

BOARD OF PUBLIC UTILITIES—Proceedings by Authority

State of New York:

Office of the Board:

City of Jamestown:

Regular meeting of the Board of Public Utilities, City of Jamestown, New York, held **Monday, October 23, 2017 at 4:00 P.M.** in the offices of the Board, 92 Steele Street, Jamestown, New York.

BOARD MEMBERS:	Present	Absent
Tyler Case		X
Chuck Cornell	X	
Terrance Horner	X	
Maria Jones	X	
Jeffrey A. Lehman, PE	X	
Gregory Rabb	X	
Mayor Samuel Teresi	X	
Ralph Wallace		X
Martha Zenns	X	
STAFF:		
General Manager, David L. Leathers	X	
Deputy General Manager, Michael Saar, PE	X	
Finance & Customer Accts. Mgr., Kelly Hawkins	X	
Counsel, William Wright	X	
Sec. to the Board, Tammy J. Anderson	X	
Comm. Coordinator, Rebecca Robbins	X	
Electric & Gas Resource Mgr., Dave Gustafson	X	
Transmission & Distribution Mgr., Chris Rodgers	X	
Electrical Engineer, Kris Sellstrom	X	
Associate Power Plant Supervisor, Cory Allen		X
Energy Efficiency Coordinator, Daniel Reynolds	X	

OTHER STAFF:

Civil Engineering Technician, Brenda Wagner

The media was notified of this meeting and was represented by Dennis Phillips, The Post-Journal.

On motion of Mrs. Jones, seconded by Mr. Horner, the minutes of the previous meeting were approved.

#171001 By Mrs. Jones:

Whereas, the Board has been provided with proposed written resolutions prior to this meeting and,

Whereas, each Board Member has been given adequate opportunity to discuss each resolution,

Now, Therefore, Be It

Resolved, that proposed resolutions **#171001A-G** be, and hereby are approved as written.

ADOPTED. Ayes: 7 Nays: 0
October 23, 2017

#171001A:

Resolved, That the warrants be drawn on the proper funds to pay bills which have been duly audited for the period ending **October 23, 2017** as follows:

ELECTRIC LIGHT FUND	1,780,218.15
WATER RENT FUND	255,070.95
DISTRICT HEATING FUND	30,836.82
WASTEWATER OPERATING FUND	169,164.26
SOLID WASTE OPERATING FUND	259,072.90
Total	\$ 2,494,363.08

itemized copies of such audits to be placed on file in the office of this Board; and be it further

Resolved, that the action of the executive officers of this Board in drawing warrants on the General Fund in **September 2017** to pay the following payrolls and disbursements be approved and ratified:

Weekly Payroll No. 36	190,843.31
Weekly Payroll No. 37	197,863.32
Weekly Payroll No. 38	182,879.35
Weekly Payroll No. 39	182,674.92
EnergyMark LLC	87,417.00
NYPA Purchases	477,556.73
Direct Energy Business Marketing	326,407.00
National Grid – Transmission Costs	12,610.43
Sprague Operating Resources	80,155.00
NYSERDA	183.39
NYSERDA – ZEC's	74,481.06
United States Post Office - Rome	9,865.19

Mid-American Natural Resources	108,672.00
Crown Energy Services	19,950.00
NYS Sales Tax	41,071.07
Visa Corporate Payment Systems	8,313.60
Invoice Cloud	303.90
Sage Payment Solutions	5,873.63
Key Bank	255.40
Total	\$2,007,376.30

#171001B:

Resolved, That a warrant be drawn on the Electric Light Fund to The Depository Trust Company of New York, NY, for \$2,215,100 to pay principal of \$2,080,000 and interest of \$135,100 for six months interest at 5.09 per centum per annum due November 15, 2017, on \$7,894,050 Public Improvement Serial Bonds, Series 1999A.

Discussion: This is for the Gas Turbine Project and the final payment will be issued November 15, 2019.

#171001C:

Resolved, That a warrant be drawn on the Electric Light Fund to The Depository Trust Company of New York, NY, for \$79,800 to pay principal of \$75,000 and interest of \$4,800 for six months interest at 5.09 per centum per annum due November 15, 2017, on \$294,589 Public Improvement Serial Bonds, Series 2000B.

Discussion: This is for the Gas Turbine Project and the final payment will be issued November 15, 2019.

