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CERTIFIED MAIL - RETURN RECEIPT REQUESTED

November 10, 2010

Michael R. Sims, Generation Manager
City of Farmington, Electric Utility System
501 McCormick School Road
Farmington, New Mexico 87401

RE: Industrial Storm Water, SIC 4911, NPDES Compliance Evaluation Inspection, City of Farmington, Electric Utility System, Animas Power Plant, NMR05B19, October 14, 2010

Dear Mr. Sims,

Enclosed, please find a copy of the report for the referenced inspection that the New Mexico Environment Department (NMED) Surface Water Quality Bureau (SWQB) 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.

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 to modify your operational and/or administrative procedures, as appropriate. Further, you are encouraged to notify in writing, both the USEPA and NMED regarding modifications and compliance schedules at the addresses below:

Diana McDonald
US Environmental Protection Agency
Allied Bank Tower
Region VI Enforcement Branch (6EN-WM)
1445 Ross Avenue
Dallas, Texas 75202-2733

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

I appreciate the cooperation of Mr. Britt Chesnut, Generation Technical Support Specialist, Farmington Electric Utility System during the inspection. If you have any questions about this inspection report, please contact me at (505) 827-0418.

Sincerely,

/s/ Erin S. Trujillo

Erin S. Trujillo
Surface Water Quality Bureau

cc: Marcia Gail Adams, USEPA (6EN-AS) by e-mail
Samuel Tates, EPA (6EN-AS) by e-mail
Carol Peters-Wagnon, USEPA (6EN-WM) by e-mail
Diana McDonald, USEPA (6EN-WM) by e-mail
Jennifer Ickes, NMED District I Manager by e-mail
Britt Chesnut, Animas Power Plant by e-mail (bchesnut@fmtn.org)

**City of Farmington, Electric Utility System, Animas Power Plant
Industrial Storm Water Compliance Evaluation Inspection
NPDES Tracking Number NMR05B19
October 14, 2010**

Further Explanations

Introduction

On October 14, 2010, Erin Trujillo, New Mexico Environment Department (NMED), Surface Water Quality Bureau (SWQB) conducted a Compliance Evaluation Inspection (CEI) at the City of Farmington, Electric Utility System, Animas Power Plant (Standard Industrial Classification 4911, Steam Electric Generating Facility, Sector O) at 501 McCormick School Road, Farmington, New Mexico 87401 in San Juan County, New Mexico. Storm water runoff discharges to the Farmington Municipal Separate Storm Sewer Systems and the Animas River in Segment 20.6.4.403 *State of New Mexico Standards for Interstate and Intrastate Surface Waters, 20.6.4 New Mexico Administrative Code (NMAC)* of the San Juan River Basin.

NMED performs a certain number of CEIs each year for the United States Environmental Protection Agency (USEPA) Region VI. The purpose of this inspection was to document the operator's status regarding the USEPA's National Pollutant Discharge Elimination System (NPDES) Storm Water Multi-Sector General Permit (MSGP) for Industrial Activities and storm water regulations at 40 Code of Federal Regulations (CFR) Part 122.26. USEPA's NPDES MSGP originally issued on September 29, 1995 was re-issued effective October 30, 2000 (see Federal Register/Vol. 65, No. 210/Monday, October 30, 2000, Pg. 64746) and again on September 29, 2008 (see Federal Register/Vol. 73, No. 189/Monday, September 29, 2008, Pg. 56572). Among other things, this permit requires that a Storm Water Pollution Prevention Plan (SWPPP) be prepared for the site and that appropriate Best Management Practices (BMPs) be installed and maintained to prevent, to the extent practicable, pollutants in storm water runoff from entering waters of the United States. A completed Notice of Intent (NOI) is required to obtain permit coverage under the general permit.

Upon arrival at the facility gate at approximately 1050 hours on October 14, 2010, Mr. Britt D. Chesnut, Generation Technical Support Specialist was contacted, then the inspector continued to the plant offices. The inspector made introductions, presented credentials and explained the purpose of the inspection to Mr. Chesnut. The inspector and Mr. Chesnut toured the facility. The inspector met Mr. Michael R. Sims, Generation Manager during the tour. Following the tour and records review, an exit interview to discuss preliminary findings was conducted on-site with Mr. Chesnut. The inspection ended and the inspector left the site at approximately 1555 hours on the day of the inspection.

