City Council rejects plan to hike water rates

DWP: Panel wants review of proposal for ratepayer advocate

By Rick Orlov, Staff Writer

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With new leadership in place at the Department of Water and Power, the Los Angeles City Council on Wednesday rejected a water rate increase proposed for certain customers.

And, despite assurances from interim General Manager David Freeman that he would serve as a ratepayers' advocate, the council called for a review of creating the ombudsman-type position to look at any future rate increases.

"I am the ratepayers' advocate," Freeman told the council. "That is the job of whoever is the general manager, to make sure we can provide water and power to the people of this city at the lowest possible cost.

"There is a great majority of people out there who appreciate the Department of Water and Power and what we do for this city."

But Council President Eric Garcetti said a ratepayer advocate would help the DWP.

"There is no reason to fear a ratepayer advocate," Garcetti said. "You will be there only six months and the public is looking to have someone there."

Councilman Jose Huizar introduced a motion one year ago to create the post, but it has languished in council committee. Recently, former DWP Commission President Nick Patsaouras launched a campaign to change the City Charter to create the position.

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Successor defends ex-chef

As city officials Wednesday released details of the $82,000 consulting contract awarded to former Department of Water and Power head David Nahai, his interim successor defended the controversial deal as essential to helping him run the agency.

The contract calls for paying Nahai $27,300 a month from Oct. 7 through Dec. 31 to "provide consulting services and provide knowledge transfer" relating to his time as head of the DWP.

Nahai left the post this month to take a position with the Clinton Climate Initiative.

"There is information that only he has that I will need to help me to manage this department," said Deputy Mayor David Freeman, who ran the DWP from 1997 to 2001, is heading the agency until a permanent successor is chosen.

"I think it is important that he is available for questions," Freeman said.

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The proposal sent back to the DWP would have allowed greater water use for people keeping large animals as well as those with
medical emergencies. But it would have raised the rates for those who use more water and are in the Tier 2 category.

"Frankly, it confused me," Freeman said. "That's why we want to take it back and take a new look at it."

Councilwoman Jan Perry, who chairs the Energy and Environment Committee overseeing the DWP, said she also wanted details on the increase in labor costs that could be driving up rates.

"Given this bad economy and new management of the department, I don't think this is the right time to be increasing rates," Perry said.

Freeman said it will be part of an overall review he is conducting, at the direction of Mayor Antonio Villaraigosa.

In a letter to Freeman, the mayor outlined four priorities. They are conducting a cost-cutting review of the budget; accelerating the water pipe replacement program after a series of high-profile water-main breaks; review all water recycling and conservation programs; and report on all renewable energy programs.

"We are going to look to cut to the bone," Freeman said. "Before we make any proposal to raise rates, we will look at whether it is really needed. And we will have an open process on this. We will listen to the public, not just those who scream, but the silent majority as well."

Villaraigosa named Freeman, who led the DWP from 1997 to 2001, as interim general manager while the city searches for a successor to former agency head David Nahai. Freeman has said he will not apply for the permanent post.

Councilman Tom LaBonge said part of Freeman's job and that of the next general manger is to "restore the luster and pride" the city felt toward the DWP. Freeman said he would work to make the utility more open and transparent in its decision making.

Patsaouras said that is why he wants a ratepayer advocate to help restore public trust.

"I was convinced a year ago that the DWP needs a ratepayer advocate," Patsaouras said. "The events that have unfolded recently make it imperative that the DWP have someone representing the ratepayers."

Councilman Greig Smith introduced a motion proposing the creation of a position of DWP inspector general.

Smith cited the public opposition and anger to rate increases and the overall decline of the utility.