



# Commission Regular Session

JUNE 24<sup>TH</sup>, 2025



## Commission Meeting Agenda

June 24<sup>th</sup>, 2025

Chair J. Bayliss	—	Commissioner J. Sandstede	—
Commissioner J. Stokes	—	Commissioner J. Babich	—
Commissioner J. Hart	—	Legal Counsel A. Borland	—
General Manager L. Peterson	—	Auditors Abdo., LLP	—
Customer Ser. & Finance J. Zallar	—	Manager of Power Supply P. Plombon	—
Electrical Operations S. Adams	—	Admin & Comm E. Dixon	—
	—	Local 94 President G. Pogachnik	—

### 1. CALL TO ORDER

### 2. ADDS/DELETES

### 3. APPROVAL OF MINUTES: May 27<sup>th</sup>, 2025 & June 17<sup>th</sup> Commission Meetings

### 4. CITIZENS' FORUM: *Maximum amount of time per item: 5 minutes*

### 5. CONSENT AGENDA

- A. Approve invoices >\$10,000 & approve the bills & ACH transfers dated May 27<sup>nd</sup> – June 20<sup>th</sup>, 2025
- B. Approve the payroll paid & overtime report for the May 29<sup>th</sup> & June 12<sup>th</sup> pay dates
- C. Approve 2025 Q3 Travel Requests
- D. Approve Resolution 25-05: Adopting the Use of Allowance For Funds Used During Construction (AFUDC) In Utility Accounting Practices
- E. Approve Resolution 25-06: Development of Conditional Use Permit (CUP) and Route Permit Application with Planning Commission for Southern Interconnect Project

### 6. FINANCIALS & RISK MANAGEMENT

- A. Approve May 2025 Interim Financials
- B. Approve Iron Range Engineering and Consulting Services, LLC. Proposal of Services Not to Exceed \$200,000
- C. Approve Nagel Companies, LLC in the amount of \$175, 000 for 2,950 lineal feet of 4" Gas Main

### 7. POLICY & GOVERNANCE

- A. Placeholder – Internal Posting Electrical Maintenance & Instrumentation Technician

### 8. NEW BUSINESS

### 9. ADJOURNMENT

### 10. Closed Session – General Manager Performance Review





## Item 3 – Approval of Minutes



Item 3 – Approval of Minutes : May 27th & June 17th, 2025

June 24<sup>th</sup>, 2025

James Bayliss  
Commission Chair  
1902 E. 6<sup>th</sup> Avenue  
Hibbing, MN 55746

RE: Item 3 – Approval of Minutes: May 27<sup>th</sup> & June 17<sup>th</sup>, 2025

Dear Commissioners;

Please find attached for your approval draft minutes from the Commission Meetings of May 27<sup>th</sup> & June 17<sup>th</sup>, 2025.

Sincerely;



Luke J. Peterson





Minutes of the regular meeting of the Public Utilities Commission, Hibbing, Minnesota, 1902 E. 6<sup>th</sup> Ave., Hibbing, MN 55746, held on May 27<sup>th</sup>, 2025. Meeting held at Hibbing City Hall, 401 E. 21<sup>st</sup> St., Hibbing MN. Chair Hart called the meeting to order at 5:00 p.m. In attendance were Chair Hart, Commissioner Bayliss, Commissioner Babich, Commissioner Stokes, Commissioner Sandstede, Legal Counsel, Andy Borland; General Manager Luke Peterson, Manager of Power Supply Paul Plombon, Electrical Operations Supervisor Samantha Adams, Customer Communications & Programs Manager Eliot Dixon. Also in attendance were, HPU Interim Financial Controller Tammy Mattonen, Baker Tilly Rep. Russ Hissom, HPAT Reps. Ron Wirkula and Caleb Hill; HPU Employees Warren Kampen and George Pogachnik; and Nick Cimermanic.

## **Item 2. ADDS/DELETES**

Item 8.A. Appoint Commission Officers

## **Item 3. APPROVAL OF MINUTES**

Commission noted the need to correct the spelling of a name in the April 22<sup>nd</sup> Meeting Minutes.

Motion by Commissioner Stokes, supported by Commissioner Bayliss, to approve the regular meeting minutes of April 8<sup>th</sup> & April 22<sup>nd</sup>, 2025 with the noted correction.

Motion carried unanimously.

## **Item 4. CITIZENS FORUM –**

## **Item 5. CONSENT AGENDA**

- Item 5.A. Approving invoices >\$10,000 & approve the bills & ACH transfers >\$10,000 dated April 17<sup>th</sup> – May 21<sup>st</sup>, 2025
- Item 5.B. Approve the payroll paid & overtime report for the May 1<sup>st</sup> & May 15<sup>th</sup>, 2025 pay dates.
- Item 5.C. Approve Resolution 25-03: Resolution Authorizing the Issuance and Sale of a \$458,551 Taxable Utility Revenue Notes, Series 2025A
- Item 5.D. Approve Resolution 25-04: Resolution to Join the U.S. Highway 169 Range Gateway Coalition
- Item 5.E. Approve Exempt Employees' Salaries Effective January 1
- Item 5.F. Approve Request for Contribution: Project Care Free Clinic annual fundraiser in the amount of \$500
- Item 5.G. Approve Request for Contribution: Hibbing Rotary Club in the amount of \$500

Commissioner Stokes requested that Items 5.A. & 5.E. be pulled for discussion.

Motion by Commissioner Stokes, supported by Commissioner Sandstede, to approve Consent Agenda items 5.B., 5.C., 5.D., 5.F., & 5.G. as presented.

Motion carried unanimously.

**Item 5.A.** Approving invoices >\$10,000 & approve the bills & ACH transfers >\$10,000 dated April 17<sup>th</sup> – May 21<sup>st</sup>, 2025

Commission discussed payment timing on invoice dates from earlier in the year, HPU's payment processes, and potential impact on FY 2025 Audit.

Motion by Commissioner Stokes, supported by Commissioner Bayliss, to approve invoices >\$10,000 & approve the bills & ACH transfers >\$10,000 dated April 17<sup>th</sup> – May 21<sup>st</sup>, 2025.

Motion carried unanimously.

**Item 5.E.** Approve Exempt Employees' Salaries Effective January 1.

Commission discussed the effect of longevity increases in alignment with the salary increases.

Motion by Commissioner Stokes, supported by Commissioner Sandstede, to approve exempt employees' salaries, effective January 1.

Motion carried unanimously.

## **Item 6. FINANCIALS & RISK MANAGEMENT**

**Item 6.A.** Approve April 2025 Interim Financials

Motion by Commissioner Bayliss, supported by Chair Hart, to approve the April 2025 Interim Financials as presented.

Motion carried unanimously.

**Item 6.B.** Approve 2025 Rate Adjustments & 2025 Budget

Commission discussed the background leading to the rate study and differences in rate adjustment options. Commissioner Babich expressed concern with 5-year rate planning and stated the need for future cuts.

Motion by Commissioner Bayliss, supported by Commissioner Sandstede, to approve Option #1 Rate Adjustments and 2025 Budget.

Motion passed 4-1.  
"No" - Stokes

**Item 6.C.** Accept HPU FY 2024 Audit Report

Motion by Commissioner Stokes, supported by Commissioner Babich, to accept HPU FY 2025 Audit Report.

Motion carried unanimously.

**Item 6.D.** Approve Purchase of Blowdown Transmitters and Sensors from Emerson LLP in the amount of \$64,268.57

Motion by Commissioner Sandstede, supported by Commissioner Stokes, to Approve Purchase of Blowdown Transmitters and Sensors from Emerson LLP in the amount of \$64,268.57

Motion carried unanimously.

**Item 6.E.** Approve Barr Engineering to perform Boiler Blowdown design not to exceed \$55,000

Motion by Commissioner Stokes, Supported by Commissioner Sandstede, to Approve Barr Engineering to perform Boiler Blowdown design not to exceed \$55,000.

Motion carried unanimously.

**Item 6.F.** Award Mine View Water Extensions to Bougalis Inc. in the amount of \$123,840

Motion by Commissioner Bayliss, supported by Commissioner Sandstede, to Award Mine View Extensions to Bougalis Inc. in the amount of \$123,840

Motion carried unanimously.

**Item 6.G.-** Award Dig Prep & Restoral CY 2025-2026 to Bougalis Inc.

Motion by Commissioner Stakes, supported by Commissioner Sandstede, to Award Dig Prep & Restoral CY 2025-2026 to Bougalis Inc.

Motion carried unanimously.

**Item 6.H.-** Award PB 25-02: 2025 Vegetation Management to Zielies' Tree Services Inc. in the amount of \$192,791.81

Commission discussed the scope of current and future vegetation management projects, as well as the development of an internal construction crew to perform this work internally.

Motion by Commissioner Bayliss, supported by Commissioner Sandstede, to Award PB 25-02: Vegetation Management to Zielies' Tree Services Inc. in the amount of \$192,791.81.

Motion carried unanimously.

**Item 7. POLICY & GOVERNANCE-**

**Item 7.A.** Appoint Warren Kampen to Electrical Maintenance & Instrumentation Crew Leader Position

Motion by Commissioner Stokes, supported by Commissioner Sandstede, to appoint Warren Kampen to Electrical Maintenance & Instrumentation Crew Leader Position.

Motion carried unanimously.

**Item 7.B.** Approve hiring of Nick Cimermanic for Electrical Maintenance & Instrumentation Technician – Journeyman Position

Motion by Commissioner Stokes, supported by Commissioner Sandstede, to approve hiring of Nick Cimermanic for Electrical Maintenance & Instrumentation Technician.

Motion carried unanimously.

**Item 7.C.** Declare a Vacancy and Approve Posting for Electrical Maintenance & Instrumentation Technician Position.

Commission discussed the process of internal posting. Commissioner Sandstede requested the Commission motion to authorize external posting contingent on no internal applicants to the position.

Motion by Commissioner Sandstede, supported by Commissioner Stokes, to declare vacancy, internal posting, and external posting contingent on no internal applicants, for an Electrical Maintenance and Instrumentation Technician.

Motion carried unanimously.

**Item 8. OLD BUSINESS–**

**Item 8.A. -** Appoint Commission Officers

Motion by Commissioner Stokes, supported by Commissioner Babich to appoint Commissioner James Bayliss as Commission Chair.

Motion carried unanimously.

Motion by Commissioner Stokes, supported by Chair Hart, to appoint Commissioner Julie Sandstede as Commission Vice Chair.

Motion carried unanimously.

Motion by Commissioner Bayliss, supported by Commissioner Sandstede to appoint Commissioner Jeff Hart as Commission Second Vice Chair.

Motion carried unanimously.

Motion by Commissioner Sokes, supported by Chair Hart, to appoint Commissioner Jesse Babich as Commission Secretary.

Motion carried unanimously.

**Item 9. NEW BUSINESS –**

**Item 9.A. – General Manager Review**

Commissioner Stokes requested GM Review be scheduled for second meeting of June. Legal Counsel Borland provided the Commission with an update to review format.

**Item 9.B. – MMUA Internal Policy Retreat**

HPU General Manager provided the Commission with a scheduling update for the MMUA Internal Policy Retreat.

**Item 9.C. – June Working Session**

HPU General Manager provided the Commission with an update for rescheduling the June Working Session from 6/10.

