



INFORMATIONAL BOARD LETTER

*Ann M. Santilli*  
Ann M. Santilli (Feb 13, 2025 11:51 PST)

**ANN M. SANTILLI**  
Chief Financial Officer

*Janisse Quiñones*

**JANISSE QUIÑONES**  
Chief Executive Officer and Chief Engineer

**DATE:** February 12, 2025

**SUBJECT:** Financial Services Organization Monthly Activities Report – December 2024

**ACCOUNTING AND FINANCIAL REPORTING DIVISION**

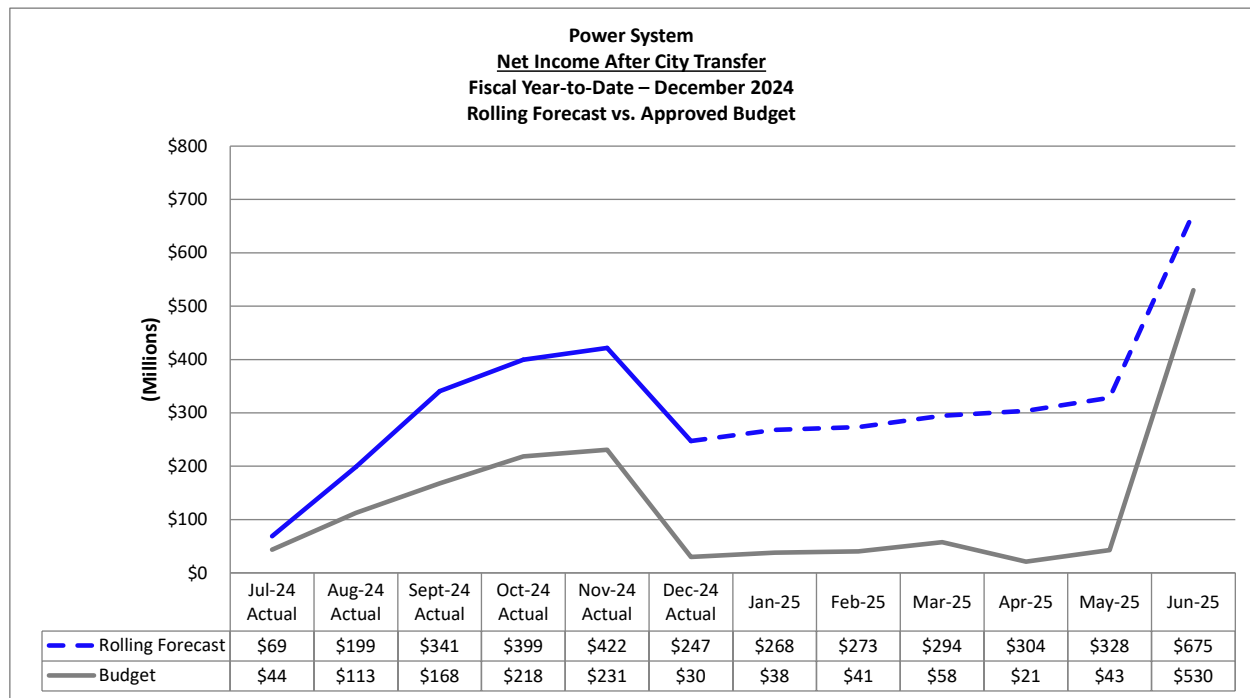
**Monthly Cash Activity for the Water and Power Revenue Funds – December 2024**

Receipts, disbursements, and cash balances of the Water and Power Revenue Funds are shown below for the month ending December 31, 2024. Substantially all cash balances in each of the funds are continuously invested by the City Treasurer.

REVENUE FUNDS (in thousands)			
		WATER	POWER
Beginning Balance - December 1, 2024		\$ 688,925	\$ 1,621,315
ADD:	Customer Collections	235,398	543,149
	DWP Interfund Transfers	69,752	63,178
	Other City Departments	5,599	22,604
	Interest on Pooled Cash	1,210	4,285
	Construction Fund	26,969	60,740
	Bonds Interest Subsidies	4,279	9,763
	Total Receipts	343,207	703,719
LESS:	Payments to Vendors	114,976	280,104
	Payroll	49,320	114,142
	DWP Interfund Transfers	69,798	99,031
	W&P Active Employees Health Benefits - Fund 922	9,167	18,503
	Bond Redemption and Interest	145,756	253,396
	Sewer, Utility Taxes & Refuse	65,116	77,336
	Other City Departments	19,065	9,363
	Transfer to Restricted Cash	-	39,888
	Total Disbursements	473,198	891,764
Ending Balance - December 31, 2024		\$ 558,934	\$ 1,433,271

## **BUDGET, FINANCIAL PLANNING AND RATES DIVISION**

### **Power System**

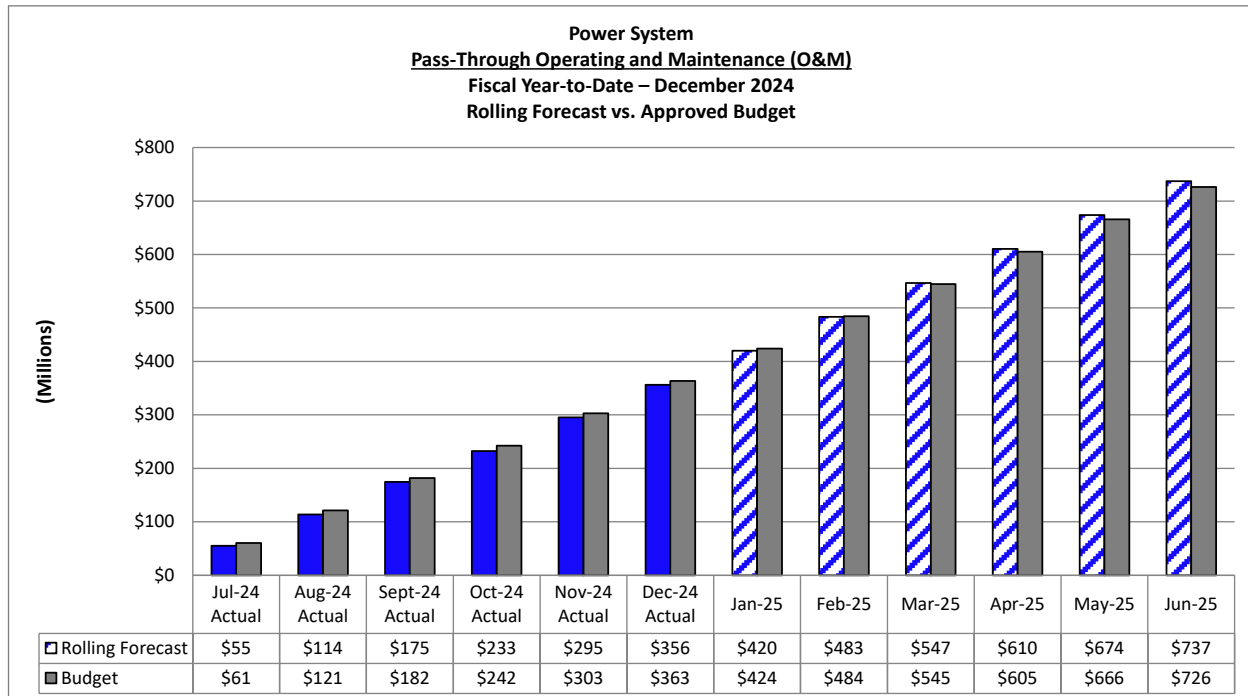


- FYTD actual net income and the year-end forecast are \$217M and \$145M, respectively, higher than budget, mainly due to higher-than-expected wholesales sales and other revenue and a decrease in operating expenses.

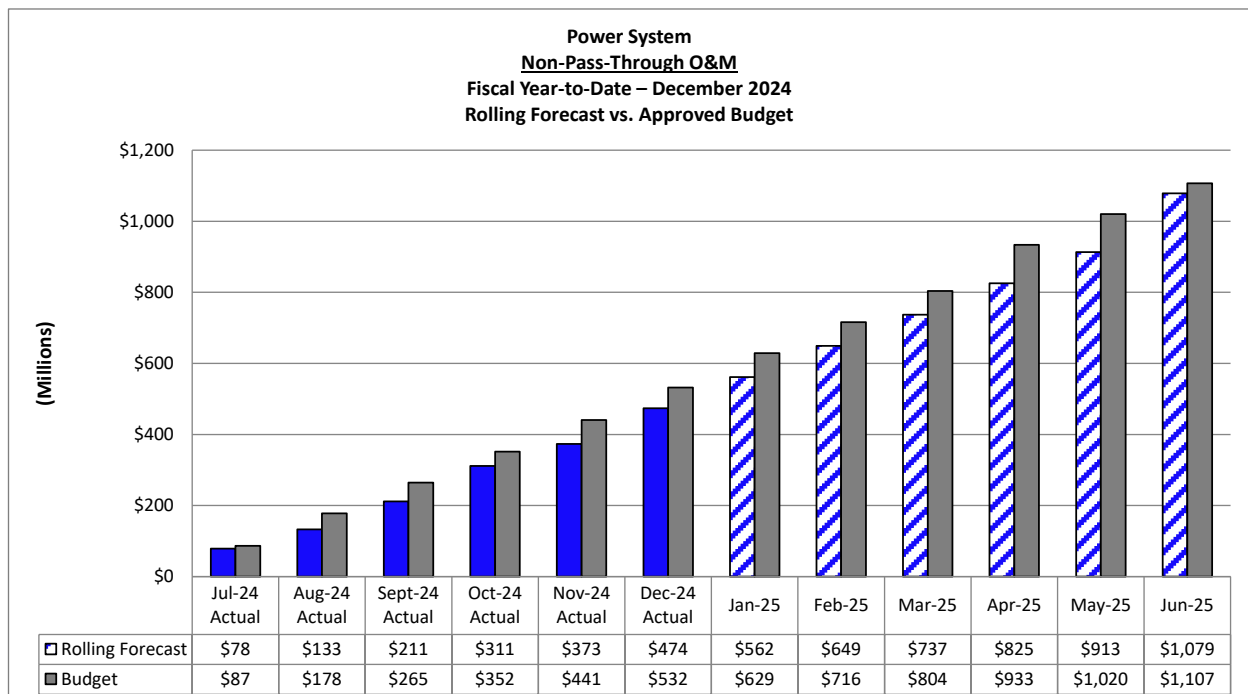
**Los Angeles Department of Water and Power**  
**Power System Income Statement**  
**as of December 2024**  
(Amounts in millions)

