



County of Los Alamos

1000 Central Avenue
Los Alamos, NM 87544

Minutes

Board of Public Utilities Work Session

*Robert Gibson, Chair; Eric Stromberg, Vice-chair;
Matt Heavner, Charles Nakhleh and Steve Tobin, Members;
Philo Shelton, Ex Officio Member
Anne Laurent, Ex Officio Member
Theresa Cull, Council Liaison*

Wednesday, June 5, 2024

5:30 PM

Municipal Building, 3rd Floor, Rm 330

Public Participation: In person or <https://us06web.zoom.us/j/89412512522>

1. CALL TO ORDER

This work session of the Incorporated County of Los Alamos Board of Public Utilities was held on Wednesday, June 5, 2024 at 1000 Central Ave., Council Chambers. Board Chair Robert Gibson called the meeting to order at 5:30 pm. Members of the public were notified of the ability to attend and provide public comment either in person or over Zoom. The following board members were in attendance:

Present 6 - Members Gibson, Stromberg, Nakhleh, Heavner, Shelton, and Laurent
Remote 1 - Member Tobin (was a few minutes late)

2. PUBLIC COMMENT

Chair Gibson provided an opportunity to provide public comment on any item; there was none.

3. APPROVAL OF AGENDA

Chair Gibson called for discussion or a motion on approval of the agenda.

Member Nakhleh moved and Member Stromberg seconded that the agenda be approved as presented. The motion passed by the following vote:

Yes: 4 - Members Heavner, Nakhleh, Stromberg, and Gibson

Absent: 1 - Member Tobin joined the meeting remotely after this item

4. PRESENTATIONS

- 4.a. [CO0693-24.1](#) Introduction of Incorporated County of Los Alamos Code Ordinance No. 02-359; An Ordinance Amending Chapter 40, Article III, Sections 40-151 and 40-152 of the Code of the Incorporated County of Los Alamos Relating to Gas Rate Schedules

Ms. Karen Kendall, Deputy Utility Manager - Finance & Administration presented. She reported that the FY2025 adopted budget and FY2026 projection each included a 5.5%

blended rate increase for gas. The Board and Council previously approved a 3% increase for FY2025 (effective Sept 2024) and a 2% increase for FY2026 (effective Sept 2025). In determining projected rate increases, the ten-year projection takes into consideration expenditures and fulfilling the reserve target requirements within the required ten-year horizon. Since DPU's budget preparation, New Mexico Gas Company (NMGC) and Conoco Phillips have notified the County of increases in their transportation rates on both a per meter and variable basis.

NMGC has also applied for a rate increase for their retail customers that would take effect in October if approved by the Public Regulation Commission (PRC). According to NMGC's website "for customers who are not signed up for budget billing, the summer bill average impact would be an increase of 6.3% while the winter bill average impact would be an increase of 7.3%."

Chair Gibson provided an opportunity for the board to ask clarifying questions. The following individuals spoke:

Member Nakhleh
Member Gibson
Member Stromberg
Mr. Shelton
Mr. Wyman

Chair Gibson provided an opportunity for public comment. The following citizen participated via Zoom:
Mr. David Reagor

Chair Gibson provided an opportunity for board members to make suggested amendments or comments to the code ordinance. The following individuals spoke:
Member Stromberg
Member Nakhleh
Mr. Shelton

No action was taken on this item.

4.b. [18773-24](#)

Presentation and Review of Distributed Generation Impacts

Mr. Stephen Marez, Deputy Utility Manager - Electrical Distribution was on travel and participated remotely. He covered most of the presentation and Mr. Ben Olbrich, Deputy Utility Manager - Power supply presented "Additional Considerations for Utility Distributed Generation and Storage." Copies of their presentation slides were included in the meeting packet.

Chair Gibson provided an opportunity for board members to ask clarifying questions. The following individuals spoke:

Member Tobin
Mr. Marez
Mr. Olbrich
Member Stromberg
Member Heavner
Member Nakhleh
Member Gibson

Member Tobin had to leave the meeting at 7:00 pm

No action was taken on this item.

4.c. [18398-24](#) Annual Update on the Wastewater System

Mr. Clay Moseley, Deputy Utility Manager - GWS Services presented. He reiterated that the DPU wastewater operations comprises two different divisions of operations: wastewater collections (WWC) and wastewater treatment & reclamation (WWT). Copies of his written report and presentation slides were included in the meeting packet

Chair Gibson provided an opportunity for board members to ask clarifying questions. The following individuals spoke:

Member Stromberg

Ms. D'Anna

Member Gibson

Mr. Shelton

No action was taken on this item.

