



December 8, 2009

Honorable Members of the City Council
City of Los Angeles
200 N. Spring Street, 4th Floor
Los Angeles, CA 90012

Re: Independent Oversight of LADWP – Support in Concept

Dear Councilmembers,

On behalf of the Los Angeles Area Chamber of Commerce, I write to express our support for strong independent financial oversight of the Los Angeles Department of Water and Power (LADWP). In light of recent rate increases, the subsequent attempt to remove the cap on the Energy Cost Adjustment Factor, and significant infrastructure needs, it has become clear that more transparent oversight is needed for the utility.

Three motions from Councilmembers Garcetti, Smith and Huizar suggest different approaches to providing such oversight. The Chamber supports elements of all three, but in general, we would like to convey support for the concept of an independent and objective authority, which we view as the best way to ensure that transparent information is available to the city's ratepayers. Objectivity, particularly, will be critical to ensure public trust in the department as it conducts a major capital improvement campaign along with expected rate increases to meet both AB 32 goals and the City's Renewable Portfolio Standard.

The DWP rate structure and budget are difficult for any non-utility industry veteran to comprehend. Providing a layperson's overview of the department's finances will allow ratepayers to be certain that their money is being spent as intended. Finally, to ensure independence, the Chamber urges that the overseeing authority report to the businesses that LADWP serves as well as the Council and the LADWP Commission.

There are several successful models for agency oversight here in Los Angeles, including the Police Department, LAUSD and Metro that the Chamber urges Council to explore closely. The selection, scope, tenure and reporting requirements of the authority are all critical issues to consider.

The Chamber supports the Council's efforts to create accountability and transparency for the residents and business that purchase water and power from LADWP. As Council moves forward, we look forward to participating in this ongoing dialogue.

Sincerely,

A handwritten signature in cursive script that reads "Gary Toebben".

Gary Toebben
President & CEO