

MINUTES OF THE AUBURN MUNICIPAL POWER AGENCY
MONDAY, September 10, 2012
AT 4:00 PM

Members Present: Denny Zach, Chairperson, John Montone, Mike Luksa, Nancy Hussey, Jim Wride and Michael Quill.

Members Absent: Luke Rybarczyk, Krste Biljanoski and Bill Graney

Staff Present: Bill Lupien, Doug Selby, Anthony DeCaro and Andy Fusco

Staff Absent:

Chairperson Denny Zach called the meeting to order on Monday, September 10, 2012 at 4:00 pm.

Approval of meeting minutes – August 7, 2012.

Chair entertained a motion to approve the minutes of August 7, 2012. Motion made by John Montone. Seconded by Mike Luksa. All in favor, carried.

Public to be heard:

None.

Hydroelectric Facilities:

Anthony DeCaro reported that he brought Siemens through his department, the pump station, through the plant and both of the hydro facilities. They didn't have time to look at Dunn & McCarthy but the plan was to look at North Division and Mill Street and they did that. This week they will be looking at Mill Street again to look at the turbine when the pond has been dropped six or seven feet. The turbine should be exposed by Friday so they can take a look at it.

They also didn't get a chance to look at the set itself at North Division because that's a confined space. So they opened the hatch and took a look at it with flashlights but without the proper equipment you can't actually go into the cavern. I'm told any other questions we have to convey, there is a daily transfer site on the web so they can information on either of sites from us.

A reminder, tomorrow the Federal Regulator is going to be at North Division because Part 12 D fourth independent inspection is due. Those inspections are every three years so it's the fourth annual for Mill Street. In addition to doing that tomorrow, the engineer is also going to be doing 673.13 inspection for structure on Mill Street and he's going to

be doing the same analysis on North Division. Those are new requirements that DEC has on dams in general. That will put both those dams on the same 10-year cycle.

State Dam isn't included because we should be, later this year, getting RFPs out to do the stabilization work and gate replacement.

Denny inquired if the retaining wall at Cayuga and Mill Street is included. Anthony reported that the tailrace wall and part of the retaining wall on the stream itself immediately adjacent to the tailrace is included in the RFP they're doing for redevelopment. That has to be done in addition to the two sidewalls that have to be constructed as part of the dam. The third independent review that was done in 2009 called for us to build walls on the dam itself because the Part 3 review showed that under certain flood conditions, no amount of rip rap would not hold the bank so they wanted us to build wing walls on either side of the dam to follow the tail curve of water going over the dam to a certain distance. They had design calculations done by FERC themselves and is included in the Supplemental Tactical Informational document that was part of the Part 3 analysis. The engineer has to review that tomorrow and that was included in the RFP which went with developing the dam and they need to construct both those.

John Montone mentioned that the governor did sign the Microhydro Project Netmetering Bill. Back in February from Environmental Capitals, a company that Denise Farrell works for, she sent down an e-mail that specifically states that legislation has been amended to allow microhydro projects. It would generate credits against the City's overall electricity bill at the retail rate up to the full amount of the electricity that's generated. It said if the proposed legislation is amended to allow this it would be a substantial benefit to the City. It could be up in the millions of dollars.

Anthony advised that someone questioned at the last meeting about the historical output and he has given Doug grafts that he had produced. It's not revenue, it's output.

Denny had a question about North Division Street, did we make it a priority with Siemens to look at the contract. Bill Lupien advised that they'll be doing that as part of their review. Denny advised that Chant will build the retaining wall if it's something that falls under the government inspection. Anthony advised that the wingwalls on the dam itself would be required by FERC. The retaining wall on the tailrace is something that's going to be mandated as well because it's part of the structure, it is part of the tailrace. They will be mandating a repair of that. It will be subject to their approval. Both FERC and the DEC will have a pass at that.

Denny asked if the bottom of the tailrace was concreted...there's gravel in there now. Anthony didn't know. He did advise that it has some gravel on it now but didn't know if there was concrete on the bottom. The headrace is but he didn't know about the tailrace.