**Item 10. ADJOURNMENT**

Motion by Commissioner Stokes, supported by Commissioner Sandstede, to adjourn the meeting at 6:06 p.m.

Motion carried unanimously

Attest:

---

James Bayliss, Chair

---

Jesse Babich, Commission Secretary



Minutes of the regular meeting of the Public Utilities Commission, Hibbing, Minnesota, 1902 E. 6<sup>th</sup> Ave., Hibbing, MN 55746, held on June 17<sup>th</sup>, 2025. Meeting held at Hibbing City Hall, 401 E. 21<sup>st</sup> St., Hibbing MN. Chair Bayliss called the meeting to order at 5:03 p.m. In attendance were Chair Bayliss; Commissioner Hart; Commissioner Babich; Commissioner Stokes; Commissioner Sandstede; Legal Counsel, Andy Borland; General Manager, Luke Peterson; Manager of Energy Supply, Paul Plombon; Electrical Operations Director Samantha Adams; Electrical Operations Director Samantha Adams; and Finance & Customer Service Supervisor, Jill Hietala; and HPU Interim Financial Controller, Tammy Mattonen. Also in attendance was HPU Employees George Pogachnik and HPU Retiree Mark Reger

**Item 1.** Management Updates

The Commission received updates from Ms. Adams, Ms. Hietala, and Mr. Plombon

**Item 2.** GIS Technological Demonstration

The Commission received a demonstration on the added GIS capabilities by Ms. Adams

**Item 3.** Industrial Development Authority

The Commission received an update from Counsel Borland and General Manager Peterson on the efforts of pursuing economic development through the creation of an Industrial Development Authority. Further investigation by Counsel Borland was required and he will report back to the Commission.

**Item 4.** Financial Strategy and Budget Update

Interim Controller Tammy Mattonen presented financial reports that show the progress of the operating budget and capital forecast/budget for the year as well as Key Performance Indicators (KPI's) for commission feedback and discussion.

General Manager Peterson presented on upcoming action requested on Allowance for Funds Used During Construction (AFUDC) and a Biomass Repowering Tax Credit as well as FEMA recovery.

**Item 5.** June Action Session Packet

The Chair Bayliss and Vice Chair Sandstede introduced timing and activities related to HPU's Organizational Development Plan in partnership with Minnesota Municipal Utilities Association (MMUA). The Commission reviewed a timeline for the Commission's Strategic Planning Session focusing on Vision, Governance, Strategic Priorities, and Communication.

The Commission reviewed the job description for the Senior Director of Organizational Development and Human Resources drafted by MMUA and discussed its intent to engage a recruiter based on MMUA's

recommendation. The Commission briefly discussed salary ranges in four analyses set by MMUA and its intent to work with the recruiter to finalize the appropriate salary range.

Motion by Commissioner Sandstede, Seconded by Commission Chair Bayliss, to approve the job description and engage with MMUA to find a recruiter for the Senior Director of Organizational Development and Human Resources, seconded by Commission Chair Bayliss.

Motion carried unanimously.

The Commission discussed the formation of Committees and the formation of the Power Supply Negotiating Committee.

Motion by Commissioner Sandstede, Seconded by Commissioner Babich, to appoint Chair Bayliss and Commissioner Hart with Commissioner Stokes as proxy for the Power Supply Negotiating Committee.

Motion carried unanimously.

### **Adjournment**

Motion by Commissioner Babich, supported by Commissioner Hart, to adjourn the meeting.

Motion carried unanimously.

Meeting adjourned at 7:24 p.m.



Attest:

Motion carried unanimously

---

Jeff Hart, Chair

---

Jesse Babich, Commission Secretary

*p/2025-04-08-Minutes.doc*





Item 5.A



Item 5.A – Approve Invoices >\$10,000 and bills & ACH transfers dated May 27<sup>th</sup> to Payroll Paid and Overtime Report for the May 29<sup>th</sup> and June 12<sup>th</sup> Payroll Dates

June 24, 2025

James Bayliss  
Commission Chair  
1902 E. 6<sup>th</sup> Avenue  
Hibbing, MN 55746

RE: Item 5.A – Approve Invoices >\$10,000 and bills & ACH transfers dated May 27<sup>th</sup> to Payroll Paid and Overtime Report for the May 29<sup>th</sup> and June 12<sup>th</sup> Payroll Dates

Dear Commissioners;

Per HPU's Authorization and Approval matrix approved at the April 26<sup>th</sup> 2022 Commission Meeting, please find attached enclosed invoices, bills, and payments since the last Regular Meeting held by the Commission on May 27<sup>th</sup>.

Sincerely;



Luke J. Peterson



Check issue dates: 5/27/2025 - 6/20/2025

Vendor Number	Name	Invoice Number	Description	Seq	Invoice Date	Invoice Amount	Check Amount	Check Number	Check Issue Date
5141	BOUGALIS INC	41ST ST PAY	2024 Capital watermain - 41st Street. approved 4-23 24-002	1	11/29/2024	10,753.97	10,753.97	61663	05/28/2025
		PAY APP #1	2025 Water distribution 17th, 18th St, 5th, 6th and 12th Avenue- Mobilization	1	06/10/2025	50,000.00	50,000.00	61836	06/13/2025
		PAY APP #1	Clearing	2	06/10/2025	24,650.00	24,650.00	61836	06/13/2025
		PAY APP #1	Grubbing	3	06/10/2025	14,500.00	14,500.00	61836	06/13/2025
		PAY APP #1	Remove Payment	10	06/10/2025	10,560.00	10,560.00	61836	06/13/2025
		PAY APP #1	Temporary Water Service	12	06/10/2025	36,000.00	36,000.00	61836	06/13/2025
		PAY APP #1	6" Gate Valve & Box	16	06/10/2025	10,500.00	10,500.00	61836	06/13/2025
		PAY APP #1	Hydrant	18	06/10/2025	18,000.00	18,000.00	61836	06/13/2025
		PAY APP #1	12" Fusible PVC Watermain (Trenchless)	22	06/10/2025	188,700.00	188,700.00	61836	06/13/2025
		PAY APP #1	Traffic Control	25	06/10/2025	15,000.00	15,000.00	61836	06/13/2025
Total BOUGALIS INC:						378,663.97	378,663.97		
25588	CHEMTREAT INC.	CIN0105579	BL1280.55 466lbs, BL1581.55 900lbs, BL2450.55 1052 lbs, CL6832.55 1208 lbs, RL124.55 1134 lbs	1	06/03/2025	11,738.27	11,738.27	61837	06/13/2025
Total CHEMTREAT INC.:						11,738.27	11,738.27		
22262	CORE & MAIN	W352387 W873812	Electric meters for AMI project- Stratus 1Q smartpoint 100GM-A 2 Way NAG2 Sensus Gas Meter Radios	1 1	06/05/2025 05/30/2025	72,797.76 280,800.00	72,797.76 280,800.00	61839 61839	06/13/2025 06/13/2025
Total CORE & MAIN:						353,597.76	353,597.76		
25943	Crum Energy Law	APR2025.HP MAY2025.CR	Legal Services - April 2025 review and revise docs for landowner meetings. Review MISO TO materials, integration, EPE Meetings, Permitting Options, draft for Interconnect project	1 1	04/30/2025 05/30/2025	18,900.00 21,070.00	18,900.00 21,070.00	61667 61841	05/28/2025 06/13/2025
Total Crum Energy Law:						39,970.00	39,970.00		
25743	DTE	90414744	Coal Purchase for Power Plant April Coal Delivered by tons	1	05/09/2025	36,481.84	36,481.84	61672	05/28/2025
Total DTE:						36,481.84	36,481.84		
25863	ELECTRIC POWER ENGI	36334 36896	2025 Q1 Projected Costs-EPCM 2025 Q2 Engineering, Procurement and Construction Management Services	1 1	04/30/2025 05/31/2025	55,037.00 53,317.00	55,037.00 53,317.00	61674 61845	05/28/2025 06/13/2025
Total ELECTRIC POWER ENGINEERS LLC:						108,354.00	108,354.00		
25942	Geislinger & Sons, Inc.	PAY APP #3 PAY APP #3 PAY APP #3	2025 Capital Watermain Improvement-Sliplining (41st ST to Wegner) 2025 Capital Watermain Improvement-Sliplining (41st ST to Wegner)- Mobilization Trenchless Pits	1 1 4	05/06/2025 06/10/2025 06/10/2025	747,895.43 12,000.00 81,750.00	747,895.43 12,000.00 81,750.00	61682 61850 61850	05/28/2025 06/13/2025 06/13/2025

June 24th, 2025

Hibbing Public Utilities Commission

Page 23 of 101

Vendor Number	Name	Invoice Number	Description	Seq	Invoice Date	Invoice Amount	Check Amount	Check Number	Check Issue Date
	Total Geislinger & Sons, Inc.:	PAY APP #3	Construction Allowance	8	06/10/2025	11,320.00	11,320.00	61850	06/13/2025
		PAY APP #3	10" HDPE Watermain- Directionally Drilled	11	06/10/2025	138,125.00	138,125.00	61850	06/13/2025
						991,090.43	991,090.43		
529	GPM INC	PSI-58410	Pump and Motor, Flowserve ESP3, 2E4x3SP-13RV, DCI/CS, 9.94" Trim, 5HP, 1200RPM, 460V, 215TC	1	05/30/2025	25,414.23	25,414.23	61852	06/13/2025
Total GPM INC:						25,414.23	25,414.23		
155	HECIMOVICH MECHANIC	4507	1000' 304LSch 40 Stainless Steel Piping 23rd St Project	1	05/27/2025	40,990.00	40,990.00	61856	06/13/2025
		4509	Steam Howard St--Labor	2	05/21/2025	15,236.16	15,236.16	61856	06/13/2025
Total HECIMOVICH MECHANICAL CONTRACTING INC:						56,226.16	56,226.16		
23045	HIBBING ACH, CITY OF	000238-APR	April sewer billing	1	05/16/2025	327,338.82	327,338.82	52820256	05/28/2025
		000238-APR	April Storm Water Billing	2	05/16/2025	25,643.76	25,643.76	52820256	05/28/2025
		000238-APR	April Garbage Billing	1	05/16/2025	250,296.05	250,296.05	52820256	05/28/2025
Total HIBBING ACH, CITY OF:						603,278.63	603,278.63		
1967	KELLER FENCE COMPAN	6791	1st Ave substation perimeter fencing	1	05/19/2025	22,580.25	22,580.25	61865	06/13/2025
Total KELLER FENCE COMPANY:						22,580.25	22,580.25		
25127	KINECT ENERGY INC AC	394794	Monthly Natural Gas Invoice for May 2025	1	06/04/2025	356,371.63	356,371.63	61320251	06/13/2025
Total KINECT ENERGY INC ACH DO NOT MAIL:						356,371.63	356,371.63		
22191	MEDICARE BLUE RX	002135787	MEDIARE RX COVERAGE MAY 2025	1	04/05/2025	14,976.50	14,976.50	61703	05/28/2025
		002227767	MEDIARE RX COVERAGE JUN 2025	1	05/05/2025	14,976.50	14,976.50	61919	06/17/2025
Total MEDICARE BLUE RX:						29,953.00	29,953.00		
25946	MERJENT INC	0042093	Stakeholder Outreach	3	05/15/2025	22,201.50	22,201.50	61705	05/28/2025
Total MERJENT INC:						22,201.50	22,201.50		
20364	MINNESOTA POWER ACH	0761481070	Purchased Power Capacity Charge 6000 KW @ 12.52	1	05/15/2025	75,120.00	75,120.00	52820253	05/28/2025
		0761481070	Purchased Power Energy Charge kWh	2	05/15/2025	154,579.20	154,579.20	52820253	05/28/2025
		0761481070	Transmission Distribution Facilities Charge	3	05/15/2025	16,000.00	16,000.00	52820253	05/28/2025



