



# Commission Meeting

MAY 12<sup>TH</sup>, 2026



## Commission Meeting Agenda

May 12<sup>th</sup>, 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	—
Plant Manager D. Edwards	—	Executive Assistant M. Schoeben	—
Engineering Manager P. Skubinna	—	Local 94 President G. Pogachnik	—

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### 1. Department Heads & Updates

- Human Resources, Kendra Powers
- Energy & Operations, Paul Plombon
- Engineering, Paul Skubinna
- Power Plant, Dan Edwards
- Strategic Planning Outreach, Eliot Dixon

### 2. 2026 Financials and Financing

- a. Budget Current Estimate
- b. Annual Rate Adjustment Review
- c. PFA Loan Application

### 3. Capital Plan

- a. (OF0004.2) Beltline Substation Project Bid Opening Update
- b. (OF0010.0) Electric Distribution Annual Maintenance - Vegetation Management Pre-request for Bid Update
- c. (OF0005) Southern Interconnect Project
- d. (OF0009.0) Gas AMI Discussion

### 4. Organizational Development

- a. Seccession of Leadership
- b. Construction Crew
  - i. Operator I Job Description
  - ii. Operator II Job Description

### 5. Steam District Steering Update

- First Quarterly Meeting 5/14/26
- Ever-Green Energy Tour 6/2/26





Item 2.A



Item 2.A – Budget Current Estimate

May 12<sup>th</sup>, 2026

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

RE: Item 2.A – Budget Current Estimate

Dear Commissioners;

Due to unforeseen power supply and gas costs in the first quarter of 2026, HPU had a variance of 2026 from budget in Q1 of 2026.

Discussion of cost reductions is ongoing. Cuts in operational costs in the short term are limited as discretionary spending is limited to 11 % of our revenue requirement.

2026 Revenue Requirement		
Depreciation	\$ (6,348,668.00)	19%
Interest Expense	\$ (390,117.00)	1%
Fuel Costs	\$ (8,809,925.00)	26%
Purchase power costs	\$ (4,465,859.00)	13%
Power Transmission cost	\$ (2,597,779.00)	8%
Payroll Expenses	\$ (7,577,187.32)	22%
Other operating expenses	\$ (3,660,397.00)	11%
<b>Total</b>	<b>\$ (33,849,932.32)</b>	

Sincerely;



Luke J. Peterson

HPU 2026 Year-End Projections

	2026 Budget	2026 Current Estimate *	Rate change included in budget and estimate
Total Operating Revenue			
Charges for Services	33,168,300.01	32,875,857.40	892,446.16
Other	368,735.11	432,651.30	
Total Operating Revenue	33,537,035.12	33,308,508.70	892,446.16
Total Operating Expenses			
Operation and Maintenance	(27,520,369.04)	(29,074,443.74)	
Depreciation and Amortization	(6,348,668.00)	(6,495,756.99)	
Total operating Expenses	(33,869,037.04)	(35,570,200.72)	
Operating income (loss)	(332,001.92)	(2,261,692.02)	892,446.16
Nonoperating Revenues ( Expenses )			
Investment Income	750,974.19	659,768.90	
Changes in Equity in LEA	(155,461.61)	(152,560.57)	
Interest Expense	(390,117.67)	(399,726.52)	
Misc nonoperating income (expense)	(10,860.52)	(27,109.02)	
Grant income	1,000,000.00	1,000,000.00	
Total nonoperating revenue	1,194,534.39	1,080,372.79	
Change in Net Position	862,532.47	(1,181,319.23)	892,446.16

<i>WATER</i>	2026 budget	2026 Projections	11.25% increase
Operating Revenues	3,472,320.03	3,539,534.29	332,538.14
Other Revenue	108,627.97	111,180.92	
Total Water Revenue	3,580,948.00	3,650,715.21	332,538.14
Operating Expenses	(1,794,173.23)	(1,889,512.57)	
Depreciation and Amortization	(1,100,000.00)	(1,106,217.68)	
Total Water Expenses	(2,894,173.23)	(2,995,730.25)	
Operating Income (Loss)	686,774.77	654,984.96	332,538.14

<i>Electric</i>	2026 budget	2026 Projections	5.4% increase
Operating Revenues	19,214,319.70	19,508,603.18	728,581.65
Other Revenue	168,731.19	209,290.26	
Total Electric Revenue	19,383,050.89	19,717,893.44	728,581.65
Operating Expenses	(17,985,052)	(18,742,608.70)	
Depreciation and Amortization	(3,753,985)	(3,893,549.42)	
Total Electric Expenses	(21,739,037)	(22,636,158.11)	
Operating Income (Loss)	(2,355,986.13)	(2,918,264.67)	728,581.65

<i>Gas</i>	2026 budget	2026 Projections	4.5% decrease
Operating Revenues	8,156,933.89	7,552,289.81	(217,047.93)
Other Revenue	70,445.53	70,004.38	
Total Gas Revenue	8,227,379.42	7,622,294.19	(217,047.93)
Operating Expenses	(5,298,192.68)	(5,767,374.09)	
Depreciation and Amortization	(414,683.00)	(416,930.66)	
Total Gas Expenses	(5,712,875.68)	(6,184,304.75)	
Operating Income (Loss)	2,514,503.74	1,437,989.44	(217,047.93)

<i>STEAM</i>	2026 budget	2026 Projections	3.5% increase
Operating Revenues	2,324,726.39	2,275,430.12	48,374.31
Other Revenue	20,930.42	42,175.74	
Total Steam Revenue	2,345,656.81	2,317,605.86	48,374.31
Operating Expenses	(2,442,951.10)	(2,674,948.38)	
Depreciation and Amortization	(1,080,000.00)	(1,079,059.23)	
Total Steam Expenses	(3,522,951.10)	(3,754,007.61)	
Operating Income (Loss)	(1,177,294.29)	(1,436,401.75)	48,374.31

\* Note - Current estimate does not include projected revenue increases of \$553 in projected capacity sales



Item 2.B



Item 2.B – Annual Rate Adjustment Review

May 12<sup>th</sup>, 2026

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

RE: Item 2.B – Annual Rate Adjustment Review

Dear Commissioners;

We submit the following information for the commission’s annual review of utility rates. As requested by the City of Hibbing and agreed to by Commission Resolution, HPU contracted Baker Tilly to perform a rate study in 2025. Following extensive analysis of projected demand and expenses a recommendation to adjust rates over a 5-year timeframe was presented to the commission. 2026 is the second year of the 5-year phased in rate change plan.

On May 27, 2025 the commission approved the 1<sup>st</sup> phase of the rate adjustments. The 2026 budgeted revenue was based on the ratification of the recommended rate increase effective 5/1/2026. We are recommending adoption of the Tilly Recommendation for year two as presented in the attached rate study.

Utility	Rate Change	Budget impact
Electric	5.40%	\$ 728,581.00
Gas	-4.50%	\$ (217,047.00)
Steam	3.50%	\$ 48,374.00
Water	11.25%	\$ 332,538.00
Total Rate change included in 2026 budget		\$ 892,446.00

Sincerely;



Luke J. Peterson



# **HIBBING PUBLIC UTILITIES**

Forecasted Electric, Gas, Steam, and Water  
Revenue Requirement, Cost of Service, and Rate Design

Prepared as of  
January 2, 2025

# HIBBING PUBLIC UTILITIES ELECTRIC, GAS, STEAM, AND WATER RATE STUDY

## Water Utility

### *Revenue requirement*

The revenue requirement identifies the necessary customer revenues to operate the water utility for FY 2025 – 2029.

The revenue requirement for FY 2025 – 2029 is shown in the following table:

**Table 16 – Water Revenue Requirement FY 2025 – 2029**

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Operations and Maintenance	\$ 1,914,000	\$ 1,962,000	\$ 2,011,000	\$ 2,061,000	\$ 2,113,000
Depreciation	993,660	1,069,828	1,145,996	1,222,164	1,298,332
Return on Ratebase	<u>1,728,900</u>	<u>1,675,409</u>	<u>1,618,109</u>	<u>1,557,001</u>	<u>1,492,084</u>
<b>Total Revenue Requirement</b>	<b><u>\$ 4,636,560</u></b>	<b><u>\$ 4,707,237</u></b>	<b><u>\$ 4,775,105</u></b>	<b><u>\$ 4,840,165</u></b>	<b><u>\$ 4,903,416</u></b>

The revenue requirement increases slightly over the forecast period, with inflationary increases in operating expenses.

### *Operating income and return on ratebase*

A benchmark rate of return of 5% was used in developing the revenue requirement. A 5% return is based on the cost of debt and equity as of the date of this report.

The forecasted operating income and return on ratebase for FY 2025 – 2029 is shown in the following table. The forecast revenues are based on the recommended rate changes in Table 19.

