

WATER SUPPLY COST ADJUSTMENT FACTOR EXPENDITURES**July 1, 2024 –June 30, 2025**

Application of the Water Supply Cost Adjustment Factor recovers costs of the LADWP's water supplies. For this period, the Water System will invest in five unique sources described below. Estimated expenditures relating to the source of water supply include, but are not limited to, the following functional items and/or components of functional items:

LOS ANGELES AQUEDUCT

- HAZ SUBS MGMT PGM-WSO (FI 322-2507) – \$ 687,300
Costs associated with management and handling of hazardous substances as necessary for operations within the Aqueduct system.
- LA AQUED SYS OPER NORTH (FI 302-2001) – \$ 10,631,300
Costs associated with operation of facilities in the Aqueduct Northern District.
- LA AQUED SYS OPER SOUTH (FI 302-2005) – \$ 4,018,300
Costs associated with operation of facilities in the Aqueduct Southern District.
- LA AQUED SYS MAINT SOUTH (FI 302-2015) – \$ 5,741,100
Maintenance costs of Aqueduct facilities in the Southern District.
- LA AQUED SYS MAINT NORTH (FI 302-2025) – \$ 17,934,600
Maintenance costs of Aqueduct facilities in the Northern District.
- RESOURCES MGMT O&M (FI 302-2035) – \$ 10,343,500
Non-capital costs associated with compliance with regulations and agreements regarding water and land management in the Eastern Sierras.
- GRNDWTR PUMP O&M NORTH (FI 311-2009) – \$ 3,325,700
Operating and maintenance costs associated with pumping groundwater in the Owens Valley.
- EAST SIERRA ENVIRONMENTAL (FI 401-3005) – \$ 3,466,400
Non-capital costs of environmental work associated with the LA Aqueduct.
- SOUTHERN DIST ENG & OPER (FI 409-2023) – \$ 1,469,600
Engineering and operational support and management costs for facilities and operations in the Aqueduct Southern District.

Total Los Angeles Aqueduct O&M Expenses \$ 57,617,800

Depreciation Expense Attributed to Los Angeles Aqueduct Expenditures \$ 14,513,690

WATER SUPPLY COST ADJUSTMENT FACTOR EXPENDITURES**July 1, 2024 –June 30, 2025**

Property Tax	\$12,413,602
Interest Expense or Equivalent	\$17,926,951
Revenue Generated by Los Angeles Aqueduct Facilities	(\$11,453,668)
TOTAL ESTIMATED LOS ANGELES AQUEDUCT PRODUCTION EXPENSES	<u>\$ 91,018,375</u>

PURCHASED WATER

PURCHASED WATER (FI 301-2224) – \$ 214,794,791

TOTAL ESTIMATED PURCHASED WATER EXPENSE **\$ 214,794,791****GROUNDWATER**

<ul style="list-style-type: none"> GROUNDWATER O&M (FI 405-3010) – \$ 2,352,100 Operating and maintenance costs associated with groundwater, including the ULARA Watermaster support, groundwater safe yield studies, and groundwater rights and licenses. LA GNDWTR PUMP & SRCE FAC (FI 311-2200) – \$ 19,334,100 Costs, including power for pumping groundwater (other than in Owens Valley). PUMP BOOSTER O&M (FI 312-2240) – \$ 41,906,400 Operating and maintenance costs associated with booster pumping stations, including power costs. 	
Total In-City Groundwater and Related Booster Pumping O&M Expenses	\$ 63,592,600
Depreciation Expense Attributed to Groundwater Expenditures	\$ 13,152,779
Interest Expense or Equivalent	\$ 16,508,723
TOTAL ESTIMATED IN-CITY GROUNDWATER AND RELATED BOOSTER PUMPING EXPENSES	<u>\$ 93,254,102</u>

WATER SUPPLY COST ADJUSTMENT FACTOR EXPENDITURES**July 1, 2024 –June 30, 2025****RECYCLED WATER**

- **WATER RECYCLING O&M (FI 305-2000) – \$ 7,396,700**
Operating and maintenance costs of water recycling treatment facilities and pumping stations, including water quality sampling and analysis, purchase of recycled water, and reporting as required for regulatory compliance.
- **WATERSHED MANAGEMENT O&M (FI 302-2037) – \$ 1,277,600**
Operating and maintenance costs of stormwater capture and groundwater recharge facilities and reporting as required for regulatory compliance.

Total Recycled Water O&M Expenses \$ 8,674,300

Interest Expense or Equivalent \$ 8,377,952

TOTAL ESTIMATED RECYCLED WATER EXPENSES \$ 17,052,252

WATER CONSERVATION**WATER CONSERVATION OPERATING AND MAINTENANCE EXPENSES**

- **WATER CONSERVATION O&M (FI 305-1000) – \$ 12,982,100**
Costs associated with O&M programs and projects not categorized as capital, including direct installation of water conservation devices, outreach, awareness and education programs, and development of conservation policy.

