

# Electric Rate TOU

Attachment A

## TOU IMPLEMENTATION PREVIOUSLY IDENTIFIED NEXT STEPS

1. Identify a vendor for billing system
2. Develop rate structure that works with billing system and accomplishes energy and electrification goals
3. Proposed timeline
  - a) Electric Rate increase to Board and Council in March 2025  
(9% increase with current rate design in 10-Year Projected Budget) effective **July 1, 2025**)
  - b) New Time of use and Demand Charge rates in place **March 1, 2026**

# Rate Goals

- Stable, able to provide adequate revenues to meet financial and operating requirements
- Fair and Reasonable
- Easy to understand, easy to administer and explainable to the customer

# Util Billing System RFP Status

- Issued in August 2024
- 3 qualified respondents
  - 1 VC funded, few clients, financials not shared
  - 1 Oracle based
  - 1 Existing Vendor recently added TOU functionality
- Cancelled

# Software Solution

- TOU Functionality is available in the existing system
- We will be the **first installation and their only client using TOU functionality**
- Coordination needed between Tyler Munis and Ferguson (Sensus meters)
- \$250,000 will be included in FY26 Budget for complete implementation (both vendors)

## ELEC DIST – FINANCIAL SNAPSHOT FY2024

<b>ED CASH &amp; INVESTMENTS @ 6-30-24</b>	
Unrestricted Cash	(\$5,141,496)
Cash - Restricted for Bond Reserve	\$1,312,715
Investments - Restricted for Reserves	\$10,000,000 **
<b>Total Cash &amp; Investments</b>	<b><u>\$6,171,219</u></b>

\*\* Required reserves were funded with Uniper settlement, not operational profits. Net Loss of \$1.4 million contributed to negative unrestricted cash balance

<b>ED PROFIT/LOSS SNAPSHOT</b>	
Sales Revenue	\$14,758,522
Interest	\$264,540
Other Revenue	\$816,712
<b>Total Revenue</b>	<b><u>\$15,839,774</u></b>
Operating Expenses	\$4,932,370
In Lieu Taxes & Franchise Fee	\$558,695
Debt Service	\$975,308
Cost of Power	\$8,966,804
Capital Expenditures	\$1,319,340
Revenue (Profit) Transfer	\$482,784
<b>Total Expenditures</b>	<b><u>\$17,235,301</u></b>
<b>Net Loss</b>	<b><u>(\$1,395,527)</u></b>

## Electric Distribution Revenue & kWh Sold

Revenue (in millions)					
	Actuals FY2023	Actuals FY2024	Budget FY2025	Actuals FY2025 Jul-Dec	% of Budget
kWh Sales	108,167,479	118,952,361	121,886,557	58,552,543	48%
Sales	\$ 13.90	\$ 15.80	\$ 17.20	\$ 8.80	51%

ELECTRIC DISTRIBUTION	PROJECTED 2025	FORECAST 2026	FORECAST 2027
	0.03		
<b>REVENUE/CASH INFLOW</b>			
KWh Sales	121,886,557	123,455,462	124,690,017
Revenue per KWh	0.1376	0.1500	0.1575
Rate Increase Percentage	9.0%	9.0%	5.0%
Sales Revenue	\$ 16,771,591	\$ 18,518,320	\$ 19,638,678
Bond Federal Subsidy	64,099	58,759	47,731
Interest on Cash & Reserves	2,008,000	2,008,000	2,061,457
Miscellaneous Revenue	186,000	186,000	186,000
Revenue on Recoverable Work	150,000	150,000	150,000
Grant/Loan/Bond Proceeds	-	-	-
Transfers In	-	-	-
TOTAL REV - CASH INFLOWS	19,179,690	20,921,079	22,083,866
<b>EXPENSES/CASH OUTFLOWS</b>			
Operational Expenditures	6,295,036	5,907,114	5,664,028
Debt Service	1,015,816	1,178,311	1,161,970
Cost of Power	9,385,265	9,506,071	9,476,441
Capital	2,000,000	3,275,000	2,750,000
Capital Paid with Debt/Grants	-	-	-
Revenue Transfer	721,179	796,288	828,954
TOTAL EXP-CASH OUTFLOWS	19,417,296	20,662,784	19,881,393
<b>NET CASH FLOW</b>	<b>(237,606)</b>	<b>258,295</b>	<b>2,202,473</b>
BEGINNING CASH BALANCE	(5,141,496)	1,620,898	1,879,194
TRANSFER TO/FROM RESERVES	7,000,000	(2,000,000)	(2,000,000)
ENDING CASH BALANCE	1,620,898	1,879,194	4,081,666
<b>BEG RESERVE BALANCE</b>	<b>11,312,715</b>	<b>4,312,715</b>	<b>4,312,715</b>
<b>END RESERVE BALANCE</b>	<b>4,312,715</b>	<b>4,312,715</b>	<b>6,312,715</b>
<b>RESERVE TARGET</b>		<b>9,491,881</b>	<b>9,700,918</b>

