4. SUMMARY OF RATES

This appendix provides a summary of rates.

Los Angeles LADWP Department of Water & Power

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Mayor

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Notice of Proposed Water Rate Restructure and Increases for the Los Angeles Department of Water and Power and Associated Public Hearing

December 2015

NOTICE IS HEREBY GIVEN that on Wednesday, February 17, 2016, at 10:00 AM, or as soon thereafter as the matter may be heard, the Los Angeles City Council is scheduled to hold a public hearing in the John Ferraro Council Chamber, Room 340, City Hall, 200 North Spring Street, Los Angeles, CA 90012. This will be a public hearing before the City Council to allow public testimony and discussion of the proposed restructured water rate ordinance and increases of the Los Angeles Department of Water and Power (LADWP) water rates as described below. The City Council will take and consider written and oral comments, including all written protests against the proposed charges, as required by Article XIII D, Section 6, of the California Constitution, determine if a majority protest exists, and consider whether to approve the proposed Water Rate Ordinance. Oral protests at the public hearing will not qualify as a protest, unless accompanied by a written protest. This notice is being mailed to the owner of record of each parcel in LADWP's service area and to all LADWP water service customers. **If neither you nor your property receive LADWP water service, this notice does not apply to you.**

Written protests to the proposed rate changes may be submitted at the public hearing or delivered in person or mailed to the City Clerk, 200 North Spring Street, Room 395, Los Angeles, CA 90012, in time sufficient to be received prior to the close of the public hearing. A valid protest must include: the name of the owner or customer of record, the parcel address, and a statement of protest ("I/we protest" will suffice). Please also write "LADWP Water Rate Ordinance" on your written protest. Email protests will not be accepted. Please note each customer of record on the same account will be counted as a single vote, regardless of the number of persons listed on the application for water service. Only one written protest per parcel will be counted. If a majority protest exists, the applicable proposed rate changes will not be imposed.

Parking is available in private lots surrounding City Hall, and City Hall is accessible by public transportation. As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability and, upon request, will provide reasonable accommodation to ensure equal access to its programs, services and activities.

Note: City Council meetings are broadcasted live on cable television Channel 35 and on the internet at http://www.lacityview.org. Council meetings can also be heard at (213) 621-CITY (Metro), (818) 904-9450 (Valley), (310) 471-CITY (West L.A.), and (310) 547-CITY (San Pedro). Assistive listening devices are available at the meeting; upon 72 hour notice, other special accommodations, such as sign language interpretation and translation services, can be provided. Contact the Department on Disability at (213) 202-2764. TTY is available at (213) 202-2755.

WHY IS THERE A NEED FOR AN INCREASE IN RATES?

The major factors contributing to the rate increase are investing in infrastructure to provide for a reliable water supply, transforming our water supply by encouraging conservation and expanding local water supply projects, reducing reliance on expensive imported purchased water, and meeting regulatory mandates (particularly concerning drinking water quality).

As of 2015, about 20% of LADWP's total installed pipelines have been in service for 100 years or more. Aging pipelines and related infrastructure need to be replaced to maintain a high reliability level for our customers. Additionally, costs are rising for maintenance and repairs on the aqueduct, tanks, reservoirs, pumping stations, and hydrants.

The LADWP supplements its own water supply with water from the Metropolitan Water District (MWD). The price of MWD water will continue to rise as demand for water increases and supplies decrease due to current drought conditions. By expanding our local water supplies through groundwater treatment, stormwater capture, water conservation, and recycled water projects, the LADWP will be less dependent on expensive imported purchased water; however, these investments in local water supply will have an impact on rates in the shorter term.

Safe drinking water projects are necessary to meet Federal and State water quality mandates. On March 19, 2012, the LADWP increased the capped rate of the Water Quality Improvement Adjustment Factor to start funding water quality projects needed to comply with drinking water regulations. However, further investments are needed to meet longer-term regulatory mandates. These investments include use of state-of-the-art disinfection facilities and covering or removing from service all open treated-water distribution reservoirs. Base rate increases are needed to fund these programs.

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The proposed water rate ordinance should ensure that the LADWP will collect sufficient revenue for these programs to continue providing safe and reliable service while meeting all compliance obligations. The proposed system wide revenue increase will be 5.4% based on current water purchase costs. The proposed effective date for the new water rate ordinance is the later of April 1, 2016, or the earliest possible effective date of the ordinance after April 1, 2016. It should be noted that the January 1, 2017, Base Rate Revenue Target Adjustment would consider Fiscal Year 2015/16 revenue in its calculation. Further, the proposed water rate ordinance contains charges and terms and conditions impacting future periods beyond the time periods shown below.

