



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, April 18, 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, April 18, 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 6 - Board Member Johnson, Vice-chair Walker, Board Member Frederickson, Board Member McLin, Board Member Glasco and Board Member Burgess

Absent 1 - Board Member Taylor

Mr. Johnson reported to staff that as authorized by §10-15-1 (H)(2) of the New Mexico Open Meetings Act, NMSA 1978, the Board of Public Utilities met in closed session on March 30th, 2018 to discuss information pertaining to limited personnel matters - Utilities Manager performance review and planning. He reported that the matters discussed were limited only to those specified in the meeting notice.

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. Members of the public gave the following summarized comments:

1) Four members of the Quadrumaniacs, a First Lego League team of 4th and 6th graders, gave a brief presentation to the Board. The teams are tasked, among other things, with presenting an innovative solution to a real-world problem. They saw that in Los Alamos, wastewater pipes flow from the tops of mesas down to the bottoms of valleys. Their idea was to use this flow to generate energy by installing turbines in some of the wastewater pipes. They presented two possible turbine designs developed by their team, which would harness the energy while separating the solids to prevent clogging.

3. APPROVAL OF AGENDA

Ms. Walker moved that the agenda be approved with the modification of removing 5.A. and 5.B. The motion passed by the following vote:

Yes: 4 - Board Member Johnson, Vice-chair Walker, Board Member Frederickson and Board Member McLin

Absent: 1 - Board Member Taylor

4. BOARD BUSINESS

4.A. Chair's Report

Mr. Johnson reported on the following items:

1) With regards to the presentation by the Quadrumaniacs, Mr. Johnson thought the idea of capturing the potential energy of the water we pump is not a bad idea. He doesn't know how feasible it is for the County, but he has been interested in seeing the County investigate this on some level. He believes a model that perhaps utilizes gravity flow to recapture some energy could be used pretty dramatically with a heavy distributed solar model where water is pumped during the day up to the storage containers to help even out the power load. Mr. Johnson asked the other members if they were interested in having staff perform a cursory investigation of the feasibility to determine if something like this could work, if technology available to make it achievable and whether it would be cost effective. The other three members agreed by general consensus that they would be interested the Department conducting a cursory investigation.

4.A.1 10373-18 Reminder for Upcoming Boards & Commissions Luncheon

Presenters: Board of Public Utilities

The month prior to a Boards and commissions luncheon, the attendee schedule will be included in the agenda packet as a reminder during the Chair's report. Mr. Johnson is scheduled to attend the May 17th luncheon.

4.B. Board Member Reports

There were no reports.

4.C. Utilities Manager's Report

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

Several members asked Mr. Glasco to elaborate on the cost associated with the TA-3 Substation concerns he discussed and expressed a desire for Mr. Glasco to continue to fully investigate all possible options for recouping those costs. With regards to the leaking oil seal on the El Vado turbine generator, Mr. Glasco was asked to elaborate on cost recovery from J.R. Merit. With regards to the unforeseen problems associated with the drilling of Otowi Well No. 2, Mr. Glasco was asked to discuss the possibility of moving the drilling location to a different spot.

4.D. County Manager's Report

Mr. Burgess reported on the following items:

1) In addition to passing the Utilities Department budget the prior evening, Council passed the entire budget for the next year. It was a flat budget in the General Fund, which translated to no raises for employees until the outcome of the contract award for Los Alamos National Laboratory is fully understood. At present, it has been stated that the

decision will be made on or around June 1st, as they are looking to transition prior to the change of the fiscal year. The County is looking forward to hearing what the decision will be. Council will then be revisiting the budget to look at either additions or deductions, depending on the outcome of the award.

4.E. Council Liaison's Report

Ms. Christine Chandler had nothing to report.

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.2 [10302-18](#) Briefing from County Manager on the County Strategic Objectives

Presenters: Harry Burgess

County Manager Mr. Harry Burgess presented this item. The following is the substance of the item being considered.

During the 2015 Board of Public Utilities Self-evaluation, the Board suggested that the County Manager present the County's goals and objectives to the Board and discuss overlap with the Department of Public Utilities. In December 2015, this was added to the Board's Policies and Procedures manual under the County Manager's responsibilities. Mr. Burgess presented the recently revised Los Alamos County Strategic Leadership Plan 2018 Update.

