

**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, August 27, 2018** at **4:00 P.M.** in the offices of the Board, 92 Steele Street, Jamestown, New York.

<b>BOARD MEMBERS:</b>	<b>Present</b>	<b>Absent</b>
Marie Carrubba	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	
<b>STAFF:</b>		
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, Shari Lake	X	
Comm. Coordinator, Rebecca Robbins	X	
Transmission & Distribution Mgr., Chris Rodgers	X	
Electrical Engineer, Kris Sellstrom	X	
Associate Power Plant Supervisor, Cory Allen	X	
Asst. Labor Relations Adm., Tammy J. Anderson	X	

**OTHER STAFF:**

Energy Efficiency Coordinator, Dan Reynolds

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

On motion of Mr. Lehman, seconded by Ms. Zenns, the minutes of the previous meeting were approved. Jason Sample, The Post-Journal, arrived at 4:02 pm, representing the media.

On motion of Mr. Lehman seconded by Ms. Zenns, the Board convened into executive session to discuss a current litigation issue.

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

Chairman Rabb thanked the BPU employees that volunteered at the Chadakoin playground project on Saturday, August 25<sup>th</sup>, including GM Dave Leathers, Tammy Anderson, Becky Robbins, Bob and Amanda Sischo, and others. It was also noted several BPU employees assisted on Prep Day, Wednesday, August 22<sup>nd</sup>. Mayor Teresi added to that, recognizing BPU staff and employees that played key roles volunteering at many community events in the last month. In addition to the playground, this year's Comedy Festival downtown and the opening of the National Comedy Center (NCC), noting BPU support of the NCC goes back many years. BPU staff also played a key role in the Babe Ruth World Series earlier this month, thanking those who came out to repair a pole mounted transformer across the street that was knocked out by a baseball on a Friday night, knocking out half the lights in the stadium. The 39<sup>th</sup> Annual Labor Day Festival is coming up on Sunday, September 2; Becky Robbins and Dan Reynolds are leading that event for the BPU. Mayor Teresi thanked BPU staff and employees, paid and unpaid, for all their community service work. Chairman Rabb thanked Becky Robbins and her team for visiting the St. Luke's reading program and giving a demonstration on solid waste and recycling. Chairman Rabb also thanked the BPU staff for all the community events they support and really being a part of the community.

**#180801 By Mr. Lehman:**

Resolved, That the warrants be drawn on the proper funds to pay bills which have been duly audited for the period ending **August 27, 2018** as follows:

ELECTRIC LIGHT FUND	1,093,074.22
WATER RENT FUND	478,288.52
DISTRICT HEATING FUND	48,944.74
WASTEWATER OPERATING FUND	166,114.43
SOLID WASTE OPERATING FUND	101,515.31
Total	<b>\$ 1,887,937.22</b>

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 **July 2018** to pay the following payrolls and disbursements be approved and ratified:

Weekly Payroll No. 27	184,993.88
Weekly Payroll No. 28	191,062.29
Weekly Payroll No. 29	181,810.59
Weekly Payroll No. 30	217,392.95
EnergyMark LLC	41,383.00
NYPA Purchases	470,864.34
Direct Energy Business Marketing	120,730.20
National Grid – Transmission Costs	223,595.18
Sprague Operating Resources	70,280.50
Commissioner of Taxation and Finance	543.35

NYSERDA – ZEC’s	77,577.70
United States Post Office - Rome	10,280.88
Kelly Hawkins	200.00
NYSERDA-RES Alt. Compliance Pmt	1,373.52
NYS Sales Tax	30,000.00
Visa Corporate Payment Systems	9,586.32
Invoice Cloud	378.30
Sage Payment Solutions	7,488.94
Key Bank	102.75
Total	\$ 1,839,644.69

**ADOPTED.** Ayes: 7 Nays: 0  
August 27, 2018

**#180802 By Mr. Horner:**

Whereas, The Jamestown Board of Public Utilities (JBPU) has reached an agreement with Zito Media of Coudersport, PA on the terms and conditions of a Utility Pole Attachment Agreement,

Now, Therefore, Be It

Resolved, That the General Manager be, and hereby is, authorized to execute the Utility Pole Attachment Agreement with Zito Media, pending approval by counsel.

