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Los Angeles
Department of
Water & Power

RESOLUTION NO. 025 255

BOARD LETTER APPROVAL

- POWER SYSTEM
- WATER SYSTEM
- COO
- CFO
- LEGAL

Release Date Jul 3, 2025

Ann M. Santilli

Ann M. Santilli (May 19, 2025 10:13 PDT)

ANN M. SANTILLI
Chief Financial Officer

David W. Hanson

David Hanson (May 19, 2025 12:46 PDT)

DAVID W. HANSON
Senior Assistant General Manager
Power System

J. Quiñones

JANISSE QUIÑONES
Chief Executive Officer and General Manager

DATE: May 12, 2025

SUBJECT: Power System Reliability Program Expenditures for Fiscal Year 2025-26

SUMMARY

The attached Resolution approves the estimated 12-month expenditures of the Power System Reliability Program (PSRP) for inclusion in the Reliability Cost Adjustment (RCA) calculation for the 12-month period commencing July 1, 2025. The RCA and the Incremental Reliability Cost Adjustment (IRCA) are rate components that recover, in part, the costs of improving the reliability of power delivery to customers, and these charges support additional capital investments needed to improve reliability in areas of power distribution, transmission, and generation infrastructures.

City Council approval is not required for this Resolution.

RECOMMENDATION

It is recommended that the Board of Water and Power Commissioners (Board) adopt the attached Resolution authorizing operation, maintenance, and debt service expenses for use in calculation of the RCA factor for the 12-month period commencing July 1, 2025.

FINANCIAL INFORMATION

On April 9, 2008, the City Council of Los Angeles (City Council) approved an amendment, Ordinance No. 179801, to the Electric Rate Ordinance No. 168436, as amended (Ordinance), which permits the RCA to recover operation, maintenance, and debt service expense of the PSRP through the application of the RCA factor.

On April 15, 2016, Incremental Electric Rate Ordinance No. 184133 (Incremental Ordinance) took effect, which provides for additional recovery of PSRP operation, maintenance, and debt service expenses through the application of the Residential Service IRCA Factor and the General Service IRCA Factor. The General Service IRCA Factor has two components, General Service IRCAF- kW and General Service IRCAF- kWh.

Board approved qualified expenditures for the 12-month period commencing July 1, 2025, through June 30, 2026, are used to calculate the RCA factors and IRCA factors, as outlined in the Ordinance and Incremental Ordinance. The expenditures approved by this Resolution are consistent with the Fiscal Year (FY) 2025-26 Final Budget for the LADWP.

The RCA and IRCA recover part of the costs of the PSRP program, with the remaining costs recovered through the base rates.

The RCA factors billed to Residential customers and General Service customers have stayed at \$0.003 per kilowatt-hour (kWh) and \$0.96 per kilowatt (kW), respectively, since July 1, 2010, and will remain unchanged for FY 2025-26, since they are capped by the Ordinance and the Incremental Ordinance.

The RCA and IRCA factors are calculated annually on a per kW and/or per kWh basis. The residential customer's monthly median bill (300 kWh per month) for the year effective July 1, 2025, will increase by an average of \$3.89 per month or \$0.01297 per kWh from the current year, if the attached Resolution is approved, due to increases in Capital and Operating and Maintenance (O&M) expenditures.

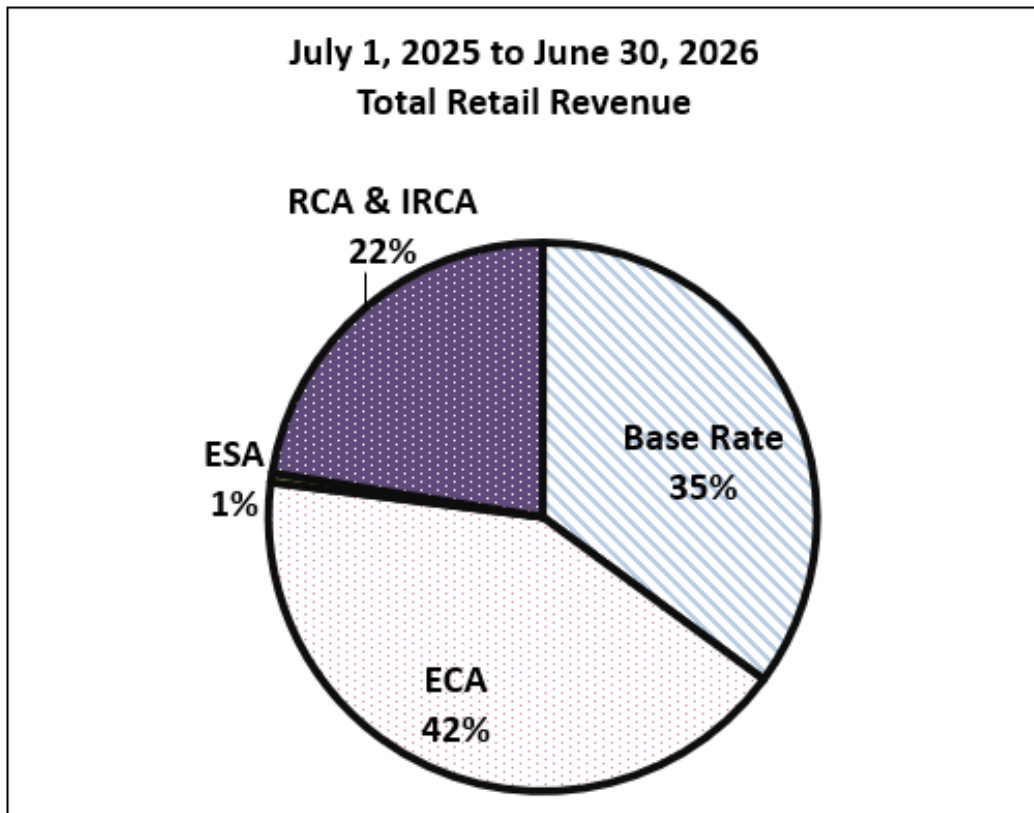
Calculations of the factors are shown below, and the supporting details are included in Schedules A, B, C, and D.

