WATER & POWER ASSOCIATES, INC.

OCTOBER 2025

NEWSLETTER

The Last Train to IPP-ville

By Bill Engels

With start-up and commissioning efforts continuing on the new natural gas-fired Intermountain Power Project (IPP) Units 3 and 4, the fuel supply for the long-standing adjacent coal-fired IPP Units 1 and 2 has been winding down. As a result, the last of about 16,150 train loads shipped to the generating facility over the last 40 years arrived at and unloaded its coal on July 24, 2025.

Where the new natural gas-fired units are fed by a new natural gas pipeline lateral off an existing nearby natural gas mainline pipeline running from southwest Wyoming to southern California, the old coal-fired units were supplied with the use of a unit-train fleet which would run back and forth between the IPP site near Delta, Utah and coal mines primarily located in eastern Utah, but also with greater frequency in the latter life of the coal-fired units, to coal mines in neighboring Wyoming and Colorado.

In its heyday, during which time it often generated up to one-half of LADWP's net energy for load, IPP burned as much as 6,000,000 tons of coal per year. To put that in some perspective, if you hollowed out LADWP's John Ferraro Building, with its nearly one-acre footprint towering fifteen stories, and turned it into a coal silo, it could hold about 300,000 tons of coal, meaning that you would need about twenty JFB-sized silos of coal per year to meet the plant's fuel requirements. Closer to home, and maybe a bit easier to relate to, a typical second bedroom in your house (commonly eleven feet by eleven feet with an eight-foot ceiling) could hold a little over thirty tons of coal. At IPP's heyday burn rate of a little over ten tons per minute, that bedroom-size quantity of coal would be crushed to a consistency of talcum powder, blown into IPP's eighteen story boilers and burned up in about 3 minutes.

In terms of shipping that much coal to the IPP site, as each unit-train hauled about 10,000 tons, that meant IPP required up to 600 unit-train loads of coal per year. As each unit-train contained about one hundred 52-foot-long railcars, that meant each unit-train was about one mile in length, or that IPP could burn more than a mile and a half long unit-train of coal every day.

(Continued on page 2)

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While the unit-trainloads have stopped arriving at the plant site, IPP is still burning significant amounts of coal, coal that was previously stockpiled for emergency conditions and coal supply market fluctuations that came and went over time. Between now and when IPP Units 1 and 2 are finally shut down later this fall, they will hopefully burn that remaining stockpiled coal, of which at the time of this writing, is still about one JFB-sized silo of coal.

So, while IPP will live on, initially as a natural gas burning generating station, eventually transitioning to the world's biggest hydrogen burning generating facility, it should be remembered that coal-fired IPP served as the backbone of LADWP's generation fleet for nearly four decades. It's significance in the history of the Power System should never be underestimated or forgotten. Hopefully, that too, will be said someday about IPP's transition toward being a more carbon-free generating source, that occurring with the commissioning of IPP Units 3 and 4.

MWD Program Allows Member Agencies to Exchange Locally Produced Water Supplies

By Jerry Gewe

MWD announced a new program to allow Member Agencies to exchange locally produced water supplies.

This program is intended to strengthen Southern California's long term water reliability by allowing member agencies to sell and purchase locally produced supplies among one another.

This program will provide potential new water supplies for some communities and the opportunity for others to financially benefit from investment in supplies and demand management programs they already have made.

Under the framework, one agency will produce and consume the local water supply and in exchange MWD will deliver an equivalent amount of water to another agency.

The local water will not move physically between agencies, but MWD will facilitate deliveries using its water and infrastructure. This collaborative approach ensures that the region' overall water resources are being used in the most efficient way possible.

President's Column

The end of September is bringing up many issues important to the Associates. On the Water side, these include the failure of the legislature to advance the Delta Fix; the movement forward on the Sites Reservoir project with the revelation of a substantial increase in projected costs (See page 12); Issues of Subsidence affecting the State Water Project (see page 5); and the climax of negotiations regarding the allocation of water from the Colorado River that we will cover in detail in our January Issue.

On the Power Side we see the end of an era with the Last Train to IPP-ville (See page 1); the expansion of energy storage projects in Southern California (See page 7); Major changes affecting electric vehicles (see page 8). There is also an analysis of Bulk Power System Performance conducted by NERC (See page 10).

Don't miss the Thoughts and Comments of the new Rate Payer Advocate, Timothy O'Conner, provided at the Associates' August Board Meeting on page 16.

Finally, be sure to get the insights and plans for LADWP moving forward from Janisse Quinones, CEO of LADWP, presented at the Associates September Board Meeting on page 19.

In addition, test your knowledge against our Mystery History Questions on page 14.

Your Water & Power Associates are actively supporting sound policies to advance the mission of LADWP and Water & Power reliability and affordability within Los Angeles and California. We appreciate your support.

Jerry Gewe, President

How Does the "One Big Beautiful Bill" Impact the Electric Utility Industry?

Excerpted by Bill Glauz

The "One Big Beautiful Bill", or OBBB, dealt a major blow to the renewable energy industry and will likely cost electric utilities that have been transitioning to a cleaner, renewable energy focused industry significantly more money to continue the transition.

The U.S. House of Representatives passed the U.S. Senate version of the OBBB along party lines, 218-214 on July 3. On July 4, President Trump signed the bill stating that "coal is back", "clean, beautiful coal".

Over time the OBBB will terminate Investment and Production Tax Credits for renewable energy projects. This will increase costs for these resources, or cause utilities to re-think their renewable energy goals.

Residential solar electric leasing will still qualify for Tax Credits through 2027, but Tax Credits for solar hot water and small wind turbines will be eliminated. Battery storage, nuclear and geothermal power all retain full Tax Credits through 2033 and partial Tax Credits through 2036.

