



County of Los Alamos

1000 Central Avenue
Los Alamos, NM 87544

Agenda - Final Board of Public Utilities

*Carrie Walker, Chair; Jeff Johnson, Vice-chair; Stephen McLin,
Kathleen Taylor and Steve Tobin Members
Philo Shelton, Ex Officio Member
Harry Burgess, Ex Officio Member
Randall Ryti, Council Liaison*

Wednesday, January 15, 2020

5:30 PM

1000 Central Avenue
Council Chambers

REGULAR SESSION

Complete Board of Public Utilities agenda packets, past agendas, videos, legislation and minutes can be found online at losalamos.legistar.com. Learn more about the Board of Public Utilities at rebrand.ly/LACBPU.

PUBLIC COMMENTS:

Please submit written comments to the Board at bpu@lacnm.us. Oral public comment is accepted during the two periods identified on the agenda and after initial board discussion on a business item, prior to accepting a main motion on an item. Oral comments should be limited to four minutes per person. Requests to make comments exceeding four minutes should be submitted to the Board in writing prior to the meeting. Individuals representing or making a combined statement for a large group may be allowed additional time at the discretion of the Board. Those making comments are encouraged to submit them in writing either during or after the meeting to be included in the minutes as attachments. Otherwise, oral public comments will be summarized in the minutes to give a brief succinct account of the overall substance of the person's comments.

1. CALL TO ORDER

2. PUBLIC COMMENT

This section of the agenda is reserved for comments from the public on Consent Agenda items or items that are not otherwise included in this agenda.

3. APPROVAL OF AGENDA

4. BOARD BUSINESS

4.A. Chair's Report

4.B. Board Member Reports

4.C. Utilities Manager's Report

4.C. [12681-20](#) Department of Public Utilities Quarterly Report

Presenters: Philo Shelton, Utilities Manager

PG. 1-41

4.D. County Manager's Report

4.E. Council Liaison's Report

4.F. Environmental Sustainability Board Liaison's Report

4.G. General Board Business

4.G.1 [12409-19](#) Election of Board of Public Utilities Chair and Vice-chair for 2020

Presenters: Carrie Walker, Chair of the Board of Public Utilities

PG. 42-43

4.G.2 [12673-20](#) Appointment of Board Member to Audit Committee for 2020

Presenters: Carrie Walker, Chair of the Board of Public Utilities

PG. 44

4.G.3 [12678-20](#) Schedule and Selection of Members to Attend Boards & Commissions Luncheons for 2020

Presenters: Carrie Walker, Chair of the Board of Public Utilities

PG. 45

4.G.4 [12674-20](#) Affirmation of the Incorporated County of Los Alamos Open Meetings Resolution No. 20-01

Presenters: Carrie Walker, Chair of the Board of Public Utilities

PG. 46-52

4.G.5 [12680-20](#) Approval of Board of Public Utilities Meeting Calendar for 2020

Presenters: Carrie Walker, Chair of the Board of Public Utilities

PG. 53-54

4.G.6 [12675-20](#) Approval of Meeting Agenda Outline for 2020

Presenters: Carrie Walker, Chair of the Board of Public Utilities

PG. 55-56

- 4.G.7 [12679-20](#) Complete and Approve 2019 Board of Public Utilities Annual Self-evaluation

Presenters: Carrie Walker, Chair of the Board of Public Utilities

PG. 57

- 4.G.8 [12632-19](#) Quarterly Update on Utility System - Water System

Presenters: Jack Richardson, Deputy Utilities Manager - GWS Services

PG. 58-107

4.H. **Approval of Board Expenses**

4.I. **Preview of Upcoming Agenda Items**

- 4.I.1 [12685-20](#) Tickler File for the Next 3 Months

Presenters: Board of Public Utilities

PG. 108-110

5. **PUBLIC HEARING(S)**

There were no public hearings scheduled for this meeting.

6. **CONSENT AGENDA**

The following items are presented for Board approval under a single motion unless any item is withdrawn by a member for further Board consideration in the "Business" section of the agenda.

CONSENT MOTION -

I move that the Board of Public Utilities approve the items on the Consent Agenda as presented and that the motions in the staff reports be included in the minutes for the record.

OR

I move that the Board of Public Utilities approve the items on the Consent Agenda as amended and that the motions contained in the staff reports, be included in the minutes for the record.

- 6.A [12684-20](#) Approval of Board of Public Utilities Meeting Minutes

Presenters: Board of Public Utilities

PG. 111-128

- 6.B [12676-20](#) Approval of Modifications to the Board of Public Utilities Procedural Rules

Presenters: Kevin Powers, Assistant County Attorney

PG. 129-156

7. **BUSINESS**

- 7.A [12475-19](#) Approval of a Power and Renewable Energy Credit Sales Agreement, County Agreement No. AGR20-926 between Uniper Global Commodities North America, LLC and the Incorporated County of Los Alamos, New Mexico.

Presenters: Steve Cummins, Deputy Utilities Manager - Power Supply

PG. 157-186

- 7.B [12677-20](#) Approval of Modification 21 to the Electric Energy and Power Coordination Agreement (ECA) Between the Incorporated County of Los Alamos and the United States Department of Energy (DOE).

Presenters: Bob Westervelt, Deputy Utilities Manager - Finance/Admin

PG. 187-191

8. **STATUS REPORTS**

- 8.A [12683-20](#) Status Reports

Presenters: Board of Public Utilities

PG. 192-199

9. **PUBLIC COMMENT**

This section of the agenda is reserved for comments from the public on any items.

10. **ADJOURNMENT**

If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing or meeting, please contact the County Human Resources Division at 662-8040 at least one week prior to the meeting or as soon as possible. Public documents, including the agenda and minutes can be provided in various accessible formats. Please contact the personnel in the Department of Public Utilities (505) 662-8132 if a summary or other type of accessible format is needed.



County of Los Alamos

Staff Report

January 15, 2020

Los Alamos, NM 87544
www.losalamosnm.us

Agenda No.: 4.C.
Index (Council Goals): DPU FY2020 - N/A
Presenters: Philo Shelton, Utilities Manager
Legislative File: 12681-20

Title

Department of Public Utilities Quarterly Report

Recommended Action

None

Staff Recommendation

None

Body

The Board requested that the quarterly report be presented each quarter, with salient features explained.

Alternatives

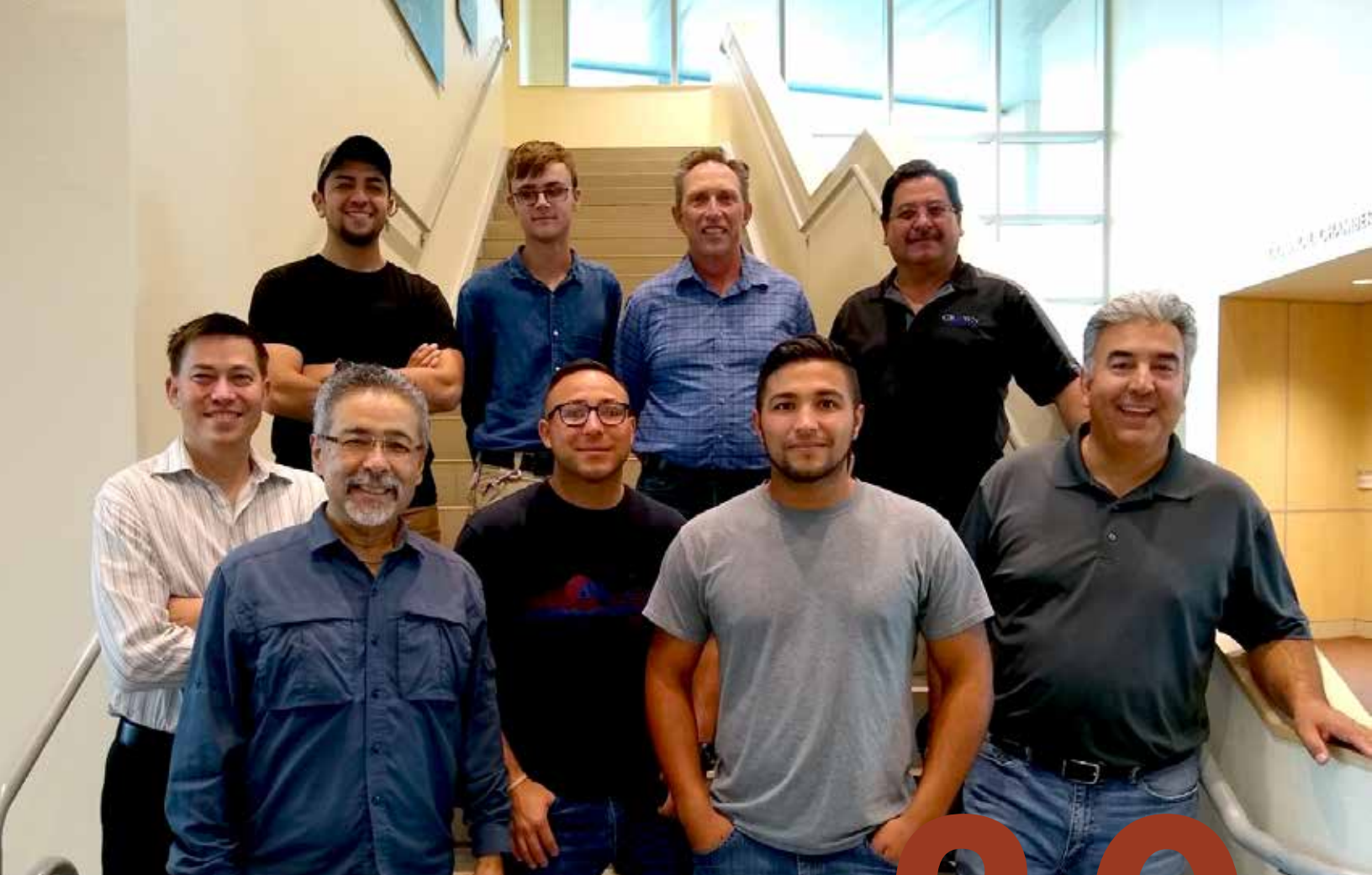
Information only, no alternatives presented.

Fiscal and Staff Impact

No Staff or Fiscal impact.

Attachments

A - FY20 Q1 Quarterly Report



FISCAL YEAR

20

LOS ALAMOS
Department of Public Utilities

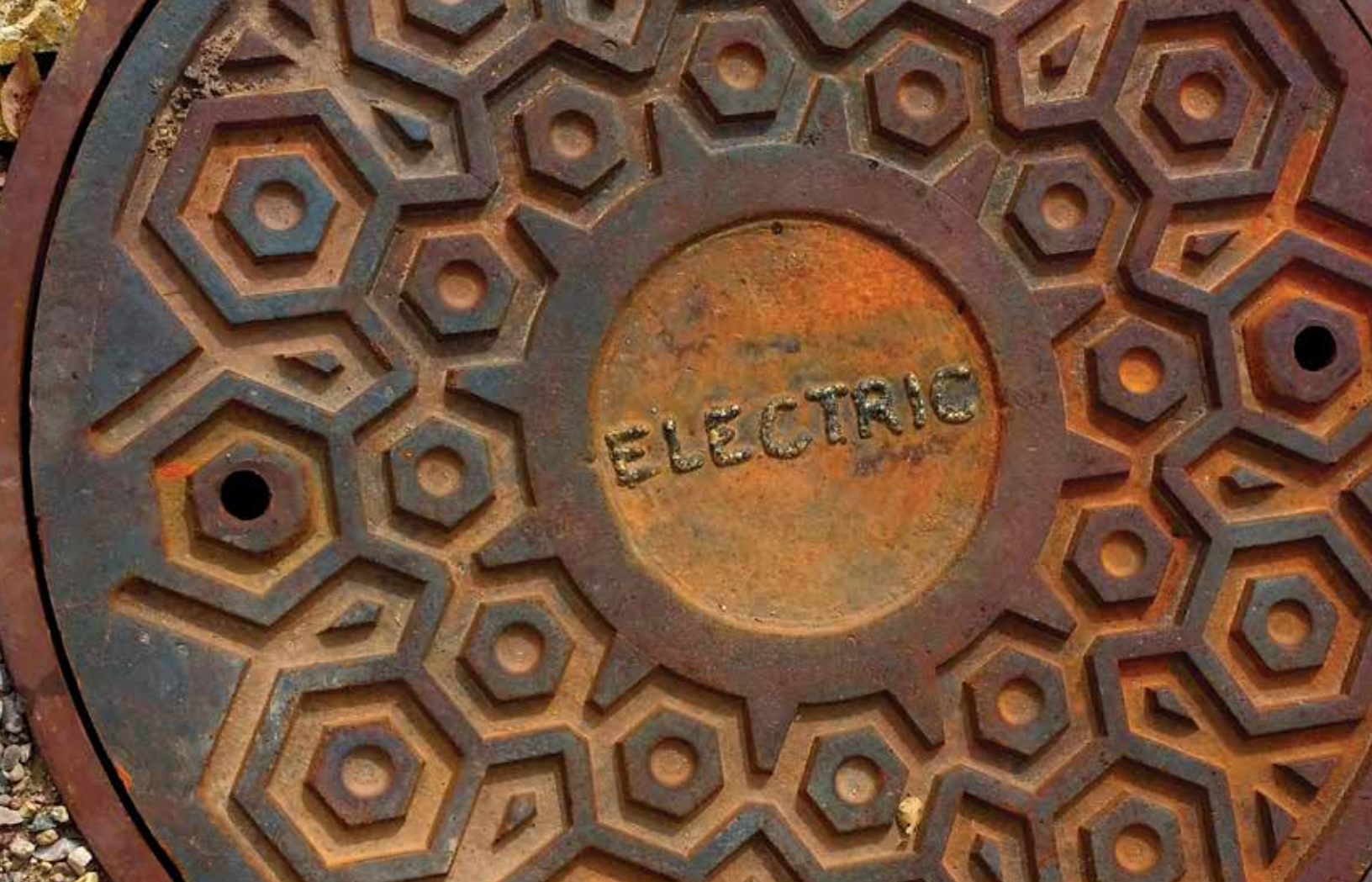
Quarterly Performance Report

Quarter 1: July 1 - September 30, 2019
(Issued January 2020)



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LOS ALAMOS
Department of Public Utilities

Information

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Web. www.ladpu.com/dpu

Philo S. Shelton, III Utilities Manager



Los Alamos Department of the Public Utilities is the county-owned provider of electric, water, natural gas and wastewater services to the community of Los Alamos, New Mexico.



**FY
20
Q1**

Manager Statement

The first quarter of the fiscal year is always busy constructing projects and working to get these projects completed before the winter season is upon us.

The NM-502 road reconstruction project got into full swing. This calendar year is primarily focused on replacing aging utilities infrastructure. Water lines and low- and high-pressure gas lines have been replaced and electric infrastructure upgraded. These are important improvements to enhance reliability of the County's utility systems.

In White Rock, the Department of Public Utilities (DPU) has been working to upgrade the electrical substation by adding a new circuit to serve the new Mirador

development. Also, DPU has been receiving equipment for the Advanced Metering Infrastructure (AMI) project. Currently crews are in the process of installing radio towers to serve the AMI network. Installation of electric smart meters and communication modules for DPU's customers are anticipated to begin in White Rock around April 2020.

Finally, DPU retained a consultant this quarter to design the replacement for the 1966 White Rock wastewater treatment plant.

Other activities during the first quarter included discussions with the Board of Public Utilities for multiyear increases for both water and sewer rates.

A joint meeting with the County Council and BPU was held for a presentation on the Energy Imbalance Market (EIM). As more renewable energy resources come online, it is causing an energy imbalance on the electrical grid. DPU is making plans to address these new challenges. While the EIM will allow Los Alamos County to take advantage of the cost saving associated with excess renewables (solar) on the western grid, at the same time power operations needs to be cognizant of spiking market prices in the evenings when demand for power peaks and the solar power is coming offline.

As electric resource planning is ongoing and dynamic, DPU is exploring entering into a Power



Purchase Agreement, comprising wind and solar generation here in New Mexico. Staff also continues to move forward with the approaching next phase of the Carbon Free Power Project (CFPP). This is a project to build a nuclear power generating facility at the Idaho National Laboratory using small modular reactor technology.

Additionally, Council and BPU approved increasing the County's CFPP subscription for an additional 3.186 megawatts through the U.S. Department of Energy's Joint Use Modular Plant (JUMP). DOE intends to draw from two modules of the twelve-module CFPP. The JUMP project will designate one module to be used for research activities. After DOE research activities cease, 3.186 megawatts of the JUMP module will be assigned to Los Alamos County at a cost that only reflects ongoing operations and maintenance and decommissioning costs. The CFPP is potentially an important dispatchable electric generating resource in solving and

balancing the EIM issues.

One of the Department's sustainability goals is to continue to improve and enhance the reclaimed water system which supports conservation of limited potable groundwater resources. DPU made application to the 2020 Water Trust Board (WTB) funding cycle to construct a new one-million-gallon effluent water storage tank (\$1,080,000). It will be located next to the existing Bayo booster station in Pueblo Canyon adjacent to the composting facility. The Los Alamos effluent conveyance system which pumps treated reclaimed water from the Los Alamos wastewater plant to irrigate the golf course and North Mesa ballparks is limited by the amount of existing storage. This additional million gallons of storage will alleviate supply limitations to the Golf Course and ball parks and allow for expansion of reclaimed water use in Los Alamos.

Photo above: Solar panels located at the capped landfill. DPU is currently exploring adding wind and solar from New Mexico to its electric generation portfolio through a Power Purchase Agreement.



About the Dept of Public Utilities

The Department of Public Utilities is county-owned. It provides Los Alamos County with electric, natural gas, water and wastewater services. Established under Article V of the 1968 Charter for the Incorporated County of Los Alamos, the DPU falls under the jurisdiction of the Board of Public Utilities.

Mission

Provide safe and reliable utility services in an economically and environmentally sustainable fashion.

Vision

Be a high-performing utility matched to our community, contributing to its future with diversified and innovative utility solutions.

We Value

- Customers by being service-oriented and fiscally responsible;
- Employees and partnerships by being a safe, ethical and professional organization that encourages continuous learning;
- Natural resources through innovative and progressive solutions; and
- Community by being communicative, organized and transparent.

Adopted: 2012

Goals/Objectives

1.0 Provide safe & reliable utility services

- Efficiently deliver safe and reliable electric, gas, water & wastewater services;
- Efficiently implement and maintain secure and reliable business systems;
- Ensure utility control and mapping systems and processes are accurate, safe and secure;
- Develop a culture of continuous improvement.

2.0 Achieve & maintain excellence in financial performance

- Utilize revenues to provide a high-level of service while keeping rates competitive with similar utility providers;
- Conduct cost of service studies for each utility at least every five years;
- Meet financial plan targets by 2025;
- Achieve workplans while operating within budget.

3.0 Be a customer service-oriented organization that is communicative, efficient & transparent

- Ensure customer service processes and systems are efficient and user-friendly;
- Engage and inform stakeholders on utilities' operations affecting the community.

Goals/Objectives

4.0 Sustain a capable satisfied, engaged, ethical & safe workforce focused on customer service

- Invest in employee training and professional development;
- Promote a culture of safe and ethical behavior;
- Engage employees, improve employee satisfaction and compensate fairly.

5.0 Achieve environmental sustainability

- Be a carbon neutral electric provider by 2040;
- Promote electrical and heating efficiency and water conservation through targeted conservation programs;
- Reduce per capita per day potable water use by 9 percent by 2030;
- Improve heating efficiency to reduce customer gas usage by 3 percent by 2030;
- Provide class 1A effluent water in White Rock.

6.0 Develop & strengthen partnerships with stakeholders

- Communicate with stakeholders to strengthen existing partnerships and identify new potentially beneficial partnering opportunities.

Adopted: 2018



Board of Public Utilities

Consisting of five voting members and appointed by the Los Alamos County Council, the BPU is the governing body for the department. Members reside in Los Alamos and are customers of the Department of Public Utilities. Calendars, policies and procedures, agendas, minutes, and videos of meetings are available at <https://ladpu.com/BPU>



Carry Walker, Chair



Jeff Johnson, Vice Chair

BPU meets on the third
Wednesday of each
month at 5:30 p.m.
Join us in
Council Chambers
1000 Central Avenue
Los Alamos, NM.



Stephen McLin, Member



Kathleen Taylor, Member



Stephen J. Tobin, Member

Safety



The word "safe" is right there in the Department of Public Utilities' mission statement. "Provide safe and reliably utility services" Reasons for focusing on a safe work environment go without saying, to protect our most valuable resource: people (employees and customers). Further a focus on safety is proven to improve productivity, quality of product, and even the financial position. In 2012, the Board of Public Utilities adopted a safety culture vision. The goal is to promote how safety is managed in the workplace by creating a work environment which reflects the attitudes, beliefs, perceptions and values that employees share when it comes to safety.

DPU held a tabletop exercise on July 16, 2019 with Los Alamos county police and fire departments to test communication and coordination of a rescue at the Los Alamos Canyon dam

Safety Culture Vision

DPU seeks to create a safety culture where employees practice safety every hour on the job, while no one is watching, because employees want to and not because employees have to. To create this safety culture, DPU employees believe in:

- Putting safety first
- Leading by example
- Establishing and enforcing a high standard of work performance
- Briefing or tailgating before every job
- Making work and safety suggestions.

Adopted: 2012

Safety Committee

DPU employees representing each utility division comprise the 13-person Safety Committee. They hold a committee meeting quarterly to review and share best practices. They also analyze accidents, incidents and near misses and discuss and implement appropriate prevention measures.

Each member of the Safety Committee is responsible for discussing the accident, incident or near miss with the rest of the staff at the next available weekly group meeting and share agreed upon prevention measures.

Safety Employee

The Safety Employee of the Quarter program was developed by the safety committee with an intent to reward those who most clearly and effectively demonstrate DPU's safety culture vision.

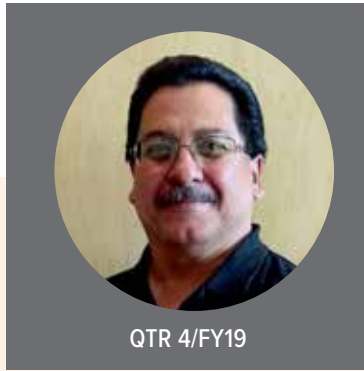
Each quarter all DPU employees nominate fellow employees who exemplify the safety culture vision. A review of the nominee applications is conducted and voted on by the safety committee members and forwarded to DPU's senior management team for concurrence. The selected employee is recognized and earns an additional day of administrative leave.



QTR 1/FY20

Tyler Randolph

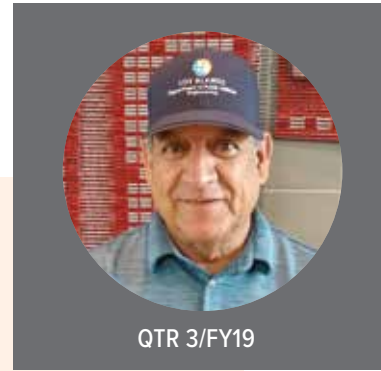
Tyler Randolph is an apprentice II employee in the wastewater treatment division. Following safety protocol, He understands safety concerns in an environment with multiple possible hazards. He looks for potential safety hazards on the job and will stop work to render the area safe for his coworkers.



QTR 4/FY19

Stephen Marez

Stephen Marez is the electrical engineering manager for Electric Distribution. Steve relentlessly works to keep his crews safe, developing switching procedures that are kept up-to-date and reviewed regularly.

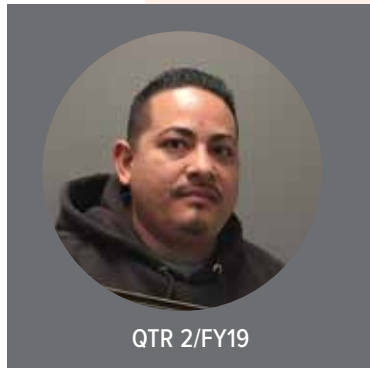


QTR 3/FY19

Dennis Segura

Dennis Segura is an engineering project manager for the Engineering Division. Among his many duties, he completely recreated and improved DPU's cathodic protection monitoring and tracking procedure for enhanced safety.

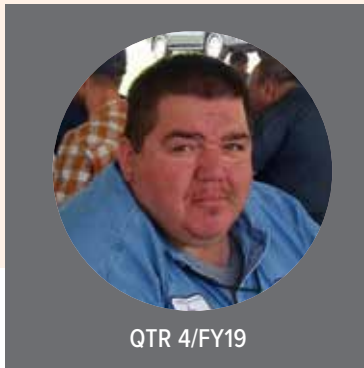
Safety Employee Of The Quarter



QTR 2/FY19

Joel Martinez

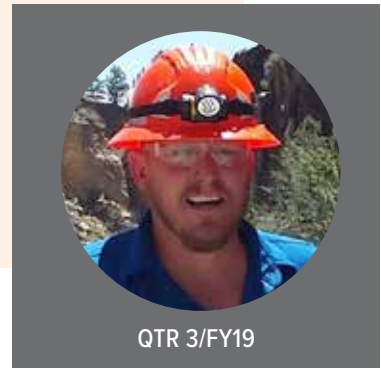
Joel Martinez is the electrician for the Water Production Division. Joel safely oversees everything from 4160V AC switchgear at water production wells to 24V DC control circuits in wastewater collection system lift stations.



QTR 4/FY19

Victor Tanuz

Victor Tanuz is a senior water systems operator in the Water Production Division. Victor safely maintains and operates wells and booster pump stations in isolated canyons.



QTR 3/FY19

Adam Cooper

Adam Cooper, hydroelectric plant engineer, works in the Electric Production Division. Adam oversees the safe operation of both the Abiquiu and El Vado hydroelectric facilities.

Stephen Marez
Electrical Engineer



The Electric Distribution Division provides electricity to over 8,500 customers in Los Alamos townsite and White Rock. Crews maintain the underground and overhead system 24/7.



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Electric Distribution

Engineering and line operations comprise the Electric Distribution Division. Engineering is responsible for planning; design and project management for all distribution powerline construction; developing material specifications and standards; ordering materials for critical projects; and ensuring sufficient material inventory for critical infrastructure. Support is provided to the Finance and Administration Division for metering and customer issues.

Line operations is responsible for keeping the power on 24/7. The linemen perform the safe operations and maintenance of the distribution grid and undertake the majority of new powerline construction.

The electric department is in the process of testing commercial meters for the implementation of the advanced metering infrastructure (AMI) project. Accuracy of the large customer meters will be verified prior to installation.

Crews will review the large customer accounts for proper multipliers, beginning in White Rock and then move to townsite.

Summer and fall projects in the county are moving ahead rapidly to avoid the winter shutdowns. The first quarter schedules included the continuation of work on NM 502 road reconstruction project that includes the relocation of several utilities. The contractors installed conduit,

switch sleeves, and vaults. The line crew will install conductors and equipment as the facilities are made ready.

Electric line crews were also busy replacing power poles and cross-arms throughout the county.

In White Rock the El Mirador subdivision is in full construction mode with housing units on Confianza Street. Electric line crews are installing conductors, transformers and meters in the subdivision. Electric utility services along Confianza are installed and homes are being connected.

The White Rock substation project is complete. As of October the new metal enclosed switch



station on the Unit 1 transformer was completed. Los Alamos National Laboratory (LANL) line crews reconnected the 115kv line to the transformer to energize the transformer and allow DPU engineering to commission the station. The Unit 1 transformer is in service.

Throughout the county, the tree trimming contractor was busy trimming trees in the canyons and the Ski Hill. In preparation for winter, these areas are always prioritized during quarter 1.

The Los Alamos switchgear substation (LASS) project has been delayed due to site construction issues that the Los Alamos National Laboratory is addressing. When completed, Los Alamos will have a second substation and eight new power lines with which to distribute power. The LASS project is the single most important project related to reliability for the department.

It will be powered by the Los Alamos National Laboratory's new TA-3 substation. LASS and LANL's new TA-3 substation are located near the main LANL guard entrance. The anticipated new date for completion is now late 2020.

We continue to interconnect net metering PV systems each month. Note that for PV electrical equipment protection and for the safety of our linemen, utility interconnect agreements are required. Also, there are interconnection requirements for the general county and the Construction Industries Division for the State of NM. The utilities web page has detailed Net Metering interconnect instructions and guidance for customers convenience.

Photo above: Los Alamos National Laboratory (LANL) line crews reconnected the 115kv line to the transformer to energize the transformer and allow DPU engineering to commission the new White Rock substation.

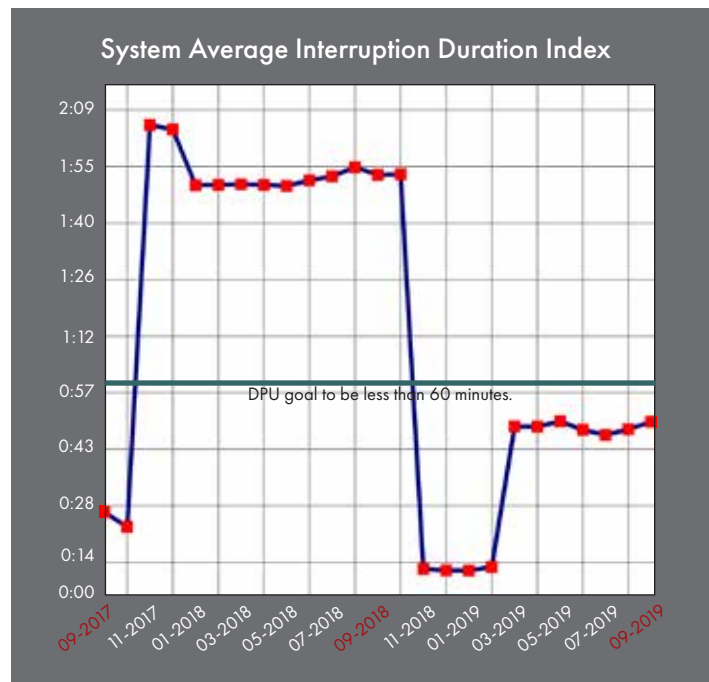


Electric Distribution Update

System Average Interruption Duration Index

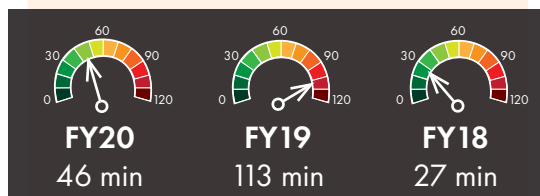
Improving system reliability and reducing outage times became a primary focus for the Los Alamos Department of Public Utilities (DPU) in 2008. The System Average Interruption Duration Index (SAIDI) rose to an all-time high, exceeding 300 minutes as the annual average time that a DPU customer could expect to be without power. Accordingly, DPU set a goal to reduce its SAIDI to below 60 minutes (including major events).

The SAIDI rose to 48 minutes by the end of quarter 3 in FY 2019, due to a wind storm on March 13.



SAIDI comparison for Quarter 1 rolling 12 month results as of:

Sep. 30, 2019	FY20	46 min	Goal 60 min
Sep. 30, 2018	FY19	113 min	Goal 60 min
Sep. 30, 2017	FY18	27 min	Goal 60 min



The FY 2020 quarter 1 SAIDI results are at 46 minutes.

Energy Information Administration and available on its website - <https://www.eia.gov/electricity/data/eia861/>

As a point of reference, in 2018 the mean SAIDI was 142.27 minutes without major events and 319.39 minutes with major events for 1,027 utilities across the nation (excluding U.S. territories) per a 2018 reliability spreadsheet issued by the U.S.

DISTRIBUTED GENERATION

Unlike conventional power generating stations that are centralized and require transmission lines, distributed generation resources are decentralized and close to the load, such as rooftop solar systems. In Los Alamos, several commercial and residential customers have opted to install small solar or photovoltaic distributed generation systems.

Total Distributed Generation

As of the end of quarter 1, distributed generation resources totaled 808 kilowatts.

- Residential systems totaled 646 kilowatts, and
- Commercial systems totaled 162 kilowatts.

New Distributed Generation

31 kilowatts of distributed generation were added to DPU's electric distribution grid during quarter 1.

Pending Distributed Generation

Currently 10 residential customers are in the process of adding 61 kilowatts of distributed generation to DPU's electric grid.

CARBON-NEUTRAL ELECTRICAL ENERGY PROVIDER

On January 20, 2016, the Board of Public Utilities adopted the following: The Department of Public Utilities will be a carbon-neutral electrical energy provider when the electricity distributed to Los Alamos County consumers is generated or purchased from sources that in their normal operation cause no net release of carbon dioxide to the atmosphere.

1. "Los Alamos County customers" means those customers scheduled in the Los Alamos County Code of Ordinances Section 40-121; this does not include DOE/LANL.
2. "No net release of carbon dioxide" means that purchases or generation of carbon-based electrical energy, necessary when carbon-free supplies are not practically available to supply Los Alamos County consumers, will be fully offset from previous sales of surplus carbon-free electricity to other entities.



808 kW
Total DG

646 kW
Residential

162 kW
Commercial

31 kW
New DG

61 kW
Pending DG

Steve Cummins
Deputy Utilities Manager



The Electric Production Division is responsible for scheduling generation resources and market purchases and sales to satisfy the electrical demand of the Los Alamos Power Pool and Sandia/Kirtland. It is also responsible for the operation and maintenance of the El Vado and Abiquiu hydroelectric facilities



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Electric Production

Last Quarter DPU reported that Northern Rio Arriba Electric Co-operative or NORA approached DPU's electric production division expressing interest to purchase power from the county-owned hydroelectric facility in El Vado. The power would supply the electric load for the Chama region while NORA rebuilds a six mile section of 69 KV line between Abiquiu and Rio Cebolla. NORA also proposed that DPU pay for the controls upgrade at the El Vado hydroelectric facility to be able to follow the Chama load.

This past quarter, NORA reported that they were revisiting their alternatives and would contact us at a later date.

Proceedings Regarding Public

Service Company of New Mexico's Application for Approval of Abandonment of San Juan Generating Station Units is before the New Mexico Public Regulatory Commission. A prehearing will be held between December 10th and December 19th, 2019. Richard Virtue, LAC outside counsel is keeping apprised of the intervenors witnesses' testimonies. DPU and LAC Legal will attend specific days of the hearing as recommended by Richard Virtue.

Additionally, DPU was notified by the City of Farmington (COF) that it is pursuing along with Enchant Energy, a carbon sequestration project that would allow the San Juan Generating Station to remain open beyond the 2022 Agreement expiration date. DPU

notified the parties that LAC will be exiting the facility in 2022 as planned, however, it supports this endeavor as long as there is no cost to the County of Los Alamos. Should Farmington and Enchant Energy move forward, DPU will work with them and other facility owners to iron out the contractual details related to future plant closure obligations. Enchant Energy received a \$2.9 million grant from the Department of Energy for a preliminary Engineering and feasibility study.

Enchant Energy would like to have all of the contracts for the transfer of ownership completed between Enchant and the nine owners of the San Juan Generating Station by July of 2020. The nine participants generally

have the same concerns with the proposal regarding plant closure obligations and the potential for future liabilities with decommissioning and mine reclamation and who ultimately will pay the cost.

We anticipate that the NMPPRC will not approve the abandonment filing until Enchant Energy has had time to complete the Preliminary Engineering and Feasibility Study for the carbon sequestration proj-

ect which is expected as early as March 2020.

INITIATIVES FOR FUTURE ENERGY RESOURCES

THE FUTURE ENERGY RESOURCES COMMITTEE (AN AD HOC CITIZEN COMMITTEE) PREPARED A JULY 2015 REPORT TO RECOMMEND FUTURE ENERGY GENERATION RESOURCES FOR LOS ALAMOS COUNTY. THE BOARD OF PUBLIC UTILITIES ADOPTED MOST OF THE RECOMMENDATIONS IN JANUARY AND MARCH 2016. DPU'S PLAN TO IMPLEMENT THE BPU ADOPTED POLICIES ARE DESCRIBED HERE.

Electric Vehicle Charging Stations

This effort is in support of the strategic policy to support the replacement of petroleum-fueled motor vehicles with all electric vehicles. In July 2018 (last year), staff presented to the BPU recommended locations and types of EV charging stations. Recently, New Mexico Environment Department announced the application period is now open through Jan. 9, 2020 for funding through the 2017 Volkswagen (VW) settlement. DPU is in the process of completing applications.

Carbon Free Power Project

Through DPU's membership with the Utah Associated Municipal Power Systems (UAMPS), staff has

been following the development of the Carbon Free Power Project (CFPP) which is a projected 600 MW nuclear generating station to be built in Idaho using small modular reactor (SMR) technology.

On July 17 the BPU approved the Joint Use Module Plant (JUMP) resolution resulting in Los Alamos County acquiring an additional 3.186 MW above the base subscription of 8 MW.

This JUMP Allocation Resolution is for Los Alamos County to express their interest in their entitlement share of capacity and energy from the JUMP program after DOE has completed their research and development using the power output of the JUMP.

UAMPS and DOE expected to have the terms and conditions of the JUMP Power Sales Layoff agreement completed by October 2019, however DOE funding has been delayed by Congress which intern has delayed the JUMP agreement. After reviewing the final terms and conditions of the JUMP agreement the members interested in the JUMP program will have the option to rescind its election to increase their entitlement share in the CFPP.

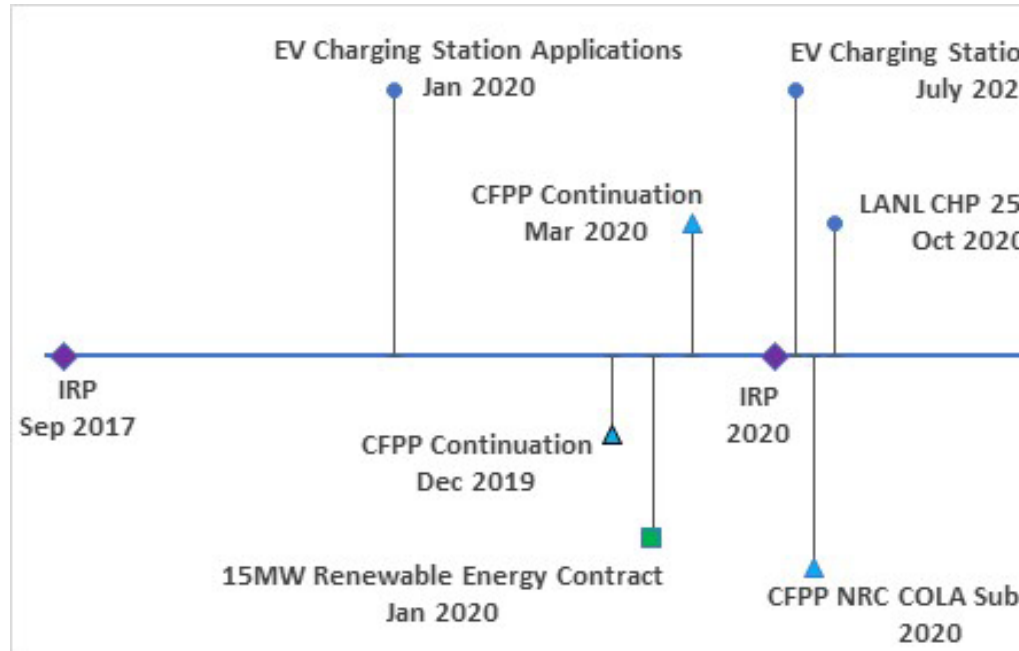
The PMC exhausted the \$6 million cap in November 2019 which is 100% reimbursable if the project is terminated by UAMPS Project Management Committee (PMC).

TIMELINE

The timeline (right) shows the strategic plan with several important dates which play a significant role in the decision making process to achieve the goal to be a carbon neutral electric energy provider by 2040 while sustaining the electric demands of the community.

It starts with the development of an Integrated Resource Plan (IRP) in 2017, which provides the most economical options to achieve the goal based on the best information available at that time. There are three future contract dates which provide an opportunity to shape our future power supply. First the expiration of the San Juan Project Participation Agreement and anticipated shut down of the San Juan Generating Station in 2022. Second, the County's expected exit from the coal-fired Laramie River Station, where the County signed a life of the plant (2042), power purchase agreement. Third, the expiration of the current Electric Coordination Agreement (ECA) between the County and DOE-NNSA LANL in 2025.

Through the current agreement resources are pooled together to serve the combined load of the County and Los Alamos National Laboratory. Today LANL accounts for approximately 80% of the total electrical demand. An extension of the ECA along with the negotiated terms and conditions will have a significant impact in DPU's decision to add new or replacement generation resources to the mix to ensure we don't have an over or under supply of energy post 2025.



At this time UAMPS PMC is recommending increasing the budget for the CFPP participants by \$976k, (Approx. \$52,500 for LAC, non-reimbursable), to keep the project moving forward from December 2019 through March 31, 2020 to accomplish the following:

- Contract negotiations for the Engineering Procurement and Construction Development Agreement,
- UAMPS Owners Engineer MPR review cost estimate and run the Economic Competitive Test,
- Identify key risk items to achieve price target and plan to de-risk, and
- Acquiring additional subscription.

It is Important to note, that the participants are still eligible for

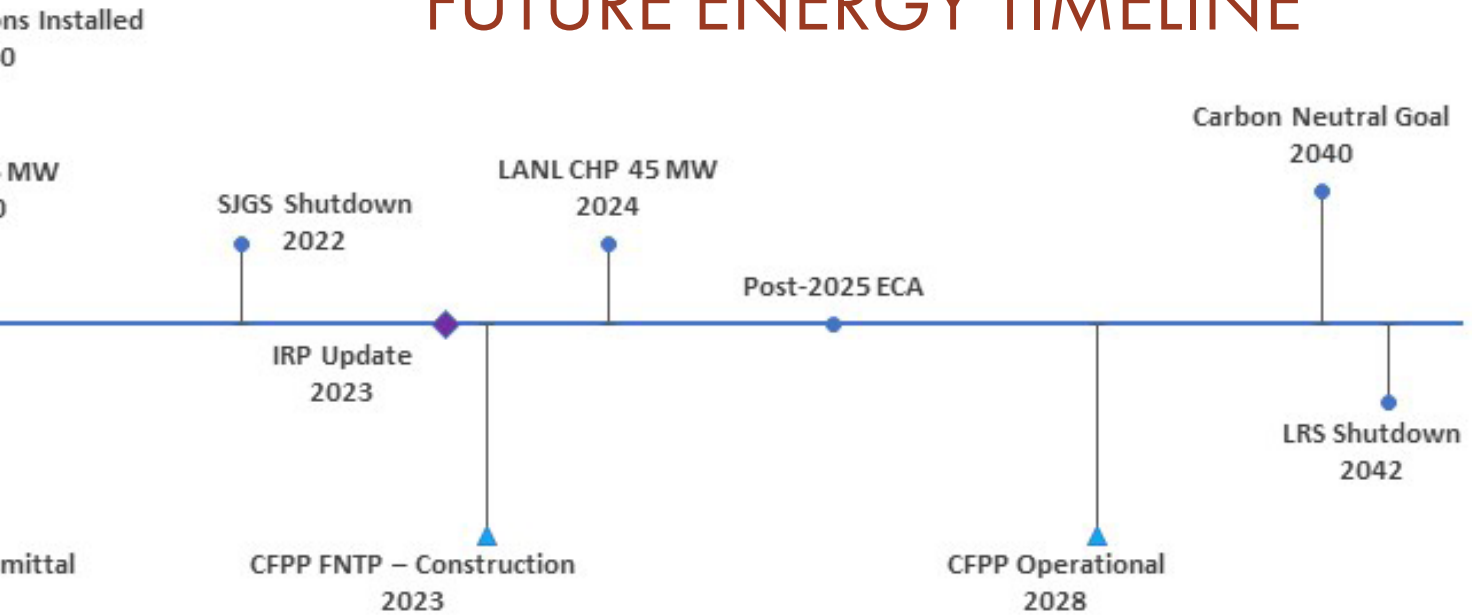
100% reimbursement of the \$6M if UAMPS terminates the project in the spring or summer of 2020.

Based on what we know today regarding generation resource adequacy in the western interconnect, LAC needs to have 100% of its load covered with owned generation assets or long term power purchase agreements in addition to being carbon free to meet our 2040 carbon neutral goal.

Utility-Scale Solar Projects On DOE Sites

DOE-LANL has pursued one site approximately 50 acres which has been previously disturbed making it the preferred site for a solar PV array. The environmental review process has been completed. LANL's Utilities and Infrastructure division is awaiting for TRIAD

FUTURE ENERGY TIMELINE



to make the final decision on whether to proceed with the project. It was reported that the earliest commitment would push the project into calendar year 2020. The Operating Committee for the ECA is currently in discussion on a post-2025 contract and will consider how this project will be treated in the Electric Coordination Agreement between DOE-NNSA and Los Alamos County. No new progress in the first quarter of FY2020.

Automated Metering Infrastructure (AMI)

The BPU approved the AMI project in September 2018. The contract allows for an 18 month implementation period. Staff is currently working with the AMI contractor (Ferguson) and Tyler Munis to coordinate the interface between the AMI and DPU's billing system. Staff is working

closely with Tyler Munis to see if the upgrade to version 19 will have an impact on the data interface. If it is determined to wait until after the Munis upgrade, Ferguson will not mobilize until the first quarter of 2020.

In the meantime, Ferguson is working on finalizing the propagation study for Town site and White Rock. DPU Electric Distribution crews are currently setting the base stations per the propagation study results on Pajarito Mountain and in White Rock. Once White Rock is completed the crews will work on the Town-site repeaters. It is anticipated that Ferguson will begin work after the upgrade so they only need to mobilize one. Ferguson earliest project completion is 6 months after mobilization.



