



August 27, 2012

Date: 9-19-10
Submitted in 838 Committee
Council File No: 12-1004
Item No.: 1
Deputy: DWP

Ron Nichols
General Manager
Los Angeles Department of Water and Power
111 North Hope Street
Los Angeles, CA 90012

Dear Ron,

The Los Angeles Business Council (LABC) has carefully studied LADWP's proposal to raise utility rates. We are well aware of the exigent need to increase revenue to pay for much needed and overdue improvements to power system to ensure continued reliable service. At the same time we understand the LADWP's need to transition away from polluting sources of energy like coal due to state and federal mandates to reduce carbon emissions and increase renewable energy.

Given this urgent situation and your noted strides towards responsibly reducing labor costs where possible, the LABC supports the LADWP's proposed rate increase with the understanding that the Department continues its efforts at transparency and adopts clear accountability standards for its operations, maintenance, infrastructure, renewable energy and energy efficiency programs. Specifically, we recommend that the Department implement an effective cost management process to monitor and audit vital programs including conducting business plans for each program, annual performance reviews for program staff, regular standardized reports on all program costs and quarterly review of the energy efficiency program, the solar feed-in tariff program, and the infrastructure and maintenance program.

We are encouraged by the way the initial LADWP 10 MW pilot for the solar feed-in tariff program has been initiated and are looking forward to providing constructive input on the final program. We are also encouraged by the LADWP's increased commitment and funding for energy efficiency. We recommend that the department look at commonly used benchmarking models such as the Total Resource Cost test for evaluating the efficiency program's cost-effectiveness and continue to report to City Council on a quarterly basis on the efficacy of the solar feed-in tariff program.

While these rate increases are imperative for the continued health of the LADWP's systems and reliability, equally imperative is the implementation of these clean energy programs in a manner that is affordable and accountable to the rate-payer.

LABC commends LADWP for its commitment to transparency and collaboration as it moves to achieve its numerous goals and meet its challenges. For these reasons, and given the conditions we present above, we support the proposed power rate increase.

Thank you,
Mary Leslie
Mary Leslie, President

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Lori Tierney, Unisource Solutions
Nadine Watt, Watt Companies
Mike Whatley, SunPower
Jim Wilson, National Electrical Contractors Association
Gillian Wright, Semptra Energy Utilities



September 19, 2012

Los Angeles City Council
200 North Spring St.
Los Angeles, CA 90012

Re: Support for Los Angeles Department of Water and Power's Proposed Incremental Electric Rate Ordinance

Honorable Members of the Los Angeles City Council,

On behalf of the Los Angeles Area Chamber of Commerce and our 1,600 member organizations, I am writing to express support for the Los Angeles Department of Water and Power's (LADWP) Proposed Incremental Electric Rate Ordinance, which is scheduled to be considered by the Energy & Environmental Committee on Wednesday, September 19, 2012.

The Los Angeles Area Chamber of Commerce has carefully reviewed the LADWP's proposal, and we agree with the City's Rate Payer Advocate that the LADWP needs to generate additional revenue over the next two years in order to:

- Comply with mandated Federal and State regulations and related deadlines;
- Replace/upgrade rapidly aging infrastructure; and
- Enhance conservation pricing signals and simplify the rate structure.

It is not any easy call for a business organization to support an increase in rates during this fragile economic climate. However, we believe the proposed rates are structured in a manner that minimize the impact on the business community, while providing LADWP with adequate revenue to support the infrastructure necessary to ensure Los Angeles continues to meet our utility goals. Furthermore, we believe that without the additional \$328.4 million in revenue, the LADWP's ability to provide safe and reliable power to Los Angeles businesses and residents would be compromised, jeopardizing the City's ongoing economic recovery. Therefore, we encourage the Los Angeles City Council to adopt LADWP's Proposed Ordinance.

Finally, I would like to commend LADWP General Manager Ron Nichols and his staff for being transparent and forthcoming with the business community throughout their decision-making process. The LADWP's transparency has significantly improved under his tenure and we encourage him, the LADWP Board of Commissioners, and the Los Angeles City Council to continue looking for ways to improve the agency's transparency and efficiency moving forward.

If you have any questions, please contact Frank Lopez at 213.580.7573 or flopez@lachamber.com

Sincerely,

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

Gary Toebben
President & CEO