

Utilities Customer Advisory Group

Minutes for the Meeting on

August 25, 2021

3:00 p.m.

Utilities Center

Conference Room 225

Committee Members Present

Paul Royalty, Chairman

Elizabeth Bardwell, Vice-Chair

Frank D. Gomez, Committee Member (via phone)

Robert Snyder, Committee Member

John McElroy, Committee Member

Others:

Becky Baum, RC Creations, LLC

Cassie McClure, Public Outreach Consultant

Greg Shervanick

Philip Simpson, Consultant Green Chamber

Carrie Hamblin, CEO Las Cruces Green Chamber

Don Kurtz,

Debbi Moore, Chamber of Commerce

City Staff Present:

Robert Cabello, Deputy City Attorney

Tanya Cereceres, Administrative Assistant

Lucio Garcia, Deputy Director Natural Gas

Meei Montoya, Operations Engineer

Jose Provencio, Deputy Director Business Services

Mario Puentes, Gas Business Analyst

Domonique Rodriguez, Rate and Economic Analysis Manager

Alma Ruiz, Senior Officer Manager

James Stafford, Management Analyst

Vanesa Terrazas, Administration

Jennifer Vega-Brown, City Attorney

Delilah Walsh, LCU Director

Adrienne Widmer, Assistant Utilities Director

Chair Royalty called the regular meeting to order at approximately 3:00 p.m.

Chair Royalty: First, I would like to entertain a motion that we allow Mr. Gomez to participate through the telephone. Do I hear a motion to that effect?

Snyder: I'll move.

Chair Royalty: All right, any second.

Bardwell: I second it.

Chair Royalty: Okay. All those in favor?

MOTION PASSES UNANIMOUSLY.

Chair Royalty: Okay, Mr. Gomez, you're all set. Sir.

1. Conflict of Interest:

Chair Royalty: We'll just move forward. Next thing I'd like to do is I would like to find out if there's anybody on the board, or anybody at the Utility staff that has a conflict of interest with anything that's on the agenda. I'd like to do that with a roll call vote, and I'm going to start out up here with Mr. McElroy.

There were none.

2. Acceptance of the Agenda:

Chair Royalty: Okay, moving forward then. I'd like to get a motion for the acceptance of the agenda.

Bardwell: I move to accept the agenda.

Chair Royalty: All right, Ms. Bardwell moved to accept the agenda. Do we have a second?

Snyder: Second.

The Agenda was Accepted Unanimously 5-0.

3. Approval of Minutes:

3.1. Regular Meeting Minutes of August 11, 2021

Chair Royalty: All right now the approval of the minutes from the last meeting that was actually sent out to each one of us. What I'd like to do is I'd like to entertain a motion to approve the minutes from the last meeting. Do I have such a question?

Gomez: Let me be the one to move that be approved, please.

Chair Royalty: Okay. Second?

Bardwell: I second.

Chair Royalty: Ms. Bardwell seconded it. All right. All those in favor, say aye.

The Minutes were Approved Unanimously 5-0.

4. Purpose of the Utility Customer Advisory Group::

Chair Royalty: The next thing on the agenda is for Ms. Brown to actually give us a presentation on the purpose of the Utility Customer Advisory Group.

Vega-Brown: Good afternoon, Mr. Chair and committee members. My name is Jennifer Vega-Brown, and I'm the City Attorney. I apologize we didn't have prepared a presentation, I wasn't aware that you were wanting a presentation, but what I will go over are some of the information that I have regarding the purpose of this committee.

Chair Royalty: Okay.

Vega-Brown: As you are aware, the Utilities Board is created by a mechanism of the City ordinance, City charter and City statute. Within that it gives the Utilities Board the ability to create and set rates. Our ordinance was changed in I believe 2016 that changed the process for that rate determination. In Resolution 16-

222, I was looking for any place that gave this Board the authority and where that authority came from and what the goals and the stated purpose for this board is. As you know the City of Las Cruces has at least 30 different types of boards and commissions including (*inaudible 0:17:29*) and (*inaudible 0:17:32*) would require that those committees and boards have a stated purpose and general mission statements, as well as this board. However, again Resolution 16-222 you will find in the rate setting process, which I found (*inaudible 0:17:49*) the UCAG is mentioned under number four and indicates that it coordinates and host customer input meetings together, commentary and feedback. The goals are presented to the Las Cruces Utility Board. Is again mentioned, the UCAG is mentioned again on page seven of seven, number three, which indicates that the UCAG can be established so that the appointments are valid for a series of rate reviews. Then again in attachment A of that resolution on number four, it indicates that securing public input and feedback from a City created Utility Customer Advisory Group. Those are the only places that I find that the UCAG is mentioned. And so given that detail, I think that the role and the purpose of this board is to provide, to coordinate and provide customer input and public input and make recommendations to the Utilities Board.

I don't know what other specific questions you had regarding the timelines and the other stated purpose if there is a required timeline, I did not see that there was one. I believe that this board, it is incumbent upon this board to align itself with the Utilities Board timeline, but more importantly with the City Council's timeline. If the City Council places the rate change on the agenda, of course this board would have to accommodate that. I don't think that has occurred yet. I think that the Utilities Board does have and I'll defer to Ms. Walsh, I think they do have a timeline for making that recommendation.

Walsh: That is our direction at this point. The Utilities Board has directed staff to begin the rate review process, and thus the public outreach process engaged with a consultant. Then our next steps are to bring it to UCAG, gather public outreach, and then report back to the Utilities Board. We will continue with the rate setting process as we've been directed to do, as staff has been directed to do, but what we need is for UCAG to have those opportunities for public input, and thus make their recommendation to the Utilities Board. Utilities Board will then go through the same process of review and make a recommendation to City Council and ultimately they make the decision on rate setting.

Chair Royalty: Okay. All right. Do you have anything else Ms. Brown?

Vega-Brown: No. Thank you Mr. Chair. Well, one more thing, Mr. Chair and committee members, just as a possible recommendation to consider, amending some of the, either the current resolution, amending it to have a specific, a more clear stated purpose for this committee to align itself with what other City committees have. A stated purpose and just very basic guidelines so that it's

more clear in the future with what the role is. My office would be happy to assist in any way if that's the desire.

Chair Royalty: Okay. All right. Thank you.

Bardwell: Mr. Chair.

Chair Royalty: Yes.

Bardwell: Can I ask a question of the City attorney?

Chair Royalty: Sure.

Bardwell: The recommendation to amend the resolution to increase clarity as to the role and purpose of UCAG, that's really a recommendation that should be made to City Council, or do you want the UCAG board itself to make recommendations to be considered by Las Cruces City Council?

Vega-Brown: Thank you Mr. Chair and committee members. There's a couple of things that could occur. The UCAG could make a recommendation to the Utilities Board, which could then pass that on to the City Council. We could also request that the City Council have a work session to discuss it further. Or staff could just make a recommendation directly to the City Council. Either way it could go any number of ways.

Walsh: Mr. Chair, Ms. Bardwell. That is the intent of our staff. We would like to see this process cleaned up before we start our next rate setting process to do just what Jennifer recommended, and align better with what other boards and committees do at the City of Las Cruces and clean up those definitions to have a very better defined scope of what needs to happen and what you do and what's to be accomplished.

Chair Royalty: Okay.

Walsh: Staff will be making that recommendation.

Chair Royalty: Okay. Thank you. Did that answer your question Ms. Bardwell.

Bardwell: Yes, thank you.

5. Public Participation:

Chair Royalty: Okay. I'd like to open up now the discussion for public participation and comment. Do we have anybody that would like to speak at this point? I see two, three, four. Okay. So who, let's see Mr. Simpson, do you want to go first?

Simpson: Chairman. I would like to make my comments before the agenda item 6.2. I'd like to reserve comments until that point.

Gomez: Chairman.

Chair Royalty: Yes sir.

Gomez: Your phone is loud and clear. Very clear voice. The presenters, I don't know whether their mics are as close as yours, but I miss a little bit of stuff, not too, too bad. I follow the trend but I'm not getting too clear of a picture on that.

Chair Royalty: Okay, we'll try to get closer to the mics then when we talk. Okay.

Gomez: Thank you my friend, I appreciate that.

Chair Royalty: All right. Thank you sir.

Simpson: Yes sir. I would like to reserve my comments until just before agenda item 6.2 is discussed. It's my understanding that's one way to do.

Chair Royalty: Okay. Let's move on to the other. Yes sir.

