



**Agenda - Final**  
**Board of Public Utilities Work Session**

*Robert Gibson, Chair; Matt Heavner, Vice Chair*  
*Eric Stromberg, Charles Nakhleh and Jennifer Hollingsworth,*  
*Members*  
*Philo Shelton, Ex Officio Member*  
*Anne Laurent, Ex Officio Member*  
*Ryn Herrmann, Council Liaison*

**Wednesday, March 4, 2026**

**5:30 PM**

**Municipal Building, Council Chambers**

**Public Participation ~ in person or <https://us06web.zoom.us/j/87563449773>**

Members of the public may also participate remotely and provide public comment via Zoom.

Link ~ <https://us06web.zoom.us/j/87563449773> | Webinar ID ~ 875 6344 9773

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+1 669 444 9171 US

+1 312 626 6799 US (Chicago)

+1 360 209 5623 US

+1 386 347 5053 US

+1 507 473 4847 US

+1 564 217 2000 US

+1 646 876 9923 US (New York)

+1 646 931 3860 US

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+1 309 205 3325 US

**PUBLIC COMMENT:**

Oral comments are accepted during the periods identified on the agenda and after initial board discussion on a business item, prior to accepting a main motion on an item. Public comments are limited to three minutes per person. For those participating over Zoom, please use the raise hand function. If you are participating by phone enter \*9 to raise your hand. Please submit written comments to the board at [bpu@lacnm.us](mailto:bpu@lacnm.us).

1. **CALL TO ORDER**
2. **PUBLIC COMMENT**
3. **APPROVAL OF AGENDA**

4. **PRESENTATIONS**

- 4.a. [18394-26](#) Update from NMED on the Chromium Plume at Los Alamos, New Mexico

**Presenters:** Philo Shelton, Utilities Manager

5. **DEPARTMENT BUSINESS**

- 5.a. [19396-26](#) Department of Public Utilities Annual Report - Fiscal Year 2025

**Presenters:** Catherine D'Anna, Public Relations Manager

**Attachments:** [A - DPU Annual Report FY25](#)

- 5.b. [20885-26b](#) Review of the Proposed DPU FY2027 Budget

**Presenters:** Joann Gentry, Deputy Utility Manager-Finance & Admin.

**Attachments:** [A - Cash Reserve Guidelines Presentation](#)

- 5.c. [21209-26](#) Annual Update on Water System

**Presenters:** Clay Moseley, Deputy Utility Manager-GWS Services

**Attachments:** [A - Water Systems Annual Update 20260304](#)

6. **PUBLIC COMMENT**

7. **ADJOURNMENT**

*If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing or meeting, please contact Human Resources at 505-662-8040 as soon as possible.*

*Complete Board of Public Utilities agenda packets, past agendas, videos, legislation and minutes can be found online at <https://losalamos.legistar.com>. Learn more about the Board of Public Utilities at <https://ladpu.com/BPU>.*



# County of Los Alamos

Los Alamos, NM 87544  
www.losalamosnm.us

## Staff Report

March 04, 2026

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**Agenda No.:** 4.a.

**Index (Council Goals):** Quality Governance - Intergovernmental and Regional Relations; DPU FY26 - 5.0 Continuously, Conscientiously, Work Toward Environmental Sustainability; DPU FY26 - 6.0 Develop and Strengthen Partnerships

**Presenters:** Philo Shelton, Utilities Manager

**Legislative File:** 18394-26

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### **Title**

Update from NMED on the Chromium Plume at Los Alamos, New Mexico

### **Body**

Mr. Michael Petersen, M.S., Hydro Geologist with NMED, and Ms. Caitlin Martinez, Acting LANL Group Manager with NMED, will make the presentation on SIMR-3 well development, and Adaptive Site Management Process.

### **Attachments**

A - LANL Chromium Plume Presentation (will be shared when available)



# County of Los Alamos

Los Alamos, NM 87544  
www.losalamosnm.us

## Staff Report

March 04, 2026

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<b>Agenda No.:</b>	5.a.
<b>Index (Council Goals):</b>	DPU FY26 - 3.0 Be a Customer Service Oriented Organization that is Approachable, Communicative, Efficient, and Transparent
<b>Presenters:</b>	Catherine D'Anna, Public Relations Manager
<b>Legislative File:</b>	19396-26

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### Title

Department of Public Utilities Annual Report - Fiscal Year 2025

### Body

The department is required by charter to provide an annual report within 45 days of Council's acceptance of the ACFR.

### Highlights:

- \* The Utility Manager's overview for the year discusses how analyzing the DPU's financial performance post-audit helps us to plan and budget for future years. When we dig deeply to understand variances between our budgets and our results, we are better equipped to determine what our baselines should be, especially in consideration of challenges we've already identified. While we can't predict the future, we must do our best to project where we think we are headed and align that projection with the choices we make.
- \* This year's report includes a new "Impact by the Numbers" spread featuring quick numerical facts such as the number of incoming and outgoing calls through the Customer Care Center and the number of times DPU's items in the Library of Things were checked out.
- \* The latest review of the department's Mission, Vision, and Values resulted in some meaningful changes and the addition of an Ethics Statement. These changes are incorporated into the report.
- \* Accomplishments for the year are listed in alignment with strategic goals.
- \* DPU's Safety Employees of the Quarter for FY2025 are highlighted.
- \* Performance measures for each utility give a glimpse of the department's efforts in comparison with past years and other utilities. For the rate comparisons, we modified our methodology for simplicity and to bring them in line with how we do future projections. You'll see that the rate comparisons now show end-of-year rates rather than an averaging of rates that may, or may not, have changed throughout the year.
- \* Utility specific financial statements meet Charter requirements and give an in-depth view of DPU's revenues and expenses.

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The full report is also available online: [ladpu.com/FY2025AR](http://ladpu.com/FY2025AR).

**Attachments**

A - DPU Annual Report FY25

Jul 1, 2024 - Jun 30, 2025

# ANNUAL REPORT FY25

 **LOS ALAMOS**   
Department of Public Utilities



WE  
ARE  
WHO

## THE DPU IN A NUTSHELL

The Department of Public Utilities is county-owned. It provides Los Alamos County with electric, natural gas, water and wastewater services. Established under Article 5 of the 1968 Charter for the Incorporated County of Los Alamos, the DPU falls under the jurisdiction of the Board of Public Utilities.

Serving a population of 19,675 citizens with an authorized budget of approximately \$154 million, or 26.7% of the Los Alamos County budget, the DPU operates and maintains assets totaling \$217 million with about 100 employees.

Los Alamos is situated at the foot of the Jemez Mountains on the Pajarito Plateau with an elevation ranging from 6,200 to 9,200 feet. Because of this unique topography, DPU assets are incredibly complex for the population served. For example, Santa Fe serves its 88,000 citizens with four lift stations. Here in Los Alamos, our population is a fifth of that size but 25 lift stations are required to properly serve our citizens with wastewater services.



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**PHILO SHELTON /  
UTILITIES MANAGER**

June 2019 through present

- Professional Engineer
- Master of Science, Civil Engineering
- Bachelor of Science, Civil Engineering
- Master of Public Administration
- Certified Public Manager

**#RETROSPECT**

This 2025 Annual Report lists many of the DPU’s operational performance metrics and accomplishments. However, its primary purpose is to report the DPU’s financial performance for fiscal year 2025 and understand the variances presented for each utility fund.

This information is helpful in preparing budgets for fiscal years 2027 and 2028 and it becomes the baseline for preparing our 10-year budget projections. In coordination with the Board of Public Utilities, the DPU updates its strategic plan annually to adapt to and align with our ever-changing business environment. For example, DPU customers are conserving their use of electricity, water, and gas even while DPU has experienced an increase in customer accounts in each utility.

Utility	Increase in accounts	Decrease in usage
Electric	2.5%	3.3%
Water	1.6%	12.7%
Gas	0.8%	2.0%

The increase in customer accounts is primarily due to new apartment units. We continue to see more units added to housing inventory as a result of the County’s housing initiatives. The apartments on DP Road are all-electric units, which explains why there is a larger increase in electric accounts over gas. Also, water at these apartments is not individually metered.

As we attempt to keep each respective utility fund healthy, the reduction in commodity usage challenges the rate setting models and practices we’ve used in the past. For the FY26 and FY27 electric rate increases approved in June 2025, the DPU shifted administration and interdepartmental fixed costs so that they are covered by the monthly service charge. We

will need to do the same with future water and gas rate increases as the department continues to implement the cost-of-service approach for rate setting.

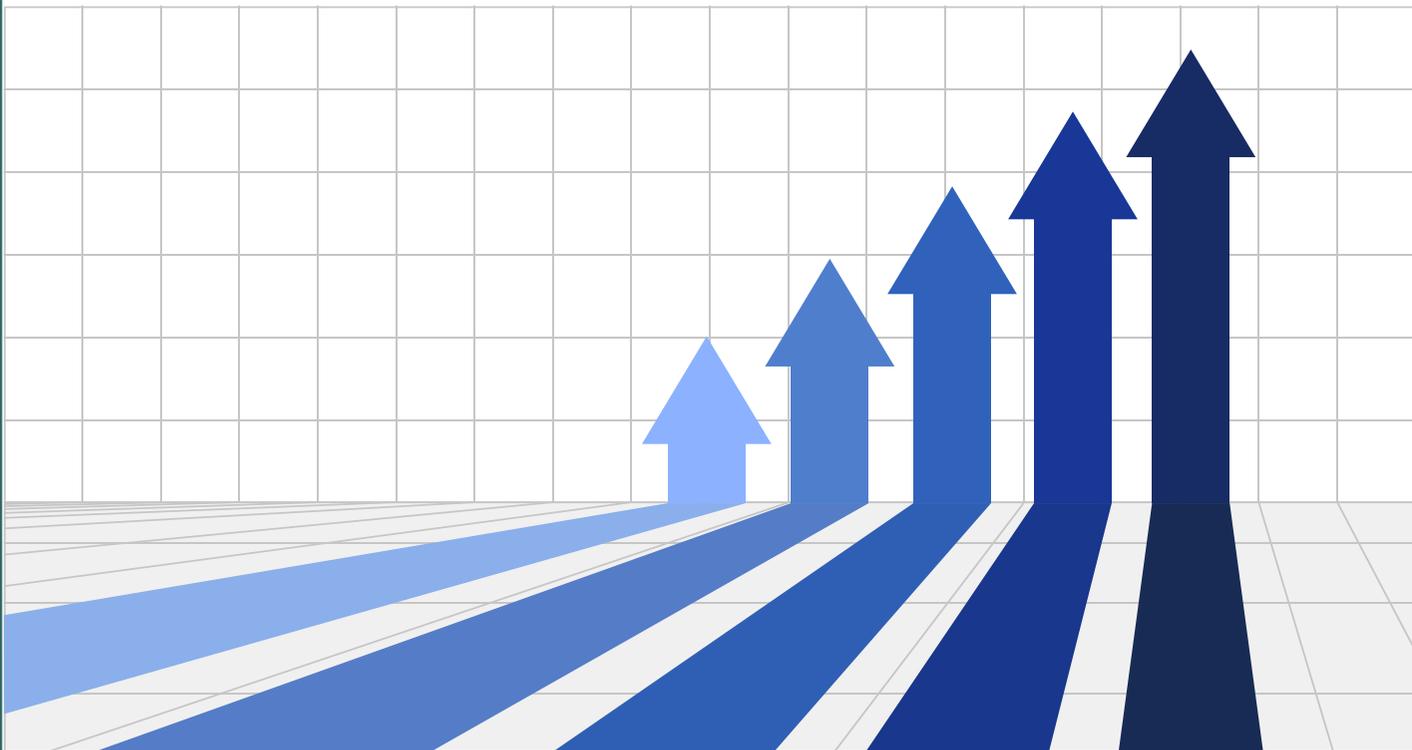
DPU completed a Distribution System and Electrification Plan to assist with our strategic plan's goals and objectives that relate to energy transition to electrification and carbon-free energy. This plan developed a long-term roadmap for the department to follow. It supported the implementation, through advanced metering infrastructure, of a residential time-of-use and demand rate structure, to take effect in FY27.

More challenges to the electric utility include renewing an Energy Coordination Agreement with LANL; implementing overhead make-ready designs prepared by the Los Alamos Community Broadband project (Atomic Fiber); bringing the Foxtail Flats Solar and Battery Project online; and planning for our participation in the Extended Day-Ahead Market (EDAM) that Public Service Company of New Mexico (PNM) will join in the fall of 2027. EDAM will transform how power is scheduled and sold across the west, creating a larger regional marketplace with new rules and operating practices. Over time, participation in EDAM should provide access

to more affordable resources and greater flexibility.

While I believe the state of the utility is strong, other issues that face the department for water, gas, and sewer include the following:

- 1) Another round of replacing corroded water valve bonnet hardware within the North Community neighborhoods where Burned Area Reconstruction efforts occurred in the early 2000s,
- 2) The chromium plume's continued impact on Water Production's Pajarito Well 3,
- 3) The impact of PFAS settlement litigation and new regulation on water and sewer operations,
- 4) The transition for Elk Ridge Park residents to a new gas distribution system,
- 5) Sewer backups that are frequently caused by the community's use of flushable wipes as well as the challenge of replacing the sewer system's vitrified clay pipes, and finally
- 6) Determining how to best meet the needs of the growing community and LANL's expanded mission.





# STATS

SERVICE AREA	
Population	19,675
Footprint	109 sq mi

EMPLOYEES	
Full Time	104
Part Time	3.65

TOTAL REVISED BUDGET
\$146,549,308

AVG CUSTOMER COUNT	
Electric	8,888
Natural Gas	7,640
Water	7,196
Wastewater	7,323

TOTAL VALUE OF ASSETS	
Electric	125,750,378
Natural Gas	14,573,852
Water	104,428,487
Wastewater	74,532,790
Joint Utility Assets	\$319,285,507

# OUR

# ELECTRIC

## PRODUCTION (renewable)

El Vado hydroelectric plant (8.9 MW)  
Abiquiu hydroelectric plant (17 MW)  
WAPA federal hydroelectric entitlement (1 MW)  
Utility-scale photovoltaic array, landfill (1 MW)

## PRODUCTION (non-renewable)

Laramie River Station entitlement (10 MW)  
Mercuria contract (40 MW)  
Market purchases (variable)

## DISTRIBUTION

3 substations  
236 miles of distribution lines (66%  
underground, 34% overhead)  
2,387 utility poles  
2,010 transformers  
9,000+ meters

# NATURAL GAS

3 entry border stations  
20 pressure regulating stations  
131 miles of distribution lines  
89 miles of delivery lines  
8,275 meters

# WATER

## PRODUCTION

12 production wells  
26 tanks  
17 booster stations  
37.5 MGal of storage  
4 disinfection facilities  
4 pressure regulating stations  
52 miles of transmission lines

## DISTRIBUTION

132 miles of distribution lines  
71 pressure regulating valves  
7,852 meters

## NON POTABLE

Los Alamos Canyon Dam  
Ski Hill Catchments  
6 tanks/reservoirs/ponds  
4 pressure regulating stations  
14 miles of transmission lines  
8 meters  
4 booster pumping stations

# WASTEWATER

## COLLECTION

119 miles of collection mains  
44 miles of delivery lines  
25 lift stations  
2,711 manholes

## TREATMENT

LA treatment facility  
WR treatment facility  
Biosolids composting facility

# #IMPACT

**5**  
*Awards earned  
 in Fiscal Year 2025*




**15,750**  
 Incoming  
 calls

**14,847**  
 Outgoing  
 calls




**112,019**  
 bills produced

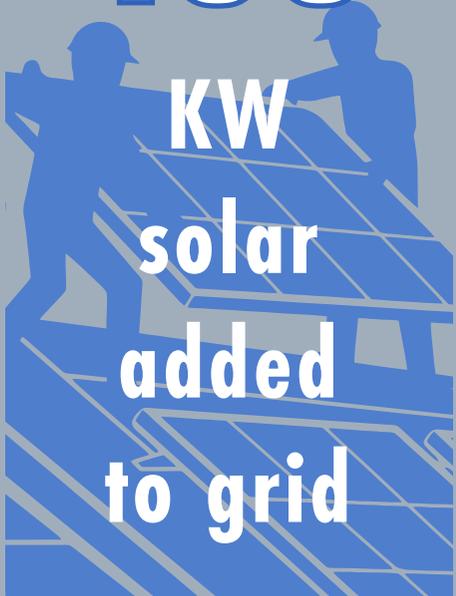
**102,085**  
 payments  
 processed



**18**  
 capital  
 projects  
 completed



**188**  
 KW  
 solar  
 added  
 to grid



**125**  
**Library of Things**  
**circulations\***

\* DPU items include thermal cameras, induction cooktops, and Kill-A-Watt meters



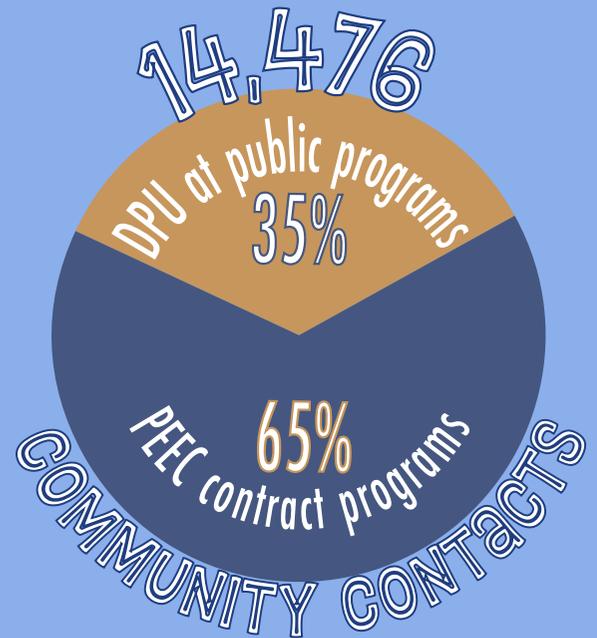
**52**

**VIDEOS & REELS**  
**ADDED TO DPU'S**  
**YOUTUBE CHANNEL**

**\$27.9k**  
 given by customers  
 to support  
 Utility Assistance Program



**\$24.2k**  
 applied to utility  
 accounts of customers  
 in need



**Los Alamos Now**  
**App**

**7,059** logins



**1,053** Paid utility bills

**673** Checked utility usage

**25%** Total app usage

**23,724**  
 meters  
 maintained



# DPU SENIOR MANAGEMENT TEAM



**PHILO SHELTON**  
Utilities Manager



**JAMES ALARID**  
Deputy UM:  
Engineering



**JOANN GENTRY**  
Deputy UM:  
Finance/Administration



**CATHY D'ANNA**  
Public Relations Manager

With their diverse depth of knowledge in multi-service utilities, power systems and public works organizations, the DPU's management team brings a results-driven leadership style to our staff of 100 employees in power production, electric distribution, water production, gas and water distribution, wastewater collection and treatment services, engineering, administration, finance, public relations, conservation and customer service.



**STEPHEN MAREZ**  
Deputy UM:  
Electric Distribution



**CLAY MOSELEY**  
Deputy UM:  
Gas, Water & Sewer



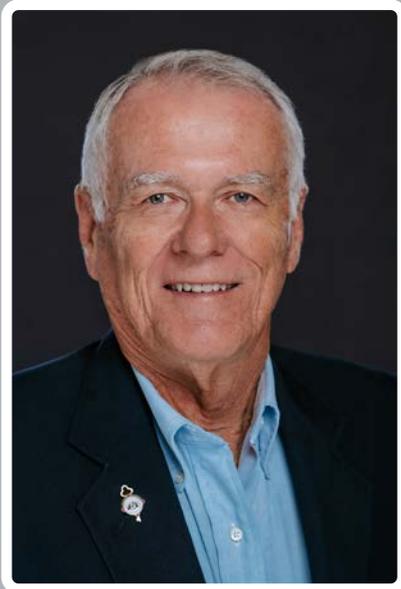
**BEN OLBRICH**  
Deputy UM:  
Electric Production



**KATHY CASADOS**  
Executive Assistant



# BOARD OF PUBLIC UTILITIES FY2025



**ROBERT GIBSON**  
**Chair**

Appointed: July 2023

1st Term: July '23 - June '28

Chair: 2024, 2025

Council Liaison to BPU: 2008

Previous term: 2001-2006

Chair: 2 years

Vice Chair: 2 years



**ERIC STROMBERG**  
**Vice Chair**

Appointed: July 2020

1st Term: July '20 - June '25

Vice Chair: 2024, 2025



**CHARLES NAKHLEH**  
**Member**

Appointed: July 2022

1st Term: July '22 - June '27

Consisting of five voting members and appointed by the Los Alamos County Council, the Board of Public Utilities is the governing body for the DPU. Members reside in Los Alamos and are customers of the department. For calendars, policies and procedures, agendas, minutes and videos of meetings, visit [LADPU.com/BPU](http://LADPU.com/BPU).



**MATT HEAVNER**  
**Member**

Appointed: January 2024

1st Term: Feb '24 - June '26



**JENNIFER HOLLINGSWORTH**  
**Member**

Appointed: July 2024

1st Term: July '24 - June '29

The BPU normally holds work sessions on the first Wednesday and regular sessions on the third Wednesday of each month. Meetings begin at 5:30 p.m. in Council Chambers. Agendas are published at least 72 hours prior to each meeting. Members of the public are encouraged to attend and can participate either in person or via Zoom. Proceedings are also streamed online at [LADPU.com/BPUliveproceedings](http://LADPU.com/BPUliveproceedings). The BPU calendar is available online at [LADPU.com/BPU](http://LADPU.com/BPU).

OUR BOARD

# #MISSION



To provide safe, reliable, economical, and environmentally responsible utility services

# #VISION



Continually earn community trust through exceptional utility services

# #ETHICS

*Our Customers place their trust in the Department to fulfill our Mission. To promote and maintain the highest ethical standards of personal and professional conduct, we are committed to our Values.*

# #VALUES



**WE VALUE**

community, employees, partners and the environment through:



**Safety**



**Trust**



**Professionalism**



**Customer Service**



**Fiscal Responsibility**



**Ethical Behavior**



**Communication**



**Collaboration**



**Innovation**



**Fairness**

# STRATEGIC FOCUS AREAS

## O OPERATIONS & PERFORMANCE

**GOAL:** Provide utility services safely, reliably and efficiently

- Efficiently implement and maintain secure and reliable business systems
- Ensure utility control and mapping systems and processes are accurate, safe and secure
- Establish a plan to upgrade electric supply and distribution systems that replaces aging assets, meets the needs of all-electric buildings and electric vehicles, and maximizes the benefits of distributed energy resources
- Develop a culture of continuous improvement
- Be flexible and adaptable in delivering all utility operations

## F FINANCIAL PERFORMANCE

**GOAL:** Achieve and maintain excellence in financial performance

- Control costs and maintain adequate revenue to provide a high level of service, now and into the future, while keeping rates competitive with similar utilities
- Take advantage of favorable loan/grant opportunities
- Meet financial reserve targets within our 10-year financial policy, with a debt coverage ratio of 1.3 or greater every fiscal year
- Conduct cost of service studies for each utility at least every 5 years

## C CUSTOMERS & COMMUNITY

**GOAL:** Be a customer service-oriented organization that is approachable, communicative, efficient and transparent

- Customer service processes and systems are efficient, secure and user-friendly
- Inform customers about Utilities operations and plans affecting the community and create opportunities for constituents to engage
- Utilize customer feedback to improve utility plans and operations
- Educate Board Members on markets, contracts and production options for all utility resources

# #GOALS

## W WORKFORCE

**GOAL:** Sustain a capable, satisfied, engaged, ethical and safe workforce focused on customer service

- Sustain an environment where employees are empowered, engaged, satisfied and fairly compensated
- Promote a culture aligned with the DPU's Mission, Vision and Values
- Promote workforce retention by investing in employee training and professional development

## E ENVIRONMENTAL SUSTAINABILITY

**GOAL:** Continuously, conscientiously, work toward environmental sustainability

- Promote utility efficiency through targeted conservation programs
- Be a net carbon neutral electric provider by 2040
- Support phase-out of natural gas service by 2070 with at least a 10% reduction in usage by 2030 as measured by annual therms per heating degree day compared to a 2016-2020 average
- Reduce potable water use by 12% from 143 gallons per capita per day (GPCPD, 2020 calendar baseline) to 126 GPCPD by 2030
- Expand use of Class 1A effluent water
- Support customer electrification and other sustainability efforts with education and technical support

## P PARTNERSHIPS

**GOAL:** Develop and strengthen partnerships

- Strengthen existing partnerships (e.g. community members, LANL, DOE, pueblos, NM and federal government, neighboring municipalities, LAC schools, County Council) and identify new potential partnering opportunities
- Collaborate with other Los Alamos County departments on implementation of County sustainability goals including the Climate Action Plan
- Continue to coordinate infrastructure construction projects as early as possible between DOE, San Ildefonso Pueblo, DPU and Public Works, especially for communications infrastructure
- Pursue timely renewal of the Energy Coordination Agreement

# ACCOMPLISHMENTS 2025

by Strategic Focus Area

## OPERATIONS & PERFORMANCE

- The DPU earned an award of accreditation from the American Public Works Association after scoring a 100% rating and full compliance with all applicable practices. The DPU and LANL are the only two agencies in New Mexico with this accreditation.
- The construction of the non-potable Bayo Booster Tank was selected as the Best Municipal & Utilities Project of the Year for 2025 by the Associated General Contractors of America.
- About 18,000 feet of 16" concrete cylinder waterline along NM-4 was replaced between White Rock and the NM-502/NM-4 intersection. Additionally, a conduit and manhole system for installation of a future middle mile fiber line was constructed within the same space in coordination with San Ildefonso Pueblo.
- Several celebrations were hosted by the DPU, including the Los Alamos Canyon Reservoir Grand Re-opening, the EV Fast Charger Ribbon Cutting, and the White Rock Water Resource Reclamation Facility (WRRF) Ribbon Cutting.



## FINANCIAL PERFORMANCE

- A Distribution System and Electrification Plan was developed to guide long-term infrastructure investment. It included analysis of current infrastructure and modeling to forecast future electric demand. Results were shared in a public town hall.
- The department achieved its goal to stay at or above a debt coverage ratio of 1.3.
- The NMMEAA agreement for the County's wholesale natural gas supply includes a negotiated discount. In Q3, this discount was re-established at a much higher rate than ever before. In the last quarter, this increase saved Los Alamos up to 37% off the monthly cost of gas.
- A new time-of-use and residential demand rate structure for electricity was approved by the BPU and County Council.



## CUSTOMERS & COMMUNITY

- In October 2024, the DPU received two awards from the American Public Power Association. One was a Public Power Customer Satisfaction Bronze-Level Award and the other was an Excellence in Communications Award.
- Inspired by positive response to the ribbon cutting for the WRRF, the DPU launched public tours of the facility, a.k.a. Sewer Tours. Four public tours were held between March and June with 20 spaces filled for each one.
- The DPU's Facebook following increased significantly, from 2,425 followers on July 1, 2024, to 4,258 followers on June 30, 2025. During the same period, content interactions increased by 193.3% to 12,700. Interactions include likes or other reactions, saves, comments, shares and replies.
- The DPU and UAMPS sent high school junior Mila Moseley to the ICUA Youth Rally in Idaho where she learned about government, consumer-owned utilities, and the energy industry.



## WORKFORCE

- Of the DPU's 100 employees, 29 were promoted in FY2025, and six of them were promoted twice. Most of these promotions resulted from the successful completion of additional education and industry certifications.
- GWS crews replaced corroded water valve hardware at 72 locations in the Quemazon and North Community neighborhoods. Installed during the Burned Area Reconstruction period in the early 2000s, the valves required coordinated weekend and evening work over three months, demonstrating strong teamwork and commitment to maintaining reliable water service.
- The DPU's list of staff with Registered Professional Engineer (PE) certificates grew to six and the number of Project Management Professional (PMP) certificates grew to two with additional staff working toward the certification.
- The department now has a certified Electric Coach, earned through a program sponsored by Rewiring America.



