

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 24, 2009**, at **12:00 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	
Fred Larson	X	
Carl P. Pillitteri		X
Gregory Rabb (arrived @ 12:22 PM)	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, Rebecca Robbins	X	
HR Director, Dave Watkins	X	
Project Tech Lead, Steve Kulig	X	

OTHERS: Pete Morgante

The media was notified of this meeting and was represented by Kristen Johnson, P-J, and Jade Boice, Cable 8 News.

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

On motion of Mr. Larson, seconded by Mr. Rishell, the board convened into executive session to discuss a contract negotiation issue.

On motion of Mr. Rishell, seconded by Mr. Larson, the board convened into open session.

On motion of Mr. Lehman, seconded by Mr. Gullotti, the board held a public hearing regarding the Teamsters Contract. There being no public comments, a motion by Mr. Lehman, seconded by Mr. Rishell, the public hearing was closed at approximately 12:47 PM.

On motion of Mr. Lehman, seconded by Mr. Gullotti, the board convened into executive session to discuss a contract negotiation issue.

On motion of Mr. Larson, seconded by Mr. Rishell, the board convened into open session.

#090303 By Mr. Larson:

Whereas, the labor Agreement between BPU and Teamsters Local 264 expired on June 30, 2007, and

Whereas, the staff has negotiated the terms and conditions of a replacement agreement, and has reached tentative agreement with the union, pending ratification by this Board,

Now, Therefore, Be It

Resolved, That the Board does hereby ratify the Agreement between the Teamsters Local 264 and the BPU for the period from July 1, 2007 through December 31, 2010, in accordance with the Tentative Agreement attached hereto.

Discussion: Mr. Larson said the importance of the quality and safety of work these employees do for the community is very much appreciated. Mr. Zabrodsky recognized the Teamsters/Management Team's diligent work to come to this conclusion. Mayor Teresi reiterated what John and Fred said and what a great job these people do for the community and feels this is a fair and reasonable settlement. Mr. Rabb also agreed and said this is an excellent job to the well being of the city.

ADOPTED. Ayes: 7 Nays: 0
March 24, 2009

#090304 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 #090304A-F be, and hereby are approved as written.

ADOPTED. Ayes: 7 Nays: 0
March 24, 2009

#090304A:

Resolved, That the warrants be drawn on the proper funds to pay bills which have been duly audited for the period ending March 24, 2009 as follows:

ELECTRIC LIGHT FUND	\$2,310,292.66
WATER RENT FUND	337,822.05
DISTRICT HEATING FUND	168,349.98
WASTEWATER OPERATING FUND	192,583.69
SOLID WASTE OPERATING FUND	97,313.33
Total	\$3,106,361.71

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, 2009 to pay the following payrolls and disbursements be approved and ratified:

Weekly Payroll No. 6	\$106,195.64
Weekly Payroll No. 7	110,078.17
Weekly Payroll No. 8	108,166.01
Weekly Payroll No. 9	109,360.59
Social Security	32,575.70
National Grid (Trans Agreement)	209,260.98
NYS Sales Tax	40,681.74
Office Petty Cash Fund	317.31

Newedge USA, LLC	100,000.00
NYS DEC	5,000.00
American Express – Corp. Card	3,920.16
Citi Business – Corp. Card	2,654.63
Total	\$828,210.93

and the action of said executive officers in drawing warrants on the Water Rent Fund in February, 2009 to pay the following payrolls and disbursements be approved and ratified:

Weekly Payroll No. 6	\$25,263.27
Weekly Payroll No. 7	26,213.33
Weekly Payroll No. 8	24,691.39
Weekly Payroll No. 9	23,521.33
Town of Ellicott – Taxes	18,689.26
Social Security	7,487.71
Office Petty Cash Fund	219.00
Total	\$126,085.29

and the action of said executive officers in drawing warrants on the Wastewater Operating Fund in February, 2009 to pay the following payrolls and disbursements be approved and ratified:

Weekly Payroll No. 6	\$17,155.79
Weekly Payroll No. 7	16,819.58
Weekly Payroll No. 8	17,360.97
Weekly Payroll No. 9	18,851.84
Social Security	5,282.23
Total	\$75,470.41

and the action of said executive officers in drawing warrants on the Solid Waste Operating Fund in February, 2009 to pay the following payrolls and disbursements be approved and ratified:

Weekly Payroll No. 6	\$8,898.62
Weekly Payroll No. 7	9,137.68
Weekly Payroll No. 8	8,801.32
Weekly Payroll No. 9	8,789.90
Social Security	2,665.01
NYS Teamsters Retirement Fund	3,760.00
Total	\$42,052.53

#090304B:

Resolved, That unpaid utility accounts as shown on Statement of Delinquent Accounts No. 03-09 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.

#090304C:

Resolved, That the bid of Ermco/Delta-Wye, Cazenovia, NY, on BD-01-09 opened February 3, 2009, in the amount of \$116,104 for the furnishing of polemount transformers, 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 these polemount transformers.

