

BOARD OF PUBLIC UTILITY COMMISSION

The special Budget Meeting of the Board of Public Utility Commissioners/City Council City of Farmington, was held virtually using Zoom at <https://us02web.zoom.us/j/84609739440> at 10:00 a.m. on Wednesday, July 8, 2020. The virtually open special session was held in full conformity with the laws and ordinances and rules of the Municipality.

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

Commission members present:	James Spence, Chair Jeff Parkes Marty Johnson Gordon Glass Connie Dinning Tory N. Larsen Alex Uhl Drew Degner Linda Corwin Joanne Duckwitz Kyle Westall
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constituting all members of said Advisory Commission.

Also present were:

City Council	Nate Duckett, Mayor Linda G. Rodgers Jeanine Bingham-Kelly Janis Jakino Sean E. Sharer
Electric Engineering	John Armenta
Electric Generation	Britt Chesnut
Electric Field Operations	Luke Lugenbeel
Electric Utility Financial Analyst	Olena Erickson
Customer Care Manager	Nicki Parks
Community Works	Jeff Smaka
Community Works/Jacobs	Teresa Garcia
Community Works/Jacobs	Ron Rosen
City Manager	Rob Mayes
Legal	Jennifer Breakell
PUC Secretary	Amy McKinley

The meeting was convened by the Chair. Thereupon the following proceedings were duly had and taken:

BUSINESS

Electric Department Budget:

Utilizing a PowerPoint presentation, Mr. Hank Adair, Electric Utility Director, offered details regarding the proposed FY2021 Electric Department budget.

Mr. Adair reminded the Commission of the Electric Department's mission which is to "safely provide reliable, reasonably priced electricity with operational excellence, exceptional customer service and environmental stewardship". In the department's efforts to uphold its mission statement it has several strategic goals: safety for employees/community; regulatory compliance; exceptional customer service; operational excellence; system assessment/process driven, fiscal responsibility; and environmental stewardship.

Mr. Adair commented that a review of other regional electric utilities in the region shows that FEUS continues to offer the lowest rates for residential customers using 500kW. Mr. Adair thanks the Commission for its budgetary guidance to maintain low rates for our customers.

Regarding Power Resources, in FY2021 FEUS projects to receive 44% of its power from Gas, 21% from Coal, 17% from Hydro, and 18% from Purchased Power. Mr. Adair said FEUS plans to retire the Animas Power Plant in October, 2020. He noted FEUS does continue to budget for the recommended Short Term Generation resource within the FY2021 budget and is looking to fully bond the total cost of this short term generation with a \$30 million bond.

Mr. Adair commented that in FY2022, FEUS will be placing the Bluffview Power Plant in a long Depot Outage and this outage is the reason for a reduction in Gas usage and an increase in Purchase Power.

Mr. Adair said Electric Revenues are projected to be \$129.5 million in FY2021 and then will drift back down to approximately \$105.9 million in FY2022.

Mr. Adair reviewed the \$31 million in Capital projects proposed within the FY2021 budget, excluding Generation. He said much of what makes the utility successful is the day over day work, the condition based maintenance, and how staff responds to the acuteness to keep things up and running so FEUS does not have to spend its Capital. He said one of these projects is Pole Testing. This project performs tests on each power pole to determine structural integrity of the pole. He also noted that within in the FY2021 Capital budget is the purchase of two heavy equipment trucks. These units are costly, upwards of \$500,000 each, depending on the planned usage of the piece of equipment.

The Power Cost Adjustment (PCA) is projected to remain at \$0.01 per kWh in FY2021 with a slight increase to \$0.015 per kWh in FY2022. The FY2022 proposed increase in the PCA is due in part to a major outage planned for the Bluffview Power Plant. This outage will involve capital expenditures as well as expenses involved with purchasing power during this outage.

Another key point that may occur is the clean break approach for San Juan Generating Station and whether Enchant Energy and Farmington continue the project successfully, which at this juncture continues to look good. But whether the project is successful or not, COF/FEUS will need to fund its Decommissioning Trust Agreement.

Mr. Adair provided a review of FEUS Expenses. He said the staffing recommendations remain flat. The proposed FY2021 and FY2022 budgets for staffing appear to be somewhat higher than the FY2020 projected actuals however, the proposed budget amount accounts for budgeted positions, some of which are unfilled vacancies, where FY2020 projected actuals accounts for presently filled positions. The utility is striving to employ qualified personnel for a number of vacancies.

