



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*

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Wednesday, May 16, 2018

5:30 PM

1000 Central Avenue  
Room 110

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**REGULAR SESSION**

**1. CALL TO ORDER**

The regular meeting of the Incorporated County of Los Alamos Board of Public Utilities was held on Wednesday, May 16th at 5:30 p.m. at 1000 Central Ave., Room 110. 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**

**Absent 2 - Board Member Glasco and Board Member Burgess**

Deputy Utility Manager for Engineering Mr. James Alarid attended as the Acting Utilities Manager in the absence of Mr. Glasco

**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**

Item 6.D. was pulled from the Consent agenda to be taken up at the end of the Business agenda.

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**Ms. Walker moved that the agenda be approved as amended. The motion passed by the following vote:**

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**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. Jeff Johnson reported on the following items:

1) Mr. Johnson appreciates that there is an item on the June tickler to discuss backflow prevention.

2) Mr. Johnson reminded the Board that in July, the Board will be reaffirming its Policies and Procedures Manual. He encouraged members to take some time to review it in advance. If any members would like to propose changes, the June meeting would be the time to make those recommendations.

**4.B. Board Member Reports**

There were no reports.

**4.C. Utilities Manager's Report**

Mr. Glasco was not in attendance. Mr. James Alarid provided a written report, which is included in the minutes as an attachment.

**4.D. County Manager's Report**

Mr. Harry Burgess was not present. No report was given.

**4.E. Council Liaison's Report**

Ms. Christine Chandler arrived late. No report was given.

**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**

There was no general Board business.

**4.H. Approval of Board Expenses**

There were no expenses.

**4.I. Preview of Upcoming Agenda Items**

[10809-18](#) Tickler File for the Next 3 Months

**Presenters:** Board of Public Utilities

No additional items were identified for the tickler.

**5. PUBLIC HEARING(S)**

**5.A** [10726-18](#) 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

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

Historically, a credit rating was calculated by the billing system according to defined parameters and was used as one criteria in the determination of whether a deposit would

be required on a new or existing utilities account. Tyler Munis, the new Enterprise Resource Planning (ERP) system being implemented by the County, does not support automated calculation of a credit rating. The criteria used can be evaluated and applied by staff without the necessity of establishing a formal credit score. The recommended revision to rule GR-15 deletes reference to the credit rating, but adds some of the criteria previously delineated in Rule GR-16. Some minor language cleanup was included as well. Rule GR-16 defined the credit score criteria and calculation but is no longer applicable in the new ERP, so is recommended for deletion in its entirety.

The Board discussed this item and requested clarification where necessary.

The following actions were identified for follow-up:

1) During discussion, Board members suggested changes to the proposed modifications. Staff will return to the June regular meeting with revised proposed modifications for Board consideration.

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**Ms. Taylor moved to table this item [until the June regular meeting]. The motion passed by the following vote:**

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

**5.B      [10725-18](#)**

**Public Hearing for Modification of Department of Public Utilities Rules & Regulations - Fee Schedule & Preface**

**Presenters:**      James Alarid

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

The deposit for residential meters is currently \$60 per meter. Staff is proposing to allow the fees to be increased up to \$120 per meter in cases where the customer has a poor payment history. Clarifying language was added to the Water Hydrant Meter deposit. The name will be changed to Fire Hydrant Meter and language will be added to reinforce the deposit is refundable. Minor editing cleanups were also recommended for the Preface.

The Board discussed this item and requested clarification where necessary.

1) During discussion, Board members suggested changes to the proposed modifications. Staff will return to the June regular meeting with revised proposed modifications for Board consideration.

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**Ms. Taylor moved to table this item until next month. The motion passed by the following vote:**

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

**6.      CONSENT AGENDA**

# FINAL - APPROVED

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Ms. Walker moved that the Board of Public Utilities approve the items on the Consent Agenda as amended and that the motions contained in the staff reports be included in the minutes for the record. The motion passed by the following vote:

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

6.A [10805-18](#) 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 April 18th, 2018 as presented.

6.B [RE0370-18](#) Approval of Incorporated County of Los Alamos Resolution No. 18-10: A Resolution Removing Uncollectible Utility Accounts from the Incorporated County of Los Alamos' Accounts Receivable List for Fiscal Year 1999 Through Fiscal Year 2013

Presenters: Bob Westervelt

I move that the Board of Public Utilities approve Incorporated County of Los Alamos Resolution No. 18-10: A Resolution Removing Uncollectible Utility Accounts from the Incorporated County of Los Alamos' Accounts Receivable List for Fiscal Year 1999 Through Fiscal Year 2013 and forward to the Council with a recommendation for approval.

6.C [10720-18](#) Approval of Contract No. 18-WC-40-694 with the United States Bureau of Reclamation for Lease of the 2018 Allocation of San Juan/Chama Project Water

Presenters: Jack Richardson

I move that the Board of Public Utilities approve Contract No. 18-WC-40-694 between the Incorporated County of Los Alamos and the United States Bureau of Reclamation for lease of the County's 2018 allocation of San Juan/Chama Project water.

