

## Council Meeting Staff Report

March 21, 2018

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<b>Agenda No.:</b>	6.B
<b>Indexes (Council Goals):</b>	BCC - N/A
<b>Presenters:</b>	Bob Westervelt
<b>Legislative File:</b>	10299-18

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### Title

Approval of AGR18-41 for the San Juan Generating Station Decommissioning Trust Agreement.

### Recommended Action

**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.**

### Staff Recommendation

The Utilities Manager recommends that the Board of Public Utilities approve the motion as presented.

### Body

Los Alamos County is a participant in the San Juan Generating Station near Farmington New Mexico. Ownership and participation in the San Juan plant was revised and restructured through The San Juan Project Restructuring Agreement among the San Juan Project participants dated July 31, 2015, and the Exit Date Amendment Amending and Restating the Amended and Restated San Juan Project Participation Agreement among the San Juan Project participants, also dated July 31, 2015. The Participants' rights and obligations with respect to Plant Decommissioning Costs are governed by the San Juan Decommissioning and Trust Funds Agreement among the San Juan Project Participants, also dated July 31, 2015. "Closing" on these restructuring agreements became effective on or about December 31, 2017. The Decommissioning Agreement requires that within 90 days of closing on the restructuring agreements an Irrevocable Trust Fund be established by each Project Participant to satisfy that participant's share of decommissioning costs, as defined by the Decommissioning Agreement. The Plant Decommissioning Agreement requires that this trust fund be established, funded, and maintained until completion of the decommissioning work, as determined by the Plant Decommissioning Oversight Committee, on which each Project Participant has representation. Because of the uncertain end date of decommissioning activities, it cannot be known how long the trust will be required, and thus what the total obligation under this agreement will be. The fee proposed is a \$500 setup fee, and an annual fee of \$2,500 per year, which will be required for the duration of the decommissioning activities. The Trustee recommended was competitively selected through issuance of a formal RFP (request for proposals). Two proposals were received and the recommended offeror was the unanimous recommendation of the evaluation committee.

### Alternatives

Establishment of this trust is an obligation already accepted via the restructuring agreements, including the San Juan Decommissioning and Trust Funds Agreement among the San Juan Project Participants, dated July 31, 2015. Should this motion not pass the County would stand in default on the Decommissioning and Trust Funds Agreement until the required trust fund is established.

### Fiscal and Staff Impact

We have been accruing funds for Plant Decommissioning for several years and will use these moneys to fund the Trust Account, so the fiscal impact is limited to the setup fee and annual fee discussed above. The funding of the Trust will involve a transfer of funds from one restricted account to another

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on the fund statement of the Electric Production Utility's sub-fund.

**Attachments**

A - AGR18-41 Bank of Albuquerque Trust Agreement Final

B - AGR18-41 Exhibit 1 - San Juan Decommissioning and Trust Funds Agreement among the San Juan Project Participants, dated July 31, 2015

C - AGR18-41 Exhibit 2 - Price Schedule