



LOS ALAMOS

County of Los Alamos

Minutes

Board of Public Utilities

1000 Central Avenue
Los Alamos, NM 87544

*Steve Tobin, Chair; Cornell Wright, Vice-chair;
Eric Stromberg, Charles Nakhleh, and Robert Gibson, Members;
Philo Shelton, Ex Officio Member
Steve Lynne, Ex Officio Member
Theresa Cull, Council Liaison*

Wednesday, August 16, 2023

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, August 16, 2023 at 1000 Central Avenue in Council Chambers. Board Vice Chair Cornell Wright called the meeting to order at 5:32 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: 3 - Board Members Wright, Stromberg, and Gibson

Absent: 2 - Board Member Nakhleh and Board Member Lynne

Remote: 2 - Board Member Tobin and Board Member Shelton

2. PUBLIC COMMENT

Vice Chair Wright called for public comment on items on the Consent Agenda or those not otherwise included on the agenda.
Ms. Stacey Gartz spoke.

3. APPROVAL OF AGENDA

Vice Chair Wright called for discussion or a motion to approve the agenda.

Member Gibson moved that the agenda be approved as presented. The motion passed by the following vote:

Yes: 4 - Board Member Tobin, Board Member Wright, Board Member Stromberg and Board Member Gibson

Absent: 1 - Board Member Nakhleh

4. BOARD BUSINESS

4.A. Chair's Report

Chair Tobin had no items to report.

4.B. Board Member Reports

None

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.

4.D. County Manager's Report

Mr. Lynne was absent and no written report was submitted.

4.E. Council Liaison's Report

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

- 1. County Manager announced his retirement.
- 2. Upcoming presentation to Council on Green House Gas and Climate Action Plan

4.F. Environmental Sustainability Board Liaison's Report

Mr. Groffman reported on recent ESB activities:

- 1. Future of Water in the Southwest
- 2. Presentation to County Council
- 3. LARES recommendations
- 4. ESB Workplan for 2024

There were no questions from board members.

4.G. General Board Business

4.G.1. [17605-23](#) Approval of Modifications to the Board of Public Utilities Procedural Rules

Ms. Karen Kendall, Deputy Utility Manager - Finance & Administration presented. During the July 2023 work session, the County Attorney's office presented suggested changes to the Board of Public Utilities Procedural Rules. Those marked changes are included here for board consideration. Additionally, the Utilities Manager recommends modifying section 4.6 Rate Ordinances to change the requirement for presenting rate changes to the Board of Public Utilities from "one month prior to the public hearing" to "the BPU meeting prior to the public hearing." This change is requested because there are often less than 30 days between monthly BPU meetings. Ms. Kendall and Mr. Shelton responded to board member inquiries and provided clarifying information as appropriate. Vice Chair Wright provided an opportunity for public comment on this item; there was none.

Member Gibson moved that the Board of Public Utilities approve the revised Procedural Rules and each member of the Board of Public Utilities sign the "Annual Reaffirmation of the Procedural Rules" signature sheet (Appendix A to the PR). A blank copy will be circulated to members after the meeting for signature. The motion passed by the following vote:

Yes: 4 - Board Member Tobin, Board Member Wright, Board Member Stromberg and Board Member Gibson

Absent: 1 - Board Member Nakhleh

4.H. Approval of Board Expenses

None scheduled for this meeting.

4.I. Preview of Upcoming Agenda Items**16932-23** Tickler File for the Next Three Months

Vice Chair Wright highlighted the agenda items for the upcoming work session and regular meeting. No additional items were identified.

5. PUBLIC HEARING(S)

- 5.A. CO671-23-b** Incorporated County of Los Alamos Code Ordinance No. 02-351; An Ordinance Amending Chapter 40, Article III, Sections 40-121, 40-122, and 40-123 of the Code of the Incorporated County of Los Alamos Relating to Electric Rate Schedules, Customer Service Charges and Electric Energy Charges

Ms. Kendall provided an overview and introduced Mr. Nick Weaver and Ms. Jessica Rozier of GDS Consulting who presented to the board. A copy of their presentation slides and supporting documents were provided in the meeting packet.