Kurtz: I'd like to do the same Mr. Chair. Because it's more relevant, my comments are more directly relevant to 6.2.

Chair Royalty: Okay. The other people that we had.

Hamblin: Mr. Chair. I'm fine with speaking right now although they are relevant to agenda item 6.2, but I'm find with speaking now.

Chair Royalty: Okay. That would be great. Why don't you come up to the podium. Mr. Gomez, I want to make sure you can hear this.

Gomez: Thank you. Thank you.

Hamblin: Are you able to hear me sir.

Chair Royalty: Evidentially not.

Hamblin: What's his name again?

Chair Royalty: Mr. Gomez.

Hamblin: Mr. Gomez, are you able to hear me sir?

Gomez: Yes, yes. It's a lot clearer now. Yes.

Hamblin: All right.

Gomez: Don't be afraid to speak up because I want to, I sure want to be as attentive as I can on what you're saying. Thank you.

Hamblin: Sure thing Mr. Gomez. I don't think I've ever been accused of being afraid to speak up. Thank you very much, Mr. Chair and members of the Utility Customer Advisory Group. My name is Carrie Hamblin and I'm the CEO and president of the Las Cruces Green Chamber of Commerce. I'm also humbled to serve as a State Senator for District 38. Thank you for allowing us the opportunity to again speak to you.

The Las Cruces green Chamber of Commerce serves over 200 locally owned businesses committed to the triple bottom line of people, planet, and profit. We focus on supporting local businesses, creating sustainable communities, and protecting our air, land, and water. We are here again today to share with you our concerns about the consideration of increasing gas rates for our community, specifically for our small businesses. According to a data set provided to our organization by Las Cruces Utilities, there are 39,443 residential customers, 3,152 small commercial class customers, and then 35 customers that fall into the large commercial industrial irrigation and high volume customer categories.

Again, for the record, we are discouraging the increase of gas rates for a couple of reasons. This is a really bad time to raise rates after rates have just doubled due to the emergency storm rider, and while businesses are still trying to recover from COVID-19, closures, restrictions and the recession. Given that the Delta variant is surging again, I suspect that we will have that happen again. The line extensions and added personnel that caused most of the rate increase are likely to be drastically changed by the energy transition plan and the roadmap that is already under development, and so they should be put on hold. Also, just to let you know in my capacity as state senator, the activity at the state level regarding legislation is continuing to focus on reducing dependence on extractive industries throughout the state and moving more toward electricity provided by renewable energy.

Lastly, the Las Cruces Climate Action Plan says electrifying 6% of buildings by 2030, and 75% by 2050 is not necessarily something that requires creating new gas buildings. On behalf of our member businesses, and the thousands of others who will be affected by this rate, I urge you to place a hold on the gas rate increase and the gas line extension. To join me in this request I would like to bring up my colleague with the Greater Las Cruces Chamber of Commerce, Debbi Moore, who is the president and CEO.

Moore: Thank you Carrie. My name is Debbi Moore. Mr. Gomez, can you hear me?

Gomez: Yes very well. Thank you both of you are loud and clear now. Congratulations.

Moore: Us Chamber people, you know, we have a way with our voices. Debbi Moore, President and CEO of the Greater Las Cruces Chamber of Commerce. Mr.

Chair, I do have copies of my statement for everyone. I'm not sure whether Delilah is the one to get them. This is our board resolution in opposition to natural gas rate increases as proposed by Las Cruces Utilities. Since you have it in front of you. I'm not going to read all of it. Bottom line is that we feel like most of all the timing is not right. We serve over 700 businesses representing about 35,000 employees. These businesses are still recovering and continue to navigate the waters after the pandemic. The business community served by the chamber, many of whom are customers of LCU, has suffered tremendously by COVID pandemic closures, restrictions, and overall loss of income over the past year, and currently continue to face economic losses as they begin to recover. Simply stated, now is not the time to increase natural gas rates. Now therefore be it resolved, on August 24th, yesterday, the Board of Directors of the Greater Las Cruces Chamber of Commerce voted to oppose any and all natural gas raises proposed by the Las Cruces Utilities. It's signed yesterday by Jed Fanning our chair, and Jerry Harrell, our secretary treasurer. Thank you Mr. Chairman.

Chair Royalty: All right. Thanks. Okay. There was somebody else back there that wanted to speak. Yes, sir.

Shervanick: Good afternoon board and Director Walsh. My name is Gregory Shervanick for the record. S-h-e-r-v-a-n-i-c-k. This is old business now sent to you that has accepted the minutes of today last meeting's agenda. This subject was briefly touched at the last UCAG meeting by Director Walsh. Delineated the following day at the Utility Board meeting. On August the 16th at the City Council meeting, the information was formally adjusted to 2021-22 budget and voted on as Resolution 22-016, under the fund number 5200, which is gas operations. The program is administrative gas. It is a revenue adjustment and an expenditure. Under the reason for the adjustment is a revenue to expenditure for the items related to the February 2021 storm, the adjustment of expense of \$126,000.20, to bring the master plan to actuals. The new adjusted budget is \$5,126,020. Thank you very much.

Chair Royalty: Okay, Was there anybody else in the audience that wanted to speak?

Goodman: I may wish to speak to the item later.

Chair Royalty: Okay. 6.2. Yes, sir.

6 Gas Rate Review:

6.1 Public Input Update:

- **Update Public Outreach**
- **Public Outreach Appendix**
- **Simpson Report Response**

Chair Royalty: Okay, the next thing we've got is Ms. Rodriguez is the public outreach.

Rodriguez: Good afternoon, Chairman and members. My name is Domonique Rodriguez. I'm the Rate and Economic Analysis Manager. I have for you a quick update of the public outreach. Right before our previous meeting three more responses were received and the UCAG e-mail, are noted in the second to the last row of the chart. One of those customers requested that option one be implemented, while the other two requested that option three be implemented. I just wanted to give you that. We also made an appendix of all e-mails received from public outreach and have provided that to the UCAG as well.

Also, we have provided a response to Mr. Simpson's report. LCU is available if you have any questions. That concludes my presentation.

Chair Royalty: Okay. All right. Thank you

Bardwell: Ms. Rodriguez. Can I ask you a question about your presentation? I'm just curious why this chart isn't updated to include the public comments that were received at the August 11th UCAG meeting where there was public comment received regarding the Gas Rate Review, and including Mr. Simpson's report. My recommendation is that we update this to reflect those increased numbers and actually to be updated to reflect today's public input as well, because this is going to Las Cruces Utilities Board.

Rodriguez: Yes.

Bardwell: That there be an appendix which is Mr. Simpson's complete report and any handouts he might provide. I don't think that's in your current appendix.

Rodriguez: No, it is not. You are correct. That was my mistake. I will update those. You are correct.

Bardwell: Thank you.

Chair Royalty: Any other questions?

Walsh: Mr. Chair, Miss Bardwell. I do want to reassure you that we will provide those reports to the Board. We already have as a matter of fact, but we will continue to do so through the process to Council, so Council will receive those.

Chair Royalty: Okay.

Walsh: I just wanted to reassure you that.

Bardwell: Thank you.

Chair Royalty: Thank you.

6.2. Discussion and Approval Recommendation To the Las Cruces Utilities (LCU) Board:

- **Discussion of Recommendation to the LCU Board**
- **Approval Recommendation to the LCU Board**

Chair Royalty: Okay, the next thing on the agenda then is discussion and approval of the recommendation by the Las Cruces Utility Board. First thing I'd like is to get a motion from somebody on the board for us to open it up and to determine what it is that we would recommend to the Las Cruces Utility Board.

Bardwell: I'm sorry Chair, what agenda item are we on?

Chair Royalty: We're on 6.2.

Bardwell: The third item under 6.1, there's no presentation.

Walsh: It's in your packet.

Bardwell: I see. But you're not going to make any presentation.

Walsh: No. We were open for any questions, or if you have any questions.

Bardwell: I do have some questions on the report, on the rebuttal, or whatever we're calling it, the response. Do we have that in our packets? We do, don't we?

Chair Royalty: Yes, we do.

Bardwell: Okay, so let me, if you'll give me a couple of minutes, let me just, so that I can point the board to a page number.

Chair Royalty: Sure. Trying to find this.

Bardwell: It's in the last tab.

Chair Royalty: The last tab. Okay, got it.

