



LOS ALAMOS

County of Los Alamos

Los Alamos, NM 87544
www.losalamosnm.us

Minutes

County Council – Regular Session

*David Izraelevitz, Council Chair; Christine Chandler, Council Vice Chair;
James Chrobocinski, Antonio Maggiore, Susan O'Leary,
Rick Reiss, and Pete Sheehey, Councilors*

Tuesday, March 6, 2018

6:00 PM

Council Chambers-1000 Central Avenue

TELEvised

COUNCIL REGULAR SESSION AND A JOINT SPECIAL SESSION WITH THE BOARD OF PUBLIC UTILITIES

1. OPENING/ROLL CALL

The Council Vice-Chair, Christine Chandler, called the meeting to order at 6:01 p.m.

The following Councilors were in attendance:

Present: 5 - Councilor Chandler, Councilor Maggiore, Councilor O'Leary, Councilor Reiss,
and Councilor Sheehey

Absent: 2 - Councilor Izraelevitz and Councilor Chrobocinski

The following Board of Public Utilities members were in attendance:

Present: 5 - Jeff Johnson, Carrie Walker, Stephen Mclin, Kathleen Taylor, and
Paul Frederickson

2. PLEDGE OF ALLEGIANCE

Led by: All

3. STATEMENT REGARDING CLOSED SESSION

A motion was made by Councilor Sheehey, seconded by Councilor Maggiore, that Council approve the following statement for inclusion in the minutes: "The matters discussed in the closed session held on March 6, 2018 that began at 5:00 p.m. were limited only to those topics specified in the notice of the closed session, and no action was taken on any matter in that closed session."

The motion passed by acclamation with the following vote:

Yes: 5 - Councilor Chandler, Councilor Maggiore, Councilor O'Leary, Councilor Reiss,
and Councilor Sheehey

Absent: 2 - Councilor Izraelevitz and Councilor Chrobocinski

4. PUBLIC COMMENT

Ms. Peggy Pendergast, 149 Manhattan Loop, bid farewell to Los Alamos.

5. COUNTY COUNCIL-JOINT SPECIAL SESSION WITH THE BOARD OF PUBLIC UTILITIES

6. BUSINESS

A. Joint Board of Public Utilities & Council Meeting-Discussion on the Carbon Free Power Project

Mr. Timothy Glasco, Utilities Manager, spoke.

Ms. Jackie Flowers, Chairman of UAMPS (Utah Associated Municipal Power Systems) Board of Directors, City of Idaho Falls General Manager, spoke.

Mr. Steve Cummins, Deputy Utilities Manager, spoke.

Mr. Jordan Garcia, Power System Supervisor, spoke.

Mr. Mason Baker, UAMPS (Utah Associated Municipal Power Systems) General Counsel, spoke

Mr. Richard Virtue, General Counsel for Los Alamos County, spoke.

Mr. Chris Colbert, NuScale Chief Strategy Officer, spoke.

Public Comment:

Mr. Robert Gibson, 1456 Camino Redondo, spoke.

No Action Taken.

RECESS

Councilor Chandler called for a recess at 8:17 p.m. The meeting reconvened at 8:29 p.m.

7. ADJOURNMENT OF JOINT SPECIAL SESSION/COUNCIL REGULAR SESSION

The joint special session adjourned at 8:48 p.m.

8. APPROVAL OF AGENDA

A motion was made by Councilor Sheehey, seconded by Councilor Maggiore, that the agenda be approved as presented.

The motion passed by acclamation with the following vote:

Yes: 5 - Councilor Chandler, Councilor Maggiore, Councilor O'Leary, Councilor Reiss, and Councilor Sheehey

Absent: 2 - Councilor Izraelevitz and Councilor Chrobocinski

9. **PUBLIC COMMENT FOR ITEMS ON CONSENT AGENDA**

None.

10. **CONSENT AGENDA**

Consent Motion:

A motion was made by Councilor Sheehey, seconded by Councilor O'Leary, that Council approve the items on the Consent Agenda, as presented and that the motions contained in the staff reports be included for the record.

- A. Approval of Amendment No. 1 Memorandum of Agreement Between the Incorporated County of Los Alamos and the Los Alamos Public School Board (MOA15-4213-A1)

I move to approve the Amendment No. 1 Memorandum of Agreement (MOA15-4213-A1) between the Incorporated County of Los Alamos and the Los Alamos Public School Board.