4.d. [18579-24](#) Department of Public Utilities Quarterly Report for Fiscal Year 2024 - Quarter 3

Ms. Cathy D'Anna, Public Relations Manager presented. She highlighted some details from the publication. A copy of the report was included in the meeting packet and is available online at ladpu.com/FY24Q3.

Philo Shelton, Utilities Manager responded to board member inquiries and provided clarifying information as appropriate. The following individuals spoke:

Member Nakhleh

Member Heavner

Mr. Alarid

Member Gibson

Ms. Kendall

Member Stromberg

No action was taken on this item.

4.e. [18578-24](#) Review of the Utilities Assistance Program (UAP)

Ms. Karen Kendall presented. A copy of her written report and presentation slides were included in the meeting packet.

Chair Gibson provided an opportunity for board members to ask clarifying questions. The following individuals spoke:

Member Stromberg

No action was taken on this item.

4.f. [18771-24a](#) Planning for the Annual Board of Public Utilities Presentation to Council

Chair Gibson provided an overview of the annual process. He reviewed the draft presentation that was provided in the meeting packet. The following members provided comments:

Member Stromberg

Member Heavner

No action was taken on this item.

5. BUSINESS

5.a. 16992-24 Action to Suspend Procedural Rules for Work Session

Member Nakhleh moved and Member Stromberg seconded that the Board of Public Utilities suspend their procedural rules for the June 5, 2024 work session so that formal action may be taken. The motion passed by the following vote:

Yes: 4 - Members Heavner, Nakhleh, Stromberg, and Gibson

Absent: 1 - Member Tobin (participated remotely and left the meeting at 7:00 pm)

5.b. 18821-24a Approval of Budget Revision 2024-69

Ms. Karen Kendall, Deputy Utility Manager - Finance & Administration spoke. She reported that the purpose of this budget revision is to make budget modifications necessary for year-end related to proper distribution of labor between Gas, Water and Sewer for GWS work performed; to pay off four loans with the state to free up pledged revenues and to properly distribute debt service expenditures between funds. See attachment A for details of the revision.

If the budget revision is not approved, the Gas and Water Funds will be over-budget for labor and benefits. The net impact on the Joint Utilities Fund is an increase of expenditures and a decrease in fund balance of \$86,921 for the early pay off of four loans. There is no net impact on the Joint Utilities Fund for the labor and debt service portions of the budget revision.

Chair Gibson offered an opportunity for board members to ask clarifying questions; there were none.

Chair Gibson offered an opportunity for public comment on this topic; there was none.

Chair Gibson called for further discussion or a motion.

Member Stromberg moved and Member Nakhleh seconded that the Board of Public Utilities approve Budget Revision 2024-69 as presented and forward to Council for consideration. The motion passed by the following vote:

Yes: 4 - Members Heavner, Nakhleh, Stromberg, and Gibson

Absent: 1 - Member Tobin (participated remotely and left the meeting at 7:00 pm)

6. PUBLIC COMMENT

Chair Gibson provided an opportunity to provide public comment on any item; there was none.

7. ADJOURNMENT

The meeting adjourned at 9:08 pm

APPROVAL

Board of Public Utilities Chair Name

Board of Public Utilities Chair Signature

Date Approved by the Board

ATTACHMENTS

4.a. Revisions to Attachments A & B



BOARD OF PUBLIC UTILITIES

ADDITIONAL MEETING DOCUMENTS

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

MEETING DATE	June 5, 2024
AGENDA ITEM	<p>4.a. CO0693-24.1 Introduction of Incorporated County of Los Alamos Code Ordinance No. 02-359; An Ordinance Amending Chapter 40, Article III, Sections 40-151 and 40-152 of the Code of the Incorporated County of Los Alamos Relating to Gas Rate Schedules</p> <p><u>Presenters:</u> Karen Kendall, Deputy Utilities Manager - Finance</p>
ATTACHMENTS	<p>A - Code Ordinance 02-359 Gas Rates</p> <p>B - Gas Rate Calculation</p>
NEW OR REVISED? Is this a revision that is different from what was in the agenda packet, or is it something entirely new?	REVISED
RECOMMENDED ACTION If you have a new or revised recommended motion for the Board, enter it here.	N/A
ADDITIONAL INFORMATION Please VERY BRIEFLY explain the purpose of this information or document.	Revised documents submitted by Karen Kendall, Deputy Utility Manager – Finance & Administration

