



County of Los Alamos

Minutes

Board of Public Utilities

1000 Central Avenue
Los Alamos, NM 87544

*Jeff Johnson, Chair; Andrew Fraser, Vice-chair; Paul Frederickson Stephen McLin and
Kathleen Taylor, Members
Tim Glasco, Ex Officio Member
Harry Burgess, Ex Officio Member
Susan O'Leary, Council Liaison*

Wednesday, August 17, 2016

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, August 17th, 2016 at 5:30 p.m. at 1000 Central Ave., Council Chambers. Board Chair, Jeff Johnson, called the meeting to order at 5:30 p.m.

**Present 5 - Chair Johnson, Vice-chair Fraser, Board Member Frederickson,
Board Member McLin and Board Member Taylor**

Deputy County Manager, Mr. Steve Lynne, attended in Mr. Burgess' place.

2. PUBLIC COMMENT

Mr. Johnson 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

**Mr. McLin moved that the agenda be approved as presented. The motion passed
by the following vote:**

**Yes: 5 - Chair Johnson, Vice-chair Fraser, Board Member Frederickson,
Board Member McLin and Board Member Taylor**

4. PUBLIC HEARING(S)

4.A. OR0743-16

Incorporated County of Los Alamos Code Ordinance No. 02-268; An Ordinance Amending Chapter 40, Article III, Sections 40-151, 40-152 and 40-154 of the Code of Ordinances of the Incorporated County of Los Alamos Relating to Gas Rates

Sponsors: 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.

In FY12 the Board proposed a gas rate structure incorporating a pass-through commodity cost component. Council approved the rate structure effective November 1, 2012, but with

a "sunset" date of September 30, 2016. This "sunset" was incorporated to cause the Board to evaluate the effectiveness of the rate and public feedback, and to consider whether continuing the pass-through rate structure was desired. While it was intended that rates would simply revert to the old amounts and structure unless the Board and Council takes specific action to reenact the pass-through, the ordinance is worded poorly and strict interpretation would result in simply having no rates in place upon which to bill for delivery of natural gas. Staff is recommending the pass-through rate structure be reenacted without a specific "sunset" or expiration. In the FY2017/18 budget adopted by the Board and Council, a ten percent (10%) revenue reduction was projected. The cost of gas is a pass-through under this proposal, and is budgeted to reflect recent historical averages.

The Board discussed this item and requested clarification where necessary.

Mr. Fraser moved that the Board of Public Utilities approve Incorporated County of Los Alamos Code Ordinance No. 02-268 as presented and forward to Council for adoption. The motion passed by the following vote:

Yes: 5 - Chair Johnson, Vice-chair Fraser, Board Member Frederickson, Board Member McLin and Board Member Taylor

4.B. [OR0753-16](#)

Incorporated County of Los Alamos Code Ordinance No. 02-287; an Ordinance Amending Chapter 40, Article III, Sections 40-171 and 40-175 of the Code of Ordinances of the Incorporated County of Los Alamos Pertaining to Potable Water Rates and Bulk Delivery Rates

Sponsors: 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.

To continue a prudent level of maintenance and replacement with current sales projections, increases in rates are necessary. In the FY2017 budget a 10 percent increase was projected in both wholesale and retail sales rates. It was recognized during budget formulation that 10 percent may not be enough to stabilize revenue at a level sufficient to support necessary operations and maintenance costs, but water sales are heavily dependent on weather. Rather than propose a higher increase at this time, staff is proposing an increase of 10 percent as budgeted, with continued monitoring of sales and weather projections to determine what future adjustments, if any, will be required.

The Board discussed this item and requested clarification where necessary.

Mr. McLin moved that the Board of Public Utilities approve Incorporated County of Los Alamos Code Ordinance No. 02-287 as presented and forward to Council for adoption. The motion passed by the following vote:

Yes: 4 - Chair Johnson, Vice-chair Fraser, Board Member McLin and Board Member Taylor

No: 1 - Board Member Frederickson

5. CONSENT AGENDA

Mr. McLin 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 - Chair Johnson, Vice-chair Fraser, Board Member Frederickson, Board Member McLin and Board Member Taylor

- 5.A. [8501-16](#) Approval of Board of Public Utilities Meeting Minutes

Sponsors: Board of Public Utilities

I move that the Board of Public Utilities approve the meeting minutes of July 18th, 2016 and July 20th, 2016 as presented.

