



Joint Work Session

MARCH 11TH, 2025

Commission Work Session Agenda

March 11th, 2025

Chair J. Hart	—	Commissioner J. Bayliss	—
Commissioner J. Stokes	—	Commissioner J. Babich	—
Commissioner J. Sandstede	—	Legal Counsel A. Borland	—
General Manager L. Peterson	—	Auditors Abdo, LLP	—
Utility Operations S. Dickinson	—	Energy & Pricing P. Plombon	—
Customer Ser. & Finance J. Zallar	—	Admin & Comm E. Dixon	—
Electrical Operations S. Adams	—	Local 94 President Rich Kampsula	—

1. City Discussion

2. Other Items



Item 1

Item 1 – City Discussion

March 11th, 2025

Jeff Hart, Chairman
Hibbing Public Utilities Commission
1902 E. 6th Avenue
Hibbing, MN 55746

RE: Item 1 – City Discussion

Dear Commissioners and Councilors;

Please see attached discussion materials related to HPU's obligations vis-à-vis the City of Hibbing with covenants made during the issuance of the Public Facilities Authority (PFA) water financing for the 2023 Water Projects. These include:

- Debt Compliance Certificate
- Rate Study performed by Baker Tilly, focusing on water in particular where the Commission obligation to the City was created by mutual resolutions
- 2024 Financial Report (unaudited) to verify financial standing of the utility in regards to its maintenance of the reserve accounts for water debt through the PFA

We look forward to meeting with you and this topic and others with you at the joint meeting.

Sincerely;



Luke J. Peterson

March 7, 2025

Mayor and Council, City of Hibbing
c/o Sheena Mulner, Finance Director / Treasurer
Hibbing City Hall
401 East 21st Street
Hibbing, MN 55746

Re: Debt Compliance Certification

Hibbing Public Utilities hereby certifies compliance with all Covenants required of:

- \$9,336,684 GENERAL OBLIGATION REVENUE NOTE, SERIES 2023A
- \$4,880,939 GENERAL OBLIGATION REVENUE NOTE, SERIES 2023B

Specifically; In regards to *City Council Resolutions 23-12-05 and 12-12-06, Section 6.02 Commission Covenants with City:*

A) The Commission has covenanted with the City to undertake and complete rate studies for the Utility as specified in Section 3.01B of the Commission Resolution.

b) The Commission has further covenanted with the Issuer to establish, administer and maintain the Reserve Account, as specified in Section 4.02B of the Commission's Resolution

In regards to item A, the Commission hereby notifies the City that it has engaged Baker Tilly for the Utility (water) specified in Section 3.01B and here to present the rate study to the City.

In regards to item B, the Commission hereby certifies that it meets the in full compliance with the debt service requirements as stipulated in its Resolution, requiring it to segregate and set aside funds in a jointly held account with the City.

- As of Feb 28, 2025 the Commission Reports a balance in the Debt Service Reserve Account of \$619,449.14
- This balance reflects an amount that is 244% (2.44 times) the estimated debt service payment of \$254,340 due on August 20th, 2025

This substantial reserve not only satisfies but significantly exceeds the required debt service coverage ratio to ensure adequate coverage.

Sincerely;



Luke J. Peterson

CC: Abdo, LLP Auditors to City and Public Utility Commission; Baker Tilly, LLP

Activity Summary (35441-103) 2023 PFA Loan D.S. Reserve- City of Hibbing & HPUC

2/1/2025 - 2/28/2025

Investment Pool Summary	4M	4MP
Beginning Balance	\$617,410.18	\$0.00
Dividends	\$2,038.96	\$0.00
Purchases	\$0.00	\$0.00
Redemptions	\$0.00	\$0.00
Ending Balance	\$619,449.14	\$0.00
Average Monthly Rate	4.305%	4.322%
Share Price	\$1.000	\$1.000
Total	\$619,449.14	\$0.00

Total Fixed Income	\$0.00
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Account Total	\$619,449.14
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Hibbing Public Utilities Commission
 Luke Peterson
 1902 6th Avenue E.
 Hibbing, MN 55746

Your PMA Representative
 Xander Nguyen
 (763) 497-1490
 xnguyen@pmanetwork.com



PMA Financial Network
 2135 CityGate Lane, 7th Floor
 Naperville, IL 60563

Transaction Activity (35441-103) 2023 PFA Loan D.S. Reserve- City of Hibbing & HPUC

4M 2/1/2025 - 2/28/2025

Transaction	Trade Date	Settle Date	Description	Redemption	Purchase	Share Price	Shares this Transaction
11269699	02/28/2025	02/28/2025	Dividend Reinvest	\$0.00	\$2,038.96	\$1.000	2,038.960
				\$0.00	\$2,038.96		2,038.960

Beginning Balance: \$617,410.18 | Ending Balance: \$619,449.14

Current Portfolio

2/28/2025

Type	Code	Holding Id	Trade Date	Settle Date	Maturity Date	Description	Cost	Rate	NAV	Face/Par	Market Value
4M				02/28/2025		4M Account Balance	\$619,449.14	4.305%	\$1.000	\$619,449.14	\$619,449.14
							\$619,449.14			\$619,449.14	\$619,449.14

Time and Dollar Weighted Average Portfolio Yield: n/a

Weighted Average Portfolio Maturity: n/a

Note: Weighted Yield & Weighted Average Portfolio Maturity are calculated using “Market Value” and are only based on the fixed rate investments.

