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November 12, 2012

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

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

RE: Person Generating Station (NMT 360010342) – Revised Post-Closure Care Cost Estimate

Dear Mr. Kieling:

Pursuant to Section 2.7.3 of Post-Closure Care Permit NMT360010342 for the Public Service Company of New Mexico (PNM) Person Generating Station, enclosed is a revised post-closure care cost estimate, which covers the period of October 6, 2012 (effective date of the revised permit) through 2014.

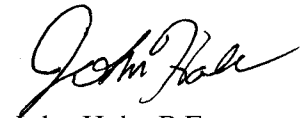
As you know, the recently issued renewed permit allows PNM to commence a graduated shutdown of the Groundwater Treatment System when monitoring indicates that all wells in the corrective action program have been below the relevant standards for at least three consecutive years. Since that condition has been met, PNM intends to commence the graduated shutdown process in January 2013. Consequently, the post-closure care cost estimate has been revised accordingly to reflect these upcoming changes and associated project assumptions, which are listed below:

- The Groundwater Treatment System will be shut down in January 2013 followed by two semi-annual monitoring events.
- If data from the two semi-annual sampling events indicate that all wells are still below the relevant standards, PNM intends to for termination of corrective action and post-closure care in 2014 via a Class III permit modification request.

However, if data from the two semi-annual monitoring events indicate that one or more wells have increased above the relevant standards, then the Groundwater Treatment System would be put back into service in accordance with the permit conditions. Consequently, the post-closure care cost estimate would be revised again to reflect the new condition.

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

Sincerely,

A handwritten signature in black ink that reads "John Hale". The signature is written in a cursive style with a large, looping initial "J".

John Hale, P.E.
Technical Project Manager

cc: Brian Salem, NMED-HWB

Enclosures

Person Generating Station
Post Closure Care Cost Estimate for 2012

Line Item	Description	Cost
1	Fourth Quarter 2012 Activities - See Detail 1	\$ 33,255.00
2	Graduated Shutdown Process Monitoring Requirements (2013) - See Detail 2	\$ 78,080.00
3	Future NMED Permit Fees and Associated Labor and Contractor Costs - See Detail 3	\$ 121,720.00
4	Well Closure and Replacement Costs - See Detail 4	\$ 208,500.00
5	Groundwater Treatment System Annual Operation and Maintenance Costs - See Detail 5	\$ 28,415.00
6	Cost for Next 3 Years of PC Period (2012 - 2014) = line 1 + line 2 + line 3 + line 4 + line 5	\$ 469,970.00
	Date of Cost Estimate:	10/18/2012
	Notes:	
	<u>1. Current cost estimate (line 6) is based on the assumption that all monitoring wells will be below the relevant standards by the end of 2013 and therefore, corrective action activities can be formally terminated in 2014.</u>	
	2. Period used for this cost estimate begins in the fourth quarter of 2012 and continues through the end of 2014.	
	3. Cost estimate was revised based on issuance of new permit, which became effective on 10/6/12.	
	4. Assumed average hourly labor rate:	\$ 90.00
	5. 2012 is the 24th year of post-closure care.	

Details 1 and 2
Administration, Inspections, Reporting, and Sampling Activities
Fourth Quarter 2012 - 2013