- 5.B. [AGR0425-16](#) Approval of Services Agreement No. AGR16-042 with Open Access Technology International, Inc. (OATI) in the amount of \$679,320.00, plus Applicable Gross Receipts Tax, for the Purpose of Energy Trade Capture and Scheduling Software

Sponsors: Steve Cummins

I move that the Board of Public Utilities approve Services Agreement No. AGR16-042 with Open Access Technology International, Inc. (OATI) in the amount of \$679,320.00 plus applicable gross receipts tax, for the purpose of Energy Trade Capture and Scheduling Software, and forward to Council with a recommendation for approval.

- 5.C. [7998-16](#) Approval of Budget Carryovers from FY2016 to FY2017

Sponsors: Bob Westervelt

I move that the Board of Public Utilities approve the budget carryovers from FY2016 to FY2017 and forward to Council with a recommendation for approval.

- 5.D. [8030-16](#) Approval of Contract No. 16-WC-40-625 with the United States Bureau of Reclamation for Lease of the 2016 Allocation of San Juan/Chama Project Water

Sponsors: Jack Richardson

I move that the Los Alamos County Board of Public Utilities approve Contract No. 16-WC-40-625 between the Incorporated County of Los Alamos and the United States Bureau of Reclamation for lease of the County's 2016 allocation of San Juan/Chama Project water.

- 5.E. [8316-16](#) Approval of Amendment No. 2 to the Laramie River Station Participation Power Sales Agreement between the City of Lincoln and the County of Los Alamos

Sponsors: Steve Cummins

I move that the Board of Public Utilities approve Amendment No.2 to the Laramie River Station Participation Power Sales Agreement and forward to Council for their consideration.

6. BUSINESS

6.A. 8455-16 Adoption of Board of Public Utilities Financial Policies

Sponsors: 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 June Board meeting a near "final" draft of the recommended financial policies was presented and discussed. The substance of the recommendations, including the delineation of the desired reserves, the "target" balances and "floors", or minimum balances, and potential or required corrective actions remain as discussed previously. What is accomplished through this current draft is addition of a clear purpose statement; clarification in the background section as to how these policies tie in with the County Charter, the County Code of Ordinances, and previous Board actions and discussion, as represented in the "fundamental considerations" section; and presentment of a clear definition of "cash".

The Board discussed this item and requested clarification where necessary.

Mr. Fraser moved that the Board of Public Utilities adopt the Utilities Financial Policies as presented. The motion passed by the following vote:

Yes: 5 - Chair Johnson, Vice-chair Fraser, Board Member Frederickson, Board Member McLin and Board Member Taylor

6.B. 8310-16 Report from the Subcommittee to Address the Timing of Rate Adjustments Related to Budget Adoption

Sponsors: Jeff Johnson and Stephen McLin

Board Chair, Mr. Jeff Johnson, presented this item. The following is the substance of the item being considered.

The BPU has had several discussions concerning the timing of rate adjustment recommendations relative to budget approval. Currently rates are discussed, approved by the BPU, and forwarded to Council in the late summer, while budgets are developed by the DPU in the fall and winter and approved by BPU and Council in the spring. The discussions concerning rate adjustment contemplated advancing them ahead of budget approval so that during the budget process, it would be known what rates could be utilized during planning. After discussing with staff, there is consensus that there might be some advantages associated with this idea, but there are also negative aspects. The primary disadvantage is that it presupposes budget approval by both the BPU and Council and somewhat forces a premature discussion about budget. The current process allows budget to drive rates, and the approved budget informs the rate discussion. Structurally it makes more sense to have a budget driven rate rather than a rate driven budget.

The Board discussed this item and requested clarification where necessary.

