AGENDA

...for the regular meeting of the Public Utility Commission of the City of Farmington, on Wednesday, April 10, 2019, at 9:00 am at the Farmington Civic Center, 200 West Arrington, Farmington, New Mexico.

I. GENERAL

  A. Roll Call
  B. Convening of Meeting by Dr. James Spence, Chair
  C. Approval of Minutes for the Regular Public Utility Commission Meeting held March 13, 2019

II. BUSINESS

  A. ACTION: Open Meetings Resolution - Jennifer Breakell (5 min)
  B. Water/Wastewater Report – Jeff Smaka (5 min)
  C. Water/Wastewater Operations Report – Teresa Brevik (5 min)
  D. Customer Service Utility Billing Template Review – Nicki Parks (5 min)
  E. Electric Utility Report – Brandon Hill (5 min)
  F. ACTION: Consideration of NMMEAA Resolution Renew 2019 NMMEAA Gas Prepay contract if the resultant gas discount is $0.37/MMBTU or higher – Hank Adair (5 min)
  G. Director's Report – Hank Adair (5 min)
  H. Review of Draft Letter of Support - SB489 Amendments

III. BUSINESS FROM THE FLOOR

IV. ADJOURNMENT

*The next regular meeting will be held May 8, 2019*

The City of Farmington will make every effort to provide reasonable accommodations for people with disabilities who wish to attend a public meeting. If you need to request that an accommodation be made, please notify the Electric Administration office (599-1160) at least 24 hours prior to the meeting.
BOARD OF PUBLIC UTILITY COMMISSION

The regular meeting of the CITY OF FARMINGTON BOARD OF PUBLIC UTILITY COMMISSIONERS was held Wednesday, March 13, 2019 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.

GENERAL

Commission members present: James Spence
Jeff Parkes
Gordon Glass
Alex Uhl
Tory N. Larsen
Connie Dinning
Joanne Duckwitz
Marty Johnson
Chris Hunter

Commission members absent: Kyle Westall

City personnel present:
Electric Utility Director Hank Adair
Electric Generation Brittn Chesnut
Customer Service Nicki Parks
Electric Business Operations Brandon Hill
Electric Engineering John Armenta
Public Works Department David Sypher
Public Works Department Jeff Smaka
JACOBS Teresa Brevik
Administrative Services Teresa Emrich
Administrative Services Sheree Wilson
PUC Secretary Amy McKinley

Chair Spence called the meeting to order at 3:00 pm with a quorum present to conduct the business of the Commission.

Chair Spence asked for a motion to approve the Minutes of the February 13, 2019 meeting of the Public Utility Commission and Vice Chair Parkes made this motion and Commissioner Johnson seconded. Upon voice vote the motion passed unanimously.

BUSINESS

Water/Wastewater Report:
Mr. Jeff Smaka offered a review of the activities for the Public Works Water/Wastewater divisions for January 2019. Regarding Phase I of the 2P Waterline Replacement Project, this project is nearing completion; all the mainline work has been completed and the contractor is working on service lines as weather permits. Mr. Smaka anticipates project completion June 2019. Phase II of the 2P Waterline Replacement Project involves work on McCormick School Road and Murray Drive. The work on McCormick School Road is 96% complete. The work on Murray Drive is 70% complete. Regarding Phase III, it is anticipated this portion of the project will go out to bid in spring 2019.

Mr. Smaka briefly reviewed the status of various renewal and replacement projects taking place throughout the city. Regarding the 4P Pump Station, Mr. Smaka said the contractor is awaiting delivery of pumps.

Water/Wastewater Operations Report:
Ms. Brevik offered a review of the water/wastewater operations activities for February, 2019. Animas River flows remained constant through February with multiple rain and snow events causing some spikes in flows. Ms. Brevik noted Farmington Lake is at full
capacity. The February Water/Wastewater Operations report detailed two new meter installations and 13 water line breaks (6 mains and 7 service lines).

