



# **Responsibilities & Powers of the OPA's Executive Director**

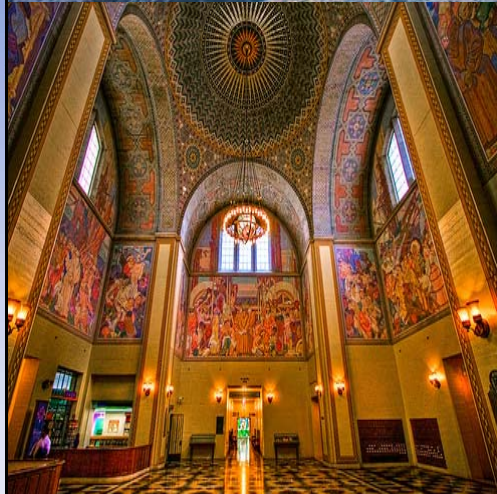
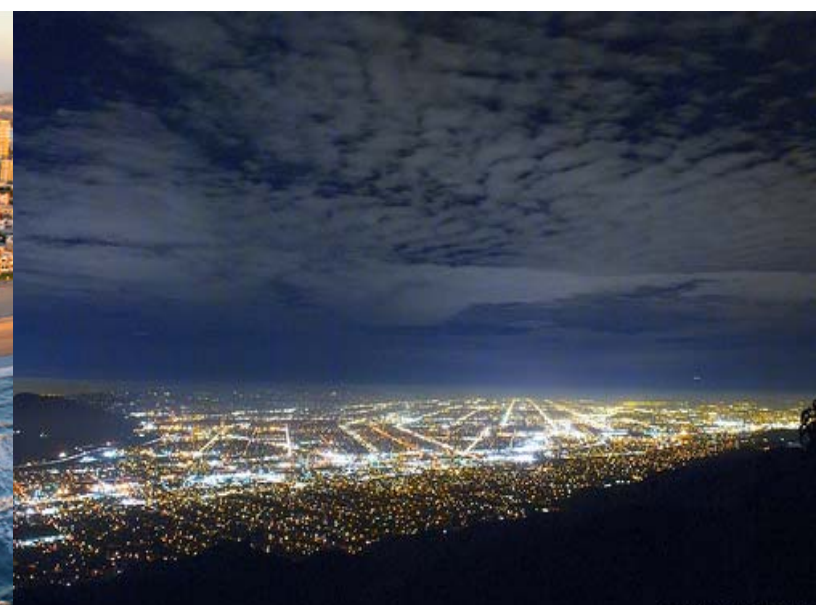
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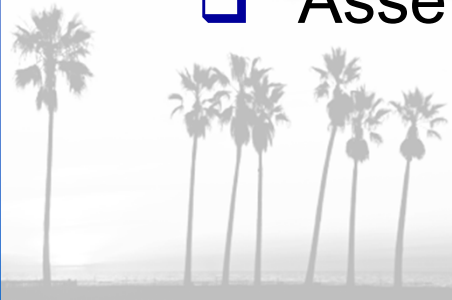
**[opa.lacity.org](http://opa.lacity.org)**

**November 30, 2017**



## ***Background: What is LADWP?***

- ❑ Sole utility provider of water and power inside LA
- ❑ A department within the City of LA
  - Financially managed through 2 city funds, the Water Fund and the Power Fund
  - Governed by a 5 member Commission, subject to Council and Mayoral oversight and, on some issues, approval
- ❑ Budgeted 2016/17 revenues
  - Water Fund: \$1.175 Billion
  - Power Fund: \$3.721 Billion
  - Total budgeted revenue: \$4.896 Billion or \$1,225 per resident per year
- ❑ Assets FYE2016: \$26.2 Billion or \$6,550 per resident



# Establishing OPA Responsibilities & Powers

## □ From the Charter

- Role of OPA shall be to provide public independent analysis of departmental actions ...(related to) rates
- Executive Director shall:
  - ✓ Report to DWP Board, but not be instructed by it;
  - ✓ Administer OPA affairs;
  - ✓ Manage OPA employees, subject to civil service;
  - ✓ Prepare annual budget;
  - ✓ Expend OPA funds (including, without limitation, awarding contracts);
  - ✓ Perform other duties prescribed by ordinance.
- OPA shall issue reports.

