

BOARD LETTER APPROVAL

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DATE: April 14, 2026

SUBJECT: Fiscal Year 2026-2027 LADWP Final Budget – Power Revenue Fund Receipts and Appropriations and Associated Schedules and Fiscal Year 2026-2027 Annual Personnel Resolution

SUMMARY

Submitted for the Board of Water and Power Commissioners' (Board) consideration and approval is a Resolution to adopt and transmit to the Los Angeles City Council (Council) the LADWP Proposed Fiscal Year (FY) 2026-2027 Power Revenue Fund Receipts and Appropriations final budget and associated schedules totaling \$7.89 billion.

Approval of this Resolution also provides authority for the FY 2026-2027 Annual Personnel Resolution (APR) for the Power Revenue Fund totaling 10,132 positions.

Additionally, approval of this Resolution provides the required disclosure for Resolution No. 024-028 that requires, among other things, identification of the audited total direct and indirect costs borne by the Department under Rule No. 15, Part 15-E, Section I.1, as disclosed by January 31 and in the preliminary LADWP budget, as well as separate identification of those direct and indirect costs incurred for projects designated by the Mayor's Office.

City Council approval is not required.

RECOMMENDATION

It is recommended that the Board adopt the attached Resolution authorizing:

1. Approval and transmittal of the FY 2026-2027 LADWP Power Revenue Fund Final Receipts and Appropriations budget and associated schedules to the Council; and
2. Approval and execution of the FY 2026-2027 APR.

Said resolution contains the required disclosure associated with the 2023 Amendment of Rule No. 15, Part 15-E, Section I.1, for Underground Line Extensions in Public Property.

FINANCIAL INFORMATION

The Power Revenue Fund Proposed Final Budget incorporates expenditures for the Power System, including the share of expenditures associated with the Joint System and Water Revenue Fund that support Power System functions. Estimated appropriations for the Power Revenue Fund for FY 2026-2027, total \$8.93 billion. Net of receipts from the Water System, contributions in aid of construction, individuals, and companies and other miscellaneous sources, appropriations total \$7.89 billion.

Disclosure associated with Amendment of Rule No. 15, Part 15-E, Section I.1, for Underground Line Extensions in Public Property, includes FY 2024-2025 total direct and indirect audited costs borne by the Department, as disclosed by January 31 and in the preliminary LADWP budget, amounting to \$6.14 million. For the Fair Share Powerline Program aspect, the FY 2024-2025 total direct and indirect audited costs borne by the Department are \$1,124. For the projects designated by the Mayor's Office as 100 percent affordable or supportive housing projects, the FY 2024-2025 direct and indirect audited costs borne by the Department amount to \$6.14 million. These projects are included in Project Powerhouse.

The Department is not requesting that these identified costs be rebated to the Department from the utility users tax or other City of Los Angeles sources in the upcoming year due to the anticipated budgetary challenges facing the City of Los Angeles.

BACKGROUND

On March 10, 2026, in accordance with City Charter Section 684 (as added to the City Charter by Measure J adopted in March 2011), the Board reviewed and approved the transmittal of the FY 2026-2027 Preliminary Budget to the Council and the Mayor. By May 31, 2026, LADWP must update the preliminary budget based on additional

information received after March 31, 2026, including without limitation, additional information about revenue and expense projections.

Since the development of the preliminary budget, LADWP Management has thoroughly reviewed the budget, prioritized, and adjusted the FY 2026-2027 spending proposals to support infrastructure investment, comply with regulatory mandates, and provide continued customer service and cost control to mitigate the impact on customer rates.

Upon approval from the Board, the FY 2026-2027 Power Revenue Fund Receipts and Appropriations final budget and associated schedules will be transmitted to the Council in accordance with the City Charter. The FY 2026-2027 proposed final budget and associated financial plans have been provided to the Ratepayer Advocate for review.