Solar manufacturing tax incentives remain in place. However, the homeowner owned solar photovoltaic 30% Tax Credits will no longer be available after 2025.

Electric vehicle Tax Credits of up to $7,500 for new EV buyers and $4,000 for used EV buyers will be eliminated after September 30, 2025, leading to a surge in EV purchases prior to expiration.

The renewable energy industry is now looking to encourage States to develop programs to continue to promote renewable energy development in light of Federal incentives being canceled. California policy makers are considering creating State level financial incentives to help consumers afford new and used EVs. Similar State programs promoting renewable energy are also being considered.

Photo courtesy Leah Millis/Reuters

Impacts of Subsidence on State Water Project Deliveries

By Jerry Gewe

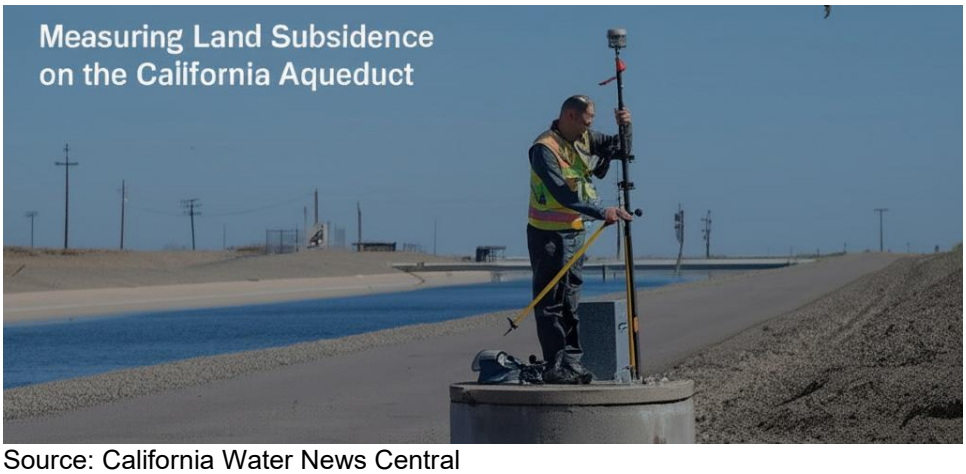
Years of over pumping groundwater for farming in the San Joaquin Valley have impacted the capacity in the California Aqueduct. This over pumping has caused subsidence of portions of the Aqueduct canal which has resulted in choke points reducing the capacity of the canal.

The delivery capacity in 2023 had fallen by 3% under the original design capacity. It is projected that subsidence could reduce the capacity by as much as 64% by 2043, affecting the water supply for 21 million Californians that receive water from either the California Aqueduct or the Bureau of Reclamation's Central Valley Project. (The two largest water supply projects in California.

The lost capacity is the result of subsidence of the land in the San Joaquin Valley which has been caused by over pumping of the groundwater aquifer to support agriculture there.

When the Aqueduct was completed in 1967, portions of the canal were overbuilt as engineers expected a degree of subsidence. This has kept the reduced capacity to 3%. However, the rate of subsidence is much greater than originally expected due to increase in the amount of groundwater pumping that has been required to maintain the agricultural economy of the Central Valley.

At the time the Aqueduct was built the primary source of water for agricultural consumption came from surface water supplies. However, in recent years, environmental concerns led to a reduction in the supplies made available for agriculture, which caused the agricultural agencies to substantially increase their pumping of groundwater. It is difficult to project the rate of subsidence as it is dependent upon the amount of groundwater pumped by the agricultural users, which in turn will be related to the available surface supplies which are controlled by climate.



Source: California Water News Central

The most significant sinking has occurred in the area of the Westlands Water District (Westlands). One of the largest and most over drafted areas in the San Joaquin Valley. The subsidence in some areas of the aqueduct has been between 8 and 9 feet since 1967. The agricultural water districts have been required, by state legislation, to create and implement groundwater sustainability plans to create sustainability by 2040. Westlands indicate that they will be in compliance by 2030, however, in the interim substantial impact on the capacity of the

canal is likely to occur. Westlands indicate that their plan would result in an additional subsidence of 1-1/2 feet. The Department of Water Resources (DWR) has indicated that any additional subsidence is unacceptable.

DWR has reported that repairs with an estimated cost of $32 million are required in the near future to maintain aqueduct deliveries. They hope to start in 2027, provided funding can be obtained. DWR suggests the ultimate solution could cost as much as $3 Billion, although they are looking for ways to reduce that cost.

It has been suggested that the Metropolitan Water District of Southern California (MWD), as the largest customer of the water would be responsible for 50% of those costs. However, representatives of MWD have questioned why the district should be responsible for cost resulting from subsidence by the agricultural agencies when MWD had no role in causing the damage.

DWR indicates that they are exploring all alternatives for obtaining funding including from the “One Big Beautiful Bill” along with state and local funding.

In Addition to the impact of subsidence DWR reports that climate change could reduce the State Project deliveries by as much as 23% by 2043. In a press release on May 6, 2025, they suggested the following impacts on the California aqueduct deliveries by the year 2043

1. The long-term delivery capacity will be reduced by 18 to 87 percent compared to the Delivery Capability Report Baseline.
2. Under a moderate climate change scenario coupled with a moderate level of subsidence, annual SWP deliveries could decline 400,000 acre-feet to 1.8 million acre-feet.
3. Under extreme climate change and subsidence conditions, the project’s average annual deliveries could decrease by 1.5 million acre-feet to 295,000 acre-feet.
4. Failure to halt subsidence and fix canal chokepoints will limit the state’s ability to move water into storage in high-precipitation years and cut into supplies the state needs to endure dry years.

Source: State of California, Department of Water Resources

Energy Storage Projects in Southern California

Excerpted by Bill Glauz

On August 20, Fullmark Energy, based in Chicago, announced the start of commercial operation of the Ortega Energy Storage Project (Ortega) in Lake Elsinore. Ortega is a 20MW/ 40MWh battery energy storage (BES) project.

