



Los Angeles
Department of
Water & Power

City Council Motion 14-0161

LADWP's Revenue Collection Update

Date: 3/19/14
Submitted in EE&E Committees
Council File No.: 14-0161
Item No.: 1
Deputy: Adam R. Lid

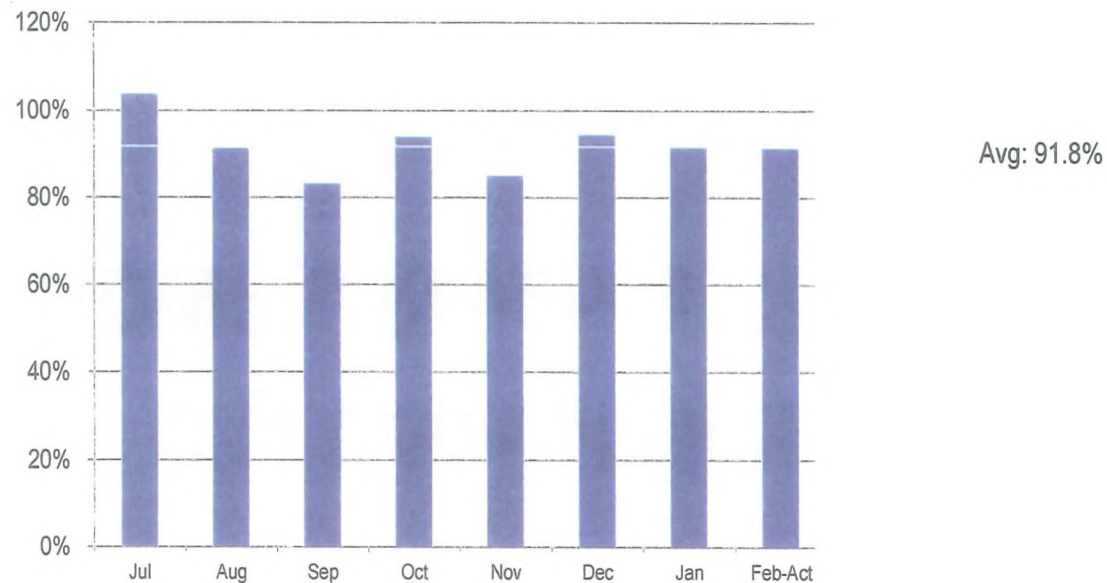
Joint Budget /
Energy & Environment Committee Meeting
March 19, 2014



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Fiscal YTD, Overall Collections are at 91.8% of plan

Fiscal Year to February 28th, planned collections for Electric, Water, Sewer and associated charges (UUT, Solid Resource Fee, State Energy Charge) of \$3.808 billion were \$313 million short based on projected estimates of \$3.494 billion.



The "Plan" reflects latest financial forecasts incorporating known volume adjustments from July 2013-February 2014



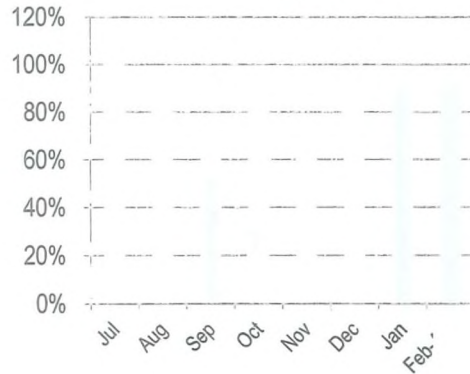
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Collections Varied by Service

