



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, April 17, 2024

5:30 PM

Municipal Bldg., 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, April 17, 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:

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Present: 7 - Board Members Gibson, Stromberg, Heavner, Shelton, and Laurent  
Absent: 2 - Board Members Tobin and Nakhleh,

#### 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 asked members of the public attending in-person who was there to comment on Rule E-5. All raised their hands. He then proposed that the order of the agenda be amended so that Rule E-5 was presented first under Department Business. The new order was item 7.E, 7.D, 7.C, 7.A, 7.B. He then called for further discussion or a motion to approve the agenda.

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Member Heavner moved and Member Stromberg seconded that the agenda be approved as amended. The motion passed by the following vote:

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Yes: 3 - Board Members Heavner, Stromberg, and Gibson  
Absent: 2 - Board Members Tobin and Nakhleh

#### 4. BOARD BUSINESS

##### **4.A. Chair's Report**

Chair Gibson reported that he and Member Tobin attended the April 2 public meeting on the Climate Action Plan development. The video is available online if anyone would like to watch. There will be more opportunities for public comment in June.

No action was taken on this item.

**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.

No action was taken on this item.

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

Ms. Anne Laurent provided updates on the dates for budget hearings. She also reviewed some comparative statistics from the previous budget year. She also reported that on April 20 there were Earth Day events scheduled at PEEC. Finally the new Deputy County Manager, John Craig, will begin work on April 29.

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. Most were previously covered by Mr. Shelton and Ms. Laurent. 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 present and had no items to report.

No action was taken on this item.

**4.G. General Board Business**

None scheduled.

**4.H. Board Expenses**

None.

**5. PUBLIC HEARING(S)**

- 5.A. [OR1015-24a](#) Approval of Incorporated County of Los Alamos Ordinance No. 732; An Ordinance Authorizing the Execution and Delivery of a Loan Agreement ("Loan Agreement") By and Between the Incorporated County of Los Alamos, New Mexico (the "Governmental Unit") and the New Mexico Finance Authority, Evidencing a Special Limited Obligation of the Governmental Unit to Pay a Principal Amount of No More Than \$2,020,000, Together with Interest, Expenses, and Administrative Fees

Thereon, for the Purpose of Financing the Costs of Construction of Electrical and Mechanical Upgrades, Specifically the Water Production Replacement of the Supervisory Controls and Data Acquisition System and Related Appurtenances of the Project; Providing for the Pledge and Payment of the Principal, Administrative Fees and Interest Due Under the Loan Agreement Solely From the Net Revenues of the Joint Utility System of the Governmental Unit; Setting an Interest Rate for the Loan; Approving the Form of and Other Details Concerning the Loan Agreement; Ratifying Actions Heretofore Taken; Repealing All Action Inconsistent with This Ordinance; and Authorizing the Taking of Other Actions in Connection with the Execution and Delivery of the Loan Agreement.

Mr. James Alarid, Deputy Utility Manager - Engineering presented. He reported that the DPU has secured multiple Drinking Water State Revolving Loans (DWSRL) in recent years to complete important upgrades to the water production system. The loans are offered with an interest rate of 0.01% for twenty-year terms. These loan funds will be used to replace the existing water production Supervisory Controls and Data Acquisition System (SCADA) system. The SCADA system allows the water operators to monitor and control 45 remote sites which consist of tanks, booster stations and wells. The existing SCADA system was placed into service in the early 1990's. The existing system is a proprietary system with many features that are no longer supported by the vendor. If the ordinance is not approved, the loan funding will be lost. Staff will continue to pursue the project in the next budget year due to the risk of failure of the existing system. The project is included in the fiscal year 2025 water production capital budget in the amount of \$2,020,000, paid for by a Drinking Water State Revolving Loan.

Chair Gibson provided an opportunity for clarifying questions from the board - there were none.

Chair Gibson provided an opportunity for public comment - there was none.

Chair Gibson provided an opportunity for board discussion:

Member Stromberg spoke.

Chair Gibson then called for a motion.

