Review of the DWP Budgets & Rates:
Last Year, This Year & Next Year

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Overview

Water
• FY2015-16 actual versus rate case capital spending
• FY2016-17 actual versus rate case capital spending
• Enacted rates versus rate case forecasts
• Draft proposed budget versus Rate Case

Power
• FY2015-16 actual versus rate case capital spending
• FY2016-17 actual versus rate case capital spending
• Enacted rates versus rate case forecast
• Draft proposed budget versus Rate Case

Discussion

Appendix: Labor Cost Growth Rates
Water System Capital Investment
Planned vs. Actual Spending FY 2015-16

Planned (Rate Case) Actual Expense

<table>
<thead>
<tr>
<th></th>
<th>Planned (Rate Case)</th>
<th>Actual Expense</th>
<th>Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Rates</td>
<td>$36</td>
<td>$4</td>
<td>$(32)</td>
</tr>
<tr>
<td>Pass-through</td>
<td>$314</td>
<td>$222</td>
<td>$(92)</td>
</tr>
<tr>
<td>Total</td>
<td>$349</td>
<td>$226</td>
<td>$(123)</td>
</tr>
</tbody>
</table>

Drop in Planned (Rate Case) Capital Investment Funded by Cash ($M)

Cash: $123 M

Drop in Planned (Rate Case) Capital Investment Funded by Debt ($M)

Debt: $179 M

Debt $621M

Reduction in Capital Spending

Total: $302M

Total: $668M (net of CIAC)

Total: $970M (net of CIAC)

Cash: $123 M

Debt: $179 M

Cash $349M

Debt $621M

$123M Drop

$179M Drop

$621M Drop
**Water System Capital Investment**

**Planned vs. Actual Spending FY 2016-17**

### Planned (Rate Case) vs. Actual Expense

<table>
<thead>
<tr>
<th></th>
<th>Planned (Rate Case)</th>
<th>Actual Expense</th>
<th>Increase/Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Base Rates</strong></td>
<td>$42</td>
<td>$46</td>
<td>$5</td>
</tr>
<tr>
<td><strong>Pass-through</strong></td>
<td>$235</td>
<td>$107</td>
<td>($128)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$277</td>
<td>$153</td>
<td>($124)</td>
</tr>
</tbody>
</table>

### Drop in Planned (Rate Case) Capital Investment

- **Funded by Cash ($M)**: $277 - $153 = $124M
- **Funded by Debt ($M)**: $277 - $153 = $124M

### Reduction in Capital Spending

Total: $333M (net of CIAC)
Schedule A Residential Single Family Water Rates: Enacted versus Forecasted
## Water System Budget & Financial Planning

<table>
<thead>
<tr>
<th>Systemwide Average Unit Rates ($/HCF)</th>
<th>Final FY 15-16</th>
<th>Current FY 16-17</th>
<th>Current FY 17-18</th>
<th>Forecast FY 18-19</th>
<th>Forecast FY 19-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate Case 94 in 2016</td>
<td>$5.26</td>
<td>$5.77</td>
<td>$5.71</td>
<td>$5.94</td>
<td>$6.39</td>
</tr>
<tr>
<td><strong>DWP: Five Year Simple Average Annual Increase:</strong></td>
<td><strong>5.3%</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actual/Forecast (Case No. 11)</td>
<td>$4.93</td>
<td>$5.59</td>
<td>$6.55</td>
<td>$6.51</td>
<td></td>
</tr>
<tr>
<td><strong>Four Year Simple Average Annual Increase:</strong></td>
<td><strong>7.3%</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Rate Case No. 94 Forecast values including purchased water and securitization

Case No. 11 for FY 2018-2019 includes purchased water and excludes securitization

FY 15-16 system average rate of $4.93 comes from Case No. 2 of FY 2017-2018
Power System Capital Investment
Planned vs. Actual Spending FY 2015-16

Planned (Rate Case) Actual Expense

- Base Rates
  - Planned: $334
  - Actual: $535
  - Increase: $200
- Pass-through
  - Planned: $225
  - Actual: $51
  - Decrease: ($173)

Total
- Planned: $559
- Actual: $586
- Net Drop: ($27)

Drop in Planned (Rate Case) Capital Investment Funded by Cash ($M)
- Cash: +$27M

Net Drop: $355M

Drop in Planned (Rate Case) Capital Investment Funded by Debt ($M)
- Debt: Drop $383M

Net Drop: $355M

Total:
- Planned: $905M
- Actual: $522M
- Decrease: ($383M)

Reduction in Capital Spending

Net Drop: $355M

$559M

$905M

$586M

$522M

$27M

$383M

$200

($173)

$27

($314)

($68)

($383)
Power System Capital Investment
Planned vs. Actual Spending FY 2016-17

Planned (Rate Case) | Actual Expense | (Decrease)
---------------------|----------------|-----------------|
Base Rates           | $356           | $293            |
                     | ($63)          |                 |
Pass-through         | $250           | $226            |
                     | ($24)          |                 |
Total                | $606           | $519            |
                     | ($87)          |                 |

Drop in Planned (Rate Case) Capital Investment Funded by Cash ($M)

- Cash: $87M
- Debt: $270M
- Total Drop: $356M

Drop in Planned (Rate Case) Capital Investment Funded by Debt ($M)

- Base Rates: $491 - $453 = ($39)
- Pass-through: $345 - $114 = ($231)
- Total: $836 - $566 = ($270)

Reduction in Capital Spending
Total: $1,442M (net of CIAC)
Cash: $606M
Debt: $836M
Total: $1,086M (net of CIAC)
Cash: $519M
Debt: $566M
Total: $836M
Cash: $293M
Debt: $453M
Total: $519M
Cash: $226M
Debt: $114M
Total: $566M
Schedule R-1 Residential Single Family Power Rates: Enacted versus Forecasted

Volumes allocated to each tier block vary by season and temperature zone.
## Power System Budget & Financial Planning

### Systemwide Average Rate (cts/kWh)

<table>
<thead>
<tr>
<th></th>
<th>Final FY 15-16</th>
<th>Final FY 16-17</th>
<th>Current FY 17-18</th>
<th>Forecast FY 18-19</th>
<th>Forecast FY 19-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate Case 143 Forecast in 2016</td>
<td>14.7</td>
<td>15.8</td>
<td>16.8</td>
<td>17.3</td>
<td>18.1</td>
</tr>
<tr>
<td>Draft Final Case 12 of Proposed FY 2019 Budget</td>
<td>14.8</td>
<td>15.2</td>
<td>16.3</td>
<td>18.1</td>
<td></td>
</tr>
</tbody>
</table>

_DWP: Five Year Simple Average Annual Increase:_ 3.86%

_Four Year Simple Average Annual Increase:_ 4.91%
Discussion
Appendix: DWP Total Compensation
Appendix: DWP Total Compensation Growth Rates

Nominal Growth Rates

Inflation-adjusted Growth Rate (2009$)
Schedule A Single-Dwelling Unit Residential Water Demand Billing Frequency 2015

Tier 1: 42% of Sales, $6.20/HCF
Tier 2: 27% of Sales, $8.36/HCF
Tier 3: 20% of Sales, $9.48/HCF
Tier 4: 11% of Sales, $9.82/HCF