

MINUTES OF THE PROCEEDINGS

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

Page One

July 27, 2021

Minutes of the regular meeting of the Public Utilities Commission, Hibbing, Minnesota, 1902 E. 6th Ave., Hibbing, MN 55746, held on July 27, 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 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; Mesabi Maintenance LLC, Rep. Jeff Stokes; and Citizen, Terry Garrity. Absent from the meeting was Commissioner Hart.

Item 2. ADDS/DELETES

General Manager Peterson requested to pull Item 9.B. Retiree Medical Supplemental Insurance to obtain more information details from the retirees.

Item 3. APPROVAL OF MINUTES

Motion by Commissioner Bugliosi, supported by Commissioner Bayliss, to approve the regular meeting minutes of July 17, 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 July 8, 2021 to July 23, 2021 check numbers 44960 to 45032 & ACH transfer 716210.

Item 5.B. Review and approve the payroll paid & overtime report for the July 15, 2021 pay date

Item 5.C. Accept the Resignation of J. Garrity, Accounting/HR Manager

Item 5.D. Request for Contribution: Habitat for Humanity Waiver of Water & Natural Gas Installation Fees; 11958 Townline Rd., Hibbing

Item 5.E. Accept Notice of Inspection & Compliance of MN OPS Annual Inspection

Item 5.F. 13.8kV Hot Room Switchgear Replacement

Commissioner Bugliosi requested to pull Item 5.C. Accept the Resignation of J. Garrity, Accounting/HR Manager; and

Move Item 5.F. 13.8kV Hot Room Switchgear Replacement under Old Business for further discussion.

Motion by Chairperson Garrity supported by Commissioner Bayliss, to approve Consent Agenda Items 5.A., 5.B., 5.D., & 5.E., as presented.

Motion carried unanimously.

Commissioner Bugliosi requested an exit interview be set up by Legal Counsel Borland, and requested his attendance amongst Jane Garrity, Commissioner Bugliosi, and Chairperson Garrity, as the remaining members of the Rate Subcommittee.

MINUTES OF THE PROCEEDINGS

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

Page Two

July 27, 2021

Motion by Commissioner Bugliosi, supported by Chairperson Garrity, to accept the resignation and authorize Legal Counsel to request an exit interview with Jane Garrity, Commissioner Bugliosi, Chairperson Garrity (as the remaining members of the rate subcommittee) and Legal Counsel Borland.

Motion carried unanimously.

Item 6. BIDS/QUOTES

Item 6.A. The Commission reviewed the correspondence dated July 23, 2021 from L. Peterson, General Manager, regarding Award Public Bid No. 04-2021: Cooling Tower Replacement.

L. Peterson specified that three bids were received for the public bid opening, referring to the Barr Engineering correspondence summary listing the pros and cons of each bid submittal. General Manager Peterson requested that due to timeframe, that award be given to Precision Cooling Towers, as the time range was closest to the specification, and Precision was the 2nd lowest bid with only 22 days off of the time range needed. He stated he understood the low bidder obligation, however, due to timeframe he urged the Commission to consider critical timeframe needs. Commissioner Bugliosi asked if the critical time was that important to spend \$150,000 additional to generate this winter. Peterson stated that it was needed in his opinion, as generation is critical to the HPU and contract negotiation with Minnesota Power. Peterson stated that the June generation earned approximately \$68,000 in the month generating ~ 6 MW. In situations when high power prices exist, the cooling tower capacity will be beneficial to the HPU to be able to generate more. Legal Counsel stated that generation will enable more leverage with Minnesota Power negotiations, as December 31, 2021 when a termination notice must be served. Peterson stated that structural engineering work is needed to confirm supports at load bearing points. Commissioner Garrity stated it needs to go together to be successful in order to produce the power to negotiate a new MP contract or other entity. The discussion resolved on awarding to Precision Cooling Tower because the lowest bid is two and half times the length of the bid specification's requested timeline.

Motion by Chairperson Garrity, supported by Commissioner Bayliss, to authorize Award of Public Bid No. 04-2021: Cooling Tower Replacement to Precision Cooling Tower in the amount of \$1,109,071 as the other qualifying bid timeframes were not closest to the detail specifications.

Motion carried unanimously.

