

MINUTES OF THE PROCEEDINGS

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

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October 22, 2019

Minutes of the regular meeting of the Public Utilities Commission, Hibbing, Minnesota held on October 22, 2019, at Hibbing City Hall, Council Chambers 401 E. 21st St., Hibbing, MN 55746. Chairperson Rian called the meeting to order at 5:04 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 Utility Operations, Corey Lubovich; Director of Power Production Robert Nyberg; Administrative Assistant, Penny Lange; Director of Electrical Systems, Dan Chase; and Safety/Environmental Coordinator, Pete Karakash. Also in attendance were HPAT Rep., Ron Wirkkula and Daphne McKinney; Hibbing Daily Tribune, Carrie Manner; AFSCME Council 65 Rep., Leann Stoll; Local 94 President, Mark Reger; and MP Rep., Luke Peterson, Frank Frederickson and Mike Perala; Local 94 employees Andy Kingsbury and Darnea Olson.

ADDS/DELETES

- Item 2. Request by Chair Rian to Add under New Business Meeting Location;
Request by S. Hautala to Add Item No. 7.E. Medicare Provider Approval for 2020;
Request by S. Hautala to Add Item 10.B. Approve Entering into Service Agreement with Security State Bank to Service the Voluntary Residential 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 October 8, 2019.

Motion carried unanimously.

CITIZENS FORUM

Item 4. No one present.

CONSENT AGENDA

Commissioner Bugliosi requested to pull items 5.B. Review & approve the payroll paid & overtime report for the October 10, 2019 payday, and 5.D. Request for Contribution: Mikes Pub Children's Halloween Party.

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 October 4, 2019 to October 16, 2019, check numbers 41572 to 41671 & ACH transfers 10041901 to 101119056.
- 5.C. Overnight Travel Request for MMUA T & O Conference: C. Lubovich
- 5.E. Resignation Notice: T. Johnson, Second Engineer

Motion carried unanimously.

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- 5.B. Review & approve the payroll paid & overtime report for the October 10, 2019 paydate. Commissioner Bugliosi requested incorporating last years' payroll vs present payroll, and to include the last pay period, for comparison purposes.

Motion by Commissioner Bugliosi, supported by Commissioner Stokes, to have management provide last years pay date vs present paydate, and include last pay period, for comparison purposes, to Commission materials going forward.

Motion carried unanimously.

- 5.C. Request for Contribution: Mikes Pub Children's Halloween Party. Discussion held.

Motion by Commissioner Bugliosi, supported by Commissioner Stokes, to table this item to the next meeting.

Commissioner Hart – oppose
Commissioner Bugliosi – support
Chair Rian – oppose
Commissioner Stokes – support
Commissioner Bayliss – oppose
Motion fails 3-2.

Motion by Commissioner Hart, supported by Commissioner Bayliss to authorize the Request for Contribution in the amount of \$100 per policy to Mike's Pub Children's Halloween party.

Commissioner Stokes – opposed
Motion carried 4-1.

PUBLIC BIDS & QUOTES

Item 6.A. The Commission reviewed the correspondence dated October 22, 2019 from C. Lubovich and P. Karakash regarding Mini-Excavator Rental Agreement Extension.

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

NOW THEREFORE, BE IT RESOLVED, the HPU Commission authorize to continue rental, as deemed necessary, through February 2020 a Wacker Neuson EZ 36 Mini-Excavator from L&L Rentals for the amount of \$2,350/month + tax.

Motion carried unanimously.

Item 6.B. The Commission reviewed the correspondence dated October 22, 2019 from C. Lubovich and P. Karakash, regarding Request to Purchase 1-Ton truck for Water Crew. P. Karakash gave presentation. Commissioner Stokes requested a 5-year fleet plan.

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

NOW THEREFORE BE IT RESOLVED THAT the HPU Commission authorize permission to purchase ford 1-ton 4x4 pickup truck with service body and compressor as a replacement for vehicle #43 for the amount of \$56,053.62 +tax and license fees.

Motion carried unanimously.

