

BOARD OF PUBLIC UTILITY COMMISSION

The regular meeting of the CITY OF FARMINGTON BOARD OF PUBLIC UTILITY COMMISSIONERS was held Wednesday, March 8, 2023 at 3:00 p.m., in the Executive Conference Room, City Hall, 800 Municipal Dr., Farmington, New Mexico in full conformity with the laws and ordinances of the Municipality.

Upon roll call, the following were found to be present, constituting a quorum:

Commission members present:	Connie Dinning Alex Uhl Patricio Sanchez Linda Corwin Hart Pierce Nathan Thompson Diane Schmidt John Buffington
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Absent:	Tory N. Larsen Drew Degner
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constituting all members of said Advisory Commission.

Also present were:

Electric Utility Director	Hank Adair
Electric Engineering	John Armenta
Electric Business Operations	Sheree Wilson
Electric Generation	Britt Chesnut
Community Works Director	David Sypher
Jacobs	Nicholas King
Administrative Services	Nalinee Jose
Legal	Jennifer Breakell
PUC Secretary	Amy McKinley

The meeting was convened by the Vice-Chair.

Vice-Chair Dinning asked for a motion to approve the Minutes of the February 8, 2023 Regular meeting.

Commissioner Sanchez expressed concern that his comments regarding training taking a hit when budgets are tightened did not clearly note his support for continuing to fund training. He requested the language on page 3 of the minutes be corrected to clarify that he supports training and encourages continued funding of training efforts.

Noting the clarification requested by Commissioner Sanchez, Commissioner Buffington moved to approve the Minutes and Commissioner Uhl seconded. The motion passed.

BUSINESS

Electric Utility Report

Ms. Sheree Wilson provided a PowerPoint presentation to detail FEUS financial information for February 2023.

Ms. Wilson noted the overall Consumption by Customer Class demonstrated the utility was 1% over budget for FY 2023. For February, the Cash Balance was \$18 million; the Unrestricted Cash Balance dropped to -\$15.8 million, meaning the utility is using a portion of the \$31.1 million Restricted Cash Reserve. Total Energy Sales continued to be 10% below budgeted Revenue. The billed portion of the PCA was 11% over budget. Year to Date Expenses, Budget to Actual, was 19% over budget due primarily to Purchase Power costs which were 77% over budget and Natural Gas costs which were 112% over budget. Year to Date Capital Improvement Expenses was \$13.7 million, or 25% under budget.

Director's Report

Mr. Hank Adair, Electric Utility Director, provided a review of the activities of the utility for February, 2023. Regarding Substation/Distribution/Transmission projects, pole testing continues. Among the 5,486 poles being tested, 29 priority rejects were found. The 20th Street Undergrounding project is complete with poles having been removed from Sullivan to Butler Avenue. 15,000 feet of underground cable was installed for this phase of the project. 359 AMI meters were installed within the Farmington city limits and work continues on a billing software repair for locations where electric and water meters are located. Seven transformer upgrades were completed.

Regarding Generation, flows at Navajo remain at 300 CFS. The Navajo Plant will be out of service from March 20-24. Staff continue to work on plans for the Bluffview Spring Outage which will take place March 20-31. Regarding new generation sources, RFPs will be issued on March 15 and are due back on April 11. FEUS continues to look for support from local legislators on cost recovery related to SJGS undepreciated assets, and reciprocating engines.

The utility experienced two circuit outages in February; one was weather related with a pole top that burned and the other was a downed guy wire and when it failed it wrapped up in the primary cable.

Mr. Adair provided an update on WAPA's Glenn Canyon Dam and how water levels and recent snowpack will affect power production. He also offered information on draft environmental assessment that was recently published related to the finding of smallmouth bass in the Colorado River and proposed option for controlling the number of smallmouth bass in the river. The test would negate power generation from the dam. If the test continues, WAPA would purchase the power needed to replace for its customers. This would put WAPA in direct competition with their customers and drive prices up.

Mr. Adair reported the gas price reduced noticeably with the Inside FERC price set at \$3.06/MMBtu for March. Purchase Power pricing is down related to the analysis related to the PCA as well. Bids were higher than expected for Purchase Power. FEUS will rebid a timeframe from July to December 2023.

Vice-Chair Dinning asked when the \$5 million will be returned to FEUS. Mr. Adair said the City will transfer \$1 million per month for the next 5 months.

Responding to a question from Commissioner Sanchez, Mr. Adair provided information regarding San Juan County's decommissioning plan for the San Juan Generating Station. Mr. Adair said the city of Farmington has funded half of the cost for this decommissioning expense.

CIP Water/Wastewater Report

Mr. Andrew Sova, Water/Wastewater Administrator, was unable to attend the meeting. His report was included in the agenda packet.

Water/Wastewater Operations Report

Utilizing a PowerPoint presentation, Mr. Nicholas King provided information regarding water/wastewater operations activities for January. Animas River flows were below average throughout February. As of the date of this report, the Farmington Lake level is at or near 100% capacity. Water production in February was consistent with previous years. Six new meters were installed in February; all six meters were residential meters. There were 9 water line breaks; 3 cast iron main lines, 1 pex service line, 1 copper service line, and 4 black poly service lines.

Regarding Wastewater treatment, effluent flows in February were below average for this time of year. Mr. King noted the Effluent BOD (Biochemical Oxygen Demand) was at 3.53 mg/L; effluent TSS (Total Suspended Solids) was at 5.37 mg/L; Effluent TDS (Total Dissolved Solids) Increase was 400.69 mg/L; Effluent e.Coli continued to be very low at 2.01 MPN/100ml.

O&M Water/Wastewater Report

Ms. Benedikte Webb was unable to attend the meeting.

Farmington Lake Dam Raise Presentation

Mr. David Sypher, Community Works Director, provided an information only presentation detailing the project to raise the dam at Farmington Lake by 25 feet to increase the lake's storage capacity 73%. Farmington Lake provides the regional water supply for Farmington and the surrounding areas. Raising the dam level will increase the capacity to store water to 348 days of the current average daily use of reservoir storage capacity. To plan for potential future increases in population, the City of Farmington wants to be prepared with enough potable water for the

region. And increased temperature and drought severity seen in recent decades highlight the need to plan for more significant future water supply challenges. It is anticipated that this project will cost close to \$100 million. Projects of this size often require decades to move to fruition. A 73% increase in storage capacity represents an additional 3 months of water supply at today's peak use rate. This project could impact economic development by providing a more reliable supply of potable water which would attract businesses and provide recreational opportunities.

A Phase I Study was completed in 2017 and provided a review of existing data, development of preliminary ideas/concepts for raising the dam, and developed a scope of work for the next phases of study. The estimated cost for the next phase of the Study is \$5 million. An NMFA loan request for \$5 million will be submitted; a NMFA Loan Forgiveness of \$2.5 million as well as a San Juan Water Conservation (SJWC) Proposed Regional Investment of \$2.5 million would potentially cover the NMFA loan amount.

The Farmington Lake Dam Raise presentation was brought before the City Council during the January 17, 2023 meeting.

BUSINESS FROM THE FLOOR

None.

ADJOURNMENT

There being no further business to come before the Commission the meeting was adjourned at 4:15 p.m.

Approved this 12th day of April, 2023.



Tory N. Larsen, Chair