



CUSTOMERS FIRST

FY 2023-24 PRELIMINARY BUDGET

Board of Water and Power Commissioners Meeting

March 14, 2023



FY 2023-24 Budget Development Status

The FY 2023-24 Preliminary Budget has been developed to:

1. Create a budget that is consistent with the LADWP Corporate Strategic Plan, Approved Rates, and Financial Plans to:
 - Support Infrastructure Investment
 - Comply with Regulatory Mandates
 - Provide Exemplary Customer Service
2. Continue to emphasize Cost Control and Fiscal Discipline to:
 - Maintain Financial Metrics and Preserve our Low Cost of Borrowing
3. To be realistic in hiring and plan for related space needs and improvements.

Preliminary Budget Overview

\$ in Millions

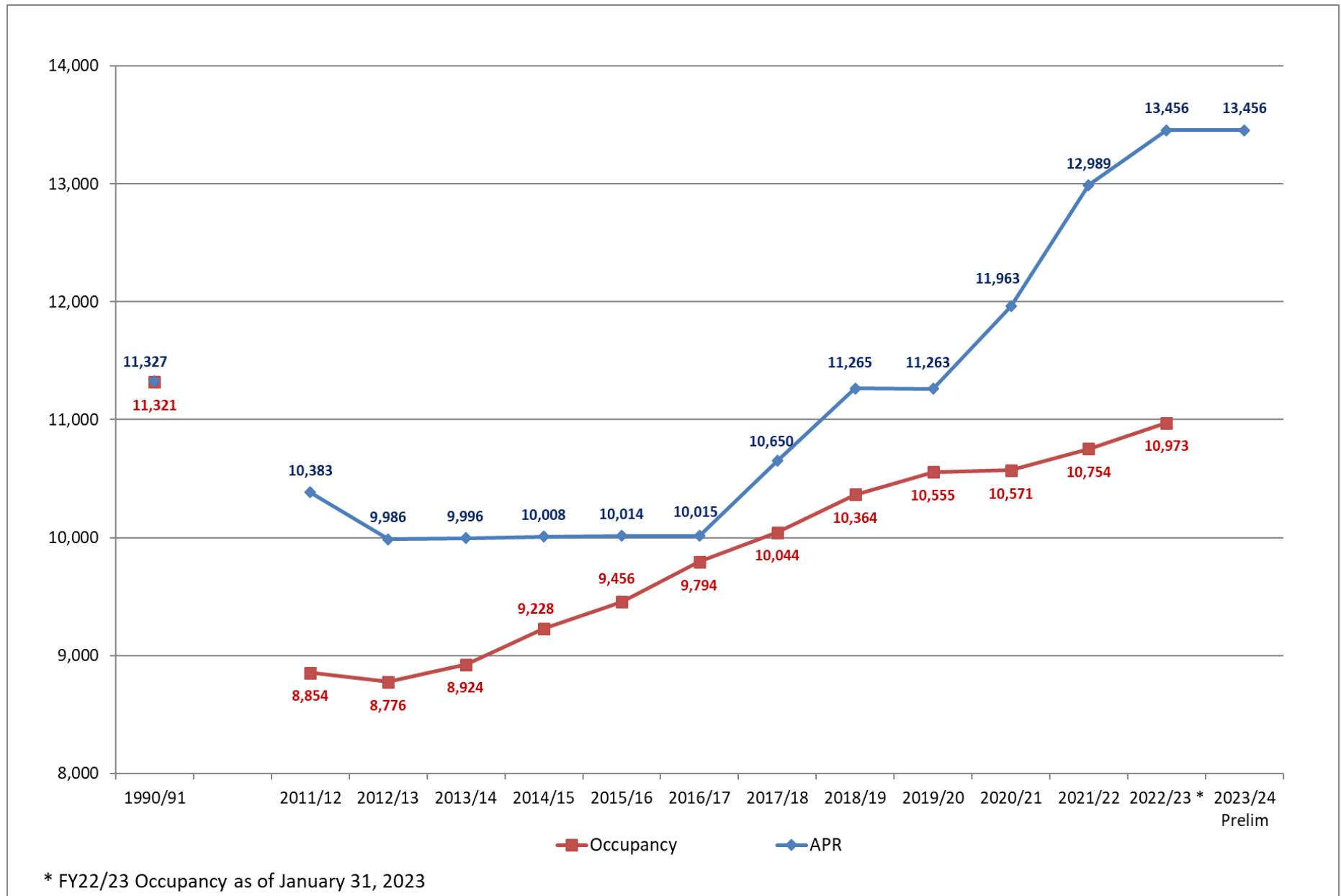
System/Organization	Sr. AGM/ Direct Reports to GM	FY 2021/22 Actual	FY 2022/23 Approved	FY 2022/23 Re-Estimate	FY 2023/24 Preliminary Budget	FY2023/24 Prelim vs. FY2022/23 Approved
Power System ¹	Brian J. Wilbur	\$ 3,375.5	\$ 3,577.9	\$ 4,015.5	\$ 4,072.1	13.8%
Water System	Anselmo G. Collins	\$ 1,262.3	\$ 1,255.5	\$ 1,241.1	\$ 1,065.0	(15.2%)
Joint System						
Chief Operating Officer ²	Aram Benyamin	725.9	920.4	806.6	981.1	6.6%
External and Regulatory Affairs	Vacant	359.2	465.9	405.0	507.3	8.9%
Chief Financial Officer	Ann M. Santilli	1,597.6	1,547.4	1,677.1	1,877.8	21.3%
General Manager and Other Direct Reports ³	Martin Adams	78.7	157.7	123.0	130.3	(17.4%)
Joint System -Total		\$ 2,761.3	\$ 3,091.5	\$ 3,011.8	\$ 3,496.4	13.1%
Total - LADWP		\$ 7,399.1	\$ 7,924.9	\$ 8,268.4	\$ 8,633.5	8.9%

(1) Power System includes Fleet Services

(2) Chief Operating Officer includes Information Technology Services, Facilities Services Planning & Design, JFB/Facilities Management, Corporate Facilities Capital Construction, Supply Chain Services, Security Services, Employee Relations & Benefits, and Corporate Health & Safety

(3) General Manager Other Direct Reports includes Commission Office, General Manager's Office, General Manager Labor Planning, Office of Diversity, Equity & Inclusion, Inspector General Office, Corporate Strategy & Communications, Office of City Attorney, Equal Employment Opportunity, and Claims Office

LADWP Preliminary APR & Occupancy Trend



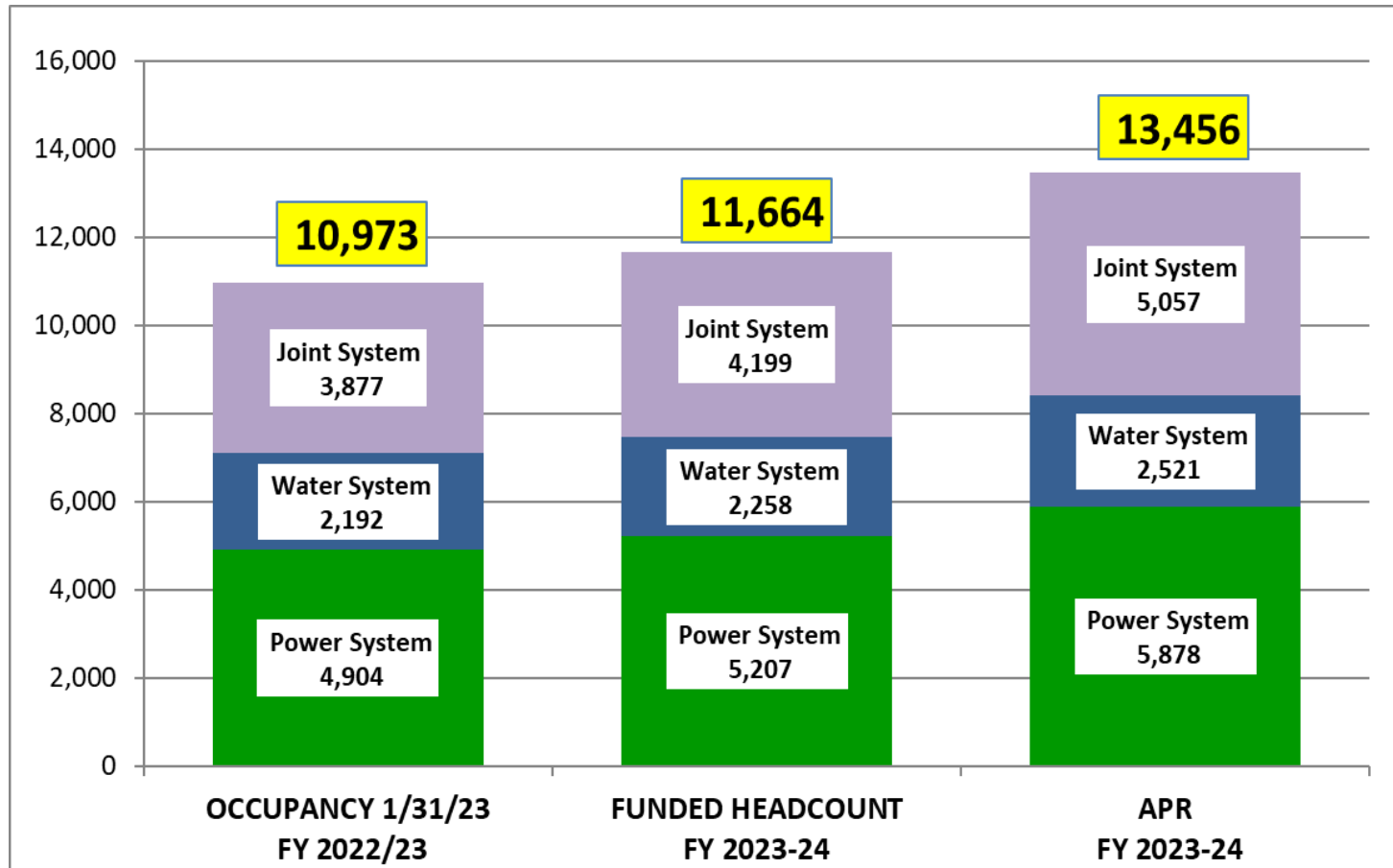
FY 2023-24 Preliminary Budget: APR

System/Organization	APR Increases FY 23/24 Prelim	FY 23/24 Prelim APR	FY 23/24 Funded FTE	Occupancy 1/31/23	Headroom: Occupancy vs. APR
Power System	0	5,878	5,207	4,904	974
Water System	0	2,521	2,258	2,192	329
Joint System					
Chief Operating Officer	45	2,224	1,915	1,773	451
External and Regulatory Affairs	2	1,955	1,618	1,541	414
Chief Financial Officer	0	331	294	261	70
General Manager and Other Direct Reports	27	306	261	237	69
General Manager Labor Planning ¹	(74)	163	33	0	163
Joint System Total	0	4,979	4,121	3,812	1,167
Retirement Plan Office	0	78	78	65	13
Total - LADWP	0	13,456	11,664	10,973	2,483

(1) Positions for labor planning are to be allocated to organizations to meet operational needs at the General Manager's discretion.

