



LOS ALAMOS

County of Los Alamos
Minutes
Board of Public Utilities

1000 Central Avenue
Los Alamos, NM 87544

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

Wednesday, June 21, 2017

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, June 21, 2017 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 - Board Member Johnson, Board Member McLin, Board Member Fraser, Board Member Frederickson and Board Member Glasco

Absent 2 - Board Member Taylor and Board Member Burgess

Deputy County Manager, Mr. Steven Lynne, attended in the absence of Mr. Burgess.

Ms. Carrie Walker, whose term begins on July 1st, was also present and participated in discussions.

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. Fraser moved to approve the agenda as presented. The motion passed by the following vote:

Yes: 4 - Board Member Johnson, Board Member McLin, Board Member Fraser and Board Member Frederickson

Absent: 1 - Board Member Taylor

4. BOARD BUSINESS

4.A. Chair's Report

Mr. Johnson reported on the following items:

1) At the May Board meeting, staff was directed by the Board to begin reporting quarterly on the health of at least one utility system each quarter. At the July meeting, Mr. Johnson would like Mr. Glasco to provide a schedule of those reports.

2) Mr. Johnson presented Mr. Fraser with a certificate of appreciation for his service on the Board. Mr. Fraser's term ends on June 30th and this will be his last meeting. Mr. Johnson thanked Mr. Fraser for his service.

4.B. Board Member Reports

Board members reported on the following items:

1) Mr. McLin - Mr. McLin informed the Board that three Board members and the new incoming member, Ms. Carrie Walker, participated in a tour of the Abiquiu hydroelectric plant on June 2nd. There was no action taken by the Board there. They had a wonderful tour, but he was disappointed they didn't get to go down in the shaft because the water was flowing.

2) Mr. McLin - Mr. McLin thanked Mr. Fraser for his service on the Board. He's not sure they would have ever met outside of the Board, and he has enjoyed working with Mr. Fraser.

4.C. Utilities Manager's Report

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

4.D. County Manager's Report

Mr. Lynne had nothing to report.

4.E. Council Liaison's Report

Ms. Susan O'Leary was absent. No report was given.

4.F. Environmental Sustainability Board Liaison's Report

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

4.G. General Board Business

4.G.1 [9449-17](#)

Discussion on Board of Public Utilities Input for the Department of Public Utilities Upcoming Strategic Planning Workshop for FY2019 and the Annual Review of the Mission, Vision and Values

Presenters: Tim Glasco

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

Around late August, the Department of Public Utilities Senior Management Team (SMT) is planning to hold its annual two-day staff workshop for fiscal year 2019 strategic planning. As always, Board members are invited to attend part or all of the workshop as observers as they have in the past; however, in accordance with the Open Meetings Act, any discussion of public business among a quorum of the Board must be held as an open public meeting. The DPU SMT welcomes the Board's invaluable input and would like to

help facilitate that in whatever way possible. Prior to the workshop, the Board should also review the current MVV statements that were reaffirmed in 2016, and make any changes prior to the workshop or give feedback to staff.

The Board discussed this item and requested clarification where necessary.

The following actions were identified for follow-up:

1) An agenda item will be added to the August meeting agenda for the Board to discuss this further and provide input if they choose. In early August, staff will send the Board any materials they need to review to prepare for this discussion.

4.H. Approval of Board Expenses

There were no expenses.

4.I. Preview of Upcoming Agenda Items

4.I.1 [9596-17](#) 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) 08/16/2017 - Board Input on the Strategic Planning Process and Mission, Vision and Values Statements (Jeff Johnson)

Mr. Johnson reminded the members that the annual review and affirmation of the Board's Policies and Procedures Manual is scheduled for the July meeting. He encouraged members to review the PPM prior to that meeting and come prepared with suggestions for any changes they might wish to make.

