

QUARTERLY PERFORMANCE REPORT: Qtr 1-FY 2021

LOS ALAMOS
Department of Public Utilities
Electric, Gas, Water, and Wastewater Services

FISCAL YEAR 2021:
Jul 01, 2020 - Jun 30, 2021

QUARTER 1:
Jul 01 - Sep 30, 2020
(Issued November 2020)

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PHILO SHELTON

UTILITIES MANAGER



Los Alamos Golf Course

Irrigated using treated wastewater from DPU's wastewater treatment facility in Los Alamos Canyon.

A WORD FROM THE UTILITIES MANAGER

Department of Public Utilities (DPU) continues to adjust its operations to provide a Coronavirus (COVID-19) safe work environment for both employees and customers. Lexan barriers were installed at the Customer Care Counter with microphones to have a safe way for staff and customers to interact at the Municipal Building. Other COVID-19 safe practices include staggered work shifts, and remote working while the Governor's extended public health emergency continues.

Finally, I would like to congratulate Timoteo Martinez, Lineman with Electric Distribution, on being selected as the Safety Employee of the Quarter. He performs his work with safety in mind in all aspects of his job. Not only does he consistently make sure he is wearing his own personal protective equipment (PPE), he goes above and beyond by making sure others on the crew are also wearing their PPE.

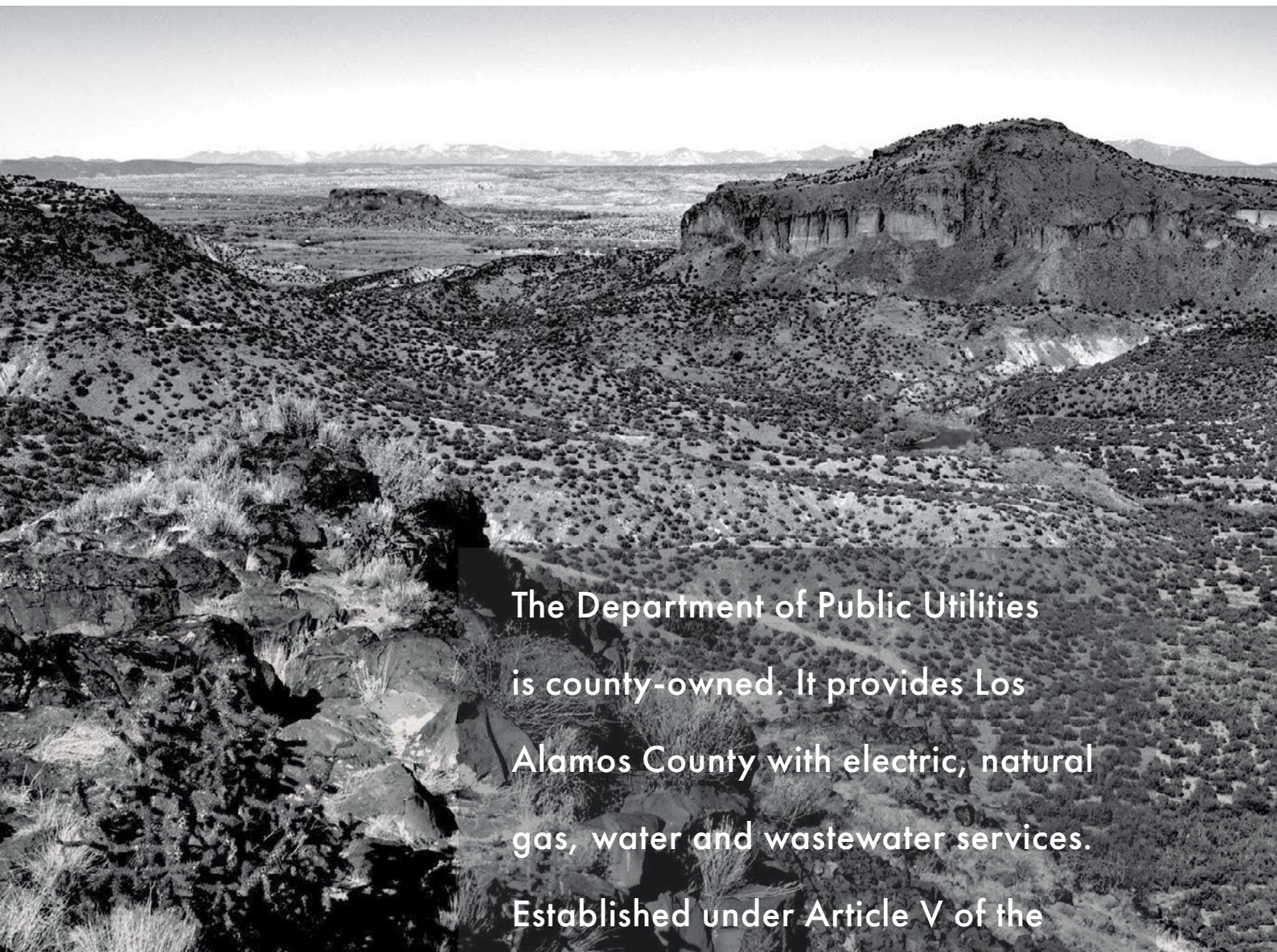
This quarter, the Board of Public Utilities and County Council held several townhall meetings and approved continuation of the County's participation in the Carbon Free Power Project (CFPP) for Phase I Project Development at a cost of \$1.26 Million. Phase I Project Development will include the preparation of the initial Combined Operating License Application (COLA)

submittal and detailed cost estimates. These cost estimates are used in an economic competitive test model to assure the project meets a cost target of \$55 per megawatt hour in 2020 dollars. Should the project costs rise above this threshold, then there are two off ramps built into this phase for the County to exit the project. In addition, NuScale received design certification from the Nuclear Regulatory Commission (NRC) for the small modular reactor and Utah Associated Municipal Power Systems (UAMPS) received \$1.355 Billion grant agreement for development and construction of the CFPP from the Department of Energy (DOE).

Several large contracts were completed this quarter. First were the Water Rights and Water Services agreements with Los Alamos National Laboratory (LANL). These contracts both have ten-year terms beginning on October 1, 2020 that is concurrent with the beginning of New Mexico Water Year. Second was the Electric Workers and Linemen represented by the International Brotherhood of Electrical Workers (IBEW) renewed their contract for four more years. Finally, the License Agreement between County and National Nuclear Security Administration (NNSA) for joint use of the County's and DOE's power dispatch

facilities was completed. DOE has the primary facility and County has the backup facility.

In providing safe and reliable utility services, DPU is monitoring and engaged with LANL to assure environmental protections are maintained. DPU participates with the LANL Cleanup Technical Working Group, and during these progress meetings the status of the chromium plume was covered. The interim remedial measures are showing that these measures are reducing chromium concentrations in the plume that is good progress towards protecting the County's water supply. Also, legacy waste found on the DP Road lift station project were addressed by LANL. First, a DOE contractor completed the excavation and cleared the site of radiological concerns to then allow DPU's contractor complete the installation of the lift station. Next, N3B has excavated the proposed sewer line trench alignment on site A-8-b to connect to DP Road Lift Station and has clear this trench of any radiological waste concerns. This effort is allowing Bethel Development to proceed with installing the sewer line connection from Canyon Walk Apartments to manhole on A-8-b site that then connects with DP Road Lift Station. All this work is planned to be completed in November.



The Department of Public Utilities is county-owned. It provides Los Alamos County with electric, natural gas, water and wastewater services.

Established under Article V of the 1968 Charter for the Incorporated County of Los Alamos, the DPU falls under the jurisdiction of the Board of Public Utilities.

ABOUT THE DEPARTMENT OF PUBLIC UTILITIES

Mission

Provide safe and reliable utility services in an economically and environmentally sustainable fashion.

Vision

Be a high-performing utility matched to our community, contributing to its future with diversified and innovative utility solutions.

We Value

- Customers by being service-oriented and fiscally responsible;
- Employees and partnerships by being a safe, ethical and professional organization that encourages continuous learning;
- Natural resources through innovative and progressive solutions; and
- Community by being communicative, organized and transparent.

Adopted: 2012

Goals/Objectives

1.0 Provide safe & reliable utility services

- Efficiently deliver safe and reliable electric, gas, water & wastewater services;
- Efficiently implement and maintain secure and reliable business systems;
- Ensure utility control and mapping systems and processes are accurate, safe and secure;
- Develop a culture of continuous improvement.

2.0 Achieve & maintain excellence in financial performance

- Utilize revenues to provide a high-level of service while keeping rates competitive with similar utility providers;
- Conduct cost of service studies for each utility at least every five years;
- Meet financial plan targets by 2025, and water by 2028;
- Achieve work plans while operating within budget.

3.0 Be a customer service-oriented organization that is communicative, efficient & transparent

- Ensure customer service processes and systems are efficient, secure and user-friendly;
- Engage and inform stakeholders on utilities' operations affecting the community.

Goals/Objectives

4.0 Sustain a capable satisfied, engaged, ethical & safe workforce focused on customer service

- Invest in employee training and professional development;
- Promote a culture of safe and ethical behavior;
- Engage employees, improve employee satisfaction and compensate fairly.

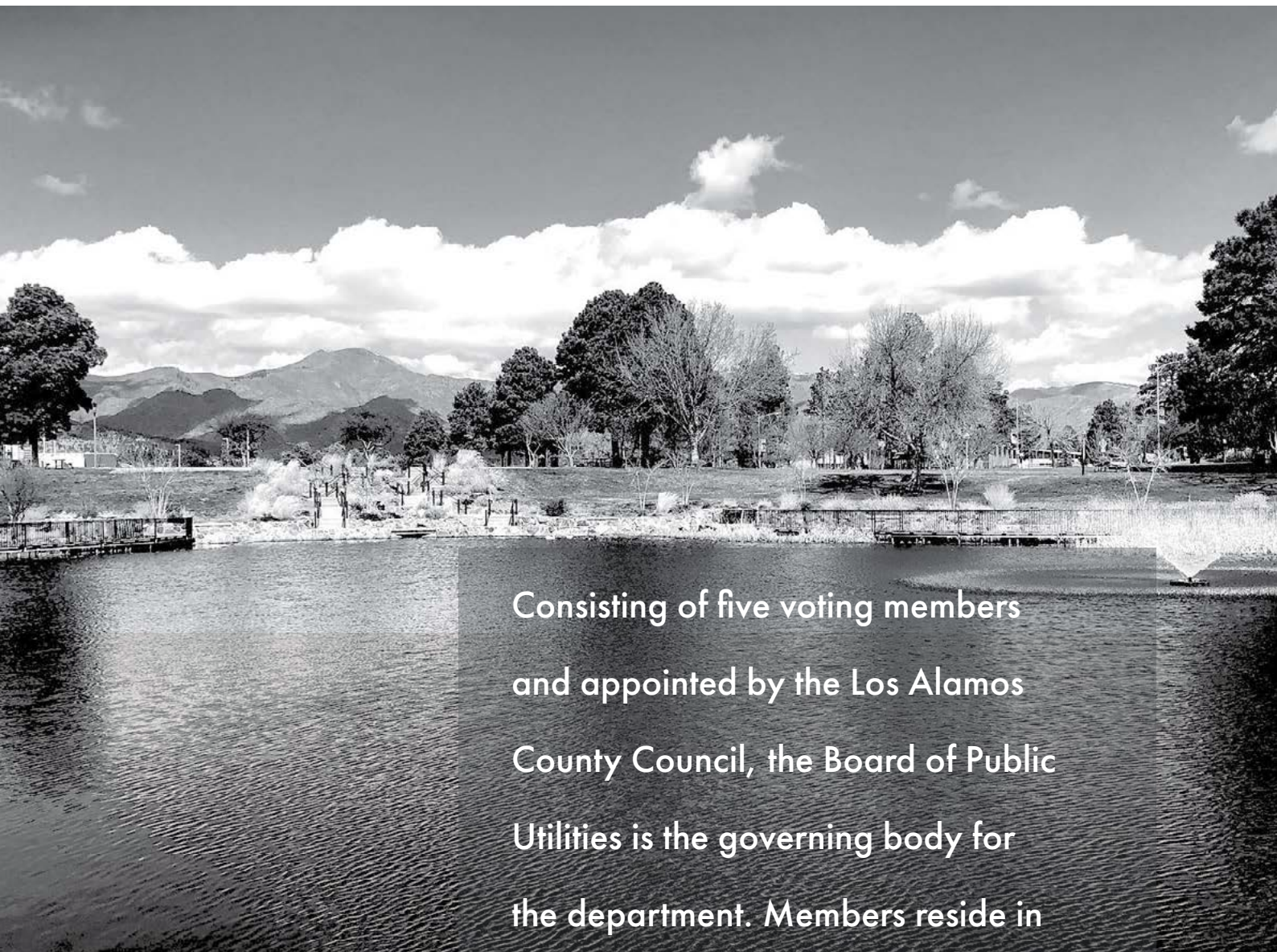
5.0 Achieve environmental sustainability

