

BOARD OF PUBLIC UTILITY COMMISSIONERS

The regular meeting of the CITY OF FARMINGTON BOARD OF PUBLIC UTILITY COMMISSIONERS was held Wednesday, July 13, 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

Commission members present:

James Spence  
Jeff Parkes  
Marty Johnson  
Bill Standley  
Bill Hall  
Tory N. Larsen  
Chris Hunter  
Carol Cloer

Commission members absent:

Gordon Glass  
Rubin Armenta

City Council Liaison:

Gayla McCulloch

City personnel present:

Electric Business Operations Manager	Sue Nipper Greaves
Electric Generation Manager	Britt Chesnut
Electric Engineering Manager	John Armenta
Electric Transmission and Distribution	Daniel Anglin
Customer Service	Nicki Parks
Public Works Director	David Sypher
Public Works Department	Jeff Smaka
OM/CH2MHill	Monica Peterson
Administrative Services	Andy Mason
Administrative Services Accounting	Sheree Wilson
Legal	Jennifer Breakell
PUC Secretary	Amy McKinley

Chair Spence called the meeting to order at 3:00 p.m. with a quorum present to conduct the business of the Commission.

Chair Spence asked for a motion to approve the Minutes of the June 8, 2016 regular PUC meeting. Commissioner Standley made the motion to approve the Minutes as presented and motion was seconded by Commissioner Hunter, and upon voice vote the motion passed unanimously.

**BUSINESS**

**Water/Wastewater Report:**

Mr. Smaka offered a review of the various activities of the Water/Wastewater division for June 2016.

Regarding the wastewater treatment plant project, Mr. Smaka said the City Council awarded the bid to RNCI Construction out of Albuquerque for approximately \$20 million for Phase III construction. He said staff is planning a pre-construction meeting to be held the end of July or first of August.

Mr. Smaka updated the Commission on the 2P water line replacement project Phase I saying the city will close on the loan with NM Finance Authority in August and staff is proceeding with submitting plans to the State Highway department waiting for their approval of construction permits in the highway right of way; this is the water line that goes down Sandstone and follows US Highway 64 to Camina Flora and is a new 16" and 18" water line.

Mr. Smaka reported on the Penny Lane Low Head Dam modifications and said staff is preparing to put this project out to bid and anticipates construction this fall so the modifications will be ready for 2017 spring runoff.

Mr. Smaka provided information on the Animas Valley Water situation. He said the City of Farmington is now providing approximately 500 gallons per minute flow to Animas Valley Water; roughly 750 thousand gallons per day.

Chair Spence asked if this is a long term agreement and Mr. Smaka stated Animas Valley Water signed a 20 year contract that is renewable every five years.

Vice-Chair Parkes asked what the percentage of the normal water usage Animas Valley Water is purchasing. Mr. Sypher, Public Works Director, said Animas Valley Water is purchasing approximately 3.75% of the City of Farmington's peak day water usage.

Commissioner Hunter asked if Mr. Smaka sees any situation in the future where the City of Farmington would want to acquire the Animas Valley Water system. Mr. Smaka responded no. Commissioner Hunter asked if Mr. Smaka replied to Commissioner Hunter's question and said the contract with Animas Valley does not include any subsidization to Animas Valley Water customers.

Regarding the RNCI contract for the wastewater treatment plant project, Commissioner Hunter asked for some background about this contractor. Mr. Smaka stated RNCI is quite experienced; this company built the phase I project of the wastewater treatment plant in 2001. Mr. Sypher, Public Works Director, commented that due to the size of this project, a \$20 million contract, it is very appropriate for Mr. Smaka to be an onsite supervisor at this project.

#### **Water/Wastewater Operations Report:**

Ms. Monica Peterson offered a report of the operations for Water and Wastewater utilities for June 2016. She noted the Animas River water sampling indicates the lead levels have dropped within the drinking water standards even at high flows and high turbidity events however since the report was printed, new data were received from samples collected on July 2 after a big rain event and that set of data indicated the lead levels did increase again. Ms. Peterson noted the river has seen an increase in flow, not turbidity, just an increase in flow, but with that increase in flow there was an increase in lead levels. She noted that as the flows have decreased, the lead levels also decreased. With the rain event, the lead levels increased once again and staff continues to regularly monitor the water quality of the Animas River.

General discussion ensued about the various water testing procedures and how the river water flows and rain events impact water sampling results.

#### **Electric Engineering Projects Report:**

Mr. John Armenta, Engineering Manager, offered a Powerpoint presentation report detailing the various stages of design/construction for the substation projects. He highlighted the Aztec Substation and the Cottonwood Substation.

Mr. Armenta said the original Aztec substation was built in 1958 and no longer meets code; the substation has become dangerous and rather than accommodate every hazard, it makes sense to create a new substation. Mr. Armenta said all of the equipment detailed in Phase I of the project is installed and once the electrical connections are made and the substation tested and commissioned Phase I will be complete and functional to replace the old substation. Mr. Armenta said FEUS has chosen to move forward with Phase II which is to demolish the old substation and install the remainder of the ring bus. This should be complete by the end of 2016. Mr. Armenta said Phase III of this project is an interesting situation as it depends on the City of Aztec and whether Aztec wants to branch out and add another substation. He hopes FEUS can pair up with the City of Aztec and share costs on a 69kV transmission line and related substation to go out to tie to a proposed substation east of Aztec thus creating for FEUS a loop fed system on the 69kV transmission line.

Mr. Armenta said the San Juan Substation upgrade project is being handled in-house. He said the capacity of this station is fine but equipment such as the control building needs to be upgraded.

Mr. Armenta said the grading plan for the Cottonwood Substation project is presently being finalized. He noted the grading plan is quite complex due the existing flooding issues in this area.

#### **Electric Utility Report**

Ms. Sue Nipper Greaves offered a condensed version of the Electric Utility Report with year to date utility information presented. She reported that for FY2016 through May FEUS sold 76 GW; the previous year's sales were 83 GW demonstrating a drop in sales. FY2016 revenues through May compared to FY 2015 revenues indicate residential revenue is up 4.5% year to year; the commercial revenue is down approximately 1% and the industrial revenue is down approximately 10% from FY2015.

In responding to Commissioner Hunter's questions, Ms. Nipper Greaves said the 10% drop in industrial revenue is being considered in the IRP.

Ms. Nipper Greaves noted the PCA cost is anticipated to be lowered to \$0.015 in September 2016.

#### **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 4:04 p.m.

Approved this 10th day of August, 2016.



James Spence, MD, Chair