

Frequently Asked Questions

Water Rate Increase

How much is the water rate increasing?

The Department of Public Utilities is proposing water rate increases covering a three-year period to be approved by the Board of Public Utilities and adopted by the County Council. The increases are across the board – monthly service fees, wholesale, retail, and non-potable water rates as follows:

| | |
|---------|--------------|
| FY 2020 | 5 percent |
| FY 2021 | 4.25 percent |
| FY 2022 | 4 percent |

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 future capital projects to complete to ensure:

- Sufficient water to meet our customers' water demands (including increased demands for LANL, and new housing in both White Rock and the Los Alamos townsites),
- Appropriate infrastructure to support fire suppression,
- Repair and replacement of aging infrastructure to reduce leaks and reduce water main breaks,
- Maintain 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.

Where Can I find the draft ordinance?

The draft ordinance as well as other information is available on the DPU website at <https://ladpu.com/2019Infrastructure-Rates>

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

Yes. Back in 2016 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. The model suggested that DPU raise water rates as follows:

| | |
|---------|--------------|
| FY 2017 | 10 percent |
| FY 2018 | 8 percent |
| FY 2019 | 6.25 percent |
| FY 2020 | 5 percent |
| FY 2021 | 4.25 percent |
| FY 2022 | 4 percent |

Currently, DPU is proposing an ordinance that requests the BPU and Council to approve and adopt the last three years of rate increases in one ordinance (represented in the orange cells above).

What is the process for raising the water rates?

The BPU will hold a public hearing on October 16th at 5:30 pm in the Council Chambers at 1000 Central Ave., Los Alamos, NM. If the BPU approves the ordinance, it will be introduced at the October 29th County Council meeting. The Council will then hold a public hearing to consider adoption at the November 26th council meeting in Council Chambers

When will these rates take effect?

The proposed ordinance states that the increases will go into effect as follows:

| | |
|---------------|--------------|
| Nov. 27, 2019 | 5 percent |
| Oct. 01, 2020 | 4.25 percent |
| Oct. 01, 2021 | 4 percent |

Is the BPU and County Council locked into these rates for the next three 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.

There were several breaks to waterlines last spring, has the DPU neglected the water infrastructure?

Over the past 10 years, DPU has reinvested \$11,362,080 in water production infrastructure (this includes the drilling of a new drinking water well) and \$5,538,750 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 impacts the most customers (this includes waterlines that experience frequent breaks for replacement). For the next 10 years going forward, DPU plans to reinvest \$19,459,840 in water production infrastructure (including another replacement well and a booster pump station) and \$5,849,950 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. Yet to safely and reliably provide water to our customers, many expenses are fixed. Regardless of the amount of water sold, DPU needs to maintain and operate the water wells, pump stations, 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 all of us be good stewards of this natural resource. Total water rights that the Office of the State Engineer has allotted to Los Alamos County and the DOE is 5,541.3 acre-feet per year. If the County wants to increase housing and expand on economic development with additional businesses, we all need to be prudent with water use.

What if these increases are not approved?

If the rate increases are not approved, DPU will need to consider how it will cut expenses, 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.

| Community | Gallons Consumed Non-Peak Season | Monthly Bill |
|-------------------------------|---|-------------------------|
| Los Alamos Current Rate | 6,000 | \$41.75 |
| Los Alamos Proposed Rate FY20 | 6,000 | \$43.81 |
| Los Alamos Proposed Rate FY21 | 6,000 | \$45.70 |
| Los alamos Proposed Rate FY22 | 6,000 | \$47.52 |
| Santa Fe | 6,000 | \$54.78 |
| Espanola | 6,000 | \$44.26 |
| Taos | 6,000 | \$28.22 |
| Rio Rancho | 6,000 | \$43.45 |
| Albuquerque/Bernalillo | 6,000 | \$39.27 |

| Community | Gallons Consumed Peak Season* | Monthly Bill |
|---------------------------------|--|-------------------------|
| Los Alamos** Current Rate | 14,000 | \$85.74 |
| Los Alamos** Proposed Rate FY20 | 14,000 | \$89.96 |
| Los Alamos** Proposed Rate FY21 | 14,000 | \$93.82 |
| Los Alamos** Proposed Rate FY22 | 14,000 | \$97.58 |
| Santa Fe** | 14,000 | \$141.66 |
| Espanola | 14,000 | \$79.33 |
| Taos** | 14,000 | \$82.46 |
| Rio Rancho** | 14,000 | \$91.33 |
| 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 also apply the assistance for water expenses. Inclusion of sewer expenses is a revision to this rule that is going to the Board of Public Utilities for approval on October 16th. 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 through 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 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.