Budgeted Vs. Actual Collections
FY13/14 Year to Feb. 28th

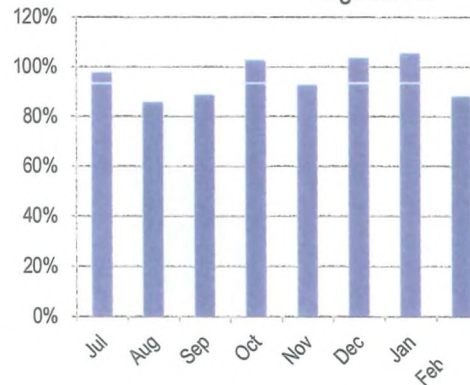
Electric

Avg: 90.7%



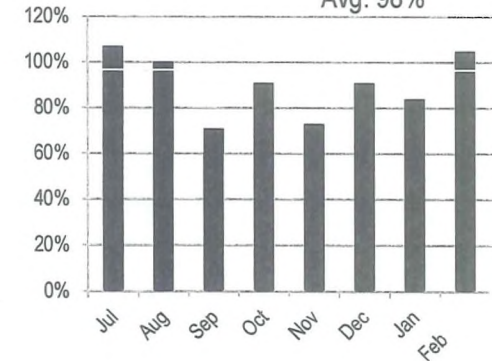
Water

Avg: 93.1%