**Table 17 – Water Operating Income and Return on Ratebase FY 2025 – 2029**

	<u>Forecasted</u>				
	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
<b>Operating Revenues</b>					
Customer Revenues	\$ 3,129,089	\$ 3,481,875	\$ 3,875,146	\$ 4,310,814	\$ 4,802,086
Other operating revenue	<u>105,705</u>	<u>105,705</u>	<u>105,705</u>	<u>105,705</u>	<u>105,705</u>
<b>Total Operating Revenues</b>	<b><u>\$ 3,234,794</u></b>	<b><u>\$ 3,587,580</u></b>	<b><u>\$ 3,980,851</u></b>	<b><u>\$ 4,416,519</u></b>	<b><u>\$ 4,907,791</u></b>
<b>Expenses</b>					
Operations and Maintenance	\$ 1,914,000	\$ 1,962,000	\$ 2,011,000	\$ 2,061,000	\$ 2,113,000
Depreciation	<u>993,660</u>	<u>1,069,828</u>	<u>1,145,996</u>	<u>1,222,164</u>	<u>1,298,332</u>
<b>Total Operating Expenses</b>	<b><u>\$ 2,907,660</u></b>	<b><u>\$ 3,031,828</u></b>	<b><u>\$ 3,156,996</u></b>	<b><u>\$ 3,283,164</u></b>	<b><u>\$ 3,411,332</u></b>
<b>Operating Income</b>	<b><u>\$ 327,134</u></b>	<b><u>\$ 555,752</u></b>	<b><u>\$ 823,855</u></b>	<b><u>\$ 1,133,355</u></b>	<b><u>\$ 1,496,459</u></b>
<b>Net Investment Ratebase</b>	<b><u>\$ 34,578,001</u></b>	<b><u>\$ 33,508,173</u></b>	<b><u>\$ 32,362,177</u></b>	<b><u>\$ 31,140,013</u></b>	<b><u>\$ 29,841,681</u></b>
<b>Rate of Return on Ratebase</b>	<u>0.95%</u>	<u>1.66%</u>	<u>2.55%</u>	<u>3.64%</u>	<u>5.01%</u>

## HIBBING PUBLIC UTILITIES ELECTRIC, GAS, STEAM, AND WATER RATE STUDY

The operating revenues are based on an annual increase in rates of 11.25%. By the end of FY 2029, the utility should attain a return of 5%, barring any major changes in operations or increases in depreciation and the net investment ratebase.

### ***Cost of service analysis***

The cost of service analysis was based on industry standards in allocating costs based on customer load curves. The cost of service detail is shown in the water rate model used to prepare this study. The results of the cost of service analysis shows that revenues from current rates are 65% below the cost of service. This varies by customer class as shown in the following table:

**Table 18 – Water Cost of Service Analysis**

	Forecasted Cost	Rate Classes		
		Residential	Multi-Unit	Commercial
Base	\$ 1,959,705	\$ 1,443,993	\$ 283,641	\$ 232,070
Max Day	1,057,454	794,073	155,979	107,402
Max Hour (System)	407,494	306,613	60,228	40,654
Max Hour (Distribution)	407,494	306,613	60,228	40,654
Equivalent Meters	431,198	300,545	67,698	62,955
Billing & Collection	<u>385,014</u>	<u>284,525</u>	<u>64,297</u>	<u>36,191</u>
Cost of Service	\$ 4,648,360	\$ 3,436,362	\$ 692,071	\$ 519,926
Revenue At Present Rates	<u>2,821,228</u>	<u>2,070,798</u>	<u>433,103</u>	<u>317,327</u>
Rate Change Required	\$ <u>1,827,132</u>	\$ <u>1,365,564</u>	\$ <u>258,968</u>	\$ <u>202,599</u>
Percent Change Required	<u>65%</u>	<u>66%</u>	<u>60%</u>	<u>64%</u>

### ***Proposed rate changes***

To move towards the cost of service, the recommended overall annual rate increases are shown in the following table:

**Table 19 – Recommended Rate Increases - Water**

Year	Rate Adjustment
2025	11.25%
2026	11.25%
2027	11.25%
2028	11.25%
2029	11.25%

## HIBBING PUBLIC UTILITIES ELECTRIC, GAS, STEAM, AND WATER RATE STUDY

### *Customer rate comparisons at the proposed rates*

The following table shows the dollar and percentage changes in monthly customer bills at various levels of water consumption using the proposed rate changes in the previous table:

**Table 20 – Customer Rate Comparison at FY 2025 – 2029 Proposed Rates - Water**

Rate Class	Monthly Consumption (Average)	Current Rates	Proposed 2025 Rates			Proposed 2026 Rates			Proposed 2027 Rates		
			Monthly Bill	\$ over 2024	% over 2024	Monthly Bill	\$ over 2024	% over 2024	Monthly Bill	\$ over 2024	% over 2024
Residential	6,000	\$ 41.30	\$ 45.70	\$ 4.40	10.65%	\$ 50.90	\$ 9.60	23.24%	\$ 56.40	\$ 15.10	36.56%
Residential	9,000	\$ 53.81	\$ 59.50	\$ 5.69	10.57%	\$ 66.20	\$ 12.39	23.03%	\$ 73.50	\$ 19.69	36.59%
Residential	15,000	\$ 79.91	\$ 88.30	\$ 8.39	10.50%	\$ 98.40	\$ 18.49	23.14%	\$ 109.30	\$ 29.39	36.78%
Commercial - 1" meter	6,000	\$ 61.37	\$ 68.21	\$ 6.84	11.15%	\$ 75.85	\$ 14.48	23.60%	\$ 84.65	\$ 23.28	37.93%

Rate Class	Monthly Consumption (Winter or Average)	Current Rates	Proposed 2028 Rates			Proposed 2029 Rates		
			Monthly Bill	\$ over 2024	% over 2024	Monthly Bill	\$ over 2024	% over 2024
Residential	6,000	\$ 41.30	\$ 62.80	\$ 21.50	52.1%	\$ 70.10	\$ 28.80	69.7%
Residential	9,000	\$ 53.81	\$ 81.70	\$ 27.89	51.8%	\$ 91.10	\$ 37.29	69.3%
Residential	15,000	\$ 79.91	\$ 121.50	\$ 41.59	52.0%	\$ 135.50	\$ 55.59	69.6%
Commercial - 1" meter	6,000	\$ 61.37	\$ 94.02	\$ 32.65	53.2%	\$ 104.60	\$ 43.23	70.4%

The recommended water rates for FY 2025–2029 are detailed in Appendix D.

**HIBBING PUBLIC UTILITIES  
ELECTRIC, GAS, STEAM, AND WATER RATE STUDY**

**Appendices**

# HIBBING PUBLIC UTILITIES ELECTRIC, GAS, STEAM, AND WATER RATE STUDY

## *Appendix D Proposed Water Rates*

Rate Class	Current Rates		Proposed Rates				
	2024	2025	2026	2027	2028	2029	
<b>Single Family Residential</b>							
First 6,000 gallons	\$ 3.90	\$ 4.30	\$ 4.80	\$ 5.30	\$ 5.90	\$ 6.60	
Next 7,000 - 12,000 gallons	\$ 4.17	\$ 4.60	\$ 5.10	\$ 5.70	\$ 6.30	\$ 7.00	
Next 13,000 - 24,000 gallons	\$ 4.44	\$ 4.90	\$ 5.50	\$ 6.10	\$ 6.80	\$ 7.60	
Over 24,000 gallons	\$ 4.75	\$ 5.30	\$ 5.90	\$ 6.60	\$ 7.30	\$ 8.10	
Base Charge/Customer Charge	\$ 17.90	\$ 19.90	\$ 22.10	\$ 24.60	\$ 27.40	\$ 30.50	
<b>Multi Unit Residential</b>							
All Usage	\$ 4.05	\$ 4.50	\$ 5.00	\$ 5.60	\$ 6.20	\$ 6.90	
Base Charge/Customer Charge	\$ 17.90	\$ 19.90	\$ 22.10	\$ 24.60	\$ 27.40	\$ 30.50	
<b>Commercial</b>							
All Usage	\$ 4.05	\$ 4.50	\$ 5.00	\$ 5.60	\$ 6.20	\$ 6.90	
Base Charge/Customer Charge	\$ 17.90	\$ 19.91	\$ 22.15	\$ 24.65	\$ 27.42	\$ 30.50	
Meter Charge:							
1"	\$ 19.17	\$ 21.30	\$ 23.70	\$ 26.40	\$ 29.40	\$ 32.70	
1.5"	\$ 24.20	\$ 26.90	\$ 29.90	\$ 33.30	\$ 37.00	\$ 41.20	
2"	\$ 30.25	\$ 33.70	\$ 37.50	\$ 41.70	\$ 46.40	\$ 51.60	
3"	\$ 72.61	\$ 80.80	\$ 89.90	\$ 100.00	\$ 111.30	\$ 123.80	
4"	\$ 108.93	\$ 121.20	\$ 134.80	\$ 150.00	\$ 166.90	\$ 185.70	
6"	\$ 151.29	\$ 168.30	\$ 187.20	\$ 208.30	\$ 231.70	\$ 257.80	
<b>Wellhead</b>	\$ 1.69	\$ 1.90	\$ 2.11	\$ 2.35	\$ 2.62	\$ 2.91	



Item 2.C



Item 2.C – PFA Loan Application

May 12<sup>th</sup>, 2026

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

RE: Item 2.C – PFA Loan Application

Dear Commissioners;

The purpose of this agenda item is to introduce a Resolution that will be proposed for action in the upcoming Commission meeting. The Resolutions acknowledge that it is the Commission's will to seek Minnesota Public Facilities Authority (PFA) funding for loans from the Drinking Water Revolving Fund (DWRF) for capital improvement projects, whereby authorizing staff to execute the funding application and acquisition process.

The PFA loan will be for 2025 and 2026 Watermain Projects and is planned to be discussed at the May 19th working session with the City Council.

The PFA DWRF loans constitute a critical source of low interest financing to execute critical and essential water system upgrade projects while spreading the financial burden of those projects over a management timeframe. The listed projects replace water system components that have exceeded their service life and advance the utility's efforts to protect public health and achieve regulatory compliance.