Item 6.B. The Commissioner reviewed the correspondence dated July 23, 2021 from L. Peterson, General Manager, regarding Request for Vacuum Truck Proposal Lease or Purchase for Biomass Fuel Handling & General Utility Purposes.

General Manager Peterson gave background that a large industrial vacuum truck is needed for many reasons for both fuel handling and general purposes. He detailed that while running Boiler #4, vacuum cleaning will be needed biweekly, if not more often to ensure the wood belts are cleaned for the most efficient operation. A couple vendor demonstrations have been given. Peterson stated that both lease or rental pricing options would like to be sought. Commissioner Bugliosi expressed his disapproval for a vacuum truck would like more information.

MINUTES OF THE PROCEEDINGS

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

Page Three

July 27, 2021

Motion by Commissioner Bayliss, supported by Commissioner Bugliosi, to table this item to obtain more information.

Motion carried unanimously.

Item 7. PERSONNEL/POLICY

Item 7.A. The Commission reviewed the correspondence dated July 23, 2021 from L. Peterson regarding Approve Job Description for Accounting/Human Resources Coordinator. Chairperson requested to approve with the condition that the job description may be modified. Legal Counsel stated that information may come at the exit interview and allowing for modification is always an option.

Motion by Commissioner Bugliosi, supported by Commissioner Bayliss, to approve the Accounting/Human Resources Coordinator with the understanding that it may be modified at a later date.

Motion carried unanimously.

Commissioner Bugliosi asked about what his vision of the management team organizational will look like. Peterson stated that the current focus is the Human Resource function.

Item 7.B. The Commission reviewed the correspondence dated July 23, 2021 from L. Peterson regarding Authorize to Advertise for an Accounting/Human Resources Coordinator.

Motion by Commissioner Bayliss, supported by Commissioner Bugliosi, to authorize to Advertise for an Accounting/Human Resources Coordinator.

Motion carried unanimously.

Item 7.C. The Commission reviewed the correspondence dated July 23, 2021 from L. Peterson regarding Update Safety Eyeglass & Safety Boot Policy.

General Manager Peterson introduced this item as an update to the utility-wide safety boot & eyeglass policy. He stated that the safety boot reimbursement is currently \$15 and he felt that if boots are a required as part of the position, employees should be reimbursed for that item.

Motion by Commissioner Bugliosi, supported by Commissioner Bayliss to authorize the Update to the Safety Eyeglass & Safety Boot Policy, as presented.

Motion carried unanimously.

Item 8. JUNE FINANCIAL STATEMENT

Item 8. The Commission reviewed the correspondence dated July 21, 2021 from Morgan Anderson regarding Preliminary Financial Statements as of June 30, 2021. M. Anderson reported that the LEA money has been accounted for and is on the statement. Gas has returned to normal including the expense of the Polar Vortex leveling out. Commissioner Bugliosi asked Luke Peterson if he has heard anything on the Polar Vortex

MINUTES OF THE PROCEEDINGS

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

Page Four

July 27, 2021

from the Federal or State government. Peterson said he has heard a lot of talk, but nothing concrete yet, but reiterated the importance of being publicly vocal about changes in regulation. He touched on the current gas price and that it has continued to escalate. He stated that the HPU is taking the correct steps for public education on the changing status of the energy grid and how Hibbing was put at risk through unregulated gas prices. Commissioner Bugliosi asked about the rate case. Peterson stated that he is intending to set up a meeting with NNG regarding the rate case and getting gas locked in for the power plant. Base load purchasing is being looked at for the upcoming heating season. Increase in natural gas demand is causing the rates to increase as natural gas supplies are not being replenished. Chairperson Garrity spoke that futures are over \$4/dth and July gas was a \$3.55/dth and that the heat wave is having an impact on the sales, as demand increases. He went on to say that the final infrastructure bill is still under construction at the Federal government level and that for the State of MN, the 5 days of Polar Vortex impact cost between \$800 to \$850 million. He reiterated that big utilities are spreading out payments from the Polar Vortex and that Hibbing needs to be better prepared.

No action taken.

Item 9. OLD BUSINESS

Item 9.A. The Commission reviewed the correspondence dated July 23, 2021 from Luke Peterson regarding HPUC High Efficiency Loan Program.

