

BOARD OF PUBLIC UTILITY COMMISSION

The regular meeting of the CITY OF FARMINGTON BOARD OF PUBLIC UTILITY COMMISSIONERS was held Wednesday, June 14, 2023 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.

Upon roll call, the following were found to be present, constituting a quorum:

Commission members present:	Tory N. Larsen Alex Uhl Linda Corwin Nathan Thompson Drew Degner Patricio Sanchez Diane Schmidt George Sharpe
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Commission members absent:	Connie Dinning John Buffington Stewart Logan
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Council Liaison:	Janis Jakino
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constituting all members of said Advisory Commission.

Also present were:

Electric Utility Director	Hank Adair
Electric Engineering	John Armenta
Electric Business Operations	Sheree Wilson
Electric Customer Service	Nicki Parks
Electric Generation	Britt Chesnut
Community Works	Mark Hathcock
Community Works	Benedikte Webb
Jacobs	Philip Johnson
Administrative Services	Nalinee Jose
Legal	Jennifer Breakell
PUC Secretary	Amy McKinley

Guests: David Ausra, Asplundh Tree Expert Co.
David Fosdeck

The meeting was convened by the Chair.

The Chair called for a motion to approve the Minutes of the May 10, 2023 Regular meeting. Commissioner Degner offered such a motion and Commissioner Sanchez provided a second. By voice vote, the motioned passed unanimously.

BUSINESS

Open Meetings Resolution

City Attorney Jennifer Breakell presented the Open Meetings Resolution No. 2013-1466 as ratified, which states the open meetings of the Public Utility Commission would be held the second Wednesday of every month at 3:00 pm in the Executive Conference Room at City Hall. Ms. Breakell asked for recommendation to City Council for the acceptance of this Resolution. Commissioner Uhl made a motion to recommend acceptance of this Resolution and Commissioner Corwin seconded the motion. Upon voice vote the motion passed unanimously

Vegetation Management Presentation-Asplundh Tree Expert Company. Mr. Luke Lugenbeel, Assistant Director-Field Operations, introduced David Ausra, of Asplundh Tree Expert Company, who provided a powerpoint presentation regarding the FEUS Vegetation Management Program. Mr. Ausra noted the contract with FEUS has gravitated away from a Reactive-Risk Based vegetation management program and toward a Cycle Based Vegetation Management program. Reactive Vegetation management is the most expensive, inefficient way to

prune trees, and is also more dangerous. This method also increases drive times resulting in wasted fuel and manhours. Cycle Based Vegetation management allows better management of tree pruning or removal. Trees that are regularly pruned take less working time and create less debris to haul from the site; pruning on a regular cycle reduces tree related outages. A Cycle Based program allows for better operation and maintenance of specialized equipment. Asplundh has eight crews and six of these crews are dedicated to the Cycle Based program. From August 2022 to date, Asplundh has removed 6,352 trees and trimmed 4,406 trees. Regarding tree related outages, 34% of outages were tree related in 2022; to date in 2023 24% of outages have been tree related.

Water/Wastewater Operations Report

Utilizing a PowerPoint presentation, Mr. Phil Johnson, Jacobs, provided information regarding water/wastewater operations activities for May.

Regarding Water Production History, Water Treatment Plants 1 and 2 produced approximately 389 million gallons of water for May. Farmington Lake levels are very near capacity. Three new meters were installed in May, all were residential meters. There were four water service line breaks and two main line breaks in May. One service line was copper and three were black poly. The main line breaks were ductile iron and cast iron.

Regarding Wastewater treatment, effluent flow for May was 4.72 MGD. The report noted the Effluent BOD (Biochemical Oxygen Demand) was at 3.89 mg/L; effluent TSS (Total Suspended Solids) was at 4.54 mg/L; Effluent TDS (Total Dissolved Solids) Increase was 407.4 mg/L (the limit is 497 mg/L); Effluent e.Coli continued to be very low at 1.32 MPN/100ml.

CIP Water/Wastewater Report

Mr. Mark Hathcock, Water/Wastewater CIP Administrator, provided an update regarding capital projects planned and under way throughout the city.

Regarding Capital Projects, the Raw Waterline Rehab project is 96% complete. This project is to relocate the raw water line from San Juan River to Willet Ditch from under the Animas Power Plant to Hydro Plant Road. All water infrastructure has been completed; street paving will commence on June 19.

For Renewal and Replacement projects, work continues on the East Main Street Interceptor Sewer Rehab-Browning Parkway to East of Farmington Iron and Metal project. As of June 7, 2023 approximately 4,500 ft of trunk main has been rehabbed with spiral wound wrap, ten sections of pipe; approximately 3,800 feet of 24" Hobas pipe has been installed; 1,250 feet of Hobas pipe remains to be installed as well as 4 manholes in need of rehab.

Work continues on the 2019 Polyline Replacement project. To date 1,500 polylines have been replaced. The contractor, KG Sewer, continues to work in the vicinity of Brenwood and Ridge Lea Ct.