	Year-To-Date as of December 2024				Annual			
	Actual	Budget	Variance	Variance %	Year-end Forecast	Budget	Variance	Variance %
<b>Consumption (GWh)</b>								
Retail Sales Consumption	11,592	11,322	269	2.4%	21,843	21,574	269	1.2%
Net Energy for Load	12,631	13,078	(447)	(3.4%)	24,164	24,611	(447)	(1.8%)
<b>Operating Revenues</b>								
Base Revenue - Billed	\$1,105.0	\$1,074.5	\$30.4	2.8%	\$2,028.8	\$1,990.8	\$38.0	1.9%
Pass-Through Revenue - Billed	1,611.8	1,534.5	77.4	5.0%	3,171.9	2,999.4	172.5	5.8%
Total Billed Revenue	\$2,716.8	\$2,609.0	\$107.8	4.1%	\$5,200.7	\$4,990.2	\$210.6	4.2%
(Over)/Under Collection on Pass-Through Revenue	(221.6)	(136.8)	(84.8)	60.2%	0.3	227.9	(227.7)	(99.9%)
<b>Total Retail Revenue</b>	<b>\$2,495.2</b>	<b>\$2,472.2</b>	<b>\$23.0</b>	<b>0.9%</b>	<b>\$5,210.0</b>	<b>\$5,218.1</b>	<b>(\$17.1)</b>	<b>(0.3%)</b>
Bad Debt	(16.7)	(26.1)	9.4	(36.2%)	(41.5)	(49.9)	8.4	(16.9%)
Other Revenue	89.4	36.7	52.7	143.6%	117.9	65.2	52.7	80.7%
<b>Total Operating Revenues</b>	<b>\$2,567.9</b>	<b>\$2,482.8</b>	<b>\$85.1</b>	<b>3.4%</b>	<b>\$5,277.5</b>	<b>\$5,233.5</b>	<b>\$44.0</b>	<b>0.8%</b>
<b>Operating Expenses</b>								
Fuel and Purchased Power Expenses	\$837.2	\$809.4	\$27.8	3.4%	\$1,630.7	\$1,599.5	\$31.2	2.0%
Pass-Through Operations & Maintenance	356.4	363.3	(6.9)	(1.9%)	737.2	726.5	10.7	1.5%
Non-Pass-Through Operations & Maintenance	473.7	532.0	(58.3)	(11.0%)	1,078.5	1,106.7	(28.2)	(2.5%)
Total Operations and Maintenance	\$830.1	\$895.3	(\$65.2)	(7.3%)	\$1,815.7	\$1,833.2	(\$17.5)	(1.0%)
Depreciation, Amortization & Decommissioning	409.5	443.6	(34.1)	(7.7%)	850.8	890.2	(39.4)	(4.4%)
Property Tax	9.3	9.6	(0.3)	(2.8%)	18.7	19.1	(0.4)	(2.1%)
<b>Total Operating Expenses</b>	<b>\$2,086.1</b>	<b>\$2,157.9</b>	<b>(\$71.8)</b>	<b>(3.3%)</b>	<b>\$4,315.9</b>	<b>\$4,342.0</b>	<b>(\$26.1)</b>	<b>(0.6%)</b>
<b>Operating Income</b>	<b>\$481.8</b>	<b>\$324.9</b>	<b>\$156.9</b>	<b>48.3%</b>	<b>\$961.6</b>	<b>\$891.5</b>	<b>\$70.0</b>	<b>7.9%</b>
<b>Other Income and Expenses</b>								
Other Income	\$168.3	\$125.3	\$43.0	34.3%	\$279.6	\$250.6	\$28.9	11.5%
Net Debt Expenses	(204.2)	(222.7)	18.4	(8.3%)	(409.0)	(445.4)	36.3	(8.2%)
Contributions in Aid of Construction	20.8	30.6	(9.8)	(32.1%)	62.3	61.2	1.1	1.8%
<b>Total Other Income and Expenses</b>	<b>(\$15.2)</b>	<b>(\$66.8)</b>	<b>\$51.6</b>	<b>(77.3%)</b>	<b>(\$67.3)</b>	<b>(\$133.6)</b>	<b>\$66.3</b>	<b>(49.7%)</b>
<b>Net Income Before City Transfer</b>	<b>\$466.7</b>	<b>\$258.1</b>	<b>\$208.5</b>	<b>80.8%</b>	<b>\$894.3</b>	<b>\$757.9</b>	<b>\$136.4</b>	<b>18.0%</b>
City Transfer	(219.3)	(228.0)	8.7	(3.8%)	(219.3)	(228.0)	8.7	(3.8%)
<b>Net Income</b>	<b>\$247.3</b>	<b>\$30.1</b>	<b>\$217.2</b>	<b>721.0%</b>	<b>\$675.0</b>	<b>\$529.9</b>	<b>\$145.1</b>	<b>27.4%</b>

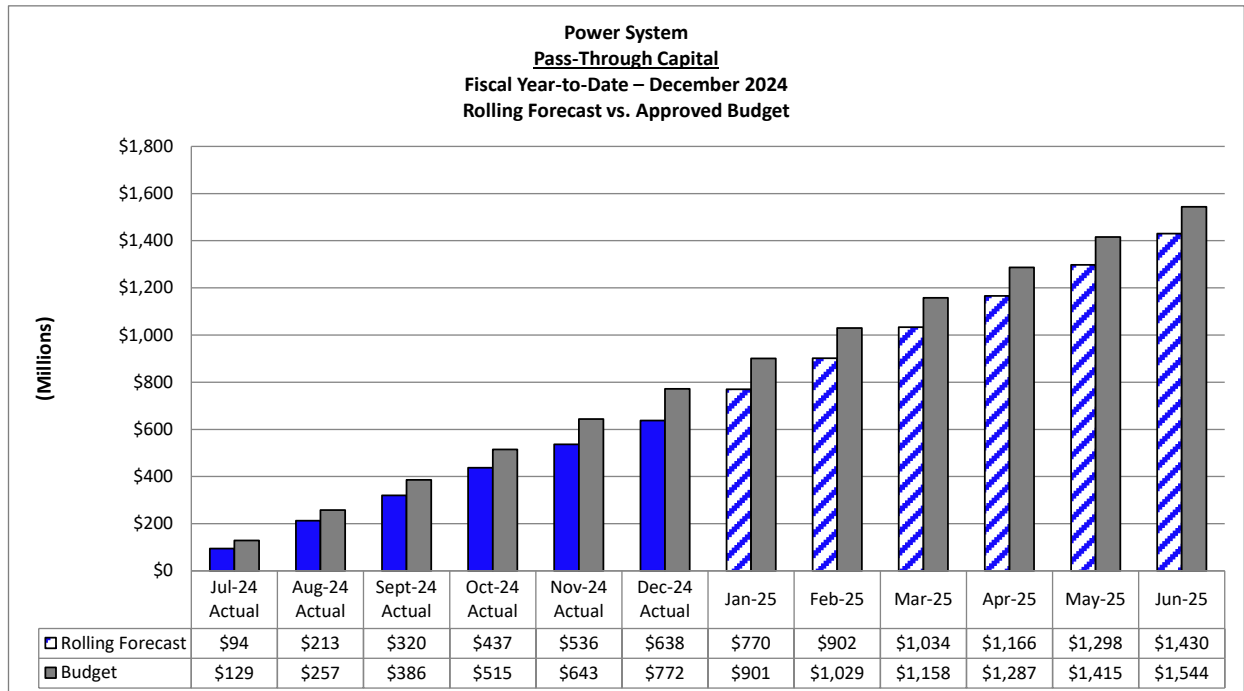
- FYTD and year-end operating revenue is \$85M and \$44M, respectively, higher than the budget, mainly due to an increase in billed and other revenue.
- FYTD actual operating expenses and the year-end forecast are \$72M and \$26M, respectively, lower than budget, mainly due to lower-than-expected O&M and depreciation expenses.



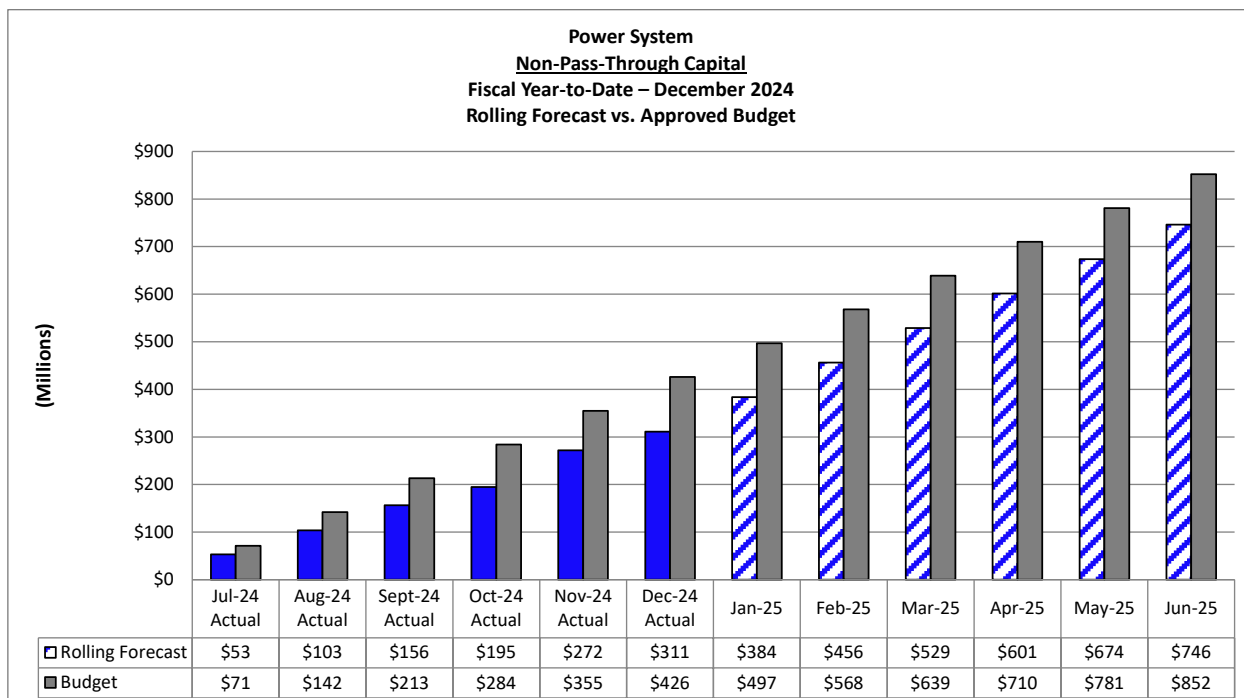
- FYTD actual pass-through O&M is \$7M lower than budget, mainly due to underspending in the Power System Reliability Program (PSRP) - \$8M.
- The year-end forecast is \$11M higher than budget mainly due to an overspending in PSRP - \$9M.



