

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, March 18, 2008**, at **3:00 P.M.** in the offices of the Board, 92 Steele Street, Jamestown, New York.

| BOARD MEMBERS: | Present | Absent |
|--|----------------|---------------|
| Vince DeJoy | X | |
| William S. Gullotti | X | |
| Jeffrey A. Lehman, PE | X | |
| Carl P. Pillittieri | X | |
| Anthony Prinzi | X | |
| Gregory Rabb | X | |
| Wayne Rishell | X | |
| Mayor Samuel Teresi | X | |
| John Zabrodsky | X | |
| | | |
| STAFF: | | |
| General Manager, David L. 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 | |
| Elec & Res Mgr., Dave Gustafson | X | |
| Assoc PP Supr., Steve Kulig | X | |

OTHERS: Lillian Ney, Raymond Fashano, Dale Weatherlow, Al Nottage, Todd Tranum, David Dawson, Randy Sweeney, Bruce Erickson, Dante Bonaquist and Rick Victor

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

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

On motion of Mr. Prinzi, seconded by Mr. Rishell, the Board convened into executive session to discuss a personnel issue.

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

#080303 By Mr. Prinzi:

Whereas, Section C-51.C. of the City of Jamestown, New York, Charter requires the Board to appoint a General Manager, and

Whereas, the Personnel Committee of the board has recommended that the Board appoint David Leathers to serve as General Manager, and

Now, Therefore, Be It

Resolved, That David Leathers be and hereby is appointed to serve as General Manager for the City of Jamestown Board of Public Utilities commencing March 18, 2008, with an initial salary of \$130,000 per year, and in accordance with the offer letter dated March 7, 2008, and under the terms and conditions of employment applicable to management personnel generally.

Discussion: The Board conducted and completed several rounds of analysis and interviews and a selection process from July 2007 to March 2008 that took over 25 initial candidates for the General Manager position to three finalists. The process culminated in an offer to Mr. Leathers outlined in an offer letter dated March 7, 2008, and accepted and agreed upon by Mr. Leathers.

ADOPTED. Ayes: 9 Nays: 0
March 18, 2008

At this time, Chairman Zabrodsky asked if there was anyone from the public that would like to speak. Todd Trantum of MAST congratulated Dave Leathers on his appointment to serve as General Manager. He also thanked the Board for their hard work and dedication as board members for the community.

Al Nottage said he agreed with the board's decision to name Dave Leathers as the new General Manager.

#080304 By Mr. Rishell:

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 #080304A-E be, and hereby are approved as written.

ADOPTED. Ayes: 9 Nays: 0
March 18, 2008

#080304A:

Resolved, That the warrants be drawn on the proper funds to pay bills which have been duly audited for the period ending March 18, 2008 as follows:

| | |
|----------------------------|-----------------------|
| ELECTRIC LIGHT FUND | \$2,380,191.37 |
| WATER RENT FUND | 297,378.21 |
| DISTRICT HEATING FUND | 148,613.51 |
| WASTEWATER OPERATING FUND | 204,408.21 |
| SOLID WASTE OPERATING FUND | 73,405.86 |
| Total | \$3,103,997.16 |

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 Electric Light Fund in February, 2008 to pay the following payrolls and disbursements be approved and ratified:

| | |
|---------------------------------|-------------|
| Weekly Payroll No. 6 | \$99,831.00 |
| Weekly Payroll No. 7 | 101,967.86 |
| Weekly Payroll No. 8 | 101,801.55 |
| Weekly Payroll No. 9 | 105,126.93 |
| Social Security | 30,713.48 |
| Sam's Club Direct | 268.09 |
| National Grid (Trans Agreement) | 141,703.75 |
| NYS Sales Tax | 82,805.91 |
| NYISO – Settlement | 97,222.03 |
| Office Petty Cash Fund | 269.10 |

| | |
|--|---------------------|
| Commissioner of Labor – Asbestos | 150.00 |
| New York Power Authority | 24,016.21 |
| NYS DEC | 1,300.00 |
| Southwestern High School – Advertising | 75.00 |
| American Express – Corp. Card | 1,966.68 |
| Citi Business – Corp. Card | 8,154.48 |
| Total | \$797,372.07 |

