



# 2016 - 2020 WATER & POWER RATE CHANGES

## Commercial/Industrial & Multi-Family Residential Customers

On April 15, 2016, LADWP's new water and power rate adjustments for 2016 through 2020 became effective. The new rates will provide necessary investments to accelerate the replacement of aging water and power infrastructure, protect our water supply against drought conditions, transform energy supply to meet mandates, and improve customer service. Additional base rate adjustments will take place on July 1st of 2016, 2017, 2018, and 2019. Even with these adjustments, LADWP's rates still remain competitive with nearby utilities. Along with having competitive rates, LADWP offers many incentives and rebates to help our commercial, industrial and multi-family residential customers manage their water and power use and save even more on their bills.



### Water Rate Changes

From 2016-2020, the average annual water rate change will be 3.8% for small commercial customers (averaging 15 hundred cubic feet, or HCF, per month), 2.5% for medium-sized commercial customers (averaging 80 HCF per month), and 2.3% for large commercial customers (averaging 500 HCF per month).

#### Commercial/Industrial Customers:

 Water rates for commercial and industrial customers (Schedule C) will remain based on two tiers of water allotments, Tier 1 and Tier 2, and vary based on season – High Season (June through September) and Low Season (October through May). Commercial customers' Tier 1 Low Season allocation is determined by the business's highest winter water use during any of the following periods:

- December 2006 through March 2007 daily average\*
- December 2007 through March 2008 daily average\*

- December 2008 through March 2009 daily average\*
- December 2014 through March 2015 daily average

\*In accordance with the shortage year rate, the highest daily average is multiplied by 85%, the number of days in the period, and 115%.

For the High Season, a business can use 105% of its Low Season Tier 1 water allotment and remain within the Tier 1 price level. Water use above the Tier 1 level is priced at the Tier 2 level. New and existing customers who have no water use history will be billed at the Tier 1 level until winter usage is established.

#### Multi-Family Residential Customers:

 Water rates for multi-family residential customers living in condos and apartments will continue to be based on two tiers of water allotments but will not vary based on seasons. The Tier 1 allotment for multi-family residential customers (Schedule B), effective April 15, 2016, is determined by the highest water use during any of the following periods:

- December 2006 through March 2007 daily average\*
- December 2007 through March 2008 daily average\*
- December 2008 through March 2009 daily average\*
- December 2014 through March 2015 daily average

\*In accordance with the shortage year rate, the highest daily average is multiplied by 85%, the number of days in the period, and 115%.

All usage above the Tier 1 allotment will be billed at Tier 2 rates. New and existing customers who have no water use history will be billed at the Tier 1 level until winter usage is established. Note that all multi-family residential customers are given a minimum Tier 1 allocation of 24 HCF.

Effective July 1, 2016 and July 1, 2017, the Tier 1 allotment will be 93% and 88% respectively of the initial allocation established as described above for multi-family residential customers.



## Electric Rate Changes

From 2016-2020, the average annual electric rate change will be 2.5% for small businesses (averaging 1,000 kilowatt-hours, or kWh, per month), 3.7% for medium-sized commercial customers (averaging 12,250 kWh per month), and 3.7% for large commercial/industrial customers (averaging 100,000 kWh per month). The 2016-2020 electric rates will continue with essentially the same tier pricing structure. In addition, the electric rates include a discount to boost new business growth for qualified commercial customers.



## Other Rate Changes

**Electric Business Promotion Rider:** To encourage new business in Los Angeles, the new electric rate ordinance includes a discount for qualified commercial customers, effective October 1, 2016, for three years on a declining scale. Businesses must be new LADWP electric service customers, have a minimum demand of 100 kilowatts of electricity per month and meet other requirements of the ordinance. The discount starts at 7.6% in the first year, drops to 5% in the second year and to 2.5% in the third year.

**Base Rate Revenue Target (BRRT):** The BRRT uses a standard industry practice called decoupling to encourage conservation while covering LADWP's fixed costs of providing reliable water and electricity service. Revenues above the sales target will be returned to customers while revenues below the sales target are recovered through charges over the next calendar year.

**Water and Power Infrastructure Adjustments:** The new rate ordinances include infrastructure adjustment factors to address critically aging and vulnerable water and electric infrastructure in the city of Los Angeles. These adjustments will address the cost of increasing the repair and replacement of water mains and trunk lines, power poles, circuits and other critical infrastructure.

## Competitive Rates

Many water and power agencies are raising their rates in the region and state to meet increasing costs of providing reliable water and power. Even after the new rate changes, LADWP's rates will remain competitive with those of other public and investor-owned utilities in the state.

# WAYS TO SAVE

LADWP offers many energy efficiency and water conservation rebates and programs designed to help businesses manage their costs while saving water and electricity.



## Energy Saving Programs

From lighting to refrigeration to HVAC systems, LADWP has a variety of energy efficiency solutions tailored for commercial, industrial and institutional customers. Many of these

programs offer custom solutions and rebates for state-of-the-art efficient technologies. Following are just a few of the programs on offer:

- Energy Efficiency Technical Assistance Program: a comprehensive approach to energy efficient building upgrades
- Commercial Lighting Incentive Program: a calculated savings approach for efficient lighting solutions
- Food Service Program: rebates for refrigeration and other commercial food storage measures
- Commercial Direct Install Program: free installation of efficiency upgrades for qualified businesses



## Water Saving Programs

Businesses can help meet LA's water conservation goals and manage their water bill through a variety of rebates and programs, including:

- Water Technical Assistance Program: incentives to install custom water conservation projects
- Commercial Rebate Program: rebates for water efficient fixtures, ranging from high-efficiency toilets to smart irrigation controllers
- Landscape Incentive Program: rebates to replace turf with water-wise landscaping

For more detailed information about the rate changes, please visit [www.ladwp.com/rates](http://www.ladwp.com/rates).

To learn more about LADWP's energy efficiency and water saving programs, please visit [www.MyLADWP.com](http://www.MyLADWP.com) and scroll over "How to Save" or go directly to [www.ladwp.com/non-res](http://www.ladwp.com/non-res).