Sincerely;



Luke J. Peterson





Item 3



### Item 3 – Capital Improvement Plan

May 12<sup>th</sup>, 2026

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

RE: Item 3 – Capital Improvement Plan

Dear Commissioners;

For your review, please see the attached Capital Improvement Plan, approved April 28<sup>th</sup>, 2026. The remaining agenda items in this section include reference to Office File (OF###) that are included on the Plan document for your reference and comparison.

We look forward to answering any of your questions you may have.



Luke J. Peterson





**HIBBING PUBLIC UTILITIES**  
**2026-2030 WATER CAPITAL IMPROVEMENT PLAN**

Water Distribution & Storage Improvments
Water Pumping & Treatment Plan Improvements
Water Lead and Copper Compliance
Water Unscheduled Development

Water Utility Capital Improvement Plan							
CIP Project #	CC	Project Name	2026	2027	2028	2029	2030
OF0002.2	*	E 23rd Street Water - Phase 2	\$ 1,696,000				
OF0002.0		Annual Hydrant & Valve Replacement	\$ 1,124,000	\$ 1,248,000	\$ 1,248,000	\$ 1,248,000	\$ 1,248,000
OF0002.1		30" Water Main Rehab Phase 3	\$ 1,099,000				
OF0008.1	*	W 40th St (Cobb Cook) - New Haven Drive Housing Develop	\$ 241,695	\$ 1,611,300			
Not Assigned	*	E 25th Street Phase 1 - 1st Ave to E 7th Ave	\$ 219,000	\$ 1,914,000			
Not Assigned	*	E 25th Street Phase 2 - E 7th Ave to 169	\$ 219,000		\$ 1,914,360		
OF0002.3	*	Greenhaven Phase 1 - 2nd Ave East Extension		\$ 291,000	\$ 2,542,000		
OF0008.0		W Wegner Road to E 19th Ave & E 41st - Water Main Extension		\$ 648,000	\$ 3,237,600		
Not Assigned	*	Greenhaven Phase 2			\$ 524,520	\$ 4,590,000	
Not Assigned		2nd Avenue W			\$ 501,528	\$ 4,388,000	
Not Assigned	*	3rd Ave E			\$ 276,000	\$ 2,415,000	
Not Assigned	*	Kitzville				\$ 483,408	\$ 4,230,000
Not Assigned		Kelly Lake				\$ 808,800	\$ 7,077,000
Not Assigned		7th Ave E					\$ 2,500,000
Not Assigned		9th Avenue E					\$ 2,480,400
Not Assigned		19th Avenue E					\$ 5,786,600
Not Assigned		Visual Well Inspections	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	
		Water Distribution and Storage Subtotal	\$ 4,598,695	\$ 5,712,300	\$ 10,244,008	\$ 13,933,208	\$ 15,055,000
OF0001.0		2023 Southside Water Treatment Plant Improvements	\$ 1,143,000				
		Water Pumping and Treatment Plant Subtotal	\$ 1,143,000	\$ -	\$ -	\$ -	\$ -
OF0003.0		Pb & Cu Compliance Block 4th Ave E 2100-2200 & 4th Ave W	\$ 3,450,000				
OF0003.1		Pb & Cu Compliance - Corrosion Control	\$ 38,750	\$ 407,000			
OF0003.2	*	Pb & Cu Compliance - 2026 Annual Service Line Potholing	\$ 220,000	\$ 320,000	\$ 320,000	\$ 320,000	\$ 320,000
Not Assigned	*	Annual Lead Water Main & Service Line Replacement		\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000
		Lead and Copper Compliance Subtotal	\$ 3,708,750	\$ 3,227,000	\$ 2,820,000	\$ 2,820,000	\$ 2,820,000



**HIBBING PUBLIC UTILITIES**

**2026-2030 WATER CAPITAL IMPROVEMENT PLAN**

Water Distribution & Storage Improvments
Water Pumping & Treatment Plan Improvements
Water Lead and Copper Compliance
Water Unscheduled Development

Water Utility Capital Improvement Plan							
CIP Project #	CC	Project Name	2026	2027	2028	2029	2030

Not Assigned	*	Unscheduled Development	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
Not Assigned		Highland Hills Development					
		Unscheduled Development Subtotal	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
<b>Water Utility Total</b>			<b>\$ 9,950,445</b>	<b>\$ 9,439,300</b>	<b>\$ 13,564,008</b>	<b>\$ 17,253,208</b>	<b>\$ 18,375,000</b>



**HIBBING PUBLIC UTILITIES**  
**2026-2030 GAS CAPITAL IMPROVEMENT PLAN**

Gas Distribution
Gas Unscheduled Development

Gas Capital Improvement Plan							
CIP Project #	CC	Project Name	2026	2027	2028	2029	2030
OF0008.1	*	W 40th St (Cobb Cook) - New Haven Drive Housing Developm	\$ 250,000				
Not Assigned		Annual Gas Main Improvements		\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000
		<b>Gas Distribution Subtotal</b>	<b>\$ 250,000</b>	<b>\$ 400,000</b>	<b>\$ 400,000</b>	<b>\$ 400,000</b>	<b>\$ 400,000</b>
Not Assigned	*	Unscheduled Development	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000
Not Assigned		Highland Hills Development					TBD
Not Assigned		Forest Heights Development	\$ 200,000				
		Unscheduled Development Total					
<b>Gas Utility Total</b>			<b>\$ 1,050,000</b>	<b>\$ 1,150,000</b>	<b>\$ 1,150,000</b>	<b>\$ 1,150,000</b>	<b>\$ 1,150,000</b>



**HIBBING PUBLIC UTILITIES**

**2026-2030 ELECTRIC CAPITAL IMPROVEMENT PLAN**

Electric Distribution
Electric Generation
Electric Unscheduled Development
Transmission

Power Capital Improvement Plan							
CIP Project #	CC	Project Name	2026	2027	2028	2029	2030
Not Assigned		RO System	\$ 1,500,000				
Not Assigned		Boiler 4, Feedwater & Routine Upgrades	\$ 1,000,000				
Not Assigned		Plant Electrical	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Not Assigned		Turbine Major Overhaul		\$ 2,000,000		\$ 1,500,000	\$ 2,000,000
Not Assigned		Biomass Fuel Handling					
Not Assigned		LandFill Solar					
<b>Generation Subtotal</b>			<b>\$ 2,750,000</b>	<b>\$ 2,250,000</b>	<b>\$ 250,000</b>	<b>\$ 1,750,000</b>	<b>\$ 2,250,000</b>
OF0010.3		Annual Lighting Replacements	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
OF0010.0		Vegetation Management	\$ 300,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
OF0004.2		Beltline Substation Reconstruction	\$ 2,000,000				
OF0004.3		Feeder 15 Phase 2 & 3 - 2400V to 13.8KV Conversion	1,000,000	\$ 500,000			
OF0004.1		Feeder 80&81 - 4160V to 13.8KV Conversion	\$ 325,000				
OF0004.0		Feeder 61&70 - 2400V to 13.8KV Conversion beltline	\$ 125,000				
Not Assigned	*	E 25th Street Phase 1 - Underground Lighting	\$ 30,000	\$ 300,000			
OF0004.4		Feeder 1 Recabling	\$ 175,000				
Not Assigned	*	E 25th Street Phase 2 - Underground Lighting	\$ 30,000		\$ 300,000		
OF0008.1	*	W 40th St (Cobb Cook) - New Haven Development	\$ 100,000	\$ 150,000			
Not Assigned	*	Greenhaven Phase 1 - Underground Lighting		\$ 15,000	\$ 100,000		
Not Assigned		Industrial Road & E 19th St - Vaults & Switch		\$ 250,000	\$ 250,000		
Not Assigned		Wegener Sub - 4KV to 13.8KV Conversion		\$ 100,000	\$ 400,000		
Not Assigned		LED Street Light Conversion	\$ 25,000	\$ 1,000,000			
Not Assigned		Decomission Gas Plant Substations		\$ 500,000			
OF0004.3		Feeder 15 Phase 4 & 5 - 2400V to 13.8KV Conversion			\$ 500,000		
Not Assigned	*	Greenhaven Phase 2 - Underground Lighting			\$ 45,000	\$ 300,000	
Not Assigned		Voltage Conversion Feeder TBD				\$ 500,000	
Not Assigned		Voltage Conversion Feeder TBD					\$ 500,000
<b>Distribution Subtotal</b>			<b>\$ 4,210,000</b>	<b>\$ 3,165,000</b>	<b>\$ 1,945,000</b>	<b>\$ 1,150,000</b>	<b>\$ 850,000</b>



**HIBBING PUBLIC UTILITIES**

**2026-2030 ELECTRIC CAPITAL IMPROVEMENT PLAN**

Electric Distribution
Electric Generation
Electric Unscheduled Development
Transmission

Power Capital Improvement Plan							
CIP Project #	CC	Project Name	2026	2027	2028	2029	2030
OF0005		Southern Interconnect	\$ 11,173,000	\$ 7,448,400			
<b>Transmission Subtotal</b>			<b>\$ 11,173,000</b>	<b>\$ 7,448,400</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Not Assigned		Highland Hills Development					
Not Assigned		DER Interconnect Upgrades	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
<b>Unscheduled Development Subtotal</b>			<b>\$ 26,706,000</b>	<b>\$ 20,101,800</b>	<b>\$ 3,265,000</b>	<b>\$ 1,975,000</b>	<b>\$ 1,375,000</b>
<b>Power Utility Total</b>			<b>\$ 33,666,000</b>	<b>\$ 25,516,800</b>	<b>\$ 5,460,000</b>	<b>\$ 4,875,000</b>	<b>\$ 4,475,000</b>



