

BOARD OF PUBLIC UTILITY COMMISSION

The regular meeting of the CITY OF FARMINGTON BOARD OF PUBLIC UTILITY COMMISSIONERS was held Wednesday, May 8, 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
Connie Dinning
Chris Hunter
Joanne Duckwitz

Commission members absent:

Marty Johnson
Tory N. Larsen
Kyle Westall

City personnel present:

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

Hank Adair
Britt Chesnut
Nicki Parks
Brandon Hill
John Armenta
Jeff Smaka
Teresa Brevik
Teresa Emrich
Amy McKinley

Guests:

Steve Ellison
David Fosdeck

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 April 10, 2019 meeting of the Public Utility Commission and the Joint Public Utility Commission/City Council Special Budget meeting. Commissioner Hunter made this motion and Vice Chair Parkes seconded. Upon voice vote the motion passed unanimously.

BUSINESS

Quarterly Financial Report – 3rd Quarter Ending March 31, 2019

Electric Utility

Ms. Teresa Emrich offered a review of the Quarterly Financial report for the Electric Utility indicating the Net Income increased \$5million from FY2018. Operating Revenues increased \$5.4 million or 7.3%; electric sales increased \$6.1 million, PCA sales were up \$5.7 million. The report noted Residential customer sales were higher by \$1.1 million and Industrial customer sales were down by \$1.1 million.

Ms. Emrich reported Operating Expenses saw a slight decrease of \$142 thousand; Non-operating Revenues decreased \$732 thousand primarily due to decreases in capital contributions; Non-Operating Expenses decreased \$278 thousand.

Water Utility

Ms. Emrich offered a review of the Quarterly Financial Report for the Water Utility for the 3rd Quarter ending March 31, 2019. The report noted the Water Utility's net income decreased \$627 thousand from last year; Operating Revenues increased \$586 thousand. Water Sales were up \$146 thousand; Residential customer sales increased \$51 thousand and Commercial customer sales increased \$145 thousand. Renewal/Replacement fees

increased \$457 thousand. Operating Expenses increased \$1.4 million. The OMI contract increased \$1.3 million over last year due to increased maintenance for pump station, material markups and taxes. OMI Other Expenses increased \$16 thousand mainly due to the increased lab and testing fees. Ms. Emrich noted that non-operating revenues increased \$78 thousand and non-operating expenses decreased \$93 thousand.

Commissioner Glass noted that on the water bill there is a 5% state tax and he wanted to know what figures are used to calculate this 5%. Ms. Nicki Parks stated the 5% is calculated from the combined total of water, sewer, and sanitation fees.

Wastewater Utility

Ms. Emrich offered a review of the finances for the Wastewater Utility for the Water Utility for the 3rd Quarter ending March 31, 2019. She noted the Wastewater Utility's net income increased \$232 thousand from last year. Operating Revenues were up \$1.1 million; residential wastewater customer sales were \$667 thousand higher and commercial wastewater customer sales were up \$188 thousand from last year. The Renewal/Replacement fee increased \$282 thousand; the Environmental tax was down \$28 thousand. Ms. Emrich noted the Operating expenses increased \$643 thousand. The OMI contract was up \$381 thousand from last year and other operating expenses increased \$212 thousand. Non-operating revenues decreased \$155 thousand, mainly due to a decrease in transfers from Water, and Non-operating expenses increased \$38 thousand.

Regarding the Wastewater Utility, Vice Chair Parkes observed the \$3 million profit on revenues of \$9 million. He noted that when the budget is reviewed Revenue shows a tremendous profit but this quarterly report tends to demonstrate a break-even amount and he wonders if this discrepancy has to do with depreciation. Vice-Chair Parkes asked what kind of depreciation is taken on sewer lines. Mr. Smaka stated the depreciation is amortized over 30 years. Ms. Emrich noted that the budget does not include depreciation, where the Actuals would include depreciation.

Chair Spence asked about the decrease in the environmental tax and how this is calculated. Ms. Emrich said this environmental tax is determined from the gross receipts taxes the city receives from the state.

Water/Wastewater Report:

Mr. Jeff Smaka offered a review of the activities for the Public Works Water/Wastewater divisions for April 2019. He noted the Wastewater Treatment Plant project is getting closer to being finalized out. Regarding the 2P Waterline Phase I project construction is complete and staff is working on closing out documents and final inspections. Phase II of the 2P Waterline project along Murray Drive and McCormick School Road is approximately 87% complete; paving on Murray Drive is anticipated to begin next week.