**Second Amendment to O&M Contract with OMI:**
Mr. Rosen and Mr. Smaka offered a video presentation demonstrating the use of a Neutral Output Discharge Elimination System (Unidirectional flushing truck). Mr. Rosen said to make the purchase of one unidirectional flushing truck at a cost of $98,503, Jacobs and the City of Farmington negotiated a zero net change in the contract by eliminating two contract line items: Water Valve Abandonment at $71,747 and City Requested Sewer Video Inspections at $26,756.

Commissioner Hunter asked about where the water flushed from the hydrant goes. Mr. Rosen said the truck uses a closed loop system so water pulled from one hydrant goes into the next hydrant.

Commissioner Duckwitz asked where the particulates go. Mr. Rosen said these particulates are filtered out within the truck.

Vice-Chair Parkes asked about the additional cost for the truck. Mr. Rosen said there is an additional cost of $98 thousand per year. Vice-Chair also asked how much water is being saved by not performing traditional flushing. Mr. Rosen commented the City of Fresno, CA indicated a savings of 64 million gallons of water but their representative said the best benefit has been the public perception of water waste and water quality.

Commissioner Glass asked for clarification the city is not buying the truck but is contracting out this system. Mr. Rosen said that Jacobs will purchase the truck.

Commissioner Larsen clarified that each year the City of Farmington will be charged $98,503 to operate this vehicle and provide this service. Mr. Rosen agreed.

Commissioner Uhl asked how often this flushing process takes place and Mr. Rosen replied that per the contract Jacobs shall flush one third of the system each year.

Commissioner Larsen further asked if the two other services detailed in the contract will be deducted this year to create the net zero contract change how will the $98,503 be paid in future years. Mr. Smaka said the net zero contract change is for the term of the five year contract.

Mr. Rosen said staff is asking the Commission to recommend City Council approval of the Second Amendment to the OMI O&M Contract which replaces the $71,474 Water Valve Abandonment and the $26,756 Sewer Video Inspections with the $98,503 Purchase of Unidirectional flush truck.

Chair Spence asked for a motion to recommend to City Council the approval of the Second Amendment to the OMI O&M Contract which replaces the $71,474 Water Valve Abandonment and the $26,756 Sewer Video Inspections with the $98,503 Purchase of Unidirectional flush truck. Commissioner Hunter offered such a motion and Commissioner Johnson seconded the motion. Upon voice vote the motion passed unanimously.

**Electric Utility Report:**
Mr. Brandon Hill offered the electric utility report for the month of January 2019. He reported the total GWH Sales for January was 91GWH; 28GWH for Residential; 36GWH for Commercial; 27GWH for Industrial.

Mr. Hill noted that in Revenue Residential was $17.6 million, Commercial was $23.9 million, and Industrial was $12.4 million. Mr. Hill noted the Total Revenue is up approximately 12% over the same time last year.

Mr. Hill noted the PCA will increase to $0.10 per kWh and this increase is anticipated to be seen with the March usage for April billings.
Director’s Report:
Mr. Hank Adair offered information on the activities of the utility.

Regarding Substations, Mr. Adair commented all repairs have been made at the Foothills Substation and the substation is operating normally. He noted that parts have been ordered for the Twin Peaks Substation located in the Kirtland area. Staff continue to work with the City of Aztec to complete a Memorandum of Understanding (MOU) related to future substation projects.

Mr. Adair reminded the commission of the USBR initiated outage at the Navajo Hydroplant and said FEUS took the opportunity created by the outage to recoat draft tubes and inspect the gate seals.

As recommended by this commission, the city council approved moving forward to the modeling and bid process of the new generation project.

Mr. Adair provided general information regarding the city’s efforts to locate a buyer for the San Juan Generating Station. He reminded the commission that Acme Equities, LLC is one of the investors in the project and they were considering a corporate investment firm of BHP Billiton. Acme was now in a joint venture with PNM. Acme introduced a few ideas and proposals and one was to consider a process referred to as carbon capture (CC). Mr. Adair offered information about CC noting there are various designs and options for this technology.

For information purposes, Chair Spence distributed to the commissioners an August 2016 report by the Department of Energy detailing CC technology.

