

August 30, 2012

Ronald O. Nichols, General Manager Department of Water and Power 111 N. Hope Street Los Angeles, CA 90012

Dear M. Nichols:

SUBJECT: EVALUATION OF ACTION PLAN STATUS FOR THE ARRA PERFORMANCE AND FINANCIAL EVALUATION OF THE DEPARTMENT OF WATER AND POWER

My Audit Division evaluated your August 17, 2012 follow-up response indicating the Department's status to implement the recommendations in the report entitled "ARRA Performance and Financial Evaluation of the Department of Water and Power" dated March 3, 2011.

Previously, my Office had considered all but one recommendation, #2, as Implemented. Based on your recent correspondence, Recommendation 2 is also now considered Implemented. Our evaluation is solely based on assertions made by your Department. The results of our evaluation may have been different, if we had applied more extensive procedures, such as detailed audit tests.

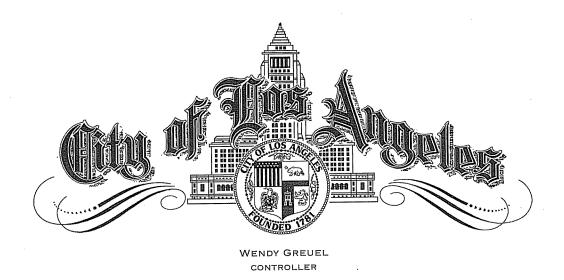
If you have any questions, please contact Farid Saffar, Director of Auditing, at (213) 978-7392.

Sincerely,

WENDY GREUEL
City Controller

cc: Beth Jines, Director of Strategic Initiatives, Department of Water and Power Farid Saffar, Director of Auditing, Office of the City Controller





February 9, 2012

Honorable Antonio R. Villaraigosa, Mayor 200 N. Spring St., Room 303 Los Angeles, CA 90012

Dear Mayor Villaraigosa:

SUBJECT: EVALUATION OF RESPONSE TO THE PERFORMANCE AUDIT OF THE RENEWABLE PORTFOLIO STANDARD PROGRAM OF THE CITY OF LOS ANGELES DEPARTMENT OF WATER AND POWER

My Audit Division has evaluated your November 9, 2011 response to the Performance Audit of the Renewable Portfolio Standard Program of the City of Los Angeles Department of Water and Power (DWP) issued on April 7, 2011.

As described in both your response and DWP's response, dated June 28, 2011, the Department's action plans have not yet been developed for Recommendations 1a, 1b, and 1c, since it is contingent on additional pending State legislation. Therefore, we consider these as not yet implemented. My Office will review DWP's proposed action plans related to these recommendations once they are finalized.

Your response indicates that DWP's implementation of Recommendation 9 will be delayed until the Office of Public Accountability is established and ready to review any rate proposal from DWP. In its response, DWP described its process to adjust power rates to incorporate a public process for rate design and cost recovery. As a result, we consider Recommendation 9 in progress.

As part of my Office's follow-up program, we may request a periodic status report to ensure that these recommendations have been properly addressed.



Honorable Antonio R.Villaraigosa February 9, 2012 Page 2 of 2

If you have any questions, please contact Farid Saffar, Director of Auditing, at (213) 978-7392.

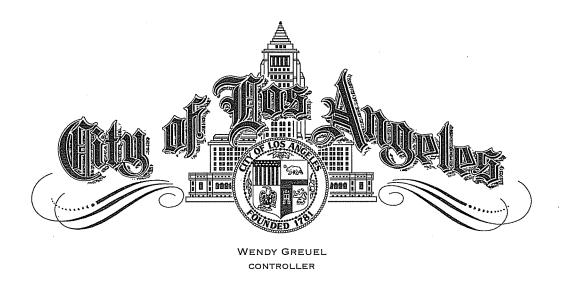
Sincerely,

WENDY GREUEL

City Controller

cc: Ronald O. Nichols, General Manager, DWP

Janelle Erickson, Deputy Chief of Staff, Mayor's Office



September 1, 2011

Ronald O. Nichols, General Manager Department of Water and Power 111 N. Hope Street, Room 1550 Los Angeles, CA 90012

Dear Mr. Nichols:

## SUBJECT: EVALUATION OF FOLLOW-UP RESPONSE TO THE PERFORMANCE AUDIT OF THE RENEWABLE PORTFOLIO STANDARD PROGRAM

My Audit Division received your June 28, 2011 response indicating the Department's actions planned or taken to implement the recommendations in the report entitled "Performance Audit of the Renewable Portfolio Standard Program" dated April 7, 2011.

I appreciate your Department's commitment to improve the Renewable Portfolio Standard Program (RPS), by ensuring there is a transparent and fiscally sustainable process for increasing the City's renewable energy portfolio and that it will meet the State's regulatory requirements. I acknowledge the actions already taken and find that your planned actions are acceptable. Based on your response, Recommendations 2, 4, 5, 6 and 10 are considered implemented. Recommendations 3, 7, 8 and 9 appear to be in progress. Please provide a targeted implementation date to my office for Recommendations 3, 7 and 8 by September 15, 2011.

According to your response, the Department's action plans have not yet been developed for Recommendations 1a, 1b, and 1c, since it is contingent on additional pending State legislation. Therefore, we consider these as not yet implemented. My office will review your proposed action plans related to these recommendations once they are finalized.

As part of my Office's follow-up program, we may request periodic status reports to ensure that the audit recommendations have been fully addressed.

ES

Ronald O. Nichols September 1, 2011 Page 2 of 2

If you have any questions, please contact Farid Saffar, Director of Auditing, at (213) 978-7392.

Sincerely,

WENDY GREUEL

City Controller

cc: Gaye Williams, Chief of Staff, Office of the Mayor

Matthew Karatz, Deputy Mayor, Office of the Mayor

Thomas S. Sayles, President, Board of Water and Power Commissioners

Ann M. Santilli, Interim Chief Financial Officer, DWP

Miguel A. Santana, City Administrative Officer

Gerry F. Miller, Chief Legislative Analyst

June Lagmay, City clerk

Farid Saffar, Director of Auditing, Office of the City Controller