



LOS ALAMOS

## County of Los Alamos

1000 Central Avenue  
Los Alamos, NM 87544

### DRAFT Minutes

### Board of Public Utilities

*Cornell Wright, Chair; Stephen McLin, Vice-chair;  
Eric Stromberg, Steve Tobin and Carrie Walker Members  
Philo Shelton, Ex Officio Member  
Steven Lynne, Ex Officio Member  
James Robinson, Council Liaison*

Wednesday, December 15, 2021

5:30 PM

Remote Meeting:  
<https://us06web.zoom.us/j/88972169808>

#### REGULAR SESSION

#### 1. CALL TO ORDER

The regular meeting of the Incorporated County of Los Alamos Board of Public Utilities was held on Wednesday, December 15, 2021 via Zoom video conferencing platform. Board Chair Cornell Wright called the meeting to order at 5:30 p.m. BPU members, staff and the public participated remotely. This social distancing was to comply with the recommendations of the Centers for Disease Control (CDC) to prevent the spread of COVID-19. Members of the public were notified of the ability to live-stream the meeting online and submit public comment during the meeting. The following board members were in attendance:

Present 7 - Chair Wright, Vice Chair McLin, Board Member Stromberg, Board Member Tobin, Board Member Walker, Board Member Shelton and Board Member Lynne

#### 2. PUBLIC COMMENT

Chair Wright opened the floor for public comment on items on the Consent Agenda and for those not otherwise included on the agenda. There were no comments.

#### 3. APPROVAL OF AGENDA

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

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Yes: 5 - Members McLin, Stromberg, Tobin, Walker, and Wright

#### 4. BOARD BUSINESS

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

Chair Wright reported on the following items:

- 1). Commended DPU staff for their work on multiple outages earlier in the day. He asked Mr. Shelton to present "lessons learned" to the board at a future meeting.
- 2). Interested in creating a board subcommittee to discuss engaging UAMPS in the CFPP. He invited Member Tobin to serve on the subcommittee and Mr. Tobin accepted.

#### **4.B. Board Member Reports**

There were none.

#### **4.C. Utilities Manager's Report**

Mr. Shelton also commended department staff for their work on the multiple outages. He also thanked Ms. Garcia and Ms. D'Anna for their assistance in managing the situation since he was still on travel. Especially considering they have both been in their new positions for less than two weeks.

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 also thanked DPU staff for their work on the multiple power outages that occurred throughout the day. He also reported on the following items:

- 1). Congratulated Ms. Garcia on her promotion to Deputy Utility Manager - Finance & Administration.
- 2). Mentioned that County Council received several recommendations from the Environmental Sustainability Task Force that will be reviewed during the budget process. Stated that he will work Mr. Shelton on items that may affect DPU.
- 3). He recently returned from Washington, D.C. where he and Council Chair Ryti attended the National Cleanup Workshop. He shared that many DOE comments were pro-new nuclear energy.
- 4). LARES presented to Council (same presentation as BPU).

#### **4.E. Council Liaison's Report**

Councilor Robinson reported on the following items:

- 1). LARES Budget Options - will ask for DPU & BPU input.
- 2). Council approved of the ESB recommendation to ban glyphosphates on County land.
- 3). Council accepted the Tyler RFP for the customer service module.
- 4). The extension request from Marriot Corp. did not pass. Current construction deadlines remain in effect.
- 5). Council will elect a new Chair and Vice Chair in January 2022.
- 6). Expressed his appreciation to the BPU and DPU. He enjoyed serving as the Council liaison. The new Council Chair may decide to reassign B&C liaisons.

#### **4.F. Environmental Sustainability Board Liaison's Report**

Mr. Shelton introduced Ms. Jessie Emerson who will be serving as the Environmental Sustainability Board liaison to the BPU. Ms. Emerson reported on the following items:

- 1). Stated that she sincerely appreciates the work of DPU crews on outages. Mentioned that her father was a utility lineman and she understands the complexity and danger.
- 2). ESB was successful in the glyphophosphate ban as Councilor Robinson mentioned.
- 3). Allison Benson of Bee City presented to the ESB. The first step in becoming a Bee City is removing dangerous pesticides like glycoposphates.
- 4). LARES presented to the ESB
- 5). She attended the National Zero Waste Conference via Zoom.

Ms. Emerson responded to board member inquiries and provided clarifying information as appropriate.

