

MINUTES OF THE AUBURN MUNICIPAL POWER AGENCY
TUESDAY, SEPTEMBER 13, 2011
AT 4:00 PM

Members Present: Dennis Zach, Chairperson, Mike Luksa, Jim Wride, Nancy Hussey, Luke Rybarczyk, Bill Graney

Members Absent: John Montone, Nicholas Brindak, Vijay Mita, Krste Biljanoski

Staff Present: Anthony DeCaro, Bill Lupien, Trish Ottley, Vicky Murphy, Doug Selby

Staff Absent: Christina Selvek, Mayor Michael Quill

Chairperson Dennis Zach called the meeting to order on Tuesday, September 13, 2011 at 4:00 pm.

Mr. Zach: Let's open the meeting up and hope we can still fill a quorum here. Did everybody take check the minutes out...it's quite an endeavor here...about 66 pages from last month. Did everybody get a chance to look at them a little bit. I e-mailed them to everybody. I'd entertain a motion to approve the minutes of last month. I've been through them and it looks pretty good.

Mr. Rybarczyk: But we can't...

Mr. Zach: We can't

Mr. Luksa: We can't now, there's only four of us, we need six.

Ms. Murphy: Go to the next thing.

Mr. Zach: Okay. Next item. The hydro project. The first item on the list is what's the update...where are we at with the FERC permit? The letter went out?

Mr. DeCaro: I sent the letters out, we haven't gotten a response yet.

Mr. Zach: Has Council made any other movements other than...

Ms. Murphy: Not yet.

Mr. Zach: Okay. Was there any kind of a schedule along with the letter?

Mr. DeCaro: Yes.

Mr. Zach: Pardon?

Mr. DeCaro: Yes.

Mr. Zach: Yes? Okay. Well, Christina's not here. I was hoping...

Ms. Murphy: She and Seth went over some NYSERDA stuff yesterday...last week...

Mr. Lupien: Again, they were talking about it today too.

Ms. Murphy: To see if there was money. I don't know what...she was going to let me know if there was anything. I haven't heard.

Mr. Lupien: Some kind of application...

Ms. Murphy: Yup...

Mr. Lupien: For some kind of production credits where you get back so many dollars per...

Ms. Murphy: That's production credits, this is funding to...

Mr. Lupien: But it had to do with the hydro electric...

Ms. Murphy: NYSERDA stuff...they were looking over the application. I don't know how (xx).

Mr. DeCaro: You now have a quorum.

Mr. Zach: We now have a quorum.

LIVELY DISCUSSION AMONG ATTENDEES

Mr. Graney: I just got out of my 3:30...we were stuck in the elevator...Nancy and myself.

Mr. Zach: Let's drop back one step now that we have a quorum. Do I hear a motion to approve last month's minutes? Anybody? So move.

Mr. Rybarczyk: I wasn't here.

Ms. Hussey: I know, I have to abstain too.

Mr. Zach: I'll move...I can make the motion...I need a second.

Mr. Luksa: I second it.

Mr. Zach: Okay, Mike. All those in favor?

Mr. Luksa: Did you get them?

Ms. Hussey: Yes I did. I was e-mailed them and then I just...

Mr. Zach: All those in favor a show of hands...carried.

Ms. Hussey: We have two abstentions.

Mr. Graney: Three.

Mr. Luksa: Can we do it?

Ms. Hussey: Yeah, you have a quorum.

Mr. Luksa: Even though you have a quorum, you got to...okay.

Mr. Zach: Yup. Did...I did e-mail them out and they were pretty extensive this time so hopefully next time you'll have a little more time to review them. There again, we didn't take any action either so...

Tony just mentioned the FERC permit status. The letter went out, we've not heard back yet. Bringing everybody up to speed here. The update on the Mill Street funding options, I guess Christina did look into that last NYSERDA...

Ms. Murphy: She was going over it...I'm going to say last Friday?

Mr. Lupien: And again, they were talking about it about one hour ago. They're working on an application. They had to do some calculations for the grant.

Mr. Luksa: For what?

Ms. Murphy: For funding.

Mr. Lupien: For the hydro electric and if you...

Ms. Murphy: To upgrade it.

Mr. Rybarczyk: Whatever we decide to do or...

Mr. Lupien: If you restart the existing plant, then you can get some money, like a production credit, so many dollars per megawatt for putting that back online.

Mr. Rybarczyk: Has Council made that decision? That's the way the (xx¹)...putting it back online or changing the configuration?

Mr. Lupien: All this is is you're basically...what they're doing is putting a grant application in.

Mr. Rybarczyk: But it doesn't matter though if we change it?

Mr. Lupien: ...reactivating Mill Street hydro electric.

Mr. Rybarczyk: No matter if we put the low flow or (xx)...because you said upgrading existing so I was curious if we had to go that way to get a grant. That's all, okay.

Mr. Zach: That decision hasn't been made one way or the other...the fact that...

Mr. Lupien: And that's what the figures are for...

Mr. Zach: The funding right now to do it with and also we're standing on the situation with the net metering and I think we need to request some sort of legal advice because net metering hasn't all been spelled out yet and exactly how it's going to operate. But, what without some sort of legal counsel on where it stands and how soon we could be depended on...even if you do the funding, you have to have a way to sell the power once you do. I think we'll tie that in with some of the landfill discussion but I think we're in dire need of some legal counsel on the net metering bill as it (xx) and also what kind of funding we can get, see where Council's at as far as what money they're willing to bond for if we just do it outright ourselves.

One of the other questions that I've got for legal counsel is is our RFPs still good? Could we redo that like we did with Canadian Turbine with somebody else? Is there a timeline on that Nancy? Do you think we could stand on that same RFP?

