

MINUTES OF THE PROCEEDINGS

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

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June 22, 2021

Minutes of the regular meeting of the Public Utilities Commission, Hibbing, Minnesota, 1902 E. 6th Ave., Hibbing, MN 55746, held on June 22, 2021. Meeting held at Hibbing City Hall, 401 E. 21st St., Hibbing MN. Chairperson Garrity called the meeting to order at 5:00 p.m. In attendance were Chairperson Garrity, Commissioner Hart; Commissioner Bugliosi; Commissioner Bayliss; Legal Counsel, Andy Borland; General Manager, Luke Peterson and Administrative Coordinator, Penny Rutchasky. Also in attendance was HPAT Rep., Ron Wirkkula; AFSCME Rep., Mark Reger; Morgan Anderson, Forte & Co., PA.; Mesabi Maintenance LLC, Rep. Jeff Stokes; and Citizen, Dacey Fosso.

Item 2. ADDS/DELETES

General Manager Peterson stated there was an agenda add under Bids/Quotes, Item 7.C. Water Treatment Plant Seepage Basin Dredge.

Item 3. APPROVAL OF MINUTES

Motion by Commissioner Bugliosi supported by Commissioner Bayliss, to approve the regular meeting minutes of June 8, 2021.

Motion carried unanimously.

Item 4. CITIZENS FORUM

Item 5. CONSENT AGENDA

Item 5.A. Review and approve the items over \$10,000 and review and approve the bills from June 4, 2021 to June 15, 2021 check numbers 44741 to 44836 & ACH transfers 6042101 to 6142101.

Item 5.B. Review and approve the payroll paid & overtime report for the June 17, 2021 pay date.

Item 5.C. Hibbing Chamber Golf Outing: Hole Sponsorship \$125.

Motion by Commissioner Bayliss, supported by Commissioner Bugliosi, to approve Consent Agenda Item 5.A., 5.B., & 5.C.

Motion carried unanimously.

Item 6. POLICY/PROCEDURE

Item 6.A. The Commission reviewed the correspondence dated June 17, 2021 from L. Peterson, General Manager, regarding Management Compensation Package Revision: Remove Sick Time payout for Employees Hired after March 1, 2021. L. Peterson stated that it will not effect the current employees and feels it necessary to revise before he brings in a new management team.

Motion by Commissioner Hart, supported by Commissioner Bugliosi, to authorize the revision to the Management Compensation Package.

Motion carried unanimously.

Item 6.B. The Commissioner reviewed the correspondence dated June 17, 2021 from L. Peterson, General Manager, regarding Request to Hire Utility Financial Controller.

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General Manager Peterson stated that there were several applications but three finalists were chosen. Morgan demonstrated as the best candidate as she had the top score in the written examination for the position.

Motion by Commissioner Bugliosi, supported by Commissioner Hart to authorize the hire of Ms. Morgan Anderson effective June 28, 2021.

Motion carried unanimously.

Item 7. BIDS/QUOTES

Item 7.A. The Commission reviewed the correspondence dated June 17, 2021 from L. Peterson regarding Request to Call for Public Bid No. 04-2021: Cooling Tower. L. Peterson gave background. This item is needed to ensure the Power Plant is at full potential capacity to generate for income.

Motion by Commissioner Bugliosi, supported by Commissioner Bayliss, to authorize calling for Public Bid No. 04-2021: Cooling Tower.

Motion carried unanimously.

Item 7.B. The Commission reviewed the correspondence dated June 17, 2021 from L. Peterson regarding Request to Purchase CEM Source SO₂ Analyzers. Peterson stated that Boiler #1 has a faulty analyzer. Two analyzers are needed. One new analyzer will go in Boiler #1, Boiler #4's analyzer will be installed back in Boiler #4, Boiler #2 will need a new analyzer in a short time.

Motion by Commissioner Bayliss, supported by Commissioner Hart, to authorize purchase of two SO₂ Analyzers from CEM Source, the sole source, in the amount of 29,884.00.

Motion carried unanimously.

Item 7.C. The Commission reviewed the correspondence dated June 18, 2021 from L. Peterson regarding Boiler #4 Refurbishment. L. Peterson stated that the refractor work in Boiler #4 is ready once Commission approved as per discussions held at the work session. Hardened ash of the interior must be cleaned out before it can be run, as maintenance had not been performed when it was shut down. Peterson said he is not looking to add new costs, except fuels costs for wood the cogeneration, in which Boiler #4 will be the base load steam producer. Commissioner Bugliosi asked if the numbers were run through Barr and if running Boiler #4 is economical. Peterson confirmed it was as discussed in the work session.

Motion by Commissioner Bugliosi, supported by Commissioner Bayliss, to authorize Boiler #4 refractory work from United Refractory in the amount not to exceed \$78,520.

Motion carried unanimously.

