



FY 15-16 FINAL BUDGET

Board of Water and Power Commissioners

May 19, 2015



FY 15-16 Budget Development Status



The Board approved transmittal of the preliminary budget to Council on March 17, 2015. In accordance with the City Charter, the Final Proposed budget, which was presented to the Board on May 5, 2015, must be approved by May 31, 2015.

This Final Budget, while reflective of continued cost controls and prioritization of resources, will continue progress in the areas of customer service, critical infrastructure and compliance with mandates.

Upon approval, the Final Budget and the Authorized Personnel Resolution for FY 2015-16 will be transmitted to the Mayor, City Council, City Administrative Officer, Chief Legislative Analyst, and Ratepayer Advocate.

PA Consulting has validated our five-year budgets and revenue requirements and will be making a separate presentation of their analysis to this Honorable Board.

Water and Power Revenue Funds

Changes from Preliminary Budget include



Water Revenue Fund

- Capital and Operation and Maintenance costs have increased by \$123.3 million and \$8.9 million respectively, primarily attributed to regulatory driven requirements for Owens Valley, including the master project.
- The final Water Revenue Fund budget has been updated to include the latest purchased water forecast as of April 8, 2015. This represents an increase of \$62 million (\$209 million to \$271 million) from the forecast assumed in the preliminary budget (based on a normal water year). This increase is a result of the low snowpack for the winter of FY 2014-15.

Power Revenue Fund

- Capital and Operation and Maintenance costs have decreased by \$5.6 million and increased by \$28.7 million respectively, primarily attributed to Barren Ridge Transmission Project reduction and Navajo Generation O&M increase as well as increased funding for the Customer Contact Center, Account Services, and Field Training.
- Fuel and Purchased Power has decreased by \$60 million (\$1,569 million to \$1,509 million) primarily from Non-Renewables and Renewables reductions.

Power Revenue Fund

Key Expenditure Plan Summary



\$ in Millions	FY 2013-14	FY 2014-15		FY 2015-16
	Actual	Approved	Estimated	Proposed
OPERATING EXPENSE				
Non-Renewables	\$ 1,065	\$ 1,165	\$ 1,153	\$ 1,094
Renewables	322	280	296	365
Feed in Tariff	0	11	3	16
CO2, Emission and Other Expenses	26	45	45	34
Total Fuel and Purchased Power	\$ 1,414	\$ 1,501	\$ 1,497	\$ 1,509
Operation and Maintenance	936	962	966	1,039
Property Tax	14	16	14	17
Depreciation	467	550	532	585
TOTAL OPERATING EXPENSE	\$ 2,831	\$ 3,029	\$ 3,009	\$ 3,150
CITY TRANSFER	253	261	266	275
DEBT SERVICE	451	436	437	433
INCREASE IN FUND NET ASSETS	134	130	42	75
REVENUE REQUIREMENT	\$ 3,320	\$ 3,474	\$ 3,441	\$ 3,618
TOTAL CAPITAL INVESTMENT	\$ 1,214	\$ 1,476	\$ 1,346	\$ 1,592
Notes:				
1) The annual cost associated with the Capital Investment is reflected in Debt Service and Depreciation.				

Water Revenue Fund

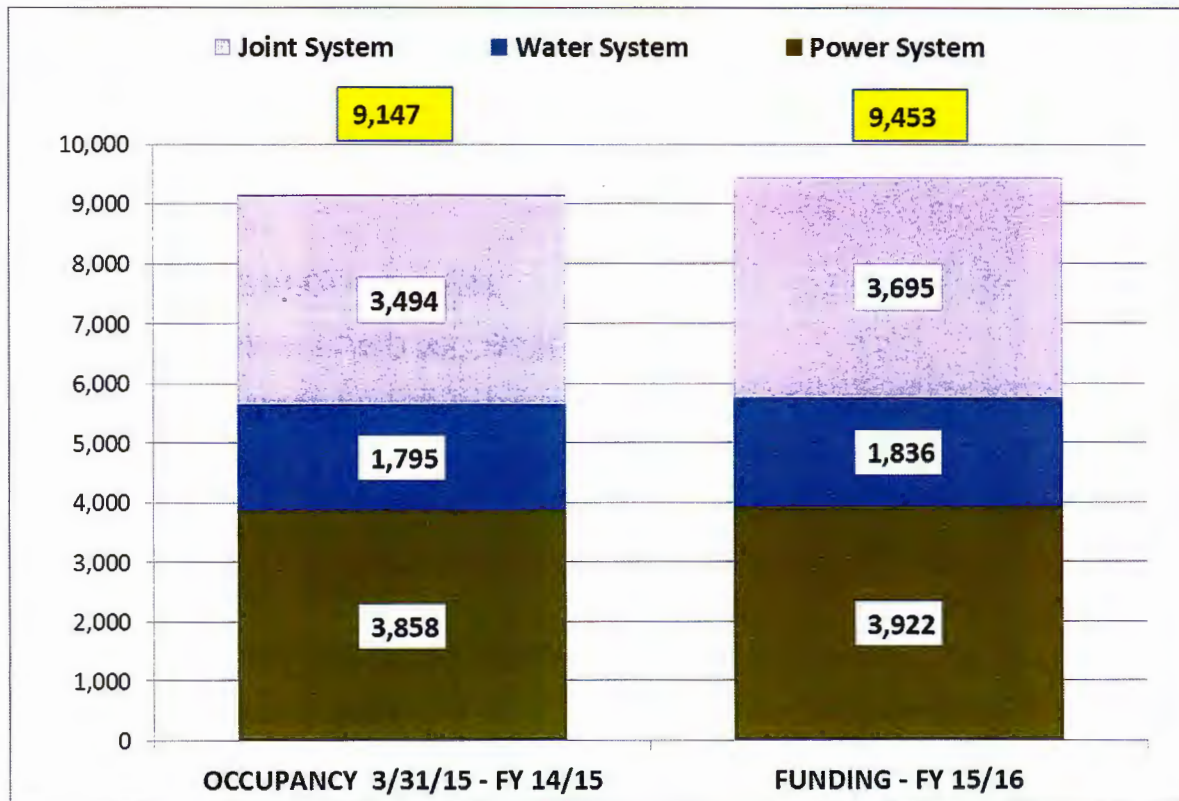
Key Expenditure Plan Summary



\$ in Millions	FY 2013-14	FY 2014-15		FY 2015-16
	Actual	Approved	Estimated	Proposed
OPERATING EXPENSE				
Purchase Water	\$ 339	\$ 344	\$ 289	\$ 272
Operating and Maintenance	418	422	429	459
Property Taxes	13	14	14	16
Depreciation	123	136	143	158
TOTAL OPERATING EXPENSE	\$ 894	\$ 917	\$ 876	\$ 905
DEBT SERVICE	203	217	217	262
INCREASE IN FUND NET ASSETS	152	91	91	119
REVENUE REQUIREMENT	\$ 1,142	\$ 1,146	\$ 1,082	\$ 1,189
TOTAL CAPITAL INVESTMENT	\$ 670	\$ 722	\$ 749	\$ 1,008
Notes:				
1) Debt Service, Increase in Fund Net Assets, and Revenue Requirement include securitization.				
2) The annual cost associated with the Capital Investment is reflected in Debt Service and Depreciation.				

Staffing Plan by System

FY 15-16: Proposed Funding & APR



Total Budget (\$ in Millions)		Labor	Overtime	Benefits
Joint System		\$ 328.2	\$ 29.7	\$ 247.6
Water System		185.2	19.2	139.8
Power System		455.8	71.3	311.7
Total LADWP		\$ 969.3	\$ 120.1	\$ 699.1

- Labor funding, 306 positions, above current occupancy is allocated primarily for implementing:
 - Enhancing Customer Service
 - Office of Sustainability and Economic Development programs
 - Key Programs For Water and Power
 - Succession Planning
 - Financial System/ Human Resources Management System Project
- Based on retirement eligibility criteria of Age 55 with 30 or more years of service and Age 60 with 5 or more years of service, approximately 2200 employees or roughly 24% of the existing LADWP workforce will be eligible to retire within FY 2015-16; actual Retirement for FY 2014-15 as of March 2015 is 218 employees
- Annual Personnel Resolution is 10,014 Positions.

