



Commission Meeting

NOVEMBER 6TH, 2025

Commission Meeting Agenda

November 6th, 2025

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	—
<i>Interim</i> HR Director K. Powers	—	Energy & Pricing P. Plombon	—
Customer Ser. & Finance J. Hietala	—	Admin & Comm E. Dixon	—
Electrical Operations S. Adams	—	Local 94 President G. Pogachnik	—

1. 2026 Operational Budget
2. 5-Year Capital Investment Plan Update
3. MMUA Strategic Planning Proposal



Item 1

Item 1 – 2026 Operational Budget

November 6th, 2025

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

RE: Item 1 – 2026 Operational Budget

Dear Commissioners;

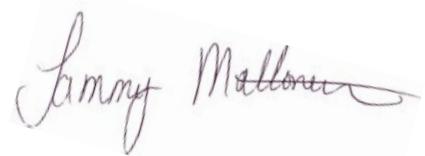
On behalf of the Hibbing Public Utilities management team, I am pleased to present to the Commission a draft of the HPU Operational Budget for Fiscal Year 2026. This proposed budget reflects HPU's commitment to providing reliable, industry-competitive utility rates, and community-building utility services to the residents and businesses of Hibbing.

The draft budget outlines projected revenues and expenditures across all services; Electric, Water, Steam, and Natural Gas. Assumptions made in the construction of this budget include:

- Electric load projections are based on a 90% confidence load forecasts.
- Electric generation forecasts are based on a 70% wood/30% gas operating assumption.
- Six additional staffing positions have been added from current staffing levels.
- The attached budget includes additional staffing costs of \$360,000 which includes high priority position.
- Gas, Steam and Water load is based on the prior 12-month actual unit sales.
- A 2% expense inflation multiplier was used where actual expenses are not known.

Staff looks forward to continuing discussion on budget details with the Commission at the Nov. 6th Commission Meeting. Feedback and direction from the Commission will guide any necessary revisions prior to final adoption projected to be the Nov. 18th Commission Meeting.

Sincerely;

A handwritten signature in black ink, appearing to read "Tammy Mattonen". The signature is fluid and cursive, with a prominent "T" at the beginning.

Tammy Mattonen

2026 draft budget

		2025 Budget		projected 2025		2024 Actual	
	2026 Draft Budget	Total 2025	Variance from 2025 projection	Total 2025	Variance from 2025 projection	Total 2024	Variance from 2024 Actual
Total Operating Revenue							
Charges for Services	33,245,132.94	32,094,733.00	1,150,399.94	31,567,844.48	1,677,288.46	30,250,674.00	2,994,458.94
Other	368,714.72	357,654.00	11,060.72	492,262.80	(123,548.08)	605,157.00	(236,442.28)
Total Operating Revenue	33,613,847.66	32,452,387.00	1,161,460.66	32,060,107.28	1,553,740.38	30,855,831.00	2,758,016.66
Total Operating Expenses							
Operation and Maintenance	(26,703,005.78)	(25,920,789.00)	(782,216.78)	(27,020,851.00)	317,845.22	(24,848,067.00)	(1,854,938.78)
Depreciation and Amortization	(7,148,667.74)	(6,278,360.00)	(870,307.74)	(5,924,040.00)	(1,224,627.74)	(5,428,165.00)	(1,720,502.74)
Total operating Expenses	(33,851,673.52)	(32,199,149.00)	(1,652,524.52)	(32,944,891.00)	(906,782.52)	(30,276,232.00)	(3,575,441.52)
Operating income (loss)	(237,825.86)	253,238.00	(491,063.86)	(884,783.72)	646,957.86	579,599.00	(817,424.86)
Nonoperating Revenues (Expenses)							
Investment Income	705,691.50	750,000.00	(44,308.50)	1,766,723.00	(1,061,031.50)	1,352,466.00	(646,774.50)
Changes in Equity in LEA	(243,693.77)	-	(243,693.77)	(63,967.00)	(179,726.77)	261,063.00	(504,756.77)
Interest Expense	(386,357.16)	(160,000.00)	(226,357.16)	(195,743.00)	(190,614.16)	(162,473.00)	(223,884.16)
Misc nonoperating income (expense)	2,264.30		2,264.30	(222,024.00)	224,288.30	38,730.00	(36,465.70)
Grant income	1,000,000.00	(500,000.00)	1,500,000.00	1,914,237.00	(914,237.00)	1,350,272.00	(350,272.00)
Total nonoperating revenue	1,077,904.87	90,000.00	987,904.87	3,199,226.00	(2,121,321.13)	2,840,058.00	(1,762,153.13)
Change in Net Position	840,079.01	343,238	496,841	2,314,442	(1,474,363)	3,419,657.00	(2,579,577.99)

Assumptions:

- 90% HREC load assumption
- Rate increase recommended by Baker Tilly implemented 5/1/2026
- 2% general inflation rate for undefined expenses
- \$210K expensed contractor fees – Down from \$585K in 2025
- Consultant fees include attorney, audit, strategic planning, lobbying and IT
- Net increase of \$326,194.49 to staffing budget from 10/26/2025 budget draft

2026 HPU draft water budget

WATER		2026 budget	2025 Budget		projected 2025		2024 Actual	
	Operating Revenues	3,472,320.03	3,297,533.00	174,787.03	3,043,791.47	(1,903,957.51)	3,079,224.00	393,096.03
	Other Revenue	108,627.97	63,348.00	45,279.97	93,484.00	(78,484.00)	104,498.00	4,129.97
	Total Water Revenue	3,580,948.00	3,360,881.00	220,067.00	3,137,275.47	(1,982,441.51)	3,183,722.00	397,226.00
	Operating Expenses	(1,794,173.23)	(1,850,443.00)	56,269.77	(1,739,948.00)	1,160,773.71	(1,623,766.00)	(170,407.23)
	Depreciation and Amortization	(1,100,000.00)	(1,020,000.00)	(80,000.00)	(1,019,246.00)	581,418.45	(710,701.00)	(389,299.00)
	Total Water Expenses	(2,894,173.23)	(2,870,443.00)	(23,730.23)	(2,759,194.00)	1,742,192.16	(2,334,467.00)	(559,706.23)
	Operating Income (Loss)	686,774.77	490,438.00	196,336.77	378,081.47	(240,249.35)	849,255.00	(162,480.23)