PERSONNEL/POLICY

Item 7.A. The Commission reviewed the correspondence dated October 22, 2019 from S. Hautala regarding Third Step Grievance. M. Reger & L. Stoll gave presentation.

Motion by Commissioner Stokes, supported by Commissioner Bayliss, to authorize payment of the employees to make whole and not to make a precedent setting.

Motion by Commissioner Stokes, supported by Commissioner Bayliss, to amend the motion to authorize payment to make the employees whole, not to make a precedent setting, and to take up department transfer language in Contract negotiations.

Motion carried unanimously.

Item 7.B. The Commission reviewed the correspondence dated October 22, 2019 from S. Hautala regarding Power Plant Operations: Winter Heating Season Staffing Plan. S. Hautala gave presentation. This item was placed in the Commission file.

No action taken.

Item 7.C. The Commission reviewed the correspondence dated October 22, 2019 from S. Hautala regarding Crew Leader Job Descriptions.

Motion by Commissioner Stokes, supported by Commissioner Bugliosi, to approve the Crew Leader Job Descriptions with the exception of the Instrument & Results Crew Leader due to the Crew Leader's absence in being able to review.

Motion carried unanimously.

Item 7.D. The Commission reviewed the revised correspondence dated October 22, 2019 regarding Letter of Understanding: 2020 Medical Insurance & VEBA/HSA Funding.

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

NOW THEREFORE, BE IT RESOLVED THAT the HPU Commission authorize management to negotiate a letter of understanding with AFSCME Local 94 for the 2020

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medical insurance, increase the funding for the employee's single HSA/VEBA to \$3,500 or family HSA/VEBA to \$7,000, approve the draft letter of understanding concepts, and authorize the General Manager to sign the negotiated letter of understanding.

Motion carried unanimously.

Item 7.E. The Commission reviewed the revised correspondence dated October 22, 2019 regarding Medicare 2020 Insurance Renewal with Humana.

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

NOW THEREFORE, BE IT RESOLVED THAT the HPU Commission approve Humana Medicare Employer Plan Passive PPO 079064 beginning 1/1/2020 for \$276,344.64 and authorizes the General Manager to sign the appropriate documents for the HPU retiree group Medicare.

Commissioner Hart – support
Commissioner Bugliosi – oppose
Chair Rian – support
Commissioner Stokes – abstain
Commissioner Bayliss – support
Motion carried 3-1.

FINANCIAL STATEMENTS

Item 8. The Commission reviewed the correspondence dated October 18, 2019 from J. Lane regarding Preliminary Financial Statements as of September 2019. This item was placed in the Commission file.

No action taken.

DEPARTMENT REPORTS

Item 8.

POWER PLANT REPORT: R. Nyberg gave presentation.

- Boiler 1A is off-line October 9. Boiler 3A on-line October 9 burning combination of gas and coal to produce steam for the heatline. Isolated the south side steam header. Total steam production was in the 40,000-65,000 pph range depending on the steam line needs.
- No electrical generation was produced during the month. All steam is being run through a PRV station for the steam district and Ameripride (Aramark).
- Multiple maintenance projects are being performed including: Power Plant roof repair; Boiler 2A top/front asbestos abatement completed; Boiler 2A superheat tube sheet support rods replaced; Boiler 2A coal transfer chutes replaced; monthly grease/lube functions performed; coal ash loadout area compressed air and condensate line replacements; south side steam header steam leak repairs, etc.
- Coal and Ash personnel were brought back to the Power Plant to ready the coal handling system, put up coal into bunker 1 and pull bottom ash on Boiler 1A on October 9 and 10 (two people) and October 11, 14, 15, 16 (one person).
- Boiler #2 Project discussion regarding delay by 6-weeks due to equipment shipment. Should be in mid-December. Completion target date mid-February.

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- Stack testing scheduled 1st week of January, lighting off with natural gas.
- Coal & Ash back on schedule November
- Flowmeter discussion for bypass.

ELECTRICAL DEPARTMENTS: D. Chase gave report.

