

BOARD OF PUBLIC UTILITY COMMISSION

The regular meeting of the CITY OF FARMINGTON BOARD OF PUBLIC UTILITY COMMISSIONERS was held Wednesday, August 14, 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
Gordon Glass
Alex Uhl
Connie Dinning
Tory N. Larsen
Chris Hunter
Kyle Westall

Commission members absent: Jeff Parkes
Marty Johnson
Joanne Duckwitz

City personnel present:
Electric Utility Director Hank Adair
Electric Engineering John Armenta
Electric Generation Britt Chesnut
Electric Utility Operations Brandon Hill
Public Works Department Jeff Smaka
Public Works Department David Sypher
Administrative Services Teresa Emrich
Administrative Services Sheree Wilson
Legal Jennifer Breakell
PUC Secretary Andrea Jones

Guests:
Danielle Uhl, Electric Engineering Intern

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 July 10, 2019. Commissioner Glass moved to approve the Minutes and Commissioner Dinning seconded the motion. Upon voice vote, the motion passed unanimously.

BUSINESS

Quarterly Financial Report, 4th Quarter Ending June 30, 2019

Ms. Teresa Emrich offered a report detailing the quarterly financials for the utilities for the 4th quarter ending June 30, 2019.

The Electric Utility Operating Revenues increased by \$9.5 million, primarily due to the increase in the PCA, which increased \$0.01/kWh in May 2019. The utility also experienced an increase in Residential sales by \$855 thousand, while Industrial customer sales decreased \$496 thousand. Electric Utility Operating Expenses saw an increase of \$1.9 million. This increase includes purchased power costs that were \$1.6 million higher than last year due to higher prices during certain days and times as well as outages at Bluffview in the spring, a \$303 thousand increase in fuel costs (coal and natural gas).

The Water Utility's net income decreased \$1.5 million from last year. Operating revenues had an increase of \$624 thousand to include Water Sales of \$51 thousand, and a \$601 thousand increase in Renewal/Replacement fees. Operating expenses increased \$2.3 million mostly due to a \$2.1 million increase in the OMI contract, which was for increased maintenance for pump station, material markups and taxes.

The Wastewater Utility's net income decreased \$122 thousand from the prior year. Operating revenues increased \$1.3 million due in part to \$956 thousand in wastewater sales and \$353 thousand increase in Renewal/Replacement fees. Operating expenses increased \$1.2 million, which includes an increase of \$591 thousand for the OMI contract and an increase in other operating expenses of \$465 thousand, which encompasses increased costs for contract work, property insurance and utility expenses.

Water/Wastewater Report

Mr. Jeff Smaka offered a review of the water and wastewater activities around the city for the month of July.

Mr. Smaka noted that Phase III of the Waste Water Treatment Plant project is complete and staff is working on loan closeout documents with NMED.

The 2P Waterline Replacement project is in various stages of completion: Phase I is complete and staff is working on project loan closeout documents with NMFA; Phase II is 99% complete with contractor working on punch list items; Phase III should go out for bid fall of 2019 with construction during the winter 2019 through summer 2020.

Mr. Smaka commented that the 4P Pump Station project on Wildflower Parkway is 99.5% complete. A pump station start-up was held on July 29 and substantial completion of the project approximately August 1, 2019.

Mr. Smaka's reported highlighted status of completion of a variety of projects taking place throughout the city.

Commissioner Hunter asked if San Juan Boulevard would be resurfaced at the conclusion of the waterline project. Mr. Smaka said he would verify the plan for paving of San Juan Boulevard.

Commissioner Hunter asked if there would be any way to expedite completion of the project on Butler. Mr. Smaka noted the contractors are working well within the confines of the work hours allotted to them due to the close proximity of residential neighborhoods all along Butler. It is anticipated this project will last three months.

