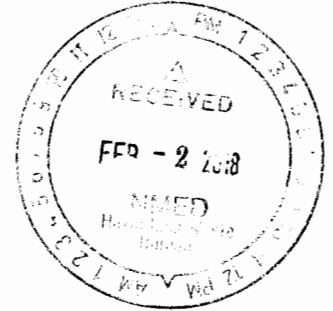


2401 Aztec NE – Z100
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January 31, 2018

CERTIFIED 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 2018 post-closure care cost estimate and actual post-closure costs through 2017 for the Public Service Company of New Mexico Person Generating Station.

If you have any questions, please contact me at (505) 241-2014 or via email at john.hale@pnmresources.com.

Sincerely,

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

John Hale, P.E.
Environmental 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 2018

Line Item	Description	Cost
1	Annual Activities - See Detail 1	\$ 5,040.00
2	Permit Related Fees (one-time costs) - See Detail 2	\$ 64,700.00
3	Well and GTS Closure Costs (one-time costs) - See Detail 3	\$ 127,000.00
4	Groundwater Treatment System Costs - See Detail 4	\$ -
5	Cost for One Year of Post Closure Care Period (2018) = line 1 + line 2 + line 3 + line 4	\$ 196,740.00
	Date of Cost Estimate:	1/4/2018
	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 2017.	
	- Assume relevant regulatory groundwater standards will be met by the end of 2017 and the GTS can then be permanently shut down.	
	- NMED will approve PNM's recommendation to terminate monitoring and operation of the GTS in 2018.	
	- All remaining wells will be plugged and abandoned in 2018.	
	2. Cost estimate was initially revised based on issuance of new permit, which became effective on 10/6/12.	
	3. 2018 is the 30th year of post-closure care.	

Detail 1
Inspections, Administration, Reporting, and Sampling Activities

Routine Permit-Related Activities					
Activities to be Conducted During 2018					
<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>
Permit-Required Inspections					
1	Closure Cap, Security Fence, GTS Inspections	\$ 90.00	0	0	\$ -
Program Administration/Reporting					
2	Administrative Activities, Meetings, and Regulatory Contact	\$ 90.00	8	1	\$ 720.00
3	Permit-Required Reports Preparation	\$ 90.00	40	1	\$ 3,600.00
4	Contractor Labor and Support for Reporting Requirements	\$ 90.00	8	1	\$ 720.00
Groundwater Sampling Program (20 wells)					
5	Preparation - Equipment Check, Planning, and Set-Up	\$ 90.00	0	0	\$ -
6	Water Level Measurements and Sampling of 20 Wells (1 operator)	\$ 90.00	0	0	\$ -
7	Data Review/Evaluation	\$ 90.00	0	0	\$ -
8	Sampling Supplies, Equipment, Gas Cylinders, etc.	\$ 1,000.00	0	0	\$ -
9	Lab Analysis (8260 Volatiles x 25)	\$ 115.00	0	0	\$ -
10	Lab Analysis (App. IX x 5)	\$ 2,000.00	0	0	\$ -
11	Detail 1 Total:				\$ 5,040.00
Notes:					
1. Assumed average hourly labor rate:		\$ 90.00			
2. Cost estimate is based on the assumption that at the end of 2017, relevant groundwater standards have been met and NMED will approve PNM's request to permanently shut down the GTS.					
3. Assuming NMED approval, no monitoring activities or operation of the GTS will occur during 2018.					

Detail 2 - Permit-Related Costs

Permit-Related Costs for 2018				
Line Item	Activity	Number	Fee	Total
1	Class III Permit Modification (2018)	1	\$ 40,000.00	\$ 40,000.00
2	NMED Report Review Fee (2018)	1	\$ 2,500.00	\$ 2,500.00
3	Annual NMED PC Business Fee (2018)	1	\$ 4,000.00	\$ 4,000.00
Associated Costs				
		<u>Labor/Unit Rate</u>	<u>Hrs/item or 1 unit</u>	<u>Total For This Activity</u>
4	Labor for Class III Modification (80hr x 1)	\$ 90.00	80	\$ 7,200.00
5	Non-labor and Contractor Costs for Class III Mod	\$ 5,000.00	1	\$ 5,000.00
6	Contractor Cost for Post Closures Certification	\$ 6,000.00	1	\$ 6,000.00
7	Detail 2 Total:			\$ 64,700.00
Notes:				
1. Assumed average hourly labor rate:			\$ 90.00	
2. Assume that the relevant groundwater standards have been met by the end of 2017 and the GTS can be permanently shut down.				
3. One Class III permit modification will be required to officially terminate corrective action activities, which will occur in 2018.				

Detail 3
Well and GTS Closure Costs

Well and GTS Closure Costs					
<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	8	1	\$ 16,000.00
2	Plugging and Abandonment of 4 in. Shallow Wells	\$ 2,500.00	7	1	\$ 17,500.00
3	Plugging and Abandonment of 4 in. Deep Wells	\$ 3,500.00	1	1	\$ 3,500.00
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	GTS Decommissioning	\$ 10,000.00	1	1	\$ 10,000.00
7	Detail 3 Total:				\$ 127,000.00
Notes:					
	1. Assumed average hourly labor rate.	\$ 90.00			
	2. Assume all wells will be closed by end of 2018.				

Detail 4
GTS Annual Operation and Maintenance Costs

Groundwater Treatment System Costs (during 2018)					
Line Item	Description	Labor or Unit Rate	Hrs/item or 1 Unit	Items Per Year	Annual Cost
Groundwater Treatment System - Operation					
1	Utilities (monthly cost - 6 mo-on/6 mo-off for one year)	\$ 350.00	0	0	\$ -
2	Compliance Sampling - 8260 Analysis, 3 samples/month	\$ 115.00	0	0	\$ -
3	Compliance Sampling - Labor	\$ 90.00	0	0	\$ -
4	Routine Inspections	\$ 90.00	0	0	\$ -
5	Data Review and Evaluation	\$ 90.00	0	0	\$ -
6	Compliance Reporting	\$ 90.00	0	0	\$ -
7	Administration	\$ 90.00	0	0	\$ -
8	Miscellaneous (supplies, replacement carbon, etc.)	\$ 4,000.00	0	0	\$ -
Groundwater Treatment System - Maintenance					
9	Routine Maintenance - Labor	\$ 90.00	0	0	\$ -
10	Routine Maintenance - Equipment, Parts, Etc.	\$ 5,000.00	0	0	\$ -
11	Detail 4 Total:				\$ -
Notes:					
	1. Assumed average hourly labor rate:	\$ 90.00			
	2. The GTS will be permanently shut down in 2018.				

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

Costs Through 2017

Routine Permit Activities	
• Labor	\$ 1,003,024
• Other	<u>\$ 2,022,735</u>
Subtotal for Routine Activities	\$ 3,025,759
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	<u>\$ 2,131,833</u>
Deep Groundwater Assessment	
• Labor	\$ 45,040
• Other	<u>\$ 2,018,080</u>
Subtotal	<u>\$ 2,063,120</u>
Production Well Closure	
• Labor	\$ 9,855
• Other	<u>\$ 88,908</u>
Subtotal	<u>\$ 98,763</u>
CAP Operation	
• Labor	\$ 195,055
• Other	<u>\$ 339,458</u>
Subtotal	<u>\$ 534,513</u>
Subtotal for CAD Activities:	\$ 5,767,868
Total for all Post-Closure Costs:	\$ 8,793,627