Electric Rate Ordinance Hearings

April 16, 2025 – Board

May 6, 2025 – Council Introduction

June 10, 2025 – Council Hearing

Attachment B

LOS ALAMOS

Ordinance

02-365

Electric Rate

- 7/1/25 9%
- 7/1/26 8%

Time of Use & Residential Demand

- no sooner than 7/1/26
- revenue neutral

TIME OF USE & RESIDENTIAL DEMAND
History of Presentations to Board of Public Utilities

Apr 25, 2023
Electric Rate Design Kickoff by consultant (GDS) included slide on Time of Use rate design

Jan 17, 2024
Workplan to implement new Time of Use rate design

Apr 3, 2024
Electric Cost of Service study identifying the need for additional revenue, new billing system as well as TOU & Residential Demand rate design

Oct 23, 2024
How Time of Use and Residential Demand are being used across the Country. Next steps included implementing new rates.

Feb 5, 2025
Electric Time of Use update on implementation status, rate structure sample and proposed timeline

Mar 5, 2025
Rate Ordinance overview including TOU & Residential Demand description, rate structure and proposed rates

Mar 19, 2025
Rate Ordinance Introduction Presentation

April 16, 2025
Rate Ordinance Hearing with Presentation
Attachment B

Why are 9% & 8% rate increases needed in Electric Distribution?

- Inflation (labor, equipment, cost of power, capital projects)
- No rate increases from Feb 2015 to Oct 2023
- Net losses of <$3.1> mill for FY23 & <$1.4> mill for FY24
- Total Cash & Reserves at FY23 year end was <$1,154,266>
- FY24 year end Electric Distribution total Cash and Reserves was $6,171,219 (note $10 mill transfer from Electric Production's Uniper settlement).

Electric Distribution - Historical Financial Snapshot

	Net Income (Loss)	Cash & Investment	Bond Debt Reserve	Bond Proceeds for Capital Projects[1]	Other Reserves[2]	Total Cash & Investments	FTE
FY2024	(1,395,528)	(5,122,517)	1,293,736	-	10,000,000	6,171,219	14.60
FY2023	(3,167,787)	(2,573,691)	1,419,425	-	-	(1,154,266)	13.00
FY2022	248,155	187,449	1,351,673	-	-	1,539,122	13.17
FY2021	189,913	764,713	1,349,044	-	-	2,113,757	13.17
FY2020	706,133	(551,501)	1,393,594	-	1,401,517	2,243,610	13.20
FY2019	(704,874)	(3,005,997)	1,348,622	2,714,623	-	1,057,248	13.00
FY2018	864,461	(2,327,495)	1,362,329	3,178,905	-	2,213,739	13.00
FY2017	265,645	(5,365,102)	1,446,546	5,221,633	-	1,303,077	13.00
FY2016	(510,027)	(7,887,776)	1,370,930	7,478,037	-	961,191	13.00
FY2015	9,532,369	(12,470,621)	1,339,279	8,460,747	-	(2,670,595)	13.00

Note: In FY2015, DPU received $11.2 million in bond proceeds **12%**

[1] **Bond Proceeds for approved capital projects associated with 2014 bonds**

[2] **FY2024, Electric Production transferred $10 million to Electric Distribution from the Uniper Settlement funds.**

	Labor & Benefits	In Lieu, Franchise	IDC to LAC	DPU Admin Alloc	Debt Service	Equip & Other Costs	Capital excluding labor	Total Expenses	Cost of Power	Profit Transfer
FY2024	2,380,727	558,695	1,198,599	940,908	975,308	483,064	1,200,345	7,737,647	8,966,804	482,784
FY2023	1,977,938	524,798	1,011,773	784,293	975,227	558,359	1,679,061	7,511,449	9,045,095	573,617
FY2022	1,741,653	525,602	920,806	686,673	1,115,039	562,744	659,414	6,211,931	7,536,886	584,290
FY2021	1,646,255	539,722	740,450	622,159	1,234,400	425,677	841,102	6,049,765	7,583,989	582,224
FY2020	1,609,416	553,361	724,308	566,537	1,232,687	536,883	1,552,765	6,775,957	6,153,928	575,620
FY2019	1,599,301	542,159	650,204	708,731	1,251,651	564,730	1,333,560	6,650,337	7,162,868	567,249
FY2018	1,551,612	304,192	637,997	615,187	1,236,776	489,387	1,741,775	6,576,926	5,865,876	574,246
FY2017	1,876,983	321,900	655,964	595,067	1,248,750	558,411	2,886,116	8,143,191	6,893,520	594,681
FY2016	1,671,001	379,538	556,264	536,000	1,254,122	747,196	938,257	6,082,378	8,652,139	524,540
FY2015	1,324,386	264,351	684,345	548,869	1,653,089	748,076	674,521	5,897,637	8,159,310	484,485

UAMPS Financial Assessment of DPU Electric Fund

Rate of Return

- To ensure current rate payers are paying their fair share of the infrastructure they use, and not being subsidized by future rate payers (typical rate is 4-6%)
- The utility has had had operating losses for the past 3 of 4 years, current revenues are not meeting operating expenses

	2021	2022	2023	2024
Operating Income	$ (607,015)	$ 3,528,990	$ (1,970,836)	$ (1,827,020)
Transfer to City	(623,658)	(254,000)	(726,983)	(623,361)
Operating Income (Loss)	(1,230,673)	3,274,990	(2,697,819)	(2,450,381)
Net Book Value (NBV)	$ 67,853,060	$ 64,121,829	$ 43,283,168	$ 46,434,591
Rate of Return (ROR)	**-1.81%**	**5.11%**	**-6.23%**	**-5.28%**

