

Utilities Customer Advisory Group

Minutes for the Meeting on

April 14, 2021

3:00 p.m.

Zoom Webinar

Committee Members Present

Paul Royalty, Vice-Chairman

Frank D. Gomez, Committee Member

Robert Snyder, Committee Member

Elizabeth Bardwell, Committee Member

Committee Members Absent

Eugene Suttmiller, Chairman

Others:

Cassie McClure, Public Outreach Consultant

Greg Shervanick, Constituent

City Staff Present

Delilah Walsh, Utilities Director

Jose Provencio, Business Services

Administrator

Domonique Rodriguez, Rate Econ. Analyst

Mgr.

Mario Puentes, Gas Business Analyst

James Stafford, Management Analysis

Tanya Cereceres, Administrative Assistant

Melissa Miranda, Office Assistant

Vice-Chair Royalty called the regular meeting to order at approximately 3:13 p.m.

1. Conflict of Interest:

Vice-Chair Royalty: The first thing I'll need to do is ask if any person or any Committee Member or a member of the City staff, if they know of any Conflict of Interest with any item on the agenda. I'd like for you to state your name and then your yes or no.

There were none.

2. Acceptance of Agenda:

Vice-Chair Royalty: Okay, the next thing on the agenda is the Acceptance of the Agenda. Before we do that, I'd like to move 7.1 where we introduce the new member up to right now so that we can actually introduce her. If I could get some help in that because I do not know her. Can somebody else help me out?

Bardwell: I can help you out.

Vice-Chair Royalty: Okay.

Bardwell: Yes so let me introduce myself. My name is Beth Bardwell and I have lived in Cruces for some 25 years. Have had a background in law and environmental policy. Most recently I've been a bill analyst up for the Majority Office in the House in the State Legislature and bill analyst for legislation being proposed in two committees House Ag and Water and House Environment Natural Resources and Energy. I'm very excited to be a member of the Board and I look forward to participating in its deliberations. I don't live in City limits but

I am I live in Doña Ana county and I am a customer of the utilities, both water and natural gas and have been since about 2017.

Vice-Chair Royalty: Okay. All right. Well thank you very much and welcome Beth. Appreciate you taking on this position.

Then the next thing is to accept the rest of the agenda as moving forward. Can I get a motion that effect?

Snyder: I so move.

Vice-Chair Royalty: Okay. Thanks Bob. Can I get a second?

Bardwell: I second the motion.

The Agenda was Accepted Unanimously 3-0.

3. Approval of Minutes:

a. Regular Meeting Minutes of March 10, 2021

Vice-Chair Royalty: All right. We want to look at the approval of the minutes. Have both of you had a chance to actually look at those minutes.

Snyder: I did this morning yes.

Vice-Chair Royalty: Okay. And Beth.

Bardwell: I wasn't at the meetings of March 10, 2021. This is my first meeting, so my input may be of limited value here.

Vice-Chair Royalty: Okay. Bob, can I get you to make a motion then to approve the minutes?

Snyder: Yes. I make a motion to approve the minutes.

Bardwell: I second.

The Minutes were Approved Unanimously 3-0.

4. Public Participation:

Vice-Chair Royalty: Is there anybody that's a public participation or anybody that wants to speak that's from the public? Not hearing anything,

There was none.

5. Gas Rate Review:

Vice-Chair Royalty: We'll move right on. And we'll go to the next

Provencio: Vice-Chair. I just wanted to remind you that before we start the Zoom meeting you can have the advisory of Zoom meetings and the process involved with

that in terms of announcing the speaker. I think that should be part of, that may have been part of the information that Tanya sent you.

Vice-Chair Royalty: I don't know that I have that. Maybe we get Tanya then to maybe read that. I don't know.

Snyder: I think what he's talking about is because it's a Zoom meeting, whoever is speaking has to identify themselves and then address the issue on everything, every question that is put out.

Provencio: In addition to, in case there's an interruption in the signal, we cease the meeting until the communications are reestablished and we proceed once again at that point.

Vice-Chair Royalty: Just because with the new with the new member my understanding is we do have a quorum here.

Provencio: Yes. That's correct.

Vice-Chair Royalty: Okay. I guess the next thing is the Gas Rate Review and so Domonique.

