BOARD OF PUBLIC UTILITY COMMISSIONERS

The regular meeting of the CITY OF FARMINGTON BOARD OF PUBLIC UTILITY COMMISSIONERS was held Wednesday, April 2, 2014 at 9:00 a.m., at the Farmington Public Library, 2101 Farmington Avenue, Farmington, New Mexico, in full conformity with the laws and ordinances of the Municipality.

I. GENERAL

1. Commission members present: Amanda Weese
James Spence
Jeff Parkes
Chris Hunter
Tory Larsen
Carol Cloer
Bill Standley
Marty Johnson
Vic Eicker
Keith Johns
Bill Hall

City Council Liaison: Gayla McCulloch

City personnel present:

Water/Wastewater	Jeff Smaka
CH2MHill OMI	Ron Rosen
PUC Secretary	Amy McKinley
Accounting	Sheree Wilson
Utility Business Operations	Susan Nipper
Electric Utility Director	Michael Sims
Electric Transmission & Distribution	Rodney Romero
Electric Generation	Jim McNicol
Electric Engineering	John Armenta
Administrative Services	Andy Mason
City Manager	Rob Mayes

Guests:

Richard Miller, Electric Generation
Annette Lobato, Electric Generation
Jim Eargle, Electric Generation

2. Chair Weese called the meeting to order at 9:00 AM with a quorum present to conduct the business of the Commission.

3. The Minutes for the March 12, 2014 were approved as circulated.

II. BUSINESS

1. Water/Wastewater Operations Report:

Ron Rosen, CH2MHill/OMI reported on the Water/Wastewater operations for the month of March, 2014.

Mr. Rosen stated the Farmington Lake level was at 100%.

Mr. Rosen stated there were 3 main water line breaks and 8 service water line breaks as of March 21, 2014. Mr. Rosen stated there were 11 new meters installed and 6 new sewer taps performed.

Mr. Rosen reported that work continues on the TDS issues and a report was issued to the EPA last month on the activities to date to attempt to control the TDS levels. Mr. Rosen stated the EPA has not yet responded.

Mr. Rosen stated that everything is in place to execute the contract for the water meter replacement project. Mr. Rosen stated a revision to the contract, which will include an acceleration of the meter installation from 18 months down to 8 months, will be sent to the City Council for approval.

2. Open Meetings Resolution:

Mr. Burnham presented the Open Meetings Resolution for the open meetings for the Public Utility Commission and stated that the meetings would be held the second Wednesday of every month at 3:00 pm in the Executive Conference Room at City Hall. Mr. Burnham asked for recommendation to City Council for the acceptance of the resolution to accept the date, time and place as presented.

Vice-Chair Spence asked if the agenda and minutes of the PUC meetings are posted to website. Ms. McKinley stated yes.

Commissioner Standley made a motion to approve the recommendation to the City Council to approve the Open Meetings Resolution No. 2013-1466, which was seconded by Commissioner Parkes and the motion passed unanimously.

3. Electric Utility Report:

Ms. Nipper presented the February and year to date Electric Utility Report. The Commission had no questions.

4. Director's Report:

Mr. Sims stated the information for the March Monthly Electric Report was unable to be compiled in time for this meeting. The report will be available on the city website.

Mr. Sims reported the Animas and Bluffview Power Plants are online and available for full-load operation. Mr. Sims reported the Navajo plant is offline at this time due to low water flow and is expected to be offline until the spring flows start. Mr. Sims stated that San Juan 4 is offline for a hydrogen cooler leak in the generator. Mr. Sims asked Mr. McNicol to discuss the air inlet cooling project at the Bluffview Power Plant.

Mr. McNicol stated the Bluffview Power Plant was offline in October and November, 2013 because the new air inlet heating system was not successfully commissioned by the manufacturer, General Electric. Mr. McNicol stated that in order to safely operate the Bluffview plant during freezing weather conditions, the inlet air must be pre-heated to prevent the formation of ice entering the combustion turbine. Mr. McNicol stated the plant was originally built with an air inlet heating system that over the years proved to be unreliable and had some environmental compliance risks. Mr. McNicol stated that in 2012 a new capital project was approved to replace the original system with a different type of system that would use electric air heaters to heat the incoming air. Mr. McNicol stated the contract was awarded to GE. Mr. McNicol stated the actual replacement occurred in the summer of 2013; the original system was demolished and the new equipment was installed by GE and the new system was commission in September/October 2013. Mr. McNicol stated that during the commission process this new system was proven to be unsuccessful. Mr. McNicol stated GE was unable to make the system work properly, principally because the new electric heaters would not work properly; the airflow was not adequately distributed across the heaters. Mr. McNicol stated that during October 2013, while GE was troubleshooting the problems and trying to find a solution, we were already in the cold weather period when air needed to be heated at the plant; Power Plant staff rented a temporary electric heater fleet and that is how the Bluffview Power Plant was operated during the winter. Mr. McNicol stated GE had to re-design the system and in February 2014, new electric heaters and ductwork were installed, and another attempt was made to commission the system. Mr. McNicol reported this commissioning was successful for approximately 12 to 20 hours and then there was a fire in the electrical cabling portion of the system and that caused a further setback. Mr. McNicol stated all of the electrical cabling has been replaced, redesigned, rerouted, reinstalled and the system was successfully commissioned approximately ten days ago. Mr. McNicol stated it is believed the system is set up the way it was originally intended. Mr. McNicol stated GE made all of the design and construction changes at its own cost. Mr. McNicol stated there are still some punch list items that need to be finalized, but

now that it is warm enough that the system will not be used for another six month, the utility is in a good place going forward.

Commissioner Cloer asked if GE accepted the liability for the rental of the electric heaters. Mr. McNicol stated GE has not yet accepted this liability. Mr. McNicol stated the utility has verbally requested to be reimbursed for the direct costs associated with GE's failure to deliver a functional system on schedule. Mr. McNicol stated that one last verbal attempt will be made and then a different strategy to seek recovery of the expenses will be discussed with the Utility Director and the City Attorney.

Commissioner Larsen asked if there is a warranty on the system since we are unable to actually use it until next winter.

Mr. McNicol stated he believes there is a one year equipment warranty which covers blowers, heaters, control components, etc.

Mr. Sims stated the experience the utility has had with this Bluffview project is not unlike experience the utility has had in the last several years with a lot of large equipment vendors and contractors. Mr. Sims stated that what has happened, and really the problem with this project, is that large manufacturers and large contractors, who in the past have had top of the line expertise, no longer have that expertise. Mr. Sims stated it is very difficult to depend on a large company to supply a quality product. Mr. Sims stated this "brain drain" issue is an industry problem and a national problem.

Mr. Sims asked Mr. Romero to report on the recent outages due to strong winds.

Mr. Romero updated the Commission on an outage at the Bergin substation due to the strong winds. Mr. Romero stated this outage affected approximately 2,200 customers for approximately one hour and 15 minutes. Mr. Romero stated this was the most noticeable outage, but crews were out all over the county for a variety of issues; trees sparking the lines, issues with yard items blown into the lines and some calls were received about downed lines. Mr. Romero stated the majority of these downed lines were phone and cable lines and these entities are notified of the downed lines.

III. ADJOURNMENT

There being no further business to come before the Commission, upon motion duly made and seconded, the meeting was adjourned.

The meeting was adjourned at 9:47 a.m.

Approved this 14th day of May, 2014.

Amanda Weese

Amanda Weese, Chair