



LOS ALAMOS

County of Los Alamos

Minutes

Board of Public Utilities

1000 Central Avenue
Los Alamos, NM 87544

*Robert Gibson, Chair; Eric Stromberg, Vice-chair;
Matt Heavner, Charles Nakhleh, and Steve Tobin, Members;
Philo Shelton, Ex Officio Member
Anne Laurent, Ex Officio Member
Theresa Cull, Council Liaison*

Wednesday, June 26, 2024

5:30 PM

Municipal Building, Council Chambers

Public Participation: In person or <https://us06web.zoom.us/j/88515885437>

1. CALL TO ORDER

This regular meeting of the Incorporated County of Los Alamos Board of Public Utilities was held on Wednesday, June 26, 2024 at 1000 Central Avenue in Council Chambers. Board Chair Robert Gibson called the meeting to order at 5:30 p.m. Members of the public were notified of the ability to participate and provide public comment in-person or over Zoom. The following board members were in attendance:

Present: 6 - Board Members Gibson, Tobin, Nakhleh, Heavner, Shelton, and Laurent

Remote: 1 - Board Member Stromberg

2. PUBLIC COMMENT

Chair Gibson called for public comment on items on the Consent Agenda or those not otherwise included on the agenda - there was none.

3. APPROVAL OF AGENDA

Chair Gibson called for discussion or a motion.

Member Tobin moved and Member Nakhleh seconded that the agenda be approved as presented. The motion passed by the following vote:

Yes: 5 - Members Heavner, Nakhleh, Tobin, Stromberg and Gibson

4. BOARD BUSINESS

4.a. Chair's Report

Chair Gibson reported that he manned the county booth at Farmer's Market on May 23 and plans to do so again on June 27. He also reported that the Audit Entrance Conference is scheduled for July 30.

No action was taken on this item.

(1.) [18903-24](#) Recognition of Steve Tobin, Board Member

Chair Gibson presented Member Tobin with a certificate and thanked him for his five years of service. A copy of the certificate was provided in the meeting packet. Chair Gibson then provided an opportunity for others to say a few words about Member Tobin:

Member Gibson spoke.
Member Nakhleh spoke.
Member Heavner spoke.
Member Stromberg spoke.
Mr. Shelton spoke.

Ms. Anne Laurent took a photo of Chair Gibson, Member Tobin, and Mr. Shelton. The meeting then recessed for a short refreshment break.

No action was taken on this item.

RECESS 5:26 - 5:45 pm

4.b. Board Member's Reports

There were none.

No action was taken on this item.

4.c. Utilities Manager's Report

Mr. Shelton reviewed his written report which is attached to the minutes. He provided summarized comments and responded to board member inquiries as appropriate. The following individuals spoke:

Member Heavner
Member Gibson

No action was taken on this item.

4.d. County Manager's Report

Ms. Anne Laurent provided updates on recent County activities. She also provided an overview of the Fourth of July Activities in White Rock, which will include a Prince cover band, drone show, and fireworks. Ms. Laurent encouraged everyone to use the transit system since parking will be very limited at Overlook Park. She also reported that she and County Council have been invited to two meetings with the Governor next week. One regarding outpatient treatment as an alternative to incarceration, and the second regarding public safety and homelessness. There were no questions from board members.

No action was taken on this item.

4.e. Council Liaison's Report

Council Vice Chair Cull participated remotely and reported on recent Council activities that were of note to the board and department:

1. June 11th regular session - Council heard a citizen petition regarding traffic safety in White Rock, the approved modifications to Chapter 6 of the Animal Code. Council also considered the formation of a Diversity Equity and Inclusion (DEI) Board/Task Force and B&C Work Plans for calendar year 2024.
2. June 18th work session - DOE Environmental Management presented to Council B&C presentations, and there was a briefing by the County Intergovernmental Affairs Manager on

current issues.

3. June 25th regular session - Council approved the FY25 salary plan, reviewed the affordable housing plan, and approved salary adjustments for contract employees.

There were no questions from board members.

No action was taken on this item.

4.f. Environmental Sustainability Board Liaison's Report

Mr. Armand Groffman was absent and did not submit a written report.

No action was taken on this item.

4.g. General Board Business

- (1.) [18771-24b](#) Final Review of the Board of Public Utilities Annual Presentation to County Council

Chair Gibson presented the final draft of the presentation to County Council. He welcomed suggestions from the board. The board discussed. Mr. Shelton and Mr. Marez provided clarifying information. Chair Gibson then called for a motion.

