

Need for Sustained Investment

Customers - Mandates - Reliability



In 2012, LADWP received approval from the Board and the City Council for an increase in the water quality adjustment and a two-year power rate increase. Extensive public education and outreach was conducted to explain why the increases were needed and how increased revenues would be used.

At that time, LADWP described this request as the beginning, and explained the need for more long-term sustained rate changes.

Development of FY 2015-16 Budget

Customers - Mandates - Reliability



Work on the FY 2015-16 budget commenced during 2014 and will continue over the next two months leading towards a final budget with a multi-year capital improvement plan by May 31. This preliminary budget is a reflection of where we as an agency feel we need to be next year with regards to investment in infrastructure and critical programs.

This preliminary budget, which will continue to be updated and adjusted over the coming weeks, reflects additional revenues not yet approved by the Board of \$159 M and \$140 M for Power and Water¹, respectively.

These additional revenues directly correlate to what the department hopes to invest in planned water and power capital infrastructure, accelerate reliability and increase replacement cycles; decrease our risk for not complying with regulatory mandates; and improve customer service levels. We also feel that this would maintain LADWP's financial metrics and preserve our low cost of borrowing.

¹ Excluding Purchased Water

Competitive Rates - Now

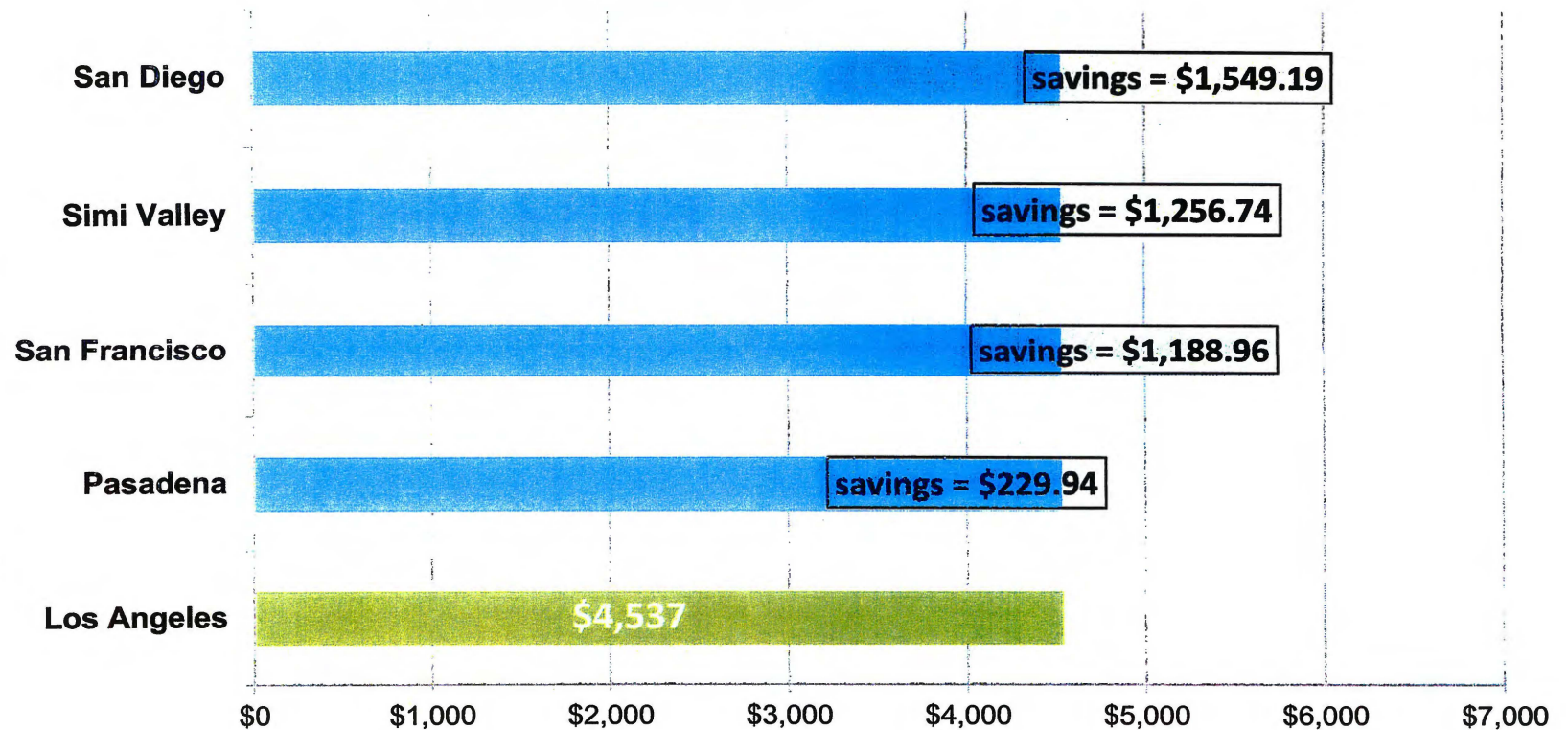


We've kept water and power rates competitive with other major California cities and nearby communities

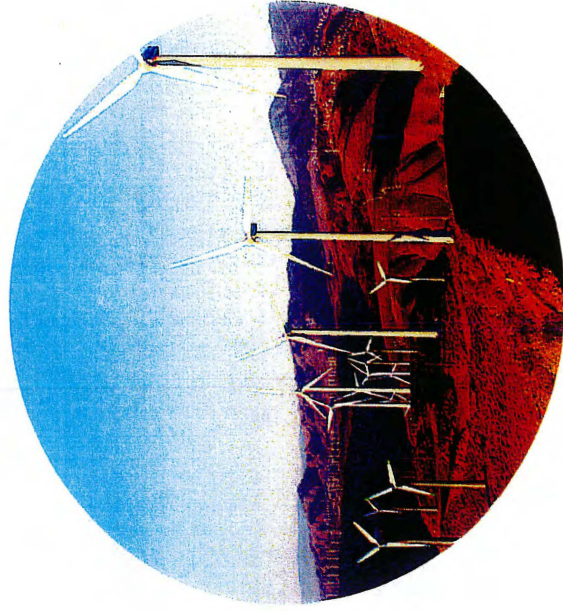
3-year Typical Customer Water & Power Bill

Comparison
of Water &
Power bills
over 3 years,
2012-2015

LADWP
typical
residential
savings

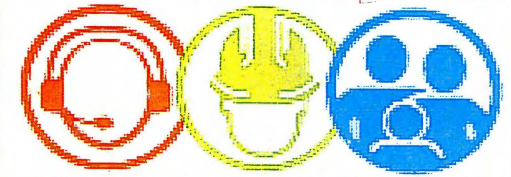


Power Revenue Fund



Power Revenue Fund

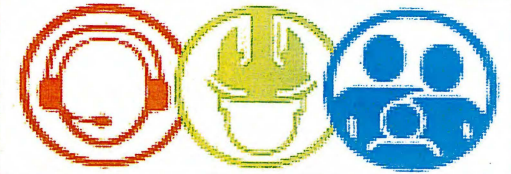
Key Expenditure Plan Summary



\$ in Millions	FY 2013-14	FY 2014-15		FY 2015-16
	Actual	Approved	Estimated	Proposed
OPERATING EXPENSE				
Non-Renewables	\$ 1,065	\$ 1,165	\$ 1,137	\$ 1,144
Renewables	322	280	310	381
Feed in Tariff	0	11	2	16
CO2, Emission and Other Expenses	26	45	45	28
Total Fuel and Purchased Power	\$ 1,414	\$ 1,501	\$ 1,494	\$ 1,569
Operation and Maintenance	936	962	957	1,010
Property Tax	14	16	16	17
Depreciation	467	550	545	585
TOTAL OPERATING EXPENSE	\$ 2,831	\$ 3,029	\$ 3,012	\$ 3,181
CITY TRANSFER	253	261	266	273
DEBT SERVICE	451	436	412	464
INCREASE IN FUND NET ASSETS	134	130	52	75
REVENUE REQUIREMENT	\$ 3,320	\$ 3,474	\$ 3,410	\$ 3,696
TOTAL CAPITAL INVESTMENT	\$ 1,214	\$ 1,476	\$ 1,431	\$ 1,598
Notes:				
1) The annual cost associated with the Capital Investment is reflected in Debt Service and Depreciation.				