Electric Distribution

- Damage to a distribution circuit running in the parking area to the north of L and M Fleet Supply was caused by contractor doing some excavation work. 600ft of a 3 phase underground primary voltage distribution circuit was replaced and the 4" conduit containing the distribution circuit was repaired. This event caused a 45 min outage that affected 2 businesses.
- Installed 3 new underground services. 1 service was for Century Link near Walmart and the other 2 way at the Owens Way development.
- Finished terminating cable in North Howard Alley. Remaining work is to verify phasing and connect the new circuit. This may require a momentary outage to the businesses along the alley in order to cut over to the new circuit.
- A new 3 phase overhead transformer was bank built for a new service to the county garage for Brine tanks.
- The crew is working with directional bores to fix faulty underground direct buried street light circuits.

Engineering Department

Gopher State One-Call Tickets from of 9/20/19 to 10/17/19: 198 Year to Date: 1496.

USIC is currently handling all Gopher One Call Locating.

Projects completed:

- Staking sheets for the Century Link Service near Walmart
- Staking Sheets for the County Garage Brine Tank Service
- All Programmable Logic Controller drawings for boiler #2 controls that existed in PDF file format, were redrawn in AutoCAD. There were 18 drawings.

Plant Electrical Update

- Gas odorizer low voltage equipment was started up.
- Well #2 pressure switch needed to be reset.
- Vault by day barn – water was pumped out
- Boiler #3 start up
 - Coal scale repair.
 - Replaced Probes on the Boiler Drum Level indicator (Yarway)
 - Precipitator #3 unit 2 –replaced SCR Pack
- Water treatment plant heater – needed maintenance and start up
- Plant lighting – replace burned out lights throughout the plant
- Weekly & monthly plant checks –Monday and Friday check batteries, switchgear, general equipment checks.
- Annual and semiannual reports- oil samples, battery readings, general equip condition checks in substations outside of the plant.
- Traffic light controller at 1st Avenue & 31st Street was repaired.

Meter Shop Update

- Disconnects: 31 non-pay/ broken arrangement disconnects for October
- Meter Upgrades: 10 residential 10 electric meters and 14 residential water meters.

Instrument Shop Update

- Unstable Delta V communications between the Power house and the Water Treatment Plant. Two options are being explored. Option 1 will be to install a cellular VPN from the Powerhouse to the Water Treatment Plant and use a Cradle Point cellular modem to connect to the Water

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Treatment Plant DeltaV I/O carrier. Option 2 is to use existing dark fiber within the city to establish a route from the Power House to the Water Treatment Plant. Option 2 is the preferred method if can be done economically.

- The Ash handling display panel has been updated to show bag house vacuum pump run hours.
- Novaspect will begin the "Evergreen" system update that will involve replacing all DeltaV servers and workstations with new computers and upgrading the DeltaV operating system from version 12.3.1 to version 14.3.1. The first part of this upgrade is to do a complete system Audit of our DeltaV system in order to detect any potential equipment incompatibilities between the new operating system and existing equipment. The audit will take place on October 22 & 23.

FINANCE/CUSTOMER SERVICE: J. Lane gave presentation.

- Information Technology: Worked with third party vendor, C.W. Technology, on security items. Continue to assist employees to reset passwords and hardware operations.
- Finance: Training on the revised chart of accounts continues. Employees are learning the revised numbers system used for purchasing supplies and tracking labor. Employees are doing a great job asking clarification questions and Chris Zubich and Jane Garrity are assisting with the training and answering questions from employees. The software vendor is completing the reprogramming of the financial statements. Implemented the interdepartmental charges which have been recorded in the financial statements for July, August, and September. Worked with the General Manger and Attorney Boland on the voluntary residential heat conversion loan program. Interdepartmental expense transfers have been implemented.
- Human Resources: Supervisor level job descriptions are being reviewed for common functions and included on all supervisor level job descriptions. Assisted with several employee issues. Reviewed health insurance options. Informed and reviewed several HR related issues with the HPU Commission Personnel Subcommittee and/or General Manager.
- Customer Service: Team members have been working with many ratepayers on customer issues. There has been an increase in gas applications from customers and for information requested from customers regarding conversion programs.
- Commission Secretary: Worked with Chair and Commission members on agenda requests.
- Meter reading: Continue to review and resolve customer meter reads, call-back issues, and meter estimates.