## ENVIRONMENTAL SUSTAINABILITY

- DPU conducted focus groups in preparation for a large survey to better understand community sentiment regarding the eventual phase out of natural gas and transition to all-electric appliances, furnaces and water heaters.
- DPU presented the C-PACE resolution to the BPU and County Council. The Commercial Property Assessed Clean Energy program offers alternative sources of financing for improvements to commercial properties. Because County Council accepted the resolution, local business owners in Los Alamos County can now participate in and benefit from this state-authorized program.
- The department received the 2025 Sustainable Los Alamos award from the Los Alamos Chamber of Commerce.
- The tertiary filtration system at the LA-WWTP was completed, allowing for production of Class-1A effluent. The value of this achievement was immediately evident with a massive decrease in total suspended solids and turbidity index numbers.



## PARTNERSHIPS

- The department continued its membership in Utah Associated Municipal Power Systems (UAMPS). Through this association, the DPU explored long-term energy resource options for our community.
- The Board of Public Utilities solidified its presence at local farmers markets in scheduled coordination at the Los Alamos County Council booth.
- In partnership with the Los Alamos Fire Department, the annual fire hydrant testing and replacement program resumed after a hiatus caused by staffing shortages in previous years. The program identified 20 hydrants needing replacement.
- The DPU partnered with Emergency Management and Social Services to provide cooling stations around the county.
- EP staff coordinated with PNM, LANL utilities, and NM state emergency management staff to develop a shared understanding of PNM's new initiative, Public Safety Power Shutoffs, which affects all parties and potentially impacts the DPU's customers.



# SAFETY



## Safety Culture Vision

The DPU seeks to create a safety culture where employees practice safety every hour on the job, while no one is watching, because they want to and not because they have to. To create this safety culture, DPU employees believe in:

- Putting safety first
- Leading by example
- Establishing and enforcing a high standard of work performance
- Briefing or tailgating before every job
- Making work and safety suggestions

## Safety Committee

DPU employees representing each utility division comprise the 13-person Safety Committee. They hold a committee meeting quarterly to review and share best practices. They also analyze accidents, incidents and near misses, and discuss and implement appropriate prevention measures.

Each member of the Safety Committee is responsible for moving that discussion forward to the rest of the staff at the next weekly group meeting and sharing agreed-upon prevention measures.

## Safety Employee

The Safety Employee of the Quarter program was developed by the Safety Committee with an intent to reward those who most clearly and effectively demonstrate DPU's Safety Culture Vision.

DPU employees may nominate fellow employees who exemplify the Safety Culture Vision at any time. Safety Committee members review the nominations each quarter and select one person to recognize and reward with an extra day of administrative leave.

# FY2025 SAFETY EMPLOYEES OF THE QUARTER

The most fundamental reason to focus on a safe work environment is simple. We must protect our most valuable resource: PEOPLE. We care about the safety of employees, contractors and customers. Furthermore, a focus on safety is proven to improve productivity, quality of product, and even the financial position.

**DIEGO MIRAMONTES** champions safety for Water Production. Under his own initiative, Diego is researching a new type of pipe cutter for transmission pipe that does not require staff to enter trenches with a demo saw, which would be a great safety improvement for WP.

**JOSH RODRIGUEZ** was nominated for Safety Employee of the Quarter by his supervisor because, among other things, he persistently speaks up to remind his fellow coworkers to wear appropriate PPE, especially for hot work. His attention to safety detail at job sites is top notch!

**GARY TRUJILLO** was recognized by a community member for going above and beyond to help a senior citizen in distress, first when the man had car trouble and then by calling 911 when the man began to experience physical distress. Gary kept him calm and safe and was greatly appreciated by those who witnessed the situation.

**TRACEY ALARID** proved safety matters even in the administrative environment when she held a pre-setup meeting for the Customer Service Fair to ensure everyone was aware of their responsibilities to set up and break down their tables and exhibits safely and in consideration of a potential crowd.

Q4 / FY25



**DIEGO MIRAMONTES**  
Water Sys Apprentice 1  
Water Production

Q3 / FY25



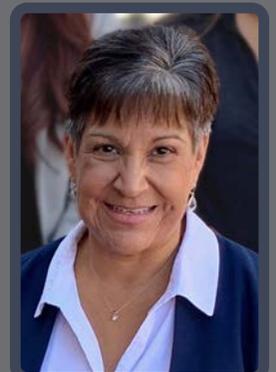
**JOSH RODRIGUEZ**  
Journeyman Lineman  
Electric Distribution

Q2 / FY25



**GARY TRUJILLO**  
Water Sys Electric Tech  
Water Production

Q1 / FY25



**TRACEY ALARID**  
Management Analyst  
Finance & Admin

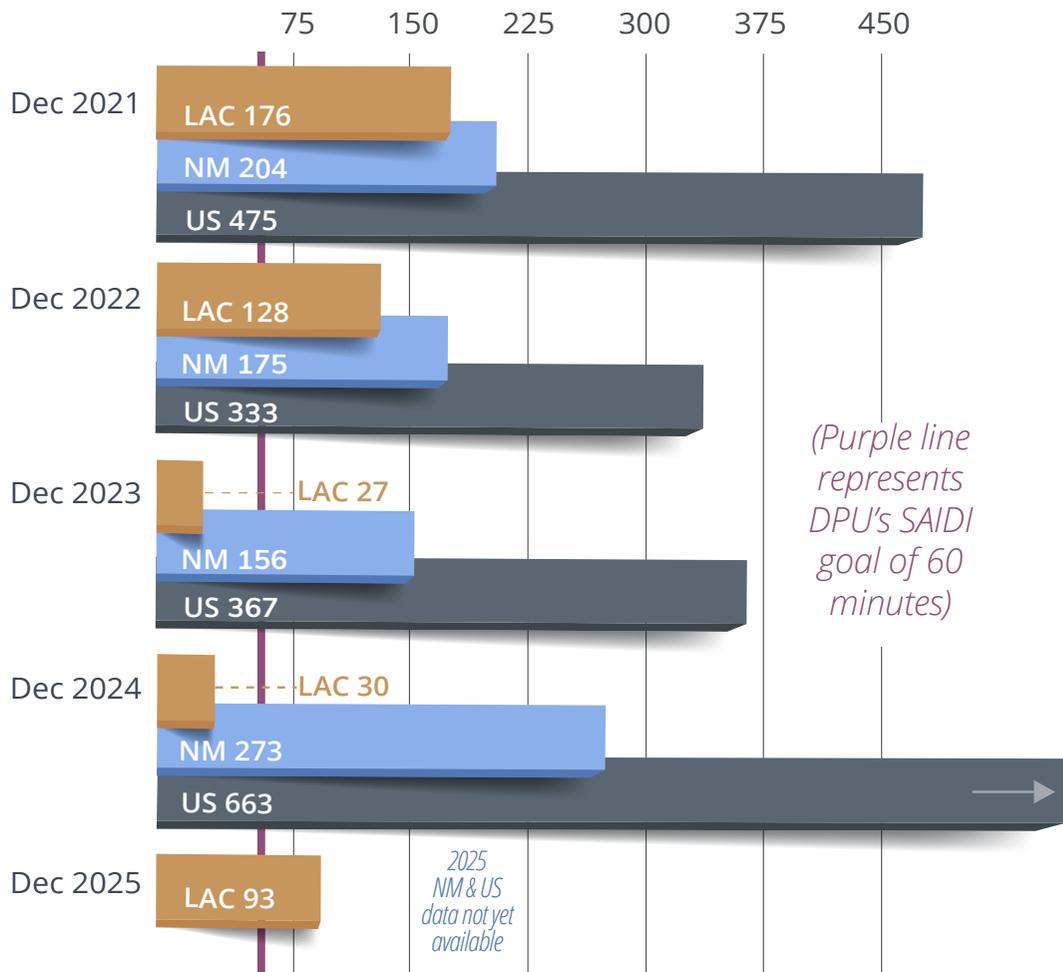
PUBLIC POWER  
CUSTOMER  
SATISFACTION  
AWARD  
BRONZE  
LOS ALAMOS COUNTY  
DEPARTMENT OF PUBLIC UTILITIES

# DATA ANALYSIS



# #ELECTRIC

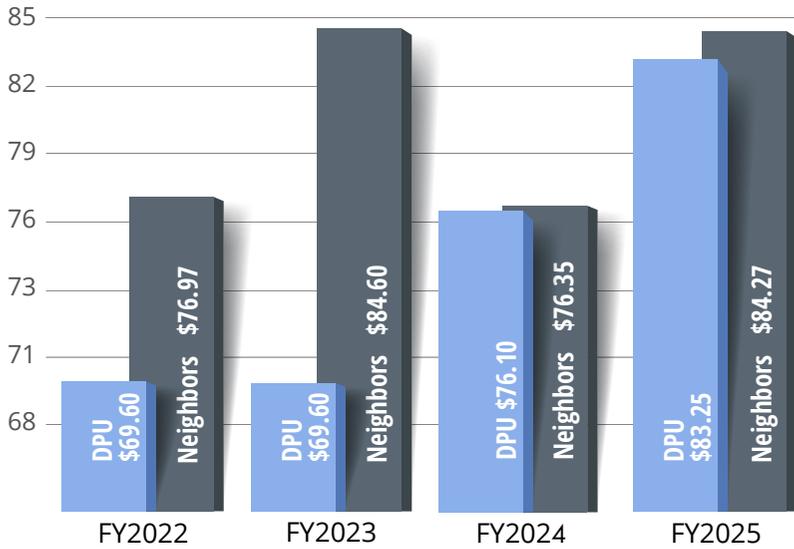
## System Average Interruption Duration Index



Overall reliability performance is measured using the System Average Interruption Duration Index (SAIDI). This measure represents the average outage duration for each customer served in a year, so lower is better. DPU's SAIDI goal for the measure is to be under 60 minutes. Just one outage can cause the SAIDI to rise quickly if it affects many customers and isn't resolved quickly. As a rolling average, any outage impacts the SAIDI for an entire year before it can roll away. After a series of large outages in FY2022, DPU's SAIDI began trending downward, dropping below 60 in the fall of 2023. It ranged from 10 to 47 minutes throughout all of FY2025. This success can be attributed to aggressive tree trimming and system maintenance efforts. In August 2025, a backup transformer in White Rock failed while the main transformer was down for maintenance and the SAIDI spiked as a result. Still, DPU's SAIDI has stayed well below the average for New Mexico utilities and utilities across the U.S. These comparables include not only municipally-owned utilities, but also cooperatives and investor-owned operations.

*SAIDI information from New Mexico and U.S. utilities comes from the U.S. Energy Information Administration website: <https://www.eia.gov/electricity>. Calendar year 2025 data for NM and US will be updated in fall 2026. The reported numbers include major events, however, local numbers exclude outages caused by LANL's distribution system and the transmission line belonging to PNM.*

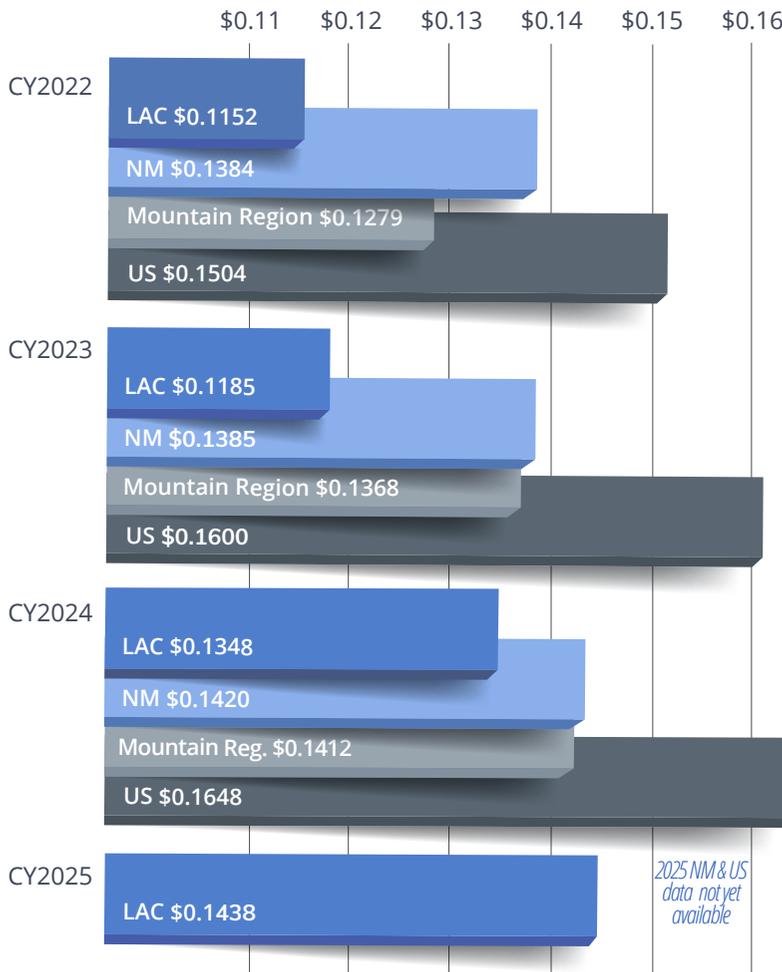
## Typical Residential Bill for 500 kWh Electricity



DPU measures its marketplace performance by assessing the typical monthly residential bill for 500 kWh with its neighbors: PNM, Kit Carson Electric and Jemez Mountain Electric Cooperatives. In FY24 and FY25, DPU implemented rate increases necessary to continue covering the costs incurred while providing electricity to the community. At the end of FY25, DPU's typical monthly electric bill for 500 kWh was \$83.25, just shy of the average of our neighbors.

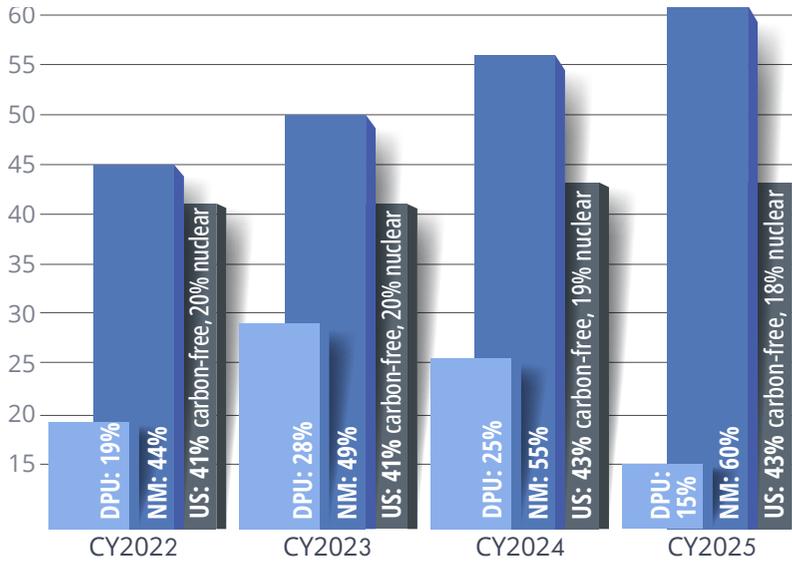
*Please note, the 500 kWh bill for Kit Carson Electric dropped significantly in FY2024 due to a reduced fuel adjustment factor, affecting the Neighbors' average. It went back up in FY2025.*

## Average Price of Residential Electricity per kWh



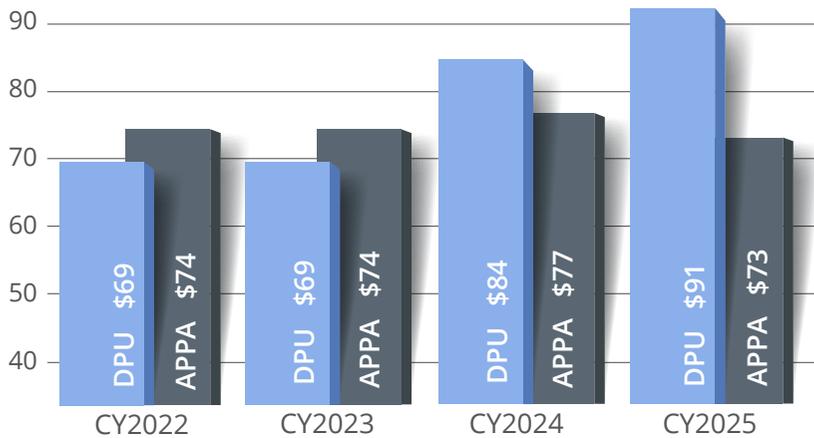
Another way that DPU assesses the fairness of its electric rates is by comparing against other utilities as listed by the U.S. Energy Information Administration (EIA). After rate increases in October 2023 and July 2024, DPU's average price per KWH moved closer to the averages for the state of New Mexico, the Mountain Region, and the whole country. A steady annual increase can be seen not only for the County, but also for the Mountain Region and the whole Country. The following states are in the Mountain Region: Arizona, Colorado, Idaho, Nevada, New Mexico, Utah and Wyoming. The 2025 data from EIA will be updated in fall 2026.

### Percent of Energy Generated by Renewable Energy Resources



The national average for carbon-free electrical energy is about 43%, with just under half coming from nuclear power facilities. In CY2025, 15% of DPU's energy was generated from renewable energy. DPU's renewable energy generation came from two county-owned hydroelectric plants and federal hydroelectric entitlement. DPU's renewable source total has dropped because an additional resource, a power purchase agreement with Uniper Global for 15 MW of New Mexico wind and solar, was terminated in March 2024. DPU's goal is to have 100% carbon-free power by 2040.

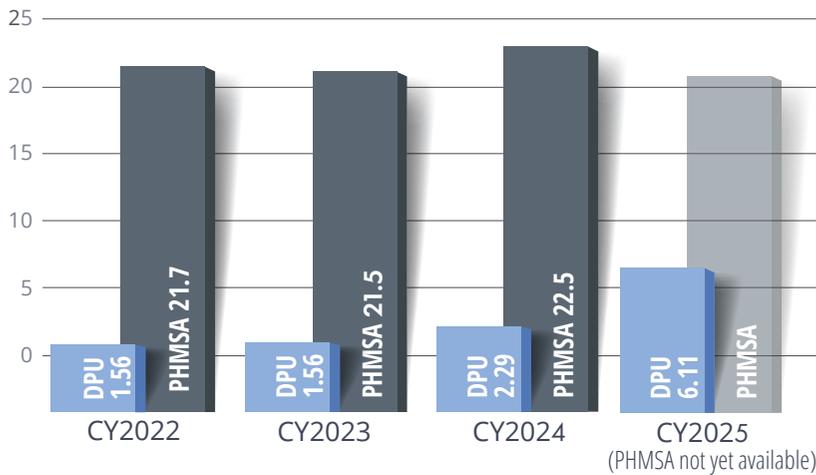
### Total Energy Supply Expense per MWh Sold



DPU strives to efficiently supply energy to customers to meet energy demands. We compare our total energy supply expense per MWh sold (which includes generation and purchased energy associated with the sale of each megawatt hour) to the APPA as an industry standard. In 2025, DPU exceeded the APPA's third quartile value for total energy supply costs. Our CY2025 total energy supply expense per MWh sold was \$91. DPU's increase in cost is a consequence of the termination of the Uniper contract.

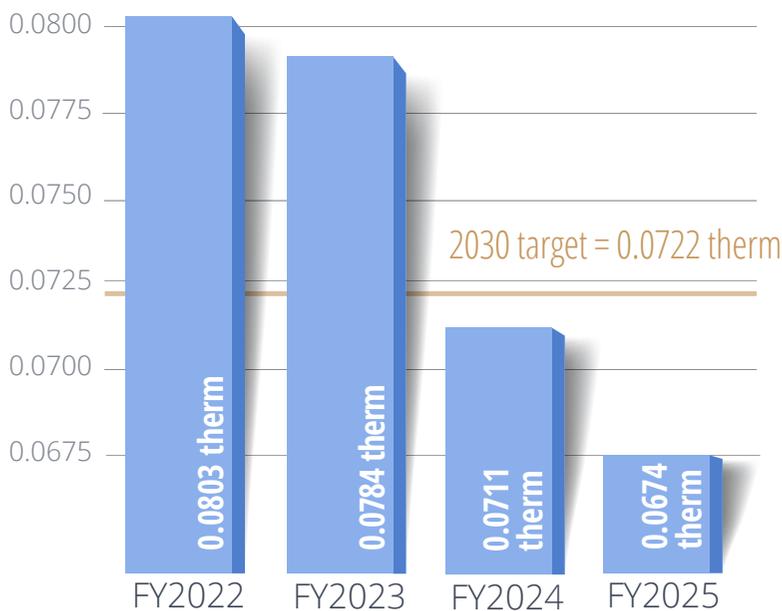
# #NATURALGAS

**PHMSA Reportable Main Pipeline Leaks**  
per 100 miles of Pipeline



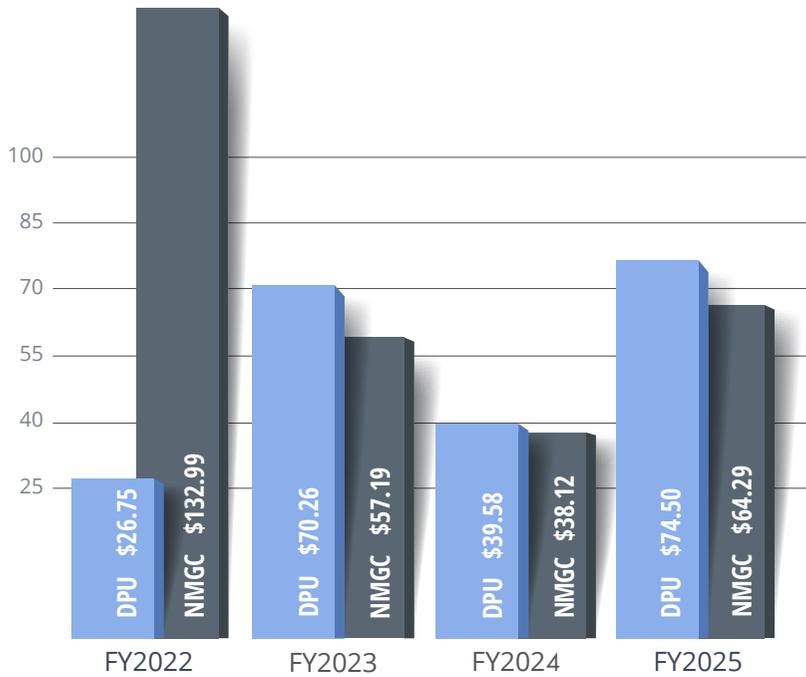
Pipeline and Hazardous Materials Safety Administration (PHMSA) is a U.S. Department of Transportation agency, responsible for developing and enforcing regulations for the safe, reliable, and environmentally sound operation of natural gas. Comparing the leak total to the average number of PHMSA reportable gas leaks is a useful measure of DPU's overall quality and reliability of the gas distribution system. PHMSA factors in reported data for all natural gas pipeline operators. Fewer gas leaks are desirable and speak to the overall operation and maintenance of the distribution system. DPU aims to stay below the PHMSA measure reported for the previous calendar year.

**Therms per Capita**  
per Heating Degree Day



DPU has a goal to phase out natural gas service by 2070 with a reduction in usage of at least 10% by 2030. This reduction is measured by annual therms per heating degree day compared to a 2016-2020 baseline per capita average of 0.0802 therm, which gives us a per capita goal of 0.0722 therm. In FY2024, DPU's measure fell below that target and in FY2025, it continued dropping.

## Average Monthly Residential Gas Bill based on 75 Therms

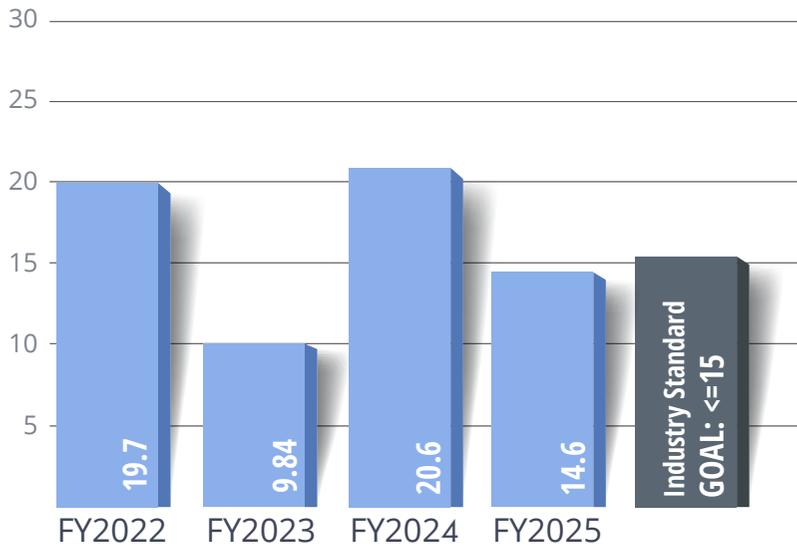


DPU measures its marketplace performance by assessing the Average Monthly Residential Gas Bill with its neighbor: New Mexico Gas Company (NMGC). The graph to the left demonstrates DPU's commitment to providing a high-level of customer service while keeping rates competitive with comparable utilities. In June 2022, NMGC had a cost of gas rate of \$1.33 per therm—a rate that was about triple from the year before. DPU's variable rate per therm was \$0.00. Meanwhile, DPU's total consumption charge per therm was down about 50% from the previous year. DPU then passed the ordinance setting the minimum variable cost of gas at \$0.11 per therm. Also, when unprecedented cost-of-gas increases occurred in FY2023, a temporary recovery charge of \$0.44 per therm was added to the rate. This charge enabled DPU to recover costs that weren't previously captured under the pass-through rate, and was discontinued in February 2024.



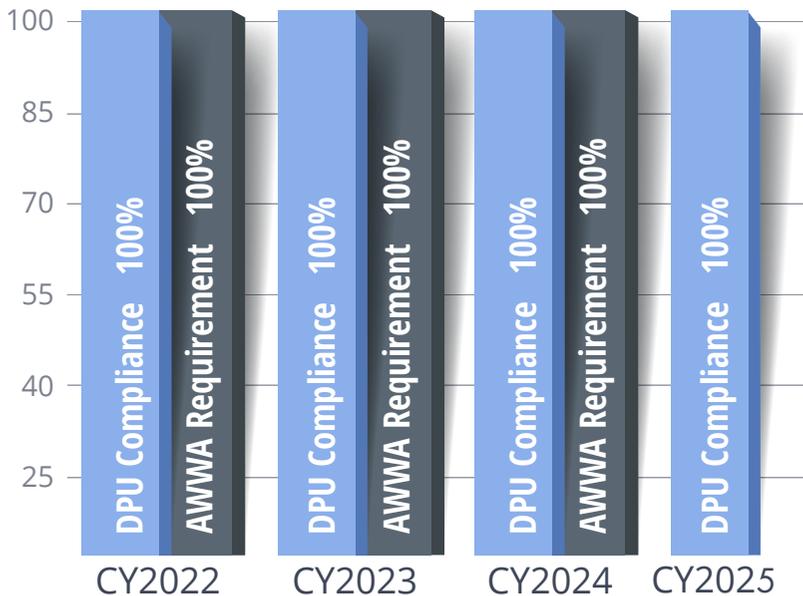
# #WATER

**Water Main Leaks & Breaks**  
per 100 Miles of Main Pipeline  
(Water Distribution Division)



DPU evaluates annual trends when it comes to water main leaks and breaks. Additionally, a goal of no more than 15 leaks/breaks per 100 miles of main pipeline has been established by the Partnership for Safe Water Distribution System Optimization Program under the American Water Works Association (AWWA). This industry standard is a useful way to assess the overall quality and reliability of the water distribution system. In FY2024, DPU learned that a specific type and brand of water valves were prone to failure when they caused cascading breaks. An immediate plan to replace these valves was put in place to prevent the same type of situation in future years and that seems to have made a difference in FY2025.

**Drinking Water Compliance**  
(Water Production Division)



Results for meeting our legal and regulatory requirements in water treatment are included in the graph to the left. Drinking Water Compliance is measured by the number of days in full regulatory compliance as a percent of all days for the potable water system. DPU has historically performed very well in this area with 100% compliance with regulatory requirements, demonstrating a strong commitment to safety. This measure is compared to the previous year's measure from AWWA.

