

ENERGY AND ENVIRONMENT COMMITTEE REPORT relative to the Los Angeles Department of Water and Power's (LADWP) benchmarking assessment Phase I findings and scope of review for the Phase II and III components.

Recommendations for Council action:

1. NOTE and FILE Motion (Fuentes - Blumenfield) relative to the LADWP's benchmarking assessment Phase I findings and scope of review for the Phase II and III components and how said review will be used for the implementation of system wide improvements.
2. REQUEST the LADWP to report in regard to its Phase II review results upon completion of said review.

Fiscal Impact Statement: Neither the City Administrative Officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: None submitted.

Summary:

On April 1, 2015, your Committee considered a Motion (Fuentes - Blumenfield) relative to the LADWP's benchmarking assessment Phase I findings and scope of review for the Phase II and III components. According to the Motion, in September 2012, Council requested the LADWP to conduct a benchmarking assessment of its operations and services to compare with other utilities and ensure cost reasonableness (Council File No. 12-1504). The request stemmed from a Ratepayer Advocate and independent third party review associated with a proposed rate matter.

Subsequently, on March 17, 2015, the LADWP responded to the City Council's request by presenting the benchmarking assessment to the Board of Water and Power Commissioners. The assessment consisted of Phase I findings which stated that the LADWP offers low rates compared to its peers and ranks favorably on system reliability and operational costs. The assessment also showed that the LADWP needs significant improvement in customer service. JD Power and Associates ranked the LADWP last in customer service satisfaction amongst its peers.

The LADWP reports that it plans to use the initial benchmarking assessment to identify areas for more in-depth analysis and pursue system-wide improvements. It will employ this approach as it conducts the next phases of its benchmarking assessment. In the LADWP's effort to promote transparency and ensure it is focused on the needs of the ratepayers, it should report its benchmarking assessment to Council. In this manner it can meet this objective; and fulfill the City Council's request of comparing the LADWP's operations with other utilities and determining cost reasonableness.

After further consideration and having provided an opportunity for public comment, the Committee moved to note and file the Motion and recommend requesting the LADWP to report back to Council in regard to its Phase II review results upon completion of said review. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ENERGY AND ENVIRONMENT COMMITTEE

A handwritten signature in black ink, appearing to be '72D' or similar, written in a cursive style.

<u>MEMBER</u>	<u>VOTE</u>
FUENTES:	YES
BLUMENFIELD:	ABSENT
LABONGE:	YES
HUIZAR:	ABSENT
KORETZ:	YES

ARL

4/1/15

-NOT OFFICIAL UNTIL COUNCIL ACTS-