



Commission Meeting

FEBRUARY 10TH, 2026

Commission Meeting Agenda

February 10th, 2026

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	—
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. Energy Market Update – Winter Storm Fern
2. 2026 Capital Budget Discussion
3. Compensation Philosophy

Action Item

1. Approve Local 94 Tentative Agreement: effective date Jan. 1st, 2026



Item 1

Item 1 – Energy Market Update – Winter Storm Fern

February 10th, 2026

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

RE: Item 1 – Energy Market Update – Winter Storm Fern

Dear Commissioners;

In this discussion topic, we will discuss the impacts of Winter Storm Fern.

Beginning January 16th, 2026 with the Willow River pipeline rupture, and subsequently compounded by the national impacts of Winter Storm Fern, Hibbing Public Utilities was affected by a Northern Natural Gas Force Majeure. This event created significant supply constraints across the region. During this event, HPU experienced potential gas supply reductions, requiring close coordination between HPU staff and NNG to manage nominations and protect system reliability.

At the same time the Midcontinent Independent System Operator (MISO) declared maximum generation emergency events due to regional generation shortages and extreme weather conditions. In response, HPU operated the HREC plant at a high level output throughout the weekend of January 24th through early February.

The combination of these events spiked the prices of energy commodities, increasing the cost of Dekatherm of gas and MW/h of power by 10-20 times the average market costs. HPU's priorities throughout this market volatility were first to protect the capacity and affordability of local services to meet the needs of our community, and secondly to increase HREC operations to maximum output to benefit from favorable market pricing. HPU is uniquely positioned to respond to these types of events due to the smart, long-term investments in the Hibbing Renewable Energy Center's fuel flexibility and the dedicated work of our employees.

While conditions fluctuated, HPU maintained generation levels ranging from approximately 15 MW to 24 MW, and at times exported power in excess of local load to support grid reliability. To sustain plant operations during these elevated grid conditions and avoid fuel shortages, HPU utilized HREC's ability to burn coal as a generation fuel. This strategy also helped protect gas customers by reducing plant gas consumption during a period of constrained supply, while preserving HREC's ability to maintain maximum feasible output.

Staff views this event as a valuable proof of concept for HPU's operational model and generation philosophy. Accordingly, staff look forward to discussing lessons learned and continuing to pursue projects and strategies that will strengthen HPU's ability to respond to future energy emergencies.

Sincerely;

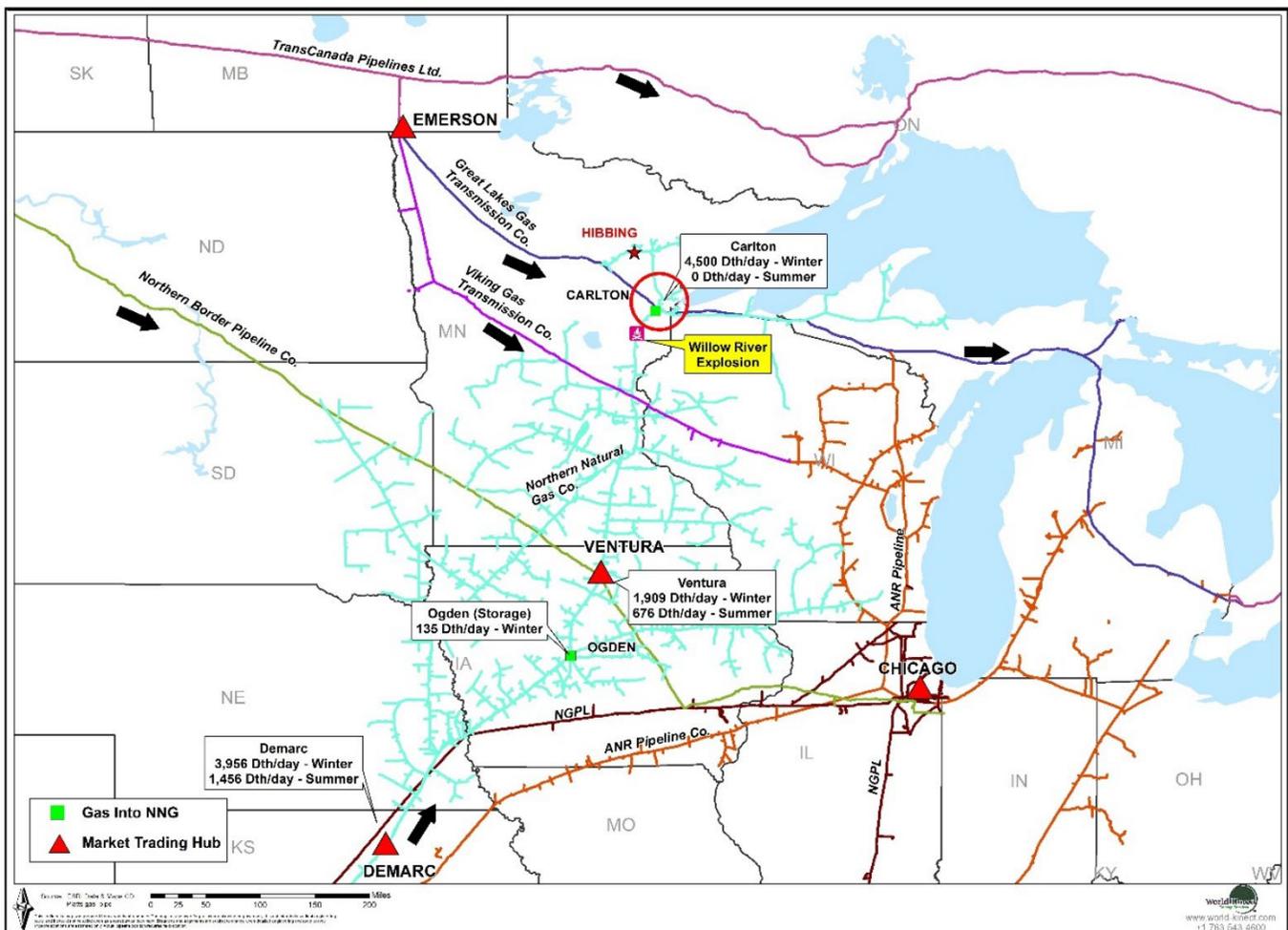
A handwritten signature in black ink that reads "Luke J. Peterson". The signature is written in a cursive, flowing style.

Luke J. Peterson

Hibbing Public Utilities Commission
General Notes for FERC Meeting: 1/29/26

NNG Force Majeure

- On Friday, January 16th, Northern had a pipeline rupture on a section of their pipe near Willow River, MN
 - [News Article](#)
 - [NNG FMJ Posting](#)
- Due to the rupture, Northern had to call a Force Majeure and impact supply
 - This primarily impacted receipts from Great Lakes Gas Transmission (GLGT)
 - Prior to impact, there was capacity available for almost 687,000 of receipts
 - Post-impact, the capacity for these receipts was reduced to 225,000 collectively



	Original Capacity			
GLGT Carlton	550,000			
GLGT Wakefield	24,610			
GLGT Grand Rapids	24,000			
Semco Marquette M-35	88,000			
Semco Marquette Emergency	-			
		FMJCap	Max Impact	
	686,610	225,000	67%	

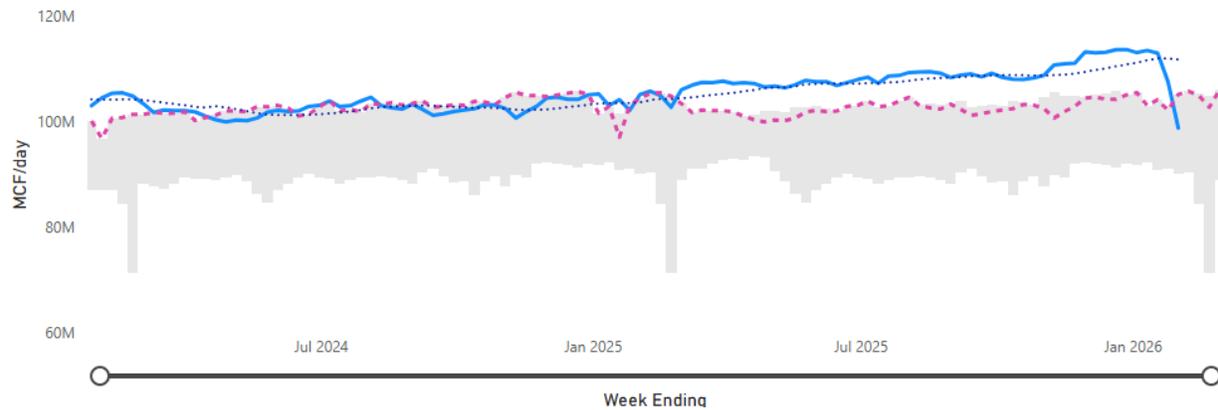
Winter Storm Fern

- **Supply**
 - Natural gas production fell this last weekend as below freezing temperatures were sustained in key production areas such as Texas and Oklahoma. Early indications show roughly over 10 Bcf of production that had come offline Sunday (1/25) into Monday (1/26)

Natural Gas : Average Weekly Production

Lower 48

5yr Range Current Year Previous Year 90d MA



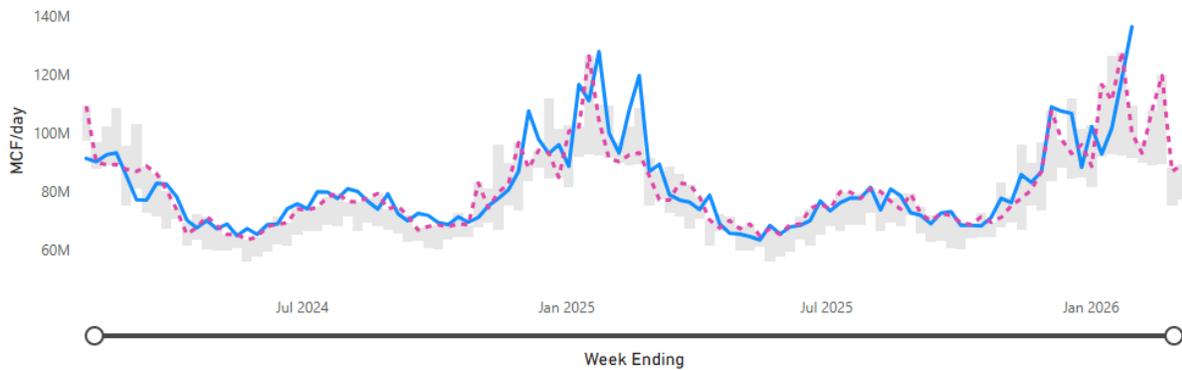
- **Demand**

- Demand during Winter Storm Fern was notably higher—as expected—with below freezing temperatures gripping most of the lower 48
- Power generation created another strong pull on supply outside of the typical ResComm need, increasing total demand and putting more strain and competition on supply

Natural Gas : Average Weekly Consumption

Industrial, Gas-for-Power and Residential & Commercial (Lower 48)

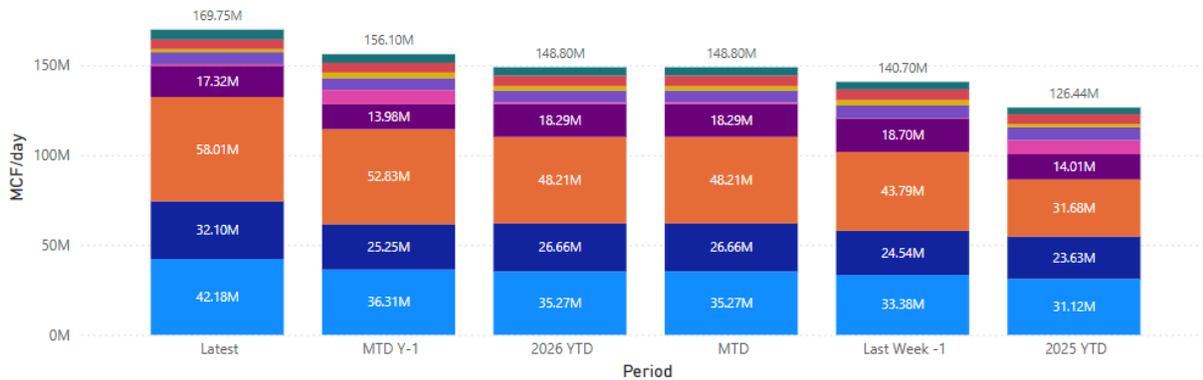
● 5yr Range ● Current Year ● Previous Year



