MINUTES
of the
THIRD MEETING
of the
ECONOMIC AND RURAL DEVELOPMENT
AND TELECOMMUNICATIONS COMMITTEE

August 24-25, 2006
Tucumcari, New Mexico
Santa Rosa, New Mexico

The third meeting of the Economic and Rural Development and Telecommunications Committee for the 2006 interim was called to order by Representative Mary Helen Garcia, chair, on Thursday, August 24, 2006, at 10:15 a.m. in the Tucumcari Convention Center.

Present	**Absent**
Rep. Mary Helen Garcia, Chair	Sen. Mary Jane M. Garcia
Sen. Bernadette M. Sanchez, Vice Chair	Rep. Dianne Miller Hamilton
Rep. Hector H. Balderas	Sen. Carroll H. Leavell
Rep. Jose A. Campos	Rep. Andy Nunez
Rep. Daniel R. Foley (8/24)	Sen. William E. Sharer
Sen. Clinton D. Harden, Jr.	
Rep. Patricia A. Lundstrom	
Sen. Richard C. Martinez	
Rep. Kathy A. McCoy	
Sen. John Pinto	
Sen. Leonard Tsosie (8/25)	

Advisory Members	
Rep. Ernest H. Chavez	Sen. Phil A. Griego
Sen. Dianna J. Duran	Rep. Ted Hobbs
Rep. John A. Heaton	Sen. Stuart Ingle
Rep. Al Park (8/25)	Sen. Timothy Z. Jennings
Sen. Lidio G. Rainaldi	Sen. Steven P. Neville
Rep. Debbie A. Rodella (8/25)	Sen. Shannon Robinson
Rep. Richard D. Vigil	Rep. Harriet I. Ruiz
	Sen. John C. Ryan

(Attendance dates are noted for those members not present for the entire meeting.)

Staff
Charles H. Van Gorder
Gordon Meeks
Larry Matlock
Guests

The guest list is in the meeting file.

Handouts
Copies of all handouts and written testimony are in the meeting file.

Thursday, August 24

Welcome

Mary Mayfield, mayor of Tucumcari, welcomed committee members to the city and thanked them for their support of the city over the years. She commented on the road construction currently underway on the main street of the city and expressed appreciation to the Department of Transportation for its work in helping to improve downtown Tucumcari.

New Mexico Rural Development Response Council

Keven Groenewold, president of the New Mexico Rural Development Response Council, reviewed the history of the council, noting that it had been formed 15 years ago with financial assistance from the federal government. Federal funding has diminished over the years, but the 2006 legislature approved $400,000 to support the council, all of which was vetoed by the governor. After representatives of the council met with the governor, $100,000 was approved to support the council. The focus of the council's activities is rural readiness — getting rural communities ready for economic development.

Bill McCamley, executive director of the New Mexico Rural Development Response Council, reviewed the mission and accomplishments of the council. The council works only with rural communities with populations of 15,000 or less. Its mission is to strengthen rural communities through collaborative partnerships by building networks, bringing people and organizations together to solve local problems, removing barriers and creating opportunities. The council looks at what the community wants — what the community's interests and resources are. The council assists with the selection, planning and development of specific projects and collaborates with partners for additional assistance and completion. One area of projects is Youth-to-Jobs Program projects, based upon a program in Harding County where a Future Farmers of America welding program was used to train workers for jobs. Six communities (Cimarron, Maxwell, Fort Sumner, Logan, Grady and Tatum) are experimenting with an innovative strategy to use rural schools as job incubators to keep young people from leaving the community in search of employment.

The council is also involved in the USDA Rural Community Development Initiative to assist rural communities with housing and economic development projects. The council recently signed contracts to assist 10 communities under this program (El Rito, Eunice, Hatch, Lordsburg, Magdalena, Raton, Reserve, Santa Clara, Santa Rosa and Tucumcari). The council is working with Clayton, Fort Sumner and Cuba to assist with developing worker housing plans. The council is working with the Pueblo of Santo Domingo in the development of an adobe housing nonprofit organization and with the Mescalero Apache Tribe to acquire an economic development director. The council received a two-year $200,000 USDA Rural Business Enterprise Grant to assist local economic development organizations to develop specific projects within the private sector.

