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February 11, 2016

**CERTIFIED MAIL and E-MAIL**  
**RETURN RECEIPT REQUESTED**

John Kieling  
Chief, Hazardous Waste Bureau  
New Mexico Environment Department  
2905 Rodeo Park Drive East, Building 1  
Santa Fe, NM 87505-6030

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

Dear Mr. Kieling:

Please find enclosed the 2016 post-closure care cost estimate and actual post-closure costs through 2015 for the Public Service Company of New Mexico Person Generating Station.

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

Sincerely,

A handwritten signature in black ink that reads "John Hale".

John Hale, P.E.  
Technical Project Manager

Enclosures

cc: Brian Salem, NMED-HWB, District 1, 121 Tijeras Ave. NE, Albuquerque, NM 87102

Person Generating Station  
Post Closure Care Cost Estimate for 2016

<u>Line Item</u>	<u>Description</u>	<u>Cost</u>
1	Biannual Activities - See Detail 1	\$ 46,430.00
2	Future Permit Fees and Associated Labor and Contractor Costs (one-time costs) - See Detail 2	\$ 74,060.00
3	Well Closure and Replacement Costs (one-time costs) - See Detail 3	\$ 184,500.00
4	Groundwater Treatment System Annual Operation and Maintenance Costs - See Detail 4	\$ 20,550.00
5	Cost for One Year of Post Closure Care Period (2016) = 1 yr * line 1 + line 2 + line 3 + 1 yr * line 4	\$ 325,540.00
	Date of Cost Estimate:	1/28/2016
	Notes:	
	1. Current cost estimate (line 5) is based on the following:	
	Starting with the 2nd half of 2013, the Groundwater Treatment System will be operated on a 6 month-on/ 6 month-off schedule through the end of 2016.	
	Assume relevant regulatory groundwater standards will be met by the end of 2016 and the GTS can then be permanently shut down.	
	2. Cost estimate was initially revised based on issuance of new permit, which became effective on 10/6/12.	
	3. 2016 is the 28th year of post-closure care.	

Detail 1  
Inspections, Administration, Reporting, and Sampling Activities

<b>Routine Permit-Related Activities</b>						
<b><u>Activities to be Conducted Biannually (twice during 2016)</u></b>						
<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>	
<b><u>Permit-Required Inspections</u></b>						
1	Closure Cap, Security Fence, GTS Inspections	\$ 90.00	3	2	\$ 540.00	
<b><u>Program Administration/Reporting</u></b>						
2	Administrative Activities, Meetings, and Regulatory Contact	\$ 90.00	16	2	\$ 2,880.00	
3	Permit-Required Reports Preparation	\$ 90.00	40	2	\$ 7,200.00	
4	Contractor Labor and Support for Reporting Requirements	\$ 90.00	24	2	\$ 4,320.00	
5	Miscellaneous Costs: Copies, Supplies, Equipment, Etc.	\$ 250.00	1	2	\$ 500.00	
<b><u>Groundwater Sampling Program (20 wells)</u></b>						
6	Preparation - Equipment Checkout, Planning, and Set-Up	\$ 90.00	4	2	\$ 720.00	
7	Water Level Measurements (1 operator, WL readings at 20 wells)	\$ 90.00	8	2	\$ 1,440.00	
8	Purge and Sampling of 20 Wells (1 operator)	\$ 90.00	40	2	\$ 7,200.00	
9	Data Review/Evaluation	\$ 90.00	16	2	\$ 2,880.00	
10	Sampling Supplies and Equipment	\$ 500.00	1	2	\$ 1,000.00	
11	Lab Analysis (8260 Volatiles x 25)	\$ 115.00	25	2	\$ 5,750.00	
12	Lab Analysis (App. IX x 5)	\$ 2,000.00	5	1	\$ 10,000.00	
13	Non-Labor Costs: Vehicles, Gas Cylinders, and Miscellaneous	\$ 1,000.00	1	2	\$ 2,000.00	
14	<b>Detail 1 Total:</b>				<b>\$ 46,430.00</b>	
Notes:						
1. Assumed average hourly labor rate:		\$90.00				
2. GTS will be operated on 6-mo on/6-mo off frequency during 2016. Monitoring activities will be conducted biannually during this one-year period.						
3. Cost estimate is based on the assumption that at the end of 2016, relevant groundwater standards will be met and the GTS can be permanently shut down.						

