



# City of Santa Fe, New Mexico

## LEGISLATIVE SUMMARY

### Substitute Resolution No. 2014-\_\_\_\_ PNM Replacement Power/Energy Plan

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**SPONSOR(S):** Councilors Rivera, Dimas, Calvert, Dominguez, Trujillo, Bushee and Ives

**SUMMARY:** The proposed substitute resolution replaces the original resolution that was on the Council agenda for consideration on February 26, 2014. At that meeting, the Governing Body postponed action on the resolution until after two public hearings were held regarding PNM's Replacement Power/Energy Plan so that the Governing Body and the public could be educated about such plan. At the March 12, 2014 public hearing, the attached substitute resolution was introduced.

The substitute resolution:

- Recognizes that:
  - (1) the pollution caused by humans burning fossil fuels is established by scientists as a primary cause of climate change;
  - (2) The City of Santa Fe Municipal Charter charges the governing body with protection of our city's residents and natural assets; and
  - (3) a necessary measure to address this problem is to replace conventional energy resources with renewables.
  
- Expresses the concern that PNM's replacement power plan, as filed:
  - (1) may not achieve the City's CO<sub>2</sub> reduction goals;
  - (2) may not achieve the City's energy efficiency goals;
  - (3) may not be the lowest cost solution;
  - (4) is not the best environmental outcome;
  - (5) may not provide the best employment opportunities for New Mexico;
  - (6) is not the healthiest option for the people of New Mexico and of Santa Fe;
  - (7) does not take into account recognized external costs to human health and air quality;
  - (8) continues to support investments in energy sources that is not in the best interest of the public of New Mexico or the ratepayers of New Mexico; and
  - (9) unfairly places too much of a financial burden on PNM's rate payers.
  
- Urges the Public Regulation Commission to require that PNM's replacement power plan include as much renewable energy as is technically and economically feasible.

- Urges the Public Regulation Commission to deny or reduce PNM's claim for un-depreciated "stranded" assets.
- Urges the New Mexico Public Regulation Commission to require that PNM reduce carbon-dioxide emissions associated with its utility service in amounts consistent with what the vast majority of climate scientists conclude is necessary to avoid the most severe impacts of climate change.
- Urges PNM and the NM PRC to consider in their analyses the total environmental, health and societal costs of coal produced energy.

**PREPARED BY:** Melissa Byers, Legislative Liaison

**DATE:** March 20, 2014

**ATTACHMENTS:** Substitute Resolution  
FIR  
Action Sheet & Minutes – Public Utilities Committee – 2/5/14  
Action Sheet – Finance Committee – 2/17/14  
Minutes – Council – 2/26/14  
Minutes – Council – 3/12/14  
Original Resolution w/Amendment Sheet

CITY OF SANTA FE, NEW MEXICO

RESOLUTION NO. 2014-\_\_

INTRODUCED BY:

Councilor Chris Rivera

Councilor Bill Dimas

Councilor Chris Calvert

Councilor Carmichael Dominguez

Councilor Ron Trujillo

Councilor Patti Bushee

Councilor Peter Ives

A RESOLUTION

RELATING TO PUBLIC SERVICE COMPANY OF NEW MEXICO'S PLAN TO REPLACE 836 MEGAWATTS AT THE SAN JUAN GENERATING STATION, PRC DOCKET #13-000390-UT; URGING THE NEW MEXICO PUBLIC REGULATION COMMISSION TO MODIFY PNM'S PLAN AND CLAIMS FOR COST RECOVERY.

WHEREAS, on February 15, 2013, Governor Susanna Martinez, the Public Service Company of New Mexico (PNM), and the Environmental Protection Agency (EPA) announced an agreement to close San Juan Generating Station (SJGS) Units 2 & 3 (836 megawatts), install pollution controls on Units 1 & 4, and reduce state permit levels for nitrogen oxides and sulfur dioxides; and

WHEREAS, the City of Santa Fe applauds the agreement between Governor Martinez, PNM and the EPA to close SJGS Units 2 and 3, to install pollution controls, and to reduce state permit levels for nitrogen oxides and sulfur dioxides as referenced in the Revised State Implementation Plan; and

WHEREAS, PNM's replacement power plan submitted to the Public Regulation

1 Commission (PRC) on December 20, 2013, as part of docket # 13-00390-UT, includes the following:

- 2 (1) PNM is owner of 50% of units 2 & 3, or 418 megawatts;
- 3 (2) The purchase of 78 megawatts more coal from SJGS Unit 4 for 52.5 million dollars;
- 4 (3) A certificate of public convenience and necessity to import nuclear generation (134  
5 megawatts) from Palo Verde Nuclear Generating Station (PVNGS) Unit 3 in  
6 Arizona, at a rate-base valuation of \$335 million dollars;
- 7 (4) The construction of a new peaking natural gas plant (177 megawatts) cited in  
8 Farmington for \$189 million;
- 9 (5) Construct 40 megawatts of utility scale solar power;
- 10 (6) Recovery of the \$205 million dollars in un-depreciated assets for the closure of SJGS  
11 Units (also known as “stranded assets”); and
- 12 (7) Pollution controls on SJGS Units 1 and 4 for 82 million dollars; and

13 **WHEREAS**, climate scientists worldwide are in near-unanimous agreement that the planet is  
14 warming rapidly and to a degree that is perilous to human civilization, to numerous species and to the  
15 global ecosystem and that the primary cause of that warming is human activity, especially through the  
16 accelerating combustion of fossil fuels that create CO<sub>2</sub> as a byproduct; and

17 **WHEREAS**, according to the 2013 IPCC Report Atmospheric concentrations of CO<sub>2</sub>,  
18 methane and nitrous oxide have increased to levels unprecedented in the last 800,000 years, and CO<sub>2</sub>  
19 concentrations have increased by 40% since pre-industrial times and the continued release of  
20 greenhouse gases diminishes our chances of avoiding catastrophic climate change; and

21 **WHEREAS**, further delay in responding to this crisis increases the risk of catastrophic  
22 climate change, imminently threatens low-lying coastal areas and land and sea species, threatens  
23 water supplies, increases the frequency of severe weather events, reduces the time available and  
24 increases the cost of undertaking adequate responses, and increases risks to the global economy; and

25 **WHEREAS**, the burning of coal is the number one contributor to global CO<sub>2</sub> emissions

1 worldwide and in the state of New Mexico is responsible for more than 12 million tons of CO<sub>2</sub>  
2 emissions annually; and

3       **WHEREAS**, the burning of coal releases toxic pollutants including nitrogen oxides, sulfur  
4 dioxides, particulates and mercury that contaminate our air, soil and water and that are proven to  
5 cause serious health conditions such as asthma, lung, and heart disease and cancer; and

6       **WHEREAS**, a 2012 analysis by a nationally recognized Environmental Medicine NYU  
7 Professor, Dr. George Thurston, found that over the last five years pollution from the San Juan coal  
8 plant has cost \$240 million in public health care costs (asthma, lung disease, heart disease, and  
9 hospitalizations); and

10       **WHEREAS**, according to the 2013 Community Health Profile Study commissioned by Santa  
11 Fe County and CHRISTUS St. Vincent Regional Medical Center, 24% of Santa Fe County high  
12 school students have been diagnosed with asthma; and

13       **WHEREAS**, the combustion of coal and nuclear energy are among the most water intensive  
14 ways to produce electricity; and

15       **WHEREAS**, the SJGS plant consumes 6 billion gallons of water annually, which is the  
16 equivalent to 11,000 gallons a minute; and

17       **WHEREAS**, Governor Martinez has issued a formal drought declaration that encompasses  
18 the entire state of New Mexico; and

19       **WHEREAS**, according to the U.S. Drought Monitor, one hundred percent of New Mexico  
20 was in moderate drought at some point during 2012, with over ninety percent in severe status; and

21       **WHEREAS**, communities exist where drinking water supplies are threatened due to the  
22 cumulative effects of drought; and

23       **WHEREAS**, the State of New Mexico has suffered through numerous natural disasters  
24 associated with the drought, including crop production and livestock loss, severe wild fires, and  
25 flooding due to severe wild fires; and

1           **WHEREAS**, “Drought conditions can create serious problems for many New Mexico  
2 communities, farms, ranches, and open spaces. Fire danger is high, water reservoirs run low, and in  
3 some cases, we’ve seen towns like Las Vegas take dramatic steps to reduce basic water consumption  
4 in their residents’ homes and businesses,” said Governor Martinez; and

5           **WHEREAS**, the energy industry has not sufficiently transitioned to less water consumptive  
6 forms of energy generation; and

7           **WHEREAS**, the cost of coal is expected to continue to increase due to emissions regulation  
8 as part of President Obama’s Climate Change Action Plan and coal ash regulation that the  
9 Environmental Protection Agency intends to issue; and

10          **WHEREAS**, the environmental and human health costs of nuclear energy development and  
11 production are well documented; and

12          **WHEREAS**, according to the National Cancer Institute, the following diseases can be caused  
13 by exposure to radon, uranium, and decay elements of uranium: bronchial and lung cancer, leukemia  
14 and other blood diseases, cancer of the bone marrow, stomach, liver, intestine, gall bladder, and  
15 kidney, failure of the kidney or liver, psychological disorders and birth defects; and

16          **WHEREAS**, safe nuclear waste disposal requires storage for at least one-thousand years and  
17 permanent storage space is not currently available; and

18          **WHEREAS**, U.S. nuclear plants generate about two thousand tons of spent fuel a year and  
19 since the 1950s, ratepayers have contributed \$27 billion to pay for permanent disposal; and

20          **WHEREAS**, improper disposal and risk of accidents pose serious environmental and public  
21 health threats; and

22          **WHEREAS**, the price per kilowatt-hour of the nuclear energy proposed for the Replacement  
23 Power Plan may be more expensive than alternatives that include more solar and wind powered  
24 generation; and

25          **WHEREAS**, the City of Santa Fe Municipal Charter charges the governing body with the

1 responsibility "to secure for ourselves and our children the continuity of our cultural values, our  
2 personal freedoms, and our well-being," declares that "[t]he natural beauty of Santa Fe" is "among the  
3 city's most valued and important assets," and charges the governing body of Santa Fe to "protect,  
4 preserve and enhance the city's natural endowments, plan for and regulate land use and development,  
5 manage the city's growth, encourage source reduction," and take such actions as are necessary to do  
6 so; and

7       **WHEREAS**, the City of Santa Fe has a record of accepting these responsibilities and  
8 acknowledging the reality of climate change, probable effects of climate change on our City, and our  
9 ability and responsibility to reduce our contribution to the causes of climate change - as evidenced by  
10 the City's endorsement of the U. S. Conference of Mayors Climate Protection Agreement; the  
11 adoption of the Sustainable Santa Fe Plan (Resolution 2008-93); the establishment of the Sustainable  
12 Santa Fe Commission; and the passing of Resolutions addressing these concerns (e.g., Resolutions  
13 2009-45,2011-17, 2012-12,2013-12, and 2013-12, among others); and

14       **WHEREAS**, the closure of San Juan Units 2 & 3 presents a critical opportunity to transition  
15 away from fossil fuels and present an opportunity to rapidly deploy renewable energy technologies  
16 to meet New Mexico's energy demands; and

17       **WHEREAS**, New Mexico has some of the best solar and wind energy potential in the  
18 country and the benefits of solar and wind energy production will include not only CO<sub>2</sub> emissions  
19 reductions, but also better health and environmental outcomes than fossil-fuel or nuclear energy, and  
20 can stimulate the creation of jobs in New Mexico; and

21       **WHEREAS**, solar and wind are cost-competitive energy sources, and a resource  
22 replacement alternative to PNM's proposal, that includes more of these renewable resources and does  
23 not include additional coal or nuclear generating capacity, may be less costly than than PNM's plan.

24       **NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE**  
25 **CITY OF SANTA FE** that the Governing Body recognizes that:

- 1 (1) The pollution caused by humans burning fossil fuels is established by scientists as a
- 2 primary cause of climate change;
- 3 (2) The City of Santa Fe Municipal Charter charges the governing body with protection
- 4 of our city's residents and natural assets; and
- 5 (3) a necessary measure to address this problem is to replace conventional energy
- 6 resources with renewables .

7 **BE IT FURTHER RESOLVED** that the Governing body is concerned that PNM's  
8 replacement power plan, as filed:

- 9 (1) may not achieve the City's CO<sub>2</sub> reduction goals;
- 10 (2) may not achieve the City's energy efficiency goals;
- 11 (3) may not be the lowest cost solution;
- 12 (4) is not the best environmental outcome;
- 13 (5) may not provide the best employment opportunities for New Mexico;
- 14 (6) is not the healthiest option for the people of New Mexico and of Santa Fe;
- 15 (7) does not take into account recognized external costs to human health and air quality;
- 16 (8) continues to support investments in energy sources that is not in the best interest of
- 17 the public of New Mexico or the ratepayers of New Mexico; and
- 18 (9) unfairly places too much of a financial burden on PNM's rate payers.

19 **BE IT FURTHER RESOLVED** that the Governing Body strongly urges the Public  
20 Regulation Commission to require that PNM's replacement power plan include as much renewable  
21 energy as is technically and economically feasible.

22 **BE IT FURTHER RESOLVED** that the Governing Body urges the Public Regulation  
23 Commission to deny or reduce PNM's claim for un-depreciated "stranded" assets.

24 **BE IT FURTHER RESOLVED** that the Governing Body urges the New Mexico Public  
25 Regulation Commission to require that PNM reduce carbon-dioxide emissions associated with its

1 utility service in amounts consistent with what the vast majority of climate scientists conclude is  
2 necessary to avoid the most severe impacts of climate change.

3 **BE IT FURTHER RESOLVED** that the Governing Body urges PNM and the NM PRC to  
4 consider in their analyses the total environmental, health and societal costs of coal produced energy.

5 **BE IT FURTHER RESOLVED** that the City Clerk is directed to forward a copy of this  
6 resolution to the Public Regulation Commissioners and their General Counsel as official public  
7 testimony on behalf of the City of Santa Fe in Docket #13-000390-UT that is before the Public  
8 Regulation Commission.

9 **BE IT FURTHER RESOLVED** that the City Clerk is directed to forward a copy of this  
10 resolution to the New Mexico's Congressional Delegation.

11 PASSED, APPROVED, and ADOPTED this \_\_\_ day of \_\_\_\_\_, 2014.

12  
13 \_\_\_\_\_  
14 JAVIER M. GONZALES, MAYOR

15  
16 ATTEST:

17  
18 \_\_\_\_\_  
19 YOLANDA Y. VIGIL, CITY CLERK

20 APPROVED AS TO FORM:

21   
22 \_\_\_\_\_  
23 KELLEY A. BRENNAN, INTERIM CITY ATTORNEY

24  
25 M/Melissa/2014 Resolutions/Replacement Power – Energy Plan (Sub\_Bushee)\_Clean

## City of Santa Fe Fiscal Impact Report (FIR)

This Fiscal Impact Report (FIR) shall be completed for each proposed bill or resolution as to its direct impact upon the City's operating budget and is intended for use by any of the standing committees of and the Governing Body of the City of Santa Fe. Bills or resolutions with no fiscal impact still require a completed FIR. Bills or resolutions with a fiscal impact must be reviewed by the Finance Committee. Bills or resolutions without a fiscal impact generally do not require review by the Finance Committee unless the subject of the bill or resolution is financial in nature.

**Section A. General Information**

(Check) Bill: \_\_\_\_\_ Resolution:  X

(A single FIR may be used for related bills and/or resolutions)

Short Title(s):  A RESOLUTION RELATING TO THE REPLACEMENT POWER/ENERGY PLAN PROPOSED TO REPLACE 836 MEGAWATTS AT THE SAN JUAN GENERATING STATION; URGING THE NEW MEXICO PUBLIC REGULATION COMMISSION TO REJECT PNM'S REPLACEMENT PLAN AND CLAIM FOR COST RECOVERY OF STRANDED ASSETS AND SUPPORT AN ALTERNATIVE RENEWABLE-ENERGY BASED REPLACEMENT PLAN.