INCORPORATED COUNTY OF LOS ALAMOS CODE ORDINANCE NO. 02-359

AN ORDINANCE AMENDING CHAPTER 40, ARTICLE III, SECTIONS 40-151 AND 40-152 OF THE CODE OF THE INCORPORATED COUNTY OF LOS ALAMOS PERTAINING TO THE NATURAL GAS SERVICE RATE SCHEDULE

WHEREAS, the Incorporated County of Los Alamos (“County”) is an incorporated county of the State of New Mexico as provided in Article 10, Section 5, of the New Mexico Constitution; and

WHEREAS, pursuant to the County Charter, Section 500, there is a Department of Public Utilities (“Department”) charged with the duty to operate County owned electric, gas, water and sewer systems; and

WHEREAS, pursuant to the County Charter, Section 502, the Department head shall be known as the “Utilities Manager” who shall conduct the business of the Department subject to the policies established by the Board of Public Utilities (“BPU”); and

WHEREAS, pursuant to the County Charter, Section 504, the Department’s utility systems shall be operated on a compensatory basis, and the utility rates and charges shall be just, reasonable, and comparable to those in neighboring communities, and shall be uniform for all consumers of the same class; and

WHEREAS, the Department Utilities Manager has determined the current gas utility rates will not meet the requirement for the gas utility to operate on a compensatory basis unless the gas rates are increased to cover the projected revenue requirements adopted in the Department’s fiscal year 2025 budget and fiscal year 2026 projections; and

WHEREAS, pursuant to County Charter, Section 203.1(d), any change in County utility rates shall be by ordinance; and

WHEREAS, pursuant to Section 4.6(a) of the *Board of Public Utilities Procedural Rules* (ed. 08/16/2023), the Utilities Manager is responsible for preparing and presenting proposed utility rate ordinances to the BPU; and

WHEREAS, pursuant to County Charter, Section 504, the rates to be paid by consumers for utility services shall not be proposed by the BPU, to the County Council, and shall become effective on the date of adoption by the County Council; and

WHEREAS, pursuant to Section 4.6(b) of the *Board of Public Utilities Procedural Rules*, the Utilities Manager shall introduce a draft of the proposed gas rate increase ordinance to the BPU and present the budget and operational reasons for the proposed increase to the BPU at a public meeting, prior to a final public hearing on the proposed increase to the natural gas rate ordinance; and

WHEREAS, the Utilities Manager initially presented the proposed natural gas rate ordinance to the BPU on June 5, 2024; and

WHEREAS, the Utilities Manager, after receiving comments from the BPU, then presented the final proposed increased gas rate ordinance to the BPU on June 26, 2024; and

WHEREAS, on June 26, 2024, the BPU approved the final proposed increased gas rate ordinance and recommended forwarding it to the County Council.; and

WHEREAS, on July 9, 2024, the County Council, pursuant to County Charter, Section 203.2.1 introduced the proposed gas rate ordinance; and

WHEREAS, on July 30, 2024, the County Council, pursuant to County Charter, Section 203.2.2 held a public hearing on the proposed increase to the natural gas rate ordinance; and

WHEREAS, the natural gas rate schedule shall be amended as follows, with strike through-text deleted and underline-text added.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE INCORPORATED COUNTY OF LOS ALAMOS:

Sec. 40-151. - Gas rate schedules 7A and 7E.

(a) Residential service schedule 7A. The residential rate applies to customers in a single dwelling or in a single dwelling unit of a multiple dwelling or apartment for domestic purposes only.

(b) General commercial and industrial service schedule 7E. The commercial and industrial rate applies to customers for use in or in connection with any commercial, business or industrial activities, including multiple dwelling units where service for more than one unit is taken through a master meter, and to other customers not otherwise specifically falling within another class.

(c) Service charge.

(1) Per meter rated 250 CFH or less: ~~\$9.50 per month through September 30, 2022;~~
~~\$10.26 per month after September 30, 2022;~~ ~~\$11.08 per month after September 30, 2023;~~
~~\$11.97~~ \$13.00 per month after September 30, 2024; ~~\$12.57~~ \$14.25 per month after September 30, 2025;

(2) Per meter rated more than 250 CFH: ~~\$28.50 per month through September 30, 2022;~~
~~\$30.78 after September 30, 2022;~~ ~~\$33.24 per month after September 30, 2023;~~ ~~\$35.90~~
\$39.00 per month after September 30, 2024; ~~\$37.70~~ \$41.25 per month after September 30, 2025.