Mr. Fraser moved that the Board of Public Utilities advise the Department of Public Utilities to retain the existing rate / budget timing and annual schedule. The motion passed by the following vote:

Yes: 5 - Chair Johnson, Vice-chair Fraser, Board Member Frederickson, Board Member McLin and Board Member Taylor

7. STATUS REPORTS

7.A. [8504-16](#) Status Reports

Sponsors: 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

The Board discussed the reports and requested clarification where necessary.

8. BOARD BUSINESS

8.A. Chair's Report

Mr. Johnson reported on the following items:

- 1) Next week on the 23rd and 24th in Albuquerque, there is an energy storage conference. On the 23rd, there is a half-day session being sponsored by Senator Heinrich's office. The next day is separate meeting on the same topic. We [participants from Los Alamos County] have been invited by Senator Heinrich's Albuquerque Office to attend the conference if possible. Mr. Johnson would like to attend the half-day session with Senator Heinrich if possible, but he will have to assess his work situation. He encouraged others who are available to attend. They have to sign up soon though, as space is limited. All the Board members should have received the informational e-mail.
- 2) The Utah Associated Municipal Power Systems (UAMPS) is sponsoring a Carbon Free Power Project informational meeting. Mr. Glasco is planning to attend. It is on September 12th and 13th. Councilor Sheehey was planning to attend. He is also going to try to arrange for a tour of a geothermal plant in the region. Mr. Johnson cannot attend, but he encouraged members of the Board to go if possible. Mr. Glasco discussed provisions to pay for Board Member travel and some of flight and accommodation information he had researched so far.
- 3) Mr. Johnson felt that the meeting the previous week between Council and the Board was a good meeting. It was nice to get to know people and do the problem solving exercises. He thought the suggestion to have similar meetings quarterly was well received, if logistically possible for people who already volunteer a lot of time to the County. Mr. Johnson thought that having them quarterly or twice a year would be valuable.

8.B. Board Member Reports

Board members reported on the following items:

1) Mr. Fraser - On the Communications Subcommittee, they discovered that there is some confusion about whether or not the plan to install communications conduit every time the Department digs was approved by the County Council. Some people thought it had been approved by Council and some thought it hadn't, but in fact, it has not. However, it has been acted upon as if it had passed. Councilor Henderson hopes to get it on a Council agenda and actually pass it. Mr. Lynne was aware of this, but was not aware that Councilor Henderson was planning to bring it forward. Mr. Fraser felt that since this issue is being addressed by Councilor Henderson's at this point, no Board action is necessary at this time; however, the Board may wish to make a motion or do something clarifying that the Department, when they dig a trench, would allow the installation of communication conduit at an incremental cost rather than as a 50/50 cost sharing. Mr. Alarid discussed current coordination practices between Utilities and the Information Management department to already do this at an incremental cost.

8.C. Utilities Manager's Report

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

8.D. County Manager's Report

Mr. Burgess was not present. Mr. Steve Lynne reported in his absence.

1) Mr. Lynne thanked the Board and staff members for participating in the meeting between the Board and Council the previous week.

2) Mr. Lynne thanked Mr. Glasco, Mr. Westervelt and other Utilities staff for their coordination on the Utilities Financial Policies. It was very helpful to get that participation up front. Mr. Johnson agreed and congratulated staff for their hard work.

8.E. Council Liaison's Report

Ms. O'Leary had nothing to report.

8.F. Environmental Sustainability Board Liaison's Report

No Environmental Sustainability Board Liaison was present. No report was given.

8.G. General Board Business

8.G.1 [8054-16](#) Quarterly Conservation Program Update

Sponsors: 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.

The Board discussed this item and requested clarification where necessary.

8.G.2 [7953-16](#) Discussion Point for September BPU Annual Presentation with the Council

Sponsors: Jeff Johnson

Board Chair, Mr. Jeff Johnson, presented this item. The following is the substance of the item being considered.

The Board Chair will give the Board's annual presentation to Council on September 20th. Mr. Johnson presented possible topics to be presented to Council.

