

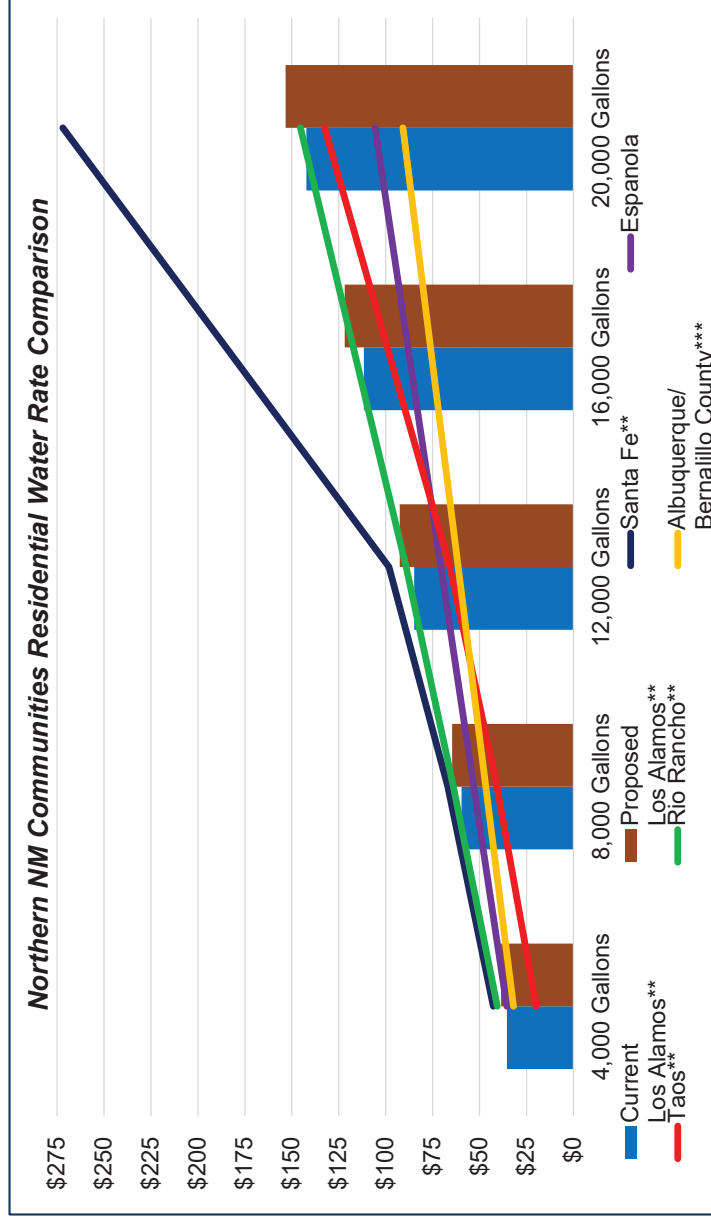
2022 Water Rate Ordinance

Ordinance 02-328

Overview

- Budgets approved in the FY2023 budget cycle included a 5% overall increase in revenues from rates.
- Currently there are 3 tiers
 - Less than 9,000 gallons per month
 - Between 9,000 and 15,000 gallons per month
 - Greater than 15,000 gallons per month
- Non-Peak is October through April
 - 3rd Tier 4.73% or 326 out of 6,500 households consume 24.3% of total residential water use
- Peak is May through September
 - 3rd Tier 17.8% or 1,169 out of 6,500 households consume 51.9% of total residential water use

Overview



- Norther NM Communities with Tier Water Rates
- Santa Fe – 258% between tiers
 - Taos – 50% and 33% between tiers
 - Rio Rancho – 8% between tiers

Albuquerque & Espanola are flat rates



Overview

- In June 2022 BPU requested presentation to the Policy Committee
- Goals of a “Cost of Service” rate model
 - Rates reflect the total amount of expenses to be recovered
 - Reasonable return to meet Financial Policy Requirements
- DPU Conservation Goals – 12% by 2030
- Water Trust Board – NM Statute 72.14-3.2 G

Overview

- What is the difference between Residential and Multifamily?
 - Multifamily customer are multiple customers served through 1 meter. These are mostly apartment buildings or condos
 - Multifamily customers are billed through one account, which means less administrative overhead.