	FY 2024-25 (\$/kWh)	Proposed FY 2025-26 (\$/kWh)	Change
Residential			
RCA	\$0.00300	\$0.00300	-
IRCA	\$0.04208	\$0.05505	\$0.01297
Total	\$0.04508	\$0.05805	\$0.01297

General Service - kW	FY 2024-25 (\$/kW)	Proposed FY 2025-26 (\$/kW)	Change
RCA	\$0.96	\$0.96	-
IRCA	\$2.84	\$2.97	\$0.13
Total	\$3.80	\$3.93	\$0.13

General Service - kWh	FY 2024-25 (\$/kWh)	Proposed FY 2025-26 (\$/kWh)	Change
RCA	-	-	-
IRCA	\$0.03100	\$0.04652	\$0.01552
Total	\$0.03100	\$0.04652	\$0.01552

The RCA and IRCA are estimated to recover approximately 22 percent of the Power System revenue requirement for FY 2025-26.



BACKGROUND

The delivery of reliable power has always been a core mission of the LADWP. Historically, the reliability of LADWP's Power System has been benchmarked in the top quartile of the electric utility industry. In the mid-2000's, however, increasing outage rates, including several high-profile outages, raised service reliability concerns. The primary concern now is the aging of LADWP's infrastructure, much of which is at or near its useful life, as well as the continued growth of pending maintenance items.

To address concerns about the need for additional funding for reliability, on April 9, 2008, the Los Angeles City Council approved Ordinance No. 179801. This electric rate ordinance amendment permits the addition of the RCA to bills under each service schedule in the Ordinance, and any contracts wherein it is specified. Since May 2008 through FY 2024-25, the RCA and IRCA have provided approximately \$4.5 billion of funding that has been used to improve the reliability of LADWP's Power System.

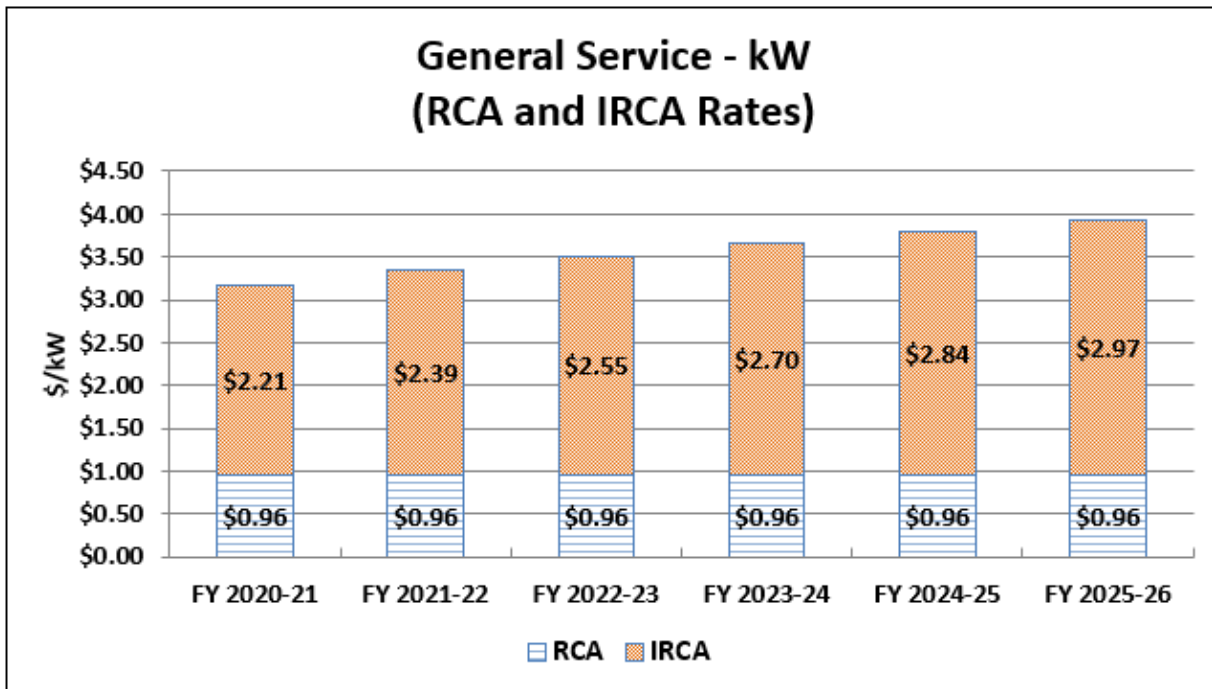
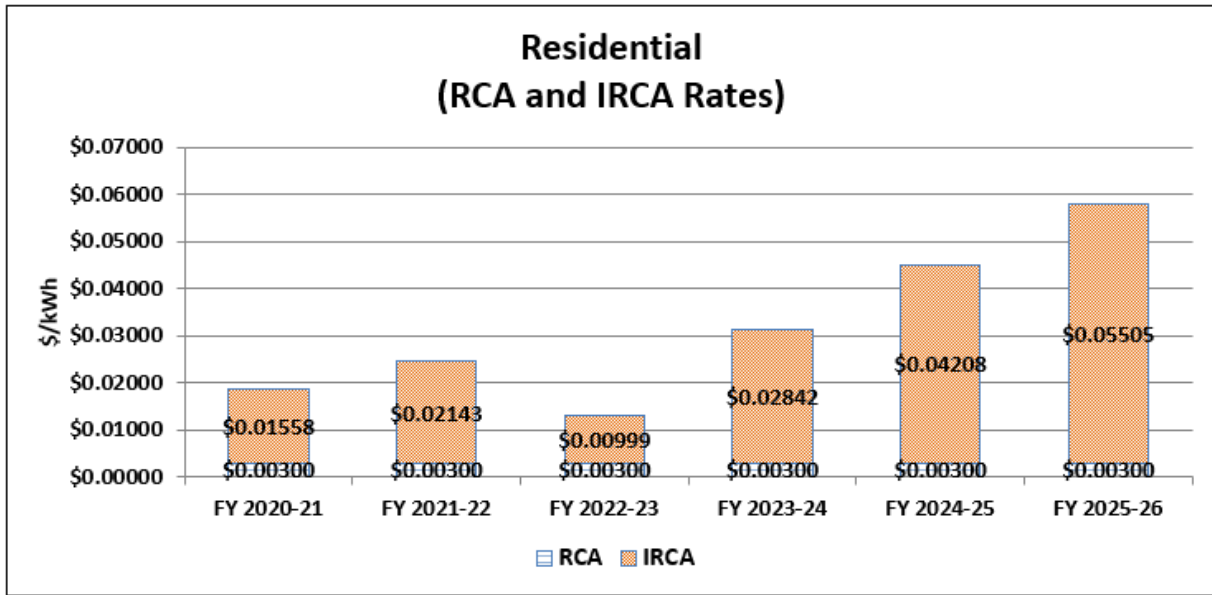
The PSRP, which is funded in part by the RCA and IRCA, is designed to improve reliability by:

