

# MINUTES OF THE PROCEEDINGS

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

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May 11, 2021

Minutes of the regular meeting of the Public Utilities Commission, Hibbing, Minnesota, 1902 E. 6<sup>th</sup> Ave., Hibbing, MN 55746, held on May 11, 2021. Meeting held at Hibbing City Hall, 401 E. 21<sup>st</sup> 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 Stokes; Commissioner Bayliss; Legal Counsel, Andy Borland; General Manager, Luke Peterson; and Administrative Coordinator, Penny Rutchasky. Also in attendance was HPAT Rep., Ron Wirkkula; and AFSCME Rep., Mark Reger.

## **Item 2. ADDS/DELETES**

Legal Counsel requested to add Under Policy/Procedure Item 7.C. Subordination of Loan.

## **Item 3. APPROVAL OF MINUTES**

Motion by Commissioner Bugliosi, supported by Commissioner Bayliss, to approve the regular meeting minutes of April 27, 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 April 23, 2021 to May 5, 2021 check numbers 44561 to 44616 & ACH transfers 4232101 to 43020210.

Commissioner Bugliosi requested to pull Item 5.B.  
Commissioner Hart requested to pull Item 5.C.

**Item 5.B.** Review and approve the payroll paid & overtime report for the May 6, 2021 pay dates. Commissioner Bugliosi asked what the severance pay was on the report. L. Peterson stated he would provide answer once he finds answer.

**Item 5.C.** Acknowledge Donation of Mine View Electric Service Line Extension. Commissioner Hart reiterated it was for the electric service line not the water line as was initially on the agenda.

Motion by Commissioner Bugliosi, supported by Commissioner Hart, to approve Item 5.B & 5.C. from the Consent Agenda as presented.

Motion carried unanimously.

**Item 6.** The Commission reviewed the correspondence dated May 7, 2021, from L. Peterson, regarding Authorize Fixed Price Purchase to Secure Utility Forecasted Needs.

Discussion held regarding future gas overages and the goal of lowering the price risk. Commissioner Bugliosi questioned if the price was on the spot, as he thought the Contract was pulled and gas was resold back to HPU at an inflated price. General Manager Peterson stated that is exactly what happened but the gas company overcharged and gave back \$150,000. Peterson stated that this could happen again if there is another force majeure. He went on to say that there is no federal regulatory governance over the

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gas industry as there is in the electric industry. Commissioners agreed that an internal plan is needed in the event another Polar Vortex or other unforeseen occurrence. General Manager Peterson stated that hedging gas will not be used in the Power Plant and that because of fuel flexibility to run the Power Plant, the Utility is exploring options for flexibility in fuel use, as fuel flexibility is what saved the HPU \$1.6m. Peterson explained that he would like to have HPU heating needs secured by the beginning of July. Commissioner Bugliosi asked about pipeline charges regarding the Northern Natural Rate case. General Manager Peterson said that it is nearing resolution, with not much credit expected back to the HPU. Discussion closed with Peterson opining that cyber-attacks cannot keep happening and are a very real threat to National Security and regulation is urgently needed in the gas-fuel industry.

Motion by Commissioner Hart, supported by Commissioner Bugliosi, to authorize Luke Peterson, General Manager, to execute a fixed price natural gas price contract through WFS/Kinect Energy for 2021/2022 or future heating seasons.

Motion carried unanimously.

Item 7.A. The Commissioner reviewed the correspondence dated May 6, 2021 from L. Peterson, General Manager, regarding Reinstate Policies Suspended by Covid-19 Pandemic.

General Manager Peterson gave background on the MPUC's regulations, which have been authorized to transition away from emergency related utility customer service rules, including the prohibition on disconnections for non-payment. It is requested customers set up payment arrangements as disconnections are expected start in August. Payment arrangements are encouraged for HPU ratepayers, as the nation transitions out of the Covid-19 Pandemic. Policies will be reviewed in June.

Motion by Commissioner Bayliss, supported by Commissioner Stokes, to move to begin to reinstating the policies that were suspended due to the Covid-19 Pandemic, and in compliance with MPUC & MMUA guidelines.

Motion carried unanimously.

Item 7.B. The Commissioner reviewed the correspondence dated May 6, 2021 from L. Peterson, General Manager, regarding Voluntary Residential Heat Subordination Loan Policy. Legal Counsel led discussion criteria for the Commission's practice for subordination of loans. The intent of the subordinations is that a refinance is allowed in order to lower the interest rate, however, if a homeowner is refinancing to get a "cash back" return, it is requested the Commission prohibit those types of transactions to avoid issues. Going forward, each subordination will be brought forth for Commission approval.

Motion by Commissioner Bugliosi, supported by Commissioner Bayliss to allow refinancing on a case by case basis. Subordinations will not be allowed if there is a "cash back" reason for the refinance.

Motion carried unanimously.

Item 7.C. Subordination request by Legal Counsel Andy Borland. Legal Counsel requested a subordination for an individual who has met the criteria as established in the previous motion.

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Motion by Commissioner Hart, supported by Commissioner Bugliosi, to authorize the subordination of loan as presented.

Motion carried unanimously.

Item 8. The Commission reviewed the correspondence dated May 7, 2021 from L. Peterson regarding Power Plant Progress Update. All three generators have been running and the crews have worked very hard to get it going. The risk management plan that the HPU entered with FM Global is almost complete, with the exception of the fire suppression system, which is later on the agenda. General Manager Peterson stated that he was satisfied and is looking forward to be in good standing with the HPU insurance carrier. Commissioner Bugliosi questioned permitting and lead time for parts needed to get the Plant ready for winter generation. General Manager Peterson ensured that the heat district will be ready for the winter heating season. He went on to say that there is an URGE test tentatively scheduled in July, and an outage is being planned to isolate boiler valves and loop switchgear in June, and confirmed that the HPU is compliant regarding key safety issues & permits.

No action taken.

Item 9.A. The Commission reviewed the correspondence dated May 7, 2021 from L. Peterson regarding Bearing Fire Protection System: TG #3, #5, & #6.

General Manager Peterson gave background on the proposal, which was approved by FM Global in April and is in line with the underwriter's specifications. The fire suppression system is similar with other plants and is the most cost-effective way to meet insurance requirements. Commissioner Hart inquired about annual monitoring fees. General Manager Peterson stated that he was not aware of any annual fee.

Motion by Commissioner Bugliosi, supported by Commissioner Stokes, to authorize Electric Scientific award of the Fire Suppression system, as per FM Global's approval of the specifications, in the amount not-to-exceed \$116,910.

Motion carried unanimously.

## Item 10. OLD BUSINESS

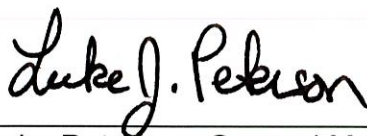
## Item 11. NEW BUSINESS

## Item 12. ADJOURNMENT

Motion by Commission Stokes, supported by Commissioner Bayliss to adjourn the meeting at 5:55 p.m.

Motion carried unanimously.

Attest:



Luke Peterson, General Manager



Patrick Garrity, Chairperson