#171001D:

Resolved, That the bid of Mansfield Oil Company of Gainesville, GA, on BD-13-17 opened on October 5, 2017, for unleaded gasoline for the BPU Fueling Depot, be accepted; and be it further

Resolved, That the General Manager is hereby authorized to issue a Water Division Purchase Order to Mansfield Oil Company for unleaded gasoline.

Discussion: This was the lowest bid for unleaded gasoline of the five bids received and meets all specifications. The rack price can change daily depending on market forces. Gasoline is delivered to the BPU Fueling Depot on Steele Street on a regular basis throughout the year. This is a one-year contract term for supplying unleaded gasoline at a mark-up over rack price of -.0149 per gallon. This is included in the proposed 2018 Water Division budget.

#171001E:

Resolved, That the bid of Lictus Oil & Propane of Clymer, NY, on BD-13-17 opened on October 5, 2017, for diesel fuel for the BPU Fueling Depot, be accepted; and be it further

Resolved, That the General Manager is hereby authorized to issue a Water Division Purchase Order to Lictus Oil & Propane for diesel fuel.

Discussion: This was the lowest bid for diesel fuel of the five bids received and meets all specifications. The rack price can change daily depending on market forces. Diesel fuel is delivered to the BPU Fueling Depot on Steele Street on a regular basis throughout the year. This is a one-year contract term for supplying diesel fuel at a mark-up over rack price of +.002 per gallon. This is included in the proposed 2018 Water Division budget.

#171001F:

Resolved, That the bid of Layne Christenson of Schoharie, NY, on BD-11-17 opened September 26, 2017, for the installation of a new water well and the abandonment of an existing well at the BPU Cassadaga well field located outside of Falconer, NY, in the amount of \$196,120, be accepted, and be it further

Resolved, That the General Manager is hereby authorized to issue a Water Division Purchase Order to Layne Christenson for this work.

Discussion: This is lowest of two bids received and meets all specifications. The new water well is expected to produce approximately 650 gallons per minute. The water well scheduled to be abandoned is producing 50 gallons per minute.

#171001G:

Resolved, That the bid of Kingsview Enterprises, Inc., of Lakewood, NY, on BD-12-17 opened on October 16, 2017 to perform demolition, excavation, disposal and repairs of road, sidewalk and curbing construction damaged by utility work be accepted, contingent upon a commitment by the bidder to provide the BPU with records of purchase of New York Department of Transportation (DOT) certified materials; and be it further

Resolved, That the General Manager is hereby authorized to enter into a contract with Kingsview Enterprises Inc. for this repair work, subject to the above commitment.

Discussion: This was the lowest of the three bids received and meets all specifications. The estimated amount of the contract is \$66,372.25, but costs will be based on actual repairs performed during the term of the contract. The requirement to prove use of certified materials is based upon a written commitment by Kingsview to purchase approved materials from Jamestown Macadam, Inc., and not to use materials from their own asphalt plant until DOT certification is obtained and proven to the satisfaction of BPU and City staff. This is included in the 2017 Water Division Budget.

#171002 By Ms. Zenns:

Whereas, AECOM has provided environmental consulting services for the last fourteen years to support the compliance of environmental regulations affecting the Samuel A. Carlson Generating Station, and

Whereas, AECOM is a certified Environmental Protection Agency (EPA) & Emissions Collection and Monitoring Plan Systems (ECMPS) representative, and

Whereas, AECOM is an Authorized Submittal Agent and consultant to the Jamestown Board of Public Utilities' EPA's electronic emission reporting system which requires access to our sensitive emission data base,

Now, Therefore, Be It

Resolved, That the General Manager be authorized to enter into an agreement with AECOM Environment of Westford, MA, to provide professional environmental engineering services for the calendar year 2018 for a cost not to exceed \$25,000.

Discussion: AECOM will continue to provide engineering and consulting support to the JBPU related to the Title V Air Permit and environmental regulations. AECOM has been used by the JBPU for this specialized work since 2001 and continues to provide exceptional professional and timely service. AECOM maintains a complete listing of JBPU air emission sources documentation. Funding for this resolution to be provided under the 2018 Operations budget.

ADOPTED. Ayes: 7 Nays: 0
October 23, 2017

#171003 By Mr. Horner:

Resolved, That the action of the General Manager in entering into an Agreement with Wunderlich-Malec Services, Inc., of Golden, CO, to provide annual Maintenance and Support for the coverage period of October 1, 2017 through September 30, 2022 in the amount of \$60,610 is hereby approved and ratified.

