TOWN BOARD
FEBRUARY 25, 1998

A regular meeting of the Town Board of the Town of Bethlehem was held on the above date at the Town Hall, 445 Delaware Avenue, Delmar, NY. The meeting was called to order by the Supervisor at 7:30 p.m.

PRESENT: Sheila Fuller, Supervisor
George Lenhardt, Councilman
Doris M. Davis, Councilman
Robert C. Johnson, Councilman
Susan Burns, Councilman
Bernard Kaplowitz, Esq., Town Attorney
Catherine T. Picarazzi, Deputy Town Clerk

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SUPERVISOR FULLER: Good evening and welcome to a regular meeting of Bethlehem Town Board. We will begin our meeting with the pledge of allegiance, George Lenhardt, if you would lead us in the pledge, please. (pledge) Thank you. The first item on tonight's agenda is a presentation regarding our telecommunications agreement with Omnipoint and Mr. Dick Comi, who has negotiated the contract for us, if you would give us a 30 second run through.

Presentation regarding telecommunications agreement

MR. COMI: Good evening. Basically, as you said Sheila, it's a lease to place pcs antennas on the water tower on Kenwood Avenue. First of all, what they are doing meets the criteria of the Town ordinance in that it is on Town property and it is on an existing high structure. The antennas will be painted and configured so that they are not above the water tower, so essentially they can't be seen. The tower with the antenna on it will be certified by a structural engineer to have no negative impacts on the structure. The lease is a fair value for the service and what they are providing here in the community and assuming that the lease is approved, it will go through the full and normal permit ZBA process after this evening. So, there's my 30 seconds. Questions, Omnipoint is here, I am here. We will answer any of your questions.

ATTORNEY KAPLOWITZ: Does it extend above the existing tower at all?

MR. COMI: No.

COUNCILMAN JOHNSON: Dick, I may have missed reading through it, in some of the things I read, they've talked about some kind of insurance or something if the tower was to be eliminated or something. Now, when something like this where it is not a tower by itself, I assume that is not a big deal.

MR. COMI: It is not significant. If it was a tower they were putting up, yes it gets bonded to take it down.

COUNCILMAN JOHNSON: But, this here, you just knock something off and you are done. By the time this process is done, will somebody be giving us, kind of an expert opinion on the assessed value of the equipment and everything else that is there.

MR. COMI: I am sorry, Bob.

COUNCILMAN JOHNSON: No, the equipment that is on the ground...

MR. COMI: Oh, yes.

COUNCILMAN JOHNSON: And, the tower itself, because... what the assessed valuation of something like that is in a ballpark figure.

MR. COMI: Oh, yes, that can be done very easily.

COUNCILMAN JOHNSON: Thank you.

MR. COMI: Any questions? Yes, Susan.

COUNCILMAN BURNS: It's a 25 years renewable after that.

MR. COMI: No, it is 10 years with three 5 year renewables, for a total of 25 years.

COUNCILMAN BURNS: Okay. After that time, I didn't see it in the lease, who is responsible if that... the technology is... changes...

MR. COMI: Changes to take it down.

COUNCILMAN BURNS: Who takes it down?

MR. COMI: They do.

COUNCILMAN BURNS: They are responsible. Is that in here?

MR. COMI: Yes, they are. Yes, it is.

COUNCILMAN BURNS: Okay, I didn't see it in here.

SUPERVISOR FULLER: Why don't you, for the benefit of the community, give the amount of the lease please. It will be revenue for the Town.

MR. COMI: The revenue for the Town over the term of the 25 years is $371,000.

SUPERVISOR FULLER: Thank you. Okay, any other questions from the Board?

ATTORNEY KAPLOWITZ: How many more can we get?

SUPERVISOR FULLER: Thank you, Dick. Can I have a motion to approve the lease agreement authorizing me to sign it?

The motion was made by Mr. Lenhardt and seconded by Mrs. Burns to approve the Supervisor signing the lease agreement with Omnipoint, Liverpool, New York regarding the location of radio equipment cabinets and space on the municipal water storage tank for the associated antenna at the water tower located on Kenwood Avenue, Delmar. The motion was passed by the following vote:

Ayes: Mrs. Fuller, Mr. Lenhardt, Mrs. Davis, Mr. Johnson, Mrs. Burns.
Noes: None.

Niagara Mohawk presentation Bethlehem Energy Center

SUPERVISOR FULLER: The next item on tonight's agenda is the presentation from the Niagara Mohawk officials regarding the Bethlehem Energy Center which presently is known as the Bethlehem Steam Plant down on Route 144. Mr. Michael Mathis.

MR. MATHIS: I think first of all, Supervisor Fuller, I would like to introduce Tom Baron our Vice President of ...

SUPERVISOR FULLER: How do you do, Tom. I wasn't sure who was doing what so I...

MR. BARON: I am not doing much. I am just going to introduce Mike.

SUPERVISOR FULLER: Okay.

MR. BARON: Would you like me to use this ... can you hear me or you want me to use this mike back here.

SUPERVISOR FULLER: I think it would be better if you did use the mike so they can hear you in the back of the room.