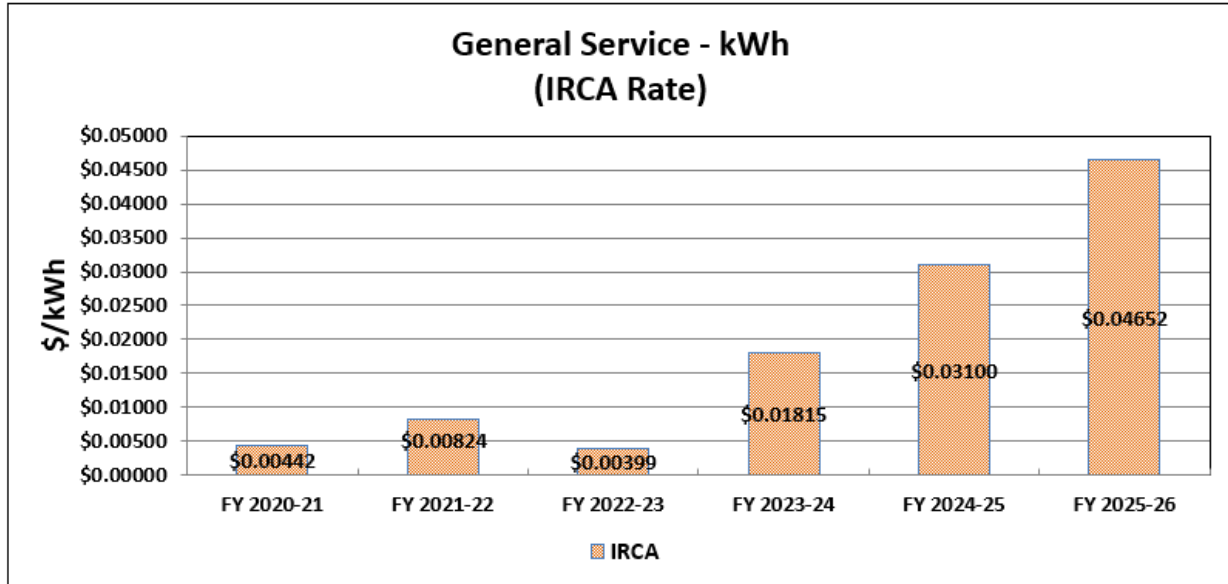
- Mitigating problem circuits and stations based on the nature of outages that are specific to the facility.
- Undertaking and developing proactive and preventative maintenance and capital improvements that also consider system load.
- Conducting inspection and routine maintenance necessary to identify problems before they occur and replacement of equipment that is consistent with the equipment's life cycle and other factors.

LADWP has numerous capital projects and programs underway that will contribute to improving the reliability of power delivery to its customers. Many of these projects and programs have and will be increased in effort and intensity and are integral to the comprehensive improvement of LADWP's infrastructure. As established by the Ordinance and Incremental Ordinance, the RCA and IRCA recover operation and maintenance expenses exceeding \$290 million annually, debt service expenses, and the cash funded portion associated with capital expenditures exceeding \$320 million annually. Costs below that level are recovered through base rates. Additional information on the billing of the RCA and IRCA is provided in the Appendix.

Prior approval by the Board of the estimated PSRP expenditures for the 12-month period commencing July 1, 2025, is required for inclusion of such expenditures in the calculation of the annual RCA factor effective July 1, 2025, through June 30, 2026. These costs are consistent with the FY 2025-26 Final Budget.

