

# **MINUTES OF THE PROCEEDINGS**

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

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Page One

January 22, 2019

Minutes of the regular meeting of the Public Utilities Commission, Hibbing, Minnesota held on January 22, 2019, at Hibbing Public Utilities, 1902 E. 6<sup>th</sup> Ave., Hibbing, MN 55746. Chairperson Garrity called the meeting to order at 5:00 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; Director of Power Production, Bob Nyberg; Director of Electrical Systems, Dan Chase; Administrative Assistant, Penny Lange; Safety/Environmental Coordinator, Pete Karakash. Also in attendance were HPAT, Ron Wirkkula; Hibbing Daily Tribune, Carrie Manner; Local 94 employees M. Reger, E. Savela, & T. Garrity. Citizen/Retiree, Jeff Stokes.

### **ADDS/DELETES**

- J. Lane requested to Add Item 11.B. Under Old Business: Meet and Greet with Hibbing City Council.

### **APPROVAL OF MINUTES**

Motion by Commissioner Rian, supported by Commissioner Bugliosi, to approve the regular meeting minutes of January 8, 2019.

Motion carried unanimously.

**CITIZENS FORUM** - No One Present

### **CONSENT AGENDA**

Motion by Commissioner Hart, supported by Commissioner Rian to pull Item 6.E.: Overnight Travel Request: Delta V Training: Instrument & Results Technician.

Motion carried unanimously.

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

- 6.A. Review and approve the items over \$5,000.
- 6.B. Review and approve the bills from January 5, 2019 through January 16, 2019, check numbers 39288 through 39365 & ACH transfer 1051901 to 1111903.
- 6.C. Review and approve the payroll paid and overtime report for the January 17, 2019 paydate.
- 6.D. Overnight Travel Request: Asbestos Inspector Refresher Training: Safety/Env. Coordinator.

Motion carried unanimously.

The Commission reviewed the correspondence dated January 18, 2019 from D. Chase regarding Overnight Travel: Delta V Training.

**MINUTES OF THE PROCEEDINGS**  
**of the Public Utilities Commission, City of Hibbing, St. Louis County, Minnesota**

---

Page Two

January 22, 2019

Motion by Commissioner Rian, supported by Commissioner Bugliosi, to authorize overnight travel for S. Cox to attend the Delta V Training in Schaumburg, IL from February 25-March 1, 2019.

Commissioner Hart opposed.  
Motion carried.

**PUBLIC BIDS & QUOTES**

The Commission reviewed the correspondence dated January 18, 2019 from S. Hautala regarding Request for Fire Suppression System for Turbine Generator #6 Lube Oil Tank Installation.

The Commission reviewed the correspondence dated January 22, 2019 from J. Lane regarding Request to Purchase Utility-Wide Replacement of Computer Hardware Not-to-Exceed \$48,000.00.

Motion by Commissioner McGuire, supported by Chairperson Garrity, to table the Request for Fire Suppression System for Turbine Generator #6 Lube Oil Tank Installation and the Request to Purchase Utility-Wide Replacement of Computer Hardware until the 2019 Budget is approved.

Commissioner Rian opposed.  
Motion carried.

The Commission reviewed the correspondence dated January 18, 2019 from R. Nyberg regarding Request to Purchase Delta V MQ Controllers.

Motion by Commissioner Rian, supported by Commissioner McGuire, to authorize the Purchase of Delta V MQ Controllers from Novaspect in the amount of \$13,051.74.

Motion carried unanimously.

**PERSONNEL/POLICY**

The Commission reviewed the correspondence dated January 18, 2019 from S. Hautala regarding Management Compensation – 2019 Pay Request.

Motion by Chairperson Garrity, supported by Commissioner McGuire, to authorize pay adjustments for Management Compensation, as presented.

Motion carried unanimously.

The Commission reviewed the correspondence dated January 22, 2019 from J. Lane regarding Request to Approve the HPU 2018 Pay Equity Report.

# MINUTES OF THE PROCEEDINGS

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

---

Page Three

January 22, 2019

Motion by Commissioner Rian, supported by Commissioner McGuire, to authorize the following Resolution:

NOW THEREFORE BE IT RESOLVED, THAT the HPU Commission has reviewed and approves the HPU 2018 Pay Equity Report which is in compliance with Minnesota State pay equity laws and authorizes the General Manager and/or the Chair of the Board to sign the appropriate documents.

Motion carried unanimously.

### DEPARTMENT REPORTS

The Commission reviewed the department reports.

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

- Thermal & ultrasound inspections mitigations are nearly complete. Two (2) remain and will be addressed with the North Howard alley project.
- Completed the annual 2.4Kv delta system ground checks.
- Updating the switching procedures for the annual airbreak switch maintenance program.
- Street light survey is 70% complete.
- Power outages:
  - One (1) momentary outage on 13.8 Kv FDR#2, cause unknown, 1500 customers affected.
  - One (1) scheduled commercial outage to upgrade C.T. metering package, 1 customer affected.

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

#### Production Report:

- Boilers 3A and 4A are on-line to produce steam for the heatline. Total steam production was in the 90,000-100,000 pph range until recently where it is now in the 120,000-130,000 pph range due to the cold weather.
- Total wood consumed to date is at approximately 2,875 tons through December 2018.
- Total coal consumed during December 2018 allowed the total for the year to put us past our contracted amount which means that there will be no penalty for under consumption and terminate the original contract with MERC.
- T/G 6 still on-line. Until this recent cold snap, all steam for the steam district ran through T/G 6 to produce 4-5 MW/hr. PRV Station 1 has been utilized to supplement the steam line as T/G 6 is at its maximum throughput, producing 6 MW/hr.
- Boiler stack testing is scheduled for January 22-25, 2019.

