

**Frequently Asked Questions
Water Rate Ordinance**

How much will the water rate increase if adopted by Council?

The Department of Public Utilities is proposing water rate increases covering a four-year period to be approved by the Board of Public Utilities and adopted by the County Council. The increases include cost-of-service adjustments which are based on actuals costs. These increases will allow the DPU to generate revenues needed for current operations and to build cash reserves necessary for future infrastructure needs. In the FY 2023 budget cycle, it was determined that revenues generated would need to increase by 5% each year to maintain adequate fund balances per the DPU financial policies, which can be found at ladpu.com/library under “Financial Policies.” This determination equates to the following rate adjustments:

Water Meter Size	Current	After 10/31/2022	After 09/30/2023	After 09/30/2024	After 09/30/2025
1-inch and under	\$11.40	\$12.54	\$13.79	\$15.17	\$16.69
1½ inch	\$36.10	\$39.71	\$43.68	\$48.05	\$52.86
2-inch	\$53.88	\$59.27	\$65.20	\$71.72	\$78.89
3-inch	\$106.33	\$116.96	\$128.66	\$141.53	\$155.68
4-inch	\$181.06	\$199.17	\$219.09	\$241.00	\$265.10
6-inch	\$382.23	\$420.45	\$462.50	\$508.75	\$559.63
8-inch	\$631.54	\$694.69	\$764.16	\$840.58	\$924.64

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Consumption Oct - April (Non-Peak Season)
Commodity Rate per 1,000 Gallons

	Monthly Consumption	over 9,000 gal to		
		9,000 gal or less	15,000 gal	over 15,000 gal
Single Family Residential	Current	\$6.02	\$6.02	\$6.02
	After 10/31/2022	\$6.50	\$6.50	\$6.50
	After 09/30/2023	\$6.83	\$6.83	\$6.83
	After 09/30/2024	\$7.17	\$7.17	\$7.17
	After 09/30/2025	\$7.53	\$7.53	\$7.53
Multi Family Residential	Current	\$6.02	\$6.02	\$6.02
	After 10/31/2022	\$6.50	\$6.50	\$6.50
	After 09/30/2023	\$6.83	\$6.83	\$6.83
	After 09/30/2024	\$7.17	\$7.17	\$7.17
	After 09/30/2025	\$7.53	\$7.53	\$7.53
Commercial	Current	\$6.02	\$6.02	\$6.02
	After 10/31/2022	\$6.50	\$6.50	\$6.50
	After 09/30/2023	\$6.83	\$6.83	\$6.83
	After 09/30/2024	\$7.17	\$7.17	\$7.17
	After 09/30/2025	\$7.53	\$7.53	\$7.53
County/Schools	Current	\$6.02	\$6.02	\$6.02
	After 10/31/2022	\$6.50	\$6.50	\$6.50
	After 09/30/2023	\$6.83	\$6.83	\$6.83
	After 09/30/2024	\$7.17	\$7.17	\$7.17
	After 09/30/2025	\$7.53	\$7.53	\$7.53

Consumption May - September (Peak Season)
Commodity Rate per 1,000 Gallons

	Monthly Consumption	over 9,000 gal to		
		9,000 gal or less	15,000 gal	over 15,000 gal
Single Family Residential	Current	\$6.02	\$6.40	\$7.65
	After 10/31/2022	\$6.50	\$7.15	\$7.87
	After 09/30/2023	\$6.83	\$7.51	\$8.26
	After 09/30/2024	\$7.17	\$7.89	\$8.67
	After 09/30/2025	\$7.53	\$8.28	\$9.10
Multi Family Residential	Current	\$6.02	\$6.33	\$6.47
	After 10/31/2022	\$6.50	\$6.50	\$6.50
	After 09/30/2023	\$6.83	\$6.83	\$6.83
	After 09/30/2024	\$7.17	\$7.17	\$7.17
	After 09/30/2025	\$7.53	\$7.53	\$7.53
Commercial	Current	\$6.02	\$6.02	\$6.02
	After 10/31/2022	\$6.50	\$6.50	\$6.50
	After 09/30/2023	\$6.83	\$6.83	\$6.83
	After 09/30/2024	\$7.17	\$7.17	\$7.17
	After 09/30/2025	\$7.53	\$7.53	\$7.53
County/Schools	Current	\$6.02	\$6.02	\$6.02
	After 10/31/2022	\$6.50	\$6.50	\$6.50
	After 09/30/2023	\$6.83	\$6.83	\$6.83
	After 09/30/2024	\$7.17	\$7.17	\$7.17
	After 09/30/2025	\$7.53	\$7.53	\$7.53

Why do we need these water increases and what do they cover?

