



LOS ALAMOS

County of Los Alamos
Minutes
Board of Public Utilities

1000 Central Avenue
Los Alamos, NM 87544

*Jeff Johnson, Chair; Carrie Walker, Vice-chair; Paul Frederickson, Stephen McLin and
Kathleen Taylor, Members
Tim Glasco, Ex Officio Member
Harry Burgess, Ex Officio Member
Christine Chandler, Council Liaison*

Wednesday, March 21, 2018

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, March 21, 2018 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, Vice-chair Walker, Board Member Frederickson, Board Member McLin and Board Member Taylor

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 to pull item 7.A to a future meeting. The motion passed by the following vote:

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

Mr. McLin moved to approve the agenda as amended. The motion passed by the following vote:

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

4. BOARD BUSINESS

4.A. Chair's Report

Mr. Johnson reported on the following items:

1) We are advertising for new Board of Public Utilities members. He asked other Board members to encourage interested parties to apply.

2) It is time to start the Utilities Manager's performance review. In the past, the Board has had a closed session where they have discussed how they would like to go about the review. The Utilities Manager responds to the criteria provided the previous year, then the Board does a write-up and meets again to discuss it. Mr. Johnson is comfortable with this format again, but wanted the Board's input. Members did not express any opposition to this approach. Ms. Kephart will schedule a special closed meeting to begin the process.

4.B. Board Member Reports

Board members reported on the following items:

1) Ms. Taylor and Mr. McLin - Ms. Taylor and Mr. McLin are the representatives on the Board/Council Utilities Subcommittee. They recently had a meeting where they discussed whether there is an issue with the Board perhaps setting policy outside the bounds of the Charter. The Council Liaison, Ms. Christine Chandler, clarified that the discussion was related to County Code of Ordinances Section 40-45 that discusses under which circumstances the Council should be approving policies that are issued by the Board. The subcommittee discussed how to flesh out what was intended by that and what kind of policies should be coming back to the Council for approval. There is some work being done by the County Attorney's office to help the subcommittee hone in on that.

4.C. Utilities Manager's Report

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

Mr. McLin asked Mr. Glasco to discuss timing for upcoming contract approvals for the Advanced Metering Infrastructure (AMI) project. Mr. Glasco responded.

Mr. Johnson asked Mr. Glasco to discuss whether the change order for the Otowi Well No. 2 drilling would be coming back to the Board for approval. Mr. Glasco responded.

4.D. County Manager's Report

Mr. Burgess reported on the following items:

1) Last week, Mr. Burgess, Councilor David Izraelevitz and Councilor Antonio Maggiore traveled to Washington, D.C. as part of their annual conversation with representatives, the Department of Energy (DOE) and the National Nuclear Security Administration (NNSA). At the County's weekly leadership meetings, they have discussed concerns about Small Modular Reactor (SMR) issues. In D.C., they were able to meet with Edward McGinnis, who is the Principal Deputy Associate Secretary for the Office of Nuclear Energy. He was accompanied by a couple of staff members. They had a good conversation about the Carbon Free Power Project (CFPP). The Office of Nuclear Energy officials were certainly aware of the project and the Utah Associated Municipal Power Systems (UAMPS); however, they were confused on some points that Mr. Burgess hopes were clarified with regards to DOE's and NNSA's participation in the CFPP. They thought that since DOE was participating, NNSA was also fully participating. The County representatives explained to them that the County has a partnership with the NNSA and has actually reduced the megawatt subscription due to NNSA's inability to partner with the County in the CFPP. They discussed how that relates to the County's Electric Coordination Agreement (ECA) with NNSA. The information was quite enlightening to Mr. McGuinnis. Mr. McGinnis stated at the end of the conversation that he would be talking to his staff to find out what could be done with regards to CFPP participation. Two days later, they met

with NNSA officials, including the acting NNSA Director. The County representatives had a follow-up meeting with him to inform him of the concerns, the point being that it would be good for NNSA to participate early on rather than waiting. The NNSA officials thought that they could try to purchase power later. However, Mr. Burgess explained to them that they would be excluded if everyone else was already subscribed, and it would also be a good show of faith in the project for NNSA to be a participant early on. He believes the message was well received, but doesn't know what the outcome of those discussions will be.

4.E. Council Liaison's Report

Ms. Christine Chandler reported on the following items:

- 1) With regards to the Utilities Subcommittee meeting Mr. McLin and Ms. Taylor spoke of earlier, Ms. Chandler thought the subcommittee had a very good conversation.
- 2) Ms. Chandler is looking forward to the April 10th, joint Board/Council meeting regarding the Small Nuclear Reactor project.