Denny inquired about what had to be done to clean out the turbine room. Will this be left up to Chant? There can't be an inspection because they can't get into it. Anthony advised that he had personnel doing it.

LFGTE Facility:

Mark Storrs furnished a report to the Board and supplied the members with some handouts from Vicky for the monthly output.

Mark advised that the co-gen is still running at 60% landfill gas and 40% natural gas. This has been constant. The weekly average that he takes with our meter at the landfill reads 51.7% methane, 0.30% O² and the balance is 11.97% which means it's at peak. There are 15 wellheads on landfill, one online, 24 on landfill 2 which gives us a total of 39 wellheads online right now. On August 21st and 22nd maintenance was done on the skid by Center Flow Technologies...they are the third-party verification that the skid is being maintained. There was a quick shutdown on the 22nd while the compressor was being worked on which was only about an hour and a half. At the same time, there was a company which opened the cleanouts on Cell 4A, 4B, checked and cleaned them and there are no problems.

A quote has been received from B&L for gas testing which came in on the 31st. The proposal is to take eight samples, two samples at the skid, 2 samples at the power house and sampling for H², CO², N², CH₄, O², vault or organic compound POCs that are in the landfill gas, the moisture H²S and whatever else needs to be done. The PO was put in to have them do it and the cost is \$4,966 for the testing. They need a five-day lag time for setup. Mark will also have them test flow, FCFM at the skid and at the power plant because there's always been a big question on the FCFM. It will be a total, complete test. He's hoping to get this done by the end of the month.

Denny asked who was responsible for this in the ESA and Mark did not know. Denny advised that they were all under the impression that the methane would be treated and scrubbed. He asked Mark if he knew if Greenfield has tested the gas on a regular basis. Mark advised that he has the original tests that were done by CK Environmental and it was not tested. Mark advised that B&L came in and tested at the beginning of the year. Mark advised that he had tried looking into the ESA and he believes that in the ESA both parties have agreed to the quality and quantity of the gas. He thinks it's a gray area on who is responsible for what, it's not really defined. He believes that both parties agreed to the gas but he will have to investigate further. He said that it's not stated regarding ongoing, continuing testing to be done. John Montone thought that it would be their responsibility because they are the owners. Mark advised that's it's getting down to a finger-pointing contest, everyone on the Board knows who's responsible. Mark has sent out his landfill reports and he has instructed his staff to note everything that there is to be done. Being a private company, sometimes they're tight-lipped. He believes that at the last meeting that Vicky attended with Craig and everyone, he told Vicky that the problem is that he doesn't have control over their equipment. He doesn't know when stuff is done. The complaint is water making its way to the engines and he believes, as stated his report, more than once he has drained 15 to 20 gallons out of their equipment. He believes this is their responsibility. The problem is how is the City going to prove that their equipment is failing?

John Montone advised that the City is only responsible for supplying the gas and it has to meet a certain quantity, which we're not doing, and a certain quality which is 50% . If we are doing that which is the best that we can do and then replace it with natural gas, if their equipment is failing then they're obligated to go out and purchase electricity for us. That's where the line should be drawn.

Mark advised that there's another problem. The only time that our readings are used is when their instruments are down. Historically their instruments have always read lower than ours. The meters that the City has purchased is top of the line, highly recommended. He comes up with a 51% methane...he hasn't seen their report but when their reports come in it shows that they only ran 48. John Montone advised that he hasn't been receiving it monthly. Mark advised that they're kind of pig headed because of the problems with their internet being down, their routers bad and seven days a week he checks that station. On weekends he checks it twice because incidents have come up and next month he's going to invite himself to the next meeting because things happen. There's been shutdowns that happen overnight and the alarm company didn't call. He asked who's responsible for that. In the past four months, this has become troublesome. He advised he's sending out e-mails to NYSEG and CEG because he wants an explanation on how these work and how one affects the other because no matter when they go down, it's always the utility fault.

