

MINUTES OF THE PROCEEDINGS

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

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August 28, 2018

Minutes of the regular meeting of the Public Utilities Commission, Hibbing, Minnesota held on August 28, 2018, at Hibbing Public Utilities, 1902 E. 6th Ave., Hibbing, MN 55746. Chairperson Garrity called the meeting to order at 5:03 p.m. In attendance were Chairperson Garrity; Commissioner McGuire (via speaker phone then Skype 44 minutes into meeting); Commissioner Hart; Commissioner Bugliosi; Commissioner Rian; Legal Counsel, Andy Borland; General Manager, Scott Hautala; Director of Finance, Jean Lane; Director of Power Production, Bob Nyberg; Director of Utility Operations, Corey Lubovich; Administrative Assistant, Penny Lange; Safety/Environmental Coordinator, Pete Karakash; and Superintendent of Electrical systems, Esko Savela. Also in attendance were Northern Natural Representative, Mike Underwood & Mrs. Underwood; HPAT, Gail Adams; Hibbing Daily Tribune, Carrie Manner; AFSCME Rep., Leann Stoll; Local 94 employees, J. Sanborn, P. Petrich, W. Kampen, B. Berg, T. McGuire; M. Reger; A. Kingsbury; G. Hooper; T. Garrity; S. Cox; Citizen, Marcia Long Elk Rodriguez.

ADDS/DELETES

- Table Item 6.C.: Consider Eliminating the Heat and Water Department Lead Designations
- Move Item 9.A.: Presentation of Northern Natural Gas : Upgrade to Border Town Station after Consent Agenda
- Move Item 9.D.: Hibbing Community College Steam Line Update to 9.B.
- Add Under New Business Item 10.B.: Request to Terminate the Lease: Operation & Management; and Steam Sales Agreement between LEA and HPU.

APPROVAL OF MINUTES

Motion made by Commissioner Rian, supported by Commissioner Bugliosi, to approve the regular meeting minutes of August 13, 2018.

Motion carried unanimously.

CITIZENS FORUM

Marcia Long Elk Rodriguez was present to discuss disconnection. After presenting her case, the Commission thanked Ms. Long Elk Rodriguez and placed this item in the Commission file.

No action taken.

CONSENT AGENDA

Commissioner Hart requested to pull Item 5.E. from the Consent Agenda. Power Plant Feed Water Pressure Reducing Station No. 1 Replacement.

Motion by Commissioner Hart supported by Commissioner Rian to approve the following consent agenda items:

- Approve of Blanket Quotes greater than \$5,000

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- Review and approve the bills from August 13, 2018 through August 22, 2018, check numbers 38477 through 38551 & ACH transfer 8131801 through 8171806.
- Review and approve the payroll paid and overtime report for the August 16, 2018 pay date.
- Approve the Feed Water Pump Automatic Recirculating Valve Repair
- Approve Boiler #2A & Boiler #3A Flue Gas In-Situ Oxygen Analyzers
- Accept Retirement Notice: J. Stokes, Instrument & Results Foreman. The Commission thanked Mr. Stokes for his years of service and requested a letter be sent by the General Manager.

Motion carried unanimously.

The Commission reviewed the correspondence dated August 24, 2018 from R. Nyberg regarding Power Plant Feed Water Pressure Reducing Station No. 1 Replacement.

Motion by Commissioner Hart, supported by Commissioner Rian to approve the Power Plant Feed Water Pressure Reducing Station No. 1 Replacement.

Motion carried unanimously.

The Commission reviewed the correspondence dated August 24, 2018 regarding Northern Natural Gas Town Border Station (TBS) Upgrade Presentation. Mr. Mike Underwood of Northern Natural Gas gave presentation.

Motion by Commissioner Rian, supported by Commissioner Hart to approve the expansion of the Northern Natural Gas Town Border Station (TBS) Upgrade.

Motion carried unanimously.

A three (3) minute recess took place at 5:45 p.m. At this time, Commissioner McGuire utilized Skype in joining in the meeting.

Chairperson Garrity provided information regarding Skype voting and the open meeting law. A. Borland gave clarification regarding legalities and stated the LMCIT has policy. Each vote will be held via roll call during Skype meetings.

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Motion by Chairperson Garrity, supported by Commissioner Hart to approve Skype for this meeting (8/28/18) and revisit to vote again at the end of the meeting.