This inspection report is based on information provided by the USEPA NOI Processing Center, Permittee's representatives, observations made by the NMED inspector, and records and reports kept by the Permittee and/or NMED.

Permit Verification – Overall Rating of “S = Satisfactory” with Comment

The Permittee did not directly follow up with USEPA and/or USEPA NOI Processing Center to determine the status of their NOI--delaying authorization and implementation of the 2008 MSGP for approximately 21 months as of the day of this inspection.

Notes: City of Farmington submitted an NOI to obtain permit coverage under the 2000 MSGP on February 14, 2003 (NPDES Tracking No. NMR05B219) following USEPA's Administrative Order Docket No. CWA-06-2003-1818 (NPDES Tracking No. NMR00A737) dated February 7, 2003. Based on a certified return receipt retained at the Animas Power Plant, an NOI to obtain permit coverage under the 2008 MSGP to the Stormwater Notice Processing Center (4203 M), US EPA, 2300 Pennsylvania Avenue, NW, Washington, DC 20460 was received on January 5, 2009.

EPA's NOI Processing Center had no record that an NOI for the facility was received. According to the USEPA NOI Processing Center, the time of the facility's submittal of a paper NOI was during a period when the USEPA and/or the center had mail carrier problems. USEPA's Important Advisory for Coverage Under 2008 MSGP website at <http://cfpub.epa.gov/npdes/stormwater/noi/noisearch.cfm> stated, "As long as your paper NOI was sent before or postmarked by January 5, 2009, your coverage under the 2000 MSGP will be administratively continued until you are authorized to discharge under the 2008 MSGP." Permit coverage appears to have been administratively continued under the 2000 MSGP based on information retained by the permittee; and as discussed with the EPA NOI Processing Center, and Diana McDonald and Everett Spencer, EPA Region 6 following this inspection. The inspector provided the on-site permittee representative information to contact the USEPA NOI Processing Center to re-submit their NOI to obtain coverage under the 2008 MSGP.

Recordkeeping and Reporting Evaluation – Overall Rating of “U = Unsatisfactory” and Self-Monitoring – Overall Rating of “M = Marginal”

The facility's 2003 SWPPP was not maintained (see Parts 4.2.1 and 4.10 of the 2000 MSGP) to amend or include:

- additional corrective actions due to erosion along site boundary in Area II,
- additional BMPs added at the north storm drain in Area II as a corrective action in response to oil & grease monitoring according to the on-site permittee representative, and
- changes to the Pollution Prevention Team.

Notes: The Permittee had a more recent SWPPP on-site completed before submitting the NOI to obtain permit coverage under the 2008 MSGP, but the facility continued to operate under an on-site SWPPP prepared February 12, 2003 for the 2000 MSGP according to the Permittee's on-site representative. The more recent SWPPP was not reviewed as part of this inspection.

The facility's 2003 SWPPP site map did not contain (see Parts 4.2.2.3 and 6.O.4.1 of the 2000 MSGP):

- directions of storm water flow (e.g., use arrows to show which way storm water will flow);
- locations used for the treatment, storage or disposal of wastes, in this case, locations of paint activities or sources which would be exposed to precipitation/surface runoff (see Photo #6); and
- locations of stormwater outfalls and an approximate outline of the area draining to each outfall.

Notes: The facility's 2003 SWPPP describes and the site maps show outfalls in two areas. Area I has a storm drain inlet near the facility's sulfuric acid above-ground storage tank. The location of the outfall of this storm drain is not described or shown on site map and was unknown to the on-site permittee representative. The facility's 2003 SWPPP also describes outfall locations along the east fence below cooling towers along McCormick School Road and the south fence along Hydro Plant Road. Stormwater discharges along the south fence would be toward an off-site stormwater drain inlet in a drainage swale associated with Hydro Plant Road that is not shown or identified on the site map. Area II has outfalls in the northwest corner, north property boundary and near the Hydro Power Plant. The SWPPP describes a fourth outfall along the north fence. An additional outfall was observed on the day of the inspection at an erosion gully on the northern property boundary, but this location of this outfall was not shown on the map.

The facility's 2003 SWPPP did not contain the following related to non-storm water discharges:

- a signed certification that all discharges (i.e., outfalls) had been tested or evaluated for the presence of non-storm water (see Part 4.4 and Part 9.7 of the 2000 MSGP); and
- location where non-storm water is likely to be discharged (see Part 4.4.2.1.2 of the 2000 MSGP).

