



# Commission Meeting

JULY 7<sup>TH</sup>, 2026

## Commission Meeting Agenda July 7<sup>th</sup>, 2026

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Commissioner J. Bayliss	—	Commissioner J. Sandstede	—
Commissioner J. Hart	—	Commissioner J. Babich	—
Commissioner J. Stokes	—	Legal Counsel A. Borland	—
Senior Director HR & OD K. Powers	—	Power Plant Manager D. Edwards	—
Energy & Operations Manager P. Plombon	—	Executive Assistant M. Schoeben	—
Engineering Manager P. Skubinna	—	Interim Controller T. Mattonen	—

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### Action Items

1. Ratify Request for Community Contribution as Listed
2. Approval of Minutes June 9, 2026 & June 23, 2026
3. New Haven Drive Gas and Electric Utility Extensions
4. New Haven Drive Water Extensions
5. AMI Gas Rejection
6. AMI Electric Rejection
7. Authorize Remote Vehicle Monitoring

### Discussion Items

1. Transition Committee Update
2. Base Rate
3. Project Funding Matrix
4. Commission Meeting Start Time
5. Purchasing Procedures Policy



## Action Item 1

Action Item 1 – Ratify Request for Community Contribution

July 7<sup>th</sup>, 2026

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

RE: Action Item 1 – Ratify Request for Community Contribution

Dear Commissioners;

The Hibbing Public Utilities Commission has the authority to make charitable contributions to community organizations and events that develop the tourist, recreational, industrial, commercial, or vocational resources of Hibbing. As per the Commission direction, contributions are being awarded to qualified organizations as applications are received and then presented to the Commission for authorizations.

The following contribution was awarded in the month of June 2026.

Organization	Sector Support	of Request Amount
North St. Louis County Habitat for Humanity	Vocational	Waive Hook-Up Fees

Sincerely;



Kendra Powers

Senior Director Human Resources and Organizational Development  
Hibbing Public Utilities Commission



## Action Item 2

Action Item 2 – Approval of Minutes

July 7<sup>th</sup>, 2026

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

RE: Action Item 2 - Approval of Minutes

Dear Commissioners;

Please find attached for your approval draft minutes from the Commission Meetings held on June 9, 2026 & June 23, 2026.

Sincerely;



Kendra Powers  
Senior Director Human Resources and Organizational Development  
Hibbing Public Utilities Commission

# MINUTES OF THE PROCEEDINGS

## of the Public Utilities Commission, City of Hibbing, St. Louis County, Minnesota

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Minutes of the regular meeting of the Public Utilities Commission, Hibbing, Minnesota, 1902 E. 6<sup>th</sup> Ave., Hibbing, MN 55746, held on June 9<sup>th</sup>, 2026. Meeting held at Hibbing City Hall, 401 E. 21<sup>st</sup> St., Hibbing MN. Commissioner Bayliss called the meeting to order at 5:06 p.m. In attendance were Commissioner Bayliss, Commissioner Sandstede, Commissioner Hart, Commissioner Stokes, Commissioner Babich, Legal Counsel, Andy Borland; General Manager Luke Peterson, Senior Director of HR and Organizational Development, Kendra Powers; Energy & Operations Manager, Paul Plombon, Engineering Manager, Paul Skubinna; Interim Financial Controller, Tammy Mattonen; Executive Assistant, Magan Schoeben; and Grant Writer & Engagement Specialist, Eliot Dixon. Also in attendance were HPU Employee & Local 94 Union President, George Pogachnik, HPAT Rep., Ron Wirkkula, and Community Members, Mark Reger, and Tim Powers.

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

Commissioner Bayliss announced Consent Agenda Item 5.D. Reaffirm General Manager's Employment to be moved to Item 6.D.

Commissioner Bayliss announced Item 6.C. Closed Session for the Purpose of General Manager Review, was added to the agenda.

General Manager, Luke Peterson requested to add two public service announcements.

1. HPU acknowledged the passing of Shirley Rodrico, a longtime HPU employee.
2. The MPCA published its decision docket regarding the former coal gasification plant superfund site. The project will be funded by outside resources. HPU will issue a press release and encourage public participation during the MPCA comment period.

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

Motion by Commissioner Stokes, supported by Commissioner Babich, to approve the regular meeting minutes of May 19<sup>th</sup>, 2026, Commission Meeting.

Motion carried unanimously.

### **Item 4. CITIZENS FORUM**

No public comments were made.

### **Item 5. CONSENT AGENDA**

Item 5.A. Approve invoices >\$10,000 & approve the bills & ACH transfers >\$10,000 dated May 15<sup>th</sup>, through May 29<sup>th</sup>, 2026

Item 5.B. Approve the payroll paid & overtime report for, May 28<sup>th</sup>, 2026 pay date.

Item 5.C. Authorize listed requests for contributions, Project Care, Free Clinic "Spirit of Giving" Fundraiser, Bluejackets High School Soccer Booster Club, Hibbing Community College Foundation & Mines and Pines Revisited.

Item 5.E. Approve Commissioners to attend June 17<sup>th</sup>, 2026, South Water Treatment Plant Ribbon Cutting at 11871 Town Line Rd., Hibbing, MN 55746 at 1:30 pm.

Item 5.F. Approve Commissioners to attend June 18<sup>th</sup>, 2026, All Employee Summer Safety Meeting & BBQ, Bennett Park North Pavilion from 2:00 pm to 5:30 pm.

# MINUTES OF THE PROCEEDINGS

## of the Public Utilities Commission, City of Hibbing, St. Louis County, Minnesota

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

Motion carried unanimously.

### **Item 6. OLD BUSINESS**

#### **Item 6.A. Annual Rate Adjustment**

##### **Item 6.A.i. Approve Base Rate Adjustments Per 2025 Rate Study**

The Commission discussed the proposed rate adjustments.

Commissioner Sandstede moved to approve rate adjustments. Following clarification, the motion was restated as approval of rate increases excluding the gas rate. The motion did not receive a second; therefore, no vote was taken.

No action was taken.

##### **Item 6.A.ii. Review and Consider Annual Purchase Gas & Power Purchase Adjustments**

The Commission discussed Annual Purchase Gas & Power Purchase Adjustments.

Commissioner Bayliss called for a motion; however, no motion was made.

No action was taken.

#### **Item 6.B. Capital Plan**

##### **Item 6.B.i. Sources of funds**

1. Approve Resolution 26-09, Surplus Equipment

The Commission reviewed the Surplus Equipment list and requested a breakdown of all forty-nine items on the Surplus Equipment list.