LADWP Staffing Plan by System

FY 2023-24: Proposed Funding & APR



Total Budget (\$ in Millions)		Labor	Overtime	Benefits	Total
Joint System		\$ 511.6	\$ 61.8	\$ 281.2	\$ 854.6
Water System		\$ 294.0	\$ 46.8	\$ 163.1	\$ 504.0
Power System		\$ 778.8	\$ 207.7	\$ 405.9	\$ 1,392.4
Total LADWP		\$ 1,584.4	\$ 316.4	\$ 850.2	\$ 2,751.0

FY 2023-24 Preliminary Budget:

Exempt Labor

2023-24 Proposed Preliminary Budget (\$ in 1,000)			
Organization	Regular Labor	Overtime	Total
77303-PCM GC Exempt Daily	\$ 25,183	\$ 1,269	\$ 26,452
77402-PCMEC Exempt Daily	\$ 18,500	\$ 2,849	21,349
76490-PTD DCM Exempt Const	\$ 3,451	\$ 2,367	5,817
77305-PCMUPCT Exempt / 38950-FS UPCT Exempt	\$ 4,071	\$ -	4,071
Total	\$ 51,203	\$ 6,485	\$ 57,688

Included in the \$2.8 billion proposed preliminary labor budget is \$57.7 million for hiring exempt substitute positions:

- to exercise LADWP's flexibility in hiring exempts above the APR
- to meet operational needs and goals

Daily Exempt and Utility Pre-Craft Trainee Class Code - APR File Dated 2/9/23			
Class Title	Class Code	Organization Code	Number of Employees
CONSTR ELTL MCHC	995	77402	129
UTILITY PRE-CRAFT TRAINEE	1110	77305	127
CONSTRUCTION HELPER X	941	77303	74
CONSTRUCTION ELECTRICAL HELPER	994	76490	32
CONSTRUCTION ELECTRICAL HELPER	994	77402	23
CONSTRUCTION CARPENTER X	912	77303	54
CONSTRUCTION ASBESTOS WORKER X	902	77303	28
CONSTRUCTION PIPEFITTER X	958	77303	17
CONSTRUCTION PAINTER X	953	77303	15
CONSTR EQPT OPR	920	77303	14
CONSTRUCTION CEMENT FINISHER X	915	77303	11
CONSTR RNFCG STL WKR	935	77303	7
CONSTRUCTION ROOFER X	972	77303	5
CONSTRUCTION WELDER X	979	77303	5
CONSTRUCTION PLUMBER X	965	77303	4
CONSTR EQPT ERECTR	931	77303	4
CONSTR STRL WLDR	978	77303	3
CONSTRUCTION BOILERMAKER X	904	77303	2
CONSTRUCTION CABINET MAKER X	911	77303	2
CONSTR HVY DTY TRK OPR	921	77303	1
CONSTR PWR SHVL OPR	922	77303	1
CONSTRUCTION IRONWORKER X	932	77303	1
Total Based on APR File Dated 2/9/23			559

Power System

Contributing Organizational Budget By Cost Element

POWER SYSTEM

Power System and Fleet Services

\$ in Millions

Cost Element	FY 2021/22 Actual	FY 2022/23 Approved	FY 2022/23 Re-Estimate	FY 2023/24 Preliminary Budget	FY2023/24 Prelim vs. FY2022/23 Approved
Fuel, Purchased Power, and Emissions	\$ 1,637.3	\$ 1,517.8	\$ 2,018.3	\$ 1,568.6	3.3%
Labor (Regular and Overtime)	884.6	929.8	901.7	981.1	6%
Contracts	427.3	617.6	588.1	890.4	44%
Material & Supplies	225.9	216.5	238.0	253.2	17%
Material & Supplies (Fleet Purchases)	60.6	115.3	101.7	132.5	15%
Other Direct, Incentives, and Fees	31.1	58.5	38.4	108.2	85%
Joint Owner Contracts	46.6	52.5	48.5	53.1	1%
Rentals and Leases	37.3	45.7	42.6	45.6	(0%)
Other *	24.7	24.3	38.3	39.2	61%
Total: Power System	\$ 3,375.5	\$ 3,577.9	\$ 4,015.5	\$ 4,072.1	14%

* Other includes Cost Elements: Transportation, Workers' Comp, Utility Services, Land & Structures, Sponsorship & Ads, and Postal Services