Portfolio Summary

Type	Allocation (%)	Allocation (\$)	Description
4M	100.000%	\$619,449.14	4M Account

Index

Cost is comprised of the total amount you paid for the investment including any fees and commissions.

Rate is the average monthly rate for liquid investments or the rate on the last business day of the month for SDA investments or the yield to maturity or yield to worst for fixed term investments.

Face/Par is the amount received at maturity for fixed rate investments.

Market Value reflects the market value as reported by an independent third-party pricing service. Certificates of Deposit and other assets for which market pricing is not readily available from a third-party pricing service are listed at “Cost”.

4M MONTHLY STATEMENT DISCLAIMER

4M and 4M Plus Activity Summary

This section shows all of the activity in the 4M and 4M Plus shares. The Average Rate represents the average net interest rate over the previous month which is then annualized. Income Summary represents the interest earned for the Month and Fiscal Year to Date.

Information regarding the 4M Fund investment objectives, risks, charges and expenses can be found in the 4M Fund Information Statement, which can be obtained at www.4MFund.com or by calling PMA at the phone number listed.

An investment in 4M and 4M Plus is not insured or guaranteed by the FDIC or any other governmental agency. Although the 4M and 4M Plus seek to maintain a stable value of \$1.00 per share, it is possible to lose money by investing in the 4M and 4M Plus.

Securities and municipal advisory brokerage services (investments purchased with proceeds from a municipal securities issuance), and investments cleared through our clearing firm, Pershing LLC, are offered through PMA Securities, LLC, a broker-dealer and municipal advisor registered with the SEC and MSRB, and a member of FINRA and SIPC. All other products and brokerage services are generally provided by PMA Financial Network, LLC. Thus, certificates of deposit ("CD"), savings deposit accounts ("SDA") and commercial paper ("CP") may be executed through either PMA entity, as applicable, depending on whether the investment was purchased with proceeds derived from municipal securities. PMA Securities, LLC and PMA Financial Network, LLC are operated under common ownership and are affiliated with PMA Asset Management, LLC.

Fixed Rate Investment Activity

This section shows all of the fixed term investments purchased and sold, maturities, interest received, and activity. This will include all CD, SDA, CP, securities and money market funds purchased through PMA Financial Network, LLC or PMA Securities, LLC as applicable. It also shows the approximate market value of each security whose price is obtained from an independent source believed to be reliable. However, PMA cannot guarantee their accuracy. This data is provided for informational purposes only. Listed values should not be interpreted as an offer to buy or sell at a specific price. CD's and CP are listed at their original cost. Redemption of a CD prior to maturity may result in early withdrawal penalties. Market values are based on the last day of the month for which this report date range is ending. If the run date of this report is prior to the end of the current month, the market values are listed as equivalent to the cost values.

Money Market Fund

The Rate shown for the money market fund represents the average net interest rate over the previous month which is then annualized. Information regarding the money market fund's investment objectives, risks, charges and expenses can be found in the money market fund's prospectus, which can be obtained by calling PMA at the phone numbers listed. The performance data featured represents past performance, which is no guarantee of future results. Investment returns will fluctuate. Current performance may be higher or lower than the performance data quoted. Please call PMA for the most recent performance figures.

The performance data featured represents past performance, which is no guarantee of future results. Investment returns will fluctuate. Current performance may be higher or lower than the performance data quoted. Please call PMA for the most recent performance figures.

Additional Disclosures

All funds, and/or securities are located and safe kept in an account under the client's name at their custodial bank. Any certificates of deposit listed are located in the client's name at the respective bank. Any money market fund shares are held directly with the money market fund. It is recommended that any oral communications be re-confirmed in writing to further protect your rights, including rights under the Securities Investor Protection Act.

Debt Securities

Some debt securities are subject to redemption prior to maturity. In the event of a partial or whole call of a security, the securities call will be automatically selected on a random basis as is customary in the securities industry. The probability that your securities will be selected is proportional to the amount of your holdings relative to the total holdings. Redemption prior to maturity could affect the yield represented. Additional information is available upon request.

A financial statement of PMA Securities, LLC is available for inspection at its office or a copy will be mailed to you upon written request.

PLEASE ADVISE PMA AND OUR CLEARING FIRM, PERSHING LLC, IMMEDIATELY OF ANY INACCURACY OR DISCREPANCY ON YOUR STATEMENT. FOR A CHANGE OF ADDRESS OR QUESTIONS REGARDING YOUR ACCOUNT, PLEASE NOTIFY YOUR PMA REPRESENTATIVE. ANY ORAL COMMUNICATIONS SHOULD BE RE-CONFIRMED IN WRITING.

How to Contact PMA

Please call (630) 657-6400 or write to us at PMA, 2135 CityGate Lane, 7th Floor, Naperville, Illinois 60563.

