

Erie: OK, so there was really a coincidence of interest here.

Phillips: Right, yeah, that's a good way to put it, because...

Erie: I don't want to put words in your mouth, Bob.

Phillips: I made the statement first. It was a mutual thing, you know. And as recently as 2 weeks ago when I was in the Owens Valley, I talked to some people who are good friends of mine about AB318, the Assembly Bill that we've been working on regarding the transfer of funds... **[End of Tape 1, Side B]**

TAPE TWO: 6/1/95

Phillips: We were talking about the change in attitudes in the Owens Valley. And I was saying that as recently as two weeks ago I went to the Owens Valley to visit some people. And among other things I did was to contact some good friends of mine up there who are politically significant in the Valley. That is, one of them is a past member of the Board of Supervisors and another one is a present member of the Board of Supervisors. Another one is a man who has been in the cattle business for many, many years and then left... he sold his cattle business and went into the insurance business where he's made a lot of money and has a beautiful home in west Bishop. And his wife, I've known since she was a baby. She was born in Independence; these are old time people. Her father was a cattleman before she and her husband were.

So anyway, I talked them about AB318 and the current philosophies of the Riordan administration and how it could impact on the situation in the Owens Valley. I told them that Riordan was, on the premise of running things as a business, he had one of his high priorities to dispose of surplus property at the highest possible price to make money to help run the city. I know that Riordan or any of Riordan's staff has no appreciation or understanding of the reasons why we owned land in the Owens Valley, why we have protected it all through the years, why we maintained certain operative and administrative policies in connection with that land, and that the new Riordan policies might end up with parcels of that land being sold off at a high price for commercial or industrial development. They don't understand, I'm sure, that it has to be sold without the water rights, unless they choose to ignore the Charter on that as they have on other things. And I see that the situation in the Owens Valley could be changed substantially.

These men told me that they were aware of that possibility, that they did not like what they foresaw in it, that after all the problems all through the years the people in the Valley were now very accepting of what the City had done there and what the situation was. They liked the Valley the way it is. They do have occasional arguments, but those are ironed out. They could see that Mr. Riordan should be sent a message and that they would talk to their representatives in the state legislature to support the Katz bill, AB318. I understand that they did this and that indeed the Assemblymen from that area voted for the bill.

Time heals all things, they say. The true value of any situation. I believe, resolves itself, makes itself apparent in the end. And I believe that's happened in the Owens Valley, I really do.

Erie: Bob, just to play the devil's advocate, which, as you know, being part Irish, I love to do...

Phillips: Please do...

Erie: Over the last twenty years there have been several continuing controversies up in the Valley. One was an issue regarding groundwater and groundwater diversion with respect to the second barrel... to the second L.A. aqueduct, and more recently (and you tell me from which quarters) with respect to the temporary stopping of Los Angeles diversion of Mono Basin water until the lake had refilled to a level that was mandated by the state. Can you talk a little bit about those more recent controversies... the nature of them and the forces behind them?

Phillips: Yeah, certainly. First of all, understand that we're talking about two separate watersheds. That's the first thing to understand. The Owens Valley watershed situation and the groundwater largely comes about... well there is a faction, and this, I have to say, is primarily the environmental and naturalist faction... a few of them are in the Owens Valley but more of them are outside the Owens Valley...

Erie: Including the City of Los Angeles...

Phillips: Including the City of Los Angeles. Many of them plug in their electronic typewriters to the city's Power System, generating power through aqueduct water...

Erie: Bob, I suspect that it's their computers today...

Phillips: Yeah... and type angry letters about the...

Erie: To the L.A. Times...

Phillips: to the L.A. Times... about the Department that's furnishing their water and power. Anyway, most of the groundwater argument has been with regard to the lowering of the groundwater table, which thus allegedly dries up the ground, destroys certain phreatic plants, and causes the dust problems in the Owens Valley, which are now being touted as a terrible situation. I don't find any natives up there that feel the situation's any different...

Erie: Bob, there are allegations that it contributes to global warming.

Phillips: That could well be... They grab anything they can.

