

Gas Rate Increase - Frequently Asked Questions

1. Is this increase part of the sunset recovery rate?

No, the \$0.44 sunset recovery rate is no longer in effect.

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

DPU has included a “pass-through” cost of natural gas in its rate structure since the end of 2013. This model includes a monthly service fee and a commodity (or consumption) rate that is made up of two components: 1) a fixed cost recovery charge and 2) a variable cost of gas charge. The commodity rate is charged per therm consumed.

DPU’s actual cost to purchase the natural gas commodity is passed directly to the customer in the variable portion of the commodity rate. This cost is calculated each month based on the San Juan Index and then adjusted based on the actual cost from the prior month. The benefit of this approach for customers is that DPU does not need to maintain a substantial rate stabilization fund to absorb volatile, fluctuating gas prices. Each month DPU posts the new variable cost of gas portion of the commodity rate online at <https://www.losalamosnm.us/Services/Public-Utilities/Rates-and-Fees>.

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) = \$11.08 per month

Large meter (>=250 CFH) = \$33.24 per month

Current Commodity Rate

Variable Cost of Gas Rate varies, with minimum of \$0.11 per therm

Fixed Consumption Charge = \$0.27 per therm

4. What are the proposed rates by component?

Proposed after 9/30/24 Fixed Service Charge

Small meter (<=250 CFH) = \$13 per month

Large meter (>=250 CFH) = \$39 per month

Proposed after 9/30/24 Commodity Rate

Variable Cost of Gas Rate varies, with minimum of \$0.11 per therm

Fixed Consumption Charge = \$0.32 per therm

Proposed after 9/30/25 Fixed Service Charge

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

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

Proposed after 9/30/25 Commodity Rate

Variable Cost of Gas Rate varies, with minimum of \$0.11 per therm

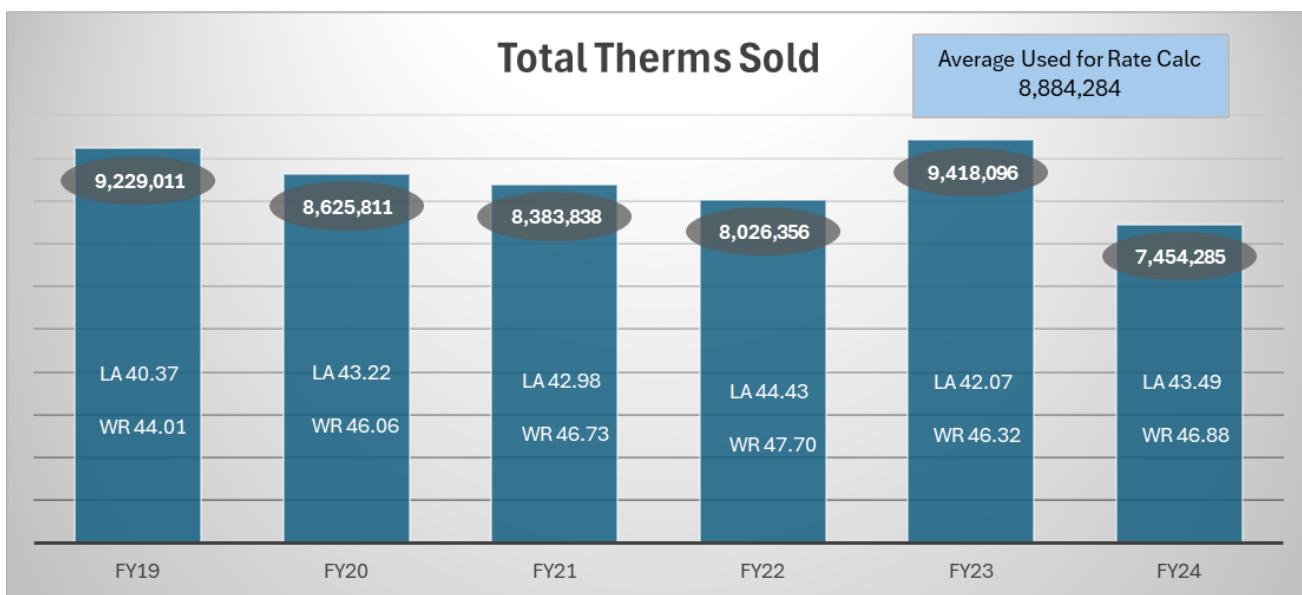
Fixed Consumption Charge = \$0.34 per therm

5. Was there a previously approved gas rate increase?

Yes, the Board of Public Utilities and County Council previously approved rate increases for October 2024 and October 2025. The amounts being proposed now will replace those increases. They are not in addition to the previously approved increases.