Vendor Number	Name	Invoice Number	Description	Seq	Invoice Date	Invoice Amount	Check Amount	Check Number	Check Issue Date
		0761481070	Market Energy SVCS Fee	4	05/15/2025	13,636.77	13,636.77	52820253	05/28/2025
		0761481070	MISO Transmission 14862 kW @ 9.6020	5	05/15/2025	142,704.92	142,704.92	52820253	05/28/2025
		0761481070	MISO Market Costs	6	05/15/2025	24,070.45	24,070.45	52820253	05/28/2025
Total MINNESOTA POWER ACH DO NOT MAIL:						426,111.34	426,111.34		
20432	MN DEPT HEALTH DRINK	1690022 Q2	SVC CONNECTION FEE--QTRLY Q2	1	06/01/2025	13,812.00	13,812.00	61875	06/13/2025
Total MN DEPT HEALTH DRINKING WATER:						13,812.00	13,812.00		
23039	MN REVENUE SALES TA	06202025	MONTHLY SALES TAX MAY 2025	1	06/20/2025	133,160.00	133,160.00	62020251	06/20/2025
Total MN REVENUE SALES TAX:						133,160.00	133,160.00		
1193	NOVASPECT INC	CD99329804	Fisher 1" EZ 667 Size 34i DVC6200	1	05/20/2025	27,189.90	27,189.90	61876	06/13/2025
		PJ99012881	Service Plan Invoicing-Jan, Feb, Mar, APR 2025	1	04/22/2025	53,127.49	53,127.49	61713	05/28/2025
Total NOVASPECT INC:						80,317.39	80,317.39		
20566	PEAKER SERVICES	SI-111635	TM25LP Duel Coil Rebuild	1	05/30/2025	10,686.30	10,686.30	61879	06/13/2025
		SI-111636	TM25LP Duel Coil Rebuild	1	05/30/2025	10,686.63	10,686.63	61879	06/13/2025
Total PEAKER SERVICES:						21,372.93	21,372.93		
20043	RANGE STEEL FABRICAT	4628	A36 Hopper w/ SP6 Prep Dust Hoppers Boiler 4A	1	05/19/2025	15,650.00	15,650.00	61720	05/28/2025
Total RANGE STEEL FABRICATORS:						15,650.00	15,650.00		
25784	RICE LAKE CONTRACTIN	PAY APP #12	South Water Treatment Plant Rehab Project	1	04/04/2025	294,199.37	294,199.37	61722	05/28/2025
		PAY APP #13	South Water Treatment Plant Rehab Project--Pay App #13 5/2/25	1	05/09/2025	321,547.54	321,547.54	61722	05/28/2025
		PAY APP#14	South Water Treatment Plant Rehab Project-general conditions	1	06/04/2025	35,719.22	35,719.22	61886	06/13/2025
		PAY APP#14	Doors and Frames	5	06/04/2025	30,000.00	30,000.00	61886	06/13/2025
		PAY APP#14	Electrical	7	06/04/2025	99,000.00	99,000.00	61886	06/13/2025
		PAY APP#14	Blower	8	06/04/2025	15,000.00	15,000.00	61886	06/13/2025
		PAY APP#14	Chemical feed equipment	9	06/04/2025	55,000.00	55,000.00	61886	06/13/2025
		PAY APP#14	Process Valves	11	06/04/2025	175,000.00	175,000.00	61886	06/13/2025
		PAY APP#14	Roofing	12	06/04/2025	62,241.00	62,241.00	61886	06/13/2025
		PAY APP#14	CMAR fee	15	06/04/2025	40,200.13	40,200.13	61886	06/13/2025

Vendor Number	Name	Invoice Number	Description	Seq	Invoice Date	Invoice Amount	Check Amount	Check Number	Check Issue Date
Total RICE LAKE CONTRACTING CORP:									
						1,127,907.26	1,127,907.		
25697	SAVANNA PALLETS	INV161540	2025 Wood Supply--Shipped 5/5	1	05/05/2025	62,550.29	62,550.29	61723	05/28/2025
		INV161746	2025 Wood Supply--Shipped 5/13	1	05/13/2025	49,797.20	49,797.20	61723	05/28/2025
		INV162046	2025 Wood Supply--Shipped 5/13	1	05/21/2025	26,150.27	26,150.27	61723	05/28/2025
Total SAVANNA PALLETS:									
						138,497.76	138,497.76		
25616	STACK BROS. MECHANI	60910	Boiler Blowdown Public Bid 24-21- PROGRESS BILLING #2	1	06/05/2025	31,250.00	31,250.00	61894	06/13/2025
		60912	Boiler 4 ASH HOPPER- Labor	1	06/05/2025	10,167.00	10,167.00	61894	06/13/2025
Total STACK BROS. MECHANICAL:									
						41,417.00	41,417.00		
25611	STINSON LLP	43637243	Power Supply Negotiations - April 2025	1	04/30/2025	30,372.00	30,372.00	61896	06/13/2025
Total STINSON LLP:									
						30,372.00	30,372.00		
25836	TAMMY MATTONEN CON	APRIL 2025	Accounting Consulting Services for APR 2025, MO End processing, Allocation schedules, CR Journal corrections, Bank Account Balance monitoring, update budget spreadsheets, review and reclassify WIP Acct, Unclaimed Property Record	1	05/14/2025	11,305.00	11,305.00	61731	05/28/2025
		MARCH 202	March Accounting Consulting Services--Final YE Adjustments, footnotes & acct compilation, FEB 2025 MO END processing, Update Allocation Schedules, Resolve Payroll expense recording, Revenue Projections, Improve Asset classification	1	05/14/2025	13,940.00	13,940.00	61731	05/28/2025
Total TAMMY MATTONEN CONSULTING LLC:									
						25,245.00	25,245.00		
1477	UNITED REFRACTORIES	5212	#4 boiler Economizer Hopper Refractory	1	05/30/2025	18,193.32	18,193.32	61900	06/13/2025
		5217	#4 boiler grate refractory and firebox	1	05/30/2025	12,294.43	12,294.43	61900	06/13/2025
Total UNITED REFRACTORIES INC:									
						30,487.75	30,487.75		
25031	USIC LOCATING Services,	736604	MAY LOCATING SERVICES	1	05/31/2025	15,748.05	15,748.05	61903	06/13/2025
Total USIC LOCATING Services, LLC:									
						15,748.05	15,748.05		
25856	VIRGINIA TRANSFORME	86115	10 MVA Transformer - Assembly and Testing - M234701A Rev 1 - ANSLEY Substation	1	04/21/2025	12,017.50	12,017.50	61907	06/13/2025
		86235	10 MVA Transformer - Assembly and Testing - M234701A Rev 1 - ANSLEY Substation-- Field Service Assembly & Testing	1	04/25/2025	43,000.00	43,000.00	61907	06/13/2025
Total VIRGINIA TRANSFORMER CORP:									
						55,017.50	55,017.50		





Hibbing Public Utilities Commission Authority Matrix – Version April 2022							
P = Primary Responsibility C = Consenting A = Advises N = Notified I = Implements							
	Commission	Chair	Vice Chair	General Manager	Controller	Risk Manager	AP / Payroll
Annual Budget	P			A	A		
Set Reserve Policy	P			A	A		
Budget Revision	P			A	A		
Strategic Plan	P			A	A		
Contract with total value exceeding \$25,000 or term greater than 5 years	P			*A	N		
Contracts with total value less than or equal to \$25,000 and term less than 5 years	N			P	N	**	
Bank Checks / ACH / Wires Greater than \$10,000	P			*A	N		
Emergency Purchases including End of the Month Gas Commodity Purchases	C	C	C	P	N		
Payroll and Statutorily Exempted Payments	C			P	N		I
Transfer of funds between accounts				N	P		I
Open/Close Bank Accounts	P			A	A		
Money Market / Investment Choices	C			A	P		
Purchase / Sale of Real Property	P			A	A		



<b>Hibbing Public Utilities Commission Authority Matrix – Version April 2022</b>							
<b>P = Primary Responsibility C = Consenting A = Advises N = Notified I = Implements</b>							
<i>Debt Issuance</i>	<b>P</b>			<b>A</b>	<b>A</b>		
<i>Credit Facility Issuance</i>	<b>P</b>			<b>N</b>	<b>N</b>		
<i>Short-term borrowings/repayments under Credit Facilities</i>		<b>N</b>	<b>N</b>	<b>P</b>	<b>C</b>		
<i>Implementing Controls and ensuring compliance with Authorizations</i>	<b>N</b>			<b>P</b>	<b>A</b>		
<i>Employee travel for safety, trade, and business training</i>	<b>N</b>			<b>P</b>	<b>A</b>		
<b>* Delegation 1</b>	<b>Primary approval delegated to General Manager for review and transmittal of payments, ACH, checks, payroll and approved contracts until ratification at the Commission Meeting immediately following issuance.</b>						
<b>** Delegation 2</b>	<b>General Manager delegates approval of contracts of value less than \$10,000 and less 5 years in duration to the Risk Manager</b>						
<b>*** Delegation 3</b>	<b>General Manager delegates approval of payroll, transfers, and statutorily exempted payments to Accounts Payable and Payroll function.</b>						





Item 5.B





Item 5.B – Approval of Payroll Paid and Overtime Report for the  
May 29<sup>th</sup> and June 12<sup>th</sup> Payroll Dates

June 24, 2025

James Bayliss  
Commission Chair  
1902 E. 6<sup>th</sup> Avenue  
Hibbing, MN 55746

RE: Item 5.B – Approval of Payroll Paid and Overtime Report for the May 29<sup>th</sup> and  
June 12<sup>th</sup> Payroll Dates

Dear Commissioners;

Per HPU's Authorization and Approval matrix approved at the April 26<sup>th</sup> 2022  
Commission Meeting, please payroll and overtime reports for payroll dates  
subsequent to the last Commission meeting held on May 27<sup>th</sup>.