Power System

Contributing Organizational Budget By Cost Element

- Detail of Major Variances

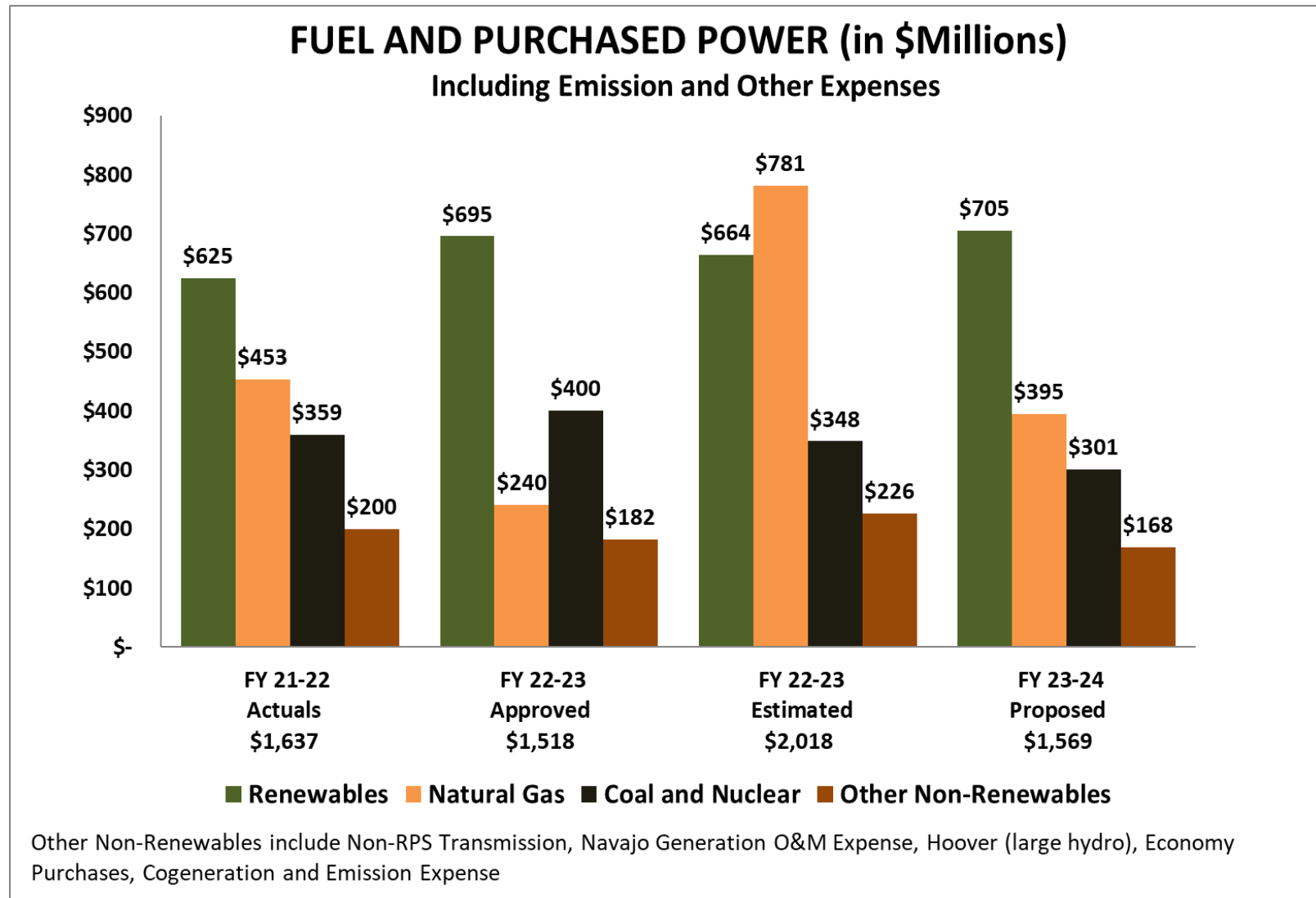
POWER SYSTEM

Power System and Fleet Services

\$ in Millions

FUNCTIONAL ITEM DETAIL	FY 2021/22 Actual	FY 2022/23 Approved	FY 2022/23 Re-Estimate	FY 2023/24 Preliminary Budget	FY2023/24 Prelim vs. FY2022/23 Approved	
Contracts	\$ 427.3	\$ 617.6	588.1	890.4	\$ 272.9	44%
FI-24346-BARREN RIDGE RENEWABLE TRANSMISSION	0.5	24.9	27.4	171.6	146.7	
FI-21631-LONG-TERM PLANNING & DEVELOPMENT	1.5	79.0	66.1	139.7	60.6	
FI-21190-PSRP-DISTRIBUTION CAPITAL	145.0	110.6	108.9	167.5	56.9	
Material & Supplies	\$ 225.9	\$ 216.5	\$ 238.0	\$ 253.2	\$ 36.8	17%
FI-21190-PSRP-DISTRIBUTION CAPITAL	43.8	47.7	53.0	62.7	15.0	
FI-25372-EASTERN STATIONS ADDITIONS & BETTERMENTS	0.2	0.1	0.1	7.9	7.8	
FI-21195-PSRP-SUBSTATION CAPITAL	17.2	21.0	22.2	27.3	6.3	
FI-21145-VALLEY GENERATION STATION ADDITIONS & BETTERMENTS	2.7	2.6	2.3	7.5	4.9	
Material & Supplies (Fleet Purchases)	\$ 60.6	\$ 115.3	\$ 101.7	\$ 132.5	\$ 17.3	15%
FI-28561-FLEET EQUIPMENT REPLACEMENTS AND ADDITIONS	27.6	84.8	68.0	103.2	18.5	
FI-7357313-FLEET MAINTENANCE	32.0	29.4	32.8	27.6	(1.8)	
Other Direct, Incentives, and Fees	\$ 31.1	\$ 58.5	\$ 38.4	\$ 108.2	\$ 49.7	85%
FI-3013505-EV PROGRAM INFRASTRUCTURE O&M	-	-	-	26.1	26.1	
FI-4051403-GHG FUNDED PROJECTS-O&M	21.8	5.3	9.5	25.1	19.8	

FY 2023-24: Fuel & Purchased Power Trend

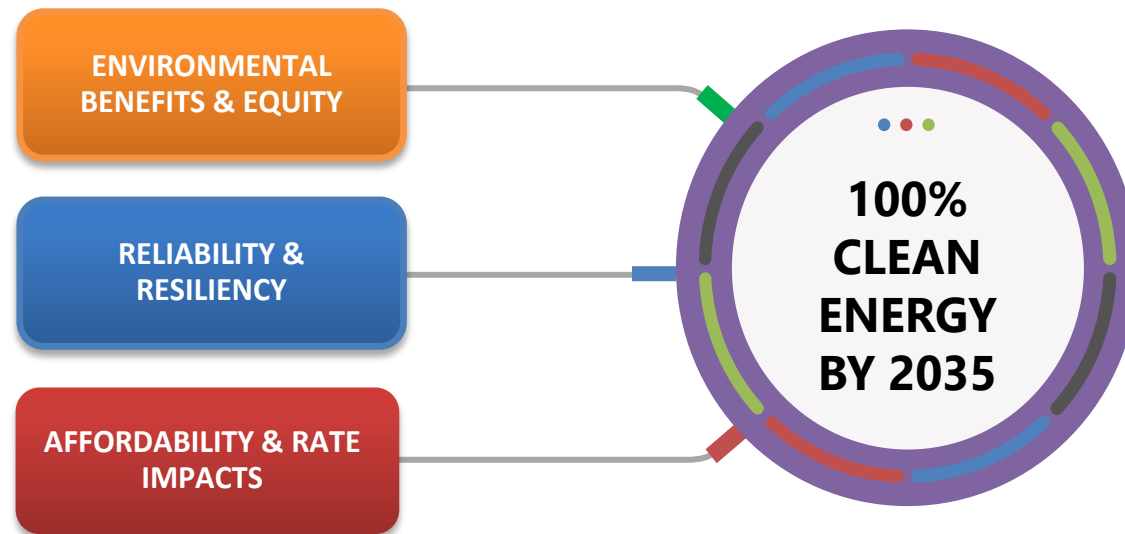


Supports 44.9% and 53.6% Renewables Portfolio Standard targets for FY22-23 and FY23-24 based on the 2022 Strategic Long-term Resource Plan.

100% CLEAN ENERGY BY 2035

A **ROADMAP** TO MEET OUR FUTURE ENERGY NEEDS

- **Creating the 2023 SLTRP** which will include updates to clean energy policies and further assess implementation feasibility.
- **Compiling the California Energy Commission Integrated Resource Plan (CEC IRP)** to be submitted to the CEC at the end of 2023 and is a regulatory requirement
- **Seek and obtain external funding partnerships and opportunities** through the Inflation Reduction Act, Bipartisan Infrastructure Law, and other legislative offerings.



FY 2023-24 Power Strategic Investments: Renewables and Reliability

FY 23/24 Goals & Plans

- Commence PPA negotiations for 845 MW of wind and solar with battery energy storage systems and submit for approval
- Integrate Eland 1 solar energy production into our Power System
- Complete the 2023 SLTRP update
- Compile and submit the 2023 IRP to the California Energy Commission (CEC)
- Finalize the first Distributed Resource Plan (DRP)
- Launch LADWP's first public facing Capacity Map for interconnection of Distributed Energy Resources (DERs)
- Commence negotiations for the Phase 2 of Beacon Energy Storage project
- Award 10 MW of Local Solar with Battery projects thru the FiT+ program and expand the program capacity and zones to accommodate larger sized systems
- Launch and administer the Commercial Energy Storage to Grid (CES2G) Pilot program to incentivize commercial energy storage and EV vehicle adoption
- Launch CEC Demand Side Grid Support (DSGS) Program to incentivize DER deployment, especially behind the meter batteries, in our service territory
- Achieve 75 MW total capacity thru demand response programs for residential and commercial customers

FY 2023-24 Power Strategic Investments

Power System Reliability Program

Ramp up Distribution Asset Replacement Targets:

- 3,700 poles (up from 3,500)
- 12,600 crossarms (up from 12,000)
- 1,255 distribution transformers (up from 1,150)
- 24 substructures (up from 22)

Substation Asset Replacement Targets

- 34 Transformers
- 149 Circuit Breakers
- 12 Substation Automation
- 24 Feeders and Trunklines
- 15 Battery Systems
- 5 Substation Concrete Perimeter Walls
- 324 ESM, Eqpt. Life Extension



FY 2023-24 Power Strategic Investments: Power System Reliability Program (PSRP)

Wildfire Hardening and Mitigation Goals

- Poles – 550
- Crossarms– 1800
- Transformers – 170
- Outage Metrics
- Substation Automation – Situational Awareness and Controls

Electric Transportation Program

Electric Transportation (EV) Program – \$126.8M

- Investments based on expected commercial rebate payments, expansion of rebate programs currently in place, clean fuel rewards contributions, payments to City agencies for transportation electrification projects, and charging infrastructure to support a 100% electric LADWP fleet.
 - ❖ \$66M estimated to fund rebates for 3,000 residential and 9,000 commercial level 2, 150 DC Fast, and 67 medium-/heavy-duty EV chargers and 2,000 Used EVs
 - ❖ \$27M to fund over 500 level 2, 20 DC fast, and 50 heavy-duty bus chargers in collaboration with other City Departments
 - ❖ \$16.4M to design and construct charging infrastructure to support the 100% electrification of LADWP's fleet.



Water System

Contributing Organizational Budget By Cost Element

WATER SYSTEM

\$ in Millions

Cost Element	FY 2021/22 Actual	FY 2022/23 Approved	FY 2022/23 Re-Estimate	FY 2023/24 Preliminary Budget	FY2023/24 Prelim vs. FY2022/23 Approved
Contracts	\$ 453.3	\$ 476.4	\$ 413.0	\$ 379.9	(20%)
Labor (Regular and Overtime)	\$ 312.1	\$ 328.0	\$ 316.2	\$ 340.8	4%
Purchased Water	\$ 346.6	\$ 275.3	\$ 351.8	\$ 168.5	(39%)
Material & Supplies	\$ 94.5	\$ 95.3	\$ 96.4	\$ 102.4	7%
Other Direct, Incentives, and Fees	\$ 15.1	\$ 42.1	\$ 24.4	\$ 36.0	(14%)
Utility Services	\$ 27.8	\$ 26.7	\$ 24.1	\$ 24.0	(10%)
Other *	\$ 12.9	\$ 11.9	\$ 15.1	\$ 13.5	13%
Total: Water System	\$ 1,262.3	\$ 1,255.5	\$ 1,241.1	\$ 1,065.0	(15%)

* Other includes Cost Elements: Transportation, Workers' Comp, Land & Structures, Sponsorship & Ads, Rentals & Leases, and Postal Services