Upon approval by the Board of the estimated PSRP expenditures, the progression of the RCA and IRCA factors since July 1, 2020, is indicated in the chart:





ENVIRONMENTAL DETERMINATION

Determine item is exempt pursuant to CEQA Guidelines 15060 (c)(3). In accordance with Section 15060 (c)(3) of the California Environmental Quality Act (CEQA) Guidelines, an activity is not subject to CEQA if it does not meet the definition of a project in Section 15378. Section 15378 (b)(4) states that governmental 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 the definition of a project. Therefore, the approval of the listed expenditures for the Reliability Cost Adjustment is not an action subject to CEQA.

CITY ATTORNEY

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

ATTACHMENTS

- Resolution
- Appendix: Additional information on Billing of RCA and IRCA
- Power System Reliability – Capital - Schedule A
- Power System Reliability – O&M - Schedule B
- PSRP Debt Service - Schedule C
- RCA Factors Calculation – Schedule D.1
- IRCA Factors Calculation – Schedule D.2

RESOLUTION NO. 025 255

WHEREAS, on April 9, 2008, the City Council of Los Angeles approved an amendment, Ordinance No. 179801, to the electric rate ordinance, which permits the Reliability Cost Adjustment (RCA) to recover operation, maintenance, and debt service expenses of the Power System Reliability Program (PSRP) through the application of the Reliability Cost Adjustment Factor (RCAF); and

WHEREAS, Incremental Electric Rate Ordinance No. 184133 (Incremental Ordinance) further provides for the recovery of qualifying expenditures through the application of the Incremental Reliability Cost Adjustment (IRCA) Factor; and

WHEREAS, Electric Rate Ordinance No. 168436, as amended (Ordinance), and the Incremental Ordinance state that the RCAF and IRCA Factor shall be calculated once each year, and each such calculated factor shall take effect on July 1; and

WHEREAS, the Ordinance indicates: An RCA shall be applied to bills under each service schedule in the Ordinance, and any contracts wherein it is specified; the Residential Service RCA shall be based on total energy use; the General Service RCA shall be based on demand, as determined for Facilities Charge; the Board of Water and Power Commissioners of the City of Los Angeles (Board) is required to approve the estimated operation, maintenance, and debt service expenses associated with the capital expenditures of the PSRP for inclusion in the RCAF calculation for the 12-month period commencing July 1, 2025; and

WHEREAS, the Incremental Ordinance indicates: An IRCA shall be added to each bill unless excluded by contract clauses; the Residential Service IRCA shall be based on total energy use; the General Service IRCA shall be based on demand, as determined for Facilities Charge, and also on total energy use.

NOW, THEREFORE, BE IT RESOLVED that the Board approves Schedules A, B, C, and D.1, which are on file with the Secretary of the Board, which describe and identify the qualified PSRP expenditures, which shall be included in the RCAF calculations for the 12-month period commencing July 1, 2025, through June 30, 2026.


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 Jun 19, 2025



Secretary

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

MAY 06 2025

BY 
BRIAN E. STEWART
DEPUTY CITY ATTORNEY

Appendix

Additional Information on Billing of RCA and IRCA

Schedule D.1 shows that the calculated RCA factors for Residential customers would be \$0.126 per kWh and \$29.84 per kW for General Service customers. However, the actual amount charged is below that level due to certain caps that the Ordinance specifies.

The Ordinance specifies an annual change limit and an overall cap.

- Annual Change Limit: Change in the annual RCA factor for Residential customers is limited to not more than \$0.001 per kWh of the prior year's factor and for the General Service customers to \$0.32 per kW of the prior year's factor.
- Overall Cap: This cap is administered as maximum factor limits for the Residential customers and the General Service customers of \$0.003 per kWh and \$0.96 per kW, respectively. Since July 1, 2010, the RCA factors for these two classes of customers have been at these maximum limits.

As a result of these limitations and the consistent Incremental Ordinance billing limits, the RCAs proposed for FY 2025-2026 are as follows:

RCA

Residential:	\$0.003 per kWh
General Service:	\$0.96 per kW

To recover PSRP expenditures above the capped billing levels of \$0.003 per kWh for the Residential RCA Factor and \$0.96 per kW for the General Service RCA Factor, the Incremental Ordinance allows LADWP to recover those expenditures through the Residential Service IRCA and General Service IRCA, which are billed in addition to the RCAs. Pursuant to the approved terms of the Incremental Ordinance, the IRCA factors proposed for FY 2025-2026 (Schedule D.2) are as follows:

IRCA

Residential:	\$0.05505 per kWh
General Service (kW component):	\$2.97 per kW
General Service (kWh component):	\$0.04652 per kWh

POWER SYSTEM RELIABILITY- CAPITAL – SCHEDULE A
July 1, 2025 – June 30, 2026

LADWP has numerous proposed capital projects and programs that will contribute to improving the reliability of power delivery to its customers. Many of these projects and programs have been increased in effort and intensity and are integral to the comprehensive improvement of LADWP's infrastructure. Listed below as Functional Items are specific projects and programs that will contribute to the annual Power Reliability Cost Adjustment billing factor for the period July 1, 2025, through June 30, 2026:

FUNCTIONAL ITEM 211-86 PSRP – GENERATION

This functional item includes activities to perform major overhaul work and improvements of Power Supply Operation Division's major thermal, hydroelectric, and power generating equipment, including gas turbine generators, steam turbines, transformers, stators, rotors, and associated balance of plant equipment and various auxiliary systems.