Bardwell: I just wanted clarification on one, on this statement on page two, you say develop, and this is in bold, development projects that are included in the new debt are for reliability and redundancy in the system, but in the chart below, not all projects have a checkmark for redundancy. Is it more accurate to say that some of the development projects are for redundancy not all of them?

Provencio: Chairman, Commissioner Bardwell. That's correct. In general, those there are for redundant purposes, and those that in time will become part of a design review for redundancy. At that point, as you say, some are and those have been marked, and those other just at this time main line extensions.

Bardwell: Okay. Just to follow up on that question, if I may. What I hear you saying is that there are some gas line extensions that would be built now, that in 10

years or more might provide some redundancy, but currently they would not provide any redundancy benefits to existing lines that serve customers today.

Provencio: Yes, that's right.

Bardwell: The other thing I wanted, let me see if I can get to this page too. There is at the very end of the report an Exhibit E, which contains the cost estimates for the Talavera gas service project. You address that Exhibit B on page three of your report. There you say that the majority of the Talavera extension costs are related to a phased extension of the high pressure line. Do you agree with Mr. Simpson's statement in his report that as currently indicated by the number of customers that have expressed an interest in connecting to Talavera that existing gas customers will pay or actually not even, because currently there are 19 customers, my understanding is as of May there were 19 customers in Talavera who expressed interest in, or actually have connected in fact. Okay. Nineteen. There's a much larger number that expressed interest but in fact have not connected. That's like in the numbers 400 or so. Even if you were to assume that all of those 400 customers do in fact connect, only 19 have today, but let's assume that as many as 400 or so will connect, even then 66% of that Talavera project would be paid for by existing customers, is that correct?

Walsh: I won't answer to the numbers directly. I know Joe's more familiar with that. The item to remember is the Talavera project is to take the old Rio Grande Natural Gas System high pressure line, and loop it to the existing Las Cruces Utilities, high pressure line. That's the loop. We go down Dripping Springs Road, I think Baylor Canyon, and we hook up to our Highway 70 line. When we absorbed that Rio Grande System, part of the 2013 gas master plan was to close that loop, to make that one big gas system rather than piecemeal systems as we absorb the Rio Grande system. A portion of that construction meets that 2013 master plan goal. In addition to that, as we run that high pressure line, we can do something like install a regulator station in order to run low pressure lines and service those customers. That amount is what is assessed against the customers as they hook up, the cost of providing that low pressure service in Talavera. The 100% cost is not just for those homes to hook up. Majority of it is to close that loop.

Bardwell: What you're saying is that at some point in the future there will be a redundancy benefit for all existing customers, but that date is not till 2030. Is that correct?

Walsh: I'd have to look at the masterplan. I can't answer that right off the top of my head.

Provencio: Based on protections, Commissioner and Commissioner Bardwell, that's part of the expansion plan, or the plan for the network. It's dependent on development as new customers are added to the system and projects are lined up to extend that high pressure system for that that specific loop.

Bardwell: Okay, so I guess it's fair to say that currently, until we build out all of those lines that you're projecting out to as far as 2030, there are no redundancy benefits to existing customers.

Walsh: It's not looped.

Provencio: That's right. As the question as you present it, it's in the process of being extended. At this time there's no redundancy. The plan does have to identify what has to be done for a plan phase basis on what has to be done to improve the system.

Bardwell: Okay. Now, I want to turn to some, a comment on page seven of your report. I think it was on page seven on the one I had. Yes, at the very last sentence on page seven of your report. One of the issues that Mr. Simpson raised in his report and in his comments on August 11th, was that the way you interpret economic justification for extension of natural gas lines is you look at the total number of possible parcels. You make an assumption that everyone in that development, in that proposed extension area, is going to connect. That's a very optimistic assumption. I think you acknowledge the unrealistic possibility of that because on page seven you acknowledge you're going to commit to revising the gas main extension policy to introduce terms and conditions to attain a higher connection rate for gas main extension before initiating gas main construction. That's in your report.

Provencio: Yes.

Bardwell: The reason why that I'm drawing everyone's attention to that statement is that under our natural gas line extension policy two criteria have to be met. One, the project has to be economically justified; two, you cannot unreasonably require existing customers to subsidize that construction. I think what we've seen highlighted in Mr. Simpson's report is that there is an unreasonable assumption being made in the economic justification to allow these projects to proceed. That they're assuming all 960 parcels in Talavera are going to connect. When to date 19 have connected. I just want to point that out, because part of what we're being asked to vote on today is the gas rate increase that is based in not insignificant amount, a new debt service to build gas line extensions that are being justified under a policy that you're now saying you're going to revise.

Provencio: If I could address that, Chairman, Commissioner Bardwell. That statement addresses the tariff gas main extension policy as it's in the gas service process tariffs. That is the general what I would call the general gas main extension policy. It is acknowledged that there isn't enough administration or management, not management but certainty in closing out when the engineering estimate has been developed, and the unit charge for each parcel has been determined, and all the communication has been put out to the customers, that it was likely there was some optimism in terms of getting

customers to hook up. The Talavera resolution, the Talavera gas distribution system was a specific assessment for that subdivision on its own. That has been cited in resolution 18-19-LCU088A, and the initial one that was done and passed two prior years before that. That is uniquely applicable to Talavera. The point is, is well taken in terms of the long term development. Utility infrastructure, be it gas, water, electric, whatever, it's put in well ahead of time before the actual connections do occur. I do agree that those things take time. The Talavera assessment is completely separate from the general in which I was addressing on page seven is addressing the tariffed gas main extension policy. That one I've noted that we acknowledge it needs to be revised to close the gap between actual and anticipated connections.

Walsh: Mr. Chair, Ms. Bardwell. If I can continue on that same train of thought, it is absolutely reasonable for the UCAG to make that recommendation to the board that any projects that are not determined reasonable to be borne by existing customers, should be removed from the debt estimates. That is a possibility in your recommendation to let the board know, we don't think such projects should be included with debt service when including this rate review.

Bardwell: Thank you very much.

Chair Royalty: Okay. Anything else? Mr. McElroy.

McElroy: No.

Chair Royalty: Mr. Snyder. Any other comments.

Snyder: No.

Chair Royalty: Mr. Gomez. Do you have any additional comments?

Gomez: No, not at this point. The (*inaudible 0:49:42*) session there was a little bit, in so far as I'm concerned with my hearing, was inconsistent for me to make any comments on, but I am very honored and pleased that you all let me participate by phone. I know that those of you who are there to make a decision and make comments are doing a good job. I'm to congratulate you. One of these days or whatever I'll be there presently at that meeting. Thank you very, very much. I appreciate it.

Chair Royalty: Okay. All right. No additional discussion up here. We had a couple people that wanted to speak back here in the back.

Kurtz: Since I'm at distance could I remove my mask while speaking or would you rather?

Chair Royalty: Why don't you pull the mic over. There you go.

Kurtz: Would that be okay?

Walsh: No. I'm sorry. In City facilities we're required to wear masks.

Kurtz: Okay. Now I know. Thank you. Okay. My name is Don Kurtz, and I'm a resident in the area and a customer of Las Cruces Utilities. As I mentioned in my comments a couple of weeks ago, the City used to have a robust adversarial process for making sure rate hikes are reasonable and justified with a separate consultant and attorney provided for the rate payer advisory committee, which is your committee's predecessor, to represent customer interests. This all went away in 2016 leaving UCAG the sole remaining advocate for customers interests. It's essential in my view, that you don't act as defenders of the Utility, but rather is skeptical and assertive advocates for those you serve. I'm confident you'll do this with thoroughness, thoughtfulness, and skill.

I also want to acknowledge the challenges faced by the utility board and staff which are considerable. When this rate proposal was originally being formulated they couldn't have anticipated COVID-19 and the devastating financial impact it would have on local businesses. They couldn't have foreseen winter storm Uri requiring a utility rider that would, with the proposed rate hike added in, mean an enormous increase in the monthly bill for small businesses. They wouldn't have known that the climate challenge would emerge with such urgency everywhere we look more and more every day, forcing a rapid recalculation of our energy future. They didn't know that the City Council only a few months ago in response to that climate challenge was going to require LCU to develop a detailed energy transition plan and roadmap intended to guide utility decision making on the very projects being proposed in this current rate hike. They likely wouldn't have foreseen either the council members clearly express doubts about further extension of gas lines and the acquiring of new debt.