Mr. Adair noted the Operating Budget indicates a significant increase from FY2020 to FY2021. He said this cost increase includes the contract with Probst Electric, the contractor who is assisting FEUS with completing distribution line maintenance projects. He also noted that legal expenses are significant at \$3.5 million. These legal expenses include, but are not limited to, the Enchant/Farmington project, the appraisal process for the Bloomfield matter, and the Vote Solar lawsuit.

Responding to a question posed by Vice-Chair Parkes regarding the \$1.8 million increase in funds budgeted for Salary and Benefits, Mr. Adair responded that this cost difference is a matter of actual FY2020 Salaries and Benefits versus budgeted positions. As Mr. Adair noted earlier, the utility is seeking to fill budgeted but vacant positions.

City Manager Mayes reminded the Commission all city employees will receive a 0% pay increase in FY2021.

Chair Spence asked for a motion to recommend City Council approval of the Electric Department proposed FY2021 budget. Commissioner Johnson offered such a motion and Commissioner Degner seconded. The roll was called with the following result:

The members present voting aye:	James Spence	Jeff Parkes
	Marty Johnson	Gordon Glass
	Alex Uhl	Connie Dinning
	Tory N. Larsen	Drew Degner
	Kyle Westall	Linda Corwin
	Joanne Duckwitz	

Those voting nay: None.

The motion passed 11 to 0.

Public Works Water/Wastewater Budget Presentations:

Water/Wastewater Operations Annual Report:

Utilizing a PowerPoint presentation Ms. Teresa Garcia offered a report of the many water and wastewater projects Jacobs undertook in the past year. She said each of these projects are important in efficiently providing quality water and wastewater services to the residents of the city of Farmington.

Ms. Garcia's report highlighted the continuous improvements Jacobs uses to optimize system performance and reduce costs. One such improvement is the use of a 3-D hand-held LIDAR (Light Detection and Ranging unit) called GeoSlam. This device offers the ability to safely, efficiently, and quickly obtain measurements by taking 3-D photographs. Use of this device provides a more than \$400,000 savings to the City of Farmington. The LIDAR unit is owned by Jacobs and was not paid for by the City. Ms. Garcia highlighted the use of the No-Des truck, which allows hydrant cleaning by recycling the water being flushed from the hydrant. Use of this truck has saved approximately 80 million gallons of water. With the traditional process, the water would end up on the ground. This unit was purchased by Jacobs and is owned by the City.

The PowerPoint presentation highlighted many of the activities Jacobs personnel participate in within our community. To name only a few, Jacobs assists with the Household Hazardous Waste collection days, raised more than \$100,000 for the Four Corners Home for Children during the annual Bi-Fly tournament, collected four barrels of food to assist the Salvation Army during the Christmas food drive.

Ms. Garcia said the 60 +/- Jacobs employs take great pride in providing quality, safe water and wastewater services to the residents of Farmington. As the City's long-term partner, Ms. Garcia said Jacobs is committed to partnering with the City to improve efficiencies and reduce costs, while providing best-in-class service.

Water Utility Budget Presentation:

Mr. Jeff Smaka offered a presentation detailing the proposed FY2021 Water Utility Budget. His presentation provided information about the water utility facilities throughout the city. He noted there are 350 miles of various sized water pipe, 19 pump stations, 2,669 fire hydrants, approximately 6,512 valves, and approximately 16, 500 water meters.

Mr. Smaka said that since the renewal and replacement fee went into effect in FY2007, projected revenue generated for the water utility from renewal and replacement projects is approximately \$34.5 million and projected expenditures is \$37.9 million.

Mr. Smaka's report noted the FY2021 water utility proposes a projected revenue of \$4.6 million and projected expenditures of \$2.6 million for renewal and replacement system improvements.

Mr. Smaka said the emphasis remains on capital upgrades to improve service delivery and fire protection. Total expenditures in capital in FY2021 is projected to be \$9.6 million; \$2.6 million of this \$9.6 million is renewal and replacement funding. He said project renewal and replacement expenditures over the next five years is \$21.9 million.

Mr. Smaka's report of the proposed FY2021 Water Utility Budget assumes 1.0% growth in revenues in FY2021 over FY2020 projected actuals.

Wastewater Utility Budget Presentation:

Mr. Jeff Smaka offered a presentation detailing the proposed FY2021 Wastewater Utility Budget. His presentation provided information about the wastewater utility facilities throughout the city. He noted there are approximately 237 miles of pipe of various sizes within the city's wastewater system, 16 lift stations, and approximately 4,500 manholes.

Mr. Smaka offered a recap of the FY2020 Wastewater Utility Finances stating adjusted budget FY2020 Revenues is \$12.31 million and the FY2020 projected actual is \$12.78 million; the adjusted budget FY2020 Expenditures is \$16.07 million and the FY2020 Expenditures projected actual is \$17.74 million. Regarding the Collection System and Facilities, the FY2021 proposed budget is \$3.9 million.