Estimated Expenditure = \$22,074,500

FUNCTIONAL ITEM 211-87 PSRP – GENERATION MODERNIZATION

This functional item includes activities related to the Scattergood Generating Station, Units 1 & 2 Green Hydrogen Ready Modernization Project consisting of a quick start, fast ramp, fuel-flexible combined-cycle power plant, and energy storage, for maintaining grid resiliency and transmission reliability.

Estimated Expenditure = \$64,306,200

FUNCTIONAL ITEM 211-90 PSRP – DISTRIBUTION

This functional item activity consists of the upgrade and replacement of: defective and aging wood power poles, 4.8kV and 34.5kV cables, cross arms, vaults and distribution transformers; LADWP-initiated city-wide work for minor repairs and replacements of equipment; coordination and performance of service restoration; and miscellaneous distribution-related additions and betterments. It also supports the upgrades for system load growth.

Estimated Expenditure = \$478,231,500

FUNCTIONAL ITEM 211-95 PSRP – SUBSTATION

This functional item covers improvements associated with all substations (Switching Stations (SS), Receiving Stations (RS), Distributing Stations (DS), and Network Stations) in the Power System, as well as designing and construction of new or replacement indoor/outdoor Distributing and Receiving Stations as needed to sustain and to enhance the safety and reliability of the Power System as a whole. It encompasses all aspects of these substations, including, but not limited to, replacing, upgrading, and adding equipment and infrastructure at these facilities. It also supports the upgrades for system load growth.

Estimated Expenditure = \$193,518,300

POWER SYSTEM RELIABILITY- CAPITAL – SCHEDULE A
July 1, 2025 – June 30, 2026

FUNCTIONAL ITEM 212-12 PSRP – TRANSMISSION

This functional item covers new and improvements to existing overhead transmission lines and underground transmission cables to ensure reliability and capacity for growth. This includes the actual overhead transmission lines and underground transmission cables, rights-of-ways, and all system appurtenances and structures/substructures.

Estimated Expenditure = \$51,715,200

FUNCTIONAL ITEM 288-40 PSRP - POWER SYSTEM APPLICATIONS

This functional item covers new enterprise technology solutions and improvement to existing technology solutions that supports all aspects of the PSRP program. This includes Information Technology system solutions such as work management solutions, asset management solutions, record keeping technology, geographic information systems (GIS), Supervisory Control and Data Acquisition (SCADA) support, historian systems, Local Area Networks (LANs), outage management solutions, cyber and physical security systems, grid modernization technologies, Distribution Automation, business intelligent dashboard support, and Power System hardware/support.

Estimated Expenditure = \$62,629,800

FUNCTIONAL ITEM 262-05 PSRP – POWER NEW BUSINESS REVENUE GENERATION

This functional item was created to capture expenditures related to shared infrastructure that will improve Power System's ability to provide reliable electrical service.

Estimated Expenditure = \$147,913,700

FUNCTIONAL ITEM 252-71 PSRP - SYLMAR CONVERTER STATION ADDITIONS AND BETTERMENTS

This functional item provides for Additions and Betterments associated with Sylmar Converter Station and Switching Station. This includes security matters and warehouse and administration building installations.

Estimated Expenditure = \$659,100

FUNCTIONAL ITEM 253-72 PSRP - EASTERN STATIONS ADDITIONS AND BETTERMENTS

This functional item provides for Minor Capital Additions and Betterments associated with McCullough, Marketplace, Victorville, and Adelanto Switching Stations. It also includes LADWP-owned items at Mead Switching Station (Bank M Transformer).

Estimated Expenditure = \$189,800

POWER SYSTEM RELIABILITY- CAPITAL – SCHEDULE A
July 1, 2025 – June 30, 2026

FUNCTIONAL ITEM 288-15 PSRP – CRITICAL INFRASTRUCTURE PROTECTION PROGRAM SUPPORT

This functional item includes activity related to physical security upgrades at critical Power System facilities to meet North American Electric Reliability Corporation (NERC) Critical Infrastructure Protection (CIP) standards and ensure the continued reliability of the bulk power system.

Estimated Expenditure = \$24,859,800

FUNCTIONAL ITEM 243-50 PSRP - TRANSMISSION LINES ADDITIONS & BETTERMENTS

This functional item was created to capture costs associated with capital projects requested by outside agencies that are 100% reimbursable from the Brightline West Project. The functional item will house the work orders for the relocation of our transmission facilities.

Estimated Expenditure = \$4,169,300

FUNCTIONAL ITEM 281-34 PSRP - GENERAL FACILITIES IMPROVEMENT- TRANSMISSION

This functional item was created to capture costs associated with facility improvements, such as window glass replacement, security gates, climate control, electrical upgrades, and paving and roofing.

Estimated Expenditure = \$5,654,500

FUNCTIONAL ITEM 283-36 PSRP - GENERAL FACILITIES IMPROVEMENT PCM PSRP

This functional item was created to capture costs for substation facility improvements that contribute to improved power delivery reliability to LADWP customers.

Estimated Expenditure = \$6,042,200

FUNCTIONAL ITEM 235-70 PSRP - INTR AGENCY&CUST INIT

This functional item covers city driven overhead to underground conversions for power distribution facilities per LADWP's Rule Governing Water and Electric Service Rule No. 20. Costs associated with a Memorandum of Understanding with City of Los Angeles Department of Public Works (DPW) Bureau of Engineering for design and construction of water and power distribution facilities relocations for DPW's projects are included.