Multifamily Type	Avg No. of Customers
Apartments	47
Condos	18
Duplex/Quad	8
Mobile Home Park	2
Senior Living	1
Total	76

Overview

- Based on a 3-year average:
 - 4,648 or 65% of households are in Los Alamos neighborhoods
 - 2,301 or 35% of households are in White Rock neighborhoods
 - Approx. 6,500 customers are residential, 76 are multifamily, 251 are commercial, 72 are county, and 23 are school customers.

	Non-Peak			Peak				
	Under 9,000	9,000 - 15,000	Over 15,000	Average kGal Usage	Under 9,000	9,000 - 15,000	Over 15,000	Average kGal Usage
Residential	88.7%	6.5%	4.7%	33,139	67.7%	14.5%	17.8%	58,464
Multifamily	20.0%	18.1%	61.9%	4,549	17.4%	11.9%	70.7%	6,328
Commercial	66.0%	9.5%	24.5%	7,641	58.6%	8.2%	33.2%	7,835
County/Schools	56.2%	8.1%	35.7%	3,260	44.6%	6.7%	48.8%	9,303

Overview

- Customer counts by Tiers

KGallons	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
1000	1,024	732	313	427	524	564	493	587	637	685	443	329
2000	692	794	523	720	929	1,053	985	1,085	1,188	1,273	822	528
3000	549	789	591	823	1,055	1,241	1,130	1,242	1,382	1,504	918	632
4000	439	689	573	797	922	1,159	1,041	1,059	1,120	1,267	890	599
5000	363	590	482	672	702	857	785	734	749	876	707	534
6000	305	467	407	520	540	544	530	469	458	592	569	417
7000	254	387	331	436	369	362	342	307	251	384	428	364
8000	205	314	257	357	274	221	238	185	155	243	341	324
9000	187	245	226	282	212	137	144	125	91	161	273	243
Tier 1	4,020	5,008	3,702	5,033	5,526	6,138	5,689	5,792	6,029	6,986	5,391	3,969
10000	161	239	197	250	163	94	99	87	59	101	224	236
11000	145	220	185	215	129	68	79	66	41	75	175	197
12000	119	194	172	178	112	41	51	37	25	59	153	192
13000	183	174	147	172	76	29	49	37	22	46	145	177
14000	172	158	143	160	72	27	38	29	15	33	116	160
15000	85	121	118	127	56	16	16	29	18	14	21	85
Tier 2	866	1,105	962	1,101	608	273	345	274	176	334	897	1,082
Tier 3 Over 15,000	1,229	1,443	1,227	1,218	398	109	219	140	77	121	703	1,245
Total	6,114	7,555	5,890	7,352	6,533	6,521	6,253	6,207	6,283	7,441	6,991	6,295

Los Alamos and White Rock Usage

- Los Alamos and White Rock residents' total monthly consumption in kGal for the peak and non-peak seasons

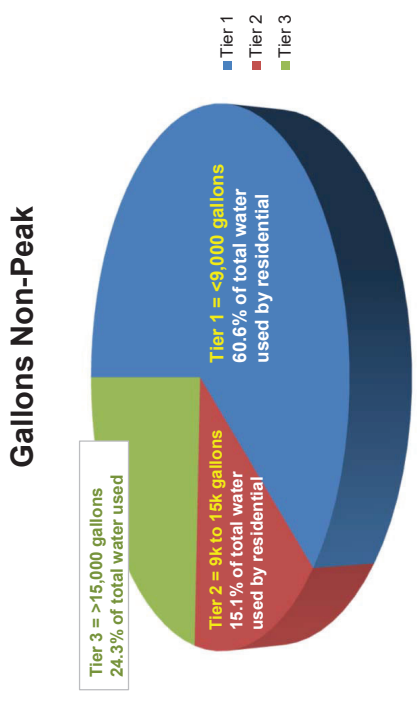
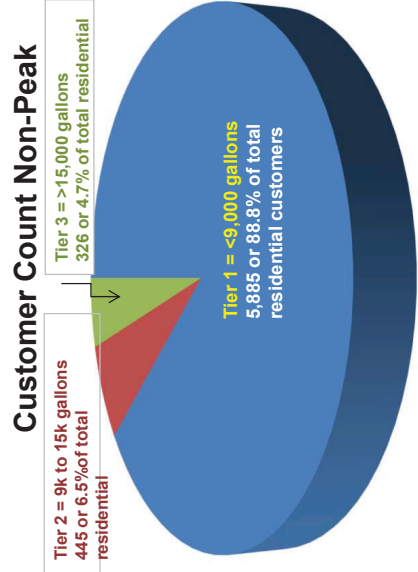
Los Alamos	Non-Peak kGal	Peak kGal
RESIDENTL	20,300	32,512
MULTIFAMILY	4,463	6,245
COMMERCIAL	3,967	6,330
COUNTY	1,375	4,197
SCHOOL	890	2,281