Discussion: This Maintenance and Support Agreement is for the DAHS software required by the EPA to electronically report environmental emission data to their compliance monitoring system. It covers software upgrades, system maintenance, and adds EPA reporting support. Wunderlich-Malec is the supplier of the DAHS which has been in use at the Samuel A. Carlson Generating Station since 2001. Utilizing their services for this service contract will minimize the BPU's risk of reporting disruptions and compliance verification problems. Entering into a five-year support agreement locks in the rate for 5 years at a 5% discount for each year.

The annual cost of this Agreement is \$12,122 which is included as part of the power plant annual CEMS maintenance budget.

ADOPTED. Ayes: 7 Nays: 0
October 23, 2017

#171004 By Ms. Zenms:

Resolved, That the quote of Ermco/Delta-Wye Associates, LTD., of Cazenovia, NY, in the amount of \$20,084 to furnish one pad mounted transformer, be accepted; and be it further

Resolved, That the General Manager is hereby authorized to issue an Electric Division Purchase Order to Delta-Wye, for this pad mounted transformer.

Discussion: Ermco provided the lowest purchase cost of the five quotes that were received and meets all specifications. After review, staff recommends that Delta-Wye Associates, LTD should be awarded. The transformer is needed for The Post-Journal transformer relocation project and will be used to replace the transformer that was previously allocated for the project after it developed an oil leak while being repainted. The goal is to relocate The Post-Journal transformers prior to the South Main Street bridge project which may necessitate taking the primary feed to The Post-Journal out of service. The purchase of the pad mount transformer is included the 2017 Electric Division budget.

ADOPTED. Ayes: 7 Nays: 0
October 23, 2017

#171005 By Mr. Rabb:

Whereas, Three-quarters ($\frac{3}{4}$) of the members of the Board of Public Utilities concur that it is impractical to take bids for journeyman and apprentice electrician labor;

Now, Therefore, Be It

Resolved, That the General Manager is hereby authorized to enter into an agreement with Ahlstrom Schaeffer Electric of Jamestown, NY, for electrician labor based upon their 2018 labor quotation, attached, and subject to review and approval by counsel as to form.

Discussion: Based upon the following, Staff believes that the bidding of these services would not provide any further benefit. These services were bid in 2014 through the regular bidding process and only one bid was received, which was provided by Ahlstrom Schaeffer. Ahlstrom Schaeffer has proven to provide reliable and efficient service throughout the years and is also familiar with BPU equipment and projects. Future projects where their services may be used include electric service conversions and upgrades to our system, power plant electrical projects, and work for the water division. The 2018 labor rates will increase for the following job

classifications; Sub-Foreman 2.76%, Journeyman 2.33%, 5th Year Apprentice 1.86%, 3rd Year Apprentice 0.75%, and 1st Year Apprentice 1.27%. Typically, we contract for Journeyman Electricians; this rate will increase 2.3% for 2018. Mr. Leathers highlighted that the outlook for 2018 is to minimize how much we use this type of labor.

ADOPTED. Ayes: 7 Nays: 0
October 23, 2017

#171006 By Mrs. Jones:

Resolved, That the District Heating Division Budget for 2018, anticipating cash and investments of \$2,923,481, cash receipts of \$1,525,958, and cash disbursements of \$1,203,227, leaving a cash balance of \$3,116,212, be and hereby is adopted; and be it further

Resolved, That the disbursements shall be divided \$394,652 for Fixed Charges, \$808,575 for Operation and Maintenance, and \$130,000 for Capital Projects, all as set forth in said budget for 2018; and be it further

Resolved, That the amounts set forth in the budget schedules for the benefit of each account against which charges may properly be made, on file in the office of the Board, are hereby appropriated for the purposes therein stated, and the officers and employees of the Board are hereby authorized and directed to contract for necessary expenditures in accordance therewith.

Discussion: There is no base rate increase in 2018; however, there is an increase to the FAC. This final budget has been reviewed by and is recommended by the BPU Board Finance & Capital Projects Committee. Mr. Leathers said this information will be communicated through letters that will be mailed directly to all District Heating customers next week. The FAC increase will take effect November 1st which will be billed in December.

ADOPTED. Ayes: 7 Nays: 0
October 23, 2017

#171007 By Mr. Lehman:

Whereas, The Board believes that all rates, charges and rules regarding the operation of the District Heat division should be transparent and available to the general public in the form of Schedules of District Heat,

Now, Therefore, Be It

Resolved, The Schedules of District Heat Rates are approved and filed in the office of the Secretary to the Board.

