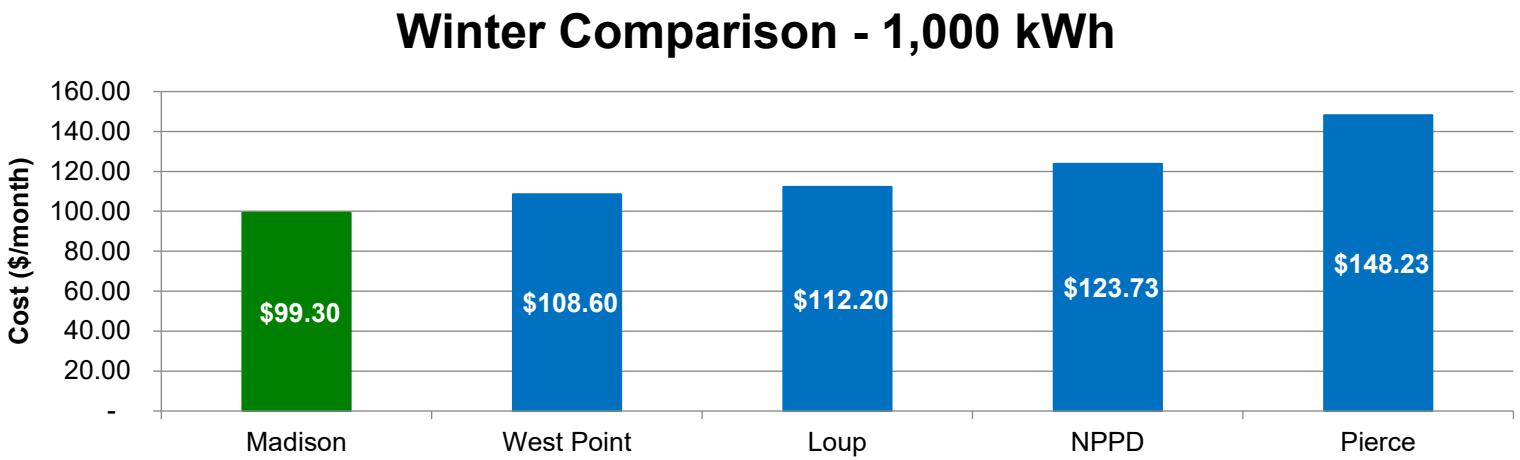
Rate Comparisons - Residential





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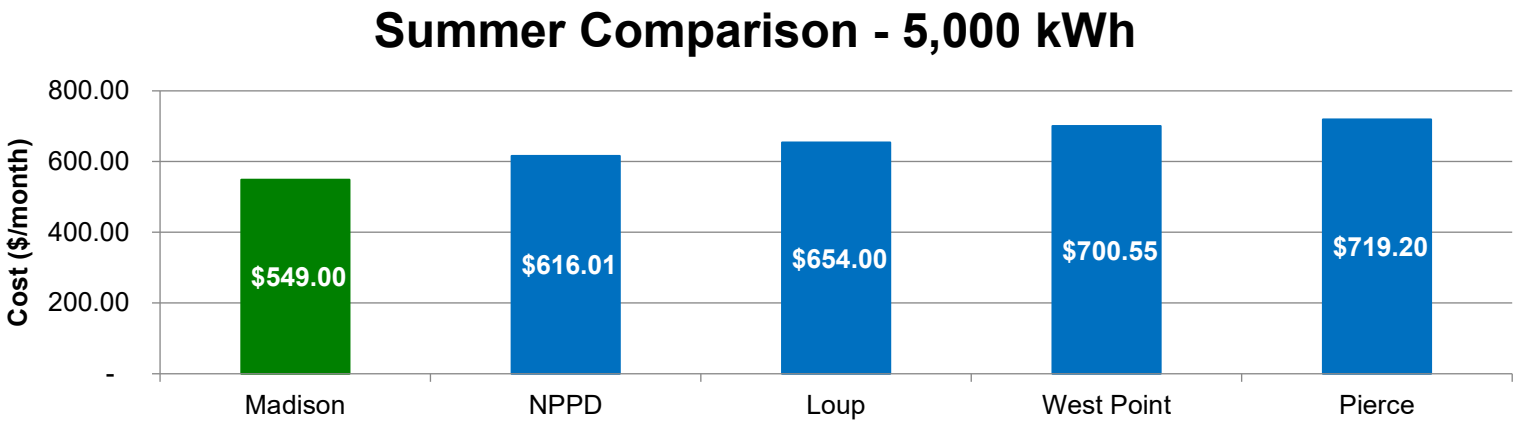
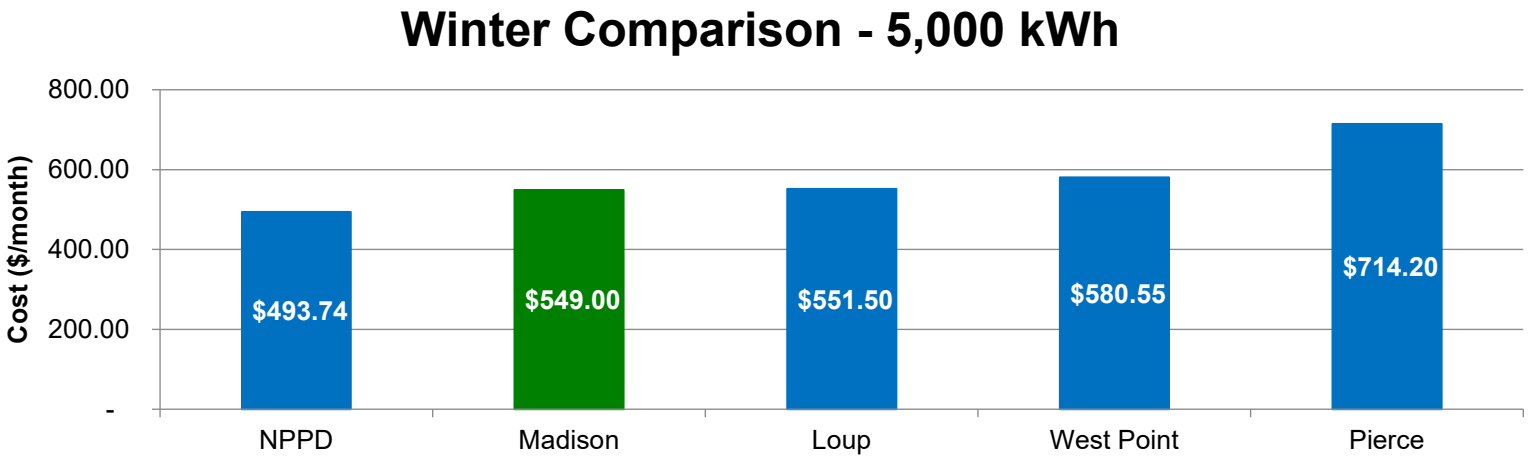
Rate Comparisons – General Service





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Conclusions

- Rate increases of 7.6% in FY 2026 and FY 2027 are necessary to ensure sufficient revenue to cover projected expenses
- Rate increases should be implemented for all rate classes and directed toward summer season
- City Use customers should receive larger rate increase than other rate classes
- Customer charge is less than the cost of service for residential customers
- Rate structure is somewhat complex
  - Multiple rate schedules with similar rates and service
  - Multiple energy blocks

Recommendations

- Adopt rate schedule in Appendix A to implement a 7.6% rate increase on April 1, 2026 and 7.6% rate increase on January 1, 2027
- City should consider implementing a 6.0% rate increase in FY 2028 and 3.0% rate increase in FY 2029
- City should simply its rate structure by eliminating duplicative rates and reducing the number of energy blocks
- Review rates on a regular basis, particularly as purchased power or internal operating costs increase

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APPENDIX A
CITY OF MADISON, NEBRASKA
ELECTRIC RATES
(Passed by City Council on April 8, 2026)

Summer months are June through September. Winter months are October through May.

DOMESTIC ELECTRIC

Effective First Billing Cycle Ending After:	**April 8, 2026**	**January 1, 2027**
Customer Charge, per month	$17.10	$21.00
Energy Rate		
Summer		
First 200 kWh, per kWh	$0.0950	$0.0980
Excess	$0.0950	$0.0980
Winter		
First 200 kWh, per kWh	$0.0950	$0.0980
Excess	$0.0790	$0.0890

DOMESTIC ELECTRIC HEAT*

Effective First Billing Cycle Ending After:	**April 8, 2026**	**January 1, 2027**
Customer Charge, per month	$17.10	$21.00
Energy Rate		
Summer		
First 600 kWh, per kWh	$0.0950	$0.0980
Excess	$0.0950	$0.0980
Winter		
First 600 kWh, per kWh	$0.0950	$0.0980
Excess	$0.0740	$0.0820