UAMPS Financial Assessment of DPU Electric Fund

Rate Observations

- The utility doesn't seem to have consistent rate adjustments, resulting in operating losses
- Residential Customer Charge
  - The monthly customer charge recovers the relative fixed cost of the system such as : meter reading, customer service, and a portion of the distribution system
  - Important to ensure that these charges can help stabilize revenues during periods of declining sales
  - National average charges range from $15.00 and $25.00 per month
  - The City's fixed residential charge is $12.60. In general, for all classes, the rates are typical structure but low
  - Changes should be done incrementally, to mitigate impact

ELECTRIC RATES IN LOS ALAMOS COUNTY: 1998 - 2027							
Rate Status	**Effective Date**	**Service Charge**	**Commodity Rate (per kwh)**	**Residential 500 kwh**	**% Increase**	***CPI Change**	
Proposed	**July 2026**	**$ 22.50**	**$ 0.1510**	**$ 98.00**	**8.0%**		
Proposed	**July 2025**	**$ 17.60**	**$ 0.1463**	**$ 90.75**	**9.0%**		
Current	July 2024	$ 12.60	$ 0.1413	$ 83.25	9.4%	2.6%	*CPI Change Oct 2023 - Dec 2024*
Historical	Oct 2023	$ 12.00	$ 0.1282	$ 76.10	9.3%	31.1%	*CPI Change Feb 2015 to Oct 2023*
Historical	Feb 2015	$ 12.00	$ 0.1152	$ 69.60	20.4%	1.3%	
Historical	Dec 2013	$ 6.43	$ 0.1028	$ 57.83	8.0%	5.3%	
Historical	Feb 2011	$ 5.95	$ 0.0952	$ 53.55	5.0%	1.2%	
Historical	Sept 2008	$ 5.67	$ 0.0907	$ 51.02	4.8%	5.0%	
Historical	July 2007	$ 5.67	$ 0.0860	$ 48.67	4.8%	27.1%	
Historical	Dec 1998	$ 5.67	$ 0.0815	$ 46.42			

CPI increase from Feb 2015 to Dec 2024 increased 34.5%

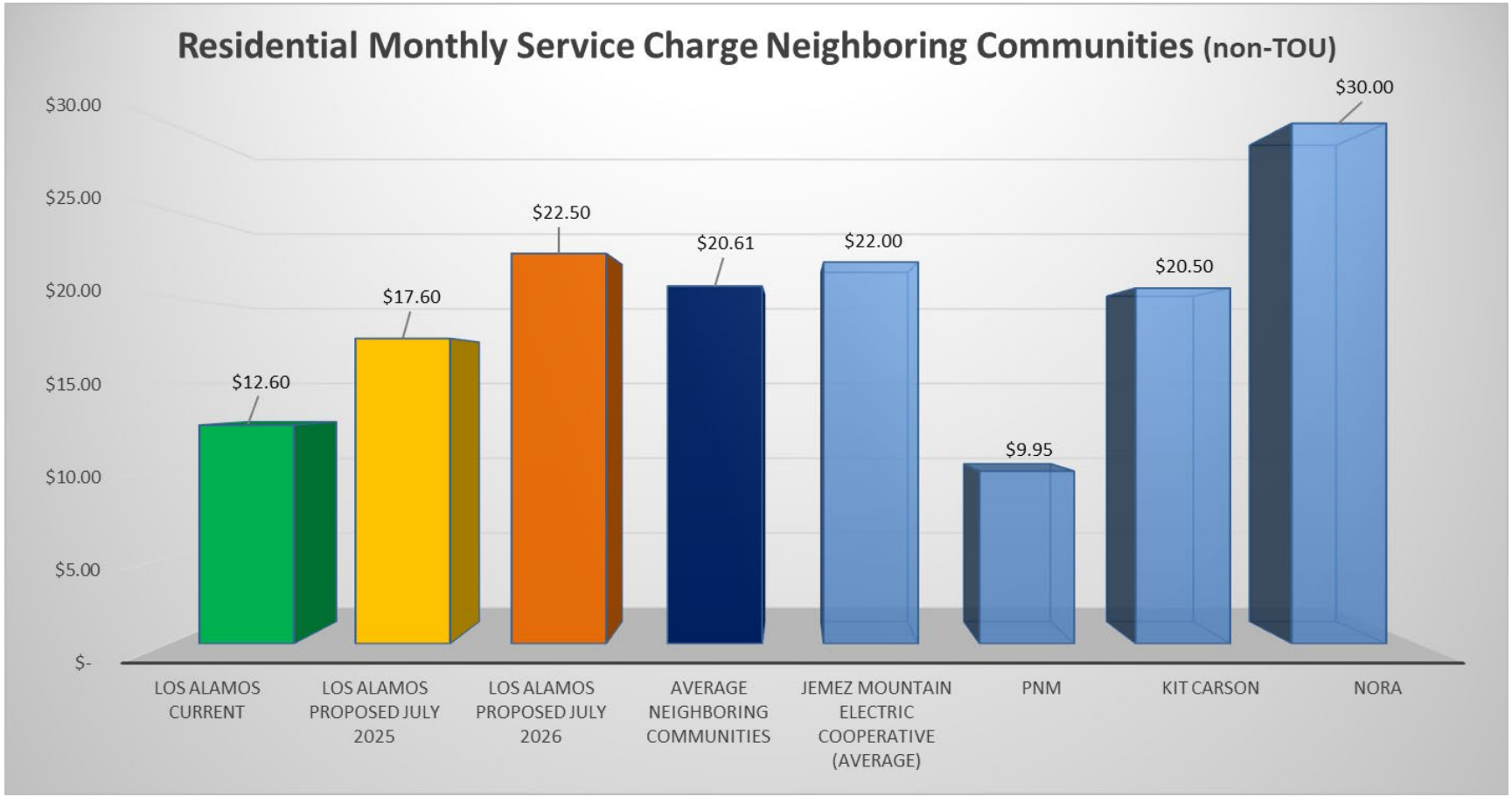
Combined Electric Rate from Feb 2015 to Dec 2024 increased 19.6%

