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ITEM NO 2



Los Angeles Department of Water & Power

Fiscal Year 2012-13 Preliminary Budget

Presentation to Energy and Environment Committee



April 4, 2012

Date: _____
Submitted by: _____
Checked by: _____
Approved by: _____

Next Century LADWP

BUILDING LA'S WATER & POWER FUTURE TODAY

LADWP is completely transforming LA's water and energy supplies while maintaining reliability, competitive rates for customers and placing a renewed focus on meeting their needs.

Power System

Must replace over 70 percent of its power supply to meet regulatory mandates within the next decade while rebuilding aging infrastructure.

Water System

Will Invest over \$1 billion to improve drinking water quality and reduce LA's reliance on more expensive imported water while replacing aging pipes and infrastructure.

Next Century Power Key Programs

FY	FY
2011/12	2012/13

Power Supply Replacement Program

Rebuilding Local Power Plants
Renewable Energy
Coal Transition

\$691 M \$716 M

Power Reliability Program

Replacing the rapidly aging backbone of our electric transmission & distribution system (Distributing Stations, transformers, poles, wires, cables, cross-arms, more)

\$707 M \$802 M

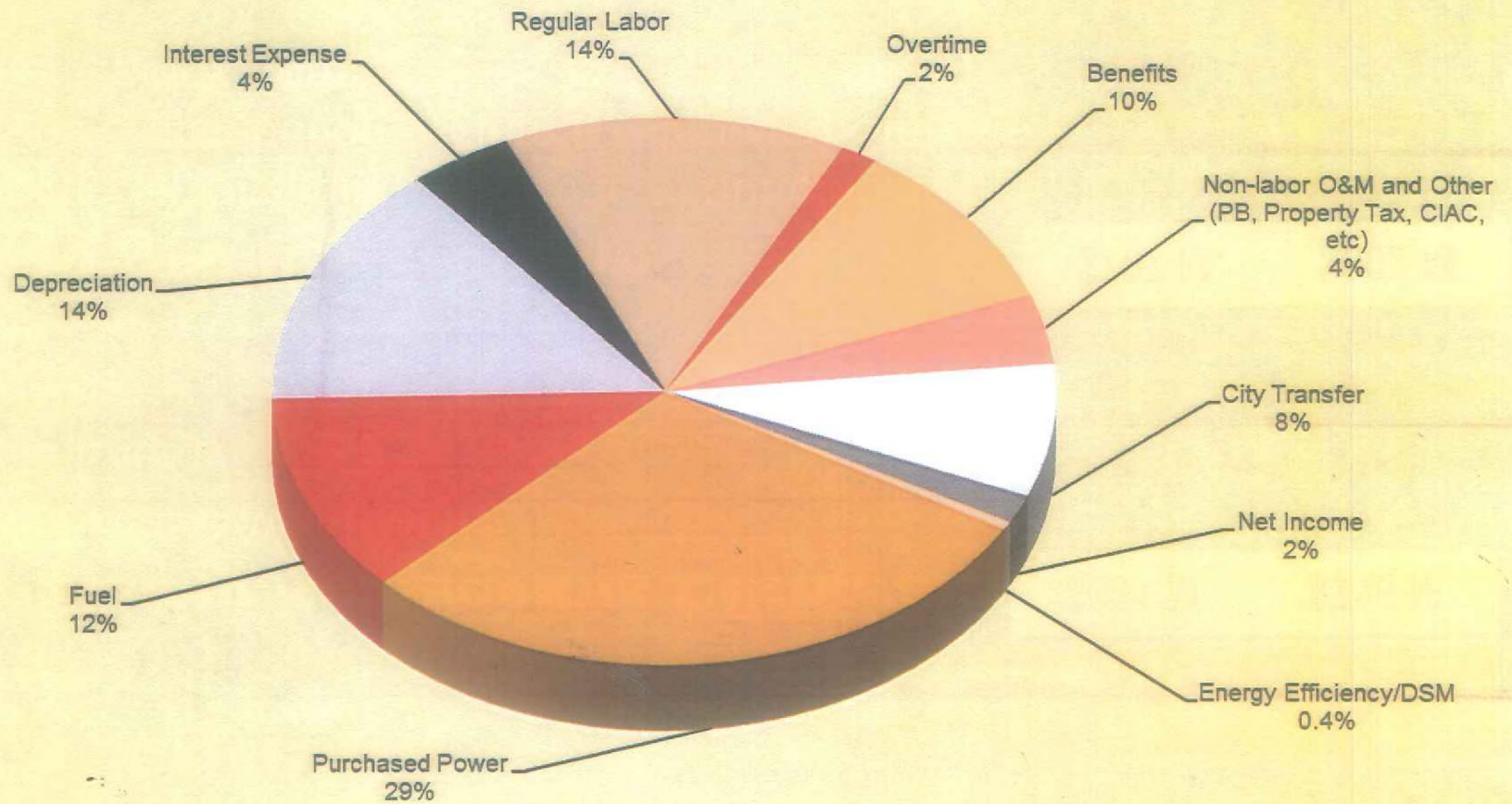
Customer Opportunities Program

Energy Efficiency
Customer Solar Programs

\$135 M \$156 M

Allocation of Power Costs FY 2012-13

Total Revenue Requirement of \$3.15 billion



Rate Implications

No base rate or Reliability Cost Adjustment increase since July 2009.

No ECAF adjustment since July 2010.

Mandates and priority programs **cannot** be completed without rate action this year.



Recommended FY12/13 Power Rate Change with Customer Bill Impacts

Monthly Bill Impacts