Erie: I'm pulling your leg. [Erie speaks simultaneously to Phillips]

Phillips: The groundwater situation is actually not yet resolved. There has been an agreement made between the amount of water that can be pumped. I had a great deal to do with the planning of the Second Aqueduct, in so far as the availability of water, the studies that were made, the use of groundwater. The Second Aqueduct was designed to transport approximately half the amount of water that the First Aqueduct was, 210 cubic feet per second.

Erie: And the first barrel, Bob, was designed...

Phillips: For 430...into Los Angeles, yeah. The Second Aqueduct water... generally, the concept was... and this is what... I prepared the section of the report to the Board that had to do with this subject. The concept was that one third of the water, approximately 70 second feet would come from the Mono Basin. After all, the aqueduct was built because the state was after us to either complete the works, where we could prove up on our filings on the Mono Basin, or abandon the filings so that somebody else could have them. And the way to do that was to build the second barrel. And the additional diversion from the Mono Lake... I'm crossing the border here a little bit... was designed to comply with the state's edict that we prove up on our findings.

Erie: And if you don't, I mean, the underlying doctrine is use it or lose it?

Phillips: Yeah... so a third of the water was to come from the Mono Basin, just increased diversions from the Mono Basin. And we had all the permits to do this. That is, the water permits, the permits for water. We didn't have a license and you don't get a license until you actually construct the works and show that you can divert the water that you have a permit for. We couldn't. But the second barrel would allow us to divert that much water and therefore go to license, which is what the state wanted us to do... and we wanted to do. So that was the purpose of building the Second Aqueduct.

The next third, approximately 70 second feet of water, was to come from the use of the Owens Valley groundwater basins... nothing in Long Valley, just the Owens Valley groundwater basin... which were in the experience that we had with those basins, it was well within the capability of those basins to produce 70 second feet, easily. That's where the second 70 second feet was to come from.

The third, roughly 70 second feet was to come from a revamping of our agricultural use in the Owens Valley. Again, we're talking about just the Owens Valley... Bishop, Big Pine and Manzanar on the South. That was to come about by, instead of doing as we had in the past... that is, giving the Ranchers water when we had it, and withholding it from them when we didn't have it... thus, complicating their utilization of the land for better pasteurization and forage. What I'm saying is that when the water supply was in doubt, a rancher couldn't afford to plant a great acreage of alfalfa and the next year have water withheld from it. It dies. It should last five years, before he has to re-seed it. If

he has to re-seed it the year after he has just re-seeded it, that's too costly. He couldn't do that. So there was not that much alfalfa... Or irrigated pasture, same thing. He couldn't afford to plant good irrigated grass pasture and to maintain it if his water supply was in doubt. Our feeling was that if we reduced the acreage that was irrigated pasture and irrigated alfalfa, but guaranteed the water for it every year, then they would plant more of that... more of the pasture and the alfalfa... then the total production in AUMs (animal units months) of feed would either stay the same or even rise. And they would have a much more certain situation and therefore we wouldn't have to waste a lot of water some years, and from that we would get 70 second feet of water to go to Los Angeles. And that was a hard sell. And I went up there personally, by myself, and sold it to the ranchers, and said, "This is the way it's going to work." OK.

Now when all this started to happen. The people who were administering the Water Department at that time did some things a little different. First, the Mono Basin situation reared its ugly head and we didn't have 70 second feet coming from there. We foresaw that possibility. And also, the people that were running things gave the ranches more irrigated area than we had contemplated, although the ranchers had accepted it. And thirdly, they pumped more groundwater than we had planned and the groundwater table went down.

Now, my own knowledge of the groundwater situation in the Owens Valley is that the real valuable supply of water is at great depth, several hundred feet to a thousand or more feet in depth. There are layers of the old lake bed and valley bottom down that far, because we have drilled wells down that far and brought up organic material from a thousand feet. There are good gravel beds and layers down there, aquifers that supply ample water. There are layers of clay in the old lake bed that isolate those aquifers from higher aquifers. And on top of the clay layers, there are perched water-bearing strata, which are fine with shallow wells. There's more clay on top of that so that some of these perched layers, if you drill into them above the earthquake fault, are artesian... were artesian. I've seen them flowing, nice streams of water just coming out of a well. And above that there is more clay, because the old lake reached up to most of that area. So that the water that's supporting these plants and the vegetation and the moisture that's required at the surface for these environmental concerns is totally isolated from the water at depth which we depended on for the export and which is fed totally underground from the mountains.