- Be a carbon neutral electric provider by 2040;
- Improve electrical energy efficiency to be defined by the 2020 DPU energy & water conservation plan revision;
- Reduce potable water use to be defined by the 2020 DPU energy & water conservation plan revision;
- Reduce natural gas use to be defined by the 2020 DPU energy & water conservation plan revision;
- Provide class 1A effluent water in Los Alamos and White Rock.

6.0 Develop and strengthen partnerships with stakeholders

- Communicate with stakeholders to strengthen existing partnerships and identify new potentially beneficial partnering opportunities.

Adopted: 2019



Consisting of five voting members and appointed by the Los Alamos County Council, the Board of Public Utilities is the governing body for the department. Members reside in

Los Alamos and are customers of the department. Calendars, policies and procedures, agendas, minutes, and videos of meetings are available at <https://ladpu.com/BPU>.

BOARD OF PUBLIC UTILITIES

.1/

CARRIE WALKER
Chair



.2/

STEPHEN MCLIN
Vice Chair



.3/

ERIC STROMBERG
Member



.4/

STEVE TOBIN
Member



.5/

CORNELL WRIGHT
Member

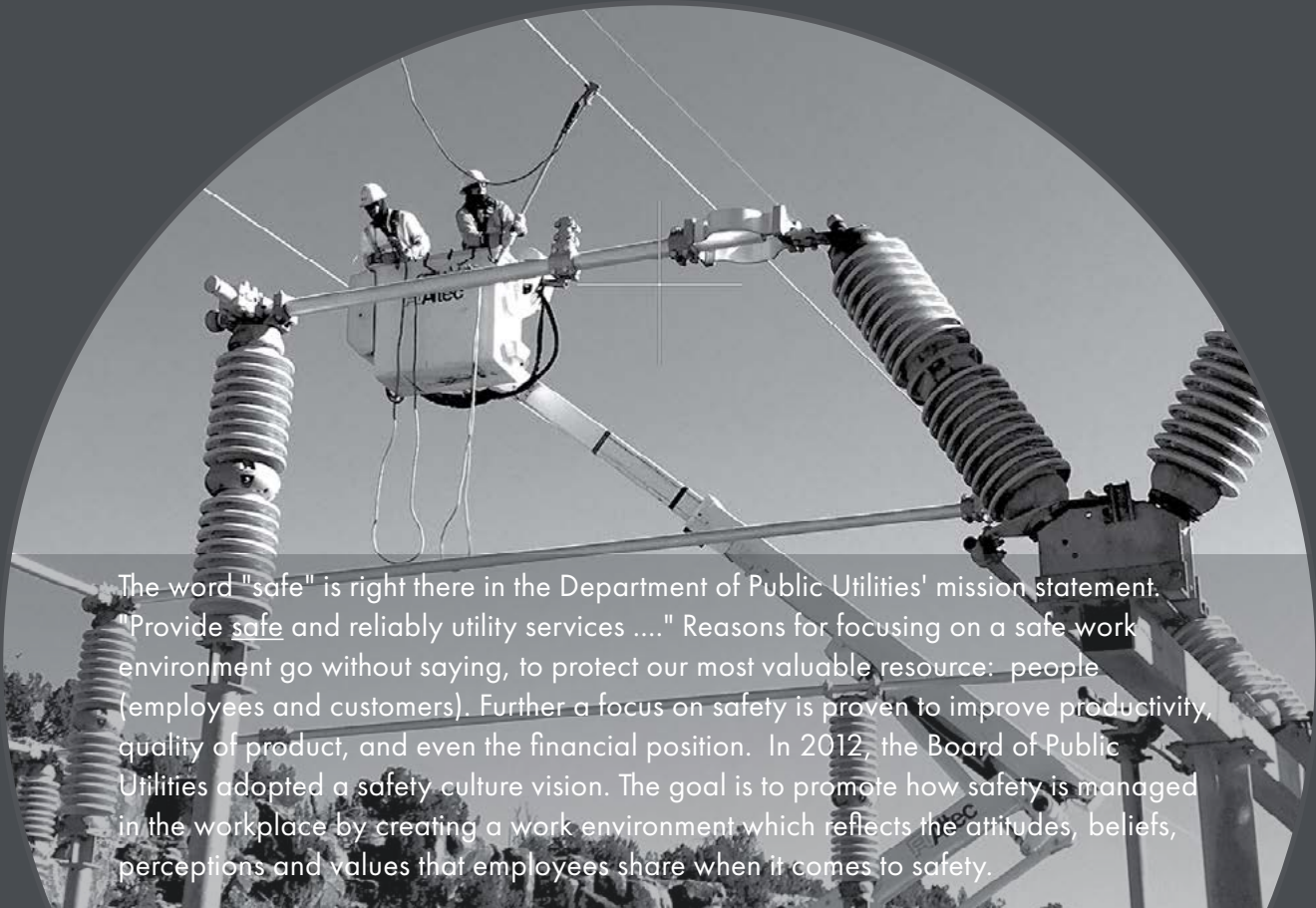


Meetings

BOARD OF PUBLIC UTILITIES

The board meets on the third Wednesday of each month at 5:30 p.m. in Council Chambers, 1000 Central, Los Alamos, NM. During the COVID pandemic, however, meetings are held via the ZOOM platform. Watch the meetings streamed online at: ladpu.com/BPUliveproceedings

SAFETY



The word "safe" is right there in the Department of Public Utilities' mission statement. "Provide safe and reliably utility services" Reasons for focusing on a safe work environment go without saying, to protect our most valuable resource: people (employees and customers). Further a focus on safety is proven to improve productivity, quality of product, and even the financial position. In 2012, the Board of Public Utilities adopted a safety culture vision. The goal is to promote how safety is managed in the workplace by creating a work environment which reflects the attitudes, beliefs, perceptions and values that employees share when it comes to safety.

Safety Culture Vision

DPU seeks to create a safety culture where employees practice safety every hour on the job, while no one is watching, because employees want to and not because employees 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 discussing the accident, incident or near miss with the rest of the staff at the next available weekly group meeting and share 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.

Each quarter all DPU employees nominate fellow employees who exemplify the safety culture vision. A review of the nominee applications is conducted and voted on by the safety committee members and forwarded to DPU's senior management team for concurrence. The selected employee is recognized and earns an additional day of administrative leave.

Adopted 2012



SAFETY EMPLOYEE OF THE QUARTER

qtr 1 /fy21

TIMOTEO MARTINEZ

Electric Linemen
Electric Distribution Division



qtr4/fy20

WAYNE VALDEZ

Electric Linemen
Electric Distribution Division



qtr3/ y20

HEATHER GARCIA

Business Operations Manager
Finance and Administration



qtr2/fy20

JAMES MARK LUJAN

Engineering Associate
Engineering Division



qtr 1 /fy20

TYLER RANDOLPH

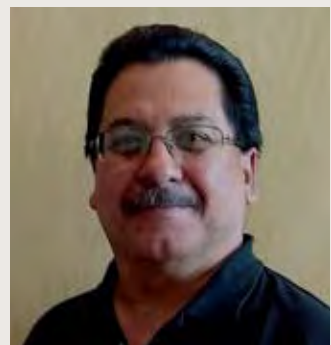
Wastewater Treatment Apprentice II
Wastewater Division



qtr4/fy19

STEPHEN MAREZ

Electrical Engineering Manager
Electric Distribution Division



NEWEST SAFETY EMPLOYEE OF THE QUARTER: Timoteo Martinez, from the Electric Distribution division is recognized as the safety employee for quarter 1 of the new fiscal year 2021. He has taken a leadership role in the safety of the electric distribution division. He has dedicated much of his time taking charge of the glove and sleeve testing program while guaranteeing that it occurs on a quarterly schedule. He ensures that this task is never neglected no matter how busy the department gets. This task is of high importance and Timo takes it very serious. His safe work habits are a great asset to the Department of Public Utilities.



Electric Linemen

Replacing overhead power lines.

ELECTRIC DISTRIBUTION UPDATE

Summer and fall projects in the County are moving ahead rapidly to avoid the winter shutdowns. The first Quarter work schedules included the completion of work on NM502.

The contractors installed conduit, switch sleeves, and vaults. The line crew installed conductors and equipment as the facilities were made ready.

The department has a power pole inspection contract with a company called Alamon. The inspections began in quarter 1 and are continuing. The list of poles requiring replacement is being compiled and prioritized. Electric line crews are busy replacing power poles and cross-arms throughout the County. Inspections will be complete in by quarter 2 and pole replacements are expected to continue throughout the winter and early spring.

The El Mirador subdivision in White Rock is in full construction mode with housing units on Confianza Street. Phase one of the project is complete. Electric line crews are installing conductors, transformers and meters in the subdivision. The electric utility along Confianza is in service and homes are being connected.

The tree trimming contractor is busy with assignments throughout the County. Trees in the canyons and the Ski Hill were a focus in the first quarter to prepare for winter.



OUR FRIEND AND CO-WORKER LEO ORTIZ

Lastly, I would like to remember one of our linemen Leo Ortiz, who recently passed away. Leo was not just an employee of the Department of Public Utilities, he was a highly valuable

and respected member of our team. The effects of his passing are deeply felt by his fellow employees and management.