- B. A Recommendation to Council For New Board of Adjustment Members to Replace Board Members Jaret McDonald, and Amy Woods

I nominate Jean Dewart and Craig Martin to fill two (2) vacancies on the Board of Adjustment and move that Council appoint these two nominees to the vacant positions.

Approval of the Consent Agenda:

Yes: 5 - Councilor Chandler, Councilor Maggiore, Councilor O'Leary, Councilor Reiss, and Councilor Sheehey

Absent: 2 - Councilor Izraelevitz and Councilor Chrobocinski

11. **INTRODUCTION OF ORDINANCE(S)**

- A. Incorporated County of Los Alamos Ordinance No. 681, an ordinance amending Section 6 of Incorporated County of Los Alamos Ordinance No. 534 to extend to January 1, 2024, the time in which an election may be held to reauthorize the Regional Gross Receipts Tax

Councilor O'Leary introduced, without prejudice, Incorporated County of Los Alamos Ordinance No. 681, an ordinance amending Section 6 of Incorporated County of Los Alamos Ordinance No. 534 to extend to January 1, 2024, the time in which an election may be held to reauthorize the Regional Gross Receipts Tax, and ask staff to assure that it is published as provided in the County Charter.

12. COUNCIL BUSINESS

A. Appointments

1) Board/Commission Appointment-Historic Preservation Advisory Board

A motion was made by Councilor Reiss to nominate Jordan Jarrett to fill one vacancy on the Historic Preservation Advisory Board to fill a term which began on May 2, 2017 and ends on May 5, 2020.

Councilor Chandler called for a roll call vote to appoint a member to the Historic Preservation Advisory Board.

Councilor's Chandler, Maggiore, O'Leary, Sheehey, and Reiss voted for:
Jordan Jarrett

After a roll call vote, Jordan Jarrett, was appointed to the Historic Preservation Advisory Board to fill a term which began on May 2, 2017 and ends on May 5, 2020.

2) Board/Commission Appointment-Parks & Recreation Board

A motion was made by Councilor Sheehey to nominate Stephanie Nakhleh (incumbent), Donald Ulrich (new applicant), Dianne Wilburn (new applicant), Christina Olds (new applicant), Evan Rose (new applicant), Lisa Reader (new applicant), and Ramiro Pereyra (new applicant), to fill four vacancies on the Parks and Recreation Board and move that Council appoint four nominees to the vacant position(s) as follows:

By roll call vote, Councilors vote for four nominees and the four with the highest vote total of four or more be appointed to fill terms beginning on December 1, 2017 and ending on November 30, 2019.

Councilor Chandler called for a roll call vote to appoint members to the Parks & Recreation Board.

Councilor's Chandler, Maggiore, O'Leary, Sheehey, and Reiss voted for:
Stephanie Nakhleh

Councilor's Chandler, Maggiore, O'Leary, Sheehey, and Reiss voted for:
Donald Ulrich

Councilor's O'Leary, Sheehey and Reiss voted for:
Diane Wilburn

Councilor's Chandler and Maggiore voted for:
Christina Olds

Councilor's Chandler, Maggiore, O'Leary, Sheehey, and Reiss voted for:
Ramiro Pereyra

After a roll call vote, Stephanie Nakhleh, Donald Ulrich, and Ramiro Pereyra were appointed to the Parks & Recreation Board to fill terms beginning on December 1, 2017 and ending on November 30, 2019.

Council will have to reconvene at the next Council Meeting to do a roll call vote for the fourth board position, there was not a candidate that received a vote of 4 or more in order to be appointed.

3) Board/Commission Appointment(s)-Environmental Sustainability Board

A motion was made by Councilor Maggiore to nominate Lisa C. Bakosi, Warren Mazanec, Dorothy Brown, Thomas Gerike, and Donald Ulrich to fill two full term vacant positions which will begin on August 1, 2018 and end on July 31, 2020; and one partial term position which begins August 1, 2018 and ends July 31, 2018.

By roll call vote, Councilors vote for three (3) nominees and the two (2) with the highest vote totals of four or more will be appointed to fill the two (2) full terms which will expire on February 28, 2020. The next highest nominee with a vote of four or more will be appointed to a partial term ending July 31, 2018.

Councilor Chandler called for a roll call vote to appoint members to the Environmental Sustainability Board.