Vice-Chair Parkes asked Mr. Adair to provide a quick overview of the role the SJGS plays for FEUS and the community and to explain from a utility stand point what would happen if the plant shuts down.

Mr. Adair said the City of Farmington owns 5% of the total plant; specifically, it owns 84.75% of San Juan Unit 4; San Juan Unit 4 provides 43 MW generation to the FEUS generation portfolio. The last Integrated Resource Plan (IRP) was performed using the question of what if San Juan retired and the IRP used the 2022 retirement, which is the end of the participation agreement.

Commissioner Glass expressed concerns regarding the seriousness of this issue and he found it troubling the commission was not consulted and informed of the process by the city of Farmington. He further expressed concern regarding the selection of Acme Equities as his research did not indicate Acme has a track record in dealing this kind of issue. Commissioner Glass noted he felt the CC technology is a high risk venture by all accounts and is concerned the proposed study of this technology is being used as a way of putting a better light on the issue than there is.

Mr. Adair responded noting this is a very large project and it does have many challenges. Mr. Adair went on to say from an engineering standpoint CC is possible so why not do the study, why not do the business models to determine if this is an opportunity that could viable.

Commissioner Dinning expressed her concerns that the commission was not included in the process of signing agreements with Acme and asked what the City of Farmington’s risk is if the study moves forward and the city partners with Acme in that way.

Chair Spence asked if there is a downside to performing the study regarding carbon capturing.

Mr. Adair reiterated that from an engineering standpoint CC is possible so why not do the study, why not do the business models to determine if this is an opportunity that could viable.

Vice-Chair Parkes said it is his hope that the commission would be included in a review of the study results.

Commissioner Hunter reminded the commission that Acme is paying for the CC study.

Commissioner Hunter provided a copy of a letter he sent to Governor Lujan-Grisham. He asked that an amended letter be created and all commissioners who wish to sign the letter,
could sign that letter regarding support for amendments to SB489. He noted it is his wish this letter demonstrates support of Acme. He suggested a draft of the proposed letter could be added as an Agenda item at the next meeting.

Chair Spence asked staff to include an item on the agenda to allow the public an opportunity to address the commission.

ADJOURNMENT

There being no further business to come before the Commission, upon motion duly made and seconded, the meeting was adjourned at 4:43 pm.

Approved this 10th day of April, 2019.

______________________________
James Spence, MD, Chair
RESOLUTION

A RESOLUTION SETTING AND ESTABLISHING A REGULAR MEETING DAY, TIME AND PLACE FOR THE BOARD OF PUBLIC UTILITY COMMISSIONERS PURSUANT TO CITY COUNCIL RESOLUTION NO. 2013-1466 AS RATIFIED

WHEREAS, pursuant to the provisions of Resolution No. 2013-1466 as ratified, each board, commission, committee or other policy making body of the City of Farmington which holds regular meetings shall annually, subject to the ratification and approval of the City Council of the City of Farmington, establish a regular meeting day, time and place; and

WHEREAS, the Board of Public Utility Commissioners of the City of Farmington has determined and does recommend to the City Council that the regular meeting day, time and place of the Board of Public Utility Commissioners of the City of Farmington and the location where a copy of the agenda of such meetings may be obtained shall be as set forth in this resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF PUBLIC UTILITY COMMISSIONERS OF THE CITY OF FARMINGTON:

That the regular meeting day, time and place of the Board of Public Utility Commissioners of the City of Farmington shall be held on the second Wednesday of each month at 3:00 p.m., in the Executive Conference Room, Municipal Building, 800 Municipal Drive, Farmington, New Mexico and that the location where a copy of the agenda of the regular meeting may be inspected seventy-two (72) hours prior to such meeting shall be at the Office of the Director of the Farmington Electric Utility System, Municipal Operations Center, 101 North Browning Parkway, Farmington, New Mexico.

PASSED, SIGNED, APPROVED and ADOPTED this ____ day of April 2019.

