County of Los Alamos
Minutes
Board of Public Utilities

1000 Central Avenue
Los Alamos, NM 87544

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, November 17, 2021 **5:30 PM** **Zoom Webinar: https://us06web.zoom.us/j/84866239575**

REGULAR SESSION

1. CALL TO ORDER

The regular meeting of the Incorporated County of Los Alamos Board of Public Utilities was held on Wednesday, November 17, 2021 via Zoom video conferencing platform. Board Chair Cornell Wright called the meeting to order at 5:31 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 the Consent Agenda or items not otherwise included on the agenda. Members of the public gave the following summarized comments:

1). Ms. Katie Leonard, 3092 Woodland Rd - shared her ideas for use of LA Green Funds. She also sent an email to the BPU members which is attached to these minutes.

3. APPROVAL OF AGENDA

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A motion was made by Member McLin, seconded by Member Stromberg, that the agenda be approved as presented. The motion passed with 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 advised the board that he would be participating in the Boards & Commissions virtual luncheon this week. He also asked members of the board to also considering rotating attendance at the B&C luncheons. Finally, he reported that he and Vice-Chair McLin and Mr. Shelton had been participating in the Joint Policies Committee meetings with Vice Chair Robinson and Councilor Reagor.

4.B. Board Member Reports

There were no reports from members.

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 reported on one item. He recently attended the County Managers' Affiliate of the NM Association of Counties and learned that statewide counties are facing the same issues as Los Alamos regarding supply chains, recruitment, rising prices, etc.

4.E. Council Liaison's Report

Vice Chair Robinson highlighted some items from the November 16th Council meeting:

1). Proclamation declaring Saturday, Nov. 27 as "Small Business Saturday" in Los Alamos (accepted by Ryn Herrmann, Executive Director, Los Alamos Chamber of Commerce)
2). Proclamation declaring Tuesday, November 30, 2021 as "Giving Tuesday" in Los Alamos County accepted by United Way of Northern New Mexico (Monica Griego, Executive Director) and Los Alamos Community Foundation
3). Incorporated County Of Los Alamos Code Ordinance No. 02-321, An Ordinance Amending the text of Chapter 16, Article I Section 9, and Article VII Section 288 and adding a new Section 289, to adopt local regulations for cannabis retail sales and amending the text of Article VII Section 277 regarding home occupations.
4). Introduction of Incorporated County of Los Alamos Code Ordinance No. 02-323, An Ordinance Providing for the Registration of Vacant Commercial Buildings within the County of Los Alamos, New Mexico; Establishing Registration Requirements and Fees
5). Discussion on Potential Uses of the Gross Receipts Tax (GRT) Settlement Funds

4.F. Environmental Sustainability Board Liaison's Report

Mr. Loechelle was absent and did not provide a written report.

4.G. General Board Business

4.G.1. **15001-21** UAMPS/NuScale Presentation by Dr. Jose Reyes

Mr. Steve Cummins, Deputy Utility Manager - Power Production provide a brief overview of the topic and introduced Dr. Jose Reyes. A letter from UAMPS was included in the meeting packed that provides a summary of the selection and development process of the nuclear fuel assembly used in the NuScale Power Module reactor as well as a summary of the NRC review process. Dr. Reyes presented to the board regarding the small modular reactor up-rate and reactor fuel and and was available for questions. Mason Baker with UAMPS and Shawn Hughes, project director for the Carbon Free Power Project (CFPP) were also present to answer questions from board members and the public. A copy of Dr. Reyes' slide presentation was not available prior to publication of the meeting packet but is attached to these minutes.

PUBLIC COMMENT
Chair Wright allowed time for public comment on this topic. The following citizens spoke:
1). George Chandler, 1208 9th Street - commented that it was an excellent presentation (full comments are available in the audio and video recordings).

Chair Wright provided a link to UAMPS updates for the Carbon Free Power Project (CFPP): https://www.uamps.com/Carbon-Free

4.G.2 **15002-21** Los Alamos Resiliency, Energy and Sustainability (LA-RES) Interim Report

Mr. Shelton introduced Ms. Katie Leonard a member of the Los Alamos Resiliency, Energy and Sustainability Task Force. She presented on the committee's Interim Report and asked the BPU to provide feedback to the task force before their final document is delivered to County Council.

On January 26, 2021, Los Alamos County Council approved the formation of the Los Alamos Resiliency Energy & Sustainability Task Force (LA-RES). The purpose of the LA-RES Task Force is to serve as an advisory body to the County Council for the purpose of recommending ways for the County as a whole, including government, businesses, and residents, to achieve net zero greenhouse gas emissions and advance other sustainable practices in the face of climate change.

Per the Charter, “The Task Force will build a comprehensive resiliency, energy, and sustainability “white paper” or strategic plan. This plan will present specific, measurable, achievable, and timely recommendations for how Los Alamos can achieve or exceed the goals set forward by our governor in the New Mexico Climate Change Executive Order 2019 which complies with the 2015 Paris Agreement.

The Los Alamos Resiliency Energy & Sustainability Task Force approved the interim report on August 6, 2021. The interim report contains six sections of

recommendations: General Recommendations, and recommendations in the areas of Community Planning & Zoning, Electricity Supply and Demand, Natural Gas Reduction, Transportation & Mobility, and Waste, Consumption & Natural Resources, all aiming to reduce our carbon footprint and mitigate climate change. The General Recommendations are presented in order of priority and action: Recommendations 2-5 will depend on recommendations zero (0) and one (1) being put into place.

The Task Force seeks to gain Board of Public Utilities feedback on the interim report as they continue to research and develop recommendations to reduce greenhouse gas emissions. The final report will be delivered to County Council by February 1, 2022. The following documents were provided in the meeting packet: LA-RES Interim Report and LA-RES Interim Report Slide Presentation. Ms. Leonard also responded to board member inquiries as appropriate. For more information visit the Resiliency Energy & Sustainability Task Force page on the County website: *https://www.losalamosnm.us/cms/one.aspx?portalId=6435810&pageId=17432629*

PUBLIC COMMENT
Chair Wright allowed time for public comment on this topic. The following citizens spoke:

1). Heidi Rogers, 1716 Camino Uva - shared that she is also a member of LA-RES and expressed her thanks for the opportunity to build rapport with the BPU. (Her full comments are available in the audio and video recordings).

RECESS **Chair Wright called for a recess at 7:33 p.m.. The meeting resumed at 7:43 p.m.**

4.G.3. **14796-21** Begin 2021 Board of Public Utilities Annual Self-evaluation -and- Revise Appendix M (Annual Self-Evaluation Template) of the BPU Procedural Rules.

The board will begin the annual self-evaluation of its own performance as outlined in section 3.9 of the BPU Procedures Manual. The current self-evaluation follows the template taken from the APPA Handbook for Public Power Policymakers. In preparation for this initial discussion, board members are asked to review the current format, along with the results from the 2020 self-evaluation. During the 2020 self-evaluation when discussing question II.D.2 the board felt this question could be revised for clarity in future evaluations. Members again mentioned systems for tracking and reviewing customer service feedback. Chair Wright developed the revised question and presents it for board discussion and approval.

During this item, in accordance with the Procedures Manual, the DPU staff, county staff, County Council, and the public will have an opportunity to make suggestions for self-evaluation questions. The board may wish to discuss soliciting additional input or modifying aspects of the current self-evaluation format. The chair proposes that after this preliminary discussion, the detailed self-evaluation be conducted during the December regular meeting and the final evaluation be approved at the January 2022 meeting. If the revision to Appendix M is approved the Executive Assistant will then update the Self-Evaluation form and distribute it to the board prior to the December meeting.

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Member McLin moved that the Board of Public Utilities approve revision of the BPU Procedural Rules, Appendix M, question II.D.2. to read "Are there systems for modifying policy, procedures, processes, and priorities when DPU organizational performance does not meet standards?" as indicated in Attachment B. The motion passed by the following vote:

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

4.H. Approval of Board Expenses

There were no board expenses.

4.I. Preview of Upcoming Agenda Items

14745-21 Tickler File for the Next Three Months

The board reviewed the tickler. There were no additional items identified for future meetings.

5. PUBLIC HEARING(S)

There were no public hearings scheduled for this meeting.

6. CONSENT AGENDA

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Member McLin 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:

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

6.A. 14741-21 Approval of Board of Public Utilities Meeting Minutes

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

6.B. AGR0794-21 Approval of General Services Agreement No. AGR 21-57 with IC System in the amount of fourteen and one-half percent (14.5%) of any recovered amount on all referral accounts for the Purpose of Accounts Receivable Collection Services.

I move that the Board of Public Utilities endorse General Services Agreement No. AGR 21-57 with IC System, not to exceed, fourteen and one-half percent (14.5%) of any recovered amount on all referral accounts for the purpose of Accounts Receivable Collection Services and forward to Council for approval.

7. BUSINESS

7.A. **15085-21** Recommendation to Council for Approval and Adoption of Incorporated County of Los Alamos Code Ordinance No 02-324, An Ordinance Amending Chapter 40, Article II, Division 2, Section 40-63 to Extend the Option of Redirecting Department of Public Utilities Profit Transfers by Council Action to the Joint Utility System Fund for Purposes Designated by the Council.

Mr. Cummins, Deputy Utilities Manager - Power Production let the discussion on this topic:

On February 25, 2020, Incorporated County of Los Alamos Code Ordinance No 02-302 was adopted by County Council to redirect profit transfer from both the gas and electric utilities for a period of three years from FY 2020 until FY 2022. As part of the FY 2022 Budget preparation, DPU staff had prepared a 10-Year Profit Transfer Budget Options for renewal and replacement of utility infrastructure that supports the need to extend this period for an additional ten years. The BPU/Council sub-committee discussed in October 2021 and recommended to extend this period for another 10 years. To extend this Ordinance for another ten years it requires the ordinance modify the dates under Section 40-63 (12) (c) until 2032. This simple revision enables the Council to redirect the profit transfers within the DPU for purposes as specified by the Council for accelerating investment in utility infrastructure.

Alternatives

The BPU could elect to wait to endorse these items pending further discussion, however because of the budget preparation, review, and approval process and schedule, such action would result in having to prepare two drafts of the FY23-24 Budget, one including the profit transfer, and another with no profit transfer. The BPU/Council sub-committee, CAO, CMO and DPU staff have reviewed the proposed revisions and collectively endorsed moving forward as proposed.

Fiscal and Staff Impact

As part of the FY22 Budget, Staff presented a 10-year capital improvement plan that exclusively used the profit transfer proceeds that are redirected back to the DPU for renewal and replacement CIP projects. This program is approximately $820,000 per year that benefits the Utility. Most of these renewal and replacement projects proposed on this CIP list are designed in house and coordinated with Public Works road construction projects.

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

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Member McLin moved that the Board of Public Utilities recommend to Council approval and adoption of Incorporated County of Los Alamos Code Ordinance 02-324 as presented. The motion passed by the following vote:

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Yes: 4 - Members McLin, Stromberg, Walker, and Wright

Abstain: 1 - Member Tobin

7.B. **15027-21** Presentation of the 2021 Electric Reliability Plan

Mr. Steve Cummins, Deputy Utility Manager - Power Production introduced Mr. Steven Marez, Electrical Engineering Manager who presented to the board. Mr. Marez provided a copy of the plan in the meeting packet. The DPU continually updates the Electric Reliability Plan as a working document to capture the current distribution system conditions resulting from our Asset Management Program and direction from the Board of Public Utilities. The plan also includes some historical information for context. It is intended to be a guide for the Electric Distribution Asset Management Team. The document is not intended to be a published report and is provided here to facilitate a high level discussion with our governing bodies.

Mr. Marez and Mr. Cummins responded to board member inquiries and provided clarifying information as appropriate. Mr. Marez's slide presentation was not available prior to publication of the meeting packet. However it is attached to these minutes.

7.C. **15055-21** Discussion on San Juan Replacement Energy Plan for the Current ECA Term

Mr. Steve Cummins, Deputy Utility Manager - Power Production introduced Mr. Jordan Garcia, Power System Supervisor and Mr. Damian Irizarry of UNIPER. Mr. Garcia presented and led a discussion. Following is a summary of the topic discussed:

As Los Alamos County's impending exit from the San Juan Generating Station (SJGS) approaches, Power Operations has investigating ways to meet the Power Pool's load obligations for the current ECA contract term. One of the Power Operations team's many roles is to secure generation on both short and long-term bases as needed. Short-term energy procurement is a vital piece of our business model as we have a negative reserve margin and are net buyers on the open market. The exit from SJGS will create a large energy shortfall for the Power Pool.

Most generating stations on the grid have their own pricing, and trade individually. Los Alamos has historically subscribed to Mid-Columbia (Mid-C), Palo Verde, and Four Corners. Mid-C is a major trading point in the Pacific Northwest, Palo Verde is a major trading point in the Southwest and Four Corners is one of the most active hubs that the Power Pool has access too. All these market hubs are very volatile depending on the conditions of the market itself. The past year has hosted some of the most intense market fluctuations Operations has witnessed in decades. For illustrative purposes, think about the energy market as three separate markets: long-term, short-term, and real-time. The long-term market sells large amounts of energy for periods greater than one year and incorporates risk and volatility with a market adder. Long-term purchasing really favors standard blocks of energy roughly 25MW increments. The market will offer shaping of energy (non-standard blocks) for additional costs and risks premium. Short-term energy is a one year or less offering

(either annually, quarterly, monthly or day ahead). This pricing is more market-based with less risk priced in and less of an adder because conditions are somewhat more predictable. Lastly, the real-time market is now ruled by an optimization engine for the Energy Imbalance Markets.

Each energy market has its strengths and weaknesses, and it is a collective decision by the Power Pool on what approach to adopt. Below are the considerations that go into this decision:

PPA Size: 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. With these considerations the Power Pool decided 25MWs is an optimal PPA size.

PPA Price: As mentioned above, the forward pricing outlook for our receipt points is very high for the next two years. There is particular emphasis on the summer months with pricing curves topping out at over $213/MWh currently. Locking in a price now will alleviate the reliance on variable pricing in the future. The unique attribute of this PPA is that combined with actual wind and solar generation, the offered price is lower than current and forecast future market rates. The not to exceed amount would be $38,073,900.00 which is based on futures at the Palo Verde Index (PV), with no renewable energy. The addition of the wind and solar into this PPA decreases the expected amount to $33,346,650.00, a reduction of $4,727,250.00. The existing 15 MW PPA with Uniper, contractually gives LAC the first right of refusal on all the excess wind and solar generated from the two projects at the PV index plus $0.75/MWh non-firm. Power Operations believes it would be difficult taking advantage of the excess capacity due to our Network Integrated Transmission Service Agreement (NITSA) requirements with PNM. This short term PPA will take advantage of this excess generation at a fixed price of $34.50/MWh, reducing the average market price for the forward-looking high load and low load hours of approximately $72.75/MWh, to an estimated $51.00/MWh firm. This PPA is projected to deliver between 28% and 40% renewable energy over the term of this agreement. It is unlikely that the Power Pool would receive competitive bids on a similar PPA because it would require building new wind and solar only to serve a three-year contract. All the wind generation within PNM's balancing area has been sold along with the available transmission capacity. There are more opportunities for additional solar, but they would require a 15-year agreement for building the additional capacity.

PPA Point of Receipt: This PPA will be received on PNM's system which will

not include any additional transmission charges. In addition, with lack of merchant generation in WECC, we can point to the generation source for this energy which will be well received with our Balancing Area

Alternatives

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. In addition, we have impending load growth that will need to be met as well. Power Operations stresses that 25 MW is the optimal PPA size; however, 20 and 30 MW options were prepared for comparison.

For the 20MW option

* Adds ***+$1/MWh***, for a non-standard block premium; this is roughly the risk premium associated with having to cover when 4C is not available and the wind and solar are not producing.
* The % of carbon free MWs increases as a function of less MWhs but is also limits the upside of the wind generation in a good wind year.

For the 30MW option:

* Adds ***+$2.50/MWh***, for a +$1/MWh non-standard block premium and a +$1.50/MWh on the shape as there are more hours not covered by excess renewables
* The expected % of carbon free MWs goes down, but it leaves room in a good wind year to gain that back (just hard to say with exactness). However, even in a good wind year because the wind is largely in the LL hours the price would not be mitigated all that much because of the renewable short fall in the HL hours compared to the 30MW volume.

Mr. Cummins, Mr. Garcia and Mr. Irizarry responded to questions from the board and provided clarifying information as appropriate

8. STATUS REPORTS

8.A. **14749-21** 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) Risk & Safety Report

8.B. **14751-21** Department of Public Utilities Quarterly Report - FY22/Q1

At a prior BPU meeting Mr. Shelton mentioned that Ms. Williams-Hill has accepted a promotion and is now the County Public Relations & Communications Administrator. She worked diligently on her last DPU Quarterly Report - FY22/Q1. However, since presentations took longer than expected Chair Wright thanked her for her contributions over the last 19 years and asked Board Members to review the document at their leisure.

The final Quarterly Report was not available prior to publication of the meeting packet. A copy was provided to the board on November 17th and is attached to these minutes.

9. PUBLIC COMMENT

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

10. ADJOURNMENT

Chair Wright adjourned the meeting at 9:42 p.m.

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APPROVAL

Cornell Wright, Jr

Board of Public Utilities Chair Name

Board of Public Utilities Chair Signature

December 15, 2021

Date Approved by the Board

ATTACHMENTS

1. Email from Katie Leonard to BPU
2. Utility Manager's Report
3. NuScale Slide Presentation
4. Electric Reliability Report Slide Presentation
5. Department of Public Utilities Quarterly Report - FY22/Q1

From: Katie Leonard
To: Board of Public Utilities
Subject: [Re: LA Green $8k
Date: Wednesday, November 17, 2021 4:45:26 PM

To the Board of Public Utilities,

First, thank you for the service you provide to the community by serving on the BPU.

I have heard that there are some LA Green funds that need spending. I have a few ideas:

What about using these funds for a staff person to go door-to-door to hand out a home energy efficiency checklist? My mother-in-law suggested this person also bring a caulking gun and some weather stripping :-)

In this same vein, hiring someone to check the recycling bins (and/or yard waste carts). My neighbor always has unrecyclable material in her blue cart, it drives me insane. I realize, however, that regular trash/recycle drivers don't have time to get out and check each cart before it's dumped in the truck. This extra staff person could check and leave a tag with "This is why we didn't pick up your recycling today" info on it. Perhaps you already have this kind of thing in place.

Would investing in stickers that go on top of recycle bins (see attached photo) would be a good use of these funds? I realize that recycling is low on the environmental impact ladder. It is, however, something that most everyone does and can lead to broader education about REDUCING.

I have another thought that we've bounced around during Zero Waste meetings: when I lived in Oregon, the Corvallis Sustainability Coalition had a waste prevention action team that had neighborhood "recycling block captains," and we handed out quarterly flyers about waste reduction, what does/does not go in the recycle bin, buying bulk tips, etc. (link here if you'd like to see past flyers). The monies could be used to start this (mostly volunteer) program and pay for the printing.

A completely different idea: a demo kitchen with an induction stove (located at the County building). There could be a kettle with water that visitors could boil, or there could be groups giving demonstrations (and food samples).

I support Sue Barns's suggestions of reducing consumption through education (or someone helping residents lower their emissions, see my first suggestion) or purchasing some Kill-o-Watt meters. The Corvallis (Oregon) School District had a set of these that they rotated through schools to audit how much energy was used in classrooms/buildings. After teachers saw how much of a difference turning off computers, closing blinds, and other actions saved, they were more willing to make the effort to take these actions.

Thank you for your time and for everything that each one of you does to help make ourcommunity a better place.

Sincerely,
Katie Leonard

Link to past flyers:
https://sustainablecorvallis.org/action-teams/waste-prevention/recycling-block-captain-program/#recyclinghandouts

Utility Manager's Report
November 17, 2021

1. Last month, I reported that we had one employee in the hospital due to COVID-19 illness and I am sad to report that Richard Valdez lost his battle with the virus and passed away on October 24th. He will be missed by the Department and a celebration of his life will be scheduled at a later date. Richard was an electric lineman, and our condolences were extended to his family and his work crew. The County continues to have an indoor mask mandate and has a weekly testing regime for unvaccinated employees to help slow the spread of COVID-19.

2. The safety employee of the quarter is Charles "Charlie" Lopez, a trainee with the Wastewater Treatment crew. Prior to servicing the air diffusers at the bottom of the 15 feet deep aeration basin, Charlie assures all pumps and motors were locked out tagged out as well as all valves leading to the basin were closed off. Then he assured the ladder was secured, donned all the required PPE and harness before entering the basin. He made sure everything was safe before performing this necessary maintenance task. He will get a day of administrative leave for his safety efforts. Finally, Charlie passed his level I exam and he is being promoted to Apprentice I. Congratulations to Charlie.

3. Attended the UAMPS Project Management Committee Meeting regarding the CFPP. The core boring work has been completed four weeks early which was a critical path item within the project schedule. Next are completion of wells and constructing a weather station. The weather station is needed to collect two years of weather data as part of the COLA application. LAC's subscription remains at 2.15-MW based on the investment cap of $1.26 million.

4. For the PNM/Avangrid merger case (PRC Case Number 20-00222-UT) the hearing examiner made a recommendation on how the merger can occur and it has been accepted by the PNM and Avangrid team. LAC filed some clarifying comments to the hearing examiner, and the stipulated language remains unchanged. The stipulation is requesting an option for full demolition of the SJGS be considered including using whole life cost analysis in its evaluation.

5. San Juan County held a hearing on an ordinance to require the San Juan Generating Station be removed to three feet below the ground. Steve Cummins presented a letter from DPU at the hearing requesting the plant be removed to the surface and this request was accepted by San Juan County Commissioners.

6. Westmoreland who supplies coal to the SJGS has restored their long wall coal mining operation and each day they are slowly adding to the coal reserve stockpile. Last month, there were only 19 days of coal in reserves and today the reserve stock pile is at 24 days.

7. Farmington and Enchant have met with PNM regarding land transfer and transmission options. Enchant made a request for transmission services from the PRC. It is planned in December to hold another meeting to finalize the term sheet. Once all these details are finalized, the term sheet will be brought back to BPU and Council for consideration.

8. Held a POST 2025 ECA meeting with LANL, and we are making good progress on the agreement. New for consideration is President's Biden's executive order for DOE to be 100% renewable by 2035 and how to account for renewable energy credits or carbon free power. Staff is working on a proposal.

9. Julie Williams Hill accepted a promotion to be the County Manager's Communications & Public Relations Administrator and she has started this week. I would like to thank her for 19 years of service with DPU. I accepted a transfer request from Cathy D'Anna who will take Julie's position starting after the Thanksgiving holiday. Cathy was the Department's Business Operations Manager prior to Heather Garcia and managed the Customer Care Center in prior job roles within DPU. Congratulations to both of them.

10. Attended a meeting on the 50-year Water Plan being prepared by the Office of the State Engineer. I sent out some information on future meetings in December regarding this 50-yr Water Plan.

11. Held a meeting and answered questions regarding water conservation with the Los Alamos Resiliency, Energy, and Sustainability (LARES) Task Force Sub-committee.

12. Participated in the interviews for filling the County's new Broadband Manager.

13. The AMI project V-Flex files are working between the Munis and Sensus softwares. Next is training on the Sensus Analytics, and the RNI data files. Starting in January the customer portal will be tested and hopefully rolled out to our customers by March.

In review of Meter Reading Staff transition plan with the implementation of AMI, the budget planned for the three-Meter Reading positions to be converted to a Water and Energy Conservation Coordinator, an Apprentice for Water Production, and a Senior Office Specialist. To date one Meter Reader is working for Water Production as an Apprentice, another has taken a job with GWS due to a retirement vacancy and the remaining Meter Reader is a limited term employee who will be laid off after the AMI is fully implemented unless he is able to find another opening within the County. We have received three qualified applicants for the Water and Energy Conservation Coordinator, and we will be scheduling interviews after our new Public Relations Manager is on board. The Senior Office Specialist will be advertised and filled

most likely in May of 2022 after the AMI installation is completed. There is no double filling of positions proposed through this staffing transition plan.