Councilor's Chandler, Maggiore, O'Leary, Sheehey, and Reiss voted for:
Lisa C. Bakosi

Councilor's Chandler, Maggiore, O'Leary, Sheehey, and Reiss voted for:
Warren Mazanec

Councilor's Chandler, Maggiore, O'Leary, Sheehey, and Reiss voted for:
Dorothy Brown

After a roll call vote Warren Mazanec and Dorothy Brown were appointed to the Environmental Sustainability Board to fill two full term vacant positions which will begin on August 1, 2018 and end on July 31, 2020.

A motion was made by Councilor Reiss, seconded by Councilor Sheehey, that Council accept the recommendation of the interview committee to make the current vacant term be filled by Lisa C. Bakosi.

The motion passed with the following vote:

Yes: 5 - Councilor Chandler, Councilor Maggiore, Councilor O'Leary, Councilor Reiss,
and Councilor Sheehey

Absent: 2 - Councilor Izraelevitz and Councilor Chrobocinski

Lisa C. Bakosi was appointed to the Environmental Sustainability Board to fill one partial term position which begins August 1, 2018 and ends July 31, 2018.

B. Board, Commission and Committee Liaison Reports

Councilor O'Leary reported on the Transportation Board.
Councilor Reiss reported on the Energy Communities Alliance.
Councilor Chandler reported on the State Legislative Committee.

C. County Manager's Report

County Manager Harry Burgess reported on a meeting regarding NEPA (National Environmental Policy Act), the Governor signing bills, and the budget that will be presented to Council.

D. Council Chair Report

None.

E. General Council Business

None.

F. Approval of Councilor Expenses

None.

G. Preview of Upcoming Agenda Items

Councilor Maggiore requested that an item relating to a NCRTD (North Central Regional Transit District) resolution in support of train controls be placed on an upcoming agenda.

13. COUNCILOR COMMENTS

None.

14. PUBLIC COMMENT

None.

15. ADJOURNMENT

The meeting adjourned at 9:24 p.m.

INCORPORATED COUNTY OF LOS ALAMOS

David Izraelevitz, Council Chair

Attest:

Naomi D. Maestas, County Clerk

Meeting Transcribed by: Victoria L. Martinez, Deputy Clerk

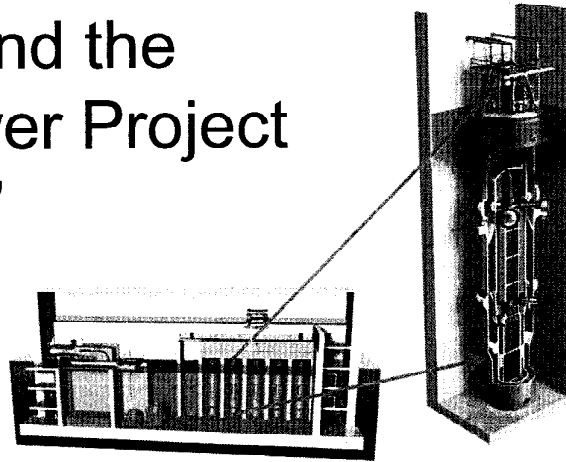


M-03-06-2018 03/06/2018 12:00 AM
Page(s): 6 Naomi D Maestas - County Clerk
Los Alamos County, NM Victoria L Martinez - Deputy



Los Alamos and the Carbon Free Power Project “Option”

March 6, 2018
Joint Board of Public Utilities and
County Council
Informational Meeting



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Agenda Topics Update

- UAMPS – A Team Approach by Jackie Flowers
- IRP Summary
- Why Nuclear Power
- Power Generation diversified portfolio Option
- High Level Cost Breakdown
- First-Of-A-Kind Risk Management
- Avoiding the pitfalls of Nuclear Power Plant Construction
- Engineering, Procurement and Construction (EPC) Contracts
- Key Takeaways

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IRP Summary

IRP considered the following metrics in the analysis:

Cost (LCOE), Risk, Environmental, Operational (Transmission and Largest Contingency Risk, Control Risk, Development Risk and Weather Dependent Risk)

Preferred Resource Plan:

- Solar with Storage built onsite. The firming mechanism could be either battery storage or onsite RICE units.
- If the Carbon Free Power Project (SMNR) costs can be capped and development risk can be mitigated, it could be considered especially in the event that local land becomes unavailable for the amount of solar needed to achieve renewable goals.