## □ Guidance from 2011 Ballot's "Argument In favor"

- Bring greater transparency in the DWP
  - ✓ DWP has not implemented recommendations of outside experts
  - ✓ More transparency needed on operations, finances, strategy, and long-term plans
- Hold DWP accountable to its customers
  - ✓ Shed greater light on operations & finances
  - ✓ Independent watchdog, charged with analyzing rates
- Increase consumer protection



# Additional Guidance from Outside

## □ Utility Knowledge

- Long-term investment cycle, with technical, business, financial, and political risks
- Environmental management
- Need for high reliability
- Profits and costs
  - ✓ Private utility investors can pay the price of bad decisions.
  - ✓ Publicly-owned utility costs are *all* carried by ratepayers, bad or not.

## □ Regulation of Utilities

- Non-discriminatory service
- Just & reasonable standard
- Standards for revenue requirements
  - ✓ Investor-owned utility rates include a return for shareholders, but publicly-owned utilities rates do not.
  - ✓ California Prop 218 and 26
- Standards for rate structure
  - ✓ Cost of service by customer class



# Consolidating Executive Director's Responsibilities and Powers

□ Implementing Ordinance 182494, CF 11-0452-S2

➤ Mission of OPA

- ✓ Improve DWP by analyzing & reporting on reasonableness of rates, strategic plans, and other DWP policies, procedures, decisions, contracts, programs.
- ✓ Information and recommendations to DWP Board, Council, Mayor, NC's, and public.
- ✓ Provide information and advice, to DWP, Mayor, and Council.

➤ Authority of Exec Director from Charter

➤ Reporting..... (con't.)

● Charter Amendment

● Ballot Statement in Favor

● Utility & Regulation Knowledge



# ***Consolidating Executive Director's Responsibilities and Powers (con't.)***

## **□ Implementing Ordinance 182494, CF 11-0452-S2**

### **➤ Reporting Obligations**

- ✓ Reports to DWP Board, Council, Mayor, NC's and public on reasonableness of rate actions and modifications
- ✓ Information to Board, Council, Mayor, NC's, and public on long-term strategic plans (incl. IRP), proposed DWP budget, and policies, practices, programs, contracts, agreements, and other actions that impact rates
- ✓ Have discretion to make recommendations to Board, Council, Mayor, and public on improving reasonableness and transparency of DWP policies and rates
- ✓ Maintain a public repository of all OPA reports (at [opa.lacity.org](http://opa.lacity.org))

### **➤ Consumer Protection & Complaints -- Discretion to:**

- ✓ Review individual customer accounts, and
- ✓ Make recommendations concerning customer service performance at DWP



# *Special Powers, Special Challenges*

## ❑ Special Powers

- Can focus on material impacts on rates
  - ✓ Not an inspector general
- Can contract without Council or Mayor approval if in budget and under 3 years.
- Access to information to fulfill OPA responsibilities
  - ✓ City is a single legal entity

## ❑ Special Challenges

- Tension between transparency/reporting obligations and topics considered confidential, closed session issues, or legally privileged
  - ✓ Protracted litigation is common in utilities.
- Scope is only internal to the City.



# ***Typical Schedule Addressing Responsibilities***

- ❑ Work with DWP in advance of proposals on rates, budgets, long-term plans, projects, etc.
  - Biweekly meeting OPA/DWP financial services
- ❑ Track and participate in meetings of:
  - DWP Board (2x per month)
  - Council Committee on Energy, Climate Change and Environmental Justice ( 2x per month)
  - City Council (DWP items, 2 to 3x per month)
  - Special groups like IRP (1 per month, typically)
  - Coordination on rates (2x per month during rate review)
- ❑ Sample quarterly schedule attached