Water & Power Revenue Funds Budget Detail



APPENDIX A

Los Angeles



Department of Water & Power



FY 15-16 FINAL BUDGET

Board of Water and Power Commissioners

May 5, 2015



Presentation Overview



1. Mayor's Priority Outcome Areas
2. Budget Recap & Development Status
3. FY 2015-16 Budget Changes
4. Key Expenditure Plans & Recommended Budgets
5. Key Programs Summary
6. Accomplishments and Highlights
7. Capital and O&M Expenditure Trends
8. Staffing: APR and Funding
9. Next Steps
10. Appendix – Budget Detail

Mayor's Priority Outcome Areas



The FY 2015-16 Final Budget is in alignment with Mayor Garcetti's five Priority Outcome Areas (see Appendix B) and includes a strengthened commitment to:

- Providing excellent service and competitive rates for our customers;
- Continuing investment in critical infrastructure;
- Transitioning to sustainable Los Angeles water and energy supplies;
- Increasing system reliability;
- Compliance with Legal and Regulatory Mandates; and,
- Leveraging proposed FY 2015-16 spending to create 10,000 jobs and support the local economy

Successfully aligning the budget goals and incorporation of benchmarking and performance metrics provides both greater transparency and information for enhanced decision-making.

FY 15-16 Budget Recap



The Board approved transmittal of the preliminary budget to Council on March 17, 2015

Management has submitted the Preliminary Budget to the Mayor, City Council, City Administrative Officer, Chief Legislative Analyst, and Ratepayer Advocate

This Final Proposed budget:

- Presented to the Board on May 5, 2015 to provide an opportunity to review and make any changes prior to the City Charter deadline of May 31, 2015
- Reflects proposed changes from the preliminary budget
- Assumes base and pass-thru rate adjustments

The Final Budget is planned to be submitted for approval by this Honorable Board on May 19, 2015; upon approval, the final budget will be transmitted to the Mayor, City Council, City Administrative Officer, Chief Legislative Analyst, and Ratepayer Advocate

FY 15-16 Budget Development Status



City Charter Section 511 (b) requires the Board of Water and Power Commissioners (Board) to adopt an annual receipts and appropriations Budget for the Water and Power Revenue Funds prior to the beginning of each fiscal year:

- ✓ Water and Power funds must be budgeted separately
- ✓ Joint costs shown in either Water or Power fund with reimbursement from the other system

The Receipts and Appropriations schedule that we will be bringing to this Board for approval on May 19th is different from what is used for management and planning purposes. This schedule consolidates:

- ✓ Operation and Maintenance Expenditures
- ✓ Capital Expenditures
- ✓ Fuel & Purchased Power and Purchased Water Expenditures
- ✓ Financing Activities

Water and Power Revenue Funds

Changes from Preliminary Budget include



Water Revenue Fund

- Capital and Operation and Maintenance costs have increased by \$123.3 million and \$8.9 million respectively, primarily attributed to regulatory driven requirements for Owens Valley, including the master project.
- The final Water Revenue Fund budget has been updated to include the latest purchased water forecast as of April 8, 2015. This represents an increase of \$62 million (\$209 million to \$271 million) from the forecast assumed in the preliminary budget (based on a normal water year). This increase is a result of the low snowpack for the winter of FY 2014-15.

Power Revenue Fund

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- Fuel and Purchased Power has decreased by \$60 million (\$1,569 million to \$1,509 million) primarily from Non-Renewables and Renewables reductions.



Power Revenue Fund



Power Revenue Fund

Key Expenditure Plan Summary



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	Actual	Approved	Estimated	Proposed
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Notes:				
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Power Revenue Fund

Key Programs Summary



Power System Reliability Program

Replace the rapidly aging backbone and infrastructure of the Generation, Transmission, Substation, Distribution, and Power System Application Technology Systems

Power Supply Replacement Program

Develop greener power resources by Repowering and Rebuilding of Local Power Plants, more Renewable Energy Resources and transitioning from Coal

Customer Opportunities Program

Provide customers the opportunities to reduce their carbon footprint through Energy Efficiency, Solar Incentives, Demand Response, and Feed-in Tariff (FiT)

Customer Service

Support customers through field services, meter reading, customer account analysis, call center and customer contact and service center operations

Operating Support

Provide shared and joint services including fleet, purchasing, finance, IT and human resources

Power System Support/General

Support for generation facilities, wholesale marketing, electric vehicles, etc.

Recent Accomplishments Power & Sustainability



We've made major strides in key Energy-related initiatives



Local Solar: Customer solar rebates & feed-in tariff, 136 MW to date



Charge Up L.A.: \$2M in rebates supported 1,300 chargers through 2014



Haynes GS in Long Beach: Replaced 2 units to reduce ocean water for cooling by 50% and integrate renewables



Beacon Solar Plant groundbreaking north of Mojave: 1,200 MW new renewable projects—clean energy for 475,000 customers/year

Recent Accomplishments

Power Sustainability & Infrastructure



We doubled investment in Energy Efficiency programs



Lighting retrofits and other efficiency solutions helped reduce energy use by 27% in FY 13/14 citywide

We upgraded neighborhood Power Grid to improve reliability...



Replaced/upgraded 3,953 transformers since FY13/14, which with stood the last heat storms



Replaced 2,772 poles since FY 13/14

Power System Highlights



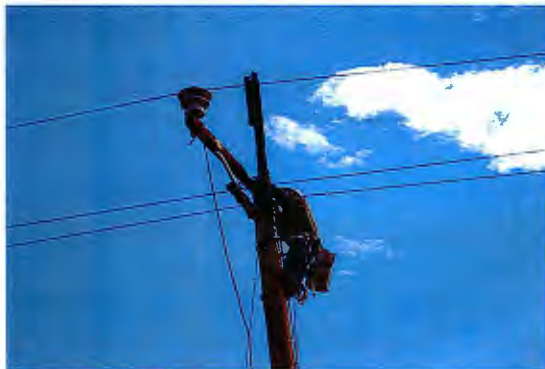
Projects	FY 15-16 (In millions)	Description & Status
Barren Ridge Renewable Transmission	\$113.2	Contract awarded in 10/2014 to engineer, procure, and construct the 65 miles of 230kV transmission line; schedule for commercial operation by June, 2016
Beacon Solar Plant and Substation Projects	\$3.5	Engineer and Construct a 250 MW solar plant including substation and transmission line. Awarded 250MW of solar photovoltaic capacity in July, 2014; and expected commercial operation by December, 2016.
Scattergood Unit 3 Repowering Project	\$86.9	Construct new generating units to replace existing once-through-cooling units. Project is approximately 70% complete and all major equipment have been delivered and installed; testing, commissioning, and commercial operation is scheduled by December, 2015.
Sylmar Converter Station Filter Replacement Project	\$8.8	Request for proposals was issued and anticipate to award contracts in June, 2015. This project is to increase reliability and improve operability for all system participants.



Power System Highlights



Projects	FY 15-16 (In millions)	Description & Status
Pole Replacement Project	\$100.6	Contracts awarded in FY14-15 for poles replacement to augment in-house efforts; and as of April, 2015, 2,108 poles were replaced during this FY. For next FY, the PSRP goals are 4000 poles.
Scattergood-Olympic Cable A Project	\$7.5	Project is approximately 50% completed, and anticipated to be in service by July, 2016. Construction of 12-miles of the new 230kV underground transmission line will improve reliability and grid stability.
Design & Construct New Business Services, Lines, and Facilities	\$56.9	For FY14-15, 11,285 electrical services installed as of January, 2015; anticipate to install 16,800 new services in FY15-16.
Customer Driven Infrastructure Replacements and Relocations	\$23.3	Relocated power infrastructures for Cal Trans, LAWA, MTA's transit projects and Expo Light Rail Line, and anticipate to continue these projects for future phases for FY15-16.