**HIBBING PUBLIC UTILITIES**  
**2026-2030 STEAM CAPITAL IMPROVEMENT PLAN**

Steam Distribution
Steam Unscheduled Development

Steam Capital Improvement Plan							
CIP Project #	CC	Project Name	2026	2027	2028	2029	2030
OF0002.2	*	E 23rd Street Steam - Phase 2	\$ 374,000				
Not Assigned	*	E 25th Street Phase 1	\$ 27,500	\$ 289,000			
Not Assigned	*	E 25th Street Phase 2	\$ 206,000		\$ 2,160,000		
OF0006.1		E 19th St & S 7th Ave E Steam Condensate Rehab	\$ 1,323,000				
Not Assigned		Annual Steam Maintenance Replacements	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
OF0006.0		Industrial Road & E 19th St		\$ 1,529,903	\$ 1,529,903		
Not Assigned		2029 Steam TBD Project				\$ 1,500,000	
Not Assigned		2030 Steam TBD Project					\$ 1,500,000
OF0006.2		24th Street Condensate Vault & Memorial Building Service	\$ 250,000				
OF0006.3		Warehouse Steam & Condensate Repair	\$ 80,000				
OF0008.5		1810 1st Ave Steam Service Extension	\$ 70,000				
Not Assigned		Highland Hills Development					
<b>Steam Utility Total</b>			<b>\$ 2,830,500</b>	<b>\$ 2,318,903</b>	<b>\$ 4,189,903</b>	<b>\$ 2,000,000</b>	<b>\$ 2,000,000</b>



**HIBBING PUBLIC UTILITIES**  
**2026-2030 ADMIN CAPITAL IMPROVEMENT PLAN**

Plans & Studies
Facilities Upgrades & Major Maintenance
Fleet & Equipment

Admin Capital Improvement Plan								
CIP Project #	Funding Source	CC	Project Name	2026	2027	2028	2029	2030
OF0009.1			Distribution Modelling - Gas & Electric	\$ 200,000				
OF0009.0			Water, Gas & Electric Meter AMI Upgrade	\$ 2,072,055				
		*	Fleet Lease and Purchase	\$ 240,000	\$ 240,000	\$ 240,000	\$ 240,000	\$ 240,000
Not Assigned			Facilities - Upgrades and Major Maintenance	\$ 3,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Not Assigned			IT Communications	\$ 1,000,000				
<b>Admin Total</b>				<b>\$ 6,512,055</b>	<b>\$ 2,240,000</b>	<b>\$ 2,240,000</b>	<b>\$ 2,240,000</b>	<b>\$ 2,240,000</b>





Item 3.A



Item 3.A – (OF0004.2) Beltline Substation Project Update

May 12<sup>th</sup>, 2026

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

RE: Item 3.A -(OF0004.2) Beltline Substation Project Update

Dear Commissioners;

The purpose of this agenda item is to provide the Commission with a status update for the Beltline Substation Project.

The bidding process schedule has been compressed to accommodate project delivery scheduling goals. Project specifications were posted and bids requested on April 28<sup>th</sup>. At this time, there are two prime bidder plan holders, four subcontractor plan holders, one supplier plan holder and plans were downloaded by two plan rooms. Bids are due and will be reviewed by staff and project engineers on May 14. Staff will be requesting Commission approval and awarding the lowest bidder at the May 19<sup>th</sup> Meeting, provided at least one qualified and responsive bid is received that is within the project budget.

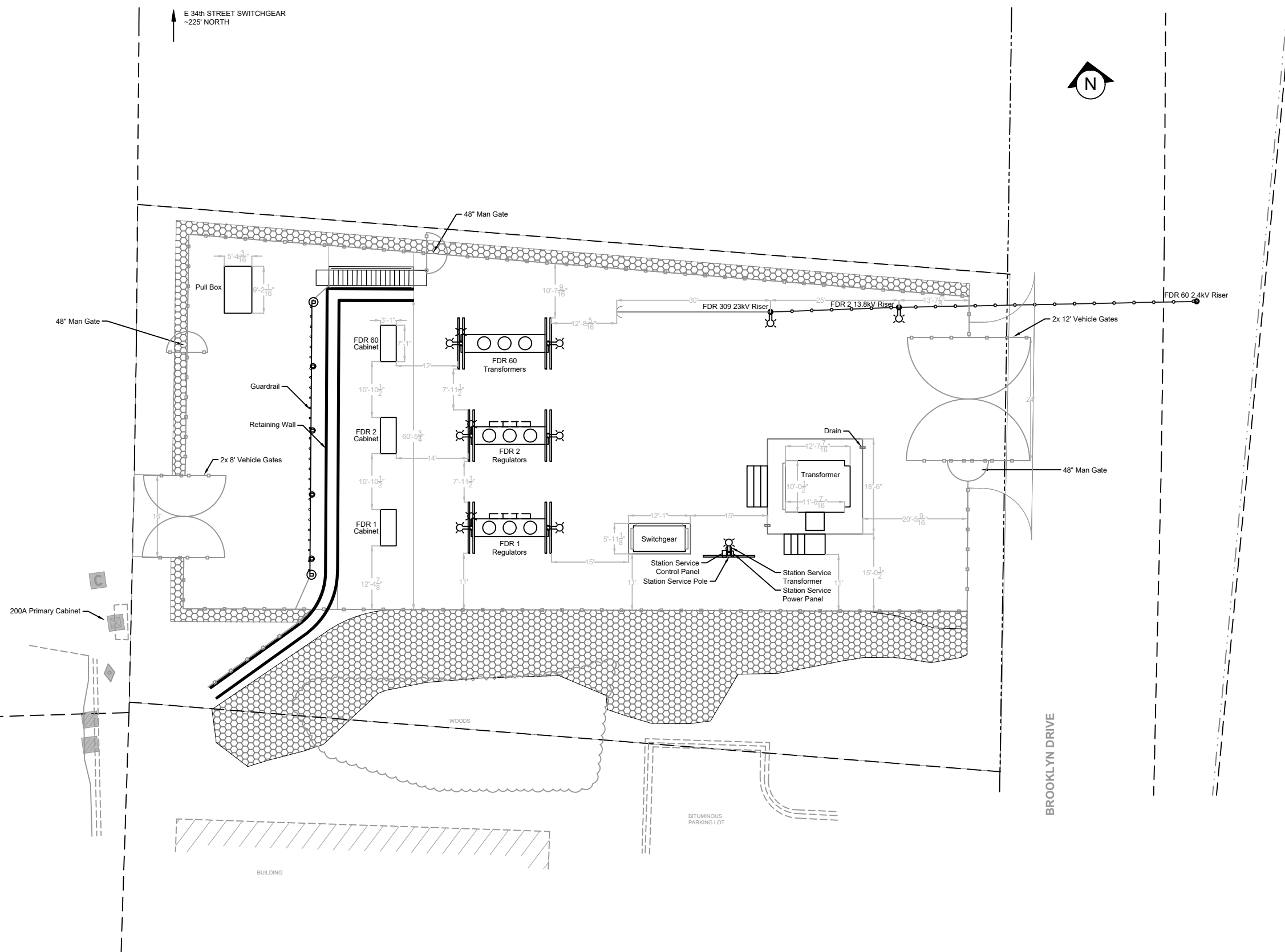
Project scope includes construction of a new Beltline Substation directly south of the existing Beltline Substation, and decommissioning of the existing substation with minimal service interruption. For reference, a schematic drawing of the new substation is enclosed for reference.

Sincerely;



Paul Skubinna, Engineering Manager





E 34th STREET SWITCHGEAR  
~225' NORTH



ISSUED FOR BID  
ONLY  
NOT FOR CONSTRUCTION

**Professional Engineer**

I hereby certify that this plan, specification, or report was prepared by me or under my direct supervision and that I am a duly Licensed Professional Engineer under the laws of the state of Minnesota.

Signature: *Joseph Anthony Peterson*  
 Typed or Printed Name: **Joseph Anthony Peterson**  
 Date: **April 24, 2026** License Number: **47137**  
 Hibbing Public Utilities Commission

5			
4			
3			
2			
1			
Δ	RBF	04/24/26	ISSUED FOR BID
NO	BY	DATE	REVISION
	DRAWN BY	DATE	CHECKED
	RBF	11/19/25	JAP
		DATE	APPROVED
		04/24/26	JAP

**PUBLIC UTILITIES COMMISSION**  
 CITY OF HIBBING  
 19TH ST & 6TH AVE EAST  
 HIBBING, MINNESOTA 55746-0249  
 TELEPHONE 218-262-7700

**LAYOUT  
 BELTLINE  
 SUBSTATION**

**02-003** Page 39 of 82





Item 3.B



Item 3.B – (OF0010.0) Electric Distribution – Annual Vegetation Management

May 12<sup>th</sup>, 2026

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

RE: Item 3.B - (OF0010.0) Electric Distribution – Annual Vegetation Management

Dear Commissioners;

The purpose of this agenda item is to orient the Commission to the scope and plans for the 2026 vegetation management efforts. Project plans and specifications have been drafted and finalized, and staff intend to request approval to advertise for bids at the next Commission meeting.

The scope of the 2026 work focusses on secondary mains to further enhance grid reliability and has been strategically coordinated with planned and ongoing voltage conversion projects to enhance the efficiency and effectiveness of those projects.