For those of us that had the privilege of calling him "friend" outside of work, we were humbled by his kindness and compassion to everyone around him. We extend our deepest condolences to his family.

The Los Alamos Switchgear Substation (LASS) project has been delayed due to site construction issues with Los Alamos National Laboratory (LANL). The anticipated date for completion will now be late 2020.

Once completed the LASS will assist with the future electrical supply needs of Los Alamos and provide redundancy to the townsite electric distribution grid, greatly improving reliability.

System Average Interruption Duration Index

As a reliability indicator, DPU measures its System Average Interruption Duration Index (SAIDI). This is a formula to determine the annual average time that a DPU customer could expect to be without power. According to the Energy Information Administration (EIA), the mean SAIDI in 2019 was 132 minutes without major events and 267 minutes with major events for 809 utilities across the nation (excluding U.S. territories). This information is available on the EIA website - <https://www.eia.gov/electricity/data/eia861/>

DPU set a goal in 2008 to reduce its SAIDI to below 60 minutes (including major events). At the end of quarter 1, FY2021 DPU's SAIDI is 54 minutes which includes major events. This is below the DPU 60 minute goal and well below the 2019 National mean SAIDI of 267 minutes.

QUARTER ONE

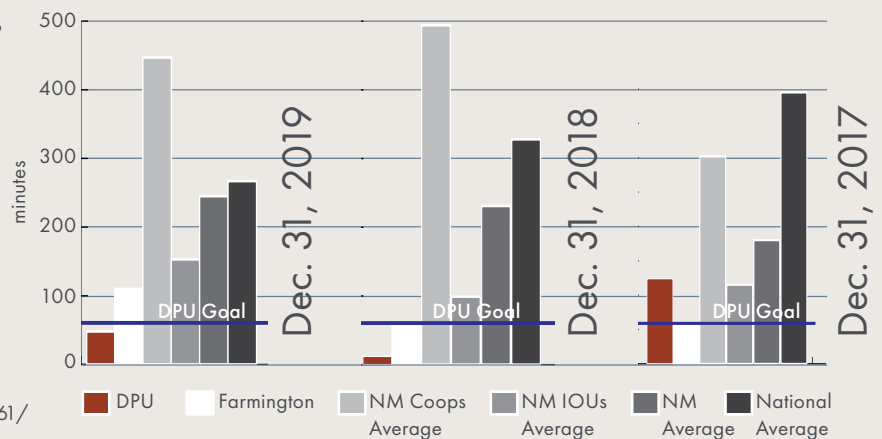
QUARTER 1 DPU RESULTS

As of September 30, DPU's SAIDI results were 54 minutes in FY 2021; 46 minutes in FY 2020; and 113 minutes in FY 2019.



CALENDAR RESULTS /Comparisons

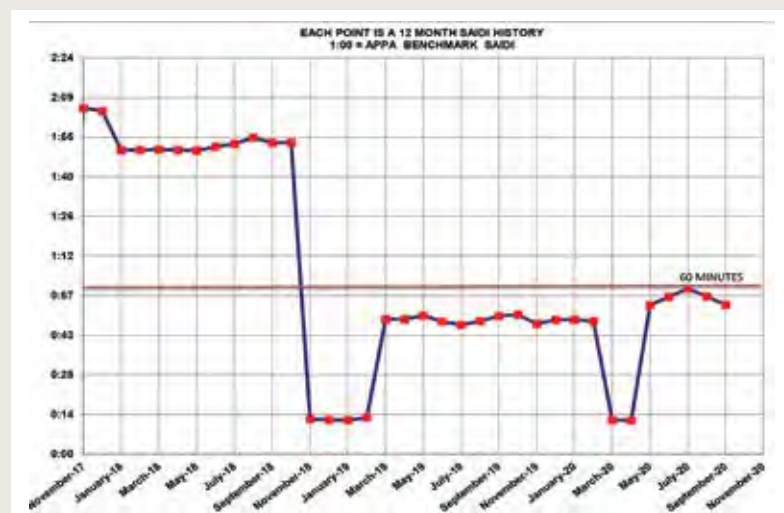
With the exception of 2017, reliability reports issued by the Energy Information Administration* demonstrate that DPU's SAIDI is lower than the average of New Mexico utilities, as well New Mexico cooperatives, investor- and municipal-owned utilities.



*EIA website - <https://www.eia.gov/electricity/data/eia861/>

DPU SAIDI /2017 - Present

DPU records its SAIDI each month (the rolling 12 month average), and includes major events. In November 2017 DPU experienced a major event when the incoming transmission line from Los Alamos National Laboratory was lost and the townsit lost power, negatively impacting DPU's SAIDI.



Distributed Generation

Unlike conventional power generating stations that are centralized and require transmission lines, distributed generation resources are decentralized and close to the load, such as rooftop solar systems. In Los Alamos, several commercial and residential customers have opted to install small solar or photovoltaic distributed generation systems.

Total Distributed Generation

As of the end of quarter 1, distributed generation resources total 1672.159 kilowatts of which 819.238 is connected to the distribution grid.

- Residential systems total 762.808 kilowatts, and
- Commercial systems total 56.43 kilowatts.

New Distributed Generation

42 kilowatts of distributed generation were added to DPU's electric distribution grid during quarter 1.

Pending Distributed Generation

Currently customers are in the process of adding another 852.921 kilowatts of distributed generation to DPU's electric grid.

CARBON-NEUTRAL ELECTRICAL ENERGY PROVIDER

On January 20, 2016, the Board of Public Utilities adopted the following: The Department of Public Utilities will be a carbon-neutral electrical energy provider when the electricity distributed to Los Alamos County consumers is generated or purchased from sources that in their normal operation cause no net release of carbon dioxide to the atmosphere.

1. "Los Alamos County customers" means those customers scheduled in the Los Alamos County Code of Ordinances Section 40-121; this does not include DOE/LANL.
2. "No net release of carbon dioxide" means that purchases or generation of carbon-based electrical energy, necessary when carbon-free supplies are not practically available to supply Los Alamos County consumers, will be fully offset from previous sales of surplus carbon-free electricity to other entities.



1.7 MW
Total DG

819 kW
Connected
DG

763 kW
Residential

56 kW
Commercial

853 kW
Pending DG



STEVE CUMMINS

DEPUTY UTILITY MANAGER



El Vado Dam

Los Alamos County's hydroelectric facility is on the other side of the dam.

ELECTRIC PRODUCTION UPDATE

San Juan Generating Station

DPU was notified by the City of Farmington that it is pursuing along with Enchant Energy, a carbon sequestration project that would allow the San Juan Generating Station to remain open beyond the 2022 Agreement expiration date. DPU notified the parties that Los Alamos County will be exiting the facility in 2022 as planned, however, it supports this endeavor as long as there is no cost to the county.

Should Farmington and Enchant Energy move forward, DPU will work with them and other facility owners to iron out the contractual details related to future plant closure obligations. The San Juan Project Restructuring Proposal was issued by Farmington and Enchant Energy on January 23, 2020 to all of the owner participants.

A meeting was held on February 5, 2020 with all nine owners and Enchant Energy to discuss the proposal in detail. A follow up meeting was scheduled for May 22, 2020 but was canceled. A follow up meeting was held on November 2, 2020 with the participants to discuss the needs of the non-extenders from the entity proposing to take over the plant post 2022. At this time, the hard evidence showing the viability of the project, and a balance sheet of the entity sufficient enough to assume the liabilities and the ability to provide the assurance of a clean break to the non-extenders has not been presented. The non-

extenders expressed these concerns with the Farmington and Enchant energy and expect a satisfactory response before spending additional time and money on this proposal.

El Vado Hydroelectric Facility

Plans by the Bureau of Reclamation to repair the El Vado Dam has been postponed to the spring of 2022. Staff will take advantage of this down time to address any issues with the penstock valve and the inlet structure based on the findings of the condition assessment. The El Vado transformer replacement project has begun and is scheduled to be installed in the fall of 2021 when the plant comes off line.

One-megawatt Solar Array/Landfill

An inverter failed at the one-megawatt solar array on the Los Alamos landfill, taking 400 kilowatts off-line. Staff is currently exploring if another inverter from the Battery Energy Storage System can be re-purposed or if there are any other alternatives that will improve the reliability and extend the life of the resource. Also underway are investigations to decommission the sodium sulfur and lead acid batteries. DPU will issue a Request for Proposals to see if there are any interested buyers and/or bids to decommission the Battery Energy Storage System.

Energy Imbalance Market (EIM)

Now that the Public Regulatory Commission approved the Public Service

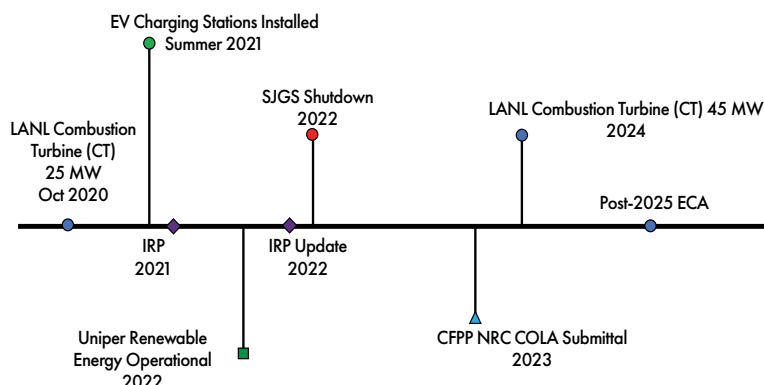
Company of New Mexico (PNM) joining the California Independent System Operators (CAISO) Energy Imbalance Market (EIM), Los Alamos needs to better understand how it will be directly affected. Los Alamos County's electric load falls in PNM's balancing area. Therefore, DPU hired a consultant to develop a gap analysis to compare the current state of the county's resources, processes and technology (systems and infrastructure) with what would be necessary to operate in the EIM.

Utilicast completed the gap assessment with the recommendations and presented to the Board at the August 19 Board meeting. The recommendation included adding a full time employee to the Electric Production division, hiring a consultant to assist with the implementation of the processes and procedures associated with the EIM and the necessary software to support the requirements of load forecasting. An updated job description for this new FTE will be presented to Council for approval on November 10th and then the recruitment will be posted.

Staff anticipates having the new employee hired and on board by the first week in January along with the consulting support services and the upgraded software. This will give the department approximately 75 days to be ready for the go-live date on April 1st, 2021.

INITIATIVES FOR FUTURE ENERGY RESOURCES

The Future Energy Resources Committee (an ad hoc citizen committee) prepared a July 2015 report to recommend future energy generation resources for Los Alamos County to meet a goal to be a carbon neutral electric provider by 2040. The board of public utilities adopted most of the recommendations in January and March 2016. DPU's plan to implement the BPU adopted policies are described here.



EV Charging Stations

On September 18, 2020, DPU received a signed Project Agreement from the New Mexico Environment Department (NMED) formalizing two grants for electric vehicle charging stations. The grants provide \$63,800 for the construction and operation of one direct current fast charger at the White Rock Visitor Center parking lot and \$71,800 for the construction and operation of one direct current fast charger at the Los Alamos County Municipal Building parking lot.

