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January 24, 2011

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. John Kieling
RCRA Permits Program Manager
New Mexico Environment Department
Hazardous Waste Bureau
2905 Rodeo Park Drive East, Building 1
Santa Fe, NM 87505

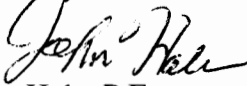
RE: Person Generating Station (NMT 360010342) – Post-Closure Cost Estimate and Actual Post-Closure Costs

Dear Mr. Kieling:

Please find enclosed the 2011 post-closure care cost estimate and actual post-closure costs through 2010 for the Public Service Company of New Mexico Person Generating Station.

If you have any questions, please contact me at (505) 241-2014.

Sincerely,



John Hale, P.E.
Technical Project Manager

Enclosures



ENTERED

PNM Resources

Actual Post-Closure Costs
 Public Service Company of New Mexico
 Person Generating Station (NMT 360010342)

Costs Through 2010

Routine Permit Activities	
• Labor	\$ 891,812
• Other	<u>\$ 1,609,167</u>
Subtotal for Routine Activities	\$ 2,500,979
Corrective Action Directive	
Shallow Groundwater Assessment	
• Labor	\$ 105,554
• Other	<u>\$ 834,085</u>
Subtotal Shallow Groundwater Assessment	\$ 939,639
Shallow Groundwater Remediation (Installation)	
• Labor	\$ 152,686
• Other	<u>\$ 1,979,147</u>
Subtotal	\$ 2,131,833
Deep Groundwater Assessment	
• Labor	\$ 45,040
• Other	<u>\$ 2,018,080</u>
Subtotal	\$ 2,063,120
Production Well Closure	
• Labor	\$ 9,855
• Other	<u>\$ 88,908</u>
Subtotal	\$ 98,763
CAP Operation	
• Labor	\$ 178,459
• Other	<u>\$ 308,456</u>
Subtotal	\$ 486,915
Subtotal for CAD Activities:	\$ 5,720,270
Total for all Post-Closure Costs:	\$ 8,221,249

Person Generating Station
Post Closure Care Cost Estimate for 2011

Line Item	Description	Cost
1a	RCRA Permit - Yearly Administration, Inspections, and Reporting (through 2013)-See Detail 1a	\$ 25,140.00
1b	Shallow GW Sampling Program - Annual Cost (through 2013)-See Detail 1b	\$ 48,910.00
1c	Deeper GW Sampling Program - Annual Cost (through 2013)-See Detail 1c	\$ 46,610.00
1d	Increased Sampling Frequency to Demonstrate Attainment of GW Goals (to replace line item 1b costs one time)- See Detail 1d	\$ 95,020.00
2	RCRA Permit - Non-Recurring Costs for 2011 - Additional Permit Activities-See Detail 2	\$ 109,200.00
2a	Future NMED Permit Fees, Associated PNM Labor and Contractor Costs - See Detail 2a	\$ 97,360.00
3	Shallow GW Corrective Action Program - Equipment Costs - See Detail 3	\$ 202,500.00
4	Shallow GW Corrective Action Program (through 2011) - Annual Operation and Maintenance Costs - See Detail 4	\$ 55,790.00
5	Deeper Groundwater Assessment Program - Completion Costs - See Detail 5	\$ -
6	Deeper Groundwater Corrective Action Program - Installation Costs - See Detail 6	\$ -
7	Deeper Groundwater Corrective Action Program - Annual Operation Costs - See Detail 7	\$ -
8	Estimated Cost for 23rd Year (2011) of Permit (line items 1a+1b+1c+2+4+5+6+7)	\$ 285,650.00
9	Cost for Next 3 Years of PC Period (2011 - 2013): line 8 + line 1d + line 2a + line 3 + 2*(line 1a) + 1*(line 1b) + 2*(line 1c)	\$ 872,940.00
	Date of Cost Estimate:	1/24/2011
	Notes:	
	1. Line item 2 is based on an early permit renewal application that was submitted to the NMED in 2007.	
	2. Line item 4 - CAP program for shallow GW estimated to require 1 additional year (2011) of active pumping to complete (2012 - 2013 would require verification sampling only.)	
	3. Assume that all activities relative to the CAP will be completed by the end of 2013.	
	4. Line items 5, 6, and 7 are set to 0 - assumes no engineered corrective action will be needed for deeper GW.	
	5. All labor costs are calculated at \$85 per hour.	