The plans and specifications are written to industry standards and implement HPU's integrated vegetation management approach, which we believe results in long term reduction in regrowth and maintenance frequency.

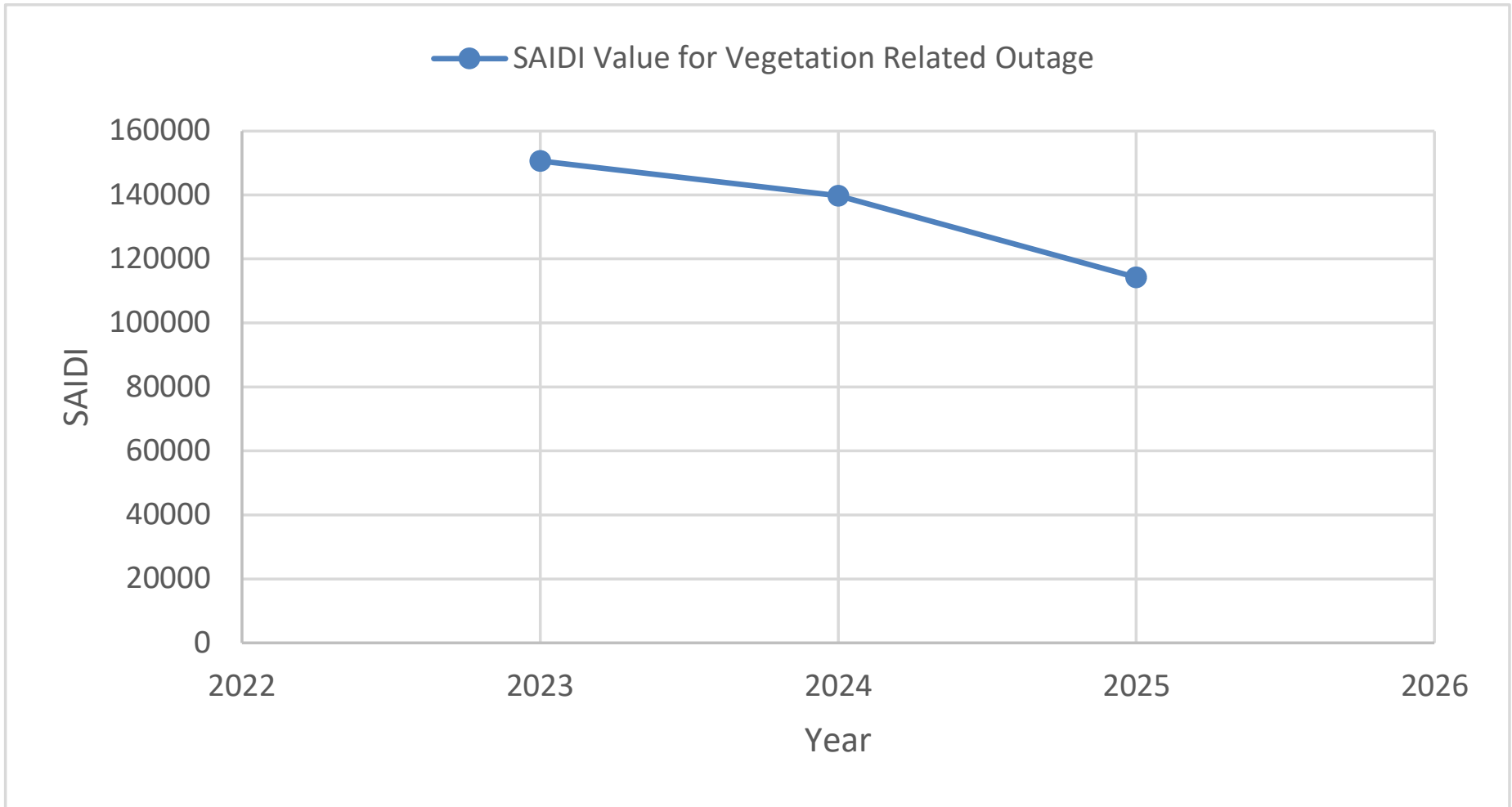
2026 concludes a more aggressive reinvigoration of our vegetation management program designed to get us caught up to industry standards. After 2026 all areas of the system will be maintained on a regular five-year rotation. As shown by the attached graph, the trend in system reliability metric data related to vegetation caused outages indicates an improving resilience related to vegetation caused outages. We believe this is a direct result of the reinvigorated vegetation management program.

Over the last four years we have spent \$1,438,690 to manage 38.75 miles of electric transmission and distribution line. Estimated budget for the 2026 project is \$300,000.

Sincerely;



Paul Skubinna







Item 3.C



Item 3.C – (OF0005) Southern Interconnect Project

May 12<sup>th</sup>, 2026

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

RE: Item 3.C – (OF0005) Southern Interconnect Project

Dear Commissioners;

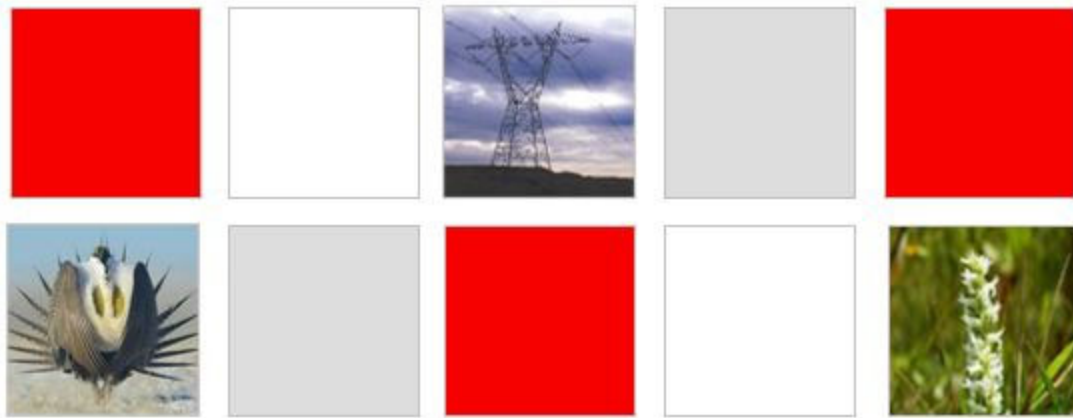
This item is to provide an update on the Southern Interconnect Project as well as discuss an additional budgeted scope of work item for land services through project completion.

Sincerely;



Luke J. Peterson





**Hibbing Public Utilities**

**Cost Estimate to Support the Local Route Process and Land Rights Tasks for the Southern Interconnect 115-kV Transmission Line: April - December 2026**

PRESENTED BY MERJENT, INC.



May 5, 2026

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**CONFIDENTIALITY NOTICE**

The information contained in this proposal is intended solely for the use of Hibbing Public Utilities in evaluating the ability of Merjent, Inc. to effectively and economically complete the work on the proposed Southern Interconnect 115-kV Transmission Line Project. The information in this proposal shall not be used for other purposes and shall not be duplicated or disclosed outside of Hibbing Public Utilities.

## **INTRODUCTION**

Merjent, Inc. (Merjent) welcomes the opportunity to present this cost estimate through December 2026 to Hibbing Public Utilities for the local route process and land rights support for the Hibbing Public Utilities Southern Interconnect 115-KV Transmission Line Project (Project). The scope of Merjent's support is limited to the tasks outlined in this proposal; costs are presented in Table 1 (Permitting) and Table 2 (Land Services). Costs will be billed using Merjent's 2026 Fee Schedule. We appreciate the opportunity to continue to work with the Hibbing Public Utilities team to advance the Project.

## **LOCAL ROUTE PROCESS**

### **PROJECT MANAGEMENT**

Merjent will provide ongoing project management support services to supplement Hibbing Public Utilities staff. This proposal assumes 5 hours of support on this task between April to December 2026 for Merjent's Project Manager and Deputy Project Manager.

Hibbing Public Utilities will track any changes in the Project design and will notify Merjent of these changes. The Merjent project management team will track changes in Project requirements and promptly distribute updated information and materials to the team.

Major actions/deliverables under this task include:

- Recurring meetings with Hibbing Public Utilities, and its contracted legal and engineering staff, to advance major regulatory and permitting submittals.
- Support for progress reporting and action item tracking efforts.
- Input to the Project's milestone schedule, which will be maintained by Hibbing Public Utilities and its contracted engineering staff,
- Monthly work summaries which accompany each invoice.
- Other items as identified by Hibbing Public Utilities.

Merjent tracks project costs closely and will provide budget status reports to Hibbing Public Utilities monthly. Tracking costs monthly allows Merjent to foresee potential budget issues well before a budget is exceeded. If our costs are trending over budget, we will work with you to adjust our level of service, as needed, or to develop a mutually acceptable solution well in advance of exceeding the overall budget. We will also closely track and advise Hibbing Public Utilities on any out-of-scope task that has the potential to impact budget adherence.

### **AGENCY, TRIBAL, AND LOCAL COORDINATION**

Upon selection of the Proposed Route, Merjent will prepare introductory letters to federal, state, and local agencies and the Tribal Historic Preservation Offices of the 11 designated Minnesota Tribes. Merjent will attend the Open House scheduled for May 20, 2026, and has included hours for one staff person to attend.

Merjent will also assist with preparing responses to inquiries from the various agencies following submittal of the introductory letters. We assume any agency meetings will be held virtually. We assume that at least one Merjent staff member will attend each meeting and will prepare written notes for each meeting.

