



Putting Customers First

Water and Power Rates Request Fact Sheet for Owens Valley Customers

Why does LADWP need a rate adjustment?

The Los Angeles Department of Water and Power (LADWP) is requesting a five-year rate change that seeks modest rate increases each year based on the following investment priorities:

- Replacing and upgrading aging water and power infrastructure to ensure reliability.
- Transitioning water and power supplies to meet regulatory mandates and sustainability goals by expanding renewable energy, local water supplies, energy efficiency and water conservation.
- Improving customer service.

LADWP will make these investments while ensuring that our rates remain lower than similar utilities and affordable for our customers.

How much of an increase can Owens Valley customers expect to see their bills, given that most are only power customers?

Typical residential power customers will experience an average annual increase of 3% or less on their electric rate.

How will the proposed rate changes affect my electricity bill?

The table below shows the anticipated rate changes for low-use, typical use, and high-use customers.

Proposed Power Rate Changes

Power Monthly Bill	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	5-Yr Avg. Monthly Cost	Avg. Annual % Change
Low-Use Residential	\$36.44	\$37.90	\$38.95	\$40.73	\$41.89	\$43.30	\$40.55	3.5%
Typical Residential	\$72.88	\$75.25	\$77.05	\$80.16	\$82.03	\$84.30	\$79.76	3.0%
High-Use Residential	\$142.38	\$149.33	\$154.27	\$162.96	\$170.09	\$178.93	\$163.11	4.7%

*Bills are estimated based on low use (250 kWh), typical use (500 kWh), and high use (1,000 kWh)

What is the process for approving the rate changes?

LADWP has been providing water and power rate reports to the Rate Payer Advocate (RPA) for review since February 2015. The RPA's analysis and recommendations are expected in the fall of 2015. Based on the RPA's review, LADWP may make changes to its original rate plan to address specific RPA recommendations. Once the rate plan is finalized by LADWP, the rate ordinance will need to be approved by the Board of Water and Power Commissioners and the L.A. City Council. If approved, the rate ordinance must be signed by the Mayor and will be effective 30 days after that.

When will the new rates go into effect?

Under the current timeline, LADWP anticipates providing the proposed rate ordinance to the Board of Water and Power Commissioners in November 2015 and to the City Council for consideration in December 2015. If approved by the Board and City Council, and signed by the Mayor, it is expected that the first rate change would go into effect during the first quarter of 2016. Incremental adjustments would become effective July 1, 2016, July 1, 2017, July 1, 2018, and July 1, 2019.

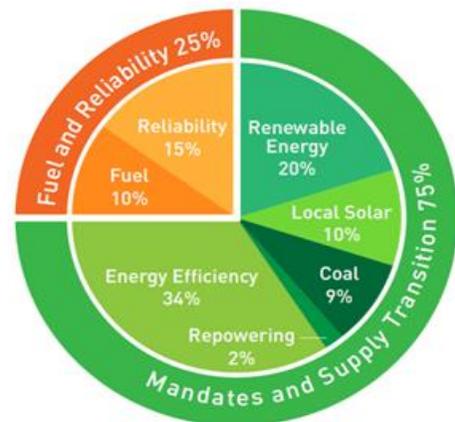
How are the additional power revenues going to be used?

The table and pie chart below show the how the increased power funds will be used. About 75% is necessary to meet mandates and transition the power supply to create a clean energy future for Los Angeles. The remainder will support the infrastructure reliability program and increased fuel costs.

5-Year Budgeted Costs

Historical Avg. *	Core Initiative	5-Yr Avg.	5-Yr Total
\$525M	Infrastructure Replacement (PSRP)	\$895M	\$4.5B
\$785M	Supply Transition & Mandates **	\$1.1B	\$5.5B
\$61M	Energy Efficiency	\$176M	\$879M
\$1.4B	TOTAL (Capital and O&M)	\$2.2B	\$10.9B

Where the New Revenues Will Go:



*Historical average is based on most recently competed fiscal years, 2012-13 and 2013-14.

**Supply transition and mandates includes coal transition, renewables and repowering coastal power plants.

Can Owens Valley customers expect to see changes in their customer service?

LADWP is working to improve the customer experience by increasing the timeliness of bills, expediting response to customer calls, enhancing self-service options, and other measures. Additional revenues have been allocated in the proposed rate request to accomplish these goals. LADWP continues to work on programs that provide customers with water and energy saving rebates, technical assistance, incentives, and direct installation of water and electricity efficiency measures in their homes and businesses to better manage their use and save costs.

Why are you asking us to conserve and then asking for more money?

