

LOS ANGELES DEPARTMENT OF WATER AND POWER FISCAL YEAR 2020-2021 GOALS AND OBJECTIVES

The goals and objectives of the Los Angeles Department of Water and Power (LADWP) for Fiscal Year 2020-21 are consistent with Mayor's priorities and reflect continued investment to comply with mandates, upgrade aging infrastructure to maintain reliability, provide customers with opportunities to reduce and control their energy bills as well as create a more sustainable and local water supply.

Key goals for FY 2020-21 include:

- (1) Maintaining reliable service through rebuilding our aging water and power infrastructure.
- (2) Continuing the transformation of our water and power supplies for improved sustainability and to meet State and Federal regulatory mandates.
- (3) Improving communications, services, and the overall experience for all LADWP customers.

POWER SYSTEM

The primary focus of the Power System includes the following key areas:

- Improve Power System reliability
- Transform the power supply with a focus on environmental stewardship
- Provide exemplary customer service
- Ensure the continuity of an effective and efficient workforce

Improve Power System reliability

The Power System Reliability Program (PSRP) is critical for the replacement of the rapidly aging backbone and infrastructure of the Generation, Transmission, Substation, and Distribution Systems. This includes infrastructure replacement of Poles, Crossarms, Generation, Distribution and Substation Transformers, Cables, and Circuit Breakers, as well as incorporating new technologies such as Substation Automation and Distribution Automation.

- Begin deployment of the distribution automation communication network and continue to deploy distribution automation devices, and target installation of one-third of the communication equipment in PY2020-21
- Support Clean Grid LA Initiatives through Distribution System Development of new circuits plans and stations, reliability plans, and distribution voltage upgrades
- Maintain system reliability by performing all necessary studies and coordinating all planned outages

- Meet targets for the PSRP infrastructure replacement of 850 distribution transformers, 10,000 deteriorated crossarms, 4,000 deteriorated poles, and 55 miles of 4.8kV and 34.5kV underground distribution cables
- Seek professional services to support Critical Infrastructure Protection (CIP) compliance Capital Physical Security Threat Vulnerability Mitigation and support the implementation of CIP-013 Cyber Security Supply Risk Management to mitigate cyber security risk to the Bulk Electric System from vendor products or services
- Seek professional services to conduct Cyber-Vulnerability-Assessment (CVA) to meet CIP-010 requirements and implement remediation recommendations to address CVA findings
- Meet targets for Wildfire Hardening and Mitigation which includes replacement of 756 poles, 1,525 crossarms, and 204 transformers along with Substation Automation to allow for situational awareness and control. Work will be focused on Tier 2 and Tier 3 wildfire zones.

Transform the power supply with a focus on environmental stewardship

In April 2019, the Mayor announced Los Angeles' Green New Deal which included targeting 55 percent renewable energy supply by 2025, 80 percent by 2036 and 100 percent by 2045 in compliance with California's mandate.

- Support the on-going LA100 study efforts to determine the investments needed to reach a goal of 100 percent renewable.
- Collaborate and coordinate with Southern California Public Power Authority (SCPPA) members to share studies, best practices, optimize costs, organize common value propositions, and allow joint procurement of renewable resources through power purchase agreements or acquisitions.
- Continue to develop and procure resources and build the transmission paths to achieve local and state renewable targets.
- Support emerging technologies such as battery storage, solar and electric vehicle charging.
- Support state and local efforts to increase the adoption and use of electric transportation in order to meet LADWP's target of 145,000 electric vehicle (EV) equivalents in Los Angeles by 2022 and develop, implement, and maintain EV related rebate programs with a goal of providing up to \$40 million in total assistance per year for various Commercial and Residential EV Charger rebates and Used EV Rebates.
- Successfully enter the California Independent System Operator (CAISO) Energy Imbalance Market (EIM). This will require LADWP to completely change the way it dispatches generation from its current locally controlled economic system to the EIM system which will dispatch units based on economics in the entire market footprint.

- Remain in compliance with state environmental mandates/regulations through the replacement of high emissions diesel Fleet equipment and the purchase of electric sedans in support of the Mayor's Sustainability Plan.
- Continue identifying and mitigating issues related to bringing resources into LA's system to supply the load and meet the Renewable Portfolio Standard (RPS) requirements.
- Continue coordinating and identifying transmission project outage constraints and provide priority orders.
- Continue identifying possible transmission upgrades that would assist with increasing LA's import capability paths to be utilized to meet RPS goals and meet demand reliably.

