

A REVISED FINANCIAL CASE PLAN NUMBER 94

This appendix provides the details for Financial Case Plan Number 94, the official case upon which the revised proposed revenue requirement is determined.

Water FY16 Case#94 Final Rate Case Assumptions

Case Description

1 Planned Financial Metrics

Debt Service Coverage Ratio	1.70
Cash Balance (Water Revenue Fund)	150 operating days
Capitalization Ratio	65%

2 Sales Volumes / Forecasted Purchased Water Schedule

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3 % price increase for MWD water rates

	FY15	FY16	FY17	FY18	FY19	FY20	FY21
	4.90%	5.40%	5.50%	5.50%	6.20%	6.90%	7.60%

4 Budget Data for Capital and O&M

IBIS 04/22/15

5 Securitization

100% of Water Quality, GroundWater, Conservation and Recycled Water (include StormWater) capital projects, and Owens Valley Dust Mitigation & Master Project - Effective 7/1/16

	FY15	FY16	FY17	FY18	FY19	FY20	FY21
DWP Fixed Interest Rate			5.35%	5.35%	5.35%	5.35%	5.35%
Interest Rate Saving			0.25%	0.25%	0.25%	0.25%	0.25%
Interest Rate Use for Securitization (JPA)			5.10%	5.10%	5.10%	5.10%	5.10%

6 Pass Through Design

Effective 4/1/2016

7 Expense Stabilization Factor

Collect additional \$16.6M to reach a target of \$50M in Expense Stabilization Fund in FY16/17

1/1/2017

8 Water Security Elimination

Move WS Capital and O&M Fls to Water Quality and Infrastructure effective

4/1/2016

9 Infrastructure Pass Thru Funding

	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Cash	30%	35%	35%	35%	30%	30%	30%
Debt		70%	65%	65%	70%	70%	70%

10 New Money (Bond) Issue

Includes new money bond issuance

2014 Series A

11 Interest Expense - Rate Assumptions

	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Variable	0.18%	0.41%	0.88%	1.31%	1.61%	1.75%	1.75%
Fixed	4.25%	5.35%	5.35%	5.35%	5.35%	5.35%	5.35%

12 Interest Income - Rate Assumptions

	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Variable	0.98%	1.21%	1.70%	2.12%	2.38%	2.56%	2.56%

13 BABs Subsidy Reduction

	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Reduce subsidy by 7.2%	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)

14 State Revolving Fund Loan

(\$ Million)	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Amount	128.1	151.4	80.5	71.5	52.8	33.5	3.0

15 Recycled Water Capital Adjustment

(\$ Million)	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Capital	57.2	105.4	106.6	108.0	119.1	273.3	279.6
Adjustment	0.0	(25.0)	0.0	0.0	0.0	0.0	0.0
Adjusted Capital	57.2	80.4	106.6	108.0	119.1	273.3	279.6

16 Pass Through Factors

Reflects the latest update of

January-16

17 Owens Valley Master Plan

Yes

18 Depreciation for existing Plant Assets

4/10/2015

19 Unfunded Pension Liability as Regulatory Assets

	FY15	FY16	FY17	FY18	FY19	FY20	FY21
FY14/15	0.0	351.8	291.0	231.0	175.6	122.1	71.0

20 GASB 45 - Post Retirement Health Care (use Annual Required Contribution)

	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Annual Required Contribution	73.4	73.4	72.7	70.1	67.4	65.5	61.2
OPEB Cost	68.2	70.6	72.7	73.3	74.4	77.1	78.5

21 Bad Debt Allowance %

Recovers through Pass Thru Factors

	FY15	FY16	FY17	FY18	FY19	FY20	FY21
	1.5%	1%	1%	1%	1%	1%	1%

Water System Financial Plan Summary
(\$ in millions)

Water FY16 Case#94 Final Rate Case

O&M and Capex per - IBIS 04/22/15

Base Revenue/HCF Inc %	-0.8%	-2.9%	-1.3%	3.3%	6.8%	3.5%	0.3%	1.3%	2.4%
Water Supply Cost Adjustment/HCF Inc %	6.0%	17.8%	9.9%	-7.6%	0.6%	-3.1%	-0.1%	1.2%	1.6%
Conservation & Reclaimed Water/HCF Inc %	-1.7%	0.7%	1.5%	0.2%	-6.6%	0.0%	0.0%	0.0%	0.0%
Water Quality Factor (WQIA)/HCF Inc %	12.5%	0.7%	-3.2%	3.3%	3.6%	-1.1%	0.1%	0.4%	0.5%
Water Infrastructure Factor/HCF Inc %	0.0%	0.0%	0.0%	2.2%	6.6%	1.4%	2.9%	2.5%	3.4%
Water Expense Stabilization Revenue/HCF Inc %				0.0%	1.4%	-1.3%	0.0%	0.0%	0.0%
Security Factor/HCF Inc %	-2.3%	-0.1%	3.6%	-0.3%	-6.2%	0.0%	0.0%	0.0%	0.0%
Owens Lake & LORP Factor/HCF Inc %	-0.7%	0.1%	-1.6%	2.5%	0.3%	-0.6%	0.1%	0.2%	0.0%
Low Income Subsidy/HCF Inc %	-0.4%	-0.2%	0.2%	0.7%	-0.2%	-0.1%	0.0%	0.0%	0.0%
Water Revenue/HCF Inc %	-1.1%	-1.1%	0.0%	1.7%	0.9%	-1.5%	-0.8%	0.0%	0.0%
Securitization Revenue/HCF Inc %	0.0%	0.0%	0.0%	0.0%	2.5%	1.6%	1.8%	2.0%	3.2%
Total Billed Revenue/HCF Inc %	11.5%	15.1%	9.0%	6.0%	9.8%	-1.1%	4.1%	7.5%	11.1%
Total Billed Revenue/HCF Inc % excl PW	5.5%	-2.8%	-0.9%	13.6%	9.1%	1.9%	4.2%	6.4%	9.5%
5 Year Average (starting FY16)								5.3%	
5 Year Avg excluding PW (starting FY16)								7.1%	

