



## FY 2025-26 PRELIMINARY BUDGET

Board of Water and Power Commissioners Meeting  
March 11, 2025

Ann Santilli

# FY 2025-26 Preliminary Budget Development Status

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. Actively manage and strengthen the LADWP Safety culture
3. Emphasize Cost Control and Fiscal Discipline to:
  - Maintain Financial Metrics and Preserve our Low Cost of Borrowing
4. Expand recruiting and plan for related space needs and improvements

# FY 2025-26 Preliminary Budget Overview

\$ in Millions

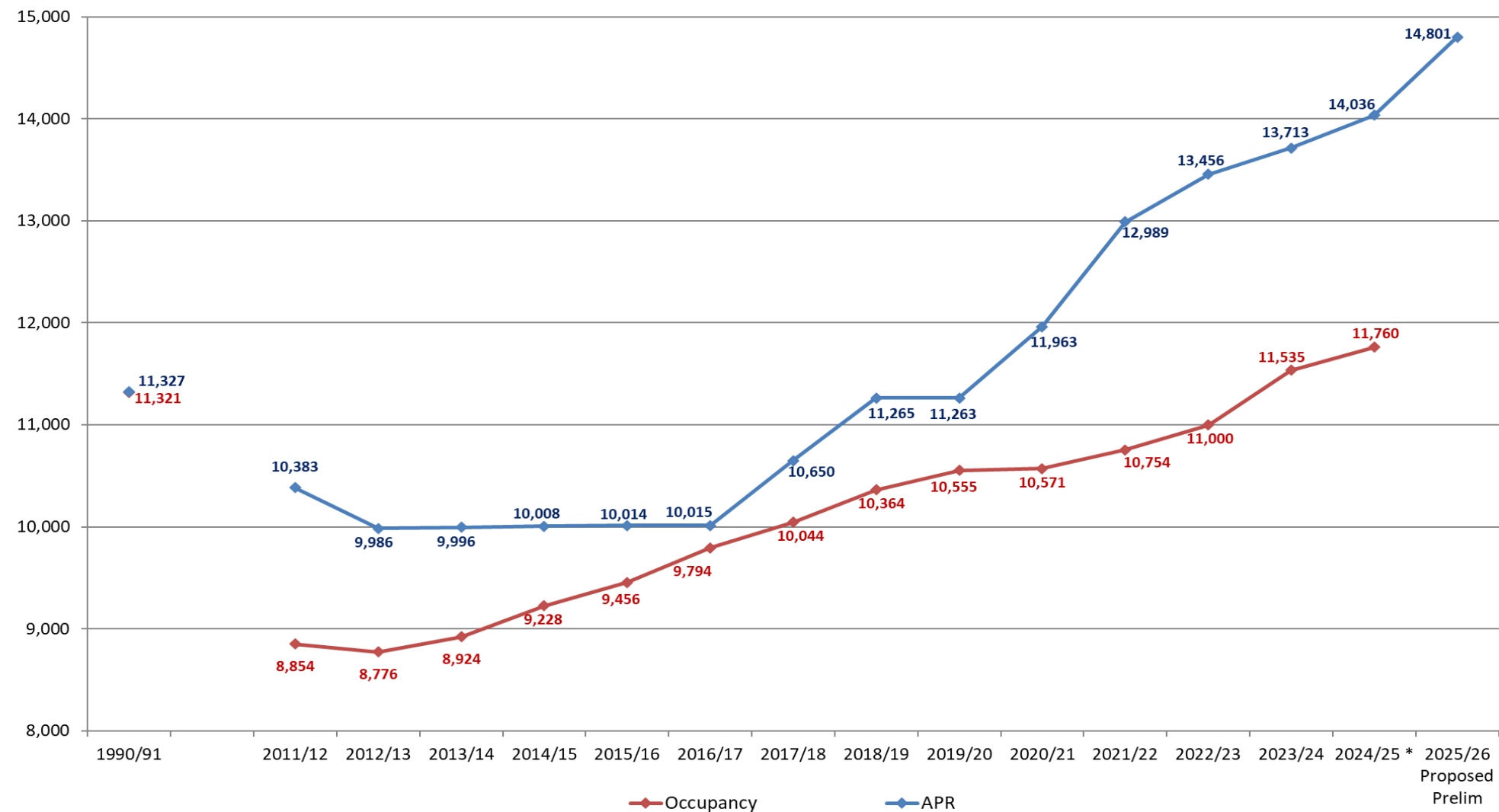
| System/Organization  | Sr. AGM/ Direct Reports to GM | FY 2023/24 Actual | FY 2024/25 Approved | FY 2024/25 Re-Estimate | FY 2025/26 Preliminary Budget | FY 2025/26 Prelim vs. FY 2024/25 Re-Estimate |         |
|--|-------------------------------|-------------------|---------------------|------------------------|-------------------------------|--|---------|
| Power System   | David W. Hanson               | \$ 3,427.2        | \$ 3,962.2          | \$ 3,892.7             | \$ 4,411.8                    | \$ 519.1                                     | 13.3%   |
| Water System   | Anselmo G. Collins            | 1,076.9           | 1,105.9             | 1,020.6                | 1,399.0                       | 378.4  | 37.1%   |
| Joint System   |                               |                   |                     |                        |                               |  |         |
| Chief Financial Officer  | Ann M. Santilli               | 1,901.7           | 1,954.6             | 1,928.5                | 1,921.6                       | (6.9)  | (0.4%)  |
| Chief Executive Officer and Other Direct Reports <sup>1</sup>        | Janisse Quinones              | 801.1             | 1,000.0             | 974.9                  | 1,175.8                       | 200.9  | 20.6%   |
| Customer Service, Communications and Corporate Strategy <sup>2</sup> | Joseph M. Ramallo             | 325.7             | 531.7               | 407.8                  | 551.0                         | 143.2  | 35.1%   |
| Chief Administrative Officer <sup>3</sup>                            | John Smith                    | 479.5             | 586.8               | 566.3                  | 490.0                         | (76.3)                                       | (13.5%) |
| Joint System -Total  |                               | \$ 3,508.0        | \$ 4,073.1          | \$ 3,877.5             | \$ 4,138.4                    | \$ 260.9                                     | 6.7%    |
| Total - LADWP  |                               | \$ 8,012.1        | \$ 9,141.3          | \$ 8,790.8             | \$ 9,949.3                    | \$ 1,158.5                                   | 13.2%   |

(1) Chief Executive Officer (CEO) and Other Direct Reports includes Commission Office; Office of City Attorney; CEO's Office; Inspector General Office; Diversity, Equity & Inclusion; Corporate Health & Safety; Emergency Management; Corporate Performance; Information Technology Services; Human Resources; Workforce Development; Equal Employment Opportunity; Labor Relations; Regulatory & Compliance; and Strategy & Sustainability.

(2) Customer Service, Communications and Corporate Strategy includes Meter Services and Field Operations, and Distributed Energy Solutions

(3) Chief Administrative Officer includes Fleet Services, UPCT Program, Facilities Services Planning & Design, JFB/Facilities Management, Real Estate, Supply Chain Services, Security Services, Office of Special Investigations, and Labor Planning Positions

# FY 2025-26 Preliminary APR & Occupancy Trend



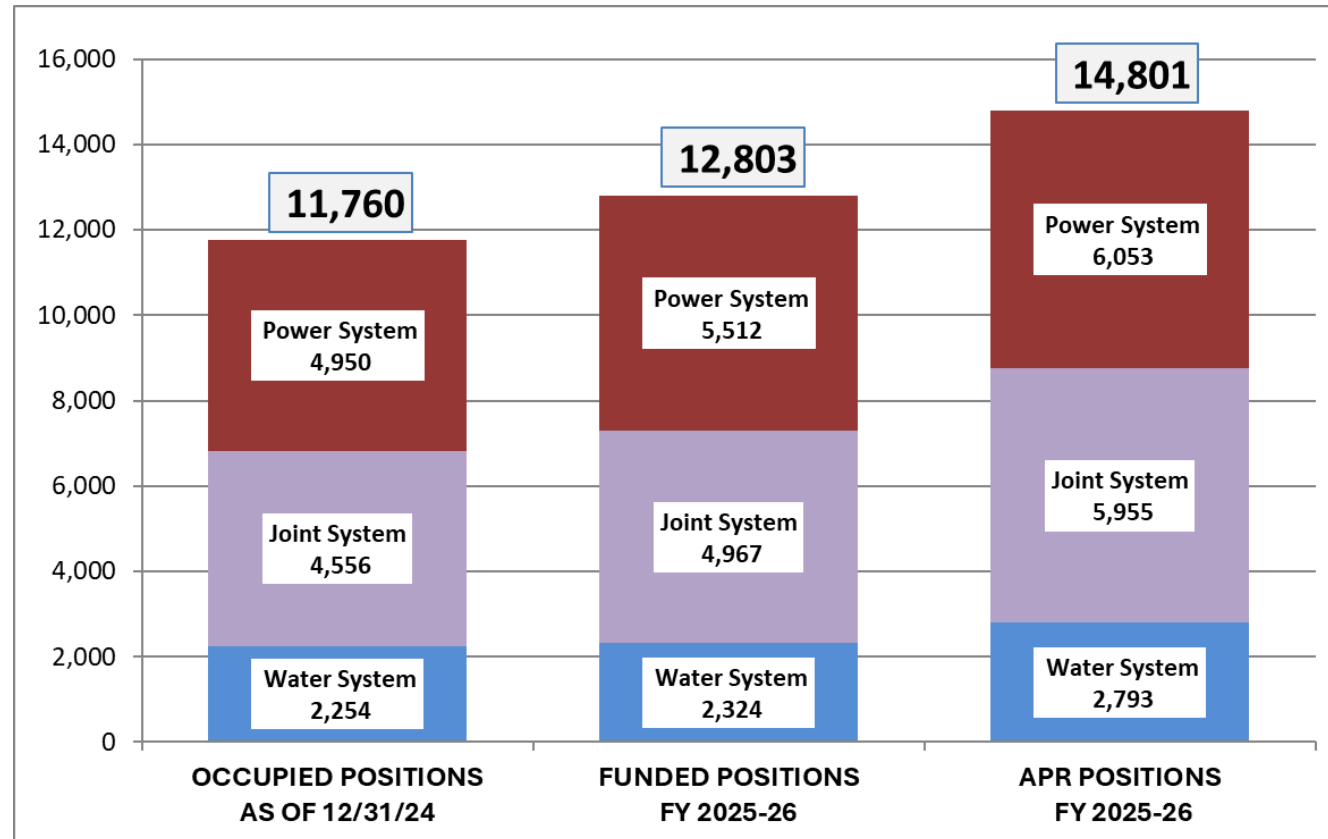
\* FY24/25 Occupancy as of December 31, 2024