Estimated Expenditure = \$56,225,000

FUNCTIONAL ITEM 254-20 PSRP - SUBSTATION RELIABILITY IMPROVEMENT

This functional item covers Substation Capital work not already covered under Power System Reliability Program – Substations, which also contributes to improved power delivery reliability to LADWP customers. This includes designing and constructing a Training Distributing Station, replacing interchange meters at various substations, and

POWER SYSTEM RELIABILITY- CAPITAL – SCHEDULE A
July 1, 2025 – June 30, 2026

general substation facility improvements at Distributing and Receiving Stations, such as lighting, heating, ventilation, and air conditioning upgrades for Emergency Operations and sidewalk repair.

Estimated Expenditure = \$10,713,400

TOTAL POWER RELIABILITY CAPITAL EXPENDITURES: \$1,128,902,300

POWER SYSTEM RELIABILITY – OPERATIONS & MAINTENANCE – SCHEDULE B
July 1, 2025 – June 30, 2026

LADWP has numerous operation and maintenance programs underway that will contribute to improving the reliability of power delivery to its customers. Many of these programs have been increased in effort and intensity and are integral to the comprehensive improvement of LADWP's infrastructure. Listed below as Functional Items are the specific operation and maintenance programs that will contribute to the annual Power Reliability Cost Adjustment billing factor for the period July 1, 2025, through June 30, 2026:

FUNCTIONAL ITEM 312-3150 ENERGY CONTROL OPERATIONS

This functional item activity includes energy control operations, which include facilities maintenance at the Energy Control Center and Adelanto Emergency Dispatch Center, Grid Operations energy and transmission scheduling activities, grid operations, including load dispatching, control system support, and security assessment engineering, subtransmission load dispatching to supply power needs, and managing transmission sales on OASIS.

Estimated Expenditure = \$55,655,000

FUNCTIONAL ITEM 301-3007 NERC CIP CYBERSECURITY POWER O&M

This functional item activity includes maintaining, monitoring, reviewing, and managing cyber and physical security controls for Energy Management Systems, Supervisory Control and Data Acquisition systems, and specialized Operational Technology and Information Technology hardware and software required to maintain reliable operation of the critical Power System facilities, including generation facilities, transmission stations, and energy control centers to comply with mandatory regulatory requirements.

Estimated Expenditure = \$13,070,600

FUNCTIONAL ITEM 301-3104 PSRP – DISTRIBUTION

This functional item activity includes patrolling, inspecting, planning, dispatching, routine operations, and maintenance of the overhead and underground distribution system and electric substations, in support of required restoration and/or maintenance work, including underground substructures and cable, transformers, poles, insulators, conductors, meters, and vegetation management (tree trimming) located in the Los Angeles Basin and the Owens Valley. This item also includes IT support programs.

Estimated Expenditure = \$277,155,800

POWER SYSTEM RELIABILITY – OPERATIONS & MAINTENANCE – SCHEDULE B
July 1, 2025 – June 30, 2026

FUNCTIONAL ITEM 301-3132 PSRP – TRANSMISSION

This functional item activity includes patrolling, inspecting, planning, routine operations, and maintenance of the overhead and underground transmission system, including the Sylmar Converter Station, Sylmar Switching Station, Pacific HVDC Intertie, various receiving stations, and transmission lines and cables, in support of required restoration and/or maintenance work located in the Los Angeles Basin, Owens Valley and other outlying areas. This item also includes IT support programs.

Estimated Expenditure = \$63,810,800

FUNCTIONAL ITEM 301-3201 PSRP – SUBSTATION

This functional item activity consists of Substation Operation's operation and maintenance activities for electric substations (receiving, switching, distributing, and IS stations). This includes inspection and maintenance of substation equipment and various administrative and management activities. It also includes support work done in stations by various groups, including Electric Station Maintenance, Station Operations, Electric Station Construction, System Protection, Station Test, and Electric Trouble.

Estimated Expenditure = \$131,807,100

FUNCTIONAL ITEM 343-5200 POWER SYSTEM JOURNEYMAN TRAINING

This item includes costs associated with safety and craft journeymen training, including those of trainees and instructors, and personal protective equipment.

Estimated Expenditure = \$70,860,300

FUNCTIONAL ITEM 358-3140 POWER SYSTEM TRAINEE TRAINING

This item includes costs associated with apprenticeship academic training, including those of trainees and instructors.

Estimated Expenditure = \$90,520,400

**FUNCTIONAL ITEM 312-3170 TRANSMISSION PLANNING, ENGINEERING,
CONTRACT**

This functional item covers the planning and development of transmission assets to support native load needs, joint transmission projects including Intermountain Power Project transmission asset replacement, Balancing Authority and Pseudo Tie agreements, to update the Open Access Transmission Tariff terms and conditions and transmission and ancillary services rates for wholesale transmission customers, and for compliance, which activities contribute to improved power delivery reliability to customers.

Estimated Expenditure = \$7,080,000

POWER SYSTEM RELIABILITY – OPERATIONS & MAINTENANCE – SCHEDULE B
July 1, 2025 – June 30, 2026

FUNCTIONAL ITEM 313-3107 EASTERN SYSTEM SWITCHING STATIONS - EX IPF

This functional item provides for the operation and maintenance costs associated with McCullough, Victorville, and portions of Adelanto Switching Stations, as well as Energy Control Center allocations for scheduling power flow.

