

## BOARD OF PUBLIC UTILITY COMMISSION

The regular meeting of the CITY OF FARMINGTON BOARD OF PUBLIC UTILITY COMMISSIONERS was held Wednesday, May 11, 2022 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:	Jeff Parkes Connie Dinning Tory N. Larsen Alex Uhl Linda Corwin Hart Pierce Nathan Thompson John Buffington
Absent:	Patricio Sanchez Drew Degner Kyle Stowell Richard Dembowski

constituting all members of said Advisory Commission.

Also present were:

Electric Generation	Britt Chesnut
Electric Engineering	John Armenta
Electric T&D	Luke Lugenbeel
Customer Service	Nicki Parks
Business Operations	Sheree Wilson
Community Works	David Sypher
Administrative Services	Nalinee Jose
Community Works	Andrew Sova
Community Works	David Sypher
Jacobs	Phil Johnson
PUC Secretary	Amy McKinley

The meeting was convened by the Chair.

Chair Parkes called for a motion to approve the Minutes of the April 13, 2022 Regular meeting. Commissioner Dinning offered such a motion and Commissioner Pierce provided a second. By voice vote, the motioned passed unanimously.

Chair Parkes called for a motion to approve the Minutes of the April 13, 2022 Special Budget meeting. Commissioner Corwin offered the motion and Commissioner Pierce seconded. By voice vote, the motion passed unanimously.

### **BUSINESS**

#### **Quarterly Financial Report**

Ms. Nalinee Jose, Enterprise Accountant, provided information regarding the Quarterly Financial Report for Fiscal Year 2022, 3rd Quarter Ending March 31, 2022.

#### **Electric Utility**

Ms. Jose noted the Net Income for the Electric Utility increased \$162 thousand from last year. Operating revenues increased \$2.1 million. Operating expenses increased by \$6.1 million largely

due to an increase in Purchase Power. Fuel costs (natural gas and coal combined) decreased \$9.1 million and Purchase Power cost was up \$14 million. Other operating expenses increased \$1.3 million, mainly due to activities surrounding the Bluffview Power Plant outage. Non-operating revenues decreased \$260 thousand, mainly due to decreases in interest income and non-operating expenses increased \$4.2 million, due to increases in the revenue transfer.

Commissioner Buffington asked for clarification about the difference between the Purchase Power cost which was up by \$14 million and the Fuel Costs (natural gas and coal) which decreased \$9.1 million. Mr. Britt Chesnut, Assistant Director-Generation, stated the Fuel Costs amount is a function of the remarketing of the firm contract for natural gas. Because the Bluffview Plant was not running, this gas was remarketed. Adversely, because the Bluffview Plant was not generating, power had to be supplied either by purchase power via the bulk power agreement or on the market.

#### Water Utility

In a review of the Water Utility financials, Net Income for the Water Utility increased \$442 thousand from the prior year. Operating revenues decreased \$581 thousand. Water Sales decreased \$602 thousand; Residential customer sales decreased \$509 thousand, Commercial customer sales decreased \$211 thousand, Contract/Raw Water customer sales increased \$14 thousand. Other billing charges increased \$135 thousand. Operating Expenses decreased \$973 thousand and Other Operating Expenses decreased \$952 thousand. Non-operating Revenues decreased \$39 thousand and Non-operating Expenses decreased \$90 thousand.

Commissioner Larsen asked if the \$509 thousand decrease in Residential Customer Sales was due to conservation of water or fewer residential customers. Mr. David Sypher, Community Works Director, stated this decrease could be due to reduced usage by customers or perhaps leak prevention projects, such as the black poly line replacement projects, are playing a role.

#### Wastewater Utility

For the Wastewater Utility, Net Income decreased \$352 thousand from FY2021. Operating Revenues increased \$303 thousand. Wastewater Sales were up \$127 thousand; Residential customer sales increased \$46 thousand and Commercial customer sales increased \$43 thousand. The environmental tax increased \$150 thousand. Operating expenses increased \$1.3 million. Other operating expenses were up \$618 thousand due to increased costs in planning consultant, engineering, contract sewer repairs, building repairs to lift stations and the lab and higher costs for asphalt repairs. Non-operating revenues decreased \$19 thousand and non-operating expenses decreased \$654 thousand.

