



## Comments on DWP Rate Adjustment Factors

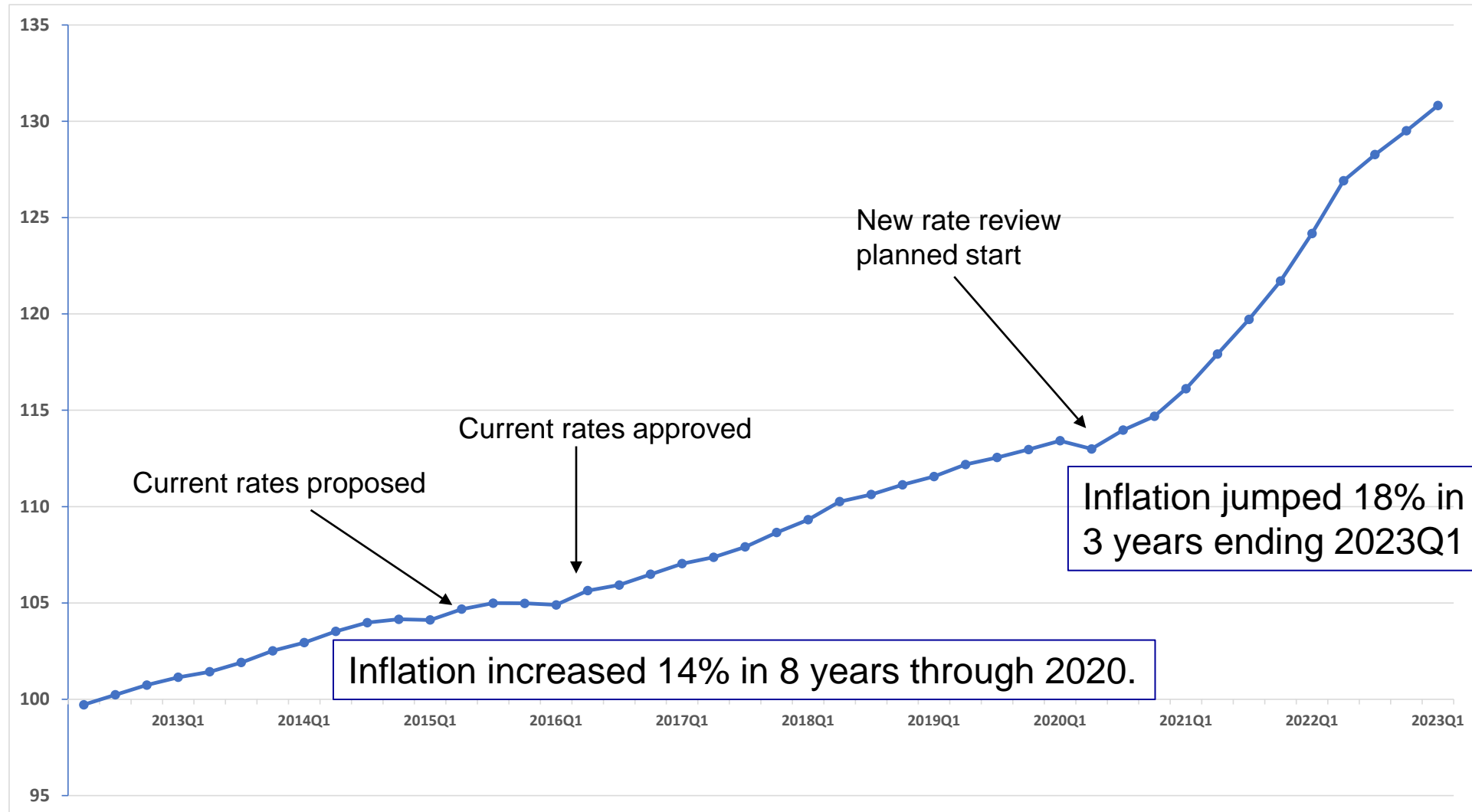
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July 1, 2023





# ***Inflation: the Gross Domestic Product Implicit Price Deflator***



2012 = 100



# OPA Recommendations & Commentary

## ☐ Recommendations

- On May 23:
  - ✓ The OPA supported the final budget
  - ✓ The OPA supported approval of changes in recovery method
  - ✓ OPA recommends updating rate and bill impact forecasts in September, November, and April
- On June 13:
  - ✓ OPA recommends approval of items proposed today
  - ✓ 6/13/23 Items L.6 Power ECA, L.7 Power BRRT, L.8 Water BRRT, L.9 Nat Gas, L.10 Power PSRP/RCA.
- OPA recommends outreach and education to all customers, especially those in vulnerable classes, on the power rate increases, as well as raising awareness for conservation programs and other bill reduction actions they can take.