Jack Richardson Deputy Utilities Manager



Gas, Water and Sewer Division safely operates and maintains the gas and water distribution and sewer collection systems. Water Production Division safely pumps drinking water and transports potable and non-potable water. Wastewater Division safely treats wastewater at the Los Alamos and White Rock treatment plants.



**FY
20
Q1**

Gas, Water & Sewer

Gas, Water, Sewer (GWS)

The staff continues to work with Purchasing staff to finalize a request for proposal (RFP) for the first ever supervisory control and data acquisition (SCADA) system for the wastewater collection system using cell phone technology. By next quarter this RFP should be on the streets. This RFP will also be used as the model for the first ever SCADA for the gas distribution system scheduled for FY 2021.

The sewer cleaning and video inspection crews have worked with the personnel at IT Pipes to implement new software upgrades. Additionally, the sewer crew has developed a procedure to maintain consistent file nomenclature and rapid video file downloads into the

geographic information systems (GIS). As a result, up-to-date files of sewer inspection videos are embedded in the GIS.

The GWS crews have completed all gas system leak detection inspections as well as the annual gas pressure regulating valve station inspection, testing & calibration. Further, staff replaced four old antiquated individual gas pressure regulating valves, inside selected PRV stations. By eliminating the oldest gas valves that are no longer supported by the manufacturer, the system has been modernized. The remaining replacement valves will be ordered over the winter. This effort will be finished in the spring of 2020 after the weather warms again.

The NM 502 project has continued

to keep a two-person crew busy almost fulltime this quarter doing pipeline locates and assisting with pipeline pot-holing and operation of system valves to avoid leakage and losses.

The county-wide backflow prevention assembly inspection original scope was completed this quarter. Based on conversation with the consultant doing the investigation, the scope was expanded to also include all major multi-family complexes (those greater than a four-plex).

Paul Gonzales was promoted to Senior Pipefitter and Justin Lujan was promoted to Pipefitter. Antonio Pena was promoted to Apprentice I. Steven Martinez was promoted from Temporary Laborer



to Limited Term Trainee. New hires were Erwin Lopez (Engineering Associate), Peter Madrid (Apprentice I), Jacob Leyba & Mark Martinez (Trainee). The new hires were to replace employees lost to other organizations.

Water Production

The water production crew weatherproofed all stations for the upcoming winter season. Design of the new Otowi Well 2 pump equipment and housing was advertised. Formal contract approval will occur next quarter. The natural gas engine driver for Pajarito Well No. 4 is now scheduled for installation in December 2019 / January 2020.

Rebuilt and re-installed was the motor for Pajarito Well 5 while the station was down for installation of the new motor control center (MCC). The new MCC for Pajarito Well 5 is on site and is scheduled to be installed December 2019 / January 2020. A design of the replacement chlorination building on State Road 4 near Tsankawi

began this quarter. This station will enable DPU to initiate active use of Otowi Well 1 (immediately) and Otowi Well 2 (when completed) both for the first time ever.

The new non-potable meters and SCADA were successfully implemented after overcoming some significant challenges over the past two years. All major non-potable users are now metered through new accurate meters and read remotely through the SCADA system. Automated reports are being used to develop both billing and permit required reporting.

Wastewater Treatment

Bohannen Huston began the value engineering portion of the final design for the replacement White Rock wastewater treatment plant. The temporary implementation of a de-chlorination system at the Los Alamos wastewater treatment facility enabled staff to eliminate the TRC permit violations on a consistent basis. To prevent freezing and damage to the de-chlorination equipment and

associated analyzer and monitoring equipment, the staff is working to install a heated enclosure.

Tyler Randolph was promoted to wastewater treatment plant apprentice II.

Meter Reading

The advanced metering infrastructure (AMI) project continues to ramp up with planning meetings regarding implementation, staffing, training, material storage, etc.

For manual meter reads, a new 21st century technology smart phone meter reading system was purchased and implemented.

Photo above: The NM 502 project has continued to keep a two-person crew busy almost fulltime this quarter doing pipeline locates and assisting with pipeline pot-holing and operation of system valves to avoid leakage and losses.

James Alarid Deputy Utilities Manager



Engineering Division supports all operations of the Department of Public Utilities with a professional staff of engineers, project managers, environmental specialists and SCADA technicians.



**FY
20
Q1**

Engineering

The first quarter of fiscal year 2020 began with welcoming a new group of engineer interns. This year we hired five engineer interns representing New Mexico State University, the University of New Mexico and New Mexico Institute of Mining and Technology. Our intern program continues to be a rewarding mentorship program for upcoming engineers and mutually beneficial to the students and the Department of Public Utilities.

Our engineering staff has been busy managing a variety of projects consisting of both planned capital improvements and some large capital needs resulting from well equipment failures.

The utility portion of the NM 502 reconstruction project has gone

very well to date. The utility portion of the project is approximately 90% complete and almost all of the new utility infrastructure has been placed into service. The contractor has made good progress in the storm drain construction and retaining wall construction. The project should be complete as scheduled by the fall of 2020. The utility portion of the project is on schedule and under budget.

Our engineering staff has been working with a consultant to prepare a model of our gas distribution system and evaluate the performance of the system in its current state and under future conditions considering new development. The final report and training on use of the model will be completed in December 2019.

The Pajarito Well #4 Gas Engine Replacement project began in spring of 2019 and the engine and associated equipment have been under fabrication since. Work will begin on the installation in December 2019 and is expected to be complete by the end of January 2020. The Pajarito Well #5 Motor Control Replacement project is currently under construction and will be complete by the end of January 2020 as well. The work on these two wells has been planned and scheduled to be complete prior to the spring when water demand significantly increases.

Drilling and development of Otowi Well #2 was completed in May of 2019. The design to equip the well with a pump, electric gear



and build the well house will begin in January 2020. We anticipate construction of the well house and associated pumping equipment to be complete by summer 2021. As part of this same design effort, a replacement motor control center will be designed for Otowi Well #4. This equipment has been showing signs of failure and to maintain the reliable production of this crucial well we will bid and construct these improvements with the Otowi Well #2 project to take advantage of the economy of scale of contracting this similar work in the same vicinity.

Our staff has been experiencing the highest volume of building permits since rebuilding began after the Cerro Grande fire. In addition we have been working with many developers coordinating utility expansions to serve upcoming commercial and housing developments. Our staff has done a great job of meeting this increased workload.

The El Mirador subdivision in White Rock completed the installation

and testing of the water, sewer and gas utilities this quarter. There are some outstanding punchlist items needing correction and outstanding work on the electric system that remain before the public utilities can be formally accepted by action of the County Council. The first certificates of occupancy for new homes have recently been issued.

The DP Road Lift Station Replacement project began construction in November 2019. The project is expected to be complete by February 2020. This lift station will replace an existing one, but has been designed to convey sewage from a number of new developments along DP Road.

The Los Alamos Reservoir Road Stabilization project will stabilize the road and protect the existing utilities in the road from wash-outs. We were successful in receiving a FEMA mitigation grant that will fund 75% of the cost for these improvements and the remaining 25% will be matched by the County. For nearly two years we have been

working on Phase I of the project which is the design and environmental documents. The Finding of No Significant Impact (FONSI) was issued by the FEMA this quarter which signifies the formal environmental approval for the project. The next step is to secure funding of Phase II for construction. We anticipate that the amendment to our grant agreement authorizing the construction funds will be secured by the spring of 2020. Once the funding is secured the project will be bid for construction.

Photo above: DPU hired five engineering students. Pictured with some of their mentors from left to right in the front row are: Ben Olbrich (mentor), Tyler Mabraten (intern), Stephen Marez (mentor). Back row: Rafael De La Torre (intern), Lucas Montoya (intern), and Mariano Montoya (intern). Not pictured is Kyle Vigil (intern).

FY20 CIP Projects

	<u>Budgeted</u>	QTR1			QTR2			QTR3			QTR4		
		07/19	08/19	09/19	10/19	11/19	12/19	01/20	02/20	03/20	04/20	05/20	06/20
Electric Production	\$265,000												
Update Energy & Water Conservation Plan	25,000												
Upgrade Electric SCADA (Modems, Switches & RTUS)	100,000												
Install 3-Ton Jib Crane at Abiquiu Hydroelectric Plant	140,000												
Electric Distribution	\$3,855,880												
Los Alamos- Replace URD* (cables, jboxes, pedestals)	100,000												
White Rock - Replace URD* (cables, jboxes, pedestals)	100,000												
Circ.15 LA 3-Phase, Replace Overhead (poles, cross arms, transformers)	100,000												
Circ.1 WR 3-Phase, Replace Overhead (poles, cross arms, transformers)	100,000												
Complete the Los Alamos Switchgear Substation	850,000												
Install Electric Vehicle Charging Stations (grant funding)	150,000												
Install Advanced Metering Infrastructure	2,455,880												
Natural Gas Distribution	\$2,127,907												
Update Energy & Water Conservation Plan	25,000												
Install Advanced Metering Infrastructure	2,102,907												
Water Distribution	\$1,694,378												
Install Advanced Metering Infrastructure	1,694,378												
Water Production	\$6,535,051												
Update Energy & Water Conservation Plan	25,000												
Construct & Install Otowi 2 Well House, Pump & Equipment	1,680,561												
Replace Chlorination Bldg & Pipeline on NM4 & E. Jemez Rd.	750,000												
Replace Non-potable Booster Station at Overlook Park (grant funding)	800,000												
Stabilize Los Alamos Reservoir Road (grant funding)	2,100,000												
Replace MCC for Pajarito Well 5	376,711												
Replace Engine for Pajarito Well 4	802,779												
Wastewater Treatment	\$2,199,143												
White Rock Replacement Wastewater Treatment Plant - Design	2,199,143												

*URD - Underground Residential Distribution

Planning & Design 
Actual Construction 

FY20 Capital Projects

Energy & Water Conservation

(Funded through: Electric & Water Production, Gas Distribution)

Scope: Hire a consultant to update DPU's 2015 Energy & Water Conservation plan.

Budget: EP \$25,000

GD \$25,000

WP \$25,000

Schedule: Spring 2020



Electric SCADA

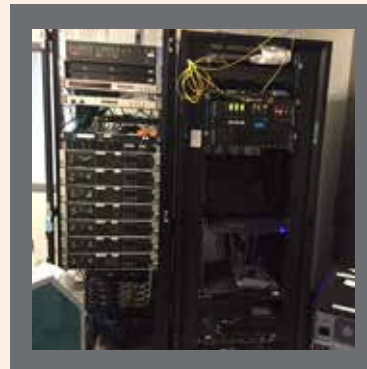
(Funded through: Electric Production)

Scope: Upgrade the modems, switches and RTUs of the electric SCADA system to maintain reliable operations.

Budget: \$100,000

Schedule: Summer 2019 through

Spring 2020



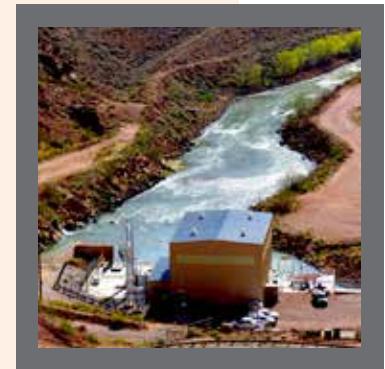
3-Ton Jib Crane at Abiquiu

(Funded through: Electric Production)

Scope: Install a 3-ton jib crane at the Abiquiu hydroelectric facility to raise and lower gates to the energy dissipating chambers.

Budget: \$140,000

Schedule: Spring 2020



Underground Residential Distribution - Los Alamos

(Funded through: Electric Distribution)

Scope: Replace portions or segments of the prioritized underground residential distribution system in due to three or more failures. Replace old and obsolete live front transformers. Design new loop segments to provide redundancy to radial power lines to minimize number of customers impacted by outages.

Budget: \$100,000

Schedule: Year round



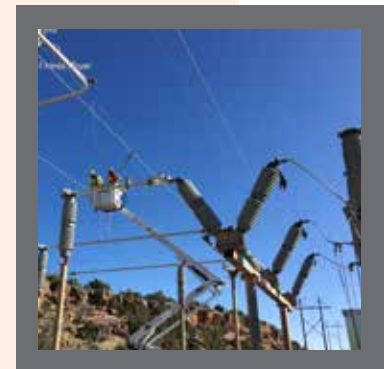
Underground Residential Distribution - White Rock

(Funded through: Electric Distribution)

Scope: Replace portions or segments of the prioritized underground residential distribution system in due to three or more failures. Replace old and obsolete live front transformers. Design new loop segments to provide redundancy to radial power lines to minimize number of customers impacted by outages.

Budget: \$100,000

Schedule: Year round



Overhead System - Circuit 15, 3-Phase

(Funded through: Electric Distribution)

Scope: Replace power poles, cross-arms and revamps (wire & transformer upgrades) of the overhead electric system on circuit 15 in Los Alamos. Priority is placed on the 3-phase backbone and areas affecting the highest number of customers.

Budget: \$100,000

Schedule: Year round

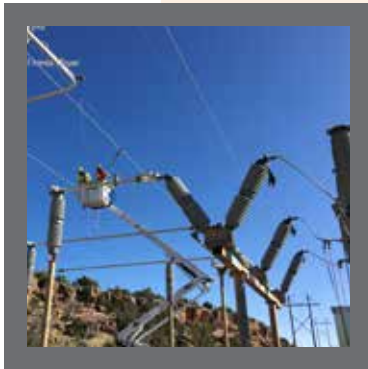
Overhead System Circuit 1, 3-Phase

(Funded through: Electric Distribution)

Scope: Replace power poles, cross-arms and revamps (wire & transformer upgrades) of the overhead electric system on circuit 1 in White Rock. Priority is placed on the 3-phase backbone and areas affecting the highest number of customers.

Budget: \$100,000

Schedule: Year round



Los Alamos Switchgear Substation (LASS)

(Funded through: Electric Distribution)

Scope: Install a neutral reactor. Procure and install new breakers for the LC1 and LC2 circuits of the new DPU switchgear substation installed near the Eco Station on E. Jemez Rd. Once completed, the LASS will provide a second source of electricity to the Los Alamos townsite.

Budget: \$850,000

Schedule: Deferred to FY 2021



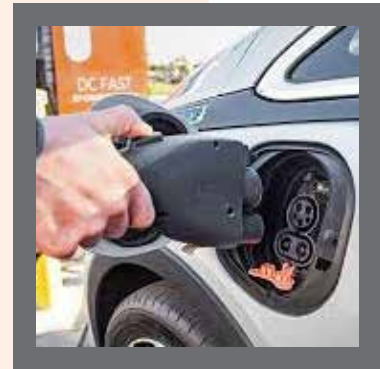
Electrical Vehicle Charging Stations

(Funded through: Electric Distribution and grant funding)

Scope: Install six electric vehicle charges at four different county-owned sites: Municipal Bldg, Mesa Public Library, Nature Center and the White Rock Visitor Center. Chargers will include DC fast chargers and Level Two chargers.

Budget: \$150,000

Schedule: Summer 2020



Advanced Metering Infrastructure

(Funded through: Electric, Gas and Water Distribution)

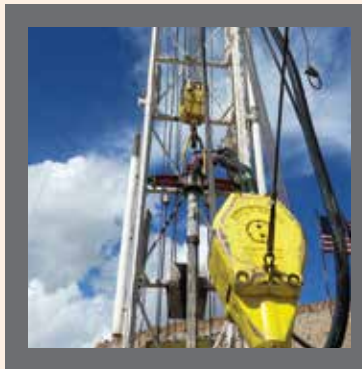
Scope: Install advanced metering infrastructure to be able to read customers' meters remotely. Install electric smart meters and communication modules to customers' gas and water meters and a data transmission network.

Budget: ED \$2,455,880

GD \$2,102,907

WD \$1,694,378

Schedule: Spring 2019 through fall 2020



Otowi 2 Well House, Pump & Equipment

(Funded through Water Production)

Scope: Design and construct the well house for the new Otowi 2 well. Install electric gear, pump and equipment in the new well house.

Budget: \$1,900,000

Schedule: Design work - winter/spring 2020; Construction - winter/spring 2021.

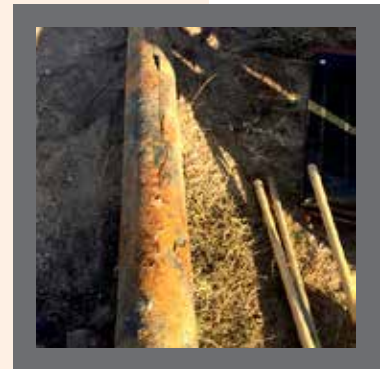
Chlorination Bldg and Pipeline on NM State Road 4

(Funded through Water Production)

Scope: Replace the water pipeline that crosses NM 4 prior to the NMDOT reconstruction of the NM 4/E. Jemez Rd intersection. Replace the chlorination building in the same area to accommodate a new chlorination system.

Budget: \$750,000

Schedule: Construction - spring 2020



Non-Potable Water Booster Station at Overlook Park

(Funded through: Water Production and grant funding)

Scope: Replace the non-potable water booster station at Overlook Park. Construct a new building and install the electric and mechanical equipment.

Budget: \$800,000 (60% grant/40% loan)
\$80,000 (county match)

Schedule: Construction - summer/fall 2020



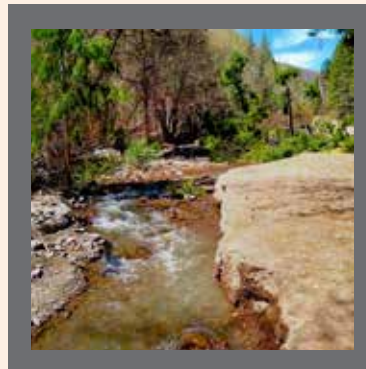
Los Alamos Reservoir Road

(Funded through: Water Production and grant funding)

Scope: Stabilize the Los Alamos Reservoir road. Clear debris from the channel and reroute the channel back to its original path. Seventy-five percent of funding was award through the FEMA Hazard Mitigation Grant Program.

Budget: \$1,575,000 (75% grant)
\$262,500 (12.5% County)
\$262,500 (12.5% DPU)

Schedule: Construction - fall 2020



Motor Control Center at Pajarito Well 5

(Funded through: Water Production and grant funding)

Scope: Replace the motor control center equipment at Pajarito Well 5 to meet current codes and maintain reliable service.

Budget: Total \$376,711

Schedule: Construction completed by February 2020



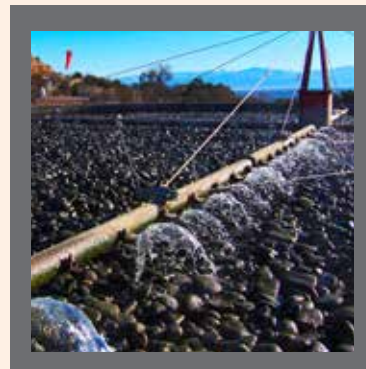
Engine at Pajarito Well 4

(Funded through: Water Production and grant funding)

Scope: Replace the natural gas fueled engine at Pajarito Well 4 after it failed in 2018.

Budget: \$800,000

Schedule: Replace - completed by February 2020



White Rock Wastewater Treatment Plant

(Funded through: Wastewater Treatment)

Scope: Design and construct a replacement White Rock Wastewater Treatment facility to be operational by FY2021.

Budget: \$2,119,143

Schedule: Design - spring/summer 2020.
Construction - winter/summer 2022



Sustainability

Pajarito Environmental Education Center

Los Alamos Department of Public Utilities initially entered into a contract with the Pajarito Environmental Education Center (PEEC) back in 2012 to assist the DPU in the education of energy and energy conservation to the community in accordance with its Energy and Water Conservation plan. PEEC continues this effort today under a new contract that also includes water and water conservation.

Activities carried out by PEEC this past year have reached:

- 4218 connections made with community members about energy and water conservation through interpretive lessons, workshops and events.
- 5093 visitors learned about solar energy through the new interactive exhibit at the Los Alamos Nature Center.
- 2872 student contacts allowed Los Alamos Public School students to engage with water and energy in hands-on lessons in the classroom.
- 1346 people participated in water and energy conservation activities at the Los Alamos Nature Center,

the Los Alamos Science Fest, and other community venues.

- 286 Fourth grad students took part in interactive demonstrations about water at the fourth annual Los Alamos Water Festival.
- 350 visitors attended the electric vehicle show to learn and experience all types of electric vehicles.

This coming year PEEC will extend its outreach by also participating in the Trick-or-Treat Mainstreet Halloween event and enter a float in the Winter Fest Holiday Lights Parade.

Water and Energy Conservation

For fiscal year 2020 DPU will update the Energy and Water Conservation Plan. DPU maintains a conservation plan for the following three reasons.

- As a public water supplier, the Office of the New Mexico State Engineer (OSE), Conservation Division requires a current water conservation plan be reviewed, approved and filed with their office. The OSE has published a guidance document titled "New Mexico's Water Conservation Planning Guide for Public Water Suppliers". The

guidance provides a template which must be adhered to for acceptance by the OSE. We will follow this template for both the water and energy components of the plan.

- As a requirement to receive the County's allocation of hydroelectric power from Glenn Canyon Dam, the Western Area Power Administration (WAPA) mandates members of annual progress reports that summarize the year's initiatives and progress in managing the electric demand and supply effectively and efficiently. This includes a conservation plan that establishes DPU's demand management strategies, initiatives and measurements.
- The third component of the Water and Energy Conservation Plan is establishing conservation initiatives, policy, programs and measures that reflect the community's demographics, planning efforts, residential and commercial sector and stakeholder interests. In 2015, DPU assembled an advisory group of community stakeholders which is typical in preparation of conservation plans to gather community



input and recommendations on developing the conservation program efforts.

The recommended next step is to begin recruitment of a stakeholder committee which will assemble in a series of work sessions moderated by DPU staff.

Work sessions will introduce the committee to the purpose and need of a water and energy conservation plan, presentation of the DPU sustainability goals as the guiding principles of the committee, provide regulatory and operational support, identify and evaluate the various conservation initiatives available in the industry and ultimately preparation of a series of report with the recommended initiatives and actions to be presented to the Utility Board for acceptance.

Final recommendations from the committee and approved by the Utility Board will be incorporated in the scope of work of a request for proposals for a consultant to

author the conservation plan. We propose the following participants in the stakeholder committee:

- Two Utility Board members
- County building official
- Los Alamos Public Schools
- Resident(s) from White Rock
- Resident(s) from Los Alamos
- Association of Realtors
- Commercial customer(s)
- Others

Tentative schedule:

- January 2020 - Recruit Committee
- February 2020 – April 2020 – Six Committee Meetings
- May 2020 – Present Committee Report to Utility Board
- Issue RFP two weeks after Utility Board Acceptance
- July Utility Board - Award to Consultant
- December 2020 Present Final Water and Energy Conservation Plan to Utility Board

Photo above (courtesy of PEEC): The Department of Public Utilities hosted an electric vehicle show that was organized and executed by the Pajarito Environmental Education Center as part of their contract to coincide with the Los Alamos Science Fest.

Robert Westervelt Deputy Utilities Manager



Finance and Administration handles budgets and financial reporting, rates, customer service including the Customer Care Center, timekeeping and payroll, purchasing and accounts payable, billing collections and administration of metering and rate restructuring initiatives



**FY
20
Q1**

Finance & Administration

Electric Operations

In a continuation of what has been seen in the past several years, electric sales were below budget for the first quarter of FY20, both for retail customers and for sales to DOE. Retail sales were 5.83 percent below the budgeted 31,943,601 kWh and sales to DOE were 23.31 percent below the budgeted 166,130,295 kWh. Overall kWh sales for all customers were 20.49 percent below budget.

In electric distribution, the first quarter closed with net operating revenues of \$1,472,092, which is 43.8 percent of the total annual budget. This higher than projected operating revenue for the quarter is due partly to lower cost of power, which was budgeted at \$51.39 per MWH but came in at an average

of \$48.61 per MWH. In addition, the allocation of admin charges and overhead line maintenance charges were both lower than anticipated for the first quarter. Capital expenditures totaled \$41,199, which is only about 3 percent of the \$1.4 million budgeted for FY19.

The first quarter of FY19 yielded total net income of 1,430,892 for electric distribution. Net income of \$1,350,658 is budgeted for the year, which includes the profit transfer. As the department moves forward with planned maintenance activities and capital projects, we should see that early net revenue dissipated over the year to more closely match budget projections.

Gas Operations

Gas sales in the first quarter were

6.19 percent higher than budgeted for the period, with total sales of 623,869 therms. This variance is within the range of normal seasonal variations. Net cash flow from operations was (\$382,821). It is normal to experience low or even negative net operating income in the warmer months of the year, as routine operating expenses remain relatively consistent throughout the year, while revenues are more seasonal in nature, increasing with colder weather in the fall and winter months.

The cost of gas remained low in the first quarter due to continuing the low market price of gas. The total for the quarter was equivalent to 7 percent of the full FY20 budget for the cost of gas, which is typical for the first quarter of the fiscal year.



For the full fiscal year, gas operations' budgeted operating cash flow is \$2,020,468, and the budgeted transfer to the general fund is \$279,133. There were minimal capital expenditures budgeted in FY20 in the Gas fund totaling \$25,000. The gas fund has total budgeted net income of \$1,716,335.

Water Operations

Retail water sales at 589,878 kgal were considerably higher than budget estimates of 275,814 for the quarter. We are evaluating to assess if this is a billing anomaly or simply seasonal variation. Wholesale sales to LANL of 103,690 kgal were 1.39 percent less than budgeted. With the more typical weather we have seen this fiscal year, it is reasonable to assume that customers, both retail and LANL, are returning to more normal seasonal consumption patterns, which are higher due to irrigation in the warmer summer months and tend to taper off to primarily domestic use in the fall and winter months. Total sales in thousands of gallons for both Retail and DOE were 82.06

percent higher than budgeted for the quarter due to the abnormally high retail sales which again, staff is looking into.

Net cash flow from water operations were \$647,844 for the quarter. Capital projects totaling \$1,655,000 were budgeted in the water fund for the year, but only \$3,629 has been expended to date, yielding total water net revenues of \$644,215 for the quarter. Water production's budget includes certain projects that are to be funded from other sources, which will only be expended if those funding sources are realized. There are \$775k in revenue funded projects budgeted, but only minimal costs on those projects have been realized as of the end of the first quarter.

For the full fiscal year, water operations' budgeted operating cash flow is \$1,165,483, and budgeted capital expenditures are \$775,000, net of external funding, resulting in budgeted net revenue of \$390,483.

Wastewater Operations

Cash flow from operations was \$749,832 for the three months ended September 30, 2018. Capital expenditures of \$95,215 yield net sewer revenue of \$654,617 year to date.

For the full fiscal year, wastewater operations' budgeted operating cash flow is \$1,032,569. There were no capital projects budgeted for the year.

NOTE: Budgetary carryovers and adjustments from FY19 have not yet been uploaded into the financial system, and thus are not reflected in this report. Any impact of those adjustments would affect the "Adj. Budgeted Net Income (loss)" line of each division's financial report, but the impact on cash position would be carried over as well, so should not significantly affect the utilities net cash position. These carryover amounts should be available for reporting in the second quarter.

Photo above: The new Mirador development in White Rock.



Natural Gas Rates

Pass-Through Cost of Gas

Since 2013 the Department of Public Utilities has included a “pass-through” cost of natural gas in its rate. In addition to a monthly service fee, the gas consumption charge comprises a fixed cost recovery fee per therm and a variable cost of gas per therm (pass-through cost). The fixed cost recovery fee includes set distribution maintenance and operation expenses. DPU’s actual cost to purchase the natural gas commodity is passed directly to the customer in the variable cost of gas per therm charge. This price is calculated each month based on the San Juan Index and then adjusted based on the actual cost from the prior month. Customers benefit from this approach as the DPU does not need to maintain a substantial rate stabilization fund to absorb the volatile, fluctuating gas prices. Each month DPU posts the new variable cost of gas rate on the website at: Rebrand.ly/DPUGasRateSchedule

The Total Gas Charge Comprises Three Components

(1. Monthly Service Charge) + [(2. Fixed Cost Recovery Fee + 3. Variable Cost of Gas) x Total Therms] = Total Charged

Schedule of Customers

7A: Residential 7E: Commercial 7L: County 7N: Schools

1

Monthly Service Charge

Schedule	Meter Rated	Charge
ALL	≤ 250 CFH	\$ 9.50
ALL	> 250 CFH	\$28.50

2

Fixed Cost Recovery Fee/Therm

Schedule	Fee/Therm
7A & 7E	\$0.23
7L & 7N	\$0.20

3

Variable Cost of Gas (Pass-Through Rate)/Therm

Month	Schedule	Projected Variable Cost of Gas	Adjustment to Prior Month Estimate	Total Variable Cost of Gas/Therm
Sep 2019	ALL	\$0.21	\$0.00	\$0.21
Aug 2019	ALL	\$0.23	\$0.03	\$0.26
Jul 2019	ALL	\$0.24	\$0.11	\$0.35



\$35.90

Example for a Residential Family (7A) that used 60 therms in September 2019.

Monthly Fee + [(Fixed Cost + Variable Cost) x Therms] = Total Charged

$\$9.50 + [(\$0.23 + \$0.21) \times 60] = \35.90



\$138.50

Example of a Commercial Customer (7E) that used 250 therms in September 2019.

Monthly Fee + [(Fixed Cost + Variable Cost) x Therms] = Total Charged

$\$28.50 + [(\$0.23 + \$0.21) \times 250] = \138.50

DPU Rates Compared to Neighboring Communities

When comparing the variable cost of gas or the pass-through rate with the rates of New Mexico Gas Company, DPU's rates are usually lower. Savings that DPU receives through its membership in the New Mexico Municipal Energy Acquisition Authority (NMMEAA) are passed directly to customers. NMMEAA was created by local governments and retains the Royal Bank of Canada as its financial advisor.

Variable Cost of Gas/Therm

FY 2019	DPU	NMGC*
Sep 2019	\$0.21	\$0.26
Aug 2019	\$0.26	\$0.26
Jul 2019	\$0.35	\$0.25

*New Mexico Gas Company

Source: https://www.nmgco.com/en/cost_of_gas

Actual Cost and Delivery of Natural Gas to Los Alamos

Graphs to the right, depict the DPU's total costs and quantity of natural gas delivered to meet Los Alamos County's demand. Each chart includes the monthly estimate in 2019, and monthly 2019 and 2028 actuals for the quarter.

- Estimate 2019
- Actual 2019
- Actual 2018

Cost

San Juan Index/MMBTU

	2019	2018
Sep	\$1.73	\$2.15
Aug	\$1.87	\$2.40
Jul	\$1.85	\$2.13

Total Cost of Gas for Q1

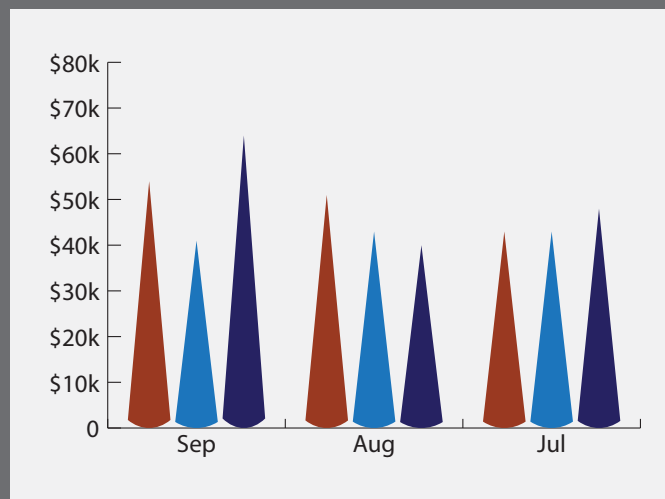
	2019	2018
Sep	\$41,114	\$63,508
Aug	\$42,656	\$40,014
Jul	\$42,851	\$47,602
Total	\$126,621	\$151,124

Usage

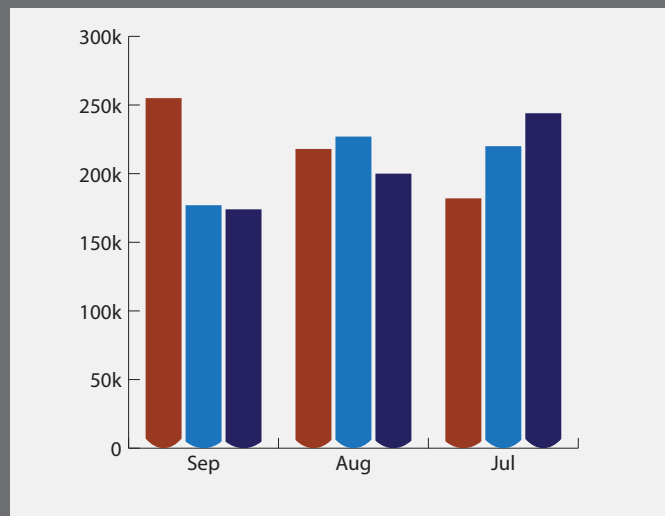
Total Therms Delivered for Q1

	2019	2018
Sep	176,512	174,011
Aug	227,285	200,414
Jul	220,055	243,901
Total	623,852	618,326

DPU's Cost of Natural Gas



Therms Delivered to Los Alamos





Electric Operations

Financial Status - Unaudited // FY2020

		QTR1	QTR2	QTR3	QTR4	Total
Unit Sales	Retail Electric (kWh)					
	Total Retail Sales	30,080,919				30,080,919
	Budgeted Sales	31,943,601				31,943,601
	Retail Sales Variance	(1,862,682)				(1,862,682)
	Sales To NNSA	127,399,826				127,399,826
	Budgeted Sales To NNSA	166,130,295				166,130,295
	NNSA Sales Variance	(38,730,469)				(38,730,469)
	Other Wholesale Sales	2,250,449				2,250,449
	Budgeted Other Wholesale Sales	2,718,000				2,718,000
	Wholesale Sales Variance	(467,551)				(467,551)
	Total Actual Sales	157,480,745				157,480,745
	Total Budgeted Sales	198,073,896				198,073,896
	Total Sales Variance	(40,593,151)				(40,593,151)
Financial Results	Electric Dist. Revenues	4,548,266				4,548,266
	Total Electric Production Expenditures	7,030,584				7,030,584
	Total Electric Production Revenues	5,285,937				5,285,937
	Net Cost Of Power To Electric Dist.	1,744,647				1,744,647
	Other Electric Dist. Operating Expenses	1,331,261				1,331,216
	Total Electric Dist. Operating Expenses	3,075,863				3,075,863
	Net Electric Dist. Operating Revenue	1,472,402				1,472,402
	Electric Dist. Capital Expenses	41,199				41,199
Budgeted	Net Electric Dist. Total Revenue	1,431,203				1,431,203
	Budgeted Operating Income(Loss)					\$3,361,393
	Budgeted Capital Expenditures					(\$1,400,000)
	5% Revenue Transfer					(\$610,735)
	Budgeted Net Income(Loss)					\$1,350,658
	Budget Adjustments*					0
	Adj. Budgeted Net Income (Loss)					\$1,350,658

*Includes carryforward project amounts, encumbrance rollovers and board/council approved budget adjustments.

LOS ALAMOS DEPT. OF PUBLIC UTILITIES (Jul 1 - Sep 30 2019)

Natural Gas Operations

Financial Status - Unaudited // FY2020

		QTR1	QTR2	QTR3	QTR4	Total
Unit Sales	Retail Sales - Therms (100,000 BTU)					
	Total Sales	623,853				623,853
	Budgeted Sales	587,490				587,490
	Retail Sales Variance	36,363				36,363
Financial Results	Gas Distribution Revenues	\$566,388				\$566,388
	Gas Other Revenues	\$39,037				\$39,037
	Gas Distribution Operating Expenses	\$988,245				\$988,245
	Net Gas Operating Revenues	(\$382,821)				(\$382,821)
	Gas Distrib. Capital Expenditures	\$7,100				\$7,100
	Net Gas Revenue	(\$389,921)				(\$389,921)
Budgeted	Budgeted Operating Income(Loss)					\$2,020,468
	Budgeted Capital Expenditures					(\$25,000)
	5% Revenue Transfer					(\$279,133)
	Budgeted Net Gas Income(Loss)					\$1,716,335
	Budget Adjustments *					\$0
	Adj. Budgeted Net Gas Income (Loss)					\$1,716,335

*Includes carryforward project amounts, encumbrance rollovers and board/council approved budget adjustments.



Water Operations

Financial Status - Unaudited // FY2020

		QTR1	QTR2	QTR3	QTR4	Total
Unit Sales	Water Sales In Thousand Gallons					
	Wholesale Sales To LANL	84,319				84,319
	Budgeted Wholesale Sales	105,149				105,149
	Retail Sales	589,878				589,878
	Budgeted Retail Sales	275,814				275,814
	Total Sales	674,197				674,197
	Total Budgeted Sales	380,963				380,963
	Sales Variance, In Thousand Gallons	293,234				293,234
Financial Results	Wholesale Revenues	\$1,810,810				\$1,810,810
	Retail Revenues	\$1,930,430				\$1,930,430
	Other Revenues	(\$32,712)				(\$32,712)
	Total Water Revenues	\$3,708,528				\$3,708,528
	Water Prod. Operating Expenses	\$762,214				\$762,214
	Water Dist. Operating Expenses	\$2,281,168				\$2,281,168
	Total Water Operating Expenses	\$3,043,382				\$3,043,382
	Net Water Operating Revenues	\$665,146				\$665,146
	Water Production Capital	\$79				\$79
	Water Distribution Capital	\$3,550				\$3,550
	Total Capital Expenditures	\$3,629				\$3,629
	Net Water Revenues	\$661,517				\$661,517
Budgeted	Budgeted Operating Income(Loss)					\$1,165,483
	Budgeted Capital Expenditures					(\$1,655,000)
	Budgeted Grant/Loan/GF Transfers					\$880,000
	Budgeted Net Water Income(Loss)					\$390,483
	Budget Adjustments*					\$0
	Adj. Budgeted Net Water Income (Loss)					\$390,483

*Includes carryforward project amounts, encumbrance rollovers and board/council approved budget adjustments.

Wastewater Operations

Financial Status - Unaudited // FY2020

		QTR1	QTR2	QTR3	QTR4	Total
Unit Sales	Sewer Treated In Thousand Gallons					
	Total Treated	113,414				113,414
	Budget Treated	114,658				114,658
	Variance (Thousands Of Gallons)	(1,244)				(1,244)
Financial Results	Sewer Revenues	\$1,560,235				\$1,560,235
	Sewer Misc. Revenues	\$49,237				\$49,237
	Sewer Operating Expenses	\$859,641				\$859,641
	Net Sewer Operating Revenues	\$749,832				\$749,832
	Sewer Capital Expenditures	\$95,215				\$95,215
	Net Sewer Revenue	\$654,617				\$654,617
Budgeted	Budgeted Operating Income(Loss)					\$1,032,569
	Budgeted Capital Expenditures					\$0
	Budgeted Net Wastewater Income(Loss)					\$1,032,569
	Budget Adjustments*					\$0
	Adj. Budgeted Net Wastewater Income (Loss)					\$1,032,569

* Includes carryforward project amounts, encumbrance rollovers and board/council approved budget adjustments.



Electric Consumption

Financial Status - Unaudited // FY2020

		QTR1	QTR2	QTR3	QTR4	Total
Electric Revenues	Residential	\$1,723,960				\$1,723,960
	Private Area Lights	\$3,317				\$3,317
	Commercial	\$1,261,018				\$1,261,018
	Municipal	\$424,322				\$424,322
	Water Production	\$106,884				\$106,884
	Educational	\$117,155				\$117,155
	Pole Rentals	\$0				\$0
	Misc/Backcharges	\$7,042				\$7,042
	TOTAL	\$3,643,698				\$3,643,698
Electric Sales (kWh)	Residential	13,401,795				13,401,795
	Private Area Lights	9,354				9,354
	Commercial	10,566,002				10,566,002
	Municipal	2,776,901				2,776,901
	Water Production	2,250,449				2,250,449
	Educational	1,076,418				1,076,418
	TOTAL	30,080,919				30,080,919
Billed Locations (Average)	Residential	7,598				7,598
	Commercial	635				635
	Municipal	162				162
	Educational	57				57
	TOTAL	8,452				8,452
Revenue/kWh (Average)	Residential	\$0.1286				\$0.1286
	Private Area Lights	\$0.3546				\$0.3546
	Commercial	\$0.1193				\$0.1193
	Municipal	\$0.1528				\$0.1528
	Water Production	\$0.0475				\$0.0475
	Educational	\$0.1088				\$0.1088
	AVERAGE	\$0.1209				\$0.1209
Loss Calculation	Power Recv'd, kWh	31,074,574				31,074,574
	PV Power Recv'd, kWh	244,376				244,376
	Qtrly Losses <Gains>, kWh	1,238,031				1,238,031
	% Qtrly Losses <Gains>	3.95%				3.95%
	YTD CUMM LOSSES <Gains>	3.95%				3.95%

Natural Gas Consumption

Financial Status - Unaudited // FY2020

		QTR1	QTR2	QTR3	QTR4	Total
Gas Revenues	Residential	\$386,505				\$386,505
	Commercial	\$125,597				\$125,597
	TA-3 Sales	\$0				\$0
	Municipal	\$16,210				\$16,210
	Water Production	\$11				\$11
	Educational	\$10,639				\$10,639
	Misc/Backcharges	\$27,426				\$27,426
	TOTAL	\$566,388				\$566,388
Gas Sales (Therms)	Residential	398,822				398,822
	Commercial	176,558				176,558
	TA-3 Sales	0				0
	Municipal	28,627				28,627
	Water Production	46				46
	Educational	19,800				19,800
	TOTAL	623,853				623,853
Billed Locations (Average)	Residential	6,812				6,812
	Commercial	364				364
	Municipal	45				45
	Educational	22				22
	TOTAL	7,244				7,244
Revenue / Therm (Average)	Residential	\$0.9691				\$0.9691
	Commercial	\$0.7114				\$0.7114
	TA-3	\$0.0000				\$0.0000
	Municipal	\$0.5662				\$0.5662
	Water Production	\$0.2477				\$0.2477
	Educational	\$0.5373				\$0.5373
	AVERAGE	\$0.8639				\$0.8639
Loss Calculation	Gas Recv'd, Therms	618,990				618,990
	Qtrly Losses <Gains>, Therms	(4,863)				(4,863)
	% Qtrly Losses <Gains>	(0.79%)				(0.79%)
	YTD CUMM LOSSES <Gains>	(0.79%)				(0.79%)



Water Consumption

Financial Status - Unaudited // FY2020

		QTR1	QTR2	QTR3	QTR4	Total
Water Revenues	Residential	\$1,464,465				\$1,464,465
	Commercial	\$185,982				\$185,982
	Municipal	\$124,987				\$124,987
	Educational	\$102,064				\$102,064
	Misc/Backcharges	\$52,933				\$52,933
	TOTAL	\$1,930,430				\$1,930,430
Water Sales (KGal)	Residential	450,495				450,495
	Commercial	60,845				60,845
	Municipal	43,933				43,933
	Educational	34,607				34,607
	TOTAL	589,878				589,878
Billed Locations (Average)	Residential	6,360				6,360
	Commercial	273				273
	Municipal	88				88
	Educational	24				24
	TOTAL	6,744				6,744
Revenue/KGal (Average)	Residential	\$3.2508				\$3.2508
	Commercial	\$3.0567				\$3.0567
	Municipal	\$2.8450				\$2.8450
	Educational	\$2.9493				\$2.9493
	AVERAGE	\$3.1829				\$3.1829
Loss Calculation	Water Recv'd, KGal	355,541				355,541
	Qtrly Losses <Gains> KGal	(234,337)				(234,337)
	% Qtrly Losses <Gains>	(65.91%)				(65.91%)
	YTD CUMM LOSSES <Gains>	(65.91%)				(65.91%)

Wastewater Treated

Financial Status - Unaudited // FY2020

		QTR1	QTR2	QTR3	QTR4	Total
Sewer Revenues	All Retail	\$1,437,385				\$1,437,385
	Municipal/Effluent*	\$122,850				\$122,850
	Misc/Backcharges	\$0				\$0
	TOTAL	\$1,560,235				\$1,560,235
Sewage Treated (KGal)	Los Alamos	87,354				87,354
	White Rock	26,060				26,060
	TOTAL TREATED	113,414				113,414
	REVENUE/KGal Treated	\$13.76				\$13.76

* Effluent revenue is reported on the financial statements under Water Production

FISCAL YEAR

20

LOS ALAMOS
Department of Public Utilities

Municipal Building
1000 Central Avenue, Suite 130
Los Alamos, NM 87544
www.ladpu.com/dpu



County of Los Alamos

Staff Report

January 15, 2020

Los Alamos, NM 87544
www.losalamosnm.us

Agenda No.: 4.G.1
Index (Council Goals): DPU FY2020 - N/A
Presenters: Carrie Walker, Chair of the Board of Public Utilities
Legislative File: 12409-19

Title

Election of Board of Public Utilities Chair and Vice-chair for 2020

Recommended Action

The board should elect a Chair and Vice-chair using the method agreed upon at the January 15th, 2020 meeting.

Staff Recommendation

Staff recommends that a Chair and Vice-chair of the Board of Public Utilities be elected for 2020 in accordance with LAC Ordinance Sec. 40-41.

Body

The Board of Public Utilities shall annually elect its chair and such officers as it desires from among its members. The election shall occur at a regular meeting in January of each year. (LAC Ordinance Sec. 40-41. Board of public utilities - Organization.)