Natural Gas : Average Daily U.S Demand

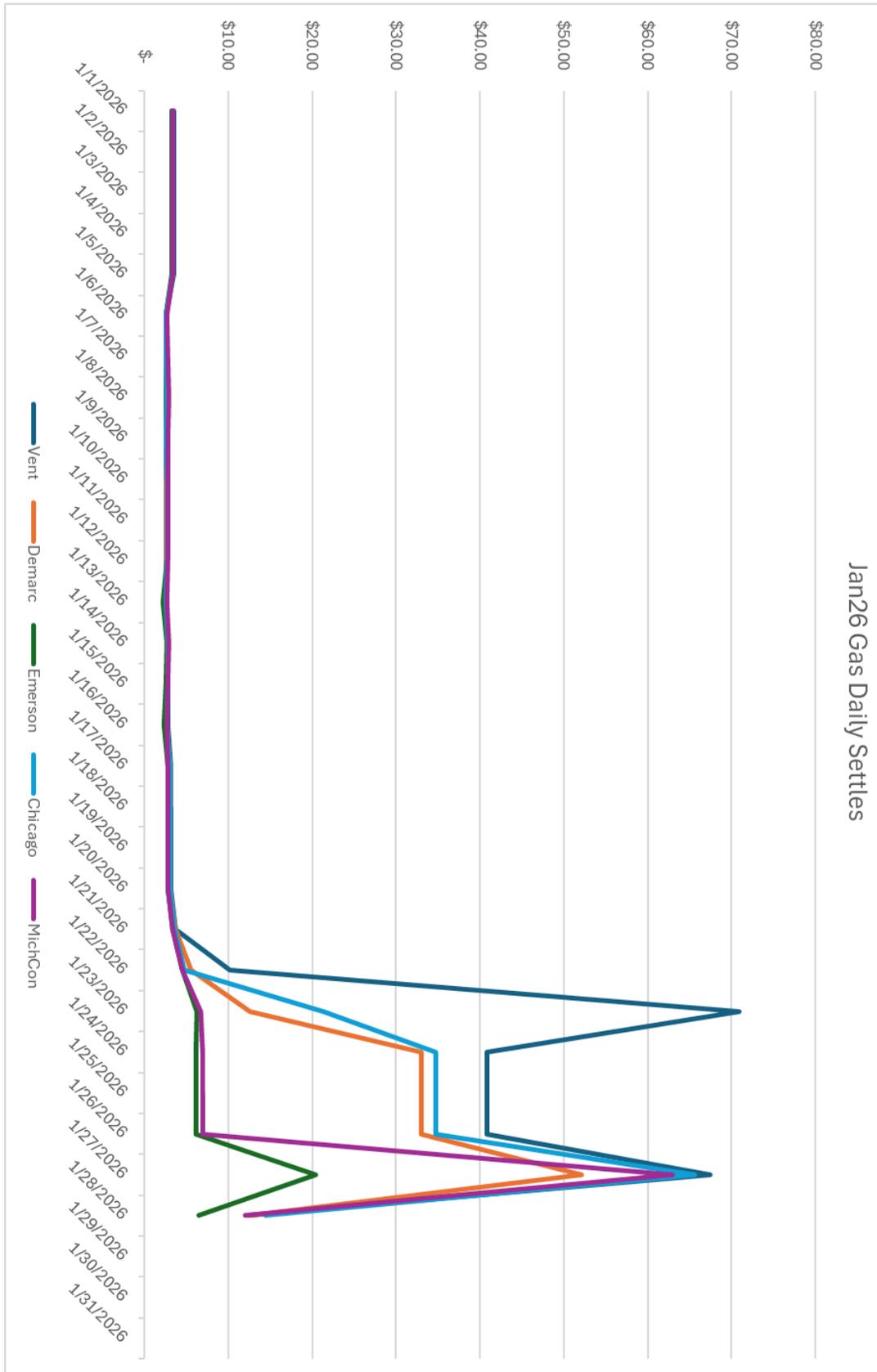
Lower 48

● Gas-for-Power ● Industrial ● ResComm ● LNG Feed Gas ● Storage Injection ● Exports (Mexico) ● Exports (Canada) ● Plant Fuel ● Pipe Losses



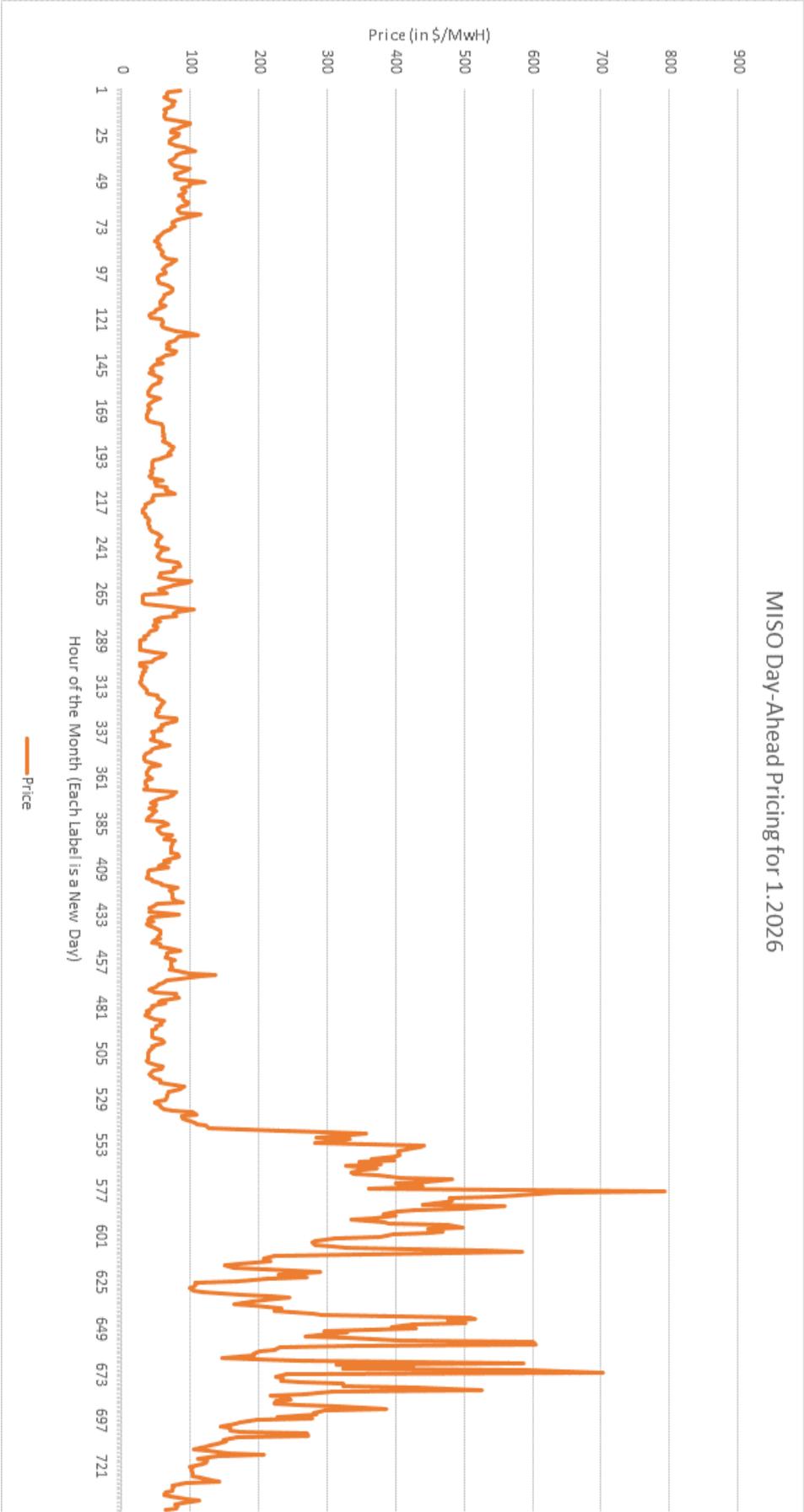
- **Pricing impacts**

- In the Midwest, pricing became very volatile heading into the brunt of Winter Storm Fern, on the news of lower temperatures, higher demand, and potential for production freeze-offs
 - This volatility was amplified by Northern's Force Majeure, as around 0.25-0.375 Bcf/d of usual market supply was no longer able to be sourced from Great Lakes
- Pricing in Northern's market area and surrounding hubs all broke double digits following the news of WS Fern
 - Ventura, one of Northern's primary supply points for their market area, hit a high daily settle of just under \$71/Dth for Friday, 1/23. Surrounding hubs at this same time remained relatively muted, with Chicago the next closest at ~\$21, Demarc at ~\$12.50, and Emerson at ~\$6
 - For the weekend, pricing remained elevated, with Ventura settling close to \$41/Dth, Demarc at close to \$33, and Chicago close to \$35
 - Following the weekend, things were still volatile for Tuesday, 1/27, as actual (instead of anticipated) production freeze-offs played into the supply/demand balance. Ventura, Chicago, and MichCon all settled over \$60/Dth, with Demarc settling in the \$50s



Jan26 Gas Daily Settles

MISO Day-Ahead Pricing for 1.2026





Item 2

Item 2 – 2026 Capital Budget Discussion

February 10th, 2026

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

RE: Item 2 – 2026 Capital Budget Discussion

Dear Commissioners;

As per the discussion at the January 20th, 2026 Commission Meeting, HPU staff looks forward to discussing the 2026 Capital Budget & funding sources.

We are also including a discussion of the Solar Landfill project on a former St. Louis County Landfill site within city limits.

Sincerely;



Luke J. Peterson

2026 Water Projects & Funding

Project	Cost (K)
E 23 rd . St. Phase 2	674 K
Greenhaven Phase 1	2,421 K
Wegener Rd. Loop	1,641 K
Hydrant & Valve Replacement	1,250 K
LSL Line Replacement	2,000 K
LSL Watermain Replacement	4,000 K
LSL Identification	1,250 K
TOTAL	13,837 K

Anticipated Grant Funding	Project	Status	Cost (K)
CDBG 2025	Greenhaven Phase 1	Secured	(101 K)
CDBG 2026	Wegener Rd. Loop	Secured	(200 K)
IRRR Mineral Article Funds	30" Sliplining	Secured	(761 K)
IRRR Public Works	Water Main Projects	Secured	(1,000 K)
MN Dept. of Health	Lead Lines	Secured	(1,000 K)
Congressional Directed Spending	Water Projects	Secured	(1,000 K)
PFA Water Fund Loan	Water Projects	Planned	(6,000 K)
MN Dept. of Health	Lead Lines	Anticipated	(1,000 K)
Bonding Bill	Water Projects	Requested	(12,000 K)
Secured			(4,062 K)
Loan			(6,000 K)
Pending Legislation			(13,000 K)
TOTAL			(23,062 K)



Understanding Landfill Solar Opportunities in 2026

Hibbing Public Utilities

February 2026

In partnership with



TAB
Technical Assistance
to Brownfields

KANSAS STATE
UNIVERSITY



- 1. Introductions***
- 2. Overview of Brightfields & Landfill Solar***
- 3. Understanding Current Opportunities***
- 4. Potential Ownership Models***
- 5. Q&A***

Rocky Mountain Institute (RMI) is an independent, non-partisan, nonprofit organization dedicated to accelerating a prosperous, clean energy future for all

What We Do:

- *Founded in 1982, RMI now works across the United States and in 60 countries*
- *We combine research, whole-systems thinking, and unconventional partnerships to help communities and utilities advance sustainable energy systems*

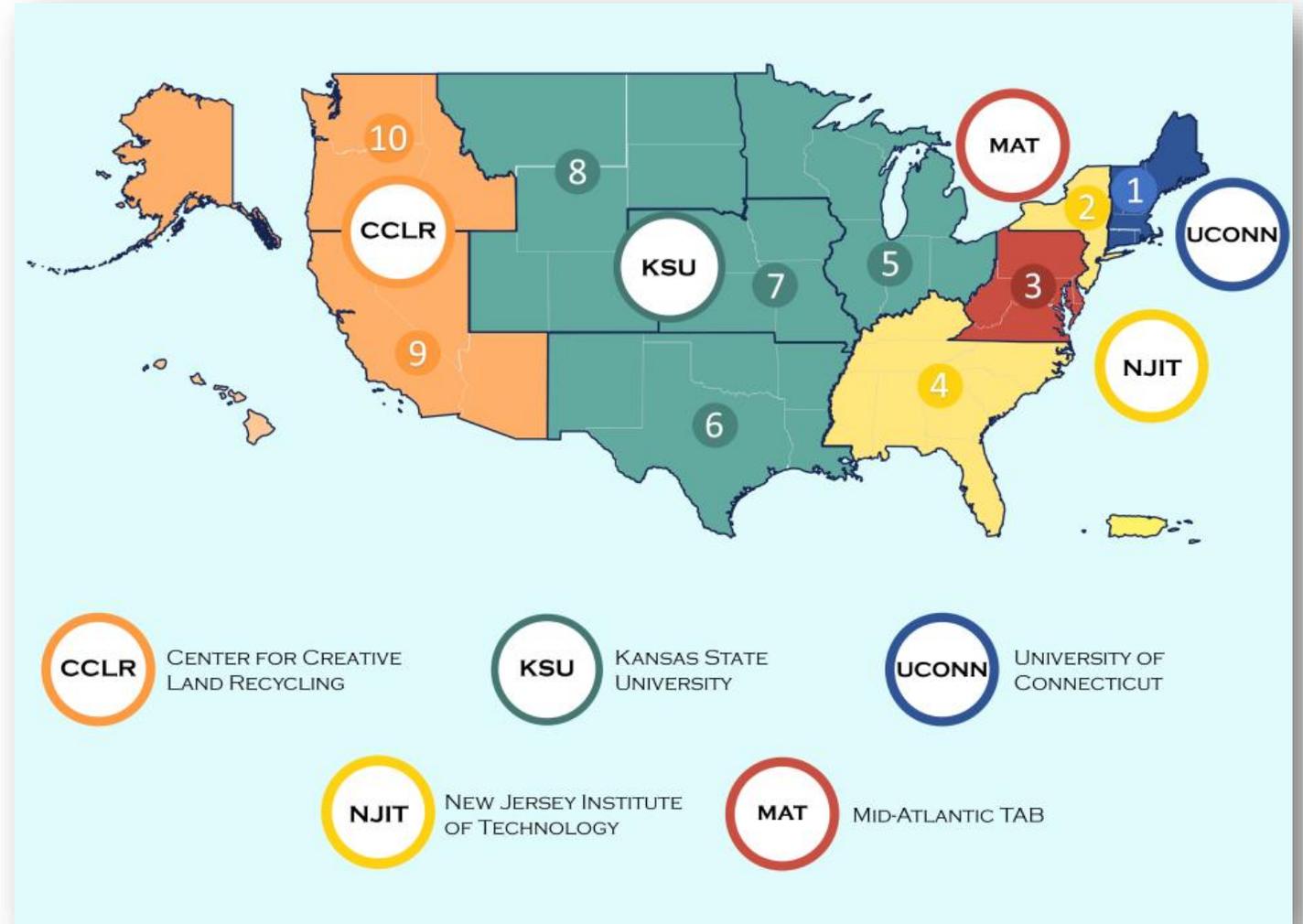


RMI's Brightfields Accelerator is partnered with Kansas State University's Technical Assistance to Brownfields (TAB) to directly assist communities

TAB is a nationally-funded technical assistance for communities and tribes revitalizing communities through brownfields redevelopment

Services from KSU TAB and its partners (including RMI) are free and tailored to meet specific needs across EPA regions 5-8

RMI is a partner specifically to help responsibly plan for and deploy clean energy on brownfields and closed landfills



RMI is partnering with KSU TAB to help communities, public utilities, and non-profit site owners across America responsibly pursue brightfields and landfill solar projects.