Commissioner Rian – No
Commissioner Bugliosi – Yes
Commissioner Hart – Yes
Commissioner McGuire – Yes
Chair Garrity – Yes
Motion carried.

Motion by Chairperson Garrity that any costs incurred while a Commission member is absent from the meeting will be responsible for the accrued monetary charges (advertising for the Skype meeting).

Motion died for lack of support.

PERSONNEL/POLICY

The Commission reviewed the correspondence dated August 24, 2018 from S. Hautala regarding Request to Approve Heat Department Foreman Job Description.

Motion by Commissioner Rian, supported by Commissioner Hart, to approve the Heat Department Foreman Job Description, as presented.

Commissioner Rian – Yes
Commissioner Bugliosi – Yes
Commissioner Hart – Yes
Commissioner McGuire – Yes
Chair Garrity – Yes
Motion carried unanimously.

The Commission reviewed the correspondence dated August 24, 2018 from S. Hautala regarding Consider to Post for Job Posting No. 01-18: Heat Department Foreman.

Motion by Commissioner Bugliosi, supported by Commissioner Rian to authorize to Post for Job Posting No. 01-18: Heat Department Foreman.

Commissioner Hart – Yes
Commissioner Bugliosi – Yes
Commissioner Rian – Yes
Commissioner McGuire – Yes
Chair Garrity – Yes
Motion carried unanimously.

The Commission reviewed the correspondence dated August 24, 2018 from S. Hautala regarding Request to Approve the Transportation Mechanic Job Description.

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Motion by Commissioner Rian, supported by Commissioner Bugliosi, to approve the Transportation Mechanic Job Description, as presented.

Commissioner Bugliosi – Yes
Commissioner Rian – Yes
Commissioner McGuire – Yes
Commissioner Hart – Yes
Chair Garrity – Yes
Motion carried unanimously.

The Commission reviewed the correspondence dated August 24, 2018 from S. Hautala regarding Request to Post for Job Posting No. 02-18: Transportation Mechanic.

Motion by Commissioner Hart, supported by Commissioner Rian to authorize Posting for Job Posting No. 02-18: Transportation Mechanic.

Commissioner Hart – Yes
Commissioner McGuire – Yes
Commissioner Rian – Yes
Commissioner Bugliosi – Yes
Chair Garrity – Yes
Motion carried unanimously.

The Commission reviewed the correspondence dated August 24, 2018 from R. Nyberg regarding Solid Fuel Presentation. After lengthy discussion, this item was placed in the Commission file. Additional information requested for Boiler 4 layup accosts as well as winterizing the Boiler building to not require layup.

No action taken.

The Commission reviewed the correspondence dated August 28, 2018 from J. Lane regarding Preliminary Financial Statements as of July 2018. The Commission accepted this item and placed in the Commission file.

No action taken.

The Commission reviewed the correspondence dated August 28, 2018 from J. Lane regarding Consider Approving PPA Termination Payment and Authorize the Expense with the following Resolution:

NOW THEREFORE, BT IT RESOLVED THAT, the Hibbing Public Utilities Commission approve a cash transfer from the PPA Termination money to the HPU Operating cash account in the amount of \$84,565.00.

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Motion by Chairperson Garrity, supported by Commissioner Rian to authorize Resolution regarding the Payment to HDR from the Termination Payment monies in the amount of \$84,565.00.

Commissioner Hart – Yes
Commissioner McGuire – Yes
Commissioner Rian – Yes
Commissioner Bugliosi – Yes
Chairperson Garrity – Yes
Motion carried unanimously.

OLD BUSINESS

The Commission reviewed the correspondence dated August 24, 2018 from S. Hautala regarding Hibbing Community College Steam Line Update. S. Hautala & C. Lubovich gave presentation. Commissioners requested pricing for one year of rental, as well as purchase price for a new boiler for the Hibbing Community College.

Motion by Commissioner Hart, supported by Commissioner McGuire, to authorize HPU to participate in the HCC Steam to Gas Conversion project, with the funding of the amount to be negotiated for a gas boiler system for the 2018-2019 heating season.

Commissioner Hart – Yes
Commissioner McGuire = Yes
Commissioner Rian – Yes
Commissioner Bugliosi – Yes
Chair Garrity – Yes
Motion carried unanimously.

