

BOARD OF PUBLIC UTILITY COMMISSION

The regular meeting of the CITY OF FARMINGTON BOARD OF PUBLIC UTILITY COMMISSIONERS was held Wednesday, October 11, 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:	Tory N. Larsen Patricio Sanchez Nathan Thompson Drew Degner John Buffington Diane Schmidt Stewart Logan George Sharpe
Commission members absent:	Connie Dinning Linda Corwin
Council Liaison:	Janis Jakino

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 Customer Service	Nicki Parks
Electric Generation	Britt Chesnut
Community Works	Mark Hathcock
Community Works	Benedikte Webb
Administrative Services	Brooke Quintana
City Attorney	Jennifer Breakell
PUC Secretary	Amy McKinley

Guests:

The meeting was convened by the Chair.

The Chair called for a motion to approve the Minutes of the September 13, 2023 Regular meeting. Commissioner Logan offered a motion to approve the Minutes and Commissioner Degner provided a second. By voice vote, the motioned passed.

BUSINESS

Water/Wastewater O&M Report

Utilizing a PowerPoint presentation, Ms. Benedikte Webb, provided information regarding water/wastewater operations activities for September. Jacobs data indicated water production for September 2023 was 363 million gallons. Farmington Lake levels are very near capacity. Five new residential meters were installed inside city limits in September. There were twelve service line breaks and three main line breaks in September. All twelve service line breaks were of Black Poly.

Regarding Wastewater treatment, effluent flow for September was 3.70 MGD. The report noted the Effluent BOD (Biochemical Oxygen Demand) was 3.27 mg/L; effluent TSS (Total Suspended Solids) was 3.7 mg/L; Effluent TDS Net Increase was 311.03 mg/L (the NPDES Permit limit is 497.0 mg/L); Effluent e.Coli continued to be very low at 1.76 MPN/100ml (the NPDES Permit limit is 126.0/MPN/100mL).

Ms. Webb provided information regarding the iHydrant system. She noted the bid for this went out early October. Responding to a question posed by Commissioner Logan, Ms. Webb noted the estimated cost of this program is \$600 - \$750 thousand for approximately 150 hydrants. These

specialty hydrants will have the capability of providing real-time, whole-system feedback to identify potential problem areas to proactively maintain the system to prevent main breaks. This program also provides remote monitoring which allows for more efficient human resource allocation and job efficiency.

The Lead and Copper Inventory also went out for bid. Chair Larsen asked if the inventory will result in the city replacing any lead service lines. Ms. Webb noted many are asking if the EPA will be moving to line replacement requirements and as of yet, this is unknown.

CIP Water/Wastewater Report

Mr. Mark Hathcock, Water/Wastewater CIP Administrator, provided an update regarding capital projects planned and under way throughout the city.

For Renewal and Replacement projects, work continues on the 2019 Polyline Replacement project. As of October 5, 1,416 polylines have been replaced and the project is approximately 60% complete. Work continues on the Valve Rehabilitation Project. As of October 5, the contractor, TRC has replaced, adjusted or repaired 115 of the original 120 valves/valve boxes. Since the beginning of the contract, crews have identified an additional 34 valves in need of repair/replacement, so the project will be extended. The 4-inch cast iron to 6-inch PVC fire line upgrade on Skyline Drive was completed. On Chaco Avenue, the upgrade from 4-inch cast iron to 8-inch PVC was 85% complete. The project should be completed mid-October.

Regarding the federally funded Water Treatment Plant #1 project, a funding request has been submitted to NMED for DWSRF (Drinking Water State Revolving Fund). Staff is going to repair and replace all the underdrains and upgrade all of the media to one of the filter buildings at an estimated cost of \$1 million. This cost will require some budget adjustment as this work unfortunately was not caught in the original scope of the project. The work on the second filter building will be added to the scope of the project. Staff is working with Jacobs engineering to revise plan set and scope. It is estimated the project will go out for bid December 2023. The RFQP for the Feasibility Study for Farmington Lake Dam Raising went out on August 30. The original response date was October 4. Because some consultants asked for an extension, staff extended the response deadline to October 24. The Ameron pipe replacement on English Road (WTP#2 to Main Street) is in the design process.

Electric Utility Report

Ms. Sheree Wilson provided a PowerPoint presentation to detail FEUS financial information for August and September 2023.

Ms. Wilson noted Customer Consumption for September was down approximately 5% from what was budgeted, primarily due to decreases in the Industrial and Residential loads. Year to Date Consumption is down 4.5% when comparing FY2023 and FY2024. A review of the utility's Cash Balance demonstrated a continued upward trend. For September, Restricted Cash Reserve is up to \$7.2 million; Cash is at \$44.7 million.

Regarding Revenue, Budgeted is \$43 million and through the end of September Total Revenue is \$33 million. The utility submitted and received notification from the state of a \$10 million reimbursement for gas expense for the year. The \$10 million has not yet been received.

FY2024 Expenses for September was \$22.7 million; Budget is \$34 million. Year to Date Capital Improvement Expenses was \$4.3 million with a budget of \$10 million, 57% under budget.

Regarding the PCA, FEUS recouped \$4.2 million through September 2023. In response to Commissioner Logan's question about the change in the PCA rate, Ms. Wilson and Mr. Adair confirmed the PCA will be reduced to \$0.0415 per kWh in October and will be further reduced to \$0.0225 per kWh in November.

Total Generation Cost per mWh for August 2023 was \$51.38 per mWh.

