

BOARD OF PUBLIC UTILITY COMMISSIONERS

The regular meeting of the CITY OF FARMINGTON BOARD OF PUBLIC UTILITY COMMISSIONERS was held Wednesday, May 14, 2014 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.

I. GENERAL

1. Commission members present: Amanda Weese
James Spence
Chris Hunter
Tory Larsen
Marty Johnson
Vic Eicker
Keith Johns
Bill Hall

Commission members absent: Jeff Parkes
Carol Cloer
Bill Standley

City Council Liaison: Gayla McCulloch

City personnel present:

Water/Wastewater	Jeff Smaka
CH2MHill OMI	Ron Rosen
PUC Secretary	Amy McKinley
Utility Business Operations	Susan Nipper
Electric Utility Director	Michael Sims
Electric Transmission & Distribution	Rodney Romero
Electric Generation	Jim McNicol
Electric Engineering	John Armenta
Administrative Services	Andy Mason

Guests:

Kris Cope, Electric Engineering

2. Chair Weese called the meeting to order at 3:00 PM with a quorum present to conduct the business of the Commission.
3. The Minutes of the April 2, 2014 were approved as circulated.
4. The Minutes of the April 2, 2014 Budget meeting were approved as circulated.

II. BUSINESS

1. Write-offs of Aged Inactive Utility Accounts:

Ms. Parks presented an action item request recommending the approval to write off aged/inactive utility accounts from 2009. Ms. Parks stated the total amount being requested for write-off is \$175,942.32. Ms. Parks stated that \$36,859.69 of these monies is the result of bankruptcies.

Commissioner Hunter made a motion to recommend to City Council the approval of the Resolution to write off aged/inactive utility accounts. Commissioner Johns seconded the motion and the motion passed unanimously.

2. Quarterly Financial Report:

Mr. Mason presented the quarterly financial reports of the electric, water and wastewater utilities.

Mr. Mason stated the Electric Utility's net income was lower by \$1.8 million from last year. Mr. Mason stated that operating revenues increased by \$1.4 million and electric sales were up \$1.2 million. Mr. Mason reported that residential customer sales increased \$758 thousand, commercial customer sales increased \$658 thousand and other revenues were up \$180 thousand. Mr. Mason stated that auction proceeds were \$112 thousand higher, fiber optic leasing was higher by \$45 thousand and miscellaneous revenue was up by \$24 thousand. Mr. Mason reported that the operating expenses increased \$3.8 million, most of that is in the purchased power which was up \$5.1 million from the prior year. Mr. Mason stated that natural gas costs decreased \$2.4 million. Mr. Mason stated salary and benefits were up \$953 thousand because in FY2014 the Safety Department became part of the Electric Utility.

Mr. Mason reported that in non-operating revenues and expenses revenues were up \$191 thousand, mainly due to increases in construction contributions. Mr. Mason stated expenses were down \$340 thousand. Mr. Masons stated the revenue bonds were paid off in FY2013.

Mr. Mason stated the net income for the Water Utility was down \$638 thousand from FY2013. Mr. Mason stated operating revenues decreased \$220 thousand, the majority of which is from water sales. Mr. Mason stated water sales were down \$239 thousand, residential customer sales decreased \$302 thousand and contract user sales decreased \$88 thousand. Mr. Mason stated the general service customer sales increased \$197 thousand. Mr. Mason stated operating expenses increased \$419 thousand. Mr. Mason stated depreciation increased by \$371 thousand. Mr. Mason reported the OMI contract has increased \$171 thousand. Mr. Mason stated that every year there is a CIP increase in the contract and that FY2014 had more work that was outside the scope of the contract. Mr. Mason stated other operating expenses decreased \$131 thousand; the majority of this decrease was due to lower engineering costs of about \$109 thousand. Mr. Mason stated the non-operating revenues decreased by \$8 thousand. Mr. Mason stated much of this decrease was due to one-time payments for bulk sales and raw water in FY2013 that was not received in FY2014. Mr. Mason stated that expenses decreased by almost \$9 thousand. Mr. Mason stated interest and amortization costs were lower because the revenue bonds were paid off last year and the PILT was slightly lower by \$11 thousand.