Rodriguez: Good afternoon Vice-Chair, UCAG members. I also wanted to let you know that Mr. Gomez is present in the meeting. I think he was having some difficulties with his speaker and then microphone, but I do see him in the meeting as well.

Vice-Chair Royalty: Okay, good.

Rodriguez: I will be providing an update of the Gas Rate Review. April 2021, the Gas Rate Review evaluation was presented to the committee members by the consultant, Jason Mumm and Grant Rabon in March.

We will be doing public outreach virtually. There are two presentations that are to be approved and a bill insert. I will go through those two presentations and the bill insert after this, but we put it on here so that you know. The virtual presentations will be narrated by somebody from the UCAG or by staff, and so I wanted to know if there was anyone who wanted to volunteer to narrate these presentations, and that way I can work with them to do that. If nobody from the UCAG would like to that's fine. We could have somebody from staff do it. I just wanted to ask. No. Okay.

The information for the public outreach will be distributed via social media, news releases, bill inserts, also in the Sun News and the Bulletin. We are looking to start the public outreach April 19th and hold it for a month. If we start a little bit after then we can change the dates, but I would for sure like to have a month's worth of public outreach and comment. The website for the public outreach will be linked to the City of Las Cruces Community Engagement page. The narration that I was kind of talking about, so on this page there'll

be a short paragraph describing what the Gas Rate Review process is. It will also have an introduction paragraph about who the UCAG is, what they are presenting, and then what we are seeking public input for in regards to the Gas Rate Review and the alternatives for the phase-in increase. There can also be a possible Zoom meeting after two weeks. Again I would like some feedback to see if this is what we would like to do. It would be similar to this UCAG meeting where we would show the presentation but the public could come and ask questions of the UCAG at that time. I showed a sample page of a public outreach event that was going on, this is more or less what it would kind of look like. We have the description of there, what is needed, related documents, and then if we do have a Zoom meeting it'll be listed there for the public to click on and then attend that meeting at that time.

Bardwell: Domonique. I have a question. Are you proposing to have just one public meeting that would be via Zoom that you were referring to in the previous slide?

Rodriguez: Ms. Bardwell. Yes. So we were looking to have one Zoom meeting. The public outreach would be continuous and comments would be submitted either by calling in or sending an e-mail, and we'll have an e-mail address there. We can do more than one meeting, I would just need direction from the UCAG.

Bardwell: Of course you know I'm brand new to this so I'll just put out my opinion. It isn't based on the experience that UCAG and staff have had with previous Rate Reviews. I would think that you would want to offer at least one meeting at night for people who are working and can't participate during the day. Then maybe one other meeting during the daytime just to maximize opportunity to participate.

Then the other comment I was going to make is, because I've participated in the Consolidated Plan public meetings that are up on your screen now. They had a Spanish translation as well.

Rodriguez: Yes. I know for sure in our bill insert we do have it translated to Spanish. We can have it as you're describing.

Bardwell: I'm sorry I couldn't hear because of the ... can you just repeat what you said Domonique. I'm sorry.

Rodriguez: No, that's fine. The bill insert that we will show you will be translated into Spanish, so that's what will go out in the bills. We do that every time we put a bill insert. For the presentation that we have here that's narrated, we can also do that, have it translated in Spanish as your request requesting. Sorry I was taking notes.

Bardwell: No that's okay. I'm just curious, in the past when you've done Rate Reviews, because at this point you have done Water, Wastewater and Solid Waste, all three. What's been your experience in terms of public participation in these

meetings? Have you offered more than one opportunity? Also how many people participated through this venue?

Rodriguez: Vice-Chair, Ms. Bardwell. Before we were doing in person meetings. This is the first time that we are doing virtual public outreach due to the COVID-19 pandemic. Normally, we would do about a month's worth. We would have meetings, a couple in the evening after five, we would do some during lunchtime, and then we would also do the Farmers Market once, if not twice in that period of time that we did public outreach. We notice that when we are at events where the public is already there is when we have the most outreach. It makes it easier because they're not having to travel to go to it, they're already at that location. Those are our most successful events. This is new. I had to speak with our Community Engagement person out here with the City to kind of ask how do we do this virtually. This is how they were doing it and the feedback that I got. I did want to do at least one Zoom meeting because I did think that would be a good opportunity for the UCAG to be there to answer questions to the public. If another one is wanted we can do that as well.