The council will be asking for $420,000 in state assistance for fiscal year 2008 as follows: $200,000 to hire community directors for the Youth-to-Jobs Program, $100,000 to continue the Rural Community Development Initiative, $100,000 to continue assistance to tribal communities and $20,000 to match private funds for the Youth-to-Jobs Program.

Upon questioning by committee members, it was observed that there is a need for better communication between the Labor Department (Office of Workforce Training and Development) and the Economic Development Department. There is also a need for one comprehensive source of resources that local communities can use for economic development.

Cooperative Advertising

Peter Kampfer, executive director of the Greater Tucumcari Economic Development Corporation, briefed the committee on the activities of his organization and explained the use and importance of cooperative advertising dollars. During the last legislative session, only $200,000 was authorized statewide for such purposes. Of those funds, his organization received only $4,000. That amount of funding does not go far when its web page alone costs $6,000. He asked the committee to support increased state funding for economic development cooperative advertising dollars in the coming legislative session.

GRIP 2 Program

Muffet Foy Cuddy, chief of the Programs Division of the Department of Transportation (DOT), and Patricia Oliver-Wright, manager of the Strategic Planning Section of the Programs Division, DOT, presented an overview of the GRIP 2 Program. GRIP 1 addressed statewide critical transportation needs and dealt with roads that were eligible for federal aid. GRIP 2 is intended to address local critical transportation needs and to tie state and local roads into a seamless system. Existing resources provide only minimum maintenance and repair and there is no source of large scale funds to address critical local transportation needs. In 2005, the DOT conducted seven workshops statewide to identify local transportation needs. Working through municipal and regional planning organizations, 33 counties, 103 municipalities and 22 tribal governments were asked to identify their top three transportation needs. A total of more than 400 projects were identified by 139 entities with an estimated cost of $2.5 billion. The DOT then conducted a screening process and worked with those entities to identify their absolute number one priority, refined project scopes and costs and identified when the projects could be ready for construction.

To address challenges faced by local communities, the DOT proposed to assist with project development and management, provide engineering assistance and establish a sliding scale for matching funds based upon a project's total cost. Legislation introduced in 2006 provided for $250 million in funding assistance for 110 projects and included $500,000 for engineering support statewide. This proposal was not passed in 2006 and will be resubmitted for the 2007 legislative session. The DOT is requesting that the municipal and regional planning organizations work with local communities to update and revise as necessary proposed local transportation projects. Committee members then reviewed several of the projects that had been part of the 2006 proposal. It was suggested that the DOT revisit the dollar amount to reflect the recent increases in construction costs. There was also a request that a revised timetable be prepared for implementation of the State Transportation Improvement Plan. It was noted by the DOT that there will be a legislative proposal for the next session addressing the needs of transit systems.

Power Transmission Capacity Limitations

David Eves, CEO of Xcel Energy, told the committee that Xcel Energy is the number one transmission company for wind power. He said that the United States power grid is really three grids that are theoretically hooked together to operate in synchrony. New Mexico is connected directly to two of those grids. He explained that power has to be converted from AC to DC and back to move across the grids. He explained that transmission is the biggest impediment to further development of wind energy in New Mexico. It takes long lead times to build transmission capacity, and states need to provide cost recovery incentives for utilities to invest in transmission. Xcel Energy operates in 10 different states, so it knows the variety of incentives available. It is nice to have facilities before they are needed, he explained. He said that having two different grids dividing the state facilitates wind energy market development and that companies need cost recovery incentives to make New Mexico more competitive as a location for investments in the grid.

Keven Groenewold, executive vice president and general manager of the New Mexico Rural Electric Cooperative Association, explained to the committee that there are 19 electric co-ops in New Mexico; four in the southeast part of the state get their wholesale power supply from SPS and 12 others are wholesale customers of Tri-State. The rural co-ops serve 190,000 to 200,000 meters, about 80 percent of the land area in the state. Current transmission expansion projects in New Mexico are mostly Tri-State's. He mentioned a new power plant near Springerville, Arizona, that is hooking into new transmission lines. He pointed out that with a new unit and retrofitting of an existing unit, emissions of nitrous oxides are less than what they were previously for the two units. He said there are also planned enhancements for the western corridor and Four Corners area to serve New Mexico and southwest Colorado. In northeast New Mexico, a new 230-kilowatt line is going in to run from 25 or 30 miles east of Springer to Walsenburg, Colorado. He explained that the northeast part of New Mexico has been transmission deficient for a number of years. Upon completion of the line, it will be fully loaded in two to three years because of pent-up demand. At that time, a prison may be added and the dairy industry might boom. Power for irrigation might be transferred to electric from natural gas. The future may see an additional line headed south to connect with the PNM line around Algodones, which runs to the Blackwater Draw south of Clovis.