Provide exemplary customer service

- Power New Business Development and Technology Applications (PNBDTA) is focusing on improving customer communications and project coordination through quarterly industry workshops, participation in bi-monthly industry seminars, and through hosting specific project coordination meetings with specific developers, engineers, and governmental agencies to provide information regarding overall submittal, design, and construction phases, as well as information related to design LADWP design standards. With this shared understanding, the goal is to avoid unnecessary delays caused by corrections or lack of information in submittals received.
- PNBDTA continues to work with customers to improve solar system and energy storage interconnection projects. This includes supporting the interconnection of Net Energy Metering and Feed-in Tariff customer projects.
- Increase meter reading efficiencies and research and resolve irregularities in meter and service-related problems to improve customer service.

Ensure the continuity of an effective and efficient workforce

- Improve worker safety through investigation of incidents; protective clothing, evaluation of new tools prior to implementation; reduce switching and procedural errors; safety tours; safety inspections; safety meetings; safety training; and employee involvement.
- Construction of a training Distributing Station for trainees and journey-level employees to practice proper safety protocols, operations, and maintenance procedures in a realistic simulated substation environment.
- Enhance in-house training programs such as Electric Distribution Mechanic; Electrical Mechanic; Electric Station Operator; Utility Pre-Craft Trainee; Electrical Repairer; Electrical Tester; Apprentice Metal Trades, and improve their success ratio.

WATER SYSTEM

The Water System's mission is to provide reliable, high quality water to customers in a publically and environmentally safe, efficient, and responsible manner. Goals toward achieving these priorities include:

- Ensure programs and policies are in place to protect and improve sustainability of water supply and resources.
- Assuring the completion of scheduled water infrastructure replacement projects.
- Meeting current and emerging water quality regulatory and policy mandates.

Local Water Supply Program

Local Water Supply program is a long-term initiative to develop local water supplies within the City to help further reduce continued reliance on imported water that is purchased from the Metropolitan Water District of Southern California (MWD). To reliably meet the long-term water supply needs of the City while minimizing costs to the ratepayers, LADWP proposes increased investments in developing local supplies as set out in the updated Urban Water Management Plan, and consistent with the Mayor's updated Sustainable City plan goals. LADWP has continued representation at MWD to protect LA's interests in maintaining a cost-effective and reliable supplemental water supply for the City.

LADWP will continue its comprehensive water loss control program by improving data quality on the Water Loss Audit and implementing the Water Loss Task Force Action Plan. These actions include the development of a preventative maintenance program to calibrate supply meters, targeted customer meter testing and replacement, and improved data collection on leak repairs and pressure events.

Water Infrastructure Program

Water Infrastructure Program entails investments in projects supporting the major components of the Water System infrastructure including water pipeline replacement, pumping stations refurbishment, meter replacement, regulator station refurbishment, tank retrofits, and Los Angeles Aqueduct reservoirs and dams refurbishment to enhance water supply reliability. The Water Infrastructure Plan includes infrastructure upgrades that are a part of Water System's multi-year capital plan. Investments are necessary to maintain reliability of supply and distribution of water for Los Angeles.

Regulatory Compliance

Regulatory Compliance ensures that LADWP's water supply meets all state and federal regulatory standards. LADWP has several water quality programs to continue providing the City of Los Angeles with safe drinking water such as Chloramination Station Installations, Trunk Line Improvements, Water Treatment Improvements, and Reservoir Improvements.

JOINT SYSTEM

The Joint System provides critical organization-wide support including but not limited to customer service, sustainability and economic development, corporate performance, human resources, financial services and community relations. Key goals that further this support include:

- Becoming a more customer focused organization.
- Maintaining and strengthening LADWP's financial position and liquidity through appropriate enhancements to financial policies and metrics.
- Providing human resources services to develop and sustain a highly-skilled and diverse workforce.
- Using technology, enterprise systems and other critical applications to support and enhance LADWP operations.