Sponsor(s):  Councilor Rivera, Councilors Dimas, Calvert, Dominguez and Trujillo

Reviewing Department(s):  City Attorney's Office

Persons Completing FIR:  Rebecca Seligman  Date:  01/27/13  Phone:  955-6501

Reviewed by City Attorney:  Kelly A. Brunner  Date:  1/28/14   
(Signature)

Reviewed by Finance Director:  [Signature]  Date:  2/6/14   
(Signature)

**Section B. Summary**

Briefly explain the purpose and major provisions of the bill/resolution:

The purpose of the resolution is to urge the New Mexico Public Regulation Commission to reject PNM's Replacement Plan and claim for cost recovery of standard assets at the San Juan Generating Station and support an alternative renewable energy based replacement plan that would require PNM's replacement power plan include as much renewable energy as is technically and economically feasible.

**Section C. Fiscal Impact**

Note: Financial information on this FIR does not directly translate into a City of Santa Fe budget increase. For a budget increase, the following are required:

- a. The item must be on the agenda at the Finance Committee and City Council as a "Request for Approval of a City of Santa Fe Budget Increase" with a definitive funding source (could be same item and same time as bill/resolution)
- b. Detailed budget information must be attached as to fund, business units, and line item, amounts, and explanations (similar to annual requests for budget)
- c. Detailed personnel forms must be attached as to range, salary, and benefit allocation and signed by Human Resource Department for each new position(s) requested (prorated for period to be employed by fiscal year)\*

**1. Projected Expenditures:**

- a. Indicate Fiscal Year(s) affected – usually current fiscal year and following fiscal year (i.e., FY 03/04 and FY 04/05)
- b. Indicate: "A" if current budget and level of staffing will absorb the costs  
"N" if new, additional, or increased budget or staffing will be required
- c. Indicate: "R" – if recurring annual costs  
"NR" if one-time, non-recurring costs, such as start-up, contract or equipment costs
- d. Attach additional projection schedules if two years does not adequately project revenue and cost patterns
- e. Costs may be netted or shown as an offset if some cost savings are projected (explain in Section 3 Narrative)

Finance Director: \_\_\_\_\_

X  Check here if no fiscal impact

Column #:	1	2	3	4	5	6	7	8
	Expenditure Classification	FY _____	"A" Costs Absorbed or "N" New Budget Required	"R" Costs Recurring or "NR" Non-recurring	FY _____	"A" Costs Absorbed or "N" New Budget Required	"R" Costs - Recurring or "NR" Non-recurring	Fund Affected

Personnel*	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
Fringe**	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
Capital Outlay	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
Land/ Building	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
Professional Services	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
All Other Operating Costs	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
Total:	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____

\* Any indication that additional staffing would be required must be reviewed and approved in advance by the City Manager by attached memo before release of FIR to committees. \*\*For fringe benefits contact the Finance Dept.

**2. Revenue Sources:**

- a. To indicate new revenues and/or
- b. Required for costs for which new expenditure budget is proposed above in item 1.

Column #:	1	2	3	4	5	6
	Type of Revenue	FY _____	"R" Costs Recurring or "NR" Non-recurring	FY _____	"R" Costs - Recurring or "NR" Non-recurring	Fund Affected

_____	\$ _____	_____	\$ _____	_____	_____	_____
_____	\$ _____	_____	\$ _____	_____	_____	_____
_____	\$ _____	_____	\$ _____	_____	_____	_____
Total:	\$ _____	_____	\$ _____	_____	_____	_____

**3. Expenditure/Revenue Narrative:**

Explain revenue source(s). Include revenue calculations, grant(s) available, anticipated date of receipt of revenues/grants, etc. Explain expenditures, grant match(s), justify personnel increase(s), detail capital and operating uses, etc. (Attach supplemental page, if necessary.)

Not applicable

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**Section D. General Narrative**

**1. Conflicts:** Does this proposed bill/resolution duplicate/conflict with/companion to/relate to any City code, approved ordinance or resolution, other adopted policies or proposed legislation? Include details of city adopted laws/ordinance/resolutions and dates. Summarize the relationships, conflicts or overlaps.

None that staff is aware of.

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**2. Consequences of Not Enacting This Bill/Resolution:**

Are there consequences of not enacting this bill/resolution? If so, describe.

**If the resolution is not enacted, the status quo would remain and we would continue to be subjected to environmental and human health risks.**

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**3. Technical Issues:**

Are there incorrect citations of law, drafting errors or other problems? Are there any amendments that should be considered? Are there any other alternatives which should be considered? If so, describe.

None that staff is aware of

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**4. Community Impact:**

Briefly describe the major positive or negative effects the Bill/Resolution might have on the community including, but not limited to, businesses, neighborhoods, families, children and youth, social service providers and other institutions such as schools, churches, etc.

**Supporting the resolution would demonstrate the Governing Body's concern for the citizens in our community regarding the environmental and health repercussions of producing electricity at the San Juan Generating Station by means of burning of coal which releases toxic pollutants into the environment.**

Form adopted: 01/12/05; revised 8/24/05; revised 4/17/08

**ACTION SHEET**  
**PUBLIC UTILITES COMMITTEE MEETING OF 2/5/14**

**ISSUE NO. 15**

Request for approval of Resolution No. 2014-\_\_\_\_\_. A resolution relating to the Replacement Power/Energy Plan proposed to replace 836 Megawatts at the San Juan Generating Station; urging the New Mexico Public Regulation Commission to reject PNM's replacement plan and claim for cost recovery of stranded assets and support an alternative renewable-energy based replacement plan. (Councilor Rivera) (Nick Schiavo)

Public Utilities Committee – 2/5/14

Finance Committee – 2/17/14

City Council (scheduled) – 2/26/14

**PUBLIC UTILITES COMMITTEE ACTION: Approved to forward to 2/17/14 Finance Committee.**

**SPECIAL CONDITIONS OR AMENDMENTS:**

**STAFF FOLLOW UP:**

<b>VOTE:</b>	<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
COUNCILOR CALVERT, CHAIR	x		
COUNCILOR TRUJILLO	x		
COUNCILOR DOMINGUEZ	x		
COUNCILOR DIMAS	x		
COUNCILOR RIVERA	x		

more permanent form, canvass or heavier weight bags. And we may have a couple of months of data to see whether people are just making the switch to paper bags, or whether they're actually paying 69¢ at the point of sale and buying reusable bags and bringing them back."

Councilor Trujillo said, "Say I'm Walmart. I want to find a way around this. So I call J.C. Penny and say, what size bags do you guys use. Well I get those plastic bags and I start using them in Walmart. Am I in violation of the law, because they're a thicker grade. If I'm Walmart, am I in violation if somebody comes in and sees me using that thicker bag, the bag that isn't banned. Am I in violation."

Ms. Brennan said, "Councilor, I don't think so, because the bag isn't banned."

**MOTION:** Councilor Dominguez moved, seconded by Councilor Rivera, to approve this request.

**VOTE:** The motion was approved on a voice vote, with Councilors Dimas, Dominguez and Rivera voting in favor of the motion and Councilor Trujillo voting against the motion.

15. **REQUEST FOR APPROVAL OF RESOLUTION NO. 2014- \_\_\_\_ . A RESOLUTION RELATING TO THE REPLACEMENT POWER/ENERGY PLAN PROPOSED TO REPLACE 83 MEGAWATTS AT THE SAN JUAN GENERATING STATION; URGING THE NEW MEXICO PUBLIC REGULATION COMMISSION TO REJECT PNM'S REPLACEMENT PLAN AND CLAIM FOR COST RECOVERY OF STRANDED ASSETS AND SUPPORT AN ALTERNATIVE RENEWABLE ENERGY BASED REPLACEMENT PLAN (COUNCILORS RIVERA, DOMINGUEZ, DIMAS, CALVERT AND TRUJILLO). (NICK SCHIAVO) Public Utilities Committee 02/05/14; Finance Committee 02/17/14; and City Council (scheduled) 02/26/14.**

Councilor Rivera said as explained earlier, and with the presentation, the Resolution is self explanatory . He thinks it is important for the citizens of New Mexico, especially those we represent here in Santa Fe, that "we try to intervene before the PRC is faced with a decision." He said he would welcome any cosponsors.

Councilors Dimas, Dominguez, Calvert and Trujillo asked to be added as cosponsors.

**MOTION:** Councilor Rivera moved, seconded by Councilor Dimas, to approve this request.

**VOTE:** The motion was approved unanimously on a voice vote.

**ACTION SHEET**  
**CITY COUNCIL COMMITTEE MEETING OF 02/26/14**  
**ITEM FROM FINANCE COMMITTEE MEETING OF 02/17/14**

**ISSUE:**

24. Request for Approval of a Resolution Relating to the Replacement Power/Energy Plan Proposed to Replace 836 Megawatts at the San Juan Generating Station; Urging the New Mexico Public Regulation Commission to Reject PNM's Replacement Plan and Claim for Cost Recovery of Stranded Assets and Support an Alternative Renewable-Energy Based Replacement Plan. (Councilors Rivera, Dimas, Calvert, Dominguez, Trujillo and Bushee) (Nick Schiavo)

**Committee Review:**

Public Utilities Committee (approved w/amendment)  
 City Council (scheduled)

02/05/14  
 02/26/14

Fiscal Impact – No

**FINANCE COMMITTEE ACTION: APPROVED AS CONSENT ITEM**

**SPECIAL CONDITIONS OR AMENDMENTS**

Add Councilor Ives as co-sponsor.

**STAFF FOLLOW-UP:**

VOTE	FOR	AGAINST	ABSTAIN
COUNCILOR BUSHEE	Excused		
COUNCILOR CALVERT	X		
COUNCILOR DIMAS	X		
COUNCILOR IVES	X		
CHAIRPERSON DOMINGUEZ			

3-19-12/FCMissue

~~VOTE: The motion was approved on the following Roll Call vote:~~

~~For: Councilor Bushee, Councilor Calvert, Councilor Dimas, Councilor Dominguez, Councilor Ives, Councilor Rivera, Councilor Trujillo and Councilor Wurzbarger.~~

~~Against: None.~~

- 10 (o) CONSIDERATION OF RESOLUTION NO. 2014- \_\_\_\_ (COUNCILOR RIVERA, COUNCILOR DIMAS, COUNCILOR CALVERT, COUNCILOR DOMINGUEZ, COUNCILOR TRUJILLO, COUNCILOR BUSHEE AND COUNCILOR IVES). A REQUEST FOR APPROVAL OF A RESOLUTION RELATING TO THE REPLACEMENT POWER/ENERGY PLAN PROPOSED TO REPLACE 836 MEGAWATTS AT THE SAN JUAN GENERATION STATION; URGING THE NEW MEXICO PUBLIC REGULATION COMMISSION TO REJECT PNM'S REPLACEMENT PLAN AND CLAIM FOR COST RECOVERY OF STRANDED ASSETS AND SUPPORT AN ALTERNATIVE RENEWABLE ENERGY BASED REPLACEMENT PLAN. (NICK SCHIAVO)**

Councilor Dominguez said he pulled this item to say he supports the intent and the fact that we need to look at alternative and renewable energies, and believes that is the position that most, if not all, of us have taken with regard to the various environmental advocacy legislation which has come before us. He said he received an email, which "alluded to us," from Jody Porter about the validity of the facts in the Resolution, so he decided to look at it more closely, and he has a number of questions.

Councilor Dominguez said the caption asks us to support rejecting PNM's replacement plan, which he hasn't seen, and asked if staff has that available for the Governing Body.

Mr. Schiavo said it is a large document which has been filed with the Public Regulation Commission, and the major points are outlined in the first whereas.

Councilor Dominguez asked if this is a summary of those points, 1 through 7, or is it taken verbatim from the plan.

Mr. Schiavo said these are a summary of those major points.

Councilor Dominguez asked Mr. Schiavo if he summarized them, or if someone else summarized them.

Mr. Schiavo said Councilor Rivera sponsored this and put this work together.

Councilor Dominguez asked again who summarized the points.

Councilor Rivera said they were summarized by several people, including Melissa Byers.

Councilor Dominguez asked Mr. Schiavo if he signed off on the summaries.

Mr. Schiavo said he reviewed the summaries, but he doesn't necessarily sign off.

Councilor Dominguez said, "Then as far as you're concerned, the summary is correct, based on the plan that we haven't seen that has been filed by PNM with the PRC."

Mr. Schiavo said, "Absolutely. This is an accurate summary."

Councilor Dominguez said, on page 3 of the Resolution, lines 8 through 11, there is a reference to Dr. George Thurston, and he isn't questioning his credentials, but how does he know that the analysis and the way it is articulated here is factual.

Mr. Schiavo said he is the City's Energy Specialist, Public Utilities Director, but he isn't a physician and can't question Dr. Thurston's word.

Councilor Dominguez said we should attach the analysis to the Resolution, and asked if we have a copy.

Mr. Schiavo said he doesn't have a copy, but he can get it, and thinks it would be a good idea to attach it.

Councilor Dominguez asked if the replacement power plan, modeled on the New Energy Economy, now exists, which is referenced on 5, line 25 of the Resolution and on page 6, lines 1-2.

Mr. Schiavo said he understands it exists, and heard a piece of it presented at the PUC meeting attended by Councilor Dominguez.

Councilor Dominguez asked if he has a copy of the plan, and Mr. Schiavo said no.

Councilor Dominguez asked if that plan should be attached to this Resolution as well.

Mr. Schiavo said it is up to Councilor Dominguez and the Governing Body.

Councilor Dominguez said, "I would request that that happen, if this is approved, along with the analysis by Dr. Thurston."

Councilor Dominguez said he has concerns. He said we are being asked to make this an official public testimony on behalf of the City, and there are questions and concerns which have been expressed by City staff, which gives him pause. He asked if there has been a public hearing on the New Energy Plan.

Mr. Schiavo reiterated that the only thing he ever heard was the presentation before the PUC at the beginning of this month.

Councilor Dominguez said then this will be City testimony, but the public hasn't been privy to the New Energy Economy plan that exists – there have been no public hearings on that plan.

Mr. Schiavo reiterated that “we have heard a presentation from New Energy Economy on their plan. I don't have anything other than that.”

Councilor Dominguez asked if there was a public hearing on that plan, and Mr. Schiavo said no.

Councilor Calvert asked if there has been a public hearing on PNM's plan, and Mr. Schiavo said no.

Councilor Dominguez said so there are a lot of plans out there which haven't had public hearings, including PNM's.

Councilor Dominguez said he wants to understand the process, asking if PNM has to produce a plan.

Mr. Schiavo said yes. PNM has submitted to the PRC “this entire first paragraph. That's their plan to shutter so much coal and bring so much natural gas on line, the first seven bullets...”

Councilor Dominguez said then that is at the PRC and Mr. Schiavo said it is.

Councilor Dominguez asked if the PNM has a public hearing process to look over those points, the plan.

Mr. Schiavo said, “Definitely. Yes. The PRC is going to go through that and anyone who has intervened will have the opportunity to comment.”

Councilor Dominguez asked if that has been scheduled.

Mr. Schiavo said the last day to file to intervene is the second week of April, so he would imagine they haven't started any hearings on it.

Councilor Dominguez said, “Then we probably need to do whatever we're going to do here done before it gets to the PRC, but it needs to be correct and factual.”

