

MINUTES OF THE PROCEEDINGS

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

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June 25, 2019

Minutes of the regular meeting of the Public Utilities Commission, Hibbing, Minnesota held on June 25, 2019, at Hibbing Public Utilities, 1902 E. 6th Ave., Hibbing, MN 55746. Chairperson Rian called the meeting to order at 5:00 p.m. In attendance were Chairperson Rian; Commissioner Bugliosi; Commissioner Hart; Commissioner Bayliss; Commissioner Stokes; 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; Director of Electrical Systems, Dan Chase; and Administrative Assistant, Penny Lange. Also in attendance were Jeff Sterle, Sterle & Co., LLC; Justin Kroeger, Flexible Benefits; Luke Peterson, MP; Local 94 employees S. Cox, M. Reger, G. Yliniemi & T. Monacelli.

ADDS/DELETES

Item 2.

- Request by Commissioner Rian to add under Old Business Fire Hydrant Update.
- Request by J. Lane to add under Item 7.A.II. Resolution for Long-Term Disability, Life, Dental, and Short-Term Disability RFP
- Request by Commissioner Bugliosi to add under New Business Revisit Location of HPU Meetings
- Request by Commissioner Bugliosi to add under New Business Revisit the \$800 Natural Gas Application Fee Waiver

APPROVAL OF MINUTES

Item 3.A. Motion by Commissioner Stokes, supported by Commissioner Bayliss, to approve the regular meeting minutes of June 11, 2019.

Motion carried unanimously.

CITIZENS FORUM

Item 4. S. Cox was present to discuss rates/wages/LEA. Mr. Cox handed out information regarding steam line metering/heat line inefficiencies. Discussion held. Chairperson Rian thanked Mr. Cox for his time and concerns.

CONSENT AGENDA

Chairperson Rian requested to pull item 5.C. for discussion.

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

- 5.A. Review and approve the items over \$5,000 and review and approve the bills from June 7, 2019 through June 20, 2019, check numbers 40130 through 40223 & ACH transfer 6071901 to 6141903.
- 5.B. Review and approve the payroll paid and overtime report for the June 20, 2019 paydate.
- 5.D. AWWA Drinking Water Conference 2019 Overnight Travel Request: C. Lubovich – September 18-20, 2019.

Motion carried unanimously.

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5.C. MMUA Summer Meeting Overnight Travel Request: S. Hautala, J. Lane & Commission member(s) – August 19-21, 2019.

Motion by Commissioner Rian, supported by Commissioner Stokes to authorize S. Hautala, J. Lane and Commission members to attend the MMUA Summer meeting from August 19-21, 2019.

Motion carried unanimously.

PUBLIC BIDS & QUOTES

Item 6. The Commission reviewed the correspondence dated June 25, 2019 from J. Lane regarding Approve the 2018 Audited Financial Statements and Accepting the Auditor's Letter. J. Lane introduced Mr. Sterle who gave presentation.

Motion by Commissioner Hart, supported by Commissioner Bugliosi to Approve the 2018 Audited Financial Statements and Accept the Auditor's Letter.

Motion carried unanimously.

Item 7.A.II. The Commission reviewed the correspondence dated June 25, 2019 from J. Lane regarding Medical Insurance Review Presentation & Request for a Medical Insurance RFP. S. Hautala introduced J. Kroeger of Flexible Benefits who gave presentation.

Motion by Commissioner Bugliosi, supported by Commissioner Bayliss, to authorize Flexible Benefit Consulting, Inc., to prepare a Request for Proposal (RFP) for medical insurance.

Motion carried unanimously.

Motion by Commissioner Hart, supported by Commissioner Bayliss, to authorize the following Resolution:

WHEREAS, the HPU internal Insurance Subcommittee, consisting of members of management and Union, met on June 25, 2019, and;

WHEREAS, the HPU Insurance Agent, Flexible Benefits, Inc. presented information and rates regarding the HPU current dental, long-term disability and basic life insurance, and;

WHEREAS, the HPU Internal Insurance Subcommittee agreed to request for Proposals for Short-Term Disability;

NOW THEREFORE BE IT RESOLVED THAT the HPU approve the dental provider Delta Dental, Long-Term Disability Insurance provider as MN Life, Basic Life Insurance provider as MN life beginning January 1, 2020.