The budget has two Meter Reading positions remaining after AMI implementation. In review of these two remaining positions there are more than enough work for these two employees. Meter Readers will not only read meters from the 194 opt-out customers, they hang door hangers for nonpaying customers before their service is shut off, repair or replace non-reading transponders, replace the wire from the water meter to transmitter that has an average life of five years, perform rereads including AMI customers who do not trust the automatic reads, and continue to work with GWS crews on the annual water and gas meter replacement program. Also, there are a significant number of new accounts in the queue and meters to install with several of the new housing developments in the County. The delays in the AMI implementation are mostly due to not having the equipment to complete the commercial meters. Last month, Jack Richardson reported that the GWS and Meter Reading crews were working diligently on replace old residential gas meters. This work continues; however, it will slow down some as cold weather approaches since the customer needs to be present so staff can relite the pilot lights after a gas meter change out. The remaining AMI meter conversions are summarized in the table below.

AMI Meters to Complete		
Electric Meters		
Commercial	713	
Residential	261	
Total =	**974**	
Gas Meters		
Commercial	154	
Residential	213	
Total =	**367**	
Water Meters		
Commercial	74	
Residential	427	
Total =	**501**	

NUSCALE™
Power for all humankind

NuFuel HTP2™ Update for Los Alamos County Utility Board

November 17, 2021

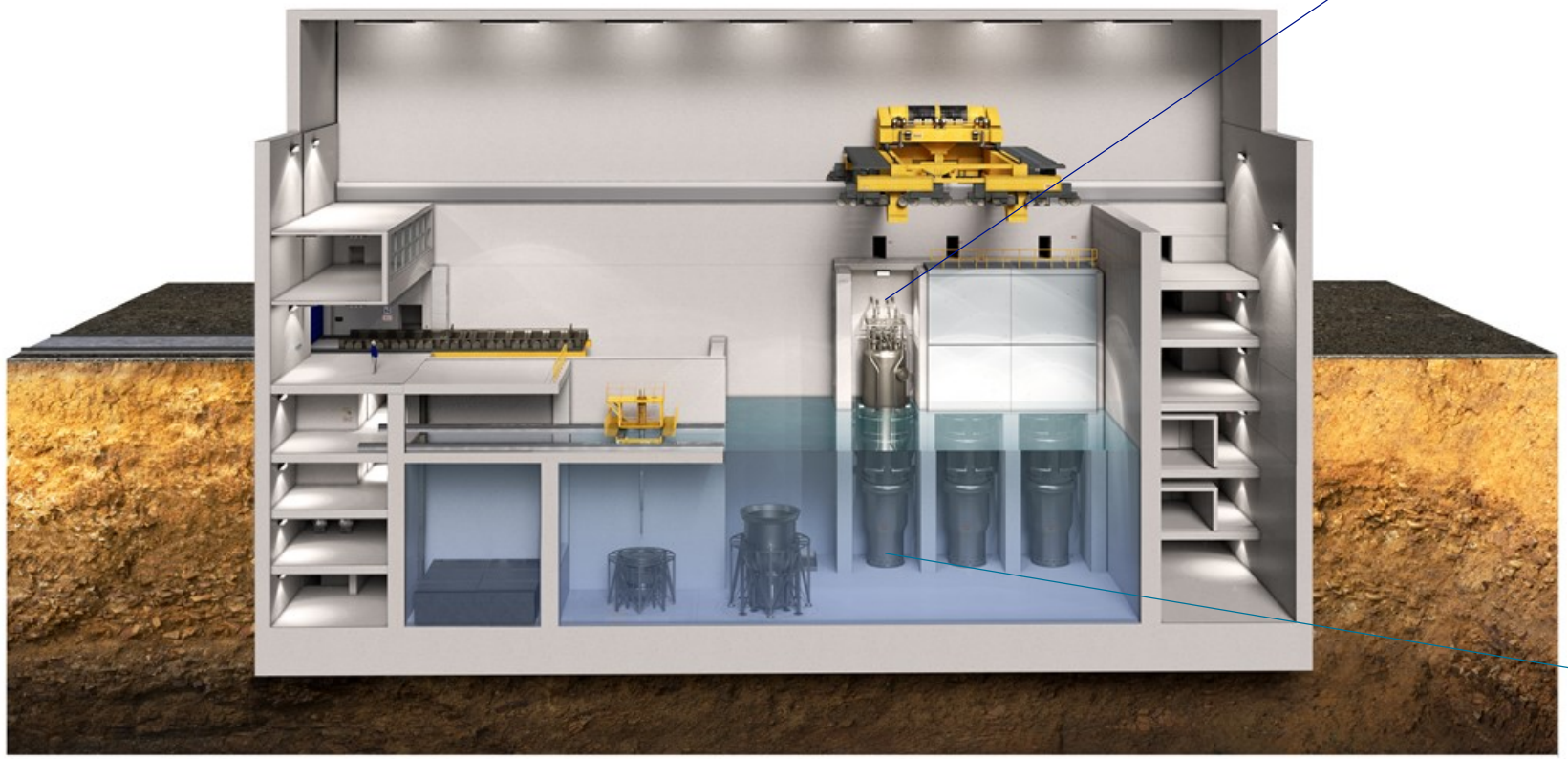
Dr. José Reyes
Co-founder and Chief Technology Officer, NuScale Power

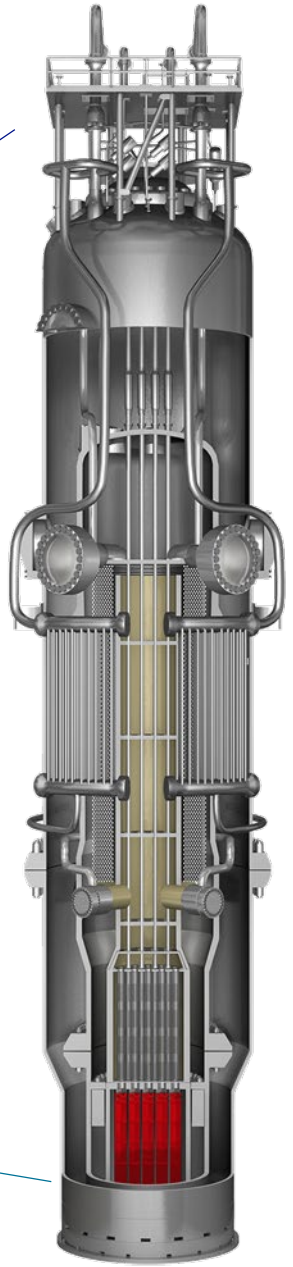
Agenda

- Overview of NuScale Power Module and Plant
- Technology Validation
- Description of NuFuel-HTP2™
- NuFuel-HTP2™ Development and Testing
- US Nuclear Regulatory Commission Review of NuScale Fuel
- NuScale 250MW$_{th}$ uprate achieved with minimal design changes

NuScale 6 Module Plant

- 462 MWe gross power output
  - Same operational flexibility and unparalleled safety case.
  - Reduced footprint and construction complexity/duration.





NUSCALE™ Power for all humankind

Validated Technology

- NuScale Integral System Test (NIST-1) facility located at Oregon State University in Corvallis, Oregon
- Critical Heat Flux testing at Stern Laboratories in Hamilton, Ontario Canada
- Helical Coil Steam Generator testing at SIET SpA in Piacenza, Italy
- Fuels Mechanical Testing at AREVA's Richland Test Facility (RTF) in Richland, WA, USA
- Critical Heat Flux testing at AREVA's KATHY loop in Karlstein, Germany
- Control Rod Assembly (CRA) drop / shaft alignment testing at AREVA's KOPRA facility in Erlangen, Germany
- Steam Generator Flow Induced Vibration (FIV) testing at SIET SpA in Piacenza, Italy
- Steam Generator Inlet Flow Restrictor Test at Alden Laboratory, Holden, MA, USA
- ECCS Valve Proof of Concept and Demonstration Tests, Target Rock, NY, USA

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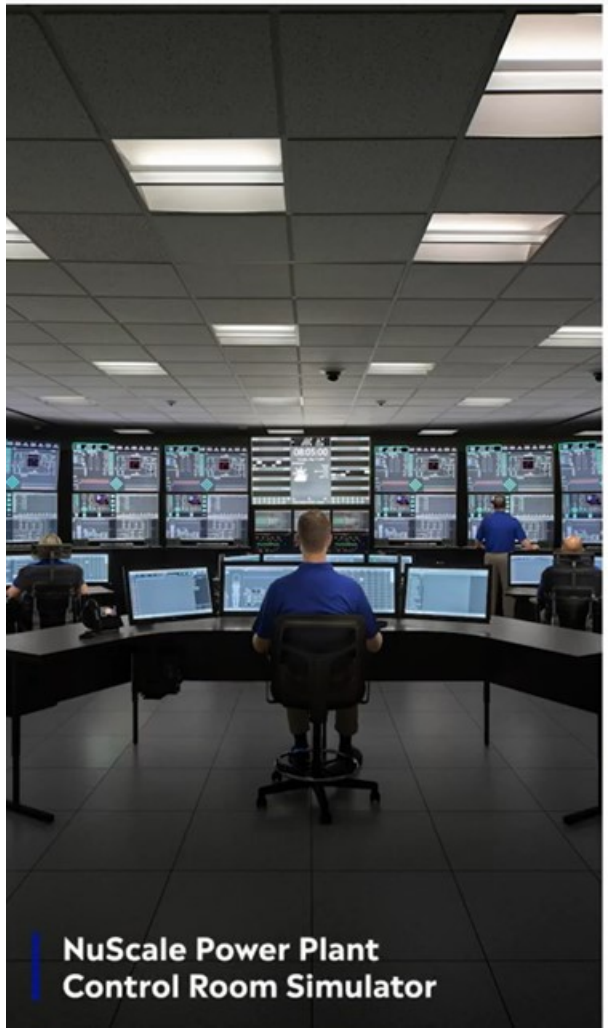
NuScale Test Facility Virtual Tour



Located *on* ***NuScale Power YouTube channel***: https://www.youtube.com/watch?v=brr5j50umYA

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NuScale Fuel

NUSCALE™
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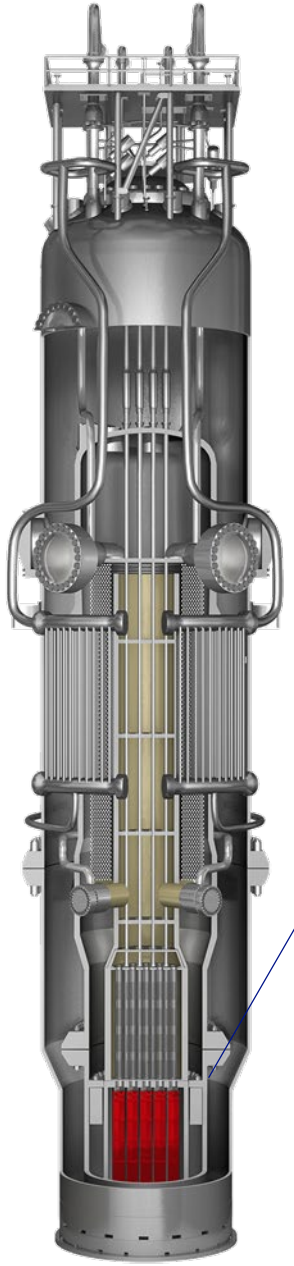
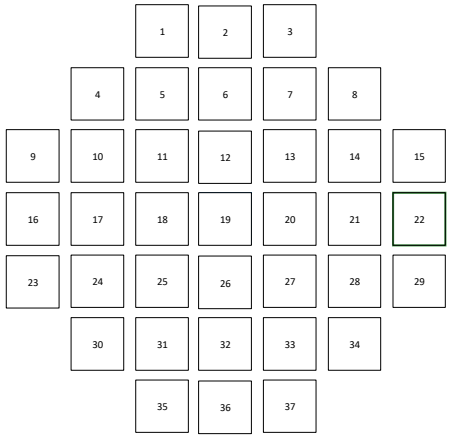
NuFuel-HTP2™ in a NuScale Power Module (NPM)

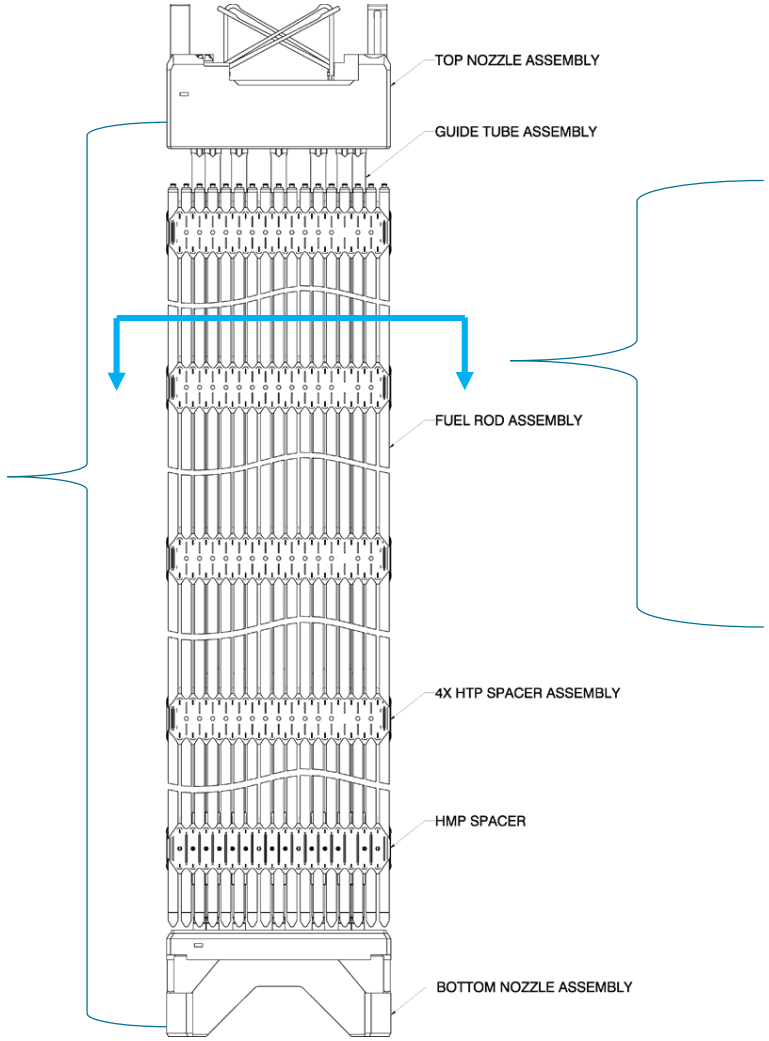


NuFuel-HTP2™ fuel assembly

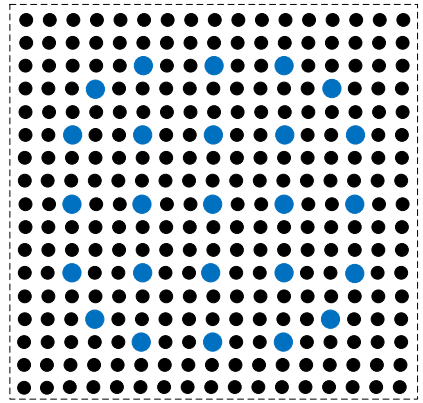
37 assembly core configuration



Uses low enriched UO_2 fuel (<4.95%)



NuFuel-HTP2™ fuel assembly cross section



264 fuel rods
24 guide tubes
1 instrument tube

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NuFuel-HTP2™ Fuel Assemblies

- Significant development and operational history with Framatome.
- Supported by extensive, design-specific, mechanical and thermal hydraulic testing programs audited by the US Nuclear Regulatory Commission (NRC).
- Safety analyses performed with well-established, NRC approved, fuel performance computer codes.
- NuScale fuel approved by NRC in the Chapter 4 of Final Safety Evaluation Report.

NuFuel-HTP2™ Fuel Development

- NuFuel-HTP2™ is a shorter version (~ 6 ft heated length) of existing Framatome HTP™ fuel design (~12 ft heated length).
- Each component (grids, nozzles, fuel rods, pellet, cladding) in the NuFuel-HTP2™ assembly is based on the existing Framatome 17x17 HTP™ fuel assembly design.
- 20,000 Framatome 17x17 HTP™ assemblies have been deployed in 52 reactors supporting power generation in 11 countries.
- M5® cladding is used in the NuFuel-HTP2™. More than five million M5 ® clad fuel rods have been used in 84 reactors around the globe.
- Several prototypic NuFuel HTP2™ fuel assemblies were manufactured and Framatome's standard suite of mechanical and hydraulic testing was conducted to characterize the fuel assembly to support US NRC licensing submittal.
- NuScale and Framatome have a definitive supply agreement for fabrication.

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NuFuel-HTP2™ Fuel Mechanical Testing

- Fuel mechanical testing to validate mechanical performance of final fuel bundle design.
  - Conducted at Framatome facility in Richland, WA
  - Test audited by NRC
- Included testing to characterize the mechanical response of the fuel assembly for seismic and loss of coolant loading.
  - Axial Stiffness Testing
  - Lateral Pluck Testing
  - Lateral Stiffness Testing
  - Vertical Drop testing
- Life and Wear Testing
  - 1,000-hour test to characterize the grid to rod fretting performance of the fuel.

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NuFuel-HTP2™ Fuel Thermal Hydraulic Testing

- Critical Heat Flux Tests (Stern Laboratory, Canada)
  - Used low pressure drop full length 5x5 electrically heated fuel rod bundle at prototypic fluid and flow conditions.
  - Test inspected by NRC.
- Critical Heat Flux Tests (Framatome, Karlstein, Germany)
  - Prototypic Full scale 5x5 electrically heated assembly to simulate core thermal hydraulic performance.
  - Tests audited by NRC.
- Hydraulic Flow Testing (Framatome, Karlstein, Germany)
  - Flow Lift Tests to measure lift characteristics.
  - Pressure Drop Coefficient Testing.

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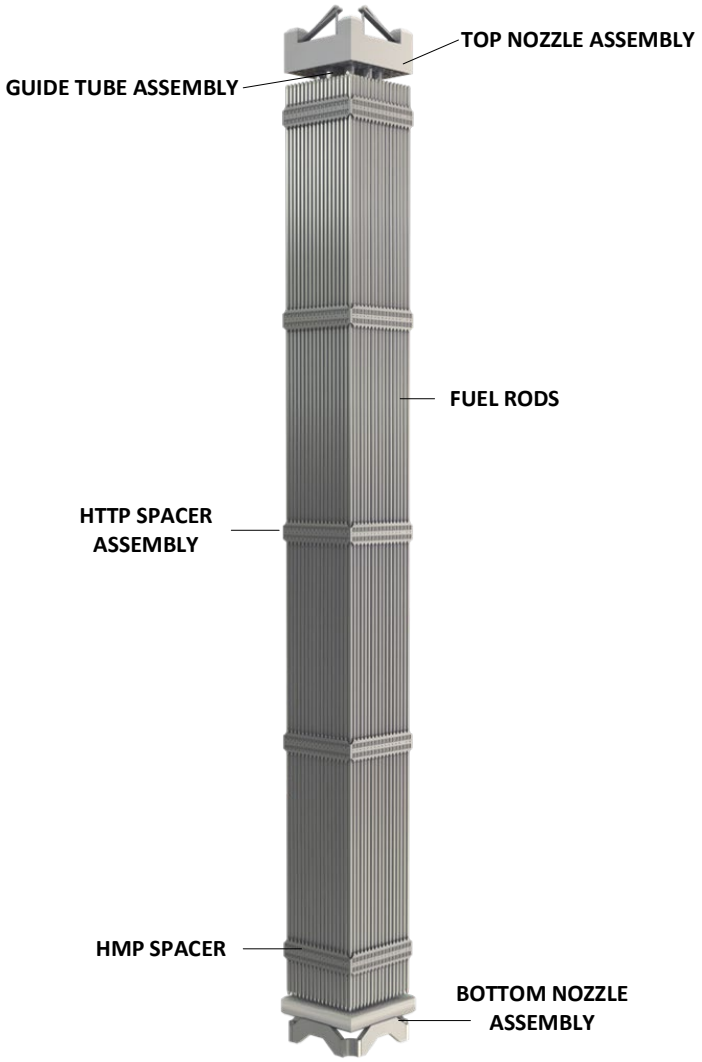
NuFuel-HTP2™ - NRC Safety Evaluation Report (SER)

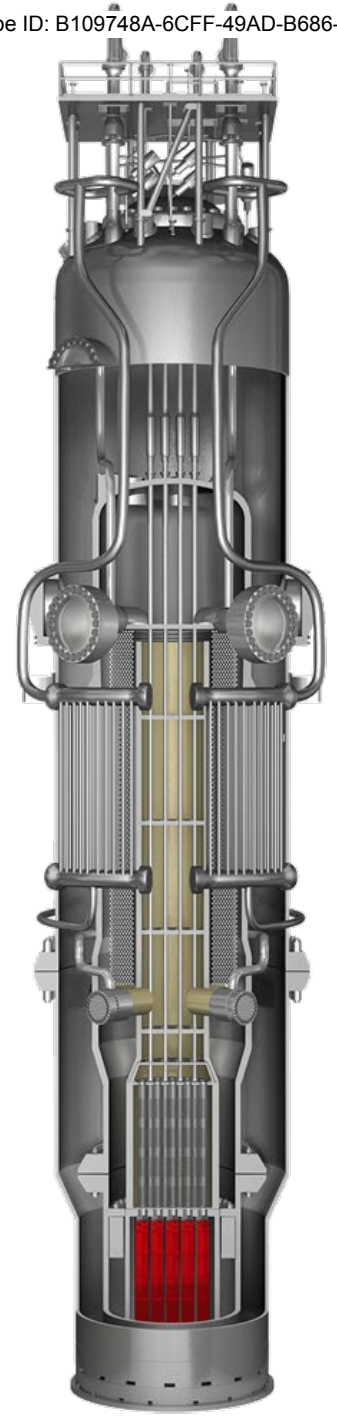


NUREG 800 Chapter 4.2 Fuel System Design SER Section 4.2.4.3.2 Testing, Inspection and Surveillance Plans states the following:

The staff compared the NuScale fuel assembly components with the AREVA (Framatome) operational fleet database and notes that significant experience has been developed for the same components. The staff further notes that the NuScale plant operational parameters important to fuel behavior are not significantly different from those in the AREVA (Framatome) operating fleet; therefore, the staff finds that the AREVA (Framatome) operating experience applies to NuScale fuel assemblies.