It joins Fullmark's two other BES projects already operational in Southern California, the 20MW/ 80MWh Johanna Project in Santa Ana, completed in 2021, and the 20MW/ 40MWh Desert-Cairns Project in Palm Springs, completed earlier this year. A fourth Fullmark BES project, the 65MW/130MWh San Jacinto facility in Banning, is nearing completion.

Ortega will participate in the California Independent System Operator market, providing grid services.

Fullmark has a 4GW development pipeline across multiple markets in the US.

On a bit larger scale, and combining solar with BES, the Eland Solar Energy and Storage Project became 100% operational in early August, providing 758MW DC of solar photovoltaic electricity combined with 300MW of BES with 4 hours of storage for a total of 1,200MWh of energy that can be used as needed outside of solar energy production hours.

LADWP is the primary recipient of this electricity, with Glendale receiving a small share through the Southern California Public Power Authority. This huge project, located on 4,600 acres of desert land in Kern County, north of Mojave, and near LADWP's Barren Ridge Renewable Energy Hub, will provide 7% of Los Angeles' electricity needs, with the ability to serve over 260,000 homes.

The project cost the developer, Arevon Energy, $2 billion to build, creating about 1,000 local jobs during construction. The project consists of 1.36 million solar panels mounted on a single axis tracking system to follow the sun throughout the day. The project also has 172 locally manufactured Lithium Iron Phosphate batteries. The project was completed in two phases with Phase one completed in December 2024 and Phase two completed in August 2025.

Eland Solar Energy and Storage Project, Photo courtesy of Arevon

MWD is Searching for a New General Manager

By Jerry Gewe

Once again MWD is seeking a new General Manager. MWD, which has had 3 general managers in the last 5 years, is seeking to find a General Manager who will stay on for several years.

The current General Manager Deven Upadhyay is scheduled to retire at the end of the year. The new GM will be leading MWD in making several very significant and expensive decisions in the near future.

1. Should MWD commit to participation in the **Delta Conveyance Project?**
2. Should MWD commit to participation in the **Sites Reservoir Project?**
3. Should MWD move ahead with the **Pure Water Southern California Project, as currently proposed?**

Each of these projects is a multi-billion-dollar project and the decisions they make will impact the reliability and cost for water in Southern California for many years to come.

What is the Future for Electric Vehicles?

Excerpted by Bill Glauz

As mentioned in the article on page 4 on the impacts of the "One Big Beautiful Bill" (OBBB), electric vehicles will soon be losing their beneficial tax treatment, which may have a dramatic negative impact on sales. The biggest impact will be seen after September 30, 2025 when Federal incentives end.

Prior to the OBBB being approved, EV sales were still strong in California. In the second quarter of 2025, Californians purchased 100,671 zero-emission vehicles (ZEVs), representing 21.6% of all new vehicle sales in the state. This marks a slight decrease in overall sales year-over-year compared to the second quarter of 2024. Despite numerous setbacks, including tariff whiplash, the dismantling of ZEV incentives, and illegal claw backs of federal funding for electric vehicle (EV) charging infrastructure, over 100,000 ZEVs were purchased in California in Q2 of 2025, surpassing 2.3 million cumulative sales to date.

According to Kelley Blue Book, nationwide EV sales through the first two quarters of 2025 set a record at 607,089, representing a 1.5% year-over-year increase. 27% of new ZEVs sold in the U.S. are sold in California, according to the California Air Resources Board (CARB). Worldwide this year, 25% of vehicle sales are projected to be EVs.

The dip in sales, compared with a year ago, continues to be driven by lower Tesla sales, while non-Tesla ZEV sales remain strong and stable.

According to the California Energy Commission, there are currently 150 ZEV models available in California — a 35% increase compared to Q2 of 2024. California is the National Leader in Zero-Emission Vehicles and Infrastructure. California's support for clean cars is unmatched. Despite federal headwinds, California has doubled down on improving the state's charging network and making it easier than ever to own a ZEV:

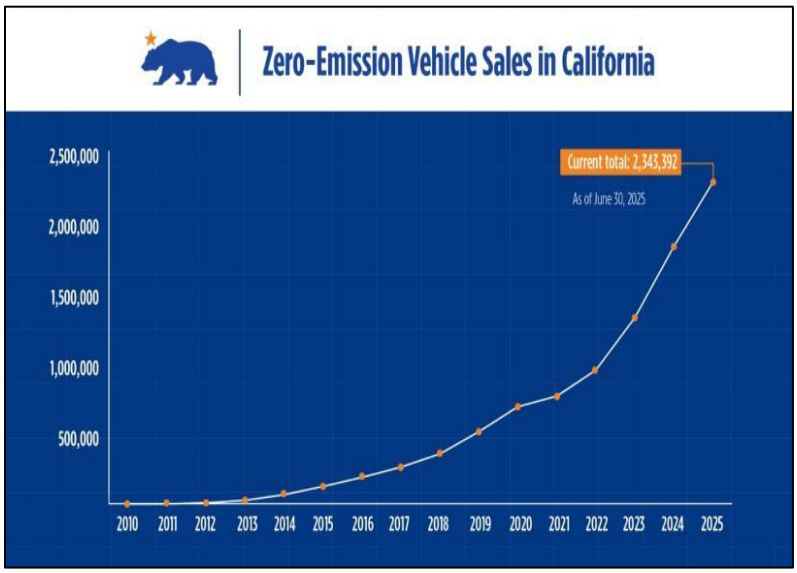
- Over 178,000 public or shared private electric vehicle charging ports have been installed throughout California, plus over 700,000 at-home charging ports.