Ms. Hussey: We never...well, I would suggest updating it. We put out the RFP, we accepted one of the proposals and that proposal went south so basically you would be entitled to put out a new proposal...I think I'd update it or whatever and you could resubmit it. There may be different terms that we're seeking too, I don't know. I agree with Billy on Mill Street. In that grant do they put in the grant paperwork that the alternative uses that one might...we might do it this way and we might do it with the improvement...we may...

Mr. Lupien: The one they were working one an hour ago, you had to sell the power back to NYSEG and you got the open market price and in addition to this, this was a production credit. So if you were to sell it back to NYSEG, that's what this particular NYSEDA grant they were working on an hour go...

¹ xx denotes inaudible

Ms. Hussey: So we didn't ...

Mr. Lupien: Now there might be more than one grant but that was the grant they were working on...

Mr. DeCaro: It really didn't matter how you were getting your power, whether it was an old (xx) fixture and (xx) that you replaced it with because if you put an old (xx) back on line and you were selling (xx) anything.

Mr. Rybarczyk: So that would be in addition to other grants then.

Mr. Graney: Now Andy did tell me...

Mr. DeCaro: This is the only one I saw but I don't know if there's another one out there.

LIVELY GROUP DISCUSSION AMONG ATTENDEES

Mr. Zach: For the sake of the secretary, let's do one at a time here.

Mr. Graney: Did you hear what I said Denny?

Mr. Zach: Pardon?

Mr. Graney: Andy told me earlier that they're going to join the ISO so we can sell power.

Mr. Zach: Okay. To ourselves?

Mr. Graney: Apparently.

Mr. Luksa: But is we get that grant, it has to go to NYSEG.

Mr. Lupien: With this particular grant that they're applying for...and even if you get a grant, it doesn't mean you have to accept it. They're applying for a grant that would give them so much money per megawatt if they turned around and reactivated the plant, regardless if they're putting the same one back online or upgrading it and they would get so much money per megawatt for the power they produce for a set period of time.

Ms. Hussey: It expands our options.

Mr. Lupien: It was like \$15 to \$21 per megawatt.

Mr. Zach: Would you explain that again to me. Is this relative just to the Mill Street dam at this point?

Mr. Graney: The ISO?

Mr. DeCaro: The grant they're talking about is specific to Mill Street.

Mr. Graney: Joining the ISO gives us the ability to sell power now. He told me we can sell power if we joined the ISO.

Mr. Rybarczyk: Yeah but we could sell power before.

LIVELY GROUP DISCUSSION AMONG ATTENDEES

Mr. Graney: Not without joining the ISO. So we're going to join the ISO according to Andy so we can sell power.

Mr. Wride: Doesn't that put a bunch of other restrictions on it though? We didn't have to abide it if we didn't join it?

Ms. Hussey: Maybe we should ask Andy to come in and give us a recap next month so that we know what's going on.

Mr. Rybarczyk: It doesn't sound like we've got much of a choice as an agency if they're already telling us they're join...be in the ISO.

Mr. Graney: I agree.

Mr. Rybarczyk: I'm glad they asked for all of our opinions.

Mr. Zach: All right. Let's ask for a recap on legal on that for next month explaining where we're at. We're sitting here in the dark and that's kind of...it feels like a waste of time.

We haven't looked any farther, but the legal thing also that needs to be looked into is the...ahead of time...is the North Street Hydro Contract. Nancy's looked at it, to some degree, but even though our contract for our power sales runs out in December of next year, we still have a ten-year obligation on the power there but I think we need some legal opinion on the best way to deal with that. If we join the ISO can we...do we have a problem breaking that contract with NYSEG and selling the power outright to ourselves or net metering it or whatever the options are. I think we need to ask legal to look into what the remaining status of that contract for North Division Street is before we get there and it's staring us in the face. It's only a little over a year away. I did read through part of it and there is an extension of ten years obligation...

Ms. Hussey: The percentage of the avoidance cost isn't it?

Mr. Zach: Right. If they add that on the top of...if they add onto the top of the wholesale price of electric, it's going to put the price of what we'd be getting way down. We'd be on the street, same boat what we were in when the contract for Mill Street went out. We went down from 6 cents to 1 ½ to 1 ¾ cents. It would probably be a little higher than that but the wholesale price of electricity right now is pretty low most of the time too. So, I think we need some legal opinion to look into that as well.

All right, landfill project update. The status of the new gas wells? Do you want to talk on that because I did talk to Mike Talbot, they should be in this month. I guess they were already setting up last week when I talked to him.

Ms. Murphy: Yup.

Mr. Zach: So hopefully the new wells will be in the top of the landfill and Mike said that he still thought by maybe early winter that the horizontal line would be...we'd have enough fill in that next lift that that horizontal line can be dug and installed in (xx) the most productive lines because they lay right horizontally through the landfill. I, myself, am still curious...I don't know...Barton & Loguidice told me that they could tell us better after these three new wells went in why the production from the landfill was where it's at at this point but to my knowledge, I've heard some of the lines watered out or two once in a while but basically I've not had a really good scientific reason why the landfill gas production never came back after winter like it was before it got cold.

Ms. Murphy: It was really good today by the way.

Mr. Zach: Pardon?

Ms. Murphy: It was doing really good today.

Mr. Zach: Yup. It's (xx) so hopefully...it's all of a sudden back up...is there a reason why it's doing really good?

Ms. Murphy: My people are taking care of it.

Mr. Zach: That's good.

Ms. Murphy: They started working and it went back up...