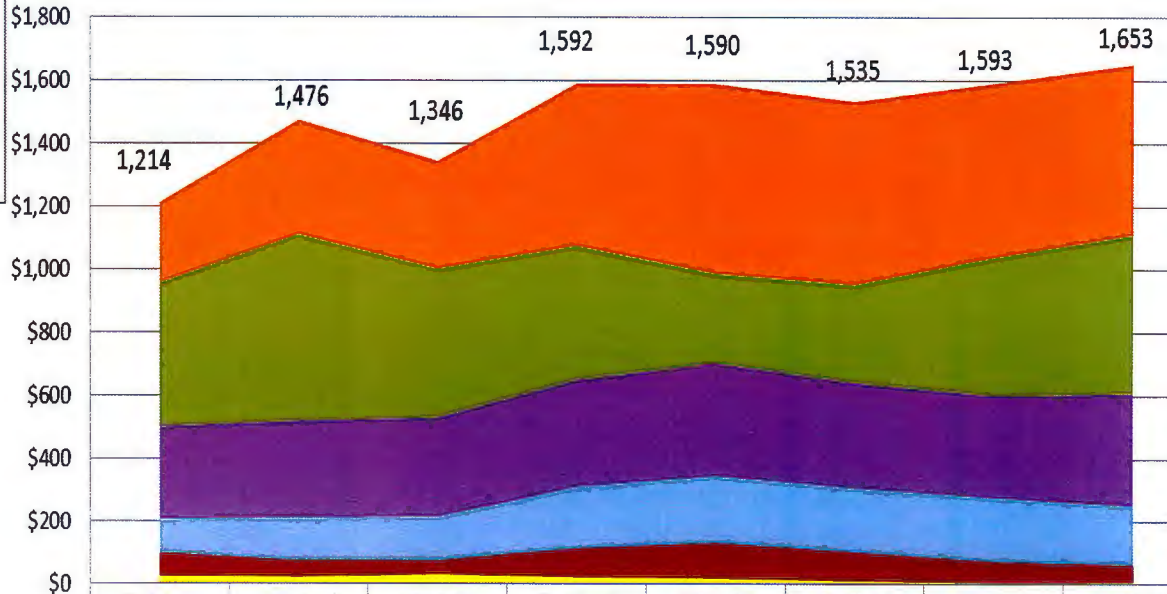


Power Revenue Fund

FY 15-16: Capital Expenditures Trend



CAPITAL



Amounts in Millions

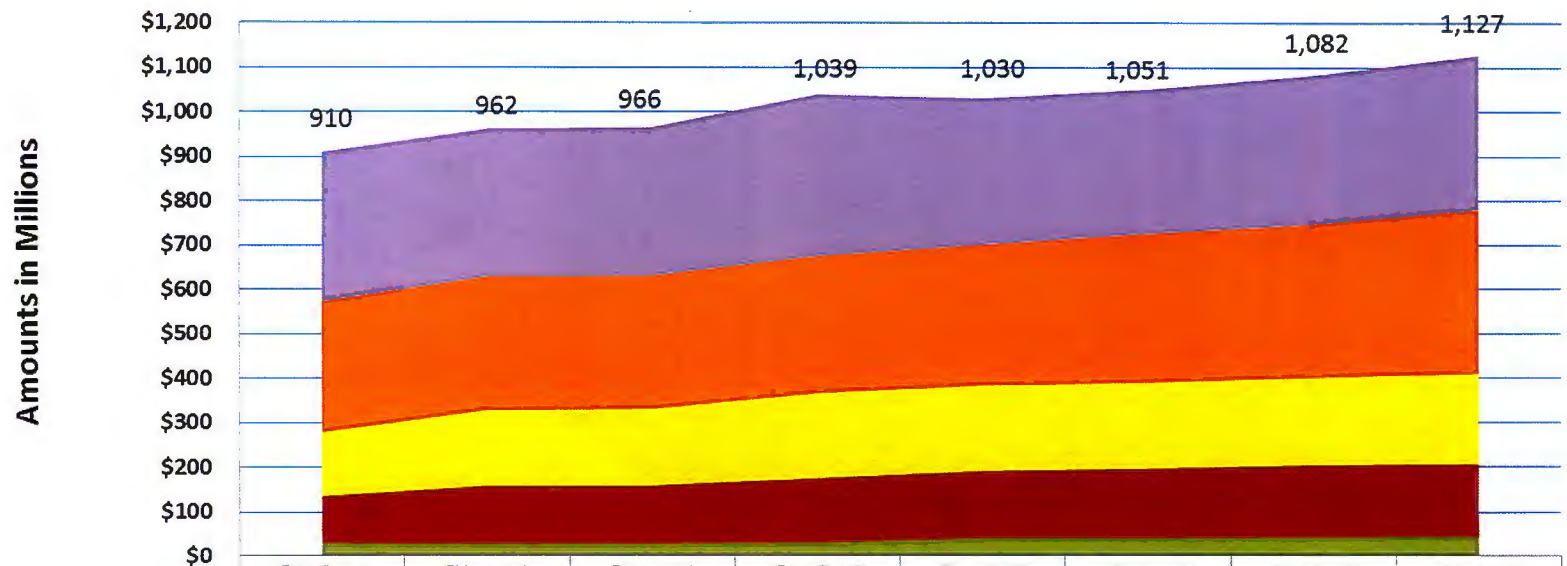
	FY 13-14 Actuals	FY 14-15 Approved	FY 14-15 Estimated	FY 15-16 Proposed	FY 16-17 Proposed	FY 17-18 Proposed	FY 18-19 Proposed	FY 19-20 Proposed
Power System Reliability Program	256	364	343	516	603	582	553	541
Power Supply Replacement Program	456	592	472	425	283	310	437	502
Power System Support/General	295	309	316	339	358	333	323	356
Customer Opportunities Program	109	137	140	199	215	208	207	192
Operating Support	71	52	43	91	112	90	67	55
Customer Service	27	23	32	23	20	11	6	7

Power Revenue Fund

FY 15-16: O&M Expenditures Trend



OPERATION AND MAINTENANCE



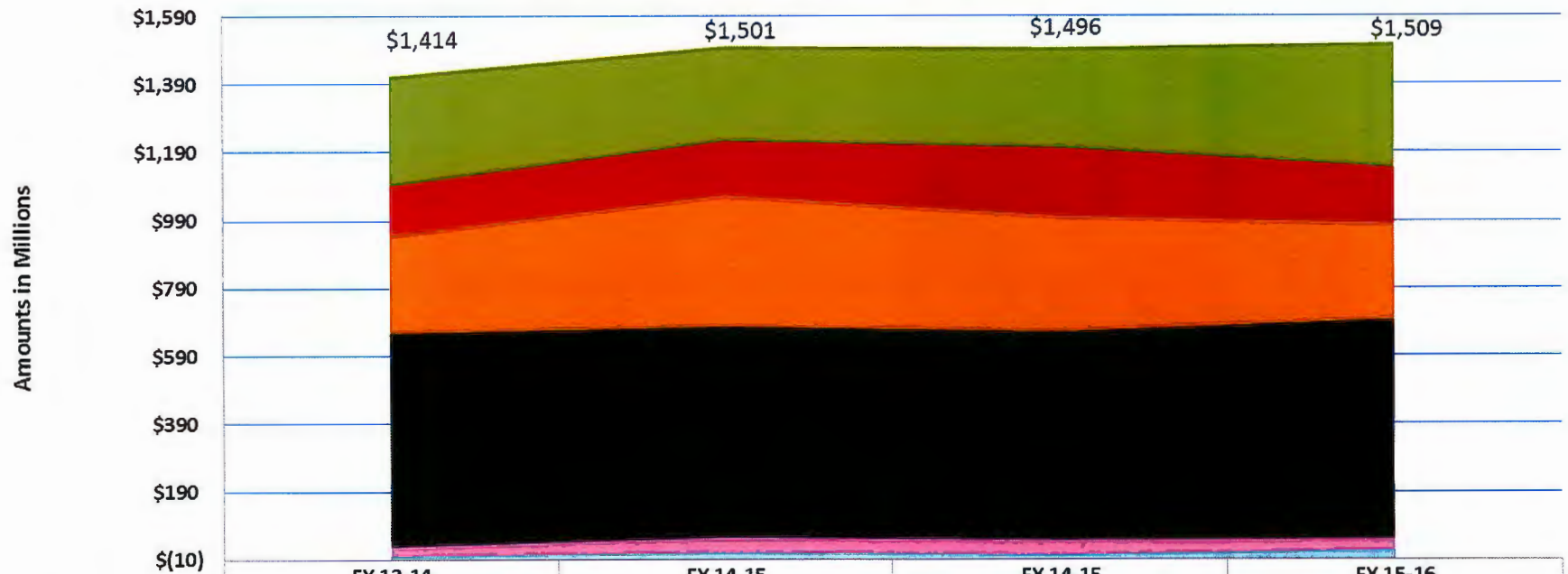
	FY 13-14 Actuals	FY 14-15 Approved	FY 14-15 Estimated	FY 15-16 Proposed	FY 16-17 Proposed	FY 17-18 Proposed	FY 18-19 Proposed	FY 19-20 Proposed
Power System Support/General	\$338	\$333	\$335	\$365	\$330	\$325	\$335	\$347
Power System Reliability Program	\$295	\$301	\$300	\$309	\$318	\$337	\$346	\$371
Customer Service	\$143	\$170	\$172	\$191	\$193	\$194	\$198	\$203
Operating Support	\$107	\$131	\$131	\$145	\$151	\$156	\$161	\$163
Power Supply Replacement Program	\$27	\$26	\$27	\$29	\$39	\$39	\$41	\$43

