

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, March 25, 2019 at 4:00 P.M.** in the offices of the Board, 92 Steele Street, Jamestown, New York.

BOARD MEMBERS:	Present	Absent
Marie Carrubba	X	
Tyler Case	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	

STAFF:		
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	

OTHER STAFF:

Business Development Coordinator, Craig Garaas-Johnson

GENERAL PUBLIC ATTENDEES:

Doug Champ, 225 Bowen Street, Jamestown, NY.

Chris Frederick, 819 Newland Avenue, Jamestown, NY.

Andrew Liuzzo, 35 Hopkins Avenue, Jamestown, NY.

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

On motion of Ms. Carrubba, seconded by Mr. Horner, the minutes of the previous meeting were approved.

Mr. Doug Champ addressed the Board. He distributed a flyer about an event the Manufacturers Association of the Southern Tier (MAST) is going to hold a training event on Hydronics for High-Efficiency Biomass Boilers on Thursday, April 25, 2019 at Jamestown Community College Manufacturing Technology Institute Room 121A. Mr. Champ has contacted the Biothermal Energy Council (BTEC). This organization advances the sustainable use of wood and agricultural biomass for clean, efficient heat and combined heat and power to meet America's energy needs and strengthen local economies. This group is lobbying for more money in the Farm Bill on the federal level. Mr. Champ feels that local representatives Tom Reed and Chuck Schumer should be contacted and urged to support this expanded funding opportunity for Jamestown because of the necessity for renewable energy to be part of the generation process. Mr. Champ feels biothermal energy would be compatible with the district heating system in Jamestown and he would like to explore this possibility with local planners or others. Mr. Champ feels Jamestown could be eligible for participation because this is a special effort under Reheat New York. He suggested Jamestown could be a showcase example connecting up the district heating system with a wood waste boiler application. Mr. Champ referenced a study that was done several years ago on hardwood availability within 100 miles of Jamestown. Continual improvements of urban forests are a part of this. He encourages the BPU to work with him to see if this has some merit. Mr. Champ concluded his presentation noting that renewable energy is here to stay.

Chris Frederick addressed the Board, stating his educational background in mechanical engineering. He has been submitting articles by email for BPU power plant and wastewater treatment plant for management review and offered his availability to discuss these in further detail.

There were no other comments from other general public attendees.

#190301 By Ms. Carrubba:

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 #**190301A-D** be, and hereby are approved as written.

VOTE. Ayes: 7 Nays: 0
March 25, 2019

#190301A:

Resolved, That the warrants be drawn on the proper funds to pay bills which have been duly audited for the period ending **March 25, 2019** as follows:

ELECTRIC LIGHT FUND	1,158,715.77
WATER RENT FUND	266,048.62
DISTRICT HEATING FUND	112,106.20
WASTEWATER OPERATING FUND	176,152.06
SOLID WASTE OPERATING FUND	109,870.94
Total	\$ 1,822,893.59

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 **February 2019** to pay the following payrolls and disbursements be approved and ratified:

Weekly Payroll No. 6	227,516.04
Weekly Payroll No. 7	184,908.41
Weekly Payroll No. 8	190,355.80
Weekly Payroll No. 9	195,891.81
National Grid – Transmission Costs	134,779.92
Corporate Payment Systems	15,935.49
Sage Payment Solutions	9,012.61
Key Bank	314.39
Invoice Cloud	446.70
NYS Sales Tax	55,894.32
Mid American Natural Resources	6,375.00
Crown Energy Services	275,527.00
Direct Energy Business Marketing	185,242.50
Sprague Operating Resources	134,460.00
DTE Energy Trading Inc.	437,111.00
Snyder Brothers Inc	35,360.00
Tennessee Gas Pipeline Company	2,312.18
NYPA Purchases	352,639.85
NYSERDA – ZEC & REC	80,376.56
Jeffrey J Frangione	3,153.61
United States Post Office - Rome	10,384.37
Total	\$ 2,537,997.56

#190301B:

Resolved, That the General Manager is hereby authorized to purchase from Southworth-Milton, Inc. of Batavia, NY, under NYS Contract #PC66988, one 2019 Caterpillar Model 420F2 ST rubber-tired backhoe at a cost of \$79,933.00 for the Water Division.

