BOARD OF PUBLIC UTILITIES

ADDITIONAL MEETING DOCUMENTS

Additional or revised information or documents are often passed out to the Board at the meetings. Whenever possible, this informational cover page will accompany those documents.

MAKE 20 COPIES OF ANY DOCUMENTS, INCLUDING THIS COVER SHEET, AND RETURN TO JAIME KEPHART PRIOR TO THE MEETING.

MEETING DATE	08/17/2016
AGENDA ITEM	4.A. Gas Rate Ordinance 02-268
DOCUMENT TITLE(S)	Comments from the Online Open Forum for the Proposed Gas Rate Ordinance
FROM	Julie Williams-Hill
NEW OR REVISED? **Is this a revision that is different than what was in the agenda packet or is it something entirely new?**	NEW
RECOMMENDED ACTION **If you have a new or revised recommended motion for the Board, enter it here.**	***None - Informational***
ADDITIONAL INFORMATION **Please VERY BRIEFLY explain the purpose of this information or document.**	Comments as of August 16th, 8:49 AM

Proposed Natural Gas Rate Decrease

The Board of Public Utilities will consider a proposed natural gas rate decrease at the August 17th Public Hearing. Do you have any feedback for the Board?

All Statements sorted chronologically

As of August 16, 2016, 8:49 AM

Open Forum is not a certified voting system or ballot box. As with any public comment process, participation in Open Forum is voluntary. The statements in this record are not necessarily representative of the whole population, nor do they reflect the opinions of any government agency or elected officials.

Proposed Natural Gas Rate Decrease

The Board of Public Utilities will consider a proposed natural gas rate decrease at the August 17th Public Hearing. Do you have any feedback for the Board?

Introduction

The Department of Public Utilities (DPU) will bring to the Board of Public Utilities (BPU) on August 17 a draft ordinance to decrease natural gas rates, as well as remove language related to the "sunset clause" associated with the pass-through rate. Open to the public, the hearing on the proposed rate is scheduled for:

Wednesday, August 17th at 5:30 PM
Municipal Building, Council Chambers
1000 Central Avenue, Los Alamos, NM.

If approved, the draft ordinance will be introduced to the Los Alamos County Council on August 30 to be scheduled for a public hearing on September 27. Council will consider adoption of the ordinance at that time.

Rates are designed to allow the DPU to recover its costs associated with distribution and administrative expenses, as well as bring in reasonable revenue to maintain reliable gas services to Los Alamos County.

The Draft Ordinance can be viewed at this link:
http://www.losalamosnm.us/utilities/DPUDocuments/DPU_PO160817GasOrd02-268.pdf

COMMENTS

Please provide comments on this open forum page by 11:59PM on Monday August 15. All comments from this forum will be shared with the Board of Public Utilities prior to the hearing. Members of the public are also welcome to provide public comment in person to the BPU at the August 17th hearing.

BACKGROUND

In fiscal year 2012, the Board of Public Utilities and the County Council approved a rate structure that allows the DPU to pass through to its customers the actual cost of natural gas. In addition to the monthly service charge, Section 40-151(d)(1) split the consumption charge into two components: 1) fixed cost recovery, and 2) variable cost of gas. The fixed cost recovery charge is set at $0.29 per therm and covers DPU's expenses to deliver gas to our customers (distribution expenses). The variable cost of gas is the actual cost of gas and transmission expenses. DPU calculates the variable cost of gas each month using the San Juan Index for the projected cost for the billing month, plus adjustments to any prior over or under collections.

This rate structure is common in the industry, common across the nation and common in New Mexico. It allows the DPU to pass along its discounts for the cost of gas, its savings for a well maintained distribution system, and eliminate the need to maintain a substantial rate stabilization fund. DPU is able to keep customer rates lower than rates for neighboring communities. For 30 days in the month of June 2016 customers who consumed 75 therms of gas had a total bill of $51.25 in Santa Fe, Espanola, Rio Rancho and Taos, whereas as customers who consumed 75 therms of gas in Los Alamos had a total bill of $44.75 for the same period.

RATE DECREASE

Proposed Natural Gas Rate Decrease

The Board of Public Utilities will consider a proposed natural gas rate decrease at the August 17th Public Hearing. Do you have any feedback for the Board?

DPU is proposing to decrease the fixed cost recovery charge for residential and commercial customer classes from $0.29 per therm to $0.23 per therm, and for county and school customer classes from $0.25 to $0.20.

The variable cost of gas will continue to reflect the pass-through rate based on the actual cost of gas and the transmission charge. Note that the existing ordinance caps the variable cost of gas at $0.99. Should the actual cost of gas spike to above this amount, DPU is required to return to the Board and Council to request approval through an ordinance to adjust the cap accordingly. Additionally, the monthly service fee for all customers classes will remain unchanged.

Residential Customer
No change to the existing Monthly Service Fee of $9.50
Fixed Cost Recovery Charge will decrease from the existing rate of $0.29/therm to $0.23/therm
The Variable Cost of Gas (pass through rate) will continue to be the actual cost of gas.

EXAMPLE BILL

Using the same example mentioned above, for the residential customer in June 2016 that used 75 therms.

A residential customer using 75 therms

Bill with existing rates
Monthly Service Fee $9.50
Fixed Cost Recovery Charge $0.29 x 75 therms = $21.75
Variable Cost of Gas* $0.23 x 75 therms = $17.25
Adjustment from the previous month** ($0.05) x 75 therms = ($3.75)
TOTAL BILL $44.75

* This example is using the actual projected variable cost of gas used for the June 2016 billing period. Each month fluctuates with the market and could be higher or lower than the value represented in this example.

** This example is using the adjustment that corrected the May 2016 projected variable cost of gas and was reflected in the June 2016 bill. Each month the adjustment will fluctuate based on the actual cost of gas and the projected cost of gas from the previous month. The adjustment could be higher or lower than the value represented in this example.

Bill with proposed rates
Monthly Service Fee $9.50
Fixed Cost Recovery Charge $0.23 x 75 therms = $17.25
Variable Cost of Gas* $0.23 x 75 = $17.25
Adjustment from the previous month** ($0.05) x 75 therms = ($3.75)
TOTAL BILL $40.25

* This example is using the actual projected variable cost of gas used for the June 2016 billing period. Each month fluctuates with the market and could be higher or lower than the value represented in this example.

** This example is using the adjustment that corrected the May 2016 projected variable cost of gas and was reflected in the June 2016 bill. Each month the adjustment will fluctuate based on the actual cost of gas and the projected cost of gas from the previous month. The adjustment could be higher or lower than the value represented in this example.

REMOVAL OF SUNSET CLAUSE LANGUAGE

The DPU is proposing in the draft ordinance to remove Section 40.154 (a) and (b). This language states that the Gas Consumption Charge (comprising the fixed cost recovery and the variable cost of gas charges) will expire on September 30, 2016, unless reenacted through an ordinance approved by County Council. As this rate structure has been beneficial to all DPU customers, DPU is proposing to the BPU and County Council that the sunset clause be removed. Further, annual reporting requirements that were adopted in fiscal year 2012 were added for the Board to gauge how the new rate was affecting DPU's natural gas customers. DPU will continue to provide updates to the Board upon request, but proposes to remove the language from the ordinance.

Proposed Natural Gas Rate Decrease

The Board of Public Utilities will consider a proposed natural gas rate decrease at the August 17th Public Hearing. Do you have any feedback for the Board?

As of August 16, 2016, 8:49 AM, this forum had:

Attendees:	45
All Statements:	4
Minutes of Public Comment:	12

This topic started on July 26, 2016, 12:06 PM.

All Statements sorted chronologically

Proposed Natural Gas Rate Decrease

The Board of Public Utilities will consider a proposed natural gas rate decrease at the August 17th Public Hearing. Do you have any feedback for the Board?

David North inside LA SENDA (registered) July 29, 2016, 8:58 PM

It would probably encourage the county government to help keep downward pressure on gas prices if they were required to pay the same rate as commercial and residential customers. It would also help offset the funds the county takes back from the utility payments and perhaps even speed up funding of needed infrastructure repairs.

Mary T Marzili inside BARRANCA MESA (registered) July 28, 2016, 10:07 AM

I support this decrease.

Name not available (unclaimed) July 28, 2016, 9:33 AM

I support, of course.

Jess Cullinan inside NORTH COMMUNITY (registered) July 27, 2016, 7:24 PM

Yes, please.

BOARD OF PUBLIC UTILITIES

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MEETING DATE	08/17/2016
AGENDA ITEM	4.B. Water Rate Ordinance 02-287
DOCUMENT TITLE(S)	Comments from the Online Open Forum for the Proposed Water Rate Ordinance
FROM	Julie Williams-Hill
NEW OR REVISED? **Is this a revision that is different than what was in the agenda packet or is it something entirely new?**	NEW
RECOMMENDED ACTION **If you have a new or revised recommended motion for the Board, enter it here.**	***None - Informational***
ADDITIONAL INFORMATION **Please VERY BRIEFLY explain the purpose of this information or document.**	Comments as of August 16th, 8:47 AM

Proposed Water Rate Increase

The Board of Public Utilities will consider a proposed water rate increase at the August 17th Public Hearing. Do you have any feedback for the Board?

All Statements sorted chronologically

As of August 16, 2016, 8:47 AM

Open Forum is not a certified voting system or ballot box. As with any public comment process, participation in Open Forum is voluntary. The statements in this record are not necessarily representative of the whole population, nor do they reflect the opinions of any government agency or elected officials.

Proposed Water Rate Increase

The Board of Public Utilities will consider a proposed water rate increase at the August 17th Public Hearing. Do you have any feedback for the Board?

Introduction

The Department of Public Utilities (DPU) will bring to the Board of Public Utilities (BPU) on August 17 a draft ordinance to increase retail and wholesale water rates by 10-percent. Open to the public, the hearing on the proposed rate is scheduled for:

Wednesday, August 17th at 5:30 PM
Municipal Building, Council Chambers
1000 Central Avenue, Los Alamos, NM.

If approved, the draft ordinance will be introduced to the Los Alamos County Council on August 30 to be scheduled for a public hearing on September 27. Council will consider adoption of the ordinance at that time.

Recent water sales have not matched the forecasted volume, driving the need for a rate increase. Rates are designed to allow the DPU to recover its costs, as well as bring in reasonable revenue to maintain reliable water services to Los Alamos County.

The Draft Ordinance can be viewed at this link:
http://www.losalamosnm.us/utilities/DPUDocuments/DPU_PO160817WaterOrd02-267.pdf

COMMENTS

Please provide comments on this open forum page before 11:59PM on Monday August 15. All comments from this forum will be shared with the Board of Public Utilities prior to the hearing. Members of the public are also welcome to provide public comment in person to the BPU at the August 17th hearing.

RETAIL RATES

The draft ordinance proposes a 10-percent rate increase across the board for retail customers' monthly service fee and the commodity rate. Retail customers include commercial, county/schools, residential, and multifamily.

MONTHLY SERVICE FEE

Water Meter Size	Existing Monthly Fee	Proposed Monthly Fee
1-1/4 inch & under	$7.93	$8.72
1-1/2 inch	$25.12	$27.63
2-inch	$37.50	$41.25
2-1/2-inch, 3-inch	$74.00	$81.40
4-inch	$126.00	$138.60
6-inch	$266.00	$292.60
8-inch	$439.50	$483.45

COMMODITY RATE:

Proposed Water Rate Increase

The Board of Public Utilities will consider a proposed water rate increase at the August 17th Public Hearing. Do you have any feedback for the Board?

The commodity rate for all commercial, county and school customers is one rate per 1,000 gallons consumed all year.

Residential and multifamily customers are on a seasonal water rate. Off-peak season begins October 1 through April 30 and is one rate per 1,000 gallons consumed with no tiers (the same as commercial, county and school customers).

Customer Class	Existing Rate	Proposed Rate
Commercial (all year)	$4.19/1,000 gallons	$4.61/1,000 gallons
County/Schools (all year)	$4.19/1,000 gallons	$4.61/1,000 gallons
Residential (off-peak)	$4.19/1,000 gallons	$4.61/1,000 gallons
Multifamily (off-peak)	$4.19/1,000 gallons	$4.61/1,000 gallons

Peak Season - Tiered Water Rates

Peak season begins May 1 and continues through September 30. It applies a tiered water rate only to residential and multifamily customers and is designed to recover higher costs associated with higher consumption. Comprising three different rates per 1,000 gallons consumed the tiers are based on the following: Tier 1) first 9,000 gallons; Tier 2) between 9,000 and 15,000 gallons, and Tier 3) above 15,000 gallons.

RESIDENTIAL (PEAK SEASON)	Existing Rate	Proposed Rate
Tier 1 Rate: <9,000 gallons	$4.19/1,000 gallons	$4.61/1,000 gallons
Tier 2 Rate: 9,000 - 15,000 gallons	$4.45/1,000 gallons	$4.90/1,000 gallons
Tier 3 Rate: >15,000 gallons	$5.32/1,000 gallons	$5.85/1,000 gallons

MULTIFAMILY (PEAK SEASON)	Existing Rate	Proposed Rate
Tier 1 Rate: <9,000 gallons	$4.19/1,000 gallons	$4.61/1,000 gallons
Tier 2 Rate: 9,000 - 15,000 gallons	$4.40/1,000 gallons	$4.84/1,000 gallons
Tier 3 Rate: >15,000 gallons	$4.50/1,000 gallons	$4.95/1,000 gallons

EXAMPLE WATER BILL

The following are examples of a monthly water bill for a typical RESIDENTIAL customer with a one inch meter.