Power Revenue Fund

FY 15-16: Fuel & Purchased Power Trend



FUEL AND PURCHASED POWER



	FY 13-14 Actuals	FY 14-15 Approved	FY 14-15 Estimated	FY 15-16 Proposed
Renewables	322	280	296	365
Other Non-Renewables	144	156	198	163
Natural Gas	292	390	344	285
Coal and Nuclear	630	619	612	645
CO2 Emissions and Other	26	45	44	34
Feed-in Tariff	0	11	3	16



Water Revenue Fund



Water Revenue Fund

Key Expenditure Plan Summary



\$ in Millions	FY 2013-14	FY 2014-15		FY 2015-16
	Actual	Approved	Estimated	Proposed
OPERATING EXPENSE				
Purchase Water	\$ 339	\$ 344	\$ 289	\$ 272
Operating and Maintenance	418	422	429	459
Property Taxes	13	14	14	16
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TOTAL CAPITAL INVESTMENT	\$ 670	\$ 722	\$ 749	\$ 1,008
Notes:				
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Water Revenue Fund

Key Programs Summary



Safe Drinking Water Program

Develop the highest quality water through reservoir covers, bypasses, and trunkline replacement, and regulatory compliance

Water Infrastructure Program

Replace aging pipeline and infrastructure, including regulator and pumping stations; and renewal of the 101 year old Los Angeles Aqueduct “in place”

Local Water Supply and Remediation Program

Invest in recycled water, groundwater remediation and stormwater, to increase local supply and meet the 20% conservation goal

Regulatory Compliance-Owens Valley Program

Complete dust mitigation and reduce water-intensive measures on the lake

Customer Service

Support customers through field services, meter reading, customer account analysis, call center and customer contact and service center operations

Operating Support

Provide shared and joint services including fleet, purchasing, finance, IT and human resources

Recent Accomplishments

Water Quality & Sustainability

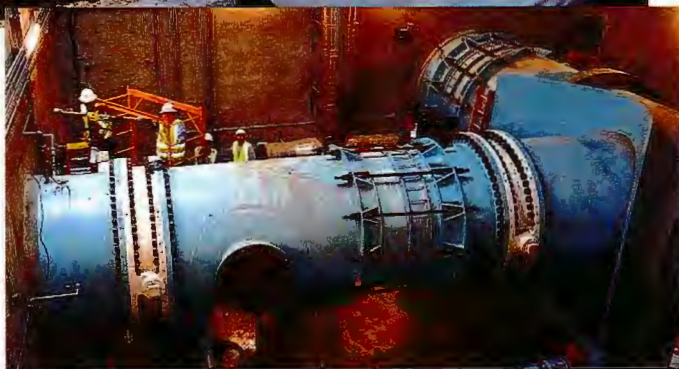


We've continued to meet stringent water quality regulations, increase conservation and local water supply.



Deployed over 90 M shade balls at L.A. Reservoir

Placed in service nation's second largest UV treatment plant



Headworks East storage facility



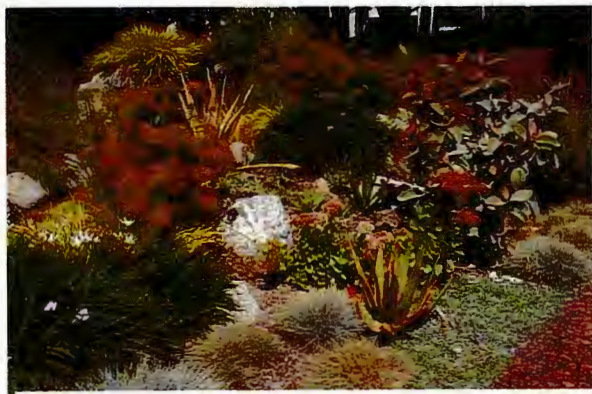
Reached historic agreement on Owens Lake

Recent Accomplishments

Water Sustainability & Infrastructure



We've continued expanding the local water supply and upgrading aging infrastructure



Conservation:

Cash for Your Lawn rebates, \$3.75
Saved 16% water use since 2009



Infrastructure Reliability:
Replaced over 100,000 feet of mainline per year

Los Angeles Department of Water & Power



Increased Water Conservation outreach & water waste monitoring



Tujunga Spreading Grounds:
Improving stormwater capture to enhance local water supply

Water System Highlights



Projects	FY 15-16 (In millions)	Description & Status
Owens Lake DMP Phase 9 & 10	\$149.5	Per November 2014 Agreement
Mainline Replacement Program	\$75.2	Increase replacement rate to 150,000 by 2016
RSC Imprvt Upper Reach Units 5 & 6	\$66.2	Necessary to operate reliably without Silverlake. Contract Awarded
Headworks West Reservoir	\$40.5	Necessary to remove Ivanhoe reservoir from service. Groundbreaking - Spring 2016
Silverlake Reservoir Bypass Tunnel	\$32.8	Necessary to remove Silverlake reservoir from service. Construction broke ground Spring 2015



Water System Highlights



Projects	FY 15-16 (In millions)	Description & Status
Elysian Reservoir Water Quality Imprvt	\$20.6	Construction of reservoir cover to protect water quality
City Trunkline South Unit 4	\$18.7	Reliable operation without open reservoirs. Completion 2017
LA Reservoir UV Disinfection Plant	\$18.1	Necessary to complete disinfection program at the Van Norman Complex
SF Basin Groundwater Sys Imprvt	\$24.0	5 projects to restore water supply in the San Fernando Basin

