



April 2025

RE: Update on Water and Sewer Rates

Dear Valued Hickman Utility Customer,

As part of our ongoing commitment to transparency and responsible service, we want to share information about updates to your water and sewer utility rates that went into effect on **April 1, 2025**.

What Has Changed

In 2024, the City of Hickman partnered with JK Energy Consulting, LLC to conduct professional studies of our utility systems. The goal was to evaluate whether current rates were keeping pace with operational needs and future infrastructure planning. The results showed that modest adjustments were needed to maintain financial sustainability, fund system improvements, and avoid larger increases in the future.

The rate changes were originally scheduled for October 2024 but were delayed until April 2025 to avoid overlapping with another utility system transfer.

New Rates in Effect

- **Water:** For residential customers, the average monthly bill increased by approximately \$3.45.
- **Sewer:** Residential sewer rates increased by about 5%, based on average winter water usage.

Public Process and Community Input

Before adopting the rate changes, the City held a public comment period to provide residents an opportunity to review and respond to the proposed adjustments. All feedback was considered by the City Council prior to final approval of the new rate structure.

Looking Ahead

We understand that any change in monthly costs can be challenging, and we appreciate your understanding. These adjustments were made with the goal of maintaining reliable, high-quality service today and into the future. By planning ahead, we can support growth and continue to invest in the systems that serve our community every day.

To learn more or view the full rate studies and FAQs, please visit:
www.hickman.ne.gov/utilities

If you have any questions, please contact City Hall at 402-792-2212. We're here to help.

Sincerely,

City of Hickman

Frequently Asked Questions (FAQ): 2025 Sewer Rate Adjustment

The City of Hickman has implemented a sewer rate adjustment effective April 1, 2025. This FAQ was created to provide additional information and transparency based on the results of the recent Wastewater Cost of Service and Rate Design Study completed by a third-party consultant.

1. Why did the City increase sewer rates?

The rate increase was necessary because the current rates did not generate enough revenue to cover projected expenses. In Fiscal Year (FY) 2024, the City expected approximately \$862,000 in sewer utility expenses, but existing rates only generated about \$820,000—resulting in a shortfall of approximately \$41,000. A 5% increase was recommended to ensure financial sustainability.

2. Who conducted the rate study?

The study was conducted by JK Energy Consulting, LLC, an independent professional engineering and rate consulting firm. They analyzed the utility's expenses, revenue, growth, and capital plans, and provided a professional recommendation for rate adjustments.

3. What does the rate increase cover?

The increase ensures there is sufficient revenue to fund daily operations, pay down existing debt, and support capital improvements—such as system upgrades and expansion to accommodate the City's growth.

4. Are all customers affected equally?

Yes. The study showed that all customer types—residential, multi-family, and commercial—were paying less than the actual cost to serve them. An across-the-board 5% increase was applied to keep the adjustment consistent and fair.

5. How does Hickman's sewer rate compare to other cities?

Hickman's residential sewer rates are somewhat higher than neighboring cities. However, the City has been proactive in funding infrastructure improvements and planning for growth. Factors such as geography, customer base size, and regulatory requirements also affect rates.

6. Will rates increase again?

Another 5% increase is recommended for FY 2026 to ensure continued financial health of the sewer utility. Future increases beyond that will depend on actual operating costs, system growth, and capital project needs.

Frequently Asked Questions (FAQ): 2025 Water Rate Adjustment

The City of Hickman will implement a water rate adjustment effective April 1, 2025. This decision follows a third-party Water Cost of Service and Rate Design Study, completed by JK Energy Consulting, LLC. The study examined projected revenues, expenses, and infrastructure needs to ensure the long-term financial health and reliability of the City's water utility.

1. Why are water rates increasing?

The rate increase is necessary to support ongoing operations, future capital projects, and existing debt payments. A major driver of the increase is a planned \$5.8 million redundant water main project, which will ensure reliable service in the event of system failure. Without rate changes, projected revenue would fall 18% short of expenses by FY 2027.

2. When does the new rate take effect?

Although the rate study originally proposed an October 2024 start, the City delayed the increase to **April 1, 2025** due to planned changes to the electrical system. This aligns the water rate adjustment with the sewer rate update.

3. How much will the average bill change?

For a residential customer, the average monthly water bill will increase from approximately \$57.55 to \$61.00. This reflects a 6% increase, or about \$3.45 more per month.

4. Who conducted the study?

JK Energy Consulting, LLC completed the Water Cost of Service and Rate Design Study. They are an independent engineering and rate consulting firm.

5. Are all customers affected equally?

Yes. The study showed that all customer types—residential, commercial, and municipal—were paying slightly below the cost of service. A uniform 6% increase across all rate classes was recommended to maintain fairness.

6. How does Hickman's water rate compare to other cities?

Hickman's water rates are on the higher end compared to nearby cities. This is largely due to growth-driven infrastructure investments, geography, and the need for long-term system reliability. As the City grows, increased water sales may help stabilize or reduce future rates.

7. Will there be more increases in the future?

The consultant recommended 6% increases in FY 2025, FY 2026, and potentially FY 2027. The City will evaluate the need for future increases based on updated project costs, financing, and system performance.