# FY 2025-26 Preliminary APR by System

| System/Organization                                     | APR Position Increase for FY 25/26 Prelim | FY 25/26 Proposed Prelim APR Positions | FY 25/26 Funded Positions | 12/31/24 Occupied Positions |
|---|---|--|---------------------------|-----------------------------|
| Power System  | 515                                       | 6,053                                  | 5,512                     | 4,950                       |
| Water System  | 50  | 2,793                                  | 2,324                     | 2,254                       |
| Joint System  |   |  |                           |                             |
| Customer Service, Communications and Corporate Strategy |   | 2,027                                  | 1,705                     | 1,597                       |
| Chief Administrative Officer                            |   | 1,857                                  | 1,623                     | 1,531                       |
| CEO and Other Direct Reports                            |   | 1,378                                  | 1,189                     | 1,084                       |
| Chief Financial Officer                                 |   | 365                                    | 322                       | 280                         |
| Labor Planning <sup>1</sup>                             | 200                                       | 235                                    | 35                        | 0                           |
| Joint System Total                                      | 200                                       | 5,862                                  | 4,874                     | 4,492                       |
| Retirement Plan Office                                  |   | 93                                     | 93                        | 64                          |
| Total - LADWP   | 765                                       | 14,801                                 | 12,803                    | 11,760                      |

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

# FY 2025-26 Preliminary Funding & APR by System



| Total Budget (\$ in Millions) |  | Labor      | Overtime | Benefits | Total      |
|-------------------------------|--|------------|----------|----------|------------|
| Power System                  |  | \$ 901.8   | \$ 244.8 | \$ 399.3 | \$ 1,545.9 |
| Joint System                  |  | \$ 647.7   | \$ 79.1  | \$ 300.4 | \$ 1,027.2 |
| Water System                  |  | \$ 323.5   | \$ 72.9  | \$ 151.9 | \$ 548.4   |
| Total LADWP                   |  | \$ 1,873.0 | \$ 396.8 | \$ 851.6 | \$ 3,121.4 |

# FY 2025-26 Preliminary Budget:

## Exempt Labor Funding

| 2025/26 Proposed Preliminary Budget<br>(\$ in 1,000) |                  |                 |                  |
|--|------------------|-----------------|------------------|
| Organization   | Regular Labor    | Overtime        | Total            |
| 77303-PCM GC Exempt Daily                            | \$ 27,764        | \$ 886          | \$ 28,650        |
| 77402-PCM EC Exempt Daily                            | \$ 20,396        | \$ 2,866        | 23,262           |
| 76490-PTD DCM Exempt Const                           | \$ 3,451         | \$ 2,783        | 6,234            |
| 50200- UPCT Exempt                                   | \$ 7,138         | \$ 703          | 7,841            |
| <b>Total</b>   | <b>\$ 58,748</b> | <b>\$ 7,239</b> | <b>\$ 65,987</b> |

Included in the \$3.1 billion proposed preliminary labor budget is \$66 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<br>Class Code - APR File Dated 1/30/25 |            |                   |                     |
|---|------------|-------------------|---------------------|
| Class Title   | Class Code | Organization Code | Number of Employees |
| CONSTR ELTL MCHC  | 995        | 77402             | 112                 |
| CONSTRUCTION HELPER X   | 941        | 77303             | 94                  |
| UTILITY PRE-CRAFT TRAINEE   | 1110       | 50200             | 88                  |
| CONSTRUCTION CARPENTER X  | 912        | 77303             | 73                  |
| CONSTRUCTION ASBESTOS WORKER X  | 902        | 77303             | 68                  |
| CONSTRUCTION ELECTRICAL HELPER  | 994        | 76490/77402       | 63                  |
| CONSTR EQPT ERECTR  | 931        | 77303             | 31                  |
| CONSTR EQPT OPR   | 920        | 77303             | 22                  |
| CONSTRUCTION PAINTER X  | 953        | 77303             | 19                  |
| CONSTRUCTION PIPEFITTER X   | 958        | 77303             | 17                  |
| CONSTR RNFCG STL WKR  | 935        | 77303             | 15                  |
| CONSTRUCTION CEMENT FINISHER X  | 915        | 77303             | 6                   |
| CONSTRUCTION PLUMBER X  | 965        | 77303             | 6                   |
| CONSTRUCTION WELDER X   | 979        | 77303             | 5                   |
| CONSTRUCTION BRICKLAYER X   | 908        | 77303             | 5                   |
| CONSTRUCTION CABINET MAKER X  | 911        | 77303             | 3                   |
| CONSTR HVY DTY TRK OPR  | 921        | 77303             | 3                   |
| CONSTRUCTION BOILERMAKER X  | 904        | 77303             | 3                   |
| CONSTRUCTION IRONWORKER X   | 932        | 77303             | 2                   |
| CONSTR STRL WLDR  | 978        | 77303             | 2                   |
| CONSTRUCTION ROOFER X   | 972        | 77303             | 1                   |
| <b>Total Based on APR File Dated 1/30/25</b>                                      |            |                   | <b>638</b>          |

# Power System

## Contributing Organizational Budget By Cost Element

### POWER SYSTEM

\$ in Millions

| Cost Element                         | FY 2023/24<br>Actual | FY 2024/25<br>Approved | FY 2024/25<br>Re-Estimate | FY 2025/26<br>Preliminary<br>Budget | FY 2025/26 Prelim<br>vs. FY 2024/25<br>Re-Estimate |      |
|--------------------------------------|----------------------|------------------------|---------------------------|-------------------------------------|--|------|
| Fuel, Purchased Power, and Emissions | \$ 1,554.4           | \$ 1,599.5             | \$ 1,639.3                | \$ 1,681.6                          | \$ 42.3  | 3%   |
| Labor (Regular and Overtime)         | \$ 1,081.5           | \$ 1,017.8             | \$ 1,067.5                | \$ 1,139.4                          | \$ 71.9  | 7%   |
| Contracts                            | \$ 441.2             | \$ 954.7               | \$ 743.7                  | \$ 1,032.5                          | \$ 288.8   | 39%  |
| Material & Supplies                  | \$ 278.5             | \$ 264.4               | \$ 311.2                  | \$ 363.6                            | \$ 52.4  | 17%  |
| Other Direct, Incentives, and Fees   | \$ 39.6              | \$ 86.0                | \$ 66.5                   | \$ 102.4                            | \$ 35.9  | 54%  |
| Land and Structures                  | \$ 0.04              | \$ -                   | \$ 19.5                   | \$ 50.4                             | \$ 30.9  | 158% |
| Other *                              | \$ 31.9              | \$ 39.8                | \$ 44.9                   | \$ 42.1                             | \$ (2.8)   | (6%) |
| Total: Power System                  | \$ 3,427.2           | \$ 3,962.2             | \$ 3,892.7                | \$ 4,411.8                          | \$ 519.1   | 13%  |