Now, I wasn't around during much of this... so I'm not too familiar with what the arguments were and what the give and take was. But my view... there's plenty of water in that Valley to have the agriculture that was had even before the aqueduct was built. And there's enough water, well, to provide that irrigation and there's still enough water to fill both barrels of the Aqueduct. And I haven't seen anybody disprove that.

With the... of course, the Owens Lake bed has become very much involved in this air pollution thing and the Lahontan Regional Air Quality District, I think that's what it's called, has written a lot of studies and taken a lot of samples about the impact of Owens

Lake. And of course, what the Department is foreseeing now ... with the decision in the Mono Lake case, and also the decision in the Owens Gorge where one of the penstocks in the Owens Gorge, through a mistake made by an operator at the plant, ruptured under extremely high pressure surges and spilled into the river bed. And the environmentalist and the fishing people immediately seized on that as putting water back in the river and that we had to leave it there. And the courts agreed with that. And the saying was among the environmentalists and the fishermen "Well, we got the Gorge water, now we're going after the Owens Lake and the rest of the river." And, I have no doubt that they intend to do that. So this is all rather frightening, but it's all... and I'm going to say it because I feel it... it's all the environmental movement, it's all the outdoor people movement. And this irritates me because that water supply and the power that comes from there, that isn't coming from there now because of the Mono Lake and the Owens Gorge thing... some of it is, but not most of it... is supplying an awful lot of people in Los Angeles with low cost power, particularly the hydropower, who are too poor to ever think of going and enjoying fishing in the Owens Gorge, or viewing Mono Lake, or seeing any of the wonders that are up there, regardless of whether we bring water down or not, really. It bothers me that their interests are that narrow, frankly. There's really only a handful of people that ever did fish the Owens Gorge; it's a steep... hard place to get there. To get there now, they'd have to use a road that the Department of Water and Power built. So it all seems a little unfair to me.

Erie: What about the Mono Basin controversy. Is that generated by external forces?

Phillips: Yes. A man by the name of Gains, who was since killed in an automobile accident... I don't like that. But he formed the Committee for the Preservation of Owens Lake, or whatever it's called... the Owens Lake committee, and did a great job of campaigning and propaganda in connection with it. The big thing first was that the lake would lower, and it did. There were two islands in Mono Lake before the Department started their diversions. One, Negit, which is a little black volcanic eruption and a larger one, Paoha Island, which is largely sedimentary. Erosion... I have some ideas about it I won't go into. But anyway, Negit Island was a seagull area and had been for centuries, maybe millennia. And I pointed out to somebody... well, I pointed out to my wife the other day when we were in the Owens Valley, it happened to be the right time of year, and I had seen this many times but I pointed up at some white birds circling and I said, "Do you know what those are?" And she said, "Geese or ducks?" And I said, "No, seagulls." "Seagulls! What are they doing up here?" I said, "They're on their way to Mono Lake. They're going to raise a bunch of young up there and then take them back down... at the beginning of fall... they'll take them all back down to Santa Monica." And she couldn't believe it, but that's what happens.

But the feeling was, and they were correct there, that the minute that there was a land bridge between the shore and this island...

Erie: The predators, right? The predators would come across.

Phillips: The coyotes would come across, and other predators, and eat the eggs and this would be a terrible environmental thing. I don't argue with that, it was a valid issue. A lot of money was spent by the Department to build fences and isolate the island from coyotes and predators. But that wasn't enough...

Erie: Why not just dredge out the land bridge...

Phillips: That could be, but you'd sure ruin a piece of equipment with saline water...

Erie: Yes, exactly... in saline water... maybe, you could do it with laborers. But that would certainly be of... dig down...