Mr. Zach: Well, I had a meeting with the Manager today and one of the things that was brought up in discussion was a ways back you remember we...is that landfill mechanic job option still open? Is that something that would be able to be filled this year?

Ms. Murphy: It wasn't...we didn't put it in the budget. I discussed it this morning with the City Manager...I don't know if I talked to him before or after you...

Mr. Zach: Before me.

Ms. Murphy: He thought that let's first do it with my people and see how that goes. We're getting good correction and my people are maintaining it.

Mr. Zach: Okay.

Ms. Murphy: So, well do that, see how it works and then...

Ms. Hussey: Do you think some of the problem was reporting from CH?

Ms. Murphy: The landfill didn't even have people that...they don't have anybody that can go out there and check them and balance them and stuff like that. My people were doing that and then, of course, it wasn't supposed to be my people so we gave it back to the landfill.

Ms. Hussey: Right.

Ms. Murphy: And then they didn't do the daily balancing of it. We found two pumps that were not even working...you're pumping out the water. So, it's running good today.

Ms. Hussey: You know, those may be concerns that you might want to discuss that with legal as well. I mean, to what extent they're not performing their obligations under the contract. That may be a back door way of...

Ms. Murphy: Wait a minute, this landfill people, our own City people. They didn't have the people to maintain it but...

Ms. Hussey: CH didn't.

Ms. Murphy: Not CH.

Ms. Hussey: Oh, oh.

Mr. Luksa: This is waste treatment.

Ms. Hussey: Okay.

Ms. Murphy: CH is not responsible.

Mr. DeCaro: It's solid waste...they didn't have people...

Mr. Graney: I thought we hired D&L to help...

Ms. Murphy: We did but..

Mr. Zach: No one to balance everyday is the problem.

Ms. Murphy: They are doing it once every month or so...

Mr. DeCaro: And you have to balance it like every day.

Ms. Murphy: You have to go out there every day.

Mr. Graney: I know when Mark was running the incinerator he was right on top of it and it was never a problem.

Mr. DeCaro: You have to be there constantly.

Ms. Murphy: We're going to take it again.

Mr. DeCaro: Okay. But you have to be there full time.

Mr. Zach: Two megawatts today?

Mr. DeCaro: We did, yeah.

Mr. Zach: Right.

Ms. Murphy: Which is pretty good...we haven't been 2 in a long time.

Mr. Zach: Well that's good. Things should have happened sooner probably.

Ms. Murphy: So I'll give you another update next month.

Mr. Zach: Is...have you got any information on the record keeping, whatever you require for the carbon credits and the recs at this point?

Ms. Murphy: We can get the recs and at times the carbon but we don't have...but you have to have it hourly and we don't have that. We can't go back and get it if you don't have it.

Mr. Zach: Chris Smith called me the other day and he says tell me what you want, we should be able to do it.

Ms. Murphy: He's been told a million times. I can show you all the e-mails that I sent. Why hasn't he sent it to me if he has it?

Mr. Luksa: Who's Chris Smith?

Ms. Murphy: He's at Greenfield which is running them for CH-Auburn.

Mr. Luksa: Okay, that sounds a little of what you were saying. Well, it's...they're not doing the job. You know how you tried to say...well, I know what you mean...I'm not trying to put you on the spot but...

Ms. Hussey: I don't know but I'm just saying is that an...I'm just...it's kind of a rhetorical question.

Mr. Luksa: Well, yeah...

Ms. Murphy: I don't know why they can't get the information except that it's probably really ugly.

Mr. Zach: Now is the problem that they don't record it every hour?

Ms. Murphy: I think they might...they must be able to go back and get it but it probably is so ugly that they don't even want to...if you think about it, you have to go back to get that information every hour and it's this huge data.

Mr. Rybarczyk: If that was part of their general obligation, they should have been there right along...and they're collecting money for this aren't they.

Ms. Murphy: I'm not so sure he has things spelled out that we need hourly data. I don't think he does.

Mr. Rybarczyk: Just not doing it.

Mr. Zach: Do you want me to go over or should we both go and have a sit down with him?

Ms. Murphy: We can sit down with him...he's got probably the data, it's this ugly (xx) here whatever he sent me is here.

Mr. Zach: All right. Have you got the information exactly what they, how they want the data to be spelled out for the carbon credits?

Ms. Murphy: The company we were working with went out of business.

Mr. Zach: CO2?

Ms. Murphy: Uh huh.

Mr. Zach: It went out of business?

Ms. Murphy: They're no longer in the...whatever their name was...it wasn't CO2 was it?

Ms. Hussey: Cantor wasn't it?

Mr. Luksa: Cantor.

Ms. Murphy: We have to find somebody else to market our recs. Things are getting better.

Mr. Zach: Has anybody done any research looking for a new broker?

Ms. Murphy: Well, you know we had all that...we had about 9 companies...we could just pull one of them and look at the next best one.

Mr. Zach: Well probably a lot of them may have gone under when the prices crashed but I heard...I was told here about a month ago with the volunteer market, carbon was back up to like \$13 a ton. But I don't know how true it is. Well, you're the Director, what would you like to do. I'll help you...

Ms. Murphy: We're going to have to go with a different company and sell the recs. We tried to sell them before and they just couldn't sell them. We wanted to make more than \$2 but they came up with \$1.50, remember?

Mr. Zach: Yeah, I know.

Ms. Murphy: And you said no, we'll wait. We had an opportunity to get a \$1.50.

Mr. Zach: I was told that they...there was a...internationally there was some kind of a problem with the carbon market but supposedly they cleared some of it up and the price of carbon has gone back up considerably. I don't know but...