Attachment B

Electric Residential Service Charge

FY25 & Prior	Covers DPU Administrative Allocation	**$12.60**
FY26 Proposed	Covers DPU Administrative Allocation plus ½ of County Interdepartmental Charges (IDC)	**$17.60**
FY27 Proposed	Covers DPU Administrative Allocation plus the County Interdepartmental Charges (IDC)	**$22.50**

National average service charges range from $15.00 and $25.00 per month


Residential Monthly Service Charge Neighboring Communities (non-TOU)
$30.00
$25.00
$20.00
$15.00
$10.00
$5.00
$-
$12.60
$17.60
$22.50
$20.61
$22.00
$9.95
$20.50
$30.00
LOS ALAMOS CURRENT
LOS ALAMOS PROPOSED JULY 2025
LOS ALAMOS PROPOSED JULY 2026
AVERAGE NEIGHBORING COMMUNITIES
JEMEZ MOUNTAIN ELECTRIC COOPERATIVE (AVERAGE)
PNM
KIT CARSON
NORA

Average Price of Residential Electricity per kWh for December 2024

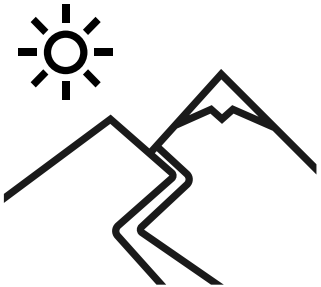
Source: eia.gov

US Ave
$0.1626

New Mexico
$0.1426

Los Alamos
$0.1413 Dec 24

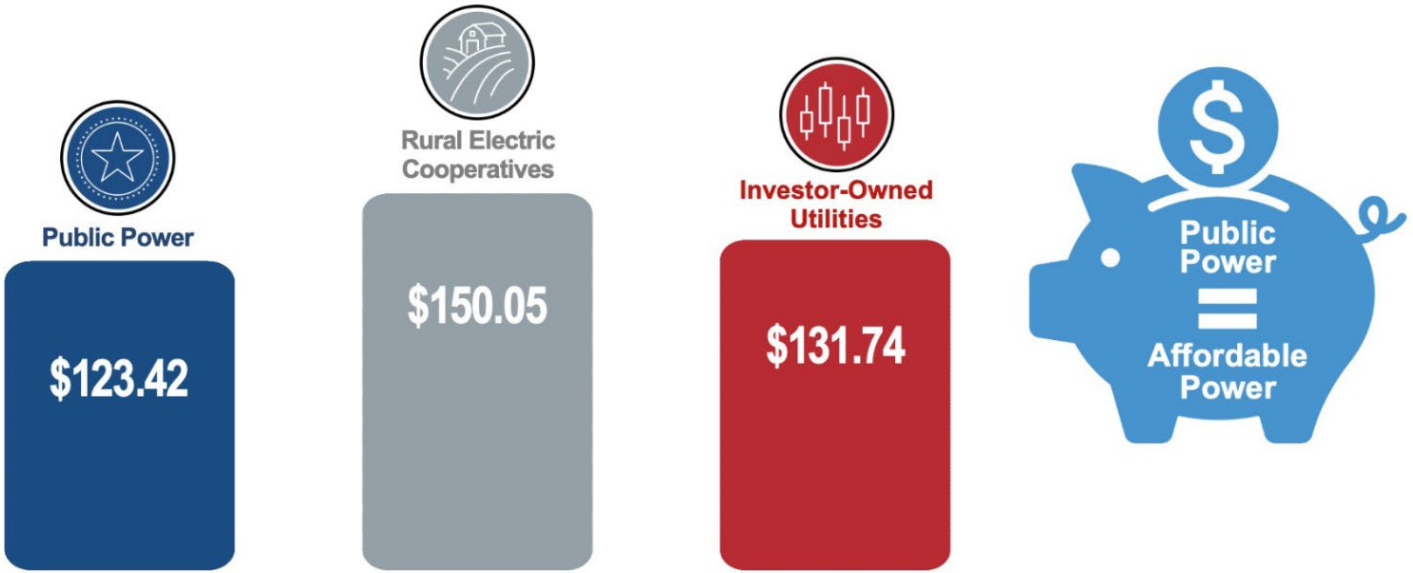
$0.1463 Jul 25
$0.1510 Jul 26

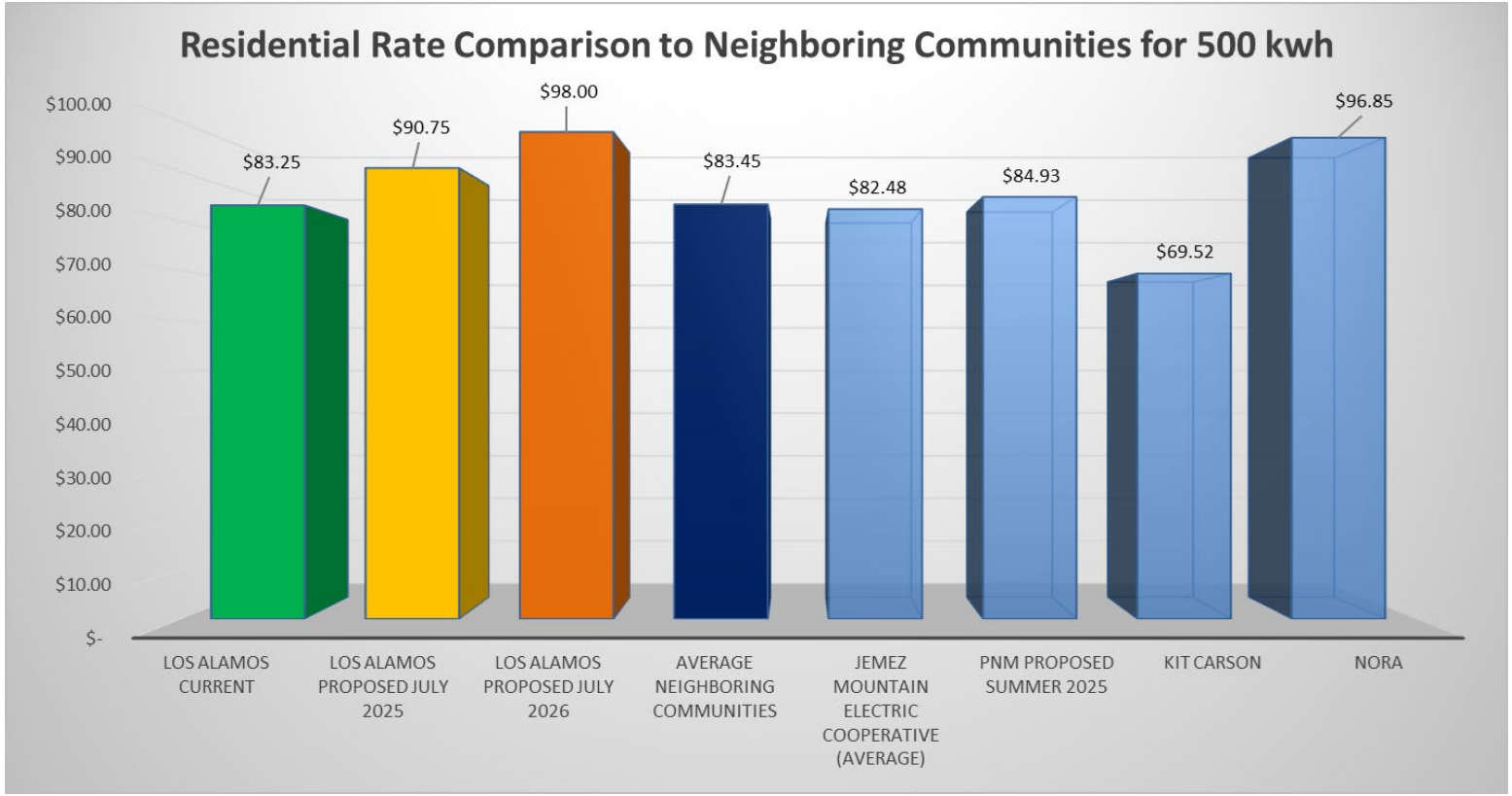


Mountain
$0.1375

Mountain
Arizona
Colorado
Idaho
Montana
Nevada
New Mexico
Utah
Wyoming

Average Monthly Residential Electric Bill





PNM has proposed 13% increase summer 2025 ($84.93)
& additional 13% increase summer 2026 ($95.97)

Attachment B

LOS ALAMOS