MR. BARON: Yea, I am Tom Baron and I am Vice President of ... Hydroelectric Generation for Niagara Mohawk. And, I certainly want to thank the Town Board for giving me this opportunity to come and speak with the Town this evening and putting us on your agenda. Just very briefly, the utility industry... electric utility industry is changing very rapidly. I know all of you have read so many things in the paper about it in the last year or so and the biggest change is that electric generation is going to be deregulated pretty quickly

here in New York State. I would say within the next year and a half to two year time frame. With that and with the just very recently approved power choice, as of yesterday by the Public Service Commission, Niagara Mohawk has made a commitment that we are going to withdraw from the generation end of the utility business immediately with fossil plants, those plants that burn coal, oil, natural gas and our hydroelectric plants and probably eventually nuclear as well but not initially. We are going to look at the prospects of withdrawing from nuclear generation over the next 5 year period. The impact obviously that it will have on the local community is the Albany Steam station. We have 4 fossil plants, 2 of them located out in the western part of the State, coal fired plant in the city of Dunkirk, a coal powered plant in the Town of Tonawanda just outside of Buffalo, a large oil fired plant in the city of Oswego and a combination natural gas and oil fired plant here in the Town of Bethlehem, in the Albany area. We also have 72 hydro plants located throughout upstate of New York. All of those assets will be sold. We anticipate the auction plan and we plan to use auction process similar to what New England Electric Service used last year to sell their assets, the plan has got to be approved by the Public Service Commission and we don't have approval yet so there is not a lot of detail I can share other than I can give you probably just the dates that you are most interested in -- when will all of this happen and I say 2 dates because we anticipate the auction process to proceed this spring and into the summer and to probably make an award to an owner or we could have multiple owners because we are looking at bidding the packages, individual plants like Albany in probably the September time frame of this year and then various State and Federal approvals will be required like from the Public Service Commission; like from the Federal Energy Regulatory Commission and we assume that that process will take approximately 9 months. So, an actual closing -- like you do when your house when you sell it and turning the keys over to the new owners -- we are projecting will take place probably in June of 1999.

What does all that mean to the local community and particularly the Albany Steam station. In this brave new world of deregulated electric generation plants, they won't be called utility plants pretty soon, they will be called merchant plants. They will be on their own. There won't be anything called ... where investment can be recovered from captive electric customers, if you will and electricity will be sold as a commodity like anything else from a manufacturing plant. That means it is going to be very, very competitive. And, in order to position Albany to move forward from our prospective to make it more marketable, and bring a higher selling price, we want to move forward and what we think is a plan for the plant for the 21st century. And, that means to modernize it so it can compete. And, what Niagara Mohawk intends to do and would like to do is to receive a permit to do that. The permit only and we would not follow through on the construction because by the time the construction of the modernization of the plant occurred, we would no longer own the plant, a new owner would. They would buy the plant and take the permit that we hope to secure over the next year and use that to move forward and what we call repower the plant. And, we are going to tell you a lot about that in a couple of minutes.

So, that's the basic landscape of very changing environment in the utility industry. Deregulation of the electric generation portion of the industry which is certainly new. It is the end of an era for Niagara Mohawk. Our predecessor company, if you go back to Pierceville Hydro one of our oldest Hydros 1898, we have been in this business for 100 years and we are about to exit it. We want to do it in the right way. We think that there is a future for these older plants if certain things are done and certainly, we think a very viable plan for the Albany plant which we would rename the Bethlehem Energy Center, as Sheila has mentioned, and obviously keep valuable part of the tax base alive and well in the Town of Bethlehem and very importantly, the jobs as well. With that, we would like to describe what this project will look like and like to introduce Mike Mathis who is the project manager for this process and afterwards we would be glad to field any questions that you have on the process and the project.

MR. MATHIS: Thanks, Tom. My first job is going to be to figure out... how to turn this thing on, there we go. We got to get the light going. Ah, the objective on the first line is always to get things focused. Let me just run down the topics that we are going to talk about this evening. Actually, topic number 1, Tom Baron just spoke about, the generation divestiture but going beyond that what I want to do is talk about Albany Steam Station as it exists today and the power plant, Bethlehem Energy Center that we foresee for the future. Then we want to talk a little bit about the permitting process that we have to go through in order to get the permits in place for this plant. Part of that permitting process is a public involvement program. It is our job as an applicant to see that people in the general public are aware of what is going on here and to really bring them into the process. So, I am going to say a few words about that. Then I want to talk about the schedule for obtaining a permit and what we foresee as a reasonable construction schedule for this plant. And, finally, we will take questions and answers up here.

Again, I don't need to say too much more about this other than to emphasize that the whole objective or the principle objective of our divestiture of generation plants is to create a competitive wholesale electricity market in New York State so that electricity itself, the kilowatt hours of electricity that are sold at wholesale becomes a commodity just like any number of other commodities.

This little bit washed out picture here is the existing Albany Steam Station. Unfortunately when you put it on an overhead slide it doesn't reproduce as well as on paper but basically this is a 1952 vintage power plant. It was built in 1952, it is a 400,000 kilowatt power plant. There are 4 conventional boiler units and I will just briefly describe those in a minute. And, it is fuel these days is natural gas and oil. Originally, it was built as a coal fired power plant but about 1970 it was converted to residual oil and then in 1981 gas capability was added at the plant. Principally these days the plant will burn either natural gas or residual oil depending on which price is cheaper in the market. As of today, residual oil is cheaper than natural gas. Now the reality for this plant though is that it's 1952 vintage plant. There have been advances in technology and this plant is not a particularly efficient plant in comparison to what can be built today. And, that becomes one of the problems for this plant going into a competitive market in the future that it does not have the efficiency that a brand new plant can offer. And, there is a substantial efficiency difference in a new plant and this plant. What we foresee for the Bethlehem Energy Center is a plant that would use 3 what are called combined cycle units. And, again I will describe those units for you in a minute and show you what they really are. In doing those units, we would... it significantly increase the capacity of this plant. It would rise to 723,000 kilowatts in comparison to today's 400,000 kilowatt plant. The principal fuel for this plant would be natural gas. Although we are proposing to use distillate oil as a backup fuel for the plant. Now, distillate oil is a lighter end oil. It is very similar to home heating oil. The principal difference between the backup fuel that we would use here and your home heating oil is that the sulfur content of this fuel would be significantly lower. Sulfur content in home heating oil runs .5 percent to 1/2 percent. The sulfur content of the distillate oil that we would use here would be .05 percent sulfur. So, significantly lower in sulfur.

