

MINUTES OF THE PROCEEDINGS

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

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March 14, 2019

Minutes of the regular meeting of the Public Utilities Commission, Hibbing, Minnesota held on March 14, 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 Electrical Systems, Dan Chase; and Administrative Assistant, Penny Lange. Also in attendance were HPAT, Ron Wirkkula; Citizen, J. Stokes & Glenn Spruell; Local 94 employees M. Reger & P. Petrich.

ADDS/DELETES

Item 2. Add request by S. Hautala to add under New Business Item 10.A.: Policy Exemption Request: Blue Moon, Inc.

Add request by Commissioner Rian regarding City Council Resolution for Heat Conversion Legislative Language.

APPROVAL OF MINUTES

Item 3.A. Motion by Commissioner McGuire, supported by Commissioner Bugliosi, to approve the regular meeting minutes of February 26, 2019.

Motion carried unanimously.

CITIZENS FORUM

Item 4. No One Present

CONSENT AGENDA

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

Item 5.A. Review and approve the items over \$5,000 and review and approve the bills from February 21, 2019 through March 6, 2019, check numbers 39236 through 39287 & ACH transfer 12201801 to 12281804.

Item 5.B. Review and approve the payroll paid and overtime report for the February 28, 2019 payday.

Motion carried unanimously.

The Commission reviewed the Policy Exemption Request by Blue Moon Appliance. Lengthy discussion held.

Motion by Chair Garrity, supported by Commissioner Rian to authorize a \$2,500 deposit for the former MDI building, with the condition that the HPU is to review the account after 12 months, to make an adjustment in the deposited amount based on twice the monthly average from the previous 12 month occupied months, as per Policy.

Commissioner McGuire opposed
Motion carried 4-1.

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PUBLIC BIDS & QUOTES

Item 6.A. The Commission reviewed the correspondence dated March 6, 2019 from C. Lubovich regarding Award Quote No. 3425: Natural Gas Odorant Injection System. S. Hautala gave presentation.

Motion by Commissioner Hart, supported by Commissioner Bugliosi, to Award Quote No. 3425: Natural Gas Odorant Injection System to Nelson Technologies in the amount of \$60,800.00.

Motion carried unanimously.

Item No. 6.B. The Commission reviewed the correspondence dated March 11, 2019 from C. Lubovich regarding Quotation for a New Pull-Behind Air Compressor. S. Hautala gave presentation.

Motion by Commissioner Bugliosi, supported by Commissioner Rian to authorize the purchase of the New Pull-Behind Air Compressor from L & L Rentals with the low quote of \$20,300.00 plus tax.

Motion carried unanimously.

Item No. 6.C. The Commission reviewed the correspondence dated March 14, 2019 from D. Chase regarding Request to Install a New Electrical Service Line to the Hull Rust Mine View Site. D. Chase gave presentation. Lengthy discussion held as it is a joint project with the City of Hibbing.

Motion by Commissioner McGuire, supported by Commissioner Bugliosi, to approve this item with the understanding that HPU billable job equipment and labor costs be reviewed at a future Commission meeting.

Motion carried unanimously.

Item No. 6.D. The Commission reviewed the correspondence dated March 8, 2019 from R. Nyberg regarding Purchase of Plant Well Power Pack. S. Hautala gave presentation.

Motion by Commissioner McGuire, supported by Commissioner Rian, to authorize the purchase of a Plant Well Power Pack from Water Tec to reduce RO scale buildup in the amount of \$6,978.37.

Motion carried unanimously.

PERSONNEL/POLICY

Item No. 7.A. The Commission reviewed the correspondence dated March 14, 2019 from J. Lane regarding Request to Revise Customer Policy CUST111collections.

Motion by Commissioner McGuire, supported by Commissioner Bugliosi, to authorize the Request to Revise CUST111collections, effective March 14, 2019.

Motion carried unanimously.

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FINANCE

Item No. 8. 2019 The Commission reviewed the Preliminary Financial Statements as of January 2019. Discussion held regarding three payrolls, power plant expenses and allocations. This item was placed in the Commission file

No action taken.

OLD BUSINESS

Commissioner Rian requested to add discussion regarding Resolution No. 19-03-04: Proposed Public Utilities Commission Legislation for District Wide Heating System Reduction. The Resolution was passed on March 6, 2019. A. Borland gave presentation. Lengthy discussion held.

Motion by Commissioner Rian, supported by Commissioner Bugliosi, to accept City Council Resolution No. 19-03-04: Proposed Public Utilities Commission Legislation for District Wide Heating System Reduction dated March 6, 2019.

Motion carried unanimously.

Item No. 9.A. The Commission reviewed correspondence dated March 11, 2019 from S. Hautala regarding Residential Heating Conversion Plan and Loan Program. S. Hautala and A. Borland gave presentation. Discussion held regarding the modifications to the Plan, stressing that it is voluntary. Commissioner McGuire requested revisions to Item 3: Loan Terms and Rate, stating that there shall be no interest; Item 7: Forms stating that adding fees to non-electronic payments is unfair to elderly and those with little technology experience; and discussed concern regarding contractor/homeowner payment disbursement. Other items discussed were length of the voluntary program, liability, start date, and right-sized conversions.

No action taken.

S. Hautala stated that the Budget working session financials will not be available for the March 21, 2019 work session, and that discussions regarding the Barr Engineering heating conversion analysis be held. Commissioner Rian spoke about customer meters that are being under billed. S. Hautala stated that the report was not available as of yet, and stated his dissatisfaction with the consultant. Chair Garrity stated his concern the Capital budget regarding quantities and cost variance impacts to the budget throughout the year.

Commissioner McGuire requested an update on Boiler #4 on wood purchasing. S. Hautala stated that #4 Boiler air ride conveyor belt snapped last week, and an investigation is being conducted to determine the cause. Belt vendors are unavailable due to work outside the area. Wood burning has ceased due to this incident, and discussion was held regarding logger contract penalties at \$7.00/ton. Poor wood quality was also discussed. Discussion was requested on March 21, 2019 regarding burning gas in Boiler #4. Commissioner Bugliosi requested timely reports to the Commission on such incidents. Wood boiler options to be discussed at the March 21, 2019 working session.

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NEW BUSINESS

ADJOURNMENT

Motion by Commissioner Rian, supported by Commissioner Hart, to adjourn the meeting at 7:46 p.m.

Motion carried unanimously.

Attest:


Patrick Garrity, Chairperson



Scott Hautala, General Manager

The next regular Commission meeting is scheduled for Tuesday, March 26, 2019 at 5:00 p.m. at the Hibbing Public Utilities Commission Meeting Room, 1902 E. 6th Ave., Hibbing, MN 55746