2026 HPU Draft Electric Budget

Electric	2026 budget	2025 Budget		projected 2025		2024 Actual	
Operating Revenues	19,214,319.70	18,034,914.00	1,179,405.70	17,963,816.67	(12,163,650.43)	17,237,531.00	1,976,788.70
Other Revenue	168,731.19	221,118.00	(52,386.81)	310,954.00	(396,952.43)	321,949.00	(153,217.81)
Total Electric Revenue	19,383,050.89	18,256,032.00	1,127,018.89	18,274,770.67	(12,560,602.86)	17,559,480.00	1,823,570.89
Operating Expenses	(17,185,052)	(16,019,439.00)	(1,165,613.28)	(17,142,089.00)	12,258,136.53	(15,847,846.00)	(1,337,206.28)
Depreciation and Amortization	(4,553,985)	(3,874,360.00)	(679,624.74)	(3,532,113.00)	2,327,681.87	(3,335,702.00)	(1,218,282.74)
Total Electric Expenses	(21,739,037)	(19,893,799.00)	(1,845,238.02)	(20,674,202.00)	14,585,818.40	(19,183,548.00)	(2,555,489.02)
Operating Income (Loss)	(2,355,986.13)	(1,637,767.00)	(3,010,851.31)	(2,399,431.33)	2,025,215.54	(1,624,068.00)	(731,918.13)

Assumptions:

- 90% load rate assumption – 50% assumption results in cost decrease of \$365K
- Assumes a 70% wood-30% gas fuel usage

2026 HPU Draft Gas Budget

Gas		2026 budget	2025 Budget		projected 2025		2024 Actual	
Operating Revenues		8,156,933.89	8,257,978.00	(101,044.11)	8,204,342.35	(6,710,485.64)	7,706,682.00	450,251.89
Other Revenue		70,445.53	52,191.00	18,254.53	65,844.03	(53,344.03)	80,623.00	(10,177.47)
Total Gas Revenue		8,227,379.42	8,310,169.00	(82,789.58)	8,270,186.38	(6,763,829.67)	7,787,305.00	440,074.42
Operating Expenses		(5,298,192.67)	(5,171,544.00)	(126,648.67)	(5,132,207.00)	3,442,886.88	(4,971,322.00)	(326,870.67)
Depreciation and Amortization		(414,683.00)	(366,000.00)	(48,683.00)	(372,798.00)	391,455.48	(391,512.00)	(23,171.00)
Total Gas Expenses		(5,712,875.67)	(5,537,544.00)	(175,331.67)	(5,505,005.00)	3,834,342.36	(5,362,834.00)	(350,041.67)
Operating Income (Loss)		2,514,503.74	2,772,625.00	(258,121.26)	2,765,181.38	(2,929,487.32)	2,424,471.00	90,032.74

2026 HPU Draft Steam Budget

STEAM	2026 budget	2025 Budget		projected 2025		2024 Actual	
Operating Revenues	2,401,559.33	2,504,308.00	(102,748.67)	2,355,894.00	(1,562,654.25)	2,227,237.00	174,322.33
Other Revenue	20,910.03	20,997.00	(86.97)	21,980.77	(93,991.14)	98,087.00	(77,176.97)
Total Steam Revenue	2,422,469.36	2,525,305.00	(102,835.64)	2,377,874.77	(1,656,645.39)	2,325,324.00	97,145.36
Operating Expenses	(2,425,587.59)	(2,879,363.00)	453,775.41	(3,006,607.00)	2,352,999.36	(2,405,133.00)	(20,454.59)
Depreciation and Amortization	(1,080,000.00)	(1,018,000.00)	(62,000.00)	(999,883.00)	774,332.00	(990,250.00)	(89,750.00)
Total Steam Expenses	(3,505,587.59)	(3,897,363.00)	391,775.41	(4,006,490.00)	3,127,331.36	(3,395,383.00)	(110,204.59)
Operating Income (Loss)	(1,083,118.24)	(1,372,058.00)	288,939.76	(1,628,615.24)	1,470,685.96	(1,070,059.00)	(13,059.24)

Hibbing Public Utilities 2026 payroll budget

	Water	Electric Plant	Electric Distribution	Gas	Steam	Total
Engineering	78,406.42	312,419.45	-	66,394.16	45,385.26	502,605.28
Meter Maintenance	78,667.38	96,430.98		65,979.09	12,688.29	253,765.74
Meter Reading	81,264.74	99,614.84		68,157.52	13,107.22	262,144.31
Admin Salaries	304,261.18	372,965.31		255,186.79	49,074.38	981,487.66
Fleet	25,888.68	103,156.43	-	21,922.40	14,985.56	165,953.07
Water Crew & Water Mechanics	77,332.13	308,138.79		65,484.45	44,763.40	495,718.77
Electric Plant		3,993,965.01				3,993,965.01
Line Crew			788,825.50			788,825.50
Heat Crew Apprentice				68,264.80		68,264.80
Cashiers	51,357.94	204,641.64		43,489.64	29,728.35	329,217.57
Total payroll	697,178.46	5,491,332.44	788,825.50	654,878.85	209,732.46	7,841,947.71
Less Capitalized Labor	(305,931.00)	(3,258,971.96)		(30,269.51)	(31,925.64)	(3,627,098.11)
Plus Benefits	569,541.68	2,269,404.55		482,284.98	329,677.01	3,650,908.22
Total Payroll and Benefits	960,789.14	4,501,765.03	788,825.50	1,106,894.32	507,483.83	7,865,757.82

- Current staff count – 74
- Staff included in budget – 82 (Four net additional from 10/27 version total cost of \$360,000)
- New positions included – Controller, Biomass tech, Chief Operator, Engineering manager, Procurement Supervisor, Executive Assistant, Electrical Engineer & Transportation Technician
- Biomass Tech and Chief Operator are backfilled positions
- Includes a 2% across the board increase assumption Total cost \$138,041.97



Item 2

Item 2 – 5-Year Capital Investment Plan Update

September 23rd, 2025

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

RE: Item 2 – 5-Year Capital Investment Plan Update

Dear Commissioners;

Following Commission discussion at the October 14th Working Session, Staff is presenting an updated draft of HPU's 5-Year Capital Improvement Plan for your review and discussion. This planning supports HPU's core priorities of service reliability and rate competitiveness, outlining projects across Electric, Water, Steam, and Gas services to provide a long-term view of capital needs and scheduling.

The updated draft includes revised project priorities and cost estimates across the planning with a majority of the updates being made in the Electric Planning.

