

**If You Were A Retail Electricity Customer Of The Los Angeles Department Of Water And Power from January 29, 2012 to September 14, 2017, This Class Action Settlement May Affect Your Rights**

*A court authorized this Class Notice. This is not a solicitation from a lawyer.*

Si quisiera obtener un formulario de reclamo, notificación o copias de su(s) carta(s) en español, visite el sitio web del arreglo en **www.LACityTransferSettlement.com**, o comuníquese con el Administrador de reclamos en el 1-877-306-5238.

- The Settlement resolves a lawsuit concerning allegations that the Los Angeles Department of Water and Power (“LADWP”) has embedded in its power (electric) rates, an eight percent (8%) surcharge in order to fund transfers to the City’s Reserve Fund. The Plaintiffs claim that the eight percent (8%) surcharge is a tax that has not been approved by the electorate and, thus, violates California Constitution, article XIII-C, section 2, subdivision (b) and/or (d) and Government Code sections 53722 and/or 53723.
- If you were an LADWP retail power (electric) customer during the period January 29, 2012 through **September 14, 2017**, you are a member of the Settlement Class. As a Settlement Class Member you are entitled to know about a proposed Settlement of the Action. This Notice explains your options before the Court decides whether to grant final approval of the Settlement.

**READ THIS NOTICE CAREFULLY BECAUSE YOUR LEGAL RIGHTS MAY BE AFFECTED.**

**SUMMARY OF IMPORTANT DATES AND DEADLINES**

<b>Event</b>	<b>Date</b>
Last Day To Exclude Yourself From the Settlement (“Opt-Out”)	<b>December 27, 2017</b>
Last Day To Object to the Settlement	<b>December 27, 2017</b>
Last Day to File Notice of Appearance to Appear at the Fairness Hearing	<b>December 27, 2017</b>
Fairness Hearing	<b>February 14, 2018 at 9:00 A.M.</b>

**SUMMARY OF YOUR OPTIONS**

<b>Obtain Settlement Benefits</b>	<b>No action is required to receive the Settlement Benefits.</b> If you are a LADWP retail electricity customer during the first billing period after the Settlement is finally approved by the Court, you will receive benefits under the Settlement which will include a reduction in the amounts you will pay for electricity. You will also be bound by all terms of the Settlement Agreement.
<b>Exclude Yourself From the Settlement or “Opt-Out” Deadline: December 27, 2017</b>	If you do not want to be included in the Settlement, you can Opt-Out of the Settlement by filling out the form provided at <b>www.LACityTransferSettlement.com</b> . You have a right to Opt Out of the Settlement only if you are a member of the Settlement Class and have not objected to the Settlement. If you Opt-Out of the Settlement you will not be bound by its terms and will not release any Claims. The deadline to Opt-Out is <b>December 27, 2017</b> . See Paragraph 14 below for further details and instructions.
<b>Objecting to the Settlement Deadline: December 27, 2017</b>	Write to the Settlement Administrator if you object to the Settlement. You may attend a hearing on the fairness of the Settlement. You have a right to object to the Settlement only if you are a member of the Settlement Class and have not opted out of the Settlement. The deadline to submit an objection is <b>December 27, 2017</b> . See Paragraph 16 below for further details and instructions.

The Court that is supervising this case has granted Preliminary Approval to the Settlement, but still has to decide whether to grant Final Approval. The Fairness Hearing will take place on **February 14, 2018**.

## WHAT THIS CLASS NOTICE CONTAINS

	<u>Page</u>
<b>BASIC INFORMATION</b> .....	2
1. Why was this Class Notice issued? .....	2
2. What is this lawsuit about? .....	2
3. Why is this a class action? .....	2
4. Why is there a Settlement? .....	3
<b>WHO IS IN THE SETTLEMENT?</b> .....	3
5. How do I know if I am part of the Settlement? .....	3
6. Are there exceptions to being included in the Settlement? .....	3
7. What if I am not sure whether I am included in the Settlement? .....	3
<b>THE SETTLEMENT BENEFITS:WHAT YOU GET AND HOW YOU GET IT</b> .....	3
8. What does the Settlement provide? .....	3
9. What claims am I releasing? .....	3
<b>THE LAWYERS REPRESENTING PLAINTIFFS</b> .....	4
10. Do I have a lawyer in this case? .....	4
11. How will the lawyers be compensated? .....	4
12. Will the class representative be compensated?.....	4
13. How Will The Settlement Administrator Be Compensated?.....	4
<b>EXCLUDING YOURSELF FROM THE SETTLEMENT</b> .....	5
14. What do I do if I do not want to be included in the Settlement? .....	5
15. What happens if I don't opt-out before <b>December 27, 2017</b> ? .....	5
<b>OBJECTING TO THE SETTLEMENT</b> .....	5
16. How do I tell the Court that I don't like the Settlement? .....	5
17. When/where will the Court decide whether to approve the Settlement? .....	6
18. Do I have to attend the hearing? .....	6
19. How do I get more information? .....	6

### BASIC INFORMATION

#### 1. Why Was This Class Notice Issued?

The Court issued this Notice because you have a right to know about a proposed settlement of a class action lawsuit that the Court has preliminarily approved. You also are entitled to know about the benefits of the Settlement and about all of your options under the Settlement. If the Court grants final approval of the Settlement and all appeals, if any, are resolved, valuable benefits will be provided to the class members.