All right. Do you want to see if we can find time, want to come down and get together, do you want to try to find something online or go back to some of our original bidders.

Ms. Murphy: Let's go look at our original bids first.

Mr. Zach: Okay. All right. I think I've got that buried someplace.

Ms. Murphy: This group will have to decide I think which one they want to go with.

Mr. Zach: All right. Casey Park. Bill has done some work on to it...I didn't bring my map here but I will make a short report. I made a couple of phone calls a week ago, checking on who owned what and where and I got a message back from one of my contacts with NYSEG, which I'm not going to mention, he was told to tell me don't

waste your time because we still have an exclusive franchise with the City of Auburn, go see Mr. Rossi and we can't run the power out there anyway. That's what he was told to tell me. So, now we're down to the same legal question which covers the whole thing. The same thing with Mill Street, with that and the ISO. That's been a year and nine months so basically just about everything, in my opinion, is dead in the water until we get the legal power sales question resolved.

Mr. Graney: Right now we've got a new City Manager and he's going to focus on this project down there. That's going to be one of his priorities.

Ms. Murphy: Today he told me to look into one of those (xx)...

Mr. Graney: So we'll get to the bottom of all this stuff real soon.

Ms. Hussey: Yeah, as far as the exclusive franchise, you heard that from NYSEG?

Mr. Zach: That was...I got a call...

Ms. Hussey: I think I would look into that.

Mr. Zach: He said they had a meeting with John over a year ago and that's what their stand was at this point. We knew that but pretty near a year ago at this time, Andy anyway, admitted no that franchise doesn't exist because we weren't the only ones that ever asked to see this franchise. That was asked by other companies in the City also and they never produced any franchise. And all that went out with the deregulation anyway. There we are.

Ms. Hussey: Well, it seems clear, we've spent over a year just spinning our wheels on the same items that occur on the agenda month to month with nothing happening and I think at this point, we need to really kind of concentrate on what projects are viable, get legal, get whatever support we need and get going. I think we've spread ourselves too thin over so many projects that it's apparent we're not accomplishing anything.

Mr. Zach: Right. Where we're at right now, it's back to the legal questions because every project we're looking at, if the answer is joining the ISO and selling power, can Council have something...what's this agency supposed to do...we're sort of out of the picture at the moment. I'm really pleased with the new Manager, I think he's going to be nice to work with...I had a nice meeting with him today and it looks like he's trying to put all the facts and figures together.

Mr. Graney: He'll get to the bottom of it.

Ms. Hussey: Would it be prudent to dedicate the next month's agenda to specifically these legal issues and a discussion on them so that we know what we're doing or what we can focus on? How can we function as a group?

Mr. Graney: We can't.

Mr. Zach: Well I think maybe we should vote on that as a resolution and then request Council to give us a legal update on where we're at because we're basically dead in the water with no legal answers at this point. We can't even do a feasibility study. We don't know what the deal is with net metering, we can't figure out what the payback is going to be for Mill Street.

Ms. Hussey: But that's not an impediment, we can request Council to pass a resolution and do that. Just because we don't have a budget isn't an impediment to us getting some assistance or getting some studies done. We're all over the board...we've got to find out some answers or at least get some direction.

Mr. Zach: I agree. Suggestions Bill?

Mr. Graney: Talk to the City Manager.

Mr. Zach: Can we maybe request the City Manager does an update on a request. I told him today that if there's anything we can do to help him with information or research wise, we'd be more than happy to do it. Would that be the best answer to have him address this next month? Okay.

Mr. Luksa: Do you think we should have a priority list to hand to someone at this meeting or should we wait until then to do it. Whether it be Mill Street...

Mr. Graney: We know what the priority is, selling power down at that Cogen...

Mr. Luksa: Well it's there, okay but then you've also got Mill Street...

Ms. Hussey: But we want to use some of that power...again, I mean to offset some of our expenses too if we can't sell it on the market. But then now this question arises about an exclusive franchise that we can't power our own facilities because we have to account it from one budget to another from the...You see, that's ridiculous. I don't know.

Mr. Graney: To me the million dollars we've been losing down there, we could have built three lines at Casey Park.

Mr. Wride: It's just more of the same tactics on NYSEG. We just have to just push ahead, come up with an agenda or priority list because if we don't do it, someone else will.

Ms. Hussey: Exactly and you're right.

Mr. Wride: He's going to look to the list and work down them. Can we sell power is the number one question.

Mr. Graney: Absolutely.

Mr. Wride: And all the other...the tertiary or secondary items, they'll fill in. He'll come up on these issues himself. He'll want an answer. Whether to call us, or call John or whatever, it'll shake out.

Ms. Ottley: I'm sorry I'm late, I was actually in a meeting with the City Manager and I think he is planning on attending this meeting, just to let you know. I'm glad to be here and I apologize for being late.

Mr. Zach: Okay, well he was planning on being here too but he obviously got tied up too.

Ms. Ottley: Yeah, we were just in the same meeting so he'll be...I think he's coming up to this meeting.

Mr. Zach: All right. Well, we'll just put the question to him when he gets here and see if he can put enough information together to give the Board some action and give it some action to do. Without some legal answers, everything to me is dead in the water.

Ms. Hussey: Should we engage in discussion on prioritizing?

Mr. Rybarczyk: Sound nice, yeah.

Mr. Wride: He's new to the game so let's get him up to speed. I wouldn't give someone a list and let them figure out what the best priorities are...eventually they're going to get to where we are, it's just going to waste time. Let him hit the ground running and say here, you...this is what we need to do.