- California has nearly 50% more EV charging ports— public and shared private— than the number of gasoline nozzles.
- 94% of Californians live within 10 minutes of an EV charger.
- Grants and rebates for thousands of dollars are available for low-income Californians to purchase ZEVs.

Here's some of what California is doing to make ZEV fueling accessible to all Californians. State agencies are working to speed up EV charger deployment, cut through red tape, plan for the expected increased grid demand, and efficiently electrify charging stations through local utilities. This includes:

- Providing grant funds that support publicly accessible and at-home charging installations, including in multi-family complexes, in communities throughout the state.
- Prioritizing shovel-ready EV charging installations for both state and federal incentives.
- Developing the Zero-Emission Vehicle Infrastructure Plan, a comprehensive plan that lays out the overall infrastructure strategy to meet California's ZEV goals.
- Establishing charger reliability standards.

On August 5, the California Energy Commission (CEC) announced the launch of the Fast Charge California Project, a $55 million incentive program offering up to 100% of the installation costs for electric vehicle (EV) fast chargers at businesses and public sites across the state. Applications will be accepted through Oct. 29.



The program is part of the California Electric Vehicle Infrastructure Project (CALeVIP), the nation's largest EV charging incentive initiative. Since 2017, CALeVIP has supported the deployment of nearly 10,000 EV chargers, helping to accommodate the state's more than 2.2 million light-duty EVs, according to the Center for Sustainable Energy (CSE), the program's administrator.

CALeVIP funding comes from the CEC's Clean Transportation Program and the state's Greenhouse Gas Reduction Fund.

Some of the key features of Fast Charge California Project include:

- Incentives for direct current fast chargers only.
- Statewide eligibility at publicly accessible sites.
- Up to 100% of project cost covered, capped at $100,000 per charging port.
- $55,000 per port for 150 – 275 kilowatts.
- $100,000 per port for over 275 kilowatts.
- Projects must be ready to build with final utility design and permits.
- Priority given to tribal, disadvantaged and low-income communities.

NERC Assessment Overview of 2024 Bulk Power System Performance

Excerpted by Saif Mogri from NERC Article

NERC's 2025 report on the State of Reliability (SOR) provides an in-depth analysis of the BPS, identifies system performance trends and emerging reliability risks, and reports on the relative health of the interconnected system. The BPS remains highly reliable and resilient, and underlying key performance metrics (e.g., frequency response and misoperation rates) continue to improve or remain stable.

Severe weather remained responsible for the most severe outages in 2024, with two significant winter storms and five major hurricanes that made landfall. NERC saw an improvement in performance during the winter events, with no operator-initiated load shed, in part due to industry's efforts to improve generator performance during extreme cold weather following NERC and Federal Energy Regulatory Commission (FERC) recommendations and regulatory updates. The industry demonstrated the results of grid hardening, ever-improving coordination, and mutual aid agreements during hurricanes, resulting in rapid restoration of the Bulk Electric System (BES), although significant distribution outages remained

A significant near-term reliability challenge facing the Electric Reliability Organization (ERO) is the size and speed at which large data centers are expanding across the country. Data centers can be developed faster than the generation and transmission infrastructure needed in the area to support them, resulting in lower system stability. Another emerging reliability challenge is positioning resources so that the system can rebalance itself quickly in response to rapidly changing loads caused by the increased use of data centers. A final challenge is adapting load forecasting, system planning, and interconnection procedures to accommodate the speed with which these large loads can and are being built and the uncertainty that announcements of new data centers create for system planners.

Improvements in frequency response are being observed in areas of the country that have high concentrations of battery energy storage systems (BESS) and incentives in place to encourage or require participation.

Some inverter-based resources (IBR) continue to unexpectedly reduce output following disturbances that generators have historically been expected to ride through. These sudden, often widespread, reductions can exacerbate instability on the system following these disturbances. NERC, FERC, and the industry are in the process of addressing these known issues through various reliability alerts, standards, and other regulatory means.

In 2024, NERC reliability metrics indicated that the BPS remained reliable but challenged by adverse weather conditions and transitions in resource mix and usage. See Figure below for the most severe disturbances in 2024.

The most severe single day was September 27, after Hurricane Helene made landfall as a Category 4 storm causing catastrophic damage that resulted in more than 4.7 million customers losing power. The storm caused approximately 431 transmission element outages, the highest recorded for a single event as well as extensive, ongoing damage to the distribution system. Functional transmission restoration was achieved 7.6 days after the first outage, significantly

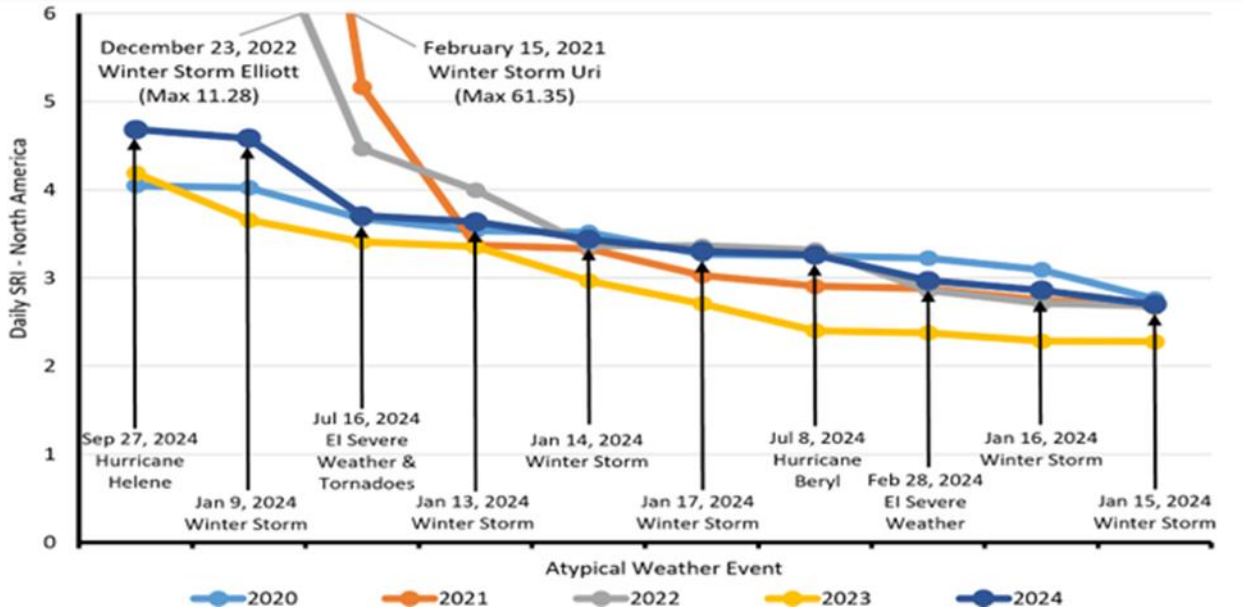
faster than the 15-day average of previous years' Category 4. Although severe storm events remained the largest events impacting the BPS, they did not cause any operator- initiated load shed.

