

MINUTES OF THE AUBURN MUNICIPAL POWER AGENCY
MONDAY, JUNE 13, 2011
AT 4:00 PM

Members Present: Dennis Zach, Chairperson, John Montone, Mike Luksa, Luke Rybarczyk, Krste Biljanoski, William Graney

Members Absent: Nancy Hussey, Nicholas Brindak, Jim Wride, Vijay Mita

Staff Present: Mayor Mike Quill, Anthony DeCaro, Bill Lupien, Trish Ottley

Staff Absent: Andy Fusco, Bruce Ross, Christina Selvek, Vicky Murphy

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

Mr. Zach: I call the meeting to order. Did everyone get a copy of last month's minutes? Did my e-mail...in the last week or two go out to everybody, (xx) okay because I had computer problems at work again. I entertain a motion to approve the minutes as written. Seconded Mike. All those in favor? Opposed? Carried.

The first item on the Agenda we have here is the hydro update which includes the Mill Street Dam and North Division. Tony, have you got any idea if the pressure is going to be on for the FERC permit?

Mr. DeCaro: We have a new inspector and one of the things he talked about when we brought him through both places was that...I expect that he is going to be, at some point, while he didn't speak specifically to the status at Mill Street, I expect that he is going to come around to that point, at some point, I think. His only question was is it operating now? I said no. We didn't offer any other information toward that. We simply answered his question. We showed him the status of that plant and the dam. Unfortunately, as luck would have it, the day that he came to do that inspection we had a failure of the bank above the riff raff on the west side of the dam and interestingly enough, it really wasn't of the high fall of the River. We had the River up quite a bit as far as flow because of all the rain that we had. And, as you know, the Seneca downstream from us, was closed to navigation for quite a while in April and in May and this month it just opened on the Oswego navigation within the last two weeks. But it wasn't the high flow of the River that caused the failure of the bank, it was all the water from the rainfall saturating it above the riff raff that caused it to fail. One of the things that he's asking us for is a plan to repair it and working with

Public Works to develop a plan. We're talking with Cayuga County about borrowing some equipment. We're in the process of contacting the DEC to determine whether or not our national permit is sufficient to do the work that we need to do because we're not changing the course of the River, we're not really doing a lot of the riff raff itself, we're going to be working behind that.

Another thing you need to be aware of though is that they made a requirement in the last inspection that they did, that was the third independent review in 2009, that we construct wing walls on each side of the dam to follow the tail water in the event that flooding the (xx) in the dam in a way that's over top of the dam. Remember that we had a discussion of that with the gentleman and we haven't addressed that with them.

Now that this bank has showed failure, irregardless of how it failed, I would imagine that this inspector is going to be revisiting that requirement for wing walls. He hasn't said that but I would expect that that's going to be part of his commentary.

As far as the requirement with the exemption, again I didn't bring up the point, I'm assuming that he'll get to that at some point. And the reason why we have a new inspector is because its simply FERC policy that they change their...they all work out of New York City, they all work out of the Regional Office and they travel to different areas of this FERC region and it's their policy to change that every five years. So, they swap territories every five years so this was a routine change. So, that's where we are.

So, I'm going to assume a couple of things. I'm going to assume that they're going to want to see a plan for construction of wing walls, we have got prices on those. I'm going to assume that he is going to want that as part of his detail for repair of the bank failure. And now I'm going to assume that should we get to the point of mentioning the exemption, that he's going to want to see a credible schedule. If you recall, we gave him a schedule for 2009 that we then didn't follow. So, my guess is going to be that when they ask again for a schedule, they're going to want to see a credible schedule. Okay?

Mr. Zach: Okay. The last time I talked to (xx)¹ they seemed to think that probably going to August (xx), I don't know.

¹ xx denotes inaudible

Mr. DeCaro:

In actual fact, that's what we expect based on the inspection of August 2010 but they actually came and expected us in May and again, that had to do with the habits of the new inspector. When we were speculating as to when we anticipated that, it was before we got the news that they were going to be changing inspectors because of their five-year limit. And, we in fact got a new inspector who informed us how (xx) I believe that he wanted to come out here in May and that's when the inspection occurred...the first Wednesday in May. I would guess that it reflected the habits of the man who is now doing our inspections. So, it's not for a different reason. It was not later in the year as was the habit of our previous inspector that was in place.