Ms. Kendall reported that the Department of Public Utilities has not raised electric rates since 2015. The adopted FY2024 budget includes an 8% increase in revenue anticipating an electric rate increase. DPU contracted for an electric rate study and cost of service study. The proposed rates are based on the results of the rate study portion of the contracted work. DPU is proposing rate increases for both FY2024 and FY2025. The cost of service study is ongoing and DPU anticipates those results to impact rates in FY2026. Staff is developing a work plan on improving the billing software to offer more flexible usage rates such as time of use and/or demand charges to the electric rates which is planned to be implemented in FY 2026.

Background**Overview of Code Ordinance 02-351**

- GDS Associates completed their rate study which is based on forecasting future revenue on a system wide basis
- GDS Associates and DPU are working together to complete the Cost of Service study which looks at the cost of providing services by customer classes. They will present the results of this study once concluded
- Our current billing system cannot produce either Time of Use or Residential Demand bills.
- We are currently researching and developing a work plan for a billing system to accommodate Time of Use and/or Residential Demand rate structures
- The FY2024 budget was developed assuming an 8% rate increase effective July 2024
- We have not had an increase to electric rates since 2015

Green Power & Time of Use

- The proposed rate ordinance removes the option to purchase green power
- DPU no longer purchases RECs to offset production of electric power due to DPU's clean power production and purchases
- The total revenue from voluntary green power initiative for FY2023 was \$6,725
- DPU currently doesn't have any customers on the existing Time of Use Rate Class. Since we cannot accommodate Time of Use rates in our current billing system, DPU is proposing removing the Time of Use rate classes

County Council meeting dates:

Introduction to Council: September 5, 2023

Council Public Hearing: September 26, 2023

Ms. Kendall, Mr. Shelton, and GDS staff responded to board member inquiries and provided clarifying information as appropriate. Vice Chair Wright provided an opportunity for public comment.

Ms. Avril Millensted spoke.

Ms. Sonya Lee spoke.

Member Stromberg moved that the board approve Incorporated County of Los Alamos Code Ordinance No. 02-351, An Ordinance Amending Chapter 40, Article III, Sections 40-121, 40-122, and 40-123 of the Code of the Incorporated County of Los Alamos Relating to Electric Rate Schedules, Customer Service Charges and Electric Energy Charges, and forward to Council for Introduction and Adoption.

The motion passed by the following vote:

Yes: 4 - Board Member Tobin, Board Member Wright, Board Member Stromberg and Board Member Gibson

Absent: 1 - Board Member Nakhleh

- 5.B. [RE0556-23a](#) Incorporated County of Los Alamos Resolution No. 23-30, A Resolution Authorizing the County Council Chair or Los Alamos County Utilities Manager to Approve Submission of Completed Applications and Necessary Documents for 2024 Applications to the Water Trust Board for Funding Water System Projects

Mr. Alarid was on travel so Mr. James Martinez, Senior Engineer presented. Following is an overview of the resolution. The Department of Public Utilities (DPU) has chosen to apply to the New Mexico Finance Authority, Water Trust Board (WTB) in the 2024 cycle to fund a project to replace 4,600 feet of 8-inch deteriorated cast iron waterline in San Ildefonso Road. The attached a map showing the limits of the proposed waterline replacement and it will be up sized to 12-inch waterline to support the proposed and planned housing projects on North Mesa. The waterline has experienced an increasing number of failures in recent years and the observed condition of the line during repairs reveal a severely corroded pipeline. The project is estimated to cost \$2 million. DPU recommends applying for \$2 million from the WTB. While DPU does not know the amount that will be awarded, however, if successful it is anticipated the award will have a 60% grant component, and a 40% loan component (20-year term @ 0% interest, 0.25% administrative fee), with a required match of 20% of the awarded amount which would come from DPU water distribution capital funds.

Mr. Martinez and Mr. Shelton responded to board member inquiries and provided clarifying information as appropriate. Vice Chair Wright provided an opportunity for public comment; there was none.