How to Contact Pershing, LLC

Please call (201) 413-3330 or write to Pershing, LLC, One Pershing Plaza, Jersey City, New Jersey, 07399

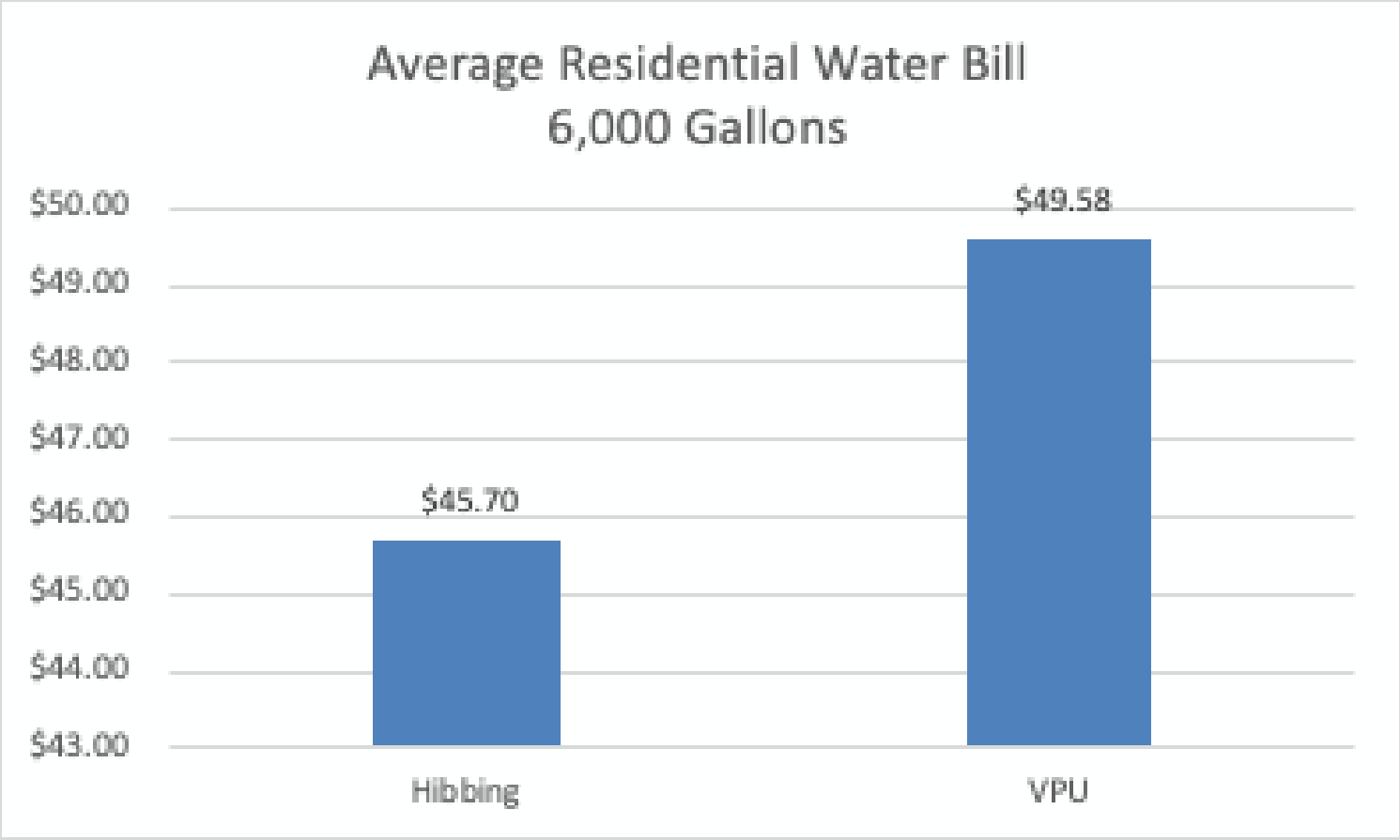
In accordance with FINRA Rule 2267, PMA Securities, LLC is providing the following information in the event you wish to contact FINRA. You may call (301) 590-6500 or write to FINRA at 1735 K Street NW, Washington, D.C. 20006-1500. In addition to the public disclosure number (800) 289-9999, FINRA provides an investor brochure which describes their Public Disclosure Program. Additional information is also available at www.finra.org.