Sincerely;



Luke J. Peterson



HIBBING PUBLIC UTILITIES 2026-2030 CAPITAL IMPROVEMENT PLAN

Watermain Capital Improvement Plan						
CIP Project #	Project Name	2026	2027	2028	2029	2030
2026-01W	E 23rd Street Phase 2	\$ 674,600.00				
2026-02W	Greenhaven Phase 1	\$ 2,421,200.00				
2026-03W	Wegner Road Loop	\$ 1,640,900.00				
2026-05W	Annual Hydrant & Valve Replacement	\$ 1,250,000.00				
2026-11W	Hospital Private Water	\$ 2,520,000.00				
2027-01W	Greenhaven Phase 2		\$ 4,371,000.00			
2027-02W	E 25th Street Phase 1		\$ 1,823,200.00			
2027-03W	TH 169 (Slip lining)		\$ 2,740,600.00			
2027-04W	Annual Hydrant & Valve Replacement		\$ 1,250,000.00			
2027-10W	Lead Service Line Replacement		\$ 500,000.00			
2028-01W	E 25th Street Phase 2			\$ 1,823,200.00		
2028-02W	Kelly Lake			\$ 6,740,000.00		
2028-03W	Annual Hydrant & Valve Replacement			\$ 1,250,000.00		
2028-06W	Lead Service Line Replacement			\$ 500,000.00		
2029-02W	2nd Avenue W				\$ 4,179,400.00	
2029-03W	Annual Hydrant & Valve Replacement				\$ 1,250,000.00	
2029-07W	3rd Ave E				\$ 2,300,000.00	
2029-08W	Lead Service Line Replacement				\$ 500,000.00	
2030-01W	9th Avenue E					\$ 2,480,400.00
2030-02W	Kitzville					\$ 4,028,400.00
2030-03W	Annual Hydrant & Valve Replacement					\$ 1,250,000.00
2030-07W	Lead Service Line Replacement					\$ 500,000.00
Total		\$ 8,506,700.00	\$ 10,684,800.00	\$ 10,313,200.00	\$ 8,229,400.00	\$ 8,258,800.00



HIBBING PUBLIC UTILITIES
2026-2030 CAPITAL IMPROVEMENT PLAN

Gas Capital Improvement Plan						
CIP Project #	Project Name	2026	2027	2028	2029	2030
2026-08G	Gas Distribution Model	\$ 100,000.00				
	Total	\$ 100,000.00	\$ -	\$ -	\$ -	\$ -



HIBBING PUBLIC UTILITIES
2026-2030 CAPITAL IMPROVEMENT PLAN

Steam Capital Improvement Plan						
CIP Project #	Project Name	2026	2027	2028	2029	2030
2026-01S	E 23rd St Phase 2	\$ 373,600.00				
2026-06S	Industrial Road & E 19th St	\$ 2,660,700.00				
2026-12S	Annual Steam Maintenance Replacements	\$ 500,000.00				
2027-02S	E 25th Street Phase 1		\$ 275,000.00			
2027-05S	7th Ave E		\$ 1,150,000.00			
2027-09S	Annual Steam Maintenance Replacements		\$ 500,000.00			
2028-01S	E 25th Street Phase 2			\$ 2,057,100.00		
2028-05S	Annual Steam Maintenance Replacements			\$ 500,000.00		
2029-04S	2029 Steam TBD Project				\$ 1,500,000.00	
2029-06S	Annual Steam Maintenance Replacements				\$ 500,000.00	
2030-04S	2030 Steam TBD Project					\$ 1,500,000.00
2030-06S	Annual Steam Maintenance Replacements					\$ 500,000.00
Total		\$ 3,534,300.00	\$ 1,925,000.00	\$ 2,557,100.00	\$ 2,000,000.00	\$ 2,000,000.00