Mr. Groenewold also briefly described the southeast electric utility situation of the four co-ops there, which have transmission constraints of their own. They are part of the southwest power pool. Timely information is a problem for planning new loads in that area. Another problem for these co-ops is that their wholesale contracts will come due in the next nine years, which puts them in an inferior negotiating position.

Mr. Groenewold concluded by saying the rural co-ops association supports the Renewable Energy Transmission Authority (RETA) as a way to increase wind energy development, which can be a hedge against natural gas prices. He said the energy imbalance tariff is an obstacle. The tariff is a fee that the power distributors pay the control area operator who keeps the system in balance. He explained a very technical aspect of power transmission by saying wind-generated power has to be scheduled into the system by the control area operator. Generation has to follow the load and voltage has to be maintained at the right level to keep the clocks running on time. If wind-generated power is underscheduled, the tariff mandates a fee of 10 cents per kilowatt hour to make it up or pay for the replacement cost, whichever is more. For wind energy, the question becomes who pays for the imbalance. Each of the two players, the generators and the distributors, are making it the other's obligation and this is causing a breakdown in negotiations.

He said that the rural co-ops have been using renewable energy for 40 years; for example, hydroelectric power and photovoltaic projects run off the grid. This can be cheaper than running a transmission or distribution line to a customer. The source of energy is not the problem per se; it is the power imbalance caused by a specific source at any given time that has to be balanced in the grid.

Finally, he said, the utilities must retain the right of eminent domain if expansion of the power transmission grid is to be possible, and court challenges and potential bills to address the recent United States Supreme Court decision may threaten the eminent domain power. This cannot be a New Mexico fix alone. A solution to the eminent domain question must be a regional or national fix, something that mirrors the interstate highway system. Power has to move around, and not just in one state.

Art Hull, PNM, showed the committee several maps and told the committee that PNM, Xcel Energy and the co-ops have to work together. PNM has the burden to make sure it works on a statewide basis because it has the largest part of the system; it is the largest provider of natural gas and electricity. PNM also supports the RETA. He explained a little of the role that PNM plays as the area control operator. Part of its responsibility in that role is to plan for growth and for smooth flow of electricity throughout the region during its growth. He said a growth rate of two or three percent per year is expected. He said there are some additional new lines coming into service, but it is difficult to project needs. For example, it was projected that there would be a peak demand of 1,773 megawatts now when, in fact, 1,855 is the actual level. Demand does not always meet with projections, he said. PNM plans for a 15 percent reserve margin and, in its planning, tries to balance placing power generation near people (demand) or site it remotely and move the power through transmission lines. The trade-offs are placing generation infrastructure near the fuel to reduce the cost of generation or placing it near demand to reduce transmission costs. New Mexico has had no additions to the transmission capacity since 1984, but customer demands have increased by 880 megawatts. Fixes and system improvements have been made to help absorb the additional demand, but the state is now at a point where the existing system cannot stretch much farther, he said. But when PNM tried to get a 13-mile transmission line built near Santa Fe, it spent $14 million and five years on the project, only to be denied approval. Renewable energy sounds great, he said, but without more transmission capacity, regardless of the fuel, it will not happen. California does not want any transmission or distribution located there. He listed some of the bigger new power projects that together may help create a bigger pipeline and the tremendous economic opportunities associated with this additional power. But, he said, obstacles include:
permitting processes, not-in-my-backyard opposition and costs. What is needed is cooperation, timely permitting, a RETA and certainty. This will require work with other states for effective collaboration.

Robert Kondziolka, with the Salt River Project in Arizona, echoed Mr. Hull by pointing out the key locations of power system gridlocks and bottlenecks. He said that the transmission dilemma definitely goes beyond the borders of New Mexico. Southern Nevada and Phoenix are the largest demand drivers now. The front range of Colorado, southern California and Seattle/Portland are other areas in the west that are driving demand for transmission expansion, which can be an economic boon to New Mexico. He said that much has changed over the last five years, making New Mexico a critical point in the geography of transmission capacity. Eastern New Mexico needs a stronger tie with Colorado and has an opportunity to tie into three lines in Arizona. The conversion issue of AC from DC is getting more critical because with allowing more transmission capacity via DC lines, more efficiencies can be gained. DC reduces the losses by half.

