

MINUTES OF THE PROCEEDINGS

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

Page One

March 24, 2020

Minutes of the regular meeting of the Public Utilities Commission, Hibbing, Minnesota held on March 24, 2020, at Hibbing City Hall, Council Chambers 401 E. 21st St., Hibbing, MN 55746. Meeting held via "GoToMeeting". Chairperson Rian called the meeting to order at 5:00 p.m. In attendance were Chairperson Rian; Vice-Chair Hart; Commissioner Bugliosi; Commissioner Bayliss; and Commissioner Stokes; Legal Counsel, Andy Borland; Director of Finance, Jean Lane; Director of Utility Operations, Corey Lubovich; Administrative Assistant, Penny Lange; Director of Power Production, Bob Nyberg; Director of Electric Systems, Dan Chase; Safety Environmental Facilities Manager, Pete Karakash; HPAT Rep., Ron Wirkkula. Physically present at City Hall was Chairperson Rian; Commissioner Stokes; Commissioner Bayliss & Legal Counsel, Andy Borland.

ADDS/DELETES

- J. Lane requested to revisit the Emergency COVID-19 Meeting minutes for clarification of Disconnect and Reconnect & Late Fees.
- C. Lubovich requested to pull Items 6.B. Request Engineering Services for Well #3A Side by Side Replacement; Item 6.C. Request Engineering Service for WTP Backwash Lagoon Improvements; and Item 6.D. Request Engineering Services for Ansley Water Tower Rehabilitation Project.

APPROVAL OF MINUTES

Item 3.A. Motion by Commissioner Stokes, supported by Commissioner Bayliss, to approve the regular meeting minutes of March 10, 2020.

Commissioner Bayliss – support
Commissioner Stokes – support
Commissioner Bugliosi – support
Commissioner Hart – support
Chairperson Rian – support
Motion carried unanimously.

Motion by Chairperson Rian, supported by Commissioner Bayliss, to approve the Emergency meeting COVID-19 minutes of March 18, 2020 with amendments regarding Suspending Customer Disconnects & Late Fees as discussed.

Commissioner Bayliss – support
Commissioner Stokes – support
Commissioner Bugliosi – support
Commissioner Hart – support
Chairperson Rian – support
Motion carried unanimously.

CITIZENS FORUM – none

CONSENT AGENDA

J. Lane requested to table Item 5.C. Ratification of Policy Changes from the COVID-19 Response Committee.

MINUTES OF THE PROCEEDINGS

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

Page Two

March 24, 2020

5.A. Review & approve invoices over \$10,000 & review & approve the bills from March 6, 2020 to March 19, 2020, check numbers 42389 to 42481 & ACH transfers 3062001 to 3132005.

5.B. Review and approve the payroll paid & overtime report for March 12, 2020 pay date.

Motion by Commissioner Stokes, supported by Commissioner Bugliosi, to approve the consent agenda as presented.

Commissioner Bayliss – support
Commissioner Stokes – support
Commissioner Bugliosi – support
Commissioner Hart – support
Chairperson Rian – support
Motion carried unanimously.

BIDS/QUOTES

Item 6.A. The Commission reviewed the correspondence dated March 24, 2020 from Commissioner Stokes lead a discussion regarding use of 2020 Contract awards to ensure there are no 2019 carry overs and that HPU awarded utilizing the contractors awarded low qualified contractor.

No action taken.

PERSONNEL/POLICY

Item 7.A. The Commission reviewed the correspondence dated March 24, 2020 from Commissioner Bayliss regarding Response to AFSCME Letter Regarding COVID-19 Pandemic.

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

NOW THEREFORE, BE IT RESOLVED, THAT the HPU Commission adopt the League of MN Cities Standard Response to AFSCME regard the COVID-19 Pandemic.

Commissioner Bayliss – support
Commissioner Stokes – support
Commissioner Bugliosi – support
Commissioner Hart – support
Chairperson Rian – support
Motion carried unanimously.

Item 7.B. The Commission reviewed the correspondence dated March 24, 2020 from J. Lane regarding Award Job Posting No. 20-02: Meter Reader/Utility Worker.

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

MINUTES OF THE PROCEEDINGS

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

Page Three

March 24, 2020

NOW THEREFORE, BE IT RESOLVED, THAT the HPU Commission authorize hiring up to two temporary employees as needed until December 31, 2020.

Commissioner Bayliss – support
Commissioner Stokes – oppose
Commissioner Hart – support
Commissioner Bugliosi – support
Chairperson Rian – support
Motion carried 4-1.

Item 7.C. The Commissioner reviewed the correspondence dated March 24, 2020 from J. Lane regarding Approve AFSCME Collective Bargaining Agreement from January 1, 2020 to December 31, 2022. J. Lane requested this item be tabled to the April 14, 2020 regular meeting.

