



# FELIPE FUENTES

**City of Los Angeles**  
**Councilmember, Seventh District**  
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Committees:  
Energy & Environment  
*Chair*  
Housing  
*Vice-Chair*  
Health, Mental Health &  
Education, *Member*  
Planning & Land Use  
Management, *Member*  
Board of Referred  
Powers, *Member*

February 19, 2016

The Honorable Herb Wesson  
Council President  
200 North Spring Street, Room 430  
Los Angeles, CA 90012

Re: Council File 16-0093, Department of Water and Power Governance Issues / Charter and  
Administrative Code Amendments for Inclusion in a 2016 Ballot Measure

Dear Council President Wesson:

Thank you for convening today's meeting of the Rules, Elections, Intergovernmental Relations and  
Neighborhoods Committee to discuss my motion on reforming the Los Angeles Department of Water  
and Power (DWP).

DWP does an exceptional job of providing water and power service to the residents of Los Angeles. But  
it is still failing its ratepayers. In the past two decades, at least four independent studies of DWP have  
been critical of how the utility is governed. All have called for governance reform.

We don't need any more studies to tell us there are problems at the utility. We, as ratepayers,  
experience those problems each time we receive an inaccurate bill or wait too long to speak to a  
customer service rep or hear about security gaps at critical water and power sites.

Ratepayers have long called for reform at the Department of Water and Power. My motion would  
address the areas that have been repeatedly identified – both by studies and by practical experience –  
as problems at the utility.

First, this motion calls for the creation of a full-time, professional Board of Water and Power  
Commissioners. Board members would be required to have expertise in areas such as public utility  
management, environmental policy, or finance. These Board members would have the ability to serve  
out five-year terms and could not be removed by the Mayor. A full-time board, with a dedicated staff,  
would have the time and resources to better vet the General Manager's proposals and provide real  
oversight for the multi-billion dollar enterprise.

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Second, this motion calls for limiting political interference at the utility. I am proposing that this new Board be a true decision-making body. The City Council would still maintain its ability to assert jurisdiction, if necessary, over Board actions to ensure that the Board is accountable to ratepayers. But Board actions would no longer require additional City Council approval, which adds time and costs to the approval process and opens Board decisions to political interference.

Third, this motion calls for capping the City Transfer at its level in 2010, when voters approved Proposition 26. Capping the Transfer at this level would lead to a reduction of the current Transfer by about \$40 million. The cap would leave more funds at the utility for investment in water and power infrastructure and would also prevent the Transfer from growing due to future rate hikes.

The proposals outlined in this motion would create a strong governing board to increase oversight, reduce political inference, and achieve operational efficiencies to save money for the utility and the ratepayer. I believe these reforms can help to restore ratepayers' confidence in DWP and enable the utility to focus on that which it does best – providing water and power to the people of Los Angeles.

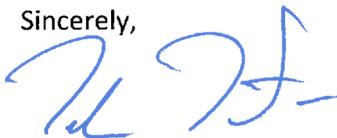
If approved by your committee and ultimately the City Council, these proposed Charter changes would go before a vote of the citizens of Los Angeles. Therefore, it is critical that the conversation about DWP reform be transparent and include the public. I want to thank you for agreeing to hold several committee meetings on this motion to obtain input from ratepayers.

In closing, I want to highlight the important opportunity we have to reform DWP.

Just a few years ago, the Los Angeles City Council considered three proposals to reform DWP. The members who were here at that time placed two of those reforms on the ballot for a public vote. That resulted in the creation of the Ratepayer Advocate and new regulations around the City Transfer. The third proposal – which called for changes to DWP's governance structure – did not make it on the ballot, and voters never had an opportunity to weigh in on the matter.

It is my hope that we can move forward with the proposal before your committee today so ratepayers finally have an opportunity to reform the Department of Water and Power. Thank you for your consideration.

Sincerely,



FELIPE FUENTES

Councilmember, Seventh District

cc: Honorable Marqueece Harris-Dawson, Councilmember, Eighth District  
Honorable Jose Huizar, Councilmember, Fourteenth District  
Holly Wolcott, City Clerk