Additional information about the need for water rate changes is available on the LADWP web site (**www.ladwp.com**), and is accessible from the **Current Topics – "Water and Power Rate request"** link on the homepage.

The rates shown in the Totals columns of Tables 1-4 at the end of this document also reflect the cost of purchased water. Purchased water costs vary significantly from year to year depending on the availability of the LADWP's owned water sources, such as the Los Angeles Aqueduct. Rate changes related to purchased water are not part of the ordinance change that is scheduled for public hearing on February 17, 2016. The purchased water rate component will fluctuate up or down depending on actual purchased water requirements to serve customers.

The amount of change in your bill will depend on how much water you use, and, for Schedule E customers, also the size of their service connections, based on the changes in rates noted below.

WHY IS THE RATE ORDINANCE CHANGING?

The rate ordinance is changing for the following reasons: (1) the need to increase rates to provide sufficient revenue to fund the projects noted above; and (2) to continue to encourage water conservation and other policy needs, including simplifying the components included in Tier rates. With respect to the second need, in June 2009, due to drought conditions, Shortage Year Rates were put in place to provide an incentive for reduced consumption. Under those rates, the First Tier allotment (usage block) was reduced. These allotments are currently in place today. This structure has contributed significantly to the water conservation results of LADWP water customers. The proposed rate ordinance should maintain similar conservation signals which will assist in meeting the Mayor's Executive Directive No. 5 to reduce Los Angeles water consumption by 20% on a per capita basis by the end of 2017.

The current First Tier Commodity Charge includes the sum of the base rate and General Provisions F, G, H, I, K, and L adjustments. The current Second Tier Commodity Charge includes the sum of the base rate and General Provisions H, I, K, and L adjustments. The two exceptions for these commodity charges are Schedule F, which contains the sum of the base rate and General Provisions K and L adjustments, and Schedule D, which does not contain any General Provisions adjustments. General Provisions adjustments are pass-through costs that recover the expenses for programs needed to provide water. To better reflect the costs associated with providing additional water and to provide the correct conservation price signal a restructured Second Tier rate will be implemented, along with a Third and Fourth Tier rate for Single-Dwelling Unit Residential Customers. A new General Provision F for Water Supply Cost will replace the current Water Procurement General Provision to correspond water supply costs at a more granular level for each tier in each customer class. Additionally, a new General Provision R will be introduced to cover infrastructure costs, General Provision H will be replaced with a decoupling mechanism to maintain appropriate base rate revenues for each customer class, and General Provision S will be introduced to stabilize rates in the event of unforeseen events such as earthquakes or major weather events. To simplify the rate structure, while better matching cost recovery with rates, the General Provision I for Water Security will be eliminated, and the costs will be incorporated in existing General Provision G for Water Quality Improvement. More detail on the General Provisions changes is in the section below entitled "What are the modifications to the General Provisions affecting rates?"

WHAT ARE THE RATE MODIFICATIONS?

The existing water rate ordinance is located on the LADWP website, and is available from the rates webpage noted above. The following pages describe the changes that LADWP proposes to request to the existing water rate ordinance. Schedules A-F of the ordinance specify the rates and billing terms for the various types of water customers served by LADWP

Schedule A – Single-Dwelling Unit Residential Customers

The current two-tier structure will be expanded to a four- tier structure based on indoor and outdoor water use requirements and some water supply costs, encouraging water conservation.

Usage Blocks

- The high season will be compressed from June through October to June through September.
- First Tier will be set at 8 Hundred Cubic Feet (HCF) per month for indoor usage. Seasonal allotments, lot size, and temperature zones will be removed from the First Tier calculation.
- Second Tier low season (October – May) and high season (June – September) usage blocks will be set based upon lot size and temperature zone to provide sufficient allotment for outdoor native landscaping.
- Third Tier low season (October – May) and high season (June – September) usage blocks will be set based upon lot size and temperature zone for above average outdoor use.
- Fourth Tier will be set to reflect the higher costs from not conserving.
- Table A indicates proposed tier allotments.

