



# Commission Meeting

AUGUST 5<sup>TH</sup>, 2025



## Commission Meeting Agenda

August 5<sup>th</sup>, 2025

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

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1. National Bank of Commerce – Project Debt Financing
2. Strengthening HPU through Org Development Update
  - a. Finalizing Date for next MMUA meeting
  - b. Organization Chart Discussion
    - i. HPUC approved, effective, side side
    - ii. What does a dotted line employee relationship meet
3. July 2025 Management Updates
  - a. Samantha Adams – Electrical Operations Director
  - b. Jill Hietala – Finance & Customer Service Supervisor
  - c. Paul Plombon – Manager of Energy Supply





Item 1



Item 1 – National Bank of Commerce- Project Debt Financing

August 5<sup>th</sup>, 2025

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

RE: Item 1 – National Bank of Commerce – Project Debt Financing

Dear Commissioners;

As part of the financing plan for the Southern Interconnect Project, staff is happy to introduce the National Bank of Commerce, HPU's depositor, to discuss a proposed financing to cover the construction period. Eric Albrecht, National Bank of Commerce President and Kevin Hagen AVP – Commercial Banker will present this financing for Commission discussion and consideration.

Sincerely,



Luke J. Peterson







Item 2



## Item 2 – Strengthening HPU through Org Development Update

August 5<sup>th</sup>, 2025

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

RE: Item 2 – Strengthening HPU through Org Development Update

Dear Commissioners;

HPU was presented the results of the Strengthening HPU through Organizational Development study conducted by MMUA staff at the May 13<sup>th</sup> Commission Working Session. Since that time, both the Commission and Staff have been working to implement the roadmap for change outlined in the study. HPU participated in two separate strategic planning retreats on July 9<sup>th</sup> for the Commission, and July 10<sup>th</sup> for HPU's employee leadership. Karleen Koss will be attending the meeting virtually to provide the commission with an update to the meetings and discuss next steps, including scheduling for a follow-up meeting.

At the July 15<sup>th</sup> Commission meeting, the Commission discussed a proposed top-level organization chart. Following up on that discussion, staff is providing three versions of HPU's org charts for your review and discussion. Here is a summary of the attached documents;

1. Most recently approved organization chart. Approved 12/20/2022.
2. Unapproved working org chart. Presented to the commission in the Spring of 2023, but not approved.
3. Proposed top-level organization chart in alignment with Organizational Development study.

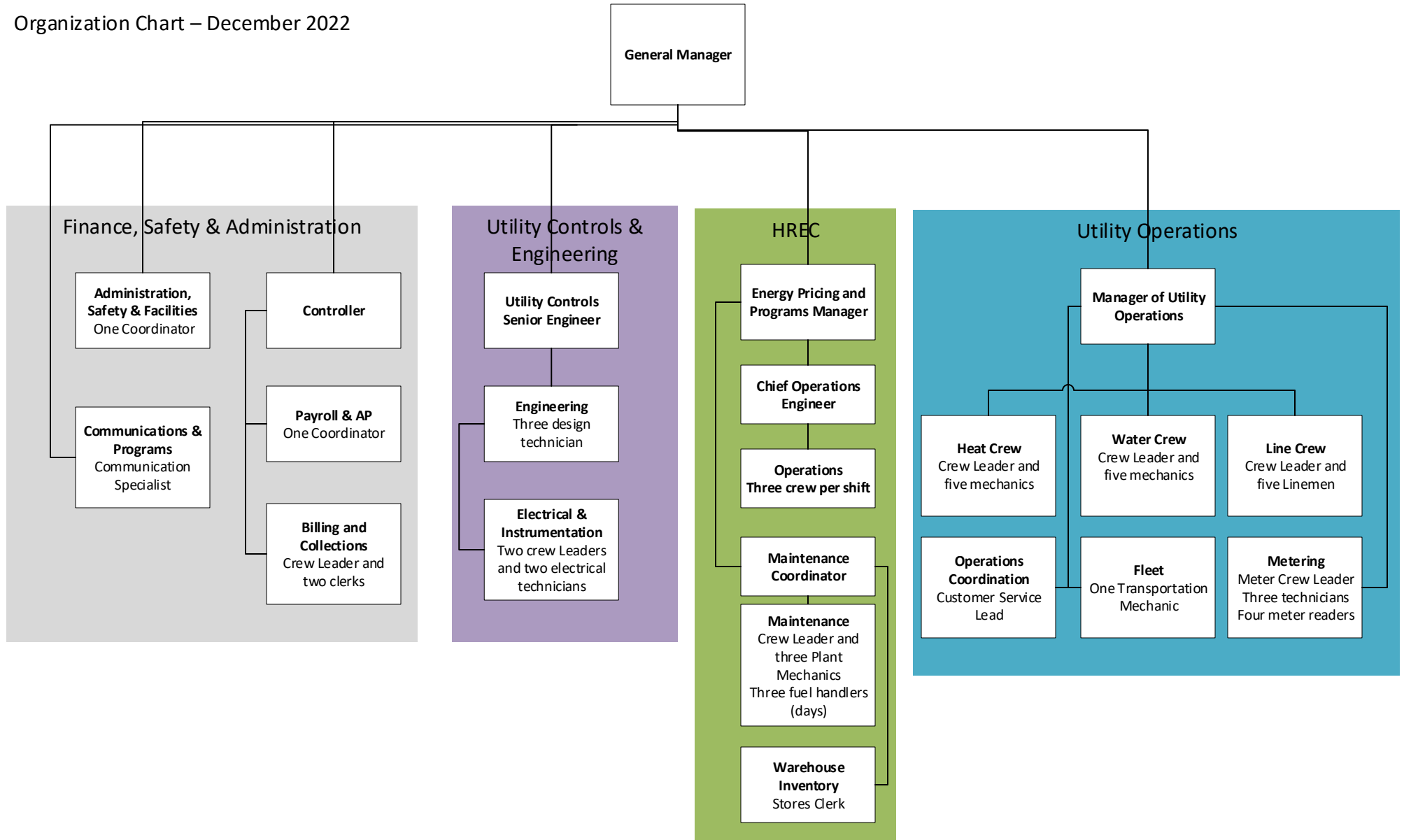
Sincerely;