White Rock	Non-Peak kGal	Peak kGal
RESIDENTL	12,840	25,952
MULTIFAMILY	86	82
COMMERCIAL	3,674	1,505
COUNTY	532	1,220
SCHOOL	463	1,605

- Average monthly usage per household in gallons by location

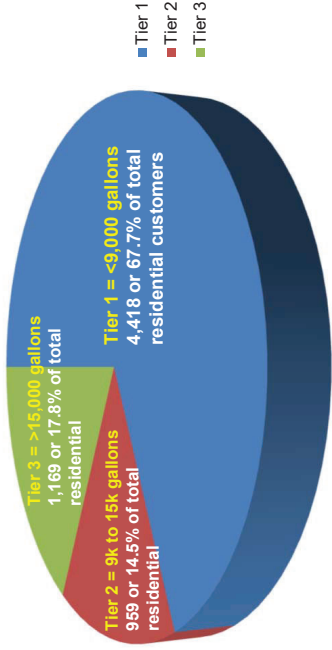
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Los Alamos	8,167	7,138	8,227	7,362	4,963	3,815	4,285	3,833	2,861	3,575	5,914	8,534
White Rock	10,182	13,189	12,246	11,332	6,447	4,410	5,014	2,954	3,565	4,378	8,252	11,078

2019-2021 Residential Water Usage

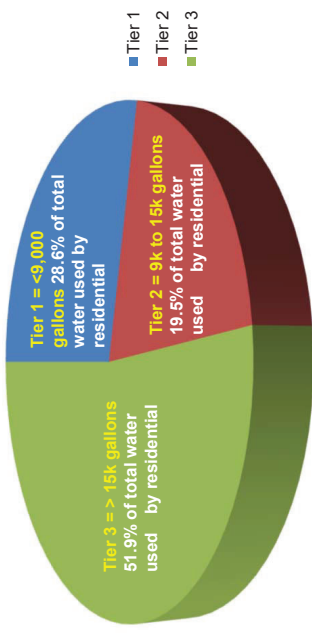


