



LOS ALAMOS

**County of Los Alamos**  
**Minutes**  
**Board of Public Utilities**

1000 Central Avenue  
Los Alamos, NM 87544

*Robert Gibson, Chair; Eric Stromberg, Vice-chair*  
*Matt Heavner, Charles Nakhleh and Jennifer Hollingsworth, Members*  
*Philo Shelton, Ex Officio Member*  
*Anne Laurent, Ex Officio Member*  
*Theresa Cull, Council Liaison*

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Wednesday, October 23, 2024

5:30 PM

Municipal Building, Room #330

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Public Participation: In person or <https://us06web.zoom.us/j/88515885437>

**1. CALL TO ORDER**

This regular session of the Incorporated County of Los Alamos Board of Public Utilities was held on Wednesday, October 23, 2024 at 1000 Central Avenue in Conference Rm #330. Board Chair Robert Gibson called the meeting to order at 5:36 pm. Members of the public were notified of the ability to participate and provide public comment in-person or over Zoom.

The following board members were in attendance:

Present - 5: Members Gibson, Nakhleh, Heavner, Shelton, and Laurent

Remote -1: Member Stromberg

Absent - 1: Member Hollingsworth

**2. PUBLIC COMMENT**

Chair Gibson called for public comment on items on the Consent Agenda or those not otherwise included on the agenda. There was none.

No action was taken on this item.

**3. APPROVAL OF AGENDA**

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

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Member Nakhleh moved and Member Heavner seconded that the agenda be approved as presented.

The motion passed by the following vote:

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YES - 4: Board Members Heavner, Nakhleh, Stromberg, and Gibson

NO - 0:

**4. CONSENT AGENDA**

Chair Gibson called for a motion.

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**Member Heavner moved and Member Nakhleh seconded 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 - 4: Board Members Heavner, Nakhleh, Stromberg, and Gibson**

**NO - 0:**

- 4.a. [18082-24](#) Approval of Board of Public Utilities Meeting Minutes for September 2024

**I move that the Board of Public Utilities approve the meeting minutes for September 4th & 18th , 2024 as presented.**

- 4.b. [19022-24a](#) Award of Bid No. IFB 25-30 for the Purpose of the Lift Station Rehabilitation Project - Los Arboles and North Road.

**I move that the Board of Public Utilities approve the Award of Bid No. IFB 25-30 for the Purpose of Lift Station Rehabilitation Project - Los Arboles and North Road with L.A. Inc. in the Amount of \$339,450.00, and a contingency in the amount of \$85,000.00, for a total of \$424,450.00 plus Applicable Gross Receipts Tax and forward to Council for approval.**

**5. PRESENTATIONS (NONE)**

**6. PUBLIC HEARINGS (NONE)**

**7. DEPARTMENT BUSINESS**

- 7.a. [19129-24a](#) Award of Bid No. IFB 25-16 for the Purpose of the NM State Road 4 16" Water Transmission Line Replacement Project.

Mr. James Alarid, Deputy Utility Manager - Engineering was absent. Mr. James Martinez, Senior Engineer provided a brief overview of the project. Chair Gibson provided an opportunity for questions or comments from the board. The following individuals spoke:

Member Nakhleh

Mr. Shelton

There was no further discussion. Chair Gibson then provided an opportunity for public comment. There was none.

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**Member Nakhleh moved and Member Heavner seconded that the Board of Public Utilities approve the Award of Bid No. IFB 25-16 for the Purpose of the NM State Road 4 16" Water Transmission Line Replacement Project with Wagner Construction, Inc. in the Amount of \$5,418,807.00 and a contingency in the amount of \$665,000.00, for a total of \$6,083,807, plus Applicable Gross Receipts Tax and forward to Council for approval.**

**The motion passed by the following vote:**

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**YES - 4: Board Members Heavner, Nakhleh, Stromberg, and Gibson**

**NO - 0:**

- 7.b. [19264-24a](#) Approval to Apply for DHSEM Hazard Mitigation Grant for Emergency

### Generators

Mr. Clay Moseley, Deputy Utility Manager - GWS Services provided a brief overview of the grant application. Chair Gibson provided an opportunity for questions or comments from the board. There were none and there was no further discussion. Chair Gibson then provided an opportunity for public comment. There was none.