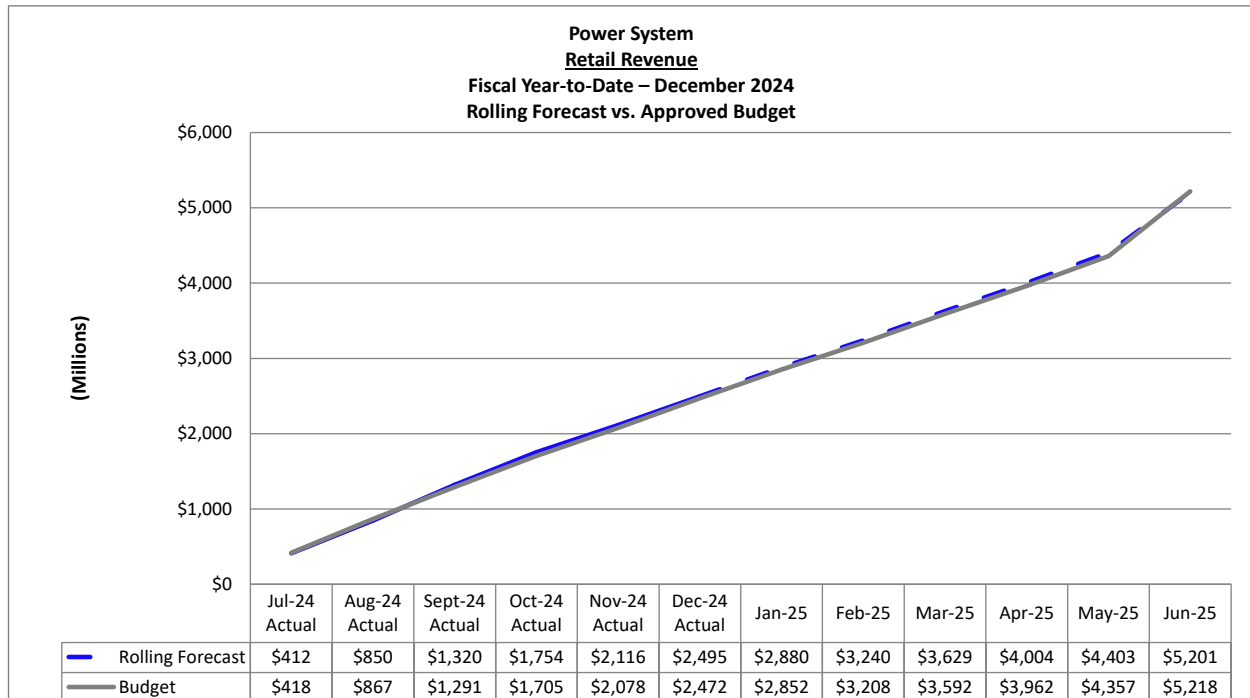
- FYTD actual non-pass-through O&M is \$58M lower than budget, mainly due to underspending in Operating Support - \$23M, and other miscellaneous accounting adjustments.
- The year-end forecast is \$28M lower than budget, mainly due to underspending in Operating Support - \$28M.



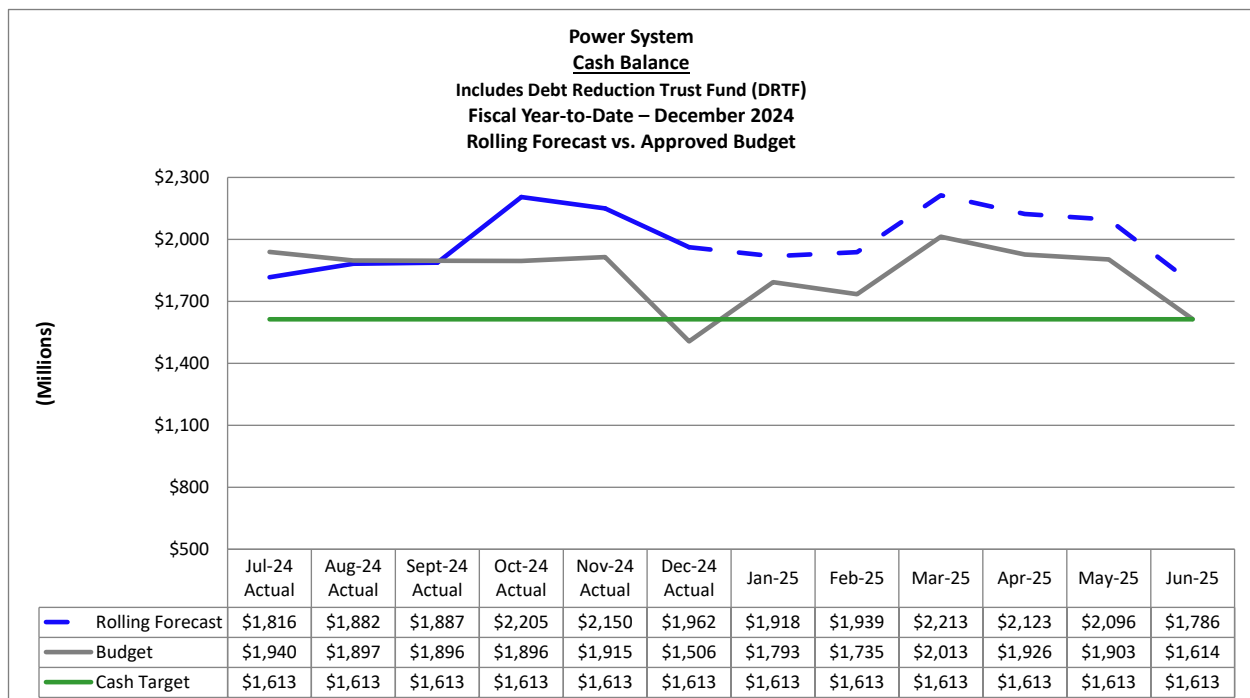
- FYTD actual pass-through capital expenditures are \$134M lower than budget, mainly due to underspending in Energy Efficiency (EE) - \$51, RPS \$48M, and PSRP - \$35M.
- The year-end forecast is \$114M lower than budget, mainly due to underspending in EE - \$51M, PSRP - \$44M, and RPS - \$20M.



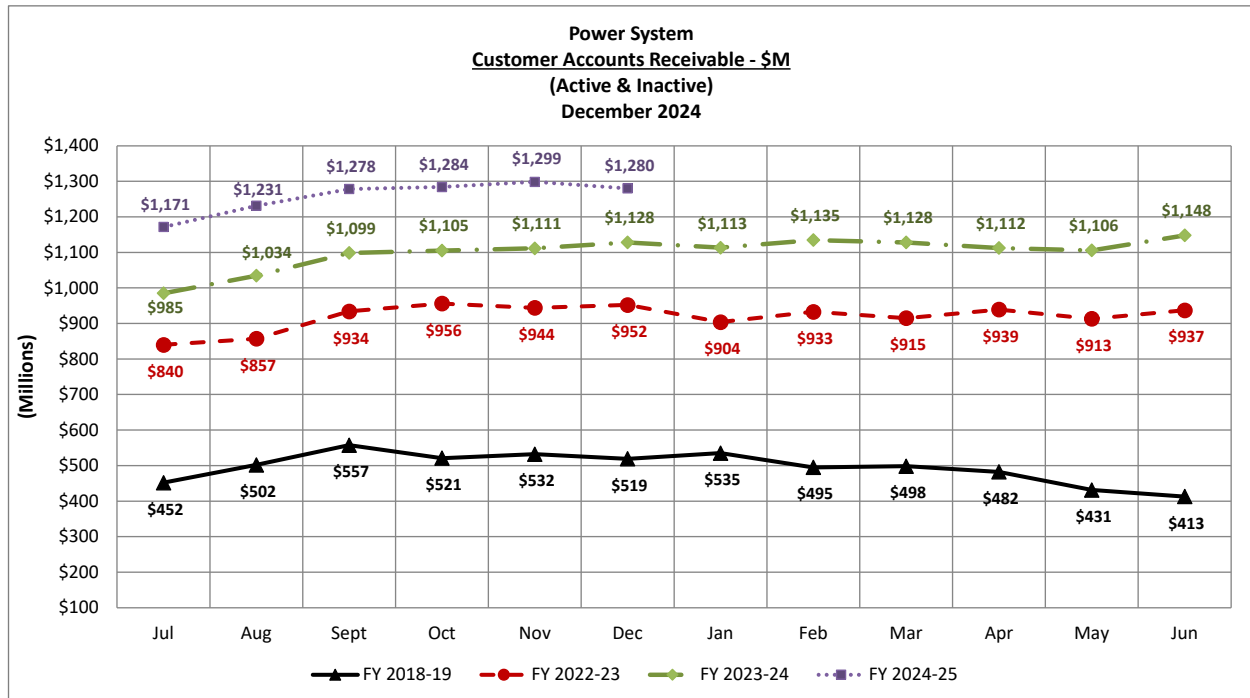
- FYTD actual non-pass-through capital expenditures are \$115M lower than budget, due to underspending in Operating Support - \$87M and Infrastructure - \$28M.
- The year-end forecast is \$106M lower than budget, due to underspending in Operating Support - \$80M and Infrastructure - \$26M.