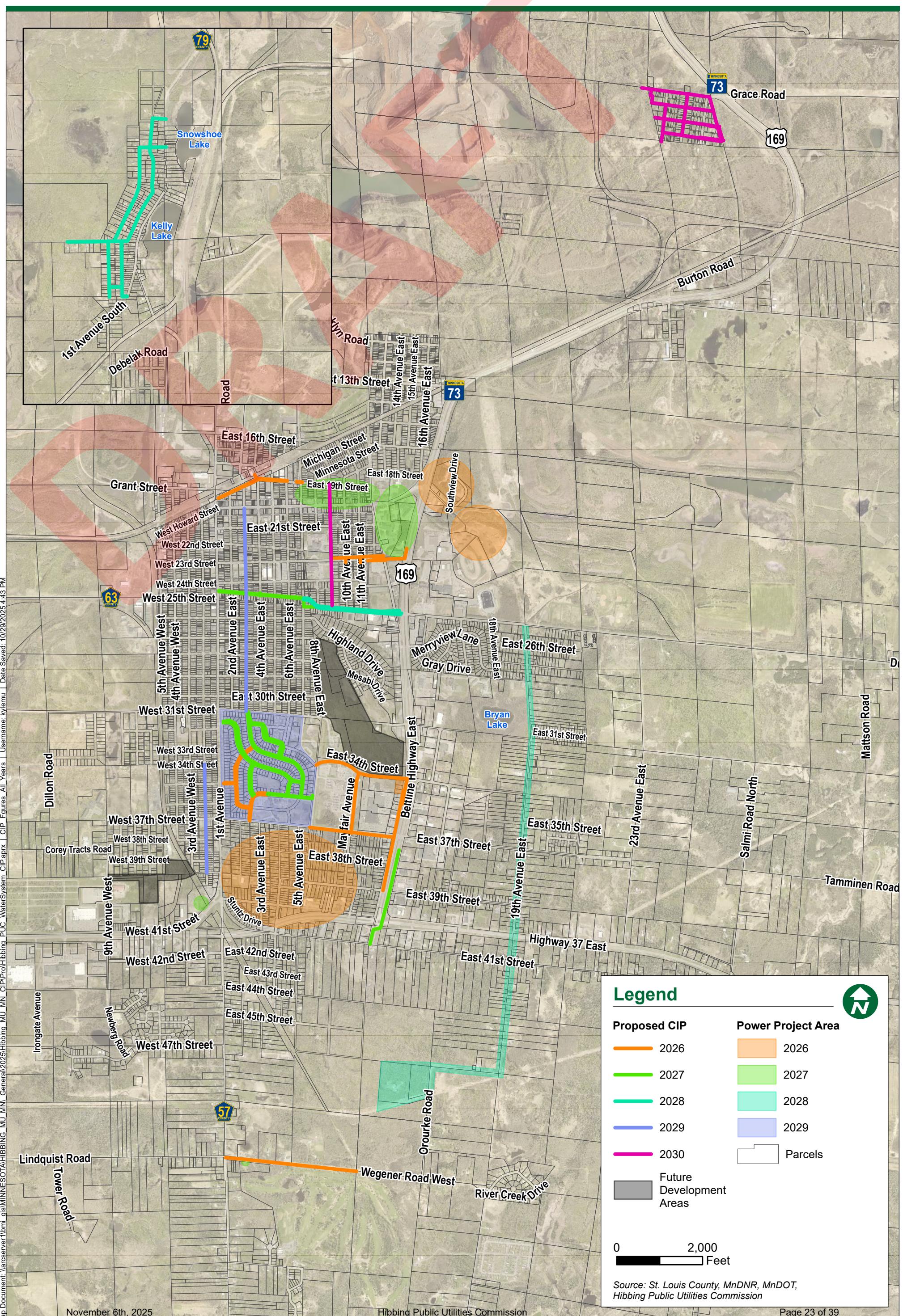


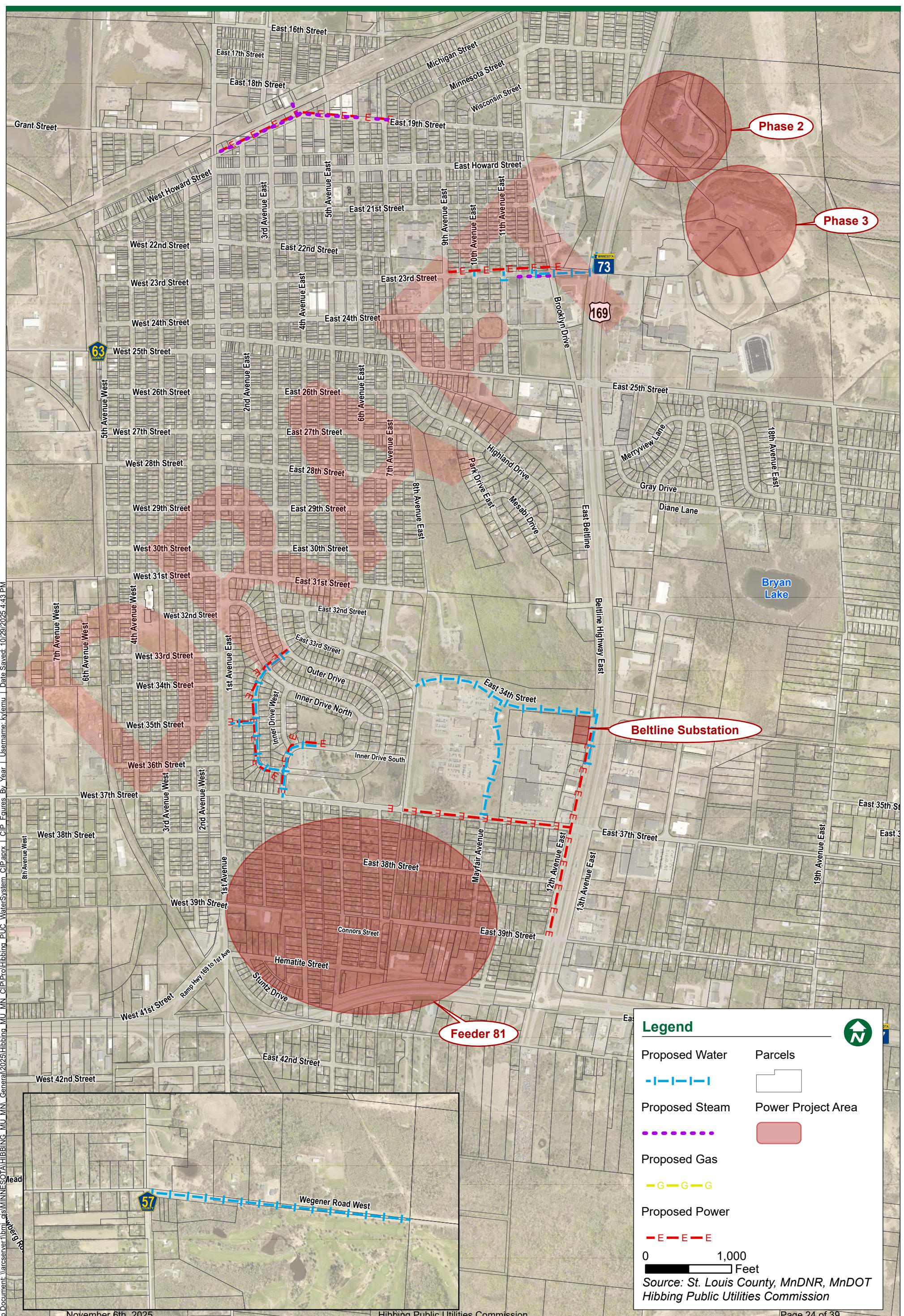
HIBBING PUBLIC UTILITIES
2026-2030 CAPITAL IMPROVEMENT PLAN