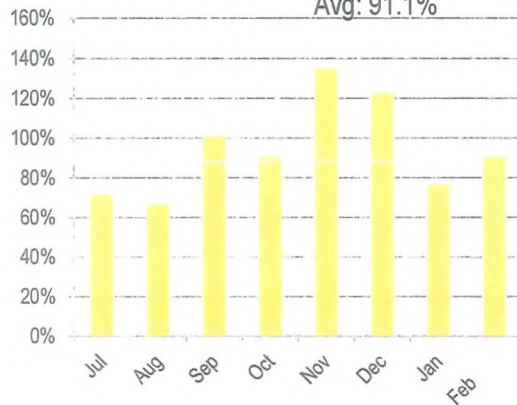
Sewer

Avg: 98%



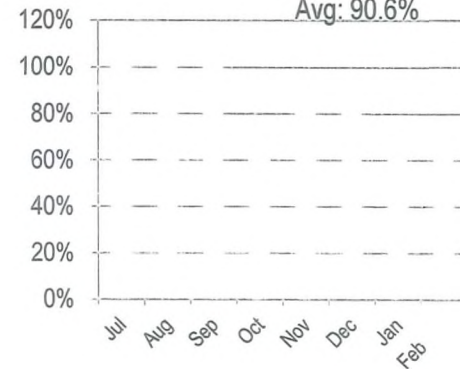
Utility Users Tax

Avg: 91.1%



Solid Resource Fee/ Sanitation equipment Charge

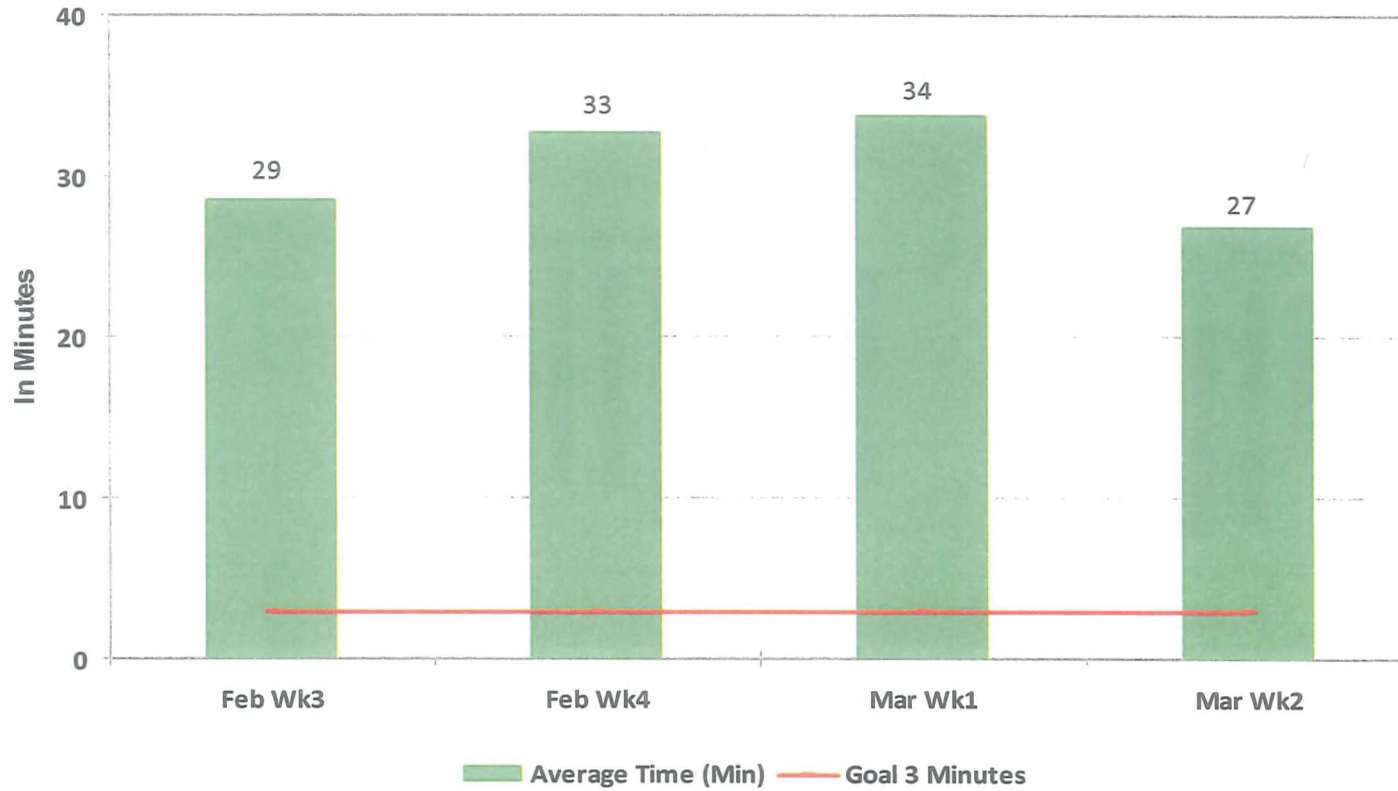