Phillips: Then the next thing, after the coyote problem was solved, with the lake lowering the brine concentration increased. Less volume of water, same amount of brine, so the water was getting saltier and saltier. This would kill the brine shrimps. The only thing that lives in the lake are brine shrimp. On the lake, around the shore, there are just areas that are just black with little brine flies, black flies. Both of those are feed for the seagulls. And the hue and cry was that the brine shrimp would die, the brine flies would die, and the seagulls would lose their flies and that would ruin the environment. So this brought about a lot of court cases. The Committee for the Preservation of Mono Lake or whatever it is, Gains'Committee, was able to raise a great deal of money... to save the lake.

When we were planning the Second Aqueduct, we of course knew that this would happen, not exactly to what extent. But I had told... during the process and while I was going up there and trying to sell the project to the local people up there... I had a lot of conversations with Eddie Denton. Eddie Denton was at that time the District Attorney of Mono County. Nice guy, a real good friend of mine and really had been a very good friend to the City. A very nice guy to work with and their supervisors were nice people and we got along great. We did everything we could for them and they knew it and they appreciated it.

But I told Eddie, I was up there having lunch with him one time... and I said, "You know, the lake went lower."

And he said, "Yeah, I suppose... how much?"

And we had kept evaporation records for several decades on Mono Lake, that is an evaporation pan (very carefully monitored) that floated on the lake, and measured every day the amount of water gone was recorded. And we had very good figures on the evaporation rate on the lake. Using those figures and figuring that we're going to take another 70 second feet... how big an area of water... with what was something like 3 or 4 feet a year evaporation rate... would evaporate enough acre feet to produce 70 second feet of fresh water... And on the basis of the calculations I made... I assumed that Mono Lake was a circle, you could impose a circle on it that left a little bit inside and a little bit

outside, but it was easy to balance those for my purposes ...

And I said, "The mean shore line... will recede probably about a quarter mile."

Now there are parts of that lake where on the north side that black bluff comes right straight down into the lake, I mean it's deep all of a sudden. And there are other areas where it's very flat, particularly on the west side, where you see it.

So I said, "I think it will recede a quarter of a mile. And I don't know whether that's accurate or not."

But Eddie just kind of just shrugged his shoulder, "Well..."

And I said, "You don't have any problem with that."

He said: "No, I don't see any problem with that."

Now that happened, that really happened... I told him it would go down, I told him about how much... Now I have to find out how much the average receding of the lake has been. I haven't figured that out.

The Mono Lake... the thing that bothered me about Mono Lake... and the other day again when I was in the Owens Valley, one of the employees had a granddaughter that was in high school, is in high school and she had a project on National History Day... I'm sure you're familiar with that, for high school students. My Grandson was successful in that. And she had a project, and the project was the Mono Lake Controversy. And she thought it would help an awful lot if she had a statement from me that she could incorporate in her project as to what I felt about the controversy. So I went ahead and I made a little statement, I ought to have it in here... the gist of it was, and I tried in a very short statement to cover what has been my reaction for years on this.

It seems to me there's something wrong with the system when you build a major project, you properly follow every legal step required to build that project, you get the permits from the state, you make the filings, you build part of the project, you show good faith all the way, and nobody says anything. Everybody knows what you're doing, including the courts. And finally, you're told by the state, "Look, you have these filings and we've been extending the permits for years," ...which they did, in effect, the state led us on, because they renewed that permit every year probably for thirty years... And finally said we've got to start husbanding the water resources of the state more closely. And they adopted this policy, not just for us but for everybody in the state. Use it, or lose it. Just as you say. That's it. And we said OK, we're going to build a second barrel." **[End of tape 2, side A]**

Phillips: I just wanted to say that we did everything that the state asked us to do in good faith and we built a system. We planned for a water supply which is vital to an awful lot of people. You know, you plan it ahead... a water supply that should last a hundred years

or more. And we get ready to finally implement this and the court comes along and says, "The laws have changed, we don't think the way we used to and you can't do this. No matter what you've got in it, no matter what you've planned. No matter what other resources you've rejected because you had this one. You can't do it." If the court had said, "Well, from now on... the public interest law is going to prevail, but you've made this commitment, go ahead with your project but nobody else is going to do it." I'd buy that, that's all right. But it seems to me terribly unfair that something this fundamental to people, this vital to people, on this large a scale, is thwarted by a new societal thinking, by a new sociology influencing the courts.