Water/Wastewater Operations Report

Ms. Monica Peterson offered a presentation regarding water/wastewater operations for July 2019. The report indicated Farmington Lak is at 100% capacity and that both the Farmer's Ditch Pump Station and Animas #2 Pump Station are in use. Water production increased in July when compared to same month last year. Staff installed eight new water meters in July, which is up from last month and the same month last year. July saw repairs of 4 main lines and 15 service lines.

For Wastewater Treatment, flow in July decreased from last month, yet increased from the same month last year.

Environmental Lab quality control data results are in the 97 percentile.

Identification of Feeder Length Reliability-Electric Engineering Intern Project update

Mr. John Armenta, FEUS Engineering Manager, introduced Ms. Danielle Uhl, summer intern for the FEUS' Electric Engineering division. Mr. Armenta said that one of the facets of his job is to seek ways to improve reliability of the system, and one method for improving reliability is to determine two things: what is a long feeder and what is a short feeder. Off the cuff, this may seem like an easy thing to discover but it is more complicated. Mr. Armenta said he had developed a process, but to implement the process was a project that was bigger than the time the engineering staff had to devote to it, but was too small to consider getting a contractor, so Mr. Armenta thought this was the perfect project for a summer intern.

Using PowerPoint and Excel spreadsheets, Ms. Uhl offered a presentation demonstrating how she developed the mathematical calculation required to identify the long and short feeders within the Farmington Utility Electric System. Ms. Uhl presented her results to other FEUS staff and they indicated that one of the longest feeders lines Ms. Uhl identified, the 842 line, does have a number of problems on it. This feedback validated the results of Ms. Uhl's project.

Mr. Armenta noted that the use of Ms. Uhl's program would aid the utility in determining how to budget for future upgrades throughout the system.

Electric Utility Report

Mr. Brandon Hill offered information from the Electric Utility Report for the month of June 2019. He reported the total GWh Sales for June was 76GWh; 18GWh for Residential; 32GWh for Commercial; 26GWh for Industrial. Mr. Hill noted that in Revenue, Residential revenue was \$28.42 million, Commercial revenue was \$39.44 million, and Industrial revenue was \$20.37 million. Regarding Capital Expenditures, Mr. Hill's report noted the budgeted capital expenditures for June 2019 was \$648 thousand and actual capital expenditures was \$617 thousand.

Director's Report

Mr. Adair offered a brief review of the activities of the electric utility. He noted the Aztec Substation Phase II project is officially completed. Regarding electric infrastructure in Aztec, the city of Aztec and FEUS are preparing a Memorandum of Understanding to participate in a 50/50 capacity to complete some substation and transmission projects that will be mutually beneficial to the consumers of both entities. Mr. Adair noted the Ancient Trails substation is a new substation project.

Regarding Distribution/Transmission projects, the US Highway 64 project is scheduled to be back into service the week of August 12. Mr. Adair said FEUS is working with the owners of the Mesa Mobile Home Park to upgrade the electric service that serves this neighborhood. The owners of Mesa Mobile Home Park are financially responsible for this project.

Mr. Adair updated the commission on the various activities regarding generation sources. At the Bluffview plant, factory acceptance tests were complete for the controls project. These controls are set for installation in the fall. The Animas plant has experienced challenges; a troubleshooter was brought in, a solution was determined and this unit was returned to service.

Mr. Adair reported the utility did complete the tri-annual WECC O&P and CIP audits. From these audits, FEUS does have three potential non-compliance findings. FEUS is awaiting WECC's final reports of these audits.

Mr. Adair said staff is working on the Avoided Cost Calculation. This cost calculation is evaluated annually. This will have two effects: one is for the stand-by service net metering customers, so if they over-generate we pay at the avoided cost, currently \$0.035, which is the cost of generation for the utility; the other use for a qualifying facility (QF), which FEUS may have one or more in the future.

Mr. Adair provided general information regarding the San Juan project transfer of non-extender rights between the City of Farmington and Enchant LLC and Enchant Energy Corporation. General discussion ensued regarding this matter.

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 4:44 pm.

Approved this 11th day of September 2019.



James Spence, MD, Chair