## Modified Forecast for FY26 & FY27

### Source: Adopted FY25 Budget Book

Due to negative cash flow from operations, unable to go out for bonding at this time. Bond funded projects have been delayed/cancelled. Funding to cover

This forecast subject to change as we continue to develop the FY2026 proposed budget

Note: Does not include budget for implementing future Electrification Study recommendations.

Need to implement 9% for FY2026 and 5% in FY2027 electric rate increases to restore cash balances while meeting reserve targets.

ORANGE highlight indicates changes to the original forecast.

BLUE highlights relate to bond proceeds and bond funded capital projects being deferred/cancelled.

**FY25 (1 July 2024 - 30 June 2025)**

**Budget**

**ELECTRIC DISTRIBUTION**

**2,000,000**

LA URD Replacement: Sandia Western Area, Ponderosa Estates, Estates	200,000
White Rock URD Replacement : La Senda, Valle del Sol	1,200,000
Overhead System Replacement (polex, xarms, transformers)	100,000
Townsite Circuit: Barranca Road, Rendija Canyon	
White Rock : Monte Rey South and North	
Recloser Replacements: Sewer Plant, Rendija	
Electrification Study/Condition Assessment	500,000

**FY26 (1 July 2025 - 30 June 2026)**

**Budget**

**ELECTRIC DISTRIBUTION**

**10,775,000** **3,275,000**

LA URD Replacement: Los Pueblos	550,000
White Rock URD Replacement: Aragon, Ridgecrest, Garver, Catherine ( <del>Bond</del> ) (Interest Income)	1,200,000
Overhead System Replacement	450,000
Townsite Ski Hill, West Jemez Road	
White Rock: Rover , Beryl	75,000
GWS/ED Facilities at WR WWTP	7,500,000
<del>EA-4 Power-Line Replacement (Bond)</del>	
White Rock URD Replacement: Piedra Loop ( <del>Bond</del> ) (Interest Income)	1,000,000

## Equipment Pricing Increases

50 kva Transformer	2018	\$1,795	2024	\$10,366	477%
15 kv Switchgear	2015	\$13,867	2024	\$27,273	97%
750 kva 3 phase Transformer	2018	\$13,666	2022	\$44,216	224%