Erie: The interesting thing is that today, if the issue came up again, the courts might think differently, because we've had another revolution in thinking, just in the last six months.

Phillips: Yeah, we're now against Affirmative Action. I was against Affirmative Action for the same reasons they're complaining about now when it first came out. Nobody listened to me...

Erie: What I was referring to, of course, Bob, was the roll back in terms of the Clean Water Act, the Endangered Species Act...

Phillips: ... and the Warden Valley Nuclear Dump! Hah, Hah!

Erie: And the courts ultimately also read... follow public opinion in the election results. Particularly in California, you know, where there are...elected positions. But even the federal courts which are, of course, appointed for life. But the point is that today, you know, the decision might cut in a different direction. A lot of it has to do with the timing.

Phillips: But this is aggravating and kind of frightening to me, that you can't plan ahead, is what it says. You can't plan ahead. And when you're building a major Water System, or a major power supply or any other major development you have to plan ahead.

Erie: You have to have a reliable or certain future. I mean that's the whole basis of making these kind of large scale capital investments.

Phillips: You know, you can't pick up the City of Los Angeles and move it to the Columbia River. You can't do it.

Erie: And interestingly, the real losers in all of this may be the City and County of San Diego. Because Los Angeles does have claim, it's called preferential rights, Bob. I'm beginning to learn the law of the Metropolitan Water District... which, and we will end on this note, the County Water Authority of San Diego, right, is now seeking to abolish. Anyway, we'll take a break at this point.

--BREAK--

Erie: Bob, I'd like to turn the conversation from up north to down south, from the Owens Valley to City Hall, to have you record your observations during your tenure in the Department in terms of the Department's changing relationship with City Hall. And, to first ask you about the relationship at various points in your career, as you saw it, in terms of the mayor, or in terms of particular mayors... if you can talk about a Yorty, a Bradley, or a Poulson. And, were there different attitudes toward the Department, a different pattern of employment with respect, right, to the D.W.P. boards? And then we can talk about the City Council.

Phillips: All right. My first remark would come under the heading of "people are funny." It became apparent through the years, to me, and it certainly was to others. That the sequence of mayors, kind of followed a typical pattern. When they first came in as a new mayor they were inclined to be very suspicious of the Department. They were inclined to appoint commissioners, Department commissioners, who were primarily... political appointments. They were payoffs for... something that the commissioner had done for the Department. Obviously, little thought was given to the ability of the appointee, as far as helping direct the Department or having any background in matters typical to the Department. And it was not very successful. Yorty was that way, Bradley was that way, and from what others have told me Poulson and a whole string of mayors were kinda that way. Then as they began to know the Department better, and as their commissioners began to understand that the Department was a big, complex, good operation, their attitude would change and they would be inclined to replace the commissioners with people who were a lot more oriented toward the business of the utility operation and the concerns of the Department and even the political concerns.

The mayor that appointed me... or appointed the commission that appointed me, of course... was Yorty. And he followed that same pattern. He was in office when I was appointed. I had had some contact with him during the episode of the February 1971 earthquake, when I had talked to him directly about evacuation of people and working with police chief Ed Davis as far as evacuation of people and controlling all that aspect of it. And by that time, Yorty was a total Department supporter. Bradley in this same fashion became much more of a Department supporter. I don't think as much as Yorty was.

The commission that was appointed when I became General Manager was high-caliber and really a splendid group of men. They were business people, they were high-caliber responsible people. They had the interests of the Department at heart, they were not politically oriented, particularly. This brings up another attitude of mine. I could never understand why mayors, and this goes for Councilmen too, couldn't accept the Department for what it was -- a well-run organization in the view of most people and certainly in the view of the financial institutions, the rating agencies, and so on -- and realize that the Department was an asset to them. The better the Department was run, the better they'd look. And yet, they didn't seem to want to see... they seemed to want to criticize the Department, downgrade it.

