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RYAN FLYNN
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Deputy Secretary

ERIKA SCHWENDER
Director
Resource Protection Division

Certified Mail - Return Receipt Requested

January 24, 2014

Mr. Chris Olson, Vice President Generation
Public Service Company of New Mexico (PNM)
2401 Aztec NE MS Z120
Albuquerque, NM 87107

Re: Public Service Company of New Mexico, Reeves Generating Station, Minor, Individual Permit; SIC 4911; NPDES Compliance Evaluation Inspection; NM0000124; January 17, 2014

Dear Mr. Olson:

Enclosed please find a copy of the report and check list for the referenced inspection that the New Mexico Environment Department (NMED) conducted at your facility on behalf of the U.S. Environmental Protection Agency (USEPA). This inspection report will be sent to the USEPA in Dallas for their review. These inspections are used by USEPA to determine compliance with the National Pollutant Discharge Elimination System (NPDES) permitting program in accordance with requirements of the federal Clean Water Act.

Introduction, treatment scheme, and problems noted during this inspection are discussed in the "Further Explanations" section of the inspection report.

You are encouraged to review the inspection report, required to correct any problems noted during the inspection, and advised to modify your operational and/or administrative procedures, as appropriate. If you have comments on or concerns with the basis for the findings in the NMED inspection report, please contact us (see the address below) in writing within 30 days from the date of this letter. Further, you are encouraged to notify in writing both the USEPA and NMED regarding modifications and compliance schedules at the addresses below:

Gladys Gooden-Jackson
US Environmental Protection Agency, Region VI
Enforcement Branch (6EN-WM)
1445 Ross Avenue
Dallas, Texas 75202-2733

Bruce Yurdin
New Mexico Environment Department
Surface Water Quality Bureau
Point Source Regulation Section
P.O. Box 5469
Santa Fe, New Mexico 87502

If you have any questions about this inspection report, please contact Sarah Holcomb at 505-827-2798 or at sarah.holcomb@state.nm.us.

Sincerely,

/s/ Bruce Yurdin

Bruce J. Yurdin
Program Manager
Point Source Regulation Section
Surface Water Quality Bureau

cc: Rashida Bowlin, USEPA (6EN-AS) by e-mail
Carol Peters-Wagnon, USEPA (6EN-WM) by e-mail
Gladys Gooden-Jackson, USEPA (6EN-WM) by e-mail
Brent Larsen, USEPA (6WQ-PP) by e-mail
Hannah Branning, USEPA (6EN-WC) by e-mail
Jan Walker, USEPA (6EN) by e-mail
NMED District 1, William Chavez by e-mail



NPDES Compliance Inspection Report

Section A: National Data System Coding

Transaction Code	NPDES	yr/mo/day	Inspec. Type	Inspector	Fac Type
1 N 2 5 3 N M 0 0 0 0 1 2 4 11 12 1 4 0 1 1 7 17 18 C 19 S 20 2					
Remarks					
E L E C T R I C P O W E R G E N E R A T I O N					
Inspection Work Days	Facility Evaluation Rating	BI	QA	Reserved	
67 [] [] [] 69	70 4	71 N	72 N	73 [] [] [] 74 75 [] [] [] [] [] [] [] [] [] [] 80	

Section B: Facility Data

Name and Location of Facility Inspected (For industrial users discharging to POTW, also include POTW name and NPDES permit number) Public Service Company of New Mexico (PNM)/Reeves Generating Station, 4400 Paseo del Norte NW, Albuquerque, NM (Bernalillo County): From I-25, take Paseo del Norte exit west. At first light, turn south onto Jefferson Ave., travel approximately 1/2 block, turn west onto Paseo del Norte Frontage Road, travel approx.. 0.4 miles to entrance.	Entry Time /Date 0915 hours / 1-17-2014	Permit Effective Date 10-1-2009
	Exit Time/Date 1115 hours / 1-17-2014	Permit Expiration Date 9-30-2014
Name(s) of On-Site Representative(s)/Title(s)/Phone and Fax Number(s) Mr. Richard Threet, Plant Manager II, PNM/Reeves, 505-241-4723, fax 505-241-2487 Mr. John Hale, P.E., Engineer, Environment and Land Services, PNM Resources, 505-241-2014	Other Facility Data N. 35.174010° W. -106.601367°	
Name, Address of Responsible Official/Title/Phone and Fax Number Mr. Chris Olson, Vice President of Generation, PNM 2401 Aztec NE, MS Z120, Albuquerque, NM 87107	Contacted Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> *	
SIC 4911		

