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Metro to Recover Nearly \$40 Mill. in Overcharges by DWP

- Lawsuit by Metro, other agencies found DWP over-billed to cover capital cost of facilities

By RICK JAGER

(June 12, 2007) Metro, along with several other governmental agencies, has won a joint lawsuit against the Los Angeles Department of Water and Power (DWP). The suit charged DWP with over-billing the agency for utility services over an eight-year period.

The tentative ruling, handed down by San Bernardino County Superior Court Judge John P. Wade, calls for DWP to reimburse Metro \$39,404,362 in utility costs that the court found were overcharges. Metro and other agencies were being charged fees that were up to 60 percent more than their share of the capital cost of DWP facilities.

"We have a fiduciary obligation to protect taxpayer dollars that we administer and this judgment solidifies our commitment in making sure we are not overcharged," said CEO Roger Snoble. "This ruling is great news for our customers in a time when funding to provide essential services to the public is in short supply."

Metro's judgment of nearly \$40 million is out of a total tentative ruling that calls for the DWP to pay back almost \$224 million in overcharges to agencies that include LAUSD, UCLA, the LA Community College District, the County of Los Angeles and several California state agencies. Each is to get a share of the judgment.

California Law (Government Code Sec. 54999) established limits on rates that municipal utilities can charge school districts, community colleges and other public agencies.

Specifically, it requires that municipal utilities charge school districts and other public agency customers "nondiscriminatory" capital charges on facilities that "actually serve" the customer. The judge ruled that DWP charged rates in excess of those allowed by the statute.