The Board discussed this item and requested clarification where necessary.

4.G.3 [10416-18](#) Quarterly Update on Utility System - Wastewater System

Presenters: Jack Richardson

Deputy Utility Manager of Gas, Water & Sewer Mr. Jack Richardson presented this item. The following is the substance of the item being considered.

The Board has requested a quarterly system assessment on a different utility each quarter. This quarter, Mr. Richardson presented an update on the wastewater system.

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 [10690-18](#) Tickler File for the Next 3 Months

Presenters: Board of Public Utilities

No new items were added to those already listed in the tickler provided in the agenda packet.

The tentative item for a public hearing to consider an unbundled rate structure will be removed until further notice.

5. PUBLIC HEARING(S)

ITEM 5.A. AND 5.B. WERE PULLED FROM THE AGENDA

- 5.A [10663-18](#) Public Hearing for Modification of Department of Public Utilities Rules & Regulations - Modifications to Rule GR-15: Deposits; and Deletion of Rule GR-16: Credit Rating

Presenters: Bob Westervelt

- 5.B [10662-18](#) Public Hearing for Modification of Department of Public Utilities Rules & Regulations - Fee Schedule, Preface & Table of Contents

Presenters: James Alarid

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:

Yes: 4 - Board Member Johnson, Vice-chair Walker, Board Member Frederickson and Board Member McLin

Absent: 1 - Board Member Taylor

- 6.A [10685-18](#) 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 March 21st, 2018 as presented.

- 6.B [AGR0548-18](#) Approval of Services Agreement No. AGR 18-28 with Transmission & Distribution Services LLC., in the amount of \$731,393.78, plus Applicable Gross Receipts Tax, for the Purpose of the White Rock Substation 15KV Retrofit & Upgrade Project

Presenters: Rafael De LaTorre

I move that the Board of Public Utilities approve, in a form acceptable to the County Attorney, Services Agreement No. AGR 18-28 with Transmission & Distribution Services, LLC. in the amount of \$731,393.78 and a contingency in the amount of \$50,000, for a total of \$781,393.78, plus applicable gross receipts tax, for the purpose of White Rock Substation 15KV Retrofit & Upgraded Project and forward to Council for approval.

- 6.C [10342-18](#) Approval of Revision to 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.D [10581-18](#) Approval of Re-appointment of Deputy Utility Manager of Finance and Administration, Bob Westervelt, as Los Alamos' Member on the New Mexico Municipal Energy Acquisition Authority (NMMEAA) Board of Directors

Presenters: Bob Westervelt

I move that the Board of Public Utilities approve re-appointment of Deputy Utility Manager of Finance and Administration, Bob Westervelt, as Los Alamos' member on the New Mexico Municipal Energy Acquisition Authority Board of Directors and forward to Council with a recommendation for appointment.

- 6.E [10686-18](#) Approval of Northern Rio Arriba Electric Cooperative (NORA) Third Revised Exhibit A and Amendment No.3 to the Operation, Maintenance and Wheeling Agreement Dated August 27, 1986

Presenters: Steve Cummins

I move that the Board of Public Utilities approve the NORA Third Revised Exhibit A and Amendment No.3, and forward to Council for their consideration with a recommendation for approval.

Mr. Johnson called for a recess at 7:32 p.m. The meeting reconvened at 7:42 p.m.

Mr. Burgess left the meeting at 7:32 p.m.

7. BUSINESS

- 7.A [10316-18](#) Discussion of Potential Rate Structure Alternatives

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.

There has been discussion for quite some time on changes to historical rate design to address issues in the modern utilities world. With the rapid expansion of distributed generation, rate design needs to address the issue of offsetting electric costs with distributed generation, while continuing to rely on the distribution system for backup or base load power. Other opportunities for properly apportioning costs to relevant cost drivers present themselves with the implementation of advanced metering and should be considered in rate design as well. There are several possible approaches to rate design that address these issues, each having their own pros and cons, which were presented to the Board. Staff is seeking guidance to attempt to narrow down the options to pursue based on those the individual members most favored in general.

FINAL - APPROVED

The Board discussed this item and requested clarification where necessary.