Total Estimated Water Conservation O&M Expenses (1) \$ 12,982,100

WATER CONSERVATION CAPITAL PROJECT EXPENDITURES

- **WATER CONSERVATION - WATER FUNDED (FI 28204) – \$ 16,927,100**
Costs associated with capital programs and projects, including residential and commercial conservation rebate programs, Water System facilities retrofits, turf replacement program, and technical assistance program.

Total Water Conservation Capital Expenditures \$ 16,927,100

WATER SUPPLY COST ADJUSTMENT FACTOR EXPENDITURES**July 1, 2024 –June 30, 2025**

Total Capital Water Conservation to be Cash Funded @ 30% Per Ordinance No. 184130 Section 3.F.7. (2)	\$ 5,078,130
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Debt Service Attributed to Water Conservation Expenditures (3)	\$ 3,303,695
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TOTAL ESTIMATED WATER CONSERVATION EXPENSES [(1)+(2)+(3)]	<u>\$ 21,363,925</u>
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TOTAL ESTIMATED WATER SUPPLY COST ADJUSTMENT FACTOR EXPENDITURES	<u>\$ 437,483,445</u>
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WATER QUALITY IMPROVEMENT ADJUSTMENT FACTOR EXPENDITURES**July 1, 2024 – June 30, 2025**

The Water System's Water Quality Improvement Program has three distinct elements as provided for in the Water Quality Improvement Adjustment Factor of the Water Rate Ordinance.

The first element comprises projects implemented to equalize the quality of water throughout the city, including facilities installed to equalize the quality of water between covered and uncovered reservoirs, pipeline rehabilitation projects, and security enhancements. The second element comprises projects, including those for security, that are implemented to meet water quality regulations set by federal or state agencies with the authority to regulate water quality. The third element comprises the operations and maintenance of the Water System as they relate to water quality, including security for water supply, storage, and conveyance infrastructure.

WATER QUALITY IMPROVEMENT OPERATING AND MAINTENANCE EXPENSES

Estimated expenditures relating to water quality operating and maintenance costs include, but are not limited to, the following functional items and/or components of functional items:

- **DISTRIBUTION TREATMENT OPERATIONS (FI 321-2520) – \$ 32,360,500**
Costs of continuous operations to protect public health by maintaining proper disinfection of water in the water distribution system, reservoirs, and aqueduct facilities, including monitoring, dosage adjustments, handling of chemicals, and emergency response.
- **WATER QUALITY REGULATORY (FI 321-2530) – \$ 12,114,400**
Costs for regulatory compliance monitoring and liaison activities, representation of LADWP and City interests to state and federal regulatory bodies, management of water quality information between LADWP and other City agencies and customers, and management of the backflow prevention program.
- **FILTER PLANT OPERATIONS (FI 321-2540) – \$ 31,894,700**
O&M costs of the Los Angeles Aqueduct Filtration Plant.
- **SYSTEM FLUSHING (FI 323-3150) – \$ 1,326,800**
Costs to flush dead-end water mains and other mains as needed to improve distribution system water quality, remove sediments, and increase disinfectant residuals.
- **DISTRIBUTION RESERVOIR OPERATIONS (FI 335-2200) – \$ 36,269,800**
Operating and maintenance costs of over 100 distribution system tanks and reservoirs to ensure continuous availability of water supply and protect water quality.

WATER QUALITY IMPROVEMENT ADJUSTMENT FACTOR EXPENDITURES**July 1, 2024 – June 30, 2025****WATER QUALITY AND OPERATIONS COMMUNITY OUTREACH PROGRAM**

(FI 401-0602) – \$ 266,300

Costs of general public and community outreach efforts and regulatory-mandated publications and notifications.

- **WATER QUALITY CONTROL (FI 321-2500) – \$ 25,547,600**
Costs for water sampling, analysis, and reporting by the Water Quality Laboratory to assure regulatory compliance and to detect possible tampering or contamination issues.
- **WATER QUALITY GROUNDWATER O&M (FI 321-2585) – \$ 27,794,400**
Costs associated with groundwater modeling of various basins to track contamination and hydrogeological investigations.
- **WELL MONITORING O&M - WQ (FI 409-3030) – \$256,900**
Costs associated with wellfield monitoring operations and maintenance, including collection and analysis of water quality samples to monitor remediation, cleanup and removal of groundwater contamination.
- **WATER QUALITY DIVISION QUALITY ASSURANCE (FI 323-2510) – \$ 4,206,400**
Costs associated with researching, developing, evaluating, and recommending strategies to improve source and distributed water quality, meet drinking water regulatory compliance, and improve operation and treatment processes in reducing and removing water contaminants.