Councilor Ives said, at the appropriate time in our proceedings tonight, he will be sponsoring a Resolution to intervene in that case, so the City becomes a party in that case. He said PNM already has filed with the PRC, so there is an ongoing case. A procedural order has been issued in that case, and he

will be introducing a Resolution for the City to intervene in that case, so we'll become a party and we'll receive all pleadings that are filed, and we can participate as a party in interest. He noted the hearings are scheduled approximately mid-August 2014.

Councilor Dominguez asked if this is intended to be the testimony that will be provided to them for that proceeding.

Councilor Ives said currently the paragraph is phrased, "a copy of the Resolution is directed as official public testimony on behalf of the City of Santa Fe." He said, in its current form, it is intended to be official public testimony, but it isn't necessarily the end of the possible participation of the City in the proceedings and doesn't constitute all of the testimony that the City might choose to file."

Councilor Dominguez said, "It really should say something like, 'official City Council testimony,' because there have been no public hearings on this. He said although we represent the public, but in the spirit of transparency and proper community participation, it seems some of that language might change."

Councilor Trujillo asked how this will work in conjunction with the Resolution which Councilor Ives will introduce. He asked which public hearing will trump, and Councilor Ives and Mayor Coss said that would be the PRC.

Councilor Trujillo said we haven't had due process of public hearings from PNM or anyone else, and we then become a party – how does this affect us now. He said, "You guys are lawyers. Advise me. How does this affect us now, when Councilor Ives introduces this Resolution tonight."

Marcos Martinez, Assistant City Attorney, said, "Once the City intervenes in this matter, then the City can participate before the PRC in hearings, and the PRC is the body that will be making the determination on PNM's application. The City really has no jurisdiction to make any determination on PNM's application on its own. What the City can do, is conduct its own public hearings and determine what is the will of the Governing Body going forward, and what is the recommendation to make in that intervention, in the event that the City choose to intervene in this proceeding. So really, we can only make decisions concerning what is the will of the Governing Body and what is going to be the kind of testimony and position that the City is going to take ultimately in that proceeding, in the event that we intervene."

Councilor Trujillo said, "Okay, so I'm asking you, being that we have not had public hearings, should we have those public hearings, speaking from you as a lawyer. That's all."

Mr. Martinez said, "I think it's up to the Governing Body to determine if public hearings would be helpful."

Councilor Trujillo said he believes all public hearings are helpful, he wants to be sure we are giving the public the transparency to talk about it.

Mr. Martinez said, "In that regard, the public hearing can be helpful in soliciting what is the input from the community, what is the direction the community wants to take in bringing that input to the Governing Body, and then the Governing Body can make recommendations in the intervention."

Councilor Trujillo said then it would go back to the PRC.

Councilor Dominguez said we are going to have a new Governing Body, and we essentially are tying the hands of that new Governing Body with this legislation, and they will have to represent the City collectively via this public testimony, which concerns him. He said he can't explain some of the WHEREAS in the Resolution, although Mr. Schiavo and some members of the public can understand and explain it. He said as the representative of all of the people, he thinks we should take more time in vetting the Resolution.

Councilor Wurzbarger apologized for not taking as much time to study this issue as she normally does, and then agreeing to cosponsor this last week from the perspective that we need to reprioritize the different energy sources. She said, "We particularly need to take a hard stance on coal, and to quote one of the Councilors, 'The devil is in the details'." She will be abstaining because it is so technical, there are two plans, and we haven't received all the information we need. She said she wants the Councilors "to tell me whether or not you understand the rationale of why the claim for undepreciated stranded assets should be denied or reduced.

Councilor Wurzbarger continued, "I don't understand that term, I don't mind admitting it and I apologize. And I would feel that I would need to better understand the difference of the plans and the BE IT FURTHER RESOLVED on almost all the things we're saying in terms of closing Unit 4 SJGS. What does that really mean, I don't know. So I apologize to you as a leader, and I will abstain on this, or I would first make a motion to postpone it. I think it's great we can go forward and give an opinion. I think that's an appropriate path and that would give us the opportunity, including a public hearing, to clarify what it is we're really voting on."

Councilor Bushee said she didn't realize we were considering intervening in this case, and she is interested if those drafting the Resolution for Councilor Ives, has consulted with other potential interveners. She asked if there are other communities or entities interested in intervening. She said whatever we are setting now that we are going to intervene sets a legal record, "and I want to make sure it's solid and broad."

Councilor Ives said he hasn't approached others, but typically in these kinds of proceedings, as significant as the proposal to shut down two of the coal fired units at San Juan, that there will be many interveners. He noted that PNM's power is distributed over large portions of New Mexico, and it is likely that other municipalities, other significant power consumers, various groups involved in the power industry, pro and con, are likely to intervene, as they are standard participants in all these types of measures before the PRC. He doesn't know whether Mr. Schiavo has spoken with others, noting the procedural order came out only about 10 days ago, and people are looking at intervention.

Mr. Schiavo said he would be surprised if the City of Albuquerque, City of Rio Rancho, the Albuquerque/Bernalillo Water Authority didn't intervene, along with the usual players.

Councilor Bushee said she supports the concept, but this concept is based on one model. She wants to know if there are things with which we want to amplify this, or other angles not incorporated. She asked Councilor Ives if he is about to introduce the possibility of intervention tonight.

Councilor Ives said yes.

Councilor Bushee wants this to move forward, but in the right way.

**MOTION:** Councilor Bushee moved, seconded by Councilor Wurzbarger, to postpone this item for one month, to the Council meeting of March 26, 2014, "with one or two public hearings during that time, and solicit input from other energy experts in the field."

**DISCUSSION:** Councilor Ives said he has read PNM's initial filing in this case, and thinks it's reasonably captured in terms of our predicate Whereas's as to what that filing contains. He noted the proposed amendments are based on sitting with PNM and hearing their concerns in connection with this particular measure. He said on packet page 8, lines 12-14, a concern was expressed that the health impacts in our community were meant to be tied directly to the San Juan Generating Plant. And the answer, with regards to lines 12-14, is that "No, that is simply a recitation of the incidents covered in the Santa Fe County and Christus St. Vincent Regional Medical Center, Community Health Profile Study of the incidents of high school students diagnosed with asthma. So just noting that for the record, so it's clear there."

Councilor Ives continued saying, "On packet page 11, a concern is expressed with regard to the statement that the Governing Body opposes PNM's replacement power plan on the basis that it: (1) Will not help the City government meet its CO2 reduction goals, and it certainly goes in some measure toward that end, so it is a matter of degree, so I would certainly suggest an amendment for any consideration of this tonight, so it read, 'Will not help the City government to the degree desired to meet its CO2 reduction goals.' Similarly in paragraph number 2, line 14, where it states, Will not help the City meet its energy efficiency goals, and again, presumably because it will have some beneficial effect in terms of the shutdown of the two coal units, propose to amend that similarly to read, 'Will not help the City meet, to the degree desired, its energy efficiency goals.'"

Councilor Ives continued, "Subparagraph 5, where it says 'It does not provide the best employment opportunities should be modified to state, 'For Santa Fe,' which is certainly the case because the natural gas production plant that PNM is proposing to build in Farmington. Of course, the City of Farmington is not served by PNM, so presumably that might be a more strategically...."

Councilor Calvert said it might be good to add not only Santa Fe, but the State of New Mexico, because the nuclear power they're proposing to fill in also is not going to help the State and the ratepayers who have to pay for this. He asked if he would consider that as a friendly addition, and Councilor Ives said yes.

Mayor Coss said, "I just want to point out that there is a Motion to Postpone. If it was a Motion to Table, it would be non-debatable, so it is just to postpone. So I think you're suggesting amendments that might get in there if it doesn't get postponed."

Councilor Ives said, "Exactly." He said packet page 12, lines 16-18, reads, "BE IT FURTHER RESOLVED that the City Clerk is directed to forward a copy of this Resolution to the Public Regulation Commissioners and General Council, which should be Counsel, public testimony on behalf of the City of Santa Fe in the case before the Public Regulation Commission. Perhaps we should look at modifying that to change it to read, '*...the City Clerk is directed to forward a copy of this Resolution Commission and General Counsel.*' So we aren't making this official public testimony at this point in time. Clearly if we intervene in that case, there would be long consideration of the position of PNM, as well as other interveners, including the City, in terms of what we feel an appropriate plan really is for the San Juan Generating Unit."

Councilor Bushee said, "I'm keeping my motion to postpone and just giving a month in hopes that we find other interveners and that we can have a cohesive approach to this. I see the amendments and I certainly hope that other Councilors, and even Councilors that are leaving would consider other amendments. I would like to see entities and other communities join in this, and vet this to the best we can."

Councilor Rivera said he introduced the Resolution in an attempt to represent the people of Santa Fe. He would imagine that not many of constituents have looked at the PNM plan. He asked Mr. Schiavo the number of pages.

Mr. Schiavo said, "I don't know. I would assume if it is a typical plan, we're talking multiple binders."

Councilor Rivera said, "Thousands of pages, correct."

Mr. Schiavo said yes.

Councilor Rivera said he is doubtful the constituents will read that lengthy plan, so it is up to us to represent them in a way that will benefit them, and the Resolution does outline PNM's plan, which has been submitted to the PRC. He said, "We met with PNM yesterday, and they had opportunity to look at the Resolution and some of the recommendations have been put forth by Councilor Ives. There weren't very many you see. However, today, they redlined, basically, the entire document in an attempt to stall it just like tonight. To delay this even more, will require additional training for new Governing Body members to be brought up to speed. He said we are the first step in the intervention and once we take that first step, other municipalities and agencies will come on board and agree with what we're asking to put forth today."

Councilor Rivera said Councilor Wurzbarger sponsored a Resolution against bullying. He feels PNM is bullying the City in a way about making threats about what it would do if this Resolution passes. He has never known this Governing Body to back away from anything. This is a good Resolution and the first step in intervening and thinks it should move forward.

Councilor Dominguez said, "I have the utmost respect for my colleague and fellow District #3 Councilor. In previous legislation and tonight, we have articulated that we support the spirit and that we need to protect our environment and do everything possible to make sure we move in that direction. In terms of whether or not the public will read the information, maybe they will, maybe not, but the public needs to be given the opportunity to hear about it. This is a little different than our contracts with our collective bargaining units we're going to be discussing later. This is complicated and sure to be litigated."

Councilor Dominguez said this is "complicated and sure to get litigated." He said we need to make sure it is a strong case in a strong document the Governing Body is providing to the staff, the public and the PRC. He said the spirit of this Resolution is "right on," but we have to make sure that it is factual and it is as solid as it can be.

Councilor Ives said there seems to be concerned that the Council is fully informed and discussion of holding a public hearing.

Councilor Bushee said her emphasis is finding other interveners and if it is going to be in concert with what you announced tonight, and Councilor Ives doesn't feel there will be difficulty in finding other interveners. Councilor Ives would like to do the public hearing at the next meeting as opposed to a month from now.

Councilor Bushee asked if it is to be a public hearing at the Council level, or the Committee level.

Councilor Ives said presumably it would be the next meeting of the Council, with consideration at the March 26, 2014 Council meeting.

Councilor Bushee said, "We will have a transition by then, so the same Council won't be voting, so I guess I just gave it two more weeks to get everything together, so I was sticking with a month." She doesn't understand moving it up to two weeks.

Councilor Ives said that is so we can hear it then, as opposed to hearing it immediately before considering it.

Councilor Bushee said, "I want to delay the vote until we are very clear on who is intervening and what else we want to add to this Resolution, so I was giving a month for the action. And we could have that be a public hearing."

Mayor Coss said, "So the action would be in a month, but there would be a hearing at the first and second meetings [in March]."

Councilor Bushee said, "Yes. And we could even make the final Resolution passage be... and we would consider yours as well, those could both be public hearings. Both at the Council level if you want. This is a big issue. This is an important issue. I relate completely to the health effects. This season has been crazy, the allergies, the asthma, and mine included, are just off the chart. But I do want to make this the

most solid case and the most vetted legislation we can and the best it can be. So are you good with that. A hearing in two weeks and then a hearing following the two weeks after that, so we could actually consider both your legislation and this one."

Councilor Ives said, "Perfectly fine, although I would simply note there is no reason not to intervene, but dictate the extent of our participation, but gets us informed, getting copies of pleadings so we can be informed. Just a slightly different focus."

Councilor Bushee said, "I don't need to attach my motion to yours if you don't want it. I saw the two going together somehow."

Councilor Ives said, "By all means, I don't mind public hearings on it. I think it makes sense."

**VOTE:** The motion was approved on the following Roll Call vote:

**For:** Councilor Bushee, Councilor Dimas, Councilor Dominguez, Councilor Ives, Councilor Trujillo and Councilor Wurzbürger.

**Against:** Councilor Rivera and Councilor Calvert.

~~(t) **CONSIDERATION OF RESOLUTION NO. 2014-17 (COUNCILOR WURZBURGER AND COUNCILOR BUSHEE). A RESOLUTION REPEALING RESOLUTION NO. 2013-80 THAT CALLED FOR A THIRD PARTY INDEPENDENT AUDIT OF THE 2008 PARKS, TRAILS AND OPEN SPACE BOND; AND AUTHORIZING A SPECIAL EXTERNAL AUDIT OF THE ENTIRE EXPENDITURE OF 2008 PARKS, TRAILS AND OPEN SPACE BONE ("2008 BOND"). (ISAAC PINO AND MARCOS TAPIA)**~~

~~A copy of a proposed amendment to this Resolution, submitted by Councilor Bushee and Councilor Wurzbürger is incorporated herewith to these minutes as Exhibit "6."~~

~~Councilor Dominguez asked Councilor Wurzbürger if she is comfortable with the timing identified by staff on this.~~

~~Councilor Wurzbürger said, "I am comfortable with what I think it states, as I recall, because I did talk to Isaac about this earlier, and idea was that the audit could occur as soon as all of the projects are completed, except the one which is for the St. Francis Underpass/Overpass, because that will be years from now."~~

~~Councilor Dominguez asked when the last project will be done.~~

~~Councilor Bushee said she was told not later than June 30, 2014, and asked Mr. Pino to repeat what he told her earlier.~~

**VOTE:** The motion, as amended, was approved on the following Roll Call vote:

**For:** Councilor Maestas, Councilor Rivera, Councilor Trujillo, Councilor Dimas, Councilor Dominguez, and Councilor Ives

**Against:** Councilor Bushée and Councilor Lindell.

**Explaining her vote:** Councilor Bushée said, "Again, this is a better approach than two 5-foot sidewalks, but I really find it unnecessary. And I would like to then inform us quickly about the pedestrian bridge possibility. I'm going to vote. I know this is going to pass, but you know, I think we need a truck ban very quickly."

*Break 9:40 to 9:50 p.m.*

**6) PRESENTATION AND PUBLIC HEARING REGARDING PRC CASE #13-00390-UT – IN THE MATTER OF THE APPLICATION OF THE PUBLIC SERVICE COMPANY OF NEW MEXICO FOR APPROVAL TO ABANDON SAN JUAN GENERATING STATION UNITS 2 AND 3, ISSUANCE OF CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY FOR REPLACEMENT POWER RESOURCES, ISSUANCES AND ACCOUNTING ORDERS AND DETERMINATION OF RELATED RATE MAKING PRINCIPLES AND TREATMENT**

**a) A RESOLUTION RELATING TO THE REPLACEMENT POWER/ENERGY PLAN PROPOSED TO REPLACE 836 MEGAWATTS AT THE SAN JUAN GENERATING STATION; URGING THE NEW MEXICO PUBLIC REGULATION COMMISSION TO REJECT PNM'S REPLACEMENT PLAN AND CLAIM FOR COST RECOVERY OF STRANDED ASSETS AND SUPPORT AN ALTERNATIVE RENEWABLE ENERGY BASED REPLACEMENT PLAN (COUNCILOR RIVERA, COUNCILOR DIMAS, COUNCILOR CALVERT, COUNCILOR DOMINGUEZ, COUNCILOR TRUJILLO AND COUNCILOR BUSHEE). (Postponed at February 26, 2014 City Council meeting)**

*Items 6, 6(a) and 7 [6(b)] were combined for purposes of presentation and public hearing, and Item 7 was voted upon separately.*

The Legislative Summary of the proposed Resolution, submitted for the record by staff, is incorporated herewith to these minutes as Exhibit "16."