Mr. Rybarczyk: And what help you need, we're here to do it.

Mr. Zach: Well, we'll back pedal a little bit. Let's move on to CEDA and the Planning Board. Terry's not here. The only thing that I can see on that...Terry did send out, or you did, the thing on the Recharge Program. There are regional meetings coming up in the near future and I assume (xx) is somebody besides Terry going to attend these.

Ms. Ottley: I will be going. There's two meetings in Syracuse on Friday and I know Terry sent out some info, I sent out some info as well. If anybody is going and wants to car pool, I'd be happy to share a ride with somebody. I can either go in the morning or the afternoon session but I'm definitely going to be going and we're making

sure that our large power users in the City are aware of the meetings so that they can also go and have representation and understand as a business what they need to do to access the Recharge power. MACNY, the Manufacturer's Association of Central New York has sent out a notice to all of their membership. Some of our manufacturers are members, some of them aren't but there is direct invitations going out to individual businesses. So, we want to make sure that everybody here that could potentially benefit is aware of it and is going to be there. Are you planning on...

Mr. Zach: I'm trying to decide...

Ms. Ottley: Well, if you want to go, let me know.

Mr. Zach: If I can get loose Friday, yes, I would go.

Ms. Ottley: My preference would be the morning but I guess I'm flexible and we can...

Mr. Zach: Are the big guns like NUCOR and the Bottle Plant planning on going? Matt Smith never got back to me so, he didn't know anything about Recharge a week or so ago and I sent him an e-mail. I know Terry's met with him since...so...

Ms. Ottley: I can't tell you exactly who's going and who isn't. I've heard back from a couple of companies that are planning on going but beyond that, I don't know.

Mr. Zach: Okay. Can I let you know tomorrow?

Ms. Ottley: Yeah, that's fine, send me an e-mail.

Mr. Zach: Or Thursday at the latest? I'm not going to hop in at the last minute anywhere...

Ms. Ottley: I'm flexible. That's fine. Terry has been kind of initiating coordination between CEDA, the City and the County on rolling this out here in Auburn and Cayuga County through some informational sessions and meeting with the businesses. We want to be a partner on that too so we're working on that.

Mr. Zack: All right. I'll let you know.

I'd like to welcome Doug Selby, our new Manager. I think...I don't know if everybody's met you or not but prior to your getting here, we were discussing our legal problems with power sales and basically probably requesting maybe from your office next month some kind of a report or update response for the agency here where we're going to go and how we're going to try to get there to finally answer our legal questions on how we're going to sell power because basically all the projects are tied up in one form or another on a legal answer, whether it be net metering or just running the power up to Casey Park or selling to a new customer in the Park. So, it's an

awful turbulent waters to jump into on your part quick but, we would hope that...we were just requesting that maybe next month that you could give us a little bit of an update on where we're at and where Council's at and what you think the best plan is it to go.

Mr. Selby: I'd be happy to do that.

Mr. Zach: And at the same time, if there is anything that anybody on this Board can do to help or inform or whatever, we'd be very happy to do that too.

Mr. Selby: Okay.

Mr. Zach: We're looking forward to having you here.

Mr. Selby: Thank you.

Mr. Zach: Any other questions that you might want to put to the Manager at this point about things that we've already prior discussed? I don't think there's a...I think it all boils down to what we said, some sort of a legal understanding of where we're going to go from here with the power sales.

Bill, let me ask you something, is there any...I heard a rumor that they were looking at doing a study on the rates again...the rates for the electric and the heat have both been voted upon?

Mr. Graney: I don't know where that stands to be honest with you.

Mr. Zach: Okay.

Ms. Hussey: Who was doing a study?

Mr. Graney: That was getting with Mark Cordeiro and Kevin Brock and determine some rates. We already determined rates. I think we've got this Agency here and our legal department here, I mean we've got to get in the middle somewhere.

Mr. Rybarczyk: Every project we've had we've taken to a certain point and then have been told that legally we can't do it and fight it for a year and find out legally we could have done it a year ago. It's getting pretty frustrating when you get to that point.

Mr. Zach: Well, let's...I'll have an agenda put out for next month and basically I think that's what the whole meeting will concentrate on...just what the plan is legally and what we're going to do for power sales and hopefully in the near future that the Planning Board down the other end will be able to have a written piece of paper that will tell them exactly what they can negotiate with for a new customer or doing our net metering up at Casey Park or what other options might come up.

Ms. Ottley: It's definitely a challenge from my perspective and I've shared that with Doug that public power...as soon as a company hears that it might be available, they're interested right off the bat but right now there's not a way to clearly communicate what is available and at what price. If we're not in that position that's fine but we need some clear direction on where we are and (xx) on that.

Mr. Selby: Okay, I'm working on that.

Ms. Ottley: I know you are.

Mr. Selby: I have some meetings set up already.

Ms. Ottley: Yes, I know you do.

Mr. Zach: Well, basically then we're going to make the agenda for next month just an update on making some new directions from the Manager where he'd like to see this agency going and answer some of our legal questions and how we're going to get there. It's been two years now and a lot of taxpayer's dollars waiting for us to make a project at least break even and create some jobs here. Hopefully, that's in the mix to happen soon. That'll be the agenda for next month...to be reorganize and maybe take some direction from you and Council and I would think legal counsel ought to be here, at least Andy and see where we're at and answer questions on where we're going to go and how we're going to do it and when we can do it.

Ms. Hussey: Would it be out of line to suggest that we propose...instead of just general questions to tell us where we are, I'm afraid that we won't end up with specific answers. If we proposed an outline of specific questions. For instance, just in our discussions we were talking about the Mill Street and selling the power, the formation and the joining of an ISO came up and how that would affect, as Jim stated, how that would affect some of our options and limit us or affect those options, other options, in selling...