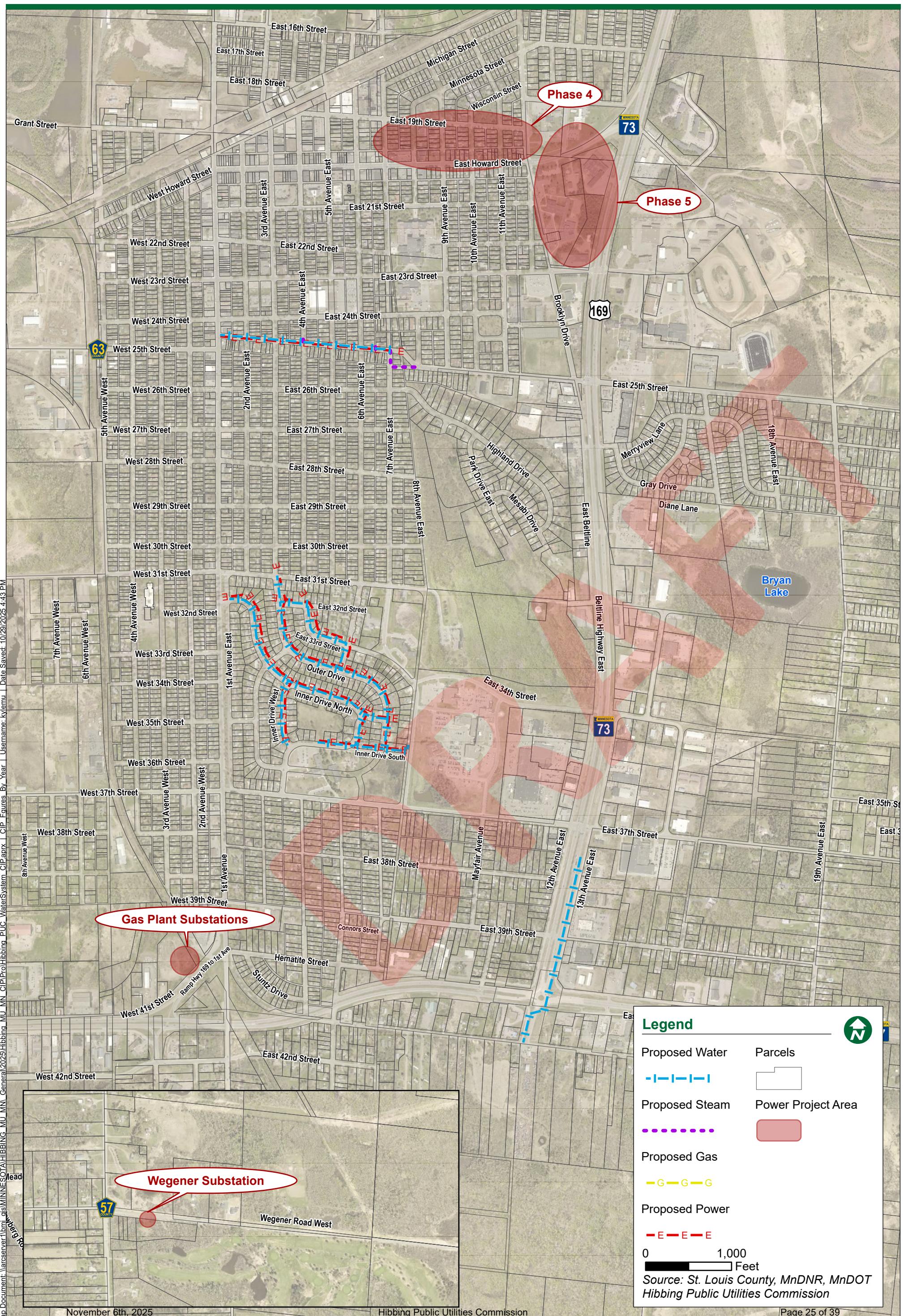
Power Capital Improvement Plan						
CIP Project #	Project Name	2026	2027	2028	2029	2030
2026-01P	E 23rd St Phase 2 - Underground Lighting	\$ 100,000.00				
2026-02P	Greenhaven Phase 1 - Underground Lighting	\$ 100,000.00				
2026-06P	Industrial Road & E 19th St - Vaults & Switch	\$ 500,000.00				
2026-08P	Utility Network - Distribution System Modeling	\$ 100,000.00				
2026-09P	Beltline Substation Reconstruction	\$ 1,500,000.00				
2026-10P	Feeder 15 PH 2 & 3 - 2400V to 13.8KV Conversion	\$ 1,500,000.00				
2026-13P	Feeder 81 - 4160V to 13.8KV Conversion	\$ 300,000.00				
2026-14P	Feeder 61 - 2400V to 13.8KV Conversion	\$ 100,000.00				
2027-01P	Greenhaven Phase 2 - Underground Lighting		\$ 300,000.00			
2027-02P	E 25th Street Phase 1 - Underground Lighting		\$ 300,000.00			
2027-06P	Wegener Sub - 4KV to 13.8KV Conversion		\$ 500,000.00			
2027-07P	Feeder 15 PH 4 & 5 - 2400V to 13.8KV Conversion		\$ 500,000.00			
2027-08P	LED Street Light Conversion		\$ 1,000,000.00			
2027-11P	Decommission Gas Plant Substations		\$ 500,000.00			
2028-01P	E 25th Street Phase 2 - Underground Lighting			\$ 300,000.00		
2028-07P	Feeder 2 Recabling			\$ 500,000.00		
2029-05P	Voltage Conversion Feeder TBD				\$ 500,000.00	
2030-05P	Voltage Conversion Feeder TBD					\$ 500,000.00
Total		\$ 4,200,000.00	\$ 3,100,000.00	\$ 800,000.00	\$ 500,000.00	\$ 500,000.00