Commodity Charges

- The total First Tier commodity charge will be the First Tier base rate plus General Provisions F, G, H, K, L, R and S adjustments.
- The total Second Tier commodity charge will be the Second Tier base rate plus General Provisions F, G, H, K, L, R and S adjustments.
- The total Third Tier commodity charge will be the Third Tier base rate plus General Provisions F, G, H, K, L, R and S adjustments.
- The total Fourth Tier commodity charge will be the Fourth Tier base rate plus General Provisions F, G, H, K, L, R and S adjustments.
- Seasonal pricing is removed. First, Second, Third, and Fourth Tier rates will be applied year-round.
- Tables 1, 2, 3 and 4 indicate the proposed First, Second, Third, and Fourth Tier rates that would be effective April 1, 2016, through June 30, 2020.

Schedule B – Multi-Dwelling Unit Residential Customers

The current two-tier structure will be set to reflect water conservation in accordance with the Mayor's 20% per capita reduction by 2017.

Usage Blocks

- Effective through June 30, 2016, the First Tier usage block will be set at the higher of (1) 100% of the customer's adjusted first tier usage block as of the day prior to the effective date of the new ordinance or (2) 100% of the average December through March consumption of the winter period within fiscal year beginning July

1, 2014, except that the minimum shall not be less than 24 HCF per month.

- Effective July 1, 2016, the First Tier usage block will set at the higher of (1) 93% of the customer's adjusted first tier usage block as of the day prior to the effective date of the new ordinance or (2) 93% of the average December through March consumption of the winter period within fiscal year beginning July 1, 2014, except that the minimum shall not be less than 24 HCF per month.
- Effective July 1, 2017, the First Tier usage block will set at the higher of (1) 88% of the customer's adjusted first tier usage block as of the day prior to the effective date of the new ordinance or (2) 88% of the average December through March consumption of the winter period within fiscal year beginning July 1, 2014, except that the minimum shall not be less than 24 HCF per month.
- If the First Tier usage block cannot be established, then First Tier base rate plus General Provisions adjustments will be applied until the end of the subsequent December through March period. At that time, the average consumption of such winter period multiplied by the same percentages described above shall be used as the customer's first tier usage block. If at that time, LADWP is not able to establish a First Tier usage block, First Tier usage block computations will be made by LADWP that are based on the customer's winter use characteristics, site conditions, and all applicable best management practices for conservation approved by the Board of Water and Power Commissioners (Board). The minimum First Tier usage block shall not be less than 24 HCF per month.
- LADWP may adjust First Tier usage blocks for some customers when the nature of use of the premises or customer operations has changed or when opportunities to further reduce first tier usage are exhausted.

Commodity Charges

- The total First Tier commodity charge will be the First Tier base rate plus General Provisions F, G, H, K, L, R and S adjustments.
- The total Second Tier commodity charge will be the Second Tier base rate plus General Provisions F, G, H, K, L, R and S adjustments.
- Seasonal pricing will be removed. First and Second Tier rates will be applied year-round.
- Tables 1 and 2 indicate the proposed First and Second Tier rates that would be effective April 1, 2016, through June 30, 2020.

Schedule C – Commercial, Industrial, and Governmental Customers and Temporary Construction

Usage Blocks

- The high season will be compressed from June through October to June through September.
- The First Tier low season usage block will be the higher of (1) 100% of the customer's Low Season adjusted first tier usage block as of the day prior to the effective date of the new ordinance or (2) 100% of the average December through March consumption of the winter period within fiscal year beginning July 1, 2014.
- The First Tier high season usage block will be the higher of (1) 105% of the customer's High Season adjusted first tier usage block as of the day prior to the effective date of the new ordinance or (2) 105% of the average December through March consumption of the winter period within fiscal year beginning July 1, 2014.
- If the First Tier usage block cannot be established, then First Tier base rate plus General Provisions adjustments will be applied until the end of the subsequent December through March period. At that time, the average consumption of such winter period multiplied by the same percentages described above shall be used as the customer's first tier usage block for the respective seasons. If at that time, LADWP is not able to establish a First Tier usage block, First Tier usage block computations for the low season and high season will be made by LADWP that are based on the customer's winter use characteristics, site conditions, and all applicable best management practices for conservation approved by the Board.
- LADWP may adjust First Tier usage blocks for some customers when the nature of use of the premises or customer operations has changed.

Commodity Charges

- The total First Tier commodity charge will be the First Tier base rate plus General Provisions F, G, H, K, L, R and S adjustments.
- The total Second Tier commodity charge will be the Second Tier base rate plus General Provisions F, G, H, K, L, R and S adjustments.
- Seasonal pricing will be removed. First and Second Tier rates will be applied year-round.
- Tables 1 and 2 indicate the proposed First and Second Tier rates that would be effective April 1, 2016, through June 30, 2020.