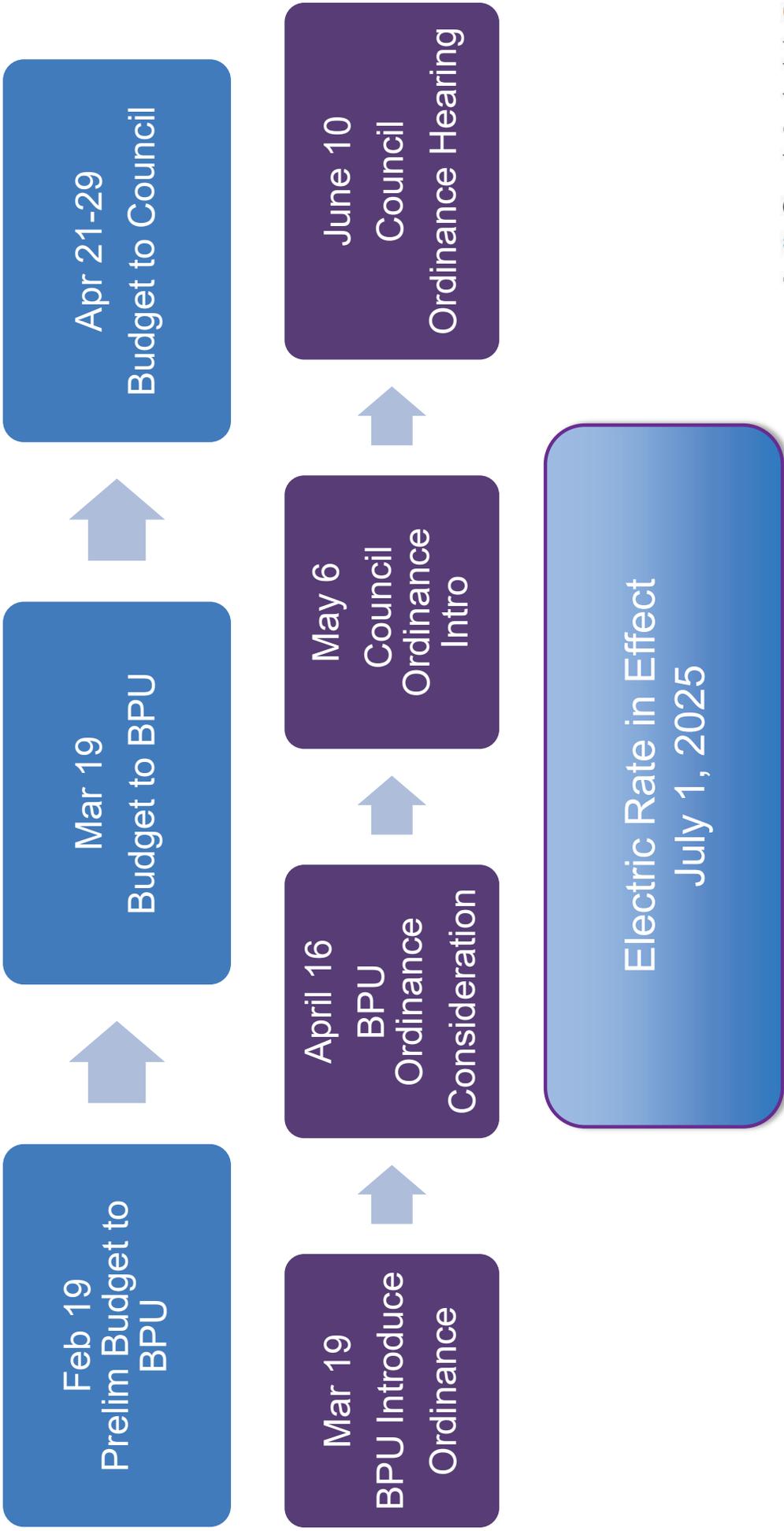
<b>ELECTRIC RATES IN LOS ALAMOS COUNTY: 1998 - 2025</b>						
<b>Rate Status</b>	<b>Effective Date</b>	<b>Service Charge</b>	<b>Commodity Rate (per kwh)</b>	<b>Residential 500 kwh</b>	<b>% Increase</b>	<b>*CPI Change</b>
<b>Proposed</b>	<b>July 2025</b>	<b>\$ 13.75</b>	<b>\$ 0.1540</b>	<b>\$ 90.75</b>	<b>9.0%</b>	
Current	July 2024	\$ 12.60	\$ 0.1413	\$ 83.25	9.4%	CPI Change Oct 2023 - Dec 2024
Historical	Oct 2023	\$ 12.00	\$ 0.1282	\$ 76.10	9.3%	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%** & as Proposed increased **30.4%**