Inverter Based Resources (IBRs) are wind power plants, solar photovoltaic (PV) devices, and BESS, and these generation sources are rapidly growing throughout the North American BPS. In 2024, 45,000 MW of new IBR capacity became operational on the BPS.

As these resources expand, coordinated failures in response to modest system disturbances continue to be observed with four exceeding 500 MW reported to NERC's Event Analysis team in 2024 for a total of 16 since 2020. These events have identified that, during normally occurring faults on the power system (e.g., generator trip, loss of a transmission line), IBRs automatically cease their output and stop injecting power into the system. Generally, within several minutes, they resume injecting power into the system. Both the sudden drop and equally sudden resumption of IBR output pose challenges for reliability.

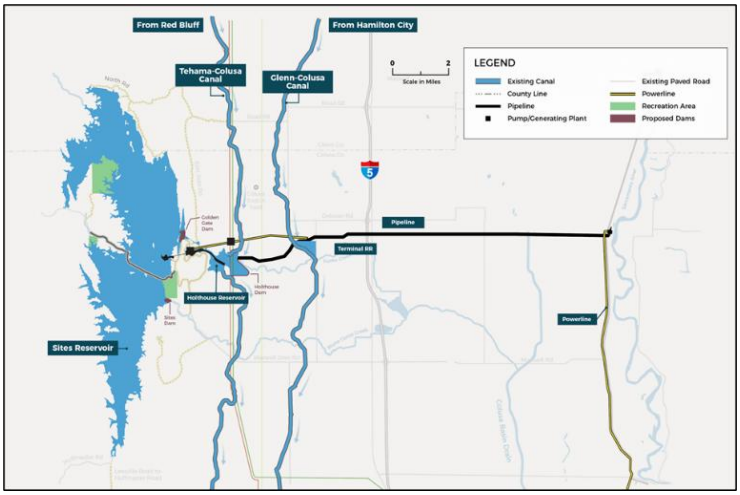
The article makes the following recommendations:

- Monitor BES performance during adverse weather conditions;
- NERC recommends that industry and state legislatures continue to implement grid-hardening efforts;
- The System Protection and Control Working Group should assess possible protection system impacts to the BPS from emerging large loads;
- Grid operators and planners should collect data from load developers, owners, and operators to help understand the unique risks associated with each emerging large load connecting to their system;
- NERC, Texas RE, and WECC will continue monitoring the impacts of greater BESS penetration as inertia on the respective Interconnections decreases;
- Improve Modeling of IBR's.



Sites Reservoir Project Update

By Robert Yoshinura



After successfully confronting a number of administrative, regulatory, and legal hurdles since our last update of this project in January 2025, the Sites Project Authority (Authority) is now confident that construction will begin late in 2026 and be completed by the end of 2032. In our last update, we reported that two major permitting steps had begun and were in progress. First was the Water Right Permit from the State Water Resources Control Board (SWRCB) needed to divert water from the Sacramento River into the Sites Reservoir, and the second was the Water Quality Permit required by the Clean Water Act needed to discharge water from the reservoir back into the Sacramento River. Progress on both permits is continuing with completion expected later this year.

A summary of the necessary permits and their status is provided below:

Completed Steps.

- November 2023 – September 2024. The Final Environmental Impact Report/Statement (EIR/EIS) was certified and under an expedited litigation process, was found to be adequate to comply with both the Nation Environmental Policy Act (NEPA) and the California Environmental Quality Act (CEQA).
- December 2024. The California Department of Fish and Wildlife (CDFW) issued two incidental-take permits to the Authority that are needed to protect threatened and endangered species during construction.
- July 2025. The CDFW issued a Streambed alteration agreement which is also required to protect endangered species during construction.
- July 2025. A Biological Opinion was issued by the US Fish and Wildlife Service under the Endangered Species Act. It is intended to ensure that the proposed action (construction and operation of Sites Reservoir) will not harm listed species or their critical habitat.
- July 2025. The process for selection of a Construction Manager At-Risk moved to the proposal stage for a small number of qualified and short-listed construction firms. The Authority chose this project delivery method to create the project team early in the design phase and to hold the Construction Manager to a guaranteed maximum (GMAX) price.
- August 2025. The California Water Commission approved an additional $219 million in funding from Proposition 1 (the 2014 Water Bond Act)

Pending Steps.