Motion by Commissioner Sandstede, supported by Commissioner Stokes, to take AEDs off Surplus Equipment list to be given to the City of Hibbing.

Motion carried unanimously.

Motion by Commissioner Sandstede, supported by Commissioner Stokes, for Surplus Equipment list to be referred to management to gather information on items for further discussion.

Motion carried unanimously.

##### **Item 6.B.ii. Uses of Funds**

1. (OPF0003.0) Lead Water Main Bids 4<sup>th</sup> Avenue East & 4<sup>th</sup> Avenue West

Motion by Commissioner Hart, supported by Commissioner Stokes, to approve Lead Water Main Bids 4th Avenue East & 4th Avenue West.

Motion carried unanimously.

# MINUTES OF THE PROCEEDINGS

## of the Public Utilities Commission, City of Hibbing, St. Louis County, Minnesota

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**Item 6.C.** Closed Session pursuant to Minn. Stat. § 13D.05, subdivision 3(a), for the Purpose of General Manager Review.

Motion by Commissioner Sandstede, supported by Commissioner Babich, to enter closed session for the purpose of General Manager review.

Motion carried unanimously.

**Item 6.D.** Reaffirm General Manager's Employment

The Commission noted that the General Manager provided a letter to the Commission requesting to rescind his resignation.

Commissioner Bayliss made a motion to accept the letter rescinding the General Manager's resignation. The motion did not receive a second; therefore, no vote was taken.

No action was taken.

### **Item 7. NEW BUSINESS**

General Manager, Luke Peterson, thanked the Public Utilities Commission & Rate Payers for the opportunity to work for them over the past five years.

### **Item 8. ADJOURNMENT**

Motion by Commissioner Stokes, supported by Commissioner Hart, to adjourn the meeting at 6:46 pm.

Motion carried unanimously.

Attest:

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James Bayliss, Chair

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Jeff Hart, Commission Secretary

Meeting materials are available at  
The next meeting is a working session scheduled for Tuesday, June 23rd, 2026  
at 4:00 p.m. at the Hibbing City Hall, 401 E. 21<sup>st</sup> St., Hibbing MN 55746.

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# MINUTES OF THE PROCEEDINGS

## of the Public Utilities Commission, City of Hibbing, St. Louis County, Minnesota

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Minutes of the regular meeting of the Public Utilities Commission, Hibbing, Minnesota, 1902 E. 6<sup>th</sup> Ave., Hibbing, MN 55746, held on June 23rd, 2026. Meeting held at Hibbing City Hall, 401 E. 21<sup>st</sup> St., Hibbing MN. Commissioner Bayliss called the meeting to order at 4:01 p.m. In attendance were Commissioner Bayliss, Commissioner Sandstede, Commissioner Hart, Commissioner Stokes, Commissioner Babich, Legal Counsel, Andy Borland; Senior Director of Human Resources & Organizational Development, Kendra Powers; Energy & Operations Manager, Paul Plombon, Engineering Manager, Paul Skubinna, Power Plant Manager, Dan Edwards; Interim Financial Controller, Tammy Mattonen; Executive Assistant, Magan Schoeben; and Grant Writer & Engagement Specialist, Eliot Dixon. Also in attendance were HPU Employee & Local 94 Union President, George Pogachnik, Lisa Crum, with Crum Energy Law, and Community Members, Mark Reger, and Tim Powers. Bethany Ryers, Baker Tilly Representative, attended via Teams.

### **ADDS/DELETES**

Action Item 4. & Action Item 5. moved to the end of the action items. Discussion items moved to the end of the meeting.

**Item 1.** Authorize Request for Contribution from the Hibbing Chamber of Commerce

Motion by Commissioner Stokes, supported by Commissioner Sandstede to authorize the request for contribution to the Hibbing Chamber of Commerce.

Motion carried unanimously.

**Item 2.** Authorize Commission to Attend 7/7/26 & 7/8/26 Strategic Planning Meeting with Karleen Kos, CEO of MMUA.

Motion by Commissioner Sandstede, supported by Commissioner Stokes, to approve Commission to Attend 7/7/26 & 7/8/26 Strategic Planning Meeting with Karleen Kos, CEO of MMUA.

Motion carried unanimously.

**Item 3.** Authorize Quarter 3 Travel

Motion by Commissioner Stokes, supported by Commissioner Bayliss to approve travel to the MMUA Summer Conference in St. Cloud as listed, and the Customer Service Lead to attend the Utility 2030 Energize Retreat to finish their training program. The APGA Conference to be excluded from the quarter three travel list.

Motion carried unanimously.

**Item 4.** Authorize IT Service Company Switch

Motion by Commissioner Sandstede, supported by Commissioner Stokes, to approve the IT service company switching from VC3 to FUSIONTech LLC.

Motion carried unanimously.

**Item 5.** Approve Resolution 26-09; Surplus Equipment

Motion by Commissioner Stokes, supported by Commissioner Sandstede, to approve Resolution 26-09; Surplus Equipment with the exclusion of (1) 2004 International Semi-Trailer LEA, (1) Roto chopper 266 Wood Grinder, (1) Vermeer Woodchipper, (1) Titan Walking Floor Trailer LEA.

# MINUTES OF THE PROCEEDINGS

## of the Public Utilities Commission, City of Hibbing, St. Louis County, Minnesota

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Motion carried unanimously.

**Item 6.** Approve Resolution 26-10 Authorizing Banking Designated Signers

Motion by Commissioner Stokes, supported by Commissioner Sandstede to approve Resolution 26-10 Authorizing Banking Designated Signers.

Motion carried unanimously.

**Item 7.** Approve General Manager Revised Job Description

Motion by Commissioner Stokes, supported by Commissioner Hart to approve General Manager revised job description.

Motion carried unanimously.

**Item 8.** Approval to Recruit for General Manager

Motion by Commissioner Stokes, supported by Commissioner Hart to approve recruiting for General Manager.

Motion carried unanimously.

**Item 9.** Authorize Purchase from Novaspect

Motion by Commissioner Sandstede, supported by Commissioner Stokes to authorize purchase from Novaspect.

Motion carried unanimously.

**Item 10** Authorize Purchase of Feed Water Pump Recirc Valve

Motion by Commissioner Stokes, supported by Commissioner Hart to authorize purchase of Feed Water Pump Recirc Valve.

Motion carried unanimously.

**Item 11** Approval of Vegetation Management

Motion by Commissioner Hart, supported by Commissioner Stokes, to approve awarding a contract to the lowest responsive bidder.

Motion carried unanimously.