Member Nakhleh moved and Member Tobin seconded that the Board of Public Utilities approve the County Council Briefing presentation with any changes as discussed and ask the chair to present it to the County Council. The motion passed by the following vote:

Yes: 4 - Board Members Heavner, Nakhleh, Tobin, Stromberg, and Gibson

4.h. Board Expenses

None

No action was taken on this item.

5. PUBLIC HEARING(S)

- 5.a. [CO0693-24.2](#) Approval and Recommendation of Incorporated County of Los Alamos Code Ordinance No. 02-359; An Ordinance Amending Chapter 40, Article III, Sections 40-151 and 40-152 of the Code of the Incorporated County of Los Alamos Relating to Gas Rate Schedules

This Code Ordinance was introduced to the Board of Public Utilities at the work session on June 5, 2024. Ms. Karen Kendall, Deputy Utility Manager - Finance & Administration presented an overview and stood for questions. The following individuals spoke:

Member Tobin

Member Gibson

Chair Gibson provided an opportunity for public comment. No members of the public were present in person or online via Zoom.

Chair Gibson then asked the board if there was further discussion; there was none.

These individuals spoke:

Member Gibson

Member Tobin

Member Heavner moved and Member Nakhleh seconded that the Board approve Incorporated County of Los Alamos Code Ordinance No. 02-359; An Ordinance Amending Chapter 40, Article III, Sections 40-151 and 40-152 of the Code of the Incorporated County of Los Alamos Relating to Gas Rate Schedules and forward to Council for introduction and adoption. The motion passed by the following vote:

Yes: 5 - Board Members Heavner, Nakhleh, Tobin, Stromberg and Gibson

- 5.b. [OR1025-24a](#) Approval and Recommendation of Incorporated County of Los Alamos Ordinance No. 734; An Ordinance Authorizing the Incorporated County of Los Alamos (Borrower) to Enter Into a Loan Agreement with the New Mexico Environment Department (NMED) for the Purpose of Obtaining Project Loan Funds in the Principal Amount of \$1,500,000, Plus 1% Accrued Interest and Loan Subsidy Grant Funds in the Amount of \$500,000; for a Total Funded Amount of \$2,000,000; Designating the Use of the Funds for the Purpose Defined in the Most Current Project Description Form as Approved by NMED; Declaring the Necessity for the Loan; Providing that the Loan will be Payable and Collectible Solely from the Borrower's Pledged Revenues Defined; Prescribing Other Details Concerning the Loan and the Security for that Purpose

This ordinance was introduced by Mr. James Alarid, Deputy Utility Manager - Engineering. He provided an overview and stood for questions from the board. The following individuals spoke:

Member Gibson

Chair Gibson provided an opportunity for public comment; there was none. He then provided an opportunity for board discussion or a motion. There was no discussion.

Member Nakhleh moved and Member Stromberg seconded that the Board of Public Utilities recommends Incorporated County of Los Alamos Ordinance No. 734; An Ordinance Authorizing the Incorporated County of Los Alamos (Borrower) to Enter Into a Loan Agreement with the New Mexico Environment Department (NMED) for the Purpose of Obtaining Project Loan Funds in the Principal Amount of \$1,500,000, Plus 1% Accrued Interest and Loan Subsidy Grant Funds in the Amount of \$500,000; for a Total Funded Amount of \$2,000,000; Designating the Use of the Funds for the Purpose Defined in the Most Current Project Description Form as Approved by NMED; Declaring the Necessity for the Loan; Providing that the Loan will be Payable and Collectible Solely from the Borrower's Pledged Revenues Defined; Prescribing Other Details Concerning the Loan and the Security for that Purpose, and Forward to Council for Introduction and Adoption. The motion passed by the following vote:

Yes: 5 - Board Members Heavner, Nakhleh, Tobin, Stromberg and Gibson

- 5.c. [RE0601-24a](#) Approval and Recommendation of Incorporated County of Los Alamos Resolution No. 24-13 Assigning Signatory for Administration of Rural

Infrastructure Loan and Grant Agreement RIP-00059 for the Water Production Wells Mechanical and Electrical Upgrades Project

Mr. James Alarid, Deputy Utility Manager - Engineering presented. He explained how this is related to Code Ordinance No. 02-359. His written report was provided in the meeting packet. Chair Gibson provided an opportunity for board members to ask clarifying questions. There were none.

Chair Gibson then provided an opportunity for public comment; there was none. He then asked if there was further board discussion; there was none.

