



INFORMATIONAL BOARD LETTER

A handwritten signature in black ink, appearing to read "Janisse Quiñones".

JANISSE QUIÑONES

Chief Executive Officer and Chief Engineer

DATE: July 25, 2024

SUBJECT: LADWP Rates Metrics Semi-Annual Report

SUMMARY

Attached is the semi-annual report on Rates Metrics.

Pursuant to Section 4 of the Water and Electric Rates Ordinances, LADWP shall provide a written report to the Board of Water and Power Commissioners (Board) on a semi-annual basis, commencing 2017. This report shall include:

- The Rates Metrics being monitored.
- The results for each metric.
- The target.
- The variance of actual performance from the target.
- Any proposed mitigation plans to address a variance.

The detailed information is provided in this Informational Board Letter under section Rates Metrics.

RATES METRICS

Rates Metrics 2023-2024 (Fiscal-Year-To-Date April 2024)

The Rates Metrics currently include 16 for Water System, 29 for Power System, and 14 for Joint System. A summary of the fiscal-year-to-date April 2024 performance status of all these metrics is listed in the Rates Metrics Summary (Attachment I).

LADWP Rates Metrics Status (Fiscal Year to Date April 2024)		
Performance Status		# Metrics
Exceeds Target	Blue	2
Within Acceptable Variance	Green	24
Outside Acceptable Variance	Red	24
Needs Attention	Yellow	0
Information Only	White	9
Total		59

For the period ending April 2024, 44 percent of the metrics are either within the acceptable variance or exceed the target.

Twenty-four of the fifty-nine Rates Metrics are outside the acceptable variance. Explanations for metrics outside the acceptable variance include:

Power System

Metric	Variance	Explanation
Average Cost of Training for Electric Distribution Mechanic Technician (EDMT)	45.3%	<ul style="list-style-type: none"> The monthly CPT calculation will vary from month to month. It's based on a number of factors which include the adjusted class size, dropouts, terminations and the final number of graduates. The re-estimated cost of training per EDMT of \$667.6K was calculated using the final figures of the related jobs for the entire FY22-23 with the 12-month average trainee occupancy.
Number of Full Time Equivalents (FTEs) for Power Distribution field positions	18.7%	<ul style="list-style-type: none"> The vacancy overrun is due to vacancies currently being held for employees on emergency appointments, special assignments, successful completion of probation, temporary assignments, and trainees on substitute positions. Vacancy overrun is also due to attrition in the Electric Distribution Mechanic (EDM), Electrical Craft Helper (ECH) and Electrical Mechanic (EM) positions.
PSRP Generation Capital (Budget vs. Actual)	-28.3% (-\$6.4M)	<ul style="list-style-type: none"> The underspending is due to a high budget projection. The budget has been marked up to reflect more accurate expenditures. The year-end projection is \$18.7 million.

Metric	Variance	Explanation
PSRP Transmission Capital (Budget vs. Actual)	-57.4% (-\$19.5M)	<ul style="list-style-type: none"> One job with a total budget of about \$4M is currently underrun by about \$1.6M due to project expenditures not being linear. The entire budget is expected to be spent before the end of the FY. Two jobs with a combined total budget of about \$6M are currently underrun by about \$4.3M. The majority of this maintenance work will now be delayed to FY24-25 due to environmental permitting issues. One job with a total budget of \$4.5M is currently underrun by about \$3.6M due to a reduced scope of maintenance work and limited availability of maintenance personnel. In-depth maintenance will be scheduled for future Fiscal Years. One job with a total budget of \$5M is currently underrun by about \$4.8M due to construction scheduling changes that pushed procurement for this project into the next FY. Six jobs with a total budget of \$5.7M are underrun by \$4.7M because they are completed jobs with no additional expenditures anticipated for this FY. Job managers are working with the budget office to have these jobs closed out and budgets zeroed out before the next FY.
PSRP Substation Capital (Budget vs. Actual)	-27.3% (-\$34.8M)	<ul style="list-style-type: none"> This Functional Item (FI) is currently underspending due to a lack of Construction and Test Lab resources and competing capital jobs. It is critical that divisions such as Power Construction and Maintenance (PCM) be able to hire additional Construction and Test Lab resources and backfill existing vacancies to increase the number of capital jobs that can be worked on. There are a number of existing vacancies, and PCM is working progressively to remedy, backfill the vacancies, and to support Capital Projects.