Commissioner Hart – yes
Commissioner Stokes – abstain
Commissioner Bayliss – yes
Commission Bugliosi – no
Chairperson Rian – yes
Motion carries 3-1.

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Item 7.B. The Commission reviewed the correspondence dated June 25, 2019 from J. Lane regarding General Manager Spending Limit. J. Lane gave presentation.

Motion by Commissioner Bugliosi, supported by Commissioner Bayliss, to approve the following Resolution:

NOW THEREFORE, BE IT RESOLVED, THAT HPU Commission authorizes the General manger has the authority to purchase products or services on behalf of the HPU of \$10,000 or less, without prior Commission approval, provided all HPU purchasing policies and MN State Statutes are followed.

Commissioner Stokes – no
Motion carried 4-1.

Item 7.C. The Commission reviewed the correspondence dated June 25, 2019 from C. Lubovich regarding Award Quote No. 3430: 2019 Natural Gas Service Installations. C. Lubovich gave presentation. Lengthy discussion held.

Motion by Commissioner Hart, supported by Commissioner Bugliosi to award Quote No. 3430: 2019 Natural Gas Installations to Jivery Construction, the low qualified bidder in the amount of \$51,400 excluding hogging/boring.

Motion carried unanimously.

PERSONNEL/POLICY

Item 8.A. The Commission reviewed the correspondence dated June 25, 2019 from S. Hautala regarding Award Job Posting No. 19-02: Maintenance Custodial/Utility Worker.

Motion by Commissioner Stokes, supported by Commissioner Bayliss, to approve award of Job Posting No. 19-02: Maintenance Custodial/Utility Worker to Brian Berg, the senior qualified employee.

Motion carried unanimously.

Item 8.B. The Commission reviewed the correspondence dated June 25, 2019 from S. Hautala regarding Request to Eliminate the Coal & Ash Foreman job description.

Motion by Commissioner Hart, supported by Commissioner Bugliosi, to approve the following Resolution:

NOW THEREFORE BE IT RESOLVED THAT the HPU Commission approves the elimination of the Coal & Ash Foreman job description.

Commissioner Hart – yes
Commissioner Stokes – no
Commissioner Bayliss – no
Commissioner Bugliosi – yes
Commissioner Rian – yes
Motion carried 3-2.

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Item 8.C. The Commission reviewed the correspondence dated June 25, 2019 from S. Hautala regarding Request to Approve Team Leader Job Descriptions, Part 1.

Motion by Commissioner Hart, supported by Commissioner Bayliss, to approve the following Resolution:

NOW THEREFORE BE IT RESOLVED THAT the HPU Commission approves the five (5) Team Leader job descriptions: Electrical Line Distribution Team Leader; Steam and Gas Distribution Team Leader; Water Production and Distribution Team Leader; Plant Operations Team Leader; and Plant Mechanic Team Leader, as presented.

Commissioner Hart – yes
Commissioner Stokes – no
Commissioner Bayliss – yes
Commissioner Bugliosi – no
Chairperson Rian – no
Motion failed 3-2.

Item 9. The Commission reviewed the correspondence dated June 25, 2019 from J. Lane regarding May 2019 Financials. J. Lane gave presentation.

No action taken.

DIRECTOR REPORTS

HEAT DEPARTMENT: C. Lubovich gave presentation.

Steam

- The Public Bid package for condensate return replacements along South Howard Alley is currently being built. The package is scheduled to be finalized and distributed the week of July 1.
- The mechanical repairs in the steam vaults along the North and South Howard Alleys have not yet begun. We are looking at July for starting this project.

Natural Gas

- Natural gas service applications have been steadily coming in. By Thursday, June 21, 2019, we had: 88 Applications submitted, 68 steam to gas conversions of which 6 are commercial conversions. Of the total applications, 11 services have been completed. Outside contractor assistance for installing these services has been requested.
- The new natural gas lawn tractor and trailer arrived at HPU on Thursday, June 20, 2019.
- Natural gas main extensions are currently being installed in areas where steam but not natural gas is currently available. This project is scheduled to be completed by the first week of July.
- The new odorizer installation project continues. Odorant for the new odorizer tank has been ordered and is scheduled to arrive the week of July 8, 2019. The new odorizer building is currently 1/3 completed.