Discussion: JBPU staff and counsel have been working with Zito Media on the pole attachment agreement which is acceptable to each party and follows the guidelines of the New York State Public Service Commission Order in Case No. 14-E-0243 dated April 24, 2017 on Municipal Pole Attachment Rates. The Agreement is for wireline attachments. This new agreement will be similar to our other pole attachment agreements. Ms. Carrubba asked if this would be extended beyond the UPMC area. Mr. Leathers replied that currently, only the UPMC area is involved; no other services for the community are proposed at this point. Mayor Teresi noted that right now it is just dark fiber. Mr. Leathers said this is basically a construction project.

**ADOPTED.** Ayes: 7 Nays: 0  
August 27, 2018

**#180803 By Ms. Zenns:**

Whereas, Three-quarters (3/4) of this Board has determined that it is impractical to contract for the removal of the Aux. 2 District Heat Indeck Boiler Stack rain cap and the installation of a stack drain; and

Whereas, International Chimney Corporation of Buffalo, NY, was on-site with a crane and were able to provide the JBPU with a timely and cost-effective quote to inspect and provide initial engineering support for the Aux 2 stack.

Now, Therefore, Be It

Resolved, That the action of the General Manager in issuing an Electric Division Purchase Order to International Chimney Corporation in the amount of \$24,239 per their proposal # ICC No. CB—C, is hereby approved and ratified.

Discussion: As part of the demolition and replacement of the Simple Cycle Stack, Air modeling was performed to determine if a 130-foot stack would not cause any adverse health effects to the environment. The modeling results showed that in order to build a Simple Cycle Stack lower than 200 feet, the rain cap on the Aux 2 stack needed to be removed to comply with Federal and State air emission regulations. Due to long lead time on the stack drain parts, the work has not yet been completed and needs to be completed within the first week of September. Since International Chimney has intimate knowledge of our stacks and has successfully performed other stack related work for the JBPU in the past (Simple cycle stack demo/replacement), they were asked on their availability to perform the work in our allotted time frame and to provide a quote for the above-mentioned work. They responded with Quote # ICC No. CB--C in the amount of \$24,239 and will be available to perform the work in accordance with our schedule. This is included in the 2018 Electric Division Capital Budget. Mayor Teresi asked if this was a Three-quarters resolution; Mr. Leathers informed him yes it was.

**ADOPTED.** Ayes: 7 Nays: 0  
August 27, 2018

**#180804 By Mr. Horner:**

Resolved, That the bid of Powercon Corporation of Severn, MD, on BD-12-18 opened July 10, 2018, for Shelter Aisle Switchgear for the Electric Division in the amount of \$841,936 be accepted; and be it further

Resolved, That the General Manager is hereby authorized to issue an Electric Division purchase order to Powercon Corporation for the switchgear.

Discussion: Powercon was the lowest of 5 bids submitted and met specifications. The switchgear is for the Huxley Substation project. Delivery is scheduled for the week of August 12<sup>th</sup>, 2019. This bid has been reviewed and approved by counsel.

**ADOPTED.** Ayes: 7 Nays: 0  
August 27, 2018

**#180805 By Mr. Lehman:**

Whereas, Three-quarters ( $\frac{3}{4}$ ) of this Board concur that it is impractical to take bids for the purchase of natural gas needed from time to time and on very short notice to support the BPU operations at the Samuel A. Carlson Generating Station, and

Whereas, DTE Energy Trading, Inc., of Ann Arbor, MI, is a supplier of natural gas and wishes to sell gas to the BPU, and

Whereas, The BPU wishes to maintain contractual agreements with multiple natural gas suppliers capable of providing the fuel needed to support its operations at the lowest competitive price possible;

Now, Therefore, Be It Resolved, That the General Manager is hereby authorized to enter into a “Base Contract for Sale and Purchase of Natural Gas” including the “Special Provisions to the NAESB agreement Base Contract” with DTE Energy Trading, Inc, and be it further

Resolved, That the General Manager or his designee is hereby authorized to enter into conforming Transaction Confirmations for gas purchases from that company as defined by the Base Contract.