#### 4.G. General Board Business

##### 4.G.1. [14951-21](#) Approval of Board of Public Utilities Meeting Calendar for 2022

Chair Wright asked board members to review the proposed 2022 meeting calendar. He then opened the floor for discussion. Board members discussed and agreed on the dates presented.

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**Member Walker moved that the Board of Public Utilities approve the proposed Board meeting calendar for 2022 as presented. The motion passed by the following vote:**

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**Yes: 5 - Members McLin, Stromberg, Tobin, Walker, and Wright**

##### 4.G.2. [14797-21](#) 2021 Board of Public Utilities Annual Self-evaluation

Chair Wright asked board members to review the 2021 Self-evaluation questions. He then opened the floor for discussion. Board members discussed each item and their consolidated responses are included in the attached draft self-evaluation.

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

#### 4.H. Approval of Board Expenses

There were no board expenses.

#### 4.I. Preview of Upcoming Agenda Items

##### [14746-21](#) Tickler File for the Next Three Months

In addition to the items already listed in the tickler provided in the agenda packet, the following items were identified for the tickler for upcoming meetings:

- 1). NMED Presentation - January 19, 2022
- 2). Update on 12/15/21 Power Outages Lessons Learned - Date TBD by Mr. Shelton
- 3). Board discussion of solar and/or storage options for LA County and possible department study of such options (led by Board Member Tobin) - January 19, 2022

**5. PUBLIC HEARING(S)**

- 5.A. [CO0624-21-a](#)** Introduction of Incorporated County of Los Alamos Code Ordinance No. 02-325; An Ordinance Amending Chapter 40, Article III, Sections 40-201 and 40-202 of the Code of the Incorporated County of Los Alamos Pertaining to the Sewage Service Rate Schedule and Determination of Charges

Philo Shelton, Utilities Manager introduced Incorporated County of Los Alamos Code Ordinance No. 02-325; An Ordinance Amending Chapter 40, Article III, Sections 40-201 and 40-202 of the Code of the Incorporated County of Los Alamos Pertaining to the Sewage Service Rate Schedule and Determination of Charges

In 2016 with anticipation of needing to replace the White Rock Wastewater Treatment Plant, several alternative long-term rate scenarios were prepared by staff and presented or Board consideration. After discussion, scenarios were selected that represented the most reasonable balance between increased rates and necessary system expenditures and have been the foundation upon which the ten-year budgetary projections have been based. This approach helps consumers adjust to increasing costs over time but provides adequate funding for planned initiatives in each year. The rate trajectory was considered in the long-range proposals discussed in 2016 and has been reviewed and adjusted each year since. There have been some opportunities taken advantage of, such as the refinancing of existing debt for the Los Alamos Treatment Facility and the one-time transfer of excess funds from the gas utility to the sewer utility. The long-range projections have been adjusted as appropriate to account for these actions, and to reflect actual operational experience since first implemented. The prior ten-year forecast for the sewer utility presented with the FY2022 budget did not include rate increases for years FY2023 through FY2031. However, in October 2021, DPU received two bids for Bid No. IFB 22-27 for the purpose of the White Rock Water Resource Reclamation Facility (WRRF) Construction Project, that well exceeded the engineer's estimate and budget authority for the project, which necessitated increasing the loan principal from \$17 million to \$30 million. BPU needs to consider a multi-year rate increase to cover the additional repayment of principal and interest on the 30-year loan. The anticipated increase in principal and interest payments is approximately \$611,000 annually over the term of the 30-year loan.

In the graph attached we show those adjusted long-range plans and highlight the rate trajectories included in DPU budgets, and the resulting cash position in relation to adopted cash targets. Four years at 2% per year projected rate increases are included in the proposed rate ordinance to maintain sufficient revenues to cover the anticipated principal and interest loan repayments. In future years, the graph shows a slightly higher rate trajectory at 2.5% per year that may be necessary. At completion of the WRRF in the next two years, DPU can seek to refinance the current loan if lower loan rates are available. Should lower loan repayments be available through refinancing, the rate increase trajectory should be revisited at that time.

