

MINUTES OF THE PROCEEDINGS

of the Public Utilities Commission, City of Hibbing, St. Louis County, Minnesota

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July 13, 2021

Minutes of the regular meeting of the Public Utilities Commission, Hibbing, Minnesota, 1902 E. 6th Ave., Hibbing, MN 55746, held on July 13, 2021. Meeting held at Hibbing City Hall, 401 E. 21st St., Hibbing MN. Chairperson Garrity called the meeting to order at 5:00 p.m. In attendance were Chairperson Garrity, Commissioner Hart; Commissioner Bugliosi; Commissioner Bayliss; Legal Counsel, Andy Borland; General Manager, Luke Peterson; Financial Controller, Morgan Anderson; and Administrative Coordinator, Penny Rutchasky. Also in attendance was HPAT Rep., Ron Wirkkula; and AFSCME Rep., Mark Reger.

Item 2. ADDS/DELETES

General Manager Peterson requested to add under New Business Item 9.A. ChemTreat for Plant Chemical needs; and Item 5.D. add Mr. Steve Jespersen to Overnight travel

Item 3. APPROVAL OF MINUTES

Motion by Commissioner Bugliosi, supported by Commissioner Hart, to approve the regular meeting minutes of June 22, 2021.

Motion carried unanimously.

Item 4. CITIZENS FORUM

Item 5. CONSENT AGENDA

Item 5.A. Review and approve the items over \$10,000 and review and approve the bills from June 18, 2021 to July 7, 2021 check numbers 44845 to 44945 & ACH transfers 6182101 to 4192106.

Item 5.B. Review and approve the payroll paid & overtime report for the July 1, 2021 pay date.

Item 5.C. Overnight Travel Request: Water School G. Jarmer & J. Kampen

Item 5.D. Overnight Travel Request: Meter School M. Reger & S. Jespersen

Commissioner Bayliss requested it pull Item 5.A.

Motion by Commissioner Bayliss, supported by Commissioner Bugliosi, to approve Consent Agenda Item 5.B, 5.C. & 5.D., as presented.

Motion carried unanimously.

Commissioner Bayliss inquired about Lake States Tree Service and if the scope has been completed. General Manager Peterson stated that the scope of work has been completed.

Motion by Commissioner Bayliss, supported by Commissioner Bugliosi, to approve Consent Agenda Item 5.A, as presented.

Motion carried unanimously.

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Item 6. BIDS/QUOTES

Item 6.A. The Commission reviewed the correspondence dated July 8, 2021 from L. Peterson, General Manager, regarding Request to Call for Public Bid No. 05-2021: Wood Supply.

General Manager Peterson discussed the need for Boiler #4 reactivation and securing wood supply for the upcoming 2021-2022 heating season. Commissioner Bugliosi asked if Boiler #4 will be primary. Peterson stated that it will be the primary fuel but that Boiler #2 will be warm and ready utilizing natural gas. The plan is to have Boiler #2 ready and a contingency plan in place.

Motion by Commissioner Bayliss, supported by Commissioner Bugliosi, to authorize to call for Public Bid No. 05-2021: Wood Supply.

Motion carried unanimously.

Item 6.B. The Commission reviewed the correspondence dated July 8, 2021 from L. Peterson, General Manager, regarding Request to call for Public Bid No. 06-2021: Vegetation Management.

General Manager Peterson gave background that the 23 kV Feeders are pinpointed as critical, as they are the main feeders supplying power to the entire town. High priority areas such as the 23kV Feeder lines will be first in the strategic vegetation control plan. Commissioner Bugliosi asked if the master plan was in phases, with Luke confirming yes. Distribution feeders from the Plant into the town are important but for the time being, the 23kV Feeder line will hold priority. Bugliosi question if it was for this year. Peterson confirmed yes, and that prioritizing by voltage is the route to be followed.

Motion by Commissioner Bugliosi, supported by Commissioner Hart, to authorize the call for Public Bid No. 06-2021: Vegetation Management.

Motion carried unanimously.

Item 6.C. The Commission reviewed the correspondence dated July 8, 2021 regarding Request to Award Job Posting No. 04-2021: 4th Ave. E. & 18th St. Water Main Replacement.