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



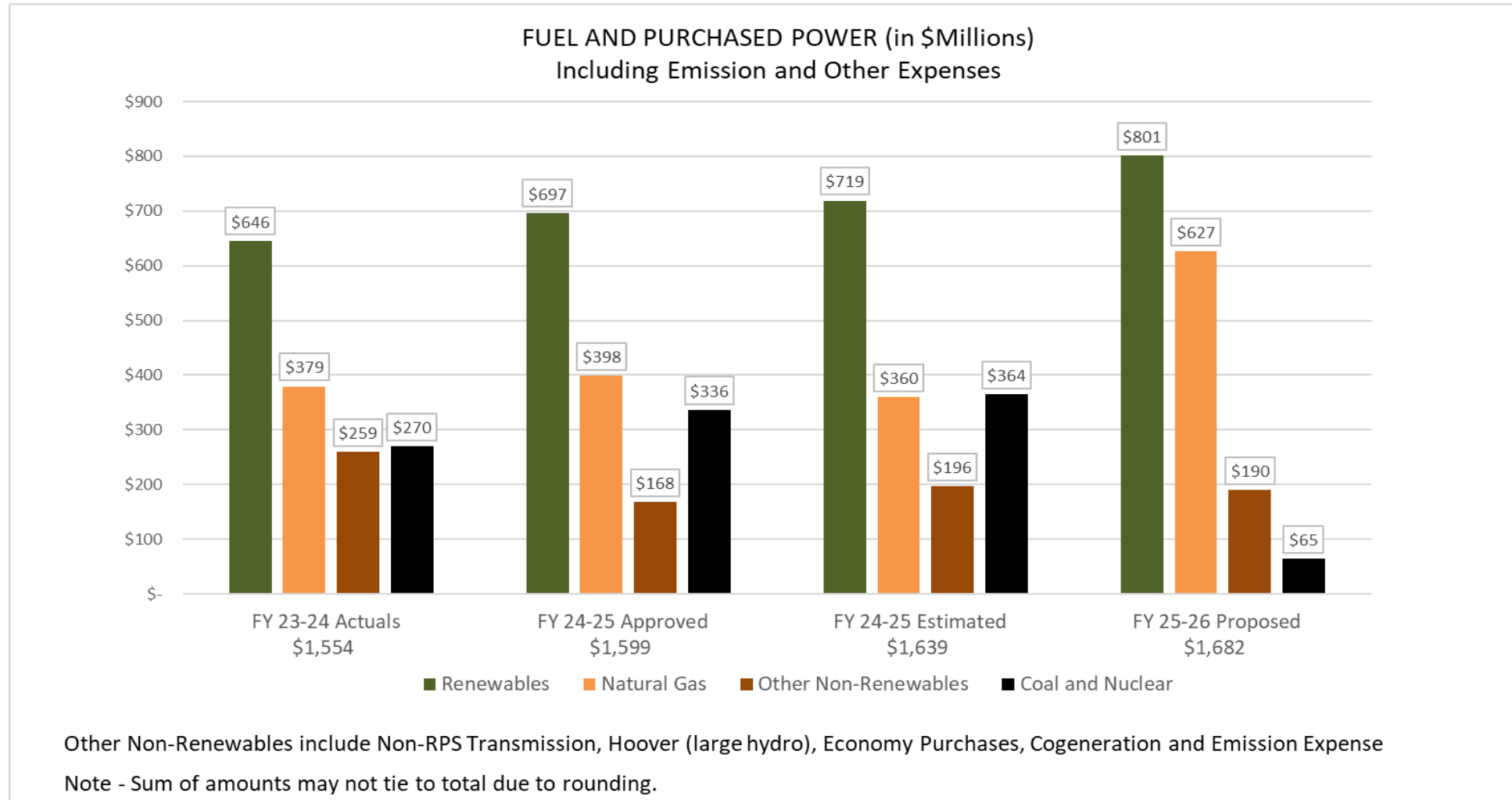
# Power System - Contributing Organizational Budget By Cost Element

## - Detail of Major Variances

\$ in Millions

| FUNCTIONAL ITEM / JOB DETAIL   | FY 2023/24<br>Actual | FY 2024/25<br>Approved | FY 2024/25<br>Re-Estimate | FY 2025/26<br>Preliminary<br>Budget | FY 2025/26 Prelim<br>vs. FY 2024/25<br>Re-Estimate |     |
|--|----------------------|------------------------|---------------------------|-------------------------------------|--|-----|
| <b>Contracts</b>   | \$ 441.2             | \$ 954.7               | \$ 743.7                  | \$ 1,032.5                          | \$ 288.8   | 39% |
| <b>Transmission - Renewable Portfolio Standard (RPS)</b>               |                      |                        |                           |                                     |  |     |
| <b>LONG-TERM PLANNING &amp; DEVELOPMENT - CAPITAL</b>                  |                      |                        |                           |                                     |  |     |
| MCCULLOUGH-VICTORVILLE LINES 1&2 TRANSMISSION LINE RETROFIT            | \$ -                 | \$ 54.3                | \$ 27.8                   | \$ 179.1                            | \$ 151.3   |     |
| MCCULLOUGH-VICTORVILLE LINES 1&2 SERIES COMPENSATION                   | \$ 27.7              | \$ 22.3                | \$ 14.6                   | \$ 28.6                             | \$ 14.0  |     |
| <b>Distribution - Power System Reliability Program (PSRP)</b>          |                      |                        |                           |                                     |  |     |
| <b>PSRP-DISTRIBUTION - CAPITAL</b>                                     |                      |                        |                           |                                     |  |     |
| REPLACE DETERIORATED POLES   | \$ 71.3              | \$ 70.9                | \$ 78.1                   | \$ 101.7                            | \$ 23.6  |     |
| WEST LA DISTRICT: REPLACE WEST LA FACILITY                             | \$ -                 | \$ 8.6                 | \$ 1.3                    | \$ 13.8                             | \$ 12.5  |     |
| <b>Technology - Power System Reliability Program (PSRP)</b>            |                      |                        |                           |                                     |  |     |
| <b>INFORMATION APPLICATION SYSTEMS - CAPITAL</b>                       |                      |                        |                           |                                     |  |     |
| RESEARCH DEVELOPMENT AND ANALYTICS                                     | \$ -                 | \$ -                   | \$ 2.1                    | \$ 25.7                             | \$ 23.6  |     |
| DISTRIBUTION AUTOMATION PROJECT  | \$ 9.5               | \$ 19.2                | \$ 17.5                   | \$ 24.1                             | \$ 6.6   |     |
| <b>Generation - Renewable Portfolio Standard (RPS)</b>                 |                      |                        |                           |                                     |  |     |
| <b>VALLEY GENERATING STATION ADDITIONS &amp; BETTERMENTS - CAPITAL</b> |                      |                        |                           |                                     |  |     |
| VALLEY GENERATING STATION DEMOLISH OLD UNITS - RPS                     | \$ 12.2              | \$ 31.2                | \$ 44.5                   | \$ 56.1                             | \$ 11.6  |     |
| <b>Material &amp; Supplies</b>   | \$ 278.5             | \$ 264.4               | \$ 311.2                  | \$ 363.6                            | \$ 52.4  | 17% |
| <b>Distribution - Power System Reliability Program (PSRP)</b>          |                      |                        |                           |                                     |  |     |
| <b>INTER-AGENCY AND CUSTOMER INITIATIVES - PSRP - CAPITAL</b>          |                      |                        |                           |                                     |  |     |
| CITY DRIVEN OVERHEAD-UNDERGROUND CONVERSIONS - PSRP                    | \$ 0.0               | \$ -                   | \$ 0.8                    | \$ 26.3                             | \$ 25.5  |     |
| <b>Infrastructure</b>  |                      |                        |                           |                                     |  |     |
| <b>ELECTRIC VEHICLE PROGRAM INFRASTRUCTURE - CAPITAL</b>               |                      |                        |                           |                                     |  |     |
| ELECTRIC TRANSPORTATION PROGRAM CAPITAL                                | \$ 0.4               | \$ -                   | \$ 0.2                    | \$ 19.9                             | \$ 19.7  |     |
| <b>Other Direct, Incentives, and Fees</b>                              | \$ 39.6              | \$ 86.0                | \$ 66.5                   | \$ 102.4                            | \$ 35.9  | 54% |
| <b>Infrastructure</b>  |                      |                        |                           |                                     |  |     |
| <b>ELECTRIC VEHICLE PROGRAM INFRASTRUCTURE - O&amp;M</b>               |                      |                        |                           |                                     |  |     |
| ELECTRIC TRANSPORTATION PROGRAM O&M                                    | \$ -                 | \$ 41.6                | \$ 20.8                   | \$ 56.5                             | \$ 35.7  |     |

# FY 2025-26 Fuel & Purchased Power Trend



Supports 47.3% and 52.1% Renewables Portfolio Standard targets for FY24-25 and FY25-26 based on Power System near term projections.

