

STATEMENT IN SUPPORT OF EXEMPTING THE THE APPLICATION OF THE CITY POWER TRANSFER AND UTILITY TAX FROM THE PROPOSED DWP RATE INCREASE

The San Fernando Valley Business Political Action Committee (Val*Pac), consisting of 19 business owners and residents of the San Fernando Valley, founded in 1981 to help strengthen the economic vitality and improve the quality of life in the San Fernando Valley and surrounding region, respectfully submits this statement to urge the City Council to exempt the application of the City's Power Transfer and Utility Tax from the proposed DWP rate increase. Let 100% of the revenue raised by the rate increase go exclusively to the DWP and not one dime of the additional revenues go to the City's General Fund.

The proposal by the DWP for rate increases will have a severe negative impact on both the businesses and quality of life in the San Fernando Valley. However, since we understand that an increase is probably necessary to pay for improving the aging energy infrastructure and to meet the alternative energy goals, we do not oppose the proposed rate increase. What we do oppose is the massive windfall (of almost \$1 billion over the next decade) that the City's general fund will receive as a result of the almost 20% combined Utility Tax and Transfer Fee on the incremental rate increase. This is an additional burden placed squarely on the backs of the ratepayers that will neither improve the aging energy infrastructure or meet the alternative energy goals or, for that matter, do anything to provide better or more efficient services to the ratepayers.

By exempting the City's Power Transfer and the Utility Tax from the proposed rate increase, you will essentially place a cap on the amounts of the Power Transfer and Utility tax now collected by the City. This cap will have no negative effect on the City's general fund and will ensure that all money raised by the proposed rate increase will go exclusively to the DWP.

The citizens and businesses of Los Angeles are burdened with enough taxes and fees. Any incremental increase in energy rates should be free from the added cost of providing a windfall to the City's general fund and should go 100% towards satisfying the goals underlying the rate increase. We ask each member of the City Council to establish this exemption and to vote for an honest and straightforward rate increase.