Link to NRC Safety Evaluation Report for Chapter 4.2 is as follows: https://www.nrc.gov/docs/ML2020/ML20205L411.pdf

NUSCALE Power for all humankind



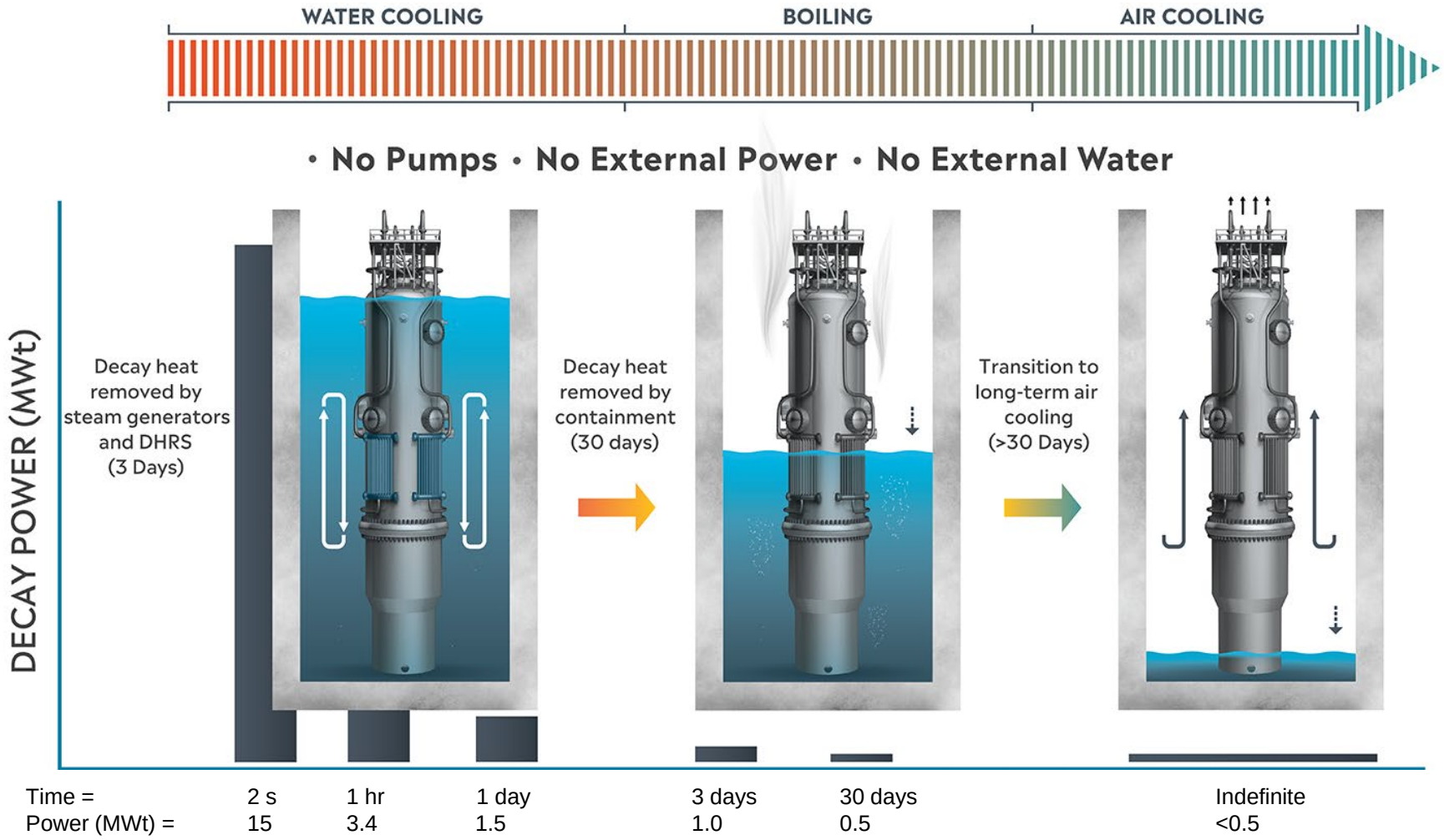
NuScale 250MW$_{th}$ Uprate achieved with Minimal Design Changes

- Power Uprate to 250 MW$_{th}$ achieved by:
  - Increasing fuel enrichment to increase thermal power output – still low enriched fuel <4.95%.
  - Reducing refueling cycle from 24 months to ~18-20 months.
  - Optimizing primary side and secondary side operating conditions as determined using NuScale computer codes benchmarked against test data.
- NuScale Power Module configuration and size remains the same.
- No changes to key features of fuel design.
  - Same geometry, analysis tools, materials, low enrichment.
  - Does not exceed mechanical and thermal safety limits.
- Specific power of the uprated core is comparable to operating BWR natural circulation reactors. Well within operational experience in the fleet.
- Power uprate maintains our triple crown of safety – no change to our safety case.

NUSCALE™ Power for all humankind

The NuScale 250 MW_{th} Module Maintains our Triple Crown of Safety™

Unlimited Coping Period – Reactor shuts down without Operator Action, without AC or DC power, and cooled for unlimited period without adding water



NUSCALE™ Power for all humankind

- Licensing Timeline
  - Submit Standard Design Approval Application – December 2022
  - Submit Combined Construction Operating License Application – 2023
  - NRC SDA Approval - 2024
  - Begin construction - 2025

Artistic concept of the NuScale Power Plant

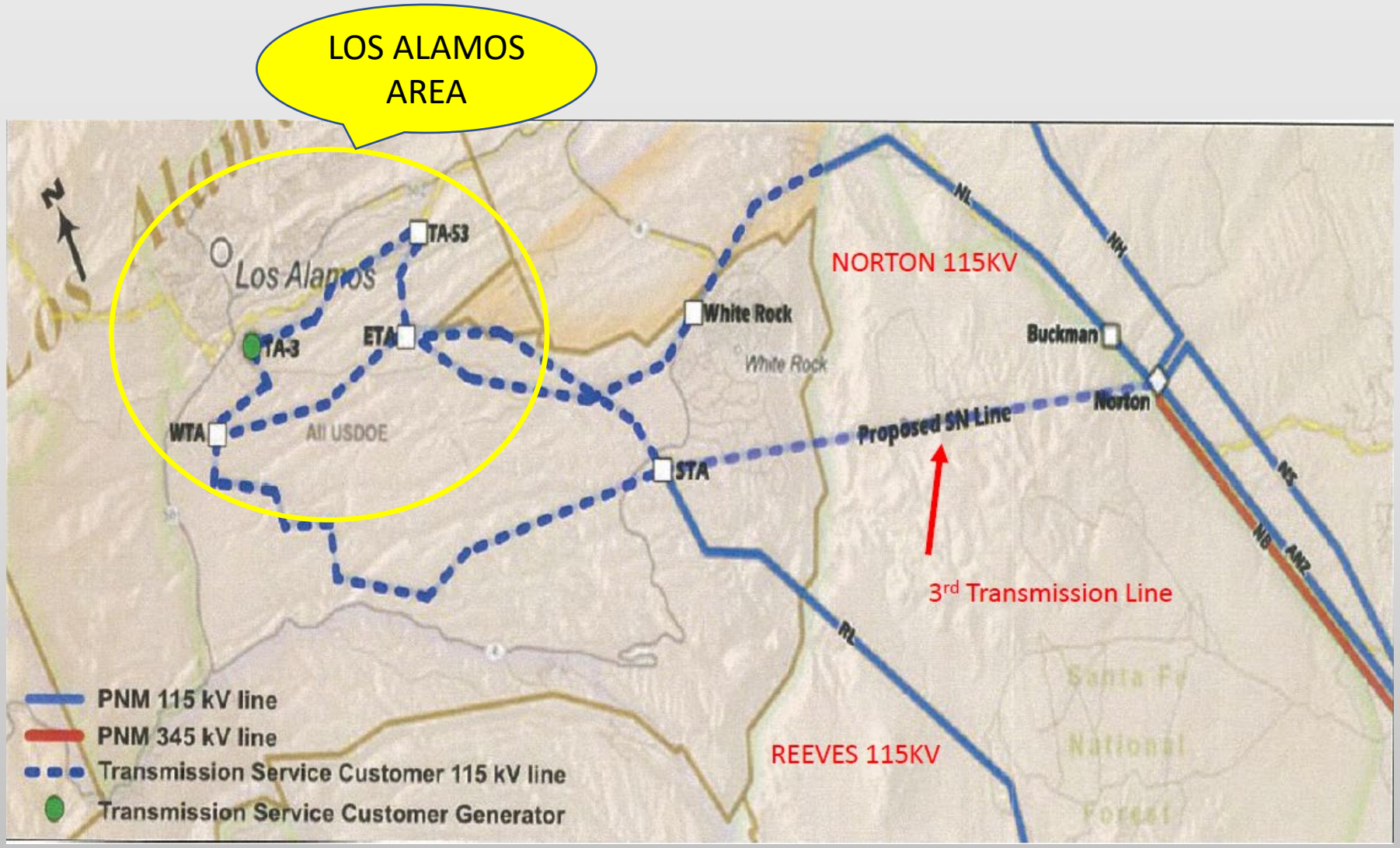
ELECTRIC RELIABILITY PLAN

Stephen Marez, PE, PMP
Electrical Engineering Manager
Electric Distribution

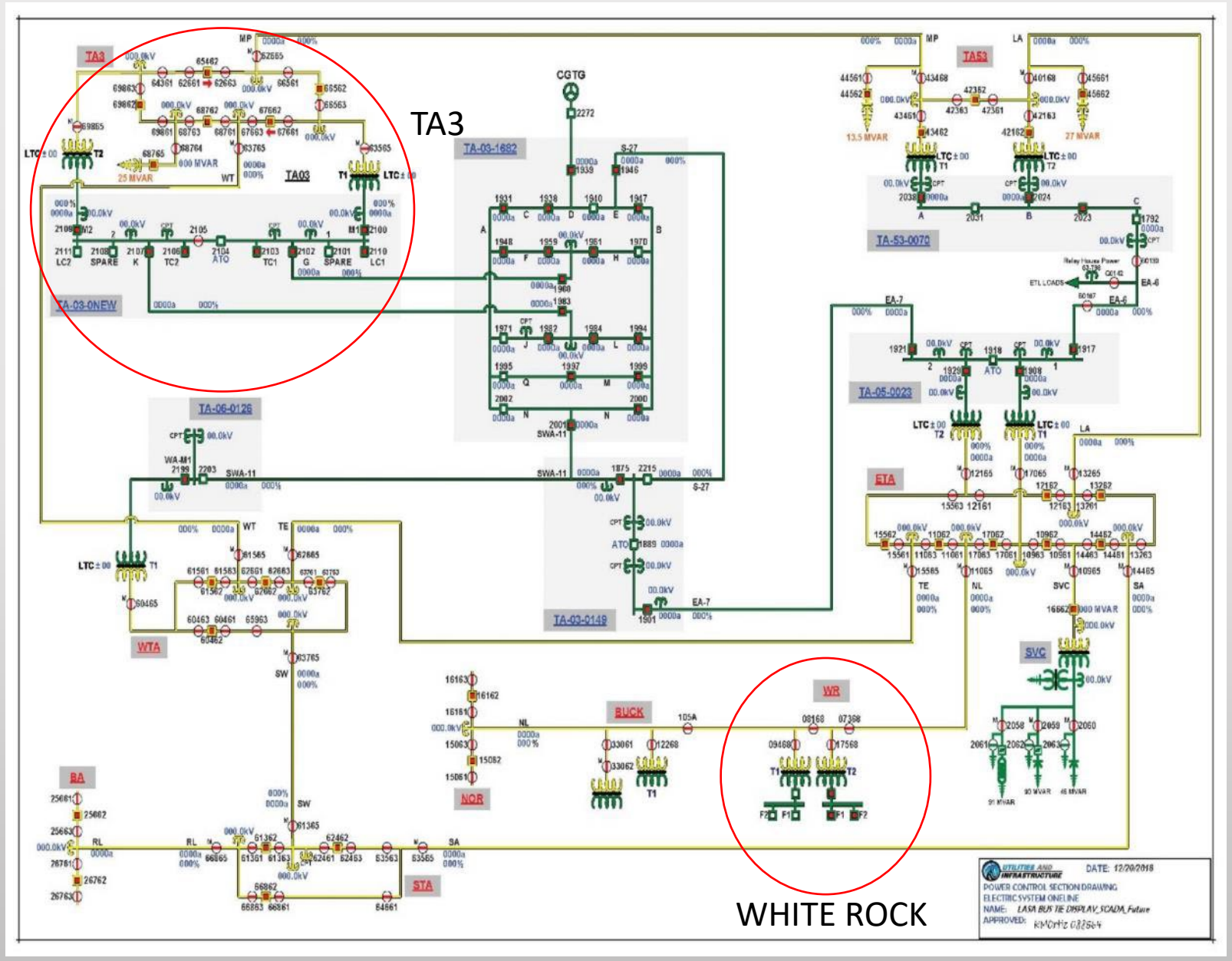
- TRANSMISSION SYSTEM
- DISTRIBUTION SYSTEM
- RELIABILITY MEASURES
- SHORT TERM ACTION PLANS
- LONG TERM ACTION PLANS

REGIONAL 115KV TRANSMISSION

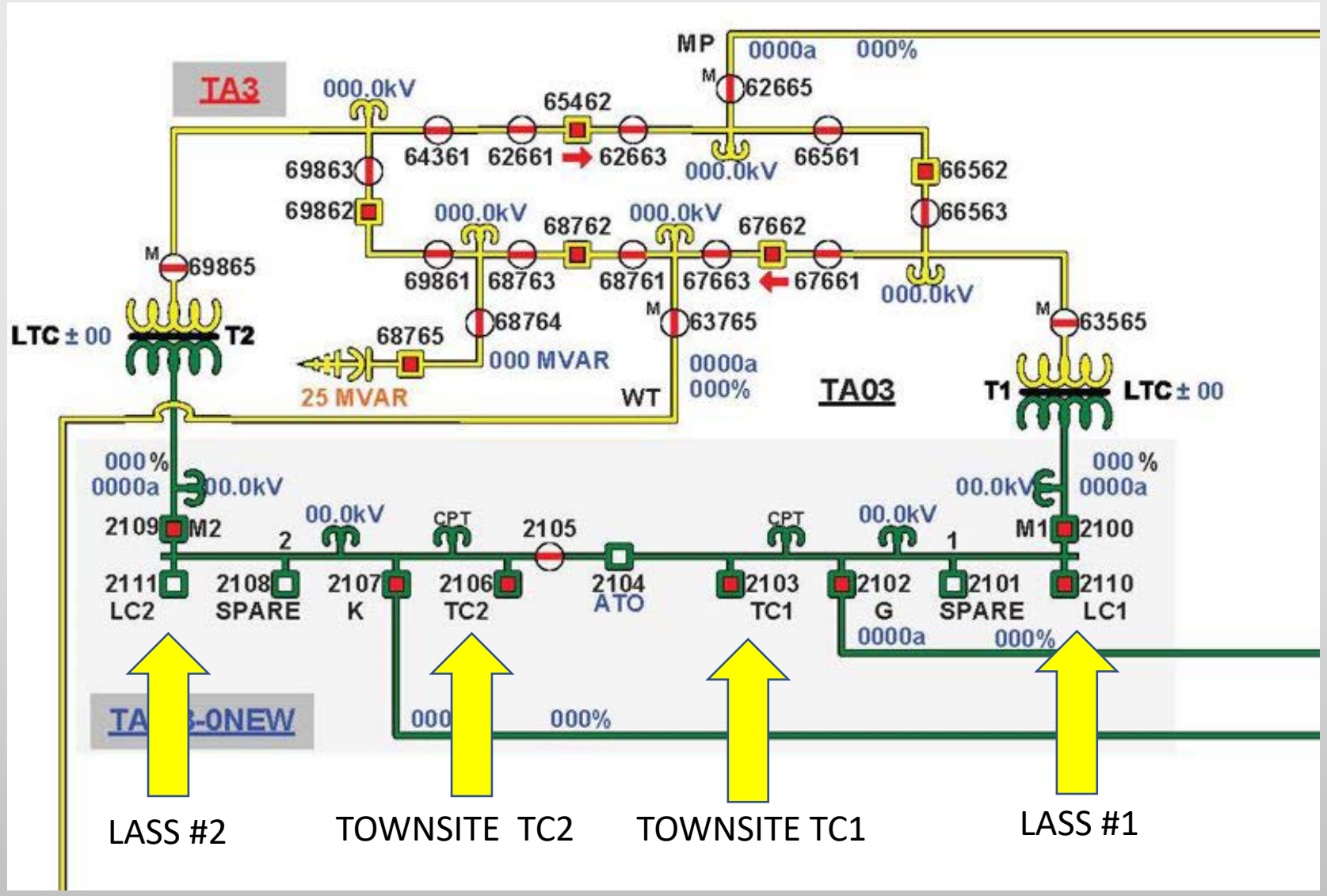
FIGURE 5.0



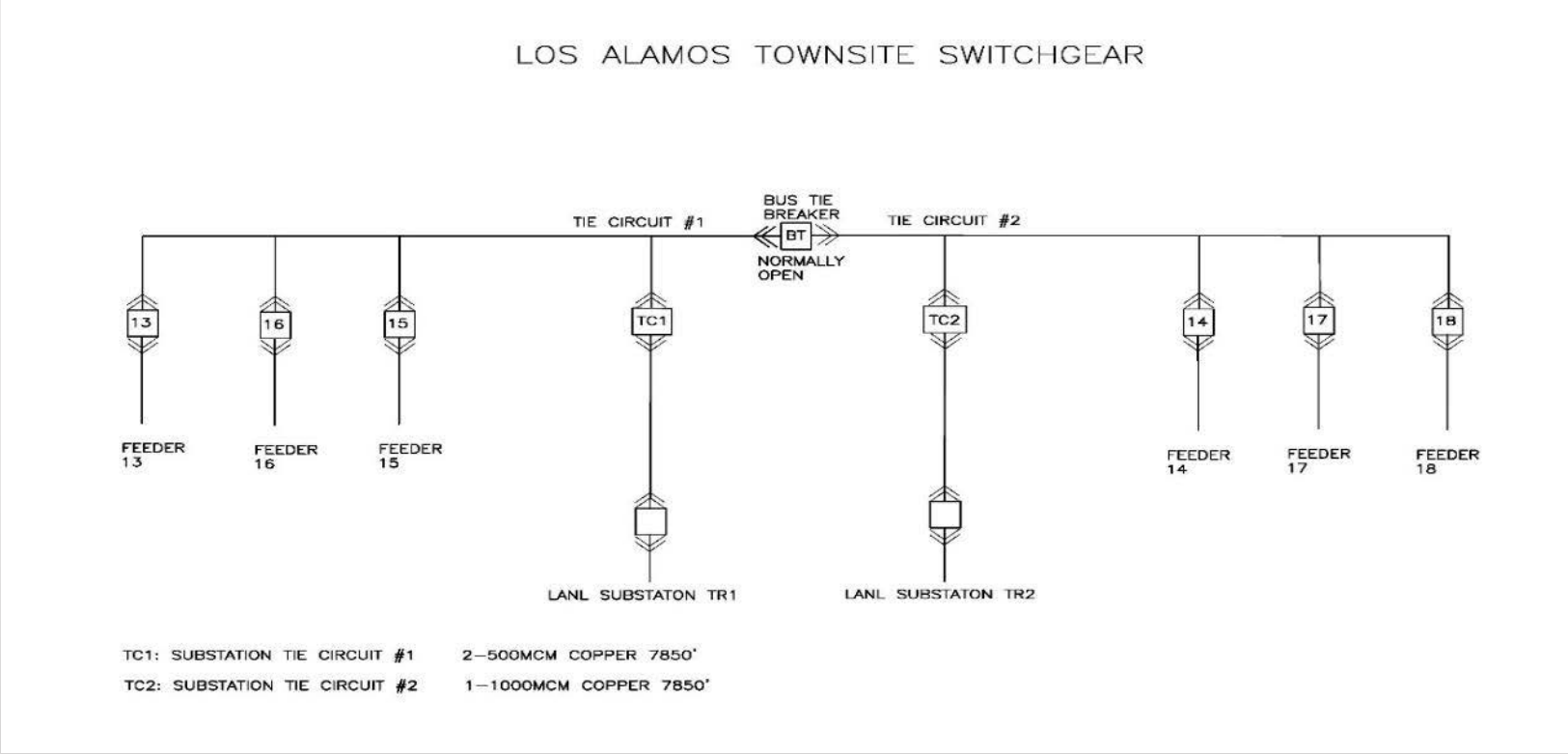
LOS ALAMOS COUNTY AREA TRANSMISSION SYSTEM



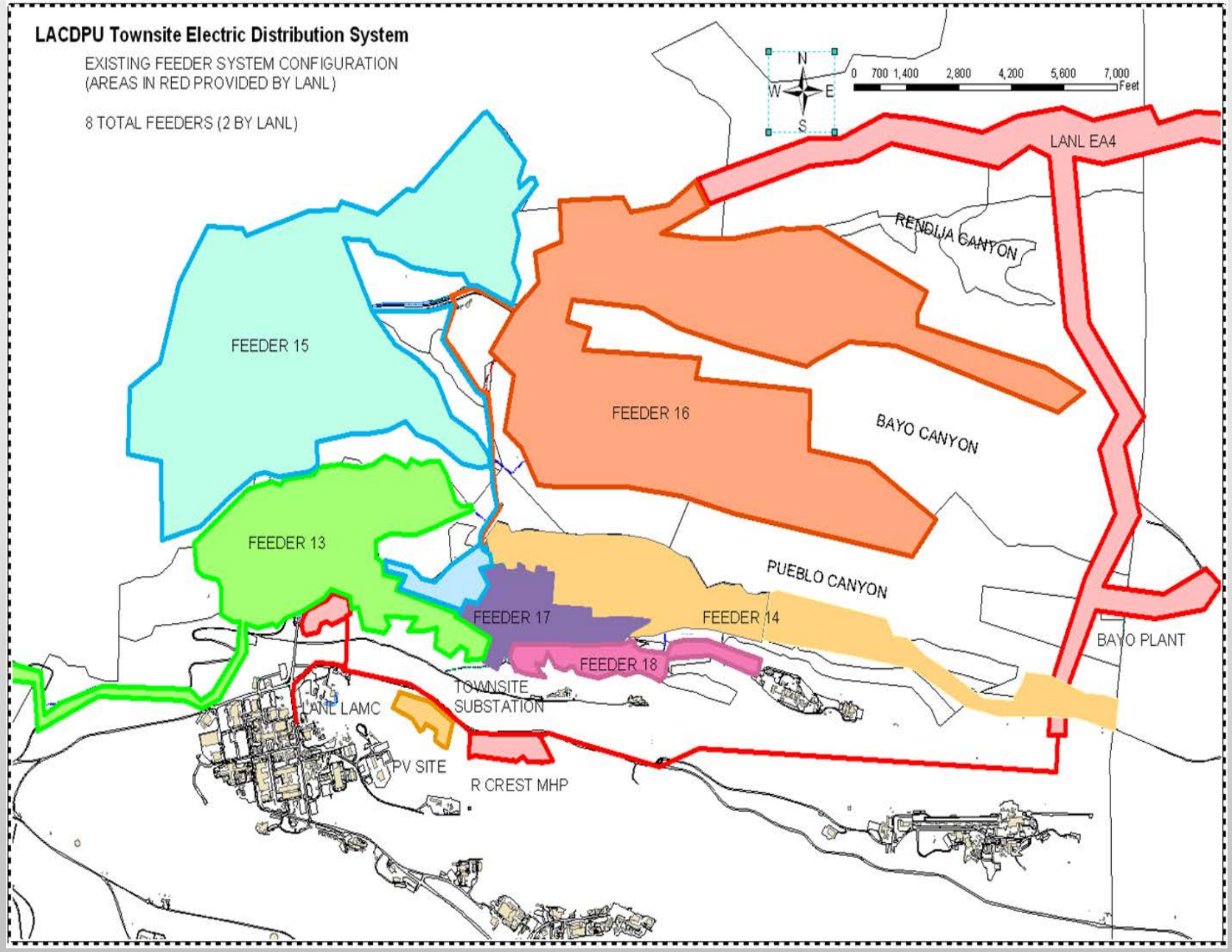
TA-3 Substation



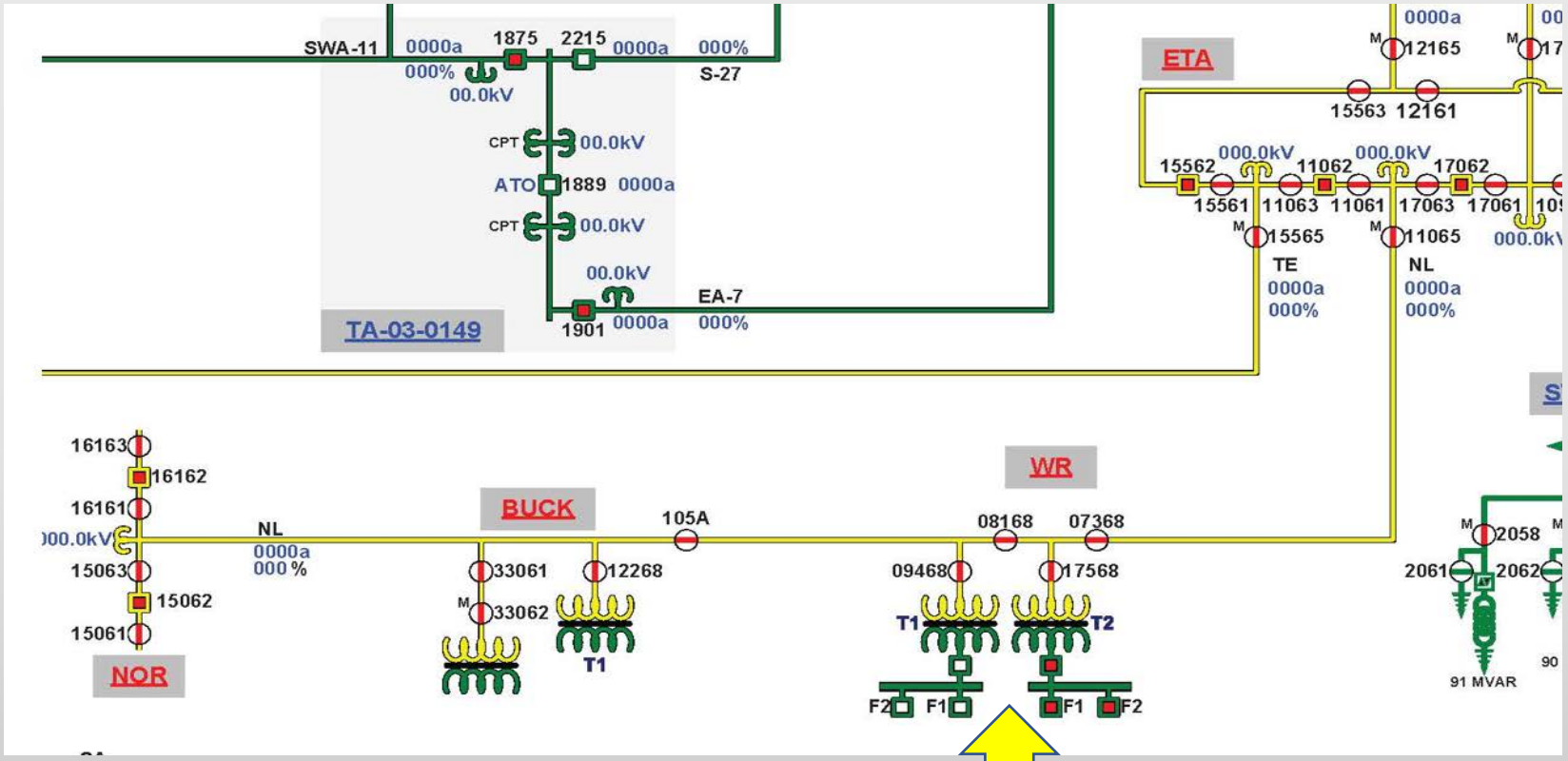
TOWNSITE SWITCH STATION



Circuit 13: Western Area and Ski Hill
Circuit 14: Eastern Area and Pajarito Cliff Site
Circuit 15: Quemazon , North Community, Ponderosa Estates
Circuit 16: North Mesa and Barranca Mesa
Circuit 17: Downtown Commercial North of Trinity
Circuit 18: Downtown Commercial South of Trinity and DP Road