# LADWP Customer Benefits Programs

| Customer Programs (\$ in Millions) <sup>(1)</sup>                               | FY 2023-24 |  | FY 2024-25 |           | FY 2025-26 |  |
|---|------------|--|------------|-----------|------------|--|
|   | Actual     |  | Approved   | Estimated | Prelim     |  |
| Energy Efficiency Program   | \$ 125     |  | \$ 203     | \$ 151    | \$ 180     |  |
| Electric Transportation Program   | \$ 69      |  | \$ 137     | \$ 116    | \$ 187     |  |
| Power Incentive Program   | \$ 6       |  | \$ 45      | \$ 29     | \$ 73      |  |
| Water Conservation Program  | \$ 18      |  | \$ 32      | \$ 26     | \$ 38      |  |
| Emission Reduction Grant Program  | \$ 1       |  | \$ 4       | \$ 3      | \$ 4       |  |
| 1) Data includes O&M, rebates, incentives, all other direct, and indirect costs |            |  |            |           |            |  |

# FY 2025-26 Power Strategic Investments: Goals and Plans for Generation Operations

- **Provide reliable Power Supply to LADWP's Grid - \$22M**
  - Castaic Units Major Overhauls - \$10.2M
  - Generation Transformer Replacement Program – \$9M
- **Operation and Maintenance - \$329M**
  - Steam Generating Stations - \$193.8M
  - Hydro/Renewable Power Plants - \$120.7M
  - High Voltage Stations and Substations - \$14.3M
- **Capital Improvements - \$58M**
  - Castaic Spoils Pile Removal - \$22.7M
  - Haynes Units Engine Rebuilds - \$10.2M
  - Regulatory Compliance: Security Upgrades to two Switching Stations - \$24.8M
- **Ensure full compliance with Air Quality Regulations & Water Standards - \$11M**



# FY 2025-26 McCullough – Victorville Transmission Lines 1 & 2 Project

## *Total FY 25/26 - \$182M Capital*

### ▪ Project Background

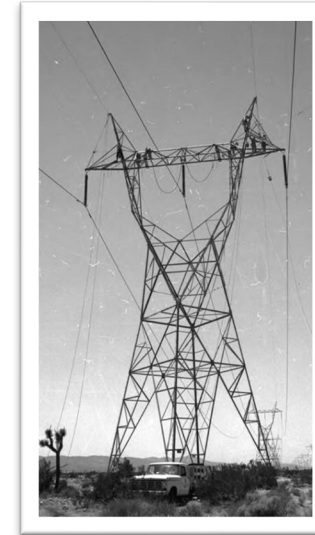
- McCullough-Victorville (MCC-VIC) Transmission Line 1 and Line 2 are two 500 kilovolts (kV) lines each spanning 160 miles from Boulder City, Nevada to Victorville, California.
- There are 1,742 towers total for both lines.
- The lines were converted into 500 kV in 1970 and 1980.

### • Project Objectives

- Achieve December 2028 WECC mandate to mitigate NERC violations.
- Upgrade lines capacity to bring 475 MW of renewable energy resources.
- Upgrades are required to allow for the path rating increase provided by the series capacitor upgrades.

### • Project Scope

- Upgrade structure hardware, tower steel members, tower foundations, and conductors.
- 77% of existing towers contain structural conditions in need of remediation
- Mitigate several NERC & G.O. 95 Clearance violations.
- Overall Contract is for 5 years and \$1.5 billion dollars with contingencies.





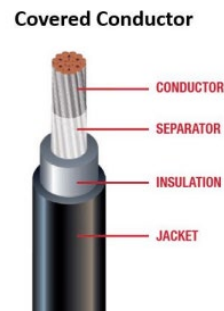
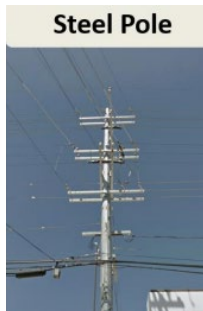
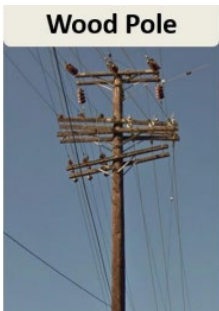
# FY 2025-26 Power Strategic Investments: Wildfire Hardening and Fix-It Tickets

LADWP implements a comprehensive program to improve the reliability of its system as part of the Power System Reliability Program for Distribution – **FY 25/26 \$494M Capital Budget ; \$275M O&M Budget\***

## Wildfire Hardening and Fix-it Tickets

- Design and construction standards improvement
- Vegetation management practices and tree trimming
- Regular inspections and maintenance
  - Asset replacement of poles, crossarms & transformers
- Operations and Protocols
- Workforce training and monitoring current and future weather data

185,000 TREES  
TRIMMED PER YEAR



## Fix-It-Tickets Identified Through Inspection and Maintenance

| Level | Repair Timeframes |
|-------|-------------------|
| 1     | Within 24 hours   |
| 2A    | Within 6 Months   |
| 2B    | Within 12 Months  |
| 2C    | Within 12 Months  |
| 2D    | Within 36 Months  |



\*PY budget is **not** exclusive to Wildfire and Fix It Tickets.

# Water System

## Contributing Organizational Budget By Cost Element

### WATER SYSTEM

\$ in Millions

| Cost Element                 | FY 2023/24 Actual | FY 2024/25 Approved | FY 2024/25 Re-Estimate | FY 2025/26 Preliminary Budget | FY 2025/26 Prelim vs. FY 2024/25 Re-Estimate |            |
|------------------------------|-------------------|---------------------|------------------------|-------------------------------|--|------------|
| Contracts                    | \$ 330.5          | \$ 363.6            | \$ 253.6               | \$ 557.6                      | \$ 304.0                                     | 120%       |
| Labor (Regular and Overtime) | \$ 359.6          | \$ 358.6            | \$ 370.6               | \$ 396.4                      | \$ 25.8                                      | 7%         |
| Purchased Water              | \$ 199.8          | \$ 214.8            | \$ 203.0               | \$ 245.7                      | \$ 42.7                                      | 21%        |
| Material & Supplies          | \$ 122.4          | \$ 103.1            | \$ 122.4               | \$ 127.1                      | \$ 4.7                                       | 4%         |
| Other *                      | \$ 64.6           | \$ 65.8             | \$ 70.9                | \$ 72.2                       | \$ 1.3                                       | 2%         |
| <b>Total: Water System</b>   | <b>\$ 1,076.9</b> | <b>\$ 1,105.9</b>   | <b>\$ 1,020.6</b>      | <b>\$ 1,399.0</b>             | <b>\$ 378.4</b>                              | <b>37%</b> |

\* Other includes Cost Elements: Utility Services, Workers' Comp; Rentals & Leases; Transportation; Land & Structures; Postal Services; Other Directs, Incentives and Fees; and Sponsorships & Advertising

