

REPORT FROM

OFFICE OF PUBLIC ACCOUNTABILITY

Date: July 11, 2022



From: Frederick H. Pickel, Ph.D., Executive Director/Ratepayer Advocate

Subject: Item 16 & 17, DWP MOU's with DGS and Zoo, July 12, 2022 Board of the Department of Water & Power Commissioners

RECOMMENDATIONS

The framework provided by the two Memorandums of Understanding with the Department of Water & Power (DWP) and the Department of General Services (DGS) and the Los Angeles Zoo, while foundational, is insufficient to make any determination of the reasonableness, prudence, or, more generally, industry standards. As such, OPA is neutral concerning the Board's approval of these two MOU's. However, OPA believes these determinations will become clear over time, as Letters of Agreement (LOA's) are entered, and even later than that as the facilities are energized and costs become final.

DWP would benefit from increased transparency around the LOA transactions for the following reasons:

- A. Board policies can evolve, and the DWP can better staff and budget, for the provision of these customized bundles of services;
- B. Similarly situated customers wishing to transact in this manner will become informed of the approximate scale of resources involved from a variety of funding contributions, including their own;
- C. All ratepayers would be able to observe how this service is conducted for one of DWP's largest customers.

OPA recommends that the DWP develop measures similar to its conservation projects, like total resource costs, which allow observation of forecasted and actual sources of funds and resulting resource costs, inclusive of interconnection costs and distribution system upgrades. These could be added to a new section in the Board's regular renewables report. OPA suggests it report back to the Board at a future meeting when a template for public information about LOA's has been refined by further discussion with DWP.

cc: Office of Mayor, Councilmember O'Farrell, Council President Martinez, Martin Adams, Reiko Kerr