(d) Gas consumption charge.

(1) The gas consumption charge for schedules 7A and 7E shall be made up of ~~three~~ two components: fixed cost recovery, and a variable cost of gas component, ~~and an extraordinary gas cost recovery fee.~~

i. The fixed cost recovery shall be ~~\$0.23~~ \$0.27 per therm (one therm is equal to 100,000 British Thermal Units (BTU)) ~~through September 30, 2022;~~ ~~\$0.25 after September 30, 2022;~~ ~~\$0.27 after September 30, 2023;~~ ~~\$0.29~~ \$0.32 after September 30, 2024; ~~\$0.30~~ \$0.34 after September 30, 2025.

ii. The variable cost of gas rate shall be calculated each month based on the projected cost of gas for the billing month plus an adjustment for any prior over or under collection for gas purchases and/or gas transportation costs, provided, however that the variable cost of gas rate shall not be lower than \$0.11 per therm per month.

iii. ~~The extraordinary gas cost recovery charge shall be \$0.44 per therm per month and shall be assessed for two years from the effective date of this ordinance, ending not later than April 8, 2025. Upon full recovery of the extraordinary gas cost fee, the utility shall immediately terminate collecting this component of the gas consumption charge, and this component of the gas component charge shall automatically sunset.~~

(2) The projected cost of gas shall be at the rate as stated on the San Juan Index or any recognized index that may replace the San Juan Index.

(3) Should the variable cost of gas exceed \$4.00 per therm, the billed rate to consumers shall not reflect the cost of gas over that amount until the rate is approved by an ordinance of the council.

Sec. 40-152. - Gas rate schedules 7L and 7N.

(a) Applicability.

(1) Schedule 7L: Interdepartmental service—Incorporated County of Los Alamos.

(2) Schedule 7N: Schools service—Los Alamos public schools.

(b) Service charge.

(1) Per meter rated 250 CFH or less: ~~\$9.50 per month through September 30, 2022;~~
~~\$10.26 per month after September 30, 2022;~~ \$11.08 per month after September 30, 2023;
~~\$11.97~~ \$13.00 per month after September 30, 2024; ~~\$12.57~~ \$14.25 per month after September 30, 2025;

(2) Per meter rated more than 250 CFH: ~~\$28.50 per month through September 30, 2022;~~
~~\$30.78 after September 30, 2022;~~ \$33.24 per month after September 30, 2023; ~~\$35.90~~
\$39.00 per month after September 30, 2024; ~~\$37.70~~ \$41.25 per month after September 30, 2025.

(c) Gas consumption charge.

(1) The gas consumption charge for schedules 7L and 7N shall be made up of three components: fixed cost recovery, a variable cost of gas component, and an extraordinary gas cost recovery fee.

i. The fixed cost recovery shall be ~~\$0.20~~ \$0.24 per therm (one therm is equal to 100,000 British Thermal Units (BTU)) ~~through September 30, 2022;~~ ~~\$0.22 after September 30, 2022;~~ ~~\$0.24 after September 30, 2023;~~ ~~\$0.26~~ \$0.28 after September 30, 2024; ~~\$0.27~~ \$0.30 after September 30, 2025.

ii. The variable cost of gas rate shall be calculated each month based on the projected cost of gas for the billing month plus an adjustment for any prior over or under collection for gas purchases and/or gas transportation costs, provided, however that the variable cost of gas rate shall not be lower than \$0.11 per therm per month.

iii. ~~The extraordinary gas cost recovery charge shall be \$0.44 per therm per month and shall be assessed for two years from the effective date of this ordinance, ending not later than April 8, 2025. Upon full recovery of the extraordinary gas cost fee, the utility shall immediately terminate collecting this component of the gas consumption charge, and this component of the gas component charge shall automatically sunset.~~

(2) The projected cost of gas shall be at the rate as stated on the San Juan Index or any recognized index that may replace the San Juan Index.

(3) Should the variable cost of gas exceed \$4.00 per therm the billed rate to consumers shall not reflect the cost of gas over that amount until the rate is approved by an ordinance of the Council.

Section 3. Effective Date. This ordinance shall become effective upon adoption with the amended gas ordinance being applied for all billings on or after September 30, 2024.