### **ROUTING SUPPORT**

Merjent will provide ongoing support to Hibbing Public Utilities as it continues to develop its Preferred Route for the Project. Hibbing Public Utilities will ultimately be responsible for

determining the route which is used in future permit applications. This proposal assumes 5 hours of support on this task between April to December 2026 for Merjent’s Deputy Project Manager.

**CONDITIONAL USE PERMIT APPLICATION AND ENVIRONMENTAL ASSESSMENT**

Throughout 2025, Merjent has worked with Hibbing Public Utilities to draft the Conditional Use Permit application. Merjent will continue to provide support for any necessary revisions, and for the purposes of this proposal. As the route is unknown at this time, we are unsure how much of the previous work can be used for an eventual submittal. Therefore, this estimate is based on a level of effort estimated by hours. We have assumed 200 hours of work at the Deputy Project Manager’s billing rate for this estimate. This proposal assumes the Conditional Use Permit and Environmental Assessment will be filed in no later than December 2026.

**COSTS**

Fees for services performed under this scope of work are presented in Table 1, below. Hibbing Public Utilities approval of this approach would be processed under a Change Order to Merjent’s existing authorization for the Project.

<b>Table 1 Merjent Cost Estimate for the Local Route Project</b>	
<b>Task</b>	<b>Costs</b>
Project Management	<b>\$20,700</b>
Agency, Tribal, and Local Coordination	<b>\$14,700</b>
Routing Support	<b>\$10,350</b>
Conditional Use Permit Application and Environmental Assessment	<b>\$46,000</b>
<b>Total</b>	<b>\$91,750</b>

**LAND SERVICES**

Merjent will continue to assist Hibbing Public Utilities in building positive relationships with landowners, help mitigate opposition, and foster support for the success of the Project. In addition, Merjent will support in-person landowner visits, build good landowner rapport, establish open communication channels with landowners, and provide guidance to Hibbing Public Utilities on land agreement negotiations. Merjent will work to acquire land rights to support the Project; however, due to the nature of easement acquisition, Merjent cannot guarantee a 100 percent success rate.

**PROPOSED APPROACH**

Assigned Right-of-Way-Agents

Merjent has assigned Right-of-Way Agent(s) to the Project. Merjent’s Right-of-Way Agent(s) will continue to establish open communication channels with landowners to address their concerns, build trust and solid rapport, and foster support for the Project alongside staff from Hibbing Public Utilities.

Strategy and Research

The Right-of-Way Agent(s) will assist Hibbing Public Utilities to develop strategies for engaging landowners during the easement acquisition process. Right-of-Way Agent(s) will research contact information for landowners and strategize options for incentivizing landowners to sign easement agreements, such as offering fair compensation and signing bonuses.

### Landowner Outreach and Tracking

The Right-of-Way Agent(s) will contact landowners by phone, in person and/or correspondence; and conduct meetings with landowners and their representatives as directed by Hibbing Public Utilities.

The Right of-Way Agent will use, and keep up to date, the shared spreadsheet entitled “Landowner Project Tracker” in coordination with Hibbing Public Utilities to track and report landowner feedback and interest.

The Right-of-Way Agent(s) will continue to use this tracker to maintain a record of consultations with targeted landowners. The Right-of-Way Agent(s) will gather information about landowners, their property, their use of the property, and any development concerns. Hibbing Public Utilities will include any previous communications, priority level of key landowners, and other important land related information.

The Right-of-Way Agent(s) will remain engaged with the Hibbing Public Utilities Project Manager as appropriate to ensure key landowners are engaged in discussions and that the Landowner Project Tracker is updated.

### Agreement Requests and Execution

The Right-of-Way Agent(s) will prepare Rights-of-Entry and Access Agreements (ROE) to support surveys by Hibbing Public Utilities’ engineering contractor.

The Right-of-Way Agent(s) will prepare requests for Land Agreements as directed by Hibbing Public Utilities, including draft Land Agreement packages for Hibbing Public Utilities approval. Merjent will also provide the exhibit maps to be included in the easement packages after the final route maps have been vetted and approved by the Hibbing Public utilities and or third-party engineering firm hired by Hibbing Public Utilities.

The Right-of-Way Agent(s) will conduct Agreement Presentation meetings with landowners and/or decision makers as directed by Hibbing Public Utilities; receive and execute Land agreements with landowners; and track and return executed agreements to Hibbing Public Utilities.

## **DELIVERABLES**

1. Landowner Tracker Spreadsheet that includes records of consultations with landowners.
2. Meetings at intervals determined by Hibbing Public Utilities to discuss landowner consultations and present landowners who are interested in further negotiations.
3. Merjent will continue to reach out to local land appraisal companies to support Hibbing Public Utilities in determining fair landowner compensation. Merjent will provide researched local land values and landowner feedback on payment request information. Compensation for land agreements will be based on Hibbing Public Utilities’ directions and approval only. No landowner offers will be made without approval.
4. Assistance with securing ROEs to the study area landowners for property access (for Hibbing Public Utilities or its employees, agents, and contractors) to conduct survey work for civil, environmental, archaeological, cultural, cultural, and geotechnical reviews, including soil borings, wetland delineation studies, and to perform other engineering studies.

5. Assistance with landowner's legal counsel's feedback from reviewed and/or redlined easement agreements to aid Hibbing Public Utilities in acquiring necessary executed easement agreements.
6. Support for Hibbing Public Utilities (or its legal counsel) with landowner presentation of drafted easement agreement packages and related documents for landowner's review and signature.
7. Executed easements will ultimately be the responsibility of Hibbing Public Utilities and its legal counsel; however, Merjent's Right-of-Way Agent(s) will support this process to completion.

## **ASSUMPTIONS**

1. Merjent will assign one part-time Right-of-Way Agent(s) with the necessary skillset to support 9 months of outreach services. This scope of work covers support for 9 months (April 1, 2026, to December 28, 2026). This proposal assumes that Right-of-Way Agent support will not exceed 40 hours per week per agent. Right-of-way Agent(s) will not conduct work on federal holidays. No overtime will be charged to Hibbing Public Utilities, unless previously approved by Hibbing Public Utilities. Should additional Right-of-Way Agent(s) support be requested, Merjent can provide this service for an additional fee.
2. Hibbing Public Utilities will review Merjent's meeting notes, project tracker, SharePoint, email communications, and other project tools put in place to encourage transparency, communication, and alignment on strategy and goals.
3. Weekly in-person or virtual meetings with Hibbing Public Utilities staff at the Hibbing Public Utilities office or at another meeting location. The Right-of-Way Agent(s) will suggest the land acquisition strategy and land strategy development plan for the project and present it to HPU for approval. Hibbing Public Utilities will report on last week's accomplishments, confirm the goals of the upcoming week, and confirm the overall land strategy is consistent with Merjent's understanding. Merjent will provide written email notes following the meeting and will act consistently with these notes. Merjent requests that Hibbing Public Utilities review these notes within 24 hours of delivery and advise Merjent should revisions are needed.
4. On-site meetings and other communication by the Right-of-Way Agent(s) will be required to establish open communication channels with landowners. Hibbing Public Utilities staff will assist the Right-of-Way Agent(s) with landowner in-person meetings and negotiation directions. Hibbing Public Utilities will direct landowner compensation.
5. Merjent has assumed a Right-of-Way Agent travel budget of \$13,500, which equates to \$1,500 per month for food and lodging. These costs will be billed at cost, plus 5 percent. Merjent will not use these funds to provide food or other items for landowners or their representatives.
6. Merjent will maintain the "line list" of targeted landowners as approved by Hibbing Public Utilities for whom the Right-of-Way Agent(s) are to make outreach efforts, alongside Hibbing Public Utilities. The targeted landowners may change as landowner feedback is received from outreach efforts.

7. Hibbing Public Utilities (or its legal counsel) will provide the Right-of-Way Agent(s) with marketing materials (e.g., Project fact sheets), terms sheets, basic project information, and approval to present the draft of land agreements (if requested by the landowner).
8. Merjent will conduct the initial limited title search to identify the current ownership of each affected parcel. "Initial limited title search" is defined as obtaining vesting deeds and tax statements to validate 100 percent ownership of each parcel. Merjent will provide full copies of all these documents to Hibbing Public Utilities.
9. Merjent has provided some example land agreement templates for Hibbing Public Utilities review. Merjent can continue to provide general guidance for other documents; however, Hibbing Public Utilities and its legal counsel will ultimately be responsible for determining the final format and content for all land agreements. Merjent will provide administrative support for drafting of said land agreements with final approval of document prior to delivery to Landowner's provided by Hibbing Public Utilities legal counsel
10. Merjent expects that the landowner and their legal counsel will provide redlines on draft land agreements. Merjent will not offer legal advice for these redlines but will facilitate review by Hibbing Public Utilities' legal counsel. Hibbing Public Utilities and its legal counsel are responsible for timely reply. The Right-of-Way-Agent can help facilitate transmitting these comments back to the landowner and their representative and will provide guidance during the land acquisition process. Merjent will advise if it would be more efficient for legal counsels from each side to meet directly.
11. After a land agreement has been signed by a landowner, Merjent recommends that Hibbing Public Utilities conduct an additional 30-year title search on each property. This is to identify full property ownership and any encumbrances which may pose a risk to the development of a project, including all surface Covenants, Restrictions, Easements, Agreements, and Leases of record will not be researched unless otherwise directed by Hibbing Public Utilities. Merjent is able to assist with limited title searches, but this does not replace the need for the services of a Title Company with certified Title Insurance provisions. Ultimately, Hibbing Public Utilities should sign a contract with such a company and ensure that these actions are completed under that company's scope of work. Merjent can assist Hibbing Public Utilities with locating a certifying Title Company, if requested.
12. If Hibbing Public Utilities considers land purchase or lease, Merjent can assist in the procedures for purchasing or leasing land, including title verification and addressing any land use restrictions. Merjent can provide this service (which is not included in the budget below) for an additional fee. Merjent will facilitate the appraisal of properties that Hibbing Public Utilities intends to purchase through our third-party vendors.
13. Merjent will coordinate property appraisals conducted by a licensed appraiser with demonstrated experience in valuing land in St. Louis County, Minnesota. The appraiser will hold the MAI designation from the American Institute of Real Estate Appraisers. These appraisals will support Hibbing Public Utilities in the preparation of purchase agreements through third-party vendors and in determining the fair market value for easement agreements. Merjent will also manage payment to the appraiser on behalf of Hibbing Public Utilities. An estimated cost for facilitating five appraisals is provided below.
14. Merjent has included GIS and mapping support to prepare necessary exhibit maps and figures for this Project.