Below are some of the Joint System Organizations and their programs in support of these key goals:

EXTERNAL AND REGULATORY AFFAIRS

1. Customer Services Division

The Customer Service Division (CSD) is responsible for the \$7+ Billion revenue stream processes, from billing to remittance. While doing so, CSD embodies LADWP's customer vision by valuing the people we serve, providing respectful, responsive, and dependable customer service. As a result of the implementation of Federal, State, and Local Coronavirus Pandemic response measures, CSD will be working through multiple operational impacts. In planning ahead for recovery from the Pandemic, CSD will require a higher level of manual intervention to work on customer accounts to help the Department and our customers return to a new "business as usual". Delivering the highest level of service in all areas and continuing to improve the customer experience for the City of Los Angeles and Owens Valley residents and businesses, is a key focus of the entire Department. The CSD's Fiscal Year 2020-21 Goals are aligned with our strategic goals:

- Enable every employee to be a positive customer service ambassador
- Build trust with our customers
- Provide timely and accurate billing to all customers
- Improve customer communication, community participation and the customer experience
- Enhance technology to better serve our customers

2. Public Affairs

- Communicate proactively through various channels (media, internal, corporate communications, social media, advertising, and community relations) about LADWP key programs, initiatives and successes.
- Provide exceptional internal client support for various LADWP customer programs in order to communicate more effectively with our customers and increase customer program participation in key programs, including: EV rebate programs, Energy Efficiency, and Water Conservation, among others.
- Work with staff from Power and Water systems, effectively engage members of the community, key stakeholders and various non-governmental organizations in learning more about LADWP initiatives and providing input to the LA100, Clean Grid LA, Operation NEXT (Local water supply development), Boulder Canyon Pumped Storage Project, Power System Reliability Plan and other major capital investments and related planning and community engagement processes.
- Provide rapid response to crisis incidents, including power outages, water main breaks, severe weather incidents, wildfires and other unplanned, but high-profile events that require effective, timely and accurate communications with our customers, the Board of Water and Power Commissioners(Board) and City leadership.
- Continue to ensure a visible presence at various community events and partnerships with key community organizations to promote LADWP's customer programs and to share information about key initiatives.

3. Legislative and Intergovernmental Affairs

- Meet with legislators and agency representatives in Sacramento and Washington, D.C. quarterly (minimum) to educate the Los Angeles delegation and other key legislators to protect and preserve LADWP interests
- Work closely with the Mayor's Office to secure City Council positions on State and Federal bills impacting LADWP.
- Proactively maintain and develop relationships and alliances within the utility industry as well as with elected officials to advocate for and protect LADWP interests.
- Develop and maintain relationships with key utility, business associations and trade organizations (e.g., American Public Power Association, Valley Industry & Commerce Association, California Municipal Utilities Association, Los Angeles Chamber of Commerce, Greater Los Angeles African American Chamber of Commerce, etc.) sharing common interest in legislative and regulatory issues of significance to LADWP.

4. Environmental Affairs

- Support the development of the Clean Grid L.A. Plan, as the roadmap and framework on how LADWP's local grid including distribution, transmission, and generation assets, can support L.A.'s clean energy goals in a reliable, flexible, and environmentally beneficial manner, while taking rate impacts into consideration.
- Manage the proceeds generated by the Assembly Bill 32 Cap and Trade/GHG Auction (AB32) and the Low Carbon Fuel Standard Credit Sale that may fund LADWP's key GHG emission reduction programs that support the California statutory goal of reducing statewide emissions by 40 percent below 1990 levels by 2030.
- Implement a comprehensive environmental review process for all capital projects and maintenance activities to ensure that environmental approvals are obtained in order to meet regulatory requirements and protect natural resources.
- Expedite the cleanup of LADWP's legacy contaminated sites, by working closely with the California Environmental Protection Agency, to prioritize and allocate resources at the state and local level.

5. Efficiency Solutions

- Having met the Board of Water and Power's mandate of 15 percent energy efficiency savings by 2020 vs. 2010, LADWP seeks to continue this aggressive pace through 2030 to meet California's mandate through Senate Bill 350 to double energy efficiency, while additionally supporting LA's Green New Deal to accelerate reduction of Greenhouse Gas (GHG) Emissions and reduce power bills for customers who need help the most.
- Expand efforts to electrify buildings with energy efficient technologies and appliances to reduce emissions and increase opportunities for demand response and load shifting.