Procedure Agreed Upon by General Consensus for the January 2020 Elections:

First use the following steps to elect a new Chair, and then repeat the process for the Vice-chair. After the Vice-chair is elected, the previous Chair continues to conduct the meeting. The outgoing Chair will continue to Chair the remainder of the January meeting through its conclusion, with the incoming Chair assuming Chair responsibilities immediately following conclusion of the January meeting.

1. The current Chair says "nominations are now in order for the office of Chair of the Board of Public Utilities"
2. Any member, including the chair, can nominate one person. After each nomination, the current Chair states that "[NAME] is nominated by Member [NAME]. Are there any further nominations?"
3. When it appears that there are no further nominations, the current Chair will ask once more for any final nominations. If there is no further response, the Chair will then declare the nomination closed.
4. Have a roll call vote for the Chair position.
5. If no one receives a majority of the votes and more than two nominations received votes, drop the nomination that received the fewest number of votes and the nominations that receive no votes and go back to step 4.
6. If there are only two nominations and the vote is a tie, try a second roll call vote. If that also

results in a tie, the current Chair chooses between the two nominees.

7. If the person elected declines the position, go back to step 1 with the provision that said elected person may not be nominated again.

Alternatives

None - The Board is required by Ordinance to elect a chair and vice-chair annually in January.

Fiscal and Staff Impact

None

Attachments

None



County of Los Alamos

Staff Report

January 15, 2020

Los Alamos, NM 87544
www.losalamosnm.us

Agenda No.:	4.G.2
Index (Council Goals):	DPU FY2020 - 2.0 Achieve and Maintain Excellence in Financial Performance
Presenters:	Carrie Walker, Chair of the Board of Public Utilities
Legislative File:	12673-20

Title

Appointment of Board Member to Audit Committee for 2020

Recommended Action

None

Staff Recommendation

Staff recommends that the Board of Public Utilities appoint a member to serve on the County Audit Committee for 2020.

Body

The BPU should appoint a member to the Audit Committee.

Alternatives

The Board could choose not to appoint a member for this committee at this time.

Fiscal and Staff Impact

None

Attachments

None



County of Los Alamos

Staff Report

January 15, 2020

Los Alamos, NM 87544
www.losalamosnm.us

Agenda No.:	4.G.3
Index (Council Goals):	DPU FY2020 - 6.0 Develop and Strengthen Partnerships with Stakeholders
Presenters:	Carrie Walker, Chair of the Board of Public Utilities
Legislative File:	12678-20

Title

Schedule and Selection of Members to Attend Boards & Commissions Luncheons for 2020

Recommended Action

None

Staff Recommendation

Staff recommends that Board members volunteer to represent the Board of Public Utilities at each luncheon.

Body

Regular County Boards & Commissions luncheons are scheduled to give these groups an opportunity to work with one another and with Council representatives. Only one representative from each board or commission is asked to attend. Lunch and drinks are provided and each representative is asked to give a brief written update for their group. **These usually occur every other month, 11:30AM-1:00PM, in Council Chambers. The dates scheduled for 2020 are:**

Thursday, January 16 - Steve Tobin

Thursday, March 19

Thursday, May 14

Thursday, September 24

Thursday, November 19

Thursday, January 14, 2021

Board members should volunteer to represent the Board of Public Utilities at each luncheon.

Alternatives

The Board could choose not to assign members to attend the luncheons at this time.

Fiscal and Staff Impact

None

Attachments

None



County of Los Alamos

Staff Report

January 15, 2020

Los Alamos, NM 87544
www.losalamosnm.us

Agenda No.:	4.G.4
Index (Council Goals):	DPU FY2020 - 3.0 Be a Customer Service Oriented Organization that is Communicative, Efficient, and Transparent
Presenters:	Carrie Walker, Chair of the Board of Public Utilities
Legislative File:	12674-20

Title

Affirmation of the Incorporated County of Los Alamos Open Meetings Resolution No. 20-01

Recommended Action

I move that the Board of Public Utilities affirm Incorporated County Of Los Alamos Resolution No. 20-01; A Resolution Establishing Minimum Standards of Reasonable Notice to the Public for All Meetings of the Council, the County Indigent Hospital and County Health Care Board and of all County Boards, Commissions and Policymaking Bodies

Staff Recommendation

Staff recommends that the Board of Public Utilities affirm Incorporated County Of Los Alamos Resolution No. 20-01

Body

At the first County Council meeting of a new calendar year, Council passes an Open Meetings resolution that establishes minimum standards of reasonable notice to the public for all meetings of County boards, commissions, and policy making bodies. After the resolution is passed, the Board of Public Utilities reviews the resolution at the next regularly scheduled meeting and affirms the standards.

Board of Public Utilities Procedures Manual

Section 2.12.c Open Meetings Policy

"Each January the County Council passes and the BPU will affirm a resolution establishing minimum standards of reasonable notice to the public for all meetings of the council, the county indigent hospital and county health care board and of all county boards, commissions, and policy-making bodies.

Alternatives

None

Fiscal and Staff Impact

None

Attachments

A - Resolution No. 20-01

INCORPORATED COUNTY OF LOS ALAMOS RESOLUTION NO. 20-01

A RESOLUTION ESTABLISHING MINIMUM STANDARDS OF REASONABLE NOTICE TO THE PUBLIC FOR ALL MEETINGS OF THE COUNCIL, THE COUNTY INDIGENT HOSPITAL AND COUNTY HEALTH CARE BOARD AND OF ALL STANDING COUNTY BOARDS, COMMISSIONS AND POLICYMAKING BODIES

WHEREAS, the Council wishes to establish minimum standards of reasonable notice to the public for meetings of the Council, including its meetings as the County Indigent Hospital and County Health Care Board, and all standing County boards, commissions and policymaking bodies listed in Schedule "A;" and

WHEREAS, the democratic ideal is best served by a well-informed public, and sunshine laws generally require that public business be conducted in full public view, that the actions of public bodies be taken openly, and that the deliberations of public bodies be open to the public; and

WHEREAS, the Open Meetings Act states that, except as may be otherwise provided in the Constitution or the provisions of the Open Meetings Act, all meetings of a quorum of members of any board, council, commission, administrative adjudicatory body or other policymaking body held for the purpose of formulating public policy, discussing public business or for the purpose of taking any action within the authority of or the delegated authority of such body, are declared to be public meetings open to the public at all times [Section 10-15-1B NMSA 1978]; and

WHEREAS, when it is difficult or impossible for a member to attend a meeting in person, the member may participate by means of a conference telephone or similar communications equipment [Section 10-15-1C NMSA 1978]; and

WHEREAS, any meetings subject to the Open Meetings Act at which the discussion or adoption of any proposed resolution, rule, regulation or formal action occurs shall be held only after reasonable notice to the public [Section 10-15-1D NMSA 1978]; and

WHEREAS, the Open Meetings Act requires the Council of the Incorporated County of Los Alamos to determine annually what constitutes reasonable notice of its public meetings and those of all County boards, commissions and policymaking bodies [Section 10-15-1D NMSA 1978]; and

WHEREAS, the Council wishes to establish the minimum standards of reasonable notice to the public for all public meetings of the Council and for all public meetings of all County boards, commissions and policymaking bodies for the year 2020 and until a new resolution concerning public meetings is adopted.

NOW, THEREFORE, BE IT RESOLVED by the Council of the Incorporated County of Los Alamos that:

1. All meetings of the Council, including its meetings as the County Indigent Hospital and County Health Care Board, shall be held at the time and place indicated in the meeting notice. All meetings of the Council shall be held on the dates specified in the schedule attached to this Resolution as Schedule "B" unless notice is otherwise provided seventy-two (72) hours in

advance of the meeting date. An agenda for all regular meetings of the Council shall be available at least seventy-two (72) hours prior to the meeting from personnel in the Office of the County Manager. All agendas shall be posted on the County's web site provided the web site is operational during the period seventy-two (72) hours prior to the meeting.

2. Notice of regular meetings of all County boards, commissions and policymaking bodies listed on Schedule "A" shall be given no less than ten (10) days in advance of the meeting date. The notice may include an agenda for the meeting or indicate how a copy of the agenda may be obtained. An agenda shall be available at least seventy-two (72) hours prior to the meeting. All meetings of each standing County board, commission or policymaking body shall be held at the time and at the place indicated in the meeting notice. Each County board, commission and policymaking body may adopt a schedule of its regular meetings for the present calendar year or the balance thereof. Such schedule shall contain the date, time, and place of each regular meeting. For purposes of paragraph 5 of this Resolution, notice of all regular meetings contained in such schedule is met if a copy of the schedule is posted and provided to the media as provided for in paragraph 5 of this Resolution; provided, however, that every County board, commission or policymaking body must still post and provide to the media a copy of the agenda prior to each regularly scheduled meeting as required under this Resolution. All agendas shall be posted on the County's web site provided the web site is operational during the period seventy-two (72) hours prior to the meeting.

3. Special meetings may be called by the Chair or a majority of the members of the Council, including its meetings as the County Indigent Hospital and County Health Care Board, or respective County board, commission or policymaking body listed in Schedule "A," upon seventy-two (72) hours' notice. The notice shall include an agenda for the meeting or information to indicate how a copy of the agenda may be obtained. An agenda for the meeting shall be available to the public and posted on the County's web site at least seventy-two (72) hours before any special meeting, provided the web site is operational during the period seventy-two (72) hours prior to the meeting.

4. Emergency meetings may only be called under unforeseen circumstances which demand immediate action to protect the health, safety and property of citizens or to protect the public body from substantial financial loss. The Council, including its meetings as the County Indigent Hospital and County Health Care Board, and all County boards, commissions and policymaking bodies listed in Schedule "A" shall avoid emergency meetings whenever possible. Emergency meetings may be called by the Chair or a majority of the members of the Council or respective County board, commission or policymaking body listed on Schedule "A," upon twenty-four (24) hours' notice, unless threat of personal injury or property damage requires less notice. The notice for all emergency meetings shall include an agenda for the meeting or information on how the public may obtain a copy of the agenda, which shall be posted on the County's web site as soon as is practicable after the agenda is created, provided the web site is operational during the period prior to the meeting.

5. For the purposes of regular meetings described in paragraphs 1 and 2 of this Resolution, notice requirements are met if notice of the date, time, and place is posted in a conspicuous place in the vicinity of the front door of the Municipal Building located at 1000 Central Avenue, Los Alamos, New Mexico and visible from the exterior of the building, as well as being posted on the County's web site provided the web site is operational. Copies of the notice shall be provided to those broadcast stations licensed by the Federal Communications Commission and newspapers of general circulation which have made a written request for notice of public

meetings for the coming calendar year. Only one such written request shall be required for each calendar year.

6. For the purposes of special meetings described in paragraph 3 of this Resolution, notice requirements are met if notice of the date, time, place and agenda is posted in a conspicuous place in the vicinity of the front door of the Municipal Building at 1000 Central Avenue, Los Alamos, New Mexico and visible from the exterior, as well as being posted on the County's web site provided the web site is operational. Copies of the notice shall be provided to those broadcast stations licensed by the Federal Communications Commission and newspapers of general circulation which have made a written request for notice of public meetings for the coming calendar year. Only one such written request shall be required for each calendar year.

7. For the purposes of emergency meetings described in paragraph 4 of this Resolution, notice requirements are met if notice of the date, time, place and agenda is posted in a conspicuous place in the vicinity of the front door of the Municipal Building at 1000 Central Avenue, Los Alamos, New Mexico and visible from the exterior and posted on the County's web site as soon as is practicable provided the web site is operational. Copies of the notice shall be provided to those broadcast stations licensed by the Federal Communications Commission and newspapers of general circulation which have made a written request for notice of public meetings for the coming calendar year. Only one such written request shall be required for each calendar year.

8. In addition to the information specified above, all notices shall include the following language:

"If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing of the meeting, please contact the County Human Resources Department at 662-8040 at least one (1) week prior to the meeting or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats. Please contact the personnel in the Office of the County Manager at 663-1750, if a summary or other type of accessible format is needed."

9. The Council, including when meeting as the County Indigent Hospital and County Health Care Board, and all County boards, commissions and policymaking bodies listed on Schedule "A" may close a meeting to the public only if authorized by the Open Meetings Act [Section 10-15-1H NMSA 1978]:

(a) If any meeting is closed during an open meeting, such closure shall be approved by a majority vote of a quorum of the Council, including when meeting as the County Indigent Hospital and County Health Care Board, or respective County board, commission or policymaking body, as applicable, taken during the open meeting. The authority for the closure and the subjects to be discussed shall be stated with reasonable specificity in the motion for closure and the vote on closure of each individual member shall be recorded in the minutes. Only those subjects specified in the motion may be discussed in the closed meeting.

(b) If the decision to hold a closed meeting is made when the Council, including when meeting as the County Indigent Hospital and County Health Care Board, a County board, commission or policymaking body is not in an open meeting, the closed meeting shall not be held

until public notice, appropriate under the circumstances, stating the specific provision of law authorizing the closed meeting and the subjects to be discussed with reasonable specificity is given to the members and to the general public.

(c) Following completion of any closed meeting, the minutes of the open meeting that was closed, or the minutes of the next open meeting if the closed meeting was separately scheduled, shall state whether the matters discussed in the closed meeting were limited only to those specified in the motion or notice for closure.

(d) Except as provided in the Open Meetings Act, any action taken as a result of discussions in a closed meeting shall be made by a vote of the Council, including when meeting as the County Indigent Hospital and County Health Care Board, or respective County board, commission or policymaking body, in an open public meeting [Section 10-15-1H NMSA 1978].

10. Any member may participate by means of a conference telephone, video communication, or similar communications equipment when it is difficult or impossible for a member to attend a meeting in person, provided that each member participating by other means can be identified when speaking, all participants are able to hear each other at the same time and members of the public meeting attending the meeting are able to hear any member of the public body who speaks during the meeting.

PASSED AND ADOPTED this 7th day of January, 2020.

**COUNCIL OF THE INCORPORATED
COUNTY OF LOS ALAMOS**

_____, Council Chair

ATTEST:

Naomi D. Maestas
Los Alamos County Clerk

SCHEDULE “A”

COUNTY BOARDS, COMMISSIONS AND POLICYMAKING BODIES

**Art in Public Places Board
Board of Adjustment (formerly Variance Board)
Board of Public Utilities
Community Development Advisory Board
DWI Planning Council
Environmental Sustainability Board
Historic Preservation Advisory Board
Labor Management Relations Board
Library Board
Lodgers’ Tax Advisory Board
Los Alamos County Health Council
Parks and Recreation Board
Personnel Board
Planning and Zoning Commission
Transportation Board
Valuation Protests Board**



2020 Los Alamos County Council Calendar

Regular meetings will be held in Council Chambers in the Municipal Building at 1000 Central Avenue or at Fire Station 3, 129 State Road 4 in White Rock. Tuesday meetings start at 6:00 PM. Work Sessions are held at Fire Station No. 3, 129 State Road 4 in White Rock. Special meetings are scheduled as needed.

LOS ALAMOS

NMC Legislative Conf.
1/20-23
Santa Fe

Martin Luther King Jr. Day

2020 State Legislative
Session
1/21 - Opening Day
2/20 - Session Ends

NMML Municipal Day
2/20 Santa Fe

Presidents' Day

Washington, DC CONFERENCES

NACO legislative
Conference
2/29 - 3/4
Washington D.C.

NLC Congressional
City Conference
3/8 - 3/11
Washington D.C.

LAPS Spring Break
3/23 - 3/27

Easter 4/12

DRAFT

NACO Western
Interstate Conf. (WIC)
5/13-5/15
Mariposa Cty., CA

Memorial Day

NMC Annual
Conference
6/22- 6/26
Dona Ana County

Primary Election

January

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LA	5	6	7	8	9	10 11
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NACO Annual Conf.
7/17 - 7/20
Orlando, FL

County Holiday/
Independence Day

January 2021

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NMML—Annual Conf.
9/2—9/4 Santa Fe

DRAFT

ECA Cleanup Workshop.
9/16-9/18
Washington, DC

Columbus Day 10/12

- Council Regular Meeting
- Council Work Session
- Holidays
- Budget Hearings
- Strategic Planning
- B&C Luncheons

General Election

LA Veteran's Day

LA Thanksgiving and day after

NLC City Summit
11/8/18—11/21
Tama, FI

Christmas Day



County of Los Alamos

Staff Report

January 15, 2020

Los Alamos, NM 87544
www.losalamosnm.us

Agenda No.: 4.G.5

Index (Council Goals): DPU FY2020 - 3.0 Be a Customer Service Oriented Organization that is Communicative, Efficient, and Transparent

Presenters: Carrie Walker, Chair of the Board of Public Utilities

Legislative File: 12680-20

Title

Approval of Board of Public Utilities Meeting Calendar for 2020

Recommended Action

I move the Board of Public Utilities approve the proposed Board meeting calendar for 2020.

Staff Recommendation

Staff recommends that the Board of Public Utilities approved the proposed BPU Meeting Calendar for 2020.

Body

In accordance with Incorporated County of Los Alamos Resolution No. 20-01 regarding Open Meetings, notice of regular meetings of all county boards, commissions and policymaking bodies shall be given ten days in advance of the meeting date. **Each County board, commission and policymaking body may adopt a schedule of its regular meetings for the present calendar year or the balance thereof.** For purposes of paragraph 5 of the Resolution (regarding notice requirements), **notice of all regular meetings contained in such schedule is met if a copy of the schedule is posted and provided to the media as provided for in paragraph 5;** provided, however, that every County board, commission or policymaking body must still post and provide to the media a copy of the agenda prior to each regularly scheduled meeting as required under the Resolution.

Note - Due to election activities in Chambers and the Boards and Commissions rooms in May and November, the locations of those meetings are to be determined after the Clerk's office has finalized their schedule.

Alternatives

The Board could choose not to approve a calendar for 2020 at this time or could make changes, but would need to agree on a date and time for the February regular meeting.

Fiscal and Staff Impact

None

Attachments

A - Proposed Board of Public Utilities Meeting Calendar for 2020

2020 Los Alamos County Board of Public Utilities Meeting Calendar

DRAFT—REVISED 01/15/2020

○ BPU Meeting Dates

□ LAC Holidays

Unless otherwise advertised, the Board of Public Utilities (BPU)

meets the third Wednesday of every month at 5:30PM at the Municipal Building 1000 Central Ave. Council Chambers

***Changes will be noted in red.**

Special meetings are scheduled as needed and may not be held in Chambers. They are not included on this calendar.

Agendas and special meeting notices are published at least 72 hours prior to meetings. If you would like to be added to the distribution to receive e-mail notices of BPU meetings, please e-mail

jaime.kephart@lacnm.us

Email comments to the BPU

bpu@lacnm.us

If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing or meeting, please contact the County Human Resources Division at 505-662-8040 at least one week prior to the meeting or as soon as possible.

Public documents, including the agenda and minutes, can be provided in various accessible formats. Please contact the personnel in the Department of Public Utilities at 505-662-8132 if a summary or other type of accessible format is

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LOCATION TBD

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January 2021

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For videos, agendas and minutes, visit the County's website and select **"Board of Public Utilities"** from the drop-down menu.

losalamos.legistar.com/Calendar.aspx

To view meetings live online, visit the website above and click on the **"Live Proceedings"** tab just prior to the meeting.

Learn more about the BPU online at:

ladpu.com/bpu

Follow us on Facebook :

www.facebook.com/DPU1968

DEPT OF PUBLIC UTILITIES
LOS ALAMOS COUNTY NEW MEXICO
Electricity, Water, Gas & Wastewater Services

1000 Central Ave, Suite 130
Los Alamos, NM 87544

505.662.8333
Fax 505.662.8005
ladpu.com/DPU



County of Los Alamos

Staff Report

January 15, 2020

Los Alamos, NM 87544
www.losalamosnm.us

Agenda No.: 4.G.6
Index (Council Goals): DPU FY2020 - N/A
Presenters: Carrie Walker, Chair of the Board of Public Utilities
Legislative File: 12675-20

Title

Approval of Meeting Agenda Outline for 2020

Recommended Action

I move that the Board of Public Utilities approve the meeting agenda outline for 2020 as presented.

Staff Recommendation

None

Body

Section 3.3 of the Board of Public Utilities Procedures Manual outlines an annual calendar of BPU activities. Annually at the January meeting, the Board is to review and approve the standard meeting agenda outline in section 3.4.

MEETING AGENDA OUTLINE FOR 2020

- 1. Call to Order**
- 2. Public Comment (on consent agenda items and items not otherwise listed on the agenda)**
- 3. Approval of Agenda**
- 4. Board Business**
 - a. Chair's report
 - b. Board Member Reports
 - c. Utilities Manager's Report
 - d. County Administrator's Report
 - e. Council Liaison's Report
 - f. Environmental Sustainability Board Liaison's Report
 - g. General Board Business
 - h. Approval of Board Expenses
 - i. Preview of Upcoming Agenda Items
 - i.1. Tickler File for the Next 3 Months
- 5. Public Hearings (Any BPU action will be in the Public Hearings section of the agenda.)**
- 6. Consent Agenda**
 - a. Approval of Minutes
- 7. Business**

8. Status Reports

- a. Electric Distribution Reliability Report
- b. Accounts Receivable Report
- c. Safety Incident Report
- d. Project Status Reports

9. Public Comment (on any item)**10. Adjournment****Alternatives**

The Board could choose to modify the template.

Fiscal and Staff Impact

None

Attachments

None



County of Los Alamos

Staff Report

January 15, 2020

Los Alamos, NM 87544
www.losalamosnm.us

Agenda No.: 4.G.7
Index (Council Goals): DPU FY2020 - N/A
Presenters: Carrie Walker, Chair of the Board of Public Utilities
Legislative File: 12679-20

Title

Complete and Approve 2019 Board of Public Utilities Annual Self-evaluation

Recommended Action

I move that the Board of Public Utilities approve the 2019 Self-evaluation as presented.

Staff Recommendation

None

Body

On December 6th, 2019, the Board conducted its annual self-evaluation. Using a questionnaire, the Board members scored and commented on different areas of performance. Chair Walker compiled the scores, comments and action items for Board approval at the December regular meeting. Those were not available at the time of agenda publication, but will be presented to the Board at the meeting.

Alternatives

The Board could make changes to the evaluation or choose to delay approval.

Fiscal and Staff Impact

None

Attachments

None



County of Los Alamos

Staff Report

January 15, 2020

Los Alamos, NM 87544
www.losalamosnm.us

Agenda No.:	4.G.8
Index (Council Goals):	DPU FY2020 - 1.0 Provide Safe and Reliable Utility Services
Presenters:	Jack Richardson, Deputy Utilities Manager - GWS Services
Legislative File:	12632-19

Title

Quarterly Update on Utility System - Water System

Recommended Action

No recommendation, for information only.

Staff Recommendation

None

Body

The board has requested a system assessment on a different utility each quarter. This quarter, Jack Richardson, Deputy Utilities Manager for Gas, Water and Sewer, will present an update on the water system. This year's report is similar in scope and format to last year's report; except only primary performance measure dashboard data, with trends and comparisons to national standards and DPU goals (Conservation, Strategic Plan & Budget), are included. Discussion including both the physical and financial condition of the water system sub-systems: Water Distribution (DW), Water Production (WP) and Non Potable (NP) System as well as the overall Water Fund itself are reported. Also included new this year are recent AMT (Asset Management Team) achievements and challenges and some significant planned FY21 O&M Goals, Action Items and Major Projects.

This year's financial forecast model now shows County IDC and DPU A&G expenses (typical overhead type expenses) as separate from O&M expenses for both DW and WP sub-funds.

The physical condition of each sub-system (DW = fair to good, WP = fair to good & NP = good) are all unchanged from last year's report. Improvements are proceeding as planned; however these types of large systems require multiple years of CIP R&R improvements before the entire system's condition can be revised upward.

The overall Water Fund financial condition is rated excellent; revised up from last year's condition of fair. This is due to the clarity of the policy to debt finance all future major WP CIP projects to balance out annual cash flow and eliminate future single year major reductions in the cash balance reserves. The financial condition of each sub-fund is discussed and the relationship, or balance, between the cash balance reserve negative DW sub-fund and the cash balance reserve positive WP (&NP) sub-fund offset in order to provide for a long term balanced and healthy cash balance reserve for the Water Fund as a whole.

Alternatives

None

Fiscal and Staff Impact

None

Attachments

A - Water Systems Quarterly Update to BPU 1-15-2020

Quarterly Update to BPU Water Systems (DW, WP & NP)

By: Jack Richardson, PE

Deputy Utility Manager – Gas, Water, Sewer (GWS)

BPU Meeting – January 15, 2020



60



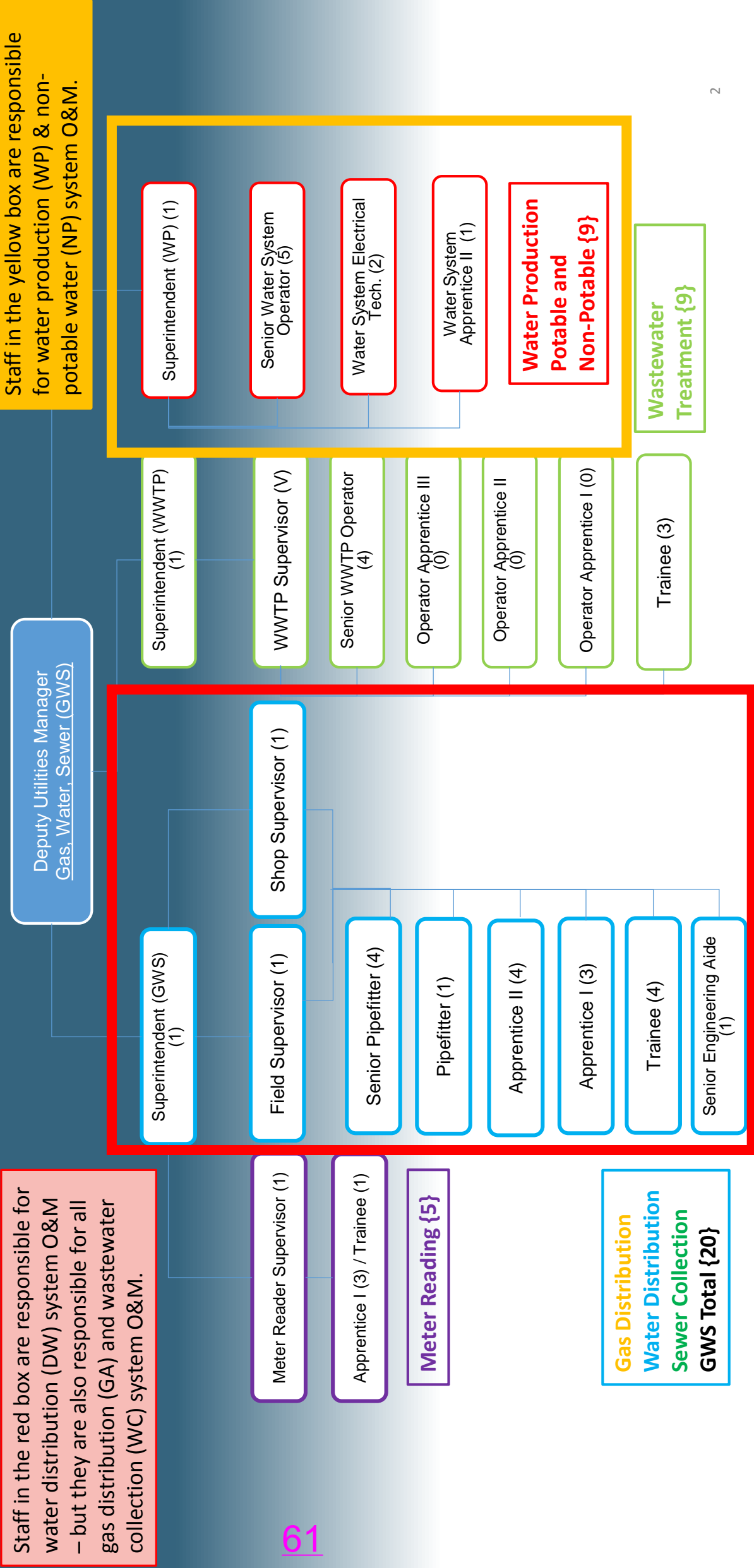
Water Production Pipeline

NM State Road 4 Area – 1955 Installation
14" Concrete Cylinder Pipeline Blowout

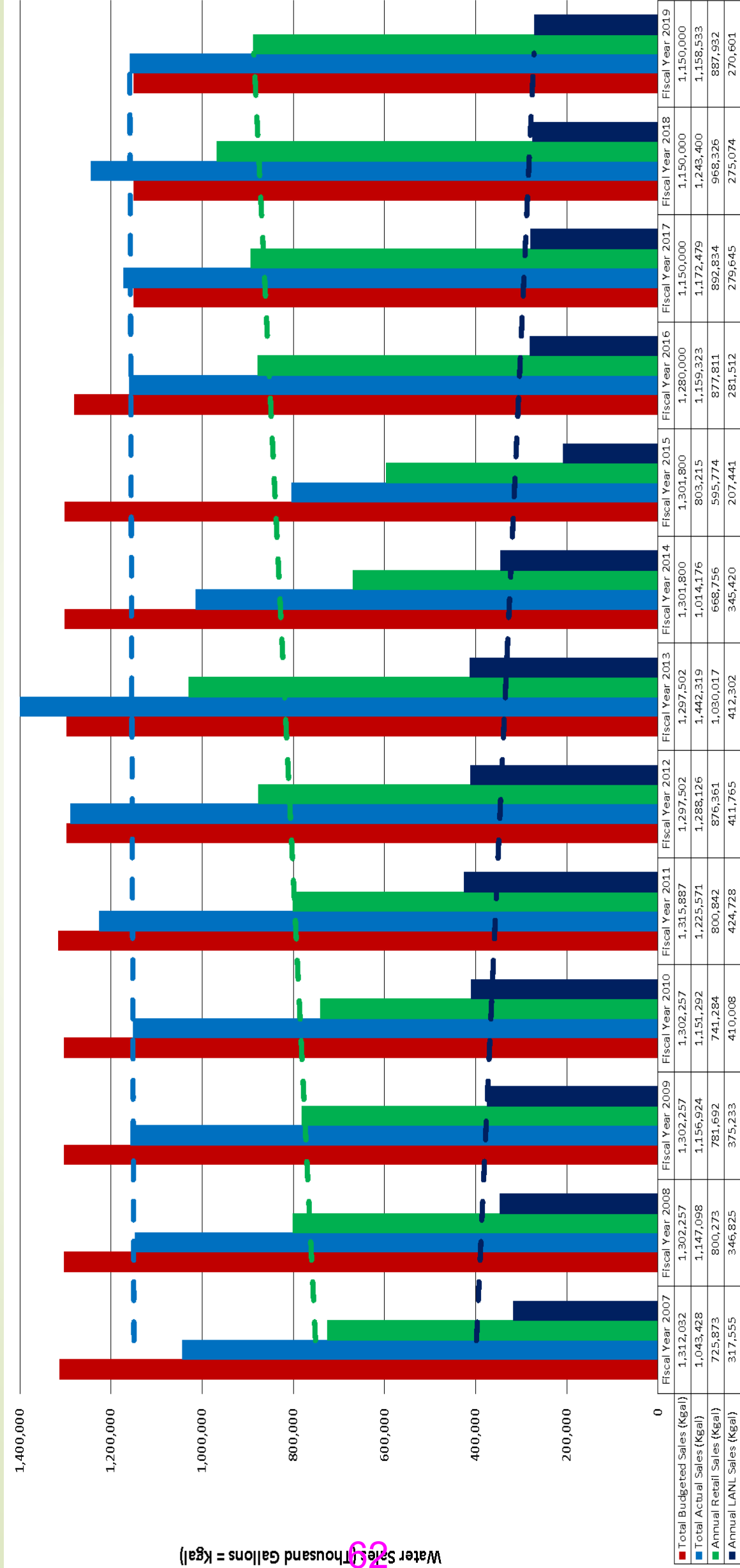
Water Production Pajarito Well 4

Pajarito Road Area – Installed 1981
Cracked and Worn Pump Impeller

GWS ORGANIZATIONAL STRUCTURE



Total Budget vs Total Actual Water Sales w/ Retail & DOE Sales



RECENT MAJOR AMT ACHIEVEMENTS

- **DW** - Implemented field work portion of the PRV Station R&R program – 4 PRV stations complete so far.
- **DW** - Purchased and implemented 21st century smart phone meter reading application.
- **DW** - Backflow prevention survey original scope completed. Add-on large multi-family complexes to the scope of work also completed.
- **DW** - Added 30 new customers with new service lines infill development throughout the County
- **WP** - Otowi Well 2 drilling complete. Pump station design and construction are scheduled for completion in FY20 & FY21.
- **WP** - SCADA master and repeater radio equipment upgraded. Pajarito site - complete. Tesuque site – after snowmelt.
- **WP** - TA-21/DP Road Contract Delivery meter replaced.
- **WP** - Tank inspections completed: coating, CP & code compliance.
- **NP** - Meter/SCADA reporting for billing & permit monitoring system fully functional.
- **NP** – Funding & Design of Overlook Park Booster Station & Bayo Booster Station Tank Funding.

RECENT MAJOR AMT CHALLENGES

- **DW** - Failed to progress with fire hydrant and valve O&M R&R programs due to staff turnover and inspection of NM 502 & El Mirador projects.
- **DW** - Did not progress as far as desired with PRV Station O&M R&R program for the same reason.
- **DW** - Significant number {33} of pipeline breaks recently – colder winters.
- **WP** – Otowi Well 2 drilling difficulties.
- **WP** – Otowi Well 4 discharge issue – old pump lubrication mineral oil discharge accumulation in LA Canyon streambed needs cleanup / issue with legacy DOE contamination increases the difficulty.
- **WP** – Pajarito Well 3 control issue – continuous unplanned shut down - possible motor rewind / MCC compatibility issue. Coordinate with outside experts for troubleshooting and training.
- **WP** – Pajarito Well 5 motor flame out issue. Unknown cause – possible power source phasing issue. Coordinate with designers of PW5 MCC CIP project to ensure compatibility.
- **NP** – Recent flood damage to newly installed LA Reservoir Road pipeline and electric conduit.
- **NP** - Continued water pipeline breaks.

Water Meter Change Out Program Discussion Points

❖ Historic Water Meter Change Outs

- ▶ Typical minimum expected life of a water meter is 20 years. (battery related)
- ▶ Average number of water meters in the water distribution system at any one time is 7,050.
- ▶ 7,050 / 20 Years = 352.50. DPU has recently had an annual goal of 350 water meter change outs per year. This was decided as the appropriate approach to maintain adequately functional water meters throughout the system.

❖ Current Temporary Accelerated Water Meter Change Out Program

- ▶ Recent improvements to the new style of water meter being installed have improve the accuracy at low flows. Newer meters have improved compatibility with AML (Automated Metering Infrastructure) systems. A significant portion of the existing water meters being replaced throughout the system are near or at the end of their expected life and would have been replaced anyway.

65

- ▶ Installation of all new meters during the temporary accelerated program will provide multiple benefits:

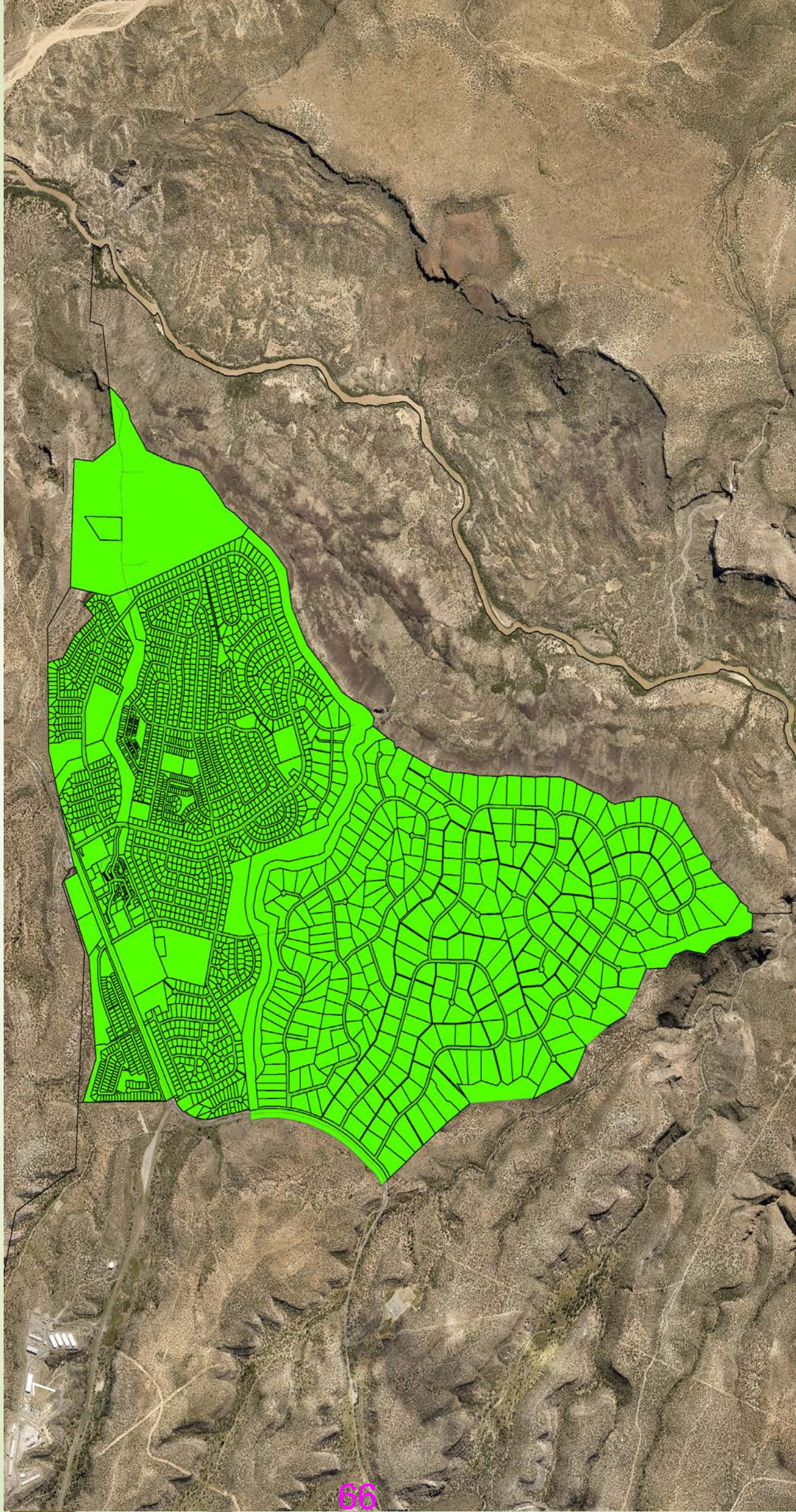
- ☐ Improve meter reading accuracy and lower the unaccounted for water loss percentage.
- ☐ Standardize the water meters throughout the system thereby improving efficiencies for AML incorporation and GWS O&M.
- ☐ Provide the opportunity/incentive to complete R&R maintenance activities on related meter service appurtenances (shut off valves, leaking connections, meter cans and/or lids, etc.)

- ▶ Temporary Accelerated Program is scheduled to run from FY2016 through FY2023.

❖ Cost / Benefit of the Temporary Accelerated Water Meter Change Out Program

- ▶ Costs for the accelerated program are expected to average approximately \$300,000 per year over historic costs.

Water Meter Change Out Program – White Rock – 99% Complete (Green)





Measures/Targets/Benchmarks for Tracking Water Distribution System O&M

❖ PRIMARY KEY ORGANIZATIONAL PERFORMANCE MEASURES

- ▶ Water Service Affordability – Based on Average Res Monthly Bill per Median Household Income (%) – US & NM Only
- ▶ O&M Expenditures per 100 Miles of Main Pipeline (\$/ 100 Miles)
- ▶ Main Pipeline Breaks per 100 Miles of Pipeline (#/100 miles)
- ▶ Unaccounted for Water Loss (%)
- ▶ Total Gallons Purchased for Distribution (DW) vs Delivered to Distribution (DW) vs. DPU Distribution (DW) Projected Sales

❖ SECONDARY KEY ORGANIZATIONAL PERFORMANCE MEASURES

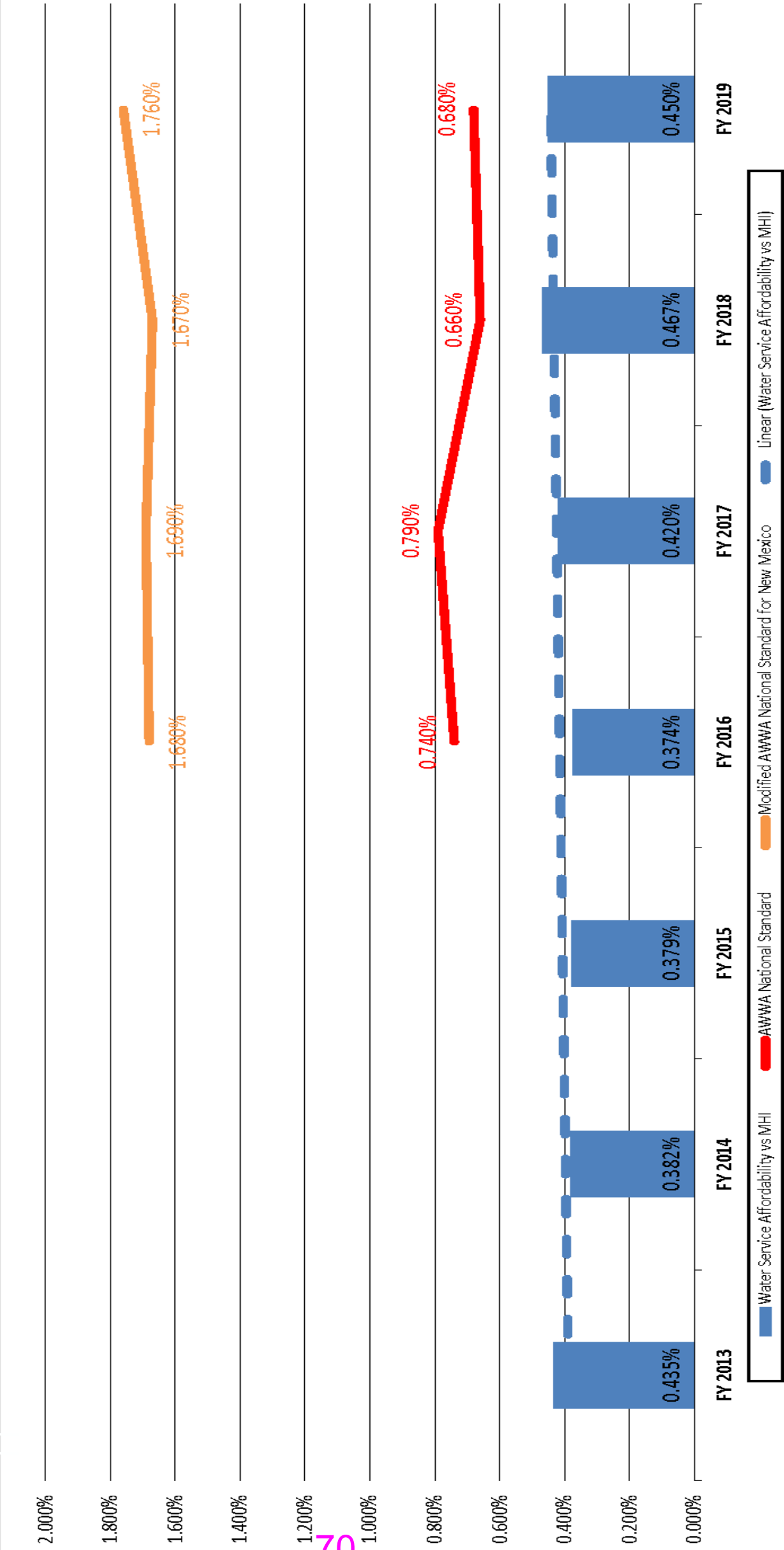
- ▶ Number of Meters Changed Out and Average Age of Meters in the DW System (# and age)
- ▶ O&M Expenditures per All Accounts (\$/ Account)
- ▶ Cost of Water per All Accounts (\$ / Account)
- ▶ CIP Expenditures per All Accounts (\$ / Account)
- ▶ Planned Maintenance as a Percent of Total Maintenance (planned maint. hours/planned + corrective maint. hours) (%)
- ▶ System Renewal and Replacement (CIP Expenditures for R&R/Total Present Worth of Gas System) (%)
- ❖ PERFORMANCE MEASURES WITH TARGETS OR BENCHMARKS
- ▶ Performance Measures with known National Standards for system comparison are in GREEN (Typically AWWA standards)
- ▶ Performance Measures with a DPU Strategic Plan or Conservation Plan Goal are in MAGENTA
- ▶ Performance Measures with both a DPU Strategic Plan or Conservation Plan Goal and a National Standard comparable goal are in CYAN
- ▶ Measures are collected and reviewed monthly via a 12 month moving average graph. Annual FY performance measures data is transferred from the annual data sets to a multi-year data set for year over year / multi-year comparison

DW – DASHBOARD ANALYSES

- Summary of Primary Performance Measures for Water Distribution.
- **DW-1: Water Service Affordability** – Trending upward (more expensive per Median Household Income) due to recent series of rate increases. Excellent comparison to national and state standards.
- **DW-2: O&M Expenditures per 100 Miles Main Pipeline** - Good 7-year trend downward. Significantly above national standard – but improving.
- **DW-3: Breaks per 100 Miles Main Pipeline** - Good 7-year trend downward. Significantly above national standard – but improving.
- **DW-4: Unaccounted for Water Loss** - Trend line difficult to assess due to FY14 negative value. Good comparison to national standard. Trending toward DPU Conservation Goal.
- **DW-5: Gallons Purchased vs Gallons Delivered** - Projected sales now better in line with actual sales.

