

MINUTES OF THE PROCEEDINGS

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

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August 13, 2019

Minutes of the regular meeting of the Public Utilities Commission, Hibbing, Minnesota held on August 13, 2019, at Hibbing City Hall, Council Chambers 401 E. 21st St., 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; Director of Utility Operations, Corey Lubovich; and Director of Electrical Systems, Dan Chase. Also in attendance were HPAT Rep., Ron Wirkkula and Daphne McKinney. Absent from the meeting was General Manager, Scott Hautala; Director of Finance, Jean Lane; Director of Power Production Robert Nyberg; and Administrative Assistant, Penny Lange.

ADDS/DELETES

Item 2. Request by Commissioner Stokes to add Commission packet delivery to New Business.

APPROVAL OF MINUTES

Item 3.A. Motion by Commissioner Bugliosi, supported by Commissioner Hart, to approve the regular meeting minutes of July 23, 2019.

Motion carried unanimously.

CITIZENS FORUM

Item 4. No one present.

CONSENT AGENDA

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

- 5.B. Review & approve the payroll paid & overtime report for the August 1, 2019 paydate.
- 5.C. Nationwide Deferred compensation Plant Investment Selection Options.
- 5.E. Overnight Travel Request for Overhead Line School: D. Unger.
- 5.F. Retirement Notice: S. Jivery, Journeyman Plant Mechanic.

Motion carried unanimously.

Item 5.A. Commissioner Bayliss requested to pull Item 5.A. Review and approve the items over \$10,000 and review & approve the bills from July 19, 2019 to August 9, 2019, check numbers 41049 to 41144 & ACH transfers 7031901 to 7121902. Commissioner Bayliss requested information on natural gas installations and restoral in relation to natural gas service installs. C. Lubovich gave clarification that a contractor is installing the natural gas line, while HPU is doing the tie-ins due to MN OPS regulations. One to two services are tied in per day, with the tie-ins taking more time than running the line. Timelines for the heat conversions unknown as of yet due to weather. C. Lubovich stated that it should be noted to customers that applications received after September 1 are not guaranteed for the upcoming heating season, thus customers are urged to not dismantle their current heating system. Commission Bayliss concerned about tie-in timeliness. Commissioner Stokes

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questioned Bougalis Inc. C. Lubovich stated that that Bougalis is conducting a main extension project, which was quoted separately.

Motion by Commissioner Stokes, supported by Commissioner Bayliss to approve the items over \$10,000 and review & approve the bills from July 19, 2019 to August 9, 2019, check numbers 41049 to 41144 & ACH transfers 7031901 to 7121902.

Motion carried unanimously.

Item 5.D. Commissioner Hart requested to pull Item and 5.D. League of MN Cities Tort Liability Waiver. Commissioner Hart requested clarification from Legal Counsel. A. Borland gave presentation.

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

NOW THEREFORE, BE IT RESOLVED, that the HPU Commission "not waive" the statutory tort limits for the liability coverage from the LMCIT, and authorize the General Manager to sign the appropriate documents.

Motion carried unanimously.

PUBLIC BIDS & QUOTES

Item 6.A. The Commission reviewed the correspondence dated August 13, 2019 from R. Nyberg regarding Coal Contract: Midwest Energy Resources Company (MERC).

Motion by Commissioner Bugliosi supported by Commissioner Bayliss to Approve the following Resolution:

NOW THEREFORE, BT IT RESOLVED, the HPU Commission approve the Coal Contract with Midwest Energy Resources Co. (MERC) for one-unit train of coal beginning September 1, 2019.

<u>Contract Start</u>	<u>Price End</u>	<u>Category</u>	<u>Coal price/ton</u>
09/01/2019	12/31/2019	Base price	\$ 59.63
01/01/2020	12/31/2020	Base price	\$ 60.02
01/01/2021	04/30/2021	Base price	\$ 60.42
05/01/2021	12/31/2021	Base price	\$ 62.42
	01/01/2022	Penalty	\$ 31.21

Motion carried unanimously.

Item 6.B. The Commission reviewed the correspondence dated August 13, 2019 from R. Nyberg regarding Solid Fuel Presentation.

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Motion by Commissioner Bayliss, supported by Commissioner Hart, to authorize coal as the solid fuel for the 2019-2020 heating season.

Commissioner Stokes opposed.
Commissioner Bugliosi opposed.
Motion carried 3-2.

Item 6.C. Deleted.

Item 6.D. Deleted.

Item 6.E. The Commission reviewed the correspondence dated August 13, 2019 from C. Lubovich regarding Natural Gas: 2019-2020 Heating Season Pre-buy from Carlton, MN.

Motion by Commissioner Hart, supported by Commissioner Bugliosi, to authorize HPU to approve the pre-buy natural gas for the Carlton MN obligation for the November 2019 to March 2020.

Motion carried unanimously.

PERSONNEL/POLICY

Item 7.A. The Commission reviewed the correspondence dated August 13, 2019 from S. Hautala regarding Request to Remove Award of Janitorial Position to Brian Berg and Return Employee to Journeyman Water Mechanic Position.

Motion by Commissioner Stokes, supported by Commissioner Bayliss, to authorize the return of Brian Berg to the Journeyman Water Mechanic Position.

