


Los Angeles
Department of
Water & Power

RESOLUTION NO. _____

BOARD LETTER APPROVAL


NEIL M. GUGLIELMO
Chief Financial Officer


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


MARTIN L. ADAMS
Chief Operating Officer


DAVID H. WRIGHT
General Manager

DATE: February 20, 2018

SUBJECT: Transmittal of Preliminary Fiscal Year 2018-2019 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) 2018-2019 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 2018-2019 total \$5.19 billion or \$4.64 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 2018-2019 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, 2018.

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 2018-2019 total \$5.19 billion. Net of receipts from the Water System, contributions in aid of construction, individuals, and companies and other miscellaneous sources, appropriations are \$4.64 billion.

BACKGROUND

Development of the FY 2018-2019 Preliminary Budget commenced in September 2017, with continued analysis and refinement culminating in the submission of the final budget in May 2018. 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 2018-2019 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 \$903M, Capital (\$489M), and Operating & Maintenance (\$414M)

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

Infrastructure: Total \$694M, Capital (\$380M) and Operating & Maintenance (\$314M)

Funding is for the evaluation and prioritization for maintenance and replacement of major power infrastructure, additions and betterments for generation facilities, distribution system reliability, as well as new business for system growth and expansion.

Renewable Portfolio Standard: Total \$175M, Capital (\$131M) and Operating & Maintenance (\$44M)

Investing to develop greener power resources and transition from coal to cleaner, sustainable energy supplies.

Energy Efficiency Program: Total \$174M, Capital (\$174M)

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

ENVIRONMENTAL DETERMINATION

Determine item is exempt pursuant to California Environmental Quality Act Guidelines 15060 (c)(3). In accordance with Section 15060 (c)(3) of the California Environmental Quality Act (CEQA) Guidelines, an activity is not subject to CEQA if it does not meet the definition of a project. Section 15378 (b)(2) and (4) states that continuing administrative, fiscal, or personnel related activities, do not meet that definition.

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