Detail 2 - Permit-Related Costs

Permit-Related Costs - 2016					
Line Item	Activity	Number	Fee	Total	Detail Subtotal
1	Class I Permit Modification (2016)	1	\$ 2,500.00	\$ 2,500.00	
2	Class III Permit Modification (2016)	1	\$ 40,000.00	\$ 40,000.00	
3	NMED Report Review Fees (2016)	2	2,500	5,000.00	
4	Annual NMED PC Business Fee (2016)	1	4000	4,000.00	
					\$ 51,500.00
	<b>Other Costs</b>	<b>Labor/Unit Rate</b>	<b>Hrs/item or 1 unit</b>	<b>Total For This Activity</b>	
5	Labor for Class I Modification (24hr x 1)	\$ 90.00	24	\$ 2,160.00	
6	Labor for Class III Modification (80hr x 1)	\$ 90.00	80	\$ 7,200.00	
7	Contractor Labor for Class III Modification (80hr x 1)	\$ 90.00	80	\$ 7,200.00	
8	Contractor Cost for Post Closure Certification	\$ 6,000.00	1	\$ 6,000.00	
					\$ 22,560.00
	<b>Detail 2 Total:</b>				\$ 74,060.00
Notes:					
1. Assumed average hourly labor rate:			\$90.00		
2. Assume that one Class I permit modifications will be required in 2016.					
3. Assume that the relevant groundwater standards have been met by the end of 2016 and the GTS can be permanently shut down. One Class III permit modification will be required to formally terminate corrective action activities.					

Detail 3  
Well Closure and Replacement Costs

<b>Well Closure and Replacement Costs</b>					
<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>Total</u>
1	Plugging and Abandonment of 2 in. Shallow Wells	\$ 2,000.00	15	1	\$ 30,000.00
2	Plugging and Abandonment of 4 in. Shallow Wells	\$ 2,500.00	11	1	\$ 27,500.00
3	Plugging and Abandonment of 4 in. Deep Wells	\$ 3,500.00	2	1	\$ 7,000.00
4	Plugging and Abandonment of Cluster Wells	\$ 11,000.00	5	1	\$ 55,000.00
5	Plugging and Abandonment of EW-1, EW-2, EW-3, EW-4, and VEW	\$ 5,000.00	5	1	\$ 25,000.00
6	Replacement of One Extraction Well (if needed)	\$ 40,000.00	1	1	\$ 40,000.00
<b>Detail 4 Total:</b>					<b>\$ 184,500.00</b>
<b>Notes:</b>					
	1. Assumed average hourly labor rate.	\$ 90.00			
	2. Assume all wells will be closed by end of 2016.				

Detail 4  
GTS Annual Operation and Maintenance Costs

<b>Groundwater Treatment System Costs (during 2016)</b>					
Line Item	Description	Labor or Unit Rate	Hrs/item or 1 Unit	Items Per Year	Annual Cost
<b><u>Groundwater Treatment System - Operation</u></b>					
1	Utilities (monthly cost - 6 mo-on/6 mo-off for one year)	\$ 350.00	1	6	\$ 2,100.00
2	Compliance Sampling - 8260 Analysis, 3 samples/month	\$ 115.00	3	6	\$ 2,070.00
3	Compliance Sampling - Labor	\$ 90.00	2	6	\$ 1,080.00
4	Routine Inspections	\$ 90.00	1	12	\$ 1,080.00
5	Data Review and Evaluation	\$ 90.00	1	6	\$ 540.00
6	Compliance Reporting	\$ 90.00	2	2	\$ 360.00
7	Administration	\$ 90.00	1	12	\$ 1,080.00
8	Miscellaneous (supplies, replacement carbon, etc.)	\$ 4,000.00	1	1	\$ 4,000.00
<b><u>Groundwater Treatment System - Maintenance</u></b>					
9	Routine Maintenance - Labor	\$ 90.00	3	12	\$ 3,240.00
10	Routine Maintenance - Equipment, Parts, Etc.	\$ 5,000.00	1	1	\$ 5,000.00
<b>Detail 4 Total:</b>					<b>\$ 20,550.00</b>
<b>Notes:</b>					
1. Assumed average hourly labor rate:		\$ 90.00			
2. The GTS will be operated on a 6-mo on/6-mo off frequency commencing in 2nd half 2013 through the end of 2016.					

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

Costs Through 2015

<b>Routine Permit Activities</b>	
• Labor	\$ 967,998
• Other	<u>\$ 1,817,429</u>
<b>Subtotal for Routine Activities</b>	<b>\$ 2,785,427</b>
<b>Corrective Action Directive</b>	
<b>Shallow Groundwater Assessment</b>	
• Labor	\$ 105,554
• Other	<u>\$ 834,085</u>
<b>Subtotal Shallow Groundwater Assessment</b>	<b>\$ 939,639</b>
<b>Shallow Groundwater Remediation (Installation)</b>	
• Labor	\$ 152,686
• Other	<u>\$ 1,979,147</u>
<b>Subtotal</b>	<b>\$ 2,131,833</b>
<b>Deep Groundwater Assessment</b>	
• Labor	\$ 45,040
• Other	<u>\$ 2,018,080</u>
<b>Subtotal</b>	<b>\$ 2,063,120</b>
<b>Production Well Closure</b>	
• Labor	\$ 9,855
• Other	<u>\$ 88,908</u>
<b>Subtotal</b>	<b>\$ 98,763</b>
<b>CAP Operation</b>	
• Labor	\$ 193,359
• Other	<u>\$ 332,895</u>
<b>Subtotal</b>	<b>\$ 526,254</b>
<b>Subtotal for CAD Activities:</b>	<b>\$ 5,759,609</b>
<b>Total for all Post-Closure Costs:</b>	<b>\$ 8,545,036</b>