General Manager Peterson defined that this area is high priority as there have been three water breaks since his General Manager tenure. Peterson stated he was disappointed that there was only one return on the bid, but that the numbers were under budget, and that CBDG funds are to be appropriated into the project. Soil boring was done in 10 areas finding no contaminants. He added that there was an alternate reduction for directional boring.

Motion by Commissioner Bugliosi supported by Commissioner Bayliss to award Public Bid No. 04-2021: 4th Ave. E. & 18th Street Water Main Replacement to Bougalis, Inc. in the amount of \$209,000, with the alternate of directional boring for installation.

Motion carried unanimously.

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Item 7. PERSONNEL/POLICY

Item 7.A. The Commission reviewed the correspondence dated July 8, 2021 from L. Peterson regarding Retiree Group Medicare Supplemental Insurance Update

General Manager Peterson lead the conversation detailing the history of trying to maintain the \$0 copay for retirees, which has become difficult to maintain with the changes under the current health care program for Medicare supplemental coverage. He added that the HPU is investigating opportunities to reduce cost, as the cost is about \$3,000 per retiree. Different scenarios were discussed with different options available. Peterson invited retiree input as well as open discussions. This item was for discussion only and placed in the Commission file.

Item 7.B. The Commission reviewed the correspondence dated July 8, 2021 from L. Peterson regarding Request to Post Job Posting No. 2021-03: Engineering Technician.

General Manager Peterson spoke about the critical need for an additional person in the Engineering Department to aid in modernizing geographic data base, data control for system maps and drawings. The posting will have an emphasis on civil and mechanical background. Commissioner Bayliss commented on the minimum qualifications regarding DeltaV. Peterson stated that this item is an inhouse learning program and that DeltaV is part of the database, but not the entire scope.

Motion by Commissioner Bayliss, supported by Commissioner Hart, to authorize Posting Job Posting No. 2021-03: Engineering Technician.

Motion carried unanimously.

Item 7.C. The Commission reviewed the correspondence dated July 8, 2021 from L. Peterson regarding Request to Post for Job Posting No. 2021-04: Journeyman Electrician.

General Manager Peterson introduced this item in that the overall utility-wide the instrument and electrical departments are critical in supporting ongoing efforts. The inhouse need is imperative in meeting deadlines for projects. Commissioner Bayliss questioned the minimum qualifications for the master license. He requested that it be something that is attained but should not be included under the minimum qualifications. Mr. Peterson agreed.

Motion by Commissioner Bayliss, supported by Commissioner Hart, to authorize the Request to Post for Job Posting No. 2021-04: Journeyman Electrician.

Motion carried unanimously.

Item 8. OLD BUSINESS

Item 8.A. The Commission reviewed the correspondence dated July 9, 2021 from Luke Peterson regarding Work Session Action Item Follow Up – Energy Efficiency Loan Program.

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General Manager Peterson began by identifying the inadequacies of the current loan program, addressing utility system improvements. He opined that the loan program was designed to convert homes from steam to natural gas without contemplating utility efficiency to aid the customer. In working w/ Legal Counsel, he is striving to insure the programs are adequately reflected in retaining utilities w/ out preference or discrimination. The draft program presented is a redraft to emphasize energy efficiency and he would like to have in place before the next heating season to aid customers in their home efficiency needs. Peterson turned the presentation over to Legal Counsel. A. Borland began by saying the program was modified as the criteria is different from the conversion. One of the criteria will be how to identify the qualifications for a loan under these circumstances vs. qualifying for a conversion. \$10,000 is the cap on the efficiency loan. Low income 200% poverty level is the guideline for income. The number of years the program is in place was reduced, as the loan amount is smaller. The potential UCC1 security/flag interest is still being sought in the event customers sell or refinance, which would require the customer to pay the efficiency loan balance. Legal Counsel stated that this is the initial draft document, with feedback welcomed. General Manager Peterson said this item is for discussion and details are in the process with the bank, and working on ironing out internal processes. Peterson went on stating the current loan program falls short on energy efficiency, which in turn profits both the Utility and the ratepayer. Efficiency programs give the customer more choices for a more efficiently managed system, and not just an activity, as is the current program. Commissioner Bugliosi asked if other cities had these types of programs. Peterson gave example of MP giving rebates for exchange of old refrigerator, upgrading of furnace, typical rebate program. He doesn't know of any loan programs such as this. And considering where the HPU is sitting, he sees it as a step in a positive direction. Bugliosi asked if a rebate program would be a better fit, as this program would tie up manpower for loan processes, etc. Peterson agreed that a rebate program is beneficial, and requested to ponder different ideas, and come back with a more focused approach, as he would like to see a both end approach, benefitting both the HPU and the ratepayer's efficiencies and cost savings. LEA fund research is being done to see if that source can be used for this program. Chairperson Garrity