Discussion: This new backhoe will replace vehicle #46 a 2011 New Holland backhoe. The above price reflects a trade-in allowance for vehicle #46 of \$23,000. This backhoe is budgeted in the Water Division Capital Budget for 2019.

#190301C:

Whereas, the Office of the State Comptroller (OSC) selected the City of Jamestown Board of Public Utilities (JBPU) for an audit in January, 2017; and

Whereas, the audit fieldwork took place between March 2017, and April 2018, and the scope of the audit included the JBPU's Energy Efficiency and Residential Recycling Programs; and,

Whereas, the OSC identified ten recommendations relating to the JBPU's Energy Efficiency and Residential Recycling Programs; and

Whereas, the JBPU has prepared corrective action plans to respond to the OSC recommendations, which are attached hereto and made a part of this Resolution; and

Whereas, the JBPU must approve of the corrective action plans that were submitted to the OSC.

Now, Therefore, Be It Resolved that the JBPU does hereby approve and ratify the corrective action plans provided to the Office of the State Comptroller.

#190301D:

Resolved, That the General Manager is hereby authorized to purchase from Navistar, Inc. of Loudonville, NY, under NYS Contract Bid Reference #7823, one 2020 International Model HV613 SBA 6x4 Refuse Truck with a 25 cubic yard rear loading refuse collector at a cost of \$185,175.38 for the Solid Waste Division.

Discussion: This new truck will replace vehicle #92, a 2013 International refuse truck which will be sold at a later date. This truck is budgeted in the Capital Solid Waste Budget for 2019.

#190302 By: Mr. Horner

Now, Therefore, Be It

Resolved, That the bid of International Chimney, Inc., of Buffalo, NY, on BD-01-19 opened on March 5, 2019, for the furnishing of labor, material, and equipment to paint the LM6000 gas turbine combine cycle stack in the amount of \$312,251 be accepted; and be it further,

Resolved, That the General Manager is hereby authorized to enter into a contract with International Chimney, Inc., for this stack painting for a sum of \$312,251.

Discussion: In June 2018, an extensive inspection of the combined cycle stack revealed the exterior coating at the stack is in a deteriorated state for approximately 50% of the stack's length, including all appurtenances. The stack is stained with rust, and should be mechanically cleaned, spot primed, and painted with a high heat resistant industrial grade coating system. A total of two bids were received to perform the work for the stack painting. International Chimney, Inc. had the lowest evaluated bid. Long Island Enterprises came in with a price of \$350,000.

Based on the International Chimney, Inc. bid, along with their excellent performance on work they performed previously on the repair of the North and South Stacks and the replacement of the simple cycle stack in 2018, staff recommends that International Chimney, Inc. be awarded the contract to paint the combined cycle stack. Work will be performed during the Spring 2019 outage. The cost for this repair is included in the 2019 Electric Division Capital Budget.

VOTE. Ayes: 7 Nays: 0
March 25, 2019

#190303 By: Mr. Case

Whereas, Staff has revised the Personnel Policy Manual of the Board of Public Utilities, and

Whereas, The revised Personnel Policy Manual has been reviewed by the BPU Board Personnel Committee and by Board Members,
Now, Therefore, Be It

Resolved, That the Board does hereby approve the Personnel Policy Manual, as presented, and directs staff to implement the policies therein contained.

Discussion: The current revision of the Personnel Policy Manual was approved by the Board in February 2018. The Personnel Policy Manual is intended to be subject to constant review and change, as needed. The revised policy includes numerous changes that have been reviewed in detail by BPU Staff. These changes have also been reviewed by and are recommended by the BPU Board Personnel Committee.

VOTE. Ayes: 7 Nays: 0
March 25, 2019

#190304 By Mr. Lehman:

Whereas, The Board believes that all rates, charges and rules regarding the operation of the Solid Waste division should be transparent and available to the general public in the form of Schedule of Solid Waste Rates for each municipality served,

Now, Therefore, Be It

Resolved, The Schedule of Solid Waste Rates served are approved and filed in the office of the Secretary to the Board.