By: ________________________________
   Chairperson, Board of Public Utility Commissioners
Waste Water Treatment Plant. Phase III - Construction of WWTP Phase III improvements to provide redundancy at the WWTP and maintain compliance with EPA permit. NMED approved funding the wastewater treatment plant upgrade through the Clean Water State Revolving Loan Fund (CWSRF) program. Contract awarded to RMCI Inc. from Albuquerque; Contractor Mobilized on August 22, 2016; Medium Rate Activated Sludge (MRAS) Basin #1 - MRAS basin placed into service September 12th, 2017; MRAS Basin #2 - Basin placed into service November 13, 2017; MRAS Basin #3 - completed; Final Clarifier #1 - Placed into service November 15, 2017; Final Clarifier #2 - Placed into service August 29th; Final Clarifier #3 - Placed into service November 15, 2017; DWAS Tank - Placed into service March 14, 2018; Solids Handling Building - placed into service; UV Building - placed into service. Primary Clarifier B - Placed into service February 2018. Primary Clarifier A - Placed into service in March 2018. Project issued substantial completion June 21, 2018. RMCI working on as-built drawings and project closeout documents.

- Engineering Design Contract.
  1. 2P Waterline Replacement Project - Phase I - Project funding under DWSRF program through NMED/ NMFA. City Council awarded contract to TRC Construction, Flora Vista, NM for $3,040,950.71; Estimated completion June 2019; On (US 64): waterline installation completed; NMFA approved change order - added the following streets to the project: (S. Graham, Sycamore, Griffin, Bramble, Plum, Dustin) to expend the projected cash balance on streets adjacent to the project. Construction completed on Griffin, S. Graham Rd., Sycamore, Plum St, Bramble and Poplar. TRC working on service lines on Dustin Ave. Construction is 97% complete.
  2. 2P Waterline Replacement Project - Phase II - funding under DWSRF program through NMED/ NMFA; NMFA board approved a 25% grant recommendation ($898,900) - Construction contract awarded to TRC Construction Inc., NTP July 9th - Contract time 270 days; McCormick School Road - 99% complete, Contractor working on installing waterline in Murray Drive - 74% complete.
  3. 2P Waterline Replacement Project - Phase III - Beginning at the intersection of US64/Camina Flora along Bloomfield Blvd to McCormick School Rd., Hutton Ave. from US64 to Southside River Rd., Don Roven from US64 to end of street, Carlton Ave from US64 to Bloomfield Blvd. - Project funding under DWSRF program through NMED/ NMFA; 25% ($725,000) grant recommendation. City Council approved moving forward in the NMFA loan process. Estimated Cost $2.9 million. CWE design completed. City and NMFA loan documents process completed. Project set for construction in 2019.
  4. La Plata Highway (Phase I) Pinon Hills Blvd to Coyote Dr. - Project redesign for water line replacement and NMDOT permitting; CWE working on waterline design – 30% complete. CWE working with NMDOT on permitting requirements dealing with the archeology along the proposed waterline replacement alignment.

- Capital Project Review.
  1. Capital Improvement Project
  2. Renewal and Replacement
     - Wildflower Parkway - 4P Pump Station - Cheney-Walters-Echois (CWE) design completed. Bids opened June 26, 2018. - Contact awarded to RMCI. Site Grading completed; Contractor working on building foundation; Construction - 20% complete.
     - W. Main Street - W. Murray Dr to Valley Vista Dr - Replace existing 6" CI waterline with a 12" PVC waterline & Replace existing 8" clay tile sewer line with a 15" PVC sewer line - City Council awarded contract on Nov 27 to AUI Inc. of Albuquerque. Contractor installing waterline along W. Main Street – Construction 8% complete.
• W. Broadway - Miller to Auburn - Replacing 6" C.I. waterline with a 12" PVC waterline - Construction 98% complete.
• W. Broadway - Schwartz to Lake Street - Replacing 6" C.I. waterline with a 12" PVC waterline - Construction 98% complete.
• S. Behrend Ave. - Main St to Broadway - Replacing 6" C.I. waterline with a 8" PVC waterline - Construction completed.
• E. Main St. - Intersection of Pinion Hills Blvd - Replacing 16" steel waterline with 16" PVC waterline - Construction 99% complete.
• San Juan Blvd - Butler to Scott - Replacing 6" C.I. waterline with a 12" PVC waterline - Construction started in the Intersection of San Juan Blvd/Butler Ave.; Construction 68% complete.
• San Juan Blvd - American to Scott - Replacing 6" C.I. Waterline with a 16" PVC waterline - Construction 24% complete.
• Sullivan Ave. - 20th St. to Cliffside - Replacing 6" C.I. waterline with a 12" PVC waterline - Construction 60% complete.
• Sullivan Ave. - Cliffside to 30th St. - Replacing 6" C.I. waterline with a 12" PVC waterline - Construction 2% complete.
• Polyline Replacement - KG Sewer working in Westland Park Subd -
  • To date 245 polylines replaced