# Residential Rate Comparison to Neighboring Communities for 500 kwh

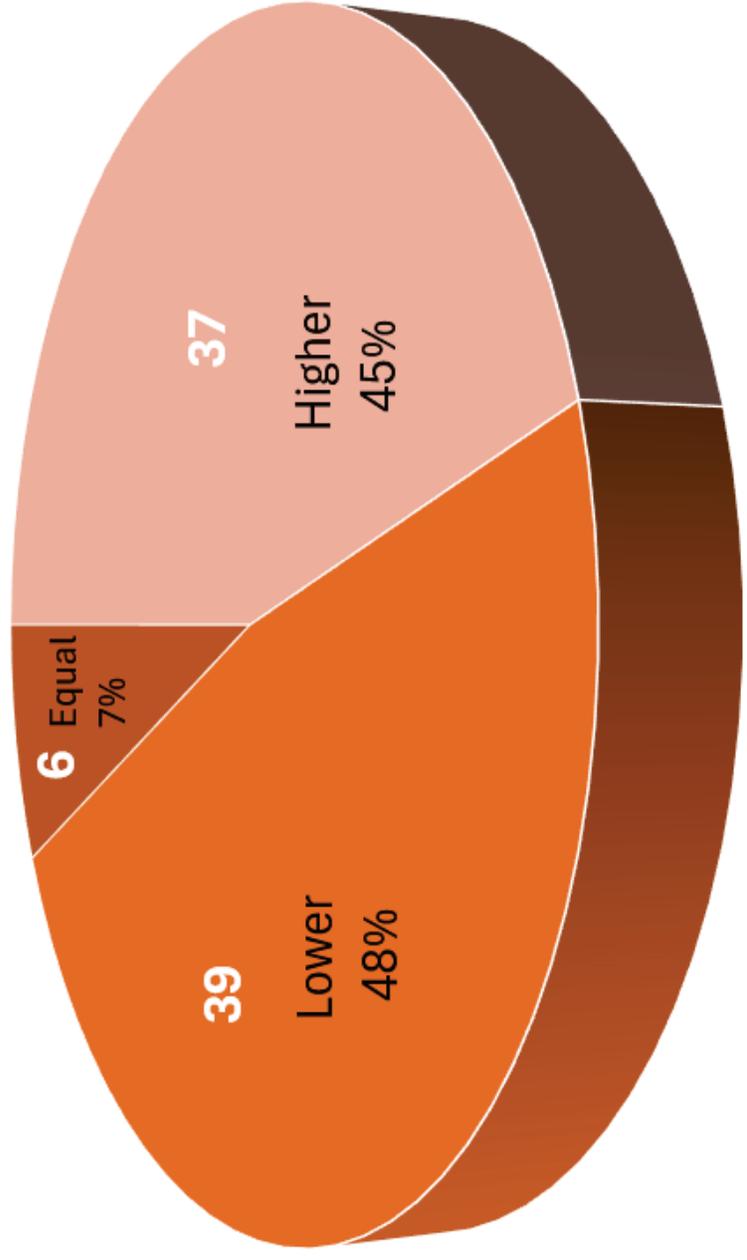




<b>TIME OF USE</b>						
	<b>On-Peak kWh</b>	<b>Off-Peak kWh</b>	<b>On-Peak kWh</b>	<b>Off-Peak kWh</b>	<b>On-Peak kWh</b>	<b>Off-Peak kWh</b>
<b>JEMEZ</b>						
	6 am - 1 pm	1 pm - 4 pm	4 pm - 9 pm	9 pm - 6 am		
	Mon - Fri	Mon - Fri	Mon - Fri	Mon - Fri		
Facility Charge	\$ 22.00	\$ 22.00	\$ 22.00	\$ 22.00	\$ 22.00	\$ 22.00
Net Metering Charge	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
Energy Charge	\$ 0.15518	\$ 0.08876	\$ 0.15888	\$ 0.08876	\$ 0.15888	\$ 0.08876
		Off-Peak kWh				
		All Other Hours				
		Sat & Sun				
Facility Charge	\$	\$ 22.00				
Net Metering Charge	\$	\$ 5.00				
Energy Charge	\$	\$ 0.08876				
Fuel, purchased power cost adjustment and debt cost adjustment added						

TIME OF USE	Summer Jun, Jul, Aug		Non-Summer Sep - May	
	On-Peak kWh	Off-Peak kWh	On-Peak kWh	Off-Peak kWh
	8 am - 8 pm Mon - Fri	All Other Hours	8 am - 8 pm Mon - Fri	All Other Hours
<b>PNM</b>				
Customer Charge	\$ 21.14	\$ 21.14	\$ 21.14	\$ 21.14
Meter Charge	\$ 5.37	\$ 5.37	\$ 5.37	\$ 5.37
Energy Charge	\$ 0.19735	\$ 0.06340	\$ 0.15364	\$ 0.06340
Fuel and purchased power cost adjustment added				
TIME OF DAY	Summer Jun, Jul, Aug		Non-Summer Sep - May	
<b>PNM</b>				
Customer Charge	\$ 9.95	\$ 9.95	\$ 9.95	\$ 9.95
Energy Charge	\$ 0.31171	\$ 0.07737	\$ 0.17123	\$ 0.06866
Fuel and purchased power cost adjustment added				