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**Member Heavner moved and Member Nakhleh seconded that the Board of Public Utilities recommend submitting an application to the Department of Homeland Security and Emergency Management for emergency generators in an amount not to exceed \$388,000 and authorize the Utilities Manager to sign the application and forward to Council for approval.**

**The motion passed by the following vote:**

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**YES - 4: Board Members Heavner, Nakhleh, Stromberg, and Gibson**

**NO - 0:**

## **8. BOARD BUSINESS**

### **8.a. Chair's Report**

Chair Gibson reported that:

1. The Grand Re-Opening of the Los Alamos Canyon Reservoir was held on October 9th.
2. Member Heavner will represent the BPU at Farmer's Market on October 24th.
3. Member Nakhleh will represent the BPU at the B&C Luncheon on November 14th.
4. At the Council Meeting on October 22nd there was a discussion on the Strategic Goal for Environmental Stewardship.

Ms. Karen Kendall, Deputy Utility Manager - Finance & Administration also provided an update on Elk Ridge. There were ~20 residents in attendance. He suggested that BPU members watch the meeting video.

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

### **8.b. Board Member's Reports**

Chair Gibson provided an opportunity for reports from members; there were none.

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

### **8.c. Utilities Manager's Report**

Mr. Shelton first read Ms. Kendall's report regarding Elk Ridge so that BPU members could hear what she presented on October 22nd. He then reviewed his written report which is attached to the minutes. There were no questions from board members.

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

### **8.d. County Manager's Report**

Ms. Anne Laurent provided updates on recent and future Council Meetings:

1. Early voting has begun.
2. Community Development Award
3. Groundbreaking Ceremony for Rio Arriba County - Espanola Nursing Home
4. State Legislators toured the White Rock Community
5. LAC will participate in the "Green Light for Veteran's Day" initiative.
6. Council Strategic Planning is scheduled for November 14th.

7. Broadband Proposal will be presented to Council on November 19th.
8. Opioid Settlement Funds will be discussed on December 3.
9. The Annual Light Parade is scheduled for December 7.
10. The Comprehensive Health Plan will be discussed on December 17.

Chair Gibson provided an opportunity for questions from the board; the following individuals spoke:  
Member Heavner

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

### **8.e. Council Liaison's Report**

Councilor Randall Ryti presented for Council Vice Chair Cull, who was absent. He provided updates on these Council meetings:

#### September 24th

1. There was public comment from Elk Ridge residents.
2. Several DPU projects were approved. (Oppenheimer, JMFPP, Phase I.)
3. IBEW Collective Bargaining Agreement was approved.

#### October 8th

1. There was public comment from Elk Ridge residents.
2. Public Hearings
3. Energy Community Infrastructure
4. Inclusivity Task Force

#### October 22nd

1. There was public comment from Elk Ridge residents.
2. Environmental Sustainability Board Briefing on the Climate Action Plan

The following board members spoke:  
Member Gibson

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

### **8.f. Environmental Sustainability Board Liaison's Report**

Mr. Jesse Deringer was absent and no written report was submitted.

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

### **8.g. General Board Business (NONE)**

### **8.h. Board Expenses (NONE)**

## **9. STATUS REPORTS**

### **9.a. 18093-24 Status Reports for September 2024**

Mr. Philo Shelton reported that the reports for September were included in the meeting packet. He asked Mr. Stephen Marez to provide a brief summary of the outage that occurred in White Rock. Chair Gibson provided an opportunity for questions from the board. The following individuals spoke:  
Member Gibson

Mr. Marez  
Mr. Moseley

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

**9.b. [19274-24](#) Briefing on Electric Rate Design**

Ms. Karen Kendall, Deputy Utility Manager - Finance & Administration provided a briefing on Electric Rate Design following her attendance at the American Public Power Association (APPA) Academy -Fall Education Institute. Her presentation slides were included in the meeting packet. Chair Gibson provided an opportunity for questions from the board. The following individuals spoke:

- Member Gibson
- Member Heavner
- Member Nakhlen
- Member Stromberg

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

**10. UPCOMING AGENDA ITEMS**

**10.a. [18071-24](#) Tickler File for October - December 2024**

Chair Gibson reviewed the tickler provided in the meeting packet. He commented that the Community Broadband presentation will be on November 20th rather than November 6th. Member Stromberg asked that the presentation include a brief explanation of "what broadband is." Member Gibson asked to add Elk Ridge to the November 6th agenda. There were no additional comments.