Avg: 90.6%





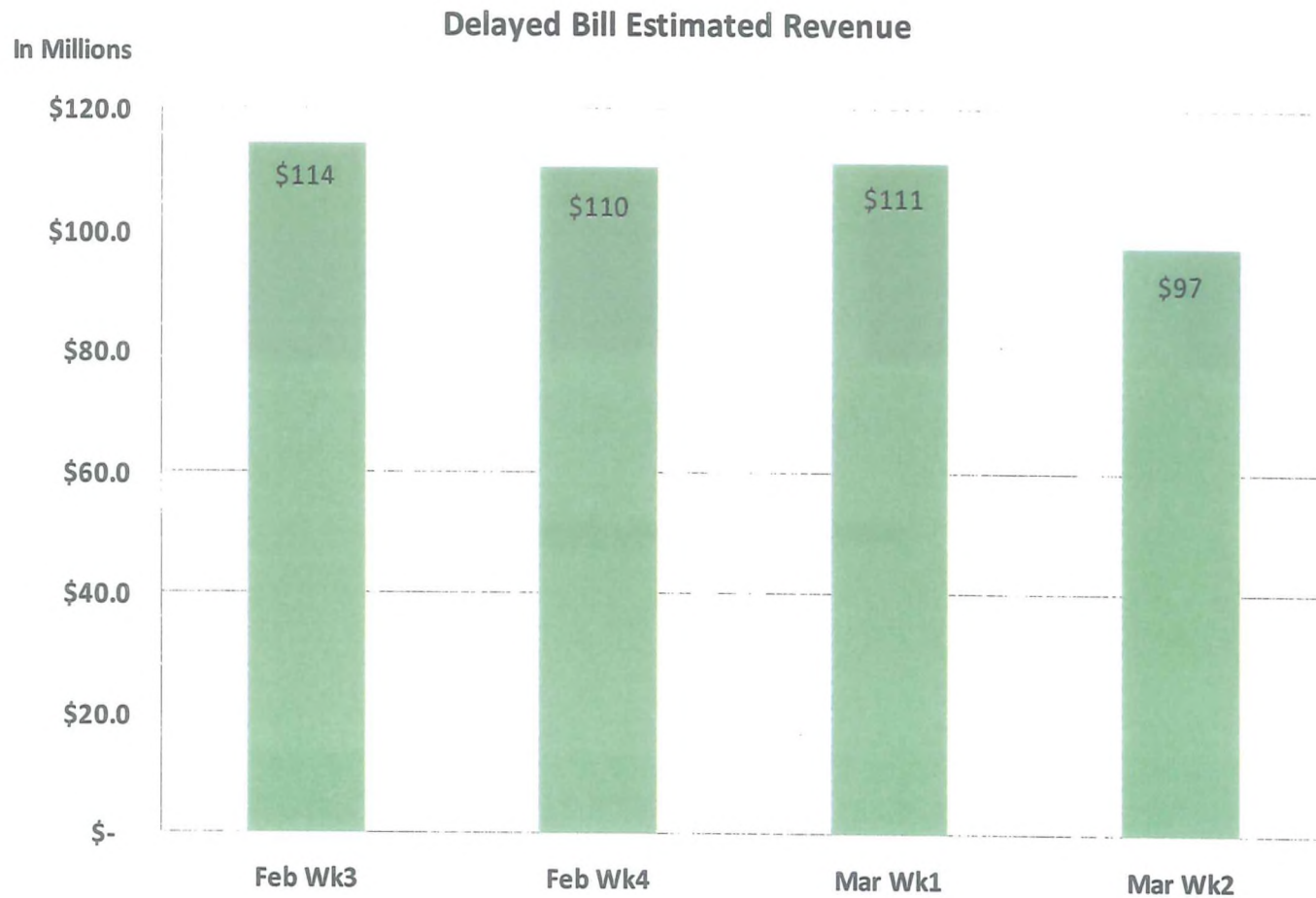
Customer Call Wait Time

Live Call Wait Time





Unbilled Estimated Revenue

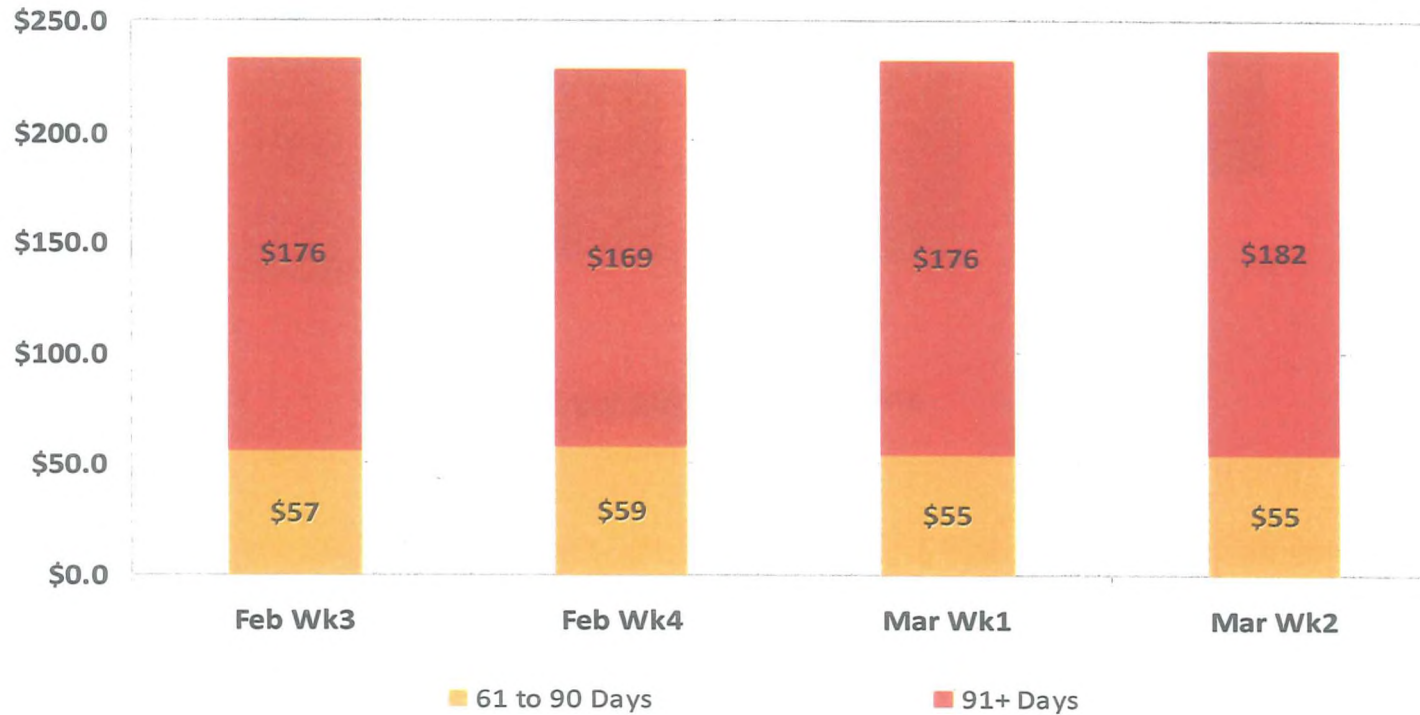




