



LOS ALAMOS

County of Los Alamos

Minutes

Board of Public Utilities

1000 Central Avenue
Los Alamos, NM 87544

Wednesday, July 21, 2021

5:30 PM

Public Comment -
<https://zoom.us/j/94743336240>

REGULAR SESSION

Council Chambers - 1000 Central Avenue

1. CALL TO ORDER

The regular meeting of the Incorporated County of Los Alamos Board of Public Utilities was held on Wednesday, July 21, 2021 at 5:31 p.m.; 1000 Central Ave., Council Chambers. Board Chair Cornell Wright called the meeting to order at 5:30 p.m.

Present 5 - Chair Wright, Vice Chair McLin, Board Member Walker, Board Member Lynne and Board Member Shelton

Absent 1 - Board Member Stromberg

Remote 1 - Board Member Tobin

2. PUBLIC COMMENT

This meeting was in-person and open to the public. However, for convenience, a Zoom meeting link and telephone numbers were provided for citizens wishing to provide public comment remotely. Chair Wright opened the floor for public comment on items on the Consent Agenda and for those not otherwise included on the agenda. Members of the public gave the following summarized comments (full comments are available on the meeting video and audio recordings):

1). Mr. Mike Dempsey, 300 Connie Ave (via Zoom): Expressed his objection to the Environment and Sustainability Task Force recommending curtailment of electrical service as a strategy to balance load and demand. Chair Wright and Mr. Tobin commented.

3. APPROVAL OF AGENDA

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

Yes: 4 - Chair Wright, Vice Chair McLin, Board Member Tobin and Board Member Walker

Absent: 1 - Board Member Stromberg

4. BOARD BUSINESS

4.A. Chair's Report

Chair Wright did not have anything to report.

4.B. Board Member Reports

There were no board member reports.

4.C. Utilities Manager's Report

Mr. Shelton distributed a copy of his written report which is attached to the minutes. He provided summarized comments and responded to board member inquiries as appropriate. Ms. Walker suggested Facility Tours for board members. Chair Wright suggested that the topic be added to the August meeting agenda for discussion.

4.D. County Manager's Report

Mr. Lynne reported on the following items:

1. Public Works crews have been working on road repairs in Rendijo Canyon.
2. American Rescue Plan Funds - staff will meet again next week to discuss programming those funds. Information will also be gathered from the community and then presented to Council.
3. Mr. Lynne will be participating in the DPU Orientation for the first time.

4.E. Council Liaison's Report

Mr. Robinson reported on the following Council items:

1. The joint Council/BPU Utilities Policy Committee met on Friday, July 16.
2. The Open Meetings Act is still being discussed by Council.
3. At the next Council meeting the Rules Committee will be recommending a number of changes to the Council Procedural Rules including the appointment of Boards and Commission members.

4.F. Environmental Sustainability Board Liaison's Report

Mr. Loechell participated via Zoom and reported that the Food Waste Composting Feasibility Project contract was awarded to SES Engineering out of California. It is a two phased project. The first phase is a study, the second phase is the design services. A kick-off meeting was held with the ESB. There were no questions from the board.

4.G. General Board Business

- 4.G.1. [14277-21](#)** Annual Review and Affirmation of the Board of Public Utilities Procedural Rules

Mr. Wright reviewed the redlined revisions to the Procedural Rules that were included in the meeting packet. Ms. Walker asked for clarification on page 26 of the meeting packet. Under item 4.4.c. "Annual Budget" the redline seems to indicate deletion of "10-year" in reference to forecasts. Mr. Shelton explained that only a comma was deleted and "10-year" is still included in the verbiage. There were no other questions from the board members. Each member of the Board of Public Utilities signed the "Annual Reaffirmation of the Procedural Rules" signature sheet (Appendix A to the Procedural Rules) after adjournment of the meeting.

4.G.2. [14278-21](#)

Planning for Upcoming Board of Public Utilities Annual Boards & Commissions Presentation to Council on September 21, 2021.

Chair Wright presented the proposed outline for the presentation to Council in September. He asked board members and staff to suggest input. He will then present the draft to the board at the August meeting. Ms. Walker suggested that Customer Feedback collection and metrics are included in the presentation. There were no other comments from the board.

4.H. Approval of Board Expenses (none)

There were no Board Expenses.

