



2019 COUNCIL PRESENTATION

Board of Public Utilities

Carrie Walker, Chair

September 17, 2019

BOARD MEMBERS

<u>MEMBER</u>	<u>POSITION</u>	<u>TERM ENDS</u>
Jeff Johnson	Vice-chair	2020
Kathleen Taylor	Member	2021
Carrie Walker	Chair	2022
Steve McLin	Member	2023
Steve Tobin	Member	2024

NEW UTILITIES MANAGER



In February 2019, Utilities Manager Timothy Glasco submitted a notice of retirement. Mr. Glasco served the County for nearly 25 years in the Department of Public Utilities, 5 of those as the Utilities Manager.

After a nation-wide recruitment and interviews conducted by multiple panels of staff, the Board and Council, the County Public Works Director, Philo S. Shelton, III, was selected. Mr. Shelton began as the Utilities Manager on June 30th.

SAFETY EMPLOYEE OF THE QUARTER

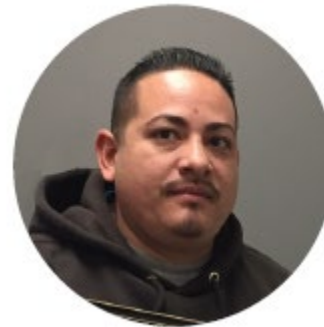
The Safety Employee of the Quarter program was developed by the DPU Safety Committee in 2014. The intent is to reward those who most clearly and effectively demonstrate DPU's safety culture vision.



FY18 Q4
Adam Cooper
Electric Production



FY19 Q1
Victor Tanuz
Water Production



FY19 Q2
Joel Martinez
Water Production



FY19 Q3
Dennis Segura
Engineering

Tyler Munis Enterprise Resource Planning



The County's go-live date was July 1st, 2018. The implementation of this new system has impacted processes throughout DPU, including those related to

- Financial systems and reporting
- Contract management
- Customer accounts
- Utility billing and integration with the customer app
- Consumption reporting
- Payroll and labor capture

Employees have worked hard to adapt to and refine processes using the new system. They continue to strive to find solutions to issues impacting DPU's efficiency and customer satisfaction.

The County has planned a Munis upgrade for October 2019. Testing will begin at that time with go-live scheduled for January 1st, 2020.

Advanced Metering Infrastructure (AMI)

In August 2018, the BPU approved an agreement with Ferguson Incorporated for system-wide deployment of AMI. Council approved execution of the agreement in March 2019.



Opt-Out

In February 2019, the Board adopted Rule GR-16, which allows customers to opt-out without any additional fees. For customers who opt-out, smart meter wireless transmission capabilities will be deactivated. **Customers can opt-out via an online form or by contacting Customer Care.**

Smart meter installations were originally scheduled to begin around September of 2019. However, coordinating meter installations with the upcoming Munis upgrade in October may require a revision to the original schedule. It could take up to 18 months to have the entire county upgraded to the new AMI.

Otowi #2 Water Supply Well

The drilling of Otowi Well #2 began on January 16, 2018. The operation was originally scheduled to take 60 days to complete the drilling and install the screen and casing; however, the driller encountered fissured basalt layers, which delayed progress and increased the contract amount from approximately \$2.6 million to \$4.2 million.

Drilling and testing was completed in May. According to the final engineering report, **the test results estimate the yield from the well to be above 1,000 gallons per minute. This will be one of the top producing wells in the water production system.**



This month, an RFP will be issued for engineering services to design the well house and equip the well. It is anticipated that the well will be online by the summer of 2020.

Renewal of the DOE Water Contract



With the lease of the water production system in 1998, the County entered into a contract with the Department of Energy (DOE) to provide water to Los Alamos National Laboratory. The contract includes provisions for access to County water facilities on DOE property, deals with security issues and provides for various environmental and other issues specific to working with LANL.

The period of the current contract is from October 1st, 2009 to September 30, 2019.

A one-year bridge contract is being negotiated that will be presented to the Board on September 18, and if approved then presented to Council on 9/24.

Management Audit & QNM Zia Application

Every 5 years, the Board is required by Charter to employ a qualified consultant to review, comment, and make recommendations as to the operation and condition of the County Utilities.

Additionally, the Department has a Board approved strategic objective to develop a culture of continuous improvement. As one way to achieve this, the management team defined a shorter-term initiative to **attain Malcolm Baldrige level recognition for performance excellence by 2025.**



The first step in attaining Baldrige recognition is to receive the highest level of state recognition, which is the Quality New Mexico Zia Award. Since 2008, the Department has received two Roadrunner awards, just one step below the Zia. A consultant was hired to assist with preparing a Zia application, and it was submitted to QNM in July.