- The Section 106 Programmatic Agreement required by the Historic Preservation Act and the California Historic Preservation Act is under review and is expected to be approved soon.
- The USBR will hold two public negotiation sessions on September 8 and 9, 2025 to define terms and conditions for all parties involved.
- The Water Quality Permit process was suspended earlier this year by the SWRCB and the US Army Corps of Engineers due to insufficient information in the Authority's original submittal. The Authority has reapplied for both the 404 Water Quality Certification and the 401 Discharge Permit and has included the omitted information.
- A Record of Decision (ROD) is expected to be issued by USBR within the next month. The ROD summarizes the USBR's final decision on the project and defines the environmental issues and mitigations incorporated into the project.
- Public hearings for the Water Right Permit have concluded and the input is being assessed by the SWRCB for drafting of the permit, which is expected to occur before the end of the year. The Permit will codify all of the mitigation measures described in the Final EIR/EIS including minimum flows in the Sacramento River which must be always maintained. It will also limit the times of the year when diversions, exchanges, and transfers can occur (see figure above).

Upon completion of the Water Right Permit, a six-month window will open during which the subscriber agencies must obtain approval from their respective Boards to continue funding the project. A large list of agencies is on the waiting list and may join the subscribers should one or more of them choose to drop out. A significant issue that may affect subscriber decisions is the estimated cost of the project, which has escalated from $4.5 billion to $6.2 billion since our last update.

Mystery History Questions

Presented by Jack Feldman

Then & Now – Vermont Avenue Branch Commercial Office

Above: In the mid-1930s, the new Vermont Avenue Branch Commercial Office of Municipal Light, Water & Power opened at Vermont Avenue and 59th Place. Designed by a noted Los Angeles architect, the sleek Streamline Moderne building quickly earned a glittering nickname for its illuminated glass façade.

Below: The same building decades later—remodeled and stripped of its original Moderne styling, but still serving the community today as LADWP's Vermont–Slauson Customer Service Center.

Mystery History Quiz - Vermont Avenue Branch

1. Who designed the original 1936 Vermont Avenue Branch office?

A) John Parkinson

B) Julia Morgan

C) S. Charles Lee

D) Richard Neutra

E) Paul R. Williams

2. What nickname was given to the Vermont Avenue Branch because of its illuminated glass façade?

A) The Crystal Palace

B) The House of Glass

C) The Sparkle Box

D) The Electric Pavilion

E) The Water & Power Glow

3. At night, what made the building stand out as an advertisement for the utility?

A) Neon signs on the roof

B) A giant rooftop spotlight

C) The entire glass front lit up like an electric sign

D) Rotating searchlights on the corners

E) Projected films of water and power scenes

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4. When did the name officially change to the Department of Water and Power (LADWP)?

A) 1927

B) 1937

C) 1947

D) 1957

E) 1967

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5. The Vermont Avenue Branch once handled 26,000 bills a month — more than any other branch office. What does this suggest about the location?

A) It was in a sparsely populated area

B) It served the busiest residential section in Los Angeles

C) It was mainly an industrial district

D) It served only government buildings

E) It had fewer customers than any other branch

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6. Which other LADWP branch office did S. Charles Lee design that still stands today?

A) Lincoln Heights Branch

B) Boyle Heights Branch

C) Wilshire Branch

D) Van Nuys Branch

E) Hollywood Branch

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7. What modern feature did the Vermont Avenue Branch highlight to promote electric living in the 1930s?

A) A rooftop garden

B) Demonstrations of household appliances

C) A drive-through bill-pay station

D) A public movie theater

E) An indoor fountain

Think you got them all right?

Check your answers and explore the full story of the Vermont Avenue Branch—including its architect, nickname, and surprising transformation -- HERE.

You can also see the full answer key on page 21.

GUEST SPEAKERS

Summaries by Robert Yoshimura

GUESTS OF THE MONTH
AUGUST 2025

Timothy O'Conner, Executive Director, Office of Public Accountability (OPA)
Edith Moreno, Deputy Executive Director, OPA

Thoughts and Comments from the New Ratepayer Advocate

Tim O'Conner was recently certified as Los Angeles' second Ratepayer Advocate, replacing Dr. Fred Pickel who served in that capacity for twelve years. Tim has been on the job for 2 months and thus appreciates this opportunity to interact with people who have been on the inside of the utility he now oversees. He is hopeful that the Water & Power Associates can provide perspectives and guidance that will help him fulfill his role.

Tim will initially focus on current DWP issues that this Board has been discussing for some time such as the need for replacement of aging infrastructure and maintaining system reliability on the water side, and the challenges of climate-driven changes such as clean energy and electrification on the power side. A key component of his agenda will be sustaining affordability of water and power rates after the transition is complete. Tim strongly believes that we cannot fail in our efforts to accomplish these goals because of our leadership role in the worldwide effort to combat climate change. If we fail, we will become a shining example that skeptics will point out, to explain why climate goals can't be achieved. If we succeed, our contribution to the mitigation of climate change on a global scale will be small, but our leadership in showing the way will encourage others to undertake similar actions.

Edith Moreno added that another focal point of their work will be to address the inequitable distribution of cost being created by some elements of the transition to clean energy and the impact of future rate increases on low-income communities. While DWP moves forward with plans to expand residential rooftop solar, the OPA will be mindful to avoid situations where one customer class is subsidizing another. In order to effectively address these challenges, she and Tim are currently developing strategic priorities to optimize the use of their time. When completed, she would like to share them with the W&PA and solicit comments and suggestions.

Tim explained his plans for staffing and support functions of the OPA. He has hired four new individuals who will come on board over the next few weeks and fulfill specific functions of the office. One is from the US Department of Energy, the second is from the Environmental Protection Agency who is also experienced in utilities, the third is a current consultant for DWP who specializes in customer issues, and the fourth is an expert in stakeholder engagement. OPA will also sign contracts with two professional services firms, one that will assist with energy

modeling, water accounting, and rate issues; and another that will help to oversee the rollout of DWP's Advanced Metering Infrastructure project that will kick off in Lincoln Heights next month. In Tim's vision of the role of the OPA in the future, he sees the need for an increased public presence. Because of the inevitable rate increases that are coming, he will engage the public for their input in order to better represent the interests of all customer categories including residential, businesses, and large industrial users. A second reason for an increased public presence is to communicate earlier with customers regarding future rate actions and other customer issues, that he believes is not currently being done. Financial forecasts enable estimates of the direction of future rates, and he believes the communication of such information to the public is a core function of the OPA.