and the action of said executive officers in drawing warrants on the Water Rent Fund in February, 2008 to pay the following payrolls and disbursements be approved and ratified:

| | |
|------------------------------|---------------------|
| Weekly Payroll No. 6 | \$22,700.71 |
| Weekly Payroll No. 7 | 20,700.68 |
| Weekly Payroll No. 8 | 34,713.26 |
| Weekly Payroll No. 9 | 19,879.09 |
| Social Security | 7,363.71 |
| Zahm & Matson – Damage Claim | 7,074.72 |
| National Grid | 1,858.78 |
| Total | \$114,290.95 |

and the action of said executive officers in drawing warrants on the Wastewater Operating Fund in February, 2008 to pay the following payrolls and disbursements be approved and ratified:

| | |
|----------------------|--------------------|
| Weekly Payroll No. 6 | \$17,271.97 |
| Weekly Payroll No. 7 | 18,116.71 |
| Weekly Payroll No. 8 | 17,059.15 |
| Weekly Payroll No. 9 | 19,369.04 |
| Social Security | 5,400.59 |
| Total | \$77,217.46 |

and the action of said executive officers in drawing warrants on the Solid Waste Operating Fund in February, 2008 to pay the following payrolls and disbursements be approved and ratified:

| | |
|--------------------------------|--------------------|
| Weekly Payroll No. 6 | \$8,151.92 |
| Weekly Payroll No. 7 | 7,880.48 |
| Weekly Payroll No. 8 | 8,131.92 |
| Weekly Payroll No. 9 | 8,047.20 |
| Social Security | 2,420.17 |
| NYS Teamsters Health Insurance | 11,177.58 |
| NYS Teamsters Retirement Fund | 3,083.20 |
| Total | \$48,892.47 |

#080304B:

Resolved, That unpaid utility accounts as shown on Statement of Delinquent Accounts No. 3-08 on file in the office of the Board of Public Utilities be certified to the City Treasurer of the City of Jamestown for inclusion in the tax records of the City of Jamestown as provided in the 1923 City Charter and in accordance with the terms of this Board's resolution of December 13, 1934.

#080304C:

Resolved, That the General Manager is hereby authorized to purchase from Synergy Global Solutions of Amherst, New York, an authorized reseller under GSA Schedule # GS-35F-4342D, two HP ProLiant DL380 G5 -2 x quad-core Xeon X5450 / 3 GHz - RAM 4 GB at a cost of \$4,386 each, 8 HP dual port hard drive Hard drive - 72 GB - hot-swap - 2.5" - 10000 rpm at a cost of \$231 each, one HP Memory - 4 GB (2 x 2 GB) - FB-DIMM - DDR II - 667 MHz / PC2-5300 at a cost of \$267 each and two Electronic HP Care Pack 4-Hour 24x7 Same Day Hardware Support Extended service agreements at a cost of \$800 each for a total cost of \$12,487.

Discussion: As per the requirements outlined by our CIS vendor, the BPU will purchase, install and configure the above listed servers and equipment. These servers will contain the CIS application, SQL Database and CIS Web based applications. Attention was given to ensure that the hardware chosen will remain viable and functional for many years. The Hewlett Packard (HP) hardware chosen is a tier one solution that the BPU is very familiar with, ninety percent of the BPU's enterprise applications run on the HP platform.

Planning for the project started in 2006 and is included in the 2008 Electric Division budget under CIS Project item with a total amount of \$500,000 available. Since the Hewlett Packard (HP) hardware is a platform that our workforce is familiar with and is available under the GSA contract it would be impracticable to go to public bid.

#080304D:

Resolved, That the General Manager is hereby authorized to purchase from Dell Computer Corporation of Round Rock, TX, an authorized reseller under GSA Schedule # GS-35F-4342D, two Microsoft SQL 2005 Standard Edition Database Server-One Processor software licenses at a cost of \$4,674.95 each and two Microsoft Windows 2003 Server Operating Systems software licenses at a cost of \$881.27 each for a total cost of \$11,112.44.