# MINUTES OF THE PROCEEDINGS

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

---

Page Four

January 22, 2019

## Personnel:

- Coal & Ash personnel: Department is back to its original 7 person crew. Winter operation has the schedule returned to seven (7) days per week, 6:00am-2:30pm shifts.
- Firing Line personnel: Both fireperson helpers are now in-training for the fireperson position.
- Training for the 2<sup>nd</sup> Engineer position continues.
- The 2<sup>nd</sup> Engineer that posted and was awarded the Transportation Mechanic position was moved on Monday, January 13, 2019.

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

## Heat Department:

### Steam/Condensate Distribution Systems:

Short outage repairs on the Steam Distribution have been continuing as temperatures permit. However, we are now coming into the months where this work will be interrupted until the weather gets warmer. Replacement of a portion of the Washington School condensate return service (approximately 300 feet) with stainless steel pipe will be started as soon as the ordered pipe arrives.

### Natural Gas Purchases:

Daily spot purchase pricing for natural gas have been in a wave pattern the last few months.

### Monthly Combined Demark/Ventura Receipt Point Averages:

October 2018: \$3.17/Dth.  
November 2018: \$4.04/Dth.  
December 2018: \$3.64/Dth.  
January 2019 to date: \$2.68/Dth.  
4 month Average : \$3.38/Dth.

A warmer than normal weather pattern is still predicted for Northern Minnesota throughout the remainder of the winter season. If this occurs, I would expect the Daily Spot Purchases to remain soft in price and flat in trending. Much the same as we are seeing with the Crude Market at this time. They seem to follow parallel patterns for the most part.

## Water Department:

To date, HPU has not responded to any frozen water services. The snow cover received the last few weeks has provided an insulating factor for the customer water service line. The warmer weather also has helped in keeping the frost from driving down and around these service lines and water mains.

# MINUTES OF THE PROCEEDINGS

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

---

Page Five

January 22, 2019

## Monthly Water Main and Service Failures:

	Main Failures	Service Failures
October 2018	0	1
November 2018	0	3
December 2018	1	0
January 2019	2	2
<b>Total to Date:</b>	<b>3</b>	<b>6</b>

Finance: J. Lane requested to stand for questions.

- Information Technology – Developed technology plan for 2019. This 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 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. In the process of developing a revised chart of accounts to increase efficiencies in reporting revenue and expenses. Assisted in the preparation of materials for the CDBG advisory committee as part of the grant application. Reviewed with General Manager and reallocated the labor distribution for 2019 into four utilities: steam, gas, electric, and water.
- Human Resources – 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. Reviewed job descriptions with customer service team members.
- Customer Service – team members have been working with many rate payers on customer issues and understanding the Minnesota cold weather rules.
- Commission Secretary – worked with Chair and Commission members on agenda requests.
- Meter reading – review customers issues and billing issues.

No action taken.

## FINANCE

The Commission reviewed the correspondence dated January 22, 2019 from J. Lane regarding December 2018 Financial Statements.

No action taken.

# MINUTES OF THE PROCEEDINGS

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

---

Page Six

January 22, 2019

## OLD BUSINESS

The Commission reviewed the correspondence dated January 15, 2019 from Legal Counsel A. Borland, regarding Resolution to Hibbing Public Utilities Commission Special Legislation Draft. A. Borland gave presentation.

Motion by Commissioner Rian, supported by Commissioner Hart, to approve the Draft Resolution for the Hibbing Public Utilities Commission Special Legislation. Commissioner Rian called to question.

Chairperson Garrity motioned to amend the prior motion to include the City Council to have a 10 veto authority on the Resolution.

Motion failed.

Motion by Commissioner Rian, supported by Commissioner Hart, to authorize the changes to the Special Legislative Draft Resolution presented by A. Borland, Legal Counsel.

Commissioner Hart – Yes  
Commissioner Rian – Yes  
Commissioner McGuire – Yes  
Commissioner Bugliosi – No  
Chairperson Garrity – No  
Motion carried 3-2.

## NEW BUSINESS

Motion by Commissioner McGuire, supported by Commissioner Bugliosi to hold a Meet and Greet with the HPU Commission and HPU City Council on Tuesday, February 5, 2019 at 5:00 p.m. at the Hibbing City Hall.

Motion carried unanimously.

## ADJOURNMENT

Motion by Chairperson Garrity, supported by Commissioner McGuire, to adjourn the Open meeting at 6:29 p.m.

Motion carried unanimously.

## CLOSED SESSION

6:45 p.m. Present in the Closed Session was Chairperson Garrity; Commissioner McGuire; Commissioner Rian; Commissioner Hart; Commissioner Bugliosi; Legal Counsel, Andy Borland; and General Manager, Scott Hautala for the General Manager Performance Evaluation.

**MINUTES OF THE PROCEEDINGS**  
**of the Public Utilities Commission, City of Hibbing, St. Louis County, Minnesota**

---

Page Seven

January 22, 2019

Motion by Commissioner McGuire supported by Commissioner Bugliosi, to enter into Open Session at 8:05 p.m.

Motion carried unanimously.

Attest:

  
Patrick Garrity, Chairperson

  
Jean Lane, Commission Secretary

***The next regular Commission meeting is scheduled for Tuesday, February 12, 2019 at 5:00 p.m. at the Hibbing Public Utilities Commission Meeting Room, 1902 E. 6<sup>th</sup> Ave., Hibbing, MN 55746***

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