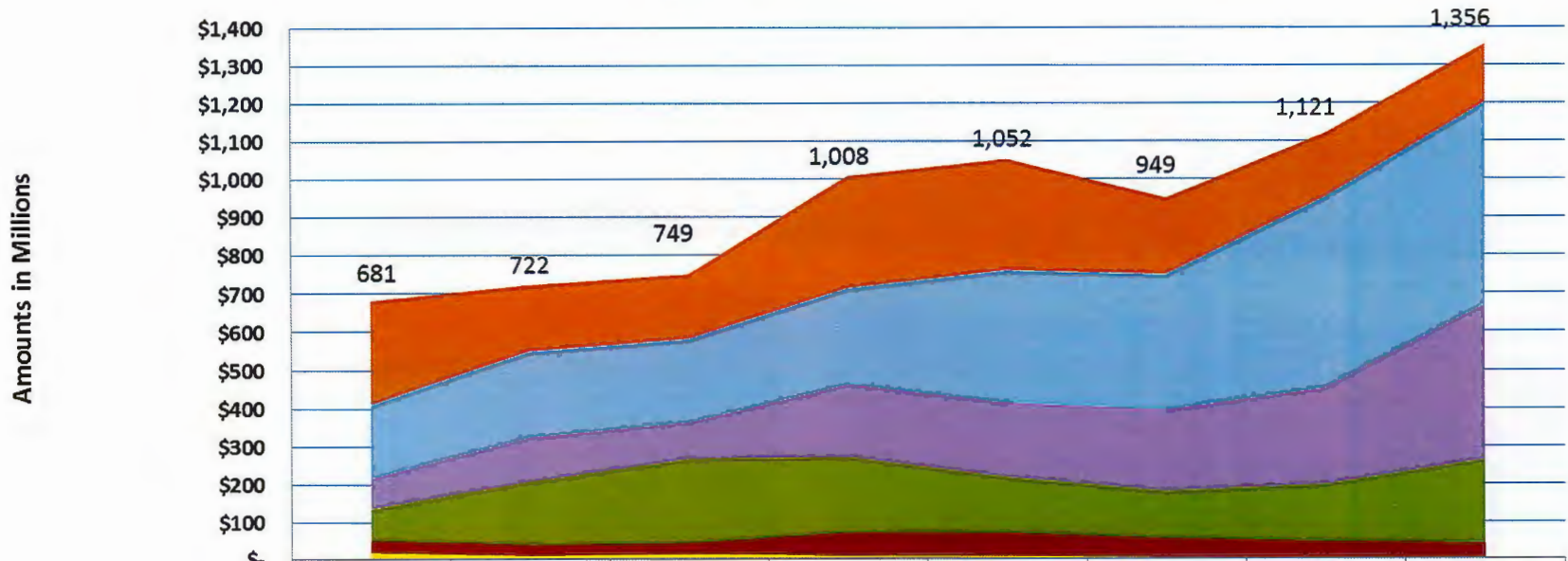


Water Revenue Fund

FY 15-16: Capital Expenditures Trend



CAPITAL



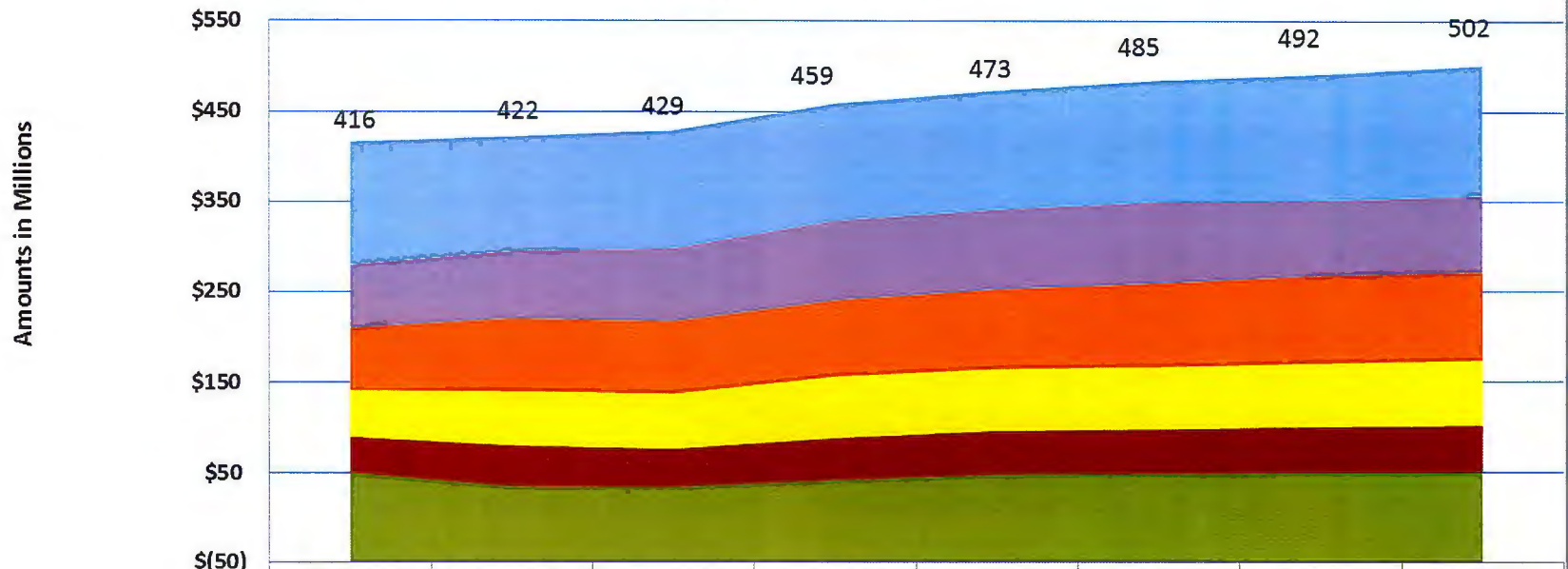
	FY 13-14 Actuals	FY 14-15 Approved	FY 14-15 Estimated	FY 15-16 Proposed	FY 16-17 Proposed	FY 17-18 Proposed	FY 18-19 Proposed	FY 19-20 Proposed
Safe Drinking Water Program	\$271	\$173	\$169	\$295	\$293	\$200	\$169	\$153
Water Infrastructure Program	\$195	\$227	\$218	\$252	\$346	\$354	\$501	\$533
Local Water Supply and Remediation	\$81	\$118	\$98	\$192	\$198	\$216	\$255	\$408
Regulatory Compliance - Owens Valley	\$84	\$168	\$223	\$199	\$147	\$125	\$151	\$223
Operating Support	\$33	\$29	\$29	\$62	\$62	\$51	\$43	\$37
Customer Service	\$17	\$8	\$12	\$8	\$6	\$2	\$2	\$2