Water System

Contributing Organizational Budget By Cost Element

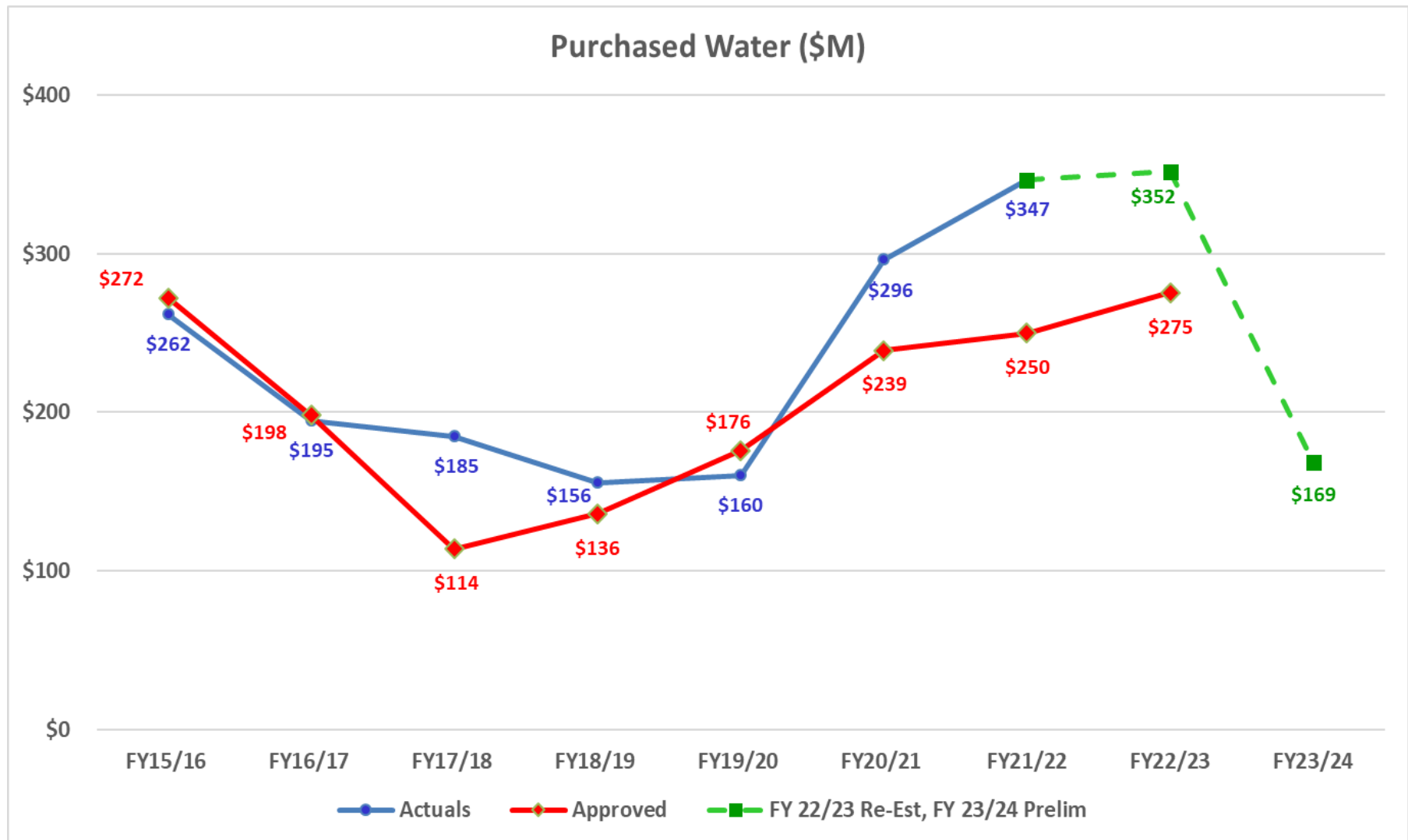
- Detail of Major Variances

WATER SYSTEM

\$ in Millions

FUNCTIONAL ITEM DETAIL		FY 2021/22 Actual	FY 2022/23 Approved	FY 2022/23 Re-Estimate	FY 2023/24 Preliminary Budget	FY2023/24 Prelim vs. FY2022/23 Approved	
Contracts		\$ 453.3	\$ 476.4	\$ 413.0	\$ 379.9	\$ (96.4)	(20%)
	FI-24316-GROUNDWATER REMEDIATION & CLEAN UP	206.1	166.1	146.3	54.6	(111.5)	
	FI-24318-WATERSHED STORMWATER CAPTURE CAPITAL	2.9	28.0	2.9	47.0	19.0	
Other Direct, Incentives, and Fees		\$ 15.1	\$ 42.1	\$ 24.4	\$ 36.0	\$ (6.1)	(14%)
	FI-28204-WATER CONSERVATION WATER FUNDED	-	17.0	7.4	10.6	(6.3)	
Utility Services		\$ 27.8	\$ 26.7	\$ 24.1	\$ 24.0	\$ (2.7)	(10%)
	FI-3122240-PUMP BOOSTER O&M	11.9	10.6	8.8	6.8	(3.8)	
	FI-3112200-LA GROUNDWATER PUMP & SOURCE FACILITIES	3.2	3.2	3.9	4.2	1.0	

FY 2023-24: Purchased Water Trend



WATER SYSTEM

FY 2023-24 Investments

- Continued construction of:
 - North Haiwee Dam 2
 - San Fernando Groundwater Basin Remediation Projects
 - Phase 3-Headworks Flow Control Station
 - Chlorination Stations: 99th Street Well Project, North Hollywood Central Replacement Project, and Mission Wells Project
- Continued execution of the:
 - Owens Lake Asset Management Program
 - Groundwater Replenishment Project (joint LADWP/LASAN Project)
- Continued implementation of a strategic mainline replacement program incorporating the use of earthquake resilient material

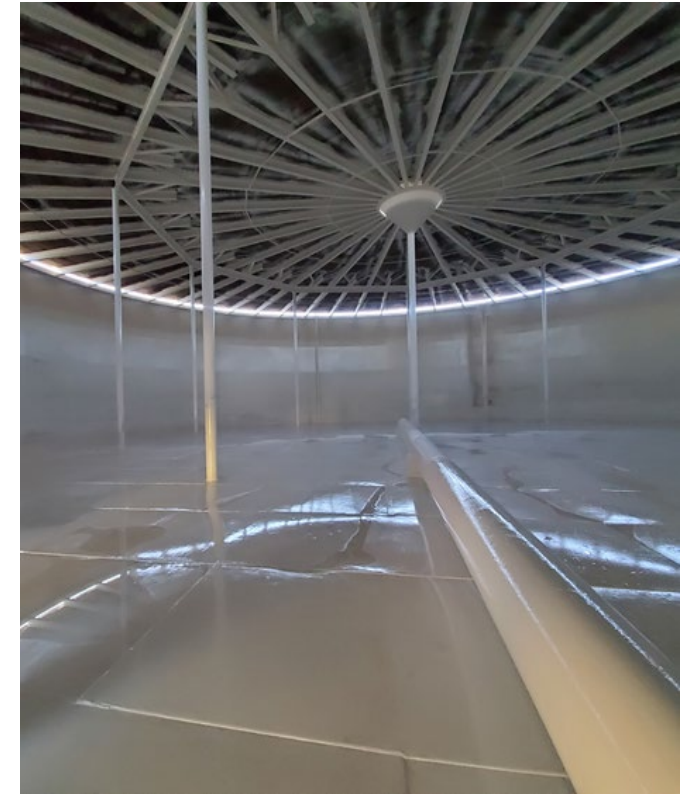
FY 2023-24 Water Infrastructure Investments



225,000 feet of mainline pipe will be replaced, prioritizing mainlines with the highest risk of failure.



Vault 2 of the Headworks Flow Control Station is being poured and requires approximately 150 CY of concrete. This project is located at the Tom LaBonge Headworks Water Complex.



Capital improvements were performed on Mountingate Tank, which included interior recoating, reroofing, and replacing the tank roof hatch.

FY 2023-24 Water Quality Investments



The Fairmont Sedimentation Plant will pre-treat 465 MGD of the Los Angeles Aqueduct and State Water Project-East water sources for the Los Angeles Aqueduct Filtration Plant.



The Tujunga Centralized Treatment Project will address groundwater contamination of the Tujunga Well Field.



The North Hollywood West Wellhead Treatment Project will provide remediation treatment to 18 MGD.



The North Hollywood Centralized Treatment Project is a 24.7 MGD groundwater treatment facility for contamination at the Rinaldi Toluca Well Field.

FY 2023-24 Water Supply Investments



The Los Angeles Groundwater Replenishment Project will recharge the San Fernando Groundwater Basin with advanced purified recycled water produced by the Donald C. Tillman Water Reclamation Plant.



LADWP and Los Angeles Departments of Public Works, Recreation and Parks, are implementing the Stormwater Capture Parks Program to build up to 3,000 acre-feet of stormwater capture capacity at nine parks in the Eastern San Fernando Valley.



The 1.5 MGD Advanced Water Purification Facility (AWPF) project will produce recycled water for the Hyperion Water Reclamation Plant and the Los Angeles World Airports for non-potable water.



The 1 MGD Hyperion Membrane Bioreactor (MBR) Pilot Facility and Study is a collaboration between West Basin MWD, LASAN, and LADWP to study an MBR treatment process at the Hyperion Water Reclamation Plant (HWRP).

FY 2023-24 Water Conservation Investments



In response to the drought, increased incentives like our \$5/SF for turf replacement have helped customers reduce their demands in support of reaching our long-term water use efficiency goals.



The LADWP Water Conservation Response Unit continues to enforce the Emergency Water Conservation Ordinance by educating Angelinos when there are violations.

Joint System: Chief Operating Officer

Contributing Organizational Budget by Cost Element

Chief Operating Officer

Information Technology Services, Facilities Services Planning & Design, JFB/Facilities Mgmt, Corporate Facilities Capital Construction, Supply Chain Services, Security Services, Employee Relations & Benefits, and Corporate Health & Safety

\$ in Millions

Cost Element	FY 2021/22 Actual	FY 2022/23 Approved	FY 2022/23 Re-Estimate	FY 2023/24 Preliminary Budget	FY2023/24 Prelim vs. FY2022/23 Approved
Health Care Payment*	\$ 357.0	\$ 368.8	\$ 364.0	\$ 403.1	9%
Labor (Regular and Overtime)	\$ 225.1	\$ 250.8	\$ 239.1	\$ 277.5	11%
Contracts	\$ 68.8	\$ 145.1	\$ 89.0	\$ 146.0	1%
Material & Supplies	\$ 61.9	\$ 105.4	\$ 95.5	\$ 124.4	18%
Land and Structures	\$ -	\$ 26.7	\$ 1.6	\$ 6.3	(76%)
Other **	\$ 13.1	\$ 23.5	\$ 17.5	\$ 23.8	1%
Total: Chief Operating Officer	\$ 725.9	\$ 920.4	\$ 806.6	\$ 981.1	7%

* Health Care Payment estimates include adjustments for estimated staffing increases.