Base Revenue Incr (\$M)	12.2	-30.5	-40.8	19.5	93.8	49.9	4.3	17.6	35.7
WSCA Revenue Incr (\$M)	57.8	163.9	70.3	-97.2	23.4	-35.0	-1.4	16.0	23.8
Conservation & Reclaimed Water Incr (\$M)	-11.0	5.7	9.6	-0.9	-71.8	0.0	0.0	0.0	0.0
Water Quality Factor (WQIA)/HCF Inc %	107.7	5.3	-44.2	28.1	48.8	-12.1	1.3	5.6	7.7
Water Infrastructure Factor/HCF Inc %	0.0	0.0	0.0	22.4	76.0	19.5	35.9	32.6	48.0
Expense Stabilization Revenue Incr (\$M)				0.0	16.5	-16.3	-0.2	0.0	0.0
Security Factor/HCF Inc %	-16.0	-1.1	32.1	-6.4	-68.0	0.0	0.0	0.0	0.0
Owens Lake & LORP Factor/HCF Inc %	-3.0	0.5	-19.5	24.2	6.2	-7.1	0.9	3.1	0.7
Low Income Subsidy Incr (\$M)	-1.9	-1.8	0.5	6.3	-0.6	-1.2	-0.5	0.4	-0.2
Water Revenue Incr (\$M)	-8.6	-10.2	0.0	17.3	11.7	-18.8	-10.2	0.0	0.0
Securitization Revenue Incr (\$M)		0.0	0.0	0.0	28.2	21.1	22.0	25.9	45.5
Base + Pass Thru Revenue Billed Incr (\$M)	137.2	131.8	8.0	13.4	164.2	0.1	52.2	101.3	161.2

	Actual 2012-13	Actual 2013-14	(3-6) 2014-15	Forecast 2015-16	Forecast 2016-17	Forecast 2017-18	Forecast 2018-19	Forecast 2019-20	Forecast 2020-21
1. Sales (Million HCF)	237.1	235.1	217.2	207.4	217.4	219.9	220.0	220.5	221.2
2. Revenue: *									
a. Base Rates	394.1	363.5	322.8	342.3	436.1	486.0	490.3	507.9	543.6
b. Water Supply Cost Adjustment Factor (previously known as Purchased Water)	317.1	365.6	340.6	394.1	304.9	307.0	321.2	333.0	360.3
c. Conservation & Reclaimed Water	56.3	66.5	110.4	83.6	0.0	0.0	0.0	0.0	0.0
d. Water Infrastructure Adjustment Factor			0.0	15.7	105.8	117.9	154.3	189.7	237.0
e. Water Expense Stabilization Adjustment Factor				0.0	16.7	0.0	0.0	0.0	0.0
f. Water Security Adjustment Factor	51.4	79.4	63.6	66.0	0.0	0.0	0.0	0.0	0.0
g. Water Quality Adjustment Factor	160.5	168.6	124.4	169.8	185.3	188.4	191.8	198.5	204.8
h. Base Revenue Target Adjustment Factor	0.7	0.0	57.2	0.0	0.0	0.0	0.0	0.0	0.0
i. Owens Valley Regulatory Adjustment Factor	30.1	43.2	68.8	58.8	51.9	52.4	53.2	56.7	56.7
j. Low Income Subsidy Adjustment Factor	22.5	23.7	22.8	29.4	26.8	26.8	26.7	26.7	26.7
k. Water Rights Revenue	4.1	2.7	1.8	4.1	6.4	6.6	9.0	9.2	9.3
l. Other Operating Revenue	13.5	46.3	-19.6	4.7	4.8	4.8	4.9	4.9	5.0
m. Allowance for Uncollectible Accounts	-8.1	-17.8	-10.4	-10.8	-10.9	-12.3	-12.1	-12.4	-13.1
Total Operating Revenue before Securitization	1,042.2	1,141.8	1,082.4	1,157.5	1,127.7	1,177.6	1,239.4	1,314.3	1,430.3
1. Securitization Revenue		0.0	0.0	0.0	28.2	49.2	71.3	97.2	142.6
Total Operating Revenue include Securitization	1,042.2	1,141.8	1,082.4	1,157.5	1,155.9	1,226.8	1,310.6	1,411.4	1,572.9
System Average Rate before Securitization \$(/HCF)	3.95	4.55	4.96	5.26	5.64	5.48	5.62	5.95	6.45