Overall Rate Design Approach

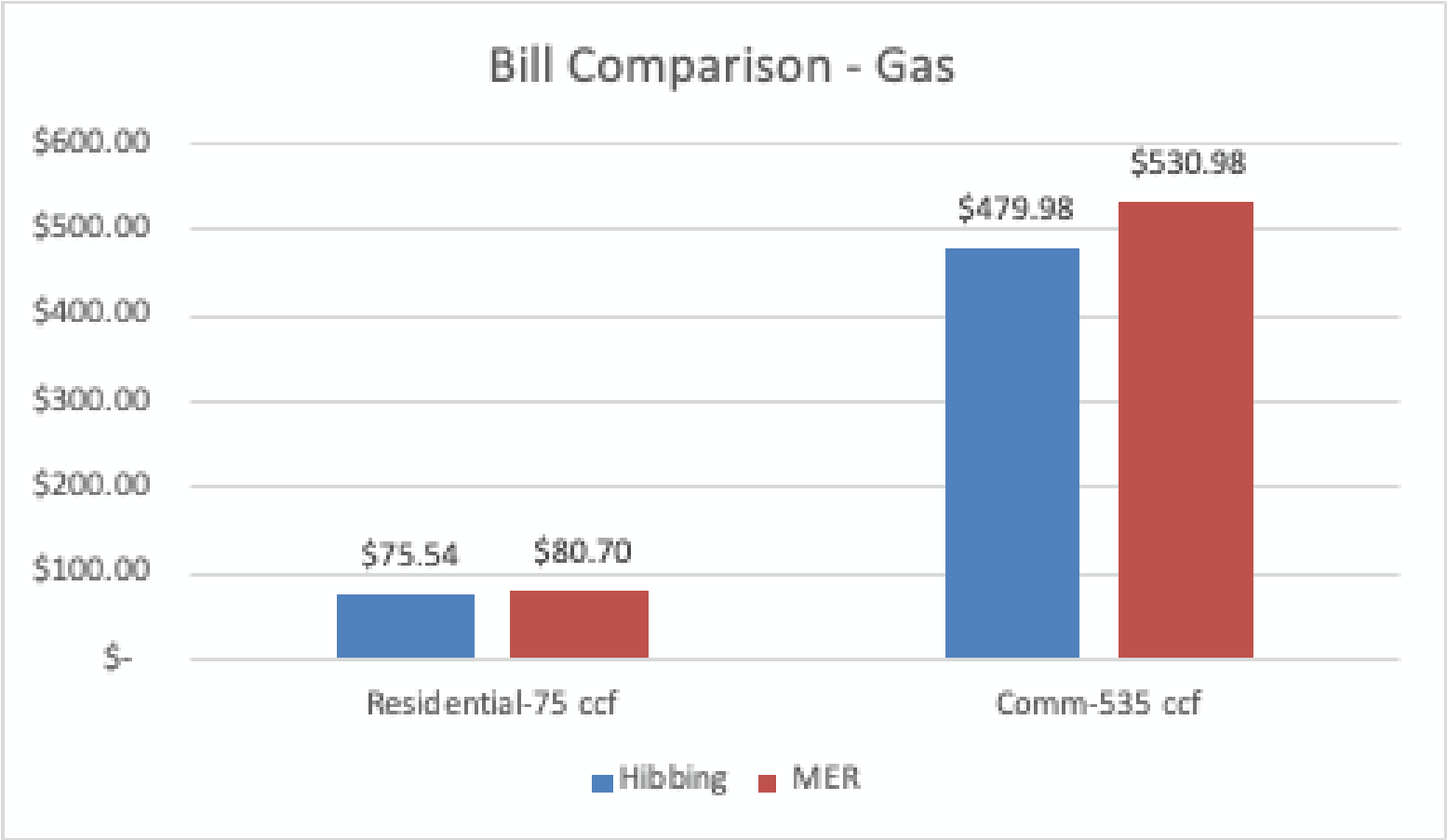
1. A 5-year phased-in approach was used for each utility's rate adjustment
2. HPU's rates compare favorably to area utilities after the rate adjustments



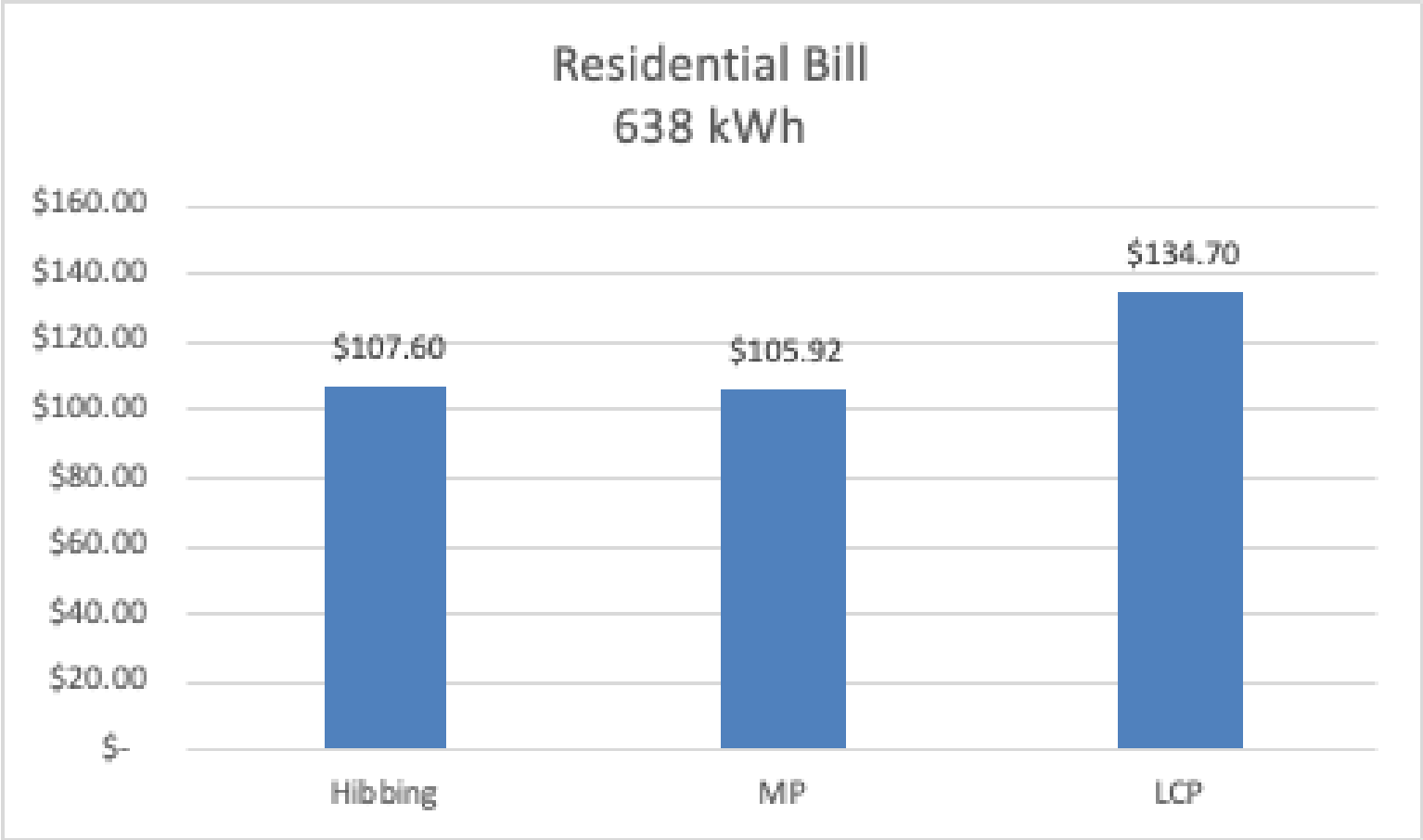
Water – Average residential monthly bill



