

5/26/10

Financial Stability: Water Budget for 2010-2011

	FY 2010-11 (in millions)	Percent of Revenue
Revenue:		
Residential Customers	\$ 379	41
Commercial and Industrial Customers	550	59
Total Revenue	929	100
Expenses:		
Purchased Water	173	19
Labor	284	31
Materials and Others	94	10
Depreciation	122	13
Other Income & Expenses	13	1
Interest Expense	136	15
Total Expenses	822	88
Net Income	\$ 107	12

Included in the June 1 presentation

Financial Stability: Credit and Cash Flow of the Water System
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	FY 2010-11 (in millions)	Percent of Revenue
Revenue	\$930	100
Operating Expenses & Other Income	(\$578)	(62)
Cash Available for Debt Service	\$352	38
Interest Expense	(\$138)	(15)
Debt Maturities	(\$30)	(3)
Net Capital Expenditures	(\$568)	(61)
Net Funding Needs	(\$384)	(41)
Bond Proceeds	\$493	53
Other items	(\$22)	(2)
Change in Cash	\$87	9
Beginning Cash	\$109	12
Ending Cash	\$196	21

Included in the June 1 budget presentation

Water System Financial Plan Summary

	Actual	Current	Forecast
	2008-09	2009-10	2010-11
1 . Sales (Million HCF)	256.6	225.9	230.0
2 . Revenue: *			
a . Base Rates	340.9	365.6	380.3
b . WPA - Purchased Water & In-City Pumping	254.9	224.1	215.1
c . WPA - DSM & Reclaimed Wtr.	40.0	67.1	97.5
d . Water Security	49.0	58.9	72.9
e . Water Quality	62.1	78.2	75.2
f . Water Revenue	0.0	14.1	14.3
g . Owens Valley Regulatory	23.1	24.5	43.2
h . Low Income Subsidy	15.6	17.8	19.4
i . Water Rights Revenue	7.8	9.3	10.9
j . Other Operating Revenue	-9.5	-1.3	0.4
Total Operating Revenue	784.0	858.3	929.2
System Average Rate (\$/HCF)	2.96	3.69	3.99
3 . Operation & Maintenance Expenses			
Water Quality	33.8	42.9	46.1
Water Reclamation	12.8	11.1	11.1
In-City Pumping	24.8	29.2	32.1
Water Security	35.2	35.1	39.1
Owens Valley/LORP	22.8	24.0	26.5
Regular	212.0	206.9	223.4
Total O & M Expenses	341.4	349.2	378.2
Purchased Water Expenses	215.9	177.8	172.8
Demand Side Management Expenses	11.9	27.2	29.8
4 . Capital Expenditures:			
DSM	1.3	1.2	2.3
Water Quality	119.4	158.0	231.6
Water Reclamation	11.3	30.9	49.7
Water Security	11.8	20.6	30.4
Infrastructure	184.5	255.5	253.7
Capital Expenditures, Net	328.4	466.3	567.6
5 . Total Borrowing	150	487	493
6 . Net Income	66.5	119.4	106.9
7 . Transfer to City	-63.4	0.0	0.0
8 . Financial Ratios			
Debt Service Coverage (cur/cur)	1.6	2.1	2.1
Debt Service Coverage (accrual)	1.8	2.2	2.1
Capitalization Ratio	0.50	0.53	0.56
Addtn'l Bond Test Ratio: (prev / max)			
Debt Service Coverage	1.65	1.83	1.61

*Revenue section for FY 09-10 reflects actuals through April 2010.