An article by Stephen Lacey, *Greentech Solar*, dated March 4, 2014, *This is What the Utility Death Spiral Looks Like*, entered for the record by Allan Sindelar, is incorporated herewith to these minutes as Exhibit "17."

Mayor Gonzales asked, in view of the late hour and that tomorrow is a school day, to allow the young people in attendance to speak first. He gave each person 3 minutes to speak.

**Jose [inaudible]** thanked Councilor Ives and Councilor Rivera for their leadership in bring forth this Resolution, and to consider intervene in the case going forward. He is a local hip-hop artist in New Mexico and an active member of Earth Care Youth Allies, noting this is an youth organization striving for sustainability and social justice. As a citizen of the world, he is concerned about the future as well as the world in which his siblings and their children will be living in the future. He said, "We must take care of this world God provided us with, because were put on this earth to help and sustain it. This resolution will not only improve our environment, but will also create jobs for many residents in New Mexico. We must start to think about the future habitants of the world, and how what we do today is the outcome of tomorrow. Please pass this resolution.

Jose introduced his brother, Alfredo Martinez and Jose and Alfredo performed a song Jose wrote about protecting the environment. He said they go by the Dual Brothers, and he just launched an album a month ago.

**Ariana Padilla** said she is a student at Monte del Sol Charter School, and is a member of Earth Care Youth Allies for Sustainability. She said young people from all over Santa Fe come together to talk about the issues occurring all around us and come up with ways to create social and environmental justice and we take action, which is the reason she is here tonight. She said PNM is shutting down half of its San Juan power plant, thanks to the pressure the people have been putting on them and the force of the EPA. She said this is good, but their ambition is to replace half of the power plant with even more coal and more nuclear plants in Arizona with a tiny big of solar energy in comparison. They are doing this because it's cheaper, but it's not. Millions of dollars will be invested, in a way wasted, on the development of the project as well as on the environment and our health. She said "tons" of carbon and other harmful contaminants are released into the atmosphere polluting what is vital to our survival, causing asthma, lung and heart disease. PNM also claims the money that would have been earned from these closed units should be added onto those who pay electricity bills, which is pretty much all of us, since it is a monopoly, and see this idea as paying themselves back.

Ms. Padilla continued, "The solution to this issue is using an energy source that is friendly to both our bank accounts and our environment. The energy source creates jobs and only affects climate change in a positive way. Renewable energy provided by solar and wind power. She said states throughout America are embracing the benefits of green energy. Why can't we do this here. It's crazy the other states have more solar than New Mexico. PNM uses water, pollute it, make it into energy and we're in a drought. This is important to me, because renewable energy will safeguard the future of the youth of today and our posterity will be safeguarded and bright. With 330 days of sunlight, power will be brought to the people."

**Shendena, Junior at Academy for Technology and the Classics**, said she is here representing Earth Care as a member of Youth Allies. They are pleased, as a group concerned about sustainability and our environment, they are pleased with PNM's plan to shut down the San Juan Generating Station's Units 2 and 3, and to reduce the levels of nitrogen oxide and sulphur dioxide allowed by the State. However, they are concerned about PNM's replacement plan, because they are heading back in the direction they came from. How does it make sense to replace coal power with more coal power. They are also turning toward energy sources, nuclear from Arizona and natural gas, which are equally as bad for our environment and for our health. Nuclear and coal are more expensive than solar and wind, and also consume huge amounts of water where solar and wind don't consume any."

Shendena continued, "There are enormous financial, environmental and health effects with nuclear and coal, while there are none with solar and winds. Nuclear and coal contribute immensely to climate change, pollute the land, air and water, and cause illnesses such as cancer and lung disease. She said, "The condition you leave earth in is my future. I don't want to have to explain to my kids what you did to the earth. I want my future to be healthy and for generations to come. Instead of putting more strain on the earth, do the right thing and put less." She thanked the Governing Body for their support of the Resolution to intervene, and they support Councilors Rivera and Ives' resolution to oppose PNM's replacement plans and their request for stranded assets. "We demand an alternative be pursued that is based on clean, affordable and renewable Energy."

**Connor** said he also represent Youth Allies. He said at PNM's website it says, "PNM has long acknowledged the importance of addressing climate change in an environmentally meaningful and cost-effective way. Being environmentally friendly and reducing climate change doesn't mean just reducing CO2 emissions, it also means reducing anything which may impact the environment in a negative way. He said nuclear energy may not emit CO2, but it does produce high levels of radiation which is contained. However, time and again, we have heard corporations and government say, 'it won't fail,' or 'won't ever break.' He cited Fukushima and Chernobyl as examples that they "can and will eventually fail," which is catastrophic to the environment.

**Stephanie Rodriguez**, said they are representing the [inaudible] program at Capital High School and support the Resolution as presented. She supports the resolution because of the impact it could have on her life and on the environment. She said she and her colleagues support the Resolution. She said if this continues, there will be a 25% loss of all species of life on the planet due to global warming on a global basis. She believes our clean air is no longer clean, due to the burning of coal produced by PNM. Many

came to New Mexico to cure tuberculosis caused by companies on the east coast. She said, "Now companies like PNM are causing tuberculosis, lung disease and asthma. If we don't stop their harmful actions, then who will. She said we are the next generation and it's time we put a stop to this issue before it's too late.

**Alan Hernandez, Junior** at Capital High is concerned about this issue, which affects the environment as well as us. The environment is being mistreated by those who decide to pollute the air which can cause health problems to New Mexico. He said PNM produces 58% of our energy from coal, along with tons of pollutants that can cause asthma, lung and heart disease, as well as cause climate exchange. PNM uses 58% of coal, 20% nuclear, 14% gas, 6% wind, and 1% utility-owned solar energy and 1% distributed solar energy. He said the coal fired power plant uses 8 billion gallons of water a year. Water is extremely important in New Mexico. PNM has paid fines of \$6.9 million dollars for 60,000 air quality violations at the San Juan Coal plant. He said over the past 5 years, PNM has failed to stop pollution control at San Juan Coal Plant, costing the people up to \$240 million in total healthcare expenses, which involves hospitalization, emergency room visits, [inaudible] and other kinds of emergency procedures. This issue is costing people money and is endangering the lives of men. It is unacceptable and those are encouraging this solution expect us to pay for their mistakes.

**Blanco Ortiz, Junior, Capital High**, said she is in support of the Resolution because it the best for our community, and because I love my community. PNM is being forced to close half of its San Juan Plant. She said they are claiming that who pay electricity bills will have to pay them back for half of what they lose. This means electricity bills will go up and "I firmly believe this will make the poverty in New Mexico go up as well." PNM is requesting unearned profits of \$205 million to get back the profits it would have earned in a year. They polluted our air and now we have to pay for it. This is not right. Her household is a single mother with 3 girls, and they barely have enough to make ends meet, and this will impact them in a very negative way as well as their neighbors. She said passing the Resolution will create more jobs which we have been trying to do. She said, "We are losing our youth. Most are leaving New Mexico to do environmental sciences in other state. This does not make sense to me. Why create jobs somewhere else, when we can create them here. Why can't New Mexico be leading the movement. It's time for New Mexico to switch to solar and wind energy. We are here with a group of people who care deeply about our future, on behalf us and Capital High and our community, we ask you to consider the people and intervene with PNM's replacement power plant."

**Amarante Ryan** works with the Adelante Program which provides services to about 1,300 of the youth here in regards to homelessness and a lot of people who end up with them is because of a disconnect. He presented a poem, *A Song to the Sun* in his Native American language.

## Public Hearing

### Presentation by Nick Schiavo

Nick Schiavo said at the last City Council meeting, questions were asked about this Resolution. Councilor Dominguez requested a copy of PNM's replacement plan, and he has provided that to Councilor Dominguez, noting it is about 700 copies. He will get copies for other Councilors and the Mayor in an electronic format. He said Councilor Dominguez asked that the study done by NYU Professor George Thurston be attached to the Resolution, and he emailed that to the Governing Body this afternoon.

Mr. Schiavo said Councilor Dominguez also asked if the alternative replacement power plan could be forwarded, and he has provided a copy to the Governing Body via email this afternoon. He said Councilor Bushee asked if there are other interveners in this case. He spoke with the PRC this afternoon, and as of this afternoon the interveners are Southwest Generating Operating Company, LLC, New Energy Economy, Inter-west Energy Alliance, New Mexico Green Chamber of Commerce, P. Corey, Nan Winters, F. Michael, E. Overture, C. Noble and [inaudible].

Mr. Schiavo presented a brief summary of PNM's Plan. He said, "PNM's proposal that is currently before the New Mexico PRC is related to the federal rule aimed to improve visibility in federal wilderness areas and parks by 2064. A federal plan for compliance with that visibility provision of the Clean Air Act is currently in place. In mid-2012, PNM and the New Mexico Environment Department and EPA began looking at alternatives to this plan. The result was an agreement announced in February 2013 that would lead to the closure of the four units by the end of 2017 at the San Juan Generation Station. PNM is part owner of the San Juan Generating Station, along with 8 other utilities. Because this new plan requires PNM to replace its share of the two units with something else, in late December, it filed a replacement plan with the New Mexico PRC. This also is required to get approval to retire 2 units since they are still functioning units."

Mr. Schiavo continued, "The plan should position the company well to comply with coming future carbon regulations. PNM's plan effectively balances their resource mix, and will be less risky and less costly to New Mexicans by reducing their carbon footprint."

Mr. Schiavo continued, "So in short their plan. Currently they have 50% ownership in Units 2 and 3, that's 418 MW (megawatts), through this plan, would be retired in January 2018. The company would exchange 68 MW of capacity between Units 3 and 4 to keep its retirement to a total of 340 MW. That number is the amount PNM believes it can retire while keeping replacement costs below the federal plan currently in place. 134 MW of existing nuclear generation from Palo Verde Nuclear Plant in Arizona, with proposed rate base is a lower cost than other viable alternatives. The installation of less expensive selective non-catalytic reduction technology on the remaining units 1 and 4 for \$82 million as opposed to selective catalytic reduction technology at an estimated cost of approximately ten times NCR technology."

Mr. Schiavo continued, "Other replacement resources that include 177 MW of gas generation to be located at the existing San Juan Generating Station site, which reduces the need for siting and other similar permits to locate that plant, and also provides access to existing transmission lines. 40 MW of new solar capacity at a total cost of \$82 million. Full recovery of the \$205 million in unrecovered prudent investment for the closure of Units 2 and 3, so as to avoid increased capital costs in the future which will result in higher customer rates."

Mr. Schiavo continued, "Status of the plan, PNM as discussed, requires Public Regulation Commission [PRC] approval, but also requires certain approvals from the EPA. The plan currently is before both the PRC and the EPA. The EPA is expected to provide a decision by December and the PRC decision could occur by December. Public hearings at the PRC are scheduled for August."

Mr. Schiavo continued, "In conclusion, PNM stated the goal has been to balance environmental benefits with affordability and reliability, while minimizing the economic impact to the State. It believes the proposal currently before PRC and EPA accomplishes this goal."

Mr. Schiavo briefly presented the statement from **New Energy Economy**.

Mr. Schiavo said, "In August 2011, the EPA issued a final rule imposing pollution controls on PNM's San Juan coal plant in order to bring the coal plant into compliance with the Clean Air Act. Regional Haze requirements. The EPA found that the San Juan Coal Plant was impairing air quality and visibility in other states. The EPA also said that San Juan is one of the largest sources of nitrogen oxide pollution in the U.S. Further, EPA noted that the haze produced by San Juan was affecting visibility at 16 National Parks and Wilderness areas, and impacted tourism and public health."

Mr. Schiavo continued, "A settlement was reached between Governor Martinez, PNM and EPA to instead, shutter half the San Juan Coal Plant and put pollution controls in the other half of the plant. In December, PNM filed a plan, I won't go through again what the plan is. Both parties agree what was filed. PNM seeks full payment from customers for capital invested in the San Juan Units 2 and 3, \$205 million that will be retired at the end of 2017, plus profit on those assets for 20 years at 11.4% rate of return."

Mr. Schiavo continued, "Included, but not seeking approval in this case, is 177 MW gas plant built in Farmington, 40 MW solar facility. There are concerns about coal cost increases; cost of global warming pollution as we see more and more impacts drought, forest fires; carbon regulation; coal ash regulation; health costs associated with burning coal, asthma, lung disease, heart disease and more; significant water consumption; concerns about nuclear cost increases; cost of nuclear energy is expensive, imported from 600 miles away; inefficient line loss power via transmission; no jobs for New Mexicans; environment and health concerns from mining uranium and disposal of nuclear waste; and significant water consumption."

Mr. Schiavo continued, "Investing in solar, wind and energy efficiency for the replacement of power plan, instead of coal and nuclear, makes economic sense, is fiscally conservative, provides significant local jobs and reduces risks from coal and nuclear cost and negative environmental accidents and destruction. Further, we can reduce our negative health outcomes."

Mr. Schiavo continued, "I've taken a look at PNM's filing, and I've reviewed HEM 11 which actually covers the proposed increase. HEM 11 provides the estimated impact for all the rate classes, and in the interest of time will cover only residential and the rate classes that affect the City."

Mr. Schiavo continued, "So what's being proposed in PNM's filing. They provide a scenario where a customer using 600 kWh per month will see an \$87.91 increase, and that represents about an 11% increase. The average for Santa Fe County is about 560 kWh, so it's a pretty active number. City-wide, I took a look at the different rate classes we currently have and we can expect about a 7% increase. We spend about \$6 million between all the City facilities and Buckman Direct Diversion [BDD], so that equates to about a \$420,000 increase per year."

Mr. Schiavo continued, "The other thing that was noted and it's noted in New Energy Economy, their current filing does not include the additional rate increases to ratepayers. Beginning in 2016, that will result, if the PRC approves PNM's proposed new 40 MW La Luz peaking plant, or any other increased costs elements of its claim cost of service when PNM files its next rate case, now expected at the end of 2014 or 2015."

Mr. Schiavo turned it over to Mariel Nanasi of New Energy Economy, to make a 5 minute presentation, followed by PNM to make 5 minute presentation.

Mayor Gonzales said Mr. Schiavo entered into the record that both New Energy Economy and PNM have stated, so if you can avoid redundancy and what was already stated in the record, and keep to any new additional information, we would appreciate it.

### **Presentation by New Energy Economy**

**Mariel Nanasi, Executive Director, New Energy Economy**, said this is the most strategic energy moment maybe in our lives we are facing right now. What is happening is, as you know, PNM is closing half the coal plant and the question is, what is the replacement power. This is an opportunity to change course. We know that what we have done so far has brought us climate change. We've had record breaking wildfires, extreme drought and it's only going to get worse. Now, we have the opportunity to shift that, if we invest in renewables instead of more of the same that got us in the mess. Then we have an opportunity to reduce the chaos that is coming for our children. That is why I'm here. That is why I am the Executive Director of New Energy Economy, because when I learned about the urgency of climate change, I thought, I've got to shift what I'm doing to focus full time on this."

Ms. Nanasi continued, "I want to focus on one thing, besides what you've already heard tonight, and I would just say [inaudible here because Ms. Nanasi moved away from the microphone]. This is a question of environmental justice. The people who live under the toxic shadow of the coal plants and past uranium mining, and current uranium mining, are paying the price. President Nixon called the Navajo Nation and the area surrounding it, an energy sacrifice zone. This is what we're doing to the most precious among us, our children. We're causing them to need a pump to breathe. What kind of responsible adults are we if we are changing the chemistry of the air allowing PNM to spew these toxins, nitrogen oxide, sulphur dioxide, mercury, particulate matter. Our bodies cannot assimilate that, and that's why we have the asthma rates that we do in New Mexico. It's higher than the national average."