Luke J. Peterson

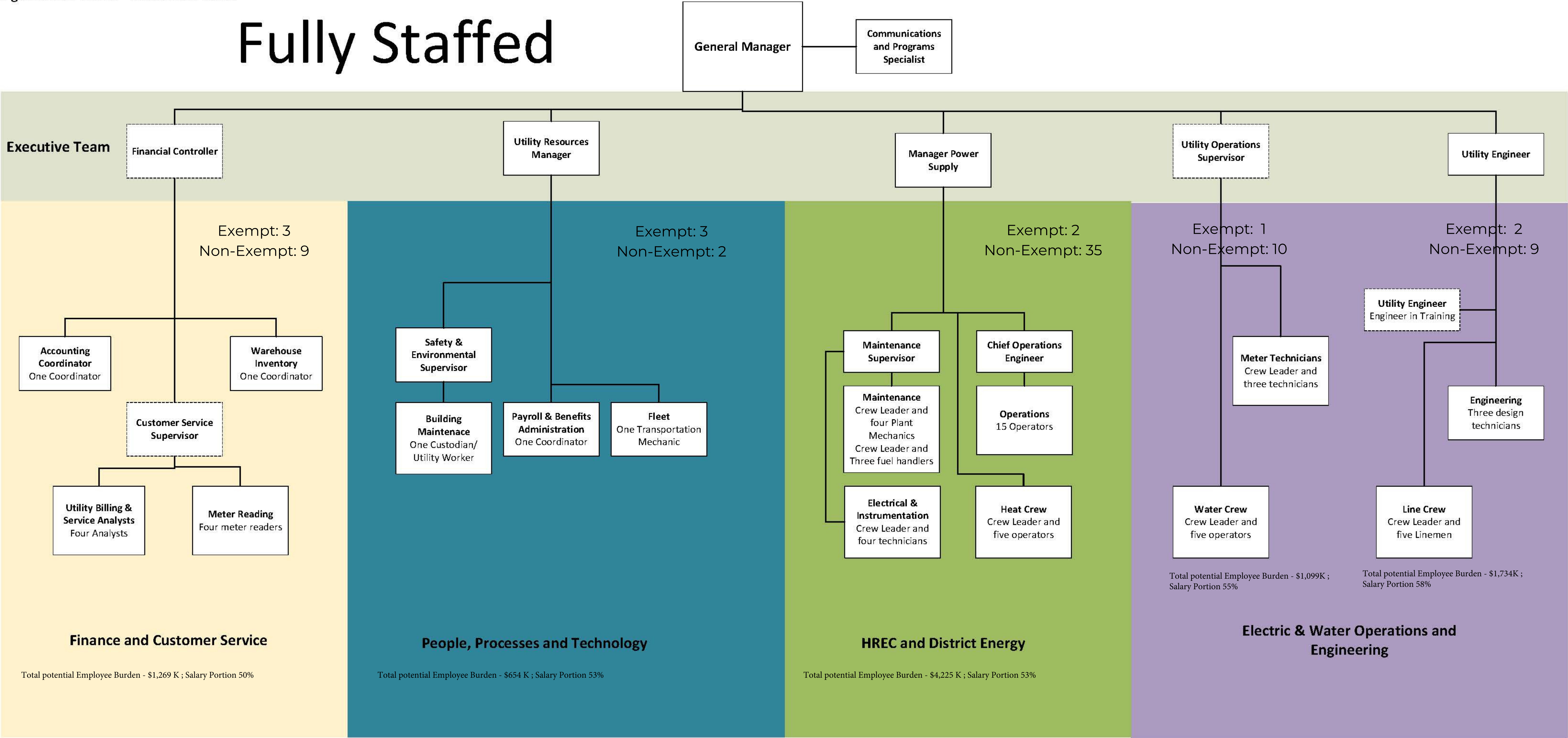


## Organization Chart – December 2022



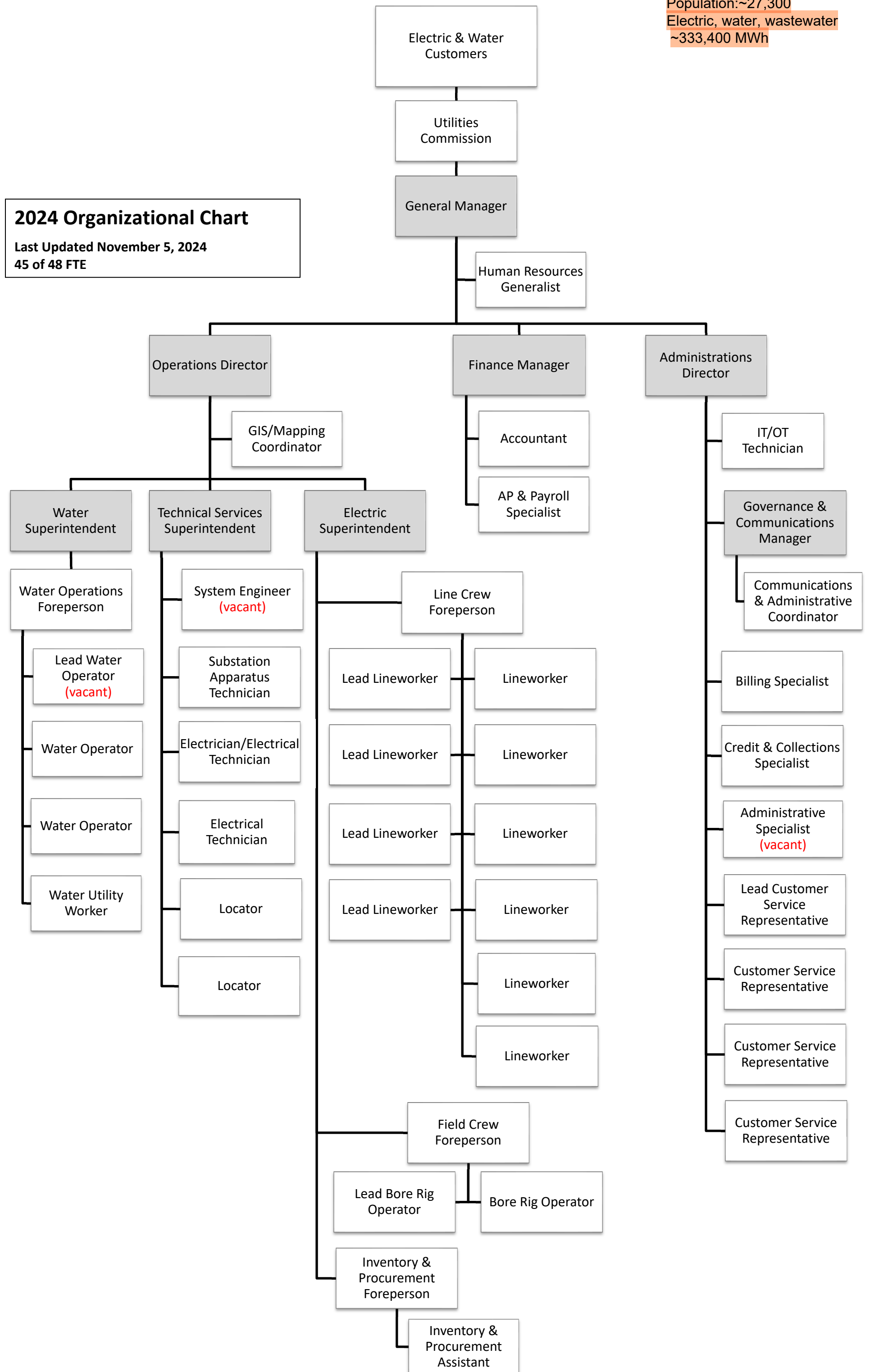


# Fully Staffed

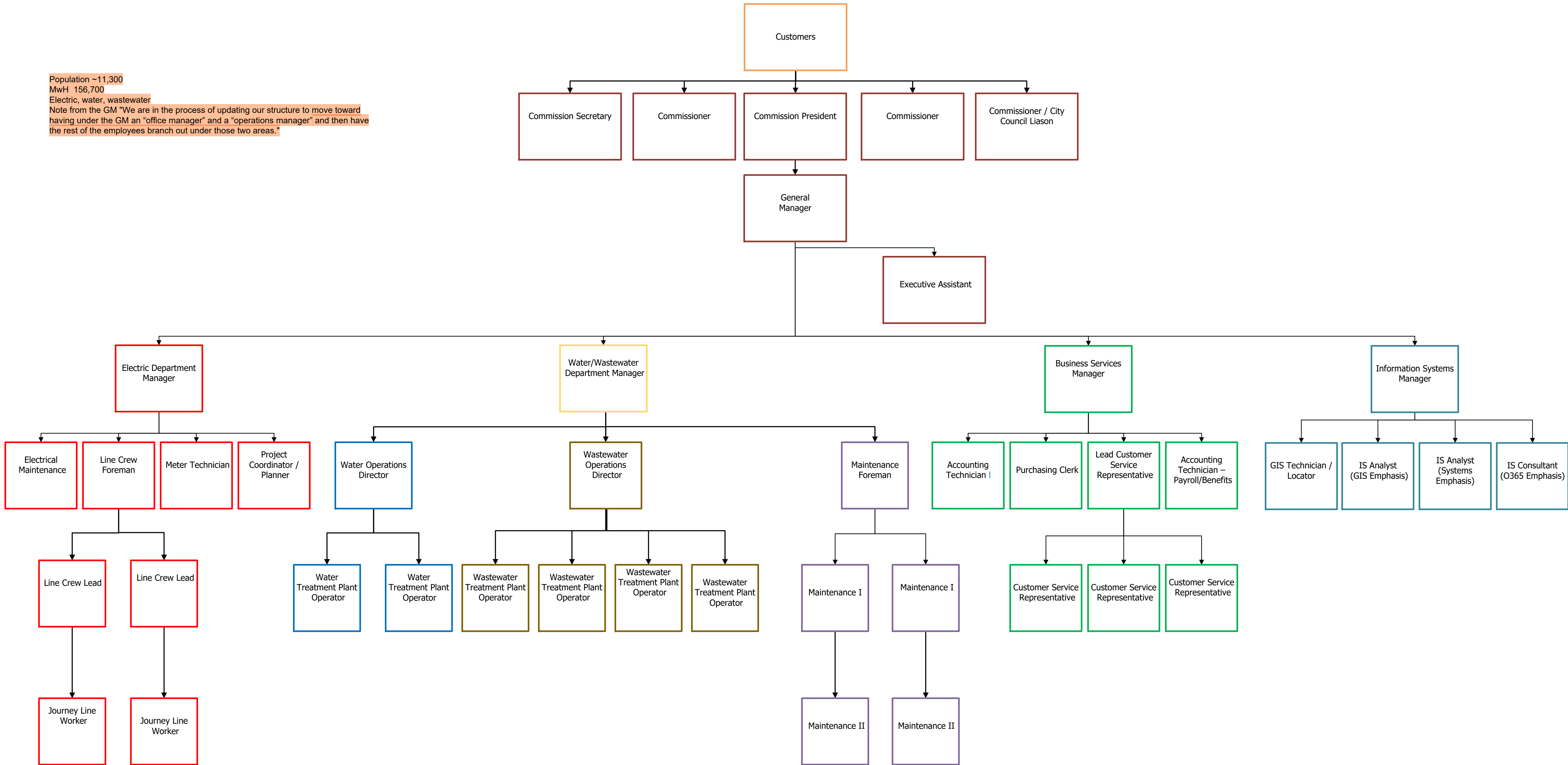








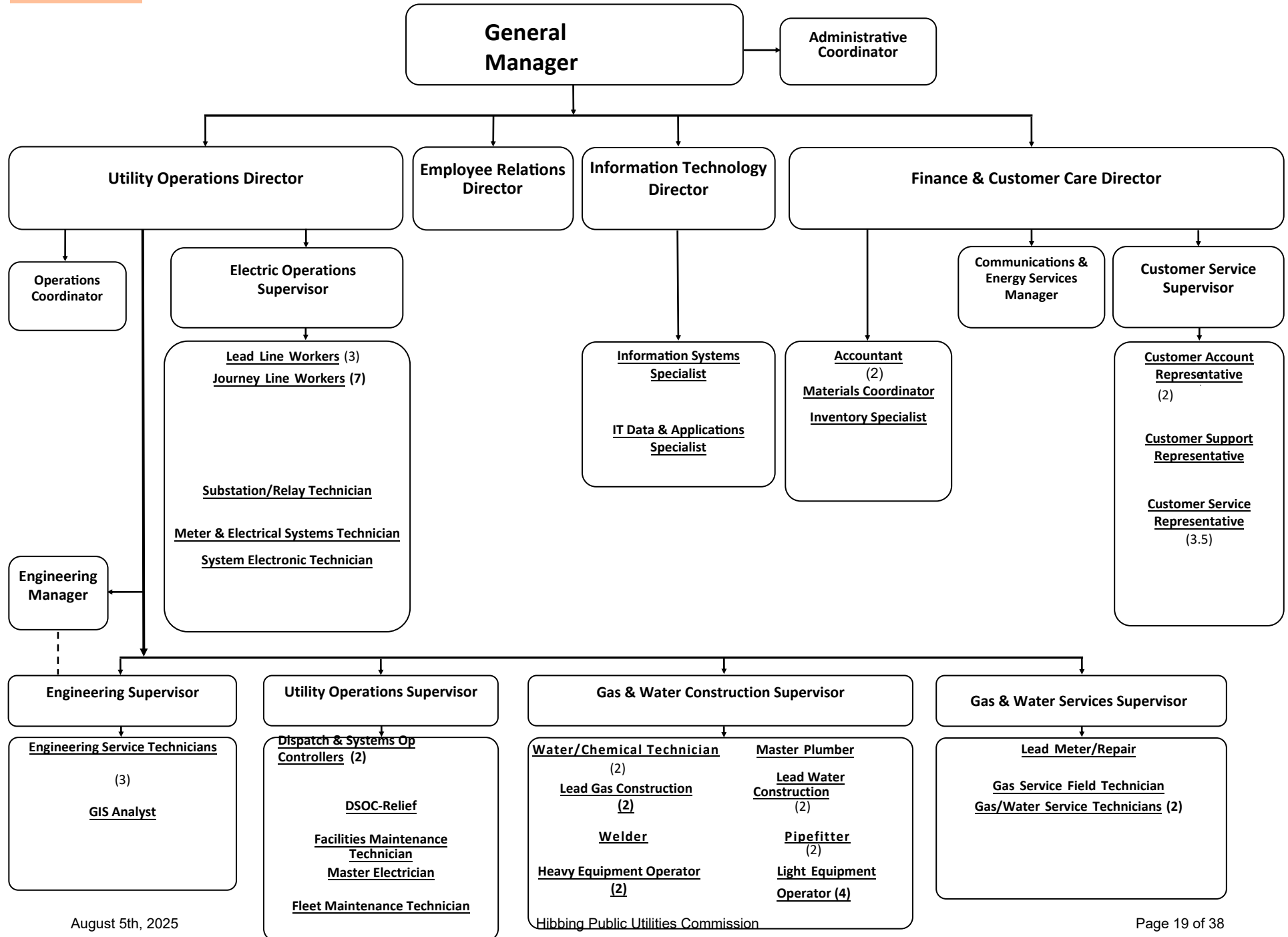
Population ~11,300  
MwH 156,700  
Electric, water, wastewater  
Note from the GM "We are in the process of updating our structure to move toward having under the GM an "office manager" and a "operations manager" and then have the rest of the employees branch out under those two areas."