Our goals are...



To ***educate communities and site owners*** about brownfields reuse options that include clean energy



To ***provide pre-development site evaluation and analysis*** to communities considering “brightfields”



To ***provide other technical assistance and tools*** to help with reuse planning, funding, financing, and clean energy procurement



Overview of Brightfields & Landfill Solar

“Brightfields” reuse previously disturbed, often-contaminated land to reactivate sites and support a local energy transition



Brownfield:

- A property where the expansion, redevelopment, or reuse may be complicated by the *presence or potential presence of a hazardous substance, pollutant, or contaminant*
- Common brownfields include former industrial sites, inactive landfills/dumps, old factories, abandoned mines, and closed power plants

Brightfield:

- A type of redevelopment where renewable energy (typically solar) is built on a former brownfield or Superfund site
- Landfill solar is one type of brightfield

Landfill solar looks like most solar projects with a few exceptions, typically including ballasted structures to build on the surface and designs that work around on-site operations and monitoring wells



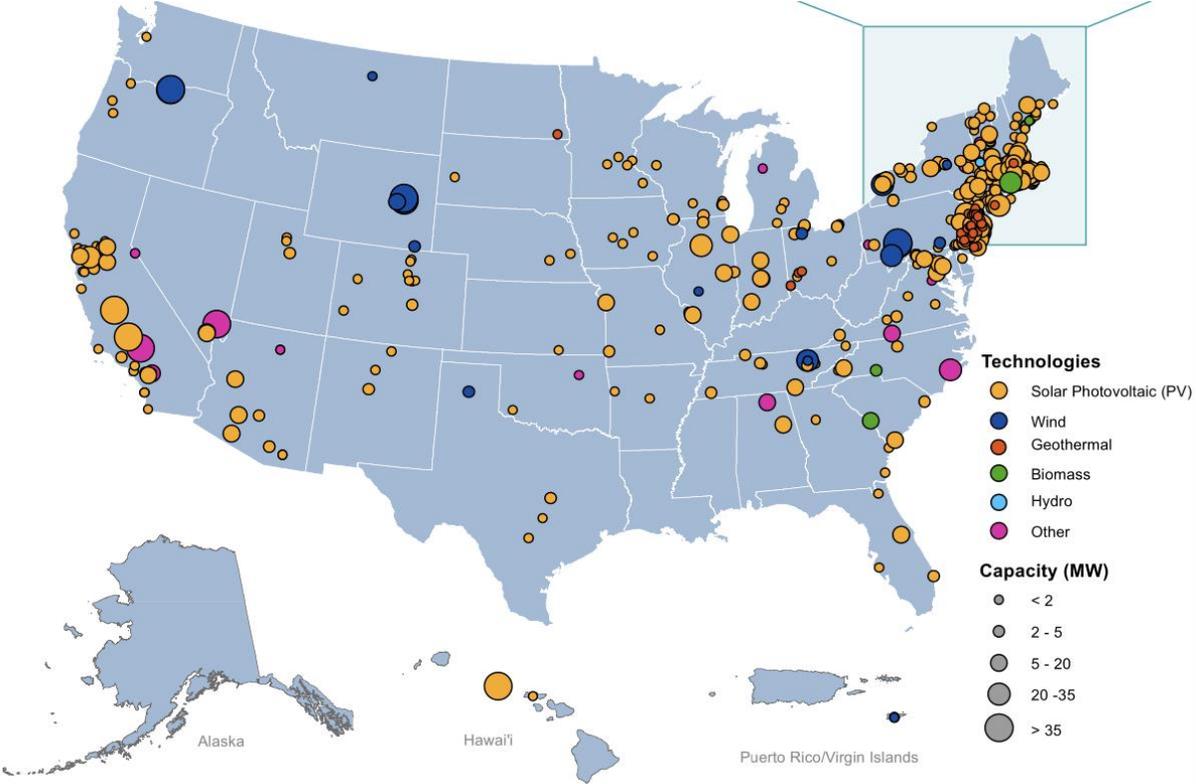
Left: Montgomery County, MD (6 MW); **Right:** Annapolis, MD (17 MW)

February 10th, 2026

Hibbing Public Utilities Commission

Brightfield projects are being built all over the country – from New England states to the Midwest and Southwest

Brightfields Deployed in the US by Technology



Source: [US EPA Re-Powering America's Land Tracking Matrix 2024](#)

Communities can leverage brightfields to deliver wide ranging local benefits



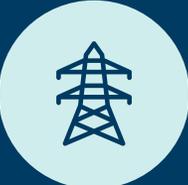
Sustainable land reuse



Hedge against rising energy costs



Generate local revenue from innovative reuse



Using existing infrastructure



Local jobs & site reactivation



Reinvesting in communities left behind in economic transitions

Landfill solar has been and can be built safely and responsibly

Has this been done before?

- Yes – at least 338 clean energy projects have been built on closed landfills according to the US EPA through October 2024
- 4 of these landfill solar projects are in Minnesota

Is it safe to build this on a closed landfill?

- Yes – and energy developers should be required to take precautions to not damage the existing landfill cap and other infrastructure

NUMBER OF INSTALLATIONS BY SITE TYPE ⁵	
Solar and wind projects on landfills/ landfill buffer	338
Renewable energy projects on brownfield sites ⁶	147
Renewable energy projects on Superfund sites ⁷	132
Renewable energy projects on current/former federal facilities and contaminated properties	73
Renewable energy projects on RCRA corrective action sites	22
Renewable energy projects on mine sites	32
Renewable energy projects with battery storage	17

Closed landfills are particularly promising sites for hosting solar energy

-  ***Conducive Site Conditions*** Landfills typically have good sun exposure and other characteristics that support solar energy installation
-  ***Limited Reuse Options*** Closed landfills have few, if any, competing redevelopment options, and using landfills avoids land-use conflict with other revitalization priorities
-  ***Sustainable Land Reuse*** Landfill solar can repurpose already disturbed land to reduce the use of greenfield development for clean energy siting
-  ***Potential for Revenue*** Landfill solar reuses an otherwise inactive site by bringing new tax revenue, land leases, and/or longer-term savings from hedging against rising fuel costs

Landfill solar may also face complications – none of which are insurmountable – but may add to project complexity

Cap Considerations

- Capped landfills will likely require system designs with non-invasive foundations
- Uncapped landfills may require effective capping and closure prior to solar installation

Existing Infrastructure and Operations

- Need to accommodate any on-site infrastructure such as methane collection systems and monitoring wells

Settlement

- Pattern and rate of settlement may impact timing and areas of solar deployment

Community Concerns

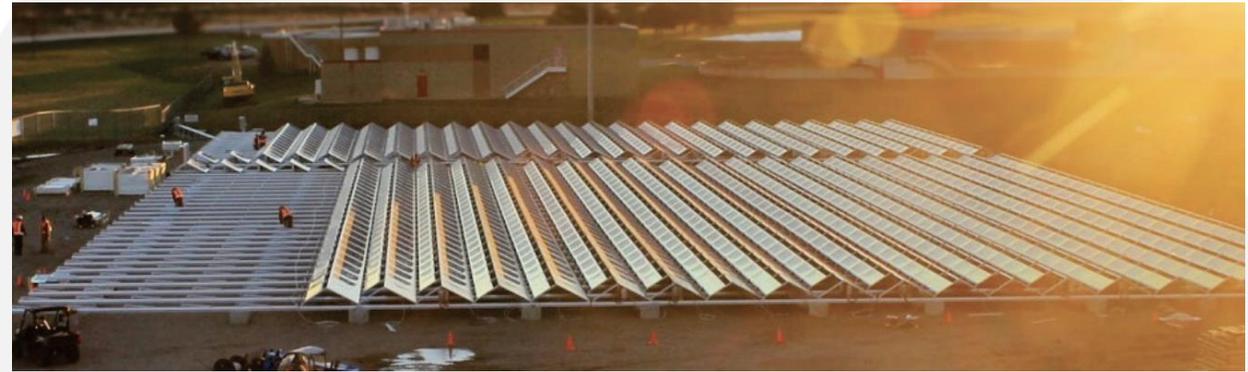
- Projects need to consider real and perceived health and safety concerns
- This should include explicitly educating residents and other stakeholder groups about design strategies and relevant regulations



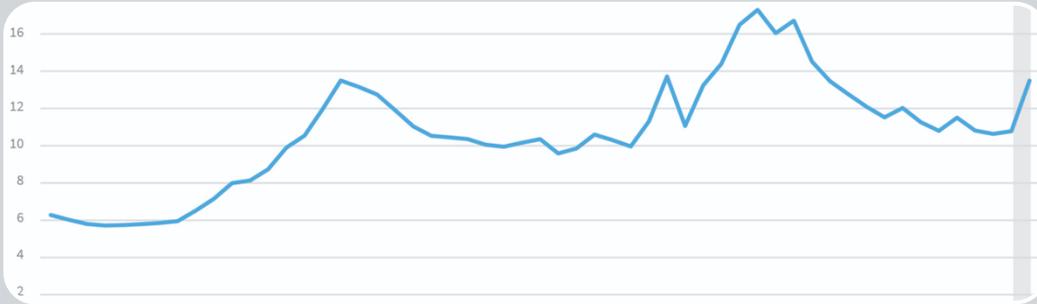
Understanding Current Opportunities

HPU already has a track record of innovation with its biomass cogeneration plant – a 10 MW landfill solar project in Hibbing would add to this by being the largest of its kind in Minnesota

- In 2020, the Minnesota Environmental Quality Board published a report to the legislature *Feasibility of Solar Development on State-Managed Closed Landfills*, finding there is “significant technical potential for solar development on Minnesota’s Closed Landfill Program sites”
- Minnesota has at least 4 completed landfill solar projects to date in Eagan, Hutchinson, Milwaukee, and St. Michael
- The largest landfill solar project to date in Minnesota is 2.25 MW, so a 5-10 MW project would put Hibbing on the map for innovation



This is a particularly timely moment for Hibbing to consider reducing fuel price risks for HPU and capturing expiring Federal incentives



Reducing short- and long-term fuel price risks

Capturing millions in non-competitive Federal tax credits (even as a public entity)

Diversifying fuel local supply reduces short- and long-term price risks for HPU and its ratepayers