Routine Permit-Related Activities						
Fourth Quarter 2012 Activities						
<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>Detail Subtotal</u>
Permit-Required Inspections						
1	Closure Cap Inspection	\$ 90.00	1	1	\$ 90.00	
2	Security Fence Inspection	\$ 90.00	1	1	\$ 90.00	
Program Administration/Reporting						
3	Administrative Activities, Meetings, and Regulatory Contact	\$ 90.00	16	1	\$ 1,440.00	
4	Annual Data Report and Other Reports Preparation	\$ 90.00	40	1	\$ 3,600.00	
5	Contractor Labor and Support for Reporting Requirements	\$ 90.00	40	1	\$ 3,600.00	
6	Miscellaneous Costs: Copies, Supplies, Equipment, Etc.	\$ 2,000.00	1	1	\$ 2,000.00	
Groundwater Sampling Program (20 wells)						
7	Preparation - Equipment Checkout, Planning, and Set-Up	\$ 90.00	4	1	\$ 360.00	
8	Water Level Measurements (1 operator, WL readings at 20 wells)	\$ 90.00	8	1	\$ 720.00	
9	Purge and Sampling of 20 Wells (1 operator)	\$ 90.00	40	1	\$ 3,600.00	
10	Data Review/Evaluation	\$ 90.00	32	1	\$ 2,880.00	
11	Sampling Supplies and Equipment	\$ 500.00	1	1	\$ 500.00	
12	Lab Analysis (8260 Volatiles x 25)	\$ 115.00	25	1	\$ 2,875.00	
13	Lab Analysis (App. IX x 5)	\$ 2,000.00	5	1	\$ 10,000.00	
14	Non-Labor Costs: Vehicles, Gas Cylinders, and Miscellaneous	\$ 1,500.00	1	1	\$ 1,500.00	
15	Detail 1 Total:					\$ 33,255.00
Graduated Shutdown Process Monitoring Requirements (2013)						
Permit-Required Inspections						
1	Closure Cap Inspection	\$ 90.00	1	2	\$ 180.00	
1	Security Fence Inspection	\$ 90.00	1	2	\$ 180.00	
Program Administration/Reporting						
3	Administrative Activities, Meetings, and Regulatory Contact	\$ 90.00	32	2	\$ 5,760.00	
4	Annual Data Report and Other Reports Preparation	\$ 90.00	80	2	\$ 14,400.00	
5	Contractor Labor and Support for Reporting Requirements	\$ 90.00	80	1	\$ 7,200.00	
6	Miscellaneous Costs: Copies, Supplies, Equipment, Etc.	\$ 2,000.00	1	2	\$ 4,000.00	
Groundwater Sampling Program (12 wells)						
7	Preparation - Equipment Checkout, Planning, and Set-Up	\$ 90.00	4	2	\$ 720.00	
8	Water Level Measurements (1 operator, WL readings at 12 wells)	\$ 90.00	8	2	\$ 1,440.00	
9	Purge and Sampling of 12 Wells (1 operator)	\$ 90.00	32	2	\$ 5,760.00	
10	Data Review/Evaluation	\$ 90.00	32	2	\$ 5,760.00	
11	Well Replacement/Maintenance (assume expenditure of \$8,000/yr)	\$ 8,000.00	2	1	\$ 16,000.00	
12	Sampling Supplies and Equipment	\$ 500.00	1	2	\$ 1,000.00	
13	Lab Analysis (8260 Volatiles x 16)	\$ 115.00	16	2	\$ 3,680.00	
14	Lab Analysis (App. IX x 5)	\$ 2,000.00	5	1	\$ 10,000.00	
15	Non-Labor Costs: Vehicles, Gas Cylinders, and Miscellaneous	\$ 1,000.00	1	2	\$ 2,000.00	
16	Detail 2 Total:					\$ 78,080.00
Notes:						
1. Assumed average hourly labor rate:		\$90.00				
2. Monitoring activities will be conducted once during the fourth quarter of 2012 and twice during 2013.						

Detail 3 - NMED Permit Fees

Permit-Related Costs - 2012-2014					
Line Item	Activity	Number	Fee	Total	Detail Subtotal
1	Class I Permit Modification (2013 and 2014)	2	\$ 2,500.00	\$ 5,000.00	
2	Class III Permit Modification (2014)	1	\$ 40,000.00	\$ 40,000.00	
3	NMED Report Review Fees (2013 and 2014)	2	20,000	\$ 40,000.00	
4	Annual NMED PC Business Fee (2012 - 2014)	3	4000	12000	
					\$ 97,000.00
Other Costs		Labor/Unit Rate	Hrs/item or 1 unit	Total For This Activity	
5	Labor for Class I Mods (24hr x 2)	\$ 90.00	48	\$ 4,320.00	
6	Labor for Class III Mods (80hr x 1)	\$ 90.00	80	\$ 7,200.00	
7	Contractor Labor for Class III Modification (80hrx1)	\$ 90.00	80	\$ 7,200.00	
8	Contractor Labor for PC Certification	\$ 6,000.00	1	\$ 6,000.00	
					\$ 24,720.00
Detail 3 Total:				\$ 121,720.00	
Notes:					
1. Assumed average hourly labor rate:			\$90.00		
2. Assume that the relevant groundwater standards have been met by the end of 2013 and the GTS can be permanently shut down. One Class III permit modification will be required to formally terminate corrective action activities.					
3. Assume that two Class I permit modifications will be required through 2014.					

