

JAN 29 2008

ENERGY & ENVIRONMENT  
MOTION BUDGET & FINANCE

In October 2007, the Department of Water and Power (DWP) submitted water and power rate increase proposals to the City Council for its consideration. The rate increase proposal for water seeks to increase base rates by 3.1% effective July 1<sup>st</sup>, 2008 and an additional 3.1% July 1<sup>st</sup>, 2009. These increases will generate \$47.6 million in additional revenues over a two year period to support the Department's water quality and reliability needs.

The rate increase proposal for power intends to increase rates by 2.9% on January 1<sup>st</sup>, 2008, 2.9% effective July 1<sup>st</sup>, 2008 and 2.7% in July 1<sup>st</sup>, 2009. The total revenue increase for the power system over this period would amount to \$183 million. The DWP maintains that the proposed rate increase would primarily support the Power Reliability Program which will replace and upgrade the power system's aging infrastructure.

The Council's Energy and Environment Committee and the Budget and Finance Committee considered the two rate increase proposals during two meetings in November 2007. At the conclusion of each meeting, the rate proposals were continued and the DWP was instructed to report back on a variety of issues which questioned the appropriateness of the proposals.

One of the key issues that was raised during the Committee hearings related to the Department's Lifeline and Low Income Program, and its comparison with similar programs offered by Investor Owned Utilities (IOUs) in the region. Currently, the DWP offers lifeline and low income discounts that amount to 15% while the IOUs generally provide greater discounts of approximately 20%. It is critical to know if these programs and discounts are comparable.

In assessing this issue, the DWP should report back on the feasibility of increasing the discount rate to 20% and its financial impact to the Department and City. Additionally, the Department should report back on how it ensures that all residents that are eligible for the Lifeline and Low Income Program participate in the program and take advantage of its benefits.

I THEREFORE MOVE that the Department of Water and Power report to the Committees on Audits and Governmental Efficiency, Energy and Environment and Budget and Finance in 15 days on whether the Department's Lifeline and Low Income program and rate discount are comparable to similar programs offered by Investor Owned Utilities in the region, and the feasibility of increasing the Lifeline and Low Income discount rate to 20% as well as its financial impact to the City.

I FURTHER MOVE that Department of Water and Power report on its current and future efforts to ensure that all Lifeline and Low Income eligible residents participate in the program and benefit from its discount rate.

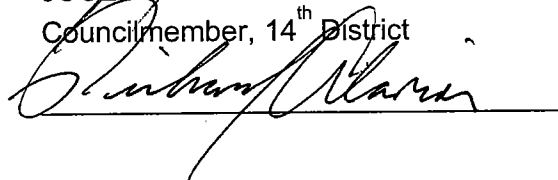
PRESENTED BY:

  
JOSE HUIZAR

Councilmember, 14<sup>th</sup> District

JAN 29 2008

SECONDED BY:



08-0223