Schedule D – Recycled (formerly referred to as Reclaimed) Water Service

- The upper limit on the sum of the Commodity Charges and Treatment Surcharge shall be increased because the Schedule A.3.a base rate for single-dwelling unit residential service is increasing.
- It is clarified that this upper limit does not apply to advanced treated recycled water.
- Recycled water rates will still be set by contract. The ordinance will continue to have the Schedule A base rate as a reference. Because the Schedule A base rate is increasing as shown in Table 1, pricing of existing and new contracts for recycled water service may be impacted.

Schedule E – Private Fire Service

- The total commodity charge will be the base rate plus General Provisions F, G, H, K, L, R and S adjustments.
- Table 5 indicates the proposed volumetric rates that would be effective April 1, 2016, through June 30, 2020.
- Table 6 indicates the proposed Service Availability Charges that would be effective April 1, 2016, through June 30, 2020.

Schedule F – Publicly-Sponsored Irrigation; Recreational; Agricultural, Horticultural, and Floriculture Uses; Community Gardens and Youth Sports

Commodity Charges

- Effective through June 30, 2019, First Tier rates will be a fixed charge per HCF (includes base rate and difference proportionately allocated in General Provisions F, G, H, K, L, R, and S).
- Effective through June 30, 2019, Second Tier rates will be a fixed charge per HCF (includes base rate and difference proportionately allocated in General Provisions F, G, H, K, L, R, and S).
- Effective July 1, 2019, the total First Tier commodity charge will be the First Tier base rate plus General Provisions F, G, H, K, L, R, and S adjustments.
- Effective July 1, 2019, the total Second Tier commodity charge will be the Second Tier base rate plus General Provisions F, G, H, K, L, R, and S adjustments.
- Seasonal pricing will be removed. First and Second Tier rates will be applied year-round.
- It is clarified that customers utilizing recycled water under Schedule F may continue to do so unless they request recycled water service under Schedule D.
- Tables 1 and 2 indicate the proposed First Tier and Second Tier rates that would be effective April 1, 2016, through June 30, 2020.

WHAT ARE THE MODIFICATIONS TO THE GENERAL PROVISIONS AFFECTING RATES?

The existing water rate ordinance also specifies various terms and conditions that apply to one or more types of water customers served by LADWP, and describes various pass-through rate components that apply to customers. These are described in Section 3 of the existing rate ordinance. LADWP proposes the following changes:

General Provision F – Water Supply Cost Adjustment (WSCA) The WSCA recovers the cost of Los Angeles Aqueduct water, purchased water, groundwater, water conservation (formerly referred to as demand side management), and recycled water (formerly referred to as reclaimed water) and any additional water supply source expenses and varies according to the tiers of customers' rates.

- The factor will be calculated and take effect on the effective date of the proposed ordinance. Subsequently, the factor will be calculated two times per year on January 1 and July 1, rather than quarterly like the Water Procurement Adjustment under the current ordinance.
- Unlike the Water Procurement Adjustment, General Provision F will be included in the First and Second Tier rate for Schedules A, B, and C, in the Third and Fourth Tier rate for Schedule A, and in Schedule E.
- Unlike the Water Procurement Adjustment, General Provision F will be included in the First and Second Tier rate for Schedule F commencing July 1, 2019.
- It includes capital and operation and maintenance expenditures, excluding securitization, for water conservation.
- If securitization of assets is not feasible, LADWP may fund expenses through borrowing up to the capitalization ratio approved by the Board.
- It includes capital expenditures for recycled water and costs of stormwater capture and aquifer recharge.
- The WSCAF will be applied to a particular tier of a customer's usage and is calculated based on sources of supply, beginning with the first tier and continuing in numerical order. A tier's expected annual demand is supplied starting with the least expensive available source and continuing in order with the next more expensive available source until that tier's expected annual demand is met. The costs of the various sources of supply are calculated based on the cost to provide the specific water supply divided by the supply in HCF of the specific source.
- The total estimated water sales of the factor calculation for twelve months commencing with the effective date of the WSCA factor shall exclude Schedules D and F but only exclude Schedule F sales through June 30, 2019.
- There will be no cap applied to adjustments on calculation of the factor.
- Some pass-through adjustments of the existing Water Rate Ordinance contain a 5% factor that was originally collected to make a funds transfer to the City, as permitted by the City Charter. Since that transfer is no longer made and LADWP itself will no longer require further collection of the 5% factor to enhance financial stability, the 5% factor is being removed from pass-through adjustments in the new ordinance. Thus, the Water Supply Cost Adjustment Account will not include the 5% factor.
- The 5% factor will also not be included in the factor calculation.
- The uncollectible WSCA portion of customer water bills shall be included in the WSCA account.

