

Public Service Company  
of New Mexico  
Alvarado Square MS. 0408  
Albuquerque, NM 87158

October 16, 1995



Certified Mail  
Return Receipt Requested

Ms. Barbara Hoditschek  
New Mexico Environment Department  
Hazardous and Radioactive Materials Bureau  
P.O. Box 26110  
Santa Fe, NM 87502

Dear Ms. Hoditschek

Subject: Post Closure Costs Estimates For  
Person Generating Station, NMT 360010342

Pursuant to recent conversations with NMED personnel, I am writing to provide the New Mexico Environment Department (NMED) with post closure cost estimates as required by the Person Station RCRA permit (NMT360010342) for 1993, 1994 and 1995. I am also writing to explain the reasons why the post closure cost estimates were not supplied previously to the NMED for the last three years.

Module II Section H.3 of the permit requires PNM to provide financial assurance for the future costs associated with the RCRA permit. Several options or financial assurance mechanisms are available to PNM under the regulations. From the beginning of the permit in 1988 through 1992, PNM used the Financial Test and Corporate Guarantee for Post Closure described in the regulations at HWMR-4, 206.C.3.f.5. A letter demonstrating this financial assurance was typically filed with the NMED in March of each year. The letter contained the future post closure cost estimate which was updated each year just prior to preparation of the financial assurance letter.

In 1993, financial conditions changed such that PNM could no longer qualify for the financial test and corporate guarantee mechanism. After discussions with the NMED Hazardous and Radioactive Materials Bureau (HRMB), PNM selected the Post Closure Trust Fund mechanism described in the regulations at HWMR-4, 206.C.3.f.1. A trust fund was established with First National Bank in Albuquerque (now First Security Bank). PNM has provided First Security Bank with annual post closure cost estimates and assumed that First Security Bank, as Trustee, would supply the post closure cost estimate to the NMED along with a notification to the NMED that a trust fund payment had been made. The annual post closure estimate data prepared in 1993

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was used to establish the first payment into the trust fund and subsequent annual post closure cost estimates were used to establish trust fund payments in 1994 and 1995.

In mid 1995, PNM realized that its assumption that the Trustee, First Security Bank, was forwarding the information regarding post closure cost estimates to the NMED was incorrect. Upon coming to this realization, PNM contacted the NMED HRMB and discussed the issue with Mr. Michael Chacon. As resolution of this confusion, Mr. Chacon requested PNM write this letter to explain the issue and concurrently provide the NMED with the post closure cost estimates for 1993, 1994 and 1995. In the future, PNM will provide to the NMED the post closure cost estimate by June 1 of each year.

If you have any questions, please feel free to contact me at (505) 241-2998.

Sincerely,



Ron D. Johnson  
Sr. Environmental Scientist

RDJ:rdj  
enclosures

(NMED - Hoditschek)

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cc: Dave Kasperek - 2710 (w/o enclosures)  
Chuck Garcia - 0806 (w/o enclosures)  
Toni Ristau - 0408 (w/o enclosures)

**TABLE I**  
**Estimated Post-Closure Costs**  
**PNM - Person Generating Station (NMT360010342)**

Line	Description	Cost
	<b>RCRA Permit Administration</b>	
1	--Recurring Operational Costs (Labor + Other)	\$68,000
2	--Non-recurring Costs For 1993	\$0
	<b>Corrective Action Directive</b>	
	<b>A. Shallow Plume Issue</b>	
3	---Assessment and Remedial Action Design and Installation (Labor and Other)	\$3,683,293
4	----Recurring Annual O&M costs (1994 thru 2013)	\$265,000
	<b>B. Deep Plume Issue</b>	
5	----Assessment and Remedial Action Design and Installation (Labor and Other)	\$2,793,600
6	----Recurring Annual O&M costs (1995 thru 2014)	\$250,000
	<b>Assumptions:</b>	
	1. Assessment and Remedial Action Design for Shallow Plume to be complete in 1993, and operated for 20 years.	
	2. Assessment and Remedial Action Design for Deep Plume to be complete in 1994, and operated for 20 years.	
7	<b>Total Estimated Costs For Sixth Year of Permit (Lines 1 + 2 + 3)</b>	<b>\$3,751,293</b>
8	<b>Total Estimated Costs For Seventh Year of Permit (Lines 1 + 2 + 4 + 5)</b>	<b>\$3,126,600</b>
9	<b>Total Estimated Costs For Next 5 Years (1993 Through 1997) (Lines 7+8+[3*1]+[4*4]+[3*6])</b>	<b>\$8,891,893</b>
	<b>Total Estimated Costs For Next 25 Years (1993 Through 2017) (Lines 9+[20*1]+[16*4]+[17*6])</b>	<b>\$18,741,893</b>

