



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