Power Revenue Fund

Key Programs Summary



Power System Reliability Program

Replace the rapidly aging backbone and infrastructure of the Generation, Transmission, Substation, and Distribution 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

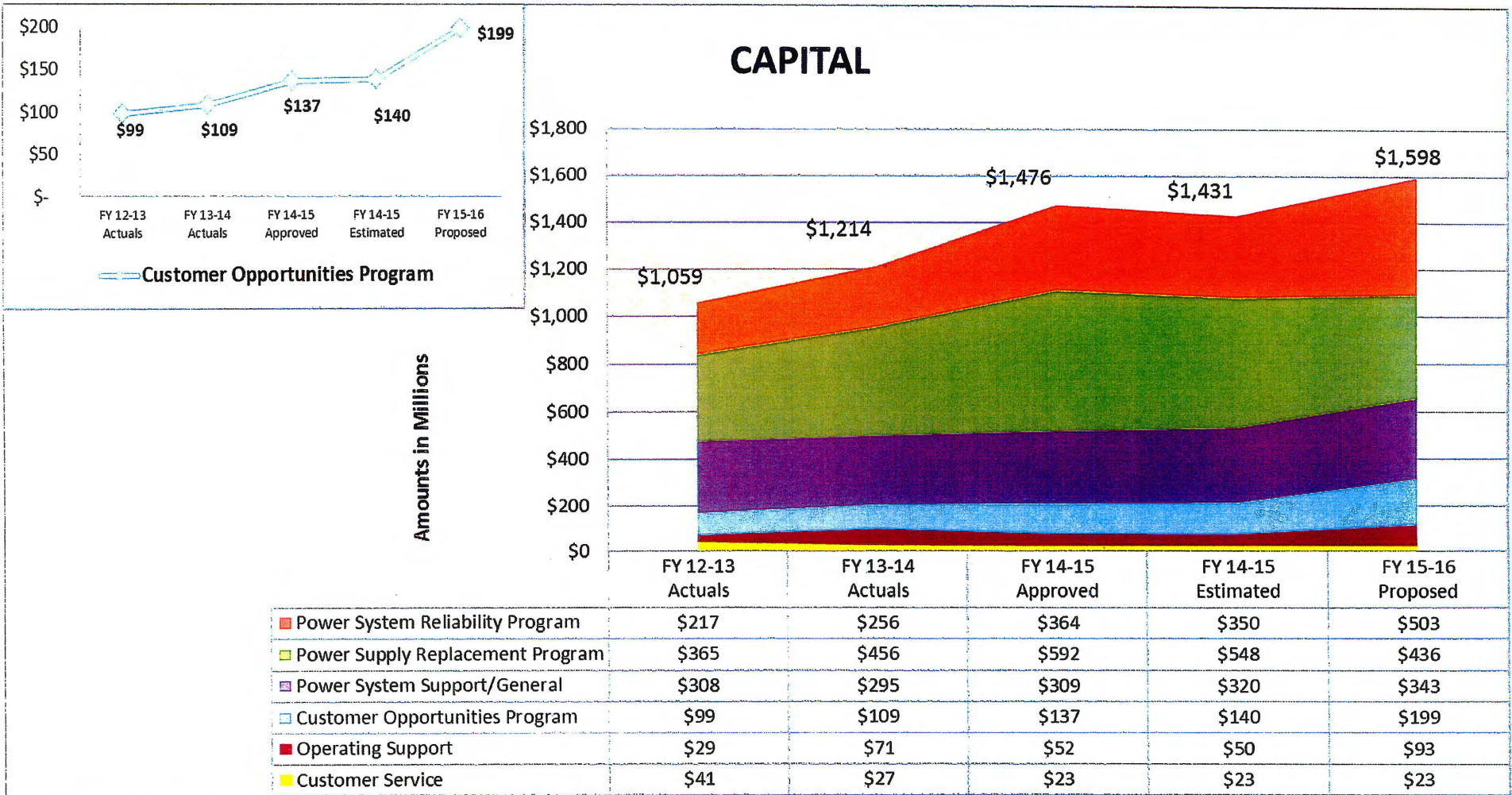
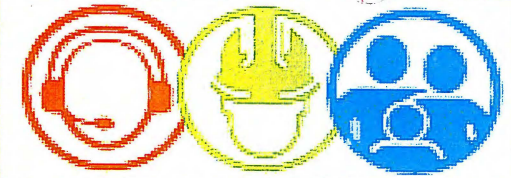
Provide shared and joint services including fleet, purchasing, finance, IT and human resources