Estimated Expenditure = \$4,770,200

FUNCTIONAL ITEM 321-3150 POWER SYSTEM SYLMAR CONVERTER STATION

This functional item provides for Sylmar Converter Station safety and training programs, as well as Energy Control Center allocations for scheduling power flow.

Estimated Expenditure = \$10,100

FUNCTIONAL ITEM 311-3160 TRANSMISSION LINES MAINTENANCE

The functional item activity consists of underground transformer research expenses, which include test data interpretation, special studies, and seminars. It also includes Electric Power Research Institute membership in the Underground Transmission, Direct Current Cables, and Electromagnetic Fields task forces. This functional item additionally covers any research and study for implementation and evaluations of a new technology, including moving away from oil filled cable and related issues regarding system upgrades.

Estimated Expenditure = \$1,024,200

FUNCTIONAL ITEM 351-3200 DISTRIBUTION SYSTEMS OPERATIONS AND MAINTENANCE

The functional item activity consists of system operation and maintenance expenditures required for administration or minor services, including utilities, permits, certificates, inspections, emergency action plans, fuel, pumps, codes and ordinances, regulatory compliance, and environmental concerns. The purpose of this functional item is to provide funding to maintain existing district facilities and/or equipment to a high level of operational efficiency, which in turn maximizes productivity by eliminating conditions within the facility that can lead to the interruption or disruption of planned work flow.

Estimated Expenditure = \$17,634,800

FUNCTIONAL ITEM 351-3705 OWENS DISTRIBUTION

This functional item activity consists of maintenance of the Owens Valley Distribution Headquarters. The maintenance of this facility includes painting, lighting, plumbing, janitorial, gardening, and a/c services to maintain a safe and healthy work environment, which contributes to improved power delivery reliability to LADWP customers.

Estimated Expenditure = \$323,100

POWER SYSTEM RELIABILITY – OPERATIONS & MAINTENANCE – SCHEDULE B
July 1, 2025 – June 30, 2026

FUNCTIONAL ITEM 358-3201 TRANSMISSION HEADQUARTERS OPERATIONS AND MAINTENANCE

This functional item activity consists of transmission headquarters operation and maintenance costs of the Boulder, Fernley, Cedarville, and Metro Headquarters. This item includes, but is not limited to, repair of electrical, plumbing, air conditioning, and heating systems, painting, insect abatement, and payment of utility bills, which provide a safe and clean work environment for all crews and administrative staff, contributing to improved power delivery reliability to LADWP customers.

Estimated Expenditure = \$636,500

FUNCTIONAL ITEM 358-3500 PSRP GENERAL BUSINESS OPERATION EXPENSE PTD

This functional item covers the estimated costs for activities related to the cleanup of Power System's legacy contaminated sites, specifically, Main Street, Streetlight Maintenance Headquarters, Wilmington Gramercy Right of Way, Valley Generating Station/Truesdale, and Lincoln Heights Service Center.

Estimated Expenditure = \$8,977,700

TOTAL POWER RELIABILITY O&M EXPENDITURES: \$743,336,600

PSRP Capital Expenditures Debt Service - Schedule C

Total Qualified Capital Expenses (Schedule A)	\$1,128,902,300
Threshold Established per Ordinance	<u>320,000,000</u>
Net Qualified PSRP Capital Expenditures	\$808,902,300

Estimated debt service expense of the debt-funded portion
of PSRP capital expenditures, based on the following bond issues:

Bond issue 2007 Series A1 & A2	\$269,693
Bond Issue 2008 Series A1 & A2	1,286,470
Bond Issue 2009 Series A&B	3,442,386
Bond Issue 2010 Series A & B	2,702,231
Bond Issue 2010 Series D	2,963,121
Bond Issue 2012 Series B	2,790,643
Bond Issue 2013 Series B	4,095,753
Bond Issue 2016 Series A	0
Bond Issue 2016 Series B	110,543
Bond Issue 2017 Series C	637,606
Bond Issue 2019 Series A	5,464,233
Bond Issue 2019 Series C	6,686,027
Bond Issue 2020 Series B	7,278,143
Bond Issue 2021 Series B	5,749,684
Bond Issue 2022 Series A	2,360,369
Bond Issue 2022 Series B	3,461,086
Bond Issue 2023 Series B&E	10,515,535
Bond Issue 2024C, 2024D, 2024E	5,519,457
Bond Issue 2025	<u>741,494</u>

Estimated debt-funded portion of PSRP capital expenditures **\$66,074,474**

**RELIABILITY COST ADJUSTMENT FACTORS (RCAF)
CALCULATION
JULY 1, 2025 - JUNE 30, 2026**

(Ordinance No. 168436, as Amended)

Estimated Expenditures for the 12-Month Period Beginning July 1, 2025:

Estimated Operation and Maintenance (O&M) Expenditures (Schedule B)	\$743,336,600
Less: Ordinance Threshold	\$290,000,000
(a) Net Qualified PSRP O&M Expenditures	\$453,336,600
(b) Debt Service Expense Associated with PSRP Capital Expenditures (Schedule C)	\$66,074,474
(c) 8% City Transfer	\$41,552,886
Grand Total (a + b + c)	\$560,963,960

(d) Allocation to Residential Service Customers

<i>(1) Estimated Annual Residential Retail Energy Sales, net of Lifeline and Low-Income Residential Sales (kWh)</i>	6,132,575,391
<i>(2) Estimated Sales to Ultimate Customers, net of Lifeline and Low-Income Residential Sales (kWh)</i>	19,571,368,905