Discussion: Upon review of the four bids received, staff has made recommendations for the items to be awarded to each vendor providing the lowest Life Cost of the individual items and compliance with the specifications. The Life Cost of each transformer is the calculated cost of the BPU operating the transformer based on the initial cost of the transformer and the losses quoted by the vendor. The polemount transformers are used to supply customers both residential and commercial, requiring a service smaller than or equal to 150 KVA, fed from the overhead infrastructure on the BPU system. The quantities to be purchased are based on customers forecast to come on to the system this year, and to insure enough storm stock for each type of transformer currently in service.

#090304D:

Resolved, That the bid of Urecon, LTD, of Quebec, Canada, on BD-04-09 opened March 18, 2009 in the amount of \$140,000 for district heating and appurtenance, be accepted, and be it further

Resolved, That the General Manager is hereby authorized to issue a District Heating Division purchase order to Urecon, LTD for this material.

Discussion: This is the only bid received and meets all specifications. This district heat piping is needed to complete all district heating installations for the 2009 construction season. Included in these projects is the relocation of pipe and valves for the Washington Street bridge construction, Center St. reroute, and valve installation to support these projects.

#090304E:

Resolved, That the General Manager be authorized to enter into an agreement with O'Brien & Gere of Syracuse, N.Y. to provide professional services for environmental consulting and testing services at the Samuel A. Carlson Generating Plant, for a sum not to exceed \$96,400, pursuant to their proposal dated March 17, 2009.

Discussion: O'Brien & Gere will be providing professional services to the Jamestown Board of Public Utilities throughout 2009. O'Brien & Gere has proposed to do our annual RATA and mercury testing for the year 2009. The cost of this testing was quoted at \$82,000. A 20% contingency will be added to cover unforeseen expenses related to this testing. O'Brien & Gere has provided environmental testing services for many years and has proven to be reliable, economic and acceptable to the State regulators. O'Brien & Gere was the low response to our RFP.

#090304F:

Resolved, That the General Manager of the Board of Public Utilities, be and he hereby is authorized to execute an agreement in connection with the removal of existing facilities and installation of new permanent facilities in the amount of \$90,807.32, dated February 10, 2009, for the District Heat Division, with the State of New York, acting through the Commissioner of Transportation, covering the labor, material, equipment rental, and contract payments in connection with that particular project known as District Heating Pipe Relocation, Rt. 60, Washington St. Bridge, Chautauqua County, PIN 5058.39.

Discussion: This includes the relocation of a District Heating Pipe and associated services under the Washington Street bridge and will be reimbursed by the State.

#090305 **By Mr. Rishell:**

Whereas, proposals for BD-23-08 were opened on January 29, 2009, for the supply of a Powdered Activated Carbon (PAC) injection system to be used at the Carlson Generating Station to reduce the trace levels of mercury contained in the exhaust gases emitted by coal fired boiler #12 located at this facility; and

Whereas, three proposals were received with that of Albemarle Sorbent Technologies of Twinsburg, OH, for \$187,346 having been determined to represent the lowest overall cost to the BPU of reducing mercury emissions on boiler #12 over the expected operating life of the PAC system;

Now, Therefore, Be It

Resolved, That the General Manager is hereby authorized to issue a purchase order to Albemarle Sorbent Technologies in the amount of \$187,346.

Discussion: The use of PAC was tested on boiler #12 in the fall of 2008. The technology was successful in increasing the mercury capture rate of this boiler to a level of approximately 80% of the mercury contained in the coal burned in the boiler. Based on this testing, bids were issued for a permanent PAC injection system. Three bids were received. Though the Albemarle system had the highest initial cost, it also has the ability to store much larger amounts of PAC material, thus providing lower operational costs compared to the other systems bid. This reduced operational cost will save the BPU approximately \$100,000 over the expected life of the system. Note that the \$187,346 award includes the addition of a pneumatic transport blower unit priced at \$15,725. This unit will be needed to transport the PAC material from the tanker truck which delivers it, to the storage bin in the Albemarle unit. Note that the amount awarded does not include PAC injection lances, the procurement of which is still being evaluated.

ADOPTED. Ayes: 6 Nays: 0 Abstained: 1 (Zabrodsky)
March 24, 2009

#090306 By Mr. Larson:

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 to the Samuel A Carlson Generating Station and as a result of which proposals were received from twelve (12) potential coal suppliers on 1/29/09; 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 the operation of the Carlson Station; 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:

RFI Energy: 16-month term beginning 6/1/09
Delivered Price:\$87.50/ton
Quantity:28,000 to 32,000 tons

Buckeye Industrial Mining: 16-month term beginning 6/1/09
Delivered Price: \$89.00/ton
Quantity: 36,000 to 42,000 tons

BE IT FURTHER RESOLVED that the General Manager is hereby authorized to contract with Buckeye Industrial Mining at \$20.00/ton for a 16-month term beginning 6/1/09 to remove and dispose of coal ash.