System Average Rate include Securitization \$(/HCF)	3.95	4.55	4.96	5.26	5.77	5.71	5.94	6.39	7.10
3. Purchased Water Expenses	280.4	339.4	273.1	245.4	154.6	150.0	167.5	159.5	168.8
4. Operation & Maintenance Expenses									
a. Water Quality	41.2	42.9	43.3	84.1	87.9	92.4	96.7	97.4	100.6
b. Water Reclamation	3.7	9.3	7.7	7.8	8.7	8.7	9.1	8.7	7.8
c. Water Conservation	11.2	9.7	7.8	21.4	21.8	22.3	12.8	13.1	13.3
d. In-City Pumping	30.4	35.7	43.8	41.4	43.0	44.5	45.7	46.9	48.3
e. Water Security	31.8	33.5	37.7	0.0	0.0	0.0	0.0	0.0	0.0
f. Owens Valley/LORP	28.6	48.2	29.5	38.9	45.2	46.2	47.4	47.8	48.1
g. Infrastructure	232.5	239.0	274.5	265.3	266.8	270.9	280.0	287.8	293.6
Total O & M Expenses	379.5	418.4	444.3	458.9	473.4	484.9	491.8	501.7	511.8
5. Legal Settlement Expense							0.0	0.0	0.0
6. Depreciation (including Amortization of Regulatory Assets)	112.7	123.3	136.6	156.8	169.0	188.5	209.3	232.8	260.4
7. Property Taxes	12.6	12.6	13.3	16.4	18.1	18.1	18.1	18.1	18.1
8. Other Income/Expense (Net)	27.8	32.1	24.8	18.7	19.5	21.0	21.9	22.5	22.4
9. Interest Expense(Net)	150.0	156.0	164.0	202.6	219.7	229.9	249.2	276.0	311.5
10. Contribution in Aid of Construction	16.7	28.3	34.4	12.6	21.1	27.5	34.2	42.1	55.9
11. Net Income without Securitization	151.6	152.4	110.3	108.7	125.0	139.8	137.9	161.2	194.7
Net Income with Securitization			110.3	108.7	133.6	154.7	159.5	190.7	238.1
12. Capital Expenditures:									
a. Water Conservation	2.6	14.7	33.4	37.5	38.6	38.8	39.6	40.3	41.0
b. Water Quality	204.6	245.2	172.3	328.9	330.7	234.6	199.4	166.3	434.1
c. Water Reclamation	37.0	37.3	57.2	80.4	106.6	108.0	119.1	273.3	279.6
d. Water Security	15.8	43.3	24.7	0.0	0.0	0.0	0.0	0.0	0.0
e. Owens Valley				192.1	139.3	118.5	148.9	220.3	218.9
f. Infrastructure - Pass Through				209.4	280.6	295.1	439.1	481.8	574.7
Infrastructure - Base	222.5	328.9	446.5	134.4	156.2	153.8	175.3	174.0	117.9
Capital Expenditures	482.5	669.5	734.2	982.7	1,052.0	948.8	1,121.4	1,356.0	1,666.2
13a. DWP Borrowing	352	509	399	598	254	288	516	670	668
13b. State Loan				151	81	72	53	34	3
13c. Borrowing for Securitization		0	0	0	428	320	335	393	691
14a. Debt Service	192	203	214	263	302	328	351	394	434
14b. Debt Service for Securitization		0	0	0	28	49	71	97	143
15. Cash on hand	415	336	342	296	282	268	278	279	287
16. Days of Operating Cash	225	159	171	150	159	150	150	150	150
17. Days of Operating Cash with Debt Service	175	126	132	110	109	100	99	95	93
Financial Ratios									
Debt Service Coverage Ratio	2.19	2.08	1.83	1.78	1.70	1.70	1.70	1.70	1.77
Capitalization Ratio	0.58	0.60	0.61	0.64	0.64	0.64	0.64	0.65	0.65
Addtl Bond Test Ratio: (prev / max)									
Debt Service Coverage	1.17	1.46	1.52	1.32	1.43	1.51	1.53	1.50	1.55