General Manager Peterson provided update on the HPUC High Efficiency Loan Program. Screening and preapproval tracking, cost of tracking loans, banking support. This program is manageable within the existing program and will assist the public in the next heating season for more flexible programs. He stated that energy efficiency is a very important topic and that it will allow for other utilities such as steam to become more efficient. Customer incentive not only helps the customer, it helps the Utility in the savings incentives such as Conservation Improvement Programs and meeting those goals ties into kWh savings. Peterson explained that Hibbing is unique and the loan is similar to the PACE program through the Department of Energy, but the administrative costs are too large it is a good idea in concept, but fails to deliver as it is not easily managed. The HPU version is a scaled down version of that. Commissioner Bugliosi asked what Peterson was looking for on this item. Peterson asked for approval of the item. Commissioner Bugliosi asked how was the plan to be presented to the public. Peterson said another newsletter is upcoming and it will be one of the focus topics. Chair Garrity asked who would manage the program. L. Peterson said the HPU employees will be managing the program internally and it is the hope to be able to compare usage from month to month for customers to see the savings benefit and to ensure the program best fits overall efficiency needs. An energy savings calculator will be used to project estimated kWh savings.

Motion by Commissioner Bugliosi, supported by Commissioner Bayliss, to adopt the HPUC High Efficiency Loan Program as presented.

Motion carried unanimously.

Chairperson Garrity requested to make comment on Item 9.B. Retiree Supplemental Health Insurance. He had received phone calls this week on the subject. He stated that the intent was not to make any decisions at this meeting but to authorize a letter explaining that Humana does not have an agreement beginning January 1 for

MINUTES OF THE PROCEEDINGS

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

Page Five

July 27, 2021

renewal with Fairview. He said that the problem is big, and a solution needs to be sought; the request was to allow Luke Peterson to work with the insurance carrier representative to explore alternate options for retirees. Luke Peterson said that he spoke to some retirees just today and retirees were questioning the agenda item therefore, he is looking to set up a Q&A sometime in August. It is the hope that the carrier entities can reach a settlement agreement before December 31, but options must be sought.

No action taken.

Item 5.F. 13.8 kV Hot Room Switchgear Replacement. Commissioner Bugliosi inquired about the need to worry about the switchgear at the present time or spares. L. Peterson said a spare is necessary, but the project to redesign is the what he wants to stop at the present time to see if a redesign is absolutely necessary. He opined that the need for a substation has priority before the switchgear design makes sense. Bugliosi asked if there would be failures and if there were enough relays and circuit breakers. Peterson said we are down one spare and a replacement circuit breaker is necessary. Then relay work would be analyzed. Peterson said he would like to design the grid to the needs to the town's load, prioritizing where the loads are and keep existing switchgear as functional as needed.

Motion by Commissioner Bugliosi, supported by Commissioner Bayliss to stop forward movement on the Hot Room switchgear redesign.

Motion carried unanimously.

Item 10. NEW BUSINESS

Item 10.A. The Commission reviewed the correspondence dated July 23, 2021 from L. Peterson regarding New Gas, Water, and Steam Extension Service Fees.

Peterson spoke that is costs between \$1500 - \$2000 per service installation unless the customer signed up when the gas service conversion fee was less. He said that as part of the beginning of changes he would like to visit this in the near future to see that payback is equitable. Chair Garrity stated that he agreed on the concept of revisiting installation fees.

No action taken.

Commissioner Bugliosi inquired about update for the electric vehicle charging station that was to be established on 25th Street by the college. Peterson stated that, as of today, he has not had discussion with the Provost regarding the electric vehicle charging station. He said he was aware the Chevy dealership and the Ford dealership were inquiring also. Peterson agreed with the concept and that Level II charges cost about \$850. Bugliosi asked if Hibbing was regulated; Peterson was unaware of any regulation but thinks it is good practice to support a station. Commissioner Bayliss stated he thought the installation at the college was going to happen long ago, but the price was big. Peterson said that the Level II has come down in price, the concept is great, and would like to see it happen, with an emphasis on the distribution system and grid needs of Hibbing.

No action taken.

MINUTES OF THE PROCEEDINGS

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

Page Six

July 27, 2021

Item 11. ADJOURNMENT

Motion by Commissioner Bugliosi, supported by Commissioner Bayliss, to adjourn the meeting at 6:08 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 **Thursday, August 12, 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.

p/2021-07-27-Minutes.doc