### Gallons per Capita Daily (Water Consumption)



The BPU previously adopted an environmental goal to reduce the gallons per capita per day by 12 percent using 2006 fiscal year data as the baseline. After considerable progress toward the goal, the original target of 143 GPCD annually was updated to include an additional 12% reduction in consumption by 2030 using 2020 calendar year data as a baseline. The updated goal is equivalent to consumption of no more 126 GPCD annually. In FY2025, DPU exceeded again the goal. The AWWA median daily per capita consumption dropped from 111.7 to 107.5 as reported in its annual benchmarking performance report.

### Average Residential Water Bill based on 6,000 Gallons per Month



DPU measures its marketplace performance by comparing the residential bill for 6,000 gallons per month with those of its neighbors: Española and Santa Fe. The graph to the left demonstrates DPU's commitment to providing a high-level of customer service while keeping rates competitive with similar comparable utilities. In FY25, DPU's monthly residential water bill based on 6,000 gallons of consumption was \$58.19. While DPU has raised water rates annually for several years, the cost to customers still remains below neighboring rates.

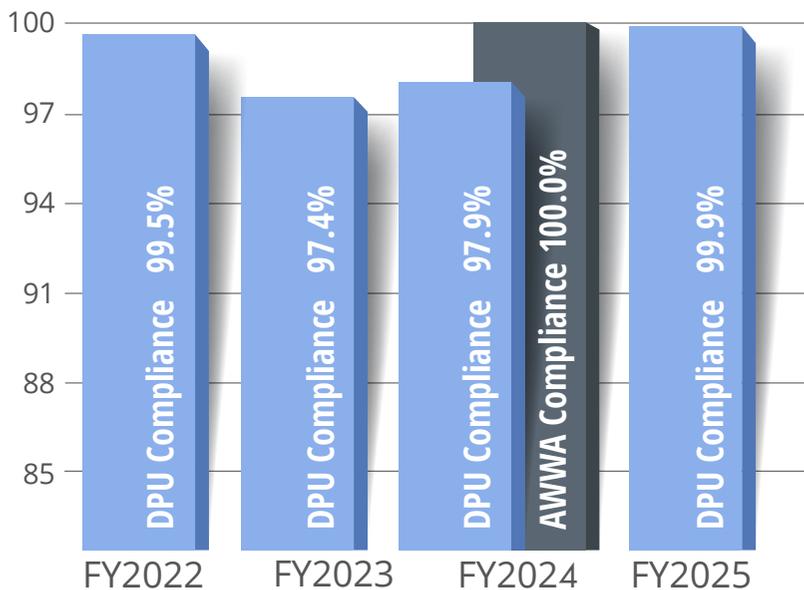
# #WASTEWATER

**Sludge to Compost**  
Dry Metric Tons Treated



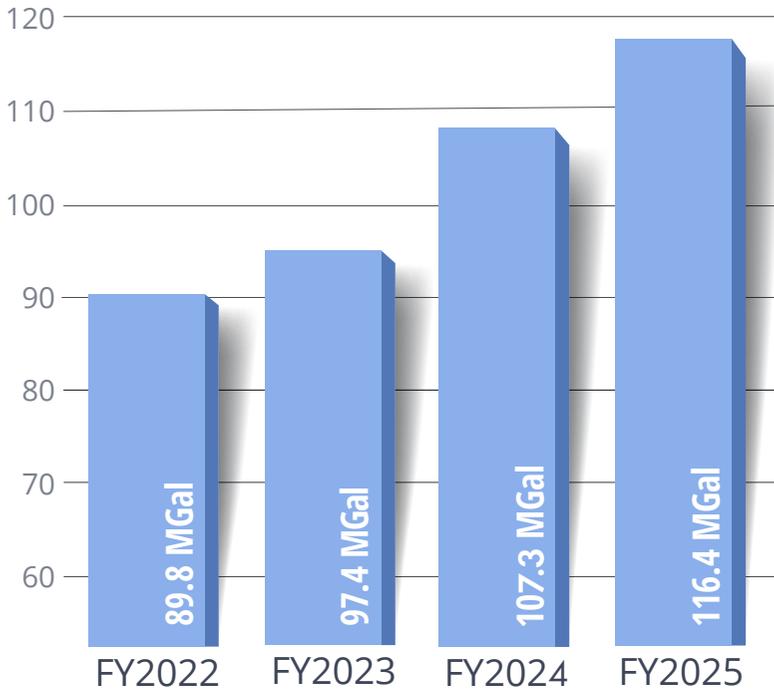
At the Los Alamos Wastewater Treatment Plant, sludge is dewatered and treated so that the resulting biosolids may be used as a component in the composting operation. The treatment stabilizes these biosolids so that they are safe to use as soil amendments or mulch in landscaping, horticulture, and agriculture. These biosolids are measured in dry metric tons, and must meet the Environmental Protection Agency's (EPA) pollutant and pathogen requirements for land application and surface disposal. DPU is required to report dry metric tons treated to the EPA and the New Mexico Environment Department (NMED).

**Wastewater Treatment Compliance**



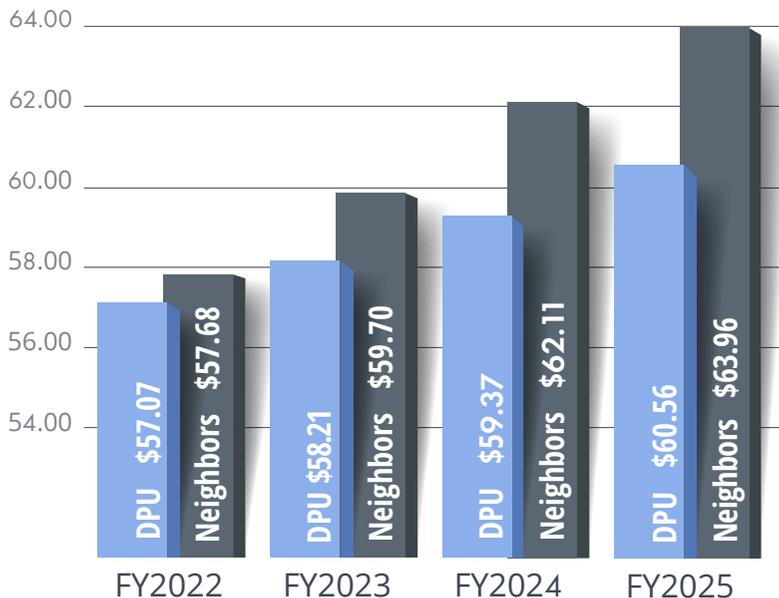
Tracking wastewater treatment compliance results ensures that DPU protects our surrounding environs and natural resources. The measure is defined as the number of permit parameter test results found in compliance as a percentage of all permit parameter tests required. Because the DPU aims to stay at or above the AWWA median compliance rate, we set our target at the previous year's AWWA result. In Los Alamos, there are 50 to 55 permit parameter tests required each month at both plants. An example of a permit parameter test is the requirement that the daily pH is between 6.6 and 9.0. In FY25, the DPU's wastewater treatment compliance was 99.9%. We have seen improvement in this number since the White Rock wastewater plant was replaced with the Water Resource Reclamation Facility in 2024.

### Reclaimed Wastewater in Millions of Gallons



The department tracks the use of reclaimed wastewater, which is treated wastewater used to irrigate public green spaces, such as the golf course, ball fields and Overlook Park. Using reclaimed wastewater for irrigation helps conserve the county’s drinking water and save money for the County Parks Division as this non-potable water is offered at a reduced rate. In FY25, DPU provided 116 million gallons of reclaimed wastewater for irrigation.

### Typical Residential Bill for Wastewater used on 4,000 Gallons of Water/Month



DPU measures its marketplace performance by assessing the average residential bill to collect and treat wastewater (based on 4 kgals of water per month) with its neighbors and similar communities: Angel Fire, Silver City, Ruidoso and Aztec. Billing practices for sewer vary, which should be considered when pondering this chart. DPU charges customers a flat rate while two of our neighbors bill customers based on winter water usage.

# #RATES

## ELECTRIC

	FY2025	FY2024	% CHANGE
<b>SALES IN KILOWATT HOURS</b>	<b>484,451,288</b>	<b>500,801,496</b>	<b>(3.3%)</b>
<b># OF CUSTOMERS</b>			
Residential	8,030	7,829	
Commercial	629	623	
Municipal	172	160	
Educational	57	55	
<b>TOTAL</b>	<b>8,888</b>	<b>8,667</b>	<b>2.5%</b>
<b>RATE STRUCTURE</b>			
Residential rate per kilowatt hour	\$0.1413	\$0.1282	
Residential monthly flat service fee	\$12.60	\$12.00	
Commercial rate per kilowatt hour	\$0.0985-0.1351	\$0.0899-0.1229	
Commercial monthly flat service fee	\$23.10 - 68.25	\$22.00 - 65.00	
Commercial demand rate	\$12.60 - \$13.20	\$11.50 - \$12.05	

## NATURAL GAS

	FY2025	FY2024	% CHANGE
SALES IN THERMS	7,379,299	7,533,515	(2.1%)
# OF CUSTOMERS			
Residential	7,214	7,148	
Commercial	360	366	
Municipal	44	42	
Educational	22	21	
<b>TOTAL</b>	<b>7,640</b>	<b>7,578</b>	<b>0.8%</b>
RATE STRUCTURE			
Residential rate per therm	\$0.32-\$4.00	\$0.27- \$4.00	
Residential monthly flat service fee	\$13.00	\$11.08	
Commercial rate per therm	\$0.32-\$4.00	\$0.27- \$4.00	
Commercial monthly flat service fee	\$13.00-\$39.00	\$11.08-\$33.24	

# WATER

	FY2025	FY2024	% CHANGE
SALES IN KGALLONS	953,583	1,092,326	(12.7%)
# OF CUSTOMERS			
Residential	6,778	6,670	
Commercial	311	300	
Municipal	83	87	
Educational	24	23	
<b>TOTAL</b>	<b>7,196</b>	<b>7,080</b>	<b>1.6%</b>
RATE STRUCTURE			
Residential rate per kgallon	\$7.17-\$8.67	\$6.83-\$8.26	
Residential monthly flat service fee	\$15.17	\$13.79	
Commercial rate per kgallon	\$7.17	\$6.83	
Commercial monthly flat service fee	\$15.17-\$840.58	\$13.79-\$764.16	

# WASTEWATER

	FY2025	FY2024	% CHANGE
<b># OF CUSTOMERS</b>			
Residential	7,030	7,004	
Commercial	236	233	
Municipal	35	35	
Educational	21	21	
<b>TOTAL</b>	<b>7,323</b>	<b>7,293</b>	<b>0.4%</b>
<b>RATE STRUCTURE</b>			
Residential rate per kgallon	\$0	\$0	
Residential monthly flat service fee	\$52.65-\$60.56	\$51.61-\$59.37	
Commercial rate per kgallon	\$22.33	\$21.89	
Commercial monthly flat service fee	\$13.11	\$12.85	



# #FINANCIALS



Per Article V, Section 505, of the Charter for the Incorporated County of Los Alamos, “The Department of Public Utilities shall, not later than forty-five (45) days or other time set by ordinance after receipt of the report of the annual audit required by this Charter, furnish the Board of Public Utilities and the Council its annual report which shall include balance sheets, prepared according to generally accepted accounting principals, showing the financial condition, as of the end of the previous fiscal year of each utility in the Department and of the Department as a whole.”

The following financial statements are taken from the Incorporated County of Los Alamos, New Mexico Annual Comprehensive Financial Report (ACFR) “Enterprise Funds” section. Please refer to the complete reports, including the notes to the financial statements for the complete financial picture. Copies of the ACFRs are available at [ladpu.com/LAC-ACFRs](http://ladpu.com/LAC-ACFRs).



**JOANN GENTRY /  
DEPUTY UTILITY MANAGER**

Bachelor of Business Administration -  
Finance

Master of Business Administration

Memberships:  
Government Finance Officers Assn.

## #HIGHLIGHTS

### **OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis provide an overview of the Los Alamos County Department of Public Utilities (DPU) financial statements. The DPU's financial activities are maintained in separate enterprise funds—government funds that finance operations primarily through revenues generated from the sale of goods and services to the public. The financial statements presented in this report reflect only the activities of the DPU and include comparative data from the prior fiscal year. For information on county-wide financials, please refer to the FY2025 Los Alamos County Annual Comprehensive Financial Report (ACFR).

Financial reports included are for fiscal years 2024 and 2025, which cover the periods from July 1, 2023, through June 30, 2024, and July 1, 2024, through June 30, 2025.

The *Combined Statement of Net Position* summarizes the assets, liabilities, deferred inflows and outflows of resources, and net position for all four utilities—electric, natural gas, water and wastewater. This statement provides a snapshot of DPU's

financial standing at a specific point in time, detailing the nature and amounts of its resources and obligations.

The *Combined Schedule of Revenues & Expenses* presents all revenues and expenses for the two fiscal years. This schedule follows an industry-standard format, distinguishing operating and non-operating activities, and reporting operating income or loss, non-operating revenues and expenses, as well as capital contributions.

The *Credit Analysis of Net System Revenues of the Joint Utility* reports on the debt coverage ratio of the joint utility system. This ratio is a measure of the cash available to pay current debt obligations. It is calculated by taking the net operating income divided by the current year's debt service amount. A ratio of 1 or above indicates that the utility is generating enough income to sufficiently cover annual debt and interest payments. As of June 30, 2025, the debt coverage ratio for the Joint Utilities Fund is 10.36.

### **FINANCIAL HIGHLIGHTS**

Management of Los Alamos County and the DPU are pleased that the FY2025 Los Alamos County ACFR once

again received an unmodified or “clean” audit opinion with no findings. The audit this year was conducted by the auditors of Hinkle + Landers, P.C. The following is a brief discussion of some of the Utility Department’s fiscal year 2025 financial results as they pertain to the DPU’s financial statements.

The Joint Utilities Fund in

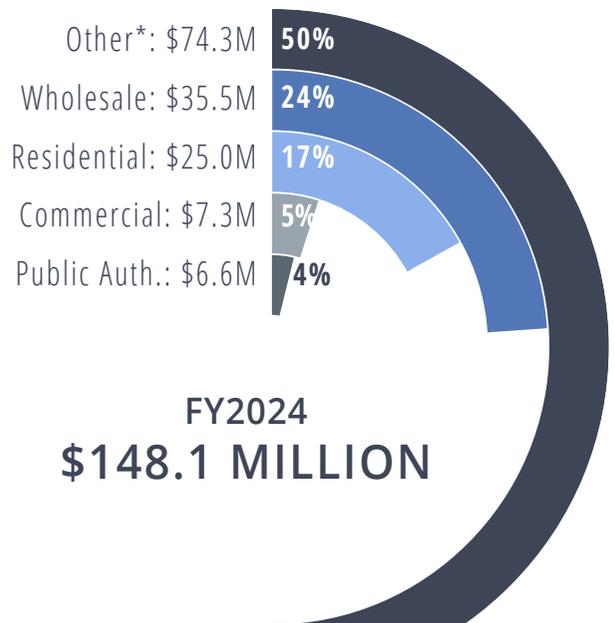
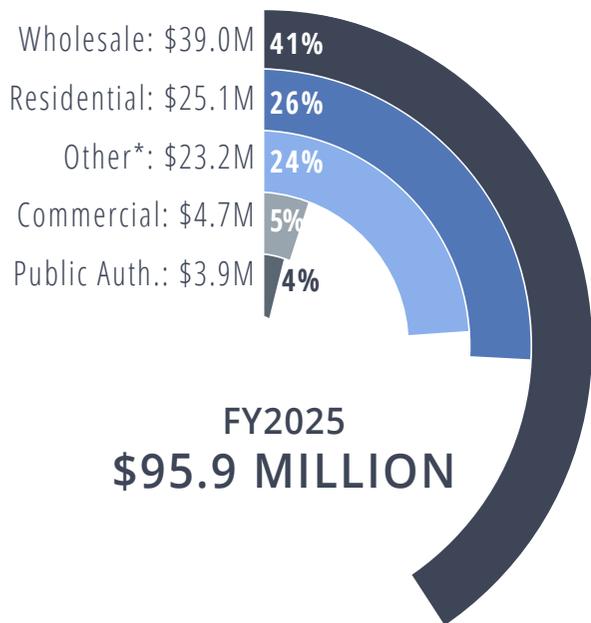
FY2025 generated \$16.9 million on operating revenues of approximately \$96 million, compared to a net gain of approximately \$15.3 million on revenues of approximately \$90.1 million in the previous year.

The Joint Utilities Fund equity in pooled cash & investment as of June 30, 2025, decreased by \$1 million over the prior year

due primarily to losses in the Gas and Water funds.

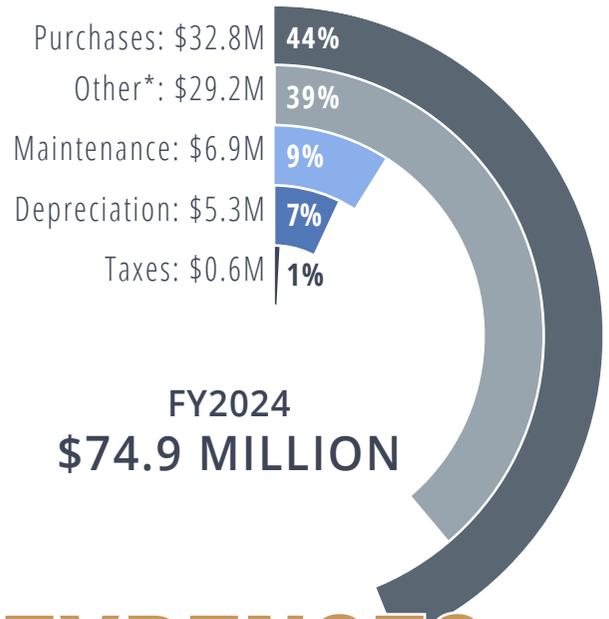
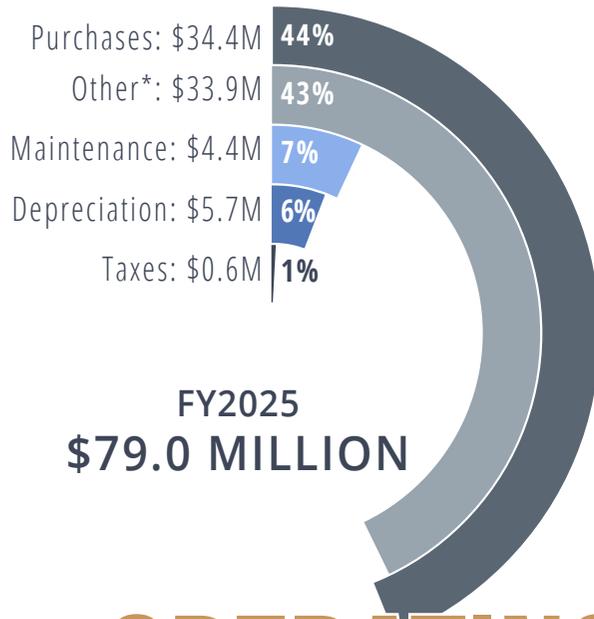
**Electric Operations**

Electric revenues were \$37.5 million for wholesale, \$13.6 million for retail and \$4.9 million for other operating revenue for a total of \$56.2 million for FY2025. Operating expenditures were \$21.6 million and the cost of



# OPERATING REVENUES

\*Other typically includes revenues from street lighting, miscellaneous charges, pole rentals and federal subsidies. In FY2024, it also included grant/loan proceeds of \$13.1 million and other judgments/settlements of \$58 million.



# OPERATING EXPENSES

\*Other includes expenses under distribution, admin and general, customer accounts, steam power generation, transmission, hydraulic power generation and other production expenses.

purchased power was \$34.4 million. Net operating gain was \$92k compared to the prior year loss of \$2.2 million. Wholesale sales revenue was higher, but retail sales revenue was lower in FY2025 compared to FY2024. Sales in KWh were 3.3% lower the prior year.

### Gas Operations

Gas revenues were \$7.1 million for FY2025. Operating expenditures were \$4.4 million and the cost of gas was \$2.7 million. The net operating loss was \$79k. Sales in therms were 2% below the prior year.

DPU has included a “pass-through” cost of natural gas in its rate structure since the end of 2013. This model includes a monthly service fee and a

commodity (or consumption) rate that is made up of two components: 1) a fixed cost recovery charge and 2) a variable cost of gas charge. The commodity rate is charged per therm consumed.

DPU’s actual cost to purchase the natural gas commodity is passed directly to the customer in the variable portion of the commodity rate. This cost is calculated each month based on the San Juan Index and then adjusted based on the actual cost from the prior month. The benefit of this approach for customers is that DPU does not need to maintain a substantial rate stabilization fund to absorb volatile, fluctuating gas prices. Each month DPU posts the new variable cost of gas portion of

the commodity rate online at <https://ladpu.com/rates>.

### Water Operations

Water operating revenues were \$19.1 million or \$4.9 million above the prior year. This is due to additional funding in grants and loans, reimbursement for the TA-50 waterline replacement project and funding from the County for the Jemez Mountain Fire Protection Project. Operating expenditures were \$9.7 million for operating net revenues of \$9.5 million. Sales in thousand gallons were 14.5% lower than the prior year.

### Wastewater Operations

Wastewater operating revenues were \$13.5 million or \$3.5 million less than the prior year.

Operating expenditures were \$6.1 million compared to \$5.7 million in the prior year. Net operating income was \$7.4 million. The construction of the White Rock Water Resource Reclamation Facility (WRRF) was funded by a state loan that included reimbursement basis terms. These terms only recently kicked in after the plant became operational.

**Utility Assistance Program**

In FY2025, continuing to run a strong Utility Assistance Program (UAP) was a priority for the department. We were thrilled with the positive

response to our outreach efforts. Thanks to the voluntary contributions from our generous community and customers, we continue to provide financial assistance to eligible individuals through the UAP. During FY2025, the UAP fund received \$27,861 in donations and provided \$24,179 in assistance to 86 households. The balance in the UAP fund on June 30, 2025, was \$26,014. Thank you to all the generous donors who provide this critical assistance. If you are interested in donating to the UAP fund, you can call the Customer Care

Center at 505-662-8333. More information is also available online at [ladpu.com/assist](http://ladpu.com/assist), where an online form gives UAP donors the opportunity to set up regular monthly donations through their utility bills.

## COMBINED SCHEDULE OF REVENUES & EXPENSES

	fy25	fy24	% Change
<b>OPERATING REVENUES</b>			
Wholesale	37,563,609	\$35,489,128	9.0%
Residential	25,074,601	24,495,408	2.3%
Commercial and Industrial	4,678,676	7,305,861	-56.2%
Sales to Public Authorities	5,387,100	6,557,064	-66.4%
Street Lighting	117,288	103,235	12.0%
Other Operating Revenues	23,104,763	74,189,559	-221.1%
<b>TOTAL OPERATING REVENUES</b>	<b>95,926,037</b>	<b>148,140,255</b>	<b>-54.4%</b>
<b>OPERATING EXPENSES</b>			
Purchased Commodity	34,425,747	32,843,420	4.6%
Maintenance Expenses	4,386,551	6,905,066	-57.4%
Depreciation Expense	5,734,426	5,338,669	6.9%
Taxes	605,457	558,695	7.7%
Other operating expenses	33,889,652	29,243,822	13.7%
<b>TOTAL OPERATING EXPENSES</b>	<b>79,041,833</b>	<b>74,889,672</b>	<b>5.3%</b>
<b>ALL UTILITIES OPERATING INCOME</b>	<b>16,884,204</b>	<b>\$73,250,583</b>	<b>-333.8%</b>

\* "Other" revenues include non-service-related income, such as interest, loan/grant proceeds, settlement funds and federal subsidies..

## ELECTRIC REVENUES & EXPENSES

	fy25	fy24	% Change
<b>OPERATING REVENUES</b>			
Sale for Resale	\$37,563,609	\$35,489,128	5.8%
Residential	9,052,581	7,897,646	14.6%
Commercial and Industrial	1,706,203	4,408,527	-61.3%
Sales to Public Authorities	2,785,902	2,349,114	18.6%
Street Lighting	117,288	103,235	13.6%
Other Operating Revenues	4,986,794	58,895,336	-91.5%
<b>TOTAL OPERATING REVENUES</b>	<b>56,212,377</b>	<b>109,142,986</b>	<b>-48.5%</b>
<b>OPERATING EXPENSES</b>			
Purchased Commodity	\$34,425,747	\$30,293,536	13.6%
Maintenance Expenses	2,960,447	3,187,169	-7.1%
Depreciation Expense	1,667,686	1,677,430	-0.6%
Taxes	605,457	558,695	8.4%
Other operating expenses	16,460,916	17,721,559	-7.1%
<b>TOTAL OPERATING EXPENSES</b>	<b>56,120,253</b>	<b>53,438,389</b>	<b>5.0%</b>
<b>ELECTRIC OPERATING INCOME</b>	<b>\$92,124</b>	<b>\$55,704,597</b>	<b>-99.8%</b>

## NATURAL GAS REVENUES & EXPENSES

	fy25	fy24	% Change
<b>OPERATING REVENUES</b>			
Sale for Resale	-	-	-
Residential	\$4,827,711	\$5,860,232	-17.6%
Commerical and Industrial	1,070,501	1,396,048	-23.3%
Sales to Public Authorities	362,624	460,133	-21.2%
Other Operating Revenues	879,534	197,623	345.1%
<b>TOTAL OPERATING REVENUES</b>	<b>7,140,370</b>	<b>7,914,036</b>	<b>-9.8%</b>
<b>OPERATING EXPENSES</b>			
Purchased Commodity	-	\$2,549,884.00	-100.0%
Maintenance Expenses	-	550,894	-100.0%
Depreciation Expense	\$512,278	482,160	6.2%
Taxes	-	-	-
Other operating expenses	6,707,340	2,790,570	140.4%
<b>TOTAL OPERATING EXPENSES</b>	<b>7,219,618</b>	<b>6,373,508</b>	<b>13.3%</b>
<b>NATURAL GAS OPERATING INCOME</b>	<b>-\$79,248</b>	<b>\$1,540,528</b>	<b>-105.1%</b>

\* "Other" revenues include non-service-related income, such as interest, loan/grant proceeds, settlement funds and federal subsidies..