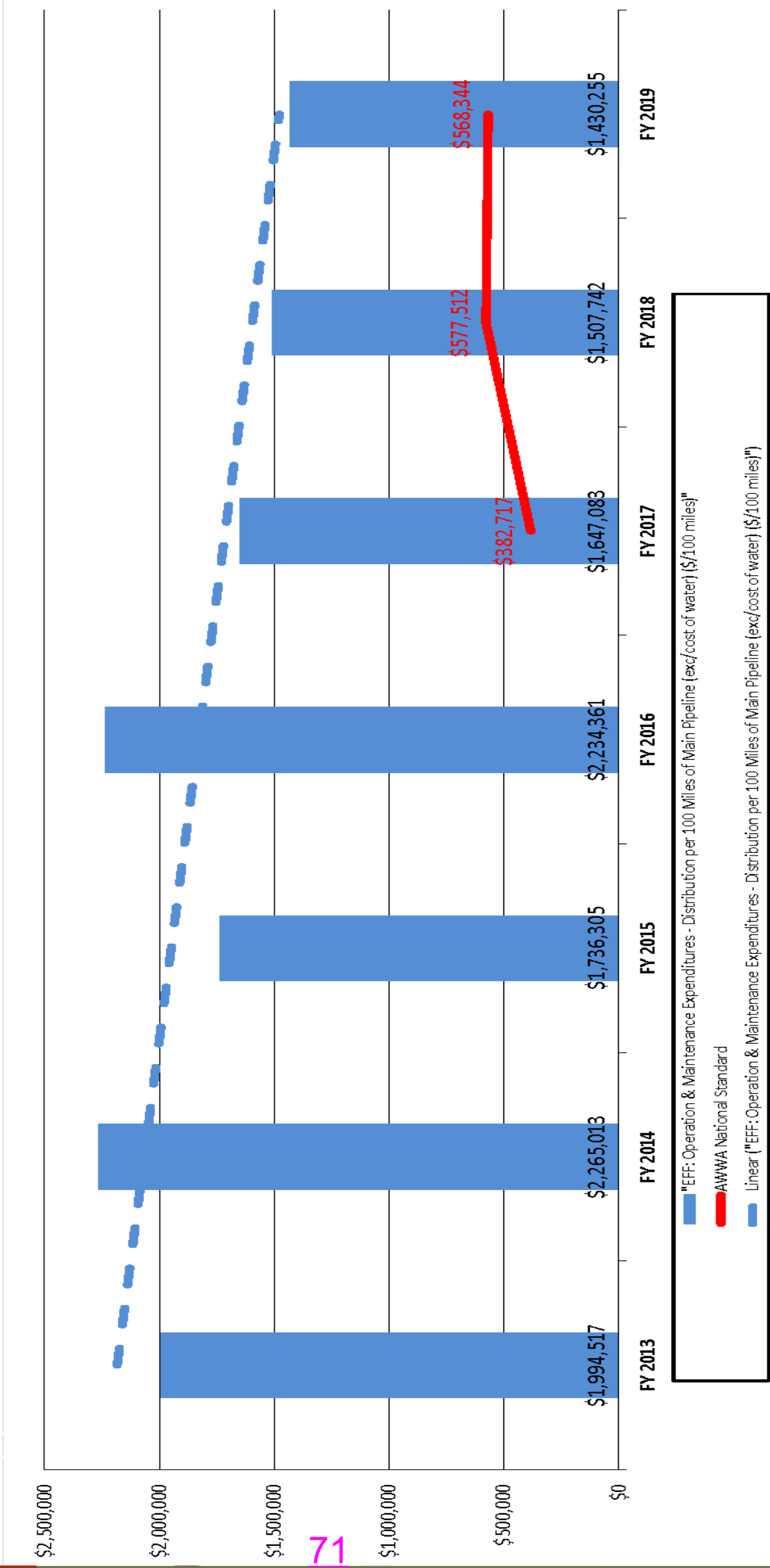
Water Distribution – Primary Key Organizational Performance Measure

DW-1 / WATER SERVICE AFFORDABILITY - AVERAGE RESIDENTIAL ANNUAL WATER BILL AS A PERCENTAGE OF MEDIAN HOUSEHOLD INCOME (%) / SG 2.0 & SO 2.1



Water Distribution – Primary Key Organizational Performance Measure

DW-2 / OPERATION & MAINTENANCE EXPENDITURES (EXC/ COST OF WATER) PER 100 MILES OF MAIN PIPELINE - DISTRIBUTION (\$/100 MILES) / SG 1.0 & SO 1.1

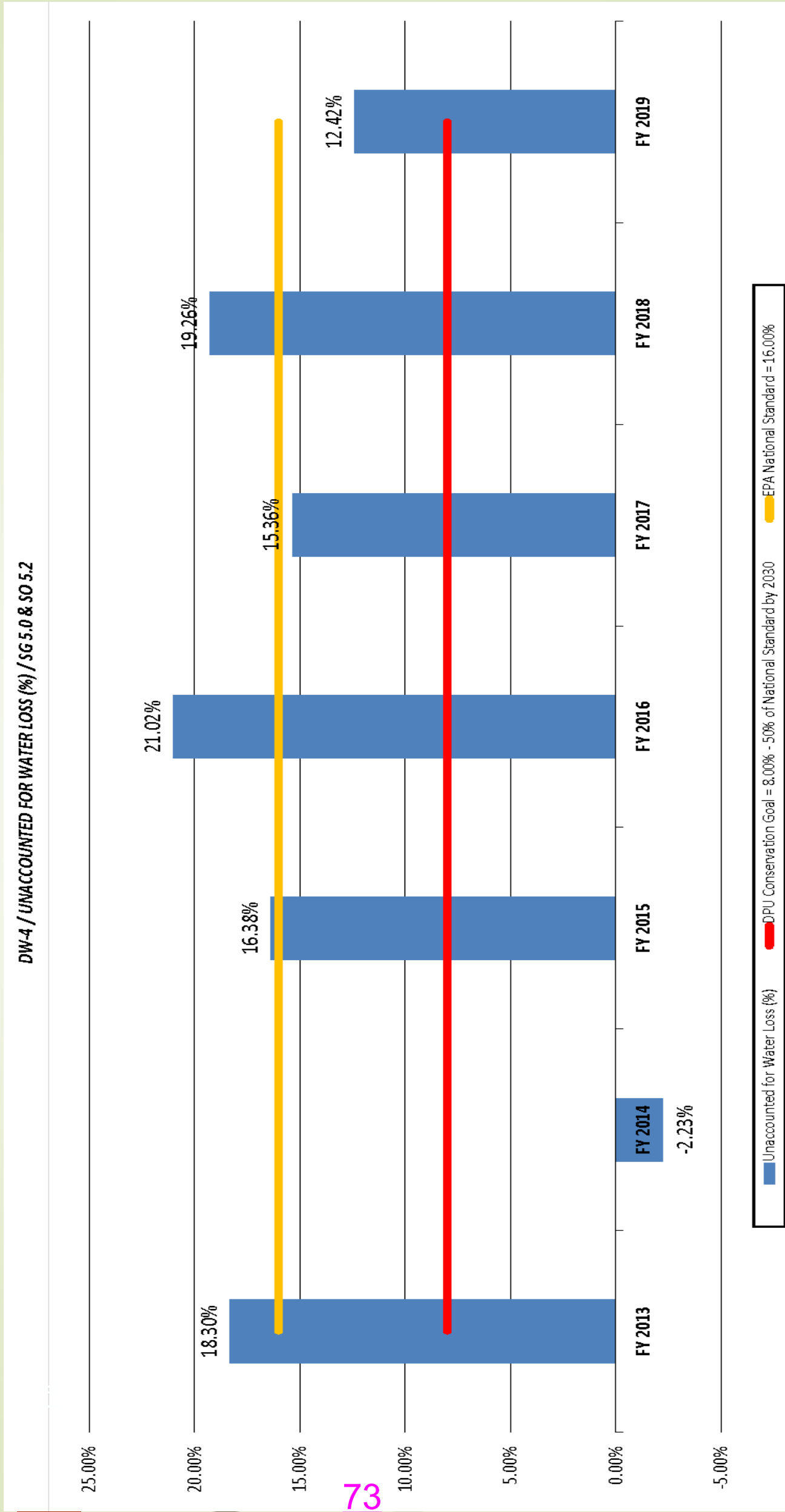


Water Distribution – Primary Key Organizational Performance Measure

DW-3 / WATER DISTRIBUTION MAIN BREAKS PER 100 MILES MAIN PIPELINE (BREAKS/100 MILES) / SG 1.0 & SO 1.1

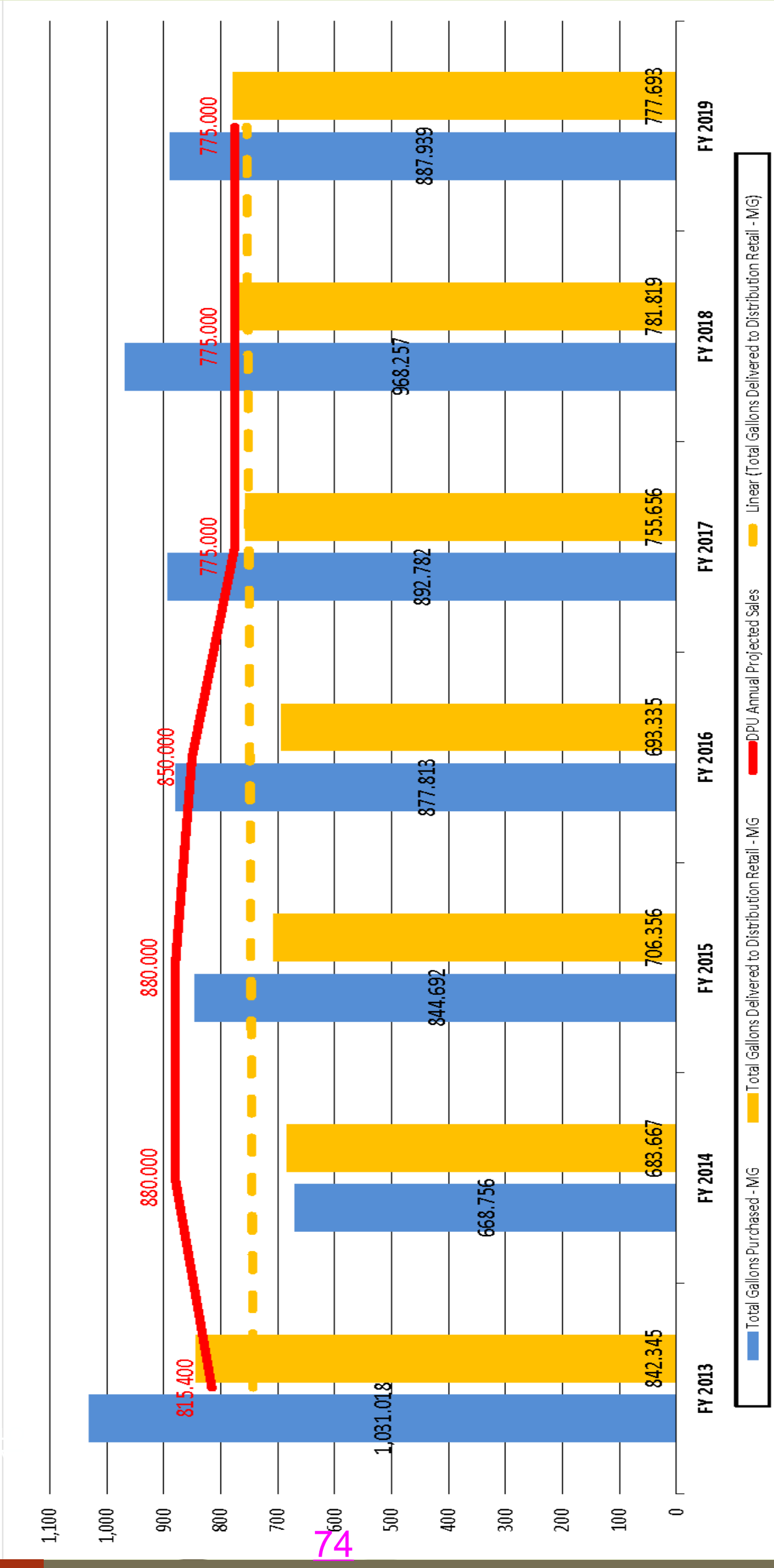


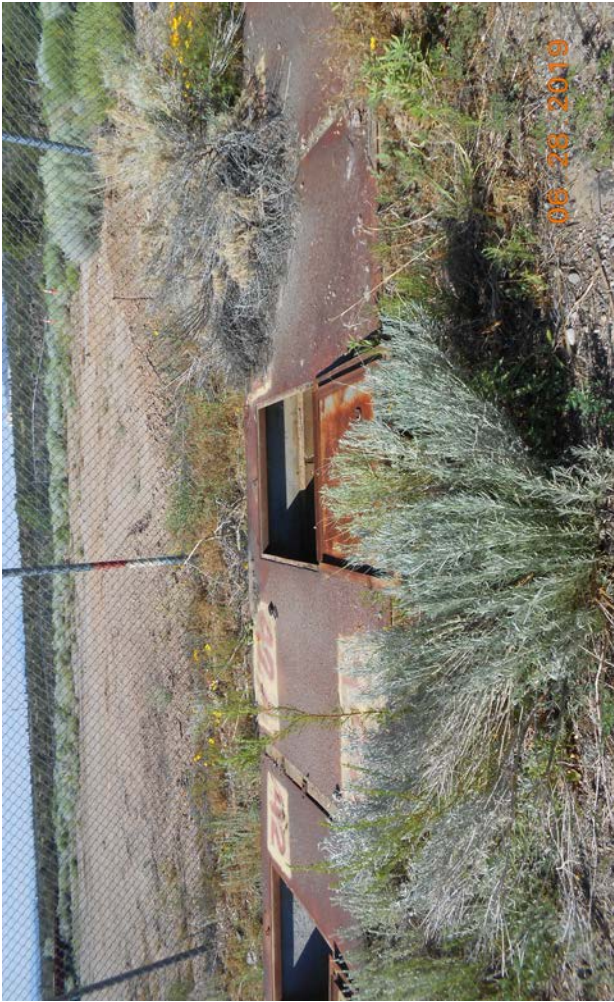
Water Distribution – Primary Key Organizational Performance Measure



Water Distribution – Primary Key Organizational Performance Measure

DW-5 / GALLONS PURCHASED FOR DISTRIBUTION VERSUS DELIVERED TO DISTRIBUTION - MILLION GALLONS (MG) / SG 1.0 & SO 1.1





Water Distribution System Photos – Pressure Reducing Valve Station – R&R Program
Sand Blasting / Repainting and Refurbishing Smaller Fittings - Before & After
All Stainless Steel Fastener (nuts, bolts, washers) Instituted in FY17



- The current physical condition of the water distribution system overall is fair to good.
- Last year the physical condition was also rated fair to good.
- Known portions in poor condition: PRV station condition and deteriorated pipelines that have been in the ground for 50 to 60 years. The last scheduled CIP pipeline R&R project year deferral is FY21. Consistent annual pipeline R&R CIP projects begin again in FY22.
- Greatest weakness = PRV Station valve & pipe condition due to excessive rust. GWS crews have begun the implementation of the PRV Station R&R program – completing 4 stations to date. 10 PRV stations are scheduled for completion in FY21.
- New more accurate meters continue to be installed at a rapid pace – anticipated FY16 thru FY23. The AML project is being implemented during FY20-FY21.
- The GLS upgrade project, with the anticipated condition assessment reporting, is on schedule to be completed at the close of FY21.

Measures/Targets/Benchmarks for Tracking Water Production System O&M

❖ PRIMARY KEY ORGANIZATIONAL PERFORMANCE MEASURES

- ▶ Percent Number of Days in Full Compliance (%)
- ▶ O&M Expenditures per Million Gallons Produced (\$/MG)
- ▶ Main Pipeline Breaks per 100 Miles of Pipeline (#/100 miles)
- ▶ Energy Consumption per Million Gallons Potable Water Produced (kWh/MG)
- ▶ Gallons per Capita Daily Water Produced (GPCD)
- ▶ Total Gallons Produced vs DPU Projected Sales

❖ SECONDARY KEY ORGANIZATIONAL PERFORMANCE MEASURES

- ▶ Energy Consumption per Million Gallons Produced (kWhr/MG)
- ▶ Planned Maintenance as a Percent of Total Maintenance (planned maint. hours/planned + corrective maint. hours) (%)
- ▶ System Renewal and Replacement (CIP Expenditures for R&R/Total Present Worth of Gas System) (%)

❖ PERFORMANCE MEASURES WITH TARGETS OR BENCHMARKS

- ▶ Performance Measures with known National Standards for system comparison are in GREEN (Typically AWWA standards)
- ▶ Performance Measures with a DPU Strategic Plan or Conservation Plan Goal are in MAGENTA
- ▶ Performance Measures with both a DPU Strategic Plan or Conservation Plan Goal and a National Standard comparable goal are in CYAN

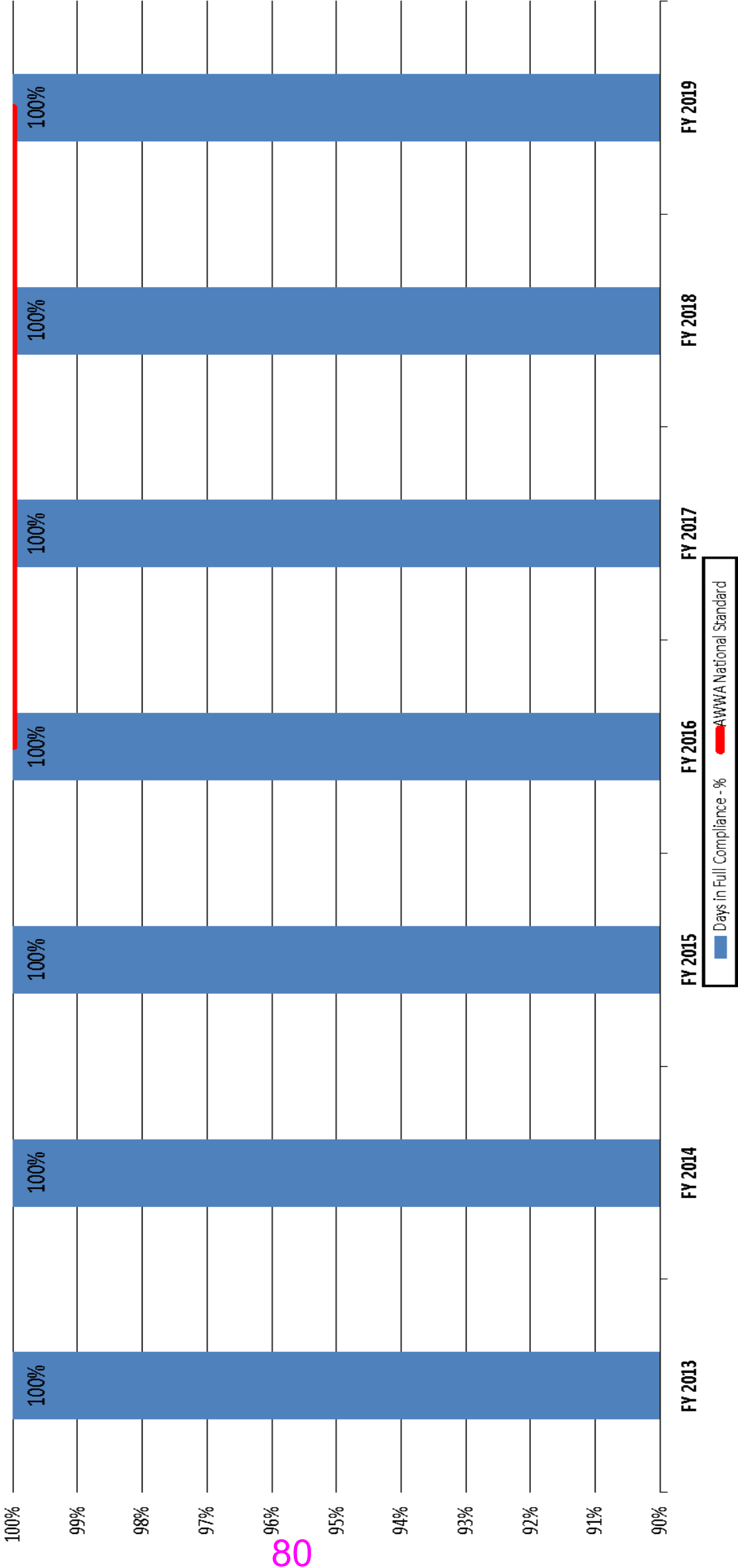
- ▶ Measures are collected and reviewed monthly via a 12 month moving average graph. Annual FY performance measures data is transferred from the annual data sets to a multi-year data set for year over year / multi-year comparison.

WP – DASHBOARD ANALYSES

- Summary of Primary Performance Measures for Water Production.
- **WP-1: Drinking Water Compliance** – Outstanding long term historic compliance record.
- **WP-2: O&M Expenditures per MG Produced** - Good previous 6-year trend downward. Significant increase in Fy19 – need to evaluate this data point from MUNIS.
- **WP-3: Breaks per 100 Miles Main Pipeline** – Limited years of data available. FY19 value significantly above national standard. No long term trend yet available.
- **WP-4: Gallons per Capita per Day (GPCD)** - GPCD Goals re-established between FY16 & FY17. Long term trend is slightly upward while long term trends for national standard and DPU conservation goal is slightly downward.
- **WP-5: Potable Water Produced** - Projected sales revised down in FY16 and again in FY17. Actual vs projected sales now in better alignment.

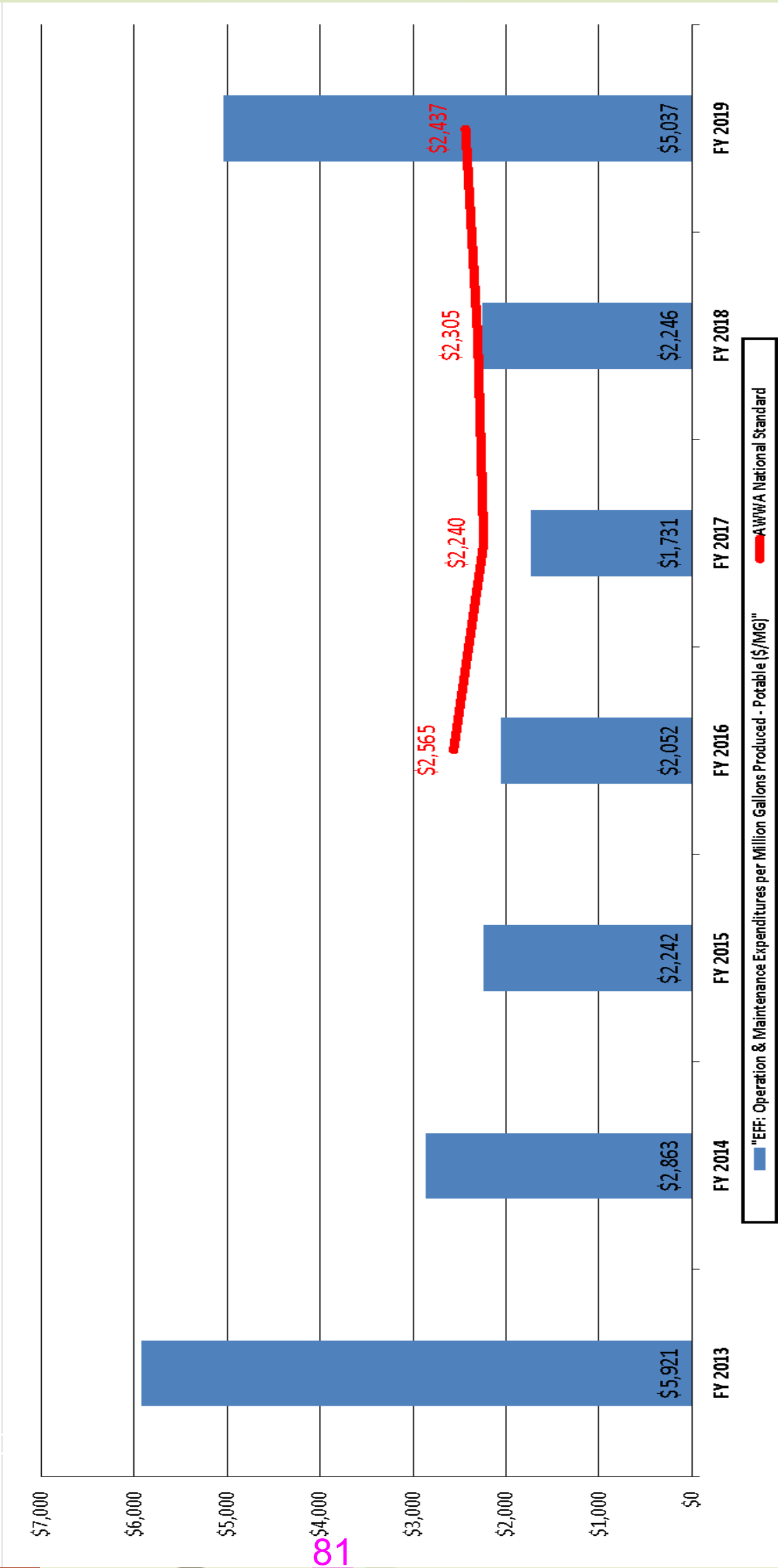
Water Production – Primary Key Organizational Performance Measure

WP-1 / DRINKING WATER COMPLIANCE - NUMBER OF DAYS IN FULL COMPLIANCE AS A PERCENTAGE OF NUMBER OF DAYS IN COMPLIANCE PERIOD (%) / SG 1.0 & SO 1.1



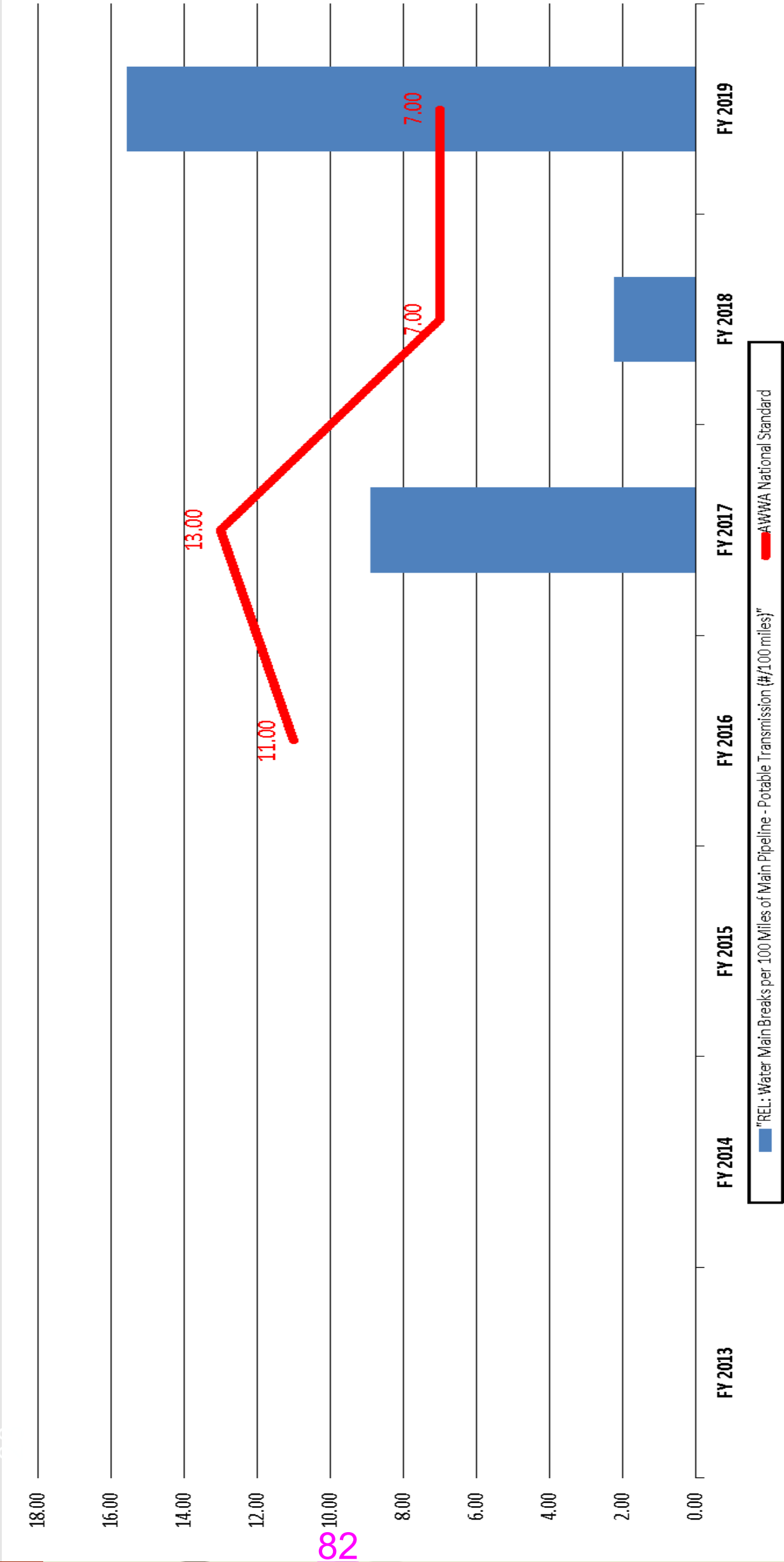
Water Production – Primary Key Organizational Performance Measure

WP-2 / O&M EXPENDITURES PER MILLION GALLONS PRODUCED (\$/MG) / SG 2.0 & SO 2.1



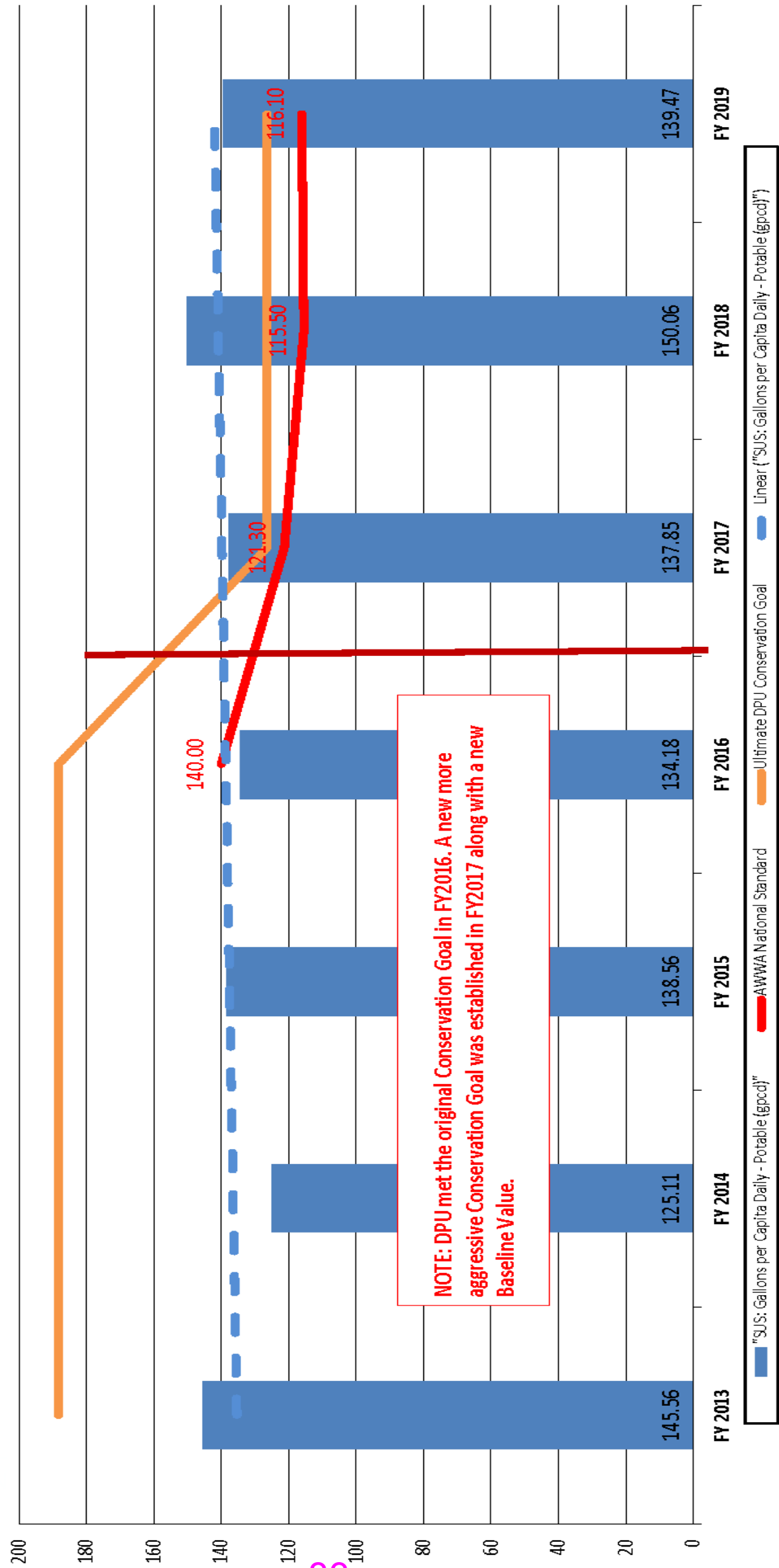
Water Production – Primary Key Organizational Performance Measure

WP-3 / WATER TRANSMISSION MAIN BREAKS PER 100 MILES MAIN PIPELINE (BREAKS /100 MILES)

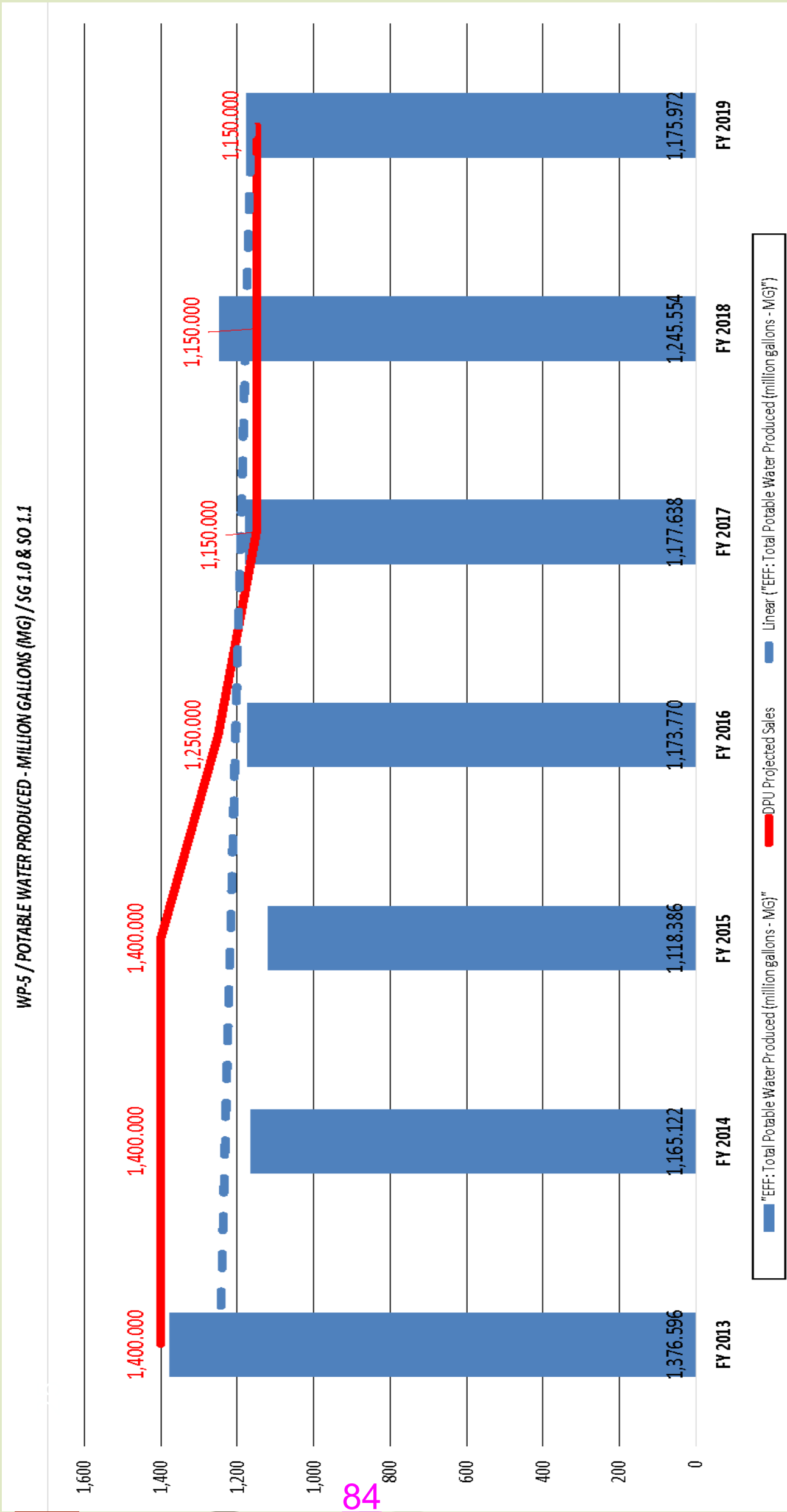


Water Production – Primary Key Organizational Performance Measure

WP-4 / GALLONS PER CAPITA PER DAY (GPCD) / SG 5.0 & SO 5.3



Water Production – Primary Key Organizational Performance Measure



Water Production Storage Tank Inspection Program Results

Priority 1 Thru 5 Tanks R&R Scheduled by FY 2025

Priority 6 Thru 8 Tanks R&R Scheduled by FY 2028



2019 Los Alamos Reservoir Assessment Project KLM Engineering, Inc.

Reservoir Name	KLM Project #	Year Constructed	Size (MG)	Type	Lead	Current Reconditioning Estimate	KLM Recommended Priority Timeline
Barranca Tank No. 2	MN3968	1962	0.20	Single Ped	Yes	\$435,000 to \$465,000	1 recondition interior wet & dry and exterior in 12 months
Western Tank	MN3977	1947	0.25	GSR	Yes	\$260,000 to \$285,000	2 recondition interior and exterior in 12 months
Guaje Booster Station 1 Tank	MN3980	1950	0.15	Standpipe	Yes	\$225,000 to \$240,000	3 recondition interior and exterior in 12 months
Guaje Booster Station 2 Tank 1	MN3981	1948	0.10	Standpipe	Yes	\$175,000 to \$190,000	4 recondition interior and exterior in 12 months
Guaje Booster Station 3 Tank 1	MN3982	1964	1.00	GSR	Yes	\$550,000 to \$580,000	5 recondition interior and exterior in 12 months
North Mesa Tank	MN3970	2000	0.20	Single Ped	No	\$225,000 to \$255,000	6 Replace wet coating & overcoat exterior in 2 years, int. dry insp. in 5 years
Pajarito Tank 4A	MN3986	1982	4.00	GSR	No	\$1.55 to \$1.58 Million	7 full coating replacement in 2 years
Otowi Booster Station 1 Tank 2	MN3983	1992	0.20	Standpipe	No	\$220,000 to \$240,000	8 recondition interior and exterior in 3 years
Pajarito Booster Station 1 Tank	MN3975	1966	1.50	GSR	No	\$475,000 to \$505,000	9 replace interior 5 to 7 years; overcoat exterior 5 to 7 years
Pajarito Booster Station 3 Tank	MN3971	1971	1.00	GSR	Yes	\$520,000 to \$545,000	10 reinspect in 5 years; plan for replacement in 7 years
Sycamore Tank	MN3973	1950	7.75	GSR	Yes	\$2.27 to \$2.37 million	11 reinspect in 5 years; replace in 8 to 10 years
Community Tank	MN3969	1947	1.00	Standpipe	No	\$745,000 to \$775,000	12 reinspect in 5 years; replace final vent in 2 months
Quemazon Tank	MN3974	1999	0.75	GSR	No	\$430,000 to \$460,000	13 reinspect in 5 years; remove soil and vegetation from against base of tank
Pajarito Booster Station 2 Tank 1	MN3985	1966	1.50	GSR	No	\$680,000 to \$710,000	14 reinspect in 5 years
Otowi Well 4 Tank	MN3984	1992	0.25	GSR	No	\$325,000 to \$350,000	15 reinspect in 5 years
Pajarito Well 5 Tank	MN3979	1984	0.10	Standpipe	No	\$155,000 to \$170,000	16 reinspect in 5 years
Pajarito Tank 4	MN3978	1966	1.50	GSR	No	\$650,000 to \$680,000	17 reinspect in 5 years
Pajarito Booster Station 2 Tank 2	MN3976	2011	0.25	Standpipe	No	\$223,000 to \$248,000	18 reinspect in 5 years
Twin Tank	MN3972	1949	7.75	GSR	No	\$2.25 to \$2.35 million	19 reinspect in 5 years
Arizona Tank	MN3967	2002	7.75	GSR	No	\$2.2 to \$2.3 million	20 reinspect in 5 years

- The current physical condition of the water production system overall is fair to good.
- Last year the physical condition was also rated fair to good.
- Known portions in poor condition: storage tanks needing R&R, GW1A well failure and aged pipelines that have been in the ground for 50 to 60 years. Between FY20 and FY25 WP CIP projects concentrate on high priority storage tank R&R and getting wells OW1, OW2 and GW1B on line. The last scheduled CIP major pipeline R&R project deferral year is FY25. Consistent annual pipeline R&R CIP projects are scheduled to begin again in FY26.
- Greatest weakness = the age of the well and booster station pumps, control valves and control systems. DPU has temporarily lost the use of 6 wells for a period of time over the past 3 years. Adding OW2 & OW1 wells on-line for the first time in FY22, and getting GW1B on-line in FY23, will help to reinforce against this weakness.
- A system wide isolation valve exercise and R&R program was re-scheduled from FY19-FY20 to FY20-ongoing; including consistent annual replacement of the worst 1 or 2 control valves.
- The GLS upgrade project, with the anticipated condition assessment reporting, is on schedule to be completed at the close of FY21.