Natural gas prices soar as extreme cold grips Northland, nation

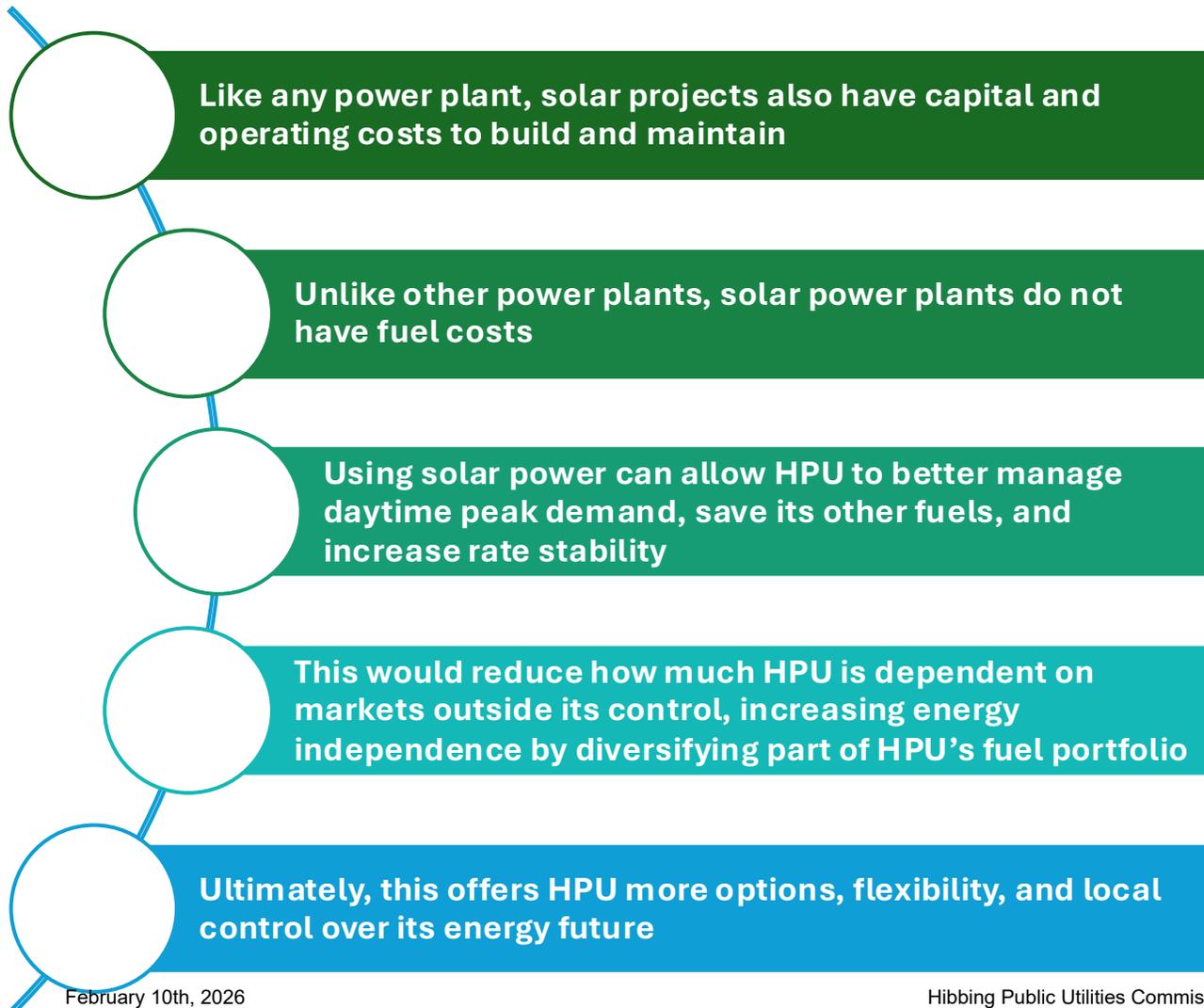
Hibbing Public Utilities works to keep rates low for customers

The Minnesota Star Tribune

Natural gas prices more than 15 times higher than expected due to frigid weather

Temperatures should warm throughout the Midwest next week, but energy bills are likely to cause grief.

Minnesotans are seeing higher utility bills this winter: Here's why



Hibbing would likely qualify for 40-50% in current Federal tax incentives (depending on the site's brownfield eligibility)

With What:

- U.S.-sourced materials (domestic content)

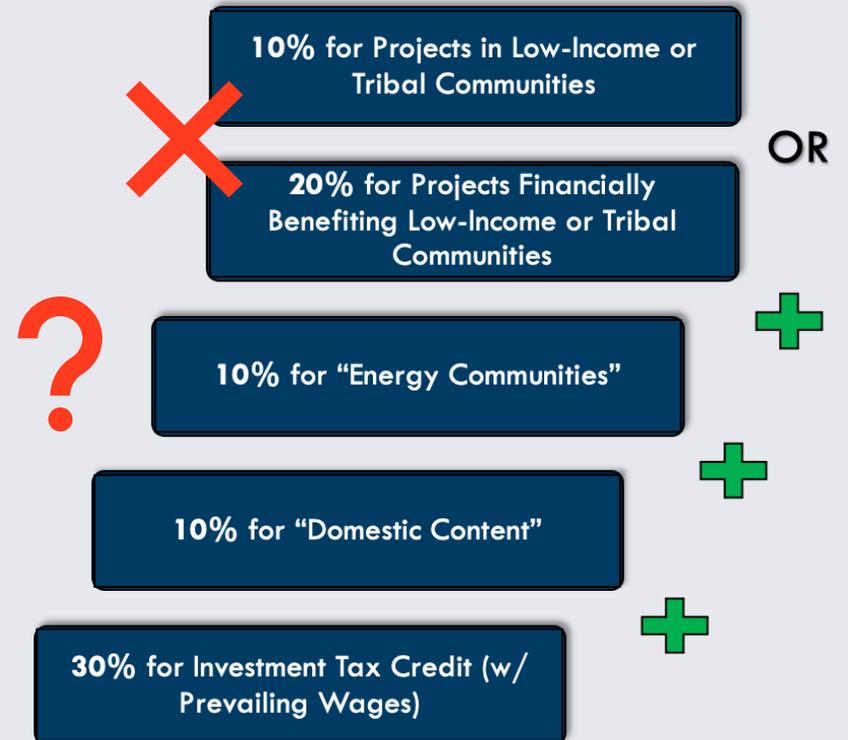
Where:

- Solar installed in Energy Communities, Tribal communities, and/or low-income communities
- “Energy Communities” include brownfields, coal communities, and other communities that have relied economically on fossil fuels

Who Benefits:

- Projects that financially benefit Tribal communities or low-income communities (note this is
- Communities with legacy sites that risk being left behind in the energy transition
- American manufacturers
- All ratepayers

THE STACK OF IRA “ADDERS” FOR CLEAN ENERGY PROJECTS



Note: While the PTC is calculated differently, the incentive ratios stack the same.

However, the 2025 Budget Reconciliation Act accelerated the phaseout of solar and wind tax incentives making this decision particularly timely

	Commence construction	Place in service	FEOC restrictions
Type 1	Before 12/31/2025	Within a four-year window	No
Type 2	1/1/2026 – 7/4/2026	Within a four-year window	Yes
Type 3	After 7/4/2026	No later than 12/31/2027	Yes

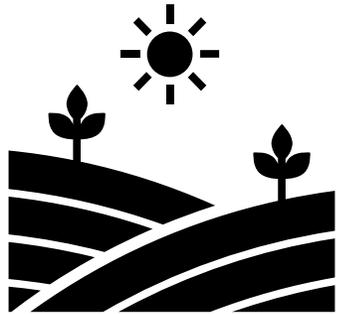
July 4, 2026 is a particularly key deadline if HPU wants to allow for a more flexible construction timeline



Potential Ownership Models

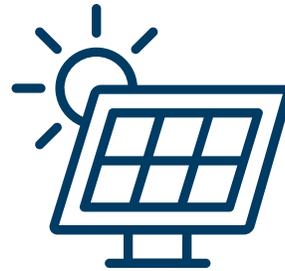
Direct Utility Ownership:

HPU could directly own the solar project and manage the power generated for its grid to distribute to customers



Site Owner

1. Utility/developer would lease the land from the site owner to host the project



Utility

2. HPU would contract to have the infrastructure built on the site, which it would sell into its grid



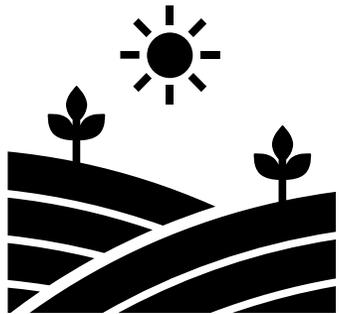
Energy Buyers (aka Customers)

3. Project would provide power into HPU's grid mix that any HPU customer buys on their normal bill

Power Purchase Agreement:

A power purchase agreement (PPA) is a third-party ownership model where HPU would buy the power at a fixed rate and not be responsible for buying and maintaining the infrastructure

1. The developer leases the land for the solar project from the site owner

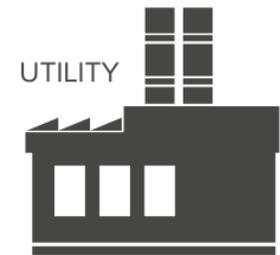


Site Owner



Energy Developer

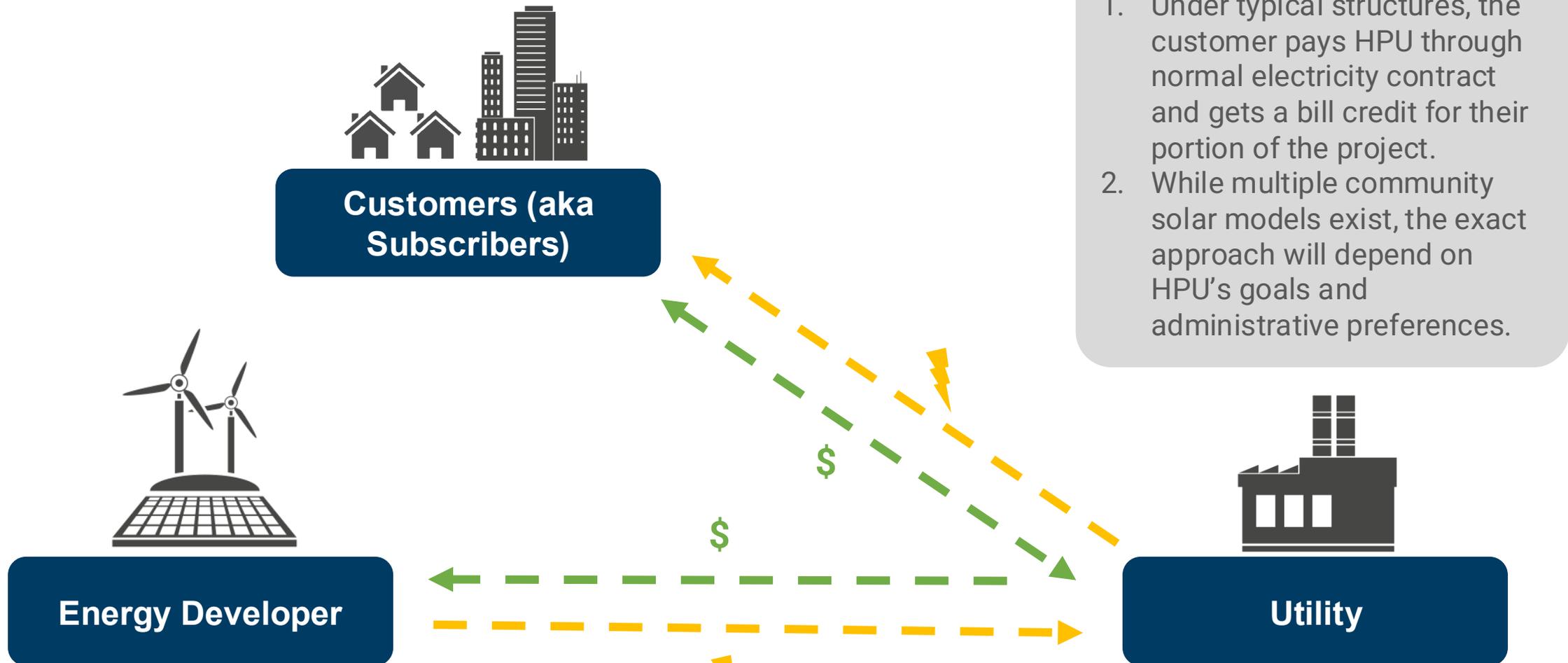
3. The developer delivers the electricity to HPU for distribution



Utility

2. HPU would sign a PPA with the developer at a fixed price per kWh (kilowatt-hour)

Community Solar: HPU could own the solar infrastructure or contract with a third party to deliver power that residents would subscribe to



1. Under typical structures, the customer pays HPU through normal electricity contract and gets a bill credit for their portion of the project.
2. While multiple community solar models exist, the exact approach will depend on HPU's goals and administrative preferences.

Montgomery County, Maryland supports a 6 MW community solar program on a closed landfill to reduce low-income customer bills

Project Impact:

- The County reactivated 170 acres of a 545-acre site that included a landfill that had closed back in 1995
- The 6 MW solar project is split into two parts: 4 MW of community solar and 2 MW for the County as a primary offtaker
- Leveraging regional partnerships between the County (host and offtaker), Neighborhood Sun (community solar B corp), Ameresco (developer), PEPCO (utility), and the Maryland Energy Administration (grantor)



The optimal ownership model depends on HPU's goals

Ownership Model	Pros	Cons
Direct Utility Ownership	<ul style="list-style-type: none"> • HPU owns infrastructure • Typically results in best net price (depending on financing rates), locking in power for 20-30 years 	<ul style="list-style-type: none"> • HPU would be responsible for upfront costs and ongoing O&M • HPU files for the federal tax credits via direct pay which could be complex (and a 15% reduction in credit when tax-exempt financing is used)
Third-Party Ownership	<ul style="list-style-type: none"> • HPU not responsible for upfront costs or ongoing O&M • HPU would lock in fixed price for power for 20-30 years, only paying for power generated • Developer files for the federal tax credits 	<ul style="list-style-type: none"> • HPU does not own infrastructure • May not result in best “net price” over lifetime of project (depends on financing rates) • Developer would pass through the tax credit benefits but usually at a reduced benefit
Community Solar	<ul style="list-style-type: none"> • Increases access to fixed-price power through subscriptions, especially for renters and those without viable rooftops for solar • HPU could own or contract with third-party to build/maintain • Less grid-scale benefit, more of a direct customer program 	<ul style="list-style-type: none"> • Additional administrative responsibilities • Less grid-scale benefit, more of a direct customer program

Note: This is a high-level overview of different project structures. Our team is more than willing to help HPU better understand the detailed trade offs, other examples, and project-specific financial options, if helpful.



Contact Us

Matthew Popkin
mpopkin@rmi.org

Tansy Massey-Green
tmassey-green@rmi.org



Item 3

Item 3 – Compensation Philosophy

February 10th, 2026

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

RE: Item 3 – Compensation Philosophy

Dear Commissioners;

I am submitting for your review and consideration a proposed compensation philosophy, including the framework for compensation, for exempt positions within the organization.