This though is the situation we're in. This is the situation in which the rate hike proposal comes to you. This is where the importance of UCAG becomes clear. It is utilities determination to pursue the original rate hike plan in defiance of current conditions, of City policy, and common sense that the members of UCAG must question and remedy. That's why I hope you will revive some version of the motion that you already made and passed two weeks ago, which is to recommend to the Utility Board that they postpone the current rate hike request until we've emerged from COVID, until the winter storm Uri rider has been retired, and until the utilities energy transition plan and roadmap has been completed, and can guide further planning. Thank you very much.

Walsh: Mr. Royalty. If I may. My only comments, and I just want to make a correction that the utility and proposals that we'll set forth before the Board in the City Council are not in any sort of defiance of our climate action plan or resolution 153. We are moving in the same direction that we've been directed by the City Council. We are part of the decarbonization effort related to the Climate

Action Plan. We are moving forward on starting our energy transition plan as called forth by 153.

Chair Royalty: Okay, and did we not rescind that motion that we had at the last meeting?

Bardwell: No. We did not rescind it. When I read the minutes it was not rescinded. I think the senior assistant City attorney Mr. Cabello had said it was an improper motion. I can go back to the minutes and pick your language exactly, but basically you said it's not an allowed motion. The implication being it didn't have to be rescinded. It stands but it was never rescinded. You claim it was invalid for violation of the Open Meetings Act.

Chair Royalty: Okay.

Cabello: Chair. It was a violation of the Open Meetings Act. However, it's also improper because UCAG does not have the authority to just postpone the entire process. It does not have that authority.

Chair Royalty: Okay, thank you for your input. Okay. Looking at our agenda down through here, I need a recommendation, a motion.

McElroy: I think there's one other.

Snyder: There's one other.

Chair Royalty: I'm sorry, Mr. Simpson, I'm sorry.

Simpson: I'd like to thank the chair and the committee members for my chance to say a few words about the utilities response to my report. I have reviewed that response. I did not see anything in that response that truly contradicted anything, or made me doubt anything in my report. I was pleased that they did not find any errors. I continue to stand by everything in my report, and I urge you to read it. With one exception, in table nine, on page 16, I mislabeled one of the projects. I called it Elk's Drive two-way, that project should be Thomas Moran Chula Vista. I did find an error going back and looking at the report, but it was a relatively minor one.

I don't have time to address all the details of the utilities' response to my report, but I do have a few comments. I would note that the response addressed the executive summary of my report, not the report itself, and did not address my detailed analyses. The response did not seem to appreciate the full impact on small commercial customers, because it tried to separate this gas rate increase from the storm recovery rider increase, when in reality customers don't really care. They just see much higher bills. Even under the phase in option, small businesses would pay 48% higher bills in the first year, and 62% in the second.

I would also point you to a contradiction in the report. The response at the top of page three says the majority of the Talavera extension costs are related to a phased extension of the high pressure line. I'll give you a minute to find that if you want. The response Exhibit B that I think Ms. Bardwell referred to earlier, it shows all the same costs and customer numbers as my report, resulting in a \$6,020.00 per customer cost, as if all parcels would connect. I would note that there's a lot of parcels up there that aren't even developed, so expecting them all to connect is kind of unrealistic.

Another item I wanted to address is, my report stated the capital fund balance is enough to fund seven years of gas rehabilitation. The response at the top of page four, first makes an unrelated claim about my figure three, which shows they didn't read the paragraph just before the figure, and then throws in a bunch of unrelated expenses including gas development. The reality is that rehabilitation expenses have been fairly consistent over the years at about a million dollars per year. I fully support that rehabilitation spending. There's plenty of money for that. Regardless of the cause or source of the increase, small businesses will see much higher bills of this rate increase is approved, and that impact will be difficult to absorb on top of the COVID-19 closures, restrictions, and recession. Most of the increase is for expenses they're likely to radically change with the utilities energy transition plan that is already under development. The expansion of the gas system is expensive for existing customers, increases indebtedness and rates for 20 years, benefits only a few, and makes it much harder and more expensive to meet our climate action plan.

I want to give you a one page thing that describes and illustrates the example (*inaudible*) WALKED AWAY FROM THE MICROPHONE. Is in the report. For anybody in the audience, there's more copies back here. I made 20 copies, so there should be quite a few back there. Looking at this table, you can see the cost paid by each new customer does not change regardless of the number of new customers that actually sign up. Talavera there are 960 possible customers, only 419 of whom responded to a survey indicating they might connect, and that survey implied that gas service would be free. As of the end of May only 19 have connected. In other words, existing customers are subsidizing 98% of the cost of the Talavera gas line extension.

Regarding claims that most of the line extensions are for reliability and redundancy, my report documents that only 10% of the costs in the annualized debt service are primarily intended for redundancy. It's interesting that the response listed everything in my one page executive summary, except for my recommendations. My recommendations were delay the rate increase until a gas utility completes its transition plan and businesses recover, define the personnel skills needed for the new natural gas and energy resources line of business. It's hard to breath through this mask. Pause new gas line extensions and scrutinize each one carefully to see if any are truly needed. Maintain gas lines for safe and reliable service to existing customers without any cost increase.

Just finally with respect to the Climate Action Plan, I would urge you to read the section or report on that because in my view gas line extensions are not anywhere near consistent with the Climate Action Plan. Thank you.

Walsh: Mr. Chairman. The only item I want to address is on Mr. Simpson's comment that we didn't refute or review the entire report. Our staff did review the entire report. Our intention was to provide a response as requested by the UCAG. We did that in the executive summary section, just as we've responded to every e-mail we received, and we've included that for you. It is not our intent to dilute, refute, rebut, or analyze somebody else's report because the purpose of this board is to gather information. Our intent was not to just rebut information, we just wanted to provide a response to that summary. Because we are going to include Mr. Simpson's report with your public feedback, which will go again to the LCU Board and to the Council. It was not our intent to, we never intended to pick apart that report or repute it or provide some other technical report in refute. Our intent in this process is to ensure the public has a voice. The green chamber engaged with Mr. Simpson to provide that voice on their behalf. We don't want to, there's no need for us to pick it apart or do anything to that effect. Now if we have a directive from the LSU Board based on your recommendations, that could be a different story. We don't want to interrupt or invalidate the public comment period.

Chair Royalty: Okay, Ms. Walsh. Are we also going to include besides Mr. Simpson's report, all the other e-mails and things that's going to the Utility Board?

Walsh: Yes, sir. The same booklet of e-mails and comments you have will be provided.

Chair Royalty: Good. Okay, that being said, did we have anybody else that wanted to speak?
Yes, sir.

Goodman: Thank you sir. Mr. Gomez, can you hear me all right?

Gomez: Yes, yes. It's not as clear as I'd like to have it but (*inaudible 1:04:54*). I appreciate it.

Goodman: I think that's, that's called a mask, but I'll work on it. For the record, my name is Peter Goodman. I have more questions than really suggested answers. I think it was just explained that they are not, I think having read Mr. Simpson's report, it raises some very valid, very important questions. I think that it does, it is kind of incumbent on the Utility, on the proponents of this raise to answer those questions or address them, mitigate them, explain why they're not important, because part of your task, as you marshal public opinion, is to advise the Utility Board to pass on what you've heard with your advice recommendation. That's in your name. I thought I heard counsel confirm that that's part of your job. The Utility to be fair to itself and to the public ought to give its best shot at answering Mr. Simpson's questions.

I think one that's key among those is why such an extensive investment as the Talavera and as really the whole project to my understanding, would be appropriate when the City is clearly, and the world is clearly moving away from natural gas. We're talking about something that I think they confirmed the redundancy would not be a benefit until 2030. We don't know, have a clue what 2030 is going to look like. Thank you, sir.

Chair Royalty: All right. Thank you.

Walsh: Mr. Chair. If I may, again. I'd just like to remind you that can be part of your recommendation, when we look at the line extensions. That's just a reminder. The bottom line as a utility, as director, I have to still be able to maintain the system to deliver that cost, no matter what happens with climate action and energy transition, we don't want an unsafe, unreliable system.

Chair Royalty: Sure. All right. Do we have any other discussion here by the board? All right then I'd like to entertain a motion of a recommendation then to the Las Cruces Utilities Board.