Mr. Zach:

Well, I'm thinking we have three options. We don't do anything with it for now. Two, the other option we looked at was abandoning the job on the Mill Street which we're probably looking at a half a million dollars today, I believe. And the other option was to do the upgrade. Basically, we had actually contracted with Canadian Turbines...we contracted but that fell through. I myself think we should be doing the upgrade. I called the ESCO and the City (xx) but the ESCO we're purchasing power from now, in the last week or so, and asked them to come out and that metering and said that they already have a half a dozen (xx) accounts with NYSEG and that he didn't see a problem with us working in a deal with...if we put Mill Street back on line...that we can then meter it for ourselves and maybe if we metered how much we produced then maybe dock it off as long as we maybe deduct that amount off of our purchase and then we pay the transportation which we pay already on the stuff we use, I think. We're going to have to (xx)...I'll try to crunch some numbers and even if it's at today's rate and see what the figures would be and if there is some (xx) and figure out what the payback would be and take it to Council and make a decision. If the payback's there and we can net meters for ourselves and pay the difference between the cost of production which my guess on the hydro is probably around 3 cents...say that and the difference in what we're buying (xx) and then get the recs which is supposedly going up too, put that on top of it, I think it would fly...what the bond is or something but...the budget that stands right now it's probably not a good time to be asking but (xx) it's not that far away that I think we need to be looking at it and make a decision of where we think we want to go and take it to Council. I would like to have a (xx) together. The Mayor and I met earlier this morning and he suggested that basically that I get together with Vicky, the Director, and see if we can put some of the numbers together so we can take it to Council and see what the intentions are.

Myself, I would be in favor of doing the upgrade if we can get a reasonable energy bond which I think is basically...that bond would take it off of the actual electric produced and the profits of the electric produced. But there again, we've got to look like a viable payback situation. And, there are some new net meters allowed in the project. I can understand why that there are...and supposedly they are upgrading the (xx) but we're not (xx).

Mr. Montone: What about the grants?

Mr. Zach: That went through in April and I haven't had a chance to talk to Christina, I don't know whether we applied for it or not but there was a grant that was (xx) at least to my understanding it will be coming around again for next year and that's something we should be getting in line for.

Mr. Montone: The County and New York State...Cayuga County (xx).

Mr. Zach: We don't know what the timing is...

Mr. Montone: That's in August...

Mr. Rybarczyk: Denny, can I make a suggestion about the upgrade? We're going to have to get numbers for an upgrade and then just be able to show where you're coming from and going to.

Mr. Zach: I agree. And the big thing too is figuring out at this point exactly what the payback is going to be and we'll have to do that for both situations. Obviously it would be cheaper to do the band aid but at the same time we can produce twice as many kilowatt hours with the upgrade...we may not...

Mr. Rybarczyk: That's what I'm saying. If we can show the difference between the two including the payback.

Mr. Zach: Right. John, do you think that grant opens up for (xx) in August again?

Mr. Montone: Yup. There's quite a few grants...they're giving them out now in the hydro (xx)...I think Chace thinks (xx). We need to get it in there and tell him what we want to do...what the project is and (xx). It didn't appear that they're turning anybody down.

Mr. Zach: Mayor Quill, do you know when Christina's going to be back on active duty...I heard it was just...

Mayor Quill: I believe around the first of July.

Mr. Zach: The first of July?

Mayor Quill: Approximately. I think Rosemary may have a better idea than I do but I believe it's the first of July.

Ms. DeChick: I believe it's after the first of July.

Mr. Zack: I'll make contact with her in the next day or two but, again, I believe Christina can help with it and like John said, maybe Chance can help us with that too.

Mayor Quill: One thing, I agree with what Luke says in regard to the band aid and the full monty. You may want to find out the approximate longevity of the band aid course. Maybe five years or ten years, whatever the case may be versus the full renovation. I think that probably should enter into your calculations.

Mr. Zach: Yes, that could be considered (xx)...

Mayor Quill: At the time, if it's only going to be good for approximately three years or whatever, that money's well spent in my mind.