## **7. BUSINESS**

7.A [10693-18](#) Recommendations and Possible Action Regarding Los Alamos County's Participation in the San Juan Generating Station Post 2022

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.

Per the New Exit Date Amendment Amending and Restating the Amended and Restated San Juan Project Participation Agreement (PPA), section 40B.1 requires all of the project participants to notify PNM (Plant Operator) in writing whether they wish to extend the Coal Sales Agreement and term of the PPA beyond July 1, 2022. On January 20, 2016, the Board of Public Utilities adopted several strategic initiatives for electrical energy

resources. One of the recommendations was to “plan to exit San Juan Generating Station (SJGS) ownership share in the mid-2020’s, under the most opportune circumstances.” The Integrated Resource Plan (IRP) completed by Pace Global in August 2017 identified a preferred strategy for satisfying the County’s electric power requirements over the 2017 - 2036 timeframe, while also meeting DPU’s goal of being a carbon neutral electrical energy provider by 2040. The IRP concluded the County need not rush to commit to new resources until several uncertainties regarding small modular nuclear reactors, solar and storage are resolved. A staged approach to add smaller and incremental capacity resources on a need basis provides overall cost benefits for the Los Alamos Power Pool (LAPP) and maintains flexibility in the face of future uncertainties. Based on the projected market prices over the planning horizon, the IRP recommends exiting the SJGS at the expiration of the current PPA on June 30, 2022. The Operating Committee for the Electric Coordination Agreement (ECA) has agreed to exit the SJGS on June 30, 2022 and purchase the replacement power from the market for the remaining three years of the current ECA. In addition to the IRP findings, the most significant finding of PNM’s IRP is that retiring PNM’s 497-MW share of SJGS in 2022 would provide long-term cost savings for PNM’s customers. As part of its longer-term portfolio diversification strategy, Tucson Electric Power Company’s also plans to exit San Juan at the end of June 2022.

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) Ms. Sue Barns, 3406 Ridgeway Drive - With regards to plans to solicit bids to supply block power to serve the load of the LAPP after exiting the SJGS, she believes this is a good opportunity for the County to jump start the shift to carbon neutral power. She encouraged the County to emphasis renewable energy resources as much as possible when seeking bids and would like to see the shift to carbon neutrality occur sooner rather than later.

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**Mr. Frederickson moved that the Board of Public Utilities authorize the Utilities Manager to notify the San Juan Project Participants in writing of the County’s intentions to exit the station at the end of the current Project Participation Agreement, June 30, 2022 and forward to County Council for approval. The motion passed by the following vote:**

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

**No: 1 - Board Member McLin**

**7.B      [10740-18](#)**

**Wastewater Loan Discussion**

**Presenters:**      James Alarid

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

In April, staff presented options to refinance the existing debt on the Los Alamos wastewater treatment plant and for a new construction loan for the design and construction of a new White Rock wastewater treatment plant. In April, staff recommended refinancing the existing debt for the same length of time (total of 20 years)

as the original loan. Staff recommended a 25-year term for the new construction loan for the White Rock wastewater treatment plant. The general consensus of the Board was to finance both loans for longer terms to lower the annual debt service payments. Supplemental information considering the time value of money was provided at this meeting to assist in the determination of which loan terms provide DPU the most value. The evaluation provided in the agenda packet focused on terms longer than those recommended by staff in April.

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. Cornell Wright, 700 Totavi - Mr. Wright noted that inflation rates have varied greatly. He asked if the Board had considered the present value effects at different inflation rates.

The following actions were identified for follow-up:

1) Though no formal action was taken, the general consensus of the members was that scenario C2 from the agenda packet documentation with a 25-year refinance / 30-year construction loan would probably be the most prudent way to proceed. Staff will move forward with the refinancing and loan process with this in mind and will return to the Board at a future date for approvals.

**7.C      [10742-18](#)**

**Approval of Budget Revision No. 2018-14 for the Purpose of Otowi Well No. 2**

**Presenters:**      James Alarid

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

The purpose of this item is to consider a budget revision relating to the drilling of the Otowi Well No 2. The budget revision increases the expenditure budget by \$350,000 for possible change orders to the construction contract for Otowi Well No 2 (Contract No. AGR17-30). No amendment is necessary because the agreement allows for change orders (for unforeseen conditions in drilling the well) to increase funding up to the total amount budgeted. The drilling subcontractor mobilized and began drilling in January 2018. A layer of basalt was encountered about 50' below ground, which has caused multiple complications in the drilling operation due to the presence of fractures in the basalt. The solution recommended by the driller was to change the drilling method to an air rotary drilling method. The change in drilling method involved significant modification to the drilling rig and additional support equipment to operate. The fractured basalt creating the problem was an unforeseen condition, and a change order of \$345,660.70 was negotiated to make the change in drilling methods. The additional \$350,000 of contingency will only be used if a justified change in conditions is encountered. If a future change order is necessary, it will be negotiated and executed as stipulated in the contract. Given the nature of well drilling and the unknown geological conditions, additional cementing of the borehole is expected to require future change orders.