January (Off-Peak Season) water bill for consumption of 6,000 gallons

January (Off-Peak Season) 6,000 gallons	Existing Rate	Proposed Rate
Monthly Service Fee	$7.93	$8.72
Commodity Rate/1,000 gallons	$4.19 x 6 = $25.14	$4.61 x 6 = $27.66
TOTAL BILL	$33.07	$36.38

July (Peak Season) water bill for consumption of 12,000 gallons.

Proposed Water Rate Increase

The Board of Public Utilities will consider a proposed water rate increase at the August 17th Public Hearing. Do you have any feedback for the Board?

July (Peak Season) 12,000 gallons	Existing Rate	Proposed Rate
Monthly Service Fee	$7.93	$8.72
Tier 1 Rate/1,000 gallons	$4.19 x 9 = $37.71	$4.61 x 9 = $41.49
Tier 2 Rate/1,000 gallons	$4.45 x 3 = $13.35	$4.90 x 3 = $14.70
TOTAL BILL	$58.99	$64.91

WHOLESALE RATES

Wholesale or bulk water rates apply only to the Los Alamos National Laboratory and the Department of Public Utilities Water Distribution Division. These two entities purchase bulk water and then distribute the water to their respective customers. The draft ordinance proposes a 10-percent increase as follows:

Wholesale Rates	Existing Rate	Proposed Rate
Monthly Service Fee	$542.00	$596.20
Commodity Rate/1,000 gallons	$2.88	$3.17

Proposed Water Rate Increase

The Board of Public Utilities will consider a proposed water rate increase at the August 17th Public Hearing. Do you have any feedback for the Board?

As of August 16, 2016, 8:47 AM, this forum had:

Attendees:	95
All Statements:	9
Minutes of Public Comment:	27

This topic started on July 26, 2016, 12:05 PM.

All Statements sorted chronologically

Proposed Water Rate Increase

The Board of Public Utilities will consider a proposed water rate increase at the August 17th Public Hearing. Do you have any feedback for the Board?

Name not available (unclaimed) August 15, 2016, 12:25 PM

I do not support the increased fixed rate service charges. This does not seem to be fair to people who conserve water (and energy- especially in a dry climate like ours). It is also not fair to people who conserve and are on a fixed income or do not work for the Laboratory and make less money. Rates for actual usage is a more fair way to increase rates, and if you have to increase the rates, then this is a better way to go. Also, I have seen water just running down the street to the street drains from commercial establishments/apartment complexes. This is a waste! There should be some incentive (or fine) for establishments that waste water in a dry climate like ours. I too am confused why my base rate for the sewer is so high despite my water conservation efforts. My Sewer charge is almost 2.5X higher than my total water usage (fixed plus actual usage for last month). People that use more water also use the sewer system more. Could you please explain to the Community why the Sewer rates are fixed charges and not actual usage charges? Other comments show others are confused about this as well. Also, if you increase the rates (and have more money), then please update our failing water pipes in my neighborhood. (near Aspen School). Utilities has been having to fix a lot of water leaks under the streets lately! The pipes are very old. I would feel better about paying more if our pipes could be updated. (They are probably pipes from the late 1940's.) Thanks for considering.

Bob W. inside WESTERN (registered) August 13, 2016, 2:06 PM

I also believe that rates must address and reward those households that conserve water. I'm especially confused why my base rate for the sewer is so high despite all our water conservation efforts, certainly those that use more water also use the sewer system more. There appears to be no correlation between those that conserve and those that ignore how precious water is in this environment. Constant rate increases really hurt those on limited incomes.

1 Supporter

David North inside LA SENDA (registered) July 29, 2016, 8:49 PM

A ten percent increase in water rates seems perfectly reasonable. Other districts have needed to make similar moves as customers use less water. However, increasing the fixed rate is probably not best practice. Better would be to increase only the per Mgal rate and actually reduce or eliminate the fixed rate. There are always questionable arguments for assigning fixed charges as compensation for fixed costs, but this works against conservation -- which should be our main goal. If the board thinks it needs to charge at least some minimum amount per meter, it would be easy enough to assign a minimum charge per month that applies toward usage (but does not carry forward).

Justin Tokash inside NORTH MESA (registered) July 28, 2016, 3:49 PM

I do not support this proposed increase. The rates recently changed, then sales dropped... welcome to basic economics. Increasing the rates again will just cause less water use and therefore less revenue for the DPU.

Name not available (unclaimed) July 28, 2016, 3:29 PM

Proposed Water Rate Increase

The Board of Public Utilities will consider a proposed water rate increase at the August 17th Public Hearing. Do you have any feedback for the Board?

These statements of rationale are contradictory:
1) "Recent water sales have not matched the forecasted volume, driving the need for a rate increase."
2) "Peak season ... applies a tiered water rate ... to recover higher costs associated with higher consumption."

The first statement is true only if marginal costs for additional usage are **lower** than average whereas 2) states that marginal costs are **higher**. I agree that revenues need to cover costs but the double-talk above suggests the tiered system does NOT reflect how costs accrue. I am in favor of returning to NO TIERS.

Name not available (unclaimed) July 28, 2016, 10:22 AM

Thank you for proposing this increase as an across the board increase. A MUCH more fair way of doing it than it was done the last time. White Rock continually does NOT get as much rain as Los Alamos, and families use different amounts based on the number of people in their homes, as well as their choice to have fresh produce from their own garden or not. An across the board increase is a much more fair way to submit an increase than to penalize over a certain amount of gallons used.

Mary T Marzili inside BARRANCA MESA (registered) July 28, 2016, 10:05 AM

I support this rate increase.

Name not available (unclaimed) July 28, 2016, 9:31 AM

Rather than assessing penalties, I would like to see help offered to residents that would assist them in transitioning from grass to walkways and gravelled, potted indigenous plant areas. Punitive measures engenders negative feelings in a community that would be better served by working together positively.

Jess Cullinan inside NORTH COMMUNITY (registered) July 27, 2016, 7:27 PM

I would like to see higher penalties for those who waste water trying to grow grass in the desert, and meaningful credits for those who conserve.

3 Supporters

BOARD OF PUBLIC UTILITIES

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MEETING DATE	08/17/2016
AGENDA ITEM	7.A. Status Reports
DOCUMENT TITLE(S)	OSHA Incident Rate Calculations
FROM	Steven Klepeis
NEW OR REVISED? **Is this a revision that is different than what was in the agenda packet or is it something entirely new?**	NEW
RECOMMENDED ACTION **If you have a new or revised recommended motion for the Board, enter it here.**	***None - Informational***
ADDITIONAL INFORMATION **Please VERY BRIEFLY explain the purpose of this information or document.**	The report was not yet ready at the time of agenda publication.

	ADMIN	EL DIST	EL PROD	GWS	WA PROD	WWTP
MONTH						
Jan - 2016	2874.0	1315.0	1520.0	3075.0	1068.0	1459.0
Feb - 2016	3588.0	1416.0	1838.8	3376.0	1248.0	1320.5
Mar - 2016	5275.0	2172.8	2606.0	5330.0	1995.5	2029.0
Apr - 2016	3553.8	1490.0	1772.0	3615.0	1359.0	1322.0
May - 2016	3656.5	1410.5	1675.0	3759.6	1395.5	1338.5
June - 2016	4122.0	1462.3	1606.1	3773.0	1422.5	1376.3
July - 2016	4122.0	1462.3	1606.1	3773.0	1422.5	1376.3
Aug - 2015	4034.0	1408.0	1752.5	3738.0	1325.0	1406.0
Sept - 2015	3091.0	1350.0	1289.0	3440.0	1371.0	1466.0
Oct - 2015	5324.0	2213.8	2782.0	5047.0	2261.0	2335.5
Nov - 2015	3316.0	1385.0	1669.0	3475.8	1351.5	1536.0
Dec - 2015	3083.0	1253.0	1685.5	3450.0	1283.0	1248.0
	46039.3	18338.7	21802.0	45852.4	17502.5	18213.1
INJURIES	0	0	0	1	0	0
INC RATE	0	0	0	4.36181899	0	0
LOST/RSTR CASES	0	0	0	1	0	1
LOST/RSTR RATE	0	0	0	4.36181899	0	10.9811372

BOARD OF PUBLIC UTILITIES

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MEETING DATE	08/17/2016
AGENDA ITEM	8.G.4 Review of Department of Public Utilities Quarterly Report
DOCUMENT TITLE(S)	Q4 FY2016 Quarterly Performance Report
FROM	Tim Glasco
NEW OR REVISED? **Is this a revision that is different than what was in the agenda packet or is it something entirely new?**	NEW
RECOMMENDED ACTION **If you have a new or revised recommended motion for the Board, enter it here.**	***None - Informational***
ADDITIONAL INFORMATION **Please VERY BRIEFLY explain the purpose of this information or document.**	The report was not yet ready at the time of agenda publication.

Quarterly Performance Report

Department of Public Utilities

Incorporated County of Los Alamos

Q4 FY16 Apr - Jun 2016
Issued August 2016

Department of Public Utilities

Incorporated County of Los Alamos
Fiscal Year 2016

Andrew Alarid retired last June from the Department of Public Utilities after 24 years of exemplary service.

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dpu@lacnm.us
www.facebook.com/DPU1968/

Highlights from the DPU Employee Appreciation Barbeque

Dennis Segura

Andre Lebron

Jeff Romero

Department of Public Utilities

Incorporated County of Los Alamos
Fiscal Year 2016

We are New Mexico's only four service, not-for-profit, publicly-owned utility. We proudly provide our community with electricity, natural gas, water and wastewater services as we have done for more than 40 years. Established under Article 5 of the 1968 Charter for the Incorporated County of Los Alamos, DPU provides payments to the County in lieu of franchise fees and taxes that would normally be assessed against an investor-owned utility, in addition to a transfer of five percent retail revenues from natural gas and electric services.

As of September 2015 the Board of Public Utilities adopted the following mission, vision and values for the DPU:

Mission

Provide safe and reliable utility services in an economically and environmentally sustainable fashion.

Vision

Be a high-performing utility matched to our community, contributing to its future with diversified and innovative choices.

Values

We value our:

- Customers by being service-oriented and fiscally responsible;
- Employees and partnerships by being a safe, ethical and professional organization that encourages continuous learning;
- Natural Resources through innovative and progressive solutions; and
- Community by being communicative, organized and transparent.

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Highlights from the DPU Employee Appreciation Barbeque

Tim Glasco and Sammy Martinez

College engineering interns Madeline Wolburg and Michael Vigil.

Lucas Martinez

Contents

Timothy A. Glasco, P.E.
Utility Manager

Message

The El Vado hydroelectric plant remains out of service after attempts to restart the generator for final testing failed due to excessive leakage around the turbine's seal. A dispute arose between J. R. Merrit, the contractor on the generator rewind job, and the DPU. It will likely be sometime in late 2016 before the issue is resolved and repairs made.

The US Army Corps of Engineers completed their design for installation of valves on the vent shaft at the Abiquiu dam. Corrosion damage on the vent shaft has prevented the hydroelectric plant from generating for over a year. Repairs are expected to be completed sometime in the Fall of 2016.

Just some of the notes prepared by DPU employees to recognize co-workers for excellent service, cooperation, and team work at the June 23rd DPU Employee Appreciation barbeque.

Long-time DPU employee Andrew Alarid retired in June after 24 years of exemplary service. We were very fortunate to be able to hire Mark Lujan, formerly of Los Alamos County Public Works Engineering, as an Engineering Associate to replace Andrew. Katelyn Mahoney also joined the DPU as our new Environmental Compliance Specialist, coming in with a decade of experience in environmental monitoring and compliance activities in the private sector. We also welcomed our new and returning Engineering Interns in May. The internship program has proven to be a great success for all concerned, providing the DPU with the services of young, energetic students, while providing the students at the same time an opportunity to actually manage design and construction projects.

On May 4th, I participated in a ground breaking ceremony for a replacement 115 kilo-volt substation project at Los Alamos National Laboratory's TA-3 site. While the project is funded and managed by LANL, Los Alamos County will greatly benefit with the newer infrastructure. We expect that the new substation will improve the County's electric reliability and capacity.

Two presentations on the County's energy future were given by me to the Kiwanis and Rotary Clubs on May 2nd and May 24th. I shared DPU's long-term goal to be a carbon neutral electric provider, recommendations from the Future Energy Resources Committee and the direction, challenges, and opportunities in front of us as a county as we move in this direction. Both meetings were well attended with plenty of questions and participation.

A detailed implementation plan for the Future Energy Resources committee recommendations was presented to the Board of Public Utilities (BPU) at their June meeting. While a schedule

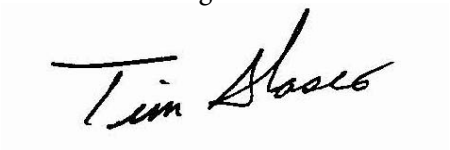
was developed for implementing all the BPU-adopted FER recommendations, the initial step is to hire a contractor to develop a detailed Integrated Resource Plan (IRP) over the next six months. This IRP will serve as the guiding document for energy resources for the County for the next 40 years. It will contain detailed analyses of each potential energy resource, examining the cost, sustainability and reliability. While it will be necessarily also look at the energy pool partnership with the Department of Energy, it will primarily focus on the future energy needs of the County.