Mr. Zach: I agree. I will...Christina Selvek couldn't make but I will get together with Vicky and try to give her enough information to crunch some numbers out. I think what I would need...Tony, I think you probably have (xx) for people again and give us some idea...

Mr. DeCaro: I have quotes...

Mr. Zach: Time wise, how much...

Mr. DeCaro: I have the quotes just for the repair for the generator and for the gear. I still have to get a number for the generator but this is for the repair not for the replacement.

Mr. Zach: Right. And those are up-to-date quotes? Because you did have like two years ago.

Mr. DeCaro: No, I got updates.

Mr. Zach: You got updates? Okay. So for next month you have a pretty good idea?

Mr. DeCaro: I can bring them...I sent them to you once...I thought you had them.

Mr. Zach: Okay.

Mr. DeCaro: I know I sent them to Vicky...I know she has them. I can send them to everybody, do you want me to do that?

Mr. Zach: Yes.

Mr. DeCaro: I got them in time...I got them just after, I think it was just after the last meeting. I called and had them (xx).

Mr. Zach: Yeah, I've had a couple of calls from Chant over the last few months about wondering where we're at whether we're going ahead or where it's at. I think I'll get back to him and see if he can get some sort of a ball park on the rest of that (xx) maybe two million or two and a half or something like that. But (xx) a your out with just equipment orders. I think we...I'll just find out without instigating a problem, the situation about the FERC permit. Is there somebody we can talk to?

Mr. DeCaro: I think if you ask a question, you're going to...if someone's like asking how you get the honey out of the hive without waking up the bees...I think if you ask a question, you're going to draw the attention to the fact that we gave them a schedule and didn't act on it. I can certainly call them and ask the question but I think if you ask the question they're going to want to know why we didn't act on that. I'll do whatever the Board instructs me to do but be aware that you run the risk of having them ask for the performance.

Mr. Luksa: Let a sleeping dog lie.

Mr. DeCaro: I don't know how to answer the question. Like I said, you have the risk that they may ask for immediate performance.

Mr. Luksa: At that time you're facing it...but right now there's no sense in...

Mr. DeCaro: And understand that when the inspector comes also, I'm obligated to answer every question for him as thoroughly as possible, which is what we do.

Mr. Montone: Are we connected to the (xx).

Mr. Zach: No.

Mr. DeCaro: I know that they proposed some equipment but I don't believe that the interconnection there was thorough or detailed as special equipment that was...for example, that they had the gas project or even if the type of equipment that they have at North Division. But I do know that after that was stopped, after a period of about a year, they went back there and they did some work and what they removed I'm not really clear on.

Mr. Montone: But do we have an interconnect agreement with them?

Mr. DeCaro: I don't know if it's still in effect.

Mr. Montone: If it's still in effect...

Mr. DeCaro: I'm sorry, I don't know if it's still in effect...but we did have one but I don't know...

Mr. Montone: That would be on record with (xx). If that's expired then we can see right through that...

Mr. DeCaro: I have no idea if it's still in effect.

Mr. Zach: I'll call and find out from (xx). The only thing I get a chance to meet with...I think we sold that hardware off (xx)...

Mr. DeCaro: I know that's gone.

Mr. Zach: (xx) the wires to the (xx) are still there and I checked to see if they had already eliminated the four and the six you got there which they have not.

Mr. Montone: Some of that equipment's still there. I believe they just pulled the (xx).

Mr. Zach: Right. The same goes with (xx) since the transformer was rated at. We wouldn't have to put a step-up transformer like they have at North Division. All that's still there, (xx).

Mr. Montone: That's all they took.

Mr. DeCaro: I'm going to have to look at it.

Mr. Zach: I'll call (xx) and find out what we have to do. I would assume that that would help probably with that determination of the (xx)...I don't know.

The North Division Street hydro...anybody thought of any names to add to the contractor...that's quite a ways out but I think...

Mr. DeCaro: I know the contract is quite a ways off but the rate changes in eighteen months.

Mr. Zach: Exactly. What I would like to find out...you know maybe we should get a hold of John and see if we can find if there are any options after twelve) other than what's quoted on this agreement. So I guess...I know we may be locked into that for ten more years. I think John told me that Derek Dyson has looked at that contract and said...a long time ago and he was in in pretty touch shape with that. But...

