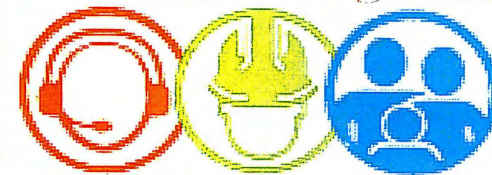


Power Revenue Fund

Power System Reliability Program



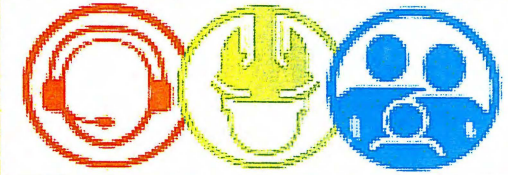
	FY 12-13	FY 13-14	FY 14-15		FY 15-16
	Actuals	Actuals	Approved	Estimated	Proposed
Capital (in Millions)					
Distribution	\$ 137.2	\$ 141.9	\$ 197.5	\$ 197.1	\$ 330.7
Substation	52.1	51.6	83.3	75.2	105.6
Transmission	9.8	46.2	82.0	76.0	51.6
Generation	18.3	16.8	1.4	1.3	15.5
Total - Capital	\$ 217.3	\$ 256.5	\$ 364.2	\$ 349.6	\$ 503.5
O&M (in Millions)					
Distribution	\$ 188.9	\$ 193.5	\$ 188.1	\$ 188.2	\$ 201.0
Apprentice and Journeyman Training	58.8	63.5	73.6	72.8	72.7
Transmission	23.3	25.3	27.5	26.6	26.0
Substation	11.6	12.4	12.1	11.9	10.9
Total - O&M	\$ 282.5	\$ 294.6	\$ 301.2	\$ 299.5	\$ 310.5

The **Power System Reliability Program (PSRP)** is critical for the replacement of the rapidly aging backbone and infrastructure of the Generation, Transmission, Substation, and Distribution 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

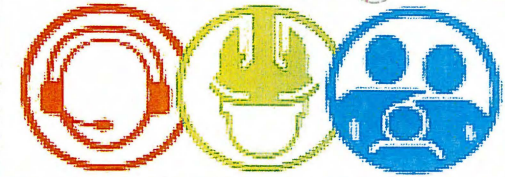


	FY 12-13	FY 13-14	FY 14-15		FY 15-16
	Actuals	Actuals	Approved	Estimated	Proposed
Capital (in Millions)					
Repowering (Rebuilding Local Power Plants)	\$ 270.6	\$ 375.2	\$ 277.6	\$ 285.6	\$ 92.2
RPS					
Barren Ridge Transmission	\$ 7.5	\$ 22.8	\$ 217.7	\$ 144.4	\$ 152.4
LT Transmission Development	5.8	3.4	9.6	9.1	128.1
Power System Support/General	51.2	27.0	44.2	44.2	35.1
Utility Built Solar	30.0	8.1	12.7	22.2	21.5
Beacon Solar Projects	-	19.0	30.1	42.3	6.4
Total RPS - Capital	\$ 94.5	\$ 80.3	\$ 314.2	\$ 262.2	\$ 343.6
Total Capital RPS and Repowering	\$ 365.1	\$ 455.6	\$ 591.8	\$ 547.8	\$ 435.8
O&M (in Millions)					
Wind and Solar Plant O&M	\$ 8.1	\$ 11.0	\$ 10.1	\$ 10.1	\$ 12.0
OVES Gen & Facils O&M	7.2	7.4	6.6	6.6	7.0
Small Hydro O&M	8.3	7.4	7.9	7.8	7.6
Power System Support/General	1.4	1.4	1.7	1.7	2.3
Total - O&M	\$ 25.0	\$ 27.1	\$ 26.2	\$ 26.2	\$ 29.0
Fuel and Purchased Power (in Millions)					
Renewable Energy (PPA's)	\$ 262.0	\$ 322.0	\$ 280.3	\$ 309.5	\$ 381.1
Total - FPPB	\$ 262.0	\$ 322.0	\$ 280.3	\$ 309.5	\$ 381.1