Regarding the Wildflower Pump Station 4P project, pumps and motors are in and the building is up. Construction continues with an anticipated completion the end of FY19.

Mr. Smaka briefly reviewed the status of various renewal and replacement projects taking place throughout the city.

Water/Wastewater Operations Report:

Ms. Brevik offered a review of the water/wastewater operations activities for April, 2019. Farmington Lake is just over 97% full; pumps are active. The river may appear muddy but the turbidity levels within the limits to run the pump stations. Water production in April increased compared to March but decreased compared to April 2018. She noted the installation of three new water meters in April, down from five installations last year. Ms. Brevik said there were 14 water line breaks in April: 4 main lines and 10 service lines.

Ms. Martha Roberts reviewed the Household Hazardous Waste cleanup day on April 27, 2019 noting this cleanup was quite successful. 604 vehicles came through this spring cleanup day. She said in the Farmington location 468 vehicles came through. Of those 468 vehicles, 63 were from the county. At the Aztec location, 126 vehicles from the county came through and 10 Farmington vehicles went to the Aztec site. Commissioner Glass asked if the Clean Up is manned by volunteers and Ms. Roberts confirmed that volunteers do play a key role in making these cleanup events successful.

Write offs of Aged Accounts

Ms. Nicki Parks addressed the commission asking for a PUC recommendation to City Council to write off any inactive utility accounts aged over four years with a balance of \$0.01 or more. She noted the amount being requested is approximately \$106,741.20. Ms. Parks said this amount is .08% of revenue; industry standard is 1% for write-offs for utilities and COF consistently stays beneath this standard. Ms. Parks did observe the write-off amount is approximately \$10,000 higher than last year.

Commissioner Glass asked if this write-off amount is for the entire utility bill or just electric. Ms. Parks said this is for all city utilities, water, sewer, and electric.

Chair Spence asked for a motion from the PUC to recommend to City Council to write off uncollectible and unsecured utility accounts in the amount of \$106,741.20. Vice-Chair Parkes made such a motion; Commissioner Hunter seconded and the motion passed unanimously.

Electric Utility Report:

Mr. Brandon Hill offered the electric utility report for the month of March 2019. He reported the total GWh Sales for March was 75GWh; 22GWh for Residential; 32GWh for Commercial; 21GWh for Industrial. Mr. Hill noted that in Revenue, Residential revenue was \$22.56 million, Commercial revenue was \$30.24 million, and Industrial revenue was \$15.47 million. Regarding Capital Expenditures, Mr. Hill's report noted the budgeted capital expenditures for March 2019 was \$1.2 million and actual capital expenditures was \$1.7 million.

Mr. Hill noted that on May 1, 2019, the PCA increased to \$0.010 per kWh.

General discussion ensued regarding the various utility events and activities that initiate increases or decreases to the PCA and how staff presents PCA historical data to the commission.

Director Report:

Mr. Hank Adair offered information on the activities of the utility. Regarding substations, the design analysis is underway for the Bluffview Switchyard Relay Upgrade project; rock replacement is ongoing at the Cottonwood Substation.

Mr. Adair reviewed various distribution/transmission issues. He noted FEUS is making efforts to work with Castleton Commodities (CCI) to finalize right of way access so that FEUS could supply power to them. Staff has reached out a few times to CCI but have been unable to connect with CCI representatives. Mr. Adair said the Aztec outage on April 26-27, 2019 went well. This project was for the Aztec Substation tie in. FEUS crews installed three poles and a transformer set for Bisti Bay Water Park. Transmission pole-to-pole maintenance was completed on the Bluffview to Animas 115kV and Animas to Chaco 69kV. Mr. Adair provided an update on the AMI Pilot project.

Regarding activities at FEUS generation sources, the Navajo Hydro Plant was back on line the third week of April. The planned outage at Bluffview was completed as planned on April 12. The outage at the San Juan plant continues with a return date of May 19. Regarding the new generation source, the power island is out for bid; the generator step up (GSU) transformer and the EPS (engineer, procure, and construct) are getting ready to go out for bid.

BUSINESS FROM THE FLOOR

None.

ADJOURNMENT

There being no further business to come before the Commission, upon motion duly made and seconded, the meeting adjourned at 4:15 pm.

Approved this 10th day of July, 2019.


James Spence, MD, Chair