Item 7.D. The Commission reviewed the correspondence dated June 22, 2021 from L. Peterson regarding Water Treatment Plant Seepage Basin Dredging. The prior plan was

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an all-inclusive \$250,000 to refurbishment two basins and abandon one. \$80,000 was for dredging costs. Quotes were received to dredge all three basins to determine how well they perform before a full-scale refurbishment. Barr Engineering has specified that the debris on the bottom of pond 1 & 2 is a native gravel, which can potentially be restored utilizing preventative maintenance. Barr advised to begin dredging on pond 3 and backwash into 1 & 2, allowing capacity to work on pond 1 & 2 in the near future. Commissioner Bugliosi asked what materials they would be utilizing. Peterson stated that backfill from a well site will be used.

Motion by Commissioner Bayliss, supported by Commissioner Bugliosi, to authorize Tony's Equipment & Repair to dredge the three (3) water treatment plant seepage basins, not to exceed \$52,000.

Motion carried unanimously.

Item 8. The Commission reviewed the correspondence dated June 22, 2021 from M. Anderson regarding Preliminary Financial Statements for May 2021. L. Peterson gave presentation. Commissioner Bugliosi asked about the PPA payment reclassified. Commissioner Garrity stated that the previous Finance Director produced the reports and coded it as such to "remember" to take it out in June.

Motion by Commissioner Bugliosi, supported by Commissioner Bayliss to accept this item and place in the Commission file.

Commissioner Hart – oppose.

Motion carried 3-1.

Item 9.A. OLD BUSINESS

Item 8.A. The Commission reviewed the correspondence dated June 21, 2021 from Luke Peterson regarding Work Session Action Item Follow Up. More will be upcoming for plant electrical work. Fuel sourcing for the upcoming heating was discussed. L. Peterson spoke about the customer input at the work session regarding a heat conversion loan and how these customers second guessed their decision from steam to gas. They wanted information regarding the steam utility to determine how repairs can be made to make their steam system more efficient and economical in their own home. The existing program only allows for conversion from any heat source to natural gas. Peterson said it does nothing to address energy efficiency and he has been working with Legal Counsel on a new program. A. Borland stated he is working on a draft document that details an efficiency-type of program in which the HPU would consider a loan program to assist ratepayers in obtaining an efficient heating source. The draft is expected to be brought forth to the next regular meeting.

Motion by Chairperson Garrity, supported by Commissioner Bayliss, to table the revamping of the loan program.

Motion carried unanimously.

Item 9.B. The Commission reviewed the correspondence dated June 21, 2021 from Luke Peterson regarding NEMMPA Power Negotiations. Legal Counsel stated that due to the Nondisclosure Agreement of Mr. Peterson and the subcommittee consisting of Chairperson Garrity and Commissioner Hart, negotiations with Minnesota Power are still ongoing and there is nothing for the commission to consider at this meeting, as MP has not presented, to date, to the HPU. This item was placed in the Commission file.

No action taken.

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Item 10. NEW BUSINESS

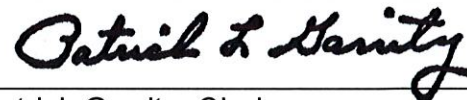
Commissioner Bayliss requested of General Manager Peterson of the power outage incident from the current morning. Peterson requested to also give update on the previous Fridays' outage. The Friday, June 18 outage occurred under shear wind conditions, which took out a large tree that fell on the 23kV shared feeder with Minnesota Power. Crews had to wait 1.5 hours for MP crews to dispatch and clear the line. Once MP completed its safety procedures, the HPU line crew had the line cleared and power restored within 10 minutes. General Manager Peterson reiterated requirement maintain safe working conditions during hazardous electrical conditions. The outage of Tuesday, June 22, was due to a fault to ground coinciding with TG #5 testing. TG #5 was tested and run in early April, with "possible" outage notification given to the public. The fault may have been caused by an underground cable in a water-logged manhole. HPU is prioritizing communication. Commissioner Bayliss asked if there was a way for the HPU avoid an outage while testing. Peterson said the Plant can be isolated further if faults are expected going forward. Chair Garrity stated that tree trimming was done and it was an unfortunate and apologized on behalf of the Commission. Commissioner Bayliss thanked the employees for their safe hard work. Peterson stated that a vegetation control plan will be coming to the Commission in the near future, as the HPU spent a lot of money on the project in 2021, yet a main feeder was not cleared. Going forward Peterson said prioritizing feeds will be determined with not a tree higher than 6 feet under feeder lines.

Item 11. ADJOURNMENT

Motion by Commissioner Bayliss, supported by Commissioner Hart, to adjourn the meeting at 5:39 p.m.

Motion carried unanimously.

Attest:



Patrick Garrity, Chairperson



Luke Peterson, General Manager

Meeting materials are available at www.hpuc.com

The next regular Commission meeting is scheduled for Tuesday, July 13, 2021 at 5:00 p.m. at the Hibbing City Hall, Council Chambers, 401 E. 21st St., Hibbing MN 55746

All COVID-19 Pandemic guidelines must be observed.

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