Sincerely;



Luke J. Peterson



## Report Criteria:

Employee Transaction.Check Issue Date = 06/12/2025

Pay Code.Pay Code = 1-19, 25

Payroll Type	Amount
Total REGULAR WAGES:	167,534.10
Total REGULAR WAGES - FOREMAN:	2,495.84
Total REGULAR WAGES - LEAD:	663.72
Total OVERTIME WAGES:	18,390.58
Total OVERTIME WAGES - FOREMAN:	2,032.80
Total OVERTIME WAGES - LEAD:	885.06
Total SUNDAY PREMIUM:	1,469.88
Total VACATION PAY:	21,680.13
Total SICK LEAVE - REGULAR:	4,811.58
Total UNEXCUSED SICK LEAVE:	.00
Total COMP FROM STADBY:	.00
Total COMP TIME EARNED:	.00
Total COMP TIME USED:	933.16
Total PERSONAL HOLIDAY:	2,785.52
Total HOLIDAY PAY:	20,108.24
Total SHIFT DIFFERENTIAL .75/HR:	406.50
Total HOLIDAY WORKED:	4,818.48
Total LONGEVITY:	3,236.18
Total STANDBY:	8,037.84
Total LEAVE PAYOUT (NO RETIREMENT):	492.60
Total CERTIFICATE/LICENSE:	804.23
Grand Totals:	261,586.44

## Report Criteria:

Employee Transaction Check Issue Date = 05/29/2025

Pay Code Pay Code = 1-19, 25

Payroll Type	Amount
Total REGULAR WAGES:	180,868.32
Total REGULAR WAGES - FOREMAN:	2,282.22
Total REGULAR WAGES - LEAD:	513.74
Total OVERTIME WAGES:	11,404.72
Total OVERTIME WAGES - FOREMAN:	1,177.82
Total OVERTIME WAGES - LEAD:	933.12
Total SUNDAY PREMIUM:	1,455.75
Total VACATION PAY:	15,154.70
Total SICK LEAVE - REGULAR:	6,213.10
Total UNEXCUSED SICK LEAVE:	.00
Total COMP FROM STADBY:	.00
Total COMP TIME EARNED:	.00
Total COMP TIME USED:	700.04
Total PERSONAL HOLIDAY:	3,416.99
Total SHIFT DIFFERENTIAL .75/HR:	429.75
Total LONGEVITY:	3,417.58
Total STANDBY:	7,235.64
Total RETRO PAY:	14,636.50
Total CERTIFICATE/LICENSE:	804.23
Grand Totals:	250,644.22



Item 5.C



Item 5.C – 2025 Q3 Employee Travel Requests

June 24, 2025

James Bayliss  
Commission Chair  
1902 E. 6<sup>th</sup> Avenue  
Hibbing, MN 55746

RE: Item 5.C – 2025 Q3 Employee Travel Requests

Dear Commissioners;

Please find attached for your review the proposed employee travel through the month of September, 2025. As per Commission request, these requests are being brought before the Commission prior to travel.

Sincerely;



Luke J. Peterson





<b>Event</b>	<b>Location</b>	<b>Employee</b>	<b>Dates</b>	<b>Duration Lodging Est.</b>	<b>Travel + Registration</b>
<b>APGA Board Meeting &amp; Summer Conference</b>	Coeur d'Alene, ID	General Manager 2 Commissioners	July 20 <sup>th</sup> -23rd	3 nights/ \$650pp	\$1,600pp
<b>UMMA Summer Meeting</b>	Superior, WI	2 Meter Technician and Crew Leader	August 20-22	2 nights / \$525 pp	\$300 pp
<b>MMUA Summer Conference</b>	Rochester, MN	2 Staff Members 2 Commissioners	August 18 <sup>th</sup> – 20 <sup>th</sup>	3 nights/\$500 pp	\$525 pp
<b>MN Rural Water</b>	St. Cloud, MN	2 Water Mechanic and Crew Leader	September 23 <sup>rd</sup> - 25 <sup>th</sup>	3 nights /\$500 pp	\$525 pp
<b>Utility 2030 Spark Annual Meeting and Radiant Capstone</b>	Seattle, WA	2 Staff Members, 1 Commissioner	September 15 <sup>th</sup> – 18 <sup>th</sup>	3 nights/ \$850pp	\$800 pp

\*\*rough estimates per person (pp)





Item 5.D



Item 5.D –Approve Resolution 25-05: Adopting the Use of  
Allowance For Funds Used During Construction (AFUDC) In Utility  
Accounting Practices

June 24<sup>th</sup>, 2025

James Bayliss  
Commission Chair  
1902 E. 6<sup>th</sup> Avenue  
Hibbing, MN 55746

RE: Item 5.D – Approve Resolution 25-05: Adopting the Use of Allowance For Funds  
Used During Construction (AFUDC) In Utility Accounting Practices

Dear Commissioners;

Following discussion at the Working Session on June 17<sup>th</sup>, I formally request the Commission's consideration of adopting Allowance for Funds Used During Construction (AFUDC). As outlined in the attached memo for Baker Tilly, AFUDC quantifies the cost of internal funds and assures they are properly counted with a project's cost (in this case the Transmission Project).

Adopting AFUDC as a method requires formal Commission action via a resolution and is in line with utility best practices and Federal Energy Regulatory Commission (FERC) best practices.

Introductory Memo and Resolution attached for your consideration.

Sincerely;



Luke J. Peterson



# Memo

---

To: Hibbing Public Utilities Commission

From: Bethany Ryers and Russ Hissom

Date: June 4, 2025

Subject: Including the Allowance for Funds Used During Construction in the upcoming transmission project

---

## Purpose of This Memo

The purpose of this memo is to introduce and explain the concept of **Allowance for Funds Used During Construction (AFUDC)** and why its application is considered a sound financial practice in utility accounting. This information is especially relevant as HPU undertakes the construction of the transmission project.

## What Is AFUDC?

AFUDC is an accounting method that capitalizes the cost of funds spent in utility construction projects. When a long-term construction project is undertaken by a utility, such as the HPU transmission project, internal or borrowed funds are used to pay the construction costs. These funds are no longer available for other purposes—such as earning interest, paying down debt, or investing in operations—and therefore have an opportunity cost. AFUDC quantifies that cost and includes it as part of the total value of the asset under construction.

Rather than expensing the cost of capital during construction, AFUDC defers it by adding it to the project's value on the balance sheet. When the project is completed and the asset is placed in service, the capitalized AFUDC is depreciated over the life of the asset, just like the rest of the construction costs.

## Why It Matters

The application of AFUDC provides several long-term financial and operational benefits:

### 1. Full Cost Recovery of the Transmission Asset Cost

By including AFUDC in project costs, HPU ensures the asset value reflects not just the materials and labor involved, but also the financial commitment made to fund the project. The value of the asset will include the true economic cost of construction.

### 2. Sound Financial Management

AFUDC will support a more accurate representation of HPU's financial position. Without it, HPU's financial statements may underestimate the cost of investments, affecting depreciation, rate analysis, and asset planning for future replacement of the constructed assets.

### 3. Alignment with Industry Standards

Regulatory agencies such as the **Federal Energy Regulatory Commission (FERC)** include AFUDC as a required or recommended accounting practice in their Uniform System of Accounts. Most investor-owned utilities, generation and transmission cooperatives, and large municipal systems apply AFUDC to qualifying projects.

While HPU first follows Governmental Accounting Standards Board (GASB) Standards, GASB Statement No. 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period* allows municipal utilities like HPU to apply AFUDC as a regulatory asset of the project and amortize the regulatory asset over the same depreciation period as the underlying transmission assets.

#### AFUDC Recovery in Future HPU Rates

Once construction of the transmission project is completed, HPU will prepare a Section 205 filing with FERC to establish its transmission rates. This filing will detail the proposed revenue requirement and rate structure. Upon review, FERC will approve a formula rate for HPU, which will govern how rates are calculated on an ongoing basis.

The formula rate will follow FERC's Uniform System of Accounts (USOA) and will include the capitalization of Allowance for Funds Used During Construction (AFUDC) during the construction period. Once the transmission asset is placed into service, the AFUDC is included as part of the total capitalized cost and becomes part of the rate base, upon which return, and depreciation are calculated.

In practical terms, this means HPU's cost of constructing the transmission assets will reflect the full economic cost, including financing costs represented by AFUDC. These costs will then be recovered through transmission rates paid to HPU as part of its participation in the MISO market. If HPU does not record AFUDC on the project, those dollars will be expensed and lost to any future rate recovery.

#### How AFUDC Is Calculated

AFUDC is calculated by applying a specific interest rate to the eligible construction work in progress (CWIP). This interest rate, often referred to as the "AFUDC rate," reflects the utility's cost of capital and may include:

- Interest on long-term debt
- The opportunity cost of using internal funds
- Other financing costs associated with project funding

The calculation is typically updated annually or as needed based on funding structure changes.

#### Recommendation

We recommend that HPU implement a consistent policy to apply AFUDC to the HPU transmission project. This policy is included in the attached sample resolution.

Doing so will improve the accuracy of HPU's capital accounting, align it with regulatory standards, and provide for full rate recovery to HPU from the users of the transmission assets.



## **RESOLUTION NO. [2025-05]**

### **A RESOLUTION OF THE HIBBING PUBLIC UTILITIES COMMISSION ADOPTING THE USE OF ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION (AFUDC) IN UTILITY ACCOUNTING PRACTICES**

**WHEREAS**, Hibbing Public Utilities (“Utility”) undertakes capital improvement projects necessary for the continued safe, reliable, and cost-effective delivery of utility services to its customers; and

**WHEREAS**, the Federal Energy Regulatory Commission (FERC) recommends the use of Allowance for Funds Used During Construction (AFUDC) as a method to account for the opportunity cost of capital invested in construction projects; and

**WHEREAS**, AFUDC represents an interest cost applied to the expenditures made during the construction period and ensures that the full economic cost of utility assets is properly capitalized and recovered over the life of the asset; and

**WHEREAS**, the inclusion of AFUDC in construction accounting aligns with industry best practices and improves the long-term financial integrity of the Utility by accurately reflecting the cost of capital investment; and

**WHEREAS**, the Commission finds that consistent application of AFUDC to the HPU the transmission project is in the best interest of the Utility and its ratepayers;

**NOW, THEREFORE, BE IT RESOLVED BY THE HIBBING PUBLIC UTILITIES COMMISSION**, as follows:

#### **1. Adoption of AFUDC**

The Utility shall adopt the use of Allowance for Funds Used During Construction (AFUDC) as part of its accounting for the HPU transmission project, consistent with the guidelines of the FERC Uniform System of Accounts.

#### **2. Applicability**

AFUDC shall be applied to the HPU transmission project, provided that such application is deemed materially beneficial and appropriate by Utility management and consistent with applicable regulatory guidance.

#### **3. AFUDC Rate Calculation**

The AFUDC rate shall be calculated annually based on HPU’s cost of capital, considering both debt and internal financing sources, and documented in accordance with accepted regulatory and accounting standards.

#### **4. Implementation and Reporting**

The Utility’s Finance Department shall incorporate AFUDC into construction work-in-progress accounting and ensure that its application is consistent, transparent, and subject to periodic review by external auditors.

#### **5. Accounting for AFUDC**

The Utility follows the standards established by the Governmental Accounting Standards Board (GASB), including GASB Statement No. 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period*. Under GASB 89, AFUDC (Allowance for Funds Used During Construction) must be recorded as a regulatory asset associated with the project.

GASB 89 further requires that the AFUDC regulatory asset be amortized over the same period as the depreciation schedule of the underlying assets.

This resolution authorizes the Utility to record AFUDC as a regulatory asset and to amortize that asset over the same depreciation period as the related facilities. This regulatory asset will be treated as part of the project cost for rate recovery but will be reported as a regulatory asset in the financial statements.

**6. Effective Date**

This resolution shall become effective immediately upon its passage and adoption.