To keep DPU’s water pumping and delivery system resilient and sound, DPU has planned future capital projects to ensure:

- Sufficient water to meet our customers’ water demands (including increased demands for LANL, and new housing developments in both White Rock and the Los Alamos townsite),
- Appropriate infrastructure to support fire suppression,
- Repair and replacement of aging infrastructure to reduce leaks and reduce water main breaks,
- Safe, quality drinking water that meets all federal and state health standards.

Further, in 2016 the Board of Public Utilities adopted financial policies to build cash reserves for each utility fund to ensure the department’s ability to meet operational needs, handle system retirement obligations, meet debt service requirements and be prepared for unanticipated system failures or external disruptions. These financial policies can be found at ladpu.com/library under “Financial Policies.”

Where can I find the draft ordinance?

The draft ordinance as well as other relevant information is available on the DPU website at ladpu.com/rates .

Didn’t we have a rate increase just last year?

Yes. Back in 2019 the Board of Public Utilities approved a multi-year approach to improve the financial health of the water fund and maintain a resilient water system. At this time, due to inflation and supply chain issues caused by the pandemic, additional rate increases are needed to keep the utility funds healthy.

The advantages to implementing the multi-year proposal are numerous. Importantly, it provides for scheduled and effective rate adjustments with advanced notice to customers. It allows our customers to plan and budget for future anticipated utilities costs, rather than experience the “rate shock” of unanticipated rate increases on a more frequent basis. Without the multi-year approach, that is difficult to accomplish and complicates fiscal planning needs from year to year. Doing a multi-year incremental rate adjustment also allows planned revenues to match the timing of planned expenditures, rather than accumulating excess cash early on for expenditure in a later period. This also allows for the advanced planning of rate changes in the billing system, helping staff ensure billing accuracy when the new rates become effective.

Currently, DPU is proposing an ordinance that requests the BPU and Council to approve and adopt the four years of rate increases in one ordinance.

What is the process for raising the water rates?

The BPU will hold a public hearing on September 21 at 5:30 pm in the Council Chambers at 1000 Central Ave., Los Alamos, NM and via Zoom. If the BPU approves the ordinance, it will be introduced at the September 27 County Council meeting. The Council will then hold a public hearing

to consider adoption at the October 18 council meeting in Council Chambers. The following link will allow public access to both meetings:

ladpu.com/ratehearing

When will these rates take effect?

The proposed ordinance states that the increases will go into effect after each “peak” season. The peak season for Los Alamos and White Rock is May through September of each year. These rates will become effective starting November 1, 2022, and then update on October 1 of each subsequent year through 2025.

Are the BPU and County Council locked into these rates for the next four years?

No. Rates can always be modified if the BPU and County Council determine it is appropriate and approve and adopt a new rate ordinance.

Why are residential customers the only customers on a tiered rate structure?

Tiered rates were put in place so that DPU and its customers could benefit from low interest loans and grant programs which require conservation plans and tiered rate structures to encourage conservation efforts. In Los Alamos, residential water consumption increases by about 76% on average during peak months, because homeowners are watering their yards, while multifamily water consumption remains relatively flat because apartment dwellers typically do not have outdoor watering spaces. Commercial entities are not on tiered rates because their water usage is most often tied to operations where conservation opportunities are limited. County customers are not on tiered rates because it is important to maintain public green spaces that the whole community can enjoy.

There were several recent breaks to waterlines. Has the DPU neglected the water infrastructure?

Over the past 3 years, DPU has reinvested \$5,630,794 in water production infrastructure and \$1,371,488 in water distribution infrastructure.