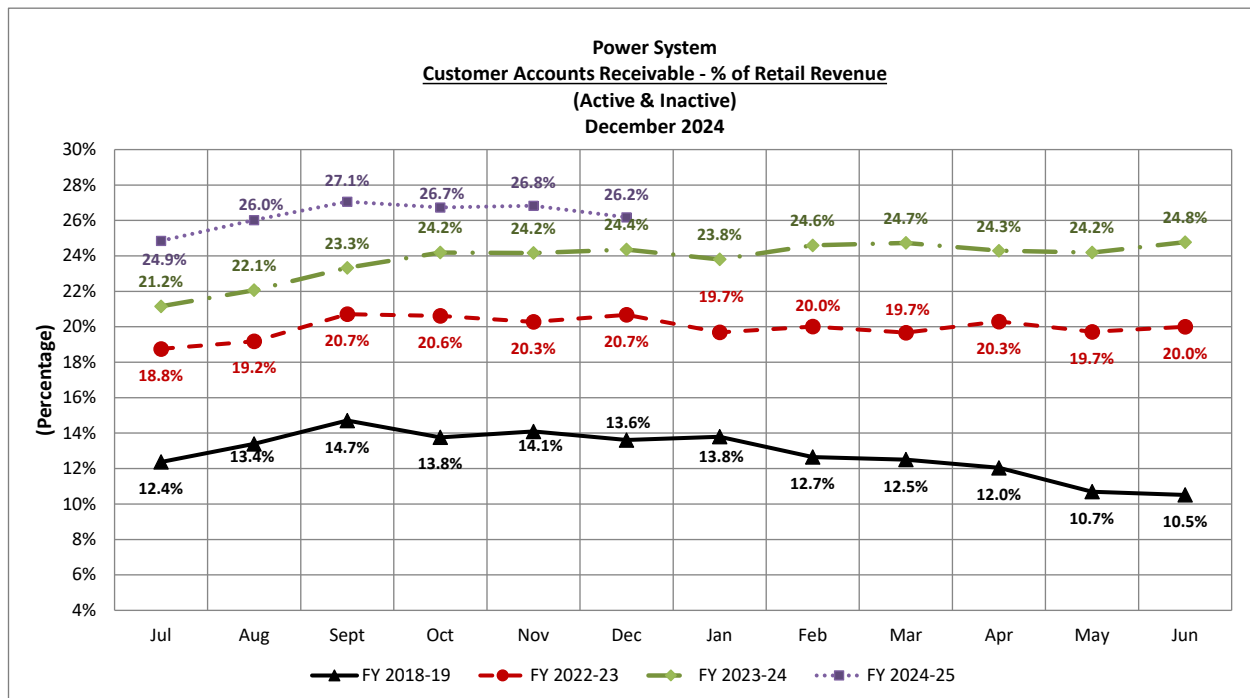
- FYTD actual retail revenue is \$23M higher than budget, mainly due to higher-than-expected billed revenue.
- The year-end forecast is \$17M lower than budget, mainly due to a lower-than-expected under-collection of pass-through revenue.



- FYTD actual cash is \$456M higher than budget and \$349M above the cash target.
- The year-end forecast cash balance is expected to be \$172M above budget and \$173M above the cash target.

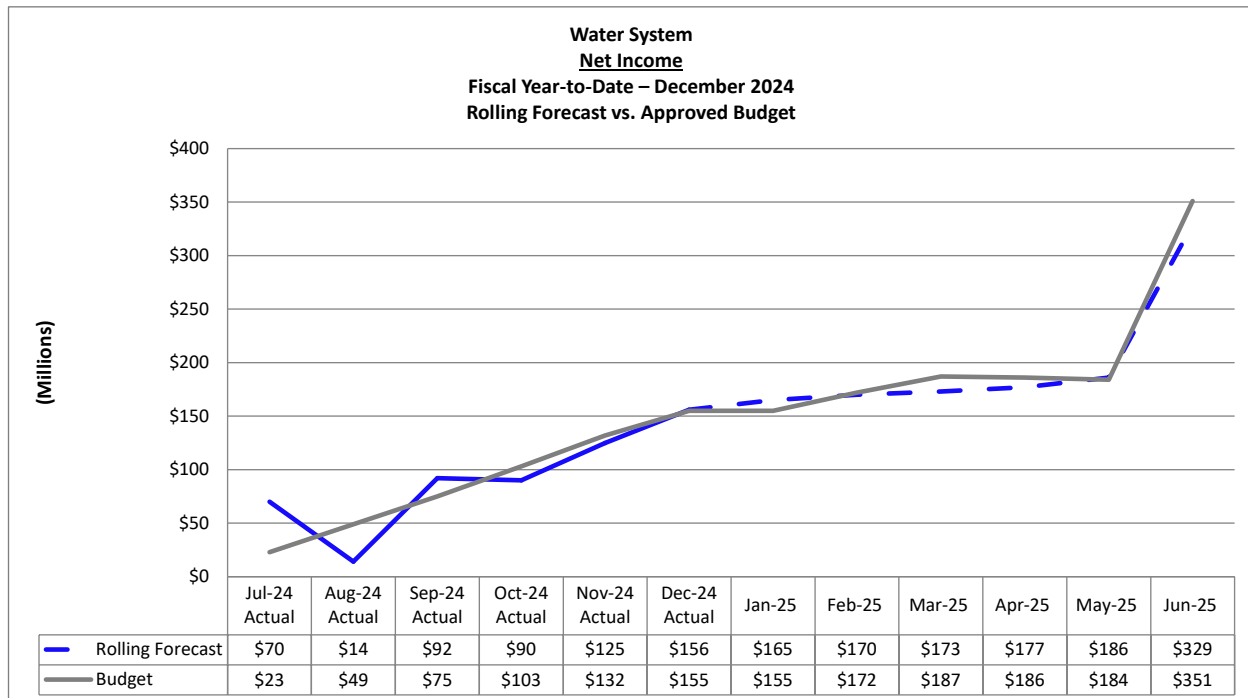


- December 2024 A/R balance is \$152M higher than December 2023 and \$328M higher than December 2022.



- Accounts receivable as a % of retail revenue in December 2024 is 1.8% higher than December 2023 and 5.5% higher than December 2022.

## Water System



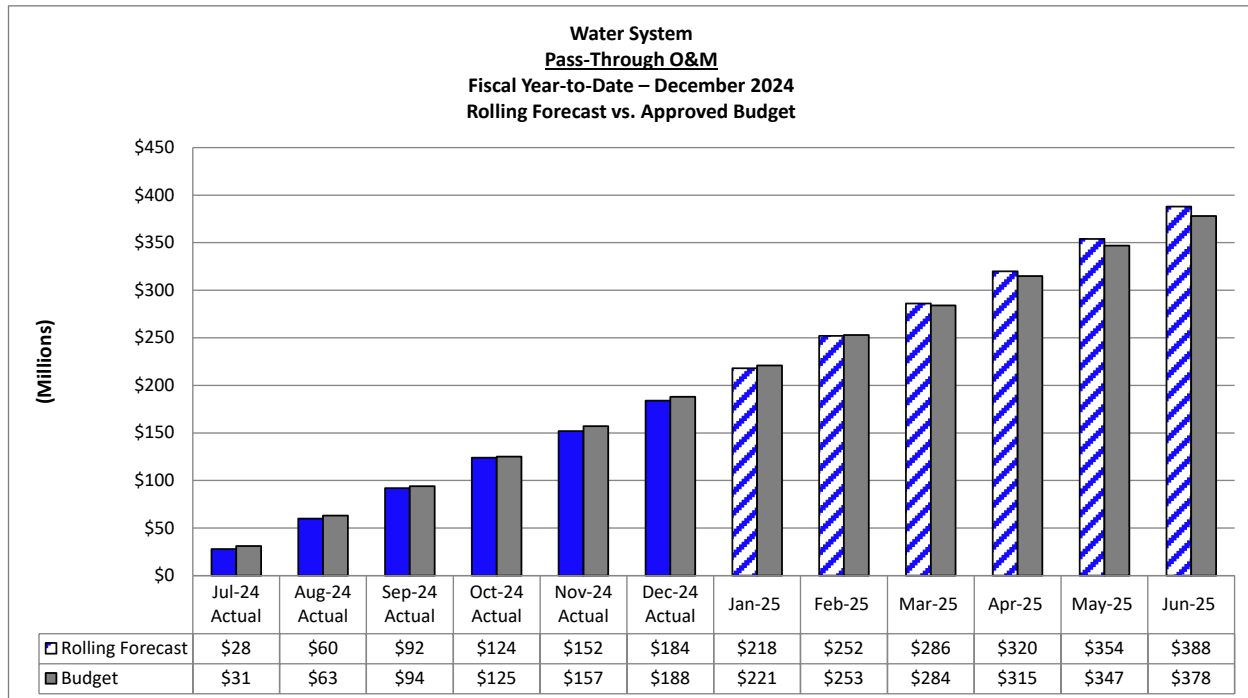
- FYTD actual net income is in line with the budget.
- The year-end forecast is \$22M lower than the budget, which includes an estimated BRRTA shortfall of \$131M related to the decoupling mechanism.