Discussion: The recommended change to the ‘Schedule of Solid Waste Rates’ is to define a flat fee for residential customer first-month and last-month billing. A billing proration inconsistency was identified during the Office of the State Comptroller audit, and the resolution provided in the submitted Corrective Action Plan is to incorporate a flat fee regardless of the number of days of service during initial and final month billing.

VOTE. Ayes: 7 Nays: 0
March 25, 2019

#190305 By Mr. Horner:

Resolved, That the Board does hereby approve change order #1 to BD-11-18 for the purchase of one (1) power transformer for the Electric Division from Virginia Transformer Corp. of Roanoke, VA, in the amount of \$1,559; and be it further

Resolved, That the action of the General Manager to execute Change Order #1 to the scope of the previously approved contract is hereby approved and ratified.

Original Adopted Resolution # 180603	\$330,261
Change Order #1	<u>\$ 1,559</u>
Total	\$331,820

Discussion: The original order did not include the tap changer motor thermal alarm system/contacts. This was discovered during technical drawing reviews/approvals with VTC and BPU. The BPU is aware of industry standards and recommended alarms; the motor thermal alarm is certainly recommended and has been equipped on all BPU substation transformer units purchased in the past several years. The alarming system is designed to prevent severe/irreparable damage to the main motor equipment in the tap changer box. Safety and reliability of the transformer are our primary concerns with this change order.

VOTE. Ayes: 7 Nays: 0
March 25, 2019

#190306 By Ms. Zenns:

Whereas, three-quarters ($\frac{3}{4}$) of the members of the Board of Public Utilities concur that it is impractical to take bids for the full inspection of the Heat Recovery Steam Generator (HRSG) as offered by Hamon Deltak, Inc. of Plymouth, MN, at the Samuel A. Carlson Generating Station;

Now, Therefore, Be It

Resolved, That the action of the General Manager in issuing an Electric Division Purchase Order to Hamon Deltak, Inc., to conduct a full inspection of Deltak HRSG located at the Samuel A. Carlson Generating Plant, for a sum not to exceed \$21,390, as outlined in their proposal # Q180813C Rev. 1, dated February 19, 2019, is hereby approved and ratified.

Discussion: The Deltak HRSG utilized waste exhaust heat from the LM6000 Gas Turbine to produce steam which is supplied to steam turbines to generate electricity in combine cycle operations. The unit was installed at the same time as the Gas Turbine in 2000. A full and through inspection is recommended by the original manufacture (Deltak) as the unit has had no prior comprehensive inspection in the past and is approaching 19 years in service.

Deltak inspection procedures would include but not be limited to: visual inspection of the unit, borescoping of representative boiler tubes and steam header internals and dye penetrant of boiler tube bends. In addition, Deltak will provide a written report, photo documentation and any recommended corrective actions required to move forward.

Since Deltak is the original supplier/manufacturer of the HRSG, staff recommends that they conduct this through inspection to determine the overall condition of the unit. The work included in this project is included in the 2019 Electric division capital budget.

VOTE. Ayes: 7 Nays: 0
March 25, 2019

#190307 By Ms. Zenns:

Whereas, Three-quarters ($\frac{3}{4}$) of the members of the Board of Public Utilities concur that it is impractical to take bids to provide off the shelf replacement superheater and drum safeties for Boilers 9 and 10;

Now, Therefore, Be It

Resolved, That the action of the General Manager in issuing an Electric Division Purchase Order to Farris Engineering, c/o Niagara Controls of Buffalo, NY, to provide 3 safety valves for each Boiler at the Samuel A. Carlson Generating Station in the total amount \$28,910, as outlined in their proposal # NCW1218-008 dated December 5, 2018, is hereby approved and ratified.

Discussion: The drum and superheater valves must be recertified every year in accordance with Boiler Code Regulations. The valves are deemed obsolete and cannot be serviced or recertified since they have exceeded their useful life.

Quotes were solicited from three vendors. Niagara Controls provided the lowest quote. Niagara Controls has provided pressure and flow control valves and aftersales service for feedwater and steam equipment to the power plant in the past. These safety valve replacements were included in the 2019 electric division capital budget.