6. Innovation & Partnerships

- Partner with secondary, college, and university institutions, community based organizations, and others to create and maintain workforce development programs and pipelines for the energy, water, and clean technology sectors.
- Partner with business organizations, ethnic and gender chambers, and others to educate and grow businesses that provide energy, water, and clean tech products and services to our customers.
- Partner with the faith based community, non-profits, and others including the South Los Angeles Transit Empowerment Zone to promote small businesses participation in LADWP programs and incentives, especially in disadvantaged communities.
- Partner with the Mayor's Office and other stakeholders to develop and implement resiliency pilot projects.

- Partner with the Los Angeles Cleantech Incubator, Business Source Centers, ethnic chambers, and other incubators to move towards equity in the energy, water and clean technology sectors.
- Partner with the Mayor's Office, The Valley Economic Alliance, and other stakeholders to attract, retain, and grow business especially in disadvantaged communities, opportunity zones, and promise zones.

7. Electrification of Transportation

- Expand the existing electric vehicle infrastructure to provide convenient and easy vehicle charging options throughout Los Angeles.
- Expand efforts to electrify other transportation and goods movement infrastructure to minimize impacts and increase the use of more sustainable transit options.
- Expand efforts to increase electric vehicle infrastructure to reduce emissions and increase opportunities for demand response and load shifting.
- Ensure that LADWP remains in compliance with state environmental mandates and goals that incorporate a transparent and rigorous data performance analysis on GHG emissions and sustainable metrics into the day-to-day operations of LADWP.

CHIEF FINANCIAL OFFICER

1. Financial Services Organization (FSO) Executive Office/Strategic Rates Design

- Design and negotiate contract rate solutions for UCLA, CSUN, USC, LAUSD, and LA County, Pilot virtual net metering rate, Pilot EV contract rates, develop energy contract agreement to retain and recruit data center customers, and work with PA consultants to learn programs offered by CCA.
- Explore rate analysis tools using Statistical Analysis System (SAS) language; study the graphic tools in SAS program suite in developing data analytical tools.

2. Accounting and Financial Reporting Division

- High priority given to pay employees and vendors timely and accurately.
- Deliver reliable financial information in a timely manner to internal and external parties.
- Implement new payment process for CAISO Energy Imbalance Market to be ready for April 2021 go live. Accurately account for related purchased power and energy sales as we expand participation in CAISO energy market.
- Backfill critical positions to ensure smooth operations across the Division.
- Priority to remit Payroll taxes (State and Federal) and City taxes (Utility User Tax, Sanitation Refuse Fee, Bulky Item Fee, and Sewer Service Charge) timely and accurately.

- Conduct and evaluate leases to comply with new Government Accounting Standards Board (GASB) No. 87 standards to adopt in FY 2021-22.
- Evaluate and implement new software to maintain all lease information required for GASB No. 87.
- Set new standards to ensure all staff is providing exemplary customer service to internal and external customers.
- Provide opportunities for continued professional development through in-house and external training.

3. Budget, Financial Systems Replacement & FSO Administrative Services

- Obtain Board approval for the Department's FY 2021-22 budget
- Monitor the FY 2020-21 budget via Monthly Financial Reports
- Support the latest Open Access Transmission Tariff Wholesale Rates update effort
- Go-live and operate and maintain the new Hyperion Planning Budget application
- Support Information Technology and Corporate Project Management Office on Enterprise Resource Program (ERP) related activities, including evaluation of the ERP software selection related to the Finance and Payroll modules
- Continue organizational readiness activities for ERP, including data flow diagrams, chart of account analysis, and chaining logistics study
- Update the FSO website to make it more useful to LADWP and FSO employees
- Ensure employees complete all mandatory training classes
- Backfill critical positions to ensure smooth operations across FSO

4. Rates and Financial Planning Division

- Complete back office system upgrade to support complex billing, customer data analytics, and rate design
- Continue to manage Department retail power and water rates
- Develop short-term and long-term financial plans and determine revenue requirements and strategies to ensure Department financial stability
- Perform various financial and rate impact analysis for power and water major projects
- Obtain Board approval for power and water pass-through rates on a quarterly, semi-annual, and annual basis in accordance with power and water rate ordinances

