



Putting Customers First



WATER AND POWER RATES REQUEST 2016-2020

Commercial/Industrial Customers - Fact Sheet

The Los Angeles Department of Water and Power (LADWP) is proposing a five-year rate action that seeks modest water and power rate increases each year based on the following priorities and key principles:

- Replace Aging Water and Power Infrastructure**

Over a century of delivering water and power requires major investment to accelerate replacement of aging infrastructure to ensure continued reliability.

- Transform Water and Power Supplies**

LADWP water rates must support expanding our local water supply to reduce reliance on more expensive, purchased water. Legal mandates require a complete transformation of our power supply.

- Improve Customer Service**

LADWP is working to provide high-quality and responsive service in every interaction, increase timeliness of bills, and enhance self-service options and offer other ways to improve our customers' experience. LADWP will also continue to expand programs and measures that help our customers manage their water and power use and save on their bills.

- Keep Rates Competitive**

LADWP will make these needed investments while ensuring that our rates remain competitive with nearby water and power utilities and affordable for our customers. LADWP will continue to find cost savings through process improvements, benchmarking against peer utilities, and other measures.

Proposed Rate Changes

Water Rates

The proposed water rates for commercial and industrial customers will continue using a two-tier structure designed to incentivize water conservation. To encourage economic development, low water use customers will benefit from an increased allotment, and lower Tier 1 price. For medium-sized commercial customers (averaging 80 HCF), their average annual rate will increase 2.5%, while large commercial customers (using 500 HCF) will see an average annual rate change of 2.3% over the five-year period.

Power Rates

The proposed power rates are designed to encourage conservation, adoption of energy efficiency measures, and promote distributed generation including solar power net metering. For medium-sized commercial customers (using an average of 12,250 kilowatt-hours), the average power rate change will be 3.7% each year for five years. Large commercial/industrial customers (using an average of 100,000 kilowatt-hours) will see an average rate change of 3.7% each year for five years.

Proposed Rate Structure Changes

Rebalancing Rates to Ensure Equity

The proposed rates incorporate the results of a cost of service study designed to rebalance rates between customer sectors. As a result, commercial and industrial customers will see a lower percentage increase.

Other Changes

- Adding a reliability "pass-through" factor to pay for water and power infrastructure improvements.
- Restructuring rates to encourage conservation and renewable supplies while covering basic service costs.

Proposed 5-Year Water and Power Rate Changes with Monthly Costs

	Small Commercial (1,000 kWh/month 15 HCF/month)	Medium Commercial (12,250 kWh/month 80 HCF/month)	Large Commercial (100,000 kWh/month 500 HCF/month)
Current Monthly Bill	\$235.32	\$2,320.19	\$17,457.88
5-Year Avg. Annual Power Rate Change	\$4.32 (2.5%)	\$76.46 (3.7%)	\$590.20 (3.7%)
5-Year Avg. Annual Water Rate Change	\$3.01 (3.8%)	\$10.14 (2.5%)	\$60.10 (2.3%)
Total 5-Year Average Rate Change	\$7.33 (2.94%)	\$86.60 (3.5%)	\$650.30 (3.5%)
Average Monthly Bill Increase At the End of 5 Years	\$36.65	\$433.00	\$3,251.00
Average New Monthly Bill At the End of 5 Years	\$271.97	\$2,753.21	\$20,709.37

Cost Savings

To help keep rates low, LADWP has saved \$467 million over three years by reducing labor costs, refinancing, and other spending cuts. This exceeded the reduction goal of \$459 million that was established during the prior power rate action in 2012. In addition, a new labor agreement with the largest LADWP employee bargaining unit will provide \$456 million in savings over three years (fiscal years 2013-14 through 2015-2016), and an estimated \$5 billion in savings over 30 years.