Discussion: These schedules of rates are in alignment with the approved 2018 District Heating Division Budget. All District Heating customers will be mailed a letter notifying them of the rate changes prior to November 1, 2017. There are no changes from the previous year on the District Heating Schedule of Rates.

ADOPTED. Ayes: 7 Nays: 0
October 23, 2017

#171008 By Mrs. Jones:

Resolved, That the Solid Waste Division Budget for 2018, anticipating cash on hand of \$801,204, cash receipts of \$2,336,056, and cash disbursements of \$2,382,243, leaving a cash balance of \$758,217, be and hereby is adopted; and be it further

Resolved, That the disbursements shall be divided \$233,442 for Fixed Charges, \$416,000 for Capital Projects, and \$1,732,801 for Operation and Maintenance, all as set forth in said budget for 2018; and be it further

Resolved, That the amounts set forth in the budget schedules for the benefit of each account against which charges may properly be made, on file in the office of the Board, are hereby appropriated for the purposes therein stated, and the officers and employees of the Board are hereby authorized and directed to contract for necessary expenditures in accordance therewith.

Discussion: There is no base rate increase for 2018 in-City residential customers. This final budget has been reviewed by and is recommended by the BPU Board Finance & Capital Projects Committee. Ms. Zenns asked for clarification as to when these rates will be effective and when the customers who will be affected will be notified. Mr. Leathers explained that there will be a legal notice in the newspaper and there will be a letter mailed to each of the customers whose rates will be affected. Ms. Zenns said she would like these customers to be notified directly. Mayor Teresi suggested that a notice is included in the newsletter as well. Mayor Teresi commended the work of the solid waste department and said he continues to be amazed that we can deliver this tremendous value and quality at such a low rate. Mr. Leathers highlighted that for the residential customers who are receiving the residential recycling credit, the rate is the same as it was in 2006 for our solid waste services.

ADOPTED. Ayes: 7 Nays: 0
October 23, 2017

#171009 By Mr. Lehman:

Whereas, The Board believes that all rates, charges and rules regarding the operation of the solid waste division should be transparent and available to the general public in the form of Schedules of Solid Waste Rates for each municipality served,

Now, Therefore, Be It

Resolved, The Schedules of Solid Waste Rates served are approved and filed in the office of the Secretary to the Board.

ADOPTED. Ayes: 7 Nays: 0
October 23, 2017

#171010 By Ms. Zenns:

Whereas, The City of Jamestown Board of Public Utilities received approval from the New York State Public Service Commission to offer Rider 5 Line Extension and Obsolete Equipment Service Upgrades for Business Development Recruitment and Retention Assistance for the purpose of maintaining reliable operations and maintenance of the distribution system, and

Whereas, PSC No. 7, City of Jamestown BPU Tariff, sets forth a structure for offering a rate reduction for new or existing General Service Customers that qualify under the provisions of Rider 5, and

Whereas, The transformers that provide service to The Post-Journal are in need of relocation and repair, and the work required satisfies the objectives of the Rider 5 Tariff;

Now, Therefore, Be It

Resolved, That \$35,000 from the Rider 5 fund be approved to pay for a portion of the expenses related to installing underground vaults, transformers, conduits, electric panels and service conductors, and be it further

Resolved, That the General Manager is hereby authorized to execute said payment.

Discussion: The transformers that feed The Post-Journal, parking ramp and some of the surrounding area are in need of replacement. The Post-Journal being a customer would normally be responsible for some of the costs associated with the relocation project. The Rider 5 (Section 1) funds will utilized to cover some of these expenses. Ms. Zenns asked where the pool of money for the Rider 5 program came from. Mr. Leathers explained that the original Rider 5 money was set aside from a lawsuit which included the BPU and approximately eight other municipalities against NYPA in 2002. The money that was set aside was to be used for economic development for new businesses acquiring electric service or service extensions, and also for existing businesses needing an expansion. This fund would appropriate a certain amount that would normally be incurred by those businesses. Mr. Leathers explained that approximately three years ago, this Rider was expanded to include obsolete services. The majority of the money has been used to help subsidize obsolete services. Ms. Zenns asked if the Rider 5 money would eventually

be depleted. Mr. Leathers replied, yes, it will eventually be depleted, unless a new mechanism was created to replenish it.