The proposed FY2021 Wastewater Utility Budget shows Revenues budgeted at \$12.44 million and Expenditures budgeted at \$13.88 million. Mr. Smaka's report noted the proposed FY 2021 budget assumes a 1.0% increase in revenues over FY2020 projected. The proposed FY2021 budget includes \$3.9 million of capital expenditures (40% of Expenditures Budget) which can be held back if revenues come in below projections.

Chair Spence asked for a motion to recommend City Council approval of the proposed FY2021 Water and Wastewater Utilities budgets. Vice-Chair Parkes offered such a motion and Commissioner Uhl seconded. The roll was called with the following result:

The members present voting aye:	James Spence	Jeff Parkes
	Marty Johnson	Gordon Glass
	Alex Uhl	Connie Dinning
	Tory N. Larsen	Drew Degner
	Kyle Westall	Linda Corwin
	Joanne Duckwitz	

Those voting nay: None.

The motion passed 11 to 0.

ADJOURNMENT

There being no further business to come before the Commission, a motion was made by Commissioner Glass, and seconded by Commissioner Westall to adjourn the meeting at 12:38 pm. The roll was called with the following result:

Those voting aye:	James Spence	Jeff Parkes
	Marty Johnson	Gordon Glass
	Connie Dinning	Alex Uhl
	Tory N. Larsen	Drew Degner
	Kyle Westall	Linda Corwin
	Joanne Duckwitz	

Those voting nay: None.

The Chair thereupon declared the motion passed.

Approved this 9th day of September, 2020.


James Spence, MD, Chair

BOARD OF PUBLIC UTILITY COMMISSION

The regular meeting of the CITY OF FARMINGTON BOARD OF PUBLIC UTILITY COMMISSIONERS, was held virtually using Zoom at <https://us02web.zoom.us/j/84609739440> at 9:00 a.m. on Wednesday, July 8, 2020. The virtually open regular session was held in full conformity with the laws and ordinances and rules of the Municipality.

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

Commission members present:	James Spence, Chair Jeff Parkes Gordon Glass Connie Dinning Tory N. Larsen Alex Uhl (arrived approx. 9:10am) Drew Degner Linda Corwin Joanne Duckwitz Kyle Westall
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Commission members absent:	Marty Johnson
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constituting all members of said Advisory Commission.

Also present were:

City Council Liaison	Linda Rodgers
Electric Engineering	John Armenta
Electric Generation	Britt Chesnut
Electric Field Operations	Luke Lugenbeel
Electric Utility Business Operations	Brandon Hill
Electric Utility Financial Analyst	Olena Erickson
Customer Care Manager	Nicki Parks
Community Works	David Sypher
Community Works	Jeff Smaka
Community Works/Jacobs	Teresa Garcia
Community Works/Jacobs	Ron Rosen
Legal	Jennifer Breakell
PUC Secretary	Amy McKinley

The meeting was convened by the Chair.

A motion was made by Commissioner Degner to approve the Minutes of the March 11, 2020 meeting. Commissioner Westall seconded. The roll was called with the following result:

The members present voting aye:	James Spence	Jeff Parkes
	Gordon Glass	Connie Dinning
	Tory N. Larsen	Drew Degner
	Kyle Westall	Linda Corwin
	Joanne Duckwitz	

Those voting nay: None

The Chair thereupon declared the motion passed.

BUSINESS

Water/Wastewater Report

Mr. Jeff Smaka reviewed the activities of the water/wastewater utilities for the month of June.

Responding to a question by Vice Chair Parkes, Mr. Smaka noted the staff of the Community Works Water/Wastewater utilities as well as personnel from Jacobs have performed well throughout the COVID-19 crisis.

Commissioner Glass asked for an update on the Cost of Service Study. In response, Mr. Smaka, reported that due to the COVID crisis, the Cost of Service study for Water/Wastewater utilities has been suspended until further notice.

Water/Wastewater Operations Report

Ms. Teresa Garcia utilized a PowerPoint presentation to provide an aerial view tour of many of Farmington's water facilities.

Chair Spence asked if the COVID crisis has increased demands on the water and wastewater processes and Ms. Garcia responded that initially there was a slight concern that it could become difficult to acquire the chemicals required for these treatment processes. She assured the Commission that due to its global footprint, the Jacobs organization was able to provide the necessary materials so Farmington's water/wastewater treatment processes have been in normal operations throughout the COVID crisis.