General Provision G – Water Quality Improvement Adjustment (WQIA) The WQIA recovers water quality related expense in order to equalize water quality throughout the City, to meet State and Federal water quality standards, and to provide security for water supply, storage, and conveyance infrastructure and related facilities.

- The factor will be calculated and take effect on the effective date of the proposed ordinance. Subsequently, the factor will be calculated two times per year on January 1 and July 1, rather than quarterly as provided for under the current ordinance.
- General Provision G will be included in the First and Second Tier rate for Schedules A, B, and C, in the Third and Fourth Tier rate for Schedule A, and in Schedule E.
- General Provision G will be included in the First and Second Tier rate for Schedule F commencing July 1, 2019.
- The cost for groundwater treatment for potable use will be added to the factor calculation.
- The cost for security for water supply, storage, and conveyance infrastructure and related facilities will be added to the factor calculation.
- The WQIA Account will not include the 5% factor, as described above in the General Provision F section.
- The 5% factor will also be removed from the WQIA factor calculation.
- The total estimated water sales of the factor calculation for twelve months commencing with the effective date of the WQIA factor shall exclude Schedules D and F but only exclude Schedule F sales through June 30, 2019.
- It includes capital expenditures, excluding securitization, for water quality expense.
- If securitization of assets is not feasible, LADWP may fund expenses through borrowing up to the capitalization ratio approved by the Board.
- There will be no cap applied to adjustments on calculation of the factor.
- The uncollectible WQIA portion of customer water bills shall be included in the WQIA account.

General Provision H – Base Rate Revenue Target Adjustment (BRRTA) The BRRTA recovers any shortage in base rate revenue or credits back any excess collection of the revenue due to variations between projected and actual water sales.

- Base rate revenue targets will be established in the ordinance for the five fiscal years commencing July 1, 2015, for revenue from base rates of Schedule A, Schedule B, and the combination of all other rate schedules (Others).
- The targets for Fiscal Year 2018/19 and 2019/20 for the Ordinance may change up to 2% depending on future Board action.
- Unlike the Water Revenue Adjustment, General Provision H will be included in the First and Second Tier rate for Schedules A, B, and C, in the Third and Fourth Tier rate for Schedule A, and in Schedule E.
- Unlike the Water Revenue Adjustment, General Provision H will be included in the First and Second Tier rate for Schedule F commencing July 1, 2019.
- The factor will be calculated one time per year on January 1.
- Base rate revenue will be determined by total revenue collected from water sales for Schedule A, Schedule B, and Others, excluding revenue from General Provisions F, G, H, K, L, R and S. The over or under-collected revenue for Schedule A, Schedule B, and Others will be determined, and the BRRTAF will be calculated for each group essentially by dividing the over or under-collected revenue for Schedule A, Schedule B, and Others by each of their respective total retail sales in HCF. For the calculations on the first effective date of the BRRTA and on January 1, 2017, the total retail sales will be estimated over twenty-four month periods to spread out the impact of the initial under-collection recovery. Other calculations will use total annual estimated retail sales.
- The total estimated water sales for the factor calculation for twelve months commencing with the effective date of the BRRTAF shall exclude Schedules D and F but only exclude Schedule F sales through June 30, 2019 for each of Schedule A, Schedule B, and Others.

- A BRRTA Account will be established for Schedule A, Schedule B, and Others.
- Each BRRTA Account can now be less than zero. If revenue from water sales exceeds the base rate revenue targets, the Chief Financial Officer will credit the total amount of over-collections through the next 12 months using the BRRTA Factor for Schedule A, Schedule B and Others.
- Each BRRTA Account will include the uncollectible BRRTA portion for Schedule A, Schedule B, or Others for the customer water bills for each particular group as recorded for that fiscal year.
- For Fiscal Year 2020/21, and fiscal years thereafter, the Board can establish base rate revenue targets by resolution, but any increase shall not exceed the percentage change in the Consumer Price Index specified by the ordinance.

General Provision I – Water Security Adjustment (WSA) The WSA will be deleted and incorporated into the General Provision Water Quality Adjustment.

General Provision J – Adjustment Factor Limitations will be deleted.