Section 4. **Severability.** Should any section, paragraph, clause or provision of this ordinance, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this ordinance.

Section 5. **Repealer.** All ordinance or resolutions, or parts thereof, inconsistent herewith are hereby repealed only to the extent of such inconsistency. This repealer shall not be construed to revive any ordinance or resolution, or part thereof, heretofore repealed.

ADOPTED this 30th day of July 2024.

**COUNCIL OF THE INCORPORATED
COUNTY OF LOS ALAMOS**

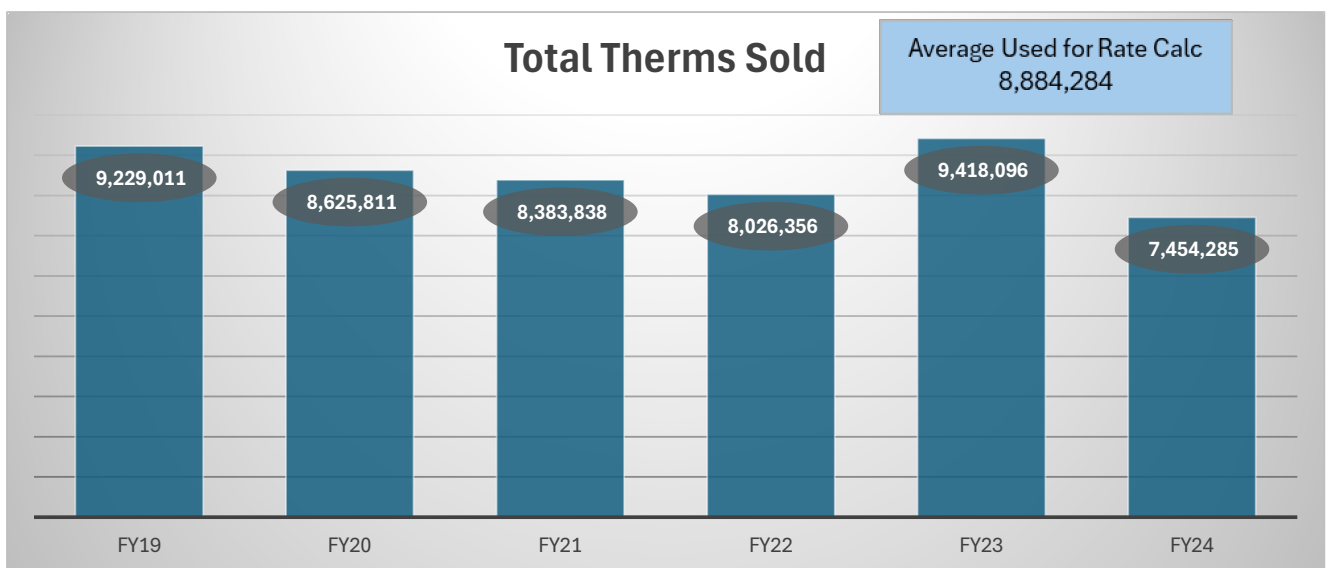
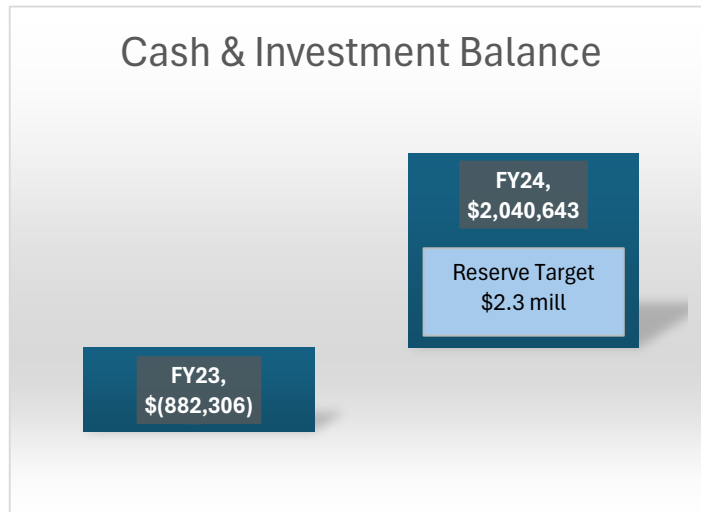
**Denise Derkacs,
Council Chair**

ATTEST: (SEAL)

