



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
Pete Sheehey, Council Liaison*

Wednesday, January 16, 2019

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, January 16th, 2018 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 Taylor and Board Member Glasco

Absent 1 - Board Member Burgess

Deputy County Manager Mr. Steve Lynne attended for Mr. Burgess.

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) Mr. Steve Tobin, 1856 Cooper Place - Mr. Tobin provided a written comment, which is included in the minutes as an attachment.

3. APPROVAL OF AGENDA

Ms. Taylor moved that the agenda be approved as presented. 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 had nothing to report.

4.B. Board Member Reports

Board members reported on the following items:

1) Mr. McLin - Mr. McLin expressed his gratitude to the former Deputy Utility Manager of Electric Distribution, Mr. Rafael De La Torre, who left the County to take a position at Los Alamos National Lab. He thanked Mr. De La Torre for his service to the community.

2) Mr. Frederickson - Mr. Frederickson noted that at least two customers have commented to him that it is not fair if the expense of reading meters for those who don't want to use net metering is put on the rest of the rate payers. They believe the people who don't want net metering should pay for that extra expense. *[Mr. Frederickson clarified after the meeting that his report was regarding "smart meters" rather than "net metering."]*

3) Mr. McLin and Ms. Taylor volunteered to serve on the joint Board/Council subcommittee.

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

Mr. Pete Sheehey reported on the following items:

1) Mr. Sheehey has discussed expectations with Council Chair Sara Scott. They agree they want to continue or amplify the amount of joint work with the Board/Council subcommittee. Once the four members are in place, a schedule will be set with the goal in mind of keeping on the same page, not getting behind on deadlines and giving everyone time to make good or revised decisions if necessary. Council will ask staff, in some cases, to bring matters earlier so that there is time to consider alternatives and answer questions. Mr. Sheehey gives staff advance warning when he has questions about something in an agenda so that they have time to prepare answers. Council leadership has been talking about possibly getting Council agenda packets published sooner. He recognizes that is a burden on staff, but feels in the long run it will save time, especially in situations where something must be delayed because Council members can't agree.

2) Mr. Sheehey will continue to promote the progress the past two liaisons urged in preparing budgets and making sure all the sub-utility funds have adequate reserves. A huge amount of progress has been made toward that end, but there are still a few funds where he would like to see the reserves adequately funded in a shorter timeframe. Mr. Sheehey recognized that the money to do that has to come from somewhere, and rates should not be raised unnecessarily; nevertheless, he believes these reserve funds are important to continued operations.

3) Mr. Sheehey feels that rates should be charged to cover normal anticipated maintenance. However, there are still existing historical situations where sewer and water pipes were run in a very non-standard fashion. Mr. Sheehey feels that repairs of that kind are an obligation on the whole town. Mr. Sheehey would have no problem recommending that general capital improvement funds be used to repair those types of mistakes and

doesn't believe it should fall on the general rate payer. He noted that everyone who buys a house here expects to have a basic utility infrastructure, and if that hasn't been provided, he believes that should be paid for with general monies. Mr. Sheehey explained that the Board is authorized in some cases to recommend general obligation bonds to meet necessary expenses. He clarified that he is not saying general obligation bonds should be used if there is other capital improvement money, and at least three other councilors would have to be convinced to utilize general capital improvement money, which is very tightly fought over. Mr. Sheehey informed the Board that he was at the legislative session today. County representatives are continuing to work to have the same law passed that was passed last year so that regardless of LANL's status as profit or non-profit, they would be required to pay gross receipts tax. If that does come to pass, Mr. Sheehey feels there would be additional capital improvement funds to meet both recreational and other infrastructure needs.

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 [11564-19](#) Approval of Board of Public Utilities Meeting Calendar for 2019

Presenters: Jeff Johnson

In accordance with Incorporated County of Los Alamos Resolution No.19-01 regarding the Open Meetings, notice of regular meetings of all county boards, commissions and policymaking bodies shall be given ten days in advance of the meeting date. Each County board, commission and policymaking body may adopt a schedule of its regular meetings for the present calendar year or the balance thereof.