Erie: Why do you think they wanted to criticize it, Bob? It played better with voters?

Phillips: I don't know, that's the only reason I can think of, particularly in the Council. They felt that if they could appear, at least, to dominate the Department... "We're tellin' the Department what to do, we're running this show." It did, as you say, play better with the voters. Where I don't think it would hurt to say, "Look, this is our Department, great place... credit to the city." They would have made things a whole lot easier, but I expect that's too much to hope for. I only was in a high executive position during the tenure of two mayors, Yorty and Bradley. Because Bradley was in office for so long. My relationships with both of them were good. I had known Bradley at U.C.L.A., casually. He was out for track and I was out for crew, and I'd run into him in the gym and in workouts and so on, and didn't see anything of him until I became General Manager, or at least Chief Engineer of the Department... I mean Chief Engineer of the Water System... I saw him occasionally in Council meetings when he was a Councilman. I got along fine with him and I got along fine with Yorty.

Erie: But you don't think that Bradley was quite as strong a supporter of the Department, that Yorty was?

Phillips: I don't believe so... He wasn't as strong a supporter, he didn't expose himself by appearing to defend the Department when he might have.

Erie: And Yorty did?

Phillips: And Yorty did, I think?

Erie: Bob, we do know where Yorty got his first job in the public sector, do we not?

Phillips: In the Department.

Erie: In the Department under Scattergood. He was a right-of-way agent, right, for the hydroelectric lines.

Phillips: And, of course, we're talking about mayors, not Councilmen, but when I used to come down from the main office building in the Owens Valley, when I was working a lot on budget matters for the Aqueduct Division, I'd park in the Hill Street Garage and then walk through some back pathways through the buildings of the Department in the basement. And very often I'd see Gil Lindsey down there cleaning spittoons. He was always friendly and I was friendly with him. We were very cordial and when he became a City Council [member] he was a good friend of mine...

Erie: And a good friend of the Department.

Phillips: Yes, he was. So that pattern among the mayors was fairly consistent, in some ways a little amusing, certainly interesting, and I think, a credit to the Department that

it could overcome any built in antagonism that these people came into office with and demonstrate that it was a very valuable part of the City operations .

Erie: Did the Bradley Board appointments... were they different from Yorty's, in terms of the kinds of people, the backgrounds, the diversity?

Phillips: They were somewhat. The Yorty Board, which was there when I came on board as General Manager was, as I say, all very responsible business people, well known. Or professional people... Henry Bodkin, Sr. a very prominent attorney in Los Angeles. And the others were the same caliber. When Bradley came in, I don't know if he was the first one that did it, but his first act was to get an undated letter of resignation from every commissioner .

Erie: And, Bob, you know this personally?

Phillips: Oh, yes, I know this personally ...

Erie: Because I've heard it apocryphally from L.A Times reporters, but I've...

Phillips: Oh, no. I've talked to the commissioners who said that, "Yeah, we had a meeting and he asked for everybody's undated letter of recommendation ."

Erie: Signed letter of resignation .

PhiUps: Signed letter of resignation .

Erie: And as far as you know, this is the first time that this had been done.

Phillips: That didn't sit too well with some of the commissioners, or with the General Managers. And then, the second thing that Yorty did was appoint... there were some good appointments to our board. The first woman ever appointed to the Water and Power Commission was Katherine Dunlap, a very capable lady... had been President of the Los Angeles League of Women Voters... and very, very good judgment. She was a good commissioner .

He appointed another guy by the name of George Gillespie, who was a small time outdoor advertising guy. And he had donated, I don't know, a few thousand dollars to the... Bradley's campaign, and he got appointed to the Board. He was not a good commissioner.

Another one was a man who was a very nice person, Herb Ward. He had been President of the... whatever the L.A. area organization was in the machinist's union. Herb always looked out for labor, he wanted to be sure that everybody got paid and... when we had the 1974 strike, Herb would not cross the picket line and come to Board meetings. This

disappointed me. I mean if he had resigned from the Board, I would have understood it. But to have stayed... to have kept his position on the Board, but to refuse to cross the picket line he was showing a very divided allegiance, felt. There were others on the Bradley Board that were, in my view, not at all qualified to be there.