The advantages to implementing the multi-year proposal are numerous. It allows our customers to plan and budget for future anticipated utilities costs in increments, rather than experience the "rate shock" of unanticipated rate increases on a more frequent basis. Forecasted revenues are also set in a multi-year plan, providing the utility with a known budget for the planned period. This can act as a catalyst for creative solutions for cost saving measures and stability with capital improvement plans. Enacting a multi-year

ordinance in no way limits the Board from later proposing another ordinance to change rates, either up or down, during that four-year period if operational experience necessitates such action. Should it become apparent that the rates proposed are either not achieving the revenue requirements of the systems, or are exceeding them, there is no reason why they could not be adjusted in the interim. This multi-year proposal simply provides for seamless and timely implementation of the rate projections should future results tie within reasonable variation to budget projections.

Included with the staff report, Exhibit C, are the rate comparisons with neighboring and similar communities, costs as a percentage of median household income, and long-term utilities costs projections normally presented with proposed rate adjustments. These continue to demonstrate that even with the challenges of our complicated system and topography, consumer costs for sewer services remain competitive and reasonable for our community.

The proposed rates should hold cash flow to an acceptable level in the sewer systems and provide adequate funding for financing the White Rock Water Resource Reclamation Facility, necessary repairs and replacements, continuing operations, and provide for movement toward our long-term cash reserve goals, provided that projected increases to capital and material costs stabilize. In the sewer utility, through the specific actions mentioned previously, projections are that we will maintain target cash reserves, while covering increased costs. With the previously implemented rate increases presented in FY2020, it is anticipated that incremental rate adjustments will continue to account for inflation for the foreseeable future.

As noted above, rate increases are going to be needed to fund necessary operations and replacement of facilities through rates. Other scenarios could be considered with more significant rate increases being implemented to fund more rapid system upgrades, or funding sources other than rates could be considered. If no action is taken, we would have to continue to curtail maintenance and replacements and system reliability will suffer. Additionally, if progress is not made to bring the wastewater plant into compliance with the EPA discharge permit limits, there is a potential to incur fines from EPA.

The budgeted increases are expected to generate additional revenues of \$131,508; \$263,439; \$398,702; and \$536,244 in FY23, 24, 25, and 26 respectively.

The following attachments were provided in the meeting packet.

A - Code Ordinance 02-325 - Sewer Rates

B - Wastewater Fund - Revenue Expense Cash Balance Graph

C - Projected Bills and Rate Comparisons

The Board discussed this item and requested clarification where necessary.

Chair Wright opened the floor for public comments, however there were none.

The Public Hearing before the BPU is scheduled for January 19, 2022 at 5:30 pm.

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Member McLin made a motion to approve No. 02-325 Code Ordinance as presented. Before the vote Ms. Garcia made a procedural point indicating that this meeting was only to introduce the Code Ordinance and no motion was necessary. She reminded the board that the public hearing was already scheduled for January 19, 2022 and the board would take action at that meeting.

Member McLin then made a motion to withdraw his previous motion. Member Stromberg seconded; the motion passed by the following vote:

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Yes: 5 - Members McLin, Stromberg, Tobin, Walker, and Wright

## **6. CONSENT AGENDA**

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

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Yes: 5 - Members McLin, Stromberg, Tobin, Walker, and Wright

### **6.A. [14742-21](#) Approval of Board of Public Utilities Meeting Minutes**

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

### **6.B. [15057-21a](#) Approval of Budget Revision 2022-32 to Transfer \$1,128,660.00 of American Rescue Plan Act (ARPA) funds to the Water Production fund for the Barranca Tank No. 2 Repainting Project**

I move that the Board of Public Utilities Approve Budget Revision 2022-32 to Transfer \$1,128,660.00 of American Rescue Plan Act (ARPA) funds to the Water Production fund for the Barranca Tank No. 2 Repainting Project, and forward to Council for approval. I further move that Budget Revision 2022-32 be included in the meeting minutes for the record.

### **6.C. [15058-21](#) Award of IFB No. 22-52 for the Purpose of Bayo Booster Non-Potable Water Storage Tank Construction Project - Phase I with Lone Mountain Contracting, Inc. in the Amount of \$494,791.00, plus Applicable Gross Receipts Tax.**

I move that the Board of Public Utilities approve the Award of Bid No. 22-52 for the Purpose of Bayo Booster Non-Potable Water Storage Tank Construction Project - Phase I with Lone Mountain Contracting, Inc., in the Amount of \$494,791.00 and a contingency in the amount of \$98,958.00, for a total of \$593,749.00 plus Applicable Gross Receipts Tax and forward to Council for approval.