Questions and comments by the committee dealt with:

- condemnation rights, i.e., eminent domain powers under the Public Utility Act and the courts' role;
- four or five years in the courts before a transmission line could go through — this is unacceptable;
- congestion costs and load profiles;
- liability responsibility;
- appraisal value of a power line right of way;
- Public Regulation Commission's scope of authority;
- rate of electric demand increase (seven to 10 percent annually);
- jurisdiction of the Federal Energy Regulatory Commission;
- integration of renewable energy into the grid system (solar is easier);
- economic development benefits of alternative energy;
- costs of permitting (PNM's $15 million over 12 years without approval of the line);
- joint review process;
- the number of jurisdictions with regulatory authorities over transmission lines;
- regional transmission organizations;
- transmission lines through the Navajo Nation and its sovereign authority to accept or reject a right-of-way agreement;
- ways to allow utilities to recover the cost of investments in transmission projects;
- compensation for a control area operator;
- ability of the United States to be competitive on the international marketplace and geopolitical conditions; and
- the co-ops problems with photovoltaic systems and the potential of financing the cost to install such solar collection systems for residential customers and put in a maintenance agreement.

Clean Energy Program Initiatives

Joanna Prukop, secretary, Energy, Minerals and Natural Resources Department (EMNRD), and Craig O'Hare, special assistant for renewable energy, EMNRD, briefed the committee on clean energy initiatives in New Mexico. Clean energy refers to renewable energy sources such as solar, wind, biomass and geothermal energy; energy efficiency measures for buildings, appliances, industry and transportation; and clean fuels, including ethanol, biodiesel, compressed natural gas, propane and hydrogen. New Mexico is second in the nation in available solar resources. Solar energy can be used to produce electricity through photovoltaic applications and to provide heat. Large-scale central station solar generating stations can utilize concentrated solar power to generate substantial amounts of power at costs competitive with new fossil fuel plants. Such generating stations exist or are under construction in California, Nevada and Spain. Large-scale wind energy generation is also competitive with new fossil fuel plants. New Mexico is now sixth in the nation in the production of wind energy, generating more than 400 megawatts.

New Mexico has taken numerous steps over the past five years to initiate clean energy programs. These programs include the 2004 hybrid vehicles excise tax exemption, the 2005 Efficient Use of Energy Act, the clean energy grants program, the renewable energy production tax credit, the utility renewable energy portfolio standard, the Public Regulation Commission (PRC) net metering rule, the 2006 solar market development income tax credit and the 2006 executive order requiring new state buildings to be energy efficient. Ongoing clean energy projects utilizing wind energy are operating or under construction that are capable of producing 400 megawatts of power, representing an investment of more than $500 million. Other projects include ethanol plants in Portales and Clovis, a 35-megawatt biomass plant in Estancia and an advanced photovoltaic cell manufacturing plant.

Initiatives for the 2007 legislative session will include the proposed Renewable Energy Transmission Authority (RETA) Act. RETA will operate in a manner similar to the New Mexico Finance Authority and will provide for the planning, construction, financing and operation of transmission infrastructure. Other initiatives will be amendments to the existing renewable energy production tax credits, exempting concentrating solar power projects from gross receipts and compensating taxes, an Advanced Energy Product Manufacturers Tax Credit Act, continuing funding for clean energy grant programs and options for the promotion of renewable fuels utilization in New Mexico.

Odes Armijo-Caster, a principal owner of the Sacred Power Corporation, briefed the committee on the activities of that corporation. Sacred Power is a native New Mexican company and is principally a state and federal contractor in the field of renewable energy.