Bardwell: I would recommend at least two Zoom meetings.

Snyder: How far apart would the two Zoom meetings be? Would they be like a week apart, one in the afternoon, and then one in the evening?

Rodriguez: Vice-Chair, Mr. Snyder. Again, I was thinking that one meeting would be two weeks into the public outreach. Then from there we could do it another two weeks or we could do it to where they're a little bit closer together, where one is in the evening and one is during the day. It's up to the UCAG. We can accommodate both of those.

Vice-Chair Royalty: One of the things that I think would be good is to have one either during the day or in the evening, and then like you say wait a week, and then have another one and do those in the two weeks in the middle of the period. The reason for that is to give us enough time to adjust if we need to adjust, if there's something that comes up that we haven't thought of that we need to change. Take a look at that. Give us enough time to react, put it that way.

Rodriguez: Vice-Chair. I can do that. We can do two weeks in and then wait a week and then schedule another one. I just will look at the schedule because I want to make sure that we publish those dates in the newspaper and then through all of our media outlets that we will be using ahead of time.

Then what I was looking for in June is to come back to the UCAG and update based on public comment and public input that we receive, provide that feedback to the UCAG for discussion. Then the UCAG would then discuss and vote their recommendation to the Utilities Board. My timeline, I'm thinking June, but if the public outreach shifts a little bit, I may not come back until July, depending on the date. I am hopeful that I will be able to come back in June but just as a disclaimer to let you know that. That is the end of this

presentation. Again, I have the other two presentations that are for approval by the UCAG.

Bardwell: The presentation that you're about to give, is this the presentation that would be given in the public meeting?

Rodriguez: Vice-Chair, Ms. Bardwell. This is one of them. This we have used for each public outreach because it provides a history of the UCAG as well as the rate setting process. Then at the end it does include some summary numbers, so it is a good presentation tool for the public. We can go through this one and if you have any comments or anything, usually I would take them and then make updates. Then unless it looks good, if the UCAG have already reviewed it, then we don't need to go through but usually I do go through so we can go through this.

Vice-Chair Royalty: Yes please.

Rodriguez: Okay. Vital services provided by LCU. We have a picture for each one letting them know that the utility is not funded by tax dollars. The history of the utility ratemaking in Las Cruces prior to 2009, the rates were determined by City Council with staff input, similar to a tax rate setting process. Customers lacked effective input. There was extended periods between rate increases caused rate shock to customers when new rates were finally approved. The rates did not necessarily reflect that true Cost of service due to this extended period in between them.

History of the Utility rate making process from 2009 to 2016 we were using the RAC and this is a Ratepayer Advisory Committee process, utility rates determined by methodology as established by regulated utility industry. Methodology was more professional and better reflected LCU's actual Cost of Service to each customer group. The City Council still maintained a key role in this process. This was an arm's length process similar to the New Mexico PRC rate making process. The RAC represented residents and small businesses, other customer groups could formally intervene on their own. The process proved to be more difficult, lengthy, and very costly.

The history of the Utility rate making process from 2017 to now is a more cooperative approach. This established industry methodology for rate review was still the primary objective. The role of City Council remain unchanged. The UCAG, Utility Customer Advisory Group, represents interest of all customer classes. The arm's length requirement was eliminated. LCU and UCAG share the same technical consultants. Individual customers are still free to intervene if they would like.

Bardwell: Domonique. Do you want comments as you go along or at the end?

Rodriguez: I can take them as we go along and I will make notes.

Bardwell: Okay, so, my two cents is I actually would just start with this slide. I don't know if many members of the public are going to be focused on what the historic rate making approach was, and I think they're just going to be coming to these meetings wanting to hear what's the process now. How can I make my opinion and concerns known? Who are the parties I would speak to about that? I would start here. Unless you feel strongly that that history is important and that customers will know about it. Because I kind of found myself going well, okay but that's in the past. It's not really relevant to what we're doing here today. I would, in this first slide, have a much more almost diagrammatic approach to explaining how what's the process for how you decide what the rates will be. There was a technical consultant and then it goes to UCAG and then it goes to the Las Cruces Utility Board, and then it goes to City Council.