## WATER REVENUES & EXPENSES

	fy25	fy24	% Change
<b>OPERATING REVENUES</b>			
Sale for Resale	-	-	-
Residential	\$5,338,265	\$5,156,944	3.5%
Commerical and Industrial	1,083,927	660,575	64.1%
Sales to Public Authorities	2,238,574	3,747,817	-78.8%
Other Operating Revenues	10,463,068	4,621,090	126.4%
<b>TOTAL OPERATING REVENUES</b>	<b>19,123,834</b>	<b>14,186,426</b>	<b>34.8%</b>
<b>OPERATING EXPENSES</b>			
Purchased Commodity	-	-	-
Maintenance Expenses	\$715,692	\$1,312,293	-45.5%
Depreciation Expense	2,565,584	2,299,616	11.6%
Taxes	-	-	0.0%
Other operating expenses	6,372,448	5,709,829	11.6%
<b>TOTAL OPERATING EXPENSES</b>	<b>9,653,724</b>	<b>9,321,738</b>	<b>3.6%</b>
<b>WATER OPERATING INCOME</b>	<b>\$9,470,110</b>	<b>\$4,864,688</b>	<b>94.7%</b>

## WASTEWATER REVENUES & EXPENSES

	fy25	fy24	% Change
<b>OPERATING REVENUES</b>			
Sale for Resale	-	-	-
Residential	\$5,856,044	\$5,580,586	4.9%
Commerical and Industrial	818,045	840,711	-2.7%
Sales to Public Authorities	-	-	0.0%
Other Operating Revenues	6,775,367	10,475,510	-35.3%
<b>TOTAL OPERATING REVENUES</b>	<b>13,449,456</b>	<b>16,896,807</b>	<b>-20.4%</b>
<b>OPERATING EXPENSES</b>			
Purchased Commodity	-	-	-
Maintenance Expenses	\$710,412	\$1,854,710	-61.7%
Depreciation Expense	988,878	879,463	12.4%
Taxes	-	-	-
Other operating expenses	4,348,948	3,021,864	43.9%
<b>TOTAL OPERATING EXPENSES</b>	<b>6,048,238</b>	<b>5,756,037</b>	<b>5.1%</b>
<b>WASTEWATER OPERATING INCOME</b>	<b>\$7,401,218</b>	<b>\$11,140,770</b>	<b>-34%</b>

# #CREDITANALYSIS

## NET SYSTEM REVENUES OF THE JOINT UTILITY

	ELECTRIC		GAS	
	fy25	fy24	fy25	fy24
<b>OPERATING REVENUES</b>				
Utility sales and service	\$51,225,583	\$50,247,650	\$6,260,836	\$7,716,413
Miscellaneous revenue	4,986,794	58,895,336	879,534	197,623
Total Operating Revenue	56,212,377	109,142,986	7,140,370	7,914,036
<b>OPERATING EXPENSES</b>				
Employee salaries and benefits	10,228,084	9,009,034	1,325,496	991,787
Contractual services	42,545,093	40,485,749	4,536,148	4,218,656
Materials and supplies	1,056,306	371,884	442,194	197,036
Other	3,919	24,225	18,320	-
Net Operating Expenditures	53,833,402	49,890,892	6,322,158	5,407,479
 NET REVENUE AVAILABLE FOR DEBT SERVICE	 2,378,975	 59,252,094	 818,212	 2,506,557
 Total Debt Service	 \$1,443,085	 \$1,469,669	 -	 -
<b>TOTAL DEBT SERVICE COVERAGE</b>	<b>1.65</b>	<b>40.32</b>		

*The natural gas fund currently has no outstanding debt service.*



WATER		WASTEWATER		TOTAL JOINT UTILITY SYSTEM	
fy25	fy24	fy25	fy24	fy25	fy24
\$8,660,766	\$9,565,336	\$6,674,089	\$6,421,297	\$72,821,274	\$73,950,696
10,463,068	4,621,090	6,775,367	10,475,510	23,104,763	74,189,559
19,123,834	14,186,426	13,449,456	16,896,807	95,926,037	148,140,255
2,827,724	2,540,885	2,109,268	1,779,731	16,490,572	14,321,437
3,776,132	3,855,669	2,525,869	2,438,790	53,383,242	50,998,864
618,879	554,957	326,440	336,329	2,443,819	1,460,206
3,706	28,003	5,900	8,596	31,845	60,824
7,226,441	6,979,514	4,967,477	4,563,446	72,349,478	66,841,331
11,897,393	7,206,912	8,481,979	12,333,361	23,576,559	81,298,924
\$785,213	\$584,617	\$47,352	\$870,820	\$2,275,650	\$2,925,106
<b>15.15</b>	<b>12.33</b>	<b>179.13</b>	<b>14.16</b>	<b>10.36</b>	<b>27.79</b>

Notes: The Utility has a number of debt issuances outstanding that are collateralized by the pledging of utility revenues. The amount per subfund and FY presented in the table above is indicated as total debt service. The purpose of the debt issuances was for the financing of various Utility capital improvement projects. For June 30, 2025, and 2024, debt service payments as a percentage of the pledged gross revenue, net of certain expenses where so required by the debt agreement, are indicated in the table above. The debt service coverage ratios also approximate the relationship of the debt service to pledged revenue for the remainder of the term of the commitment. Operating revenues include revenues for utility services, interest, and other operating revenues. The department has a goal to meet financial reserve targets within our 10-year financial policy, with a debt coverage ratio of 1.3 or greater for the joint utility system every fiscal year.

## COMBINING STATEMENT OF NET POSITION

ASSETS	FY25	FY24
<b>CURRENT ASSETS</b>		
Equity (deficit) in pooled cash & investments	\$12,659,764	\$13,653,944
Investments	47,714,794	45,216,425
Receivables, net of allowance for uncollectibles		
Accounts	7,971,871	8,093,338
Interest	625,688	585,687
Unbilled	1,844,012	1,517,022
Leases	21,521	191,110
Due from other governments	3,628,167	591,574
Inventories and prepayments		
Inventories	2,800,232	2,705,660
Power plant inventories	83,700	83,700
Prepayments	-	663,446
<b>TOTAL CURRENT ASSETS</b>	<b>\$77,349,749</b>	<b>\$73,301,906</b>
<b>NON CURRENT ASSETS</b>		
Cash and cash equivalents		
Debt reserve & debt service	6,662,524	2,059,434
Operations & maintenance	11,174,052	12,834,667
Receivables, net of allowance for uncollectibles		
Leases	149,369	
Investments		
Operations & maintenance	8,138,000	12,138,000
<b>TOTAL RESTRICTED ASSETS</b>	<b>\$26,123,945</b>	<b>\$27,032,101</b>
<b>PROPERTY, PLANT &amp; EQUIPMENT</b>		
Land	2,959,328	2,959,328
Utility plant in service	331,811,492	316,386,226
Machinery & equipment	3,413,425	3,381,868
Less accumulated depreciation	(161,693,028)	(156,484,073)
Construction in progress	37,477,166	28,291,816
Right-to-use assets		
Subscription-based IT arrangements, net of amortization	1,843,430	1,624,590
<b>TOTAL PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>\$215,811,813</b>	<b>\$196,159,755</b>
<b>DEFERRED CHARGES AND OTHER ASSETS</b>		
Advances to other subfunds (not included in total column)	-	-
<b>TOTAL ASSETS</b>	<b>\$319,285,507</b>	<b>\$296,493,762</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred amounts from refunding of debt (debits)	164,838	180,340
Deferred other post employment benefits	1,065,109	831,384
Deferred pensions	4,252,216	3,212,111
Deferred decommissioning costs	1,237,445	1,856,168
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$6,719,608</b>	<b>\$6,080,003</b>

# ..... TOTAL JOINT UTILITY .....

<b>LIABILITIES</b>	<b>FY25</b>	<b>FY24</b>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$10,824,432	\$5,385,540
Accrued salaries including benefits payable	266,562	207,935
Customer deposits payable	690,093	661,748
Due to other governments	143,563	134,095
Current portion of long term liabilities		
Compensated absences	997,187	917,619
Revenue bonds payable	1,375,000	1,325,000
Contracts and intergovernmental debt payable	1,138,123	1,026,150
Subscription based IT arrangements liability	196,934	-
Interest payable on revenue bonds and other debt	60,447	77,211
Interest payable on subscription-based IT arrangements	36,236	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$15,728,577</b>	<b>\$9,735,298</b>
<b>NON-CURRENT LIABILITIES</b>		
Due in more than one year		
Compensated absences	779,315	413,205
Revenue bonds payable	8,569,471	9,963,816
Contracts and intergovernmental debt payable	41,474,496	36,732,414
Special closure costs	7,880,385	10,777,612
Net other post employment benefits liability	2,430,152	2,187,498
Net pension liability	17,280,905	14,669,670
Subscription based IT arrangements liability	1,528,796	1,485,727
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>\$79,943,520</b>	<b>\$76,229,942</b>
<b>TOTAL LIABILITIES</b>	<b>\$95,672,097</b>	<b>\$85,965,240</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred other post employment benefits	1,871,787	2,449,638
Deferred pensions	12,570	49,010
Deferred leases	159,333	183,233
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$2,043,690</b>	<b>\$2,681,881</b>
<b>NET POSITION</b>		
Net investment in capital assets	161,693,831	145,662,145
Restricted assets for, net of related liabilities:		
Debt Service	17,997,508	16,177,278
Unrestricted	48,597,989	51,942,378
<b>TOTAL NET POSITION</b>	<b>\$228,289,328</b>	<b>\$213,781,801</b>

## COMBINING STATEMENT OF NET POSITION.....

<b>ASSETS</b>	<b>FY25</b>	<b>FY24</b>
<b>CURRENT ASSETS</b>		
Equity (deficit) in pooled cash & investments	\$202,995	\$(2,761,829)
Investments	47,714,794	45,216,425
Receivables, net of allowance for uncollectibles		
Accounts	6,738,146	6,123,142
Interest	625,312	468,213
Unbilled	898,436	747,417
Due from other governments	-	135,600
Inventories and prepayments		
Inventories	2,346,420	2,215,850
Power plant inventories	83,700	83,700
Prepayments	-	663,446
<b>TOTAL CURRENT ASSETS</b>	<b>\$58,609,803</b>	<b>\$52,891,964</b>
<b>NON CURRENT ASSETS</b>		
Cash and cash equivalents		
Debt reserve & debt service	2,061,762	1,904,873
Operations & maintenance	9,521,439	10,777,612
Investments		
Debt reserve & debt service	8,138,000	12,138,000
<b>TOTAL RESTRICTED ASSETS</b>	<b>\$19,721,201</b>	<b>\$24,820,485</b>
<b>PROPERTY, PLANT &amp; EQUIPMENT</b>		
Utility plant in service	134,297,259	132,802,889
Machinery & equipment	1,882,858	1,870,324
Less accumulated depreciation	(93,684,596)	(92,191,904)
Construction in progress	3,502,706	2,357,142
Right-to-use assets		
Subscription-based IT arrangements, net of amortization	1,421,147	1,596,140
<b>TOTAL PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>\$47,419,374</b>	<b>\$46,434,591</b>
<b>DEFERRED CHARGES AND OTHER ASSETS</b>		
Advances to other subfunds (not included in total column)	-	-
<b>TOTAL ASSETS</b>	<b>\$125,750,378</b>	<b>\$124,147,040</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred amounts from refunding of debt (debits)	164,838	180,340
Deferred other post employment benefits	691,128	542,150
Deferred pensions	2,776,143	2,091,413
Deferred decommissioning costs	1,237,445	1,856,168
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$4,869,554</b>	<b>\$4,670,071</b>

<b>LIABILITIES</b>	<b>FY25</b>	<b>FY24</b>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$3,795,915	\$2,490,088
Accrued salaries including benefits payable	147,090	130,268
Customer deposits payable	264,555	250,587
Due to other governments	69,466	63,040
Current portion of long term liabilities		
Compensated absences	645,153	633,347
Revenue bonds payable	1,303,256	1,100,704
Subscription based IT arrangements liability	142,939	-
Interest payable on revenue bonds and other debt	37,710	60,646
Interest payable on subscription-based IT arrangements	34,401	133,078
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$6,440,485</b>	<b>\$4,861,758</b>
<b>NON-CURRENT LIABILITIES</b>		
Due in more than one year		
Compensated absences	488,845	248,075
Revenue bonds payable	8,258,954	9,581,655
Special closure costs	7,880,385	10,777,612
Net other post employment benefits liability	1,457,402	1,302,732
Net pension liability	11,367,586	9,642,954
Subscription based IT arrangements liability	1,330,600	1,473,539
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>\$30,783,772</b>	<b>\$33,026,567</b>
<b>TOTAL LIABILITIES</b>	<b>\$37,224,257</b>	<b>\$37,888,325</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred other post employment benefits	1,200,048	1,568,374
Deferred pensions	-	26,292
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$1,200,048</b>	<b>\$1,594,666</b>
<b>NET POSITION</b>		
Net investment in capital assets	36,548,463	34,325,955
Restricted assets for, net of related liabilities:		
Debt Service	11,768,705	13,982,227
Unrestricted	43,878,459	41,025,938
<b>TOTAL NET POSITION</b>	<b>\$92,195,627</b>	<b>\$89,334,120</b>

## COMBINING STATEMENT OF NET POSITION.....

<b>ASSETS</b>	<b>FY25</b>	<b>FY24</b>
<b>CURRENT ASSETS</b>		
Equity (deficit) in pooled cash & investments	\$(120,873)	\$512,995
Receivables, net of allowance for uncollectibles		
Accounts	225,253	208,289
Unbilled	134,186	85,417
Inventories and prepayments		
Inventories	83,720	137,278
<b>TOTAL CURRENT ASSETS</b>	<b>\$322,286</b>	<b>\$943,979</b>
<b>NON CURRENT ASSETS</b>		
Cash and cash equivalents		
Operations & maintenance	1,000,000	1,000,000
<b>TOTAL RESTRICTED ASSETS</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>
<b>PROPERTY, PLANT &amp; EQUIPMENT</b>		
Utility plant in service	21,001,758	19,981,951
Machinery & equipment	194,879	194,879
Less accumulated depreciation	(7,977,416)	(7,515,403)
Construction in progress	32,345	32,345
<b>TOTAL PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>\$13,251,566</b>	<b>\$12,693,772</b>
<b>DEFERRED CHARGES AND OTHER ASSETS</b>		
Advances to other subfunds (not included in total column)	-	-
<b>TOTAL ASSETS</b>	<b>\$14,573,852</b>	<b>\$14,637,751</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred amounts from refunding of debt (debits)	-	-
Deferred other post employment benefits	107,200	90,258
Deferred pensions	635,272	578,146
Deferred decommissioning costs	-	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$742,472</b>	<b>\$668,404</b>

# NATURAL GAS

<b>LIABILITIES</b>	<b>FY25</b>	<b>FY24</b>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$92,108	\$210,507
Accrued salaries including benefits payable	34,575	13,454
Customer deposits payable	206,547	202,134
Due to other governments	15,523	12,864
Current portion of long term liabilities		
Compensated absences	141,396	106,061
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$490,149</b>	<b>\$545,020</b>
<b>NON-CURRENT LIABILITIES</b>		
Due in more than one year		
Compensated absences	73,720	79,291
Net other post employment benefits liability	921,269	903,680
Net pension liability	2,446,941	2,283,763
Subscription based IT arrangements liability		
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>\$3,441,930</b>	<b>\$3,266,734</b>
<b>TOTAL LIABILITIES</b>	<b>\$3,932,079</b>	<b>\$3,811,754</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred other post employment benefits	322,949	364,835
Deferred pensions	12,570	22,718
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$335,519</b>	<b>\$387,553</b>
<b>NET POSITION</b>		
Net investment in capital assets	13,251,566	12,693,772
Restricted assets for, net of related liabilities:		
Debt Service	1,000,000	1,000,000
Unrestricted	(3,202,840)	(2,586,924)
<b>TOTAL NET POSITION</b>	<b>\$11,048,726</b>	<b>\$11,106,848</b>

## COMBINING STATEMENT OF NET POSITION.....

<b>ASSETS</b>	<b>FY25</b>	<b>FY24</b>
<b>CURRENT ASSETS</b>		
Equity (deficit) in pooled cash & investments	\$8,292,344	\$11,782,119
Receivables, net of allowance for uncollectibles		
Accounts	619,208	1,337,798
Interest	376	117,474
Unbilled	468,502	398,740
Leases	21,521	191,110
Due from other governments	3,628,167	455,974
Inventories and prepayments		
Inventories	363,161	341,743
<b>TOTAL CURRENT ASSETS</b>	<b>\$13,393,279</b>	<b>\$14,624,958</b>
<b>NON CURRENT ASSETS</b>		
Cash and cash equivalents		
Debt reserve & debt service	4,600,762	154,561
Receivables, net of allowance for uncollectibles		
Leases	149,369	-
<b>TOTAL RESTRICTED ASSETS</b>	<b>\$4,750,131</b>	<b>\$154,561</b>
<b>PROPERTY, PLANT &amp; EQUIPMENT</b>		
Utility plant in service	121,902,223	111,705,067
Machinery & equipment	837,093	837,093
Less accumulated depreciation	(41,469,351)	(39,080,110)
Construction in progress	4,609,086	347,286
Right-to-use assets		
Subscription-based IT arrangements, net of amortization	406,026	-
<b>TOTAL PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>\$86,285,077</b>	<b>\$73,809,336</b>
<b>DEFERRED CHARGES AND OTHER ASSETS</b>		
Advances to other subfunds (not included in total column)	-	-
<b>TOTAL ASSETS</b>	<b>\$104,428,487</b>	<b>\$88,588,855</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred amounts from refunding of debt (debits)	-	-
Deferred other post employment benefits	146,325	106,904
Deferred pensions	458,657	281,549
Deferred decommissioning costs	-	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$604,982</b>	<b>\$388,453</b>

# WATER

<b>LIABILITIES</b>	<b>FY25</b>	<b>FY24</b>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$6,160,072	\$393,275
Accrued salaries including benefits payable	63,480	37,684
Customer deposits payable	218,991	209,027
Due to other governments	34,412	35,129
Current portion of long term liabilities		
Compensated absences	96,587	99,180
Revenue bonds payable	71,744	224,296
Contracts and intergovernmental debt payable	408,803	300,986
Subscription based IT arrangements liability	41,808	-
Interest payable on revenue bonds and other debt	12,111	4,417
Interest payable on subscription-based IT arrangements	970	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$7,108,978</b>	<b>\$1,303,994</b>
<b>NON-CURRENT LIABILITIES</b>		
Due in more than one year		
Compensated absences	159,494	66,423
Revenue bonds payable	310,517	382,161
Contracts and intergovernmental debt payable	7,595,837	7,277,507
Net other post employment benefits liability	(5,038)	(45,965)
Net pension liability	1,921,312	1,491,723
Subscription based IT arrangements liability	198,196	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>10,180,318</b>	<b>9,171,849</b>
<b>TOTAL LIABILITIES</b>	<b>\$17,289,296</b>	<b>\$10,475,843</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred other post employment benefits	186,679	284,143
Deferred leases	159,333	183,233
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$346,012</b>	<b>\$467,376</b>
<b>NET POSITION</b>		
Net investment in capital assets	77,658,172	65,624,386
Restricted assets for, net of related liabilities:		
Debt Service	4,587,681	150,144
Unrestricted	5,152,308	12,259,559
<b>TOTAL NET POSITION</b>	<b>\$87,398,161</b>	<b>\$78,034,089</b>

## COMBINING STATEMENT OF NET POSITION.....

<b>ASSETS</b>	<b>FY25</b>	<b>FY24</b>
<b>CURRENT ASSETS</b>		
Equity (deficit) in pooled cash & investments	\$4,285,298	\$4,120,659
Receivables, net of allowance for uncollectibles		
Accounts	389,264	424,109
Unbilled	342,888	285,448
Inventories and prepayments		
Inventories	6,931	10,789
<b>TOTAL CURRENT ASSETS</b>	<b>\$5,024,381</b>	<b>\$4,841,005</b>
<b>NON CURRENT ASSETS</b>		
Cash and cash equivalents		
Operations & maintenance	652,613	1,057,055
<b>TOTAL RESTRICTED ASSETS</b>	<b>\$652,613</b>	<b>\$1,057,055</b>
<b>PROPERTY, PLANT &amp; EQUIPMENT</b>		
Land	2,959,328	2,959,328
Utility plant in service	54,610,252	51,896,319
Machinery & equipment	498,595	479,572
Less accumulated depreciation	(18,561,665)	(17,696,656)
Construction in progress	29,333,029	25,555,043
Right-to-use assets		
Subscription-based IT arrangements, net of amortization	16,257	28,450
<b>TOTAL PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>\$68,855,796</b>	<b>\$63,222,056</b>
<b>DEFERRED CHARGES AND OTHER ASSETS</b>		
Advances to other subfunds (not included in total column)	-	-
<b>TOTAL ASSETS</b>	<b>\$74,532,790</b>	<b>\$69,120,116</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred amounts from refunding of debt (debits)	-	-
Deferred other post employment benefits	120,456	92,072
Deferred pensions	382,144	261,003
Deferred decommissioning costs	-	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$502,600</b>	<b>\$353,075</b>

# WASTEWATER

<b>LIABILITIES</b>	<b>FY25</b>	<b>FY24</b>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$776,337	\$2,291,670
Accrued salaries including benefits payable	21,417	26,529
Due to other governments	24,162	23,062
Current portion of long term liabilities		
Compensated absences	114,051	79,031
Contracts and intergovernmental debt payable	729,320	725,164
Subscription based IT arrangements liability	12,187	11,765
Interest payable on revenue bonds and other debt	10,626	12,148
Interest payable on subscription-based IT arrangements	865	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$1,688,965</b>	<b>\$3,169,369</b>
<b>NON-CURRENT LIABILITIES</b>		
Due in more than one year		
Compensated absences	57,256	19,416
Contracts and intergovernmental debt payable	33,878,659	29,454,907
Net other post employment benefits liability	56,519	27,051
Net pension liability	1,545,066	1,251,230
Subscription based IT arrangements liability	-	12,188
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>\$35,537,500</b>	<b>\$30,764,792</b>
<b>TOTAL LIABILITIES</b>	<b>\$37,226,465</b>	<b>\$33,934,161</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred other post employment benefits	162,111	232,286
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$162,111</b>	<b>\$232,286</b>
<b>NET POSITION</b>		
Net investment in capital assets	34,235,630	33,018,032
Restricted assets for, net of related liabilities:		
Debt Service	641,122	1,044,907
Unrestricted	2,770,062	1,243,805
<b>TOTAL NET POSITION</b>	<b>\$37,646,814</b>	<b>\$35,306,744</b>

## A

## ABBREVIATIONS USED IN DPU REPORTS

ACFR	Annual Comprehensive Financial Report
AMI	Automated Metering Infrastructure
APPA	American Public Power Association
AWWA	American Water Works Association
ATC	Around the Clock
BGAL	Billions of Gallons
BPU	Board of Public Utilities
CAISO	California Independent System Operator
CAP	Climate Action Plan
CGTG	Combustion Gas Turbine Generator
DG	Distributed Generation
DOE	Department of Energy
DOT	Department of Transportation
DPU	Department of Public Utilities
DW	Water Distribution
DWSRL	Drinking Water State Revolving Loan
ECA	Electric Coordination Agreement
ED	Electric Distribution
EIA	Energy Information Administration
EP	Electric Production
EPA	Environmental Protection Agency
EV	Electric Vehicle
FERC	Federal Energy Regulatory Commission
FER	Future Energy Resources Committee
FTF	Foxtail Flats Solar and Storage Power Project
FY	Fiscal Year
GPCD	Gallons Per Capita Daily
GWS	Gas, Water, & Sewer Division*
HVAC	Heating, Ventilation and Cooling
IRP	Integrated Resource Plan
KGAL	Thousands of Gallons
KWH	Kilowatt Hours
LAC	Los Alamos County
LANL	Los Alamos National Laboratory
LAPP	Los Alamos Power Pool
LASS	Los Alamos Switch Station
LARES	Los Alamos Resiliency, Energy & Sustainability Task Force
LRS	Laramie River Station

# #ABBR

MCC	Motor Control Center
MCM	Thousands of Circular Mills (wire gauge measurement)
MGAL	Millions of Gallons
MWH	Megawatt Hours
NMED	New Mexico Environment Department
NMGC	New Mexico Gas Company
NMMEA	New Mexico Municipal Energy Acquisition Authority
NNSA	National Nuclear Security Administration
NP	Non-Potable
NPV	Net Present Value
NPDES	National Pollutant Discharge Elimination System
O&M	Operations & Maintenance
PEEC	Pajarito Environmental Education Center
PHMSA	Pipeline & Hazardous Materials Safety Administration
PPA	Power Purchase Agreement
PRV	Pressure Regulating Valve
PV	Photovoltaic
RFP	Request for Proposals
SAIDI	System Average Interruption Duration Index
SCADA	Supervisory Control and Data Acquisition
SLS	Sewer Lift Station
TOU	Time of Use
UAP	Utility Assistance Program
UAMPS	Utah Associated Municipal Power Systems
UM	Utilities Manager
USBR	United States Bureau of Reclamation
USFS	United States Forest Service
WAPA	Western Area Power Administration
WWC	Wastewater Collection
WP	Water Production
WR	White Rock
WRRF	Water Resource Reclamation Facility
WWT	Wastewater Treatment
WWTP	Wastewater Treatment Plant

\*Sewer = Wastewater Collection

# ANNUAL REPORT FY25



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LOS ALAMOS  
Department of Public Utilities

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# County of Los Alamos

Los Alamos, NM 87544  
www.losalamosnm.us

## Staff Report

March 04, 2026

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<b>Agenda No.:</b>	5.b.
<b>Index (Council Goals):</b>	DPU FY26 - 1.0 Provide Safe and Reliable Utility Services; DPU FY26 - 2.0 Achieve and Maintain Excellence in Financial Performance; DPU FY26 - 3.0 Be a Customer Service Oriented Organization that is Approachable, Communicative, Efficient, and Transparent
<b>Presenters:</b>	Joann Gentry, Deputy Utility Manager-Finance & Admin.
<b>Legislative File:</b>	20885-26b

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### **Title**

Review of the Proposed DPU FY2027 Budget

### **Body**

Presentation of the Financial Guidelines, including the Cash Reserve Guidelines for all Utility Funds, as part of the FY2027 budget development process. The current financial guidelines were originally approved by the Board of Public Utilities in August 2016. This presentation also provides a review of current restricted cash reserve levels based on the audited FY2025 Annual Comprehensive Financial Report (ACFR).

### **Attachments**

A - Cash Reserve Guidelines Presentation

# Financial Guidelines

## Section III – Cash Reserves

### FY2027 Budget

# Operations Reserves

1. Operations Reserve: A target cash balance for operations will be established. This balance should equal 180 days of budgeted operations and maintenance expenditures as identified in the annual LAC budget book. A floor, or lowest acceptable balance, will also be established, equaling 90 days of budgeted operations and maintenance expenditures as identified in the annual LAC budget book.
  - a. This reserve may be utilized for correcting deposits to or from other reserves.
  - b. If the cash balance falls below target, DPU will initiate corrective action and determine the following:
    - i. Can the balance be expected to recover by the end of the subsequent fiscal year through the normal course of business?
    - ii. Is the curtailment of expenditures warranted?
    - iii. Is immediate rate action required?
  - c. If the cash balance falls below the floor, immediate action must be taken to first curtail expenditures and then, if necessary, adjust rates to restore cash to the floor level within 180 days.

# Capital Expenditure Reserve

2. Capital Expenditures Reserve: A 10-year capital plan for projects not financed through debt will be maintained. An annuity will be included in the annual budget to ensure availability of funds for the capital plan. Through this capital plan and associated annuity, funds will accrue toward future planned capital expenditures, with a target minimum reserve in each sub fund equal to annual depreciation plus 2.5 percent to provide for inflationary or technology evolution pressures. Due to the long-term, future-focused nature of the capital plan as well as the opportunity for periodic adjustments as warranted, no funding floor is necessary.

# Contingency Reserve

3. Contingency Reserve: A contingency reserve will be established and maintained for each sub fund. The reserve will be equal to the replacement cost of the single largest piece of equipment with potential for failure, as defined by DPU's asset management team for that sub fund. In the event that a contingency reserve is used, the reserve amount will be restored from insurance, grant, or disaster recovery funds, if applicable, as soon as those funds become available. Otherwise DPU will establish a plan within 90 days to reestablish contingency reserves by the end of the subsequent fiscal year through curtailment of other expenditures or through rate actions.

\*Note: Contingency Reserve based on FY2026 amounts

# Debt Service Reserve

4. Debt Service Reserve: Debt service reserves will be established to sufficiently fund all debt service requirements as required by the Charter, bond ordinances and bond indentures, or any other debt agreement (County Code, Chapter 40, Article II, Division 2., Section 40-63,(c)(2). The debt coverage ratio, based on total debt, is a key bond rating criteria. If the balance of this required reserve falls below required amounts, the reserve will be restored immediately by transfer of funds from the Operations Reserve [Cash Reserve Guidelines, Section III.E.1.a].

# Rate Stabilization Reserve

6. Rate Stabilization Reserve: A rate stabilization reserve will be maintained when a pass-through rate mechanism for commodities is not in place. The rate stabilization reserve will be maintained with a target balance equal to the 10-year historical average cost of the commodity per unit times 12 months average projected consumption. A funding floor will be established equal to the 10-year historical average cost of the commodity per unit times 180 days average projected consumption. Should the cash balance drop below the target, DPU will initiate corrective action by determining the following:
  - a. Can the balance be expected to recover by the end of the subsequent fiscal year through the normal course of business?
  - b. Is the curtailment of expenditures warranted?
  - c. Is immediate rate action required?
  - d. If the cash balance of the rate stabilization reserve falls below the floor, immediate action must be taken to first curtail expenditures and then, if necessary, adjust rates to restore cash to the floor level within 180 days.