Discussion: DTE Energy Trading, Inc markets, trades, and distributes gas and power. The company also provides energy sourcing and risk management solutions for municipalities, electric cooperatives, independent power producers, investor owned utilities, and retail energy suppliers. It also buys and sells power and natural gas on the commodities markets. The company was incorporated in 1995 and is based in Ann Arbor, Michigan. DTE Energy Trading, Inc. operates as a subsidiary of DTE Energy Company. They are an active shipper on the TGP interstate pipeline which is an important upstream supply to the Carlson Station. The Base Contract, otherwise called a “NAESB” (North American Energy Standards Board) Purchase Agreement, is intended to establish mutually agreed to contractual terms and conditions to be used when actual transactions are entered. Such transactions generally occur on a short notice basis and are of short duration. By having NAESB Agreements in place with multiple suppliers, the BPU is able to competitively and reliably secure fuel to meet its needs. The proposed NAESB Agreement with DTE Energy Trading, Inc has been reviewed by counsel.

**ADOPTED.**           Ayes: 7 Nays: 0  
August 27, 2018

**#180806 By Ms. Carrubba:**

Resolved, That the General Manager is hereby authorized to execute Change Order #3 in the amount of \$110,000 to previously-approved Board resolution #170111 to Bond, Schoeneck & King, One Lincoln Center, 110 W. Fayette Street, Syracuse, NY 13202-1355, for services provided to the City of Jamestown with regard to the proposed annexation of the Dow Street Substation property.

Discussion: This is the third Change Order to the previously-approved \$40,000 board resolution for legal services provided by Bond, Schoeneck, and King. Change Order #1 was approved in the amount of \$60,000 in August of 2017 and Change Order #2 was approved in the amount of \$70,000 in January of 2018. This current change order will allow payment of expenditures estimated through year end 2018, specifically related to preliminary conference preparation, hearing preparation, trial hearing, and post hearing briefing and oral argument preparation prior to the case going before the Appellate Division, Fourth Department.

**ADOPTED.** Ayes: 7 Nays: 0  
August 27, 2018

**#180807 By Ms. Zenns:**

Whereas, three-quarters of this Board has determined that it is impractical to contract for the immediate abatement of asbestos from the Samuel A. Carlson Generating Station; and

Whereas, Stohl Environmental of Buffalo, NY, responded to the site within 24 hours, provided a quote and was available to perform the work on short notice at a cost-effective price.

Now, Therefore, Be It

Resolved, That the General Manager is hereby authorized to issue an Electric Division Purchase Order for Professional Services to Stohl Environmental for a sum not to exceed \$26,750, per their proposal dated August 23, 2018.

Discussion: During routine maintenance activities and inspection of asbestos containing material in the power plant, the deteriorated condition of friable asbestos on a steam line and tank insulation was discovered (approximately 150 linear feet and associated valving). The abatement will take place in two areas. The first area is located at the northwest corner of the operations floor adjacent to Steam Turbine # 5. The second area is located at the southeast corner of the basement and includes asbestos pipe and tank insulation. This material has been identified as requiring immediate abatement work to eliminate the potential hazard associated with asbestos exposure throughout the facility.

The State of New York requires that asbestos abatement service contractor be licensed and approved by the State and be retained by the owner for any asbestos abatement project. In addition, Stohl Environmental will also provide Project Management Services to assist the JBPU in ensuring the abatement project proceeds in a manner consistent with all state and federal regulations. Stohl Environmental has satisfactorily provided these services to the JBPU effectively for the past 10 years. The cost for this abatement project will be paid out of the 2018 Electric Division Dismantling Fund Budget.