Time of Use & Residential Demand Rate Design

- Nationwide trend – electric rates vary according to the time of day. Electricity prices are higher during on-peak hours and lower during off-peak
- Offers more control over energy bills because you can shift energy use to off-peak
- By customers shifting energy use, it will have financial impacts on maintenance, sizing and stability of the Elec Dist system. Improves load balancing and grid stability and puts less stress on the infrastructure.

Time of Use & Demand are **Revenue Neutral**

TIME OF USE & RESIDENTIAL DEMAND

DPU - EXAMPLE

	On-Peak kWh 5 pm - 11 pm Every Day	Off-Peak kWh All Other Hours Every Day	MONTHLY
RATES			
Service Charge per Month			$ 22.50
Demand Charge per Peak KW			$ 1.00
Energy Charge	$ 0.1970	$ 0.1100	

ASSUMPTIONS

A. 62,500,000 kWh

B. Per APPA, 6 KW is ave residential peak

C. 8,411 households

D. 31% of usage falls between 5 - 11 p.m. PEAK period per GDS study

SAMPLE BILLS @ 500 kWh Residential Average

No TOU - Assume 9% FY26 & 8% FY27 increases

Service	$	22.50
Energy	$	75.50 ($0.1510 per kWh)
	$	98.00

Assume 20% use during ON-PEAK

Service	$	22.50
Demand	$	6.00
Energy	$	63.70
	$	92.20

Assume 31% use during ON-PEAK (study average)

Service	$	22.50
Demand	$	6.00
Energy	$	68.49
	$	96.99

July 2026

$98.00 average with current rate structure

vs.