Additional information

Visit www.myladwp.com to:

- Learn more about the 2016-2020 Rates Request
- Check for upcoming community briefings and webcasts
- Take our survey and contact us with comments and questions

5-Year Revenue Needs

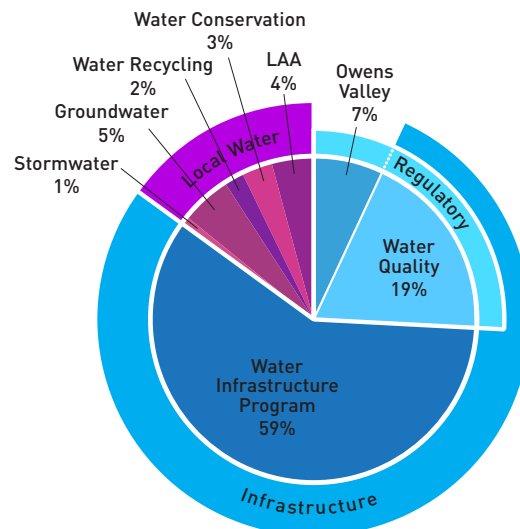
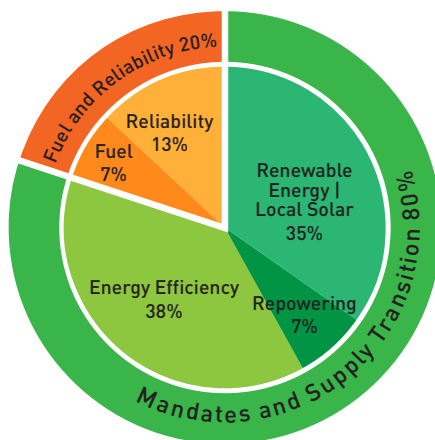
Power: \$720 million

The majority of new power revenues – 80% – will support the transition to a clean energy future and meet state mandates for reducing greenhouse gas emissions, expanding renewable energy, and rebuilding coastal power plants to eliminate ocean water cooling.

Water: \$330 million

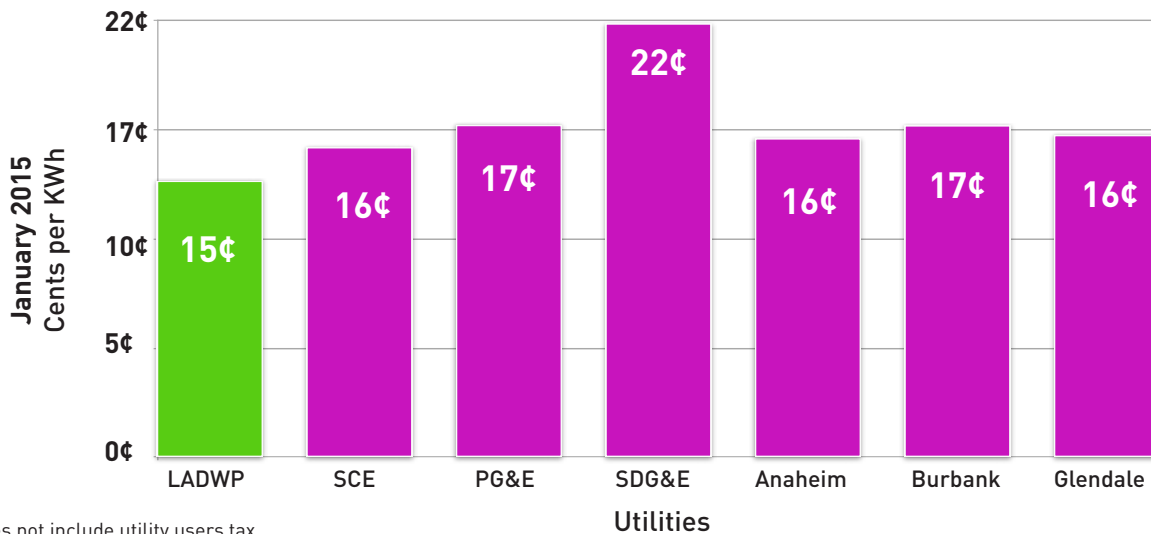
The majority of new water revenues – 78% – will support infrastructure repair and replacement for reliability, and infrastructure improvements to meet water quality regulations. Additional revenues will also support the Local Water Supply Program, which is especially critical due to the record, multiple-year drought facing Los Angeles and the State of California.

Where the New Revenues Will Go



Competitive Rates

Large Commercial & Industrial Customers Power Rate Comparison with Neighboring Cities



*Does not include utility users tax.

Follow us on:



/LADWP @LADWP /LADWP1 /LADWP

www.myladwp.com

Rev 01/29/16