# Water System - Contributing Organizational Budget By Cost Element

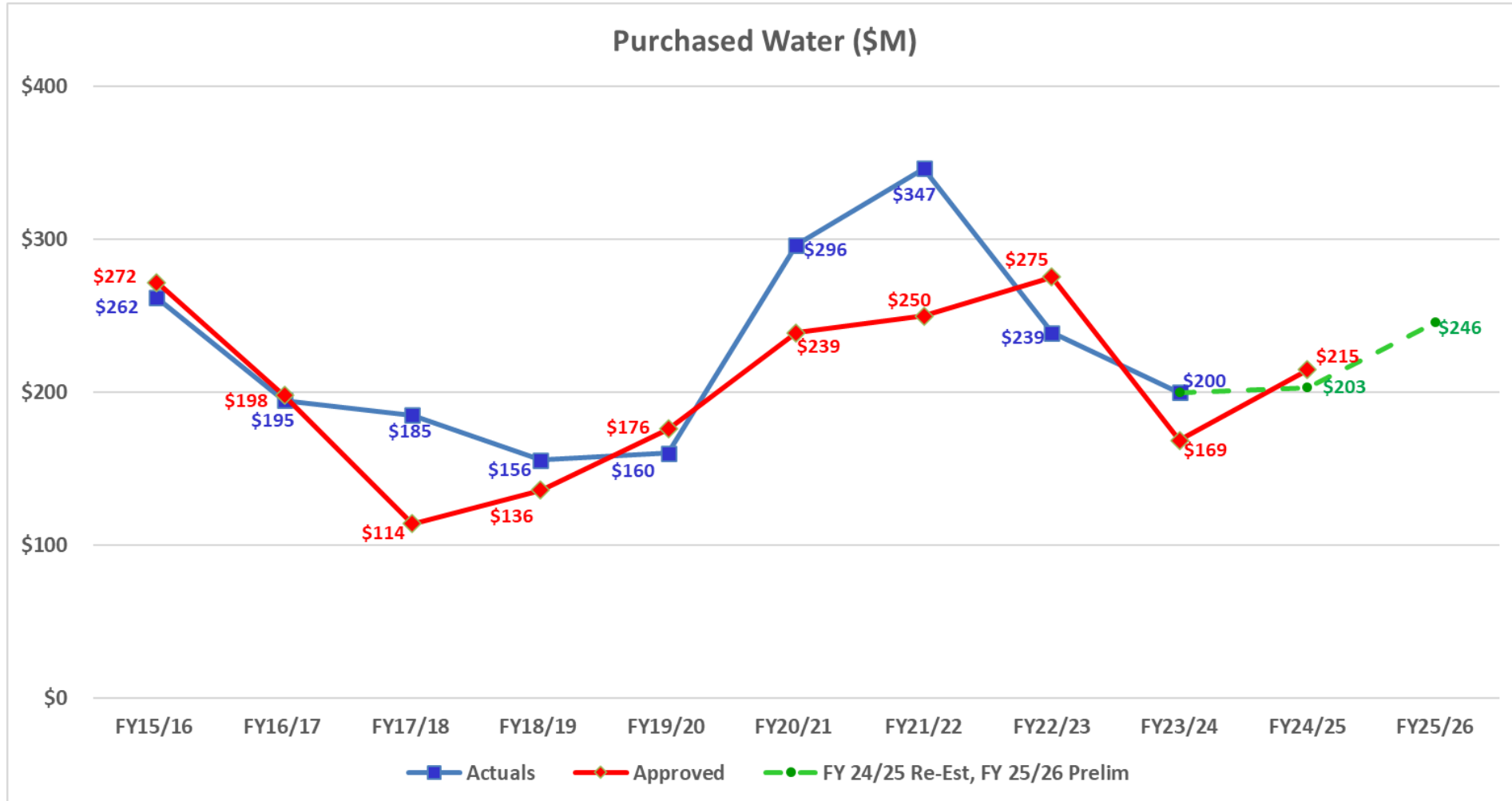
## - Detail of Major Variances

\$ in Millions

| FUNCTIONAL ITEM / JOB DETAIL                           | FY 2023/24<br>Actual | FY 2024/25<br>Approved | FY 2024/25<br>Re-Estimate | FY 2025/26<br>Preliminary<br>Budget | FY 2025/26 Prelim<br>vs. FY 2024/25<br>Re-Estimate |      |
|--|----------------------|------------------------|---------------------------|-------------------------------------|--|------|
| <b>Contracts</b>                                       | \$ 330.5             | \$ 363.6               | \$ 253.6                  | \$ 557.6                            | \$ 304.0   | 120% |
| <b>Water Supply - Recycled Water</b>                   |                      |                        |                           |                                     |  |      |
| <b>WATERSHED STORMWATER CAPTURE - CAPITAL</b>          |                      |                        |                           |                                     |  |      |
| DAVID M GONZALEZ REC CENTER STORMWATER CAPTURE         | \$ -                 | \$ 22.0                | \$ 0.1                    | \$ 26.7                             | \$ 26.6  |      |
| VALLEY PLAZA PARK NORTH STORMWATER CAPTURE             | \$ -                 | \$ 0.01                | \$ 0.1                    | \$ 20.2                             | \$ 20.1  |      |
| FERNANGELES PARK STORMWATER CAPTURE                    | \$ -                 | \$ 11.4                | \$ 0.1                    | \$ 14.4                             | \$ 14.3  |      |
| STRATHERN PARK STORMWATER CAPTURE                      | \$ -                 | \$ 8.9                 | \$ 0.1                    | \$ 13.5                             | \$ 13.4  |      |
| VALLEY PLAZA PARK SOUTH STORMWATER CAPTURE             | \$ -                 | \$ -                   | \$ 0.1                    | \$ 10.4                             | \$ 10.3  |      |
| <b>Water Quality</b>                                   |                      |                        |                           |                                     |  |      |
| <b>WATER REUSE - CAPITAL</b>                           |                      |                        |                           |                                     |  |      |
| GROUNDWATER REPLENISHMENT PROJECT                      | \$ -                 | \$ -                   | \$ 25.8                   | \$ 84.2                             | \$ 58.4  |      |
| <b>WATER TREATMENT IMPROVEMENTS - CAPITAL</b>          |                      |                        |                           |                                     |  |      |
| FAIRMONT SEDIMENTATION PLANT                           | \$ 0.2               | \$ 11.1                | \$ 8.1                    | \$ 43.7                             | \$ 35.6  |      |
| <b>Infrastructure</b>                                  |                      |                        |                           |                                     |  |      |
| <b>TRUNK LINE AND MAJOR SYSTEM CONNECT - CAPITAL</b>   |                      |                        |                           |                                     |  |      |
| WESTERN TRUNK LINE - PHASE 2                           | \$ -                 | \$ 10.3                | \$ -                      | \$ 23.7                             | \$ 23.7  |      |
| CITY TRUNKLINE NORTH PROJECT-UNIT 2                    | \$ 1.9               | \$ 1.0                 | \$ 1.8                    | \$ 23.1                             | \$ 21.3  |      |
| ROSCOE TRUNK LINE REPLACEMENT PROJ UNIT 2              | \$ 0.2               | \$ 0.03                | \$ 2.0                    | \$ 16.0                             | \$ 14.0  |      |
| FOOTHILL TRUNKLINE REPLACEMENT                         | \$ 0.8               | \$ 2.0                 | \$ 0.7                    | \$ 11.0                             | \$ 10.3  |      |
| <b>INFRASTRUCTURE RESERVOIR IMPROVEMENTS - CAPITAL</b> |                      |                        |                           |                                     |  |      |
| NORTH HAIWEE DAM 2 SEISMIC IMPROVEMENT                 | \$ 49.6              | \$ 43.1                | \$ 18.2                   | \$ 38.3                             | \$ 20.1  |      |



# FY 2025-26 Purchased Water Trend



# FY 2025-26 Water System: Strategic Investments

## Water Infrastructure

### Mainline Replacement Program (PY 25/26 \$140.8M)

240,000 feet of mainline pipe will be replaced, prioritizing mainlines with the highest risk of failure.

### North Haiwee Dam No. 2 (PY 25/26 \$41.4M)

The North Haiwee Dam No. 2 Project will construct a new earthfill dam to replace the existing dam and meet Division of Safety Dam seismic requirements.

Mainline Replacement Program



North Haiwee Dam No. 2



## Water Supply

### Stormwater Capture (PY 25/26 \$97.2M)

LADWP, Los Angeles Departments of Public Works, and Department of Recreation and Parks, are implementing the Stormwater Capture Parks Program to build up to 1,800 acre-feet of stormwater capture capacity in the Eastern San Fernando Valley at various parks.

### Harbor Refineries Pipeline Project (PY 25/26 \$8.5M)

The Harbor Refineries Pipeline Project plays a vital role in achieving 100% water reuse in the Los Angeles Harbor. By integrating Advanced Treated Recycled Water into industrial and environmental operations, the project helps offset potable water demand while strengthening the region's water resilience and enhancing local water supplies.

Stormwater Capture



Harbor Refineries Pipeline Project





# FY 2025-26 Water System: Strategic Investments

## Water Quality

### [Fairmont Sedimentation Plant \(PY 25/26 \\$46.2M\)](#)

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

### [Groundwater Replenishment Project \(PY 25/26 \\$88.1M\)](#)

The Los Angeles Groundwater Replenishment Project (GWR) will replenish the San Fernando Groundwater Basin with 22,000 acre-feet of advanced purified recycled water. The GWR Project will be completed by 2027 and provide a new sustainable water supply for over 250,000 customers.

### [Hyperion Membrane Bioreactor \(PY 25/26 \\$2.2M\)](#)

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).

### [Hyperion Advanced Water Purification Facility \(PY 25/26 \\$41K\)](#)

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

**Fairmont Sedimentation Plant**



**Groundwater Replenishment Project**



**Hyperion Membrane Bioreactor**



**Hyperion Advanced Water Purification Facility**



# Joint System

## Contributing Organizational Budget By Cost Element

### JOINT SYSTEM

Chief Administrative Officer; Customer Service, Communications, and Corporate Strategy; Chief Financial Officer; and CEO and Other Direct Reports

\$ in Millions

| Cost Element                               | FY 2023/24<br>Actual | FY 2024/25<br>Approved | FY 2025/26<br>Re-Estimate | FY 2025/26<br>Preliminary<br>Budget | FY 2025/26 Prelim<br>vs. FY 2024/25<br>Re-Estimate |       |
|--|----------------------|------------------------|---------------------------|-------------------------------------|--|-------|
| <i>Bond/State Loan Interest</i>            | \$ 923.2             | \$ 878.2               | \$ 843.5                  | \$ 915.5                            | \$ 72.0  | 9%    |
| <i>Bond/State Loan Redemption</i>          | \$ 352.2             | \$ 396.6               | \$ 380.2                  | \$ 398.5                            | \$ 18.3  | 5%    |
| <b>Total Redemption and Interest</b>       | \$ 1,275.4           | \$ 1,274.8             | \$ 1,223.6                | \$ 1,314.0                          | \$ 90.4  | 7%    |
| <b>Labor (Regular and Overtime)</b>        | \$ 624.0             | \$ 691.2               | \$ 679.8                  | \$ 726.8                            | \$ 47.0  | 7%    |
| <b>Contracts</b>                           | \$ 265.7             | \$ 512.7               | \$ 380.8                  | \$ 623.0                            | \$ 242.2   | 64%   |
| <b>Health Care Payment</b>                 | \$ 401.2             | \$ 448.5               | \$ 449.8                  | \$ 491.6                            | \$ 41.8  | 9%    |
| <b>Retirement and Death Benefit</b>        | \$ 444.7             | \$ 433.8               | \$ 466.1                  | \$ 357.0                            | \$ (109.1)   | (23%) |
| <b>Material &amp; Supplies</b>             | \$ 274.4             | \$ 341.8               | \$ 344.6                  | \$ 268.1                            | \$ (76.5)  | (22%) |
| <b>Other *</b>                             | \$ 152.9             | \$ 193.7               | \$ 181.3                  | \$ 176.0                            | \$ (5.3)   | (3%)  |
| <b>Insurance</b>                           | \$ 55.5              | \$ 94.2                | \$ 102.0                  | \$ 95.2                             | \$ (6.8)   | (7%)  |
| <b>Other Directs, Incentives, and Fees</b> | \$ 14.3              | \$ 82.5                | \$ 49.4                   | \$ 86.7                             | \$ 37.3  | 76%   |
| <b>Total : Joint System</b>                | \$ 3,508.0           | \$ 4,073.1             | \$ 3,877.5                | \$ 4,138.4                          | \$ 260.9   | 7%    |