Going along with this plant will be significantly improved efficiency. Much lower emission rates than today, reduced water usage and a significantly reduced thermal impact on the Hudson River. And, all of this comes about because of the improvement in the technology that this plant would use.

Just to give you some comparisons, we would see an 80 percent increase in complicity. A 50 percent increase in efficiency of this plant when you look at what does it take to make a kilowatt hour of electricity. It would take 50 percent less fuel to make a kilowatt hour of electricity. There would be a 98 percent decrease in peak water usage at the plant. There would be a 78 percent decrease in nitrogen oxide emissions when you measure it per kilowatt hour of

electricity produced. And, a 33 percent decrease in carbon dioxide emissions, again measured per kilowatt hour of energy produced.

Now comes the school work here. I am just going to quickly describe what the existing units look like. How they produce electricity and with that, I am going to move to the board and raise my voice and this is silly to ask if you can hear me in the back of the room because you are not going to respond if you can't. But, basically the way the existing units at Albany produce energy... produce electricity is to burn fuel, natural gas or oil, in a boiler... combine fuel and air in a boiler and burn that and produce heat. And, in producing heat we boil water in the boiler and we turn water into steam. The steam is taken to a steam turbine... how this is steam at really high pressures and temperatures, it is pressures in excess of 1500 pounds per square inch, a temperature of 1,000 degrees Fahrenheit. So, that steam is taken to a steam turbine here, it is expanded through the steam turbine and turns the shaft and runs the generator. After the steam has done its work, its temperature and pressure are significantly reduced but the steam has to then be turned back into water so that it can be pumped back into the boiler. We do that in a condenser. We take water from the Hudson River, bring it into the condenser, the water absorbs heat fro the steam and cools the steam into water but in turn, the Hudson River water is raised about 12 degrees Fahrenheit and that water is returned to the Hudson River. So, this is a once through cooling system. Basically, when all these units operating at Albany Steam Station, we take 380,000 gallons per minute of water to cool the steam when this plant is running at full output. After the steam is condensed back into water, which at that point we call it condensate, it's pumped back into the boiler to start this whole cycle all over again. And, that is 1952 vintage technology. It was state of the art in 1952.

Well, that state of the art today is a little bit different and the diagram becomes a little more complicated but I think you will see some similarities between this and the other diagram. What we are proposing be added at Albany Steam Station and again -- when I use the term we propose, we are proposing to get a license to do this but the execution will be up to the new owner of Albany Steam Station -- we are proposing to add 3 combustion turbines over here... combustion turbine generators. Now, a combustion turbine is exactly the same type of engine that goes on a jet airplane. So, there is nothing exotic about this, except it is a large industrial frame turbine. They are made by General Electric, Westinghouse, Semans. Basically, you take air into the combustion turbine, you compress it and then after the air is compressed, you heat it by burning fuel and then the hot air... the hot compressed air expands in the turbine, drives the shaft which drives the generator over here. Those types of generators, the type we are looking at, would produce about 170 megawatts of power. The exhaust gas coming off that combustion turbine is pretty hot, it is 1100 degrees Fahrenheit so we can then take that exhaust gas, put it into what's called a heat recovery steam generator where we will use that 1100 degree heat from that exhaust gas to boil water once again. And, we will reduce the exhaust gas down to about 220 degrees Fahrenheit before it goes up the stack but then we produce steam that we can take over to the existing steam turbines in the plant to spin a generator and bring it back, condense it, reintroduce it into this heat recovery steam generator. Now, these days once through cooling systems are less and less common than they used to be and what we are proposing here at this plant is to use a cooling tower wherein we would basically use air to cool the steam down here. We wouldn't be drawing as much water from the Hudson River. In fact, we've reduced the Hudson River water usage to about 7 million gallons per day. It would be a 98 percent decrease in water usage from the Hudson River.

This particular arrangement here is called a combined cycle because it does combine a... what is called a brandon cycle with a random cycle and that is not too important for you but this type of a cycle produces 243 megawatts of electricity. We are talking about 3 of them at Albany Steam Station.

Just to briefly run down the new equipment that we would be introducing. We would have 3 combustion turbine generators which

would be added. Three heat recovery steam generators. We would take down the existing stacks at the plant which are 337 feet in height. We would replace them with new stacks, 3 new stacks, that we would anticipate being 225 feet in height. So, a significantly shorter stacks. We would add the mechanical draft cooling towers, cut down on the water usage from the Hudson River. We would also use a selective catalytic of reduction system for reduction in oxides of nitrogen. This is basically the best technology for achieving very, very low levels of oxides of nitrogen. With that selective catalytic reduction system though does come an ammonia storage tank because we would use aqueous ammonia which is basically an ammonia solution very similar to what you buy at the store as a cleaner, disinfectant, little bit stronger strength though and finally we have added combustion turbine building.

Certain existing equipment at the plant would be retained and cut into the new system. We retain 3 of the existing steam turbine generators, 3 condensers, 1 oil storage tank which we would convert from residual oil storage use to distillate storage use. Today there are 3 tanks on the site. And, we have retained the existing buildings on the site.

Certain equipment would be retired out of this plant, 1 steam turbine, 1 condenser, all 4 boilers would be retired, the 4 existing stacks, 2 of the oil storage tanks and the existing coal conveyors on the outside of the plant which have stood unused since about 1970. We will remove those also.

This is what we project the plant would look like once done. And, again, this is... I apologize for the washed out look that this particular picture, this was computer generated so...

MR. MATHIS: Just if I can point out, the existing power house is this building right here which would be retained. We would be adding a new building to the south of that power house. We would also be adding mechanical draft cooling towers out in this area in front of the existing building. Two of the 3 big oil storage tanks would be removed. We would retain 1 of them, convert that to distillate oil storage use. We would add one smaller day tank here to operate the new units with. We would have aqueous ammonia storage tank that we would add here and then we have 2 oil... or I am sorry, deionized water storage tanks here. Deionized water would be used in this cycle also. So, there would be additions to the existing site but basically trying to not radically alter the appearance of the site.