Mayor Teresi asked if this company had worked on this project before in other environmental abatement aspects; Mr. Leathers responded that they are one of the key firms that JBPU has utilized either for project management support or actual abatement work. He continued that JBPU has used two or three different vendors in the past for this work but on an

emergency call out basis Stohl is very responsive to our needs. Cory Allen noted that Apollo did the dismantling abatement work, but they are leaving after the completion of the dismantling project and were not interested in quoting this specific job. Mayor Teresi noted Stohl has done and still do a lot of work for the City of Jamestown and they have a good relationship with them, particularly on a short notice basis when you need to get in and get out.

**ADOPTED.** Ayes: 7 Nays: 0  
August 27, 2018

The General Manager's Report began with a presentation from Energy Efficiency Coordinator Dan Reynolds. Mr. Reynolds gave an update of the programs for the first seven months of the year, and a quick overview of some of the changes they are talking about for the program going into 2019. The biggest program is the Lighting and Motor Rebate Program; over 9,022 pieces of lighting equipment have been rebated so far and 3 variable frequency drives and 2 HVAC units. Approximately \$140,000 spent so far this year on this program. Most projects are being done in the Commercial sector (72%), Industrial (13.2%) and Public Authority (5.8%). The majority of the money is going to the Industrial sector; not by a large portion. They have a smaller portion of projects, but they are much bigger projects and are taking a majority of the dollars. Energy Star Rebates have been mostly windows and some doors, a few heat pump units, a couple AC units, and Wi-Fi thermostats that we started offering this year are coming in more in recent months as people realize they are eligible for a rebate. No requests have been received yet for heat pump water heaters (new last year) or geothermal units. Approximately \$26,440 Energy Star Rebates paid out so far in 2018. Weatherization has paid out \$8,136 in rebates over six projects so far this year. Recommendations for changes to the program for 2019 include removing the 4' Linear LED lamps, because the price is coming down on them so much subsidies are no longer justified. High Bay T-5 Fluorescent fixtures will also be removed because everything is moving to LED. LED incentive amounts are being dropped \$10 across the board, and \$25-\$50 reduction for some of the larger fixtures. No other suggestions were offered by the Board when Dan asked for their input. Minimal changes are under consideration for the Energy Star program. One thing that is being discussed is possibly increasing incentives for Air Conditioning (AC) units because the seasonal energy efficiency rating (the minimum requirement for Energy Star) for AC units has went up from a 14.5 to a 15.5, so the incremental cost to purchase an Energy Star AC unit has also increased, so we are not seeing as many applications for those come in as we have in the past. Other than that, no other changes are being considered for the Energy Star program. Changes for the Weatherization program are really more through the State; some of the income eligibility requirements are changing. Reimbursement incentives will remain intact at 25% for those who heat with gas and 50% for those who heat with electric. Dan invited Board members to give their input and noted he should have draft brochures available for the next Board meeting. Mr. Leathers noted they would continue to work through the Strategic Planning Committee with this process.

Kelly Hawkins provided 2018 Mid-Year Financial Reports. She began by saying Electric revenues year to date are 4% higher than 2017 and 2% higher than budget currently. A big portion of this is because we put our purchased power expenses in the Fuel Adjustment Charge (FAC) as a pass-through charge to customers. Even though our expenses for purchased power have increased, it does not affect the JBPU bottom line at all. The net income is \$1.7M over

budget. Other revenues are above budget and other expenses below budget by \$1M; that is the big factor contributing to the net income. Municipal LED street light conversions cut the City's Kwh bill by 30%; that is a savings of around \$6,000 per month to the City of Jamestown. The unrestricted Cash increase is largely related to a reimbursement of qualified Dismantling costs. The expectation for cash in 2018: we currently have \$14M in unrestricted cash in the division, however we do have the \$5.4M for the Emkey Pipeline purchase that we expect to be completed this year. This is an asset purchase that will decrease our unrestricted cash by 39% and leave us under \$9M by the end of the year. Year to date there's been no off-system sales (OSS) profits contributed to the restricted fund, so that goes back to the \$2.25M that we can keep from our OSS profit. \$1.225M goes to the operating income then \$1M to the overhaul reserve fund. We have not put any of that \$1M away yet, and we are at risk of not meeting the \$2.25M so it is something that we are keeping our eye on and could lead to further discussion with the PSC at some point in the next year.