** Other includes Cost Elements: Transportation, Workers' Comp, Sponsorships & Ads, Utility Services, Rentals & Leases, and Other Directs

Joint System - Chief Operating Officer:

Information Technology Services

Contributing Organizational Budget by Cost Element

Information Technology Services

\$ in Millions

Cost Element	FY 2021/22 Actual	FY 2022/23 Approved	FY 2022/23 Re-Estimate	FY 2023/24 Preliminary Budget	FY2023/24 Prelim vs. FY2022/23 Approved
Labor (Regular and Overtime)	\$ 87.1	\$ 100.2	\$ 93.3	\$ 101.3	1%
Material & Supplies	50.8	83.0	78.3	99.2	20%
Contracts	44.4	104.9	60.1	97.9	(7%)
Other *	8.5	16.5	11.4	15.8	(4%)
Total: Information Technology Services	\$ 190.8	\$ 304.5	\$ 243.1	\$ 314.2	3%

* Other includes Cost Elements: Transportation, Workers' Comp, Utility Services, and Rentals & Leases

APR Increase for FY 23/24 Prelim	FY 23/24 Prelim APR	FY 23/24 Funded FTE	Occupancy 1/31/23	Headroom: Occupancy vs. APR
0	803	642	606	197

FY 2023-24 Information Technology Services

Strategic Investments

APPLICATIONS:

Deliver transformational applications that will change the way LADWP operates in the near future.

- Enterprise Resource Planning (ERP) program which will implement a new Procurement System, Human Resources and Financial system
- Initiate and upgrade the Customer Care and Billing (CC&B) system with its move to the cloud for greater functionality for our customer service representatives
- Implement systems which will allow for the rollout of smart meters, a new LADWP website, and work collaboration tools like M365 and others

INFRASTRUCTURE:

Support mission critical operation systems, service desk, datacenter, and Matrix organizations

- Infrastructure starting to move to the cloud with services for resiliency utilizing Microsoft Azure and Oracle Cloud Infrastructure (OCI)
- Introduction of data lakes for the expansion of data over multiple years for AMI and Distribution Automation
- Expand LADWP's capability with analytical analysis and artificial intelligence
- Storage technological upgrade for critical data and the sunsetting of antiquated systems

NETWORK:

Provide transport facilities to meet LADWP's demands for both internet and operational technology (IT/OT) data.

- Upgrades and improvements to the Microwave, Radio, Fiber communications throughout five states

CYBERSECURITY:

Provide electronic security perimeter protecting LADWP critical assets and customer information

- Introduce transformational technologies that will assist in the identification, protection, detection, responding and recovering
- Develop a more technologically advanced cybersecurity resilient organization

Joint System: External and Regulatory Affairs

Contributing Organizational Budget by Cost Element

External and Regulatory Affairs

Office of Sustainability, Customer Service Division, Meter Services and Operations, and Real Estate

\$ in Millions

Cost Element	FY 2021/22 Actual	FY 2022/23 Approved	FY 2022/23 Re-Estimate	FY 2023/24 Preliminary Budget	FY2023/24 Prelim vs. FY2022/23 Approved
Contracts	\$ 123.7	\$ 178.3	\$ 137.0	\$ 217.2	22%
Labor (Regular and Overtime)	\$ 178.5	\$ 199.5	\$ 182.6	\$ 201.7	1%
Other Direct, Incentives, and Fees	\$ 33.5	\$ 53.8	\$ 35.5	\$ 53.4	(1%)
Rentals and Leases	\$ 2.9	\$ 12.3	\$ 6.8	\$ 12.3	0%
Material & Supplies	\$ 7.5	\$ 9.8	\$ 7.2	\$ 8.3	(15%)
Postal Services	\$ 7.6	\$ 5.6	\$ 6.4	\$ 7.6	36%
Other *	\$ 5.5	\$ 6.7	\$ 6.2	\$ 6.7	0%
Land and Structures	\$ -	\$ -	\$ 23.2	\$ -	0%
Total: External and Regulatory Affairs	\$ 359.2	\$ 465.9	\$ 405.0	\$ 507.3	9%

* Other includes Cost Elements: Transportation, Workers' Comp, Sponsorships & Ads, and Utility Services

LADWP Customer Benefits Programs

Customer Programs (\$ in Millions) ⁽¹⁾	FY 2021-22		FY 2022-23		FY 2023-24	
	Actual		Approved	Estimated	Prelim	
Energy Efficiency Program	\$ 152	\$	173	\$ 137	\$	185
Electric Transportation Program	\$ 45	\$	77	\$ 55	\$	127
Power System Incentive Program ⁽²⁾	\$ 8	\$	23	\$ 12	\$	27
Water Conservation Program	\$ 7	\$	28	\$ 22	\$	25
Emission Reduction Grant Program	\$ 0.3	\$	4	\$ 3	\$	4
Notes: 1) Data includes O&M, rebates, all other direct, and indirect costs 2) Majority of investments are for Demand Response Program						

FY 2023-24 Energy Efficiency Programs Strategic Investments

Replace the expiring (December 2023) 5yr/\$500M SCPPA Participation Agreement for Energy Efficiency Services:

- ✓ with a similar duration and overall size bundle of contractors
- ✓ competitively procured through Supply Chain Services
- ✓ maintain successful programs for all LADWP customers focusing on low/moderate income and disadvantaged communities

Continue to support Power System as a cost-effective element of the LA 100 Grid Decarbonization Effort by:

- ✓ helping to optimize the grid to absorb increasing transportation
- ✓ building electrification loads
- ✓ reducing needed infrastructure spending

Continue to fill vacancies to achieve and maintain full staffing levels

FY 2023-24 Customer Services Division Strategic Investments

The primary customer engagement and support provider for LADWP's nearly 1.7 million residential, commercial, institutional and industrial customers

Millions Rely on Us

Replace the Customer Contact Center platform including the interactive phone system, transform LADWP.com, and expand self-service options

Our People

Initiate organizational readiness by fostering employee engagement with a focus on safety, training, and development

Expand Customer Choices

Offer multiple payment arrangement options and payment channels, and establish new service channels including consultations and live chat to meet customer preferences



Understanding our Customers

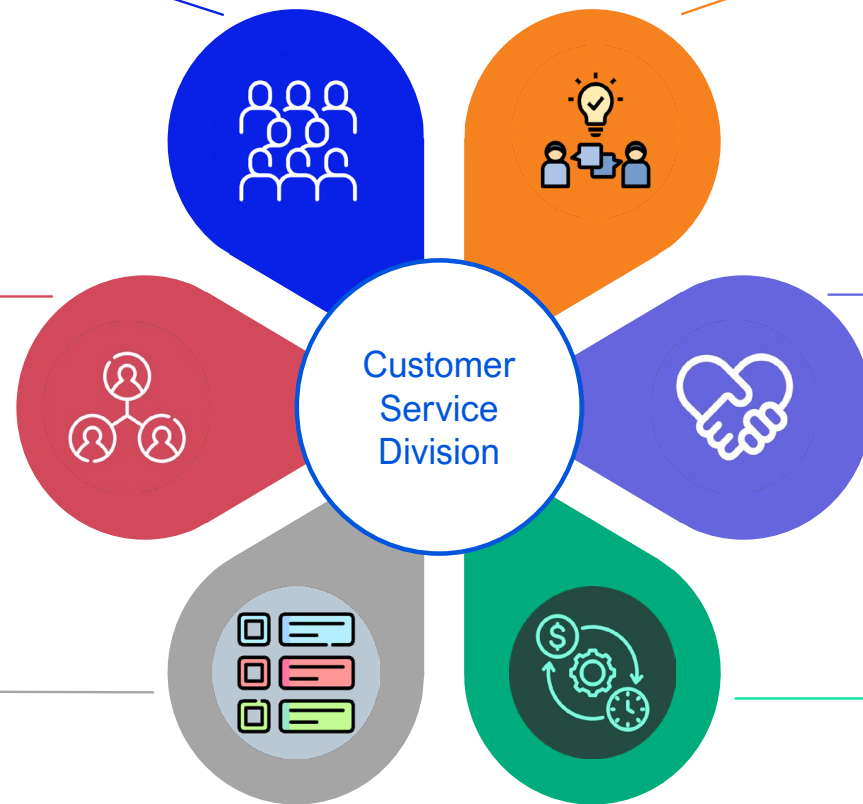
Expand customer analytics and customer relationship management technologies, develop segmentation and predictive models to better understand and support our customers and their needs

Cultivating Customer Partnerships

Construct and open new service centers, and resolve issues and barriers that prevent customers from participating in programs and services

Operational Efficiencies

Improve Department-wide customer-facing business processes and activities to cultivate operational efficiencies to deliver a consistent and meaningful customer experience



Joint System: General Manager Direct Reports

Contributing Organizational Budget By Cost Element

General Manager and Other Direct Reports

Commission Office, General Manager's Office, General Manager Labor Planning, Office of Diversity, Equity & Inclusion, Inspector General Office, Corporate Strategy & Communications, Office of City Attorney, Equal Employment Opportunity, and Claims Office

\$ in Millions

Cost Element	FY 2021/22 Actual	FY 2022/23 Approved	FY 2022/23 Re-Estimate	FY 2023/24 Preliminary Budget	FY2023/24 Prelim vs. FY2022/23 Approved
Contracts	\$ 26.0	\$ 51.9	\$ 45.6	\$ 53.0	2%
Labor (Regular and Overtime)	\$ 27.4	\$ 80.8	\$ 55.8	\$ 47.4	(41%)
Awards and Damages	\$ 19.5	\$ 13.8	\$ 13.1	\$ 17.0	23%
Sponsorships & Ads	\$ 2.7	\$ 6.7	\$ 4.6	\$ 7.9	18%
Other *	\$ 1.5	\$ 2.5	\$ 2.4	\$ 2.7	8%
Material & Supplies	\$ 1.7	\$ 2.0	\$ 1.6	\$ 2.2	10%
Total: General Manager and Other Direct Reports	\$ 78.7	\$ 157.7	\$ 123.0	\$ 130.3	(17%)