Discussion: As per the requirements outlined by our CIS vendor, the BPU will purchase, install and configure the above listed software. This software will be the base

system on which the Cogsdale/Great Plains CIS package will reside. The Microsoft SQL Database and the Windows 2003 Server Operating System are the only software systems compatible with the Cogsdale/Great Plains CIS application.

Planning for the project started in 2006 and was included in the 2008 Electric Division budget under CIS Project item, with a total amount of \$500,000 available. Since Microsoft software is the only software compatible with the Cogsdale/Great Plains CIS Package and is available under the GSA contract it would be impracticable to go to public bid.

#080304E:

Resolved, That the General Manager is hereby authorized to purchase from Fairport Ford of East Rochester, NY, under New York State Contract #PC63527, four 2008 Ford Ranger Super Cab, 4x4, trucks for a total sum of \$57,649.20 plus total shipping costs of \$440 for the Electric Division.

Discussion: The purchase of these four trucks will be used in the Electric Division for the meter readers. The used trucks that are to be replaced will be sold at auction next year. The purchase of these new trucks are included in the 2008 Electric Division Budget for \$81,000.

#080305 **By Mr. Pillittieri:**

Whereas, three-quarters of this Board concurs that it is in the best interest of the Jamestown BPU to standardize on electricity meters;

Now, Therefore, Be It

Resolved, That the action of the General Manager to standardize on ITRON brand electricity meters for the utilities most common residential, commercial and industrial metered applications. This would include both the CENTRON and SENTINEL single phase and polyphase models.

Discussion: Over the past several years the Jamestown BPU has purchased ITRON meters for most all metering applications and has been satisfied with the functionality, performance, reliability, accuracy, delivery and cost. The CENTRON model is a low-mid tier meter used either for residential or small commercial/industrial customers available with or without demand. The SENTINEL is a high-tier, full-function, high accuracy meter to be used on larger commercial and industrial accounts. Since today's multifunction electronic meters require a significant investment in training and configuration it becomes impractical to attempt to maintain a stock of many different types of meters. The meters require manufacturer specific configuration software, along with the knowledge and skills to configure, install, maintain and test the

meters. The meters meet all applicable ANSI standards and are PSC approved. The meters are fully electronic with the ERT radio technology integrated into the meter circuitry, not allowing for any possibility of mismatch between the ERT (radio) or dial (LCD display) readings. The offsite radio read technology is being utilized to obtain energy, KW demand, and KVAR demand readings. We still plan on quoting and bidding the meters according to BPU purchasing policies allowing any authorized ITRON meter reseller to respond.

ADOPTED. Ayes: 9 Nays: 0
March 18, 2008

#080306 By Mr. Gullotti:

Whereas, three-quarters of this Board has determined that it is impractical to contract for the supply of coal and the removal and disposal of ash 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 five (5) bids were received and opened on 3/06/08; 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 covering the purchase of coal from the following bidders:

Alpha Coal Sales: 12-month term beginning 6/1/08
Delivered Price: \$95.00/ton
Quantity: 22,000 tons

Coal Hill Mining Co: 6-month term beginning 6/1/08
Delivered Price: \$84.00/ton
Quantity: 15,000 tons

RFI Energy: 6-month term beginning 10/1/08
Delivered Price: \$85.00/ton
Quantity: 12,000 tons

BE IT FURTHER RESOLVED that the General Manager is hereby authorized to contract with Alpha Coal Sales at \$19.25/ton for a 12-month term beginning 6/1/08 to remove and dispose of ash.