The water division made some changes in the schedule of rates last year; the basic service charge now will be billed regardless of consumption. We had a lot of customers that were in maintenance disconnect status not paying anything, now both water and wastewater are being billed a basic service charge and we are seeing an increase of \$2,000 to \$3,000 every month. Expense reduction/control is evident in water division in budget versus actual. Main breaks and service leaks for 2018 already exceed 2017 in number and severity. The majority of the work in the water division is capital work and uses cash directly, but the division has still seen about a \$60,000 increase in cash overall.

The wastewater division, similar to the water department, is charging a basic service fee to customers who are in maintenance disconnect, so revenues have increased a little bit. Sales for consumption are below budget but other revenues, which is septage haulers and leachate, are over budget. A 3-year scheduled increase was implemented for these septage haulers, resulting in a \$65,000 increase in revenue from the same time in 2017. The completion of the \$1.5M Belt Filter Press project was completed at the beginning of this year and without any borrowing they were able to decrease 2018 year-to-date cash by only \$400K.

The solid waste department had a change to the schedule of rates implemented in 2017 that increased fees for additional bags over the 8-bag per week limit and large item pick-ups. This did not plateau very quickly, and customers continued to pay, but this now seems to have plateaued, so other revenues are actually below budget. Net income is currently 38% below year to date budget. Increased payroll due to high employee turnover, increased recycling costs and vehicle repairs are driving decreased net income in the solid waste division. The paper recycling market has been outrageous; it now costs more to get rid of paper and cardboard than trash. There has been about a \$30,000 increase in the recycling expense year to date, along with vehicle repairs. That is what is driving the net income to be under budget. The cash in the division continues to grow. However, we've already encumbered \$379,000 for this year; we had to purchase two trucks instead of one. This encumbrance will decrease cash. A large building project in 2020 is included in the 5-year capital plan; this will also result in a cash decrease.

In district heating, the cash in this division also continues to grow as a result of less capital spending. We are slightly under budget for year to date revenues and net income, but at

the same time we are about \$200,000 above where net income was at this time last year. Expenses for repairs and maintenance, we had changed how we booked those, prior to this year electric took care of the maintenance expenses for district heating and then district heat reimbursed them through a basic service charge. We made the decision last year that district heat should be paying for their own repair & maintenance, so \$40,000 was budgeted for an expected increase in repair and maintenance expenses but we have already exceeded that. The expectation was that it was going to go up, but it went up considerably more than expected. Although only \$40,000 behind the net income budget, we had only budgeted for the year to end with a \$6,000 net income. The previous two years have ended with losses, and right now it looks like that is going to be the case for 2018.

In summary, Kelly stated the divisions that are slightly better than their budget targets are electric and water, while the divisions that are challenged or near their budget targets are wastewater, solid waste and district heat. Chairman Rabb asked about the solid waste division, how the increase in the cost of paper recycling and changes in the market cause the need for overtime. Kelly responded there have been occasions where they went to dump the paper at Casella, and because there is so much they can't get rid of, BPU trucks have to wait for a spot to be cleared at the warehouse, one time they had to wait for 3 hours. This causes a domino effect. Ms. Carrubba asked if it would be cheaper if people didn't recycle, would it actually be cheaper than recycling. Kelly responded currently that would be a correct statement. Ms. Carrubba noted that was ironic due to the shortage of newsprint. Mr. Leathers reported key budget items and challenges were reviewed with the Finance Committee in detail last week; budgets will be built for draft review by the Board at the September meeting. Recycling and recycling options have been discussed with both the Strategic Planning Committee and the Finance Committee the last couple of meetings, more of that will follow with the budgets and schedule of rates in the coming months. Ms. Carruba asked if Chautauqua County and others were having the same problem with recycling. Kelly responded that the County is one of the parties that we take our recycling to. Mr. Leathers noted that certain communities that were zero sort or single stream are now back to single commodity a week, so there are changes going on in how recycling is being picked up and what the charges are related to that.

