

MINUTES OF THE PROCEEDINGS

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

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February 12, 2019

Minutes of the regular meeting of the Public Utilities Commission, Hibbing, Minnesota held on February 12, 2019, at Hibbing Public Utilities, 1902 E. 6th Ave., Hibbing, MN 55746. Chairperson Garrity called the meeting to order at 5:09 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; and Administrative Assistant, Penny Lange. Also in attendance were HPAT, Ron Wirkkula; Local 94 employees M. Reger, E. Savela, & T. Garrity.

ADDS/DELETES

- Request by J. Lane to add Item 5.I.: Request Change order for Airport Well Repair for \$6,626.69
- Request by J. Lane to add Item 5.J.: Letter of Understanding mediated Grievance Settlement: 40 Hour Work Week.
- Request by J. Lane to add Finance: 2019 Operations Budget, 2019 Capital Budget, and Utility Rates
- Request by Commissioner McGuire to add Under New Business: Meeting Date Change from March 12, 2019 to March 14, 2019.

APPROVAL OF MINUTES

Motion by Commissioner Rian, supported by Commissioner Hart, to approve the regular meeting minutes of January 22, 2019.

Motion carried unanimously.

CITIZENS FORUM - No One Present

CONSENT AGENDA

Motion by Commissioner McGuire, supported by Commissioner Rian to pull Item 5.E. Overnight Travel Request: W. Kampen – DeltaV Training.

Motion carried unanimously.

Motion by Commissioner Rian, 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 January 18, 2019 through February 6, 2019, check numbers 39366 through 39470 & ACH transfer 1191901 to 2011904.
- 5.C. Review and approve the payroll paid and overtime report for the January 31, 2019 paydate.
- 5.D. Overnight Travel Request: C. Lubovich – 2019 MNOPS Safety Educational Conference.
- 5.F. Boiler #3 & #4 Tuning: Detroit Stoker

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- 5.G. Authorize Purchase of Gas Burner Ignitors: Detroit Stoker
- 5.H. Boiler #3 & Meter Bin Baghouse Performance Testing
- 5.I. Request Change Order for Airport Well Repair for \$6,626.69
- 5.J. Letter of Understanding Mediated Grievance Settlement: 40 Hour Work Week.

Motion carried unanimously.

The Commission reviewed the correspondence dated February 8, 2019 from D. Chase regarding Overnight Travel Request: W. Kampen – DeltaV Training.

Motion by Commissioner McGuire, supported by Commissioner Rian to authorize overnight Travel for W. Kampen to attend the DeltaV Training in Shaumburg IL.

Motion carried unanimously.

PUBLIC BIDS & QUOTES

The Commission reviewed the correspondence dated February 4, 2019 from C. Lubovich regarding 2019 Natural Gas Main/Service Materials List.

Motion by Commissioner Hart, supported by Commissioner Rian, to authorize the 2019 Natural Gas Main/Service Material Purchases in the amount of \$63,189.50.

Motion carried unanimously.

FINANCE

2019 Capital Budget. J. Lane handed out materials and gave presentation. Lengthy discussion held.

Motion by Commissioner McGuire, supported by Commissioner Rian, to authorize approval of the 2019 Capital Budget as presented, with the understanding that projects are to be presented to the Commission for approval, along with a funding proposal for the project.

Motion carried unanimously.

2019 Operations Budget. J. Lane gave presentation. Lengthy discussion held on what utility rates cover: operations, debt, capital. Discussion held regarding steam conversions being market driven. Discussed bond rating and early payment options.

Utility Rates. C. Lubovich gave information on a possible Northern Natural Gas rate case. Steam rates discussed. Allocation percentages were discussed. Electric generation was discussed.

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Motion by Chairperson Garrity, supported by Commissioner Bugliosi, to table the operations and rate discussion.

Commissioner Garrity – yes.
Commissioner Bugliosi – yes.
Commissioner Rian – no.
Commissioner McGuire – no.
Commissioner Hart – no.
Motion failed 2-3.

Motion by Commissioner Rian, supported by Commissioner McGuire, to pass the operations budget as presented, and raise the Steam utility rate 10% and the Water utility rate 5%, effective February 13, 2019.

Commissioner Rian – yes.
Commissioner McGuire – yes.
Commissioner Hart – yes.
Chairperson Garrity – no.
Commissioner Bugliosi – no.
Motion carried 3-2.

Commissioner McGuire requested discussion regarding financing options, in addition to rates, regarding HPU deficit for the February 26, 2019 regular meeting, and a loan program for steam conversion customers. Commissioner Hart requested comprehensive plan, not just loan portion.

OLD BUSINESS

The Commission reviewed the Summary of Evaluation of the General Manager from Legal Counsel Andy Borland.

Motion by Chairperson Garrity, supported by Commissioner Rian, to accept the General Manager's Summary of Evaluation and place in the Commission file.

Motion carried unanimously.

NEW BUSINESS

Motion by Commissioner McGuire, supported by Commissioner Hart to change the regular meeting of March 12, 2019 to March 14, 2019 at 5:00 p.m.

Motion carried unanimously.

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ADJOURNMENT

Motion by Commissioner Bugliosi, supported by Commissioner Hart, to adjourn the meeting at 7:29 p.m.

Motion carried unanimously.

Attest:


Patrick Garrity, Chairperson


Jean Lane, Commission Secretary

The next regular Commission meeting is scheduled for Tuesday, February 26, 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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