Detail 4
Well Closure and Replacement Costs

Well Closure and Replacement Costs					
Line Item	Description	Labor or Unit Rate	Hrs/item or 1 Unit	Items Per Year	Cost
1	Plugging and Abandonment of 2 in. Shallow Wells	\$ 1,500.00	15	1	\$ 22,500.00
2	Plugging and Abandonment of 4 in. Shallow Wells	\$ 2,000.00	20	1	\$ 40,000.00
3	Plugging and Abandonment of 4 in. Deep Wells	\$ 3,000.00	3	1	\$ 9,000.00
4	Plugging and Abandonment of Cluster Wells	\$ 11,000.00	7	1	\$ 77,000.00
5	Plugging and Abandonment of PSMW-25, PSMW-26, EW-1, EW-2, EW-3, EW-4, EW-5, VEW	\$ 4,500.00	8	1	\$ 36,000.00
6	Extraction Well Replacement (if needed)	\$ 20,000.00	1	1	\$ 20,000.00
7	Engineering Design/Piping and Construction for Replacement Extraction Well (if needed)	\$ 4,000.00	1	1	\$ 4,000.00
Detail 4 Total:					\$ 208,500.00
Notes:					
	1. Assumed average hourly labor rate.	\$ 90.00			
	2. Assume all wells will be closed by end of 2014.				

Detail 5
GTS Annual Operation and Maintenance Costs

Groundwater Treatment System						
Fourth Quarter 2012 Activities						
<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>Detail Subtotal</u>
<u>Groundwater Treatment System - Operation</u>						
1	Utilities (Monthly)	\$ 350.00	1	3	\$ 1,050.00	
2	Compliance Sampling - 8260 Analysis, 3/month	\$ 115.00	3	3	\$ 1,035.00	
3	Compliance Sampling - Labor	\$ 90.00	3	3	\$ 810.00	
4	Routine Inspections	\$ 90.00	1	6	\$ 540.00	
5	Data Review and Evaluation	\$ 90.00	2	3	\$ 540.00	
6	Compliance Reporting	\$ 90.00	8	1	\$ 720.00	
7	Administration	\$ 90.00	8	1	\$ 720.00	
8	Miscellaneous (supplies, replacement carbon, etc.)	\$ 3,000.00	1	1	\$ 3,000.00	
<u>Groundwater Treatment System - Maintenance</u>						
10	Routine Maintenance - Labor	\$ 90.00	8	3	\$ 2,160.00	
11	Routine Maintenance - Equipment, Parts, Etc.	\$ 5,000.00	1	1	\$ 5,000.00	
						\$ 15,575.00
<u>Graduated Shutdown Process Monitoring Requirements (2013)</u>						
<u>Groundwater Treatment System - Operation</u>						
1	Utilities (2/yr)	\$ 350.00	1	2	\$ 700.00	
2	Compliance Sampling - 8260 Analysis, 3/month	\$ 115.00	3	2	\$ 690.00	
3	Compliance Sampling - Labor	\$ 90.00	3	3	\$ 810.00	
4	Routine Inspections	\$ 90.00	1	2	\$ 180.00	
5	Data Review and Evaluation	\$ 90.00	2	2	\$ 360.00	
6	Compliance Reporting	\$ 90.00	8	2	\$ 1,440.00	
7	Administration	\$ 90.00	8	1	\$ 720.00	
8	Training	\$ 1,000.00	1	1	\$ 1,000.00	
9	Miscellaneous (supplies, replacement carbon, etc.)	\$ 3,000.00	1	1	\$ 3,000.00	
<u>Groundwater Treatment System - Maintenance</u>						
10	Routine Maintenance - Labor	\$ 90.00	8	2	\$ 1,440.00	
11	Routine Maintenance - Equipment, Parts, Etc.	\$ 2,500.00	1	1	\$ 2,500.00	
						\$ 12,840.00
Detail 5 Total:						\$ 28,415.00
Notes:						
	1. Assumed average hourly labor rate:	\$ 90.00				
	2. The GTS will remain in operation 24/7 during 2012 fourth quarter.					
	3. The GTS will be operated for two short periods during 2013.					