* Other includes Cost Elements: Transportation, Rentals & Leases, Workers' Comp, Utility Services, and Sponsorships & Ads

Joint System – General Manager Direct Reports:

Office of Diversity, Equity, and Inclusion

Contributing Organizational Budget by Cost Element

Office of Diversity, Equity and Inclusion

Office of Diversity Equity and Inclusion, and Human Resources (Recruitment, Employee Development, Tuition Reimbursement, and Personnel/Employment Services)

\$ in Millions

Cost Element	FY 2021/22 Actual	FY 2022/23 Approved	FY 2022/23 Re-Estimate	FY 2023/24 Preliminary Budget	FY2023/24 Prelim vs. FY2022/23 Approved
Labor (Regular and Overtime)	\$ 8.7	\$ 15.7	\$ 13.2	\$ 16.7	6%
Contracts	\$ 0.7	\$ 11.9	\$ 6.3	\$ 14.7	24%
Sponsorships & Ads	\$ 0.1	\$ 4.4	\$ 2.3	\$ 4.5	2%
Material & Supplies	\$ 0.6	\$ 0.7	\$ 0.5	\$ 0.9	29%
Other *	\$ 0.0	\$ 0.2	\$ 0.2	\$ 0.5	150%
Total: Office of Diversity, Equity and Inclusion	\$ 10.0	\$ 32.9	\$ 22.4	\$ 37.4	14%

* Other includes Cost Elements: Transportation, Workers' Comp, Utility Services, and Rentals & Leases

APR Increase for FY 23/24 Prelim	FY 23/24 Prelim APR	FY 23/24 Funded FTE	Occupancy 1/31/23	Headroom: Occupancy vs. APR
1	123	105	86	37

FY 2023-24 OFFICE OF DIVERSITY, EQUITY AND INCLUSION

GOALS FOR BUDGET INVESTMENTS



WORKFORCE DEVELOPMENT

Through the lens of equity, reimagine workforce development with a focus on creating meaningful opportunities and career pipelines

- Expand the recruitment outreach strategy that includes LA Unified School District, local colleges and universities, community colleges, Community Based Organizations, Faith Based Organizations, and other groups
- Utilize innovative tools and analytics to effectively maximize the recruitment and hiring outcomes
- Develop a mentoring program across all systems that focuses on diversity, equity, and inclusion and professional development



EQUITY STRATEGIES

Engage with stakeholders and communities who have been historically excluded

- Develop and implement sustainable partnerships with community-based organizations to meaningfully enhance communication and outreach efforts to targeted customers/communities regarding LADWP programs such as EZ-SAVE, Lifeline, and other programs
- Continue to evolve the Equity Ambassadors Program that promotes cultural transformative change
- Support the Employee Resource Groups and Professional Resource Groups that promote diversity, equity and inclusion and leadership development for employees



SUPPLIER DIVERSITY

Create an inclusive supplier base that reflects the diversity of our marketplace

- Implement a Business Inclusion Tracking System that identifies gaps, monitors, and tracks the progress of contracting opportunities
- Conduct a disparity study that identifies the barriers to supplier/contractor diversity, develops the solutions, and presents a report to the leadership team
- Fast track and simplify the supplier experience, build awareness of contracting opportunities, and encourage prime contractors to use new and diverse-owned subcontractors



EQUITY METRICS

Building a culture of accountability for equity through metrics and data collection

- Collaborate with LA100 Equity Steering Committee and other stakeholders to measure progress on project deliverables
- Create and deploy DEI dashboards for efforts including Equity Data Metrics Initiative, Workforce Development, Community Engagement, Supplier Diversity and other areas
- Expand and support equity budgeting activities by partnering with divisions to develop effective measuring tools

Joint System: Chief Financial Officer

Contributing Organizational Budget by Cost Element

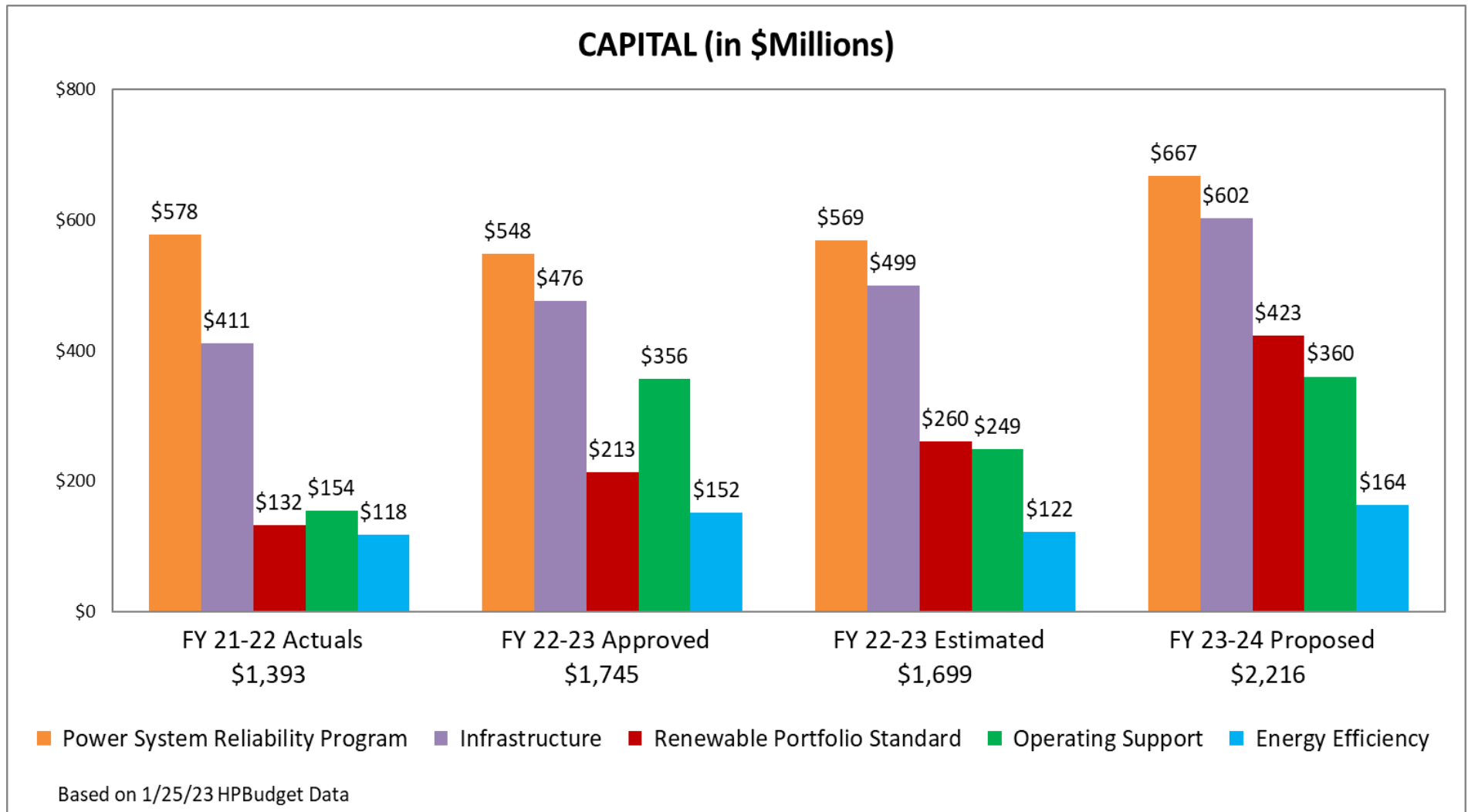
Chief Financial Officer

\$ in Millions

Cost Element	FY 2021/22 Actual	FY 2022/23 Approved	FY 2022/23 Re-Estimate	FY 2023/24 Preliminary Budget	FY2023/24 Prelim vs. FY2022/23 Approved
Bond Redemption & Interest	\$ 1,054.6	\$ 1,104.1	\$ 1,074.0	\$ 1,185.0	7%
Retirement and Death Benefit	\$ 345.2	\$ 218.8	\$ 409.5	\$ 444.3	103%
Insurance	\$ 79.1	\$ 88.3	\$ 66.3	\$ 99.5	13%
Contracts	\$ 42.6	\$ 51.3	\$ 47.3	\$ 58.7	14%
Labor (Regular and Overtime)	\$ 36.9	\$ 43.3	\$ 39.7	\$ 46.8	8%
Property Tax	\$ 37.4	\$ 37.4	\$ 37.5	\$ 39.7	6%
Material & Supplies	\$ 0.7	\$ 2.4	\$ 1.3	\$ 2.0	(17%)
Other *	\$ 1.2	\$ 1.9	\$ 1.6	\$ 1.9	0%
Total: Chief Financial Officer	\$ 1,597.6	\$ 1,547.4	\$ 1,677.1	\$ 1,877.8	21%

* Other includes Cost Elements: Transportation, Workers' Comp, Postal Services, Rentals & Leases, Joint Owner Contracts, Sponsorships & Ads, and Utility Services.