- 6.D. [AGR0811-21a](#) Approval of Services Agreement No. AGR 22-36 with Western United Electric Supply in the amount of \$432,587.00 for the Purpose of the El Vado Transformer and Field Services project

I move that the Board of Public Utilities approve Services Agreement No. AGR 22-36 with Western United Electric Supply in the amount of \$432,587.00, and a contingency in the amount of \$40,000.00, for a total of \$472,587.00, plus applicable gross receipts tax, for the purpose of the El Vado Transformer and Field Services project, as drafted and attached, but may be subject to minor modifications, only if the final form is approved by the County Attorney and then forwarded to County Council with a recommendation for approval.

- 6.E. [AGR0813-21](#) Approval of Services Agreement No. AGR 22-35 with Ascentra, Inc., in the amount of \$143,100.00, plus Applicable Gross Receipts Tax, for the Purpose of Developing and Implementing a Functional and Tabletop Exercises of the Los Alamos County's Emergency Action Plan for the Los Alamos Canyon Dam.

I move that the Board of Public Utilities approve Services Agreement No. AGR 22-35 with Ascentra, Inc., in the amount of \$143,100, plus applicable gross receipts tax, for the purpose of Developing and Implementing Functional and Tabletop Exercises of the Los Alamos County's Emergency Action Plan for the Los Alamos Canyon Dam and authorize the County's Utilities Manager to sign the final documents.

## **7. BUSINESS**

- 7.A. [14794-21a](#) Award of Bid No. IFB 22-27 for the Purpose of the White Rock Water Resource Reclamation Facility (WRRF) Construction Project in the Amount of \$25,328,082.17 Including Bid Alternate A Plus Applicable Gross Receipts Tax, and a 9.8% Contingency in the Amount of \$2,427,774.57 for a Total Construction Budget of \$27,800,856.74.

Deputy Utility Manager of Engineering Mr. James Alarid presented this item. The following is the substance of the item being considered:

In 2004 (17 years ago) the DPU had two aging wastewater treatment plants (WWTPs) that were violating their respective permits. The New Mexico Environment Department (NMED) expressed concern about these aging plants and worked with DPU to develop a long-range plan to improve the situation to where the DPU would reach full compliance with all permit requirements at both WWTP's. The DPU realized that the wastewater fund could not adequately fund, nor could the DPU customers endure the rate increases, necessary to replace both WWTP's at the same time. The Bayo Canyon WWTP was in the worst shape with the worst environmental record and so the DPU selected that WWTP replacement project first and executed a project to replace that WWTP. Initial bids for the Los Alamos (LA) WWTP project were significantly above the engineer's



estimate and the initial bids were rejected and the WWTP was re-designed. The second round of bids came in slightly higher than the original bids and the second bid for a re-designed scaled down WWTP was awarded. The new LA WWTP was constructed and came on-line in 2007.

At the same time the project for replacement of the LA WWTP was moving forward a plan was developed to delay the replacement of the White Rock (WR) WWTP. This plan proposed minimal investment to keep the WR WWTP operating for as long as possible while minimizing permit violations to the greatest practical extent. Investment into the WR WWTP during this interim 10-year period was to be kept to a minimum since the WR WWTP did not need replacing and any investment into the existing WR WWTP would essentially be a "throw away" investment when the WR WWTP was eventually replaced. A 10-year plan was developed with the intent to execute a project to have a new WR WWTP constructed and operating in the year 2017. The existing WR WWTP was designed using 1960's technology that could not be enhanced or converted adequately to meet the increasingly stringent permit requirements being promulgated by NMED. NMED has not increased the permit requirements at the WR WWTP contingent upon the DPU's commitment to planning and working toward funding of the WR WWTP replacement project. In anticipation of the 2017 start of the WR WWTP replacement project the DPU commissioned a Preliminary Engineering Report that compared multiple types of WWTP technologies. The completed Report determined that the current proposed approach was not only the lowest construction cost but the lowest operation and maintenance cost type of plant.