MR. BARON: That is what we are proposing. Let me talk about what we are going to need to do in order to get the licenses. All license for generating plants in New York State are covered under Article 10 of the Public Service Law. And, that Article 10 describes the process for obtaining the licenses. Basically, we need to obtain a certificate of environmental compatability and public need. Those certificates are issued by what is called the New York State Board on Electric Generation Siting and the Environment or the Siting Board. Now, the parties that sit on the Siting Board, there are 4 permanent members -- the Chairman of the Public Service Commission is one, the Commissioner of the State Department of Environmental Conservation is another, the Commissioner of the State Department of Health and the Commissioner of Economic Development. They are the 4 permanent members of the State Siting Board. Now, 2 additional members are appointed by the Governor for each particular application and 1 of them has to be a member of the community in which the power plant is proposed to be located. So, 1 member of the Siting Board will have to come from the community around this Bethlehem Energy Center.

As the applicant, we, Niagara Mohawk, are expected to carry on what is called public involvement program. We are expected to make it broadly known what we are proposing to do at this site. We are expected to pro-actively work to do that and this meeting here tonight where we are presenting this plan, at a meeting of the Town Board, is one of the ways we are trying to do that. I want to just talk about some of the activities to date and a few of additional things that we are planning on doing. Now, we had back in September we first met with some of the Town and school district officials to reveal the fundamentals of the plan that we are looking at. We also

met with certain environmental interest groups, State wide environmental interest groups including the Adirondack Council, Scenic Hudson, Hudson Clearwater, National Resources Defense Council and several others. We have met with the Director of the Rensselaer County Environmental Management Council. There have been some press releases and news coverage of the plan and we have also created a repository of information on the plant at some of the local libraries, including the Bethlehem Town Library, the Ford Library and the East Greenbush Public Library. I don't have a copy with me but in December we filed with the Public Service Commission a... what is called a pre-application report on this project which describes in some detail what we are proposing here. And, that report is available at the Bethlehem Public Library.

Just this past week we sent out letters to about 2300 customers served by the Glenmont post office in which we described the plant. We sent out a fact sheet to them and I think probably most of you picked up a copy of the fact sheet when you came in. If you didn't, there are some on the table in the back of the room. We have also set up a project hot line, a toll free hot line so you can call this number 800-278-2284 and hear a recording of me and if you have questions or comments, you are welcome to leave them on the system and we will call you back with answers to your questions. And, we have also set up an internet site at Niagara Mohawk's site www.nimo.com. If you click on the icon for what's new, it will lead you to some information on the Bethlehem Energy Center.

Some future public involvement activities that we are planning. We had been assigned an administrative law judge by the Public Service Commission in this project. He will periodically convene administrative conferences at which the public is invited. The first of those conferences occurred on February 6, I believe it was, the next conference is scheduled for March 6th at 9:30 over at the Swan Street building in the Albany South Mall if any of you are familiar with that. We are planning additional targeted mailings to customers across the river in the Town of East Greenbush and we are hoping to get those mailings out next week. We'll probably have another 2500 to 3000 letters that go out to contact residents in that township. We are conducting some public meetings. The first of those meeting is scheduled to take place next Wednesday night at the Glenmont school on Route 9W at 7:00 o'clock. We will have a planned open house on April 4th of... coming up and that will run from about 9:00 o'clock til noon where we will take people through the plant and give them a brief tour. The final thing and maybe this is one that engenders a lot of interest is an intervener's ... as the applicant of a... for a power plant certificate, we are required to post an application fee of $150,000. Now, the purpose of this application fee is to create a pool of money that is available for various intervener's for localities, environmental interest groups, public interest groups, to draw on to conduct studies that are necessary for them to do to evaluate the proposal that we are making here. Now, there are some caveats with this that the locality must match anything that is drawn out of the intervener's funds and to the extent necessary where different intervener's have similar issues, they are going to be required by the judge in this case to combine their issues into... together and basically not to hire individual consultants but to try to do things collectively to minimize the costs. But, the whole objective of those funds are to make it possible for localities and other... to help fund their evaluation of the project.

We talk about the schedule for permitting. We are involved today in drawing up our application. We submitted our pre-application report in December of last year. We anticipate a filing date of the actual application mid year this year in late June, early July of this year. The time period for evaluation of applications by the State Siting Board is 12 months. By statute it has to be complete within 12 months. So that we would anticipate an awarded certificate in mid 1999.

Now, going back to what Tom Baron said earlier. We would also see a financial closing on our sale of this plan also taking place mid 1999. So, our objective here is to have a certificate that we can turn over to the purchaser of this plant at financial closing. If we

are able to do that, what that means is that the new owner of Albany Steam Station will be in a position to start construction on this plant in late 1999. And, what we are trying to do is to create an option to make it possible for it to be built. We can't obligate anyone to build but we honestly think that this type of plant with a 50 percent increase in efficiency is exactly what the new competitive deregulated market is going to demand. So, we will make it possible for a new owner to start construction in late 1999. The construction period for these plants ranges from about 24 months to 30 months. So, a new owner could be in a position to complete construction and put this plant on line in early 2001. We think it's basically the right thing to do. We're... Niagara Mohawk would retain possession of this plant if that's the way deregulation had worked out, this is exactly the plan that we would be following. If the conditions would have favored our doing, we think that a competitive market is going to favor someone doing this at Albany Steam Station. All we can do is make it possible for them but I think if we make it possible for some new owner, I think indeed he will follow through with these plans.

At that point, those are my formal comments and we would be happy to take any questions that any of you might have.

SUPERVISOR FULLER: Mike, I think if we can take questions from the Town Board first please and then we will turn to the audience. Are the high school students still with us?

AUDIENCE: Yup.

SUPERVISOR FULLER: Bob.

