**SPEAKER SUMMARY**

**August 2024**

**FRED PICKEL, PhD, EXECUTIVE DIRECTOR – OFFICE OF PUBLIC ACCOUNTABILITY**

**REVIEW OF ACCOMPLISHMENTS AND STATUS OF SEARCH FOR NEW DIRECTOR**

**By Robert Yoshimura**

The Office of Public Accountability (OPA) was established by a charter amendment in 2011, and Dr Pickel was appointed in early 2012 to fill the position of Executive Director, otherwise known as the “Ratepayer Advocate” for the Los Angeles Department of Water & Power. He served an initial six-year term and was reappointed to a second 5-year term in 2018. The second term expired in December 2023, when he also announced his retirement. However, he has agreed to stay on as the Acting Director pending completion of the search for his replacement. Dr Pickel described some of the findings and successes of the office during his two terms and pointed out the ongoing challenges facing his office and the DWP in the upcoming years.



Among the nation’s 3,000 local utilities, DWP ranks number eight in terms of the number of employees, value of net property, plant and equipment (PP&E) and customer count. It is bigger than many investor-owned utilities (IOU) and most, if not all, publicly owned utilities (POU). It is thus a major player among the nation’s water and power providers. DWP’s annual revenue totals almost $7 billion and its annual capital and operating budget exceeds $9 billion. DWP’s assets total more than $20 billion, and it serves a total of 1.6 million customers.

Regarding the regulation of utilities, IOUs fall under state regulation of retail rates in every state, and federal regulation of wholesale activities and transmission access. Non-investor-owned utilities, which include cooperatives, municipals, and special entities such as irrigation districts, fall under limited state regulation. As reported by the American Public Power Association in 2007, six states have full regulation of the rates of municipal utilities, while fifteen states have limited regulation. In California, the state’s Public Utilities Commission has regulatory authority over only the safety activities of municipal utilities.

Dr. Pickel and the OPA tackled numerous issues and achieved many accomplishments during his two terms in office. Initially, he focused on establishing the OPA and getting enabling legislation passed that defined the responsibilities, limitations, and procedures of the new office. The OPA then provided regular reporting to the Board, Council, Mayor, and Neighborhood Councils regarding DWP operations. In 2014, billing issues became apparent in the new computer system developed to modernize the billing system, that resulted in large and erroneous bills for some customers. The ensuing litigation with the developers of the system has been largely resolved, but parts of it continue to this day.

Some other examples of issues the OPA dealt with and guided to conclusion include:

* Three water and power rate reviews in 2012, 2015/16, and 2020, although the 2020 review was cut short and never completed due to the Covid crisis.
* Compensation benchmarking study in 2015-2017, that concluded that DWP compensation falls within the average range for nation-wide utilities when the high cost of living in Los Angeles is considered.
* That benchmarking study also found that the DWP’s number of employees per meter was higher than any other utility. However, when outsourcing through contracts (by other utilities) was factored in, DWP again fell within the average range.
* Such benchmarking established much needed transparency on employee compensation and DWP’s functional costs.
* A review of the cost impact of the DeltaFix (tunnel project in the Sacramento Delta) on DWP rates. The per household monthly cost was $1 to $4 for a significant improvement in water availability and reliability.
* A review of the cost of the transition to 100% renewable energy by 2035, which resulted in the conclusion that the accelerated goal is extremely costly compared to the SB 100 goal of 2045. The average cost penalty would be $250 per month per household!
* Reviews of other major capital programs such as Operation NEXT (wastewater recycling), Once-thru-Cooling for coastal power plants, and Intermountain Power Plant transition away from coal.

Some of the future challenges identified by the OPA include:

* Improvement of the Information Technology services, which lag far behind other utilities, and the establishment of Project Management Offices to concentrate expertise in this important function.
* Building middle management.
* Boosting staffing levels in key areas, especially field positions, to meet the needs of the upcoming projects mentioned above.
* Managing the ambitious mega-projects currently in the works.

As mentioned at the outset, Dr. Pickel’s term expired at the end of last year and a selection process is in place to find his replacement. A Citizens’ Selection Committee is responsible for the search and consists of 2 members appointed by the mayor, two members appointed by the Council President, and one member appointed by the Chair of the Energy and Environment Committee of the City Council. The selection will become final when the Mayor and Council approve the candidate named by the Citizens’ Selection Committee.