5. PUBLIC HEARING(S)

5.A [CO0487-17](#) Approval of Incorporated County of Los Alamos Code Ordinance No. 02-276: An Ordinance Amending Chapter 40, Article III, Sections 40-201 and 40-202 of the Code of the Incorporated County of Los Alamos Pertaining to the Sewage Service Rate Schedule and Determination of Charges

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 ten-year forecast for the sewer utility presented with the FY2018 budget included a series of incremental rate increases to generate revenues needed for current operations and to build cash reserves necessary for future infrastructure replacements, most notably the needed replacement of the White Rock waste water treatment facility. Staff considered several alternatives as to timing of that plant replacement. Each has different long term cash impacts, and each was presented to the Board at the May 17th meeting. The main differences are the timing of the White Rock plant design and construction and whether the existing debt on the Los Alamos treatment plant is refinanced. The timing and magnitude of future rate increases varies by scenario and will continue to be explored

by staff and the Board; however, three of the four scenarios presented show the budgeted 8% increase in FY2018 is necessary.

The Board discussed this item and requested clarification where necessary.

Mr. Johnson opened the floor for public comments. Members of the public gave the following summarized comments:

1) Mr. Brady Burke, 2310 39th Street, Unit C - Mr. Burke did not feel there was enough information showing whether or not commercial customers are being charged their fair share when compared to residential. Mr. Burke felt the annual household income increase of 2.5% that was projected in the presentation may not be accurate for all households and does not necessarily justify the impact of the proposed rate increase on lower income households. Mr. Burke recommended a variable rate based on annual water usage to encourage efforts to conserve. He also wanted to know if the cash reserves were set aside specifically for the replacement of the White Rock Waste Water Treatment Plant or if they were part of a capital improvement pool.

2) Mr. Richard Dunn, 107 Sierra Vista - Mr. Dunn would like to see the department return to a variable sewer rate based on annual average winter water usage.

The following actions were identified for follow-up:

1) The County Manager's Office is working on scheduling a joint meeting in late July or August for Council and the Board to discuss possible options for funding the replacement of the White Rock treatment plant.

Mr. Fraser moved that the Board of Public Utilities approve Incorporated County of Los Alamos Code Ordinance No. 02-276: An Ordinance Amending Chapter 40, Article III, Sections 40-201 and 40-202 of the Code of the Incorporated County of Los Alamos Pertaining to the Sewage Service Rate Schedule and Determination of Charges, and forward to Council with a recommendation for adoption. The motion passed by the following vote.

Yes: 4 - Board Member Johnson, Board Member McLin, Board Member Fraser and Board Member Frederickson

Absent: 1 - Board Member Taylor

Mr. Johnson called for a recess at 6:55 p.m. The meeting reconvened at 7:05 p.m.

5.B [CO0488-17](#)

Approval of Incorporated County of Los Alamos Code Ordinance No. 02-275, An Ordinance Amending Chapter 40, Article III, Sections 40-171 and 40-175 of the Code of the Incorporated County of Los Alamos Pertaining to Potable Water Rates and Bulk Delivery Rates

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 ten-year forecast for the water utility presented with the FY2018 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. Over the course of several meetings of the Board of Public Utilities in the fall of 2016, several alternative scenarios were considered. After discussion, "scenario 40" was selected as the most reasonable balance between increased rates and necessary system expenditures and was the foundation upon which the ten-year budgetary projection was based. An 8% increase in both retail and wholesale rates is proposed. These rate increases were included in the FY2018 budget and are proposed for implementation effective with the customer's first billing period beginning after July 1st, 2017. The Board discussed this again at their meeting on May 17th.

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. 02-275, An Ordinance Amending Chapter 40, Article III, Sections 40-171 and 40-175 of the Code of the Incorporated County of Los Alamos Pertaining to Potable Water Rates and Bulk Delivery Rates and forward to Council with a recommendation for adoption. The motion passed by the following vote:

Yes: 4 - Board Member Johnson, Board Member McLin, Board Member Fraser and Board Member Frederickson

Absent: 1 - Board Member Taylor

5.C [9479-17](#)

Public Hearing for Revisions to the Department of Public Utilities Rules and Regulations Fee Schedule: Gas - Excess Flow Valves

