

- **Board of Directors**
Legal and Claims Committee

November 14, 2000 Board Meeting

8-2

Subject

Approve amendment to professional services contract with the law firm of Duncan, Weinberg, Genzer & Pembroke in the amount of \$200,000 for electric industry restructuring legal services

Description

The law firm of Duncan, Weinberg, Genzer & Pembroke (DWGP) is one of a handful of boutique law firms in Washington, D.C., specializing in representation of public power utilities before the Federal Energy Regulatory Commission (FERC). Since California embarked on its landmark restructuring of the electric utility industry five years ago, Metropolitan has been represented by DWGP in the ensuing legal proceedings at FERC. The firm also actively represents seven other public power entities at FERC on California electric industry matters.

Staff counsel has worked very closely with DWGP attorneys in preparing Metropolitan's filings at FERC. Over the years, Metropolitan has filed hundreds of motions and comments on various filings by the California Independent System Operator, the California Power Exchange, Southern California Edison Company, Pacific Gas and Electric Company, new owners of generating facilities, and on proposed regulatory rulemaking. More recently, Metropolitan has prepared discovery and filed testimony in litigated proceedings. As a result of the numerous filings, Metropolitan staff has gained valuable knowledge in this specialized legal practice. Staff now prepares virtually all of Metropolitan's pleadings and forwards them to DWGP for review and filing. This practice enables Metropolitan to save considerable attorneys' fees in the preparation of such filings, yet preserves Metropolitan's ability to obtain expert advice as needed. It also frees up valuable support staff time, since DWGP combines the copying and service of Metropolitan's documents with those of its other California clients. Often, the service lists contain scores of entries. Additionally, Metropolitan shares the cost of FERC appearances by DWGP on procedural matters with its other clients. This practice saves staff travel time and expense, and reduces the cost of DWGP representation to Metropolitan.

The proposed amendment would increase the maximum amount payable under the contract by \$200,000. The total amount of the contract, taking into account this increase, would be \$1,575,000. This increase would also increase DWGP's billing rates from \$225 per hour to \$260 per hour, the first such billing rate increase in five years. The amendment would become effective when existing funds under the present contract are exhausted. The Legal Department has budgeted the requested funds in this year's Board-approved budget.

Policy

Metropolitan Water District Administrative Code Section 6431: Employment of Special Counsel.

Board Options/Fiscal Impacts

Option #1

Authorize the General Counsel to amend the contract with Duncan, Weinberg, Genzer & Pembroke for an additional \$200,000 for legal advice and representation on electric industry restructuring matters.

Fiscal Impact: \$200,000.

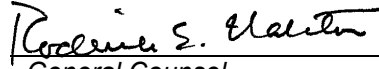
Option #2

Terminate the contract with DWGP and exclusively rely on staff for all legal representation and legal support services in electric industry restructuring proceedings.

Fiscal Impact: Staff time, travel expenses to Washington, D.C., for appearances.

Staff Recommendation

Option #1


General Counsel

10/24/2000
Date

BLA #455