4.I. Preview of Upcoming Agenda Items

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

- 1). Chair Wright reminded the board that there is a closed session in August to work on Utilities Manager Performance Planning
- 2). Special BPU meeting on September 23 or 24, 2021 to discuss Strategic Planning
- 3). August - discuss scheduling facility tours for board members (brought up during Utilities Manager Report)

5. PUBLIC HEARING(S)

There were no public hearings scheduled for this meeting.

6. CONSENT AGENDA

Mr. Wright moved that the Board of Public Utilities approve the items on the Consent Agenda as amended (through corrected attachments for item 6.C.) and that the motions contained in the staff reports be included in the minutes for the record. The motion passed by the following vote:

Yes: 4 - Chair Wright, Vice Chair McLin, Board Member Tobin and Board Member Walker

Absent: 1 - Board Member Stromberg

6.A. [14264-21](#)

Approval of Board of Public Utilities Meeting Minutes

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

- 6.B. [14509-21](#) Approval of Task Order No. 32, AGR15-4217 with GM Emulsion, LLC in the amount of \$84,913.56, which amount includes NMGR

I move that the Board of Public Utilities Approve Task Order No. 32, AGR15-4217 with GM Emulsion, LLC in the amount of \$84,913.56, which amount includes NMGR.

- 6.C. [AGR0769-21](#) Approval of Agreement No. AGR21-50a with Allied 360 Construction, LLC in the amount of \$2,000,000

~AND~

Approval of Agreement No. AGR21-50b with GM Emulsion, LLC in the amount of \$2,000,000, both for On-Call Utility Repair Services.

I move that the Board Approve AGR21-50a with Allied 360 Construction, LLC in the amount of \$2,000,000, plus NMGR, and I further move that the Board Approve AGR21-50b with GM Emulsion, LLC in the amount of \$2,000,000, plus NMGR, both for the purpose of On-Call Utility Repair Services and forward to County Council for approval.

- 6.D. [AGR0773-21](#) Approval of Amendment No. 3 to AGR16-44 with Paul Parker Construction, for Utility On-Call Construction Services

I move that the Board of Public Utilities Approve Amendment No. 3 to AGR16-44 with Paul Parker Construction, for Utility On-Call Construction Services and forward to County Council for approval.

7. BUSINESS

- 7.A. [14526-21](#) Approval of the Carbon Free Power Project Amended Budget and Plan of Finance dated June 24, 2021 for the remaining Phase 1 of the Combined Operating License Application Licensing Period for the six-module plant configuration.

Mr. Steve Cummins, Deputy Utility Manager for Electrical Production introduced Mr. Mason Baker and Dr. Shawn Hughes of UAMPS who both participated via Zoom. Mr. Cummins summarized the staff report:

The CFPP project has reached a different milestone than anticipated a year ago and this is necessitating a new budget and plan of finance. This also means we are at one of the contractual off-ramps six months earlier than anticipated. It is an important at this juncture for the project to move forward with the final design configuration that will be part of the Phase I Combined Operating and Licensing Application (COLA) submittal. At the June UAMPS Project Management Committee (PMC) meeting and Board meeting, the PMC recommended, and the Board approved moving forward with a 6-module plant with a total capacity of 462MW. This smaller plant has a target levelized cost of electricity of \$58/MWh in 2020 dollars instead of the previous target of \$55/MWh in 2020 dollars. While the cost increased by \$3/MWh, the smaller plant will allow for the project to get fully subscribed sooner based on the current interested parties and reduce UAMPS subscription risk. The next contractual off-ramp for the participants is at the Class 3 Project Cost Estimate, anticipated to occur in September 2022.

DPU is recommending to Board and Council that we continue to participate in the CFPP

at the same level of investment approved last year by Board and Council at \$1.26 Million for the Phase I COLA submittal. Given LAC's current level of investment the subscription will be approximately 1.8 MWs, however, prior to the project being fully subscribed LAC could move up to 8.6 MWs given this level of investment.

LAC initially requested 8 MW's in the CFPP when this project began based on our current asset mix, forecasted load and the goal to be carbon neutral electrical energy provider by 2040. This level of subscription was studied in the 2017 Integrated Resource Plan at \$65/MWh that resulted in a 3% higher cost over the 20-year planning period. At \$58/MWh, Staff believes that the 2021 IRP update will also determine that the CFPP is a feasible option when compared to alternatives. LAC's continued participation in the CFPP maintains it as a candidate generation resource while the 2021 IRP update is completed. Continued participation also provides the flexibility to determine an optimal level of CFPP subscription for a diverse generation portfolio which considers the economics, reliability, and operational flexibility to achieve our goal of being a carbon neutral electrical energy provider by 2040.

