

MINUTES OF THE PROCEEDINGS

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

Minutes of the regular meeting of the Public Utilities Commission, Hibbing, Minnesota, 1902 E. 6th Ave., Hibbing, MN 55746, held on November 9, 2021. Meeting held at Hibbing City Hall, 401 E. 21st St., Hibbing MN. Chairperson Garrity called the meeting to order at 5:01 p.m. In attendance were Chairperson Garrity, Commissioner Hart; Commissioner Bayliss; Commissioner Babich; Commissioner Andria; Legal Counsel, Andy Borland; General Manager, Luke Peterson; Financial Controller, Morgan Anderson; and Administrative Coordinator, Penny Rutchasky. Also in attendance were HPAT Reps., Amber Markato, & Kivanna Hill; and Citizen, Jeffrey Stokes.

Item 2. ADDS/DELETES

- General Manager Peterson requested to add under Bids and Quotes: Item 8.D. Cooling Tower Electrical Work.
- Chair Garrity requested to add under Old Business Item 10.A. Minnesota Power Negotiation Recap.

Item 3. NEW COMMISSIONER INTRODUCTION

- Commissioner Chris Andria gave background as a Hibbing native, with 30 years of electrical experience in mining, and is looking forward to the future of the HPU.
- Commissioner Jesse Babich gave background that he holds a BA in Electrical engineering, and has a financial advisory practice in Hibbing. He looks forward to aiding the Utility into a successful future.

Item 4. APPROVAL OF MINUTES

Motion by Commissioner Bayliss, supported by Commissioner Hart, to approve the regular meeting minutes of October 26, 2021.

Motion carried unanimously.

Item 5. APPOINT COMMISSION VICE CHAIRPERSON

Chairperson Garrity stated that a vice Chairperson is needed. Commissioner Bayliss stated that he could fill the position or if Commissioner Hart chose to do so, he would step aside for the role. Commissioner Hart stated he would step in if a motion were made.

Motion by Commissioner Bayliss, supported by Chairperson Garrity, to nominate Mr. Jeffrey Hart as Commission Vice Chairperson through April 2022.

Motion carried unanimously.

Item 6. CITIZENS FORUM – None

Item 7. CONSENT AGENDA

Item 7.A. Approve invoices over \$10,000 and approve the bills and ACH transfers from October 26, 2021 to November 5, 2021.

Item 7.B. Review and approve payroll paid & overtime report for the November 4, 2021 pay dates.

Item 7.C. Holiday Lighting Contest: HPU/Hibbing Chamber.

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Item 7.D. Approve Spirit of Unity Parade Participation.

Item 7.E. Adopt Resolution Approving CDBG Application in the amount of \$800,000.

Motion by Commissioner Hart, supported by Commissioner Bayliss, to approve Consent Agenda Items 7.A., 7.B., 7.C., 7.D., and 7.E., as presented.

Motion carried unanimously.

Item 8. BIDS/QUOTES

Item 8.A. The Commission reviewed the correspondence dated November 5, 2021 from L. Peterson, General Manager, regarding Request to Call for Public Bid No. 07-2021: Dig Prep & Restoral for CY 2022.

Peterson gave background that this is an annual item needed when water or steam mains or lines are repaired by HPU crews. Peterson stated that the timeline of restorals will be improving for the upcoming year. This will benefit both the HPU and the ratepayer with cost controls incorporated. Chair Garrity requested a close look before releasing the bid, as last year there were issues.

Motion by Commissioner Hart, supported by Commissioner Bayliss, to authorize the Request to Call for Public Bid No. 07-2021: Dig Prep & Restoral for CY 2022.

Motion carried unanimously.

Item 8.B. The Commission reviewed the correspondence dated November 5, 2021 from L. Peterson, General Manager, regarding Request to Call for Public Bid No. 08-2021: Pipefitter Services for CY 2022.

Peterson explained that this is another annual service for next calendar year. The steam and gas district utilize high pressure welders for repairs. Peterson said the HPU is looking for the best value. Commissioner Hart requested of the vendors to submit comparable bids and fill to out the entire bid return form.