$96.99 average with TOU & Demand rate structure with 31% ON-PEAK usage

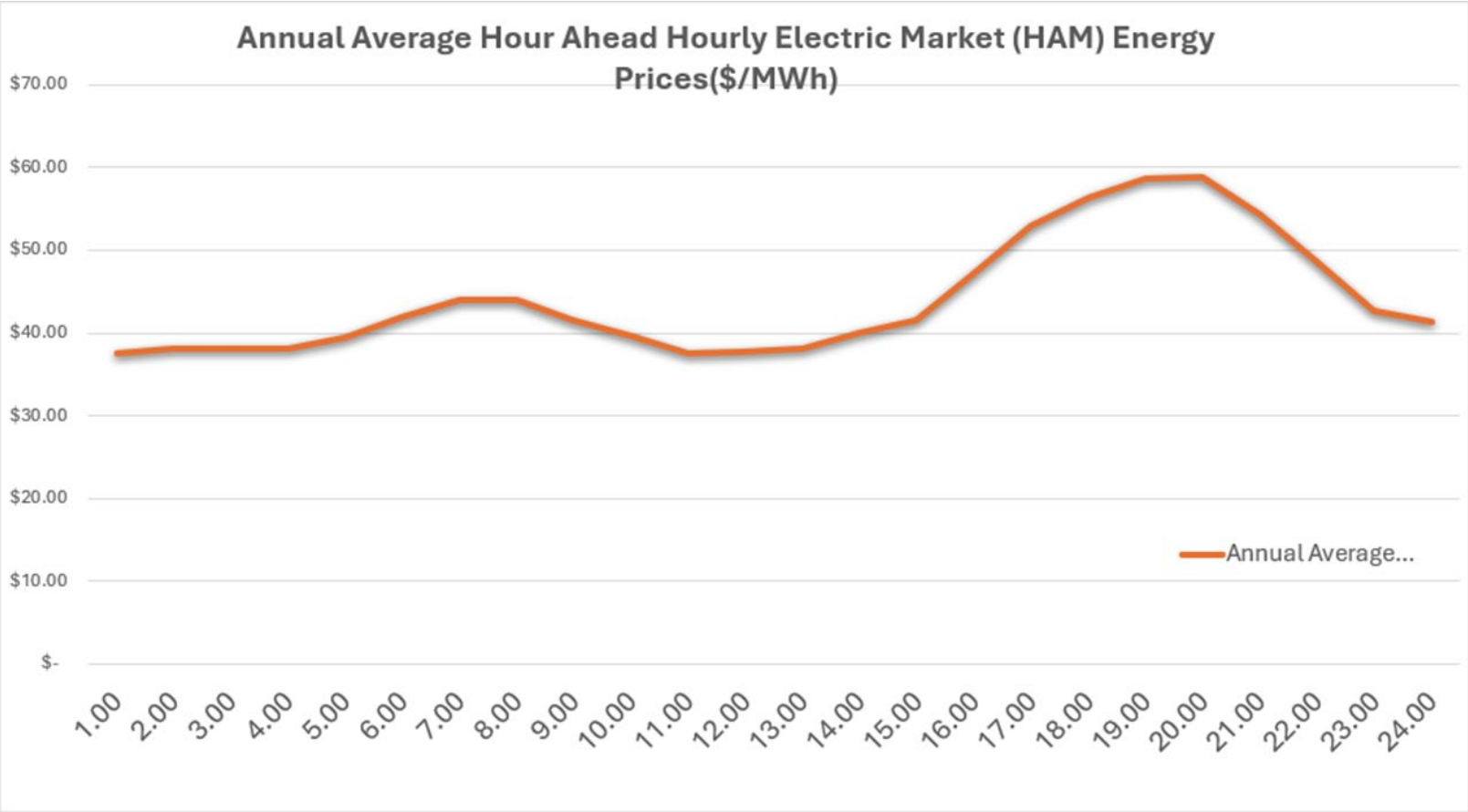
31% = 155 kWh during on peak; 345 kWh during off peak

DPU's Estimated Costs for Foxtail Flats

Note: does not include system losses or under utilization

$37.88 / MWh
Daytime Solar

$148.83 / MWh
Discharge battery during on-peak hours of 5 p.m. to 11 p.m.
(includes charging the battery)