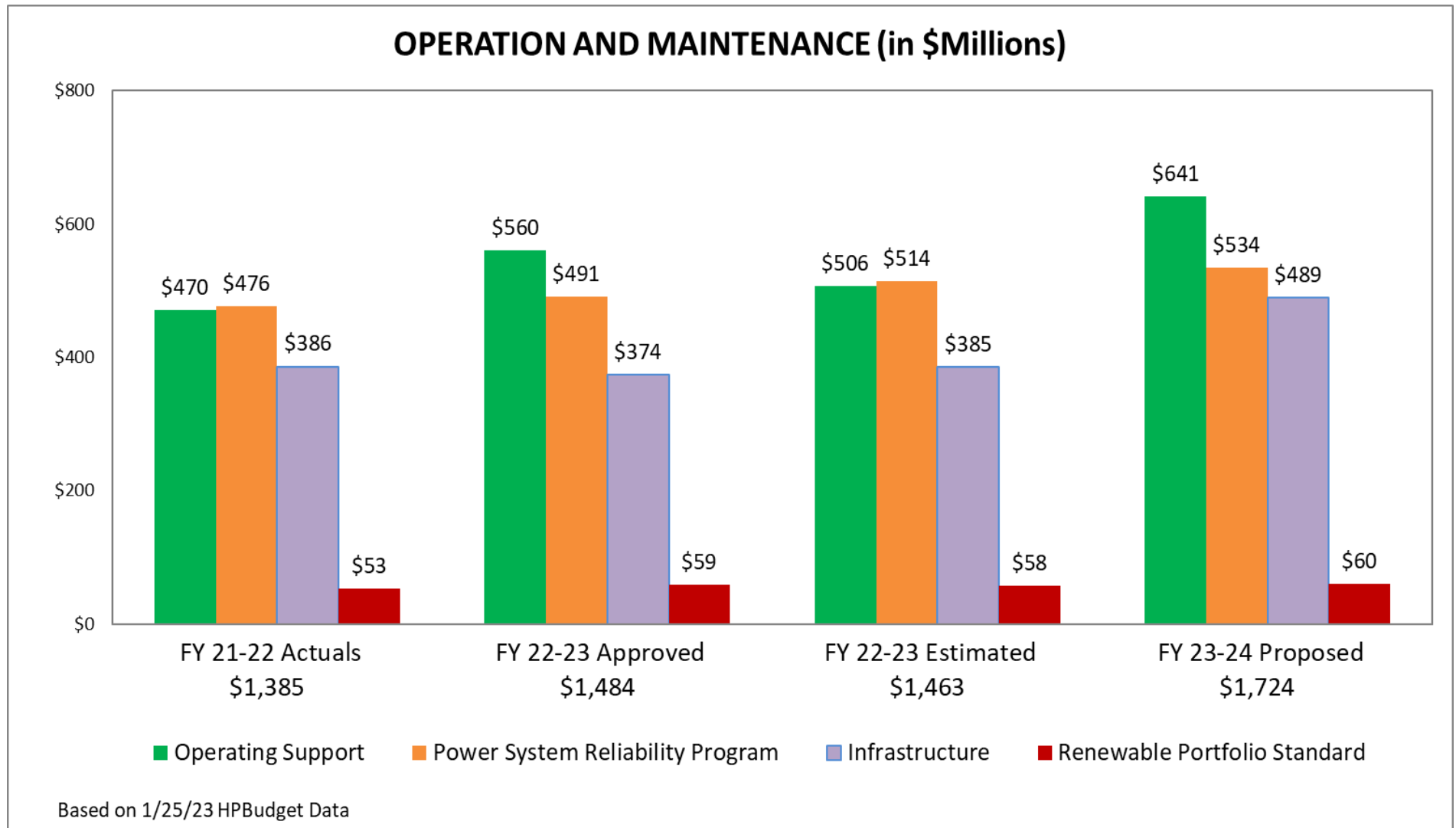
Power Revenue Fund: FY 2023-24: Capital Expenditures Trend



Major FY 2023-24 Rate Metrics Goals:

- 3,700 Pole Replacements, 12,600 Crossarm Replacements, and 1,255 Transformer Replacements

Power Revenue Fund: FY 2023-24: O&M Expenditures Trend

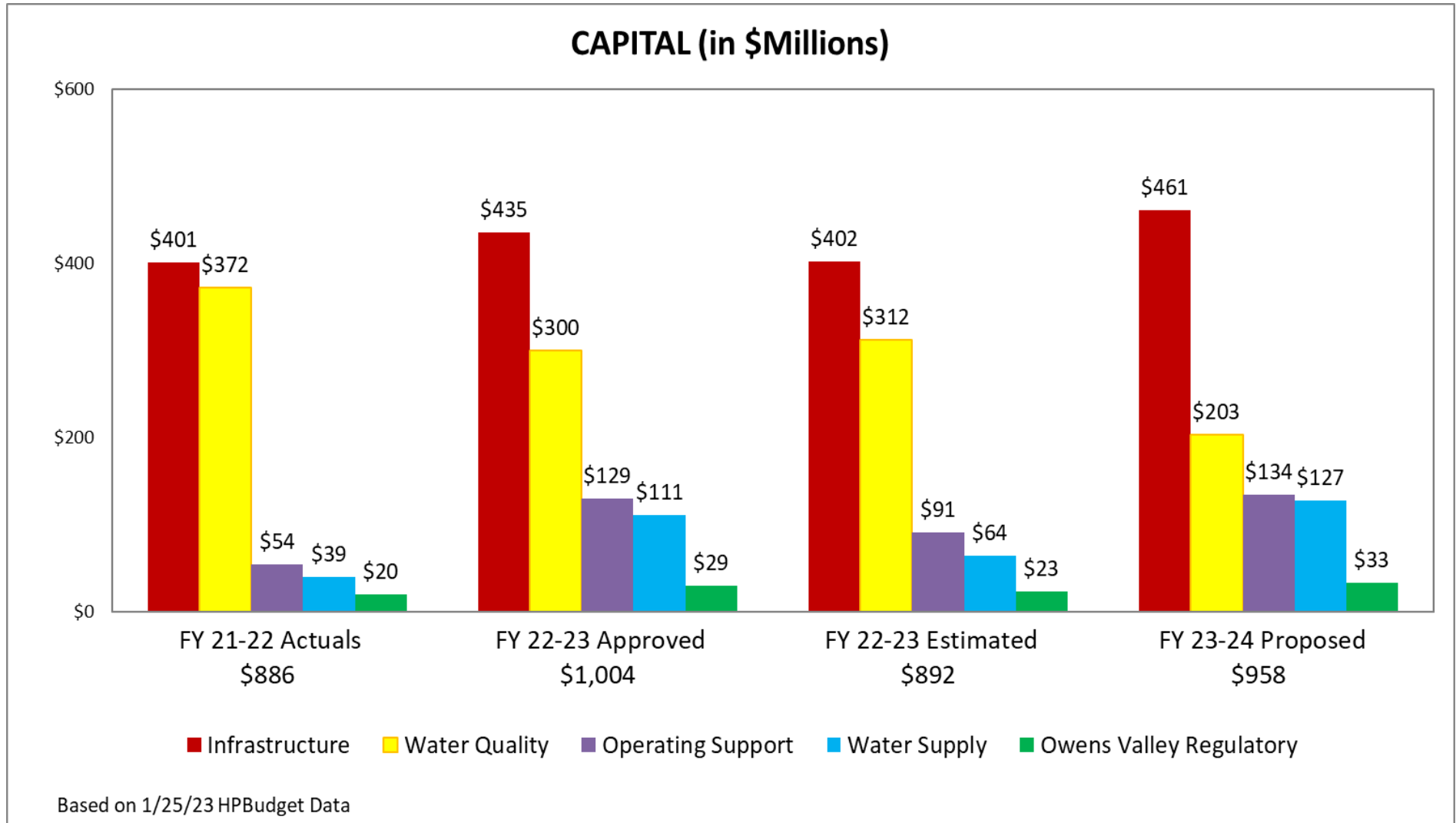


Power Revenue Fund

Financial Plan Summary

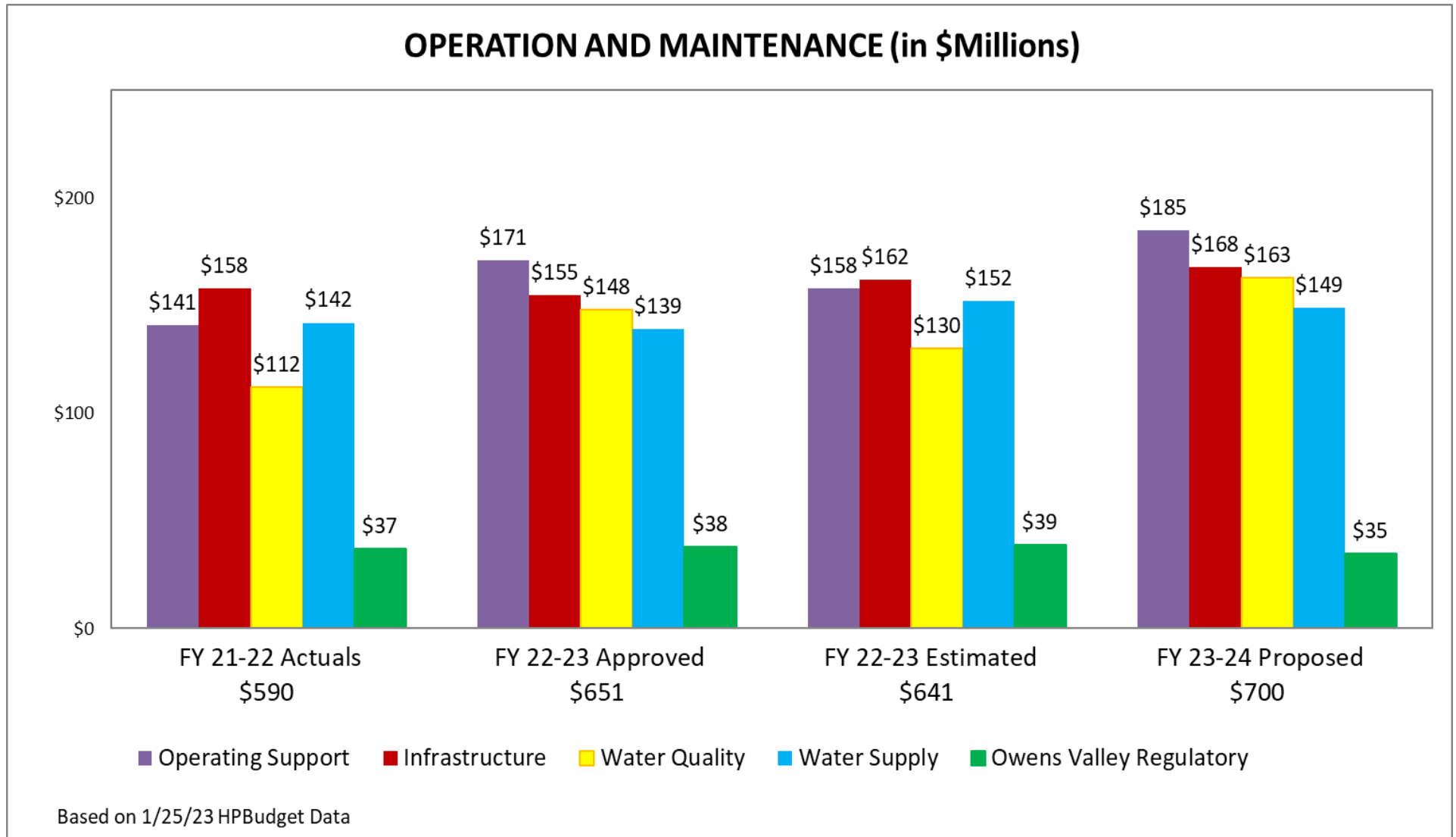
\$ in Millions	FY 2022-23		FY 2023-24
	Approved	Re-Estimated	Prelim
RETAIL SALES (GWh)	20,635	21,697	22,251
REVENUE REQUIREMENT	\$ 4,498	\$ 4,940	\$ 4,815
OPERATING EXPENSE			
OPERATION & MAINTENANCE EXPENSE			
- OPERATING SUPPORT	\$ 560	\$ 506	\$ 641
- POWER SYSTEM RELIABILITY PROGRAM	491	514	534
- INFRASTRUCTURE	374	385	489
- RENEWABLE PORTFOLIO STANDARD	59	58	60
TOTAL OPERATION & MAINTENANCE EXPENSE	\$ 1,484	\$ 1,463	\$ 1,724
FUEL, PURCHASED POWER, AND EMISSIONS	1,518	2,018	1,569
DEPRECIATION, PROPERTY TAX AND OTHER	830	791	871
TOTAL OPERATING EXPENSE	\$ 3,832	\$ 4,272	\$ 4,164
OTHER INCOME/EXPENSE (incl. Debt Exp. City Transfer, and CIAC)	\$ 354	\$ 267	\$ 344
CHANGE IN NET POSITION	\$ 312	\$ 401	\$ 307
SYSTEM AVERAGE RATE (cts/kWh)	20.8	21.2	21.8
TOTAL BORROWING ¹	\$ -	\$ -	\$ 1,104
Notes:			
1. Total Borrowing includes only new bond proceeds and related premiums / discounts for capital investments.			