Billed Awaiting Payment

Billed Awaiting Payment

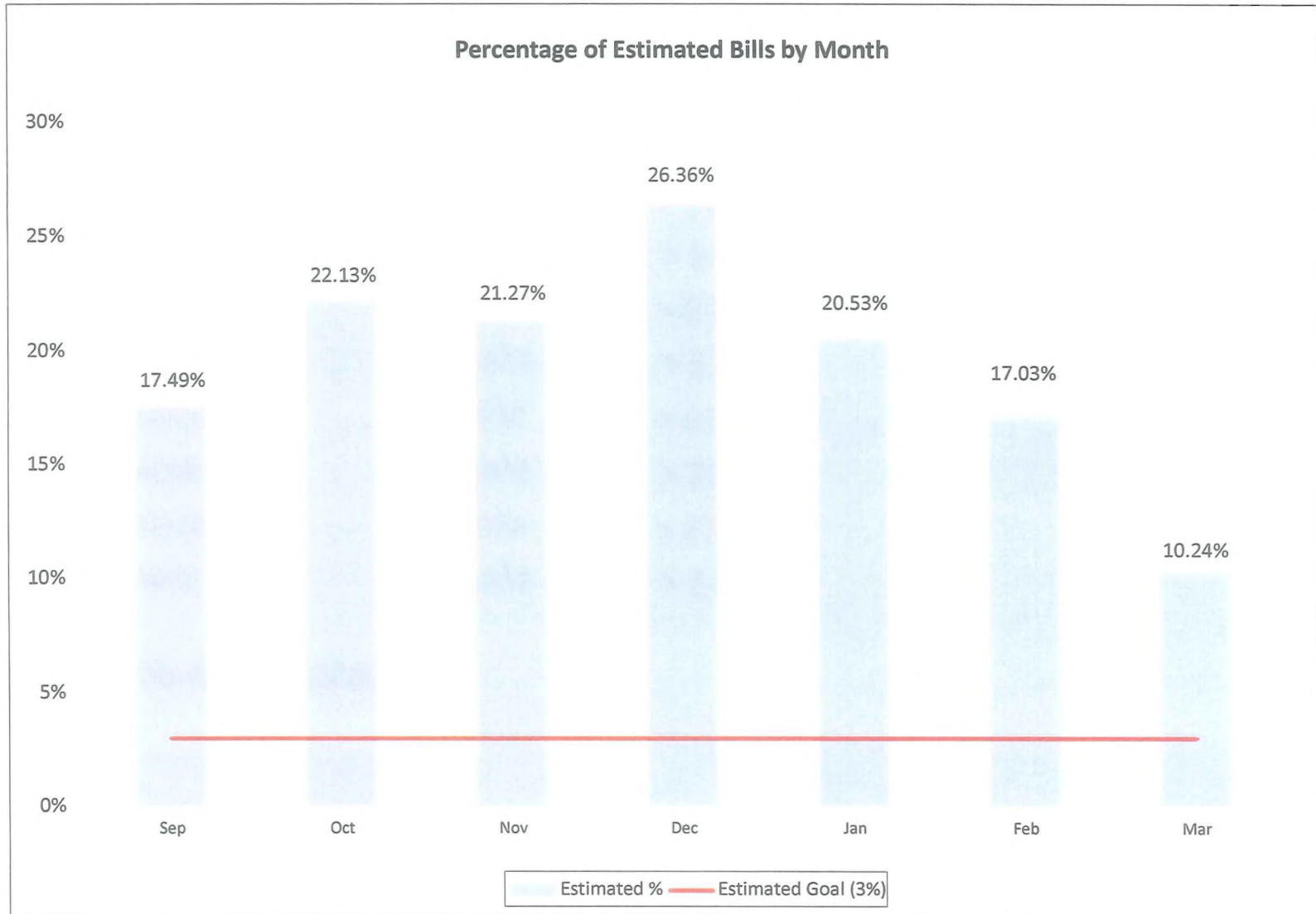
In Millions





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Percentage of Estimated Bills





