September 10, 2024

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Los Angeles Department of Water & Power

BOARD LETTER APPROVAL

RESOLUTION NO. 025 042

☐ POWER SYSTEM ☐ WATER SYSTEM ☐

☐ COO ☑ CFO ☐ LEGAL

Release Date September 23, 2024

Ann M. Santilli
Ann M. Santilli (Aug 19, 2024 08:50 PDT)

ANN M. SANTILLI
Chief Financial Officer

ANSELMO G. COLLINS
Senior Assistant General Manager
Water System

Aram Benyamin (Aug 19, 2024 12:18 PDT)

ARAM BENYAMIN
Chief Operating Officer

JANISSE QUIÑONES
Chief Executive Officer and Chief Engineer

DATE: August 12, 2024

SUBJECT: Estimated Water Supply Cost, Water Quality Improvement, and Owens Valley Regulatory Expenditures for January 1, 2025 Through December 31, 2025

SUMMARY

The attached Resolution approves expenditures for inclusion, for the 12-month period commencing January 1, 2025, in adjustment factors of the Water Rate Ordinance No. 184130 (Ordinance). These include Water Supply Cost Adjustment (WSCA), Water Quality Improvement Adjustment (WQIA), and Owens Valley Regulatory Adjustment (OVRA) factors. These expenditures are used to calculate factors for rate components that recover costs of providing water service to customers.

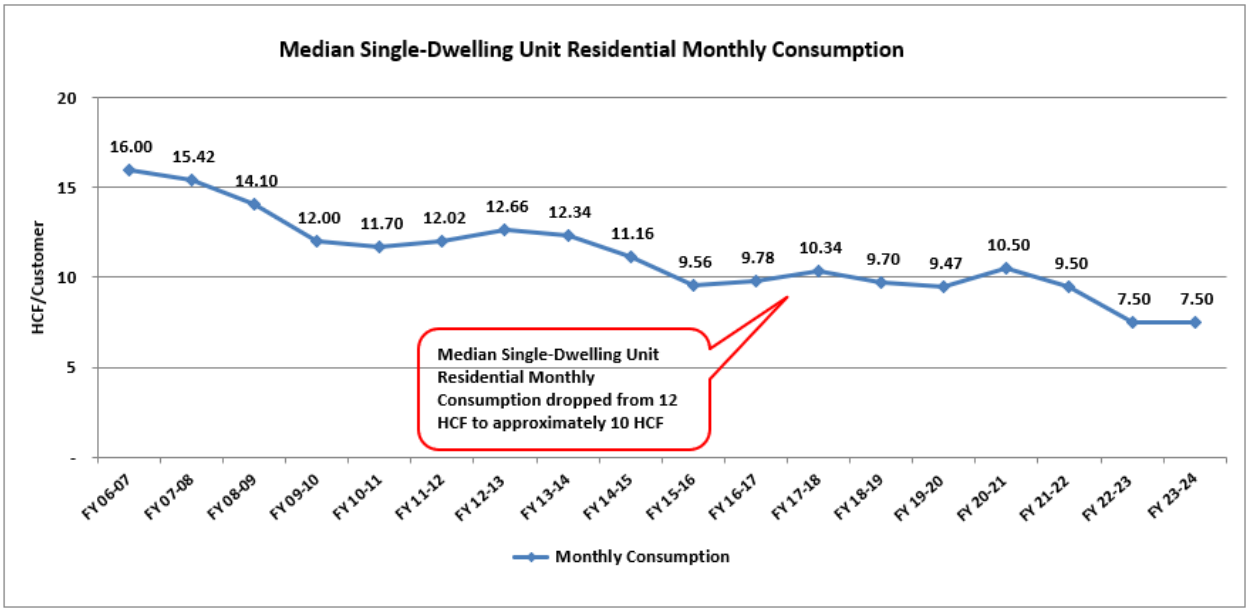
City Council approval is not required.