Section C: Areas Evaluated During Inspection

(S = Satisfactory, M = Marginal, U = Unsatisfactory, N = Not Evaluated)

S	Permit	N	Flow Measurement	S	Operations & Maintenance	N	CSO/SSO
S	Records/Reports	N	Self-Monitoring Program	N	Sludge Handling/Disposal	N	Pollution Prevention
S	Facility Site Review	N	Compliance Schedules	N	Pretreatment	N	Multimedia
N	Effluent/Receiving Waters	S	Laboratory	N	Storm Water	N	Other:

Section D: Summary of Findings/Comments (Attach additional sheets if necessary)

1. Please see report for further details.

Name(s) and Signature(s) of Inspector(s) Sarah Holcomb /s/ Sarah Holcomb	Agency/Office/Telephone/Fax 505-827-2798	Date 1-24-2014
Signature of Management QA Reviewer Bruce Yurdin /s/ Bruce Yurdin	Agency/Office/Phone and Fax Numbers 505-827-2795	Date 1-24-2014

SECTION A - PERMIT VERIFICATION

PERMIT SATISFACTORILY ADDRESSES OBSERVATIONS

 S M U NA (FURTHER EXPLANATION ATTACHED YES)

DETAILS: Mailing address updated to current with this inspection report.

1. CORRECT NAME AND MAILING ADDRESS OF PERMITTEE

 Y N NA

2. NOTIFICATION GIVEN TO EPA/STATE OF NEW DIFFERENT OR INCREASED DISCHARGES

 Y N NA

3. NUMBER AND LOCATION OF DISCHARGE POINTS AS DESCRIBED IN PERMIT

 Y N NA

4. ALL DISCHARGES ARE PERMITTED

 Y N NA

SECTION B - RECORDKEEPING AND REPORTING EVALUATION

RECORDS AND REPORTS MAINTAINED AS REQUIRED BY PERMIT.

 S M U NA (FURTHER EXPLANATION ATTACHED NO)

DETAILS:

1. ANALYTICAL RESULTS CONSISTENT WITH DATA REPORTED ON DMRs.

 Y N NA

2. SAMPLING AND ANALYSES DATA ADEQUATE AND INCLUDE.

 S M U NA

a) DATES, TIME(S) AND LOCATION(S) OF SAMPLING

 Y N NA

b) NAME OF INDIVIDUAL PERFORMING SAMPLING

 Y N NA

c) ANALYTICAL METHODS AND TECHNIQUES.

 Y N NA

d) RESULTS OF ANALYSES AND CALIBRATIONS.

 Y N NA

e) DATES AND TIMES OF ANALYSES.

 Y N NA

f) NAME OF PERSON(S) PERFORMING ANALYSES.

 Y N NA

3. LABORATORY EQUIPMENT CALIBRATION AND MAINTENANCE RECORDS ADEQUATE.

 S M U NA

4. PLANT RECORDS INCLUDE SCHEDULES, DATES OF EQUIPMENT MAINTENANCE AND REPAIR.

 S M U NA

5. EFFLUENT LOADINGS CALCULATED USING DAILY EFFLUENT FLOW AND DAILY ANALYTICAL DATA.

 Y N NA

SECTION C - OPERATIONS AND MAINTENANCE

TREATMENT FACILITY PROPERLY OPERATED AND MAINTAINED.

 S M U NA (FURTHER EXPLANATION ATTACHED YES)

DETAILS:

1. TREATMENT UNITS PROPERLY OPERATED.

 S M U NA

2. TREATMENT UNITS PROPERLY MAINTAINED.

 S M U NA

3. STANDBY POWER OR OTHER EQUIVALENT PROVIDED .

 S M U NA

4. ADEQUATE ALARM SYSTEM FOR POWER OR EQUIPMENT FAILURES AVAILABLE.

 S M U NA

5. ALL NEEDED TREATMENT UNITS IN SERVICE

 S M U NA

6. ADEQUATE NUMBER OF QUALIFIED OPERATORS PROVIDED.

 S M U NA

7. SPARE PARTS AND SUPPLIES INVENTORY MAINTAINED.

 S M U NA

8. OPERATION AND MAINTENANCE MANUAL AVAILABLE.

 Y N NA

STANDARD OPERATING PROCEDURES AND SCHEDULES ESTABLISHED.

 Y N NA

PROCEDURES FOR EMERGENCY TREATMENT CONTROL ESTABLISHED.

