

Frequently Asked Questions Proposed Gas Rate Increase

7/8/2022

1. How much is the DPU proposing to increase the gas rate?

The Department of Public Utilities is proposing gas rate increases covering a four-year period to be approved by the Board of Public Utilities and adopted by the County Council. The increases are for the fixed portion of the commodity rate and the meter service charges.

GAS SERVICE CHARGE			FIXED CONSUMPTION RATE/THERM		
	Small Meter	Large Meter		Residential & Commercial	County & Schools
Current	9.50	28.50	Current	0.23	0.20
10/1/2022	10.26	30.78	10/1/2022	0.25	0.22
10/1/2023	11.08	33.24	10/1/2023	0.27	0.24
10/1/2024	11.97	35.90	10/1/2024	0.29	0.26
10/1/2025	12.57	37.70	10/1/2025	0.30	0.27

2. Why do we need these gas rate increases and what do they cover?

The proposed increases are intended to generate revenues needed for current operations and to build cash reserves necessary for future infrastructure needs. Large increases to costs due to inflation and supply chain shortages have negatively impacted current gas fund balances.

3. Where can I find the draft ordinance?

The draft ordinance is included in this PDF starting on page 6. Current rates are always available on the DPU website at <https://ladpu.com/rates>, where the draft ordinance has also been posted under the folder “Proposed & Pending Rate Changes.”

4. What is the process for raising the gas rates?

The BPU will hold a public hearing on July 20th at 5:30 pm through the online platform Zoom at this link: <https://ladpu.com/ratehearing>. If the BPU approves the ordinance, Council will then hold a public hearing to consider adoption at the August 30th County Council meeting.

5. When will these rates take effect?

The proposed ordinance states that the increases will go into effect annually on October 1st.

6. 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.

7. How often are gas rates increased? Didn't this happen recently?

Gas rates have not been increased since before the current pass-through rate structure was adopted in 2013. The prior commodity rate was \$0.55/therm for residential customers. The original fixed portion of the pass-through commodity rate was \$0.29/therm. That rate was reduced to \$0.23/therm in 2016. Gas meter service charges have not changed since 2009.

8. What is the pass-through gas rate structure?

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. The fixed cost recovery portion of the commodity rate will increase if the proposed gas rate increases are adopted. This portion of the rate has never been increased and is covers set natural gas distribution maintenance and operation expenses. In 2016, it was reduced from \$0.29/therm to \$0.23/therm for residential customers. If approved, the fixed portion will return to the original 2013 amount of \$0.29/therm in October 2024. The final increase under this proposal will take place a year later, raising the fixed portion to \$0.30/therm.

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 ladpu.com/DPUGasRateSchedule.

9. How will these rates impact my bill?

For residential customers using 75 therms per month and assuming the variable portion of the pass-through commodity rate averages \$0.46 monthly, the impact is shown in the table below. About 65% of DPU's residential customers use no more than 75 therms per month on average.

	Current	Oct. 01, 2022	Oct. 01, 2023	Oct. 01, 2024	Oct. 01, 2025
Monthly Svc Fee	\$9.50	\$10.26	\$11.08	\$11.97	\$12.57
Fixed Commodity Rate	\$17.25	\$18.75	\$20.25	\$21.75	\$22.50
Projected \$0.46 Variable Rate*	\$34.50	\$34.50	\$34.50	\$34.50	\$34.50
Total Bill	\$61.25	\$63.51	\$65.83	\$68.22	\$69.57

**Average of variable rate from June 2021 through May 2022*

10. What if these increases are not approved?

If increases are not approved, DPU will have to curtail maintenance and replacements. This curtailment will impact system reliability and eventually create a need for a rate increase that is potentially urgent and more substantial.

11. How can I reduce my consumption to lower the impact of this rate increase?

There are many ways to use less natural gas and therefore lower your bills.

1. Make sure your furnace and water heater are maintained. These systems are likely to become less energy efficient over time but you can maintain some efficiency by checking them regularly. Replace leaky or worn-out parts to prevent losing energy and running up your gas bill.
2. Make sure your vents allow the warm air produced by your furnace to flow freely. Don't block vents with furniture or appliances.

