

CITY OF LOS ANGELES

CALIFORNIA



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April 17, 2014

Mr. Richard Corey
Executive Officer and Hearing Officer
California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: LADWP v. Great Basin Unified Air Pollution Control District, CARB Appeal No. 6

Dear Mr. Corey:

This letter of support for the Los Angeles Department of Water and Power's ("DWP's") appeal is being submitted by the Office of Public Accountability / Ratepayer Advocate ("OPA") for the City of Los Angeles. An opinion similar to that below was also expressed to the DWP Commission on January 21, at the time of the State's declaration of drought-related emergency.

The OPA was established by the voters in 2011. OPA's function is to provide independent advice to the Los Angeles Mayor, City Council, DWP Commission and the public, on matters that affect water and power rates (Attachment A). As the Executive Director for OPA, I hereby submit these comments in addition my educational background and professional experience (Attachment B).

There has been growing recognition that weather variations of the past have taken on new persistence and trends. A public objective has emerged to mitigate the consequences climate change may have for water supply, storage and transport. These changed circumstances require a broader review of alternatives be considered at the federal, state, local, and DWP level for Owens Valley dust mitigation. The appropriate alternatives should be reviewed, approved, and implemented *before* substantial additional water and related resources are expended on Owens Valley dust mitigation. The review, approval, and implementation should be through transparent processes that can weigh the inter-connected environmental impacts.

Do reasonable mitigation methods have unreasonable resource consequences? Inefficient water uses for dust mitigation in the Eastern Sierra are likely to impact the water resources from the Western Sierra watershed in ways that are far reaching. Unintended consequences include increased

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water costs for many other California water users outside Los Angeles and Southern California, water pumping with electric use that can generate additional greenhouse gas and other emissions, and fallowing land in agricultural areas, possibly resulting in dust increases in these higher population areas, along with related agricultural job impacts.

These integrated and cumulative environmental and social consequences strongly suggest a wider due process and stakeholder engagement -- one that addresses the actual trade-offs for the environment if water is used to mitigate Owens Valley dust.

A handwritten signature in black ink, appearing to read "Frederick H. Pickel". The signature is fluid and cursive, with the first name "Frederick" and last name "Pickel" being clearly distinguishable.

FREDERICK H. PICKEL, PH.D
Executive Director / Ratepayer Advocate
City of Los Angeles
Office of Public Accountability

Attachments

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**CITY OF LOS ANGELES MUNICIPAL BALLOT-
PRIMARY NOMINATING AND CONSOLIDATED ELECTION
March 8, 2011**

CITY OF LOS ANGELES MEASURES

G FIRE AND POLICE PENSION PLAN; NEW TIER 6 FOR SWORN FIRE, POLICE, AND HARBOR DEPARTMENT EMPLOYEES HIRED ON OR AFTER JULY 1, 2011 AND OTHER MODIFICATIONS. CHARTER AMENDMENT G.

Shall the Charter be amended: (1) to provide sworn Fire, Police, and Harbor Department employees, who are hired on or after July 1, 2011, with the pension benefits provided in the Fire and Police Pension Plan—Tier 6; and (2) to modify provisions of the Fire and Police Pension Plan in order to facilitate compliance with state and federal laws, to authorize the Council to establish an Excess Benefit Plan, to allow flexibility in establishing amortization policies, and to make technical changes?

YES 212 ☒NO 213 ☐

H CONTRACT BIDDER CAMPAIGN CONTRIBUTION AND FUNDRAISING RESTRICTIONS; CAMPAIGN TRUST FUND. CHARTER AMENDMENT H.

Shall the Charter be amended to (1) restrict campaign contributions and fundraising by bidders on certain City contracts; require increased disclosure for bidders; and provide for bans on future contracts for violators; and (2) build upon the city's voter-approved campaign trust fund, which provides limited public matching funds for qualified City candidates who agree to spending limits, by lifting the maximum balance in the fund while allowing the City Council by a two-thirds vote to not make the annual appropriation and temporarily transfer funds to meet City budgetary obligations in certain emergency conditions?

