

MINUTES OF THE PROCEEDINGS

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

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November 27, 2018

Minutes of the regular meeting of the Public Utilities Commission, Hibbing, Minnesota held on November 27, 2018, at Hibbing Public Utilities, 1902 E. 6th Ave., Hibbing, MN 55746. Chairperson Garrity called the meeting to order at 5:01 p.m. In attendance were Chairperson Garrity; Commissioner McGuire; Commissioner Hart;; Commissioner Rian; Commissioner Bugliosi; 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; and Superintendent of Electrical Systems, Esko Savela. Also in attendance were HPAT, Gail Adams; Hibbing Daily Tribune, Carrie Manner; SVL Rep., Greg Nuss, Northern Natural Gas Rep., Mike Underwood; Barr Engineer Rep., Kurt Sobczynski; Council 65 Rep. L. Stoll; Local 94 employees, B. Monroe, M. Reger, K. Grell, S. Cox, and J. Gentile.

CITIZENS FORUM

Citizen Shawn Cox was present to discuss rates as per the Citizen's Forum Form.

ADDS/DELETES

CONSENT AGENDA

Motion by Commissioner McGuire, supported by Commissioner Bugliosi, to approve the following consent agenda items:

- 5.A. Review and approve the items over \$5,000.
- 5.B. Review and approve the bills from November 9, 2018 through November 21, 2018, check numbers 38996 through 39071 & ACH transfer 11161801.
- 5.C Review and approve the payroll paid and overtime report for the November 21, 2018 payday.
- 5.D. Request for Contribution: Hibbing Girls Hoops Club - \$100 per Policy
- 5.E. Consider Authorizing Boiler #4A Automatic Superheat Vent Valve Repair for \$11,969
- 5.F. Consider Authorizing Application to Community Development Block Grant (CDBG) for Housing Assistance Funding.

WHEREAS, the Hibbing Public Utilities Commission (HPUC) is in the midst of a critical strategic planning process for the future the of HPUC utilities and this agreed direction toward a strategic future will influence how the utility will be positioned to effectively meet the engery needs of the City of Hibbing customers over the next 20 to 30 years, and

WHEREAS, The Hibbing Public Utilities Commission is considering establishing a strategic plan which includes a downsize of the current steam district customer base over the next four years. With this downsizing concept there is a need for residential and commerical steam customers to convert to a alternative heat preferably provided by the HPU.

WHEREAS, The Hibbing Public Utilities Commission is seeking funding to assist with residential steam conversion customers costs,

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NOW THEREFORE, BE IT RESOLVED, THAT the Hibbing Public Utilities Commission authorize HPUC management to apply for a Community Development Block Grant to assist with funding for low income residential customers steam conversions and authorize the General Manager complete and sign the application by the deadline.

5.G. Contracts: Minnesota Power Statement of Clarity for Station Service Billing.

Motion carried unanimously.

APPROVAL OF MINUTES

Motion by Commissioner McGuire, supported by Commissioner Bugliosi, to approve the regular meeting minutes of November 13, 2018.

Motion carried unanimously.

PERSONNEL/POLICY

The Commission reviewed the correspondence from J. Lane dated November 21, 2018 regarding Step 3 Grievance: 40 Hour Work Week.

Motion by Commissioner McGuire, supported by Commissioner Hart, to Deny the Step 3 Grievance: 40 Hour Work Week.

Chairperson Garrity Opposed.
Motion carried 4-1.

The Commission reviewed the correspondence from Commissioner Hart regarding HPU Commission Working Session Procedures.

Motion by Commissioner Hart, supported by Commissioner McGuire to adopt limiting working session communications to the Commissioners, Management, Legal Counsel, and Local 94 Representative. Commissioners, Managers, and Legal Counsel have the option to ask questions from audience members for clarification.

Chairperson Garrity Opposed.
Commissioner Bugliosi Opposed.
Motion carried 3-2.

DEPARTMENT REPORTS

The Commission reviewed the department reports.

Natural Gas/Steam/Water: C. Lubovich was present and requested questions from Commission members.

Natural Gas:

The natural gas service installations have been concluded for the year. The following is a listing of these efforts:

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- 101 total applications.
- 28 steam conversions installed.
- 10 installations left to be put in.
- 0 guaranteed installations left to be installed.
- 7 steam conversions left to be installed.

Our HPU Heat Department did a fabulous job in conducting these installations. The total amount of applicants this year rivals the last 5 years. I would expect this number to greatly expand in year 2019. We'll need to be prepared for the changes coming soon.

Steam:

Hibbing Community College is now receiving steam from the HPU steam distribution system. Keeping in mind this repair is considered temporary, we witnessed a great collaborative effort with management and the Heat Department employees in solving this problem. Yet, a long term decision needs be made on this failing steam line. I recommend it come soon.

The condensate line replacement for the Washington School feed is being geared up for. This is an alley replacement and should not impact the school traffic going to and from the school. J. Bugliosi requested quotes on stainless steel piping vs schedule 80.

Water Distribution:

Water main and service repairs have started to frequent in recent weeks. The Water Department employees have been very diligent in calling in locates for these failures and conducting needed repairs in short order. Many thanks to this crew for their quick and decisive efforts. We will continue to proceed in this way.