O&M and Debt Service Allocated to Residential Service Customers ((1) ÷ (2)) 31% \$175,774,816

(e) Estimated Balance in the Residential RCA Account as of June 30, 2025 \$596,033,301

(f) Allocated to Residential Service Customers **\$771,808,118**

(g) Estimated Annual Residential Retail Energy Sales, net of Lifeline and Low-Income Residential Sales (kWh) 6,132,575,391

For Residential Service Customers

Residential RCAF per kWh to be sold	\$0.126
Existing Residential RCAF as of June 30, 2025	\$0.003
With Annual Adjustment Limit/Maximum Rate	\$0.003
Residential RCAF per kWh for Billing	\$0.003

(h) O&M and Debt Service Allocated to General Service Customers 69% \$385,189,143.52

(i) Estimated Balance in the General Services Account as of June 30, 2025 \$1,138,654,320

(j) Allocated to General Service Customers **\$1,523,843,464**

(k) Estimated Annual Non-coincident Demands in Kilowatt (kW) 51,066,684

For General Service Customers

General Service RCAF per kW to be sold	\$29.84
Existing General Service RCAF as of June 30, 2025	\$0.96
With Annual Adjustment Limit/Maximum Rate	\$0.96
General Service RCAF per kW for Billing	\$0.96

**INCREMENTAL RELIABILITY COST ADJUSTMENT FACTORS (IRCAF)
CALCULATION
JULY 1, 2025 - JUNE 30, 2026**

(Ordinance No. 184133)

Residential Service IRCAF

R.3.(a)	Estimated Debt Service Expense of the Debt-Funded Portion of PSRP Capital Expenditures (Schedule C)		\$66,074,474
R.3.(b)	Estimated Cash-Funded Portion of PSRP Capital Expenditures		\$647,121,840
R.3.(c)	Estimated Operating and Maintenance (O&M) Expenditures (Schedule B)	\$743,336,600	
	Less: Ordinance Threshold	<u>\$290,000,000</u>	
	Net Qualified PSRP O&M Expenditures		\$453,336,600
R.3.(d)	City Transfer ((R.3.(a) +(b) + (c)) x 8%)		\$93,322,633

Total PSRP Expenses (R.3.(a), (b), (c), and (d)) **\$1,259,855,547**

R.3.(e)	Estimated Annual Retail Energy Sales from Customers Not Receiving Gen. Service (kWh)	7,624,073,314	
	+ Estimated Annual Energy Sales to Ultimate Customers (kWh)	21,062,866,828	
	Allocation to Residential Service Customers	36%	

PSRP Expenses Allocated to Residential Service Customers (R.3.(d) x R.3.(e)) \$456,026,767

R.3.(g)	Estimated Residential IRCA Balancing Account as of June 30, 2025		\$23,007,675
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Total Residential Service Expenses (R.3.(e) and (g)) **\$479,034,442**

R.3.(h)	Estimated Annual Retail Energy Sales from Residential Service Customers		7,624,073,314
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R.3.(i)	Uncapped Residential RCAF and Residential IRCAF (\$/kWh)		\$0.06283
	Less: Residential Capped RCAF per kWh for Billing		<u>(\$0.00300)</u>
	Calculated Residential IRCAF per kWh		\$0.05983
	Less: City Transfer (8%) from Residential IRCAF per kWh		<u>(\$0.00479)</u>
	Residential Service IRCAF per kWh for Billing		\$0.05505

General Service (GS) IRCAF**GS IRCAF per kW**

R.5.(a)	Total PSRP Expenses (R.3.(a), (b), (c) and (d))	\$1,259,855,547	
	Allocation to GS Customers	64%	
	PSRP Expenses Allocated to GS Customers		\$803,828,780

R.7.	Multiply PSRP Expenses Allocated to GS Customers by 0.90 to Update R.5.(a)	90%	\$723,445,902
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R.5.(c)	Estimated Balance in the GS IRCA Account as of June 30, 2025		\$76,152,573
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Total GS Expenses (R.7. and R.5.(c)) **\$799,598,475**

R.5.(d)	Estimated Annual GS Non-coincident Demands in Kilowatt		51,066,684
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R.5.(e)	Uncapped GS RCAF and GS IRCAF (\$/kW)		\$15.658
	Less: GS Capped Reliability Cost Adjustment Factor (CRCAF) (\$/kW)		<u>(\$0.960)</u>
	Calculated General Service IRCAF per kW		\$14.698
	Capped General Service IRCAF per kW for Billing (Capped at \$2.84/kW + \$0.384/kW, per R.7)		\$3.224
	Less: City Transfer (8%) from General Service I-RCAF per kW		<u>(\$0.258)</u>
	General Service IRCAF per kW for Billing		\$2.966

GS IRCAF per kWh

R.5.(f)	Updated R.5(a) Divided by 0.9 + R.5(c)		\$879,981,353.03
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R.5.(g)	Revenue Billed through GS CRCAF (\$/kW)	\$0.96	\$49,024,016
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R.5.(h)	Estimated GS Revenue Billed through IRCAF-kW	\$2.97	\$151,467,869
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Remaining Expense Allocated to GS IRCAF-kWh (R.5.(f) - (g) - (h)) **\$679,489,468**

R.5.(i)	Estimated Annual Retail Energy Sales From GS Customers (kWh)		13,438,793,514
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Calculated General Service IRCAF per kWh **\$0.05056**

Less: City Transfer (8%) from General Service IRCAF per kWh (\$0.00404)

General Service IRCAF per kWh for Billing **\$0.04652**