

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

CITY OF SANTA FE, NEW MEXICO

RESOLUTION NO. 2019-__

INTRODUCED BY:

Councilor Renee D. Villarreal

A RESOLUTION

RELATING TO PUBLIC SERVICE COMPANY OF NEW MEXICO’S (PNM) PALO VERDE NUCLEAR GENERATING STATION INVESTMENTS AND THE FINANCIAL IMPACT ON RATEPAYERS, AND SUPPORT FOR AN ALTERNATIVE RENEWABLE ENERGY-BASED REPLACEMENT PLAN.

WHEREAS, on May 16, 2019, the New Mexico Supreme Court (Court) ruled in Case No. 36115, appeal of New Mexico Public Regulation Commission (PRC) case, 15-00261-UT, that PNM’s nuclear investment in Palo Verde Nuclear Generating Station (Palo Verde) was made without (i) any financial analysis and (ii) any comparison to other feasible resource alternatives – and as a result, was imprudent; and

WHEREAS, consumer protections were central to the Supreme Court’s analysis and it held “that it was not inappropriate for the Commission to address whether PNM had demonstrated Palo Verde to be cost-effective...the goal of the consideration of alternatives is, of course, to reasonably protect ratepayers from wasteful expenditure. The

1 failure to reasonably consider alternatives was a fundamental flaw in PNM’s decision-
2 making process.”; and

3 **WHEREAS**, the high Court ruled that: “the purpose of a prudence review is to
4 hold ratepayers harmless from any amount imprudently invested, a disallowance should
5 equal the amount of the unreasonable investment.”; and

6 **WHEREAS**, “ratepayers are not to be charged for the negligent, wasteful or
7 improvident expenditures, or for the cost of management decisions which are not made in
8 good faith.”

9 **WHEREAS**, ratepayers are financially responsible to the regulated utility for
10 prudently procured investments; the converse is true as well: ratepayers are not to be
11 charged for “imprudent” utility investments; and

12 **WHEREAS**, investments negligently made without concern for cost, or compared
13 to other less costly and environmentally damaging energy resources, will not result in
14 just, fair, or reasonable rates; and

15 **WHEREAS**, ratepayers are to be held harmless for the imprudent actions of utility
16 management, the Court acknowledged the possibility of a “full disallowance” to insulate
17 ratepayers from the high costs of nuclear; and

18 **WHEREAS**, according to various documents submitted in PRC cases, PNM’s
19 cost per megawatt hour for nuclear energy is substantially higher than that of both wind
20 and solar (see Exhibit A); and

21 **WHEREAS**, radioactive waste is generated with the production of nuclear energy
22 with no long-term solution for its safe disposal; and

23 **WHEREAS**, despite the clear trend toward higher temperature and more arid

1 conditions across the Southwest, PNM continues to invest in energy resources that use
2 vast amounts of water; and

3 **WHEREAS**, these investments continue despite PNM acknowledging the risk of
4 drought “which could potentially affect the plants’ water supplies” in its compliance
5 filing with the Securities and Exchange Commission; and

6 **WHEREAS**, the generation of nuclear energy is the most water-intensive way to
7 produce electricity, with Palo Verde consuming 768 gallons of water for every MWh
8 produced, according to PNM’s 2014 Integrated Resource Plan (IRP) filing; and

9 **WHEREAS**, investment in Palo Verde nuclear resource would cost ratepayers
10 more than \$2 billion over the life of the nuclear plant; and

11 **WHEREAS**, spending that same amount of money in New Mexico on much less
12 costly solar and wind power could create homegrown, family-supporting jobs that
13 produce affordable and clean energy; and

14 **WHEREAS**, according to a 2018 Talk Poverty report, 19.7% of New Mexican
15 households live at or below the poverty level – currently \$24,860 for a family of four;
16 and

17 **WHEREAS**, the same report states that 27% of children live below the poverty
18 line; and

19 **WHEREAS**, these statistics place New Mexico second highest in overall poverty
20 and highest in child poverty nationwide; and