Motion by Commissioner Hart, supported by Commissioner Babich, to authorize the Request to Call for Public Bid No. 08-2021: Pipefitter Services for CY 2022.

Motion carried unanimously.

Item 8.C. The Commission reviewed the correspondence dated November 8, 2021 from L. Peterson, General Manager, regarding Request to Authorize Vehicle Lease Request for Proposal.

General Manager Peterson introduced this item as a tool to utilize vehicle cost-saving procurement benefits for the HPU. He stated that the average age of the HPU fleet is 13 years, with maintenance expenses increasing on the fleet vehicles annually. Commissioner Hart inquired regarding comparisons on leasing vs purchasing, stating that the average life is about 10 years per vehicle.

Motion by Commissioner Bayliss, supported by Commissioner Hart, to authorize the Request to Authorize Vehicle Lease Request for Proposal.

Motion carried unanimously.

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Item 8.D. General Manager Peterson introduced this item, stating that the Cooling Tower project is within budget and that routine electric service work is needed to run cable and conduit. It was his intent to have Hunt work with HPU staff to complete this project, at a not to exceed total of \$65,000. Discussion held regarding timeline of completion & URGE testing.

Motion by Commissioner Hart, supported by Commissioner Bayliss, to authorize Hunt Electric to run conduit and cable to the new cooling towers, not to exceed \$65,000.

Motion carried unanimously.

Item 9. PERSONNEL/POLICY

Item 9.B. The Commission reviewed the correspondence dated November 8, 2021 from L. Peterson, General Manager, regarding Request to Post Job Posting No. 2021-05: Apprentice Electrician.

General Manager Peterson gave background, requesting support to augment the HPU electrical department.

Motion by Commissioner Hart, supported by Commissioner Babich, to authorize Job Posting No. 2021-05: Apprentice Electrician.

Motion carried unanimously.

Item 9.A. The Commission reviewed the correspondence dated October 26, 2021 from M. Anderson, Financial Controller, regarding Customer Policy Update: CUST110 Policy Exemption Request (tabled from the regular Commission meeting of October 26, 2021).

Financial Controller Anderson requested update and adoption of this policy to reflect current HPU practice. Exemption requests are currently reviewed by an administrative review team. Policy currently reflects they are to go before the Commission for approval. Updated policy would afford Commission intervention if the customer was not satisfied with the review team's conclusion.

Motion by Commissioner Hart, supported by Commissioner Bayliss, to adopt the update to CUST110 Policy Exemption Request.

Motion carried unanimously.

Item 10. OLD BUSINESS

Chair Garrity spoke regarding the current state of Minnesota Power negotiations. He indicated that negotiations were positive at the today's meeting but dramatically apart. It was his hope that good faith efforts will keep the HPU/MP partnership intact, as it has been for the past 80-100 years. He stated that the HPU is committed to investing in its own reliability and is waiting on MP's counteroffer. Garrity mentioned transformer rental of approximately \$260,000 annually at the Kerr Substation, which HPU can buy one for approximately \$1m. HPU must be ready if the MP contract does not work out. A safe reliable system will allow Hibbing to generate on the market if MP negotiations fail. Garrity stated that MP is regulated by the MN PUC who allows them to charge the 10% markup on power purchased. HPU does not have that luxury, but can provide the reliability. HPU has

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the right by law to produce its own power. Garrity again stated that the best rate for the customers is what the HPU is seeking. L. Peterson added that MP rate increase will not affect the HPU customers at this time, as it is the non-regulated businesses that will be affected. Peterson said the HPU cannot sit idly by and watch the increases, and would like to see HPU and MP work together.

Item 11. ADJOURNMENT

Motion by Commissioner Hart, supported by Commissioner Bayliss, to adjourn the meeting at 5:50 p.m.

Motion carried unanimously.

Attest:


Morgan Anderson, Commission Secretary


Patrick Garrity, Chairperson

Meeting materials are available at www.hpuc.com
The next regular Commission meeting is scheduled for Tuesday, November 23, 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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