The Board discussed this item and requested clarification where necessary.

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Ms. Taylor moved that the Board of Public Utilities approve Budget Revision 2018-14 as summarized on attachment A and that the attachment be made a part of the minutes of the meeting. She further moved the Budget Revision be forward to Council for approval. The motion passed by the following vote:

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

## **ITEM 6.D WAS PULLED FROM CONSENT AND MOVED TO BUSINESS**

- 6.D      [10741-18](#)      Award of IFB 18-21 for the Purpose of A Replacement Uninterruptable Power Supply for SCADA Systems with Nationwide Power Solutions in the Amount of \$62,289.00, plus Applicable Gross Receipts Tax.

**Presenters:**      James Alarid

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

An uninterruptable power supply (UPS) is a fundamental component of the water and electric SCADA systems. The UPS contains an integral battery back-up that keeps the systems powered in the event of a power failure. The existing UPS has been in service almost 20 years and is at the end of it's useful life. Four bids were received and Nationwide Power Solutions submitted the lowest responsive bid.

The Board discussed this item and requested clarification where necessary.

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Mr. McLin moved that the Board of Public Utilities approve the Award of IFB 18-21 for the Purpose of a Replacement Uninterruptable Power Supply for SCADA Systems with Nationwide Power Solutions in the Amount of \$62,289.00 and a contingency in the amount of \$10,000.00, for a total of \$72,289.00 plus Applicable Gross Receipts Tax. The motion passed by the following vote:

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

## **8. STATUS REPORTS**

- 8.A      [10806-18](#)      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

## **9. PUBLIC COMMENT**

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

FINAL - APPROVED

Board of Public Utilities

Minutes

May 16, 2018

comments.

10. ADJOURNMENT

The meeting adjourned at 8:28 p.m.

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APPROVAL

Jeff Johnson

Board of Public Utilities Chair Name

[Signature] 6-20-18

Board of Public Utilities Chair Signature

June 20, 2018

Date Approved by the Board



ATTACHMENT  
OFFICER REPORTS  
SUBMITTED AT THE MEETING

# FINAL - APPROVED

## **Manager's Report**

**May 16, 2018**

1. DPU's biennial Employee Engagement Survey is ongoing. It will close on May 31, 2018.
2. Repairs to the oil leaks on the runner blade trunnion seals are scheduled for June 25, 2018. Work will take about two weeks. DPU has hired the turbine manufacturer to perform the repairs. DPU maintains that the repairs are covered by the contractor's warranty.
3. Implementation of the new PRISM system, the County's new enterprise resource planning (ERP) system, is on schedule to go live on July 1, 2018. Training of all County staff has begun. Several 4-hour training sessions on the various aspects of the new system will be ongoing throughout May and June.
4. A new Utility Board member will be selected by the Council in its May 22, 2018 meeting in White Rock. There are three candidates.

## FINAL - APPROVED

### **Environmental Sustainability Board (ESB) liaison report**

*Susan Barns, ESB Liaison*      *5/16/2018*

Recent activities of the ESB include:

- Finalization of the collection schedule for yard trimmings and recycle roll carts. Beginning in July, recycling and yard trimmings will be collected on an alternating week schedule (each cart collected once every two weeks). If you would like a yard trimming roll cart, please sign up online. If you will need a larger recycling cart, or a second cart, as a result of this schedule change, please contact the Eco Station.
- Los Alamos Recycler of the Year nominations are closed, and public voting will run May 21 to June 1. We encourage you to support sustainability efforts by local businesses, non-profits and schools by voting!
- Once again, the Recycle Fashion show was a creative and trend-setting success, with participation by children and adults.

Tomorrow night's meeting will include discussion of Environmental Services 3<sup>rd</sup> Quarter FY18 finances, review of recent outreach events and planning for upcoming booths at summer community events.

ATTACHMENT  
ITEM 7.C. BUDGET REVISION

FINAL - APPROVED

## Budget Revision 2018-14 Otowi Well

**Board of Public Utilities Meeting Date: May 16, 2018**

**Council Meeting Date: May 22, 2018**

	Fund/Dept	Brass Org	Revenue (decrease)	Expenditures (decrease)	Transfers In(Out)	Fund Balance (decrease)
1	Water Production Fund	WP7xxx - 8369		\$ 350,000		\$ (350,000)
<p><b>Description:</b> The purpose of this budget revision is to increase the expenditure budget by \$350,000 for possible change orders to the construction contract for Otowi Well No 2 (Contract: AGR17-30). No amendment necessary because the agreement allows for change orders (for unforeseen conditions in drilling the well) to increase funding up to the total amount budgeted.</p> <p><b>Fiscal Impact:</b> The net fiscal impact to the Water Production Fund is an increase to expenditures and a decrease to fund balance in the amount of \$350,000.</p>						