The Electric Production division has budgeted an additional \$150,000 for the installation of electric vehicle chargers; approximately \$50,000 for grant matching on the two fast chargers, and \$100,000 for the construction and operation of additional level-two chargers subject to Board and Council approval.

DPU is currently conducting a competitive procurement process for the materials and labor to install the charging stations, with a goal for completion of construction in the summer of 2021.

Carbon Free Power Project

Through DPU's membership with the Utah Associated Municipal Power Systems (UAMPS), staff has been following the development of the Carbon Free Power Project (CFPP) which is a projected 720 MW nuclear generating station to be built in Idaho using small modular reactor (SMR) technology.

On August 25, 2020, the Council approved DPU's continued participation in the CFPP project up to \$1.26 million contingent upon UAMPS receiving the DOE-Multi Year cost share award. On October 16, 2020, DOE approved the cost-share award of \$1.355 billion for UAMPS' CFPP. This represents approximately 23 percent of the estimated development and construction cost of the CFPP, spread over a period of nine years and concluding with the commercial operation of the CFPP.

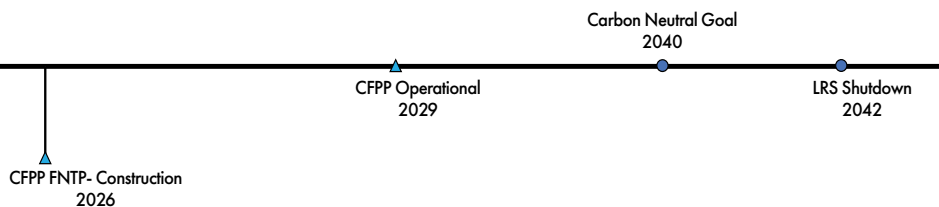
The Project Management Committee issued the new Budget and Plan of Finance for the development of the Combined Operating License Application (COLA) giving all of

the CFPP participants until October 31, 2020 to acquire their governing body approvals for their continued participation in the project.

Utility-Scale Renewable Projects/DPU

DPU finalized an agreement with Uniper Global Commodities, a German company, to add 15 megawatts of energy from wind and solar projects in New Mexico to the county's energy generation portfolio. A power purchase agreement was approved by the Board of Public Utilities and the County Council in January 2020.

Uniper continues to work with the wind and solar developers to serve a portion of the Power Purchase Agreement with renewable energy. The wind portion of the contract was reduced in the final negotiations resulting in a reduction in the percentage of renewable energy the county would receive if accepted per the contract conditions precedent. The 15-year agreement will provide Los Alamos county annually a total of 131,400 megawatt hours of firm power of which approximately 65 percent would come from renewable generation resources (wind and solar),



FUTURE ENERGY TIMELINE

at the agreed upon price of \$36.67 per MWh. The wind and solar project agreements are expected to be executed in November 2020.

Once Uniper has a term sheet executed with the developers they will seek Los Alamos approval per the contract conditions precedent.

DPU submitted a request to PNM for a new Designated Network Resource (DNR) to receive the solar portion of the contract and receive approval on October 29, 2020. The wind portion of the contract will be delivered to the Four Corners Hub which is currently an approved DNR for Los Alamos County. DPU expects the energy from these projects to be delivered to Los Alamos in the spring of 2022.

Advanced Metering Infrastructure (AMI)

The BPU approved the AMI project in September 2018. The contract allows for an 18 month implementation period. Ferguson finalized the propagation study for the townsite and White Rock.

DPU electric distribution crews have set

the base stations per the propagation study results on Pajarito Mountain and in White Rock. DPU and Ferguson are working with fifteen county employee volunteers who live in White Rock to work out any issues that may arise with the automated meter reading interface with the Tyler Munis billing system.

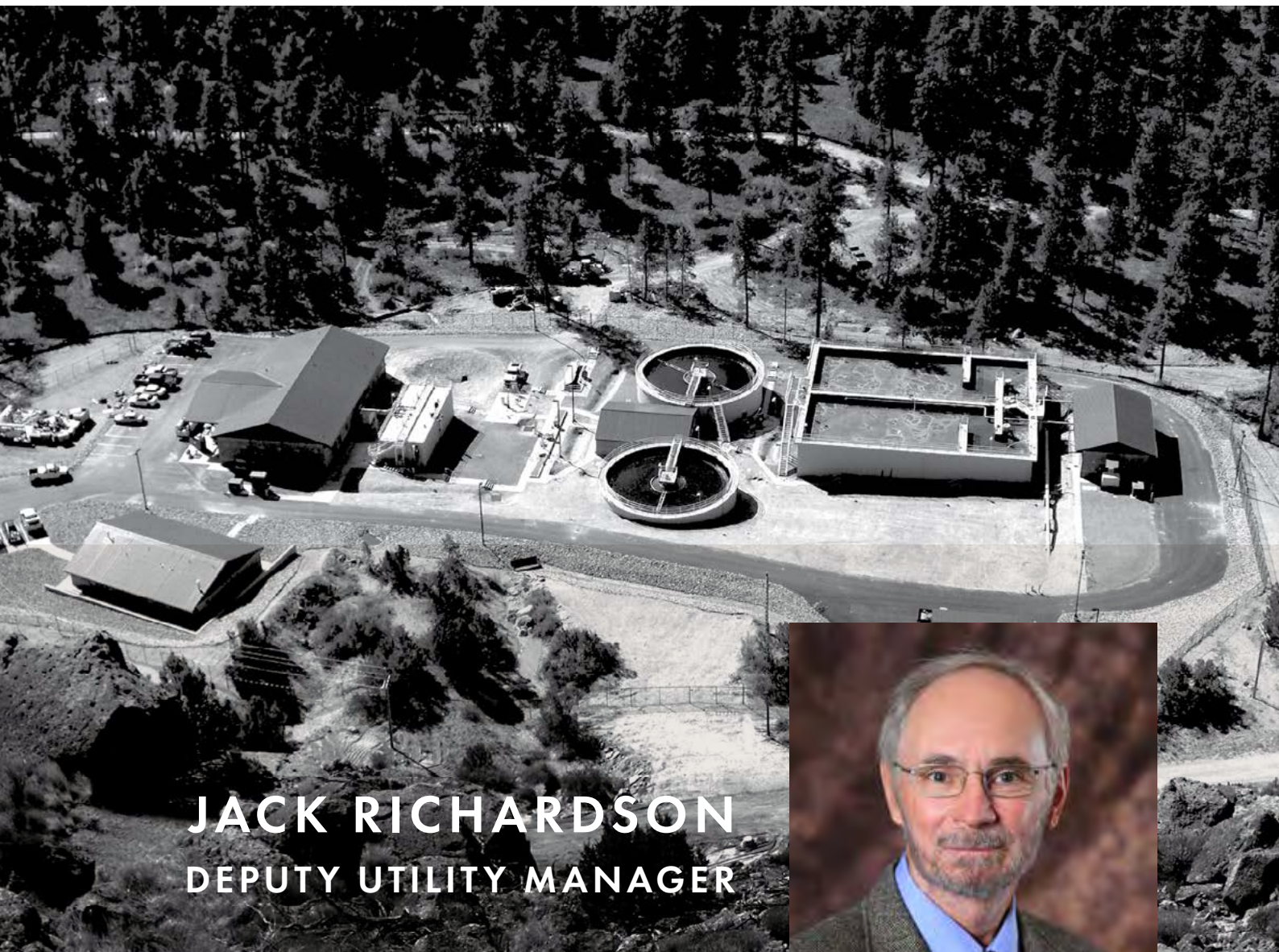
Once these fifteen homes are successfully integrated into the Tyler Munis billing software system the remainder of the White Rock community will be switched over. DPU is working with the subcontractor on COVID safe-practices for the roll-out for the rest of White Rock, currently anticipated to occur sometime this winter.

FER Timeline

The timeline (left) shows the strategic plan with several important dates which play a significant role in the decision making process to achieve the goal to be a carbon neutral electric energy provider by 2040 while sustaining the electric demands of the community.

It started with the development of an Integrated Resource Plan (IRP) in 2017, which provides the most economical options to achieve the goal based on the best information available at that time and the County's partnership through the Electric Coordination Agreement with DOE-NNSA.

Staff is planning on updating the 2017 IRP in 2021 to see if there are any changes in the recommended resource portfolios for achieving our 2040 carbon neutral goal. There are three future contract dates which provide an opportunity to shape our future power supply. First the expiration of the San Juan Project Participation Agreement and anticipated shut down of the San Juan Generating Station in 2022. Second, the County's expected exit from the coal-fired Laramie River Station, where the County signed a life of the plant (2042), power purchase agreement. Third, the expiration of the current Electric Coordination Agreement (ECA) between the County and DOE-NNSA LANL in 2025. Through the current agreement resources are pooled together to serve the combined load of the County and Los Alamos National Laboratory. Today LANL accounts for approximately 80% of the total electrical demand. An extension of the ECA along with the negotiated terms and conditions will have a significant impact in DPU's decision to add new or replacement generation resources to the mix to ensure we don't have an over or under supply of energy post 2025.



JACK RICHARDSON

DEPUTY UTILITY MANAGER



Los Alamos Wastewater Treatment Facility

Wastewater from the townsite is safely collected and treated.

GAS, WATER AND SEWER UPDATE

ALL Gas, Water, Sewer Groups

The entire GWS crew (Gas, Water, Sewer; Water Production, Wastewater Treatment and Meter Reading) have all been trying hard to adapt to life under the COVID pandemic. We continue to modify our protocols in order to better protect each other and the public.

Gas, Water, Sewer (GWS)

The existing vactor truck is still in the shop and is not expected back until. Hopefully, sometime next quarter. The new vactor truck purchase is not expected until late in FY21. The interim period GWS rental vactor truck has been used heavily but it has performed well during this period.

The proposed new supervisory control and data acquisition (SCADA) system for wastewater collection sewer lift stations and gas pressure reducing valve (PRV) stations continues to progress. A final contract for approval by the Board of Public Utilities and County Council is expected to occur hopefully next quarter. Almost all parts ordered for SCADA preparation for the sewer lift stations have been received. Completion of field work (SCADA prep) is scheduled for next quarter.

Gas system prep work is under design in Engineering this quarter and is scheduled to be completed next quarter.

Water pipeline and sewer lift station emergency calls were light this quarter.



JERRY MARTINEZ JOINS WATER PRODUCTION

Fall operations for the gas system – leak survey and PRV Station operation and maintenance – were initiated this quarter and will be completed next quarter.

The dedicated GWS crew has finished the cathodic protection project on Barranca Mesa replacing anodes to protect the steel pipeline from corroding. This crew has moved back to White Rock to continue the cathodic protection upgrades on the steel

portions of the gas system in the White Rock area.

The crew completed the installation of a water tap for the mesa shelf below Camino Encantado. This will significantly improve the efficiency and safety of the sewer pipeline maintenance activities on the difficult to access sewer pipelines in this area in the future. This project was coordinated with and completed ahead of the street upgrade project by Public Works.