Director's Report

Mr. Hank Adair, Electric Utility Director, provided a review of the activities of the utility for September, 2023.

Mr. Adair reported that the Customer Service division is moving ahead with the payment kiosk project. The first kiosk is planned for the West Annex location. The initial plan was to install several kiosks in various outlying areas such as Middle Mesa. However, the approximate \$100,000 expense per kiosk to serve a minimal number of customers did not pass a value added

test. The Customer Service team is also reviewing a new billing platform called Invoice Cloud. This program appears to offer several great benefits for the customer service team and the customer. For example, the customer service associate will be able to see when a customer accesses the system and can then walk the customer through the payment process. This platform also has various electronic methods for paying a bill, such as using Apple Wallet.

The utility received \$15,540 from LiHEAP and \$2,640 from LiHWAP (Low Income Home Water Assistance Program) which helped 64 families with utility assistance. And the FEUS Utility Assistance Program expended \$29,169 to assist 125 families for the month of September.

The Customer Service team made 10,116 phone and in-person contacts in September.

Commissioner Sharpe arrived at 3:35 pm

Regarding Substation/Distribution/Transmission, at the Animas Substation 10 of 28 relays have been completed and it is expected the remaining relays will be completed by the end of October. Breaker testing at the Hood Mesa substation has been completed. Within Distribution, nine transformer upgrades system wide were completed. One example is the line extension for the Chile Pod. FEUS crews performed preventative pole to pole maintenance work on circuit 5-02, which is located in the NAPI/NAPI east area. Crews are presently performing pole to pole maintenance on the Pump Canyon 69kV transmission line.

Regarding Generation sources, flows decreased to 500 CFS for 12MW of generation at the Navajo plant. Also at the Navajo plant, a controls outage is scheduled for October 30 to November 3. The Bluffview Plant schedule outage went well and at the time of this meeting the outage was completed. Regarding the new generation, the draft air permit was received and comments were submitted back to the NMED. As of the date of this meeting, the permit is scheduled to be issued October 12. Engine negotiations are nearing completion and it is expected the purchase process will be ready for execution.

The utility experienced five outages in September. On September 18 there were two outages with the storm, one in Fruitland and one in Bloomfield. On September 21 the Bluffview circuit experienced an outage; no cause was found. On September 23, there was an outage in the Giant substation that affected the Bloomfield area; no cause was found. On September 29 Turley opened in the Blanco area; this was in HLH (hotline hold); no cause was found.

When revising the Generation Resources slide, Commissioner Thompson asked when Solar will be placed on this slide. Mr. Adair reported the total MWh for residential solar is approximately 1.5 MW per month versus the 84,000 MWh for September. The trend for solar has increased, but the time involved to gather the data to demonstrate the significantly less than 1% of energy does not have value.

Regarding residential solar, eleven customers for 57 KW was installed in September. The New Service team has received several initial requests.

The utility submitted application materials to the WEIS Energy Imbalance market. The application materials were accepted and credit was approved by SPP. Forecasting for purchase power and natural gas shows to be approximately \$12 million below approved budget.

BUSINESS FROM THE FLOOR

Mr. David Fosdeck, 209 North Locke, Farmington, New Mexico has recently accepted the position of Program Manager with an organization named Solar United Neighbors, a solar installation cooperative for installing solar. Mr. Fosdeck said he attended the groundbreaking at the PNM solar tour and was impressed by the many pallets of solar panels scattered about the area. He stated he continues to receive calls regarding adding panels to existing panel systems. He said he volunteered to be a guinea pig to see what the formal process is with FEUS for solar. Mr. Adair said the customer would need to visit the New Service team and complete an application process. Mr. Fosdeck asked about the process for adding storage and Mr. Adair the process would be the same. Commissioner Sharpe asked why those who want to install storage on their solar system need to go through the utility. Mr. Adair said from a safety standpoint the utility would need to review the engineering of the project and how the storage would be connected to the utility system.

CLOSED MEETING

The Chair asked for a motion to go into Closed Meeting to receive details of ongoing contract negotiations regarding a Short Term Generation Solar Project, pursuant to Section 10-15-1H(6) NMSA 1978.

A motion was made by Commissioner Schmidt, seconded by Commissioner Degner to receive details of ongoing contract negotiations regarding a Short Term Generation Solar Project, pursuant to Section 10-15-1H(6) NMSA 1978.

Upon a roll call vote:

Those voting aye: Tory N. Larsen
 Patricio Sanchez
 Nathan Thompson
 Drew Degner
 John Buffington
 Diane Schmidt
 Stewart Logan
 George Sharpe

Those voting nay: none

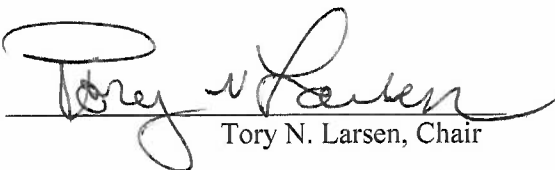
The Chairperson convened the closed meeting at 4:09 p.m. with commission members in attendance being present.

Following the closed meeting, during which meeting the matters discussed were limited only to that specified in the motion for closure, a motion was made by Commissioner Degner and seconded by Commissioner Buffington to open the meeting, and upon voice vote the motion carried unanimously.

ADJOURNMENT

There being no further business to come before the Commission the meeting was adjourned at 4:45p.m.

Approved this 8th day of November, 2023.


Tory N. Larsen, Chair