DPU employees are appreciated by management, but are also appreciated by one another. At a June 23rd employee appreciation barbeque, DPU employees recognized each other by name for excellent service, cooperation and team work with notes of gratitude. All the notes were displayed at the barbeque and in the office on large display boards.

The DPU Safety Culture Committee and also senior staff reviewed nominations for our Safety Employee of the 4th Quarter and selected Aaron Turner. Aaron is currently serving as a Pipefitter in the Gas, Water and Sewer Division. He has been in the DPU since January of 2008. Aaron has been nominated before, although this is the first time he has actually been selected for this honor.

Throughout his employment with DPU, Aaron has consistently shown a concern not only for his own safety but for that of his co-workers. He is known to be a stickler for completing the pre-job tailgate safety meetings, and for enforcing proper personal protective equipment (PPE) and other job safety requirements on the jobs he supervises.

Interestingly, Aaron was nominated this time by an individual outside of his work group who often works with him and was impressed by his safety awareness. The person nominating Aaron noted that he had "…seen Aaron perform on all three types of utilities with which he works: water line breaks, gas leaks, sewer line repairs, etc. In all situations, Aaron demonstrates a strong understanding and recognition for safety matters. He is meticulous and unwavering toward his commitment to safety." Congratulations to Aaron on this well-deserved recognition.



Employees at the June appreciation barbeque. From left to right: Randy Martinez, Sam Martinez, Richard Valdez, Jeremy Martinez and Marcos Ocanas.

Leadership

Safety Employee of the Quarter
Aaron Turner

Aaron Turner has been selected as Safety Employee of the fourth quarter of fiscal year 16.

The Safety Employee of the Quarter program was developed by the Utilities Safety Committee to reward those who most clearly and effectively demonstrate DPU's Safety Culture Vision. The desire is to create a workplace where safe working practices are integral in everything DPU does and not something the staff has to think about as a separate item during job planning and execution.

Strategic Planning
Objectives and Goals

The Board of Public Utilities approved six strategic objectives back in 2012 that guide the Department. These objectives align with DPU's mission, vision and values, as well as the Malcolm Baldrige criteria. Every year DPU's senior management team reviews and adjusts existing goals and plans for the upcoming year at its annual strategic planning meeting. The purpose is to ensure progress on the goals and fine tune the alignment with the strategic objectives.

Last year, the Board approved the following long-term goals for fiscal year 2016.

(**Strategic Objective = SO**; *Long-term goal = LTG*)

SO: Achieve and sustain measurable performance excellence.

- *LTG - Develop a culture of continuous improvement as evidenced by receiving a Malcolm Baldrige award for quality by 2025.*

SO: Achieve excellence in customer service, satisfaction and loyalty.

- *LTG - Achieve and maintain a mean customer satisfaction survey rating of greater than 4 on a scale of 1-5.*

SO: Achieve excellence in employee satisfaction and loyalty.

- *LTG - Achieve and maintain a mean employee satisfaction survey rating of 3.5 – 4 on a scale of 1-4.*

SO: Achieve environmental sustainability

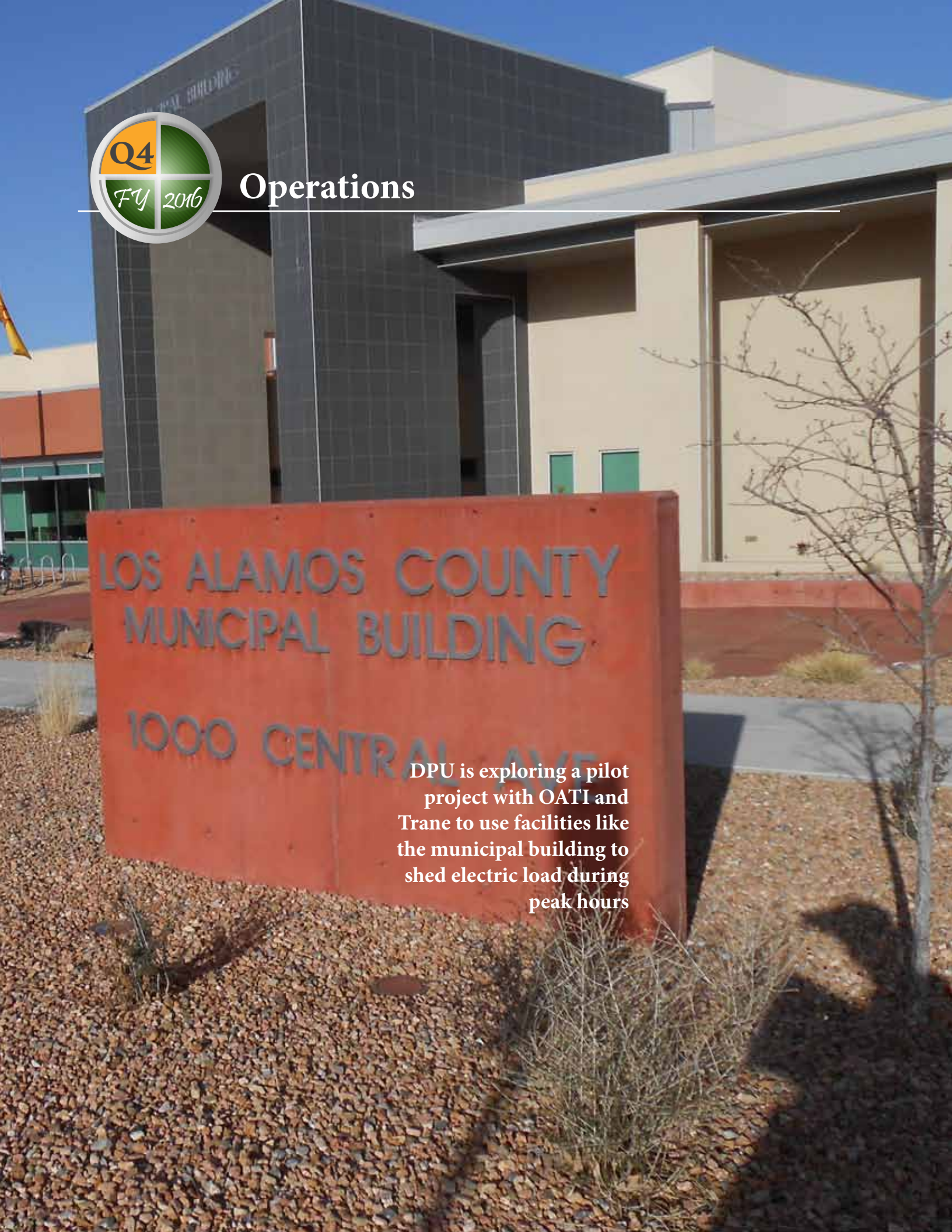
- *LTG - Prepare for the effects of climate change.*
- *LTG (EP & ED) Be a carbon neutral electric provider by 2040.*
- *LTG - (WP) Reduce unaccounted for water to only 2% by 2030.*
- *LTG - (WW) Reduce sewer overflow per mile of pipe to less than half the national average by 2035.*
- *LTG - (DW) Reduce per capita per day water use by 12% by 2050.*
- *LTG - (GAS) Assist Los Alamos customers to improve heating efficiencies in their homes and businesses as measured by therms per capita per heating degree day with an initial goal to reduce by 3% by 2030.*
- *LTG - (WWTP) Provide class 1A effluent water in White Rock by 2020.*

SO: Achieve and maintain excellence in financial performance.

- *LTG - Develop rates that are competitive with comparable regional utilities.*
- *LTG - Utilize revenues to sustain a high level of service as evidenced by customer service ratings and zero audit findings.*
- *LTG - Conduct cost of service studies for each utility at least every five years.*

SO: Develop and strengthen partnerships with our stakeholders.

- *LTG - Initiate communication with stakeholders annually to identify 2-3 mutually beneficial partnering opportunities.*



Operations

DPU is exploring a pilot project with OATI and Trane to use facilities like the municipal building to shed electric load during peak hours

Steve Cummins
Deputy Utility Manager

Power Production

Electric Production and County facilities have been working on a possible pilot project here in Los Alamos with Open Access Technology International (OATI) an energy trading software company , and Trane a world leader in air conditioning systems, services and solutions. OATI and Trane have partnered to take control of building loads, pumping loads and other assets that can be controlled remotely to increase or shed load (power). OATI has a product called Web Distribute that can aggregate numerous loads and resources to create a virtual power plant. This type of control is necessary with the smart grid to manage the increase in renewable energy resources which are inherently intermittent. The pilot project is looking at controlling some of the County buildings and possibly one large LANL building as a demonstration pilot project. As DPU customers add more and more roof top solar, DPU needs to firm those intermittent resources to be compliant with the North American Electric Reliability Corporation (NERC). Through this effort, DPU plans on making a business case for investing in smart grid technology to help move DPU toward its carbon neutral goal by 2040.

DPU and LANL complete upgrades to the SCADA system before the July 1, 2016, deadline.

Electric Production continues to work with the United States Bureau of Reclamation which controls the water releases out of the El Vado Reservoir. DPU would like to use the hydroelectric generating units as spinning reserves to respond to system emergencies such as a loss of generation or a transmission constraint. DPU is currently required to carry three megawatts of spinning reserves 24/7/365. Today this reserve capacity is purchased on the open market costing DPU approximately $600,000 per year. One or two megawatts could be provided by the generating units at Abiquiu and El Vado at different times during the year if DPU were allowed to control the water during emergencies. Both are run-of-the river hydroelectric plants, but DPU believes this service could be provided without adversely impacting the other stakeholders or the environment.

DPU and LANL completed the upgrade of the Electric Supervisory Control And Data Acquisition (SCADA) system and drafted the necessary policies and procedures to meet the NERC Critical Infrastructure Protection requirements by July 1, 2016. This was a collaborative effort between DPU and LANL as a shared resource of the Los Alamos Power Pool. DPU and LANL met the July 1, 2016, compliance date and continue on a daily basis to remain compliant with the cyber security requirements.

Operations

DPU electric linemen replace poles and crossarms to improve electric reliability.

Rafael De La Torre
Deputy Utility Manager

Electric Distribution

FY16 was a successful year. We accomplished our primary goals to achieve zero-lost time for injuries and maintain a system average interruption duration index (SAIDI) below 60 minutes. In fact our SAIDI this past year was 21 minutes, well below the 60 minute target. The SAIDI is the nationally recognized standard for the average length of time a consumer has experienced a power outage for the past year.

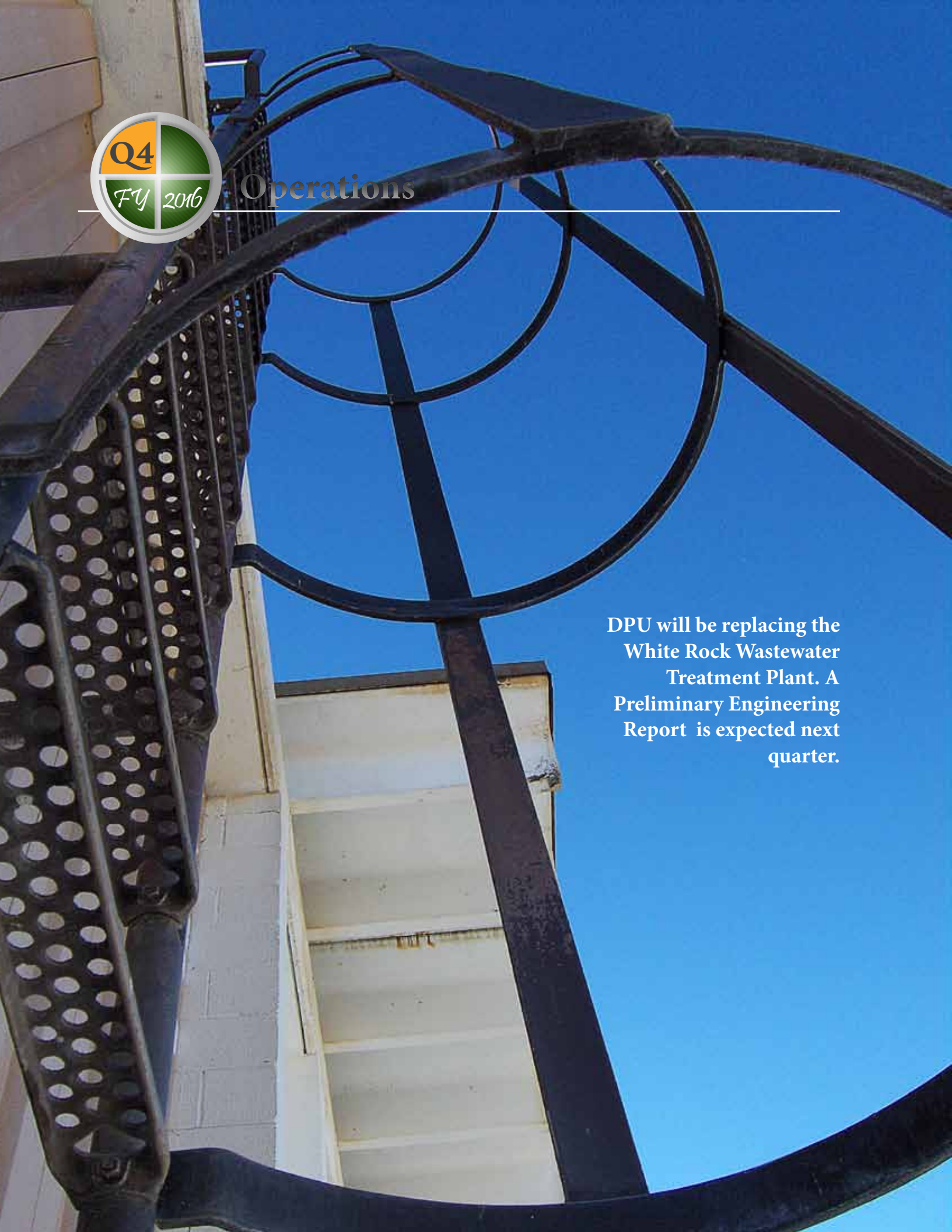
This year we completed the Los Alamos Substation (LASS) design alternatives and LASS duct bank design; we are underway in the request for construction proposals. The LASS project provides a second substation utility source to the Los Alamos townsite for improved reliability and additional power capacity. Our civil engineer counterparts from DPU and Public Works are supportive of the project and have contributed greatly, an example of LA County team work across DPU and Public Works. We would also like to thank our partners from Los Alamos National Laboratory Utilities and the Department of Energy/NNSA. Without their support, the LASS project would not be possible. Electrically speaking, LANL Utilities and DPU are tied at the hip!