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Automated Collections Phase In Plan

Schedule for Automated Collections:

○ Commercial	>90 Days	> \$10,000	2/26
○ Multi-Residential	>90 Days	> \$20,000	3/4
○ Commercial	>90 Days	> \$5,000	3/18
○ Multi-Residential	>90 Days	> \$10,000	3/25
○ Commercial	>90 Days	> \$3,000	4/1
○ Multi-Residential	>90 Days	> \$3,000	4/8
○ Commercial	>60 Days	> \$10,000	4/15
○ Multi-Residential	>60 Days	> \$10,000	4/22
○ Commercial	>60 Days	> \$5,000	5/7
○ Commercial	>60 Days	> \$3,000	5/14
○ Multi-Residential	>60 Days	> \$3,000	5/28

This schedule will be accelerated or slowed down based upon the Customer Call Wait Times.

LA



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Impact on City Finances

- Collection of utility user's tax appears to be \$13 million below the budgeted amount and about \$22 million below estimated fiscal year to date through February.
 - Annual collection will depend on progress towards closing collection gap.
 - Anticipated to reduce gap by about 50% by June 30 through execution of action plan.
- DWP does not anticipate, at this time, an impact on the City Transfer payment, in the current year, or for next year (which is based on this year's financial results).
 - City Transfer based on accrued revenues not cash collections.
 - Other DWP metrics which must be met in order to make full transfer are not anticipated to be negatively impacted by outstanding collections.



Factors Offsetting Impact of Collection Shortfall

- Spending under-run, fiscal year through February

\$ in millions	Water	Power
O&M	\$33 under budget	\$73 under budget
Capital	\$124 under budget	\$377 under budget
Purchased Water, Fuel, Purchased Power	\$34 over budget	\$35 over budget
Net Underspend	\$123 under budget	\$415 under budget