Water Production and Treatment:

Nothing to report. All is functioning satisfactorily.

Power Plant: R. Nyberg requested questions regarding his narrative.

Production Report:

1. Boiler 1A produced steam for the heat line only.
2. Steam is being produced with coal and minimal gas firing.
3. Steam is being distributed to the heat line by PRV Station 1.

Projects:

1. Boiler 4A maintenance work is ongoing.
2. East cooling demolition began with HPU employees finalizing the removal of our equipment. Demolition contractor to tentatively be on site the week of November 26th.
3. T/G 6 is ready to be brought on line, if needed, once Boiler 4A is operating.
4. Wood deliveries are tentatively scheduled to begin November 28th.
5. Boiler 4A is scheduled to be lit off and be on line December 3rd.

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Personnel:

1. Coal & Ash Department: Back to three (3), two (2) person crews. Winter operation has the schedule returned to seven (7) days per week, 6:00am-2:30pm shifts. One individual is transferred to the transportation department.
2. Fire personnel: The one fireperson helper is assisting plant crews for maintenance purposes within the plant.
3. Training for the 2nd Engineer and Fireperson positions began.

Electrical: E. Savela was present to give update on the following:

- Installation of the street light wires for the directional boring project is 75% complete, will finish in the spring.
- Working on the mitigation of the problems found from the thermal & ultrasound inspections.
- Installed one new commercial overhead three phase service.
- Power outages
 - One (1) residential outage due to a contractor dig in, 1 customer affected.
 - One (1) commercial outage due to two (2) blown fuses, cause unknown, 1 customer affected.
 - One (1) commercial outage due to an overloaded transformer, 1 customer affected.
 - One (1) feeder outage due to breaker tripping, cause unknown, 1500 customers affected.
 - One (1) scheduled residential outage due to a leaking lightning arrestor, 20 customers affected.

Finance: J. Lane requested to stand for questions.

- Information Technology – working through implementation on mobile work orders. Solutions involve both hardware and software and working with the provider to resolve.
- Finance – Working with pension attorney for the IRS volunteer correction program and Mass Mutual to implement correction plan. Worked with Directors for a preliminary 2019 budget.
- Human Resources – Respect in the Workplace training has been scheduled in December and this project is led by Jane Garrity.
- Customer Service – team members have been working with many rate payers on customer issues.
- Commission Secretary – worked with Chair and Commission members on agenda requests and formatting of the agenda.
- Meter Reading – implemented some safety procedures and general discussion on AMI.
- Commissioner McGuire requested Bank analysis.

No action taken.

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FINANCE

The Commission reviewed the correspondence dated November 21, 2018 from J. Lane regarding Review of Preliminary 2019 Operations Budget. Lengthy discussion held.

No action taken.

The Commission reviewed the correspondence dated November 27, 2018 from J. Lane regarding Preliminary Financial Statements as of October 2018. Lengthy discussion held.

No action taken.

OLD BUSINESS

The Commission reviewed the correspondence from C. Lubovich, dated November 20, 2018 Regarding Water Treatment Plant Dehumidifier Update. C. Lubovich provided background information, and SLV Rep., Greg Nuss gave presentation.

Motion by Commissioner Rian, supported by Commissioner McGuire, to approve the purchase of the SVL Dehumidification unit based on three (3) references and verify the voltage.

Motion carried unanimously.

The Commission reviewed the correspondence dated November 17, 2018 from S. Hautala regarding Northern Natural Facilities Reimbursement Agreement – Town Border Station Upgrade. Northern Natural Rep., Mike Underwood gave presentation.

Motion by Commissioner McGuire, supported by Commissioner Rian, to authorize Northern Natural Facilities Reimbursement Agreement – Town Border Station Upgrade and authorize the Northern Natural Gas Firm Throughput Service Agreement Rate..

Chairperson Garrity Opposed.

Motion carried 4-1.

The Commission reviewed the correspondence from Commissioner Hart regarding Steam District Downsizing.

- Reduction of Steam Customers not less than 50% targeting areas of least return on expenditures.
- Review of Steam District Financial Analysis
- Infrastructure Improvements for Steam District: Barr Engineering Rep., Kurt Sobczynski gave presentation. Mr. Sobczynski will prepare a written proposal of timeline and results of steam vault inspection findings to be presented to the Commission.
- Request for Attorney General Opinion. Commission members approved of the letter.

No action taken.

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NEW BUSINESS

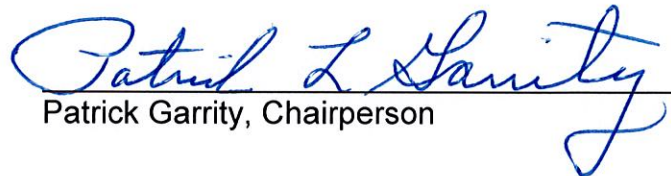
Chair Garrity set a tentative working session date of December 10, 2018 at 5:00 p.m.

ADJOURNMENT

Motion by Commissioner Rian, supported by Commissioner McGuire, to adjourn the meeting at 9:12 p.m.

Motion carried unanimously.

Attest:


Patrick Garrity, Chairperson


Jean Lane, Commission Secretary

The next regular Commission meeting is scheduled for Tuesday, December 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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