Motion carried unanimously.

Item 7.B. The Commission reviewed the correspondence dated August 13, 2019 from S. Hautala regarding Award Job Posting No. 19-02: Maintenance Custodial/Utility Worker.

Motion by Commissioner Stokes, supported by Commissioner Bugliosi, to authorize award to the next senior qualified employee, K. Grell.

Motion carried unanimously.

OLD BUSINESS

Item 8.A. The Commission reviewed the correspondence dated August 13, 2019 from S. Hautala regarding Mercury Emission Regulations for Solid Fuels.

No action taken.

Item 8.B. The Commission reviewed the correspondence dated August 13, 2019 from S. Hautala regarding Heat Conversion Loan Program.

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Motion by Commissioner Hart, supported by Commissioner Bayliss for the Heat Conversion Loan Program be effective August 13, 2019.

Commissioner Stokes opposed.
Motion carried 4-1.

Motion by Commissioner Hart, supported by Commissioner Bayliss, to amend the motion to reflect that the Heat Conversion Loan Program be effective January 1, 2019.

Motion carried unanimously.

Motion by Commissioner Hart, seconded by Commissioner Bayliss, that the effective date of eligibility of the gas conversion when the application is submitted or after January 1, 2019.

Motion carried unanimously.

Motion by Chairperson Rian, supported by Commission Bayliss, to authorize a zero-interest loan.

Commissioner Bugliosi opposed.
Commissioner Stokes opposed.
Motion carried 3-2.

Motion by Chairperson Rian, supported by Commissioner Bayliss, to apply the conversion loan to residential customer only. Commercial customers will be taken up at a future meeting. Commissioner Bayliss suggested non-profits be revisited sooner than later.

Motion carried unanimously.

Motion by Chairperson Rian, supported by Commissioner Bayliss, to adopt the following Resolution:

NOW THEREFORE BE IT RESOLVED that the HPU Commission approve the Heat Conversion Loan program as presented and comment to the August 19, 2019 Joint City Council-Commission meeting.

Motion carried unanimously.

Item 8.C. The Commission reviewed the correspondence dated August 13, 2019 from S. Hautala regarding Minnesota Power Bridge Extension Agreement.

Motion by Commission Bugliosi, to table this item until the S. Hautala is able to give update. Chairperson Rian stated that it is an informational item.

No action taken.

Item 8.D. The Commission reviewed the correspondence dated August 13, 2019 from S. Hautala regarding Hibbing Taconite Scranton Pit Area Mining Plan – Scranton Well Impact.

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Motion by Commissioner Hart, supported by Commissioner Bayliss, to authorize Chairperson Rian and Commissioner Bugliosi to represent HPU on behalf of the Commission for the Scranton Well Impact meetings.

Motion carried unanimously.

NEW BUSINESS

Item 9.A. The Commission reviewed the correspondence dated August 13, 2019 from D. Chase regarding Electric Distribution Vegetation Control.

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

NOW THEREFORE BE IT RESOLVED, the HPU Commission authorizes a request to obtain competitive bids from tree clearing companies to clear vegetation from the endangered HPU power lines and poles at the 12 high-risk locations with \$2 Million insurance liability and performance bond requirements.

Commissioner Stokes opposed.
Commissioner Bayliss opposed.
Motion carried 3-2.

Item 9.B. The Commission reviewed the correspondence dated August 13, 2019 from J. Lane regarding request to Approve a Joint City Council-Commission meeting on Monday, August 19, 2019 at 7:00 p.m.

Motion by Commissioner Stokes, supported by Commissioner Bugliosi, to authorize the following Resolution:

NOW THEREFORE BE IT RESOLVED, THAT the HPU Commission authorizes a joint meeting between the City Council and HPU Commission on Monday, August 19, 2019 at 7:00 p.m. in the City Council Chambers, 401 E. 21st St., Hibbing MN 55746

Motion carried unanimously.

Item 9.C. The Commission reviewed the correspondence dated August 13, 2019 from J. Lane regarding Special HPU Commission meeting on August 28, 2019 at 5:00 p.m. in the Memorial Arena Little Theater.

Motion by Commissioner Stokes, supported by Commissioner Bayliss, to adopt the following Resolution:

NOW THEREFORE, BE IT RESOLVED, THAT the HPU Commission set a special meeting on August 28, 2019 at 5:00 p.m. in the Memorial Arena Little Theater and authorizes to give the appropriate notice.

Motion carried unanimously.

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Motion by Commissioner Stokes, supported by Commissioner Bayliss, to have the packets completed by the Thursday before the meeting at 2:00 p.m.


Commissioner Bayliss support.
Commissioner Stokes support.
Chairperson Rian opposed.
Commissioner Bugliosi opposed.
Commissioner Hart opposed.
Motion fails 3-2.

ADJOURNMENT

Motion by Commissioner Bugliosi, supported by Commissioner Bayliss, to adjourn the meeting at 6:18 p.m.

Motion carried unanimously.

Attest:



David Rian, Chairperson



Jean Lane, Commission Secretary

The next regular Commission meeting is scheduled for Tuesday, August 27, 2019 at 5:00 p.m. at the Hibbing City Hall, City Council Chambers, 401 E. 21st St., Hibbing, MN 55746

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