RECOMMENDATION

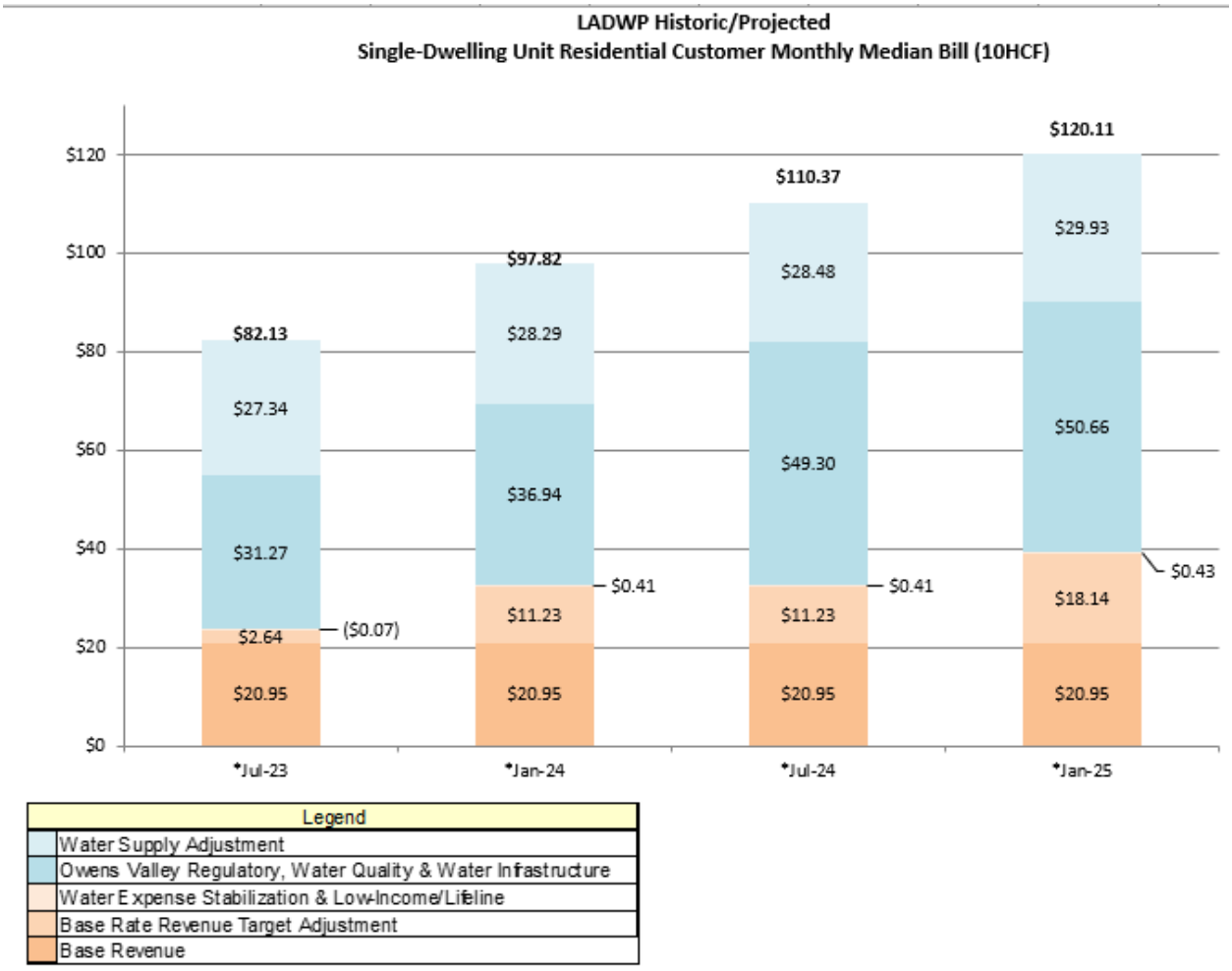
It is recommended that the Board of Water and Power Commissioners (Board) adopt the attached Resolution authorizing the estimated expenditures for inclusion in the WSCA, WQIA, and OVRA factors for the 12-month period commencing January 1, 2025.

FINANCIAL INFORMATION

The chart below shows the trend of the historic median Single-Dwelling Unit Residential customer monthly consumption. Due to effective conservation efforts as a result of Executive Directive No. 5 issued by the Mayor in October 2014, the median Single-Dwelling Unit Residential customer monthly usage has reduced from 12 hundred cubic feet (HCF) to approximately 10 HCF. Due to the wet winters and lower sales, the median Single-Dwelling Unit Residential customer monthly usage was further reduced to 7.5 HCF over the last two consecutive fiscal years.