5. Finance and Risk Control Division

- Expand reach out to rating agencies and the investor community by providing updated information to address headlines and regulatory concerns while promoting the Department's financial stability
- Issue approximately \$930 million new money bonds (\$600 million Power System and \$330 million Water System)
- Refund approximately \$488 million callable bonds (\$170 million Power System; \$220 million Water System; and \$98 million SCPPA) to secure substantial debt service savings
- Secure replacement for the \$373.5 million liquidity facilities expiring in FY 2020-21
- Release Request for Proposals for Municipal Advisory Services and Underwriting Pool expiring in March 2021 and June 2021, respectively
- Continue to explore cost effective financing options including securitization of eligible water projects
- Post a Request for Qualification to expand natural gas hedging counterparties pool through negotiating additional International Swap Dealers Association Master Agreements with counterparties
- Renew all necessary commercial insurance, including cyber liability policies
- Continue to monitor and assess various ways of insuring or funding Wildfire Liability insurance
- As SCPPA's Agent, continue to provide financial services, investment expertise, and project accounting including preparation of financial statements of SCPPA's current portfolio of 40 projects as well as anticipated Whitegrass No. 1 Geothermal Project, Desert Harvest Solar Project, and Roseburg Biomass Project

6. Internal Audit Division

- Execute FY 2020-21 Annual Audit Plan
- Conduct a real time assessment of Customer Care and Billing (CC&B) Upgrade Project
- Secure and manage a contract for CC&B Upgrade readiness assessment
- Secure contracts for other external audit services
- Provide audit training to staff with a special focus on cybersecurity, data analytics and continuous auditing, system development life cycle and fraud and conflict of interest
- Conduct a risk assessment for the audit plan for FY 2020-21
- Conduct a survey for lessons learned from COVID-19 interruptions and opportunities for work process improvement

7. Corporate Performance Division

- Continue to report the Rates Metrics on quarterly basis to the Office of Public Accountability (OPA) and semi-annually to the Board
- Report the Equity Metrics semi-annually to the Board
- Work with the Mayor's Office to finalize and provide monthly data for the Mayor's Office Dashboard metrics and for the Mayor's Open Data portal
- Complete functional study with the OPA
- Initiate and complete a task order for public opinion and spatial analysis study with Loyola Marymount University to enhance Equity Metrics Data initiative capabilities based on historical trend data
- Continue sponsorship and participation in the Loyola Marymount University Center for the study of Los Angeles public opinion survey
- Work jointly with the OPA on the Phase 3 benchmarking study

CHIEF ADMINISTRATIVE OFFICER

1. Information Technology Services including CPMO

- Secure, protect and maintain the Department's information technology (IT) infrastructure and data
- Align the technology roadmap, processes, people and resources to assist Divisions in achieving their goals
- Attract, develop and retain a professional, high-quality IT workforce
- Adopt new technologies to improve business operations, and improve overall customer experience and communications

2. Security Services

- Reduce overtime, increase visibility of security via increased proprietary-uniform presence at the John Ferraro Building (JFB), and increase deployment by Contract Security
- Prepare employees and test/ensure readiness of LADWP to respond to emergencies
- Conduct personal/security awareness training for employees
- Produce and train on Uniform Security Services Policy and Procedures Manual
- Update Use of Force Policy
- Conduct security assessments for CPUC rulemaking
- Ensure CIP-006, CIP-014 and CIP-003 compliance

3. Supply Chain Services

- Continue to provide ethical, transparent and fiscally-responsible procurement and materials management for LADWP.
- Improve the purchasing process and procedures to increase organizational efficiency and consistency.
- Implement and provide consistent procurement training and development to LADWP staff.
- Hire, develop and retain staff.

4. Facilities Services

- Provide architectural design and project management services for asset management, space planning, tenant improvement, and new building design for best use of new and existing properties.
- Implement Leadership in Energy & Environmental Design (LEED) sustainable practices in new building designs and renovation of existing facilities.
- Expand drought tolerant landscape to remaining department facilities.
- Invest in updated software to better manage Commuter and Reservation Services.
- Expand custodial services to include additional department facilities.
- Continue to promote and encourage rideshare (transit, vanpool, carpool, etc.) among Department employees in compliance with the South Coast Air Quality Management District's (South Coast AQMD) mandate to reduce mobile emissions generated by employee commutes.
- Increase printing and reprographics production capacity and quality by upgrading existing copy/print equipment with newer technology.
- Continue to train and educate Department records management coordinators and employees to encourage use of web-based records management platforms.
- Provide real-time maintenance, operation and repair of LADWP properties, which includes landscaping, custodial, and/or building operation/repair services for the JFB and all other LADWP property and facilities.

