

BOARD OF PUBLIC UTILITY COMMISSIONERS

The regular meeting of the CITY OF FARMINGTON BOARD OF PUBLIC UTILITY COMMISSIONERS was held Wednesday, October 9, 2013 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
Jeff Parkes
Keith Johns
Bill Standley
Vic Eicker
Carol Cloer
Marty Johnson
Bill Hall
Chris Hunter

Commission members absent: Tory Larsen

City personnel present:

Water/Wastewater Operations	Ron Rosen
PUC Secretary	Amy McKinley
Accounting	Sheree Wilson
Administrative Services Director	Andy Mason
Utility Business Operations	Susan Nipper
Electric Utility Director	Michael Sims
Electric Transmission & Distribution	Rodney Romero
Electric Generation	Jim McNicol
Electric Engineering	John Armenta
Legal	Jay Burnham
Mayor	Tommy Roberts

Guests:

2. Chairman Weese called the meeting to order with a quorum present to conduct the business of the Commission.
3. Commissioner Standley made a motion to approve the September 11, 2013 PUC Commission meeting minutes which was seconded by Commissioner Parkes. The motion passed unanimously.

II. BUSINESS

1. Water/Wastewater Report:

Ron Rosen reported for Mr. Smaka as Mr .Smaka was away at a conference. Mr. Rosen reported on the status of the meter replacement program. Mr. Rosen reported that the purchase of the meters had been approved by the City Council and the funds had been procured by the State revolving fund. Mr. Rosen reported that this project went out for bid but the bids received were considered not complete and were disqualified. Mr. Rosen stated that the original bid process was for the entire purchase of hardware (meters and remote heads) and installation under one contract. Mr. Rosen stated that the new bid process is to split the purchase of the hardware (the meters and the remote reads) away from the installation. Mr. Rosen stated that OMI/CH₂MHill will submit a proposal for the installation portion of the project. Mr. Rosen stated the new bid process will be going to Council for consideration at a later date.

Commissioner Weese asked if a timetable had been set up for this project. Mr. Rosen stated that much of the labor portion of the project would need to be sub-contracted out due to the large number of meters to be installed in a twelve month period. Mr. Rosen stated that a scope of work has been prepared that will be advertised on behalf

of the City of Farmington and should have it out on the street within the next couple of weeks.

Commissioner Hunter asked if there was an advantage to bidding this as a bundle as opposed to splitting it up, is there a loss of economy of scale and accountability in terms of having hardware provider in partnership under one bid rather than parsing it out. Mr. Rosen stated there was actually better accountability by splitting it up. Mr. Rosen stated that by OMI/CH₂M Hill being able to do the labor under the existing contract as an out of scope, OMI/CH₂M Hill will be able to oversee the installation and probably forego a lot of unhappy customers if you just have a contractor that is separate from water/wastewater.

2. Water/Wastewater Operations Report:

Mr. Rosen stated the lake is full. Mr. Rosen stated issues were still occurring with TDS (Total Dissolved Solids) and a letter was submitted on September 15, 2013 to the EPA detailing the findings of the use of salt at hotels. Mr. Rosen reported that only two hotels were using large water softeners and so this was found non-consequential. Mr. Rosen stated they were then directed to look at commercial laundries and car washes and submit findings to the EPA by October 15, 2013. Mr. Rosen stated that a few car washes were surprisingly using a large amount of salt. Mr. Rosen stated they will be visiting with car washes about this salt usage and ways they could economize on this usage.

Commissioner Parkes noted the large spike in the monthly chart and asks if these spikes are a need for concern. Mr. Rosen stated that these spikes are not unusual. Mr. Rosen stated these spikes typically indicate a high water event in the river or a spike from inflow into the wastewater plant. Mr. Rosen stated the spike occurred in September which was a very wet month.

Commissioner Hunter asked if there are other solids besides salt the EPA is looking at. Mr. Rosen stated that the correspondence received from EPA Region 6 indicates the EPA is also concerned about sanitary sewer overflows. Mr. Rosen stated the EPA would like to see no sanitary sewer overflows, especially where the raw sewage could go into a water source. Mr. Rosen stated OMI/CH₂M Hill has an aggressive cleaning program on the sewer system and it has reduced the overflows to only a few per year.

3. Customer Service Report:

Ms. Nipper reported on the Customer Service statistics for the calendar year 2013 (January – September) and the fiscal year 2013-2014 (July – September). Ms. Nipper stated that approximately 45 families per month qualify and are able to take advantage of the utility assistance program.

Commissioner Parkes asked what the source of money is for the utility assistance program. Ms. Nipper stated that half of the warning tag fee, which is \$5.00, is designated for the utility assistance program. Ms. Nipper stated this money is also used to assist residents with other city utilities, not just the electric bill.

Commissioner Hunter asked if there were adequate funds generated in this fashion to adequately assist customers requesting this service. Ms. Nipper stated the funding is adequate to meet the needs of the community.