Gas – Average monthly bill comparison



Electric – Average residential monthly bill





Item 2

Item 2 – Other Items

March 11th, 2025

Jeff Hart, Chairman
Hibbing Public Utilities Commission
1902 E. 6th Avenue
Hibbing, MN 55746

RE: Item 2 – Other Items

Dear Commissioners and Councilors;

Following Joint Session with the City Council, the Commission will continue into a regular working session. HPU staff intends to provide commissioners updates on the following items;

- Management updates
- 2024 Annual update
- Commissioners joining Utility Committees
 - Labor-Management– 1st Wed. of the Month, 10:30 am – 12:00
 - Apprenticeship – As needed, Thur. @ 9:00 am
 - Insurance/Benefits – Quarterly, aligned with LMC
 - Safety- 4th Wed. @ 9:00 am
 - Negotiation*
 - Charitable Contributions*

Sincerely;



Luke J. Peterson

February Monthly Highlights

VOLTAGE CONVERSION

The line crew continues to work on Feeder 50 for 2400V to 13.8kV voltage conversion. Work on the first alley between 5th and 6th Ave. E. is continues to make progress.

Design and engineering started for Feeder 15. We plan to order and reserve material Q2 of 2025. Construction will follow as we identify timeframes for long lead time equipment.

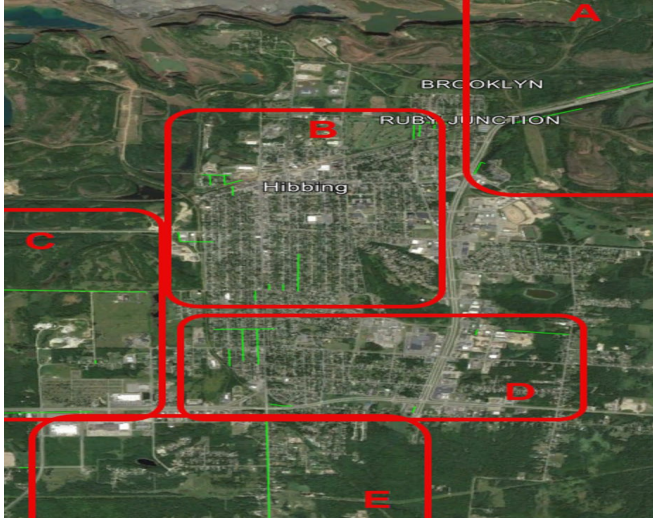
PICTURED: MECHANICAL DAMAGE ON FDR 15 CABINET



VEGETATION

Staff advertised to solicit public bids for 2025 vegetation control areas. The bid opening is on April 11th. Our staff looks forward to bringing a recommendation to the action session in March.

PICTURED: CONTROL AREAS IN RED, SEGMENTS OF LINE TO CLEAR IN GREEN



SUBSTATION MODERNIZATION

Ansley and First Ave. substation transformers both were set in February. Field service work and testing by the manufacturer is complete. Private testing to follow. Cable pulling outside of the sub footprint is now complete. Pulling within sub footprints is scheduled for March. Overhead line construction required for each site is in progress. Switchgear is still tracking for May. Regulators delivery date is projected for September.

PICTURED: FIRST AVE SUB TRANSFORMER DELIVER DAY



PICTURED: CABLE AND CONDUIT EXCAVATION AT FIRST AVE SUB SITE



February Monthly Highlights

Finance

Audit is well on its way, with representatives in the office this week (first week of March) collecting data.

Utility Billing/Customer Service

Systems are up and running!! Disconnections were down this month due to the extreme cold.

Feb-25		
	Month- Total	Daily - Average
Calls	1486	74
In Office Traffic	963	48
Disconnection Notice Mailed	996	
Customers Disconnected	27	

Project Management

Service Line Inventory – Lead and Copper

- Slow moving – customers are not willing to schedule inspections. Hoping weather improving, will improve this.
- Inspections will coordinate with approved water projects.

41st Slip-Lining

- Job has begun, with contractors on site
- I will be reviewing pay requests along with BM.

Notices to the public for water project within the project areas of 17th/18th/5th/6th/12th projects. Our goal is to provide notice prior to residents scheduling at home events, or at least be aware of construction.

Bids for 25-03 and 25-04 are live in Quest and will close April 04, with bid award

pending for 04-22. (Transformer & High Voltage Circuit Breaker)

Bid 25-02 Vegetation Management bid should be live in Quest by March 10. Bid award pending for 04-22.