The other thing that I think that would be really important, and it's a question I have for you and the committee today, is shouldn't we be putting what the criteria is for setting rates? I mean is there some requirement that they have to be, we have to cover Cost of Service. Also they have to be just and reasonable and that capital improvements have to be prudent. I mean, I don't know if you're required to satisfy that criteria. If you are I would put it on this first slide.

Vice-Chair Royalty: I believe further into this presentation we actually get into what the requirements are as far as we've got to cover our costs, the cost requirements, and then we need to go into the rate making process and assigning those costs to different customer classes, and that sort of thing. I think once you start doing that, the thing that happens is the fact that you can't, what we need to do is to say all right a customer class, and you'll see later on in the presentation, that the residential customer class has a different rate increase than what the commercial does and then what the very large commercial does. There's different things that we share in there that we've gone along in the process. Maybe we need to talk about the process a little bit, but I don't think we need to get down into the, if I call it the nitty gritty of what it is we did but here's the end result of what we came up with.

Rodriguez: Yes, Mr. Vice Chair. I believe Joe has something to add.

Provencio: Chairman and Commissioner Bardwell. Your points are pretty well situated. Just to give you a little bit of history, when we started this whole revised process back in 2017 we wanted to provide a bridge from the previous, very litigated process much like they do it before commission, that proved to be unworkable. The point you bring up is starting with now is probably a good point. The reason we had all that background previously is, when we started with the Water and Wastewater Rate Review back in 2018, we wanted to provide the customers a historical bridge as to how the process worked. Really starting with this point and kind of adjusting it as a starting point going forward, is probably save a little bit of time and focus and the attention of the customer education aspect of it. The point in terms of what the basis of what the Revenue Requirement is for each one of the utilities, that's coming

following this presentation that gets into the essence of what is comprised of the Rate Review, what the changes in costs are, and the allocation to each of those classes of service. That would be coming after this section of slides and hopefully that would address your question.

Rodriguez: The UCAG is an ad hoc committee comprised of volunteers appointed by Mayor and Council in May 2016. Like you, UCAG members are all LCU customers. You volunteer your time to learn the Utility Rate Review process. You review extensive documents and work with an independent consultant.

Reaching out to involve you. UCAG holds monthly meetings and reaches out to educate and involve LCU customers and the process of ratemaking which include at Farmers Markets, the mall, and speaking to community groups. UCAG outreach events are published in local newspapers and online. These are some that were republished in the past. Your input is most important in the rate making process. UCAG members are doing our part. We've committed to two to three years to review rates for all four utilities. We are assisted by an experienced independent consultant chosen from a nationwide search. We ask that you attend our monthly meetings and provide your input.

The Utility rate making process. When Utility staff determined the need for the Rate Review then the UCAG committee was created. An independent consultant was hired by the LCU board. The former rate study and preliminary report was completed by the consultant. The UCAG gathers public input and provides recommendations to the consultant. The results are then presented to the Utilities Board. The final report is provided by the consultant. Action is completed by the board and then action is completed by City Council. This is the process of getting it started, and this was from the very beginning when we were just starting with the Water Rate Review. These steps do still apply.

Bardwell: Back on the previous slide, on number two, I guess I would come back in reference, it was created to represent the interest of rate payers just to reemphasize that there.

Rodriguez: Created to represent the interest of the customers. Okay.

Bardwell: Thank you.

Rodriguez: You're welcome. Okay Rates 101, rates are determined separately for each utility. When utility rates need to be changed it is usually done via a highly technical three step process. The first step is Revenue Requirement which determines how much the Utility will need in total to continue to provide good service. The second step is the Cost of Service which divides the Revenue Requirement into fixed and variable charges appropriate to each customer class, this includes residential, commercial, and industrial etc. The third step is Rate Design, produces detailed tariffs that set the charges and conditions of service for each customer class. The Gas customer classes are residential, small commercial, large commercial, industrial, irrigation, and high volume.

Order of Rate Reviews, so we have here all of them and then what was the outcome. Water we implemented over a three year period. Wastewater we implemented over a three year period. Solid Waste we implemented a one-time increase. Gas Cost of Service rate reviews for the cost to operate and maintain gas infrastructure to deliver gas to customers is currently underway. Our timeline is usually that the rate reviews will require two to three years to complete.