General Provision K – Owens Valley Regulatory Adjustment (OVRA) The OVRA recovers the expense for the Owens Lake Dust Mitigation Project, the Lower Owens River Project, and the Owens Lake Master Project.

- The factor will be calculated and take effect on the effective date of the proposed ordinance. Subsequently, the factor will be calculated two times per year on January 1 and July 1, rather than quarterly as provided for under the current ordinance.
- General Provision K will be included in the First and Second Tier rate for Schedules A, B, and C, in the Third and Fourth Tier rate for Schedule A, and in Schedule E.
- General Provision K will be included in the First and Second Tier rate for Schedule F commencing July 1, 2019.
- It includes the debt service associated with infrastructure and related facilities, which are a part of the Owens Lake Dust Mitigation Project, the Lower Owens River Project, and the Owens Lake Master Project.
- The total estimated water sales for the factor calculation for twelve months commencing with the effective date of the OVRA factor shall exclude Schedules D and F but only exclude Schedule F sales through June 30, 2019.
- It includes capital expenditures excluding securitization for those Owens Valley projects.
- If securitization of assets is not feasible, LADWP may fund expenses through borrowing up to the capitalization ratio approved by the Board.
- There will be no cap applied to adjustments on calculation of the factor.
- The OVRA Account will not include the 5% factor, as described above in the General Provision F section.
- The 5% factor will also be removed from the factor calculation.
- The rate stabilization account target will be deleted from the factor calculation.
- There will be no cap applied to adjustments on calculation of the factor.
- No water quality operations and maintenance expenses will be collected through the proposed factor.
- The uncollectible OVRA portion of customer water bills shall be included in the OVRA account.

General Provision L – Low-Income Subsidy Adjustment (LISA) The LISA recovers the cost of credits provided to lifeline and low-income customers.

- The factor will be calculated and take effect on the effective date of the proposed ordinance. Subsequently, the factor will be calculated two times per year on January 1 and July 1, rather than quarterly as provided for under the current ordinance.
- General Provision L will be included in the First and Second Tier rate for Schedules A, B, and C, in the Third and Fourth Tier rate for Schedule A, and in Schedule E.
- General Provision L will be included in the First and Second Tier rate for Schedule F commencing July 1, 2019.
- The total estimated water sales for the factor calculation for twelve months commencing with the effective date of the LISA factor shall exclude Schedules D and F but only exclude Schedule F sales through June 30, 2019.
- The LISA Account will not include the 5% factor, as described above in the General Provision F section.
- The 5% factor will also be removed from the LISA factor calculation.
- The cap of the LISA factor will be $0.03 per HCF to reflect the semiannual calculation of the factor. This cap will only be applied to increases in the adjustment.

General Provision N – Seasonal Variation Adjustment

- Applicability is clarified by explicitly identifying qualifying customers as those who receive Schedule B and Schedule C water service.

General Provision Q – Household Size will be deleted.

General Provision R – Water Infrastructure Adjustment (WIA) The WIA recovers capital costs associated with infrastructure investments to maintain and improve the reliability of the water distribution system.

- The factor will be calculated and take effect on the effective date of the proposed ordinance. Subsequently, the factor will be calculated for each fiscal year commencing July 1.
- General Provision R will be included in the First and Second Tier rate for Schedules A, B, and C, in the Third and Fourth Tier rate for Schedule A, and in Schedule E.
- General Provision R will be included in the First and Second Tier rate for Schedule F commencing July 1, 2019.
- The WIAF will be calculated by dividing the estimated water infrastructure related expense for twelve months, including debt service specifically for infrastructure construction, to improve the reliability of the water distribution system by total retail sales in HCF.
- The total estimated water sales for the factor calculation for twelve months commencing with the effective date of the WIA factor shall exclude Schedules D and F but only exclude Schedule F sales through June 30, 2019.
- A WIAF Account will be established and will include the uncollectible WIAF portion for the customer water bills as recorded for that fiscal year
- Provision for shortage year rates will be deleted and replaced with this new Water Infrastructure Adjustment.

General Provision S – Water Expense Stabilization Adjustment (WESA) The WESA recovers any shortage between the target determined by the Chief Financial Officer for the Water System Expense Stabilization Fund and the fund's balance in order to stabilize rates in the event of unforeseen events impacting water service delivery. It also allows recovery of legal and court costs or any judgment or settlement.