Metering

Meter readers are welcoming less snow, and warmer weather.

Meter Techs are still moving forward with installations of AMI meters. We have 11 electric, water and 6 gas meters installed.

Warehouse

Doors will be fitted with key fobs shortly to increase safety.

Looking Forward

Construction season is nearing with some road limits within Minnesota being applied as early as March 10th.



Go Hibbing Boys Hockey!!

Hibbing Renewable Energy Center

Operations

HREC is currently operating with one turbine. Turbine 6 is running while supplying the city's heat load with other turbines as backup. Boilers 3 & 4 are splitting the steam load.

Monthly Highlights

Boiler 4 has had its ID fan completely replaced bringing the boiler back to full operational status. L&S Electric was here the week of January 27th conducting monthly vibration monitoring and concluded the Boiler 4 ID fan has never run so well. Switching operations were coordinated between HREC and the Line Crew the week of January 27th. This operation required us to generate during the maintenance routine. Work is on track with Turbine 3 and should be ready to come online in late February. Boiler 4's ESP is currently undergoing annual inspection and calibration.

Upcoming Schedule

March:

- Blowdown Piping order placements
- Conduct RATA Testing
- Complete TG 3 Rotor Repair
- Complete TG 3 Controls Upgrade
- Annual MNCAER Meeting
- TG 5 SRV blueprint Finalization
- Electrical Blueprints for Blowdown System
- FRAP Due to MP
- Condensate Room Repairs
- Potential Urge Test
- MPCA Conducting a Site Visit

April:

- MNOPS Pre-Inspection
- Annual MNCAER Meeting Virginia, MN
- FM Global Inspection

Heat Crew

HPU Heat Crew has been working on helping Hibbing residents through the cold snaps by troubleshooting and offering assistance with home heating issues. We also met with representatives from MNOPS and HRA concerning master meter usage and what that means for Hibbing.

Notable Projects

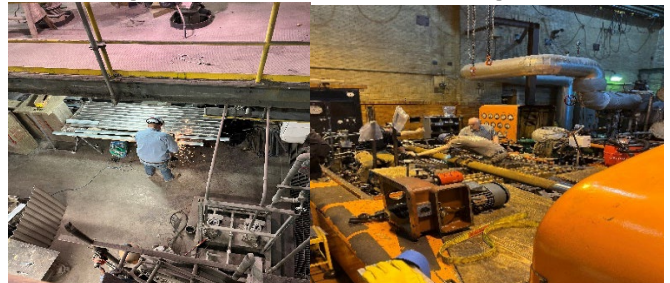
Removed Rows TG 3

Condensate Room Beams



Sheeting for 4 ID Fan

TG 3 Alignment



The Return of TG 3 Rotor



ANNUAL REPORT 2024



**PURSuing
EXCELLENCE**

A Message From **Luke Peterson** General Manager



In the Pursuit of Excellence

The word excellence is defined as “the quality of being outstanding or extremely good”. At Hibbing Public Utilities, we believe excellence is more than just a goal – it is the standard that we set for ourselves every day. In fact, as many Hibbingites have done in the past, we strive to redefine excellence as “the expectation”. This commitment to excellence is deeply rooted in Hibbing’s rich history. Whether it is our local industries, civic initiatives, or educational institutions, the people of Hibbing have built a legacy of excellence through their dedication and labor, that over the last century our community continues to benefit from. As Hibbing’s Public Utility provider, we are proud to continue this legacy of “Excellence as the Expectation”.

For Hibbing Public Utilities, excellence starts with the essentials: reliable services at competitive rates. These services are the backbone to the high quality of life in our community. Our team has been working hard this summer to ensure that these essential systems are not only maintained but significantly upgraded to strengthen system reliability and ensure our community remains strong, resilient, and well prepared for a future of continued excellence ahead of us all.

Luke Peterson
General Manager

Excellence in Leadership

Management

Hibbing Public Utilities' management team relies on the expertise and dedication of its employees to set the standard for excellence in utility operations. By fostering a culture of communication, collaboration, and transparent decision-making, our leadership team guides the utility employees in meeting the current and future needs of our community.

Left to Right

Paul Plombon - Manger of Energy Supply

Stefanie Dickinson - Utility Resources Manger

Samantha Adams - Electrical Operations Supervisor

Jill Zallar - Finance and Customer Service Supervisor

Luke Peterson - General Manager

Commission

Since the establishment of Hibbing's municipal utility services in 1895, the residents of Hibbnig have affirmed their commitment to local control of their utility system. Our Commission, rooted in this legacy of local control, helps HPU achieve excellence by representing our ratepayers in HPU's decision-making process. This structure empowers Commissioners to uphold the values of transparency and accountability, ensrung that HPU's policies and actions align with Hibbing's changing needs.