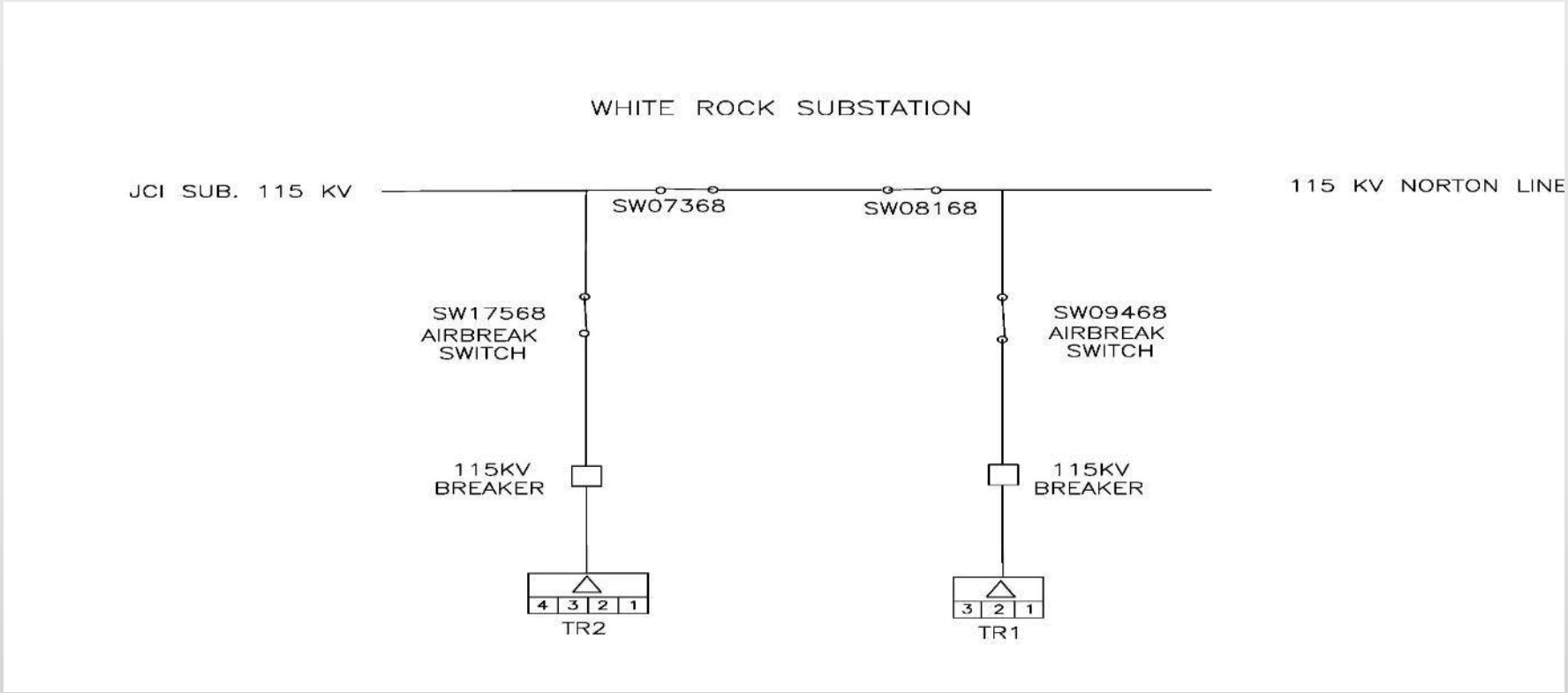


WHITE ROCK SUBSTATION

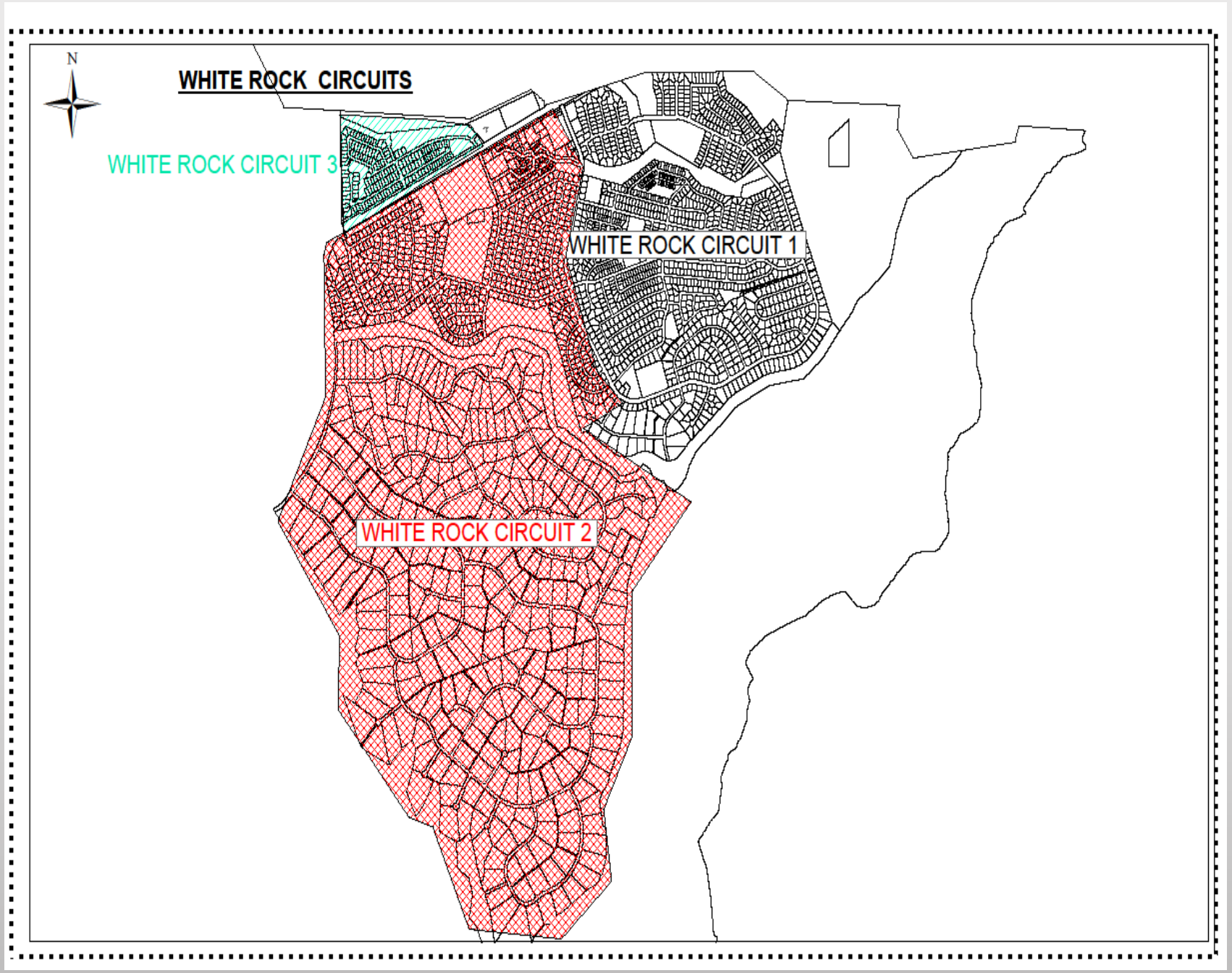


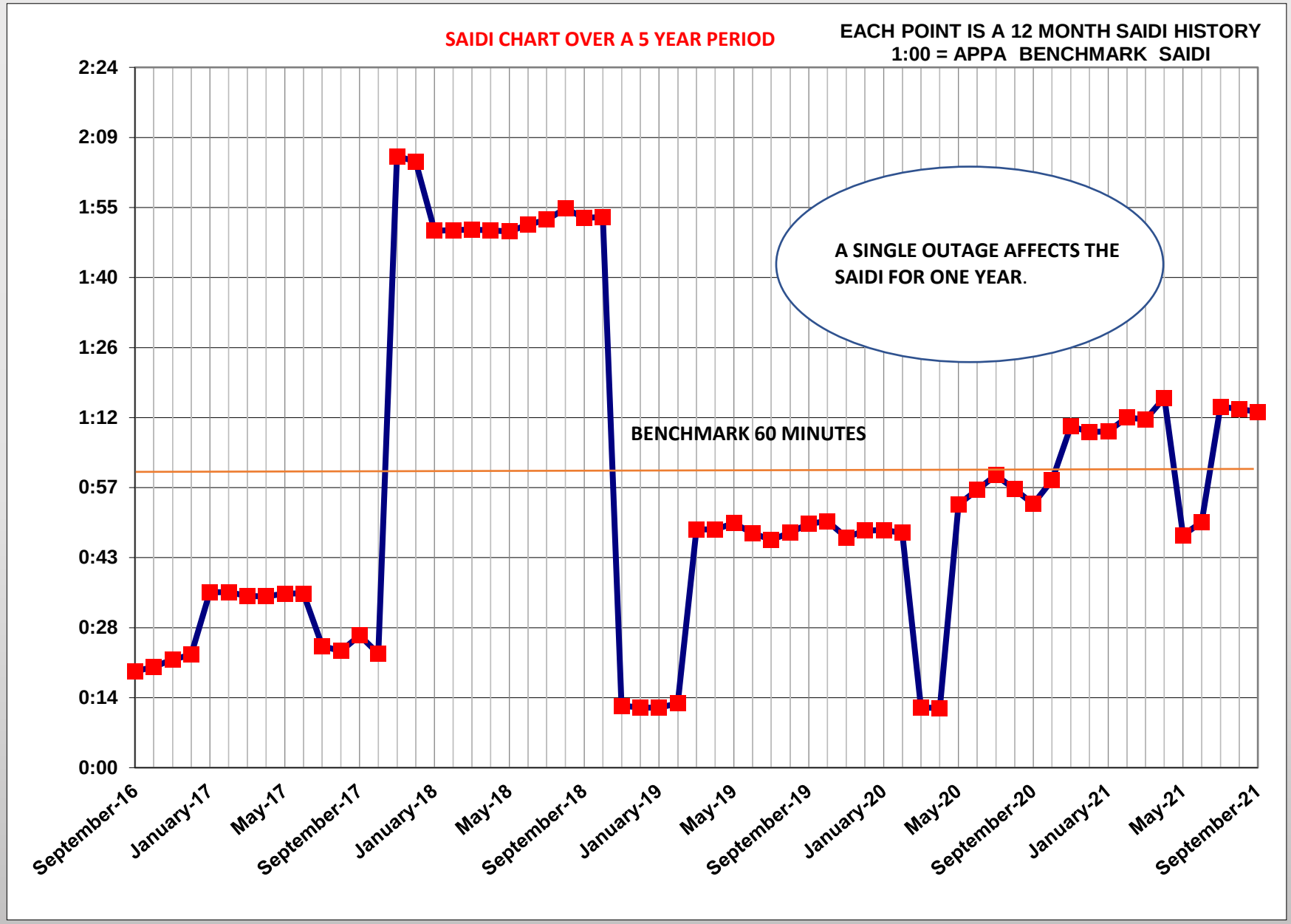
WHITE ROCK SUBSTATION

WHITE ROCK SUBSTATION



Circuit WR1: East of Rover
Circuit WR2: West of Rover
Circuit WR3: El Mirador Subdivision





Strategy for Improving the SAIDI

- **Continue to perform a root-cause analysis for every power outage.**
- **Continue with the Asset Management Program, “AMP”, for line inspections, operations & maintenance, “O&M”, etc.**
- **Continue to monitor line sections which have failed during the past; prioritize, and place into the AMP.**
- **Continue to dedicate one crew for overhead power line O&M.**
- **Continue to dedicate one crew for underground power line replacement.**
- **Manage Outage Response to minimize outage times and reduce SAIDI. The procedure for outage response is attached in the Appendix “A”.**

Short-Term Action Plans

- **Asset Management Program for OH**
- **Overhead Pole Replacement Program**
- **Infrared OH line inspection**
- **Asset Management Program for UG**
- **UG Primary Replacement Program**

Long-Term Action Plans

- **New LASS Substation Addition**

NEW LASS FEEDERS

13T - WESTERN AREA

15T- NORTH COMMUNITY

16T- BARRANCA MESA

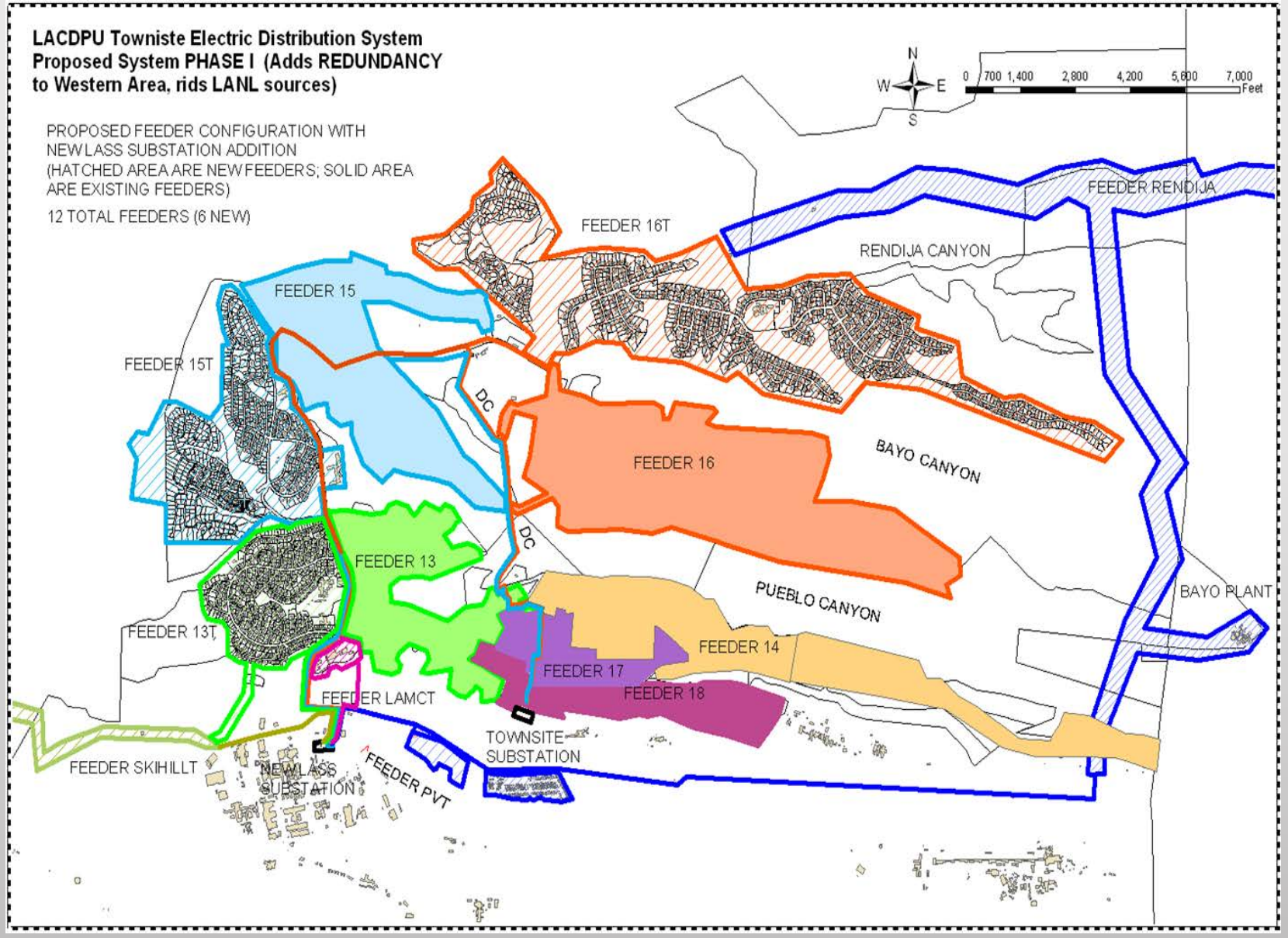
S6- LOS ALAMOS MEDICAL CENTER

SM6- TRINITY DRIVE

S18- EAST JEMEZ ROAD , EASTGATE,RENDIJA CANYON

S3- ECO STATION, CONCRETE PLANT

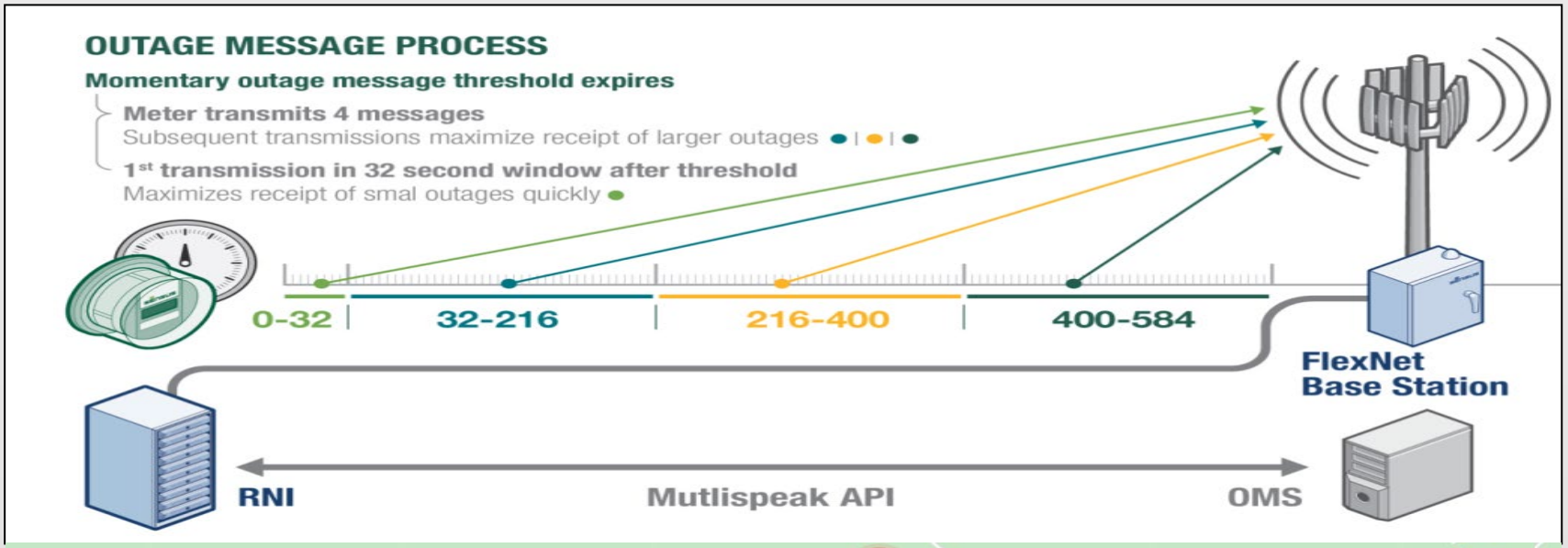
Los Alamos Distribution Area with LASS

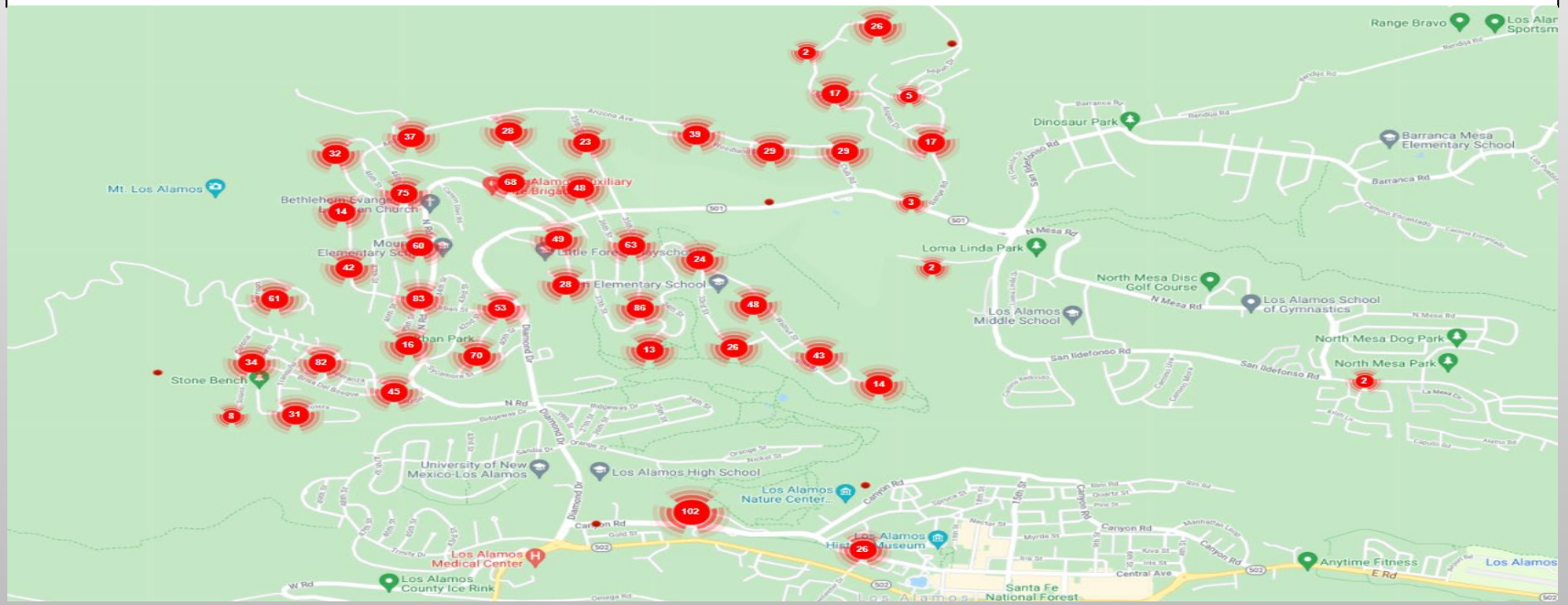


Distribution System SCADA

The DPU electric distribution department will develop and install a SCADA system which will monitor the electric equipment in the field. The system is estimated to cost $250,000. The system will incorporate information from the AMI, ArcGIS, and the Milsoft Modeling system to provide real time system status to crews in the field and engineering. The new SCADA system will be based in Building #5 at PCS.