VOTE. Ayes: 7 Nays: 0
March 25, 2019

#190308 By Mr. Case:

Whereas, Three-quarters ($\frac{3}{4}$) of the members of the Board of Public Utilities concur that it is impractical to take bids to provide off the shelf replacement Water Gages for Boilers 9 and 10;

Now, Therefore, Be It

Resolved, That the action of the General Manager in issuing an Electric Division Purchase Order to Clark Reliance, c/o Niagara Controls of Buffalo, NY, to provide water gages and valves for Boilers 9 and 10 in the Samuel A. Carlson Generating Station in the amount of \$23,468, as outlined in their proposal # NCW1118-048 quote dated November 27, 2018, is hereby approved and ratified.

Discussion: The water gages on boilers 9 and 10 have been in continuous service since the 1980's. Both are experiencing frequent failures of the glass elements and bulbs, which are only available as new old stock. The bolt holes in the body of each gage have become worn from maintenance replacements.

Quotes were sought for replacement gages. Only two domestic manufactures produce high pressure water gages. Staff believes that Niagara Controls quote provides the required equipment at the lowest cost. The water gage and valve replacements were included in the 2019 electric division capital budget.

VOTE. Ayes: 7 Nays: 0
March 25, 2019

#190309 By Mr. Case:

Whereas, three-quarters ($\frac{3}{4}$) of the members of the Board of Public Utilities concur that it is impractical to take bids for the material and labor for a compressor overhaul (~ \$38,000) and the acquisition of spare parts (\$11,656.73) for its Ajax Natural Gas Compressor at its Mayville Compressor Station.

Now, Therefore, Be It

Resolved, that the General Manager be authorized to enter into an agreement with Douglas Pipeline, of Pittsburgh, PA for the overhaul and acquisition of spare parts for its 380 H.P. natural gas compressor power and compression sections for an amount not to exceed \$50,000.

Discussion: Douglas Pipeline is the BPU's current operations and maintenance contractor who will hire Potemkin Industries, Inc out of Mount Vernon, OH with a no cost adder will manage the project (as required by our operations and maintenance agreement). Potemkin

Industries, Inc has worked on this compressor in the past, is a certified GE channel partner (GE now owns Ajax and only allows channel partners to do service work and order parts; most of GE's channel partners are in the southwest U.S.), and has moved their scheduling to enable this service during our spring outage to minimize impact on plant availability. The unit was last serviced at 24,835 hours and is currently around 47,500 hours. The manufacturer recommends overhauls occur every 17,520 hours. Staff and Douglas Pipeline would like to accomplish this work as soon as possible because it is due, it is expected to solve some operational issues, and it will be a thorough inspection of the unit we recently purchased (to understand/discover if there are any other issues we should be aware of).

VOTE. Ayes: 7 Nays: 0
March 25, 2019

#190310 By Mr. Horner:

Resolved, That the bid of Ermco/Delta-Wye Associates, LTD., of Cazenovia, NY, on BD-03-19 opened March 22, 2019, in the amount not to exceed \$104,000 to furnish 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: Three bids were received. Delta-Wye was the successful bidder for five types of transformers bid. The quantities to be purchased are based on planned additions and changes to the system. The purchase of polemount transformers is included the 2019 Electric Division budget.

VOTE. Ayes: 7 Nays: 0
March 25, 2019

#190311 By Ms. Carrubba:

Resolved, That the bid of Irby Utilities, of Liverpool, NY, on BD-03-19 opened March 22, 2019, in the amount not to exceed \$32,000 to furnish polemount transformers, be accepted; and be it further

Resolved, That the General Manager is hereby authorized to issue an Electric Division Purchase Order to Irby Utilities, for these polemount transformers.

Discussion: Three bids were received. Irby was the successful bidder for two types of transformers bid. The quantities to be purchased are based on planned additions and changes to the system. The purchase of polemount transformers is included the 2019 Electric Division budget.