* FY14-15 reflects actual through June (3-6) 2015 and Approved Pass Thru Factor through Jan 2016

Infrastructure O&M Increase	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Infrastructure Capex Increase	0.0	0.0	-25.0	0.0	0.0	0.0	0.0	0.0	0.0

Water System Income Statement
(\$ in millions)

Water FY16 Case#94 Final Rate Case

Fiscal Year ending June 30,	Actual	Actual	(3-6)	Forecast					
	2013	2014	2015	2016	2017	2018	2019	2020	2021
Consumption (Million HCF)	237.1	235.1	217.2	207.4	217.4	219.9	220.0	220.5	221.2
Revenue From Base Rates	394.1	363.5	322.8	342.3	436.1	486.0	490.3	507.9	543.6
Revenue from Water Supply Cost Adjustment (WSCA) Factor	197.8	361.7	432.0	334.8	358.1	323.1	321.7	337.7	361.6
Revenue from Conservation & Reclaimed Water (WPA) Factor	57.3	63.0	72.7	71.8	0.0	0.0	0.0	0.0	0.0
Revenue from Water Quality Factor (WQIA)	163.3	168.6	124.4	152.5	201.4	189.3	190.6	196.2	203.9
Revenue from Infrastructure				22.4	98.5	118.0	153.9	186.5	234.5
Revenue from Water Expense Stabilization Adjustment Factor				0.0	16.5	0.2	0.0	0.0	0.0
Revenue from Security Factor	43.3	42.3	74.4	68.0	0.0	0.0	0.0	0.0	0.0
Revenue from Owens Lake & LORP Factor	47.6	48.1	28.6	52.8	59.0	52.0	52.8	56.0	56.6
Revenue from Low Income Subsidy Factor	23.8	22.0	22.5	28.8	28.2	27.0	26.5	26.9	26.8
Revenue from Base Revenue Target Adjustment	10.3	0.0	0.0	17.3	29.0	10.2	0.0	0.0	0.0
Total Retail Revenue	937.5	1,069.3	1,077.3	1,090.7	1,226.8	1,205.8	1,235.9	1,311.3	1,427.1
System Average before Securitization (\$/HCF)	3.95	4.55	4.96	5.26	5.64	5.48	5.62	5.95	6.45
Change in Accrued Revenue	9.1	41.6	(18.2)	0.0	0.0	0.0	0.0	0.0	0.0
Change in (Over)/Under Collection of WSC Adj Factor	119.4	3.9	(91.3)	59.3	(53.2)	(16.2)	(0.5)	(4.7)	(1.3)
Change in (Over)/Under Collection of Conservation/RW	(1.0)	3.5	37.7	11.9	0.0	0.0	0.0	0.0	0.0
Change in (Over)/Under Collection of WQIA Factor (o&M/DS only)	(2.9)	0.0	0.0	17.2	(16.0)	(0.8)	1.2	2.2	0.9
Change in (Over)/Under Collection of Infrastructure				(6.8)	7.3	(0.0)	0.4	3.2	2.4
Change in (Over)/Under Collection of Water Expense Stabilization				0.0	0.2	(0.2)	0.0	0.0	0.0
Change (Over)/Under Security Factor	8.0	37.1	(10.8)	(2.0)	0.0	0.0	0.0	0.0	0.0
Change (Over)/Under Owens Lake Factor	(17.5)	(4.9)	40.2	5.9	(7.2)	0.4	0.4	0.7	0.1
Change (Over)/Under Low Income Subsidy Factor	(1.3)	1.7	0.3	0.5	(1.5)	(0.3)	0.2	(0.2)	(0.0)
Change (Over)/Under Base Revenue Target Adjustment	(9.5)	(0.0)	57.2	(17.3)	(29.0)	(10.2)	0.0	0.0	0.0
Water Rights Revenue	4.1	2.7	1.8	4.1	6.4	6.6	9.0	9.2	9.3
Other Operating Revenue	4.3	4.7	(1.4)	4.7	4.8	4.8	4.9	4.9	5.0
Allowance for Uncollectible Accounts	(8.1)	(17.8)	(10.4)	(10.8)	(10.9)	(12.3)	(12.1)	(12.4)	(13.1)
Additional allowance for Uncollectible Accounts						0.0			
Total Operating Revenue	1,042.2	1,141.8	1,082.4	1,157.5	1,127.7	1,177.6	1,239.4	1,314.3	1,430.3
Purchased Water	280.4	339.4	273.1	245.4	154.6	150.0	167.5	159.5	168.8
Demand Side Management	11.2	9.7	7.8	21.4	21.8	22.3	12.8	13.1	13.3
Operation & Maintenance Expense	368.2	408.7	436.5	437.5	451.6	462.7	479.0	488.6	498.5
Legal Settlement Expense							0.0	0.0	0.0
Amortization of Regulatory Assets	1.1	2.5	4.1	7.5	10.2	13.1	16.1	19.6	23.4
Depreciation	111.6	120.9	132.5	149.3	158.7	175.5	193.3	213.2	237.0
Property Taxes	12.6	12.6	13.3	16.4	18.1	18.1	18.1	18.1	18.1
Total Operating Expenses	785.1	893.7	867.3	877.5	815.1	841.5	886.7	912.1	959.0
Operating Income	257.1	248.1	215.1	280.1	312.6	336.1	352.6	402.1	471.3
Gain/Loss on Asset Sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Income/Expenses, Net	27.8	32.1	24.8	18.7	19.5	21.0	21.9	22.5	22.4
Income Before LT Debt Exp.	284.9	280.2	239.9	298.7	332.2	357.1	374.5	424.7	493.7
Interest On Fixed LT Debt	160.6	169.3	186.6	211.5	231.0	242.8	262.4	291.2	322.9
Interest On Variable LT Debt	0.4	1.8	0.1	1.3	2.9	4.3	4.3	4.3	4.3
Amortization of Debt Expenses	(6.0)	(10.6)	(13.1)	(2.6)	(5.6)	(4.8)	(2.0)	(0.1)	0.4
Long Term Debt Expense	155.0	160.4	173.6	210.2	228.2	242.3	264.6	295.4	327.6
AFUDC	(5.0)	(4.4)	(9.6)	(7.6)	(8.5)	(12.5)	(15.4)	(19.4)	(16.1)
Net Long Term Debt Expense	150.0	156.0	164.0	202.6	219.7	229.9	249.2	276.0	311.5
Contributions in Aid of Construction	16.7	28.3	34.4	12.6	12.6	12.5	12.5	12.5	12.5
CIAC - Amortization of Regulatory Asset (Securitization)				0.0	8.6	15.0	21.7	29.5	43.4
Change in Fund Net Assets before Securitization		152.4	110.3	108.7	125.0	139.8	137.9	161.2	194.7
Change in Fund Net Assets with Securitization	151.6	152.4	110.3	108.7	133.6	154.7	159.5	190.7	238.1
Transfer To City Reserve Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Extraordinary gain/(loss) on extinguishment of debt									
Increase in Fund Net Assets with Securitization	151.6	152.4	110.3	108.7	133.6	154.7	159.5	190.7	238.1

Calculation for System Average Rate (\$/HCF)

Consumption (Million HCF)	235.1	217.2	207.4	217.4	219.9	220.0	220.5	221.2
Billed Revenue Before Securitization	1,069.3	1,077.3	1,090.7	1,226.8	1,205.8	1,235.9	1,311.3	1,427.1
Securitization Revenue	0.0	0.0	0.0	28.2	49.2	71.3	97.2	142.6
Billed Revenue Include Securitization	1,069.3	1,077.3	1,090.7	1,255.0	1,255.0	1,307.2	1,408.5	1,569.7
System Average before Securitization (\$/HCF)	4.55	4.96	5.26	5.64	5.48	5.62	5.95	6.45
System Average include Securitization (\$/HCF)	4.55	4.96	5.26	5.77	5.71	5.94	6.39	7.10

**Los Angeles Department of Water
Water System Balance Sheet**

(\$ in millions)