ADOPTED. Ayes: 7 Nays: 0
October 23, 2017

Mr. Leathers provided a General Manager's Report, which began with an update on energy efficiency programs and program brochures from Dan Reynolds. Mr. Reynolds said plans are to discontinue three of the currently offered programs: 1) the Attic Insulation Program, 2) Customized Incentive Program, and 3) Commercial Weatherization Program. As reviewed at the September Board meeting, this is in an effort to free up some funds for Renewing the Energy Vision ("REV")-related programs. Mr. Reynolds reviewed the programs that are proposed to be offered in 2018: 1) Lighting & Motor Rebate Program, 2) Home Energy Audits and Weatherization Rebate Program, and 3) Energy Star Program. He said there very few changes being proposed to these programs.

Next on the agenda is the review of draft 2018 division budgets. Mr. Leathers announced that the Wastewater Division Budget for 2018 will be delayed one month due to a grant that was recently awarded to the BPU in the amount of \$375,000 toward the \$1.5 million dollar sliplining project. Therefore, additional budget work is required to incorporate the specifics of executing this \$1.5M project.

Mr. Cornell departed at 4:30 P.M.

Kelly Hawkins reviewed the draft 2018 Water Division Budget. Ms. Hawkins said that a net income of \$246K for 2017 is anticipated, compared to a budgeted amount of \$632K. Tariff water sales for 2017 are projected to be \$304K under budget and other revenues are expected to be \$2K, or 1%, under budget. Operating expenses are projected to be \$86K over budget, mainly due to an unplanned employee retirement and a high claim at the Northwest Arena. An increase to the water UFPO expense is due to planning and training for an employee retirement, which is expected in 2018. Year-to-date expenses for Health Care is under budget by \$37K and employee retirement is under budget by \$73K. The main break repair and maintenance expense is \$70K under budget for 2017. The initial draft of the 2018 Water Division Budget includes a recommended rate increase of 4%, which is anticipated to increase revenues by \$281K from the 2017 water sales. The budgeted increase in revenues from 2017 to 2018 is a total of 5.4%. The budgeted increase in operating expenses is \$195K, or 3.9%, from the 2017 budgeted expenses and \$109K, or 2.2%, from the 2017 projected spend. For 2018, the capital projects budget is \$1.15M, which includes major items such as \$600K for main and service replacements, \$250K for a new well at the Cassadaga Pump Station, \$150K for meter replacements, and \$65K for a replacement vehicle. Ms. Hawkins reviewed the budget assumptions, which are as follows: The recommendation from staff at this time is a 4% water rate increase, the need for meter change outs will continue at a rate of \$450K over the next five years, workers' compensation insurance payments have been allocated to the water division based on employee headcount, the anticipated retirement of three employees has been added to expenses, a portion of the Main Street main break repair amount is built into capital, the demolition of the coal bunker at Cassadaga Pump Station is included in 2018 expenses for \$150K, the need for another employee

to be moved into the water division at a lower rate due to an employee retirement is reflected into labor expenses, and the GASB 68 adjustment in the 2016 financial statements was \$92K and inflated the Administrative and General expense. Ms. Hawkins said work is still being done and will continue over the next month to try to offset the recommended 4% rate increase.

Mayor Teresi asked if the roughly \$49K savings in the water division for the allocation of the workers' compensation insurance payments adjustment back to headcount would be fully offset by the increase in the electric division, or if there will there be a gap. Mr. Leathers replied that it will be fully offset and the only change is how the number is being allocated among the BPU divisions; the payment amount made by the BPU to the City, which is paid to the County, will remain the same.