Mr. Frederickson moved the Board of Public Utilities approve the proposed Board meeting calendar for 2019. 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.G.2 [11565-19](#) Approval of Meeting Agenda Outline for 2019

Presenters: Jeff Johnson

Section 3.3 of the Board of Public Utilities Policies and Procedures Manual outlines an annual calendar of BPU activities. Annually at the January meeting, the Board is to review and approve the standard meeting agenda outline in section 3.4 of the PPM.

Ms. Walker moved that the Board of Public Utilities approve the meeting agenda outline for 2019 as presented. 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.G.3 [11566-19](#) Appointment of Board Member to Audit Committee for 2019

Presenters: Jeff Johnson

Mr. Johnson was appointed to serve on the Audit Committee for 2018.

4.G.4 [11567-19](#)

Affirmation of the Incorporated County of Los Alamos Open Meetings Resolution No. 19-01

Presenters: Jeff Johnson

At the first County Council meeting of a new calendar year, Council passes an Open Meetings Resolution that establishes minimum standards of reasonable notice to the public for all meetings of County boards, commissions, and policy making bodies. After the resolution is passed, the Board of Public Utilities reviews the resolution at the next regularly scheduled meeting and affirms the standards, as per Section 2.12.C of the Board's Policies and Procedures Manual.

Ms. Taylor moved that the Board of Public Utilities affirm Incorporated County Of Los Alamos Resolution No. 19-01; A Resolution Establishing Minimum Standards Of Reasonable Notice To The Public For All Meetings Of The Council, The County Indigent Hospital And County Health Care Board And Of All County Boards, Commissions And Policymaking Bodies. 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.G.5 [11568-19](#)

Election of Board of Public Utilities Chair and Vice-chair for 2019

Presenters: Jeff Johnson

The Board of Public Utilities shall annually elect its chair and such officers as it desires from among its members. The election shall occur at the regular meeting in January of each year. (LAC Ordinance Sec. 40-41. Board of public utilities - Organization)

ELECTION OF BOARD CHAIR:

Member Taylor nominated Member Walker.

After a roll call vote, Member Walker was appointed Board Chair.

Member Walker: 5 - Member Frederickson, Member Johnson, Member McLin, Member Taylor, Member Walker

ELECTION OF BOARD VICE-CHAIR:

Member Taylor nominated Member Johnson.

After a roll call vote, Member Johnson was appointed Board Vice-chair.

Member Johnson 4 - Member Frederickson, Member Johnson, Member Taylor, Member Walker

Abstained - Member McLin

4.G.6 [11312-18](#) Quarterly Update on Utility System - Water 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. Mr. Richardson presented an update on the water 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 [11551-19](#) Tickler File for the Next 3 Months

Presenters: Board of Public Utilities

No additional items were identified for the tickler.

Mr. Johnson called for a recess at 7:34 p.m. The meeting reconvened at 7:44 p.m.

5. PUBLIC HEARING(S)

There were no public hearings scheduled for this meeting.

6. CONSENT AGENDA

Mr. 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 [11550-19](#) Approval of Board of Public Utilities Meeting Minutes

Presenters: Department of Public Utilities

I move that the Board of Public Utilities approve the meeting minutes of December 19th, 2018 as presented.

6.B [AGR0609-19](#) Approval of Services Agreement AGR19-27 with Los Alamos National Bank in the amount of 142,800.00, plus New Mexico Gross Receipts Tax, for the Purpose of Lock Box Services.

Presenters: Bob Westervelt

I move that the Board of Public Utilities approve agreement AGR19-27 with Los Alamos National Bank in the amount of 142,800.00, plus New Mexico Gross Receipts Tax, for the Purpose of Lock Box Services.