Effective January 1, 2025, the Single-Dwelling Unit Residential customer's water bill (10 HCF) will be $120.11. Average hydrologic conditions are projected for the Los Angeles Aqueduct (LAA) supplies during the analysis period; however, expected supply remains high following the previous year's wet winter. The San Fernando Basin Groundwater Remediation Facilities are projected to be completed in early 2025 and will result in increased groundwater production. Water demand is projected to remain low, resulting in decreased purchases of supplemental supplies from the Metropolitan Water District of Southern California (MWD) to meet demands.



*Consistent with the Water System financial plan that assumes no securitization

*As a result of the court order from Los Angeles Superior Court Case No. 19STCV07272, effective May 5, 2023, the LADWP has stopped billing the Low-Income Subsidy Adjustment (LISA) Factor.

Compared to the previous period, the Single-Dwelling Unit Residential customer's monthly bill (10 HCF) will increase by 8.8 percent, or $9.74 per month, from $110.37 to $120.11. The main drivers of the increase are attributed to a higher Base Rate Revenue Target Adjustment resulting from lower sales volume and lower base rate revenue from the Single-Dwelling Unit Residential customers in Fiscal Year 2023-24 arising from the recent wet winter, an increase in capital expenditures for the Donald C. Tillman Advanced Water Purification Facility Project, an increase in operation and maintenance expenses for Recycled Water, an increase in Purchased Water costs, and an increase in the balancing account for the WSCA.

Board-approved qualified expenditures for the 12-month period commencing January 1, 2025, are used to calculate the respective factors as outlined in the Ordinance. The WSCA, WQIA, and OVRA factors are calculated two times each year

and take effect January 1 and July 1, respectively. The water infrastructure related expenditures do not require Board approval in this Board resolution since the factor is calculated once each year and takes effect July 1. The rate components applied to actual billing of customers per HCF are shown in the table below as well as the variance comparison against the previously approved factors. Calculations for the three factors that require Board approval in this Board Resolution and supporting detail are included in Schedules A, B, and C and Attachments 1, 2, and 3.

Factor (in $/HCF)	Proposed Jan-June 2025	Approved Jul-Dec 2024	Variance (Decrease)/Increase
Water Supply Cost Adjustment Factor			
Tier 1 - Basic Use	$2.591	$2.484	$0.107
Tier 2 - Efficient Use	$4.603	$4.306	$0.297
Tier 3 - High Use	$4.603	$4.306	$0.297
Tier 4 - Excessive Use	$4.603	$4.306	$0.297
Water Quality Improvement Adjustment Factor	$2.181	$2.036	$0.145
Owens Valley Regulatory Adjustment Factor	$0.550	$0.559	($0.009)
Water Infrastructure Adjustment Factor	$2.335	$2.335	$0.000

Automatic Water Adjustment Factors – Information Only

For your information, the automatic water adjustment factors not requiring Board action are in the chart below as well as the variance comparison against the prior period factors. Calculation for the proposed factors that would change on January 1, 2025, and supporting detail are included in Attachments 4 and 5.

Factor (in $/HCF)	Proposed Jan-June 2025	Prior Jul-Dec 2024	Variance (Decrease)/Increase
Base Rate Revenue Target Adjustment Factor			
Schedule A - Single Dwelling Unit Residential	$1.814	$1.123	$0.691
Schedule B - Multi-Dwelling Unit Residential	$0.773	$0.663	$0.110
Schedule Other - Commercial, Industrial, and Governmental	$0.110	($0.156)	$0.266
Water Expense Stabilization Adjustment Factor	$0.043	$0.041	$0.002

As a result of the court order from Los Angeles Superior Court Case No.19STCV07272, effective May 5, 2023, the LADWP has stopped billing the Low-Income Subsidy Adjustment (LISA) Factor. Therefore, the LISA Factor is not calculated for the January 2025 effective period.

Outside City Surcharge

The outside City surcharge, which also does not require Board approval, will be as follows for January 1 through December 31, 2025:

Outside City Surcharge *(Attachment 6)*	$0.311

The outside City surcharge is updated annually. This surcharge is a water service charge for customers with premises of which less than 90 percent of the area is inside the City of Los Angeles. The purpose of the surcharge is to recover the cost of procuring water from MWD for such customers' uses and is calculated as a difference between the average cost of water delivered to the City through the LAA over the previous five years and the cost of MWD Tier II treated water delivered to the City.