YES 218 ☒NO 219 ☐

I DEPARTMENT OF WATER AND POWER; OFFICE OF PUBLIC ACCOUNTABILITY; RATEPAYER ADVOCATE. CHARTER AMENDMENT I.

Shall the Charter be amended to establish an Office of Public Accountability for the Department of Water and Power, overseen by an Executive Director appointed by a citizens committee and confirmed by the Council and Mayor for a five-year term, to provide public independent analysis of Department actions as they relate to water and electricity rates?

YES 224 ☒NO 225 ☐

J DEPARTMENT OF WATER AND POWER; SUBMISSION OF PRELIMINARY BUDGET TO THE CITY COUNCIL FOR INFORMATIONAL PURPOSES; PROCEDURES FOR MAKING SURPLUS TRANSFERS FROM THE POWER REVENUE FUND TO THE CITY RESERVE FUND. CHARTER AMENDMENT J.

Shall the Charter be amended to (a) require the Department of Water and Power for informational purposes to submit to the City Council by March 31 each year a preliminary budget for the ensuing fiscal year (July 1 through June 30), to be updated by May 31 with new information, and (b) establish procedures for making surplus transfers from the Power Revenue Fund to the City Reserve Fund?

YES 230 ☒NO 231 ☐

78% voted Yes for approval

ARGUMENT IN FAVOR OF CHARTER AMENDMENT I

Measure I creates the Office of Public Accountability, Ratepayer Advocate

YES on MEASURE I: Bring greater transparency to the DWP

For too long, the Los Angeles Department of Water and Power has proposed significant increases in our water and electricity rates with little explanation for their need and no guarantee of how the money would be spent. Despite recommendations by outside experts, DWP has not implemented studies to determine the efficiency of its operations.

DWP leaders have even refused to provide financial information to City Councilmembers who have questioned the need for rate increases. And because the DWP's budget is independent from the City's General Fund budget, there is little transparency of the Department's operations, finances, strategy, or long-term plans.

YES on MEASURE I: Hold DWP accountable to its customers

Measure I establishes a Ratepayer Advocate and Office of Public Accountability to shed greater light on the DWP's operations and finances. The Ratepayer Advocate will be an independent watchdog, charged with analyzing proposed increases in our water and power rates on a timely and continuous basis. Other matters may also be studied as needed.

YES on MEASURE I: Increase consumer protection

Measure I increases consumer protection by authorizing the Office of Public Accountability to investigate legitimate complaints from DWP customers and to propose recommendations to the DWP Board of Directors and management to address these issues.

Although it is a municipally owned utility, the DWP has acted with little accountability to its owners – the people of Los Angeles. DWP expects to spend more \$60 billion over the next ten years. Its customers deserve to know whether those funds are being spent efficiently.

Enough is enough. Vote YES on MEASURE I to increase the Department of Water and Power's accountability and responsiveness to its customers.

**PERSONS SIGNING ARGUMENT IN FAVOR OF
CHARTER AMENDMENT I.**

ERIC GARCETTI
Council President
City of Los Angeles

CHUCK RAY
Vice Chair
Neighborhood Councils
DWP Oversight Committee

JAN PERRY
Council President Pro Tempore
City of Los Angeles

NICK PATSAOURAS
Former President
Board of Water and Power
Commissioners

GREIG SMITH
Councilmember
City of Los Angeles

JACK HUMPHREVILLE
DWP Committee Member
Greater Wilshire
Neighborhood Council

BERNARD C. PARKS
Councilmember
City of Los Angeles

JOSÉ HUIZAR
Councilmember
City of Los Angeles

NO ARGUMENT AGAINST THIS MEASURE WAS SUBMITTED.

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to

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New provisions or language added to the Charter or to existing Charter sections are shown in underline type; words deleted from the Charter or from existing Charter sections are shown in ~~strikeout~~ type.

CHARTER AMENDMENT I

Section 1. Section 683 is added to the Charter of the City of Los Angeles to read:

Sec. 683. Office of Public Accountability.