COUNCILMAN JOHNSON: If you... down the road you get this permit, in what you present to us tonight and all the, you know, the backup detail drawings and the xyz corporation... Oh, I am sorry.

If this permit is granted and the xyz corporation is the high bidder on the permit that you are successfully able to get, they would then be obligated to build this plant according to the engineering data and drawings and everything that you presented?

MR. MATHIS: They wouldn't be obligated to build, no. But, they would be in a position to build that plant. Now, if they wanted to build something else, they would have to start the whole process over again. I think they would be facing a 3 year time frame ahead of them before they would have the permits necessary. We haven't done this in a vacuum, we have had conversations with various parties and we do honestly think that this is essentially what other parties would look to be permitting right now. But, if... and we can't obligate them to build this but unless they build what is permitted here, they would have to start the whole process over again.

COUNCILMAN JOHNSON: Thank you. Sounds like a very nice project, thank you.

ATTORNEY KAPLOWITZ: I want to ask a question.

SUPERVISOR FULLER: Go ahead.

ATTORNEY KAPLOWITZ: Mike, you indicated in one of the early slides that there would be a 78 percent reduction in nitrous oxide and significant reduction in some of the other chemicals, I forgot what the other one was. But, you said per kilowatt hour. You knew this was coming, I am sure, you are going to be producing a great many more kilowatt hours, is there a net increase or net decrease in... for instance, nitrous oxide overall?

MR. MATHIS: The level of oxides of nitrogen emission, the total tons that go up the stack should be very similar to the tons that are going up the stack from that plant in recent years. Now, that plant has operated at fairly low capacity factors. In terms of the energy that it could potentially put out, its only typically run at levels that produce maybe 20 percent of that energy. So, emissions have been down. With these units being so much more efficient that even with production going up significantly, the total tons of oxides of

nitrogen going out the stack will be within a range where under environmental regulations there is no significant increase in them. There may be a slight increase but not a significant increase. It is below the level at which there would be any sort of significant environmental deterioration.

ATTORNEY KAPLOWITZ: Is that true for the other chemicals that you listed, it was 30 some odd percent I think reduction?

MR. MATHIS: Actually of carbon dioxide... well carbon dioxide is not a regulated pollutant. There are certainly concerns as we know from the Keoto conference and the Rio conference where the nations are looking are reductions in carbon dioxide but it's not a regulated.

ATTORNEY KAPLOWITZ: We are not looking at a significant reduction overall.

MR. MATHIS: Not of carbon dioxide. To the extent, Bernie, I would say this though that there's in the region, the eastern New York region, there is a certain amount of electricity consumed and there is a certain amount of electricity produced and they are in balance because you can't store electricity. So that if this plant runs at higher capacity factors that produces more energy, it means that other plants in the region will produce less energy. So that for the region as a whole, there would indeed be a reduction in emissions of carbon dioxide for instance and oxides of nitrogen. There certainly will be by most measures these plants are the cleanest fossil fueled powered plants in existing today.

ATTORNEY KAPLOWITZ: Thank you.

COUNCILMAN LENHARDT: Mike, just one question. The proposal here has part or all the new structure in the hundred year flood plain. Last winter we experienced a hundred year flood or 80 year flood or whatever you want to call it. We experienced a flood along that area, how did that impact the existing facility?

MR. MATHIS: Well, we have the plant manager here tonight, he can probably speak with a lot more first hand knowledge than I can. But, we did suffer... the plant was off line for a week, Joe?

JOE: 4-5 days.

MR. MATHIS: Four to five days and then we gradually restored various pieces of equipment. The major damage was to electric motors and some electric equipment. There was no permanent damage, nothing that wasn't fixed and the plant went back on line. But, it wasn't any serious, permanent damage but we did have to dry out a lot of motors which are sitting in a basement level. So, you know, we suffered some damage in that and the plant wasn't restored to full capability until 4 weeks.

JOE: Four weeks, until we got all fully inspected.

COUNCILMAN DAVIS: Some of the information that we received and thank you for the fairly comprehensive report that we were given, indicates that analysis of the soils of the expected excavation has not indicated the presence of contamination and yet we are told also that it is a brown field. Aren't they contradictory?

MR. MATHIS: The major waste product, if you want to call it that is disposed of on that site came from the days when it was a coal fired power plant and fly ash and bottom ash was disposed of on the site. These are basically inerts of coal that aren't carbon so they don't burn. They're not hazardous and... but it is very common that that fly ash and bottom ash was landfilled on power plant sites. So, a good portion of the site, the northern portion of the site is underlined by fly ash from the days when it was coal burning. Now, fly ash itself doesn't present a particular hazardous. It is not a hazardous waste but certainly it is a waste product of those days. Aside from that, we certainly don't know of any other contaminants on the site but it is a brown field site in the sense that it was used and has been used as an industrial plant site as opposed to a green field site which has never been used for industrial purposes.

COUNCILMAN DAVIS: Okay. Several other questions. I think the term aqueous ammonia can be somewhat alarming to many people. Can you explain how... what preventive measures would be taken in the event of a problem? You do have details in here but if you could go into that for the sake of the people here as well.

MR. MATHIS: The major hazard from aqueous ammonia use and again it is an ammonia solution... stronger solution than what you typically would find in the grocery store and I think it is 28 percent solution, that is an industrial solution. The major hazard of it is a spill from the storage tank. That's why the storage tank would have secondary containment around it so it would... if it spilled out of the tank, it would still be contained within a secondary containment very similar to what oil storage tanks have. However, you do get vaporization off of that just like if you spilled ammonia in your house, it's a pretty powerful smell. You will get that, however, as part of the permitting process here, we have to look at exactly those types of possibilities. If we did get a major spill from the storage tank, how quickly would the vapors from that spill dissipate. So that we would have to be in the position that when... by the time you get off site, there is no threat to anyone's health. Also, if we got a spill, the first thing that you would want to do is put some sort of blanket or suppression so that you don't tend to get evaporation of the vapors off of the liquid surface that's spilled. But, the major protection for people off site is just the fact that the ammonia vapors will, in fact, dissipate and they won't be concentrated by the time any of them reach the site boundary.