Ms. Nanasi continued, "We are paying the price. PNM externalizes those health costs, and we pay those prices. We did a study, and that is a study that Nick gave you, that was in 2008 dollars. That was \$240 million every 5 years that we are paying in asthma, lung disease, strokes, heart disease. Climate instability is unfolding simultaneous to an economic instability. They are linked. We see sharpened inequality between rich and poor. PNM is setting record earnings. They made \$100 million this year, 2013, \$100 million in 2012, at the same time they sent 168,000 disconnect notices to New Mexicans and shut off service for more than 17,000 people. From the time of our worst recession in 2008 to 2012, average residential rates went up 41% for average residential rates, which definitely benefitted PNM's executive pay which rose 68% in our worst recession time. So this is a crucial matter of economic justice and environmental justice."

Ms. Nanasi continued, "I just want to end with one very important thing and that is the question of stranded assets, because we've talked about coal, its harm, nuclear which is crazy, it's 600 miles away, it's inefficient, it's the most expensive energy. We could talk about it. We'll deal with that in the case. But I wanted to talk to you, the last thing, is about stranded assets. Here's the concept. Unit 2 and 3 are being closed. It's on PNM's balance sheet, they want to make the profits they were going to make until 2053, and make us pay for it. So, they've gambled on coal, they've lost, it's a terrible investment, and it is spread amongst us to pay their bill. Wouldn't you like it, if when you make mistakes, other people had to pay. That's not fair. That's not just. We could do better. We could have solar. We could be a solar exporter in Santa Fe. I ask you to support this Resolution. I ask you to intervene in the PRC case, and we could make Santa Fe a solar capitol of the world."

### **Presentation by PNM**

**Matthew Jaramillo, Public Service Company**, said, "I've been asked to provide new information on PNM's proposal to replace power from two units of the San Juan Generating Station, and to get the needed approval to retire those two units. This information will help you consider a Resolution tonight that asks for your endorsement to approve a plan above our plan. I hope what I share this evening in helping you consider a second Resolution, now Item H(7), Councilor Ives' Resolution, as a better alternative, which I'll get to in a few minutes."

Mr. Jaramillo said, "Like New Energy Economy we have five minutes to tell you why you should support our plan, and we are confident that our plan is the best plan and meets the City's goals to reduce carbon and add more renewable energy to the system in a responsible manner. I also believe that a five minute snapshot does this Council a disservice. Thousands of hours of analysis and work went into the development of our plan, and summarizing that in 5 minutes is a little like watching a movie trailer, and then trying to write a detailed explanation of what you just saw. Now you can see it's a very long movie trailer. It's a very complicated process and a very long finding."

Mr. Jaramillo said, "We are responsible for planning to meet the energy needs of our customers, long term. We develop a plan that minimizes costs and risks, while assuming reliable service over a 20-year span. And in our modeling, we have gone over thousands and thousands of models to come up with the proposal that you see in front of you. We have the responsibility to protect the environment, a duty we hold as one of our company's most valuable, important missions. And I want to repeat that. We have a responsibility to protect the environment, and it is one of the most important missions that our company follows."

Mr. Jaramillo continued, "It is important to note that we meet or exceed compliance with every applicable environmental rule and regulation. Like you, and probably everyone in this room, we share the belief we should reduce carbon, and I think that has been noted already this evening. And we agree that the expansion of renewable energy and energy efficiency are two ways that we can do this. It is also true that nuclear does not produce any greenhouse gas emissions, and we are very proud of our environmental record."

Mr. Jaramillo continued, "Between 2011 and the end of this year, we will have invested \$190 million in utility scale solar, and by the end of this year, we will have one million solar panels throughout our service territory. One million. And that doesn't include what we have that's customer owned that we have been able to put on through incentives. And that does not include the wind generation and the geothermal that we have on our grid. And through our energy efficiency programs customers have taken advantage of, we have rebated more than \$30 million since 2007. And our programs have saved almost 400,000 metric tons of carbon dioxide. And these programs were made possible through energy efficiency legislation that we have supported throughout the years."

Mr. Jaramillo continued, "Also, like Nick alluded to, the plan we have filed with the PRC continues this effort and significantly reduces seven different emissions that he failed to mention. 60% reduction in nitrogen oxide, 67% reduction in sulphur dioxide, 50% reduction of particulate matter, 44% reduction in carbon monoxide, 51% reduction in volatile organ compound, 50% reduction in carbon dioxide, 50% reduction in mercury, and 50% reduction in water usage. And the plan we have filed with the PRC continues this effort to significantly reducing these emissions."

Mr. Jaramillo continued, "And as you can see by the folks I have here to my left, PNM is a home grown company, even though we are located in Albuquerque. We employ and have employed thousands of Santa Feans throughout the centuries of our existence. And all of our children here in this room breathe the same air and drink the same water as everybody else in this room. And the well being of our citizens is important to us, as it is to everybody else in this room."

Mr. Jaramillo continued, "I cannot speak to the analysis supporting the alternative plan by New Energy Economy, but we are interested in seeing whether it has followed the level of rigorous analysis, and verifiable supporting data like our plan. For example, will it show carbon will actually go down, as fossil fuels are used to back up when solar and wind are not working. Or will it increase, as it did in Germany. That is an example of what we want to avoid. A well intentioned decision that has unwelcome consequences, actually could derail the City's carbon goals. We appreciate the City considering taking a position in this debate, but if the City ultimate you to take a position, we do encourage to follow the intervening process. The City can best accomplish this by intervening and fully participating in that regulatory process."

Mr. Jaramillo continued, "Over the next several months, many parties and their experts will pore over out filing and scrutinize every single detail. There is no doubt there will be alternative proposals by the interveners that Nick alluded to earlier, and there are a number of perspectives, and we think this is the best forum for Santa Fe's concerns and voice to be heard. Being part of a fully open and transparent PRC process guarantees a venue for all voices to be heard. Councilor Ives does have this Resolution on behalf of the City of Santa Fe, and that is the appropriate venue to give the City its voice. Through this process, we believe our plan will clearly demonstrate that it is best for the environment and best for our customers, because that is our first and foremost obligation. The serious climate issues facing our planet and our need for energy are far too important to be addressed here in 5 minutes, and it sounds like I've gone over. But the voices of the City of Santa Fe are too important to be a rushed judgment. When the City of Santa Fe has an important role to play, the intervening process is that venue. And I really appreciate and thank you for the opportunity to address you today."

Mr. Jaramillo continued, "If you have any technical questions, I have with me tonight Gerard Ortiz, Vice-President of Regulatory Affairs who is also a local Santa Fean, and Patrick J. O'Connell, Director of Resource Planning. They actually are the ones that are responsible for this, so if you have any questions pertaining to this, these gentlemen would be happy to answer any questions and concerns you have."

*The Governing Body commented and asked questions as follows:*

- Councilor Rivera thanked Mr. Jaramillo from PNM, and New Energy Economy for their presentations. He asked what is PNM's current cost of coal.

**Patrick J. O'Connell, Director of Resource Planning**, said the current cost of coal is about 5 cents per kWh. It is our lowest cost resources.

- Councilor Rivera asks now or on the horizon that will increase those costs.

Mr. O'Connell said there is always a discussion of potential carbon legislation, but it hasn't taken form. He said, "Our plan would actually pass the standards suggested by President Obama."

- Councilor Rivera asks how the coal ash is disposed of.

Mr. O'Connell said it is being used to fill in a previous surface coal mine, so it is being used to restore the surface.

- Councilor Rivera asks how you prevent leakage into the soil and into the water.

Mr. O'Connell said the coal ash is being placed in ground in an existing coal mine, so the runoff from that doesn't leak into the groundwater.

- Councilor Rivera said, "Okay. Just in general then, the coal ash you're not using, how do you prevent it from getting into the water or into the soil itself?"

Mr. O'Connell said the coal ash is placed back to where the coal had been mined in the past. It's dry, and doesn't leak into the water or the soil, it's placed on top of it, and is covered with another layer of dirt.

- Councilor Rivera said, then it doesn't seep into the water or into the soil when it's been rained on or anything like that.

Mr. O'Connell said no.

- Councilor Trujillo asks if Palo Verde 3 is owned by PNM.

Mr. O'Connell said PNM owns 10.2% of Palo Verde 3, so yes.

- Councilor Rivera asks how much does it cost to produce electricity at Palo Verde 3.

**Gerard Ortiz, Vice President, PNM Regulatory Affairs**, said it is approximately \$68 per MWH, or 6.8 cents per kWh.

- Councilor Rivera asks the age of the Palo Verde plant.

Mr. Ortiz said it came on line in 1986, so nearly 30 years.

- Councilor Rivera asked the maintenance costs at Palo Verde.

Mr. Ortiz said he doesn't have that information available this evening.

- Councilor Rivera asked Mr. Ortiz to explain the risks from the Palo Verde Plant, if any..

Mr. Ortiz said, "The first point I would make is that it is a zero emission facility, so in terms of reducing greenhouse gases, it's excellent, so there is no carbon risk related to it. There is spent fuel that is stored. But, I would point that, whether PNM brings Palo Verde into rate base or not, Unit #3 will operate. Any risk that is associated with nuclear fuel is not because of PNM's plan, that plant will operate. What it does provide is a low cost, reliable source of energy for our customers.

- Councilor Rivera said, "It's more expensive than coal, is it not."

Mr. Ortiz said, "It is slightly more expensive than coal, yes sir."

- Councilor Rivera said, "You said coal was 5 cents. How do you compare nuclear to that."

Mr. Ortiz said, "Well, I said that Palo Verde 3 is approximately 6.8 cents, so it's a little higher than coal, yes sir."

- Councilor Rivera what are the benefits to New Mexicans and Santa Feans and ratepayers of importing nuclear power from Arizona.

Mr. Ortiz said, "There are significant benefits from bringing Palo Verde 3 into the rate base. The first one I mentioned is it absolutely reduces our exposure to greenhouse gas and other future carbon regulations because there is none. The other thing it does, It provides an extremely reliable source of affordable energy. It's available around the clock to our customers. That is a big advantage. It's already up and running, there's no risk associated with the construction of it, it's fully permitted through 2046, so it's a reliable source of energy that is affordable for the long term for our customers."

- Councilor Rivera said, "Again, regarding leakage of ash into water and into the soil. A few years back, in Dan River in Tennessee [North Carolina?], there was a huge leak that caused some severe contamination. If that happened in the San Juan area, how would PNM deal with that."

Mr. Ortiz said, "I'm not familiar with the issue, the specific occurrence you're referring to, so I simply can't comment on it. I do that we have done some work on our water recapture system, and so we have addressed that. We are very sensitive to potential environmental harm."

- Councilor Rivera asked, "Is the water that is used there contaminated."

Mr. Ortiz said, "No sir, it's not. I heard that earlier. And a point I would make is that PNM has reduced our water consumption since 2004 by more than 20%, so we are very sensitive to our water uses. It's not really contaminated. What you do when you produce energy is you burn coal, that creates heat, you heat water that's running through tubes, that creates steam. The steam then goes through a turbine, that spins the turbine that spins the generator, and the generator then creates electricity, so I'm not quite sure how the water is contaminated. A lot of the water we use up there is also for cooling, we recirculate it. That water would not be contaminated either, so I was curious about that."

- Councilor Rivera asked, "So what happens to it after it is used – it goes back into the River..."

Mr. Ortiz said, "We recirculate a lot of it. Some of it is lost through evaporation in our cooling towers."

- Councilor Rivera asked if they have storage ponds.

Mr. Ortiz said yes.

- Councilor Rivera asked if that is clean water.

Mr. Ortiz said I actually am not familiar with that.

Mr. O'Connell said,, "San Juan is a zero discharge facility, which means we don't discharge any water from the facility. After the water flows through the process, as Mr. Ortiz described, it sits in ponds and is eventually evaporated."

- Councilor Rivera asked if that is clean water.

Mr. O'Connell said, "When it evaporates. Certainly. Yes."

- Councilor Rivera asked, "Would you drink out of that."

Mr. O'Connell said the water you're talking about is evaporated, so it's kind of difficult to drink it. I know that San Juan employees fish in it.

- Mayor Gonzales said, "I'm guess I'm trying to understand the question though, is when the water is returned to the ponds, is there some type of requirement that it is at some level of drinking or it's been taken to a certain point where it's considered safe by EPA standards."

Mr. O'Connell said, "The concept is to allow the water to evaporate, and so any residue that is left is collected on a liner safely, so it can be collected later and disposed of cleanly and safely. All that evaporates is the H<sub>2</sub>O."

- Mayor Gonzales said, "So we don't know what the state of the water is when it goes into the bond."

Mr. Gonzales said, "But is it by any measurements or any standards that you have to meet that require a certain measurement of its cleanliness."

Mr. O'Connell said, "I don't believe so, because we're not discharging the water. The water is in a closed loop system."

- [Councilor Bushee's question here is inaudible.]

Mr. O'Connell said, "I'm not familiar with the details of where the disposal goes, but what I do know is that it disposed of safely and cleanly, and in compliance with all regulations."

- [Councilor Bushee's question here is inaudible]

Mr. O'Connell responded, "Not in my operation, but PNM is a large organization, we just don't have that expert here this evening."

- *[Councilor Bushee's question here is inaudible, but I think she asked Mr. O'Connell to get back to her with this information.]*

- Councilor Ives said he has a few questions. He said he believes everyone appreciate that PNM is looking to shut down units 2 and 3. There is a great sense of satisfaction, and would compliment you on these efforts. And in occasional discussion, he likes to think of what "we" are doing is to try to help "you" see that setting down more is going to make more sense, and how you do the replacement energy. He said, "Certainly you've probably sensed already tonight that it really matters to the people of Santa Fe, but again, appreciate the shutting down of the two units. Also appreciate the work that is being done to promote greater energy efficiency and weatherization, all sorts of things, the great programs that PNM does provide."

- Councilor Ives said a figure was mentioned earlier of \$205 million as the amount of undepreciated investment in Units 2 and 3, that are at issue in this most recent filing. Is that an accurate statement of that figure.

Mr. Ortiz said, "You are correct."

- Councilor Ives said, "In terms of from whom PNM will seek to recover those undepreciated assets investment. Are PNM shareholders being asked to bear any of that burden, or is the proposal to pass it all through to the ratepayers."

Mr. Ortiz said, "The proposal is that it be recovered from existing customers. And the reason for that is that those are costs that customers currently are paying. PNM could have elected not to settle the case. We could have proceeded to install SCR's on all 4 units. The cost for that would have been greater. The emission reductions would not have been significant and there really have been *status quo*, and those units would have been good to run for a long time. PNM found a lower cost solution, even with customers continuing to pay the \$205 million. So, from that standpoint, PNM made a decision to shutter those two units. It's a less expensive alternative. And the way regulation works, if there is a regulatory disincentive because the company must see cost savings when we find a lower cost solution, that would send a curious message to the Company, Councilor."

- Councilor Ives asked, "In terms of the proposal to bring in additional Palo Verde power, who.... are ratepayers in California currently covering the cost of that energy production."

Mr. Ortiz said, "No sir. Currently PNM owns 10% of Unit #3 as a non-jurisdictional resources. We sell that energy into the wholesale market. We basically sell it to whoever the buyers are. We do it in the wholesale market. It brought tremendous value to our portfolio. It actually reduced the cost of our portfolio by proposing to bring it into jurisdiction."

- Councilor Ives said, "In terms of the sale of that energy on the open market, is PNM authorized to pass through all of its depreciation and costs of having built that facility in connection with Unit #3 that you reference."