Mr. Montone: We're doing good now because we've got those rates set (xx). (xx) thirteen cents. But (xx) seems to have picked up on it when we tart depreciating things down to 90%, that (xx) costs turns us around the other way. We don't know what the (xx) costs are. What they're going to base it is actual money that NYSEG is (xx). Like I said a couple of days ago, if we look at CJ Collins' proposal, he explains in there (xx) we could end up owing them money.

Mr. Biljanoski: The money that they make from North Division Street, they go the General Fund. Correct?

Mr. Montone: I don't know that.

Mr. Biljanoski: You should know where they go because it's nice to have a (xx).

Mr. DeCaro: They changed it to an energy fund but it had to go into the General Fund. It doesn't come back to the hydro fund.

Mr. Montone: Upgrading or anything we need to do there...

Mr. DeCaro: I have to budget for it and I have to get it transferred because it doesn't come to us...to my mind...

Mr. Montone: But when it's operating, I think about 1900 bucks payout...correct?

Mr. DeCaro: I'm sorry, I didn't bring for (xx)...we made \$25,000 and we had a very light year, and that was from September to May we averaged between \$20,000 and \$30,000 a month, depending upon the (xx). If we operated continuously...there was a ten day period in February and there was a three or four day period in April that we

would not (xx). Other than that, it ran the entire time. But, like I said, the fund pays into an energy account in the General Fund, it doesn't come back to the hydro budget.

Mr. Montone: The components are all there, the equipment, the generator, the turbines...has that all been paid for?

Mr. DeCaro: Yes. I have to budget, but each year I have to pull it out because I do re-wiring, I do maintenance, I do all those things...I have to budget for those things. It costs me \$3,500 or \$3,600 a pop just to get a crane down the (xx)...each day. When I have a crane down there, that's what my costs are.

Mr. Zach: That could be a...I mean the labor and everything is...that's separate and stuff there, right? (xx) that budget...those should be pretty good figures, you have to take the...do a comparison of what it takes to maintain and recapitalize Mill Street also.

Mr. DeCaro: It would be a good guideline. The budget...at that rate of pay for the (xx) that we have down there, if they go and proposition. But, with that said, I can chase down flows lower than 300 cubic feet per second. At Mill Street I can't with the equipment that's there and that's something we talked about in the past. At Mill Street, I get below 400 cubic feet per second that (xx). I have to get above 400 cubic feet per second to get anything through that passage. That's not a high percentage of the time on the River. An update there...we were looking at trying to get something that we could chase.

Just to use an example, the Canadian company we talked to...we were looking at capturing flows of 90 cubic per second and above. That's really what we're going to be looking at to be able to make them pay back. If that's what you want done with that. Because we can see at 90 cubic feet per second and above 85% of the time and likely more than that. But, you're not going chase flows like that with the equipment that's there. So you have (xx).

Mr. Rybarczyk: (xx) expensive...

Mr. DeCaro: Even if you're looking at refurbishing that and keep in mind that there's two other things you need to consider too. I don't know whether the (xx) are going to let us reestablish that (xx) equipment down there. It was never built without a headgate. I don't know under the present rules if they'll let us do that again without a headgate. We can't operate that...we can't isolate that generator without dropping the pond. That takes several hours. The other

modern equipment is designed so that if you have to isolate or if there's a trip in the equipment, the gate drops and it dewateres it. That wasn't built that way. I don't know if OSCEA would let us do it under the circumstances now. The last thing that that did that...failure of that bank even though there's a (xx) lever. They were really concerned for (xx). I don't know exactly whether or not they'll make that a condition to continue the exemption. As it happened it occurred on the day of the inspection so we had (xx) of the bank the eight days prior to the inspection as it happened. He was concerned about it. One of the questions he asked was follow it up with two or three phone calls before writing his inspection letter questioning about that. I don't know whether he's going to make that (xx) or not.

Mr. Graney: What would we have to do to try to get some of that disaster money?