BACKGROUND

Estimated expenditures for Water Supply, Water Quality Improvement, and Owens Valley Regulatory costs for the 12-month period commencing January 1, 2025, are used in the calculation of the adjustment factors, as described below:

1. **Water Supply Cost Adjustment Factor** *(See Schedule A and Attachment 1)*

   Recoverable through the WSCA factor are costs incurred for LAA, purchased water (PW), groundwater (GW), recycled water (RW), water conservation (WC), and any additional source of water supply not described above. The LAA expense includes depreciation expense, interest expense or equivalent, operating and maintenance expense, and property taxes. The PW expense includes the total cost to LADWP of all water delivered to LADWP's system, including, but not limited to, the cost of other services provided by water suppliers. The GW expense includes depreciation expense, interest expense or equivalent, and cost for operation and maintenance for in-City GW related booster pumping. The RW expense includes costs of purchasing recycled water and costs of producing recycled water, including capital expenditures, operating and maintenance expense, costs of stormwater capture and aquifer recharge, and debt service for facilities and systems, including pipelines and pumping and treatment stations, which are part of LADWP's water recycling projects and programs. The WC expense includes costs that are incurred for customer technical assistance, customer financial incentives and the acquisition and installation of devices and systems, including low-flush toilets and low-flow shower heads, and operating and maintenance expense, which are part of those programs or projects designed to reduce the use of water.

2. **Water Quality Improvement Adjustment Factor** *(See Schedule B and Attachment 2)*

   Recoverable through the WQIA factor are costs incurred to improve water quality throughout the City of Los Angeles. This includes costs that are incurred for capital expenditures, operating and maintenance expense, and debt service associated with construction, equipment, supplies, groundwater treatment for potable use, and facilities and systems, including filtration and water treatment, cement lining, disinfection, reservoir improvements, monitoring equipment, pipelines, and conduits, which are part of those programs and projects designed to equalize the quality of water throughout the City, to meet State and Federal mandated water quality standards, or to provide security for water supply, storage, and conveyance infrastructure and related facilities.

3. **Owens Valley Regulatory Adjustment Factor** *(See Schedule C and Attachment 3)*

   Recoverable through the OVRA factor are costs that are incurred for capital expenditures, operating and maintenance expense, and debt service associated with infrastructure and related facilities, which are a part of the Owens Lake Dust Mitigation Program, the Lower Owens River Project, and the Owens Lake Master Project.

ENVIRONMENTAL DETERMINATION

Determine item is exempt pursuant to California Environmental Quality Act (CEQA) Guidelines 15060 (c)(3). In accordance with this section, an activity is not subject to CEQA if it does not meet the definition of a project. Section 15378 (b)(4) states that government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment do not meet that definition. Therefore, the authorization of the estimated expenditures for inclusion in the WSCA, WQIA, and OVRA factors for the 12-month period is not subject to CEQA.

CITY ATTORNEY

The Office of the City Attorney reviewed and approved the Resolution as to form and legality.

ATTACHMENTS

- Resolution
- Schedules A, B, and C
- Attachments 1 through 6

RESOLUTION NO. 025 042

WHEREAS, Water Rate Ordinance No. 184130 authorizes the recovery of certain qualified Board of Water and Power Commissioners (Board) approved expenditures for the Los Angeles Aqueduct, purchased water, groundwater, recycled water, and water conservation through the Water Supply Cost Adjustment Factor, water quality-related costs through the Water Quality Improvement Adjustment Factor, and Owens Valley regulatory costs through the Owens Valley Regulatory Adjustment Factor; and

WHEREAS, securitization of assets in connection with a Joint Powers Authority will not be feasible by January 1, 2025.

NOW, THEREFORE, BE IT RESOLVED that the Board approves expenditures for the Los Angeles Aqueduct totaling $98.9 million, purchased water totaling $224.2 million, groundwater totaling $93.8 million, recycled water totaling $21.5 million, and water conservation totaling $22.7 million for the 12-month period from January 1, 2025, through December 31, 2025, for calculation of the Water Supply Cost Adjustment Factor.

BE IT FURTHER RESOLVED that the Board approves expenditures for water quality-related costs totaling $384.9 million for the 12-month period from January 1, 2025, through December 31, 2025, for calculation of the Water Quality Improvement Adjustment Factor.