Measures/Targets/Benchmarks for Tracking Non Potable Water System O&M

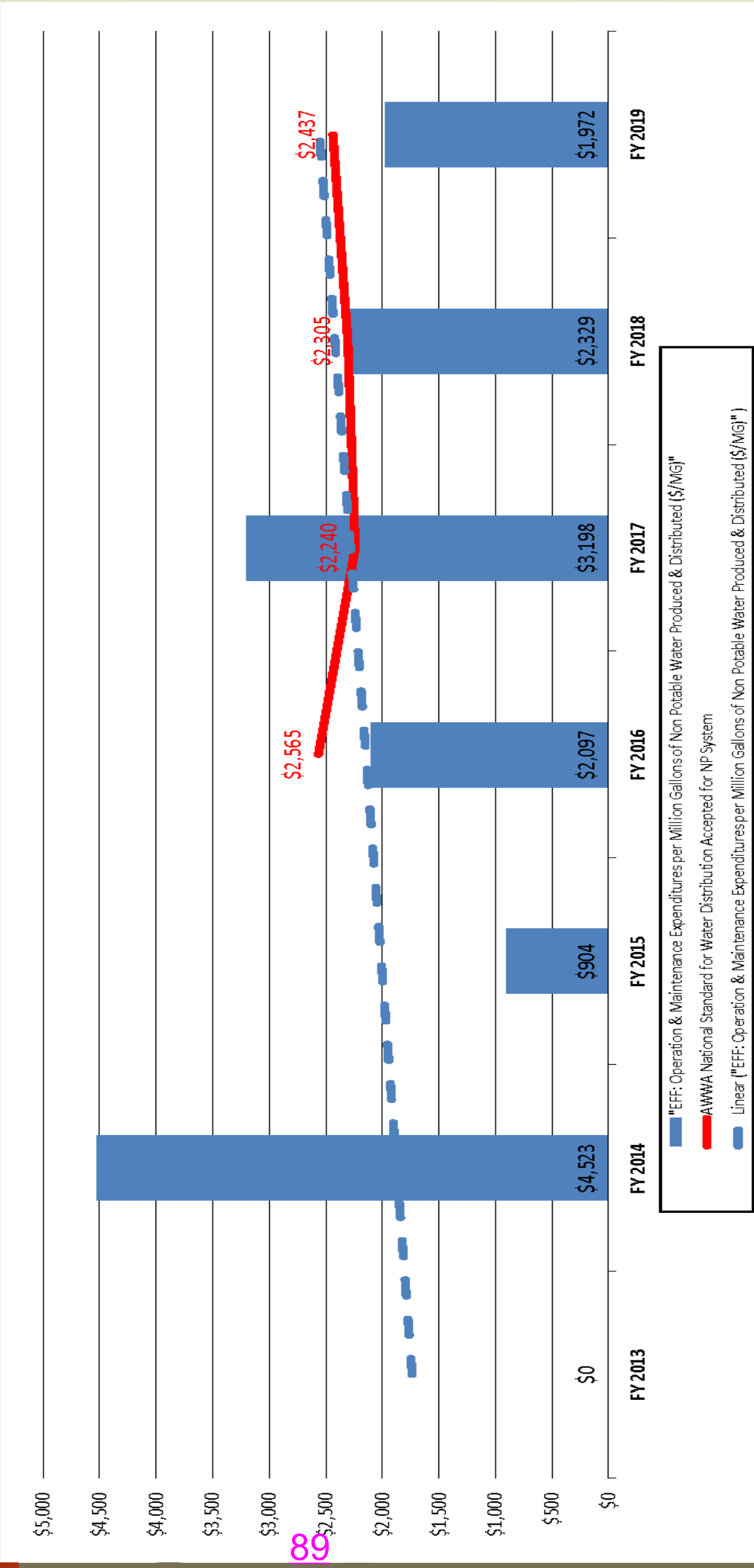
- ❖ **PRIMARY KEY ORGANIZATIONAL PERFORMANCE MEASURES**
- ▶ **O&M Expenditures per Million Gallons Produced & Distributed (\$/MG)**
- ▶ **Main Pipeline Breaks per 100 Miles of Pipeline (#/100 miles)**
- ▶ **Gallons per Capita Daily Water Produced (GPCD)**
- ▶ **Total Gallons Produced & Distributed vs DPU Projected Sales**
- ❖ **SECONDARY KEY ORGANIZATIONAL PERFORMANCE MEASURES**
- ▶ **Percent Gallons to Reuse vs Gallons Treated (%) – White Rock WWTP & LA WWTP**
- ▶ **Energy Consumption per Million Gallons Produced & Distributed (kWhr/MG)**
- ▶ **Planned Maintenance as a Percent of Total Maintenance (planned maint. hours/planned + corrective maint. hours) (%)**
- ▶ **System Renewal and Replacement (CIP Expenditures for R&R/Total Present Worth of Gas System) (%)**
- ❖ **PERFORMANCE MEASURES WITH TARGETS OR BENCHMARKS**
- ▶ **National Standard Performance Measures for Potable systems accepted as viable for NP system comparison (AWWA)**
- ▶ **Performance Measures with a DPU Strategic Plan or Conservation Plan Goal are in Magenta**
- ▶ **Performance Measures with both a DPU Strategic Plan or Conservation Plan Goal and a National Standard comparable goal are in CYAN**
- ▶ **Measures are collected and reviewed monthly via a 12 month moving average graph. Annual FY performance measures data is transferred from the annual data sets to a multi-year data set for year over year / multi-year comparison**

NP – DASHBOARD ANALYSES

- Summary of Primary Performance Measures for NP System.
 - **NP-1: O&M Expenditures per MG** - Long term trend is upward – not a good look; however, expenses needed to increase over the past 7 years so NP specific revenue covered NP specific expenses. Current good comparison to national standard for potable water distribution systems.
 - **NP-2: Breaks per 100 Miles Main Pipeline** - Limited early data. Recent trend is in a good direction. FY19 experienced a good comparison value to national standard for potable water distribution systems.
 - **NP-3: Gallons per Capita per Day (GPCD)** - Long term trend is upward – which for effluent reuse is good.
 - **NP-4: NP Water Produced** - Projected sales compare well to actual sales. Weather dependent variable.

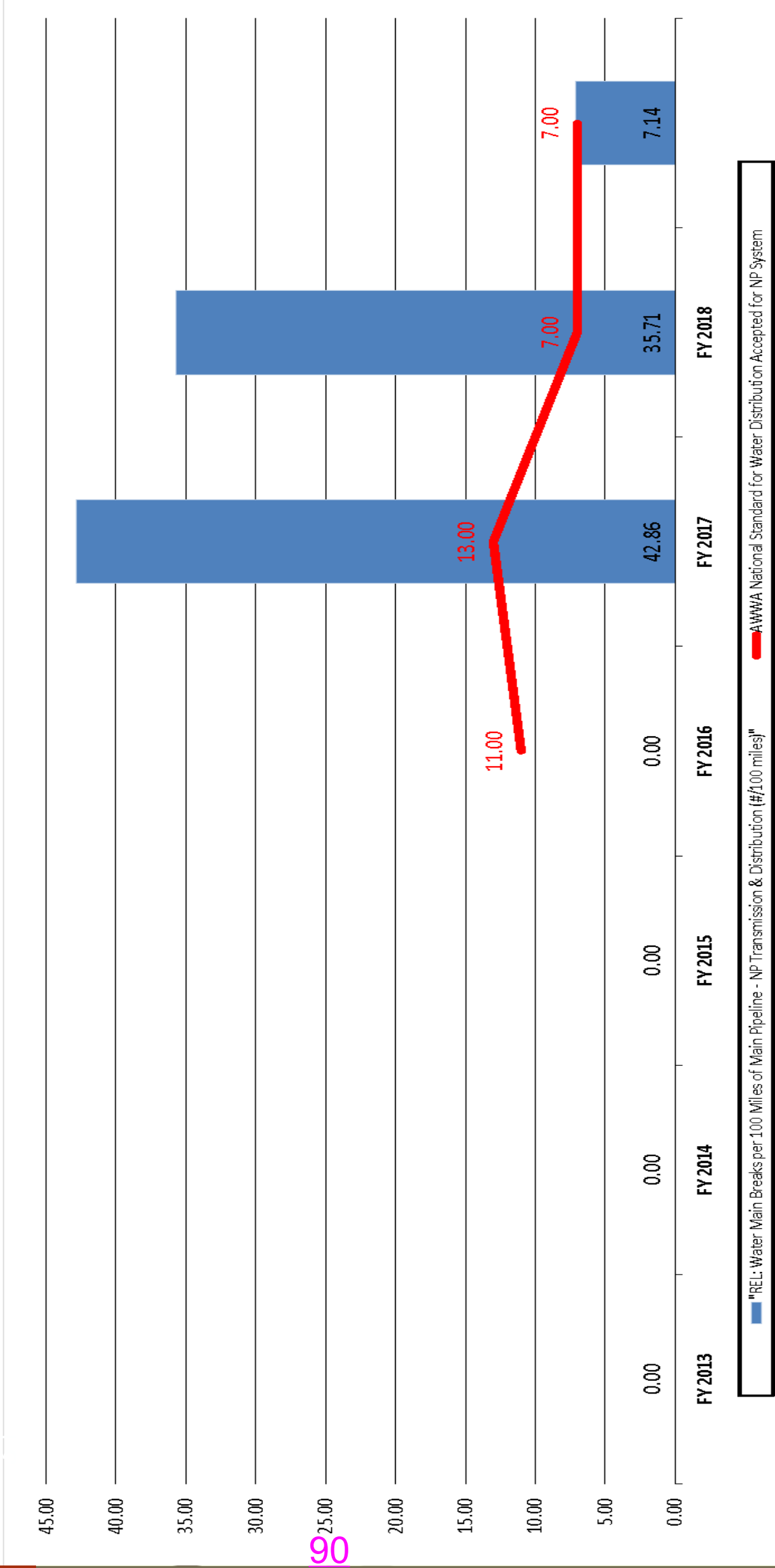
NP System – Primary Key Organizational Performance Measure

NP-1 / OPERATION & MAINTENANCE EXPENDITURES PER MILLION GALLONS PRODUCED & DISTRIBUTED (\$/MG) / SG 1.0 & SO 1.1

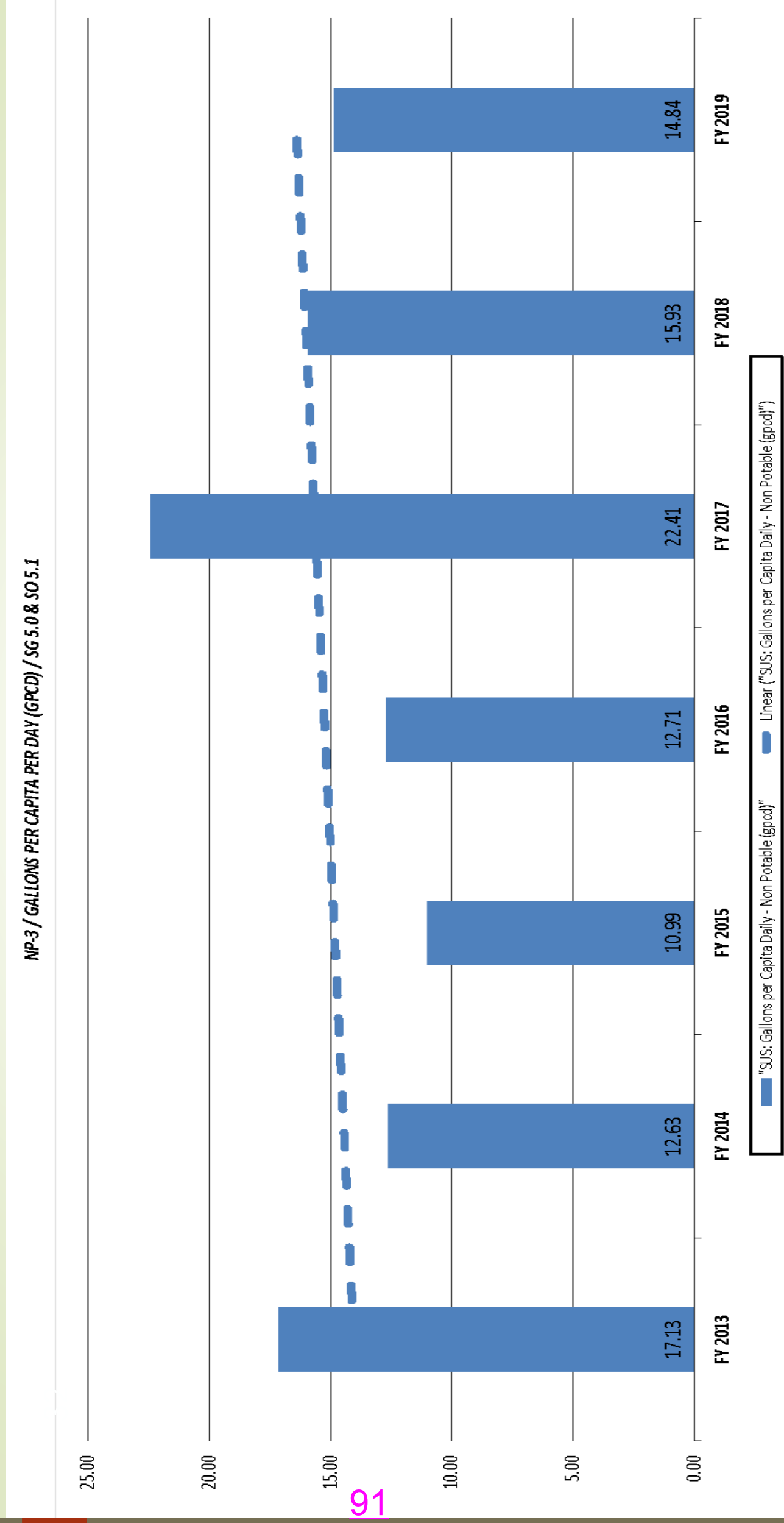


NP System – Primary Key Organizational Performance Measure

NP-2 / BREAKS PER 100 MILES OF MAIN PIPELINE (BREAKS/100 MILES) / SG 1.0 & SO 1.1

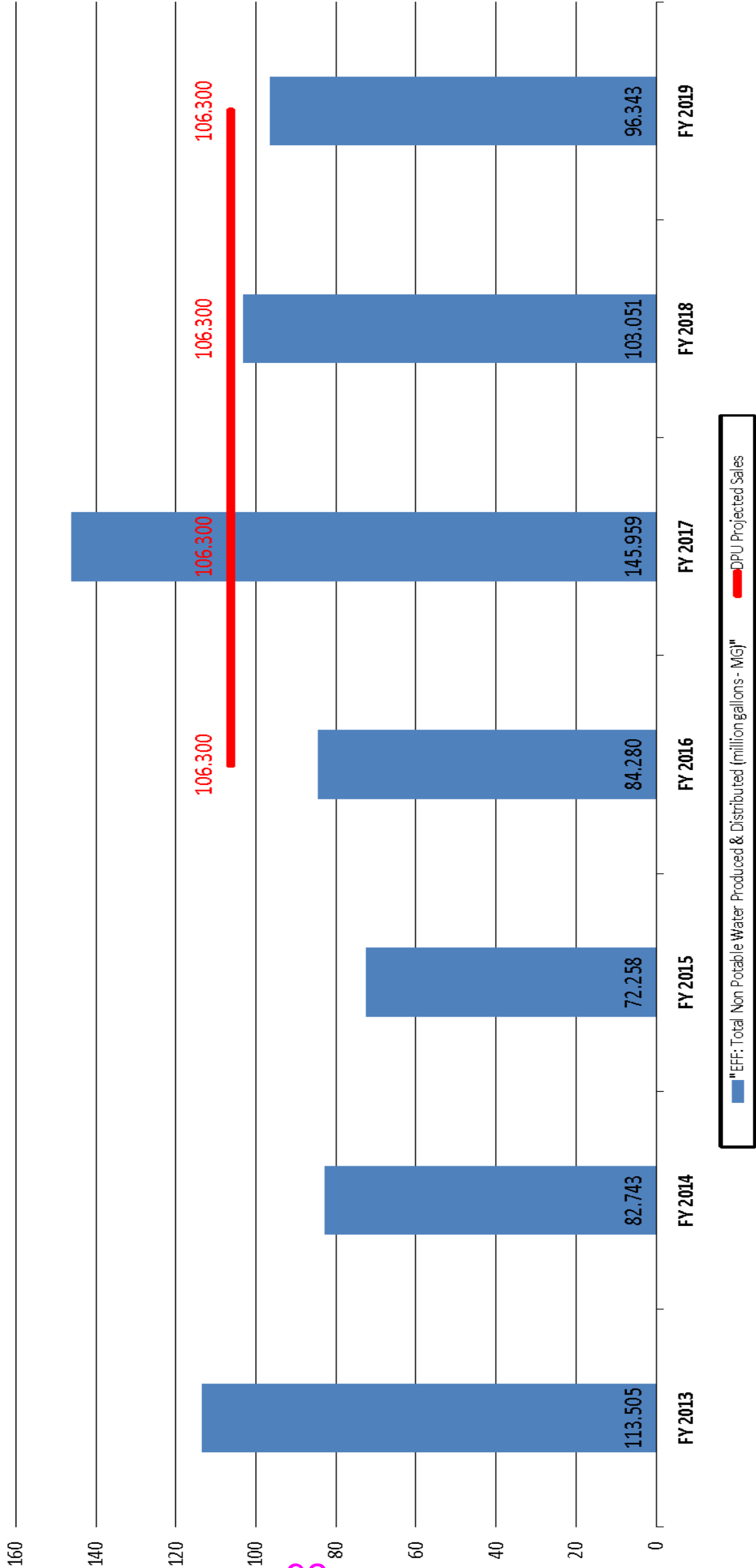


NP System – Primary Key Organizational Performance Measure



NP System – Primary Key Organizational Performance Measure

NP-4 / NON POTABLE WATER PRODUCED & DISTRIBUTED - MILLION GALLONS (MG) / SG 1.0 & SO 1.1



Non-Potable System Photos – Overlook Park Booster Station & Pond Cleaning

Booster Station Scheduled for Replacement FY 2020

Pond is Scheduled for Draining & Cleaning Every Fall



- The current physical condition of the NP water system overall is good.
- Last year the physical condition was also rated good.
- Known poor infrastructure: the irrigation pump station at Overlook Park and the older pipeline segments inherited from previous owners (golf course & parks).
- Greatest weakness = Overlook Park Irrigation Pump Station. Water Trust Board funding has been approved to replace this station in FY21. It will be converted to system booster station to serve other White Rock customers besides just Overlook Park.
- The LA Reservoir pipeline replacement project completed in FY18 was washed out again Spring FY19. LA Reservoir water flow into the NP system now scheduled to start in FY21.
- New meters and pressure control/flow control valves installed at NP customer points of use (except the ski hill) is now fully functional and fully automated.
- The GIS upgrade project, with the anticipated condition assessment reporting, is on schedule to be completed at the close of FY21.

DW + WP + NP / FY21 – ANTICIPATED CHALLENGES

- **DW** - AML start of field installation. Coordination with AML contractor will be prioritized over all routine O&M activities except emergencies.
- **DW** - Development infrastructure inspection is also prioritized over routine O&M activities.
- **DW** - The vactor and hydro-excavation equipment are now routinely not always available due to equipment down time.
- **WP** – Potential Chromium concerns. Specifically Pajarito Well 3.
- **WP** - LANL truck route area shooting range expansion. Pajarito Well 3 is in the expanded range safety area. WP will not have access when range is in operation.
- **WP** – Finalizing Otowi Well 4 oil discharge issue.
- **NP** – Potential modifications to control scheme at Bayo Booster Station after the new tank is installed.
- **NP** - Reservoir Road washout issues. Also O&M of the reservoir, dam and pipeline during construction of the LA Reservoir Road Stabilization Project.

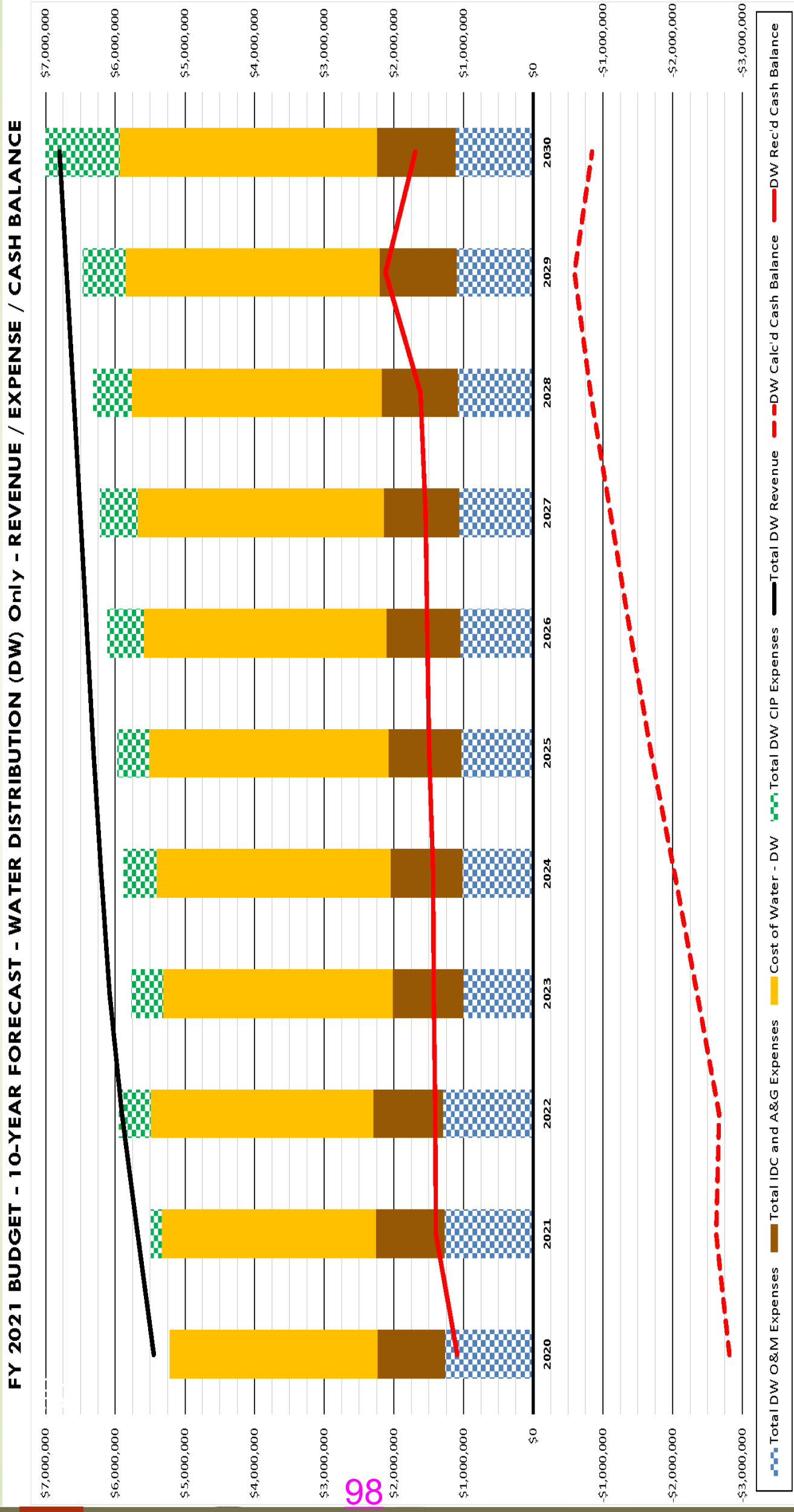
DW / FY21 – O&M GOALS / ACTION ITEMS

- ▶ Complete 10 fire hydrant replacements.
- ▶ Complete White Rock area valve maintenance O&M R&R program.
- ▶ Complete 10 PRV Station O&M R&R program stations.
- ▶ Change out 1,200 water meters.
- ▶ Replace aged deficient main and service pipeline segments at 11th Street & Nugget with a planned outage.
- ▶ Reassign/retrain meter reading personnel as AMI is implemented and functioning as planned.

DW / FY21 – MAJOR PROJECTS

- AMI implementation will continue.
- El Mirador, along with additional new housing development projects, will continue.
- Water meter change outs will continue.
- Install a PRV station in the Barranca Mesa area to serve Barranca Tank 2 area in preparation for that tank being down for repainting in FY22.

Water Distribution / 10-Year Revenue – Expenditure - Cash Balance Graph



- The current financial condition of the water distribution system is poor.
- Last year the financial condition was also rated as poor.
- The cash balance reserves of the water distribution sub-system are severely negative. However, the long term forecast is for cash balance reserves in the DW sub-fund to continually climb toward a positive value.
- Annual O&M expenses decrease slightly between FY22 and FY23 due to the scheduled ending of the accelerated water meter change out program.
- Annual pipeline R&R CIP projects are re-started in FY22.
- The GIS upgrade project, with the anticipated financial asset management reporting, is on schedule to be completed at the close of FY21.
- The three year DW water rate annual increases recently approved are part of a multi-year plan for water rate increases. These rates will continue the improvement of the financial stability of the DW sub-fund while at the same time providing enough revenue to re-start a modest pipeline R&R CIP program; starting in FY22.

WP & NP / FY21 – O&M GOALS / ACTION ITEMS

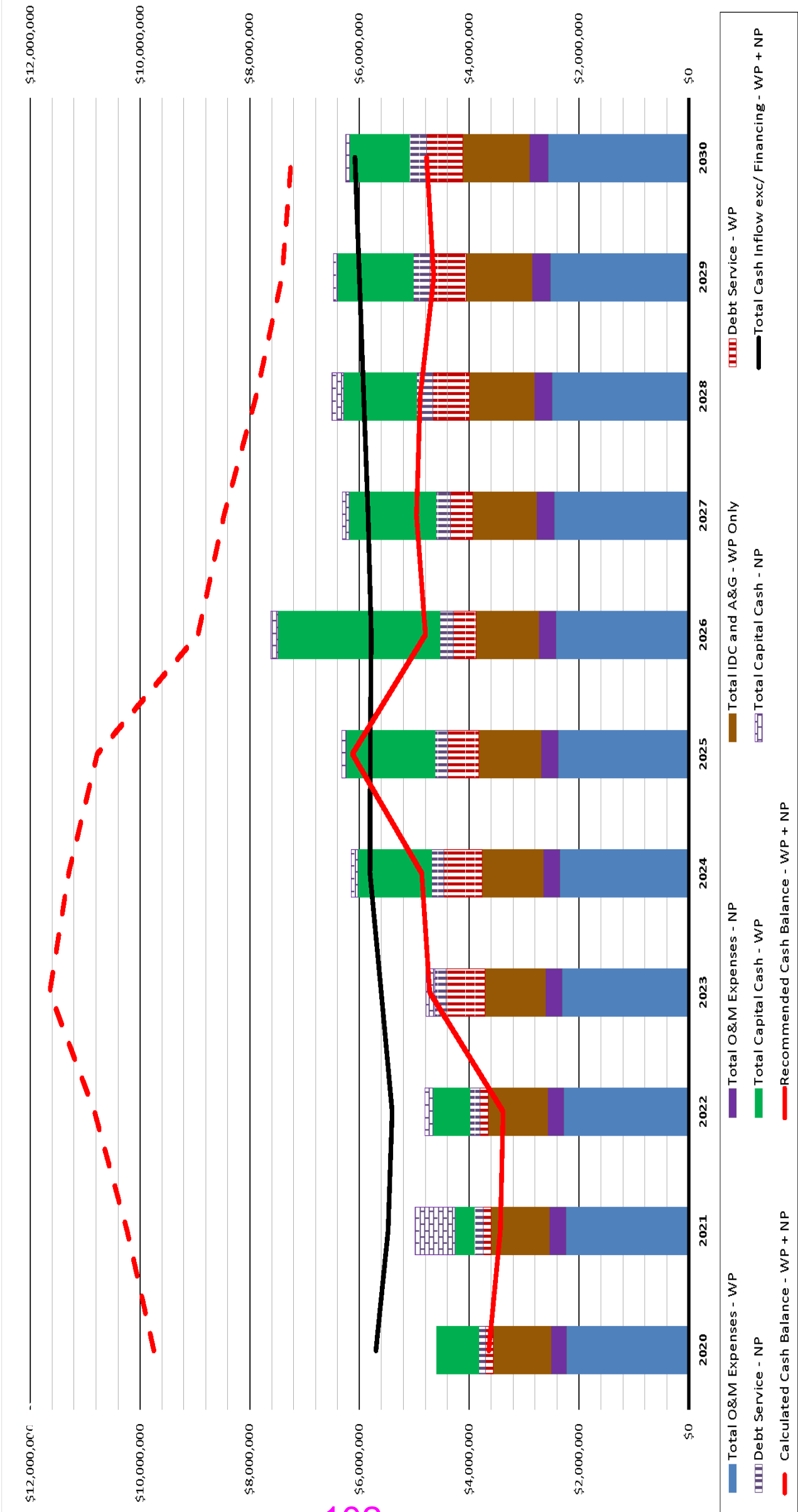
- WP - Continue the confined space equipment R&R program with full field implementation. Full time, when available, 2-person crew with various assistance from other WP crew and GWS to emphasize critical assets R&R and O&M.
- WP - Replace Auto Valve 3 at S-Site Booster Station 1. Two weeks for a 4-person crew with assistance from GWS. Improved overflow prevention at Twin Tank and reliable service for back flow from Pajarito Tank 4 & 4A. Also improved safety with underground vault elimination.
- WP – Work with Finance & Admin to ensure billing is started on newly installed meters: TA-21 DP Road Contract Delivery; LAPS Middle School fire station pump seal discharge.
- NP – Drain the water from the LA Reservoir to prepare for the road stabilization project. Delay the start-up of the reservoir NP pipeline until FY22.

WP & NP / FY21 – MAJOR PROJECTS

- WP - OW2 well station design and construction. Includes the potential use of a natural gas engine. Pump and MCC characteristics designed to match those of OW4. Ensures control feature and equipment consistency between our two highest producing wells and replaces the obsolete MCC at OW4.
- WP – Tank pipe upgrades: Twin, Sycamore & Pajarito 4. Replace obsolete non-functioning altitude and shut off valves. End the unaccounted for loss of 1 million gallons per year of non-revenue water.
- NP – Bayo Booster Station Tank Upgrade. New 1 million gallon tank to capture more reclaimed effluent for use in the NP system. WTB funded project.
- NP – LA Reservoir Road Stabilization Project – construct this FEMA funded project to protect this asset and the associated pipeline and electric conduit assets buried underneath.

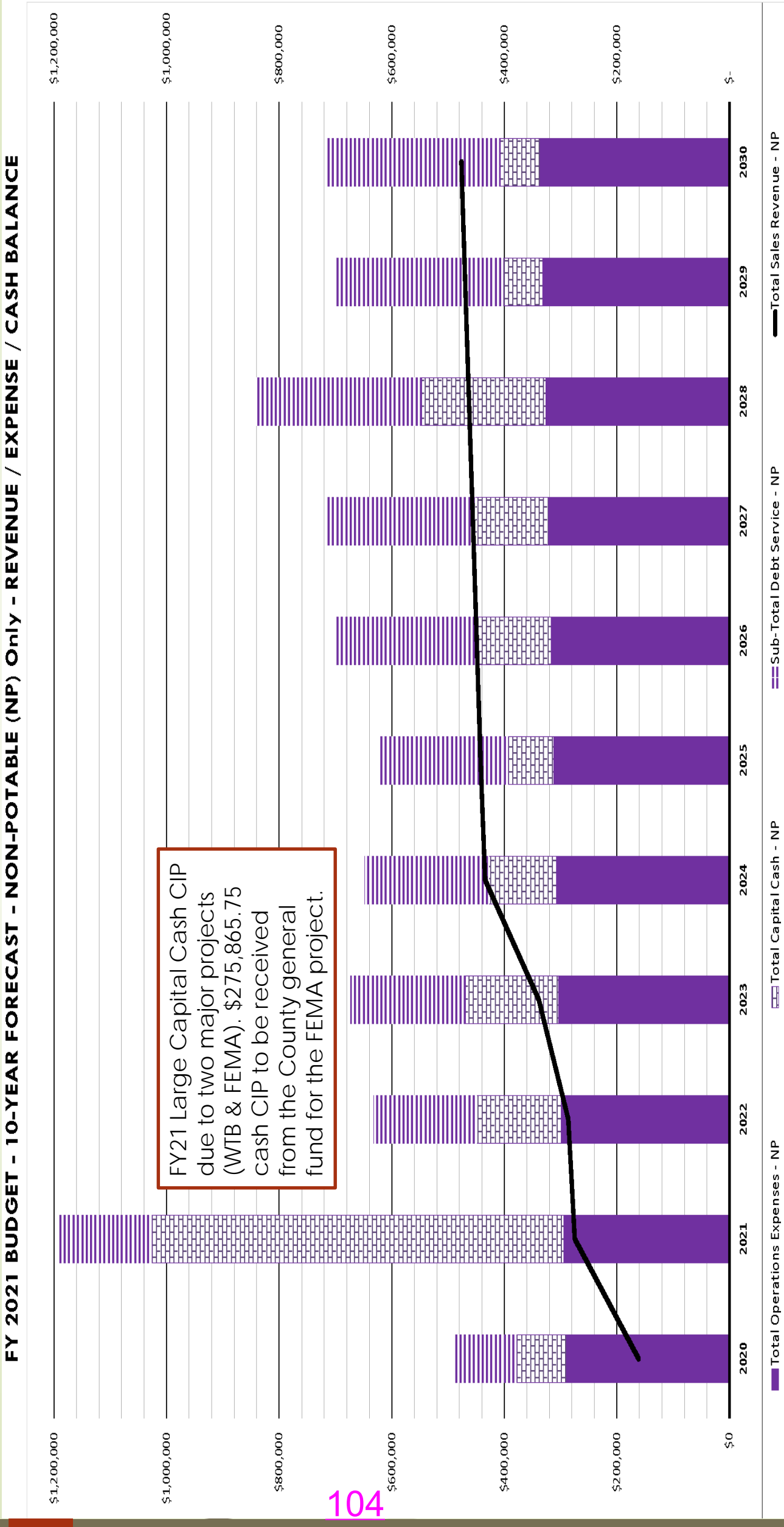
Water Production & Non Potable / 10-Year Revenue – Expenditure - Cash Balance Graph

FY 2021 BUDGET - 10-YEAR FORECAST - WATER PRODUCTION + NON-POTABLE (WP + NP) Only - REVENUE / EXPENSE / CASH BALANCE



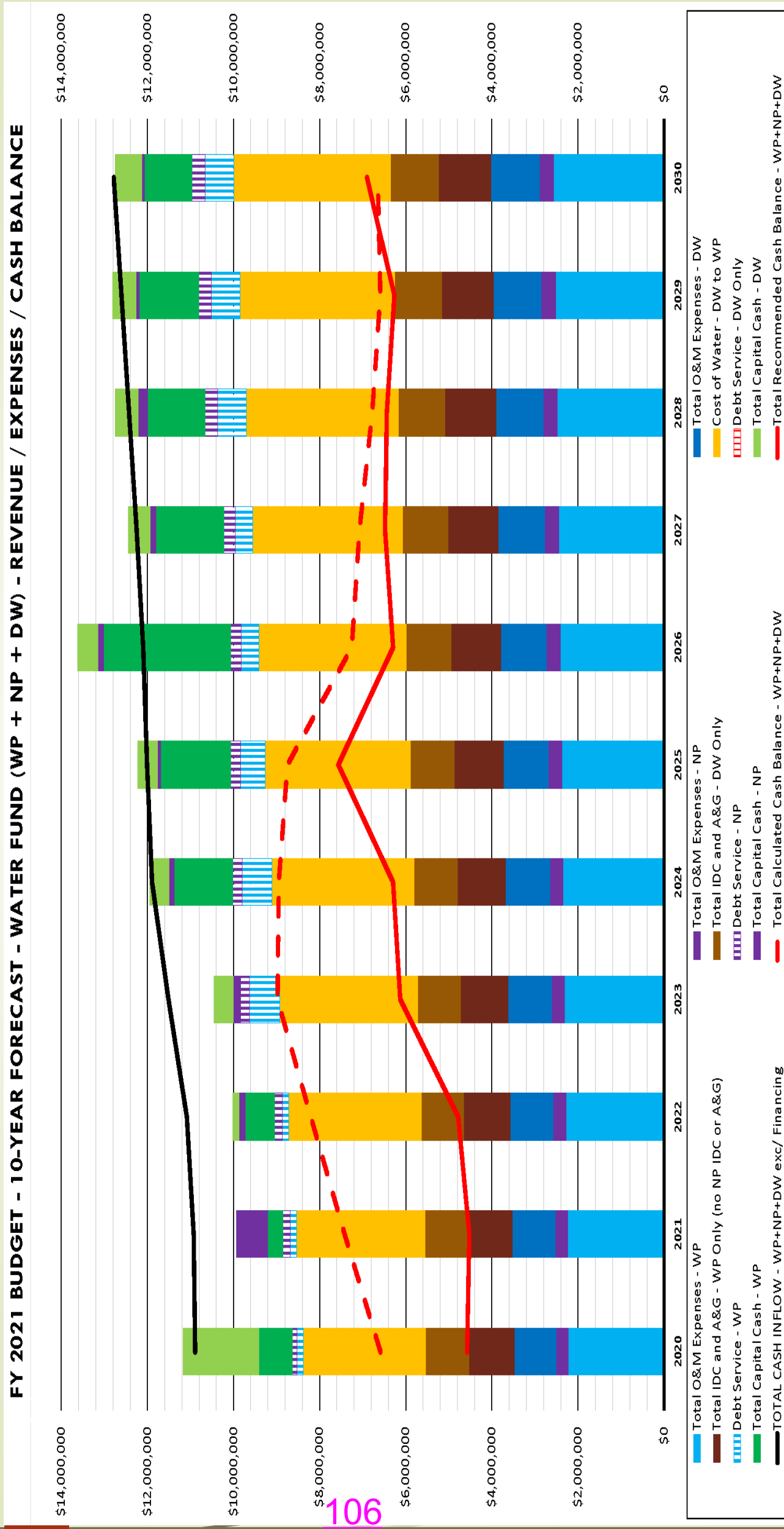
- The current financial condition of the water production (& NP) system is good.
- Last year the financial condition was rated as fair – trending poor.
- Last year the policy of debt service financing of major CIP projects was not yet solidified and that led to the fair – trending poor financial condition assessment. The policy of debt service financing for major CIP projects has been clarified leading to the improved financial condition assessment for the WP sub-fund for this year.
- The cash balance reserves of the water production system are significantly above the financial policy goals. However, these reserves are required to offset the negative cash balance in the DW sub-fund. As the DW sub-fund cash reserves grow the WP sub-fund cash reserves are planned to decrease to financial policy levels.
- The GIS upgrade project, with the anticipated financial asset management reporting, is on schedule to be completed at the close of FY21.
- The three year WP (& NP) water rate annual increases recently approved are part of a multi-year plan for water rate increases. These rates will continue the improvement of the financial stability of the WP (& NP) sub-fund while at the same time providing enough revenue to continue the modest pipeline R&R CIP program that was minimized for a short 1-year period in FY21.

Non Potable Water System / 10-Year Revenue – Expenditure – (But Not Cash Balance) Graph



- The current financial condition of the non potable water system is fair.
- Last year the financial condition was also rated as fair.
- No separate cash balance reserves are tracked for the NP system because it is embedded into the WP sub-fund. However, whether or not NP system revenues cover expenses (O&M, cash CIP & debt service) does have an effect on the financial health of the combined (WP + NP) sub-fund.
- Financial model revised to include a 10% cash match for WTB projects. The FY21 FEMA project has a cash match of \$551,731.50 that is to be split 50/50 between DPU and the County general fund for the LA Road Stabilization Project.
- The three year NP water rate annual increases recently approved are part of a multi-year plan for water rate increases. These rates, along with increased sales and revenues, will continue the improvement of the financial outlook of the NP portion of the WP + NP sub-fund.
- CIP projects for the next 10-year planning period continue to emphasize system expansion projects rather than pipeline and equipment R&R projects. The relative young age of the majority of the system and the need for increased sales and revenue, and the increase in use of NP water from a sustainability perspective, allows for this approach.

Total Water Fund (WP + NP + DW) / 10-Year Revenue - Expenditure - Cash Balance Graph



Overall Water Fund Summary – January 2020 DW, WP & NP Water Systems Financial Condition Assessment

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- The current financial condition of the Water Fund (both sub-funds of Water Distribution and Water Production & including the NP Water System) is excellent.
- Last year the financial condition of the overall Water Fund was rated as fair.
- The cash balance reserves of the Water Fund are above financial policy goals; and with the solidification of the policy to debt finance future major CIP projects Water Fund cash balance reserves are expected to remain above financial policy goals while trending down toward matching financial policy goals for cash balance reserves by the end of the current 10-year planning period.
- The financial model has been revised to include County IDC and DPU A&G expenses separately. The model has also been revised to provide for possible future debt financing of CIP projects in the DW sub-fund (where none now exists).
- The GLS upgrade project, with the anticipated financial asset management reporting, is on schedule to be completed at the close of FY21.
- The three year water rate annual increases recently approved are part of a multi-year plan for water rate increases. These rates will continue to improve the ability of DPU to plan the aggressive CIP R&R programs necessary to maintain all three water systems: Water Distribution, Water Production & Non-Potable Water.



County of Los Alamos

Staff Report

January 15, 2020

Los Alamos, NM 87544
www.losalamosnm.us

Agenda No.: 4.I.1
Index (Council Goals): DPU FY2020 - N/A
Presenters: Board of Public Utilities
Legislative File: 12685-20

Title

Tickler File for the Next 3 Months

Attachments

A - Tickler File for the Next 3 Months



County of Los Alamos

Los Alamos, NM 87544
www.losalamosnm.us

Tickler

**Criteria: Agenda Begin Date: 2/1/2020, Agenda End Date: 4/30/2020, Matter Bodies:
Board of Public Utilities**

File Number	Title
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Agenda Date: 02/19/2020

12648-19	Briefing/Report (Dept,BCC) - Action Requested	05 Public Hearings
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Modification of Department of Public Utilities Rules & Regulations - Rule GR-13, Disconnection and Reconnection of Service.

Department Name: DPU

Length of Presentation: Apx. 10 Min.

Drop Dead Date:

Sponsors: Bob Westervelt, Deputy Utilities Manager - Finance/Admin

12513-19	Budget Item	07 Business
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Department of Public Utilities FY2021-2022 Budget Presentation

Department Name: DPU

Length of Presentation: Apx. 60 Min.

Drop Dead Date:

Sponsors: Bob Westervelt, Deputy Utilities Manager - Finance/Admin

Agenda Date: 03/18/2020

12593-20	Briefing/Report (Dept, BCC) - No action requested	04G General Board Business
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Quarterly Conservation Program Update

Department Name: DPU

Length of Presentation: Apx. 10 Min.

Drop Dead Date:

Sponsors: James Alarid, Deputy Utilities Manager - Engineering

12592-20	Budget Item	07 Business
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Approval of Department of Public Utilities FY2021-22 Budget

Department Name: DPU

Length of Presentation: Apx. 60 Min.

Drop Dead Date:

Sponsors: Bob Westervelt, Deputy Utilities Manager - Finance/Admin

Agenda Date: 04/15/2020

12686-20	Briefing/Report (Dept, BCC) - No action requested	04G General Board Business
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Quarterly Update on Utility System - Wastewater System

Department Name: DPU

Length of Presentation: Apx. 30 Min.

Drop Dead Date:

Sponsors: Jack Richardson, Deputy Utilities Manager - GWS Services

12687-20	Briefing/Report (Dept, BCC) - No action requested	04G General Board Business
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Briefing from County Manager on the County Strategic Objectives

File Number	Title
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Department Name: DPU

Length of Presentation: Apx. 20 Min.

Drop Dead Date:

Sponsors: Harry Burgess, County Manager



County of Los Alamos

Staff Report

January 15, 2020

Los Alamos, NM 87544
www.losalamosnm.us

Agenda No.: 6.A
Index (Council Goals): DPU FY2020 - N/A
Presenters: Board of Public Utilities
Legislative File: 12684-20

Title

Approval of Board of Public Utilities Meeting Minutes

Recommended Action

I move that the Board of Public Utilities approve the meeting minutes of December 6th, 2019 and December 18th, 2019 as presented

Body

REQUESTED REVISIONS TO THE DRAFT MINUTES

Draft minutes are sent to members after each meeting for their review. Members may then send changes to be incorporated prior to final approval of the minutes at the next regular meeting. There were no changes.

Attachments

- A - Draft BPU Special Session Minutes - December 6th, 2019
- B - Draft BPU Regular Session Minutes - December 18th, 2019



LOS ALAMOS

County of Los Alamos
Minutes
Board of Public Utilities

1000 Central Avenue
Los Alamos, NM 87544

Carrie Walker, Chair; Jeff Johnson, Vice-chair; Stephen McLin, Kathleen Taylor and Steve Tobin Members
Philo Shelton, Ex Officio Member
Harry Burgess, Ex Officio Member
Pete Sheehey, Council Liaison

Friday, December 6, 2019

11:30 AM

1000 Central Avenue
Council Chambers

SPECIAL SESSION

1. CALL TO ORDER

A special meeting of the Incorporated County of Los Alamos Board of Public Utilities was held on Friday, December 6th, 2019, at 11:30 a.m. at 1000 Central Ave., Council Chambers. Board Chair Carrie Walker called the meeting to order at 11:32 a.m.

Present 5 - **Board Member Walker, Board Member Tobin, Board Member McLin, Board Member Taylor and Board Member Shelton**

Absent 2 - **Board Member Johnson and Board Member Burgess**

2. PUBLIC COMMENT

Ms. Walker opened the floor for public comment on items not otherwise included on the agenda. There were no comments.

3. APPROVAL OF AGENDA

Ms. Taylor moved that the agenda be approved as presented. The motion passed by the following vote:

Yes: 4 - **Board Member Walker, Board Member Tobin, Board Member McLin and Board Member Taylor**

Absent: 1 - **Board Member Johnson**

4. BUSINESS

4.A [12561-19](#)

Amendment to the Carbon Free Power Project Budget and Plan of Finance

Presenters: Steve Cummins

Deputy Utility Manager of Power Supply Mr. Steve Cummins presented this item. The following is the substance of the item being considered.

At the recommendation of a citizen ad hoc committee and the direction of the Board, the Department of Public Utilities (DPU) was tasked to continue participating in the Carbon

Free Power Project (CFPP) as an option for meeting a portion of the County's power demands. The CFPP was considered as a potential resource for replacing the County's coal generation assets and to meet a Board-approved goal for the DPU to be a carbon-neutral electrical energy provider by 2040. On April 10, 2018 the Board and the County Council approved a resolution authorizing and approving the Power Sales Contract with an Amended and Restated Initial Budget and Plan of Finance for the first phase of the CFPP. The Budget and Plan of Finance broke the project into phases allowing the project participants an option to exit the project at the end of each phase if they determine the project is no longer the preferred option. The first phase has a decision point and off-ramp at the \$6 million spend point, which is 100% reimbursable by DOE and NuScale if the Utah Associated Municipal Power Systems (UAMPS) terminates the project for any reason. The PMC anticipated exhausting the \$6 million by November 2019, at which time the PMC and the individual participants reached a decision point. At this time, the UAMPS Project Management Committee is recommending increasing the budget for the CFPP participants by \$976k, (approx. \$52,500 for LAC, non-reimbursable), to keep the project moving forward from December 2019 through March 31, 2020. The participants are still eligible for 100% reimbursement of the \$6 million if UAMPS terminates the project in the spring or summer of 2020. If the project terminates in spring 2020, LAC will have a sunk cost of approximately \$82k. If LAC unilaterally takes the off-ramp in spring of 2020, the total sunk cost will be approximately \$162k, not including staff time since 2015.

The Board discussed this item and requested clarification where necessary.

Ms. Walker opened the floor for public comments. Members of the public gave the following summarized comments:

1) Mr. Michael Dempsey, 300 Connie Ave. - Mr. Dempsey provided a written statement, which is included in the minutes as an attachment. Additionally, Mr. Dempsey noted that the County spent a lot more money on building the Smart House than what is being requested here and believes this is a more worthwhile expenditure when comparing costs. He also discussed the possibility of the project gaining more subscribers once the coal-fired power plant outside Delta Utah shuts down in 2025 after losing its Southern California customer base.