(a) The role of the Office of Public Accountability (OPA) shall be to provide public independent analysis of department actions as they relate to water and electricity rates.

(b) The OPA shall be headed by an Executive Director, who shall be exempt from civil service. The Executive Director shall be appointed by a citizens' committee to a five-year term, subject in appointment to confirmation by the Council and Mayor. The Council shall by ordinance provide for the removal of the Executive Director in a procedure similar to that set forth in City Charter Section 575(e), and only for the reasons provided by ordinance. The Council by ordinance shall prescribe the composition and manner of selection of the citizens committee.

(c) The Executive Director shall (1) report directly to, but shall not be instructed by, the board; (2) have full charge and control of all work of the OPA; (3) be responsible for the proper administration of its affairs; (4) appoint, discharge, suspend, or transfer all of its employees, subject to the civil service provisions of the Charter; (5) issue instructions to OPA employees in the line of their duties, subject to the civil service provisions of the Charter; (6) prior to the beginning of each fiscal year and in accordance with a schedule prescribed by ordinance, submit to the City Administrative Officer a proposed annual budget covering the anticipated expenditures of the OPA; (7) expend the funds of the OPA (including, without limitation, awarding contracts) in accordance with the provisions of the budget appropriations or of appropriations made after adoption of the budget; and (8) perform such other duties as may be prescribed by ordinance.

(d) The City Council shall by ordinance establish provisions for the administration and operation of the OPA, which provisions shall include at a minimum: (1) reporting requirements and schedules and (2) consumer protection and complaint procedures.

(e) The OPA shall have access to information to fulfill its responsibilities.

(f) The employees of the OPA shall include a Ratepayer Advocate and additional positions as prescribed by ordinance. The OPA shall periodically issue public reports.

(g) The department shall include a budget for the OPA as shall be set by ordinance at a level not less than 0.025 percent of department annual revenues from the sale of water and electric energy for the previous fiscal year.

(h) Nothing contained in this section shall reduce or otherwise affect the authority of the City Controller to conduct fiscal and performance audits of the department.

(i) This Section shall be operative on July 1, 2011.

FREDERICK H. PICKEL

BIOGRAPHY

Dr. Pickel has over thirty years of experience in the gas and electric utility industries, as well as with government, in the United States and abroad.

He was confirmed as the first Ratepayer Advocate and Executive Director of the Office of Public Accountability for the City of Los Angeles in February 2012. His extensive career included founding Wilshire Energy Consulting Group Inc. and serving as Vice President at Tabors Caramanis & Associates as well as working with a variety of other organizations including a “big five” accounting firm’s business risk management and utility consulting teams, Southern California Gas and its affiliates, New England Electric, SRI International's Decision Analysis Group and the Federal Power Commission.



Dr. Pickel holds a Ph.D. in engineering/economic systems analysis, an M.S. in operations research, and an M.S. in civil engineering from the Massachusetts Institute of Technology (Energy and Parsons Water Resources Laboratories). He received a B.S. with distinction in engineering and economics from Harvey Mudd College, Claremont, California.

Throughout his career, he has assisted entities with adapting regulatory policies to new environments, integrated risk analysis, and strategy, planning and implementation. Clients have included public and private energy users, utility equipment vendors, utilities, regulators, and government.

Dr. Pickel has negotiated and managed some of the first independent power contracts, designed programs for incentive regulation, and testified as an expert on contract defaults in international arbitrations. He co-authored the first academic paper on electricity dynamic pricing and its implications for electricity deregulation. Dr. Pickel has appeared as an expert

witness in numerous proceedings, typically on issues involving power and gas contracting, pricing, and valuation.

While Fred grew up in Seattle, six generations of his extended family have lived in California. In addition to his time as an undergraduate in Claremont, he and his wife have lived in the Los Angeles area since 1984.

He was elected to the City of Los Angeles’ Greater Wilshire Neighborhood Council in 2010 and been involved in a number of issues to better his community. He has also previously served on Board of Trustees of Harvey Mudd College.

Photo: Kevin Mapp Photography, www.KevinMapp.com