The capital improvement plan (CIP) project for adding a PRV station in Barranca Mesa to prep for repainting the Barranca Mesa Tank No. 2 is ongoing. An investigation of an existing PRV vault was completed and found to be feasible for reuse. This will save significantly on the CIP total project cost – having only to order new valves and install them in the existing vault.

Water Production

The water rights lease and water sales contract between the County and the Department of Energy (DOE) has been finalized. The DOE is studying the documentation regarding where ownership between DOE

and the County occurs. After final determinations the designated areas will be field located and marked. These field markers will enhance the safety for the DPU crews if a water pipeline emergency occurs within one of the designated areas.

The winter season schedule was implemented this past quarter – going from three shifts down to two shifts. The water production crew gained an experienced Level III water operator to replace the crew member who left. Jerry Martinez is a welcome addition to the water production staff – even if it did come at the expense of Jerry leaving the GWS crew.

All wells – except Pajarito Well No. 4 – are back to full functionality. Pajarito Well No. 4 is still being worked on by the contractor so that project cannot be called 100 percent complete. We hope, again, that next quarter will see the completion of this long overdue for completion project. The new motor control center for Pajarito Well No. 5 installation project is complete. Guaje Well No. 4A controls, hit by lightning induced power surges, have been repaired with updated components that are expected to serve as a model for upgrades to the other Guaje Well Field pump controls. The shorted out power feed wiring feeding 4160 volt power into the Pajarito Well No. 2 station was replaced and new safety equipment to meet current electrical code requirements was installed.

The project to design the new Otowi Well No. 2 pump equipment and housing continues to progress. The design of the replacement Tsankowi Chlorination Project also continued this quarter. Both projects are scheduled to go out to bid next quarter.

The project to install a full pressure liner in a deteriorated section of a 16-inch transmission pipeline across a heavily developed area of DOE is under design. This project proposes to utilize a new technology for lining water pipeline without having to excavate except at the ends of the section being lined.

The contractor for the golf course irrigation system replacement project damaged the non-potable water meter that feeds the golf course. This caused the meter reading crew to temporarily return to manually reading this meter for billing purposes.

Wastewater Treatment

The Bohannen Huston (BHI) / Los Alamos County Purchasing / DPU Engineering team completed the equipment vendor selection and developed known equipment pricing for all of the major systems that will make up the new White Rock wastewater treatment plant. The 50 percent stage design plans and technical specifications have been reviewed and the BHI/Aqua Engineering team is moving forward on the 90 percent design for this project.

The Wastewater Superintendent and Supervisor have been coordinating with Engineering to develop the planning and cost estimates for the project that will upgrade the compost facility at the Los Alamos wastewater treatment plant. These upgrades are required in order to expand the working area of the compost facility to accommodate the increased volume of bio-solids needing to be composted once the new White Rock wastewater treatment plant is up and running.

DPU received the final ground water discharge permit for the compost facility this quarter. Staff has been working in the field to complete all of the recommended requirements of this permit. All field work is scheduled to be completed next quarter.

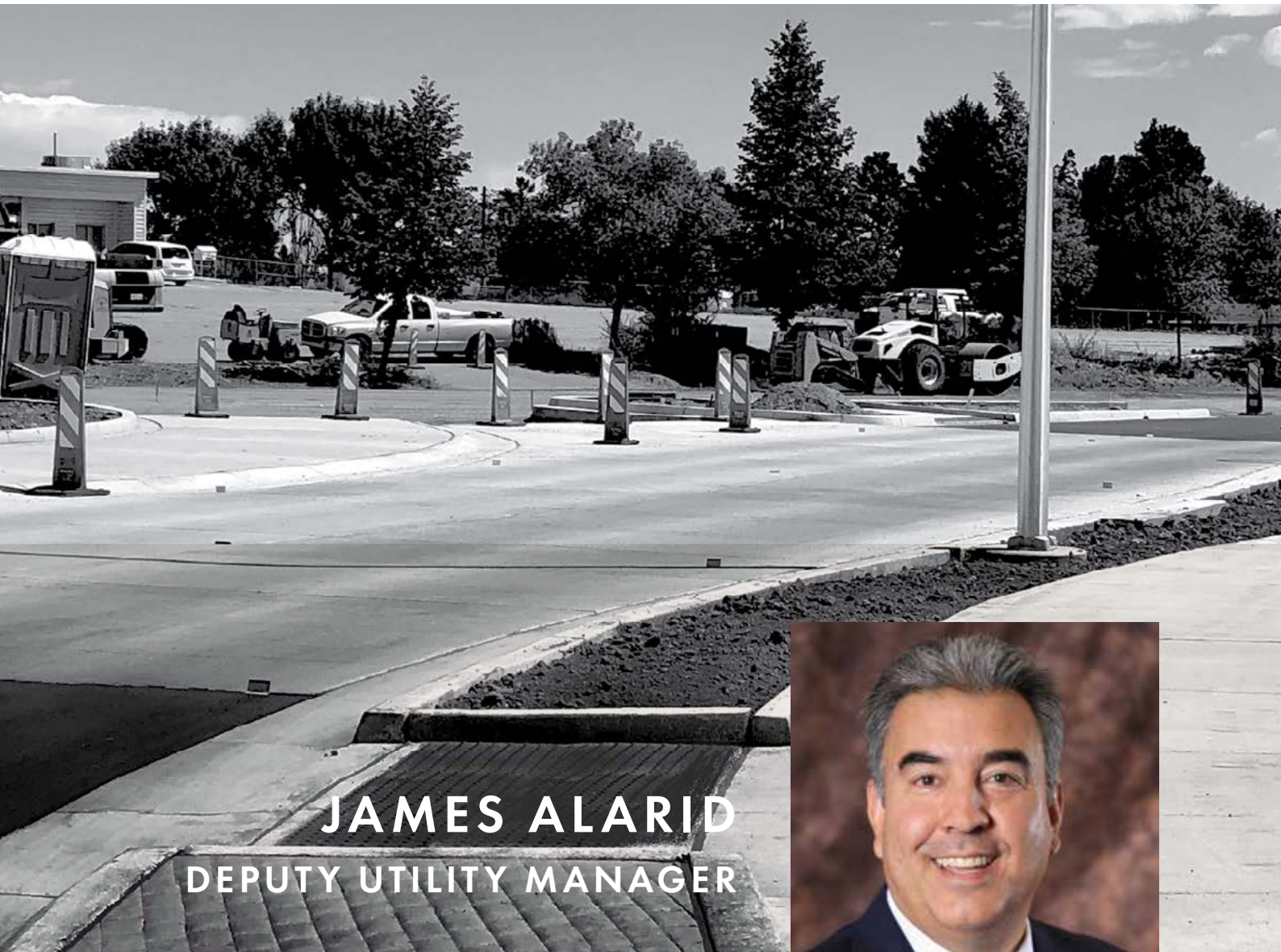
Meter Reading

The advanced metering infrastructure (AMI) project continues with continued planning meetings regarding implementation, staffing, training, material storage, etc. Otherwise new limited term meter readers are being hired and trained as full time meter readers transition into other GWS crews or move to outside employment.



Composting Operation

Adjacent to the Los Alamos wastewater treatment plant, the operation will be expanded to handle additional biosolids from the replacement White Rock wastewater treatment plant.



JAMES ALARID
DEPUTY UTILITY MANAGER



New Mexico 502 - Round-about

Construction on the NMDOT 502 project, including relocation of utilities is nearing completion.

ENGINEERING

DIVISION UPDATE

A number of projects will be executed this fiscal year. This includes ongoing projects at the hydroelectric plants, such as the preparation of bid packages for a new transformer at El Vado and painting of the decks and floors at both facilities. We are installing a new 3-ton jib crane in Abiquiu on November 10th to handle existing bulkheads that are used to dewater the energy dissipating chambers. This method to dewater the chambers to inspect the valves and chamber condition is safer and more efficient. We have hired the services of a consultant to evaluate the condition of the penstock shut-off valve in El Vado. The valve is inaccessible and could impact electric generation if it were to fail. If the evaluation reveals necessary repairs we will take advantage of the low water levels in El Vado lake between May 2022 and November 2022 when the Bureau of Reclamation lowers the lake to perform safety improvements on the dam. Our staff is working with the plant operators and the Bureau of Reclamation to coordinate the construction of a new office space at El Vado. An inspection by our insurance company flagged the current location of the office with respect to the plant transformer as a risk to personnel.

There are a number of water production projects that will be bid soon and in construction in the spring and fall of 2021. In February we will rehabilitate an existing waterline along Pajarito Road on LANL property which experienced frequent failures in recent years. It will be lined with a structural liner that will extend the life of the pipeline for 50-years. Two major capital improvement projects will move from the design stage to bidding in the next three months upon approval of the New Mexico Environment Department. The new chlorination building and transmission line crossing of NM-4 project will be bid in December with a scheduled completion in June 2021. This project replaces an aged facility that is

incapable of providing adequate disinfection once the Otowi Well No. 2 is completed. In an effort to solidify the financial standing of the water production fund, DPU applied for a one percent interest loan to complete capital improvements in fiscal years 21 & 22. The first of these projects is to construct the well house and equip the new Otowi Well No. 2. This will be bid in March upon closing of the loan from the New Mexico Finance Authority.

The ongoing project to replace the natural gas powered engine at Pajarito Well #4 has experienced a new setback. After running for a couple of months the clutch failed to disengage at shutdown causing the momentum from the well string to roll the engine backwards for a brief period. This caused a bearing in the oil pump to cease. Upon replacement of the bearing the engine is overheating when started. This is currently being investigated.

The Advanced Metering Infrastructure (AMI) project continues to be on hold awaiting successful testing of the data transfer from the AMI equipment to the billing software system. We anticipate testing will be completed in November and the mass installation of the AMI radios can begin in January. The contractor installing the radios plans to mobilize once and complete the installations in White Rock and then proceed to completing the installations in Los Alamos.

We are completing the design for two joint road and utility projects which will be bid in January. The first is the 33rd & 34th Street project. We will replace the water system in its entirety and rehabilitate sewer lines that will be beneath the newly paved roads. The second joint road and utility project will be on North Mesa in the neighborhoods of Alamo and Capulin. This project will replace the water and gas system in the roads and will be bid in January, 2021.

We have begun the in-house design of a gas project that will add remote monitoring of flow and pressure as well as overpressure protection at the two border stations in Los Alamos and White Rock. It is scheduled to be bid in early 2021.

We have applied for a grant/loan in the amount of \$2.5 million for the installation of a filtration system at the Los Alamos Wastewater Treatment Plant from the Water Trust Board. On November 30, the Water Trust Board will convene and select projects to be forwarded to the legislature in 2021 for funding. We will make a presentation at this meeting in support of our project. We will be awarding the construction contract in November for the replacement of the Overlook Booster Station which is funded in part by a \$480,000 grant and \$320,000 zero-interest loan, from the Water Trust Board. A third project funded by the Water Trust Board is under design for a new non-potable water storage tank at the Bayo booster station. The loan/grant agreement is scheduled to close in March and we will bid the project soon after the closing. We continue to be successful in securing funding from the Water Trust Board to expand the use of non-potable water in the communities of Las Alamos and White Rock. Two major upcoming projects are the: 1) DP Road and Utility Reconstruction Project, and 2) NM-4 Water Transmission Line Replacement Project. The DP Road and Utility Reconstruction Project is a joint project with the Public Works Department. The scope is to reconstruct the road and utility infrastructure up to the TA-21 gates. Currently the design services are being solicited from consultant engineers. The NM-4 Water Transmission Line Replacement Project is a NMDOT project to repave the corridor. DPU will enter into a cooperative agreement to include the water transmission line replacement as part of the project.