Erie: Was this just a payback for political or financial support?

Phillips: In some cases, definitely. I think the appointment of Kathleen Dunlap was political in that she was the first woman on the Board, this did a lot for him in times of ...

Erie: But he was moving the appointment process away from the old, downtown business community and professional...

Phillips: Oh, yes...

Erie: Whereas with Poulson and with Yorty there was much more of a sense of the economic notables. Were there any Jewish appointments to the Board? We know that Bradley fashioned this Black-Jewish coalition.

Phillips: Yeah, one of the best Board members we had was an attorney who was Jewish and I can't think of his name. But excellent... he saw the purpose of a commissioner and he performed it just admirably. Very intelligent. Non-political. He was an ideal commissioner. He really was.

Erie: So you really had the Bradley coalition of women, of minorities...

Phillips: Yeah, Dearborn, incidentally was a black. ..

Erie: Right, the Jewish community and Labor, it was constituency politics, is what we call it.

Phillips: So these were the things that motivated Bradley, not so Yorty, at least when I came on board. Fortunately, the two mayors that I had anything to do with, I got along fine personally.

Erie: But they still don't get along today with each other.

Phillips: No, they don't. And, you know, like Bradley... during the time I was General Manager, we were building... we were a 21.3% participant in the Navajo coal-fired power plant. Over in Page, Arizona. Actually on the Navajo Reservation. There was a lot of environmental antagonism toward any coal-fired power plant in those days, as there is even more so now. And the anti-power plant people, not the Navajo's really, but the anti-power plant people, got to the Navajo people... some of them... they found some sympathizers... and they brought those people over to a City Council meeting.

I remember one City Council meeting when a young Navajo woman dressed in her beautiful native dress with a baby in one arm and a large lump of coal in the other hand. And she appeared before the council so equipped, and gave a tear-jerking story about what this plant would do to the Navajo people and how it would violate a lot of their religious things and it would disrupt their reservation and the fumes from the coal plant would kill them all... Oh, she made a real statement... Because of this, the City Council refused to approve the participation agreement. All the participants in the plant, and there were several of them, had to sign a participation agreement that they would abide by certain contractual agreements in building the plant and operating the plant. And the City Council had to approve that participation agreement, as did the Mayor.

The Mayor was very little help in fighting that. He tended to side with the City Council. I flew over to Page, Arizona with him one time on a private trip where we had some commissioners with us. And I talked to Peter McDonnell, at that time the president of the Navajo Tribe, about it all. And coming back... we landed at the airport and my car was there and I brought Tom Bradley home, back to the City Hall. Talked to him on the way back, and he was very understanding but he would not really come out and fight on the issue. That I didn't like. He would not fight the Council on it. Now, what was his problem there, I don't really know. Ultimately, we got the participation agreement signed. The plant was almost built by the time we did it. We got a lot of understanding from the other participants. But this sort of thing did not paint a good picture of the Department in its operation among other major utilities in the west. And this includes investor-owned utilities, there are investor-owned utilities participating in that plant.

The mayor and the City Council could do so much to support the Department and benefit from the Department, which they do anyway, but they seem reluctant to do it. There are a great many occasions where I went over to the City Council and talked to individual Councilmen and they would understand and they would nod their heads and "That sounds good to me." "Yeah, I think we can go with that." And then we would come into the general Council meeting and particularly if the TV lights and camera were on they would start berating me and any other Department representative who was there for what we were trying to do. And the very ones who had said encouraging things to me voted against it and participated in berating me for even thinking of doing this, you know. This works very rapidly in destroying your trust of these people.

Erie: Bob, would you say there was Council meddling in rate setting? What about long term contracts and leases? I'm just looking at the kinds of powers that the City Council has relative to the Mayor over the Department. And also, doesn't the Council have to approve financing agreements? Revenue bonds and things like that? Or is that done unilaterally by the Department?

Phillips: I'm not certain of this, I've kind of forgotten. But the Council gave the Department authority to proceed with revenue bonds, of the negotiations.