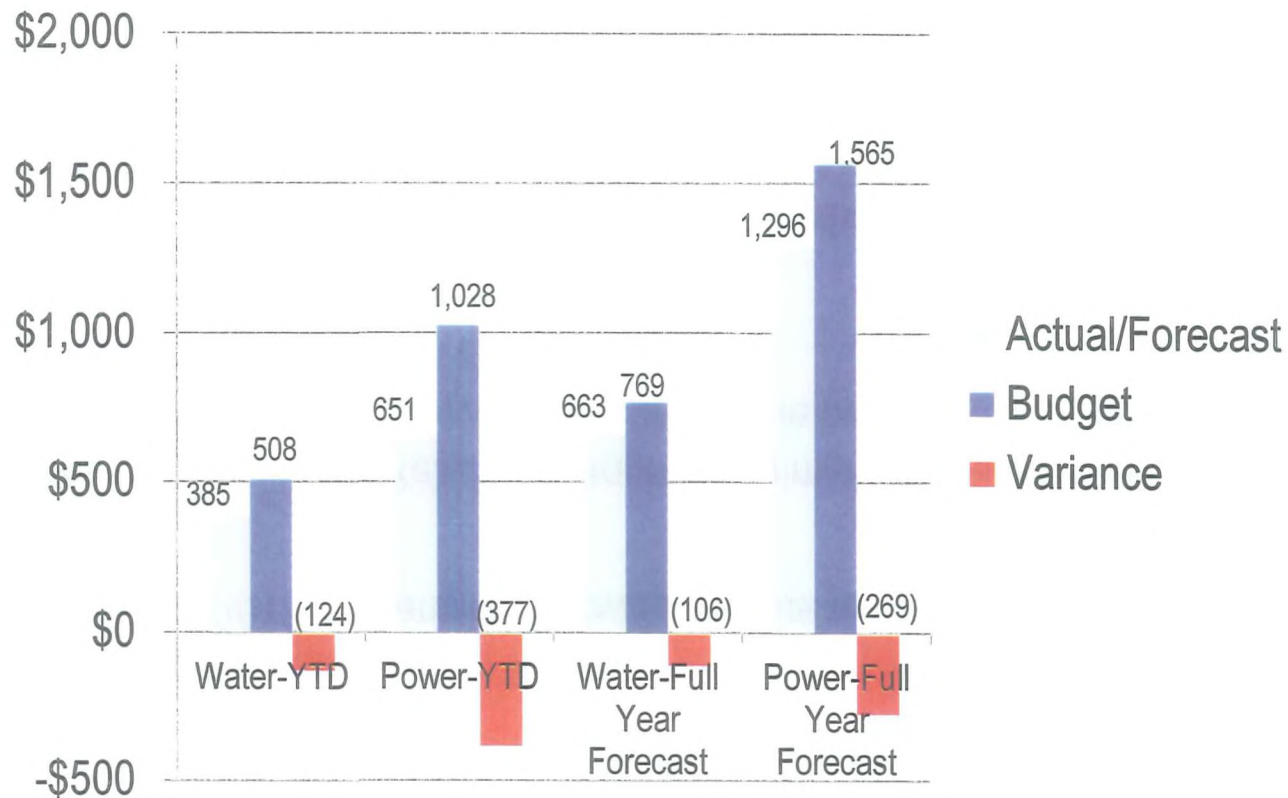


Examined Further on
Subsequent Page



Capital Spending Activity

Capital spending has been slower YTD, at 63% of plan for power, and 76% for water. For the full year, however, spending is forecast to be at 83% and 86% respectively, in the range of historical capital budget achievement.





Capital Project Status: Power

- Scattergood Generating Station Unit 3 Repower is on target to meet the regulatory requirements (completion by end of 2015). Spending below target due to major equipment deliveries delays.
- Other programs such as Power Reliability Program, Sylmar Converter Station, and Barren Ridge Renewable Transmission Project have had delays in the award of contracts. Expenditures will resume upon award of these critical contracts.
- RPS projects are on track overall, but individual projects may have minor delays. As an example, the Beacon Solar Project has mobilized but was initially delayed due to environmental mitigation. LADWP is on target to meet the overall RPS compliance requirements.
- Payments for energy efficiency and solar incentives are backlogged and behind projected expenditures (56% behind for EE). Recent measures have been implemented adding more resources to reduce the backlog.
 - EE achievement would be at 220-250 GWh savings vs. goal of 296GWh. Still on track for 2020 goal of 10% savings.
- Staff will be updating capital project metrics and the anticipated expenditures in light of new contract award dates.



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Capital Project Status: Water

Water System under-runs can primarily be attributed to timing of payments, slower implementation of some planned projects as a result of the construction of higher priority regulatory projects.

- **Safe Drinking Water/Water Quality:** Projects are on schedule. Some projects such as Headworks Reservoir Job 23067 and LA Reservoir WQIP-Bull Creek Exit realignment Job 23508 have been accelerated and work is in progress.
- **Water Infrastructure:** Due to delays in the hiring of crews, the Mainline Replacement Program target has been reduced from the original goal of 130,000 feet. This does not have a negative regulatory impact; however, this does increase the replacement cycle of our aging infrastructure.
- **Water Supply:** Recycling projects are under-run due to delays in permitting and design. Water Conservation project expenditures are not straight lined. Both Water Recycling and Water Conservation are pass thru funded (rates adjust as needed). Groundwater projects are under-run due to completion of contracts as well as prioritization of resources to Water Quality projects. Work will increase as Water Quality projects are completed and brought on line.
- **Regulatory Compliance, Owens Valley:** Delays in work on Owens Lake Phase 7a due to discovery of artifacts on the project site. This Job has been re-estimated to \$48M in the current year. However, project has progressed on areas not affected by the artifacts. Contractor billing for the next four months estimated at \$12M/month.