Communication of costs to the customer is not being thoroughly done and is complicated by the existing structure of the DWP bill, especially on the power side, because of the use of automatic cost escalators that can result in huge, variable passthroughs that substantially increase the size of some customers electric costs. Customers perceive such cost increases as de facto rate increases without the benefit of a review, feedback from customers, or a Commission vote. Previous efforts to simplify the bill are partially responsible for the lack of information therein. Tim noted that efforts are now underway in his office to "unpack" the electric bill and explain it to customers via PowerPoint presentations, explanatory documents, and videos.

DWP has not had a formal rate case to raise base rates in several years because of Covid and other distractions that changed the priorities of the decision-making process. The formal rate case process results in high levels of scrutiny by the City Council that would raise public awareness of proposed rate actions. One DWP customer who also sits on the W&PA Board mentioned that his power bill has increased 10% over the last year, again due to passthroughs and without approval from the Council or DWP Commission. Tim responded that in addition to restructuring the bill and education programs about the bill, he will be looking for ways to encourage conservation and shifting demand in order to reduce the bills when possible.

Tim was asked by a W&PA Board member if he would be willing to advise the DWP Commission to change course on LA 100 should it become apparent that its cost would dramatically increase by a factor of as much as triple or quadruple current rates as some have predicted. Tim responded that if affordability is threatened, he would eliminate unfair elements of the billing process and incorporate new processes to help customers control costs. As an example, he mentioned that at a recent DWP Commission meeting, he reported on the need for a reexamination of the net metering process which results in subsidization of rooftop solar owners by those who do not have solar.

Edith added that her background growing up in Spanish-speaking communities in Los Angeles and her strong belief in the importance of environmental issues will contribute to keeping climate issues in the forefront and defending the needs of low-income customers. She also added that her dialogue with Tim and his different background will keep them accountable and remain focused on achieving their overall goals.

Pine Tree Wind Farm and Solar Power Plant

Two other W&PA Board members argued against the feasibility of LA 100 because of its significant cost penalty. Current cost estimates being used by DWP show a tripling of power rates for LA 100 versus a mere doubling of power rates for SB 100. One Board member does not believe that those cost estimates consider the unique political and regulatory environment in the city of Los Angeles that causes construction projects to take longer and cost more than elsewhere in the country. He also noted that in the original directive from the City Council to proceed with LA 100, it states that the project shall have a minimal impact on the ratepayer. He believes the universal acceptance of LA 100 is based on that minimal cost impact mandate, which based on DWP's own cost estimates cannot be fulfilled.

A guest at this meeting pointed out that California's current average cost of energy is $0.32 per kWH vs. the neighboring states of Arizona, Nevada, and Oregon, where it is $0.15 per kWH, and nationwide, where it is $0.16 per kWH. Furthermore, average power cost in California has increased by 116% since 2008, while in the rest of the country it increased only 33%. On that basis, he believes we are on a path leading to energy costs that are unaffordable. It was clear from this meeting that several W&PA Board members feel that the accelerated schedule of LA 100 vs. SB 100 results in a severe cost penalty (roughly 50% additional cost) that can be avoided completely by simply reverting to SB 100.

In his response, Tim reaffirmed that he and OPA support LA 100 and that his support does not necessarily mean acceptance of the predicted cost of the project. He will be exploring public-private partnerships, socializing costs to those who will be coming to Los Angeles, reapportioning costs to those who are causing them, and rebalancing the entire system to improve the economic dynamics of the project. Also, DWP has not collected the more than $1 billion dollars in overdue bills that were deferred due to Covid, and does not charge for late payments, nor for interest on those late payments. All such revenues and other similar sources of income could help to reduce the size of future rate increases.

Tim expressed a desire to continue this dialogue at future Board meetings and other forums. He seems sincerely interested in this Board's opinion about issues before him. The W&PA Board also expressed a desire to help him and the OPA to responsibly represent the interests of DWP's ratepayers, particularly the cost of LA 100 and the perceived lack of transparency surrounding the program.

GUEST OF THE MONTH
SEPTEMBER 2025

JANISSE QUINONES, CEO & CHIEF ENGINEER
LOS ANGELES DEPARTMENT OF WATER & POWER

UPDATE ON WATER & POWER ISSUES

Jerry Gewe opened the meeting by explaining the concerns of this Board regarding the upcoming major projects proposed by the Department particularly regarding cost and transparency and requested that she provide her perspective about those concerns and how this Board might help her to deal with them. Jerry noted that the average customer has no clue as to the cost impacts of the upcoming projects (LA 100 and Pure Water LA) and feels that the public communication process needs improvement to gain public support.

Janisse is particularly interested in restructuring how costs are allocated to customers based on fairness and benchmarks for the industry. She would also like to establish a process where rates can be adjusted on a regular schedule following cost of service studies that will be ongoing. Our current challenges related to the transition to clean energy, electrification, refocusing on local water sources, etc. will further complicate the difficulties explaining what we do in a way that the public can understand.

On the water side, the Pure Water LA project is likely the biggest and most expensive water project ever undertaken in the western US and possibly the entire country. DWP will thus broaden its focus to include additional stakeholders who must be included in the project such as MWD, LA Bureau of Sanitation and many if not all other water agencies in the Southwest. This will be particularly important should the region run out of sources of purchased water that we have been dependent on for decades.

