



County of Los Alamos

Minutes

Board of Public Utilities

1000 Central Avenue
Los Alamos, NM 87544

*Timothy Neal, Chair; David Powell, Vice Chair;
Andrew Fraser; Paul Frederickson; and
Stephen McLin, Members
Tim Glasco, Ex Officio Member
Harry Burgess, Ex Officio Member*

Friday, November 14, 2014

9:00 AM

1000 Central Avenue
Council Chambers

SPECIAL WORK SESSION

1. CALL TO ORDER

A special work session of the Incorporated County of Los Alamos Board of Public Utilities was held on Friday, November 14th, 2014 at 9:00 a.m. at 1000 Central Ave., Council Chambers. Board Chair, Timothy Neal, called the meeting to order at 9:00 a.m.

Present 5 - Chair Neal, Vice Chair Powell, Board Member Frederickson, Board Member Fraser and Board Member McLin

2. APPROVAL OF AGENDA

The agenda was approved as presented

3. PUBLIC COMMENT

Mr. Neal opened the floor for public comment on any items. Members of the public gave the following summarized comments:

1) Ms. Barbara Calef 4777 Sandia Drive, representing the League of Women Voters of Los Alamos - Ms. Calef's comments are entered into the minutes as an attachment.

2) Mr. Charles Keller 4470 Ridgeway - Mr. Keller's comments are entered into the minutes as an attachment.

3) Mr. Mike Wheeler 1855 Los Pueblos - Mr. Wheeler believes this [solar energy] is an important global issue. He cited a New York Times article discussing the dilemma facing Denmark and Germany, who are leading the world in solar applications and energy. He believes the Cost of Service and Rate Design Study recently conducted by Leidos Engineering is flawed. There isn't enough data, investigation or planning to use the document to form a decision. The Board should look more at what is happening globally to see how the rest of the world is dealing with the challenges.

4) Mr. Richard Dunn 107 Sierra Vista, representing Los Alamos Sustainable Energy and the Sierra Club - Mr. Dunn discussed his background and experience with electric utility systems. He believes the Department should look at a new business model that takes into consideration climate change and pollution and one that is not necessarily profit based. He believes the San Juan Generating Station will be a stranded asset. He

believes the continued use of coal is in conflict with the Department's goal to be carbon neutral by 2040. He doesn't believe it is fair for solar energy users to pay more while coal users are paying less. He believes there should be a carbon tax on all the electricity people use. Should solar users be considered a benefit to the overall system and shouldn't they be encouraged? *(Mr. Dunn did not personally submit written public comment during the meeting; however, the written comments Ms. Karen Paramanandam submitted later included a statement from Mr. Dunn on behalf of the Los Alamos Sustainable Energy Network. It is entered into the minutes as an attachment.)*

5) Tabor West 4827 Yucca St. - Mr. West built a new LEED platinum home three years ago. It runs on electricity. He's never turned on his gas. He installed a solar array. He paid for the entire cost of installation plus paid the County the cost of an additional permit to install it. He pays all the same fees for his electric meter as other customers. His system is sized to use 100% of his capacity annually, which is done by feeding in during the day and using back from the Utility at night. He wants to know what the justification is for him to pay an additional monthly fee for equipment that he has already paid for and paid the County for.

6) Susan O'Leary 4920 Sandia Drive - Ms. O'Leary does not believe the timing of the net metering fee proposed in the electric rate ordinance 02-252 is appropriate. She would like to see the Utilities Department's plan to become carbon neutral by 2040 before a determination on a net metering fee can be made. She believes that development of such a plan should be used as an opportunity to engage and educate the public and make sure the Board is acting in accordance with the desires of the community. Putting a fee on solar now seems counter productive. She understands that managing energy sources is a complex issue. She feels the Board should set a strategy and direct the Department to work through this issue on behalf of the citizens of the community. This is the Board's responsibility and the community depends on the Board to provide the leadership to move forward with this issue.

7) Mr. Donald Jones 62 La Paloma Drive - Mr. Jones's comments are entered into the minutes as an attachment.

8) Mr. Thomas Shankland 6 Mariposa Court - Mr. Thomas Shankland's comments are entered into the minutes as an attachment.