**PASSED AND ADOPTED** this \_\_\_\_ day of \_\_\_\_\_, 2025, by the Hibbing Public Utilities Commission.

\_\_\_\_\_  
James Bayliss, Commission Chair

\_\_\_\_\_  
Jesse Babich, Commission Secretary



Item 5.E



Item 5.E– Development of Conditional Use Permit (CUP) and  
Route Permit Application with Planning Commission for  
Southern Interconnect Project

June 24, 2025

James Bayliss  
Commission Chair  
1902 E. 6<sup>th</sup> Avenue  
Hibbing, MN 55746

RE: Development of Conditional Use Permit (CUP) and Route Permit Application  
with Planning Commission for Southern Interconnect Project

Dear Commissioners;

As discussed at our June 17<sup>th</sup> Work Session, please find enclosed Notice of Intent “NOI”  
and Resolution 25-06 approving development of Conditional Use Permit “CUP” for the  
Southern Interconnect Project.

These actions will start the official process for seeking a permit for construction of the  
route with the Planning Commission.

Sincerely;



Luke J. Peterson



**DATE:** June 25, 2025

**TO:** City of Hibbing, Planning Commission c/o Mr. Pat Green, Building  
Official/ Zoning Administrator  
**RE:** Notice of Intent to file Southern Interconnect Transmission  
Project Applications

Dear Planning Commission and Mr. Green;

The Hibbing Public Utilities Commission ("HPU") is providing this Notice of Intent ("NOI") to file applications for:

- 1) a Conditional Use Permit ("CUP") for a transmission line under Local Ordinance 11.05, subd.6A; and
- 2) a local transmission route permit under Minn. Stat. 216I.08.

The Southern Interconnect Transmission Line Project ("the Project") will allow HPU to better serve its customers with resilient and reliable electric service by ensuring full access to the Midcontinent Independent System Operator ("MISO") grid and increased access to grid power.

HPU is providing this NOI to assist the City Council and Planning Commission with review and process of these Project applications. HPU requests that the NOI be advanced to the City Council for a resolution concluding that the City has jurisdiction 1) to consider a CUP application under Chapter 11 of the Hibbing City Code (including Local Ordinance 11.05, subd. 6A) for the Project; and 2) to consider a local transmission route permit application under Minn. Stat. 216I.08. Under the local review statute (Minn. Stat. 216I.08), because the Hibbing City Council will be granting the route permit instead of the Minnesota Public Utilities Commission (MPUC), it is critical that the Hibbing City Council provide initial jurisdictional and procedural findings (including preparation of environmental documents) to facilitate the approval processes for the Project. A draft resolution is attached.

Upon City Council resolution on the initial jurisdictional and procedural findings, the following process would follow:

1. HPU will file its CUP and route permit applications with the Planning Commission. HPU must notify the MPUC of its filing within 10 days.
2. The Planning Commission would then evaluate HPU's CUP application consistent with its typical CUP process and also oversee development of an Environmental Assessment ("EA") for the route permit.
  - a. The Planning Commission must hold one public meeting in coordination with HPU for purposes of affording the public an opportunity to participate in developing the scope of the EA before the EA is prepared.

- b. Upon completion of the EA, HPU will facilitate the Planning Commission's requirement to publish notice of the completed EA in the Minnesota EQB Monitor.
  - c. HPU must provide copy of the completed EA to the MPUC.
- 3. Upon consideration of HPU's CUP application and the completed EA and transmission route permit application, the Planning Commission will vote on whether to approve HPU's applications and provide such recommendations to the City Council.
- 4. Once the Planning Commission provides recommended decisions to the City Council, the City Council will consider approval of HPU's applications no earlier than 10 days after a public hearing (including typical CUP process).

---

James Bayliss, Commission Chair

---

Jesse Babich, Commission Secretary

---

Luke Peterson, General Manager



RESOLUTION NO. 25-26  
STATE OF MINNESOTA  
COUNTY OF ST. LOUIS  
HIBBING PUBLIC UTILITIES COMMISSION

RESOLUTION APPROVING DEVELOPMENT OF THE CONDITIONAL USE PERMIT AND ROUTE PERMIT APPLICATIONS FOR THE HPU SOUTHERN INTERCONNECT TRANSMISSION LINE PROJECT

**WHEREAS**, the Southern Interconnect Transmission Line Project ("the Project") will allow Hibbing Public Utilities ("HPU or "the Commission") to better serve its customers with resilient and reliable electric service by ensuring full access to the Midcontinent Independent System Operator ("MISO") grid and increased access to grid power; and

**WHEREAS**, HPU has duties and powers set forth in MN Statute Chapter 412 in addition to the duties and powers set forth in its own enabling statutes; and

**WHEREAS**, HPU seeks to utilize the Conditional Use Permit ("CUP") and local permitting option for its transmission line permit applications ("Applications") for the Project under Chapter 11 of the Hibbing City Code (including 11.05, subd. 6A) and Minn. Stat. 216I.08 ("Local Review"); and

**WHEREAS**, the City has authority to consider HPU's Application under the Hibbing City Code and approve the Project as the Local Government Unit ("LGU") under Local Review statute; and

**NOW BE IT RESOLVED** that the Commission seeks to advance the Southern Interconnect Transmission Line Project to allow HPU to better serve its customers with resilient and reliable electric service by ensuring full access to the Midcontinent Independent System Operator ("MISO") grid and increased access to grid power and hereby authorizes HPU staff to submit whatever documents are necessary with the City of Hibbing to exercise the local permitting plan pursuant to Minn. Stat 216I.08.

Upon vote taken, the following voted:

For:

Against:

Whereupon said Resolution No.25-06 was declared duly passed and adopted this 24<sup>th</sup> day of June, 2025.

James Bayliss, Commission Chair

Jesse Babich, Commission Secretary





Item 6.A



Item 6.A – Approve May 2025 Interim Financials

June 24, 2025

James Bayliss  
Commission Chair  
1902 E. 6<sup>th</sup> Avenue  
Hibbing, MN 55746

RE: Item 6.A – Approve May 2025 Interim Financials

Dear Commissioners;

Please find enclosed financials as of May 31, 2025.

The month ended May 31, operating revenue totals \$16.2 million which compares with \$14.9 million in the same period last year. The increase of \$1.3 million versus 2024 (consistent with our last report in May) reflects the impact of a colder weather during the 24/25 heating season. Operating expenses total \$14.1 million which compares with \$13.7 the same amount in 2024 due to higher fuel and purchased gas expense. Operating Income (revenues – minus expenses) total \$ 2.1 million for the five months ended May 31 compared with \$1.8 million for the same period in 2024.

For the five months ended May 31<sup>st</sup>, total change in net position stands at \$3.9 million compared with \$1.8 million for the same period last year at this time. The increase in 2025 is due largely to an increase in capital contributions of \$1.5 million reflecting grants received for HPU's Capital Improvement Program.

I look forward to answering any questions you may have on these financials at our meeting.

Sincerely;



Luke J. Peterson



# **Hibbing Public Utilities Commission**

Financial Statements and  
Supplementary Information

May 31, 2025 and December 31, 2024

	<u>Page</u>
<b>Accountants' Compilation Report</b>	1
<b>Financial Statements</b>	
Statements of Net Position	3
Statements of Revenues, Expenses and Changes in Net Position	5
Statements of Cash Flows	6
<b>Other Information</b>	
Schedules of Departmental Revenues and Expenses	8
Budget to Actual Comparison	9





The accompanying Schedules of Departmental Revenues and Expenses and Budget to Actual Comparison are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

We are not independent with respect to Hibbing Public Utilities Commission.

*Baker Tilly US, LLP*

Madison, Wisconsin  
June 20, 2025

## Hibbing Public Utilities Commission

### Statements of Net Position

May 31, 2025 and December 31, 2024

	May 31, 2025	December 31, 2024
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash	\$ 2,790,746	\$ 4,447,094
Investments	23,514,490	26,119,909
Restricted assets:		
Cash held for fuel assistance recipients	52,686	70,788
Cash held for customer deposits	457,750	461,999
Accounts receivable, net of allowance for doubtful accounts of \$142,219 and \$58,000, respectively	2,675,492	2,458,960
Unbilled revenues	2,387,564	2,387,564
Other receivable	208,571	771,830
Current maturities notes receivable, steam conversion program	40,000	40,000
Current portion of lease receivable	82,095	82,014
Inventories	1,513,212	1,326,496
Prepaid expense	809,365	747,445
Total current assets	34,531,971	38,914,099
<b>Noncurrent Assets</b>		
Restricted assets:		
Bond reserve account	797,036	783,347
Notes receivable, steam conversion program	157,513	174,059
Lease receivable	435,624	439,674
Investment in joint venture	781,007	812,882
Regulatory assets	3,758,967	4,035,931
Capital assets:		
Plant in service	175,211,164	174,589,777
Accumulated depreciation/amortization	(98,055,990)	(95,944,137)
Construction work in progress	17,235,234	8,500,209
Total noncurrent assets	100,320,555	93,391,742
Total assets	134,852,526	132,305,841
<b>Deferred Outflows of Resources</b>		
Related to net pension liability	861,143	861,143
Related to postemployment benefits liability	674,169	674,169
Related to the purchase of LEA	152,186	170,246
Total deferred outflows of resources	1,687,498	1,705,558
Total assets and deferred outflows of resources	\$ 136,540,024	\$ 134,011,399

## Hibbing Public Utilities Commission

### Statements of Net Position

May 31, 2025 and December 31, 2024

	May 31, 2025	December 31, 2024
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 1,678,285	\$ 5,267,622
Accrued interest	161,856	98,582
Accrued expenses	139,360	252,451
Due to City of Hibbing	769,614	1,162,904
Compensated absences payable	461,806	400,080
Current portion of lease liability	203,690	201,246
Current portion of long-term debt, bonds and notes payable	596,939	596,939
Current liabilities payable from restricted assets:		
Third-party advances for fuel assistance	52,686	70,788
Customer deposits payable	457,750	461,999
Total current liabilities	4,521,986	8,512,611
<b>Noncurrent Liabilities</b>		
Compensated absences payable	969,374	1,077,137
Total post employment liability	14,541,066	14,541,066
Net pension liability	2,508,776	2,508,776
Long-term debt, bonds and notes payable	8,748,864	5,911,437
Unamortized discount	(702)	(1,282)
Lease liability	231,592	311,160
Total noncurrent liabilities	26,998,970	24,348,294
Total liabilities	31,520,956	32,860,905
<b>Deferred Inflows of Resources</b>		
Related to net pension liability	1,672,882	1,672,882
Related to postemployment benefits liability	3,580,052	3,580,052
Related to leases	517,719	521,688
Total deferred inflows of resources	5,770,653	5,774,622
<b>Net Position</b>		
Net investments in capital assets	84,779,349	80,294,569
Restricted for debt service	627,712	615,127
Unrestricted	13,841,354	14,466,176
Total net position	99,248,415	95,375,872
Total liabilities, deferred inflows of resources and net position	\$ 136,540,024	\$ 134,011,399

## Hibbing Public Utilities Commission

Statements of Revenues, Expenses and Changes in Net Position  
Five Months Ended May 31, 2025 and Year Ended December 31, 2024