\* Other includes Cost Elements: Rentals & Leases, Property Taxes, Awards for Injuries & Damages, Land & Structures, Postal Services, Workers' Comp, Sponsorships & Advertising, Transportation, and Utility Services

# Joint System Contributing Organizational Budget By Cost Element

## - Detail of Major Variances

\$ in Millions

| FUNCTIONAL ITEM / JOB DETAIL  | FY 2023/24<br>Actual | FY 2024/25<br>Approved | FY 2024/25<br>Re-Estimate | FY 2025/26<br>Preliminary<br>Budget | FY 2025/26 Prelim<br>vs. FY 2024/25<br>Re-Estimate |     |
|---|----------------------|------------------------|---------------------------|-------------------------------------|--|-----|
| <b>Contracts</b>  | \$ 265.7             | \$ 512.7               | \$ 380.8                  | \$ 623.0                            | \$ 242.2   | 64% |
| <b>ERP PROGRAM POWER FUNDED - CAPITAL</b>                             |                      |                        |                           |                                     |  |     |
| ERP PROGRAM-MGMT SUPPORT  | \$ 28.0              | \$ 36.9                | \$ 39.1                   | \$ 65.7                             | \$ 26.6  |     |
| <b>ENERGY EFFICIENCY-POWER FUNDED - CAPITAL</b>                       |                      |                        |                           |                                     |  |     |
| ENERGY EFFICIENCY PROGRAMS  | \$ 18.7              | \$ 45.2                | \$ 24.8                   | \$ 47.9                             | \$ 23.1  |     |
| <b>CIS REPLACEMENT PROJECT - CAPITAL</b>                              |                      |                        |                           |                                     |  |     |
| CIS UPGRADES AND ENHANCEMENTS   | \$ 3.6               | \$ 21.0                | \$ 15.3                   | \$ 27.8                             | \$ 12.5  |     |
| <b>CLOUD INFRASTRUCTURE-POWER FUND - CAPITAL</b>                      |                      |                        |                           |                                     |  |     |
| CLOUD INFRASTRUCTURE CUSTOMER CONTACT CENTER CAPITAL                  | \$ -                 | \$ 10.7                | \$ -                      | \$ 11.0                             | \$ 11.0  |     |
| <b>DISTRIBUTED ENERGY RESOURCES (DER) INCENTIVE PROGRAM - CAPITAL</b> |                      |                        |                           |                                     |  |     |
| DEMAND RESPONSE PROGRAM   | \$ 1.7               | \$ 8.1                 | \$ 5.4                    | \$ 9.6                              | \$ 4.2   |     |
| PLUG IN TO POWER COMMUNITY DER  | \$ -                 | \$ -                   | \$ -                      | \$ 7.1                              | \$ 7.1   |     |
| <b>Other Directs, Incentives, and Fees</b>                            | \$ 14.3              | \$ 82.5                | \$ 49.4                   | \$ 86.7                             | \$ 37.3  | 76% |
| <b>DER DEVELOPMENT - O&amp;M</b>                                      |                      |                        |                           |                                     |  |     |
| SELF GENERATION INCENTIVE PROGRAM                                     | \$ -                 | \$ -                   | \$ -                      | \$ 18.5                             | \$ 18.5  |     |
| DEVELOPMENT & MGMT OF DEMAND RESPONSE PROGRAM                         | \$ -                 | \$ 7.0                 | \$ 3.5                    | \$ 12.3                             | \$ 8.8   |     |
| <b>GHG FUNDED PROJECTS - O&amp;M</b>                                  |                      |                        |                           |                                     |  |     |
| FEED-IN TARIFF (FIT) CARPORT & CANOPY, GHG FUNDED                     | \$ -                 | \$ 20.8                | \$ 10.4                   | \$ 20.5                             | \$ 10.1  |     |

# FY 2025-26 Information Technology Services: Total Budget \$357M

## Strategic Initiatives

*Building an Intelligent IT foundation that leverages cloud technologies to enable real time data, advanced analytics & AI, with strict Cyber security protections*

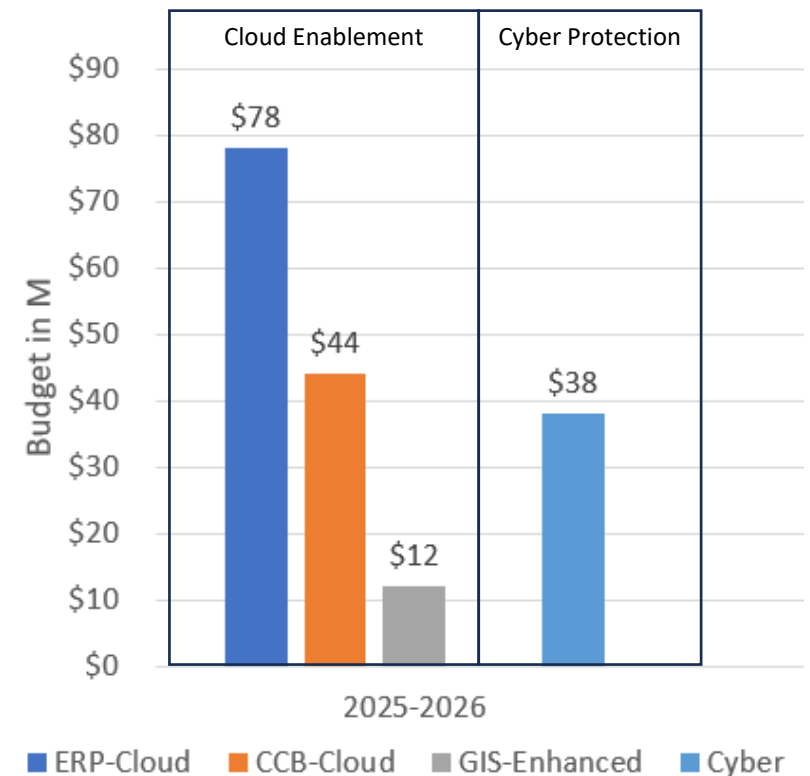
**ERP:** implementing business processes to Workday for real time integrated HCM, Payroll, and Finance to make confident decisions faster, drive flawless business and financial operations, and empower our people for maximum performance

**CCB:** migrating and updating Customer Care and Billing system to the Oracle Cloud version referred to as CCS (Customer Cloud Service) to support new customer programs including AMI and leverage AI for analytics.

**ArcGIS:** migrating electric and water geospatial data to ESRI's ArcGIS Utility Network Electric for enhanced network modeling, improved asset management, greater operational efficiency, optimized utility operations, boosted efficiency, and reliable service delivery.

**Cyber:** creating the Integrated Security Operations Center (ISOC) to enhance LADWP cybersecurity and operational resilience; engaging NREL to recommend improvements to the Department's cybersecurity posture as well as training of employees leading up to the 2026 FIFA World Cup and 2028 Summer Olympics.

2025-2026 IT budget by type of investment





# FY 2025-26 Customer Service: Total Budget \$238M

## Strategic Investments

### Customer Relationship Management and Analytics

**PY 25/26 Capital \$18M**

**(Duration: July. 2025 - 2030)**

#### Customer Self-Service

**PY 25/26 Capital \$1.5M**

**(Expected completion 2027)**

- Channel of Choice Infrastructure
  - *Improve and expand the infrastructure to engage all customer segments consistently and effectively through their channel of choice*
- Customer Analytics
  - *Expand customer analytics to have a more refined understanding of the customer*
- Adaptive Services Framework
  - *Establish the framework to adapt services to meet the needs of each customer segment*
- Service Delivery Resiliency
  - *Advance the mechanisms to track and monitor service fulfillment and delivery*

### Customer Contact Center Platform

**PY 25/26 Capital \$11M**

**(Duration: FY 25/26 – 29/30)**

- Technology Transformation
  - *Modernize the contact center technology to improve customer engagement, satisfaction, and service quality while also enhancing employee experience through a single integrated solution*
  - *Gain insights into customer's journeys to refine processes and enable an agile approach to adapt to customer and business needs*

### Customer Service Centers Capital Improvements

**PY 25/26 Capital \$8M**

**(Duration: FY 25/26 – 29/30)**

- Facility Renovation and Expansion
  - *Reflect our involvement in and commitment to the community*
  - *Illustrate the value LADWP provides to its customers*
  - *Coordinate and drive customer assistance events*
- Facility Redesign
  - *Promote customer engagement with residents and businesses*
  - *Facilitate customer transactions*
  - *Promote LADWP programs*