After working together for three long years, the Bandelier Project was bid for the construction of approximately two miles of underground power lines down at the main monument. Once the new electric distribution system is constructed to DPU standards, DPU will assume ownership of the system and Bandelier Park can get out of the business of owning and operating its own electric distribution system. The project will be a win-win for DPU and Bandelier.

This year we took on a few project initiatives to stay competitive in our ever changing business model. For example, we worked with County legal to develop new pole attachment agreements with local communication providers. The county will now be fairly compensated and will cost-share future operation and maintenance activities with these third party entities attached to DPU-owned poles.

We spent considerable time and effort with a smart meter request for proposals, but had to delay the award due to the County's enterprise resource planning software project. Smart meters are a must for any utility organization and critical to the smart-grid of tomorrow. As photovoltaic (PV) systems continue to saturate our electric grid, DPU needs to stay ahead of the situation to guarantee electric reliability. We will develop engineering models to ensure the utility grid is not impacted by the PV intermittency, harmonics, and reverse power flow. Additionally, we will explore new billing models so that consumers are billed equitably for the use of the electrical distribution grid. Smart meters will aid in this process, reducing the reliance on "averages or estimates" when it comes to unbundling utility rates. This could include allocating utility costs by customer class or establishing the value of solar (a real-market value of PV when it's produced and powers the utility grid.)

Lastly, I would like to recognize the Electric Distribution team. This division keeps Los Alamos County's electricity reliable by expertly developing staking sheets, being available 24/7 under all weather conditions to respond to emergencies, and handling live 15,000 volt power lines.



Operations

DPU will be replacing the White Rock Wastewater Treatment Plant. A Preliminary Engineering Report is expected next quarter.

Jack Richardson
Deputy Utility Manager

Gas, Water, Sewer, and Wastewater

Weather in the early spring was nice with a decent amount of precipitation resulting in lower than normal water sales. Late spring and into early summer the rainfall dropped off and, indicative of increased irrigation, water sales improved. Gas, Water and Sewer (GWS) administration spent much time this quarter developing the framework for improved data management in the form of enhanced dashboards. These dashboards track data points that allow management to review productivity, problems, and trends, as well as compare results with selected national standards and internal goals. In addition, the new dashboards automatically graph results for easier visual interpretation. The crews are preparing for the summer season that will include construction projects that impact GWS facilities as well as the ongoing water meter change out program.

Gas, Water and Sewer (GWS)

The entire GWS crew received "Asbestos Class III Maintenance Worker Certifications." Initiated by the DPU Safety Committee, the onsite training was efficient for all crew members to attend and receive their certifications. GWS would like to express its gratitude to Eric Edmonds of Risk Management for researching a satisfactory program and bringing it here. GWS Superintendent, Sammy Maestas, renewed his national "Welding Inspector Certification." The testing process required he teach a randomly selected chapter of the welding inspection manual to a roomful of certified inspectors at a national conference in Pittsburgh, Pennsylvania. Quarter 4 started with a flurry of three simultaneous water pipeline breaks in the White Rock area and ended with a total of eight water pipeline breaks. Preparations are under way to staff up, ready equipment and order materials to begin organizing for the next major push for water meter change outs throughout the White Rock area. Our goal is to finish White Rock before the snow season this year.

Water Production

In Water Production, the big news is the very near completion of the expansion and upgrade of the Non-Potable Water System in the Los Alamos area. The Group 12 storage tank was refurbished and brought on line. The pump station that irrigated the North Mesa ball fields was repurposed to become a major non-potable water booster station filling the Group 12 tank. As of early June, the golf course, North Mesa parks and the LA Middle School can now irrigate with non-potable water via gravity flow at improved delivery pressure. Minor project close out work is ongoing. A few problems occurred when the old system was switched over to the new system. The golf course was not able to irrigate for two days, but 24/7 coverage of operations by Water Production staff, with much appreciated assistance from Matt Allen of the golf course and Clay Moseley of DPU Engineering, enabled an adequate supply of water so that the golf course was in good shape for the 4th of July tournament. Three minor permit violations occurred due to the lack of a fully functioning SCADA system, causing the Group 12 tank to overflow and discharge irrigation water onto non-permitted forest service land. Full SCADA functionality is expected by the end of next quarter. Other news in Water Production was the successful testing of the Pajarito Line automatic controls. The new programming was initiated and this portion of the Water Production system is fully automatic since testing began in late June.

Wastewater Treatment

One or our Senior Wastewater Treatment Plant Operators resigned for a wastewater position outside of the County. Administrative work necessary to hire a replacement operator was initiated and should be completed next quarter. Larry Naranjo, apprentice II, passed the State Wastewater Level 3 examination and was promoted to wastewater operator. County residents, as well as County Parks staff, are using all of the compost that we can generate down at the LA WWTP composting facility. Completion of a Preliminary Engineering Report for a replacement White Rock WWTP is expected next quarter.

Operations

As part of the non-potable expansion project DPU repurposed the pump station on North Mesa for improved irrigation of effluent.

James Alarid
Deputy Utility Manager

Engineering

Progress was made this quarter on multiple planned projects. The fourth phase of the Western Area Road and Utility Upgrade project kicked off. In each of the four phases the water distribution system is being replaced in its entirety. New PVC water lines and PEX service lines are replacing old lead joint cast iron pipes and galvanized steel service lines. The work is taking place in the lower portion of Western Area on side streets off Sandia, and east of Diamond in the "Denver Steels" neighborhood. Work is progressing on schedule.

A new sewer main is being installed as part of the Central Avenue Road Improvement project. Approximately 1,000 feet of clay sewer main is being replaced with new PVC pipe. The old sewer runs beneath three separate buildings in the area. These improvements will relocate the sewer from beneath the buildings into the road.

New sewer line being installed on Central Avenue in coordination with Public Works' Central Road Improvement project.

Work has begun on the San Ildefonso Gas and Electric project. New duct work is being installed in preparation of installing new conductors to replace the existing aged system. The new 8-inch gas main being installed is the last phase of a multi-year effort to replace and upgrade the high pressure gas system in Los Alamos. Completion of the project will add increased reliability and capacity to both the electric and gas distribution systems.

The El Vado Hydroelectric Plant Generator Rewind Project has not yet been completed. In late May, during the final testing of the refurbished turbine/generator the shaft seal began to leak excessively when the generator output was increased. The shaft seal's function is to keep water from leaking into the plant when in operation. The DPU and contractor have been coordinating the necessary repairs through the conflict resolution process. DPU maintains that the contractor is responsible for repairing the faulty seal as part of the contract requirement while the contractor has requested additional payment for this work.

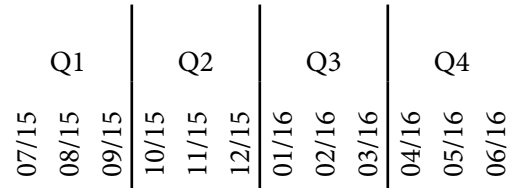
The Engineering Department has hired college engineer interns each summer since 2012. Four engineer interns have joined the Engineering team this summer and are working on a variety of tasks including gas pipeline design, sewer repair design, electric arc flash studies, construction specifications, bid document preparation and construction inspection. The intern program has been a great success. The students get experience working in a functioning utility, performing engineering tasks in support of the department's capital improvement program, customer service functions and construction field work. We will see our interns return to college in August and we wish them a successful semester. Three of four of this summer's interns will graduate in December with their Bachelors of Science in Engineering degrees.

Capital Improvement Projects

Fiscal Year 2016 Schedule

Birds eye view of the Los Alamos reservoir in May 2016.

FY16 CIP Projects



	Budgeted	
Electric Production	**$350,000**	
Abiquiu - Replace H2 Bushing on Main Transformer	50,000	*Roll over to FY17*
El Vado - Replace Insulating Oil on Main Transformer	50,000	*Roll over to FY17*
Abiquiu & El Vado - Back-up Generator	250,000	
Electric Distribution	**$1,175,000**	
Replace Poles and Cross-arms (system wide)	175,000	*Complete*
Replace Overhead Transformers (system wide)	100,000	*Complete*
Replace Underground Transformers	100,000	*Complete*
Replace 1200' of AL (Tsankawi-Cheyenne)	150,000	
Install Duct Bank for Future LASS Substation	450,000	*Complete*
Replace Misc. Underground Residential Dist. (Power outages)	200,000	*Complete*
Natural Gas Distribution	**$690,000**	
Replace Gasline - Diamond to El Gancho	200,000	*Roll over to FY17*
Replace Various Steel Gas Mains	200,000	
Replace Steel Riser and Meter	100,000	*Complete*
Replace gasline - Western Area Phase 4 Road & Utilities work	40,000	
Replace San Ildefonso 8" Main (Hawk Dr. - ballfields)	150,000	
Water Production	**$2,304,400**	
Design Motor Control Center for Pajarito Well #5	35,000	
Repaint Guaje Booster Tank #1, Install Additional Tank	750,000	*Deferred*
Replace Remote Terminal Units - 5 each	125,000	*Deferred*
NM OSE Permitting to Drill New Pajarito Well #6	50,000	
Replace Automatic Valves 9, 10 & 11	150,000	*Deferred*
Replace NP Kwage Mesa Surface Pipeline (WTB)	550,000	
Replace NP Los Alamos Reservoir Pipeline (WTB)	644,400	*Deferred (grant not received)*
Water Distribution	**$1,061,000**	
Upgrade North Mesa Distribution	761,000	*Deferred*
Replace Waterline-Western Area Phase 4 Rd & Utilities Work	300,000	
Sewer Collection & Wastewater Totals	**$869,000**	
Sewer Collection Total	**$719,000**	
Replace Joya/Mimbres/Kayenta Sewer Main & Svcs (Phase 1)	425,000	
Replace Sewerline-Western Area Phase 4 Rd & Utilities Work	150,000	
Replace Sewer at Subway	144,000	
Wastewater Treatment Total	**$150,000**	
Prepare Facilities Plan WR WWTP & Conduct Environ. Assessment	150,000	

Planning & Design
Actual Construction

Operations

Contractor installs a roadside bar ditch on the access road to Los Alamos Reservoir.

Electric Production
FY 2016 Capital Projects

Replace H2 Bushing on Main Transformer
Abiquiu Hydroelectric Plant

Scope: Investigate the condition of the main transformer's H2 Bushing as it appears to show evidence of oil leakage around the bushing level gauge. Corrective actions may be required including replacement of the H2 bushing in kind and the insulating oil and filter.

Budget: $50,000

Schedule: Fall 2016

Replace Insulating Oil on Main Transformer
El Vado Hydroelectric Plant

Scope: Replace one bushing and the insulating oil and filter on the main transformer. This will prolong reliable operation of the transformer.

Budget: $50,000

Schedule: Fall 2016

Replace Back-up Generator
Abiquiu & El Vado Hydroelectric Plant

Scope: Replace the original back-up generators at both the Abiquiu and El Vado hydroelectric plants to maintain critical operation during loss of grid power and emergencies or when operation and maintenance activities require a plant outage.

Budget: $250,000

Schedule: Bid Spring 2016; Construct Fall 2016

Electric Distribution
FY 16 Capital Projects

Replace Poles and Cross-arms
White Rock, Circuit 13 and Circuits 15 & 16

Scope: Replace wooden utility poles and/or cross-arms or other hardware prioritized by the Asset Management and Overhead Inspection Program to be replaced. This project supports the Electric Reliability Plan prepared in 2011 and updated in 2014 to enhance reliability.

Budget:	White Rock service area	$75,000
	Circuit 13	50,000
	Circuits 15 & 16	50,000
	Total	**$175,000**

Schedule: Project completed

Wooden Utility Pole

Overhead Transformers

Replace Overhead Transformers

Scope: Replace and dispose of 36 overhead transformers identified as having high PCB content. The transformers weigh almost 22,000 pounds.

Budget: $100,000

Schedule: Project completed

Replace Underground Transformers

Scope: Replace and dispose of 13 underground transformers identified as having high PCB content. The transformers weigh almost 22,000 pounds.