PLANNING DESIGN CONSTRUCTION

		QTR 1			QTR 2			QTR 3			QTR 4				
		07/20	08/20	09/20	10/20	11/20	12/20	01/21	02/21	03/21	04/21	05/21	06/21		
BUDGETED															
ELECTRIC PRODUCTION		\$800,000													
Replace El Vado Transformer	400,000														
Replace Abiquiu Office	150,000														
Evaluate El Vado Penstock	100,000														
Redesign & Install El Vado Shaft Seal	150,000														
ELECTRIC DISTRIBUTION		\$750,000													
Replace Switches w/New Conductors	200,000														
Replace Primary Conductors	200,000														
Construct Maintenance Bldg (cost shared)	50,000														
Remove Open Secondary	300,000														
NATURAL GAS DISTRIBUTION		\$350,000													
Construct Maintenance Bldg (cost shared)	50,000														
Improve Gas Border Stations	300,000														
WATER PRODUCTION		\$9,656,926													
Develop Risk/Emergency Response Plan	120,000														
Install Camp May Waterline (LAC/ 3rd Party)	4,000,000														
Const. Otowi 2 Well House/Rep. Otowi 4 MCC	1,900,000														
Construct Maintenance Bldg (cost shared)	50,000														
Upgrade Tank Piping	300,000														
Install New Non-Potable Water Tank	1,080,000														
Stabilize Los Alamos Reservoir Road	2,206,926														
WATER DISTRIBUTION		\$150,000													
Construct Maintenance Bldg (cost shared)	50,000														
Replace Barranca Mesa PRV Station	100,000														
WASTEWATER		\$14,850,856													
Construct Maintenance Bldg (cost shared)	50,000														
Replace WR Wastewater Treatment Plant	14,800,856														



Replace El Vado Transformer

(Funded through: Electric Production)

Scope: Replace the transformer at the El Vado hydroelectric plant.

Budget: \$400,000

Schedule: Fall/Winter 2020



Replace Abiquiu Office

(Funded through: Electric Production)

Scope: Relocate and replace the office at the Abiquiu hydroelectric plant away from the transformer for safety reasons.

Budget: \$150,000

Schedule: Fall/Winter 2020



Evaluate El Vado Penstock

(Funded through: Electric Production)

Scope: Evaluate the penstock valve to coincide with and take advantage of the dam refurbishment work that is planned by the Bureau of Reclamation.

Budget: \$100,000

Schedule: Fall 2020



Redesign & Install El Vado Shaft Seal

(Funded through: Electric Production)

Scope: Redesign and install a new shaft seal at the El Vado hydroelectric plant with one that is self-lubricating.

Budget: \$150,000

Schedule: Winter 2020/2021



Replace Switches

(Funded through: Electric Distribution)

Scope: Replace aging switches with new conductors throughout Los Alamos County

Budget: \$200,000

Schedule: Year round



Replace Primary Conductors

(Funded through: Electric Distribution)

Scope: Replace aging primary conductors throughout Los Alamos County.

Budget: \$200,000

Schedule: Year round



Construct A Maintenance Bldg

(Funded: Elect. Dist., Water Prod. & GWS)

Scope: Construct a maintenance facility at the White Rock replacement wastewater treatment plant that can be used by field crews with electric distribution, gas, water & sewer, and water production.

Budget: \$250,000

Schedule: Spring 2021



Remove Open Secondary

(Funded through: Electric Distribution)

Scope: Remove open secondary

Budget: \$300,000

Schedule: Year Round



Improve Gas Border Stations

(Funded through: Gas Distribution)

Scope: Improve natural gas border stations (two) with over pressure protection, metering and SCADA functions. Will permit staff to monitor and trend the flows and pressures at these critical points in the system.

Budget: \$300,000

Schedule: Spring 2021



Prepare Risk & Resilience/ Emergency Response Plan

(Funded through: Water Production)

Scope: Prepare a risk and resilience assessment and an emergency response plan in accordance with the 2018 America's Water Infrastructure Act. Utilities must certify to the Environmental Protection Agency completion of each.

Budget: \$120,000

Schedule: Completed by June 2021



Install Camp May Waterline

(Funded: Los Alamos Co. & Ski Hill Operator)

Scope: Install four booster stations and 23,000 feet of waterline along Camp May Road. The project will convey water from the existing potable water system in Los Alamos to the ski lodge, Camp May campground and provide a reliable water supply for regional fire protection.

Budget: \$2,000,000 (LA County)

\$2,000,000 (Ski Hill Operator)

Schedule: Constructing pending environmental clearance



Construct Otowi 2 Well House, Replace Motor Control Center for Otowi 4 Well

(Funded through Water Production)

Scope: Construct the well house, install pumps and associated equipment for Otowi Well 2. Replace the motor control center for Otowi Well 4 which is located in the same vicinity.

Budget: \$1,900,000

Schedule: Bid fall 2020/Construct



Upgrade Tank Piping

(Funded through: Water Production)

Scope: Replace miscellaneous valves throughout the water production system. Work will be performed by in-house staff and supported by contractors as needed depending on the complexity of the work.

Budget: \$300,000

Schedule: Throughout the year



Install New Non-Potable Tank

(Funded: Water Trust Board Loan/Grant and Water Production)

Scope: Install a new one million-gallon effluent storage tank at the bayo booster station adjacent to the composting operation. The new tank will capture effluent during peak times to expand non-potable water use.

Budget: \$1,080,000

(\$360k Loan / \$540k Grant / \$180k Match)



Stabilize LA Reservoir Road

(Funded: FEMA grant, Water Prod. & LAC)

Scope: Stabilize the Los Alamos Reservoir road. Clear debris from the channel and reroute the channel back to its original path.

Budget: \$2,206,926

(\$1.5M Grant/\$262,500 LAC/\$262,500 DPU)

Schedule: On hold (FEMA reauthorization of funds)



Replace the White Rock Wastewater Treatment Plant

(Funded through: Wastewater Treatment)

Scope: Construct a replacement wastewater treatment plant in White Rock to be operational by FY21.

Budget: \$14,800,856

Schedule: Bid fall 2020. Construction - winter/summer 2022

SUSTAINABLE LOS ALAMOS UPDATE

Reclaimed Wastewater

Quarter 1 starts in the middle of the peak watering season. As a result, reclaimed water use to meet the county's demand to irrigate parks, ballfields and the golf course started high and slightly tapered down as the weather started cooling. At the end of quarter 1 in FY 2021, reclaimed wastewater used for the townsite irrigation was 36.9 million gallons. White Rock irrigation, meanwhile, used 13.9 million gallons. Irrigating with reclaimed wastewater water has saved the county a total 50.8 million gallons of drinking water in a short three-month period.

Water & Energy Conservation

DPU will update the Energy and Water Conservation Plan in fiscal year 2021, now that the Board of Public Utilities has adopted new conservation goals.

DPU maintains a conservation plan for the following three reasons.

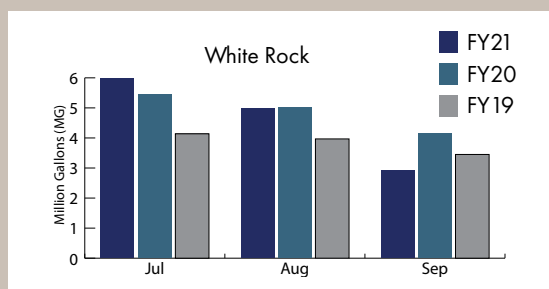
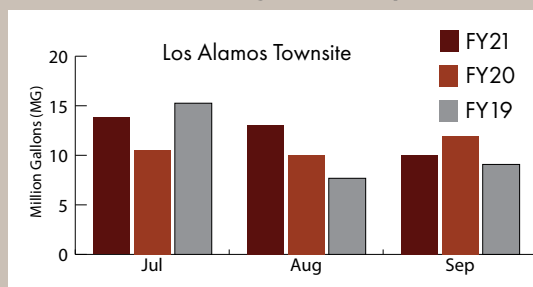
- As a public water supplier, the Office of the New Mexico State Engineer (OSE), Conservation Division requires a current water conservation plan be reviewed, approved and filed with their office. The OSE has published a guidance document titled "New Mexico's Water Conservation Planning Guide

for Public Water Suppliers." The guidance provides a template which must be adhered to for acceptance by the OSE. We will follow this

summarize the year's initiatives and progress in managing the electric demand and supply effectively and efficiently. This includes an energy conservation plan that establishes DPU's demand management strategies, initiatives and measurements.

- The third component of the Water and Energy Conservation Plan is establishing conservation initiatives, policy, programs and measures that reflect the community's demographics, planning efforts, residential and commercial sector and stakeholder interests. In 2015, DPU assembled an advisory group of community stakeholders which is typical in preparation of conservation plans. Gathering community input and recommendations ensure that there will be community buy-in and support.

Gallons of Reclaimed Wastewater
Used to Irrigate County Turf



template for both the water and energy components of the plan.

- As a requirement to receive the County's allocation of hydroelectric power from Glenn Canyon Dam, the Western Area Power Administration (WAPA) mandates members issue annual progress reports. The reports

In fiscal year 2020 a volunteer citizen committee assembled in a series of work sessions moderated by DPU staff.

At the various work sessions staff introduced the committee to the purpose and need of a water and energy conservation plan, presented



the department's past sustainability goals, offered guidance and regulatory explanations and provided operational support. While the committee's primary charge was to focus on conservation initiatives to be implemented in Los Alamos County, the committee did recommend new conservation goals. A report was prepared and presented to the Board of Public Utilities at the July 2020 meeting. The citizen committee recommended the following goals:

- Find ways to accommodate a massive increase in residential and local solar,
- Reduce residential gas usage by 20 percent with a long-term goal to eliminate gas usage by 2040,
- Reduce water usage by one-third.

Members of the Board of Public Utilities adopted modified goals at the October 21, 2020 meeting as follows:

- Increase local solar peak production to 6 megawatts by 2040,
- Reduce natural gas usage by 5 percent per capita per heating degree day by 2030 using a 2020 calendar year-end baseline and support elimination of natural gas usage by 2070, and
- Reduce potable water use by 12 percent per capita per day by 2030 using a 2020 calendar year-end baseline.

Board members also requested DPU staff to survey the community on the overall sentiment of the adopted goals.

Pajarito Environmental Education Center (PEEC)

Elizabeth Watts, DPU's representative at PEEC has been busy preparing educational materials on how DPU customers can maximize energy savings during the upcoming colder months. DPU staff is excited to share PEEC's video series and the "headless" scarecrow for the Los Alamos "Trick-or-Treat Main Street" event in October.