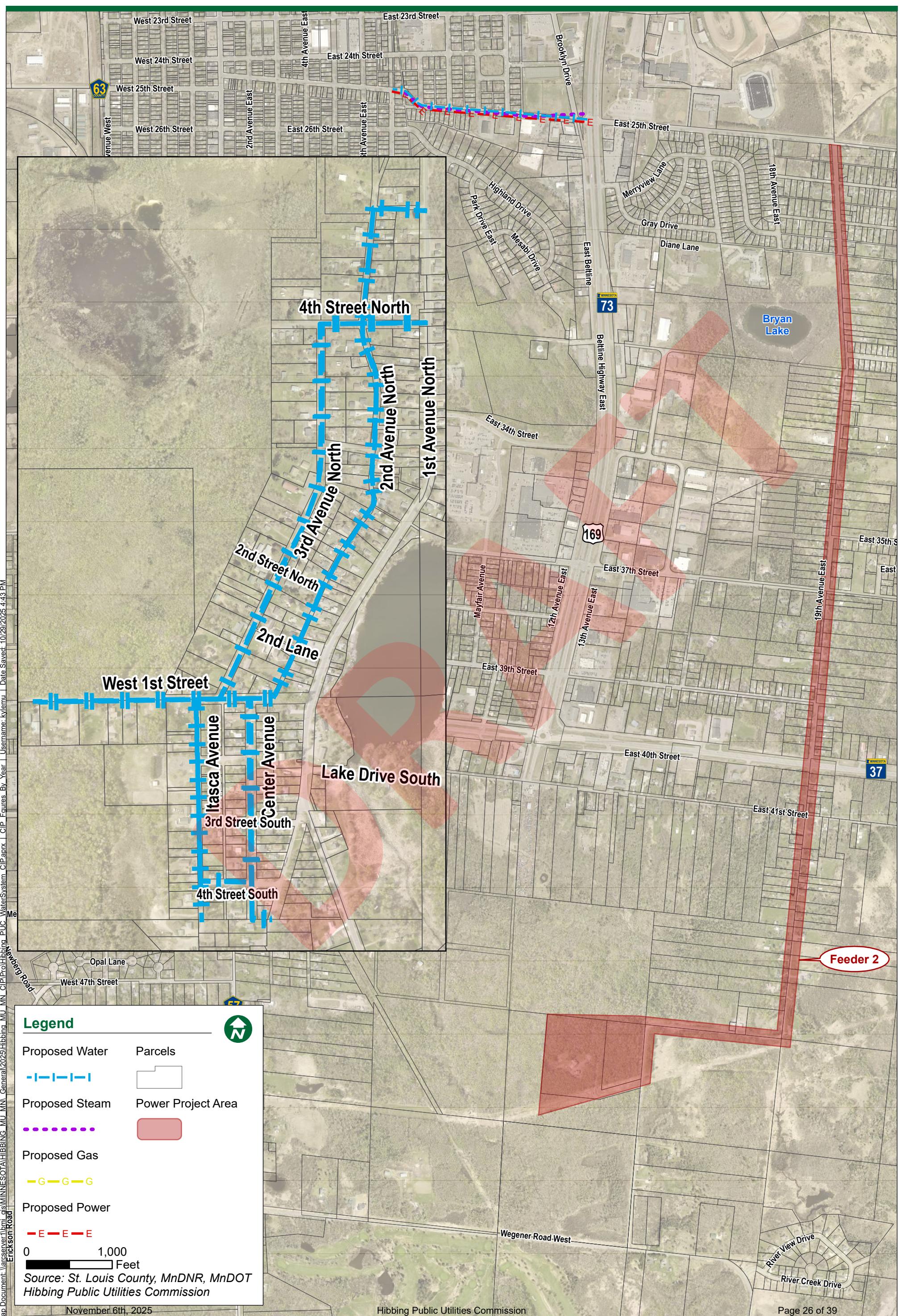
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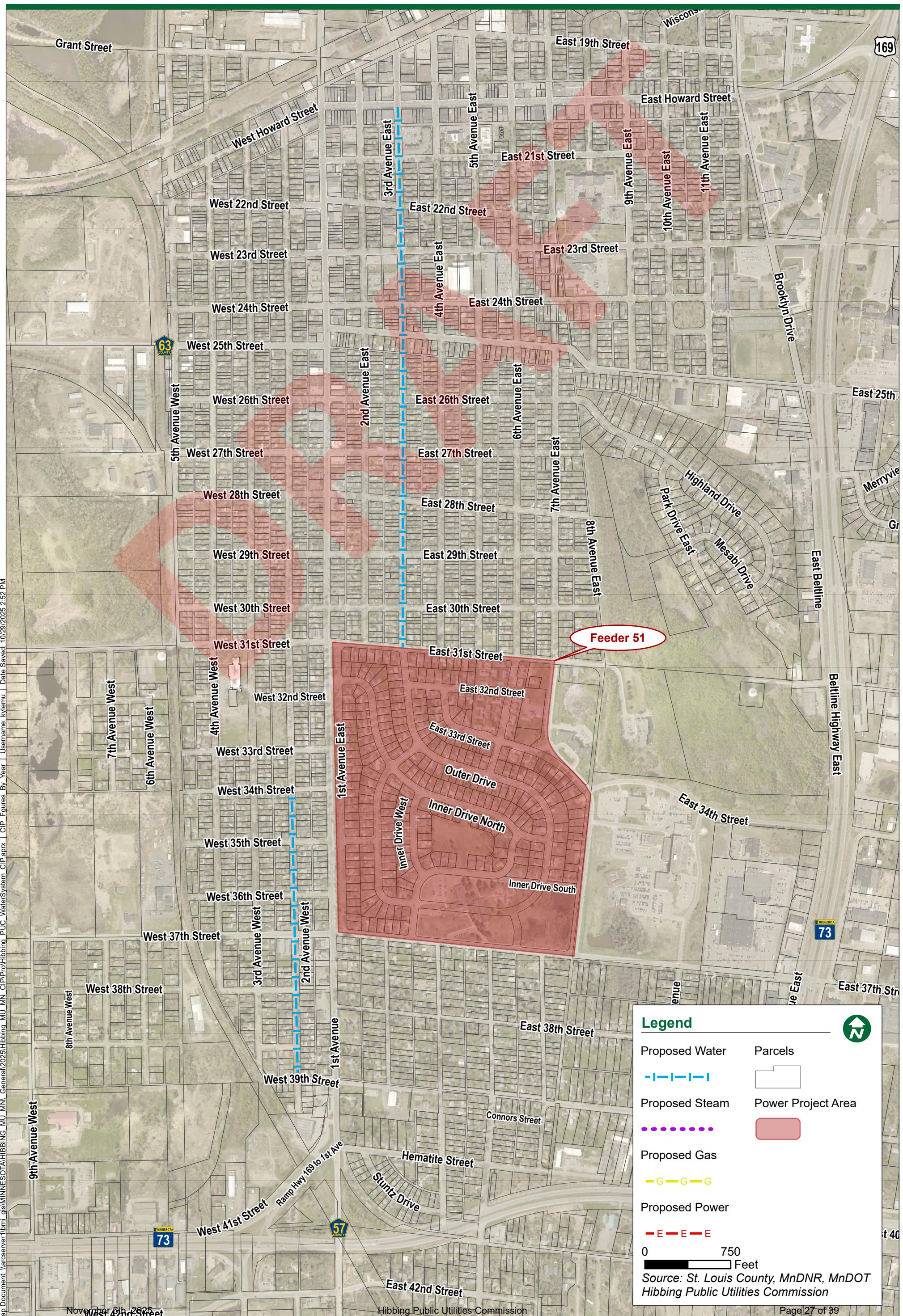
Hibbing Public Utilities Commission