3. Pressure Reducing Valve (PRV)
• None

4. Sewer Lift Stations
• Lift Station 9 Improvements (109 Meadow View Dr.) - The project is to rehab of the existing lift station which includes the mechanical, pumping equipment, piping and electrical system. Contract awarded to TRC Construction, Inc., Pre-construction meeting held on January 9th, 2019. Anticipate construction to begin in May 2019; depending on pump delivery.
• Lift Station 12 Improvements (1214 Mossycup Dr.) - The project is to rehab of the existing lift station, which includes the mechanical, pumping equipment and electrical systems. Design - 75% complete, Construction in FY20.

• Budget. - FY12 – PUC/City Council budget hearing April 10, 2019.
• COF Department Support. Survey support to acquire manhole data of sewer collection system.
• Annual Utility Contract. - 2019 contract – City Council awarded contract to TRC Construction; Flora Vista, NM.
• Federal Funding -
  1. Water Projects – 2P Waterline Improvement Project
     • Project to replace the existing 6" and 8" cast iron waterline (approximately 30,000 LF) along US 64 and various side streets. Project has been broken into three phases - Phase I - Estimated cost $3.2M, Phase II - Estimated cost $3.6M, Phase III - Estimated cost $2.9M.

• PROJECTIONS / INITIATIVES REQUIRING INTER-DIVISIONAL COORDINATION
• Farmington Reach – Navajo Municipal Pipeline.
  1. Final agreements on hold, pending Bureau of Reclamation (BOR) completion of pipeline.
• WWTP NPDES PERMIT - EPA. New NPDES permit went into effect on November 1, 2016 permit expires October 31, 2021. New NPDES permit modified total dissolved solids (TDS) requirement from 400 mg/l incremental increase to 497 mg/l incremental increase for WWTP effluent.
• Snowpack - Water Year 2019 - BOR reporting site:
  • Animas River Basin - 168%
  • San Juan River Basin - 150%

ATTACHMENTS
WATER USAGE - RESIDENTIAL CUSTOMERS
WATER USAGE - COMMERCIAL CUSTOMERS
WATER FUND (602) - RENEWAL & REPLACEMENT
WASTEWATER FUND (603) - RENEWAL & REPLACEMENT
GRAPH WATER REVENUE FY 15 - FY19
# WATER

## Renewal & Replacement

### Water Fund - 602

#### REVENUES

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- W Main St. - Villa Vista to East of Walmart: $2,500,000
- Main St. - Hallmarc Dr. to Kira Sr.: $1,800,000
- San Juan Blvd - American Ave to Scott Ave.: $1,400,000
- San Juan Blvd - Scott Ave to Butler Ave: $600,000
- Dustin Av. - Ute to Hopi St.: $830,000
- Butler Av- Cooper to Hopi St.: $530,000
- Sullivan Ave - 20th St to Cliffside: $400,000
- Sullivan Ave - Cliffside to 30TH St: $300,000
- Northwood Dr - Crescent Ave to 30th St: $130,000
- Polyline Service Replacement: $350,000
- Line Abandonment: $100,000
- Fire Hydrant 1960 Replacement: $60,000