Qwest Alternative Form of Regulation — Settlement Review

Secretary of General Services Arturo Jaramillo addressed the committee to give the background history of the Qwest Alternative Form of Regulation (AFOR) litigation. In 2001, when Qwest was seeking to acquire United States West, Qwest entered into an AFOR agreement that permitted an increase in residential rates but also obligated Qwest to invest $788 million in telecommunications infrastructure in New Mexico over a five-year period. The PRC subsequently determined that Qwest had failed to make the required infrastructure investments, ordered Qwest to increase its rate of investment and included a provision that may have resulted in refunds or credits to residential customers. Qwest challenged the PRC's order in state district court. In June 2006, the New Mexico Supreme Court affirmed the PRC's authority to issue the order enforcing Qwest's investment obligations under the AFOR agreement. Although Qwest appealed the New Mexico Supreme Court's decision to the United States Supreme Court, it also entered into renewed settlement discussions with the state.

Secretary Jaramillo and Assistant Attorney General Brian Harris then reviewed the terms of the proposed settlement agreement and its benefit to New Mexico and its residents. Under the proposed settlement agreement, which is not final until approved by the PRC, Qwest will invest $250 million over a 42-month period as follows: 1) extend DSL lines to 83 percent of Qwest customers, up from 69 percent ($81.3 million); 2) upgrade Qwest's wire centers to provide redundant service to avoid outages in the event of line breaks ($23.1 million); 3) deploy advanced telecommunications technology projects ($25 million); 4) implement a cable improvement project to identify and replace defective, deteriorating or aging facilities ($25 million); and 5) implement a 42-month network improvement and capacity augmentation plan ($95.6 million). In addition, Qwest will contribute $5 million per year for three years to the Public Education Department's STRONG Program. To the extent that Qwest fails to fully expend the $265 million settlement amount in the required time period, the shortfall will be credited to New Mexico customers over a 12-month period. Ben Ray Lujan, chair of the PRC, commented on the status of the proposed settlements and the PRC's position that it has no jurisdiction to consider the settlement so long as the decision of the New Mexico Supreme Court is under appeal. Leo Baca, representing Qwest, was present to respond to questions from committee members.

Warren C. Solomon then read a prepared statement on behalf of AARP criticizing the manner in which the settlement discussion took place and the resulting proposed settlement agreement.

The meeting was recessed by Representative Garcia at 5:30 p.m.

Friday, August 25

The third meeting of the Economic and Rural Development and Telecommunications Committee for the 2006 interim was reconvened by Representative Mary Helen Garcia, chair, on Friday, August 25, 2006, at 9:10 a.m. at the Santa Rosa High School.

Representative Campos, who also serves as the mayor of the City of Santa Rosa, welcomed the committee to Santa Rosa. City Administrator Tim Dodge then gave a PowerPoint presentation detailing the city's efforts at revitalizing downtown and spurring further economic development. Projects totaling $16 million include renovation of the Johnson and Ilfield warehouses and the Pecos Theater, relocation of city offices, development of a downtown plaza, dredging of the Blue Hole and park improvements.

Payday Lending in New Mexico — Administrative Rules

Deputy Attorney General Stuart Bluestone and representatives of the Financial Institutions Division (FID) of the Regulation and Licensing Department briefed the committee on the background of the rules recently promulgated by the FID to regulate the payday lending industry and on the specifics of those rules scheduled to be implemented on August 31, 2006. The rules represent a compromise between those who want to see traditional payday loans banned, as is the case in 14 states, and those who view payday loans as a necessary financial resource for a population that would otherwise not have access to credit. The rules permit payday loans but contains provisions to protect consumers from the cycle-of-debt problem. The rules provide that a consumer may renew a debt twice and then has the right to enter into a 130-day payment plan at no cost. This period, totaling 172 days, is intended to give a consumer an adequate opportunity to repay a payday loan. Charges for such loans are capped at $15.50 per

$100 for the initial loan and each of the two renewals. This fee is well within the range of fees permitted in other states that restrict payday loan fees. A consumer will not be able to borrow in excess of 25 percent of the consumer's gross monthly income. There will be a real-time statewide database system that will be used to enforce restrictions on the number and amount of payday loans available to a consumer.

Payday Lending in New Mexico — Industry Response to Administrative Rules

John Rabenold, vice president of governmental affairs for Check 'n Go, spoke on behalf of a national trade association for the payday lending industry. He was a member of the Governor's Payday Lending Task Force in 2005, which worked on drafting a bill that would address the cycle of debt, impose caps on fees and implement industry best practices. The industry is supportive of meaningful reform and supported House Bill 409 during the 2006 legislative session. Concerns about the promulgated rules include the mandatory cooling-off period for certain consumers that utilize payday loans, confusion regarding the 14-day period during which a consumer may opt to renew a payday loan and the use of a statewide database. He commented, however, that interested parties should not let perfection get in the way of appropriate reforms.

