

MINUTES OF THE PROCEEDINGS

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

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September 10, 2019

Minutes of the regular meeting of the Public Utilities Commission, Hibbing, Minnesota held on September 10, 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 Hart; Commissioner Bayliss; Commissioner Stokes; Legal Counsel, Andy Borland; General Manager, Scott Hautala; Director of Power Production Robert Nyberg; Director of Utility Operations, Corey Lubovich; Administrative Assistant, Penny Lange; and Director of Electrical Systems, Dan Chase. Also in attendance were HPAT Rep., Ron Wirkkula and Daphne McKinney; Northern Natural Gas Rep., Mike Underwood; Costin Group Rep., Gary Cerkvenik; MN Rep., Luke Peterson; and Local 94 President, Mark Reger. Absent from the meeting was Commissioner Bugliosi; and Director of Finance, Jean Lane.

ADDS/DELETES

Item 2. Request by Commissioner Bayliss to Add under New Business a Working Session for the Voluntary Heat Conversion Loan Program.

APPROVAL OF MINUTES

Item 3.A. Motion by Commissioner Stokes, supported by Commissioner Bayliss, to approve the regular meeting minutes of August 27, 2019.

Motion carried unanimously.

CITIZENS FORUM

Item 4. No one present.

CONSENT AGENDA

Commissioner Bayliss requested to pull Item 5.C.: Salvation Army HeatShare Agreement: 2019-2020 Heating Season for clarification.

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

- 5.A. Review and approve the items over \$10,000 and review & approve the bills from August 9, 2019 to August 23, 2019, check numbers 41257 to 41340 & ACH transfer 8161901.
- 5.B. Review & approve the payroll paid & overtime report for the August 23, 2019 paydate.
- 5.D. Authorize Finance Director to Negotiate Resolution w/ Taconite Land Investments, LLC.

Motion carried unanimously.

5.C.: Salvation Army HeatShare Agreement: 2019-2020 Heating Season. Commissioner Bayliss requested more information on the HeatShare Agreement. S. Hautala gave background and will follow up.

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Motion by Commissioner Bayliss, supported by Commissioner Stokes, to authorize the Agreement and the General Manager to sign the appropriate documents.

Motion carried unanimously.

PUBLIC BIDS & QUOTES

Item 6.A. The Commission reviewed the correspondence dated September 10, 2019 from S. Hautala regarding Legislative Update: Renewable Development Fund. G. Cerkvnik was present and gave presentation. Mr. Cerkvnik stated that 3 of 5 payments have been made and the HPU has been compliant by paying off debt, including bonds, loggers, and investigating resources such as solar and biomass. The intent of the termination was to provide relief to Xcel Energy ratepayers and allow HPU/WPU to transition. Mr. Cerkvnik stated that the Utility has no legal obligation under the RDF contract and that the Utility chose the correct route for its ratepayers. With the Xcel-LEA PPA Termination, the Commission thanked Mr. Cerkvnik for his time and work for the Utility. This item was placed in the Commission file.

No action taken.

Item 6.B. The Commission reviewed the correspondence dated September 10, 2019 from S. Hautala regarding Town Border Station Upgrade Project Update. Mike Underwood, NNG Rep., was present and gave presentation. Lengthy discussion held. Clarification was given on the gas burners on boilers, coal penalties, mercury emissions, and the propane natural gas peak shaving plant.

Motion by Chairperson Rian, supported by Commissioner Hart, to approve the additional costs and move forward with the upgrades to the Town Border Station as presented with an increase of approximately \$600,000.

Commissioner Hart – support
Chairperson Rian – support
Commissioner Stokes – oppose
Commissioner Bayliss – oppose
Motion ties 2-2.

Discussion resumed regarding concerns of monetary project over-run, natural gas capacity, compressor and past pipeline over-capacity operations edging on pipeline freeze ups.

Motion by Commissioner Bayliss, supported by Commissioner Hart, to authorize the additional costs and move forward with the Town Border Station Upgrades as presented with an increase of approximately \$600,000.

Motion carried unanimously.

Item 6.C. The Commission reviewed the correspondence dated September 10, 2019 from S. Hautala regarding Natural Gas Tie-In: Excavation & Restoral.