5. Human Resources

- Maintain quality health and family care benefit programs that meet or exceed industry standards.
- Strengthen collaborations with Divisions' management, Corporate Safety, Industrial Hygiene and Workers' Compensation to address and prevent workplace injuries and illnesses.
- Expand existing software usage to improve tracking and required reporting of Occupational Health Services. This will also support increased paperless environment.

- Work with our ITS Division to identify automation opportunities for accelerating the departments' internal selection processes so positions are filled more quickly.
- Develop internal and external partnerships and strategic marketing plans to increase the number of female and veteran candidates applying for LADWP's craft classifications.
- Focus on the local hiring of female and minority engineering associates, by incorporating innovative technology-based strategies into our outreach and recruitment plans.
- Enhance and improve compliance, fairness, and consistency throughout the Department on the interpretation and application of MOUs, policy, federal, state, and local laws, and the Department's historical and past practices pertaining to various labor relations issues by providing sound advice, counsel, and training to Department management.
- Implement and manage on-going training programs for supervisors and managers, and partner with Divisions to meet specific training needs with increased emphasis on customer service skills.
- Offer expanded training areas through a bench training contract.
- Promote "A Culture of Mutual Respect" throughout the Department to foster workplace harmony and increase productivity, attract a more diverse workforce, and prevent harassment and discrimination.
- Investigate all Equal Employment Opportunity (EEO) complaints in a neutral, prompt, and expert manner and ensure resources are adequate to conduct timely investigations on a record high caseload through the addition of staff and procurement of a conflict counsel contract. Coordinate and facilitate external EEO complaint investigations from Local, State, and Federal entities in a timely and efficient manner.
- Provide sound policy advice and expertise to Department managers, directors, supervisors, and lead personnel and to keep the Department current on newly required EEO laws.

JOINT SYSTEM - OTHER

1. Legal and Claims Office

- Provide aggressive and cost-effective legal representation and support to the Department.
- Pursue creative cost-effective solutions to client-business problems.
- Aggressively pursue reimbursement for injuries and damage to property.
- Work closely with CSD to identify and collect unpaid judgments.
- Streamline the filing process by establishing an on-line system to improve processing time and increase efficiency of the management of incoming claims.

2. Real Estate

- Increase revenue to the Department by incorporating a fee based system for customer licensing, processing of encroachments, accessory dwelling unit handling and public customer requests.
- Maximize real estate assets by reviewing usage and ensuring “highest and best” property utilization including opportunities for economic development, green industries, and maximizing revenues through uses such as auto parking, telecom sites, wholesale nurseries and other appropriate, compatible uses.
- Continue the enhancement of a comprehensive database to include all of the Departments facilities and properties with the City of Los Angeles.

3. Corporate Safety

- Continue to support, develop and implement new Department-wide safety programs and policies, including Pandemic Plan and COVID-19 exposure plan procedures in collaboration with other Department divisions.
- Ensure compliance with recently developed or newly enacted safety legislation including the Emergency Wildfire Regulations, the Reporting of Work Connected Fatalities and Serious Injuries, legislation related to Cal-OSHA requirements to report Elevated Blood Lead Levels and proposed revisions to the South Coast AQMD's Rule 1403 (Asbestos Emissions from Demolition/Renovation Activities)
- Complete development of a comprehensive Contractor Safety program for all capital projects and maintenance activities to advance compliance with existing multi-employer worksite regulations, limit claims associated with workplace injuries and advance implementation of pandemic plan procedures.
- Strengthen LADWP's effort to advance the strategic goals of Mayor's Executive Directive 18: A Safe and Healthy Workforce and Risk Management.
- Expand Corporate Safety's existing role in implementing Department Sustainability Initiatives, including assessment of energy conserving improvement impacts on air quality, advancement of facility LEED Certifications as well as dedicated safety support to the Community Solar Program, Home Energy Improvement Program and Los Angeles Cleantech Incubator.