Member Stromberg moved and Member Tobin seconded that the Board recommends Incorporated County of Los Alamos Resolution No. 24-13, a Resolution Assigning Signatory for Administration of Rural Infrastructure Loan and Grant Agreement RIP-00059 for the Water Production Wells Mechanical and Electrical Upgrades Project and forward to Council for Adoption. The motion passed by the following vote:

Yes: 4 - Board Members Heavner, Nakhleh, Tobin and Gibson

Remote: 1 - Board Member Stromberg

6. CONSENT AGENDA

Chair Gibson called for a motion.

Member Tobin moved and Member Heavner moved that the Board of Public Utilities approve the items on the Consent Agenda as presented and that the motions in the staff reports be included in the minutes for the record. The motion passed by the following vote:

Yes: 4 - Board Members Heavner, Nakhleh, Tobin and Gibson

Remote: 1 - Board Member Stromberg

- 6.a. [18078-24](#) Approval of Board of Public Utilities Meeting Minutes - May 2024

**** I move that the Board of Public Utilities approve the minutes for the May 1st and May 15th meetings as presented. ****

- 6.b. [AGR1053-24](#) Approval of Services Agreement No. AGR24-63 with Transmission & Distribution Services, LLC in the amount of \$104,985.00, a \$25,000 project contingency, plus Applicable Gross Receipts Tax, for the Purpose of Designing a New Electric Distribution Line to Replace the Existing EA4 Feeder Line.

**** I move that the Board of Public Utilities approve Services Agreement No. AGR24-63 with Transmission & Distribution Services in the amount of \$104,985.00, plus applicable gross receipts tax, for the Purpose of Designing a New Electric Distribution Line to Replace the Existing EA4 Feeder Line. ****

7. DEPARTMENT BUSINESS

- 7.a. [18576-24](#) Quarterly Conservation Program Update FY24/Q4

Ms. Abbey Hayward, Water & Energy Conservation Coordinator presented on activities for April through June 2024. A written report and related attachments were included in the meeting packet. Ms. Hayward responded to board member inquiries and provided clarifying information as appropriate. The following individuals spoke:

Member Gibson
Member Tobin
Mr. Olbrich

No action was taken on this item.

8. STATUS REPORTS

8.a. 18088-24 Status Reports

The written reports were provided in the meeting packet. Mr. Shelton stood for questions. The following individuals spoke:

Member Stromberg

No action was taken on this item.

9. UPCOMING AGENDA ITEMS

9.a. 18067-24 Tickler File for the Next Three Months

Chair Gibson called for additional items or changes; there were none.

No action was taken on this item.

10. PUBLIC COMMENT

Chair Gibson provided an opportunity for public comment on any subject; there was none.

11. ADJOURNMENT

The meeting adjourned at 7:18 pm

APPROVAL

Board of Public Utilities Chair Name

Board of Public Utilities Chair Signature

Date Approved by the Board

ATTACHMENTS

(In agenda order.)

4.C. Utilities Manager's Report 6/26/24

5a.E. Ten Year Forecast - Gas

Utilities Manager's Report
June 26, 2024

1. County Council last night approved a new job description called a Resource Coordinator under the electric production division. There are no increases required to the FTE count and no planned budget increase because of the reduction of overtime that will be built into the new Electric Production's team schedules. This job description is exempt and creates an opportunity for advancement within this division with the goal of improving retention. It is planned for eventually filling two people under this job description as the current team meets the qualifications and this job will not only cover the power system operators' vacation and training, but it will also oversee planning how to best economically dispatch carbon-free resources.
2. DPU is actively recruiting for the GWS positions to form a dedicated natural gas team and for engineers to support the electric distribution projects. Finally, we have received four retirement notices that we are recruiting for their replacements.
3. The Jemez Mountain Fire protection Project will need to be broken up into four construction phases. The first construction phase is to build the pipeline from DOE tank site to the Forest Service and it will go out to bid in July. The FEMA grant request has been changed into a step grant process because of the congressionally directed spending. First, since Senator Lujan awarded the project \$450,000, the team had to carve out the water tank as a sub-grant project. The award of these funds is planned to be in place by September 30, 2024. I want to thank James Alarid and Ernesto Gallegos for completing a 30-page sub-grant application for the tank element. Next, the undergrounding and elimination of overhead power lines is on hold until the tank project is awarded and under contract. This step process is delaying the project implementation by at least 6 months. The first construction bid project will use the \$7 Million received by the State of NM due to grant timelines. To date the project has \$7 million and \$900,000 from the State, \$450,000 from Senator Lujan, a local match of \$2 million from Pajarito, and \$2 Million from County general fund. The FEMA undergrounding request is just under \$8 million. If the FEMA undergrounding grant comes through, then the project is anticipated to be fully funded. The total project costs are estimated to be between \$18 and \$20 Million.
4. N3B's Technical Working Group made the first of a two-part presentation on Protecting Water Quality. The topics covered were Surface Water & Storm Water Monitoring, Storm Water Corrective Actions, Groundwater Monitoring, Groundwater Remediation, and Drilling & Well Maintenance.
5. San I. Development Services has requested a power drop at Totavi Gas Station for a cellular tower. Electric Distribution has prepared a cost estimate and County Attorney's office is preparing an agreement to allow for this work and any future operation and maintenance activities. The new tower is anticipated to be installed in three or four months. This service is anticipated to be a short-term solution until Jemez Electric Coop can serve San Ildefonso.

