Los Angeles Department of Water & Power

BUILDING A STRONGER L.A.

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February 13, 2026

Mr. Matthew W. Szabo
City Administrative Officer
Room 1500, City Hall East
200 North Main Street
Los Angeles, CA 90012

Dear Mr. Szabo:

Subject: Preliminary Fiscal Year 2026-27 Los Angeles Department of Water and Power Revenue Fund Budget Transmittal

Respectfully submitted for informational purposes is the Los Angeles Department of Water and Power (LADWP) Preliminary "Receipts and Appropriations" Budget for Fiscal Year (FY) 2026-27. The proposed budget is submitted in accordance with the City Charter Section 684 (as amended by Measure J adopted in March 2011) and sets forth the funding allocations necessary to responsibly serve all of our customers.

The enclosed Water and Power Revenue Fund Preliminary Receipts and Appropriations budget for FY 2026-27 (Preliminary Budget) provides funding for operational requirements, regulatory and other mandates, and investment in customer service and infrastructure. LADWP continues to emphasize cost control and fiscal discipline across all programs and performance metrics reporting contributing to greater cost efficiency and accountability.

Enclosed within for your review and informational purposes are the following Preliminary Budget documents:

- Preliminary Water Revenue Fund Receipts and Appropriations
- Preliminary Power Revenue Fund Receipts and Appropriations
- Water Revenue Fund Capital Improvement Program
- Power Revenue Fund Capital Improvement Program
- Preliminary Retirement, Disability and Death Benefit Insurance Plan
- Federal and State Grant Funding Estimates
- Water Revenue Fund Salaries and Authorized Number of Positions *(based on Annual Personnel Resolution)*
- Power Revenue Fund Salaries and Authorized Number of Positions *(based on Annual Personnel Resolution)*

Estimated General Fund Revenues

In addition to reliable, low-cost utility services, LADWP provides the City of Los Angeles with ongoing financial support through the collection and remittance of Electricity Users' Tax (EUT) revenues and the Power Revenue Transfer as estimated in a letter dated January 15, 2026, from the LADWP's Chief Financial Officer to the Los Angeles City's Controller. Based on the sales forecast for FY 2026-27, the EUT for next fiscal year is estimated to be in the range of $554.2 million to $573.6 million. For the Power Revenue Transfer, the estimate range for FY 2026-27 is $214.2 million to $220.0 million and is based on the outlook for FY 2025-26.

Power System

The total Power Revenue Fund Receipts and Appropriations budget for FY 2026-27 is $8.20 billion, net of receipts from the Water System, contributions in aid of construction, individuals, and companies and other miscellaneous sources, and reflects critical investments for compliance with regulatory mandates related to the power supply and increased funding to address aging infrastructure. Highlights of both capital and operations and maintenance expenditures are as follows:

- Power System Reliability Program: $2,426.2 million
- Operating Support: $1,335.2 million
- Infrastructure: $936.4 million
- Renewable Portfolio Standard: $929.6 million
- Energy Efficiency Program: $152.7 million

Water System

The total Water Revenue Fund Receipts and Appropriations budget for FY 2026-27 is $3.03 billion, net of receipts from the Power System, contributions in aid of construction, individuals, and companies and other miscellaneous sources, and reflects investment in local water supply projects to reduce our reliance on costly imported water and meet regulatory mandates, while continuing funding to improve drinking water quality and replace aging system infrastructure. Highlights of both capital and operations and maintenance expenditures are as follows:

- Water Infrastructure: $803.8 million
- Water Quality Program: $683.3 million
- Operating Support: $445.6 million
- Local Water Supply and Conservation: $297.1 million
- Owens Valley Regulatory: $79.4 million

Multi-Year Financial Planning

LADWP continues to update and refine multi-year financial plans for both the Water and Power Revenue Funds to improve the experience and satisfaction of our customers and invest in critical infrastructure, with funding prioritized towards investment in system reliability and more sustainable water and energy supplies. Funding is also required to ensure that resource needs are met to maintain and progress infrastructure and reliability investment to implement LADWP's new or expanded projects and programs. Lastly, through the efforts of the highly skilled and dedicated workforce, LADWP will continue to increase agency transparency and accountability through use of operational and financial performance measurements, while improving productivity through increased use of technology and innovation.

In conclusion, LADWP is looking forward to working closely with Mayor Bass, the Los Angeles City Council, Ratepayer Advocate, and your Office to finalize a FY 2026-27 budget that is fiscally responsible and provides the resources required to provide the citizens of the City of Los Angeles with quality and reliable water and power, now and into the future.

Sincerely,

For

Janisse Quiñones
Chief Executive Officer and Chief Engineer

AS/SV:jm
Enclosures
c/enc: Board of Water and Power Commissioners