4.F. Environmental Sustainability Board Liaison's Report

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

4.G. General Board Business

4.G.1 [10318-18](#) Quarterly Conservation Program Update

Presenters: James Alarid

Mr. Alarid was absent. Utilities Manager Mr. Timothy Glasco 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. Glasco presented the annual report for calendar year 2017 from the Pajarito Environmental Education Center (PEEC).

The Board discussed this item and requested clarification where necessary.

4.H. Approval of Board Expenses

There were no expenses.

4.I. Preview of Upcoming Agenda Items

4.I.1 [10584-18](#) 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) TBD - Closed Session to Conduct Utilities Manager's Annual Performance Review (Jeff Johnson)

5. PUBLIC HEARING(S)

There were no public hearings.

6. CONSENT AGENDA

Ms. Walker 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 Johnson, Vice-chair Walker, Board Member Frederickson, Board Member McLin and Board Member Taylor

6.A 10580-18 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 February 21st, 2018 as presented.

6.B 10299-18 Approval of AGR18-41 for the San Juan Generating Station Decommissioning Trust Agreement.

Presenters: Bob Westervelt

I move that the Board of Public Utilities approve AGR18-41 with Bank of Albuquerque for establishment of a Trust for the purpose of fulfilling the County's funding obligation under the San Juan Generating Station Decommissioning Trust Funds Agreement, and forward to Council for approval.

6.C AGR0558-18 Approval of Amendment No. 4 to Services Agreement No. AGR 12-3838 with John & Hengerer in the Amount of \$100,000.00 for Revised Total Agreement Amount of \$395,000.00, plus Applicable Gross Receipts Tax for the Purpose of Providing Legal Services to the Incorporated County of Los Alamos Relating to Matters Pending Before the Federal Energy Regulatory Commission and/or Other Federal Agencies Involved in Energy Regulation

Presenters: Steve Cummins

I move that the Board of Public Utilities approve, Amendment No. 4 to Services Agreement No. AGR 12-3838 with John & Hengerer in the Amount of \$100,000.00 for Revised Total Agreement Amount of \$395,000.00, plus Applicable Gross Receipts Tax for the Purpose of Providing Legal Services to the Incorporated County of Los Alamos Relating to Matters Pending Before the Federal Energy Regulatory Commission and/or Other Federal Agencies Involved in Energy Regulation and forward to County Council for Approval.

6.D AGR0561-18 Approval of Amendment No. 1 to Services Agreement No. AGR 16-4270 with Virtue & Najjar, P.C. in an Amount of \$200,000.00 for a Revised Total Agreement Amount of \$400,000.00, plus Applicable Gross Receipts Tax,

for the Purpose of Providing Legal Services in Connection with the Incorporated County of Los Alamos' Utilities Operations

Presenters: Steve Cummins

I move that the Board of Public Utilities approve Amendment No. 1 to Services Agreement No. AGR 16-4270 with Virtue & Najjar, P.C. in an Amount of \$200,000.00 for a Revised Total Agreement Amount of \$400,000.00, plus Applicable Gross Receipts Tax, for the Purpose of Providing Legal Services in Connection with the Incorporated County of Los Alamos' Utilities Operations, and forward to Council for approval.

7. BUSINESS

ITEM 7.A. WAS PULLED FROM THE AGENDA.

- 7.A [10539-18](#) Recommendations and Possible Action on Carbon Free Power Project (CFPP) Licensing Period Phase 1 Participation

Presenters: Steve Cummins

- 7.B [10317-18](#) Approval of Department of Public Utilities FY2019 & FY2020 Budget

Presenters: Bob Westervelt

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

Staff presented the proposed budget for FY2019 & FY2020. Overall the FY19 expenditure budget as presented is a reduction of 9.4% from the FY18 budget, attributable primarily to low cost of power in the electric fund, low cost of gas in the gas fund, and completion or delay of certain projects that are not being re-budgeted. FY20's projected expenditure budget represents approximately a 4% increase over FY18's approved budget and a 15% increase over the proposed FY19 budget. The increase in the FY20 budget is due primarily to planned construction of the White Rock Wastewater Treatment Plant in that year.

The Board discussed this item and requested clarification where necessary.

The following actions were identified for follow-up:

- 1) The Utilities Subcommittee representatives will consider discussing at a future subcommittee meeting the possibility of a sunset clause for County Code of Ordinances, Section 40-64 relating to the direct transfer of revenues or funds between utility systems.