AMI System





Future System Projects

approx. estimates prior to COVID

- EASTERN AREA (WEST OF CANYON ROAD) $200,000
- TIMBER RIDGE $150,000
- RIDGEWAY $ 250,000
- OPENNHEIMER $300,000
- WESTERN AREA $200,000
- PONDEROSA ESTATES $200,000
- LOS PUEBLOS $1.6 MILLION over 2 years
- NAVAJO $200,000
- TOTAVI $150,000
- BIG ROCK LOOP $300,000
- LOMA LINDA $200,000
- DP ROAD PHASE II $ 300,000
- PAJARITO ACRES $1.8 MILLION over 4 years
- PIEDRA LOOP $ 800,000 over 2 years
- DENVER STEELS $ 300,000
- ESTATES $ 300,000
- BROADVIEW $ 250,000
- BRYCE AVE. $ 400,000
- ARAGON AVE $ 400,000

QUESTIONS

LOS ALAMOS
Department of Public Utilities

Los Alamos Dept. of Public Utilities

Quarterly Performance Report

FISCAL YEAR 2022

QUARTER 1

FISCAL YEAR 2022:
Jul. 01 2021 - Jun. 30 2022

QUARTER 1
Jul. 01 - Sep. 30, 2021
Issued: Nov. 17, 2021

1000 Central Avenue, Suite 130, Los Alamos, NM 87544 | CustomerCare@lacnm.us | https://ladpu.com/utilities

CONTENTS

A WORD FROM THE UTILITIES MANAGER

PHILO S. SHELTON, III

After entering the second year of the COVID-19 pandemic, DPU's construction projects are experiencing significant increases in bid costs from 50 to 100 percent above original estimates. There are numerous reasons for these cost increases, however, the main reasons are disruption in construction supply chains and limited availability in construction labor. Furthermore, severe weather events (hurricanes and flooding) have caused manufacturing disruptions and material cost increases are reported by our vendors from cost increases for energy, steel, aluminum, copper, electrical equipment, wood, pipe, and pipe appurtenances.

In response to these changes to the bidding environment, DPU has taken several approaches to still move forward in completing necessary capital projects by using alternate project delivery approach, seeking additional funding, and seeking financing for projects and refinancing existing loans at one percent interest rates to free up additional capital funds. By way of example for alternate project delivery approach, no bids were received for the El Vado Transformer Replacement Project due to the transformer order and delivery time frame was a year away. The two contractors who were interested in the project both indicated they did not want to tie up their capital awaiting delivery of this transformer, and both declined to bid on the project. In learning this detail from our contractors, staff is now soliciting bids to purchase the transformer directly from the manufacturer and then next year will go out for bids to install this transformer. For the One-Million-Gallon Bayo Storage Tank, after receiving bids that were more than twice the engineer's estimate, staff has split the project into two phases with the first phase preparing the site and construct the yard

piping for the tank as part of a modified scope of work in using the existing loan grant agreement and then proposed a second phase to seek additional loan/grant funding from Water Conservation Trust Board to construct the steel tank. While this approach has delayed the project some, it has allowed for a phased funding approach to still deliver this much needed reclaimed water storage. For other projects, staff has been able to seek loans at one percent interest rate for Otowi Well #2, Well Motor Control Center upgrades, and Repaint Barranca Mesa Tank II, as well as refinance the existing loan for the Los Alamos Wastewater Treatment Plant under the same repayment terms at one percent interest. Finally, the White Rock Water Resource Recovery Plant will require a budget increase from $17 million to $30 million to design and construct this project. Over this next quarter DPU staff will be working to increase the principal of this loan to $30 million.

In seeking additional funding, staff has attended several meetings regarding availability and appropriate use of the County's American Rescue Plan Act (ARPA) funds. The County has been allotted $3,762,201 and has received half of its allotment in the amount of $1,881,100.50. The remaining half is anticipated to be received in May of 2022. ARPA funds are intended to be used over a longer term than CARES Act Funds, with an expansion of eligible uses and much more stringent reporting requirements of demographic and other statistical data. Water and sewer projects developed after March 1, 2021, and projects cleared by the New Mexico Environment Department qualify for these funds. DPU staff has worked with County staff and County Council to seek a portion of Los Alamos County's ARPA funds for eligible water and sewer projects. On August 31st County Council set aside 25 to 30 percent of these funds to be used by DPU to help offset cost increases that DPU are experiencing with their elevated bids. This direction by Council will result in approximately $1 million in relief to DPU's rate payers. Staff will continue to seek grant funding and design projects to be shovel ready should additional federal and state grant funding be made available.

Every year the County is required to prepare and submit an Infrastructure and Capital Improvement Plan (ICIP) to the State by mid-September. Generally, a project must appear on this ICIP list if the County expects to have any State funding considered for that project. While listing a project in the ICIP does not guarantee funding from the State, the top five projects for next year are given extra consideration by our state legislators for legislative grants. DPU Staff worked with the County Manager's Office and other departments to identify priority projects that meet both Board of Public Utilities and County Council goals. The State Route 4 Water Production Water Line was prioritized as the first project because of the partnership opportunity to construct this waterline in conjunction with NMDOT rebuilding State Road 4 from Truck Route to Rover Blvd. Also, infrastructure projects were included in the top five project list with North Mesa Affordable Housing Infrastructure (LAC/Schools) at third, and DP Road Commercial Development Infrastructure & Road Construction at fourth on the County's ICIP list.

In Conclusion, while DPU has taken advantage of additional funding from ARPA, grants, and favorable loan rates at one percent, it is not a sustainable long-term strategy. For example, for every $1 million dollars in loans, it requires six cents per thousand gallon in water rates to support that loan repayment. Based on the capital expenditure needs and inflated bids, DPU will need to propose modest rate increases for water, sewer, and electric utilities. The anticipated sewer rate increase is two percent per year over the next four years to support repayment of the loan for the White Rock Water Resource Recovery Plant. The water and electric rate increases will be proposed in next fiscal year's budget development. Finally, the commodity prices for natural gas have not been immune to cost increases and these increased costs are presently being passed through each month to our customers. In response, DPU Staff have issued press releases to notify our customers that natural gas commodity costs rising this year and has offered some suggestions on how to conserve energy to help lessen the monthly bill.

ABOUT THE DEPARTMENT OF PUBLIC UTILITIES

The Department of Public Utilities is county-owned. It provides Los Alamos County with electric, natural gas, water and wastewater services. Established under Article 5 of the 1968 Charter for the Incorporated County of Los Alamos, the DPU falls under the jurisdiction of the Board of Public Utilities. Serving a population of 19,419 citizens with an authorized budget of approximately $80 million, DPU operates and maintains assets totaling $219 million with 92 employees. Because of the unique topography, these assets are incredibly complex for the population served. For example, Santa Fe's 83,000 citizens are served by four lift stations, while our 19,419 citizens require 27 lift stations.

The first week in October every year, organizations across the nation celebrate Customer Service week. In keeping with tradition, our Customer Care representatives accepted a proclamation from the County Council and held an outdoor open house at the Municipal Building east patio.

FOCUS ON IMPROVEMENT

EVERY YEAR THE DEPARTMENT HOLDS A STRATEGIC PLANNING MEETING WITH INPUT FROM THE BOARD OF PUBLIC UTILITIES. THE LAST MEETING OCCURRED IN SEPTEMBER 2021. SLIGHT REVISIONS WERE MADE TO THE GOALS AND OBJECTIVES. THESE WERE LATER ADOPTED BY THE BOARD ON SEPTEMBER 15, 2021

MISSION

Provide safe and reliable utility services in an economically and environmentally sustainable fashion.

VISION

Be a high-performing utility matched to our community, contributing to its future with diversified and innovative utility solutions.

WE VALUE

- CUSTOMERS by being service oriented and fiscally responsible
- EMPLOYEES and PARTNERSHIPS by being a safe, ethical and professional organization that encourages continuous learning
- ENVIRONMENT and NATURAL RESOURCES through innovative solutions
- COMMUNITY by being communicative, organized and transparent.

FOCUS, GOALS & OBJECTIVES

OPERATIONS & PERFORMANCE

GOAL: Provide safe and reliable utility services:

- Deliver efficient, safe and reliable water, gas, sewer, electric production, and electric distribution utilities.
- Implement and maintain efficient, secure and reliable business systems.
- Ensure accurate, safe and secure utility control and mapping systems and processes.
- Develop a culture of continuous improvement.

FINANCIAL PERFORMANCE

GOAL: Achieve and maintain excellence in financial performance

- Utilize revenues to provide a high level of service while keeping rates competitive with similar utilities.
- Conduct cost of service studies for each utility at least every 5 years.
- Meet financial plan targets by 2025, water by 2028.
- Achieve workplans while operating within budget.

CUSTOMERS & COMMUNITY

GOAL: Be a customer service-oriented organization that is communicative, efficient, and transparent.

- Ensure customer service processes and systems are efficient, secure and user-friendly
- Engage and inform stakeholders about Utilities operations affecting the community.
- Educate Board Members on markets, contracts, and production options for electricity and solar.

ENVIRONMENTAL SUSTAINABILITY

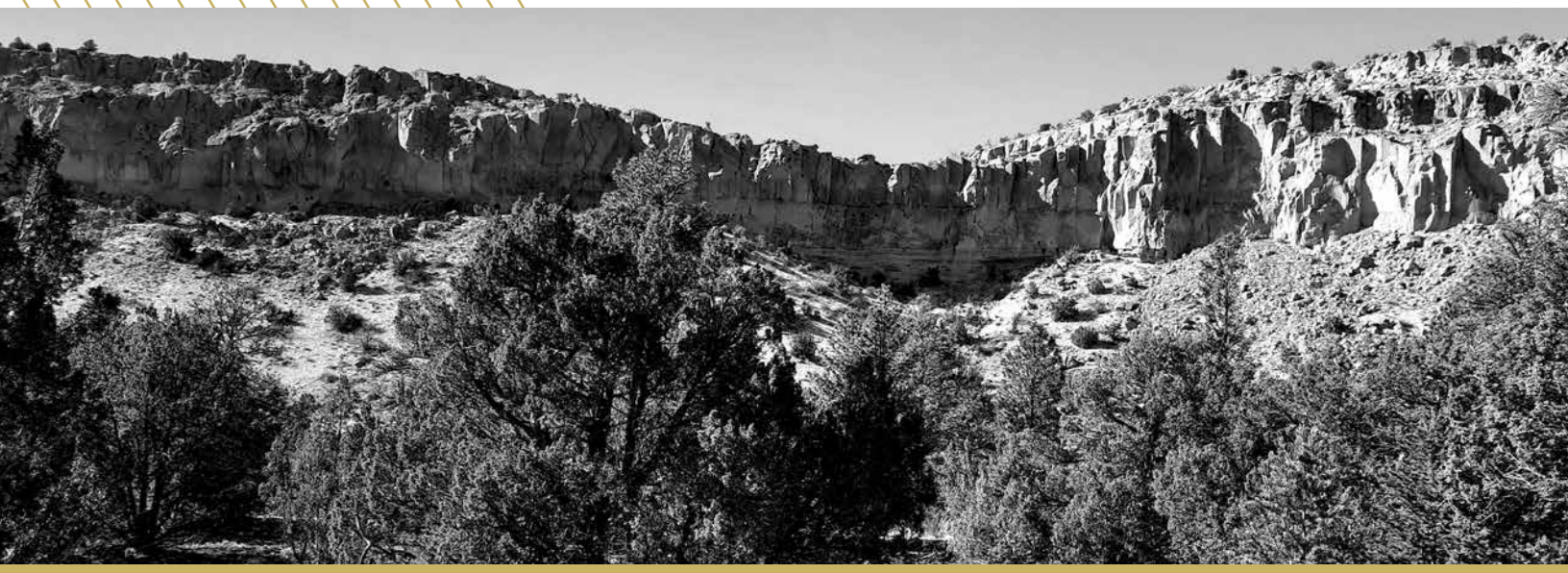
GOAL: Achieve environmental sustainability.

- Be a carbon neutral electric provider by 2040.
- Promote electric efficiency through targeted electric conservation programs.
- Reduce potable water use by 12% per capita per day by 2030 using a 2020 calendar year-end baseline.
- Reduce natural gas usage by 5% per capita per heating degree day by 2030 using a 2020 calendar year-end baseline and support elimination of natural gas usage by 2070.
- Provide class 1A effluent water in Los Alamos County

PARTNERSHIPS

GOAL: Develop and strengthen partnerships with stakeholders.

- Communicate with stakeholders to strengthen existing partnerships and identify new potential mutually beneficial partnering opportunities.



Consisting of five voting members and appointed by the Los Alamos County Council, the Board of Public Utilities is the governing body for the department. Members reside in Los Alamos and are customers of the department. Calendars, policies and procedures, agendas,minutes and videos of meetings are available at https://ladpu.com/BPU.

BOARD OF PUBLIC UTILITIES

.1/

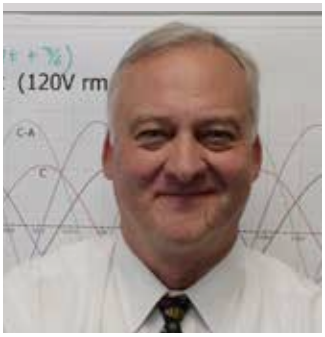
CORNELL WRIGHT
Chair

.2/

STEPHEN MCLIN
Vice Chair

.3/

ERIC STROMBERG
Member



.4/

STEVE TOBIN
Member

.5/

CARRIE WALKER
Member

Meetings

BOARD OF PUBLIC UTILITIES

The board meets on the third Wednesday of each month at 5:30 p.m. in Council Chambers,1000 Central,Los Alamos, NM. During the COVID pandemic, however, meetings are held via the ZOOM platform. Watch the meetings streamed online at: ladpu.com/BPUliveproceedings

SAFETY

Reasons for focusing on a safe work environment go without saying, to protect our most valuable resource: people (employees and customers). Further a focus on safety is proven to improve productivity, quality of product, and even the financial position.

Safety Culture Vision

DPU seeks to create a safety culture where employees practice safety every hour on the job, while no one is watching, because employees want to and not because employees have to. To create this safety culture, DPU employees believe in:

- Putting safety first
- Leading by example
- Establishing and enforcing a high standard of work performance
- Briefing or tailgating before every job
- Making work and safety suggestions.

Safety Committee

DPU employees representing each utility division comprise the 13-person Safety Committee. They hold a committee meeting quarterly to review and share best practices. They also analyze accidents, incidents and near misses and discuss and implement appropriate prevention measures.

Each member of the Safety Committee is responsible for discussing the accident, incident or near miss with the rest of the staff at the next available weekly group meeting and share agreed upon prevention measures.

Safety Employee

The Safety Employee of the Quarter program was developed by the safety committee with an intent to reward those who most clearly and effectively demonstrate DPU's safety culture vision.

Each quarter all DPU employees nominate fellow employees who exemplify the safety culture vision. A review of the nominee applications is conducted and voted on by the safety committee members and forwarded to DPU's senior management team for concurrence. The selected employee is recognized and earns an additional day of administrative leave.

SAFETY EMPLOYEE OF THE QUARTER

qtr1/fy22

CHARLES LOPEZ
Trainee
Wastewater Treatment Division

qtr4/fy21

JUSTIN LUJAN
Senior Pipe Fitter
Gas, Water & Sewer Division

qtr3/ y21

DAVID RODRIGUEZ
Senior Pipe Fitter
Gas, Water & Sewer Division

qtr2/fy21

JULIE WILLIAMS-HILL
Public Relations Manager
Administration

qtr1/fy21

TIMOTEO MARTINEZ
Electric linemen
Electric Distribution Division

qtr4/fy20

WAYNE VALDEZ
Electric Linemen
Electric Distribution Division

NEWEST SAFETY EMPLOYEE OF THE QUARTER: Congratulations to Charles "Charlie" Lopez, a trainee currently assigned to the wastewater treatment facility. According to his co-worker, he exemplifies safety every day. She shared an observation to illustrate her point, "Before going in to check the diffusers, [Charlie] made sure all valves going into the basin were closed and LOTO'd. He made sure the ladder was tied off properly. Finally, he wore all the proper PPE: harness, gloves, safety glasses, hard hat and steel toe boots. It was impressive to see him make sure everything was in a safe state and that he was too before jumping in to do this job."

ELECTRIC DISTRIBUTION DIVISION

STEPHEN MAREZ

ELECTRICAL ENGINEERNG MGR

During quarter 1, punch list items were completed by the DPU electric crews on the New Mexico Department of Transportation project to rehabilitate NM 502 and construct a round-about.

Electric engineering staff worked with customers at the Gold Street Apartments to install electric master meters on all buildings. Staff also coordinated with the apartment owner to add a 25-kilowatt photovoltaic system at the complex.

DPU's pole testing contractor is progressing through the County's electric distribution grid and the transmission lines at Abiquiu and El Vado hydroelectric facilities. Specifically, they are testing wooden poles for integrity and strength. Preventative maintenance is implemented immediately on all compromised poles. This includes reinforcing poles with braces and, if appropriate, adding fumigants to stop internal decay. Work concluded this past September.

Crews with Utility Meter Solutions (UMS) finished installing residential electric smart meters, as part of the Advanced Metering Infrastructure project. Remaining residential meters are those that have been stuccoed into the home and can't be removed or are located behind locked gates and coordination with the customer was not able to occur.

The delivery of commercial electric smart meters are slowly trickling in. Upon receipt, the Department's electric linemen test and install the new meters for commercial customers. Construction development is underway on upper Confianza

Street, which is phase two of the Mirador subdivision in White Rock. Electric line crews are installing conductors, transformers, and meters to service the new subdivision.

DPU's Los Alamos Substation Switchgear (LASS) project has been on hold until the Los Alamos National Laboratory (LANL) was able to complete its replacement Technical Area 3 Substation. This October, LANL energized its new TA3 Substation, however, due to unplanned equipment failures associated with the project, the entire Los Alamos townsite lost electricity twice - October 14th power was lost for approximately ten minutes, and again on October 22nd power was lost for approximately two hours.

DPU staff is coordinating with LANL to transfer the townsite electric supply feeders in December to the new TA3 substation on LANL property. No interruption of power is anticipated. When completed and the new DPU LASS substation is energized, the townsite will have a second source of power to introduce redundancy and improve reliability.

Engineering staff is designing FY22 capital improvement projects as defined in the last condition assessment. The supply chain for all materials is strained. Products that typically arrived in four weeks are now arriving in 20 weeks. Engineering is working with Procurement to order materials in advance to prevent material shortages. The high number of projects within the county is putting a strain on supplies needed for new developments.

To support the electric reliability of Connie and Cheryl neighborhoods, staff has prioritized a project to replace the electric primary cable and switches on Aragon Street in White Rock. Weather permitting, this work will begin in November. Unfortunately, the electric distribution division lost a valuable friend and co-worker. Richard Valdez, an electric linemen with the department for ten years passed away on October 24. Richard is remembered as having a warm heart, a huge smile and a twinkle in his eye. He will be greatly missed by all. The department sends its condolences to his family.

Richard Valdez, an electric lineman with the DPU, a husband, father, son, and good friend to many, passed away on October 24, 2021.

Another employee, Alan Horton, an engineering associate, has resigned with the county to pursue his passion in geology. Alan will leave Los Alamos in November to begin work in Greenland and Antarctica. We wish Alan the best.

Electric engineering continues to support work on designs and specifications for several projects:

- Connie/ Cheryl Primary Replacement- Proceeding
- Totavi Primary Replacement- Design complete- pending approval
- La Senda Primary Replacement – In design
- DP Road Phase 2 – Full utility replacement – In Design
- Starbucks on Trinity- In construction
- Marriot Hotel & Convention Center- Design Finalized
- White Rock water resource recovery facility- electric transformer installation complete
- The White Rock effluent water booster station- Electric installations in construction
- The Canyon Rim Trail Underpass Project- Electric installations complete
- The Hills Apts - Design Finalized – Materials procured
- Arkansas Place Apts– Suspended
- Canyon Walk Apts– In construction, one bldg remaining to compete
- Canyon Walk Apts. Off-site development– complete
- The Bluffs Apts- In construction
- El Vado Hydro Electric transformer project- Out to bid
- Credit Union – Complete
- Pet Pangea- In design
- Aquatic Center Leisure Lagoon- Complete

System Average Interruption Duration Index

As a reliability indicator, DPU measures its System Average Interruption Duration Index (SAIDI). This is a formula to determine the annual average time that a DPU customer could expect to be without power. According to the Energy Information Administration (EIA), the mean SAIDI in 2019 was 132 minutes without major events and 267 minutes with major events for 809 utilities across the nation (excluding U.S. territories). This information is available on the EIA website - https://www.eia.gov/electricity/data/eia861/. DPU set a goal in 2008 to reduce its SAIDI to below 60 minutes (including major events). At the end of quarter 1, FY2022 DPU's SAIDI rose to 71 minutes which includes major events. This is above the DPU 60-minute goal and well below the 2019 National mean SAIDI of 267 minutes.

QUARTER ONE DPU RESULTS

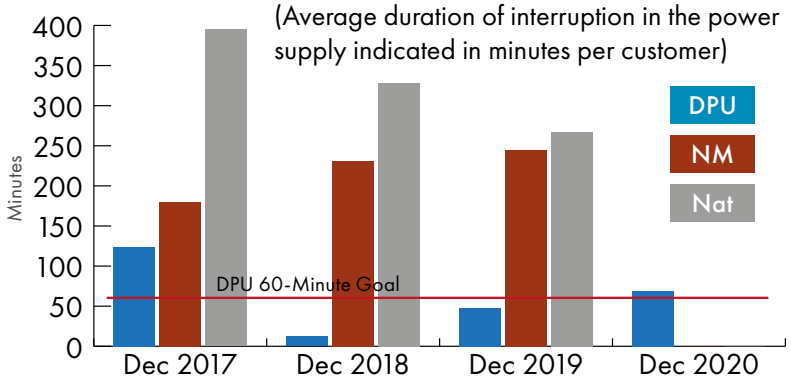
As of September 30, DPU's rolling 12-month SAIDI results for quarter 1 were 71 minutes in FY 2022; 54 minutes in FY 2021; and 46 minutes in FY 2020.

CALENDAR YEAR /Comparisons

Reliability reports issued by the Energy Information Administration* demonstrate that DPU's SAIDI is lower than the average of combined New Mexico utilities (includes New Mexico cooperatives, investor- and municipal-owned utilities) and lower than the average of combined U.S. utilities. Note that the EIA will release Dec. 2020 SAIDI data in Oct. 2021.

*EIA website - https://www.eia.gov/electricity/data/eia861/

System Average Interruption Duration Index
(Average duration of interruption in the power supply indicated in minutes per customer)



DPU SAIDI /2018 - Present

DPU records its SAIDI each month (the rolling 12 month average), and includes major events. In November 2017 DPU experienced a major event when the incoming transmission line from Los Alamos National Laboratory was lost and the townsite lost power, negatively impacting DPU's SAIDI. This event carried over for 12 months until November 2018.

Distributed Generation

Unlike conventional power generating stations that are centralized and require transmission lines, distributed generation resources are decentralized and close to the load, such as rooftop solar systems. In addition to the utility-scale solar array on the landfill, Los Alamos has several commercial and residential customers who have opted to install small solar or photovoltaic distributed generation systems.

Total Distributed Generation

As of the end of quarter 1, distributed generation resources total 3,040 kilowatts connected to the distribution grid.

- Residential systems total 1,356 kilowatts, and
- Commercial systems total 1,683 kilowatts.

New Distributed Generation

143 kilowatts of distributed generation were added to DPU's electric distribution grid during quarter 1.