Mr. Graney: We need the ups and down sides of it.

Ms. Hussey: We need to have a little more information than just a general discussion on where we are, I think. Also, we were informed in part of our discussion regarding powering up Casey Park, which as we all know is an accounting...it's just an accounting change putting it from the landfill account to the Park's account for Casey Park but then now Denny was told that NYSEG has an exclusive franchise so we're not able to use our power to power our own facilities. So, those are the kinds of specific questions that I think we need answered at this point because there's...what is our role in going forward or what kind of projects can we concentrate on.

Mr. Zach: In that regard, let's put down an outline and the questions will be directed at I think probably four things. Number one, power sales and net metering...the legals to reflect the Mill Street project.

Mr. Wride: How about number one, do they have an exclusive contract.

Mr. Zach: No they don't.

Mr. Wride: Well just get that clear, turn that to a no and then...

Mr. Zach: Andy admitted that here that no that didn't exist, they never saw it and that was not a problem...NYSEG is just making their stand on it. They want us to spend the money to make...

Mr. Wride: I think we know that, I mean we've heard when everybody came before...everybody in the room's heard this time and time again, let's get it documented. This is it, this is a new beginning here...we can kind of get...debunk all the...

Mr. Zach: Andy said at several Agency meetings for probably the best part of 6 months that they had that franchise but then (xx) said no it doesn't exist and even if it did it's too old, it went out in deregulation anyway. The basic outline...at least work around Mill Street for net metering sales and/or power sales through the ISO, legal question on relating to how we would deal with running the power at Casey Park, which basically is going to be the answer on the net metering issue period, and legal wordage on how we're going to sell power to a new customer. That's one of the big ones because that's where our money maker is and where our payback is is to have a new customer in the Park down there that will take our excess heat and power.

Mr. Rybarczyk: And is it a rumor or is it fact that they are renegotiating rates?

Mr. Zach: I don't know.

Mr. Rybarczyk: Well that's something that we should know.

Mr. Zach: I would think that legally that's got to go back to Council after a vote to do that. It's not a PSC regulation at this point because we're not because we're not being regulated by the Public Service Commission...Council can change the rate at this point I believe at any time, with proper notice.

Mr. Selby: I can tell you, I've only been here two weeks but I haven't heard any discussion about rate adjustments.

Mr. Zach: Okay.

Mr. Selby: We've talked about a lot of other rates but that particular one I haven't been briefed on.

Mr. Zach: Well I had just heard a rumor that Mark Cordeiro had been asked about looking into the electric rate. The heat rate is not regulated anyway so Council can

do anything they want with that, raise it or lower it at any time or whatever we negotiate with. We set a base rate for the heat at \$3 a dekatherm which at that time was about 50% of what natural gas would be and for low temperature heat that's a pretty good price. It's the best we could find.

So, I'll put an outline together Doug with you, if you'd like and try to address those questions. Basically the legal issues on power sales to those three entities, Mill Street, Casey Park and new customers.

Mr. Selby: I think it's captured in the minutes didn't we Rosemary?

Ms. DeChick: Uh huh.

Mrs. Selby: Yes so I'll get the minutes and work on that. For the next meeting we'll make sure we've got an attorney here and I'll get a summary as best I can of the current status in response to your questions.

Mr. Zach: Okay. Is there any old business? Everything we do is old business.

Ms. Murphy: One thing we forgot is the North Division Street contract.

Mr. Zach: Oh. The...

Ms. Murphy: Just so that's another thing on your agenda for next month.

Ms. Hussey: For legal.

Mr. Zach: Now Vicky has mentioned in the North Division Street contract, all right...we'll add that to the outline too. For your information, our contract with NYSEG on the North Division Street hydro and the price contract runs out December of next year. After that, we still have a ten-year obligation locked up with them and we need some legal information on the best way to go with that. If we find out we're going to be forced to sell that power back to NYSEG at their avoided cost rate or can we actually use that power at that point for customer sales, net metering or throughout the City and avoid that. That's another legal question that's going to have to be looked at but I don't think that's the other priority at the moment. But that contract does run out December of next year and there is a ten-year extension on that of avoided sales directly to NYSEG which is going to go from 8 cents down to who knows, maybe 2 cents.

Ms. Hussey: I suspect you're going to find that that was all part of the initial contract because it was such a favorable front-end rate...I just suspect that and when I reviewed the document I think that that may be a challenge.

Mr. Zach: When they set that rate, the predictions for power at this point were going to be 14 cents. That was a future prediction at the time it was 8 cents, way back when but it's actually less than that now.

Okay. Other old business? Mike?

Mr. Luksa: Same thing pretty much, we discussed selling power but we can't even produce power off Mill Street. Do we need to do anything about that? Keep it in motion, or go to Council? We're talking about selling power but it's not even operable.

Mr. DeCaro: We've still got the options out there, we've got to make a decision about how...

Mr. Luksa: But we've had these options for years not months Anthony...where do we go with that?

Mr. DeCaro: Make a decision.

Ms. Murphy: There was a work session with Council and they did support that we do something with Mill Street so they gave us the go ahead to...

Mr. Luksa: That's the first I've heard...

Ms. Murphy: When was that...about a month ago?

Mr. DeCaro: Three months...

Ms. Murphy: Not that long...

Mr. Zach: Two months...

Ms. Murphy: Yes, there was a work session and they did support it.

Mr. Luksa: Did they give any direction?