Brenda Wagner, Civil Engineering Technician in the Water Department, reviewed the proposed changes to the 2018 Schedules of Rates for the Water Division. The first proposed change is the implementation of a basic service charge to all accounts, regardless of occupancy, except for those accounts where the owner chooses to abandon the service. The practice of abandoning a water service is already done in Lakewood and Busti districts. Mike Saar explained the justification for this is to maintain our infrastructure, mains, and meters. Ms. Wagner added that the basic service charge also includes the costs to install, maintain, and operate the fire hydrants near each dwelling. Mr. Leathers explained that there is a number of customers that disconnect their service and do not get charged a basic service charge and go quite a long time without reconnecting the service. In an effort to drive consistency, this proposal is to continue billing the basic service charge even when customers are not consuming water. Mayor Teresi asked if this is legal. Mr. Wright confirmed, yes, for the reasons reviewed by Mr. Saar, this is legal. Mayor Teresi asked how long we can charge this basic service charge. Mr. Wright replied that it will be charged monthly, unless the owner of the property elects to abandon and physically disconnect from the water system. If the owner abandons the service and seeks to reconnect at a later date, they would be required to hire a licensed plumber and incur the new service connection charges to reconnect into the water system. Mayor Teresi asked if we have recently looked into the connection and reconnection fees to see if they also need to be increased. Mr. Wright replied that these charges were reviewed and updated approximately two years ago to be sure that the BPU is recovering its costs. Mayor Teresi said that if we are going to be instituting this new policy, we want to be sure that our disconnection and reconnection costs are commensurate. Ms. Zenns asked if the basic service charge, if unpaid, could become a lien on the property. Mr. Wright replied, yes, it could become a lien on the property if left unpaid. Mayor Teresi added, in order to avoid having to pay the monthly basic service charge, this may also create an incentive for property owners to rent out their property sooner.

Ms. Wagner resumed the review of the water division rate schedules. She highlighted that the next change is with "Private Yard Fire Hydrants". Ms. Zenns asked for clarification. Ms. Wagner explained that it is a fire hydrant that is owned by a commercial customer. Language was added to remove liability from the BPU for any damages incurred if the customer requests that the BPU flush their private hydrant.

The next change to the water division schedule of rates for 2018 is intended to help BPU personnel gain access to meters when needed. To help with this, Staff is proposing a decrease in

the time permitted for a customer to provide the BPU access to its water meter, along with an increase in the monthly charge from \$25 to \$50 for each month the customer fails to provide access. A draft sample letter, which will serve as official notification and will be mailed to these customers prior to incurring any charges, was reviewed. This letter will serve to notify customers of the inability to gain access to the meter before the fee is assessed.

There are also changes being proposed to the seasonal disconnection of water service. A customer will now be required to be present at the time the service is disconnected. This is to verify that the water is completely off. In addition, a charge is being implemented which will help cover actual costs for the BPU to provide the service. For responsibility of water service, Staff would like to add a sentence that states, all plumbing before & after the meter must be performed in accordance with the City of Jamestown Plumbing Code within the City of Jamestown. Mayor Teresi requested that language be added which states that customers who reside outside the city of Jamestown must comply with the New York State Plumbing Code. Customers who are noncompliant with adding adequate space before and after the meter will be charged until they are compliant. Under Terms of Payment, to cover BPU actual costs, the service reconnection fee is being proposed to increase from \$30 to \$50 during regular hours and from \$160 to \$175 outside of regular working hours. Mayor Teresi asked that each of the municipal agreements be reviewed to confirm that these charges are not included in any of the existing agreements. Mr. Leathers said these changes are based on discussions at the board level to increase revenue and expense control. They are all related to the bottom line of this division.

To avoid paying a monthly basic service charge for an inactive service, all customers now have the option to abandon and physically disconnect their water service from the BPU water system. This "Abandonment of Water Service" agreement has been added to the "Provisions Applicable for All (Water) Consumers" and was previously only available in Districts 11 and 20.

Mayor Teresi commented that review and periodic updates to the Rate Schedules is a needed and important exercise. Bill Wright commented that the rate schedules were updated considerably a couple of years ago. Mr. Leathers commended Tammy Anderson for leading the process of annually reviewing each of the rate schedules. He said BPU personnel have become much more regimented to include an annual review of the schedule of rates during the budget reviews. Mr. Leathers said that reviewing them annually not only helps us understand and comprehend what is included in our rate schedules, but also helps us determine where adjustments and changes need to be made.

Kelly Hawkins reviewed the draft 2018 Electric Division Budget. Staff is anticipating net income of \$3M for 2017, compared to a budgeted amount of \$1.97M. Tariff sales for 2017 are projected to be \$486K under budget and other revenues are expected to be \$92K, or 7.8% under budget. Off-system sales revenue is projected to provide a total revenue of \$6.2M which is \$3.3M less than budget for 2017. Operating expenses are projected to be \$3.4M under budget for 2017 primarily due to the production costs being under budget as a result of less generation. Expenses that are currently projected to be over budget are Street Lighting and Administrative and General, mainly due to NYS CES, Dow Street Annexation spending, and increased Healthcare expenses. The initial 2018 draft budget has no recommended rate increase. The projected tariff sales increase is approximately \$500K while initial off-system sales are budgeted