	May 31, 2025	December 31, 2024
<b>Operating Revenue</b>		
Charges for services	\$ 15,980,281	\$ 30,249,624
Other	260,684	605,157
Total operating revenues	16,240,965	30,854,781
<b>Operating Expenses</b>		
Operation and maintenance	11,687,400	24,601,433
Depreciation and amortization	2,406,877	5,300,138
Total operating expenses	14,094,277	29,901,571
Operating income (loss)	2,146,688	953,210
<b>Nonoperating Revenues (Expenses)</b>		
Investment income	344,806	1,352,466
Miscellaneous nonoperating income (expense)	3,181	21,278
Equity in net income of joint venture	(31,876)	(96,147)
Interest expense	(108,096)	(162,473)
Total nonoperating revenues (expenses)	208,015	1,115,124
Income before contributions	2,354,703	2,068,334
<b>Capital Contributions</b>	1,517,840	1,350,272
Change in net position	3,872,543	3,418,606
<b>Net Position, Beginning</b>	95,375,872	91,957,266
<b>Net Position, Ending</b>	\$ 99,248,415	\$ 95,375,872

## Hibbing Public Utilities Commission

### Statements of Cash Flows

Five Months Ended May 31, 2025 and Year Ended December 31, 2024

	May 31, 2025	December 31, 2024
<b>Cash Flows From Operating Activities</b>		
Receipts from customers	\$ 16,011,352	\$ 30,762,561
Principal collected from steam conversion loan program	16,546	55,179
Payments to suppliers	(11,276,704)	(18,868,697)
Payments for payroll and benefits	(2,701,705)	(6,026,532)
Net cash from operating activities	2,049,489	5,922,511
<b>Cash Flows From Capital and Related Financing Activities</b>		
Payments for additions to property, plant and equipment	(11,462,085)	(21,342,598)
Capital contributions received	2,093,112	775,000
Principal and interest paid on leases	(88,936)	(230,343)
Proceeds from debt issued	2,912,427	6,546,060
Principal payments on long-term debt	(75,000)	(337,684)
Interest paid	(44,242)	(62,499)
Net cash from capital and related financing activities	(6,664,724)	(14,652,064)
<b>Cash Flows From Investing Activities</b>		
Investments income received	103,866	1,017,640
Investments matured	3,105,102	22,633,700
Investments purchased	(272,432)	(13,533,448)
Net cash from investing activities	2,936,536	10,117,892
Net change in cash	(1,678,699)	1,388,339
<b>Cash, Beginning</b>	4,979,881	3,591,542
<b>Cash, Ending</b>	\$ 3,301,182	\$ 4,979,881
<b>Cash is Presented on the Statements of Net Position</b>		
Cash	\$ 2,790,746	\$ 4,447,094
Restricted assets	1,307,472	1,316,134
Total cash and restricted assets	4,098,218	5,763,228
Less noncash equivalents included in restricted assets	(797,036)	(783,347)
	\$ 3,301,182	\$ 4,979,881

# Hibbing Public Utilities Commission

## Statements of Cash Flows

Five Months Ended May 31, 2025 and Year Ended December 31, 2024

	May 31, 2025	December 31, 2024
<b>Reconciliation of Operating Income to Net Cash From Operating Activities</b>		
Operating income (loss)	\$ 2,146,688	\$ 953,210
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Other nonoperating income (loss)	3,181	(10,771)
Depreciation and amortization	2,406,877	5,300,138
Change in operating assets, deferred outflows or resources, liabilities and deferred inflows of resources:		
Accounts receivable	(216,532)	185,857
Unbilled revenue	-	(74,915)
Other receivable	(12,013)	(196,558)
Inventories	(186,716)	(111,449)
Prepaid expenses	(61,920)	(42,247)
Receivable for steam conversion loan program	16,546	55,179
Lease receivable	3,969	72,636
Regulatory assets	-	(684,245)
Accounts payable	(1,471,853)	1,300,377
Compensated absences payable	(46,037)	288,711
Accrued expenses	(113,091)	19,960
Due to City of Hibbing	(393,290)	605,197
Third-party advances for fuel assistance	(18,102)	15,222
Customer deposits payable	(4,249)	4,167
Accrued post employment benefits	-	(1,586,971)
Net pension liability	-	(98,351)
Deferred inflows of resources	(3,969)	(72,636)
Net cash from operating activities	<u>\$ 2,049,489</u>	<u>\$ 5,922,511</u>
<b>Noncash Capital and Related Financing Activities</b>		
Unrealized gain on investments	<u>\$ 240,940</u>	<u>\$ 334,826</u>
Capital purchased on account	<u>\$ -</u>	<u>\$ 2,117,485</u>
Noncash lease asset additions	<u>\$ -</u>	<u>\$ 80,636</u>

## **OTHER INFORMATION**



# Hibbing Public Utilities Commission

Schedules of Departmental Revenues and Expenses  
Periods Ended May 31, 2025 and December 31, 2024

		Five Months Ended May 31, 2025				
		Electric	Steam	Gas	Water	Total
<b>Operating Revenue</b>						
Charges for services		\$ 7,574,236	\$ 1,538,827	\$ 5,657,585	\$ 1,209,633	\$ 15,980,281
Other operating revenues		139,009	43,085	28,014	50,576	260,684
Others						
Total operating revenues		7,713,245	1,581,912	5,685,599	1,260,209	16,240,965
<b>Operating Expenses</b>						
Operation and maintenance		6,887,921	1,241,603	2,874,851	683,025	11,687,400
Depreciation and amortization		1,442,950	403,583	150,898	409,446	2,406,877
Total operating expenses		8,330,871	1,645,186	3,025,749	1,092,471	14,094,277
Operating (loss) income		\$ (617,626)	\$ (63,274)	\$ 2,659,850	\$ 167,738	\$ 2,146,688
		Year Ended December 31, 2024				
		Electric	Steam	Gas	Water	Total
<b>Operating Revenue</b>						
Charges for services		\$ 17,237,531	\$ 2,227,237	\$ 7,706,682	\$ 3,078,174	\$ 30,249,624
Other operating revenues		321,949	98,087	80,623	104,498	605,157
Total operating revenues		17,559,480	2,325,324	7,787,305	3,182,672	30,854,781
<b>Operating Expenses</b>						
Operation and maintenance		15,601,212	2,405,133	4,971,322	1,623,766	24,601,433
Depreciation		3,207,675	990,250	391,512	710,701	5,300,138
Total operating expenses		18,808,887	3,395,383	5,362,834	2,334,467	29,901,571
Operating (loss) income		\$ (1,249,407)	\$ (1,070,059)	\$ 2,424,471	\$ 848,205	\$ 953,210

## Public Utilities Commission

Budget to Actual Comparison  
Five Months Ended May 31, 2025

	<u>Actual</u>	<u>Budget</u>	<u>Difference</u>
<b>Operating Revenue</b>			
Electric revenue	\$ 7,713,245	\$ 7,629,206	\$ 84,039
Steam revenue	1,581,912	1,577,795	4,117
Gas revenue	5,685,599	5,600,437	85,162
Water revenue	1,260,209	1,299,422	(39,213)
Total operating revenues	<u>16,240,965</u>	<u>16,106,860</u>	<u>134,105</u>
<b>Operating Expenses</b>			
Electric:			
Operation and maintenance	6,887,921	7,189,083	(301,162)
Depreciation	<u>1,442,950</u>	<u>1,100,000</u>	<u>342,950</u>
Total electric	<u>8,330,871</u>	<u>8,289,083</u>	<u>41,788</u>
Steam:			
Operation and maintenance	1,241,603	1,199,401	42,202
Depreciation	<u>403,583</u>	<u>424,500</u>	<u>(20,917)</u>
Total steam	<u>1,645,186</u>	<u>1,623,901</u>	<u>21,285</u>
Gas:			
Operation and maintenance	2,874,851	2,154,810	720,041
Depreciation	<u>150,898</u>	<u>152,500</u>	<u>(1,602)</u>
Total gas	<u>3,025,749</u>	<u>2,307,310</u>	<u>718,439</u>
Water:			
Operation and maintenance	683,025	771,018	(87,993)
Depreciation	<u>409,446</u>	<u>425,000</u>	<u>(15,554)</u>
Total water	<u>1,092,471</u>	<u>1,196,018</u>	<u>(103,547)</u>
Total operating expenses	<u>14,094,277</u>	<u>13,416,312</u>	<u>677,965</u>
<b>Operating Income (Loss)</b>			
Electric	(617,626)	(659,877)	42,251
Steam	(63,274)	(46,106)	(17,168)
Gas	2,659,850	3,293,127	(633,277)
Water	<u>167,738</u>	<u>103,404</u>	<u>64,334</u>
Total operating income (loss)	<u>\$ 2,146,688</u>	<u>\$ 2,690,548</u>	<u>\$ (543,860)</u>



Item 6.B



Item 6.B – Approve Iron Range Engineering and Consulting Services, LLC.  
Proposal of Services Not to Exceed \$200,000.00.

June 24<sup>th</sup>, 2025

James Bayliss  
Commission Chair  
Hibbing Public Utilities Commission  
1902 E. 6th Avenue  
Hibbing, MN 55746

RE: Item 6.B – Approve Iron Range Engineering and Consulting Services, LLC.  
Proposal of Services Not to Exceed \$200,000.00.

Dear Commissioners;

HPU Staff continues engagement with IREACS for work on distribution and plant support. Given the volume, specialized nature and complexity of some projects, our internal resources are insufficient to meet project demands in a timely and cost-effective nature. The selected consultant has a proven track record in electrical distribution and plant generation support and brings necessary qualifications with experience to support our objectives effectively and efficiently.

Utilizing the consultant will help maintain project schedules, ensure quality engineering/design, plus uphold safety and reliability standards as we continue to work through infrastructure improvements and maintenance.

I am recommending the Commission approve the Proposal of Service for Iron Range Engineering through 2025 in an amount not to exceed \$200,000.

The scope will cover:

- Ansley, First Ave., Beltline Substation design, engineering, testing, commissioning
- 2400V to 13.8kV voltage conversion
- Joint Use or abandonment of MN Power's 308/310 FDR
- Distribution interconnect analysis and advising
- Other projects and support as requested within our budget

Sincerely;



Luke J. Peterson

## **Exhibit A – Work Scope Addendum**

### **1) Scope Description: 2025 Engineering Support**

- a. Client has requested an estimate to have Consultant provided the technical design and support for the following in 2025:
  - i. Substation design, engineering, testing/commissioning of Ansley, 1<sup>st</sup> Ave, and Beltline locations. Beltline location is being determined and may not include full testing/commissioning/etc. pending timing of decisions and other factors.
  - ii. Engineering/design for 2.4kV to 13.8kV feeder conversion (FDR 50 and FDR 15).
  - iii. Engineering guidance and support for working with MN Power's HIB-308 and HIB-310 feeders that are joint use or otherwise being abandoned/removed.
  - iv. Distribution interconnection consulting as requested and agreed.
  - v. Other misc. electrical distribution projects and support as requested and agreed.
- b. Labor and cost estimate is only budgetary since scopes are not detailed for more firm estimating.

### **2) Timeline:**

- a. Timelines for requested work will be discussed as each request is developed but targeting in 2025. Best effort to meet construction or other needs will be made and may lead to necessitate overtime or premium labor levels. This will be discussed and agreed to prior to proceeding with specifics portions of work to ensure best value for the Client.