Mr. DeCaro: Disaster money? I think you have to show...through the County but I think you have to show a preponderance of damage and I don't know that we can do that. I don't know exactly what... the amount of damage has to be extensive and we'd have to show a really extensive amount of damage throughout the community in order to qualify for that. I don't know if we had enough community-wide flooding in the City to qualify us for that. Because, there really wasn't a lot...there wasn't a lot of flooding in the City that I'm aware of. Okay? But, what they asked for specifically might be the Fire Chief or Gary Giannotta, specifically to that was Brian Donnal. But from what I understood from the way the storm happened, it breached in the City itself, I don't know that we had a significant amount of damage in the City itself. What they've a (xx).

Mr. Montone: You were thinking about the dam...right? How effective that was. How was the gate? Looking (xx)...

Mr. DeCaro: The gates were fine. Like said, it was a failure of the left bank. Unfortunately the left bank...the gates were fine. (xx)...left open the gates were fine. At the Mill Street dam there is actually...the two gates that control flow in the pond behind the Mill Street dam are actually hydraulic and what I mean by that is that they're hydroscopic...they are shaped in a shape that can counter them so that the flow of water from the flow of the water and forces the (xx), it causes them to raise or lower based on the flow of the water and the speed of the flow of the water. And they're counterbalanced so that we don't control them by that...it's by flow. The higher the flow and the greater the flow, the more those

gates open. The lesser the flow, then those gates will drop and they're balanced that way. They're not a real deterrent on those (xx) gates...I could show anybody who wants to go out there and look. But, we have those gates operating later than they were designed to operate and we can show the flow to the pond by manipulating the gates that we do control manually or electrically or mechanically at the State dam. And then underneath the Mill Street dam is Rodney Hunt. Now that's a gate that you're thinking more mechanically...that when you think of what a gate is...it's a square gate that's just over an opening and it has a long screw that goes into it and we turn a wheel at the top and the more you turn the wheel, the more the gate will open or close on the slide. There's a Rodney Hunt at the bottom of the Mill Street dam and if we use that gate to lower or raise the pond itself...now let's say that we had to dewater the generator at Mill Street. We'd have to open the Rodney Hunt two or three feet and to do that would take three or four hours and then it would take that amount of time to get the pond below 6 feet which would expose that generator.

At North Division, there's a hydraulic gate that works that same way...that in the flow of the headrace that lets water into the generator. If there's a problem with the generator and the generator stops, that may drop and there's no water going into the channel at all. It blocks it. If there's a problem that causes that gate to drop, it automatically shuts the generator off. Mill Street has nothing like that. Mill Street may stop and there's a break on it that's supposed to stop it but there's nothing to stop the water from going through there. Now I'm positive that OSCEA is going to want us to install something like that and it's within our technical means to do that but it's going to cost a lot to do it. Anything that we do to improve that equipment there, in the proposals that we have with companies, we included the desire to do that, to bring it up to standard. Any of the retrofitting pricing that we have done, we had to price that.

Mr. Zach: I asked Chant about the (xx) and he said I did not include...number one, they're going to want to go right out...

Mr. DeCaro: They wouldn't do it without it...

Mr. Zach: Plus he said if we didn't do something there, we might get forced later...he's putting the gate in anywhere (xx) for the dam so the water can't...

Mr. DeCaro: In an emergency there's a couple of different ways that you can stop the water flowing and then you progressively more desperate

and progressively (xx) but there are ways we can stop the flow of water through there. But these are the things we have to do to operate it.

Now you're looking at...the equipment that's there, make sure you have it, make sure you have that in a proper prospective also. And I know I've already talked long enough so I'll shut up in a minute. But when we installed that in the late 1970's we just bought it used so we got equipment that already had quite a lot of age on it and refurbished it and put it in there and it worked fine for the period of time we ran it. But, it was already used equipment when we bought it with quite a lot of age on it. Probably (xx) ones that ones that we have. If you'd like to go down there and take a look you will see that it was custom fit...it wasn't a custom fit for the building that was there, it was adapted to the building in effect.

Mr. Biljanoski: Now the question is why to build Mill Street. (xx). Why, because we have a pond there so we can use like a (xx) turbine when the pond is full. Believe it or not we can empty the pond in the lake...we can (xx) so we can make more money during the day because it's more profitable. (xx) for...(xx) during the day than in the night. So the two (xx) like that. I don't know if it's a difficult to have that amount of water that we have in the pond so we can just go back and forth. We can open...