Motion by Chairperson Rian, supported by Commissioner Bugliosi, to table the Approval of the AFSCME Collective Bargaining Agreement to the April 14, 2020 regular meeting.

Commissioner Bayliss – support
Commissioner Stokes – support
Commissioner Bugliosi – support
Commissioner Hart – support
Chairperson Rian – support
Motion carried unanimously.

DEPARTMENT REPORTS

Item 8. C. Lubovich was present and gave presentation. C. Lubovich gave background on the tabled items and as per question by Commissioner Hart, Mr. Lubovich stated the items will be re-introduced late April but were pulled due to the COVID crisis.

Steam

- Efforts are underway to finish the steam repairs around town that have accumulated over the winter months. Radotich Inc. will be doing these repairs in coordination with the Heat Crew.
- The Heat Department will begin investigating steam vault confines in the locations selected for capital project rehab in 2020. This will include steam equipment repair, insulation and condensate pipe condition.

Natural Gas

- Natural gas service materials have been ordered for installation in year 2020 and are beginning to arrive. We are anticipating 100+ service requests to come in this year with over 70 requests already on file.
- Routine distribution inspections are going on at this time of year, as well completing annual report requirements.
- The Northern Natural Rate Case issue has not changed much from the last update. Both the indicated shippers and NNG are trying to come up with a settlement offer that would be acceptable to all parties. I will keep you up to date if progress is made.

Water

- The Water Treatment Plant Pressure Filter Outer Tank Rehabilitation is nearing completion. After the sandblasting phase was completed, an epoxy primer was applied in two passes. No outer skin repairs were needed which saved us time and money. The final top coat is now

MINUTES OF THE PROCEEDINGS

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

Page Four

March 24, 2020

being applied, so this project is just about complete. Cleanup of the sandblast sediment will still need to be done.

- Water main and service failures continue to be few in nature this winter season. We have only had two water service freeze ups so far this season and none in the last 2 months.
- Last week, I spoke with Rally Hess, Mine Manager for Hibbing Taconite Company. According to Rally, Hibbing Taconite, has shifted their mine plan for dewatering the Scranton Pit back to the first quarter of year 2021. That allows for Hibbing Public Utilities to use the Scranton Well for at least another year which is good news. HPU currently has quotes out for repairing this Well, and are due back on April 2nd. I will share them with the HPU Commission once they are reviewed.

POWER PLANT REPORT: R. Nyberg gave presentation.

- Boiler #3A on-line burning combination of gas and coal to produce steam for the heat line. Total steam production was in the 60,000-90,000 pph range depending on the heat line needs.
- No electrical generation has been produced since the afternoon of January 5th. All steam is being run through a PRV station for the steam district and Amarak.
- Boiler #2A gas burner work continues with the mechanical and refractory work completed. Power Process was scheduled to be on-site the week of March 16th.
- Boiler #3A re-testing for hydrochloric acid was conducted on February 25, 2020. The test results have not come back.
- T/G #6 repair work is on hold until the new bearings, seals and packing are received.
- New bearings were reinstalled on Boiler Feed Pump 1.
- New gas flow meters and regulators were installed for Boiler #1A and #2A.
- New by-pass piping and new gas flow meter were installed in the gas shack.
- FM Global Insurance items are being finalized.
- Boiler #2 & TG #6 work has been suspended due to COVID. Commissioner Stokes asked about TG #3 Status. R. Nyberg stated that it can go back on line after the CT's are replaced. D. Chase stated that they are on order and will be installed as soon as they arrive.

ELECTRIC DISTRIBUTION REPORT: D. Chase gave update.

Electric Distribution Report

- New current transformers have been installed in the power plant hot room in 13.8kv FDR #4 bay, waiting on new compartment doors.
- Waiting for the new 13.8kv current transformers to arrive for T/G #3 bay in the power plant hot room.
- Isolated & inspected a thermal hot spot on 13.8kv FDR #5 at the cable vault by E. 19th St & E. 4th Ave., waiting on new terminators to arrive for repairs.
- Installed one new commercial single-phase service.
- Power Outages
 - 2/21/2020, one commercial part power due to a bad connection at XFMR, 1 customer affected for 15 min.
 - 2/23/2020, one commercial outage due to two broken cut outs on a 13.8kv 3-phase u/g riser, 20 Customers affected for 1 hr 30 min.
 - 3/4/2020, one residential outage due to ice sheet sliding off of a metal roof & tearing down service mast & service wires. One customer affected for 1 hr 24 min.
 - 3/9/2020, one scheduled residential outage due to transformer failing., 14 customers affected for 40 min.
 - 3/10/2020, one request by HFD for a disconnect for structure fire. One customer affected.