## Depreciation Expense 2.5% - General Ledger FY2025 Capital Expenditure Reserves

FUND	ORG	OBJECT	TOTAL	Capital Expenditure Reserves 2.5%
	51185115	9835	10,508.98	
	51185199	9835	946,759.91	
EP			957,268.89	245,300
	51285922	9835	1,350,423.21	
ED			1,350,423.21	1,384,184
	53185399	9835	512,277.62	
Gas			512,277.62	525,085
	54185499	9835	639,109.46	
DW			639,109.46	655,087
	54285699	9835	1,890,462.49	
WP			1,890,462.49	1,937,724
	55185599	9835	976,685.47	
WW			976,685.47	1,001,103
			<b><u>6,326,227.14</u></b>	

# Cash Reserves by Fund

## FY2025 ACFR

**INCORPORATED COUNTY OF LOS ALAMOS**  
**JOINT UTILITY SYSTEM SUBFUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2025**

	<u>ELECTRIC</u>	<u>GAS</u>	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTAL</u>
<b>EQUITY IN POOLED CASH AND INVESTMENTS - STATEMENT OF NET POSITION</b>					
Equity in pooled cash and investments	\$ 202,995	(120,873)	8,292,344	4,285,298	12,659,764
Investments	47,714,794	-	-	-	47,714,794
Restricted cash and cash equivalents - Debt reserves and debt service	2,061,762	-	4,600,762	-	6,662,524
Restricted cash and cash equivalents - Operations and maintenance	17,659,439	1,000,000	-	652,613	19,312,052
<b>EQUITY IN POOLED CASH AND INVESTMENTS</b>	<b>\$ 67,638,990</b>	<b>879,127</b>	<b>12,893,106</b>	<b>4,937,911</b>	<b>86,349,134</b>

# Electric Production

Operational Reserve –

Operating expenses excluding:

- Transmission
- Purchased Power
- Laramie River
- Debt Service

# Electric Production

ELECTRIC PRODUCTION 10-Year Forecast	PROPOSED	PROJECTED	FORECAST							
	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
<b>EXPENSES/CASH OUTFLOWS</b>										
Operational Expenditures	55,735,562	87,463,131	60,967,123	70,868,566	68,705,501	96,253,589	89,964,136	88,671,130	88,645,795	88,358,093
Debt Service	416,362	413,957	407,893	400,692	-	-	-	-	-	-
Capital	200,000	1,050,000	1,100,000	1,305,000	350,000	-	-	-	-	-
Capital Paid with Debt/Grants	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EXP-CASH OUTFLOWS</b>	<b>56,351,924</b>	<b>88,927,088</b>	<b>62,475,016</b>	<b>72,574,258</b>	<b>69,055,501</b>	<b>96,253,589</b>	<b>89,964,136</b>	<b>88,671,130</b>	<b>88,645,795</b>	<b>88,358,093</b>
<b>Line Item Calculation for Reserve Target</b>										
Expenses except transmission, PP, Laramie, Debt Service	9,523,033	6,519,592	4,563,714	5,293,909	5,029,213	6,990,606	6,501,264	6,436,251	6,436,251	6,436,251
Operation Reserve 180 days	4,666,286	3,194,600	2,236,220	2,594,015	2,464,315	3,425,397	3,185,619	3,153,763	3,153,763	3,153,763
Capital Expenditures Reserve	245,300	251,433	257,718	264,161	270,765	277,534	284,473	291,585	298,874	306,346
Contingency Reserves	-	-	-	-	-	-	-	-	-	-
Debt Service Reserve	413,957	407,893	400,692	-	-	-	-	-	-	-
Retirement/Reclamation Reserve	9,521,438	9,521,438	9,521,438	9,521,438	9,521,438	9,521,438	9,521,438	9,521,438	9,521,438	9,521,438
Rate Stabilization Reserve	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>14,846,981</b>	<b>13,375,364</b>	<b>12,416,069</b>	<b>12,379,615</b>	<b>12,256,518</b>	<b>13,224,370</b>	<b>12,991,530</b>	<b>12,966,786</b>	<b>12,974,075</b>	<b>12,981,547</b>

FY2027 Fund Flow	FY2024	FY2025	FY2026	FY2026	FY2027	\$ Variance	% Variance	FY2028	% Variance
	Actual	Actual	Adopted	Projected	Proposed	FY2027 vs FY2026	FY2027 vs FY2026	Projected	FY2028 vs FY2027
<b>Operating Expenses</b>									
El Vado Generation	743,736	991,272	870,812	871,575	975,162	104,350	12%	994,052	2%
Abiquiu Generation	758,550	686,434	3,131,147	3,131,692	2,979,836	(151,311)	-5%	759,370	-75%
Contract Administration	61,901	11,257	89,755	89,755	68,969	(20,786)	-23%	71,038	3%
Load Control	2,037,401	2,102,113	2,699,178	2,699,178	2,867,688	168,510	6%	2,189,695	-24%
Transmission - PNM	3,444,480	3,106,142	3,577,249	3,577,249	3,761,111	183,862	5%	3,948,917	5%
Transmission - Other	3,094,458	3,236,801	3,700,528	3,700,528	3,885,554	185,026	5%	4,079,832	5%
Purchased Power	30,268,359	33,446,364	39,582,229	39,582,229	36,465,864	(3,116,365)	-8%	57,749,790	58%
Landfill Photovoltaic Array	20,346	979,383	1,450,050	1,450,050	258,500	(1,191,550)	-82%	8,500	-97%
Debt Service	441,377	432,136	577,462	577,462	416,362	(161,100)	-28%	413,957	-1%
Energy Storage Agreement	-	-	-	-	-	-	0%	12,960,000	100%
Laramie River Operations	2,445,121	2,028,682	2,067,858	2,067,858	2,100,000	32,142	2%	2,205,000	5%
SMR Project	321,127	-	-	-	-	-	0%	-	0%
Interdepartmental Charges	600,732	601,991	637,973	637,973	676,312	38,339	6%	743,946	10%
Administrative Allocation	730,941	858,209	1,846,090	1,846,090	1,696,566	(149,524)	-8%	1,752,991	3%
<b>Total Operating Expenses</b>	<b>\$ 44,968,529</b>	<b>\$ 48,480,784</b>	<b>\$ 60,230,331</b>	<b>\$ 60,231,640</b>	<b>\$ 56,151,924</b>	<b>\$ (4,078,407)</b>	<b>-7%</b>	<b>\$ 87,877,088</b>	<b>56%</b>

# Electric Production

## Operating Expenditures

Operational Expenditures 10-Year Forecast	55,735,562
Transmission - PNM - Fund Flow	(3,761,111)
Transmission - Other - Fund Flow	(3,885,554)
Purchased Power - Fund Flow	(36,465,864)
Laramie River Operations - Fund Flow	<u>(2,100,000)</u>
Total Operating Expenditures	9,523,033

## Calculated Reserves FY2027

Operations Reserve 180 days	4,666,286	(\$9,523,033) 0.49%
Capital Expenditures Reserve	245,300	(\$957,269) 25% of EP depreciation, plus 2.5%. Excluding DOE expenses
Contingency Reserves	-	
Debt Service Reserve	413,957	Debt Service Schedule, next fiscal year.
Retirement / Reclamation Reserve	9,521,439	San Juan Decommissioning/Reclamation, Laramie Decommissioning
Rate Stabilization Reserve	<u>-</u>	No rate stabilization
	14,846,982	

# Electric Production

<b>Operating Expenditures</b>		
Operational Expenditures 10-Year Forecast	55,735,562	
Transmission - PNM - Fund Flow	(3,761,111)	
Transmission - Other - Fund Flow	(3,885,554)	
Purchased Power - Fund Flow	(36,465,864)	
Laramie River Operations - Fund Flow	<u>(2,100,000)</u>	
Total Operating Expenditures	9,523,033	
<b>Calculated Reserves FY2027</b>		
Operations Reserve 180 days	4,666,286	(\$9,523,033) 0.49%
Capital Expenditures Reserve	245,300	(\$957,269) 25% of EP depreciation, plus 2.5%. Excluding DOE expenses
Contingency Reserves	-	
Debt Service Reserve	413,957	Debt Service Schedule, next fiscal year.
Retirement / Reclamation Reserve	9,521,439	San Juan Decommissioning/Reclamation, Laramie Decommissioning
Rate Stabilization Reserve	<u>-</u>	No rate stabilization
	14,846,982	
<b>FY2025 ACFR Audited</b>		
<b>RES ASSET-INVEST-OPS RESRV</b>	1,829,600	
<b>RES ASSET-INVEST-CAPEX RESRV</b>	308,400	
<b>RESTRICT ASSET-CASH-BOND RESRV</b>	626,194	
RES ASSET-SJ DECOMMISSIONING	4,150,712	
RES ASSET-SJ MINE RECLAM BOA	3,328,936	
RES ASSET-LARAMIE RIVER DECOMM	1,234,268	
RES ASSET-SJ DECOM TRUST BOA	<u>807,522</u>	
	12,285,633	
<b>Estimated FY2027 Reserve Target From FY2026 Budget</b>	13,122,417	

# Electric Production

## Unrestricted Cash Balances Year-End

### Electric Production

#### UNRESTRICTED Cash

FY2015	3,418,043	
FY2016	7,602,785	
FY2017	4,991,153	
FY2018	1,383,060	
FY2019	2,160,545	
FY2020	(1,855,843)	
FY2021	1,087,068	
FY2022	3,612,899	
FY2023	3,704,706	
FY2024	2,360,687	
FY2025	4,543,935	Audited
FY2026	2,759,570	Projected
FY2027	2,928,199	Projected

Does not include Uniper Settlement

# Electric Production

ELECTRIC PRODUCTION	PROPOSED 2027	PROJECTED 2028	FORECAST 2029	FORECAST 2030	FORECAST 2031	FORECAST 2032	FORECAST 2033	FORECAST 2034	FORECAST 2035	FORECAST 2036
MWh Sales - LANL	440,492	569,058	554,882	516,282	481,815	743,132	681,925	668,836	659,528	664,547
MWh Sales - LAC Distribution	123,401	124,018	124,638	125,261	125,888	126,517	127,150	127,786	136,850	129,067
Total MWh Sales	563,893	693,076	679,520	641,543	607,703	869,649	809,075	796,622	796,378	793,614
Revenue per MWh	136,911.00	178,054.00	84.79	103.83	103.83	103.83	103.83	103.83	103.83	103.83
<b>REVENUE/CASH INFLOW</b>										
DOE Revenues	37,464,223	\$ 62,856,940	\$ 47,046,319	\$ 53,606,024	\$ 50,027,285	\$ 77,160,064	\$ 70,804,886	\$ 69,445,843	\$ 68,479,385	\$ 68,999,915
Sales to Electric Distribution	10,415,541	12,527,744	10,567,578	13,005,962	13,071,064	13,136,374	13,202,099	13,268,135	14,209,259	13,401,027
Economy Sales	8,660,228	13,723,254	4,851,056	5,957,152	5,957,152	5,957,152	5,957,152	5,957,152	5,957,152	5,957,152
Interest on Cash & Reserves	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Other Judgments/Settlements	-	-	-	-	-	-	-	-	-	-
Bond Federal Subsidy	19,561	14,900	10,063	5,120	-	-	-	-	-	-
<b>TOTAL REV - CASH INFLOWS</b>	<b>58,559,553</b>	<b>91,122,839</b>	<b>64,475,016</b>	<b>74,574,258</b>	<b>71,055,501</b>	<b>98,253,589</b>	<b>91,964,136</b>	<b>90,671,130</b>	<b>90,645,795</b>	<b>90,358,093</b>
<b>EXPENSES/CASH OUTFLOWS</b>										
<b>TOTAL EXP-CASH OUTFLOWS</b>	<b>56,351,924</b>	<b>88,927,088</b>	<b>62,475,016</b>	<b>72,574,258</b>	<b>69,055,501</b>	<b>96,253,589</b>	<b>89,964,136</b>	<b>88,671,130</b>	<b>88,645,795</b>	<b>88,358,093</b>
<b>NET CASH FLOW</b>	<b>2,207,629</b>	<b>2,195,751</b>	<b>2,000,000</b>							
BEGIN UNRESTRICTED CASH/INV	50,759,570	50,928,199	51,084,950	51,045,950	51,006,950	50,967,950	50,928,950	50,889,950	50,850,950	50,811,950
TRANSFER TO/FROM ELEC DIST	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
TRANSFER TO/FROM RESERVES	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)	(39,000)
END UNRESTRICTED CASH/INV	50,928,199	51,084,950	51,045,950	51,006,950	50,967,950	50,928,950	50,889,950	50,850,950	50,811,950	50,772,950
BEG RESERVE BALANCES	13,724,633	13,763,633	13,802,633	13,841,633	13,880,633	13,919,633	13,958,633	13,997,633	14,036,633	14,075,633
TRANSFER TO/FROM RESERVES	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000
END RESERVE BALANCES	13,763,633	13,802,633	13,841,633	13,880,633	13,919,633	13,958,633	13,997,633	14,036,633	14,075,633	14,114,633
<b>RESERVE TARGET</b>	<b>21,425,230</b>	<b>17,670,929</b>	<b>15,226,082</b>	<b>16,138,825</b>	<b>15,807,956</b>	<b>18,259,697</b>	<b>17,648,019</b>	<b>17,566,753</b>	<b>17,566,753</b>	<b>17,566,753</b>
<b>Line Item Calculation for Reserve Target</b>										
Expenses except transmission, PP, Laramie, Debt Ser	9,523,033	6,519,592	4,563,714	5,293,909	5,029,213	6,990,606	6,501,264	6,436,251	6,436,251	6,436,251
Operation Reserve 180 days	4,666,286	3,194,600	2,236,220	2,594,015	2,464,315	3,425,397	3,185,619	3,153,763	3,153,763	3,153,763
Capital Expenditures Reserve	245,300	251,433	257,718	264,161	270,765	277,534	284,473	291,585	298,874	306,346
Contingency Reserves	-	-	-	-	-	-	-	-	-	-
Debt Service Reserve	413,957	407,893	400,692	-	-	-	-	-	-	-
Retirement/Reclamation Reserve	9,521,438	9,521,438	9,521,438	9,521,438	9,521,438	9,521,438	9,521,438	9,521,438	9,521,438	9,521,438
Rate Stabilization Reserve	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>14,846,981</b>	<b>13,375,364</b>	<b>12,416,069</b>	<b>12,379,615</b>	<b>12,256,518</b>	<b>13,224,370</b>	<b>12,991,530</b>	<b>12,966,786</b>	<b>12,974,075</b>	<b>12,981,547</b>
<b>Over/Short</b>	<b>(1,083,348)</b>	<b>427,269</b>	<b>1,425,564</b>	<b>1,501,018</b>	<b>1,663,115</b>	<b>734,263</b>	<b>1,006,103</b>	<b>1,069,847</b>	<b>1,101,557</b>	<b>1,133,086</b>

# Electric Distribution

ELECTRIC DISTRIBUTION	PROPOSED
	0.03 2027
<b>EXPENSES/CASH OUTFLOWS</b>	
Operational Expenditures	8,122,260
Debt Service	1,161,971
Cost of Power	10,415,541
Capital	2,485,000
Capital Paid with Debt/Grants	-
Revenue Transfer	893,217
<b>TOTAL EXP-CASH OUTFLOWS</b>	<b>23,077,989</b>
<b>NET CASH FLOW</b>	<b>98,685</b>
BEGIN UNRESTRICTED CASH/INV	(9,898,325)
TRANSFER TO/FROM RESERVES	-
<b>END UNRESTRICTED CASH/INV</b>	<b>(9,799,640)</b>
BEG RESERVE BALANCES	7,435,568
TRANSFER TO/FROM RESERVES	-
<b>END RESERVE BALANCES</b>	<b>7,435,568</b>
<b>RESERVE TARGET</b>	<b>15,348,488</b>

Calculated Reserves FY2027		
Operations Reserve 180 days	3,979,907	(\$8,122,260) 0.49% of Total Operating Expenditures
Capital Expenditures Reserve	1,384,184	(1,350,423) plus 2.5%
Contingency Reserves	618,000	Established by Asset Management Team
Debt Service Reserve	2,459,026	Debt Service Schedule, next fiscal year.
Rate Stabilization Reserve	6,907,371	180-day reserve calculation, see next slide
	<b>15,348,488</b>	
FY2025 ACFR Audited		
RES ASSET-INVEST-OPS RESRV	4,142,300	
RES ASSET-INVEST-CAPEX RESRV	1,257,700	
RES ASSET-INVEST-CONTG RESRV	600,000	
RESTRICT ASSET-CASH-BOND RESRV	1,435,568	
	<b>7,435,568</b>	
<b>Estimated FY2027 Reserve Target From FY2026 Budget</b>	<b>6,734,829</b>	

Rate Stabilization was not calculated in FY2026 because the Power Pool was treated as a passthrough.

# Rate Stabilization Calculation

## Electric

Year	Electric	
	\$ per kWh	Sales
2025	\$ 0.1430	118,484,231
2024	\$ 0.1241	118,952,361
2023	\$ 0.1150	117,268,010
2022	\$ 0.1266	107,155,470
2021	\$ 0.1283	107,285,261
2020	\$ 0.1264	107,225,732
2019	\$ 0.1158	116,798,138
2018	\$ 0.1189	113,411,981
2017	\$ 0.1188	115,799,390
2016	\$ 0.1209	116,468,682
Average	\$ 0.1238	113,884,926
10-year Average Total	\$	14,096,676
Reserve 180 Days	\$	6,907,371

- Average of the last 10-year rate per kWh
- Average of the last 10-year sales
- 180-day multiply 10-year Average Total by 49%

# Electric Distribution

## Unrestricted Cash Balances Year-End

### Electric Distribution

#### UNRESTRICTED Cash

FY2015	(13,563,220)
FY2016	(7,887,776)
FY2017	(5,365,102)
FY2018	(2,327,495)
FY2019	(3,005,997)
FY2020	(1,103,002)
FY2021	764,713
FY2022	187,449
FY2023	(2,573,691)
FY2024	(5,122,517)
FY2025	(4,340,940) Audited
FY2026	(9,898,325) Projected
FY2027	(9,799,640) Projected

# Electric Distribution

ELECTRIC DISTRIBUTION	PROPOSED	PROJECTED	FORECAST							
	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
KWh Sales	123,401,169	124,018,175	124,638,000	125,261,000	125,888,000	126,517,000	127,150,000	127,786,000	136,850,000	129,067,000
Revenue per KWh	0.1683	0.1801	0.1927	0.2043	0.2145	0.2209	0.2276	0.2344	0.2414	0.2487
Rate Increase Percentage	8.0%	7.0%	7.0%	6.0%	5.0%	3.0%	3.0%	3.0%	3.0%	3.0%
<b>REVENUE/CASH INFLOW</b>										
Sales Revenue	\$20,772,471	\$22,337,677	\$24,020,769	\$25,589,287	\$27,003,244	\$27,952,311	\$28,934,929	\$29,952,050	\$33,038,879	\$32,094,672
Bond Federal Subsidy	47,731	36,359	24,555	12,493	-	-	-	-	-	-
Interest on Cash & Reserves	-	-	-	-	-	-	33,830	82,702	135,889	249,106
Miscellaneous Revenue	206,472	206,472	206,472	206,472	206,472	206,472	206,472	206,472	206,472	206,472
Revenue on Recoverable Work	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Grant/Loan/Bond Proceeds	-	8,500,000	-	9,900,000	-	-	2,500,000	-	-	-
Transfers In	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
<b>TOTAL REV - CASH INFLOWS</b>	<b>23,176,674</b>	<b>33,230,508</b>	<b>26,401,796</b>	<b>37,858,252</b>	<b>29,359,716</b>	<b>30,308,783</b>	<b>33,825,231</b>	<b>32,391,224</b>	<b>35,531,240</b>	<b>34,700,250</b>
<b>EXPENSES/CASH OUTFLOWS</b>										
<b>TOTAL EXP-CASH OUTFLOWS</b>	<b>23,077,989</b>	<b>33,825,844</b>	<b>24,970,485</b>	<b>37,880,894</b>	<b>28,090,803</b>	<b>28,673,776</b>	<b>31,870,331</b>	<b>30,263,758</b>	<b>31,002,542</b>	<b>30,469,048</b>
<b>NET CASH FLOW</b>	<b>98,685</b>	<b>(595,336)</b>	<b>1,431,311</b>	<b>(22,642)</b>	<b>1,268,913</b>	<b>1,635,007</b>	<b>1,954,900</b>	<b>2,127,466</b>	<b>4,528,698</b>	<b>4,231,203</b>
BEGIN UNRESTRICTED CASH/INV	(9,898,325)	(9,799,640)	(10,394,976)	(8,963,665)	(8,986,307)	(7,717,394)	(6,082,388)	(4,127,488)	(2,000,022)	1,028,676
TRANSFER TO/FROM RESERVES	-	-	-	-	-	-	-	-	(1,500,000)	(3,500,000)
<b>END UNRESTRICTED CASH/INV</b>	<b>(9,799,640)</b>	<b>(10,394,976)</b>	<b>(8,963,665)</b>	<b>(8,986,307)</b>	<b>(7,717,394)</b>	<b>(6,082,388)</b>	<b>(4,127,488)</b>	<b>(2,000,022)</b>	<b>1,028,676</b>	<b>1,759,879</b>
BEG RESERVE BALANCES	7,435,568	7,435,568	7,435,568	7,435,568	7,435,568	7,435,568	7,435,568	7,435,568	7,435,568	8,935,568
TRANSFER TO/FROM RESERVES	-	-	-	-	-	-	-	-	1,500,000	3,500,000
<b>END RESERVE BALANCES</b>	<b>7,435,568</b>	<b>7,435,568</b>	<b>7,435,568</b>	<b>7,435,568</b>	<b>7,435,568</b>	<b>7,435,568</b>	<b>7,435,568</b>	<b>7,435,568</b>	<b>8,935,568</b>	<b>12,435,568</b>
<b>RESERVE TARGET</b>	<b>15,348,488</b>	<b>15,478,148</b>	<b>16,296,184</b>	<b>15,939,553</b>	<b>16,071,547</b>	<b>16,710,921</b>	<b>16,840,895</b>	<b>16,347,531</b>	<b>16,499,831</b>	<b>15,694,398</b>
<b>Line Item Calculation for Reserve Target</b>										
Operation Reserve 180 days	3,979,907	4,129,991	4,253,891	4,381,508	4,512,953	4,648,342	4,787,793	4,931,427	5,079,370	5,231,752
Capital Expenditures Reserve	1,384,184	1,384,184	1,384,184	1,384,184	1,384,184	1,384,184	1,384,184	1,384,184	1,384,184	1,384,184
Contingency Reserves	618,000	618,000	618,000	618,000	618,000	618,000	618,000	618,000	618,000	618,000
Debt Service Reserve	2,459,026	2,438,602	3,132,739	2,648,490	2,649,040	3,153,024	3,143,547	2,506,549	2,510,906	1,553,092
Rate Stabilization Reserve	6,907,371	6,907,371	6,907,371	6,907,371	6,907,371	6,907,371	6,907,371	6,907,371	6,907,371	6,907,371
<b>Total</b>	<b>15,348,488</b>	<b>15,478,148</b>	<b>16,296,185</b>	<b>15,939,553</b>	<b>16,071,548</b>	<b>16,710,921</b>	<b>16,840,895</b>	<b>16,347,531</b>	<b>16,499,831</b>	<b>15,694,398</b>
<b>Over/Short</b>	<b>(7,912,920)</b>	<b>(8,042,579)</b>	<b>(8,860,616)</b>	<b>(8,503,984)</b>	<b>(8,635,979)</b>	<b>(9,275,353)</b>	<b>(9,405,326)</b>	<b>(8,911,963)</b>	<b>(9,064,263)</b>	<b>(6,758,830)</b>

# Gas

GAS	PROPOSED 0.03 2027
<b>EXPENSES/CASH OUTFLOWS</b>	
Operational Expenditures	3,653,958
Cost of Gas	2,836,777
Capital	135,000
Capital Paid with Debt/Grants	-
Revenue Transfer	309,842
<b>TOTAL EXP-CASH OUTFLOWS</b>	<b>6,935,577</b>
<b>NET CASH FLOW</b>	<b>(280,845)</b>
BEGIN UNRESTRICTED CASH/INV	(2,481,950)
TRANSFER TO/FROM RESERVES	-
END UNRESTRICTED CASH/INV	(2,762,795)
BEG RESERVE BALANCES	1,000,000
TRANSFER TO/FROM RESERVES	-
END RESERVE BALANCES	1,000,000
<b>RESERVE TARGET - 180 Days</b>	<b>2,585,524</b>

Calculated Reserves FY2027		
Operations Reserve 180 days	1,790,439	(\$3,653,958) 0.49% of Total Operating Expenditures
Capital Expenditures Reserve	525,085	(512,278) plus 2.5%
Contingency Reserves	270,000	Established by Asset Management Team
Debt Service Reserve	-	No debt for gas fund
Rate Stabilization Reserve	-	No rate stabilization, pass through rate in effect
	<b>2,585,524</b>	
FY2025 ACFR Audited		
RES ASSET-INVEST-OPS RESRV	1,000,000	
RES ASSET-INVEST-CAPEX RESRV	-	
RES ASSET-INVEST-CONTG RESRV	-	
RESTRICT ASSET-CASH-BOND RESRV	-	
RES ASSET-INVEST-RTSTB RESRV	-	
	<b>1,000,000</b>	
<b>Estimated FY2027 Reserve Target From FY2026 Budget</b>	<b>2,525,044</b>	

# Gas

## Unrestricted Cash Balances Year-End

<b>Gas</b>	
<b>UNRESTRICTED Cash</b>	
FY2015	6,396,757
FY2016	6,397,463
FY2017	5,677,382
FY2018	3,386,328
FY2019	3,930,626
FY2020	1,690,764
FY2021	1,492,789
FY2022	236,176
FY2023	(882,306)
FY2024	512,995
FY2025	(120,873) Audited
FY2026	(2,481,950) Projected
FY2027	(2,762,795) Projected

# Gas

GAS	PROPOSED 2027	PROJECTED 2028	FORECAST 2029	FORECAST 2030	FORECAST 2031	FORECAST 2032	FORECAST 2033	FORECAST 2034	FORECAST 2035	FORECAST 2036
Therm Sales	6,800,000	6,800,000	6,800,000	6,800,000	6,800,000	6,800,000	6,800,000	6,800,000	6,800,000	6,800,000
Revenue per Therm	0.9757	1.0635	1.1380	1.2176	1.3028	1.3940	1.4359	1.4789	1.5233	1.5690
Rate Increase Percentage	9.0%	9.0%	7.0%	7.0%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%
<b>REVENUE/CASH INFLOW</b>										
Sales Revenue	\$ 6,634,731	\$ 7,231,857	\$ 7,738,087	\$ 8,279,753	\$ 8,859,336	\$ 9,479,490	\$ 9,763,874	\$ 10,056,791	\$ 10,358,494	\$ 10,669,249
Interest on Cash & Reserves	-	-	-	-	-	-	23,323	55,016	88,542	123,357
Miscellaneous Revenue	-	-	-	-	-	-	-	-	-	-
Revenue on Recoverable Work Transfers In	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
TOTAL REV - CASH INFLOWS	6,654,731	7,251,857	7,758,087	8,299,753	8,879,336	9,499,490	9,807,197	10,131,807	10,467,036	10,812,607
<b>EXPENSES/CASH OUTFLOWS</b>										
TOTAL EXP-CASH OUTFLOWS	6,935,577	7,266,971	7,680,952	7,752,436	7,997,146	8,295,311	8,539,460	8,790,785	9,074,408	9,361,460
<b>NET CASH FLOW</b>										
BEGIN UNRESTRICTED CASH/INV	(2,481,950)	(2,762,795)	(2,777,909)	(2,700,774)	(2,153,456)	(1,271,266)	(67,088)	700,649	1,541,671	2,434,299
TRANSFER TO/FROM RESERVES	-	-	-	-	-	-	(500,000)	(500,000)	(500,000)	(650,000)
END UNRESTRICTED CASH/INV	(2,762,795)	(2,777,909)	(2,700,774)	(2,153,456)	(1,271,266)	(67,088)	700,649	1,541,671	2,434,299	3,235,446
BEG RESERVE BALANCES	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,500,000	2,000,000	2,500,000
TRANSFER TO/FROM RESERVES	-	-	-	-	-	-	500,000	500,000	500,000	650,000
END RESERVE BALANCES	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,500,000	2,000,000	2,500,000	3,150,000
<b>RESERVE TARGET</b>	<b>2,585,524</b>	<b>2,621,682</b>	<b>2,676,481</b>	<b>2,732,923</b>	<b>2,791,058</b>	<b>2,850,938</b>	<b>2,912,614</b>	<b>2,976,140</b>	<b>3,041,571</b>	<b>3,108,966</b>
<b>Line Item Calculation for Reserve Target</b>										
Operation Reserve 180 days	1,790,439	1,826,597	1,881,396	1,937,838	1,995,973	2,055,853	2,117,529	2,181,055	2,246,486	2,313,881
Capital Expenditures Reserve	525,085	525,085	525,085	525,085	525,085	525,085	525,085	525,085	525,085	525,085
Contingency Reserves	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000
Debt Service Reserve	-	-	-	-	-	-	-	-	-	-
Rate Stabilization Reserve	-	-	-	-	-	-	-	-	-	-
Total	2,585,524	2,621,682	2,676,481	2,732,923	2,791,058	2,850,938	2,912,614	2,976,140	3,041,571	3,108,966
Over/Short	(1,585,524)	(1,621,682)	(1,676,481)	(1,732,923)	(1,791,058)	(1,850,938)	(1,412,614)	(976,140)	(541,571)	41,034