Presenters: James Alarid

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

Recent revisions to 49 CFR 192.383 & 192.385 mandate that all new gas services and gas service replacements be equipped with an excess flow valve (EFV) or a service line valve. Prior to this regulatory change, installation of an EFV was an option to customers when a new service line or replacement line was installed. The fee was \$150 to install the new EFV as part of a new installation if chosen by the customer. Now that all new services and replacement services require an EFV or service line valve, the new 3/4" gas service installation fees are being increased by \$150 to capture the cost. In addition, gas utilities are required to inform all customers that they have the option to request an excess flow valve (EFV). A new fee is being added for the installation of an EFV or service line valve on an existing gas service. The installation costs vary greatly depending on the service line material.

The Board discussed this item and requested clarification where necessary.

Mr. Johnson opened the floor for public comments. Members of the public gave the following summarized comments:

1) Mr. Brady Burke, 2310 39th Street, Unit C - Mr. Burke asked if this is strictly a safety feature vs. a service regulation feature. Mr. Alarid was allowed to respond to explain the purpose.

Mr. McLin moved that the Board of Public Utilities approve the revisions to the Department of Public Utilities Rules and Regulations Fee Schedule as presented. The motion passed by the following vote:

Yes: 4 - Board Member Johnson, Board Member McLin, Board Member Fraser and Board Member Frederickson

Absent: 1 - Board Member Taylor

6. 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:

6.A 9592-17 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 May 17th, 2017 as presented.

6.B AGR0507-17 Approval of Services Agreement No. AGR17-37 with Stantec Consulting Service, Inc. in the amount of \$450,000.00, plus Applicable Gross Receipts Tax, for the Purpose of the Geographic Information System and Asset Management Upgrade Project

Presenters: Jack Richardson

I move that the Board of Public Utilities approve Services Agreement No. AGR17-37 with Stantec Consulting Service, Inc. in the amount of \$450,000.00, plus applicable gross receipts tax, for the purpose of the Geographic Information System and Asset Management Upgrade, and forward to Council for approval.

6.C 9590-17 Approval of Task Order No. 1 Under Services Agreement No. AGR17-45 with Alpha Southwest, Inc. in the amount of \$61,045.00, plus Applicable Gross Receipts Tax, for the Purpose of Chlorine Generator Install for Pajarito Booster 2

Presenters: James Alarid

I move that the Board of Public Utilities approve Task Order No. 1 Under Services Agreement No. AGR17-45 with Alpha Southwest, Inc. in the amount of \$61,045.00, and a contingency of \$10,000.00 for a total of \$71,045.00, plus Applicable Gross Receipts Tax, for the Purpose of Chlorine Generator Install for Pajarito Booster 2.

6.D 9471-17 Approval of Department of Energy (DOE) - Los Alamos County (LAC) Resource Pool Budget for Fiscal Years 2018/2019

Presenters: Bob Westervelt

I move that the Board of Public Utilities approve the 2018-2019 Resource Pool budget as presented and forward to the County Council for its approval.

- 6.E [9562-17](#) Approval of Modification 20 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

I move that the Board of Public Utilities approve this Modification 20 to the Electric Coordination Agreement as presented and forward to Council with a recommendation for approval.

- 6.F [9369-17](#) Approval of Contract No. 17-WC-40-668 with the United States Bureau of Reclamation for Lease of the 2017 Allocation of San Juan/Chama Project Water

Presenters: Jack Richardson

I move that the Los Alamos County Board of Public Utilities approve Contract No. 17-WC-40-668 between the Incorporated County of Los Alamos and the United States Bureau of Reclamation for lease of the County's 2017 allocation of San Juan/Chama Project water.

7. BUSINESS

- 7.A [9094-17](#) Presentation of Integrated Resource Plan

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.