2) Mr. Steve Silva, 101 Lacinda Rd. - Mr. Silva noted that it would be ironic if the Board and Council do not invest in nuclear power given that Los Alamos has a legacy of being the "Atomic City."

Ms. Taylor moved that the Board of Public Utilities authorize a budget amendment of \$52,500.00 with a 20% contingency of \$10,500 for the continued participation in the Carbon Free Power Project and authorize the Utilities Manager to execute an amendment to budget and plan of finance with the Utah Associated Municipal Power Systems (UAMPS), and forward to Council for their consideration. The motion passed by the following vote:

Yes: 4 - Board Member Walker, Board Member Tobin, Board Member McLin and Board Member Taylor

Absent: 1 - Board Member Johnson

4.B [12514-19](#)

Conduct 2019 Board of Public Utilities Annual Self-evaluation

Presenters: Carrie Walker

Ms. Walker presented this item. The following is the substance of the item being considered.

The Board conducted its annual self-evaluation using the questionnaire that was slightly modified after the 2018 evaluation. The Board scored each question, provided comments and identified action items for improvement.

Mr. Tobin left the meeting at 1:38 p.m.

The following actions were identified for follow-up:

- 1) Ms. Walker will compile the scores comments and action items on a spreadsheet that will be presented to the Board at the December regular meeting for approval. The final evaluation will be included in those minutes as an attachment.

5. PUBLIC COMMENT

Ms. Walker opened the floor for public comment on any items. There were no comments.

6. ADJOURNMENT

The meeting adjourned at 2:04 p.m.

APPROVAL

Board of Public Utilities Chair Name

Board of Public Utilities Chair Signature

Date Approved by the Board

ATTACHMENT WRITTEN PUBLIC COMMENTS

People who give public comment at a meeting may submit a written copy before, during or after the meeting to be included in the minutes.

Dear Board of Public Utilities,

Thank you for all the great work that you do! I have enjoyed the reliable, reasonably priced and robust utility service here in Los Alamos County for over 25 years. I am truly grateful for the reliability of the electricity, gas and water service. I don't think the electricity has ever been off for more than a few hours, more like a few minutes here in White Rock in the last 25 years. The same applies for the natural gas service, and I am truly grateful for the clean water we have here. I drink almost exclusively Los Alamos County tap water. I have worked/traveled all over the United States, and worked in 21 countries overseas, and I surely don't feel the same about the water anywhere else as I do in Los Alamos County! Thank you and all the County workers for a job well done!

I applaud this Board and the previous Boards with pursuing the Carbon Free Power Project via UAMPS with the goal of developing Modular Nuclear Reactors to supply Carbon Free Electrify.

I encourage the Board and the County Council to appropriate the currently requested funds and further funds as required to see the project to completion.

Thank you,
Michael A. Dempsey
300 Connie Ave.
White Rock, NM 87547



LOS ALAMOS

County of Los Alamos

Minutes

Board of Public Utilities

1000 Central Avenue
Los Alamos, NM 87544

Carrie Walker, Chair; Jeff Johnson, Vice-chair; Stephen McLin, Kathleen Taylor and Steve Tobin Members
Philo Shelton, Ex Officio Member
Harry Burgess, Ex Officio Member
Pete Sheehey, Council Liaison

Wednesday, December 18, 2019

5:30 PM

1000 Central Avenue
Council Chambers

REGULAR SESSION

1. CALL TO ORDER

The regular meeting of the Incorporated County of Los Alamos Board of Public Utilities was held on Wednesday, December 18th, 2019 at 5:30 p.m. at 1000 Central Ave., Council Chambers. Board Chair Carrie Walker called the meeting to order at 5:30 p.m.

Present 6 - Board Member Walker, Board Member Johnson, Board Member Tobin, Board Member McLin, Board Member Taylor and Board Member Shelton

Absent 1 - Board Member Burgess

Assistant County Manager Mr. Steve Lynne attended for Mr. Burgess.

Ms. Walker moved that the Board of Public Utilities approve the following statement for inclusion in the minutes: The matters discussed in the joint Council and Board of Public Utilities closed session held on September 23rd, 2019 at 12:00 p.m. were limited only to those topics specified in the notice of the closed session, and no action was taken on any matter in that closed session. The motion passed by the following show of hands:

Yes: 5 - Board Member Walker, Board Member Johnson, Board Member Tobin, Board Member McLin and Board Member Taylor

2. PUBLIC COMMENT

Ms. Walker opened the floor for public comment on items on the Consent Agenda and for those not otherwise included on the agenda. There were no comments.

3. APPROVAL OF AGENDA

Ms. Taylor moved that the agenda be approved as presented. The motion passed by the following vote:

Yes: 5 - Board Member Walker, Board Member Johnson, Board Member Tobin, Board Member McLin and Board Member Taylor

4.A. Chair's Report

Ms. Walker reported on the following items:

1) Ms. Walker reminded the Board to return their completed annual Conflict of Interest Disclosure forms.

2) Ms. Walker thanked the Board for participating in the recent self-evaluation. She was not able to compile all the comments and scores yet, but plans to have those ready for the January meeting. She asked members to send her any additional comments or scores by January 1st.

4.B. Board Member Reports

Board members had nothing to report.

4.C. Utilities Manager's Report

Mr. Shelton provided a written report, which is included in the minutes as an attachment.

Ms. Taylor asked if the Joint Use Modular Plant program planned for the Carbon Free Power Project had made it into the budget recently approved by Congress. Mr. Shelton was not sure, but a spending bill was included that would set aside \$100 million for continued work to design and license an advanced small modular reactor. Once the spending bill clears the Senate and is signed by the President, he will obtain the details contained in the spending bill.

4.D. County Manager's Report

Mr. Lynne had nothing to report.

4.E. Council Liaison's Report

Mr. Pete Sheehey reported on the following items:

1) Mr. Sheehey reported that at the Council meeting the previous evening, Council concurred with the Board's recommendation to continue in the Carbon Free Power Project.

2) Mr. Sheehey apologized for not being able to attend the recent Board self-evaluation. He is pleased and impressed with the performance of the Board, noted the significant amount of time the Board puts into their duties and thanked them for their dedication. Mr. Sheehey asked if the Board would like him to submit scores and comments on the self-evaluation form. Ms. Walker thought it might be more useful for Mr. Sheehey to offer any specific concerns or feedback for Board consideration rather than having to complete the entire evaluation.

3) Mr. Sheehey reported that Council also approved the State Legislative agenda the prior evening. An item was included to monitor revisions to the Energy Transition Act that would affect Los Alamos decommissioning liability for the San Juan Power Plant. Not only is that being fought with the Public Regulatory Commission in the courts, it could creep into the legislative session. Council is watching that carefully. The Board/Council subcommittee has discussed this during some of their meetings. Farmington has some issues and would like to see the plant continue to operate with the carbon sequestration effort. However, the County has liabilities, and if those liabilities can be taken care of in

any future agreement, Council's position is that they are not going to oppose it. Council's interest is not against Farmington or continuing plant operations, but Los Alamos County does not plan to continue with their participation and has a liability that must be watched to make sure that it is not changed by any further legislation.

4.F. Environmental Sustainability Board Liaison's Report

Ms. Susan Barns provided a written report, which is included in the minutes as an attachment.

Ms. Taylor asked if training for composting operators is definitely going to happen. Ms. Barns explained that Council has expressed enthusiasm, and staff has been tasked with coming up with a feasibility plan for 2020. She reminded Ms. Taylor that the County does already run a composting facility.

Mr. Johnson asked what the future implications were with regards to the recent presentation for alternative waste options. Ms. Barns explained that the presentation was just informational to outline possible options.

4.G. General Board Business

4.G.1 [11763-19](#) Reminder for Upcoming Boards & Commissions Luncheon

Presenters: Board of Public Utilities

The month prior to a Boards & Commissions luncheon, the attendee schedule is included in the agenda packet as a reminder during the Chair's report. Ms. Walker reminded the Board that Ms. Tobin is scheduled to attend the January 16, 2020 luncheon.

4.G.2 [11702-19](#) Quarterly Conservation Program Update

Presenters: James Alarid

Deputy Utility Manager of Engineering Mr. James Alarid presented this item. The following is the substance of the item being considered.

Upon approval of the Energy and Water Conservation Plan in March 2015, the Board requested that staff provide quarterly updates on the Conservation Program and on progress towards the goals and actions identified in the plan. Mr. Alarid presented a summary of recent conservation activities and discussed the upcoming plan to begin updating the Conservation Plan.

The following items were identified for follow-up:

1) Ms. Walker and Ms. Taylor have volunteered to serve as Board representatives on a Conservation Plan stakeholder committee. Mr. Alarid will contact them in January to kick off the process and will then move on to recruitment of the community members and defining expectations for the committee.

4.H. Approval of Board Expenses

There were no Board expenses.

4.I. Preview of Upcoming Agenda Items

4.I.1 [12595-19](#) Tickler File for the Next 3 Months

Presenters: Board of Public Utilities

In addition to the items already listed in the tickler provided in the agenda packet, the following items were identified for the tickler for upcoming meetings:

1) 01/15/2020 - Approval of the 2019 Board of Public Utilities Self-evaluation (Carrie Walker)

5. PUBLIC HEARING(S)

5.A [12570-19](#) Modification of Department of Public Utilities Rules & Regulations - Rule GR-13, Disconnection and Reconnection of Service.

Presenters: Bob Westervelt

Deputy Utility Manager of Finance and Administration Mr. Bob Westervelt presented this item. The following is the substance of the item being considered.

The primary change being recommended is to GR13.05 regarding the disconnection of service for non-payment. The current rule specifies that initially the electric service will be disconnected. The concern is that during cold winter months customers could potentially lose heat if power is disconnected, so either collections efforts would need to be curtailed, or an alternative would need to be available. In order to provide the Department with such an alternative, the recommendation is to provide for water to be disconnected instead of power if such action appears more prudent. The remaining proposed changes are simply to clarify or correct existing language and do not significantly affect the rule.

The Board discussed this item and requested clarification where necessary.

Ms. Walker opened the floor for public comments. Members of the public gave the following summarized comments:

1) Mr. Greg White, 600 San Ildefonso Rd. - Mr. White has been in a situation a number of times where he has had to work with Utilities because he was unable to pay his utility bill. He does not think that disconnecting any one utility at most times of the year is a good idea, either because of medical conditions or because it could exacerbate financial problems for someone already financially stressed. He discussed his own financial challenges with budget billing. For those wanting to enroll in budget billing, he recommended that a one-time adjustment be done to have the first bill of the 12-month cycle start with the June or July bill to take into account higher summer bills. He would also like to see all Customer Care and billing staff be more formal in the way payment plans are established in-house prior to initiating third-party collection activities.

The following actions were identified for follow-up:

1) The Board directed Mr. Shelton to return at a future meeting with proposed changes to the Rules and Regulations to include more information about how the Department implements their disconnection process to voluntarily observe the State's Low Income Home Energy Assistance Program (LIHEAP) disconnection moratorium. Staff will also look into different options for the duration of the moratorium each year, which might differ from the LIHEAP disconnection moratorium start and end dates.

Ms. Taylor moved that the Board of Public Utilities approve revisions to Department of Public Utilities Rules & Regulations, Rule GR-13, Disconnection and Reconnection of Service, as presented. The motion passed by the following vote:

Yes: 5 - Board Member Walker, Board Member Johnson, Board Member Tobin, Board Member McLin and Board Member Taylor

6. CONSENT AGENDA

Mr. Johnson moved that the Board of Public Utilities approve the items on the Consent Agenda as presented and that the motions contained in the staff reports be included in the minutes for the record. The motion passed by the following vote:

Yes: 5 - Board Member Walker, Board Member Johnson, Board Member Tobin, Board Member McLin and Board Member Taylor

6.A 12583-19 Approval of Board of Public Utilities Meeting Minutes

Presenters: Board of Public Utilities

I move that the Board of Public Utilities approve the meeting minutes of November 20th, 2019 as presented.

6.B OR0863-19 Approval of Incorporated County of Los Alamos Draft Ordinance No. 698; An Ordinance Authorizing the Execution and Delivery of a Water Project Fund Loan/Grant Agreement in the Total Amount of \$800,000.00, and Related Documents by and between the New Mexico Finance Authority and Incorporated County of Los Alamos for the Purpose of acquisition and installation of a new pump station at Overlook Park for use in pumping treated effluent from the White Rock Wastewater Treatment Facility for irrigation of the Overlook recreational facilities.

Presenters: Bob Westervelt

I move that the Board of Public Utilities approve Incorporated County of Los Alamos Draft Ordinance No. 698; An Ordinance Authorizing the Execution and Delivery of a Water Project Fund Loan/Grant Agreement in the Total Amount of \$800,000.00, and Related Documents by and between the New Mexico Finance Authority and The Incorporated County of Los Alamos for the purpose of acquisition and installation of a new pump station at Overlook Park for use in pumping treated effluent from the White Rock Wastewater Treatment Facility for irrigation of the Overlook recreational facilities, and forward in final form to Council for their consideration.

6.C AGR0649-19 Approval of Amendment No. 1 to Services Agreement No. AGR16-033 with Pajarito Environmental Education Center in the Amount of \$200,000.00 for a Revised Total Contract Amount Not to Exceed \$399,000.00 for the Purpose of Community Water and Energy

Conservation Services

Presenters: James Alarid

I move that the Board of Public Utilities approve Amendment No. 1 to Services Agreement No. AGR16-033 with Pajarito Environmental Education Center in the amount of \$200,000.00 for a Revised Total Contract Amount Not to Exceed \$399,000.00, plus applicable gross receipts tax, for the purpose of Community Water and Energy Conservation Services and forward to Council for approval.

- 6.D [AGR0651-19](#) Approval of Amendment No. 1 to Services Agreement No. AGR20-912 with SmartPhone Meter Reading, L.L.C. in the amount of \$25,512.90, for the Purpose of adding a second seat to the SPMR WEB licensing for the Smart Phone Meter Reading System, plus approval of additional funding for the ten percent escalator enumerated in the agreement but not included in the funding total previously approved, for a revised base contract total of \$94,713.64 plus a contingency in the amount of \$10,488.00 for a revised project total of \$105,201.64, plus Applicable Gross Receipts Tax.

Presenters: Bob Westervelt

I move that the Board of Public Utilities approve Amendment No. 1 to Services Agreement No. AGR20-912 with SmartPhone Meter Reading, L.L.C. in the amount of \$25,512.90 for the purpose of adding a second seat to the SPMR WEB licensing for the Smart Phone Meter Reading System, plus approve additional funding for the ten percent annual escalator enumerated in the agreement but not included in the funding total previously approved, for a revised base contract total of \$94,713.64 plus a contingency in the amount of \$10,488.00 for a revised project total of \$105,201.64, plus applicable gross receipts tax.

- 6.E [AGR0646-19](#) Approval of Services Agreement No. AGR20-23 with Wilson and Company Inc., Engineers and Architects for the Purpose of Design of the Well House and Equipment for Otowi Well #2 and Design of a Replacement Motor Control Center for Otowi Well #4

Presenters: James Alarid

I move that the Board of Public Utilities approve Services Agreement No. AGR20-23 with Wilson and Company Inc., Engineers and Architects, in a form acceptable to the County Attorney, in the amount of \$205,813.54 and a contingency in the amount of \$35,000, for a total of \$240,813.54, plus applicable gross receipts tax, for the purpose of Design of the Well House and Equipment for Otowi Well #2 and Design of a Replacement Motor Control Center for Otowi Well #4 and forward in final form to Council for approval.

7. BUSINESS

- 7.A [OR0867-19](#) Recommendation to Council for Approval and Adoption Of Incorporated County Of Los Alamos Code Ordinance No 02-302, An Ordinance Amending Chapter 40, Article II, Division 2, Sections 40-63, 40-65, And 40-67 of the Code of the Incorporated County of Los Alamos To Clarify The Transfer Of Operating Profits From The County Department Of Public

Utilities To The General Fund And To Clarify The Appropriate Procurement Code For The Department; Approval Of Incorporated County Of Los Alamos Resolution No 19-29, A Resolution To Update A Payment In Lieu Of A Franchise Fee For The Incorporated County Of Los Alamos, Department Of Public Utilities Pursuant To Charter Section 506; and Approval Of Incorporated County Of Los Alamos Resolution No.19-30, A Resolution Repealing Incorporated County Of Los Alamos Council Resolution 97-07, A Resolution Establishing A Methodology For Computing Electric And Gas Operating Profits For Transfer To The County General Fund.

Presenters: Bob Westervelt

Deputy Utility Manager of Finance and Administration Mr. Bob Westervelt presented this item. The following is the substance of the item being considered.

At the March 19, 2019 County Council meeting, the transfer of revenues from electric and gas funds to the general fund was discussed and voted on. Because this annual process is driven by County Charter, Ordinance and Resolution, this item was passed for 2019; however, Council agreed to consider options and alternatives for future years. As a result, options for changing the approach were considered using the following goals to guide the development of proposed options: assure consistency with the word and intent of the Charter; improve transparency in how the County informs, understands and presents data for options and decisions regarding rates, reserves, infrastructure maintenance and replacement, and capital investment; and facilitate performing "what if" option analysis for DPU for rates, reserves, infrastructure maintenance and replacement, and capital investment to clearly elucidate trade-offs for different approaches.

The Board discussed this item and requested clarification where necessary.

Ms. Walker opened the floor for public comments. Members of the public gave the following summarized comments:

1) Mr. Greg White, 600 San Ildefonso Rd. - Mr. White discussed the New Mexico Home Rule enacted in 1970 that was then challenged in 1974. He believes the fees transferred to the general County fund are a hidden tax that need to be explained to the public. He doesn't believe that the County is properly dispensing the Utilities fees to the other departments that provide services to Utilities, which should be addressed by Council to be uniformly distributed. He discussed a time when the City of Albuquerque raised their water rates higher than necessary to transfer funds from the water utility to the general fund and how the Supreme Court did not see that as a tax. He does not believe that the five other priorities that must be taken care of prior to the profit transfer have historically been taken care of, as required by Charter. He noted there is no state law preventing using funds from one utility fund to support another utility.

Ms. Taylor moved that the Board of Public Utilities recommend to Council approval and adoption of Incorporated County of Los Alamos Code Ordinance 02-302, Incorporated County of Los Alamos Resolution 19-29, and Incorporated County of Los Alamos Resolution 19-30, as presented. The motion passed by the following vote:

Yes: 5 - Board Member Walker, Board Member Johnson, Board Member Tobin, Board Member McLin and Board Member Taylor

8. STATUS REPORTS

8.A [12591-19](#) Status Reports

Presenters: Board of Public Utilities

The following informational status reports were provided to the Board in the agenda packet:

- 1) Electric Reliability Update
- 2) Accounts Receivables Report
- 3) Safety Report

9. PUBLIC COMMENT

Ms. Walker opened the floor for public comment on any items. There were no comments.

10. ADJOURNMENT

The meeting adjourned at 7:36 p.m.

APPROVAL

Board of Public Utilities Chair Name

Board of Public Utilities Chair Signature

Date Approved by the Board

ATTACHMENT
OFFICER REPORTS
SUBMITTED AT THE MEETING

**Utility Manager's Report
December 18, 2019**

1. At yesterday's board meeting, UAMPS Staff indicated that all the participants in the CFPP have remained in the project and no reductions were requested. Also, County Council approved continued participation in the project.
2. Reviewed gas curtailment plan with staff and made some updates to the plan.
3. Received notice that Quality New Mexico (QNM) will award DPU a Road Runner Award. Thank you to all who worked on this Zia Application. In January, QNM will meet and review their findings with the DPU Senior Management Team.
4. Staff continues to work with NMED to cleanup an area of the soil containing the oil of approximately 1.2 cubic yards of soil located next to Otowi Well #4 at DP Los Alamos Canyons confluence. NMED has indicated there will be a response within the next 30 days on next steps for this clean up.
5. Members of the ECA met with PNM regarding their allowable costs to be in the 2019 transmission formula rate annual update.
6. Worked with Richard Virtue and staff in drafting a term sheet to supply to PNM regarding considerations with negotiating with Farmington and Enchant. PNM will assemble all the owner's and non-extender's concerns and will then prepare a unified response that will go to Farmington.
7. Continued to monitor the PRC hearing and interrogatories regarding the San Juan Generating Station decommissioning.
8. Received approval by County Council and implemented the Water and Wastewater rate increases.
9. Issued the Quarterly Safety award to Mr. Tyler Randolph at the Wastewater Plant for his safety suggestions and awareness of issues that he brings to his team.
10. Held a utilities subcommittee meeting on UAMPS continued funding of the CFPP, profit transfer proposal, and status of San Juan Generating Station.
11. Researched and made a recommendation to the County Manager for the franchise be established at 3% based on other community franchise fees being charged around New Mexico.

12. Please note that under the "Indexes (Council Goals)" section of the agenda, now allows for the DPU FY 2020 six goals to be identified as they apply on action items within your packet.

13. Thank you for everyone who attended and helped with the DPU holiday party.

Environmental Sustainability Board (ESB) liaison report

Susan Barns, ESB Liaison 12/18/2019

November ESB meeting activities included:

- An update on plastic bag, straw and Styrofoam container petition by Councilor Sheehy.
- Presentation from Steve Hanson of SF Community College on waste-to-energy options, including turning waste into biogas to fuel municipal vehicles, and generating heat and energy through incineration of waste.

Tomorrow night's ESB meeting will also include:

- End of year issues, including election of Board Chair and Vice-Chair, review of ESB Work Plans, and 2020 meeting schedule.
- Information on Compost Operator training taken by Environmental Services staff.



County of Los Alamos

Staff Report

January 15, 2020

Los Alamos, NM 87544
www.losalamosnm.us

Agenda No.: 6.B
Index (Council Goals): DPU FY2020 - N/A
Presenters: Kevin Powers, Assistant County Attorney
Legislative File: 12676-20

Title

Approval of Modifications to the Board of Public Utilities Procedural Rules

Recommended Action

I move that the Board of Public Utilities approve modifications to the Board of Public Utilities Procedural Rules as presented.

Staff Recommendation

Staff recommends approval of the modifications to the Board's Procedural Rules as presented.

Body

As requested by the Board in September 2019, the County Attorney's Office reviewed and provided suggested edits on the current version of the Board's Policies and Procedures Manual. Most of the proposed edits are legal in nature; although, some clean up prior language and terminology. The proposed modifications were sent for review to all Board members who were asked to contact the Attorney's Office directly to discuss any specific questions, comments or concerns.

Alternatives

The Board could choose not to approve the modifications or could suggest additional modifications to be considered at a later date.

Fiscal and Staff Impact

None

Attachments

A - Modified Board of Public Utilities Procedural Rules

LOS ALAMOS COUNTY BOARD OF PUBLIC UTILITIES

~~Policies and Procedures~~ ~~Manual~~Procedural Rules Board of Public Utilities Procedural Rules

May 21, 2014

Revision 1: May 20, 2015

Revision 2: July 15, 2015

Revision 3: December 16, 2015

Revision 4: March 16, 2016

Revision 5: August 18, 2016

Revision 6: January 18, 2017

Revision 7: August 16, 2017

[Revision ##: XXXXXXXX](#)

This manual contains the current policies and procedures adopted by the Los Alamos County Board of Public Utilities to exercise jurisdiction and control of the Los Alamos Department of Public Utilities in accordance with Los Alamos County Charter, Article V - Utilities.

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Part 1: Introduction and Administration

- 1.1. **Purpose.** This ~~Policies and Procedures Manual~~Procedural Rules (~~PPMPR~~PR) contains the current ~~policies-rules~~ adopted by the Incorporated County of Los Alamos ~~(County)~~County Board of Public Utilities (BPU) to fulfill its responsibility to exercise jurisdiction and control of the Los Alamos Department of Public Utilities (DPU) in accordance with the Los Alamos County Charter, Article V — Utilities and the County Code of Ordinances. This ~~PPMPR~~ was initially approved by the BPU on May 21, 2014.
- 1.2. **Reasons for Adoption.**
 - The efficiency of having all on-going BPU ~~policies-and~~meeting procedures in one place.
 - Ability to quickly orient new BPU members to current BPU ~~policies-and~~ procedures.
 - Elimination of redundant or conflicting BPU ~~policies-and~~ procedures over time.
 - Ease of reviewing current policy when considering new issues.
 - Support continuity and consistency of BPU ~~policies-and~~ procedures.
 - Clear, pro-active policies to guide the Department of Public Utilities and Utilities Manager.
 - Compliance with Article V of the Los Alamos County Charter and County Code of Ordinances.
- 1.3. **Consistency.** Each policy in this ~~PPMPR~~ is expected to be consistent with State and Federal law, the County of Los Alamos Charter and the Los Alamos County Code of Ordinances, and County ordinances and resolutions, all of which have precedence over these BPU policies. Except for time-limited or procedural-only BPU decisions (approve minutes, elect an officer, etc.), which are recorded in regular BPU minutes, all on-going BPU policies shall be included or referenced in this document. The Manager of the Department of Public Utilities (Utilities Manager) is responsible for developing and implementing department policies and procedures that are consistent with this ~~PPMPR and the decisions of the Council and BPU~~.
- 1.4. **Transition.** As soon as some version of the ~~PPMPR~~ is voted on by at least four of the five voting members of the BPU, those policies are deemed to supersede any past policy that might be found in old minutes unless a prior BPU resolution or contract obligates the or BPU or DPU to a specific matter. If any actual or apparent conflict arises between the ~~PPMPR~~ and other policies or BPU resolutions, the matter shall be resolved by a majority vote of the entire BPU.
- 1.5. **Changes.** These ~~policies-rules~~ will be reviewed and revised as necessary or at least annually at the regular July BPU meeting. The Utilities Manager will help the BPU formulate new language in the ~~PPMPR~~ by distributing proposed changes in advance using software that shows all changes for BPU members to review. Any change to this ~~PPMPR~~ must be approved by a vote of at least four of the five voting members of the BPU. Any BPU member as well as the Utilities Manager may submit proposed changes. Whenever changes are adopted, the updated

document should be quickly made available to the BPU and to those staff who assist the BPU in its work. The previous version should be stored separately for future reference if needed.

- 1.6. **Specificity.** Each new policy-rule will be drafted to fit in the appropriate place within the PPMPR. Conceptually, policies should be drafted from the "outside in," *i.e.*, the broadest policy statement should be stated first, then the next broadest, etc. down to the level of detail that the BPU finds appropriate for BPU action and below which management is afforded discretion as to how it implements the policies.
- 1.7. **Maintenance of the PPMPR.**
 - a. The Utilities Manager shall update the PPMPR after the BPU makes any ~~changes,~~ and changes and shall post that version on the BPU website within 30 days of the approved changes.
 - b. On at least a biennial basis the BPU shall request the County Attorney's county legal counsel to review this PPMPR to ensure compliance with the current State, federal, and local law.
 - c. The full PPMPR and all of the appendices, as may be amended from time to time as provided herein, will be maintained and available to the public online on the DBPU's website, at
https://www.losalamosnm.us/government/departments/utilities/board_of_public_utilities/
- 1.8. **Context of Other Policies.** This PPMPR fits into this hierarchy of policies as provided below: ~~within which authority flows down and accountability flows up.~~
 - Laws and Applicable Regulations and
 - Los Alamos County Charter
 - Los Alamos County Code of Ordinances
 - Los Alamos County Council Resolutions
 - Los Alamos County administrative policies
 - This BPU Policies and Procedures Manual
 - Utilities Manager-Approved Departmental Policies
 - Policies Set by Deputy Managers Under the Utilities Manager
- 1.9. **Annual Reaffirmation.** Each year during the July BPU meeting each board member will affirm that he/she has received, read, understands, and agrees to abide by this Board of Public Utilities Policies and Procedures Manual and the applicable documents referenced in the Appendix. See Appendix A for the re-affirmation signature sheet.
- 1.10. **BPU Membership History.** Refer to Appendices O and P for lists of past and present BPU members.

Part 2: Organization Essentials

- 2.1. **Mission Statement.** Provide safe and reliable utility services in an economically and environmentally sustainable fashion.
- 2.2. **Vision Statement.** Enhance our community's future through diversified and innovative utility solutions.
- 2.3. **Values Statement.** We value our: CUSTOMERS by being service oriented and fiscally responsible; EMPLOYEES AND PARTNERSHIPS by being collaborative, fair, trustworthy and professional; NATURAL RESOURCES through innovative and progressive solutions; COMMUNITY by being communicative and organized.
- 2.4. **Accountability.** The entities to which the BPU and DPU ~~feel are primarily~~ accountable ~~are to~~ (1) the customers of the Los Alamos County Department of Public Utilities and (2) the Citizens of the County of Los Alamos represented by the County Council.
- 2.5. **Strategic Planning.**
 - a. The BPU is expected to think strategically at all times.
 - b. The Utilities Manager is expected to annually develop the (1) Strategic Objectives, (2) Long-Term Goals, and (3) Short-Term Goals for the DPU based on the policies in this [PPMPR](#) and present the Strategic Objectives and Long-Term Goals to the BPU for approval. ~~(See Appendix B for the DPU Strategic Objectives, Long Term Goals, and Short Term Goals for the current fiscal year.)~~
 - c. The BPU will assure alignment of the DPU Strategic Objectives with those of the County, and then forward the approved Strategic Objectives document to the County Council for their information.
- 2.6. **Climate of Compliance.** It is the fundamental policy of the ~~Los Alamos County Board of Public Utilities~~[BPU](#) that all BPU and DPU business and other practices be conducted ~~at all times~~ in compliance with all applicable laws and regulations of the United States, the State of New Mexico, and the County of Los Alamos, specifically:
 - a. Los Alamos County Charter, Article V – Utilities (See Appendix C.)
 - b. [Los Alamos County Code of Ordinances, Chapter 40 – Utilities \(See Appendix D.\)](#)
 - b.c. [Other adopted ordinances, resolutions, policy, or rule by the County Council](#)

- 2.7. **Code of Conduct.** Members of the BPU will comply with the [State and](#) Los Alamos County Code of Conduct Ordinance. (See Appendix E.)
- 2.8. **Guiding Principles.** In addition to the Los Alamos County Code of Conduct, the [Board of Public Utilities](#) BPU will follow these Guiding Principles:
- a. Safety of the public and DPU employees is [our the BPU's](#) first priority, outweighing all other considerations. The BPU will work with the [Utilities Manager](#) ~~DPU staff~~ to foster a culture of safety [in the DPU](#). Refer to Appendix R for the DPU's Culture of Safety Vision Statement.
 - b. The BPU has ~~fiduciary~~ responsibilities to the DPU customers to preserve and increase the value of DPU assets and to ensure the long-term viability of all DPU utilities.
 - c. The BPU will strive to establish and maintain fair and just utility rates for each utility service that fully cover the costs for operation, maintenance, future replacement and upgrades, and debt service for each utility. ~~Rates shall not result in one class of customer subsidizing another.~~ Rate structures should reflect the fixed and variable costs associated with each particular utility.
 - d. The BPU will adjust [and propose](#) rates for each utility service in a timely manner to address changes in the costs associated with that utility service.
 - e. The BPU will promote policies to improve the performance and reliability of each utility to national standards at a reasonable cost to the DPU customers.
 - f. The BPU will ~~promote~~ [recommend](#) policies that will improve the environmental sustainability of DPU operations at a reasonable cost to the DPU customers.
 - g. The BPU will promote development and maintenance of documented, comprehensive plans for operation of the DPU during emergency conditions.
 - h. The BPU will promote programs such as education, energy surveys, and irrigation analysis that will enable DPU customers to use our water, sewer, gas, and electrical utility services in a manner that will protect the environment, conserve resources, and be cost-effective to the DPU customers.
- 2.9. **Standards of BPU Member Public Behavior.**
- a. The extent of a BPU member's authority is one vote in BPU meetings.
 - b. BPU members shall not interfere with the Utilities Manager in the operation of the DPU.
 - c. BPU members shall not direct DPU employees.

- d. BPU members shall maintain civil decorum at meetings, treating each other with courtesy and respect; remember “*Every difference of opinion is not a difference of principle.*” – Thomas Jefferson.
- e. BPU members’ interaction with the public, each other, and staff -will be open, transparent, and professional.
- f. BPU members must maintain the confidentiality of closed sessions and information gained from their position on the BPU. Release and disclosure of confidential information must be approved by a majority of the BPU and County Council.
- g. Representing the Board to Council:
 - Each BPU member is free to communicate with the County Council as a private citizen; the BPU member should clearly state that he/she the Board Member is not speaking for the BPU unless specifically appointed by the BPU to be as the spokesperson for the BPU on a particular issue.
 - Issues discussed and decisions made during open BPU meetings should be accurately communicated to the County Council.
- h. The rules contained in the current edition of these Procedural Rules, the Council’s Annual Meeting Resolution, applicable adopted Council Board and Commission Procedural Rules, an the current version of ~~*Robert’s Rules of Order Newly Revised*~~ shall govern the BPU in all cases to which they are applicable and in which they are not inconsistent with this PPMPR and any special rules of order the BPU may adopt.
- i. BPU members, if acting within the scope of their duty, are subject to the immunities and limitations of the New Mexico Tort Claims Act, Sections 41-4-1, *et seq.*, NMSA 1978, as amended.

2.10. Whistleblower Policy.

- a. Members of the BPU will abide by the New Mexico “Whistleblower Protection Act,” NM Statutes NMSA 1978, Chapter 10, Article 16C; ~~refer to Appendix F.~~
- ~~b. This policy is intended to encourage BPU members DPU staff, and others to report suspected or actual occurrence(s) of illegal, unsafe, unethical, or inappropriate events (behaviors or practices) without retribution.~~
- ~~c. In accordance with the County Personnel Code, the Whistleblower should promptly report the suspected or actual event to his/her supervisor. If the Whistleblower would be uncomfortable or otherwise reluctant to report to his/her supervisor, then the Whistleblower could report the event to the next highest or another level of management, including any BPU member.~~

- ~~d. A BPU member who receives a Whistleblower's report must promptly act to initiate investigation and/or resolution of the issue. A recommended action is to contact either the Utilities Manager or the Los Alamos County Human Resources Director as appropriate to the situation. Alleged crimes against person or property, such as assault, rape, burglary, etc., should immediately be reported to local law enforcement personnel.~~
- ~~e. The BPU member who received the Whistleblower's report should provide a report to the Whistleblower within five business days of the initial report, regarding the investigation, disposition or resolution of the issue.~~
- ~~f. The identity of the Whistleblower, if known, shall remain confidential to those persons directly involved in applying this policy, unless the issue requires investigation by law enforcement, in which case members of the organization are subject to subpoena.~~

2.11. Documents Retention/Destruction Policy.

- a. The BPU ~~takes seriously its obligations to~~shall preserve all information relating to litigation, audits, and investigations.
- b. From time to time, due to pending, threatened, or otherwise reasonably foreseeable litigation, audits, government investigations, or similar proceedings, the County Attorney or the Utilities Manager may issue BPU members a notice to suspend the destruction of specific records. No records so specified may be destroyed by BPU members until the notice is withdrawn in writing by County Attorney or the Utilities Manager.
- c. The County of Los Alamos, BPU, and its departments are subject to State Inspection of Public Records requirements and has ~~an extensive~~ records and information management governance policy. ~~C~~econtact the Utilities Manager or the BPU Secretary for more detailed information.

2.12. Open Meetings Policy.

- a. All meetings of a quorum of BPU members held for the purpose of formulating public policy, discussing public business, or for taking any action within the authority of the BPU, ~~are to be~~public meetings. Meetings or portions of BPU meetings can only be closed when the matter to be considered falls within one of the exceptions defined in the New Mexico Open Meetings Act (NMSA 1978, §§ 10-15-1 through 10-15-4); any questions regarding BPU meetings and/or closed sessions should be directed to the County Attorney.
- b. As required by the County Council, BPU meetings will be broadcast to the public using the eCounty's on-line streaming capabilities; to the extent possible, BPU meetings will be held in meeting rooms with audio-video capabilities.

- c. Each January the County Council passes and the BPU will affirm a resolution establishing minimum standards of reasonable notice to the public for all meetings of the Council, the eCounty indigent hospital and eCounty hHealth eCare board and of all eBounty boards, commissions, and policy-making bodies.
 - The resolution sets the requirements for public notice and agenda publication for regular meetings, special meetings, emergency meetings, and closed sessions.
 - Refer to Appendix H, for the current ~~Los Alamos~~ County Open Meetings Resolution.
- d. ~~The phrase “discussing public business” makes the open meetings requirements broadly applicable, so BPU policy is that any shall issue a notice of potential quorum requires no later than 72 hours prior to a potential quorum public notification.~~
- e. Board members should ~~not avoid~~ exchanging e-mails, ~~or engage in~~ phone calls, ~~or other communication in which a quorum of BPU members may be included to discussing a policy issue, upcoming agenda item, or related matter;~~ such communications may violate the state’s Open Meetings Act, however ~~-(s~~ending correspondence to the Board’s Secretary or Utility Manager is ~~OK~~ acceptable. This issue is commonly known as a “rolling quorum.”
- f. Refer to Appendix I, State of New Mexico Attorney General’s “Open Meetings Act Compliance Guide:”, which may be amended from time to time. The Secretary shall update the Appendix annually. As provided in the Compliance Guide, the situations reviewed are interpretations of the State Attorney General, and do not have the force of law. If a matter is unclear, please contact the County Attorney’s Office.

2.13. Media Relations Policy.

- a. The BPU promotes transparency in its decision making process. As such public and media representatives are welcome to all open Board meetings and shall receive meeting agendas and agenda packets upon request.
- b. Each BPU member is free to interact with the media as a private citizen; the ~~board~~-BPU ~~mm~~ember should clearly state that he/she is not speaking for the BPU unless specifically appointed as spokesperson for the BPU on a particular issue.
- c. Issues discussed ~~and decisions made~~ during closed BPU meetings should not be revealed to the media.
- d. Issues discussed and decisions made during open BPU meetings should be accurately communicated to the media.
- e. BPU members may consider referring the media to DPU public relations staff on certain issues, or may request assistance from DPU public relations staff in responding to media requests.

- f. BPU members shall be professional in their manner and conduct at meetings. Even though media representatives may not be present at an open BPU meeting, meeting minutes, audio recordings, and/or video recordings are public record and will be made available to the public and media representatives upon request.

2.14. Education and Development.

- a. BPU applicants shall be provided an online link to this [PPMPR](#) so they can better understand the roles and responsibilities of BPU membership.
- b. Within two months of being appointed, each new BPU member will be provided an orientation to the Department of Public Utilities, including its mission, policies, and programs, as well as his or her roles and responsibilities as a board member. This orientation will be provided or coordinated by the BPU Chair. Newly appointed BPU members will also receive a copy of the *A-PPA Handbook for Public Power Policymakers*, the [Los Alamos County's](#) *Public Involvement Guide for Boards and Commissions*, and the [Los Alamos County's](#) *Orientation Manual for Members of Boards and Commissions*. (The *Orientation Manual for Members of Boards and Commissions* includes several provisions that differ from the County Charter provisions for the BPU; nevertheless, the document may provide useful general guidance for BPU members and officers.)
- c. Each [Bboard-PU](#) member is expected to seek continuing education that will enhance his or her ability to effectively fulfill the duties of a BPU member, and is encouraged to obtain a relevant certification within two years of appointment to the BPU. An example certification program is the Public Power Governance Certificate Program. Refer to the APPA Brochure in Appendix J.

Part 3: Board Structure and Processes

- 3.1. **Governing Style.** The BPU will approach its task with a style that emphasizes outward vision rather than an internal preoccupation, encouragement of diversity in viewpoints, strategic leadership more than administrative detail, clear distinction of ~~B~~board and staff roles, and pro-activity rather than reactivity. In this spirit, the BPU will:
- Comply with this [PPMPR](#) and discuss variances in open session.
 - Be accountable to the DPU customers and the citizens of Los Alamos County for competent, conscientious and effective accomplishment of its obligations as a body. It will allow no officer or individual of the BPU to usurp this role or hinder this commitment.
 - Monitor and regularly discuss the BPU's own process and performance.
 - Seek to ensure the continuity of its governance functions by identifying capable ~~Los Alamos~~ County citizens, encouraging them to apply for County Council appointment to the BPU, then adequately orienting and training new BPU members.
 - Be an initiator of policy, and not just react to DPU staff initiatives.
- 3.2. **BPU Job Descriptions.** The job of the ~~Board of Public Utilities~~[BPU](#) is to exercise jurisdiction and control over the DPU. In this role, the BPU must lead the DPU toward the desired operational and financial performance, and ensure that it occurs. The BPU's specific contributions are unique to its trusteeship role and necessary for proper governance and management.
- To perform its job, the ~~Board of Public Utilities~~[BPU](#) shall:
 - Work with the Utilities Manager to define and refine the mission, values, strategies, and major goals/outcomes and hold the Utilities Manager accountable for developing strategic objectives and long-term goals based on these policies.
 - Develop an annual performance plan with priorities for Utilities Manager; the performance plan should align with DPU strategic objectives and long-term goals already approved by the BPU and identify the performance standards by which the Utilities Manager is expected to achieve the objectives/goals/outcomes.
 - Monitor the performance of the DPU relative to the achievement of the objectives/goals/outcomes within the executive parameters.
 - Select, nurture, evaluate annually, recommend fair compensation for and, if necessary, recommend termination of the Utilities Manager, who functions as the Board's sole agent.
 - Ensure financial solvency and integrity of the DPU through its policies and actions.

- Require periodic financial and management external audits to ensure compliance with the law and good practices in accordance with Article V of the Los Alamos County Charter.
 - Participate in the annual DPU Strategic Planning Process as described elsewhere in this [PPMPR](#).
 - Review, approve, and recommend an annual DPU budget, [including Schedule of Funds](#), to the County Council.
 - Review, approve, and recommend utility rate ordinances to the County Council.
 - Review and approve utility contracts greater than or equal to \$50,000; review, approve and recommend utility contracts greater than \$200,000 to the County Council. (Refer to Los Alamos County Code of Ordinances, Sec. 31-74. “Authority to execute contracts.”)
 - Maintain and constantly improve all on-going policies and procedures of the BPU in this [PPMPR](#).
 - Support the Utilities Manager in strategic, operational, and human resources issues before county staff and/or County Council.
 - Evaluate and strive to improve the BPU’s performance as a governing board.
 - Actively work with DPU staff to communicate the value of the DPU to its stakeholders; possible activities include:
 - (1) Accompany DPU Manager and participate in presentations to civic organizations.
 - (2) Attend every County Council meeting where DPU topics will be presented or discussed.
 - (3) Accompany DPU manager to radio station interviews on the Thursday following each regular BPU meeting.
 - Seek input and involve DPU stakeholders in BPU policy considerations and decisions using methods such as:
 - (1) Explore ways to get more stakeholder inputs while policies are being formed.
 - (2) Use DPU bill inserts to distribute information and solicit public input on issues.
 - (3) Make more effective use of the Los Alamos County On-Line Forum.
 - (4) Use the bi-annual DPU customer survey to gather public input on issues.
 - (5) Form ad-hoc citizen’s panels to address strategic questions and make recommendations to the BPU.
 - Work with the County Council to get citizens with diverse backgrounds appointed to the BPU to assure that the BPU represent the community interests it serves.
- b. For the BPU to function effectively, **each BPU member** must:
- ~~Faithfully~~ [Regularly](#) attend BPU regular and special meetings.
 - Review the agenda packet for each meeting and come to the meeting prepared to discuss the items in the agenda.
 - Participate in BPU discussions at meetings.
 - If possible before a BPU meeting, prepare any lengthy reports and/or comments in writing and provide them to the BPU ~~Secretary~~ [at or before](#) ~~during~~ the meeting.

- Adhere to this [Policies and Procedures ManualPR](#).
 - Represent interests of DPU customers, ~~not just a personal agenda~~.
 - Rotate attendance at the quarterly boards and commissions lunches.
 - Accept and fulfill ~~assignments~~ duties negotiated assigned by the BPU Chair.
 - In BPU meeting discussions, focus on policy consideration and direction versus operational issues; discuss technical details of DPU operations with DPU staff prior to the BPU meeting if possible.
 - Actively endeavor to understand and balance the varied concerns of DPU customers.
- c. The **BPU Chair** has the following additional responsibilities:
- Meet with Utilities Manager approximately two weeks before each regular BPU meeting to review and approve the agenda items for the meeting.
 - Conduct the regular and special BPU meetings.
 - Obtain BPU member volunteers, or if necessary appoint BPU members, for committees and [Bboard](#) projects.
 - Perform informal review of meeting minutes a few days after each BPU meeting.
 - Sign approved BPU meeting minutes.
 - Review and approve the Utilities Manager's travel vouchers.
 - To the extent possible, attend weekly "Leadership Council" meetings to be aware of County Council agenda and to provide information about BPU issues to [Ce](#)ounty leadership; if necessary, ask the BPU Vice-Chair to attend.
 - Represent the BPU at County Council meetings, particularly those where DPU issues will be discussed.
 - Provide ~~quarterly written reports and make an~~ annual oral report to County Council to keep them aware of issues facing the BPU which may significantly impact the operations of other county departments.
 - Help the BPU spend appropriate time on policy consideration and direction versus operational issues; guide BPU meeting discussions away from operational details and toward policy issues.
- d. In the absence of the Chair, the **BPU Vice-Chair** shall assume the duties of the Chair.
- e. The **BPU immediate past Chair** is encouraged serve as mentor for the current BPU Chair.
- f. Refer to Part 4 of this [PPMPR](#) for a description of the responsibilities of the **Utilities Manager**, an ex-officio non-voting member of the BPU.
- g. The **County Manager** will be an ex-officio non-voting member of the BPU and is encouraged to:
- Attend the meetings of the BPU or send a designated alternate deputy administrator.