4. Rules and Regulations Update

Ms. Nipper reported that staff met with representatives of the San Juan County Homebuilders Association to discuss the suggested updates to the Rules and Regulations. Ms. Nipper stated this meeting was productive. Ms. Nipper stated that during this meeting an issue arose with Rule No. 6.D.4 which requires more research so that this rule is more definitively written. Ms. Nipper stated that due to this issue, the request to forward to the City Council the recommendation to approve the updates to the Rules and Regulations will be tabled indefinitely.

5. Director's Report

Mr. Sims reported to the Commission that the City Council approved the first electric rate increase the Electric Utility has had in 31 years. Mr. Sims stated this increase will

enable the Utility to move forward with modernizing the system and making the system more reliable and efficient. Mr. Sims thanked the Commission for its courage in unanimously recommending the rate increase to the City Council.

Commissioner Standley asked if the City Council vote was unanimous. Mr. Sims reported the City Council vote was not unanimous.

Mr. Sims asked Mr. McNicol, Generation Manager, to update the Commission on generation activities. Mr. McNicol reported that the three power plants owned and operated by the City of Farmington; Navajo Hydroelectric Plant, Animas Power Plant and the Bluffview Power Plant, have had good reliability performance through the first nine months of the year. Mr. McNicol stated that at this time the Animas Power Plant is in a scheduled shutdown for routine inspections. Mr. Nicol reported that a portion of the cooling tower at the Animas power plant is being removed due to age. Mr. McNicol stated the other portion of the same cooling tower will have some structural upgrades as it will continue to be used for the indefinite future. Mr. McNicol reported that the same contractor will also be executing some thermal performance upgrades to the cooling towers at the Bluffview Power Plant this month. Mr. McNicol stated the Navajo Hydroelectric Plant has been offline due to low river flows. Mr. McNicol stated that when the area gets back into a dryer weather pattern, the river flow will likely be increased and it will be possible to place at least one of the units back online. Mr. McNicol stated the units are available for service. Mr. McNicol reported the Bluffview Power Plant is offline until the end of October. Mr. McNicol stated the Bluffview Power Plant was scheduled to go offline due to the non-availability of inlet air heating capability. Mr. McNicol stated it is necessary to pre-heat the air into the combustion gas turbine whenever it gets below 40 degree Fahrenheit and that is because at certain temperatures approaching freezing with certain relative humidities, the potential of ice formation exists at the inlet to the gas turbine. Mr. McNicol stated there has been a capital project going back to 2012 to replace the unreliable, less efficient air heating system with a new electric heater style system. Mr. McNicol stated the power buyers were able to purchase favorably priced replacement power so there is no negative economic impact to the City by having the Bluffview Power Plant offline this month.

Commissioner Hall asked if we are buying power cheaper than we are generating it. Mr. McNicol responded yes. Mr. McNicol stated that the purchase price was affected by the weather, and time of the year. Mr. Sims commented that the purchase price of power could change at any time and it is still much better for the Utility to operate its units.

Commissioner Hunter asked what power is being sold for at this time. Mr. McNicol stated the replacement power block that was purchased to cover the outage at the Bluffview Power Plant was made at \$43.00 per mWh on peak (16 hours during the day), and \$34.00 per mWh off- peak.

Commissioner Hunter asked whether, if there were reason to believe the Utility had an extended period of time of low purchase power availability to it, where the Utility could buy a short term block of purchase power, it might be advantageous to shut down the Bluffview Power Plant, or is there an engineering reason where the Utility always wants to run its own power plant. Mr. McNicol responded that in the Utility's case, the plant that the Utility would elect to shut down first for economic reasons would be the Animas Power Plant because its buss bar cost is more like \$70.00 per mWh compared to \$50.00 per mWh. Mr. McNicol stated there are reasons why the Utility would want to have resources online within the system for system stability purposes.

Mr. Sims stated that there have been occasions in the past where for economic reasons the Animas Power Plant was taken offline.

Commissioner Hall asked when the last time was when the Navajo Hydroelectric Plant was maxed out at 32MW. Mr. Sims stated this occurred in 2011.

Mr. Sims reported on the status of the San Juan Generating Station activities.

Mr. Sims reported that the rains in September raised the level of Navajo reservoir by ten feet.

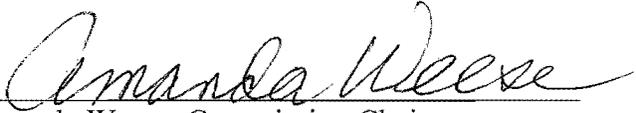
Commissioner Hunter encourages the insertion of a bill stuffer in the monthly billing to demonstrate the upgrades taking place. Mr. Sims stated that Utility staff is beginning the process of instituting various avenues of communicating with the public about the happenings within the Utility.

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 4:14 p.m.

Approved this 13th day of November, 2013.



Amanda Weese
Amanda Weese, Commission Chair