- The factor will be calculated and take effect on the effective date of the proposed ordinance. Subsequently, the factor will be calculated for each year commencing January 1.
- General Provision S will be included in the First and Second Tier rate for Schedules A, B, and C, in the Third and Fourth Tier rate for Schedule A, and in Schedule E.
- General Provision S will be included in the First and Second Tier

rate for Schedule F commencing July 1, 2019.

- The total estimated water sales for the factor calculation for twelve months commencing with the effective date of the WESA factor shall exclude Schedules D and F but only exclude Schedule F sales through June 30, 2019.
- A WESA Account will be established and will include the difference between the Water System Expense Stabilization Fund Target and the fund's balance. It will also include the uncollectible WESA portion for the customer water bills as recorded for that fiscal year.
- The Expense Stabilization Fund Target shall be established by the Chief Financial Officer of LADWP.
- The factor includes expense for legal and court costs or any judgment or settlement including interest payments thereon.

Typographical and internal reference corrections are also being made in the proposed rate ordinance.

HOW DOES THIS AFFECT MY RATES?

Tables 1, 2, 3 and 4 indicate the First, Second, Third, and Fourth Tier rates to be paid by the customers of the types indicated. Base rates and total rates including the water supply costs and the other various pass-through adjustment charges are indicated as follows:

Table 1: First Tier Rates per HCF for Customer Types as Indicated*

Customer Type	1/1/16		4/1/16		Fiscal Year 16/17		Fiscal Year 17/18		Fiscal Year 18/19		Fiscal Year 19/20	
	Base	Total (including pass-through)	Base	Total** (including pass-through)	Base	Total** (including pass-through)	Base	Total** (including pass-through)	Base	Total** (including pass-through)	Base	Total** (including pass-through)
Schedule A - Single-Dwelling Unit Residential	$1.321	$4.654	$1.422	$5.553	$1.792	$5.087	$1.999	$4.959	$2.016	$5.134	$2.095	$5.484
Schedule B - Multi-Dwelling Unit Residential	$1.331	$4.664	$1.422	$5.553	$1.792	$5.087	$1.999	$4.959	$2.016	$5.134	$2.095	$5.484
Schedule C - Commercial, Industrial, Governmental et al.	$1.421	$4.754	$1.422	$5.553	$1.792	$5.087	$1.999	$4.959	$2.016	$5.134	$2.095	$5.484
Schedule F - Publicly-Sponsored Irrigation, et al.	$1.069	$1.408	$1.422	$2.108	$1.792	$2.831	$1.999	$3.498	$2.016	$4.363	$2.095	$5.484

Table 2: Second Tier Rates per HCF for Customer Types as Indicated*

Customer Type	1/1/16		4/1/16		Fiscal Year 16/17		Fiscal Year 17/18		Fiscal Year 18/19		Fiscal Year 19/20	
	Base	Total (including pass-through)	Base	Total** (including pass-through)	Base	Total** (including pass-through)	Base	Total** (including pass-through)	Base	Total** (including pass-through)	Base	Total** (including pass-through)
Schedule A - Single-Dwelling Unit Residential	$3.523	$6.415	$1.422	$6.772	$1.792	$6.822	$1.999	$6.724	$2.016	$6.954	$2.095	$7.257
Schedule B - Multi-Dwelling Unit Residential	$3.523	$6.415	$3.921	$9.271	$3.552	$8.582	$3.409	$8.133	$3.425	$8.364	$3.504	$8.667
Schedule C - Commercial, Industrial, Governmental et al.	$3.523	$6.415	$2.923	$8.273	$3.292	$8.323	$3.500	$8.225	$3.516	$8.455	$3.595	$8.758
Schedule F - Publicly-Sponsored Irrigation, et al.	$3.280	$5.219	$2.923	$6.780	$3.292	$8.257	$3.500	$8.183	$3.516	$8.433	$3.595	$8.758

Table 3: Third Tier Rates per HCF for Customer Types as Indicated*

Customer Type	1/1/16		4/1/16		Fiscal Year 16/17		Fiscal Year 17/18		Fiscal Year 18/19		Fiscal Year 19/20	
	Base	Total (including pass-through)	Base	Total** (including pass-through)	Base	Total** (including pass-through)	Base	Total** (including pass-through)	Base	Total** (including pass-through)	Base	Total** (including pass-through)
Schedule A - Single-Dwelling Unit Residential	N/A	N/A	$2.168	$7.518	$2.538	$7.568	$2.746	$7.617	$2.762	$7.902	$2.841	$8.575