## ☐ Commentary

- The adjustment factor changes and rates proposed are reasonable, when combined with outreach efforts on rates and bill reduction.
- Substantial uncertainty remains for this year, with sales being one of the key uncertainties.



# Where Are We Now in Rate Adjustment Factor Cycle?

## Power Pass-thru Adjustment Factors Planned Schedule



Focus is on Power Adjustment Factors, with only the BRRT included for Water

- These Power ECA/iECA and RCA/iRCA factors impact rates on July 1.
- These Power and Water BRRT and subsequent 11/2024 BRRTA don't influence rates until 1/1/25.



# Water and Power Bill Impacts, All Factors, May vs. July

## Residential A Water Customers on Small Lots by Temperature and Water Usage

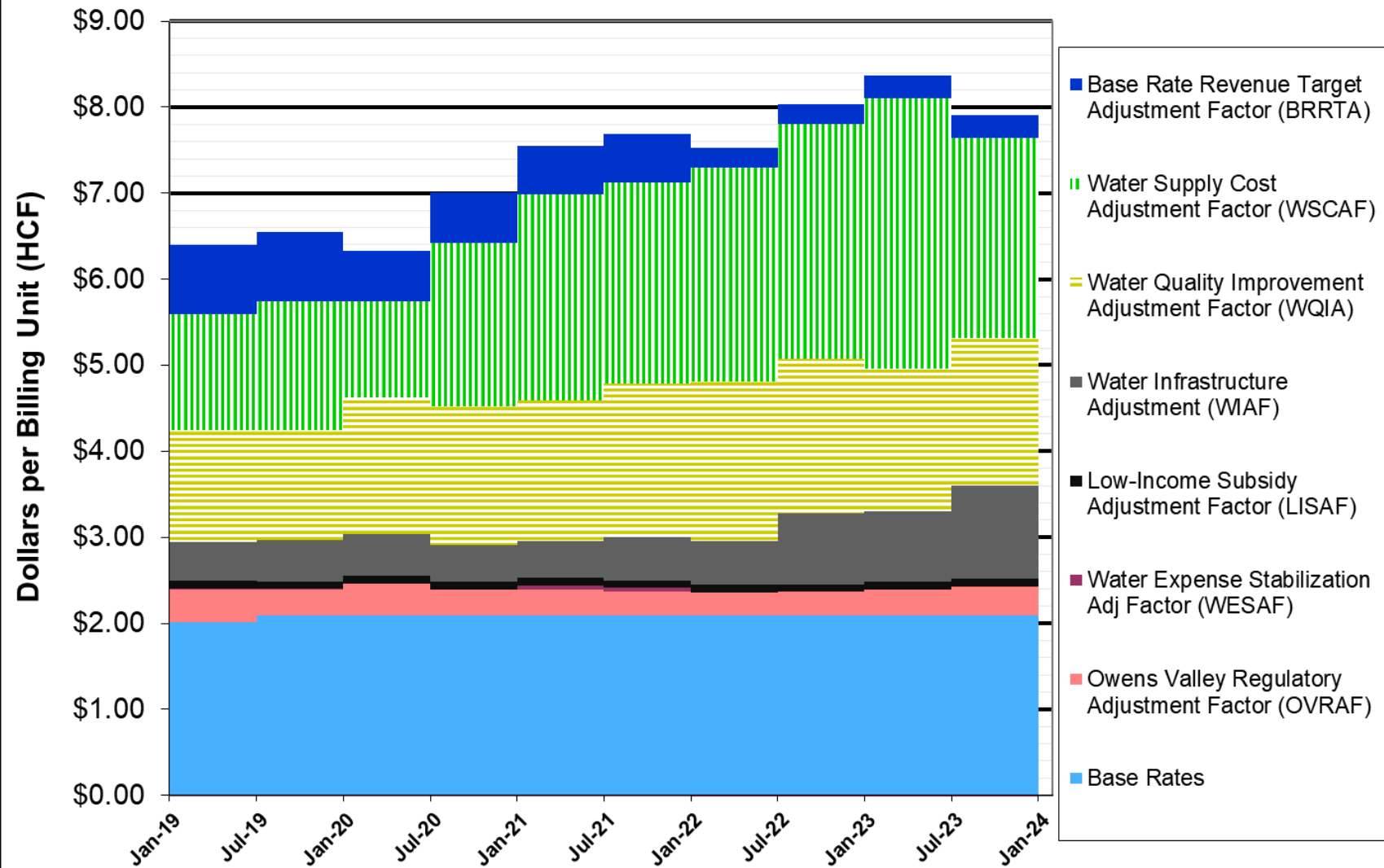
Monthly HCF Water Usage	2023 Water Bill		Increase	
	May	July	Amount	Percent
<b>Lower Temperatures (Coastal)</b>				
8	\$67	\$63	-\$4	-6%
10	\$85	\$83	-\$2	-2%
16	\$141	\$144	\$3	2%
23	\$217	\$219	\$2	1%
<b>Medium Temperatures (Eastside)</b>				
8	\$67	\$63	-\$4	-6%
10	\$85	\$83	-\$2	-2%
16	\$141	\$144	\$2	2%
23	\$217	\$218	\$1	1%
<b>Higher Temperatures (Valley)</b>				
8	\$67	\$63	-\$4	-6%
10	\$85	\$83	-\$2	-2%
16	\$141	\$143	\$2	1%
23	\$217	\$217	\$0	0%

