

MINUTES OF THE PROCEEDINGS

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

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December 27, 2018

Minutes of the regular meeting of the Public Utilities Commission, Hibbing, Minnesota held on December 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 Utility Operations, Corey Lubovich; and Superintendent of Electrical Systems, Esko Savela. Also in attendance were HPAT, Ron Wirkkula; Hibbing Daily Tribune, Carrie Manner; Local 94 employees M. Reger and B. Monroe.

ADDS/DELETES

- Request by General Manager Hautala to add under New Business Item 6.C.: Coal Ash Disposal & Transport Service

APPROVAL OF MINUTES

Motion by Commissioner Rian, supported by Commissioner Bugliosi, to approve the regular meeting minutes of December 11, 2018.

Motion carried unanimously.

CITIZENS FORUM - No One Present

CONSENT AGENDA

Commissioner McGuire requested to pull the following items:

- 5.F. Contracts: MN Power – Maximum Allowable Generation Modification: Electric Service Agreement; and
- 5.H. Accept Transfer of City of Hibbing Assets – Old Hwy 169 Water & Gas Utilities.

General Manager Hautala requested the following:

- 5.B. Review and Approve Bills to hold check no. 39217 to Novaspect, upon verification of completed work at the Water Treatment Plant (final payment of project).

Chairperson Garrity requested to pull the following:

- 5.E. Bargaining Agreement Contract Language: Labor Attorney

Motion by Commissioner Rian, supported by Commissioner Hart, 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 December 7, 2018 through December 19, 2018, check numbers 39152 through 39234 & ACH transfers 12071801 to 12071803.
- 5.C. Review and approve the payroll paid and overtime report for the December 20, 2018 pay date.
- 5.D. Request for Contribution: VCA Robotics \$100 per Policy
- 5.G. Contracts: Employee Assistance Program Service 2019

Motion carried unanimously.

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5.E. Bargaining Agreement Contract Language: Labor Attorney.

Motion by Chairperson Garrity, supported by Commissioner Bugliosi to approve a limit of \$10,000 for Labor Attorney Services.

Motion fails 3-2.

Motion by Commissioner Rian, supported by Commissioner McGuire to approve the spending limit for Labor Attorney Services for \$20,000 as requested.

Motion carries 3-2.

5.F. Contracts: MN Power – Maximum Allowable Generation Modification: Electric Service Agreement

Motion by Commissioner Rian, supported by Commissioner McGuire to authorize MN Power – Maximum Allowable Generation Modification: Electric Service Agreement

Commissioner Hart Opposed.
Motion carried.

5.H. Accept Transfer of City of Hibbing Assets – Old Hwy 169 Water & Gas Utilities.

Motion by Commissioner McGuire, supported by Commissioner Rian, to Accept Transfer of City of Hibbing Assets – Old Hwy 169 Water & Gas Utilities.

Motion carried unanimously.

PUBLIC BIDS & QUOTES

The Commission reviewed the correspondence dated December 18, 2018 from S. Hautala regarding 2019 Blanket Quote Awards.

Motion by Commissioner Hart, supported by Commissioner Bugliosi, to authorize the 2019 Blanket Quote awards, as presented, with the understanding if the low supplier cannot deliver, it goes to the next lowest quote.

Motion carried unanimously.

The Commission reviewed the correspondence dated December 17, 2018 from C. Lubovich regarding Award Quote No. 3425: Natural Gas Main Installations for CY 2019.

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Motion by Commissioner Hart, supported by Commissioner Bugliosi, to Award Quote No. 3425: Natural Gas Main Installations for CY 2019 to Bougalis Construction, the low qualified bidder in the amount of \$39,850.00.

Motion carried unanimously.

The Commission reviewed the correspondence dated December 26, 2018 from S. Hautala regarding 2019 Coal Ash Disposal & Transportation Service.

Motion by Commissioner Rian, supported by Commissioner McGuire, to Award 2019 Coal Ash Disposal & Transportation Service to General Waste.

Motion carried unanimously.

PERSONNEL/POLICY

The Commission reviewed the correspondence dated December 18, 2018 from S. Hautala regarding Management Compensation Benefits & 2019 Salary Adjustments Review and Recommendations.