	System Avg Rate	System Avg % Change*	Typical residential (500 kWh/Month)	Higher-use single-family residential (1,000 kWh/Month)	Small commercial (1,000 kWh/Month)
Current Total	12.7¢		\$65.79	\$134.07	\$136.40
FY12/13 Power Rate Change (Effective July. 1, 2012)	0.6¢	4.6%	\$1.35 (2%)	\$8.10 (6%)	\$5.90 (4.3%)
Bill after FY12/13 increase			\$67.14	\$142.17	\$142.30

Note: Actual rates vary based customer type and consumption levels. Bills excluded Utility Users Tax.

Rate increase for FY12/13 will change depending on the effective date of the new rate, and system average rate increase is 5.2% with August 1 effective date.

Recommended FY12/13 Power Rate Change with Customer Bill Impacts

**Average Rate Changes
(based on combination of demand and energy charges)**

	Medium Commercial (A2)	Large Commercial (A3)	Large Commercial & Industrial (A3 with High Load Factor)
Current Rate (¢/kWh)*	12.39¢	12.31¢	10.80¢
Power Rate Change (Effective July. 1, 2012)	0.61¢ (4.9%)	0.58¢ (4.7%)	0.50¢ (4.6%)
Rate after FY12/13 increase	13¢	12.89¢	11.30¢

Notes:

- Medium Commercial (A2): 50,000 kWh/MONTH; 175kW; LF 40%
- Large Commercial (A3): 300,000 kWh/MONTH; 1,000kW; LF 42%
- Large Commercial & Industrial (A3 with High Load Factor): 240,000 kWh/MONTH; 570kW; LF 80%

Rate increase for FY12/13 will change depending on the effective date of the new rate, increase is 5.2% with August 1 effective date.

Next Century Water Key Programs

Local Water Supply Program

- Recycled Water
- Stormwater Capture
- Customer Conservation Programs
- Groundwater Cleanup & Management

Safe Drinking Water Program

- Regulatory Compliance
- Reservoir Covers & Bypasses
- Trunkline Replacement

Water System Reliability Program

Replace aging pipeline and related infrastructure, including regulator stations, pumping stations, and maintaining and repairing the LA Aqueduct