Left to Right

Jeff Stokes - Commissioner

Julie Sandstede - Commissioner

Jeff Hart - Commission Chair

Jesse Babich - Commission Secretary

James Bayliss - Commissioner

Our Employees

Administration -

Luke Peterson (General Manager)
Stefanie Dickinson (Utilities Resources Manager)
Jill Zallar (Finance and Customer Service Supervisor)
Eliot Dixon (Customer Programs & Communications)

Human Resources - Krista Raatsi (Payroll & Benefits)

Accounting - Travis Marsh (Accounting Coordinator)

Customer Service - Jamie Chacich, Luke Odegard, Stephanie Senich, Paige Lee

Engineering - Susan Benjamin, Paul Petrich

Meter Readers - Dylan Unger, Gina Yliniemi, Michael Bergan, Billy Unger

Warehouse - Tom Monacelli

Facilities Maintenance - Ken Grell

HREC -

Paul Plombon (Manager of Energy Supply)
Dan Edwards (HREC Maintenance Coordinator)

Chief Operating Engineer - Greg Hooper

Shift Coordinators - Scott Dickinson, Ian Hagen, Dave Simonson, Blake Monroe

Auxiliary Operator II - Drew Buchwitz, Tim Swinda, Dan Gonzalez, Rich Kampsula

Operator I - Jacob Jarmer, Cody Herrick, Daren Kowalsky, Josh Minerich

Biomass Technician - Kody Intihar, Andy Borchert, Ryan Horn, Gordon Terpstra

Electric Crew - Warren Kampen (lead) , Brent Isaacs

Instrumentation Crew - Terry Gerrity (lead), Jacob Frederick

Plant Mechanic Crew - Jack Sanborn (lead), Mark Trenberth, Joe Winsor, Zeb Graves, Rick Kolosky

Coal & Ash Crew - Andy Kingsbury (lead), John Swartz, John Petron, John Fabish

Utility Operations-

Samantha Adams (Electrical Operations Director)

Line Crew - Esko Savela (lead), Chad Adams, George Pogachnik, Todd Nelson, Anthony Poser, Peter Jensen

Heat Crew - Paul Boswell (lead), Mark Yuretich, Jesse Kringle, George Barnhill, Brian Berg

Water Crew - Gary Jarmer (lead), Marty Jarvis, Jacob Kampen, Chad Rintala, Trevor Sprunk

Meter Technicians - Steve Jespersen, Jim Kolden, Jessie Sampson
(Retired: Mark Reger)

Fleet Maintenance - Chris Adams

Team Highlights



Customer Service - 18,000+ of calls answered
HREC Crews - 47,217 Tons of wood burned
Line Crew - 100+ street lamps serviced
Heat Crew - 31 new service installs
Water Crew - 20 breaks fixed
Meter Technicians - 650+ AMI meters replaced



Strategic Report

Hibbing Public Utilities navigates the daily challenges of managing legacy infrastructure, implementing innovative and cost-effective solutions to enhance operations stability, and adapting to the dynamic regulatory landscape of the utilities industry. The following initiatives highlight the primary focus of our staff as we seek to uphold the expectation of excellence for our ratepayers:

Service Reliability

Competitive Rate Setting

Community Outreach

Greatest Total Benefit

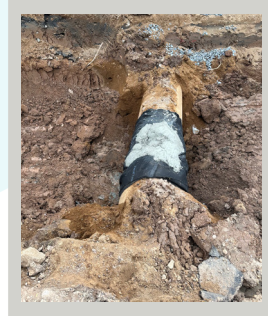
Critical Needs: Water Infrastructure

Loss of Scranton Well Hampering Economic Development



Due to dewatering of the Scranton Pit, the highest producing well for the system had to be shutdown. This loss of over 20% of the raw water supply has strained the existing system and limited economic development.

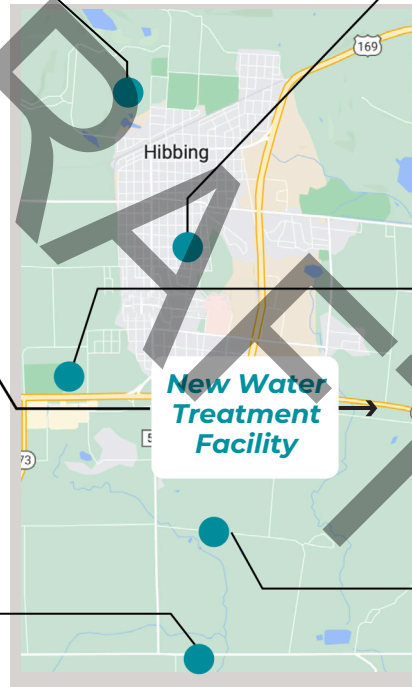
100+ Miles Of Distribution System With 50% Over 90 Years Old And 75% Over 60 Years Old.



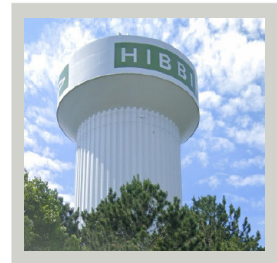
New Water Treatment Facility

The new water treatment facility is needed to treat water from the eastern wellfield. This wellfield was installed to replace supply lost by the Scranton well shutdown.

