

MINUTES OF THE PROCEEDINGS

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

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September 24, 2019

Minutes of the regular meeting of the Public Utilities Commission, Hibbing, Minnesota held on September 24, 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; General Manager, Scott Hautala; 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; Council 65 Rep., Leann Stoll; Local 94 Rep., Mark Reger and Employee, Shawn Cox. Absent from the meeting was Director of Finance, Jean Lane; and Director of Power Production Robert Nyberg.

ADDS/DELETES

Item 2. Request by S. Hautala to Add Item 10.B electric Service Consulting Date to Old Business.

APPROVAL OF MINUTES

Item 3.A. Motion by Commissioner Bayliss, supported by Commissioner Stokes, to approve the regular meeting minutes of September 10, 2019.

Motion carried unanimously.

CITIZENS FORUM

Item 4. No one present.

CONSENT AGENDA

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

- 5.A. Review and approve the items over \$10,000 and review & approve the bills from September 9, 2019 to September 19, 2019, check numbers 41407 to 41479 & ACH transfers 9061901 to 9131902.
- 5.B. Review & approve the payroll paid & overtime report for the September 12, 2019 paydate.
- 5.C. DOT Certification & Re-Certification for Transportation Mechanics: Overnight Travel.
- 5.D. MN Power Systems Conference D. Chase: Overnight Travel.

Motion carried unanimously.

PUBLIC BIDS & QUOTES

Item 6.A. The Commission reviewed the correspondence dated September 24, 2019 from J. Lane regarding Warehouse Building Wall and Roof Repairs.

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

NOW THEREFORE, BE IT RESOLVED, the HPU Commission authorize the roof repairs to Nelson Roofing, Inc., the low bidder, in the amount of \$5,869.00 and award warehouse wall repair to Louhi & Kivela Masonry, Inc. in the amount of \$8,750.00 for a total of \$14,619.00.

Motion carried unanimously.

Item 6.B. The Commission reviewed the correspondence dated September 24, 2019 from R. Nyberg regarding Boiler #2 Gas Burner Air Slides & Reusable Burner Plugs.

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

NOW THEREFORE BE IT RESOLVED THAT the HPU Commission authorize Zeeco to furnish the new burners, new air slides, and burner plugs in the amount of \$115,000.

Commissioner Hart – opposed
Commissioner Bugliosi – opposed
Motion carried 3-2.

Item 6.C. The Commission reviewed the correspondence dated September 24, 2019 from D. Chase regarding Award Public Bid No. 02-19: Electric Distribution Vegetation Management.

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

NOW THEREFORE BE IT RESOLVED THAT the HPU Commission authorize entering into a contract with Lake States Tree Service for \$175,687 for vegetation clearing at 12 locations identified in the Bid Specifications.

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

PERSONNEL/POLICY

Item 7.A. The Commission reviewed the correspondence dated September 24, 2019 from S. Hautala regarding Shawn Cox Step 3 Grievances.

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

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NOW THEREFORE BE IT RESOLVED THAT the HPU Commission deny grievances I-III and authorize the grievance process to progress to Step 4, Mediation. The employee has been paid for the July 25, 2019 grievance, it has been resolved.

Commissioner Stokes opposed
Motion carried 4-1.

DEPARTMENT REPORTS

Item 8.

Gas/Steam/Water: C. Lubovich gave report

Natural Gas

- Gas service applications have significantly tapered off in the last two weeks. Here is the breakdown is as of Tuesday, September 17, 2019: 94 services completed to date; 41 services are run out and left to tie into the main.
- As of this writing, the contractor hired to help run out natural gas service piping has invoiced HPU for 83 services. This work has stopped for now in order to get caught up with the tie-ins of which 87 are still outstanding.
- Gas main tie-ins are still going on. We have 1 main extension left to be tied in.
- Contractor tap location excavations will begin on Wednesday, September 18, 2019.
- The costs accounted for the 2019 natural gas service installations are as follows: Jivery Construction: \$42,608.00, SBS Blacktop: \$15,899.00, United Rental (mini-excavator): \$1,776.21, HPU materials and labor: \$42,264.95. Total Costs to Date: \$102,548.16. This project is budgeted in 2019 under operations and maintenance for \$50,000.00.
- Our new natural gas odorizer is completed with the electrical phase of installation. Efforts are being made to schedule a start-up session with Nelson Technologies in the next couple of weeks.
- The HPU Town Border Station Upgrade Project is now in the hands of Northern Natural Gas to schedule the general contractor and work through logistics for physical installation. A pre-construction meeting will need to take place.
- The Northern Natural Gas Rate Case proceeding continues to move ahead. The presiding Judge has issued an order adopting a hearing schedule of which would have the first round of testimony due January 13, 2020, and a trial starting June 23, 2020. A Hearing Procedures Order has also been issued which addresses discovery and trial procedures. The first Settlement Conference has been issued for November 6, 2019 in Washington D.C. I plan on attend this conference and will update you with the outcome.

Steam

- The steam vault equipment repairs to North and South Howard Alleys are completed and on budget. Remaining items left are to abate and re-insulate a select number of steam vaults called out in the scope of work.
- A pre-construction meeting was held on September 17, 2019, for the main and service condensate replacement project. Work is scheduled to begin within the next two weeks or so.