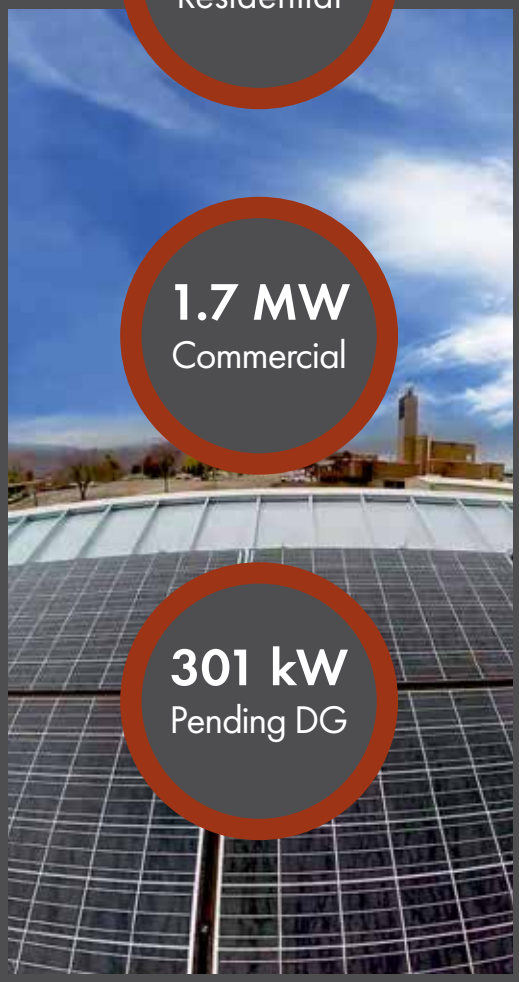
Pending Distributed Generation

Currently customers are in the process of adding another 301 kilowatts of distributed generation to DPU's electric grid.

CARBON-NEUTRAL ELECTRICAL ENERGY PROVIDER

On January 20, 2016, the Board of Public Utilities adopted the following: The Department of Public Utilities will be a carbon-neutral electrical energy provider when the electricity distributed to Los Alamos County consumers is generated or purchased from sources that in their normal operation cause no net release of carbon dioxide to the atmosphere.

1. "Los Alamos County customers" means those customers scheduled in the Los Alamos County Code of Ordinances Section 40-121; this does not include DOE/LANL.
2. "No net release of carbon dioxide" means that purchases or generation of carbon-based electrical energy, necessary when carbon-free supplies are not practically available to supply Los Alamos County consumers, will be fully offset from previous sales of surplus carbon-free electricity to other entities.



ELECTRIC PRODUCTION

STEVE CUMMINS

DEPUTY UTILITY MANAGER

City of Farmington/Enchant Energy
Carbon Sequestration Project Proposal

DPU staff continues to work with the other San Juan Generating Station (SJGS) owners on the potential shut down of the Station on June 30, 2022. DPU was notified by the City of Farmington that it is pursuing along with Enchant Energy, a carbon sequestration project that would allow the SJGS to remain open beyond the 2022 Agreement expiration date. DPU notified the parties that Los Alamos County will be exiting the facility in 2022 as planned, however, it supports this endeavor if there is no cost to the county. Should Farmington and Enchant Energy move forward, DPU will work with them and other SJGS owners to iron out the contractual details related to future plant closure obligations.

On July 19, 2021, the City of Farmington presented an update on the San Juan carbon capture project. The front-end engineering and design study has been delayed until later this year. Enchant is withdrawing its early access agreement request and has adjusted its schedule to reflect construction upon ownership transfer. If the project is successful, the commercial operation date is in December 2024 with full carbon capture operations achieved by June 30, 2025. The parties agreed to draft a term sheet with a break-up fee to recognize the efforts of negotiating with the City of Farmington and Enchant Energy. On a parallel path, the parties initiated a final decommissioning study in the event both parties cannot reach an equitable agreement. The study should be completed by May 2022.

San Juan Generating Station Coal Supply
Plaguing the mining operation all quarter are geological issues association with the San Juan Mine. A soft floor and cavities in the roof and face have prevented longwall mining. The mining company Westmoreland, completed activities to "glue" the face and ceiling, as well as realign the longwall from the sinking floor. With longwall operations stalled, the inventory of coal is significantly reduced and discussions are underway as to whether a planned outage will be necessary. Westmoreland and the SJGS owners are optimistic that the plan to realign the longwall and glue the face and ceiling will be successful.

Hydroelectric Facilities
Staff continues to perform recurring maintenance as scheduled and support the DPU planned capital projects.

Recently, employees issued a request for bids to purchase and install a replacement transformer at the El Vado hydroelectric facility. No bids were received. DPU's consultant sought feedback from a potential bidder as to why it chose not to respond. The contractor reported that a large transformer requires a significant deposit upon ordering. With the lead time upwards of a year, the bidders were not willing to front the deposit. Based on this feedback, DPU staff worked with the County Procurement office to advertise a request for proposals covering a direct purchase of the transformer, and subsequently re-issue a request for bids for a contractor to install the County-supplied transformer.

Installation of the new transformer will be scheduled when the delivery time is known. If possible, staff will attempt to align this work to occur when the hydroelectric facility is taken off-line for the repair of the El Vado dam face by the Bureau of Reclamation.

The painting contractor completed the work at Abiquiu and El Vado. Warranty repair work to address limited areas of coating adhesion failure are planned for the fourth quarter.

One-megawatt Solar Array/Landfill
An inverter failed at the one-megawatt solar array on the Los Alamos landfill, taking 400 kilowatts off-line. Staff received one bid after the project was advertised a second time. The agreement with the successful bidder repair the facility was approved at the April Board of Public Utilities' meeting. Project delays related to supply chain interruptions, have pushed the date to return of the 400 kW of PV panels to service to the 2nd quarter of fiscal year 2022.

DPU worked with the County Procurement office to issue a request for proposals to decommission the sodium-sulfur and lead-acid Battery Energy Storage System (BESS) in total or in parts depending on the labor and disposal costs and salvage values offered for the various pieces of equipment. Four bids were received. The county was finalizing an agreement with one of the bidders, when the County Attorney's office notified procurement that per the the County's disposal policy an appraisal is required and that this step was inadvertently omitted. Accordingly, the procurement process was terminated.

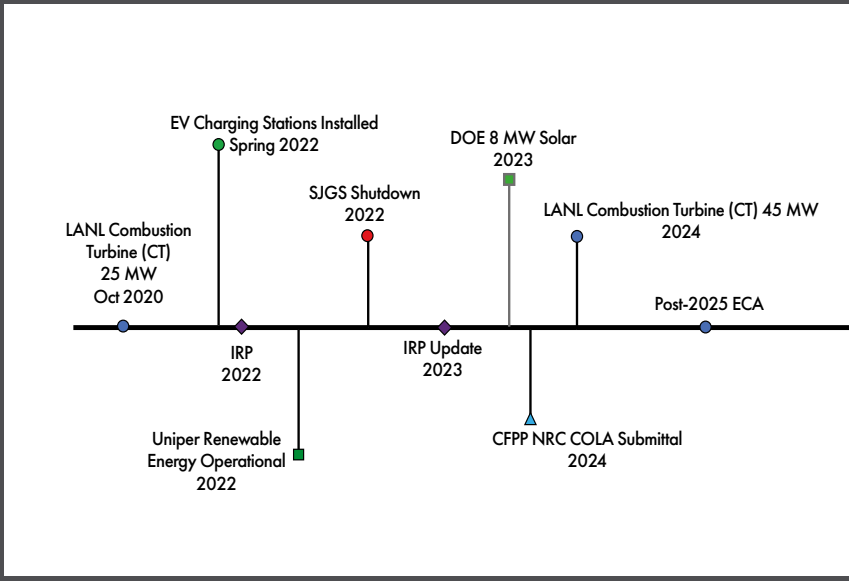
The procurement office recently obtained an appraisal of the lead acid battery system and is in the process of acquiring an appraisal for the sodium-sulfur battery system. After the appraisal process is complete, the procurement office will issue a new request for proposals.

Energy Imbalance Market (EIM)
The Public Service Company of New Mexico (PNM) went live operating in the California Independent System Operator Energy Imbalance Market (EIM) on April 1, 2021.

Scheduling software was updated to push forecasted generation and load information to PNM. DPU has welcomed Yvonne Quintana to the Electric Production team. She is currently training to fulfill recurring EIM-related responsibilities. Power Operations is in the process of analyzing and gathering data to help discern new patterns for the market and available energy.

INITIATIVES FOR FUTURE ENERGY RESOURCES

The Future Energy Resources Committee (an ad hoc citizen committee) prepared a July 2015 report to recommend future energy generation resources for Los Alamos County to meet a goal to be a carbon neutral electric provider by 2040. The Board of Public Utilities adopted most of the recommendations in January and March 2016. DPU's plan to implement the BPU adopted policies are described here.



Electric Vehicle Charging Stations

On September 18, 2020, DPU received a signed Project Agreement from the New Mexico Environment Department (NMED) formalizing two grants for electric vehicle charging stations. The grants provide $63,800 for the construction and operation of one direct current fast charger at the White Rock Visitor Center parking lot and $71,800 for the construction and operation of one direct current fast charger at the Los Alamos County Municipal Building parking lot. The Electric Production division has budgeted an additional $150,000 for the installation of electric vehicle chargers; approximately $50,000 for grant matching on the two fast chargers, and $100,000 for the construction and operation of additional level-two chargers subject to Board and Council approval. Procurement advertised a request for proposals on September 3, 2021. Selection and award are planned to be completed in the second quarter.

Carbon Free Power Project

Through DPU's membership with the Utah Associated Municipal Power Systems (UAMPS), DPU is participating in the Carbon Free Power Project (CFPP) as a generation resource option. The CFPP is a planned 462 MW (gross electric capacity) nuclear generating station to be built in Idaho using small modular reactor (SMR) technology.

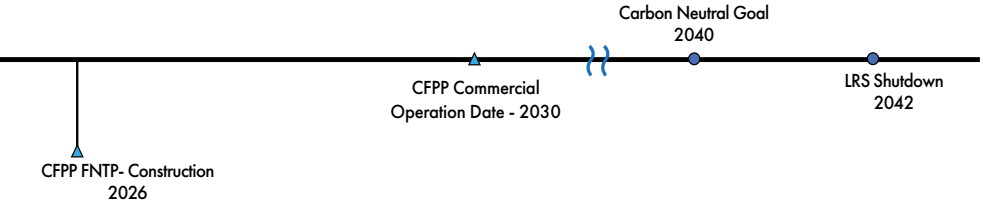
Last July, the Council approved DPU's continued participation in the CFPP project through the remaining phase 1 - completing the Combined Operating License Application (COLA). The next off ramp is scheduled for September 2022, with no additional cost beyond the previously committed $1.26 million. The primary goal is to increase the subscription in the project from utilities outside of UAMPS who have expressed interest but have not signed a power sales contract. NuScale (developer of the small modular reactors) continues to work on a project cost estimates for a six-module plant, with the goal of achieving a Levelized cost of Energy (LCOE) of $58/MWh with full subscription. The first subscribers in the project will have an opportunity to increase their subscription prior to the remaining capacity being committed to other utilities. Site work continues at the Idaho National Laboratory site to develop the COLA.

Utility-Scale Renewable Projects

In January 2020, the Board and Council approved a Power and Renewable Energy Credit Sales Agreement with Uniper Global Commodities North America, LLC. The contract quantity is a firm 15 MW's Around the Clock (ATC) Power Purchase Agreement (PPA). It is a take-or-pay PPA for a 15-year term with no escalator. Under the agreement, renewable energy will be sourced from two power-generation facilities now under construction in New Mexico. Solar power will be supplied from a project in northwest San Juan County with wind power coming from a generation center in central New Mexico. DPU expects to begin taking power from this contract on January 1, 2022, just prior to DPU exiting the SJGS in June 2022. The new transmission line for the wind development is nearing completion and we are anxiously anticipating scheduling testing energy.

Electric Coordination Agreement (ECA), Current Term

Staff is considering energy resource replacements for the San Juan Generating Station. The Power Pool has to supply energy for the remaining 3 years of the



FUTURE ENERGY TIMELINE

current contract. One of the first steps to ensure power operations is, at the very least, replace San Juan's energy output. Staff is discussing a 25MW Purchase Power Agreement that will leverage the over production from the Uniper deal previously mentioned. In addition to straight San Juan Replacement, Power Ops is working on meeting the planned load increase in the remaining three years.

Electric Coordination Agreement (ECA), Post 2025

Staff continues to negotiate with DOE-NNSA on a post 2025 ECA. Both parties are meeting monthly with the goal of having a tentative agreement by June 2023. Staff is supporting DOE-NNSA efforts on updating their Interagency Agreement with Western Area Power Administration (WAPA) that would allow DOE-NNSA the ability to contract through WAPA for Power Purchase Agreements for periods up to 40 years. This option will allow DOE-NNSA to secure power for LANL into the future. The first project under consideration is an 8 MW solar PV array to be constructed at LANL using a purchase power agreement for an expected 25-year term.

Sandia & Kirtland Air Force Base Merchant Desk Services

To meet the combined power demands of Sandia and Kirtland Air Force bases, DPU staff is providing support for a post 2023 PPA. These efforts require an updated IA between DOE-NNSA and WAPA. Kirtland Air Force Base is undergoing a study on how best to meet the power demands into the future for a Department of Defense (DOD) Facility. Factors under consideration include resilience while moving toward sustainable resources such as renewables. DPU staff is supporting this effort as their Merchant Desk Service provider.

Laramie River Station (LRS)

Staff is exploring alternatives to exit the LRS prior to the end of the Life-of-the-Plant PPA. With the County's exiting the SJGS in June of 2022, the only remaining controllable resource is LRS. Real-time operations need a controllable resource to adjust generation to match load after the scheduling window closes. Since LRS is DPU's cheapest resource, DPU could potentially swap power with a Power Marketer that develops wind and solar resources in the region. The swap would be a firm power unit, contingent on no additional cost from what the County currently pays.

FER Timeline

The timeline (left) shows the strategic plan with several important dates which play a significant role in the decision making process to achieve the goal to be a carbon neutral electric energy provider by 2040 while sustaining the electric demands of the community.

It started with the development of an Integrated Resource Plan (IRP) in 2017, which provides the most economical options to achieve the goal based on the best information available at that time and the County's partnership through the Electric Coordination Agreement with DOE-NNSA.

Staff is developing a new IRP in 2021 (last one was developed in 2017) to see if there are any changes in the recommended resource portfolios for achieving our 2040 carbon neutral goal. There are three future contract dates which provide an opportunity to shape our future power supply. First the expiration of the San Juan Generation Station Agreement in 2022. Second, the County's expected exit from the coal-fired Laramie River Station, where the County signed a life of the plant (2042), power purchase agreement. Third, the expiration of the current Electric Coordination Agreement (ECA) between the County and DOE-NNSA LANL in 2025.

Through the current ECA, resources are pooled together to serve the combined load of the County and Los Alamos National Laboratory. Today LANL accounts for approximately 80% of the total electrical demand. An extension of the ECA along with the negotiated terms and conditions will have a significant impact in DPU's decision to add new or replacement generation resources to the mix to ensure we don't have an over or under supply of energy post 2025.

GAS, WATER AND SEWER

JACK RICHARDSON

DEPUTY UTILITY MANAGER

COVID restrictions for all GWS groups (GWS, WP, WT & MR) were un-relaxed during this quarter. We returned to splitting the crews and off-setting shifts by ½ hour to minimize opportunities for close contact impacts. Our unvaccinated staff continue to test positive and be provided with 10 days in quarantine while our vaccinated staff continue to work with limited to no COVID related time off.

Gas, Water, Sewer (GWS)

The new SCADA system for WC and GA contract continues slowly. The contractor is developing a system for installing SCADA equipment inside existing sewer manholes. Other priorities and circumstances within GWS have kept the full crew busier than projected and have delayed the completion of additional sewer lift station field work SCADA prep. Gas system SCADA prep work design in Engineering continues and construction bidding is scheduled in the near future. All GWS staff have been tasked with meter change outs as their highest priority until the AMI meter change out program is completed. Except for emergency responses or work required by state or federal regulation all crews are in the field changing meters.

The sewer crew continues daily visits to two small volume SLS's due to faulty control systems. Two other SLS's with faulty control systems continue to run on temporary emergency control systems. The plan is to

have all SLS's up and running with new control systems, and SCADA, as soon as the schedule permits. Sewer backups have been light this quarter.
Pipeline breaks were light this quarter. The DPU is in the final stages of developing a project to hire an outside contractor to investigate all valves and locate these faulty valves and replace them if they are leaking and before they break into pieces causing a major water loss leak.

The annual gas system pressure regulating valve station fall checks and fall gas pipeline leak surveys have been completed this quarter. The DPU On Call Misc. Projects process was finalized this quarter and the DPU now has three firms to select from within a DPU controlled on call contract. The combined DPU/Public Works project in the Alamo/Capulin area off San Ildefonso Drive on North Mesa was for the most part completed this quarter: water and gas system replacement is being finalized for the DPU portion of the project.

Congratulations to Allen Kershner on being hired to take Steve Harshman's post retirement position. The GWS crew said goodbye to another long-time crew member this quarter when Loren Freyer retired. Loren's replacement position is being held open until the AMI meter change out program is completed to the point where a second FTE can be moved out of the meter reading group and into the GWS group.

Water Production
Management staff continue to coordinate with DOE/LANL staff on the revisions to the ownership and O&M responsibility determinations for DPI pipelines in DOE property. Progress is being made and a conclusion of this effort is expected within the next few quarters. The WP group transitioned to winter schedule in September – eliminating the summer schedule swing shift and transitioning that shift back to the day shift.

The Pajarito Well No. 4 project is finally 100% completed and fully operational as of this quarter. PW4 was running full time and has been performing very well in terms of water pumped into the system during the high-water demand period. PW 4 will thankfully be fully operational for next year's high water use season while Otowi Well No. 4 is down for repair and upgrades. The projects to house and equip the new Otowi Well No. 2 and the Tsankawi Chlorination and Partial NM 4 Pipeline Replacement started construction this quarter.

The construction of the Overlook Park Booster Station Project for the NP system continued this quarter. The NP system Bayo Booster Station Tank No. 2 Project was split into two phases (FY22 & FY23) due to unanticipated construction cost increases. Phase one project bids will be opened next quarter. The project at Pajarito Booster Station No. 2 that will replace the failing pipeline & water meter serving the chlorination injection system with a new pipeline, meter & injection equipment inside a new vault and that was initiated last quarter has stalled due to the schedule of the contractor. Congratulations to Lucas Martinez for transitioning out of the meter reading group and into the Water Production group.

Wastewater Treatment
The White Rock wwtp construction bids were let onto the street for bidding this quarter.

The design of the project to add tertiary filtration equipment to the LA wwtp to upgrade this wwtp's effluent classification from 1B to 1A has progressed well. This effluent quality upgrade will enable the NP system to expand along the Diamond Drive corridor – as soon as the land purchase from USFS to the County has been completed and the Group 12 NP storage site can be expanded.

A small re-grading project is planned to allow operators to dispose of excessive "overs" (larger sized green waste material used in the composting process) on the banks of the fill slopes. Disposal of this material in these locations will enable staff to work to improve the

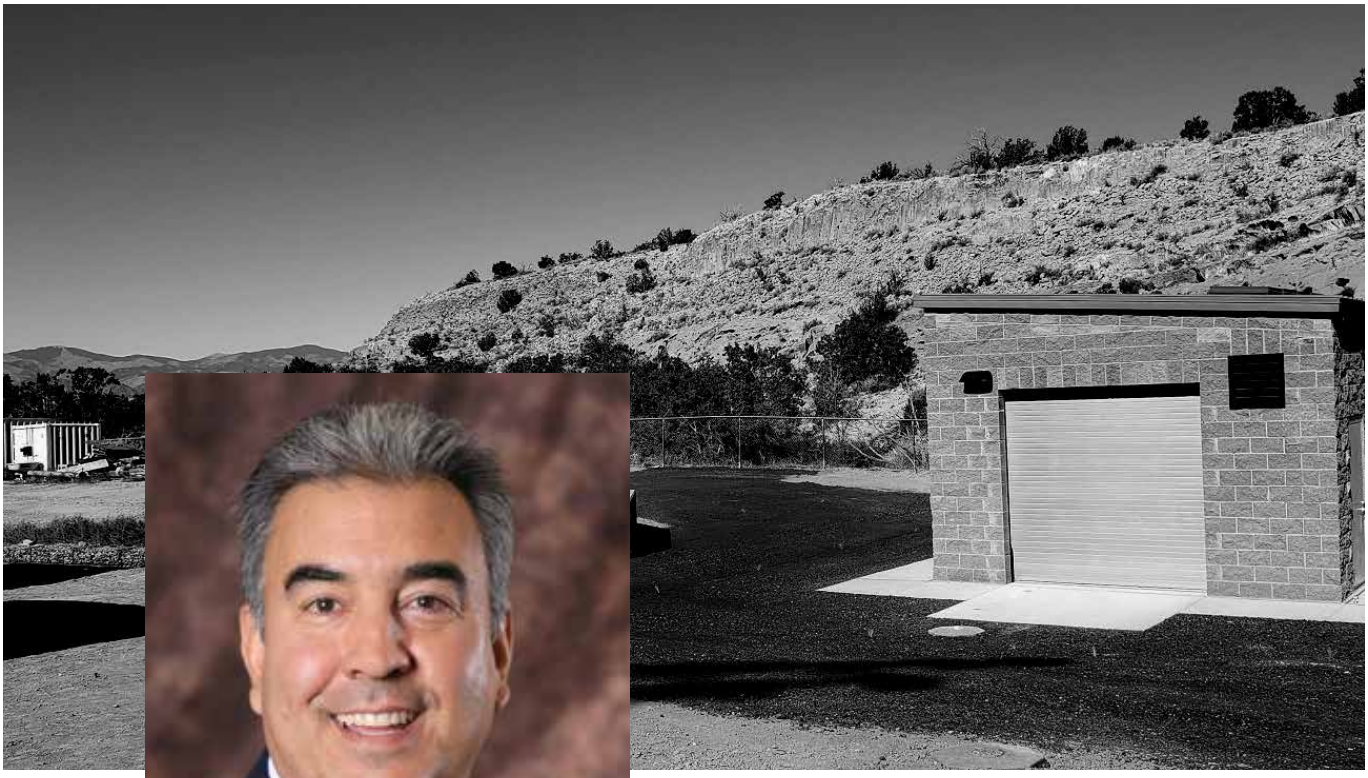
aesthetics of the compost facility by providing for better vegetative cover of the fill slopes around the perimeter of the compost facility. Research on equipment that will eliminate, or drastically reduce, loose plastic waste out of the compost process has begun with anticipated acquisition being initiated after finalization of the White Rock wwtp contract award process.

Congratulations to Anthony Hernandez for hiring on with the Wastewater Treatment group. Also congratulations to Charlie Lopez for his promotion to Apprentice I.

Meter Reading

The AMI project continues to require all the GWS crew time possibly available for changing out meters. Commercial water meters and gas meters are the main emphasis right now. As mentioned in the Water Production section; Lucas Martinez has transitioned out of the meter reading group into the Water Production group. This reduction from 5 to 4 FTE's in the meter reading group will remain stable until the AMI meter change out program has completed enough meter change outs to the point where a second FFTE can be transitioned out of the meter reading group without impacting utility billing.

ENGINEERING



JAMES ALARID

DEPUTY UTILITY MANAGER

This quarter has been busy for the Engineering Department with planned capital improvement projects and working on new private construction. The NM-502 project and DP Road Improvements were completed this quarter bringing an end to the these two high profile road and utility improvement projects. As part of the NM-502 project the DPU replaced the gas, water and electric systems and made a number of sewer improvements which modernized this infrastructure which was 50 to 70 years old. The DP Road utility improvements were installed by a private developer to support new development and replace the under capacity utilities in DP Road. Phase II of the DP Road improvements is currently being designed and will be constructed the summer of 2022. At the end of the project all of the DP Road electric, gas and water systems will be upgraded and sewer service will be available for the first time to existing customers and for development of the vacant parcels.

The project to build the well house and equip Otowi Well #2 was awarded and construction began this quarter. The new well is scheduled to be complete by April 2022. A second related water production project was awarded for construction of a new chlorination building located at the intersection of NM-4 and East Jemez Road (Truck Route). This project will install a new higher capacity chlorination system which will accommodate the increased flows from the new Otowi Well #2. This project is scheduled to be completed in March 2022.

The North Mesa Road and Utility Improvement project progressed during this quarter. This project will replace the gas and water systems on Alamo, Capulin, Cedro Court and Big Rock Court and repave the roads. The project has progressed well and the utility work was substantially complete in October 2021.