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**Member Stromberg moved and Member Heavner seconded that the Board of Public Utilities recommend to the County Council the approval and adoption of Incorporated County of Los Alamos Ordinance No. 732; An Ordinance Authorizing the Execution and Delivery of a Loan Agreement (“Loan Agreement”) By and Between the Incorporated County of Los Alamos, New Mexico (the “Governmental Unit”) and the New Mexico Finance Authority, Evidencing a Special Limited Obligation of the Governmental Unit to Pay a Principal Amount of No More Than \$2,020,000, Together with Interest, Expenses, and Administrative Fees Thereon, for the Purpose of Financing the Costs of Construction of Electrical and Mechanical Upgrades, Specifically the Water Production Replacement of the Supervisory Controls and Data Acquisition System and Related Appurtenances of the Project; Providing for the Pledge and Payment of the Principal, Administrative Fees and Interest Due Under the Loan Agreement Solely From the Net Revenues of the Joint Utility System of the Governmental Unit; Setting an Interest Rate for the Loan; Approving the Form of and Other Details Concerning the Loan Agreement; Ratifying Actions Heretofore Taken; Repealing All Action Inconsistent with This Ordinance; and Authorizing the Taking of Other Actions in Connection with the Execution and Delivery of the Loan Agreement.**

**The motion passed by the following vote:**

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**Yes: 3 - Board Members Heavner, Stromberg, and Gibson  
Absent: 2 - Board Members Tobin and Nakhleh**

- 5.B. [OR1018-24a](#) Approval of Incorporated County of Los Alamos Ordinance No. 733 An Ordinance Authorizing the Incorporated County of Los Alamos (County) to Submit an Amendment No. 2, to the New Mexico Environment Department (NMED) Clean Water State Revolving Fund (CWSRF), for the Purpose of Increasing the Funding of Loan Number CWSRF 110 for the Bayo Lift Station Elimination Project.

Mr. James Alarid, Deputy Utility Manager - Engineering presented. He reported that the Bayo Lift Station pumps sewage from all of Barranca Mesa to the Los Alamos Wastewater Treatment Plant. This represents approximately 20% of the sewage treated at the Los Alamos Wastewater Treatment Plant. The lift station is due for some major upgrades and rather than reinvest in the lift station, a gravity sewer line will be constructed to replace the lift station. The gravity sewer line will eliminate the cost of pumping the sewage and eliminate the risk of a significant sewage spill if the lift station failed. The project was bid in June 2023 and the bids were extremely high. After value engineering the project, the scope was reduced and the project was bid again in October and the bids came in \$763,000 lower. If Amendment No. 2 is not approved the project will remain funded in part by the capital improvement funds reallocated from another project.

Chair Gibson provided an opportunity for clarifying questions from the board - there were none.

Chair Gibson provided an opportunity for public comment - there was none.

Chair Gibson provided an opportunity for board discussion - there was none.

Chair Gibson then called for a motion.

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Member Heavner moved and Member Stromberg seconded that the Board of Public Utilities recommend to the County Council the approval and adoption of Incorporated County of Los Alamos Ordinance No. 733; An Ordinance Authorizing the Incorporated County of Los Alamos (County) to Submit an Amendment No. 2, to the New Mexico Environment Department (NMED) Clean Water State Revolving Fund (CWSRF), for the Purpose of Increasing the Funding of Loan Number CWSRF 110 for the Bayo Lift Station Elimination Project. The motion passed by the following vote:

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Yes: 3 - Board Members Heavner, Stromberg, and Gibson  
Absent: 2 - Board Members Tobin and Nakhleh

**6. CONSENT AGENDA**

Chair Gibson called for discussion or a motion.

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Member Stromberg moved and Member Heavner seconded 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:

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Yes: 3 - Board Members Heavner, Stromberg, and Gibson  
Absent: 2 - Board Members Tobin and Nakhleh

- 6.A. [18076-24](#) Approval of Board of Public Utilities Meeting Minutes for March 6 and March 20, 2024

I move that the Board of Public Utilities approve the meeting minutes as presented.

**7. DEPARTMENT BUSINESS**

- 7.E. [18305-24b](#) Approval of Proposed Changes to the Department of Public Utilities Rules & Regulations, Rule E-5 Interconnection with Cogeneration and Small Power Producers

Ms. Karen Kendall, Deputy Utility Manager - Finance & Administration and Mr. Stephen Marez, Deputy Utility Manager - Electric Distribution presented. Ms. Kendall reported that at the April 3, 2024 work session, staff presented proposed changes to Rule E-5 Interconnection with Cogeneration and Small Power Producers and updates to the related construction standards as shown in the associated application. Additionally, GDS consultants provided feedback on the billing practices relating to cogeneration supporting the proposed changes to E5.05. Copies of the proposed changes were provided in the meeting packet. The impact of changing to directly billing the wholesale rate is \$113,782 for calendar year 2023. This breaks down to an average annual reduction of \$251.73 per household. The last time the annual true up was conducted was for calendar year 2019. DPU is proposing to not retroactively perform the true up for calendar years 2020 through 2023. If this motion is approved by the Board, the changes will take effect immediately. If the rule changes are not approved, DPU will need to perform the annual true-up and collect the overpayment amounts from solar customers.

