



Putting Customers First



WATER AND POWER RATES REQUEST 2016-2020

Fact Sheet

The Los Angeles Department of Water and Power (LADWP) is proposing a five-year rate action that seeks modest water and power rate increases each year based on the following priorities and key principles:

- Replace Aging Water and Power Infrastructure**
 Over a century of delivering water and power requires major investment to accelerate replacement of aging infrastructure to ensure continued reliability.
- Transform Water and Power Supplies**
 LADWP water rates must support expanding our local water supply to reduce reliance on more expensive, purchased water. Legal mandates require a complete transformation of our power supply.
- Improve Customer Service**
 LADWP is working to provide high-quality and responsive service in every interaction, increase timeliness of bills, and enhance self-service options and offer other ways to improve our customers' experience. LADWP will also continue to expand programs and measures that help our customers manage their water and power use and save on their bills.
- Keep Rates Competitive**
 LADWP will make these needed investments while ensuring that our rates remain competitive with nearby water and power utilities and affordable for our customers. LADWP will continue to find cost savings through process improvements, benchmarking against peer utilities, and other measures.

Proposed Rate Changes

Typical residential customers will see an average increase of about 3%, or \$4.20 per month, for water and power on their bill each year for five years. Low-use customers will have a combined water and power bill increase of 2.4% on average per year, or about \$1.91 per month. High-use customers (top 10%) will pay about 5.3% more, or \$16.31 per month each year for five years.

Proposed Rate Structure Changes

Expanding Water Rate Tiers

LADWP uses a water rate design with tiered pricing tied to a customer's water consumption. The rate request recommends increasing the number of tiers from 2 to 4 for single-family residential customers. The goal is to incentivize conservation while recovering the higher costs of providing water to high users.

The proposed tiers are based on utility costs and conservation objectives, and are comparable with those set by other California water utilities. They are also consistent with the Mayor's Executive Directive No. 5, which requested a review of water rate tiers to optimize conservation.

Other Changes

- Adding a reliability "pass-through" factor to pay for water and power infrastructure improvements.
- Restructuring rates to encourage conservation while covering basic service costs.
- "Rebalancing" the rates among customer sectors, based on the recently completed Cost of Service Study.
- Adding a power access charge based on how much energy a customer consumes.

Proposed 5-Year Water and Power Rate Changes with Monthly Costs

	Low-Use Residential (250 kWh/Month 8 HCF/Month)	Typical Residential (500 kWh/Month 12 HCF/Month)	High-Use Residential (900 kWh/Month 27 HCF/Month)	Small Commercial (1,000kWh/Month 15 HCF/Month)
Current Monthly Bill	\$74.97	\$130.67	\$276.03	\$235.32
5-Year Avg. Annual Power Rate Change	\$.84 (2.2%)	\$1.17 (1.56%)	\$5.26 (3.45%)	\$4.32 (2.54%)
5-Year Avg. Annual Water Rate Change	\$1.07 (2.6%)	\$3.02 (4.8%)	\$11.05 (7.2%)	\$3.01 (3.8%)
5-Year Avg. Monthly Bill Annual Change	\$1.91 (2.4%)	\$4.20 (3.0%)	\$16.31 (5.3%)	\$7.33 (2.94%)
Average New Monthly Bill At the End of 5 Years	\$84.49	\$151.65	\$357.56	\$271.97

* Amount is rounded up

Cost Savings

To help keep rates low, LADWP has saved \$467 million over three years by reducing labor costs, refinancing, and other spending cuts. This exceeded the reduction goal of \$459 million that was established during the prior power rate action in 2012. In addition, a new labor agreement with the largest LADWP employee bargaining unit will provide \$456 million in savings over three years (fiscal years 2013-14 through 2015-2016), and an estimated \$5 billion in savings over 30 years.