**Item 12** Approval for May Financials – Bethany Ryers presenting Virtually

Commission request for investment account to be referred to as 4M Account when reviewing financials.

Motion by Commissioner Hart, supported by Commissioner Babich to approve May Financials as presented by Baker Tilly Representative, Bethany Ryers.

Motion carried unanimously.

**Item 13** Request Transfer from 4M Account

# MINUTES OF THE PROCEEDINGS

## of the Public Utilities Commission, City of Hibbing, St. Louis County, Minnesota

Motion by Commissioner Babich, supported by Commissioner Bayliss to approve the transfer of 900,000 dollars from the 4M Account.

Motion carried unanimously.

**Closed Session** Pursuant to Minn. Stat. § 13D.05, subd. 3(c), to consider the purchase of real property.

Motion by Commissioner Sandstede, supported by Commissioner Stokes, to enter closed session to consider the purchase of real property.

Motion carried unanimously.

Closed session took place from 5:21pm to 6:07pm.

### **Discussion Items**

1. Transition Committee Update
2. Approval Limit Discussion
3. Financials/Cashflow/Auto Signature
4. Two Phase Approach to Upgrade Operating System at Power Plant
5. Remote Vehicle Monitoring
6. Charitable Contributions
7. Rate Increases

Commission reviewed and discussed the listed discussion items. The Commission took no action.

### **ADJOURNMENT**

Motion by Commissioner Stokes, supported by Commissioner Hart, to adjourn the meeting at 7:41 pm.

Motion carried unanimously.

Attest:

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James Bayliss, Chair

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Jeff Hart, Commission Secretary

Meeting materials are available at  
The next meeting is a working session scheduled for Tuesday, July 7<sup>th</sup>, 2026  
at 5:00 p.m. at the Hibbing City Hall, 401 E. 21<sup>st</sup> St., Hibbing MN 55746.

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## Action Item 3

Action Item 3 – Construction Quotes: (OF0008.1) New Haven Drive  
Gas and Electric Utility Extensions

July 7, 2026

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

RE: Action Item 3 – Construction Quotes: Haven Drive Housing Development Gas and  
Electric Utility Extensions

Dear Commissioners;

For your consideration, staff presents price quotations for gas and electric utility  
extensions to support the Hibbing HRA New Haven Drive housing development(s).  
Two quotations were received for construction to extend of primary buried electrical  
distribution and 4-inch gas main service to the development point of connection.

Construction of New Haven Drive is currently underway and Construction on Cobb  
Cook Manor began July 6<sup>th</sup> making now the appropriate time to extend gas and  
electric services to the development.

Jivery Construction's quote was based on \$40 per foot and Lakes States' quote was  
based on \$67.50 per foot. Total extension footage is approximately 1,800 feet resulting  
in a quote from Jivery of \$72,000, plus \$4,000 for gas connection point stub-out across  
New Haven Drive. Total low quote from Jivery was \$76,000.

Staff recommends the Commission award \$76,000 to Jivery Construction for  
construction of gas main and primary electric distribution extensions to serve the New  
Haven Drive Housing Development.

Sincerely;



Paul Skubinna



## Action Item 4

Action Item 4 – Construction Quotes: (OF0008.1) New Haven Drive  
Development Water Extensions

July 7, 2026

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

RE: Action Item – New Haven Drive Housing Development Water Extensions

Dear Commissioners;

For your consideration, staff presents phase 1 of the New Haven Drive of water main extension and loop project.

This is the first leg of a strategic system connection between the 18-inch water main under 1<sup>st</sup> Ave South and the 10-inch water main along 9<sup>th</sup> Avenue South near the movie theater. The New Haven Drive extension and loop will provide the backbone for future development in the area; as well as enhance water system capacity, and resilience.

This phase includes installation of approximately 1,200 feet of 12-inch water main that will replace existing 6-inch water main along New Haven Drive from 9<sup>th</sup> Ave W to 7<sup>th</sup> Ave W and connect the 7<sup>th</sup>/8<sup>th</sup> Ave W neighborhood loop to the 5<sup>th</sup>/6<sup>th</sup> Ave W water neighborhood loop. This first phase will also provide service to the new Cobb Cook Manor affordable housing development including adequate capacity fire suppression flow.

Engineering fees for the phase 1 New Haven Drive water main extension design and construction phase engineering services are \$55,000 and Construction costs are \$735,000. The main water installation will be delivered via the City's construction contract with KGM, the low bidder for New Haven Driver Phase 1 road construction and a Cooperative Project Agreement between the City of Hibbing and HPU as has been the practice for joint projects.

Staff recommend the Commission authorize a contract with Bolton and Menk, Inc in the amount of \$55,000 for design and construction phase engineering services New Haven Drive Housing Development Phase 1 water main extension and loop. Staff also recommend the Commission authorize award of \$735,000 to KGM Construction for construction of New Haven Drive Housing Development Phase 1 water main extension and loop.

Sincerely;



Paul Skubinna



## Action Item 5

Action Item 5 – Declaration of Bidder Default and Rejection of Bid –  
Installation of AMI Gas Meter Project

July 7<sup>th</sup>, 2026

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

RE: Action Item 5 – Declaration of Bidder Default and Rejection of Bid –  
Installation of AMI Gas Meter Project

Dear Commissioners;

This letter serves as formal notice that Tromco Electric LLC has been declared in default and its bid for the AMI Gas Meter Installation Project has been rejected. As required by the bid documents, the successful bidder was obligated to obtain and provide the necessary bonding as a condition of award.

Tromco Electric LLC was unable to secure the required bond and, therefore, failed to satisfy the material requirement of the procurement process.

As a result, staff have determined that Tromco Electric LLC is in default and recommends that the Commission formally reject its bid and authorize staff to proceed in accordance with the project's procurement requirement and to make demand to the contractor and the surety for payment.

Thank you for your consideration.

Sincerely,



Paul Plombon  
Energy & Operations Manager



## Action Item 6

Action Item 6 – Declaration of Bidder Default and Rejection of Bid –  
Installation of AMI Electric Meter Project

July 7<sup>th</sup>, 2026

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

RE: Action Item 6 – Declaration of Bidder Default and Rejection of Bid –  
Installation of AMI Electric Meter Project

Dear Commissioners;

This letter serves as formal notice that Iron Range Electric has been declared in default and its bid for the AMI Electric Meter Installation Project has been rejected. As required by the bid documents, the successful bidder was obligated to obtain and provide the necessary bonding as a condition of award.

Iron Range Electric was unable to secure the required bond and, therefore, failed to satisfy the material requirement of the procurement process.