Capital Investments:

- The current market outlook does not reward building portfolios with excess capacity above load that would be sold into the market.
- A phased approach to purchasing some share of its needs in the market and add smaller and incremental capacity resources on a n as needed basis provides overall lower cost benefits of LAC and preserves the flexibility in the face of future uncertainties.

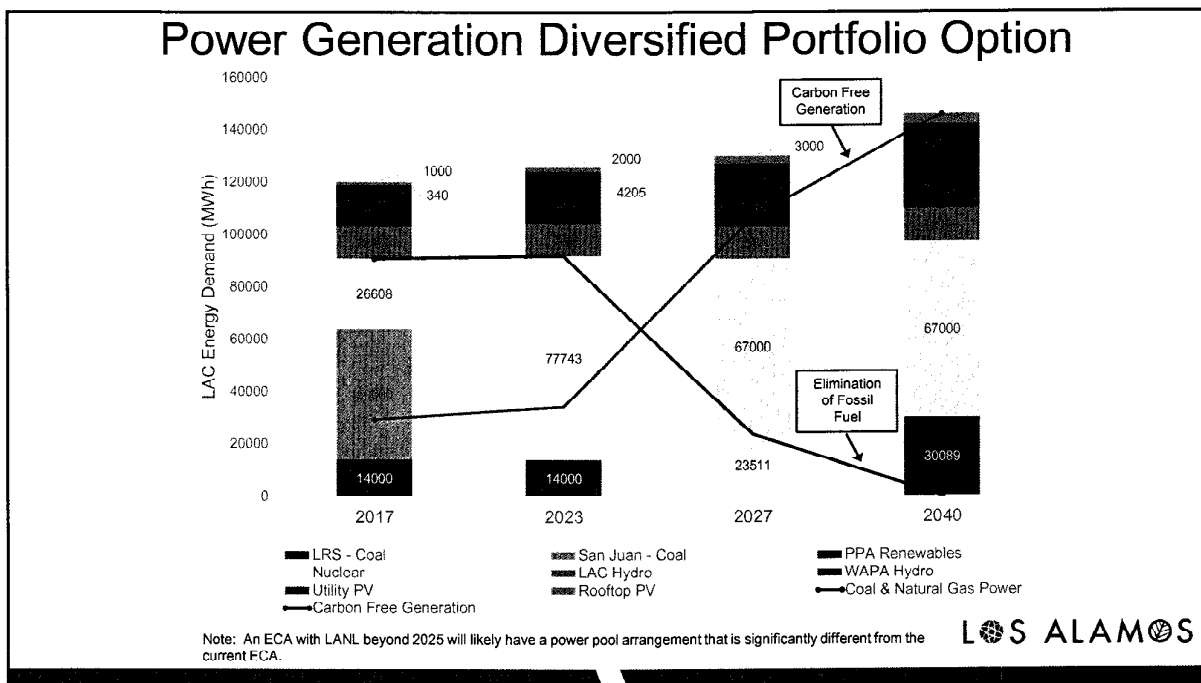
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Why Nuclear Power?

- Carbon free power generation
- 95% capacity factor
- Dispatchable
- Marketable Resource

With more and more renewable energy generation resources on the grid, we believe the greater the need for clean base load power during periods of intermittency.

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Los Alamos Cost Exposure					
High Level Cost Breakdown					
Budget & Plan of Finance (Section 601)		Los Alamos: <i>Fully Subscribed (8 MW) 1.3333%</i>			
Estimated Costs to Completion of Development:		100% Gross Cost	Los Alamos Net of Cost Share	Start	Finish
Through March 2018		\$ 4,596,969	\$ 148,927	April 2017	March 2018
Licensing Period - 1st Phase (Maximum)		\$ 6,000,000	\$ 80,000	April 2018	March 2019
Licensing Period - 1st Phase (Remaining)		\$ 83,499,764	\$ 877,908	April 2019	May 2020
Licensing Period - 2nd Phase (Preliminary)		\$ 496,303,067	\$ 6,617,374	June 2020	June 2023
		\$ 587,329,857	\$ 7,651,181	April 2017	June 2023
(ii) Acquisition & Construction Preliminary Estimated Costs:					
		Preliminary 100% Gross Cost	Preliminary Los Alamos Net of Cost Share	Start	Finish
		\$ 4,237,666,633	\$ 56,912,174	July 2023	Nov 2027
NOTE: Dates shown in red are all decision points by BPU and CC					
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First-Of-A-Kind Risk Management