Coal Discussion: The BPU coal procurement strategy in recent years has been to issue bids at approximately six month intervals. Generally 40% to 60% of the anticipated coal demand for the coming year is awarded through each bid, thus staggering coal procurement periods to reduce the impact of market volatility. The most recent Inquiry asked for offers covering the period 6/1/08 through 10/31/09. Five bids were received covering varying portions of this period. Suppliers expressed a reluctance to bid due to extreme conditions in the coal market including volatility in production costs and a shortage of coal availability caused by large volumes of coal being exported overseas. Expectations are that the general coal market will remain under severe supply and pricing constraints for the next 12 months. The awards to Alpha, Coal Hill and RFI, represent approximately 50% of our expected coal burn during the period 6/1/08 through 5/31/09. When combined with previous awards, these awards will fill 100% of our coal needs through November 2008 and 50% of our coal needs for the period December 2008 through May 2009. Our next bid will likely be issued within the next eight weeks. This bid will target the additional coal we will need during the 2008-2009 winter period. Normally, we would procure this coal in early fall. However, due to the potential risk of supply unavailability, staff believes it will be necessary to procure at least some portion of our winter burn at this earlier date.

Ash Discussion: The disposal of flyash is a critical need of the BPU. The permitting of ash disposal sites is a long process which inherently limits the number of options the BPU has to dispose of flyash. Only two bids were received. Alpha was the low bid. They are one of the two sites currently receiving ash from the BPU. By accepting their offer, the BPU will have reasonable ash disposal certainty through May 2009. Additional awards will be considered when the next coal/ash bid is issued.

ADOPTED. Ayes: 9 Nays: 0
March 18, 2008

#080307 **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 generally solicits for coal bids on a six month basis awarding purchase orders to suppliers offering coal at the lowest price meeting BPU specifications,

Whereas, from time to time it is necessary for the BPU to solicit for additional quantities of spot coal between its normal coal bids to supplement the fuel supplies necessary for the operation of the Carlson Generating Plant,

NOW, THEREFORE, upon concurrence of three quarters of this Board, it is resolved that the actions of the General Manager in issuing a purchase order to RFI Energy of Indiana, PA, for the purchase of spot coal to be delivered to the Carlson Generating Plant at a price of \$85.00/ton is hereby approved and ratified.

Discussion: The purchase of this coal was needed to insure the adequacy of coal supply during the first half of March 2008. Approximately 1200 tons of coal has been delivered through March 12th and the purchase order has been closed.

ADOPTED. Ayes: 9 Nays: 0
March 18, 2008

#080308 By Mr. Prinzi:

Whereas, the BPU, did enter into a Gas Industry Standards Board (GISB) contract with Mid American Natural Resources, Inc. of Erie, PA in September 2002, and

Whereas, Mid American Natural Resources and the BPU have completed the negotiation of a North American Energy Standards Board (NAESB) Base Contract for Sale and Purchase of Natural Gas, which is a replacement document for the GISB contract previously entered and defines the contractual terms and conditions for individual transactions entered from time to time wherein Mid American Natural Resources sells natural gas to the BPU,

Whereas, the BPU wishes to maintain contractual agreements conforming to industry standards governing the supply of natural gas to the Carlson Station and the LM6000 gas turbine located at that site allowing natural gas to be purchased in a competitive natural gas market,

Now, Therefore, Be It

Resolved, That the Board does hereby authorize the General Manager to enter into a NAESB Base Contract for Sale and Purchase of Natural Gas with Mid American Natural Resources, Inc. of Erie, PA, and further authorizes the General Manager or his designee to enter into conforming Transaction Confirmations for gas purchase from that company.

Discussion: Since 2002 Mid American has been a primary supplier of the natural gas used at the Carlson Plant. The proposed NAESB contract has been reviewed by counsel. Replacement of the older GISB contract with the NAESB contract will help insure that Mid American remains an active supplier of gas to the BPU allowing the BPU to purchase natural gas at the lowest price possible.

ADOPTED. Ayes: 9 Nays: 0
March 18, 2008

A presentation on the BPU Oxy-Coal Project was given by Rick Victor and Dante Bonaquist of Praxair.

Dave Leathers gave a brief general manager's report.

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

Mr. Prinzi left during executive session.

On motion of Mayor Teresi, seconded by Mr. Rishell, the Board convened into open session.

On motion of Mayor Teresi, seconded by Mr. Pillittieri, the Board meeting was declared adjourned.

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