Population: 26,600  
Electric, gas, water  
328,000 MWh

Board of Commissioners (5)

July 8, 2024

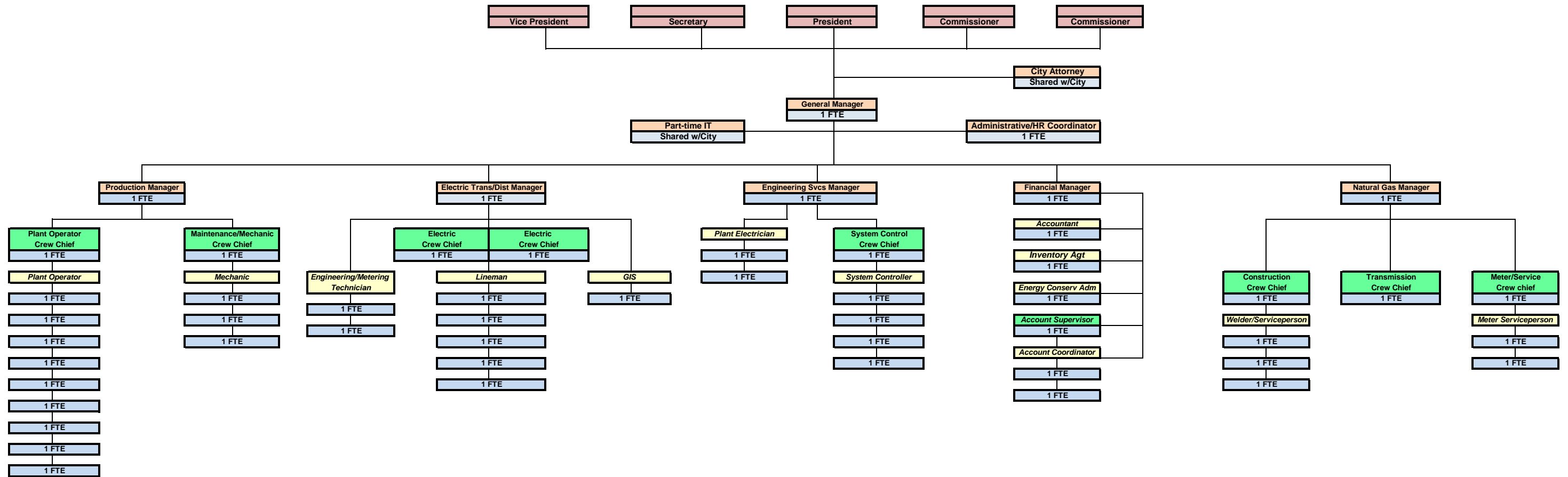


August 5th, 2025

Hibbing Public Utilities Commission

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UTILITIES COMMISSION



Town profile:

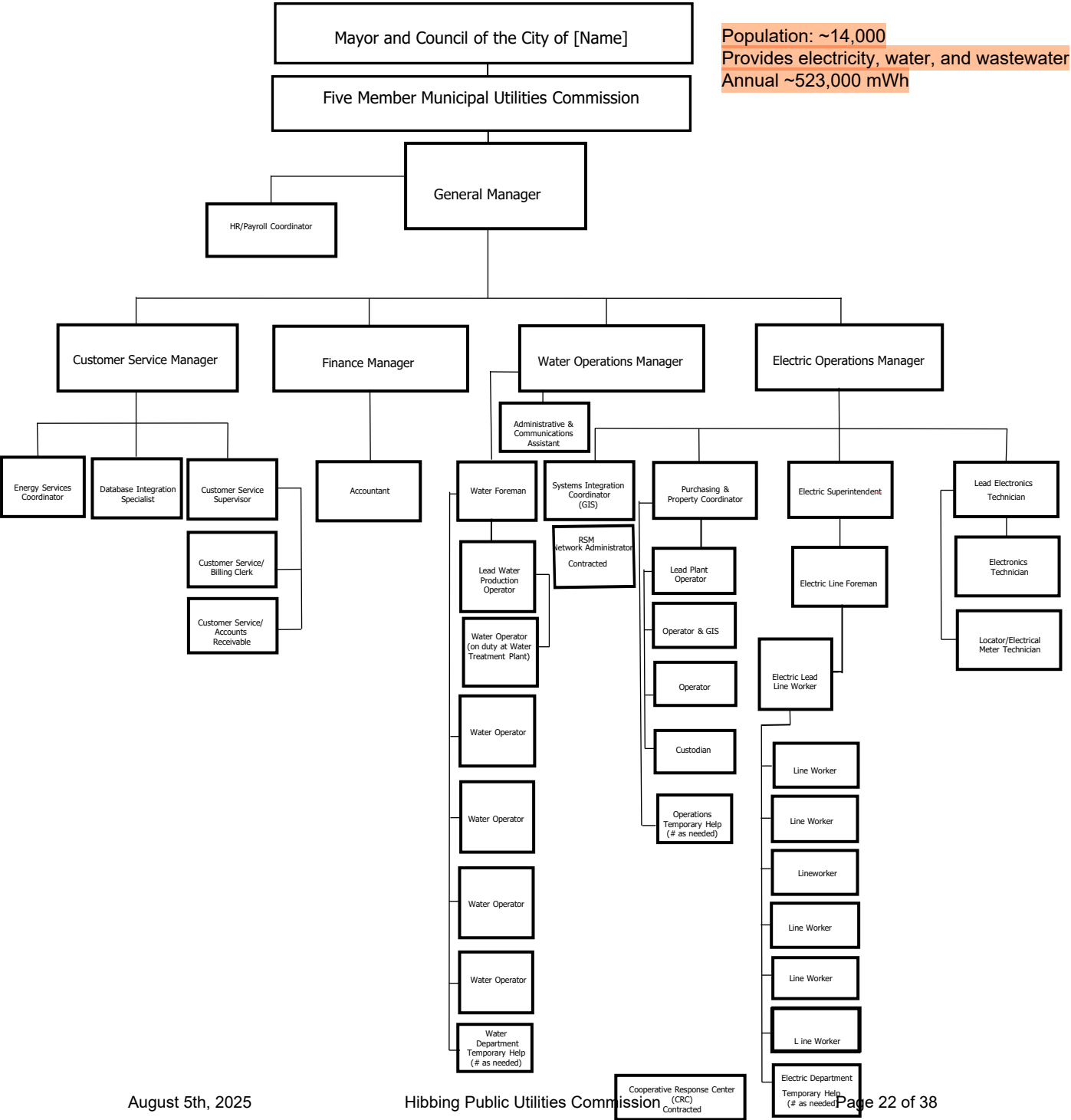
- Population approximately 14,800
- 7600 electrical meters, ~271,000 kWh/year
- Utility is separate from the city: electric, natural gas
- Council appoints the 5 commissioners, one of which may be a council member
- Commissioners are limited to two five-year terms

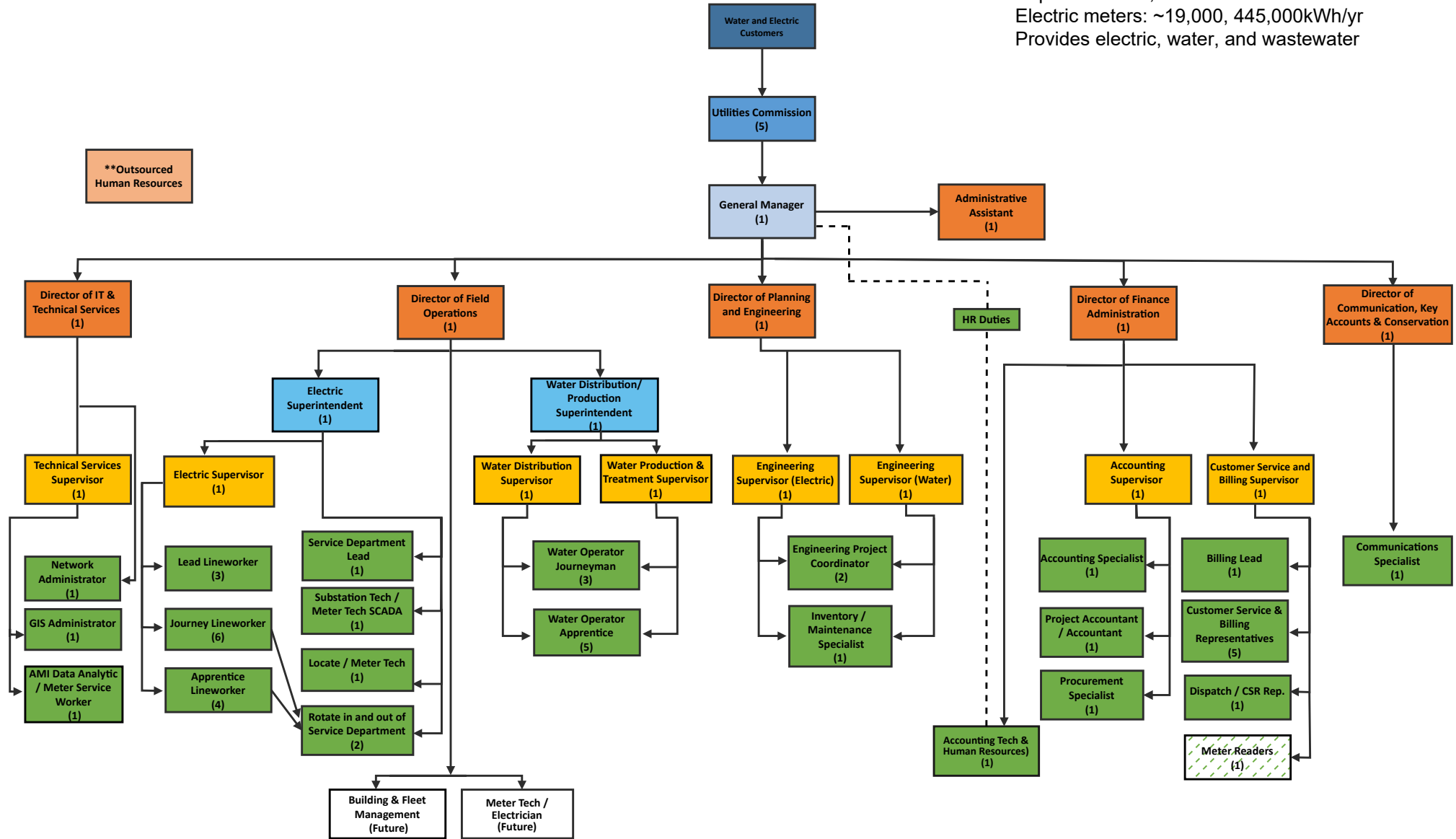
Memo from the General Manager

Over the years we have restructured the organization from 61 FTEs to the present total of 52 FTEs. This has been accomplished by properly aligning job tasks under the right area and creating efficiencies, reducing an additional layer of management, and maximizing the skill sets of current employees. With the number of employees at [our utility] and the functions employees are tasked with a management group of 5 is the right balance to accomplish our goals.