DOMESTIC HEAT PUMP*

Effective First Billing Cycle Ending After:	**April 8, 2026**	**January 1, 2027**
Customer Charge, per month	$17.10	$21.00
Energy Rate		
Summer		
First 600 kWh, per kWh	$0.0950	$0.0980
Excess	$0.0950	$0.0980
Winter		
First 600 kWh, per kWh	$0.0950	$0.0980
Excess	$0.0800	$0.0890

RURAL ELECTRIC

Effective First Billing Cycle Ending After:	**April 8, 2026**	**January 1, 2027**
Customer Charge, per month	$19.00	$23.00
Energy Rate		
Summer		
First 250 kWh, per kWh	$0.1200	$0.1200
Excess	$0.1150	$0.1200

Winter		
First 250 kWh, per kWh	$0.1200	$0.1200
Excess	$0.0810	$0.0940

RURAL ELECTRIC HEAT (INCLUDING HEAT PUMP)*

Effective First Billing Cycle Ending After:	**April 8, 2026**	**January 1, 2027**
Customer Charge, per month	$19.00	$23.00
Energy Rate		
Summer		
First 600 kWh, per kWh	$0.1200	$0.1200
Excess	$0.1080	$0.1200
Winter		
First 600 kWh, per kWh	$0.1200	$0.1200
Excess	$0.0720	$0.0830

IRRIGATION

Effective First Billing Cycle Ending After:	**April 8, 2026**	**January 1, 2027**
Customer Charge, per month	$30.00	$30.00
Demand Rate, per horsepower at season	$20.50	$24.15
Energy Rate		
All kWh, per kWh	$0.0680	$0.0750

CITY USE (including Countryside Home)

Effective First Billing Cycle Ending After:	**April 8, 2026**	**January 1, 2027**
Customer Charge, per month	$15.00	$22.00
Energy Rate		
All kWh, per kWh	$0.0430	$0.0470

LIGHTING

Effective First Billing Cycle Ending After:	**April 8, 2026**	**January 1, 2027**
Domestic Electric, per light	$6.78	$7.45
Rural Electric, per light	$6.78	$7.45
General Service, per light	$8.13	$8.94
General Service Non-Ta8, per light	$10.84	$11.93
General Service All-Electric, per light	$20.33	$22.36

GENERAL SERVICE ELECTRIC**

Effective First Billing Cycle Ending After:	**April 8, 2026**	**January 1, 2027**
Customer Charge, per month	$25.00	$30.00
Energy Rate		
First 3,000 kWh, per kWh	$0.1180	$0.1240
Excess	$0.0850	$0.0880

GENERAL SERVICE DEMAND**

If the Large Power Service rate is not applicable, the General Service Demand rate is as follows:

Effective First Billing Cycle Ending After:	**April 8, 2026**	**January 1, 2027**
Customer Charge, per month	$50.00	$60.00
Demand Rate, per kW		
Summer	$13.75	$15.00
Winter	$10.00	$11.50
Energy Rate		
First 5,000 kWh, per kWh	$0.0700	$0.0750
Excess	$0.0420	$0.0460

When service is metered at primary voltage, the metered kWh will be multiplied by a factor of 1.028 and the metered kW will be multiplied by a factor of 1.032.

LARGE POWER PRIMARY SERVICE (TYSON)**

The Large Power Service rate is applicable when demand exceeds 2,000 kW per month in any billing period in the previous twelve (12) billing periods. Service is provided at a primary voltage as determined by the City.

Summer months are June through September. Winter months are October through May.

Effective First Billing Cycle Ending After:	**April 8, 2026**	**January 1, 2027**
Customer Charge, per month	$350.00	$400.00
Demand Rate, per kW		
Summer	$17.00	$18.00
Winter	$13.50	$15.00
Energy Rate		
Summer		
All kWh, per kWh	$0.0480	$0.0500
Winter		
All kWh, per kWh	$0.0415	$0.0439

Monthly Billing Demand:

The Monthly Billing Demand shall be either (a), (b) or (c), whichever is higher.

(a) The maximum demand occurring during the billing period.

(b) Seventy-five percent (75%) of the highest maximum demand established for the bills rendered in June, July, August or September of the preceding eleven (11) months.

(c) 2,000 kW.

**** APPLICABILITY OF GENERAL SERVICE ELECTRIC AND GENERAL SERVICE DEMAND RATES**

For new accounts, the City will estimate the expected kWh and kW amounts for determination of applicable rate schedule. A demand meter may be installed on any existing or new customer with energy usage greater than 10,000 kWh per month in any billing period in the previous twelve (12) billing periods.