Water Revenue Fund

FY 15-16: O&M Expenditures Trend



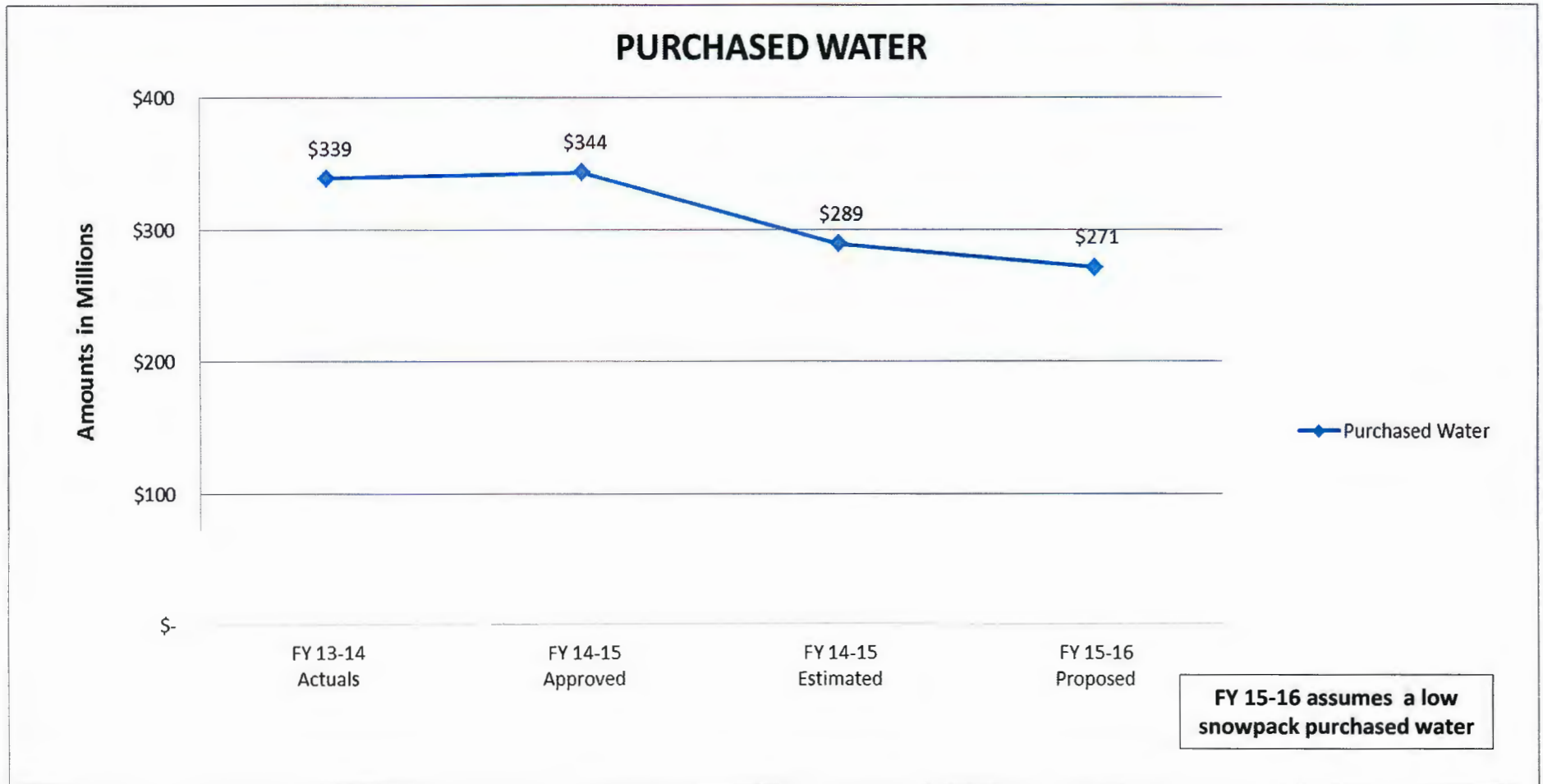
OPERATION AND MAINTENANCE



	FY 13-14 Actuals	FY 14-15 Approved	FY 14-15 Estimated	FY 15-16 Proposed	FY 16-17 Proposed	FY 17-18 Proposed	FY 18-19 Proposed	FY 19-20 Proposed
Water Infrastructure Program	\$136	\$127	\$131	\$131	\$133	\$136	\$141	\$145
Local Water Supply and Remediation	\$70	\$75	\$81	\$88	\$89	\$90	\$83	\$85
Safe Drinking Water Program	\$68	\$79	\$79	\$84	\$88	\$92	\$96	\$97
Customer Service	\$52	\$61	\$62	\$68	\$69	\$69	\$71	\$72
Operating Support	\$39	\$45	\$42	\$46	\$48	\$48	\$50	\$51
Regulatory Compliance - Owens Valley	\$50	\$35	\$34	\$42	\$48	\$49	\$50	\$51

Water Revenue Fund

FY 15-16: Purchased Water Trend





Staffing



Water and Power Revenue Funds Annual Personnel Resolution (APR)



LADWP is requesting 10,014 Authorized Positions as of July 1, 2015

Water Revenue Fund – 3,407

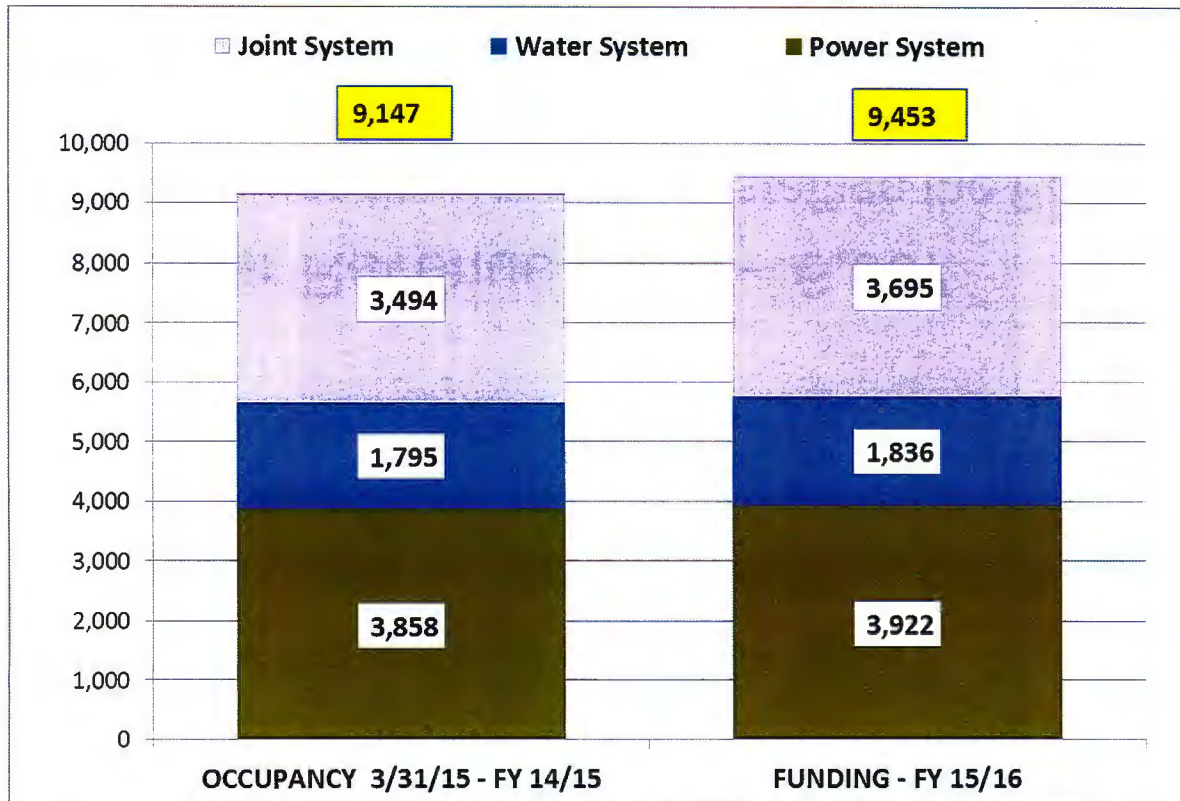
- 1,995 positions represent staffing the Water System has identified as necessary for continued and planned critical operations

Power Revenue Fund – 6,607

- 4,263 positions represent staffing the Power System has identified as necessary for continued and planned critical operations

Staffing Plan by System

FY 15-16: Proposed Funding & APR



- Labor funding, 306 positions, above current occupancy is allocated primarily for implementing:
 - Enhancing Customer Service
 - Office of Sustainability and Economic Development programs
 - Key Programs For Water and Power
 - Succession Planning
 - Financial System/ Human Resources Management System Project
- Based on retirement eligibility criteria of Age 55 with 30 or more years of service and Age 60 with 5 or more years of service, approximately 2200 employees or roughly 24% of the existing LADWP workforce will be eligible to retire within FY 2015-16; actual Retirement for FY 2014-15 as of March 2015 is 218 employees
- Annual Personnel Resolution is 10,014 Positions.

Total Budget (\$ in Millions)		Labor	Overtime	Benefits
Joint System		\$ 328.2	\$ 29.7	\$ 247.6
Water System		185.2	19.2	139.8
Power System		455.8	71.3	311.7
Total LADWP		\$ 969.3	\$ 120.1	\$ 699.1

Next Steps



Request Approval of this FY 2015-16 Budget by this Honorable Board of Water and Power Commissioners

Forward Final Budget Board Package to the Mayor, City Council, and other relevant stakeholders no later than May 31, 2015

Water & Power Revenue Funds

Budget Detail



APPENDIX B

Power Revenue Fund

FY 15-16 Budget Overview



	FY 13-14		FY 14-15		FY 15-16	
	Actuals	Approved	Estimated	Proposed		
Capital (in Millions)						
Power System Reliability Program	\$ 256.5	\$ 364.2	\$ 342.6	\$ 515.8		
Power Supply Replacement Program	455.6	591.8	472.3	425.2		
Power System Support/General	294.7	309.4	315.8	338.8		
Customer Opportunities Program	108.5	136.5	139.6	199.1		
Operating Support	71.2	51.5	43.1	90.5		
Customer Service	27.2	22.8	32.2	22.8		
Total - Capital	\$ 1,213.6	\$ 1,476.2	\$ 1,345.6	\$ 1,592.2		
O&M (in Millions)						
Power System Support/General	\$ 338.0	\$ 333.3	\$ 335.3	\$ 364.5		
Power System Reliability Program	294.6	301.2	300.4	309.2		
Customer Service	143.5	170.0	172.3	191.5		
Operating Support	107.0	130.9	130.9	144.9		
Power Supply Replacement Program	27.1	26.2	26.7	28.8		
Total - O&M	\$ 910.2	\$ 961.6	\$ 965.6	\$ 1,038.9		