**UAP or LIHEAP QUALIFIED HOUSEHOLDS - COMPARED TO NEIGHBORS**  
**(Average Monthly kWh Usage)**



## ELECTRIC REVENUE PROJECTION COMPARISON

<b>Residential</b>	<b>FY2025 EXISTING RATES</b>	<b>PROPOSED INCREASE - FY2026</b>		<b>PROPOSED INCREASE - FY2027</b>	
Meter Count	8411	9%	% Increase of Service Charge	5%	% Increase of Service Charge
kWh per FY	62,500,000	9%	% Increase of Commodity	5%	% Increase of Commodity
Service Charge	\$ 12.60	\$ 13.75	\$ 1,387,815	\$ 14.44	\$ 1,457,458
Commodity/Energy	\$ 0.1413	\$ 0.1540	9,626,063	\$ 0.1620	\$ 10,125,000
RESIDENTIAL ANNUAL REVENUE	\$10,102,993	\$ 11,013,878		\$ 11,582,458	
		<b>Add'l Rev \$ 910,884</b>		<b>Add'l Rev \$ 568,581</b>	

## 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
<b>RATES</b>			
Service Charge per Month			\$ 18.00
Demand Charge per Peak KW			\$ 2.00
Energy Charge	\$ 0.2310	\$ 0.0950	

### 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

### REVENUE PROJECTION

Service Charges	\$ 1,816,776
Demand Charges	\$ 1,211,184
Energy Charges	\$ 8,572,500

RESIDENTIAL ANNUAL REV \$11,600,460

\$ 11,582,458 FY27 PROJ  
same usage and cust count

<b>SAMPLE BILLS @ 500 kWh Residential Average</b>	
<b>No TOU - Assume 9% FY26 &amp; 5% FY27 increases</b>	
Service \$	14.44
Energy \$	81.00 (\$0.162 per kWh)
	<u>\$ 95.44</u>
<b>Assume 20% use during ON-PEAK</b>	
Service \$	18.00
Demand \$	12.00
Energy \$	61.10
	<u>\$ 91.10</u>
<b>Assume 31% use during ON-PEAK(GSD ave)</b>	
Service \$	18.00
Demand \$	12.00
Energy \$	68.58
	<u>\$ 98.58</u>
<b>Assume 50% use during ON-PEAK</b>	
Service \$	18.00
Demand \$	12.00
Energy \$	81.50
	<u>\$ 111.50</u>

<b>OPT-OUT</b>	
<b>RATES</b>	
Service Charge per Month	\$ 18.00
Demand Charge per Peak KW	n/a
Energy Charge (on-peak rate)	\$0.2310
<b>AVE BILL @ 500 kWh</b>	<b>\$133.50</b>

**TIME OF USE ONLY**  
**DPU - EXAMPLE**

	On-Peak kWh 5 pm - 11 pm Every Day	Off-Peak kWh All Other Hours Every Day	MONTHLY
<b>RATES</b>			
Service Charge per Month			\$ 18.00
Energy Charge	\$ 0.2930	\$ 0.0950	

**REVENUE PROJECTION**

Service Charges	\$ 1,816,776
Energy Charges	\$ 9,773,750
<b>RESIDENTIAL ANNUAL REV</b>	<b>\$11,590,526</b>

\$ 11,582,458 FY27 PROJ  
*same usage and cust count*

**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

# OPTIONS

Staff Recommendation (highlighted in yellow)

## ❖ Maintain Rule E-5

### FY26 OPTIONS

- 1) Increase electric rates 9% effective 7/1/25 as provided in the budget book (to restore cash balances ahead of electrification)
- 2) Increase electric rates by a lower amount effective 7/1/25
- 3) Increase electric rates by a higher amount effective 7/1/25

### FY27 OPTIONS

- 1) Increase electric rates by 6% effective 7/1/26
- 2) Increase electric rates by a lower amount effective 7/1/26
- 3) Increase electric rates by a higher amount effective 7/1/26
- 4) Implement Residential TOU
- 5) Implement Residential TOU & Residential Demand (similar to AMI program)
- 6) TOU Opt-In Model
- 7) TOU Opt-Out Model

Attachment A

# Questions?