21 **WHEREAS**, according to an Inside Energy report from 2016, the percent of
22 income spent on energy bills for homes below 50% of the federal poverty level exceeded
23 25% in every county in New Mexico except Bernalillo County; and

1 **WHEREAS**, people of color and senior citizens are disproportionately affected by
2 increased energy costs; and

3 **WHEREAS**, if higher cost nuclear-generated energy is authorized and results in
4 increased bills for customers, many of our most vulnerable residents will be forced to
5 make hard economic choices that will likely cause long-term hardship; and

6 **WHEREAS**, Palo Verde, the largest nuclear energy-generating power plant in the
7 U.S., reported a radioactive water leak in 2013 that was reported to cost up to \$15 million
8 to repair; and

9 **WHEREAS**, in the same year the Associated Press reported that an unreleased
10 Government Accountability Office report that cited Palo Verde with the second-most
11 total violations, with 299 “lower-level” violations and five “higher-level” violations; and

12 **WHEREAS**, the Preamble of the City of Santa Fe Municipal Charter states that it
13 is the City’s “determination to secure for ourselves and our children the continuity of our
14 cultural values, our personal freedoms, and our well-being”; and

15 **WHEREAS**, the City of Santa Fe has a history of accepting these responsibilities
16 and acknowledging the reality and imminent threat of climate change, probably effects of
17 climate change on our City, and our ability and responsibility to reduce our contribution
18 to the causes of climate change, as evidenced by the City’s endorsement of the U.S.
19 Conference of Mayors Climate Protection Agreement, the adoption of the City of Santa
20 Fe’s 25-year Sustainability Plan (2018), it’s commitment to becoming carbon neutral by
21 2040, and the adoption of many other resolutions addressing similar concerns; and

22 **WHEREAS**, the closing of the coal-powered San Juan Units 2 and 3 presents a
23 critical opportunity to transition away from New Mexico’s investment in fossil fuels and

1 nuclear energy and creates an opportunity to rapidly deploy renewable energy
2 technologies to meet New Mexico's energy demands.

3 **NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY**
4 **OF THE CITY OF SANTA FE** the Governing Body opposes PNM's investment in
5 nuclear energy on the basis that:

- 6 1. It is not the most cost-effective solution among feasible renewable energy
7 alternatives;
- 8 2. It generates radioactive waste that is a threat to our environment;
- 9 3. It does not create family-supporting renewable, affordable and clean energy
10 jobs in New Mexico for New Mexicans;
- 11 4. It is a risky investment in an unsustainable and costly energy source that is not
12 in the best interest of the public or the ratepayers; and
- 13 5. It unfairly places the burden of PNM's poor financial planning on the
14 ratepayers of New Mexico.

15 **BE IT FURTHER RESOLVED** that the Governing Body strongly urges the
16 PRC to require that PNM's replacement power plan include as much renewable energy
17 and energy efficiency as is technically and economically feasible.

18 **BE IT FURTHER RESOLVED** that the Governing Body urges the PRC to hold
19 ratepayers harmless for the imprudent Palo Verde investments and deny PNM's cost
20 recovery from ratepayers.

21 **BE IT FURTHER RESOLVED** that the City Clerk is directed to forward a copy
22 of this Resolution to the New Mexico Public Regulation Commission and General
23 Counsel as official public testimony on behalf of the City of Santa Fe in case No. 15-

1 00261-UT and 19-00102-UT before the PRC.

2 **BE IT FURTHER RESOLVED** that the City Clerk is directed to forward a copy
3 of this Resolution to the Governor of New Mexico and New Mexico’s Congressional
4 Delegation.

5 PASSED, APPROVED, and ADOPTED this _____ day of _____, 2019.

6

7

8

9

ALAN M. WEBBER, MAYOR

10 ATTEST:

11

12

13

YOLANDA Y. VIGIL, CITY CLERK

14

APPROVED AS TO FORM:

15

16

17

ERIN K. McSHERRY, CITY ATTORNEY

18

19

20

21

22

23

24

25

1
2
3
4
5
6
7
8
9

Legislation/2019/Resolutions/Palo Verde Nuclear Power Plant Opposition