The facility's 2003 SWPPP and Discharge Monitoring Reports (DMRs) related to representative outfalls (see Part 5.2.4 of the 2000 MSGP) did not sufficiently describe:

- why the outfalls are expected to discharge substantially identical effluents;
- estimates of the size of the drainage area (in square feet) for each of the outfalls; and
- estimates of the runoff coefficient of the drainage areas.

Note: Drainage area and runoff information was provided for Area I and Area II in the SWPPP and on DMRs, but not for each of the outfalls.

Record keeping for the facility's Routine Facility Inspections did not appear complete or an inspection was not conducted as often as identified in the facility's 2000 SWPPP (see 4.2.7.2.1.5 of the 2000 MSGP). A completed weekly inspection form was not retained in the SWPPP for the week of Monday, October 4, 2010 on the day of the inspection. Also, Routine Facility Inspection reports were not signed and certified in accordance with Part 9.7 of the 2000 MSGP. Certification language was incorrect (see 9.7.4 of the 2000 MSGP).

Procedures and record keeping for Quarterly Visual Monitoring were incomplete (see Part 5.1.1 of the 2000 MSGP). As previously discussed, the description of representative outfalls was not sufficient. Based on the facility's inspection report entries for January 19 and August 1, 2010; February 10, May 2 and October 20, 2009; and January 24, July 16, and November 27, 2008, discharge from only one outfall for each Area I and Area II was monitored visually. The inspection reports did not document which outfalls were monitored. Also, visual monitoring entries did not include probable sources of any observed storm water contamination. Recorded observations for color (e.g., brown), clarity and suspended solids (e.g., very turbid), floating solids (e.g., slight in 2008), settled solids (e.g., sandy and heavy) are indicators of storm water pollution. There was no signed and certified report in accordance with Part 9.7 of the 2000 MSGP documenting there was no qualifying storm event during the 2nd Qtr of 2010. Quarterly Visual Monitoring reports were not signed and certified in accordance with Part 9.7 of the 2000 MSGP. Certification language was incorrect (see 9.7.4 of the 2000 MSGP).

It was noted that the facility's submitted Discharge Monitoring Reports (DMRs) included the wrong NPDES Tracking No. for the Animas Power Plant.

The facility's 2003 SWPPP discussion and Comprehensive Compliance Evaluation Report signed July 2010 did not document that results of both visual and any analytical monitoring done during the year were taken into consideration (see Part 4.9.2 Scope of the Compliance Evaluation of the 2000 MSGP). The Permittee monitored storm water discharges for total Iron, estimated flow and also conducted additional analytical testing for pH, total suspended solids (TSS), Oil & Grease, and total Phosphorus—see summary in Table 1. Exceedances of benchmark values are not viewed as effluent limitations. While exceedance of a benchmark value or relatively high pollutant result does not automatically indicate that violation of a water quality standard has occurred, it does signal that modifications to the SWPPP may be necessary. Also, the Comprehensive Compliance Evaluation Report was not signed and certified in accordance with Part 9.7 of the 2000 MSGP. Certification language was incorrect (see 9.7.4 of the 2000 MSGP).

Notes: Based on information from the on-site permittee representative, this facility did not have coal piles. Therefore, the facility was not subject to numeric limitations and monitoring frequency for TSS and pH in Part 5.1.3 Coal Pile Runoff of the 2000 MSGP. Part 5.1.2 of the 2000 MSGP required benchmark monitoring of discharges associated with specific industrial activities. For Steam Electric Generating Facilities Industrial Activity Code "SE", benchmark monitoring for Total Recoverable Iron was required (see Parts 6.O.5 and Table O-1 of the 2000 MSGP). Quarterly benchmark monitoring periods were October 1, 2001 to September 30, 2002 (year two of the 2000 MSGP) and October 1, 2003 to September 30, 2004 (year four of the 2000 MSGP).

USEPA approved the Total Maximum Daily Load (TMDL) for Nutrients (total Nitrogen and total Phosphorus) in Animas River from San Juan River to Estes Arroyo on January 17, 2006. This facility does not have a waste load allocation (WLA) in the TMDL. The TMDL states, "...compliance with a SWPPP that meets the requirements of the MSGP is generally assumed to be consistent with this TMDL."