In July of 2016, Electric Production presented a preliminary Implementation Plan to the Board to provide high level information as to how the DPU proposes to implement the Board-adopted recommendations that were identified in the July 7, 2015 Future Electrical Energy Resources Report (FEERR). A key component of that DPU plan was to contract with industry professionals who specialize in the development of Integrated Resource Plans (IRP). An IRP is a tool used to arrive at a best optimal mix of generation resources that meets a utility provider's goals and objectives at the best cost. The completed IRP will serve as the governing document to assist in future decision making for existing and new power generation resources to serve the Los Alamos County electrical energy demands. Pace Global analyzed and prioritized recommendations based on new and existing generation resources, forecasted loads, transmission and grid considerations, and risks associated with the various portfolios. Pace Global also considered DPU's goal to be carbon neutral by 2040 along with several of the FEERR recommendations. Ms. Feng Rong Li and Mr. Gary Vicinus from Pace Global presented their findings on the development of an Integrated Resource Plan (IRP), including results from the deterministic and stochastic analyses conducted on several electric generation portfolios.

The Board discussed this item and requested clarification where necessary.

Mr. Johnson opened the floor for public comments. Members of the public gave the following summarized comments:

1) Mr. Ed Birnbaum, 926 Circle Drive - On the graph on page 10 of the presentation, Mr. Birnbaum would like to add the costs of the small modular reactor (SMR), power purchase costs and peak vs. off-peak comparisons. He believes any graph in the presentation should show whether or not delivery is included. Mr. Birnbaum would like to see an acronym glossary. On page 11 of the presentation, there are different dates and amounts of power used in each scenario. He would like to know if there is a total amount of power being used in every scenario and if they are long or short in winter vs. summer. Mr. Birnbaum felt the graph on page 19 of the presentation was deceptive in that average power prices were being used rather than actual peak and off-peak power prices. Mr. Birnbaum would also like the acronym "SMR" revised to clarify that it is a nuclear reactor.

2) Ms. Coleen Meyer, 2167 A 35th Street - Ms. Meyer agrees that the acronym "SMR" should be revised to clarify that it is a nuclear reactor. Ms. Meyer has a rooftop photovoltaic (PV) system and would like to know how that fits into the equation of solar storage.

3) Mr. Richard Dunn, 107 Sierra Vista - Mr. Dunn is pleased to see that environmental stewardship was included in almost all of the portfolios presented. He thanked the staff and Board for establishing a carbon neutrality goal. Mr. Dunn passed out to the Board a copy of "The Conservative Case for Carbon Dividends" from the Climate Leadership Council and discussed carbon emission costs, the price of natural gas and the impact fracking has on the price of natural gas. He would like to see these things continue to be considered in the County's energy resource analysis.

The following items were identified for follow-up:

1) The consultant will provide a glossary of acronyms used in the report.

7.B [9559-17](#)

Preliminary Discussion on Non-potable Water Rate Ordinance

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 FY2018 budget includes an increase in non-potable rates from \$1.15 per 1,000 gallons delivered to \$2.50 per 1,000 gallons delivered. The proposed ordinance presented to the Board is required to effect implementation of that budget. As has been discussed previously, the non-potable function was previously absorbed by the water production subfund. There is now accounting in place to track non-potable costs separately. On a purely cost based basis, the rate proposed still does not completely cover the anticipated costs for FY2018. In fiscal year 2015 the Department began an aggressive program to refurbish and upgrade the non-potable system to maximize utilization of this important resource. This fits with the Department's stated mission to operate in an environmentally sustainable fashion. These upgrades and system improvements continue through FY2018, but by year-end it is anticipated that the Department will be able to budget continuing operations and maintenance at a level that can be sustained by the rate proposed. Thus, staff is not proposing an increase in the rate for "full cost recovery" of the FY2018 budget, but rather to establish a rate that is anticipated to sustain the function for the next several years without adjustment. There is also some value to the water production system in terms of reduced pumping at the well-head, reduced treatment and storage costs, and reduced consumption from the aquifer. While these benefits are hard to quantify economically, leaving the non-potable as a subfund and supplemented by water production makes sense.

FINAL - APPROVED

The Board discussed this item and requested clarification where necessary.