Member Wright moved that the Board of Public Utilities Approve Resolution 23-30 Authorizing Submission of an Application to the Water Trust Board for the 2024 Funding Cycle, and forward to Council for approval. the motion passed by the following vote:

Yes: 4 - Board Member Tobin, Board Member Wright, Board Member Stromberg and Board Member Gibson

Absent: 1 - Board Member Nakhleh

6. CONSENT AGENDA

Member Stromberg 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 Member Tobin, Board Member Wright, Board Member Stromberg and Board Member Gibson

Absent: 1 - Board Member Nakhleh

6.A. [16915-23](#) Approval of Board of Public Utilities Meeting Minutes

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

6.B. [AGR0971-23a](#) Approval of Amendment No. 3 to Services Agreement No. AGR19-47 with Bohannan Huston for Engineering Services for the White Rock Water Reclamation Facility in the Amount of \$411,041.60

I move that the Board of Public Utilities Approve Amendment No. 3 to Services Agreement No. AGR19-47 with Bohannan Huston in the amount of \$411,041.60, plus applicable gross receipts tax, for the purpose of Engineering Services for the White Rock Water Reclamation Facility, and forward to Council for approval.

6.C. [17524-23a](#) Award of Bid No. IFB 24-07R for the Purpose of Bayo Compost Area Expansion to DUB-L-EE, LLC in the Amount of \$1,390,072.35

I move that the Board of Public Utilities Approve the Award of IFB No. 24-07 for the Purpose of Bayo Compost Area Expansion with DUB-L-EE, LLC in the amount of \$1,264,072.35 and a contingency in the amount of \$126,000.00, for a total of \$1,390,072.35, plus applicable gross receipts tax and forward to Council for approval.

- 6.D. [17614-23](#) Amendment No. 4 to Task Order No.1, Agreement AGR22-67b Engineering Services with Souder Miller & Associates for the Design and Construction Inspection of the Barranca Mesa Tank Repainting Project in the Amount of \$283,352.70

I move that the Board of Public Utilities approve Amendment No. 4 to Task Order No.1, Agreement AGR22-67b for the Purpose of Design and Construction Inspection of the Barranca Mesa Tank Repainting Project with Souder Miller & Associates in the Amount of \$31,214.50 for a total Task Order amount \$283,352.70, plus Applicable Gross Receipts Tax.

- 6.E. [17674-23](#) Approval of Purchase of Eight Sewer Lift Station Pumps and Associated Accessories for the Rehabilitation of Four Sewer Lift Stations from James, Cooke and Hobson in the Amount of \$140,986.00

I move that the Board of Public Utilities approve the Purchase of Eight Lift Station Pumps and Associated Accessories for the Rehabilitation of Four Sewer Lift Stations from James, Cooke and Hobson in the Amount of \$140,986.00 plus applicable Gross Receipts Tax.

- 6.F. [17679-23](#) Approval to Purchase a McCloskey 516RT Trommel from Wagner Equipment Co. in an Amount Not to Exceed \$300,000

I move that the Board of Public Utilities approve the purchase of a McCloskey 516RT Trommel from Wagner Equipment Co. in an amount not to exceed \$300,000 plus Applicable Gross Receipts Tax.

7. BUSINESS

None scheduled for this meeting.

8. STATUS REPORTS

[16923-23](#) **Status Reports**

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

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

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

9. PUBLIC COMMENT

Vice Chair Wright opened the floor for public comment on any topic; there was none.

10. ADJOURNMENT

The meeting adjourned at 6:55 pm.