Erie: But it was a power that had been originally reserved for them... in the Charter.

Phillips: Yes it was...

Erie: And they delegated it...

Phillips: And they delegated it...that was a good thing of course. And that worked all right. Years ago, when the Department was still growing rapidly ... during W.W.II, before W.W.II, and during and shortly after... the Department... the only hold the Council had on the Department was approving rate increases. Otherwise it had very little hold, because we didn't... we had these other arrangements on contracts. It was very seldom that we had major contracts that required their approval, and usually they understood the importance of it... there was no argument.

But when the Department was growing rapidly, they didn't need rate increases. They did what they pleased. The Council had no control. The Councilmen used to come over to the Department to talk to the management and the Board. And this galled them I'm sure, but that's what they did. And the Department didn't do too much to soften that blow, which I think they probably should have.

Anyway, later on when the Department's costs went up and there were no longer economies of scale and a lot of things changed where we had to start going over for rate increases. Then the Council really started meddling, as you say. Mostly though it was with respect to the rate increases. They made it clear that there had to be a quid pro quo in approving rate increases, where "we'll do this, but there are some things you have to do for us..."

Erie: And what were those things?

Phillips: Oh my gosh, I've forgotten the details of it. But individual Councilmen had things they wanted done in their districts... a new substation...

Erie: We call it pork barrel projects...

Phillips: Yeah, right. Costly things that didn't do much to generate new revenue, that sort of thing. There was something else that I was going to mention about my attitude toward the Council. I've kind of forgotten what it was...

Erie: Well, Bob, what about the role of interest groups operating on the Council? In previous conversations we talked about how the environmental movement was seen to become a major, major player...

Phillips: Well, of course, the episode with the Navajo power plant was a case greatly in point, there. That was environmental action that was trying to stop the power plant, or throw a monkey wrench in it. I felt that the Mayor and the Council did very little to help solve or fight the Mono Basin matter. The environmentalists got to them... and Joel Wachs not too long ago in fact said with a lot of disdain about the Department: "Why

were they spending all this money on fighting the Mono Lake thing? Why didn't they just quit and give up the Lake?" That attitude has always puzzled me, when people are so willing to get rid of water rights. As I recall the Council or the City Charter says that no water rights shall be sold, conveyed or otherwise disposed of without a two-thirds vote of the people. And yet the Council was ready to give up the Mono Basin water supply almost without a fight. This is not to their credit.

And all this seems to stem from a kind of hatred for the Department of Water and Power.

Erie: Was it because of the Council's lack of control over the Department?

Phillips: I think so. They wanted more control, and of course they've gotten it over the years. And now they're completely in control. The Council and the Mayor are completely in control... [end of tape 2, side B]

TAPE THREE: 6/11/95

[Re-introduction by Erie; date, interviewee, etc.]

Erie: We're continuing our interview dealing with, particularly, the politics of Los Angeles water and power, and I'd like to shift, Bob, in this second section from sort of external political relationships to the internal politics of the Department. Particularly, if you can talk about the historic relationship between the Water System and the Power System, the two big sides of the Department.

Phillips: I wasn't a party to a lot of the early conflict that went on. I was too young for that. However, I do recall my father coming home from work and talking to my mother about what was going on at the Department. I sensed... I knew from that that there were internal problems in the Department... little jealousies. I think all the people with the Department were dedicated people, both on the water side and the power side. But they had different views about what was important and what wasn't, while the Department really started from the development of the Los Angeles Aqueduct and it was a water operation, it didn't take long for it to turn around and become a case of the tail wagging the dog and the Power System became the dominant... in some ways... system.

Water supply, of course, under the situation in Los Angeles, is always a vital function and must be guarded carefully. But still, the big money, the big issues, were in the Power System. It grew financially, in the number of employees, and in almost all ways... the Power System grew very large. I sensed, even after I came to work for the Department, and some before that, for the reasons I explained, the power that the Power System had allowed a certain arrogance to develop in the Power System, particularly in the early days when the Power System was growing very rapidly and did not have to go to the Council for a rate increase, because they didn't need a rate increase. Economies of scale were functioning admirably for the Power System in those days.