South Water Treatment Plant



Two Water Towers



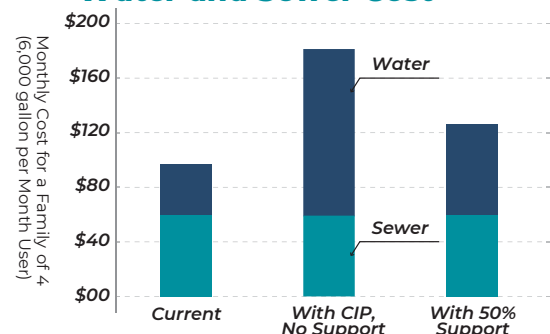
Nine Wells



Water System Needs Over Next 10 Years

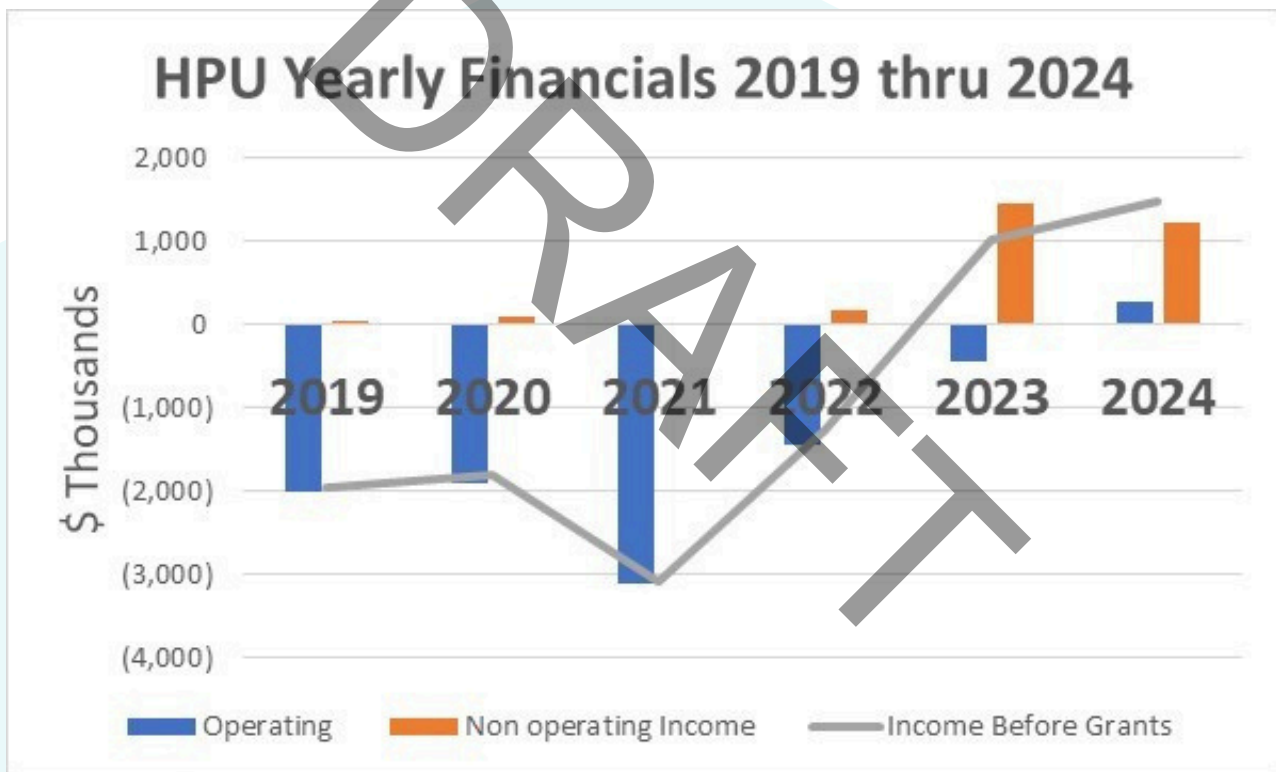
Water Tower Repairs	\$ 1.5M
Well/Wellhouse Projects	\$ 2.5M
South WTF Project	\$ 8.5M
Distribution System Projects	\$50.0M
New Carey Valley WTF	\$12.0M
Total	\$74.5M

Hibbing Combined Monthly Water and Sewer Cost





Annual Revenue



HPU's financial year came to an end on December 31st, 2024. Operating income totals \$272K which compares with an operating loss of \$411K from the same period last year. Positive income in 2024 is reflective of consistent revenues and management of expenses.

March 11th, 2025

The total change in net position, including both operating and non-operating income and grants, stands at \$2.3 million compared to \$1.6 million at this point last year.

Hibbing Public Utilities Commission

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Financial Statement

	<u>Actual</u>	<u>Budget</u>	<u>Difference</u>
Operating Revenue			
Electric revenue	\$ 17,500	\$ 16,994	\$ 506
Steam revenue	2,370	2,444	(75)
Gas revenue	7,761	8,546	(785)
Water revenue	2,974	2,901	73
Total operating revenues	30,605	30,886	(281)
Operating Expenses			
Electric:			
Operation and maintenance	16,786	16,419	367
Depreciation	2,466	1,552	914
Total electric	19,252	17,971	1,281
Steam :			
Operation and maintenance	2,515	4,865	(2,351)
Depreciation	614	523	91
Total steam	3,128	5,388	(2,260)
Gas:			
Operation and maintenance	5,059	5,202	(143)
Depreciation	203	176	28
Total gas	5,263	5,378	(115)
Water:			
Operation and maintenance	1,906	1,912	(6)
Depreciation	782	656	126
Total water	2,689	2,568	121
Total operating expenses	30,332	31,304	(972)
Operating Income (Loss)			
Electric	(1,752)	(977)	(775)
Steam	(759)	(2,944)	2,185
Gas	2,498	3,168	(670,238)
Water	285	333	(48,451)
Total operating income (loss)	\$ 273	\$ (419)	\$ 691,520



Contact Us



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info@hpuc.com