Each year in October, the City will review the applicability of either the General Service Electric or General Service Demand rate for all General Service customers not served under the Large Power Service rate. The City will complete this review based on the monthly peak demands occurring in the twelve (12) billing periods immediately preceding October 1. Any customer (excluding Large Power Service customers) that established a peak demand of 50 kW or greater in two (2) separate months will be placed into the General Service Demand rate. If a customer already served under the General Service Demand rate does not establish a peak of 50 kW in two (2) separate months, it will be placed on the General Service Electric rate schedule.

RESOLUTION NO. 2026-_____

A RESOLUTION AMENDING THE ELECTRIC RATES FOR THE CITY OF MADISON, NEBRASKA.

WHEREAS, the Mayor and City Council of the City of Madison, Nebraska, enacted Ordinance No. 833 to enable passage of an update or amendment to electric rates by resolution or motion; and

WHEREAS, the Mayor and City Council have determined that an adjustment in electrical rates is necessary to ensure adequate funding of operating costs and capital improvements necessary to help ensure reliable electric utility operations.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and City Council that the electric rates, as set forth in Appendix A attached hereto, be set per this resolution and said rates will become effective with the first billing cycle ending after April 8, 2026 and January 1, 2027, and remain in effect until such time as they are superseded by resolution of the Mayor and City Council.

BE IT FURTHER RESOLVED by the Mayor and City Council that all prior resolutions in conflict with this resolution are hereby repealed.

PASSED AND APPROVED this 8th day of April, 2026.

CITY OF MADISON, NEBRASKA

_____
Robert Fite, Mayor

ATTEST:

_____
Ruth Yuman, City Clerk

City Council Agenda Memo

Date: April 8, 2026

To: Mayor and City Council

From: Andrew Colvin, Economic Development Director

Subject: South Ingram CRA Lots – Purchase Option Agreement Price

Background: The Madison Community Redevelopment Authority (CRA) currently owns six residential lots in the Sunset Ridge Subdivision along South Ingram Street. These lots were created to support new residential construction but have seen limited activity in recent years due to higher construction costs and broader economic factors affecting housing development.

In an effort to encourage residential construction and address local housing needs, City staff has worked to identify partners and developers interested in building workforce housing in Madison. Those efforts have resulted in interest from a developer seeking to enter into a Purchase Option Agreement (POA) with the CRA for all six remaining lots. While the CRA owns the property, City Council concurrence is requested regarding the proposed purchase price under the option agreement.

Discussion: K. Herman Development, an area developer, has expressed interest in securing an option on all six CRA-owned lots on South Ingram Street for the construction of new single-family homes. The ability to control all six lots through a single option agreement is a significant advantage, as it increases the likelihood that all lots will be developed in a coordinated and timely manner rather than remaining vacant over an extended period.

The proposed agreement includes a discounted purchase price of $10,000 per lot, compared to the CRA's current listed price of $15,000 per lot. For background, the City Council and CRA had agreed that from the lot sale, $13,500 would go back to the City as payment for the infrastructure. This discounted price functions as a volume incentive and a development catalyst rather than a subsidy. In exchange, the City benefits from:

- New housing construction occurring on currently vacant lots
- Expansion of the local tax base through new residential property valuations
- Sales tax generated during construction
- Progress toward meeting workforce housing needs in Madison

Additionally, the developer is finalizing Rural Workforce Housing Funds in partnership with the Center for Rural Affairs, which are designed to support affordable housing projects in rural communities. Securing site control through an option agreement strengthens that funding application and increases the likelihood the project moves forward.

It is important to note that the CRA retains ownership of the lots until closing on each individual parcel. The City Council is not being asked to approve the Purchase Option Agreement itself, as the CRA has authority over the property. The requested action is simply to "bless" the $10,000 per-lot purchase price, thereby signaling Council support for the development strategy and housing investment.

Financial Consideration: The proposed price represents a reduction from the current list price but is offset by long-term gains in taxable value, economic activity, and housing supply. No City general fund dollars are involved in the transaction. The full $10,000 per lot would be remitted to the City from the CRA upon final sale and closing.

Staff Recommendation: Staff recommend that the Mayor and City Council express support for the proposed $10,000 per-lot purchase price under the Purchase Option Agreement for the six CRA-owned lots on South Ingram Street, recognizing the long-term economic and housing benefits associated with full development of the site.