COUNCILMAN DAVIS: Would the kind of safety measures that you are referring to be available at the energy center or would that require the attention of say the Haz Mat team that we have in Town? Would you require additional assistance there?

MR. MATHIS: Certainly the immediate response would be from the station itself. So, if we were proposing some sort of blanketing or other vapor suppression, that would... first response to that would be from station personnel. I think given the amount that we would be storing there and Bob, help me out on this one -- there are requirements for community notification and for working with other responders.

MR. BARON: What we would do is, in this case, we have our own responds for immediate response. I think there are 12 parts to the response plan. We would, in this case working with the Town work out an agreement or an arrangement and have to give them notification and work out the details of what would be acceptable to you and us to give us the best response. We would have to have something on the site immediately because the way... the period of time... so we would have to work with the Town in developing a plan.

MR. MATHIS: One thing I would say though is that this type of system for nox control is very common in power plants today. So, any power plant that has been built over the last 5 to 10 years almost certainly, at least in this region of the country, almost certainly has such a system so they are using aqueous ammonia on the site.

COUNCILMAN DAVIS: One of the tables that you have indicates the locations of the ambient air quality monitoring sites and one of the things that I noticed and there probably is a reason but maybe you could provide that, you have all of them north other than the one at Hudson and the one in Schenectady, is there a reason why there were none between the steam generating site and Hudson? I mean that is a major part of our community, the southern part of our community or west of the site.

MR. MATHIS: All of those sites were pre-existing monitoring sites, so what we were doing is using historical data that had been collected at these various sites. There has been a lot of data collected over the years in the area so generally with this type of power plant applicants can go back and look at existing data but we haven't done any new data monitoring.

COUNCILMAN DAVIS: Okay.

MR. MATHIS: So, we are really using data that we obtained through the State Department of Environmental Conservation on previous ambient air monitoring work that has been done.

COUNCILMAN DAVIS: Okay. You said that you would be removing the residual oil tanks and then would be installing the new distillate oil tanks. Is there a reason why and I am not an engineer certainly, but is there a reason why you can't use the ones that you have already?

MR. MATHIS: Actually we are proposing to remove 2 of the residual oil storage tanks and to retain 1 and to convert to distillate oil usage. We... in our application, we will ask for permission to burn distillate oil for 720 hours a year because we don't think that we would be in a position to need more than 720 hours a year. Given that fact, we think one 10 million storage tank will be sufficient for our needs on site. We may have to replenish that, that certainly is not 720 hours of storage but we... it is sufficient storage such that as we use that up, we can arrange for more oil to be delivered by barge up the Hudson River. So, basically, we can store 2 barge lots in one of those tanks. So, we are converting one of the tanks to a new use and removing 2 of them. But, then we do need to build 1 new 1 million gallon day tank that we would operate out of. Basically, we draw our oil out of that tank for use of the units when we are on distillate oil.

COUNCILMAN DAVIS: The computer generated photograph that we have has the cooling towers in the back toward the river whereas the one that you showed us... I noticed it was in front of the plant, is there a reason that you have moved it? Is it significant? I mean, is it...

MR. MATHIS: No, it was just a matter of trying to find enough room to put in the cooling towers. Originally when we had them in front of the plant on the river side of the plant that provided us the shortest route for piping to and from the plants condensers. But, we just thought what we were really trying to shoehorn them into too tight a space. So, we just moved them out to where they were showing on the slide that I showed here. But, that is the only significance. We just felt it was too tight an area to try to put them there -- what we had originally shown on the covering report.

COUNCILMAN DAVIS: And, you may have this somewhere but what would you say is the estimated value of the new Bethlehem Energy Center?

MR. MATHIS: I can give you what we estimate the construction costs would be over and above what exists there today and in very round numbers $250 million. We think that is what it is going to cost to build this plant.

COUNCILMAN DAVIS: My last question, you talk about the perspective buyer. What is there is no perspective buyer by the date that you have estimated that you would have one?

MR. MATHIS: If there is no perspective buyer, well... under our divestiture plan, we would then place this generation plant in a non-regulated subsidiary and it would be removed from rate base and we would then look at whether it made economic sense to continue to operate the plant or not. If there is no perspective buyer though, I think that is saying something to us about how the market perceives the value of this plant. If we don't get any response of bids, it would be suggesting that other people don't share our view that there is a great potential in this plant. Quite honestly, I would be extremely surprised if we didn't find interest in this plant.

COUNCILMAN DAVIS: I just needed to hear your answer. Thank you for answer my questions.

MR. MATHIS: You are welcome.

SUPERVISOR FULLER: Mike, U.S. Generating System is applying to build in Athens and what would be the impact on your application as a result of that?

MR. MATHIS: We certainly intend to see this application through to our getting a certificate regardless of what U.S. Generating does at Athens. I think though before anyone builds a power plant here, they are going to be evaluating just how much capacity the market has to absorb new generation, even efficient generation like this and for each new efficient generating plant that goes on line, it will have the effect of lowering the market price of electricity because it will bring new capacity on line that basically will be more efficient power plants competing among themselves and electricity will become a commodity. So there is no way to distinguish 1 kilowatt hour from another. Certainly the first plant that goes on line is likely to see a higher market price of electricity than would exist for the second plant that goes on line. So, for each additional plant that is built in the region, the market clearing price, the commodity price will indeed come down and you know, whether this market is big enough to absorb 2 plants upon deregulation... immediately upon deregulation or not remains to be seen. Certainly if 2 plants are built, the market clearing price will be lower than if only 1 plant is built. And, both owners will see lower margins on their investment. So, I think it certainly... I think in a deregulated market a lot of people want to be first with their plants because they get their plant on line and it makes it more difficult for another developer to develop another power plant. Certainly we are concerned about it. I am sure U.S. Gen is concerned about it too.