Water FY16 Case#94 Final Rate Case

Fiscal Year ending June 30,	Actual	(3-6)	Forecast					
	2014	2015	2016	2017	2018	2019	2020	2021
Plant Assets:								
Plant in Service	7,377.4	7,813.4	8,772.6	9,615.6	10,554.1	11,544.3	12,613.9	13,905.3
C W I P	923.8	1,182.0	1,149.6	1,304.4	1,261.0	1,336.3	1,550.1	1,847.5
Gross Plant	8,301.2	8,995.4	9,922.2	10,919.9	11,815.1	12,880.6	14,164.0	15,752.8
Accum. Depreciation	2,351.0	2,482.0	2,618.9	2,767.8	2,936.3	3,125.7	3,338.5	3,578.9
Net Plant Assets	5,950.2	6,513.4	7,303.4	8,152.1	8,878.8	9,754.9	10,825.5	12,173.9
Current Assets:								
Revenue Fund	335.7	342.0	296.2	282.1	268.3	278.4	279.2	287.1
Construction Fund	212.2	110.3	0.0	0.0	0.0	0.0	0.0	0.0
Construction Fund - Securitization		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Insurance Funds & Others	26.9	27.9	28.9	29.9	30.9	31.9	32.9	33.9
Expense Stabilization Fund	33.4	33.5	33.5	49.8	50.0	50.0	50.0	50.0
Bond Redemption & Interest Fund	114.8	131.7	164.6	192.7	201.2	221.9	241.8	263.9
Accounts Receivable	105.9	85.7	106.8	111.2	108.8	108.2	112.5	119.3
Due from/to Power System	(40.3)	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)
Accrued Revenue	88.0	69.0	69.0	69.0	69.0	69.0	69.0	69.0
Material & Supplies	19.6	19.3	19.3	19.3	19.3	19.3	19.3	19.3
Prepayments	18.1	19.7	19.7	19.7	19.7	19.7	19.7	19.7
Total Current Assets	914.3	835.2	734.2	769.9	763.4	794.6	820.6	858.4
Regulatory Assets - Reclamation	67.1	106.5	112.4	116.7	124.0	135.7	167.4	199.8
Regulatory Assets - Conservation			37.5	76.1	114.9	154.5	194.7	235.7
Net Pension Asset	7.0	(15.6)	(15.6)	(15.6)	(15.6)	(15.6)	(15.6)	(15.6)
Net Postretirement Asset	309.8	313.5	314.4	314.4	313.4	311.2	307.4	307.4
Regulatory Asset - Unfunded Pension Liability		0.0	351.8	291.0	231.0	175.6	122.1	71.0
Total Assets	7,248.4	7,753.0	8,838.2	9,704.6	10,409.9	11,310.9	12,422.1	13,830.7
Retained Earning	1,849.3	1,908.0	2,004.1	2,116.6	2,243.9	2,369.2	2,517.9	2,700.1
Accumulated CIAC	908.4	942.8	955.3	976.5	1,004.0	1,038.2	1,080.2	1,136.1
Prior Period Adjustment - Cost of Issuance	(17.1)							
Fund Net Assets	2,740.5	2,850.8	2,959.5	3,093.1	3,247.8	3,407.4	3,598.1	3,836.2
Fixed Rate Bonds	3,513.1	3,791.3	4,330.1	4,507.8	4,707.1	5,131.8	5,696.2	6,252.1
State Loan	304.0	421.7	573.1	653.6	725.1	777.9	811.4	814.4
Variable Rate Bonds	325.0	325.0	325.0	325.0	325.0	325.0	325.0	325.0
Long Term Debt Due 1 YR	(27.2)	(39.0)	(68.1)	(80.9)	(83.9)	(98.4)	(106.3)	(112.5)
Non - Current Debt	4,114.9	4,499.0	5,160.2	5,405.5	5,673.3	6,136.2	6,726.4	7,279.0
Current Liabilities:								
Long Term Debt Due in 1 Yr	27.2	39.0	68.1	80.9	83.9	98.4	106.3	112.5
Accrued Interest on Bonds	88.6	94.7	96.6	111.8	117.3	123.5	135.5	151.4
Accounts Payable	182.4	185.2	185.2	185.2	185.2	185.2	185.2	185.2
LT Workers Comp. Liab.	26.5	25.5	25.5	25.5	25.5	25.5	25.5	25.5
Customer Deposit	113.4	137.9	139.2	140.6	142.0	143.5	144.9	146.3
Accrued Postretirement Liab.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payable to City's Reserve Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Over (Under) Recovery Water Supply Cost Adj	(120.9)	(29.6)	(89.0)	(35.7)	(19.6)	(19.0)	(14.3)	(13.0)
Over (Under) Recovery Conservation & Reclaim	50.4	11.9	0.0	0.0	0.0	0.0	0.0	0.0
Over (Under) Recovery Water Quality	0.0	0.0	(17.2)	(1.2)	(0.4)	(1.6)	(3.8)	(4.7)
Over (Under) Recovery Infrastructure			6.8	(0.5)	(0.5)	(0.8)	(4.0)	(6.5)
Over (Under) Recovery Water Expense Stabilization			0.0	(0.2)	0.0	0.0	0.0	0.0
Over (Under) Recovery Water Security	(12.8)	(2.0)	0.0	0.0	0.0	0.0	0.0	0.0
Over (Under) Recovery Owens Lake	39.4	(0.8)	(6.7)	0.5	0.1	(0.4)	(1.1)	(1.2)
Over (Under) Recovery Water Subsidy	(1.6)	(2.0)	(2.5)	(1.0)	(0.7)	(1.0)	(0.8)	(0.7)
Over (Under) Recovery BRTA	0.6	(56.5)	(39.2)	(10.2)	0.0	0.0	0.0	0.0
Total Current Liabilities	393.0	403.2	366.7	495.5	532.8	553.3	573.4	594.8
Unfunded Pension Liability		0.0	351.8	291.0	231.0	175.6	122.1	71.0
Regulatory Assets - Securitization			0.0	419.5	724.9	1,038.4	1,402.2	2,049.7
Total Fund Net Assets and Liabilities	7,248.4	7,753.0	8,838.2	9,704.6	10,409.9	11,310.9	12,422.1	13,830.7

Water System Source of Funds
(\$ in millions)