Budget: $100,000

Schedule: Project completed

Underground Transformers

Replace Prioritized Underground Residential Distribution Systems and Add Ductbank for Future Substation

Scope: Replace underground residential distribution systems prioritized by the Asset Management and Underground Inspection Program based on areas that have failed twice and affect a large number of customers. Additionally, install a ductbank for the future LASS substation.

Budget:

Ductbank for future LASS Substation	$450,000
Replace 1200' cable Tsankawi-Cheyenne	150,000
Replace Misc. URD (post-power outage)	200,000
Total	**$800,000**

Ductbank for future LASS Substation

Schedule:

- *Ductbank for LASS Substation* - Design Winter 2015/Spring 2016; Construction underway.
- *Tsankawi-Cheyenne* - Completed
- *Misc. URD* - Completed

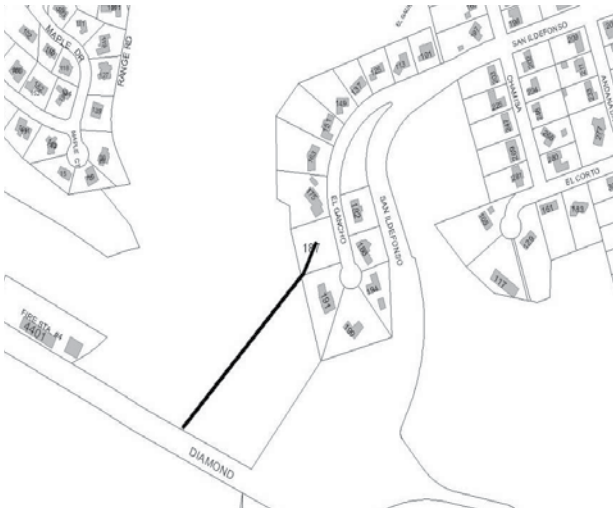
Natural Gas Distribution
FY 16 Capital Projects

Replace High Pressure Gasline with Medium Pressure Gasline
Diamond to El Gancho

Scope: Replace existing 4" high pressure steel gas main with a 4" medium density polyethylene (MDPE) from Diamond Drive north to the existing Pressure Reducing Station located on El Gancho Road.

Budget: $200,000

Schedule: Construct Spring 2017.



Replace Various Steel Gas Mains

Scope: Replace as yet undiscovered steel gas mains and services that may be identified during the steel riser replacement program, or the leak survey.

Budget: $200,000

Schedule: No project identified in FY 2016.

Replace Steel Risers and Meters (Phase 4)

Scope: Replace 12 steel isolated risers and meters with anodeless risers in the Los Alamos commercial district. Work will be conducted by GWS Operations with the help of three temporary employees.

Budget: $100,000

Schedule: Construct Summer & Fall 2015. Project is complete.

Replace San Ildefonso 8" HDPE Main
Hawk Drive to Mesa Road

Scope: Replace 2,700 feet of 4" high pressure steel main with 2,700 feet of 8" high density polyethylene in San Ildefonso. The 8" HDPE line is being installed as part of the Los Alamos County high pressure loop to enhance capacity and reliability. This project will eliminate the 4" bottleneck between Hawk Drive and North Mesa road.

Budget: $150,000

Schedule: Design Spring 2016/Construct Summer 2016. Construction is ongoing.

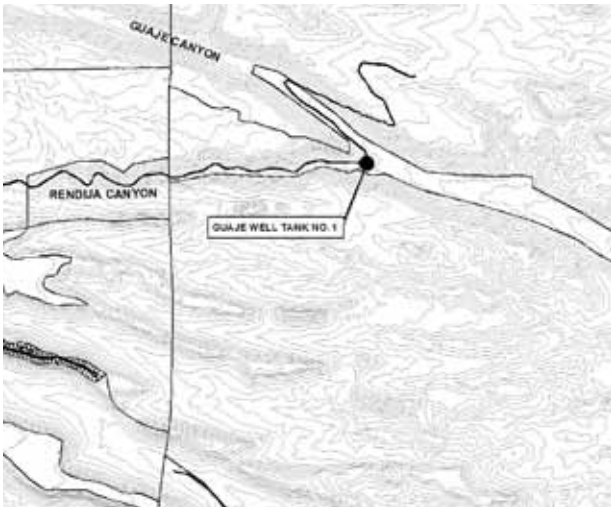
Water Production
FY 16 Capital Projects

Design Motor Control Center for Pajarito Well #5

Scope: Design the Motor Control Center on the Pajarito Well No. 5 to meet current codes and manufacturer's standards. This project is part of the DPU's system-wide effort to update all the MCCs.

Budget: $35,000

Schedule: RFP Spring 2016. Design is 95% complete.



Paint Guaje Booster Station No. 1 Tank Add Additional Tank

Scope: Paint the exterior of the Guaje Booster Station No. 1 and abate the lead-based paint on the interior. Add a second tank to supplement the stored volume required at this location to facilitate the automatic operation of the water production system.

Budget: $500,000

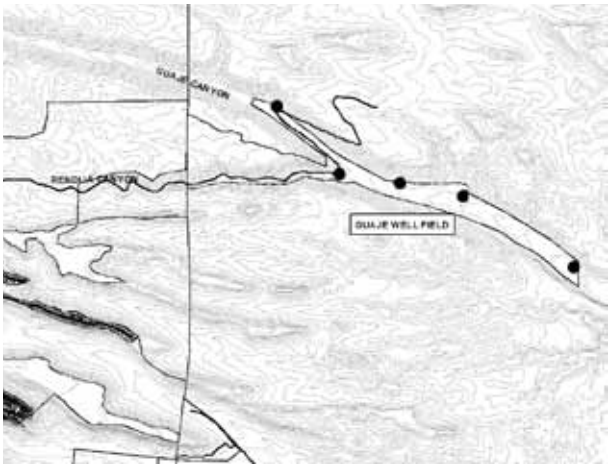
Schedule: Project deferred due to budget short falls.

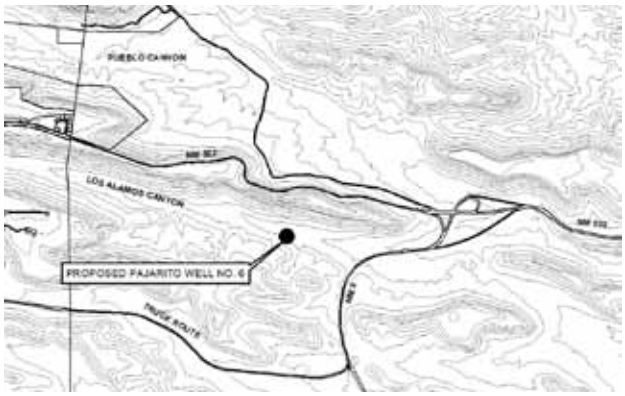
Replace Remote Terminal Unit - 5 each

Scope: Replace the older remote terminal unit equipment on the five Guaje Wells with new equipment. This project is part of DPU's system-wide effort to update all RTUs that do not meet manufacturer's specifications.

Budget: $125,000

Schedule: Deferred due to budget short falls.





OSE Permitting to Drill New Pajarito Well No 6
(Office of the State Engineer Permitting)

Scope: Begin the process to replace Pajarito Well 1 with a new well - Pajarito Well 6. Work with the Office of the State Engineer to obtain permitting for the drilling and testing of the new well in the vicinity of the existing wells.

Budget: $50,000

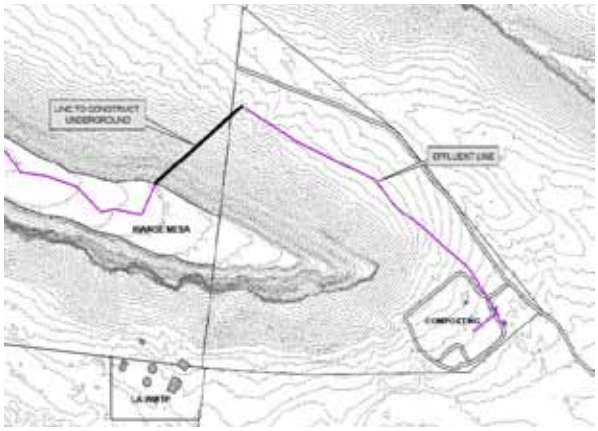
Schedule: Application submitted April 2016.

Replace Automatic Valves Nos. 9, 10, 11 on the water transmission system

Scope: Repair automatic valves with domestic mechanical and electrical components to ensure that they open and close pipelines properly to efficiently transfer water from one section of the potable water system to another.

Budget: $150,000

Schedule: Project deferred.



Replace Non-Potable Kwage Mesa Surface Pipelines (Water Trust Board)

Scope: Replace 800' of an existing 10" diameter effluent line that is installed above ground on the south cliff face of Bayo Canyon and is only operational seasonally. Install the new line underground using horizontal directional drilling. The new line will be operational all year.

Budget: $550,000 (WTB: 60% Grant /40% Loan)

Schedule: Design Spring 2016; project is 85% complete..

Replace Non-Potable Los Alamos Reservoir Waterline (Water Trust Board)

Scope: Replace 7,000' of 10" diameter non-potable waterline between the Los Alamos Reservoir and West Road that was damaged from post-Cerro Grande and Las Conchas fire flooding.

Budget: $644,000 (WTB: 60% Grant /40% Loan)

Schedule: Deferred. Grant received for FY 2017.

Water Distribution
FY 16 Capital Projects

Upgrade North Mesa Water Distribution System
North Mesa Rd between
Hawk Dr. & San Ildefonso Rd.

Scope: Install a new, larger capacity water main to replace an undersized water main on North Mesa Road between Hawk Tank (at Hawk Drive) and San Ildefonso Road. The new water main will improve fire protection for all of North Mesa.

Budget: $761,000

Schedule: Project deferred.

Replace Water Distribution, Wastewater and Gas Distribution Lines
Upgrade of Western Area Road & Utilities - Phase 4

Scope: Replace water mains on 40th, 41st, 45th and 46th Streets prior to the reconstruction of those roadways. Additionally, replace the water service lines up to, and including, the water service meter cans. Sections of sewer main that cross those streets will be replaced, as will any affected gas distribution infrastructure. This Utility project is part of a larger Public Works Road Improvement project.

Budget:

Water Distribution	$ 300,000
Wastewater	$ 150,000
Gas Distribution	$ 40,000
Total	$ 490,000

Schedule: Design Spring 2016 / Construct Summer to Fall 2016. Construction is ongoing.

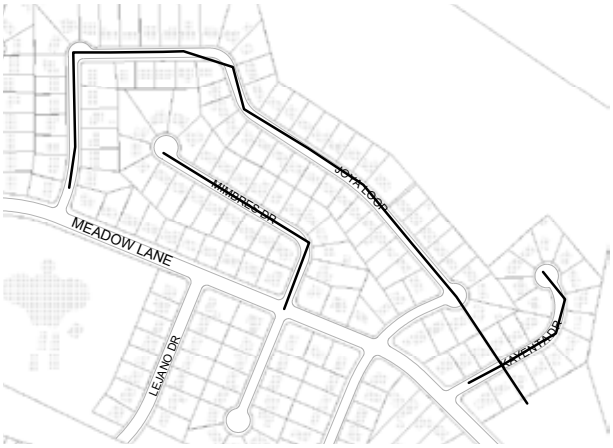
Wastewater Collection
FY 16 Capital Projects

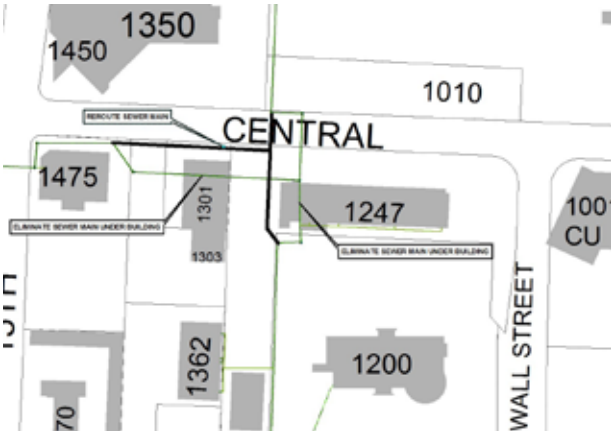
Replace Mains and Services in White Rock
La Joya, Mimbres, and Kayenta

Scope: Replace 4,080 lineal feet of older 8" vitrified clay sewer mains with plastic in White Rock, specifically on La Joya, Mimbres, and Kayenta. Additionally replace 115 residential service lines in the area.

Budget: $850,000

Schedule: Design Spring 2016/Construct Summer to Fall 2016.





Replace Sewer at Subway

Scope: As part of the asset management sewer video inspection program the sewer at the Subway sandwich shop was found to be in poor condition, with a section located beneath the building, and another segment under an adjacent building. Reconstruct and relocate the sewer line from under the buildings.

Budget: $144,000

Schedule: Design Spring 2016. Construct Summer 2016. Construction is ongoing.

Prepare Facilities Plan to Replace White Rock Wastewater Treatment Plant

Scope: Prepare a facilities plan and update the preliminary engineering report to replace the White Rock Wastewater Treatment Plant and complete an environmental assessment. The facilities plan will evaluate and select the best treatment option, estimate costs, and lay the ground work to meet requirements of potential state loan programs. (This is the first step in a three-year effort to replace the WWTP).

Budget: $150,000

Schedule: Awarded November 2015. Complete Summer 2016.