Three non-potable water projects progressed this quarter which all include grant/loan funding from the New Mexico Water Trust Board. The new Overlook Booster Station is nearing completion and will be online for next spring's irrigation season. Design is complete on the Los Alamos Wastewater Treatment Plant Filtration system and the project will be bid for construction in the spring of 2022 when the grant /loan agreement is executed. This project will improve the water quality in the effluent to meet Class A classification. The current effluent is classified as Class B effluent and has some restrictions to the location where the water can be used for health and safety reasons. With Class A effluent the use of non-potable water can be expanded to more populated areas with less restrictions on the time when irrigation is allowed. The project to install a new 1 million gallon tank at the Bayo Booster station was bid this quarter. The bids received were approximately $1.3 million over budget. Due to the cost increases and supply chain disruption caused by the COVID-19 pandemic, the pricing doubled over the last year. The project was not awarded since the budget was not available. DPU worked with the New Mexico Finance Authority to phase the project and proceed with a reduced scope Phase I to apply the awarded funds to. Phase I of the project was bid this quarter and will be awarded in December 2021.

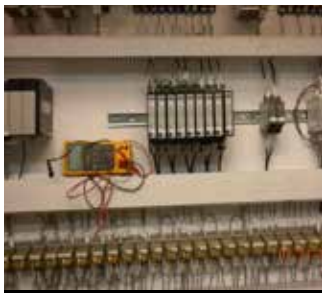
The El Vado transformer replacement project was bid this quarter for a contractor to furnish and install the transformer. No bids were received. The DPU has issued a second bid for the direct purchase of the transformer and a contractor will be hired to install the transformer when it is received. This project has been impacted by the COVID-19 supply chain disruption. Transformer delivery times are as far out as 2 years. Bids will be received for the transformer in November.

The Los Alamos Wastewater Treatment Plant was advertised for bids this quarter. Two bids were received and were both significantly higher than the available budget. DPU is working on increasing the construction loan amount to award the project. Award of the project is anticipated to be in mid-January 2022.

CAPITAL IMPROVEMENT PLAN - FY 2022

PLANNING DESIGN CONSTRUCTION

	BUDGETED	QTR 1 07/21	08/21	09/21	QTR 2 10/21	11/21	12/21	QTR 3 01/22	02/22	03/22	QTR 4 04/22	05/22	06/22
ELECTRIC PRODUCTION	**$1,165,000**												
Upgrade El Vado Controls	440,000	DEFERRED											
Install El Vado Fiber Optic Line	625,000												
Replace Abiquiu Transformer	100,000												
ELECTRIC DISTRIBUTION	**$950,000**												
Replace Underground Residential Distribution	400,000												
Replace Overhead Distribution	300,000												
Upgrade Elec. Dist: Canyon Road/Utility Project	200,000												
Construct WR Utilities Maintenance Facility	50,000												
NATURAL GAS DISTRIBUTION	**$885,000**												
Replace Gas Lines: Alamo & Capulin Project	535,000				COMPLETED								
Install SCADA Pressure Monitoring Station	300,000												
Construct WR Utilities Maintenance Facility	50,000												
WATER PRODUCTION	**$15,301,000**												
Install Second Bayo Non-Potable Water Tank													
Paint Barranca Mesa Water Tank	675,000												
Upgrade Motor Control Center	2,880,000												
Install Camp May Water Line (LAC/3rd Party)	4,000,000	Construction pending environmental clearance.											
Stabilize Los Alamos Reservoir Road	800,000	Pending award of grant from NM River Stewardship program											
Install A Filtration System for the LA WWTP	2,716,000												
Replace Water Transmission Line on NM4	2,980,000												
Upgrade Tank Piping	300,000												
Construct WR Utilities Maintenance Facility	50,000												
WATER DISTRIBUTION	**$1,484,000**												
Replace Water Lines: 33rd and 34th Streets	448,000												
Replace Water Lines: Canyon Road/Utility Project	254,000												
Construct WR Utilities Maintenance Facility	50,000												
Replace Water Lines: Alamo & Capulin Project	732,000						COMPLETED						
WASTEWATER	**$31,691,000**												
Construct WR Utilities Maintenance Facility	50,000												
Replace Sewer Lines: 33rd and 34th Streets	352,000												
Replace Sewer Lines: Canyon Road/Utility Project	244,000												
Build Gravity Sewer Line to Replace Bayo Lift Station	550,000												
Improve/Expand Composting Site Phase 1	495,000												
Replace WR WWTP w/Water Resource Recovery Fac.	30,000,000												



Electric Production
Upgrade El Vado Controls

Update software and programming controls at the El Vado hydroelectric facility which are no longer supported. The controls upgrade will ensure safe and reliable operation of the plant.

Budget: $440,000
Schedule: Deferred

Electric Production
Install El Vado Fiber Optic Line

Eliminate the microwave radio system and replace it with a direct fiber optic line between the El Vado hydroelectric plant and substation. Upgrade communication equipment.

Budget:
- Fiber Optic Line: $500,000
- Communication Equip: $250,000

Schedule: Fall/Winter 2021-2022

Electric Production
Replace Abiquiu Transformer

Install a new transformer and salvage the old transformer at the Abiquiu hydroelectric plant.

Budget: $100,000
Schedule: Fall/Winter 2021-2022

Electric Distribution
Replace Underground Residential Distribution

Replace portions or segments of the underground electric residential distribution system which have experienced three or more failures.

Budget:
- Los Alamos: $200,000
- White Rock: $200,000

Schedule: Year round.

Electric Distribution
Replace Overhead Distribution

Replace power poles, cross-arms, and revamps (wire & transformer upgrades). Priority is placed on the three-phase backbone and areas affecting the highest number of consumers.

Budget:
- Los Alamos: $150,000
- White Rock: $150,000

Schedule: Year round.

Elec Dist/Water Dist/Wastewater
Upgrade Utilities on Canyon Rd
(Joint project w/Pubic Works)

Upgrade and replace utilities infrastructure ahead of Public Works scope to re-pave Canyon Road (Diamond to Central).*Funding: Revenue transfer allocated to DPU by Council.*

Budget:
- Elec. Dist: $200,000
- Water Dist: $254,000
- Wastewater Coll: $244,000

Schedule: Summer 2022

Elec/Gas/Water/Wastewater
Construct WR Utilities Maintenance Facility

Construct a maintenance facility in White Rock located at Overlook Park to be used by all DPU divisions.

Budget:
- Elec Dist: $50, 000
- Gas Dist: $50, 000
- Water Dist: $50, 000
- Water Prod: $50, 000
- Wastewater Coll: $50, 000

Schedule: Design Winter 2022
Construction Summer 2022

Gas Dist/Water Dist
Replace gas/water lines: Alamos & Capulin (Joint w/Pubic Works)

Replace gas and water lines on Alamos and Capulin ahead of Public Works scope to re-pave Alamos and Capulin Roads.

Budget:
- Gas: $353,000
- Water: $732,000

Schedule: Completed Oct 2021

Gas Distribution
Install SCADA Pressure Monitoring Stations

Install a supervisory controls and data acquisition system (SCADA) including various pressure monitoring stations in White Rock and Los Alamos to remotely monitor the system pressure, performance trends and pressure drops.

Budget: $300,000
Schedule: Throughout FY 2022

Water Production
Install a second Bayo Booster Non-potable Water Tank

Install a second 750,000 gallon tank for additional effluent storage to expand service to other areas in the community. Project originally identified this project as a second Group 12 tank. It has been changed to a second Bayo Booster tank.
Funding: Water Trust Board

Budget: $900,000
Schedule: Construct Spring 2022

Water Production
Paint Barranca Mesa Water Tank

Paint the interior and exterior of the Barranca Mesa Water Tank #2 adjacent to the Barranca Elem. School.
Funding: Drinking Water State Revolving Loan

Budget: $675,000
Schedule: Spring/Summer 2022

Water Production
Upgrade Motor Control Center

Assess the condition of wells & boosters electric gear, design upgrades for the highest priorities and bid for construction.
Funding: Drinking Water State Revolving Loan for construction.

Budget:
- Design: $180,000 (CIP)
- Construction: $2,700,000 (loan)

Schedule: Design Winter 2022
Construction Summer 2022

Water Production
Install Camp May Water Line (County/Ski Hill Operator Proj)

Install 23,000 feet of water lines and 4 booster stations along Camp May Rd. to convey water from existing potable water syst. in Los Alamos to ski lodge. Pending NEPA clearances from U.S. Forest Service.

Budget:
- LA County: $2,000,000
- Ski Hill Owner: $2,000,000

Schedule: Pending NEPA

Water Production
Stabilize LA Reservoir Road

Stabilize upper watershed to mitigate sediment moving downstream. Reconstruct the LA Reservoir Rd where it washed and stabilize the road from future flooding using log and boulder vanes and vegetation.

Budget:
- LA County: $250,000
- DPU: $250,000
- NM River Steward Grant: $300,000

Schedule: Pending grant approval

Water Production
Install Filtration Syst. at LA WWTP

Install a filtration system at the LA wastewater treatment plant to improve effluent water quality to meet Class-1A (highest achievable). *Funding: Water Trust Board loan/grant)*

Budget:
- WTB loan: $1,300,000
- WTB grant: $1,200,000
- DPU match: $210,000

Schedule: Design: Summer 2021
Construct Summer/Fall 2022

Water Production
Replace Water Transmission line on NM4

Replace the 16-inch water transmission line on NM State Rd 4 at the E. Jemez Rd intersection ahead of the NM DOT road work. *Funding: Drinking Water State Revolving Loan*

Budget:
- Design: $180,000 (CIP)
- Construction: $2,800,000 (DWSRL)

Schedule: Design Summer/Fall 2022
Construction: 2023 - 2024

Water Production
Upgrade Tank Piping

Upgrade miscellaneous valves throughout the water production system to improve reliability. Work conducted in-house and supported by contractors as needed.

Budget: $300,000
Schedule: Design Winter 2021
Construct: Summer/Fall 2022

Water Dist./Wastewater
Replace water & sewer lines: 33rd/34th St. (Joint Public Works)

Replace water and sewer lines on 33rd and 34th Streets based on DPU's condition assessment. If funded, Public Works will pave the road as part of the project.

Budget:
- Water Dist: $448,000
- Wastewater Coll: $352,000

Schedule: Construct Summer 2022

Wastewater Treatment
Construct Gravity Sewer Line to eliminate Bayo Lift Station

Construct a gravity sewer line to replace the Bayo lift station and eliminate the cost and risk associated with pumping the sewage. *Funding: Drinking Water State Revolving Loan*

Budget: $550,000 (loan)
Schedule: Summer 2022

Wastewater Treatment
Improve Composting facility Phase I

Expand the composting facility to accommodate sludge from new WR water resource recovery facility. Install impervious liner for new area, grade and drain the detention pond.

Budget: $495,000
Schedule: Spring and Summer 2022

Wastewater Treatment
Replace WR Wastewater Treatment Plant

Replace the White Rock wastewater treatment plant with a new water resource recovery facility.
Funding: NMED Clean Water State Revolving Fund Loan

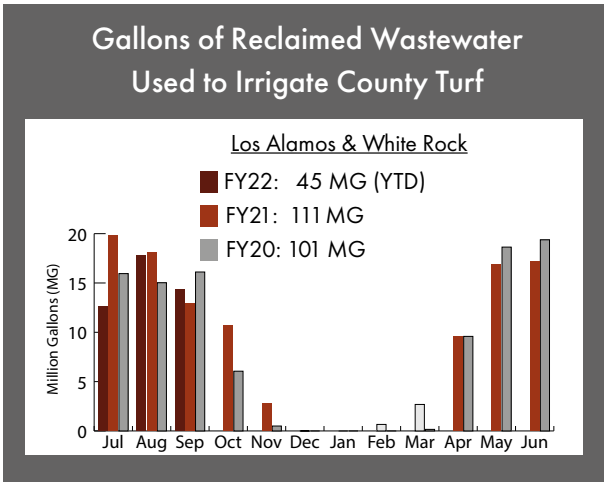
Budget: $30,000,000
Schedule: Construct February 2022 - August 2023

SUSTAINABLE LOS ALAMOS

Reclaimed Wastewater

Reclaimed wastewater use for fiscal year 2022 is on track at 45 million gallons. Quarters 1 and 4 are typically the time of year when the largest quantities of effluent are utilized, coinciding with the peak irrigation seasons of spring and summer. Treated wastewater from both wastewater treatment plants (Los Alamos and White Rock) is a great substitute for ground water to meet the County's demand to irrigate parks, ballfields and the golf course and is a part of the DPU conservation plan.

In the near future, DPU will improve the quality of its effluent to a class 1A standard (the highest possible) through the installation of a filtration system at the Los Alamos plant and the replacement of the White Rock plant with a new water resource recovery facility. Other capital improvement plan projects will expand and increase storage capacity of nonpotable water to permit the irrigation of other turf areas in the community with.



Water & Energy Conservation

This past quarter, staff advertised to fill the Water and Energy Conservation Coordinator position. Vacant for more than five years, the department hopes to have the position filled before the new year. This individual will liaise with the Environmental Services Division, and the Los Alamos Resiliency Energy and Sustainability Task Force. Incorporating feedback where appropriate, the new conservation coordinator will update the water and energy conservation plan with the new BPU-approved goals from October 2021 and initiatives to meet these goals.

DPU maintains a conservation plan for the following three reasons.

- As a public water supplier, the Office of the New Mexico State Engineer (OSE), Conservation Division requires a current water conservation plan be reviewed, approved and filed with their office.
- As a requirement to receive the County's allocation of hydroelectric power from Glenn Canyon Dam, the Western Area Power Administration (WAPA) mandates members incorporate energy conservation demand management strategies, initiatives and measurements.
- The third component of the Water and Energy Conservation Plan is establishing conservation initiatives, policy, programs and measures that reflect the community's demographics, planning efforts, residential and commercial sector and stakeholder interests.

Pajarito Environmental Education Center continues to provide conservation education to the community through a contract with the DPU. This past quarter, PEEC held an in-person electric vehicle show, a virtual education presentation on heat-pumps and incorporated conservation education into its hybrid in-person/virtual summer camp activities.

In preparation for fall and winter, PEEC also began developing a video series to share on social media with a focus on reducing energy consumption. The series will roll out in October in time for Main Street Trick-or-Treat, and continue through the month of November. The timing is appropriate as natural gas prices will be higher than normal this year.

Pass-Through Cost Of Gas

Since 2013 the Department of Public Utilities has included a "pass-through" cost of natural gas in its rate. In addition to a monthly service fee, the gas consumption charge comprises a fixed cost recovery fee per therm and a variable cost of gas per therm (pass-through cost). The fixed cost recovery fee includes set distribution maintenance and operation expenses. DPU's actual cost to purchase the natural gas commodity is passed directly to the customer in the variable cost of gas per therm charge. This price is calculated each month based on the San Juan Index and then adjusted based on the actual cost from the prior month. Customers benefit from this approach as the DPU does not need to maintain a substantial rate stabilization fund to absorb the volatile, fluctuating gas prices. Each month DPU posts the new variable cost of gas rate on the website at: https://ladpu.com/DPUGasRateSchedule.

TOTAL GAS CHARGE COMPRISES THREE COMPONENTS

(1. Monthly Service Fee) + [(2. Fixed Cost Recovery Fee + 3. Variable Cost of Gas) x Total Therms] = Total Charged

SCHEDULE OF CUSTOMERS

7A: Residential
7E: Commercial
7L: County
7N: Schools

1. MONTHLY SERVICE FEE

Schedule	Meter Rated	Charge
ALL	≤ 250 CFH	$ 9.50
ALL	> 250 CFH	$28.50

2. FIXED COST RECOVER FEE/THERM

Schedule	Fee/Therm
7A & 7E	$0.23
7L & 7N	$0.20

3. VARIABLE COST OF GAS/THERM

(Pass-Through Cost of Gas)
Calculated each month based on the San Juan index and then adjusted based on the actual cost from the prior month

Example: *Residential Family (7A) that used 30 therms in September 2021 **

$9.50 + [($0.23 + $0.00) x 30] =

$16.40

Example: *Commercial Customer (7E) that used 120 therms in September 2021 **

$28.50 + [($0.23 + $0.00) x 120] =

$56.10

Month & Year	Schedule	Projected Variable Cost of Gas	Adjustment to Prior Month Estimate	Total Variable Cost of Gas/Therm
Sep 2021	ALL	$0.43	($0.43)	$0.00
Aug 2021	ALL	$0.45	($0.03)	$0.42
Jul 2021	ALL	$0.41	($0.41)	$0.00

NATURAL GAS RATES

Fluctuating Gas Rates

Natural gas prices are mainly a function of market supply and demand, which causes fluctuations. Multiple factors affect the price of gas, one is weather. Cold temperatures, for example, increase demand for heating, while hot weather increases demand for cooling, which increases natural gas demand by electric power plants.

To mitigate some of the fluctuations, DPU joined the New Mexico Municipal Energy Acquisition Authority (NMMEAA). Created by local governments in 2008 through a Joint Powers Agreement, the purpose of NMMEAA is to obtain reliable, long-term gas supply under favorable terms, conditions and price. NMMEAA benefits government-owned utilities like DPU and through this membership, DPU is able to pass its savings directly to customers.

When comparing the variable cost of gas or the pass-through rate with the rates of New Mexico Gas Company, DPU's rates are usually lower although not always. This past quarter (three months) DPU's average cost at $0.14 per therm was

VARIABLE COST OF GAS/THERM

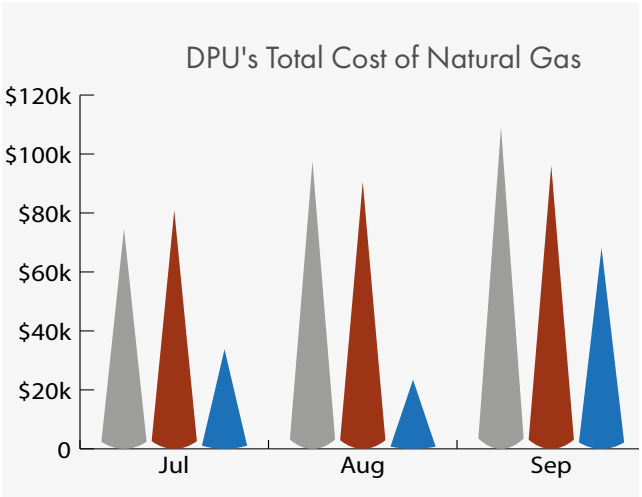
	Residential		Non-Residential	
Mo/Year	DPU	NMGC*	DPU	NMGC*
Sep 2021	$0.00	$0.75	$0.00	$0.58
Aug 2021	$0.42	$0.77	$0.42	$0.59
Jul 2021	$0.00	$0.72	$0.00	$0.54
Avg price	**$0.14**	**$0.75**	**$0.14**	**$0.57**

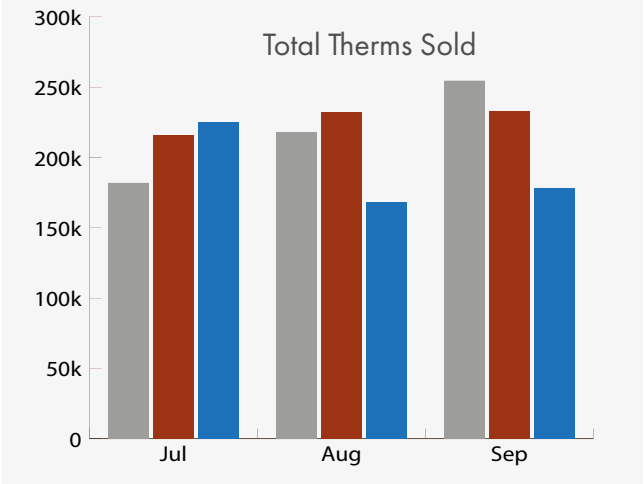
**New Mexico Gas Company source: nmgco.com/en/cost_of_gas*

San Juan Index/MMBTU		
	2021	2020
Sep:	$3.77	$2.27
Aug:	$3.90	$1.62
Jul:	$3.48	$1.50

Total Cost of Gas for Qtr 1		
	2021	2020
Sep:	$96,139	$68,222
Aug:	$90,637	$23,463
Jul:	$80,945	$33,804
Total:	$267,721	$125,489

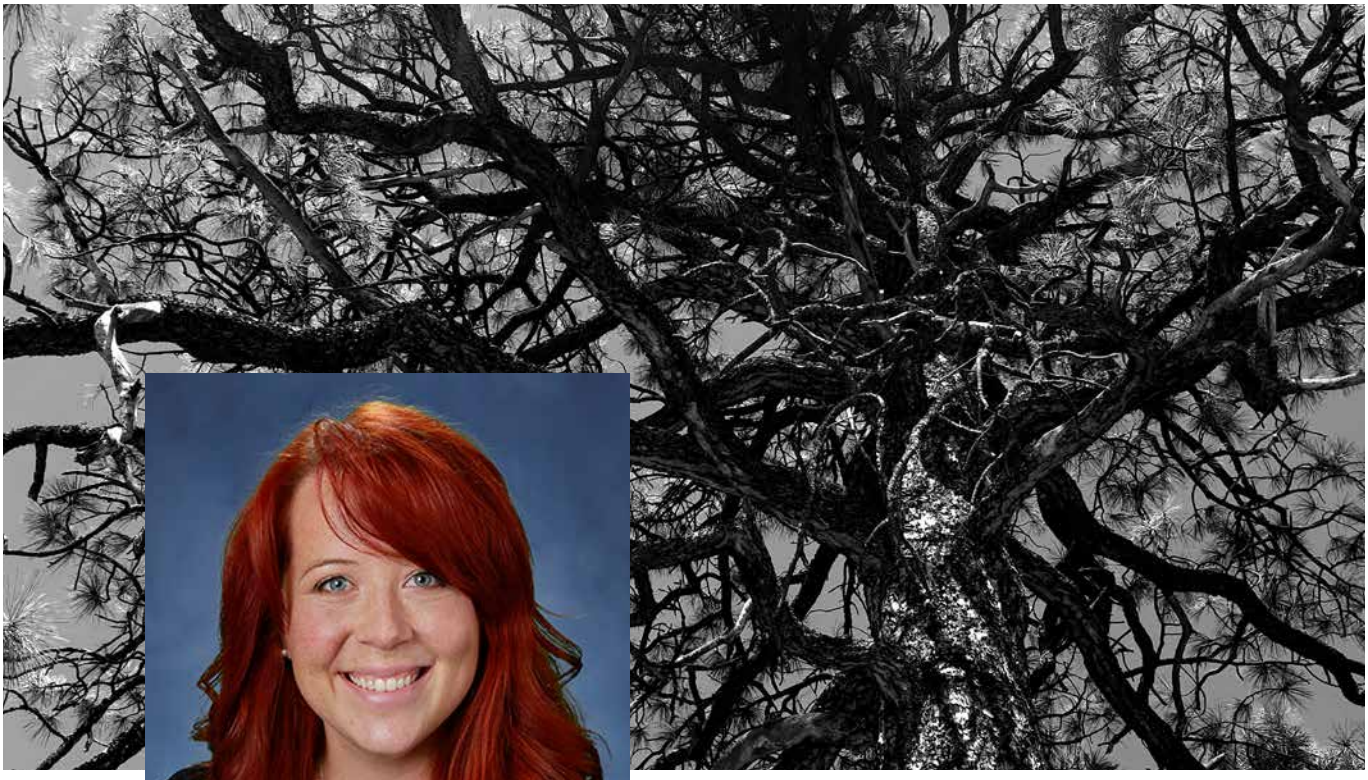
Total Therms Sold for Qtr 1		
	2021	2020
Sep:	233,056	178,283
Aug:	232,094	168,127
Jul:	215,931	224,911
Total:	681,081	571,323





Estimate 2021 Actual 2021 Actual 2020

FINANCE AND ADMINISTRATION



HEATHER GARCIA

ACTING DEPUTY UTILITY MANAGER

Overall Performance

As seen in the past several years, actual sales were below forecasted sales for the first quarter of FY22, for electric, water and wastewater. However, in Quarter 1 of FY 2022 overall revenue dollars increased $234,403 (1.33 percent) over Quarter 1 of FY 2021. Largely impart to wholesale sales of electric and water to DOE, which increased over Q1 of FY 2021 by $1,093,775 (5.63 percent).