Mr. DeCaro: The North Division equipment was actually made to do that too...actually, it was reversible...you could do it as a pump so that you can pump into an overhead storage at night...during the day rather, and then you could run it at night so that you can pump water into your...you can store your stock at night and then run your power during the day when it was needed. That's what you got. (xx)

Mr. Zach: Okay, let's move onto the landfill...anybody got anything else they want to know on the hydro?

I don't have the exact information on the new gas well started...I know Barton & Loguidice was in there late last week, I believe and I think they'll report on how soon they plan on doing it but I did talk to Bruce Smith and the methane production has come back with the heat like it was before...like he thought. I don't know exactly why because (xx) flowing in there (xx) we should be getting more gas out. That's something we've got to look into. But I think everything's done, the permitting and everything's done so maybe so (xx) I have something on that. I know that (xx)

we can get them in hopefully get our gas production back where it needs to be because we're still below (xx) gas production.

Chris called me today and running on reduced output with two engines, he would to sit down with myself, Vicky and (xx) and try to look and see what's the best economical way to go because it's running on reduced output...they have to take a little more maintenance...they're looking at running, cycling back and forth, (xx) reduced (xx), probably run one full out and then the other one on reduced...they'll be cycling back and forth. So, I told him that we'd get together with Vicky hopefully this week and take a look at the production numbers and see what's the most economical way to go at this point.

The O'Connell bid...(xx) meter that's down there with the transformer is supposed to be working, I know it runs and everything but Mark Storrs asked me to come down and we'll take a look and see if they match up. We've got a meter in the (xx) ourselves, (xx) I have the transformers and utility (xx) meters up, it's been replaced. One guy put it out there originally and so there's an individual meter they placed there and they're going to go down after a week or two of running, see if they match up. Again, we really want to have the turin ratio on one of the gears exactly right and they're supposed to check it (xx). I think that's (xx).

Vicky didn't make so I don't have the production report but I know...Bill would (xx) the (xx) down there.

Any other questions on the landfill at this point?

I see the City Engineer just walked in and the next item on the Agenda is...anything you'd like to talk about Bill at Casey Park (xx). I didn't get together with you...

Mr. Lupien: That all right...we can together (xx). The (xx) street lighting will probably be our...we have one more sidewalk program going that (xx). So it should be underway later this summer or early fall.

Mr. Zach: We did talk a little bit...we're taking that figure (xx) with Mill Street we project seeing the possibility we cannot meet our surplus with...coming out of the landfill as well. There might some (xx) questions on that. I don't know but when I talked to the ESCO, he said he thought that was a possibility too...they already net metered several accounts anyway so I don't know where to really go on that one. But, I wonder if it's safe to start on that or not but

if we only had the (xx) if we actually owned everything there, he said yes okay he'd send me the (xx) and do the same thing. We're going to look at the possibility...net metering we're going to (xx) distribution up there too...we can do that. So, I don't know...maybe John can provide something. We'll find that out because something...

Mr. Montone: We're behind the meter so...and we're taking in so much power from them right now. If we had available power we could use on our system, our accounts, we could do that...that's right. But, it's not really the right time to get involved, however, if we're buying power, the power doesn't have to be used just at the Wastewater Plant...it can be used here for the streetlight accounts. Any of those. We don't have to (xx)...we decide to say okay we want this power to go to street lights. The ESCO, whoever you're buying the electricity from now, will give us a credit for that amount...for the amount that's produced down there but we would be paying NYSEG transportation. Our power could (xx) be (xx) costs to the ESCO. That's something to consider. Because, basically, we're losing money selling to NYSEG. Why we (xx) for 8 cents of power...pay somebody for it when we've got it ourselves.

Mr. Zach: I will get back to Joe Miscero from the ESCO and find out if there's any legal ramifications there. They should know and they are the ones thinking that the other possibility is maybe to ask (xx) or John legally if there's (xx). I know talking to (xx), that's not very far if (xx)...

Mr. Montone: Again, John is involved with the (xx) or contract that we have to act as Power Agency. If there is no actual power available, we just don't (xx) all the power. We still have the contract in place but (xx) the power.

Mr. Zach: Well, the nice thing about it too is we were net metering it to ourselves and we take the monthly cost (xx) we need (xx)...we're going to have to make a deal with their customer and (xx) so...

