

Valley Alliance of
Neighborhood Councils
VANC

34 San Fernando Valley Neighborhood Councils
Established March 03, 2003 by Jill Banks Barad-Hopkins

August 19, 2022

Martin Adams, General Manager
Los Angeles Department of Water and Power
111 N. Hope Street
Los Angeles, CA 90012

Dear Mr. Adams:

During the August 11th, 2022 meeting of VANC, there was a lively discussion regarding LADWP rate increases and that several years back LADWP presented a chart identifying water and electric rate increases over a five year period. The chart would be a great tool for customers to estimate their bills. Looking back over those five years, the chart's projections were about 50% too low. A shock to those paying the bills.

You may not be aware that 34 of the city's 99 Neighborhood Councils are in the San Fernando Valley and frequently attend our meetings to voice concerns. This chart being one of our concerns. The result of the evening's discussion was the passing of the following motion:

The Valley Alliance of Neighborhood Councils (VANC) supports the use of the ratepayer categories used in the 'Water and Power Associates' recommendation letter of June 30, 2022 for the purpose of projecting rate increases from the LA100 Power System program for each year into the future where rates are forecast. See examples set forth in the attached "Water and Power Associates" letter."

VANC appreciates your attention to this request. LADWP has an invitation to attend a future meeting to provide us with an update.

Thank you!

Sincerely,



Linda Gravani, Chair

VANC34.chair@gmail.com

Cc: VANC NC Presidents

Chante.mitchel@ladwp.com

Attachment:

Water and Power Associates, Inc letter dated 20Jun22

Water and Power Associates, Inc.
932 Easy Street
Los Angeles, CA 90042
323-240-1234

Water and Power Associates, Inc.

June 20, 2022

Board of Commissioners,
Los Angeles Department of Water & Power
PO Box 51111
Los Angeles, CA 90051-0100

Ratepayer Impacts of LA100 Proposal

Dear Board Members,

The Water and Power Associates (WPA) appreciates the opportunity to comment on the potential ratepayer impacts of implementing LA100 through the 2022 Strategic Long-Term Resource Plan. WPA is a 501(c)(4) nonprofit corporation, established to support sound water and energy policy in Los Angeles, Southern California, and the State. WPA supports the goals of LA100, showing leadership in reducing carbon emissions while continuing to supply a reliable and affordable source of electricity for the City of Los Angeles. Additionally, we understand how difficult it is to project rate impacts of future electric utility planning, particularly with such significant changes expected in the development and operation of LA's power system over the next decade or two.

WPA believes it is very important to provide an accurate estimate of the cost implications of the LA100 program to its ratepayers. In the past, LADWP has been very transparent in presenting rate changes and associated bill impacts. For example, in the last major rate adjustment implemented on April 15, 2016, LADWP presented a proposal for water and electric rate increases over a five year period. This process included public workshops where proposed rate increases were presented for typical, low and high-use residential customers as well as small commercial customers (see the LADWP Proposed Rate Increase Chart below). The presentation then showed projected water and electric bill impacts for each of these four customer types at the end of the five years of rate increases. This was a very clear and useful way to present the financial impacts to the customer for future LADWP costs related to operations and changes required to these systems.

However, even though this 2016 process used excellent outreach, there was little public follow-up regarding LADWP's projections compared to the actual customer rates/bills throughout the 5 year period (ending April 14, 2021). This is where we feel LADWP needs to do a better job. For example, monthly residential electric bills over the 2016-2021 timeframe

Directors

Jerry Gewe
President

Rex Atwell
First Vice President

Jim McDaniel
Second Vice President

Robert Yoshimura
Secretary

David Oliphant
Asst. Secretary

Bill Engels
Treasurer/Membership

Phyllis Currie
Asst. Treasurer

Jerry Gewe
*Newsletter Editor and
Historical Preservation*

Bill Glauz
Assistant Newsletter Editor

Jack Feldman
Webmaster

Board Members

William Barlak

John Dennis

Rod Fishburn

Dorothy Fuller

Duane Georgeson

George Higgins

Walt Hoyer

Larry Kerrigan

Alice Lipscomb

Scott Munson

Susan Rowghani

Don Sievertson

Julie Spacht

Bill Woodson

Walter Zeisl

were projected in 2016 to increase 2.1% to 3.9% per year for a typical and high-use residential customer respectively. However the actual monthly residential electric bill increased 5.1% to 6.7% per year for the same customers, assuming they were valley residents. For non-valley residential customers the bill increases were even greater. Similar differences were seen in the projected versus actual water bill increases. (Note: our analysis was done using actual customer billing rates and charges over the five year period.)

Calculating LADWP's billing rates is fairly complicated. For example, the standard residential electric rates have up to eight different components, plus a Power Access Charge. It is useful to publish the component costs to provide electric service including all projections and the approval process for each of the rate components. However, this information does complicate things for the typical ratepayer.

Therefore, based on the above information and for simplicity and transparency, we suggest that for all future rate increases a similar outreach process and chart as used in 2016 be continued but updated every two years with review by the Office of Public Accountability. This is particularly important as LADWP moves forward with any LA100 plan. This will assure full transparency so that all ratepayers will know the projected costs to them, including any future changes. Additionally, the rate chart developed for the LA100 timespan should include activity milestone dates so that ratepayers can see they are getting measurable progress for their increasing rates. Without this measurable component, any LA100 rate increase is simply an "open ended" rate increase with no perceived value to the customer. Finally, the developed rate chart for this time period should include all LADWP costs since most ratepayers want a simple process to explain their total current bill and any future changes to it.

Thank you for your consideration in this matter,

Sincerely,



Gerald A. Gewe, President
Water & Power Associates, Inc.

cc: Martin Adams
Dr. Fred Pickel

LADWP Handout for Proposed 5 Year Rate Increase, December 2015

	Low-Use Residential (250 kWh/Month 8 HCF/Month)	Typical Residential (500 kWh/Month 12 HCF/Month)	High-Use Residential (900 kWh/Month 27 HCF/Month)	Small Commercial (1,000kWh/Month 15 HCF/Month)
Current Monthly Bill	\$74.97	\$130.67	\$276.03	\$235.32
5-Year Avg. Annual Power Rate Change	\$1.05 (2.7%)	\$1.61 (2.1%)	\$6.05 (3.9%)	\$5.19 (3%)
5-Year Avg. Annual Water Rate Change	\$1.07 (2.6%)	\$3.02 (4.8%)	\$11.05 (7.2%)	\$3.01 (3.8%)
Average Monthly Bill Increase At the End of 5 Years	\$2.13 (2.69%)	\$4.63 (3.32%)	\$17.10 (5.54%)	\$8.21 (3.27%)
Average New Monthly Bill At the End of 5 Years	\$85.59	\$153.84	\$361.51	\$276.36