

Metal Theft Prevention and the Sale of Recycled Metals Act

PRESENTATION TO COURTS, CORRECTIONS & JUSTICE COMMITTEE

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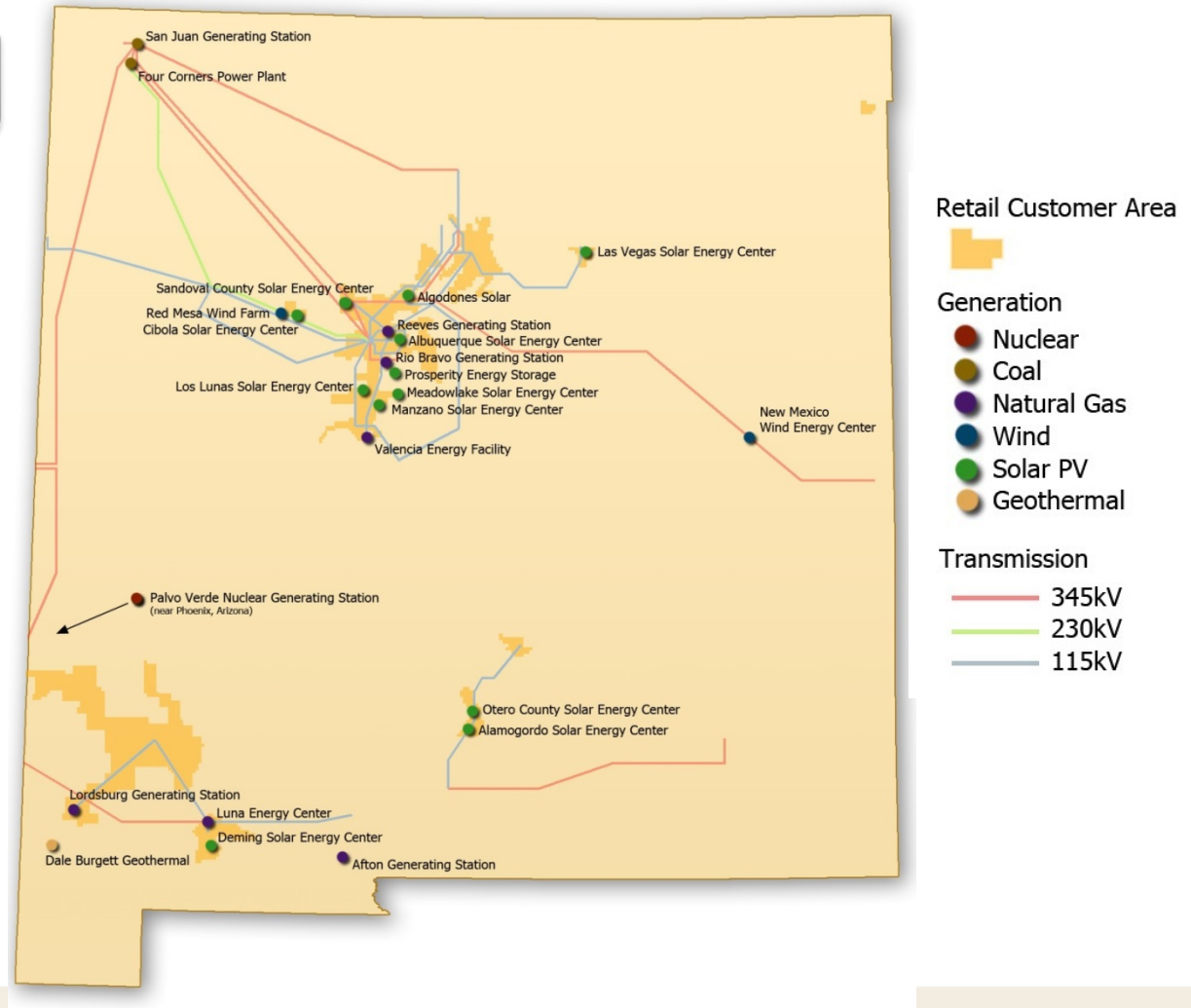
Talk to us.