 Y N NA

SECTION C - OPERATIONS AND MAINTENANCE (CONT'D)

9. HAVE BYPASSES/OVERFLOWS OCCURRED AT THE PLANT OR IN THE COLLECTION SYSTEM IN THE LAST YEAR? Y N NA
 IF SO, HAS THE REGULATORY AGENCY BEEN NOTIFIED? Y N NA
 HAS CORRECTIVE ACTION BEEN TAKEN TO PREVENT ADDITIONAL BYPASSES/OVERFLOWS? Y N NA

10. HAVE ANY HYDRAULIC OVERLOADS OCCURRED AT THE TREATMENT PLANT? Y N NA
 IF SO, DID PERMIT VIOLATIONS OCCUR AS A RESULT? Y N NA

SECTION D - SELF-MONITORING

PERMITTEE SELF-MONITORING MEETS PERMIT REQUIREMENTS. S M U NA (FURTHER EXPLANATION ATTACHED NO).
 DETAILS: No discharge since 6-2003.

1. SAMPLES TAKEN AT SITE(S) SPECIFIED IN PERMIT. Y N NA

2. LOCATIONS ADEQUATE FOR REPRESENTATIVE SAMPLES. Y N NA

3. FLOW PROPORTIONED SAMPLES OBTAINED WHEN REQUIRED BY PERMIT. Y N NA

4. SAMPLING AND ANALYSES COMPLETED ON PARAMETERS SPECIFIED IN PERMIT. Y N NA

5. SAMPLING AND ANALYSES PERFORMED AT FREQUENCY SPECIFIED IN PERMIT. Y N NA

6. SAMPLE COLLECTION PROCEDURES ADEQUATE Y N NA

a) SAMPLES REFRIGERATED DURING COMPOSITING. Y N NA

b) PROPER PRESERVATION TECHNIQUES USED. Y N NA

c) CONTAINERS AND SAMPLE HOLDING TIMES CONFORM TO 40 CFR 136.3. Y N NA

7. IF MONITORING AND ANALYSES ARE PERFORMED MORE OFTEN THAN REQUIRED BY PERMIT, ARE THE RESULTS REPORTED IN PERMITTEE'S SELF-MONITORING REPORT? Y N NA

SECTION E - FLOW MEASUREMENT

PERMITTEE FLOW MEASUREMENT MEETS PERMIT REQUIREMENTS. S M U NA (FURTHER EXPLANATION ATTACHED NO).
 DETAILS:

1. PRIMARY FLOW MEASUREMENT DEVICE PROPERLY INSTALLED AND MAINTAINED. Y N NA
 TYPE OF DEVICE Flume with Ultrasonic transmitter & Yokogawa DX106 Recorder

2. FLOW MEASURED AT EACH OUTFALL AS REQUIRED. Y N NA

3. SECONDARY INSTRUMENTS (TOTALIZERS, RECORDERS, ETC.) PROPERLY OPERATED AND MAINTAINED. Y N NA

4. CALIBRATION FREQUENCY ADEQUATE. Y N NA
 RECORDS MAINTAINED OF CALIBRATION PROCEDURES. Y N NA
 CALIBRATION CHECKS DONE TO ASSURE CONTINUED COMPLIANCE. Y N NA

5. FLOW ENTERING DEVICE WELL DISTRIBUTED ACROSS THE CHANNEL AND FREE OF TURBULENCE. Y N NA

6. HEAD MEASURED AT PROPER LOCATION. Y N NA

7. FLOW MEASUREMENT EQUIPMENT ADEQUATE TO HANDLE EXPECTED RANGE OF FLOW RATES. Y N NA

SECTION F – LABORATORY

PERMITTEE LABORATORY PROCEDURES MEET PERMIT REQUIREMENTS. S M U NA (FURTHER EXPLANATION ATTACHED NO).
 DETAILS:

1. EPA APPROVED ANALYTICAL PROCEDURES USED (40 CFR 136.3 FOR LIQUIDS, 503.8(b) FOR SLUDGES) Y N NA

SECTION F - LABORATORY (CONT'D)

2. IF ALTERNATIVE ANALYTICAL PROCEDURES ARE USED, PROPER APPROVAL HAS BEEN OBTAINED Y N NA

3. SATISFACTORY CALIBRATION AND MAINTENANCE OF INSTRUMENTS AND EQUIPMENT. S M U NA

4. QUALITY CONTROL PROCEDURES ADEQUATE. S M U NA

5. DUPLICATE SAMPLES ARE ANALYZED. 100 % OF THE TIME. Y N NA

6. SPIKED SAMPLES ARE ANALYZED. ___ % OF THE TIME. Y N NA

7. COMMERCIAL LABORATORY USED. Y N NA

LAB NAME Hall Environmental Analysis Laboratory

LAB ADDRESS 4901 Hawkins NE, Albuquerque, NM 87109

PARAMETERS PERFORMED Total Copper (if needed), WET (if needed)

SECTION G - EFFLUENT/RECEIVING WATERS OBSERVATIONS. S M U NA (FURTHER EXPLANATION ATTACHED NO.)

