

Gas Rate Increase - Frequently Asked Questions

1. What charges make up my gas rate?

DPU has a monthly service charge, and a gas commodity (or consumption) charge per therm that is broken out into two parts: 1) fixed cost recovery charge, and 2) variable cost of gas (also known as “pass-through” cost of natural gas) charge. The monthly service charge includes costs for billing, administration and interdepartmental charges (IDCs). The fixed consumption charge includes the costs to maintain the gas system from crews to capital improvement projects. The variable cost of gas charge varies based on the cost to purchase the gas commodity on the open market.

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

DPU’s commodity charge is based on the “pass-through” cost-of-gas charge. Implemented in 2013, this model includes a monthly service fee and a commodity (or consumption) charge that is made up of two components: 1) a fixed cost recovery charge and 2) a variable cost of gas charge. The commodity charge is charged per therm consumed while the service fee is the same flat fee charged every month.

DPU’s actual cost to purchase the natural gas commodity is passed directly to the customer in the variable portion of the commodity charge. 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 charge online at ladpu.com/rates.

3. What are the current gas rate components?

The gas rate is made up of the following components:

Current fixed service charge

Small meter (<=250 CFH) = \$14.25 per month

Large meter (>=250 CFH) = \$41.25 per month

Current commodity charge

Variable cost-of-gas charge is recalculated monthly, with a minimum of \$0.11 per therm

Fixed cost recovery consumption charge = \$0.34 per therm

4. What are the proposed rates by component?

Proposed after 8/31/2026

Fixed service charge

Small meter (<=250 CFH) = \$15.53 per month

Large meter (>=250 CFH) = \$44.96 per month

Commodity charge

Variable cost-of-gas charge is recalculated monthly, with a minimum of \$0.11 per therm

Fixed cost recovery consumption charge = \$0.48 per therm

5. Why is the Fixed Consumption Charge increasing so much?

In the past, DPU's projections included average customer usage of 75 therms per month. Data from the last five years shows this average customer usage has decreased to 70 therms per month. The difference means a 6.7% reduction in gas revenues year-over-year. The revenues lost are necessary to support the costs to maintain the gas system, including expense types from crew labor to capital improvement projects. Further, this winter was unseasonably warm and gas heating was down. As such, gas revenues were again under-collected from DPU's sales projections. The gas fund balance deficit of \$760,000 is projected for the end of Fiscal Year 2026 (June 30, 2026). The proposed FY2027 rate increase of \$0.14 per therm is expected to assist to bring the gas fund balance positive and lay the foundation for funding required reserves starting in FY2030.

6. How will these rates impact my bill?

**The variable cost of gas of \$0.42 per therm used in the monthly calculations is based on a 5-year average of the San Juan Index price.

MONTHLY CHANGE IN GAS BILL EXCLUDING COST OF GAS		
Average Residential Customer	FY2026	FY2027
Customer Charge	\$ 14.25	\$ 15.53
Fixed Cost @ 70 Therms	\$ 23.80	\$ 33.60
Total	\$ 38.05	\$ 49.13
Average Monthly Increase		\$ 11.08
Average Annual Increase		\$ 132.96
Blended Average Increase		29%

MONTHLY CHANGE IN GAS BILL INCLUDING COST OF GAS		
Average Residential Customer	FY2026	FY2027
Customer Charge	\$ 14.25	\$ 15.53
Fixed Cost @ 70 Therms	\$ 23.80	\$ 33.60
** Average Variable Cost of Gas (pass through)	\$ 29.40	\$ 29.40
Total	\$ 67.45	\$ 78.53
Average Monthly Increase		\$ 11.08
Average Annual Increase		\$ 132.96
Blended Average Increase		16%