APPROVAL

Steve Tobin

Board of Public Utilities Chair Name

Steve Tobin

Board of Public Utilities Chair Signature

September 20, 2023

Date Approved by the Board

ATTACHMENTS

A. Utilities Manager's Report 8/16/2023

Utilities Manager's Report
August 16, 2023

1. This evening's consent agenda has two items that fall under the new procurement limits, the amendment with Souder Miller and the purchase of the Trommel Screen. Should the Board approve these items, I will be signing this amendment and purchase order respectively on Monday August 21st to comply with this new code ordinance since the effective date is on Saturday, August 19, 2023.
2. Attended the County Fair at the Council tent along with three deputies at Ashley Pond last Saturday and presented the proposed electric rate increase to citizens who stopped by. Most were understanding of the purpose and need for the rate increase and supported reliable power.
3. Staff has made good progress on the repairs on the Abiquiu Hydroelectric Plant. Startup and testing are planned for next week and should everything test out, then it will take a couple of days to work with the Army Corp to repressurize the penstock for power production.
4. The CFPP is still on track to meet the COLA submittal deadline by January 10, 2024. The Level II cost estimate is on schedule to be turned over by the end of September and will then be used to run a new Economic Competitive Test (ECT). There was a contract amendment approved with NuScale to allow them to purchase the long lead material items should the UAMPS project not go forward. While there is a lot of interest in the project, there was no additional subscription secured.
5. The UAMPS Resource Project Committee has several ongoing projects:

Geothermal Proposal (The Power Pool has requested 5 MW)

UAMPS' staff continues negotiations on a geothermal project that includes two project sites in Nevada. One is existing with a plant upgrade after the current PPA expires and another will be new with a total project capacity of 65-MW. The cost is around \$70-MWhr with an annual cost escalator plus transmission costs. The Project Management Committee approved a study budget of \$341,000 that will be implemented once the contract with the geothermal vendor is secured. Most of the study budget is to secure transmission for the project over Pacific Corp transmission system.

Gas Generation and Feasibility Study that may include the addition of hydrogen fuel in the future (The Power Pool has requested 10 MW)

No update was provided, however, in discussion with Matt Hastings with UAMPS at the conference, he did say their consultant is also exploring sites in the Four Corners area.

6. Power Supply team continues to work on the power purchase agreement with legal counsel on the 10-yr PPA for 150 MW and a second 10-year term for 200 MW of solar energy delivered to Four Corners on PNM system. DPU has received the battery storage portion of the agreement last Thursday and it is currently under review.
7. No updates to provide on the LANL photovoltaic site.
8. The Jacona Land Grant organization did meet with me briefly and said they are working with San I. Services to partner on transmission option.
9. San I. solar project has yet to receive notice on their DOE grant.
10. This month's Technical Working Group TWG presentation was on Performance Assessment and Composite Analysis (PA/CA) for Area G. Next month the second half of the presentation will be made.
11. Developed a punch list for the Middle DP Road Cleanup and forward it to N3B and NNSA.
12. Council approved their top five projects in the State's Infrastructure Capital Improvement Plan (ICIP) submission for FY 25 to FY 29. The top five projects were Phase 2 of the Jemez Mountain Fire Protection, Fire Station 4, DP Road Affordable Housing Infrastructure and Road, North Mesa Affordable Housing, and Transit Center. Tonight's resolution for a grant from the Water Trust Board supports the North Mesa Affordable Housing project.
13. LANL received a favorable design proposal for the two spare TA-3 Vertical Breakers at \$140,000, where the prior budget presented was \$420,000. We are working on proceeding with this design proposal and asked LANL staff to work on reducing the cost of this \$2.35 Million project. The primary cost driver in the presented project costs is with amount of labor hours in the estimate and DPU asked LANL to review these labor estimates as the design gets finalized. It is anticipated that FY23 will need \$100,000 budget for this design work and we have a meeting with LANL budget staff later this month.
14. Attended a presentation at the City of Albuquerque on their BRAIN conservation program. This software monitors energy and water usage and it provides data that is used to recommend facility renovations and the resulting facility savings are reinvested into more conservation programs with the City of Albuquerque.
15. Finally, I like to thank the Board for allowing me to attend the UAMPS annual members conference. Topics included financing, rate structures, electric market trends, decarbonization, resource adequacy, nuclear energy, long duration storage, and vehicle electrification. A few key take aways are to pursue a diverse portfolio of electric production

resources, transmission is a limiting factor for most projects, and electric vehicle charging is going to impact local distribution system. Many utilities are developing their community's charging infrastructure because of its impact and especially communities that offer electric buses and fleet.

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