The following actions were identified for follow-up:

- 1) Staff will return to the Board in July with an ordinance to revise the non-potable rate as described in the staff report. Staff will include in the presentation the costs of the non-potable projects, especially the one-time capital improvement projects, that will go away in FY2019.

8. STATUS REPORTS

8.A 9595-17 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

The following actions were identified for follow-up:

- 1) In future status reports, staff will include a monthly budgetary snapshot of each utility subfund to show budget vs. expenditures.

9. PUBLIC COMMENT

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

- 1) Mr. Stephen McLin - Mr. McLin, speaking as a citizen, commented that he had received the water quality report. He thought it would be helpful if there was an indication of the number of the samples taken. Mr. Glasco was allowed to respond to discuss how the New Mexico Environment Department (NMED) determines sample sizes, frequency and reporting requirements.

10. ADJOURNMENT

The meeting adjourned at 10:03 p.m.

APPROVAL

Stephen McLin Vice-Chair (for Jeff Johnson)

Board of Public Utilities Chair Name

Stephen McLin

Board of Public Utilities Chair Signature

July 19, 2017

Date Approved by the Board

ATTACHMENT
OFFICER REPORTS
SUBMITTED AT THE MEETING

FINAL - APPROVED

MANAGER'S REPORT

JUNE 21, 2017

1. Conducted a tour of the Abiquiu Hydroelectric plant for the BPU on June 2. Three Board members plus the member elect took the tour.
2. The Corps of engineers will be decreasing flows from Abiquiu beginning the end of this week down to 180 cfs. At that flow, our generation is minimal. They will be using the opportunity to bring in the contractor to repair the butterfly valves installed on the vent shafts. The following week, flows will then be increased to over 300 cfs and remain there for the next several months. Expected generation loss will amount to around \$1800/day.
3. El Vado repairs are scheduled to begin the second week of July. JRM shows up on 8th to work on oil leak and prepare for seal installation. Seal is to be delivered on 10th, and Voith will show up on the 11th to oversee installation. Assuming all goes well, the unit will be commissioned and begin operation on July 17th.
4. The summer employee recognition luncheon was held on June 9 at Urban Park. It well attended by DPU staff.
5. The kick-off meeting for the supplemental Baseline Environmental Survey of the San Juan Generating Station was held today. The study is to update the previous BES in preparation for the exit of the California participants at the end of this year.
6. The House of Representatives passed the extension of the Nuclear Production Tax Credit last night. It is expected to be taken up by the senate in September. Still to be determined is if it proceeds as a stand-alone bill or as part of a larger tax reform measure.

Environmental Sustainability Board liaison report

Susan Barns, ESB Liaison 6/21/2017

Recent actions and discussion include:

- Announcement of 2017 LAC Educational and Business/Non-Profit Recyclers of the Year
 - Chamisa School won the award for Educational Institute Recycler of the Year for their recycling efforts, district-wide Recycle Art Contest, and especially their Zero-Waste Lunch Challenges. Green Team students and staff made a video showing how to pack a waste-free lunch, and held one-day and one-week Zero Waste Challenges, which had more than 160 participants. They plan to make another video to distribute district-wide, and have presented waste-free info to Pojoaque Schools. Chamisa has also moved away from using styrofoam lunch trays. We are very proud of the efforts Chamisa School has made to reduce their waste and encourage recycling!
 - The Pajarito Environmental Education Center (PEEC) won in the Business/Non-Profit category for their recycling and educational efforts, which include water and energy conservation education, many public programs on environmental issues, a sustainability discussion course, a tour of Friedman Recycling in Albuquerque, the Earth Day celebration (including a tour of the LAC Solar Array), and sustainable building and landscape practices.
- Implementation plan for new Brush and Bulk collection programs (for 2018)
- Information from the New Mexico Recycling Coalition meeting on June 8
 - Rio Rancho landfill is now expected to close in 6 – 8 years (vs. 3-4 years projected previously), due to increased recycling and reduced waste.
- The Environmental Sustainability Board has two vacancies to fill. We encourage all interested community members to apply!