

BOARD OF PUBLIC UTILITY COMMISSIONERS

The special meeting of the CITY OF FARMINGTON BOARD OF PUBLIC UTILITY COMMISSIONERS was held Wednesday, March 9, 2016 at 3:00 p.m., in the Executive Conference Room at City Hall, 800 Municipal Dr., Farmington, New Mexico, in full conformity with the laws and ordinances of the Municipality.

GENERAL

1. Commission members present: James Spence
Jeff Parkes
Marty Johnson
Gordon Glass
Bill Standley
Bill Hall
Tory Larsen
Chris Hunter
Carol Cloer

Commission members absent: Keith Johns
Rubin Armenta

City Council Liaison: Gayla McCulloch

City personnel present:	
Electric Utility Director	Rodney Romero
Electric Transmission & Distribution	Ward Allies
Customer Service	Nicki Parks
Public Works Department	David Sypher
Public Works Department	Jeff Smaka
OMI/CH2MHill	Ron Rosen
Administrative Services	Andy Mason
Administrative Services Accounting	Sheree Wilson
City Manager	Rob Mayes
Legal	Jennifer Breakell
PUC Secretary	Amy McKinley

2. 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 if there were any additions or corrections to the Minutes of the February 10, 2016 meeting. Commissioner Parkes made a motion to approve the Minutes and Commissioner Hunter seconded the motion. The motion passed unanimously.

BUSINESS

1. Proposed Sanitation Contract:

Mr. David Sypher, Public Works Director, presented information about the proposed Sanitation Contract. Mr. Sypher reminded commissioners that in the Fall of 2015 he brought before the PUC for informational purposes the RFP for the solid waste program as the contract with Waste Management was nearing completion. Mr. Sypher stated that the RFP was posted and the city received one proposal. Mr. Sypher stated that while the solid waste contract is not a part of the PUC's charter, because Commissioner Hunter sat in on the RFP planning meetings and offered suggestions which were added to the RFP, Mr. Sypher wanted to ask for a recommendation from the PUC to City Council regarding the desire of the Public Works department to engage in contract negotiations with Waste Management. Mr. Sypher briefly reviewed various items that would be included in the negotiation process.

City Manager Mayes reiterated that the Public Utility Commission is not obligated to offer a recommendation because by Ordinance Solid Waste is not under the authority of the Public Utility Commission but it is staff's request that the PUC offer its recommendation to the City Council.

Chair Spence asked for a motion to recommend approval to the City Council regarding the Sanitation contract. Commissioner Standley made the motion and Commissioner Cloer seconded; all present voted aye and the motion passed.

2. Water/Wastewater Report:

Mr. Smaka offered a brief review of the activities of the Water/Wastewater division. He pointed to the 2P Waterline Replacement Project stating this project is under current design and that the project is a loan/grant package from New Mexico Finance Authority; the project is estimated at \$3.2 million and the city will receive a \$1 million grant. Mr. Smaka stated the Water Treatment Plant #2 project is approximately 99% complete. Mr. Smaka said the Wastewater Treatment plant project bid opening took place on March 3, 2016 and 3 bids were received. He said the estimate for this project is approximately \$14 million and the lowest bid came in at \$16.7 million. Mr. Smaka staff will be revisiting the engineering behind the estimated cost for this project. Mr. Smaka also said he has reached out the NIMED Financing Group to determine if additional funds could be available should staff decide to move forward with the project.

Vice-Chair Parkes asked about estimated timetables about a decision of the wastewater treatment plant #2 project and its staff looking at design changes. Mr. Smaka stated staff is looking into areas where efficiency could be improved on this project. Mr. Smaka stated if the bid must be canceled and re-bid, this could cause an approximate sixty day delay.

3. Water/Wastewater Operations Report:

Mr. Ron Rosen offered a presentation about the new real-time reporting process being implemented by OMI for work orders, preventative maintenance and other reporting items. He said this presentation demonstrated some of the areas he felt were most important for review by the Commission. He asked the Commission to offer feedback regarding the information presented and what information the Commission is interested in reviewing. General discussion ensued about the new report format.

4. Leidos Engineering Community Solar Feasibility Study Presentation:

Mr. Fred Wellington of Leidos Engineering reminded the Commission that in October, 2015 FEUS contracted with Leidos to perform a feasibility study regarding the development of a Community Solar program. He said that following the October presentation, the Leidos team prepared and published a Survey Monkey survey to gauge the public's interest in Community Solar in Farmington. Mr. Wellington said the Survey Monkey survey was open for one month and received 966 responses; roughly half of the respondents would encourage FEUS to support the use of solar. The survey also demonstrated that 505 of the respondents said they have considered rooftop solar and 291 survey respondents indicated a willingness to pay a premium to participate in a solar program. Most survey respondents indicated they prefer a cost-effective option and a monthly premium rather than an up-front lump sum participation payment.

Mr. Wellington's presentation indicated the foremost objective is to procure solar at the lowest cost possible and to do so requires monetizing Federal tax credits. FEUS can monetize such tax credits in one of two ways: by procuring energy directly from a solar project through a power purchase agreement or by entering into a joint venture ownership arrangement with an entity that can monetize Federal tax credits. Mr. Wellington said that during phase three of this feasibility study FEUS could request bids outlining the impacts of ownership and O&M flexibility on pricing.

Chair Spence asked if there is a sunset on the Federal tax credit. Mr. Wellington stated the 30% Federal tax credit was recently extended out to 2020 and then tapers off of to 10% through 2024.

Mr. Wellington's report indicated that directly passing through solar costs and solar value to individual Community Solar participants leads to FEUS' appropriate cost recovery.

Commissioner Hunter asked if the city is able to create a contractual authority to obligate the meter associated with participation in the Community Solar.

In responding to Commissioner Hunter's question, City Manager Mayes commented the real question is what the exit process is for a participant in the Community Solar project. City Manager Mayes said he and City Attorney Breakell have researched this and there does not appear to be a way to attach this obligation to the meter, but it could be a contractual relationship between the customer and FEUS so a part of phase 3 of the study could review an exit policy.

Commissioner Glass observed that it appears that additional power generation is not needed at this time.

5. Director's Report:

Mr. Romero reviewed the activities of the utility for February 2016. He said staff is working diligently on preparing the budget for the next fiscal year which will be presented to the PUC at the April meeting.

Mr. Romero said staff not only reads electric meters but they also read the water meters and we have been experienced water meter read issues so new meters and meter modules are being replaced. He said the meter division has been working with the Public Works department and OMI to resolve these water meter reading issues.

Mr. Romero said that work is moving forward at the Aztec substation; the foundation has been poured and steel has arrived on site and the transformers have been ordered. Mr. Romero reported that construction designs for the Cottonwood substation are being finalized.

Mr. Romero stated the Navajo Hydro Plant Unit 1 has returned to service and is producing approximately 12 MW due to high flows.

ADJOURNMENT

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

The meeting was adjourned at 4:57 p.m.

Approved this 13th day of April, 2016.



James Spence, MD, Chair