As a result, staff have determined that Iron Range Electric is in default and recommends that the Commission formally reject its bid and authorize staff to proceed in accordance with the project's procurement requirement and to make demand to the contractor and the surety for payment.

Thank you for your consideration.

Sincerely,



Paul Plombon  
Energy & Operations Manager



## Action Item 7

Action Item 7 – Vehicle Monitoring

July 7<sup>th</sup>, 2026

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

RE: Action Item 7 – Vehicle Monitoring

Dear Commissioners;

For your consideration, HPU has been reaching out to vendors regarding remote vehicle monitoring. This concern was brought up primarily since one of our utility vehicles had been stolen. We currently have three potential companies interested in providing this service to HPU. T-Mobile, at \$19 per vehicle, GPS Insight, at \$18, and AT&T, at \$9.93. We have also reached out, upon commission recommendation, to our insurance provider to inquire about potential rebates or rate reductions if a remote vehicle monitoring device was installed. Currently League of Minnesota Cities does not provide any discounts or credits for vehicles with installed tracing devices. At this time, we recommend moving forward with the proposal from AT&T FirstNet at \$9.93 per vehicle.

Sincerely,



Paul Plombon  
Energy & Operations Manager

# One integrated platform for fleets and assets

AT&T Fleet Management solution provides one platform covering all vehicles from standard cars, vans, and trucks, to specialty vehicles used for first responders, winter operations, sanitation, and public works.



## Productivity



- Detailed GPS tracking
- Exception rules
- Trips & activity reports
- Easy dispatching
- Routing - Planned vs. actual

## Compliance



- Vehicle inspections
- Private vs. commercial use
- Supports corporate sustainability
- IFTA Reporting

## Fleet optimization



- Manage fuel consumption
- Track fuel, oil life remaining and much more
- Tire pressure
- Excessive idling alert
- Monitor engine data\*
- Plan maintenance

## Safety



- Risk & safety reports
- Track hard braking and acceleration
- Seat belt unbuckled alert

## Sustainability



- EV Support\*
- Battery change remaining
- Battery charging history

## Expandability



- Software development kit (SDK) and APIs

AT&T Fleet Management offers advanced solutions on one platform. Automate, integrate, innovate. Our unique and expandable open platform for telematics helps you reduce fleet costs, increase productivity and efficiency, improve safety, and strengthen compliance.

Collect and monitor rich, high-quality data from qualified vehicles, all with end-to-end data protection. With available hardware for qualified vehicles, choosing AT&T Fleet Management couldn't be easier.

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\* Some features may be limited or coming soon



Item 2

Item 2 – Base Rate Discussion

July 7<sup>th</sup>, 2026

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

RE: Item 2 – Base Rate Discussion

Dear Commissioners;

For your discussion, here is a sample of base rates collected from various utility entities across the state. This shows a comparison along with potential base rate increases by percentage and dollar amount. The increases also reflect the estimated amount of revenue per year from these increases.

Thank you for your consideration.

Sincerely,



Paul Plombon  
Energy & Operations Manager



	HPU											
Electric	Customers	Charge	Current Est Revenue	1% Increase	2% Increase	3% Increase	5% Increase	\$1 Increase	\$2 Increase	\$3 Increase		
Res Electric	6086	\$12.9200	\$943,573.44	\$953,009.17	\$962,444.91	\$971,880.64	\$990,752.11	\$1,016,605.44	\$1,089,637.44	\$1,162,669.44		
General Service	423	\$13.8608	\$70,357.42	\$71,061.00	\$71,764.57	\$72,468.14	\$73,875.29	\$75,433.42	\$80,509.42	\$85,585.42		
Small Power	313	\$12.9042	\$48,468.18	\$48,952.86	\$49,437.54	\$49,922.22	\$50,891.58	\$52,224.18	\$55,980.18	\$59,736.18		
Power Service	67	\$12.6595	\$10,178.27	\$10,280.05	\$10,381.84	\$10,483.62	\$10,687.18	\$10,982.27	\$11,786.27	\$12,590.27		
Large Power	6	\$43.2140	\$3,111.41	\$3,142.52	\$3,173.64	\$3,204.75	\$3,266.98	\$3,183.41	\$3,255.41	\$3,327.41		
Security Light	109	\$15.0190	\$19,644.89	\$19,841.33	\$20,037.78	\$20,234.23	\$20,627.13	\$20,952.89	\$22,260.89	\$23,568.89		
Municipal Rate	68	\$21.6070	\$17,631.31	\$17,807.63	\$17,983.94	\$18,160.25	\$18,512.88	\$18,447.31	\$19,263.31	\$20,079.31		
<b>Gas</b>												
Res Gas	4422	\$10.2781	\$545,397.10	\$550,851.07	\$556,305.04	\$561,759.01	\$572,666.95	\$598,461.10	\$651,525.10	\$704,589.10		
Comm Gas	533	\$15.1393	\$96,830.96	\$97,799.27	\$98,767.58	\$99,735.89	\$101,672.51	\$103,226.96	\$109,622.96	\$116,018.96		
Inter. Gas	2	\$58.9700	\$1,415.28	\$1,429.43	\$1,443.59	\$1,457.74	\$1,486.04	\$1,439.28	\$1,463.28	\$1,487.28		
<b>Water</b>												
Res Water	5180	\$19.9000	\$1,236,984.00	\$1,249,353.84	\$1,261,723.68	\$1,274,093.52	\$1,298,833.20	\$1,299,144.00	\$1,361,304.00	\$1,423,464.00		
Com Water	290	\$19.9100	\$69,286.80	\$69,979.67	\$70,672.54	\$71,365.40	\$72,751.14	\$72,766.80	\$76,246.80	\$79,726.80		
1"	130	\$21.3000	\$33,228.00	\$33,560.28	\$33,892.56	\$34,224.84	\$34,889.40	\$34,788.00	\$36,348.00	\$37,908.00		
1.5"	49	\$26.9000	\$15,817.20	\$15,975.37	\$16,133.54	\$16,291.72	\$16,608.06	\$16,405.20	\$16,993.20	\$17,581.20		
2"	47	\$33.6000	\$18,950.40	\$19,139.90	\$19,329.41	\$19,518.91	\$19,897.92	\$19,514.40	\$20,078.40	\$20,642.40		
3"	11	\$80.6000	\$10,639.20	\$10,745.59	\$10,851.98	\$10,958.38	\$11,171.16	\$10,771.20	\$10,903.20	\$11,035.20		
4"	3	\$120.9000	\$4,352.40	\$4,395.92	\$4,439.45	\$4,482.97	\$4,570.02	\$4,388.40	\$4,424.40	\$4,460.40		
6"	1	\$167.9000	\$2,014.80	\$2,034.95	\$2,055.10	\$2,075.24	\$2,115.54	\$2,026.80	\$2,038.80	\$2,050.80		
<b>Steam</b>												
Res Steam	659	\$23.3600	\$184,730.88	\$186,578.19	\$188,425.50	\$190,272.81	\$193,967.42	\$192,638.88	\$200,546.88	\$208,454.88		
Live Steam	1	\$22.5000	\$270.00	\$272.70	\$275.40	\$278.10	\$283.50	\$282.00	\$294.00	\$306.00		
Hospital	1	\$23.0100	\$276.12	\$278.88	\$281.64	\$284.40	\$289.93	\$288.12	\$300.12	\$312.12		
ISD 701	4	\$23.0100	\$1,104.48	\$1,115.52	\$1,126.57	\$1,137.61	\$1,159.70	\$1,152.48	\$1,200.48	\$1,248.48		
Lee Center/HA	3	\$21.2400	\$764.64	\$772.29	\$779.93	\$787.58	\$802.87	\$800.64	\$836.64	\$872.64		
Summer Rate		\$23.6600										
				\$3,335,027.17	\$3,368,377.45	\$3,401,727.72	\$3,435,077.99	\$3,501,778.53	\$3,555,923.17	\$3,776,819.17	\$3,997,715.17	
Revenue Increase					\$33,350.27	\$66,700.54	\$100,050.82	\$166,751.36	\$220,896.00	\$441,792.00	\$662,688.00	