**PROJECTED EXPENDITURES FY07 - FY19**: $32,292,970

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![WATER RENEWAL & REPLACEMENT](image-url)

**FISCAL YEAR**

- Actual FY15
- Actual FY16
- Actual FY17
- Actual FY18
- Y-T-D FY19

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-3.3-
## WASTEWATER

### Renewal & Replacement

#### Wastewater Fund - 603

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**REVENUE TO DATE**

- $17,107,089

**PROJECTED REVENUE FY07 - FY19**

- $19,595,170

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**BUDGETED FY 19 PROJECTS**

- East Trunk Sewer Rehab - Phase 2: $2,000,000
- West Trunk Sewer Rehab: $2,500,000
- Manhole Rehab: $150,000
- Mainline Rehab - Robotic: $350,000

**PROJECTED EXPENDITURES FY07 - FY19**

- $16,017,001

### WASTEWATER RENEWAL & REPLACEMENT

![Graph showing Wastewater Renewal & Replacement](chart.png)

- Revenue
- Expenditures
Total Water Revenue Per Month
FY15 - FY19

BUDGET TO ACTUAL COMPARISON PER MONTH

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REVENUE PER CLASS/CUSTOMERS

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SCHEDULE OF CUSTOMERS

R = Residential  GS = General Service,  
|        |        |        |        |        |
|        | Single (commercial)  |        |        |        |
|        | Contract Users (bulk water users)  |        |        |        |
|        | Recreational/Raw Water/Water Users  |        |        |        |
|        | (city facilities and Fire Hydrants)  |        |        |        |
|        | R & R = Renewal & Replacement  |        |        |        |
| OTHER  | Miscellaneous  |        |        |        |

-3.5-
Public Utility Commission
City of Farmington's Water and Wastewater Utilities

Monthly Report
Wednesday, April 10, 2019
Animas River

- Summary:
  - River flows increased in March with multiple rain and snow events and spring off starting.
Summary:
Graph indicates the average monthly levels, in percent capacity.
Pumping has continued to fill the lake to 100%. The goal is to keep the lake as full as possible through the winter. Turbidity has been too high to pump for most of March.
Water Production History

Summary:

March water production increased compared to last month and decreased from March last year.
Non-Revenue Water

- Non-revenue water for last fiscal year was 21%. Water audit is done annually at end of fiscal year with the AWWA water audit tool. AWWA national average is 24%.
Maintenance
New Meter Installations/ System Growth

Summary:
9 new meters were installed in March. This is up from last month and greater than last year.
Maintenance
Water Line Repairs (Mains and Service Lines)

Summary:
There were 27 breaks in March;
9 main lines and 18 service lines.
**Maintenance**

# Water Line Repairs by pipe type

Summary:
Main line breaks in March consisted of 5 cast iron lines, 2 PVC, and 2 AC line.

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Maintenance
Water Line Repairs

Summary: Service line breaks in March consisted of 15 black poly lines, 1 galvanized steel line, and 2 copper lines.
Wastewater Treatment

Effluent Flows / Wastewater
Avg. MGD

Summary:
Flow in March increased from last month and from the same month last year.
Lab Quality Control Statistics

March 2019 QC Dashboard
238 Data Points
A RESOLUTION RELATING TO THE NATURAL GAS SUPPLY AGREEMENT BETWEEN THE CITY OF FARMINGTON AND THE NEW MEXICO MUNICIPAL ENERGY ACQUISITION AUTHORITY, AS AMENDED BY A FIRST AMENDMENT; AUTHORIZING ACTION NECESSARY OR ADVISABLE TO OBTAIN A GAS DISCOUNT PURSUANT TO THE SUPPLY AGREEMENT, AS AMENDED, INCLUDING THE EXECUTION AND DELIVERY OF CERTIFICATES AND AGREEMENTS RELATING TO THE FOREGOING; RATIFYING, APPROVING, AND CONFIRMING PRIOR ACTION TAKEN RELATED TO THE FOREGOING; AND REPEALING ACTION INCONSISTENT HERWITH.