Power Revenue Fund

Power System Reliability Program



Capital (in Millions)	FY 13-14		FY 14-15		FY 15-16	
	Actuals	Approved	Estimated	Proposed		
Distribution	\$ 122.6	\$ 166.2	\$ 179.0	\$ 296.9		
Substation	55.6	87.1	78.7	116.0		
Transmission	51.6	94.9	69.4	75.1		
Generation	16.8	1.4	1.3	15.5		
Power System Application Technology	9.9	14.7	14.2	12.4		
Total - Capital	\$ 256.5	\$ 364.2	\$ 342.6	\$ 515.8		
O&M (in Millions)						
Distribution	\$ 136.9	\$ 126.4	\$ 127.8	\$ 136.9		
Substation	70.22	74.37	73.12	74.32		
Apprentice and Journeyman Training	63.5	73.6	72.9	72.5		
Transmission	24.0	26.9	26.5	25.4		
Total - O&M	\$ 294.6	\$ 301.2	\$ 300.4	\$ 309.2		

The **Power System Reliability Program (PSRP)** is critical for the replacement of the rapidly aging backbone and infrastructure of the Generation, Transmission, Substation, Distribution, and Power System Application Technology Systems. PSRP initiated in FY 14-15, is the evolution of the existing reliability program to improve how funds are prioritized and the overall effectiveness of the program.

This includes the replacement of Poles, Crossarms, Transformers and Cables, Substation Automation, and Circuit Breakers. Specifically the construction of 15-mile Scattergood – Olympic 230kV Cable A which will provide improvements to the West Los Angeles area. Also, Apprentice and Journeyman Craft Training Programs are key elements of the PSRP.

Power Revenue Fund

Power Supply Replacement Program



	FY 13-14		FY 14-15		FY 15-16	
	Actuals	Approved	Estimated	Proposed		
Capital (in Millions)						
Repowering (Rebuilding Local Power Plants)	\$ 375.2	\$ 277.6	\$ 283.9	\$ 98.3		
RPS						
Barren Ridge Transmission	\$ 22.8	\$ 217.7	\$ 90.9	\$ 132.3		
LT Transmission Development	3.4	9.6	9.1	127.9		
OVES Gen & Facils O&M	25.1	34.7	23.6	30.3		
Utility Built Solar	8.1	12.7	17.7	21.5		
Power System Support/General	1.9	9.6	9.5	11.4		
Beacon Solar Projects	19.0	30.1	37.6	3.5		
Total RPS - Capital	\$ 80.3	\$ 314.2	\$ 188.4	\$ 327.0		
Total Capital RPS and Repowering	\$ 455.6	\$ 591.8	\$ 472.3	\$ 425.2		
O&M (in Millions)						
Wind and Solar Plant O&M	\$ 11.0	\$ 10.1	\$ 10.1	\$ 12.0		
Small Hydro O&M	7.4	7.9	8.0	7.5		
OVES Gen & Facils O&M	7.4	6.6	6.9	7.0		
Power System Support/General	1.4	1.7	1.7	2.3		
Total - O&M	\$ 27.1	\$ 26.2	\$ 26.7	\$ 28.8		
Fuel and Purchased Power (in Millions)						
Renewable Energy (PPA's)	\$ 322.0	\$ 280.3	\$ 295.6	\$ 365.2		
Total - FPPB	\$ 322.0	\$ 280.3	\$ 295.6	\$ 365.2		

The **Power Supply Replacement Program** includes developing a greener resource mix by Rebuilding of Local Power Plants, developing more Renewable Energy Resources, and transitioning from Coal to Cleaner Resources. Key Projects include Scattergood Units 1, 2 & 3 Repowering to comply with Once-Through Cooling Regulatory Mandates; the 65-mile 230kV Barren Ridge Transmission Line to transmit renewable energy from Barren Ridge Switching Station to Haskel Switching Station; and the Beacon, Springbok, and Recurrent 560 MW Solar Projects. Also included is O&M for existing Renewable Projects and Renewable Energy Power Purchase Agreements.

Power Revenue Fund Customer Opportunities Program



Capital (in Millions)	FY 13-14		FY 14-15		FY 15-16
	Actuals	Approved	Estimated	Proposed	
Energy Efficiency	\$ 76.8	\$ 101.5	\$ 101.0	\$ 144.9	
SB1 Solar Incentives	31.7	35.0	35.0	47.8	
Demand Response Program	-	-	3.7	6.4	
Total - Capital	\$ 108.5	\$ 136.5	\$ 139.6	\$ 199.1	
Fuel and Purchased Power (in Millions)					
Feed-in Tariff	\$ 0.1	\$ 10.5	\$ 3.3	\$ 16.1	
Total - FPPB	\$ 0.1	\$ 10.5	\$ 3.3	\$ 16.1	

Customer Opportunities Program provides Customers the opportunities to reduce energy reliance and carbon footprint on LADWP through Energy Efficiency, Solar Incentives, Demand Response and Feed-in Tariff (FiT) Programs.

The Energy Efficiency budget will support the achievement of 442 GWh savings and allow the LADWP to continue to invest in customer rebate and installation programs and achieve the 15% Energy Efficiency goal by 2020 that was adopted by the LADWP Board on August 5, 2014.

The Demand Response Program will achieve 500 MW of peak load reduction by 2026. There will be a 10 MW pilot phase in 2015-2016 with an interim goal of 200 MW by 2020.

The Department is working with customers to develop local solar energy through the Solar Incentives Program to achieve the goal of reaching 280MW by 2016 and FiT Program to achieve 150 MW by 2016. During FY 14-15, the Power System will be seeking Board approval for an expansion of the FiT program to a total of 450MW.

Power Revenue Fund

Other Functions



	FY 13-14		FY 14-15		FY 15-16	
	Actuals	Approved	Estimated	Proposed		
Capital (in Millions)						
Fleet Purchases	\$ 18.3	\$ 22.9	\$ 22.9	\$ 36.5		
Financial System Replacement	0.2	4.8	2.5	24.8		
Total - Capital	\$ 18.5	\$ 27.7	\$ 25.4	\$ 61.3		
O&M (in Millions)						
Customer Service	\$ 143.5	\$ 170.0	\$ 172.3	\$ 191.5		
In-Basin Plant O&M	114.1	111.9	111.7	120.0		
Total - O&M	\$ 257.6	\$ 281.9	\$ 284.1	\$ 311.4		

While many recent improvements in the customer experience have been implemented, the Customer Service budget increases focus on improving service levels related to call waiting times, meter reading, and opportunities for customers to conduct business using automated tools.

The Financial System Replacement Project will replace/upgrade the Core Financial and Human Resources Systems. This project schedule has been extended.