Ms. Murphy: They didn't say either way...they want to look at the costs...

Ms. Hussey: I think we have to maybe just present both options in a comprehensive form.

Mr. Lupien: So bottom line, we know what we produced before right? We had an estimate and we can always upgrade that...update that estimate, we have an estimate what it would cost to put the old equipment back online. I've requested through the Comptroller, and she has since then given it to me a couple of weeks ago, what the current bonding rates would be...amortization I just had her do it for \$100,000 so we can multiply it by whatever the actual dollars are for 5 years, 10 years, 15 years, different

periods of time, different rates of interest. I asked her what is the City of Auburn borrowing money at now. The only thing we don't have is if we go to retrofitting at the existing plant with that newer equipment, how much is that going to cost? I did not have that dollar value and I didn't have how much power is forecasted to be produced at that. It's in the reports somewhere but I did not have it so once we get those parts, we can then put those in and we would have...these are the costs, this is what you'll make after say 20 years this option, this will be what their option is, we need to bring the two options back to Council and let them decide which way they want to go. But right now, we have not given them the actual facts that they need to be able to vote on this. So, we've got half the picture...as soon as we get...that other half is available...and then it's just a matter of putting them together...

Ms. Murphy: We'll need to know whether hydro...we can do the net metering with because that makes it a more viable project.

Mr. Lupien: Right.

Mr. Luksa: Did you hear from NYPA at all...remember they were going to quote also on that.

Mr. Zach: Without being able to give them some kind of a yes we want to move ahead action, I just really don't want to get back to...(xx) and bring it up. I mean we've asked the question of them three or four times over a period of three years or whatever and we've never moved ahead on anything.

Ms. Murphy: Planning did give us a...

Mr. Luksa: Well when he was here he said I can give you something but I don't believe he ever came back with anything. Not to us anyway.

Mr. Zach: No.

Ms. Murphy: He has done an estimate on that. It cost money if you want another one. They aren't willing to do another one.

Mr. Luksa: I don't know the first one.

Ms. Hussey: I think that's part of our problem. We don't get copies of reports or any action that's taken on...concerning this so it's like we're acting on our own without any knowledge. Can I make a suggestion that, if it's okay with everybody, that we just form a small committee within the Agency to compile all the different reports and be able to present that to the Agency for their approval and then Council? We're at a situation where staff is so overworked...we talk about we have a number of projects that we're not getting accomplished because we have our fingers in so many things but I think that we need to form just a small committee and be able to call Vicky for certain reports, call Tony for certain reports, call...and just make the phone calls and try to draft a report.

Ms. Murphy: At the next meeting can we just do legals so that we just...

Ms. Hussey: No, I'm saying this is just an independent sub-committee to be able to...no, we need the legals.

Mr. Zach: I do you remember some of the estimates on the upgrade and that rant anywhere from two to two-and-a-half million dollars right? Taking the figures that Chant gave us on the Capital turbine on the upgrade, the plant would go from about 450Kw plant to a 760 but the big thing of it is it's going to run a lot longer because they can run even down to almost to low flow. I did a calculation using the production hours that we did with the increase of what they projected and at 6.5 cents, which should be a conservative price, that's figuring if we can net meter and get...and save our money that we're buying electricity for now plus with the production credits and the recs on top of the 6.5 cents, the payback calculates out to \$272,500 and change a year towards payback against probably I would say a two-and-a-half million dollar project. Those figures are...actually, I think fairly good. When NYPA's figure was in there in that (xx) for the upgrade, and Canadian Turbine was in the two million dollar range and Chant...I asked him here a couple of months ago if he thought that two-and-a-half million would do it and he said he thought that that would, at this point, the price is going up too but I'm guessing that the upgrade project would probably be two-and-a-half million dollars. The payback I think...and he told me those figures on...we're using the flow data from the cap and turbine but the water flow, the head pressure and everything plus the actual hydrology reports from the Mill Street...the flows on the Outlet for a period of, I think Tony gave him the information back for at least 20 years.

Mr. DeCaro: They had 15 or 20, I don't remember...Andy Fusco should have that as part of CTI's packet.

Mr. Zach: It did look attractive at this point but...

Mr. Luksa: Can you use those numbers Bill or are they too old?

Mr. Lupien: No...

Mr. Luksa: Those RFPs are about a year, year-and-a-half old? Maybe two years now.

Mr. Lupien: I just didn't have the production number and I didn't have the cost. And with those, you can start generating...

Mr. DeCaro: That's the other thing that Nancy was just talking about. But the studies he's talking about, I don't have but we really need to get a committee or can Vicky put everything in one place because we've got these numbers all over the map. Some studies are in some hands, some studies are in others. Let's decide whose hands they're going to be in and put them in one place.

Mr. Zach: A sub-committee, I think we're looking at the Director, obviously...we also have involve the City departments that are working on it too, engineering and water too. So, I think you two need to be involved on the sub-committee...

Mr. DeCaro: Generally, when we work, we work together.

Mr. Zach: Right.

Mr. DeCaro: Because I work through Vicky, I work through Engineering. The reports that he's got, like I said, the information we generate from the past as far as the hydrology like that, Andy should have as part of the package that Richard used to make the reports. We should start as a basis to get those numbers and to start from there. That's what I recommend we do, is see the information that he's got because that was the numbers that Richard used to start with. Isn't that what you said Chant took off from?

Mr. Zach: Right.

Mr. DeCaro: That's what we should look at.

Mr. Zack: Yup.