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- Draft plans for the Town Border Station Upgrade are scheduled to be submitted to HPU in the next 2-3 weeks. The construction portion of this project is scheduled to begin in late August.

WATER DEPARTMENT:

- HPU's new Water Treatment Plant Dehumidification Unit installation is complete. Vendor technical support personnel will be on site at the Water Treatment Plant on Thursday, June 27, 2019 to conduct training and startup.
- The Old Well #2 project continues with efforts to formally seal the well bore.
- Well 2B Redevelopment is near completion. The motor pulled from this well had failed and is not repairable. It will need to be replaced.
- Commissioner Rian inquired about the out of service hydrants. C. Lubovich stated the Water crew began this project today, June 25, 2019.

Electric Distribution

Power Outages: D. Chase gave presentation.

- New Mine View electric service line extension was completed on Friday, June 21, 2019. The Project went smoothly and on budget with the exception of the Mini Excavator rental.
- Held a pole for water service repairs for the water crew at the Junction car wash.
- Repairs to the Power Plant interconnect substation #307 transformer have been completed.
- Beltline 13.8 kV substation transformer leaks have been repaired.
- Power Outages
 - 5/28/19, City wide blink at 4:42 pm due to a raven causing a re-closer operation inside of the MP Hibbing 115 kV substation, duration was 1 second.
 - 6/4/19, one (1) residential outage due to a transformer fuse pulling apart, no apparent cause. Power off at 3:45 am, power restored at 5:10 am, 15 customers affected for 55 min.
 - 6/7/19, One commercial & residential outage due to pole mounted transformer failure on an open bank. power off at 12:55 pm, power restored at 2:19 pm, 15 customers affected for 1 hr. 24 min.
 - 6/9/19, City wide blink at 2:40 pm due to two (2) ravens getting into the capacitor bank inside the MP Hibbing 115 kV substation, duration was 1 second.

Engineering Department

Gopher State One Call Tickets as of 6/19/19: Year to Date 524, Month to Date 120

Projects completed:

- Gas Main extension drawings:
- Staking sheet for 3295 Bunker Rd
- Proposed Water Treatment Plant Drawing
- Gas Leak Survey Maps
- Drawings for South Howard Alley Condensate Return Inspection Presentation for CLL
- Condensate Return Replacement Drawings and Specifications

Plant Electrical Update

Tasks completed by the Plant Electrical Department:

- Plant

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- TG #6 Fire Protection for Oil Tank (2 motors & 2 heaters)
- Condensate Storage Tank
- O² Analyzer and Calibration station
 - Boiler # 2
- #1 PRV Feed water station
- Infrared Repair
 - #1 Transfer Pump PM
- 13.8 Breaker PM
- Power Plant Monthly - Weekly checks
- Gas Plant:
 - Odorant Injection
- Water Treatment Plant:
 - Dehumidifier
 - Power Feed & Installed Bucket 480V Completed

Meter Shop Update

- Disconnects:
 - The meter shop placed disconnection warning door hangars at 110 sites.
 - 24 customers' services were cut for non-payment.
 - 28 customer services were disconnected for broken arrangements.
- Meter Upgrades:
 - 2 large water meter accounts were updated.
 - 12 residential AMI ready water meters were updated.
 - 6 residential electric meters were updated
- Future Projects:
 - Install a 2" Water meter for the Bennett Park Splash Pad
 - Update the Electrical Service at the Hill Crest Oaks Assisted Living Facility.

Instrument Shop Update

- O² Trim control for #3 Boiler has been installed and Boiler 3 is ready to be tuned.
- The DA (de aerator) valve has been repaired and is ready to be installed.

POWER PLANT REPORT: R. Nyberg gave presentation.