The Board and staff provided to Mr. Johnson suggestions for additions to his presentation topics.

8.G.3 [8472-16](#) Addition to the Board of Public Utilities Policy and Procedures Manual to Formally Add Adopted Strategic Initiatives as an Appendix Item

Sponsors: Jeff Johnson

Board Chair, Mr. Jeff Johnson, presented this item. The following is the substance of the item being considered.

This addition to the BPU PPM will provide a living forum to maintain all policy initiatives adopted by the BPU. It is important to retain these initiatives so future Boards can make sure they are adhered to and followed or formally removed as an initiative by the BPU as they are no longer considered important to the operation of the DPU.

The Board discussed this item and requested clarification where necessary.

Mr. Fraser moved that the Board of Public Utilities (BPU) adopt a change to the Los Alamos County Board of Public Utilities Policy and Procedures Manual that will be added as Section 4.8 and titled "Strategic Initiative". The text shall read as follows: 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 PPM in the appendix under a separate file titled "Strategic Initiatives of the BPU". These initiatives can be altered or removed from the PPM 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. The motion passed by the following vote:

**Yes: 5 - Chair Johnson, Vice-chair Fraser, Board Member Frederickson,
 Board Member McLin and Board Member Taylor**

8.G.4. [8506-16](#) Review of Department of Public Utilities Quarterly Report

Sponsors: Tim Glasco

Utilities Manager, Mr. Timothy Glasco, presented this item. The following is the substance of the item being considered.

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

The Board discussed this item and requested clarification where necessary.

8.H. Approval of Board Expenses

This item was taken up out of order after item 8.I.1.

Ms. Taylor moved the Board approve expenses for travel to the informational meeting for the Carbon Free Power Project in September. The motion passed by the following vote:

Yes: 5 - Chair Johnson, Vice-chair Fraser, Board Member Frederickson,
Board Member McLin and Board Member Taylor

Ms. Taylor moved the Board approve expenses for members to attend the Energy Storage Policy Forum in August in Albuquerque. The motion passed by the following vote:

Yes: 5 - Chair Johnson, Vice-chair Fraser, Board Member Frederickson,
Board Member McLin and Board Member Taylor

8.I. Preview of Upcoming Agenda Items

8.I.1. [8503-16](#) Tickler File for the Next 3 Months

Sponsors: 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) TBD - Presentation on the Status of Various Utilities as They Pertain to the New Financial Policy. (Jeff Johnson)
- 2) TBD - Discussion Regarding Rate Strategy to Implement the Financial Policy. (Jeff Johnson)
- 3) TBD - Mr. Johnson asked Mr. Glasco to review the deliverables outlined in the Future Electrical Energy Resources Recommendations Implementation Plan, identify those items that will be brought to the Board and put them on the tickler.

9. PUBLIC COMMENT

Mr. Johnson opened the floor for public comment on any items. There were no comments.

10. ADJOURNMENT

The meeting adjourned at 7:50 p.m.

APPROVAL

Board of Public Utilities Chair Name

Board of Public Utilities Chair Signature

Date Approved by the Board

MANAGER'S REPORT

AUGUST 17, 2016

1. We will be holding our annual Strategic Planning Workshop on August 29th and 30th. Board members are welcome to participate.
2. I will be attending the energy Storage Policy Workshop in Albuquerque, sponsored by Sen. Martin Henrich and Sandia National Laboratories, on August 23rd and 24th.
3. Reminder of the UAMPS informational meeting in Salt Lake City on September 12th and 13th. Board members and County Council members are encouraged to attend and basic information about the project, legal obligations, and costs will be presented and discussed.
4. The Safety Employee of the Quarter was selected, and it is Aaron Turner, a Pipefitter in GWS.
5. We are attempting to set up a visit to the Cove Fort II geothermal project in SW Utah. The site is approximately 2 hrs. west of Salt Lake City. We are hoping to set the visit for late September or early October.
6. We just received a copy of the new APPA publication "Public Power for Your Community". It is available if a Board member would like to read it.