Item 3

### Item 3 – Project Funding Matrix

July 7<sup>th</sup>, 2026

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

RE: Item 3 – Project Funding Matrix

Dear Commissioners;

HPU’s Project Funding Matrix has been developed to assist the Commissioners in tracking current and future Capital Investment funding sources. This tool has been developed with the direct input of several HPU staff and aligns with HPU’s approved 2026-2030 Capital Improvement Plan.

As HPU’s Grant Writer and Engagement Specialist, this tool provides me with the financial and project structure to better anticipate funding needs and pursue corresponding funding opportunities. A top priority of staff is to maximize HPU’s ability to aggressively pursue sources of external funding that support HPU’s existing CIP or align with HPU’s strategic plan.

In support of this, I have compiled the resources staff will be utilizing in order to identify potential funding opportunities.

#### Funding Agencies

Agency	Topics
<b>US Dept. of Energy</b>	Electrical distribution, generation, transmission
<b>US EPA</b>	Water Infrastructure
<b>USDA Rural Development</b>	Rural community development. Often limited to communities >10,000
<b>US HUD</b>	Community Development, CDBG
<b>FEMA</b>	Hazard Mitigation Programs
<b>US Economic Development Admin</b>	Industrial parks & economic developments
<b>MN PCA</b>	Water quality
<b>MN Dept of Health</b>	Drinking water, lead removal
<b>MN PFA</b>	Water infrastructure
<b>MN DEED</b>	Industrial parks & economic development
<b>IRRR</b>	Public works program

## Grant Databases

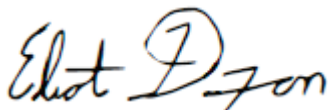
Resource	Topics	Frequency
<b>Grants.gov</b>	Federal database of all federal funding opportunities.	Weekly
<b>MN Dept. of Grants Management</b>	State database of all state-level funding opportunities.	Weekly

## Newsletters

Resource	Topics	Distribution
<b>MMUA Digest</b>	MN Public Utility related news and funding opportunities.	Weekly
<b>AWWA Connections</b>	Public water related news and funding opportunities.	Bi-weekly
<b>APPA Public Power Current</b>	Public power related news and funding opportunities.	Daily
<b>The Ranger – IRRR</b>	IRRR and state-wide funding opportunities for TTRA	Bi-weekly
<b>The Current - DOE</b>	Federal funding opportunities and priorities for electrical production and distribution	As needed
<b>MN Commerce Dept. – Energy Funding Opportunities</b>	MN-specific energy funding opportunities	As needed

These lists are not meant to be complete but represent several of the key resources staff will be utilizing in the pursuit of external funding.

Sincerely,



Eliot Dixon

Grant Writer & Engagement Specialist

Water Utility Capital Improvement Plan: Funding Breakdown				
CIP Project #	CC	Project Name	2026	2027
OF0002.2	*	E 23rd Street Water - Phase 2	\$ 1,696,000	-
		<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
		Cash	-	-
		PFA Debt - Pending	\$ 696,000	-
		FY 26 CDS Grant - Awarded	-	-
		IRRR Taconite Environmental Protection Grant - Awarded	-	-
		IRRR FY 2026 Public Works - Awarded	\$ 1,000,000	-
		<b>Total Funding</b>	<b>\$ 1,696,000</b>	<b>-</b>
OF0002.0		Annual Hydrant & Valve Replacement	\$ 1,124,000	\$ 1,248,000
		<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
		Cash	-	-
		PFA Debt - Pending	\$ 124,000	-
		IRRR FY 2026 Public Works - Awarded	-	-
		FY 26 CDS Grant - Awarded	\$ 1,000,000	-
		<b>Total Funding</b>	<b>\$ 1,124,000</b>	<b>\$ 1,248,000</b>
OF0002.1		30" Water Main Rehab Phase 3	\$ 1,099,000	-
		<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
		Cash	\$ 337,843	-
		IRRR Mineral Article Phase 2 - Awarded	\$ 761,157	-
		IRRR Taconite Environmental Protection Grant - Awarded	-	-
		<b>Total Funding</b>	<b>\$ 1,099,000</b>	<b>-</b>
OF0008.1	*	W 40th St (Cobb Cook) - New Haven Drive Housing Develop	\$ 241,695	\$ 1,611,300
		<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
		Cash	\$ 241,695	-
		PFA Debt - Considered	-	-
		IRRR FY 2027 Public Works - Considered	-	-
			-	-
			-	-
		<b>Total Funding</b>	<b>\$ 241,695</b>	<b>\$ 1,611,300</b>
Not Assigned	*	E 25th Street Phase 1 - 1st Ave to E 7th Ave	\$ 219,000	\$ 1,914,000
		<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
		Cash	\$ 219,000	-
		PFA Debt - Considered	-	-
		IRRR FY 2027 Public Works - Considered	-	-
			-	-
		<b>Total Funding</b>	<b>\$ 219,000</b>	<b>\$ 1,914,000</b>
Not Assigned	*	E 25th Street Phase 2 - E 7th Ave to 169	\$ 219,000	-
		<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
		Cash	\$ 219,000	-
		PFA Debt - Considered	-	-
		IRRR FY 2027 Public Works - Considered	-	-
			-	-
		<b>Total Funding</b>	<b>\$ 219,000</b>	<b>-</b>