Janisse is aware that customer engagement (and thus transparency) has been lacking for some time and is now trying to change that. However, major investments will be needed, and she anticipates that funding for such investments will have to come from improvements in internal process efficiencies. She is pushing her team to target such things as measurement of performance, productivity, and efficiency, with the understanding that this will be a particular challenge in a civil service environment. To that end, she has hired a Six Sigma expert to take a deep dive into certain work processes using statistical and digital means of analysis and to engage their Human Resources organization to participate in such work.

The Department is also implementing Kaizen principles (a Japanese business philosophy focused on continuous improvement through small incremental changes in processes) in areas where the need is greatest. Examples include the new business process, especially line extensions where the team has identified 250 internal handoffs and a three-year time span to

complete the process. They are also mapping the engineering to drafting handoff where unknown inefficiencies appear to exist once that handoff is made. A Kaizen event is also being applied to the RFP (Request for Proposals) process because it currently takes about 18 months to get an RFP out the door. A consultant and the Department's Head of Corporate Performance and Continuous Improvement are working on that process now. Similar focus is being applied to Joint System activities that she found were understaffed and underfunded and thus incapable of adequately supporting the needs of the revenue-generating systems (Water and Power). Much emphasis is now being devoted to the security functions including IT security and on improved data gathering and management.

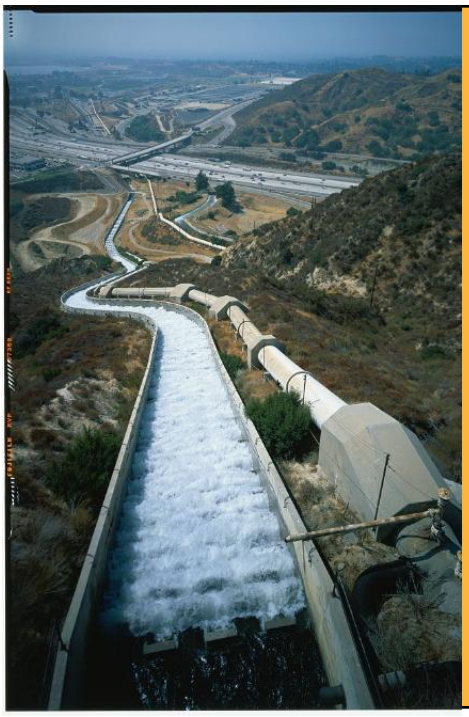
Upon her arrival at DWP, Janisse found that a full analysis of the resource costs (including human resources) had not yet been performed for LA 100 and consequently its actual cost was not known. Consequently, she considers the earlier cost estimates by the National Renewable Energy Lab and UCLA as "ballpark estimates" that should not be used for analyses of the project's impact on rates.

DWP recently has underspent its budget by 3 to 4 percent on the Water side and 25 percent on the Power side resulting in unnecessary financing costs for money that isn't needed. A financial literacy process will begin this fall to educate managers regarding financial data and controls and to begin to implement the development of an asset management plan, a comprehensive investment plan, and an evaluation of risk, all of which are needed to prioritize where to spend our money. Janisse's priority project for 2026 will be the implementation of Advanced Metering Infrastructure (AMI) or smart meters which will enable customers to shift their power use based on time-of-day rates and help the Department to optimize operational efficiency. An RFP will be issued to hire a consultant who has done this before to work with the heads of Water, Power, Customer Service, and IT to find a department-wide solution. Smart meters on the water side would have enabled operators to shut off residential meters to preserve water pressure to fire hydrants during the Palisades fire in January.

One W&PA Board member asked when monthly billing will be implemented. Janisse responded that she supports the concept but its implementation will have to wait until AMI is deployed. That Board member also urged the Department to communicate to customers what is the benefit to them of LA 100 (deployment in 2035) vs. SB 100 (deployment in 2045). Regardless of the benefits, DWP will continue advancing LA 100 unless issues like the unavailability of hydrogen turbine technology halt progress.

In response to a question from another Board member, Janisse briefly reported on the status of progress on the 2026 Charter Reform initiative. DWP is ahead of all other city Departments in this regard. DWP has identified needs not just for 2026, but for many future charter changes as well. Foremost among those changes is Civil Service reform to enable the hiring of properly trained and experienced employees within a reasonable time frame (sooner than the 6 months that they endure today). Another priority item is the contracting process as discussed earlier to shorten the timeframe for RFPs and for the execution of contracts.

Janisse expressed her desire to continue a relationship with the W&PA Board and will designate someone in her office to be a liaison with us. The W&PA Board members also expressed a reciprocal interest in maintaining such a relationship and offered our help on any issues where an independent organization like ours may be useful to her.



Mystery History Answers

Answer Key – Vermont Avenue Branch

1. C) S. Charles Lee
2. B) The House of Glass
3. C) The entire glass front lit up like an electric sign
4. B) 1937
5. B) It served the busiest residential section in Los Angeles
6. A) Lincoln Heights Branch
7. B) Demonstrations of household appliances

For additional information click:

https://waterandpower.org/museum/Early_DWP_Branch_Offices.html#Vermont_Branch

SAVE THE DATE

2025 CALENDAR

GUEST OF THE MONTH

Meetings in Person Room 1471, JFB and Via Zoom, Check your WPA Emails for the Zoom Link

DANIEL GARCIA Executive Director So Cal Public Power Assoc	OCTOBER 8, 2025 SCPPA's Current Activities and Achievements
WILLIAM HAZENCAMP Metropolitan Water District	NOVEMBER 12, 2025 Colarado River and Other Water Issues
SABRINA TSUI Water Resources LADWP	DECEMBER 10, 2025 2025 Urban Water Management Plan
SPEAKER TBD	JANUARY 14, 2025 Update on LA100
ANNUAL MEETING	FEBRUARY 14, 2026 Pure Water LA

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