

ENERGY AND ENVIRONMENT COMMITTEE REPORT and ORDINANCE FIRST CONSIDERATION relative to the transfer of surplus money from the Power Revenue Fund of the Los Angeles Department of Water and Power (LADWP) to the Reserve Fund of the City of Los Angeles during Fiscal Year (FY) 2014-15.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. CONCUR with the Board of Water and Power Commissioners' (Board) action of December 16, 2014, Resolution No. 015-118, authorizing the adoption of an Ordinance authorizing the transfer of \$265,586,000 during FY 2014-15.
2. PRESENT and ADOPT the accompanying ORDINANCE directing the transfer of surplus money from the Power Revenue Fund of the LADWP to the Reserve Fund of the City of Los Angeles during FY 2014-15.

Fiscal Impact Statement: None submitted by the Board. Neither the City Administrative Officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: None submitted.

Summary:

On January 21, 2015, your Committee considered December 17, 2014 Board and January 5, 2015 City Attorney reports, Resolution No. 015-118, and Ordinance relative to the transfer of surplus money from the Power Revenue Fund of the LADWP to the Reserve Fund of the City of Los Angeles during FY 2014-15. According to the Board, the Power System transfer being recommended is based on the financial results of FY 2013-14 and a transfer amount of eight percent of the gross operating revenues. Transfers of this nature are a common practice of municipal electric utilities, based on data from the American Public Power Association. The transfer is subject to the following bond covenants:

- a. No transfer may exceed prior fiscal year's net income
- b. No transfer may result in prior fiscal year's surplus less the 2014-15 transfer amount being less than thirty-three and one-third percent (33-1/3%) of the total indebtedness (including the current portion) outstanding not more than ten days prior to the date of such transfer.

Based on the calculations as shown in Attachment A of the December 17, 2014 Board report, attached to the Council file, the LADWP recommends a transfer of \$265,586,000 during FY 2014-15, which is in compliance with the bond covenants. The attached resolution provides for \$132,793,000 to be transferred within ten days after the effective date of the ordinance in one lump-sum payment and the remainder to be transferred in approximately equal monthly installments so that by June 30, 2015, the full amount of \$265,586,000 has been paid.

After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of Resolution No. 015-118. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ENERGY AND ENVIRONMENT COMMITTEE

<b><u>MEMBER</u></b>	<b><u>VOTE</u></b>
FUENTES:	YES
BLUMENFIELD:	YES
LABONGE:	ABSENT
HUIZAR:	ABSENT
KORETZ:	YES

ARL

1/21/15

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**