### **3) Payment:**

- a. Time and Material: In consideration for the services to be performed by Consultant, Client agrees to pay Consultant at the current rate schedule of Exhibit

B (Rate Schedule Effective 1/1/2025 – 12/31/2025). Consultant estimates a not to exceed value of \$200,000 for budgetary/planning purposes and approval will be acquired before work beyond this value.

b. Client Purchase Order Number: \_\_\_\_\_

4) Addendum Number: 003-0013

5) Signatures

Client: \_\_\_\_\_

Signature

Typed or Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

Consultant: \_\_\_\_\_

Signature

Typed or Printed Name: Joseph (Joe) A. Peterson

Date: \_\_\_\_\_







Item 6.C



Item 6.C –Approve Nagel Companies, LLC in the amount of \$175, 000 for 2,950 lineal feet of 4” Gas Main

June 24<sup>th</sup>, 2025

James Bayliss  
Commission Chair  
Hibbing Public Utilities Commission  
1902 E. 6th Avenue  
Hibbing, MN 55746

RE: Item 6.C – Approve Nagel Companies, LLC in the amount of \$175, 000 for 2,950 lineal feet of 4” Gas Main

Dear Commissioners;

In April, the Commission authorized request for proposals (RFPs) to construction a new large volume main supply line to serve the Memorial Building and surrounding area.

Bolton & Menk has managed the RFP and reports the results in the attached memo. Based on the RFP results and Engineer’s recommendation, I recommend the Commission award the work to Nagle Companies, LLC in the amount of \$175,000.

Sincerely;



Luke J. Peterson



June 03, 2025

Hibbing Public Utilities Commission  
Luke Peterson, General Manager  
1902 E. 6<sup>th</sup> Ave  
Hibbing, MN 55746

RE: 2025 Memorial Building Gas Main Expansion Project  
Hibbing Public Utilities Commission  
BMI Project No. 25X.138766.000

Dear Mr. Peterson,

On May 08, 2025, Bolton & Menk, Inc provided three competent firms a Requests for Proposal to complete trenchless installation of a 4-inch gas line to the Hibbing Memorial Building. Bids were received by email to Bolton & Menk, Inc prior to Friday May 16, 2025, at 4:00 pm for the project referenced above. Two bids and one notification of a “no bid” were received. The results of the bids are tabulated below:

2025 Memorial Building Gas Main Expansion Project	
Contractor	Bid Amount
<b>Nagel Companies, LLC</b>	<b>\$175,000.00</b>
EBI Drilling Services	\$223,550.00*
Jivery Construction, Inc	No Bid
Engineers Estimate	\$162,263

*\*Installation pricing only – did not include gas pipe purchase*

The low bidder for the project is Nagel Companies, LLC of Belle Plaine, MN. The bid is approximately 7.30% above the Engineer’s Estimate. EBI provided a price for installation only with no purchase of gas line. The bid forms for all bidders and the engineer’s estimate are attached for your review.

Based on past performance for similar projects, it is our team’s opinion that Nagel Companies LLC is qualified to perform the work required under this contract. If deemed financially feasible, it is recommended that HPU award the contract to Nagel Companies LLC based on the bid contract amount of \$175,000.00.

Sincerely,

**Bolton & Menk, Inc.**



**Jacob Crispo P.E.**  
Senior Project Manager

**Attachments**

Contractor Bid Forms  
Engineer Estimate

**HIBBING PUBLIC UTILITIES, HIBBING MINNESOTA**  
**PROPOSAL FOR Memorial Building Gas Expansion**

**I. DESCRIPTION OF PROJECT**

- A. Hibbing Public Utilities is requesting proposals from contractors to:
1. Install approximately 2,950 lineal feet of 4-inch HPDE SDR 11 gas line using trenchless methods.
  2. Install applicable gas fitting(s)

**B. PROPOSAL SUBMISSION DATE:**

email Proposals to  
the representatives listed below by  
**4:00 P.M., Wednesday, May 13, 2025**

Hibbing Public Utilities  
Luke Peterson  
[Luke.Peterson@hpuc.com](mailto:Luke.Peterson@hpuc.com)

&

Bolton & Menk, Inc.  
Jacob Crispo  
[Jacob.crispo@bolton-menk.com](mailto:Jacob.crispo@bolton-menk.com)

**C. PROJECT QUESTIONS:**

Address inquiries to:  
Attn: Jacob Crispo, P.E.  
Bolton & Menk, Inc.  
Cell: (218) 830-1119  
[Jacob.crispo@bolton-menk.com](mailto:Jacob.crispo@bolton-menk.com)

**II. CONTRACT TIMES:**

- A. Construction shall be completed by **July 31, 2025** and coordinated with the contractor award the 23<sup>rd</sup> Street Capital Improvement Project.

**III. INSURANCE:**

- A. **Insurance.** CONTRACTOR shall not commence work under this Contract until he has obtained all insurance required herein and such insurance has been approved by CITY, nor shall the CONTRACTOR allow any subcontractor to commence work on his subcontract until such subcontractor has obtained like insurance covering as to worker's compensation, liability, and automobile insurance. All this insurance coverage shall be maintained throughout the life of this Contract.
1. CONTRACTOR agrees to procure and maintain, at CONTRACTOR's expense, statutory worker's compensation coverage. Except as provided below, CONTRACTOR must provide Workers' Compensation insurance for all its employees. If Minnesota Statutes, section 176.041 exempts CONTRACTOR from Workers' Compensation insurance or if

*Wen*  
*5-29-25*

the CONTRACTOR has no employees in the City, CONTRACTOR must provide a written statement, signed by an authorized representative, indicating the qualifying exemption that excludes CONTRACTOR from the Minnesota Workers' Compensation requirements. If during the course of the Contract the CONTRACTOR becomes eligible for Workers' Compensation, the CONTRACTOR must comply with the Workers' Compensation insurance requirements herein and provide CITY with a certificate of insurance.

2. CONTRACTOR agrees to procure and maintain, at CONTRACTOR's expense, general commercial liability ("CGL") and business automobile liability insurance coverage insuring CONTRACTOR against claims for bodily injury or death, or for damage to property, including loss of use, which may arise out of operations by CONTRACTOR or by any subcontractor or by anyone employed by any of them or by anyone for whose acts any of them may be liable (including automobile use). The following coverages shall, at a minimum, be included in the CGL insurance: Premises and Operations Bodily Injury and Property Damage, Personal and Advertising Injury, Blanket Contractual Liability, and Products and Completed Operations Liability. The required automobile liability coverage must include coverage for "any auto" which extends coverage to owned autos, non-owned autos, and hired autos. Such insurance shall include, but not be limited to, minimum coverages and limits of liability specified in this Paragraph, or required by law. The policy(ies) shall name CITY and ENGINEER as an additional insured for the services provided under this Contract and shall provide that the CONTRACTOR's coverage shall be primary and noncontributory in the event of a loss.
3. CONTRACTOR agrees to procure and maintain, at CONTRACTOR's expense, the following insurance policies, including the minimum coverages and limits of liability specified below, or as specified in the applicable insurance certificate(s), or as required by law, whichever is greater:

Worker's Compensation	Statutory Limits
Employer's Liability	\$500,000 each accident \$500,000 disease policy limit \$500,000 disease each employee
Commercial General Liability	\$1,000,000 property damage and bodily injury per occurrence \$2,000,000 annual aggregate \$2,000,000 annual aggregate Products – Completed Operations
Comprehensive Automobile Liability	\$1,000,000 per occurrence combined single limit for Bodily Injury and Property Damage (shall include coverage for all owned, hired, and non-owned vehicles)

#### IV. BONDS

- A. Performance Bond - None required.
- B. Payment Bond - None required.

#### V. WORK PROVIDED BY OWNER

*Wan*  
*5-29-25*

In developing the proposal, it should be assumed by the CONTRACTOR that the OWNER will provide the following:

- A. Legal and physical access to the PROJECT AREAS.
- B. Owner will complete gas connections at both the Memorial Building and 12-inch main along Brooklyn Drive
- C. Payment will be made upon issuance of an invoice after submission of the information requested.

VI. WORK BY THE CONTRACTOR

- A. All Work as specified in the following documents and shown on the following drawings:
  - 1. Division SU – Section 2505 Gas Main
  - 2. Drawing 1 – G0.01 TITLE SHEET
  - 3. Drawing 2 – G0.02 LEGEND
  - 4. Drawing 3 – C4.01 GAS PLAN AND PROFILE
  - 5. Drawing 4 – C4.02 GAS PLAN AND PROFILE
  - 6. Drawing 5 – C4.03 GAS PLAN AND PROFILE
  - 7. Drawing 6 – C4.04 GAS PLAN AND PROFILE
  - 8. Geotechnical Evaluation

VII. BID PROPOSAL - BASIS OF BID

- A. Unit Price Bids based on work items detailing in the Bid Schedule (attached).
- B. Bidder will perform the Work listed in the Bid Schedule at the indicated unit prices. The Bidder acknowledges that each Bid Unit Price includes an amount considered by Bidder to be adequate to cover Contractor's overhead and profit for each separately identified item, and Estimated quantities are not guaranteed, and are solely for the purpose of comparison of Bids, and final payment for all Unit Price Work will be based on actual quantities, determined as provided in the Contract Documents.
- C. Total project price (summation of Bid Schedule):

\$ 175,000<sup>00</sup>  
( Does not include Rock Boring ) Dollars

Wm  
529-25



Communications concerning this Proposal shall be addressed to:

CONTRACTOR: NAGel companies LLC

ADDRESS: 25700 German Rd Po Box 88

CITY & STATE: Belle Plaine MN 56011

TELEPHONE: 952-846-9929

SIGNATURE: [Signature]

*WWD  
5-24-25*

## AGREEMENT

IN WITNESS WHEREOF, Owner and Contractor have signed this Agreement to perform the work described herein.

This Agreement will be effective on 5-29-25.

OWNER:

Hibbing Public Utilities

By: \_\_\_\_\_

Title: \_\_\_\_\_

CONTRACTOR:

Nagel companies LLC

By: Wayne Nagel

Title: owner

\*\*\*\*END OF SECTION\*\*\*\*

**BIDDING SCHEDULE**  
2025 Memorial Building Gas Expansion

CITY PROJECT NO.  
Hibbing Public Utilities Commission  
BMI PROJECT NO.

ONLY ONE BIDDING SCHEDULE from each BIDDER shall be considered for the project. When more than one BIDDING SCHEDULE from an individual BIDDER is received only the last submittal meeting the bidding requirements shall be considered and all other copies shall be left unopened.

BIDDER agrees to perform all of the work described in the CONTRACT DOCUMENTS for the following unit prices:

NOTE: BIDS shall include sales tax and all applicable taxes and fees.

BIDDER must fill in unit prices in numerals, make extension for each item, and total.