Table 4: Fourth Tier Rates per HCF for Customer Types as Indicated*

Customer Type	1/1/16		4/1/16		Fiscal Year 16/17		Fiscal Year 17/18		Fiscal Year 18/19		Fiscal Year 19/20	
	Base	Total (including pass-through)	Base	Total** (including pass-through)	Base	Total** (including pass-through)	Base	Total** (including pass-through)	Base	Total** (including pass-through)	Base	Total** (including pass-through)
Schedule A - Single-Dwelling Unit Residential	N/A	N/A	$2.168	$7.518	$2.538	$7.570	$2.746	$7.800	$2.762	$9.413	$2.841	$10.575

Table 5: Base Rates and Total Commodity Charges per HCF for Schedule E

Rates per HCF*	1/1/16		4/1/16		Fiscal Year 16/17		Fiscal Year 17/18		Fiscal Year 18/19		Fiscal Year 19/20	
	Base	Total (including pass-through)	Base	Total** (including pass-through)	Base	Total** (including pass-through)	Base	Total** (including pass-through)	Base	Total** (including pass-through)	Base	Total** (including pass-through)
Schedule E - Private Fire Service	$1.421	$4.754	$1.422	$5.553	$1.792	$5.087	$1.999	$4.959	$2.016	$5.134	$2.095	$5.484

Table 6: Service Availability Charges for Schedule E

Schedule E Service Availability Charges	1/1/16	4/1/16	FY16/17	FY17/18	FY18/19	FY19/20
1 inch and smaller	$ 3.10	$ 3.15	$ 3.20	$ 3.26	$ 3.33	$ 3.39
1.5 inch	$ 11.00	$ 11.18	$ 11.35	$ 11.57	$ 11.80	$ 12.04
2 inch	$ 15.63	$ 15.88	$ 16.13	$ 16.44	$ 16.77	$ 17.10
3 inch	$ 38.49	$ 39.11	$ 39.73	$ 40.49	$ 41.30	$ 42.12
4 inch	$ 61.35	$ 62.33	$ 63.33	$ 64.53	$ 65.82	$ 67.14
6 inch	$ 108.48	$ 110.22	$ 111.98	$ 114.11	$ 116.39	$ 118.72
8 inch	$ 212.39	$ 215.79	$ 219.24	$ 223.41	$ 227.87	$ 232.43
10 inch	$ 255.79	$ 259.88	$ 264.04	$ 269.06	$ 274.44	$ 279.93
12 inch	$ 328.87	$ 334.13	$ 339.48	$ 345.93	$ 352.85	$ 359.90
14 inch	$ 511.58	$ 519.77	$ 528.08	$ 538.12	$ 548.88	$ 559.85
16 inch	$ 612.07	$ 621.86	$ 631.81	$ 643.82	$ 656.69	$ 669.83
20 inch	$ 821.03	$ 834.17	$ 847.51	$ 863.63	$ 880.89	$ 898.51

Table A: Tier Allotments for Schedule A

Tier 1					
All Seasons - All Temperature Zones	8				
Tier 2 (Added to Tier 1 Water Allotment)					
Lot sizes (square feet)	<7500	<11000	<17500	<43560	43560 +
Low Season (Oct-May) - All Temperature Zones	3	4	8	10	10
High Season (June-Sep) - Low Temperature Zone	6	9	17	21	21
High Season (June-Sep) - Mid Temperature Zone	7	10	19	24	24
High Season (June-Sep) - High Temperature Zone	9	12	25	31	31
Tier 3 (Added to Tier 2 Water Allotment)					
Lot sizes (square feet)	<7500	<11000	<17500	<43560	43560 +
Low Season (Oct-May) - All Temperature Zones	6	8	16	20	20
High Season (June-Sep) - Low Temperature Zone	12	18	34	42	42
High Season (June-Sep) - Mid Temperature Zone	14	20	38	48	48
High Season (June-Sep) - High Temperature Zone	18	24	50	62	62
Tier 4 (All Usage Above Tier 3)					

*1 HCF (Hundred Cubic Feet) = 748 Gallons = 1 billing unit

**These proposed rates include estimates made at the time of this notice of market conditions and future LADWP expenditures to be recovered through the Water Rate Ordinance, which affect calculation of the Adjustment Factors.

Los Angeles Department of Water & Power

Notice of Proposed Water Rate Restructure and Increases for the Los Angeles Department of Water and Power and Associated Public Hearing

December 2015

Los Angeles
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Water & Power
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