Mr. Ortiz said, "No sir. Currently not. Currently all of those costs are borne by the shareholder. It's a non-jurisdictional asset. We are proposing to bring it into jurisdiction. At that point, the cost of depreciation, these O & M associated with it would be in our retail rates. But at the same time, that relatively low cost energy would be supplying our customers."

- Councilor Ives asked, "Why is it currently borne by PNM shareholders?"

Mr. Ortiz said, "Because the Commission ordered it to be removed from rate base in the late 80's or early 90's. At that time, PNM had excess generating capacity, that's no longer the case."

- Councilor Ives said, "And so it was not included in the rate base because of PNM's excess generation capacity at that time."

Mr. Ortiz said, "Yes sir."

- Councilor Ives responded, "But this proposal now would, in fact, allow it to become part of the rate base, so you're functionally shifting that cost to New Mexico ratepayers."

Mr. Ortiz said, "Yes sir, but the point I would make about that is, if the Commission allows us to bring it in at the price we have proposed, it will be a net benefit. It will lower costs to customers, compared to what they otherwise would be."

- Councilor Ives said, "As I understand it, the submission that PNM made, and I think you were just referring to the fact that it was a negotiated settlement. Am I correct in that."

Mr. Ortiz said, "Yes sir. The settlement allows us, by which we will retire two units of San Juan, that was resolving an issue related to the Clean Air Act Regional Haze between the EPA and the State of New Mexico. It was an agreement that was reached by the PNM and the State of New Mexico. The EPA has called this a model for how these issues should be resolved going forward."

- Councilor Ives asked, "Just out of curiosity, how were ratepayers represented in those settlement negotiations."

Mr. Ortiz said, "Ratepayers are always represented in those kinds of settlements by PNM. The cost to install the SCR's, the equipment on the 4 units at San Juan that the EPA originally ordered, would have cost nearly \$1 billion. They would not have reduced any emissions. Well they would have reduced NOx a little bit, but they were really aimed at visibility requirements. Those costs would have been very expensive for our customers to bear, and so PNM was incented to look for a lower cost solution. And fortunately, with the help of the State, we were able to find one."

- Councilor Ives said, "Again, I don't mean to criticize. Obviously everybody supports the shutting down of units 2 and 3, although I may have to think about the statement that PNM was representing the ratepayers there, as a somewhat non-traditional circumstance perhaps, in my mind."

- Councilor Ives said, "Let me also ask, in terms of the State Implementation Plan, when that was being structured, and again, it was representing ratepayers in that, or is that functionally what we're talking about here."

Mr. Ortiz asked Councilor Ives if he is talking about the State Implementation Plan or the Revised State Implementation Plan.

- Councilor Ives said, "I think first the SIP and if there's a distinction with the revised, that would be helpful."

Mr. Ortiz said the State Implementation Plan would have installed SMCR's on all four units at San Juan, so it would have been less expensive. The EPA found that it did not meet the regional haze requirements, and therefore they adopted the fifth, which were the four SCRs. That would have been a more expensive solution to customers. And if I may elaborate, when we look at the present value over the 20 year planning horizon, the fifth, which was the four SCRs would have been \$780 million more expensive our customers than the plan that we proposed. And so I guess Councilor, with all due respect, I would hold that out as evidence that PNM was in fact concerned about our customers."

- Councilor Ives said, "I don't mean to imply that you are never not concerned about your customers. In terms of the pollution controls to be placed on Unit 1, when are those to be put on, according to the new filing."

Mr. Ortiz said, "The SMCR equipment on both Unit 1 and Unit 4, Councilor, are covered by the tem sheet, the settlement. And I believe we have 13 months from the time the EPA finally approved the rule, but no earlier that January 2016. We are hopeful the EPA will stick to the schedule they initially identified, and that in fact, yes NCRs will be installed on both Units 1 and 4 by January 2016."

- Councilor Ives said, "I'm a little confused why PNM is placing the new Natural Gas Generation facility in Farmington, in part because my understanding is that Farmington is not part of your rate base, that is, you don't provide power to Farmington. Is that correct?"

Mr. Ortiz said, "We don't provide power to Farmington, but there are many considerations that are taken into account when one is siting a power plant. You want it to be close to a source of fuel, in this case, a natural gas pipeline. You want to have access to the bulk power transmission system, so you can import the power and deliver it wherever you need to. So, from a siting point of view, San Juan works well, because we do have access to the gas system, and to the transition system. And from Four Corners, we can deliver it anywhere on our system. It would be unusual for any utility to have all of its generation exclusively within its service territory."

- Councilor Ives said, "I know, based on materials provided by PNM, it sounds as if the primary consideration was keeling jobs in Farmington.

Mr. Ortiz said that certainly was a consideration.

- Councilor Ives said, if the energy is transmitted from the Farmington area back into the service jurisdiction territory there are line losses to be anticipated, and asked if those calculations have been done, and if so, what are they.

Mr. Ortiz said yes, the line losses on their transition system are between 3 and 4%, and as a point of reference, across the transmission system it's 3-4%, but when you transmit energy across a transformer, such as the one serving this building, it's 2%. So, relatively speaking, the line losses for the transmission system aren't really great.

- Councilor Ives asked the comparative line loss, based on transportation of natural gas to a site closer to your customer base, or would you anticipate any line loss of gas from a pipeline delivering gas if the facility was located within your territory.

Mr. Ortiz said he would not. He said San Juan is the producing basin, so there is less gas loss.

- Councilor Ives asked, regarding the proposed La Luz plant, because that isn't part of your rate structure, when can we anticipate a potential request for a rate increase based on the La Luz coming on line.

Mr. Ortiz said, "You are correct. La Luz isn't part of the replacement portfolio. We need it for operating reasons, we need it for transmission support. And La Luz, in and of itself, wouldn't be the cause necessarily for a rate case. When a utility is considering a rate case, we look at all of our costs, our revenues in total. It's pretty seldom a single plant would cause a rate increase. Nonetheless, we've announced publicly that we anticipate filing a rate case later this year for new rates to be effective, possibly in January 2015.

- Councilor Ives thanked him for his patience in answering his questions and appreciates him coming tonight to share PNM's points of view, and applauds many of PNM's efforts at greater efficiency, as well as shutting down the units proposed to be shut down.
- Councilor Bushee asked if PNM is required to calculate health costs into the equation.

Mr. Ortiz said, "We are not, and it would be exceeding difficult to calculate. I have heard New Energy Economy figures before, but I have also seen an American Lung Association Study that finds that both Farmington and Santa Fe have some of the cleanest air in the country. And so I cannot dispute the rate of asthma in New Mexico, but I would suggest that we have studies that show that our outside air is very clean."

- Councilor Bushee asked if there were ever a catastrophic event at a nuclear power plant, who would pay for cleanup.

Mr. Ortiz said, "I can't answer that definitively. The last big issue we had at in the United States was while much of the nuclear power plants were being constructed, and the design standards were modified in response to that incident."

- Councilor Bushee said, "Okay, so that's not really posed to you are a utility. Okay, I think you kind of answered it. As far as all the environmental issues we're trying to get at with this Resolution, and maybe ask this question of Matt, personally to him, but why would PNM be interested in us intervening in this case, and not so interested in this Resolution. What's the objectionable part of this Resolution."

Mr. Ortiz said, "If I may, we have spent thousands of hours developing our plan. It has 900 pages of support behind it. And I very much appreciate that the City of Santa Fe would like to take a position on the issue, but frankly, the best way you could do that is to intervene, be part of the process and hear not only what PNM and our experts say, hear what the other experts say, and actually dig into the various alternatives and see if they stand up to the same rigorous analysis that we've performed. I'm confident that our plan is the least cost. I'm confident our plan is the least risky and the best plan. But, when I look at that filing, I'm very familiar with it. I can't explain it to you simply in 5 minutes and it would be unfair for me to ask you to endorse it, because there's too much behind it. I haven't seen New Energy' Economy's plan. Maybe it has the same level of analysis behind it, but I guess my reticence, Councilor, is that there is a lot of data there to consider. And if you really want to take a position, I would suggest the better course of action is to get involved in the case, hear not only what PNM has to say but what the other experts have to say, look at the evidence and then come to a decision."

- Councilor Bushee said she is looking at a slightly modified version of the Resolution, and I have handed a copy out to you all. But what I would say, is that I don't know that the Resolution asks us to adopt their plan, New Energy Economy's plan over your plan. I think what we're asking for, at least the part that really matters in any of these resolutions to me is what we resolve to do. And we're resolving to do.... one of the most tangible things that we can discuss here tonight, is the fact that we would like you to minimize the financial impact to the New Mexico ratepayer. What's hard for us to understand, at least as someone who is charged with trying to protect the citizens of Santa Fe in whatever way we can.... you have a claim for undepreciated stranded asset costs. I know that's going to go before the PRC and I know that our intervening case will give us a place at the table, but the concern really is, I mean, why do we have to start with the highest cost. And we know that it's clearly, directly going to the ratepayer, not to your shareholders. So how do we move you all there. You're saying intervene, that's the only way to do it."

Mr. Ortiz said, "But ma'am, our plan is not the highest cost, our plan is the lowest cost. Now, there may be issues specifically with stranded cost from your perspective, but as I pointed out, what PNM could have done is simply gone ahead with the SDR's. That would have been \$780 million more over 20 years, and this never would have come forward. PNM shareholders should not be penalized for finding a lower cost solution. Regulation, and that's the world I live in, works best when the interests of the shareholders and the customers are aligned. Encouraging a utility and rewarding a company for selecting the least cost solution is good from a regulatory perspective. It makes sense from a regulatory perspective."

Councilor Bushee said, "I don't really have an answer to that, so I don't have any more questions right now, thank you.

Mayor Gonzales said he was reminded by Councilor Dominguez that there is a Council rule which calls for meetings to end at midnight, so we are going to try our best to finish before midnight. However, if not, he understands we have the provision to be able to past midnight by a vote to suspend the rules.

### Speaking to the request

*All those speaking were sworn en masse*

Mayor Gonzales said this is just a hearing on the Resolution and there will be no action on that, but Item H(7), a request to intervene does require action. He said people can speak to both items, but the only action the Council will take tonight, if it chooses, is on the intervention. He said he will allow each person 1½ minutes to speak to this request.

**Fred Sisneros, 16 Zorito Court**, said he is not here to argue in favor or against PNM or New Energy Economy. He said, "In fact, I don't really have a dog in the fight, because I haven't read that 700 page document. I neither support nor oppose the plan, other than to say it deserves intense technical review in an appropriate forum, given that it's the result of involved negotiation with the US EPA and the State Environment Department. I know it's a highly technical and complex issue, which has been publicly addressed only through a few brief presentations both for and against. Is the appropriate venue for such consideration, particularly on an action that may have major long term impacts on our community and the entire region. I view it somewhat unfair for any interest group to ask Councilors to vote on an issue on which they or their constituents may not be fully informed, and which may have such far-flung ramifications." He said these are complex issues demanding thorough, informed thought regardless of one's position. He said the New Energy Economy is earnest in pursuit of alternative renewable energy technology which he support. The proposals are lacking about particulars about specific generation technologies or a blend to ensure a stable and adequate power supply, and how it impacts seniors, people on fixed and limited income residents. It is one thing to develop theoretical models around such issues, but a 'different animal' to develop long term policies to address all the issues facing New Mexico. The City should participate in the most effective way possible. Protect the interests of our City. There is a lot to lose here, if this isn't thought out completely."

**Chip Chapelle, Chair, Santa Fe Chamber**, said his thoughts are consistent with Mr. Sisneros'. The point is this is a fairly complex, elaborate plan, and when the business community was briefed by PNM, it seemed thoughtful in consideration of costs and environmental issues. He said the business community wasn't briefed about alternative plans, so it is had to comment on that. He said it would seem the City should consider intervening because of the complexity of the issues. He said, "But to consider one

power source, such as solar or wind, as an alternative to coal and nuclear is much more complex than just feeling that's the correct thing to do. I think everybody is in favor of renewable energy issues, imbedded costs, cost to deliver, cost that gets pass to the rate base, which is complex, and the reason it needs to go through the PRC environment."

**Allan Sindelar, Founder, Positive Energy Solar, Santa Fe** entered a document for the record [Exhibit "17"]. He wants to speak to the more distant future. He receives regular newsletters on global issues related to renewable energy and utility issues. In this week's *Renewable Energy Focus* there was an essay by the senior editor. He has provided a copy to the City Clerk. Mr. Sindelar read excerpts from this article, *This is what the Utility Death Spiral looks like*. Please see Exhibit "17" for specifics of this article.

Mayor Gonzales said, "The minute and a half goes really fast, so move to some of the quick points that are salient to the matter."

**Wendy Volkman** said transition is possible and imperative. She is here to support the Resolution because there is no good argument for endangering our host plant. We need energy solutions which are conducive to life. What is the health argument for pollution, the business argument for having to clean up all this pollution and for eventually rendering the planet uninhabitable. We're being asked to change, the plant is being asked to change, the paradigm shift is before us and it's time to embrace the future and make choices that are conducive to live where we live, and we need PNM to move to renewable energy for the best environmental and job outcomes. She thanked those supporting the Resolution.

**Naomi Green** said she is a mom and her son works at Ski Santa Fe in the winter and last summer for Kokopelli and Santa Fe Rafting. She said before each season he says he hopes he has a job if there's snow or water. She said this is impacting all of the people in our community that depend on those industries, as well as those people who come here. She is a psychotherapy working with the most vulnerable of the population. She said the Intergovernmental Panel on Climate Change is the gold standard in understanding the effects of climate change on human beings. The report states an estimate 200 million Americans will be exposed to serious psychological distress from climate related events and incidents, and goes on to say that 70 million children, 50 million elderly and 35 million low income people will suffer disproportionately in terms of physical and psychological stress. Her last point is that 60 million of people will face additional challenges. She said, "We are the Saudi Arabia of sun and solar, and what else could we possibly be putting our money into."

**Larry Sonntag, New Mexico Business Coalition**, said they are not an advocate for or against PNM, and wants what's best for all New Mexicans – an improved economy and a friendlier business environment which grows the private sector. The first gentleman who spoke pointed out that the issues

are very complicated, has gone on for 5 years, and you can see the complexity of this issue. The proper venue for that discussion is the PRC. With regard to H(7), before you intervene, you need to check your checkbook first. He said it will be a costly endeavor if you do decide to intervene.

**Carla Sonntag, Executive Director, New Mexico Utilities Shareholders Alliance**, the group about which you have been speaking. They have thousands of shareholders in New Mexico, and 1,000 living in Santa Fe. She said the Alliance opposes the Resolution, because they would rather see you get involved in the case in a broader way than spending a few minutes tonight talking about it, and trying to make an informed decision. The case has been going on for a long time, which originated over visibility, not health benefits, or detriments. And yet, the plan being proposed has a huge benefit in cleaning the air. It is a complicated case that has gone on for years and involves PNM, the State of New Mexico and the federal government. She urges you to oppose the Resolution, get involved in the case, intervene in a meaningful way, look at all the facts. The Alliance supports PNM's plan and believe it did its due diligence in looking out for the ratepayers. The original plan was \$1 billion we would be paying and is much less now and the air will be much cleaner. It is worth looking into.

**Reverend Holly Beaumont, Organizing Director, Interfaith Worker Justice New Mexico**, a network of people of faith who advocate for workers' rights and economic justice. They also want New Mexico to be business friendly, but we need to attract economic engines which provide good jobs with good pay, and produce products which benefit New Mexicans, rather than asking workers to sacrifice their health and well being for a paycheck. These industries have been transforming The Land of Enchantment into a wasteland. There are alternatives to all these forms of energies. These industries are as powerful as they are dangerous, dinosaurs belonging to a different time in history. We need a new vision for the people of New Mexico by looking at what we have here. We don't need to be bringing in coal or looking at nuclear energy. We need to use the resources that have been given to us, which is solar. She asked the Governing Body to look at Germany and the National Renewable Energy Act they passed in 2000 that has been so successful in getting people to transfer to solar that it canceled plans to produce 3 nuclear power plants, and created 170,000 jobs and made Germany the center for solar on the entire planet.