The next step is for Quality New Mexico to conduct a site visit to verify the quality of operations as submitted in the application and provide a feedback report that will highlight strengths and opportunities for improvement in seven different comprehensive areas of performance.

This site visit and subsequent feedback report will serve to fulfill the management audit requirement.

Stabilizing Utilities Through Financial Policies

The Board adopted formal policies for financial targets in August of 2016. The purpose was to ensure adequate cash is available for effective and efficient operations of all County-owned utilities. For budgeting, rate-setting and operational planning purposes, the Department adheres to the policy in regards to cash reserves.



At this time, the Department has sufficient reserves to meet minimum requirements overall.

In June 2019, staff presented a financial plan update to assess progress toward financial goals and assist the Board in determining if revisions of the guidelines or targets was prudent at that time.

Staff will return to the Board at a later date to discuss options for the excess gas cash balance, strategies for funding future water system projects through reserve funds or bonds, and to discuss possible changes to clarify some of the language in the Financial policies.

Quarterly Utility System Updates

In 2017, the Board requested and began receiving updates on a separate utility system each quarter. These reports typically focus on the condition of the utility, capital improvement progress and planning, performance measures, operations and maintenance needs, financial health, budget concerns and any other major issues the Board needs to be aware of.

These assessments, along with the financial policies, provide a strong framework for informed decision-making throughout the year.

The recent presentations from October 2018 to August 2019 can be viewed online.

- 10/18/2018 – Gas
- 1/16/2019 – Water
- 4/17/2019 – Wastewater
- 7/17/2019 – Electric Production
- 8/22/2019 – Electric Distribution

The next quarterly update will be presented in October on the Gas Utility.

Rate Adjustments

From February to April 2019, the Board and Council considered and approved a rate adjustment for the potable and non-potable water rates.

The adjustment was in accordance with the long-range financial sustainability plan for the water utility and had been under discussion for the previous two years. The ten-year forecast for the water utility presented with the FY20 budget included a series of incremental rate increases to generate revenues needed for current operations and to build cash reserves necessary for future infrastructure needs.

This and future proposed rate actions should establish a cash flow that covers operations and maintenance, provides for a modest amount of annual capital replacement spending, and moves the DPU toward achieving long-term cash reserve goals. After these series of rate increases, future increases should be in alignment with inflation.

DPU PROPOSED INCREASES

	FY20	FY21	FY22
Water	5.00%	4.25%	4.00%
Sewer	6.00%	3.00%	2.00%

Rate Adjustments – Public Outreach

TUNE IN

Six opportunities to watch **LIQUID ASSETS: The Story of our Water Infrastructure**, a fascinating documentary that explores the critical role of our nation's water infrastructure on Los Alamos PAC 8.

Sun	9/22	6:00pm	Sun	9/29	6:00pm
Wed	9/25	6:00pm	Wed	10/2	6:00pm
Thu	9/26	12:00pm	Thu	10/3	12:00pm

ATTEND

Along with the two required ordinance public hearings for BPU and Council, several other meetings will be held to give the public an opportunity to get informed.

Wed	9/18	5:30pm	Chambers	BPU discussion
Mon	10/7	6:00pm	WR Library	Informational public meeting
Thu	10/10	6:00pm	Nature Center	Informational public meeting
Wed	10/16	5:30pm	Chambers	BPU public hearings
Tue	10/29	6:00pm	Chambers	Council introduction
Tue	11/26	6:00pm	Chambers	Council public hearings

Initiatives for Future Energy Resources



Board Adopted Strategic Objective

Be a carbon neutral electric energy provider by 2040.

The Future Energy Resources (FER) Committee (an ad hoc citizen committee) prepared a July 2015 report to recommend future energy generation resources for Los Alamos County. The Board adopted most of the recommendations.

Detailed updates on progress towards these recommendations and a timeline is available every quarter in the Department's Quarterly Performance Reports. These are sent to Council and are also available on the Department's online Reports & Documents Library.

FY19 EFFORTS:

- Carbon Free Power Project
 - Subscription @ 8.0 MW of 600 MW plant capacity
 - JUMP Resolution increases LAC share to 3.186 MW
- AMI Contract and Opt-Out
- Electric Distribution Grid Modeling
- Hydro Pumped Storage Research

FY20 EFFORTS:

- Carbon Free Power Project Consideration
- Utility Scale Solar Project Research
- Community Solar Garden Options
- EV Charging Station
- AMI Implementation
- Post 2025 Electric Coordination Agreement
- Unbundling Electric Rate Discussion (Delayed until AMI Implementation)

