

LOS ANGELES DEPARTMENT OF WATER AND POWER

FISCAL YEAR 2016-2017 GOALS AND OBJECTIVES

The goals and objectives of the Los Angeles Department of Water and Power (LADWP) for Fiscal Year 2016-17 are in alignment with Mayor Garcetti's four Priority Outcome Areas and are reflected in the allocation of resources in the FY 2016-17 Final Budget. This alignment of the LADWP budget with the goals and objectives and the greater use of benchmarking and key performance metrics throughout the Department will provide greater transparency, accountability, and information for enhanced decision-making.

Key goals for FY 2016-17 include:

- (1) Maintaining reliable service through rebuilding our aging water and power infrastructure.
- (2) Continuing the transformation of our water and power supplies for improved sustainability and to meet State and Federal regulatory mandates.
- (3) Improving communications, services, and the overall experience for all LADWP customers.

A system level synopsis of goals and objectives is presented below and is based on the anticipated spending levels as specified in the 2016-17 Final Receipts and Appropriations budget.

POWER SYSTEM

The Power System considers a 20-year planning horizon as it executes major new and replacement projects and programs. This planning assures future energy needs of LADWP customers are met in a manner that balances the following key goals:

- Providing superior reliability and supply of electric service.
- Maintaining competitive electric rates consistent with sound business principles.
- Ensuring responsible environmental stewardship exceeding all regulatory obligations.

The Power System has developed and implemented a number of programs to meet these key goals:

Renewable Portfolio Standard (RPS) is designed to increase the Department's percentage of renewable energy from the current 20 percent, to 50 percent by the end of 2030 as mandated by state legislation. Program considerations include further system reliability studies, transmission upgrades, and energy storage projects that are necessary to achieve and fully integrate the 50 percent RPS mandate.

Power System Reliability Program (PSRP) includes the establishment of metrics and indices to help prioritize equipment and infrastructure replacement and expenditures for all major components/functions of the Power System, including distribution, substation, transmission, generation, and technology. The PSRP includes Power System assets affecting reliability in an integrated and comprehensive manner. This program includes greater levels of capital expenditures designed to minimize future outages, and maintain and achieve higher reliability in the short and long term.

Repowering for Reliability and Address Once-Through Cooling encompass a long-term series of projects through 2029 designed to achieve higher generation reliability and efficiency, reduce carbon and NO_x emissions, and eliminate the need for once-through ocean water cooling as required by state and federal environmental regulations. These new generators are fast-starting; have fast ramp rate capability; are more fuel efficient; and will assist with the integration of increased levels of renewable energy such as wind and solar. During Fiscal Year 2016-17, Scattergood Repowering Project will have achieved completion and commercial operation. Scattergood Unit 3 Demolition Project is expected to have the contract awarded and will begin the process of demolishing Unit 3. The RFP for the engineering, procurement, and construction of major equipment for Scattergood Units 1 & 2 will also be advertised.

Customer Opportunities Program includes working with customers to develop local solar energy through the Solar Incentive Program to achieve the goal of reaching 250 MW by 2017 and Feed-in Tariff (FiT) Program to achieve 150 MW by 2017. During FY 2015-16, the Power System is also working towards an expansion of the FiT Program to a total of 450MW. In addition, LADWP encourages the adoption of electric transportation to save customers money, benefit the environment, and help with integration of renewable power. Energy and water efficiency programs are being implemented by the Office of Sustainability and Economic Development, Efficiency Solutions Division (p. 5).

Castaic Lake - Federal Energy Regulatory Commission (FERC) Re-licensing Program is an essential 10-year relicensing process between the LADWP and Department of Water Resources. Through 2017, LADWP and DWR expects to complete the preliminary study plan proposals, submit the Notice of Intent and Pre-Application Document to FERC for Castaic license renewal, and continue to conduct discussions with agencies, tribes, and stakeholders. A number of hydroelectric power plants along the California Aqueduct are affected including the Castaic Hydroelectric Plant (Castaic). The FERC license to operate Castaic is scheduled to expire on January 31, 2022.

WATER SYSTEM

The Water System's mission is to provide reliable, high quality water to customers in a publically and environmentally safe, efficient, and responsible manner. Goals toward achieving this priority include:

- Assuring the completion of scheduled water infrastructure replacement projects.
- Meeting current and emerging water quality regulatory and policy mandates.
- Ensuring programs and policies are in place to protect and improve sustainability of water supply and resources.

The Water System committed the following principal programs towards achievement of these goals:

Water Infrastructure Program entails investments in projects supporting the major components of the Water System infrastructure including water pipeline replacement, pumping stations refurbishment, meter replacement, regulator station refurbishment, tank retrofits, and Los Angeles Aqueduct reservoirs and dams refurbishment to enhance water supply reliability. The LADWP has over 300 miles of pipelines that are 100 years old or older. Within five years, another 100 miles of pipeline will be 100 years of age or older. The replacement of the City's aging pipeline infrastructure is critical to the continued reliability of water supply to our customers.

Regulatory Mandates Including the Safe Drinking Water Program and Owens Lake Dust Control require major investments in water infrastructure, open reservoirs, drinking water quality improvements, and particulate emissions (dust) control from Owens Lake. After reaching a historic agreement with the Great Basin Unified Air Pollution Control District, construction on Owens Lake Phase 9 and 10 commenced February 2016. Through this agreement, best available control measures are approved for dust control requiring less water than was initially estimated. Preliminary development of an Owens Lake Master Project is also planned.