#### **Customer Service Utility Account Write-Offs**

Ms. Nicki Parks, Customer Care Manager, addressed the commission seeking a PUC recommendation to city council to write off inactive utility accounts aged over four years with a balance of \$0.01 or more. She noted the amount being requested for the year ending December 31, 2017 is \$127,241.62, 0.0985% of 2017 revenue. Industry standard is 1% for write-offs for utilities and the City of Farmington consistently stays beneath this standard.

Commissioner Thompson stated he will be interested in seeing how the utility account write-offs will look when the 2021 year comes before the commission. Ms. Parks commented that she feels the write-offs for 2021 will not be above the 1% industry standard because the City of Farmington has been quite liberal with accommodating payment assistance.

Commissioner Pierce offered a motion to recommend city council approval to write off uncollectible and unsecured utility accounts. This motion was seconded by Commissioner Uhl. Chair Parkes called for a voice vote and the motion passed unanimously.

#### **Water/Wastewater Report**

Mr. Andrew Sova, Water/Wastewater Administrator provided information regarding water and wastewater activities for April, 2022. He noted the bid process for the Water Treatment Plant #1 project has been held until July with hopes of receiving information about the award of possible federal funds.

Regarding Renewal and Replacement projects, the English Avenue and Hicks Avenue projects are now complete. The College Boulevard project is approximately 40% complete.

Regarding the East Main Sanitary Sewer Rehab project, the pre-construction meeting with contractor, AUI will take place May 25. Mr. Sova noted there is a long lead time for the slip line needed for this project. Staff and the contractor will be able to set firm project construction dates once a delivery date is known.

**Water/Wastewater Operations Report**

Utilizing a PowerPoint presentation, Mr. Phil Johnson provided information regarding water/wastewater operations activities for April 2022. He noted that rainfall and warmer temperatures caused Animas River flow rates to vary throughout April. As of the date of this meeting, the Farmington Lake level is at 96%. Pumping will continue to reach the target 100% lake level. The Farmers Ditch pump station was brought on line the end of April. Seven new Residential meters were installed in April. There were seven water line breaks in April; six service lines and one main line.

Regarding Wastewater treatment, flows in April were close to average for the season.

**Electric Utility Report**

Ms. Sheree Wilson provided a PowerPoint presentation to detail FEUS financial information for March 2022.

Customer consumption for April 75,356 MWH. By Customer Class, Industrial makes up approximately 35%, Commercial is 39%, and Residential is 26%, which is approximately 2% over budget. Regarding Year to Date Revenue by Category, Industrial increased a small amount, Commercial continues to be down, and Residential remains consistent compared to the same time last fiscal year. Budget Year to Date is approximately \$85 million. When comparing Expenses Budget versus Actuals, FEUS is 4% over budget.

The PCA is approximate 9% of the total Revenue and continues to be \$0.01 per kWh. Per the recently passed Cost of Service Study and Rate Design, effective July 1, 2022, the PCA will be reduced to \$0.00 per kWh.

**Bluffview Outage Update Presentation**

Utilizing a PowerPoint presentation, Mr. Britt Chesnut, Assistant Director-Generation, provided an update regarding the scheduled major outage of the Bluffview Power Plant and the purchase/installation of the new combustion turbine.

The major outage of the Bluffview Power Plant began September 2021. While the primary focus for this outage was the combustion turbine overhaul, a number of other pieces of equipment were overhauled to include the CTG generator, CTG exhaust fan, and the STG generator. A number of other plant inspections and repairs were also completed during this scheduled outage time frame.

A variety of GE factory issues caused delays with the rebuild of the combustion turbine. To complete this outage in a timely manner, it became necessary to purchase a new combustion turbine. This new turbine was installed the end of April and at the time of this meeting, the plant was released for full service. While a full load test with System Control has not yet been completed it is anticipated the combustion turbine will generate approximately 64 MW.

**BUSINESS FROM THE FLOOR**

No business from the floor.

**ADJOURNMENT**

There being no further business to come before the Commission, a motion to adjourn was made by Commissioner Thompson and seconded by Commissioner Dinning. The meeting was adjourned at 4:18 p.m.

Approved this 8th day of June, 2022.



Jeff Parkes, Chair