Vega-Brown: Mr. Chair. If I may, please. It's my understanding that at the last meeting, a motion was heard and entertained, to postpone. It is my understanding that there was a second to that motion. As far as procedurally, there are only a few things that can happen once a motion is made and it is second. That motion could be tabled indefinitely, and there can be a motion to table and you can table it indefinitely. The motion could be voted upon to table for a date specific. The motion could be voted on to be postponed at a later time. However, this committee didn't take an action on that motion. That motion is still there. My recommendation is because this is still, it is back on the agenda, it is not improper to consider that motion. There could be a motion to reconsider it, a motion to rescind it, but there needs to be action taken on that motion, whatever that may be. There should be an action taken because the motion is still out there and it has not properly been tabled.

Chair Royalty: Okay, could we ...

Bardwell: Chair. If I may. Just respond to that. My recollection is that there was a vote, and that the vote, the majority of the committee voted to pass that motion. It doesn't necessarily change what needs to be done. We could move to rescind that motion at this time, but there was a vote taken and the vote, the majority voted in favor.

Vega-Brown: Thank you, Mr. Chair, Committee Members. I'll defer to the to the minutes as to whether or not that motion was voted upon. If it was voted upon you can renew a motion on the same agenda item. You're acting on the same, it's my understanding that you're acting on the same agenda item.

Chair Royalty: Do you know what page that's on in the minutes? I'm trying to refer to the minutes here so give me just a second.

Vega-Brown: Thank you Mr. Chair. That's not necessary. There was a second, so you're fine. You can proceed if the motion is going to be renewed. I know that Vice Chair Bardwell mentioned that she would renew that motion or that it was an improper, but it was it was properly heard.

Bardwell: Okay, so you can help coach me through this so that I don't fail to do the correct thing. I would like to make a motion. I don't know if it's the motion to renew because it's different. At this point should we move to rescind the previous motion?

Vega-Brown: Mr. Chairman and committee member. No. Because you already voted on that motion. You would have to have something new come forward with a change to that previous motion. You cannot bring the same motion that has already been voted on in the subsequent meeting, you have to change the substance of it.

Bardwell: I have a change.

Vega-Brown: Yes. Okay, then you can do that.

Bardwell: You don't need any action taken on that previous motion that was voted on?

Vega-Brown: No ma'am.

Chair Royalty: Okay.

Walsh: Your next item on the agenda would be to have your discussion. If there are items you want to discuss. Just to remind the committee members, again your recommendation can be crafted in any way you want to go to the Utilities Board. Our recommendation obviously has been presented. We presented that to our Board as well as to you and to the public. Then your recommendation will be crafted however you want as a committee. That can read any way you want. You know you can phase things, you can choose options, you can say our recommendation's based on this with the addition of that, exclusion of x, addition or y, that's going to be your recommendation based on that public input.

Bardwell: Chair. If I may.

Chair Royalty: Okay.

Bardwell: I have a motion.

Chair Royalty: All right.

Bardwell: Motion to recommend to the Las Cruces Utility Board that the Utility Board postpone approval of the rate hike for 20 months to allow the emergency rider to expire.

Chair Royalty: Okay. Do I hear a second?

McElroy: I guess we should have some discussion.

Chair Royalty: We've got to second it before we can have a discussion.

Walsh: You can modify that motion, or you could let that one die for lack of motion and make a different motion. Those are your options.

Vega-Brown: Mr. Chair and committee members. I'm sorry, this is I don't know, if the formality of this committee, I'm used to have City Council. There must be a motion to approve. You move to approve, you get a second for that motion, and now it's on the table for discussion. At the point of discussion, then if a motion to amend it is made after the discussion, then you would move to amend. It's a little bit out of order. I would recommend that you move to approve a second of the motion, now it's on the table for discussion. You discussed the item and then there would be a motion to amend it.

Chair Royalty: We have to have a motion to approve.

Vega-Brown: That brings the ...

Chair Royalty: The motion. She made the motion.

Vega-Brown: Yes, and then you second it and then you vote on ...

Chair Royalty: So I need a second then we can discuss it.

Vega-Brown: Yes.

Snyder: Okay then I'll second it.

Chair Royalty: All right so Bob's going to second it. Okay Mr. Snyder's going to second it. Okay. Would you read that again Ms. Bardwell?

Bardwell: My motion is to recommend to the Las Cruces Utility Board that they postpone approval of the rate hike for 20 months to allow the emergency rider to expire before they consider approval.

Chair Royalty: Okay. Any comments?

Vega-Brown: Mr. Chair. I'm sorry, Mr. Chair, there must be a second at this point.

Chair Royalty: I need a second. We have a second.

Vega-Brown: For the amendment.

Chair Royalty: She was just repeating the motion.

Snyder: It's already been, I seconded your motion.

Chair Royalty: Now it's open for discussion.

McElroy: All right. All right.

Chair Royalty: Okay. The question is would you make that recommendation to the Las Cruces Utility Board.

Bardwell: Correct to postpone consideration of approval of the rate hike for 20 months.

Chair Royalty: 20 months will cover ...

Gomez: Mr. Chair.

Bardwell: Which 20 months will cover, will allow the emergency rider to expire.

Chair Royalty: Yes, Mr. Gomez.

Gomez: Yes. Just for a little bit of a clarification, if you would, will you please, yourself tell me what the motion was?

Chair Royalty: The motion is basically to recommend to the Utility Board that we postpone ...

Bardwell: Consideration.

Chair Royalty: Consideration of a rate hike until after the, for 20 months.

Gomez: For 20 months. We're dealing specifically with gas rate increase, correct?

Chair Royalty: That is correct. Yes sir. I haven't checked this, but 20 months is supposed to be the rider or it's supposed to be over by that time.

Walsh: Yes sir. That's the estimate based on current consumption.

Chair Royalty: Okay.

Walsh: As a Board you have that option to this be your recommendation. We are still going to present the rate review to the Utilities Board. Your recommendation would be that they delay that. What you can do as part of this motion is amended to say, such that these are the rates we recommend, we recommend a phase in option with maybe 20% in the year one, 40% in year two, you know in order to respond to the COVID response, this is our recommendation.

However, in addition to that recommendation, we recommend postponing it for 20 months. You're not limited to just one recommendation or one option. It can be as robust or as creative as you choose based again on your customer comments and feedback. If for example, if you would like to approve the rate increase subject to removal of line extensions with a staggered phase in because of the impact to small businesses, that can all be part of your recommendation. It doesn't have to be limited to one, two, three, four. We left that very open in your agenda so you can have that robust recommendation based on your feedback.

Chair Royalty: Okay.

Vega-Brown: Mr. Chair. If I may.

Chair Royalty: Yes ma'am.

Vega-Brown: Just for purposes of establishing a record, I do not believe it is the authority of this board to make any recommendation for postponement or delay. The authority of this board which we spoke about earlier, is very narrow in the rate setting process. It states that the UCAG coordinates and host customer input meetings to gather commentary and feedback, and then presents that commentary and feedback to the Utilities Board. It does not mention in any way the recommendation to postpone or change the process in any way. As it is outlined in the rate setting process, it is the purpose of this board to gather commentary and then present that as part of their recommendations. It doesn't say anything about delaying the process, changing the process. It doesn't say that anywhere. If it does, please direct me to where you find that because I do not see that anywhere. I think it's outside of the authority of this board to delay the City Council's process.

Bardwell: Chair. If I may respond. My recommendation is to not take a vote today and pass on our recommendation. That's not what I'm saying. I think I've made it clear in communications previous earlier this week with this City Attorney. My motion is to recommend to the Las Cruces Utility Board. This is moving off from UCAG, it's moving on in the process to Las Cruces Utility Board to consider a recommendation from us. They can choose to do what they want with it. My recommendation is to the Las Cruces Utility Board is that they delay consideration of the rate hike for 20 months. I'm not delaying the process at all. All I'm saying is that my recommendation that I'm asking the board to vote on is that in light of 60% of the public comment that's been received to date, now more oppose the gas rate hike for a variety of reasons, and I'm happy to go through my justification for this motion. That because of that, our recommendation to the board moving forward, they're going to hear it, they're going to move on, is that our recommendation is we delay, recommend they delay consideration of a gas rate hike for 20 months.

Vega-Brown: Thank you Mr. Chair and committee members. That's an important clarification because previously the language from Ms. Bardwell was a motion to postpone.

If your motion is actually to recommend postponing, that's different than a motion to postpone. It's an important clarification.

Bardwell: Thank you.

Chair Royalty: Okay. All right, any other discussion?