A TRUE NEW MEXICO COMPANY



- Regulated utility focused on **Reliability**, **Affordability** and **Environmental Responsibility**
- Only NYSE traded company headquartered in New Mexico
- Over 1,500 employees
- Serving 512,960 customers in 40 communities
- 14,763 miles of transmission and distribution lines
- 2,707 MW generation capacity
- One of the top companies in the nation for diversity (Hispanic Business Inc.)



Talk to us.



INVESTING IN NEW MEXICO AND THE COMMUNITIES WE SERVE

- PNM is a top taxpayer in New Mexico
 - Provides \$137 million in taxable wages
 - In 2015, paid \$24.5 million in N.M. property taxes and \$61.6 million in N.M. GRT taxes
- Purchases \$203 million in N.M. goods and services annually
- Contributes over \$3.5 million to support our communities and local nonprofits
- In 2015, assisted 3,554 low income families with more than \$428,000 from the PNM Good Neighbor Fund
- Investing in our State
 - \$270 million on 15 large-scale solar facilities throughout the state (107MW)
 - Over \$27 million paid in Renewable Energy Credits for Customer Owned Solar Systems (38MW)
 - \$5.3 million (w/ a \$2.3 million DOE grant) Prosperity Energy Storage Project (500kW of solar and 250kW battery storage capacity)



SERVING OUR CUSTOMERS WITH RELIABLE AND AFFORDABLE ELECTRICITY

Market research has consistently demonstrated that –

- *“New Mexicans want reliable service, and overwhelmingly they recognize that is what PNM delivers”, and;*
- *“customers are more willing to support a rate increase when it is to ensure a smart and balanced energy mix and to make system investments that ensure reliability”*

Reliability

- Customers expect their electricity to be available 24/7
- PNM is in top 25 percent of utilities nationally for reliability
- PNM received the 2015 Reliability One Award for Outstanding Midsize Utility

Affordability

- PNM is in the top 25 percent for affordability in the West
- PNM customers have shown preference of low rates over additional investments in renewable energy

METAL THEFT IS A NATIONAL ISSUE

- High/increased copper prices over the last few years has spurred criminals to steal the metals from:
 - Homes
 - Businesses
 - Scrap sites
 - Utilities
- Recession
- Critical Infrastructures including electric, gas, water, and telecom sites



COPPER PRICE HISTORY 2010-2015

Copper Price
2.72 USD/lb
2 Apr '15



Source: COMEX

COPPER WIRE BEFORE



$\$23.36/\text{ft} \times 100' \times 3 = \7000 Materials only!!

COPPER WIRE BEFORE AND AFTER

Appearance of copper when delivered to a salvage yard



IMPACT OF THEFT

- Risk of death/serious injury to public, utility employees and thieves
- Economic impact on customers
- Costly substation repairs
- Critical infrastructure & key resources inoperable, severely limited due to the lack of proper grounding
- Safety hazard to the public when thieves leave exposed electrical equipment
- Create unsafe areas because streetlights inoperable

EFFECTS ON PNM SYSTEM

- Streetlights—across the city
- Substation grounding wires (over \$5 Million in 3 years)
- Pole ground wires (2,100 poles statewide)
- Commercial customer wiring
- Warehouse break-ins (Santa Fe, Ruidoso)
- Outages

Copper theft is a criminal activity affecting all of us.

WHAT IS BEING DONE BY PNM?

Internal Collaboration

- Interdepartmental Team addressing various issues
- Repairing / replacing stolen copper for Streetlights and Pole Ground wire
- Improving processes for reconnects
- Monitoring field trials
- Evaluating new lock and designs
- Meeting with manufacturers

External Collaboration

- Working with APD, NM Regulation and Licensing Dept. (RLD) and other utilities.
- Working with customers on (barricades, deterrent bars, lock change outs, etc.)
- Public & Customer Education Outreach activities
- Actively promoting legislative changes
- Customer awareness/rewards—**Crime Stoppers**

PNM STATION IMPACTS



- Cut ground leads to equipment in station that are not tied to ground grid
- Employee safety issue
- Forces crews to de-energize substation to repair in many cases
- Thieves access yards by various means but most yards unguarded and secured by fence or chain on gate