ROBERT WESTERVELT DEPUTY UTILITY MANAGER



NOTE: Budgetary carryovers and adjustments from FY20 have not yet been uploaded into the financial system, and thus are not reflected in this report. Any impact of those adjustments would affect the "Adj. Budgeted Net Income (loss)" line of each division's financial report, but the impact on cash position would be carried over as well, so should not significantly affect the utilities net cash position. These carryover amounts should be available for reporting in the second quarter.

FINANCE AND ADMINISTRATION

Electric Operations

In a continuation of what has been seen in the past several years, electric sales were below budget for the first quarter of FY21, both for retail customers and for sales to DOE. Retail sales were 11.76 percent below the budgeted 32,283,763 kWh and sales to DOE were 24.91 percent below the budgeted 169,653,529 kWh. Overall kWh sales for all customers were 22.80 percent below budget.

In electric distribution, the first quarter closed with net operating revenues of \$1,152,161, which is 37.65 percent of the total annual budget. Due to a power shortage in the southwest region power costs spiked in August, and LAC cost of power for the quarter was \$70.96, compared to a budget projection of \$47.997. This higher than projected cost of power was offset by the allocation of admin charges and several maintenance categories being significantly lower than anticipated for the first quarter. It is expected these maintenance programs will ramp up as the year progresses, but with COVID concerns it may be difficult to schedule crews to meet all maintenance goals. Capital expenditures totaled \$39,366, which is only about 5.25 percent of the \$750,000 budgeted for FY21.

The first quarter of FY21 yielded total net income of 1,112,795 for electric distribution. Net income of \$1,692,890 is budgeted for the year, which includes the profit transfer. As the department moves forward with planned maintenance activities and capital projects, we should see that early net revenue dissipate over the year to more closely match budget projections.

Gas Operations

Gas sales in the first quarter were 2.75 percent lower than budgeted for the

period, with total sales of 571,321 therms. This variance is within the range of normal seasonal variations. Net cash flow from operations was \$36,217. It is normal to experience low or even negative net operating income in the warmer months of the year, as routine operating expenses remain relatively consistent throughout the year, while revenues are more seasonal in nature, increasing with colder weather in the fall and winter months.

The cost of gas remained low in the first quarter due to continuing the low market price of gas. The total for the quarter was equivalent to 7 percent of the full FY21 budget for the cost of gas, which is typical for the first quarter of the fiscal year.

For the full fiscal year, gas operations' budgeted operating cash flow is \$236,728, and the budgeted transfer to the general fund is \$201,959. There are \$350,000 capital expenditures budgeted in FY21. A negative net cash flow of (\$315,231) is budgeted, funded from existing fund balance.

Water Operations

Retail water sales at 321,713 kgal were higher than budget estimates of 275,814 for the quarter. Warm weather and a mild monsoon season most likely led to somewhat higher consumption for irrigation, tempered somewhat by continuing conservation efforts throughout the community. Wholesale sales to LANL of 70,554 kgal were 32.90 percent less than budgeted. The COVID Pandemic has resulted in numerous LANL sites being minimally staffed and normal domestic and irrigation consumption has likely been affected. Process loads at LANL may have been somewhat curtailed as well. Combined total sales in thousands

of gallons for both Retail and DOE were 2.97 percent higher than budgeted for the quarter.

Net cash flow from water operations were \$1,527,202 for the quarter. Capital projects funded through sales totaling \$2,975,865 were budgeted in the water fund for the year, but only \$2,563 has been expended to date, yielding total water net revenues of \$1,524,639 for the quarter. Water production's budget includes certain projects that are to be funded from other sources, which will only be expended if those funding sources are realized. There are \$6.8M in revenue funded projects budgeted, but only minimal costs on those projects have been realized as of the end of the first quarter.

For the full fiscal year, water operations' budgeted operating cash flow is \$851,928, and budgeted capital expenditures are \$2,975,865, net of external funding, resulting in budgeted net negative cash flow of (\$2,123,937), funded through existing fund balance.

Wastewater Operations

Cash flow from operations was \$905,967 for the three months ended September 30, 2020. There have been no capital expenditures to date this fiscal year.

For the full fiscal year, wastewater operations' budgeted operating cash flow is \$1,721,316. In total, \$14,850,856 in capital expenditures are budgeted, which includes the debt funded White Rock treatment facility. Besides the Treatment Facility, there were \$50,000 in additional capital expenditures budgeted, yielding net cash flow budgeted of \$1,671,316, excluding the White Rock Treatment Plant and associated debt financing.

Pass-Through Cost Of Gas

Since 2013 the Department of Public Utilities has included a “pass-through” cost of natural gas in its rate. In addition to a monthly service fee, the gas consumption charge comprises a fixed cost recovery fee per therm and a variable cost of gas per therm (pass-through cost). The fixed cost recovery fee includes set distribution maintenance and operation expenses. DPU’s actual cost to purchase the natural gas commodity is passed directly to the customer in the variable cost of gas per therm charge. This price is calculated each month based on the San Juan Index and then adjusted based on the actual cost from the prior month. Customers benefit from this approach as the DPU does not need to maintain a substantial rate stabilization fund to absorb the volatile, fluctuating gas prices. Each month DPU posts the new variable cost of gas rate on the website at: <https://ladpu.com/DPUGasRateSchedule>.

TOTAL GAS CHARGE COMPRISES THREE COMPONENTS

(1. Monthly Service Fee) + [(2. Fixed Cost Recovery Fee + 3. Variable Cost of Gas) x Total Therms] = Total Charged

SCHEDULE OF CUSTOMERS

7A: Residential
7E: Commercial
7L: County
7N: Schools

1. MONTHLY SERVICE FEE

Schedule	Meter Rated	Charge
ALL	≤ 250 CFH	\$ 9.50
ALL	> 250 CFH	\$28.50

2. FIXED COST RECOVER FEE/THERM

Schedule	Fee/Therm
7A & 7E	\$0.23
7L & 7N	\$0.20

3. VARIABLE COST OF GAS/THERM

(Pass-Through Cost of Gas)

Calculated each month based on the San Juan Index and then adjusted based on the actual cost from the prior month

Month and Year	Schedule	Projected Variable Cost of Gas	Adjustment to Prior Month Estimate	Total Variable Cost of Gas/Therm
Sep 2020	ALL	\$0.27	\$0.02	\$0.29
Aug 2020	ALL	\$0.20	\$0.04	\$0.24
Jul 2020	ALL	\$0.20	(\$0.15)	\$0.05



Example:
*Residential Family (7A)
that used 30 therms in
September 2020.*

$$\$9.50 + [(\$0.23 + \$0.29) \times 30] =$$

\$25.10



Example:
*Commercial Customer (7E)
that used 70 therms in
September 2020.*

$$\$28.50 + [(\$0.23 + \$0.29) \times 70] =$$

\$64.40

NATURAL GAS RATES

Fluctuating Gas Rates

Natural gas prices are mainly a function of market supply and demand and fluctuate. There are multiple factors that affect the price of gas, one is weather. Cold temperatures, for example, increase demand for heating, while hot weather increases demand for cooling, which increases natural gas demand by electric power plants.

To mitigate some of the fluctuations, DPU joined the New Mexico Municipal Energy Acquisition Authority (NMMEAA). Created by local

governments in 2008 through a Joint Powers Agreement, the purpose of NMMEAA is to obtain reliable, long-term gas supply under favorable terms, conditions and price. NMMEAA benefits government-owned utilities like DPU and through this membership, DPU is able to pass its savings directly to customers.

When comparing the variable cost of gas or the pass-through rate with the rates of New Mexico Gas Company, DPU's rates are usually lower although

not always. This past quarter (three months) both organizations averaged the same price of \$0.19 per therm.

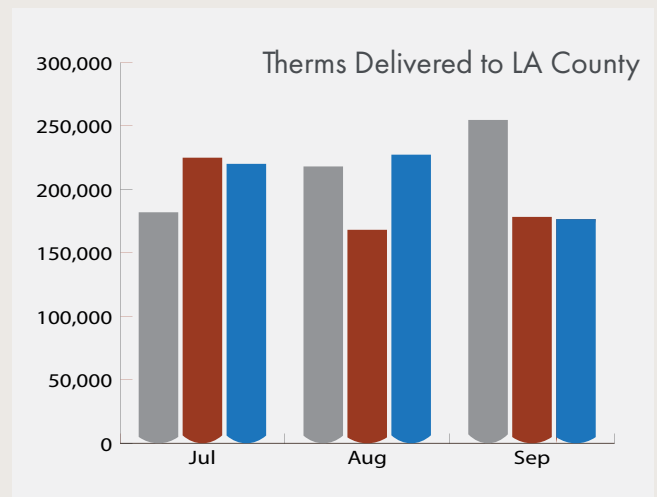
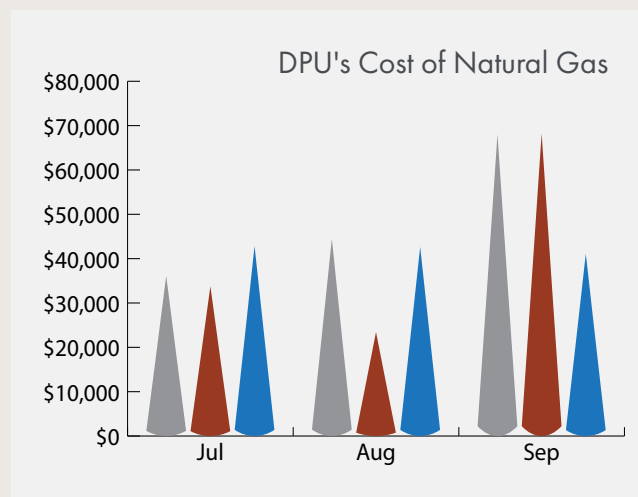
VARIABLE COST OF GAS/THERM

Mo/Yr	DPU	NMGC*
Sep 2020	\$0.29	\$0.28
Aug 2020	\$0.24	\$0.09
Jul 2020	\$0.05	\$0.21
Avg price	\$0.19	\$0.19

*New Mexico Gas Company

Source: nmgco.com/en/cost_of_gas

San Juan Index/MMBTU			Total Cost of Gas for Q1		Total Therms Delivered for Q1	
	2020	2019	2020	2019	2020	2019
Sep:	\$2.27	\$1.73	Sep: \$68,221	\$41,114	Sep: 178,283	176,512
Aug:	\$1.62	\$1.87	Aug: \$23,463	\$42,656	Aug: 168,127	227,285
Jul:	\$1.50	\$1.85	Jul: \$33,804	\$42,851	Jul: 224,911	220,055
			Total: \$125,488	\$126,621	Total: 571,321	623,852