Power System Support/General

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

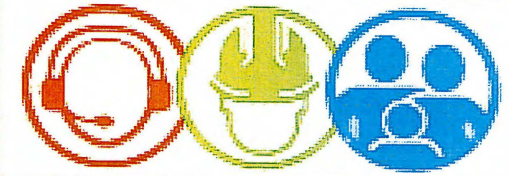
Power Revenue Fund

FY 15-16: Capital Expenditures Trend

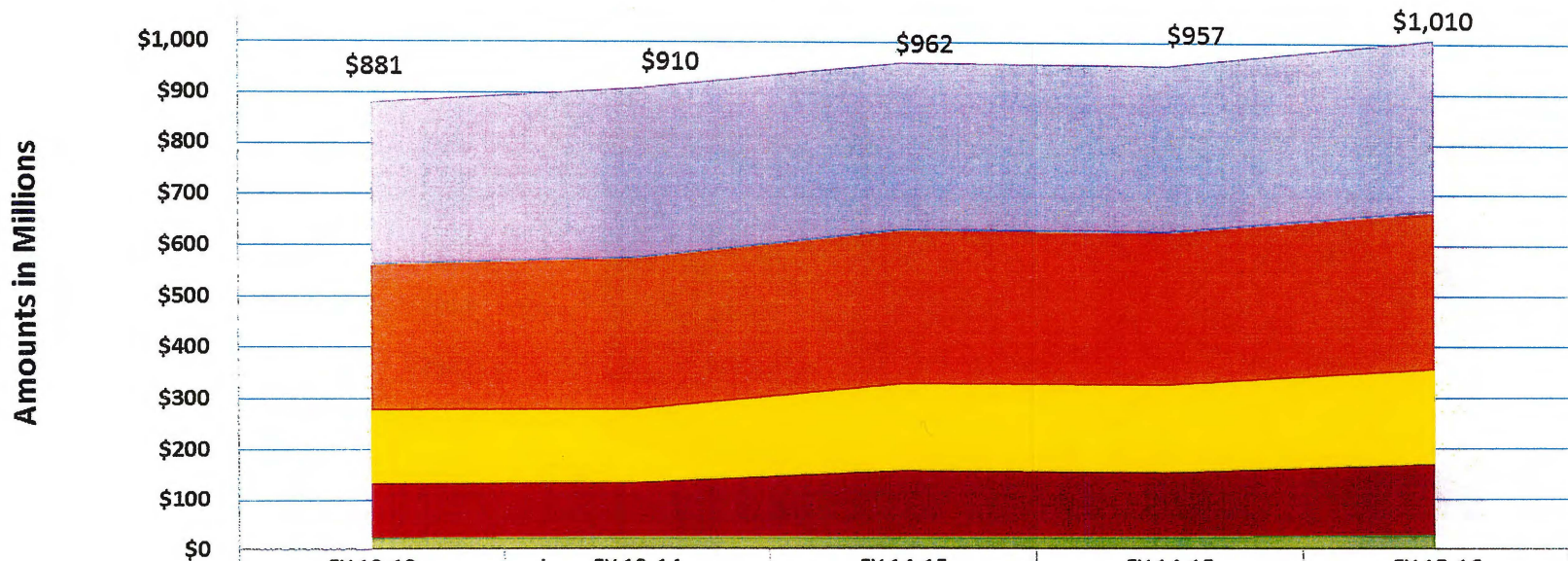


Power Revenue Fund

FY 15-16: O&M Expenditures Trend



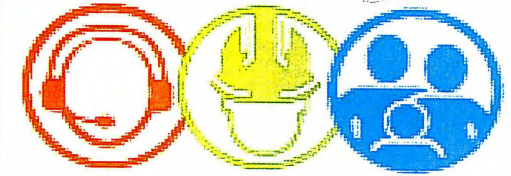
OPERATION AND MAINTENANCE



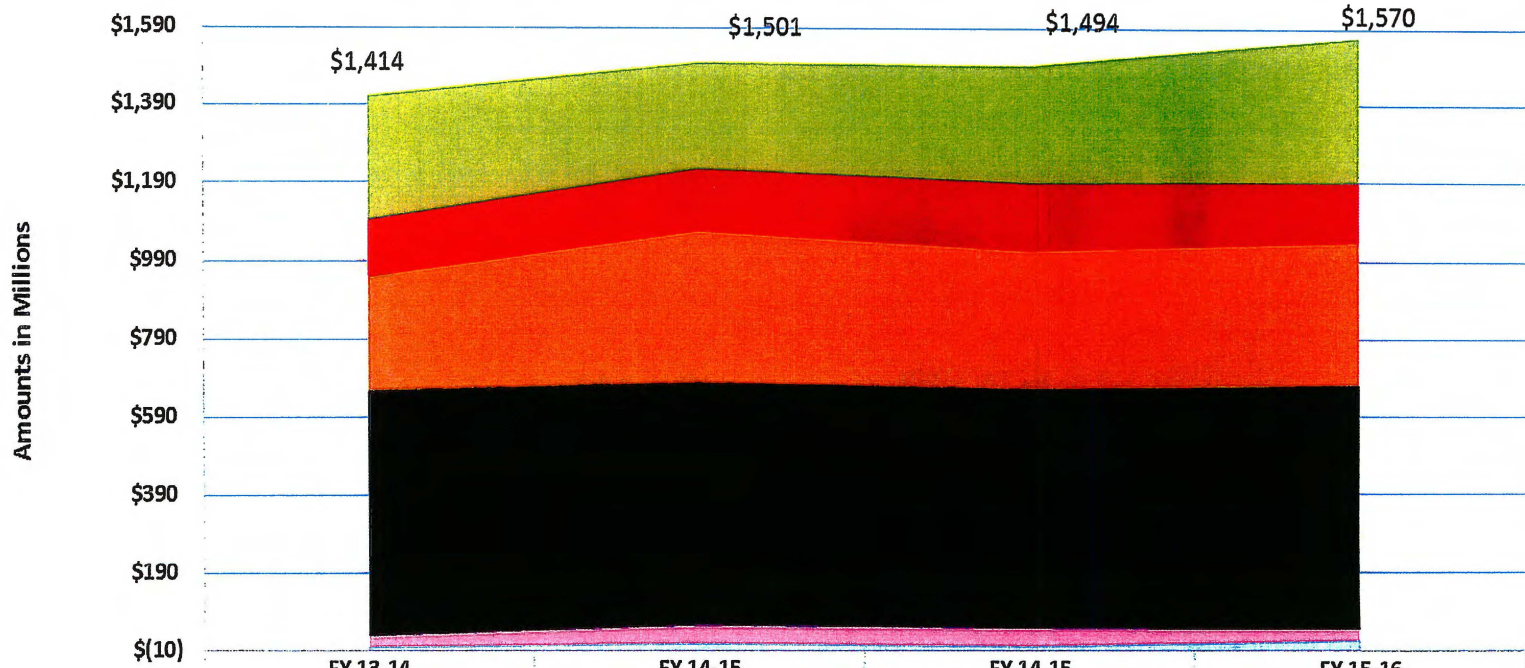
	FY 12-13 Actuals	FY 13-14 Actuals	FY 14-15 Approved	FY 14-15 Estimated	FY 15-16 Proposed
Power System Support/General	\$322	\$338	\$333	\$333	\$343
Power System Reliability Program	\$282	\$295	\$301	\$300	\$310
Customer Service	\$144	\$143	\$170	\$172	\$186
Operating Support	\$108	\$107	\$131	\$127	\$141
Power Supply Replacement Program	\$25	\$27	\$26	\$26	\$29

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	309	381
Other Non-Renewables	144	156	170	150
Natural Gas	292	390	355	368
Coal and Nuclear	630	619	613	626
CO2 Emissions and Other	26	45	45	28
Feed-in Tariff	0	11	2	16

Water Revenue Fund