The purpose of this proposed philosophy is to establish a clear, consistent, and sustainable compensation approach that supports organizational goals while maintaining fairness, transparency, and market competitiveness.

The proposed compensation philosophy is guided, in part, by the following principles:

- **Market alignment** – ensuring compensation remains competitive with comparable organizations and roles
- **Internal equity** – promoting fairness and consistency across positions with similar scope and responsibility
- **Performance alignment** – utilize merit-based rewards tied to organizational objectives
- **Fiscal responsibility** – balancing compensation opportunities with long-term financial sustainability

Base compensation is intended to reflect the scope, responsibility, and level of each position. Salary increases are a variable component to recognize achievement of defined performance measures and is not guaranteed.

This philosophy is being presented for review and discussion. I welcome the Commissioners' feedback, questions, and guidance as part of this review process and look forward to discussing this proposal.

Respectfully submitted,

Kendra Powers

Kendra Powers
Senior Human Resources Director
Hibbing Public Utilities Commission



Hibbing Public Utilities Compensation Philosophy

Purpose

The compensation philosophy of Hibbing Public Utilities Commission supports the delivery of safe, reliable, and affordable utility services by attracting, retaining, and motivating a highly qualified workforce, while maintaining accountability to the community we serve.

Guiding Principles

Public Stewardship and Fiscal Responsibility

Compensation practices reflect the utility's responsibility to ratepayers and taxpayers. Pay decisions are fiscally responsible, sustainable over the long term, and aligned with the financial capacity of the utility and the community.

Market-Competitive

Target compensation is generally aligned with the *median of relevant labor markets*, including comparable municipal utilities, local and regional public-sector employers, and select private-sector roles where competition for specialized talent exists. The utility does not seek to lead the market but to remain competitive enough to attract and retain a skilled workforce.

Job Structures

Jobs are evaluated and classified using objective, job-related criteria. Structured pay ranges promote equitable treatment across roles and departments and ensure consistency in compensation decisions.

Pay Transparency

HPU is committed to transparent compensation practices. Job classifications, salary ranges, and compensation structures are clearly defined and, where appropriate, made available to the public in accordance with applicable laws and policies.

Compensation decisions are based on documented, objective factors such as job responsibilities, required qualifications, experience, and performance. Employees are informed about how pay ranges are established, how progression within a range occurs, and the factors influencing merit, step, or incentive-based increases.

Emphasis on Total Rewards

Total compensation is viewed with competitive base pay combined with comprehensive benefits such as healthcare, retirement, and paid leave including vacation, personal days and holidays.

Performance and Accountability

Where applied, performance-based increases are modest and aligned with public service values,



including safety, reliability, regulatory compliance, customer service, and responsible financial stewardship.

Governance

Compensation practices are documented, regularly reviewed, and subject to appropriate governance by the Commission. Market studies, equity analyses, and compensation adjustments are conducted periodically to ensure continued alignment with labor markets.

Executive and management compensation is reviewed and approved by the Commission in accordance with public-sector standards. Collective bargaining agreements are respected and integrated into compensation administration.

Commitment

This philosophy reflects the utility’s commitment to fairness, transparency, accountability, and responsible stewardship of public resources while supporting a stable, skilled workforce dedicated to serving the community.

Salary Band Structure

- Each band represents a level of responsibility, scope and impact not just a job title.
- Salary Ranges within each band:
 - Minimum – Entry point for the role/level; staff promoted from lower classification
 - Midpoint – Fully competent, multiple years of experience/subject matter expertise
 - Maximum – Senior experience/subject matter expertise, high performing
- Bands are set using external market data.
- Multiple salary ranges, identified by position, are within each band.
- Performance reviews:
 - Used to allocate merit increases within a salary tier
 - Identify readiness for future promotion
 - Ensure pay decisions are consistent and defensible
 - Performance reviews will not be used to guarantee annual increases, replace benchmarking, or justify promotions without job scope changes.

Band	Minimum	Midpoint	Maximum
Band 1	\$135,000	\$162,500	\$190,000
Band 2	\$86,700	\$114,650	\$142,600
Band 3	\$86,700	\$104,875	\$123,050
Band 4	\$58,225	\$76,837	\$95,450
Band 5	\$46,750	\$60,175	\$73,600



Salary bands are tied to the role, not the person.

Each position is assigned to a salary band based on the *level of work required*, not individual performance or tenure. Salary bands reflect the level of the role; pay within those bands reflects position, experience, and performance.

How bands are determined

- Scope of responsibility – size and importance of decisions the role makes
- Complexity of work – routine tasks vs. solving new or ambiguous problems
- Independence – how much supervision or guidance is needed
- Impact – effect on customers, revenue, operations, or risk
- Required skills and experience – what’s needed to perform the role effectively
- Market value – what similar roles pay in our industry and location

Roles with similar responsibility and impact are grouped into the same band to ensure fairness and consistency.

What bands do *not* represent

- They are not a judgment of individual value
- They are not a ceiling on growth
- They do not automatically change when someone excels in the role

Strong performance is recognized through merit increases, while band changes happen when the role itself changes.

How someone moves to a higher band

A position is reviewed for a higher band only when:

- The role’s responsibilities expand significantly
- Decision-making authority increases
- The scope or impact of the job changes permanently

HPU Positions within each band

Band	Position
Band 1	<ul style="list-style-type: none"> • General Manager • Sr. Human Resource Director
Band 2	<ul style="list-style-type: none"> • Engineering Manager • Financial Controller • Plant Manager • Manager of Energy and Operations
Band 3	<ul style="list-style-type: none"> • Electrical Engineer • Mechanical Engineer • Process Engineer



Band 4	<ul style="list-style-type: none"> • Electrical Manager • Field Operations Supervisor • Procurement Supervisor • Customer Service Supervisor • Business Analyst • Environmental, Health & Coordinator • Payroll & Human Resources Coordinator
Band 5	<ul style="list-style-type: none"> • Grant & Engagement Specialist • Accounting Coordinator • Executive Assistant

Annual Performance Based In-Range Compensation Adjustments

Rating	Rating Criteria	Merit Increase Range
1	Performance does not meet job requirements; the employee consistently fails to meet expectations, deadlines, or quality standards, and immediate improvement is required.	0%
2	Performance occasionally falls below expectations; the employee meets some job requirements but shows inconsistency or skill gaps that require improvement and additional support.	0-1%
3	Performance consistently meets job requirements; employee fulfills responsibilities effectively, completes work on time, and maintains acceptable quality and professionalism.	1-4%
4	Performance frequently exceeds job requirements; employee shows strong competence, reliability, and initiative, often going above and beyond assigned duties.	4-8%
5	Performance consistently delivers beyond expectations; expands the scope of work without being asked; sets the standards for others; impact seen beyond immediate role or team.	6-10%



Action Item 1

Action Item 1 – Approve Local 94 Tentative Agreement: effective date Jan. 1st, 2026

February 10th, 2026

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

RE: Action Item 1 – Approve Local 94 Tentative Agreement: effective date Jan. 1st, 2026

Dear Commissioners;

Attached for your consideration is the Tentative Agreement between Hibbing Public Utilities and Local Union 94. This agreement was reached after a hard-fought and productive negotiation process. The key discussion points and changes have been highlighted in the following for your convenience. Staff is confident that this process has produced a result to accomplish shared priorities of the Utility, employees, and the ratepayers.

The Local 94 has approved the proposed agreement by a vote at their most recent meeting. Approval from the Commission would implement this agreement, including back pay to the effective date of January 1st, 2026.

Sincerely;



Luke J. Peterson

HIBBING PUBLIC UTILITIES/AFSCME LOCAL 94

TENTATIVE AGREEMENT SUMMARY (WITH FULL COMMITTEE RECOMMENDATION) FOR RATIFICATION VOTE ON OR BEFORE 1/31/26

- **Duration:** 3 years (1/1/26-12/31/28)
- **Housekeeping:** Convert numbering from Roman numerals to Arabic numerals.
- **Article 3 (Pay Deductions), Section 1(a):**

SECTION 1. UNION DUES

(a)

In recognition of the Union as the exclusive representative:

The Employer shall deduct an amount each pay period sufficient to provide the payment of regular dues and/or other Union approved deductions, established by the Union from the wages of all employees authorizing such deduction through their union authorization card. Union dues will commence 30 days after hire provided the Union has affirmed with the Employer such dues have been authorized; and

The Employer shall remit such deductions to AFSCME Council 65 Administrative Office (335 West St. Germain Street, Suite 107, St. Cloud, MN 56301 – current union address) with a list of the names of the employees from whose wages deductions were made along with other pertinent employee information necessary for the collection and administration of union dues upon Union information request preferably in an Excel formatted report that may be electronically transmitted or by U.S. mail; and

The Union shall provide the formula or schedule (if applicable) to calculate the actual dues deduction to the Employer and will provide a spreadsheet that can be used to calculate the actual dues along with any set amount for local assessments, or other union related deductions, in an electronic Excel format or via U.S. mail.

HIBBING PUBLIC UTILITIES/AFSCME LOCAL 94

**TENTATIVE AGREEMENT SUMMARY
(WITH FULL COMMITTEE RECOMMENDATION)
FOR RATIFICATION VOTE ON OR BEFORE 1/31/26**

- **Article 4 (Hours of Work and Overtime), Section 2(a)**

SECTION 2. REGULAR SHIFT

(a) The regular hours of work for other than shift workers shall be posted by each Department and shall include **a thirty (30) minute unpaid lunch and 2 paid fifteen (15) minute breaks**. The normal Operations and Maintenance Department schedules other than shift workers shall be 7:00 a.m. to 3:30 p.m.

- **Article 4 (Hours of Work and Overtime), Section 2(d)**

SECTION 2. REGULAR SHIFT

(d) Employees are expected to report **to work at the employee's scheduled start time and work until the end of their scheduled shift. Time for cleanup will occur during the last 15 minutes of the employees scheduled shift.** Violation of this provision will result in disciplinary action up to and including discharge.

- **Article 4 (Hours of Work and Overtime), Section 5(c):**

SECTION 5. OVERTIME PAYMENT

(c) Employees shall be paid time and one-half for all hours worked before their regular scheduled starting time and after their regular scheduled quitting time if such time is in excess of eight (8) hours per day or forty (40) hours per week but overtime shall not be paid for both. (Overtime shall not be pyramided.)

- **Article 4 (Hours of Work and Overtime), Section 8(e)**

SECTION 8. CALL OUT

(e) An employee who has worked sixteen (16) hours or more continuously or who has worked more than sixteen (16) non-continuous hours in a twenty-four (24) hour period, shall, upon release be entitled to and required to have where possible up to an eight (8) hours rest period before returning to work. If, during the eight (8) hour rest period the employee is recalled to work for emergency response, the employee affected shall be paid at the double time rate for all hours worked on that shift. If the Employer cannot adjust the employee's following shift to ensure an eight (8) hour rest period, the employee will be paid double time for all continuing shifts until the employee has been able to receive an eight (8) hour rest period.

HIBBING PUBLIC UTILITIES/AFSCME LOCAL 94

**TENTATIVE AGREEMENT SUMMARY
(WITH FULL COMMITTEE RECOMMENDATION)
FOR RATIFICATION VOTE ON OR BEFORE 1/31/26**

- **Article 4 (Hours of Work and Overtime), Section 10(d)**

SECTION 10. OVERTIME MEALS

(d)

A meal allowance of \$20.00 will be included on the employee's paycheck for each eligible overtime shift.

- **Article 4 (Hours of Work and Overtime), Section 11**

SECTION 11. SUNDAY PREMIUM

Shift Workers and Utility Worker-Fuel Handlers required to work on Sunday shall be paid at the rate of one and one-half (1 ½) times their normal rate. Sunday premium will not be paid in connection with regular overtime or in paying vacations, sick leave or other benefits.

- **Article 4 (Hours of Work and Overtime), Section 12 (new)**

SECTION 12. PICK UP SHIFTS

An employee called in to work an unscheduled shift shall be compensated one and one half (1 ½) times their regular wage rate provided the employee worked all scheduled shifts during the same pay period or was on approved time off.

- **Article 5 (Holidays), Section 1**

SECTION 1. PAID HOLIDAYS

Employees shall be entitled to the following paid holidays:

New Years Day	Independence Day	Thanksgiving Day	Christmas Eve Day
Good Friday	Labor Day	Day after Thanksgiving	Christmas Day
Memorial Day	Veterans Day	Juneteenth	Martin Luther King
President's Day			

- **Article 6 (Vacations and Personal Leave), Section 2**

HIBBING PUBLIC UTILITIES/AFSCME LOCAL 94

**TENTATIVE AGREEMENT SUMMARY
(WITH FULL COMMITTEE RECOMMENDATION)
FOR RATIFICATION VOTE ON OR BEFORE 1/31/26**

SECTION 2. VACATION ACCRUAL SCHEDULE

Vacation shall be earned by continuous service in accordance with the following schedule:

6 mo -	Forty-eight (48) hours
1 years -	Eighty-eight (88) hours
5 years -	One-hundred twenty eight (128) hours
13 years -	One hundred sixty eight (168) hours
19 years -	Two hundred forty eight (248) hours

All employee's will have vacation deducted in hour increments.