With severe drought conditions affecting hydroelectric facilities across the west, threats of wildfire, and extreme weather patterns, constraints on the electric grid are increasing. This is further exacerbated with traditional dispatchable base load resources being replaced with renewable "intermittent" resources, causing extreme volatility in the electric markets. Last August 2020 heat wave caused market prices to reach \$1,650 per megawatt hour costing the power pool approximately \$1.4 million dollars over a 10-day period. Average market prices are typically \$45/ MWh. In June of 2021 the most recent heat wave once again had market prices at \$1,750 per MWh costing the power pool an additional \$800k over a 1-day period. DPU is committed to considering all viable resources that are able to supply Los Alamos County with a carbon neutral, reliable and diversified generation portfolio.

Mr. Baker provided a short presentation the overall project status input from Dr. Hughes. Chair Wright then opened the floor for questions from Board members:

1. Ms. Walker asked several questions and Mr. Baker, Dr. Hughes and Mr. Cummins responded. Their detailed responses are available on the meeting video and recording.
2. Mr. Tobin asked one very detailed question and Dr. Hughes responded. He also stated that they may need to get back to the board with a more detailed response.
3. Mr. McLin asked about additional cost burdens. Mr. Cummins responded that there is no additional cost - there was only a change in the cost per megawatt hour from \$55 to \$58. Mr. Wright also commented. Their detailed responses are available on the meeting video and audio recordings.

Chair Wright then called for public comment. The following citizens participated and their detailed responses are available on the meeting video and audio recordings.

1. Mr. Ed Jacobson, 607 Meadow Lane (in-person): spoke in opposition of the CFPP .
2. Mr. George Chandler, 1208 Ninth Street (via Zoom): spoke in opposition of the CFPP.
3. Mr. Mike Dempsey, 300 Connie Avenue (via Zoom): spoke in favor of the CFPP.
4. Mr. Aaron Walker - no address provided (via Zoom): spoke in favor of the CFPP.

Chair Wright then called for discussion by the board:

1. Ms. Walker asked what would happen if BPU does not approve this motion. Mr. Powers responded. Essentially County Council has the final decision.
2. Mr. Tobin commented that this is not really a "carbon free" project. Mr. Cummins responded. Mr. Wright also commented. Mr. Tobin respectfully disagreed.
3. Mr. Shelton also commented that it is the Department of Public Utilities' goal is to be carbon neutral by 2040.
4. Ms. Walker made additional comments regarding planning for the future.
5. Mr. Wright commented that he has looked at this topic from three areas: (1) nuclear power in general, (2) the Utilities Department and the needs of the County and (3) the project. He stated that this is an opportunity for us to show technological leadership.
6. Mr. Tobin added additional comments about opportunity cost.
7. Ms. Walker also commented regarding opportunity cost.

Mr. McLin moved that the Board of Public Utilities endorse the motions as stated below and forward to Council for final approval.

I move that Council authorize DPU's continued participation in Phase 1 of the Licensing Period at the investment cap of \$1.26 million for Development Cost Share in the CFPP; and

I further move that Council authorize the Utilities Manager to adjust LAC's Entitlement Share in the CFPP as needed to keep LAC's Development Cost Share in the CFPP at or below \$1.26 million for the remaining Phase 1 of the Licensing Period; and

I further move that Council hereby authorize the Utilities Manager, should the County's Phase 1 Development Cost Share exceed \$1.26 million, to submit a Notice of Withdrawal to the PMC pursuant to the Power Sales Contract notice requirements.

The motion passed by the following vote:

Yes: 3 - Chair Wright, Vice Chair McLin, Board Member Walker,

Abstain: 1 - Board Member Tobin

Absent: 1 - Board Member Stromberg

8. STATUS REPORTS

8.A. 14599-21 Monthly Status Reports

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

- A) Electric Reliability Update
- B) Safety Report

The Accounts Receivable report was not available at the time of the meeting.

8.B. [14271-21](#) Quarterly Update on Utility System - Electric Distribution

Mr. Stephen Marez, Electric Engineering Manager presented: A copy of his presentation was included in the meeting packet.

Chair Wright called for comments or questions from the board. Mr. Marez provided clarification and additional information as necessary with input from Mr. Shelton.