Then these next slides we kind of discuss what we look at but we also bring it down to a level where it applies to the customers. LCU must budget and meet expenses just like you do, revenues which is similar to income from your job or your spouse's job. Operating and maintenance expenses are the same as groceries, rent, clothes, car maintenance. Fund balance relates to your personal savings for emergencies. Debt service, pay off loans for a home, car, education, or credit cards. The final one is capital improvement projects, which is similar to buying a home, adding onto your home, or upgrading a bathroom or kitchen.

LCU revenues/expenses continued, so the revenues are monthly payments from customers for utility service provided. Operating and maintenance expenses, examples are staff payroll, office furniture and supplies, facilities maintenance, vehicle repair, fuel, electric bills, routine operational rehabilitation. Then fund balance is mandatory reserve of two months' worth of operation and maintenance expenses for emergencies.

The debt service for the Utility is used to upgrade/replace water, gas, and sewer utilities line in conjunction with Public Works. Street projects, construction of new gas line, an example is a project for Parrigin Way/Mission Bell, and/or coordinated projects within NMDOT that require underground utilities to be upgraded. Capital improvement projects, we, the utilities plans five years in advance for design and rehabilitation projects to the water system that we sent out to bid and upgrades to monitoring system. I need to update that to say gas I apologize for that.

Gas rate proposal highlights. This was taken directly from the presentation that the consultant gave to the UCAG. This shows Fiscal Year 2019 actuals, Fiscal Year 2020 actuals, and then the test year, which then at the bottom shows the additional funding that is needed for revenue requirement.

This again is a graph that was taken from the consultants presentation of operating expenses. It shows from Fiscal Year 2019 to the test year. The total of expenses in 2019 were \$9.4 million, 2020 was \$10 million, and then test year we're showing \$11 million. This does not include the cost of the gas commodity or decarbonization.

Bardwell:

Domonique. I listened to the consultants presentation to the LCU Board, I don't know this week or was it last week, I forget. Anyway, I just thought it was nice how he kind of summarized why the majority of the increase is

attributed to personnel and why that was. I think that could be useful for customers to realize why are we seeing this increase and for what purpose. Right. Just so put either a couple of bullets or just a sentence kind of a narrative description of what you're seeing in this slide.

Rodriguez: Vice-Chair, Ms. Bardwell. I can do that. I will add it here. Okay. This slide shows that the equipment purchases, again is from the consultants presentation and it breaks down what the funding is needed to stay on track of equipment replacement schedule.

Then we add in this presentation an average residential gas bill, with the assumption that a residential customer who uses three dekatherms in a month, this is what their average bill would look like.

Bardwell: I was just curious why you didn't want to include a slide on the capital improvements or the annualized debt service since those were significant sources of the need to increase rates.

Rodriguez: Vice-Chair, Ms. Bardwell. I was using the same template and I didn't want to overload the information on this presentation since we will be giving them the full presentation that the consultant gave. I kind of wanted to highlight those major points here, but I didn't want to give all of those graphs again. I just picked a couple of them. We are going to go through that full presentation from the consultant, next that will be included in our public outreach.

Bardwell: Okay.

Rodriguez: Proposed rates. This is expected bill impacts.

Vice-Chair Royalty: Domonique. Could you go back to that previous slide? I think we need to really bold up this residential and small commercial in here. Okay. Where it says that underneath those bar graphs.

Rodriguez: Mr. Vice-Chair. Yes, I will bold it and make it a little bit bigger to make it easier to read.

Vice-Chair Royalty: Yes. Thank you.

Rodriguez: You're welcome.

Bardwell: You probably do, I mean I guess the consultants presentation presents this information differently. If I were a customer and I was looking at this slide for the first time, which many people will be, right, this new information and they're just looking at this slide, I actually find this presentation of the information, this format a little confusing. I mean, I just think you could either say proposed rates full implementation and just have the first two bars. Maybe you want to do it for more customer classes, I'm not sure, but having both the full cost and the proposed right next to each other in this slide for, this slide is

going to be up on the screen for maybe a minute it's confusing. I wouldn't present the information like this for this first presentation. I would just either do you know here's your full cost or here is the phased cost. Yes, that'd be my advice.