<b>SAMPLE</b>		<b>Calendar Years / Quarters</b>							
<b>Topic Area</b>	<b>Sub-topic</b>	<b>2017-Q4</b>	<b>2018-Q1</b>	<b>2018-Q2</b>	<b>2018-Q3</b>	<b>2018-Q4</b>	<b>2019-Q1</b>	<b>2019-Q2</b>	<b>2019-Q3</b>
<b>Outreach</b>									
<b>Within City Government</b>									
	DWP Board	x	x	x	x	x	x	x	x
	Mayor	x	x	x	x	x	x	x	x
	Council	x	x	x	x	x	x	x	x
	Neighborhood NC's	x	x	x	x	x	x	x	x
<b>To Public</b>									
	General Social Media			x				x	
	Reporting				x	x			
	Public inquiries	x	x	x	x	x	x	x	x
<b>Rates, Budget, &amp; Finance</b>									
<b>Budget and Long-Term Financial Plans</b>									
	Plan			x				x	
	Actuals, major over/under				x	x			x
	Capital investment plan			?		x	x	?	
	Routine reports	x	x	x	x	x	x	x	x
<b>Rate Review</b>									
	Submission Stds	x	?	?	x				
	Preparation						x	x	x
	Cost of Service study						?	x	x
	Update TC & BM								
	Review								
	Reporting								
<b>Rate Reviews, Full &amp; Mid-Term</b>									
	Submission Stds	x	?	?	x	x			?
	Preparation				?	x	x	x	?
	Cost of Service study					x	x	x	?
	Update BM rates							x	
	Review						x	x	x
	Reporting								x
<b>Rate Pass-Throughs</b>									
	Review of performance	x	x	x					
	Verification	x	x	x	x	x	x	x	x
<b>Performance Metrics</b>									
	Review Rate & Equity Metrics	x	x	x	x	x	x	x	x
	Board Review	x		x		x		x	
	Revisions			x				x	
	Total Compensation				x				x
	Cost & performance benchmarks	x	x	x	x				?
<b>Rate Level Reporting</b>									
	Rates W&P			x				x	
	Comparative Rates	x				x	x		
<b>Power</b>									
<b>IRP and Long-Term Planning</b>									
	Monitor	x			x	x			x
	Review					x			
<b>Special Project Reviews</b>									
	Scattergood		x	x	x	?			
	100% Renewables		x	x	x	x	x		
	IPP Plans				x				x
	Once-Thru Compliance			x	x	?			
<b>Major Programs, Projects, &amp; Contracts</b>									
		x	x	x	x	x	x	x	x

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<b>Water</b>									
<b>Long-Term Planning</b>									
	2020 UWMP							?	?
<b>Special Project Reviews</b>									
	WaterFix	x							
	JPA Project Financing	x		x		x		x	
	Owens Lake Dust Control		x				x		
	SFGW Remediation	x				x			
<b>Major Programs, Projects, &amp; Contracts</b>		x	x	x	x	x	x	x	x
<b>Joint</b>									
<b>Long-Term Planning</b>									
	PMO procedures	?	?	?	?	?			
	Procurement processes	x	?	?	x	x			
	Hiring/retention processes	x	?	?	x	x			
<b>Billing Stabilization</b>									
	Monitor Class Settlement	x	x	x	x	x	x	x	x
	Monitor PWC Resolution	x	x	x	x	x	x	x	x
	Billing & C/S Performance	x	x	x	x	x	x	x	x
	Regulatory asset booking	x				x			
<b>Customer performance</b>									
	Complaint sampling	x	x	x	x	x	x	x	x
<b>Major Programs, Projects, &amp; Contracts</b>		x	x	x	x	x	x	x	x
<b>OPA Administration</b>									
<b>OPA Appointments</b>									
	Executive Director	x	x	?					
	URPS additions		x	x	x				
	Civil service / class updates		x	x	x				
<b>OPA Budget</b>									
	Budgeting	x	x	x		x	x	x	
	Departmental Personnel Ord.				x				x
<b>Ethics</b>									
	Contract filings	x	x	x	x	x	x	x	x
	Form 700 etc.		x				x		