WHEREAS, the City of Farmington (the "City") is a municipal corporate and politic organized and existing pursuant to the laws of the State of New Mexico (the "State"); and

WHEREAS, the City owns and operates a municipal electric utility system (the "Electric Utility") which comprises a part of the City's joint electric light and power, water and sanitary sewer system that supplies electricity to customers of the Electric Utility within the municipal boundaries of, or in proximity to, the City; and

WHEREAS, the Electric Utility includes generating facilities which utilize natural gas for their operations; and

WHEREAS, the City entered into a "Natural Gas Supply Agreement" for the City Electric Utility, as amended by a First Amendment (as amended, the "Gas Supply Agreement"), with the New Mexico Municipal Energy Acquisition Authority (the "Authority"), a joint powers authority organized pursuant to the Joint Powers Agreements Act, Sections 11-1-1 through 11-1-7 NMSA 1978, for, among other things, the purpose of financing and acquiring long-term energy supplies, for its members, including the City; and
WHEREAS, the Council has been advised as follows (capitalized terms appearing below shall have the meanings ascribed to such terms in the Gas Supply Agreement unless otherwise indicated):

(1) The natural gas deliveries made by the Authority to the City pursuant to the Gas Supply Agreement were financed with proceeds of the Authority's Gas Supply Revenue Bonds, Series 2014 (the "2014 Bonds"), which 2014 Bonds are subject to mandatory redemption on August 1, 2019, and must be refinanced in order to enable the Authority to continue to deliver natural gas to the City at a discount; and

(2) The Gas Supply Agreement provides that the City may elect to have all or a portion of its Daily Contract Quantities remarkeeted for the Remaining Term in the event that Available Discount is less than the Minimum Discount of 37 cents per MMBtu (a "Remarketing Election"); and

(3) The amount of discount that will be available through the refunding and refinancing of the 2014 Bonds (the "2019 Refunding Transaction") is a function of the pricing and final terms
of the 2019 Refunding Bonds under the bond market conditions in effect on the day of pricing of the Refunding Bonds and will be determined at the time the 2019 Refunding Bonds are sold to Royal Bank of Canada (the "Gas Supplier"); and

(4) The available discount will be increased by extending term of the Gas Supply Agreement for up to an additional 10 years and providing for the delivery of additional volumes of natural gas through the issuance by the Authority of bonds to finance the prepayment for those additional volumes (the "2019 New Money Transaction" and, together with the 2019 Refunding Transaction, the "2019 Transaction"); and

(5) The 2019 Transaction cannot proceed if the City makes a Remarketing Election; and

WHEREAS, in connection with the 2019 Transaction, it will be necessary for authorized officers of the City to execute and deliver certain closing certificates and agreements, including but not necessarily limited to a general city certificate and a continuing disclosure certificate or agreement and such other certificates and agreements that may be necessary or appropriate to the City's participation with the
Authority, including such certificates and agreements which may be reasonably requested in connection with the Bonds issued by the Authority (the "Closing Documentation"); and

WHEREAS, the Authority retained the Majors Group as its Municipal Advisor in connection with the issuance of the 2014 Bonds, and has retained the Majors Group for the 2019 Transaction; and

WHEREAS, the Council desires to authorize the execution, delivery and performance by the City of the Closing Documentation; and

WHEREAS, it is in the best interest of the City and its electric utility customers that the City not make a Remarketing Election if the conditions specified in Section 2 of this Resolution are satisfied.

NOW, THEREFORE, be it resolved by the Governing Body of the City of Farmington, New Mexico:

Section 1. Determination of Best Interest of Farmington Electric Utility. The Council finds and hereby determines that it is in the best interest of the City and its electric utility customers for the City to continue to obtain a discount to its natural gas costs, and that terminating deliveries of natural gas from the Authority by making a Remarketing
Election is not in the best interest of the City if the discount is reasonable based on current market conditions.

Section 2. **Delegation of Authority to Effect the 2019 Transaction.** The Mayor, Manager and officers and employees of the City be, and hereby are, authorized and directed to take all action necessary or appropriate under the Gas Supply Agreement and in connection with the Remarketing Election, to effectuate the 2019 Transaction, including, without limiting the generality of the foregoing, the execution of the Closing Documentation, subject to the provisions of Section 3 of this Resolution.