However, maintaining the infrastructure is an ongoing process. DPU has carefully prioritized the water capital improvement projects by identifying areas with the greatest need that impact the most customers (this includes replacement of waterlines with a history of frequent breaks). For the next 5 years, DPU plans to reinvest \$31,912,365 in water production infrastructure (including townsite pipeline repair and restoration) and \$3,025,000 in water distribution infrastructure.

Should we abandon water conservation programs and education since the result is less revenue for DPU, therefore causing rates to go up?

It is true that conservation efforts in every community reduce the amount of revenue for the water provider. Many expenses associated with safely and reliably providing water to our customers are fixed. Regardless of the amount of water sold, DPU needs to maintain and operate the water wells, pump stations and piping, and of course we need the appropriate number of employees to keep everything running. If water consumption drops to a point where the revenue is not covering DPU's fixed costs, like other water providers, DPU will need to raise rates to continue to provide this service.

Because water conservation is important, we continue to advocate that we all be good stewards of this natural resource. Total water rights allotted by the Office of the State Engineer to Los Alamos County and the DOE is 5,541.3 acre-feet per year. With increased housing and expanded economic development (to include additional business entities) in the works in Los Alamos County, we all need to be prudent with water use.

Additionally, DPU has a conservation goal of a 12% reduction in water consumption, per capita per day, by 2030. We also benefit from low interest loans and grant programs which require conservation plans and rate structures that encourage conservation, like the tiered water rate currently in place for Los Alamos County.

What if these increases are not approved?

If the rate increases are not approved, DPU will need to consider how to cut expenses. This will likely be done by delaying capital projects which will increase degradation of system conditions and result in a less reliable water utility.

How do these rates compare with other communities?

The following is an example of a residential customer (single-family home) with a 1-1/4-inch water meter. Cells in orange represent the proposed rate increases. In this example, the customer averages 6,000 gallons from October through April and 14,000 gallons during the peak irrigation months of May through August. In DPU's customer base, about 88% of customers use up to 6,000 gallons in the non-peak months and about 82% of customers use up to 15,000 gallon or less in peak months.

Community	Gallons Consumed Non-Peak Season	Monthly Bill
Los Alamos Current Rate	6,000	\$47.52
Los Alamos Proposed Rate FY23	6,000	\$51.54
Los Alamos Proposed Rate FY24	6,000	\$54.77
Los alamos Proposed Rate FY25	6,000	\$58.19
Los alamos Proposed Rate FY26	6,000	\$61.87
Santa Fe	6,000	\$54.78
Espanola	6,000	\$44.26
Taos	6,000	\$28.22
Rio Rancho	6,000	\$51.75
Albuquerque/Bernalillo	6,000	\$39.27

Community	Gallons Consumed Peak Season*	Monthly Bill
Los Alamos** Current Rate	14,000	\$97.58
Los Alamos** Proposed Rate FY23	14,000	\$106.79
Los Alamos** Proposed Rate FY24	14,000	\$112.81
Los Alamos** Proposed Rate FY25	14,000	\$119.15
Los Alamos** Proposed Rate FY26	14,000	\$125.86
Santa Fe**	14,000	\$141.66
Espanola	14,000	\$79.33
Taos**	14,000	\$82.46
Rio Rancho**	14,000	\$103.19
Albuquerque/Bernalillo***	14,000	\$68.73

**Month of August was used for the peak season comparison.*

*** Tiered or seasonal rates apply for this jurisdiction*

**** Rates shown DO NOT include the surcharges for usage in excess of a customer's water budget calculated by season and winter mean which can be up to 100% of commodity charge. Drought surcharges of up to 400 percent may also apply.*

Is there any assistance for individuals on fixed incomes?

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

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

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

Customers can contact the Customer Care Center to apply or to donate to the program – 505 662 8333 or CustomerCare@lacnm.us.

Other programs available to assist with customers' utility bills, including water and sewer expenses, are: LA Cares, 505 661 8105, or Self-help, Inc, 505 662 4666.

New Mexico State offers the NM Low Income Energy Assistance Program (LIHEAP) to assist with energy bills, 505 753 2271.