The rate increases are necessary to keep up with the increasing costs to operate and maintain a reliable utility as well as to meet regulatory mandates. LADWP plans to accelerate the pace of replacing aging water and power infrastructure to improve reliability now and in the future. While the rates will increase on average overall, the rates are designed to encourage conservation so that customers who use the least amount of water and power pay lower rates.

What conservation efforts are available for customers in the Owens Valley?

LADWP offers a variety of programs and incentives designed to help customers use less water and electricity and save on their utility bills. These programs include rebates and incentives for all customers—residential, small and large businesses, and industrial customers—to reduce their water and energy use.

If you are an LADWP water customer, receiving a bill each month for water from LADWP, then you can apply for water rebates and incentives. Those receiving a bill from LADWP for power can apply for power rebates and incentives. More information about ways LADWP can help you conserve can be found at ladwp.com/save.

For qualified customers, LADWP will continue offering lower rates through the Low-Income Discount Program and Lifeline Program. Visit ladwp.com/lowincome to learn more.

What efforts have been made by LADWP to reduce costs prior to seeking rate changes?

From February 2011 to June 2014, LADWP implemented a multi-million dollar cost reduction plan to achieve a quick and measurable impact on LADWP's expenses, and to help keep rates reasonable in light of industry-wide operational, regulatory and financial challenges.

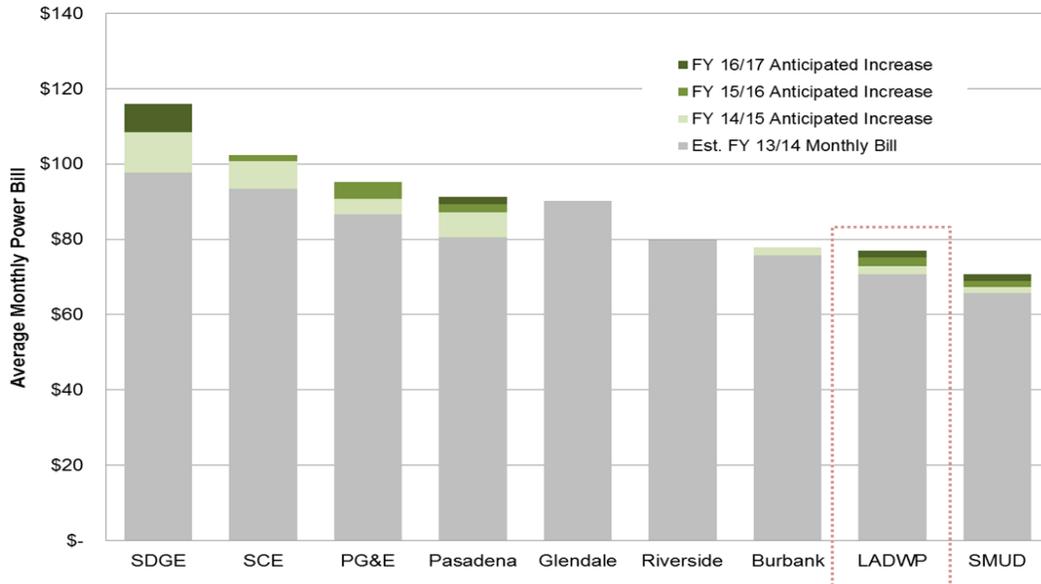
As of June 2014, LADWP had saved an estimated \$467 million, which exceeded the target by \$8 million.

Additional cost savings going forward include:

- The most significant cost savings comes from a new labor contract with LADWP's largest employee bargaining unit, which will save \$456 million over four years (ending in October 2016). This will represent a savings of \$5 billion over 30 years.
- Lower cost financing for water and power projects will save approximately \$267 million.
- Corporate Performance Unit benchmarking and performance metrics will ensure cost efficiency and accountability.

How does this rate increase compare with Southern California Edison’s (SCE) pricing in the Owens Valley area? Will rates remain competitive?

Historically, LADWP’s water and electricity rates have been among the lowest in the region when compared to neighboring utilities, and the rates will remain competitive after the new rates take effect. The chart below illustrates how much money a typical residential customer in LADWP’s service area has saved compared to customers using the same amount of water and power in neighboring areas and other major cities in the state.



Is there an opportunity to comment about the rate changes?

LADWP welcomes your feedback. We are hosting a series of public meetings and webinars, as well as opportunity to provide information online at www.myLADWP.com. Through the website, you will also be able to ask questions and provide feedback. You can also connect with us on social media, including Facebook (/ladwp) and Twitter (@ladwp).

The public may also provide comments during public hearings of the Board of Water and Power Commissioners, the City Council Energy & Environment Committee, and the full City Council when the rate ordinance is heard by those governing bodies. Visit ladwp.com/Board for the LADWP Board agendas and <http://council.lacity.org> for agendas of the Energy & Environment Committee and the City Council.

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