Metric	Variance	Explanation
PSRP Substation O&M (Budget vs. Actual)	20.3% (\$13.6M)	<ul style="list-style-type: none"> Overall overrun is attributed to labor, overtime labor, and allocations in Jobs for Maintenance of Electric Substations – Metro, West LA/South LA, and Valley, for equipment repairs, restorations, and emergency response efforts at various Receiving, Distributing, and Customer Stations system-wide. The main drivers were the ongoing 4.8kV Circuit Breaker Preventative Maintenance project since this is spread throughout the crews/areas to meet the 3-year target and to assure safety and reliability for feeder circuits. Overrun breakdown: total overtime \$6.8M, allocations \$2.5M, and reimbursements \$1.3M.
PSRP Distribution O&M (Budget vs. Actual)	19.7% (\$32.6M)	<ul style="list-style-type: none"> Weather conditions affected the work and caused overruns in Power Transmission and Distribution (PTD) Vegetation Management (P6341) with an amount of \$14.9M, Maintenance of Overhead Distribution System (P6338) at \$6.3M, Routine Operation of Overhead Distribution System (P6337) at \$2.7M, and Street Light System O&M (P6346) at \$2.2M. As weather conditions stabilize, the maintenance and repairs will decrease, and these jobs should balance at the end of the fiscal year.
Number of Poles Replaced Against Plan	-21.5%	<ul style="list-style-type: none"> The number of poles replaced is outside the acceptable variance due to recent weather events that required resources be reallocated to address service restorations. Replacements will vary month to month due to some jobs taking over a month to complete. Crews are prioritizing General Order 95 nonconformance work (a.k.a. "Fix-it tickets") in high fire threat areas as well as other areas outside of the high fire threat areas.
Number of Crossarms Replaced Against Plan	-20.6%	<ul style="list-style-type: none"> The number of crossarms replaced is outside the acceptable variance due to recent weather events that required resources be reallocated to address service restorations. Crews are continuing to prioritize General Order 95 non-conformance work (a.k.a. "Fix-it tickets") in high fire threat areas as well as other areas outside of the high fire threat areas along with deteriorated poles.

Metric	Variance	Explanation
Number of Miles of Cable Replaced Against Plan	-32.0%	<ul style="list-style-type: none"> Variance is due to District crews focusing on other priorities such as customer outages, inspection and maintenance jobs (IMACs), customer line extension work such as Affordable Housing 100 projects, conversion work and relocation work. Additionally, District crews need to close completed jobs and finalize jobs close to completion. Engineering also needs to finalize record drawings for construction completed jobs to capture completed mileage. Actual circuit-miles recorded are expected to be closer to the target goal when the District crews close completed jobs.
Average Unit Price per Pole	27.6%	<ul style="list-style-type: none"> The number of crews and number of employees that make up each crew may vary based on the location, type of poles being replaced, specialized equipment utility, and other factors that the pole replacement job entails, i.e. complexity/ease of replacement, location, and other mitigating factors, such as the introduction of alternative poles and crews being tasked with focusing on fix it tickets.
Average Unit Price per Crossarm	131.3%	<ul style="list-style-type: none"> Crossarm replacement costs will fluctuate depending on the difficulty factor of the crossarm replacement. Contributing factors can be conductor size, whether or not equipment is installed on crossarm, if conductor terminates on crossarm or if crossarm has conductor carrying more than one voltage. In addition to the other contributing factors causing a fluctuation in cost, District crews are working overtime to keep up with the KPI targets for crossarms. Moreover, when a crossarm is replaced, the crew will complete nonconformance work on the pole, which is subsequently charged to this job.