2019-2021 Residential Water Usage

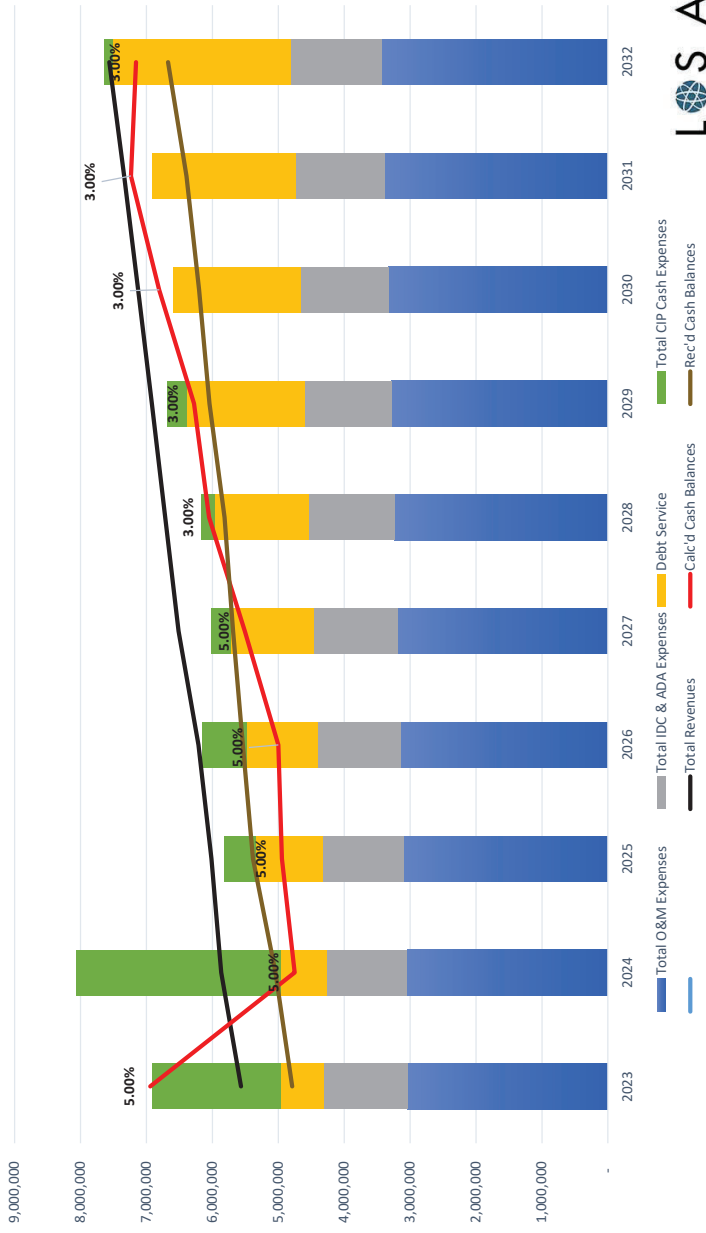
Customer Count - Peak



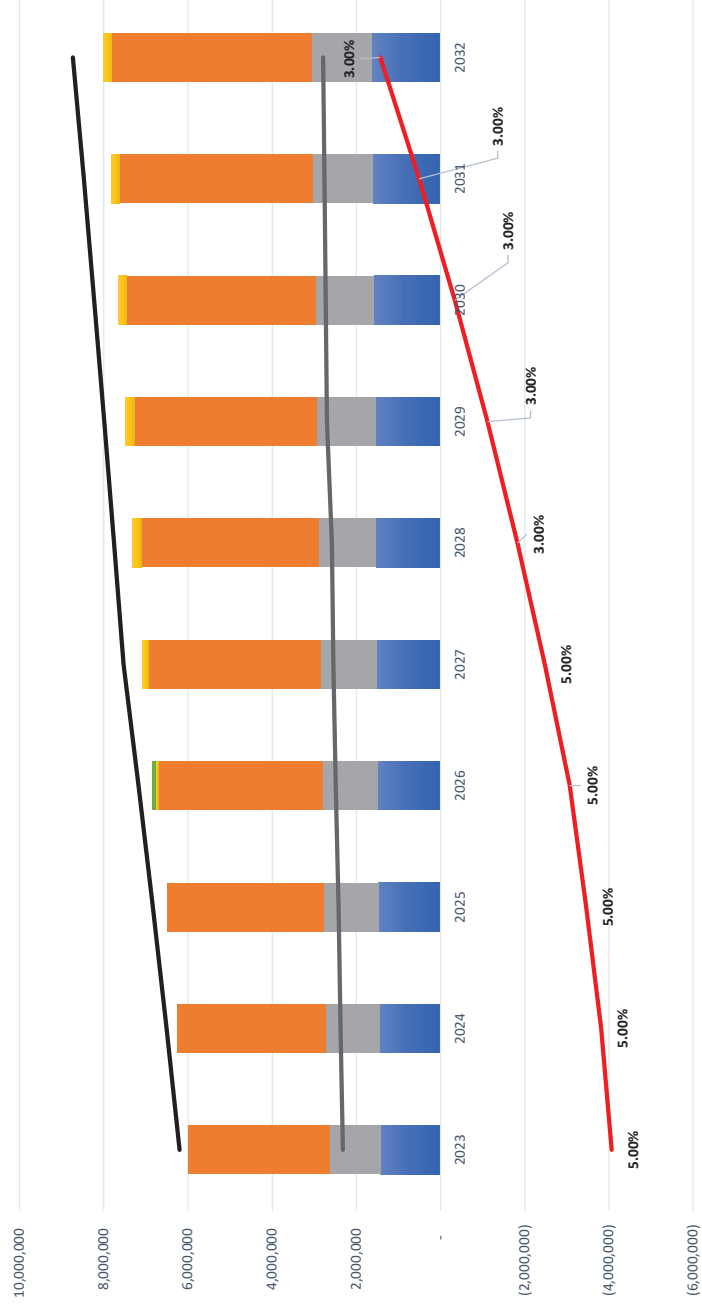
Gallons - Peak



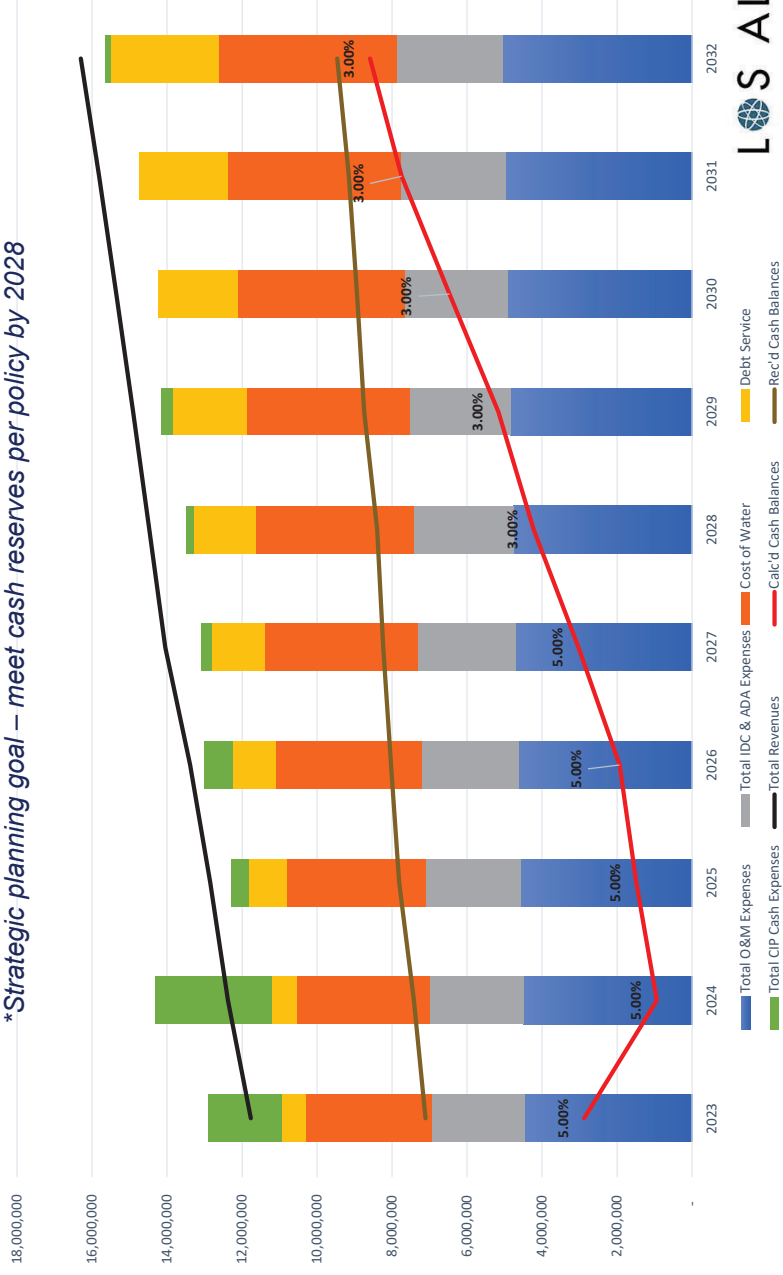
FY 2023 Budget - 10-Year Forecast - Water Production (WP) - Revenue/Expense/Cash



