

MINUTES OF THE PROCEEDINGS

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

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April 13, 2021

Minutes of the regular meeting of the Public Utilities Commission, Hibbing, Minnesota, 1902 E. 6th Ave., Hibbing, MN 55746, held on April 13, 2021. Meeting held at Hibbing City Hall, 401 E. 21st St., Hibbing MN. Chairperson Hart called the meeting to order at 5:02 p.m. In attendance were Chairperson Hart, Commissioner Garrity; Commissioner Stokes; Commissioner Bayliss; Legal Counsel, Andy Borland; General Manager, Luke Peterson; Administrative Coordinator, Penny Rutchasky; and Director of Utility Operations, Corey Lubovich. Also in attendance was HPAT Rep., Ron Wirkkula; and Citizens Glen Sperle & Bobby Papaioannou. Absent from the meeting was Commissioner Bugliosi.

Item 2. APPOINTMENT FOR ENSUING YEAR

The Commission reviewed the correspondence dated April 9, 2021 from L. Peterson, General Manager, regarding Appoint Commission Chair.

Motion by Chairperson Hart, supported by Commissioner Stokes to nominate Patrick Garrity for Chairperson for the ensuing year.

Motion carried unanimously.

Chairperson Garrity assumed the position as Chair.

Item 3. ADDS/DELETES - None

Item 4. APPROVAL OF MINUTES

Motion by Commissioner Stokes, supported by Commissioner Hart, to approve the regular meeting minutes of March 23, 2021.

Motion carried unanimously.

Item 5. CITIZENS FORUM

Glen Sperle was present to discuss the gas to steam heat conversion. He claimed that he was under the impression from previous HPU community meetings that the conversion issue was going to be going to a vote of the public. He mentioned gas lines being installed around town, and noted that in the 2019 Audit, wind & solar projects were reported, but has seen no wind or solar projects to date. Mr. Sperle spoke regarding a previous community meeting held at the Little Theater by S. Hautala, stating that it was unfair that he was denied his right to speak, as there were no comments allowed by the public at that meeting. He inquired of the LEA Termination funds and asked how the final usage charges will be billed out for the natural gas usage from the February event.

Chairperson Garrity stated that the HPU is bound by the City Council in that the City Council oversees the Utility. It is the roll of the City Council to vote on the subject. If passed by the City Council, then a vote of the public would take place.

Luke Peterson stated that he would welcome a meeting w/ Mr. Sperle to discuss his concerns and spoke of global commodity risks that need to be addressed. Mr. Peterson provided his business card to Mr. Sperle and thanked him for bringing his concerns to the table, stating that his door is open to all customers.

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Bobby Papaioannou was present to discuss his concerns about a democratic society, stating that it is slowly being lost in present day, and the community and world need an awakening, as socialism is on its way. He stated that it is time to remember Democracy.

District 6A Representative, Julie Sandstede was presented and reiterated her frustrations regarding the Polar Vortex. Rep. Sandstede stated that work is being done at the Capitol level. In giving background, she mentioned that she has heard comments such as, "this is winter in MN, and the Utilities should have been better prepared". She stated that while it is winter in Minnesota, she finds herself disagreeing with these statements because of the severity of the unprecedented situation.

The effects of the Polar Vortex were felt across the US, which wreaked havoc on energy systems in the South that were not equipped to withstand the sudden cold, resulting in natural gas prices skyrocketing over 70x the average. A Municipal Utility such as HPU doesn't have the capacity, cash flow or budget for such inflated price hikes, while unfortunately resulting in the costs being passed on to the rate payers.

Rep. Sandstede shared that currently legislation is advancing in the House working towards \$100M of funding directly toward lower income utility customers. Ratepayers have already faced hardships and this additional hit is significant. Assistance would be available for those utilizing federal heating assistance through the LIHEAP, those who have entered into a cold weather rate payment plan since March 2020, or those who have missed two or more utility payments since October 2020. The Bill currently in the house also has a \$15M provision in aid and loans to Municipal gas companies. Loan amounts are proportional to the gas price increase from February 12-17, compared to February 5-10. The loans would be interest free and payback over a 5-year term. She went on that the Bill is yet to pass, and negotiations are currently ongoing, but it is being addressed. It is the hope that funding can be obtained from the American Rescue Act, but guidance on allowable usage is being sought. The House and Senate will soon have their own versions of their Budget Bills and it is the hope that the negotiation results will offer respite to ratepayers. Legislators also need to ensure regulators investigate whether or not price gouging occurred, which left companies like the HPU holding the bag. She opined that profits of large gas companies from the ratepayers of Hibbing, MN and small-town America is inexcusable.