to decrease. The 2018 capital projects budget is \$10.5M and includes major items such as the purchase of EmKey Transportation natural gas pipeline assets, two replacement bucket trucks in the Transmission & Distribution Department, and standard capital maintenance and upgrades for T&D cable and poles. Budget assumptions include: reallocation of workers' compensation which will increase this division's expenses, the EmKey asset purchase is built into capital expenditures, the small increase in fiber revenues is based on recent agreements proposed, the LED street light implementation for municipal and other public authorities assumed to be a decrease of approximately \$50K in revenues, two employee retirement buyouts in 2018, and no significant changes in renewable energy utilization. Mr. Leathers explained that the biggest changes are in wholesale power. In regard to net income and the impact on cash, the OSS and OSS profits are more related to the overhaul reserve fund. He explained \$1.225M goes to support the operating budget, and anything above that up to \$1M goes to the overhaul reserve fund, and anything above that (\$2.25M) would ultimately get refunded to customers. He said, "I think we're seeing a decline in the New York State capacity market." He continued, "As everyone's aware, we have been running the gas turbine differently than in past years, especially across the winter months period." He continued, "Together, this impacts the ability to get \$2.25M in OSS profits to support both the contribution to the operating budget and the contribution to the overhaul reserve fund." Dave Gustafson will be providing an update to the board members at an upcoming Board meeting in an effort to help everyone understand how this all impacts the electric division budgeting. Mr. Leathers said that there has been quite a bit of change. He reviewed some of the items affecting the budget, including the bond anticipation note for \$2M to support the EmKey purchase which will create added bond repayments over the next five years and the \$5M EmKey purchase, if that should occur. He also mentioned that we are seeing a lot of changes in water and wastewater, as consumption and overall revenues are declining. Mr. Leathers also emphasized that the increase in the 2017 projected sales numbers for electric is not because revenues are higher, it includes the Zero Emissions Credits charges for the nuclear subsidy which is a new fee required by New York State. He said that good financial performance projected in 2017 is primarily because of excellent expense controls. This is the initial look at the budget, but there is more to do. Mayor Teresi said in initial discussions with City Council during last week's work session, nothing is included as a profit sharing revenue out of the electric division in the 2018 City budget.

Mr. Leathers said that Fall water flushing is complete. He said the process went very well. Projections are that less money was spent for Fall flushing than was spent last Spring for advertising and communications expenses. Mr. Leathers commended Becky Robbins for making the flushing communications a more efficient process. Mr. Leathers highlighted that flushing was completed with no overtime hours. He said this seems to be a process that is working well for both BPU customers and our employees.

Work has been done with the BPU Board Personnel Committee on updates to the BPU Personnel Policy Manual. Copies of the recommended changes to the policy manual will be sent to the Board Personnel Committee members and, in the next couple of months, will be brought to the overall Board for review, comment, and ultimate approval.

Saturday, November 11th will be the last day the Yard Waste Site will be open on a Saturday in 2017. Mr. Leathers said he is pleased to highlight that our City partners have done a good job on the Riverwalk pedestrian bridges.

Mr. Leathers announced that Chris Rodgers, Mike Saar, and Jim Alexander will be attending the Jamestown Strategic Planning & Partnership Commission meeting on October 26th to review some of the downtown improvement initiatives that BPU personnel are working on, including lighting and solid waste, garbage and recycling.

BPU Staff will be working with Todd Thomas, City Clerk, and Greg Rabb to schedule a visit to City Council in December. This will be to review the changes that have been made to the BPU Rate Schedules which will go into effect on January 1st, 2018.

Upcoming meetings are as follows:

- Board Personnel Committee meeting - Monday, November 6th at 4:00 P.M.
- Board Finance & Capital Projects Committee meeting – Monday, November 13th at 3:30 P.M.
- Board Meeting - Monday, November 20th at 4:00 P.M.
- Board Strategic Planning Committee meeting – Monday, November 27th at 3:30 P.M.

On motion of Mr. Lehman, seconded by Ms. Zenns, the Board convened into executive session to discuss four contract negotiation issues and one potential litigation issue.

On motion of Mr. Lehman, seconded by Ms. Zenns, the Board convened into open session.

On motion of Mr. Lehman, seconded by Mr. Horner, the Board meeting was declared adjourned.

David L. Leathers, General Manager
Tammy J. Anderson, Secretary to the Board