FY 2023 Budget - 10-Year Forecast - Water Distribution (DW) - Revenue/Expense/Cash



FY 2023 Budget - 10-Year Forecast - Water Utility - Revenue/Expense/Cash
**Strategic planning goal – meet cash reserves per policy by 2028*



Estimated Costs of Production

Budget Category	Average Annual Peak Costs	Average Annual Non-Peak Costs
Pumping Power	\$ 240,226	\$ 274,910
Wells	\$ 61,831	\$ 141,570
Booster Pump Stations	\$ 41,745	\$ 79,628
Treatment	\$ 13,445	\$ 43,918
Capital	\$ 614,619	\$ 1,066,131
Storage Tanks, Trans, Tax, IDCs, Supervision	\$ 623,215	\$ 732,762
	\$ 1,595,081	\$ 2,338,917

Average Monthly Operating Cost (12 wells)

Average Monthly Depreciation and Debt Service (12 wells)

Monthly Overhead Expenses

\$ 319,016	\$ 334,131
\$ 47,526	\$ 47,526
\$ 103,595	\$ 86,426
\$ 470,137	\$ 381,657 A

Average Monthly Total Sales kgallons

104,372

B

Average Monthly Cost per Kgallon

A / B

5.165

Note: Peak Season = May through September

Estimated Revenue for Production

- Cost of Service

Unit Sales (kgal)	Rate	Total Revenue	Production Costs	Loss/Gain
275,613	4.83 \$	1,331,212	\$ 1,332,492	\$ (1,280)
99,365	3.18 \$	315,980	\$ 288,209	\$ 27,770
761,510	4.83 \$	3,678,091	\$ 3,681,629	\$ (3,538)

Bulk per 1,000 gal
 Effluent/Non-potable Per 1,000 gal
 Water Distribution

TOTAL COMMODITY RATE REVENUE **\$5,325,282**

Total Estimated Revenue **\$5,344,909**

Less Production Costs **\$ 42,579**

Proposed Cost of Service Bulk and Non-Potable Rates per 1,000 Gallons

	Current	After 09/30/2022	After 09/30/2023	After 09/30/2024	After 09/30/2025
Bulk Svc Charge	778.84	817.78	858.67	901.6	946.68
Bulk per 1,000 gal	4.13	4.83	5.07	5.32	5.59
Effluent/Non-potable	3.03	3.18	3.34	3.51	3.69

Estimated Cost of Distribution

Org Name	Average Annual Peak Costs	Average Annual Non-Peak Costs
Cost of Water	\$ 1,986,343	\$ 1,474,936
Water Distribution	\$ 188,158	\$ 203,614
EST WP Increase	\$ 94,588	\$ 70,235
	\$ 2,269,089	\$ 1,748,785
Average Monthly Costs	\$ 453,818	\$ 249,826
Average Monthly Capital Costs	\$ 58,408	\$ 58,408
Average Monthly Depreciation Costs	\$ 42,355	\$ 42,355
	\$ 554,581	\$ 350,589 A
Average Usage in Kgallons	82,168	49,867 B
Cost per kgallons	\$ 6.75	\$ 7.03