CY (LV) = Cubic Yards, Loose Volume

CY (CV) = Cubic Yards, Compacted Volume (Measured in Place)

(P)=Planned Quantity Basis of Measurement

ITEM NO.	MNDOT SPEC NO.	ITEM	NOTES	APPROX. QUANT.	UNIT	UNIT PRICE	AMOUNT
----------	----------------	------	-------	----------------	------	------------	--------

BASE BID

1	2021.501	MOBILIZATION		1	LUMP SUM		10,000
2	2505.603	4-INCH HDPE SDR 11 GAS MAIN (TRENCHLESS)	2	2950	LIN FT		21,000
3		CONSTRUCTION ALLOWANCE	3	25000	UNIT		\$ 144,000 <sup>00</sup>

BASE BID TOTAL BID:

\$ 175,000<sup>00</sup>

No Rock

NOTES:

- (1) QUANTITY IS STRICTLY AN ESTIMATE AND MAY BE INCREASE OR DECREASE BY ANY AMOUNT WITHOUT A CHANGE IN THE UNIT BID
- (2) FITTINGS (AS SPECIFIED) ARE INCIDENTAL
- (3) ITEM TO BE USED AT THE DISCRETION OF THE ENGINEER
- (4)

## HIBBING PUBLIC UTILITIES, HIBBING MINNESOTA

### PROPOSAL FOR Memorial Building Gas Expansion

#### I. DESCRIPTION OF PROJECT

A. Hibbing Public Utilities is requesting proposals from contractors to:

1. Install approximately 2,950 lineal feet of 4-inch HPDE SDR 11 gas line using trenchless methods.
2. Install applicable gas fitting(s)

B. PROPOSAL SUBMISSION DATE:

email Proposals to  
the representatives listed below by  
**4:00 P.M., Wednesday, May 13, 2025**

Hibbing Public Utilities  
Luke Peterson  
[Luke.Peterson@hpuc.com](mailto:Luke.Peterson@hpuc.com)

&

Bolton & Menk, Inc.  
Jacob Crispo  
[Jacob.crispo@bolton-menk.com](mailto:Jacob.crispo@bolton-menk.com)

C. PROJECT QUESTIONS:

Address inquiries to:  
Attn: Jacob Crispo, P.E.  
Bolton & Menk, Inc.  
Cell: (218) 830-1119  
[Jacob.crispo@bolton-menk.com](mailto:Jacob.crispo@bolton-menk.com)

#### II. CONTRACT TIMES:

A. Construction shall be completed by **July 31, 2025** and coordinated with the contractor award the 23<sup>rd</sup> Street Capital Improvement Project.

#### III. INSURANCE:

A. **Insurance.** CONTRACTOR shall not commence work under this Contract until he has obtained all insurance required herein and such insurance has been approved by CITY, nor shall the CONTRACTOR allow any subcontractor to commence work on his subcontract until such subcontractor has obtained like insurance covering as to worker's compensation, liability, and automobile insurance. All this insurance coverage shall be maintained throughout the life of this Contract.

1. CONTRACTOR agrees to procure and maintain, at CONTRACTOR's expense, statutory worker's compensation coverage. Except as provided below, CONTRACTOR must provide Workers' Compensation insurance for all its employees. If Minnesota Statutes, section 176.041 exempts CONTRACTOR from Workers' Compensation insurance or if

the CONTRACTOR has no employees in the City, CONTRACTOR must provide a written statement, signed by an authorized representative, indicating the qualifying exemption that excludes CONTRACTOR from the Minnesota Workers' Compensation requirements. If during the course of the Contract the CONTRACTOR becomes eligible for Workers' Compensation, the CONTRACTOR must comply with the Workers' Compensation insurance requirements herein and provide CITY with a certificate of insurance.

2. CONTRACTOR agrees to procure and maintain, at CONTRACTOR's expense, general commercial liability ("CGL") and business automobile liability insurance coverage insuring CONTRACTOR against claims for bodily injury or death, or for damage to property, including loss of use, which may arise out of operations by CONTRACTOR or by any subcontractor or by anyone employed by any of them or by anyone for whose acts any of them may be liable (including automobile use). The following coverages shall, at a minimum, be included in the CGL insurance: Premises and Operations Bodily Injury and Property Damage, Personal and Advertising Injury, Blanket Contractual Liability, and Products and Completed Operations Liability. The required automobile liability coverage must include coverage for "any auto" which extends coverage to owned autos, non-owned autos, and hired autos. Such insurance shall include, but not be limited to, minimum coverages and limits of liability specified in this Paragraph, or required by law. The policy(ies) shall name CITY and ENGINEER as an additional insured for the services provided under this Contract and shall provide that the CONTRACTOR's coverage shall be primary and noncontributory in the event of a loss.
3. CONTRACTOR agrees to procure and maintain, at CONTRACTOR's expense, the following insurance policies, including the minimum coverages and limits of liability specified below, or as specified in the applicable insurance certificate(s), or as required by law, whichever is greater:

Worker's Compensation	Statutory Limits
Employer's Liability	\$500,000 each accident \$500,000 disease policy limit \$500,000 disease each employee
Commercial General Liability	\$1,000,000 property damage and bodily injury per occurrence \$2,000,000 annual aggregate \$2,000,000 annual aggregate Products – Completed Operations
Comprehensive Automobile Liability	\$1,000,000 per occurrence combined single limit for Bodily Injury and Property Damage (shall include coverage for all owned, hired, and non-owned vehicles)

#### IV. BONDS

- A. Performance Bond - None required.
- B. Payment Bond - None required.

#### V. WORK PROVIDED BY OWNER

In developing the proposal, it should be assumed by the CONTRACTOR that the OWNER will provide the following:

- A. Legal and physical access to the PROJECT AREAS.
- B. Owner will complete gas connections at both the Memorial Building and 12-inch main along Brooklyn Drive
- C. Payment will be made upon issuance of an invoice after submission of the information requested.

#### VI. WORK BY THE CONTRACTOR

- A. All Work as specified in the following documents and shown on the following drawings:
  - 1. Division SU – Section 2505 Gas Main
  - 2. Drawing 1 – G0.01 TITLE SHEET
  - 3. Drawing 2 – G0.02 LEGEND
  - 4. Drawing 3 – C4.01 GAS PLAN AND PROFILE
  - 5. Drawing 4 – C4.02 GAS PLAN AND PROFILE
  - 6. Drawing 5 – C4.03 GAS PLAN AND PROFILE
  - 7. Drawing 6 – C4.04 GAS PLAN AND PROFILE
  - 8. Geotechnical Evaluation

#### VII. BID PROPOSAL - BASIS OF BID

- A. Unit Price Bids based on work items detailing in the Bid Schedule (attached).
- B. Bidder will perform the Work listed in the Bid Schedule at the indicated unit prices. The Bidder acknowledges that each Bid Unit Price includes an amount considered by Bidder to be adequate to cover Contractor's overhead and profit for each separately identified item, and Estimated quantities are not guaranteed, and are solely for the purpose of comparison of Bids, and final payment for all Unit Price Work will be based on actual quantities, determined as provided in the Contract Documents.
- C. Total project price (summation of Bid Schedule):

\$ 223,550.00

( Two Hundred Twenty Three Thousand and Five Hundred  
and Fifty ) Dollars

#### EBI Terms/Conditions:

- 1. Hibbing Public Utilities (HPU) must supply all pipe, Tracer Wire, and fittings.
- 2. HPU must complete all traffic control.
- 3. HPU must complete any/all surface restoration.
- 4. In the event an Electromagnetic Field (EMF) field prevents the steering capabilities of the HDD process, EBI retains the right to walk away without penalty.
- 5. HPU must supply EBI with a dump site and pay any/all fees.
- 6. HPU must furnish EBI with any/all water for HDD drilling process
- 6. HPU will waive any/all OQ Requirements for gas work.

Communications concerning this Proposal shall be addressed to:

CONTRACTOR: EBI DRILLING SERVICES INC

ADDRESS: 5910 FREMONT ST. DULUTH MN 55807

CITY & STATE: Duluth Minnesota

TELEPHONE: 218-628-0454

SIGNATURE: Kaz Anderson

Type text here

**AGREEMENT**

IN WITNESS WHEREOF, Owner and Contractor have signed this Agreement to perform the work described herein.

This Agreement will be effective on \_\_\_\_\_.

OWNER:

CONTRACTOR:

Hibbing Public Utilities \_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

\*\*\*END OF SECTION\*\*\*



BIDDING SCHEDULE
2025 Memorial Building Gas Expansion

CITY PROJECT NO.
Hibbing Public Utilities Commission
BMI PROJECT NO.

ONLY ONE BIDDING SCHEDULE from each BIDDER shall be considered for the project. When more than one BIDDING SCHEDULE from an individual BIDDER is received only the last submittal meeting the bidding requirements shall be considered and all other copies shall be left unopened.

BIDDER agrees to perform all of the work described in the CONTRACT DOCUMENTS for the following unit prices:
NOTE: BIDS shall include sales tax and all applicable taxes and fees.
BIDDER must fill in unit prices in numerals, make extension for each item, and total.
CY (LV) = Cubic Yards, Loose Volume
CY (CV) = Cubic Yards, Compacted Volume (Measured in Place)
(P)=Planned Quantity Basis of Measurement

Table with 8 columns: ITEM NO., MNDOT SPEC NO., ITEM, NOTES, APPROX. QUANT., UNIT, UNIT PRICE, AMOUNT. It contains a 'BASE BID' section with 3 items (Mobilization, 4-inch HDPE SDR 11 Gas Main, Construction Allowance) and a 'BASE BID TOTAL BID' of \$223,550.00.

- NOTES:
- (1) QUANTITY IS STRICTLY AN ESTIMATE AND MAY BE INCREASE OR DECREASE BY ANY AMOUNT WITHOUT A CHANGE IN THE UNIT BID
  - (2) FITTINGS (AS SPECIFIED) ARE INCIDENTAL
  - (3) ITEM TO BE USED AT THE DISCRETION OF THE ENGINEER
  - (4)

EBI Terms/Conditions:

1. Hibbing Public Utilities (HPU) must supply all pipe, Tracer Wire, and fittings.
2. HPU must complete all traffic control.
3. HPU must complete any/all surface restoration.
4. In the event an Electromagnetic Field (EMF) field prevents the steering capabilities of the HDD process, EBI retains the right to walk away without penalty.
5. HPU must supply EBI with a dump site and pay any/all fees.
6. HPU must furnish EBI with any/all water for HDD drilling process
6. HPU will waive any/all OQ Requirements for gas work.

## 2025 Memorial Building Gas Expansion



Date: 5/8/2025

**BASE BID**

- (1) QUANTITY IS STRICTLY AN ESTIMATE AND MAY BE INCREASE OR DECREASE BY ANY AMOUNT WITHOUT A CHANGE IN THE UNIT BID
- (2) FITTINGS (AS SPECIFIED) ARE INCIDENTAL
- (3) ITEM TO BE USED AT THE DISCRETION OF THE ENGINEER
- (4)

**TOTAL ESTIMATED CONSTRUCTION COST: \$162,263.00**

DESIGN, ADMINISTRATION AND CONSTRUCTION ENGINEERING:

**TOTAL ESTIMATED PROJECT COST: \$162,263.00**



Item 7.A



Item 7.A – Placeholder – Internal Posting Electrical Maintenance & Instrumentation Technician.

June 24<sup>th</sup>, 2025

James Bayliss  
Commission Chair  
Hibbing Public Utilities Commission  
1902 E. 6th Avenue  
Hibbing, MN 55746

RE: Item 7.A –Electrical Maintenance & Instrumentation Technician

Dear Commissioners;

At the May Commission meeting, Commission declared a vacancy and authorized internal posting for the Electrical Maintenance and Instrumentation Technician Position.

HPU is in the process of reviewing the internal candidates and expects to make a recommendation at the meeting on Tuesday.

Sincerely;



Luke J. Peterson