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

**11. PUBLIC COMMENT**

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

**12. ADJOURNMENT**

**The meeting adjourned at 8:10 p.m.**

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**APPROVAL**

\_\_\_\_\_  
**Board of Public Utilities Chair Name**

\_\_\_\_\_  
**Date Approved by the Board**

*Minutes Transcribed by: Kathy Casados, Executive Assistant*

**ATTACHMENTS**

8.c. Utilities Manager's Report 10/23/24

**Utilities Manager's Report  
October 23, 2024**

1. Yes Communities has retained Cartwright Plumbing to survey each resident's appliances as part of an effort to investigate the feasibility of converting their appliances to propane over the next several months. These appliance surveys are being performed at no cost to the residents and should be completed by the end of this month. Once the appliance survey is completed, Yes Communities will evaluate the feasibility of converting the mobile home park to all propane or whether an alternative plan will be developed. DPU and County staff have met with a few residents from Elk Ridge and assured them that the County has no intentions to shut off the gas until all conversions are complete. DPU is supporting an informational fact sheet for Elk Ridge and as communication is received, staff is translating the information into Spanish to assist our Spanish speaking residents. Staff will continue to update this webpage/fact sheet as new information is received. When the webpage is updated, DPU will notify Elk Ridge residents who have an email or cell phone number on file. Since any potential conversion project will take months to implement, DPU's gas crew has scheduled to perform leak detection surveys for the last week of each month with the next leak detection survey to be performed next week. Trailer skirts will not need to be removed since the last leak detection survey identified where the gas meter risers connect in each home. DPU has been metering and billing for the natural gas that comes from DOE/LANL through a master meter at Elk Ridge. The gas system at Elk Ridge is unique, not because of the community type, but due to its location. Another example of location differences is that DPU bills YES Communities for Elk Ridge sewer, even though the sewage goes directly to LANL's waste processing facility not the WWTP owned and operated by DPU.
2. DPU has filled the electrical engineering manager who will start next week and engineering associate, and power system operator apprentice who both started last week. Adam Cooper, hydroelectric plant supervisor, will retire in November and Don Wichers, senior hydroelectric maintenance technician, has been promoted to fill his position. DPU has made offers for both the wastewater treatment operator, GIS technician.
3. N3B and NNSA will hold their quarterly meeting at Sala this Thursday from 6 to 8 PM to update the community on their cleanup activities.
4. FEMA is still reviewing the request for information on the Jemez Mountain Fire Protection that DPU provided to FEMA last month. The groundbreaking for the state funded portion of the water line project is scheduled for Thursday, November 7<sup>th</sup> at 10:30 AM.
5. The White Rock Water Resource Reclamation Facility ribbon cutting is scheduled for November 6 at 10 AM.

6. San I. Development Services will supply the contractor the materials and pay up front for the installation of the fiber conduit and this prepayment will not require a reimbursement agreement.
7. UAMPS Projects:
  1. Attended the annual board retreat and there was training of Energy Day Ahead Market (EDAM) that their balancing area is moving to implement by 2026. To participate in EDAM, one need to prove their resources are available by 10 AM the day before. Then these resources are brought online as load increases with the cheapest resource coming on-line first. This method assures that the most cost-effective resources are used first. However, should one not have the resources to back up their load on that day, there are penalties for the amount not covered. One needs to review their resources for adequacy to economically participate in the day ahead markets. In our balancing area, PNM is still evaluating which day ahead market to participate in. This issue will need to be in the scope of the 2025-26 IRP. Next there was a tour of the Tucson Electric Power's RICE units. There were twelve units that produced 18 MW each for a facility total name plate capacity of 216 MW. One thing that was clear is these engines require frequent maintenance to be available to turn on as load increases.
  2. CFPP asset allocation with the DOE will most likely run into next calendar year.
  3. For the natural gas study see below email and memo from UAMPS.
  4. The Rodatherm geothermal project has applied for a DOE grant to assist with project development costs.
  5. UAMPS financial readiness assessment will be scheduled for this December. This will allow for a peer review which will be a good review of our financial status.
8. Staff has received comments back on the desk top review of our APWA accreditation application that are due back in a couple of weeks. The onsite review is scheduled for Veteran's week.
9. Staff has been working with LANL on electric assets to transfer to the County and no new activity to report this month. It will most likely be a December timeframe before we may have something to present to the Council/BPU Policy Committee.
10. Today SMT held our strategic planning meeting and updated the department's action plan to align with the revise goals and objectives approved by BPU.

UAMPS Gas Study Project:

Dear Board Members,

DPU participated in the Natural Gas study with the intent to convert to hydrogen in the future. With the cancellation of the CFPP, UAMPS members desperately need generation resources, and they are filling their generation needs with a combination of a Combustion Turbine (CT) with anticipated Levelized Cost of Power (LCOE) between \$78 to \$89/MWh and with Reciprocating Internal Combustion Engines (RICE) between \$147 to \$159/MWh depending on the cost of gas. Other costs DPU would need to add are transmission costs between \$6 to \$9.50 per MWh on Pacificorp transmission system. Pacificorp has wildfire impact costs, and they are passing these costs onto transmission customers and there are ongoing settlement discussions for these costs within the range I have listed. As these projects developed, the technology for the RICE units for burning 100% hydrogen (H2) are not yet available to the market and only a blend of 30% of H2 is feasible today. UAMPS members will only blend H2 with natural gas if air permitting required it, and their current siting plans avoid these permitting requirements. UAMPS requires its members to make a 30-to-40-year commitment to enter these natural gas projects. Given the LCOE for the RICE units, no intention to blend hydrogen unless required, and the long-term commitment for this carbon emitting generating resource, I informed UAMPS that we will not be participating in these projects. I am sharing with you UAMPS talking points for information. Should BPU want to consider these projects, there is still a window of time to get into these projects, however, they will not meet our carbon free goals.

Philo

**From:** Jackie Coombs <[jackie@uamps.com](mailto:jackie@uamps.com)>  
**Sent:** Friday, October 18, 2024 5:34 PM  
**To:** Resource Project <[Resource\\_Project@uamps.com](mailto:Resource_Project@uamps.com)>  
**Cc:** Managers <[Managers@uamps.com](mailto:Managers@uamps.com)>  
**Subject:** [EXTERNAL]NG Meeting Follow-up  
**Importance:** High

Dear Resource Committee Participants,

**As follow-up to the Resource Committee meeting on Wednesday and in preparation of the interim PMC meeting next week. The staff provides the following information and attachments.**

Revised concept for Power Sales Contract effectiveness.

- Staff recommendation is that the Power Sales Contract trigger for effectiveness be set at 85%.
  - Staff has attached the current subscription planned from each member. In some cases there was interpretation made from the forecasting calls we held with each member.
    1. Additionally, a 5% increase has been identified for each member which would result in slightly more than 85% subscription for each project.



2. There is still uncertainty in the member subscription amounts listed. Please provide feedback to Matt and Jackie if the assumed subscription is not correct so we can provide an accurate indication for all members of the subscription status.
3. The recommendations for the subscriptions were based upon energy requirements for the next 20 years. Forecasted capacity needs for EDAM resource sufficiency evaluations and WRAP requirements were not included in the recommendation.

Assuming that 85% of subscription is obtained, the PSC can become effective at which time the PMC for that NG project would adopt the following key terms in the form of a resolution.

- The PMC for each NG project will terminate development of the Project under the following circumstances:
  1. The revised cost estimate that is anticipated to be delivered by [X Date] results in an LCOE no greater than \$XX/MWh (2024\$) (defined term, “LCOE Ceiling”).
- If the total subscription amount is less than 100% of the projected project capacity by the Subscription Deadline (December 31, 2025, after the delivery of the Class 3 Cost Estimate), the PMC will downsize the projected project capacity and incorporate the effect of such downsizing in the LCOE model for the project. If the LCOE Ceiling is exceeded, the PMC will terminate the project.
- The Anticipated Development Cost through the Subscription Deadline are anticipated to be \$XXX. UAMPS Staff will report monthly on the development progress for the Project.

Have a fantastic weekend.

**Jackie Coombs**

*Managing Director of Customer & Member Relations*

Utah Associated Municipal Power Systems

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Salt Lake City, UT 84103

Phone: (801) 231-8583



## **Natural Gas Projects Talking Points**

### **Related to PSC Governing Body Approval Process**

**October 18, 2024**

#### **Background on UAMPS New Resource Development:**

- UAMPS completed an Integrated Resource Plan (IRP) that examined the collective power needs of the UAMPS membership in 2023. The IRP identified a need to pursue a variety of new resources for the members to best ensure a portfolio of new resources for the membership that can represent a diversified portfolio of resources on a least cost, least risk basis. Based on the IRP recommendations, UAMPS has annually adopted a new Resource Procurement Plan that sets the workplan for the coming year on how UAMPS staff will pursue new resources on behalf of the membership.

#### **New Natural Gas Projects:**

- Specifically, the IRP recommended pursuing the development of both a combined cycle natural gas power plant and a peaking natural gas power plant.
- In coordination with the members, UAMPS has been developing both the combined cycle natural gas power plant and a peaking natural gas power plant.
- Due to the near-term development costs associated with further development of these two projects, UAMPS is pursuing entering into long term Power Sales Contracts for each of these projects.
- By entering into the Power Sales Contracts now, further development on these projects will be allowed. If certain development parameters are not met, the projects will be terminated by the project's project management committee, as discussed in more detail below.