OUTFALL NO.	OIL SHEEN	GREASE	TURBIDITY	VISIBLE FOAM	FLOAT SOL.	COLOR	OTHER
001	No discharge						

RECEIVING WATER OBSERVATIONS

SECTION H - SLUDGE DISPOSAL

SLUDGE DISPOSAL MEETS PERMIT REQUIREMENTS. S M U NA (FURTHER EXPLANATION ATTACHED NO.)
 DETAILS:

1. SLUDGE MANAGEMENT ADEQUATE TO MAINTAIN EFFLUENT QUALITY. S M U NA

2. SLUDGE RECORDS MAINTAINED AS REQUIRED BY 40 CFR 503. S M U NA

3. FOR LAND APPLIED SLUDGE, TYPE OF LAND APPLIED TO: N/A (e.g., FOREST, AGRICULTURAL, PUBLIC CONTACT SITE)

SECTION I - SAMPLING INSPECTION PROCEDURES (FURTHER EXPLANATION ATTACHED ___).

1. SAMPLES OBTAINED THIS INSPECTION. Y N NA

2. TYPE OF SAMPLE OBTAINED
 GRAB _____ COMPOSITE SAMPLE ___ METHOD _____ FREQUENCY _____

3. SAMPLES PRESERVED. Y N NA

4. FLOW PROPORTIONED SAMPLES OBTAINED. Y N NA

5. SAMPLE OBTAINED FROM FACILITY'S SAMPLING DEVICE. Y N NA

6. SAMPLE REPRESENTATIVE OF VOLUME AND MATURE OF DISCHARGE. Y N NA

7. SAMPLE SPLIT WITH PERMITTEE. Y N NA

8. CHAIN-OF-CUSTODY PROCEDURES EMPLOYED. Y N NA

9. SAMPLES COLLECTED IN ACCORDANCE WITH PERMIT. Y N NA

PNM Reeves Electric Generating Station
NPDES Permit No. NM0000124
Compliance Evaluation Inspection
January 17, 2014

Further Explanations

Introduction

On January 17, 2014, Sarah Holcomb of the New Mexico Environment Department (NMED), Surface Water Quality Bureau (SWQB) conducted a Compliance Evaluation Inspection (CEI) at the Public Service Company of New Mexico Reeves Generating Station (PNM-Reeves) in Albuquerque, Bernalillo County, New Mexico.

PNM-Reeves is classified as a minor industrial discharger under the federal Clean Water Act, Section 402, of the National Pollutant Discharge Elimination System (NPDES) permit program. It is assigned NPDES permit number NM0000124 which regulates discharge on an emergency basis of cooling tower blowdown, boiler blowdown, and low volume waste stream (non-contact cooling water from recirculation service systems collected by several shop drains). If piping were to be connected, then discharges from outfall 001 would be to a manmade stormwater conveyance, thence to the unclassified Albuquerque Metropolitan Arroyo Flood Control Authority (AMAFCA) Northern Diversion Channel that flows north, thence to the Rio Grande in Segment 20.6.4.106 NMAC. This segment includes the designated uses of irrigation, marginal warmwater aquatic life, livestock watering, wildlife habitat and primary contact, and public water supply on the Rio Grande.

The NMED performs a certain number of CEIs each year for the U.S. Environmental Protection Agency (USEPA), Region VI. The purpose of this inspection is to provide the USEPA with information to evaluate the Permittee's compliance with the NPDES permit. This inspection report is based on information provided by the Permittee's representatives, observations made by the NMED inspector, and records and reports kept by the Permittee and/or NMED. Additional information was obtained from the PNM website: <http://www.pnm.com/systems/reeves.html>.

Upon arrival at approximately 0915 hours on the day of this inspection, the inspector made introductions, explained the purpose of the inspection and presented her credentials to Mr. Richard Threet, Plant Manager II, PNM-Reeves. The inspector, Mr. Threet and Mr. John Hale, PE (Engineer, Environment and Land Services, PNM Resources) toured the facility. At the end of the tour, an exit interview to discuss preliminary findings was conducted with Mr. Threet, and Mr. Hale at approximately 1115 hours.