Annual Average Hour Ahead Hourly Electric Market (HAM) Energy Prices($/MWh)
$70.00
$60.00
$50.00
$40.00
$30.00
$20.00
$10.00
$-
1.00
2.00
3.00
4.00
5.00
6.00
7.00
8.00
9.00
10.00
11.00
12.00
13.00
14.00
15.00
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17.00
18.00
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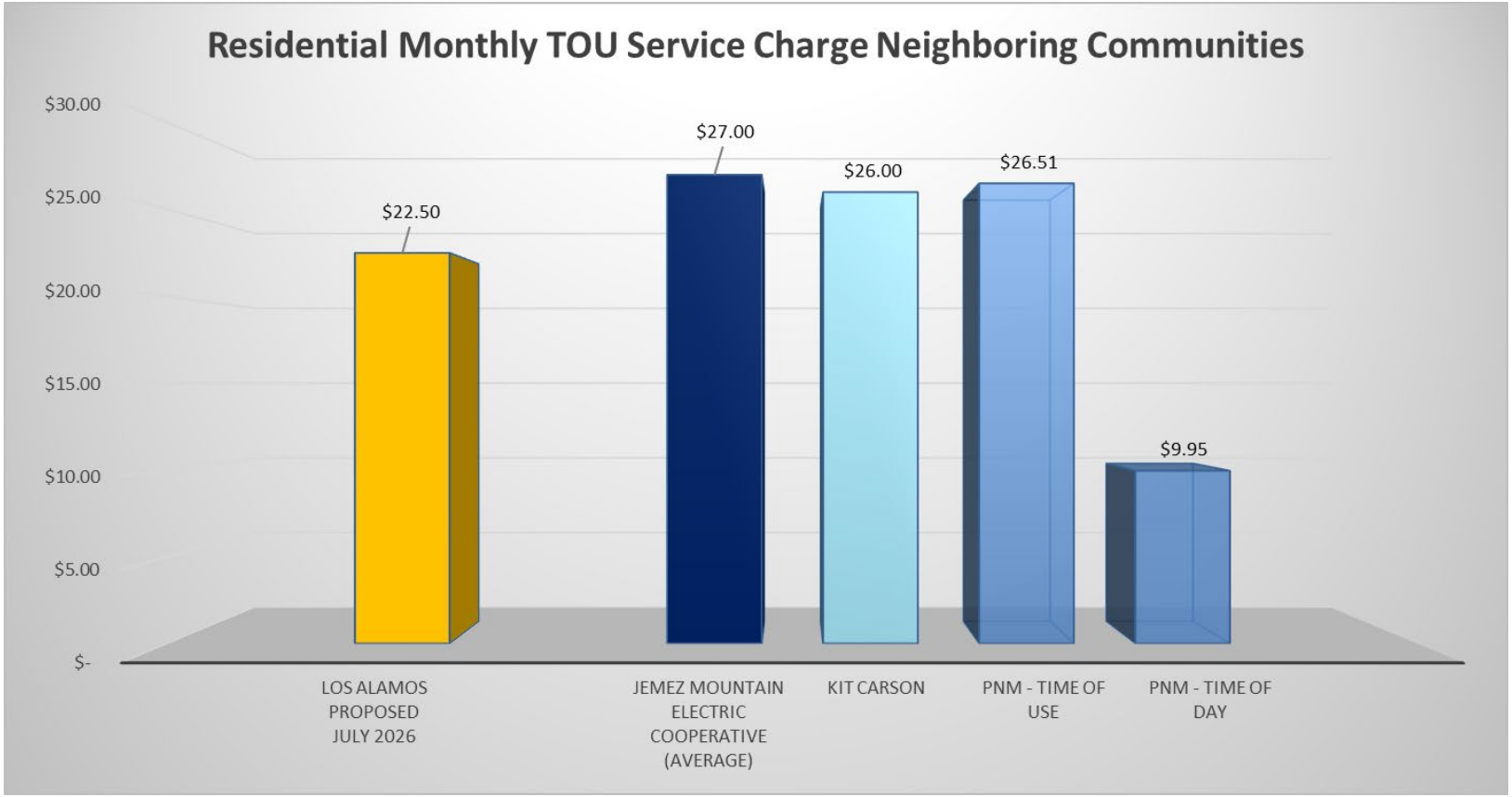
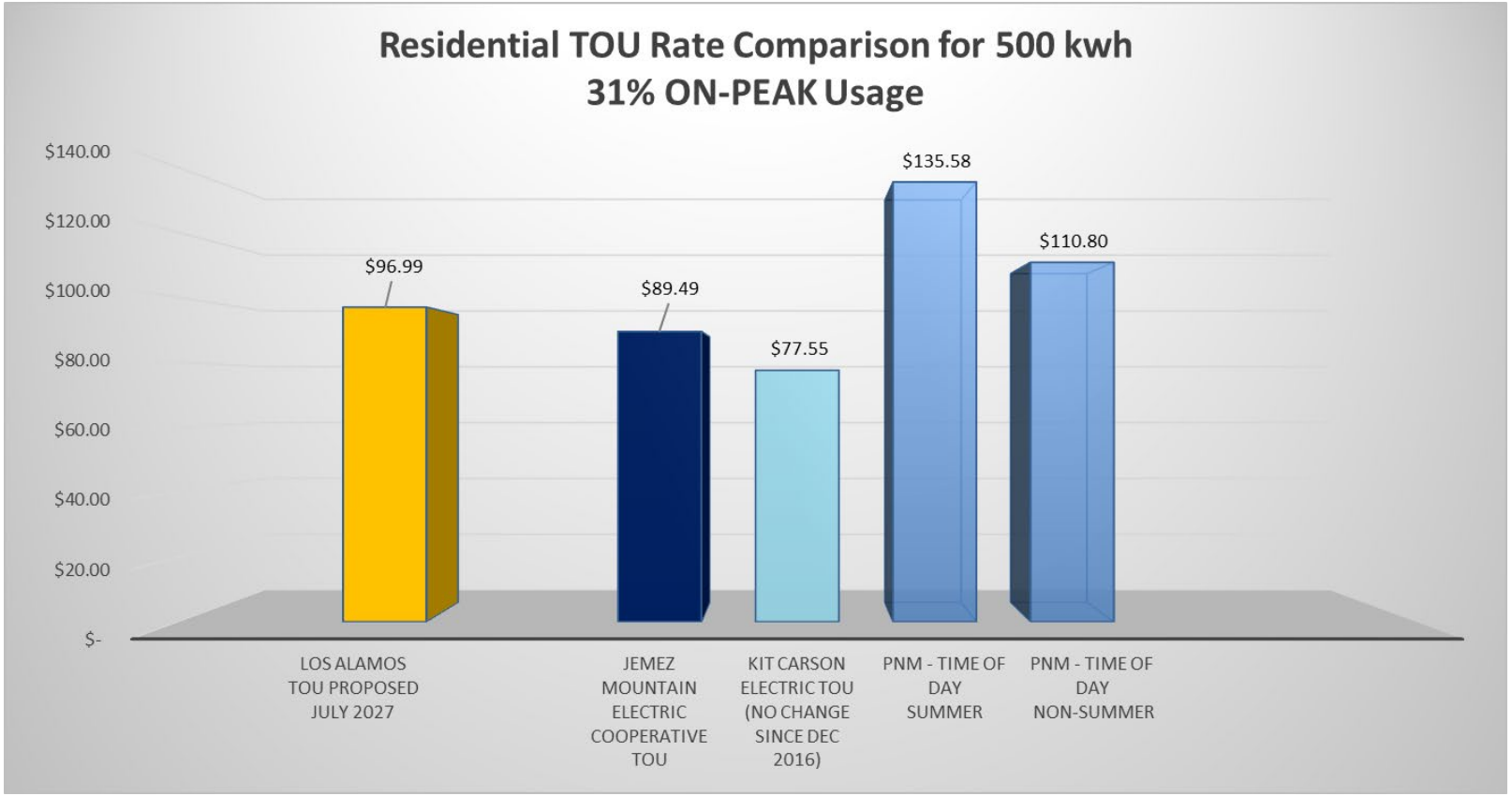
22.00
23.00
24.00
Annual Average...