Mr. DeCaro: Okay? And to explain the point you were talking about, we were talking about that because with Capital Turbine we'd be able to generate power at very low flows on the River which the set we have at Mill Street couldn't do. So, we're talking being able to generate 85...80% of the time at flows from 90 cubic feet per second and higher, which is a lot longer generating season. North Division right now operated last year at 300 cubic feet per second and higher. It was about seven months last year, the wet year we had. So, we're talking about using a set that develops power at lower cubic feet per second. We've extended the season by quite a bit. So, that's an ability being able to capture back (xx) on the investment, if you get a rate that's going to be able to pay it. But, that's the key. It's either net metering or a rate that's going to pay us. Because, if you're talking about doing that in avoidance cost, you're not going to recover your money.

Mr. Zach: That figure that I calculated at was supposed to be a conservative figure. There's, hopefully, room on top there.

All right. We'll do the outline for next month and basically going to answer the four legal questions on those four topics. That'll be it for the month and we'll maybe do some old business afterwards.

Mr. Rybarczyk: What about the (xx).

Ms. Hussey: In the meantime, can we...

Mr. Luksa: The committee is of these people here I think to ease the load on the staff. Wasn't that what you were saying Nancy?

Ms. Hussey: All I'm saying is you should probably have somebody or a couple of people coordinate all this information to keep it on track rather than say, Billy who's in the middle of a road program to we want this report. Obviously other things come up and it just...it can't...we need to take the initiative and get it done.

Mr. Rybarczyk: Anthony made a good point too. All the information should be in one location.

Ms. Hussey: Exactly. And that's my suggestion to form a committee to...

Mr. DeCaro: If I can make another suggestion here then what you want to do then, is no matter how you go about doing it, but set up an action list at the end of the meeting, we're going to A, B, C and D and assign a person who's going to do it and give him a drop dead date, is this not what we're doing here? You know such and such is going to be done by whom and when in order to keep moving these things forward so we're not talking about the same thing month-to-month. Vicky is very busy with other things too and both of us have this other part-time job that we do is supply water and to treat sewage and we do a couple of other things too that we kind of have to do on the side which occupies some of our time too.

Mr. Zach: Do you have time to spearhead this sub-committee? There needs to be a central place for the organization.

Ms. Murphy: I'll do the one on Mill Street.

Mr. Zach: You'll do the one on Mill Street? All right.

Ms. Hussey: I don't think we're specifically looking for staff to spearhead it and do the work...

Mr. Luksa: That's what I was saying, I don't think you meant...

Ms. Hussey: That was the whole point of the...

Mr. Wride: The problem with this is you're talking about documents that we don't know exist so how are we supposed to go and get it?

Mr. Luksa: A lot of people were given a lot of them.

Mr. Wride: But a lot of them we don't have so really, we're pretty much outsiders on this.

Ms. Hussey: It's working with staff but taking the onus off of you...

Mr. Wride: What's happening behind the scenes though...

Ms. Hussey: You would in a fact...

Ms. Murphy: Somebody else can take it and then just tell me what...

Mr. Wride: I saw someone at the store yesterday and I told you....they can't come and ask me about it. Oh, did you see the (xx), did you see the (xx)...what's going on with that? It's inefficient by nature. I think you're right on with the point, it's a matter of...

Mr. Zach: Taking minutes, we can't do that, it just don't fly...so I'm going to have to start one at a time...we're pretty well wrapped up here...

I'll volunteer, I don't know, maybe we should do it on a project basis to spearhead each one, Casey Park, Mill Street...why don't we just see if we can find time to get together with you and get another volunteer. I'll help, Bill, have you got time to do that?

Mr. Graney: Yeah.

Mr. Zach: Do you? Myself, Bill...

Mr. DeCaro: And I kinda gotta...

Mr. Zach: Well, you and Bill are both going to have to be go-to guys..

Mr. DeCaro: And I kinda gotta so...

Mr. Zach: I mean Engineering and the Water Department's going to have to be involved otherwise we're not going to have the information we need. Do we have another volunteer? Who wants to jump in?

Ms. Hussey: I would be happy once everything's put together to draft some consolidated summary. I would be happy to assist with that.

Mr. Zach: So, Nancy, myself, Vicky you'll be the spearhead, Bill Graney and of course you know that Bill and Tony are going to have to be the *ex officios* for input and supply information. Okay.

Next month, I'll put together a little outline, I'll try to get together with the Manager and...he's already brought it up for next month and that's basically what the meeting will be all about.

Now, I'm not going to be here next month...can somebody else chair the meeting?

Mr. Rybarczyk: I'm not going to be here next month.

Mr. Zach: Come on now...Mike?

Mr, Luksa: Nancy?

Ms. Hussey: Mike, you're good at it...go ahead.

Mr. Luksa: I'm not...

Ms. Hussey: I'll do it Denny, I'll do it...

Mr. Zach: All right. I think John will be here. I've got one other item. I've got a couple of...I changed the meeting dates to the second Tuesday from the second Monday...the dates are open, it would be better for a couple of our existing members if we went back to Monday and I can do that now. Has anybody got a problem with moving the meeting dates back to the second Monday?

Mr. DeCaro: The second Monday next month is a holiday.

Mr. Zach: That's right...City Hall's closed so next month would have to be...we'll stay with the second Tuesday next month. Okay, then after that...Em checked the dates and all through next year, the second Monday like we did most of this year, this room is available so starting in November we'll move the AMPA meetings to 4 o'clock on the second Monday of the month, back the way it was before. Next month we'll stay at the second Tuesday and I'll see to it that reminders and an Agenda gets out.

Mr. Zach: Is there a motion to adjourn? Do I hear a motion to adjourn?
Nancy? Second, Mike...all those in favor? Carried.