- Serve as a liaison between the Board and County Administration to ensure that (a) the Council is aware in advance of actions by the DPU which may significantly impact County operations, and (b) that DPU is aware in advance of actions by the County which may significantly impact DPU operations.
- Provide an annual briefing to the BPU on the strategic objectives of the County at the April BPU meeting.

h. The **County Council Liaison** is encouraged to:

- Attend the meetings of the BPU or send a designated alternate County Council member.
- Keep the County Council informed on BPU and DPU issues that may have a major impact on the County.
- Keep the BPU informed on County Council issues that may have a major impact on the BPU or the DPU.
- During meetings, the Council Liaison is invited to sit at the dais or with members of the BPU at Council Liaison discretion.
- When the Council Liaison chooses to sit with the BPU, the Council Liaison name-placard shall be displayed.
- The Council Liaison is encouraged to participate in DPU discussion when the Council Liaison has clarifying points pertinent to the discussion.
- The Council Liaison is discouraged from interjecting personal opinion into discussion, unless speaking as a member of the public during periods reserved for public comment.

3.3. **Annual Calendar of BPU Activities.** The BPU will generally follow the calendar of activities outlined below; circumstances may dictate that the timing of some of these activities be adjusted. Additional BPU activities such as consideration of utility rate ordinances and utility contracts will occur from time to time. The calendar for the current year is included as Appendix K.

July

- BPU Chair and DPU staff begin orientation for new BPU member(s).
- BPU discusses and agrees on content of Chair's report to County Council.
- BPU reviews [PPMPR](#) and revises it as appropriate.
- BPU members reaffirm the [PPMPR](#).

August

- BPU Chair and DPU staff complete orientation for new BPU member(s).
- BPU Chair makes annual report to County Council.
- BPU members encouraged to attend the annual DPU staff strategic planning workshop.
- BPU approves resolution removing uncollectable utility accounts from accounts receivable list for the fiscal year five years in the past.

September

- BPU works with the Utilities Manager to review and revise the mission, vision, and values statements.
- BPU reviews and approves DPU Strategic Objectives and Long-Term Goals.
- BPU receives and discusses quarterly Conservation Program update.
- BPU approves budget carryovers from previous fiscal year.

October

November

- BPU begins annual self-evaluation.

December

- BPU receives and discusses quarterly Conservation Program update.
- BPU completes annual self-evaluation.

January

- BPU elects Chair and Vice Chair for calendar year.
- BPU appoints members to Audit Committee for calendar year.
- BPU assigns members to Boards and Commissions luncheon schedule for calendar year.
- BPU votes compliance with County Open Meetings Resolution.
- BPU approves meeting calendar for calendar year.
- BPU approves meeting agenda outline

February

- BPU discusses budget for the next fiscal year.

March

- BPU receives the annual financial report for the previous fiscal year.
- BPU approves budget for the next fiscal year.
- BPU receives and discusses quarterly Conservation Program update.
- BPU reviews results of customer satisfaction survey.

April

- BPU starts Utility Manager's performance evaluation process (may require several special closed-sessions).
- BPU and Utilities Manager review and amend goals and performance plan for the next fiscal year (may require several special closed-sessions in conjunction with the Utility Manager's performance evaluation process).
- BPU receives briefing from County Manager on the County strategic objectives.

May

- BPU approves year-end budget adjustments.
- BPU completes Utilities Manager's performance evaluation, which will include Utilities Manager's goals and performance plan for the next fiscal year.
- BPU Chair submits Utilities Manager's performance evaluation and recommended salary action to the Chair of the County Council.

- County residents apply to County Council for appointment to BPU. (Applications to fill unexpired terms will be solicited when needed,)

June

- BPU receives and discusses quarterly Conservation Program update.
- County Council appoints new member(s) to BPU for a -term. (Appointments to fill unexpired terms will occur when needed,)

3.4. **BPU Meeting Agenda Template.** The following template describes the items that will be addressed and the order of business in a typical BPU meeting; not every meeting will include every item in the template.

1. Call to Order
2. Public Comment (on consent agenda items and items not otherwise listed on the agenda)
3. Approval of Agenda
4. Board Business
 - a. Chair's Report
 - b. Board Member Reports
 - c. Utilities Manager's Report
 - d. County Manager's Report
 - e. Council Liaison's Report
 - f. Environmental Sustainability Board Liaison's Report
 - g. General Board Business
 - h. Approval of Board Expenses
 - i. Preview of Upcoming Agenda Items
 1. Tickler File for the Next 3 Months
5. Public Hearings (Any BPU action will be in the Public Hearings section of the agenda.)
6. Consent Agenda
 - a. Approval of Minutes
7. Business
8. Status Reports
 - a. Electric Distribution Reliability Report
 - b. Accounts Receivable Report
 - c. Safety Incident Report
 - d. Project Status Reports
9. Public Comment (on any item)
10. Adjournment

3.5. **Public Comment Policy.** The following is the BPU policy concerning public comment during BPU meetings:

- a. Agendas will include a standing public comment period at the beginning of meetings for items not otherwise listed on the agenda.
- b. Agendas will include a standing public comment period at the end of meetings for any items.

- c. Public Hearings – After the presenter has given his or her presentation, the Chair will open the public hearing for comments on the particular topic in the agenda and will close the public hearing when commenting is finished. Any formal BPU action on the item will occur in the Public Hearings section of the BPU meeting agenda after public comments~~ing~~are finished.
- d. Business Items - After the presenter has given his or her presentation, after initial Board discussion, and prior to accepting a main motion on an item, the Chair will formally open the floor for a public comment period to receive comments related to the specific agenda item. If a public hearing has been held on the topic during the meeting, the Chair may request that comments not be repeated. The Board may continue to have additional discussion on the item after the public comment period.
- e. Oral public comment should be limited to four minutes per person. Requests to make comments exceeding four minutes should be submitted to the Board in writing prior to the meeting. The text of lengthy comments should be submitted to the Board prior to the meeting if possible, but may also be submitted during or after the meeting.
- f. Individuals representing or making a combined statement for a large group present at a meeting may be allowed additional time for comment at the discretion of the Board. The Board may agree to this by consent (no motion necessary).
- g. BPU members may at any time ask the Chair that a presenter, member of the public, or staff member speak to provide clarification or additional information about an agenda item. This is not considered to be part of the public comment period. BPU members should not correct, rebut, or dialogue with a member of the public during the public comment period.
- h. Procedures regarding public comment will be included on agendas so that interested citizens know how to submit written comments prior to the meeting for Board consideration.
- i. Written public comment submitted prior to or during the meeting will be provided to the recording secretary to enter into the minutes as attachments. Oral public comments will be summarized by the recording secretary in the minutes to give a brief succinct account of the overall substance of the person's comments.
- j. Additional useful guidance and suggestions for public hearings and other ways and means of sharing information with or gathering input from DPU customers can be found in the Los Alamos County *Public Involvement Guide for Boards and Commissions*.

3.6. Meeting Agenda Policy

- a. BPU meeting agenda shall comply with the State of New Mexico “Open Meetings Act.” Refer to Appendix I, State of New Mexico Attorney General’s “Open Meetings Act Compliance Guide” [and the County’s annual Open Meeting resolution.](#)”
- b. The agenda must contain a list of specific items of business to be discussed or transacted at the meeting, but there is no requirement for any additional description of what the [B](#)board may do with a specific item of business on the agenda.

3.7. Meeting Minutes Policy.

- a. Meeting minutes should be a succinct record of what was done at the meeting, not a transcript of what was said during the meeting.
- b. In substance, but not necessarily format, BPU meeting minutes will comply with Roberts Rules of Order, the County Boards and Commissions Manual, the New Mexico Open Meetings Act, and the sample set of meeting minutes in the staff report for the April 17, 2013 BPU meeting; refer to Appendix L.
- c. Board members should carefully review draft meeting minutes before approval and request that additional discussion details be included if needed to provide further explanation of a topic.
- d. Board members may request during the meeting that portions of discussions be recorded in the minutes if they believe the details to be of great importance to the overall record,
- e. Any items requiring further action by the Board or follow-up by Staff should be captured in the minutes.
- f. Approved minutes of BPU meetings are the official record of BPU meetings; recordings of BPU meetings will be retained for at least one year for reference purposes.

3.8. Removal/Replacement of a BPU Member.

- a. Article V of the County Charter states circumstances that would warrant removal of a BPU member by the County Council.
- b. A BPU member may resign by submitting written notice to the Chair of the BPU and the Chair of the County Council; except for such circumstances that warrant an earlier departure, the resigning member should continue to serve on the BPU until a replacement is appointed by the County Council.
- c. In the event that a [B](#)board member resigns or is removed, the BPU will work with the County Council to get a replacement appointed within 60 days. The BPU will identify capable Los Alamos County citizens and encourage them to apply for County Council appointment to the BPU.

3.9. BPU Self-Evaluation.

- a. During November and December, the BPU will perform an annual self-evaluation of its own performance. The BPU may invite major stakeholders (*e.g.*, DPU staff, County Council, County Manager) to participate in specific aspects of the evaluation.
- b. The purposes and reasons for the BPU self-evaluation include:
 - Promote understanding of roles and responsibilities
 - Provide orientation for new members
 - Address, and perhaps help resolve, board conflicts
 - Clarify what members expect from the group and self
 - Identify priorities for the BPU's future efforts
 - Identify BPU strengths and weaknesses
 - Identify opportunities for improvement in BPU performance
 - Help identify needed changes to this [PPMPR](#)
 - Self-evaluation aligns with at least three of the Baldrige "Criteria for Performance Excellence."
- c. Refer to Appendix M for a BPU self-evaluation template adapted from the *APPA Handbook for Public Power Policymakers*. The BPU will change the self-evaluation topics over time to fit the changing business climate, relations with the Utilities Manager, relations with the County Council, and to include lessons learned from previous self-evaluations.
- d. In its self-evaluation the BPU will address open-ended questions such as:
 - What did the BPU accomplish during the past year?
 - What did the BPU fail to accomplish during the past year?
 - What did the BPU do well during the past year?
 - What did the BPU do poorly during the past year?
 - What were the key issues of the past year? Did the BPU address them adequately?
- e. The BPU will seek broad participation in the self-evaluation process by:
 - Soliciting suggestions for self-evaluation questions from DPU staff, [County staff](#), County Council, and the public.
 - Inviting the immediate past BPU member(s) to participate in the self-evaluation.
 - Inviting County Council Liaison, County Manager, and County Attorney to participate in the self-evaluation.
- f. The BPU will explore ways to make the BPU self-evaluation honest and candid.

- g. The BPU will explore ways to collect questions, complaints, and compliments to be addressed in the annual self-evaluation process.

3.10. Dispute Resolution Process.

- a. From time to time the County Council may not adopt a BPU approved utility rate ordinance or may not approve a budget, personnel action, or utility contract recommended by the BPU.
- b. In this situation the BPU will reconsider its recommendation and may submit either a revised or a reinforced recommendation to the County Council.
- c. If the BPU does not develop a recommendation that is approved by the County Council in a timely manner, it will request the Council to appoint an appropriate number of councilors to a joint County Council/BPU working group that is charged to reach an agreement within a specified time.

Part 4: Utilities Manager Responsibilities

4.1 Essential Duties and Responsibilities.

- a. The Utilities Manager's essential duties and responsibilities are described in the Los Alamos County Job Description and Classification for the Utilities Manager, Job Code 7001; refer to Appendix Q.
- b. The following sections address some of the Utilities Manager's responsibilities that particularly relate to the BPU.

4.2 Strategic Planning.

- a. The Utilities Manager should implement a systematic, cyclical strategic planning process to develop (1) Strategic Objectives, (2) Long-Term Goals, and (3) Short-Term Goals for the DPU and presenting the Strategic Objectives and Long-Term Goals to the BPU for approval.
- b. The DPU strategic planning processes should be based on the current Baldrige *Criteria for Performance Excellence* or an equivalent standard that is acceptable to the BPU.
- c. Refer to Appendix N for a description of the DPU Strategic Planning Process.

4.3 Operations and Management.

- a. The Utilities Manager is responsible for the day-to-day operations of the department and management of its personnel.

- b. The Utilities Manager's operation of the department and management of its employees, in general, shall be subject to the personnel code and the procurement code. In general, other administrative ~~e~~County-wide policies shall be followed to the extent they do not conflict with the BPU's jurisdiction.
- c. Special policies and procedures necessary for the operation of the DPU shall be proposed by the Utilities Manager, approved by the BPU, and put in place with the ~~e~~cognizance assistance of the County Manager.
 - ~~Any resulting unresolved disputes between the Utilities Manager and should be brought to the attention of the BPU.~~
 - ~~If unresolved at the BPU, the BPU may bring the issue to the County Council for resolution.~~

4.4 Annual Budget.

- a. The Utilities Manager is responsible for preparing and presenting a preliminary and a final annual DPU budget to the BPU.
- b. The proposed annual DPU budget intended for BPU approval should address each of the utilities individually and include 10 year forecasts that project changes in sales, revenue and expenses, and the rates and borrowing necessary to sustain each utility.
- c. The proposed DPU budget intended for County Council approval should be based on the BPU approved budget and shall address the DPU as a whole on a bi-annual basis.
- d. The Utilities Manager should present the preliminary annual budget at the February BPU meeting and the final annual budget at the March BPU meeting

4.5 Annual and Quarterly Financial Reports.

- a. The Utilities Manager shall prepare and provide to the BPU an audited annual financial report as of the end of the previous fiscal year of each utility and of the department as a whole.
 - The annual financial report shall adhere to generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board and the Financial Accounting Standards Board as applicable.
 - The annual financial report shall be audited by one or more independent auditors; this may be accomplished as part of the audit of the ~~Los Alamos~~ County's Comprehensive Annual Financial Report.
 - The annual report shall be provided for BPU information at the March BPU meeting.
 - The accepted annual report shall be suitably summarized and formatted then provided to the County Council and made available to the public on the DPU website.

- b. The Utilities Manager shall prepare quarterly DPU performance reports.
 - Each quarterly report should include information about capital projects, operational and financial performance, and DPU highlights during the previous quarter. The operational and financial performance reports should include data for the previous quarters of the fiscal year plus cumulative totals.
 - Quarterly reports shall be provided to the BPU and the County Council, and made available to the public on the DPU website.

4.6 **Rate Ordinances.**

- a. The Utilities Manager is responsible for preparing and presenting proposed utility rate ordinances to the BPU.
- b. At least one month prior to the public hearing on a final proposed utility rate ordinance before the BPU, the Utilities Manager shall introduce the draft ordinance and present the budget and operational reasons for the proposed rate ordinance. A revised rate ordinance presented to the BPU after rejection of the original rate ordinance by the County Council need not be submitted one month in advance of the public hearing, but may be acted upon by the BPU when submitted.
- c. When the final proposed utility rate ordinance is presented to the BPU for approval, the Utilities Manager shall make a presentation to the BPU that approximates that which will be made to the County Council to obtain their acceptance of the ordinance.

4.7 **BPU Membership.** The manager shall be an ex officio non-voting member of the BPU.

4.8 **Strategic Initiative.** In order to maintain control of strategic initiatives, the BPU shall formally add strategic initiatives that have been adopted and approved by the BPU to the [PPMPR](#) in the appendix under a separate file titled “Strategic Initiatives of the BPU.” These initiatives can be altered or removed from the [PPMPR](#) with a simple majority vote. If an initiative is removed, it is no longer considered a formal strategic initiative of the BPU. Any member of the BPU can add to the agenda a business item to consider removal or alteration of a strategic initiative in the section.

Appendices

The full [PPMPR](#) and all of the appendices listed below can be found online on the [Board of County's DPU Public Utilities](#)-website at https://www.losalamosnm.us/government/departments/utilities/board_of_public_utilities/.

- A. Annual Reaffirmation of the ~~Policies and Procedures Manual~~[Procedural Rules](#).
- B. DPU Strategic Objectives, Long-Term Goals, and Short-Term Goals for the current FY.
- C. Los Alamos County Charter, Article V – Utilities.
- D. Los Alamos Code of Ordinances, Chapter 40 – Utilities.
- E. Los Alamos County ~~Ceode of e~~[Conduct](#) ordinance.
- F. New Mexico “Whistleblower Protection Act,” NM Statutes Chapter 10, Article 16C.
- G. Utilities Manager’s performance plan for the current year.
- H. Los Alamos County [Council’s Annual Resolution for Open Meeting Compliance 01-13](#)—~~A Resolution Establishing Minimum Standards of Reasonable Notice to the Public for all Meetings of the Council, the County Indigent Hospital and County Health Care Board and of all County Boards, Commissions, and Policymaking Bodies.~~
- I. State of New Mexico Attorney General’s “Open Meetings Act Compliance Guide.”
- J. APPA Brochure, “Public Power Governance Certificate Program”
- K. BPU Calendar for the Current Year.
- L. Staff report for the April 17, 2013 BPU meeting regarding meeting minutes.
- M. BPU self-evaluation template.
- N. Staff report for the April 19, 2012 BPU meeting describing the DPU Strategic Planning Process.
- O. List of past BPU members.
- P. List of current BPU members with contact information.
- Q. Los Alamos County Job Description and Classification for the Utilities Manager.
- R. DPU Culture of Safety Vision Statement.
- S. Strategic Initiatives of the BPU



County of Los Alamos

Staff Report

January 15, 2020

Los Alamos, NM 87544
www.losalamosnm.us

Agenda No.: 7.A
Index (Council Goals): DPU FY2020 - 5.0 Achieve Environmental Sustainability
Presenters: Steve Cummins, Deputy Utilities Manager - Power Supply
Legislative File: 12475-19

Title

Approval of a Power and Renewable Energy Credit Sales Agreement, County Agreement No. AGR20-926 between Uniper Global Commodities North America, LLC and the Incorporated County of Los Alamos, New Mexico.

Recommended Action

I move that the Board of Public Utilities approve AGR20-936, a Power and Renewable Energy Credit Sales Agreement, between Uniper Global Commodities North America, LLC and the Incorporated County of Los Alamos and forward to Council with a recommendation for approval.

Staff Recommendation

Staff recommends approval as presented.

Body

The Department of Public Utilities has been working to achieve the BPU's 2040 Carbon Neutral strategic initiative. Many paths have been explored for renewable energy projects here in New Mexico whereby DPU could participate and enjoy the economies of scale that come with the very large wind and solar projects. Due to the past and continuing efforts of staff, an exciting new opportunity has been developed with Uniper Global Commodities ("Uniper") to participate in a Power Purchase Agreement (PPA) for combined wind and solar projects in New Mexico that can provide 15MW of low-cost renewable energy. Additional value is added by the firm, Around-The-Clock (ATC) nature of the power, which is very unusual for PPA's of this small scale and cost. This contract will supply 131,400 MWh of energy on an annual basis of which approximately 103,000 MWh is renewable.

The following sections describe the proposed PPA structure, the economic analysis over the term of the PPA that make it a good choice for Los Alamos County, and how it fits well with the County's resource portfolio and Carbon Neutral 2040 strategic initiative.

This Contract Quantity is a Firm 15 MW's ATC, at a Delivered Rate of \$36.67/MWh. It is a take-or-pay Power Purchase Agreement for a 15 year term with no escalator. The energy and capacity will be sourced primarily from a wind and solar projects located in New Mexico.

Attachment 1 is the Uniper PPA Cost Analysis showing the expected saving over the 15 year term of the PPA. The first ten years has actual load forecast for the combined load for LAC and LANL along with the expect cost of market power over the same period. It must be noted that the estimated cost of market power is not renewable power and it does not include a risk premium for securing power out into the future. None the less it shows a significant savings. For reference, the average cost of power for FY2019 was \$48.66/MWh. The average cost of power

included market power purchases which averaged \$40.89/MWh.

The contract does provide for a possible extension beyond the 15 year term at a re-negotiated Delivered Rate. The contract also provides for supplemental energy above the 15 MW base Contract Quantity priced at the Palo Verde (PV) index plus \$0.75 per MWh. Supplemental Energy will not be firmed by Uniper and therefore would be the responsibility of LAC Power Dispatch on an hourly basis.

The point of delivery will be at the Four Corners hub on PNM's Network using LAC's existing Network Integrated Transmission Service Agreement (NITSA) with PNM. Having the point of delivery at the Four Corners hub allows LAC Power Dispatch the flexibility to take this energy to the market for times when we have excess capacity due to the seasonal fluctuations in demand and generation.

Wind and solar have unique generation profiles that complement each other well when combined along with the geographical separation helps minimize the intermittency associated with any one weather event. Attachment 2 is a wind and solar generation profile depicting a firm 15 MW's ATC using market purchases to fill the troughs when the renewable resources are not generating. Uniper has the resources necessary to forecast the weather and expected generation from the facilities and schedule market purchases when the resources are not available due to inaccurate weather forecasting. Market purchases are anticipated to largely come from fossil fuel generating resources such as natural gas power plants because it is economical and available; renewables are currently absent from the short-term market and storage is cost-prohibitive. Future decreases in the cost of storage or the availability of renewable energy on the Energy Imbalance Market (EIM) may be an option for firming PPA's such as this one, replacing fossil fuels altogether.

Attachment 3 is the Los Alamos Power Pool (LAPP) Future Load and Generation Resources depicting how the energy demands of the power pool are met with the resource mix. It is estimated that this contract will supply an additional 103,000 MWh of clean energy to the already existing 150,000 MWh for an estimated total of 250,000 MWh on an annual basis.

Going forward DPU is making efforts to align the County owned resources or long term PPA's to more closely match the County's load while stepping towards the goal of being carbon neutral electric energy provider by 2040. These efforts include the decision to exit the SJGS in 2022 and exploring options for the disposition of Laramie River Station (LRS) eliminating fossil fuel from the County's resource portfolio. The 15 year term of the Uniper PPA is a good transition resource as we continue to search for replacement resources that are in alignment with our goals.

To insure that the Renewable attributes are not double counted, they will be transferred to LAC through the Western Renewable Energy Generation Information system (WREGIS). In addition to the tracking system, Exhibit A of the contract will list the Facility name, generator identification number, location and type of resource. On an annual basis the seller will supply the County with a generation report for each of the facilities depicting the actual performance for tracking purposes. Attachment 4, is County Agreement No. AGR20-926.

Alternatives

Not approve this PPA at this time and wait until we have disposed of the Laramie River station PPA. Staff is not recommending this alternative since transmission capacity is the limiting factor with these renewable projects specifically in the eastern part of New Mexico where there is an abundance of wind. The current transmission capacity has already been allocated to these projects. New transmission lines could take decades to acquire the permits and build the

infrastructure.

Fiscal and Staff Impact

The cost of this PPA is in alignment with the budget for market purchases for the next two years and lower than what was forecast for years 3 through 15 resulting in a savings. There is little impact to staff since Uniper is responsible for delivering firm power. In the few occasions where LAC Power Operations is required to step in and replace the power, Uniper will reimburse the county for the actual cost of replacement power. Currently our Power System Operators perform this function on behalf of Sandia Kirtland.

Attachments

- A - Uniper PPA Cost Analysis
- B - Wind and Solar Generation Profile
- C - LAPP Future Load and Generation Resources
- D - Agreement No. AGR20-926

Attachment 1 Uniper PPA Cost Analysis

1	A	B	C	D	E	F	G	H	I	J
		Open Market MWhs	Market Cost	\$/MWh		PPA MWh	PPA \$/Mwh	Yearly Cost of PPA	PPA @ Market Price	Difference of PPA vs. Market
2	Year									
3	2022	344,952	\$ 12,259,680.32	\$ 35.54		131,400	36.67	\$ 4,818,438	\$ 4,669,988.85	\$ 148,449
4	2023	626,754	\$ 23,167,178.17	\$ 36.96		131,400	36.67	\$ 4,818,438	\$ 4,857,036.75	\$ (38,599)
5	2024	262,212	\$ 10,035,792.83	\$ 38.27		131,400	36.67	\$ 4,818,438	\$ 5,029,148.85	\$ (210,711)
6	2025	313,110	\$ 12,447,114.02	\$ 39.75		131,400	36.67	\$ 4,818,438	\$ 5,223,566.10	\$ (405,128)
7	Sub-Total	1,547,028	\$ 57,909,765	\$ 37.43		525,600	\$ 19,273,752.00	\$ 19,273,752.00	\$ 19,674,739.34	\$ (400,987)
8	2026	309,944	\$ 12,745,736.77	\$ 41.12		131,400	36.67	\$ 4,818,438	\$ 5,403,523.90	\$ (585,086)
9	2027	490,284	\$ 21,798,862.07	\$ 44.46		131,400	36.67	\$ 4,818,438	\$ 5,842,267.90	\$ (1,023,830)
10	2028	556,176	\$ 24,860,279.28	\$ 44.70		131,400	36.67	\$ 4,818,438	\$ 5,873,393.85	\$ (1,054,956)
11	2029	556,176	\$ 24,726,871.72	\$ 44.46		131,400	36.67	\$ 4,818,438	\$ 5,841,875.49	\$ (1,023,437)
12	2030	556,176	\$ 24,726,871.72	\$ 44.46		131,400	36.67	\$ 4,818,438	\$ 5,841,875.49	\$ (1,023,437)
13	2031	556,176	\$ 24,726,871.72	\$ 44.46		131,400	36.67	\$ 4,818,438	\$ 5,841,875.49	\$ (1,023,437)
14	2032	556,176	\$ 24,726,871.72	\$ 44.46		131,400	36.67	\$ 4,818,438	\$ 5,841,875.49	\$ (1,023,437)
15	2033	556,176	\$ 24,726,871.72	\$ 44.46		131,400	36.67	\$ 4,818,438	\$ 5,841,875.49	\$ (1,023,437)
16	2034	556,176	\$ 24,726,871.72	\$ 44.46		131,400	36.67	\$ 4,818,438	\$ 5,841,875.49	\$ (1,023,437)
17	2035	556,176	\$ 24,726,871.72	\$ 44.46		131,400	36.67	\$ 4,818,438	\$ 5,841,875.49	\$ (1,023,437)
18	2036	556,176	\$ 24,726,871.72	\$ 44.46		131,400	36.67	\$ 4,818,438	\$ 5,841,875.49	\$ (1,023,437)
19	Total	7,352,840	\$ 315,129,617	\$ 42.86		1,971,000	\$ 36.67	\$ 72,276,570.00	\$ 84,473,547.04	\$ (11,357,360)

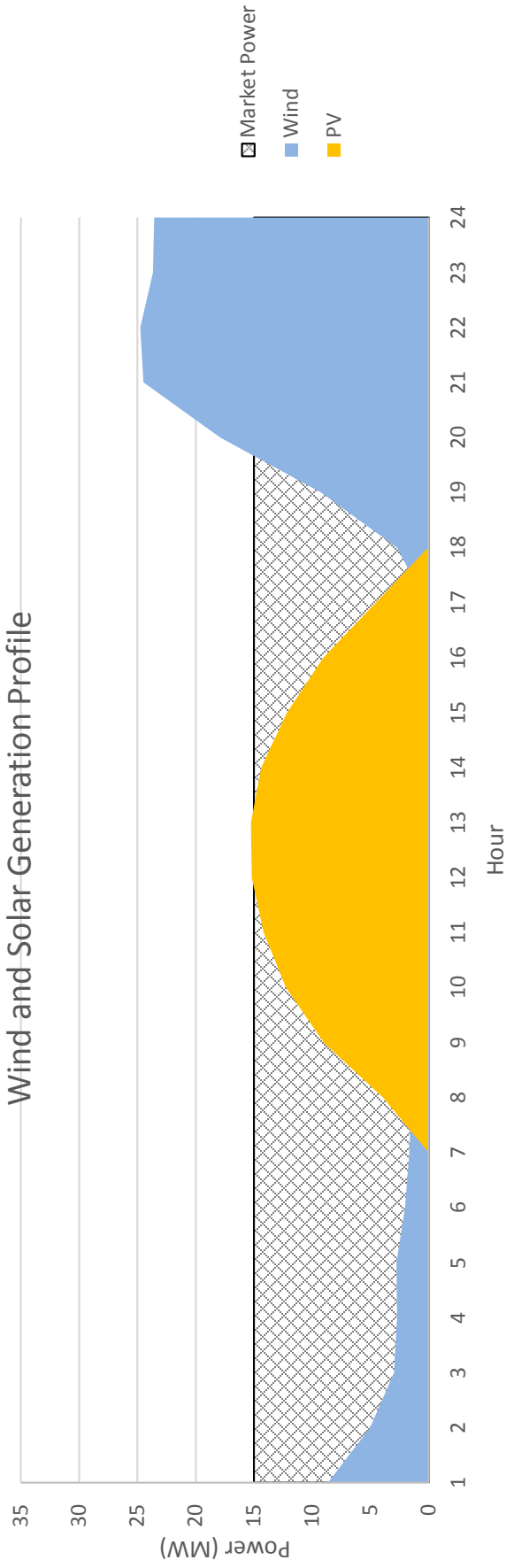
Notes:

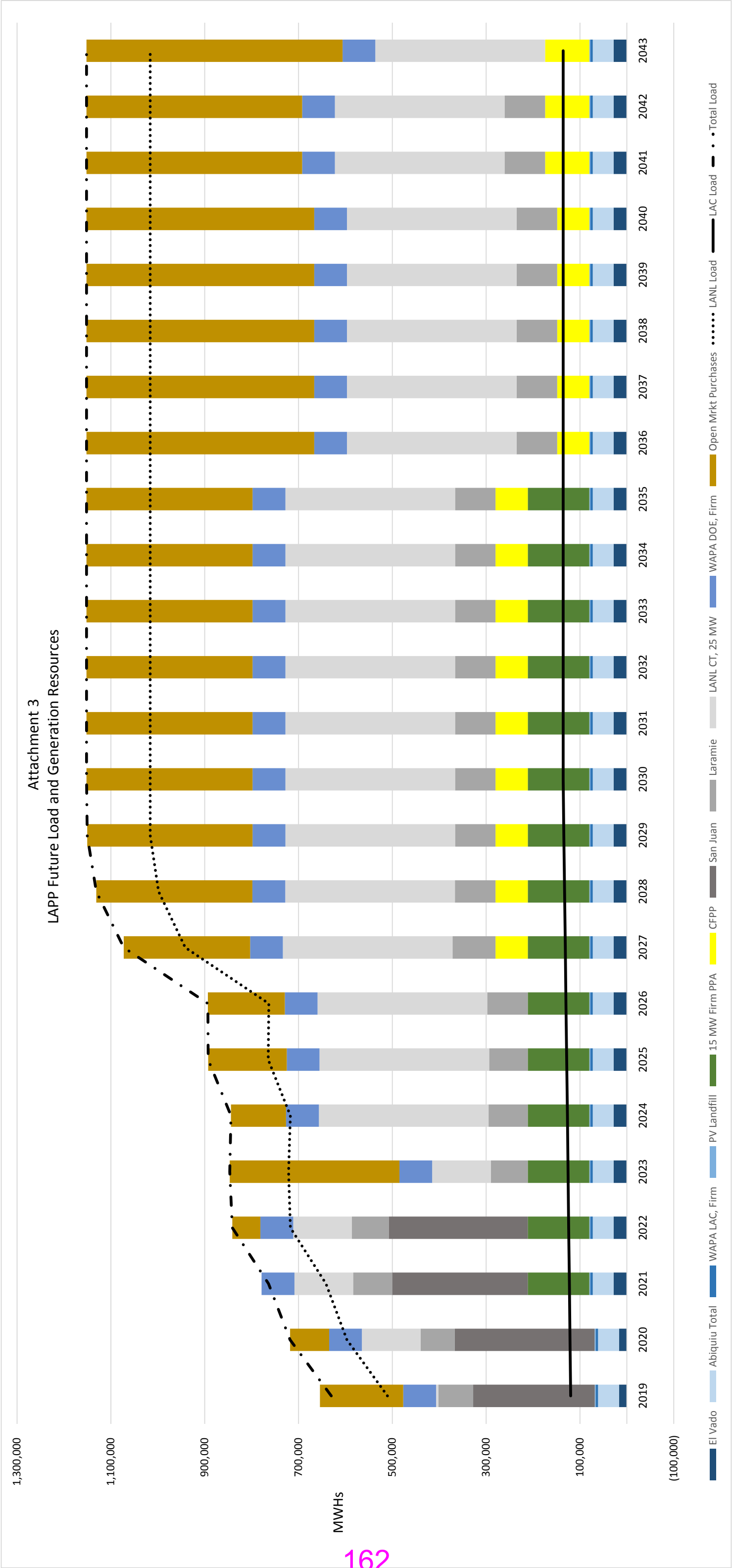
- Column A: This PPA will begin in 2022 as the Commercial Operation Date is Q4 2021
- Column B: This column shows the energy needs above the Pools owned resources in MWhs for the next 15 Fiscal Years.
- Column C: Total cost of the Planned Open Market Purchases
- Column D: Forecasted Price per MWh for the FY
- Column F: The PPA is a fixed 15 MW Around The Clock (ATC) for 15 years with no escalator.
- Column G: This is the PPA price Per MWh delivered to the Four Corners market hub.
- Column H: This is the total cost of the PPA on an annual basis.
- Column I: This is the price of the PPA with the forecasted pricing from our 10 yr outlook carried forward to include all 15 years.
- Column J: This is the avoided or added cost of the PPA @ FourCorners vs. the Open Market Purchasing
- Row 7: Sub-total line added for the end of the current Electric Coordination Agreement in 2025 and added out years should the ECA continue.
- Row 19: Grand-total line for fifteen years using the ten year load forecast for LAC and DOE-LANL and carried forward

Note 1: For reference, the average cost for market purchases per MWh in FY2019 was \$40.89

Note 2: The pool has room to absorb the 131,400 MWhs from the PPA. The PPA will reduce the amount of open market purchases that we are planning into the future. Ultimately based on forecasted numbers and a continuing ECA the Pool could save \$11M over 15 years.

Attachement 2 Wind and Solar Generation Profile





POWER AND RENEWABLE ENERGY CREDIT SALES AGREEMENT

BY AND BETWEEN

UNIPER GLOBAL COMMODITIES NORTH AMERICA, LLC, SELLER

AND

INCORPORATED COUNTY OF LOS ALAMOS, NEW MEXICO, BUYER

COUNTY AGREEMENT No. AGR20-926

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POWER AND REC SALES AGREEMENT

THIS POWER AND RENEWABLE ENERGY CREDIT SALES AGREEMENT, dated as of the Effective Date, is entered into by and between Uniper Global Commodities North America, LLC, hereafter “Seller” and the Incorporated County of Los Alamos, New Mexico, hereafter “Buyer.”

RECITALS

WHEREAS, the Incorporated County of Los Alamos (“County”) was created pursuant to the New Mexico Constitution, Article X, Section 5 and is a political subdivision and local public body of the State of New Mexico; and

WHEREAS, the County is a properly incorporated home rule county and municipal body as provided and authorized in the New Mexico Constitution, Art. X, Section 6; and

WHEREAS, the New Mexico Constitution, the Municipal Electric Generation Act, NMSA 1978, §§ 3-24-11 *et seq.*, and NMSA 1978, §§ 3-24-1 authorize and sanction a municipal government’s purchase of electrical power through long term power purchase agreements for the supply of municipal electricity; and

WHEREAS, the County is not subject to the limitations of the Bateman Act, NMSA 1978, §§ 6-6-11 *et seq.*; and

WHEREAS, the County intends to increase its renewable energy power resources to meet its adopted future carbon neutral goals; and

WHEREAS, Seller wishes to sell, and Buyer wishes to buy, a firm and shaped block of energy, with associated environmental attributes, principally sourced from renewable generation facilities interconnected to the Public Service of New Mexico’s transmission system.

TERMS OF AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. DEFINITIONS; INTERPRETATION.

1.1 Definitions.

- a. “Agreement” means this Power and RECS Sales Agreement, including all exhibits attached hereto.
- b. “Alternate Point of Delivery” shall have the meaning specified in Section 4.1(a).
- c. “Applicable Program” means the program pursuant to which RECS are defined or such other scheme or standard agreed to by the Parties.

- e. “Bankrupt” or “Bankruptcy” means with respect to any entity, such entity (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it which is not dismissed within thirty (30) days, (ii) makes an assignment or any general arrangement for the benefit of creditors, (iii) otherwise becomes bankrupt or insolvent (however evidenced), (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (v) is generally unable to pay its debts as they fall due.
- f. “Business Day” means any day except a Saturday, Sunday, or a Federal Reserve Bank holiday. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m. local time for the relevant Party’s principal place of business. The relevant Party, in each instance unless otherwise specified, shall be the Party from whom the notice, payment or delivery is being sent and by whom the notice or payment or delivery is to be received.
- g. “Buyer” means the Incorporated County of Los Alamos through its Department of Public Utilities, a municipal utility agency located in Los Alamos, New Mexico.
- h. “Commercial Operation” means the Facility has been issued all full and final certifications required for achieving commercial operation of the Wind Resource and the Solar Resource and such resources are operationally capable of generating their full capacity and transmitting power.
- i. “Commercial Operation Date” means the date of Commercial Operation provided that if Commercial Operation is different in respect of the Wind Resource or the Solar Resource, the earlier of such dates.
- j. “Contract Quantity” means fifteen megawatts every hour in a twenty-four-hour day for the Term of the Agreement.
- k. “Default Rate” means the lower of (i) 400 basis points over the then-current U.S. prime rate, as listed in the Money Rates Section of the *Wall Street Journal* on the first day of the month in which such interest was calculated, and (ii) the maximum lawful rate. Except as otherwise expressly provided in the Agreement, interest shall be calculated on a monthly basis.
- l. “Defaulting Party” means a Party that is in default under this Agreement.
- m. “Delivered Rate” means (i) with respect to the Contract Quantity, \$36.67 per megawatt-hour and (ii) with respect to Supplemental Solar Energy or Supplemental Wind Energy, the relevant S&P Global Platts Megawatt Daily Palo Verde Day-Ahead On-Peak or Off-Peak price, as applicable, plus \$0.75 per REC.
- n. “Effective Date” means January 28, 2020.

- o. “Environmental Attributes” means Renewable Energy Certificates, carbon trading credits, emissions reductions credits, emissions allowances, green tags, Green-e certifications, or other entitlements, certificates, products, or valuations attributed to the Resource Energy or the Project, as applicable, and its displacement of conventional energy generation, or any other entitlement pursuant to any federal, state, or local program applicable to renewable energy sources, whether legislative or regulatory in origin, as amended from time to time, and excluding, for the avoidance of doubt, any tax attributes.
- p. “Event of Default” means an uncured default as set forth in Section 9.
- q. “Expiration Date” means the date which is fifteen (15) years from the Commercial Operation Date.
- r. “Extension Term” has the meaning provided in Section 2.1.
- s. “Facility” means the asset(s) owned, controlled and operated by a third party or third parties with whom the Seller has contracted to provide the Resource Energy and RECs which includes both the Wind Resource and the Solar Resource and noticed to Buyer pursuant to Section 3.1. This definition of “Facility” as used throughout this Agreement shall encompass multiple Facilities if applicable and each Facility as described by the generator name, generator identification number, location and type of resource shall be provided by Seller to Buyer in the form of Exhibit A upon execution of the Seller’s contract with the asset and such Exhibit A will be incorporated into and made a part of this Agreement.
- t. “Force Majeure Event” means any cause, activity, event, condition or circumstance (1) beyond the reasonable control of the Party affected or the Facility, (2) not the result of acts or omissions by the Party affected, which (3) prevents the performance by such Party or the Facility hereunder, including:
 - i. natural phenomena, including flood, earthquake, storm, drought, fire, lightning strikes, pestilence, epidemic, or catastrophe;
 - ii. act of God, war, riot, civil disturbance or disobedience, strike, labor dispute, labor disturbance, shortage of labor or material, sabotage, restraint by court order or public authority; or
 - iii. in respect of RECs, the unavailability of WREGIS for transfers of the RECs or any governmental action which makes the RECs illegal, unenforceable or constitutes an abandonment of all or part of the Applicable Program with respect to RECs.

Notwithstanding the foregoing, a Force Majeure Event will not include any cause, activity, event, condition or circumstance resulting from a failure to exercise due care on the part of the Party asserting the existence of Force Majeure Event, provided that such Party shall in no case be obligated to settle strikes or other labor disturbances and provided further that with respect to Buyer as the Party declaring

Force Majeure, Force Majeure does not include any action taken by the Buyer in its governmental capacity.

- u. “Interest Rate” means the lower of (i) 200 basis points over the then-current U.S. prime rate, as listed in the Money Rates Section of the *Wall Street Journal* on the first day of the month in which such interest was calculated, and (ii) the maximum lawful rate. Except as otherwise expressly provided in this Agreement, interest shall be calculated on a monthly basis.
- v. “Market Purchased Energy” means power obtained from the market and provided to Buyer to meet the Contract Quantity provided however that such Market Purchased Energy shall not have associated RECS and further that such Market Purchased Energy may be purchased from non-wind and solar resources.
- w. “NITS Agreement” or “NITSA” means the service agreement for Network Integration Transmission Service between Buyer and PNM.
- x. “Non-Defaulting Party” means the Party that is not the Defaulting Party under this Agreement.
- y. “Index Price” means the published hourly price published by a verifiable third-party publication under the listing applicable to the geographic location closest in proximity to the Point of Delivery.
- z. “Party” means each of Seller and Buyer, and “Parties” means Seller and Buyer.
- aa. “Point of Delivery” means (i) with respect to the Purchased Energy, the Four Corners substation or any other point of delivery mutually agreed between the Parties or (ii) upon notice by Seller of the Facility location pursuant to Section 3.1 such other point of delivery added to Buyer’s NITSA to support such location.
- bb. “PNM” means Public Service Company of New Mexico.
- cc. “PNM OATT Schedule 4 Tariff” means the Schedule 4 in respect of Energy Imbalance Service pursuant to the PNM Open Access Transmission Tariff as such Schedule 4 may be amended by PNM from time to time.
- dd. “PNM OATT Schedule 9 Tariff” means the Schedule 9 in respect of Generator Imbalance Service pursuant to the PNM Open Access Transmission Tariff as such Schedule 9 may be amended by PNM from time to time.
- ee. “Purchased Energy” means all of the electric power scheduled to Buyer which may be energy from the Wind Resource or Solar Resource to satisfy all or part of the Contract Quantity, Supplemental Energy confirmed by Seller pursuant to Section 4.1(c) or Market Purchased Energy.
- ff. “Renewable Energy Certificate” or “RECs” means the Environmental Attributes, associated with the generation of one (1) MWh of Resource Energy from the Facility actually delivered to and accepted by Buyer.

- gg. “Resource Energy” shall mean power from the Wind Resource and the Solar Resource which may be attributable to the Contract Quantity or Supplemental Energy.
- hh. “Seller” means Uniper Global Commodities North America, LLC.
- ii. “Settlement Amount” means, with respect to a termination by a Non-Defaulting Party, an amount (positive or negative) equal to (a) the difference (positive or negative) to such Non-Defaulting Party between the present value of the payments to be made and received under this Agreement (less the costs and expenses to be incurred in performing this Agreement) during the remaining term of this Agreement and the present value of the payments to be made and received (less the costs and expenses to be incurred) under transaction(s) replacing this Agreement, plus (b) attorneys’ fees and expenses, brokerage fees and commissions and other third-party transaction costs and expenses to be reasonably incurred by the Non-Defaulting Party in entering into transaction(s) replacing this Agreement, attorneys’ fees and expenses to be reasonably incurred by the Non-Defaulting Party in connection with the termination of this Agreement and any other reasonable incremental costs and expenses to be reasonably incurred by such Non-Defaulting Party in connection with the termination of this Agreement and/or in entering into transaction(s) replacing this Agreement.
- jj. “Solar Resource” means the solar farm located at the Facility and interconnected with the transmission grid associated with the NITSA.
- kk. “Supplemental Energy” means additional Supplemental Wind Energy or Supplemental Solar Energy production in any given hour during the Term.
- ll. “Supplemental Solar Energy” means additional solar power offered by Seller, in its sole discretion, from the Solar Resource above the Contract Quantity which Seller has agreed, in its sole discretion, to provide.
- mm. “Supplemental Wind Energy” means additional wind power offered by Seller, in its sole discretion, from the Wind Resource above the Contract Quantity which Seller has agreed, in its sole discretion, to provide.
- nn. “Tax” or “Taxes” means each federal, state, county, local and other (a) net income, gross income, gross receipts, sales, use, ad valorem, business or occupation, transfer, franchise, profits, withholding, payroll, employment, excise, property or leasehold tax and (b) customs, duty or other fee, assessment or charge of any kind whatsoever, together with any interest and any penalties, additions to tax or additional amount with respect thereto.
- oo. “Term” shall have the meaning specified in Section 2.1.
- pp. “Termination Notice” means a notice to terminate this Agreement delivered by a Non-Defaulting Party following an Event of Default by the other Party.

- qq. “Wind Resource” means the wind farm at the Facility and interconnected with the transmission grid associated with the NITSA.
- rr. “WECC” means the Western Electricity Coordinating Council.
- ss. “WREGIS” means the Western Renewable Energy Generation Information System.
- tt. “WSPP Agreement” means the WSPP Agreement effective March 26, 2018.