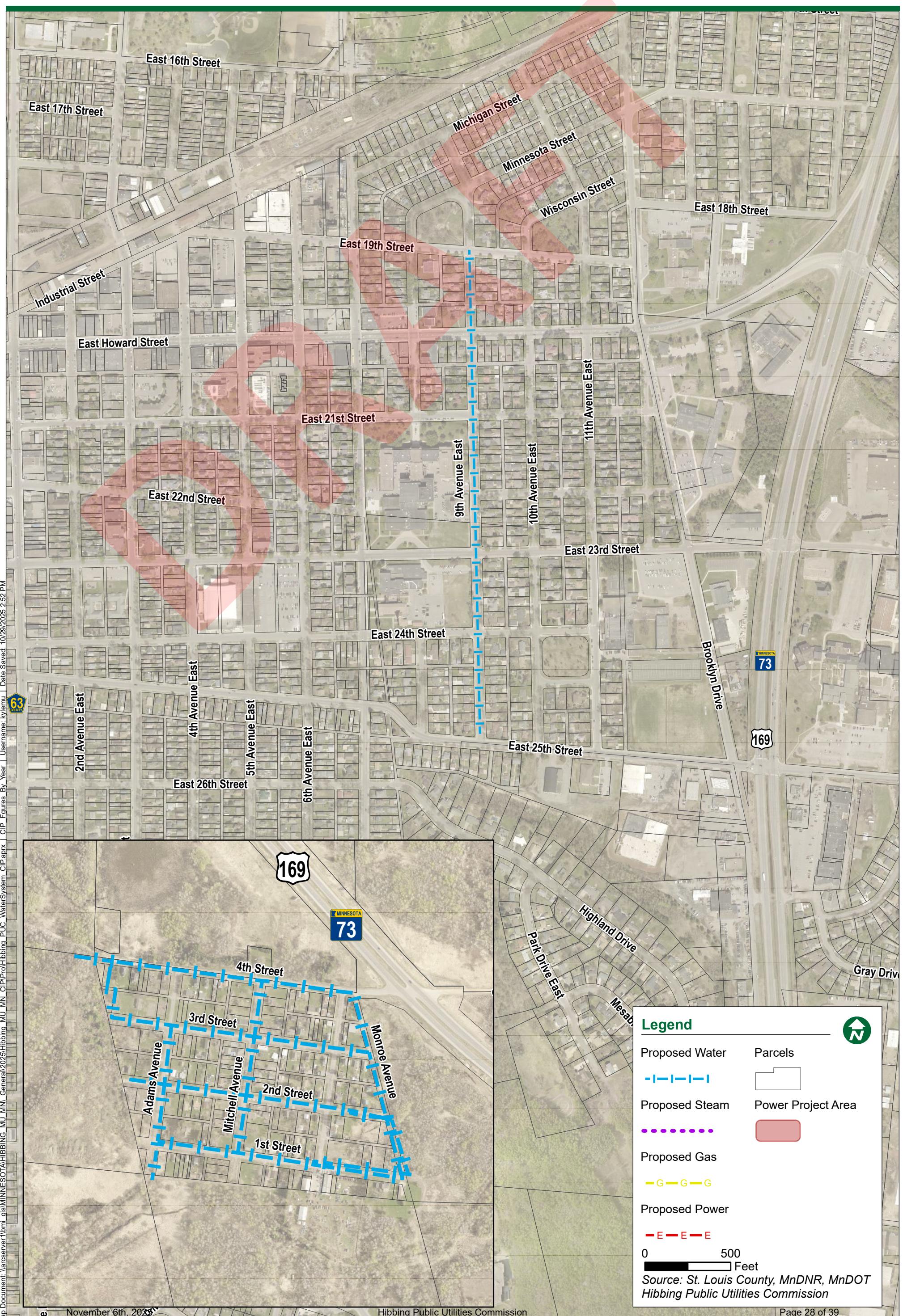














Item 3

Item 3 – MMUA Strategic Planning Proposal

November 6th, 2025

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

RE: Item 3 – MMUA Strategic Planning Proposal

Dear Commissioners;

As per the request of the Commission, MMUA has compiled the following proposal of services to assist the Utility Commission and Staff in creating processes for the development of HPU's Strategic Plan. The scope of this agreement would include the following:

- Structuring and management of Strategic Planning Process
- Assisting in stakeholder research and environmental scanning
- Facilitation of planning meetings
- Creation of draft documents
- Follow up work with staff on operational planning/implementation and alignment of performance/professional development
- Consulting on public-facing measures

Staff is bringing this item forward to discuss the agreement prior to presenting it for Commission approval at the Nov. 18th Commission Action Session.

Sincerely;



Luke J. Peterson

CONSULTING AGREEMENT

CLIENT	CONSULTANT
Hibbing Public Utilities (HPU) 1902 6 th Ave E. Hibbing, MN 55746 (the "Client")	Minnesota Municipal Utilities Association (MMUA) 600 Highway 169 S, Ste 701 St. Louis Park, MN 55426 (the "Consultant")

BACKGROUND

- A. The Client is of the opinion that the Consultant has the necessary qualifications, experience, and abilities to provide consulting services to the Client.
- B. The Consultant is agreeable to providing such consulting services to the Client on the terms and conditions set out in this Agreement.

IN CONSIDERATION OF the matters described above and of the mutual benefits and obligations set forth in this Agreement, the receipt and sufficiency of which consideration is hereby acknowledged, the Client and the Consultant (individually the "Party" and collectively the "Parties" to this Agreement) agree as follows:

SERVICES PROVIDED

1. The Client hereby agrees to engage the Consultant to provide the Client with the following consulting services (the "Services"):
 - a. Development of a Long-Range Strategic Plan ("LRSP"), including but not limited to meeting in person with the HPU Commission on three occasions, working with Client staff on gathering relevant stakeholder input, facilitation of planning meetings, and production of a final LRSP document, customized and branded for Client.
 - b. In person and remote coaching of relevant stakeholders on processes and steps for translating the LRSP into an annual operating plan.
 - c. Development of an annual operating plan for a fiscal period to be determined at the completion of the LRSP, working with Client staff both in person and remotely as mutually agreed. This includes development of appropriate deliverables for each strategic area of focus, timelines, and a report card template, customized and branded for Client.
2. The Services will also include any other consulting tasks to which the Parties may agree. The Consultant hereby agrees to provide such Services to the Client.

TERM OF AGREEMENT

3. The term of this Agreement (the "Term") will begin on the date of this Agreement and will remain in full force and effect until the completion of the Services, subject to earlier termination as provided in this Agreement. The Term may be extended with the written consent of the Parties.

PERFORMANCE

4. The Parties agree to do everything necessary to ensure that the terms of this Agreement take effect.

CURRENCY

5. Except as otherwise provided, all monetary amounts referred to in this Agreement are in USD (US Dollars).

COMPENSATION

6. The Consultant will charge the Client for the Services as follows (the "Compensation"):
 - a. Client will pay Consultant a fee of \$21,000 as follows: \$7,000 by January 15, 2026; \$7,000 within 30 days of completion and delivery of the work product described in paragraph 1-a of this Agreement; balance to be paid upon delivery of the work product described in paragraph 1-c of this Agreement.
 - b. Client will reimburse Consultant for reasonable expenses incurred related to gathering stakeholder information.
 - c. Client will reimburse Consultant for reasonable travel expenses including mileage, lodging, and meals related to facilitating three in person meetings at the Client's location, provided the expenses are properly documented and receipts are provided when applicable.
 - d. Client will pay Consultant a fee of \$185 per hour over and above the flat rate listed in 6-a above for consultation related to ad hoc issues and projects unrelated to the services and work products described in section one of this agreement.
7. Invoices submitted by the Consultant to the Client are due within 30 days of receipt.
8. In the event this Agreement is terminated by the Client prior to completion of the Services but where the Services have been partially performed, the Consultant will be entitled to pro rata payment of the Compensation to the date of termination provided that there has been no breach of contract on the part of the Consultant.
9. The Consultant will not be reimbursed for any expenses incurred in connection with providing the Services of this Agreement except for those specified in items 6-b and 6-c above.

CONFIDENTIALITY

10. Confidential information (the "Confidential Information") refers to any data or information relating to the business of the Client which would reasonably be considered to be proprietary to the Client including, but not limited to, accounting records, business processes, and ratepayer records, and that is not generally known in the industry of the Client and where the release of that Confidential Information could reasonably be expected to cause harm to the Client.
11. The Consultant agrees that they will not disclose, divulge, reveal, report, or use for any purpose any Confidential Information which the Consultant has obtained, except as authorized by the Client or as required by law. The obligations of confidentiality will apply during the Term and will survive indefinitely upon termination of this Agreement.
12. All written and oral information and material disclosed or provided by the Client to the Consultant under this Agreement is Confidential Information regardless of whether it was provided before or after the date of this Agreement and regardless of how it was provided to the Consultant.