**Unidentified.** She said PNM had to stop operating 2 units of the plant because of air pollution. It makes no sense to replace that power with the same fuel that shut it down. She said no forward thinking energy plan includes coal because it pollutes and releases greenhouse gases, and the scientists are clear – we have to leave fossil fuels in the ground. She said PNM “wants more nukes.” We see articles in the New Mexico. She said when you read that there are 500 toxic, abandoned uranium mines on the Navajo Nation, when you read WIPP is leaking, you read about the Cerro Grande Fire or even Fukushima, you ask why you would invest any more in the nuclear industry when you have alternatives. We have a responsibility to change course, be bold, support the Resolution and intervene.

Mayor Gonzales reminded those speaking to keep the information provided to the Council to something new which hasn't already been stated.

**Sharon Argembright** said she is a mother, grandmother and nurse. She went to Farmington to try to find out about this first hand, and found a little community "down wind." She said coal ash destroyed this little town, noting there were vacant houses and for sale signs. She saw one child in the neighborhood riding a bicycle. She said the ground was gray and the vegetation was denuded. There were nice houses but nobody lived. She asked what coal ash is going to childrens lungs and hearts. She wants to do something, noting she installed geothermal heat in her house, a solar panel to generate it, all renewable. She is paying it forward, and asked the Governing Body to ask PNM to pay it forward for our children.

**Elizabeth Dunn** said she is glad PNM was forced to close two plants and we can use solar and wind in New Mexico. However, she understands PNM wants to replace these units with nuclear generated electricity from its plant in Arizona with more coal from the other units of San Juan and building a new natural gas fueled generating plant. She said they may also include a small amount of solar. She is assuming the City Council will oppose PNM's replacement plan. It is not the lowest cost solution and it definitely is not the best environmental outcome. She said nuclear is "insane" because of the potential for accidents and storing nuclear waste. She said the Japanese can no longer eat the food growing on their land or in their water. She is a grandmother and doesn't want her grandchildren growing up where natural disasters are a major part of life. She asked the Governing Body to maintain our enlightened leadership and commitment to environmental solutions and vote for New Energy Economy's Resolution to be forwarded to the PRC. Vote for Santa Fe's enlightened vision. 75% renewables.

Mayor Gonzales reminded those speaking to keep the information provided to the Council to something new which hasn't already been stated.

**Unidentified** said he has been at PRC hearings as an attorney, and issues raised and positions taken by PNM is challengeable. He said we heard tonight that low cost nuclear was coming on at 6.6, but we can get wind from Eastern New Mexico at 4.4 cents per kWh, so nuclear is more expensive, noting solar is at 7.3 cents, but it is going down regularly, and includes the possibility for many more jobs for Santa Fe and the area. He said he thinks San Juan uses 6 billion gallons of water annually, 11,000 a minute. It's true they don't release dirty water, they put it ponds and it evaporates so that comes from the San Juan and Chama Rivers so we do lose it, even though it isn't dumped back into those same water systems, which is a huge lose in face of a drought. He said we're asking you to intervene and challenge what PNM is saying, that's all we're asking you to do.

**Regina Wheeler, CEO, Positive Energy Solar, 120 Solana**, said this is an incredible company that has produced important jobs attracting people that contribute to the community. The business was founded in Santa Fe, and is a graduate of the Business Incubator 17 years ago, which now has 55 employees. They have a living wage with a base of \$13.00 per hour. They are committed to equity, so executives make less so everybody in the company can make more. They make a lot of community contributions as well. She talked about Santa Fe's investment in renewable energy education and growing the work force. She said Positive Energy Solar presents to schools and provides grants for solar schools

and non-profit organizations as well. They appreciate the support of the Governing Body for the Resolution and in intervening in this case.

**Randy Sadwick, employee at Positive Energy**, said the U.S. Constitution tried to define freedom, but that was really defined by slavery. He said our livelihood is going to be defined by fossil fuels because it will get us or we'll take charge of our life. He talked about the disaster at Fukushima and the pollution of the ocean. He said in the United States in 2013, the percentage of renewable energy, total capacity added was 36%. He said this plan targets 9%. He said renewable energy costs for utilities is much much lower than residential at about 3.5 cents per kWh. He said you heard the other numbers, so you have a context for this. He believes we need to spend more time on this issue, because it's important and so fundamental to our livelihood. He supports the Resolution and the intervention.

**Keith Burks, 35 year PNM employee**, said he is also a citizen and ratepayer. He said he wishes the youth were still here to hear the two points he wants to make. One, is that we are your neighbors, not the evil empire, and we work for a company that supplies electricity, and spend a lot of cold nights keeping the lights on. He said they volunteer for United Way, read to children at elementary schools on our own time, and do a lot in the community. He wants the youth to understand we are not evil people. He said the one thing that hasn't been brought up yet is, "We are held by the PRC and the State to supply enough electricity, to produce enough electricity for everybody in Santa Fe and in the State in our coverage area. My point is any solar and any wind, we wish we could add a lot more, but any of it is duplicate. Because, if we have 3 days of show, we better have enough power for everybody, there's not going to be any wind or sun, so we need 100% power produced from somewhere. So anything we add in solar and in wind is duplicate power to what we have to produce, and no one has said that tonight. And if you want to duplicate all the power, we're all for it, but it would costs customers twice as much. The bottom line is we're trying to serve the customer with cheap power."

**Christina [inaudible], Editor, Ecosource Magazine**, said she sees innovation and sustainability in Santa Fe, artists, farmers, architects, innovating in how they build for a sustainable future. She respects a lot of what PNM said tonight, but when they say things like "this is the least risky option," and "this is the lowest cost option," she wants to know what that means. She said what is at risk here is our planet, our health, our children, jobs in New Mexico. She was an educator in New York, and they used the word "floor" instead of the "ground." When she spoke to New Mexico people about this, she said, "How much do you believe in local politics, 0 to 5, 5 is a lot, 0 is not at all. I'm sorry, but they were 0. I asked how important climate change to them and they all had a 5." She told them there is a way that local politics and environmental justice connect, and said tonight you have proven that you will listen. She said we are at a tipping point. This is critical, and this is the time to change our direction.

**Dennis Hernandez, lower Agua Fria**, said he and his wife have 150 relatives living in Santa Fe and have been part of this community for more than a century. The air, the water, the ground we grow their vegetables on has always been and always will be important to them. He has children and he wants them to be part of the community as long as they can. He has had the privilege to work for a company for the past 10 years and seen them add renewable energy to its portfolio. He said he and his engineers and linemen are the ones that work with the City to put on the solar to interconnect, they meet with the customers to provide power to them. He said, "We do a really good job and we aren't the bad people. Keith, thank you for mentioning that. I want to applaud NEE for exciting the kid. It is good to have a vision, but to be honest, a vision without a plan is merely a dream. We need to have a plan. And you are making a decision that represents more than my family, it represents more than the people that came into this room. You're going to make a stand for everybody in Santa Fe, that don't have an idea about what's going on right now, by accepting a Resolution, and basically saying that you guys aren't open to a consideration of a plan that PNM has, a plan that they spent three years producing and have experts to do studies. So I think you guys need to be more informed to make a responsible, educated decision.

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**MOTION:** Councilor Rivera moved, seconded by Councilor Trujillo, to suspend the rules and continue the Council meeting past midnight.

**VOTE:** The motion was approved unanimously on a voice vote with Councilors Bushee, Dimas, Dominguez, Ives, Lindell, Maestas, Rivera and Trujillo voting in favor of the motion and none against.

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**Anie Rochelow, New Mexico Coordinator for the Great March for Climate Action.** It is a group of marchers who are walking from Los Angeles to Washington, D.C., over 9 months, and they are coming to New Mexico, so the number of people in this room is nothing compared to what is coming. She said we are not in an era of climate change. We are in a climate crisis. She said the United States Military is completely on board with renewables, and moving faster than anyone or any State. She said if the military believes in renewables, "what in the world are we doing here in New Mexico." She said corporations are moving to renewable energy, even Walmart. She tells friends in other parts of the country that we are not moving toward solar in New Mexico, and they know how sunny it is here. They just roll their eyes and wonder what is going on and "who is in who's pocket." She said renewables are highly rated investments on Wall Street, and it is well known that no nuclear stocks are worthy of investments on Wall Street at this time. She was at Laguna Pueblo recently, and they told her about the uranium mining they had been involved with, and how they regretted it and so many of their people lost their job because of that. She asked, "Why are we reentering in that kind of world."

**Tom Dominguez** said he has worked for PNM for more than 11 years. [inaudible here]. He said his family has breathing this air for centuries and his grandchildren will be breathing the same air, and he is concerned. He has been an engineer with PNM, which he would encourage his children and grandchildren to be a part of. It has been a pleasure to work with this local government on local projects. He has been privileged to work on a solar plant in Las Vegas. He said we are the evil guy, and we are concerned about the environment.

**Rob Hirsch, Executive Director of New Mexico Independent Power Producers and the Climate Change Leadership and on the Board of the Santa Fe Green Chamber of Commerce.** He said he does energy consulting and sustainable energy in particular. He said he was impressed with Mayor Gonzales who said, when he was running, he wanted to be a uniter. He said we need to build more bridges on this issue with PNM, and on the other side, New Energy Economy. He said we need to work together, communicate and have constructive engagement, because that's where we're going to make progress in this real world that we're living in. These are checkerboard issues which aren't specifically black or white. He supports the cost recover, because the interest rate is calculated fairly. He supports the closure of the two units, which is an important tenant. He said it isn't a foregone conclusion that those two units will close. On the other side, if you're going to have 78 MW of new coal brought into the system, he would support not allowing cost recovery for that going forward, and have the risk on the shareholders. He said he would support more renewable energy in the plan for a more balanced energy portfolio, nothing this is what got them into trouble to begin with – a one dimensional source of energy, coal. He said even if we have Palo Verde nuclear, we can have more renewables if we have less natural gas at San Juan. He said we could down from 177 MW to 143 MW of natural gas at San Juan and make up the difference with solar. He said yesterday they announced 5% solar in the City of Austin to be produced in Texas, and we can do that in New Mexico, especially if we extend the production tax credit which would make it more cost effective. He said, "I would just close by saying I think we can do more renewables responsibly, cost-effectively and in a balanced way, and be effective and achievable. So I think you should do a Resolution that is thoughtful, and I think you should intervene. And I think you should attend the individual resource plan meetings that are going on at PNM and have your voice heard. It is very important. Thank you very much."

**Elizabeth Sloater** said PNM didn't cause or create or invent climate change. Climate change has been happening since the earth started spinning on its axis and will continue until it stops. She said, "I have in my hand, a little piece of petrified wood, it's probably 2.6 billion to 11,000 years old. It was part of a forest that was here in the State of New Mexico. I found it here. And the forest this wood comes from disappeared at least 11,000 years ago. I don't think the Four Corners Power Plant was in operation 11,000 years ago. I hope you will take these, please, into consideration in a real world. Yes, we need to change the way we live as individuals and the way we use energy. And I have a proposal for alternative energy. Why doesn't the City put up a 500 foot wind turbine on the Plaza, that would solve all the energy problems, at least in Santa Fe, and then you could sell the excess to PNM." She asked the Governing Body to consider this in considering the Resolution, saying, "I oppose the Resolution. Thank you for your time."

**Shara Roanhorse** and he asked that the Councilors seriously consider this issue. He calls Santa Fe home, and worked at Hastings. He also grew up in Farmington. He is the former Chief of Staff for the Navajo Nation. He said he has worked on this issue for the past 3 years, and this has been a very difficult process. He believes the City should seriously consider this issue and don't jump into this, being manipulated by various versions of facts. It is an issue that has been vetted by PNM and the State of New Mexico and the Navajo Nation.

### **The Public Hearing was closed**

Mayor Gonzales said there will be a second hearing on this issue at the next City Council meeting on March 26, 2014.

Mayor Gonzales said in the earlier session, he informed the Council that we will be creating an Energy Committee to develop a strategy for the City, as well as a plan, and he looking forward to that work which is going to be done by the Council over the next several months to address how we want to approach and develop our own set of policies to support the reduction of fossil fuel use, promote more retrofitting of homes of businesses, and the overall strategy that we want to pursue when it comes to relationships with PNM and the broader community. He said the Council will start that work here shortly.

**7) CONSIDERATION OF RESOLUTION NO. 2014-22 (COUNCILOR IVES, COUNCILOR RIVERA AND COUNCILOR BUSHEE). A RESOLUTION DIRECTING STAFF TO INTERVENE IN CASE #13-00390-UT THAT IS CURRENTLY BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION – IN THE MATTER OF THE APPLICATION OF THE PUBLIC SERVICE COMPANY OF NEW MEXICO FOR APPROVAL TO ABANDON SAN JUAN GENERATING STATION UNITS 2 AND 3, ISSUANCE OF CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY FOR REPLACEMENT POWER RESOURCES, ISSUANCES AND ACCOUNTING ORDERS PRINCIPLES AND DETERMINATION OF RELATED RATE MAKING PRINCIPLES AND TREATMENT.**

**MOTION:** Councilor Ives moved, seconded by Councilor Bushee, to adopt Resolution No. 2014-22, to intervene in the Case before the Public Regulation Commission.

**DISCUSSION:** Councilor Ives said he would urge support of the Resolution. He said Mr. Schiavo advised the number of those who have intervened. He said, "By intervening, we don't necessarily set, at this point, our level of participation in that proceeding. If we choose to move further in it, there will be opportunity to consider how we go about that, as well as what level of expenditure might be associated with those efforts. So, we need not worry about that, in my estimation, and believe that would be confirmed by Nick Schiavo if we brought him back up. At this point in time, by intervening, we gain a place at the table, the opportunity to receive pleadings and be informed in the matter, as well as the right to potentially participate in any hearings or presentations associated with the case. So, urging us to act affirmatively on the Resolution at this point in time so Santa Fe, which is significantly impacted as a ratepayer of PNM in this proceeding that we at least be poised and ready to protect the interests of the people and the ratepayers in the City as well as the City. As noted in the Resolution, we purchased nearly \$6 million of electricity and related from PNM on an annual basis."

Councilor Rivera thanked everyone for attending and staying past midnight to be heard and hear us. He said PNM has worked hard on its plan and are passionate about renewable energy and doing what is best

for future generations. He asked to be added as a cosponsor to Councilor Ives Resolution.

Councilor Trujillo said he definitely believes we need to be a participant and a place at the table, but he believes the cost is relevant. He said once we are involved and begin to incur costs, what is our direction to staff, and will we have a vote on that, and let people comment on whether we should be spending funds on this. He knows his constituents will be asking about that.

Councilor Ives said, as with any matter of litigation in which the City participates, we generally have contracts into which we enter with people to represent the City.

Councilor Trujillo said we usually have that discussion in executive session, but there is no discussion in open session. He asked if we are going to let our constituents have a place at the table here at the Council when we vote on those costs.

Councilor Ives said we can have public hearings on things if the Council would like to do so.

Councilor Dominguez said he would like to amend the motion to provide direction to staff that if we do engage counsel to act on behalf of the City in connection with this rate case, or the PNM filing, that that matter be brought to the Council for action.

