

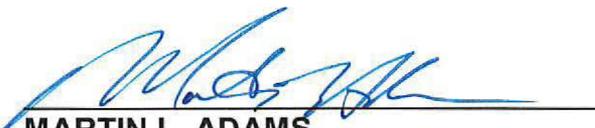


RESOLUTION NO. _____

BOARD LETTER APPROVAL


ANN M. SANTILLI
Chief Financial Officer


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


MARTIN L. ADAMS
General Manager and Chief Engineer

DATE: March 4, 2021

SUBJECT: Transmittal of Preliminary Fiscal Year 2021-2022 Los Angeles Department of Water and Power 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 Los Angeles Department of Water and Power (LADWP) to transmit the preliminary Fiscal Year (FY) 2021-2022 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 2021-2022 total \$6.05 billion or \$5.31 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 2021-2022 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, 2021.

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 2021-2022 total \$6.05 billion. Net of receipts from the Water System, contributions in aid of construction, individuals, and companies and other miscellaneous sources, appropriations are \$5.31 billion.

BACKGROUND

Development of the FY 2021-2022 Preliminary Budget is subject to further analysis and refinement culminating in the submission of the final budget in May 2021. The FY 2021-2022 preliminary budget reflects pass-through rates that would continue to adjust for, in part, variable and uncontrollable costs such as fuel and purchased power costs, as well as dedicated investment in infrastructure reliability.

The LADWP continues to emphasize cost control and fiscal discipline across all programs and performance metrics reporting contributing to greater cost efficiency and accountability. The FY 2021-2022 funding priorities 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 \$1,090M (Capital \$577M and O&M \$513M)

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

Infrastructure: Total \$883M (Capital \$479M and O&M \$404M)

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.

Operating Support: Total \$795M (Capital \$249M and O&M \$546M)

Funding is for Power's share of the technology and system upgrades, cyber security investment, customer, meter, and billing services, in addition to insurance and legal services.

Renewable Portfolio Standard: Total \$383M (Capital \$331M and O&M \$52M)

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

Energy Efficiency Program: Total \$174M (Capital \$154M and O&M \$20M)

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 (CEQA) Guidelines Section 15060(c)(1). In accordance with this section, an activity is not subject to CEQA if it does not involve the exercise of discretionary powers by a public agency. Transmitting budget information to Los Angeles City Council is not an action subject to CEQA.

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's Goals and Objectives
- 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