OWNERSHIP OF INTELLECTUAL PROPERTY

13. All intellectual property and related material, including any trade secrets, moral rights, goodwill, relevant registrations or applications for registration, and rights in any patent, copyright, trademark, trade dress, industrial design and trade name (the "Intellectual Property") that is developed or produced under this Agreement, is a "work made for hire" and will be the sole property of the Client with the following exceptions:
 - a. Consultant retains the ownership rights to any facilitation materials including slide decks, handouts, survey designs, and related items that are used in the process of creating the work products described in item 1 but are not included in it;
 - b. Consultant retains ownership of their methods of facilitation and the right to employ them with other Clients.
14. In the use of Intellectual Property described in paragraph 13 above, but not that Intellectual Property specifically excluded in 13-a and 13-b, the Client will not be restricted in any manner.
15. The Consultant may not use the Intellectual Property owned by the Client for any purpose other than that contracted for in this Agreement except with the written consent of the Client. The Consultant will be responsible for any and all damages resulting from the unauthorized use of the Intellectual Property by the Consultant or their agents.

RETURN OF PROPERTY

16. Upon the expiration or termination of this Agreement, the Consultant will return to the Client any property, documentation, records, or Confidential Information which is the property of the Client.

CAPACITY/INDEPENDENT CONTRACTOR

17. In providing the Services under this Agreement it is expressly agreed that the Consultant is acting as an independent contractor and not as an employee. The Consultant and the Client acknowledge that this Agreement does not create a partnership or joint venture between them, and is exclusively a contract for service. The Client is not required to pay, or make any contribution to, any social security, local, state, or federal tax, unemployment compensation, worker's compensation, insurance premium, pension, or any other employee benefit for the Consultant during the Term. The Consultant is responsible for paying, and complying with reporting requirements for all local, state, and federal taxes related to payment made to the Consultant under this Agreement.

RIGHT OF SUBSTITUTION

18. Except as otherwise provided in this Agreement, the Consultant may, at the Consultant's absolute discretion, engage a third-party sub-contractor to perform some or all of the obligations of the Consultant under this Agreement.

19. In the event that the Consultant hires a sub-contractor:

- a.** The Consultant will pay the sub-contractor for its services and the Compensation will remain payable by the Client to the Consultant.
- b.** For the purposes of the indemnification clause of this Agreement, the sub-contractor is an agent of the Consultant.

AUTONOMY

20. Except as otherwise provided in this Agreement, the Consultant will have full control over working time, methods, and decision-making in relation to provision of the Services in accordance with the Agreement. The Consultant will work autonomously and not at the direction of the Client. However, the Consultant will be responsive to the reasonable needs and concerns of the Client.

EQUIPMENT

21. Except as otherwise provided in this Agreement, the Consultant will provide at the Consultant's own expense, any and all equipment, software, materials, and any other supplies necessary to deliver the Services in accordance with the Agreement. Client will provide, at the Client's own expense, reasonable facilities for the in person meetings described under item 1 of this Agreement including space, furniture, fixtures, equipment, and food/beverage required by Client's stakeholders.

NO EXCLUSIVITY

22. The Parties acknowledge that this Agreement is non-exclusive and that either Party will be free, during and after the Term, to engage or contract with third parties for the provision of services similar to the Services provided in this Agreement.

NOTICE

23. All notices, requests, demands, or other communications required or permitted by the terms of this Agreement will be given in writing and delivered to the Parties at the following addresses:

- a.** Attn: Luke Peterson
Hibbing Public Utilities
1902 6th Ave E.
Hibbing, MN 55746
via email to: luke.peterson@hpuc.com

- b.** Attn: Karleen Kos
Minnesota Municipal Utilities Association
600 Highway 169 S, Ste 701
St. Louis Park, MN 55426
via email to: kkos@mmua.org

or to such other address as either Party may from time to time notify the other to substitute. Communications will be deemed to be properly delivered (a) immediately upon being served personally, (b) immediately if sent by email and receipt is acknowledged via return email, (c) two days after being deposited with the postal service if served by registered mail, or (d) the following day after being deposited with an overnight courier.

INDEMNIFICATION

24. Except to the extent paid in settlement from any applicable insurance policies, and to the extent permitted by applicable law, each Party agrees to indemnify and hold harmless the other Party, and its respective directors, members, ratepayers, affiliates, officers, agents, employees, and permitted successors and assigns against any and all claims, losses, damages, liabilities, penalties, punitive damages, expenses, reasonable legal fees and costs of any kind or amount whatsoever, which result from or arise out of any act or omission of the indemnifying party, its respective directors, members, ratepayers, affiliates, officers, agents, employees, and permitted successors and assigns that occurs in connection with this Agreement. This indemnification will survive the termination of this Agreement.

MEMBERSHIP REQUIREMENT

25. Client will maintain membership in good standing with the Minnesota Municipal Utilities Association for the duration of this Agreement.

MODIFICATION OF AGREEMENT

26. Any amendment or modification of this Agreement or additional obligation assumed by either Party in connection with this Agreement will only be binding if evidenced in writing signed by each Party or an authorized representative of each Party.

ASSIGNMENT

27. The Consultant will not voluntarily, or by operation of law, assign or otherwise transfer its obligations under this Agreement without the prior written consent of the Client.

ENTIRE AGREEMENT

28. It is agreed that there is no representation, warranty, collateral agreement, or condition affecting this Agreement except as expressly provided in this Agreement.

ENUREMENT

29. This Agreement will enure to the benefit of and be binding on the Parties and their respective heirs, executors, administrators and permitted successors and assigns.

TITLES/HEADINGS

30. Headings are inserted for the convenience of the Parties only and are not to be considered when interpreting this Agreement.

GENDER

31. Words in the singular mean and include the plural and vice versa. Words in the masculine mean and include the feminine and vice versa.

GOVERNING LAW

32. This Agreement will be governed by and construed in accordance with the laws of the State of Minnesota.

SEVERABILITY

33. In the event that any of the provisions of this Agreement are held to be invalid or unenforceable in whole or in part, all other provisions will nevertheless continue to be valid and enforceable with the invalid or unenforceable parts severed from the remainder of this Agreement.

WAIVER

34. The waiver by either Party of a breach, default, delay, or omission of any of the provisions of this Agreement by the other Party will not be construed as a waiver of any subsequent breach of the same or other provisions.

Dated and effective this _____ day of _____, 2025

FOR CONSULTANT

Karleen Kos, CEO
Minnesota Municipal Utilities Association

FOR CLIENT

Luke Peterson, General Manager
Hibbing Public Utilities