John Montone advised that there's a curve and he explained how it worked.

Mark advised that someone has to stand up and tell them it's their fault. There is paperwork to back up the data.

There was discussion on the fault process and how it could be rectified.

Mark advised that he needed to be educated on the interconnects, etc.

Denny Zach advised that he thought that payments were being withheld but wasn't up to date on that. Denny inquired if when there were NYSEG shutdowns, were being advised soon enough so we didn't create a demand inside of 15 minutes so we automatically go on the generators or do they call and say they're going to be working on it? Mark advised that there have been times when there have been shutdowns and we were never contacted. No one tells us, only scheduled shutdowns. Mike Luksa inquired if we could verify that we hadn't been contacted.

There was some discussion about when the skid went down, that would be the City's problem so we're asking them to use natural gas and we're paying for that natural gas. If the incident was the other way around where something happened with the power plant and they can't produce electricity but they can go and buy electricity or run on natural gas because something's going on then that would be their responsibility. Mark Storrs advised that he is documenting when we shut down our stuff. He also advised when the flair is run and he has to flair it, that's reportable to the DEC. This has been rare. He

says the problem is a lot on their end and as far as notifying us on unscheduled shutdowns, he has spoken with the plant manager who advised that the internet is up and running but two days later Mark tried to log in and can't. This is very frustrating.

John Montone inquired about the meter on the NYSEG line where it interconnects to our line. It's a bi-directional meter and it also has data in it that will tell us which way the electricity is flowing. By having that information, we could go back and create a record knowing what days we were generating.

There was some discussion on the configurable history on the different poles. This is a way to keep track of the kilowatt hours that the City is actually selling to the grid. It was agreed that the particular incidences need to be documented and do a true-up. There was discussion regarding the demand charge. Nancy Hussey inquired as to who would keep track of all this and Mark advised that we need a full time administrator on this. If someone was tracking all of this, it would pay for itself. John Montone advised that HMT or Mike Capaletti can go through that data and decipher whether the agreed closure is looking into the plant or out of the plant. There was more discussion on how this information could be utilized in the City's favor. John Montone suggested that we make a simple request to them asking them to please tell us how many times the plant shut down and whose fault it was. Denny Zach advised that the generation plant would also be at the mercy of the grid as well. Denny also advised that he hoped Wendell would look at seeing how much conduit we have going from the generator up to the middle manhole. He went down with Mark and a contractor to look at it because there's plenty of room on the generator to keep the aeration built up. There's about a 6-hour window before the oxygen level is too low where we'd be in default with the DEC. He thought we should look at a standby rental unit in there to get rid of the demand. The cheapest thing to do is to wire it up to that manhole, put a transfer switch at the manhole, make it water proof and get rid of the demand. He went on to discuss this further. If we have Wendell look into this, the payback is pretty good. They charge us \$4,800 month for demand charge and we really don't need this. This would put the ball back in Greenfield's park because if they can't run and they can't provide the power, they're going to have to make the demand requirement with NYSEG to take the power into the Wastewater Treatment Plant.

Nancy Hussey inquired if anyone had an idea what the economic impact of using the natural gas with the larger output. John Montone advised that it depends on the cost of the gas and how much we're getting paid for the electricity. Denny advised that this is being watched very closely and Doug was on top this. Apparently there is money being held back on this. Denny didn't know where it stood at this time but advised that Wendell will be looking into this as well.

Bill Lupien advised that Wendell is just doing the initial phase of looking at buildings and identifying the tasks. The second phase is where they will get more in depth.

Denny Zack advised that he would like the green power aspect to be looked into and perhaps using it in the City. He expanded on this a little more. He would like to see us use that power ourselves.

There was discussion on the KW load being run on average for the month. Mark advised that he has all the data if anyone wishes to look at it.

Mike Quill advised that Peter Zeloff was on Council's agenda this week on Thursday night. Mark advised that he also sends Peter reports as well.