9) Mr. Mark Jones 520 Navajo Road, also speaking as the Chair of the Sierra Club - Mr. Jones believes that the largest single challenge to humans will be limiting climate change and mitigating the effects. He does not think the community should believe propaganda from the fuel companies and that the community is well aware that these are problems we as a race face. The issue is being handled very badly at the governmental level and it takes people from all levels to deal with the challenge. He thinks Los Alamos County is trying to be part of the problem rather than part of the solution. He asked that the Board recognize the larger challenge and move away from coal as soon as possible and figure out a fair mechanism by which that can be accomplished. *(Mr. Jones did not personally submit written public comment during the meeting; however, the written comments Ms. Karen Paramanandam submitted later included a statement from Mr. Jones on behalf of the Sierra Club. It is entered into the minutes as an attachment.)*

10) Ms. Susie Schillaci 62 La Paloma Drive - Ms. Schallaci and her family have used the online broadcasts of the Council meetings to become more involved in the community. She encouraged the Board to also broadcast their meetings in the same way as they may not understand just how interested the community is in the Board's meetings.

11) Mr. David Sutton 3213 A. Walnut Street - Mr. Sutton's comments are entered into the minutes as an attachment.

12) Mr. Will Fox 1985 Camino Redondo - Mr. Fox recently installed a photovoltaic system and was surprised at the proposal to begin increasing the cost of operating that system. He is concerned that the Board is not being as progressive as they could be. He is bothered that the service charge for net metering will impact people who have smaller systems and conserve more electricity more than it impacts people with larger systems who aren't conserving as much because it is a fixed rate. He is also concerned that if the Board is trying to encourage renewable systems, they should consider encouraging solar systems that have use storage battery backup, which would reduce the potential implications to the grid and yet develop more renewable sources in Los Alamos. He is concerned that the proposal hasn't been completely thought out and would like it to be considered longer before it is implemented.

4. BUSINESS

4.A. 6626-14 Discussion Regarding the Electric Rate Proposal and Structure - Discussion Item Only

Presenters: Stephen McLin

The Board conducted this agenda item as an open back-and-forth discussion between the Board and Department of Public Utilities staff to get a better understanding of the proposed ordinance and the Electric Utility Cost of Service Analysis and Rate Study that was conducted by Leidos Engineering. Board members asked questions about the upcoming electric rate proposal and structure and general questions about the electric system operations.

The following items were identified for follow-up:

1) Mr. Powell would like to see a graph extending several years showing a plan for how rates will be adjusted so that every customer, including the Los Alamos Public Schools and Los Alamos County, pays its fair share and is not subsidizing another customer.

2) Mr. Powell referred to the Rate Comparison Graph that was published in the agenda a packet for the November 19th regular meeting. It appears as if there is a \$250,000.00 discrepancy between the Cost of Service Amounts and the Proposed Revenues. Mr. Powell would like staff to clarify this at the November 19th meeting and show how the proposed revenues are actually recovering the costs of service.

3) Mr. Neal would like to see in the upcoming update to the Conservation Plan how the treatment of solar energy affects the Department's goal of becoming carbon neutral by 2040.

4) At the November 19th public hearing for the electric rate ordinance, Mr. Neal would like the consultant who prepared the Electric Utility Cost of Service Analysis and Rate Study to explain more why the study did not differentiate more between the small and large photovoltaic users.

None

5. PUBLIC COMMENT

Mr. Neal opened the floor for public comment on any items. Members of the public gave

the following summarized comments:

- 1) Mr. Mike Wheeler 1855 Los Pueblos - Mr. Wheeler feels it is important that the Board realize this issue is not just a simple economic calculation used to calculate a rate structure, but is instead a question of public policy and how distributed power production, green energy, etc. will be treated. While the rate structure is important, it is most important that the Board consider the public policy that will come about as a part of their decision.
- 2) Mr. Mark Jones 520 Navajo Road, also speaking as the Chair of the Sierra Club - Mr. Jones feels that since the net metering fee will not have a huge impact on the Utilities Department over the next year but will have a large impact on the citizens, the Board should consider taking the net metering fee section out of the proposed ordinance 02-252 and approve the ordinance without it.
- 3) Ms. Regina Wheeler with Positive Energy Solar Company - Ms. Wheeler recognized that it is the transformation of the energy grid that the Utilities Department is grappling with. Solar is now cheaper than coal energy. The Board should consider that this is a public policy issue that should be considered in a much broader context. The Board is making decisions about where the energy for the County will come from. There are big changes for coal energy coming soon. President Obama has implemented a cap and trade whereby every state must present a carbon rule by January of 2015. Some people, including executive members of PNM, believe those rules may shut down additional generation at the four corners coal plant. Barkley's has downgraded investment in electric utilities because of risks of coal and nuclear securities that they own. She thinks the Utilities Department needs to look at what is the likely future cost of coal energy, and in that context, what is the benefit of clean renewable solar energy. She would like the Board to consider diversifying the Utilities Department portfolio and raising the capital required by the system to offset the cost of distribution by selling recs, particularly to Los Alamos National Lab. She recommended that the Utilities Department employ the same type of extensive stakeholder involvement process that she used as the Solid Waste Director for Los Alamos County when the landfill was closed. She also recommended that the Department wait until some of the changes related to coal energy come to pass, and then move forward in a thoughtful comprehensive way to consider cost and value.
- 4) Ms. Karen Paramanandum 4048 A. Sycamore Drive - Ms. Paramanandum's comments are included in the minutes as an attachment.
- 5) Mr. Skip Dunn 107 Sierra Vista, representing Los Alamos Sustainable Energy and the Sierra Club - Mr. Dunn believes the Utilities Department's goal of being carbon neutral by 2040 is extremely powerful, but feels that it should have been included in the Cost of Service Study and Electric Rate Design report. Only the cost benefit of adding a photovoltaic system to a home was considered and not what the other benefits it might have. He thinks the report should explore using recs to offset the distribution costs and staff should determine whether or not the consultant, Leidos Engineering, is qualified to assess what solar users might be giving back to the system. He is glad to see that there has been an attempt to decouple cost of energy rates from infrastructure rates. He doesn't want to see costs deter people from installing photovoltaic systems and also would like to see some sort of benefit for the early pioneers who installed these systems when they were much more expensive.

6. CLOSED SESSION

6.A. 6627-14 CLOSED SESSION - Pursuant to §10-15-1 (H)(6 & 7) of the New Mexico

Open Meetings Act, NMSA 1978, the Board of Public Utilities will meet in closed session to discuss information pertaining to a decision concerning purchases in an amount exceeding \$2,500.00 that can be made only from one source and information pertaining to threatened or pending litigation - San Juan Generating Station ownership restructuring

Presenters: Board of Public Utilities

At approximately 10:48 a.m., Mr. Neal moved that the Board of Public Utilities move to closed session pursuant to §10-15-1 (H)(6 & 7) of the New Mexico Open Meetings Act, NMSA 1978, to discuss information pertaining to a decision concerning purchases in an amount exceeding \$2,500.00 that can be made only from one source and information pertaining to threatened or pending litigation - San Juan Generating Station owners negotiations related to the purchase of the San Juan Coal Mine and San Juan Generating Station ownership restructuring negotiations. The motion passed by the following vote:

Yes: 5 - Chair Neal, Vice Chair Powell, Board Member Frederickson, Board Member Fraser and Board Member McLin

Prior to voting on the motion to go into closed session, Mr. Powell asked for a statement for the record from County Attorney, Ms. Becky Ehler, verifying that the reasons cited for going into closed session are adequate to satisfy the requirements of the New Mexico Open Meeting Act. Ms. Ehler stated that the motion is verbatim from the State Open Meetings Act and those exceptions are stated in the law.

At 12:03 p.m., Mr. Powell moved that the Board reconvene in open session. The motion passed by the following vote:

Yes: 5 - Chair Neal, Vice Chair Powell, Board Member Frederickson, Board Member Fraser and Board Member McLin

The Chair reported that the matters discussed in the closed session were limited only to those specified in the motion for closure.

7. ADJOURNMENT

The meeting adjourned at 12:03 p.m.

APPROVAL

Board of Public Utilities Chair Name

Board of Public Utilities Chair Signature

Date Approved by the Board