Detail 1
RCRA Permit - Yearly Administration, Inspections, GW Sampling, Maintenance, and Reporting
(2011 Through 2013)

Assumed Average Labor Rate For All Hourly Activities:		\$85.00								
Line Item	Description	Labor or Unit Rate	Hrs/Item or 1 Unit	Items Per Year	Annual Cost (\$)	Group Subtotal				
Permit-Required Inspections										
1	Closure Cap Inspection	\$85.00	1	2	\$ 170.00					
2	Security Fence Inspection	\$85.00	1	2	\$ 170.00					
						\$ 340.00				
Program Administration/Reporting										
3	Administrative Activities, Meetings, and Regulatory Contact	\$ 85.00	120	1	\$ 10,200.00					
4	Annual Data Report and Other Reports Preparation	\$ 85.00	160	1	\$ 13,600.00					
5	Miscellaneous Costs: Copies, Supplies, Reference Materials, Etc.	\$ 1,000.00	1	1	\$ 1,000.00					
6	RESERVED									
						\$ 24,800.00				
Subtotal for Detail 1a:						\$ 25,140.00				
Shallow GW Sampling Program (35 wells)										
7	Preparation - Equipment Checkout, Planning, and Set-Up	\$ 85.00	8	2	\$ 1,360.00					
8	Water Level Measurements (2 operators, WL readings at 43 wells)	\$ 85.00	16	2	\$ 2,720.00					
9	Purge and Sampling of 35 Wells (2 operators)	\$ 85.00	77	2	\$ 13,090.00					
10	Data Review/Evaluation	\$ 85.00	40	2	\$ 6,800.00					
11	Administration	\$ 85.00	24	2	\$ 4,080.00					
12	Well Replacement/Maintenance (assume expenditure of \$5,000/yr)	\$ 5,000.00	1	1	\$ 5,000.00					
13	Sampling Supplies and Equipment	\$ 500.00	1	2	\$ 1,000.00					
14	Lab Analysis (8260halo x 40)	\$ 115.00	40	2	\$ 9,200.00					
15	Lab Analysis (App. IX x 1)	\$ 1,800.00	1	1	\$ 1,800.00					
16	Non-Labor Costs: Vehicles, Gas Cylinders, and Miscellaneous	\$ 1,930.00	1	2	\$ 3,860.00					
Subtotal for Detail 1b:						\$ 48,910.00				
							Shallow GW Well Group	Number	Sample Hrs @	Total Hours
							1R,3B,6R,7R,8A,8B,10,11,13A,14,17,22,23,27			
							29,31,32,34,35,37	20	1.0	20.0
							1B,13B	2	0.5	1.0
							EW-1, VEW, EW-2, EW-3, EW-4	5	0.5	2.5
							18,19,20,21,33	5	1.5	7.5
							28,30,36	3	2.5	7.5
							Totals:	35		38.5
							Cylinders: 0.5 per well (average), \$20 per cyl., = 18 * 0.5 * \$20 = \$180			
							Vehicles: assume two rental vehicles for 2-week period - \$1500			
							Misc: \$250			
							Estimate per sampling event \$ 1,930			
Deeper GW Sampling Program (15 wells)										
17	Preparation - Equipment checkout, planning, set up.	\$ 85.00	8	2	\$ 1,360.00					
18	Water Level Measurements (2 operators, WL readings at 42 wells)	\$ 85.00	16	2	\$ 2,720.00					
19	Purge and Sampling of 15 Deep CAD Wells (2 operators)	\$ 85.00	102	2	\$ 17,340.00					
20	Data Review/Evaluation	\$ 85.00	40	2	\$ 6,800.00					
21	Administration	\$ 85.00	24	2	\$ 4,080.00					
22	Well Maintenance (assume expenditure of \$5,000/yr)	\$ 5,000.00	1	1	\$ 5,000.00					
23	Sampling Supplies/Equipment	\$ 500.00	1	2	\$ 1,000.00					
24	Lab Analysis (8260halo x 17)	\$ 115.00	17	2	\$ 3,910.00					
25	Non-Labor Costs: Vehicles, Gas Cylinders, and Miscellaneous	\$ 2,200.00	1	2	\$ 4,400.00					
Subtotal for Detail 1c:						\$ 46,610.00				
							Deeper GW Well Group	Number	Sample Hrs @	Total Hours
							17-8,19-8,22-8	3	6.0	18.0
							19-5, 21-5,8, 24-4,5,6,8, 25-5,8	9	3.0	27.0
							27-4,5,6	3	2.0	6.0
							Totals:	15	11.0	51.0
							Cylinders: 1.5 per well (average), \$20 per cyl., = 15 * 1.5 * \$20 = \$450			
							Misc: \$250			
							Vehicles: assume two rental vehicles for 2-week period - \$1500			
							Estimate per sampling event \$ 2,200			
26	Detail 1 Total:					\$ 120,660.00				
Increased Sampling To Demonstrate Attainment of GW Goals										
26	Annual NMED PC Business fee				\$ 4,000					
27	Additional Sampling at Shallow Groundwater Wells									
Subtotal For Detail 1d:						\$ 95,020.00				
Note: Sampling will be increased from biannual to quarterly one time during program. This will be done to demonstrate asymptotic behavior of GW analytical results as a trigger to evaluate system for Technical Infeasibility or Alternate Abatement Standard, or to demonstrate that groundwater standards have been achieved.										