Coal Discussion: Beginning 1/1/2010 a new DEC regulation will go into effect which limits the emission of mercury from the coal boiler stacks at the Carlson Station to 8.0 lb/yr. To comply with the new 8 lb/year limit, a strategy of reduced operation, powdered activated carbon injection, and the procurement of coal with inherently low levels of mercury will be needed. In evaluating the bids received, it was determined that the need to procure low mercury coal for a reasonably long period offers us the best opportunity to meet the energy needs of the community. Therefore, the primary period we have focused on is 6/1/2009-9/30/2010. Ten bids were received covering this period. Of these ten bids, only five offered coal that met our mercury content criteria. The recommended awards represent the two lowest priced bidders of the five bidders meeting our evaluation criteria. With these awards, we will have secured close to 100% of our coal needs for the period June 2009 through September 2010.

Though the price this coal is above our historical levels, due to the uncertainty caused by the new DEC regulations on mercury emissions, it is the recommendation of staff that overall energy needs of our customers will be best served by locking in these coal supplies at this time.

Ash Discussion: The disposal of flyash is a critical need of the BPU. Over the last fifteen years our ash has been permitted by the Pennsylvania Department of Environmental Protection (DEP) for beneficial usage in backfilling coal mines. During that period nearly all of our ash has been disposed of through this beneficial usage program. In recent months, the DEP has changed their regulations and it now appears that our ash will no longer be approved for beneficial usage. In the pursuit of alternate solutions it has been identified that the utilization of a secure landfill is the most viable immediate option, though in time other opportunities may develop. During the coal/ash bidding process two bids were received involving secure landfills approved for receiving flyash. Buckeye Industrial Mining was the low bid and has therefore been recommended. Importantly, the combination of a low mercury coal supply from Buckeye along with ash disposal capability fills two critical components related to the continued operation of the Carlson Station through the time periods of these awards.

ADOPTED. Ayes: 7 Nays: 0
March 24, 2009

#090307 By Mr. Gullotti:

Whereas, the Jamestown Board of Public Utilities (JBPU) is actively engaged in efforts to promote energy conservation and energy efficiency initiatives benefiting its electric division customers and

Whereas, the JBPU previously received approval from the New York State Public Service Commission (PSC) to add a \$0.001/Kwh charge to the purchase power adjustment cost component of electric division customers bills to fund energy conservation and energy efficiency programs, and

Now, Therefore, Be It

Resolved, That the Board does hereby authorize the General Manager to include the \$0.001/Kwh charge in electric division customer bills beginning in the April 2009 electric division customer billing period.

Discussion: The \$0.001/Kwh charge was approved as a result of a petition made to the PSC by NYAPP for four of its members including the JBPU. The petition was filed October 31, 2007 and was approved by the PSC on November 12, 2008 with an effective date listed as November 24, 2008. The JBPU has developed an initial Energy Conservation Plan is ready to be filed with the DPS. The plan identifies various programs the JBPU has implemented (e.g. Energy Star Rebate Program and Flex-Tech Energy Audits) or is preparing to implement in 2009. The \$0.001/Kwh charge is the primary funding mechanism for these programs.

ADOPTED. Ayes: 7 Nays: 0
March 24, 2009

#090308 By Mr. Lehman:

Whereas, three-quarters of this board concurs that it is impractical to take bids for four truck bodies for vehicles purchased off the New York State bid.

Now, Therefore, Be It

Resolved, That the action of the General Manager in issuing a Water/Wastewater Division Purchase Order to Kaminski & Sons of Buffalo NY, in the amount not to exceed \$22,056 for four truck bodies is hereby approved.

Discussion: The Water and Wastewater Divisions recently purchased four new vehicles off the NYS bid. These vehicles were purchased without bodies because the price of the bodies on the trucks seemed high. A RFQ was sent to Kaminski & Sons that came back with an amount of \$22,056 for four bodies vs. \$30,342 from the NYS quote for a savings of \$8,286. Staff has quoted several companies in the past and used Kaminski & Sons due to lower cost and excellent service.

ADOPTED. Ayes: 7 Nays: 0
March 24, 2009

Dave Leathers gave a brief general manager's report. He gave an update on challenging NYPA's proposed rate increase. Dave provided a handout with information regarding this proposal. He said it looks like the rate increase may be cancelled which is great news. NYAPP participated in the public hearing on this proposed rate increase.

Dave said there will be tests going on in the power plant over the next couple of weeks. The gas turbine stack will be painted in April or May. Staff is also preparing for the Spring outage in May.

Dave updated the board on the CFB Oxy-Coal Project. He said comments were submitted to NYSERDA highlighting the need to allocate some RGGI funds to CCS technologies. We will continue to work with the State on this matter. Dave said he will be providing a project update at WCA's Doctor Day on Friday morning. He has also been requested to give a project presentation at Columbia University on April 21st as part of the next NYS sequestration working group public meeting.

A request to move the next BPU meeting from Tuesday, April 21st to Friday, April 24th, was approved.

On motion of Mr. Lehman, seconded by Mr. Rishell, the board convened into executive session to discuss two potential litigation issues.

On motion of Mayor Teresi, seconded by Mr. Gullotti, the board convened into open session.

There being no further business, the board meeting was adjourned.

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