# Water Distribution

WATER DISTRIBUTION	PROPOSED 0.03 2027
<b>EXPENSES/CASH OUTFLOWS</b>	
Operational Expenditures	3,657,497
Cost of Water	4,588,272
Debt Service	0
Capital	35,000
Capital Paid with Debt/Grants	1,200,000
<b>TOTAL EXP-CASH OUTFLOWS</b>	<b>9,480,769</b>
<b>NET CASH FLOW (3,921)</b>	
BEGIN UNRESTRICTED CASH/INV	(1,699,740)
TRANSFER TO/FROM RESERVES	-
<b>END UNRESTRICTED CASH/INV</b>	<b>(1,703,661)</b>
BEG RESERVE BALANCES	-
TRANSFER TO/FROM RESERVES	-
<b>END RESERVE BALANCES</b>	<b>-</b>
<b>RESERVE TARGET - 180 Days</b>	<b>5,461,400</b>

Calculated Reserves FY2027		
Operations Reserve 180 days	1,792,173	(\$3,657,497) 0.49% of Total Operating Expenditures
Capital Expenditures Reserve	655,087	(639,109) plus 2.5%
Contingency Reserves	200,000	Established by Asset Management Team
Debt Service Reserve	118,665	Debt Service Schedule, next fiscal year.
Rate Stabilization Reserve	2,695,475	180-day reserve calculation, see next slide
	<b>5,461,400</b>	
FY2025 ACFR Audited		
RES ASSET-INVEST-OPS RESRV	-	
RES ASSET-INVEST-CAPEX RESRV	-	
RES ASSET-INVEST-CONTG RESRV	-	
RESTRICT ASSET-CASH-BOND RESRV	-	
RES ASSET-INVEST-RTSTB RESRV	-	
	<b>-</b>	
<b>Estimated FY2027 Reserve Target From FY2026 Budget</b>	<b>2,502,845</b>	

# Rate Stabilization Calculation

## Water Distribution

Year	Water \$ per Kgal	Sales
2025	\$ 9.4154	723,981
2024	\$ 8.2596	790,698
2023	\$ 8.1541	704,825
2022	\$ 7.4666	813,664
2021	\$ 7.6712	834,519
2020	\$ 6.7186	834,930
2019	\$ 6.9315	670,815
2018	\$ 6.3344	781,818
2017	\$ 5.7345	755,656
2016	\$ 5.6549	693,335
Average	\$ 7.2341	760,424
Reserve Full		\$ 5,500,969
Reserve Floor 180 Days		\$ 2,695,475

- Average of the last 10-year rate per Kgal
- Average of the last 10-year sales
- 180-day multiply 10-year Average Total by 49%

# Water Distribution

## Unrestricted Cash Balances Year-End

<b>Water Distribution</b>	
<b>UNRESTRICTED Cash</b>	
FY2015	1,860,697
FY2016	637,389
FY2017	(1,283,827)
FY2018	(1,283,904)
FY2019	(1,338,911)
FY2020	(2,134,986)
FY2021	(3,640,412)
FY2022	(4,498,738)
FY2023	(3,156,912)
FY2024	1,317,834
FY2025	955,968 Audited
FY2026	(1,699,740) Projected
FY2027	(1,703,661) Projected

# Water Distribution

WATER DISTRIBUTION	PROPOSED	PROJECTED	FORECAST	FORECAST							
	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	
Kgal Retail Sales	760,000	760,000	760,000	760,000	760,000	760,000	760,000	760,000	760,000	760,000	760,000
Revenue per Kgal	10.7787	11.6410	12.4559	13.3278	13.9942	14.6939	15.1348	15.5888	16.0565	16.5382	
Rate Increase Percentage	8.0%	8.0%	7.0%	7.0%	5.0%	5.0%	3.0%	3.0%	3.0%	3.0%	
<b>REVENUE/CASH INFLOW</b>											
Sales Revenue	\$ 8,191,848	\$ 8,847,196	\$ 9,466,500	\$ 10,129,155	\$ 10,635,612	\$ 11,167,393	\$ 11,502,415	\$ 11,847,487	\$ 12,202,912	\$ 12,568,999	
Interest on Cash & Reserves	-	-	-	-	-	-	-	8,487	22,634	34,410	
Miscellaneous Revenue	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	
Revenue on Recoverable Work	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	
Grant/Loan/Bond Proceeds	1,200,000	1,000,000	416,000	480,000	560,000	1,212,000	640,000	720,000	900,000	900,000	
Transfers In											
<b>TOTAL REV - CASH INFLOWS</b>	<b>9,476,848</b>	<b>9,932,196</b>	<b>9,967,500</b>	<b>10,694,155</b>	<b>11,280,612</b>	<b>12,464,393</b>	<b>12,227,415</b>	<b>12,660,974</b>	<b>13,210,546</b>	<b>13,588,409</b>	
<b>EXPENSES/CASH OUTFLOWS</b>											
<b>TOTAL EXP-CASH OUTFLOWS</b>	<b>9,480,769</b>	<b>10,018,877</b>	<b>9,715,626</b>	<b>10,287,947</b>	<b>10,797,475</b>	<b>12,041,309</b>	<b>11,661,908</b>	<b>12,095,086</b>	<b>12,739,506</b>	<b>13,097,512</b>	
<b>NET CASH FLOW</b>	<b>(3,921)</b>	<b>(86,681)</b>	<b>251,874</b>	<b>406,208</b>	<b>483,137</b>	<b>423,084</b>	<b>565,506</b>	<b>565,888</b>	<b>471,040</b>	<b>490,897</b>	
BEGIN UNRESTRICTED CASH/INV	(1,699,740)	(1,703,661)	(1,790,342)	(1,538,468)	(1,132,260)	(649,123)	(226,039)	339,468	405,356	376,396	
TRANSFER TO/FROM RESERVES	-	-	-	-	-	-	-	(500,000)	(500,000)	(500,000)	
END UNRESTRICTED CASH/INV	(1,703,661)	(1,790,342)	(1,538,468)	(1,132,260)	(649,123)	(226,039)	339,468	405,356	376,396	367,292	
BEG RESERVE BALANCES	-	-	-	-	-	-	-	-	500,000	1,000,000	
TRANSFER TO/FROM RESERVES	-	-	-	-	-	-	-	500,000	500,000	500,000	
END RESERVE BALANCES	-	-	-	-	-	-	-	500,000	1,000,000	1,500,000	
<b>RESERVE TARGET</b>	<b>5,461,400</b>	<b>5,475,745</b>	<b>5,537,865</b>	<b>5,602,906</b>	<b>5,671,246</b>	<b>5,754,676</b>	<b>5,828,119</b>	<b>5,905,013</b>	<b>5,987,467</b>	<b>6,071,840</b>	
<b>Line Item Calculation for Reserve Target</b>											
Operation Reserve 180 days	1,792,173	1,785,990	1,839,570	1,894,757	1,951,600	2,010,149	2,070,453	2,132,567	2,196,545	2,262,441	
Capital Expenditures Reserve	655,087	655,087	655,087	655,087	655,087	655,087	655,087	655,087	655,087	655,087	
Contingency Reserves	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	
Debt Service Reserve	118,665	139,193	147,733	157,587	169,083	193,965	207,104	221,884	240,361	258,837	
Rate Stabilization Reserve	2,695,475	2,695,475	2,695,475	2,695,475	2,695,475	2,695,475	2,695,475	2,695,475	2,695,475	2,695,475	
<b>Total</b>	<b>5,461,400</b>	<b>5,475,745</b>	<b>5,537,865</b>	<b>5,602,906</b>	<b>5,671,246</b>	<b>5,754,676</b>	<b>5,828,119</b>	<b>5,905,013</b>	<b>5,987,467</b>	<b>6,071,840</b>	
<b>Over/Short</b>	<b>(5,461,400)</b>	<b>(5,475,745)</b>	<b>(5,537,865)</b>	<b>(5,602,906)</b>	<b>(5,671,246)</b>	<b>(5,754,676)</b>	<b>(5,828,119)</b>	<b>(5,405,013)</b>	<b>(4,987,467)</b>	<b>(4,571,840)</b>	

# Water Production

WATER PRODUCTION	PROPOSED 2027
	0.03
<b>EXPENSES/CASH OUTFLOWS</b>	
Operational Expenditures	5,234,927
Debt Service	926,593
Capital	995,000
Capital Paid with Debt/Grants	2,640,000
<b>TOTAL EXP-CASH OUTFLOWS</b>	<b>9,796,520</b>
<b>NET CASH FLOW</b>	<b>(932,298)</b>
BEGIN UNRESTRICTED CASH/INV	431,660
TRANSFER TO/FROM RESERVES	-
<b>END UNRESTRICTED CASH/INV</b>	<b>(500,638)</b>
BEG RESERVE BALANCES	4,600,762
TRANSFER TO/FROM RESERVES	-
<b>END RESERVE BALANCES</b>	<b>4,600,762</b>
<b>RESERVE TARGET - 180 Days</b>	<b>5,994,762</b>

Calculated Reserves FY2027			
Operations Reserve 180 days	2,565,114	(\$3,657,497)	0.49% of Total Operating Expenditures
Capital Expenditures Reserve	1,937,724	(1,890,462)	plus 2.5%
Contingency Reserves	500,000		Established by Asset Management Team
Debt Service Reserve	991,924		Debt Service Schedule, next fiscal year.
Rate Stabilization Reserve	-		No rate stabilization
	<b>5,994,762</b>		
FY2025 ACFR Audited			
RES ASSET-INVEST-OPS RESRV	2,246,500		
RES ASSET-INVEST-CAPEX RESRV	1,745,731		
RES ASSET-INVEST-CONTG RESRV	450,000		
RESTRICT ASSET-CASH-BOND RESRV	158,531		
RES ASSET-INVEST-RTSTB RESRV	-		
	<b>4,600,762</b>		
<b>Estimated FY2027 Reserve Target From FY2026 Budget</b>	<b>4,607,035</b>		

# Water Production

## Unrestricted Cash Balances Year-End

<b>Water Production</b>		
<b>UNRESTRICTED Cash</b>		
FY2015	10,292,839	
FY2016	10,294,284	
FY2017	10,580,938	
FY2018	10,472,465	
FY2019	9,495,582	
FY2020	5,522,274	
FY2021	9,433,091	
FY2022	6,534,741	
FY2023	12,907,849	
FY2024	10,464,285	
FY2025	7,336,376	Audited
FY2026	431,660	Projected
FY2027	(500,638)	Projected

# Water Production

WATER PRODUCTION	PROPOSED 2027	PROJECTED 2028	FORECAST 2029	FORECAST 2030	FORECAST 2031	FORECAST 2032	FORECAST 2033	FORECAST 2034	FORECAST 2035	FORECAST 2036
Potable Kgal Sales	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000
Revenue per Kgal	5.4270	5.8611	6.2714	6.7104	7.0459	7.3982	7.6202	7.8488	8.0843	8.3268
Rate Increase Percentage	8.0%	8.0%	7.0%	7.0%	5.0%	5.0%	3.0%	3.0%	3.0%	3.0%
Non-Potable Kgal Sales	97,300	97,300	97,300	97,300	97,300	97,300	97,300	97,300	97,300	97,300
Revenue per Kgal	4.0245	4.3465	4.6507	4.9763	5.2251	5.4864	5.6510	5.8205	5.9951	6.1750
Rate Increase Percentage	8.0%	8.0%	7.0%	7.0%	5.0%	5.0%	3.0%	3.0%	3.0%	3.0%
<b>REVENUE/CASH INFLOW</b>										
Potable Sales Revenue	\$ 5,698,329	\$ 6,154,195	\$ 6,584,989	\$ 7,045,938	\$ 7,398,235	\$ 7,768,147	\$ 8,001,191	\$ 8,241,227	\$ 8,488,464	\$ 8,743,118
Non-Potable Sales Revenue	\$ 391,586	\$ 422,913	\$ 452,517	\$ 484,193	\$ 508,403	\$ 533,823	\$ 549,838	\$ 566,333	\$ 583,323	\$ 600,823
Interest on Cash & Reserves	125,811	102,503	82,427	76,219	81,182	88,050	118,683	143,864	168,283	196,767
Bond Federal Subsidy	8,496	6,472	4,371	2,224	-	-	-	-	-	-
Miscellaneous Revenue	-	-	-	-	-	-	-	-	-	-
Grant/Loan/Bond Proceeds	2,640,000	4,116,000	3,300,000	2,320,000	2,750,000	550,000	1,200,000	1,600,000	1,200,000	1,200,000
Net Transfers In/Out	-	-	-	-	-	-	-	-	-	-
<b>TOTAL REV - CASH INFLOWS</b>	<b>8,864,222</b>	<b>10,802,084</b>	<b>10,424,305</b>	<b>9,928,575</b>	<b>10,737,820</b>	<b>8,940,020</b>	<b>9,869,712</b>	<b>10,551,424</b>	<b>10,440,070</b>	<b>10,740,708</b>
<b>EXPENSES/CASH OUTFLOWS</b>										
<b>TOTAL EXP-CASH OUTFLOWS</b>	<b>9,796,520</b>	<b>11,605,122</b>	<b>10,672,632</b>	<b>9,730,054</b>	<b>10,463,118</b>	<b>7,714,692</b>	<b>8,862,468</b>	<b>9,574,670</b>	<b>9,300,710</b>	<b>9,485,609</b>
<b>NET CASH FLOW</b>	<b>(932,298)</b>	<b>(803,038)</b>	<b>(248,327)</b>	<b>198,520</b>	<b>274,703</b>	<b>1,225,328</b>	<b>1,007,244</b>	<b>976,754</b>	<b>1,139,360</b>	<b>1,255,099</b>
BEGIN UNRESTRICTED CASH/INV	431,660	(500,638)	(1,303,676)	(1,552,003)	(1,353,482)	(1,078,780)	146,549	653,793	930,547	1,269,907
TRANSFER TO/FROM RESERVES	-	-	-	-	-	-	(500,000)	(700,000)	(800,000)	(500,000)
END UNRESTRICTED CASH/INV	(500,638)	(1,303,676)	(1,552,003)	(1,353,482)	(1,078,780)	146,549	653,793	930,547	1,269,907	2,025,006
BEG RESERVE BALANCES	4,600,762	4,600,762	4,600,762	4,600,762	4,600,762	4,600,762	4,600,762	5,100,762	5,800,762	6,600,762
TRANSFER TO/FROM RESERVES	-	-	-	-	-	-	500,000	700,000	800,000	500,000
END RESERVE BALANCES	4,600,762	4,600,762	4,600,762	4,600,762	4,600,762	4,600,762	5,100,762	5,800,762	6,600,762	7,100,762
<b>RESERVE TARGET</b>	<b>5,994,762</b>	<b>6,123,028</b>	<b>6,268,081</b>	<b>6,311,153</b>	<b>6,420,036</b>	<b>6,522,341</b>	<b>6,636,207</b>	<b>6,760,962</b>	<b>6,841,536</b>	<b>6,963,675</b>
<b>Line Item Calculation for Reserve Target</b>										
Operation Reserve 180 days	2,565,114	2,642,667	2,721,947	2,803,606	2,887,714	2,974,346	3,063,576	3,155,483	3,250,148	3,347,653
Capital Expenditures Reserve	1,937,724	1,937,724	1,937,724	1,937,724	1,937,724	1,937,724	1,937,724	1,937,724	1,937,724	1,937,724
Contingency Reserves	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Debt Service Reserve	991,924	1,042,638	1,108,410	1,069,824	1,094,599	1,110,272	1,134,908	1,167,755	1,153,665	1,178,299
Rate Stabilization Reserve	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>5,994,762</b>	<b>6,123,028</b>	<b>6,268,081</b>	<b>6,311,153</b>	<b>6,420,036</b>	<b>6,522,341</b>	<b>6,636,207</b>	<b>6,760,962</b>	<b>6,841,536</b>	<b>6,963,675</b>
<b>Over/Short</b>	<b>(1,394,000)</b>	<b>(1,522,266)</b>	<b>(1,667,319)</b>	<b>(1,710,391)</b>	<b>(1,819,274)</b>	<b>(1,921,579)</b>	<b>(1,535,445)</b>	<b>(960,200)</b>	<b>(240,774)</b>	<b>137,087</b>

# Wastewater

WASTEWATER	PROPOSED 0.03 2027
<b>EXPENSES/CASH OUTFLOWS</b>	
Operational Expenditures	6,303,375
Debt Service	2,147,709
Capital	185,000
Capital Paid with Debt/Grants	2,000,000
<b>TOTAL EXP-CASH OUTFLOWS</b>	<b>10,636,084</b>
<b>NET CASH FLOW</b>	<b>(977,779)</b>
BEGIN UNRESTRICTED CASH/INV	(367,074)
TRANSFER TO/FROM RESERVES	-
<b>END UNRESTRICTED CASH/INV</b>	<b>(1,344,852)</b>
BEG RESERVE BALANCES	652,613
TRANSFER TO/FROM RESERVES	-
END RESERVE BALANCES	652,613
<b>RESERVE TARGET</b>	<b>6,820,668</b>

Calculated Reserves FY2027		
Operations Reserve 180 days	3,088,654	(\$3,657,497) 0.49% of Total Operating Expenditures
Capital Expenditures Reserve	1,001,102	(976,685) plus 2.5%
Contingency Reserves	500,000	Established by Asset Management Team
Debt Service Reserve	2,230,912	Debt Service Schedule, next fiscal year.
Rate Stabilization Reserve	-	No rate stabilization
	<b>6,820,668</b>	
FY2025 ACFR Audited		
RES ASSET-INVEST-OPS RESRV	313,313	
RES ASSET-INVEST-CAPEX RESRV	-	
RES ASSET-INVEST-CONTG RESRV	339,300	
RESTRICT ASSET-CASH-BOND RESRV	-	
RES ASSET-INVEST-RTSTB RESRV	-	
	<b>652,613</b>	
<b>Estimated FY2027 Reserve Target From FY2026 Budget</b>	<b>4,558,364</b>	

# Wastewater

## Unrestricted Cash Balances Year-End

<b>Wastewater</b>	
<b>UNRESTRICTED Cash</b>	
FY2015	98,952
FY2016	(539,199)
FY2017	(611,144)
FY2018	223,038
FY2019	2,712,387
FY2020	1,096,873
FY2021	2,923,778
FY2022	3,340,016
FY2023	3,867,330
FY2024	4,120,659
FY2025	4,285,298 Audited
FY2026	(367,074) Projected
FY2027	(1,344,852) Projected

# Wastewater

WASTEWATER	PROPOSED 2027	PROJECTED 2028	FORECAST 2029	FORECAST 2030	FORECAST 2031	FORECAST 2032	FORECAST 2033	FORECAST 2034	FORECAST 2035	FORECAST 2036
<b>REVENUE/CASH INFLOW</b>										
Thousands of Gallons Processed	368,333	368,333	368,333	368,333	368,333	368,333	368,333	368,333	368,333	368,333
Sewer Rate Increase	7%	8%	8%	8%	8%	5%	5%	5%	5%	5%
Sales Revenue	\$ 7,641,167	\$ 8,252,461	\$ 8,912,658	\$ 9,625,671	\$ 10,395,725	\$ 10,915,512	\$ 11,461,288	\$ 12,034,353	\$ 12,636,071	\$ 13,267,875
Interest on Cash & Reserves	7,138	-	-	-	-	9,867	42,341	75,128	115,538	165,352
Revenue on Recoverable Work	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Grant/Loan/Bond Proceeds	2,000,000	3,720,000	1,700,000	2,000,000	2,000,000	7,235,000	2,000,000	1,000,000	1,000,000	1,000,000
Net Transfers In/Out										
<b>TOTAL REV - CASH INFLOWS</b>	<b>9,658,305</b>	<b>11,982,461</b>	<b>10,622,658</b>	<b>11,635,671</b>	<b>12,405,725</b>	<b>18,170,379</b>	<b>13,513,629</b>	<b>13,119,481</b>	<b>13,761,609</b>	<b>14,443,227</b>
<b>EXPENSES/CASH OUTFLOWS</b>										
<b>TOTAL EXP-CASH OUTFLOWS</b>	<b>10,636,084</b>	<b>12,644,907</b>	<b>10,501,259</b>	<b>11,065,472</b>	<b>11,347,960</b>	<b>16,871,429</b>	<b>12,202,126</b>	<b>11,503,100</b>	<b>11,769,048</b>	<b>11,581,574</b>
<b>NET CASH FLOW</b>	<b>(977,779)</b>	<b>(662,446)</b>	<b>121,399</b>	<b>570,199</b>	<b>1,057,765</b>	<b>1,298,950</b>	<b>1,311,503</b>	<b>1,616,381</b>	<b>1,992,560</b>	<b>2,861,652</b>
BEGIN UNRESTRICTED CASH/INV	(367,074)	(1,344,852)	(2,007,298)	(1,885,900)	(1,315,701)	(257,936)	541,014	852,517	968,899	961,459
TRANSFER TO/FROM RESERVES	-	-	-	-	-	(500,000)	(1,000,000)	(1,500,000)	(2,000,000)	(2,500,000)
<b>END UNRESTRICTED CASH/INV</b>	<b>(1,344,852)</b>	<b>(2,007,298)</b>	<b>(1,885,900)</b>	<b>(1,315,701)</b>	<b>(257,936)</b>	<b>541,014</b>	<b>852,517</b>	<b>968,899</b>	<b>961,459</b>	<b>1,323,111</b>
BEG RESERVE BALANCES	652,613	652,613	652,613	652,613	652,613	652,613	1,152,613	2,152,613	3,652,613	5,652,613
TRANSFER TO/FROM RESERVES	-	-	-	-	-	500,000	1,000,000	1,500,000	2,000,000	2,500,000
<b>END RESERVE BALANCES</b>	<b>652,613</b>	<b>652,613</b>	<b>652,613</b>	<b>652,613</b>	<b>652,613</b>	<b>1,152,613</b>	<b>2,152,613</b>	<b>3,652,613</b>	<b>5,652,613</b>	<b>8,152,613</b>
<b>RESERVE TARGET</b>	<b>6,820,668</b>	<b>6,919,804</b>	<b>7,082,539</b>	<b>7,260,506</b>	<b>7,441,318</b>	<b>7,896,128</b>	<b>8,082,889</b>	<b>8,231,198</b>	<b>7,922,555</b>	<b>8,077,364</b>
<i>Line Item Calculation for Reserve Target</i>										
Operation Reserve 180 days	3,088,654	3,069,358	3,161,438	3,256,282	3,353,971	3,454,590	3,558,228	3,664,975	3,774,925	3,888,173
Capital Expenditures Reserve	1,001,102	1,001,102	1,001,102	1,001,102	1,001,102	1,001,102	1,001,102	1,001,102	1,001,102	1,001,102
Contingency Reserves	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Debt Service Reserve	2,230,912	2,349,344	2,419,999	2,503,122	2,586,245	2,940,436	3,023,559	3,065,120	2,646,528	2,688,089
Rate Stabilization Reserve	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>6,820,668</b>	<b>6,919,804</b>	<b>7,082,539</b>	<b>7,260,506</b>	<b>7,441,318</b>	<b>7,896,128</b>	<b>8,082,889</b>	<b>8,231,198</b>	<b>7,922,555</b>	<b>8,077,364</b>
<b>Over/Short</b>	<b>(6,168,055)</b>	<b>(6,267,191)</b>	<b>(6,429,926)</b>	<b>(6,607,893)</b>	<b>(6,788,705)</b>	<b>(6,743,515)</b>	<b>(5,930,276)</b>	<b>(4,578,585)</b>	<b>(2,269,942)</b>	<b>75,249</b>

# Recommended Electric Distribution (Option 2)

# Electric Distribution (Option 2)

TEN-YEAR FINANCIAL FORECAST										
ELECTRIC DISTRIBUTION FUND - OPTION 2 WITH EA-4 GRANT AND DELAYED BOND ISSUE TO FY2029										
FY2027 to FY2036										
ELECTRIC DISTRIBUTION	PROPOSED 2027	PROJECTED 2028	FORECAST 2029	FORECAST 2030	FORECAST 2031	FORECAST 2032	FORECAST 2033	FORECAST 2034	FORECAST 2035	FORECAST 2036
KWh Sales	123,401,169	124,018,175	124,638,000	125,261,000	125,888,000	126,517,000	127,150,000	127,786,000	136,850,000	129,067,000
Revenue per KWh	0.1683	0.1801	0.1927	0.2043	0.2145	0.2209	0.2276	0.2344	0.2414	0.2487
Rate Increase Percentage	8.0%	7.0%	7.0%	6.0%	5.0%	3.0%	3.0%	3.0%	3.0%	3.0%
<b>REVENUE/CASH INFLOW</b>										
Sales Revenue	\$ 20,772,471	\$ 22,337,677	\$ 24,020,769	\$ 25,589,287	\$ 27,003,244	\$ 27,952,311	\$ 28,934,929	\$ 29,952,050	\$ 33,038,879	\$ 32,094,672
Bond Federal Subsidy	47,731	36,359	24,555	12,493	-	-	-	-	-	-
Interest on Cash & Reserves	-	-	-	18,348	42,161	98,906	166,246	248,679	336,235	484,619
Miscellaneous Revenue	206,472	206,472	206,472	206,472	206,472	206,472	206,472	206,472	206,472	206,472
Revenue on Recoverable Work	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Grant/Loan/ Bond Proceeds	-	4,000,000	4,500,000	9,900,000	-	-	2,500,000	-	-	-
Transfers In	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
<b>TOTAL REV - CASH INFLOWS</b>	<b>23,176,674</b>	<b>28,730,508</b>	<b>30,901,796</b>	<b>37,876,600</b>	<b>29,401,877</b>	<b>30,407,689</b>	<b>33,957,647</b>	<b>32,557,201</b>	<b>35,731,586</b>	<b>34,935,763</b>
<b>EXPENSES/CASH OUTFLOWS</b>										
Operational Expenditures	8,122,260	8,428,553	8,681,410	8,941,853	9,210,109	9,486,413	9,771,006	10,064,137	10,366,062	10,677,044
Debt Service	1,161,971	1,155,372	1,480,230	2,175,938	1,689,772	1,689,358	1,943,005	1,934,749	1,300,225	1,303,432
Cost of Power	10,415,541	12,527,744	10,567,578	13,005,962	13,071,064	13,136,374	13,202,099	13,268,135	14,209,259	13,401,027
Capital	2,485,000	950,000	2,250,000	1,800,000	2,000,000	2,200,000	2,000,000	2,500,000	2,500,000	2,500,000
Capital Paid with Debt/Grants	-	4,000,000	4,500,000	9,900,000	-	-	2,500,000	-	-	-
Revenue Transfer	893,217	960,521	1,032,894	1,100,340	1,161,140	1,201,950	1,244,202	1,287,939	1,420,672	1,380,071
<b>TOTAL EXP-CASH OUTFLOWS</b>	<b>23,077,989</b>	<b>28,022,190</b>	<b>28,512,112</b>	<b>36,924,094</b>	<b>27,132,086</b>	<b>27,714,095</b>	<b>30,660,312</b>	<b>29,054,961</b>	<b>29,796,218</b>	<b>29,261,574</b>
<b>NET CASH FLOW</b>	<b>98,685</b>	<b>708,318</b>	<b>2,389,684</b>	<b>952,507</b>	<b>2,269,791</b>	<b>2,693,594</b>	<b>3,297,334</b>	<b>3,502,240</b>	<b>5,935,368</b>	<b>5,674,189</b>
BEGIN UNRESTRICTED CASH/INV	(9,898,325)	(9,799,640)	(9,091,322)	(6,701,638)	(5,749,132)	(3,479,340)	(785,746)	2,511,588	6,013,828	10,449,196
TRANSFER TO/FROM RESERVES	-	-	-	-	-	-	-	-	(1,500,000)	(3,500,000)
END UNRESTRICTED CASH/INV	<b>(9,799,640)</b>	<b>(9,091,322)</b>	<b>(6,701,638)</b>	<b>(5,749,132)</b>	<b>(3,479,340)</b>	<b>(785,746)</b>	<b>2,511,588</b>	<b>6,013,828</b>	<b>10,449,196</b>	<b>12,623,385</b>
BEG RESERVE BALANCES	7,435,568	7,435,568	7,435,568	7,435,568	7,435,568	7,435,568	7,435,568	7,435,568	7,435,568	8,935,568
TRANSFER TO/FROM RESERVES	-	-	-	-	-	-	-	-	1,500,000	3,500,000
END RESERVE BALANCES	7,435,568	7,435,568	7,435,568	7,435,568	7,435,568	7,435,568	7,435,568	7,435,568	8,935,568	12,435,568
<b>RESERVE TARGET</b>	<b>11,965,286</b>	<b>12,094,946</b>	<b>12,912,982</b>	<b>12,556,351</b>	<b>12,688,345</b>	<b>13,327,719</b>	<b>13,457,693</b>	<b>12,964,329</b>	<b>13,116,629</b>	<b>12,311,196</b>

# Debt Coverage Ratio

## Electric Distribution Option 2

### Los Alamos County Department of Public Utilities

#### Debt Profile - Current & Proposed - Option 2 with EA-4 Grant and Delayed Bond Issue to FY2029

#### Net System Revenue of the Joint Utility System

Fiscal Year	Super			Total Debt Service	Total Operating Net Revenue	Debt Service Coverage Ratio
	Senior Lien Tier	Subordinate Lien Tier	Subordinate Lien Tier			
2027	1,034,901	1,064,035	2,553,696	4,652,631	5,349,530	1.15
2028	1,021,300	1,175,335	2,714,189	4,910,825	6,579,039	1.34
2029	995,484	1,516,960	2,906,854	5,419,298	10,510,028	1.94
2030	975,204	2,223,778	3,053,791	6,252,773	10,096,756	1.61
2031	-	2,225,912	3,194,393	5,420,305	11,912,458	2.20
2032	-	2,225,496	3,313,788	5,539,285	13,167,778	2.38
2033	-	2,479,145	3,708,534	6,187,679	13,784,500	2.23
2034	-	2,470,889	3,829,431	6,300,320	15,014,878	2.38
2035	-	1,836,365	3,918,620	5,754,985	18,135,370	3.15
2036	-	1,839,573	3,504,414	5,343,987	18,931,308	3.54
<b>Total</b>	<b>4,026,890</b>	<b>19,057,488</b>	<b>32,697,709</b>	<b>55,782,087</b>	<b>123,481,645</b>	

# Questions?





# County of Los Alamos

Los Alamos, NM 87544  
www.losalamosnm.us

## Staff Report

March 04, 2026

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<b>Agenda No.:</b>	5.c.
<b>Index (Council Goals):</b>	DPU FY26 - 1.0 Provide Safe and Reliable Utility Services; Quality Excellence - Effective, Efficient, and Reliable Services
<b>Presenters:</b>	Clay Moseley, Deputy Utility Manager-GWS Services
<b>Legislative File:</b>	21209-26

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### Title

Annual Update on Water System

### Body

The board has requested a system assessment on a different utility each quarter. This quarter, Clay Moseley, Deputy Utility Manager-GWS Services, will present an update on the water system. This year's report is similar in scope and format to previous reports, including primary performance-measure dashboard data, with trends and comparisons to national standards and DPU goals (Conservation, Strategic Plan & Budget). Discussion including both the physical and financial condition of the water system sub-systems: Water Distribution (DW), Water Production (WP) and Non-Potable (NP) System as well as the overall Water Fund itself are reported. Also included are recent AMT (Asset Management Team) achievements and challenges and some significant planned near-term future O&M Goals, Action Items and Major Projects.