Mr. Mason reported that the Wastewater Utility's net income had a slight increase of \$42 thousand over last year. Mr. Mason stated operating revenues were higher by \$164 thousand. Mr. Mason reported that wastewater sales increased \$149 thousand; commercial customer sales were \$172 thousand higher and residential customer sales were up \$3 thousand. Mr. Mason stated that other fees (mainline extension, tap & septic tank) were down \$30 thousand. Mr. Mason reported that operating expenses were \$224 thousand higher. Mr. Mason stated the OMI contract was up \$104 thousand and there is a CIP increase every year in the contract. Mr. Mason stated that in FY2014 there was more work done that was outside the scope of the contract. Mr. Mason stated that other operating expenses increased \$86 thousand due to an increase in cost for engineering and laboratory/testing fees. Mr. Mason reported that non operating revenues increased \$95 thousand. Mr. Mason stated there was a contribution of \$88 thousand by San Juan County which donated a lift station to the City. Mr. Mason stated expenses decreased \$6 thousand. Mr. Mason stated interest and amortization costs were lower because the revenue bonds were paid off last year and the PILT was slightly higher by \$8 thousand.

3. Water/Wastewater Report:

Mr. Smaka presented the Water/Wastewater report for the month of April. Mr. Smaka reported that Red Oak Consulting is working on the rate study which it is anticipated will be presented to the Commission later this year. Mr. Smaka reported that OMI has begun work on the meter replacement project. Mr. Smaka stated the Lift Station 5 improvements are nearing completion; all the electrical systems are in and crews are waiting for the pumps to be delivered and this project should be completed by June. Mr. Smaka reported that the replacement of existing 12" clay pipe sewer line in the area of the Bisti Highway and Murray Drive is 90% complete.

4. Water/Wastewater Operations Report:

Mr. Rosen offered a PowerPoint presentation which discussed the issue of TDS (Total Dissolved Solids) and the EPA's requirements for reducing TDS levels. Mr. Rosen stated this is a presentation he gives at various local club meetings.

5. Major Status Report Engineering:

Mr. Armenta reviewed and discussed the many engineering projects and the completion status of various projects.

Mr. Armenta discussed the GPS Point Inventory project presently underway which will locate, photograph, catalog and store every piece of distribution equipment from the substation to the meter in the FEUS GIS data base. Mr. Armenta stated this project will offer many benefits including the basis of an outage management system.

Mr. Armenta introduced the project manager for this project, Ms. Kris Cope, FEUS GIS Technician. Ms. Cope reviewed a map of the FEUS service area where the contractor, Chappel Mapping is presently gathering this GPS inventory data.

6. Electric Utility Report:

Ms. Nipper presented the April and year to date Electric Utility Report.

General discussion took place regarding the information presented by Ms. Nipper.

7. Director's Report:

Mr. Sims reported that the Navajo plant is not running at this time due to low river flows. Mr. Sims stated the Bureau of Reclamation is not going to have a spring release in the interests of recovering the reservoir levels. Mr. Sims stated San Juan Units 3 and 4 are on line, but are at reduced load due to issues with the use of low quality coal. Mr. Sims stated an outage occurred at the Bluffview plant due to the detection of metal in the lube oil. Mr. Sims stated this was determined to be a minor issue and was corrected and the unit is back on line.

Mr. Sims stated that Business Operations/Customer Service has been dealing with issues with the IVR phone system; staff has been working with the vendor to resolve these issues.

Mr. Sims stated there are on-going efforts in progress for an NPDES outfall construction contract and outside engineering services contract in support of NPDES outfall construction at the Bluffview plant.

Mr. Sims reported that a new map board has been installed in the Control Center at the Municipal Operations Center.

III. 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 4:45 p.m.

Approved this 11th day of June, 2014.


Amanda Weese, Chair