# Power Revenue Fund

## Financial Plan Summary

| \$ in Millions   | FY 2024-25<br>Approved | FY 2024-25<br>Re-Estimated | FY 2025-26<br>Prelim Budget |
|--|------------------------|----------------------------|-----------------------------|
| <b>NET RETAIL SALES (GWh)</b>  | <b>21,574</b>          | <b>21,741</b>              | <b>21,063</b>               |
| <b>REVENUE REQUIREMENT</b>   | <b>\$ 5,233</b>        | <b>\$ 5,277</b>            | <b>\$ 5,824</b>             |
| <b>OPERATING EXPENSE</b>   |                        |                            |                             |
| <b>OPERATION &amp; MAINTENANCE EXPENSE</b>   |                        |                            |                             |
| - POWER SYSTEM RELIABILITY PROGRAM   | \$ 653                 | \$ 662                     | \$ 724                      |
| - OPERATING SUPPORT  | 704                    | 677                        | 702                         |
| - INFRASTRUCTURE   | 402                    | 402                        | 453                         |
| - RENEWABLE PORTFOLIO STANDARD   | 73                     | 75                         | 124                         |
| <b>TOTAL OPERATION &amp; MAINTENANCE EXPENSE</b>   | <b>\$ 1,833</b>        | <b>\$ 1,815</b>            | <b>\$ 2,004</b>             |
| <b>FUEL, PURCHASED POWER, AND EMISSIONS</b>  | <b>1,599</b>           | <b>1,639</b>               | <b>1,682</b>                |
| <b>DEPRECIATION, PROPERTY TAX AND OTHER</b>  | <b>909</b>             | <b>874</b>                 | <b>969</b>                  |
| <b>TOTAL OPERATING EXPENSE</b>   | <b>\$ 4,341</b>        | <b>\$ 4,328</b>            | <b>\$ 4,655</b>             |
| <b>OTHER INCOME/EXPENSE (incl. Debt Exp. City Transfer, and CIAC)</b>  | <b>\$ 362</b>          | <b>\$ 287</b>              | <b>\$ 346</b>               |
| <b>CHANGE IN NET POSITION</b>  | <b>\$ 530</b>          | <b>\$ 662</b>              | <b>\$ 823</b>               |
| <b>SYSTEM AVERAGE RATE (cts/kWh)</b>   | <b>23.1</b>            | <b>23.8</b>                | <b>27.0</b>                 |
| <b>TOTAL BORROWING <sup>1</sup></b>  | <b>\$ 1,126</b>        | <b>\$ 1,014</b>            | <b>\$ 1,696</b>             |
| <b>Notes:</b>  |                        |                            |                             |
| 1. Total Borrowing includes only new bond proceeds and related premiums / discounts for capital investments. |                        |                            |                             |
| 2. Sum of amounts may not tie to total due to rounding.  |                        |                            |                             |



# Water Revenue Fund

## Financial Plan Summary

| \$ in Millions  | FY 2024-25<br>Approved | FY 2024-25<br>Re-Estimated | FY 2025-26<br>Prelim Budget |
|---|------------------------|----------------------------|-----------------------------|
| <b>SALES (Million HCF)</b>                              | <b>178.2</b>           | <b>180.0</b>               | <b>183.7</b>                |
| <b>REVENUE REQUIREMENT</b>                              | <b>\$ 1,739</b>        | <b>\$ 1,722</b>            | <b>\$ 2,062</b>             |
| <b>OPERATING EXPENSE</b>                                |                        |                            |                             |
| <b>OPERATION &amp; MAINTENANCE EXPENSE</b>              |                        |                            |                             |
| - OPERATING SUPPORT                                     | \$ 196                 | \$ 192                     | \$ 195                      |
| - INFRASTRUCTURE  | 171                    | 183                        | 195                         |
| - WATER QUALITY   | 196                    | 191                        | 171                         |
| - WATER SUPPLY  | 144                    | 146                        | 166                         |
| - OWENS VALLEY  | 39                     | 52                         | 47                          |
| <b>TOTAL OPERATION &amp; MAINTENANCE EXPENSE</b>        | <b>\$ 746</b>          | <b>\$ 762</b>              | <b>\$ 775</b>               |
| <b>PURCHASED WATER</b>                                  | <b>215</b>             | <b>203</b>                 | <b>246</b>                  |
| <b>DEPRECIATION, PROPERTY TAX AND OTHER</b>             | <b>295</b>             | <b>290</b>                 | <b>310</b>                  |
| <b>TOTAL OPERATING EXPENSE</b>                          | <b>\$ 1,256</b>        | <b>\$ 1,255</b>            | <b>\$ 1,331</b>             |
| <b>OTHER INCOME/EXPENSE (incl. Debt Exp. and CIAC )</b> | <b>\$ 132</b>          | <b>\$ 167</b>              | <b>\$ 82</b>                |
| <b>CHANGE IN NET POSITION</b>                           | <b>\$ 351</b>          | <b>\$ 300</b>              | <b>\$ 650</b>               |
| <b>SYSTEM AVERAGE RATE (\$/HCF)</b>                     | <b>\$ 10.74</b>        | <b>\$ 10.80</b>            | <b>\$ 11.70</b>             |
| <b>TOTAL BORROWING <sup>1</sup></b>                     | <b>\$ 432</b>          | <b>\$ 102</b>              | <b>\$ 363</b>               |

**Notes:**

1. Total Borrowing includes new bond proceeds and related premiums / discounts for capital investments, as well as state loan proceeds.

2. Sum of amounts may not tie to total due to rounding.

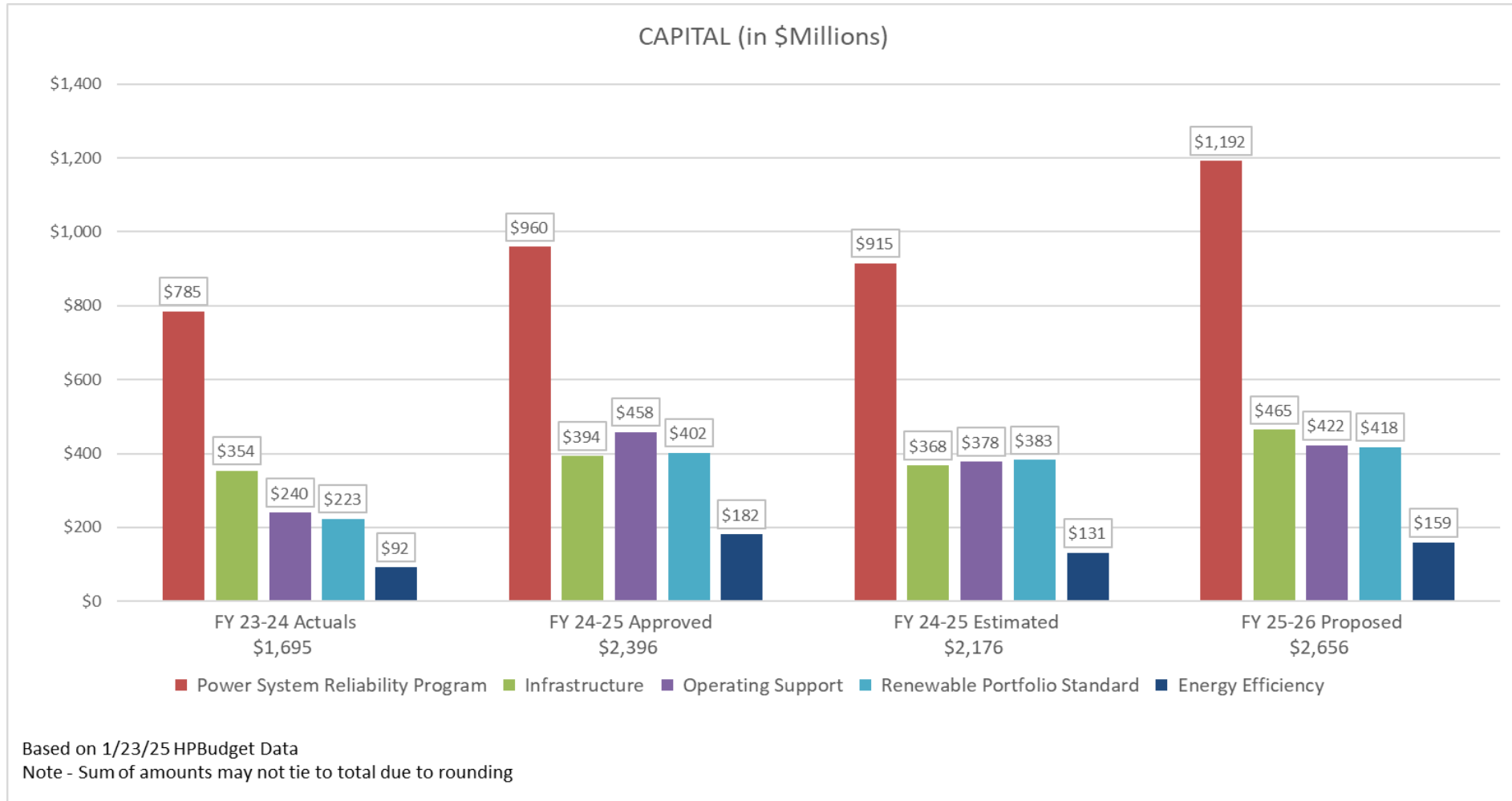
# Next Steps

- Request approval of the Preliminary FY 2025-26 Budget package transmittal to the Council for informational purposes, on March 11, 2025.
- 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 13, 2025.
- Forward Final Budget to the Mayor, City Council, and other relevant stakeholders no later than May 31, 2025.