FY	FY
2011/12	2012/13

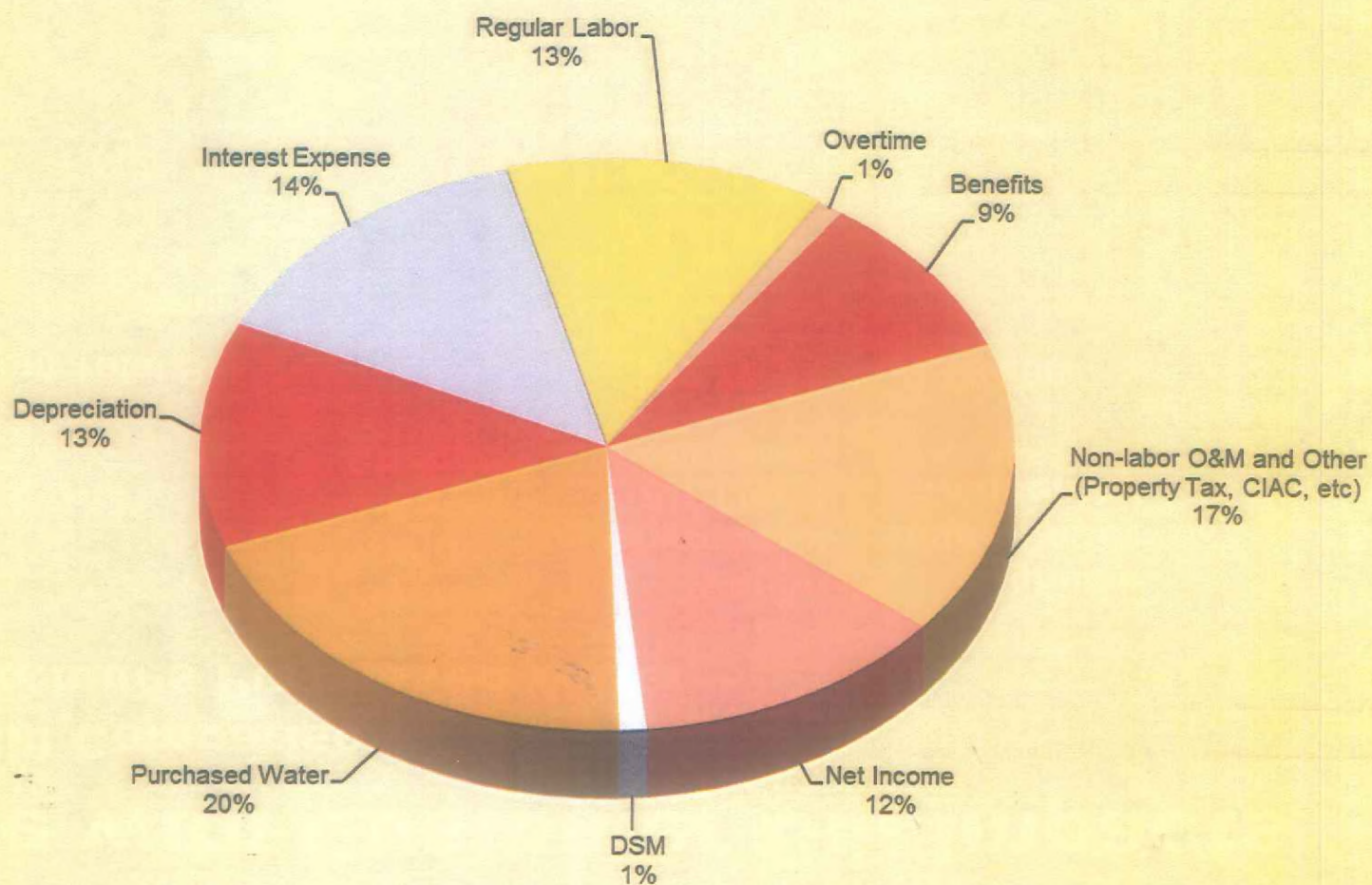
\$71M	\$138M
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\$191M	\$214M
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\$275M	\$302M
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Allocation of Water Costs FY 2012-13

Total Revenue Requirement of \$988 million



Recommended FY2012/13 Water Rate Change with Customer Bill Impacts

Average Bill Comparison Change Excludes Purchased Water

	System Wide Rate Change*	Typical residential All Tier 1 (12 HCF/Month)	High-use single-family residential (24 HCF/Month)	Small commercial (1,000 HCF/Month)
Current Total Bill		\$42.77	\$94.60	\$390.59
FY12/13 Water Rate Change (July 2012 – June 2013) vs. Q4 2012	0.47%	\$0.47 (1.1%)	\$0.17** (0.2%)	\$1.78** (0.5%)
Bill after FY12/13 increase		\$43.24	\$94.77	\$392.37

Notes:

* System Average Rate. Percentage rate changes may vary slightly based on actual consumption and customer type.

* Excludes rate impact of changes in purchased water.

** Current rates embed purchased water, water quality, and DSM/Reclaimed factors in Tier 2; however, they are a “pass-through” in Tier 1. The rate restructure that occurs in Year 2 will have all “pass-throughs” added to both Tier 1 and Tier 2 to ensure that proper price signals are given.

Remaining Issues Not Fully Addressed At This Spending Level

Power Reliability Program & Water Infrastructure Investments still well below recommended levels

Energy Efficiency program increasing, but still below desired level and customer demand

Critical Systems and facilities are past their service life

Financial Information System replacement deferred



In Conclusion, With Proposed Funding DWP



Complies with
Regulatory Mandates



Replaces Aging
Infrastructure



Provides Conservation
Opportunities
for Power & Water



Offers Opportunities for Customers to
Provide Their Own Renewable Energy
to Save on Their Bills and Help
DWP Meet Regulatory Mandates