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

Funding Breakdown	2026
Annual Capital Investment Total	\$ 8,496,608
Budgetted Depreciation - Water	\$ (1,100,000)
External Funding - Loans	\$ (6,000,000)
External Funding - Grants	\$ (4,211,156)
Funding Gap / (Surplus)	\$ (2,814,548)

**Secured External Funding**

Funding Sources	Funding Amounts	Funding Terms
IRRR Public Works - FY26	\$ 1,000,000	FY 26 Water Distribution Projects
EPA Community Funding	\$ 1,000,000	FY 26 Water Distribution Projects
MN Dept of Health Lead Service Line	\$ 1,000,000	4th Ave. E & 4th Ave. W Lead
IRRR "Mineral Article"	\$ 761,156	30" Water Main Project
IRRR Taconite Environmental Protection Fund	\$ 350,000	"Public Infrastructure - Water" - unassigned
BWSR Source Water Protection Funds	\$ 85,000	Well Sealing
Mn Dept of Health Clean Water Funds	\$ 15,000	Well Visualization
FY 25 CDBG	\$ 101,049	Greenhaven Phase 1 - unassigned
FY 26 CDBG	\$ 200,000	W Wegener Rd. to 19th - unassigned

**Pending/Future Funding Opportunities**

Funding Sources	Funding Request	Notes	Applied to?
FY 26 PFA Loan	\$ 6,000,000		
IRRR FY27 Public Works	\$ 1,000,000	2027 Water Projects	N
FY 27 CDS	\$ 2,511,479	Greenhaven & W Wegener	Y
FY 27 State Bonding	-	Confirm Scope of application with Commission	Y
FY 27 PFA DWRF Loan	-		
<a href="#">FY 2028 PFA LSL Replacement</a>	-		

**Project Performance Timeline**

2026	Status	Payment Timeline
2023 Southside Water Treatment Plant	Completed	Mar-26
30" Water Main Rehab Phase 3	Completed	Jul-26
Well Visualization	Ongoing	Aug-26
Well Sealing	Ongoing	Aug-26
E 23rd Street Water - Phase 2	Ongoing	Sep-26
Annual Hydrant & Valve Replacement	Ongoing	Sep-26
2026 Annual Service Line Potholing	Ongoing	Ongoing
W 40th St (Cobb Cook) - New Haven Drive	Bidding	Dec-26
Block 4th Ave E 2100-2200 & 4th Ave W	Bidding	Dec-26
E 25th Street Phase 1 - 1st Ave to E 7th Ave	Engineering	Dec-26
E 25th Street Phase 2 - E 7th Ave to 169	Engineering	Dec-26
Pb & Cu Compliance - Corrosion Control	Engineering	Dec-26

CIP Project #	CC	Project Name	2026	2027
OF0001.0		2023 Southside Water Treatment Plant Improvements	\$ 1,143,000	-
		<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
		Cash	-	-
		PFA Debt - Awarded	\$ 1,143,000	-
		<b>Total Funding</b>	<b>\$ 1,143,000</b>	

CIP Project #	CC	Project Name	2026	2027
OF0012.0		Well Visualization	\$ 15,000	-
		<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
		Cash	-	-
		Dept. of Health Clean Water	\$ 15,000	-
			-	-
		<b>Total Funding</b>	<b>\$ 15,000</b>	

CIP Project #	CC	Project Name	2026	2027
OF0012.1		Well Sealing	\$ 31,163	\$ 62,337
		<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
		Cash	\$ 2,833	\$ 5,667
		BWSR	\$ 28,330	\$ 56,670
			-	-
		<b>Total Funding</b>	<b>\$ 31,163</b>	<b>\$ 62,337</b>

OF0003.0		Pb & Cu Compliance Block 4th Ave E 2100-2200 & 4th Ave W	\$ 2,450,000	\$ 1,000,000
		<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
		Cash	-	-
		PFA - Debt	\$ 2,450,000	\$ 1,000,000
		IRRR Taconite Environmental Protection Grant - Awarded	-	-
		IRRR FY 2026 Public Works - Awarded	-	-
		** MDH Lead Funding - Awarded	\$ 1,000,000	-
		<b>Total Funding</b>	<b>\$ 2,450,000</b>	<b>\$ 1,000,000</b>

OF0003.1		Pb & Cu Compliance - Corrosion Control	\$ 38,750	\$ 407,000
		<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
		Cash	\$ 38,750	-
		** MDH Lead Funding - Awarded	-	-
		IRRR Taconite Environmental Protection Grant - Awarded	-	-
			-	-
		<b>Total Funding</b>	<b>\$ 38,750</b>	

OF0003.2	*	Pb & Cu Compliance - 2026 Annual Service Line Potholing	\$ 220,000	\$ 320,000
		<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
		Cash	\$ 220,000	-
			-	-
		<b>Total Funding</b>	<b>\$ 220,000</b>	

Not Assigned	*	Annual Lead Water Main & Service Line Replacement		\$ 2,500,000
		<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
		Cash	-	-
		PFA - Debt	-	-
		<b>Total Funding</b>	<b>\$ 0</b>	



## Capital Project Funding Matrix

		Funding status		Admin		Water		Electric		Gas		Steam		Transmission		Total	
Capital Budget - CY 2026				6,512,055	\$	8,496,608	\$	6,960,000	\$	550,000	\$	2,830,500	\$	11,173,000	\$	36,522,163	
Depreciation				(128,026)	\$	(1,100,000)	\$	(3,598,696)	\$	(414,683)	\$	(84,922)			\$	(5,326,327)	
Anticipated Grants																	
IRRR Public Works Funds	Watermain projects		secured		\$	(1,000,000)											(1,000,000)
EPA Community Funding			secured		\$	(1,000,000)											(1,000,000)
MN Dept of Health Lead Service Line	Lead service line funding		secured		\$	(1,000,000)											(1,000,000)
IRRR 2026 Mineral Article funds	\$1,770,000 Sliplining project, Half of pha		secured		\$	(761,156)											(761,156)
IRRR Taconite Environmental Protection Fund			secured		\$	(350,000)											(350,000)
BWSR Clean Water Funds			secured		\$	(85,000)											(85,000)
MN Dept of Health Source Water Protection			secured		\$	(15,000)											(15,000)
PFA DWRF - Loan			potential		\$	(6,000,000)											(6,000,000)
NBC Transmission loan													\$	(11,173,000)			(11,173,000)
Funding Gap/(Surplus)				6,384,029	\$	(2,814,548)	\$	3,361,304	\$	135,317	\$	2,745,578	\$	-	\$	9,811,680	