Engineering Department

- Gopher State One-Call Tickets as of 3/19/20: Year to Date: 46, Feb 20 to March 19, 2020: 14.
- USIC is currently handling all Gopher One Call Locating.

MINUTES OF THE PROCEEDINGS

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

Page Five

March 24, 2020

Plant Electrical Update

- Heat crew installed an electrical outlet in manhole for sump pump
- Repaired reverse osmosis filter cooling fans
- Installed new wiring on Feeder #4 CT's inside the 13.8kV breaker cubical.
- Installed new wiring on TG #3 CT's inside the 13.8kV breaker cubical
- Conducted weekly plant inspections.
- Repaired well heaters and vent fans.
- Verified voltage (480) on all Turning Gear.
- Repaired Plant well cathodic protection rod.
- Participated in meetings with Barr & Novaspect on WTP Filtering System.
- Participated in meetings with Barr on the new 13.8kV switchgear and relaying.
- Performed repairs and maintenance to existing Plant lighting
- Repaired TG #6 Gland Seal Motor.
- Performing ongoing work with the Line Crew on Feeder #4 & Feeder #5.
- Coordinating work on the Boiler #2 Boiler Management System Project (this job is on hold).
- Installed a new High-Pressure Switch (for new Boiler 2 trip system).

Meter Shop Update

- Disconnects:
 - 11 residential electric disconnects, 10 residential water disconnects and 4 natural gas disconnects for non-pay/ broken arrangements in February.
 - There were 120 disconnect warning door hangar deployed.
- Read in's / Read out's:
 - There were 40 meter read in/outs due to customers moving in or out of a location.

Instrument Shop Update

- They are working on Instrumentation Department Work orders.
- They to use the new portable air compressor to clear the plugged sensing port on the backwash water flow meter orifice plate at the Water treatment Plant.
- The forced draft dampers for gas combustion control on boiler 2 have been repaired.
- Radio data communication from the Ansley Water Tower to the Water Treatment Plant still drops out often. A permanent solution to install single mode fiber optic communication to the Water Treatment Plant from the Power Plant. This work is being priced out and planned as part of the Water Treatment Plant Backwash Automation Project.

FINANCE/CUSTOMER SERVICE:

- Information Technology: Training with software vendor Civic Systems on Caselle "Clarity" cash receipting, utility billing, security, and inventory management modules. Preparing for the mobile service work order module to go live in the second quarter. Additional training is planned on-line and in-person for cash receipting, utility billing, inventory management, general ledger, and electronic time keeping and payroll.
- Finance: EOY federal reporting and preparing EOY audit worksheets.
- Human Resources: Assisted with several employee issues. Updated some job descriptions for presentation to HPU Commission. Supported union negotiations.
- Customer Service: Team members have been working with many ratepayers on customer issues.
- Meter Reading: Continue to review and resolve customer meter reads, call-back issues, and meter estimates, and staffing.

MINUTES OF THE PROCEEDINGS

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

Page Six

March 24, 2020

FINANCIAL STATEMENTS

Item 9. The Commission reviewed the correspondence dated March 24, 2020 from J. Lane regarding Preliminary Financial Statements as of February 2020. J. Lane gave a verbal presentation. This item was placed in the Commission file.

No action taken.

OLD BUSINESS

Item 10.A. The Commission reviewed the correspondence dated March 24, 2020 from J. Lane regarding Enter into Administrative Services Contract for the HPU voluntary Residential Heat Conversion Loan Program. J. Lane requested this item be tabled to April 14, 2020.

Motion by Chairperson Rian, supported by Commissioner Bayliss, to table this item to the April 14, 2020 regular Commission meeting.

Commissioner Bayliss – support
Commissioner Stokes – support
Commissioner Bugliosi – support
Commissioner Hart – support
Chairperson Rian – support
Motion carried unanimously.

Item 10.B. The Commission reviewed the correspondence dated March 24, 2020 from Chairperson Rian regarding Revised Approved 2020 Capital Budget. Chairperson Rian clarified the intent of the New Park Addition Substation. D. Chase stated he had met w/ former Director of Electrical Systems John Carlson. Commissioner Stokes requested to Mr. Chase continue to coordinate with John Carlson to ensure engineering doesn't overlap with what has been done.

Motion by Commissioner Rian, supported by Commissioner Bugliosi, to Add to the 2020 Capital Budget under Electric Distribution: Install a New Substation in Park Addition in the amount of \$600,000, including engineering.

Commissioner Bayliss – support
Commissioner Stokes – support
Commissioner Hart – support
Commissioner Bugliosi – support
Chairperson Rian – support

Motion by Chairperson Rian, supported by Commissioner Stokes, to add under Electrical Distribution: Replace #307 24kV Feeder in the amount of \$44,000.