Water Revenue Fund: FY 2023-24: Capital Expenditures Trend



For FY 2023-24, the goal is to achieve 225,000 feet of mainline replacements and 5,300 feet of trunk line replacements.

Water Revenue Fund: FY 2023-24: O&M Expenditures Trend



Water Revenue Fund

Financial Plan Summary

\$ in Millions	FY 2022-23		FY 2023-24	
	Approved	Re-Estimated	Prelim	
SALES (Million HCF)	199.0	181.6	190.4	
REVENUE REQUIREMENT	\$ 1,598	\$ 1,664	\$ 1,608	
OPERATING EXPENSE				
OPERATION & MAINTENANCE EXPENSE				
- OPERATING SUPPORT	\$ 171	\$ 158	\$ 185	
- INFRASTRUCTURE	155	\$ 162	\$ 168	
- WATER QUALITY	148	\$ 130	\$ 163	
- WATER SUPPLY	139	152	149	
- OWENS VALLEY	38	\$ 39	\$ 35	
TOTAL OPERATION & MAINTENANCE EXPENSE	\$ 651	\$ 641	\$ 700	
PURCHASED WATER	275	\$ 352	\$ 169	
DEPRECIATION, PROPERTY TAX AND OTHER	261	\$ 263	\$ 281	
TOTAL OPERATING EXPENSE	\$ 1,187	\$ 1,256	\$ 1,150	
OTHER INCOME/EXPENSE (incl. Debt Exp. and CIAC)	\$ 32	\$ 159	\$ 199	
CHANGE IN NET POSITION	\$ 379	\$ 249	\$ 259	
SYSTEM AVERAGE RATE (\$/HCF)	7.90	8.27	8.97	
TOTAL BORROWING ¹	\$ 507	\$ 560	\$ 603	
Notes:				
1. Total Borrowing includes new bond proceeds and related premiums / discounts for capital investments, as well as state loan proceeds.				

Next Steps

- Request approval of the Preliminary FY 2023-24 Budget package transmittal to the Council for informational purposes, on March 14, 2023
- Work with Board Office to meet the submittal of the final budget package within Department timelines
- Request the Final Budget approval and transmittal to the Council, including presentation on May 9, 2023
- Forward Final Budget to the Mayor, City Council, and other relevant stakeholders no later than May 31, 2023

APPENDIX

FY 2023-24 Preliminary Budget – APR Detail

System/Organization	APR Increase for FY 23/24 Prelim	FY 23/24 Prelim APR	FY 23/24 Funded FTE	Occupancy 1/31/23	Headroom: Occupancy vs. APR
Power System					
Div-37-FLEET SERVICES (OSS)		428	407	391	37
Div-39-CRAFTS & ENV CHEM LB (PCM)		277	277	229	48
Div-54-ENRGY CTRL & GRID RELIAB		92	92	87	5
Div-55-RESRCE PLNG, DEV & PRGRMS		130	121	115	15
Div-70-POWER EXECUTIVE OFFICE		412	206	35	377
Div-71-PWR TRANSMISSION PLN REG INNV		121	109	102	19
Div-73-PWR NEW BUS AND ELECTRIFC		259	259	270	(11)
Div-74-POWER SUPPLY OPERATIONS		815	734	741	74
Div-75-PWR EXT ENRGY RESOURCES		84	84	82	2
Div-76-POWER TRANS & DISTR		1,598	1,278	1,239	359
Div-77-POWER CONST & MAINT (PCM)		1,144	1,144	1,136	8
Div-78-PWR ENGRG & TECH SVCS		436	414	406	30
Div-79-POWER SAFETY & TRAINING		82	82	71	11
Power System Total	0	5,878	5,207	4,904	974
Water System					
Div-41-WATER EXECUTIVE OFFICE		53	44	43	10
Div-42-WATER RESOURCES		93	92	83	10
Div-43-WATER ENGINEERING & TECH		453	398	391	62
Div-44-WATER DISTRIBUTION		1,038	903	879	159
Div-45-WATER OPERATIONS		748	696	676	72
Div-48-WATER QUALITY		136	125	120	16
Water System Total	0	2,521	2,258	2,192	329

FY 2023-24 Preliminary Budget – APR Detail

System/Organization	APR Increase for FY 23/24 Prelim	FY 23/24 Prelim APR	FY 23/24 Funded FTE	Occupancy 1/31/23	Headroom: Occupancy vs. APR
Joint System					
Chief Operating Officer					
Div-08-SUPPLY CHAIN SERVICES	13	414	393	366	48
Div-14-CORPORATE SERVICES		20	20	16	4
Div-16-INFORMATION TECH SERVICES		803	642	606	197
Div-31-FACILITIES SRVC-ADMIN		40	36	30	10
Div-33-FACILITIES SVC PLNG&DSGN		12	11	10	2
Div-34-CORP FACS-CAPITAL CONSTRC	14	18	14	1	17
Div-35-SECURITY SERVICES		352	316	308	44
Div-38-JFB/FACILITIES MGMT	9	393	334	299	94
Div-61-HUMAN RESOURCES	9	47	42	34	13
Div-66-LABOR RELATIONS (HR)		25	23	22	3
Div-69-CORPORATE HEALTH & SAFETY		100	84	81	19
Chief Operating Officer Total	45	2,224	1,915	1,773	451
External and Regulatory Affairs					
Div-11-OFFICE OF SUSTAINABILITY	1	258	232	201	57
Div-17-CUSTOMER SERVICE DIVISION	1	1,182	887	852	330
Div-19-METER SVCS & FIELD OPRTNS		441	441	450	(9)
Div-36-REAL ESTATE		74	58	38	36
External and Regulatory Affairs Total	2	1,955	1,618	1,541	414

FY 2023-24 Preliminary Budget – APR Detail

System/Organization	APR Increase for FY 23/24 Prelim	FY 23/24 Prelim APR	FY 23/24 Funded FTE	Occupancy 1/31/23	Headroom: Occupancy vs. APR
Chief Financial Officer					
Div-21-FINANCIAL SVCS EXEC OFF		16	12	10	6
Div-22-ACCTG & FIN REPORTING		170	153	134	36
Div-23-BUDGET, BSR, & COS		23	21	18	5
Div-24-RATES & FIN PLANNING		34	29	28	6
Div-25-FINANCE AND RISK CONTROL		39	35	32	7
Div-26-INTERNAL AUDIT		19	17	16	3
Div-27-ADMIN & FIN SYS REPLCMENT		30	27	23	7
Chief Financial Officer Total	0	331	294	261	70
General Manager & Other Direct Reports					
Div-01-COMMISSION OFFICE		8	8	8	
Div-02-OFFICE OF CITY ATTORNEY		34	34	37	(3)
CO-04000-GENERAL MANAGER'S OFFICE		5	5	7	(2)
CO-04160-CLAIMS OFFICE		20	20	19	1
Div-65-EQUAL EMPLOYMNT OPPRTNTY		14	14	12	2
CORPORATE STRATEGY & COMMUNICATIONS		62	60	57	5
DIVERSITY, EQUITY & INCLUSION	1	123	105	86	37
INSPECTOR GENERAL OFFICE	26	40	15	11	29
General Manager & Other Direct Reports Total	27	306	261	237	69
Div-05-GM LABOR PLANNING	(74)	163	33	0	163
Joint System Total	0	4,979	4,121	3,812	1,167
RETIREMENT PLAN OFFICE	0	78	78	65	13
Total - LADWP	0	13,456	11,664	10,973	2,483