Rodriguez: Mr. Vice-Chair, Ms. Bardwell. Okay, so we can I guess change this this graph. You're saying to show, if we're going to show full cost, then just show the full cost, right. Not have these other. Do you want it to still compare it against the current?

Bardwell: I mean part of what you're balancing is that you have duplicate of slides in these two different presentations. Part of what I think what you're trying to keep, you're trying to present information in the most efficient way. You don't want to have a whole lot of slides in this first presentation because they're going to appear on the second one as well, right, so it's repetitive. You have to balance that. I'm just going to make some suggestions. I assume you're going to have the time and you certainly have the expertise to make the correct decision, but to make your own decision as to how to appropriately display the information. If I were a customer and this is the first slide I see on the proposed rate, which is the whole reason I'm here at this meeting, right, is I want to know what the rates are. Well what's going to happen to my rates. I see this, it's just a lot of bars and it's confusing that you have full cost and then you have your purposed, then you have a phase-in right next to it. I'm looking at this, first time I've ever seen this information, I'm going okay, there's what I pay currently, and then I go to \$29.33, and then I go to, because I'm thinking this is chronologic right. I mean I'm just you know brand new looking at this slide and to me it, I think you could present the information more clearly. Maybe you want to do it for one class. Maybe you want to say for residential class and you have the first two bars. This is a full cost implementation, and then you have some space right. I'm thinking, I'm looking at this slide, and I'm going okay so that's full cost and that's a whole separate thing. Okay now here's another option, right. Maybe at the top you say proposed rates, optional implementation or something that keys me in that there's a variety of options that you're presenting here. The way it is right now I am just seeing proposed rates, and I'm seeing this these bars. I'm not necessarily focusing on those small colors at the bottom is what I'm saying. I know it's (*inaudible1:08:41*), but that's one thought.

Vice-Chair Royalty: Domonique. I just think you need to have one residential slide and one small commercial slide. You'd have on the left side then the first two bars that you show there, and you'd have that full cost and the other one is the incremental cost to get there. I don't remember what you call that. The thing is that we haven't made a decision yet what it is that we were going to propose to the Utility Board for this. I would just have two bars that show the full cost and three bars that show the implementation for residential and then I'd do the same thing then for the small commercial and that sort of thing. I think that would make it more clear as what we're looking for.

Rodriguez: Okay. Mr. Vice-Chair, Ms. Bardwell. Okay. I can do that here.

Vice-Chair Royalty: Thank you.

Rodriguez: Yes. All right. Okay. The decarbonization rider we wanted to make sure we put that in here. The Gas Utility funding for programs and projects to meet the City's Climate Action Plan to reduce greenhouse gas emissions. For example, incentivizing purchase and installation of high efficiency water heating and space heating appliances and installation of photovoltaic systems on City facilities to displace fossil fueled electric grid generation.

Bardwell: I think I would insert a bullet in there as to what the benefits are to Las Cruces residents from the City's Climate Action Plan. You might want to reference your recent energy transition resolution that was passed by City Council just as another source of information to learn more about this program.

Rodriguez: Mr. Vice-Chair, Ms. Bardwell. Okay, we can do that. Then here is for questions. That is the end of this presentation for the UCAG public outreach. This is on your agenda as an approval item. Would you like to have more discussion ... I'm sorry Joe did you want to say something?

Provencio: Yes. I just want to point out that as we handed off the meeting from the Chair to the Vice-Chair, who was having issues logging into the meeting, that we jumped over the public input portion. I know they've been waiting. There is an individual, Mr. Shervanick that has public comment in regard to the Gas Rate Review. If I could just prompt the Vice-Chair to pause the presentation and take the public input by Mr. Shervanick

Vice-Chair Royalty: Sure. Sir you can go ahead and provide your public input right now if you would like. Introduce yourself, please.