Local Water Supply Program is a long-term initiative to develop local water supplies within the City to reduce continued reliance on imported water that is purchased from the Metropolitan Water District (MWD). To reliably meet the long-term water supply needs of the City at the lowest cost, LADWP proposes increased investments in local supply as set out in the updated 2015 Urban Water Management Plan, and consistent with the Mayor's Executive Directive No. 5 and Sustainable City pLAN goals. Additional considerations for supply reliability include:

- Furthering existing recycling project commitments designed to progress from current water recycling deliveries of 10,400 acre-feet per year to 59,000 acre-feet per year by 2025. Objectives for the fiscal year are to sign up a minimum of six new recycled water customers, install 7,000 feet of recycled water pipeline, and increase recycled water deliveries to over 11,000 acre-feet per year;

- Cleaning contaminated local groundwater supplies in the San Fernando Valley by moving forward with plans for groundwater remediation facilities and participating with the USEPA and Potentially Responsible Parties on an updated North Hollywood Superfund Area groundwater remediation project;
- Investing in the San Fernando Valley Groundwater Basin remediation projects to restore its beneficial use, including development of groundwater basin remediation alternatives. The environmental documentation process has been initiated;
- Finishing the Environmental Impact Report (EIR) for recycled water groundwater replenishment program;
- Placing greater emphasis on the LADWP Water Conservation Program, which aims to improve water use efficiency in the City of Los Angeles and motivate permanent behavior-change in residents to use water more responsibly through outreach, education and incentive programs;
- Complying with State's Emergency Conservation Regulations;
- Reducing average per capita potable water use 20% by 2017;
- Pursuing additional funding from Proposition 1 (Water Quality, Supply, and Infrastructure Improvement Act of 2014), and other sources for development of LADWP's local supply program; and,
- Continuing representation at MWD and protecting LA's interests in maintaining a cost effective and reliable supplemental water supply for the City.

JOINT SYSTEM

The Joint System provides critical organization-wide support including but not limited to customer service, sustainability and economic development, corporate performance, human resources, financial services and community relations. Key goals that further this support include:

- Becoming a more customer focused organization.
- Maintaining and strengthening LADWP's financial position and liquidity through appropriate enhancements to financial policies and metrics.
- Providing human resources services to develop and sustain a highly-skilled and diverse workforce.
- Using technology, enterprise systems and other critical applications to support and enhance LADWP operations.

Below are some of the Joint System Organizations and their programs in support of these key goals:

Human Resources is committed to providing HR solutions that result in the employment, engagement, and development of a dynamic workforce for the Los Angeles Department of Water and Power by:

- Collaborating with labor and management to promote an understanding of labor relations issues and encourage open communication and timely resolution of conflicts;
- Implementing and managing on-going training programs for supervisors and managers;
- Collaborating with LADWP divisions and City of Los Angeles Personnel Department to improve current examination, appointment processes, and implement the most effective and efficient hiring practice; and
- Enhancing the communication and collaboration between Occupational Health Services and LADWP divisions to improve employee health and safety and prevent workplace injuries and illnesses.

Information Technology Services is optimizing and upgrading the new Customer Information System to meet operational needs and customer service standards; and, analyzing existing financial and human resources systems for operational risk and identifying opportunities for implementation of an Enterprise Resource Planning (ERP) solution.

Customer Service Division embodies LADWP's customer vision by valuing the people we serve, providing respectful, responsive, and dependable customer service. Continuing to improve the customer experience for the City of Los Angeles and Owens Valley residents and businesses is a key focus of the entire Department. We take pride in personalizing each customer interaction by striving to deliver the highest level of service in all areas. The Customer Service Division is committed to:

- Maintaining quick turnaround times on all customer requests;
- Improving customer-facing business processes across the entire department to deliver a consistent customer experience each and every time;
- Supporting LADWP programs through our partnerships with other divisions;
- Increasing visibility in the community;
- Hiring and training knowledgeable and responsive employees to provide them with skills that strengthen and promote high service aptitude; and,
- Engaging in technology improvement efforts to ensure our customers' needs are met.

Financial Services Organization is exploring innovative financing techniques to reduce upward rate pressure; evaluating and proposing new or revised financial metrics; reviewing financial processes to gain efficiencies while strengthening internal controls; increasing transparency, accountability, and operational efficiency through

benchmarking and key performance metrics; and, addressing water and power revenue requirements on a multi-year basis including a review of cost allocation and rate design.

Office of Sustainability and Economic Development works directly with the Power and Water Systems and handles matters involving energy efficiency, water conservation, economic development, distributed generation outreach, the electrification of the transportation network and environmental compliance responsibilities. In addition to working with internal LADWP groups, the Office also works to create innovative partnerships with communities, business groups, and educational institutions to help us achieve our sustainability goals and provide customer service and business retention services with a focus to promote job creation. Additionally the Office collaborates with government agencies to advance conservation and sustainability both at a grass roots and policy level. For FY 16-17, this Office will continue to make Los Angeles a more sustainable city by:

- Establishing a path forward to meet the Board of Water and Power's mandate of 15 percent energy efficiency savings by 2020;
- Coordinating the implementation of LADWP's required goals in the Mayor's Sustainability Plan;
- Aggressively promoting the water conservation goals outlined in Mayor Garcetti's Executive Directive 5, which include increasing water conservation measures for City facilities, business and residential customers;
- Expanding the existing electric vehicle infrastructure to provide convenient and easy vehicle charging options throughout Los Angeles;
- Pursuing efforts to electrify other transportation and goods movement infrastructure to minimize impacts and increase the use of more sustainable transit options;
- Continuing to expand economic development with a strong focus in cleantech and STEM careers for youth in the City of Los Angeles;
- Implementing business attraction and retention programs that promote job creation and retention; and,
- Ensuring that LADWP remains in compliance with state environmental mandates and goals that incorporate a transparent and rigorous data performance analysis on GHG emissions and sustainable metrics into the day-to-day operations of LADWP.