Treatment Scheme

PNM-Reeves in north Albuquerque is a three boiler, 154-megawatt, natural gas-fired plant with three cooling tower units. The plant went online in 1958. It is used as an auxiliary plant for transmission support and peak electricity-demand periods. At capacity, this plant produced enough electricity to service about 123,000 homes. The boilers were not running during this inspection.

The raw water source is from on-site deep groundwater wells. Raw water is de-mineralized before entering the boilers. Raw water is used in the cooling towers and pumps. Boiler water and cooling water treatment chemicals and corrosion inhibitor include NALCO 3D Trasar 3DT193, Sulfuric Acid 66 BE 93%, Sodium Hypochlorite, phosphate, CONQUOR CNQR3475 (Hydroquinone), and UltraAmine ULTAM120. The treatment chemicals are being changed, and the new chemicals in use will be NALCO BT-4000, NALCO Elimin-ox (oxygen scavenger), Ultramine Ultam120 (corrosion inhibitor) and 3D Trasar 3DT193 (Multifunctional cooling water treatment). Boiler blowdown flows to the cooling tower

units or to two lined evaporation ponds. The ponds are permitted under NMED Groundwater Quality Bureau Discharge Permit Number 68. The lagoons contain wastewater from boiler blowdown, de-mineralizer wastes, equipment acidation wastes, caustic/acid tank cleanout wastes, and de-scaler wastes from tower maintenance activities. There is no constructed overflow outlet or connection from the evaporation ponds to Outfall 001 according to the permittee's on-site representatives.

Low volume waste streams (e.g., flow from sample panel instruments, non-contact cooling water from pump recirculation systems) are collected by shop drains. One floor drain in the "Bleach Room" remains unplugged. Other shop drains are plugged or lipped (low berm) based on information from permittee's on-site representatives and an "Operational Weekly Facility Inspection Checklist" for floor drains dated December 6, 2011.

Boiler blowdown not sent to the evaporative ponds, cooling tower blowdown and low volume waste streams are sent to the Albuquerque Bernalillo County Water Utility Authority (ABCWUA) Water Reclamation Facility. If the facility had an emergency situation in which they need to discharge, the facility would have to connect the line to the conveyance ditch prior to any discharge.

If future discharge under this NPDES Individual Permit becomes required, then de-chlorination treatment and procedures would be required. Permittee on-site representatives stated that current Total Copper levels of the flow would not meet permit effluent limits; therefore, additional treatment to reduce Total Copper would also be required.

Further Explanations

Note: The sections are arranged according to the format of the enclosed EPA Inspection Checklist (Form 3560-3), rather than being ranked in order of importance.

Section A- Permit Verification Evaluation – Overall Rating of “Satisfactory”

The permit states in Part III.A.4, Duty to Reapply:

If the permittee wishes to continue an activity regulated by this permit after the expiration date of this permit, the permittee must apply for and obtain a new permit. The application shall be submitted at least 180 days before the expiration date of this permit. The Director may grant permission to submit an application less than 180 days in advance but no later than the permit expiration date. Continuation of expiring permits shall be governed by regulations promulgated at 40 CFR Part 122.6 and any subsequent amendments.

Findings for Permit Verification:

During the entrance interview, the inspector confirmed with PNM staff the correct mailing address for the permittee. The address should be updated as follows:

Chris Olson, Vice President of Generation
Public Service Company of New Mexico (PNM)
2401 Aztec NE MS Z120
Albuquerque, NM 87107

In addition, during the entrance interview, the facility description was reviewed and the facility staff indicated that treatment chemicals were being changed as indicated in the description in this inspection report. Facility staff also acknowledged the reapplication process and indicated that the new treatment chemicals will be addressed in the sampling for the reapplication process.

Section C – Operations and Maintenance Evaluation – Overall Rating of “Satisfactory”

The permit states in Part III.B.3, Proper Operation and Maintenance:

The permittee shall at all times properly operate and maintain all facilities and systems of treatment and control (and related appurtenances) which are installed or used by the permittee as efficiently as possible and in a manner which will minimize upsets and discharges of excessive pollutants and will achieve compliance with the conditions of this permit.

Findings for Operations and Maintenance:

During the facility tour, the inspector and facility staff noted that the drain in the bleach room appeared to be unplugged. After the inspection, PNM staff notified the inspector that the drain had only been unplugged to allow the testing of the safety shower located in the bleach room, and the drain was replugged by the end of the same day.