The Valve Rehabilitation Project includes replacing, height adjusting or repairing 120 valves. The contractor, TRC should begin this project on June 19.

The bid for the Transmission Line 30th Street (Hutton to Tulane) was extended from June 6 to June 13, 2023. This project has a probable start date of June 16, 2023.

Regarding federally funded projects, the bid for the Water Treatment Plant #1 project came in much higher than the engineering estimate. Staff will be meeting to clean up some ambiguities within the scope of the project and will put it back out to bid in December. Some of the funding for this project has been authorized but the funds have not yet been appropriated. Regarding the Feasibility Study for the Farmington Lake Dam raising, staff had a lengthy meeting with the US Army Corps of Engineers to determine the process necessary to move forward.

O&M Water/Wastewater Report

Ms. Benedikte Webb offered an update for the operations of the Water/Wastewater for May.

Work continues on completing the O&M contract. Ms. Webb said staff is moving forward with the lead and copper inventory. This is an EPA mandate, due October 2024. She said equipment is being purchased and personnel are being hired to manage the inventory of approximately 8,000 service lines across the city.

Chair Larsen asked the status of the ability for the public to obtain compost from the wastewater facility. Ms. Webb noted this project has been on hold until an Operations manager is hired. This project will be a priority for this person.

Electric Utility Report

Ms. Sheree Wilson provided a PowerPoint presentation to detail FEUS financial information for May 2023.

Ms. Wilson noted the overall Consumption by Customer Class demonstrated the utility was less than 1% under budget for FY 2023.

A review of the utility's Cash Balance demonstrated a balance of \$23 million, a slight improvement from April's \$20.9 million. When the required restricted cash reserves are deducted, the utility cash balance is -\$14.1 million.

Ms. Wilson noted the FY2023 Revenue Actuals is \$142 million versus a budget of \$119 million. When the \$29 million PCA Contra is removed, the utility is under budget for revenue by 5%.

Commissioner Sharpe asked if there is a target date for lowering the \$0.06/kWh PCA fee. Ms. Wilson said it is anticipated the PCA will be reduced to \$0.02/kWh in January 2024.

Year to Date Expenses was \$125 million versus a Budget of \$124 million, 1% over budget for May. The high hitters are Purchase Power and Natural Gas costs which were 22% and 23% over budget respectively. Year to Date Capital Improvement Expenses was \$17.7 million, 25% under the budget of \$23.5 million. As of March 2023, the PCA was increased to \$0.06/kWh. Through May, FEUS has recovered \$3.7 million; the utility is under recovered by \$32.6 million for the PCA.

Commissioner Schmidt asked to what extent the number of people who are behind/not paying their bills has increased with the \$0.06/kW PCA, and also asked if these non-payments turn into write-offs. Mr. Adair said some of these unpaid accounts could potentially be written off in five years and he noted a request to authorize the write-off of inactive utility accounts from 2018 was presented to the Commission and approved by City Council at the June 13 meeting. Mr. Adair noted that to date for FY2023, all of the nearly \$250,000 in Utility Assistance funds has been used in assisting approximately 1,130 customers in paying their utility bills. The March increase in the PCA fee aggravated already high utility bills, some of which were high due to unpaid balances on the accounts of many who take advantage of the LiHEAP program, a program that provides the security of no disconnects due to non-payment during the winter months (November-March). Many customers who participate in the LiHEAP program often times elect not to pay anything toward their utility bill during these months, so the March utility bill can be a significant amount.

Director's Report

Mr. Hank Adair, Electric Utility Director, provided a review of the activities of the utility for May, 2023.

Regarding Substation/Distribution/Transmission projects, the Animas Substation had the distribution and auto transformers set on the pads. Crews completed 13 transformer upgrades system wide; crews changed fusing on 23-02 in Bloomfield related to an event to protect equipment. Regarding Transmission, crews completed Praxair Tap work to change out one priority reject pole.

Regarding Generation, at Navajo flows are 4,300 CFS. Both hydro generation units are running, making 21.3 MW of energy. Presently, flows begin reducing June 19 to be down to 500 CFS on June 28. A financial hedging agreement was approved between BP and Farmington at the June 13 council meeting. The RICE engine bid was awarded to Wartsila pending successful negotiations. An Air permit is expected to be submitted in the next ten days. Two solar proposals are being evaluated. FEUS is considering submitting for a Powering Affordable Clean Energy (PACE) partially forgivable loan for Utility Scale Renewables. The letter of interest opens June 30 and closes September 29. This PACE partially forgivable loan for Utility Scale Renewables could provide up to 60% loan forgiveness.

Related to outages, FEUS experienced three outages in the month; one outage was due to a trampoline flying into the lines, another was due to a large tree branch in the line, and the other was due to work being performed and equipment caused fault while in Hot Line Tag. The recent Cottonwood outage was related to an owl.