9. PUBLIC COMMENT

Chair Wright opened the floor for public comment on any items. Detailed comments are available in the meeting video and audio recordings:

1. Mr. Mike Dempsey, 300 Connie Avenue (via Zoom): Stated that he was glad the board approved the CFPP and he acknowledged Mr. Cummins for his work. There was no other public comment.

10. ADJOURNMENT

Chair Wright adjourned at 9:01 p.m.

APPROVAL

Cornell wright, Jr

Board of Public Utilities Chair Name



Board of Public Utilities Chair Signature

August 18, 2021

Date Approved by the Board

**Utility Manager's Report
July 21, 2021**

1. Attended the APPA annual conference in Florida and UAMPS board meeting that was also held on site. The conference was beneficial to learn about industry trends and issues. There was a presentation regarding the February Texas outages and while the City of Austin had all their generating resources on-line, they still had to shed load since the Texas grid was five minutes away from completely collapsing. This case study showed that while there are benefits to be regionally connected, it is important to keep an eye on our region to make sure they bring the appropriate level of generating resources to support their operations so not to pull down others.
2. The comment period on Joint Motion for Joiner to Stipulation regarding the PNM/Avangrid merger case before the PRC, Case Number 20-00222-UT has closed out. One entity made a comment regarding "Good Faith Efforts" is not strong enough language. Staff is working with special counsel Richard Virtue on a response due by the end of the month. The language of our stipulation is as follows:

56. San Juan Decommissioning. PNM will use its good faith efforts to work with the San Juan Generating Station ("SJGS") owners and former SJGS owners who have an obligation to participate in decommissioning the SJGS to identify and present feasible options for commercially reasonable actions, available under the terms of the SJGS contracts and consistent with the established decommissioning agreement, that would allow decommissioning options, including decommissioning, demolition and site restoration of the SJGS site to standards applicable to ongoing economic development, commercial and industrial uses of the SJGS plant site, at a cost comparable to the lowest reasonable cost alternative identified in the owners' most recent decommissioning study that applies a whole-life cost analysis.

3. Attended an all-day meeting regarding the Farmington and Enchant proposal. There are several hurdles to cross to make this project a reality and the schedule has slipped to a proposed date of operation in 2025. In the end, the ownership group agreed to draft a term sheet for Enchant to follow.
4. The AMI project is in the fifth month of the installation program. As of last week, the AMI contractor completed 6,708 gas endpoints, 6,719- water endpoints and 6,746 Electric endpoints. We received a complaint from a customer where they claimed their billed usage for gas is twice what the meter index reads. We performed a review gas usage data and various reports and found five meters did not have the correct meter conversions programmed into the gas endpoints that resulted in double usage being recorded. These

customers will be notified and will receive a credit on their next month's bill. We were able to identify that this is not a system wide issue, and we will continue to use the Sensus analytics data to review with billing data to assure accurate billing to our customers.

5. The LANL Technical Working Group met to review the Corrective Measures Evaluation Report for Material Disposal Area C. The corrective measure is to passively vent the monitoring wells to atmosphere to dissipate the underground TCE vapor plume. The TCE vapor plume is well above the groundwater table and does not present a danger to water quality.
6. Participated in the County Manager interviews and I happy to report that County Council selected Steven Lynne as our County Manager. This week DPU staff is interviewing for the Deputy Utilities Manager for Finance and Administration, to replace Robert Westervelt who is retiring sometime in mid-September.
7. Office Renovation is under way and is estimated to be completed by the end of August.
8. Attended a couple of meetings regarding bringing fiber optic internet to the County through San Ildefonso Pueblo paths. The Pueblo is pursuing a federal grant to assist in this project and is seeking the County's support.
9. Attended some meetings regarding the American Rescue Plan Act (ARPA) Funds. Water and Sewer projects developed after March 1, 2021, and projects cleared by NMED can qualify for these funds. We are seeking some relief from the elevated bid pricing DPU has experienced this season due pandemic market pressures. Projects include Otowi Well #2, Bayo Booster Tank, MCC upgrades NM-4 Water Transmission Line, and Repaint Barranca Mesa Tank II.
10. Received the environmental clearance for the White Rock Water Resource Recovery Plant. Bid documents are presently being assemble and the project will be placed out to bid in Mid-August.
11. DPU new employee orientation is this Friday at 1 PM.