Chair Gibson called for clarifying questions from the board:  
Member Heavner spoke.

Mr. Marez spoke.  
Member Stromberg spoke.  
Ms. Kendall spoke.  
Member Gibson spoke.

Chair Gibson provided an opportunity for public comment in-person:

Mr. Quinn McClulloch spoke.  
Ms. Colleen Meyer spoke.  
Mr. Chinavas Seyer (sp?) spoke.  
Mr. Tyler Micks spoke.  
Mr. Hincho Qo (sp?) spoke.  
Mr. James Wernicke spoke.  
Mr. Joe Granville (citizen and employee of Positive Energy) spoke.  
Mr. Chris Lucini spoke.  
Mr. Andrew Frazier spoke.  
Ms. Natalie Demetric spoke.  
Ms. Rashi (no last name provided) spoke.  
Mr. David Sutton spoke.  
Mr. Steve Honigue spoke.  
Ms. Jen Hollingworth spoke.

Chair Gibson provided an opportunity for public comment over Zoom:

Mr. David Reagor (citizen and County Councilor) spoke.  
Mr. Rich Fordson spoke.  
Mr. Larry Freestone spoke.  
There was a written comment in Zoom by Cindy Mazure read by Mr. Richard Valerio.  
There was a Written question in Zoom by Anonymous participant read by Mr. Richard Valerio.

Chair Gibson provided an opportunity for board discussion on proposed action:

Member Heavner spoke.  
Member Stromberg spoke. He proposed delaying a vote so the board could discuss questions posed by citizens.  
Mr. Marez stated that he would like an opportunity to review questions and prepare a response.  
Ms. Kendall spoke about wholesaler retail rate calculation.  
Member Gibson spoke.

Chair Gibson asked if there were any objections from the board to review this topic at a later meeting.

Member Stromberg spoke - he was in favor of delaying action.

Chair Gibson closed the discussion and thanked everyone who attended and shared their thoughts.

**No action was taken on this item.**

## **RECESS (7:40 - 7:50 pm)**

### **7.D. [18304-24](#) Approval of Changes to the Department of Public Utilities Rules & Regulations - Fee Schedule**

Mr. James Alarid, Deputy Utility Manager - Engineering presented. He reported that the Department of Public Utilities Rules & Regulations - Fee Schedule was last updated on July 20, 2022. Most of the fees associated with new service installations for the gas,

water and electric utilities are being raised. The primary reason for the increases are due to increased staff salaries and materials cost inflation since July 2022. All gas work on steel gas systems are now going to be estimated costs at the time of service due to the need to contract the work out and the difficulty of establish accurate fixed fees. The service work which includes cutting and patching asphalt are being raised due to the current high price to patch asphalt.

Chair Gibson provided an opportunity for clarifying questions from the board:

Member Heavner spoke.

Member Gibson spoke.

Mr. Shelton spoke.

Chair Gibson provided an opportunity for public comment - there was none.

Chair Gibson provided an opportunity for board discussion - there was none.

Chair Gibson then called for a motion.

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**Member Heavner moved and Member Stromberg seconded that the Board of Public Utilities approve the changes to the Department of Public Utilities Rules & Regulations - Fee Schedule as presented. The motion passed by the following vote:**

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**Yes: 3 - Board Members Heavner, Stromberg, and Gibson**

**Absent: 2 - Board Members Tobin and Nakhleh**

7.C. [18607-24b](#)

Approval of Budget Revision 2024-60 Uniper Settlement and Change to Debt Coverage Ratio

Ms. Karen Kendall, Deputy Utility Manager, Finance & Administration presented. She reported that In March, the Department of Public Utilities received a settlement from Uniper for the cancellation of two power agreements. The first was for 25 megawatts at an average price of \$62.25 per megawatt hour. The second was for 15 megawatts at a price of \$39.67 per megawatt hour. The total settlement was \$58 million. The replacement power contract is at a price of \$76.75 per megawatt hour. The additional power costs for FY2024 are approximately \$2.2 million and for FY2025 are approximately \$8.7 million. Ms. Kendall presented a budget revision to recognize the \$58 million settlement and the estimated interest income.

