

BOARD OF PUBLIC UTILITIES—Proceedings by Authority

State of New York:

Office of the Board: ss.

City of Jamestown:

Regular meeting of the Board of Public Utilities, City of Jamestown, New York, held **Tuesday, September 11, 2007**, at **12:00 P.M.** in the offices of the Board, 92 Steele Street, Jamestown, New York.

BOARD MEMBERS:	Present	Absent
John Calamunci		X
William S. Gullotti	X	
Jeffrey A. Lehman, PE	X	
Lillian Vitanza Ney	X	
Carl P. Pillittieri	X	
Anthony Prinzi	X	
Wayne Rishell	X	
Mayor Samuel Teresi	X	
John Zabrodsky		X
STAFF:		
Interim General Manager, Dave Leathers	X	
Deputy General Mgr., Randall S. Peterson, PE	X	
Business Manager, Michael A. Anderson	X	
Counsel, William Wright	X	
Sec of the Board, Julie M. Breen	X	
Communications Coordinator, Becky Robbins	X	

The media was notified of this meeting and was represented by Pat Fanelli.

On motion of Mr. Prinzi, seconded by Mr. Gullotti, the minutes of the previous meeting were approved.

#070901 By Mr. Pillittieri:

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 #070901A-B be, and hereby are approved as written.

ADOPTED. Ayes: 7 Nays: 0
September 11, 2007

#070901A:

Resolved, That the bid of NOCO Energy of Cherry Creek, NY, on BD-17-07 opened August 30, 2007, in the amount of \$2.173/gallon for unleaded gasoline, \$2.19/gallon for diesel fuel (power plant), be accepted; and be it further

Resolved, That the General Manager is hereby authorized to issue a Water Division Purchase Order to NOCO Energy for this gasoline and diesel fuel.

Discussion: This was the low bid of two received and meets all specifications. The BPU will be paying a negative markup from the rack price to United Refinery (Warren, PA). The rack price can change daily depending on market forces. Fuel is delivered to the BPU Fueling Depot on Steele Street and to the Power Plant on a regular basis throughout the year. This is a one year contract term for supplying fuel.

#070901B:

Resolved, That the bid of Lictus Keystone of Clymer, NY, on BD-17-07 opened August 30, 2007, in the amount of \$2.23/gallon for all weather diesel fuel (fuel depot), be accepted; and be it further

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

Discussion: This was the low bid of two received and meets all specifications. 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 fuel.

#070902 By Mr. Rishell:

Whereas, three-quarters of this Board concurs that it is impractical to take bids for district heating meters,

Now, Therefore, Be It

Resolved, That the action of the General Manager in issuing a purchase order to Istec Flow Measurement & Control, Sparta, NJ, in the amount of \$17,039.50 for these meters is hereby approved.

Discussion: These meters are replacements for the older meters in the system as part of the four year district heating meter program. The BPU has standardized on Istec meters for this system, as they are the best meter available for the cost.

ADOPTED. Ayes: 7 Nays: 0
September 11, 2007

#070903 By Mr. Pillitteri:

Whereas, three-quarters of this Board has determined that it is impractical to contract for the supply of coal pursuant to the provisions of public bidding procedures set forth in the General Municipal Law for reasons set forth in the memorandum of the General Manager dated July 7, 1995; and

Whereas, the BPU has advertised for bids to provide coal and as a result of which sixteen (16) bids were received and opened on 9/6/07; and

Whereas, it has been recommended to this Board that the General Manager be authorized to make purchases of coal from the bidder submitting the lowest bid for coal meeting specifications, to be purchased in such quantities and at such times as the General Manager shall determine to be prudent in order to maintain the quantity and quality of coal necessary for operation of the Carlson Generating Plant; and

NOW, THEREFORE, upon concurrence of three quarters of this Board, it is resolved that the General Manager be and hereby is authorized to issue purchase orders to RFI Energy from Indiana, PA, for a price of \$45.25/ton (FOB rail car Emporium, PA) and to the Western New York & Pennsylvania Railroad from Lakeville, NY for a price of \$10.50/ton for the transportation and offloading of this coal, representing a combined total delivered cost to the BPU of \$55.75/ton for the purchase of 32,000 tons of coal to be delivered during the period of November 1, 2007 through October 31, 2008.

Coal Discussion: The BPU coal procurement strategy continues to involve the issue of bids at approximately six month intervals. Generally 40% to 60% of the anticipated coal demand for the coming year is awarded through each bid to reduce the

impact of market volatility. The most recent Inquiry asked for 6-month and 12-month terms. Sixteen offers were received, representing eight different coal sources. The RFI bid including rail transportation and offloading was the low bid for both the 6-month and 12-month terms. The average price for the other bids was approximately \$62.00/ton, which is considerably higher than expected, as well as our current cost of \$53/ton. When combined with previous awards, this order will fill 100% of our coal needs through April 2008, and approximately 40% of our coal needs for the period May 2008 through October 2008. Our next bid will be issued in February 2008. This bid will target the additional coal we will need during the 2008 summer period.

ADOPTED. Ayes: 7 Nays: 0
September 11, 2007

Mike Anderson said that a budget schedule has been reviewed and approved by the BPU Finance and Capital Projects Committee at their last meeting. A copy of this budget schedule was handed out to all Board members.

Dave Leathers reported on the low water conditions in the Great Lakes and St. Lawrence drainage basin. Dave said this will have an effect on the hydropower allocation sold to all municipal customers in the state. NYPA officials advised the BPU that NYPA will be implementing a 5% reduction in hydro energy sales on a pro-rata basis to all hydropower customers for September.

Dave Leathers said the Council candidate orientations held on August 1, 2 & 31 were well received by everyone. These orientations explained the organization of the BPU, its history, its finances and the how's and why's of the proposed CFB Project. Dave said he will be attending a Chautauqua County Planning Commission meeting this afternoon to present a CFB Project overview.

On motion of Mr. Lehman, seconded by Mr. Rishell, the Board convened into executive session to discuss a potential litigation issue and three personnel issues.

On motion of Dr. Ney, seconded by Mr. Gullotti, the Board convened into open session.

On motion of Mr. Gullotti, seconded by Mr. Pillitterri, the Board meeting was declared adjourned.

David L. Leathers, General Manager
Michael A. Anderson, Business Manager