Other Focus Areas for FY20

- Engineering Design of the White Rock Waste Water Treatment Facility
- NM 502 Reconstruction Project
- Implementation of Advanced Metering Infrastructure & Public Education
- Upgrade of Tyler Munis & Subsequent Challenges
- Customer Account Mobile App
- Quality New Mexico Site Visit & Feedback Report
- Biennial Customer Service Survey
- International Brotherhood of Electrical Workers (IBEW) Collective Bargaining Agreement Expiration May 2020

FY2020 BUDGETED CIP

ELECTRIC PRODUCTION	265,000
Update Energy & Water Conservation Plan	25,000
Electric SCADA Upgrades (Modems,Switches & RTUS)	100,000
Abiquiu Jib Crane	140,000
ELECTRIC DISTRIBUTION	1,400,000
Los Alamos URD Replacement (cables, jboxes, pedestals)	100,000
White Rock URD Replacement (cables, jboxes, pedestals)	100,000
Overhead System Replacement (polex, xarms, transformers)	200,000
Townsite Circuit 15, 3 PHASE	
White Rock Circuit1, 3PHASE	
Los Alamos Substation LASS	850,000
Electric Vehicle Charging Stations	150,000
GAS DISTRIBUTION	25,000
Update Energy & Water Conservation Plan	25,000
WATER DISTRIBUTION	0
WATER PRODUCTION	1,655,000
Update Energy & Water Conservation Plan	25,000
NM 4 & Tsankawi Chlorination Building and Pipe Replacement	750,000
Replace Overlook Park Booster Station (NP-WTB)	880,000
WASTEWATER TREATMENT AND SEWER COLLECTION TOTAL	0
SEWER COLLECTION	0
WASTEWATER TREATMENT	0

**Projects in
addition
to CIP
deferred in
or carried
over from
FY19**

Board of Public Utilities

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Supplemental Materials

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FY19 CIP Projects			QTR1			QTR2			QTR3			QTR4		
Planning & Design 			07/18	08/18	09/18	10/18	11/18	12/18	01/19	02/19	03/19	04/19	05/19	06/19
Actual Construction 			<u>Budgeted</u>											
Electric Production			\$305,000											
	Electric SCADA Server Consolidation	120,000	comp											
	Electric SCADA Replace Back-up	50,000	comp											
	Back-up Power Operation Center - Install an HVAC System	60,000	comp											
	Abiquiu & El Vado Transformer Oil and Bushings	75,000	def FY20											
Electric Distribution			\$1,000,000											
	Los Alamos- Replace URD (cables, jboxes, pedestals)	300,000												
	White Rock - Replace URD (cables, jboxes, pedestals)	300,000												
	Replace Overhead System (poles, cross arms, transformers)	400,000												
	NM 502 - (Carryover \$522,785)	0												
Natural Gas Distribution			\$0											
	NM 502 - (Carryover \$417,012)	0												

FY19 CIP Projects Cont.			QTR1			QTR2			QTR3			QTR4		
Planning & Design			07/18	08/18	09/18	10/18	11/18	12/18	01/19	02/19	03/19	04/19	05/19	06/19
Actual Construction		Budgeted												
Water Distribution		\$0												
	NM 502 - (Carryover \$914,826)	0												
Water Production		\$3,935,000												
	LA Reservoir Rd Mitigation (\$1222,500 FEMA/\$407,500 LAC Match)	1630,000												
	Otowi Well 2 Construction - Well House & Equipment	1930,000	def FY20											
	Pajarito Well 5 MCC Replacement - Construction	275,000	def FY20											
	Auto Valves 10 and 11 Remove and Replace	100,000	def FY20											
	NM 502 - (Carryover \$450,291)	0												
Sewer Collection		\$0												
	NM 502 - (Carryover \$11830)	0												
Wastewater Treatment		\$1520,000												
	White Rock Replacement Wastewater Treatment Plant - Design	1520,000												

Critical Infrastructure Protection

In July of 2016, new cyber security regulations, North American Electric Reliability Council Critical Infrastructure Protection Version 5 (CIP-5), were implemented that apply to the operators of electric transmission lines. The Los Alamos Power Pool comprised of DOE/LANL and Los Alamos County share responsibilities in operating "pool assets".



The Department contracted with Intellibind Technologies to provide CIP-5 comprehensive patch management services with the intention to transfer the electric Supervisory Controls and Data Acquisition (SCADA) system to LANL by January 2019. However, the schedule has moved out by two years, and LANL will not be ready to take over the system until 2021.

In May 2019, the Board and Council approved an extension of both the term and compensation for Intellibind to account for the delay and to provide additional compliance and audit related services that were previously performed by a SCADA Technician who resigned.

This action ensures that the Department maintains a subject matter expert to advise on and assist with very important compliance and regulatory issues related to protecting our utility control systems.