

# Review of Operating Expenses FY19 & FY20

- FY19 Abiquiu Increase – Increase in O&M (Pump & clean sumps, replace pumps & air compressors)
- FY19 Contract Administration (San Juan) Decrease - Operating Committee Travel expenses
- FY19 Load Control Decrease – Delayed Purchase of Distributed Energy Management System (DERMS) (FY2020 SCADA Patch Management eliminated)
- FY19 Transmission PNM Increase - associated with SVC credit reduction and PNM providing Schedules 5 & 6
- FY19 Transmission Other Decrease - LANL Transmission cost and negotiated alternative for LRS reserve requirement
- FY19 Purchase Power Decrease - elimination of spinning reserve and flat forecast for LAPP and SK
- FY19 Photo Voltaic Array Decrease - O&M at Battery and PV site
- FY19 San Juan Operations small Decrease with last planned 45 day outage (FY2020 No planned outages)
- FY20 Laramie River Station Decrease in FY2020 resulting from environmental upgrades being completed
- FY19 SMR Project Increase - Licensing Period Phase 1 over FY19 & FY20

**Overall Operating Expense – Decrease in Budget (FY18 \$39,925,226) (FY19 \$38,449,542) (FY20 \$37,638,881)**

# Power Supply Budget FY2019

## Capital Projects

1. El Vado Warranty Work
2. Community Solar Garden
3. SCADA upgrades

## Cost Savings & Cost Avoidance

1. Terminated Membership with SRSG (approx. \$700k)
2. LRS Alternative reserve requirement (approx. \$100k)

## Major Efforts

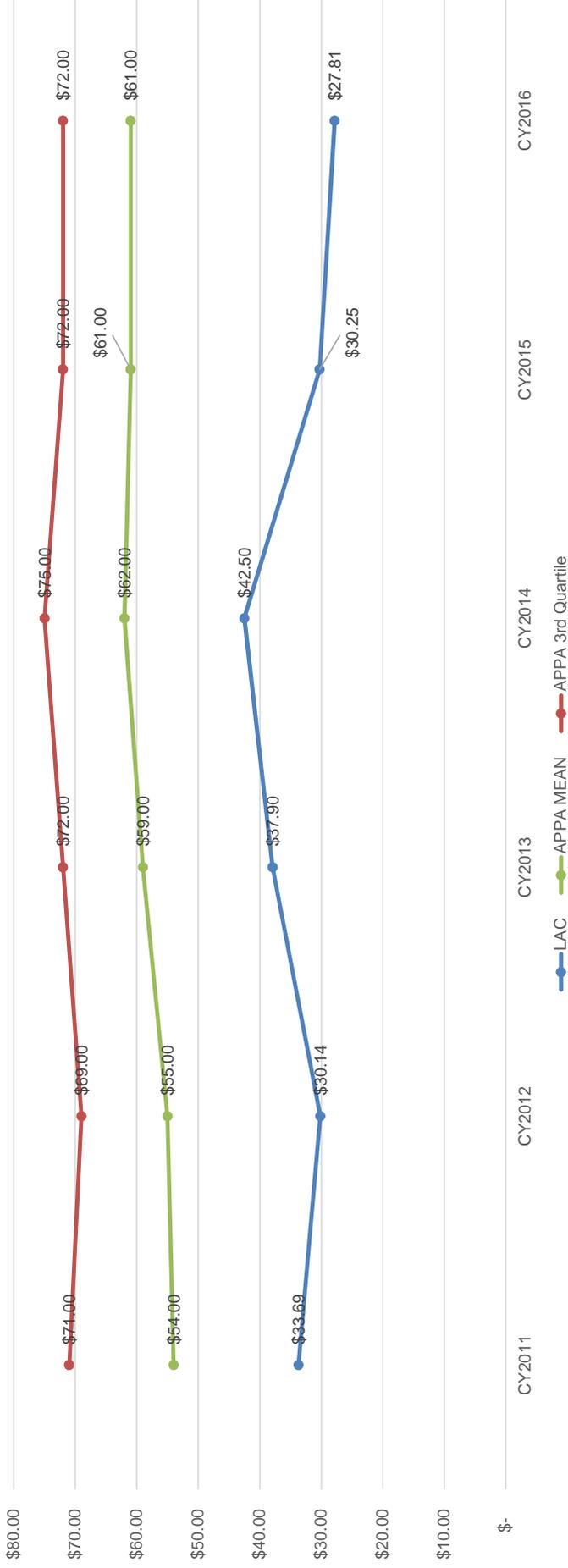
1. Implementing Board Adopted Policy Initiatives
2. Carbon Free Power Project
3. Energy Storage Systems – Lead Acid and Sodium Sulfur Batteries
4. El Vado Contract Dispute on Warranty Items
5. Mountain West Transmission Group (Efforts with joining RTO SPP)
6. Solicit RFP for Block Power (2022 – 2025)

Total Power Supply Expense per MWH Sold



NOTE: Los Alamos County's Total Power Supply expense dropped in 2016 with the retirement of the original debt service at San Juan, Hydros and Laramie River Station. 2016 also includes the environmental upgrades at San Juan and a portion of the El Vado generator rewind project.

Purchased Power Supply Expense per MWH Sold



NOTE: Los Alamos County's Purchase Power Supply Expense is consistently lower than the APPA Mean because by definition this value is LAC's short term purchases to compliment the County's owned generation resources. The APPA Mean represents utilities our size (5k – 10k), hedging market volatility through long term block power purchases which include a risk premium above short term purchases.