SUPERVISOR FULLER: Another question I had, you mentioned the money that is available. If the Town, obviously going through your pre-application process and reading all of this, trying to stay on top of it, if we had a desire to hire an independent engineering firm to go through it with us so it would be a meaningful process before PSC, go through it at the same time, would Ni Mo be willing to pay for the Town to do something like this? And, maybe that is an unfair question. You mentioned the money and I thought, okay let's see if we can...

COUNCILMAN DAVIS: We would have to match it.

ATTORNEY KAPLOWITZ: We would have to match it.

MR. MATHIS: Yes, the money will actually be disbursed by the administrative law judge. And, the $150,000 that we would post, the administrative law judge would decide who is able to draw on that and how much they are able to draw out of it. So, certainly, that money is available and we as the applicant have no control over it. I don't know, now if your question was would we cover the locality's 50 percent share...

SUPERVISOR FULLER: Why the 100 percent share.

MR. MATHIS: Let me say we... until right now, we hadn't been asked that question and I...

SUPERVISOR FULLER: And, it is unfair. I did not think of it really until now. But, to make the process meaningful to the Town, obviously we are not engineers sitting at this table. And, have our own engineering department bogged down and reviewing everything that comes in is the reason I asked the question.

MR. MATHIS: I think certainly those monies are available to help localities fund studies or evaluations by consulting engineers, for instance. And, I think the administrative law judge possibly at the next conference may have a few words to say about that. It would certainly be legitimate to ask him how he intends to handle those funds. But, as to the other part of the question, would Niagara pay the locality's share, I guess I don't have an answer for you because it hasn't been asked until now.

SUPERVISOR FULLER: I apologize for asking it at this point. That's food for thought, Mike.

ATTORNEY KAPLOWITZ: Has it been definitively determined by anyone whether that money is available for legal fees? I have heard opinion both ways. Anybody know?

MR. MATHIS: I think, Bernie, it's principally for environmental evaluations, safety evaluations, health evaluations. I have.. I am not aware that any of it has ever been dis... I shouldn't say, we are only the second Article 10 application in New York State. So, whether any of that would be available for legal fees, I am a little bit skeptical that it would be. I don't think it is written into the regulations that way.

SUPERVISOR FULLER: Okay.

COUNCILMAN BURNS: I was just curious about the auction. I couldn't get the time frame, when is that planned for?

MR. MATHIS: Why don't I refer that to Tom because he's got more immediate knowledge than I have.

MR. BARON: The plant has to be approved by the Public Service Commission. And, I am not sure of exactly when they are going to take... I had heard perhaps a March 4th meeting but I am not sure if it is on the agenda or not but pretty soon. We have a plan that we have submitted to staff and it needs PSC approval and basically the plan says the auction process, Phase I, which is talking to a whole bunch of prospective bidders and then narrowing it down to a much smaller field could start as early as in the April time frame. And, end with a final owner or owners -- there could be multiple owners of our assets or just one. The way the Niece auction ended up with U.S. Gen buying all of their assets. We expect to make that award in about the September time frame. So, the auction process will... could go from April probably through to the summer and ending in maybe early September. That's what we have put on the table. PSC, it is their prerogative to approve our plan. They have the final say but our plan and our time frame looks like that in very rough terms. Can't get into really any more detail than that.

COUNCILMAN BURNS: The second question, is there an entity or some sort of management system to ensure the reliability of the system once it is in place?

MR. MATHIS: The reliability of the new plant, Bethlehem Energy Center?

COUNCILMAN BURNS: Yes.

MR. BARON: Well, it is not regulated any more. There is not a Public Service Commission to protect the customer, if you will, with the market dynamics will. If the new owners are running an inefficient, poorly run plant, they are going to go out of business like any other manufacturing plant so you really self-policed at that point to run a good operation. Environmentally obviously, sure, I mean they are going to come under the same regulations as plants of today by DEC and other regulatory bodies. But, financially, efficiency, etc. that's all part of running a good efficient operation and they're... they have got to be in the business to do that or they won't make any money.

MR. MATHIS: I don't... maybe... I don't know if your question was getting at well, how about the electricity grid in general, who is going to assure that reliability. I don't know if that was part of your question?

COUNCILMAN BURNS: The system as a whole.

MR. MATHIS: In fact, under... what's going on right now is is the establishment of an indi... what is called an independent system operator to actually operate the electricity grid. So that the independent system operator will decide which plants are put on line and that will be based on what owners of power plants bid for supplying energy and other services to the power grid. And, there will be financial penalties associated with that. So, if a power plant operator bids a certain price to supply electricity and if in fact he is selected to run based on that price bid, he is expected to run. He is expected to come up with the energy and if he can't he will basically pay the differential between what the energy would have cost if he were available and what the grid actually has to pay

to acquire the energy. So, I think for most customers, certainly the vision is that the reliability will be there in the future as it is today and there is a lot of work going on to assure that through the New York independent system operator.

SUPERVISOR FULLER: Any other questions from the Board?

COUNCILMAN JOHNSON: Would the power pool be basically in the same position that it is today and doing the same general function?

MR. MATHIS: Basically, the New York pool of today will be the kernel, the core of the independent system operators. So, yes, it would... the independent system operator would have those functions, a lot of the functions that the power pool has today. In fact, the power pool will probably become the independent system operator.

SUPERVISOR FULLER: Are there questions from anyone in the audience?

MR. MINSHELL: You say you are restructuring this Niagara Mohawk plant down there, calling it the Bethlehem power plant. Are there any similar restructural power plants that you are going by to do this or is this something that is brand new in your people's minds? Like is there a track for this particular system, I guess is the basic thing I am asking you.