The wastewater fund, in 2017, was not yet in adequate financial shape to completely fund the WR WWTP replacement project; and so, the 10-year plan was extended an additional 6 years. This new 16-year plan did require some "throw away" investment into the WR WWTP just to keep it running. The NMED, during this extension of the original plan, renewed the WR WWTP discharge permit once again without revising the permit requirements again with the knowledge that DPU was continuing to work toward a viable solution to replace the WR WWTP as soon as feasible. Everything was proceeding per the revised plan until two unrelated and extremely impactful events occurred. The COVID pandemic hit and now, two years into the pandemic, construction supply chains have been seriously disrupted and construction labor availability is very limited. Furthermore, severe weather events (hurricanes and flooding) have caused severe manufacturing disruptions and material cost increases for materials directly related to a WWTP project: steel, aluminum, copper, wood, pipe, and pipe appurtenances. Bid costs for all recent DPU capital projects have been coming in at 50 to 100% above original estimates in the past year.

Attempting a re-design to cut costs while still building an operational WWTP is not really feasible because an extensive value engineering effort was completed as the first step in the final design of the new WR WWTP. This value engineering effort centered on keeping the costs for the new WWTP as low as possible. The selection of using Oxidation Ditch technology, from the Preliminary Design Report effort, ensures costs are kept to a minimum. Additional steps developed in the value engineering effort that became a part of the final design were incorporating the existing structures into the current final design, instead of building all new structures, while maintaining the operational capabilities of the existing WWTP during construction of the new plant. Every existing building and major concrete basin of the existing WWTP will be incorporated into the new plant (with modifications and upgrades): some right away and some saved for future re-use as the non-potable system in White Rock is expanded and additional NP water storage is required thereby saving the DPU those future construction costs. Besides designing in the re-use of every building and major basin into the new WWTP, another innovative



approach that the design team undertook was the pre-bidding, evaluation, and selection of all major equipment components. Equipment for the Oxidation Ditch, Secondary Clarifiers, Ultraviolet Disinfection, Tertiary Filtration, Bio-solids De-watering and Digester Mixing Pumps were all pre-selected with guaranteed prices months before the bidding of the new WR WWTP. Some minor time related cost adjustments occurred for this equipment, but they were small, and the design team feels that this process did help control costs for this portion of the project.

Two bids were received on October 11th and only one of these bids was responsive. RMCI, Inc is the responsive bidder with a base bid of \$23,515,133.25 plus \$1,719,544.12 of NMGR for a total base project amount of \$25,234,677.37. There were five additive bid alternates labeled A thru E. Staff recommends approving only bid alternate A in an amount of \$87,040.00 plus \$6,364.80 NMGR for a total construction bid alternate A cost of \$93,404.80. This bid alternate is for asphalt paving of 2,950 SY of internal plant driving areas. Asphalt surfacing of the plant site, in lieu of gravel surfacing, will reduce the maintenance costs required to maintain the plant site and will enable the WWTP staff to keep the plant site looking clean during NMED inspections and reduce dust. Bid alternates B thru E consist of two basic options that can comfortably be deferred into the future: 1) Demolition of equipment in existing WWTP basins with some minor piping modifications that allow for future NP water storage; and 2) Off-site grading to better protect the WWTP site from storm water runoff erosion damage that can be accomplished using in-house forces and equipment. The total recommended base bid, plus bid alternate A project cost is \$23,602,173.25 plus \$1,725,908.92 NMGR for a total bid construction project cost, including NMGR, of \$25,328,082.17. A 9.76% project contingency amount of \$2,472,774.57 is also recommended by staff.

RMCI, Inc. has an extensive history of delivering high-quality construction projects in Los Alamos County. Throughout the bidding phase, RMCI was highly motivated and diligent in analyzing all project details, requiring over thirty points of clarification that all resulted in bid addenda. All bidding requirements were met with a high level of satisfaction to the evaluation committee, and the complex bidding line items were completed with no errors. It is the opinion of staff, with concurrence from the NMED Construction Programs Bureau, that RMCI will perform satisfactorily and deliver a successful project.

Keeping the existing WR WWTP operating for an additional extended period is not feasible because the plant continues to violate the discharge limits required by the NMED permit. The new Draft NPDES permit for the White Rock Plant mandates that the new plant be placed online three years after the permit goes into effect in February of 2022. Also, rebidding the project is not advised since there is a planned increase in state wage rates required for the project.

The WRRF is a replacement wastewater facility and will not require a change in staffing levels. Incorporated County of Los Alamos Ordinance No. 712, increased the loan amount to Thirty Million Dollars (\$30,000,000.00) with New Mexico Environment Department for the NMED Project CWSRF 083 under the same terms and conditions set forth for the original loan agreement.

