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**ELECTRIC  
DISTRICT HEAT  
WATER  
WASTEWATER  
SOLID WASTE**

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### **BPU 2012 Budgets Maintain Rates in Four of Five Divisions**

The Board of Public Utilities (BPU) brought its 2011 budget planning process to a close Wednesday at the regular monthly board meeting by approving 2012 Electric and Water Division budgets.

General Manager David Leathers remarked that, of the five Division budgets for the coming year, four passed with no rate increases for customers. In fact, four of the five will have maintained 2010 rates through both 2011 and 2012. The Water Division budget passed with a \$0.06 per unit of water increase, adjusting the per-unit charge from \$1.83 to \$1.89. The increase will cost the average Jamestown residential customer \$0.42 more a month on their water bill, or approximately \$5 more for the entire year.

"While we work our very hardest to contain costs in all Divisions and, with the exception of water, we were able to maintain the same rates for all divisions over the last two-year period," said Leathers, "we concluded that a nominal water rate increase was the best decision for this division in the coming year. The Water Division budget is very lean for 2012 with a net income target of \$65K."

"Nationwide, water utilities face the challenges of maintaining infrastructure that was installed as long ago as the late 1800s," said Board Chair John Zabrodsky. "The BPU is doing its best to undertake capital projects to replace and update our water lines as well as invest in the communities we serve, while keeping water rates affordable for our customers."

Overall Water Division operating costs are expected to increase by 1.7% or \$78,427 compared to 2011 actual spending, with transmission and distribution expenses up by \$132,000, power and pumping expenses up \$36,000 and retirement system costs up \$86,000 from the budgeted 2011 amounts.

The 2012 capital projects budget is \$1.27 Million. Major capital items include \$575,000 for main and service replacements, \$161,000 for vehicles and equipment and \$150,000 for meter change-outs, primarily in the Lakewood system.

The BPU's 2012 Electric Division budget remains steady this year, with no planned rate increase. Tariff sales are expected to be \$34.3 Million, approximately \$100K more than the 2011 budget. Off-system (out-of-territory) sales are expected to total \$4.1 Million, signifying an increase of 34.4% or \$1.1 Million in sales, compared to last year's budget. This expected growth is due to plans to run the gas turbine more aggressively in 2012.

Total Electric Division operating expenses are budgeted to be \$1.9 Million more than the 2011 budget, with production costs increasing \$1.4 Million, transmission and distribution increasing \$236,000 and New York State retirement rising by \$112,000. Changes to our health care programs have been made in an attempt to contain costs, with employees contributing more toward the medical insurance.

The 2012 capital budget is \$6 Million. Major projects will include power plant operation and facility improvements (\$1 Million), transmission and distribution system improvements (\$3.9 Million), including a new T3 transformer at the Dow Street substation, two replacement trucks and the continuation of the new computer information project. Energy conservation programs total \$480,000 which will be funded through the local conservation adder.

The budgets for Solid Waste, Wastewater and District Heating/Cooling were approved a month ago with no rate adjustments.

The 2012 Solid Waste budget maintains the rate for garbage and recycling services at the 2010 and 2011 levels of \$12.10 per month, for the third consecutive year.

"We are anticipating that Solid Waste operating expenses will increase by \$7,000 compared to the 2011 budget," said BPU General Manager David L. Leathers. "Contributions to the NYS Retirement System will rise by \$10,000 in 2012. Labor costs are projected to increase by \$13,000, landfill tipping fees by \$17,000, truck and building repairs by \$5,000 and health insurance/workers compensation by \$12,000 respectively."

"Increasing vehicle costs continue to be of major concern in the Solid Waste Division," continued Leathers. "Staff is working to contain these costs by regularly updating the fleet. The capital budget includes money to continue the vehicle replacement plan in 2012 with funding for one new packer truck."

Rates for BPU Wastewater Division services in 2012 also will remain the same as in 2010 and 2011. Operating expenses in 2012 are expected to increase by \$202,000 or 4.5% over 2011 figures. Major increases can be attributed to customer service/administration, New York State retirement costs, safety, workers' compensation cost and collection system claims.

The capital budget for wastewater this year will total \$1.32 million. Major capital items include \$580,000 for equipment replacement and facilities improvements, \$265,000 for sewer main replacements, \$200,000 for a new equipment garage and \$55,000 for trucks.

The Board also voted to approve the 2012 District Heating and Chilling Division budget without raising base rates for heating or cooling service.

Operating expenses for 2012 are budgeted to increase by \$81,000 or 5% over the 2011 operating budget figures.

The 2012 capital budget includes \$145,000 for line and valve installations, \$375,000 for upgrades to the power plant district heat support system and \$10,000 for continuation of the meter replacement program.

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