Residential Monthly TOU Service Charge Neighboring Communities
$30.00
$25.00
$20.00
$15.00
$10.00
$5.00
$-
$22.50
$27.00
$26.00
$26.51
$9.95
LOS ALAMOS PROPOSED JULY 2026
JEMEZ MOUNTAIN ELECTRIC COOPERATIVE (AVERAGE)
KIT CARSON
PNM - TIME OF USE
PNM - TIME OF DAY



Attachment B

LOS ALAMOS

Peak Use and Demand Planning

Appliance	kWh	Hours used	On-Peak Use Cost $0.197	Off-Peak Use Cost $0.110	Days per month	On-Peak use monthly cost	Off-peak use monthly cost	Monthly diff between all off-peak and all on-peak
Oven	2.40	0.75	$0.35	$0.20	30	$10.64	$5.94	$4.70
Stove top/range	1.50	0.75	$0.22	$0.12	30	$6.65	$3.71	$2.94
Air Fryer	1.65	0.60	$0.20	$0.11	30	$5.85	$3.27	$2.58
Slow Cooker	0.12	8.00	$0.19	$0.11	30	$5.67	$3.17	$2.51
Microwave	1.20	0.25	$0.06	$0.03	30	$1.77	$0.99	$0.78
Instant Pot	0.30	1.50	$0.09	$0.05	30	$2.66	$1.49	$1.17
Toaster	1.20	0.17	$0.04	$0.02	30	$1.21	$0.67	$0.53
Dishwasher	1.80	1.50	$0.53	$0.30	30	$15.96	$8.91	$7.05
Clothes washer	0.90	2.00	$0.35	$0.20	30	$10.64	$5.94	$4.70
Clothes dryer	3.00	3.00	$1.77	$0.99	30	$53.19	$29.70	$23.49
Vacuum	1.40	0.50	$0.14	$0.08	30	$4.14	$2.31	$1.83
Desktop Computer	0.10	4.00	$0.08	$0.04	30	$2.36	$1.32	$1.04
Laptop Computer	0.06	4.00	$0.05	$0.03	30	$1.42	$0.79	$0.63
Television (37" LED)	0.06	5.00	$0.06	$0.03	30	$1.77	$0.99	$0.78

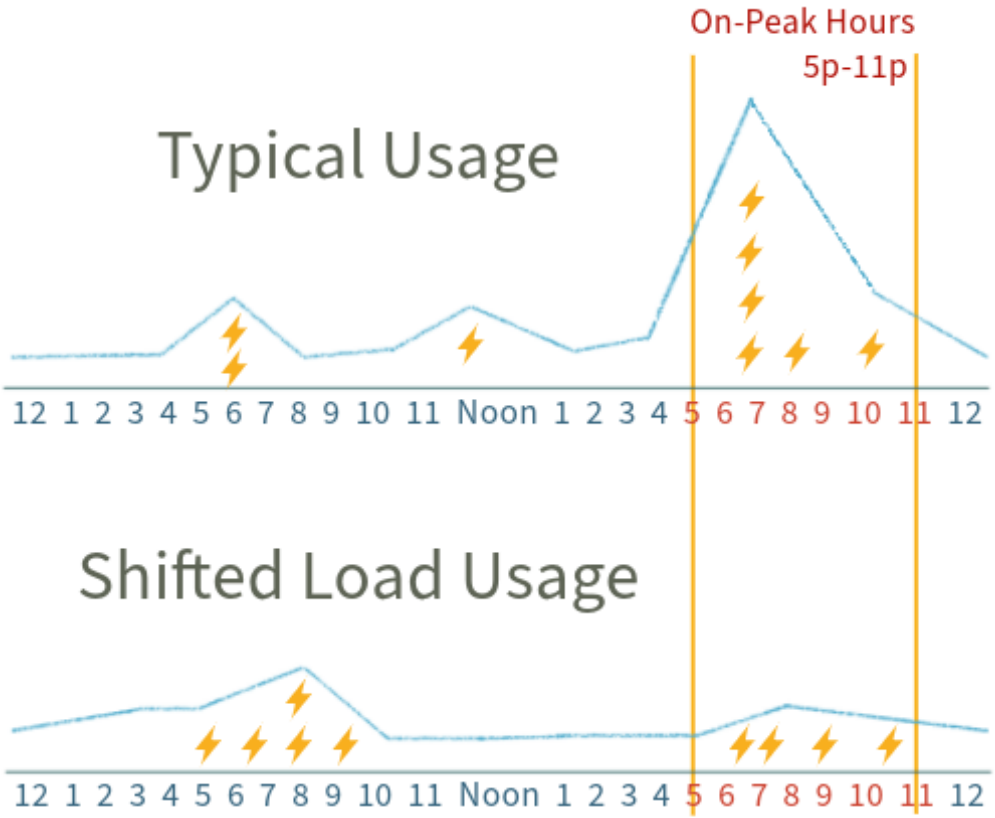
https://energyusecalculator.com/

Residential Demand Charge

- Demand charge is a variable charge that's measured in kilowatts (kW), and it's based on the intensity at which electricity is used at a given time (single hour during the month-long billing period).