Los Angeles Department of Water and Power
Water System Income Statement
(\$ In millions)

<i>Fiscal Year ending June 30,</i>	Actual	Current	Forecast
	2009	2010	2011
<i>Consumption (Million HCF)</i>	256.6	225.9	230.0
Revenue From Base Rates	340.9	365.6	380.3
Impact of Base Revenue Increase	0.0	0.0	0.0
Change in Accrued Revenue	(8.9)	0.0	0.0
Revenue from Purchased Water (WPA) Factor	221.8	260.7	235.6
Change in (Over)/Under Collection of PW Adj Factor	33.2	(36.6)	(20.4)
Revenue from DSM & Reclaimed Water (WPA) Factor	42.9	51.6	102.5
Change in (Over)/Under Collection of DSM/RW	(2.9)	15.5	(5.0)
Revenue from Water Quality Factor (WQIA)	62.1	37.0	32.9
Change in (Over)/Under Collection of WQIA Factor (O&M/DS on	0.0	41.2	42.3
Revenue from Security Factor	43.8	55.9	73.3
Change (Over)/Under Security Factor	5.2	3.0	(0.5)
Revenue from Owens Lake & LORP Factor	33.5	42.4	57.0
Change (Over)/Under Owens Lake Factor	(10.4)	(17.9)	(13.8)
Revenue from Low Income Subsidy Factor	13.4	14.5	21.7
Change (Over)/Under Low Income Subsidy Factor	2.2	3.4	(2.3)
Water Rights Revenue	7.8	9.3	10.9
Revenue from Water Revenue Adj Factor	0.0	5.2	15.0
Change (Over)/Under Water Revenue Adj Factor	0.0	8.8	(0.6)
Other Operating Revenue	4.4	3.6	4.5
Allowance for Bad Debt	(5.0)	(4.9)	(4.1)
Total Operating Revenue	784.0	858.3	929.2
System Average (\$/HCF)	2.96	3.69	3.99
Purchased Water	215.9	177.8	172.8
Demand Side Management	11.9	27.2	29.8
Operation & Maintenance Expense	341.4	349.2	378.2
Depreciation	83.1	94.8	121.8
Property Taxes	12.4	12.9	13.2
Total Operating Expenses	664.7	661.9	715.8
Operating Income	119.2	196.5	213.4
Gain/Loss on Asset Sales	0.0	0.0	0.0
Other Income/Expenses, Net	8.6	9.3	15.7
Income Before LT Debt Exp.	127.8	205.7	229.1
Interest On Fixed LT Debt	88.2	107.5	133.9
Interest On Variable LT Debt	4.7	3.2	3.8
Amortization of Debt Expenses	1.1	(0.1)	0.8
LT Debt Expense	94.0	110.6	138.6
AFUDC	(2.0)	(5.2)	(3.0)
Net LT Debt Expense	92.0	105.4	135.6
Contributions in Aid of Construction	30.6	19.1	13.4
Change in Fund Net Assets before Transfer	66.5	119.4	106.9
Transfer To City Reserve Fund	(63.4)	0.0	0.0
Extraordinary gain/(loss) on extinguishment of debt			
increase in Fund Net Assets	129.8	119.4	106.9

Los Angeles Department of Water and Power
Water System Balance Sheet
(\$ In millions)