Motion by Chairperson Garrity, supported by Commissioner Bugliosi to adopt the Energy Efficiency Program concept and place in the Commission file.

Motion carried unanimously.

Item 8.B. The Commission reviewed the correspondence dated July 8, 2021 from Luke Peterson regarding Boiler #4 Reactivation Update – For Discussion Only.

General Manager Peterson provided update on Boiler #4. Refractory work was complete and ahead of schedule. A number of items are yet outstanding but a test fire is anticipated in the first week of August, if all goes according to plan. Commissioner Hart asked the closing date of the Cooling Tower Bid. Peterson said the closing is this upcoming Friday.

Motion by Chairperson Garrity supported by Commissioner Bayliss, to accept the update and place in the Commission file.

Motion carried unanimously.

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Item 8.C. The Commission reviewed the correspondence dated July 9, 2021 from L. Peterson regarding new gas service update. Peterson provided information that the Heat Crew normally installs gas service lines and spent all last summer installing. This summer the Crew has been working on the steam system, which has left installs for gas services backlogged. Peterson requested that outside contractors be utilized to perform the installations, as he would like to keep the Heat Crew focused on steam system repairs. Peterson said the emphasis would be to address those who were left over from last year, prioritizing customers that have paid a deposit for the service in the order they were received. Discussion held on the amount of services that was left over from last year. General Manager Peterson brought this item forward as a discussion tool, stating he may make the scope smaller to assist in outside contractor hires, and said he would keep the Commission apprised of future developments on hiring outside contractors. Commissioner Bayliss asked about tie-ins. Commissioner Hart stated that the contractors hold the skills to do tie-ins as well.

Motion by Chairperson Garrity, supported by Commissioner Bayliss, to authorize the General Manager to move forward with the 75 natural gas installations and hire outside contractors as needed.

Motion carried unanimously.

Item 9. NEW BUSINESS

Item 9.A. General Manager Peterson requested to add this item under New Business. General Manager Peterson gave background that HPU would like to end its contract with NALCO and obtain ChemTreat services for plant water treatment needs. Notification was received of an 8-15% increase in chemical cost, which is higher than inflation. Staff has expressed less than standard services with NALCO and a cost comparison was done. ChemTreat's proposal compared side by side, showed a 27% cost decrease.

Motion by Commissioner Bugliosi, supported by Commissioner Hart to authorize switching from NALCO to ChemTreat for boiler treatment chemicals.

Motion carried unanimously.

Item 9.B. Chairperson Garrity requested discussion regarding designations for the 4M Fund now that a new General Manager and Financial Controller have been hired.

Motion by Chairperson Garrity, supported by Commissioner Hart, to authorize Luke Peterson, General Manager; and Financial Controller, Morgan Anderson designated officials for the HPU 4M Fund.

Motion carried unanimously.

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Item 11. ADJOURNMENT

Motion by Commissioner Bayliss, supported by Commissioner Bugliosi, to adjourn the meeting at 6:03 p.m.

Motion carried unanimously.

Attest:



Luke Peterson, General Manager



Patrick Garrity, Chairperson

Meeting materials are available at www.hpuc.com
The next regular Commission meeting is scheduled for Tuesday, July 27, 2021 at 5:00 p.m. at the Hibbing City Hall, Council
Chambers, 401 E. 21st St., Hibbing MN 55746
All COVID-19 Pandemic guidelines must be observed.

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