BE IT FURTHER RESOLVED that the Board approves expenditures for Owens Valley regulatory costs totaling $67.3 million for the 12-month period from January 1, 2025, through December 31, 2025, for calculation of the Owens Valley Regulatory Adjustment Factor.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of a resolution adopted by the Board of Water and Power Commissioners of the City of Los Angeles at its meeting held September 10, 2024

Shanti L. Mitchell
Secretary

APPROVED AS TO FORM AND LEGALITY
HYDEE FELDSTEIN SOTO, CITY ATTORNEY

AUG 12 2024

BY Brian E. Stewart
BRIAN E. STEWART
DEPUTY CITY ATTORNEY

WATER SUPPLY COST ADJUSTMENT FACTOR EXPENDITURES
January 1, 2025 – December 31, 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) – $ 798,300
  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) – $ 10,064,000
  Costs associated with operation of facilities in the Aqueduct Northern District.

- LA AQUED SYS OPER SOUTH (FI 302-2005) – $ 3,870,500
  Costs associated with operation of facilities in the Aqueduct Southern District.

- LA AQUED SYS MAINT SOUTH (FI 302-2015) – $ 7,000,000
  Maintenance costs of Aqueduct facilities in the Southern District.

- LA AQUED SYS MAINT NORTH (FI 302-2025) – $ 17,838,400
  Maintenance costs of Aqueduct facilities in the Northern District.

- RESOURCES MGMT O&M (FI 302-2035) – $ 10,006,400
  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) – $ 3,334,400
  Operating and maintenance costs associated with pumping groundwater in the Owens Valley.

- EAST SIERRA ENVIRONMENTAL (FI 401-3005) – $ 3,528,000
  Non-capital costs of environmental work associated with the LA Aqueduct.

- SOUTHERN DIST ENG & OPER (FI 409-2023) – $ 1,438,200
  Engineering and operational support and management costs for facilities and operations in the Aqueduct Southern District.

Total Los Angeles Aqueduct O&M Expenses	$ 57,878,200
Depreciation Expense Attributed to Los Angeles Aqueduct Expenditures	$ 14,650,313

WATER SUPPLY COST ADJUSTMENT FACTOR EXPENDITURES
January 1, 2025 – December 31, 2025

Property Tax	$19,519,455
Interest Expense or Equivalent	$17,462,480
Revenue Generated by Los Angeles Aqueduct Facilities	($10,649,935)
TOTAL ESTIMATED LOS ANGELES AQUEDUCT PRODUCTION EXPENSES	**$ 98,860,513**

PURCHASED WATER

PURCHASED WATER (FI 301-2224) – $ 224,169,504

TOTAL ESTIMATED PURCHASED WATER EXPENSE	**$ 224,169,504**

GROUNDWATER

- GROUNDWATER O&M (FI 405-3010) – $ 3,085,600
  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) – $ 19,630,400
  Costs, including power for pumping groundwater (other than in Owens Valley).

- PUMP BOOSTER O&M (FI 312-2240) – $ 41,442,200
  Operating and maintenance costs associated with booster pumping stations, including power costs.

Total In-City Groundwater and Related Booster Pumping O&M Expenses	$ 64,158,200
Depreciation Expense Attributed to Groundwater Expenditures	$ 13,206,089
Interest Expense or Equivalent	$ 16,445,132
TOTAL ESTIMATED IN-CITY GROUNDWATER AND RELATED BOOSTER PUMPING EXPENSES	**$ 93,809,421**

WATER SUPPLY COST ADJUSTMENT FACTOR EXPENDITURES
January 1, 2025 – December 31, 2025

RECYCLED WATER

- WATER RECYCLING O&M (FI 305-2000) – $ 11,989,500
  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) – $ 1,201,200
  Operating and maintenance costs of stormwater capture and groundwater recharge facilities and reporting as required for regulatory compliance.

Total Recycled Water O&M Expenses	$ 13,190,700
Interest Expense or Equivalent	$ 8,259,591
TOTAL ESTIMATED RECYCLED WATER EXPENSES	**$ 21,450,291**

WATER CONSERVATION

WATER CONSERVATION OPERATING AND MAINTENANCE EXPENSES

- WATER CONSERVATION O&M (FI 305-1000) – $ 14,604,100
  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)	$ 14,604,100

WATER CONSERVATION CAPITAL PROJECT EXPENDITURES

- WATER CONSERVATION - WATER FUNDED (FI 28204) – $ 17,760,400
  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	$ 17,760,400

WATER SUPPLY COST ADJUSTMENT FACTOR EXPENDITURES
January 1, 2025 – December 31, 2025