The Board discussed this item and requested clarification where necessary. Chair Wright opened the floor for public comments - there was none.

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**Member Walker moved that the Board of Public Utilities approve Award of Bid No. IFB 22-27 to RMCI, Inc., for the Purpose of the White Rock Water Resource Reclamation Facility (WRRF) Construction Project in the Amount of \$25,328,082.17 including bid alternate A plus applicable gross receipts tax, and a contingency in the amount of \$2,427,774.57, for a total construction budget of \$27,800,856.74 and forward to Council for approval. The motion passed by the following vote:**

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**Yes: 5 - Members McLin, Stromberg, Tobin, Walker, and Wright**

**7.B. [AGR0799-21a](#) Approval of AGR22-928, a Power and Renewable Energy Credit Sales Agreement, between Uniper Global Commodities North America, LLC and the Incorporated County of Los Alamos**

Deputy Utility Manager of Engineering Mr. James Alarid presented this item. The following is the substance of the item being considered:

With the planned closure of the San Juan Generating Station on June 30, 2022, the Operating Committee for the Los Alamos Power Pool (LAPP) voted to replace this power with a short-term Power Purchase Agreement (PPA) to coincide with the expiration of the current Electric Coordination Agreement on June 30, 2025. The County's interest in the San Juan Generating Station represents 36 MW of capacity or approximately 40% of the LAPP annual energy demand. This proposal is for a 25 Megawatt (MW) PPA for the period between October 1, 2022 through June 30, 2025.

One of the most unique and defining attributes of this PPA is it leverages the over build of resources from the previous UNIPER contract and includes them as a firm fixed price resource at \$34.50/MW. In this case the cost of the resources are significantly less than projected Market Pricing. Utilizing the current models, UNIPER and Power Operations believes we can source 28% of the energy for the 2.75-year period with Renewable resources. This equates to roughly 170 Gigawatt hours (GWhs) over the contract period. There is also potential for UNIPER to add additional renewables, however 28% is what we expect based on current information.

The remaining 72% of the PPA is based on forecasted market prices. The forward outlook of \$72.75 on-peak and \$51.00 off-peak. These prices are based on the Paloverde Index and are not adjusted to the Four Corners hub where LAC receives power. Please see attached presentation for Futures outlooks at Paloverde. The Future pricing is the true competition for this PPA. Due to the timing of this PPA Power Operations would have no other choice but to procure this energy on the short-term market. As an added benchmark in FY2021, the price of market purchases was \$62.16, and the blended cost of county resources was \$55.66. Power Operations used \$64.50 for purchases in the FY2022 budget forecast.

**History and Background:**

Earlier this year, BPU and CC approved a 15 MW PPA with Uniper Global Commodities that consisted of wind, solar and market power for firming. The wind and solar resources were sized to deliver 76% renewable energy on an annual basis. To achieve this level of renewable energy, Uniper oversized both the wind and solar resources for this contract. The contract also gave the County's right of first refusal on all excess renewable generation above the contract requirement of 15 MW, priced at the Paloverde index plus \$0.75 per MWh non-firm.

This contract may appear to come at odd time since the Power Pool is currently undergoing an Integrated Resource Plan (IRP). The IRP is a planning document that is good for decision making up to 3 to 5 years even though the plan forecasts loads and

resources over a 20-year period. The recommended resources (portfolios) in the IRP are long term assets (12 plus years). This PPA energy is needed in 2022 (next year) for a relatively short term of less than 3 years.

Power Operations in conjunction with the Power Pool choose 25MWs as the best fit with the existing owned resources and PPA's. Other Considerations were a 20MW Option and a 30MW Option:

The Pool currently has a reserve margin of -25% that has Power Operations buying energy on the open market throughout the year. The original intent of this PPA was to keep the Power Pool whole considering the retirement of SJGS, the addition of the Uniper 15MW Wind and Solar PPA, and LANL CT operations. While there is forecasted load growth from Super Computing and other Programs during this three-year period, the schedule is flexible. In addition to the increased load the addition of LANL's Combustion Turbine (CT) and its new run schedule can possibly create an oversupply issue in the shoulder months when power demand is lower. It is imperative that we do not ask the Laboratory to curtail CT operations. If the PPA capacity was any lower than the 25 MWs it would increase our reliance on the short-term market and that pricing has been unfavorable since this past June, with the outlook being more expensive for the next two years. A 30MW PPA would cause issues with the seasonal variation of load regarding CT operations. A shaped block as more information is received from LANL would be a much better approach to addressing load. With these considerations the Power Pool decided 25MWs is an optimal PPA size.