Additional information

Visit www.myladwp.com to:

- Learn more about the 2016-2020 Rates Request
- Check for upcoming community briefings and webcasts
- Take our survey and contact us with comments and questions

5-Year Revenue Needs

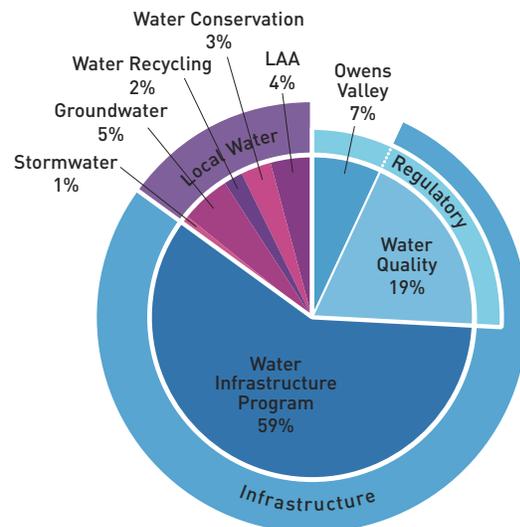
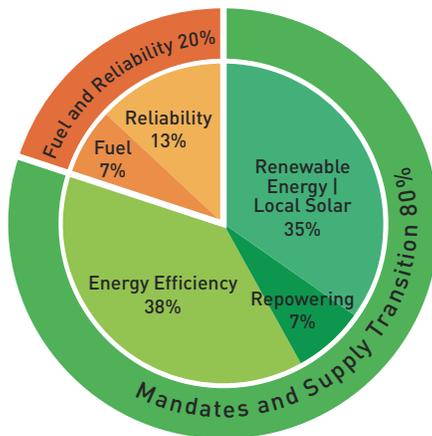
Power: \$720 million

The majority of new power revenues – 80% – will support the transition to a clean energy future and meet state mandates for reducing greenhouse gas emissions, expanding renewable energy, and rebuilding coastal power plants to eliminate ocean water cooling.

Water: \$330 million

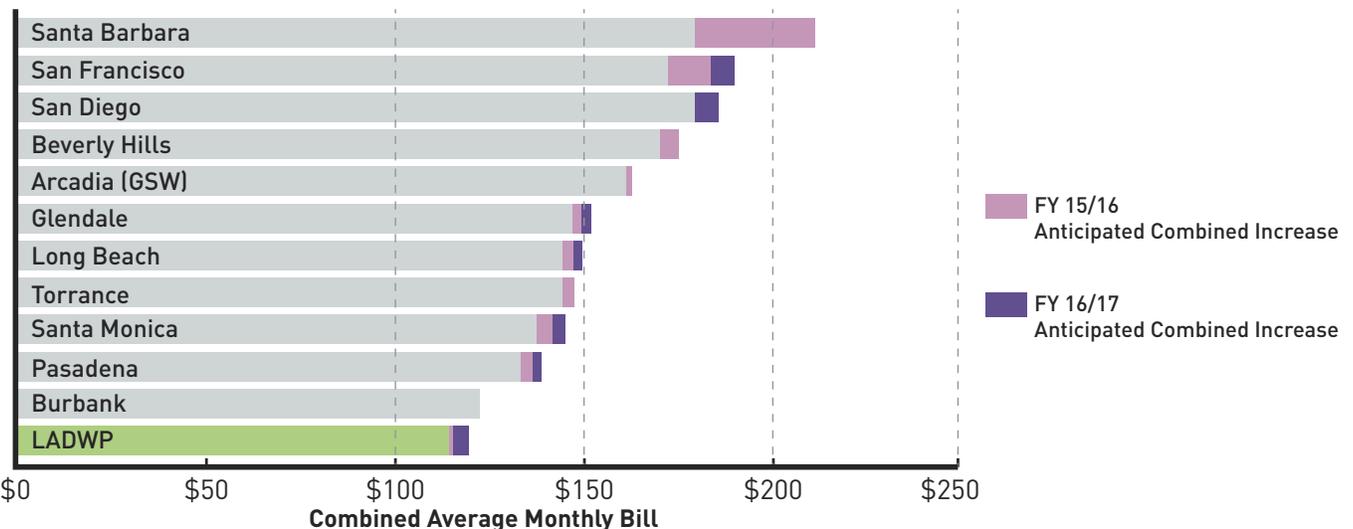
The majority of new water revenues – 78% – will support infrastructure repair and replacement for reliability, and infrastructure improvements to meet water quality regulations. Additional revenues will also support the Local Water Supply Program, which is especially critical due to the record, multiple-year drought facing Los Angeles and the State of California.

Where the New Revenues Will Go



Competitive Rates

How L.A. Water and Power Bills Compare Before and After Rate Changes



*Data for the listed utilities only available for FY 15/16 and FY 16/17

Follow us on:



www.myladwp.com