Facility Site Review – Overall Rating of “M = Marginal”

Good Housekeeping and Preventive Maintenance (see Parts 4.2.7.2.1.1 and 4.2.7.2.1.3 of the 2000 MSGP)

Generally, housekeeping at the site appeared orderly and well maintained with little to no accumulated windblown trash. However, accumulated solids near the above-ground sulfuric acid tank and storm drain inlet were observed (see Photo #2). The on-site representative did not know the source of the solids. Identification of the solids, removal and proper disposal is needed to prevent the solids from becoming a pollutant to storm water discharges.

Minimizing Exposure and Spill Prevention and Response (see Parts 4.2.7.2.1.2 and 4.2.7.2.1.4 of the 2000 MSGP)

The above-ground sulfuric acid tank was covered to minimize exposure to rain and snow. Also, the double walled tank was located inside a concrete secondary containment. Stains were noted inside the secondary containment and on concrete wall below the fill valve. It was not determined if the stains were from filling the tank, but the fill valve was at the edge the containment and there may not be sufficient spill/overflow protection. Due to the tank's proximity to the storm drain inlet and potential for spills during filling, additional structural or non-structural practices appear needed.

Sediment and Erosion Control, Management of Runoff and Other Controls (see Parts 4.2.7.2. and 4.2.7.3 of the 2000 MSGP)

Most areas were paved and/or stabilized with gravel to minimize generation of dust and off-site tracking of raw, final, or waste materials. Curbing was installed along paved areas primarily along the northern property boundary to prevent runoff of contaminated flows. Straw wattles were located at storm drain inlets, site property boundaries and crossed flow paths along the northern property boundary. As previously discussed, additional absorbent socks had been placed at the north storm drain inlet in Area II as a corrective action in response to Oil & Grease analytical monitoring results and leaks from employee vehicles according to the on-site permittee representative.

However, straw wattles were not properly installed to overlap along the eastern property boundary (see Photo #3). Also, the storm drain near the Hydro Power Plant had accumulated sediment inside the inlet protection that needed to be removed (see Photo #1). As previously discussed, erosion was observed at the northern site boundary in Area II (see Photo #4 and #5). Additional corrective action to manage runoff appears needed along the northern property boundary (e.g., detention ponds, flow attenuation, velocity dissipation, etc.).

Table 1: Summary of Submitted Stormwater DMRs for Animas Power Plant

	pH (SU) ^{1&2} su	TSS ² mg/L	O&G ² mg/L	Total Fe ³ mg/L	Total P ² mg/L
<u>Area 1</u>					
4 th Qtr 2004, 10/28/04	7.1	6	<0.50	0.23	0.046
1 st Qtr 2005, 02/07/05	7.1	15	<5.0	0.80	0.11
1 st Qtr 2006, 01/10/06	7.0	65	<2.5	2.1 ³	0.29
2 nd Qtr 2006, 06/08/06	7.1	128 ²	<2.5	2.4 ³	0.86
3 rd Qtr 2006, 07/06/06	Not Sampled	38	<2.5	0.84	0.48
4 th Qtr 2006, 10/05/06	7.4	43	10	1.6 ³	0.2
1 st Qtr 2007, 01/31/07	6.9	182 ²	630 ²	1.8 ³	0.40
2 nd Qtr 2007, 04/12/07	7.1	39	36 ²	1.4 ³	0.13
3 rd Qtr 2007, 08/02/07	6.82	117 ²	71 ²	2.7 ³	<0.50
4 th Qtr 2007, 11/30/07	7	20	<0.25	0.82	0.36
1 st Qtr 2008, 01/24/08	7	214 ²	<2.5	3.3 ³	0.22
2 nd Qtr 2008, No Discharge					
3 rd Qtr 2008, 07/16/08	6.65	181 ²	280 ²	4.5 ³	1.80
4 th Qtr 2008, 11/27/08	7.93	120 ²	<0.25	1.8 ³	0.74
1 st Qtr 2009, 02/10/09	6.70	33	<2.5	0.87	0.07
2 nd Qtr 2009, 05/02/09	8.45	82	<2.5	3.4 ³	0.54
3 rd Qtr 2009, No Discharge					
4 th Qtr 2009, 10/20/09	7.00	81	<2.5	0.1	0.09
<u>Area 2</u>					
4 th Qtr 2004, 10/28/04	7.1	14	<0.50	0.32	0.12
1 st Qtr 2005, 02/07/05	7.1	3	<5	0.15	0.02
1 st Qtr 2006, Date Incorrect	7.4	206 ²	<2.5	0.63	0.26
2 nd Qtr 2006, 06/08/06	6.8	68	<2.5	2.1 ³	1.70
3 rd Qtr 2006, 07/06/06	Not Sampled	54	<2.5	1.1 ³	0.050
4 th Qtr 2006, 10/05/06	7.4	13	9.7	0.68	0.10
1 st Qtr 2007, 01/31/07	7.1	27	170 ²	0.38	0.27
2 nd Qtr 2007, 04/12/07	6.8	24	<2.50	0.58	0.06
3 rd Qtr 2007, 08/02/07	6.65	694 ²	210 ²	2.5 ³	<0.50
4 th Qtr 2007, 11/30/07	7.1	7	<0.25	0.34	0.25
1 st Qtr 2008, 01/24/08	7.10	32	<2.5	0.39	0.06
2 nd Qtr 2008, No Discharge					
3 rd Qtr 2008, 07/16/2008	6.54	249 ²	300 ²	4.3 ³	1.50
4 th Qtr 2008, 11/27/08	8.09	37	<2.5	0.88	0.37
1 st Qtr 2009, 02/10/09	6.80	8	<2.5	0.28	0.05
2 nd Qtr 2009, 05/02/09	8.53	59	<2.5	0.8	0.19
3 rd Qtr 2009, No Discharge					
4 th Qtr 2009, 10/20/09	6.80	1178 ²	<2.5	21 ³	5.20 ²