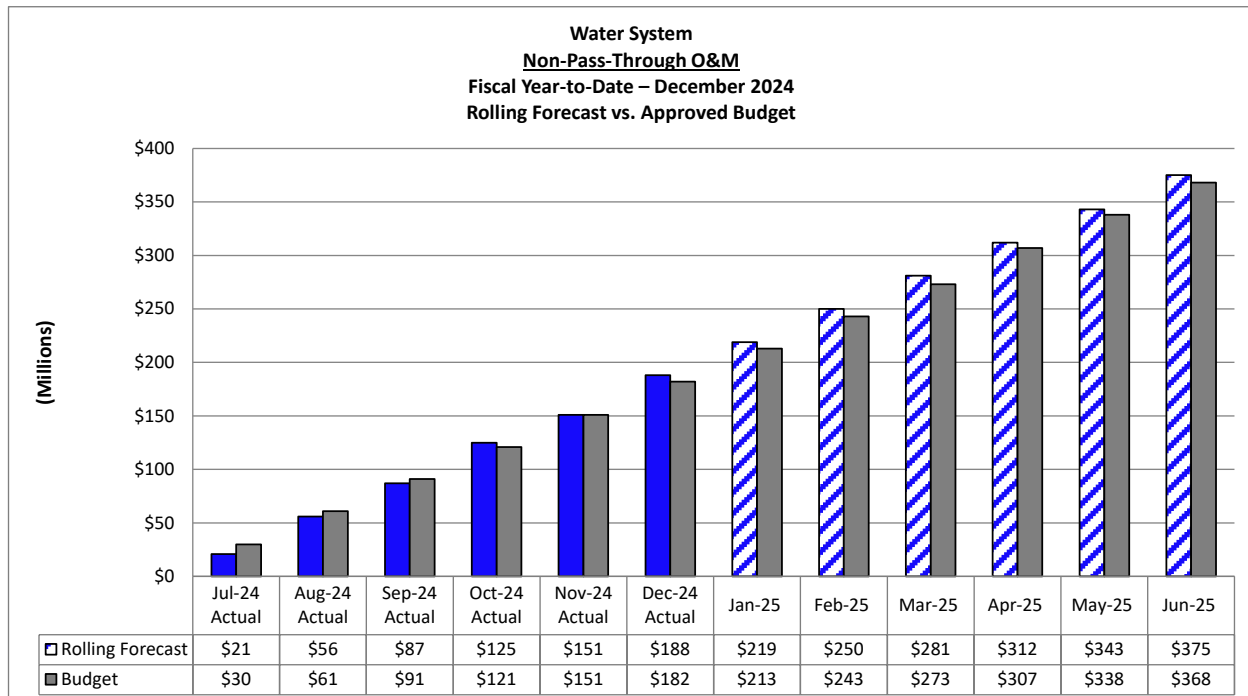
**Los Angeles Department of Water and Power**  
**Water System Income Statement**  
**As of December 2024**  
**(Amounts in millions)**

	Year To Date As of December 2024				Annual			
	Actual	Budget	Variance	Variance %	Year-end Forecast	Approved Budget	Variance	Variance %
<b>Consumption (MHCF)</b>								
Retail Sales Consumption	102.9	100.6	2.3	2.3%	180.0	178.2	1.8	1.0%
<b>Operating Revenues</b>								
Base Revenue - Billed	\$251.9	\$228.9	\$23.1	10.1%	\$424.7	\$402.6	\$22.1	5.5%
Pass-Through Revenue - Billed	838.9	831.6	7.3	0.9%	1,520.1	1,511.6	8.5	0.6%
(Over)/Under Collection on Pass-Through Revenue	(219.6)	(243.5)	23.9	(9.8%)	(212.6)	(179.0)	(33.6)	18.8%
<b>Retail Revenue</b>	<b>\$871.3</b>	<b>\$817.0</b>	<b>\$54.3</b>	<b>6.6%</b>	<b>\$1,732.2</b>	<b>\$1,735.2</b>	<b>(\$3.1)</b>	<b>(0.2%)</b>
Bad Debt	(3.7)	(3.8)	0.1	(3.2%)	(7.6)	(7.7)	0.1	(0.7%)
Other Revenue	8.5	5.5	3.0	54.2%	14.0	11.1	3.0	26.9%
<b>Total Operating Revenue</b>	<b>\$876.1</b>	<b>\$818.7</b>	<b>\$57.4</b>	<b>7.0%</b>	<b>\$1,738.6</b>	<b>\$1,738.6</b>	<b>(\$0.0)</b>	<b>(0.0%)</b>
<b>Operating Expenses</b>								
Purchased Water	\$131.1	\$80.9	\$50.2	62.1%	\$203.0	\$214.8	(\$11.8)	(5.5%)
Pass-Through Operations & Maintenance	183.9	\$188.0	(4.1)	(2.2%)	387.9	378.1	9.8	2.6%
Non-Pass-Through Operations & Maintenance	188.1	182.0	6.1	3.4%	374.6	367.7	6.8	1.9%
<b>Total Operations and Maintenance</b>	<b>372.0</b>	<b>370.0</b>	<b>2.0</b>	<b>0.5%</b>	<b>762.5</b>	<b>745.9</b>	<b>16.6</b>	<b>2.2%</b>
Depreciation & Amortization	128.0	136.5	(8.5)	(6.2%)	262.0	273.0	(11.0)	(4.0%)
Property Taxes	10.9	11.0	(0.1)	(0.8%)	21.9	22.0	(0.1)	(0.3%)
<b>Total Operating Expenses</b>	<b>\$642.0</b>	<b>\$598.3</b>	<b>\$43.6</b>	<b>7.3%</b>	<b>\$1,249.4</b>	<b>\$1,255.7</b>	<b>(\$6.2)</b>	<b>(0.5%)</b>
<b>Operating Income</b>	<b>\$234.1</b>	<b>\$220.3</b>	<b>\$13.8</b>	<b>6.3%</b>	<b>\$489.1</b>	<b>\$482.9</b>	<b>\$6.2</b>	<b>1.3%</b>
Other Income & Expenses	\$19.3	\$13.8	\$5.5	39.5%	\$31.4	\$27.6	\$3.7	13.6%
Interest Expense	(112.9)	(127.8)	14.9	(11.6%)	(228.9)	(255.6)	26.7	(10.5%)
Contribution in Aid of Construction (CIAC)	15.8	48.3	(32.4)	(67.2%)	37.1	96.5	(59.4)	(61.6%)
<b>Net Income (Loss)</b>	<b>\$156.3</b>	<b>\$154.6</b>	<b>\$1.7</b>	<b>1.1%</b>	<b>\$328.7</b>	<b>\$351.4</b>	<b>(\$22.8)</b>	<b>(6.5%)</b>

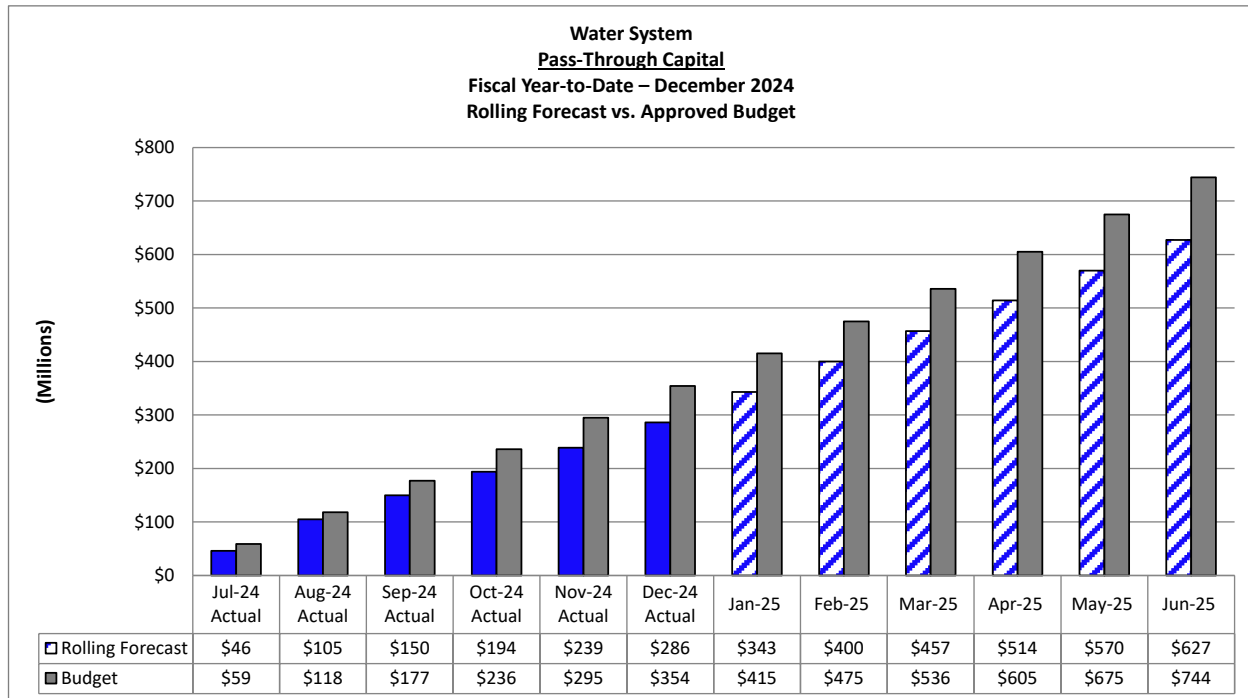
- FYTD actual retail revenue is \$54M higher than budget, mainly due to an increase of \$30M in billed revenue and an increase of \$24M in under-collection pass-through revenue.
- FYTD purchased water is \$50M higher than budget, mainly due to unexpected shutdowns of Los Angeles Aqueduct (LAA) to perform maintenance, resulting in additional MWD purchases to offset the lower supplies from the LAA.
- FYTD Contribution in Aid of Construction (CIAC) is \$32M lower than the budget.



