ENERGY & ENVIRONMENT

MOTION

A core responsibility of the City Council is ensuring the reliability, fairness, and affordability of municipal power provided by the Los Angeles Department of Water and Power (LADWP). In the aftermath of Los Angeles' hottest June to October stretch on record, many Angelenos have received extraordinarily high LADWP bills. This is a particular issue in the San Fernando Valley, where residential cooling can be a necessity, especially during lengthy heat waves that offer no respite from the effects of extreme heat. At the Van Nuys Airport, August saw nearly two weeks with continuous daily high temperatures over 95°F. This is not a new phenomenon. From 2016 to 2025, Woodland Hills has experienced temperatures of 100°F or more for 43 days per year on average.

At the same time, to address climate change, the State and the City are encouraging Angelenos to switch to electric vehicles, and away from natural gas appliances. The City Council recently recognized the urgent need to address the health risks of extreme heat by adopting CF 25-1036, which aims to ensure cool apartments citywide by establishing a safe maximum indoor temperature standards. However, if people cannot afford to run them, cooling devices will not achieve their purpose. In short, a confluence of factors are driving increased usage, especially of electricity.

It can be difficult for customers to fully understand why their bills are so high, and LADWP could do a better job of making changes in rates clearer, especially for electricity. In addition, the recent attention to LADWP bills has raised questions about certain billing practices and how our municipal utility responds to anomalous meter readings. Because LADWP bills customers every two months, each bill can seem surprisingly high, especially when compared to non-City providers that bill every month. Moreover, while the bills come from LADWP, they also include solid waste and sewer charges for services provided by the Bureau of Sanitation, which have been increased in recent years.

Nevertheless, while LADWP bills provide information about the various cost inputs to water rates, on the power side there is only a flat rate per kilowatt hour, without any explanation of the components of those rates. While the average electric bill for an LADWP customer remains much lower than that of an average Southern California Edison customer, Los Angeles ratepayers have faced steep bill increases over the past decade, Data from both LADWP and the U.S. Energy Information Administration reveals that this financial strain is not driven by expanding household consumption. Despite hotter summers and early electrification, federal and utility filings show that per-capita residential electricity use has remained virtually flat at roughly 485 kWh per month—counterbalanced by Title 24 efficiency standards and rooftop solar. Instead, the surge in monthly utility bills appears almost entirely structural, driven by a more than 50% escalation in the effective price per kilowatt-hour through rate increases and formulaic pass-through adjustments.

LADWP rates include base rates, plus pass-through adjustments for volatile fuel prices, renewable energy mandates, and grid modernization costs. Driven largely by these surcharges, LADWP's effective rate—defined and tracked by the EIA as total residential revenue divided by kilowatt-hours sold—surged **56%**, climbing from **15.3¢ per kWh in 2016 to 23.8¢ per kWh in 2024**, escalating household bills even as consumption remained flat.

Establishing that Angelenos are paying substantially more for the exact same volume of electricity is a critical baseline for Council oversight, particularly as capital-intensive grid upgrades become necessary, and some members of the public have expressed concern that large new loads from data centers and commercial electrification could shift an even heavier economic burden onto everyday households. At the same time, while LADWP has made progress in creating programs that help alleviate cost burdens on vulnerable Angelenos like fixed income seniors, residents still need more help, especially as the impacts of climate change will only continue to get worse.

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In addition, many customers experience unexplained billing anomalies. These include months of estimated meter readings (when a meter is accessible) with a shocking "true up" when an actual reading is obtained, and which could shift apparent usage into a higher billing tier. Some customers go several months without receiving a LADWP bill, and then getting a large bill that can be difficult to pay. While LADWP does have programs to allow people to pay over time, it is not proactive about informing costumers about them.

Occasionally, customers face large bills due to water leaks or equipment malfunctions that go undetected for long periods of time. Some other utilities have methods of detecting anomalous usage, and alerting customers, long before the end of a billing cycle. Other utilities also allow customers to receive weekly reports of utility usage that would allow customers to detect and address issues. At the same time, examining cost pass-through realities and infrastructure needs is crucial to understanding LADWP progress to established goals, while keeping a focus on delivering affordable water and power.

I THEREFORE MOVE that the City Council REQUEST the Department of Water and Power (LADWP) to report back in 30 days with:

- Factors that have led to increases in water and electricity rates over the past ten years, since the 2016 rate increases, and a comparison of typical bills in the ten hottest neighborhoods in Los Angeles;
- Options for aligning rate structure to encourage optimal power usage, including timing and location of smart meter installation and shift toward time-of-use metering;
- Reasons why customers whose meters are accessible might receive bills with estimated rather than actual usage, or miss entire billing cycles; how LADWP ensures that in such circumstances actual usage is not billed in a higher rate tier; and how LADWP might proactively inform customers of payment programs;
- Feasibility of detecting anomalous water and/or electricity usage before the end of a billing cycle, and proactively informing customers, and/or allowing customers to receive frequent updates regarding actual utility usage; and
- Programs to assist customers in reducing water and electricity usage, including energy audits and energy-efficiency programs; and options for proactively providing information about these programs to lower-income households or communities, or customers with higher usage

I FURTHER MOVE that LADWP include in this report a transparent breakdown of the effective residential rate per kilowatt-hour ($/kWh), specifically isolating how non-base formulaic pass-through adjustments—such as the Variable Energy Adjustment (VEA), Reliability Cost Adjustment (RCA), and Capped Renewable Energy Adjustment (CREA)—escalated total customer bills independent of base rates and actual household power consumption.

I FURTHER MOVE that the Office of the Ratepayer Advocate be REQUESTED to review, check, and verify LADWP's data, methodology, and findings.

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