Metric	Variance	Explanation
Average Unit Price per Mile of Cable	69.5%	<ul style="list-style-type: none"> • Overrun is caused by customer outages due to heavy rainstorms which require additional labor and overtime by District crews to restore power and labor intensive large 34.5kV cable replacement projects. • As the district crews give priority to addressing customer outages and completing priority Inspection Maintenance jobs, there is a slight delay in the crews closing completed jobs of Task 145 in Work Management Information System and finalizing jobs to accurately account for project labor and material charges in correlation with completed mileage.

Water System

Metric	Variance	Explanation
Water Supply Costs - Capital (Budget vs. Actual)	-27.0% (-\$18.4M)	<ul style="list-style-type: none"> • Water Recycling Capital jobs have a \$11.7M underrun in other outside services and professional services. These include an underrun for the Harbor Refineries Pipeline Project due to delays in construction mobilization with the contractor, an underrun for the Harbor Industrial Onsite Improvements due to invoicing delays, and an underrun for the Headworks DPR Demonstration Facility due to finalizing construction closeout tasks. Despite these underruns, the projects are actively in progress to support the expansion of the recycled water system in the Harbor area and Potable Reuse initiatives. • The \$11M underrun in Los Angeles Aqueduct Southern District Additions and Betterments jobs is due to underspending in labor and construction services. The Old Top Removal and Nine Mile Cement Lining project has been canceled for this fiscal year. • In addition, there is a \$7M underrun in LA Aqueduct Northern District Additions and Betterments. The underspending is caused by payment delays for landfill remediation services and shifting priorities from Capital projects to focus on O&M work due to major storm events in 2023.

Metric	Variance	Explanation
Aqueduct refurbishment Capital (Budget vs. Actual)	-53.1% (-\$15.5M)	<ul style="list-style-type: none"> The \$11M underrun in Los Angeles Aqueduct (LAA) Southern District Additions & Betterments is due to several capital projects being postponed. The Nine Mile Sag Pipe Cement Re-Lining Project was canceled for FY23/24 due to continuous flows. Old Top Removal project was canceled for this fiscal year as crews are working on repairing damages caused by the 2023 Atmospheric River and Tropical Storm Hilary events. The \$7M underrun in Los Angeles Aqueduct (LAA) Northern District Additions & Betterments is due to management shifting priorities from Capital projects to focus on O&M work due to major storm events in 2023.
Aqueduct refurbishment O&M (Budget vs. Actual)	30.0% (\$14.7M)	<ul style="list-style-type: none"> The \$12.1M overrun in Los Angeles Aqueduct Northern District Operations is due to additional labor, materials and supplies, and construction equipment services needed for flood mitigation resulting from the record snowpack and storms occurring in 2023.
Feet of trunkline replaced against plan	-30.9%	<ul style="list-style-type: none"> City Trunk Line North Unit 2 experienced delays due to rainy weather, shoring difficulties, and procurement. As of April, these delays are resolved and the project started to progress. The Division projects to replace 4,762 feet of trunk line by the end of the fiscal year.
Number of meters replaced against plan	-11.5%	<ul style="list-style-type: none"> The rate of meter replacement for this reporting period is outside the acceptable variance. The rate of meter replacement has been hindered by supply chain issues since the beginning of the fiscal year. The Division anticipates a partial delivery in early June but that may not provide sufficient inventory or time to meet the meter replacement goal by fiscal year end. The Division projects to replace 28,560 meters for the fiscal year.

Metric	Variance	Explanation
Water Quality Capital (Budget vs. Actual)	-20.1% (-\$33.3M)	<ul style="list-style-type: none"> The \$16.6M underrun in Chloramination Station Installation jobs is due to a delay in the Missions Wells Chloramination Station project as the project delivery method is set to be changed. Design specifications are being modified to prepare for the change. Contributing to the underrun is the delay in the System-Wide Chloramination Trailer Project. Work by Power Construction and Maintenance (PCM) is on hold; partial procurement of parts has been expedited and PCM anticipates work to resume in June 2024. In addition, there is an underrun in the North Hollywood Central Chlorination Station Replacement job. The project is pending Notice of Compliance approval; construction is expected to start in April 2025. The \$13.7M underrun in Water Treatment Improvements jobs is due to delays with the procurement of the Owner's Agent and Design-Build Contract for the Fairmont Sedimentation Plant project. The contract is anticipated to begin at the end of 2024. Contributing to the underrun are project delays for the Crystal Springs and Zoo Treatment Stations Construction, Keeler Treatment Station Upgrade, Buena Vista OSHG Treatment Station Upgrade, Eagle Rock Hypo Treatment Station Upgrade and Santa Ynez Temporary Hypo Station.