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

NOW THEREFORE BE IT RESOLVED THAT the HPU Commission award natural gas services to Jivery Construction and authorize the General Manager to sign appropriate documentation.

Motion carried unanimously.

Item 6.D. The Commission reviewed the correspondence dated September 10, 2019 from D. Chase regarding Request for Professional Engineering Services.

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

NOW THEREFORE BE IT RESOLVED THAT the HPU Commission authorize HPU to send CAD and professional engineering services for various project needs to an outside engineering firm for quick turn-around of utility staking and project work.

Commissioner Stokes – oppose.
Motion carried 3-1.

Item 6.E. The Commission reviewed the correspondence dated September 10, 2019 from J. Lane regarding Renewal of HPU Worker's Compensation Insurance w/ the League of MN Cities.

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

NOW THEREFORE, BE IT RESOLVED, THAT the HPU Commission approve the LMCIT quotation of \$84,797 for 9/15/19 to 12/31/19 for the HPU Worker's Compensation Insurance coverage, and authorizes the General Manager to sign the appropriate documents.

Motion carried unanimously.

Item 6.F. The Commission reviewed the correspondence dated September 10, 2019 from J. Lane regarding Warehouse Wall/Roof Repair. Lengthy discussion held. Commissioner Hart requested management obtain quotes in using sheeting vs block. S. Hautala to provide information at the next Commission meeting after obtaining quotes.

No action taken.

Item 6.G. The Commission reviewed the correspondence dated September 10, 2019 from J. Lane regarding Request to Purchase Meter Shop Truck.

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

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NOW THEREFORE, BE IT RESOLVED, THAT the HPU Commission authorizes purchase of a used truck from Fastenal pending a satisfactory inspection by the HPU Transportation Mechanic, in the amount of \$22,800.

Motion carried unanimously.

PERSONNEL/POLICY

Item 7.A. The Commission reviewed the correspondence dated September 10, 2019 from S. Hautala regarding Plant Operations Job Descriptions. S. Hautala gave presentation. Additional employee meetings with Coal & Ash personnel will be scheduled and the revised job descriptions brought back for Commission approval, at a future meeting. This item was placed in the Commission file.

No action taken.

OLD BUSINESS

Item 8.A. This item is moved to be incorporated with Item 9.A.

Item 8.B. The Commission reviewed the correspondence dated September 10, 2019 from C. Lubovich regarding Public Bid No. 01-19: Condensate Main/Service Replacements – S. Howard Alley. Lengthy discussion held.

Motion by Chairperson Rian, supported by Commissioner Stokes, to award Public Bid No. 01-19: Condensate Main/Service Replacements – S. Howard Alley.

Commissioner Hart – opposed
Motion carried 3-1.

NEW BUSINESS

Commissioner Bayliss requested to set a working session for the Voluntary Heat Conversion Loan Program. A working session for the Voluntary Heat Conversion Loan program is set for Monday, September 23, 2019 at 5:00 p.m. at the HPU first floor conference room.

Item 8.A. The Commission reviewed the correspondence dated September 10, 2019 from S. Hautala regarding Voluntary Heat Conversion Loan Program.

- Financial Commitment:
- Loan Guarantee:
- Website

This item was placed in the Commission file.

No action taken.

Commissioner Stokes requested that in the absence of the appointed Commission Secretary, J. Lane, that Administrative Assistant, P. Lange be compensated for meeting attendance in taking minutes. S. Hautala clarified and requested that the compensation be addressed in the personnel committee.

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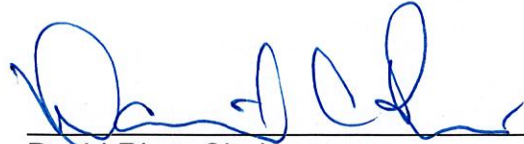
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ADJOURNMENT

Motion by Commissioner Bayliss, supported by Commissioner Stokes, to adjourn the meeting at 7:03 p.m.

Motion carried unanimously.

Attest:



David Rian, Chairperson



Scott Hautala, General Manager

The next regular Commission meeting is scheduled for Tuesday, September 24, 2019 at 5:00 p.m. at the Hibbing City Hall, City Council Chambers, 401 E. 21st St., Hibbing, MN 55746