**FRIENDLY AMENDMENT:** Councilor Ives said he would like to amend the motion to provide direction to staff that if we do engage counsel to act on behalf of the City in connection with this rate case, or the PNM filing, that that matter be brought to the Council for action. **THE AMENDMENT WAS FRIENDLY TO THE MAKER AND SECOND, AND THERE WERE NO OBJECTIONS FROM THE OTHER MEMBERS OF THE GOVERNING BODY.**

Councilor Dominguez thanked everyone for speaking tonight, especially the young people. He said we try to look out for the future of our community and humanity, and getting their statements for the record is important to him and the entire Governing Body. He said he doesn't know much about running a utility, other than a water utility where we have increased rates, so there is no way "I can answer, or speak to or even question some of the technical elements of the Resolution and the plans and everything that has been brought up. This is the reason we have the PRC, and the reason it is important for us to intervene on this important issue. It is appropriate for the Governing Body to speak to the financial impact any plan has to the ratepayers, and we need to do everything we can to advocate for workers in general." He understands there is a potential Substitute Resolution which is coming forward, and he's interested in that. He said the Resolution in place now has language that has to change. For example, he has asked for the EPA that has been identified, but that plan will not be made available to the Governing Body because of some legal issues. He is interested in the wording of the Substitute Resolution, and thanked Councilor Bushee for providing it to him. He said he supports the intent which he thinks is that we begin to move off fossil fuels, create a green environment, protect the environment and people. He supports that intent and believes we can move forward on that. And, without getting between PNM and New Energy Economy, it is important to continue to keep our eye on the ball and make sure we do what's right for our citizens.

Responding to Councilor Bushee, Ms. Brennan said the final day to intervene is April 1, 2015. Ms. Brennan said the final paragraph of the Resolution calls for outside counsel, and the FIR shows a cap of \$50,000, and that is within the authority of the manager to sign. She said if you adopt the Resolution, it would be worth exploring with the other interveners whether we have any interest in common that could help us share resources, save some money and make our points.

Councilor Maestas thanked everyone for coming out and staying so late. He said it is a wonderful debate, and thinks it is good that PNM is closing those two units, and improving the air quality in the area is fantastic. He said we have a responsibility to advocate for our community and the reason he will support the Resolution. He said the Resolution we're deliberating is a formation of our overall position that we would adopt as an intervener. He sees these two actions as complimentary and looks forward to the next public hearing.

Councilor Ives echoed thanks to everyone for being here for these important and complex issues which engage our citizens. He thanked the people from PNM for sharing their perspective. He hopes we can demonstrate that there are more cost effective means of accommodating the energy needs, while increasing the renewables portfolio significantly which is stated goal and intent as we intervene in the PRC proceeding.

Councilor Bushee asked to be added as a cosponsor.

Mayor Gonzales thanked the staff and the public for staying with us through the evening. He said this discussion requires both sides to be at the table and "we certainly commit that to all of you."

**VOTE:** The motion, as amended, was approved on the following Roll Call vote:

**For:** Councilor Bushee, Councilor Dimas, Councilor Dominguez, Councilor Ives, Councilor Lindell, Councilor Maestas, Councilor Rivera and Councilor Trujillo.

**Against:** None.

Councilor Bushee introduced a Substitute Resolution relating to Public Service Company of New Mexico's plan to replace 836 megawatts at the San Juan Generating Station; urging the New Mexico Public Regulation Commission to modify PNM's Plan and claims for cost recovery, and to instruct PNM to include more renewable energy in that Plan. A copy of the Substitute Resolution is incorporated herewith to these minutes as Exhibit "18."

**CITY OF SANTA FE, NEW MEXICO**  
**PROPOSED AMENDMENT(S) TO RESOLUTION NO. 2014-\_\_**  
**Replacement Power – Energy Plan**

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**Mayor and Members of the City Council:**

**I propose the following amendment(s) to Resolution No. 2014-\_\_:**

1. On page 7, *delete* line 10 and *insert* the following, in lieu thereof:  
“urges the PRC to set a date certain for the closure of Unit 1, as soon as is practicable.”
2. On page 7, line 14, after NM, *delete* “PUC” and *insert* “PRC” in lieu thereof.
3. On page 7, line 18, after “case” *insert* #13-00390-UT pending”
4. On page 7, line 20, after “resolution to”, *delete* “the”.

Respectfully submitted,

\_\_\_\_\_  
Peter Ives, Councilor

ADOPTED: \_\_\_\_\_  
NOT ADOPTED: \_\_\_\_\_  
DATE: \_\_\_\_\_

\_\_\_\_\_  
Yolanda Y. Vigil, City Clerk



1 and

2           **WHEREAS**, PNM's replacement power plan submitted to the Public Regulation  
3 Commission (PRC) on December 20, 2013, includes the following:

- 4           (1) PNM is owner of 50% of units 2 & 3, or 418 megawatts;
- 5           (2) The purchase of 78 megawatts more coal from SJGS Unit 4 for 52.5 million dollars;
- 6           (3) A certificate of public convenience and necessity to import nuclear generation (134  
7 megawatts) from Palo Verde Nuclear Plant in Arizona for rate-base valuation of \$335  
8 million dollars;
- 9           (4) The construction of a new natural gas plant (177 megawatts) cited in Farmington  
10 despite the fact that Farmington does not have any PNM customers for \$189 million;
- 11           (5) Possibly construct 40 megawatts of utility scale solar power;
- 12           (6) Full recovery of the \$205 million dollars in un-depreciated asset for the closure of  
13 SJGS Units (also known as "stranded assets"); and
- 14           (7) Pollution controls on SJGS Units 1 and 4 for 82 million dollars; and

15           **WHEREAS**, climate scientists worldwide are in near-unanimous agreement that the planet is  
16 warming rapidly and to a degree that is perilous to human civilization, to numerous species and to the  
17 global ecosystem and that the primary cause of that warming is human activity, especially through the  
18 accelerating combustion of fossil fuels that create CO<sub>2</sub> as a byproduct; and

19           **WHEREAS**, according to the 2013 IPCC Report Atmospheric concentrations of CO<sub>2</sub>,  
20 methane and nitrous oxide have increased to levels unprecedented in the last 800,000 years, and CO<sub>2</sub>  
21 concentrations have increased by 40% since pre-industrial times and every additional release of  
22 greenhouse gases diminishes our chances of avoiding catastrophic climate change; and

23           **WHEREAS**, further delay in responding to this crisis increases the risk of catastrophic  
24 climate change, imminently threatens low-lying coastal areas and land and sea species, threatens  
25 water supplies, increases the frequency of severe weather events, reduces the time available and

1 increases the cost of undertaking adequate responses, and increases risks to the global economy; and

2       **WHEREAS**, the burning of coal is the number one contributor to global CO<sub>2</sub> emissions  
3 worldwide and in the state of New Mexico is responsible for more than 12 million tons of CO<sub>2</sub>  
4 emissions annually; and

5       **WHEREAS**, the burning of coal releases toxic pollutants including nitrogen oxides, sulfur  
6 dioxides, and mercury that contaminate our soil and water and that are proven to cause serious health  
7 conditions such as asthma, lung, and heart disease and cancer; and

8       **WHEREAS**, a 2012 analysis by a nationally recognized Environmental Medicine NYU  
9 Professor, Dr. George Thurston, found that over the last five years PNM's failure to comply with the  
10 necessary pollution reductions at the San Juan coal plant has cost \$240 million in public health care  
11 costs (asthma, lung disease, heart disease, and hospitalizations); and

12       **WHEREAS**, according to the 2013 Community Health Profile Study commissioned by Santa  
13 Fe County and CHRISTUS St. Vincent Regional Medical Center, 24% of Santa Fe County high  
14 school students have been diagnosed with asthma; and

15       **WHEREAS**, the combustion of coal and nuclear energy are the most water intensive ways to  
16 produce electricity; and

17       **WHEREAS**, the SJGS plant consumes 6 billion gallons of water annually, which is the  
18 equivalent to 11,000 gallons a minute; and

19       **WHEREAS**, after the water is used, the toxic produced water is stored in large open air pits  
20 to evaporate and contaminate our air, and has poisoned groundwater; and

21       **WHEREAS**, Governor Martinez has issued a formal drought declaration that encompasses  
22 the entire state of New Mexico; and

23       **WHEREAS**, according to the U.S. Drought Monitor, one hundred percent of New Mexico  
24 was in moderate drought at some point during 2012, with over ninety percent in severe status; and

25       **WHEREAS**, communities exist where drinking water supplies are threatened due to the

1 cumulative effects of drought; and

2       **WHEREAS**, the State of New Mexico has suffered through numerous natural disasters  
3 associated with the drought, including crop production loss, severe wild fires, and flooding due to  
4 severe wild fires; and

5       **WHEREAS**, “Drought conditions can create serious problems for many New Mexico  
6 communities, farms, ranches, and open spaces. Fire danger is high, water reservoirs run low, and in  
7 some cases, we’ve seen towns like Las Vegas take dramatic steps to reduce basic water consumption  
8 in their residents’ homes and businesses,” said Governor Martinez; and

9       **WHEREAS**, individuals and businesses have begun to do their part, but the energy industry  
10 has failed to transition to less water consumptive forms of energy generation; and

11       **WHEREAS**, the cost of coal is expected to continue to increase due to carbon emissions  
12 regulation mandated as part of President Obama’s Climate Change Action Plan and Coal Ash  
13 Regulation that the Environmental Protection Agency has been ordered to issue; and

14       **WHEREAS**, the environmental and human health costs of nuclear energy are well  
15 documented; and

16       **WHEREAS**, according to the National Cancer Institute, the following diseases can be caused  
17 by exposure to radon, uranium, and decay elements of uranium: bronchial and lung cancer, leukemia  
18 and other blood diseases, cancer of the bone marrow, stomach, liver, intestine, gall bladder, and  
19 kidney, failure of the kidney or liver, psychological disorders and birth defects; and

20       **WHEREAS**, nuclear waste requires safe storage for at least 1000 years and permanent  
21 storage space is limited; and

22       **WHEREAS**, U.S. nuclear plants generate about 2,000 tons of spent fuel a year and since the  
23 1950s, ratepayers have contributed \$27 billion to pay for permanent disposal; and

24       **WHEREAS**, improper disposal and risk of accidents pose serious environmental and public  
25 health threats; and

1           **WHEREAS**, beyond these hidden costs, the price per kilowatt-hour of the nuclear energy  
2 proposed for the Replacement Power Plan is significantly more expensive than both solar and wind  
3 alternatives; and

4           **WHEREAS**, the City of Santa Fe Municipal Charter charges the governing body with the  
5 responsibility "to secure for ourselves and our children the continuity of our cultural values, our  
6 personal freedoms, and our well-being," declares that "[t]he natural beauty of Santa Fe" is "among the  
7 city's most valued and important assets," and charges the governing body of Santa Fe to "protect,  
8 preserve and enhance the city's natural endowments, plan for and regulate land use and development,  
9 manage the city's growth, encourage source reduction," and take such actions as are necessary to do  
10 so; and

11           **WHEREAS**, the City of Santa Fe has a record of accepting these responsibilities and  
12 acknowledging the reality of climate change, probable effects of climate change on our City, and our  
13 ability and responsibility to reduce our contribution to the causes of climate change - as evidenced by  
14 the City's endorsement of the U. S. Conference of Mayors Climate Protection Agreement; the  
15 adoption of the Sustainable Santa Fe Plan (Resolution 2008-93); the establishment of the Sustainable  
16 Santa Fe Commission; and the passing of Resolutions addressing these concerns (e.g., Resolutions  
17 2009-45,2011-17, 2012-12,2013-12, and 2013-12, among others); and

18           **WHEREAS**, the closure of San Juan Units 2 & 3 presents a critical opportunity to transition  
19 away from New Mexico's investment in fossil fuels and nuclear energy and presents an opportunity  
20 to rapidly deploy renewable energy technologies to meet New Mexico's energy demands; and

21           **WHEREAS**, New Mexico has some of the best solar potential in the country and areas with  
22 very strong wind potential as well and the benefits of solar and wind energy production will include  
23 CO<sub>2</sub> emissions reductions, better health and environmental outcomes than fossil-fuel or nuclear  
24 energy, and can stimulate the creation of jobs in New Mexico; and

25           **WHEREAS**, solar and wind are both now cost-competitive energy sources and an alternative

1 replacement power plan has been modeled by New Energy Economy with 50% renewable energy and  
2 without the purchase of any coal or nuclear generating capacity at a lower total cost than PNM's plan.

3 **NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE**  
4 **CITY OF SANTA FE** that the Governing Body recognizes that:

- 5 (1) The pollution caused by humans burning fossil fuels is established by scientists as a  
6 primary cause of climate change;
- 7 (2) The City of Santa Fe Municipal Charter charges the governing body with protection  
8 of our city's residents and natural assets; and
- 9 (3) a necessary measure to address this problem is to replace fossil-fuel and nuclear  
10 energy with renewables that are cost competitive whenever possible.

11 **BE IT FURTHER RESOLVED** that the Governing body opposes PNM's replacement  
12 power plan on the basis that it:

- 13 (1) Will not help the City government meet its CO<sub>2</sub> reduction goals;
- 14 (2) Will not help the City meet its energy efficiency goals;
- 15 (3) Is not the lowest cost solution;
- 16 (4) Is not the best environmental outcome;
- 17 (5) It does not provide the best employment opportunities;
- 18 (6) Is not the healthiest option for the people of New Mexico and of Santa Fe;
- 19 (7) Does not take into account recognized external costs to human health and air quality;
- 20 (8) Is a continuation of risky investment practices in unsustainable and costly energy  
21 sources that are not in the best interest of the public of New Mexico or the ratepayers  
22 of New Mexico; and
- 23 (9) Unfairly places the burden of PNM's poor financial planning on the rate payers of  
24 New Mexico.

25 **BE IT FURTHER RESOLVED** that the Governing Body strongly urges the Public

1 Regulation Commission to require that PNM’s replacement power plan include AS MUCH renewable  
2 energy as is technically and economically feasible.

3 **BE IT FURTHER RESOLVED** that the Governing Body urges the Public Regulation  
4 Commission to require that PNM’s replacement power include AS MUCH energy efficiency as is  
5 technically and economically feasible.

6 **BE IT FURTHER RESOLVED** that the Governing Body urges the Public Regulation  
7 Commission to deny or reduce PNM’s claim for un-depreciated “stranded” assets.

8 **BE IT FURTHER RESOLVED** that the Governing Body urges the Public Regulation  
9 Commission to deny PNM’s request for money for pollution controls for Unit 1 at SJGS and instead  
10 urges the PRC to order the closure of Unit 1 to a date certain, as soon as practicable.

11 **BE IT FURTHER RESOLVED** that the Governing Body urges the Public Regulation  
12 Commission to set a date certain for the closure of Unit 4 at SJGS, and suggests that it be as soon as  
13 practicable, but no later than 2023.

14 **BE IT FURTHER RESOLVED** that the Governing Body urges PNM and the NM PUC to  
15 consider the real cost of coal produced energy as a matter of public health.

16 **BE IT FURTHER RESOLVED** that the City Clerk is directed to forward a copy of this  
17 resolution to the Public Regulation Commissioners and General Council as official public testimony  
18 on behalf of the City of Santa Fe in the case before the Public Regulation Commission.

19 **BE IT FURTHER RESOLVED** that the City Clerk is directed to forward a copy of this  
20 resolution to the New Mexico's Congressional Delegation.

21 PASSED, APPROVED, and ADOPTED this \_\_\_ day of \_\_\_\_\_, 2014.

22 \_\_\_\_\_  
23  
24 JAVIER M. GONZALES, MAYOR  
25

1 ATTEST:

2 \_\_\_\_\_

3 YOLANDA Y. VIGIL, CITY CLERK

4 APPROVED AS TO FORM:

5 

7 KELLEY A. BRENNAN, INTERIM CITY ATTORNEY

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25 *M/Melissa/2014 Resolutions/Replacement Power – Energy Plan*