Rep. Sandstede specified she was highly encouraged by HPU's willingness to communicate and work with ratepayers including an option for a payment plan. GM Luke Peterson has been refreshingly transparent with the residence of Hibbing, and a recent visit to the facility reflected a noticeable turnaround in leadership and employee morale. She noted that the HPU has had its challenges the last few years and is her hope that the HPU will continue to be a strong part of the community. Rep. Sandstede went on to say she is continuing to work with Jamie Long, Chair of the Energy Committee, in the Walz Administration to explore ideas on how to get aid to constituents including potential refunds to or other options to hold ratepayers harmless. She indicated that today she was in conversation with the Walz Administration House leadership, including Senator Smith's office, strongly urging aid to the municipal utilities, as the effects of the Vortex is not something that the Utility or ratepayers can afford. Rep. Sandstede mentioned that like a

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financial portfolio, fuel source diversity is encouraged in the future. She thanked the Commission for their time and efforts.

Chairperson Garrity thanked Rep. Sandstede for her continued efforts. Chairperson Garrity pointed out that HPU had 7 or 8 natural gas hedging contracts in place at the time, and went over the timeline of the Vortex days, stating the unfairness of the big companies profiting from the Midwestern States.

No action taken.

Item 6. CONSENT AGENDA

Item 6.A. Review and approve the items over \$10,000 and review and approve the bills from March 19, 2021 to April 8, 2021 check numbers 44388 to 44484 & ACH transfers 3192101 to 4012102.

Item 6.B. Review and approve the payroll paid & overtime report for the March 25 & April 8, 2021 pay dates.

Item 6.C. Voluntary Residential Conversion Heat Loan Program: Loan Approvals

Item 6.D. Request for Contribution: HHS All Night Graduation Party

Item 6.F. Award Local 2021 Tom Bovitz Memorial Scholarship: Justin Yuretich

Item 6.G. Letter in Support of Natural Gas Price Gouging Investigations

Commissioner Stokes congratulated Justin Yuretich on the Scholarship win.

Motion by Commissioner Hart, supported by Commissioner Stokes to approve the Consent Agenda as presented.

Motion carried unanimously.

Item 7. PERSONNEL/POLICY

Item 7.A. The Commission reviewed the correspondence dated April 9, 2021, regarding Request to approve the Utility Financial Controller Job Description.

Motion by Commissioner Hart, supported by Commissioner Bayliss, to adopt the Utility Financial Controller Job Description and advertise for the position immediately.

Motion carried unanimously.

Item 7.B. The Commissioner reviewed the correspondence dated April 9, 2021 from L. Peterson, General Manager, regarding Resignation Notification: S. Cox, Instrument & Results Technician.

Motion by Commissioner Stokes, supported by Commissioner Bayliss, to accept the Resignation Notification: S. Cox, Instrument & Results Technician effective April 13, 2021.

Motion carried unanimously.

Item 8. FINANCIAL STATEMENTS

The Commission reviewed the correspondence from M. Anderson, Fort & Co, P.A., regarding February 2021 Financial Statements. L. Peterson stated that the delay in processing was due to the Vortex. L. Peterson requested questions from Commission members. No questions were brought forth.

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Motion by Commissioner Bayliss, supported by Commissioner Hart, to accept the February Financial Statements and place in the Commission file.

Motion carried unanimously.

Item 9. OLD BUSINESS

Item 10. NEW BUSINESS

Commissioner Stokes thanked Mr. Peterson, in that in the last 6-weeks the Power Plant has made significant headway. All boilers are running and all turbines are ready to go, something that hasn't been done in a long time. He thanked the employees who assisted in the task.

Chairperson Garrity thanked Commissioner Stokes for his valued assistance in the Power Plant, as well General Manager Peterson.

General Manager Peterson thanked the Commission stating it is impressive to see the pride in the employees and the process coming together after a strained few years, stating that competitive rates remain HPU's #1 priority.

Item 11. ADJOURNMENT

Motion by Chairperson Garrity, supported by Commissioner Bayliss, to adjourn the meeting at 5:40 p.m.

Motion carried unanimously.

Attest:


Luke Peterson, General Manager


Patrick Garrity, Chairperson

Meeting materials are available at www.hpuc.com
The next regular Commission meeting is scheduled for Tuesday, April 27, 2021 at 5:00 p.m. at the Hibbing City Hall, Council Chambers, 401 E. 21st St., Hibbing MN 55746

Masks are required in City Hall and all COVID-19 Pandemic guidelines must be observed.

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