The Commission reviewed the department updates and placed in the Commission file.

- Heat/Steam
 - Washington School steam repairs are complete. Surface restoral being completed this week. Later this fall the T-alley polyethylene pipe will be replaced between the S. Howard Alley & 21st St.
 - Double expansion joint on 19th Street & 3rd Ave. E. is being prepared for replacement.
 - Failing trunk line serving the HCC is being studied to determine the most cost effective option.
 - 70 natural gas applications have been received, with 27 yet to be installed.
- Water
 - Airport well is down for inspection.
 - Water Treatment Plant dehumidification is working towards a long term solution.
 - Two water taps have been installed for CY 2018 thus far.

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- Electric
 - Two residential U/G services have been installed in Mesaba Pines & Mesaba Woods Additions. One is outstanding.
 - U/G service for Mitchell Bridget warning sign installed.
 - Thermal & Ultrasound inspection weak spots are being worked on.
 - Five outages for the month due to squirrels, insulator failures, bad connectors, and scheduled outage to mitigate thermal hot spot.

- Power Plant
 - Xcel generation ended July 1, 2018 resulting in ceasing of electrical generation.
 - Boiler #3A produced steam for heat line only.
 - Work completed on PRV 175 & PRV 1.
 - East deaerator level control completed and is operational with Delta V.
 - Boiler #2A gas burners were investigated and a list of items was identified and is being worked on to enable operation of the burners.
 - Boiler #1A flue gas plenum/ducting repairs completed.
 - Feedwater pump #3 repairs have been completed.

- Finance
 - Information technology hardware has been ordered for mobile work orders. Training will be scheduled mid-September.
 - Working with pension attorney regarding Nationwide Retirement & Mass Mutual items.
 - Revised monthly accounting budgets to eliminate transactions related to LEA.
 - Review of job descriptions.
 - Worked on Health Insurance renewal and proposed plan changes from BCBS.

No action taken.

The Commission reviewed the correspondence dated August 24, 2018 from S. Hautala regarding Recommendation for HPU Future. S. Hautala gave presentation detailing the six HDR report scenarios, noting that there were no recommendations to expand the steam system.

- Scenario 4 (downsize steam district) was the basis for the recommendation
- Legal is still researching statutory cities (Hibbing) requirements to customers when ending a utility.
- Details of the transition include the following:
 - Transition timeframe
 - Funding with no interest loans vs rebates.
 - Core steam distribution investment

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- 2022 year to analyze the steam distribution system performance for the next step decision.
 - Other potential utility major projects were also highlighted.

No action taken.

NEW BUSINESS

The Commission heard an update regarding MMUA Summer meeting. Commissioner Rian stated the MMUA Summer Meeting was very informative and indicated the rate making policy segment could be advantageous to the HPU.

Motion carried unanimously.

The Commission reviewed the correspondence dated August 28, 2018 from S. Hautala regarding Request to Terminate Lease: Operation and Management; and Steam Sales Agreement between LEA and HPU.

Motion by Commissioner Bugliosi, supported by Commissioner Rian to authorize to Terminate Lease: Operation and Management; and Steam Sales Agreement between LEA and HPU.

Commissioner Rian – Yes
Commissioner Bugliosi – Yes
Commissioner Hart – Yes
Commissioner McGuire – Yes
Chair Garrity – Yes
Motion carried unanimously.

Chair Garrity gave verbal update from the LEA meeting held August 27, 2018.

No action taken.

Motion by Commissioner Hart, supported by Commissioner McGuire to continue meetings allowing Skype according to the LMCIT rules. J. Lane to draft a policy for Skype use.

Commissioner Rian – No
Commissioner Bugliosi – No
Commissioner Hart – Yes
Commissioner McGuire – Yes
Chair Garrity – No
Motion failed 3-2.

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Motion by Commissioner Rian, supported by Commissioner Bugliosi, to adjourn the meeting at 9:18 p.m.

Motion carried.

Attest:


Patrick Garrity, Chairperson


Jean Lane, Commission Secretary

The next regular Commission meeting is scheduled for Tuesday, September 11, 2018 at 5:00 p.m. at the Hibbing Public Utilities Commission Meeting Room, 1902 E. 6th Ave., Hibbing, MN 55746

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