3. Make sure your windows and doors are sealed with caulk or weatherstripping. You can further insulate by covering windows with curtains or blinds when it's cold outside. Insulate your water heater as well.
4. Turning the thermostat down a couple degrees can reduce your consumption and lower your bills. If it's uncomfortable, consider lowering the thermostat when you're away from home or only at night.
5. Turn your water heater down. You might find that it's set higher than it needs to be.
6. Use your fireplace less often. While you can sit in front of a fire to stay warm and cozy, much of the heat it generates goes straight up the chimney. As it escapes, the vacuum it leaves behind draws cold air in through cracks or weak spots in your insulation. Once that happens, your heating system is likely to kick into overdrive to compensate for the loss of warmth in the house.

12. Is there any assistance for individuals on fixed incomes?

DPU has a Utility Assistance Program to aid qualified low-income residential families. A copy of the UAP brochure can be downloaded at: <https://ladpu.com/UAPBrochure>.

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

1. Qualifying low-income customers for 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 may qualify for a single, lump sum credit.

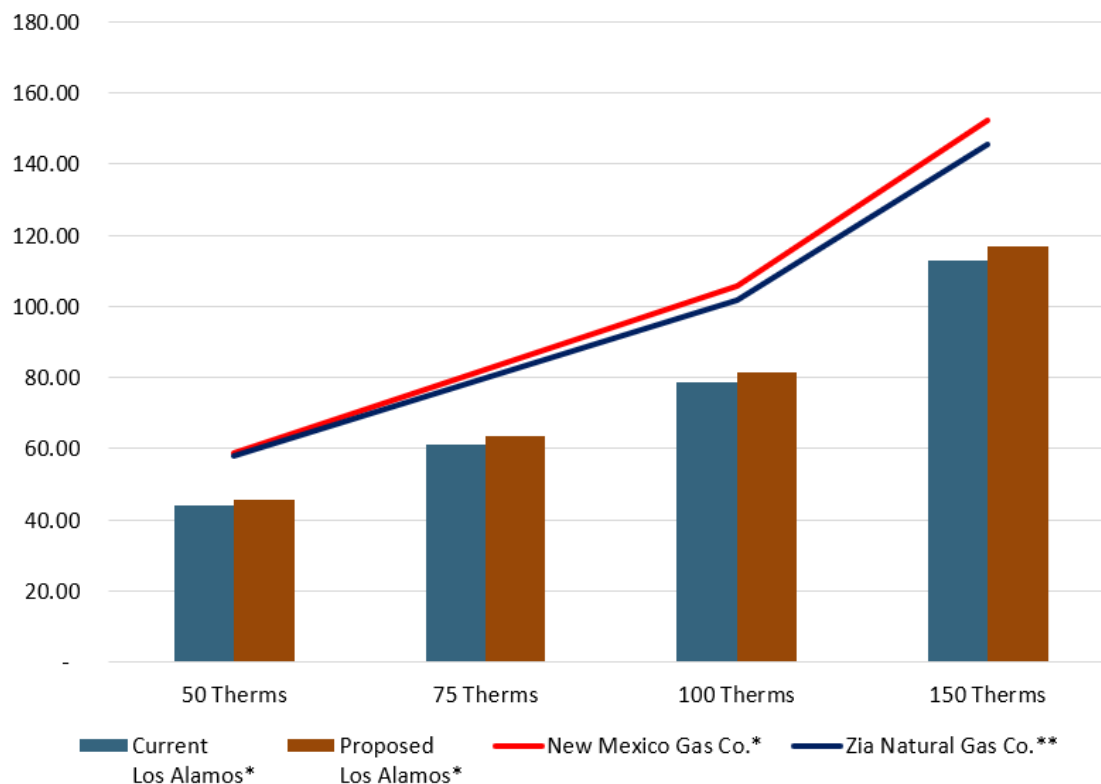
Customers can contact the Customer Care Center to apply or to donate to the program – 505 662 8333 or CustomerCare@lacnm.us.

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

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

13. How do these rates compare with other communities?

NM Communities Residential Gas Rate Comparison



SAMPLE RESIDENTIAL BILL - Assuming Small Gas Meter				
Monthly Usage	Current Los Alamos*	Proposed Los Alamos*	New Mexico Gas Co.*	Zia Natural Gas Co.**
50 Therms	44.00	45.76	58.81	57.82
75 Therms	61.25	63.51	82.22	79.73
100 Therms	78.50	81.26	105.62	101.63
150 Therms	113.00	116.76	152.44	145.45

*Average of 12 months variable Cost of Gas commodity rate used

** Average of all service areas used for comparison