Admin Capital Improvement Plan: Funding Breakdown				
CIP Project #	CC	Project Name	2026	2027
OF0009.1		Distribution Modelling - Gas & Electric	\$ 200,000	-
		<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
		Cash	-	
		<b>Total Funding</b>	\$ 0	\$ 0
OF0009.0		Water, Gas, & Electric Meter AMI Upgrade	\$ 2,072,055	-
		<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
		Cash	-	
		<b>Total Funding</b>	\$ 0	\$ 0
		Fleet Lease and Purchase	\$ 240,000	\$ 240,000
		<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
		Cash	-	
		<b>Total Funding</b>	\$ 0	\$ 0
Not Assigned	*	Fleet Lease and Purchase	\$ 3,000,000	\$ 2,000,000
		<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
		Cash	-	
		<b>Total Funding</b>	\$ 0	\$ 0
Not Assigned	*	IT7 Communications	\$ 1,000,000	-
		<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
		Cash	-	
		<b>Total Funding</b>	\$ 0	\$ 0

Plans & Studies
Facilities Upgrades & Major Maintenance
Fleet & Equipment

<b>Funding Breakdown</b>	2026	
Annual Capital Investment Total	\$	6,512,055
Budgetted Depreciation - Admin	\$	(128,026)
External Funding - Loans	\$	-
External Funding - Grants	\$	-
Funding Gap / (Surplus)	\$	6,384,029

Secured External Funding Amount

Pending/Future Funding Opportunities  
Funding Sources Funding Request

Electric Distribution Utility Capital Improvement Plan: Funding Breakdown			
CIP Project #	CC	Project Name	
OF0010.3		Annual Lighting Replacements	\$ 100,000
		<b>Funding Sources</b>	<b>2026</b>
		Cash	\$ 100,000
		<b>Total Funding</b>	\$ 100,000
OF0010.0		Vegetation Management	\$ 300,000
		<b>Funding Sources</b>	<b>2026</b>
		Cash	\$ 300,000
		<b>Total Funding</b>	\$ 300,000
OF0004.2		Beltline Substation Reconstruction	\$ 2,000,000
		<b>Funding Sources</b>	<b>2026</b>
		Cash	\$ 2,000,000
		<b>Total Funding</b>	\$ 2,000,000
OF0004.3		Feeder 15 Phase 2 & 3 - 2400C to 13.8KV Conversion	\$ 1,000,000
		<b>Funding Sources</b>	<b>2026</b>
		Cash	\$ 1,000,000
		<b>Total Funding</b>	\$ 1,000,000
OF0004.1		Feeder 80&81 - 4160V to 13.8KV Conversion	\$ 325,000
		<b>Funding Sources</b>	<b>2026</b>
		Cash	\$ 325,000
		<b>Total Funding</b>	\$ 325,000

Electrical Distribution
Electrical Unscheduled Distribution
Electrical Generation

Funding Breakdown	2026	
Annual Capital Investment Total	\$	6,960,000
Budgetted Depreciation & Amort - Electric	\$	(3,598,696)
External Funding - Loans	\$	-
External Funding - Grants	\$	-
Funding Gap / (Surplus)	\$	3,361,304

Secured External Funding	Amount	Notes
MN Dept of Transportation - CRP	\$	720,000 2027 LED Street Light Conversion

Pending/Future Funding Opportunities	Funding Request
Funding Sources	

OF0004.0	Feeder 61&70 - 2400C to 13.8 KV Conversion	\$ 125,000	-
	<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
	Cash	\$ 125,000	
	<b>Total Funding</b>	\$ 125,000	

Not Assigned	* E 25th St. Phase 1 - Underground Lighting	\$ 30,000	\$ 300,000
	<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
	Cash	\$ 30,000	
	<b>Total Funding</b>	\$ 30,000	

OF0004.4	Feeder 1 Recabling	\$ 175,000	
	<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
	Cash	\$ 175,000	
	<b>Total Funding</b>	\$ 175,000	

Not Assigned	* E 25th St. Phase 2 - Underground Lighting	\$ 30,000	-
	<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
	Cash	\$ 30,000	
	<b>Total Funding</b>	\$ 30,000	

Not Assigned	W 40th St. (Cobb Cook) - New haven Development	\$ 100,000	\$ 150,000
	<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
	Cash	-	
	<b>Total Funding</b>	\$ 0	

Not Assigned	* Greenhave Phase 1 - Underground Lighting	-	\$ 15,000
	<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
	Cash	-	
	<b>Total Funding</b>	\$ 0	

Not Assigned	Industrial Rd. & E 19th St. - Vaults & Switch	-	\$ 250,000
	<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
	Cash	-	
	<b>Total Funding</b>	\$ 0	

Not Assigned	Wegener Sub - 4KV to 13.8KV Conversion	-	\$ 100,000
	<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
	Cash	-	
	<b>Total Funding</b>	\$ 0	

Not Assigned	LED Street Light Conversion	-	\$ 1,000,000
	<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
	Cash	-	\$ 280,000
	** BMI Grant		\$ 720,000
	<b>Total Funding</b>	\$ 0	\$ 1,000,000

Not Assigned	Decommission Gas Plant Substations	-	\$ 500,000
	<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
	Cash	-	
	<b>Total Funding</b>	\$ 0	

Not Assigned	*	DER Interconnect Upgrades	\$ 25,000	\$ 25,000
		<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
		Cash	\$ 25,000	
		<b>Total Funding</b>	\$ 25,000	

Not Assigned		RO System	\$ 1,500,000	-
		<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
		Cash	\$ 1,500,000	
		<b>Total Funding</b>	\$ 1,500,000	

Not Assigned		Boiler 4, Feedwater & Routine Upgrades	\$ 1,000,000	-
		<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
		Cash	\$ 1,000,000	
		<b>Total Funding</b>	\$ 1,000,000	

Not Assigned		Plant Electrical	\$ 250,000	\$ 250,000
		<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
		Cash	\$ 250,000	
		<b>Total Funding</b>	\$ 250,000	

Not Assigned		Turbine Major Overhaul	-	\$ 2,000,000
		<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
		Cash	-	
		<b>Total Funding</b>	\$ 0	