San I. Services is reviewing a MOA to allow for the construction of a fiber conduit in coordination with the SR-4 water supply line replacement. This project will also go out to bid in July. Finally, the request for development of solar and battery storage is planned to go out in the next two months. The tribe is in the process of surveying the site and doing the archeological clearances.

6. UAMPS Projects:

1. CFPP continues the wind-down activities, and the project costs are still contained within the NuScale credit support amount.
 2. The natural gas study preliminary cost estimates are on the high side and in addition PacifiCorp has increase their transmission rates by 45% to \$9.45/MWh. UAMPS transmission team is going to assist with providing LAC a better cost to deliver this power with coupling the gas peaking plant to see if we want to continue with this project. The same concerns will extend to the geothermal project.
 3. The Geothermal Project initial study identified a delay in delivering power from 2027 to now scheduled between 2029 and 2030, and a need to escalate the proposed costs for both projects. No further details were provided on what the revised project costs will be. The membership decided to continue to work with the company and issue another RFP for geothermal projects since this one has slowed down and costs are not confirmed.
7. Mr. Ben Olbrich and I met with Kit Carson Electric General Manager Luis Reyes to discuss potential partnership projects. Kit Carson is looking to build a solar plus hydrogen storage project at the Questa Mine that recently closed. The closed mine must treat 1 million gallons per day and this treated water would be the water source to generate hydrogen. Kit Carson also has a propane business that could supplement the hydrogen electric generation should the generation of hydrogen fall short. Kit Carson is looking for a partner to scale up with and provide jobs for northern New Mexico. Mr. Reyes will prepare a more detailed presentation that can be made to the ECA and Board after some preliminary studies on the project are finalized.
8. Attended the national APPA Conference in San Deigo. There were about 150 vendors there on site that support electric utility operations. Lots of solar plus battery and wind, and EV charging vendors as well as engineering, billing and SCADA monitoring type vendors. The new utility scale iron battery by ESS is presently being piloted at SMUD. This iron battery fills the 6-to-12-hour period for BESS. Another APPA member is piloting a project where parked electric school buses can be utilized to support peak shaving. There was a payment kiosk company there that could be a good option for an installation in White Rock at maybe the library to help customers avoid heading up to the townsite to pay their utilities bills. UAMPS also held their board meeting following the conference. Finally, I joined the APPA Energy Transition Community Working group to stay current with the industry and learn of any new approaches to delivering energy to our community.

MEMORANDUM



Department of Public Utilities

Electric, Gas, Water, and Wastewater Services

Administrative Offices

1000 Central Avenue, Suite 130

Los Alamos, NM 87544

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ladpu.com/dpu

DATE: June 25, 2024

TO: Philo Shelton

FROM: Stephen Marez

CC: Robert Gibson

RE: Research into the impacts of Distributed Generation on the grid

Mr. Shelton,

I am working with staff to collect data from neighborhoods with large solar content.

We are collecting consumption data and system load data during different times and weather conditions. This data will provide some insight as to the impact of solar on the different system phases. I am also working on the installation of Sweitzer equipment to construct an electric distribution SCADA system. The installation of In line sensors and station communications will be the best method of monitoring the system. Once this type of real time access is available, I will be able to determine the true impact of DG on the system and determine a point at which the system will need to be managed by policy changes. I currently do not have sufficient data to present an accurate report to the board.

The upcoming report and defined scope of work for the electrification study will provide greater detail into the plans for the utility to address the impacts of DG.

Stephen Marez



BOARD OF PUBLIC UTILITIES

ADDITIONAL MEETING DOCUMENTS

Additional or revised information or documents are often distributed to members at the meetings.
Whenever possible, this informational cover page will accompany those documents.