Motion by Commissioner Rian, supported by Commissioner Hart, to authorize two commission volunteers, Chairperson Garrity and Commissioner McGuire, to participate in a subcommittee consisting of the General Manager, Finance Director, and HR/Accounting Coordinator.

Motion carried unanimously.

The Commission reviewed the correspondence dated December 19, 2018 from S. Hautala regarding MMUA Legislative Conference

Motion by Chairperson Garrity, supported by Commissioner McGuire to authorize overnight travel for the General Manager and any Commissioners that have interest, to attend the MMUA Legislative Conference in St. Paul, MN from January 29-30, 2019.

Motion carried unanimously.

DIRECTOR REPORTS

The Commission reviewed the department reports.

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

- Continuing on the mitigation of problems found from the thermal & ultrasound inspections.
- Working with the Meter shop to upgrade outdated CT metering packages.
- Starting on December 20th, will have a line crew lineperson on light duty do a survey and document the street lights that are currently out. We will then schedule them for repair.
- Power outages:

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- Nine (9) individual customer outages combination of scheduled and emergency response.
- One (1) commercial/residential outage due to a squirrel getting into the high side of a transformer bank, 6 customers affected. Feeder #4 breaker operated one time from this event.

Power Plant: S. Hautala gave update in absence of R. Nyberg.

Production Report:

- Boiler 1A on-line 12/8-12/18. Superheat tube leak at 6:10am on 12/18, off-line until 7:00am then taken off-line for repairs at 12:00.
- Boiler 3A off-line on 12/8 due to rear wall tube leak. Tubes repaired on 12/10 and boiler back to standby. Boiler brought back on-line 12/18 due to Boiler 1 tube leak.
- Boiler 4A brought on-line 12/3 and taken off-line 12/12. Unit was shut down due to a combination of piling and plugging of the grates not allowing for combustion air to be adequately introduced in the plenum, cell 3 of the precipitator becoming plugged and due to the low steam demand the unit was struggling to remain in compliance for CO and precipitator power. During the time the boiler was burning wood, the steam load ran between 55,000-70,000 pounds per hour (pph) of steam well below the 90,000 pph rate that the unit will run at and stay in compliance without having to burn gas. While wood was burned a minimum of 10 decatherms/ hr of gas was also burned to meet CO emission requirements.
- T/G 6 brought on-line 12/3. On 12/14, Feeder 4 tripped knocking T/G 6 and Boiler 1A off-line at 4:15pm. Boiler 1A back on-line at 5:45pm and T/G 6 back on-line at 10:00pm. On 12/18 T/G 6 was taken off-line at 6:30am due to Boiler 1A tube leak. Back on-line at 12:15pm. PRV Station 1 was utilized to get the heat line back on until T/G 6 was able to be brought back on-line.
- Commissioner McGuire expressed concern over outages and providing notification to the Commission members and community.

Projects:

- East cooling demolition was started on 11/26 and completed on 11/27.
- Wood deliveries began on 11/28 to begin filling the wood storage barn.

Personnel:

- Coal and Ash personnel: Department is 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 temporarily transferred to the transportation department.
- Fire personnel: The one fireperson helper is assisting plant crews for maintenance purposes within the plant.
- Training for the 2nd Engineer and Fireperson positions is in progress.

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Natural Gas/Steam/Water: C. Lubovich gave presentation.

Heat Department:

The majority of the work for this department in December was on the steam system. With the above average temperatures, we are utilizing a window of opportunity to conduct extended repairs. Below are a few of these tasks, as well as natural gas duties:

- Daily Steam/Gas Audits
- Steam repairs in various vaults; traps and trap lines, service valves
- Repacking of expansion joints
- Daily work orders
- Repairing natural gas leaks from the 2018 gas leak survey

The Heat Department is also gearing up for a very busy year in 2019.

Water Department:

With the warmer than normal weather as of late, water main and service failures have been down in number for this time of year. This of course is in contrast to the first quarter of 2018 which we experienced a large number of failures.

More snow would help to insulate the service laterals in the yards. However, the water mains are primarily located in the streets which are kept clean of snow. Through steady traffic overhead, the frost has the ability to be driven down at a faster rate. Be that as it may, we are hopeful that January and February are kind to us regarding water system failures.

A number of internal repairs were conducted at the Water Booster Station and the Water Treatment Plant in past weeks. Our Water Department personnel, with the assistance of other departments, were able to complete these tasks. Thank you to each of these employees for their expertise and time put into this work.