Total Estimated Water Quality O&M Expenses (1)

\$ 172,037,800

Estimated expenditures relating to equalizing water quality and meeting water quality regulations include, but are not limited to, the following item:

WATER QUALITY IMPROVEMENT CAPITAL PROJECT EXPENDITURES

- **WQIP TRUNKLINE IMPROVEMENTS (FI 23222) – \$ 11,608,100**
Costs to construct new facilities and/or remove existing facilities from the water system to bring reservoirs into compliance with Long Term 2 Enhanced Surface Water Treatment Rule and the Stage 2 Disinfection Byproducts Rule (California Department of Public Health).

WATER QUALITY IMPROVEMENT ADJUSTMENT FACTOR EXPENDITURES**July 1, 2024 – June 30, 2025**

- **CHLORINATION STATION INSTALLATIONS (FI 24130) – \$17,939,500**
Install chloramination and ammoniation stations, and research, design and implement the conversion of existing chlorination stations to chloramination stations to ensure regulatory compliance.
- **WATER TREATMENT IMPROVEMENTS (FI 24310) – \$ 36,998,100**
Treatment system upgrades or expansions to ensure regulatory compliance and enhance water quality, including design and installation of fluoridation stations. Minor additions and betterments to existing reservoirs and tanks to protect the quality of stored water.
- **GROUNDWATER REMEDIATION & CLEANUP (FI 24316) – (\$ 22,561,800)**
Remediate & clean up contaminated groundwater to meet water quality standards, protect public health and to prevent further loss of local resource.
- **METER REPLACEMENT PROGRAM (FI 27215) – \$ 22,650,500**
Replace existing water meters to eliminate the presence of lead.
- **WQIP RESERVOIR IMPROVEMENTS (FI 29130) – \$ 15,251,600**
Activities associated with removing open reservoirs from service to ensure regulatory compliance, including the installation of tanks to replace storage capacity, covers for open reservoirs, water transmission pipelines, disinfection and contaminant reduction facilities, and other necessary improvements. Also includes facilities to replace system reliability lost as a result of regulatory compliance.
- **WATER REUSE (FI 24305) – \$ 8,055,000**
Activities associated with conversion of reclamation plants to advanced water treatment facilities to produce advanced treated recycled water for replenishment of groundwater basins to provide potable reuse water.
- **WATER SYSTEM SECURITY IMPROVEMENTS (FI 29350) – \$ 303,400**
Activities associated with security measures for additions and betterments work at existing facilities.
- **WATER SUPPLY OPERATIONS FACILITIES (FI 29200) – \$ 125,100**
Activities to improve water operations facilities, including additions and betterments associated with a water quality lab.

WATER QUALITY IMPROVEMENT ADJUSTMENT FACTOR EXPENDITURES
July 1, 2024 – June 30, 2025

- TOOLS AND EQUIPMENT (FI 29340) – \$ 1,224,300
Costs for safe, efficient, and reliable water quality-related tools and equipment for supporting productivity goals.

Total Water Quality Improvement Capital Expenditures \$ 91,593,800

Total Water Quality Improvement Capital to be Cash
Funded @ 30% Per Ordinance No. 184130 Section 3.G.4. (2) \$ 27,478,140

Debt Service Attributed to Water Quality Improvement
Expenditures (3) \$ 125,892,978

**TOTAL ESTIMATED WATER QUALITY IMPROVEMENT
ADJUSTMENT FACTOR EXPENDITURES [(1)+(2)+(3)] \$ 325,408,918**

OWENS VALLEY REGULATORY ADJUSTMENT FACTOR EXPENDITURES

July 1, 2024 – June 30, 2025

Application of the Owens Valley Regulatory Adjustment Factor recovers expense for the Owens Lake Dust Mitigation Program, the Lower Owens River Project, and the Owens Lake Master Project. Estimated expenditures to be recovered include, but are not limited to, the following functional items and/or components of functional items:

OWENS VALLEY REGULATORY OPERATING AND MAINTENANCE EXPENSES

- LOWER OWENS RIVER O&M (FI 302-2002) - \$ 3,709,400
Operating and maintenance costs for activities associated with the Lower Owens River.
- OWENS LAKE O&M (FI 401-3006) – \$ 36,043,900
Operating and maintenance costs for activities associated with Owens Lake dust mitigation.