6. Why is there a change to the already approved gas rate increases?

The total therms sold in FY2024 was significantly lower than in FY2023 and lower than the projected therms for FY2026 (see chart below). Additionally, there are increased costs due to a recent gas audit by New Mexico PRC Pipeline Safety Bureau and an associated probable notice of violation. DPU put a corrective action plan in place which included a dedicated work team for expanded documentation of safety work already being performed and the purchase of tracking software. Since the FY2025 budget was developed, both New Mexico Gas Company and Conoco Phillips have notified the County of increases in gas transportation rates on both a per meter and variable basis.

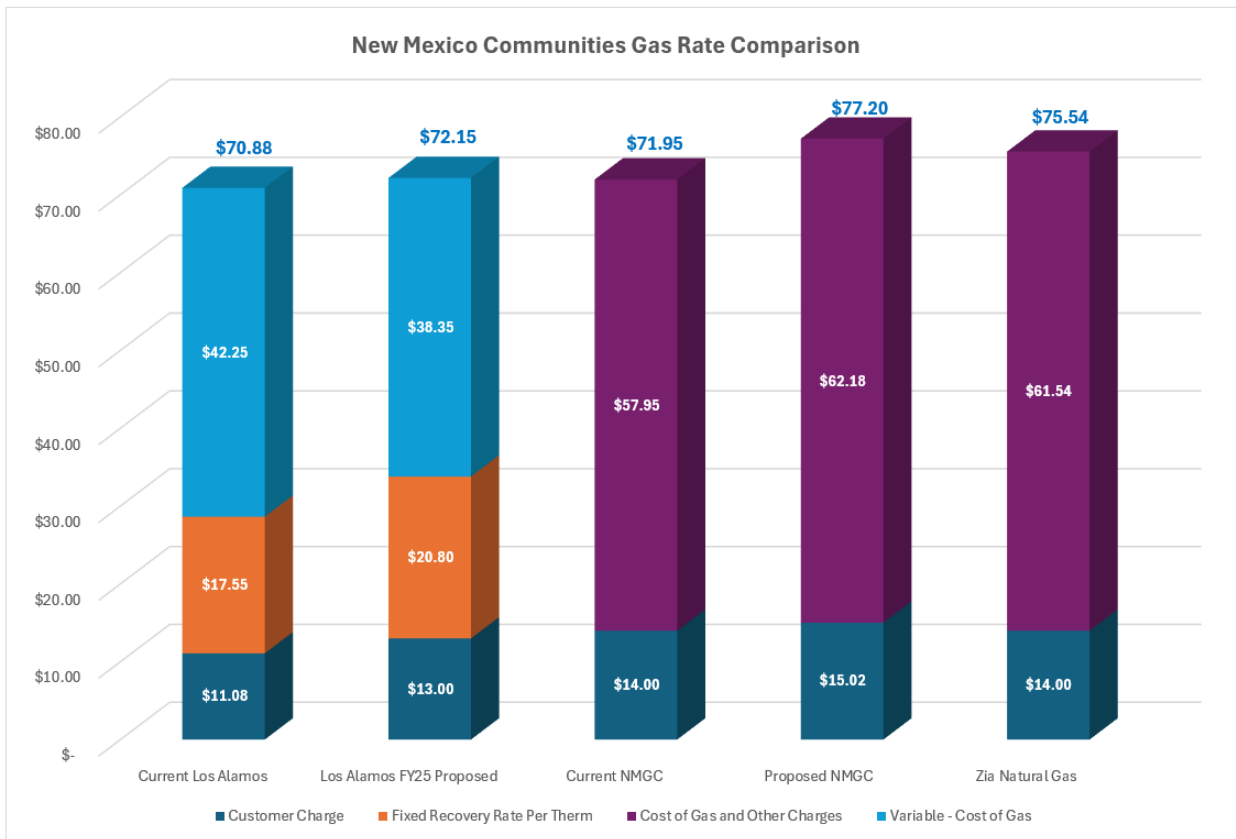


LA & WR = Average Temperature Nov 15 to Mar 15 each fiscal year. Source: LANL Weather Machine