1.2 Interpretation. In this Agreement, unless a clear contrary intention appears:

- a. time is of the essence;
- b. the singular number includes the plural number and vice versa;
- c. reference to any person includes such person’s successors and assigns (regardless of whether such person’s successors and assigns are expressly referenced in the provision) but, in case of a Party hereto, only if such successors and assigns are permitted by this Agreement, and reference to a person in a particular capacity excludes such person in any other capacity or individually;
- d. reference to any agreement (including this Agreement), document, act, statute, law, instrument, or tariff means such agreement, document, act, statute, law, instrument, or tariff as amended, modified, replaced or superseded and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof, regardless of whether the reference to the agreement, document, act, statute, law, instrument, or tariff, expressly refers to amendments, modifications, replacements, or successors;
- e. reference to any Section, or Exhibit means such Section of this Agreement, or such Exhibit to this Agreement, as the case may be;
- f. “including” (and with correlative meaning “include”) means including without limiting the generality of any description succeeding such term, regardless of whether words such as “without limitation” are expressly included in the applicable provision;
- g. relative to the determination of any period of time, “from” means “from and including,” “to” means “to but excluding” and “through” means “through and including”; and
- h. the term “or” is not exclusive, regardless of whether “and/or” is used in the applicable provision.

2. **TERM.**

- 2.1 Term of the Agreement. This Agreement shall be binding and effective as of the Effective Date. The Term shall continue until the Expiration Date, unless terminated earlier in

accordance with the terms of Section 3.2 or Section 9 of this Agreement. The term may also be extended by an additional five (5) years beyond the Expiration Date (the "Extension Term"), which shall be accomplished by the Buyer providing notice to Seller of its intention to extend no earlier than five (5) years following the Effective Date and no later than one (1) year prior to the Expiration Date. Seller will then use reasonable efforts to extend its contract with the Facility for a term equal to the Extension Term, provided however that, if Seller is unable to so extend the Facility arrangement within six (6) months prior to the Expiration Date Seller may notify Buyer that the Term shall end on the Expiration Date. The Delivered Rate shall be renegotiated and mutually agreed between the parties for any Extension Term.

2.2 Expiration and Termination. Upon termination of this Agreement for any reason prior to the Expiration Date, or upon the expiration of this Agreement as of the Expiration Date, this Agreement will no longer be effective, subject, however, to the following provisions:

- a. Any payment obligation incurred by Buyer prior to such termination or expiration shall survive until payment is received by Seller in full, with interest as provided herein.
- b. Any other fixed or accrued obligation incurred by either Party prior to such termination or expiration, and all obligations hereunder with respect to indemnification and confidentiality, shall survive until the obligation is fully discharged.
- c. Termination by either Party shall not constitute a waiver of, and shall not otherwise prejudice, the terminating Party's right to claim and recover damages for any default of the other Party under this Agreement, including a default that gave rise to such termination.

3. FACILITY DETERMINATION AND CONDITIONS PRECEDENT.

3.1 Seller's Facility Determination. Seller shall negotiate with the Facility to obtain sufficient Wind Resource and Solar Resource to meet the Contract Quantity obligation. Seller's contract with the Facility may be negotiated, executed and effective after the Effective Date of this Agreement. Upon the effectiveness of such Facility agreement between Seller and the Facility, Seller will provide notice to Buyer of the Facility and the Point of Delivery in respect of such Facility and Buyer will apply for and obtain, pursuant to Section 3.2(a) below the final approval for such Point of Delivery in its NITSA.

3.2 Conditions Precedent to Seller's obligations. In order for the delivery of Purchased Energy to commence under this Agreement, all conditions precedent below must be met by both the Buyer and the Seller as specified:

- a. Buyer must obtain final approval to include all Points of Delivery in its NITSA, or alternate transmission arrangement, to accept physical delivery of Purchased Energy.

- b. Seller has executed such Facility contracts, on terms satisfactory to Seller in its sole discretion, to purchase the complete Contract Quantity.
- c. Buyer has promptly reviewed Seller-provided Facility specifications, as contracted by Seller pursuant to Section 1.1(s), and agreed in writing that such Facility is satisfactory for the purposes of this Agreement (including the estimated ability and capacity of the Facility to generate RECs). Such approval from Buyer shall not be unreasonably withheld. Once approved, the Parties agree to attach the Facility specifications as an Exhibit to this Agreement.
- d. The Facility has achieved full Commercial Operation provided however, if the Wind Resource or the Solar Resource achieve Commercial Operation at different times, the delivery of the Contract Quantity will commence on the date of such Commercial Operation of the first Facility to achieve full Commercial Operation.
- e. The Facility's approvals and plans must meet the requirements of the Applicable Program for the sale of RECs and be approved by such Applicable Program.

4. PURCHASE AND SALE.

4.1 Purchase and Sale. Subject to the terms and conditions of this Agreement, throughout the Term, Buyer will purchase, and Seller will sell, the Purchased Energy and the RECs.

- a. The Contract Quantity shall be met by scheduling power first from the Wind Resource and the Solar Resource as available using Buyer's NITSA from the Point of Delivery. Seller will first deliver the power generated by the Facility and delivered to Seller from the Facility (absent a Force Majeure or Buyer failure) to satisfy the Contract Quantity prior to delivering Market Purchased Energy. In accordance with the preceding sentence, if all, or some Wind Resource or Solar Resources, are not available to satisfy the Contract Quantity in whole or in part Seller shall schedule Market Purchased Energy to meet the Contract Quantity on a day-ahead or real-time schedule delivered to an acceptable Point of Delivery on PNM's network (the "Alternate Point of Delivery"). If Contract Quantity purchased pursuant to this Section 4.1(a) becomes unavailable due to missed wind or solar forecasts, and Seller cannot resupply the Contract Quantity owed to Buyer with Market Purchased Energy, the Parties will settle each megawatt-hour of undelivered energy as follows: the Seller shall pay Buyer an amount for the positive difference, if any, when the Delivered Rate is subtracted from the amount paid by the Buyer per megawatt-hour in a commercially reasonable manner to replace such deficiency. If no such replacement is available, then the Seller shall pay Buyer an amount for the positive difference, if any, when the Delivered Rate is subtracted from the actual cost of replacement power per megawatt-hour or as assessed by PNM through the PNM OATT Schedule 4 Tariff and as evidenced by information provided by Buyer. Any Supplemental Energy shall be scheduled as available and agreed pursuant to Section 4.1(c) below.
- b. Buyer shall receive and accept all RECs. Seller will transfer all RECs through the WREGIS tracking system on a quarterly basis beginning four months after the

Commercial Operation Date of the relevant Wind Resource or Solar Resource. Quarterly transfers shall include all RECs minted by the Facility and received by Seller in its WREGIS account on the date of such transfer from both the energy supplied from the Facility as Contract Quantity pursuant to Section 4.1(a) and Supplemental Energy. Seller shall ensure that no transferred RECs have been retired through WREGIS or any other tracking system prior to transfer to Buyer. Buyer will accept such RECs within a commercially reasonable period of time after such transfer by Seller. If Buyer fails to accept any such transfer, Seller shall not be responsible for any imposed fines, sanctions, or losses administered by WREGIS.

- c. Seller will offer Buyer, on either a day-ahead or a real-time basis, such quantity of Supplemental Energy as it may have available from time to time in its sole discretion. Buyer may elect to purchase such Supplemental Energy at the price specified in Section 1.1(m) "Delivered Rate" as applicable and will promptly, but in no event later than the time specified by Buyer in its offer (which in respect of real-time offers may be immediate), notify Seller in writing using email or other instant messaging of its intent to purchase. Buyer and Seller will cooperate to nominate and schedule such Supplemental Energy to Buyer at the Point of Delivery associated with the relevant producing Solar Resource or Wind Resource and Buyer will accept such Supplemental Energy at such Point of Delivery. Supplemental Energy shall be scheduled as Service Schedule B (Unit Commitment Service) from the WSPP Agreement.
- d. Seller shall pay or cause to be paid all Taxes on or with respect to the Purchased Energy arising before the applicable Point of Delivery and with respect to RECS arising prior to transfer in WREGIS to Buyer. Buyer shall pay or cause to be paid all Taxes on Purchased Energy or the transaction from the applicable Point of Delivery and with respect to RECS arising at and after transfer in WREGIS to Buyer. If Seller is required by law to remit or pay Taxes that are the responsibility of Buyer hereunder, Buyer shall promptly reimburse Seller for such Taxes. If Buyer is required by law to remit or pay Taxes that are Seller's responsibility hereunder, Buyer may deduct such amounts from payments to Seller hereunder; if Buyer elects not to deduct such amounts from Seller's payments, Seller shall promptly reimburse Buyer for such amounts upon request. Nothing shall obligate or cause a Party to pay or be liable to pay any Taxes for which it is exempt under law. A Party that is exempt at any time and for any reason from one or more Taxes shall bear the risk that such exemption shall be lost, or the benefit of such execution be reduced.
- e. Buyer shall be responsible for ensuring that the Purchased Energy is designated as a Network Resource under the NITSA. "Network Resource" shall have the same meaning as described in the NITSA.

- 4.2 Renewable Sources. Buyer agrees and understands that on network renewable resources will be delivered as Purchased Energy and also agrees that additional Purchased Energy needed to meet the Contract Quantity may be from market purchases that have no associated renewable attributes or qualities. It is Seller's intention under this Agreement to deliver the maximum available Resource Energy to fulfill the Contract Quantity. On

an annual basis starting in the calendar year after the Commercial Operation Date of the first operational Facility, Seller shall supply to Buyer a generation report for the Facilities with relevant information regarding each Facility's annual performance.

- 4.3 Point of Delivery. Except to the extent excused by Force Majeure or Buyer's failure to meet its obligations hereunder, Seller will deliver and sell to Buyer, and Buyer will receive and purchase from Seller, the Purchased Energy at the applicable Point of Delivery for such Purchased Energy, or, with respect to Purchased Energy which is Market Purchased Power, an Alternate Point of Delivery. As between the Parties, Seller shall be deemed to be in exclusive control (and responsible for any damages or injury caused thereby) of all Purchased Energy prior to the applicable Point of Delivery, including any Alternate Point of Delivery, and Buyer shall be deemed to be in exclusive control (and responsible for any damages or injury caused thereby), of the Purchased Energy at and from the Point of Delivery, including any Alternate Point of Delivery. Seller represents and warrants that it will deliver all Purchased Energy and RECs to Buyer free and clear of all liens, claims or encumbrances created by any person. With respect to RECs, title and risk of loss shall transfer to Buyer when Seller transfers the RECs to Buyer's account in WREGIS.
- 4.4 Delivered Rate. Buyer shall pay to Seller the Delivered Rate as applicable, which Delivered Rate shall be without escalation throughout the Term. The Delivered Rate shall be renegotiated and mutually agreed between the Parties for any Extension Term.
- 4.5 Costs of Transmission and Scheduling.
- a. Seller will arrange and pay the costs of, and will otherwise be responsible for, the transmission and delivery of the Purchased Energy to and at the applicable Point of Delivery, or any Alternate Point of Delivery. Seller will schedule or arrange for scheduling services with appropriate transmission providers to deliver the Purchased Energy to the Point of Delivery or any Alternate Point of Delivery, in accordance with WECC scheduling conventions.
 - b. Buyer will arrange and pay the costs of, and will otherwise be responsible for, the transmission and distribution of the Purchased Energy from the applicable Point of Delivery or any Alternate Point of Delivery, to its customers.
 - c. Buyer shall be responsible for all transmission and ancillary service agreements and shall be responsible for costs required to receive the Purchased Energy from the applicable Point of Delivery and to deliver such Purchased Energy to its own facilities or customers.
 - d. Buyer shall not be responsible for any Generator Imbalance Services, as defined in the PNM OATT as Schedule 9, that may arise in connection to the Purchased Energy.

4.6 Metering.

- a. Purchased Energy will be measured and determined by means of metering equipment installed by PNM in accordance with the NITSA at the applicable Point of Delivery or Alternate Point of Delivery.
- b. Seller will deliver and sell to Buyer, and Buyer will receive and purchase from Seller, the Purchased Energy at the Point of Delivery. Title to and risk of loss as to all Purchased Energy shall pass from Seller to Buyer at the applicable Point of Delivery, including any Alternate Point of Delivery, as applicable. Buyer has sole responsibility for the operation, maintenance and repair of the systems, facilities and other assets that it owns and shall bear all risk of loss with respect thereto. As between the Parties, Buyer shall bear all risk of liability to third parties with respect to the operation, maintenance and repair of the systems, facilities and other assets at and after the Point of Delivery or Alternate Point of Delivery, as applicable.

- 4.7 Credit Protections. If either party (“X”) has reasonable grounds for insecurity regarding the performance of any obligation under this Agreement (whether or not then due) by the other party (“Y”) (including, without limitation, as a result of the occurrence of a material change in the creditworthiness or financial condition of Y), X may demand Adequate Assurance of Performance. If Seller is party Y, “Adequate Assurance of Performance” shall mean reasonably sufficient security as mutually agreed between the parties. If Buyer is party Y, “Adequate Assurance of Performance” shall mean reasonably sufficient security as mutually agreed between the parties to the extent such security is permissible under New Mexico law, including Article IX (State, County and Municipal Indebtedness) of the New Mexico Constitution.

5. **FORCE MAJEURE.**

Neither Party shall be considered in breach of this Agreement or liable for any delay or failure to comply with this Agreement, if and to the extent that such delay or failure is attributable to the occurrence of a Force Majeure Event; provided that the Party claiming relief as a result of the Force Majeure Event shall promptly (i) notify the other Party in writing of the existence and details of the Force Majeure Event; (ii) exercise all reasonable efforts to minimize delay caused by such Force Majeure Event; (iii) notify the other Party in writing of the cessation of such Force Majeure Event; and (iv) resume performance of its obligations hereunder as soon as practicable thereafter.

6. **BILLING AND PAYMENT.**

- 6.1 Invoices. As soon as reasonably practicable in the month following the month of delivery, Seller shall invoice Buyer for the amount of Purchased Energy delivered. Each Purchased Energy invoice shall include the amount of Purchased Energy for the month most recently ended, the payment due for the Purchased Energy, and the total amount due.

All invoices will be sent to Buyer, addressed as follows:

c/o Los Alamos County Utilities
Attn: Power System Supervisor
1000 Central Ave. Suite 130
Los Alamos NM, 87544
lacpower@lacnm.us
Phone: (505)662-8333
Fax: (505)662-8005

All payments under this Agreement shall be due and payable in full by wire transfer of immediately available funds, as designated by Seller, on the 20th calendar day of the month following the month of delivery or, if such day is not a Business Day, then on the next Business Day.

- 6.2 Payment Disputes. Undisputed amounts not paid when due shall accrue interest from (and including) the due date to (but excluding) the date of payment at the Interest Rate. If Buyer, in good faith, disputes any amount due pursuant to an invoice or statement rendered to it by Seller pursuant to this Agreement, Buyer will notify Seller in writing of the specific basis for the dispute and shall pay the undisputed portion on or before the date such payment is due. If any amount disputed by Buyer is determined to be due to Seller, or if the Parties otherwise resolve the dispute, the amount due shall be paid within ten (10) Business Days after such determination or resolution, along with interest accrued at the Interest Rate from (and including) the original date such payment was due to (but excluding) the date paid.
- 6.3 Records. Each Party shall keep and maintain all records as may be necessary or useful in performing or verifying any calculations made pursuant to this Agreement, or in verifying such Party's performance hereunder in accordance with the New Mexico Public Records Act, NMSA 1978, Section 14-2-1 et seq.
- 6.4 Audits. Each Party, through its employees, authorized agents and/or professional advisors, shall have the right, at its sole expense and upon reasonable advance notice to the other Party, during normal business hours of the other Party, to request copies of the records of the other Party to the extent reasonably necessary to verify the accuracy of any statement, charge or computation made hereunder or to verify the other Party's performance of its obligations hereunder. Upon request, each Party shall provide to the other Party such reasonable requested information which may include statements evidencing the quantities of energy delivered at the Point of Delivery. If any statement is found to be inaccurate, a corrected statement shall be issued and any amount due hereunder will be promptly paid and shall bear interest calculated at the Interest Rate from (and including) the date of the overpayment or underpayment to (but excluding) the date of receipt of the reconciling payment. Notwithstanding the above, no adjustment shall be made with respect to any statement or payment hereunder unless a Party asserts its challenge to the accuracy of such payment or statement within one (1) year after the date of such statement or payment.

7. NO WARRANTIES; LIMITATIONS OF LIABILITY; SOVEREIGN IMMUNITY.

- 7.1 NO WARRANTIES. NEITHER PARTY MAKES ANY WARRANTY EXCEPT AS SET FORTH HEREIN. WITHOUT LIMITING THE FOREGOING, THERE IS NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED.
- 7.2 NO CONSEQUENTIAL DAMAGES. UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE.
- 7.3 SOVEREIGN IMMUNITY. NO PROVISION OF THIS AGREEMENT SHALL BE CONSTRUED OR APPLIED, WHETHER DIRECTLY OR BY IMPLICATION, TO WAIVE, REDUCE OR LIMIT BUYERS'S RIGHTS, PRIVILEGES OR IMMUNITIES AS A POLITICAL SUBDIVISION OF THE STATE OF NEW MEXICO OR OTHER FORM OF PUBLIC OR GOVERNMENT ENTITY FROM (1) ANY LIABILITY FOR ANY TORT ARISING DIRECTLY UNDER THE NEW MEXICO TORT CLAIMS ACT EXCEPTING THE LIABILITY FOR DAMAGES CONTEMPLATED BY NMSA 1978, §41-4-8 OR OTHER PROVISIONS OF THAT ACT, AND (2) ANY SUIT, ACTION, CASE OR LEGAL PROCEEDING INVOLVING A CLAIM OF TITLE TO OR INTEREST IN REAL PROPERTY AS CONTEMPLATED BY NMSA 1978, §42-11-1.

8. REPRESENTATIONS AND WARRANTIES; COVENANTS.

- 8.1 Representations and Warranties. As of the Effective Date, each Party hereby represents and warrants to the other Party as follows:
- a. it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation or establishment;
 - b. it has all regulatory authorizations necessary for it legally to perform its obligations under this Agreement, including obtaining the approval of any governmental agency, such as (if necessary) the New Mexico Department of Finance and Administration; the representative or representatives executing this Agreement on behalf of such Party are duly authorized by such Party to execute and deliver this Agreement; and the signature or signatures made on behalf of such Party at the end of this Agreement are sufficient legally to bind such Party to all the terms and conditions of this Agreement;
 - c. the execution, delivery and performance of this Agreement are within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;

- d. this Agreement and each other document executed and delivered in accordance with this Agreement constitutes its legally valid and binding obligation enforceable against it in accordance with its terms; subject to any equitable defenses;
- e. it is not Bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming Bankrupt;
- f. there is not pending or, to its knowledge, threatened against it or any of its affiliates any legal proceedings that could materially adversely affect its ability to perform its obligations under this Agreement;
- g. no Event of Default, or occurrence that with the passing of time or giving of notice or both would become an Event of Default, with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement; and
- h. it is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement.

8.2 Buyer Representations and Warranties. As of the Effective Date, Buyer hereby represents and warrants to the Seller as follows:

- a. all acts necessary to the valid execution, delivery and performance of this Agreement, including without limitation, competitive bidding, public notice, election, referendum, prior appropriation or other required procedures has or will be taken and performed as required under any acts, ordinances, bylaws or other regulations;
- b. all persons making up the governing body of Buyer are the duly elected or appointed incumbents in their positions and hold such positions in good standing in accordance with applicable law;
- c. entry into and performance of this Agreement by Buyer is for a proper public purpose within the meaning of applicable law and all other relevant constitutional, organic or other governing documents;
- d. the term of this Agreement does not extend beyond any applicable limitation imposed by applicable law or other relevant constitutional, organic or other governing documents;
- e. the obligations to make payments hereunder are unsubordinated obligations and such payments are (a) operating and maintenance costs (or similar designation) which enjoy first priority of payment at all times under any and all bond ordinances

or indentures to which it is a party, applicable law and all other relevant constitutional, organic or other governing documents or (b) otherwise not subject to any prior claim under any and all bond ordinances or indentures to which it is a party, applicable law and all other relevant constitutional, organic or other governing documents and applicable law and are available without limitation or deduction to satisfy all Buyer's obligations hereunder;

- f. entry into and performance of this Agreement by the Buyer will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any obligation of Buyer otherwise entitled to such exclusion; and
- g. obligations to make payments hereunder do not constitute any kind of indebtedness of Buyer or create any kind of lien on, or security interest in, any property or revenues of Buyer which, in either case, is proscribed by any provision of applicable law or any other relevant constitutional, organic or other governing documents, any order or judgment of any court or other agency of government applicable to it or its assets, or any contractual restriction binding on or affecting it or any of its assets.
- h. Buyer shall provide Seller with the documents evidencing its authority to enter into, execute, deliver and perform this Agreement which may be in the form of ordinances, resolutions, public notices and other documents.

9. EVENTS OF DEFAULT; REMEDIES.

9.1 Events of Default. The following occurrences shall constitute Events of Default:

- a. Failure by a Party to make any payment required hereunder when due if such failure is not remedied within ten (10) Business Days after receipt by the Defaulting Party of written notice of such failure; provided, that the payment in question is not the subject of a good faith dispute pursuant to Section 6.2.
- b. Unexcused failure by a Party to perform any other material obligation hereunder, and such failure is not remedied within thirty (30) days after receipt by the Defaulting Party of written notice of such failure; provided, that so long as a Defaulting Party has initiated and is diligently attempting to effect a cure, the Defaulting Party's cure period shall extend for an additional thirty (30) days or such longer period as is reasonably necessary to effect such cure.
- c. Any representation or warranty made by a Party pursuant to Section 8 shall have been false in any material respect when made that, if capable of being remedied, is not remedied within ten (10) days after receipt by the Defaulting Party of written notice of such falsity; provided, that so long as a Party has initiated and is diligently attempting to effect a cure, the Party's cure period shall extend for an additional thirty (30) days.

- d. A Party is or becomes Bankrupt.
- e. A Party assigns this Agreement in violation of Section 11.11.
- f. A Party fails to provide Adequate Assurance of Performance within five (5) Business Days of a request pursuant to Section 4.7.

9.2 Remedies. If an Event of Default occurs with respect to a Defaulting Party, then in addition to any other remedies available to the Non-Defaulting Party under this Agreement or at law or in equity, the Non-Defaulting Party in its sole discretion may give the Defaulting Party a Termination Notice, which shall designate the date upon which this Agreement shall be terminated. Interest on any overdue, unpaid amounts as of such date shall accrue at the Default Rate from (and including) the date of the Termination Notice to (but excluding) the date actually paid.

In addition to the above, upon termination of this Agreement as a result of an Event of Default, the Non-Defaulting Party shall (a) calculate, in a commercially reasonable manner, the Settlement Amount (whether positive or negative). The Settlement Amount, if positive, shall be payable by the Defaulting Party to the Non-Defaulting Party and, if negative, shall be payable by the Non-Defaulting Party to the Defaulting Party, in each case subject and according to this Section) and (b) give to the Defaulting Party a written statement explaining in reasonable detail the Non-Defaulting Party's calculations; provided, however, that the calculation of the Settlement Amount must be supported by reference to information supplied by one or more un-affiliated third parties, such as an Index Price, (or, only if information from un-affiliated third parties is unavailable, information from internal sources (including affiliates) that are of the same type used by the Non-Defaulting Party in the regular course of its business for the valuation of similar transactions), which may include quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads, credit quality or other relevant market data in the relevant markets, but it is expressly agreed that neither Party shall be required to enter into a replacement transaction in order to determine the Settlement Amount. The Settlement Amount included in the Non-Defaulting Party's statement shall be paid by the applicable Party within ten (10) Business Days after receipt of the written statement; provided, however, that, if the Non-Defaulting Party owes the Settlement Amount, the Settlement Amount shall not be due and payable until the Non-Defaulting Party has assured itself, in a commercially reasonable manner, that all amounts due and owing to it arising out of or relating to this Agreement have been irrevocably and indefeasibly paid in full (including not being subject to recoupment risk as a result of Bankruptcy or otherwise). In the event of any termination of this Agreement as a result of an Event of Default, the Non-Defaulting Party shall have the right to offset or set off against any amounts that may be owed to the Defaulting Party arising out of or relating to this Agreement against any amounts that are owed by the Defaulting Party to the Non-Defaulting Party arising out of or relating to this Agreement.

10. NOTICES.

10.1 Means of Notice. A written notice or other communication concerning this Agreement shall be effective upon receipt or refusal of delivery if given in writing and delivered by

hand, overnight courier, registered or certified mail (with return receipt requested or proof of delivery) or facsimile (with receipt confirmed), properly addressed or directed as set forth in the next subsection.

- 10.2 Notice Addresses. A notice or communication is properly directed for purposes of this Section 10.2 when it is directed or addressed to the following addresses:

Seller: Uniper Global Commodities North America LLC
Attn: Legal & Compliance
181 W Madison Street, Suite 3450
Chicago, IL 60602
UGCNALegal@uniper.energy

Buyer: Incorporated County of Los Alamos c/o Los Alamos County Utilities
1000 Central Ave. Suite 130
Los Alamos NM, 87544
lacpower@lacnm.us
Phone: (505)662-8333
Fax: (505)662-8005

- 10.3 Changes to Notice Addresses. Either Party may change any portion of its contact information above by giving written notice of such change to the other Party.

11. MISCELLANEOUS.

- 11.1 Entirety. This Agreement contains the entire agreement between the Parties with respect to the subject matter hereof. Any representation, inducement, promise or agreement that is not expressly set forth or incorporated by reference in this Agreement shall be of no force or effect.

- 11.2 Choice of Law. This Agreement shall be governed, construed and interpreted in accordance with the laws of the state of New Mexico, without regard to principles of conflicts of law.

- 11.3 Dispute Resolution.

- a. In the event of a dispute, within ten (10) days following the delivered date of a written request by either Party, (i) each Party shall appoint a representative, and (ii) the Parties' representatives shall meet, negotiate and attempt in good faith to resolve the dispute quickly, informally and inexpensively. If the Parties' representatives cannot resolve the dispute within thirty (30) days after commencement of negotiations, within ten (10) days following any request by either Party at any time thereafter, each Party's representative (a) shall independently prepare a written summary of the dispute describing the issues and claims, (b) shall exchange its summary with the summary of the dispute prepared by the other Party's representative, and (c) shall submit a copy of both summaries to a senior officer of each Party with authority to irrevocably bind the Party to a resolution of the dispute.

Within ten (10) Business Days after receipt of the dispute summaries, the senior officers for both Parties shall negotiate in good faith to resolve the dispute. If the senior offices Parties are unable to resolve the dispute within fourteen (14) days following receipt of the dispute summaries, the Parties shall submit their dispute to binding arbitration and shall otherwise conform to the requirements set forth below.

- b. Arbitration as set forth herein shall be effected by a panel of three (3) arbitrators in accordance with the provisions of this Section 11.3(b) and in accordance with the Commercial Arbitration Rules of the American Arbitration Association in effect at the time of the arbitration; provided, however, that notwithstanding any provisions of such rules, the Parties shall have the right to take depositions and obtain discovery regarding the subject matter of the arbitration in accordance with the Federal Rules of Evidence. Judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction. The arbitrators shall determine all questions of fact and law relating to any controversy, claim or dispute hereunder, including whether or not any such controversy, claim or dispute is subject to the arbitration provisions contained herein.
- c. Any Party desiring arbitration shall serve on the other Party and the New Mexico office of the American Arbitration Association, in accordance with the Commercial Arbitration Rules, its Notice of Intent to Arbitrate, which shall be filed in writing concurrently with the American Arbitration Association, and shall be accompanied by the name of an arbitrator suggested by the Party serving the notice. The Party served with the notice shall advise the other Party in writing of the name of its suggested arbitrator within ten (10) days after receipt of such notice. Within twenty (20) days after the notice has been made, the two arbitrators shall choose a third arbitrator who shall act as chairperson of the arbitral proceedings. If the two arbitrators chosen by the Parties do not agree upon a third arbitrator within twenty (20) days after the filing of the notice, then, upon the application of either Party, the third arbitrator shall be selected in accordance with the Commercial Arbitration Rules. The arbitration proceedings provided hereunder are hereby declared to be self-executing, and it shall not be necessary to petition a court to compel arbitration. All arbitration proceedings shall be held in New Mexico. The Parties shall bear their own costs associated with any required travel to and from such location. The arbitrator shall make a determination within three (3) months after the dispute is submitted for arbitration.
- d. Notwithstanding the existence of a dispute, and until the expert or arbitrator, as applicable, renders a decision, each Party shall be obligated to fulfill its obligations and continue its performance in accordance with the terms hereof. Any payment due or payable by either Party to the other Party shall not be withheld on account of the occurrence or continuance of any expert resolution or arbitration proceedings. Neither Party shall make any public statements with respect to any disputes hereunder without the prior consent of the other Party unless compelled to do so in connection with the arbitration, or by a governmental or regulatory authority having jurisdiction over such Party or such dispute.

- 11.4 Headings; Attachments. The headings used for the Sections and articles herein are for convenience and reference purposes only and shall in no way affect the meaning or interpretation of the provisions of this Agreement. Any and all exhibits and attachments referred to in this Agreement are, by such reference, incorporated in and made a part of this Agreement for all purposes.
- 11.5 Amendments. This Agreement shall not be altered or amended except by an instrument in writing executed by authorized officers of the Parties.
- 11.6 Further Assurances. The Parties acknowledge that the performance of each Party's obligations under this Agreement will frequently require the assistance and cooperation of the other Party. Each Party therefore agrees, in addition to those provisions in this Agreement specifically providing for assistance from one Party to the other, that it will at all times during the Term cooperate with the other Party and provide all reasonable assistance to the other Party to help the other Party perform its obligations hereunder.
- 11.7 Relationship of the Parties. This Agreement shall not be interpreted or construed to (a) create an association, joint venture or partnership between the Parties or impose any partnership obligation or liability on either Party, (b) create any agency relationship between the Parties or impose any fiduciary duty of any kind on either Party, (c) create a trust or impose any trust obligations of any kind on either Party, or (d) constitute a lease of property of any kind. Other than as expressly set forth herein, neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or act as or be an agent or representative of, or otherwise bind, the other Party.
- 11.8 Forward Contract. The Parties acknowledge and agree that this Agreement constitutes a "forward contract" within the meaning of the United States Bankruptcy Code.
- 11.9 Confidentiality. Neither Party shall disclose confidential information (other than to such Party's employees, lenders, investors, counsel, accountants or advisors who have a need to know such information and have agreed to keep such terms confidential) except (a) in order to comply with any applicable law, regulation or any exchange, control area or independent system operator rule, including the New Mexico Inspection of Public Records Act, NMSA 1978, Section 14-2-1 *et seq.*, or in respect of the Applicable Program or (b) in connection with any court or regulatory proceeding; provided, however, each Party shall, to the extent practicable, use reasonable efforts to prevent or limit the disclosure. The Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation, without the need to post bond.
- 11.10 Non-Waiver. Any waiver at any time by any Party of its rights with respect to a default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not waive any subsequent default or any other matter. Any delay, short of the statutory period of limitation, in asserting or enforcing any right hereunder shall not waive such right. The assertion or enforcement of any right hereunder at any time shall be without prejudice to the subsequent assertion or enforcement of the same right or any other right.

11.11 Assignment; No Third-Party Beneficiaries.

- a. Neither Party shall assign this Agreement, in whole or in part, without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed provided however that, Seller may without the consent of the Buyer (i) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements, (ii) transfer or assign this Agreement to an affiliate of the Seller or (iii) transfer or assign this Agreement to any person or entity succeeding to all or substantially all of the assets of the Seller. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective permitted successors and assigns.
- b. The obligations of Seller or Buyer hereunder, as applicable, will be binding upon any future purchaser, lessee, owner or operator of the facilities, assets or business comprising such Buyer's electric system.
- c. No provision hereof is intended to confer or shall confer a legal right or other benefit upon any person who is not a Party. No provision hereof is intended to create or shall create a legal duty or obligation to any person who is not a Party.

11.12 Joint Preparation. This Agreement was prepared jointly by the Parties, each Party having had access to advice of its own counsel, and not by either Party to the exclusion of the other Party, and shall not be construed against one Party or the other as a result of the manner in which this Agreement was prepared, negotiated or executed.

11.13 Severability. If any of the terms, covenants or conditions of this Agreement shall be held invalid or unenforceable in whole or in part, the effectiveness and enforceability of the remainder of this Agreement shall not be affected thereby.

11.14 Counterparts. This Agreement may be executed in counterparts, all of which, taken together, shall have the same effect as though all signers had executed one and the same document.

Signature Page Follows

IN WITNESS WHEREOF, the Parties have caused this Power Sales Agreement to be executed, effective as of the Effective Date.

**UNIPER GLOBAL COMMODITIES NORTH
AMERICA, LLC (“SELLER”)**

By: _____
Title: _____

By: _____
Title: _____

**INCORPORATED COUNTY OF LOS
ALAMOS (“BUYER”)**

By: _____
Title: _____

Attested by: _____
Name: _____

Date: _____



County of Los Alamos

Staff Report

January 15, 2020

Los Alamos, NM 87544
www.losalamosnm.us

Agenda No.:	7.B
Index (Council Goals):	DPU FY2020 - 6.0 Develop and Strengthen Partnerships with Stakeholders
Presenters:	Bob Westervelt, Deputy Utilities Manager - Finance/Admin
Legislative File:	12677-20

Title

Approval of Modification 21 to the Electric Energy and Power Coordination Agreement (ECA) Between the Incorporated County of Los Alamos and the United States Department of Energy (DOE).

Recommended Action

I move that the Board of Public Utilities approve this Modification 21 to the Electric Coordination Agreement as presented and forward to Council with a recommendation for approval.

Staff Recommendation

Staff recommends approval as presented.

Body

The Power Pool was established through the Electric Energy and Power Coordination Agreement (ECA) between Los Alamos County and The Department of Energy in 1985. (Note: In 2002 the National Nuclear Security Administration was established as a branch of the Department of Energy and took over responsibility for the ECA. The acronyms NNSA, DOE, and LANL may be used interchangeably throughout this discussion). Through the contract, both parties contribute the power from and costs of each of the respective "Pool Approved Resources" into the Pool, and those costs are then allocated back to the parties pro rata according to each party's usage. The contract has been renewed continuously since 1985. Historically the County has contributed approximately 75% of the resources, while the Lab has accounted for approximately 80% of the load.

Los Alamos is considering entering into a purchased power agreement with Uniper Global Commodities for 15 MW Firm Power. The offering is for a primarily renewable resource, yet is offered as a firm, around the clock product, at a very competitive fixed price point of \$36.67/MWh with no escalator for the fifteen year life of the PPA. This project was initially discussed with the Operating Committee at the October 30, 2019 Operating Committee meeting and the attached MOD21 to the Electric Coordination Agreement recognizing the project as a Pool Approved Resource was approved by the Operating Committee on January 7, 2020.

Alternatives

If the proposed MOD 21 is not approved but Los Alamos elects to proceed with the Uniper agreement, MOD 18 to the ECA specifies that "Should the County take on new assets, the cost of such assets will be the sole responsibility of the County unless negotiated and agreed to by the NNSA Contracting Officer". Pool load would be served by Pool Approved Resources and Market Purchases with cost share as determined by the existing cost sharing formula for demand and energy, and the power acquired through the Uniper agreement would have to be marketed externally. The proceeds of such marketing would be attributed to and benefit the County exclusively. The County would enjoy all of the benefit if market prices are higher than the PPA cost of the resource, but also would bear all of the risk of potentially lower prices. Recent market prices have ranged from \$25 off peak to \$115 on peak.

Fiscal and Staff Impact

Fiscal impacts are discussed under "Alternatives" above. Marketing of the power instead of scheduling to load would take some staff effort, but would fall under existing Power Scheduler responsibilities. It is not expected that additional staff resources would be required.

Attachments

A - Proposed ECA Mod 21 approved by the Operating Committee

Electric Coordination Agreement
Contract Modification

The purpose of this modification is to revise Exhibit B, Schedule 5 to add the Incorporated County of Los Alamos power purchase agreement. The attachment is revised and incorporated as Attachment A, Exhibit B, Schedule 5, Rev 2 COUNTY PURCHASE POWER CONTRACTS.

Attachment A
Exhibit B
Schedule 5, Rev 2

EXHIBIT B, SCHEDULE 5

COUNTY PURCHASED POWER CONTRACTS

County Contract No. 87-SLC-0027

The parties agree that Western's allocation of SLCA/IP power and energy per Contract No. 87-SLC-0027 which expires September 30, 2024, unless extended, is an Approved Resource. In addition, any new Western allocation shall be an Approved Resource. Any wheeling charges necessary to deliver the power and energy are includable herein.

Western offers, when available, monthly and seasonal surplus capacity and energy. When economically beneficial to both parties, such capacity may be utilized and will be includable herein.

County Contract No. AGR20-926

The parties agree the power purchase agreement (PPA) entered into between the Incorporated County of Los Alamos (the County) and Uniper Global Commodities North America, LLC (Uniper) is an Approved Resource. The PPA is for 15 years for 15 MW of firm renewable power (wind and solar). The power is currently priced at a fixed price of \$36.67/MWh with no escalator for the 15 years of the PPA. The parties will not be responsible for any operations and maintenance costs of the facilities associated with the power resources. The parties agree any wheeling or transmission costs necessary to deliver the power and energy are includable herein.

Short Term Purchase Power

Short term purchases as may be required and as have been approved by the parties in the 24-month budget forecast are includable herein.

Emergency Power for County Approved Resources

Through power pool membership, reserve sharing groups, regional transmission organizations, and power purchase agreements the County will be providing for emergency and replacement power and energy. Emergency and replacement power purchases shall be includable herein.

The following agreements for transmission of power and modifications thereto for the County's Approved Resources and provision for alternate transmission paths in case of failures in the normal path are included herein:

- (a) PNM Interconnection Agreement
- (b) Plains/Tri-State Interconnection Agreement & TSA
- (c) Western Transmission Agreement
- (d) Northern Rio Arriba Cooperative (NORA) Interconnection Agreement & TSA
- (h) Jemez Interconnection Agreement
- (i) El Vado – Spills Switchyard 69 kV line (The El Vado – Spills Switchyard 69 kV Line and associated line terminal equipment that connects the El Vado Plant to the NORA system is assigned to the Resource Pool as part of the cost of the El Vado Plant).
- (j) PNM/LAC Network Integration Transmission Service Agreement (NITSA)

The parties agree that the County will fund the Norton – STA Line section and the associated line terminals at Norton and STA (Norton – STA Project) and agree that NNSA will have on-going ownership, operating and maintenance responsibility. When completed, this line shall be considered an Approved Resource.

Monthly Charge

The parties recognize that the monthly charge associated with the transmission interconnection agreements will be dependent in part on actual power deliveries. The parties agree that all such charges are includable herein.

Upon completion of the Norton – STA Project the associated debt service cost and cost allocation principles of Attachment A, Exhibit B, Schedule 6, shall become effective for purposes of the Resource Accounting Pool. The recovery of NNSA on-going ownership, operation and maintenance cost associated with the Norton – STA Project is provided for in Attachment A, Exhibit A, Schedule 3.

Long-Term Purchase Power

The parties agree that the 36-month contract with Southwestern Public Service Company dated October 31, 2003 for purchase of firm energy equal to Western CRSP allocations to the Eastern New Mexico Distribution Cooperatives is an Approved Resource. Any wheeling charges necessary to deliver the power and energy are included herein. This contract shall not be extended without the prior approval of the Operating Committee and the responsible contracting authorities



County of Los Alamos

Staff Report

January 15, 2020

Los Alamos, NM 87544
www.losalamosnm.us

Agenda No.: 8.A
Index (Council Goals): DPU FY2020 - N/A
Presenters: Board of Public Utilities
Legislative File: 12683-20

Title

Status Reports

Body

Each month the Board receives in the agenda packet informational reports on various items. No presentation is given, but the Board may discuss any of the reports provided.

Attachments

- A - Electric Reliability Report
- B - Accounts Receivables Report
- C - Safety Report

STATUS REPORTS

ELECTRIC RELIABILITY

The employee who normally prepares this report was out on leave prior to agenda publication; therefore, no report is provided in the agenda packet this month. The report will be e-mailed to the Board when it is ready and will be included in the February agenda packet.

There were no major outages reported in December.

STATUS REPORTS

ACCOUNTS RECEIVABLES

Los Alamos County Utilities Department
Active Receivables Over 90 Days Past Due
January 2, 2020

Account	Customer ID	Acct Type	Comments	90 - 119		120 +
3004257	2009984	RS	PAYMENT ARRANGEMENT ON FILE FOR JANUARY 2020	\$ 264.31	\$	273.83
3004459	2063338	RS	DOOR TAG ISSUED 12/20/19	\$ 423.07	\$	130.42
3004678	2014731	RS	DOOR TAG ISSUED 12/20/19	\$ 199.89	\$	141.43
3004916	2214789	RS	DOOR TAG ISSUED 12/27/19	\$ 181.36	\$	181.86
3005198	2122088	RS	DOOR TAG ISSUED 12/20/19	\$ 194.72	\$	177.21
3005272	2119448	RS	DOOR TAG ISSUED 12/20/19	\$ 207.79	\$	132.26
3005273	2119448	RS	DOOR TAG ISSUED 12/20/19	\$ 242.27	\$	221.01
3005523	2013427	RS	DOOR TAG ISSUED 12/20/19	\$ 177.01	\$	171.69
3005566	2064548	RS	PAID \$1,000 ON 1/6/2020	\$ 218.32	\$	213.70
3005810	2132968	RS	BROKEN PAYMENT ARRANGEMENT, CONTACT CUSTOMER	\$ 217.32	\$	198.69
3006123	2019390	RS	DOOR TAG ISSUED 12/20/19	\$ 160.64	\$	139.27
3006190	2049258	RS	PAID \$500 ON 1/6/19	\$ 148.99	\$	102.13
3006224	2056848	RS	PAID \$700 ON 1/6/19	\$ 235.35	\$	199.49
3007272	2074278	RS	DOOR TAG ISSUED 12/20/19	\$ -	\$	147.19
3007573	2134368	RS	WILL ISSUE DOOR TAG, DIDN'T PICK UP WITH COLLECTIONS	\$ 593.01	\$	537.66
3008040	2023776	RS	PAID \$500 ON 1/6/19	\$ -	\$	444.85
3008287	2016070	RS	PAYMENT ARRANGEMENT ON FILE FOR JANUARY 2020	\$ -	\$	277.96
3008923	2094088	RS	WILL ISSUE DOOR TAG	\$ 217.33	\$	227.14
3009005	2039248	RS	WILL ISSUE DOOR TAG, DIDN'T PICK UP WITH COLLECTIONS	\$ 274.61	\$	262.55
3009203	2118628	RS	PAYMENT ARRANGEMENT ON FILE FOR JANUARY 2020	\$ 216.20	\$	150.52
				\$ 2,908.84	\$	4,330.86
						\$ 7,239.70

Los Alamos County Utilities Department
Receivables More than 60 Days Inactive
January 2, 2020

<i>YEAR</i>	<i>OUTSTANDING 1/1</i>	<i># OF ACCOUNTS</i>	<i>OUTSTANDING 12/1</i>	<i># OF ACCOUNTS</i>
FY16	\$ 17,561.84	73	\$ 17,722.17	75
FY17	\$ 28,402.77	69	\$ 29,657.34	78
FY18	\$ 58,240.05	262	\$ 58,302.34	322
FY19	\$ 23,485.32	221	\$ 23,485.32	221
FY20	\$ 35,418.46	146	\$ 12,636.63	99
TOTAL	\$ 163,108.44	771	\$ 141,803.80	795

STATUS REPORTS

SAFETY

DEPARTMENT OF PUBLIC UTILITIES CLAIMS

December 2019

(Information provided by the County Risk Department)

TORT CLAIMS

None

WORKERS COMPENSATION

None

COUNTY PROPERTY DAMAGE

Utilities had one County Property Damage claim in December, in which an equipment operator misjudged clearance while loading a truck and damaged the truck door.

OSHA INCIDENT REPORT

Attached

	Hours Worked						Hours Worked					
	ADMIN	EL DIST	EL PROD	GWS	WA PROD	WWTP	ADMIN	EL DIST	EL PROD	GWS	WA PROD	WWTP
MONTH												
Jan - 2019	3589.0	1793.0	2317.0	4119.0	1678.0	1139.0						
Feb - 2019	3221.0	1358.0	3244.0	3319.0	1132.0	1244.0						
Mar - 2019	2563.0	1941.0	2332.0	3955.0	1641.0	1281.0						
Apr - 2019	3592.0	1760.0	1890.0	3196.0	1199.0	1040.0						
May - 2019	3512.0	1510.0	2149.0	4114.0	1731.0	1231.0						
June - 2019	3085.0	1629.0	1975.0	4115.0	1855.0	1318.0						
July - 2019	3622.0	1587.0	1587.0	3768.0	1591.0	1186.0						
Aug - 2019	5315.0	2559.0	2566.0	6245.0	2029.0	1978.0						
Sept - 2019	3293.0	1578.0	1661.0	3691.0	1278.0	1293.0						
Oct - 2019	3390.0	1666.0	1704.0	3800.0	1304.0	1326.0						
Nov - 2019	3065.0	1689.0	1700.0	3735.0	1242.0	1040.0						
Dec - 2019	2717.0	1631.0	1595.0	3935.0	1104.0	1276.0						
Total Hrs Worked ->	40964.0	20701.0	24720.0	47992.0	17784.0	15352.0						
Number of Recordable Injury and Illness Cases	0	1	0	0	0	1						
OSHA Recordable Injury & Illness Incidence Rate	0.00	9.66	0.00	0.00	0.00	13.03						
Number of OSHA Days Away Days Restricted (DART) cases	0	0	0	0	0	0						
OSHA Days Away Days Restricted (DART) Rate	0.00	0.00	0.00	0.00	0.00	0.00						