**Naomi D. Maestas,
Los Alamos County Clerk**

EXPENDITURE SUMMARY

		FY2023 Actual	FY2024 Revised Bud	FY24 Actual as of 5/20/24	FY2025 ADOPTED	FY2026 PROJECTED
A	Operations Staffing Related	\$ 1,084,388	\$ 1,029,011	\$ 777,788	\$ 1,304,690	\$ 1,308,466
B	Gas Distribution	75,047	178,276	413,196	152,100	152,100
C	Gas Meters	55,951	62,500	82,486	62,500	62,500
D	Interdepartmental Charges	427,505	526,059	442,818	493,791	497,483
E	Eng. Cust Svc. MR and Admin	642,437	1,207,067	400,551	872,580	892,236
F	In Lieu Taxes & Franchise fee	301,740	488,830	186,109	310,439	314,822
G	Capital Expenditures	1,077,362	789,721	151,496	375,000	550,000
		\$ 3,664,430	\$ 4,281,464	\$ 2,454,445	\$ 3,571,100	\$ 3,777,607
H	Cost of Gas	9,923,057	13,000,000	2,441,816	7,000,000	7,560,000
I	Profit Transfer	345,845	928,243	490,612	527,058	556,046
A thru H	Total Expenditures w/ COG	\$ 13,587,487	\$ 17,281,464	\$ 4,896,260	\$ 10,571,100	\$ 11,337,607
A thru G, plus I	Total with Rev Transfer Excluding COG	\$ 4,010,275	\$ 5,209,707	\$ 2,945,057	\$ 4,098,158	\$ 4,333,653
TOTAL REVENUE EXCLUDING COST OF GAS PASS THROUGH					\$ 4,056,001	\$ 4,350,648



Customer Charge Revenue FY25

	Customers	Cust Charge	Annual Revenue
Less Than 250 CFH	7,576	\$ 13.00	\$ 1,181,856
Greater Than 250 CFH	123	\$ 39.00	\$ 57,564
			<u>\$ 1,239,420</u>

Fixed Cost Recovery Rate per Therm

	Therms Sold*	Rate	Revenue
Residential	6,219,428	\$ 0.32	\$ 1,990,217
Commercial	2,005,068	\$ 0.32	\$ 641,622
County	432,030	\$ 0.28	\$ 120,969
Schools	227,758	\$ 0.28	\$ 63,773
*5 year historical average	<u>8,884,284</u>		<u>\$ 2,816,581</u>
FY2023 total therms sold	9,418,096		
FY2024 total therms sold (10 mo actual, 2 mo est)	7,454,285		

TOTAL REVENUE EXCLUDING COST OF GAS PASS THROUGH

\$ 4,056,001

MONTHLY CHANGE IN GAS BILL EXCLUDING COST OF GAS

	FY23	FY24	FY25	FY26
Average Residential Customer				
Customer Charge	\$ 10.26	\$ 11.08	\$ 13.00	\$ 14.25
Fixed Cost Recovery Rate @ 65 therms	16.25	17.55	20.80	22.10
Total	<u>\$ 26.51</u>	<u>\$ 28.63</u>	<u>\$ 33.80</u>	<u>\$ 36.35</u>
Average Monthly Increase		\$ 2.12	\$ 5.17	\$ 2.55
Average Annual Increase		\$ 25.44	\$ 62.04	\$ 30.60
Blended Average Increase %		8%	18%	8%

MONTHLY CHANGE IN GAS BILL INCLUDING COST OF GAS

	FY23	FY24	FY25	FY26
Average Residential Customer				
Customer Charge	\$ 10.26	\$ 11.08	\$ 13.00	\$ 14.25
Fixed Cost Recovery Rate @ 65 therms	16.25	17.55	20.80	22.10
Average Variable Cost of Gas (pass-through)	51.35	42.25	48.10	52.00
Total	<u>\$ 77.86</u>	<u>\$ 70.88</u>	<u>\$ 81.90</u>	<u>\$ 88.35</u>
Average Monthly Increase		\$ (6.98)	\$ 11.02	\$ 6.45
Average Annual Increase		\$ (83.76)	\$ 132.24	\$ 77.40
Blended Average Increase %		-9%	16%	8%

RESIDENTIAL

	FY23	FY24	FY25	FY26
Fixed Cost Recovery Rate	\$0.25	\$0.27	\$0.32	\$0.34
Average Variable Cost of Gas (pass-through)	\$0.79	\$0.65	\$0.74	\$0.80
	3 mo of sunset	8 mo of sunset		