Detail 2
RCRA Permit - Non-Recurring Costs For 2011

Assumed Average Labor Rate For All Hourly Activities:		\$85.00												
In 6/07, an early permit renewal application was submitted to the NMED. However, NMED has not yet issued a new permit. Line item 1 assumes that the new permit and associated permit fee will be due sometime in 2011.														
Line Item	Description	Labor or Unit Rate	Hrs/item or 1 Unit	Items Per Year	Annual Cost (\$)	Group Subtotal								
Major Permit Activities to be Completed in 2011														
1	NMED Permit Renewal Fee (Early Permit Renewal Application)	\$60,000.00	1	1	\$60,000.00									
2	PNM Labor for Permit Renewal Application Follow-Up Work	\$85.00	120	1	\$10,200.00									
3	Contractor Labor for Permit Renewal Application Follow-Up Work	\$25,000.00	1	1	\$25,000.00									
4	Miscellaneous - Non-Labor Costs	\$10,000.00	1	1	\$10,000.00									
						\$105,200.00								
Routine Permit Fee for 2011														
Annual NMED PC Business Fee for 2011					\$ 4,000.00									
Detail 2 Total:						\$109,200.00								

Detail 2a - NMED Permit Fees

The estimate below is based on the current NMED fee structure and an assumed number of permit actions over the life of the permit.						
<u>Activity</u>	<u>Number</u>	<u>Fee</u>	<u>Total For This Activity</u>			
Class I Modifications	2	\$ 2,500.00	\$ 5,000.00			
Class II Modifications	1	\$ 6,000.00	\$ 6,000.00			
Class III Modifications	1	\$ 40,000.00	\$ 40,000.00			
Annual NMED PC Business Fee	1	\$ 4,000.00	\$ 4,000.00			
Hearing Fees	1	\$ 20,000.00	\$ 20,000.00			
				\$ 75,000.00		
<u>Other Costs</u>	<u>Labor/Unit Rate</u>	<u>Hrs/item or 1 unit</u>	<u>Total For This Activity</u>			
Labor for Class I Mods (24hr x 2)	\$85.00	48	\$ 4,080.00			
Labor for Class II Mods (48hr x 1)	\$85.00	48	\$ 4,080.00			
Labor for Class III Mods (120hr x 1)	\$85.00	120	\$ 10,200.00			
Contractor Labor for PC Certification	\$4,000.00	1	\$ 4,000.00			
				\$ 22,360.00		
Detail 2a Total:			\$ 97,360.00			

Note: Line 9 only shows one annual fee because the annual fee is included once in the increased sampling to demonstrate attainment activity (Detail 1) and once on Detail 2.