- Boiler 1A is on-line to produce steam for the heatline. Total steam production was in the 40,000-60,000 pph range depending on the steam line needs.
- Coal was discontinued on May 15, 2019. To date coal received for the year is at 13,895 tons. The contracted amount is a total of 14,500 tons.
- No electrical generation was produced during the month. All steam is being run through a PRV station for the steam district and Ameripride.
- All Coal & Ash personnel were transferred to outside crews as of May 20, 2019.
- Boiler 3A maintenance was performed and completed. Boiler 3A is now our back-up unit.
- Boiler feedpump number 2 was removed and sent out for inspection.
- Condensate storage tank level control work was performed.

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Finance Report

- Information Technology: 33 new computers approved by the Commission with C.W. Technology have been installed. The amount approved by the Commission in February was not to exceed \$48,000, the cost for the new computers were \$42,256.70.
- Finance: Finalizing the implementation plan for the revised chart of accounts with the software vendor Civic Systems. Issues have arisen and resolved and implementation is set for July 26-28, which is the best time period for all major business functions - customer service, billing, payroll, and accounts payable for a cut over time. The 2018 audit is completed and the audited financial statements will be presented to the Commission on June 25. The implementation of the change in banking services will be completed and effective July 1 the HPU primary bank will be Security State Bank.
- Human Resources: Manager job descriptions with employee comments are reformatted and presented to the Commission for their approval. Advertised for student summer students. Assisted with several employee issues.
- Customer Service: Team members have been working with many rate payers on customer issues.
- Meter Reading: Review and implement customer key access for all utility employees. Discussed customer call-back issues and meter estimates.
- Discussed 41st Street landlord/customer water issue.

OLD BUSINESS

Chairperson Rian updated the Commission on the LEA reorganizational meeting on June 24, 2019. Commissioner Rian, Commissioner Hart, S. Hautala & J. Lane attended. The 2018 audit report was accepted; a Resolution was passed to transfer power plant assets (boiler) to the individual utility at its depreciated book value.

NEW BUSINESS

Commissioner Bugliosi requested to revisit the \$800 natural gas service application fee waiver for steam conversions. A loan program clarification is requested regarding the 12-month timeline for waiver on gas flow to the customer.

Commissioner Bugliosi requested to revisit the venue for the Commission meetings, due to community input regarding the meetings not being televised.

Motion by Commissioner Stokes, supported by Commission Bayliss, to move Commission meetings to City Hall.

Commissioner Hart – no
Commissioner Stokes – yes
Commissioner Bayliss – yes
Commissioner Bugliosi – yes
Chairperson Rian – no
Motion carried 3-2.

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CLOSED SESSION

Motion by Commissioner Stokes, supported by Commissioner Bugliosi, to adjourn the regular meeting 8:12 p.m., to enter into Closed Session for an employee evaluation.

Motion carried unanimously.

Closed Session convened at 8:20 p.m. to review Director of Electrical Systems, Daniel Chase. Present in the Closed Session was Chairperson Rian; Commissioner Bugliosi; Commissioner Hart; Commissioner Bayliss; Commissioner Stokes; Legal Counsel, Andy Borland; General Manager, Scott Hautala; and Director of Electrical Systems, Dan Chase.

Motion by Commissioner Bugliosi, supported by Commissioner Hart, to enter into Open Session at 9:00 p.m.

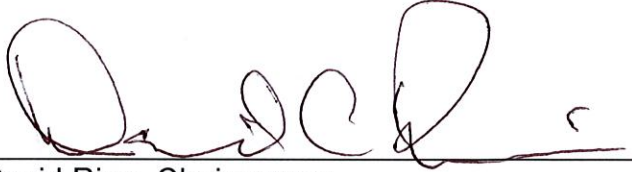
Motion carried unanimously.

ADJOURNMENT

Motion by Commissioner Bugliosi, supported by Commissioner Bayliss, to adjourn the meeting at 9:01 p.m.

Motion carried unanimously.

Attest:



David Rian, Chairperson

Jean Lane, Commission Secretary

The next regular Commission meeting is scheduled for Tuesday, July 9, 2019 at 5:00 p.m. at the Hibbing City Hall, Council Chambers, 400 E. 21st St., Hibbing, MN 55746