#### **Phased Development Approach:**

- UAMPS develops new resources by applying a phased development approach whereby any new resource is developed by derisking project development uncertainties that exist with any new resource development.
- Essential to a phased development approach is identifying key development milestones whereby UAMPS staff will work on derisking certain pre-identified project risks and report the status of that work at predetermined development milestones to the Project Management Committee.
- The Project Management Committee is responsible for determining whether the project will proceed past certain pre-determined development milestones based on reports

provided to the Project Management Committee. Each UAMPS member participating in the project will have a vote at the Project Management Committee.

### **Project Specific Considerations for these Two Natural Gas Projects:**

- Developing new power resources has become more expensive on the front end of the development cycle, which is requiring more front-end development expenditures. This increase in near-term development cost is forcing UAMPS to secure Power Sales Contracts that allow for financing these development costs.
- More specifically, securing transmission interconnection for these two projects requires a \$5 Million per project transmission deposit with PacifiCorp. This deposit is expected to be made in early January 2025. Moving forward with this transmission work is a key development uncertainty. The transmission studies will identify transmission upgrade costs as well as identifying when transmission work will be complete and allow for these projects to start delivering electricity to the grid.
- While the transmission deposits represent the largest near-term expenditure, additional derisking work will occur during this time period while the transmission is being studied. Another key activity is further progressing the engineering cost estimate for the project. Both projects will move forward with developing a Class 3 Cost Estimate and these cost estimates will be utilized in a Levelized Cost of Electricity model that will identify a projected cost for each project (\$/MWh).

### **Project Management Committee Oversight:**

- To prudently manage these development uncertainties, the Project Management Committee has elected to do the following:
- First, the Power Sales Contracts will not become effective until 85% of the project's output has been subscribed that will occur by members returning signed Power Sales Contracts with specific subscription amounts identified.
- Second and once the 85% subscription requirement has been met, the Project Management Committees for these projects will adopt a resolution identifying a maximum \$/MWh for each project. This maximum \$/MWh will be analyzed at certain development milestones that have been pre-identified. If the maximum \$/MWh is exceeded then the Project Management Committee will terminate the project.
- Additionally, the Project Management Committee can downsize the project's capacity to ensure that 100% of the project output is subscribed at the end of the development period. Such downsizing will still require the project's projected \$/MWh to be beneath the maximum \$/MWh that has been determined.
- UAMPS Staff will report monthly on the development progress for the Project.

**PROPOSED LEVEL OF SUBSCRIPTION ADJUSTED TO ACHIEVE 85%**

	16-Oct-24		Increase by 5%	
	CC	Peaker	CC	Peaker
Beaver	2.74	2.55	2.87	2.68
Blanding	1.79	0.69	1.88	0.72
Bountiful	10.00	12.00	10.50	12.60
Enterprise	0.98	0.85	1.03	0.90
Ephraim	3.00	2.50	3.15	2.63
Fairview	0.71	0.38	0.75	0.40
Fallon	5.81	2.15	6.10	2.26
Fillmore	2.54	0.97	2.67	1.02
Heber	15.61	8.28	16.40	8.69
Holden	0.16	0.07	0.17	0.08
Hurricane	12.00	10.00	12.60	10.50
Hyrum	7.54	3.77	7.91	3.96
Idaho Falls	-	-	-	-
Kanosh	0.19	0.08	0.20	0.08
Kaysville	-	9.20	-	9.66
Lehi	25.00	30.00	26.25	31.50
Logan	30.00	25.00	31.50	26.25
Meadow	0.14	0.07	0.15	0.07
Monroe	1.29	0.73	1.35	0.77
Morgan	2.00	1.00	2.10	1.05
Mt. Pleasant	2.26	1.70	2.38	1.78

Murray	20.00	11.26	21.00	11.83
Oak City	0.26	0.12	0.27	0.12
Paragonah	0.17	0.08	0.18	0.09
Parowan	1.34	0.55	1.40	0.57
Payson	6.69	-	7.02	-
Santa Clara	4.08	3.79	4.29	3.98
SESD	-	3.02	-	3.17
Spring City	0.44	0.29	0.46	0.30
Springville	17.50	-	18.38	-
St George	22.00	10.00	23.10	10.50
Washington	20.00	14.50	21.00	15.23
Weber Basin	0.98	0.61	1.03	0.64
Brigham City	11.75	4.41	12.34	4.64
Lassen	6.71	2.59	7.05	2.72
Los Alamos County	-	-	-	-
Plumas-Sierra	-	-	-	-
Price	5.00	1.70	5.25	1.79
Truckee Donner	5.00	-	5.25	-
<b>UAMPS</b>	<b>245.69</b>	<b>164.91</b>	<b>257.97</b>	<b>173.16</b>

<b>% Subscription</b>	<b>82%</b>	<b>82%</b>	<b>86%</b>	<b>87%</b>
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