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



	FY 12-13	FY 13-14	FY 14-15		FY 15-16
	Actuals	Actuals	Approved	Estimated	Proposed
Capital (in Millions)					
Energy Efficiency	\$ 49.9	\$ 76.8	\$ 101.5	\$ 101.0	\$ 145.1
SB1 Solar Incentives	48.7	31.7	35.0	34.9	47.8
Demand Response Program	-	-	-	3.7	6.4
Total - Capital	\$ 98.5	\$ 108.5	\$ 136.5	\$ 139.6	\$ 199.3
Fuel and Purchased Power (in Millions)					
Feed-in Tariff	\$ -	\$ 0.1	\$ 10.5	\$ 2.2	\$ 16.3
Total - FPPB	\$ -	\$ 0.1	\$ 10.5	\$ 2.2	\$ 16.3

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.

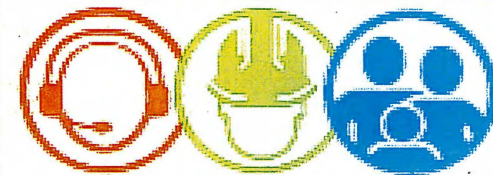
The Energy Efficiency budget will support the achievement of 442 GWh savings and allow the LADWP to continue to invest in customer rebate and installation programs and achieve the 15% Energy Efficiency goal by 2020 that was adopted by the LADWP Board on August 5, 2014.

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



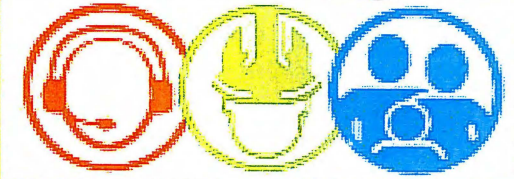
	<u>FY 12-13</u>	<u>FY 13-14</u>	<u>FY 14-15</u>		<u>FY 15-16</u>
	<u>Actuals</u>	<u>Actuals</u>	<u>Approved</u>	<u>Estimated</u>	<u>Proposed</u>
Capital (in Millions)					
Fleet Purchases	\$ 25.5	\$ 18.3	\$ 22.9	\$ 22.9	\$ 34.6
Financial System Replacement	<u>0.1</u>	<u>0.2</u>	<u>4.8</u>	<u>4.7</u>	<u>23.4</u>
Total - Capital	\$ 25.6	\$ 18.5	\$ 27.7	\$ 27.7	\$ 58.0
O&M (in Millions)					
Customer Service	\$ 144.0	\$ 143.5	\$ 170.0	\$ 171.9	\$ 186.0
In-Basin Plant O&M	<u>117.7</u>	<u>114.1</u>	<u>111.9</u>	<u>111.6</u>	<u>120.4</u>
Total - O&M	\$ 261.7	\$ 257.6	\$ 281.9	\$ 283.5	\$ 306.4