15. This proposal assumes that Hibbing Public Utilities will pursue long-term utility easements on affected properties. This proposal also assumes that Hibbing Public Utilities is not considering Eminent Domian efforts. However, due to the nature of easement acquisition, Merjent cannot guarantee a 100 percent success rate. If Hibbing Public Utilities decide that Eminent Domian is necessary Merjent can provide this service (which is not included in the budget below) for an additional fee.

**COSTS**

Fees for services performed under this scope of work are presented in Table 2, below. Hibbing Public Utilities approval of this approach would be processed under a Change Order to Merjent’s existing authorization for the Project.

<b>Table 2 Merjent Cost Estimate for Land Services</b>			
<b>Task/Expense for 9 Months/39 weeks</b>	<b>Estimated Units</b>	<b>Bill Rate</b>	<b>Budget</b>
<b>Staffing</b>			
Project Management (Land Services) (15 hours weekly average for 39 weeks)	585 Hours	\$207per hour	\$121,095
Senior Project Management (Environmental) (5 hours weekly average)	195 Hours	\$230 per hour	\$44,850
1 Right-of-Way Lead Agent (30 hours weekly average/as needed x 1 agent for 39 weeks)	1170 Hours	\$95 per hour	\$111,150
Administrative/title support for land agreement drafting (classified as Right of way agent for 6 hours a week for 39 week)	234 Hours	\$95 per hour	\$22,230
GIS Technician (for 2 hours a week for 39 weeks)	78 Hours	\$142 per hour	\$11,076
<b>Subtotal</b>			<b>\$310,401</b>
<b>Other</b>			
Technology fee per agent (cell, tablet, computer, etc.)	9 Months	\$100 month per agent	\$900
Mileage per agent (1 agent only for estimate)	1,000 miles/month estimated per agent	IRS Rate (.725 per mile)	\$6,525
Miscellaneous travel expenses (i.e., meals, hotel)	\$1,500	Cost + 5 percent	\$13,500
Other estimated expenses (e.g., payments to landowners for ROEs, tax statements; shipping, postage,	\$1,000/month	Cost + 5 percent	\$9,000

<b>Table 2 Merjent Cost Estimate for Land Services</b>			
<b>Task/Expense for 9 Months/39 weeks</b>	<b>Estimated Units</b>	<b>Bill Rate</b>	<b>Budget</b>
reproduction; subcontracted services)			
Online subscription fees with St. Louis County (\$125/month x 9 months)	\$1,125	(at actual cost)	\$1125
Title documents copy fees (typically \$5/document) (assumes approximately 2 documents/50 parcels for estimate)	\$500	(at actual cost)	\$500
Easement recording fee (\$50 per doc X 10 parcels)	\$500	(at actual cost)	\$500
Appraisals (5 additional for estimate)	\$3,000 per parcel	(at actual cost)	\$15,000
		<b>Subtotal</b>	<b>\$47,050</b>
		<b>Land Services Total</b>	<b>\$357,451</b>



CHANGE ORDER NO. 3

**Change Order Date: May 5, 2026**

**Effective Date: April 1, 2026**

**Client Name: Hibbing Public Utilities**

**Merjent PM: Britta Bergland**

**Project Name: Southern Interconnect Project**

**Client Contact: Luke Peterson**

**Additional Labor/Expense Budget:**

**NTE: \$91,750 (Local Route Process)  
\$357,451 (Land Services)  
\$449,201**

This Change Order No 3. is issued pursuant to the previously provided standard *Professional Services Terms and Conditions* prepared by Merjent, Inc., a Minnesota corporation ("Merjent").

**Scope of Work:**

Merjent will perform work under this Change Order on a time-and-materials basis. Merjent will provide consulting services as outlined in Merjent’s May 5, 2026, proposal titled *Hibbing Public Utilities – April – December 2026 Cost Estimate to Support the Local Route Process and Land Rights for the Southern Interconnect 115 kV Transmission Line Project*. Merjent’s billing rates will be as presented on Merjent’s *2026 Fee Schedule*. This Work Order constitutes the authority to invoice Hibbing Public Utilities for the Work outlined in the April 2026 proposal.

**Accepted:** Merjent, Inc.

**Date:**    5/5/2026   

**By:**

Britta Bergland  
(authorized signature)

**Printed name:** Britta Bergland

**Title:** Principal

**Accepted:** Hibbing Public Utilities

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

**By:** \_\_\_\_\_  
(authorized signature)

**Printed name:** Luke Peterson

**Title:** General Manager





Item 3.D



Item 3.D – (OF009.0) Gas AMI Discussion

May 12<sup>th</sup>, 2026

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

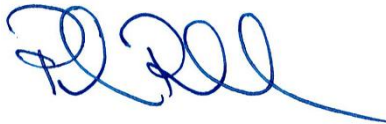
RE: Item 3.D – (OF009.0) Gas AMI Discussion

Dear Commissioners;

For your information we have been informed by the awarded bidder for the gas AMI project that they are unable to obtain the required performance bond for the project. We have confirmed with legal counsel, and it was recommended the awarded bid be rescinded. Since there was not a second bid the bid cannot be awarded to another contractor. A proposed alternative would be to use hired students during the summer months. It was estimated that the cost of hiring all 20 students would be less than the total for the project as bid. We would ensure the students are properly trained and accounted for on this project.

Thank you for your consideration.

Sincerely,



Paul Plombon  
Energy & Operations Manager





Item 4.A



Item 4.A – Succession of Leadership Policy

May 12, 2026

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

RE: Item 4.A – Succession of Leadership Policy

Dear Commissioners,

I am pleased to submit the attached Draft Succession Planning Policy for your review and consideration.

The purpose of this policy is to establish a structured and sustainable approach to leadership continuity, talent development, and organizational stability. The draft outlines the planning process and development of potential successors for key positions within the organization.

This policy has been prepared to support:

- Continuity of operations and leadership;
- Retention and development of institutional knowledge;
- Workforce sustainability and risk management; and
- Alignment with the organization's strategic objectives and governance requirements.

Please review the attached draft and provide feedback. Your input will be valuable in ensuring the policy effectively addresses the organization's current and future leadership needs.

Thank you for your consideration.

Sincerely;



Kendra Powers  
Sr Director Human Resources and Organizational Development



# Succession of Leadership Policy

## Purpose

The Succession of Leadership Planning Policy ensures continuity of leadership at Hibbing Public Utilities. This process supports the Commission, General Manager, and Human Resources in identifying, developing, and preparing qualified individuals to assume senior leadership and other critical roles as they become vacant.

## Policy Overview

Succession planning is a proactive process that involves anticipating future talent needs, identifying high-potential employees, evaluating and developing their capabilities, and preparing them for advancement into positions critical to organizational success.

## Procedures

### *1. Identify Critical Positions*

Determine key roles essential to business operations and organizational objectives. For each position, evaluate:

- How would day-to-day operations be affected if this role were suddenly vacant?
- Are there qualified internal candidates who could immediately step into this role?
- Would it be difficult to recruit qualified external candidates?
- Does the role require specialized skills, institutional knowledge, or industry-specific experience?
- Is there a likelihood of retirement within the next 12–24 months?
- Is the position at high risk of turnover or in high external demand?

### *2. Evaluate Current Talent*

Assess the organization's workforce to identify strengths, development needs, and readiness for advancement:

- Identify high-potential employees
- Evaluate current competencies and performance
- Determine readiness for succession into critical roles

### *3. Develop and Retain Key Employees*

Create individualized development plans for identified employees that include:

- Skills and competency assessments
- Targeted training programs
- Coaching and mentoring opportunities

Common development actions may include leadership development programs and role-specific educational opportunities.

#### *4. Assess Potential Successors*

For each potential successor:

- Evaluate current knowledge, skills, and abilities
- Identify gaps that must be addressed before promotion
- Outline specific actions to close those gaps (training, stretch assignments, mentoring, etc.)

Establish a formal development timeline, secure commitment from the employee, and monitor progress regularly.

#### *5. Plan for External Recruitment*

If no viable internal candidate exists:

- Develop external recruitment strategies in advance
- Determine whether to hire a fully qualified candidate or invest in developing a less experienced hire
- Consider interim or temporary leadership solutions to maintain continuity

#### *6. Annual Review*

Succession plans should be reviewed and updated annually to reflect:

- Changes in organizational structure
- Employee development progress
- Emerging talent needs
- Anticipated retirements or turnover

### ***Emergency Succession Chain***

To provide immediate continuity of leadership in the event the General Manager is unavailable and a formal designation has not yet been made, the following emergency succession chain shall apply:

- The chain of command will be established and approved by the Commission and reviewed annually.
- The order of succession shall identify at least **XXX** positions (e.g., [**senior leadership roles: ABC, XYZ**]) capable of assuming authority.
- Individuals in the succession chain must be familiar with essential operations, emergency procedures, and key decision-making responsibilities.
- The highest-ranking available individual in the established succession chain will automatically assume the role of Acting General Manager until the Commission can formally appoint an Acting or Interim General Manager.

