

Utilities Manager's Report
July 19, 2023

1. Attended two policy committee meetings and the first meeting was regarding the needed electric rate increase and the second was about the CFPP costs and potential development risks. Based on initial direction from the policy committee on electric rates, tonight you will see an introduction of an ordinance to increase electric rates and a complementary increase in the Utility Assistance Program (UAP). Over the weekend, we had significant public comments regarding the UAP, and staff has prepared a revised presentation to respond to most of the issues raised. At the next BPU meeting, staff will have a more detailed presentation regarding the electric rate increases given the consultant scope of work is limited to attending the public hearings for BPU and Council. Staff will be attending the County Fair booth with Council and presenting a poster on the need for the electric rate increase.
2. Staff is making progress on the repairs on the Abiquiu Plant. Adam Cooper found parts that had an 84-week lead time for new replacements on eBay and the three current transformer parts will be delivered next week. Eaton tested the two dry type transformers and one potential transformer, and all the equipment tested out to be functional. The next steps are replacing wiring, buses, damaged panels, replace relays and programming of the equipment. It is anticipated to take another month to get the plant back on-line. The County's on-call consultant T&D has been retained and is helping with programming and start up.
3. The CFPP is still on track to meeting the COLA submittal deadline by January 10, 2024. The focus of this month's meeting was regarding subscription. A resolution was passed to allow more ways to participate in the CFPP from increasing entitlement share with existing members, offer entitlement shares under new power sales contracts, ability to offer power purchase agreements as long as it covers this additional expense (i.e., additional finance and interest costs), a contractual equity subscription under joint ownership or other contractual arrangements. The purpose of this new resolution is to give more flexibility to participate and ultimately get the project fully subscribed.
4. The UAMPS Resource Project Committee has several ongoing projects:

Geothermal Proposal (The Power Pool has requested 5 MW)

UAMPS' staff is in negotiations on a project in Nevada that looks to be promising. There will be transmission costs over Pacific Corp transmission system and the projected levelized cost of energy for this around the clock resource is estimated to be priced similar to the CFPP.

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

The study has recommended the larger combustion turbine plant to be located in Idaho. Most of Idaho is not in a non-attainment area and has minimum pollution control requirements. Smaller projects are still being considered and LAC will most likely want to participate in one of the smaller projects closer to New Mexico.

5. Power Supply team continues to work on the power purchase agreement with legal counsel on receiving a 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 not yet received the battery storage elements in the proposed contract.
6. No updates to provide on the Jacona Land Grant organization, or the LANL photovoltaic site.
7. Met a couple of times with San I. on the solar project and transmission options. They hope to learn later this month on award of the grant they applied for in June.
8. Participating in the Administrative Services Department Director recruitment this week.
9. This month's Technical Working Group TWG finalized their presentation on stormwater monitor and stormwater control measures. There was much conversation on PFAS in stormwater and regarding the new EPA sampling methods and the care that is required in obtaining samples that does not cross-contaminate with sampling equipment.
10. Attended a meeting with DOE's Deputy Chief of Staff, John Howard, and his team and County Manager and we expressed our concerns with the Chromium Interim Measure and Final Remedy and encouraged DOE to move forward on the impasse with NMED and we offered to help in any way. EM-LA is having a presentation tomorrow at Fuller Lodge at 9 AM regarding this project and other EM projects.
11. The Middle DP Road Cleanup has finalized their sampling and excavations should be completed by the end of this week. Next is to prepare the closure report to submit to NMED for approval. Staff met with Public Works on value engineering options to allow LAC to build the second half of the road. Given the developments planned for DP Road, DPU offered a low-pressure sewer system to avoid deep and costly sewer excavations.
12. Attended a mine reclamation meeting that supported the SJGS, and the ownership group approved a resolution to lower the umbrella insurance policy from 100 million to 50 million since all the underground reclamation activities are completed. This allows for a half million in returned insurance premiums to the ownership group.
13. Held a new employee orientation.