Shervanick: Yes, good afternoon Utility Customer Advisory Group. My name is Gregory Shervanick, S-H-E-R-V-A-N-I-C-K for the record. Vice-Chair, Members of the Board and City staff, thank you for the opportunity to address you during the public participation of this agenda. I'd like to read a disclaimer. I have never been an employee of the City of Las Cruces in any capacity or any other utility. I am a resident of Las Cruces, New Mexico. I welcome the new member, Ms. Bardwell. During the last presentation of this review at the last meeting, you were given an assessment of the natural gas revenues. As you go forward and engage the public for the comment of accepting the natural gas rate increase, there are two items I wish you to please be transparent about. In the presentation on page 10, in the documents presented at the last meeting, the title at the top of that page is fund 5200-Gas. At the bottom, the index for the bar graph shows the budget for YF21 and YF22. During the Utility Board Work Session this information was also skipped over and was not given to the board members in their assessment presentation. The percentage of revenues between FYI21 and FY22 is a positive 3.77%, showing a growth in sales with no rate increase. Also, the use of three dekatherms as the average or 3.5

dekatherms that was used in Utility Board Work Session earlier is really not a reality. Most gas customers use four to eight dekatherms in their homes. For the sake of transparency, I would hope that you would include these in the Rate Reviews that you will be giving to the public during the public outreach presentations. I wish to thank you and the staff for allowing me to publicly comment on these items. I understand that people were having problems. However, I followed all the protocols concerning public participation in advance. The director as well as staff knew I would like to speak. Thank you very much. Have a nice day.

Vice-Chair Royalty: Okay. Well we appreciate your input. We'll take a look at those. Domonique, I'd like to get back to you so you go ahead and finish up your presentation.

Rodriguez: Thank you, Vice-Chair. The presentation, the next one that I have is the Gas Rate Review presentation that was given by the consultant. We weren't going to make changes to because that's what was presented to the UCAG and to the Utilities Board.

The next item that I did have was the Gas Rate Bill Insert. That one I'd like you to review.

All right, Mr. Vice-Chair and UCAG members, if you could make it a little bit smaller Tanya, like decrease it once. Okay, so here is the bill insert, UCAG seeks public input for Gas Rate Review. We have the dates that I had said in the previous slide, the April 19th through May 19th. The UCAG, or Utility Customer Advisory Group, will present information at several community discussions held regarding the Gas Service Rate Review for Las Cruces Utilities. Due to COVID-19 these discussions will be held on Zoom, and interested members of the public are encouraged to register. They will also be available to be watched later on the City of Las Cruces YouTube page. The volunteer committee UCAG seeks public input regarding three options for meeting today's costs to provide gas service. Then it kind of goes into important to know, this is similar to what we were just discussing. LCU is a City department but is not funded by tax dollars. LCU funds its operations from revenue through monthly utility billing to recover the costs of providing services to customers. It's been 10 years since LCU last reviewed gas rate charges. The current Rate Review reflects cost increases in material, construction, wages and benefits, gas system maintenance, and safety compliance, and vehicle and equipment maintenance and replacement. Then there are major impacts for the following classes, the average residential monthly gas bill depends on use with the current monthly access charge at \$13.75. The current volume charge of \$1.34 per dekatherm. The Gas Rate Review will result in an increase of the access charge to \$14.50 and an increase in the volume charge of \$0.35 dekatherm, making it \$1.69 per dekatherm based on the Cost of Service after the Rate Review process.

The average household uses approximately 41 dekatherms in a year. We also included the small commercial because they were one of the ones that will be

hit with this phased in, as in comparison to the residential class. For the average small commercial customer monthly gas bill depends on use. With the current monthly access charge of \$16.41 and the current volume charge of \$1.07 per dekatherm, the gas rate review results in an increase of the access charge to \$17.50 and an increase of \$1.73 per dekatherm, making it \$2.03 per dekatherm for the volume charge. The average small commercial customer uses approximately 197 dekatherms in a year.

On the left hand side, we then show, this is where the Zoom meeting schedule will be. On this date at this time, and then they can register for the sessions. This is where we'll have those two dates now that the UCAG has requested to have two Zoom meetings. Those will be there. They'll be part of it. Then the location where they can go to get the documents that we are showing today in the presentations.

This is a graph that we had, we were talking about in our previous discussion of that presentation. We can change this so that based on our prior discussion that we talked about. Then on the right hand side it says there are three options being presented by the UCAG, one a full cost implementation of new rates in one year, two a limited phase-in and cost increase for the two most impacted customer classes, which is this small and large customer classes over three years, or the final is a limited phased in cost increase for all customer classes over three years. Then this will be translated into Spanish and then this is what would go into the bills.