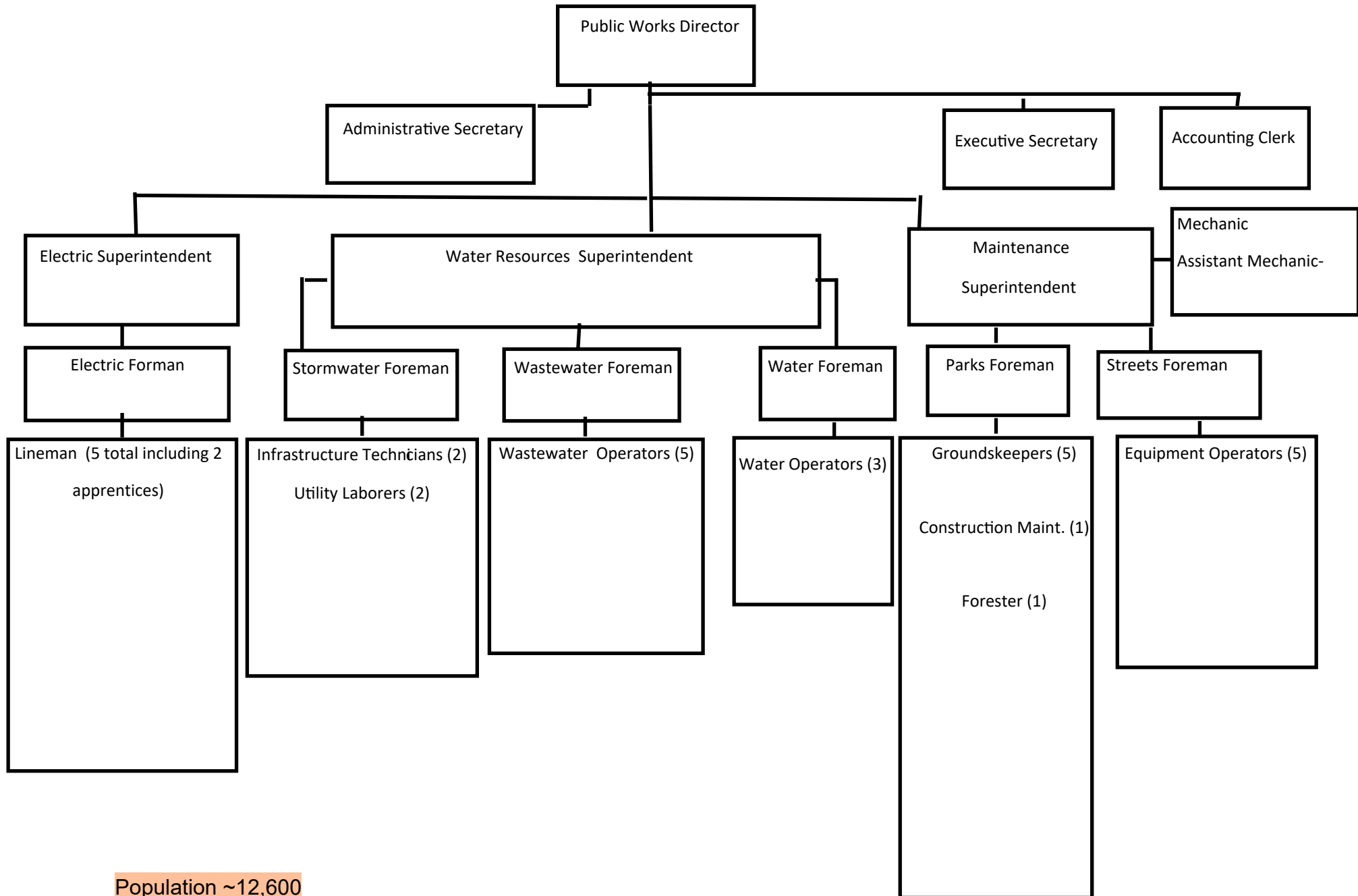
[City] Municipal Utilities  
Board Policy

Section 4		Category: Organizational Policies and Procedures
Policy Title: Organizational Chart		Policy Number: 4A.3.25
Date of Policy Adoption: 11/19/2003	Updated: 9/24/2024	Effective: 9/24/2024