McElroy: I mean, I think our motion should carry something additional. You I know that if they do go to the LC Utilities Board, does still want to recommend a rate increase to the City Council. I mean that's going to be on their agenda. If that's the direction they want to go, then maybe what we should also put in our motion is that it'd be a phased in approach. I don't know if we need to put a number to it.

Chair Royalty: Let me ask. Am I allowed to participate in the discussion being the Chair?

Walsh: Absolutely.

Vega-Brown: Yes, Mr. Chairman and committee members. I believe that you are. There's no reason why you should not.

Chair Royalty: I know I can't make a motion. Okay, one of the things that maybe we should do is look at this and say, all right we've got a recommendation here that they consider delaying this, but my comment is then we need to have it say, but from our responses that we got from people that want to participate, they did the phase in, the three year phase in project was the one that received the most, call it votes. That's what I'm looking for right there. Option three, received the most votes. Of course, we got people with no increase as well. Okay. If we postpone it, and we recommend then that they come in and look at this point, and they postpone it at this point, and then look at option three that's the one that got the most votes from the options that we presented to the customers. You understand what I'm saying?

Walsh: Mr. Royalty, committee members. Again, you don't even have to choose the option three phase in that was proposed, because it's heavy on the first year. You could change that too, because of the COVID response. That has come up several times about our economic recovery, you could say phase one is 20%, phase two is 40%, and phase three is 40%, or I'm just throwing numbers in the air, it doesn't have to go by what we outlined in option three.

Chair Royalty: We have one customer that recommended that we have instead of having it heavy in the first year, we make it straight across the board the same percentage.

McElroy: Cut it to thirds. In other words, third every year instead of the initial 86% or whatever it is. It calculates out to something like that. I do have another question on ...

Chair Royalty: Okay.

McElroy: Obviously, the residents, you know there's more numbers there. The rate increase isn't quite what it is for say small commercial. I guess I'd like a little bit more clarification from the City, the Utilities as to, why that is. Is it because of the numbers as far as the small commercial?

Walsh: Mr. Chair, Mr. McElroy. It's exactly because of the numbers. The cost of maintaining a system is analyzed based on line size, pressure demands, and needs of each customer. We know for our large commercial customers and our industrial users; you have to have a high pressure system feeding them. We also know for residential users; you have a smaller series of residential low pressure lines. On the residential side because we have had growth in that customer base, the cost of maintaining that system is spread around a much larger group of customers. Whereas in our small commercial class, we still have to maintain that line and those systems, however they don't see the same amount of growth that we've seen in the residential side. I'll actually turn it over to Joe, if you want to clarify even more.

Provencio: The Director addressed some of the economic factors that go into a rate review. Even before that, the accumulation of all expenses and capital projects that are in place or going to start determines the entire revenue to fund and keep the process going, like any other business. What the study also looks at is the characteristics, how much and when do you use the gas system to allocate those costs. Commercial customers and industrial customers pretty much are very consistent users of the gas service. Residential service is highly seasonal, that's just based on the appliances that are used and the use of gas, it's heavily seasonal in the winter peak months. Then you have a blend in between the core industrial customers that are fairly consistent with what they use, because they're using gas for process and manufacturer, as the residential customers are using it for spacing heating purposes, in between you have the small commercial class, and the large commercial class. After a 10 year review, and admittedly yes, the last review was 10 years ago, the system has changed. How it has changed is what the results of this gas rate review has resulted in and the points brought up by the director and the allocation of how those, and the system is used to serve those customers is a result of that study that was conducted by the consultant.

Chair Royalty: Mr. McElroy. You're at a disadvantage, because you weren't here when we did the initial review with the consultant and that sort of thing. That was all broken out and in detail with the number of customers, and then how cost have shifted between customer classes. That's just the way that it worked and that's the way that you set rates. That's the way that it's done.

Bardwell: Chair. If I may make some points in support of my original motion, as originally worded. More than 60% of the utility gas customers who submitted comments oppose any increase in gas rates for a variety of reasons. These weren't just knee jerk reactions to paying more for better service. Right.

These were serious questions raised regarding the need, and the impact of the proposed rate increase and gas extension lines moving forward. You know there's been an assumption it was stated in the utilities response, that rates always go up over time. Right. That's kind of what we think yes, over time it's just going to, costs of service are going to increase. Phil Simpson, who is the Green Chamber of Commerce expert, and analyzed this gas rate review just secured a rate reduction from El Paso Electric for our electricity rates here in Las Cruces before the Public Regulatory Commission, against at least five El Paso Electric attorneys. A much more rigorous process in what we are putting the Las Cruces Utility to today. In that case, he was on the same side as the City of Las Cruces.

Seems like we should not just file Mr. Simpson's report on the shelf, but that we should take a close look at his analysis and conclusions. I'm going to summarize them here for you. Whatever the source gas rate hike or emergency rider, small commercial class customers will see a 75% increase in their utility bill. If the gas rate hike is approved under a full phase option. Now I have a lot of empathy for our locally owned businesses. I'm sure you do too. I mean they have come out of a pretty rough year. I drove down El Paseo on the way to get here and there are so many shuttered buildings that it's hard to look at. While economic recovery is underway, if the Delta variant has its way, we may go back under restrictions. It's too early to say this virus is defeated. I for one don't want to put more roadblocks in the way about the economic recovery of 3,000 businesses serving our community. An increase in gas rates on top of the emergency surcharge that is in place today is not reasonable. The emergency surcharge will remain in effect for 20 more months.

The second point is that utilities is asking for increase in budget items that are likely to change in the next 20 months. Right. Under the City Council's direction to Utilities to plan for an energy transition from a natural gas line of business to a gas and energy line of business. Las Cruces Utilities has agreed to develop that plan and roadmap with milestones and strategies to determine a path to nonfossil fuel energy, which is natural gas. Right. If the business line is changing soon, and it's reasonable, is it reasonable to let the utility increase rates now? Why do we do that? We've got a climate action plan that's directing the utility to make changes, maybe they're not going to extend all these gas lines that they're requesting a million dollars in increased revenue for new debt service. Well what if they don't ever build those lines. Don't you want to pause, hit pause and say, let the Climate Action Plan and the energy transition plan play out. Let's let the emergency surcharge play out and revisit this question in 20 months and look at the validity of the cost increase that they're requesting. I'm just going to close with one thing, that the Utility has a cushion. It has reserved funds, a very large number of reserve funds in operations and capital construction. We are not in any way affecting the ability of the Utility to provide safe and reliable service to all of us here, because we're all gas customers, and any of the other 40,000 residents and 3,000 businesses, we're not. We're not putting that in jeopardy. All we're asking is things have

changed. Climate is driving a new business model. We're going to make changes. Let's see what those changes are. Did they merit changes in personnel skills and talents? Did they merit a decrease in extension gas lines? Then let's take another look. We can come back and say, you know, after the pandemic if it moves on, now it's reasonable to increase costs of gas service to our commercial customers. I just want to say I feel very strongly obviously about delaying this. That I think it's in the best interests of our community, whether looking at it from a perspective of climate change, or looking at a perspective of commercial prosperity. Thank you.

Walsh: Mr. Chair. If I may.

Chair Royalty: Go ahead.

Walsh: Regarding the energy transition plan.

Gomez: Mr. Chair.

Chair Royalty: Yes sir.

Gomez: May I dedicate or say a few words about the discussion that's going on right now, please?

Chair Royalty: Yes sir.

Gomez: All right. A 20 month postponement, which is UCAG is admonishing the Utilities to postpone, you know that's almost two years. What is it going to do to their economic and financial standpoint of view? Are they going to have to go rob Peter to pay Paul in order to continue giving us the service? I'm not advocating that we don't suggest something. I am wondering if the powers that be which is the people in economic and administering the funds and/or the service to customers to this City, can't be totally wrong in trying to get an increase. I normally think that the reason some entity asked for an increase is to supplant the future and/or the increasing needs of the community. I don't pertain to know it all, only the good Lord in heaven knows it all. Anyway I hope that we as the UCAG board is not trying to mandate to our Utility partners what to or what not to do. I would admonish that we work together. That we come to some kind of a cordial approval and/or response.

Now, I know that all of us, as customers, will be the ones that receive the increase, but we need to also admonish and think about the Utility needing the extra whatever it may be, to continue on with the service and trying to give the citizenship the best of services. If the motion is to mandate the board, I will abstain absolutely, because it needs to be worked out a little closer. Mr. Provencio is well aware of these things. I think (*inaudible 1:36:33*) or I could say that regardless of what we did, they will still recommend to the City Council a rate increase. Thank you for listening to me. I think that all of us are doing

a fabulous job, trying to protect, trying to help the citizenry. I know that it is very welcomed that we represent people that we talk to. We also got to think about the City that we live in. I hope I'm not negative. I'm just being as cordial and as natural and as regular as can be by saying we may need to study it a little further before we even make a motion to postpone or mention to the board to postpone this.