Disclosure Associated with Amendment of Rule No. 15, Part 15-E, Section I.1, for Underground Line Extensions in Public Property per Resolution No. 024-028

On August 15, 2023, the Board adopted the Amendment of Rule No. 15, Part 15-E, Section I.1, of the Rules Governing Water and Electric Service for Underground Line Extensions. First, the Amendment will require customers to pay their share of the cost for an underground line extension in public property required to provide the customer's electric service. This aspect is known as the Fair Share Powerline Program. Second, the Amendment will allow LADWP to bear the cost of underground line extensions in public property for projects designated by the Mayor's Office as 100 percent affordable or supportive housing projects, during the existence of a local emergency due to homelessness declared by the Mayor. For the final budget resolution, Resolution No. 024-028 requires identification therein of the audited total direct and indirect costs borne by the Department under Rule No. 15, Part 15-E, Section I.1, as disclosed by January 31 and in the preliminary LADWP budget, as well as separate identification of those direct and indirect costs incurred for projects designated by the Mayor's Office. It also requires identification therein of the total estimated utility users tax in the upcoming FY, whether or not the Department is requesting that the identified Rule No. 15-related costs be rebated to the Department from the utility users tax or other available City of Los Angeles or outside sources in the upcoming year, and the reasons why such a return of that amount of funding is or is not being sought.

FY 2026-2027 POWER REVENUE FUND BUDGET

Changes between the FY 2026-2027 Power Revenue Fund preliminary budget and this proposed final budget include the following highlighted items:

- Power Revenue Fund Capital is \$3,260 million, reflecting a decrease of \$300 million (an 8.5 percent decrease from the \$ 3,560 million preliminary budget) primarily attributed to decreases in anticipated spending for the Renewable Portfolio Standard (\$363 million), Power System Reliability Program (\$26 million),

Infrastructure (\$18 million), and Operating Support (\$7 million) offset by increases in Energy Efficiency (\$113 million).

- Power Revenue Fund Operation and Maintenance (O&M) is \$2,206 million reflecting a decrease of \$14 million (a 0.6 percent decrease from the \$2,220 million preliminary budget) primarily attributed to decreases in anticipated spending for Infrastructure (\$17 million) and the Power System Reliability Program (\$10 million) offset by increases in Operating Support (\$14 million).
- Fuel, Purchased Power, and Other Expense is \$1,637 million, reflecting an increase of \$34 million (a 2.1 percent increase from the \$1,603 million preliminary budget).
- Retail revenue is \$5,930 million, reflecting a decrease of \$3 million (0.05 percent decrease from the \$5,933 million preliminary budget) mainly due to decreases in the incremental reliability cost adjustment revenues (\$40 million) offset by increases in the incremental energy cost adjustment revenues (\$38 million).

The following documents are included in the FY 2026-2027 Power Revenue Fund Budget:

- Final Power Revenue Fund Receipts and Appropriations
- Power Revenue Fund Capital Improvement Program
- Power Revenue Fund Salaries and Authorized Number of Positions
- Retirement, Disability, and Death Benefit Insurance Plan
- Federal and State Grant Funding Estimates

FY 2026-2027 ANNUAL PERSONNEL RESOLUTION

The attached Resolution, approved as to form and legality by the City Attorney, establishes the maximum allowable number of positions for the LADWP for FY 2026-2027. Positions in the APR Schedule are listed by System (Joint, Power, and Water), Civil Service classification, and Duties Description Record number. Establishing positions for each System will provide flexibility and allow positions to be reassigned between the Divisions within each System in a manner that is most advantageous to the LADWP and that meets critical operational needs as they arise.

See attached Power Revenue Fund Salaries and Authorized Number of Positions as of July 2026, which reflects a total of 10,132 budgeted positions. The 6,491 positions represent the total staffing that the Power System has identified as necessary for continued and planned critical operations, with 3,641 Joint System positions in support. Employment of persons in positions authorized by this Resolution is subject to availability of authorized funding in the expenditure programs for the FY 2026-2027.

ENVIRONMENTAL DETERMINATION

Determine item is exempt pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15060(c)(1). In accordance with this section, an activity is not subject to CEQA if it does not involve the exercise of discretionary powers by a public agency. Transmitting budget information to Los Angeles City Council is not an action subject to CEQA.

CITY ATTORNEY

The Office of the City Attorney reviewed and approved the Resolution as to form and legality.

ATTACHMENTS

- Resolution
- Final Power Revenue Fund Receipts and Appropriations
- Power Revenue Fund Capital Improvement Program
- Power Revenue Fund Salaries and Authorized Number of Positions
- Retirement, Disability, and Death Benefit Insurance Plan
- Federal and State Grant Funding Estimates
- FY 2026-2027 APR Schedule by System (one report for the Board Office)