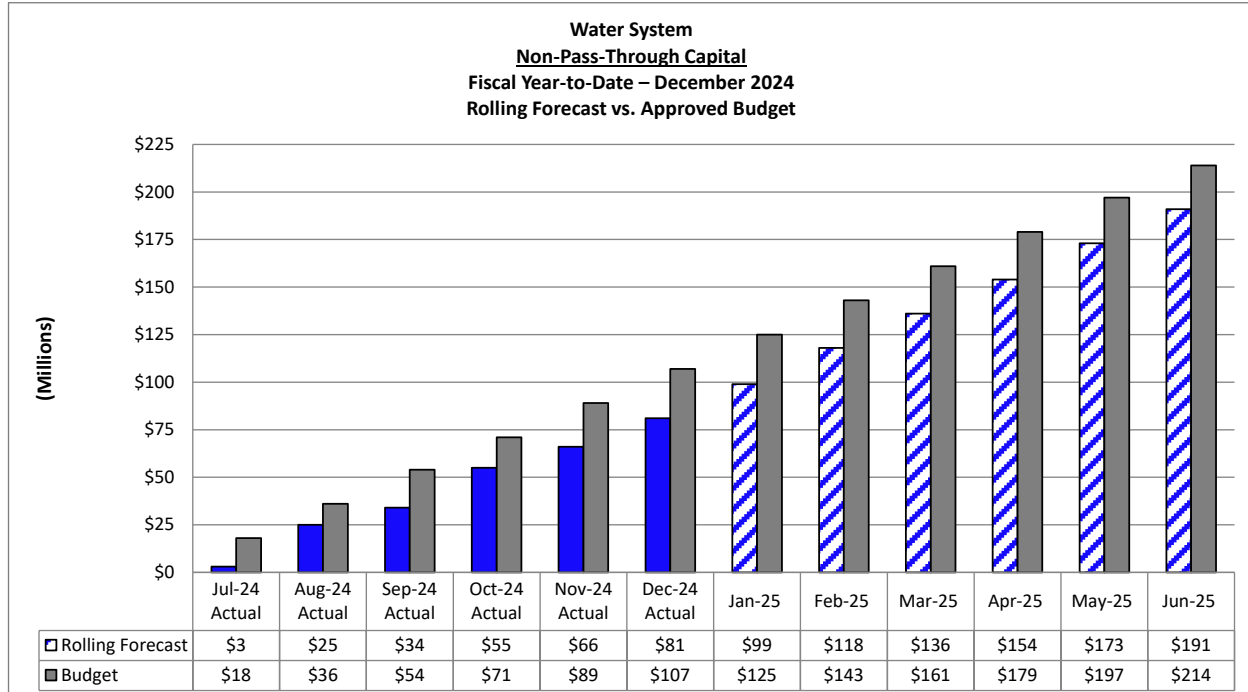
- FYTD actual pass-through O&M is \$4M lower than budget, mainly due to underspending in Water Quality \$13M, and offset by overspending in L.A. Aqueduct \$9M.
- The year-end forecast is expected to be \$10M higher than budget, mainly due to overspending in Owens Valley Regulatory \$13M, L.A. Aqueduct \$8M, and offset by underspending in Groundwater \$7M, and Water Quality \$5M.



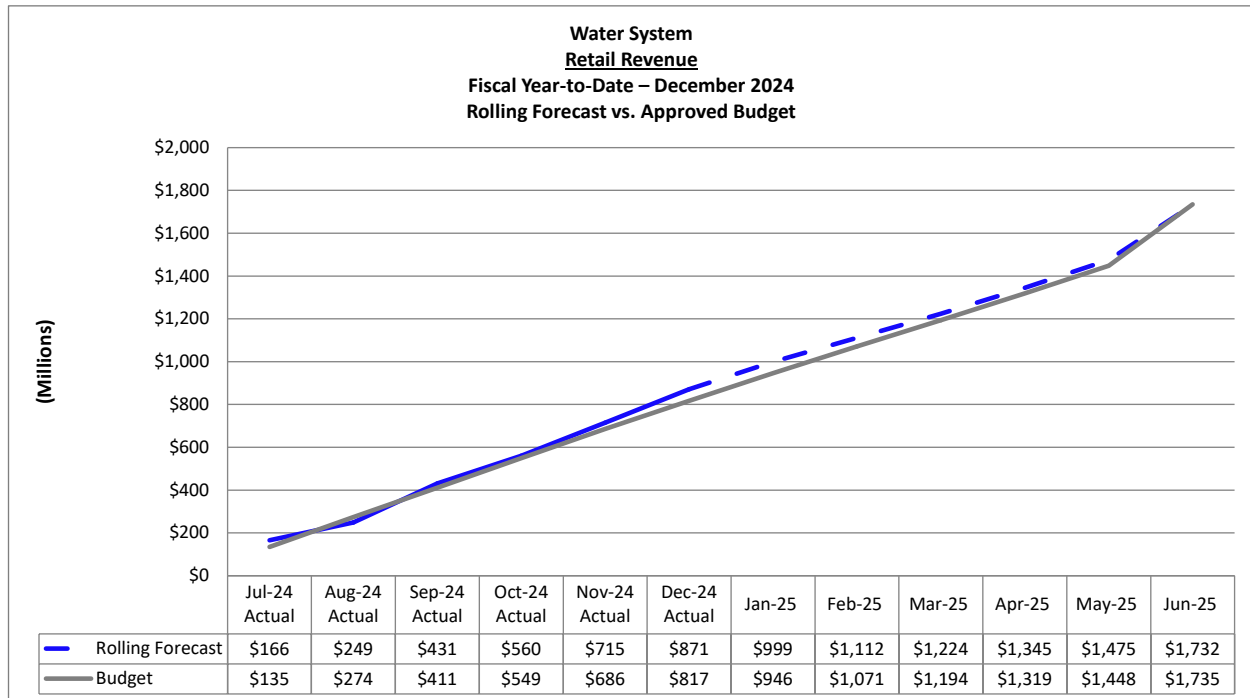
- FYTD actual non-pass-through O&M is \$6M higher than the budget, mainly due to overspending in Infrastructure Base \$12M, and other miscellaneous accounting adjustments.
- The year-end forecast is expected to be \$7M higher than budget, mainly due to overspending in Infrastructure Base \$12M, and offset by underspending in Infrastructure Operating Support \$5M.



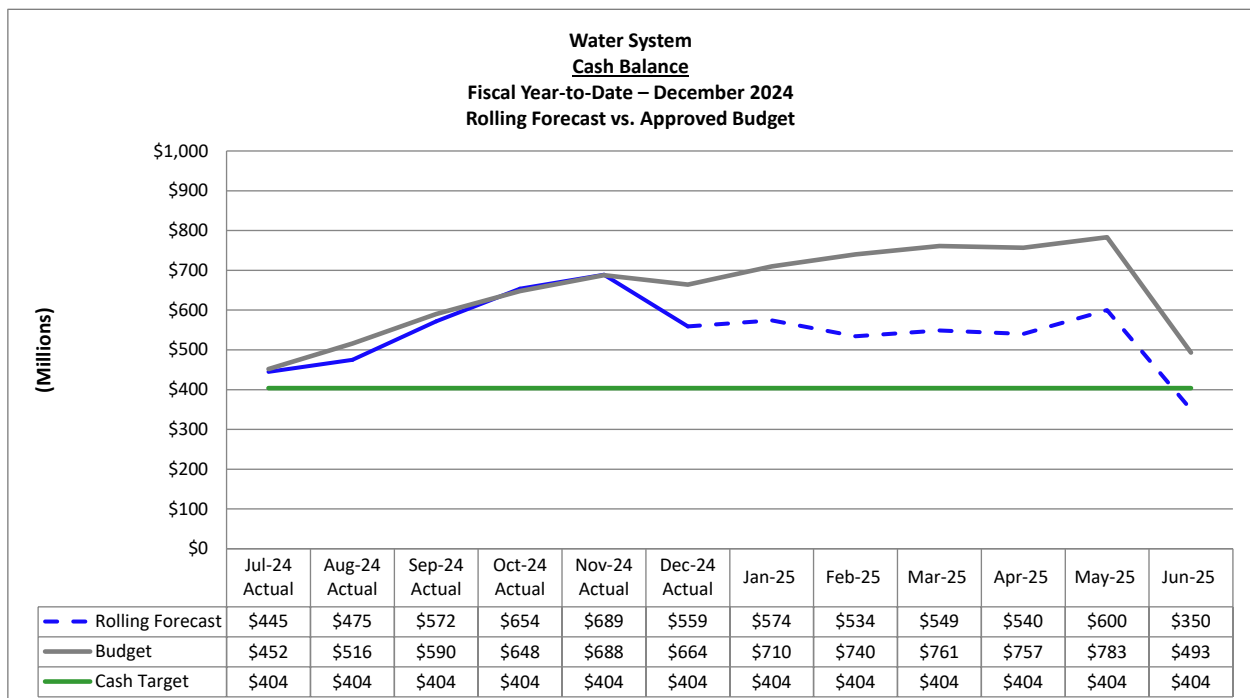
- FYTD actual pass-through capital expenditures are \$68M lower than budget, mainly due to underspending in Recycled Water \$33M, Water Infrastructure \$16M, Owens Valley Regulatory \$7M, and L.A. Aqueduct \$6M.
- The year-end forecast is expected to be \$117M lower than budget, mainly due to underspending in Recycled Water \$60M, and Water Infrastructure \$53M.