Total Estimated Owens Valley Regulatory O&M
Expenses (1)

\$ 39,753,300

OWENS VALLEY REGULATORY CAPITAL PROJECT EXPENDITURES

- OWENS LAKE MASTER PROJECT (FI 21146) – \$ 2,847,000
- OWENS VALLEY DUST MITIGATION (FI 22402) – \$ 27,118,100
- SUPPLEMENTAL DUST MITIGATION (FI 22403) - \$4,284,200

Total Owens Valley Regulatory Capital Expenditures

\$ 34,249,300

Total Owens Valley Regulatory Capital to be
Cash Funded @ 30% Per Ordinance No. 184130
Section 3.K.4. (2)

\$ 10,274,790

Debt Service Attributed to Owens Valley
Regulatory Expenditures (3)

\$ 18,070,605

**TOTAL ESTIMATED OWENS VALLEY REGULATORY
ADJUSTMENT FACTOR EXPENDITURES**

[(1)+(2)+(3)]

\$ 68,098,695

WATER INFRASTRUCTURE ADJUSTMENT FACTOR EXPENDITURES**July 1, 2024 – June 30, 2025**

Application of the Water Infrastructure Adjustment Factor recovers costs for the capital refurbishment and replacement of major Water System facilities. Specific projects are identified through the Asset Management process based primarily on condition, operational risk and resiliency, and customer service goals. Most projects are either large multi-year projects, such as trunk line replacement, or part of an ongoing program, such as the mainline replacement program. The Water Infrastructure Adjustment Factor is calculated annually to coincide with annual budgeting and Capital Improvement Program planning. Estimated expenditures to be recovered include, but are not limited to, the following functional items and/or components of functional items:

WATER INFRASTRUCTURE CAPITAL PROJECT EXPENDITURES

- **PUMP STATIONS (FI 232-20) - \$ 22,521,400**
Costs of capital improvements to pumping stations, including, but not limited to, structures, mechanical and electrical equipment, piping connections, control systems, and site improvements, including for security.
- **REGULATOR STATIONS (FI 241-50) - \$ 8,767,700**
Costs of capital improvements to pressure regulating stations, including, but not limited to, structures, mechanical and electrical equipment, piping connections, control systems, and site improvements, including for security and, where appropriate, for street reconstruction.
- **TRUNK LINE & MAJOR SYSTEM CONNECTIONS (FI 262-20) - \$ 77,281,800**
Costs of capital investments in trunk lines and major system connections, including new facilities, replacements, or major refurbishments necessary for system reliability.
- **INFRASTRUCTURE RESERVOIR IMPROVEMENTS (FI 291-40) - \$ 87,267,100**
Costs of capital investments in tanks and reservoirs, including new facilities, replacements, or major refurbishments necessary for system reliability.
- **WATER SYSTEM ORGANIZATION INFORMATION TECHNOLOGY (FI 291-80)**
- \$ 1,799,300
Costs of capital investments in the development of a comprehensive computerized hydraulic model of the Los Angeles Water Distribution System for planning purposes.
- **GRIFFITH PARK WATER DISTRIBUTION SYSTEM (FI 293-28) - \$ 1,587,500**
Costs of capital investments in LADWP facilities to maintain system reliability.

WATER INFRASTRUCTURE ADJUSTMENT FACTOR EXPENDITURES**July 1, 2024 – June 30, 2025**

- **DISTRIBUTION MAINS (FI 263-31) - \$ 155,700,300**
Costs of capital investments in distribution mainlines, including new facilities, replacements, or major refurbishments necessary for system reliability, excluding any reimbursements by others.
- **SRVCS, METERS & HYDRANTS (FI 272-10) - \$ 47,028,900**
Costs of capital investments in meters and hydrants, including new facilities, replacements, or major refurbishments necessary for system reliability, excluding any reimbursements by others.
- **WATER SYSTEM ORGANIZATION FACILITIES (291-90) - \$ 2,750,800**
Costs of capital investments for the improvement of water operations yards for system reliability.
- **SEISMIC IMPROVEMENT (FI 232-90) – \$ 7,797,200**
Costs of capital investments in facilities specifically related to seismic reliability and resilience.
- **WATER SYSTEM INFRASTRUCTURE SUPPORT (FI 282-05) – \$ 1,666,600**
Costs of capital investments in facilities needed to support system reliability activities for the distribution system.

Total Estimated Water Infrastructure Capital Expenditures **\$ 414,168,600**

**ESTIMATED WATER INFRASTRUCTURE ADJUSTMENT
FACTOR EXPENDITURES (62% CASH FUNDING OF CAPITAL
EXPENDITURES) (1)** **\$ 256,784,532**

**DEBT SERVICE ATTRIBUTED TO WATER INFRASTRUCTURE
EXPENDITURES (2)** **\$ 53,118,354**

**TOTAL ESTIMATED WATER INFRASTRUCTURE ADJUSTMENT
FACTOR EXPENDITURES [(1) + (2)]** **\$ 309,902,886**