## Residential R1A Power Customers by Temperature Zone and Power Usage

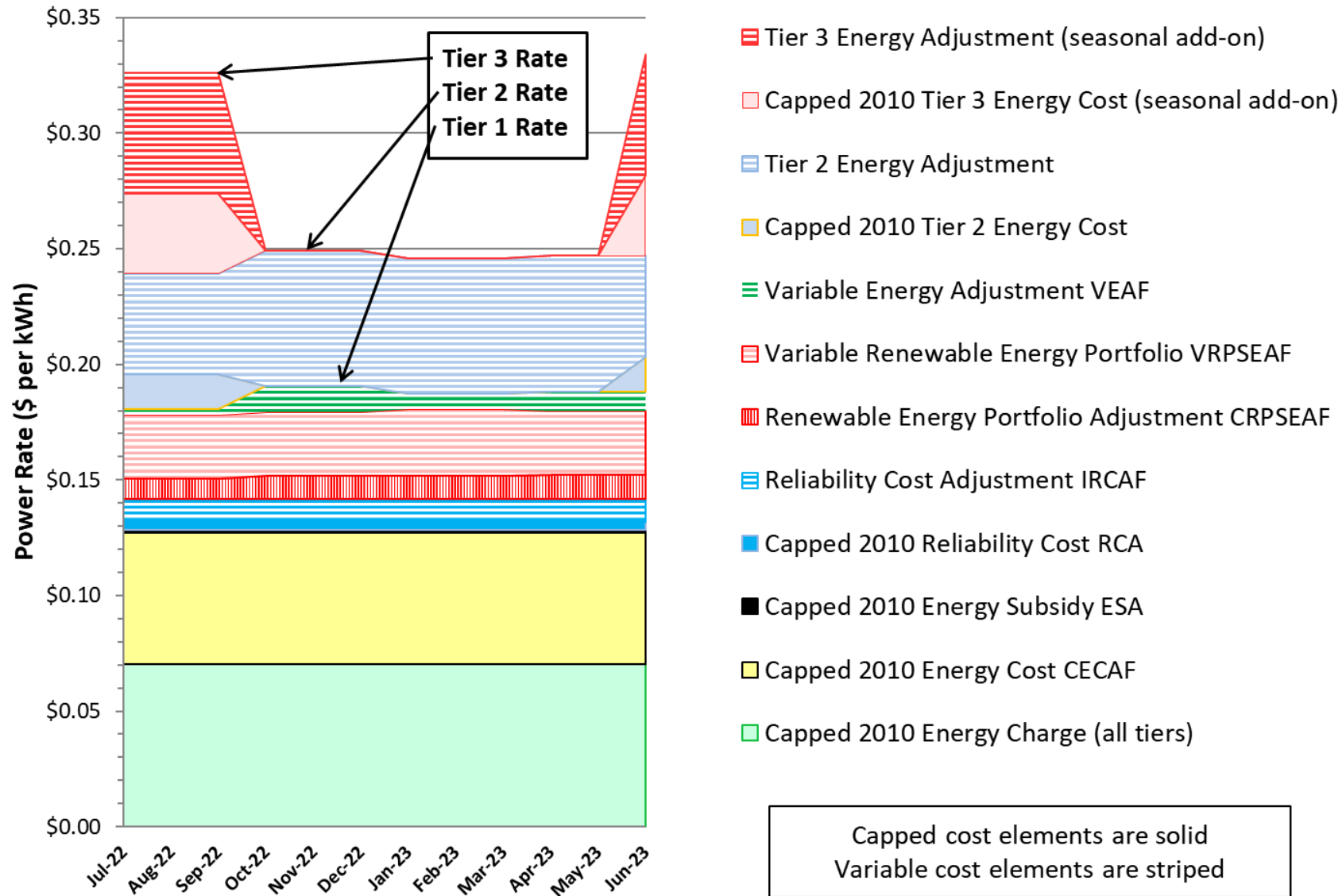
Monthly kWh Power Usage	2023 Power Bill		Increase	
	May	July	Amount	Percent
<b>Zone 1 (Coastal)</b>				
300	\$59	\$65	\$5	9%
500	\$111	\$121	\$9	8%
650	\$149	\$161	\$12	8%
800	\$186	\$201	\$15	8%
<b>Zone 2 (Valley)</b>				
300	\$59	\$65	\$5	9%
500	\$97	\$106	\$9	9%
650	\$140	\$152	\$12	8%
800	\$177	\$192	\$15	8%