Detail 3

CAD - Shallow Groundwater Corrective Action Program - Equipment Costs

Assumed Average Labor Rate For All Hourly Activities:		\$85.00			
<u>Line Item</u>	<u>Description</u>	<u>Labor or Unit Rate</u>	<u>Hrs/item or 1 Unit</u>	<u>Items Per Year</u>	<u>Annual Cost (\$)</u>
1	Plugging and Abandonment of 2 in. Shallow Wells	\$1,000.00	15	1	\$15,000.00
2	Plugging and Abandonment of 4 in. Shallow Wells	\$1,500.00	20	1	\$30,000.00
3	Plugging and Abandonment of 4 in. Deep Wells	\$2,500.00	3	1	\$7,500.00
4	Plugging and Abandonment of Cluster Wells	\$10,000.00	7	1	\$70,000.00
5	Plugging and Abandonment of PSMW-25, PSMW-26, EW-1, EW-2, EW-3, EW-4, EW-5, and VEW	\$4,000.00	8	1	\$32,000.00
6	Additional/Replacement Extraction Wells	\$20,000.00	2	1	\$40,000.00
7	Engineering Design/Piping and Trenching to GWTP for Future Extraction Wells	\$4,000.00	2	1	\$8,000.00
	Detail 3 Total:				\$202,500.00

Detail 4
CAP For Shallow Groundwater - Annual Operation and Maintenance Costs

Assumed Average Labor Rate For All Hourly Activities:		\$85.00				
<u>Line Item</u>	<u>Description</u>	<u>Labor or Unit Rate</u>	<u>Hrs/item or 1 Unit</u>	<u>Items Per Year</u>	<u>Annual Cost (\$)</u>	<u>Group Subtotal (\$)</u>
<u>Groundwater Treatment System - Operation</u>						
1	Utilities	\$350.00	1	12	\$4,200.00	
2	Compliance Sampling - 8260 Analysis, 5/month	\$115.00	5	12	\$6,900.00	
4	Compliance Sampling - Labor	\$85.00	3	12	\$3,060.00	
5	Routine Inspections	\$85.00	1	26	\$2,210.00	
6	Data Review and Evaluation	\$85.00	2	12	\$2,040.00	
7	Compliance Reporting	\$85.00	8	2	\$1,360.00	
8	Administration	\$85.00	16	1	\$1,360.00	
9	Training	\$1,500.00	1	1	\$1,500.00	
10	Miscellaneous (chemicals and supplies, carbon)	\$2,500.00	1	6	\$15,000.00	
						\$37,630.00
<u>Groundwater Treatment System - Maintenance</u>						
11	Routine Maintenance - Labor	\$85.00	8	12	\$8,160.00	
12	Routine Maintenance - Equipment, Parts, Etc.	\$10,000.00	1	1	\$10,000.00	
						\$18,160.00
Detail 4 Total:						\$55,790.00

Detail 5
 CAD - Deeper Groundwater Assessment Program, Completion Costs

The RCRA Post Closure Care Permit issued by the NMED in 2000 approves the deeper groundwater assessment findings.							
Consequently, it is unlikely that any additional assessment work will required for the deeper groundwater.							
CAD Deeper Groundwater Assessment Completion:					\$0.00		

Detail 6

CAD - Deeper Groundwater Corrective Action Program - Installation Costs

Currently, PNM is assuming that no engineered remediation program will be needed. Contaminant levels will be monitored only. Monitoring costs are shown in Detail 1c.											
CAD - Deeper Groundwater Corrective Action Program - Installation Costs:							\$0.00				

Detail 7

CAD - Deeper Groundwater Corrective Action Program - Annual Operation Costs

Currently, PNM is assuming that no engineered remediation program will be needed. Contaminant levels will be monitored only. Monitoring costs are shown in Detail 1.

CAD - Deeper Plume Corrective Action Program - Annual Operation Costs:							\$0.00				