Interdepartmental cooperation is a key necessity in moving ahead with transition to the future of our Utility. We are seeing more and more of this happening every day!

Commissioner Hart expressed his concern regarding the policy for potential customers hooking up to the Hwy 169 water extension. C. Lubovich provided detail. Commission McGuire asked why the HPU would provide water service to only one or a few customers if there is a significant cost to energize the water service line.

Finance: J. Lane requested to stand for questions.

- Information Technology – review of hardware and software with third party vendor. Developed technology plan for 2019 which includes replacement of hardware as the current operating system Windows 7 will not be supported by the end of 2019 and hardware will need to be upgraded to Windows 10. The hardware upgrade project is

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led by Chris Zubich. Software upgrade to the accounting software system which includes the accounts payable, general ledger, utility billing, fixed assets, accounts receivable, online and mobile work orders, and payroll.

- Finance – Worked with general manager and directors on the draft 2019 operations and capital budget. Developed request for proposal for banking services. Reviewed chart of account to determine if a revised numbers system would increase efficiencies in reporting revenue and expenses. Prepared grant application to the CDBG for funding of steam conversions for low income customers. Grant application has been moved forward with presentations in January to the CDBG committee.
- Human Resources – Respect in the Workplace training was held on December 11. Job descriptions with employee comments are being reformatted and reviewed by management for presentation to the Commission in early 2019. Annual end of the year/beginning of the year payroll and benefit related projects are being performed. All of these functions are led by Jane Garrity.
- Customer Service – team members have been working with many rate payers on customer issues and understanding the Minnesota cold weather rules.

No action taken.

FINANCE

The Commission reviewed the correspondence dated December 27, 2018 from J. Lane regarding Preliminary Financial Statements as of November 2018. Lengthy discussion held, and placed in the Commission file.

No action taken.

The Commission reviewed the correspondence dated December 27, 2018 from J. Lane regarding Draft 2019 Operations & Capital Budget. Lengthy discussion held. It was determined that additional operations during the heating season were needed as additional information before determining the 2019 budget. No official budget will be in place starting 2019. A budget working session will be scheduled for Monday, January 14, 2019 at 5:00 p.m. in the Commission meeting room.

No action taken.

OLD BUSINESS

The Commission reviewed the correspondence dated December 21, 2018 from C. Lubovich regarding Water Utility – Definition of Emergency on Frozen Water Lines.

Motion by Commissioner McGuire, supported by Commissioner Rian, that a frozen water line is an emergency and that for a fee and by signing a waiver, HPU personnel will attempt to thaw a frozen water line on both sides of the curb stop. A. Borland requested to provide legal direction on a customer waiver form to be used before HPU personnel attempt thawing on the customer's side of the water service.

Motion carried unanimously.

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The Commission reviewed the correspondence dated December 21, 2018 from S. Hautala regarding Summary of Evaluation of the Director of Power Production and the Director of Utility Operations and placed in the Commission file.

No action taken.

NEW BUSINESS

The Commission reviewed the correspondence dated December 27, 2018 from J. Lane regarding a Request for a meet and greet with the City Council, and establish a joint working session. It was agreed to have quarterly sessions, but not within the first quarter 2019.

Motion by Commissioner McGuire, supported by Commissioner Rian, to establish a meet and greet with the new city council members.

Motion carried unanimously.

The Commission reviewed the correspondence dated December 21, 2018 from S. Hautala regarding Review of the City of Hibbing's Respect in the Workplace Policy – Consider Adopting or Revising HPU Anti-harassment Policy.

Motion by Commissioner McGuire supported by Commissioner Bugliosi to receive the City of Hibbing's Respect in the Workplace Policy – Consider Adopting or Revising HPU Anti-harassment Policy and place in Commission file.

No action taken.

ADJOURNMENT

Motion by Commissioner Bugliosi, supported by Commissioner Hart, to adjourn the meeting 8:37 p.m.

Motion carried unanimously.

Attest:


Patrick Garrity, Chairperson


Jean Lane, Commission Secretary

The next regular Commission meeting is scheduled for Tuesday, January 8, 2019 at 5:00 p.m. at the Hibbing Public Utilities Commission Meeting Room, 1902 E. 6th Ave., Hibbing, MN 55746

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