Date of Cost Estimate: February 9, 1993

**TABLE I**  
**Estimated Post-Closure Costs**  
**Public Service Company of New Mexico**  
**Person Generating Station (NMT 360010342)**

<u>Line</u>	<u>Description</u>	<u>Cost</u>
1	RCRA Permit - Yearly administration, quarterly compliance well sampling program, routine maintenance.	\$ 57,000.00
2	RCRA Permit - Non-recurring costs for 1994	\$ 190,000.00
3	CAD - Yearly Biannual sampling program for shallow plume (1994 through 2017)	\$ 40,000.00
4	CAD - Shallow plume Corrective Action Program (Installation Cost)	\$ 838,000.00
5	CAD - Yearly Shallow plume Corrective Action Program (to be operated 20 years, 1995 through 2014)	\$ 100,000.00
6	CAD - Deep plume assessment program <sup>1</sup>	\$ 725,000.00
7	CAD - Deep plume remedial program installation <sup>2</sup>	\$ 1,635,000.00
8	CAD - Yearly Deep plume Corrective Action Program <sup>2</sup> (to be operated 20 years, 1996 through 2015)	\$ 200,000.00
9	Estimated costs for seventh year of permit (lines 1 + 2 + 3 + 4)	\$ 1,125,000.00
10	Estimated costs for next 24 years - estimated post-closure period [(lines 2 + 4 + 6 + 7) + [20 x (lines 5+8) + [24 x lines(1+3)]]	\$ 10,918,000.00

Date of Cost Estimate: February 25, 1994

Notes:

1. Cost estimate to complete current workplan (subject to change pending results from current activities).
2. Best estimate at this time. Estimate based on limited data.

**TABLE I**  
**Estimated Post-Closure Costs**  
**Public Service Company of New Mexico**  
**Person Generating Station (NMT 360010342)**

<u>Line</u>	<u>Description</u>	<u>Cost</u>
1	RCRA Permit - Yearly administration, semi-annual CAD (shallow only) and permit well sampling program, routine maintenance (1995 only).	\$ 65,100.00
1a	RCRA Permit - Yearly administration, semi-annual CAD (shallow and deep) and permit well sampling program, routine maintenance (1996 through 2018)	\$ 97,860.00
2	RCRA Permit - Non-recurring costs for 1995	\$ 150,000.00
3	CAD - Shallow plume Corrective Action Program (Installation Costs for 1995)	\$ 200,000.00
4	CAD - Shallow Plume Corrective Action Program - Phase I operation (1995 only)	\$ 30,783.00
4a	CAD - Yearly Shallow plume Corrective Action Program Phase II operation (1996 through 2005) <sup>3</sup>	\$ 61,565.00
5	CAD - Deep plume assessment program <sup>1</sup>	\$ 750,000.00
6	CAD - Deep plume remedial program installation <sup>2</sup>	\$ 1,000,000.00
7	CAD - Deep Plume Corrective Action Program - Phase I operation (1996 only)	\$ 91,290.00
7a	CAD - Yearly Deep plume Corrective Action Program <sup>2</sup> Phase II operation (1997 through 2006) <sup>3</sup>	\$ 182,580.00
8	Estimated costs for eighth year of permit (lines 1 + 2 + 3 + 4 + 5)	1,195,883.00
9	Estimated costs for next 23 years - estimated post-closure period: [line 8 + [23 x line 1a] + [10 x line 4a] + line 6 + line 7 + [10 x line 7a]	6,979,403.00

Date of Cost Estimate: March 7, 1995

Notes:

1. Cost estimate to complete current workplan by end of 1995 (subject to change pending results from current activities).
2. Best estimate at this time. Estimate based on limited data.
3. Corrective Action Programs estimated to require 10 years each to complete.

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<p>5. Signature (Addressee)</p> <p>6. Signature (Agent)</p>	<p>4b. Service Type</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Insured</p> <p><input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD</p> <p><input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise</p> <p>7. Date Delivered</p> <p>8. Addressee's Address (Only if requested and fee is paid)</p> <p><b>Stamp: OCT 18 1995 USPS</b></p>
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