- Each successor in the chain is authorized to exercise the powers necessary to maintain safe and continuous operations, subject to the authority limits outlined below.
- If multiple individuals in the chain are unavailable, authority will pass to **XXXXXX**

## Authority Limits

To ensure appropriate fiscal and governance controls during an acting or emergency leadership period:

- The Acting General Manager and any designated successor shall have authority to conduct routine operational decisions necessary to maintain uninterrupted utility services.
- Emergency expenditures necessary to protect public health, safety, or continuity of operations may be authorized up to **\$XXXXXX**, provided that such actions are reported to the Commission as soon as practicable.
- Non-routine contracts, capital projects, or expenditures exceeding established administrative thresholds shall require prior Commission approval unless delay would reasonably result in risk to public safety, regulatory noncompliance, or significant operational disruption.
- No new long-term debt obligations, major policy changes, or labor agreements shall be executed without Commission authorization.
- All emergency actions exceeding normal administrative authority shall be documented and presented to the Commission at the next regularly scheduled meeting or special meeting if required.

## Commission Transition Committee Role

- In the event of a sudden or extended vacancy in the General Manager position, the Commission Transition Committee shall be activated only upon quorum authorization of the Commission.
- Quorum authorization shall occur at a duly called public meeting of the Commission, including a special meeting or emergency meeting convened in accordance with the Minnesota Open Meeting Law (Minn. Stat. Ch. 13D).
- Notice of a special or emergency meeting shall be provided as required by law, and as soon as practicable under the circumstances.
- Upon activation, the Committee will provide oversight and governance-level guidance during the transition period.
- The Committee will work in coordination with the Acting General Manager to ensure continuity of operations, strategic alignment, and timely decision-making.
- Responsibilities of the Committee may include:
  - Providing guidance and support to the Acting General Manager
  - Assisting with critical or high-impact decisions as needed
  - Overseeing the process for appointing an Interim or permanent General Manager
  - Coordinating communication with the Commission and key stakeholders
- The Commission Transition Committee shall serve in an advisory and governance capacity and shall not assume day-to-day administrative or operational control unless formally authorized by the Commission through proper legal action.
- The succession chain and Transition Committee roles shall be documented, communicated to key personnel, and maintained in an accessible but secure location.





Item 4.B



Item 4.B – Job Description and Posting Discussion

May 12<sup>th</sup>, 2026

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

RE: Item 4.B – Job Description and Posting Discussion

Dear Commissioners;

For your consideration we are presenting two job descriptions for discussion for the beginning of Hibbing Public Utilities Construction Crew. The job descriptions attached have been reviewed with the local union body. These job descriptions will be up for approval at the next commission meeting.

Please see attached job descriptions.

Thank you for your consideration.

Sincerely;



Paul Plombon  
Energy & Operations Manager



**Job Title:** Construction Crew Operator I/Utility  
**Department:** Operations  
**Reports To:** Procurement Manager  
**Location:** Hibbing, MN  
**FLSA Status:** Non-Exempt  
**Job Type:** Full-Time  
**Drug & Alcohol Policy Classification:**

## **Position Summary:**

The Construction Crew Operator I is responsible for safely and efficiently operating equipment in support of construction activities on job sites for the Hibbing Public Utilities. This position involves collaboration with other utility crews to complete projects such as site preparation, general cleanup, excavation, infrastructure removal/installation, and restorations of properties.

## **Key Responsibilities:**

- Assists in operating equipment such as loaders, skid steers, dump trucks, and backhoes.
- Assists in operating hydro-vac equipment for excavating and potholing to determine service line material.
- Coordinates with Engineering Department to ensure all service line material is properly identified and recorded.
- Assists Water, Heat, and Line Crews in excavating utility infrastructure for emergency or planned repairs.
- Assists Water, Heat, and Line Crews in excavating utility infrastructure for needed upgrades and utility extensions.
- Completes external maintenance activities on facility structures as required, including lawn mowing, painting, and vegetation management.
- Conducts snow plowing/removal at designated HPU facilities.
- Perform routine maintenance and minor repairs on equipment operated for the Construction Crew.
- Must maintain a strong focus on safety, productivity, and quality.
- Assist in clean-up efforts using available equipment, such as vacuum services for plant materials, vacuum services for reclaim tanks, and general clean-up requiring mechanical assistance.
- Must be able to work in all environments common in Hibbing, such as hot, cold, wet, freezing, and humid environments.
- Ensure compliance with internal policies, Hibbing Public Utility Commission (HPUC) regulations, and applicable MDOT/OSHA standards.
- Assists in manual labor tasks when mechanical equipment is either not allowed or too dangerous to use.
- Must take appropriate precautions to protect Utility assets while also showing proper care for customer and city property.
- Identify opportunities to improve construction processes, internal SOPs, external SOPs, and general working conditions at Hibbing Public Utilities.
- Will be required to wear all appropriate PPE such as respirators, hi-vis clothing, and proper ear and eye protection.

- Present findings and recommendations to upper management.
- Any other duties as assigned by supervisor.

**Qualifications:**

- Valid Current Class B CDL with airbrakes.
- Proficiency in operating heavy equipment including a minimum of 2 years running loaders and dump trucks.
- Current Forklift certification.
- Excellent communication and conflict-resolution skills.
- Customer-focused mindset with the ability to maintain professionalism under pressure.
- Ability to interpret and apply utility regulations, blueprint plans, and HPU policies.

**Preferred Qualifications:**

- Valid Current Class A CDL.
- Certified in asbestos abatement.

**Working Conditions:**

- Construction operator position with regular working hours.
- May require extended hours during outages and emergency situations.
- Interaction with field staff and onsite customers.
- Physical Requirements:
  - Sitting \_\_%, Standing \_\_%, Walking \_\_%, Lifting up to \_\_lbs

**Job Title:** Construction Crew Operator II/Utility  
**Department:** Operations  
**Reports To:** Procurement Manager  
**Location:** Hibbing, MN  
**FLSA Status:** Non-Exempt  
**Job Type:** Full-Time  
**Drug & Alcohol Policy Classification:**

## **Position Summary:**

The Construction Crew Operator II is responsible for safely and efficiently operating heavy equipment in support of construction activities on job sites for the Hibbing Public Utilities. This position involves collaboration with other utility crews to complete projects such as site preparation, general cleanup, excavation, infrastructure removal/installation, and restorations of properties.

## **Key Responsibilities:**

- Operate equipment such as excavators, loaders, skid steers, dump trucks, and backhoes.
- Operates hydro-vac equipment for excavating and potholing to determine service line material.
- Coordinates with Engineering Department to ensure all service line material is properly identified and recorded.
- Assists Water, Heat, and Line Crews in excavating utility infrastructure for emergency or planned repairs.
- Assists Water, Heat, and Line Crews in excavating utility infrastructure for needed upgrades and utility extensions.
- Completes external maintenance activities on facility structures as required, including lawn mowing, painting, and vegetation management.
- Conducts snow plowing/removal at designated HPU facilities.
- Create work schedules, assign tasks, and manage time-off requests to ensure adequate coverage.
- Perform routine maintenance and minor repairs on equipment operated for the Construction Crew.
- Must maintain a strong focus on safety, productivity, and quality.
- Assist in clean-up efforts using available equipment, such as vacuum services for plant materials, vacuum services for reclaim tanks, and general clean-up requiring mechanical assistance.
- Must be able to work in all environments common in Hibbing, such as hot, cold, wet, freezing, and humid environments.
- Ensure compliance with internal policies, Hibbing Public Utility Commission (HPUC) regulations, and applicable MDOT/OSHA standards.
- Assists in manual labor tasks when mechanical equipment is either not allowed or too dangerous to use.
- Must take appropriate precautions to protect Utility assets while also showing proper care for customer and city property.
- Identify opportunities to improve construction processes, internal SOPs, external SOPs, and general working conditions at Hibbing Public Utilities.
- Will be required to wear all appropriate PPE such as respirators, hi-vis clothing, and proper ear and eye protection.

- Present findings and recommendations to upper management.
- Any other duties as assigned by supervisor.

### **Qualifications:**

- Valid Current Class B CDL with airbrakes.
- 3–4 continuous years operating hydro-vac equipment, including at least 1–2 years in a supervisory role running hydro-vac equipment.
- Proficiency in operating heavy equipment including a minimum of 2 years running loaders and dump trucks.
- Current Forklift certification.
- Excellent communication and conflict-resolution skills.
- Strong organizational, analytical, and leadership abilities.
- Customer-focused mindset with the ability to maintain professionalism under pressure.
- Ability to interpret and apply utility regulations, blueprint plans, and HPU policies.

### **Preferred Qualifications:**

- Valid Current Class A CDL.
- Certified in asbestos abatement.

### **Working Conditions:**

- Construction operator position with regular working hours.
- May require extended hours during outages and emergency situations.
- Interaction with field staff and onsite customers.
- Physical Requirements:
  - Sitting \_\_%, Standing \_\_%, Walking \_\_%, Lifting up to \_\_lbs