The physical condition of each sub-system (DW = FAIR, WP = FAIR & NP = GOOD) are all unchanged from last year's report; although some areas are seeing major trends upward with both CIP and Operations contributing to system improvements. Described previously, current projects in both CIP and Operations contribute to improvements. Large systems require multiple years of CIP and O&M improvement projects before the entire system's condition can be revised significantly better. Additional revenue from the Profit Transfer return agreement and extremely low State loan program interest rates continue to enable DPU to maintain a more aggressive CIP program for the DW, WP, and NP systems. This year has seen many years' worth of planning and design go into implementation with pipeline replacements, well and booster station upgrades, and the first phases of a blended scope SCADA Transition project. Many of the planned improvements have been implemented, with many more still in progress.

The Non-Potable Water System continues to see some significant upgrades on top of the ones that were accomplished the previous year. The DPU has been able to provide Class 1A effluent water to the golf course, North Mesa ball fields, and Overlook Park. The main booster from the Los Alamos WWTP is currently being completely overhauled after many years of continuous service, dating back to 1992. The entire Townsite system has seen consistent upgrades from the top of the system, all the way back down to the bottom, which is the Bayo NP Booster Station. It is scheduled to be completed in early spring.

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DPU continues to pursue low interest loans and grant programs to fund the significant number of replacements and upgrade projects on the WP system. The recent projects to renovate the wells and boosters have vastly improved system reliability and functionality. The next phase of WP projects will focus on the replacement and renovation of the transmission pipelines, both in town, and on LANL grounds. The replacement of the transmission line along NM-4 and through critical areas of downtown has contributed greatly to increasing the overall condition assessment score of the system. The goal is to move the overall condition assessment score for WP from “FAIR” to either “GOOD,” or even “EXCELLENT” within the next 3-5 years.

The aggressive pursuit of the goal to improve the overall condition assessment score from “FAIR” to “GOOD” within the water distribution system (DW) continues this year with the completion of very important and complex projects such as the replacement of all the old Bathtub Row and Central Park Square infrastructure and the start of the Denver Steels DW infrastructure replacements. The project to replace the main distribution trunk on San Ildefonso (North Mesa) will also occur this year. These projects will significantly improve the overall condition assessment score of the DW system.

Projects for both DW and WP will focus on the most critical low-condition assessment scoring infrastructure. Currently, the Denver Steels area of town is being replaced due to its age and condition. For WP, projects to address transmission line issues and storage tank rehabilitation will be the primary focus over the next few years.

#### **Attachments**

A - Water Systems Annual Update 20260304

# Annual Update on Water Systems (DW, WP & NP)

Clay Moseley, Deputy Utility Manager – Gas, Water, Sewer (GWS) Services  
Board of Public Utilities Work Session – March 4, 2026



## Water Distribution PRV Rehabilitation Project

Continuing with the PRV rehabilitation project through the next 5-7 years. Shown here is a debris-clogged “low flow” PRV.

## Water Production NM-4 Transmission Line Replacement

Very difficult project that vastly improves system reliability and resiliency.

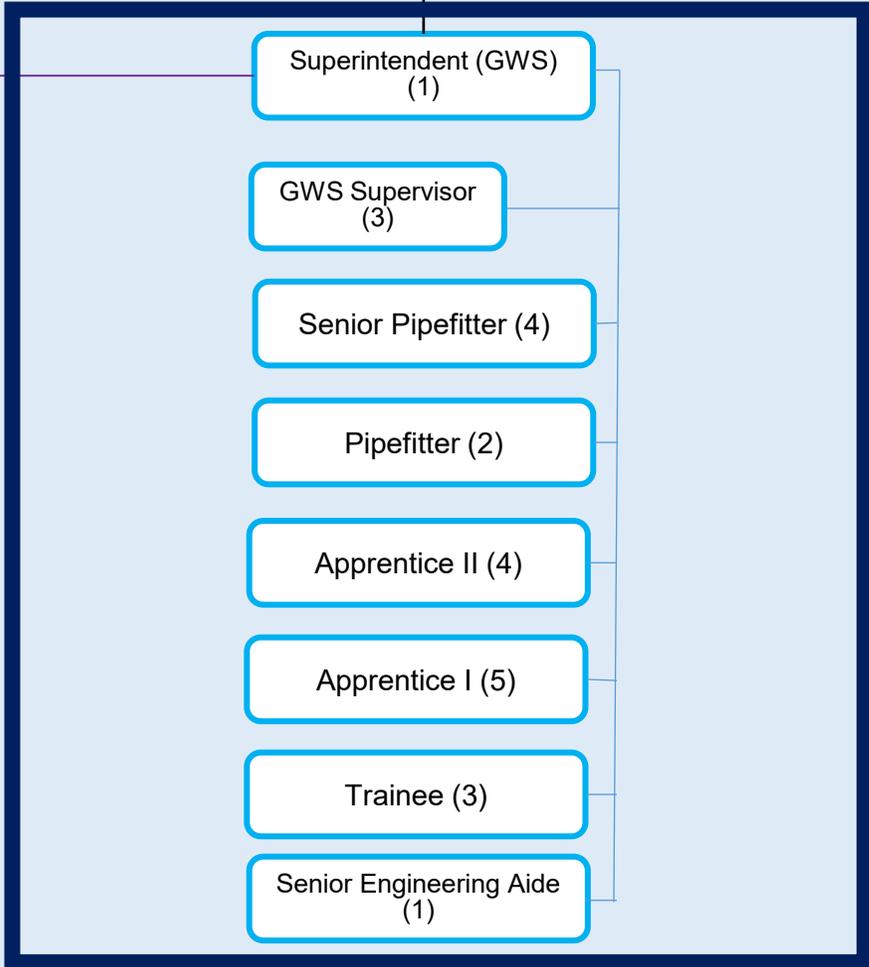


# GWS ORGANIZATIONAL STRUCTURE

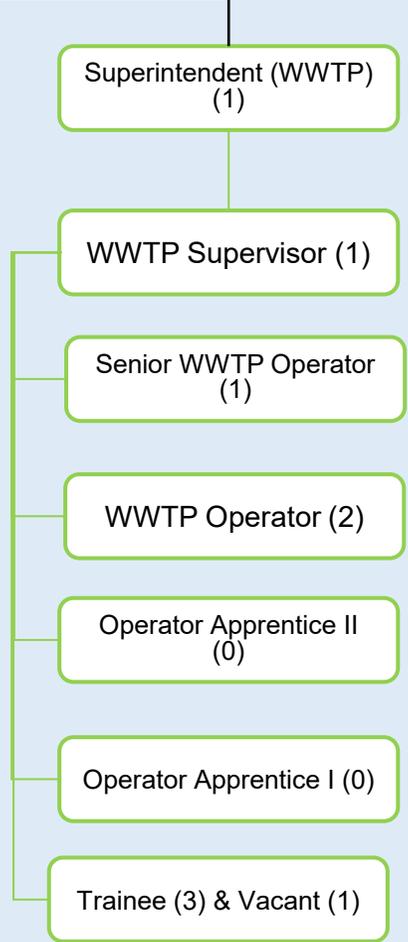
Staff in the blue box are responsible for water distribution (DW) system O&M – but they are also responsible for gas distribution (GA) and wastewater collection (WC) system O&M.

Staff in the yellow box are responsible for water production (WP) & non-potable water (NP) system O&M.

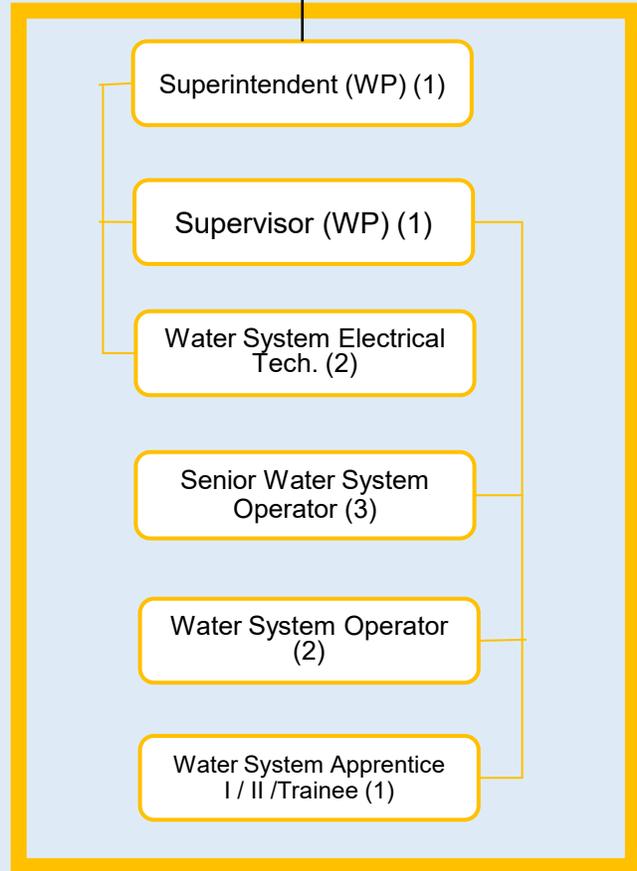
Deputy Utilities Manager  
Gas, Water, Sewer (GWS)



Gas Distribution & Water Distribution & Sewer Collection GWS: Total {23}



Wastewater Treatment: Total {9}



Water Production Potable and Non-Potable: Total {10} + [1]

# DW – NEW/ONGOING ISSUES & ACHIEVEMENTS

3

- ▶ **DW** – Water line breaks continued to occur, but at a slightly lower rate in FY25, vs. 24 in FY24. For the second year in a row, the rate is above the national average per 100 miles of pipeline, which is 11.1 per year, but below the “target break rate” of 21 breaks per 100 miles of pipeline. Main factors are age, corrosion, shifting soils, water hammer events, and third-party damage. Average break rates vary by age and material. We rarely see breaks on newer PVC pipe, with most breaks occurring on old cast iron pipe.
  - ▶ Age: much of the original system was installed in the late 1940s and 1950s and is seeing the end of its functional life span. Certain factors accelerate that, while some areas are not subject to the factors.
  - ▶ Corrosion: ice melt salts, age, storm water intrusion, leaks on the pipes themselves – all contribute to accelerated pipe deterioration from corrosion.
  - ▶ Shifting soils: with so much of town sitting on sloping terrain, soils move ever so slightly over time and settle into new configurations. Wet periods and winter conditions act as a catalyst for these miniscule movement events.
  - ▶ Water hammer events: operation of fire hydrants is the primary culprit of water hammer events in the distribution system. The production/transmission system occasionally experiences water hammers from pump operation or surges, but it is not common and usually is in conjunction with some sort of outage due to projects or putting something back into operation after an incident.
  - ▶ Third-Party Damage – there were two breaks caused by contractors working near water lines.

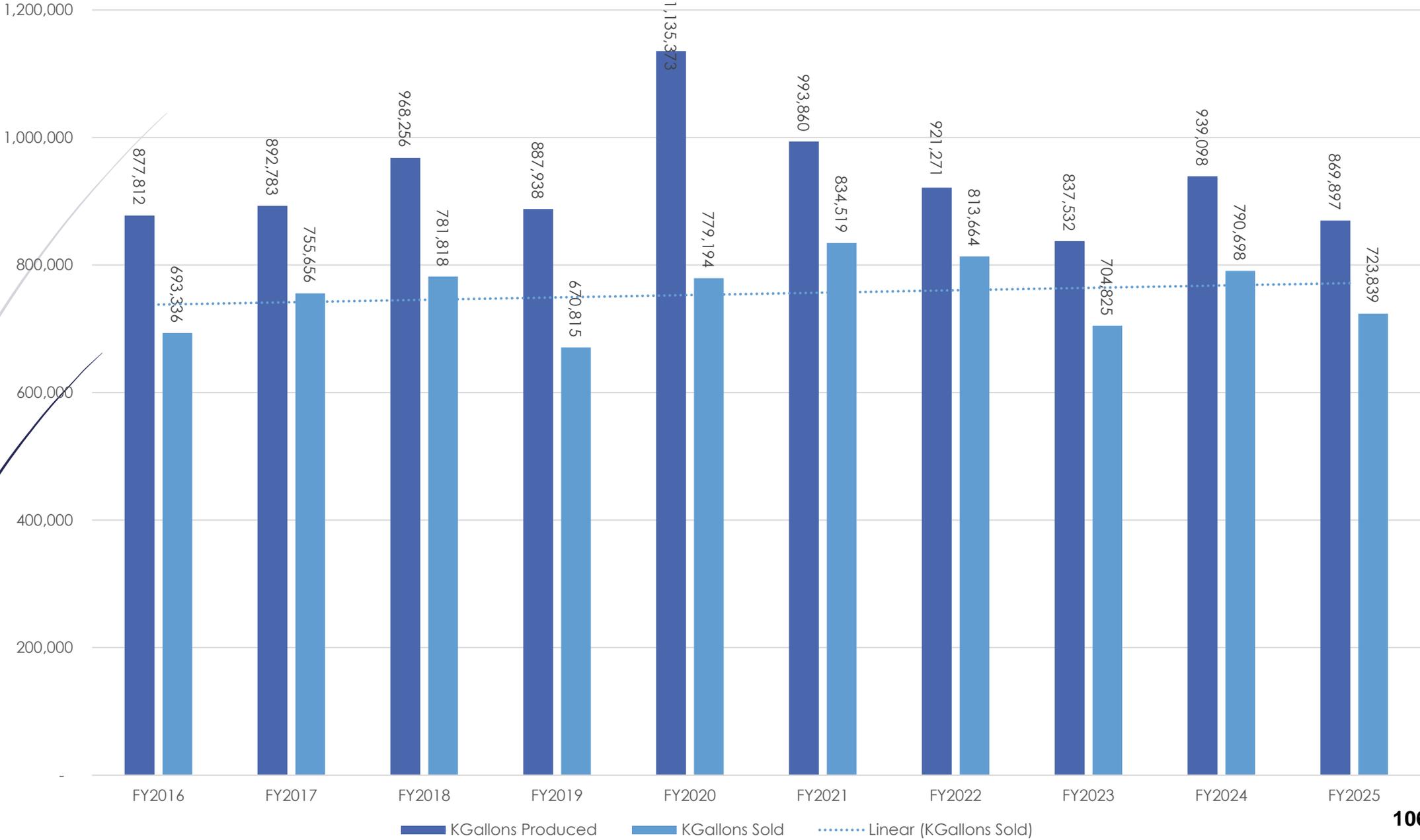
# DW – NEW/ONGOING ISSUES & ACHIEVEMENTS (cont.)

4

- ▶ **DW** – Fewer frozen meters and service lines – warmer winter, and we installed thick plastic covers where meters are most vulnerable to freezing, especially in White Rock.
- ▶ **DW** – Crews continued the replacement of both residential meters and commercial water meters. Crews also started performing in-house leak detection procedures to find and repair leaks, especially on corroded service lines.
- ▶ **DW** – GWS replaced valve bolt hardware in North Community where BAR project valves have been exposed to ice-melt salts. Percolation of corrosive ice-melt water causes premature failures on the valve body hardware.
- ▶ **DW** – GWS continues to work with the LAFD to test all hydrants in the system. This program is a necessity to ensure proper functionality of the fire hydrants themselves, but also for the water system integrity. Weak spots in the pipes often present themselves during the testing, as does poorly functioning PRV devices.
- ▶ **DW** – Hydrants noted as being deficient, or not adequately operable are put on a maintenance or complete replacement list. As the hydrant testing program continues, more deficient hydrants have been identified for either rehabilitation, or full replacement.
- ▶ **DW** – The PRV rehabilitation program continued through this past year. Several PRVs in White Rock were either overhauled or replaced altogether due to their poor condition. This has been a very tedious and difficult process, but necessary for the integrity and functionality of the system. More PRVs in the Townsite have also seen overhaul work: East Gate PRVs (#1 & #2), and on Barranca Mesa (still in progress). This program will continue for the next 5-7 years.

# Water Production to Distribution: Water Produced and Sold

5

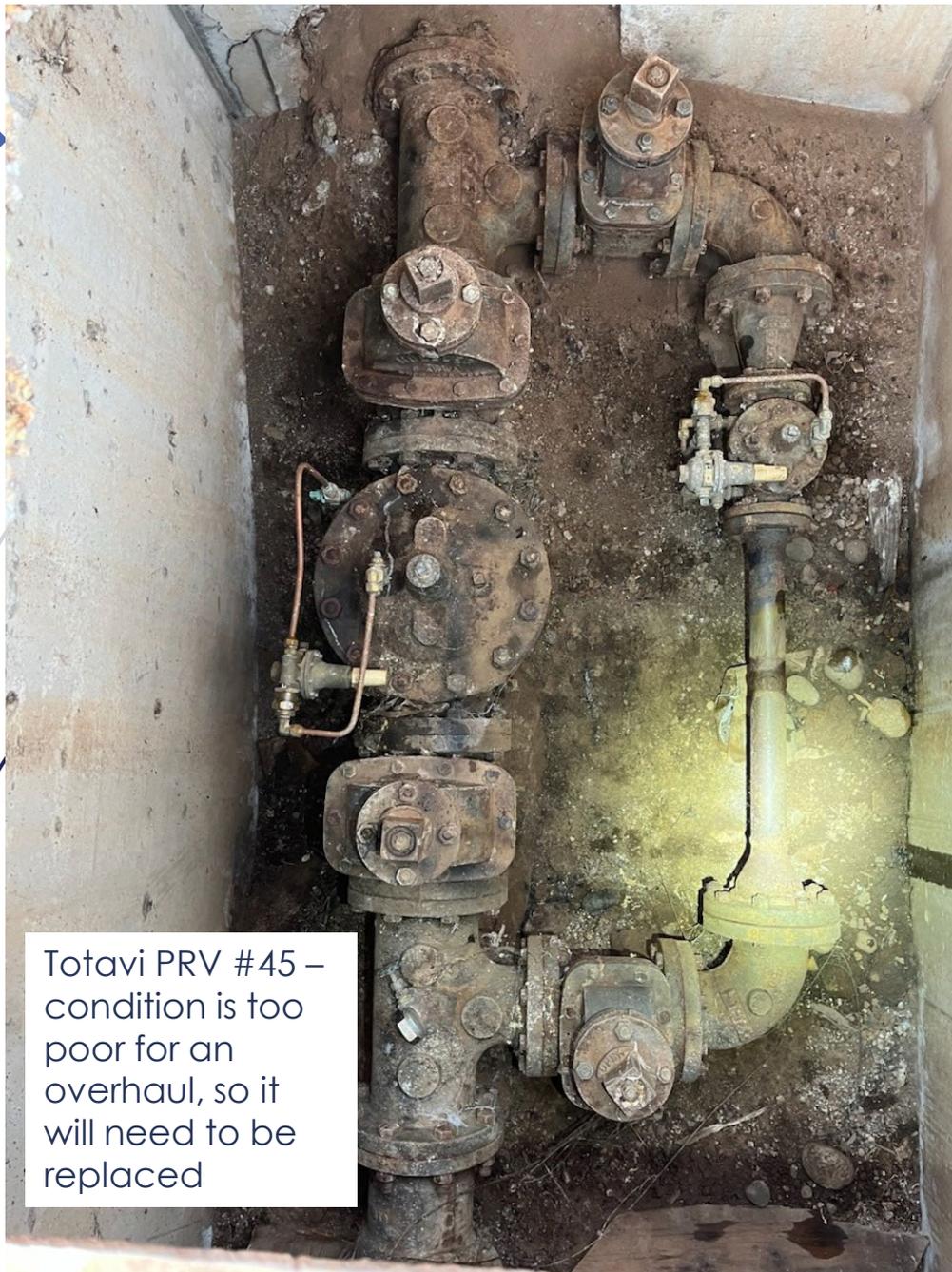


# System Summary – January 2026 Water Distribution Physical Condition Assessment

6

- ▶ The current physical condition of the water distribution sub-system overall is FAIR.
- ▶ Known portions in poor condition: PRV stations and valves, several old fire hydrants, and areas with aging/deteriorating pipelines that have been in the ground for 50 to 70 years. The aggressive CIP planning, design, and funding process is accelerating the system's overall improvement. The goal is to have a vastly improved condition assessment score within the next 2-5 years.
- ▶ Greatest weaknesses: 1) Continuously aging pipelines & fire hydrants; 2) PRV Station valve & pipe condition due to age and excessive rust; 3) Dissimilar metal corrosion on delivery/service lines (i.e., galvanized services). GWS crews respond to pipeline leaks, replace meters, exercise and replace valves and hydrants, and will be trained in PRV maintenance.
- ▶ Current capital outlay and planned improvement projects will improve the system's pipeline and general system condition.