- **Article 6 (Vacation and Personal Leave), Section 12**

SECTION 12. FURLOUGH DAYSAll employees will be given up to forty-eight (48) hours voluntary furlough days per year commencing effective January 1, 2011. Furlough is defined as a day off without pay, while still retaining other benefits. An employee must make a written request for furlough and can only request one day of furlough at a time. Management reserves the right to deny any particular request any time previous to sixteen (16) hours before the furlough is scheduled to commence. Furlough is scheduled to commence at the beginning of the scheduled shift. All shift workers will be given up to forty-eight (48) hours of voluntary furlough per year.

- **Article 7 (Sick Leave and Sick Leave Bonus)**

ARTICLE VII -- SICK LEAVE AND SICK LEAVE BONUS AND MINNESOTA PAID FAMILY AND MEDICAL LEAVE

SECTION 1. SICK LEAVE

- (a) All employees shall accrue sick leave at the rate of 0.0812 hours per hour worked up to 6.5 hours in a pay period. An employee with less than ten (10) years of service may accumulate up to 120 working days (960 hours) and an employee with ten (10) or more

years of service may accumulate up to 180 working days (1440 hours). Vacation, holiday, and compensatory time shall count as hours worked.

HIBBING PUBLIC UTILITIES/AFSCME LOCAL 94

**TENTATIVE AGREEMENT SUMMARY
(WITH FULL COMMITTEE RECOMMENDATION)
FOR RATIFICATION VOTE ON OR BEFORE 1/31/26**

EMPLOYEES HIRED AFTER 1/1/2018 SHALL RECEIVE THE FOLLOWING :

An employee may accumulate up 120 working days (960 hours) of sick leave. In accordance with Article IX, Section 2D, Seniority, any employee who is laid off and subsequently recalled within two (2) years of the effective layoff date shall retain their original seniority date and shall not fall under this provision.

- (b) Employees begin to accrue sick leave at the time of hire. Employees are eligible to use sick leave as it is earned.
- (c) An employee while on sick leave does not earn any additional sick leave.
- (d) For all time away from work for sick leave reasons (for the employee, child or relative as defined below) employees will have the choice of taking sick time with the time excused or taking the time off unpaid if pre-approved by the supervisor. Unpaid time off without pre-approval will be subject to discipline.
- (e) The Employer recognizes that employees will occasionally need time off from work to recover from an illness or injury, to address their medical needs (including both physical and mental health) or to address the medical needs of a family member, or for any other qualifying reasons under Minnesota Earned Sick and Safe Time (MN ESST).

Sick leave is hereby defined to mean the absence of an employee because of illness or injury or for attendance of such employee for the employee's child, adult child, spouse, sibling, parent, mother-in-law, father-in-law, grandchild, grandparent, or stepparent, or for other qualifying reasons or for other qualifying family members under MN ESST as the employee's attendance may be necessary on the same terms upon which the employee is able to use sick leave benefits for the employee's own illness or injury.

Further it shall be understood that any need to utilize sick leave for the purposes of tending to an above listed family member for an FMLA qualifying illness or injury shall also be considered qualified use.

The Employer reserves the right to require reasonable documentation after more than two (2) consecutive days of sick leave to verify the need for sick leave and/or authorizing the employee to return to work. All doctor's excuses must indicate the dates (beginning and ending) for which the employee used sick leave. If the employee is unable to provide a doctor's note the employee must provide a written statement indicating the dates used for ESST.

(f)

Employees using sick leave must provide at least seven (7) days advance notice if the need for leave is foreseeable, or as soon as practicable if the need for leave is unforeseeable.

HIBBING PUBLIC UTILITIES/AFSCME LOCAL 94

TENTATIVE AGREEMENT SUMMARY (WITH FULL COMMITTEE RECOMMENDATION) FOR RATIFICATION VOTE ON OR BEFORE 1/31/26

- (g) Employees going on sick leave must contact their immediate supervisor, the service desk or control room prior to the employee's scheduled starting time or as soon as reasonably possible in emergent situations. Shift workers must call the control room two (2) hours prior to the start of their shift or as soon as reasonably possible in emergent si.
- (h) Any employee found guilty of abusing the sick leave provision of this Agreement shall be subject to the regular steps of progressive discipline as is listed in Article 11 of this agreement.
- (i)

IN THE EVENT MN ESST IS RESCINDED OR AMENDED, IT IS UNDERSTOOD THAT THE EMPLOYER WILL NO LONGER BE BOUND TO COMPLY WITH THE TERMS OF THIS SECTION TO THE EXTENT THOSE TERMS ARE ONLY REQUIRED BECAUSE OF MN ESST. IN SUCH EVENT, THE COMPANY WILL PARTICIPATE IN EFFECTS BARGAINING UPON REQUEST OF THE UNION.

SECTION 2. SICK LEAVE BONUS

- (a) For purposes of sick leave bonus calculations, the sick leave bonus periods are defined as December 1 to May 31; and June 1 to November 30.
- (b) On the first day of each six-month sick leave bonus period, employees with at least one (1) year of service shall be credited with a sick leave bonus of twenty four (24) hours, which during the course of the bonus period, shall be reduced by the number of hours such employees use sick leave for any of the purposes authorized by any of the provisions of the Agreement, as follows:

The remaining balance, if any, for each bonus period shall be paid to each such employee at his/her regular rate of pay.
- (c) For employees with 20 years or more of service and who have a maximum of 180 days (1440 hours) sick leave accumulated, prior to the start of the sick leave bonus period (December 1 or June 1), said employee will be awarded one (1) additional sick leave bonus day and will be paid as defined in paragraph (a) above.

SECTION 3. MINNESOTA PAID FAMILY AND MEDICAL LEAVE

- a.) The Employer will comply will all applicable provisions of the MN-PFMLA. Employees eligible for leave under the MN-PFMLA shall be required to follow the Employer's policies and procedures in applying for and taking leave under the Act.
- b.) Effective January 1, 2026, the Employer agrees to pay fifty percent (50%) of the Minnesota Paid Family Medical Leave premiums assessed pursuant to Minnesota Statute Section 268B.14 and employees will pay fifty percent (50%) of the premiums through payroll deduction from their wages.

HIBBING PUBLIC UTILITIES/AFSCME LOCAL 94

TENTATIVE AGREEMENT SUMMARY (WITH FULL COMMITTEE RECOMMENDATION) FOR RATIFICATION VOTE ON OR BEFORE 1/31/26

- c.) Leave taken under the Minnesota Paid Family Medical Leave Law shall run concurrently with leave taken for the same purpose under the federal Family and Medical Leave Act and the Minnesota Pregnancy and Parenting Leave Law.
- d.) Paid time off provided for in this Agreement may be utilized as a supplemental benefit by employees who qualify for the Minnesota Paid Family Medical Leave program under Minnesota Statute Chapter 268B provided the employee follows all appropriate Employer procedures for submitting for paid time off. Employees may not be required to first exhaust accumulated sick and vacation or other forms of paid time off before or while utilizing the Minnesota Paid Family Medical Leave under Minnesota Statute Chapter 268B. An employee may, at their discretion, utilize sick and vacation, or other forms of paid time off or disability insurance program benefits in lieu of Paid Family Medical Leave program benefits.
- e.) Notwithstanding the foregoing: if the MN_PFML is repealed, this Section shall be of no effect; and if the effective date of the MN_PFML is after January 1, 2026, this Section shall be of no effect until that date.

- **Article 9 (Seniority), Section 1**

Seniority status shall be granted to all employees. An employee's position on the seniority list shall be determined on the basis of his/her continuous length of service for the Commission.

SECTION 1. PROBATIONARY PERIOD.

Newly hired Employees shall be considered to be on probation for the first six (6) months of employment. During the probationary period, the Employer may discharge the employee with or without cause. **Prior to a probationary employee being discharged for performance (not including attendance or misconduct offenses) management shall have the obligation to present the employee with a review on or before 150 days of employment to address all performance concerns underlying a discharge consideration, and provide no less than 30 calendar days for the employee to improve performance to management's satisfaction.** In such discharges any accrued/unused sick hours or personal days will not be paid out upon employees' dismissal. Compensatory time if accrued shall be paid out.

Should probation carry over to a new year and an employee accrued compensatory time it shall be paid out according to Art VI section 11 of this agreement.

Upon successful completion of probation, the employee's seniority shall be back dated to the time of hire. Section 1. Establishing Seniority for New Hires

HIBBING PUBLIC UTILITIES/AFSCME LOCAL 94

TENTATIVE AGREEMENT SUMMARY (WITH FULL COMMITTEE RECOMMENDATION) FOR RATIFICATION VOTE ON OR BEFORE 1/31/26

In hiring new employees, the Commission shall not permit two or more employees to commence work at the same time. Whenever two or more employees start work on the same day seniority status shall be determined by the hour of the day when each started to work.

- **Article 10 (Grievance Procedure)**

ARTICLE X - GRIEVANCE PROCEDURE

The Parties intend to work together for the shared values of excellence of public service and reliability of HPU's system. It is the intent and purpose of the parties to promote and ensure harmonious relations, cooperation and understanding between Employer and Union; to encourage economy of operations and the protection of property.

The Employer pledges considerate, courteous and fair treatment, and the employees, directly and through their Union, pledge Employer loyal, honest and efficient service.

SECTION 1. PROCESS

- (a) Should any differences arise between the Union and the Commission and/or any of its employees as to the meaning and application of any of the provisions of this Agreement or the employment relationship there shall be no interruption of the Commission's operations for any reason whatsoever; but an earnest effort shall be made to settle differences by the grievance procedure herein provided.
- (b) Management will give a written answer to a grievance to the following: Grievant, Grievance Committee Chair, Union Staff Person, Union President and Union Secretary.
- (c) Failure by Hibbing PUC or its representative(s) to issue a decision within the time period provided herein shall mean that the Union prevails on the grievance. Should this provision not be followed and where written answers to grievances have not been processed within the time limits specified, and a written exception has not been obtained by either, the aggrieved party has the right to appeal the grievance to the next step in order to have this provision followed.
- (d) Any employee having a complaint or grievance shall proceed as follows, provided it involves the interpretation and application of any of the terms of this Agreement or the employment relationship, it shall be presented in the following manner:

HIBBING PUBLIC UTILITIES/AFSCME LOCAL 94

**TENTATIVE AGREEMENT SUMMARY
(WITH FULL COMMITTEE RECOMMENDATION)
FOR RATIFICATION VOTE ON OR BEFORE 1/31/26**

STEP (1): UNION REPRESENTATIVE AND DEPARTMENT HEAD

Such grievance shall be reduced to writing and presented by a designated Union Representative to the management Supervisor. It is recognized that a written grievance must be taken up promptly and shall in no event be presented to the Management Supervisor more than fifteen (15) working days after the Union or the employee could reasonably have been expected to know of the occurrence of the condition which is claimed gave rise to the grievance. Should no management supervisor or department head be employed in a given department, this step shall be skipped and all grievances shall commence at the next step of this procedure.

No grievance shall be considered proper unless it is properly filed. In order to be considered properly filed, said grievance shall be dated and signed, by the grievant as well as by a Union Representative; and shall contain, the date the incident occurred, a statement of the facts upon which it is based, the remedy or correction requested, and the specific Section of the Agreement or employment relationship relied upon or claimed to have been violated.

The grievant and/or management representative can request a meeting to discuss a possible resolution to a Step 1 Grievance. If such meeting is mutually agreeable, the response timeline would commence the next business day following the conclusion of the Step 1 meeting.

The Department Head will give a written answer within seven (7) working days after receipt of such grievance.

STEP (2): UNION GRIEVANCE COMMITTEE AND GENERAL MANAGER OR HUMAN RESOURCES DIRECTOR

In order for a grievance to be considered further, the designated Union Representative of the Union Grievance Committee shall serve on the General Manager or Human Resources Director written notice of appeal from Step (1) prior to the expiration of seven (7) working days.

Such grievance shall be discussed thereafter by the Grievance Committee and/or the Union Staff Representative or his/her designated Union Representative and the General Manager or Human Resources Director within ten (10) working days from the date of appeal from Step (1). The General Manager or Human Resources Director shall render, in writing, an answer within seven (7) working days after such meeting.

HIBBING PUBLIC UTILITIES/AFSCME LOCAL 94

TENTATIVE AGREEMENT SUMMARY (WITH FULL COMMITTEE RECOMMENDATION) FOR RATIFICATION VOTE ON OR BEFORE 1/31/26

STEP (3): NON-BINDING MEDIATION

If the grievance is not resolved in Step (2) above, the Union Staff Representative may request non-binding mediation. The mediator will be supplied from the Minnesota Bureau of Mediation Services.

This step does not bind either the Commission or Grievant to accept the results of the mediation step. Such an appeal to Step Three (3) must be received by the Human Resources Director within seven (7) working days after the Union has received the Step Two (2) answer.

STEP (4): IMPARTIAL ARBITRATION

All unsettled grievances, which were properly filed and processed through the aforesaid Grievance procedure, may be submitted to impartial arbitration. Such appeal to impartial arbitration must be made in writing to the General Manager or Human Resources Director within fifteen (15) working days after the Union has received the Step three (3) answer. The impartial arbitrator shall have no authority to rule on any grievance, if the ruling would add to, subtract from, or modify the provisions of this Agreement. The impartial arbitrator shall not be deemed to have modified the provisions of the Agreement if ruling on a bona fide past practice which has not been a topic of negotiations.