Estimate 2020 Actual 2020 Actual 2019

ELECTRIC OPERATIONS

Financial Status - Unaudited // FY2021

Fiscal Year: July 01 through June 30, 2021

	QTR 1	QTR 2	QTR 3	QTR 4	TOTAL
UNIT SALES: KILOWATT HOURS					
Total Retail Sales	28,486,530				28,486,530
Budgeted Sales	32,283,763				32,283,763
Retail Sales Variance	(3,797,233)				(3,797,233)
Sales to NNSA	27,399,826				27,399,826
Budgeted Sales to NNSA	169,653,529				169,653,529
NNSA Sales Variance	(42,253,703)				(42,253,703)
Other Wholesale Sales	1,805,485				1,805,485
Budgeted Other Wholesale Sales	2,639,839				2,639,839
Wholesale Sales Variance	(834,354)				(834,354)
Total Actual Sales	155,886,356				155,886,356
Total Budgeted Sales	201,937,292				201,937,292
Total Sales Variance	(46,050,936)				(46,050,936)
FINANCIAL RESULTS					
Electric Distribution Revenues	\$3,885,605				\$3,885,605
Total Electric Production Expenditures	10,986,353				10,986,353
Total Electric Production Revenues	8,964,916				8,964,916
Net Cost of Power to Electric Dist.	2,021,437				2,021,437
Other Electric Dist. Operating Expenses	712,006				712,006
Total Electric Dist. Operating Expenses	2,733,443				2,733,443
Net Electric Dist. Operating Revenue	1,152,161				1,152,161
Electric Dist. Capital Expenditures	39,366				39,366
Net Electric Dist. Total Revenue	\$1,112,795				\$1,112,795
BUDGETED					
Budgeted Operating Income(Loss)					\$3,060,129
Budgeted Capital Expenditures					\$(750,000)
5% Revenue Transfer					\$(617,238)
Budgeted Net Income(Loss)					\$1,692,890
Budget Adjustments *					\$0
Adj. Budgeted Net Income (Loss)					\$1,692,890

NOTE : *Includes carryforward project amounts, encumbrance rollovers and board/council approved budget adjustments.

NATURAL GAS OPERATIONS

Financial Status - Unaudited // FY2021

Fiscal Year: July 01 through June 30, 2021

	QTR 1	QTR 2	QTR 3	QTR 4	TOTAL
UNIT SALES: THERMS (100,000 BTU)					
Total Sales	571,321				
Budgeted Sales	587,490				
Retail Sales Variance	(16,169)				
FINANCIAL RESULTS					
Gas Distribution Revenues	\$539,381				\$539,381
Gas Other Revenues	14				14
Gas Distribution Operating Expenses	503,178				503,178
Net Gas Operating Revenue	36,217				36,217
Gas Distribution Capital Expenditures	2,675				2,675
Net Gas Revenue	\$33,542				\$33,542
BUDGETED					
Budgeted Operating Income(Loss)					\$236,728
Budgeted Capital Expenditures					(\$350,000)
5% Revenue Transfer					(\$201,959)
Budgeted Net Income(Loss)					(\$315,231)
Budget Adjustments*					\$0
Adj. Budgeted Net Income (Loss)					(\$315,231)

NOTE : *Includes carryforward project amounts, encumbrance rollovers and board/council approved budget adjustments.

WATER OPERATIONS

Financial Status - Unaudited // FY2021

Fiscal Year: July 01 through June 30, 2021

	QTR 1	QTR 2	QTR 3	QTR 4	TOTAL
UNIT SALES: THOUSAND GALLONS					
Wholesale Sales to LANL	70,554				70,554
Budgeted Wholesale Sales	105,149				105,149
Retail Sales	321,713				321,713
Budgeted Retail Sales	275,814				275,814
Total Sales	392,267				392,267
Total Budgeted Sales	380,963				380,963
Total Sales Variance	11,305				11,305
FINANCIAL RESULTS					
Wholesale Revenues	\$1,853,158				\$1,853,158
Retail Revenues	2,287,011				2,287,011
Other Revenues	0				0
Total Water Revenues.	4,140,168				4,140,168
Water Production Operating Expenses	844,085				844,085
Water Distribution Operating Expenses	1,768,882				1,768,882
Total Water Operating Expenses	2,612,966				2,612,966
Net Water Operating Revenue	1,527,202				1,527,202
Water Production Capital	0				0
Water Distribution Capital	2,563				2,563
Total Capital Expenditures	2,563				2,563
Net Water Revenues	\$1,524,639				\$1,524,639
BUDGETED					
Budgeted Operating Income(Loss)					\$851,928
Budgeted Capital Expenditures					(\$9,806,926)
Budgeted Grant/Loan/GF Transfers					\$6,831,061
Budgeted Net Income(Loss)					(\$2,123,937)
Budget Adjustments*					-
Adj. Budgeted Net Income (Loss)					(\$2,123,937)

NOTE : *Includes carryforward project amounts, encumbrance rollovers and board/council approved budget adjustments.

WASTEWATER OPERATIONS

Financial Status - Unaudited // FY2021

Fiscal Year: July 01 through June 30, 2021

	QTR 1	QTR 2	QTR 3	QTR 4	TOTAL
UNIT SALES: THOUSAND GALLONS					
Total Treated	103,361				103,361
Budgeted Treated	114,658				114,658
Variance	(11,297)				(11,297)
FINANCIAL RESULTS					
Sewer Revenues	\$1,669,590				\$1,669,590
Sewer Miscellaneous Revenues	(133,093)				(133,093)
Sewer Operating Expenses	630,530				630,530
Net Sewer Operating Revenue	905,967				905,967
Sewer Capital Expenditures	0				0
Net Sewer Revenue	\$905,967				\$905,967
BUDGETED					
Budgeted Operating Income(Loss)					\$1,721,316
Budgeted Capital Expenditures					(\$14,850,856)
Budgeted Grant/Loan/GF Transfers					\$14,800,856
Budgeted Net Income(Loss)					\$1,671,316
Budget Adjustments*					-
Adj. Budgeted Net Income (Loss)					\$1,671,316

NOTE : *Includes carryforward project amounts, encumbrance rollovers and board/council approved budget adjustments.

ELECTRIC CONSUMPTION

Financial Status - Unaudited // FY2021

	QTR 1	QTR 2	QTR 3	QTR 4	TOTAL
REVENUES					
Residential	\$2,081,076				\$2,081,076
Private Area Lights	3,673				3,673
Commercial	1,141,733				1,141,733
Municipal	327,860				327,860
Water Production	116,624				116,624
Educational	106,214				106,214
Misc./Backcharges	121,544				121,544
TOTAL	\$3,898,724				\$3,898,724
SALES: KILOWATT HOURS					
Residential	15,382,994				15,382,994
Private Area Lights	9,354				9,354
Commercial	9,679,167				9,679,167
Municipal	2,582,273				2,582,273
Water Production	1,805,485				1,805,485
Educational	832,742				832,742
TOTAL	30,292,015				30,292,015
BILLED LOCATIONS: AVERAGE					
Residential	7,866				7,866
Commercial	637				637
Municipal	164				164
Educational	54				54
TOTAL	8,721				8,721
REVENUE/KILOWATT HOUR: AVERAGE					
Residential	\$0.1353				\$0.1353
Private Area Lights	\$0.3926				\$0.3926
Commercial	\$0.1180				\$0.1180
Municipal	\$0.1270				\$0.1270
Water Production	\$0.0646				\$0.0646
Educational	\$0.1275				\$0.1275
AVERAGE	\$0.1247				\$0.1247
LOSS CALCULATION					
Power Received (kWh)	29,329,795				29,329,795
Photovoltaic Power Received (kWh)	203,592				203,592
Qtrly Losses (Gains)	(758,628)				(758,628)
% Qtrly Losses (Gains)	(2.57%)				(2.57%)
YTD CUMM LOSSES (GAINS)	(2.57%)				(2.57%)

NATURAL GAS CONSUMPTION

Financial Status - Unaudited // FY2021

	QTR 1	QTR 2	QTR 3	QTR 4	TOTAL
REVENUES					
Residential	\$395,984				\$395,984
Commercial	99,745				99,745
TA-3 Sales	-				-
Municipal	14,586				14,586
Water Production	100				100
Educational	5,270				5,270
Misc./Backcharges	23,696				23,696
TOTAL	\$539,381				\$539,381
SALES: THERMS					
Residential	387,601				387,601
Commercial	149,597				149,597
Municipal	29,217				29,217
Water Production	562				562
Educational	4,344				4,344
TOTAL	571,321				571,321
BILLED LOCATIONS: AVERAGE					
Residential	7,047				7,047
Commercial	365				365
Municipal	44				44
Educational	25				25
TOTAL	7,482				7,482
REVENUE/KILOWATT HOUR: AVERAGE					
Residential	\$1.0216				\$1.0216
Commercial	\$0.6668				\$0.6668
Municipal	\$0.4992				\$0.4992
Water Production	\$0.1785				\$0.1785
Educational	\$1.2131				\$1.2131
AVERAGE	\$0.9026				\$0.9026
LOSS CALCULATION					
Gas Received (therms)	555,690				555,690
Qtrly Losses (Gains)	(15,631)				(15,631)
% Qtrly Losses (Gains)	(2.81%)				(2.81%)
YTD CUMM LOSSES (GAINS)	(2.81%)				(2.81%)

WATER CONSUMPTION

Financial Status - Unaudited // FY2021

	QTR 1	QTR 2	QTR 3	QTR 4	TOTAL
REVENUES					
Residential	\$1,876,868				\$1,876,868
Commercial	180,120				180,120
Municipal	125,066				125,066
Educational	80,724				80,724
Misc./Backcharges	24,233				24,233
TOTAL	\$2,287,011				\$2,287,011
SALES: THOUSAND GALLONS					
Residential	259,528				259,528
Commercial	30,664				30,664
Municipal	19,902				19,902
Educational	11,619				11,619
TOTAL	321,713				321,713
BILLED LOCATIONS: AVERAGE					
Residential	6,558				6,558
Commercial	271				271
Municipal	85				85
Educational	22				22
TOTAL	6,936				6,936
REVENUE/THOUSAND GALLONS: AVERAGE					
Residential	\$7.2318				\$7.2318
Commercial	\$5.8739				\$5.8739
Municipal	\$6.2840				\$6.2840
Educational	\$6.9479				\$6.9479
AVERAGE	\$7.0335				\$7.0335
LOSS CALCULATION					
Water Received (kGal)	366,219				366,219
Qtrly Losses (Gains)	44,506				44,506
% Qtrly Losses (Gains)	12.15%				12.15%
YTD CUMM LOSSES (GAINS)	12.15%				12.15%

WASTEWATER CONSUMPTION

Financial Status - Unaudited // FY2021

	QTR 1	QTR 2	QTR 3	QTR 4	TOTAL
REVENUES					
All Retail	\$1,534,347				\$1,534,347
Municipal/Effluent*	133,093				133,093
Misc./Backcharges	2,150				2,150
TOTAL	\$1,669,590				\$1,669,590
TREATED: THOUSAND GALLONS					
Los Alamos	72,802				72,802
White Rock	30,559				30,559
TOTAL	103,361				103,361
REVENUE/TREATED	\$16.13				\$16.13

NOTE : * Effluent revenue is reported on the financial statements under Water Production

QUARTERLY PERFORMANCE REPORT