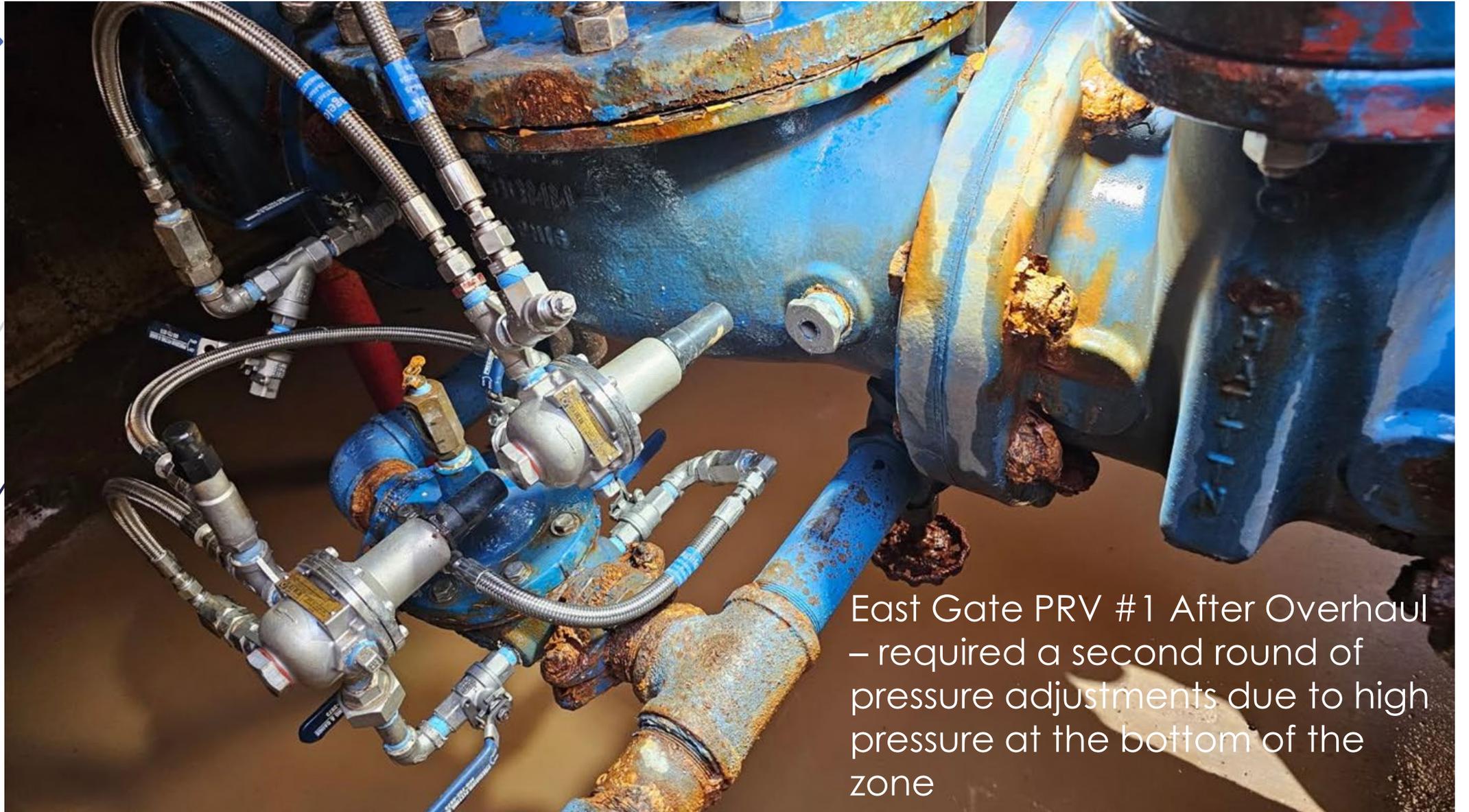
7



Totavi PRV #45 – condition is too poor for an overhaul, so it will need to be replaced



Wye strainer on low flow PRV packed with gravel debris



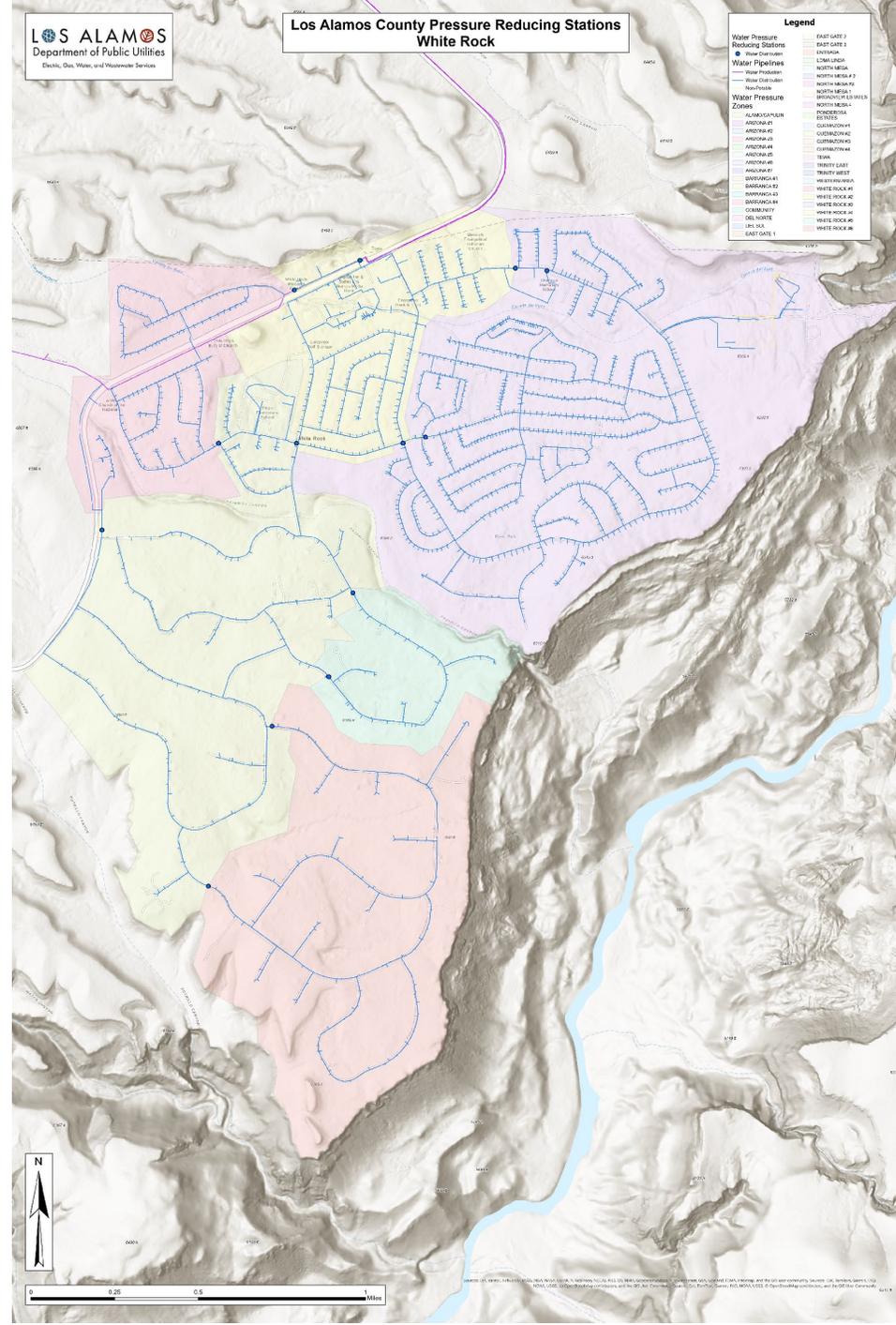
East Gate PRV #1 After Overhaul  
– required a second round of  
pressure adjustments due to high  
pressure at the bottom of the  
zone



Los Alamos County Pressure Reducing Stations  
White Rock

**Legend**

Water Pressure Reducing Stations	EAST GATE 1
Water Pipelines	EAST GATE 2
Water Production	EAST GATE 3
Water Distribution	LOW GATE
Water Pressure Zones	NORTH MESA
	NORTH MESA #1
	NORTH MESA #2
	NORTH MESA #3
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	NORTH MESA #100







# Denver Steels Water Distribution Replacement

13



Galvanized steel service lines in poor condition



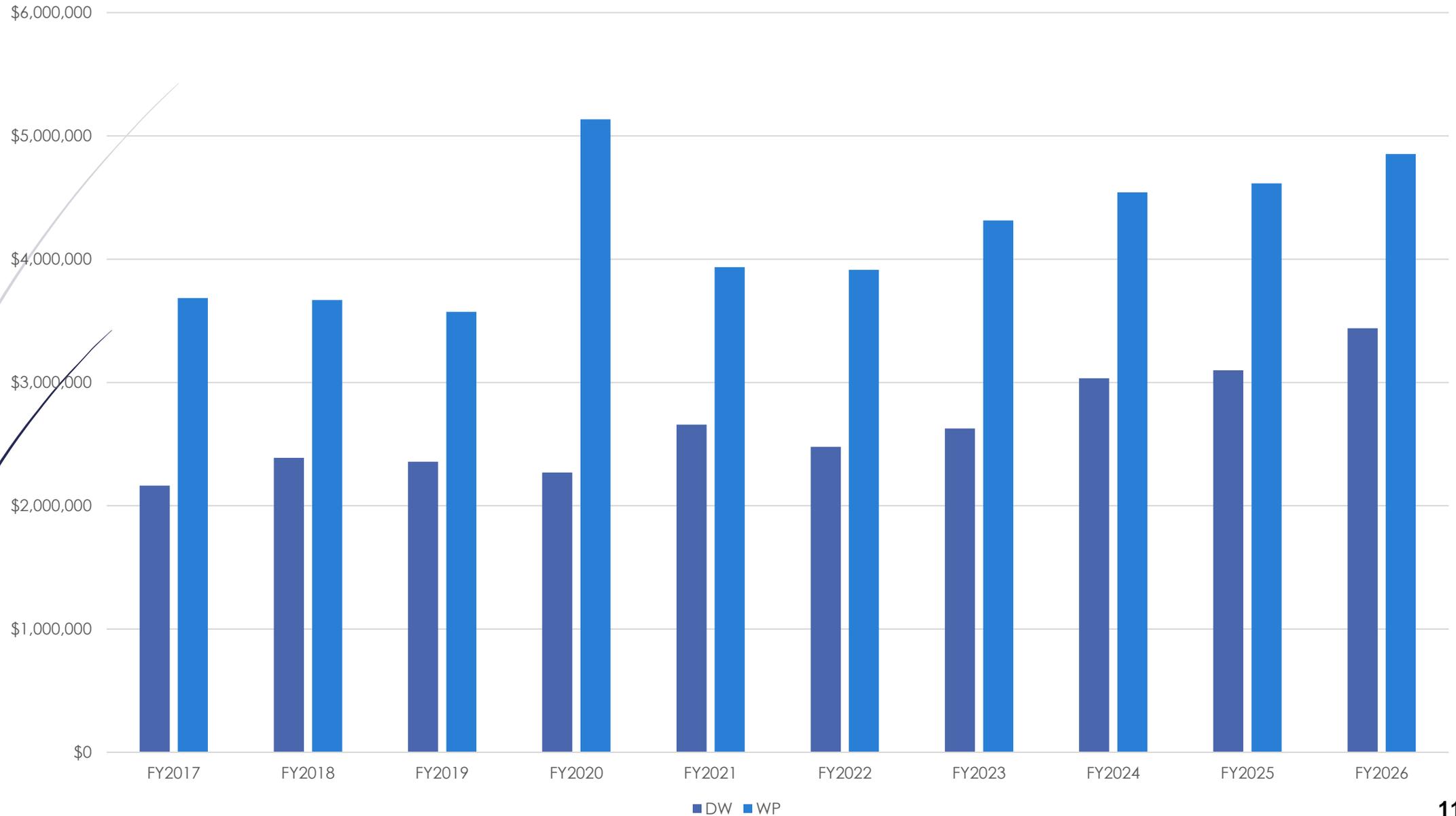
New PVC 8" mains replacing old 6" cast iron



Virtually all 3/4" service lines are corroded galvanized pipe; many with leaks and old repairs

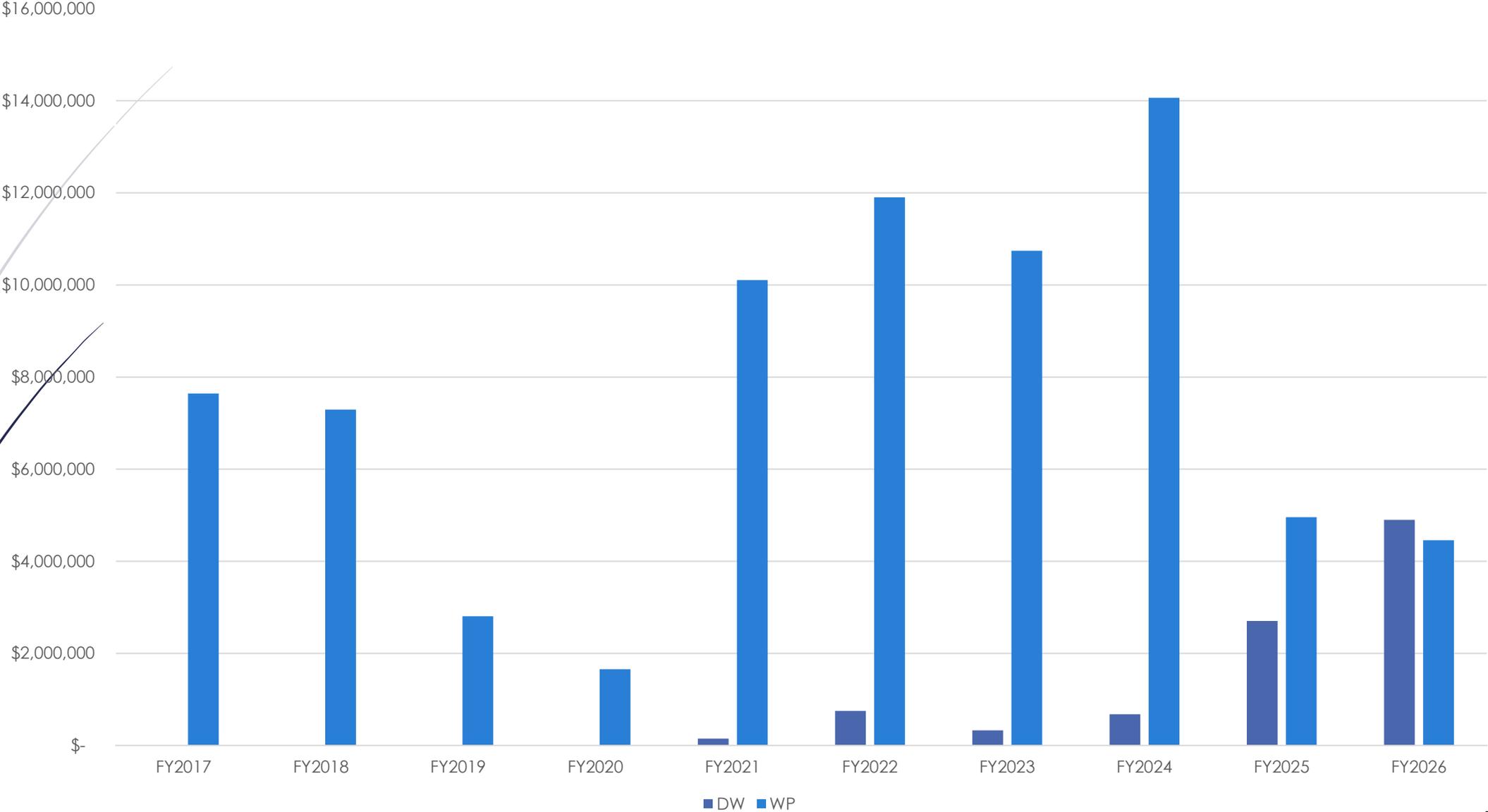
# O&M Budgets (excluding debt)

14



# Capital Budget

15



# WP – NEW/ONGOING ISSUES & ACHIEVEMENTS

16

- ▶ **WP** – Worked with Parks Dept. to develop a protected potable connection to the Overlook Park non-potable irrigation system. It was constructed and put into service this past irrigation season (Overlook Parks was watered with potable water for about 6 weeks).
- ▶ **WP** – Worked with contractors to take various wells offline for complete electrical and mechanical rehabilitation. Completed wells are PW-1 and PW-2, GW-2, GW-3, and GW-4. PW-4 and PW-5 are still in progress. This also includes major SCADA upgrades. The newly renovated wells are vastly improved in terms of reliability and operability.
- ▶ **WP** – WP staff integrated the new chlorine disinfection unit at PB-2. This was accomplished entirely in-house. The system is very functional and provides a high level of adjustability for free chlorine concentrations based on system usage at LANL. The old system was not adjustable and had issues during the hottest times of the year.
- ▶ **WP** – With large capital projects underway, WP staff have provided a lot of technical support. These projects include the upgrade projects to the wells and booster stations, the Jemez Mountains Fire Protection System, the replacement of the NM-4 transmission line, the replacement of the Townsite (downtown area) transmission line, and the SCADA system transition projects.
- ▶ **WP** – LANL transmission water lines are seeing age and condition issues, and there have been some breaks. WP staff can coordinate repairs quite well, but the break on the 18" concrete line traversing Two Mile Canyon was a difficult situation. WP staff was able to divert flows into an older 10" steel line that was not being used but still connected to the system. Repairs to the 18" line are pending, with assistance from WP staff.

# WP – NEW/ONGOING ISSUES & ACHIEVEMENTS (cont.d)

17

- ▶ **WP** – SCADA Transition Project continues. This is a major project that involves in-house staff and select consultants for transitioning from the old legacy radio RTU system (old technology) to modern PLCs and communication protocols (fiber, ethernet, etc.)
- ▶ **WP** – Chromium plume situation. It is likely that PW-3 will never be used in the future. DPU continues to monitor developments between the NMED and LANL/N3B.
- ▶ **WP** – Drinking water quality compliance testing remains at 100% compliant levels with no infractions or non-compliant tests or procedures.
- ▶ **WP** – in-house replacement of old propane heaters and inefficient resistive electrical heaters in well and booster station buildings has gone very well. All propane heaters in the Guaje wells and boosters have been replaced with mini-split heat pumps, therefore, we no longer need to purchase propane each winter. These new units are very efficient and are big improvements to the facilities. The effort will focus on replacing the old, inefficient resistive electric heaters in the Pajarito corridor facilities.

# Water Production System – Installing Chlorine Injector Quill at PB-2 and the 18” CCP Rupture in Two-Mile Canyon

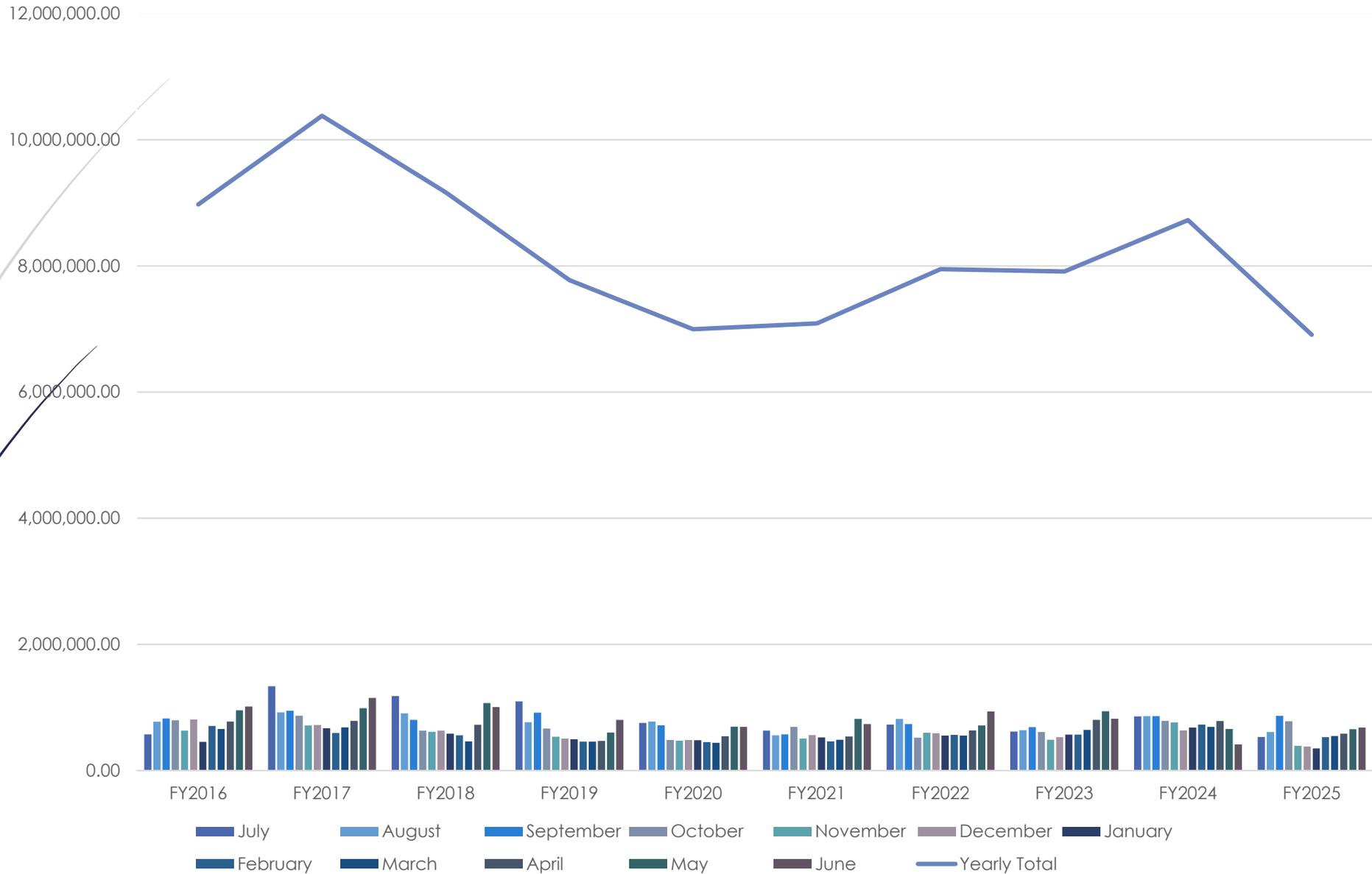
18



# Power Used to Produce Water

KWh Used to Produce Water

19



# Non-Potable Water System

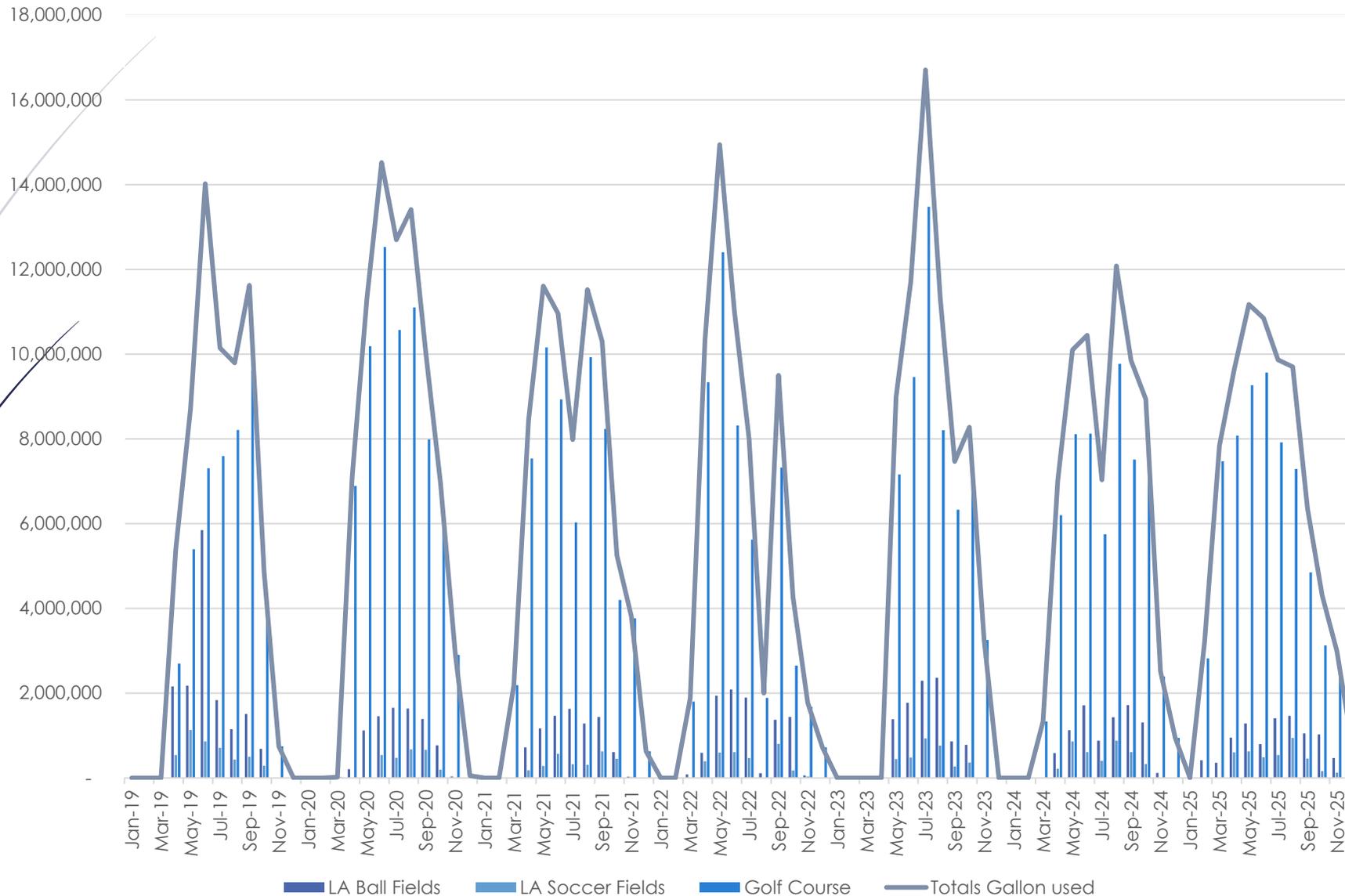


# NP – NEW/ONGOING ISSUES & ACHIEVEMENTS

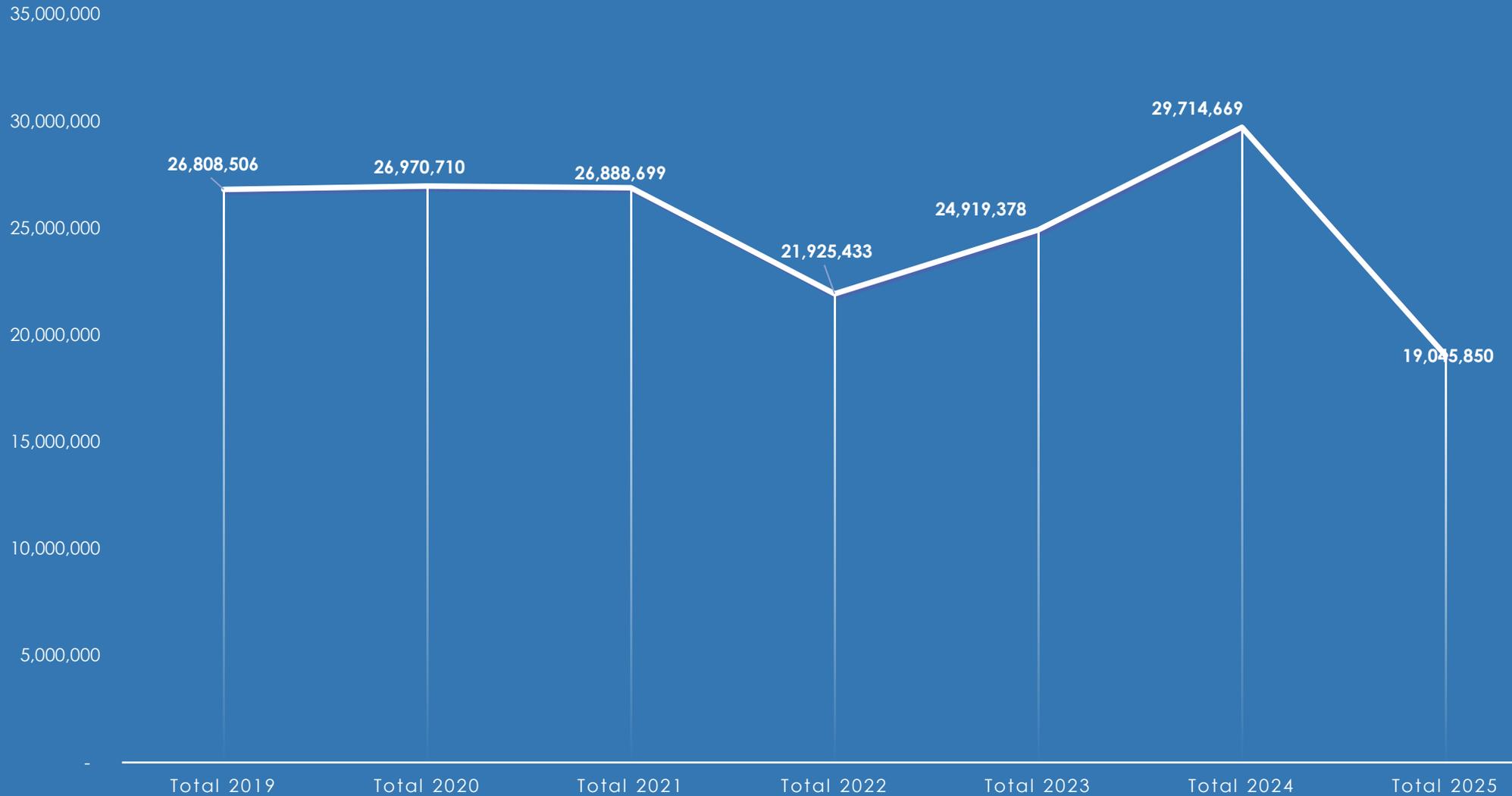
21

- ▶ **NP** – The WP staff also oversees all the non-potable (NP) water supply systems. This includes the pumping station at the confluence of Bayo/Pueblo Canyons (“Bayo Booster Station”), the North Mesa Booster Station, the Camp May stormwater pump station, and the Overlook Park Booster Station. The system receives treated water from both the Los Alamos WWTP and the White Rock WRRF for reuse on County parks/ballfields. The LA Reservoir is another source of NP water during good runoff seasons
- ▶ **NP** – At the request of Parks, a new connection from the potable water system into the non-potable irrigation system was developed and put into service last spring and summer. Parks reconfigured much of the Overlook fields and wanted potable water for irrigation. Several tests were conducted on the non-potable water to ensure its quality for irrigation applications. Both DPU and the golf course conducted tests for various constituents in the water that can negatively affect grass. The water was found to be of very good quality but did carry a significant amount of alkalinity from bicarbonate. Fertilizers that added necessary acidity were not as effective when applied with the non-potable water.
- ▶ **NP** – The Bayo Booster Station upgrade is in progress. To meet early irrigation needs, the Reservoir water system has been fully repaired (and already used a little bit), as well as a potable connection on North Mesa.
- ▶ **NP** – The Camp May stormwater collection and pumping system worked well, providing snowmaking water from what little runoff occurred last spring.

# NP Water Measured through Service Location Meters (gallons)



# TOTAL NP WATER METERED AT OVERLOOK BOOSTER



## TOTAL NP WATER METERED IN TOWNSITE (GOLF COURSE, NORTH MESA FIELDS)