7.B 10546-18 Financing for Wastewater Treatment Plant Loans

Presenters: James Alarid

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

Two financial milestones were recently reached in the effort to replace the White Rock Wastewater Treatment Plant. On February 8, 2018 a payment of \$2,500,000 was made towards the existing loan for the Los Alamos Wastewater Treatment Plant. On April 7, 2018, the regular scheduled annual payment of \$964,888.54 was made towards the same loan. The resulting balance of the loan has been decreased to \$7,029,504.37. Staff recommends two actions associated with funding the new plant. The first is to refinance the existing loan now that interest rates are lower, and the second is a new loan for design and construction of the new plant. Both loans will be through the Clean Water State Revolving Loan (CWSRL) fund administered by the New Mexico Environment Department Construction Programs Bureau. Staff is seeking guidance to attempt to narrow down the options to pursue based on those the individual members most favored in general.

The Board discussed this item and requested clarification where necessary.

8. STATUS REPORTS

8.A 10688-18 Status Reports

Presenters: Department 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

9. PUBLIC COMMENT

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

10. ADJOURNMENT

The meeting adjourned at 9:42 p.m.

APPROVAL

Jeff Johnson
Board of Public Utilities Chair Name

[Signature]
Board of Public Utilities Chair Signature

May 16, 2018
Date Approved by the Board

ATTACHMENT
OFFICER REPORTS
SUBMITTED AT THE MEETING

FINAL - APPROVED

MANAGER'S REPORT

April 18, 2018

1. Budget passed last night by County Council 6-0.
2. Drilling of Otowi Well No. 2 has encountered numerous unforeseen problems. The basalt rock at the upper 200 ft. of the hole contains a large fracture that is causing loss of drilling fluid. Conversion to air drilling did not solve the problem. We put a camera down the hole and discovered a large fracture that basically follows the path of drilling. It is hoped that we will leave this basalt formation in another 50 ft. or so and then be in good shape for the remainder of the drilling. We anticipate coming to the Board and Council next month to ask for an increase in project budget.
3. We received a proposal from Voith Hydro to repair the leaking oil seals on the El Vado turbine generator. We are negotiating with JR Merrit who will pay. Estimated cost is approximately \$80K, so delay with the accompanying loss of generation will be much more costly to the County than simply getting the work done.
4. Work on installation of the new water line in Los Alamos Canyon is complete with pressure testing of the line wrapped up today. We anticipate issuing a press release about opening the canyon back up in the near future.
5. Met with representatives of DOE/NNSA and LANL on possible terms of a future Energy Coordination Agreement after the current agreement expires in 2025. We plan on meeting every other month until substantial agreement on the future terms is reached.
6. Jennifer Baca, our Wastewater Treatment Plant Supervisor was selected to fill the vacant Environmental Compliance Specialist position. She will begin her new job on April 23rd.
7. Met with DOE Area Manager and with NNSA contracting officer on TA-3 Substation concerns. Both agreed that we faced a problem and stated they would try to help us. The problem appears to be with the way the funding is specified for the project and the way DOE has set up the hierarchy of project management that basically cuts the local officials out of the decision-making chain of command.
8. I will not be attending the May BPU meeting due to a long-scheduled family commitment.

FINAL - APPROVED

Environmental Sustainability Board (ESB) liaison report

Susan Barns, ESB Liaison *4/18/2018*

Tomorrow night's meeting will include discussion of the ESB FY19 Work Plan, possible liaison appointment to the new Tourism Implementation Task Force, discussion of the evaluation criteria for the Business Recycler of the Year award, and finalizing the schedule for the residential collection of yard trimming and recycle roll carts.

Upcoming events/reminders:

- PEEC's Earth Day Festival is this Saturday, 10-2 at the Nature Center. Food, entertainment, activities for all ages, booths and information on all things sustainable!
- Clean-Up Los Alamos Day is Saturday, April 28, followed by an appreciation lunch for volunteers at Ashley Pond. Sign up online to participate.
- The Recycle Fashion Show is May 5 at noon at Fuller Lodge. Fashion, fun and incredible creativity will all be on display as local designers model their upcycled creations!
- Nominate your favorite business, school or non-profit for LAC's Business Recycler of the Year awards, and have them recognized for their sustainability efforts!
- Remember to sign up for your yard trimmings roll cart at the Environmental Services web page. Carts will be picked up starting in July.