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

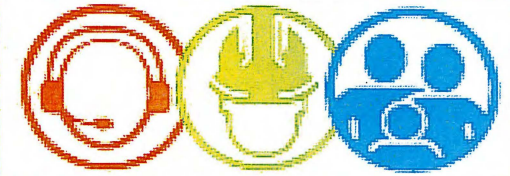
FY 15-16 Budget Overview



	FY 12-13	FY 13-14	FY 14-15		FY 15-16
	Actuals	Actuals	Approved	Estimated	Proposed
Capital (in Millions)					
Safe Drinking Water Program	\$ 194.4	\$ 271.0	\$ 172.5	\$ 168.6	\$ 295.1
Water Infrastructure Program	153.0	195.0	226.7	222.9	255.3
Local Water Supply and Remediation	59.9	80.8	118.1	130.6	192.6
Regulatory Compliance - Owens Valley	40.1	83.6	167.7	167.0	80.2
Operating Support	20.5	33.2	29.3	28.4	53.7
Customer Service	19.0	17.1	7.6	8.0	7.6
Total - Capital	\$ 486.8	\$ 680.6	\$ 722.0	\$ 725.4	\$ 884.4
O&M (in Millions)					
Water Infrastructure Program	\$ 128.2	\$ 136.4	\$ 127.4	\$ 128.8	\$ 131.0
Local Water Supply and Remediation	57.3	70.2	74.8	79.0	88.3
Safe Drinking Water Program	64.9	67.9	79.5	79.0	84.2
Customer Service	50.4	52.1	60.5	61.4	66.4
Operating Support	43.2	39.2	44.8	42.4	46.2
Regulatory Compliance - Owens Valley	31.3	50.3	35.1	35.0	34.0
Total - O&M	\$ 375.2	\$ 416.2	\$ 422.1	\$ 425.5	\$ 450.0
Purchased Water (in Millions)	\$ 280.4	\$ 339.4	\$ 343.9	\$ 298.0	\$ 209.3

Water Revenue Fund

Safe Drinking Water Program



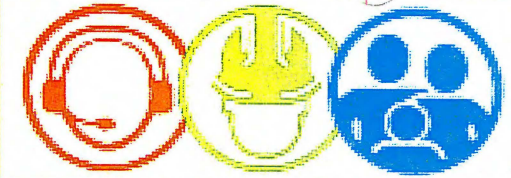
	FY 12-13		FY 13-14		FY 14-15		FY 15-16
	Actuals	Actuals	Approved	Estimated	Proposed		
Capital (in Millions)							
WQIP Trunkline Improvements	\$ 74.5	\$ 64.0	\$ 66.4	\$ 66.5	\$ 143.2		
WQIP Reservoir Improvements	76.2	174.5	65.0	65.4	106.2		
Water Treatment Improvements	14.9	13.8	22.3	17.7	33.1		
Chlorination Station Installations	27.4	16.8	16.6	16.6	10.8		
WSO Info Technology	1.2	1.6	1.9	2.1	1.4		
Tools & Equipment	0.1	0.3	0.3	0.3	0.3		
Total - Capital	\$ 194.4	\$ 271.0	\$ 172.5	\$ 168.6	\$ 295.1		
O&M (in Millions)							
Distr Reservoir O&M	\$ 20.8	\$ 20.8	\$ 23.8	\$ 23.7	\$ 25.2		
Distribution Treatment Opns	15.0	13.5	19.4	19.3	19.7		
WQ Control	14.8	16.0	15.3	15.1	18.4		
Filter Plant Opns	10.5	13.4	16.3	16.0	15.8		
Water Quality Regulatory	3.8	4.2	4.2	4.4	4.5		
System Flushing	0.0	0.0	0.5	0.5	0.5		
Total - O&M	\$ 64.9	\$ 67.9	\$ 79.5	\$ 79.0	\$ 84.2		

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



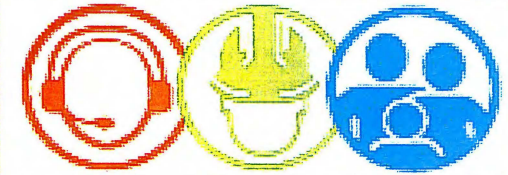
	FY 12-13	FY 13-14	FY 14-15		FY 15-16
	Actuals	Actuals	Approved	Estimated	Proposed
Capital (in Millions)					
Distribution Mains	\$ 63.3	\$ 68.8	\$ 77.6	\$ 76.7	\$ 86.6
Services, Meters and Hydrants	43.3	48.7	47.1	46.4	46.0
Trunkline & Major Sys Connection	3.0	5.2	12.1	12.7	33.6
Water System Support/General	17.0	17.1	43.1	41.0	33.0
Infrastructure Improvements	10.5	9.0	22.8	22.3	26.7
WSO Facilities	4.4	28.6	7.4	7.7	13.7
LA Aqueduct North and South	11.5	17.7	16.6	16.1	15.6
Total - Capital	\$ 152.8	\$ 195.0	\$ 226.7	\$ 222.9	\$ 255.3
O&M (in Millions)					
Water System Support/General	\$ 46.5	\$ 58.9	\$ 51.7	\$ 53.1	\$ 52.0
Distribution Mains O&M	39.1	34.7	35.4	35.1	36.3
LA Aqueduct North and South	22.7	23.0	19.9	20.6	21.9
Service Connections O&M	15.9	16.4	16.5	16.3	16.9
Fire Hydrant Maintenance	4.0	3.6	3.8	3.8	3.9
Total - O&M	\$ 128.2	\$ 136.4	\$ 127.4	\$ 128.8	\$ 131.0