Water FY16 Case#94 Final Rate Case

Fiscal Year ending June 30,	Actual	Actual	(3-6)	Forecast					
	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenue Fund	295.9	415.0	335.7	342.0	296.2	282.1	268.3	278.4	279.2
Construction Fund		42.9	212.2	110.3	0.0	0.0	0.0	0.0	0.0
Beginning Cash	295.9	457.9	547.9	452.2	296.2	282.1	268.3	278.4	279.2
Available From Operation	101.2	117.4	147.6	123.3	298.6	245.0	231.7	262.4	318.5
Cont. In Aid Of Construction	16.7	28.3	34.4	12.6	12.6	12.5	12.5	12.5	12.5
Cont. In Aid Of Construction - Securitization			0.0	0.0	8.6	15.0	21.7	29.5	43.4
Bond Proceeds for Capex	322.0	380.0	271.0	598.0	253.9	287.9	515.8	669.7	668.4
State Loan	29.5	129.2	128.1	151.4	80.5	71.5	52.8	33.5	3.0
Bond Proceeds for Refunding	208.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Bond Proceeds for Disc/Prem on Refunding	45.3	46.3	0.0	0.0	0.0	0.0	0.0	0.0	
Change In Current Assets	(23.7)	(9.4)	(20.0)	(99.5)	(92.6)	(52.4)	(70.2)	(93.5)	(103.3)
Change In Current Liabilities	37.5	47.1	32.4	3.3	16.6	6.9	7.6	13.4	17.3
Regulatory Asset - Unfunded Pension Liability			0.0	(351.8)	60.8	60.0	55.4	53.5	51.1
Unfunded Pension Liability			0.0	351.8	(60.8)	(60.0)	(55.4)	(53.5)	(51.1)
Regulatory Assets - Securitization			0.0	0.0	419.5	305.4	313.5	363.8	647.6
Clearing Depreciation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Refunded Bonds	(237.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accrued Interest on Refunded Bonds	(16.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Premium (Discount) on Bonds	51.6	0.0	40.0	0.0	0.0	0.0	0.0	0.0	0.0
Bond Issue Costs	(1.7)	(1.0)	(0.8)	(6.0)	(2.5)	(2.9)	(5.2)	(6.7)	(6.7)
Sale of Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Adjustments									
Total Source	829.0	1,195.8	1,180.5	1,235.4	1,291.3	1,171.1	1,348.5	1,563.1	1,879.9
Less: Capital Expenditures (excl CIAC, REV, AFUDC & DSM&Reclaimed Regulatory Assets)	414.0	669.5	734.2	939.2	1,009.2	902.7	1,070.1	1,284.0	1,592.8
Adjustment to reconcile with Cash		21.6	5.8						
Ending Cash	415.0	547.9	452.2	296.2	282.1	268.3	278.4	279.2	287.1

* FY12 & FY13- excluding Regulatory Assets and including adjustment to reconcile to revenue fund.

Water System Operating Results

(\$ in millions)

Water FY16 Case#94 Final Rate Case

<i>Fiscal Year ending June 30,</i>	<i>Actual</i>	<i>Actual</i>	<i>(3-6)</i>	<i>Forecast</i>					
	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Operating Revenue (Cash basis)	937.8	1,058.9	1,067.3	1,088.7	1,227.1	1,204.9	1,237.7	1,313.0	1,428.2
Additional allowance for Uncollectible Accounts		0.0	0.0			0.0			
Purchased Water	280.4	339.4	273.1	245.4	154.6	150.0	167.5	159.5	168.8
Conservation	11.2	9.7	7.8	21.4	21.8	22.3	12.8	13.1	13.3
O & M Expenses	368.2	408.7	436.5	437.5	451.6	462.7	479.0	488.6	498.5
Legal Settlement Expense							0.0	0.0	0.0
Taxes	12.6	12.6	13.3	16.4	18.1	18.1	18.1	18.1	18.1
Total O & M Less Depreciation	672.5	770.4	730.7	720.6	646.1	653.0	677.4	679.3	698.6
Net Proceeds From Assets Sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AFUDC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Income/Expenses, Net	27.8	32.1	24.8	18.7	19.5	21.0	21.9	22.5	22.4
Total Other Income	27.8	32.1	24.8	18.7	19.5	21.0	21.9	22.5	22.4
Balance Avail for DS	293.1	320.6	361.4	386.8	600.5	573.0	582.2	656.3	752.0
Interest on Fixed Rate Debt	160.6	169.3	186.6	211.5	231.0	242.8	262.4	291.2	322.9
Fixed Rate Bond Maturities	30.9	32.2	27.2	50.6	68.1	80.9	83.9	98.4	106.3
Interest on Variable Rate Debt	0.4	1.8	0.1	1.3	2.9	4.3	4.3	4.3	4.3
Variable Rate Bond Maturities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Debt Service	191.9	203.2	213.8	263.5	301.9	328.0	350.5	393.9	433.5
Balance Available After DS	101.2	117.4	147.6	123.3	298.6	245.0	231.7	262.4	318.5
Available From Operation	101.2	117.4	147.6	123.3	298.6	245.0	231.7	262.4	318.5

LOS ANGELES DEPARTMENT OF WATER AND POWER
FINANCIAL PLAN - RATING AGENCY RATIOS

(\$ in millions)