Robert Westervelt
Deputy Utility Manager

Finance & Administration

Electric Operations
Retail KWh sales were below budget in every quarter, averaging 5.25 percent below for the year. KWh sales to DOE were below budget in all but the third quarter, closing the year at 16.17 percent below the budgeted 536,250,000 kwh. Combined KWh sales for retail and DOE were at 14.13 percent below budget after the fourth quarter, up slightly from 16.14 percent below midway through the year.

After posting net cash flow from operations of $1.7 million through the third quarter in electric distribution, the fourth quarter closed in the negative, with net operating revenues of ($414,338). Net operating revenues for the full fiscal year were $1,314,052, slightly above the budgeted $1,296,016. Capital expenditures were $1,425,165 for FY16, just below the budgeted $1,589,411.

FY16 yielded a net loss of ($111,113) for electric distribution, a better result than the FY16 budgeted net loss of ($918,414). Budget adjustments during the fiscal year resulted in an adjusted budgeted net ED loss of ($3,750,859). This budgeted loss was intended to be covered by proceeds from FY14 debt issuance for capital projects. The budget adjustments included $2.5 million for the AMI meter project rollout, which has been deferred again until FY17.

Natural Gas Operations
Though retail gas sales in the second quarter were 30.5 percent below budgeted sales volume for that period, the other three quarters resulted in higher-than-budgeted sales. During the fourth quarter, sales were 58.67% above budgeted projections. For the full fiscal year, retail gas sales closed at 8,416,086 therms, only slightly below the budgeted amount of 8,541,055 therms.

Net cash flow from operations was $262,973 for the fourth quarter, bringing the year-to-date total to $1,353,148. The cost of gas was 19 percent below budget in the first quarter due to low market price of gas and remained low throughout the remaining quarters. At the end of FY16, the cost of gas was 52.3 percent below the total budgeted for FY16. Capital expenditures for the fourth quarter were $2,476, and $21,399 for all of FY16.

For the full fiscal year, gas operations' budgeted operating cash flow was $1,578,894, budgeted capital expenditures were $690,000, and the budgeted transfer to the general fund was $323,642, yielding budgeted net income of $565,252. Additionally, $585,943 in encumbrances and budget adjustments were added to the FY16 expenditure budget, resulting in an adjusted budgeted net gas loss of ($20,691). This budgeted loss was covered through existing fund balance.

Water Operations
For the fourth quarter of FY2016, retail sales were 17.3 percent below budget and sales to DOE were 37.6 percent below budget. Total sales in thousands of gallons for both Retail and DOE were 22.0 percent below budget for the quarter ended June 30, 2016, and 22.8 percent below for the full fiscal year. Sales projections were re-evaluated during the FY17 budget process and were reduced from 1.25 million gallons to 1.15 million gallons.

Net cash flow from water operations was $74,250 for the quarter and $1,210,857 for the full fiscal year. Water Production received a credit for capital expenditures for the quarter ending June 30, 2016, resulting in capital spending of ($41,139). The credit related to sediment removal at the Los Alamos Reservoir that was reclassed from water production capital to a holding account for general County expenses to be reimbursed by FEMA. Capital expenditures for all of FY16 were $2,255,439, yielding net water revenues of ($1,044,582).

For the full fiscal year, water operations' budgeted operating cash flow was $1,188,534, and budgeted capital expenditures were $2,615,400. The budget included receipt of $993,400 in FEMA/State reimbursements and grants/loans resulting in net loss of ($433,466.) Additionally, the FY16 water production budget included $5,017,127 in encumbrances rolled forward from FY15 and other budget adjustments. Negative cash flow was budgeted with the intent to absorb it from existing fund balance.

Wastewater Operations

Cash flow from operations was $155,184 for the three months ended June 30, 2016. A reclass of a pump motor replacement to ED in the fourth quarter resulted in negative capital expenditures for the quarter of ($6,953), yielding a net cash flow of $162,137. Year-to-date capital expenditures totaled $1,086,774, with a net cash flow of ($488,523). That year-to-date net loss was about 47 percent of the adjusted net loss budgeted for FY16.

For the full fiscal year, wastewater operations' budgeted operating cash flow was $1,227,386, budgeted capital expenditures were $869,000. Additionally, factoring in $1,405,936 in encumbrances rolled forward from FY15 and other budget adjustments resulted in an adjusted budgeted net loss of ($1,047,550). This was covered through existing cash reserves for FY16.

Left to Right: Katelyn Mahoney, Alicia Garcia, Cathy Crane, and Cindy Zerr at the June 2016 DPU employee barbeque.

Highlights from the DPU Employee Appreciation Barbeque

Esequiel Garcia and Justin Lujan

Gaylyn Meyers

Jeremy Martinez

Operation and Consumption Reports

Electric Operations - unaudited

Financial Status - Fiscal Year 2016

		Q1	Q2	Q3	Q4	Total
Unit Sales	**Retail Electric (KWh)**					
	Total retail sales	29,291,195	29,084,761	30,784,663	27,308,063	116,468,682
	Budgeted sales	30,818,000	31,363,000	31,103,000	29,642,454	122,926,454
	Retail sales variance (KWh)	(1,526,805)	(2,278,239)	(318,337)	(2,334,391)	(6,457,772)
	Sales to NNSA	116,080,038	125,775,060	119,915,276	87,779,203	449,549,577
	Budgeted sales to NNSA	139,746,000	156,084,000	115,492,000	124,928,000	536,250,000
	NNSA sales variance (KWh)	(23,665,962)	(30,308,940)	4,423,276	(37,148,797)	(86,700,423)
	Total actual KWh sales	145,371,233	154,859,821	150,699,939	115,087,266	566,018,259
	Total budgeted sales	170,564,000	187,447,000	146,595,000	154,570,454	659,176,454
	Total sales variance (KWh)	(25,192,767)	(32,587,179)	4,104,939	(39,483,188)	(93,158,195)
Financial Results	Electric production revenues	$12,514,674	$11,307,216	$10,976,010	$9,898,596	$44,696,496
	Electric production expenditures	$11,975,911	$12,947,430	$7,490,588	$8,145,399	$40,559,328
	Electric distribution (ED) revenues	$3,633,978	$3,576,316	$3,951,919	$3,276,915	$14,439,128
	ED other revenue	$189,005	($39,247)	$12,375	($159,404)	$2,729
	ED operating expenses	$3,540,341	$3,236,061	$2,819,554	$3,531,849	$13,127,805
	Net ED operating revenues	$282,642	$301,008	$1,144,740	($414,338)	$1,314,052
	ED capital expenditures	$128,426	$287,821	$621,945	$386,973	$1,425,165
	Net ED Income(Loss)	$154,216	$13,187	$522,795	($801,311)	($111,113)
Budgeted	Budgeted Operating Income(Loss)					$1,295,016
	Budgeted Capital Expenditures					($1,589,411)
	5% Revenue Transfer					*($624,019)*
	Budgeted Net ED Income(Loss)					($918,414)
	Budget Adjustments*					($2,832,445)
	Adj. Budgeted Net ED Income (Loss)					($3,750,859)

Unaudited quarterly reports may include changes to prior quarters' data. Financial data is not final until audited.

* This category includes carryforward project amounts, encumbrance rollovers and board/council approved budget adjustments.

Natural Gas Operations - unaudited

Financial Status - Fiscal Year 2016

		Q1	Q2	Q3	Q4	Total
Unit Sales	**Retail Sales - Therms (100,000 BTU)**					
	Total sales	667,815	2,205,669	3,846,267	1,696,334	8,416,085
	Budgeted sales	595,012	3,173,815	3,703,116	1,069,112	8,541,055
	Retail sales variance (therms)	72,803	(968,146)	143,151	627,222	(124,970)
Financial Results	Gas distribution revenues	$644,272	$1,364,060	$2,102,643	$841,861	$4,952,835
	Gas other revenues	($19,610)	$28,966	($39,942)	$91,689	$61,104
	Gas distribution operating expenses	$615,537	$1,256,272	$1,099,482	$668,101	$3,639,392
	Net Gas operating revenues	$9,125	$136,754	$963,219	$265,449	$1,374,547
	Gas distrib. capital expenditures	$6,597	$10,979	$1,347	$2,476	$21,399
	Net Gas Revenue	$2,528	$125,775	$961,872	$262,973	$1,353,148
Budgeted	Budgeted Operating Income(Loss)					$1,578,894
	Budgeted Capital Expenditures					($690,000)
	5% Revenue Transfer					*($323,642)*
	Budgeted Net Gas Income(Loss)					$565,252
	Budget Adjustments*					($585,943)
	Adj. Budgeted Net Gas Income (Loss)					($20,691)

Unaudited quarterly reports may include changes to prior quarters' data. Financial data is not final until audited.

* This category includes carryforward project amounts, encumbrance rollovers and board/council approved budget adjustments.

Water Operations - unaudited

Financial Status - Fiscal Year 2016

		Q1	Q2	Q3	Q4	Total
Unit Sales	**Water Sales in thousand gallons**					
	Wholesale sales to LANL	72,581	79,517	72,933	56,481	281,512
	Budgeted wholesale sales	119,985	105,780	83,720	90,515	400,000
	Retail sales	226,122	161,138	104,195	201,880	693,335
	Budgeted retail sales	336,915	154,921	113,923	244,240	850,000
	Total sales	298,703	240,655	177,128	258,361	974,847
	Total budgeted sales	456,900	260,701	197,643	334,755	1,250,000
	Sales variance, in thousand gallons	(158,197)	(20,046)	(20,515)	(76,394)	(275,152)
Financial Results	Wholesale Revenues	$144,735	$316,227	$1,528,750	$576,737	$2,566,449
	Retail revenues	$1,226,285	$883,617	$662,263	$1,100,018	$3,872,183
	Other revenues	($20,652)	$23,577	($903)	$18,106	$20,128
	Total water revenues	$1,350,368	$1,223,421	$2,190,110	$1,694,861	$6,458,760
	Water prod. operating expenses	$717,396	$749,541	$666,025	$1,048,091	$3,181,053
	Water dist. operating expenses	$449,550	$408,868	$635,912	$572,520	$2,066,850
	Total water operating expenses	$1,166,946	$1,158,409	$1,301,937	$1,620,611	$5,247,903
	Net water operating revenues	$183,422	$65,012	$888,173	$74,250	$1,210,857
	Water production capital	$309,845	$807,074	$808,735	($54,975)	$1,870,679
	Water distribution capital	$173,224	$190,755	$6,945	$13,836	$384,760
	Total capital expenditures	$483,069	$997,829	$815,680	($41,139)	$2,255,439
	Net water revenues	($299,647)	($932,817)	$72,493	$115,389	($1,044,582)
Budgeted	Budgeted Operating Income(Loss)					1,188,534
	Budgeted Capital Expenditures					(2,615,400)
	Budgeted Grant/Loan/GF Transfers					993,400
	Budgeted Net Water Income(Loss)					(433,466)
	Budget Adjustments*					($5,017,127)
	Adj. Budgeted Net Water Income (Loss)					($5,450,593)

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* This category includes carryforward project amounts, encumbrance rollovers and board/council approved budget adjustments.

Wastewater Operations- unaudited

Financial Status - Fiscal Year 2016

		Q1	Q2	Q3	Q4	Total
Unit Sales	**Sewer Treated in thousand gallons**					
	Total treated	102,183	106,938	103,726	95,387	408,234
	Budget treated	117,000	112,500	108,000	112,500	450,000
	Variance (thousands of gallons)	(14,817)	(5,562)	(4,274)	(17,113)	(41,766)
Financial Results	Sewer revenues	$1,140,057	$1,165,730	$1,155,776	$1,195,285	$4,656,847
	Sewer misc. revenues	($23,437)	($4,806)	($7,743)	($12,889)	($48,874)
	Sewer operating expenses	$1,028,989	$978,324	$975,197	$1,027,212	$4,009,722
	Net Sewer operating revenues	$87,631	$182,600	$172,836	$155,184	$598,251
	Sewer capital expenditures	$518,048	$399,810	$175,869	($6,953)	$1,086,774
	Net Sewer Revenue	($430,417)	($217,210)	($3,033)	$162,137	($488,523)
Budgeted	Budgeted Operating Income(Loss)					$1,227,386
	Budgeted Capital Expenditures					($869,000)
	Budgeted Net Wastewater Income(Loss)					$358,386
	Budget Adjustments*					($1,405,936)
	Adj. Budgeted Net Wastewater Income (Loss)					($1,047,550)

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* This category includes carryforward project amounts, encumbrance rollovers and board/council approved budget adjustments.