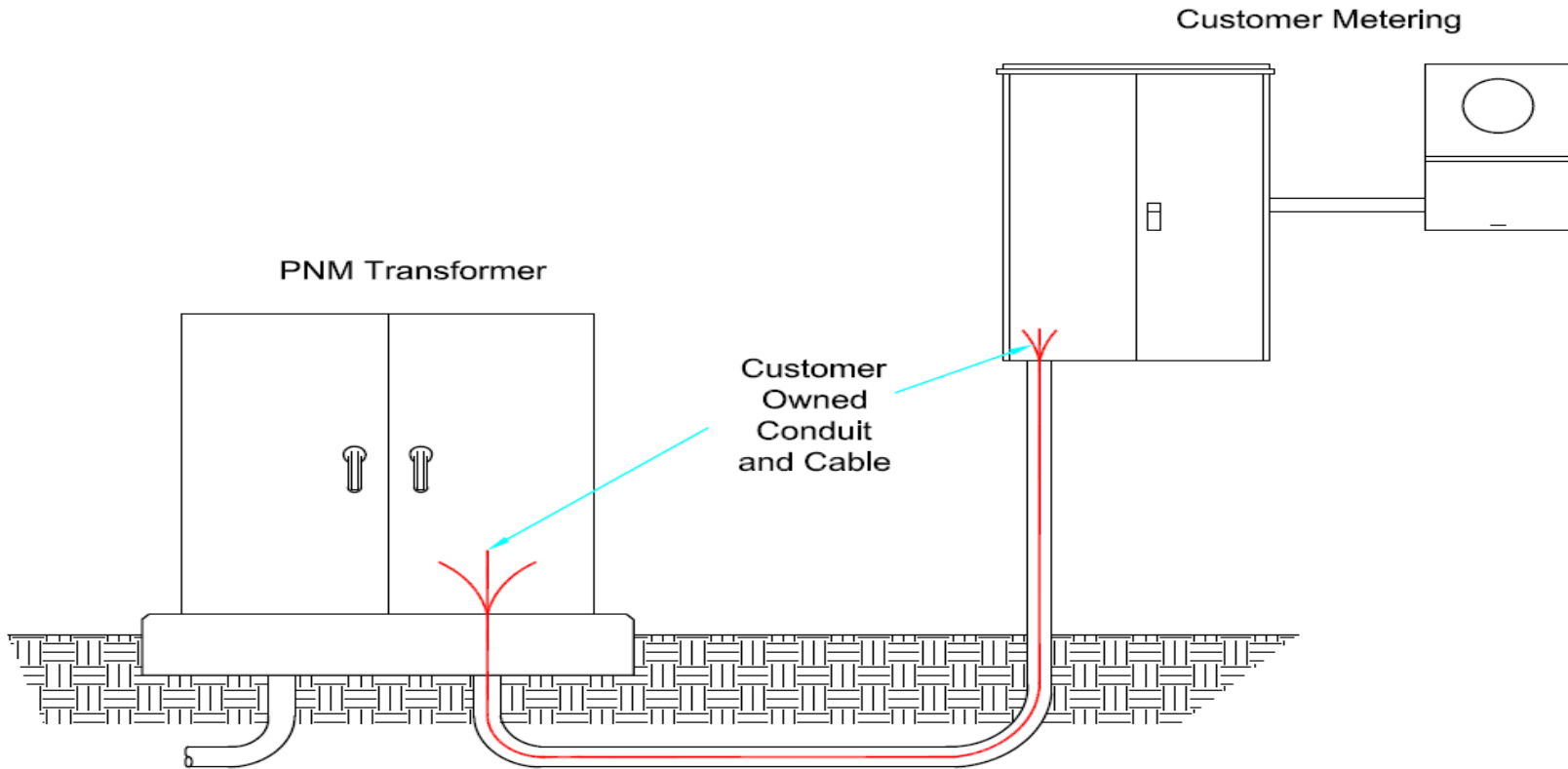
2012 SALE OF RECYCLED METALS ACT

- In effect for four years
- Victims of metal theft: small construction companies, large utilities, railroads, owners of vacant property both commercial and residential, museum, governments.
- The 2012 law: Dealer must **report** the purchase of regulated metal by the end of the second day *after* purchase
 - up to 60 hours after purchase
- Dealer must **hold** the material for *only* 24 hours
 - Allows dealer to re-sell after 24 hours, but **before** reporting
 - *Evades law enforcement*