- (a) Upon receipt of a written request for arbitration of a grievance, under this grievance procedure, one (1) individual representing the Commission and one (1) representing the Union shall be named to select an Impartial Arbitrator.
- (b) Within fifteen (15) working days of the notification of arbitration, the Union shall apply with the Bureau of Mediation Services, State of Minnesota, is to furnish a list of five (5) prospective arbitrators. From this list, each party shall in turn strike one remaining individual on the list until one name remains on the list. The remaining individual on the list shall become the Impartial Arbitrator. If the parties are unable to agree on who shall strike the first name, the question shall be decided by a flip of a coin.
- (c) The arbitration hearing shall be heard as soon as scheduling allows following the selection of an Impartial Arbitrator. The Arbitrator's decision shall be rendered, in writing, following the hearing, and shall specify the effective date of the decision. Such decision shall be final and binding on all parties to the arbitration.
- (d) The expenses of arbitration shall be borne equally between the Commission and the Union.

HIBBING PUBLIC UTILITIES/AFSCME LOCAL 94

**TENTATIVE AGREEMENT SUMMARY
(WITH FULL COMMITTEE RECOMMENDATION)
FOR RATIFICATION VOTE ON OR BEFORE 1/31/26**

SECTION 2. TIME LIMIT EXCEPTIONS

Exceptions may be made by mutual agreement to any of the time limits specified within Steps 1, 2, 3, and 4 of the Grievance Procedure. Such Agreement must be in writing to be considered valid.

SECTION 3. NON-PRECEDENT SETTING

Where either party so states in writing in the disposition of a matter not submitted to arbitration under the grievance procedure, the acceptance of the action or disposition shall not be binding on either party as a precedent for the future on the same or related matters.

SECTION 4. COMMISSION GRIEVANCES

A grievance by the Commission against an employee or the Union may be presented and handled in accordance with the established grievance procedure set forth, beginning at Step Two (2).

SECTION 5. RIGHT TO HEARING

An employee shall have the right to a hearing under the Grievance and Arbitration provisions of this Agreement, beginning at Step Two (2) or Step Three (3), on any difference of opinion after and resulting from Commission and/or Management action as to promotion, demotion, discipline administered, layoff or discharge. If, as a result of such process, an employee is exonerated and he/she has suffered any loss of pay or benefits, such employee shall have his/her record cleared and shall be reimbursed for such loss of pay and benefits.

- **Article 11 (Discipline or Discharge), Section 1**

SECTION 1. DISCIPLINE, DISCHARGE AND PROGRESSIVE DISCIPLINE

(a) The Commission and/or Management maintain the right to discipline and/or discharge any employee for just cause for violation of General Rules and Regulations, Safety Rules and Regulations, or other legitimate reasons. An employee shall have the right to question or dispute such disciplinary actions in accordance with Article X, Section 5 of this Agreement. It is recognized that discipline must be taken up promptly and shall in no event be presented to the employee more than fifteen (15) working days after the Management Supervisor could reasonably have been expected to know of the occurrence of the condition which is claimed gave rise to the discipline.

(b) It is mutually understood and agreed that, in establishing, implementing and administering disciplinary procedures that the concept of "progressive discipline" shall prevail; although it is recognized that there are some offenses which may, in extreme instances, require more stringent discipline than normal progress. The normal disciplinary progression shall be:

W	Written Reprimand
-	

HIBBING PUBLIC UTILITIES/AFSCME LOCAL 94

**TENTATIVE AGREEMENT SUMMARY
(WITH FULL COMMITTEE RECOMMENDATION)
FOR RATIFICATION VOTE ON OR BEFORE 1/31/26**

TL 1 -	Temporary Layoff - without pay for one (1) work day.
TL 3 -	Temporary Layoff - without pay for three (3) work days.
TL 5 -	Temporary Layoff - without pay for five (5) work days.
D -	Discharge

- (c) The following are some specific offenses and the normal progressive steps that will be involved in the discipline and discharge procedure. It is not deemed to exclude management's right to discipline or discharge employees for any other just cause.
- 1) Insubordination, including refusal or failure to perform work assigned. (W) (TL-3) (TL-5) (D)
 - 2) Individuals who test positive for alcohol or who are in possession of alcohol on company property will be disciplined as follows:
 - First violation: treatment as outlined in the Hibbing Public Utilities Drug & Alcohol Policy
 - Second violation: (Dismissal)
 - 3) Individuals who test positive for illegal drugs, or controlled substances (not otherwise medically excused), or who are in possession of illegal drugs on company property will be disciplined as follows:
 - First violation: treatment as outlined in the Hibbing Public Utilities Drug & Alcohol Policy.
 - Second violation: (Dismissal)
 - 4) Absenteeism without leave or without satisfactory explanation. (TL-3) (TL-5) (D)
- (d) Written reprimands by the Commission in connection with a violation shall be removed from the employee's record eighteen (18) months from the date they were issued, Drug and Alcohol violations will be removed eighteen (18) months from the date the Substance Abuse Program was completed. Such removal shall not void more current reprimands for the same offense or otherwise.
- (e) Drug or alcohol violations prior to January 1, 2026 shall not count towards the aforementioned violation system.

HIBBING PUBLIC UTILITIES/AFSCME LOCAL 94

TENTATIVE AGREEMENT SUMMARY (WITH FULL COMMITTEE RECOMMENDATION) FOR RATIFICATION VOTE ON OR BEFORE 1/31/26

- **Article 13 (Filling Job Vacancies), Section 2**

SECTION 2. APPRENTICEABLE VACANCIES

- (a) In filling job vacancies within any of the apprentice jobs, first consideration must be given to individuals with the most seniority within the department where the vacancy exists. Should apprenticeship vacancy not be filled from within the department, then the most senior qualified employee elsewhere within the plant will be given the opportunity to fill the position. Whether an individual is qualified to fill a vacant apprentice job shall be determined in accordance with the procedures set forth in the Apprenticeship Standards portion of this Agreement.
- (b) Where practical, the entry-level position within each department that uses the Apprenticeship Program shall first be posted. Except with the approval of the Functional Joint Apprenticeship Committee (FJAC), an individual who successfully bids for an "entry level position" must accept the next vacant apprenticeship within the department.
- (c) When an entry-level position within an Apprenticeship Job Ladder is filled from within the Utility, the rate of pay for the employee filling the position shall be the established rate set forth under Appendix "C". All Apprenticeship applicants shall be slotted 15 working days after the employee accepts the new position. Should the vacancy be filled from outside the Utility, the Apprentice will be slotted by the Functional Joint Apprenticeship Committee (FJAC) in accordance with its standards, and the rate of pay shall be in accordance with Appendix "C".
- (d) Even though departmental seniority prevails under certain aspects of the new Apprenticeship with regard to the filling of apprenticeship vacancies; plant wide seniority shall prevail in the event of reduction of force.
- (e) When an apprenticeship vacancy is filled from within the department in which the vacancy exists, the employee will receive his/her current rate of pay or the normal starting rate for the apprentice vacancy involved, whichever is highest. When such a vacancy is filled by an individual from another department, he/she shall receive the normal starting rate of pay for the position. Progress within the respective apprentice position shall be in accordance with the established apprenticeship pay schedules as set forth in Appendix "C".

If a vacancy occurs on a crew which is part of the Apprenticeship program, and Management determines to post for the vacancy, Management will post for an apprentice if the apprentice position is not already filled. Crews with three to four (3-4) members may have one apprentice; crews with five (5) or more members may have two apprentices. This language, however, does not limit the number of apprentices on any crew.

HIBBING PUBLIC UTILITIES/AFSCME LOCAL 94

**TENTATIVE AGREEMENT SUMMARY
(WITH FULL COMMITTEE RECOMMENDATION)
FOR RATIFICATION VOTE ON OR BEFORE 1/31/26**

• **Article 13 (Filling Job Vacancies), Section 3**

SECTION 3. VACANCIES ON THE FIRING LINE

- (a) It is the basic policy of the Public Utilities Commission that the employees holding positions falling within the progression ladder on the "firing line" must advance to higher positions within the progression ladder, as vacancies occur, provided they are the most senior employee, as well as otherwise qualified, including time in grade, appropriate State certification, health and any other provisions of this contract which deems or defines whether or not a given employee is qualified. An individual who refuses such promotion shall be dealt with as follows:
- 1) An employee is required under the terms of this Agreement, to accept a promotional opportunity within the "firing line" progression ladder and, if he/she refuses, the employee shall be demoted to the next lower job classification within the job ladder with a corresponding reduction in pay. For extreme cases determined by Management, a maximum of two employees frozen into a position will be allowed. Should a third employee refuse to accept a promotional opportunity, that employee shall be demoted to the Bio Mass Tech position with a corresponding reduction in pay. For the purposes of automatic progression within the new job classification, subject employee shall be considered lowest on the seniority list.
 - 2) For the purpose of bidding on posted job vacancies, other than those within the "firing line" progression ladder, the regular seniority provisions of this contract shall apply.
 - 3) As relief positions become vacant within a job classification job ladder on the firing line; the position will be filled by the most senior individual, who wants the position within the job classification where the vacancy exists. In the absence of any of the more senior employees within the job classification wanting the assignment, the least senior individual must take the relief assignment. Once assignment has been made to the relief position, that individual can keep that assignment until such time as the employee changes job classification as set forth in this Agreement.

In filling job vacancies within the Firing Line, first consideration must be given to individuals with the most plant wide seniority within the Firing Line. Should the vacancy not be filled from within the Firing Line, then the most senior qualified employee elsewhere within the plant, through the job posting procedure, will be given the opportunity to fill the position.

- (b) Employees hired as Fireman Helper Trainees must have a Special Boiler License or obtain within sixty (60) days.

• **Article 14 (Attendance of Employees at Union Meetings)**

HIBBING PUBLIC UTILITIES/AFSCME LOCAL 94

TENTATIVE AGREEMENT SUMMARY (WITH FULL COMMITTEE RECOMMENDATION) FOR RATIFICATION VOTE ON OR BEFORE 1/31/26 ARTICLE XIV - ATTENDANCE OF EMPLOYEES AT UNION MEETINGS

Any employee selected to represent the Union at the Local, State District, or International level and the meeting(s) require his/her absent from duty shall be allowed to attend such meeting(s) with proper written notice twenty (24) hours excepting employees working on the firing line, they shall provide 48 hours written notice.. This time off will be considered vacation day(s), personal day(s), furlough day (s), or leave of absence with insurance benefits paid by the Commission. The Utility is not responsible for any loss of PERA, Social Security or Medicare contribution if an employee chooses to take a leave of absence for attending a union meeting.

Union employee representatives will be paid for investigatory meetings that could reasonably lead to discipline where an employee seeks an employee union representative or when the employee representative's attendance is otherwise required by management. The Company will also pay for up to four (4) employee representatives for up to 40 hours per employee per contract for hours worked in participating in negotiations. All other hours or employee representative participants

will be unpaid or the employee can use accrued vacation, personal days, or compensatory time. Employees will otherwise not be paid by Hibbing Public Utilities for any other time spent representing employees in disciplinary matters, contract disputes, grievance investigation and processing, arbitrations, or bargaining sessions.

- **Article 15 (Insurance), Sections 5 and 6**

SECTION 5. INSURANCE

- (a) The Commission shall continue to provide for its employees as it is now doing at the same level for comprehensive medical.
- (b) The Employer agrees to provide to all eligible Employees and retirees comprehensive group health insurance. A Health Savings Account H.S.A or VEBA shall be provided for all eligible and active employees. A VEBA/HRA will be provided to eligible early retirees that are not yet Medicare eligible.

The Employer will contribute \$3,500 annually to an employee's single health savings account HSA or VEBA (prorated on a quarterly basis) or \$7,000 annually to an employee's family HSA or VEBA (prorated on a quarterly basis). Contributions will continue in subsequent years on the same basis unless otherwise negotiated. In the event an employee requires additional HSA or VEBA payment they have not yet accrued (up to the total annual entitlement noted herein) they may request advance payment from the HR Director. Such requests will be granted (up to the total annual entitlement) provided the employee first executes written authorization for the Company to deduct from the employee's paycheck (subject to applicable law) any HSA or

HIBBING PUBLIC UTILITIES/AFSCME LOCAL 94

TENTATIVE AGREEMENT SUMMARY (WITH FULL COMMITTEE RECOMMENDATION) FOR RATIFICATION VOTE ON OR BEFORE 1/31/26

VEBA amounts owed in the event the employee separates employment prior to accruing back the HSA or VEBA amount advanced.

Any retiree currently on the active employee health insurance plan will receive the same plan provider, plan design, and plan deductible contributions from the employer as current active employees.

- (c) Plan Premiums: The employer shall pay 95% of the premium costs for both single and family plans. The employee shall pay 5% of the premium costs for both single and family plans.
- (d) Life insurance in the amount of \$60,000 will be provided to the employee with additional dependent coverage in the amount of \$5,000 for the employee's spouse and \$2,000 per child.
- (e) Dental insurance will be provided at the same level as it is now provided including a \$1,000 lifetime maximum per eligible dependent orthodontic procedure coverage. Dental coverage shall be \$3,000.

SECTION 6. RETIREMENT INSURANCE

- (a) The Commission shall continue to provide medical coverage for retired employees who, upon their retirement, have at least ten (10) years of service and are otherwise qualified to receive benefits provided by the Public Employees Retirement Association, except that for employees who are also eligible for Federal Medicare, the Commission will only provide supplemental medical coverage.
- (b) For retired employees hired after 1/1/85 who are eligible for Federal Medicare, the Commission will provide supplemental medical coverage . The retired employee has the right to continue his/her insurance at his/her cost between the periods from his/her effective retirement date until he/she qualifies for Federal Medicare.