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



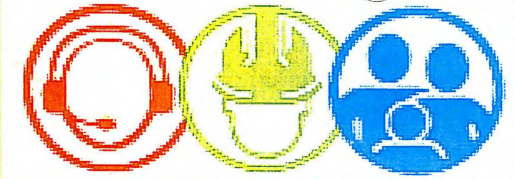
	FY 12-13		FY 13-14		FY 14-15		FY 15-16
	Actuals	Actuals	Approved	Estimated	Proposed		
Capital (in Millions)							
Reclaimed (Recycling) Water	\$ 16.1	\$ 21.0	\$ 36.5	\$ 49.7	\$ 72.5		
Groundwater	13.7	16.2	32.6	32.5	49.5		
Water Conservation	2.6	14.7	21.1	20.5	37.5		
Stormwater	23.9	16.3	26.4	26.4	33.1		
Resource Development	3.6	12.6	1.6	1.5	0.0		
Total - Capital	\$ 59.9	\$ 80.8	\$ 118.1	\$ 130.6	\$ 192.6		
O&M (in Millions)							
In City Pumping	\$ 31.8	\$ 38.5	\$ 38.9	\$ 39.3	\$ 41.4		
Water Conservation	11.2	9.7	13.9	16.5	21.4		
Resource Development	9.4	11.9	11.3	12.5	15.3		
Reclaimed Water	2.6	5.4	6.8	6.7	6.0		
Groundwater	0.7	1.6	1.4	1.4	2.3		
Stormwater	1.5	3.1	2.5	2.5	1.9		
Total - O&M	\$ 57.3	\$ 70.2	\$ 74.8	\$ 79.0	\$ 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

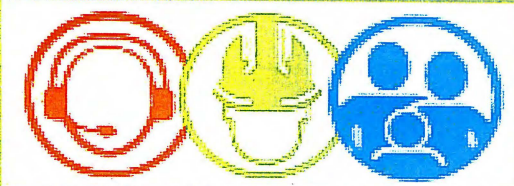


	FY 12-13	FY 13-14	FY 14-15		FY 15-16
	Actuals	Actuals	Approved	Estimated	Proposed
Capital (in Millions)					
Supplemental Dust Control	\$ 25.1	\$ 68.2	\$ 132.5	\$ 132.5	\$ 45.0
Owens Lake Master Project	-	-	21.5	21.5	21.5
East Sierra Environmental	3.0	6.5	5.5	4.6	7.0
Owens Valley Dust Mitigation	12.0	8.9	8.2	8.3	6.7
Total - Capital	\$ 40.1	\$ 83.6	\$ 167.7	\$ 167.0	\$ 80.2
O&M (in Millions)					
Owens Lake O&M	\$ 25.6	\$ 44.4	\$ 28.1	\$ 28.6	\$ 27.3
Lower Owens River O&M	3.0	3.7	4.2	3.7	3.7
East Sierra Environmental	2.7	2.1	2.9	2.7	3.0
Total - O&M	\$ 31.3	\$ 50.3	\$ 35.1	\$ 35.0	\$ 34.0

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