Staff recommends investing the settlement funds less funding reserves and covering the additional power costs for FY24 and FY25. Investing the settlement funds meets the requirements of the County's Investment Policy and has been reviewed and agreed to by the County's Chief Financial Officer. This investment strategy allows DPU to 1) bring Electric Distribution and Electric Production reserves up to their required balances per DPU Financial Policies and the County Charter Section 509 and County Code Section 40-63; 2) cover increased cost of power to minimize rate increases beyond those already anticipated in long term plans; and 3) upgrade electric production and distribution systems to meet expected increased electrification demands over the next three to ten years. The estimated interest returns are based on amounts provided by the County's Investment Advisor and interest assumptions included in the FY2025 proposed budget. If the Board does not approve the recommended actions, the settlement proceeds will remain unbudgeted and the existing debt coverage ratio will not be achieved.

Chair Gibson provided an opportunity for clarifying questions from the board:

Member Stromberg spoke.

Member Heavner spoke.

Chair Gibson then called for a motion.

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**Member Stromberg moved and Member Heavner seconded that the Board of Public Utilities recommend the Uniper Settlement Funds be invested in a combination of a laddered treasury portfolio and the New Mexico Local Government Investment Pool (LGIP) in accordance with the County Investment Policy as overseen by the County's Chief Financial Officer.**

**I further move that BPU provides guidance to the Utility Manager to use the settlement funds and associated interest income to:**

**1) bring Electric Distribution and Electric Production reserves up to their required balances per DPU Financial Policies and the County Code Section 509 and Section 40-63;**

**2) cover increased cost of power to minimize rate increases beyond those already anticipated in long term plans; and**

**3) upgrade electric production and distribution systems to meet expected increased electrification demands over the next three to ten years.**

**I further move that BPU approve Budget Revision 2024-60 as presented and forward to Council for consideration.**

**I further move to amend Objective 2.3 of the DPU/BPU FY2025 Strategic Focus Areas, Goals & Objectives to reduce the debt coverage ratio target from 1.6 to 1.3. The motion passed by the following vote:**

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**Yes: 3 - Board Members Heavner, Stromberg, and Gibson**

**Absent: 2 - Board Members Tobin and Nakhleh**

**7.A. [18243-24](#) Integrated Resource Plan (IRP) Implementation Update**

Mr. Ben Olbrich, Deputy Utility Manager - Power Supply presented. He reported that This briefing describes the efforts of staff to identify, evaluate and develop new generation resources for the Los Alamos Power Pool, in consideration of the generation needs and preferred portfolio identified by the 2022 Integrated Resource Plan. He responded to board member inquiries and provided clarifying information as appropriate.

Member Stromberg spoke.

Mr. Shelton spoke.

Mr. Heavner spoke.

Member Gibson spoke.

**No action was taken on this item.**

**7.B. [18244-24](#) FY2024 Electric Reliability Plan Update**

Mr. Stephen Marez, Deputy Utility Manager - Electric Distribution presented. He provided an update to the Electric Reliability Plan "ERP" which is a living-document. The purpose for this report is to have a path forward to achieve and maintain a SAIDI of 60 minutes or less for the residents of Los Alamos County. The SAIDI (System Average Interruption Duration Index) is commonly used as a reliability indicator for electric power utilities. The ERP addresses the reliability indices, impacts on reliability and plans for future development.

Mr. Marez responded to board member inquiries and provided clarifying information as appropriate.

Member Stromberg spoke.

Member Gibson spoke.

**No action was taken on this item.**

**8. MONTHLY STATUS REPORTS**

18087-24 Status Reports for March 2024

Mr. Philo Shelton provided the following status reports in the meeting packet.

- 1). Electric Reliability Update
- 2). Accounts Receivables Report
- 3). Risk/Safety Report

There were no comments or questions from the board.

**No action was taken on this item.**

**9. UPCOMING AGENDA ITEMS**

18065-24 Tickler File for the Next Three Months

Chair Gibson asked for comments or additions to the tickler. Member Stromberg mentioned rooftop solar and rate changes. There was no other discussion or comments.

**No action was taken on this item.**

**10. PUBLIC COMMENT**

Chair Gibson called for public comment on any item - there was none.