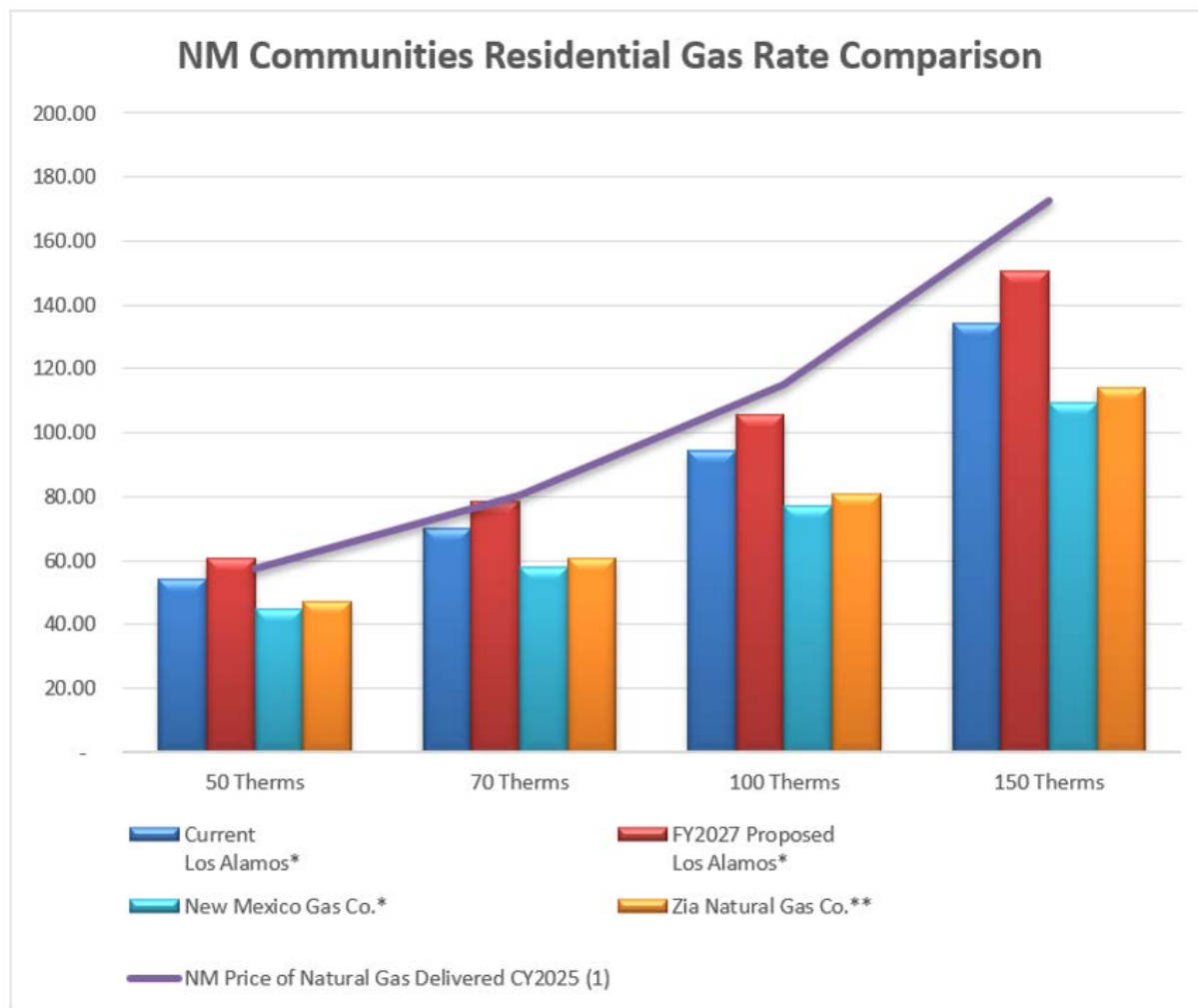
7. How will this rate impact my winter bill?

Winter Average Residential Cost of Gas at 126 Therms

(Assuming cost of gas @ \$0.42 per therm)

(Dec-Feb)	Through 6/30/2026	After 8/31/2026	% Change
126 Therms Variable	\$ 52.92	\$ 52.92	—
126 Therms Fixed	\$ 42.84	\$ 60.48	41%
Service Charge	\$ 14.25	\$ 15.53	9%
	\$ 110.01	\$ 128.93	17%

8. How do these rates compare to other communities?



9. 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.

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

DPU maintains a Utility Assistance Program to aid qualified low-income residential families. More information and the application are available online at ladpu.com/assist.

The Department of Public Utilities (DPU) recognizes that even a small increase in a utility bill can significantly affect customers who are facing unexpected hardships, living on fixed incomes, or struggling financially to meet basic expenses. If you are having difficulty paying your utility bill, we'd like to help! Thanks to the voluntary contributions of our generous community and customers, we offer financial assistance to eligible households through our Utilities Assistance Program (UAP).

Customers can contact the Customer Care Center with questions about the application or to donate to the program by calling 505-662-8333 or emailing CustomerCare@lacnm.us.

Other programs available to assist customers' utility bills are:

- LA Cares, 505-661-8105
- Self-help, Inc, 505-662-4666.
- NM Low Income Energy Assistance Program (LIHEAP) to assist with energy bills, 505-753-2271.

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

There are many ways to use less natural gas, thereby lowering your bills.

- 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.
- Make sure your vents allow the warm air produced by your furnace to flow freely. Don't block vents with furniture or appliances.
- 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.
- 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.
- Turn your water heater down. You might find that it's set higher than it needs to be.
- 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.