Water FY16 Case#94 Final Rate Case

FY ENDING JUNE 30	Actual	Actual	(3-6)	Forecast					
	2013	2014	2015	2016	2017	2018	2019	2020	2021
① Debt Service Coverage Ratio:									
Total Operating Revenue (Accrual Basis)	1042.2	1141.8	1082.4	1157.5	1127.7	1177.6	1239.4	1314.3	1430.3
Total O&M (excluding Depreciation)	(672.5)	(770.4)	(730.7)	(720.6)	(646.1)	(653.0)	(677.4)	(679.3)	(698.6)
Total Other Income	27.8	32.1	24.8	18.7	19.5	21.0	21.9	22.5	22.4
BABs Subsidy	(18.5)	(17.2)	(17.2)	(17.2)	(17.2)	(17.2)	(17.2)	(17.2)	(17.2)
Bal. Avail. for Debt Service (Accrual Basis)	379.0	386.3	359.3	438.4	483.9	528.4	566.7	640.3	736.9
Debt Service									
Interest on Fixed Rate Debt	160.6	169.3	186.6	211.5	231.0	242.8	262.4	291.2	322.9
Fixed Rate Bond Maturities	30.9	32.2	27.2	50.6	68.1	80.9	83.9	98.4	106.3
Interest on Variable Rate Debt	0.4	1.8	0.1	1.3	2.9	4.3	4.3	4.3	4.3
Variable Rate Bond Maturities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BABs Subsidy	(18.5)	(17.2)	(17.2)	(17.2)	(17.2)	(17.2)	(17.2)	(17.2)	(17.2)
Total Debt Service (less BAB subsidy)	173.4	186.0	196.7	246.3	284.7	310.8	333.3	376.7	416.3
Debt Service Coverage (Accrual Basis Net of BABs)	2.19	2.08	1.83	1.78	1.70	1.70	1.70	1.70	1.77
② Additional Bond Tests Ratio:									
Max Debt Service	286.6	286.6	286.6	318.2	333.8	351.0	382.1	422.6	463.0
Net Income	151.6	152.4	110.3	108.7	133.6	154.7	159.5	190.7	238.1
LT Debt Expense	155.0	160.4	173.6	210.2	228.2	242.3	264.6	295.4	327.6
Amortization of Regulatory Assets	1.1	2.5	4.1	7.5	10.2	13.1	16.1	19.6	23.4
Depreciation	111.6	120.9	132.5	149.3	158.7	175.5	193.3	213.2	237.0
Adjusted Net Income (as defined in Master Bond Reso)	419.2	436.2	420.4	475.8	530.8	585.6	633.5	718.9	826.1
Additional Bond Test Ratio (previous year adjusted net income /max debt service)	1.17	1.46	1.52	1.32	1.43	1.51	1.53	1.50	1.55
③ Days of Operating Cash:									
Purchased Water Expenses	280.4	339.4	273.1	245.4	154.6	150.0	167.5	159.5	168.8
Total O & M Expenses	379.5	418.4	444.3	458.9	473.4	484.9	491.8	501.7	511.8
Property Taxes	12.6	12.6	13.3	16.4	18.1	18.1	18.1	18.1	18.1
Total Operating Expenses	672.5	770.4	730.7	720.6	646.1	653.0	677.4	679.3	698.6
Total Operating Expenses / 365 days	a 1.8	2.1	2.0	2.0	1.8	1.8	1.9	1.9	1.9
Cash on hand	b 415.0	335.7	342.0	296.2	282.1	268.3	278.4	279.2	287.1
Days of Operating Cash	b/a 225	159	171	150	159	150	150	150	150
④ Capitalization Ratio:									
Long-term Debt	a 3,597.4	4,114.9	4,499.0	5,160.2	5,405.5	5,673.3	6,136.2	6,726.4	7,279.0
Fund Net Assets	b 2,605.2	2,740.5	2,850.8	2,959.5	3,093.1	3,247.8	3,407.4	3,598.1	3,836.2
Total Long-term Debt + Fund Net Assets	c 6,202.6	6,855.4	7,349.8	8,119.7	8,498.6	8,921.2	9,543.6	10,324.4	11,115.2
Capitalization Ratio	a/c 58%	60%	61%	64%	64%	64%	64%	65%	65%

B REVISED WATER SUPPLY COST BY SOURCE DETAIL

This appendix provides the revised data and calculations for the Water Supply Cost Adjustment (WSCA) factor for each year of the rate action period.

Figure 1 outlines the amount and percentage for each source of water supply in the WSCA and the amount and percentage for each source of water supply for the five-year rate action period based on Financial Plan Case No. 94.

The WSCA continues to include the cost of the source water supply plus a proportionate¹ amount of the costs of conservation and bad debt and the over or under-recovery based on the volume for the specific source and the initial over or under-recovery accounts for the Water Procurement Adjustment from prior fiscal years. As discussed in Chapter 6, the revised WSCA will be updated semi-annually to reflect more current supply and costs.

¹ The proportion is determined by the percentage of total water supply budgeted to be obtained from each source.

Figure 1: Unit Costs for Water Supply Components and Volumes for Each Source of Water Supply

		Forecast								
		FY 15-16	FY 16-17		FY 17-18		FY 18-19		FY 19-20	
		April - 16	July - 16	Jan - 17	Jul - 17	Jan - 18	Jul - 18	Jan - 19	Jul - 19	Jan - 20
Unit Cost (\$/HCF)	Groundwater Pumping	1.434	1.535	1.419	1.321	1.367	1.414	1.263	1.143	1.158
	LA Aqueduct	0.642	0.529	0.534	0.548	0.548	0.558	0.567	0.584	0.589
	MWD	2.217	2.442	2.530	2.628	2.657	2.685	2.843	3.032	3.097
	Recycled Water ²	1.759	2.743	2.233	2.466	3.135	4.440	4.367	5.232	5.189
Supply (AF)	Groundwater Pumping	80,700	75,811	83,155	90,499	89,059	87,619	98,851	110,083	110,083
	LA Aqueduct	217,880	266,112	265,920	265,728	265,536	265,344	265,152	264,960	264,768
	MWD	182,848	144,776	137,620	130,465	132,091	133,718	122,856	111,994	112,917
	Recycled Water	12,000	12,480	15,360	18,240	18,336	18,432	18,768	19,104	19,152
	Total Supply	476,176	499,179	502,055	504,932	505,022	505,113	505,627	506,141	506,920
Volume (%)	Groundwater Pumping	16%	15%	17%	18%	18%	17%	20%	22%	22%
	LA Aqueduct	44%	53%	53%	53%	53%	53%	52%	52%	52%
	MWD	37%	29%	27%	26%	26%	26%	24%	22%	22%
	Recycled Water	2%	3%	3%	4%	4%	4%	4%	4%	4%
	Total Supply	100%	100%	100%	100%	100%	100%	100%	100%	100%

² For the purposes of the WSCA, Stormwater costs are included in Recycled Water.

Figure 2, Figure 3, Figure 4, Figure 5 and Figure 6 provide the applicable O&M, capital depreciation, debt cost and other budgeted costs associated with each source of water supply. The amounts shown in these figures reflect the estimated annual costs used to calculate the unit costs as of July of each fiscal year. Since the WSCA will be trued up semi-annually to reflect actual costs, supply amounts and tier usage, separate unit costs have been estimated for January and July of each fiscal year as shown in Figure 1. The proposed rates for FY 2016-17 through FY 2019-20 outlined in chapter 6 were developed based on an average of the July and January estimated unit costs. FY 2015-16 unit costs are used to calculate the WSCA effective April 1, 2016.

