

INCORPORATED COUNTY OF LOS ALAMOS CODE ORDINANCE NO. 02-340

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

WHEREAS, the Incorporated County of Los Alamos ("County") is an incorporated county of the State of New Mexico as provided in Section 5, Article 10 of the New Mexico Constitution; and pursuant to Section 5, Article 10 of the State Constitution, is also granted all powers of a municipality; and

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

WHEREAS, Section 504 of the County Charter requires that the Department be operated on a compensatory basis, with rates being just, reasonable, and comparable to those in neighboring communities, and uniform for all consumers of the same class; and

WHEREAS, the Department and Utilities Manager have identified the need to increase gas rates to meet the projected revenue requirements of the Department; and

WHEREAS, due to the extraordinary and unanticipated consumption of natural gas coupled with unprecedented rise of natural gas prices thereafter, the Department and Utilities Manager have identified the need to create a temporary cost recovery fee in order to recover these costs from customers over time while limiting the impact to monthly bills; and

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

WHEREAS, pursuant to Section 4.6(a) of the *Board of Public Utilities Procedural Rules* (ed. 02/19/2020), the Utilities Manager is responsible for preparing and presenting proposed utility rate ordinances to the Board of Public Utilities ("BPU"); and

WHEREAS, pursuant to Section 504 of the County Charter, the rates to be paid for utility services shall then be proposed by the BPU to the County Council, and shall become effective on the date of adoption by Council; and

WHEREAS, pursuant to Section 4.6(b) of the *Board of Public Utilities Procedural Rules*, the proposed rates shall be presented at least one (1) month prior to the BPU public hearing on a final proposed utility rate ordinance; and

WHEREAS, the Department and Utilities Manager shall introduce the draft ordinance to the BPU and present the budget and operational reasons for the proposed rate ordinance; and

WHEREAS, the Utilities Manager presented the proposed ordinance changes for natural gas to the BPU on January 18, 2023; and

WHEREAS, the Utilities Manager, after receiving comments from the BPU, then presented the final rate ordinance to BPU on January 15, 2023;

WHEREAS, the BPU approved the final gas rate ordinance and recommended forwarding it to Council for adoption at its February 15, 2023 meeting; and

WHEREAS, on February 28, 2023, the County Council, pursuant to Section 203.2.1 of the County Charter introduced the proposed gas rate ordinance; and

WHEREAS, on March 28, 2023, the County Council, pursuant to Section 203.2.2 of the County Charter held a public hearing on the proposed gas rate ordinance.

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

Section 1. Section 40-151 of the Code of the Incorporated County of Los Alamos is amended to read, as follows:

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

- (a) *Residential service schedule 7A.* The residential rate applies to customers in a single dwelling or in a single dwelling unit of a multiple dwelling or apartment for domestic purposes only.
- (b) *General commercial and industrial service schedule 7E.* The commercial and industrial rate applies to customers for use in or in connection with any commercial, business or industrial activities, including multiple dwelling units where service for more than one unit is taken through a master meter, and to other customers not otherwise specifically falling within another class.
- (c) *Service charge.*
 - (1) Per meter rated 250 CFH or less: \$9.50 per month through September 30, 2022; \$10.26 per month after September 30, 2022; \$11.08 per month after September 30, 2023; \$11.97 per month after September 30, 2024; \$12.57 per month after September 30, 2025;
 - (2) Per meter rated more than 250 CFH: \$28.50 per month through September 30, 2022; \$30.78 after September 30, 2022; \$33.24 per month after September 30, 2023; \$35.90 per month after September 30, 2024; \$37.70 per month after September 30, 2025.
- (d) *Gas consumption charge.*
 - (1) The gas consumption charge for schedules 7A and 7E shall be made up of three ~~two~~ components: fixed cost recovery, ~~and~~ a variable cost of gas component, and an extraordinary gas cost recovery fee.
 - i. The fixed cost recovery shall be \$0.23 per therm (one therm is equal to 100,000 British Thermal Units (BTU) through September 30, 2022; \$0.25 after September 30, 2022; \$0.27 after September 30, 2023; \$0.29 after September 30, 2024; \$0.30 after September 30, 2025.

- ii. The variable cost of gas rate shall be calculated each month based on the projected cost of gas for the billing month plus an adjustment for any prior over or under collection for gas purchases and/or gas transportation costs, provided, however that the variable cost of gas rate shall not be lower than \$0.11 per therm per month.
- iii. The extraordinary gas cost recovery charge shall be \$0.44 per therm per month and shall be assessed for two (2) years from the effective date of this ordinance, ending not later than April 8, 2025. Upon full recovery of the extraordinary gas cost fee, the utility shall immediately terminate collecting this component of the gas consumption charge, and this component of the gas consumption charge shall automatically sunset.
- (2) The projected cost of gas shall be at the rate as stated on the San Juan Index or any recognized index that may replace the San Juan Index.
- (3) Should the variable cost of gas exceed ~~\$0.99~~ \$4.00 per therm, the billed rate to consumers shall not reflect the cost of gas over that amount until the rate is approved by an ordinance of the council.

Section 2. Section 40-152 of the Code of the Incorporated County of Los Alamos is amended to read, as follows:

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

(a) *Applicability.*

- (1) *Schedule 7L:* Interdepartmental service—Incorporated County of Los Alamos.
- (2) *Schedule 7N:* Schools service—Los Alamos public schools.

(b) *Service charge.*

- (1) Per meter rated 250 CFH or less: \$9.50 per month through September 30, 2022; \$10.26 per month after September 30, 2022; \$11.08 per month after September 30, 2023; \$11.97 per month after September 30, 2024; \$12.57 per month after September 30, 2025;
- (2) Per meter rated more than 250 CFH: \$28.50 per month through September 30, 2022; \$30.78 after September 30, 2022; \$33.24 per month after September 30, 2023; \$35.90 per month after September 30, 2024; \$37.70 per month after September 30, 2025.

(c) *Gas consumption charge.*

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

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

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

iii. The extraordinary gas cost recovery charge shall be \$0.44 per therm per month and shall be assessed for two (2) years from the effective date of this ordinance, ending not later than April 8, 2025. Upon full recovery of the extraordinary gas cost fee, the utility shall immediately terminate collecting this component of the gas consumption charge, and this component of the gas consumption charge shall automatically sunset.

- (2) The projected cost of gas shall be at the rate as stated on the San Juan Index or any recognized index that may replace the San Juan Index.
- (3) Should the variable cost of gas exceed ~~\$0.99~~ \$4.00 per therm the billed rate to consumers shall not reflect the cost of gas over that amount until the rate is approved by an ordinance of the council.

Section 3. **Effective Date.** This ordinance shall become effective upon adoption with the amended gas ordinance being applied for all billings on or after April 8, 2023.

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

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

ADOPTED this 28th day of March 2023.

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

**Denise Derkacs,
Council Chair**

ATTEST: (SEAL)

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