Commissioner Bayliss – support
Commissioner Stokes – support
Commissioner Bugliosi – support
Commissioner Hart – support
Chairperson Rian – support
Motion carried unanimously.

MINUTES OF THE PROCEEDINGS

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

Page Seven

March 24, 2020

Motion by Commissioner Rian, supported by Commissioner Stokes, to delete from the 2020 Capital Budget under Electrical Distribution: Black Start Generator Engineering Study.

Commissioner Bayliss – support
Commissioner Stokes – support
Commissioner Bugliosi – support
Commissioner Hart – support
Chairperson Rian – support
Motion carried unanimously.

Motion by Commissioner Rian, supported by Commissioner Stokes, to delete from the 2020 Capital Budget under Electrical Distribution: Consolidated Control Room.

Commissioner Bayliss – support
Commissioner Stokes – support
Commissioner Bugliosi – support
Commissioner Hart – support
Chairperson Rian – support
Motion carried unanimously.

Motion by Chairperson Rian, supported by Commissioner Bugliosi, to award engineering services for the New Park Addition Substation be awarded to Hoerauf Consulting.

Commissioner Hart – support
Commissioner Bugliosi – support
Commissioner Stokes – support
Commissioner Bayliss – support
Chairperson Rian – support
Motion carried unanimously.

Item 10.C. The Commission reviewed the correspondence dated March 24, 2020 from Chairperson Rian regarding Appoint Interim General Manager. Commissioner Bugliosi suggested Mr. Dean Sedgwick, former employee. Chairperson Rian requested the Commissioner Hart and Stokes interview Mr. Sedgwick. Commissioner Stokes stated that the VPU General Manager, Greg French has volunteered his services at any time, if needed. Commissioner Hart suggested public advertisement for the interim position as well as the permanent position.

Motion by Commissioner Bayliss, supported by Commissioner Stokes, to authorize going out for quotes in obtaining a Recruiting Company to find a qualified General Manager candidate.

Commissioner Hart – support
Commissioner Bugliosi – support
Commissioner Stokes – support
Commissioner Bayliss – support
Chairperson Rian – support
Motion carried unanimously.

MINUTES OF THE PROCEEDINGS

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

Page Eight

March 24, 2020

Commissioner Bayliss suggested utilizing the General Manger Hiring Committee to find another Interim General Manager recommendation. Commissioner Hart stated that he will work w/ Commissioner Stokes to find another candidate.

Finance Director, Jean Lane stated that in the absence of a General Manager, signature authority is still needed at the HPU. Commissioner Bayliss recommended J. Lane. J. Lane stated that it can be any Commission member or Director. Chairperson Rian asked J. Lane if she would agree to take the authority. J. Lane stated that she would accept as long as it is in the best interest of the Utility and all Commission members agree. Commissioner Bugliosi stated his opinion that the Chairperson should hold the signature authority.

Motion by Commissioner Bayliss, supported by Commissioner Stokes, to authorize J. Lane as signature authority in the absence of an Interim General Manager.

Commissioner Bayliss – support
Commissioner Stokes – support
Commissioner Hart – support
Commissioner Bugliosi – oppose
Chairperson Rian – support
Motion carried 4-1.

CLOSED SESSION

Item 12. The Commission reviewed the correspondence dated March 24, 2020 regarding Closed Session as per MN § Sect. 13D.05, Subd. 3.: Purchase of Property - 1840 1st Ave. Hibbing.

Motion by Commissioner Bayliss, supported by Commissioner Stokes to adjourn open session at 6:28 p.m.

Commissioner Bayliss – support
Commissioner Stokes – support
Commissioner Bugliosi – support
Commissioner Hart – support
Chairperson Rian – support
Motion carried unanimously.

6:40 p.m., present in the Closed Session were Chairperson Rian; Commissioner Bugliosi; Commissioner Hart; Commissioner Bayliss; Commissioner Stokes; Legal Counsel, Andy Borland; and Finance Director J. Lane.

Motion by Commissioner Bayliss, supported by Commissioner Bugliosi, to return to Open Session was convened at 6:55 p.m.

Motion carried unanimously.

MINUTES OF THE PROCEEDINGS
of the Public Utilities Commission, City of Hibbing, St. Louis County, Minnesota

Page Nine

March 24, 2020

ADJOURNMENT

Motion by Commissioner Bayliss, supported by Commissioner Stokes, to adjourn the meeting at 6:56 p.m.

Motion carried unanimously

Attest:



David Rian, Chairperson



Jean Lane, Commission Secretary

The next regular Commission meeting is scheduled for Tuesday, April 14, 2020 at 5:00 p.m. at the Hibbing City Hall, City Council Chambers, 401 E. 21st St., Hibbing, MN 55746