Denny Zack inquired as to what was going on with the horizontal. Mark advised that it was passed at Council for Marcy Excavation to proceed. He didn't know when it would start but that is Mike Talbot's area. Mark is going to make sure that he and his staff will attend every construction meeting and become familiar with what's going on. This should not affect the cogen plant at all.

There was discussion regarding how much sludge was going on each day and the repercussions involved.

Mark advised that in August NYSEG misread the gas meter for July and August and they reread it. He advised that 5,510 dekatherms a month is used to supplement gas at the rate of \$58,000 to \$62,000 per month. Denny inquired if we were buying the gas from NYSEG and thought we probably should be looking at an ESCO account and saving some money on that. Mark advised that as far as he knew, we were buying the gas from NYSEG. Bill Lupien advised that National Fuel Resources is the one that supplies the natural gas for all the rest of the City accounts but initially we weren't using any supplemental gas at the cogen site so we weren't really buying. We had no historical information to buy blocks of gas and are we going to continue buying natural gas and if so, we need a projection. There was more discussion on projections, gas usages and buying blocks of gas. Nancy Hussey requested an estimate of the comparison between the cost of supplementing with natural gas and the cost of producing the electricity prior to the supplementing with natural gas to see if we are making money or losing money. Mike Storrs advised that he has the report and he will provide it. Mark questioned if we were looking to sell the electricity to the New York ISO and the New England ISO. John Montone advised that we'd probably get 12 cents in New England. He discussed his research on the New England ISO and advised of his findings. There was discussion on this and Mark advised that he would provide a copy of the report to Denny.

Engineering Updates

Bill Lupien advised that we have been negotiating with Wendell and Siemens. Siemens is supposed to be coming back with their offer this week to go through all the buildings and do a formal agreement. The eligible items are eligible for a Flex-Tech Grant through the NYSERDA program which is 50% of whatever the cost is up to a certain amount. Siemens is doing the upper pump, lower pump, Water Filtration Plant, the Mill Street Dam, look at the N. Division Street Dam, the reservoir and they wanted to do something

about automatic parking meters at the Garage. There is a possibility of solar-renewable at the Garage. Everything else is going to Wendell. They will go through and do detailed cost estimates of everything that they can save money on and they'll come back with smorgasbord of all kinds of projects and we'll look at all of these for payback and revenues generated. Wendell and Siemans will hire their own consulting engineering firms which we can look at and suggest who are the best. They do all the work. Bill discussed how the process would work.

Planning Board & CEDA

Terry Masterson advised that there are a number of issues that are being worked on. There is an industrial user who is interested in constructing a new facility in the Aurelius Park that would have potential of creating jobs. He is in the process of putting together local incentives to offer the company by the end of the month. The project is looking at other locations within the State of New York, it's a very real project, very valid, he would rank it above an inquiry and we have a very good shot at this project. It is a competitive bidding process for other sites so we need to put our best foot forward. He discussed what the competing sites are offering and if there is a gap, he will be looking for ways to narrow it.

His office has been trying to pull together a research report on getting internet access to the rural parts of the County. Mayor Quill joined him for a meeting two weeks ago in Victor, New York with the Fingerlakes Technology Group. He also went down to Ithaca to meet with a man who owns a company that does wireless transmission for internet to homes and residences and he's now working on trying to do an application to New York State to get funding for rural internet access in the southern part of the County. New York State has offered a \$25 million dollars to promote rural internet access.

Mayor Quill advised the Board that he had been approached about getting electricity downtown to service those handicapped individuals with electric wheelchairs. He inquired if there was a way this could be done by way of a meter service or a credit card.

John Montone advised that a pay-as-you-go process could be feasible. There was some discussion on how this could be done...quick charge or whatever. Solutions were discussed on how this could be done throughout the downtown. John Montone offered to get some information on this.

The Chair entertained a motion to adjourn. John Montone made the motion, seconded by Mike Luksa. Carried.