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- 6.C [AGR0610-19](#) Approval of Services Agreement No. AGR19-18 with Transmission & Distribution Services, LLC in the amount of \$195,000.00 plus Applicable Gross Receipts Tax, for the Purpose of On-call Services for Utility Power Distribution Electrical Engineering

Presenters: Steve Cummins

I move that the Board of Public Utilities approve Services Agreement No. AGR19-18 with Transmission & Distribution Services, LLC in the amount of \$195,000.00 plus Applicable Gross Receipts Tax, for the Purpose of On-call Services for Utility Power Distribution Electrical Engineering

- 6.D [11537-19](#) Approval of the Purchase of an Aerzen Blower from Advanced Process Technologies in the Amount of \$114,365.00, plus Applicable Gross Receipts Tax

Presenters: Jack Richardson

I move that the Board of Public Utilities approve the purchase of an Aerzen Blower as outlined in quote E14-24118.R3, from Advanced Process Technologies in the amount of \$114,365.00, plus applicable gross receipts tax.

7. BUSINESS

- 7.A [11570-19](#) Board of Public Utilities (BPU) Policy Regarding Smart Meter Opt Outs

Presenters: Bob Westervelt

The following actions were identified for follow-up:

1) At their meeting on December 18, 2018, Council approved a contract for Advanced Metering Infrastructure equipment and services with the stipulation that the contract not be executed until Council approved a Board of Public Utilities smart meter opt out policy. Prior to taking any action on this policy, the Board will work more with Council to determine if this stipulation was within the Councils purview under the Charter.

Mr. Johnson moved to table this item. The motion passed by the following vote:

Yes: 3 - Board Member Johnson, Vice-chair Walker and Board Member Frederickson

No: 2 - Board Member McLin and Board Member Taylor

- 7.B [11569-19](#) Initial Discussion - Water Rate Adjustment

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 FY2019/20 budget includes a

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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. A scenario that was the considered the most reasonable balance between increased rates and necessary system expenditures was selected and was the foundation upon which the ten-year budgetary projection was based. A 6.25% increase in both retail and wholesale sales is proposed, plus an increase from \$2.50 per 1000 gallons to \$2.66 per 1000 gallons for non-potable water sales.

The Board discussed this item and requested clarification where necessary.

The following actions were identified for follow-up:

- 1) Mr. Westervelt will return to the Board in February as planned to present a water rate ordinance for approval.

8. STATUS REPORTS

8.A 11552-19 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. Members of the public gave the following summarized comments:

- 1) Mr. McLin reiterated his comments from the Board member reports.

10. ADJOURNMENT

The meeting adjourned at 8:27 p.m.

APPROVAL

Carrie Walker
Board of Public Utilities Chair Name

Carrie Walker
Board of Public Utilities Chair Signature

February 20, 2019
Date Approved by the Board

ATTACHMENT WRITTEN PUBLIC COMMENTS

People who give public comment at a meeting may submit a written copy before, during or after the meeting to be included in the minutes.

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Comments to Utility Board by Steve Tobin of North Mesa (1856 Cooper Pl.), 1/16/2019

- I support Los Alamos County's successful achievement of carbon neutrality!
- My comments consider the following as input:
 - Discussions surrounding Los Alamos County's involvement in the Small Modular Reactor (SMR) project in Idaho
 - The Integrated Resource Planning Document produced by Pace Global (Siemens) for Los Alamos County
 - The economic data on the Levelized Cost of Energy (LCOE) by Lazard Financial Advisors, specifically:
 - Currently deployed, industrial-scale wind and solar photovoltaic (PV) are the cheapest means of producing electricity based on the comparative, unsubsidized LCOE of all energy sources.
 - <https://www.lazard.com/perspective/levelized-cost-of-energy-2017/>
 - We live in a state and a local region that is blessed with abundant sources of both wind and solar power.
 - The inclusion of ~10 hours of storage to a solar PV and/or wind deployment roughly doubles the cost of that system. Note: given the recent large investment in battery technology, storage costs have been falling at a rate of ~15%/year the past few years.
- I hope the Board and Utilities Department will address the following concerns to help Los Alamos residents and Council make informed decisions:
 - Quantify the economic ramification of building solar and wind and not providing storage. In other words, "using the grid" to avoid buying storage.
 - Make sure that the decision on the SMR is a choice among options rather than an isolated decision on the SMR?
 - From listening to discussions in past Board of Public Utility meetings, I perceived a desire to obtain renewable energy from within the county boundaries. Is this accurate? If so, I would suggest it is counterproductive and surprising. Surprising because we have been willing to obtain our coal power from the 4 Corners Region and Wyoming, and our potential nuclear from Idaho; counterproductive because solar and wind benefit from (1) large deployments, (2) optimal location selection and (3) deployment on inexpensive land.
- Final comments:
 - Energy markets are in transition, "the rules of the game today are unlikely to be the rules of the game in 10 years." Yet, the county needs to make long ranging decisions in the midst of this uncertainty.
 - A vision of where the low-cost path is likely to be would greatly help at this moment. I would like to call your attention to research performed by NOAA researchers in Boulder which indicates that an 80% non-carbon path is possible using current technology without increasing the cost of electricity [MacDonald, A. *et al.*, "Future cost-competitive electricity systems and their impact on US CO₂ emission," *Nature Climate Change*, January 2016. A 3-minute summary: <https://www.youtube.com/watch?v=sAiOSsPzCow>].