Not Assigned	Annual Steam Maintenance Replacements	\$ 500,000	\$ 500,000
	<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
	Cash	\$ 500,000	
	<b>Total Funding</b>	\$ 500,000	\$ 0

OF0006.0	Industrial Rd. & E 19th St.	-	\$ 1,529,903
	<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
	Cash	-	
	<b>Total Funding</b>	\$ 0	\$ 0

OF0006.2	24th St. Condensate Vault & Memorial Building	\$ 250,000	-
	<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
	Cash	\$ 250,000	
	<b>Total Funding</b>	\$ 250,000	\$ 0

OF0006.3	Warehouse Steam & Condensate Repair	\$ 80,000	-
	<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
	Cash	\$ 80,000	
	<b>Total Funding</b>	\$ 80,000	\$ 0

OF0008.5	1810 1st Ave. Steam Service Extension	\$ 70,000	-
	<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
	Cash	\$ 70,000	
	<b>Total Funding</b>	\$ 70,000	\$ 0

Transmission Utility Capital Improvement Plan: Funding Breakdown				
CIP Project #	CC	Project Name	2026	2027
OF0005		Southern Interconnect	\$ 11,173,000	\$ 7,448,400
		<b>Funding Sources</b>	<b>2026</b>	<b>2027</b>
		Cash	-	
		Municipal Bond - Debt	\$ 11,730,000	\$ 7,448,400
		<b>Total Funding</b>	\$ 11,730,000	\$ 7,448,400

Funding Breakdown	2026	
Annual Capital Investment Total	\$	11,173,000
Budgetted Depreciation - Transmission		
External Funding - Loans	\$	(11,173,000)
External Funding - Grants	\$	-
Funding Gap / (Surplus)	\$	-

Secured External Funding	Amount	
NBC Transmission Loan	\$	20,000,000

Pending/Future Funding Opportunities	Funding Request
Funding Sources	



Item 5

Item 5 – Purchasing Procedures Policy Update

July 7<sup>th</sup>, 2026

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

RE: Item 5 – Purchasing Procedures Policy Update

Dear Commissioners;

For your consideration, the management team has completed a comprehensive review of HPU's Purchasing Procedures Policy in the Employee Policy Handbook and is recommending updates to strengthen internal controls and improve operational accountability.

While the current policy is generally being followed, our review identified areas that require clarification and refinement to better manage risks associated with inventory, capital projects, and day-to-day operations. The proposed revisions establish clearer expectations, strengthen oversight, and promote greater consistency in purchasing practices.

Implementing these changes would enhance accountability, improve fiscal stewardship, reduce organizational risk, and help ensure HPU's resources are managed responsibly and transparently. We believe these updates represent a proactive step toward strengthening our internal processes and supporting the long-term financial integrity of the organization.

Thank you for your consideration.

Sincerely,



Paul Plombon  
Energy & Operations Manager

# HPU Purchasing Policy

## Section 1 – Purchases Less Than \$3,000

Purchases with an anticipated total cost of less than **\$3,000** may be made without obtaining competitive quotes, provided the purchase is reasonable, necessary, and within the approved budget.

Employees are expected to:

- Ensure the purchase serves a legitimate business purpose.
- Seek the best value whenever practical.
- Follow all applicable approval and authorization procedures.
- Maintain documentation, such as receipts or invoices, for all purchases.
- The Department Head shall review and approve the purchase request.

## Section 2 – Purchases from \$3,000 to \$10,000

Purchases with an anticipated total cost of **\$3,000 through \$10,000** require that a minimum of three quotes be attempted and documented whenever practicable. These purchases require review and approval to ensure they are necessary, within the approved budget, and in the best interest of the organization.

Requirements

- The Department Head shall review and approve the purchase request.
- The General Manager must provide final approval before a purchase order is issued or the purchase is made.
- The purchase must be within the approved operating or capital budget.
- Employees are encouraged to obtain the best available pricing and consider quality, delivery, and service when selecting a vendor.

## Section 3 – Purchases from \$10,001 to \$99,999

Purchases with an anticipated total cost of **\$10,001 through \$99,999** require a minimum of three written quotes. These purchases also require review and approval to ensure they are necessary, within the approved budget, and in the best interest of the organization.

Requirements

- A minimum of three written quotes must be obtained and documented whenever practicable. If three written quotes cannot be obtained, the procurement file must include documentation explaining the reason.
- Purchases must be included within the approved budget.
- Approval is required from the Department Head, General Manager, and the Commission before the purchase or contract is executed.
- The Commission approval shall be documented in the meeting minutes.

## Section 4 – Public Bids (Over \$100,000)

Purchases with an anticipated total cost of **\$100,000 or more** shall be procured through a formal public bidding process unless otherwise permitted by law or approved under an authorized exception.

The public bidding process shall include:

- Preparation of clear and complete bid specifications.
- Public advertisement of the bid opportunity in accordance with applicable laws and organizational requirements.
- A specified deadline for submission of sealed bids or approved electronic bids.
- Public opening of bids when required.
- Evaluation of bids based on compliance with specifications, responsiveness, responsibility of the bidder, and overall value.
- Award of the contract by the appropriate governing authority or authorized official.

The organization reserves the right to reject any or all bids, waive minor informalities when permitted, and rebid the project when it is determined to be in the organization's best interest.

## Section 5 – Purchasing Approval Matrix

The following approval levels apply to all purchases based on the anticipated total cost of the procurement, including shipping, installation, and any applicable fees.

Purchase Amount	Procurement Method	Required Approval
Less than \$3,000	Direct Purchase	Department Head
\$3,000 – \$10,000	Minimum of three (3) written quotes	Department Head and General Manager
\$10,001- \$25,000	Minimum of three (3) written quotes	Department Head, General Manager, and Commission

\$25,001-\$99,999	Minimum of three (3) written quotes	Department Head, General Manager, and Commission
\$100,000 and above	Formal Public Bid	Department Head, General Manager, and Commission

#### Additional Approval Requirements

- All purchases must be within an approved budget or have prior authorization for a budget amendment.
- No employee may approve a purchase for which they will personally benefit.
- Purchases shall not be artificially divided or "split" into multiple smaller purchases to avoid quote or public bidding requirements.
- The Finance Department shall establish policy compliance in the purchasing software.
- Contracts, amendments, and change orders that increase the total contract value beyond an approval threshold must receive the approval required for the new total contract amount.
- Emergency purchases may be authorized by the General Manager when necessary to protect safety or essential operations. All emergency purchases shall be documented and presented to the Commission at its next regular meeting for ratification, if required.

DRAFT