Employees hired after 1/1/18 the employer shall not provide post retirement insurance. In accordance with Article IX, Section 2D, Seniority, Any employee who is laid off and subsequently recalled within two (2) years of the effective layoff date shall retain their original seniority date and shall not fall under this provision.

- (c) Retired employees, when eligible for Commission paid health insurance benefits, will receive the same health insurance coverage that they received while they were working, at the time of their retirement. All applicable terms of paragraphs (a) and (b) above regarding provision of supplemental insurance still apply. For purposes of this section "same" shall be defined as no harm to the employee and benefit levels stay the same.
- (d) Upon retirement, the Commission shall provide the employee with a \$1,500 paid-up life insurance policy or its equivalent.

HIBBING PUBLIC UTILITIES/AFSCME LOCAL 94

TENTATIVE AGREEMENT SUMMARY (WITH FULL COMMITTEE RECOMMENDATION) FOR RATIFICATION VOTE ON OR BEFORE 1/31/26

- (e) The Employer agrees to provide to all eligible Employees and retirees comprehensive group health insurance. A Health Savings Account H.S.A or VEBA shall be provided for all eligible and active employees. A VEBA/HRA will be provided to eligible early retirees that are not yet Medicare eligible.

The Employer will contribute \$3,500 annually to an employee's single health savings account HSA or VEBA or \$7,000 annually to an employee's family HSA or VEBA. Contributions will continue in subsequent years unless otherwise negotiated.

Any retiree currently on the active employee health insurance plan will receive the same plan provider, plan design, and plan deductible contributions from the employer as current active employees.

- **Article 15 (Insurance), Section 12**

SECTION 12. WORKER FLAME RESISTANT (FR) CLOTHING

The Policy originates from OSHA Standard 1910.269, which prohibits the wearing of synthetic clothing (rayon, polyester, nylon, or acetate) that could increase the extent of injuries to employees exposed to electric arcs or flames.

- 1) The Utility will purchase FR clothing that is required for employees.
- 2) FR clothing that is torn will be returned to their supervisor and it will be sent to the vendor for repairs (Utility's expense). Employees will not repair damaged FR clothing.

The Purchasing Supervisor will order and issue FR clothing.

- **Article 15 (Insurance), Section 16 (New)**

SECTION 16. 529 SAVINGS PLAN

Where elected and authorized by an employee, the Employer will administer a 529 plan and deduct the amounts authorized by the employee from their paycheck in accordance with IRS and all other applicable rules and regulations.

- **Article 16 (Wages and Job Evaluation), Section 3**

SECTION 3. INCENTIVE PAY (LICENSES AND CERTIFICATION)

- (a) Employees who hold the below listed job classifications along with the identified license or certification shall receive incentive pay indicated, only as long as they hold the subject job classification.

HIBBING PUBLIC UTILITIES/AFSCME LOCAL 94

TENTATIVE AGREEMENT SUMMARY (WITH FULL COMMITTEE RECOMMENDATION) FOR RATIFICATION VOTE ON OR BEFORE 1/31/26

- (b) The Commission shall pay for all licenses required to perform their job duties; namely, Chief "A" Operator's License, First Class "A" Operator's License, Second Class "A" Operator's License, Water Supply "A" and "B" License, Bio Mass Tech License, and a Class "B" Driver's License. A Journeyman and Master Electrician's License will be paid if required by the HPUC.
- (c) The Utility shall grant time off without loss of pay for all employees who take tests for licenses and certificates required for respective job position. Only reasonable time required for travel and taking of the test will be given off.
- (d) The incentive pay to the above jobs will be increased each successive year after the 1991 base Year rate by the same percentage as the average wage rate increase.
 - **New Article (Emergencies and Mutual Aid)**

SECTION 1. For Emergencies on Employer Property or in Employer's Service Territory:

A. The Employer will declare the start, the end and the scope of the Emergency. Emergency pay for employees already working will start after management has declared the start of the Emergency. Employees who were not working when the Emergency was declared shall receive Emergency pay at the start of their next work day or when called in.

B. During a declared Emergency, all work hours for employees directly assigned by management to the restoration effort will be paid at two times their regular straight time rate. Notwithstanding the foregoing, when such employees perform such work on a holiday that is recognized in the Collective Bargaining Agreement, they will also be paid for eight (8) hours of holiday pay at their regular straight time rate.

C. Employees will be available to work sixteen (16) hours, and have eight (8) hours rest after being released from work, before being required to return to work.

D. When the Emergency has ended, all employees will return to their regular schedule.

E. Up to three (3) meals per day will be eaten on paid time. These meals will be provided by the Employer via credit card or other means.

SECTION 2. Mutual Aid.

A. Management reserves the right not to deplete the workforce, and will determine the number of employees that will be allowed to respond to a call for Mutual Aid.

B. When the Employer agrees to participate in Mutual Aid, volunteers will be requested. If more employees volunteer than are needed, then volunteers will be chosen based on a rotational basis. Seniority will be used, if needed, to choose volunteers with equal rotations.

HIBBING PUBLIC UTILITIES/AFSCME LOCAL 94

**TENTATIVE AGREEMENT SUMMARY
(WITH FULL COMMITTEE RECOMMENDATION)
FOR RATIFICATION VOTE ON OR BEFORE 1/31/26**

C. During Mutual Aid, all work hours for employees directly assigned by management to the restoration effort will be paid at two times their reg straight time rate. Notwithstanding the foregoing, when such employees perform such work on a holiday that is recognized in the Collective Bargaining Agreement, they will also be paid for eight (8) hours of holiday pay at their regular straight time rate.

D. Employees will be available to work sixteen (16) hours, and have eight (8) hours rest after being released from work, before being required to return to work.

E. The following employees are not eligible to participate in Mutual Aid:

- i. Anyone not released for full duty (not able to perform 100% of duties).
- ii. Anyone who does not possess a Commercial Driver's License (CDL).
- iii. Any apprentice.

HIBBING PUBLIC UTILITIES/AFSCME LOCAL 94

**TENTATIVE AGREEMENT SUMMARY
(WITH FULL COMMITTEE RECOMMENDATION)
FOR RATIFICATION VOTE ON OR BEFORE 1/31/26**

- **Wage Terms (Modifications to Appendix A)**

Year 1

- Move Plant, Water, and Heat Mechanics to Transportation Mechanic job class (\$36.36)
- Rate Adjustments: For Lineworkers, Assistant Line Crew Lead, Plant Mechanic Crew Lead, Assistant Water Mechanic Crew Lead, and Biomass Technician as follows:
 - Lineworkers: \$41.03
 - Assistant Line Crew Lead: \$43.74
 - Plant Mechanic Crew Lead: \$45.17
 - Assistant Water Mechanic Crew Lead: \$38.12
 - Biomass Technician: 31.90
- Year 1 all employees with the exception of reclassified/rate-adjusted positions noted above receive 2.5% increase
- Year 2 all employees receive 3% increase
- Year 3 all employees receive 3% increase
- Hibbing Public Utilities will complete a class and compensation study by the end of the current contract period.
- *See updated wage chart included with this summary*
- **YEAR ONE WAGE INCREASES AND ADJUSTMENTS WILL BE RETROACTIVE TO 1/1/26 CONTINGENT ON RATIFICATION OF THE CONTRACT ON THE FIRST VOTE ON OR BEFORE 1/31/26**

Position	Job Class	Current	Adjusted	2026	2027	2028
Unknown	20	\$53.03		\$54.36	\$55.99	\$57.67
Unknown	19	\$50.50		\$51.76	\$53.32	\$54.91
Unknown	18	\$47.97		\$49.17	\$50.64	\$52.16
Unknown	17	\$45.44		\$46.58	\$47.97	\$49.41
Line Crew Leader	15	\$47.64		\$48.83	\$50.30	\$51.80
Water Crew Leader	15	\$45.17		\$46.30	\$47.69	\$49.12
Heat Crew Leader	15	\$45.17		\$46.30	\$47.69	\$49.12
Electrician/Instrumentation Crew Leader	15	\$47.64		\$48.83	\$50.30	\$51.80
Plant Operations Crew Leader (Chief Operator Engineer)	15	\$45.17		\$46.30	\$47.69	\$49.12
Assistant Line Crew Leader	14	\$40.47	\$43.74	\$43.74	\$45.05	\$46.40
Plant Mechanic Crew Leader	14	\$42.76	\$45.17	\$45.17	\$46.53	\$47.92
Plant Operations Shift Coordinator (Shift Engineer)	14	\$45.17		\$46.30	\$47.69	\$49.12
Assistant Heat Crew Leader	14	\$38.12		\$39.07	\$40.25	\$41.45
Design Engineering Technician	14	\$38.12		\$39.07	\$40.25	\$41.45
Meter Technician Leader	14	\$41.43		\$42.47	\$43.74	\$45.05
E&I Technician	14	\$40.47		\$41.48	\$42.73	\$44.01
Lineman	13	\$37.95	\$41.03	\$41.03	\$42.26	\$43.53
Plant Operations Auxillary Operator II (Assist Shift Engineer)	13	\$38.06		\$39.01	\$40.18	\$41.39
Assistant Water Mechanic Leader	13	\$35.76	\$38.12	\$38.12	\$39.26	\$40.44
Customer Service Lead	13	\$36.86		\$37.78	\$38.91	\$40.08
Plant Mechanic	12	\$33.35	\$36.36	\$36.36	\$37.45	\$38.57
Plant Operations Operator I (fireman)	12	\$33.35		\$34.18	\$35.21	\$36.27
Heating Mechanic	12	\$33.35	\$36.36	\$36.36	\$37.45	\$38.57
Water Mechanic	12	\$33.35	\$36.36	\$36.36	\$37.45	\$38.57
Transportation Mechanic	11	\$36.36		\$37.27	\$38.39	\$39.54
Utility Billing Specialist	11	\$33.60		\$34.44	\$35.47	\$36.54
Meter Technician A	11	\$31.97		\$32.77	\$33.75	\$34.76
Warehouse Clerk/utility	11	\$34.27		\$35.13	\$36.18	\$37.27
Plant Operations Fuel Handler	11	\$30.97		\$31.74	\$32.70	\$33.68
Service Clerk II Utility Billing	11	\$32.07		\$32.87	\$33.86	\$34.87
Cashier	10	\$30.99		\$31.76	\$32.72	\$33.70
Meter Reader Utility	10	\$28.57		\$29.28	\$30.16	\$31.07
Maintenance Custodian Utility Worker	10	\$28.57		\$29.28	\$30.16	\$31.07
Biomass Technician FORMERLY fireman helper	10	\$28.57	\$31.90	\$31.90	\$32.86	\$33.84
Biomass Technician Trainee FORMERLY fireman helper trainee	10	\$25.53		\$26.17	\$26.95	\$27.76
Vacant Superintendent of Electrical Systems	19	\$50.50		\$51.76	\$53.32	\$54.91
Vacant Senior Deisng Engineering Technician	15	\$40.53		\$41.54	\$42.79	\$44.07
Vacant Relief Operator #1	14	\$39.45		\$40.44	\$41.65	\$42.90
Vacant Relief Operator #2	14	\$39.45		\$40.44	\$41.65	\$42.90
Vacant Sr Fireman	14	\$38.12		\$39.07	\$40.25	\$41.45
Vacant Relief Operators	13	\$36.42		\$37.33	\$38.45	\$39.60
Vacant Assistant Plant Mechanic Crew Lead	13	\$35.76		\$36.65	\$37.75	\$38.89
Vacant Head Cashier	13	\$36.86		\$37.78	\$38.91	\$40.08
Vacant Coal/Ash Crew Lead	12	\$34.68		\$35.55	\$36.61	\$37.71
Vacant coal and ash fuel handlers	12	\$33.35		\$34.18	\$35.21	\$36.27
Vacant Engineering Tech	12	\$33.35		\$34.18	\$35.21	\$36.27
Vacant Programmer/accounting clerk	11	\$31.52		\$32.31	\$33.28	\$34.28
Vacant Plant Oiler	11	\$30.97		\$31.74	\$32.70	\$33.68
Vacant Meter Technician B	10	\$30.27		\$31.03	\$31.96	\$32.92
Vacant Service Clerk I	10	\$28.57		\$29.28	\$30.16	\$31.07
Vacant Meter Technician C	10	\$28.57		\$29.28	\$30.16	\$31.07
Vacant Assistant Cashier	10	\$28.57		\$29.28	\$30.16	\$31.07

Apprentice Jobs	Year	Step	Journeyman							
		1	2	3	4	5	6	7	8	
		Rate								
Electrician/Instrumentation		\$36.50	\$37.33	\$37.75	\$38.58	\$38.99	\$39.82	\$40.24	\$41.07	\$41.48
Lineman		\$36.11	\$36.93	\$37.34	\$38.16	\$38.57	\$39.39	\$39.80	\$40.62	\$41.03
Plant Mechanic		\$32.00	\$32.72	\$33.09	\$33.81	\$34.18	\$34.91	\$35.27	\$36.00	\$36.36
Water Mechanic		\$32.00	\$32.72	\$33.09	\$33.81	\$34.18	\$34.91	\$35.27	\$36.00	\$36.36
Heating Mechanic		\$32.00	\$32.72	\$33.09	\$33.81	\$34.18	\$34.91	\$35.27	\$36.00	\$36.36