As later detailed in this summary, supply chain delays and labor shortages have likely affected expected expenditures for FY 2022. This has resulted in an increase in expenses from FY 2020 and FY 2021. The largest variances in trends for expenditures are seen in the Electric and Water utilities. Operations and Capital expenses made up 89.62 percent of total expenses, and maintenance was 5.56 percent.

DPU net revenues for quarter 1 of FY 2022 were a total gain of $881,209, including all expenses. Electric, Water and Wastewater all experienced a net gain in quarter 1, while Gas showed a loss. This is likely due to fluctuations in gas rates created by the February 2021 event. Due to the structure of the pass-through rate, these effects take months to recover from but are expected to normalize in the next quarter.

OVERALL PERFORMANCE: Q1

Financial Status - Unaudited // FY2022

	QUARTER 1				
REVENUES	ELECTRIC	GAS	WATER	WASTEWATER	TOTAL
Operating Revenue					
Utility sales and service	$13,461,199	$498,418	$2,412,798	$1,466,771	$17,839,186
Rentals	$0	$0	$0	$0	$0
Miscellaneous Revenue	$35,599	$0	$967,455	$0	$1,003,054
Total Operating Revenue	$13,496,798	$498,418	$3,380,253	$1,466,771	$18,842,240
EXPENSES					
Operating Expenses					
Employee salaries and benefits	$1,532,523	$202,372	$373,545	$275,587	$2,384,026
Contractual services	$6,219,380	$706,182	$1,886,275	$476,792	$9,288,629
Materials and supplies	$123,574	$21,786	$94,731	$87,907	$327,997
Special closure costs	$37,900	$0	$185,611	$0	$223,511
Other	$4,925,388	$0	$691,806	$119,674	$5,736,868
Gross Operating Expenditures	$12,838,765	$930,339	$3,231,968	$959,960	$17,961,031
NET REVENUE	**$658,033**	**$(431,921)**	**$148,285**	**$506,811**	**$881,209**

Electric Operations

Retail sales were 5.89 percent below the budgeted 31,119,564 kWh and sales to DOE were 38.53 percent below the budgeted 147,055,901 kWh. Overall kWh sales for all customers were 32.83 percent below budget.

In electric distribution, the first quarter closed with net operating revenues of $745,060, which is 56.88 percent of the total annual budgeted income for FY 2022. This is due to lower overall expenses. With 25.21 percent of the year passed, expenses were only at 17 percent for the first three months. Power costs continue to see increases, and LAC cost of power for the quarter was $54.61 per kWh, compared to a budget projection of $47.997. Even with this higher than projected cost of power, lower demand for power carried lower expected costs for the first quarter by $980,266. Capital expenditures totaled $87,027, which is only about 7.25 percent of the $1,200,000 budgeted for FY 2022.

The first quarter of FY 2022 yielded total net income gain of $658,033 for electric distribution. A net income loss of ($485,157) is forecasted for the year, which includes the profit transfer. COVID concerns continue to create obstacles with supply chains and increases in costs for goods and services. As the department moves forward with planned maintenance activities and capital projects, we could see that early net revenue gain dissipate over the year to match budget projections more closely.

Gas Operations

As previously mentioned, gas sales in the first quarter were 15.93 percent higher than budgeted for the period, with total sales of 681,081 therms. Contributing to the increase in gas consumption are sales to water production for wells and booster stations, as well as an increase in sales to educational customers. Net cash flow from operations was a loss of ($396,324), due to the pass back of over collected revenue from the February 2021 event.

While the cost of gas remained low in the first quarter, approximately 8 percent of the FY 2022 budget, prices for natural gas are expected to be high this winter. Lower prices are typical for the first part of the year, but as seen earlier in calendar year 2021 several factors can create fluctuations in the prices of gas.

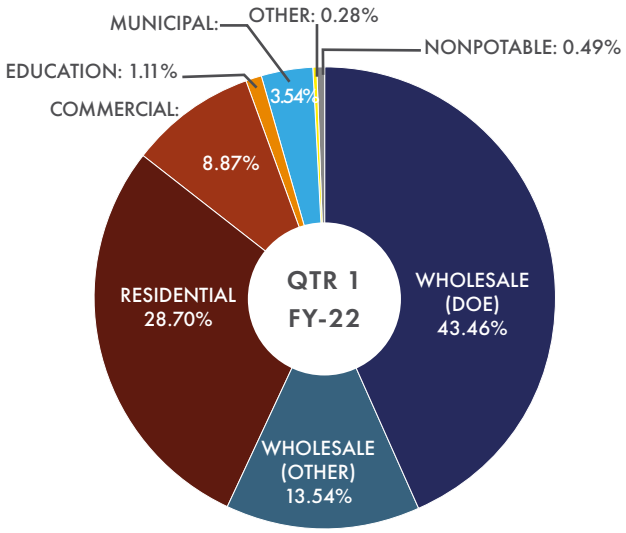
For FY 2022, an operating income gain is forecasted for gas operations of $57,652 with a budgeted profit transfer of $224,287. There are $885,000 capital expenditures budgeted in FY 2022. A negative net cash flow of ($1,051,635) is budgeted, funded from existing fund balance. While a net revenue loss of ($431,921) was experienced, 41.07 percent of the total FY 2022 forecasted loss, all pass back related to the February event is completed and rate calculations will return to normal. This is expected to bring revenues back in line with forecasted amounts.

Water Operations

Retail water sales at 304,371 kGal were higher than budget estimates of 275,814 for the quarter, an increase of 10.35 percent. Total retail sales for Q1 of FY 2022 were 5.39 percent less than the first quarter of FY 2021, however, municipal sales and educational sales increased more than 50 percent over last year. This is a contributing factor to the increase over forecasted sales and is likely due to the reopening of schools and public buildings following the pandemic shutdowns. Wholesale sales to LANL of 71,256 kGal were 32.23 percent less than budgeted, which closely mirrors FY 2021 for the same time frame. The COVID Pandemic has continued to affect normal water consumption and irrigation practices. Combined total sales in thousands of gallons for both Retail and DOE were 1.40 percent lower than budgeted for the quarter.

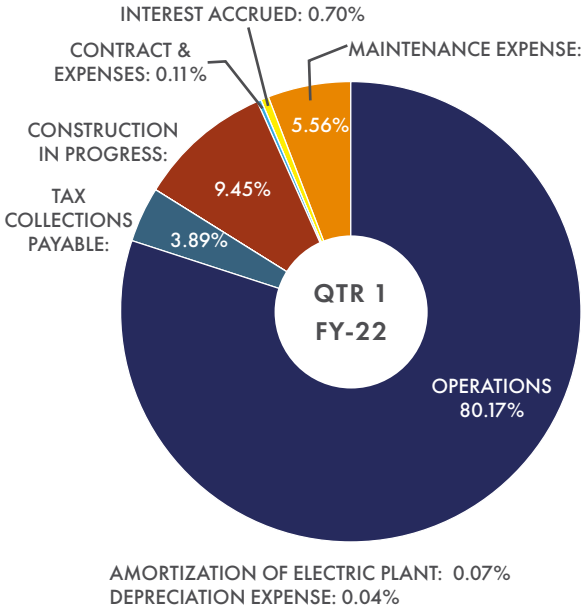
Net cash flow from water operations were $333,895 for the quarter. Capital projects funded through sales totaling $2,910,000 were budgeted in the water fund for the year, but only $185,611 has been expended to date, yielding total water net revenues of $148,284 for the

REVENUE BY SOURCE: Q1



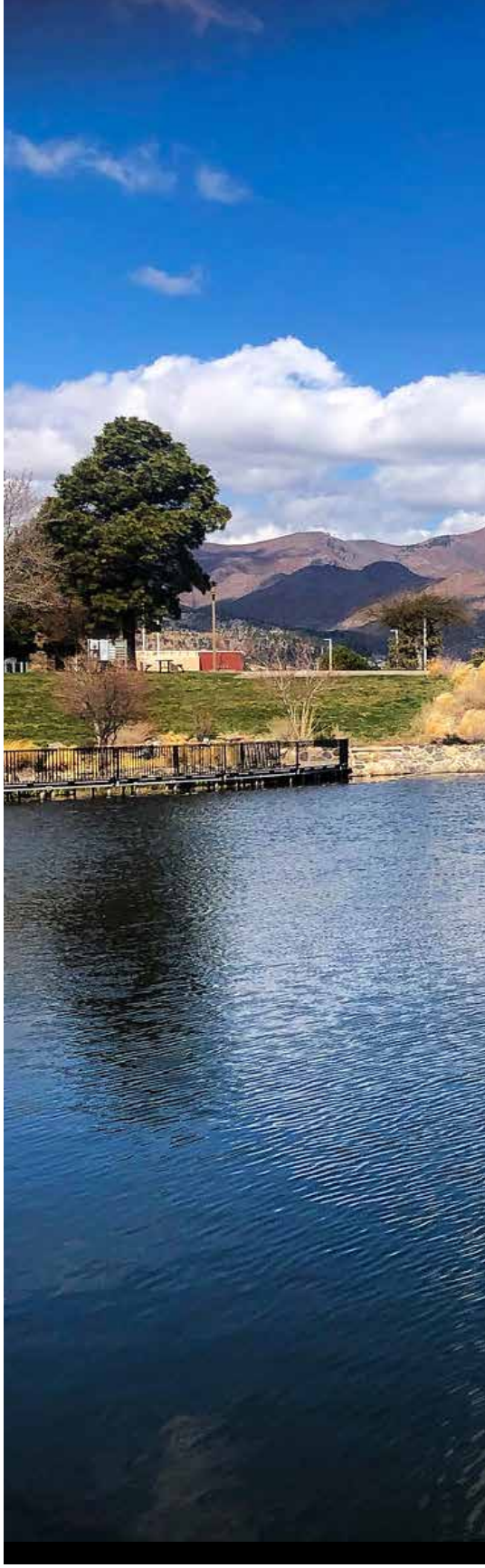
Source	Q1-FY22	Q1-FY21	Q1-FY20
WHOLESALE SALES-DOE	$7,753,295	$6,659,521	$6,728,120
WHOLESALE SALES-OTHER	2,415,038	2,608,095	1,494,834
RESIDENTIAL	5,120,245	5,666,607	4,755,687
COMMERCIAL	1,583,187	1,643,265	1,829,226
EDUCATIONAL SALES	197,816	192,208	229,857
MUNICIPAL	632,059	552,284	565,518
NONPOTABLE	87,395	133,093	122,850
OTHER	50,152	175,296	118,603
Total	$17,839,186	$17,630,369	$15,844,695

EXPENSE BY TYPE: Q1



Quarter 1: Budget Versus Expended by Utility

	Q1-FY22		Q1-FY21		Q1-FY20	
	Budget	*Spent*	*Budget*	*Spent*	*Budget*	*Spent*
ELECTRIC	$54,834,147	$12,512,025	$57,880,010	$9,957,026	$53,046,943	$7,924,914
GAS	5,706,462	930,368	10,129,727	482,477	6,155,845	955,599
WATER	23,048,335	3,231,968	25,551,212	1,246,356	17,862,419	1,830,749
WASTEWATER	10,096,107	959,960	22,139,137	685,355	7,242,108	873,434
TOTAL	$93,685,051	$17,634,320	$115,700,086	$12,371,214	$84,307,314	$11,584,696



quarter. Water production's budget includes grant and loan funded projects, totaling $10,225,000, which will only be expended if those funding sources are realized.

For the full fiscal year, water operations' budgeted operating cash flow is $1,163,543 resulting in budgeted net negative cash flow of ($1,746,457), after forecasted capital expenditures, funded through existing fund balance. Once planned capital projects pick up, early net revenues gains should return to closer projections for FY 2022.

Wastewater Operations

Total treated wastewater was 94,607 kGal, resulting in 17.49 percent less than forecasted. Cash flow from operations was $538,355 for the first three months of FY 2022. There have been $31,544 capital expenditures to date this fiscal year, resulting in a net sewer revenue gain of $506,881.

Total FY 2022 wastewater operations' budgeted operating cash flow is $1,032,199. In total, $4,566,000 in capital expenditures are budgeted, which include $3,050,000 of grant and loan funded projects. This is a net change to the fund of $1,516,000, resulting in a projected net income loss of ($483,801) for the year. This capital expenditure amount does not include the debt funded White Rock treatment facility, which are to be adjusted in the FY 2022 budget and reflected in quarter 2 reports. Estimates for the White Rock facility have increased from $17 million to $30 million due to material and labor shortages related to the COVID-19 pandemic. Ordinance 712 will be considered by the Los Alamos county Council in November 2021.

NOTE: Budgetary carryovers and adjustments from are not reflected in this report. Any impact of those adjustments would affect the "Adj. Budgeted Net Income (loss)" line of each division's financial report, but the impact on cash position would be carried over as well, so should not significantly affect the utilities net cash position. These carryover amounts should be available for reporting in the second quarter.

Department of Public Utilities employees Sara Lujan, Amanda Burnworth and Jennifer Baca celebrate Halloween as Chicken and Waffles.

Featured in the October 2021 Public Power Magazine for National Hispanic Month, were our own Steve Cummins, Isaac Montoya and Jordan Garcia. You can read the article here: https://www.publicpower.org/periodical/article/public-power-utilities-create-pathways-next-generation-hispanic-leaders

FINANCIAL OPERATIONS AND CONSUMPTION REPORTS

ELECTRIC OPERATIONS

Financial Status - Unaudited // FY2022

Unaudited quarterly reports may include changes to prior quarters' data. Financial data is not final until audited.

	QTR 1	QTR 2	QTR 3	QTR 4	TOTAL
UNIT SALES: KILOWATT HOURS					
Total Retail Sales	29,286,942				29,286,942
Budgeted Sales	31,119,564				31,119,564
Retail Sales Variance	(1,832,622)				(1,832,622)
Sales to NNSA	90,391,755				90,391,755
Budgeted Sales to NNSA	147,055,901				147,055,901
NNSA Sales Variance	(56,664,146)				(56,664,146)
Other Wholesale Sales	2,284,177				2,284,177
Budgeted Other Wholesale Sales	2,516,285				2,516,285
Wholesale Sales Variance	(232,108)				(232,108)
Total Actual Sales	119,678,697				119,678,697
Total Budgeted Sales	178,175,465				178,175,465
Total Sales Variance	(58,496,768)				(58,496,768)
FINANCIAL RESULTS					
Total Electric Dist Revenues	3,739,870				3,739,870
Electric Distribution Other Revenues	(157,233)				(157,233)
Electric Production Expenditures	11,513,470				11,513,470
Electric Production Revenues	9,914,160				9,914,160
Net Cost Of Power to ED	1,599,310				1,599,310
Other Elec. Dist. Operating Expense	1,238,267				1,238,267
Total Electric Dist. Operating Expenses	2,837,577				2,837,577
Net Electric Dist. Operating Revenue	745,060				745,060
Electric Dist. Capital Expenditures	87,027				87,027
Net Electric Dist. Total Revenue	658,033				658,033
BUDGETED					
Budgeted Operating Income(Loss)					$1,309,823
Budgeted Capital Expenditures					$(1,200,000)
5% Revenue Transfer					($594,979)
Budgeted Net Income(Loss)					($485,157)
Budget Adjustments*					$0
Adj. Budgeted Net Income (Loss)					($485,157)

NOTE : *Includes carryforward project amounts, encumbrance rollovers and board/council approved budget adjustments.

NATURAL GAS OPERATIONS

Financial Status - Unaudited // FY2022

Unaudited quarterly reports may include changes to prior quarters' data. Financial data is not final until audited.

	QTR 1	QTR 2	QTR 3	QTR 4	TOTAL
UNIT SALES: THERMS (100,000 BTU)					
Total Sales	681,081				681,081
Budgeted Sales	587,490				587,490
Retail Sales Variance	93,591				93,591
FINANCIAL RESULTS					
Gas Distribution Revenues	$534,878				$534,878
Gas Other Revenues	($36,460)				($36,460)
Gas Distribution Operating Expenses	$894,741				$894,741
Net Gas Operating Revenue	($396,324)				($396,324)
Gas Distribution Capital Expenditures	$35,597				$35,597
Net Gas Revenue	($431,921)				($431,921)
BUDGETED					
Budgeted Operating Income(Loss)					$57,652
Budgeted Capital Expenditures					($885,000)
5% Revenue Transfer					($224,287)
Budgeted Net Income(Loss)					($1,051,635)
Budget Adjustments*					$0
Adj. Budgeted Net Income (Loss)					($1,051,635)

NOTE : *Includes carryforward project amounts, encumbrance rollovers and board/council approved budget adjustments.

WATER OPERATIONS

Financial Status - Unaudited // FY2022

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	QTR 1	QTR 2	QTR 3	QTR 4	TOTAL
UNIT SALES: THOUSAND GALLONS					
Wholesale Sales to LANL	71,256				71,256
Budgeted Wholesale Sales	105,149				105,149
Retail Sales	304,371				304,371
Budgeted Retail Sales	275,814				275,814
Total Sales	375,626				375,626
Total Budgeted Sales	380,963				380,963
Total Sales Variance	(5,336)				(5,336)
FINANCIAL RESULTS					
Wholesale Revenues	$1,299,246				$1,299,246
Retail Revenues	$2,081,006				$2,081,006
Other Revenues	$0				$0
Total Water Revenues.	$3,380,252				$3,380,252
Water Production Operating Expenses	$1,181,492				$1,181,492
Water Distribution Operating Expenses	$1,864,865				$1,864,865
Total Water Operating Expenses	$3,046,357				$3,046,357
Net Water Operating Revenue	$333,895				$333,895
Water Production Capital	$163,763				$163,763
Water Distribution Capital	$21,849				$21,849
Total Capital Expenditures	$185,611				$185,611
Net Water Revenues	$148,284				$148,284
BUDGETED					
Budgeted Operating Income(Loss)					1,163,543
Budgeted Capital Expenditures					(13,135,000)
Budgeted Grant/Loan/GF Transfers					10,225,000
Budgeted Net Income(Loss)					(1,746,457)
Budget Adjustments*					0
Adj. Budgeted Net Income (Loss)					(1,746,457)

NOTE : *Includes carryforward project amounts, encumbrance rollovers and board/council approved budget adjustments.

WASTEWATER OPERATIONS

Financial Status - Unaudited // FY2022

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	QTR 1	QTR 2	QTR 3	QTR 4	TOTAL
UNIT SALES: THOUSAND GALLONS					
Total Treated	94,607				94,607
Budgeted Treated	114,658				114,658
Variance	(20,051)				(20,051)
FINANCIAL RESULTS					
Sewer Revenues	$1,594,951				$1,594,951
Sewer Miscellaneous Revenues	($128,180)				($128,180)
Sewer Operating Expenses	$928,416				$928,416
Net Sewer Operating Revenue	$538,355				$538,355
Sewer Capital Expenditures	$31,544				$31,544
Net Sewer Revenue	$506,811				$506,811
BUDGETED					
Budgeted Operating Income(Loss)					1,032,199
Budgeted Capital Expenditures					(4,566,000)
Budgeted Grant/Loan/GF Transfers					3,050,000
Budgeted Net Income(Loss)					(483,801)
Budget Adjustments*					0
Adj. Budgeted Net Income (Loss)					(483,801)

NOTE : *Includes carryforward project amounts, encumbrance rollovers and board/council approved budget adjustments.

ELECTRIC CONSUMPTION

Financial Status - Unaudited // FY2022

Unaudited quarterly reports may include changes to prior quarters' data. Financial data is not final until audited.

	QTR 1	QTR 2	QTR 3	QTR 4	TOTAL
REVENUES					
Residential	1,849,448				1,849,448
Private Area Lights	3,448				3,448
Commercial	1,155,795				1,155,795
Municipal	421,862				421,862
Water Production	177,022				177,022
Educational	102,297				102,297
Misc./Backcharges	29,998				29,998
TOTAL	$3,739,870				$3,739,870
SALES: KILOWATT HOURS					
Residential	15,679,082				15,679,082
Private Area Lights	9,354				9,354
Commercial	9,787,883				9,787,883
Municipal	2,668,677				2,668,677
Water Production	2,284,177				2,284,177
Educational	1,141,946				1,141,946
TOTAL	31,571,119				31,571,119
BILLED LOCATIONS: AVERAGE					
Residential	8,153				8,153
Commercial	629				629
Municipal	170				170
Educational	60				60
TOTAL	9,012				9,012
REVENUE/KILOWATT HOUR: AVERAGE					
Residential	$0.1180				$0.1180
Private Area Lights	$0.3686				$0.3686
Commercial	$0.1181				$0.1181
Municipal	$0.1581				$0.1581
Water Production	$0.0775				$0.0775
Educational	$0.0896				$0.0896
AVERAGE	$0.1175				$0.1175
LOSS CALCULATION					
Power Received (kWh)	30,313,880				30,313,880
Photovoltaic Power Received (kWh)	12,272				12,272
Qtrly Losses (Gains)	(1,244,966)				(1,244,966)
% Qtrly Losses (Gains)	(4.11%)				(4.11%)
YTD CUMM LOSSES (GAINS)	(4.11%)				(4.11%)

NATURAL GAS CONSUMPTION

Financial Status - Unaudited // FY2022

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	QTR 1	QTR 2	QTR 3	QTR 4	TOTAL
REVENUES					
Residential	363,185				363,185
Commercial	87,662				87,662
Municipal	25,263				25,263
Water Production	36,460				36,460
Educational	5,820				5,820
Misc./Backcharges	16,487				16,487
TOTAL	$534,878				$534,878
SALES: THERMS					
Residential	402,188				402,188
Commercial	144,833				144,833
Municipal	23,520				23,520
Water Production	97,272				97,272
Educational	13,268				13,268
TOTAL	681,081				681,081
BILLED LOCATIONS: AVERAGE					
Residential	7,333				7,333
Commercial	370				370
Municipal	45				45
Educational	23				23
TOTAL	7,771				7,771
REVENUE/THERM: AVERAGE					
Residential	$0.9030				$0.9030
Commercial	$0.6053				$0.6053
Municipal	$1.0741				$1.0741
Water Production	$0.3748				$0.3748
Educational	$0.4387				$0.4387
AVERAGE	$0.7611				$0.7611
LOSS CALCULATION					
Gas Received (therms)	627,220				627,220
Qtrly Losses (Gains)	(53,861)				(53,861)
% Qtrly Losses (Gains)	(8.59%)				(8.59%)
YTD CUMM LOSSES (GAINS)	(8.59%)				(8.59%)

WATER CONSUMPTION

Financial Status - Unaudited // FY2022

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	QTR 1	QTR 2	QTR 3	QTR 4	TOTAL
REVENUES					
Residential	1,618,226				1,618,226
Commercial	162,344				162,344
Municipal	184,934				184,934
Educational	89,698				89,698
Misc./Backcharges	25,804				25,804
TOTAL	$2,081,006				$2,081,006
SALES: THOUSAND GALLONS					
Residential	233,022				233,022
Commercial	23,373				23,373
Municipal	30,172				30,172
Educational	17,804				17,804
TOTAL	304,371				304,371
BILLED LOCATIONS: AVERAGE					
Residential	6,884				6,884
Commercial	276				276
Municipal	91				91
Educational	25				25
TOTAL	7,276				7,276
REVENUE/THOUSAND GALLONS: AVERAGE					
Residential	$6.9445				$6.9445
Commercial	$6.9459				$6.9459
Municipal	$6.1294				$6.1294
Educational	$5.0381				$5.0381
AVERAGE	$6.7523				$6.7523
LOSS CALCULATION					
Water Received (kGal)	317,530				317,530
Qtrly Losses (Gains)	13,159				13,159
% Qtrly Losses (Gains)	4.14%				4.14%
YTD CUMM LOSSES (GAINS)	4.14%				4.14%

WASTEWATER CONSUMPTION

Financial Status - Unaudited // FY2022

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	QTR 1	QTR 2	QTR 3	QTR 4	TOTAL
REVENUES					
All Retail	1,466,771				1,466,771
Municipal/Effluent*	128,180				128,180
Misc./Backcharges	0				0
TOTAL	$1,594,951				$1,594,951
TREATED: THOUSAND GALLONS					
Los Alamos	67,256				67,256
White Rock	27,351				27,351
TOTAL	94,607				94,607
REVENUE/TREATED	$16.86				$16.86

NOTE : * Effluent revenue is reported on the financial statements under Water Production

LOS ALAMOS
Department of Public Utilities

Quarterly Performance Report

Los Alamos Dept. of Public Utilities
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