A / B

Note: Peak Season = May through September



Estimated Revenue for Distribution

- Cost of Service

	NON-PEAK (Oct to Apr)				PEAK (May to Sep)				Total Revenue		
	Unit Sales (kgal)	Rate	Revenue	Non-Peak Production Costs	Loss/Gain	Unit Sales (kgal)	Rate	Revenue		Peak Production Costs	Loss/Gain
Residential <9,000 gallons	144,242	6.50 \$	937,571 \$	1,014,092 \$	(76,521)	83,621	6.50 \$	543,539 \$	564,389 \$	(20,850)	1,481,110 \$
Residential 9-15,000 gallons	35,542	6.50 \$	231,020 \$	249,875 \$	(18,855)	57,149	7.15 \$	408,613 \$	385,716 \$	22,897	639,634 \$
Residential >15,000 gallons	58,515	6.50 \$	380,350 \$	411,393 \$	(31,043)	152,089	7.87 \$	1,196,943 \$	1,026,502 \$	170,440	1,577,293 \$
Multi-Family <9,000 gallons	600	6.50 \$	3,902 \$	4,220 \$	(318)	343	6.50 \$	2,231 \$	2,317 \$	(86)	6,133 \$
Multi-Family 9-15,000 gallons	1,112	6.50 \$	7,229 \$	7,819 \$	(590)	588	6.50 \$	3,825 \$	3,972 \$	(147)	11,054 \$
Multi-Family >15,000 gallons	30,261	6.50 \$	196,697 \$	212,750 \$	(16,054)	31,010	6.50 \$	201,564 \$	209,296 \$	(7,732)	398,261 \$
Commercial <9,000 gallons	3,138	6.50 \$	20,395 \$	22,060 \$	(1,665)	2,048	6.50 \$	13,314 \$	13,825 \$	(511)	33,710 \$
Commercial 9-15,000 gallons	1,811	6.50 \$	11,774 \$	12,735 \$	(961)	1,283	6.50 \$	8,336 \$	8,656 \$	(320)	20,111 \$
Commercial >15,000 gallons	30,724	6.50 \$	199,704 \$	216,003 \$	(16,299)	36,073	6.50 \$	234,474 \$	243,468 \$	(8,994)	434,178 \$
County/Schools <9,000 gallons	871	6.50 \$	5,659 \$	6,121 \$	(462)	630	6.50 \$	4,098 \$	4,255 \$	(157)	9,756 \$
County/Schools 9-15,000 gallons	542	6.50 \$	3,520 \$	3,807 \$	(287)	474	6.50 \$	3,078 \$	3,196 \$	(118)	6,598 \$
County/Schools >15,000 gallons	23,143	6.50 \$	150,430 \$	162,708 \$	(12,278)	45,532	6.50 \$	295,958 \$	307,311 \$	(11,353)	446,388 \$
TOTAL COMMODITY RATE REVENUE											\$5,064,225
									Est Revenue Less Costs		\$ 32,262



Proposed Cost of Service Commodity Rate per 1,000 Gallons (Non-Peak)

		Consumption Oct - April (Non-Peak Season)			
		Commodity Rate per 1,000 Gallons			
Monthly Consumption		9,000 gal or less	over 9,000 gal to 15,000 gal	over 15,000 gal	
through 09/30/2022		\$6.02	\$6.02	\$6.02	\$6.02
Single Family Residential	After 09/30/2022	\$6.50	\$6.50	\$6.50	\$6.50
	After 09/30/2023	\$6.83	\$6.83	\$6.83	\$6.83
	After 09/30/2024	\$7.17	\$7.17	\$7.17	\$7.17
	After 09/30/2025	\$7.53	\$7.53	\$7.53	\$7.53
Multi Family Residential	through 09/30/2022	\$6.02	\$6.02	\$6.02	\$6.02
	After 09/30/2022	\$6.50	\$6.50	\$6.50	\$6.50
	After 09/30/2023	\$6.83	\$6.83	\$6.83	\$6.83
	After 09/30/2024	\$7.17	\$7.17	\$7.17	\$7.17
	After 09/30/2025	\$7.53	\$7.53	\$7.53	\$7.53
Commercial	through 09/30/2022	\$6.02	\$6.02	\$6.02	\$6.02
	After 09/30/2022	\$6.50	\$6.50	\$6.50	\$6.50
	After 09/30/2023	\$6.83	\$6.83	\$6.83	\$6.83
	After 09/30/2024	\$7.17	\$7.17	\$7.17	\$7.17
	After 09/30/2025	\$7.53	\$7.53	\$7.53	\$7.53
County/Schools	through 09/30/2022	\$6.02	\$6.02	\$6.02	\$6.02
	After 09/30/2022	\$6.50	\$6.50	\$6.50	\$6.50
	After 09/30/2023	\$6.83	\$6.83	\$6.83	\$6.83
	After 09/30/2024	\$7.17	\$7.17	\$7.17	\$7.17
	After 09/30/2025	\$7.53	\$7.53	\$7.53	\$7.53