All right. I will look definitely look into that. That might be a good answer in the short run.

Mr. Montone: Well, we would be doing that, we have the line to take the (xx) using this power ourselves. But instead, we might (xx) the amount (xx) \$150,000 we're paying NYSEG. (xx)...regular payments...in reality, we'd be better off building a line...(xx).

Mr. Zach: Delivery costs are already in the last contract...they're going to go up every year for the next three years anyway. That's...so little by little, delivery is going to keep getting more and more.

All right. CEDA...Terry, do you want to talk a little bit about (xx)...

Mr. Masterson: Chris and I, we went to Cooperstown to the annual conference. We had a breakfast at the NYPA (xx)...I was hoping that I might hear more details about the plan from (xx) but he did make (xx) demonstration of what the program was and how to make sure that everybody got their fair share.

I've been working on trying to get...I think we're getting something positive out of NYPA for (xx)...next (xx). I'm not going to talk about it now and disclose the deal but it is I feel it is something that definitely will help (xx) our interest in that (xx). About a month from now (xx)...but I don't want start saying something that can be (xx). I have talked to Mike Duvane who is will be the Vice President I guess in charge of the application process. I don't know if he's in charge of our application process...(xx) and Mike said that it's going to be up to us to work with the users who we think are going to apply for the electricity. So, Mr. Kissell (xx) I get August to start to talk about this so I don't know where that all cuts out. So, I think Kevin does come back (xx) more elimination than what he would like. I think what we want to do is probably start to really sit down and work out who are the users we want to reach out to to alert them to figure out how much they are consuming what their demands are...if they're getting any special power (xx). Mike was able to explain to me that there is a large user in our County that is not getting NYPA power technically but they're receiving (xx) mutual assistance for this specific using their assistance to defray their electric costs. John, you probably are familiar with how that's done. So, we need to figure out in that end who's using...who they are, how much are they using, how much do they think they're going to apply for and if we can sit down with John and Denny and try to figure out what they're consumption, what those consumption numbers are, we could sort of pump that out against what is available in the program and how much of the stake we can ask for, which I'm sure is kind of rough (xx). That leads to a whole slew of other questions I had in the sense that is there enough for everybody? Is there going to be triage or first come first served. Because, at some point, once we have all that data together and try to strategize, then (xx), I don't know when the proposal is due. We want to alert our State Senators and Assemblymen that we're going out to feed here, to go fishing, and

we've got five big users that a lot of counties in New York State don't have five big users. We want to make sure that they get their fair share. So, I'm going to...how much is there and also what will be left when they give it all away...I understand they're taking the 971 megawatts, they have so much for retention and so much for (xx). So, there will be in that bucket if someone (xx). But for us, retention is going to be (xx).

Mr. Montone: They have it for (xx). They have it for economic development, (xx). So, how we bust that out, I'm not sure (xx). I do (xx) Solvey in order to (xx). If we bring in a larger industrial customer, we're allowed to use more (xx). It's kind of the same program that was (xx). Nine hundred and some megawatts is a lot of power to give away. An average user (xx) like NUCOR which is I would say 30 megawatts at peak demand...but averages about 10. The whole City is only about 12 (xx). If you divvy that up...

Mr. Quill: NUCOR (xx) is two and a half times the City?

Mr. Montone: Again, that's a lot to spread around here.

Mr. Zach: McQuay is under...is about 800 (xx)...they're using (xx) anything (xx).

Did they give you any indication...obviously the first thing they've got to do is reallocate how that...where they're going to get the 971 megawatts from. Is that process already started?

Mr. Montone: They're getting that from you...all residential (xx)

Mr. Zach: So basically they figure they have that 971 megawatts, they've already got that figured how they're going to...so they won't have to back in Solvey and a bunch of those ones that have got a lot of (xx)...So, the next process is again, putting together a (xx) and we're going to try to...

Mr. Masterson: I talked to other public utility folks and of course and (xx) and I didn't want (xx) so I think (xx) but one explained to me that they were hearing from NYSEG in terms of how to deliver it. They (xx)...so, for now (xx)...

Mr. Montone: Because there's other people going after it...

Mr. Masterson: Yeah, that's the...I got that feeling...