# Public Works Personnel Flow Chart



Population ~12,600

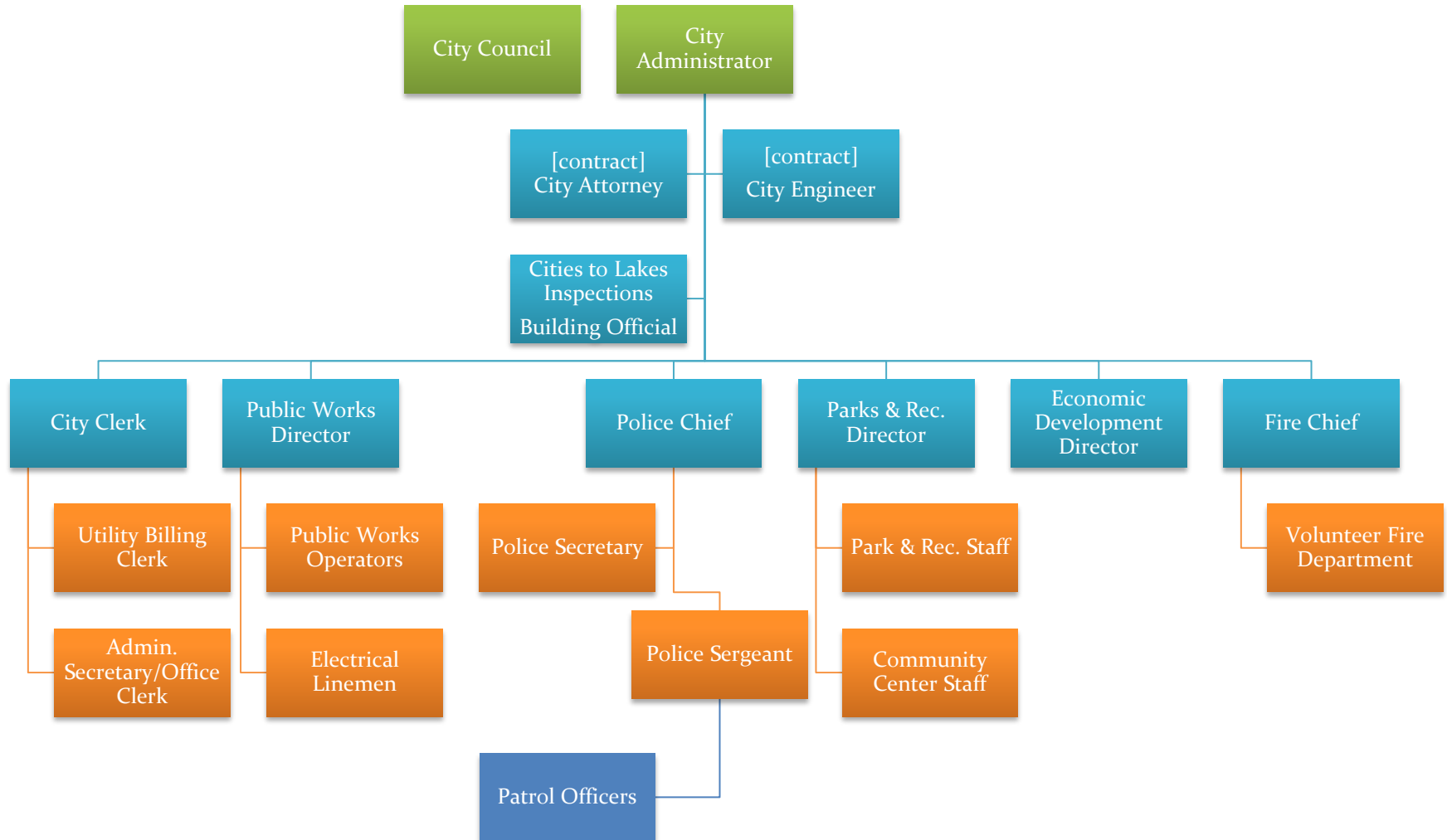
Electric, water, wastewater

~101,600 MWh

August 5th, 2025



# City of [Name]



Town profile:

- Population approximately 2,800
- 1300 electrical meters, ~28,000 kWh/year
- Utility is a department of the city: electric, water, wastewater
- Council/administrator structure

#### Memo from the Public Works Director

In [our town], the utilities operate under the direction of the city council. We have a Council – Administrator structure, and you can see the flow in the attached chart. This structure is strictly adhered to. The Council has oversight over only one employee, which is the Administrator; and the Administrator has oversight only over the five department heads.

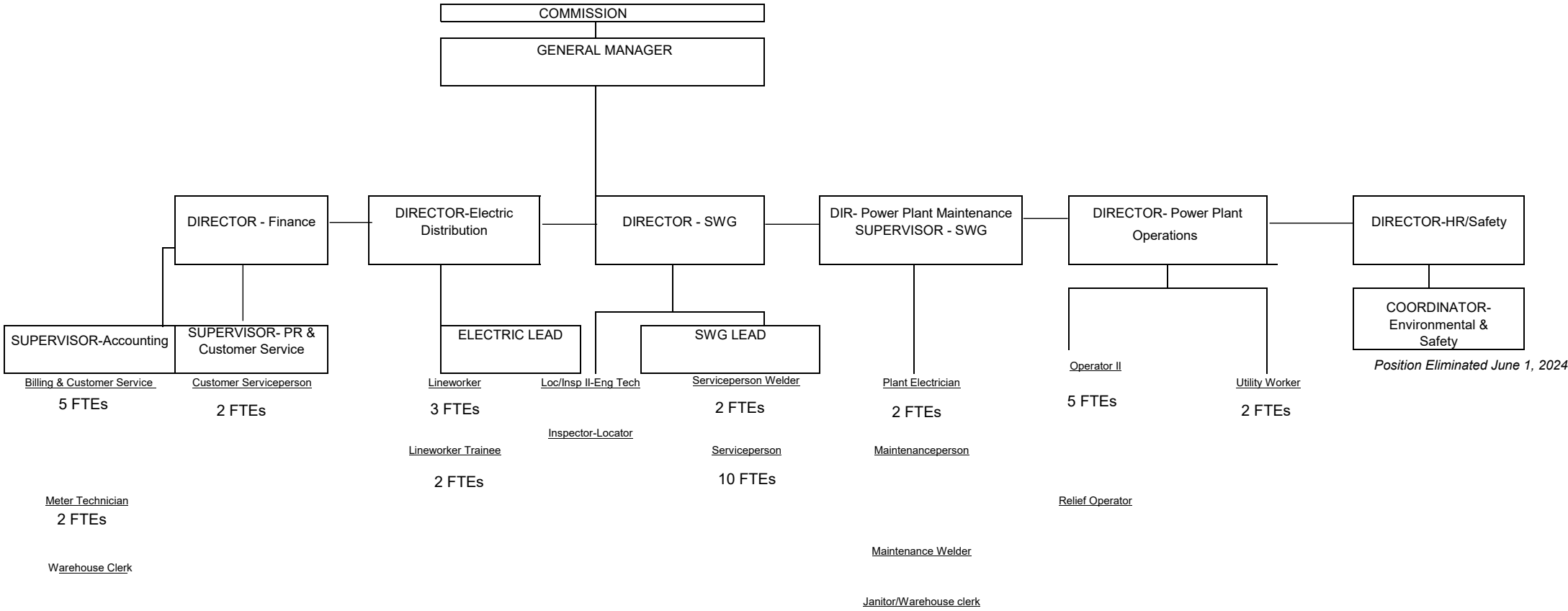
Each department head is expected to lead their department(s) within the structure and budget. Budgets are set each year and department heads are expected to follow them. We do not ask permission to purchase things or make personnel decisions as long as these decisions are made within the proper framework.

[Our town] has six council members and a mayor and holds two council meetings each month (the 2<sup>nd</sup> and 4<sup>th</sup> Tuesdays). [Our town] utilizes our committees and boards very effectively, and most departments report to one. For example, I hold the Public Works Committee meeting on the 1<sup>st</sup> Tuesday of each month. The PWC is made up of two council members and three at-large community members, with all committee members being appointed by the council. The meetings are also attended by the City Administrator. I present an update of last month's business within the Streets, Water & Wastewater, and Electric departments, and may seek committee action on certain items. The committee will hear the request for action and then vote to make a recommendation to the city council or not. The next week at the council meeting, I will present the information to the council and state the Public Works Committee's recommendation, and the council will then pass it. The council does have the option of not passing it, but I have not seen that happen yet. Since the nitty-gritty is dealt with at a committee level, council meetings are usually very direct and short. I attend both council meetings each month and I spend less time at those two meetings than I did when attending one council meeting at my previous job. The public can attend committee and council meetings but rarely do. Most council members serve on multiple committees.

I like working within this structure as roles are very clear. The usage of committees allows department heads to go deeper into projects, problems, etc. and build support at that level, which then leads to support at the council level.

ORGANIZATIONAL CHART

[Town] PUBLIC UTILITIES



Population ~8,300  
Electric  
97,666 MWh





Item 3



## Item 3 – July 2025 Management Updates

August 5<sup>th</sup>, 2025

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

RE: Item 3 – July 2025 Management Updates

Dear Commissioners;

Please find attached for your reviewal the HPU Managerial Updates for the month of July, 2025. Members of the management team will be attending the August 5<sup>th</sup> Working Session to provide updates and answer questions from the Commission.