	Actual	Current	Forecast
<i>Fiscal Year ending June 30,</i>	2009	2010	2011
Plant Assets:			
Plant in Service	5,262.7	5,607.9	6,321.9
C W I P	651.5	767.1	615.1
Gross Plant	5,914.2	6,375.0	6,937.0
Accum. Depreciation	1,816.5	1,889.3	1,989.1
Net Plant Assets	4,097.8	4,485.7	4,947.9
Current Assets:			
Revenue Funds	119.6	109.2	195.9
Construction Fund	47.0	110.0	85.0
Insurance Funds & Others	21.9	22.9	23.9
Expense Stabilization Fund	32.7	32.7	32.7
Bond R&I Fund	75.1	84.8	88.1
Accounts Receivable	79.7	83.3	91.8
Due from/to Power System	(9.9)	11.0	11.0
Accrued Revenue	52.7	52.7	52.7
Material & Supplies	18.3	18.0	18.0
Prepayments	20.9	21.6	21.6
Total Current Assets	458.1	546.3	620.8
Net Pension Asset	48.4	46.7	45.1
Net Postretirement Asset	209.7	245.6	281.8
Total Assets	4,814.1	5,324.3	5,895.5
Retained Earning	1,505.5	1,613.5	1,707.0
Accumulated CIAC	762.9	774.2	787.6
Fund Net Assets	2,268.3	2,387.8	2,494.6
Fixed Rate Bonds	1,926.9	2,398.7	2,857.0
Variable Rate Bonds	325.0	325.0	325.0
LT Debt Due 1 YR	26.0	30.2	28.7
Non - Current Debt	2,225.8	2,693.5	3,153.4
Current Liabilities:			
LT Debt Due in 1 Yr	26.0	30.2	28.7
Accrued Interest on Bonds	45.1	54.5	59.4
Accounts Payable	172.6	122.7	122.7
LT Workers Comp. Liab.	13.5	13.5	13.5
Customer Deposit	74.5	75.2	76.0
Accrued Postretirement Liab.	0.0	0.0	0.0
Payable to City's Reserve Fund	0.0	0.0	0.0
OV (UN) Recovery Purchased Water	(33.5)	(6.4)	14.1
OV (UN) Recovery DSM & Reclaim	20.0	(4.3)	0.7
OV (UN) Recovery Water Quality	0.0	(38.6)	(80.9)
OV (UN) Recovery Water Security	2.0	(3.9)	(3.5)
OV (UN) Recovery Owens Lake	1.1	15.6	29.4
OV (UN) Recovery Water Subsidy	(1.3)	(5.7)	(3.4)
OV (UN) Recovery WRA	0.0	(9.7)	(9.0)
Total Current Liabilities	319.9	243.1	247.5
Total Fund Net Assets and Liabilities	4,814.1	5,324.3	5,895.5

Los Angeles Department of Water and Power
Water System Operating Results
(\$ in millions)

<i>Fiscal Year ending June 30,</i>	Actual	Current	Forecast
	2009	2010	2011
Total Operating Revenue (Cash basis)	765.7	841.0	929.6
Purchased Water	215.9	177.8	172.8
Demand Side Mgmt	11.9	27.2	29.8
O & M Expenses	341.4	349.2	378.2
Taxes	12.4	12.9	13.2
Total O & M Less Depreciation	581.6	567.1	594.0
Net Proceeds From Assets Sales	0.0	0.0	0.0
AFUDC	0.0	0.0	0.0
Other Income/Expenses, Net	8.6	9.3	15.7
Total Other Income	8.6	9.3	15.7
Balance Avail for DS	192.7	283.2	351.3
Interest on Fixed Rate Debt	88.2	107.5	133.9
Fixed Rate Bond Maturities	23.9	26.1	30.2
Interest on Variable Rate Debt	4.7	3.2	3.8
Variable Rate Bond Maturities	0.0	0.0	0.0
Total Debt Service	116.8	136.8	168.0
Balance Avail After DS	75.9	146.4	183.3
Transfer to City	(63.4)	0.0	0.0
Available From Operation	139.2	146.4	183.3

Los Angeles Department of Water and Power
Water System Source of Funds
(\$ in millions)

<i>Fiscal Year ending June 30,</i>	Actual	Current	Forecast
	2009	2010	2011
Beginning Cash	85.8	119.6	109.2
Available From Operation	139.2	146.4	183.3
Cont. In Aid Of Construction	30.6	19.1	13.4
Bond Proceeds	150	487	493
Revenue Certificate	0.0	0.0	0.0
Chg In Current Assets	109.7	(132.6)	(22.3)
Chg In Current Liabilities	(9.9)	(63.7)	5.6
Clearing Depreciation	0.0	0.0	0.0
Refunded Bonds	(34.4)	0.0	0.0
Premium (Loss) on Bonds	1.5	15.6	0.0
Bond Issue Costs	(1.1)	(4.9)	(4.9)
Sale of Assets	0.0	0.0	0.0
Total Source	471.4	586.9	777.0
Capital Expenditures	351.8	477.6	581.0
Ending Cash	119.6	109.2	195.9