Water

- The sealing of old Well #2 is entering its final stage. The MN Department of Health has granted HPU allowance to leave the remaining gravel in the well bore and use neat grout cement to seal the bore from base to grade. This work will be conducted in the next week or two.
- Our annual hydrant flushing program is continuing without any setbacks. We currently are in week 5 with two more weeks remaining.

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- Hydrant repairs are on hold while the hydrant flushing is going on. We plan on getting back to this project once the flushing is completed and if available manpower continues.
- Surface restorals from water and steam repairs continue to be worked on around town. To date, 27 restoral locations have been invoiced to HPU primarily for the street areas. Curb, sidewalk, driveway apron and boulevard areas are currently being worked on. This work will go on until we are caught up or until the weather dictates otherwise.

POWER PLANT REPORT: S. Hautala gave presentation.

- Boiler 1A is on-line to produce steam for the heatline. Total steam production was in the 40,000-45,000 pph range depending on the steam line needs. All steam production is by combusting natural gas.
- Discussed gas nominating and hedging.
- No electrical generation was produced during the month. All steam is being run through a PRV station for the steam district and Ameripride.
- Multiple maintenance projects are being performed including T/G 6 vapor extractor and heat exchanger repair/cleaning, West Cooling Tower dispersion valve change out, East Cooling Tower main valves removed, cleaned and sealed to prevent blow-by, Boiler Feedwater Pump Number 2 is back and reinstallation is now ongoing, etc.

ELECTRICAL DEPARTMENTS: D. Chase gave report.

Electric Distribution Power Outages

- North Howard alley update
 - The last of three phase junction box basements has been installed
 - Will be getting pull ropes installed for the 15 kv cable from the 400 & 300 blocks for cable installation.
 - Will have thirty (30) 15 kv terminations to install.
- Installed service pole for the 2 habitat houses on the 300 block of E.25th St.
- Designed a staking sheet for a single-phase commercial service, was sent out for approval.
- Designed a staking sheet for a three-phase commercial serve, waiting on approval of drawing.
- Applied for a state permit to install a new service at Hwy 169 & Hwy 73 – G5 Centurylink.
- Power Outages – 3 residential outages, 1 low voltage trouble call.

Engineering Department

Gopher State One-Call Tickets as of 9/19/19: Year to Date 1,298, Month to Date 213.

USIC is currently handling all Gopher One Call Locating.

Projects completed:

- Filing Project Records
- Scanning Drawings not yet in the Computer Database
- 525 McKinley Street Underground Service Staking drawings
- 1421 E. 23rd Street County Garage Service Line Staking Sheet
- Vegetation Control Drawings Bid Package.
- MNDOT Permit Drawings for Hwy 169 & Hwy 73 Electrical Installation of Century Link Cellular Equipment Service.
- Locating for Water Crew Dig Sites.

Plant Electrical Update

- Plant annual Battery Testing load discharging
- TG#3 Voltage Regulator
- Plant lighting
- Sump pump in plant
- TG #6 Gland Seal Pump

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- Periodic maintenance on the 2400V Breakers for the #3 Induced Draft Fan & Feed Water Pump.
- 13.8 kV Breakers PM
- TG#3 winding test
- Plant Inspection: Substation Oil Leak; Man lift; Batteries; Dust Collector
- Andy's Garage lights repair
- Sump Alarm
- North Wood Unloader sump pump
- Heat Dept. outlet in manhole

Meter Shop Update

- Disconnects: 42 non-pay/ broken arrangement disconnects for August
- Meter Upgrades: Residential: 12 electric meters and 18 water meters; Commercial: 2 upgraded and 3 more are scheduled for early October

Instrument Shop Update

- Working on internet connection for the WTP and communications to the WTP to be more stable
- Met with pipefitter and sales rep for placement and orientation for install of annubars for heat lines to city 24", 14" & 10" Tentative Install date is the week of September 23rd
- Calibration of Gas Meters on Boilers #1-#3 Meeting with Novaspect to confirm calibration and look at the replacement of flow meters
- Fixed WTP Computer after DeltaV Would not load correctly
- Got EPA protocol Gas cylinder Sent off for recertification as it expired

No action taken.

FINANCIALS

Item 9. S. Hautala stated that the August 2019 Financial Statements are not yet available, per J. Lane.

No action taken.

OLD BUSINESS

Item 10.A. The Commission reviewed the correspondence dated September 24, 2019 from S. Hautala regarding Voluntary Heating Conversion Loan Program Work Session Report. Discussion held. Correspondence placed in the Commission file for information only.

No action taken.

Item 10.B. S. Hautala requested to modify the date of the Electric Service Agreement Consultant to a November 1, 2019 start date.

Motion by Commissioner Bugliosi, supported by Commissioner Bayliss to authorize the November 1, 2019 start date for the Electric Service Agreement Consulting services.

Motion carried unanimously.

NEW BUSINESS

Item 11. The Commission reviewed the correspondence dated September 24, 2019 from S. Hautala regarding Request for Work Session – Electric Service Agreement.

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Motion by Commissioner Bugliosi, supported by Commissioner Bayliss to hold a working session for the Electric Service Agreement on Monday, October 7, 2019 at 5:00 p.m. at the HPU administrative building conference room.

Motion carried unanimously.

ADJOURNMENT

Motion by Commissioner Stokes, supported by Commissioner Bugliosi, to adjourn the meeting at 6:43 p.m.

Motion carried unanimously.

Attest:



David Rian, Chairperson



Scott Hautala, General Manager

The next regular Commission meeting is scheduled for Tuesday, October 8, 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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