Section 3. **No Remarketing Election upon Satisfaction of Condition.** The City will not make a Remarketing Election if, at the time that the final terms of the 2019 Transaction are established, the Majors Group, as Municipal Advisor to the Authority, provides a written opinion, addressed to the Authority and the City (which may include the other member-local governments of the Authority), that the discount amount is comparable to the highest discount reasonably achievable under then-current market conditions and is otherwise in the best interests of the Authority and the City as such interests are understood by the Majors Group.

Section 4. **Ratification.** All prior action of the City and the respective officers, agents or employees of the City taken in connection with the Closing Documentation is hereby ratified, approved and confirmed, except to the extent that such action is inconsistent with
the provisions of this Resolution or the authorization contained herein to execute and deliver the Closing Documentation.

Section 5. **Severability.** If any section, paragraph, clause or provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this resolution.

Section 6. **Repealer.** All resolutions or parts, thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any resolution, or part thereof, heretofore repealed.

Section 7. **Limited Obligations.** All financial obligations incurred hereunder are limited to revenues of the City's Electric Utility.

Section 8. **Effective Date.** This Resolution shall be effective immediately.

[SIGNATURE PAGE FOLLOWS]
PASSED AND ADOPTED this ___ day of APRIL, 2019.

CITY OF FARMINGTON, NEW MEXICO

By: ______________________________
    Mayor

[SEAL]

ATTEST:

By: ______________________________
    City Clerk
To Whom it May Concern:

We the undersigned represent the (majority of) (entire) City of Farmington, New Mexico Public Utility Commission (PUC). As a Mayoral-appointed commission, we are tasked with providing the Mayor and elected City Council of Farmington with input and recommendations concerning operational and capital investment decision-making policies of the City-owned, Farmington Electric Utility System (FEUS). Collectively, we represent and serve the interests of 45,000 FEUS electric meter customers.

For the record, we strongly support efforts to extend the life of San Juan Generating Station (SJGS). We heartily support discussions with potential purchasers of the plant such as Acme Equities.

Additionally, we are excited to support the proposed investment by Acme in carbon capture technology at SJGS. In addition to building on an already outstanding environmental record at SJGS (made possible in part by FEUS investment in pollution control technology), ACME’s investment shows real promise to further reduce the already greatly reduced carbon emissions at SJGS. We note with interest that the U. S. Department of Energy states that SJGS is ideally suited for such retrofit technology (See Attachment A). However, acquisition and investment proposed by Acme adds additional value beyond carbon capture to the citizen customers we serve as a PUC.

Avoiding the unnecessary premature closure of SJGS will allow FEUS to defer approximately $97 million dollars of expense associated with replacing its 43MW of capacity. Regrettably, premature closure and its avoidable consequences is more likely to occur with the recent passage of NM Senate Bill 489 - The Energy Transition Act (SB 489). The recovery through higher FEUS electric rates will unnecessarily cost the customers we represent approximately 5.5% annually.

As the City of Farmington PUC, we pride ourselves on the excellent service FEUS provides at the lowest prices in the region. As you are aware, as a community we are striving hard to diversify and grow our regional economy. Offering businesses and residential customers low-cost electricity is an important tool in the retention of our existing electrically intensive manufacturing jobs and for the recruitment of future jobs in industries like data centers.

Lastly, as a PUC we would be remiss not to incorporate in our consideration of support for ACME or another purchaser’s proposed investment, the hundreds of jobs and direct economic benefits that SJGS provide our customers, neighbors and friends. We understand from ACME Equities that the addition of
carbon capture technology would result in the hiring of approximately 50 additional employees at good-paying wages, while adding additional value to San Juan County's and New Mexico's natural resources.

Accordingly, again, we strongly support potential purchasers including ACME and its interest in our community, in SJGS and for examining the feasibility of incorporating carbon sequestration technology.

Sincerely,