Sincerely;

A handwritten signature in black ink that reads "Luke J. Peterson". The signature is written in a cursive style.

Luke J. Peterson





## ***JULY MONTHLY HIGHLIGHTS***

In July the crew worked on capital projects, new services and multiple outages: 7 call outs for tree or branch on line-no power, equipment failure due to squirrel contact, and 2 large outages due to high winds and lightning. One of the larger outages we called Grand Rapids Public Utilities for mutual aid. Some of our distribution areas are overhead in back lot lines. Access is limited when attempting to respond to system or service reports. GRPU has a “backyard lineman” which is a specialized piece of equipment that is compact to get through narrow access areas and has an aerial bucket. Joe from GRPU is pictured below with HPU’s Peter Jensen in the bucket sawing.

PICTURED: MUTUAL AID-GRPU ON 7/27/25



## ***VOLTAGE CONVERSION***

Our crew is very close to completing 2400V to 13.8kV voltage conversion on FDR50. This feeder conversion is ahead of schedule. An underground contractor and material are sourced to bore pipe for phase 1 work area of FDR15.

PICTURED: GROUNDROT AND HOLLOW POLE EXAMPLES BEING REBUILT



## ***SUBSTATION MODERNIZATION***

The switchgear is here for Ansley and First Ave. sub sites. This was a long lead item that had multiple delays in delivery. Fencing, overhead feeder exit work, asbuilding and final field testing for the transformer are all in progress the last week of July. We expect to energize the subs in September.

Vegetation clearing is complete at the Beltline site and civil review and design are in progress.





## July Monthly Highlights

### Customer Service

The HPU customer service staff answer calls and help walk-in customers each day. In addition, manually track KPI data; such as, number of customers that walk into office, number of calls, and they make outbound calls to our rate payers that have a past due bill as one last effort to collect payment or an arrangement before the utilities at an address are disconnected. *This month that averaged to 79 calls each week – up from 60 in June, which I expect is due to our recent storms.*

In Person interactions:

Daily Average –	45
Month –	892

Calls taken:

Daily Average –	79
Month –	1574

**Disconnection Warning Letter:** 982

\*little higher than last month – but still remaining close to our 13% average using 8,000 utility bills a month.

- 12.275% of bills mailed had a disconnection warning mailed.

**New Service Application Requests:**

- 2 election
- 2 Gas
- 1 Water

### Metering

Meter readers are working hard at ensuring no meters are estimated. The last couple storms have made this challenging with the wicked weather!!

Meter techs are still installing AMI meters. And will continue to have 3 summer students helping them install gas modules. And assist crew as we are down 1 tech.

### Percent Changed to AMI:

Electric	111 or 1.47%
Water	873 or 15.28%
Gas	123 or 2.50%

### Finance

Budgeting is underway, and summer students made a dent in cleaning up old documents for shredding according to retention standards. These documents will be shredded.

We are still looking at accounts payable processes and how the software system can assist in electronic tracking within the software the invoice, approvals, notes, etc. We are waiting on Civic.

Tammy and I are also working on a process that will make inventory entry more simplistic and remove redundant entries, further removing chances of human error and giving greater accountability at audit.

New rates are visible on the July bills and we have not received feedback in regards to the increases.

### Project Management

#### Admin Building Window Project

- Project is wrapping up with punch list walk through August 12 or 13<sup>th</sup> for substantial completion

#### Service Line Inventory – Lead & Copper

- No update

### Warehouse

Warehouse is keeping up with project materials moving them from warehouse to project locations as needed.

### Looking Forward

To storm season to be behind us!



## Hibbing Renewable Energy Center

### Operations

HREC is currently operating with one turbine. Turbine 5 is running while supplying the city's heat load. We are running Boiler 4 with Boiler 2 as backup.

### Monthly Highlights

FM was on site today to conduct boiler inspections of Boilers 1 & 2. Repairs to the East cooling tower gearbox have been completed, and the old gearbox is out for refurbishment. Our coal ash baghouse also had its dump valve replaced in preparation for the upcoming compliance testing scheduled for the week of August 25<sup>th</sup>. Past area-wide storms took out an electrical portion of Boiler 4's ESPs, which have since been repaired. During the Hibbing Jubilee, the Power Plant offered tours for three hours. We estimate that approximately 60 people of all ages attended the tours. Managers took a tour at the Blandin paper mill to assess a biomass product for recycling at the Hibbing Power Plant

### Upcoming Schedule

#### August:

- FM Boiler Inspections
- Tuning of Boilers 1 & 2
- Blowdown Tank Design Work
- HREC Window Work
- Ductwork on MCC AC Unit
- Wiring of MCC AC Unit
- Power Plant Roof Quotes Due
- DA Tank Relief Valve Replacement
- RO Pump Replacement
- Finish Steam Work on 23<sup>rd</sup> Street

#### September:

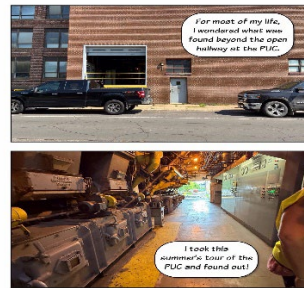
- Partial Roof Replacement Power Plant
- AC Unit Commissioning
- Summer Students Return to School
- Steam CIP Plan Work
- Winter Prep

### Heat Crew

The heat crew has been hammered with multiple back-to-back storms, causing issues with our steam and condensate infrastructure. All crew members deserve a huge thank you for their tireless efforts this past month. 4" gas line is installed to the Memorial Building, and steam work is completed on 9<sup>th</sup> and 23<sup>rd</sup> Street.

### Notable Projects

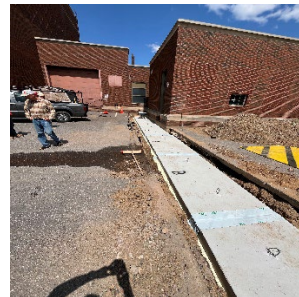
#### Comments from Tour



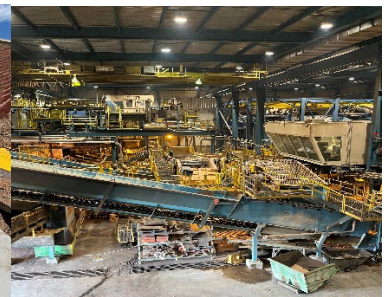
#### Damaged 4A ESP Wiring



#### Pre-fab Steam Vault Lids



#### UPM Blandin Mill



### Cooling Tower Gearbox Replacement