MR. MATHIS: Yes, for the equipment we are looking at using, yes, there is a track record for that. The first... we had done a lot of work looking at... working with General Electric on this and looking at their line of gas turbines. The type of turbine we are looking at here, if we went... I shouldn't say we... if the future owner goes General Electric, he'll use what is called a 7FA gas turbine. The first of those went into service in 1991 and there are more of them in service around the world than any other gas turbine of its size. That being said, Westinghouse has a similar gas turbine which has a pretty good track record and Semans and ABB, two of the other major manufacturers in the U.S. also have an impressive track record behind them. So, we are approaching a decade during which this type of equipment has been used.

MR. BARON: If I could just add to that, one of the plants that we visited several of us -- Joe ... the plant manager and Mike and myself. Back in September we went to Providence, Rhode Island and visited the Manchester Street Station an older New England electric services plant that had been modified, not with the exact same equipment but had taken older equipment and integrated it with the new combined ... application right in Providence, Rhode Island and did a really nice job. It has been on line and operating since, I think, '94 or '95, so it has a couple year track record and performance has really been good.

MR. MINSHELL: Thank you. There is one other question, you mentioned something about, I believe, somebody already raised the question, I believe it was Doris, tanks, 2 of them you are taking out and replacing it with 1. You are removing some tanks that are already contamination or I call it contaminated parcel, what happens to the areas around those tanks or the tanks themselves? Where do they go? I mean what are we susceptible to, I guess is what I want to ask. Are we going to consider that to be debris, old stuff, junk?

MR. MATHIS: It's old stuff. It's contained oil in it. Basically, we have cleaned and repaired and there is a long track record of people taking down tanks like this. Basically, you clean the tank, you gas free it and then you cut it up and remelt the steel in it as scrap steel. There is nothing unusual about doing that. We do not have a history of spills from these tanks so I wouldn't expect to see any significant ground contamination when we take these tanks down. I beg your pardon?

MR. MINSHELL: In the process.

MR. MATHIS: In the process, yes. Basically, the steel in the tank is going to be coated with oil initially but that will be cleaned... the tank will be gas freed... bring the cutting torches in... or the new owner will and basically cut the tanks apart and take them away.

Certainly it is part of... on the transfer of this plant any new owner is going to want to know what sort of contamination is on that site and there is a whole due diligence process where we reveal to all of the bidders everything we know environmentally about that site. Before ownership actually transfers the new owner, the successful bidder, will also come in and look to do an additional investigations on the site to assure himself that there is no significant contamination on the site. I quite honestly would not expect to see any significant contamination on the site. Certainly, we are not aware of any and it's not because we haven't looked. We have, in fact, looked and reviewed the records and such.

SUPERVISOR FULLER: Anyone else with questions? Comments. Thank you gentlemen. Thank you, Mike and they will be at the Glenmont Elementary School March 4th at 7:00 p.m. for their next public appearance.

Traffic Safety Parking Prohibited all times on VanDyke Road Public Hearing March 25, 1998

The following item on the agenda was a recommendation from Traffic Safety Committee, Richard Vanderbilt, Chairman, regarding Parking Prohibited At All Times on VanDyke Road. Could advertise March 11, 1998 and hold public hearing March 25, 1998 at 7:30 p.m.

The motion was made by Mrs. Davis and seconded by Mrs. Burns to approve setting a public hearing for March 25, 1998 at 7:30 p.m. to consider a proposed local law amending the Code of the Town of Bethlehem, Vehicle and Traffic, pertaining to Parking Prohibited At All Times on VanDyke Road, Delmar. The motion was passed by the following vote:

Ayes: Mrs. Fuller, Mr. Lenhardt, Mrs. Davis, Mr. Johnson, Mrs. Burns.
Noes: None.

Highway Superintendent award of bid for one Utility Vehicle

The next item was a request from Gregg Sagendorph, Highway Superintendent, for award of bid for one (1) utility hardtop vehicle to the low bidder, Marshall's Auto Exchange, Ravena, New York. Supervisor Fuller noted this will replace a 1993 GMC Jimmie with over 100,000 miles.

The motion was made by Mr. Johnson and seconded by Mrs. Davis to approve the award of bid for one (1) utility hardtop vehicle to the low bidder, Marshall's Auto Exchange, Ravena, New York at a cost of $18,272. The motion was passed by the following vote:

Ayes: Mrs. Fuller, Mr. Lenhardt, Mrs. Davis, Mr. Johnson, Mrs. Burns.
Noes: None.

Director of MIS dispose of surplus equipment

The following item was a request from Director of MIS, Jeffrey Dammeyer, to dispose of surplus equipment. Supervisor Fuller noted the last item was just added late on this date. She said the Data Processing Department recently finished Phase I of the computer system upgrade and this piece of equipment was declared surplus and offered for bid. She further explained this notice was sent out to 15 different companies and one offer was received. She said this was added in order to accept the offer of $500. due to the company wishing delivery on February 26, 1998. Supervisor Fuller apologized for the late notice on this item.

The motion was made by Mr. Lenhardt and seconded by Mr. Johnson to approve the sale of one (1) IBM 9309 SCPN Rack to Noteworthy Industries, Inc., Amsterdam, New York at a price of $500. as per their bid. The motion was passed by the following vote:

Ayes: Mrs. Fuller, Mr. Lenhardt, Mrs. Davis, Mr. Johnson, Mrs. Burns.

Supervisor Fuller asked if anyone wished to address the Board. There were none.

Adjourn meeting

The motion was made by Mr. Lenhardt and seconded by Mrs. Davis to adjourn the regular Town Board meeting at 8:38 p.m. The motion was passed by the following vote:

Ayes: Mrs. Fuller, Mr. Lenhardt, Mrs. Davis, Mr. Johnson, Mrs. Burns.
Noes: None.

Catherine T. Piccioni
Deputy Town Clerk