Regarding solar, for May 2023, 15 customers have applications pending totaling 78 kW and 17 solar customers were connected totaling 89.47kW. Commissioner Sharpe asked what the total is for connected Solar. Mr. Adair said it is approximately 1.75MW, approximately 300 customers. Commissioner Sharpe asked where the 1.75 MW shows up in generation. Mr. Adair said this generation is behind the meter and is tracked within billings through Customer Service. Commissioner Sharpe clarified this 1.75 MW just reduces load and Mr. Adair agreed. Commissioner Sanchez asked how many solar installations have batteries installed on the system. Mr. Adair said such installations are minimal, probably less than 2%.

Regarding natural gas, on Tuesday, June 13, the Council approved a resolution to allow for financial hedging of the utility's natural gas needs for generation. FEUS is looking to hedge November 2023 – March 2024 with the expectation of a savings around \$1.5 million of budget.

FEUS has executed a Purchase Power Agreement for July 1, 2023 through December 31, 2025. This will cover most needs in shoulder months and around half the needs during summer months.

FEUS supported energy week for middle schoolers at the San Juan College School of Energy. Commissioner Sharpe noted there were 8 breakout stations and the FEUS station was the highest rated station of Energy Week.

BUSINESS FROM THE FLOOR

Mr. David Fosdeck, 209 N. Locke approached the commission to discuss the billing issues for net metering customers. He said sometimes he feels like a part time Farmington electric customer service rep because it seems like every time a bill comes out he gets phone calls from his solar folks asking him to explain the bill. One concern he noted is that pdfs of utility bills are no longer found on the city's bill pay site. The pdf version, both the front and back of the bill, has been a handy tool for some solar customers. Mr. Fosdeck said another gentleman brought up the point that on the back of the utility bill for the solar folks, it used to have two sections, one that showed actual power delivered from the utility to the solar customer and one that showed power that was received from the solar person to the utility. On Mr. Fosdeck's most current bill, this area simply says "received" so a lot of people who have solar systems that may not have consumption monitoring are unable to see how much power they are using from the utility. He said his system does have consumption monitoring so he knows very closely how much power he is actually using and then he can compare that to the consumption that was on the back of the bill. Mr. Fosdeck mentioned the idea of a bill explanation saying he's had five or six phone calls since the bills came out yesterday. He explained what his bill shows: residential base \$12 base fee; the residential energy charge is \$0.122/kWh. He said if you do the math, $123 \times \$0.122$, comes up to almost \$15.00, so he is thinking that again the billing system is not capable of reflecting the difference between a residential customer without solar and a residential customer with solar to show the \$15.00 minimum charge. If you actually look in the rates, folks who were grandfathered in back before 2017 when the rates changed, the maximum their bill could be would be is whatever that base system infrastructure charge was, the \$12.00. Mr. Fosdeck said that solar customers like him are still getting charged \$12.00 for the base charge and then \$15.00 is tacked onto that. There are inconsistencies in the billing and it is very confusing. Mr. Fosdeck understands the city uses an old IBM AS400 system that is talking to some other billing system but it would save him from answering questions, and he's sure Customer Service is probably getting a bunch of questions about it as well. Mr. Fosdeck does not think it is right and it has been a discussion topic since probably 2017. People are very confused about it. He said he has talked with a number of solar installers and sales people and they can't explain it to potential customers. Mr. Fosdeck reverted back to the point of electric rates stating if you add in the PCA charge right now at \$0.06/kWh with a base charge and also with the energy charge of \$0.10/kWh the blended rate right now is almost \$0.20/kWh which is probably in the top ten in the United States under California, Hawaii, so we are paying \$0.20/kWh of a blended rate, we are not paying \$0.10, we are paying, with all the GRT and other fees, that's what it is. Mr. Fosdeck was hesitant to call it misdirection, but when people talk about utility rates, it is not just the published rate of \$0.10/kWh, that's the difference and he feels the utility is seeing a reflection in basically the revenue coming down and the numbers coming down because people are getting affected by the higher PCA. Mr. Fosdeck said he does not know how complicated it would be to add those things back in to show received and delivered and to bring back the full two page pdf on the website. The pdf on the website is great for solar installers because their potential client can download their bill and the installer can actually look at it and see it in terms of writing a proposal on that.

Ms. Nicki Parks said there is a message on the website link that notifies customers the pdf version is not available at this time. She said it is anticipated this will be back up in September.

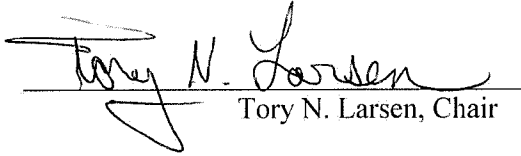
Mr. Fosdeck commented that when he did solar for IC solar back in Denver in the mid-2000s, his quota was 150kW per month so he was encouraged to see Farmington numbers for solar being around 150kW per month. He said he often hears stories about folks getting calls from South

Carolina, door to door kind of stuff, and there are some incredibly predatory sales practices- promises that you won't have any bill, etc. Mr. Fosdeck said it is obvious the solar person will have a bill.

ADJOURNMENT

There being no further business to come before the Commission the meeting was adjourned at 5:00 p.m.

Approved this 12th day of July, 2023.


Tory N. Larsen, Chair