Total Capital Water Conservation to be Cash Funded @ 30% Per Ordinance No. 184130 Section 3.F.7. (2)	$ 5,328,120
Debt Service Attributed to Water Conservation Expenditures (3)	$ 2,815,719
TOTAL ESTIMATED WATER CONSERVATION EXPENSES [(1)+(2)+(3)]	**$ 22,747,939**
TOTAL ESTIMATED WATER SUPPLY COST ADJUSTMENT FACTOR EXPENDITURES	**$ 461,037,668**

WATER QUALITY IMPROVEMENT ADJUSTMENT FACTOR EXPENDITURES
January 1, 2025 – December 31, 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) – $ 34,249,900
  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) – $ 12,599,600
  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) – $ 33,584,600
  O&M costs of the Los Angeles Aqueduct Filtration Plant.

- SYSTEM FLUSHING (FI 323-3150) – $ 2,694,300
  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) – $ 41,533,900
  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
January 1, 2025 – December 31, 2025

WATER QUALITY AND OPERATIONS COMMUNITY OUTREACH PROGRAM (FI 401-0602) – $ 280,700
Costs of general public and community outreach efforts and regulatory-mandated publications and notifications.

- WATER QUALITY CONTROL (FI 321-2500) – $ 26,320,600
  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) – $ 9,573,700
  Costs associated with groundwater modeling of various basins to track contamination and hydrogeological investigations.

- WELL MONITORING O&M - WQ (FI 409-3030) – $288,700
  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) – $ 4,203,300
  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)	$ 165,329,300

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) – $ 9,698,000
  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
January 1, 2025 – December 31, 2025

- CHLORINATION STATION INSTALLATIONS (FI 24130) – $23,039,300
  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) – $ 42,959,900
  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) – $ 3,595,600
  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) – $ 22,572,700
  Replace existing water meters to eliminate the presence of lead.

- WQIP RESERVOIR IMPROVEMENTS (FI 29130) – $ 9,102,200
  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) – $ 212,718,900
  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) – $ 10,000
  Activities associated with security measures for additions and betterments work at existing facilities.

- WATER SUPPLY OPERATIONS FACILITIES (FI 29200) – $ 300,000
  Activities to improve water operations facilities, including additions and betterments associated with a water quality lab.

WATER QUALITY IMPROVEMENT ADJUSTMENT FACTOR EXPENDITURES
January 1, 2025 – December 31, 2025

- TOOLS AND EQUIPMENT (FI 29340) – $ 931,200
  Costs for safe, efficient, and reliable water quality-related tools and equipment for supporting productivity goals.

Total Water Quality Improvement Capital Expenditures	$ 324,927,800
Total Water Quality Improvement Capital to be Cash Funded @ 30% Per Ordinance No. 184130 Section 3.G.4. (2)	$ 97,478,340
Debt Service Attributed to Water Quality Improvement Expenditures (3)	$ 122,043,044
TOTAL ESTIMATED WATER QUALITY IMPROVEMENT ADJUSTMENT FACTOR EXPENDITURES [(1)+(2)+(3)]	**$ 384,850,684**

OWENS VALLEY REGULATORY ADJUSTMENT FACTOR EXPENDITURES
January 1, 2025 – December 31, 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) - $ 3,402,700
  Operating and maintenance costs for activities associated with the Lower Owens River.

- OWENS LAKE O&M (FI 401-3006) – $ 39,000,000
  Operating and maintenance costs for activities associated with Owens Lake dust mitigation.

Total Estimated Owens Valley Regulatory O&M Expenses (1)	$ 42,402,700

OWENS VALLEY REGULATORY CAPITAL PROJECT EXPENDITURES

- OWENS LAKE MASTER PROJECT (FI 21146) – $ 1,243,400
- OWENS VALLEY DUST MITIGATION (FI 22402) – $ 22,769,500
- SUPPLEMENTAL DUST MITIGATION (FI 22403) - $1,646,700

Total Owens Valley Regulatory Capital Expenditures	$ 25,659,600
Total Owens Valley Regulatory Capital to be Cash Funded @ 30% Per Ordinance No. 184130 Section 3.K.4. (2)	$ 7,697,880
Debt Service Attributed to Owens Valley Regulatory Expenditures (3)	$ 17,176,842
TOTAL ESTIMATED OWENS VALLEY REGULATORY ADJUSTMENT FACTOR EXPENDITURES [(1)+(2)+(3)]	**$ 67,277,422**

WATER SUPPLY COST ADJUSTMENT FACTOR
FOR JANUARY THROUGH JUNE 2025

Ord. Ref.