# APPENDIX

# Power Revenue Fund

## FY 2025-26 Capital Expenditures Trend

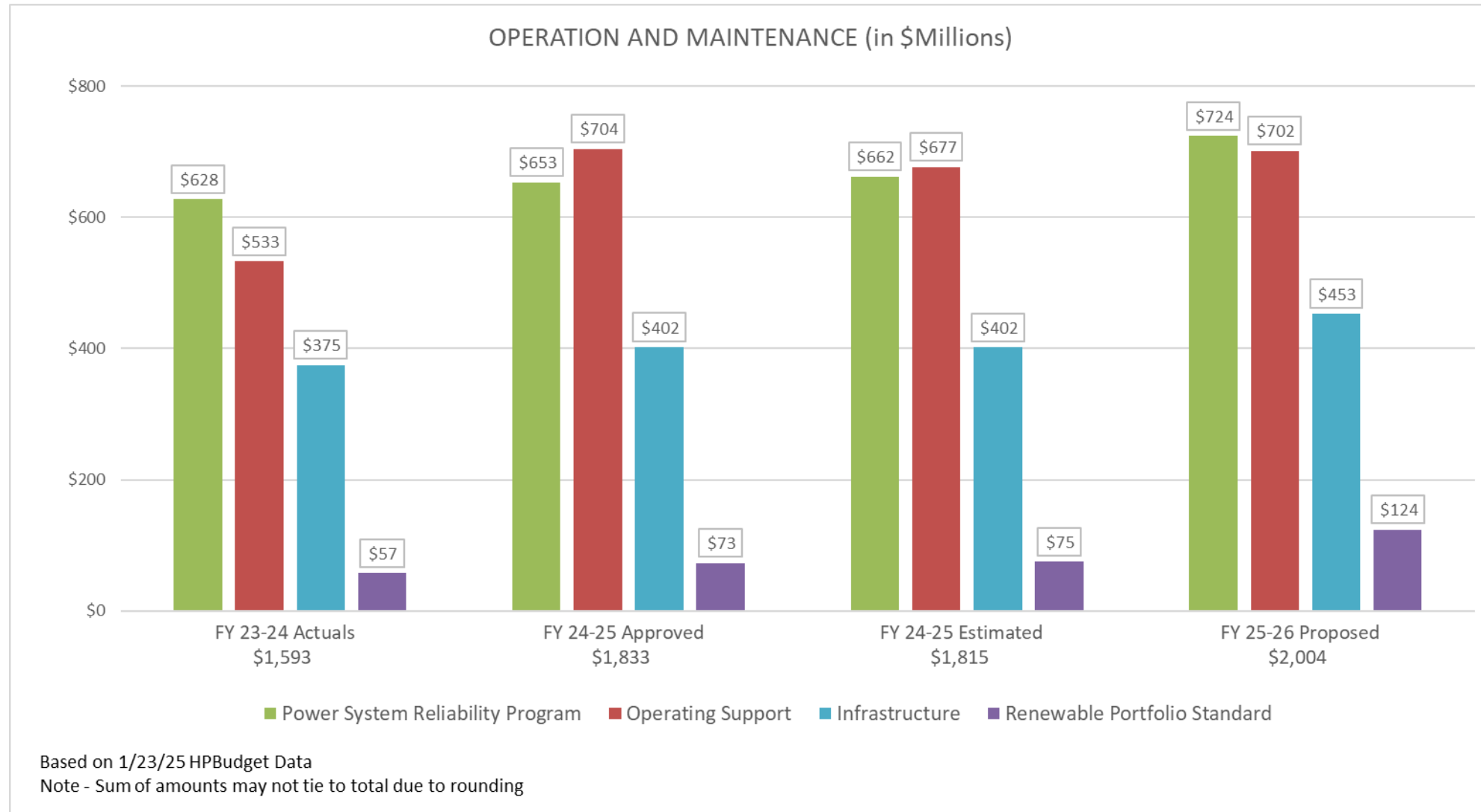


### Major FY 2025-26 Rate Metrics Goals:

- 4,000 Pole Replacements, 13,900 Crossarm Replacements, and 1,340 Transformer Replacements

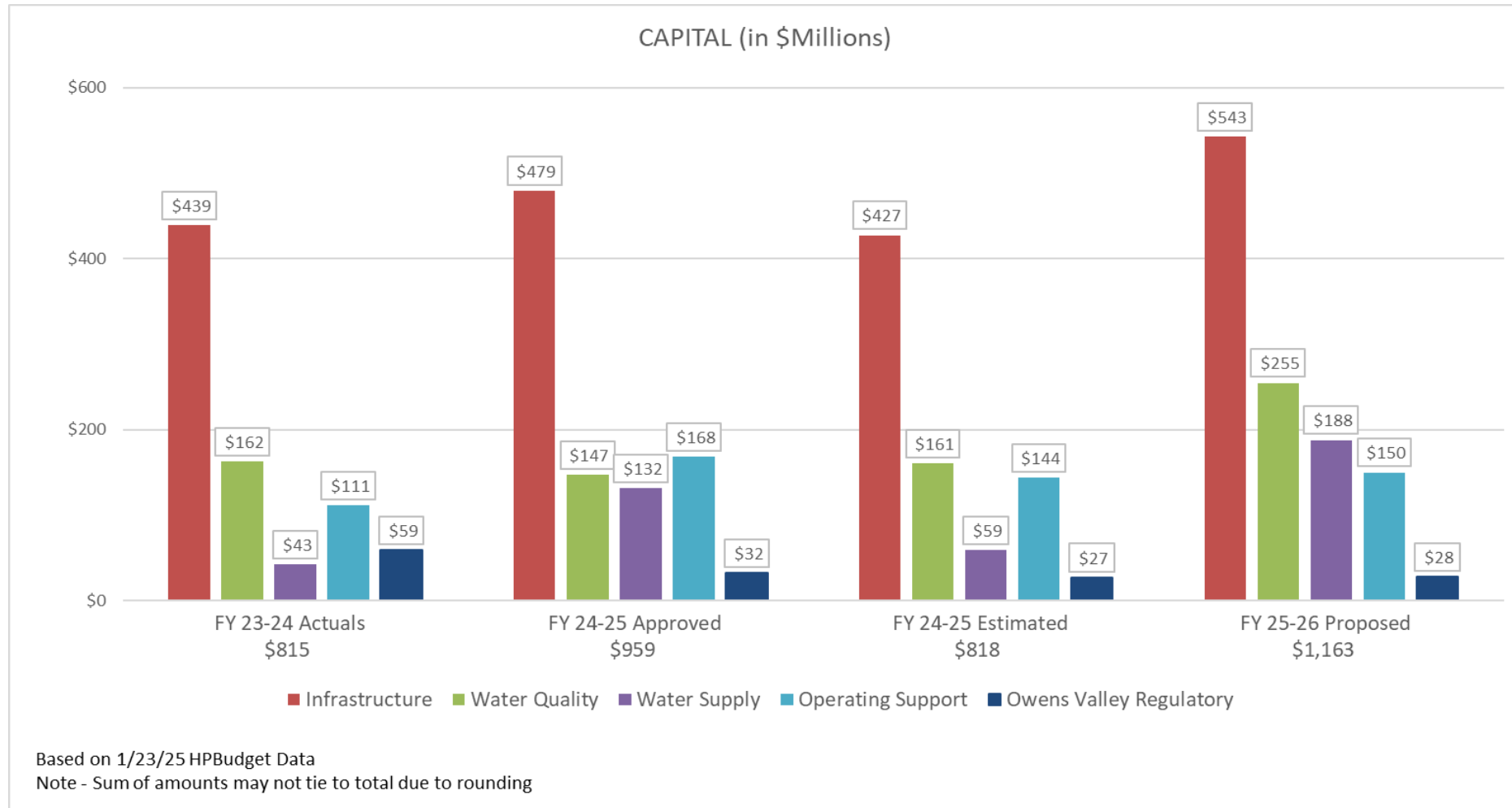
# Power Revenue Fund

## FY 2025-26 O&M Expenditures Trend



# Water Revenue Fund

## FY 2025-26 Capital Expenditures Trend



For FY 2025-26, the goal is to achieve 240,000 feet of mainline replacements and 13,230 feet of trunk line replacements.

# Water Revenue Fund

## FY 2025-26 O&M Expenditures Trend