Craig Parr spoke on behalf of Consumer Lending Advocates, Inc., a New Mexico-based association of payday lenders. He presented the committee members with copies of 965 customer surveys regarding payday lending rules. The great majority of customers disagree with imposing limits on how much consumers can borrow and with the implementation of a statewide database. He believes that the $15.50 rate cap will put small lenders out of business.

David Seely, president and chief executive officer of the Kirtland Federal Credit Union, explained the loan products his institution makes available to members of the military and efforts it makes to assist customers to be responsible in their financial practices. These efforts include education on financial literacy for all first-term airmen assigned to Kirtland Air Force Base as well as for other customers; low-cost loans, including unsecured loans at rates less than the 18 percent annual percentage rate (APR) that is the maximum rate set by the Federal Credit Union Act; and free checking accounts with overdraft privileges. He believes a statewide usury limit of 36 percent APR is needed to effectively eliminate predatory lending practices. He also advocates for strong disclosure requirements, prohibiting the extension of credit without regard to a consumer's ability to repay and prohibiting loan contract provisions limiting the legal rights of consumers.

Payday Lending in New Mexico — Consumer Advocate Response to Administrative Rules

Jeanne Bassett, executive director of the New Mexico Public Interest Research Group (NMPIRG), advised the committee that NMPIRG has identified three problem areas in the rules recently promulgated by the FID. First, installment lenders are exempt from the new rules. As has happened in other states, payday lenders will turn themselves into installment lenders and avoid the fee and other restrictions imposed by the new rules. Second, the limit on the number of permitted payday loan renewals can be avoided through consumers borrowing from multiple lenders. Third, if more than one database is authorized, it will be ineffective as an enforcement tool. Also, it is important that the FID issue an annual report regarding the payday lending industry within the state. She stressed that the essential problems with payday loan establishments are that they force consumers to repay loans in too short of a time period and they charge unnecessarily high fees.

Clarice Getz addressed the committee on behalf of AARP New Mexico. AARP has been particularly concerned with the "cycle-of-debt" problem created by payday loans. Rules need to address interest rates, loan terms and length of loans. Unless there is a unified database, there is no way to effectively enforce the FID rules. The rules do not provide for punitive measures if a payday lender violates the rules. AARP advocates a monetary cap on the amount of payday loans that can be accrued by a consumer, the ability of consumers to opt for a payment plan, a single- loan limit on payday loans, one unified database and a cooling-off period for consumers who continuously utilize payday loans.

Zachary Klein, managing attorney for the Fort Defiance Agency Office of the DNA-People's Legal Services, told the committee of his experiences dealing with clients who had gotten into trouble using payday loans. He expressed the following concerns with payday loans and the FID rules: 1) there needs to be a cap on the permitted APR for payday loans; 2) payday loans do not help clients improve their credit rating or financial situation; 3) the state should move forward cautiously as the rules add legitimacy to bad practices; 4) the rules should be applied to installment loans and the amount of loans should be limited to what a consumer could actually repay; 5) the rules do not address the underlying socio-economic conditions; 6) payday loans are not good for the larger community and the interest rates result in a loss of resources available for discretionary spending; and 7) financial institutions need to find an appropriate alternative to high-interest payday loans.

Dale M. Vande Hey, Air Force Quality of Life southwest regional liaison, addressed the effect of payday lending on military personnel and preparedness. The federal Department of Defense recently released a report on predatory lending practices directed at members of the armed forces and their dependents. Payday lending has been identified as one of 10 key quality-of-life issues and is detrimental to service members who utilize this means of meeting a need for immediate cash. The solution to this problem has three parts: education, alternatives and statutory restrictions. Statutory restrictions should prevent payday lenders from circumventing usury limits; limit the APR for payday loans to less than 100 percent; restrict multiple loans and loan renewals; and require longer repayment periods.

Following the presentations by panel members, members of the audience were invited to give their comments to the committee.

Adjournment

There being no further business before the committee, the third meeting of the Economic and Rural Development and Telecommunications Committee for the 2006 interim was adjourned at 2:05 p.m.