



October 8, 2018

Honorable Eric Garcetti
Mayor of Los Angeles
200 N. Spring St.,
Los Angeles, CA 90012

Honorable Ronald Galperin
Los Angeles City Controller
200 N. Main Street, Suite 300
Los Angeles, CA 90012

Dear Mayor Garcetti and Controller Galperin,

We write with evidence of misconduct in the selection of a new Ratepayer Advocate and call upon Controller Galperin to investigate immediately.

Rumors have circulated, Mr. Mayor, that your office has sought to retain Fred Pickel, current executive director of the Office of Public Accountability at the LADWP, at all costs. As you know, we have reported that Pickel has turned a blind eye to financial impropriety at the Department and City that another ratepayer advocate would not.

The search committee process for replacement shows that one of the most qualified candidates for the position and foremost experts on utility matters in the state has not been contacted at all, despite the fact that a final decision on the position is imminent.

It's shocking that the former Chair of the Assembly Utilities Committee, Mike Gatto, would not receive a phone call, let alone an interview with the Citizens Committee to replace Mr. Pickel, despite being one of the most knowledgeable experts in the state on utility and ratepayer matters. He has authored numerous consumer protection laws and provided oversight of the Public Utilities Commission and state's utilities. As you know, Mr. Mayor, your appointees and those of the City Council comprise the search committee.

City staff confirm two rounds of interviews have been held and a decision on the ratepayer advocate position will be announced at the next search committee meeting. How is it that Mr. Gatto would not even be called if the search process is no more than a sham process to reappoint Mr. Pickel by claiming there is no equally qualified candidate?

Consumer Watchdog does not necessarily endorse Gatto, nor have we agreed with him on all policy votes in the past. But the fact that he did not receive as much as phone call from

the committee suggests there is foul play in what is supposed to be an impartial search process for a replacement.

The five-year contract for Fred Pickel, the DWP's first ratepayer advocate hired as the Executive Director of the Office of Public Accountability, expired in February 2017. This utility industry insider and one-time Enron consultant had an annual salary of \$298,000. He has continued on a month-to-month contract for an extra 20 months and collected more than \$470,000 since his contract expired with little to show for it. City hall insiders clearly like the status quo and unnamed sources say retaining Pickel is a top priority for you, Mr. Mayor, and DWP brass. That is precisely why he must go.

As our March 2018 report "The Price of Pickel" showed, Pickel has cost ratepayers \$7 billion either by rubberstamping wasteful DWP decisions or failing to speak out to defend ratepayer interests. Read the report at <http://www.consumerwatchdog.org/report/ThePriceofPickel>

Though resumes from roughly 30 applicants wanting to replace Pickel were received, the specially-appointed Citizens Committee overlooked Mr. Gatto's application entirely.

Gatto served as a member of the state Assembly from 2010-2016. In that capacity, he served as Assistant Speaker Pro Tempore, Chairman of the Appropriations Committee, Chairman of the Consumer Protection & Privacy Committee, and Chairman of the Utilities & Commerce Committee. He authored several pieces of notable legislation. For example, in 2014, Gatto was the lead LA negotiator for the California Water Bond that secured nearly \$1 billion to clean up polluted groundwater reservoirs in the LA region. That meant that the region could cut water imports from elsewhere.

In 2015, once named as Chairman of the Utilities & Commerce Committee, Gatto called for an investigation into the biggest methane well blowout in US history at Sempra's Aliso Canyon natural gas storage facility. Gatto attempted critical reforms of the California Public Utilities Commission based on its failure to protect ratepayers, and introduced a constitutional amendment to break up the commission in the wake of multiple scandals. He clearly does not countenance government malfeasance.

How is it possible that Gatto would not be contacted to be the city's ratepayer advocate given his credential if the fix wasn't in for Pickel?

We ask for an immediate investigation. DWP ratepayers deserve better. Reappointment of Mr. Pickel without a fair hiring process would amount to City Hall cronyism. Mr. Mayor we call upon you to stand down in the rush to reappoint Pickel until an investigation is completed.

The ratepayer advocate is a critically important job at the DWP that has major financial and environmental implications for ratepayers. These include righting the inequities of rock bottom utility customer service, protecting our wallets, creating a faster transition to 100 percent renewable energy, and establishing renewable energy choices for the least

advantaged Angelenos. Pickel has stood in the way of progress on these fronts, as our report documents.

Just recently, we received a letter from a whistleblower about an apparent City - LADWP boondoggle over vast, unused DWP office space with rents paid to the City coffers. Read the letter here: http://consumerwatchdog.org/sites/default/files/2018-10/LADWP_0.pdf

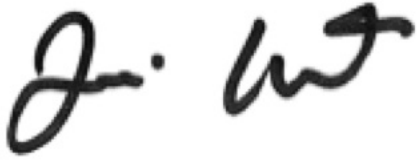
As you may know, the LADWP rents four floors from the City at 221 North Figueroa, which has been criticized as an above-market transaction. Our staff paid the building a visit to verify what the whistleblower alleges—that LADWP ratepayers are funding the rental of space in the building to generate income for the city when the space is not really needed. We discovered the lobby's building directory for that address was blank. Here is the photo:



The floors supposedly occupied by the DWP or city divisions serving it were sparsely populated at best.

DWP's customers currently have no ratepayer advocate to turn to for a fair accounting of such matters. That's scandalous and must be changed. Ratepayers deserve a real hiring process. Mr. Mayor, if it is your intent to reappoint Mr. Pickel, stand down. Mr. Galperin, we call upon you to investigate immediately.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Court". The letters are fluid and connected, with a large initial "J" and a stylized "C" at the end.

Jamie Court
President

A handwritten signature in black ink, appearing to read "Liza Tucker". The signature is written in a cursive style with a long, sweeping underline.

Liza Tucker
Consumer Advocate