LEGISLATION

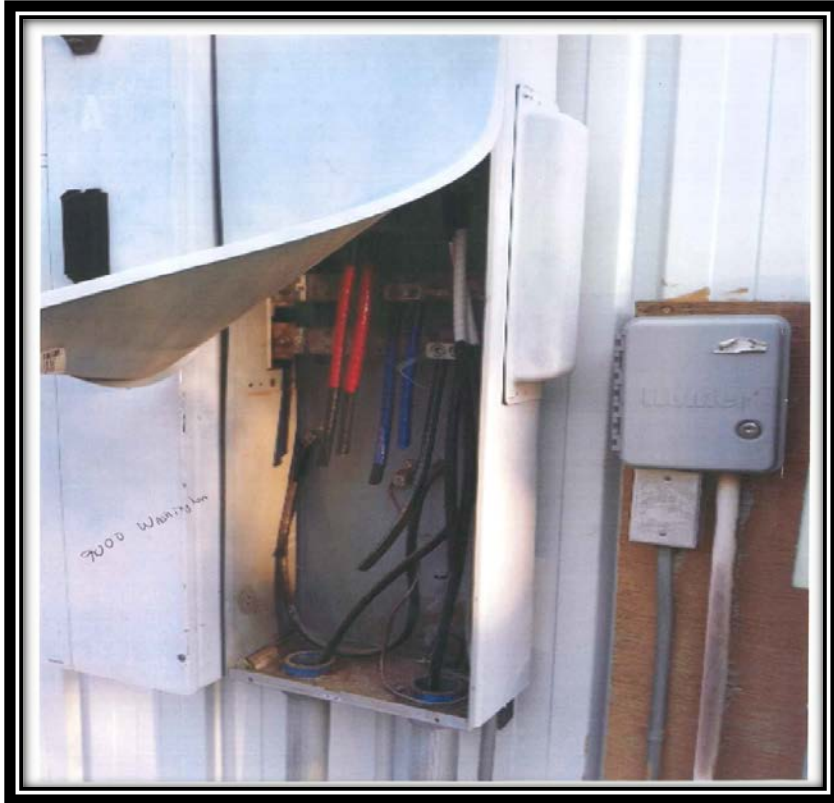
- SB 21 (Neville) and HB 239 (Gonzales) introduced in 2014
 - Established a new crime to address disruption of communication or utility services or creation of a safety hazard
 - 1st and 2nd convictions a misdemeanor (up to 1-yr in jail and \$1000 fine)
 - 3rd conviction a 4th degree felony (6 to 18 mo in jail and up to \$5000 fine)
 - Signed into law by Governor Martinez
- \$200,000 appropriated in 2014 to the NM Regulation and Licensing Dept (RLD) to administer and enforce the Metal Recycler Act that passed in 2012
- SB76 (Neville) introduced in 2016
 - Amends the Sale of Recycled Metals Act to include lead material.
 - Adding lead to the list of regulated materials will strengthen the goals of the RLD.
 - Signed into law by Governor Martinez

COMMERCIAL CUSTOMER THEFTS



Typical Customer Underground Configuration

CUSTOMER EQUIPMENT



- Locks are cut
- Many times only meter seal/electrician seal used on customer side
- Open Metering cabinets
- Cut cables and remove using truck, winch, etc.
- Leave no or partial power

CUSTOMER IMPACT OF THEFT

- Cost of cable replacement
- Lost revenue
- Higher insurance premiums
- Power out until repaired
- Employees sent home
- Example: church in Santa Fe - boiler broke \$80,000



CUSTOMER PROTECTION

- Customer installed theft deterrents are being put into place
- Case-by-case basis
- Access and removal are a great concern
- We'll work with customers to achieve best option possible for everyone
- No guarantee any of these ideas will prevent another theft



CUSTOMER PROTECTION



CUSTOMER PROTECTION



CUSTOMER PROTECTION



CUSTOMER PROTECTION



FINAL COMMENTS

- Metal theft has decrease but has not gone away
- **Multiple approaches and a coordinated effort - technology, legislation, enforcement, rewards...etc have made a significant impact**
- No one solution or one organization that can stop this crime
- PNM is committed to helping protect businesses and our customers
- Continue to collaborate with APD, other utilities, and RLD in proposing new legislation for additional improvements to benefit both dealers and law enforcement, and to protect victims.

Thank you