Joint System

Metric	Variance	Explanation
Financial and Human Resources Replacement Project (Budget vs. Actual)	-37.2% (-\$27.2M)	<ul style="list-style-type: none"> Due to overall delays in HR/Payroll and Financial Management (Phases II and III) contract spending for Professional Services are projected to be underspent \$30 million by end of FY23-24. Budgeted expenses were lower than expected in FY23-24 due to delayed deliverables completion and labor constraints
Cyber Security Capital Projects (Budget vs. Actual)	-26.0% (-\$4.9M)	<ul style="list-style-type: none"> New Task Order Requests for Proposal have been issued that will address the variance in the CE37/Professional Services budget. Realignment of O&M and Capital Labor costs is being addressed as some of the capital projects will be switched to O&M during FY24-25.

Metric	Variance	Explanation
Customer Information System (CIS) Upgrades (Budget vs. Actual)	-79.5% (-\$22.8M)	<ul style="list-style-type: none"> Underrun is due to the delay in the approval of Amendment 4 of the Oracle contract 47372B-6 which expired on 1/19/2024. Without the contract for professional services, the related work to continue with the implementation of Customer Cloud Service (CCS) migration had to be put on hold. The underrun is also due to the delay in the purchase of CCS software licenses and related technology which are caused by issues with the procurement process for the contract to purchase said licenses, which require additional City Attorney review.
Energy Savings Against Plan	-28.8%	<ul style="list-style-type: none"> Energy efficiency program activities started the FY23-24 with 24 GWh energy savings and is now at 229.4 GWh total energy savings, fiscal year to date. Energy savings are expected to increase this FY with Comprehensive Affordable Multi-Family Retrofits (CAMR) program anticipating incentive payments in the coming months. Also, Commercial, Industrial and Institutional (CII) program revisions with increased incentive rates anticipates increased participation in programs.
Energy Efficiency Portfolio (Budget vs. Actual)	-30.8% (-\$47.2M)	<ul style="list-style-type: none"> Energy efficiency program activities started the FY23-24 with a 39% under spend, but has slowly accelerated and expenditures increased, with a 31% under spend as of April 2024. Expenditures are expected to increase this FY with CAMR program anticipating incentive payments in the coming months. Also, CII program revisions with increased incentive rates anticipates increased participation in programs. Codes and Standards contract is currently in progress and once in place will update Codes and Standards numbers.

The Corporate Performance Group is working with the respective operating units to closely monitor the progress as they take steps to bring the metrics to within the acceptable variance range.

To the extent that more information is required beyond the high-level summary dashboards, the LADWP can provide more detailed information as requested by the Board or the Office of Public Accountability.

Rates Metrics Reporting Dashboards

A one-page dashboard for each of the metrics is created to provide concise and pertinent information on the status of the LADWP's work as represented by the Rates Metrics to the Mayor, City Council, Board, Office of Public Accountability/Ratepayer Advocate, customers, and other stakeholders. For each metric, the corresponding dashboard provides the metric definition; the target for the fiscal year;

performance/variance analysis and forecast; achievements/milestones met; and mitigation plans and/or recommendations to improve performance as necessary. The performance status of each Rate Metrics is reflected through the following colors:

- Blue: Exceeds Target
- Green: Within Acceptable Variance
- Yellow: Needs Attention
- Red: Outside Acceptable Variance

Each rate metric manager is responsible for providing the status update information and its accuracy in a timely manner to the Corporate Performance Group. The default status on Rates Metrics will either be green or red. The Corporate Performance Group, with the assistance from the Systems, will ascertain whether a different status, such as blue or yellow is warranted given additional information and/or detailed mitigation plans.

ATTACHMENTS

- LADWP Rates Metrics Summary 2023-2024 Fiscal Year to Date April 2024 (Attachment I)