**11. ADJOURNMENT**

**The meeting adjourned at 9:21 p.m.**  
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**APPROVAL**

Robert Gibson

\_\_\_\_\_  
**Board of Public Utilities Chair Name**

*Robert Gibson*

\_\_\_\_\_  
**Board of Public Utilities Chair Signature**

May 15, 2024

\_\_\_\_\_  
**Date Approved by the Board**

**ATTACHMENTS**

- (in agenda order)
- 4.C. Utilities Manager's Report 4/17/24

**Utilities Manager's Report**  
**April 17, 2024**

1. TLC Company, Inc was recently awarded 2024 Associated General Contractors of American (AGC) Best Buildings Award under the Municipal & Utility Category for the 33rd, 34th, & Arkansas Road & Utility Project. DPU project managers will attend the award ceremony in May. Also, TLC was just awarded the DP Road project.
2. Los Alamos County received a certificate of appreciation from the Rio de Chama Acequia Association (RCAA) for support LAC has given to the farmers and ranchers along the Lower Rio de Chama for the long term purchase agreement of San Juan/Chama contract water. Over the last few years, the RCAA has purchased LAC's annual allotment of the San Juan/Chama water to help supply their members with water.
3. The water production Jeep totaled in last month's no-fault collision will be replaced with a Ford F-150 Lightning. This will be the first county EV pickup truck. The cost is \$66,530 and DPU will apply for the \$7,500 tax credit once purchased.
4. With the closure of the ski season, the Camp May pumping station has started to pump runoff water to the storage reservoir on top of the mountain and so far it has pumped 240,000 gallons. Also, Water Production has delivered 1.7 million gallons from the LA reservoir to the Group 12 tank where this water is distributed to irrigate the golf course, and soon to North Mesa fields.
5. EPA has issued a Maximum Contaminant Level (MCL) for polyfluoroalkyl substances (PFAS) in drinking water at 4 ppt. Fortunately, LAC water tests are an order of magnitude below this MCL because of our deep groundwater source. A press release has gone out to explain this new water treatment standard.
6. The April CommuniTree fund raising drive for the Utility Assistance Program is at its half-way point. To date, DPU has collected an additional \$2,208.00 in one-time donations and received six new sustaining donors that total to \$235 per month. Currently, the UAP fund balance is \$17,882 and now projected to be \$17,343 at the end of this fiscal year with projected total assistance provided at \$25,000. However, for fiscal year 25, DPU anticipates the need for \$35,000 and the department continues to look for ways to close this funding gap.
7. The renovation of the DPU stand-by quarters is nearly complete. There will be a ribbon cutting next Wednesday.
8. N3B will be presenting the status of the Chromium Plume remediation project this Thursday at SALA and NMED will present to BPU on May 1<sup>st</sup>. NMED and I will discuss tailoring their presentation to BPU to fill in the gaps that may not be covered by N3B's presentation.

9. Senator Lujan awarded funds to San Ildefonso Pueblo for the solar project development. San I. said they will engage DPU when they seek a developer for the project. San I. Development Services continues to work with LAC broadband manager on a MOA to allow for the construction of a fiber conduit in coordination with the SR-4 water supply line replacement.
10. UAMPS Projects:
  1. CFPP continues the wind-down activities, and the exit costs did increase to \$6.27 Million from the initial projection of \$5.2 Million. LAC's repayment share is now proposed at \$321,127 and LAC's plans to pay this share before the end of the fiscal year.
  2. The natural gas study is looking at two sites with one located in southern Idaho and the other located in south central Utah based on availability of Transmission and natural gas supply lines. The next phase of the study will be presented to the members in a couple of weeks. This will also be an ECA agenda item for next week.
  3. The Geothermal Project had no updates since the proposers continue to be working on interconnection agreements.
11. The Technical Working Group (TWG) presented the Nuclear Safety Basis on what is it?; how does it work?; and how does it relate to LANL Cleanup?
12. Attended three presentations on the 20<sup>th</sup> Street redevelopment.
13. Attended the Climate Action Plan Workshop. The event was well attended by the community.
14. The Hilltop House gas tanks have been successfully removed and cleaned up. DPU had some concerns with the proximity of the sewer line to these tanks.
15. The Senior Management Team and some councilors attended a half day training on the National Incident Management System (NIMS) presented by LAC and the state's Emergency Management Team. It was good training to learn who all the players are should there be an emergency.