Electric Utility Report

Mr. Brandon Hill offered information from the Electric Utility Report for the month of May. Customer Consumption (residential, commercial, and industrial) was 69GWH compared to 78GWH for May 2019. Mr. Hill said the PCA remains at \$0.01/kWh.

Director's Report

Utilizing a PowerPoint presentation Mr. Adair offered a Year in Photos recap of FY2020 and provided information about the various events and activities of the utility.

Mr. Adair said FEUS contracted with Probst Electric to perform maintenance work on an energized Transmission line. Probst Electric utilized robotic arms in its maintenance work to ensure the highest degree of safety while working on this energized transmission line.

Mr. Adair informed the Commission the Cottonwood Substation was energized the end of June. The substation was then de-energized as a safety precaution due to the nearby July 3 fireworks display. He noted the Cottonwood Substation should be placed fully into service in October 2020.

Mr. Adair offered a brief review of the AMI advanced metering project that was introduced into the FEUS system. The inclusion of AMI meters into the system allows for more efficient use of FEUS staff because functions such as connections and disconnections can take place at the utility rather than physically sending an employee to the location. These meters will allow the utility to have more information about usage which could allow for other rate structures.

Mr. Adair provided information regarding the activities involving the San Juan Generation Station/Enchant Energy project. He reminded the Commission that the US Department of Energy awarded a grant to New Mexico Tech for research on carbon capture sequestration.

Regarding the utility's new short term generation source, Mr. Adair said that once FEUS reviewed the bids for the original gas flexible response generation asset, the cost was such that FEUS chose not to move forward with the project in that format. FEUS has stepped back from this project and is working with the owner's engineer, Black and Veatch to determine what the expense would be to go back out to bid and then determine if such a project even passes muster at that point. He noted funds for this project continue to be in the proposed budget.

Mr. Adair reported that the utility took possession of its first all-electric vehicle. The internal fleet charging station is located within the MOC compound and is in service. Construction is complete for four of the five external charging stations. FEUS crews continue to work on the final charging station located on the Animas Valley Mall property.

Mr. Adair reviewed the utility's process for protecting its employees and customers during this COVID crisis. He noted staff developed a staggered shift schedule in an effort to keep crews separated so, should there be a wellness issue, not all of the crews are affected and work of the utility can continue. In an effort to reduce the potential of in person contacts between customers as well as customers and staff, FEUS shut down the Customer Service lobbies and drive thru windows. Customer Service moved to electronic and phone based payment systems. Customers who were most comfortable delivering their payments in person could take advantage of drop boxes that were installed at both locations. In an effort to assist customers during the COVID crisis, Mr. Adair said the decision was made to suspend disconnections and penalties for late payments. This policy has resulted in a loss of approximately \$1.2 million since March 17, 2020. Staff continue to evaluate the best time frame for reinstating disconnect policies. In an effort to reach a greater number of our customers who may be experiencing difficulties during this challenging time, the City made adjustments to the Utility Assistance Program to offer additional funds to assist with utility payments for those experiencing financial stress.

Mr. Adair reported that FEUS is performing a study about providing broadband internet service. A survey has gone out to the public and Mr. Adair urged commissioners to urge any business owners to perform the survey.

Regarding Customer Service, Mr. Adair reviewed the new utility billing program. He said this new contract offers much improved communication with customers. He said Customer Service is also looking at alternate online bill pay systems. Currently the city uses Click2Gov, a somewhat clunky platform.

Mr. Adair said that safety is a primary part of the FEUS mission statement and FEUS leadership will be participating in a yearlong safety training program with the goal of all utility leadership speaking the same language regarding safety.

In response to a question by Commissioner Glass regarding the Integrated Resource Plan, Mr. Adair stated that funding for an Integrated Resource Plan is included within the proposed FY2021 budget.

Mr. Adair provided the Commission with a Capital Improvement Projects spreadsheet which provided clarifications for why some of the projects are extended over more than one budget period.

Chair Spence recognized that Commissioner Johnson arrived to the meeting at 9:52 am.

ADJOURNMENT


There being no further business to come before the Commission, a motion was made by Commissioner Glass, and seconded by Commissioner Westall to adjourn the meeting at 10:07 am. The roll was called with the following result:

Those voting aye:	James Spence	Jeff Parkes
	Marty Johnson	Gordon Glass
	Connie Dinning	Alex Uhl
	Tory N. Larsen	Drew Degner
	Kyle Westall	Linda Corwin
	Joanne Duckwitz	

Those voting nay: None

The Chair thereupon declared the motion passed.

Approved this 9th day of September, 2020.



James Spence, MD, Chair