Mr. McLin moved that the Board of Public Utilities approve the Fiscal Year 2019-2020 budget as presented and forward to Council for adoption. The motion passed by the following vote:

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

8. STATUS REPORTS

FINAL - APPROVED

8.A 10583-18 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 OSHA incident report for February was distributed at the meeting).

9. PUBLIC COMMENT

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

- 1) Ms. Susan Barnes 3406 Ridgeway - With regards to the Carbon Free Power Project (CFPP), Ms. Barnes thanked everyone for their efforts to reduce the County's potential obligation for phase 1 down to \$80,000.00 and for working through the intricacies of the Power Sales Agreement. She feels that this potential refundable investment is reasonable to keep options open and research all the alternatives. She looks forward to the results of the next Integrated Resource Plan. She hopes that the County is also planning to expend the same level of effort to investigate other possible renewable energy resources. She hopes to see the same type of extensive public outreach, collaboration with experts in the various fields, in depth analysis of pros and cons of all the options, and coordination with Council. Another decision point in the CFPP will be reached in another year, at which time the County will need to be able to answer the question, "Is this a good idea compared to the alternatives?"

10. ADJOURNMENT

The meeting adjourned at 7:02 p.m.

APPROVAL

Jeff Johnson
Board of Public Utilities Chair Name

[Signature] 4-18-18
Board of Public Utilities Chair Signature

April 18, 2018
Date Approved by the Board

ATTACHMENT
OFFICER REPORTS
SUBMITTED AT THE MEETING

FINAL - APPROVED

MANAGER'S REPORT

March 21, 2018

1. Police have arrested two suspects in the recent break-ins at the Pajarito Cliffs site. We are in the process of significantly upgrading security at the facility which should result in improved safety for our employees as well as deterring theft.
2. At the monthly meeting of the Project Management Committee for the Carbon Free Power Project modifications to the Power Sales Contract were adopted that deals the issues raised by Los Alamos County relating to handling requests for inspection of public records and for how debt service payments are described. These two changes were made to comport with New Mexico law. The vote on whether to approve the Power Sales Contract and proceed with the Carbon Free Project or drop out is scheduled for April 10th.
3. We are approaching the implementation date for the PRISM system, and staff will be undergoing extensive training during the next three months. As we are nearing the go-live date, we have returned Alicia Garcia back to her administrative duties, and also returned Sonya Ortiz to her regular duties in the Customer Care center.
4. We have been in consultation with Voith, the original equipment provider for the El Vado hydroelectric plant. Our plan for repair of the turbine generator unit is to remove the existing one-piece seal cover and replace it with the original equipment four-part seal cover. That, together with new O-rings, should take care of the oil leak problem. The new parts must be fabricated and the old parts removed by J.R. Merritt, so we do not anticipate the plant to be back on line for another couple of months.
5. LANL will be completing the TA-3 substation replacement project over the next four months. We have concerns that the new design deletes existing overcurrent protections that are critical to operation of the Los Alamos townsite electrical system. We are in discussions with the DOE and LANL utilities on a solution to this problem.
6. We have scheduled our first meeting with DOE contracting personnel, local DOE and LANL staff to begin negotiations on a post-2025 electric coordination agreement.
7. Work on Otowi Well No. 2 is still suspended pending completion of negotiations on a change order for the new drilling method.

Environmental Sustainability Board (ESB) liaison report

Susan Barns, ESB Liaison 3/21/2018

Recent activities of the ESB include:

- Development and approval of the ESB FY19 Work Plan
- Review of 2017 NMED Annual Reports
- Review of FY18 Quarter 2 Financial Report
- Discussion of Open Forum poll results regarding Yard Trimming Roll cart collection schedule. More than 1000 residents have signed up for their cart—please sign up online (through the Environmental Services web page) if you are interested in having a roll cart for curbside collection of your yard trimmings. Collection will begin in July.
- Discussion of upcoming Business and School Recycler of the Year competitions. Nominations will begin on Earth Day—please nominate outstanding businesses, non-profits and schools to be recognized for their sustainability efforts!
- Presentation on reducing residential recycling contamination
- Appointment of three new ESB Board Members: Lisa Bakosi, Dorothy Brown and Warren Mazanec
- Discussion of upcoming events: Earth Day, Recycle Fashion Show, Clean Up Los Alamos Day, ChamberFest, ScienceFest, Farmers' Markets, and another solid waste sort