	Estimated Expenditures for Each of the Water Supply Sources for the 12-month Period commencing January 1, 2025				Source
Sec.3.F.2.(a)	Los Angeles Aqueduct		$98,860,513		Schedule A
Sec.3.F.2.(b)	Purchased Water		$224,169,504		Schedule A
Sec.3.F.2.(c)	Groundwater		$93,809,421		Schedule A
Sec.3.F.2.(d)	Recycled Water		$21,450,291		Schedule A
Sec.3.F.2.(e)	Water Conservation		$22,747,939	*	Schedule A
	Adjustment Account Ending Balance as of June 30, 2024		$96,675,958		
Sec.3.F.3.	Estimated Production Units (in HCF) of Water Supply Sources for the 12-month Period commencing January 1, 2025				
	Los Angeles Aqueduct		88,840,542		
	Purchased Water		57,078,945		
	Groundwater		28,467,072		
	Recycled Water		5,569,524		
	Water Conservation (Total Sales excluding Schedule D)		176,744,706		
	Over/Under Balance (Total Sales excluding Schedule D)		176,744,706		
	Unit Price for Each of the Water Supply Sources ($/HCF)				
Sec.3.F.3.(a)	Los Angeles Aqueduct		$ 1.113		
Sec.3.F.3.(b)	Purchased Water		$ 3.927		
Sec.3.F.3.(c)	Groundwater		$ 3.295		
Sec.3.F.3.(d)	Recycled Water		$ 3.851		
Sec.3.F.3.(f)	Water Conservation (Total Sales excluding Schedule D)		$ 0.129	**	
Sec.3.F.3.(g)	Over/Under Balance (Total Sales excluding Schedule D)		$ 0.547		
Sec.3.F.4.	Sources of Supply starting from Least Expensive to Most Expensive (S1 to S4)				
	S1 = LA Aqueduct	49.368%	$ 1.113		
	S2 = Groundwater	15.819%	$ 3.295		
	S3 = Recycled Water	3.095%	$ 3.851	***	
	S4 = Purchased Water	31.718%	$ 3.927		
Sec.3.F.5.	Customer Usage (Sales) by Tier, excluding Schedule D				
	Tier 1	74.163%	131,079,057		
	Tier 2	16.601%	29,341,194	***	
	Tier 3	5.997%	10,598,987		
	Tier 4	3.239%	5,725,468		
Sec.3.F.5.	Water Supply Cost Adjustment Factor for each Tier before Water Conservation and Over/Under Balance				
	Tier 1 = (49.368%/74.163%*1.113) + (15.819%/74.163%*3.295) + (3.095%/74.163%*3.851) + (5.881%/74.163%*3.927)		$ 1.916		
	Tier 2 = (16.601%/16.601%*3.927)		$ 3.927		
	Tier 3 = (5.997%/5.997%*3.927)		$ 3.927		
	Tier 4 = (3.239%/3.239%*3.927)		$ 3.927		
Sec.3.F.5.	Water Supply Cost Adjustment Factor for Each Tier				
	Tier 1		**$2.591**		
	Tier 2		**$4.603**		
	Tier 3		**$4.603**		
	Tier 4		**$4.603**		

* Consistent with the Water System financial plan that assumes no securitization.

** Conservation cost per HCF of water to be sold not conserved.

***Total percentage may not equal sum of parts due to rounding.

ATTACHMENT 2

WATER QUALITY IMPROVEMENT ADJUSTMENT FACTOR
FOR JANUARY THROUGH JUNE 2025

Ord. Ref.	Estimated Expenditures for Each of the Water Quality Cost Types for the 12-month Period commencing January 1, 2025		Source
	Water Quality Capital Expenditures	$97,478,340	*
	Water Quality Operation and Maintenance (O&M) Expenses	$165,329,300	Schedule B
	Water Quality Debt Service	$122,043,044	Schedule B
Sec.3.G.2.(a)	Estimated Water Quality Expenditures Subtotal	$384,850,684	
Sec.3.G.2.(b)	Adjustment Account Ending Balance as of June 30, 2024	$692,001	
Sec.3.G.2.(c)	Estimated Retail Water Sales in HCF for the 12-month Period, Less Schedule D, commencing January 1, 2025	*176,744,706*	
	Water Quality Improvement Adjustment Factor (WQIAF)	**$2.181**	

* Consistent with the Water System financial plan that assumes no securitization.