Vice-Chair Royalty: Domonique. Did you say then you would change this to reflect what it was we talked about earlier?

Rodriguez: Vice-Chair. Yes, I can do that. We may have to have two kind of smaller graphs, like one for residential one for small commercial, but we can get that in there. Yes.

Vice-Chair Royalty: Okay. Good. Thank you. Okay. Domonique does that finish your presentation.

Rodriguez: Mr. Vice-Chair. Yes, that does. Thank you.

a. Approval of the UCAG Public Outreach Presentation

b. Approval of the Gas Rate Review

c. Approval of the Bill Insert

Vice-Chair Royalty: Okay. Now, I want to make sure that these are up so do we need to vote on this then to give you authority to go ahead with this, the bill insert and then with what we're talking about here as far as the updates that we talked about?

Rodriguez: Mr. Vice-Chair. Yes, these are action items on your agenda so they will need to be approved in order for me to move forward with them. I believe that you can approve with your recommendations and I can make those, but that will be needed in order for me to move forward.

Vice-Chair Royalty: Okay. Could I get a nomination or a presentation that somebody would make that motion to approve as we have discussed, the UCAG update, the public outreach presentation, the gas review presentation, and then the gas insert.

Snyder: I so move.

Bardwell: I second the motion.

Vice-Chair Royalty: Okay. That being the case then we can move forward then with doing this insert, doing the presentation, and doing the outreach.

Rodriguez: Mr. Vice-Chair. You would need to take a vote from all the members of the UCAG.

Vice-Chair Royalty: All right. All those in favor please state your name and say yes.

Bardwell: Before we vote, I just have one question.

Vice-Chair Royalty: Okay.

Bardwell: On the natural gas rate proposal that was prepared by the consultant, I understand you can't make any changes, but during his presentation he gave a narrative accompaniment to it that was extremely helpful to interpret the information on the slides. I'm just curious, Domonique, when somebody presents this natural gas rate proposal presentation are they going to be giving a similar narrative explanation?

Rodriguez: Mr. Vice-Chair Ms. Bardwell. That is what my plan was, was to grab his presentation that he gave and use the same language and explanations because as it's being narrated it reads it at the bottom, and so it'll make it easier for the public to see it as well.

Bardwell: Great, thank you so much for that clarification.

Vice-Chair Royalty: Okay, any other discussion? Okay, I'd like to take a vote on this motion now. Please state your name and say yes or no.

Bardwell: I vote yes.

Snyder: I vote yes.

Vice-Chair Royalty: Do we ever do we have any other members on that are in attendance?

Provencio: Chairman. We have Mr. Frank Gomez he needs to unmute.

Gomez: I vote yes.

Vice-Chair Royalty: Okay, thank you. Thank you very much.

Gomez: May I make a comment?

Vice-Chair Royalty: Sure.

Gomez: Domonique. Excellent job. For us that are confined to home. I can't ask for a better presentation. I congratulate you. Thank you to all my co-members. Let's keep up the good work. Let's say a prayer, God help us all.

Rodriguez: Thank you.

Vice-Chair Royalty: All right, thank you very much.

The Public Outreach Presentation, the Gas Rate Review, and Bill Insert were Approved Unanimously 4-0.

6. Other Items of Interest:

Vice-Chair Royalty: Moving on with the agenda. Other items of interest. Does any member have anything they want to bring up?

7. Committee Discussion:

a. Introduction of the Newly Appointed UCAG Member

DONE AT THE BEGINNING OF THE MEETING.

8. Next Meeting Date:

a. May 12, 2021

Vice-Chair Royalty: That being said, I want to move on to the next meeting. The next meeting I would assume would be the second Wednesday of next month, which is May 12th. The next meeting will be May 12th. If you would put that on your calendars.

10. Adjournment:

Vice-Chair Royalty: Do I have a motion to adjourn?

Bardwell: I move to adjourn.

Snyder: I second.

Vice-Chair Royalty: The meeting is adjourned.

A handwritten signature in cursive script, reading "Paul L. Royalty". The signature is written in black ink and is positioned above a horizontal line.

Chairperson