VOTE. Ayes: 7 Nays: 0
March 25, 2019

Mr. Leathers presented his General Managers report, noting as were highlighted in a few resolutions we are heading into the upcoming and planned power plant maintenance project spring season. We came out of combined cycle mode a week and a half ago and are available in simple cycle mode for about the next 3-4 weeks before we head into our Spring outage related to maintenance. Every six months inspections of the gas turbine are done, the HRSG inspection, the combined cycle stack painting plus now we are trying to integrate items related to the natural gas compressor station. There are a number of different projects that Cory and his team have done a great job of trying to sequence and plan for, so that will all happen in the 3rd to 4th week of April and throughout May. Our desire is to be ready to operate in combined cycle by late-June.

The Huxley substation project is underway. The site is being prepped and the project will continue into summer with the major transformer equipment and switch gear arriving in early-August. Completion is expected to be in November or December if not before.

Mr. Leathers noted the BPU recently received our Renewable Energy Credit/Zero Emission Credit (REC/ZEC) bill for the next 12 months. BPU customers will pay approximately \$1.6M through the monthly Fuel Adjustment Cost (FAC) over the next 12 months for REC and ZEC mandated expenses. Very few customers realize this cost is incorporated into their monthly bill.

Mr. Leathers reported on the NYISO annual sector meeting he and Kris Sellstrom attended in Albany last week with the public power and environmental sector group. There is a lot of expectations related to NYISO and the state energy plan. There are changes proposed related to the percentage of renewables by 2030 and 100% renewables by 2040. These aggressive targets transfer into increased costs for increased NYISO resources doing increased amount of work to see how this can all be done. The caution flag is real and direct costs exist for our customers right now every month. There is also a calculated cost of not acting. Each month these are costs for our customers that Mr. Leathers wants to make sure everybody is aware of. Ms. Zenns asked if there was a known average amount per month, per bill for these charges. Mr. Sellstrom answered that it varies, and is charged through the FAC portion of the bill each month, and can average about 15-16% of the FAC.

Spring water flushing is starting the weekend of May 3rd and 4th and continues for a week and half after that. Mr. Leathers introduced Craig Garaas-Johnson, the new Business Development Coordinator for the BPU, noting that he reports directly to Kris Sellstrom. Kris spoke briefly stating Craig has hit the ground running, spending a couple of weeks meeting everybody at the BPU and learning about the utility. Craig will be the primary point person for realtors, site developers, companies and other people inquiring about utility services provide by the BPU for prospective businesses. Kris noted work has started to include a Business Recruitment section on the BPU website to help our business customers recruit management and people of talent from outside areas. He noted this will provide a marketing tool for our existing customers to help them recruit employees. In future weeks, Craig will be meeting with our SC-6 customers and will be a primary contact for them in the future. Mr. Leathers and the Board gave Craig a warm welcome.

The Freed Maxick Audit continues, with draft reporting to come in by the end of this week or early next week. Kelly Hawkins reported a representative of Freed Maxick will be here for the Finance Committee meeting on April 15th, and the following week the audited financial results will be available for the Board meeting. Mr. Leathers noted Kelly is also working on the Annual Report to the Public Service Commission, due at the end of this month.

Mr. Leathers reported from a safety perspective the utility overall has gone 213 days without a lost time accident. An updated revision to the Emergency Action Plan is being finalized for distribution to all employees by the end of this week. There is new information related specifically to armed intruder/active shooter. An all-employee training was held March 21st with Brent Isaacson related to active shooter awareness. A recruitment process for the Safety Compliance Administrator position has been started.

Mr. Leathers will be traveling to Washington D.C. the second week of April for the semi-annual American Public Power Association's CEO New Generation Climate Change Task Force Meeting. The St. Susan's fundraiser is being organized and will start on April 30th.

Upcoming meetings are as follows:

- Board Finance & Capital Projects Committee Meeting is scheduled for Monday, April 15th at 3:30 P.M.
- Board Personnel Committee Meeting is scheduled for Monday, April 22nd at 3:00 P.M.
- Board Meeting - Monday, April 22nd at 4:00 P.M.
- Board Strategic Planning Committee Meeting is currently scheduled for Monday, May 6th at 3:30 P.M. but may need to be rescheduled.

On motion of Mr. Lehman, seconded by Mr. Horner, the Board convened into executive session to discuss one litigation issue and two contract negotiation issues.

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

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

David L. Leathers, General Manager
Shari J. Lake, Secretary to the Board