ATTACHMENT 3

OWENS VALLEY REGULATORY ADJUSTMENT FACTOR
FOR JANUARY THROUGH JUNE 2025

Ord. Ref.	Estimated Expenditures for Each of the Owens Valley Regulatory Cost Types for the 12-month Period commencing January 1, 2025		Source
	Owens Valley Capital Expenditures	$7,697,880	* Schedule C
	Owens Valley Operation and Maintenance (O&M) Expenses	$42,402,700	
	Owens Valley Debt Service	$17,176,842	
Sec.3.K.2.(a)	Estimated Owens Valley Expenditures Subtotal	$67,277,422	
Sec.3.K.2.(b)	Adjustment Account Ending Balance as of June 30, 2024	$29,967,498	
Sec.3.K.2.(c)	Estimated Retail Water Sales in HCF for the 12-month Period, Less Schedule D, commencing January 1, 2025	*176,744,706*	
	Owens Valley Regulatory Adjustment Factor (OVRAF)	**$0.550**	

* Consistent with the Water System financial plan that assumes no securitization.

BASE RATE REVENUE TARGET ADJUSTMENT FACTOR
FOR JANUARY THROUGH DECEMBER 2025

Ord. Ref.		
Sec.3.H.2.	BRRTAF for Schedule A	
Sec.3.H.3.	BRRTA Account Balance for Schedule A as of June 30, 2024	$122,888,142
	Estimated Retail Water Sales in HCF for Schedule A for the 12-month Period commencing January 1, 2025	*67,761,116*
	Base Rate Revenue Target Adjustment Factor A (BRRTAF A)	**$1.814**
Sec.3.H.2.	BRRTAF for Schedule B	
Sec.3.H.4.	BRRTA Account Balance for Schedule B as of June 30, 2024	$44,214,841
	Estimated Retail Water Sales in HCF for Schedule B for the 12-month Period commencing January 1, 2025	*57,218,258*
	Base Rate Revenue Target Adjustment Factor B (BRRTAF B)	**$0.773**
Sec.3.H.2.	BRRTAF for All Other Rate Schedules (Others)	
Sec.3.H.5.	BRRTA Account Balance for Others as of June 30, 2024	$5,706,124
	Estimated Retail Water Sales in HCF for Others for the 12-month Period commencing January 1, 2025 (Less Schedule D)	*51,765,332*
	Base Rate Revenue Target Adjustment Factor Others (BRRTAF Others)	**$0.110**

WATER EXPENSE STABILIZATION ADJUSTMENT FACTOR
FOR JANUARY THROUGH DECEMBER 2025

Ord. Ref.		
Sec.3.S.2.(a)	Adjustment Account Ending Balance as of June 30, 2024	$3,923,462
Sec.3.S.2.(b)	Estimated Expense for Legal Costs and Settlements for the 12-month Period commencing January 1, 2025	$3,746,692
Sec.3.S.2.(c)	Estimated Retail Water Sales in HCF for the 12-month Period, Less Schedule D, commencing January 1, 2025	*176,744,706*
	Water Expense Stabilization Adjustment Factor (WESAF)	**$0.043**

SURCHARGE FOR WATER SERVICE
OUTSIDE THE CITY OF LOS ANGELES
FOR JANUARY THROUGH DECEMBER 2025

Current cost per acre foot of MWD Tier II treated water delivered to the City	$1,395.00
Average cost of water per acre foot of water delivered to the City through the Los Angeles Aqueducts for the previous five years 2019-20 to 2023-24	$1,259.44
Difference per acre foot (A)	$135.56
Per hundred cubic feet (A / 435.6)	**$0.311**
Outside City Surcharge	**$0.311**

The previous surcharges for service outside the City of Los Angeles:

January 1 to December 31, 2024	$0.622
January 1 to December 31, 2023	$0.991
January 2 to December 31, 2022	$0.744
January 1 to December 31, 2021	$0.665
January 1 to December 31, 2020	$0.419
January 1 to December 31, 2019	$0.000
January 1 to December 31, 2018	$0.000
January 1 to December 31, 2017	$0.000
January 1 to December 31, 2016	$0.441