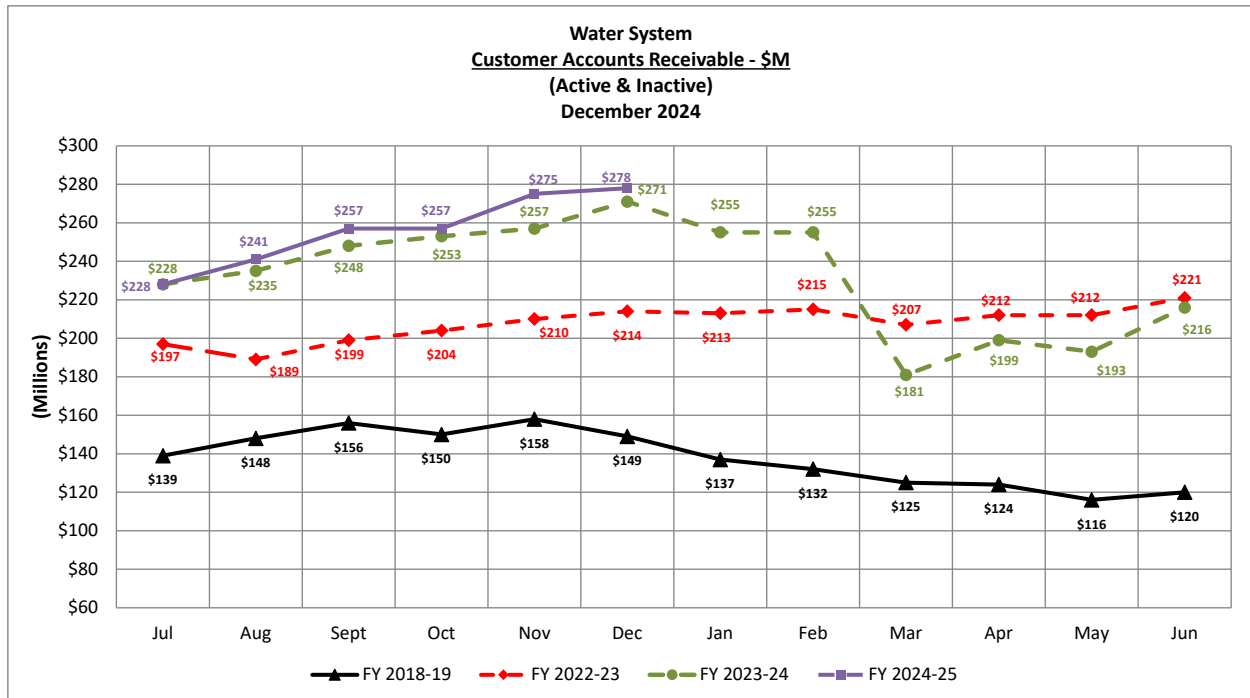
- FYTD actual non-pass-through capital expenditures are \$26M lower than budget, mainly due to underspending in Infrastructure Operating Support of \$29M and offset by overspending in Infrastructure Base of \$3M.
- The year-end forecast is expected to be \$23M lower than budget, mainly due to underspending in Infrastructure Operating Support of \$24M and offset by overspending in Infrastructure Base of \$1M.



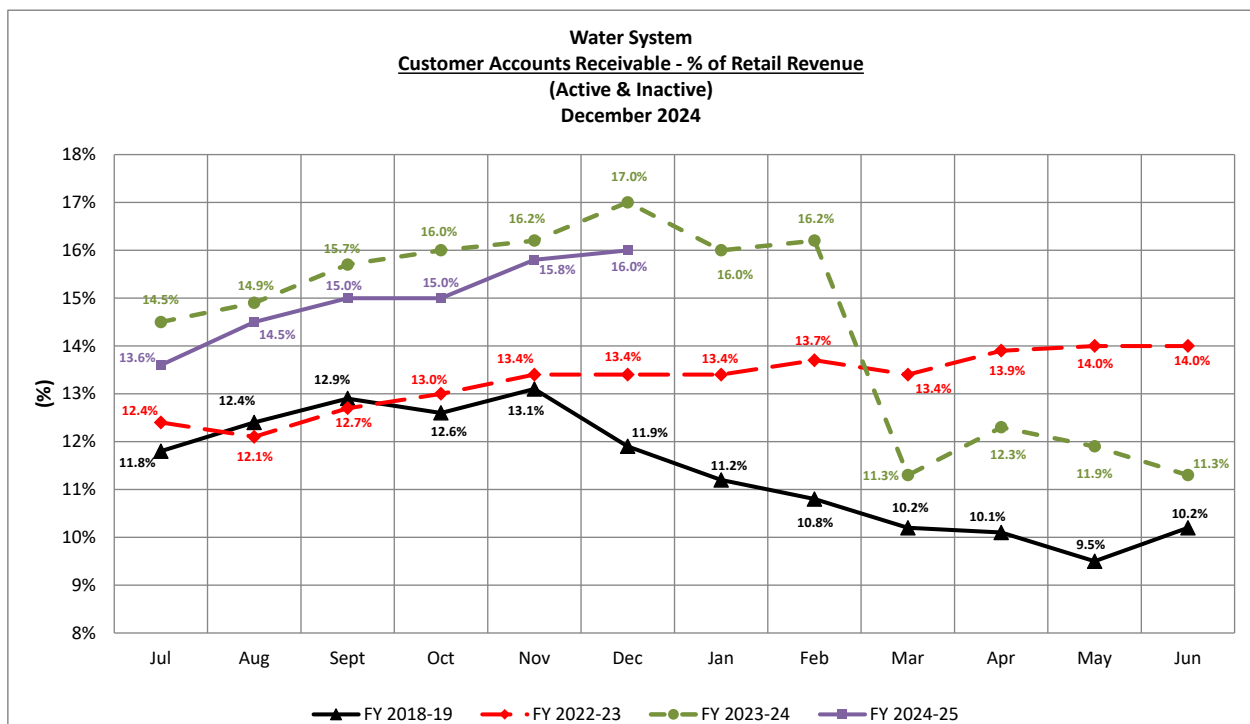
- FYTD actual retail revenue is \$54M higher than budget, mainly due to an increase of \$30M in billed revenue and an increase of \$24M in under-collection pass-through revenue.
- The year-end forecast is expected to be \$3M lower than budget, mainly due to a decrease of \$34M in under-collection pass-through revenue and offset by an increase of \$31M in billed revenue.



- FYTD actual cash balance is \$105M lower than budget and \$155M higher than the cash target.
- The year-end forecast cash balance is expected to be \$143M lower than the budget and \$54M lower than the cash target.



- December 2024 Customer A/R balance is \$7M higher than December 2023 and \$64M higher than December 2022.



- Accounts receivable as a % of retail revenue in December 2024 is 1.0% lower than December 2023 and 2.6% higher than December 2022.

## Labor

**Los Angeles Department of Water and Power**  
**Monthly Financial Report**  
**Labor and Overtime Report by System**  
**FY 2024-2025 - Current Yr (Year To Date as of Dec 2024)**  
(CY Re-Estimate Working includes actuals through Dec)  
(\$ in Thousands)

Labor and Overtime Summary (Excludes Daily Exempts and UPCTs)		Year to Date as of Dec FY 2024-2025 - Current Yr						FY 2024-2025 - Current Yr Budget - Year-End Forecast					
		YTD Actuals		YTD Budget				ReEstimate	Budget				
		Final	OT %	Final	OT %	Overrun / (Underrun)	Variance (%)	Working	OT %	Final	OT %	Overrun / (Underrun)	Variance (%)
Power_System-	CE 10 LABOR REGULAR	\$358,889		\$375,142		(\$16,252)	(4.3%)	\$731,648		\$750,283		(\$18,636)	(2.5%)
	CE 11 LABOR OVERTIME	\$167,241	46.6%	\$108,976	29.0%	\$58,265	53.5%	\$280,515	38.3%	\$217,956	29.0%	\$62,559	28.7%
	<b>System Total</b>	<b>\$526,130</b>		<b>\$484,117</b>		<b>\$42,013</b>	<b>8.7%</b>	<b>\$1,012,163</b>		<b>\$968,239</b>		<b>\$43,924</b>	<b>4.5%</b>
Water_System-	CE 10 LABOR REGULAR	\$145,945		\$155,216		(\$9,271)	(6.0%)	\$301,413		\$310,431		(\$9,018)	(2.9%)
	CE 11 LABOR OVERTIME	\$37,905	26.0%	\$24,092	15.5%	\$13,813	57.3%	\$69,223	23.0%	\$48,195	15.5%	\$21,028	43.6%
	<b>System Total</b>	<b>\$183,850</b>		<b>\$179,308</b>		<b>\$4,542</b>	<b>2.5%</b>	<b>\$370,636</b>		<b>\$358,626</b>		<b>\$12,010</b>	<b>3.3%</b>
Joint_System-	CE 10 LABOR REGULAR	\$273,884		\$305,246		(\$31,362)	(10.3%)	\$580,950		\$610,493		(\$29,542)	(4.8%)
	CE 11 LABOR OVERTIME	\$55,301	20.2%	\$36,374	11.9%	\$18,926	52.0%	\$92,272	15.9%	\$72,751	11.9%	\$19,521	26.8%
	<b>System Total</b>	<b>\$329,185</b>		<b>\$341,621</b>		<b>(\$12,436)</b>	<b>(3.6%)</b>	<b>\$673,223</b>		<b>\$683,244</b>		<b>(\$10,021)</b>	<b>(1.5%)</b>
Overall Total	CE 10 LABOR REGULAR	\$778,718		\$835,604		(\$56,886)	(6.8%)	\$1,614,011		\$1,671,207		(\$57,196)	(3.4%)
	CE 11 LABOR OVERTIME	\$260,447	33.4%	\$169,442	20.3%	\$91,005	53.7%	\$442,010	27.4%	\$338,902	20.3%	\$103,109	30.4%
	<b>Overall Total</b>	<b>\$1,039,165</b>		<b>\$1,005,046</b>		<b>\$34,119</b>	<b>3.4%</b>	<b>\$2,056,021</b>		<b>\$2,010,109</b>		<b>\$45,912</b>	<b>2.3%</b>

Overall Total Excludes Daily Exempts: Org 50200, 62405, 76490, 77303 and 77402 and Retirement Office (FY APR of 93)