I thank you all very much for hearing me. Having been involved with ratemaking and whatever for many, many years, I know that it takes more than two to tango. We're in essence in the strangest point but we have to look at why these things have become to pass. Ultimately, let's face it this is proof the customer winds up taking the increases irregardless of what happened, whether it be minimum, whether it be precise and high, we still wind up being the people that pay for it. Why not try to work coherently with the UCAG board, with the Las Cruces Utility Commission, and all of their components, and all of their administrators to do what is correct. I was just thinking that 20 months is almost like two years from now. It may be hard. It may be hard to try to give them the service that we would like to have, not that we demand because we don't, we should never demand. Thank you very much. And I hope that I am not offending anybody. I think that all of us are doing as best as we can to represent the community, the City, the citizens. And with the grace of God, let's work together. Thank you very much.

Chair Royalty: Thanks Mr. Gomez.

Walsh: Mr. Chair. If I could clarify. We have delayed this process. We were supposed to start this in 2019, but in 2020 March hit we obviously backed off. That was a decision of our Board and our Council that we would make that consideration. We have delayed the process for a year. On the delay of the system and system expansion, if there is concern that we not expand the system because of the Climate Action Plan. And again I want to emphasize those decarbonization efforts, that can be part of your recommendation, that any new service line extensions be eliminated from that debt service portion of the rates. You can make that recommendation to the Board. However, natural gas is not going away tomorrow. That's why the Council in resolution 153 gave us a 20 year timeline for that energy transition. They said we want to plan and we want a 20 to 30 year timeline in their resolution to get to have that done, because we don't know what the future looks like. The bottom line is we can't abandon 40,000 customers who currently use the natural gas system. We've seen it in some communities where you can't turn off the natural gas otherwise you have cost shifting. Poor communities can't convert as fast as wealthier and new build, new construction. The new homes you can absolutely electrify and have off the grid and 100% renewables. That's not possible in our lower income areas, which is why part of the rates is that decarbonization rider where we can subsidize for more energy efficient appliances and a partner for those programs. No matter what happens 20 years from now, 10 years from now, five years from now, we still have to maintain the system until we go through that transition plan. It's not a tomorrow solution. It is a down the

road solution. Like I mentioned, in your recommendation you can limit any extensions, or you can state any service line extensions cannot be included by repair debt. We will go back to how we did it in the old days where you had to talk to your neighbor and you all had to get up together and come talk to utilities and say we want gas through our neighborhood and we're willing to pay for it. That can be part of your recommendation if it's limiting the line extensions. That's absolutely feasible.

Chair Royalty: Ms. Bardwell. Can I get you to read your motion again please?

Bardwell: Sure. If I can find it. Let's see what I did with it. I made a motion to recommend to the Las Cruces Utility Board that they postpone consideration of the rate hike for 20 months to allow the emergency surcharge to run its course and expire.

Chair Royalty: Okay. Is there anything somebody would like to add to that as a motion?

Snyder: If we do go through and wait 20 months, our price is going to increase due to the infrastructure, either repairs or extensions that need to be done. Of course it's going to. Do we have to do a complete another study to reflect that?

Chair Royalty: I would think so, yes.

Walsh: You'd have to change test years

Provencio: That's as the director Walsh has mentioned. You would have to refresh the data set and the test period. The information that we have now would have been stale as it's known in the industry, that it's not really representative of what's happening at the current time.

Bardwell: If I may Chair. That's exactly my point. We're going to have a different economy, we're going to have a different climate, we're going to have plans with milestones and strategies from Las Cruces Utility Board in deep development for transition, maybe we don't need all of these gas extension lines. Don't we want to come back to the drawing board and say, okay we're envisioning a new future here, how do we proceed effectively, cost effectively to achieve the outcomes we want? Instead of saying look we've got this plan on the books, it's where we are right now, let's just move forward with it because, well we just have to go forward with it. There's nothing. There's nothing to say let's pause, let's take a breath, let's let the economy recover. Let's figure out where this utility, gas utility is going. You know we may save money for those projects we're not going to build. There's just as likely we're going to make those savings as we are to incur new costs. I think there may be other energy projects the utility wants to invest in, frankly they may build community solar. Right. Let's use any new debt service to fund that, but let's figure out what that might cost. Let's not just, you know, blindly dive into the future. Let's take a moment to reflect. To Mr. Gomez's comment, I really appreciate your comments Mr. Gomez and your spirit. I really love it, but the

fact is that the Utility has reserve funds, both in operations and construction. They can continue to provide safe and reliable service to all of us until we figure out a game plan moving forward and that's what my motion, the spirit of my motion is made in

Walsh:

Mr. Chair. I do you want to correct that, I'm sorry to mention it in my prior comments, but we don't have reserve funds anymore because of Uri. The reason why we're collecting over a 20 month period rather than sending exorbitant bills, as you heard happening in February to residents in Texas, was because we used those reserve funds to make that payment obligation. Then we were able to amortize that over the 20 month collection period. Those reserve funds aren't there anymore at the same level. Right now, we even had to borrow from our Solid Waste fund in order to pay the Uri bill. Those don't exist anymore. Now, having those reserve funds meant that we were able to amortize that recovery period over 20 months, rather than looking to our City Council for a bailout or like other utilities, completely claiming bankruptcy.

Bardwell:

Not to belabor a point, but winter storm Uri is related to climate change, right. These extreme variations that we're experiencing weather across the entire nation, and they're visiting us here at home. It's climate change. We have got to reduce greenhouse gas emissions. We've got to figure out how we're going to stop using fossil fuels, which is what the gas utility is. In some ways, it's like winter storm Uri was not an isolated situation, it's going to keep hitting us over the head again and again and again. I feel like our role is to gather that public comment, which really a lot of it lent to, hey what's our plan guys. We got climate change, what are we doing? What's our future? Let's pause, let's figure that out, and then move forward with the rate increase. Let's not keep building out gas extension lines that may not be in our best interest. I guess you know maybe we don't have the reserves we did. There was a lot in operating and there was a lot in construction. I don't know what the new numbers are in result, but I think there's a little bit of cushion there. Let's take the time. Let's figure out what's the best way to proceed. I'll just leave it at that.

Chair Royalty:

Okay. Anything else? Okay, point of order here if I can get that. Then we have the motion that was made and it was seconded. So then we need to take a vote. Is that correct?

Vega-Brown:

Mr. Chair and Committee Members. It's a little confusing, because it seems as though you are creating your recommendation right now. There is no actual recommendation to approve or not approve, what you've done is you've made a motion and approved a motion to make a recommendation. Now what you are determining is what that recommendation will be. It's not a motion, it's you've already made that motion. You've already seconded the motion to make a recommendation. What you are doing now is determining what that recommendation will be. Generally, you would have something that, a tangible, this is the recommendation, it would be before you because it's on

the agenda. That recommendation is not on the agenda, it's just that you will discuss what the recommendation is. Right now what you're determining is what that recommendation is.

You've already voted and seconded, now you're voting on what the recommendation will be. If it's a little unclear, but I think that's.

Walsh: Mr. Chair, Committee Members. What you can do is vote on the original motion as presented by Ms. Bardwell. If that passes, then that's what your recommendation will be to the Utilities Board. The recommendation from UCAG is to delay this process, or implementation of rates for 20 months. That's your recommendation as a Board. However, if you want to modify that, you can either kill this motion by vote, meaning that you know if you vote it down. You would make a new motion to make a new recommendation, essentially. You can amend what's currently on the table, and that's what your discussion's about. If you decide our recommendation is going to be implementation of rates using a phased process, however we also recommend delay of implementation for 20 months, that can be part of your general recommendation. It's a series of amendments, I suppose or I'm not sure on the order of that.

Vega-Brown: Mr. Chair, Committee Members. It's not a series of amendments because you don't have a tangible recommendation. You're developing your recommendation. There is no motion to amend because there's nothing to amend. You're determining what that recommendation is. You've made a motion to come forward with a recommendation. Now you are determining what that is. If you're going to include the language that Ms. Bardwell has presented, that's not actually a motion to amend it, that is the recommendation. Then you can make additions or changes just like Ms. Walsh has said to what that recommendation is, and then vote on that final recommendation.