Water Revenue Fund

FY 15-16 Budget Overview



	FY 13-14		FY 14-15		FY 15-16	
	Actuals	Approved	Estimated	Proposed		
Capital (in Millions)						
Safe Drinking Water Program	\$ 271.0	\$ 172.5	\$ 168.8	\$ 294.6		
Water Infrastructure Program	195.0	226.7	218.5	252.0		
Local Water Supply and Remediation	80.8	118.1	97.8	192.1		
Regulatory Compliance - Owens Valley	83.6	167.7	223.1	199.0		
Operating Support	33.2	29.3	29.4	62.4		
Customer Service	17.1	7.6	11.8	7.6		
Total - Capital	\$ 680.6	\$ 722.0	\$ 749.4	\$ 1,007.7		
O&M (in Millions)						
Water Infrastructure Program	\$ 136.4	\$ 127.4	\$ 131.3	\$ 130.6		
Local Water Supply and Remediation	70.2	74.8	81.1	88.3		
Safe Drinking Water Program	67.9	79.5	79.1	83.8		
Customer Service	52.1	60.7	61.7	68.3		
Operating Support	39.2	44.7	41.5	45.9		
Regulatory Compliance - Owens Valley	50.3	35.1	34.3	41.9		
Total - O&M	\$ 416.2	\$ 422.1	\$ 428.9	\$ 458.9		

Water Revenue Fund

Safe Drinking Water Program



	FY 13-14		FY 14-15		FY 15-16	
	Actuals	Approved	Estimated	Proposed		
Capital (in Millions)						
WQIP Trunkline Improvements	\$ 64.0	\$ 66.4	\$ 64.1	\$ 143.1		
WQIP Reservoir Improvements	174.5	65.0	65.4	104.0		
Water Treatment Improvements	13.8	22.3	20.4	34.9		
Chlorination Station Installations	16.8	16.6	16.5	10.8		
WSO Info Technology	1.6	1.9	2.0	1.4		
Tools & Equipment	0.3	0.3	0.3	0.3		
Total - Capital	\$ 271.0	\$ 172.5	\$ 168.8	\$ 294.6		
O&M (in Millions)						
Distr Reservoir O&M	\$ 20.8	\$ 23.8	\$ 23.7	\$ 25.0		
Distribution Treatment Opns	13.5	19.4	19.3	19.7		
WQ Control	16.0	15.3	15.1	18.3		
Filter Plant Opns	13.4	16.3	16.0	15.8		
Water Quality Regulatory	4.2	4.2	4.4	4.5		
System Flushing	0.0	0.5	0.5	0.5		
Total - O&M	\$ 67.9	\$ 79.5	\$ 79.1	\$ 83.8		

Safe Drinking Water Program: Significant accomplishments in the past year switching to chloramine disinfectant to provide the highest quality water through the entire system. This included the UV Plant, completing Headworks West, shade balls deployed at LA Res and Upper Stone Canyon Reservoir, removing Silver Lake and Ivanhoe Reservoirs from service and completing critical WQ Trunk lines necessary to connect the new facilities. Work in the coming year includes:

- Covers of Upper Stone Canyon Reservoir and Elysian Reservoir
- Completion of Head Works Reservoir second part
- Additional trunk lines that not only provide necessary part of WQ program, but replace aging infrastructure as well
- Complete second UV Plant.

Water Revenue Fund

Water Infrastructure Program



	FY 13-14		FY 14-15		FY 15-16	
	Actuals	Approved	Estimated	Proposed		
Capital (in Millions)						
Distribution Mains	\$ 68.8	\$ 77.6	\$ 76.8	\$ 86.4		
Services, Meters and Hydrants	48.7	47.1	46.5	45.9		
Trunkline & Major Sys Connection	5.2	12.1	11.9	32.8		
Water System Support/General	17.1	43.1	37.3	31.0		
Infrastructure Improvements	9.0	22.8	22.3	26.7		
LA Aqueduct North and South	17.7	16.6	16.1	15.6		
WSO Facilities	28.6	7.4	7.7	13.7		
Total - Capital	\$ 195.0	\$ 226.7	\$ 218.5	\$ 252.0		
O&M (in Millions)						
Water System Support/General	\$ 58.9	\$ 51.7	\$ 53.7	\$ 51.9		
Distribution Mains O&M	34.7	35.4	35.1	36.2		
LA Aqueduct North and South	23.0	19.9	22.4	21.8		
Service Connections O&M	16.4	16.5	16.3	16.9		
Fire Hydrant Maintenance	3.6	3.8	3.8	3.9		
Total - O&M	\$ 136.4	\$ 127.4	\$ 131.3	\$ 130.6		

Water Infrastructure Program: We continue the infrastructure program we started since 2006-07. During this time we have increased our mainline replacement and significantly reduced leaks. Pressure Regulator program has reduced staff call-outs to ensure smooth operations. Renewal of the LAA replaces sections of the 101 year old facility "in place". Looking ahead:

- Increased investment including use of earthquake resilient pipe in appropriate locations to replace aging infrastructure with new technology
- Re-instate trunk line testing program to identify and strengthen transmission lines
- Continue refurbishment of pump stations, tanks, valves, and pressure regulator necessary to provide reliable and efficient service to our customers.

Water Revenue Fund

Local Water Supply and Remediation Program



	FY 13-14		FY 14-15		FY 15-16	
	Actuals		Approved	Estimated	Proposed	
Capital (in Millions)						
Reclaimed (Recycling) Water	\$ 21.0	\$	36.5	\$ 29.1	\$	72.8
Groundwater	16.2		32.6	30.9		48.6
Water Conservation	14.7		21.1	25.5		37.5
Stormwater	16.3		26.4	10.8		33.2
Resource Development	12.6		1.6	1.5		0.0
Total - Capital	\$ 80.8	\$	118.1	\$ 97.8	\$	192.1
O&M (in Millions)						
In City Pumping	\$ 38.5	\$	38.9	\$ 41.3	\$	41.4
Water Conservation	9.7		13.9	16.5		21.4
Resource Development	11.9		11.3	12.6		15.4
Reclaimed Water	5.4		6.8	6.7		6.0
Groundwater	1.6		1.4	1.4		2.3
Stormwater	3.1		2.5	2.5		1.9
Total - O&M	\$ 70.2	\$	74.8	\$ 81.1	\$	88.3

Local Water Supply and Remediation: Provides investment in resources to provide water to our customers, but more importantly, assists our customers in reducing their water usage by promoting conservation. Mayor has set 20% conservation goal. Budget includes programs and investment:

- to increase turf removal, education programs, technical assistance to commercial customers
- to clean up and remediate the groundwater supply in the SF Basin
- in cooperation with LASAN for increased water recycling
- in increased capture of stormwater within the basin
- in completing the Stormwater Master Plan.

Water Revenue Fund

Regulatory Compliance: Owens Valley



	FY 13-14		FY 14-15		FY 15-16	
	Actuals	Approved	Estimated	Proposed		
Capital (in Millions)						
Supplemental Dust Control	\$ 68.2	\$ 132.5	\$ 201.3	\$ 151.2		
Owens Valley Dust Mitigation	8.9	8.2	14.4	23.6		
Owens Lake Master Project	-	21.5	3.4	17.3		
East Sierra Environmental	6.5	5.5	4.0	7.0		
Total - Capital	\$ 83.6	\$ 167.7	\$ 223.1	\$ 199.0		
O&M (in Millions)						
Owens Lake O&M	\$ 44.4	\$ 28.1	\$ 28.6	\$ 35.3		
Lower Owens River O&M	3.7	4.2	3.0	3.7		
East Sierra Environmental	2.1	2.9	2.7	3.0		
Total - O&M	\$ 50.3	\$ 35.1	\$ 34.3	\$ 41.9		

Regulatory Compliance- Owens Valley:

- With the new Owens Lake Agreement, LA has a long term plan for the area
- Complete remaining sections of dust mitigation
- Work to reduce the water-intensive measures on the lake
- Provide increased long term available water.

Alignment with Mayor's Priority Outcome Areas - Highlights



1. Make Los Angeles the best run big city in America

- Resolve billing system challenges and improve customer service response times
- Continue multi-agency benchmarking to identify opportunities for further efficiencies

2. Promote good jobs for Angelenos all across Los Angeles

- Leverage FY 2015-16 spending to create 10,000 jobs and support the local economy
- Provide entry-level pre-craft training to ensure skilled workers for critical utility work

3. Create a more livable and sustainable city

- Invest in local water supply and reduce reliance on imported water
- Increase renewable energy portfolio and achieve early divestiture from coal

4. Ensure our communities are the safest in the nation

- Continue to invest in infrastructure reliability and resiliency
- Provide safe and high-quality drinking water and pursue local groundwater clean up

5. Partner with residents and civic groups to build a greater city

- Generate sustainable energy (Solar/FiT) locally with customers and business
- Expand public awareness of and participation in water and energy conservation