Total LADWP Staffing									
Organization	APR	Funded FTE	YTD Budget	YTD Actuals	Variance	Year-End Forecast	Approved	Variance	
Power System	5,564	5,020	\$375,142	\$358,889	(\$16,252)	\$731,648	\$750,283	(\$18,636)	
Water System	2,744	2,301	\$155,216	\$145,945	(\$9,271)	\$301,413	\$310,431	(\$9,018)	
Chief Administrative Officer	1,799	1,573	\$87,640	\$78,523	(\$9,117)	\$166,794	\$175,279	(\$8,486)	
CEO & Other Direct Reports	319	244	\$19,504	\$19,157	(\$347)	\$39,336	\$39,008	\$329	
CEO: Information Technology Services	695	588	\$47,061	\$45,213	(\$1,848)	\$92,067	\$94,123	(\$2,056)	
Chief Financial Officer	365	322	\$24,755	\$21,635	(\$3,121)	\$46,324	\$49,511	(\$3,186)	
Chief Operating Officer	172	162	\$12,153	\$9,377	(\$2,776)	\$22,388	\$24,306	(\$1,917)	
Chief People Officer	190	166	\$11,820	\$10,944	(\$876)	\$22,747	\$23,640	(\$893)	
Customer Service, Communications and Corporate Strategy									
Corporate Strategy & Communications	83	80	\$5,898	\$5,565	(\$333)	\$11,463	\$11,796	(\$333)	
Customer Service Division	1,206	1,013	\$55,357	\$48,844	(\$6,513)	\$104,202	\$110,715	(\$6,513)	
Distributed Energy Solutions	167	156	\$12,650	\$11,463	(\$1,187)	\$24,059	\$25,301	(\$1,242)	
Meter Service & Field Operations	571	457	\$24,629	\$20,930	(\$3,699)	\$45,559	\$49,258	(\$3,699)	
Inspector General Office	35	11	\$944	\$229	(\$715)	\$1,173	\$1,888	(\$715)	
Office of Diversity, Equity and Inclusion	33	30	\$2,834	\$2,004	(\$830)	\$4,838	\$5,668	(\$830)	
<b>LADWP Total (Excluding Retirement Office)</b>	<b>13,943</b>	<b>12,123</b>	<b>\$835,604</b>	<b>\$778,718</b>	<b>(\$56,886)</b>	<b>\$1,614,011</b>	<b>\$1,671,207</b>	<b>2626</b>	

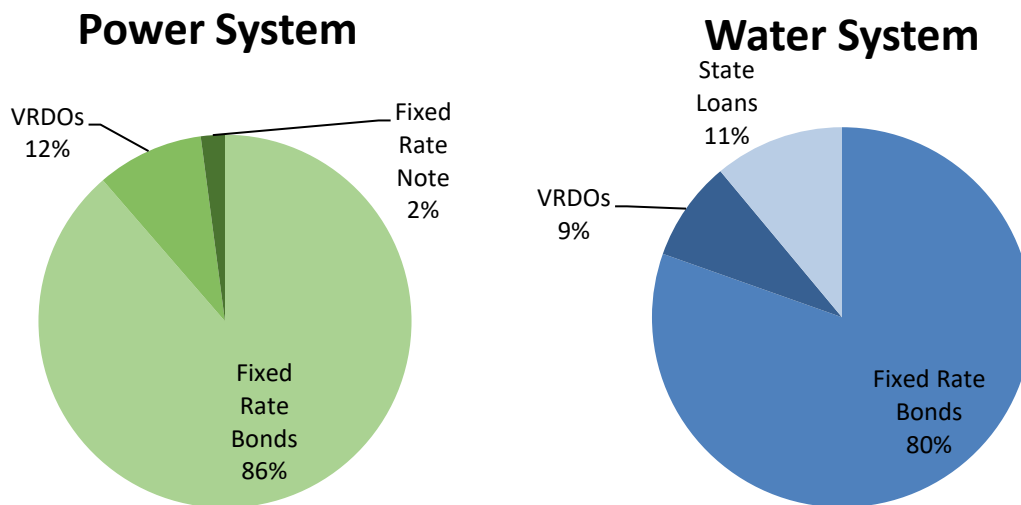
## **FINANCE AND RISK CONTROL DIVISION**

### **Debt Management**

The Power System has approximately \$11.52 billion in debt outstanding, with 88.4 percent consisting of fixed-rate debt (comprised of 86.4 percent revenue bonds and 2.0 percent short-term notes), and 11.6 percent consisting of variable-rate debt obligations.

The Water System has approximately \$6.64 billion in debt outstanding, with 91.2 percent consisting of fixed-rate debt (comprised of approximately 80.1 percent revenue bonds and 11.1 percent State Loans) and 8.8 percent consisting of variable-rate debt obligations.

The overall debt profiles of the Power and Water Systems are shown in the charts below.



The average interest cost of debt (on an accounting basis) for the month of December 2024 was 3.61 percent for the Power System and 3.42 percent for the Water System.

On December 3, 2024, LADWP successfully issued \$507.91 million of fixed rate, tax-exempt Power System Revenue Bonds, 2024 Series E (the "Power 2024 E Bonds"). The Power 2024 E Bonds had an all-in true interest cost of 3.48 percent and an average life of 12.16 years. The proceeds of the Power 2024 E Bonds were used to pay for budgeted capital improvements to the Power System, refund all the outstanding Power System Revenue Bonds, 2015 Series A, and pay certain costs of issuance. The refinancing resulted in net present value savings of approximately \$57.75 million, equivalent to 13.89 percent of the refunded bonds. The Power 2024 E Bonds will be payable out of the Power Revenue Fund.

## **Investments**

LADWP manages the investments of certain Trust Fund Accounts. These funds are separate from funds held in the Power Revenue Fund and Water Revenue Fund, which are managed along with other City Departments' funds by the City Treasurer in a pooled investment program. Activities related to these Trust Fund Accounts include:

<b>Trust Fund</b>	<b>Market Value December 31, 2024</b>	<b>Reinvestments</b>	<b>Interest Received</b>	<b>Month-End Yield</b>
<b>Debt Reduction Trust Fund</b>	\$ 528,434,624	\$ 22,807,100	\$ 1,310,895	4.68%
<b>Palo Verde Nuclear Decommissioning</b>	162,624,744	9,794,650	393,330	3.03%
<b>Water Expense Stabilization</b>	58,445,829	5,596,000	120,512	4.78%
<b>Natural Gas</b>	10,566,044	-	50,327	4.43%
<b>Treatment Storage and Disposal</b>	2,620,362	600,000	9,784	4.89%
<b>CAISO Markets Trust Fund</b>	14,771,100	-	51,121	4.43%
<b>Wildfire Trust Fund</b>	20,000,000	-	-	-
<b>Total</b>	<b>\$ 797,462,703</b>	<b>\$ 38,797,750</b>	<b>\$ 1,935,969</b>	<b>4.34%</b>

## **Risk Control/Credit**

LADWP maintains a natural gas hedging program to mitigate volatility of gas prices and stabilize customer rates.

Below is the natural gas hedging status as of December 31, 2024.

<b>Delivery Period</b>	<b>Percent of Total Budgeted Volume ( % )*</b>
FY 2025-26	45%
FY 2026-27	34%
FY 2027-28	26%
FY 2028-29	20%
FY 2029-30	13%

*\*Based on the Board-approved Budget as of June 11, 2024*



## **INTERNAL AUDIT DIVISION**

### **Audits Started in December 2024**

#### **1. Audit of the Billings of Best Drilling and Pump, Inc. Under Contract No. 00273-3**

In accordance with our audit plan, we have started an audit of the billings of Best Drilling and Pump, Inc. (Best Drilling) under Contract No. 00273-3 (Contract) for the Eastern Sierra Well Installation and Rehabilitation Project. Our audit will cover the period from November 7, 2022 through November 30, 2024.

LADWP owns and maintains groundwater production and monitoring wells in the Eastern Sierra, primarily in Owens Valley, and installs new wells and replaces existing wells in accordance with Section VI of the 1991 agreement between the City of Los Angeles and Inyo County for the long-term management of groundwater in the Owens Valley.

Best Drilling was awarded the Contract for a period of three years, from November 7, 2022 to November 6, 2025. The Contract is a result of a competitive bid process, with Best Drilling as the only bidder. The total estimated expenditure is \$14,438,119 and for an amount not to exceed \$18,047,649. As of November 30, 2024, payments made under the Contract totaled \$6,978,115.

The purpose of the Contract is to install new production and monitoring wells, rehabilitate out-of-service existing wells, and convert abandoned production wells to monitoring wells in the counties located along the Los Angeles Aqueduct.

The purposes of the audit are to determine whether the billings from Best Drilling were proper, reasonable, and in compliance with the terms and conditions of the contract; deliverables were provided and accepted according to the terms of the contract; and to evaluate if internal controls over contract administration are adequate.

#### **2. Audit of the Safety Shoe Allowance Program - July 2023 through December 2024**

In accordance with the audit plan, we have started a compliance audit of the Safety Shoe Allowance Program (Program). The audit will cover the period from July 1, 2023 through December 1, 2024.

On July 8, 2015, the Board of Water and Power Commissioners approved an annual safety shoe allowance for active employees exposed to foot injuries from various hazards and conditions. Cal/OSHA has established requirements for safety shoes and the LADWP has implemented the Program which authorized an annual payment of \$150 for foot protection for eligible employees.

The Program is administered by the Power, Water, and Joint Systems' Coordinators. Divisions are responsible for identifying employees in need of protective footwear

based on the occupational hazards associated with their duties and responsibilities. The Office of Corporate Health and Safety is responsible for assisting division managers and supervisors with regulatory compliance, and risk assessments to identify eligible employees and identify appropriate footwear.

The purposes of the audit are to verify whether the safety shoe allowances were properly approved and provided to eligible employees; to determine whether payments were in accordance with the policies, and to review whether the internal controls over the program were adequate and being followed.

### Audits in Progress

There were 13 audits in progress.

### Audits Completed in December 2024

1. Audits of LADWP Power Source Disclosure Program for the Calendar Year 2023 for LADWP Power Mix and Green Power for Green LA Power Mix

At the request of the Power System, we completed two reports on the Audit of LADWP Power Source Disclosure Program for the Calendar Year 2023 for LADWP Power Mix and Green Power for Green LA Power Mix respectively. The audit process followed the procedures and the reporting format established by the California Energy Commission.

The audits did not note any significant exceptions. The LADWP Power Mix eligible renewables for Calendar Year 2023 account for 39.5 percent of the total power mix. The Green LA Power Mix is 100 percent eligible and renewable for Calendar Year 2023.

### Other Activities in reported in December 2024

1. Intermountain Power Agency (IPA) Owner's Costs Audit Fiscal Year (FY) 2023 and 2024

The audit of the IPA Owner's Costs for the FY 2023 and 2024 was started on the week of November 4, 2022. The current audit is coordinated by the LADWP. The audit team may include auditors from other IPP participating members.