

MINUTES OF THE PROCEEDINGS

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

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June 8, 2021

Minutes of the regular meeting of the Public Utilities Commission, Hibbing, Minnesota, 1902 E. 6th Ave., Hibbing, MN 55746, held on June 8, 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 Stokes; Commissioner Bayliss; Legal Counsel, Andy Borland; and General Manager, Luke Peterson. Also in attendance was HPAT Rep., Ron Wirkkula; AFSCME Rep., Mark Reger; and Morgan Anderson, Forte & Co., PA.

Item 2. ADDS/DELETES

L. Peterson requested to add under Old Business Item 7.B. Polar Vortex Relief.

Item 3. APPROVAL OF MINUTES

Motion by Commissioner Bugliosi, supported by Commissioner Hart, to approve the regular meeting minutes of May 25, 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 May 21, 2021 to June 2, 2021 check numbers 44685 to 44740 & ACH transfers 5212101 to 5282104.

Item 5.B. Review and approve the payroll paid & overtime report for the June 3, 2021 pay date.

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

Motion carried unanimously.

Item 6. POLICY/PROCEDURE

Item 6.A. The Commission reviewed the correspondence dated June 9, 2021 from L. Peterson, General Manager, regarding COVID-19 Payment Plan Policy. General Manager Peterson spoke of the world returning to normal post-Covid and in working with customers who have delinquent accounts. HPU has continued to work with statewide agencies to follow the return guidelines in a way that will cause the least negative effects on ratepayers. He stated that the policies passed at the last Commission meeting did not touch on payment details. This policy is meant for customers with delinquent accounts to begin the payment process, beginning June 30th customers will have 60-days to set up a payment plan prior to the resumption of disconnections on August 30th. At the end of August, disconnection will resume, as per normal business policies. General Manager Peterson stated that the HPU highly encourages customers to utilize any assistance that is available to them, and information is available at the HPU service counter or at RentHelpMN.

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Motion by Commissioner Bugliosi, supported by Commissioner Bayliss, to authorize the adoption of Customer Policy CUST117 COVID-19 Payment Plan Policy allowing customers to have 60 days to work with the HPU to set up a payment plan before service disconnections for nonpayment begin in August.

Motion carried unanimously.

Item 6.B. The Commissioner reviewed the correspondence dated June 4, 2021 from L. Peterson, General Manager, regarding Hibbing Public Utilities Authority Matrix. General Manager Peterson gave presentation on the Matrix Plan, stating it is a place to start from to ensure transparency and effective controls may be modified as needed in reaching for the maximum efficiency of operations and transparency in communications. Chair Garrity clarified that the General Manager's spending authority is back to \$25,000.

Motion by Commissioner Bayliss, supported by Commissioner Hart, to adopt the HPU authority Matrix as presented.

Motion carried unanimously.

Item 7. OLD BUSINESS

Item 7.A. The Commission reviewed the correspondence dated June 9, 2021 from L. Peterson regarding Barr Engineering Co. work Order 2021-01 (Rev. 1).

General Manager Peterson spoke that within the Matrix, approval of \$25,000 was granted and with the additional scope of Barr, the expense is out of his range of approval. Barr Engineering's temporary staff augmentation is requested for Commission action on a time and materials arrangement. Commissioner Bayliss stated he appreciated seeing the cost savings analysis for management positions vs contractors/consultant costs and would like to see that continue.

Motion by Commissioner Bugliosi, supported by Commissioner Hart, to authorize approval of the \$34,000 and authorize utilization of Barr Engineering when necessary.

Motion carried unanimously.

General Manager Peterson requested to update on the Polar Vortex. He stated that Rep. Julie Sandstede was working on a revised draft to introduce a relief bill for the house hearing for \$1.6M in direct relief for the Citizens of Hibbing in the state budget, for Polar Vortex assistance. He stated that it may not be guaranteed, but the effort was made and is appreciated considerably.

No action taken.

Item 8.A. NEW BUSINESS

Item 8.A. The Commission reviewed the correspondence dated June 4, 2021 from Luke Peterson regarding MN Resale Energy Adjustment. L. Peterson stated that at prior Commission meetings, conversation was held regarding MP not meeting HPU's electric power needs. The current MP contract allows actual cost of energy flow to the customer, the Purchase Power Acquisition (PPA). A \$102,000 payment is due this month to MP from planned and unplanned outage on MP's transmission lines. Results are that Hibbing rate payers have to pay this, as per normal business practice. Peterson stated that is a large

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amount that is on the backs of the Hibbing ratepayers and he has identified options on how to address the risk of having to pass the expense to the customers. The cause is what needs to be addressed, per Peterson. Discussion held regarding the PPA costs passed on to HPU. Chair Garrity stated his frustrations of the HPU absorbing MP's costs, while opining that the passing of costs drives a wedge between relations of HPU and MP. Commissioner Bugliosi questioned if MP notified HPU of the planned or unplanned outages on the transmission lines. L. Peterson stated that they had not. Commissioner Bugliosi had questions regarding the transmission line coming from ND and the breakdown of costs from the \$102,000. General Manager Peterson said it is a bit more than half was from the wind effect, but that he would get back to Commissioner Bugliosi. Legal Counsel restated for clarification that if Boswell Energy goes down on a planned outage, HPU is required to absorb the cost. General Manager Peterson confirmed. Chair Garrity stated that it is time to work in harmony or look elsewhere. Commissioner Bayliss asked if it was possible to offset the cost and generate for MP to offset the \$102,000. General Manager Peterson agreed with the concept and spoke of generating for market pricing, generating revenue for Hibbing, and the hope that a contract structure will align and help both Hibbing and MP. L. Peterson will notify MP to arrange a meeting with the Negotiating Committee and MP in the near future in an effort to take part in revenue for generation. Chair Garrity stated that a few years ago HPU paid MP approximately \$4m annually and currently that amount is near \$9m and he opined that a middle ground must be found. This item was for informational purposes and was placed in the Commission file.

Item 9. ADJOURNMENT

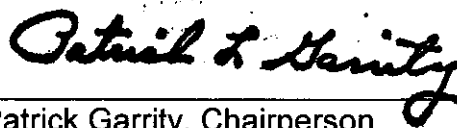
Motion by Commissioner Hart, supported by Commissioner Bugliosi, to adjourn the meeting at 5:40 p.m.

Attest:

Motion carried unanimously.



Luke Peterson, General Manager



Patrick Garrity, Chairperson

Meeting materials are available at www.hpuc.com
The next regular Commission meeting is scheduled for Tuesday, June 22, 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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