- Discourages Appliance Stacking - if your AC unit is running at the same time as your dishwasher, oven, dryer, or any other large electrical appliance, your electrical demand will be higher than if you were to spread out the use of those appliances throughout the day.

- Customers will still pay for energy consumption per kWh, as they do now, however they will pay less for energy consumed during off-peak periods.

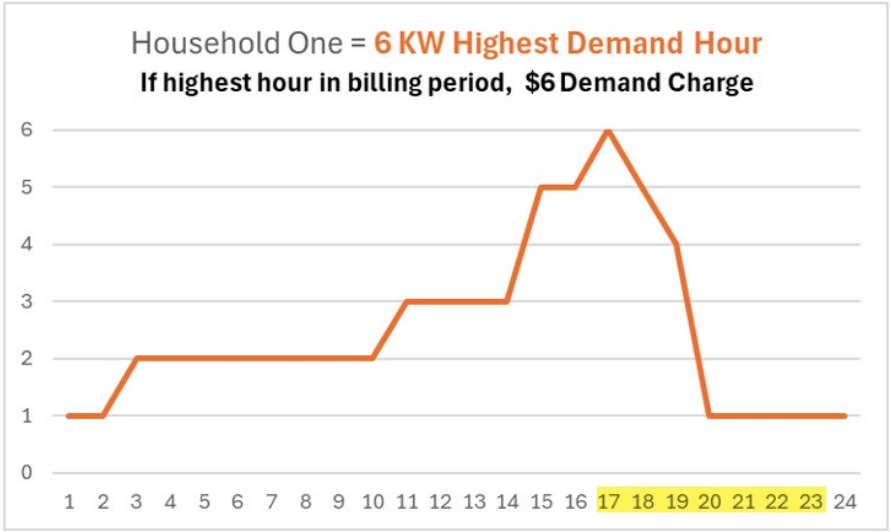


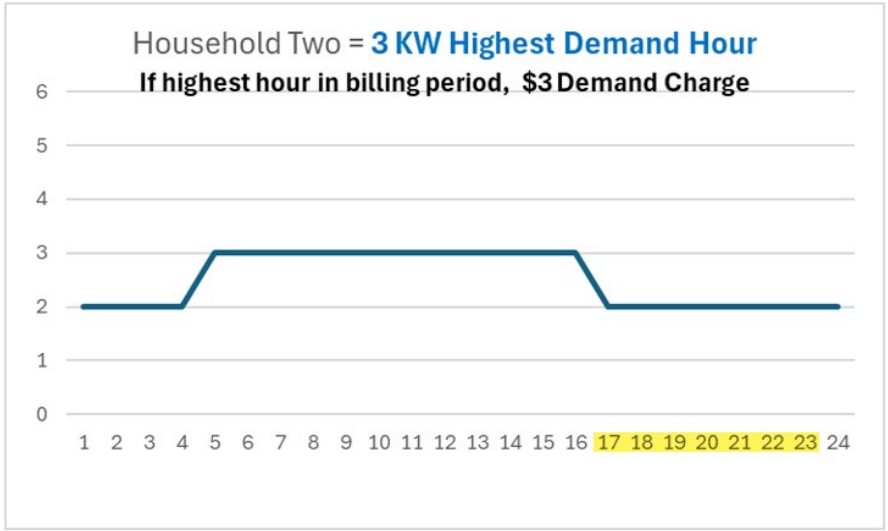
Demand ⚡ = # of electrical devices used at once

On-Peak Hours = time of day when community energy draw is biggest

Residential Demand - Example

Two households, both using **60 kWh** in a twenty-four hour period. Household One demand is **6 KW** and Household Two demand is **3 KW** even though both households use the same total kWh. Household One will have a higher financial impact on the distribution system and infrastructure.





Recommend Opt-Out Program for Time of Use
~ 140 Customers

OPT-OUT	
RATES	
Service Charge per Month	$ 22.50
Demand Charge per Peak KW	n/a
Energy Charge (on-peak rate)	$0.1970
AVE BILL @ 500 kWh	$121.00

Assistance for Individuals on Fixed Incomes

DPU has a Utility Assistance Program. Originally set up to help with energy bills for heating, the program was changed so that qualifying families can apply the assistance for all utility expenses. Information on assistance can be found at https://ladpu.com/assist.

Funded by DPU customer donations, the program is available to:

1. Qualifying low-income customers during the months of October through March;
2. Qualifying low-income customers over age 65, year-round;
3. Customers who demonstrate a financial hardship due to unforeseen circumstances. These customers may qualify for a single, lump sum credit.

Customers can contact the Customer Care Center to apply or to donate to the program
505.662.8333 or CustomerCare@lacnm.us

Other programs available to assist with customers' utility bills are:

LA Cares 505.661.8105
Self Help, Inc 505.662.4666
NM Low Income Energy Assistance Program (**LIHEAP**) 505.753.2271

Questions?