Notes:

- ¹ Numeric Water Quality Standards in Segment 20.6.4.403 NMAC for pH is within the range of 6.6 to 9.0 standard units (su).
- ² Sector O of the 2000 MSGP does not have a benchmark requirement for pH, total suspended solids (TSS), oil & grease (O&G), and total Phosphorus (P). As a point of reference, industrial sectors with benchmark levels in the 2000 MSGP for pH were 6.0-9.0 su, total suspended solids (TSS) was 100 mg/L, oil & grease (O&G) was 15 mg/L, and total Phosphorus (P) was 2.0 mg/L.
- ³ Exceeded benchmark level for Total Iron (Fe) which was 1.0 mg/L.

**NMED/SWQB
Official Photograph Log
Photo # 1**

Photographer: Erin S. Trujillo	Date: 10/14/2010	Time: 1134 hours
City/County: Farmington / San Juan County	State: New Mexico	
Location: Farmington Animas Power Plant		
Subject: Accumulated sediment at storm drain inlet to outfall near Hydro Power Plant. Animas River is in background.		



**NMED/SWQB
Official Photograph Log
Photo # 2**

Photographer: Erin S. Trujillo	Date: 10/14/2010	Time: 1145 hours
City/County: Farmington / San Juan County	State: New Mexico	
Location: Farmington Animas Power Plant		
Subject: Arrow points to white solids on pavement near above-ground sulfuric acid tank.		



**NMED/SWQB
Official Photograph Log
Photo # 3**

Photographer: Erin S. Trujillo	Date: 10/14/2010	Time: 1159 hours
City/County: Farmington / San Juan County		State: New Mexico
Location: Farmington Animas Power Plant		
Subject: Example of straw wattle that does not overlap along eastern property boundary.		



**NMED/SWQB
Official Photograph Log
Photo # 4**

Photographer: Erin S. Trujillo	Date: 10/14/2010	Time: 1233 hours
City/County: Farmington / San Juan County		State: New Mexico
Location: Farmington Animas Power Plant		
Subject: Erosion along northern property boundary. Animas River is in background.		



**NMED/SWQB
Official Photograph Log
Photo # 5**

Photographer: Erin S. Trujillo	Date: 10/14/2010	Time: 1133 hours
City/County: Farmington / San Juan County		State: New Mexico
Location: Farmington Animas Power Plant		
Subject: Erosion along northern property shown in previous photo.		



**NMED/SWQB
Official Photograph Log
Photo # 6**

Photographer: Erin S. Trujillo	Date: 10/14/2010	Time: 1133 hours
City/County: Farmington / San Juan County		State: New Mexico
Location: Farmington Animas Power Plant		
Subject: Arrow points to location of box not shown on site map used to allow paint waste to dry before disposal.		