Electric Consumption - unaudited

Fiscal Year 2016

		Q1	Q2	Q3	Q4	Total
Electric Revenues	Residential	$1,689,160	$1,764,053	$2,003,764	$1,613,262	$7,070,239
	Private Area Lights	$3,182	$3,218	$3,230	$3,329	$12,959
	Commercial	$1,291,419	$1,188,022	$1,152,158	$1,122,142	$4,753,741
	Municipal	$294,376	$319,041	$396,325	$381,676	$1,391,418
	Water Production	$126,442	$125,528	$81,675	$134,691	$468,336
	Educational	$120,550	$145,920	$282,500	($16,717)	$532,252
	Pole Rentals	$22,262	-	-	-	$22,262
	Misc/Backcharges	$86,587	$30,534	$32,269	$38,532	$187,922
	TOTAL	$3,633,978	$3,576,316	$3,951,919	3,276,915	$14,439,129
Electric Sales (KWh)	Residential	12,612,823	13,289,165	15,257,004	12,106,281	53,265,273
	Private Area Lights	9,354	9,354	9,354	9,354	37,416
	Commercial	10,914,906	9,734,541	9,487,575	9,165,423	39,302,445
	Municipal	2,597,131	2,488,070	2,955,857	2,471,978	10,513,036
	Water Production	2,169,474	2,238,425	1,819,497	2,494,674	8,722,070
	Educational	987,508	1,325,207	1,255,375	1,060,353	4,628,443
	TOTAL	29,291,196	29,084,761	30,784,663	27,308,063	116,468,683
Billed Locations (Average)	Residential	7,748	7,656	7,906	8,265	7,894
	Commercial	657	656	682	705	675
	Municipal	176	171	182	188	179
	Educational	50	50	52	53	51
	TOTAL	8,631	8,532	8,822	9,211	8,799
Revenue/KWh (Average)	Residential	$0.1339	$0.1327	$0.1313	$0.1333	$0.1327
	Private Area Lights	$0.3401	$0.3440	$0.3453	$0.3558	$0.3463
	Commercial	$0.1183	$0.1220	$0.1214	$0.1224	$0.1210
	Municipal	$0.1133	$0.1282	$0.1341	$0.1544	$0.1324
	Water Production	$0.0583	$0.0561	$0.0449	$0.0540	$0.0537
	Educational	$0.1221	$0.1101	$0.2250	($0.0158)	$0.1150
	AVERAGE	$0.1203	$0.1219	$0.1273	$0.1186	$0.1220
Loss Calculation	Power Recv'd, KWh	29,551,802	31,389,966	31,202,428	28,765,157	120,909,352
	PV Power Recv'd, KWh	241,907	162,173	238,636	330,617	973,333
	Qtrly Losses <Gains>, KWh	502,513	2,467,377	656,402	1,787,711	5,414,003
	% Qtrly Losses <Gains>	2.48%	7.82%	2.09%	6.14%	4.44%
	YTD CUMM LOSSES <Gains>	2.48%	4.84%	3.91%	4.44%	4.44%

Natural Gas Consumption - unaudited

Fiscal Year 2016

		Q1	Q2	Q3	Q4	Total
Gas Revenues	Residential	$459,204	$1,076,068	$1,633,156	$664,041	$3,832,469
	Commercial	$110,467	$167,700	$307,847	$120,863	$706,877
	TA-3 Sales	-	-	-	-	-
	Municipal	$37,594	$55,923	$74,920	$32,972	$201,409
	Water Production	$25,692	$11,887	$535	$177	$38,291
	Educational	$8,632	$46,115	$84,948	$22,863	$162,557
	Misc/Backcharges	$2,684	$6,368	$1,238	$944	$11,233
	TOTAL	$644,272	$1,364,060	$2,102,643	$841,861	$4,952,835
Gas Sales (Therms)	Residential	388,925	1,677,141	2,913,318	1,273,022	6,252,406
	Commercial	142,933	294,543	587,183	278,746	1,303,406
	TA-3 Sales	-	-	-	-	-
	Municipal	29,814	89,213	159,981	72,849	351,857
	Water Production	93,750	49,940	2,500	1,110	147,300
	Educational	12,393	94,832	183,284	70,607	361,116
	TOTAL	667,814	2,205,669	3,846,267	1,696,334	8,416,084
Billed Locations (Average)	Residential	6,997	6,891	7,118	7,517	7,131
	Commercial	368	368	382	387	376
	Municipal	50	48	50	51	50
	Educational	27	26	29	29	28
	TOTAL	7,442	7,333	7,579	7,983	7,584
Revenue /Therm (Average)	Residential	$1.1807	$0.6416	$0.5606	$0.5216	0.6130
	Commercial	$0.7729	$0.5694	$0.5243	$0.4336	0.5423
	TA-3					
	Municipal	$1.2610	$0.6268	$0.4683	$0.4526	$0.5724
	Water Production	$0.2740	$0.2380	$0.2139	$0.1596	$0.2600
	Educational	$0.6965	$0.4863	$0.4635	$0.3238	$0.4502
	AVERAGE	$0.9607	$0.6155	$0.5463	$0.4957	$0.5872
Loss Calculation	Gas Recv'd, therms	701,980	1,792,510	4,197,750	1,888,030	8,580,270
	Qtrly Losses <Gains>, therms	34,166	(413,159)	351,483	191,696	164,186
	% Qtrly Losses <Gains>	4.87%	-23.05%	8.37%	10.15%	1.91%
	YTD CUMM LOSSES <Gains>	4.87%	-15.19%	-0.41%	1.91%	1.91%

Water Consumption - unaudited

Fiscal Year 2016

		Q1	Q2	Q3	Q4	Total
Water Revenues	Residential	$948,517	$690,422	$532,428	$862,883	$3,034,250
	Commercial	$132,329	$100,393	$84,290	$106,877	$423,889
	Municipal	$86,838	$52,777	$22,482	$75,943	$238,040
	Educational	$42,424	$29,773	$11,835	$34,157	$118,188
	Misc/Backcharges	$16,178	$10,252	$11,228	$20,159	$57,816
	TOTAL	$1,226,285	$883,617	$662,263	$1,100,018	$3,872,182
Water Sales (KGal)	Residential	172,539	126,805	85,209	159,460	544,013
	Commercial	26,516	18,949	14,943	20,710	81,118
	Municipal	18,369	10,402	2,997	15,270	47,037
	Educational	8,699	4,982	1,047	6,440	21,167
	TOTAL	226,122	161,138	104,195	201,880	693,336
Billed Locations (Average)	Residential	6,544	6,463	6,613	6,887	6,627
	Commercial	289	288	299	309	296
	Municipal	89	88	91	93	90
	Educational	27	27	29	29	28
	TOTAL	6,949	6,866	7,032	7,318	7,041
Revenue/KGal (Average)	Residential	$5.4974	$5.4447	$6.2485	$5.4113	$5.5775
	Commercial	$4.9905	$5.2980	$5.6409	$5.1606	$5.2256
	Municipal	$4.7275	$5.0736	$7.5023	$4.9734	$5.0606
	Educational	$4.8770	$5.9764	$11.3037	$5.3039	$5.5835
	AVERAGE	$5.3516	$5.4200	$6.2482	$5.3490	$5.5922
Loss Calculation	Water Recv'd, KGal	270,748	171,586	153,733	281,744	877,812
	Qtrly Losses <Gains> KGal	44,626	10,448	49,538	79,864	184,475
	% Qtrly Losses <Gains>	16.48%	6.09%	32.22%	28.35%	21.02%
	YTD CUMM LOSSES <Gains>	16.48%	12.45%	17.55%	21.02%	21.02%

Wastewater Consumption- unaudited

Fiscal Year 2016

		Q1	Q2	Q3	Q4	Total
Sewer Revenues	All Retail	$1,128,339	$1,148,590	$1,152,941	$1,174,401	$4,604,271
	Municipal/Effluent**	$11,717	$17,140	$2,835	$20,884	$52,575
	Misc/Backcharges	$0	$0	$0	$0	$0
	TOTAL	$1,140,057	$1,165,730	$1,155,776	$1,195,285	$4,656,847
Sewage Treated (KGal)	Los Alamos	75,894	81,075	78,734	69,635	305,337
	White Rock	26,289	25,863	24,992	25,752	102,896
	TOTAL TREATED	102,183	106,938	103,726	95,387	408,233
	REVENUE/KGal Treated	$11.16	$10.90	$11.14	$12.53	$11.41

** Effluent revenue is reported on the financial statements under Water Production

Highlights from the DPU Employee Appreciation Barbeque

Jennifer Baca and Jeff Ayers

Dave Gomez

Jonathan Garcia

LA Scores Performance Metrics

In this section we provide performance metrics for each line of business which includes: electric, gas, water and wastewater services as well as the 311 Customer Care Center which provides county-wide customer services. The DPU developed the LA Scores performance metric benchmarks for Utilities more than 10 years ago in concert with Los Alamos County.

KEY			
INDICATOR		TREND	
	GOOD	↓	DECREASING
	CAUTION	↑	INCREASING
	BEING ADDRESSED	↔	FLAT

LA Scores - Department-Wide
Fiscal Year 2016

DPU Department-wide Goal
FY 2016

Performance Measures	FY16 TARGET	FY16 ACTUAL	FY16 Results vs. Target
Results			
Customer satisfaction rating for DPU's overall performance (residential customers)	3.5	3.3	↓
Customer satisfaction rating for DPU's overall performance (commercial customers)	3.5	3.4	↓

NOTES

DPU's biennial customer survey was conducted in FY15.

Customer satisfaction rating for DPU's overall performance (residential customers)

DPU's average rating by residential customers was 3.4 in 2013 so it did drop slightly in the 2015 survey. Nonetheless, the percentage of respondents rating "overall performance" as "excellent" rose slightly from 42% in 2013 to 43% in 2015. Residents rating "overall performance" as "good" dropped from 53% in 2013 to 43% in 2015.

Customer satisfaction rating for DPU's overall performance (commercial customers)

DPU's average rating by commercial customers rose slightly from 3.3 in 2013 to 3.4 in 2015. Those commercial respondents who rated "overall performance" as "excellent" increased substantially from 38% in 2013 to 46% in 2015. Those who rated DPU's "overall performance" as "good" dropped from 54% in 2013 to 38% in 2015. In 2013, every commercial respondent gave DPU a rating on this question. However, in 2015, 7% of respondents had no opinion, narrowing the pool of scorable responses.

LA Scores - Electric Production

Fiscal Year 2016

ELECTRIC PRODUCTION

FY 2016

Performance Measures	FY16 TARGET	FY16 ACTUAL	FY16 Results vs. Target
Results			
Percent of time adequate power supply is available	100%	100%	↔
Percent of total energy supplied from county-owned resources and long-term purchase contracts	59%	64%	↑
Revenue per MWh of off-system sales	$24.75	$28.61	↑
MWh Supply			
Number of MWh of electrical energy supplied	659,176	573,292	↓
Number of MWh generated from county-owned resources and long-term contracts	479,334	366,073	↓
Number of MWh purchased, short-term	207,498	234,671	↑
Number of MWh sold off-system	3,500	7,616	↑
Cost per MWh			
Cost per MWh generated from county-owned resources and long-term contracts	$69.15	$72.56	↑
Cost per MWh purchased	$32.83	$27.92	↓

NOTES

Number of/cost per MWh generated from county-owned resources & long-term contracts

While both the number of megawatt hours and the cost per megawatt hour generated from county-owned resources and long-term contracts were impacted when both hydroplants were down for most of the year, these measures moved closer to targets in the second half. Also impacting the measures was the planned outage at San Juan in the second quarter. Staffing, maintenance, and repair costs continued without associated generation during the down time, driving the YTD cost per megawatt hour generated upward.

Because the market cost of short-term purchases was low, the purchase of higher quantities of power more than offset the higher cost per MWh from county-owned resources.

Number of MWh of electrical energy supplied

The Los Alamos Power Pool didn't meet load projections in FY16, which affected the number of megawatt hours of electrical energy supplied.

Number of megawatt hours sold off-system

The number of megawatt hours sold off-system is higher than budgeted, due primarily to scheduling of Kirtland-Sandia. DPU sourced purchases and used San Juan as a scheduled swap, making it easier for operators to manage tags.

Note: Color coded performance measures are inter-related.

LA Scores - Electric Distribution

Fiscal Year 2016

ELECTRIC DISTRIBUTION

FY 2016

Performance Measures	FY16 TARGET	FY16 ACTUAL	FY16 Results vs. Target
Reliability of Supply			
System Average Interruption Duration Index (SAIDI) or the amount of time in minutes a customer could expect to be without power as compared to the American Public Power Association's (APPA) average for this region	60	21	↓
Rate Benchmark			
Percent of Los Alamos County residential rate to the average residential rate of the three nearest electrical utilities	95%	95.6%	↔
Customers			
Operating and Maintenance expenditures per customer (excludes cost of power and profit transfer)	$534	$488	↓
kWh Sales			
Revenue per kWh sold	$0.1205	$0.1240	↑
Cost of Power per kWh sold	$0.0740	$0.0743	↑
Number of kWh sold (in thousands)	122,925	116,469	↓

NOTES

Rate Benchmark

The target was based on PNM obtaining approval of their pending rate case.

Number of kilowatt hours sold

Fourth quarter kWh sales were recorded high for schools and county in the 2nd and 3rd quarters and corrected in the 4th quarter due to metering errors. Taking these adjustments into consideration, sales for all quarters were slightly lower than ancipated, compounding to 5 percent below target by the end of the year.

LA Scores - Natural Gas

Fiscal Year 2016

GAS DISTRIBUTION

FY 2016

Performance Measures	FY16 TARGET	FY16 ACTUAL	FY16 Results vs. Target
Supply			
Number of therms delivered	8,541,055	8,478,640	↔
Rate Benchmark			
Percent of LAC customer rate compared to New Mexico Gas Company customer rate	95%	85%	↓
Customers			
Expenditure per natural gas customer served (less the cost of gas and profit transfer)	$270.78	$239.57	↓
Sales			
Ratio: Revenue per therm of gas delivered	$0.836	$0.584	↓
Purchases			
Expenditure per therm of gas purchased	$0.41	$0.21	↓

NOTES

Revenue per therm of gas delivered

DPU spent less on gas purchases because the cost of gas was low. As such, due to the pass-through rate on sales, revenues were also lower than anticipated.