JOHNSON FLODMAN GUENZEL
& WASSERBURGER LLP

ATTORNEYS AT LAW

Steven J. Flodman
Steven E. Guenzel
Stefanie S. Flodman
Cameron E. Guenzel
Corey J. Wasserburger
Morgan C.H. Kristensen

Of Counsel
Kile W. Johnson

Robert A. Barlow (1921-1986)
Steven G. Seglin (1941-2024)

LEGAL SERVICES ENGAGEMENT AGREEMENT

This Legal Services Engagement Agreement ("**Agreement**") is made and entered into by and between Johnson Flodman Guenzel & Wasserburger, LLP ("**Firm**") and the City of Madison, Nebraska ("**City**"), a political subdivision of the State of Nebraska (collectively referred to as the "**Parties**").

I. Scope of Representation

Under this Agreement, the Firm will serve as Limited Counsel for the City for the purpose of providing a legal opinion with respect to a legal matter. The Firm will represent the City's interests within the scope of this Agreement. The Firm will not represent the individual interests of the Mayor or any Council member of the City or any employee of the City. The Agreement sets forth the terms and conditions between the Firm and the City that govern any legal matter or representation by the Firm to the City and is made effective March 25, 2026 ("**Effective Date**").

Corey Wasserburger will be the attorney primarily responsible for representing the City. Only as is necessary in the determination of the attorney primarily responsible for such representation, other attorneys and staff from the Firm may assist in such representation.

The Firm represents and warrants, and covenants that (i) it has all rights and authority necessary to perform its obligations hereunder, (ii) it will comply with all applicable laws, (iii) its performance under the Agreement does not and will not violate or cause a breach of conditions or any other agreement to which it is or becomes a party, and (iv) it will deliver and perform all services in a professional and workmanlike manner in accordance with standards generally applicable to such professional services. The Firm, however; cannot guarantee the City any specific outcome of any matter handled by the Firm for the City.

II. Fees

The Firm charges for the time devoted to a client's representation in increments of 1/10th hour. This includes time from the opening of a new file, conducting needed fact investigations and legal research, reviewing, drafting and finalizing correspondence, contracts, pleadings and other documents, conferring

personally or by telephone, participating in intra-office case review and/or strategy conferences, "waiting in court" and other time required to provide the services necessary under the scope of this representation.

Travel time is charged only if directly related, and only to the extent that the in-transit time otherwise cannot be gainfully employed on other work or representation.

The Firm's fees will be as follows:

Members of Firm	**Hourly Rate**
Corey J. Wasserburger	$350.00
Other Attorneys, if needed	$325.00
Law Clerks	$200.00
Legal Assistants	$125.00

In addition to the payment of the Firm's fees, payment of all routine out-of-pocket costs and incidental expenses incurred in connection with your legal representation is required. Such costs and expenses will, for example, but without limitation, include filing fees, copying costs, printing costs, travel expenses, transcript costs, binding costs, mailing costs, courier services, court filing and recording fees, witness fees and expenses, staff overtime, and other similar costs incident to the representation.

We will provide a monthly invoice reflecting amounts due for services rendered and costs incurred. In some cases, billing for expenses may be delayed 30 days due to the time it takes for Firm to receive a vendor's billing statements. Such costs will therefore appear in subsequent invoices. Payment of invoices is due on receipt, with an allowance of a maximum payment cycle of 30 days. Questions about any billing statement must be made within 45 days of the billing statement in order that adjustments may be addressed in a timely and orderly matter.

III. Notices

All notices will be in writing and delivered by email or mail, first class postage prepaid, or send by facsimile with confirmation of transmission, to the recipients as set forth below:

City Clerk
City of Madison, Nebraska
PO Box 527
211 S. Lincoln Street
Madison, NE 68748

Corey J. Wasserburger
Johnson Flodman Guenzel & Wasserburger, LLP
1227 Lincoln Mall
Lincoln, NE 68508-2847
Phone: 402-475-4240
cwasserburger@johnsonflodman.com

IV. Term

The term of this Agreement begins on the Effective Date and continues indefinitely unless otherwise terminated by either Party. Termination by the City shall be effective upon written receipt thereof by the Firm. Termination by the Firm shall be effective upon 60 days prior written notice to the City. Notwithstanding any termination of this Agreement, the terms herein will continue to apply to any representation provided by Firm for the duration of the time required to complete any work.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their duly authorized representatives.

ACCEPTED AND AGREED TO:

JOHNSON FLODMAN GUENZEL & WASSERBURGER, LLP

BY: _____
Corey J. Wasserburger, Partner

ACCEPTED AND AGREED TO:

CITY OF MADISON, NEBRASKA

BY: _____