



County of Los Alamos

Council Meeting Staff Report

October 17, 2018

Agenda No.:	4.G.1
Indexes (Council Goals):	BCC - N/A
Presenters:	Jack Richardson
Legislative File:	10418-18

Title

Quarterly Update on Utility System - Gas Distribution System

Recommended Action

None

Staff Recommendation

None

Body

The Quarterly Update for this quarter is on the Gas Distribution System. This year's version of the Gas Distribution System Update presentation follows the format of last year's version. Many of the detailed slides return for another year (Gas System Regulation by the State and Federal governments, 2005 Condition Assessment Accomplishments, O&M Efficiencies & Historic CIP Expenditures) because it is hoped that this year's presentation could be targeted toward a wider audience than simply the Board of Public Utilities: the wider audience possibly being new Council members and additional public viewing. The information being highlighted in this presentation to the BPU are the climate and gas volume sales trends and the full range of Performance Measures / Benchmarks and Targets. The performance measure visuals have been improved based on previous BPU suggestions. We have now established 6 consecutive years of annual summary data to compare ourselves to other gas system utility companies as well as to enable a review of our performance against ourself year to year. We are excited to share these improved visuals but understand that there are further improvements that are still required before we can be completely satisfied with the final results.

Many of our performance measures are trending in a direction that is positive for the utility. Many of our performance measures also compare well to national standard comparable values. Some do not. One new visual in this year's presentation is the typical Revenue - Expenditure - Cash Balance graph (RECB graph) that has become familiar to the BPU when discussing the water and wastewater systems. The RECB graph for the Gas Distribution system is based on the 10-Year budget forecast model established during the development of the FY19 fiscal year budget (after the \$2.5 million transfer and the budgeted \$1.8 million AMI conversion).

This RECB graph indicates a calculated cash balance in excess of that recommended by the BPU financial policy. However, a rate adjustment is not recommended at this time because of the data indicated on another presentation slide regarding gas sales volume and warming temperature trends. It is felt that a few additional years of data regarding climate and gas sales should be experienced before any gas rate adjustments are proposed. The bottom line for the Gas Distribution system is that it is currently in good to excellent condition both physically and financially.

Alternatives

None

Fiscal and Staff Impact

None

Attachments

A - Gas Dist System Quarterly Update to BPU 10-17-2018 FINAL