Chair Royalty: Okay.

Bardwell: My recommendation, if I understand, my recommendation is that the Las Cruces Utility Board postpone consideration of approval of the rate hike for 20 months. Correct?

Vega-Brown: Yes.

Walsh: Is that the will of the rest of the committee is the question before you now.

Chair Royalty: Then we need to vote on that. Is that correct?

Vega-Brown: Yes, Mr. Chair and Committee Members. If that is your recommendation, you can make any additions or takeaway, whatever you want to do with that recommendation, and then you vote on that is the recommendation. Yes.

- Chair Royalty: Okay. All right. Any additions any one of you has?
- Snyder: No.
- Chair Royalty: Mr. McElroy.
- McElroy: I think there should be an addition of a phased in approach if there has to be rate increase.
- Chair Royalty: Okay, we do, does he make a motion to that effect?
- Snyder: But she can't, my understanding is there's been a motion made and we can't change that. We can't add on different things and have a discussion on it. We're just strictly going by what she said. Correct?
- Vega-Brown: Mr. Chair and Committee Members. The motion is to make a recommendation. What might be easier for you all to do is to take each portion of that recommendation and vote on each portion. That way you're clear. For example, Ms. Bardwell's language, you can vote on, I move to accept this recommendation as it has been stated. Vote on that portion of the recommendation. Then if there's another portion to be included in that recommendation as what Mr. McElroy has just suggested, you can move to add that into your recommendation and then vote on that portion of the recommendation. It would make it a little bit easier because then you could understand each section of your recommendation since it's kind of more than one thing.
- Chair Royalty: Okay, so what you're saying in fact is we should vote on her motion initially, and then if we have anything to add, then we can, somebody can make another motion to add this portion to that recommendation.
- Vega-Brown: Yes, that is one way to do it, Mr. Chair.
- Chair Royalty: Okay, any other discussion? Okay, so I'd like to, did you understand that Mr. Gomez?
- Gomez: Yes, I fully understand the gist of it. I think it still needs a little bit more research. If he can mandate I abstain. Twenty months as far as the crux of the matter falling on to the City to administer the same service that we're getting I believe it's a little too much.
- Chair Royalty: Okay. All right. If there's no further discussion, then I'd like to bring up for a vote then the previous motion that was made and Ms. Bardwell would you read that, please?
- Bardwell: It's a recommendation that the Las Cruces Utility, I mean, is that right or it's a motion? You know I get so confused because I don't follow the legal logic, the legal technicalities of your instructions to me, so I get confused. I don't

know if you want to repeat my motion in the correct legal words, you can, but I really I don't know whether it's a motion to recommend or it's a recommendation, I'm totally bollixed by what you're instructing me. When you say well it wasn't correct Ms. Bardwell, you should have said it like this, I'm like, I thought I did say like that. I mean my motion was a recommendation to the Las Cruces Utility Board that they postpone consideration of the rate hike for 20 months so that the emergency surcharge rider, for its expiration.

Chair Royalty: For 20 months.

Bardwell: Yes.

Chair Royalty: Okay.

Vega-Brown: Yes, Mr. Chairman. Basically what Ms. Bardwell said, she is moving as part of the recommendations that that be part of your recommendation. And that's what you will determine.

Chair Royalty: Okay. All right. So that being said, and she read the motion, I'd like to go down the list and vote and we're going to do this by voice vote. So Mr. McElroy.

McElroy: No.

Chair Royalty: No.

Snyder: I'm going to go no.

Chair Royalty: You're going to go no. Mr. Gomez?

Gomez: Abstain.

Chair Royalty: He abstains. All right. So ...

Bardwell: Yes.

Chair Royalty: Bardwell is yes. Mine was yes. We're tied.

Vega-Brown: Mr. Chair. Yes, so the motion does not pass.

Chair Royalty: The motion does not pass.

Vega-Brown: It has to have a majority. Generally speaking an abstention would have to occur if there was a conflict of interest. An abstention would be because the Committee Member is abstaining after participating, that not included in Robert's Rules of Order. Generally, if you're going to abstain you abstain because there is a conflict of interest and then you do not participate in the

conversation. The process here is a little bit different, but the motion would die because there is no vote of the majority.

Chair Royalty: Okay. All right, so then my next question then is, and taking a look at this, is there another motion then that someone would like to make on the floor as another recommendation?

Walsh: Mr. Royalty. I don't want to form a motion for the UCAG members, but I just want to summarize my understanding from the Board is your concern is line extensions. Your concern is the phased in increase. If those are concerns, I'm sorry the hit to small businesses, if those are the concerns based on your public feedback, then your motion could include something as I mentioned before, eliminating any new service line extensions from the debt service included in these rates. It could also include a phased in process that would consider COVID economic recovery. I know Dr. Pallares gave a presentation to City Council on Monday and showed that new business registrations were at pre COVID levels. They're starting to build back up. They were very low. They dropped in March of 2020, but they're back up to even before March, like December, January 2020, 2019 levels. Taking that into consideration, you could phase it in either the 33, 33, 33 or as I suggested 20, 40, 40. Because those would address the two items that I'm hearing from your feedback and discussion is the impact to small businesses, that can be mitigated through a phased in approach, and consideration of line extensions in that rate base and consideration. You can ask or recommend to the Board based on those impacts or feedback a phased in approach as well as exclusion of line extensions for the debt that's included with the rates.

Chair Royalty: Okay.

Walsh: I would say new service extension. Not you know, we still have to fix Del Rey and keep the pressure up, but if you take out the new service line extensions that can be a recommendation, because it does address expansion of the system under what Ms. Bardwell mentioned.

Chair Royalty: Okay. Do I have a motion then on the floor for another recommendation that we could consider?

Snyder: I'll move.

Chair Royalty: Move for?

Snyder: Another recommendation.

Chair Royalty: Another recommendation.

Walsh: Which could be?

Chair Royalty: That recommendation is?

McElroy: I would move to recommend a phased in approach with the initial year being set at 20% and the other two years being 40, 40.

Chair Royalty: Okay. You agree with that?

Snyder: Yes I do.

Chair Royalty: All right. Mr. McElroy made a motion that we recommend to the Las Cruces Utility Board that we go with the phase in approach, which would be 20% the first year, and 40% the second year, and 40% the third year. Is that your recommendation?

McElroy: Yes.

Chair Royalty: All right. Yes ma'am. Do I hear a second?

Snyder: I'll second it.

Chair Royalty: All right. Mr. McElroy, and then I have a second.

Walsh: Then discussion.

Chair Royalty: All right. Any discussion of that? Any discussion there Mr. Gomez?

Gomez: What I heard was 20, 40, 40 in the span of three years, right?

Chair Royalty: Yes sir.

Gomez: Right.

Chair Royalty: Yes sir.

Gomez: Okay. No, no further discussion from my point. I vote yes on that.

Chair Royalty: Wait a minute. We're not voting yet. We haven't called the vote. Any other discussion?

Snyder: No.

Chair Royalty: No discussion. Okay. That being said, I'd like to bring that up for a vote. And we'll start with Mr. McElroy.

McElroy: Yes.

Snyder: Yes.

Chair Royalty: Mr. Snyder is Yes.

Bardwell: No.

Chair Royalty: Mr. Gomez. Mr. Gomez.

Gomez: Yes.

Chair Royalty: Okay. That makes my vote irrelevant, but anyway, so I will also vote yes then. We have a majority. Okay. Any other discussion? Any other motions at this point?

7. Other Items of Interest:

8. Next Meeting Date:

8.1. September 8, 2021

Bardwell: Do you want to talk about the next meeting date Chair?

Chair Royalty: Yes, the next meeting date is supposed to be September 8th. Being we finished this gas reviews I'm not sure that having a meeting on September 8th when the Utility Board meets on September 9th.

Walsh: Mr. Royalty. The UCAG will not need to meet anymore, unless of course the LCU Board comes back and wants to start a new public process.

Chair Royalty: All right, so we're not going to have another meeting at this point until another rate review that becomes necessary.

9. Adjournment:

Chair Royalty: Okay. I'll entertain a motion to adjourn.

Snyder: I so move.

Chair Royalty: Mr. Snyder moves. Is there a second?

McElroy: Second.

Chair Royalty: I don't think we have to vote on that, but everybody say "aye."

Chairperson