Mr. Leathers gave a power plant operational update. Cory Allen and the team at the power plant ran a successful DMNC (the every 6-month capacity run) of the plant in early August. Overall, we had up to 84 Megawatts of total capacity which is maybe at or a little bit higher than what we had been achieving in prior years. Kudos to Cory and the team for bringing the entire plant on and getting that successfully accomplished.

The demolition and deconstruction of the coal dump shack is occurring at the top of the D building driveway. That will help with visual safety as it relates to customers, other vehicles, and contractors that are coming on and off site. We will continue to look at safety in that area because there is a lot of vehicle traffic in this area. The deconstruction should be completed by the end of this week.

The LM6000 was running in simple cycle; it is now running in combined cycle for the remainder of the week. We expect prices, primarily weather-caused this week, to be in strong shape, the plant will be running all week. (Counsel Neil Robinson arrived at 5:00 pm for

Executive Session and Chuck Cornell departed at 5:03 pm.) Kris Sellstrom will send out SC-6 flex rate agreements – we have updated flex rate contracts that are being worked on with Titan, Truck-Lite and Anderson Precision, the details of that have been reviewed with the Finance Committee. We will get those draft contracts out to the board members in the next week or two and will have resolutions for those three companies to continue in the program at the September Board meeting.

The New York Association of Public Power (NYAPP) draft agenda was reviewed; NYAPP is going to be coming to Jamestown for their Fall meeting. We anticipate 20-30 NYAPP members plus the New York Power Authority (NYPA) and some of the NYAPP Consultants will be in Jamestown October 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup>. The Agenda for this was reviewed by Mr. Leathers. The afternoon of October 2<sup>nd</sup> is all at the Celoron Harbor Hotel. Anticipated speakers are Tom Reed as the lunch speaker, and Gil Quinones, President and CEO of NYPA as the dinner speaker Tuesday night. Wednesday, October 3<sup>rd</sup> is all at BPU offices; the group will be bussed over from the Celoron hotel that morning. We will begin at 8 o'clock here, Senator Young, if available, will speak in the morning, and Brad Jones, President CEO of NYISO (New York Independent System Operator) is planning on speaking at lunch time. There will be BPU presentations in the morning and tours of the power plant and Dow Street substation in the afternoon. Anticipation for the day on Wednesday afternoon to close a little bit early for potential tours of the community. We are excited about getting the NYAPP members to learn a little bit about Jamestown and our area. On Thursday they will finish the meeting at the Celoron Hotel with the New York Power Authority presentations that morning. If Board members want to participate in the meetings, events or dinners, they should coordinate with Shari, so we can get accurate numbers and plan properly. Mr. Leathers will provide additional information to the Board as it becomes available.

Fall water flushing begins the weekend of October 6, 2018.

Upcoming meetings are as follows:

- Board Strategic Planning Committee meeting – Monday, September 10<sup>th</sup> at 3:30 P.M.
- Board Finance & Capital Projects Committee meeting - Monday, September 17<sup>th</sup> at 3:30 P.M.
- Board Meeting - Monday, September 24<sup>th</sup> at 4:00 P.M.

On motion of Mr. Lehman, seconded by Ms. Carrubba, the Board convened into executive session to discuss three contract negotiation issues.

On motion of Mr. Lehman, seconded by Ms. Carrubba, 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**  
**Shari J. Lake, Secretary to the Board**  
**Tammy J. Anderson, Assistant Labor Relations Adm.**