## DWP Water Rates Residential Schedule A Tier 1 Cost Elements



## Residential R1 Power Rate Elements FY 2022-23



# ***APPENDIX***





# Final FY 23-24 Budget: Last Year, This Year, Next Year

	How much is Re-Estimate FY2022/23 vs. Actual FY2021/22?		How is performance in Re- Estimate FY2022/23 vs. Approved FY2022/23?		How big a step-up is Final FY2023/24 vs. Re-Estimate FY2022/23?		
System/Organization	FY2021/22 Actual, last year	FY2022/23 Re-Estimate vs. Actual FY2021/22, last year vs this year	FY2022/23 Approved, this year	FY2022/23 Re-Estimate vs. Approved FY2022/23, estimated actual vs. budget this year	FY2022/23 Re-Estimate of Actual, this year	FY2023/24 Final vs. Re-Estimate FY2022/23, this year vs. next year	FY2023/24 Final Budget, next year
Power System*	\$ 3,505	15.8%	\$ 3,704	9.5%	\$ 4,057	3.0%	\$ 4,180
Water System	\$ 1,262	-1.9%	\$ 1,256	-1.3%	\$ 1,239	-15.0%	\$ 1,053
Joint System -Total	\$ 2,632	9.4%	\$ 2,966	-2.9%	\$ 2,881	18.4%	\$ 3,411
Total - LADWP	\$ 7,399	10.5%	\$ 7,925	3.2%	\$ 8,176	5.7%	\$ 8,644

What can they do?

How are they doing?

Can they do it?

\$ in millions, combined capital and O&M budget

Source for budgets: LADWP FY 2023-24 Proposed Final Budget presentation,

Board of Water & Power Commissioner Meeting, May 23, 2023, Agenda Item I.1, Slide #24

\* Power System includes Fleet Services and Efficiency Solutions (formerly under Joint System/External & Regulatory Affairs)



# Incremental Estimate of Pass-Through Factor Changes, FYE24

Water	Current		Proposed		Amount
	Planning Category	Rate Category	Planning Category	Rate Category	FY23/24
Capital	Water Infrastructure Base	Base Rate	Water Quality	WQIA	\$ 1,578,044
	Water Infrastructure Base	Base Rate	Water Infrastructure	WIA	\$ 6,096,699
	Water Infrastructure Base	Base Rate	Water Supply	WSCA	\$ 358,911
O&M	Water Infrastructure Base	Base Rate	Water Quality	WQIA	\$ 5,836,179

Total  
\$ 8,033,654

Rev Req Change by FC Rate  
8% 12% 19%

\$6,478,871 \$6,800,217 \$7,362,573

% of FY 22-23 Re-Estimated Water Revenue

\$ 5,836,179

0.39% 0.41% 0.45%

Power	Current		Proposed		Amount
	Planning Category	Rate Category	Planning Category	Rate Category	FY23/24
Capital	Power Infrastructure	Base Rate	Power System Reliability Program (PSRP)	RCA/IRCA	\$203,100,607
	Power Infrastructure	Base Rate	Renewable Program	CRPSEA	\$ 51,040,894
O&M	Power Infrastructure	Base Rate	Power System Reliability Program (PSRP)	RCA/IRCA	\$ 68,414,806
	Power Infrastructure	Base Rate	Fuel and Purchased Power (F&PP)	ECA/VEA	\$ 36,543,959

Total  
\$ 254,141,501

Rev Req Change by FC Rate

\$125,290,085 \$135,455,745 \$153,245,650

% of FY 22-23 Re-Estimated Power Revenue

\$ 104,958,765

2.7% 2.9% 3.3%