Additional Information:

Power Operations would like to address some of the points and concerns that were raised in November's board meeting when staff first introduced the 25 MW PPA. The questions revolved around the recommendations of the 2017 IRP. The IRP stated, "The County needs not to be in any rush to commit to new resources until several uncertainties regarding SMRs, solar and storage are resolved". The IRP also said the addition of solar and storage should be tailored with the load growth and existing resources retirement schedules. Recommended portfolio S9 recommended a build of 21MWs of Solar and Storage by 2025.

Electric Production has researched many resources since the 2017 IRP was completed. First was the indicative bidding from the company MAXX Solar for the solar and storage option. It became clear that MAXX Solar over promised the idea of \$65.00 Solar and Battery Storage. This inability to deliver lead to our eventual talks with UNIPER for the 15MW Wind and Solar executed contract. In addition, EP brought forth options for the second MW at the Landfill site as well as other sites within the community that were not approved by BPU as the alternatives presented were more economical. In addition to the resource development issues discussed above, the Power Pools load never developed as planned. Recent volatility in the markets has been the focus of many discussions, however it is a relatively new development from approximately one year ago.

There is a new IRP being prepared that will address new market conditions throughout the west. As a guiding principle from the previous IRP, Power Ops has not extended its footprint due to one of the key recommendations of "Beyond building new renewable/ clean energy capacities to meet the carbon neutral goal and renewable objectives, additional gas-fired generation capacity (CC or RICE) involves upfront capital investment in a soft market, and is not advised unless control of resources is a priority to LAPP". EP feels that Nuscales Small Modular Nuclear Reactor (SMR) continues to be a feasible carbon free dispatchable resource and continues to follow the development as an option.

In summary, Power Operations believes that this contract will ultimately be delivered below market prices into the future. EP believes it has acted in the spirit of the adopted 2017 IRP findings and the January 20, 2016 adopted Strategic Policies for Electrical Energy Resources. Not Replacing the energy Output of SJGS is not an option. We have a load demand that must be met with a known generation resource. If this contract is not approved, Power Operations will try to find short-term energy to meet our load. All this energy will be procured at market prices which have proven to be very volatile over the last year.

The cost of the energy is already accounted for in the budgeting process. Staff efforts are part of normal business activities.

The Board discussed this item and requested clarification where necessary. Chair Wright opened the floor for public comments:

1) Ms. Jessie Emerson - spoke. Verbatim comments are available in the meeting recordings.

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**Member Wright moved that the Board of Public Utilities approve AGR22-928, a Power and Renewable Energy Credit Sales Agreement, between Uniper Global Commodities North America, LLC and the Incorporated County of Los Alamos and forward to Council with a recommendation for approval. The motion passed by the following vote:**

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**Yes: 3 - Members McLin, Walker and Wright**

**Abstain: 2 - Members Stromberg and Tobin**

## **8. STATUS REPORTS**

### **8.A. 14750-21 Monthly Status Reports**

The following informational status reports were provided to the Board in the agenda packet:

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

### **8.B. 14885-21 Quarterly Conservation Program Update**

James Alarid, Deputy Utility Manager - Engineering, was scheduled to present this item. Chair Wright deferred this item until the January 19, 2021 meeting. This summary was provided in the meeting packet:

The Water and Energy Conservation Coordinator position was advertised this quarter and three very qualified applicants have been interviewed. The position should be filled early in the new year, allowing our conservation program to be greatly expanded. One of the first assignments will be to update the existing conservation plan. Another is the implementation of the new customer portal included in the advanced metering infrastructure (AMI) project. We anticipate the portal to be online in the first quarter of 2022. The availability of 24/7 consumption data and the customer portal allowing customers to view their own consumption data provides a number of potential conservation opportunities.

**9. PUBLIC COMMENT**

Chair Wright opened the floor for public comment on any items. There was none.

**10. ADJOURNMENT**

The meeting adjourned at 9:49 pm.

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**APPROVAL**

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Board of Public Utilities Chair Name

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Board of Public Utilities Chair Signature

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Date Approved by the Board