Los Alamos County customers are conserving and weather proofing their homes and therefore purchasing less natural gas as trending over the last five years (except for FY2023 when Los Alamos County experienced the polar vortex). This rate calculation assumes an average of the last five years of usage.

7. How will these rates impact my bill and how does the rate compare to other communities?

The \$70.88 current bill is based on current rates plus \$0.65 average variable cost of gas for FY2024. The \$72.15 was calculated using the proposed rate changes plus \$0.59 for the variable cost of gas passthrough (using the five-year historical average cost of gas plus the increases in delivery fees). The variable portion representing the cost of gas is an estimate and the actual amount does vary by month. This comparison is for a residential customer using 65 therms per month.



8. What if these increases are not approved?

The previously authorized rate increases for 2024 and 2025 will go into effect and will diminish our cash reserve balances. The residential rate increases previously approved are:

Previously approved for 9/30/24 Fixed Service Charge

Small meter (<=250 CFH) = \$11.97 per month
 Large meter (>=250 CFH) = \$35.90 per month

Previously approved for 9/30/24 Commodity Rate

Variable Cost of Gas Rate varies, with minimum of \$0.11 per therm
 Fixed Consumption Charge = \$0.29 per therm

Previously approved for 9/30/25 Fixed Service Charge

Small meter (<=250 CFH) = \$11.97 per month
 Large meter (>=250 CFH) = \$12.57 per month

Previously approved for 9/30/25 Commodity Rate

Variable Cost of Gas Rate varies, with minimum of \$0.11 per therm
 Fixed Consumption Charge = \$0.30 per therm

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

DPU has a Utility Assistance Program to aid qualified low-income residential families. More information is available at <https://www.losalamosnm.us/Services/Public-Utilities/Utility-Assistance-Program>

The Department of Public Utilities (DPU) recognizes that any increase in a utility bill, no matter how small, may have a large impact on people who may be experiencing an unexpected hardship, are living on a fixed income, or struggle financially to pay even basic bills. If you find yourself in a position where you are having trouble paying your utility bill, we'd like to help! Through voluntary support from our generous community and customers, we are able to offer financial assistance to those who qualify through our Utilities Assistance Program (UAP).

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

Other programs available to assist customers' utility bills are: LA Cares, 505 661 8105, or Self-help, Inc, 505 662 4666. The State of New Mexico offers the NM Low Income Energy Assistance Program (LIHEAP) to assist with energy bills, 505-753-2271.

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

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

1. Make sure your furnace and water heater are maintained. These systems are likely to become less energy efficient over time but you can maintain some efficiency by checking them regularly. Replace leaky or worn-out parts to prevent losing energy and running up your gas bill.

2. Make sure your vents allow the warm air produced by your furnace to flow freely. Don't block vents with furniture or appliances.

3. Make sure your windows and doors are sealed with caulk or weatherstripping. You can further insulate by covering windows with curtains or blinds when it's cold outside. Insulate your water heater as well.

4. Turning the thermostat down a couple degrees can reduce your consumption and lower your bills. If it's uncomfortable, consider lowering the thermostat when you're away from home or only at night.

5. Turn your water heater down. You might find that it's set higher than it needs to be.

6. Use your fireplace less often. While you can sit in front of a fire to stay warm and cozy, much of the heat it generates goes straight up the chimney. As it escapes, the vacuum it leaves behind draws cold air in through cracks or weak spots in your insulation. Once that happens, your heating system is likely to kick into overdrive to compensate for the loss of warmth in the house.