WATER/STEAM/NATURAL GAS: S. Hautala gave presentation.

- Water dept. had a dig by the HHS utilizing MEA weekend with low traffic.
- NNG Rate Increase discussion.
- S. Hautala doing nominations.
- Service easement letters went out last week for the Conversions, one phone call received.
- Manhole insulation issues were discussed for S. Howard alley.
- 30 services are left to install for pre-September gas conversions.

No action taken.

OLD BUSINESS

Item 10.A. The Commission reviewed the correspondence dated October 22, 2019 from S. Hautala regarding MN Power Electric Service Agreement 2020-2030 Concept Sheet Vote. S. Hautala gave presentation. Commissioners Hart and Bugliosi expressed their concerns.

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Motion by Commissioner Hart, supported by Commissioner Bugliosi, to decline the approval of the concept sheet presented by Minnesota Power, which declines the offer to enter into the Contract as presented.

Motion carried unanimously.

Item 10.B. The Commissioner reviewed the correspondence dated October 22, 2019 regarding Service Agreement with Security State Bank for administration of the Voluntary Residential Heat Conversion Loan Program.

Motion by Commissioner Bugliosi, supported by Commissioner Hart, to enter into Agreement for Security State Bank to service the Loans for the Voluntary Residential Heat Conversion Loan Program.

Commissioner Stokes – opposed

Motion carried 4-1.

Item 10.C. The Commission reviewed the correspondence dated October 22, 2019 regarding Voluntary Residential Heat Conversion Loan Program. Discussed that Security State Bank will have an application fee of \$250 and HPU will have a mortgage fee of \$250, which will not be covered by the zero-interest loan of up to \$20,000.

Motion by Commissioner Bugliosi, supported by Commissioner Hart, to accept Revision 8 of the Voluntary Residential Loan Program.

Commissioner Stokes – opposed

Motion carried 4-1.

Item 10.C. The Commission reviewed the correspondence dated October 22, 2019 regarding Natural Gas Hedging: 2020-2026. S. Hautala gave presentation.

Motion by Commissioner Stokes, supported by Commissioner Bayliss, to approve the Natural Gas Hedging Strategy for 2020-2026, as presented, authorizing the purchased amounts and rates and authorizes the General Manager to sign the appropriate documents.

Motion carried unanimously.

NEW BUSINESS

Chairperson Rian discussed meeting location. Requested the General manager review technology needs with HPAT.

Motion by Chairperson Rian, supported by Commissioner Bayliss to explore options to televise from the HPU.

Motion carried unanimously.

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CLOSED SESSION

The Commission reviewed the correspondence dated October 22, 2109 regarding Closed Session: Discuss Contact Negotiations.

Motion by Commissioner Bugliosi, supported by Commissioner Bayliss, to enter into recess for a Closed Session at 7:14 p.m. to discuss 2020 Labor Contract Negotiations.

Motion carried unanimously.

7:25 p.m. Closed Session began:

Present in the Closed Session were Chairperson Rian; Commissioner Bugliosi; Commissioner Hart; Commissioner Bayliss; Commissioner Stokes; Legal Counsel, Andy Borland; General Manager, Scott Hautala; and Director of Finance, Jean Lane

Motion by Commissioner Bayliss, supported by Commissioner Bugliosi, to return to Open Session at 8:24 p.m.

Motion carried unanimously.

ADJOURNMENT

Motion by Commissioner Bayliss, supported by Commissioner Stokes, to adjourn the meeting at 8:25 p.m.

Motion carried unanimously.

Attest:



David Rian, Chairperson



Jean Lane, Commission Secretary

The next regular Commission meeting is scheduled for Tuesday, November 12, 2019 at 5:00 p.m. at the Hibbing City Hall, City Council Chambers, 401 E. 21st St., Hibbing, MN 55746