I talked to a fellow from Jefferson County and he said he had a good relationship with the executive at NYPA so we have a pretty good in with Mike Duvane.

Mr.Zach: Did they say anything about programs...I just had a (xx)...some kind of legislation?

Mr. Montone: Not...

Ms. Ottley: (xx) the District?

Mr. Zach: It says Energy District. That actually came to me out of the (xx)...they knew exactly what it was and there's something about talking to the Legislature and see if...they've got the different zones and stuff...I don't know if they're trying to establish some (xx) for...I don't know exactly what it was but there was supposed to be...they tried to tell me was nothing was going to benefit the Power Agency as far as getting in with the utility itself. So, I don't know. I have no idea what it is, I'll have to look into it and find out but I will get back (xx)...I was hoping maybe that was something they (xx) there. I thought maybe they were rezoning (xx)...

Mr. Montone: Yeah but I don't think they'll try and (xx)...

Mr. Zach: Anything else CEDA? I imagine you're putting it together, trying to get together with you and get some sort of a (xx) at this point, get their basic needs all down on paper ahead of time because...

Mr. Masterson: I think maybe we should have a meeting with Mike Hubein...(xx) I'll let you know at this point and try to figure ways that they're willing share with us their (xx) and what their differences are so we know what they're expecting (xx). Then we want to set up contact people (xx). There is another point that Mike Hubein made to that. NYPA will look at the economic development to help (xx).

Mr. Zach: I've mentioned it to a couple of them...(xx) are you going to go ahead and set something up...

Mr. Masterson: I will take...we'll all do it together.

Ms. Ottley: Just to piggy back on that, we have a (xx)

Mr. Zach: All right, moving on to Old Business. The only thing that I have on the table is we had that presentation from Barney O'Rourke on the NYMEX stuff which I looked up to try to see how the contracts

worked and that's not on the...there's nothing up for New York so if anybody wants to try it, they've got to make believe they're in Texas or one of the other states that's already got that set up. I was thinking about maybe talking to the County also to see if there was something they would be interested in too. He did send me a copy of his program and I will send that on to Nancy and have her look it over see what...there's several pages of stuff but there's (xx) there's all kinds of legal stuff that anybody can actually I think look at the utility program and start marketing power just like the ones that are already here in the City doing it. Of all the programs I've seen, this is the best looking one to me and if this is something that we can derive some revenue out of without being obligated in way or liability wise or anything else, but I'll e-mail everybody a copy of that utility program to look over and then I'll have Nancy look at it too. She did a really good job at looking at the hydro contract and we'll go from there. I will touch base with somebody in the County I guess and see if it's something they would like to listen to and touch base with them also.

Anything under Old Business?

I've requested a work session with Council basically to cover all of these topics to see where we're at...so they can come up numbers for Mill Street. Also, to see if we can get our language for power sales spelled out...do you know where you're at with that as far as the way (xx) at this point...

Ms. Ottley: The language that I've been (xx) correspondence with John Rossi on it (xx) for a universal (xx)...doesn't have the power rates in there. We do have a circle for getting power (xx) on (xx) and questions (xx). We have done that for a couple of companies but it's not part of the universal marketing effort.

Mr. Zach: As far as marketing the power out of the landfill at this point, I mean, I think the sale to the guy with green power (xx), it's so...I talked to (xx) a couple of weeks ago and I think that needs to be spelled out on paper and it's just the way it is. The rates have been set but the process of actually making a sale, can (xx) a new customer with it, I think (xx) which I will bring up in Executive Session of Council.

Ms. Ottley: Sounds good.

Mr. Zach: Are there any other things that anybody would like to put on the Agenda. I'm going to get together with Vicky and put on the Agenda...a work session and Agenda together and go from there.

Unfortunately, it's a bad time right now. I felt an urgency because I thought the (xx) was going to be an obvious problem. We're getting (xx) and all the Budget problems delaying everything, it's kind of hard to be looking at something else but I think everybody's on the same page and what the urgencies are and what (xx) and let Council decide what they think the priorities are. I will get together with Vicky and we'll have an informative work session with Council.

Anything else anybody would like to bring up? Other business?

Mayor Quill:

Motion to adjourn. Carried. Seconded by Mr. Luksa. All those in favor? Carried.