


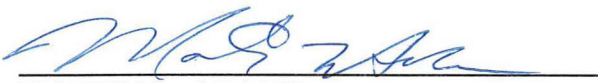
Los Angeles
Department of
Water & Power


RESOLUTION NO. _____

BOARD LETTER APPROVAL


NEIL M. GUGLIELMO
Acting Chief Financial Officer


REIKO A. KERR
Senior Assistant General Manager - Power System
Engineering, Planning, Technical Services


MARTIN L. ADAMS
Chief Operating Officer


DAVID H. WRIGHT
General Manager

DATE: March 1, 2017

SUBJECT: Transmittal of Preliminary Fiscal Year 2017-2018 LADWP Budget to the Los Angeles City Council – Power Revenue Fund Receipts and Appropriations Budget and Associated Schedules

SUMMARY

Submitted to the Board of Water and Power Commissioners (Board) for consideration is a Resolution authorizing the LADWP to transmit the preliminary Fiscal Year (FY) 2017-2018 LADWP Power Revenue Fund Receipts and Appropriations budget and associated schedules to the Los Angeles City Council (Council), as required by City Charter Section 684. Estimated appropriations for FY 2017-2018 total \$5.23 billion or \$4.70 billion, net of receipts from the Water System, contributions in aid of construction, individuals, and companies and other miscellaneous sources.

City Council approval is not required.

RECOMMENDATION

It is recommended that the Board adopt the attached Resolution authorizing the transmittal of the preliminary FY 2017-2018 LADWP Power Revenue Fund Receipts and Appropriations budget and associated schedules to the Council with the understanding that the LADWP will submit to the Board changes from this preliminary budget through the final budget by May 31, 2017.

FINANCIAL INFORMATION

The Power Revenue Fund Preliminary Budget incorporates expenditures for the Power System, including the share of expenditures associated with the Joint System and Water Revenue Fund that support Power System functions. Estimated appropriations for FY 2017-2018 total \$5.23 billion. Net of receipts from the Water System, contributions in aid of construction, individuals, and companies and other miscellaneous sources, appropriations are \$4.70 billion.

BACKGROUND

Development of the FY 2017-2018 Preliminary Budget commenced in September 2016, with continued analysis and refinement culminating in the submission of the final budget in May 2017. The preliminary budget presented herein is consistent with the approved five-year rate action. Pass through rates would continue to adjust for, in part, variable and uncontrollable costs such as fuel and purchased power costs, as well as dedicated and increased investment in infrastructure reliability.

The LADWP continues to emphasize cost control and fiscal discipline across all programs and enhanced performance metrics reporting contributing to greater cost efficiency and accountability. The FY 2017-2018 funding priorities are consistent with the Mayor's priorities and reflect continued investment to comply with mandates, upgrade aging infrastructure to maintain reliability, and provide customers with opportunities to reduce or control their energy bills.

Some of the proposed budget highlights are as follows:

Power System Reliability Program: Total \$908 million, Capital (\$538 million) and Operating & Maintenance (\$370 million)

The budget provides funding for replacement of aging Power System infrastructure necessary to maintain system reliability and improve replacement cycles.

Repowering and Renewable Portfolio Standard: Total \$376 million, Capital (\$335 million) and Operating & Maintenance (\$41 million)

Funding is provided to eliminate ocean water cooling for LADWP's coastal gas-fired plants and to transition to cleaner, sustainable energy supplies.

Energy Efficiency Program: Total \$178 million, Capital (\$178 million)

The budget provides funding for energy efficiency programs which enable customers to have greater control over their bills.

CITY ATTORNEY

The Office of the City Attorney reviewed and approved the Resolution as to form and legality.

ATTACHMENTS

- Resolution
- Cover Letter to the City Administrative Officer
- LADWP Strategic Plan
- Preliminary Power Revenue Fund Receipts and Appropriations
- Power Revenue Fund Capital Improvement Program
- Power Revenue Fund Salaries and Authorized Number of Positions (based on Annual Personnel Resolution)
- Preliminary Retirement, Disability, and Death Benefit Insurance Plan
- Federal and State Grant Funding Estimates
- Preliminary Budget Presentation

RESOLUTION NO. _____

WHEREAS, Section 684, of the Los Angeles City Charter, requires that the Board of Water and Power Commissioners (Board) shall, submit a preliminary budget for the upcoming fiscal year to the Los Angeles City Council (Council) for informational purposes, no later than March 31, of each year; and

WHEREAS, the Los Angeles Department of Water and Power (LADWP) management has prepared a preliminary budget for Fiscal Year (FY) 2017-2018 that reflects the anticipated funding needs for the year; and

WHEREAS, this recommended preliminary budget furthers LADWP's goal of building a power system for the next century, and continues investment to comply with mandates, upgrade aging infrastructure to maintain reliability, and provide customers with opportunities to reduce or control their energy bills; and

WHEREAS, this recommended preliminary budget is consistent with the approved five-year rate action. Pass through rates would continue to adjust for, in part, variable and uncontrollable costs such as fuel and purchased power costs, as well as dedicated and increased investment in infrastructure reliability; and

WHEREAS, LADWP continues to emphasize cost control and fiscal discipline across all programs and enhanced performance metrics reporting contributing to greater cost efficiency and accountability; and

WHEREAS, the preliminary budget schedules and documents submitted do not reflect a Board adopted position and are, therefore, subject to further refinement in the upcoming months.

NOW THEREFORE, BE IT RESOLVED that the Board approves the transmittal of the Preliminary FY 2017-2018 LADWP Budget – Power Revenue Fund, submitted by the General Manager to this Board to the Council as required by Los Angeles City Charter Section 684.

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of a resolution adopted by the Board of Water and Power Commissioners of the City of Los Angeles at its meeting held

APPROVED AS TO FORM AND LEGALITY
MICHAEL N. FEUER, CITY ATTORNEY

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D. J. B. BOSMA
DEPUTY CITY ATTORNEY

Secretary