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A high voltage direct current grid connecting all regions of the USA is central to the low-cost scenario outlined by NOAA researchers.

- After a career working in the nuclear profession, I am apprehensive regarding the county investing in the SMR. My expectation is that the SMR project will be behind schedule and over budget. The maturity of the technology is such that DOE should be 100% funding development at this time.
- From the most recent New Mexico elections, several candidates (Governor, Land Commissioner, etc.) running on platforms of advancing renewable energy development won positions.

ATTACHMENT
OFFICER REPORTS
SUBMITTED AT THE MEETING

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Utility Manager's Report January 16, 2019

1. I am meeting tomorrow (1/17) with NNSA to discuss options for a successor to the current ECA.
2. I am also meeting tomorrow with NNSA to begin discussions on opening negotiations for the new water sales contract and water rights lease renewal.
3. Today was the first meeting with our contractor who is performing the 5-year management audit.
4. The DPU new employee orientation is scheduled for next week Thursday, (1/23). The three new county councilors have all been invited to attend.
5. We will be holding a tabletop emergency exercise on 1/24. The scenario is a prolonged widespread power outage.
6. Work at Otowi Well No. 2 recommenced on 1/13 with reaming operations. All of the well screen and most of the gravel pack has been delivered to the site. The current schedule calls for reaming to be completed by 1/26 with final test pumping completed by 3/13. The New Mexico Office of Medical Investigations completed their investigation into the fatality at the well site earlier this month. While we have not received copy of the report, NMOSHA called off their investigation, leading us to believe that the death was most likely of natural causes.
7. I will be out of the office the last week of January (1/28 – 2/1) attending the annual conference of the New Mexico Water and Wastewater Association and obtaining continuing education credits toward my Operator licenses.
8. Several promotions and job changes have occurred in the DPU over the past month. Three GWS Division employees were promoted: Stephen Abeyta was promoted from Senior Pipefitter to GWS Field Supervisor, Rick Herrera was promoted from Senior Water Operator to Water Production Supervisor and Joshua Silva was promoted from Senior Wastewater Operator to Wastewater Treatment Plant Supervisor. The Electric Distribution Division was assigned to Steve Cummins, in addition to his existing duties as Electric Production division manager and Steven Marez was assigned to supervise the Electric Lineman Supervisors.

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Environmental Sustainability Board (ESB) liaison report

Susan Barns, ESB Liaison *1/16/2019*

Last month's activities include:

- Presentation on options for at-home composting systems
- Discussion of new initiative by the Zero Waste Team to reduce food waste in LAC
- Discussion of the ESB Work Plan for FY20
- Election of Chair and Vice Chair, and approval of the 2019 meeting schedule

Tomorrow night's ESB meeting will include:

- An awards ceremony for the winners of the 2018 October EcoChallenge
- A presentation on food waste composting at Reunity Resources in Santa Fe
- Presentation on Identification of Regional Composting Facility Sites and Costs
- Discussion of the ESB Work Plan for FY20

Other items to note:

- We have four candidates to fill the vacancy left by James Robinson's departure. If any of you sent anyone our way for this position, thank you very much!