Proposed Cost of Service Commodity Rate per 1,000 Gallons (Peak)

		Consumption May - September (Peak Season) Commodity Rate per 1,000 Gallons			
		9,000 gal or less	over 9,000 gal to 15,000 gal	over 15,000 gal	
Monthly Consumption					
Single Family Residential	through 09/30/2022	\$6.02	\$6.40	\$7.65	
	After 09/30/2022	\$6.50	\$7.15	\$7.87	
	After 09/30/2023	\$6.83	\$7.51	\$8.26	
	After 09/30/2024	\$7.17	\$7.89	\$8.67	
	After 09/30/2025	\$7.53	\$8.28	\$9.10	
Multi Family Residential	through 09/30/2022	\$6.02	\$6.33	\$6.47	
	After 09/30/2022	\$6.50	\$6.50	\$6.50	
	After 09/30/2023	\$6.83	\$6.83	\$6.83	
	After 09/30/2024	\$7.17	\$7.17	\$7.17	
	After 09/30/2025	\$7.53	\$7.53	\$7.53	
Commercial	through 09/30/2022	\$6.02	\$6.02	\$6.02	
	After 09/30/2022	\$6.50	\$6.50	\$6.50	
	After 09/30/2023	\$6.83	\$6.83	\$6.83	
	After 09/30/2024	\$7.17	\$7.17	\$7.17	
	After 09/30/2025	\$7.53	\$7.53	\$7.53	
County/Schools	through 09/30/2022	\$6.02	\$6.02	\$6.02	
	After 09/30/2022	\$6.50	\$6.50	\$6.50	
	After 09/30/2023	\$6.83	\$6.83	\$6.83	
	After 09/30/2024	\$7.17	\$7.17	\$7.17	
	After 09/30/2025	\$7.53	\$7.53	\$7.53	

Fixed Distribution Costs

Org Name	Average Yearly Cost	Budgeted Costs
Supervision, Misc Direct	\$ 317,674	\$ 398,436
Water Meters	\$ 349,313	\$ 472,666
Interdepartmental Charges	\$ 310,999	\$ 353,864
Eng. Cust Svc. MR and Admin	\$ 475,486	\$ 888,306
Total Average Actual Costs	\$ 1,453,471	\$ 2,113,272
Average Monthly Cost (Total Cost / 12)	121,123	176,106

Meter Size/Service Charges

Meter Size/Service	Average Customer Counts	Current Cust. Charge	Current Est. Annual Revenue	Increase Needed Cost of Service	Cost of Svc. Est. Annual Revenue
1-1/4" and under	7,214	\$11.40	986,875	\$14.25	1,233,594
1-1/2"	55	\$36.10	23,826	\$45.13	29,783
2"	141	\$53.88	91,165	\$67.35	113,966
2-1/2" - 3"	26	\$106.33	33,175	\$132.91	41,469
4"	16	\$181.06	34,764	\$226.33	43,454
6"	4	\$382.23	18,347	\$477.79	22,934
8"	3	\$631.54	22,735	\$789.43	28,419
			<u>1,210,887</u>		<u>1,513,609</u>

Monthly Est. Revenue (Total Est Rev / 12)

100,907.26

126,134.08



Proposed Cost of Service Meter/Service Charge

Water Meter Size	Current	After 09/30/2022	After 09/30/2023	After 09/30/2024	After 09/30/2025
1¼ inch and under	\$11.40	\$12.54	\$13.79	\$15.17	\$16.69
1½ inch	\$36.10	\$39.71	\$43.68	\$48.05	\$52.86
2-inch	\$53.88	\$59.27	\$65.20	\$71.72	\$78.89
2½ inch, 3-inch	\$106.33	\$116.96	\$128.66	\$141.53	\$155.68
4-inch	\$181.06	\$199.17	\$219.09	\$241.00	\$265.10
6-inch	\$382.23	\$420.45	\$462.50	\$508.75	\$559.63
8-inch	\$631.54	\$694.69	\$764.16	\$840.58	\$924.64

Questions