

## 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  
Electric Generation  
Customer Service  
Electric Business Operations  
Electric Engineering  
Public Works Department  
Public Works Department  
JACOBS  
Administrative Services  
Administrative Services  
PUC Secretary

Hank Adair  
Britt Chesnut  
Nicki Parks  
Brandon Hill  
John Armenta  
David Sypher  
Jeff Smaka  
Teresa Brevik  
Teresa Emrich  
Sheree Wilson  
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

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 cost for the truck. Mr. Rosen said there is a 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 contact change is for the term of the five yar 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.

**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 the city was considering from evaluation with investment firm Thompson Hine. Acme came for a tour of the mine and the San Juan Generation Station (SJGS) and also met 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 8.475% of San Juan Unit 4; San Juan Unit 4 provides 43 MW of 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 is 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 be 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.


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 10<sup>th</sup> day of April, 2019.

  
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James Spence, MD, Chair