Figure 2: Cost of In-City Groundwater Pumping

	Forecast				
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Pumping³					
O&M	\$44,599,175	\$44,898,200	\$46,299,400	\$48,156,500	\$49,007,600
Depreciation	\$2,704,353	\$2,704,353	\$2,704,353	\$2,704,353	\$2,704,353
Return on Investment	\$3,089,716	\$3,089,716	\$3,089,716	\$3,089,716	\$3,089,716
Total In-City Pumping	\$50,393,244	\$50,692,269	\$52,093,469	\$53,950,569	\$54,801,669
Total Local Groundwater Production (AF)	84,063	78,970	94,270	91,270	114,670
Less: Loss (AF)	3,363	3,159	3,771	3,651	4,587
Net Local Ground Water Production (AF)	80,700	75,811	90,499	87,619	110,083
Pumping Unit Cost per HCF (Cost per AF / 435.6)	\$1.434	\$1.535	\$1.321	\$1.414	\$1.143

³ Pumping costs included for groundwater are the pumping costs directly associated with the groundwater source of supply. Pumping costs required for the distribution system are not included.

Figure 3: Cost of Los Angeles Aqueduct

	Forecast				
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Los Angeles Aqueduct					
LAA Total O&M*	\$38,555,901	\$38,704,700	\$39,547,500	\$41,764,400	\$43,743,800
Depreciation	\$11,352,198	\$11,738,366	\$12,238,120	\$12,422,424	\$12,729,900
Property Taxes	\$12,289,465	\$12,413,602	\$12,413,602	\$12,413,602	\$12,413,602
Total Operating Expense	\$62,197,564	\$62,856,668	\$64,199,221	\$66,600,425	\$68,887,302
Less: Other Income (Negative) & Expense (Positive), Net	(\$4,710,130)	(\$4,769,154)	(\$4,816,846)	(\$4,865,014)	(\$4,913,664)
Less: Water for Hydraulic Plant (G/L 7341000)	(\$5,782,650)	(\$6,403,000)	(\$6,595,000)	(\$8,967,000)	(\$9,156,000)
Less: Revenue from Owens Valley	(\$21,730)	(\$21,949)	(\$21,949)	(\$21,949)	(\$21,949)
Add: Return on Investment	\$9,238,562	\$9,623,820	\$10,675,009	\$11,725,313	\$12,664,603
Total Cost of Production	\$60,921,617	\$61,286,384	\$63,440,435	\$64,471,775	\$67,460,291
Total Aqueduct Production (AF)	226,196	277,200	276,800	276,400	276,000
Less: Loss (AF)	8,316	11,088	11,072	11,056	11,040
Net Acre Feet - Aqueduct	217,880	266,112	265,728	265,344	264,960
Cost per AF (\$ per AF)	\$279.61	\$230.30	\$238.74	\$242.97	\$254.61
Cost per HCF (Cost per AF / 435.6)	\$0.642	\$0.529	\$0.548	\$0.558	\$0.584

* LAA Total O&M Expense includes functional items for both source of supply and pumping for the LAA. Those functional items include: Source of Supply – 302-2001 LA Aqueduct Operation North, 302-2005 LA Aqueduct Operation South, 302-2015 LA Aqueduct Maintenance South, 302-2025 LA Aqueduct Maintenance North, 302-2035 Resource Management O&M, 322-2507 Hazardous Substance Mgmt Prgm - Aqueduct (Job 53004 only), 335-3200 Dam Stability Analysis (75% is for Northern Aqueducts), 401-3005 East Sierra Environmental, 409-2023 Southern District Eng & Oper, and Pumping – 311-2009 Groundwater Pump O&M North.

Figure 4: Cost of Metropolitan Water District Water

	Forecast				
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
MWD					
Purchased Water Cost	\$176,571,928	\$153,986,317	\$149,350,825	\$156,385,196	\$147,926,576
Total Water Volume Purchased from MWD (AF)	190,467	150,808	135,901	139,289	116,661
Less: Loss (AF)	7,619	6,032	5,436	5,572	4,666
Net Water Purchased from MWD (AF)	182,848	144,776	130,465	133,718	111,994
MWD Unit Cost per AF	\$965.675	\$1,063.620	\$1,144.758	\$1,169.517	\$1,320.843
MWD Unit Cost per HCF (Cost per AF / 435.6)	\$2.217	\$2.442	\$2.628	\$2.685	\$3.032

Figure 5: Cost of Conservation

	Forecast				
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Conservation					
Conservation O&M	\$21,691,575	\$21,805,400	\$22,258,300	\$12,817,700	\$13,068,500
Sales (Excluding D&F) (HCF)	206,371,915	208,876,564	211,283,959	211,359,627	218,640,222
Conservation Unit Cost per HCF (Cost per AF / 435.6)	\$0.105	\$0.104	\$0.105	\$0.061	\$0.060

Figure 6: Cost of Recycled Water⁴

	Forecast				
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Recycled Water					
RW O&M	\$8,464,750	\$8,672,400	\$8,707,500	\$9,090,100	\$8,747,900
West Basin Rec. Water Purchases	\$728,920	\$630,226	\$655,435	\$11,155,700	\$11,601,928
100% of the RW Capital (Actual Only)	-	-	-	-	-
Debt Service of 100% of the RW Capital	-	\$5,607,586	\$10,232,234	\$15,404,479	\$23,185,911
Total Recycled Water	\$9,193,670	\$14,910,212	\$19,595,169	\$35,650,279	\$43,535,739
Recycled Water Production (AF)	12,500	13,000	19,000	19,200	19,900
Less: Loss (AF)	500	520	760	768	796
Recycled Water Production (AF)	12,000	12,480	18,240	18,432	19,104
RW Unit Cost per AF	\$766.139	\$1,194.729	\$1,074.297	\$1,934.151	\$2,278.881
RW Unit Cost per HCF (Cost per AF / 435.6)	\$1.759	\$2.743	\$ 2.466	\$4.440	\$5.232

⁴ For the purposes of the WSCA, Stormwater costs are included in Recycled Water.