MEETING DATE	June 26, 2024
AGENDA ITEM	5.a. CO0693-24.2 Approval and Recommendation of Incorporated County of Los Alamos Code Ordinance No. 02-359; An Ordinance Amending Chapter 40, Article III, Sections 40-151 and 40-152 of the Code of the Incorporated County of Los Alamos Relating to Gas Rate Schedules <u>Presenter:</u> Karen Kendall, Deputy Utilities Manager – Finance
ATTACHMENTS	Additional
NEW OR REVISED? Is this a revision that is different from what was in the agenda packet, or is it something entirely new?	New
RECOMMENDED ACTION If you have a new or revised recommended motion for the Board, enter it here.	N/A
ADDITIONAL INFORMATION Please VERY BRIEFLY explain the purpose of this information or document.	2025-2034 Ten Year Forecast

GAS	PROPOSED	PROJECTED	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST
0.03	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<u>REVENUE/CASH INFLOW</u>										
Therm Sales	8,884,284	8,884,284	8,884,284	8,884,284	8,884,284	8,884,284	8,884,284	8,884,284	8,884,284	8,884,284
Revenue per Therm	1.244	1.341	1.394	1.450	1.494	1.538	1.569	1.600	1.633	1.665
Rate Increase Percentage**	16.0%	8.0%	4.0%	4.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%
Sales Revenue	\$ 11,056,001	\$ 11,910,648	\$ 12,387,074	\$ 12,882,557	\$ 13,269,034	\$ 13,667,105	\$ 13,940,447	\$ 14,219,256	\$ 14,503,641	\$ 14,793,714
Interest on Cash & Reserves	37,491	13,833	13,022	(4,516)	(4,897)	(1,742)	5,302	16,611	29,585	47,563
Revenue on Recoverable Work	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
TOTAL REV - CASH INFLOWS	\$ 11,113,492	\$ 11,944,481	\$ 12,420,096	\$ 12,898,041	\$ 13,284,137	\$ 13,685,363	\$ 13,965,749	\$ 14,255,867	\$ 14,553,226	\$ 14,861,277
<u>EXPENSES/CASH OUTFLOWS</u>										
Operational Expenditures	\$ 3,196,100	\$ 3,227,607	\$ 3,511,224	\$ 3,616,560	\$ 3,725,057	\$ 3,836,809	\$ 3,951,913	\$ 4,070,471	\$ 4,192,585	\$ 4,318,362
Cost of Gas	7,000,000	7,560,000	7,786,800	8,020,404	8,261,016	8,508,847	8,764,112	9,027,035	9,297,846	9,576,782
Capital	375,000	550,000	475,000	475,000	75,000	75,000	75,000	175,000	175,000	175,000
Revenue Transfer	527,058	556,046	553,238	755,169	785,376	816,791	849,463	883,441	918,779	955,530
TOTAL EXP-CASH OUTFLOWS	\$ 11,098,158	\$ 11,893,653	\$ 12,326,262	\$ 12,867,133	\$ 12,846,449	\$ 13,237,447	\$ 13,640,488	\$ 14,155,947	\$ 14,584,210	\$ 15,025,674
NET CASH FLOW	\$ 15,334	\$ 50,828	\$ 93,834	\$ 30,908	\$ 437,688	\$ 447,916	\$ 325,261	\$ 99,920	\$ (30,984)	\$ (164,397)
BEGINNING CASH BALANCE	1,519,032	1,534,366	1,585,194	1,679,028	1,709,936	2,147,623	2,595,539	2,920,799	3,020,719	2,989,735
ENDING CASH BALANCE	\$ 1,534,366	\$ 1,585,194	\$ 1,679,028	\$ 1,709,936	\$ 2,147,623	\$ 2,595,539	\$ 2,920,799	\$ 3,020,719	\$ 2,989,735	\$ 2,825,337
Operations Reserve Target	\$ 1,657,034	\$ 1,670,388	\$ 1,720,500	\$ 1,772,114	\$ 1,825,278	\$ 1,880,036	\$ 1,936,437	\$ 1,994,531	\$ 2,054,367	\$ 2,096,293
Capital Expen Reserve Target	408,295	408,295	408,295	408,295	408,295	408,295	408,295	408,295	408,295	408,295
Contingency Reserve Target	269,321	273,361	277,461	281,623	285,847	290,135	294,487	298,905	303,388	307,939
TOTAL RESERVE TARGET	\$ 2,334,650	\$ 2,352,044	\$ 2,406,256	\$ 2,462,032	\$ 2,519,420	\$ 2,578,466	\$ 2,639,219	\$ 2,701,731	\$ 2,766,050	\$ 2,812,527
Diff End Cash Bal vs. Reserve Target	\$ (800,284)	\$ (766,850)	\$ (727,228)	\$ (752,096)	\$ (371,797)	\$ 17,073	\$ 281,580	\$ 318,988	\$ 223,685	\$ 12,810

** Rate previously approved by Council is 3% in 2025 and 2% in 2026