- Phased approach with off ramps
- DOE and NuScale cost share
- NuScale relationships with DOE & NRC
- DOE/UAMPS negotiating lease of first two modules

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Avoiding the pitfalls of Nuclear Power Plant Construction

- Known Issues:
 1. Percentage of Engineering Design Complete Before Committing to Construction
 - AP1000 Engineering Design Percentage Complete=Low double digits
 - UAMPS will require > 85% engineering design complete before committing to construction
 - Constructability of Design:
 - » NuScale/Fluor working with potential vendors now to daylight potential constructability issues
 2. Owner's Engineering Reviews
 - AP1000 utility owners did not have external experts review AP1000 designs
 - UAMPS will have an external owner's engineer review NuScale/Fluor designs during the cost estimating process laid out in the EPC Development Agreement
 3. Integrated Project Schedule
 - AP1000 EPC Consortium (Westinghouse & CB & I) did not have an integrated projected schedule to coordinate their respective scopes of work
 - UAMPS will have an experienced nuclear EPC Contractor in Fluor that will have an integrated project schedule with NuScale
 4. Owner's Project Management
 - AP1000 utility owners did not have adequate owner's project management to address schedule/cost overrun issues
 - UAMPS plans to have in house and external owner's project management if there a decision to proceed to construction

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Engineering, Procurement, and Construction Contracts

- Step up provision upon participant default
 - Capped at 25%; No Participant can have an Entitlement Share greater than 25% of the Project
 - No participant defaults in the history of UAMPS' projects (since 1980)
- Cost impacts of construction delays
 - Accounted for in predetermined schedule delay penalties caused by EPC Contractor in Final EPC Contract
- Fluor Corporation Parental Guarantee
 - Will apply to NuScale's reimbursement obligations if there is a failure of the Economic Competitiveness Test under the EPC Development Agreement (DA)
 - Parental Guarantees will be in final EPC Contract to cover Fluor Power and NuScale Power's contractual obligations
- Transition from EPC DA to Final EPC Contract
 - Price Target of \$65/MWh (2017\$) and Economic Competitiveness Test will go away upon Fluor/NuScale delivering a Class 1 cost estimate that is acceptable to UAMPS
 - UAMPS will have to satisfy itself that final EPC terms ensure an LCOE of less than or equal to the Price Target
 - UAMPS will utilize owner's engineer and Energy Northwest as the potential operator to assist in this evaluation

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Key Takeaways

- In approving the Power Sales Contract, LAC is only committing until the maximum cap on the Budget and Plan of Finance is increased above the \$6M cap (anticipated to occur in Q1 2019)
 - While under the \$6M cap, the UAMPS participants have the right to decide as the Project Management Committee to terminate further CFPP development and receive a 100% reimbursement of UAMPS' out of pocket costs associated with the \$6M budget
 - Prior to amending the \$6M cap, additional cost share and/or additional subscription in the project will need to be secured. Monthly progress updates on subscription and cost share will be provided to the Project Management Committee.
 - Each Participant will have an option to withdraw from the Project, upon the Project Management Committee amending the Budget and Plan of Finance deciding to increase the \$6M max cap
 - If LAC exercises this right, their maximum exposure would be \$80,000. It could be less assuming that another entity picks up its cost share responsibility, which is reasonable to assume given that the project is moving forward. Otherwise, the project is not moving forward and the participants will recoup 100% of the cost share of the \$6M budget.
- Thru March of 2018, gross expenditures in developing the CFPP are approximately \$4.5M; UAMPS Participants' in the CFPP net out of pocket exposure to this \$4.5M after cost sharing from DOE and NuScale has been less than \$1.1M [LAC commitment approx. \$30k]
 - UAMPS Project Management Committee is prudently managing the expenditure of the Project and will not seek an amendment to the \$6M budget through the end of the March of 2019 until it is prudent to do so upon there being additional cost share and/or subscription
- The \$4.2B includes interest of \$583 M using a conservative interest calculation.

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Key Takeaways

- UAMPS on behalf of their members will continue to mitigate the risks
- UAMPS will continue to seek cost sharing and plant subscription
- By March 2019, we expect more information will be available to make a more informed decision on continuing Licensing Phase 1
- LAC will have more clarity on a post 2025 Electric Coordination Agreement
- LAC will update to the IRP prior to all critical decisions on generation resources

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