LA Scores - Water Production
Fiscal Year 2016

WATER PRODUCTION
FY 2016

Performance Measures	FY16 TARGET	FY16 ACTUAL	FY16 Results vs. Target
Compliance - Safe Drinking Water Act			
Percent of water tests in compliance with the Safe Drinking Water Act (SDWA) standards	100%	100%	↔
Production			
Gallons of water produced (in thousands)	1,250,000	1,173,804	↓
Expenditure per thousand gallons of effluent water provided	$0.59	$1.50	↑
Total operating and maintenance expense per thousand gallons of water produced	$2.51	$2.71	↑

NOTES

Gallons of water produced (n thousands)

Water production and sales figures have been dropping over the past several years due to increased rainfall and conservation efforts. The annual target was determined to be high and was lowered to 1,150,000 for FY17.

Expenditure per thousand gallons of effluent water provided

Significant expenditures in upgrading the non-potable water system resulted in higher than target costs. Additionally, the non-potable system is in its first year of cost accounting independent from the potable system. As this cost accounting becomes the norm, the overall costs for non-potable should increase. This shift will occur because all costs that were previously undifferentiated were automatically associated with the larger potable system. Those costs are now being split between the potable and the non-potable

LA Scores - Water Distribution

Fiscal Year 2016

WATER DISTRIBUTION

FY 2016

Performance Measures	FY16 TARGET	FY16 ACTUAL	FY16 Results vs. Target
Reliability of Supply			
Number of water service disruptions per 100 customers	1.39	0.07	↓
International Organization for Standardization (ISO) rating for water system	2	2	↔
Rate Benchmark			
Average LAC customer 6,000 gallon bill as compared to neighbors	85%	66%	↓
Customers			
Operating and maintenance expenditure (excluding cost of water) per customer served	$226	$294	↑
Purchases			
Gallons of water purchased (in thousands)	1,016,503	877,812	↓
Cost per thousand gallons of water purchased	$2.41	$2.88	↑
Sales			
Gallons of water sold (in thousands)	850,000	693,336	↓
Revenue per thousand gallons of water sold	$5.43	$5.58	↑

NOTES

Operating and maintenance expenditure per customer served

In anticipation of rolling out AMI meters system-wide, water distribution crews have refocused efforts on changing out as many water meters as possible for the foreseeable future. The costs associated with these changeouts have driven the expenditure per customer up significantly.

Additionally, there was an unusually excessive number of water breaks during the winter holiday season in FY16.

Gallons of water purchased and sold (in thousands)

Even with increased sales during the peak watering season in quarter 4, water sales still failed to meet targeted expectations for the year. Like the previous year, FY16 saw more rainfall than in the recent past causing a drop in annual sales. This also affected the cost per thousand gallons of water purchased due to a fixed service charge on purchases.

Note: Color coded performance measures are inter-related.

LA Scores - Wastewater
Fiscal Year 2016

WASTEWATER COLLECTION & TREATMENT
FY 2016

Performance Measures	FY16 TARGET	FY16 ACTUAL	FY16 Results vs. Target
Compliance - Environmental Safety Standards			
Percent of NPDES permit samples in compliance with environmental safety standards	100%	100.00%	↔
Production			
Gallons of sewage treated (in thousands)	450,000	408,233	↓
Sewer Collection expenditure per thousand gallons of sewage treated	$1.56	$1.49	↓
Sewer Treatment expenditure per thousand gallons of sewage treated	$2.98	$2.21	↓
Gallons of effluent water reused (in thousands)	140,000	117,486	↓
Reliability of Supply			
Percent of sewage lost during conveyance	0.02%	0.03%	↑
Number of sewer back-ups per 100 customers	0	0.06	↔
Customers			
Operating expenses per sewer customer served	$587	$450	↔

NOTES

Gallons of effluent water reused (in thousands)

Construction outages while upgrading the non-potable system contributed to reduced levels of effluent reuse.

Percent of sewage lost during conveyance

An operational error occurred in February in which a lift station back siphoned into the effluent drain line. This resulted in a large spill and drove the related measure higher than targeted.

LA Scores - Customer Care Center
Fiscal Year 2016

Customer Care Center
FY 2016

Performance Measures	FY16 TARGET	FY16 ACTUAL	FY16 Results vs. Target
Results			
Percent of calls answered before rolling to a backup queue or going to voicemail	92%	92%	↔
Number of customer care contacts	63,000	63,007	↔

NOTES

Highlights from the DPU Employee Appreciation Barbeque

WayneValdez

Jaime Kephart

Katelyn Mahoney

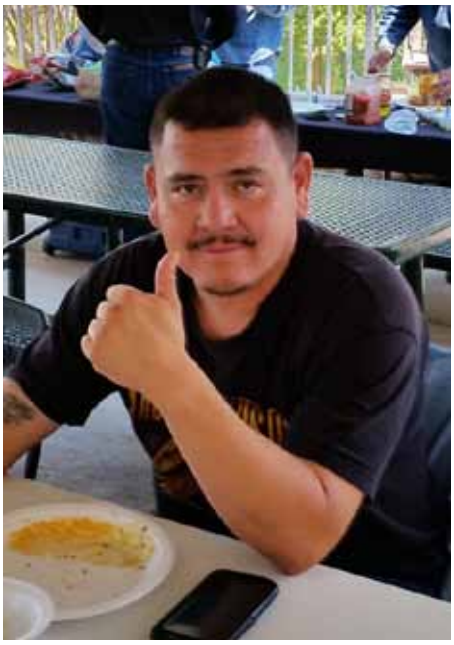
Community

Customer Comments

(Regarding customer/field crew interactions)

Highlights from the DPU Employee Appreciation Barbeque

Julian Suazo



Larry Naranjo

Tyler Randolph

Date	Overall Experience	Customer Comments
07/06/2015	Excellent	Aaron didn't mention whether the water leak was on our side or the County's side. I forgot to ask him. The were very prompt. Called at 7:45 pm and Aaron was here at 8 pm.
07/08/2015	Excellent	It wasn't a gas problem, but problem was resolved.
07/10/2015	Excellent	skipped
07/14/2015	Excellent	I couldn't have asked for anything more.
07/18/2015	Excellent	skipped
07/19/2015	Excellent	thank you for prompt, helpful service! So fast!!
07/20/2015	Excellent	Very professional work, and courteous
07/23/2015	Excellent	Mr. Trujillo came to the house at the end of the work day! He was so kind and helped us understand the problem (not utilties but on site sprinkler issue. Great PR Rep for LA County. Thank You. T.
07/24/2015	Excellent	skipped
07/24/2015	Excellent	Paul was great. Worked hard and planned the job to minimize impacts on my day! Thanks!!
07/30/2015	Excellent	Awesome Crew
07/30/2015	Excellent	Aaron in particular, is always very helpful. I always look forward to working with him.
08/18/2015	Excellent	Paul and Jerry are extremely kind, knowledgeable and helpful. They were wonderful to work with!!! Locate request.
08/20/2015	Good	skipped
08/26/2015	Excellent	once what to do about the gas exhaust pipe decision was settled, work proceeded.
09/04/2015	Excellent	on separate sheet
09/18/2015	Excellent	Your survey request came before I independently was going to send a letter thanking the electric utilities employees listed above. GREAT SERVICE! Thank you!
09/22/2015	Excellent	Great crew just watch for, "beware of dog" signs
10/06/2015	Excellent	Thank you for getting this taken care of so fast.
10/07/2015	Excellent	Problem was not county - he offered good advice. Thank you
10/08/2015	Excellent	Crew is very good, friendly, polite, knowledgeable
10/13/2015	Excellent	It wasn't a service - they replaced the gas meter, a requirement of the county, apparently
10/22/2015	Excellent	Steve & Mario were wonderful. They cleaned out the sewer and we haven't had any more back-up problems.
10/26/2015	Excellent	Very friendly and efficient crew. Great guys, great work
11/05/2015	Excellent	Wow - Another neat experience with you guys.
11/10/2015	Excellent	Very quick response. Thank you
11/16/2015	Excellent	I was so impressed with how efficient Steve & Mario handled the job. They were both very courteous & explained very clearly the problem & how they were going to resolve it. What I thought would take all day to resolve, they completed in less than 3 hrs.
11/18/2015	Excellent	skipped
11/30/2015	Excellent	none
12/01/2015	Excellent	none
12/17/2015	Excellent	Crew arrived very quickly and identified problem. They did a great job!
01/14/2016	Excellent	Very friendly and helpful
03/02/2016	Excellent	This is a great county and the people working for the county is a major reason why/
03/30/2016	Excellent	Paul and Justin were wonderful - courteous, professional and went the extra mile to make the work look good. We are luck to have them working for the county
04/20/2016	Excellent	These folks were great. They are an asset to the County!
04/20/2016	Excellent	Jonathan Garcia is an exemplary leader and represents the County of Los Alamos at its best.
06/09/2016	Excellent	Wonderful and super speedy tree cut by power lines. Thanks!

Highlights from the DPU Employee Appreciation Barbeque

Michael Herrera

Andres Manzanares

Patricio Guerrerortiz

Community

Conservation and Public Relations

Community

April 16 - Earth Day Festivities with the PEEC
Pajarito Environmental Education Center hosted an Earth Day festival on April 16th at the new Nature Center. PEEC's Siobhan Niklasson manned a booth for the Department of Public Utilities as part of its contract to assist DPU in educating the community on water and energy conservation. Niklasson had several interactive models to engage members of the public of all ages on how to use water and energy more efficiently.

Siobhan Niklasson with the Pajarito Environmental Education Center manned a booth for the Department of Public Utilities (DPU) for Earth Day.

May 2 & May 24 - Presentations on Los Alamos' Energy Future
Utilities Manager Tim Glasco gave a presentation to the Kiwanis and Rotary Clubs on May 2nd and May 24th. The intent of these discussions is to begin the education process with the community on Los Alamos' energy future. Glasco shared DPU's long-term goal to be a carbon neutral electric provider, as well as to explain where the County receives its power now, and recommendations from the Future Energy Resources Committee to transition to cleaner resources in the future. Explaining the direction, challenges, and opportunities, Glasco emphasized that we as a community will need to make some major decisions in upcoming years. These two meetings follow a similar meeting presented to the League of Women Voters in March. All three meetings were well attended with plenty of questions and participation.

DPU's Earth Day booth included several hands-on activities to educate the Los Alamos community on water and energy conservation.

May 13 & June 3 - Board and Council Members tour the hydroelectric facilities
DPU took several members of the Board of Public Utilities and County Council to tour the County-owned Abiquiu and El Vado hydroelectric facilities.

The two facilities generate renewable energy for the County and represent at times up to 28 percent of the County's power. Currently the two facilities are down.

May 20 - Article in the May Issue of Government Technology Magazine
Deputy Utilities Manager Steve Cummins gave an interview to reporter Ben Miller of Government Technology Magazine. The story focused on batteries and whether or not they are a viable solution for the intermittency of solar energy. Cummins shared what the DPU learned using batteries to firm renewable energy in its collaborative demonstration project with Japan's New Energy and Industrial Technology Development Organization. The full article is available online at http://www.govtech.com/fs/Can-Batteries-Make-Solar-Work-for-Local-Government.html.

June 15 - Drinking Water Quality Report
As required by the Safe Drinking Water Act, the DPU issued its annual drinking water quality report to all Los Alamos customers. As in years past, DPU is pleased to report the Los Alamos County has excellent water. A copy of the report is available at the Customer Care Center or online at: http://www.losalamosnm.us/utilities/DPUDocuments/DPU_BR160520CCR2015.pdf.

June - Water Rule W-8
A new ad was filmed on Water Rule W-8 and is now showing at the at the Reel Deal Movie theater. This ad, coupled with print ads in the Los Alamos Monitor and the Los Alamos Daily Post and radio ads at KRSN, help to remind customers of the seasonal odd/even watering schedule that is in effect between the months of May and September. The ad can be viewed at https://www.youtube.com/watch?v=DgMzYi0HEPw.

Utilities Manager Tim Glasco discusses Los Alamos County's Energy Future with Kiwanis members on May 2nd.

Another discussion on Los Alamos County's Energy Future, Utilities Manager Tim Glasco presents to the Rotary Club on May 24th.

June 11 - Watering Saving Tips at Master Gardener Garden Fair
Coleen Meyer, a representative of the Pajarito Environmental Education Center and a master gardener, presented "Making Every Drop Count in the Garden," a workshop sponsored by the DPU at the June 11 Master Gardener's Demonstration Garden Fair.

Held in the demonstration garden, she demonstrated various ways to reduce water use in the home garden starting with plant selection, plant groupings, smart irrigation systems, and water harvesting.

Planning the Home Energy Expo
Pajarito Environmental Education Center has begun planning DPU's second Home Energy Expo. This year the Expo will be held on September 24 at UNM-Los Alamos. It will bring various organizations to present different tips, tools, and upgrades that can improve a home's efficiency and save money, energy, and water. Keep an eye out for a bill insert, advertising, and press release.

Highlights from the DPU Employee Appreciation Barbeque

Randy Martinez

Leo Ortiz

Antonio Martinez

Department of Public Utilities

Incorporated County of Los Alamos

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