#### 2. What Is This Lawsuit About?

The persons who filed this class action are called the "Plaintiffs" and the City of Los Angeles, the Los Angeles Department of Water and Power ("LADWP"), and the Los Angeles Department of Water and Power, Board of Water and Power Commissioners are the "Defendants." A class action lawsuit that Plaintiffs filed in the Superior Court of California, for the County of Los Angeles, called *Eck, et al. v. City of Los Angeles*, Case No. BC577028, alleges that the Defendants impose electric rates that exceed the cost of providing electric service. More specifically, the lawsuit contends that an additional eight percent (8%) surcharge has been embedded into LADWP electric rates in order to fund transfers to the City's Reserve Fund, where funds are ultimately used to support the City's general operations. Plaintiffs allege that because the rates exceed the costs of providing electric service, the surcharges constitute taxes which have not been approved by the electorate as required by the California Constitution and the California Government Code. More information can be found at [www.LACityTransferSettlement.com](http://www.LACityTransferSettlement.com), by calling **1-877-306-5238**, or by writing to Class Counsel, whose addresses may be found below in Paragraph 10. A copy of the Settlement Agreement, and other relevant documents, are available at [www.LACityTransferSettlement.com](http://www.LACityTransferSettlement.com), and is also on file with the Court.

#### 3. Why Is This A Class Action?

In a class action, one or more person(s) called "Class Representatives" sue on behalf of themselves and others persons or entities with similar claims. All of these persons or entities together are called a "Class." The Court appointed four plaintiffs as the Class Representatives for purposes of this Settlement. The "Settlement Class Members" are all

LADWP retail electricity customers who paid rates, fees, and charges for power (electric) services for the period January 29, 2012 through **September 14, 2017**.

**4. Why Is There A Settlement?**

The Court did not decide in favor of either Plaintiffs or Defendants. Instead, both sides agreed to a settlement and preliminary certification of a class for Settlement purposes. The Class Representatives and the attorneys that have been appointed by the Court to represent the Settlement Class believe that the Settlement is in the best interests of all Settlement Class Members.

**WHO IS IN THE SETTLEMENT?**

**5. How Do I Know If I Am Part Of The Settlement?**

If you were a retail electricity customer of the LADWP at any time during the period January 29, 2012 through **September 14, 2017**, you are a Class Member and will be bound by the terms of the Settlement. You will receive Settlement benefits if you are an LADWP power (electricity) customer at the time the Settlement is finally approved. You need not take any action to receive these benefits.

**6. Are There Exceptions To Being Included In The Settlement?**

Excluded from the Class are any officers and council members of the City, Commissioners of the LADWP, and any judge assigned to hear this case.

**7. What If I Am Not Sure Whether I Am Included In The Settlement?**

If you are not sure whether you are included in the Settlement Class, you may visit **[www.LACityTransferSettlement.com](http://www.LACityTransferSettlement.com)** for more information, call 1-877-306-5238, or e-mail [admin@lacitytransfersettlement.com](mailto:admin@lacitytransfersettlement.com) and ask for assistance.

**THE SETTLEMENT BENEFITS:**

**8. What Does The Settlement Provide?**

The Settlement provides the following benefits:

First, beginning on July 1, 2017, the City and LADWP will deduct eight percent (8%) from the amounts otherwise charged to all LADWP retail electricity customers pursuant to the 2016 Electric Rate Ordinance. The expected savings for electric ratepayers over the next three fiscal years is estimated to be Two Hundred Forty-Three Million Dollars (\$243,000,000).

Second, and in addition, the City has agreed to create a Settlement Fund in the amount of Fifty-Two Million Dollars (\$52,000,000) (the "Settlement Fund"). After administrative expenses, attorney's fees and expenses, and service awards are paid from the Settlement Fund, the balance will be distributed as a per kilowatt-hour credit to the electric rates of LADWP retail electricity customers. The Settlement Fund represents the City's best estimate of eight percent (8%) of the retail revenues that it collected on its 2016 Electrical Rate Ordinance from April 15, 2016 through the date it began deducting eight percent (8%) from the amounts otherwise charged to all LADWP retail electricity customers pursuant to the 2016 Rate Ordinance: July 1, 2017. This estimate will be reconciled in the future with the actual amount charged and if the eight percent (8%) of the actual retail revenues is greater than Fifty-Two Million Dollars (\$52,000,000), such additional amounts will be credited to electric rate customers.

Third, the City has agreed to not transfer any funds it collects through the 2016 Electric Rate Ordinance in the future from the LADWP to the City. The City has also agreed to "cap" its transfers from the 2008 Electric Rate Ordinance at eight percent (8%).

Fourth, subject to Court approval, the City has agreed to make a payment of Six Hundred and Fifty Thousand Dollars (\$650,000) to Alliance for Children's Rights and Westwood Recreation Complex, d.b.a. Friends of Los Angeles, 26 U.S.C § 501(c)(3) non-profit charitable organization(s), that have been designated by the Plaintiffs.

**9. What Claims Am I Releasing?**

If you are a Settlement Class Member, and you do not Opt-Out from the Settlement Class, when the Settlement becomes final, you will be releasing Defendants from any liability regarding any and all claims associated with this case and you will be bound by the release included in the Settlement Agreement. The specific release included in the Settlement Agreement is as follows:

In consideration for the Settlement, Plaintiffs, Class Representatives, and each Class Member, on behalf of themselves and any other legal or natural persons who may claim by, through or under them, agree to fully, finally and forever release, relinquish, acquit, discharge and hold harmless the Released Parties from any and all claims, demands, suits, petitions, liabilities, causes of action, rights, and damages of any kind and/or type relating to the subject matter of the Action arising during the period between January 29, 2012 and the date on which the Court gives final approval of the Settlement, including, but not limited to, compensatory, exemplary, punitive, expert, and/or attorneys' fees, or by multipliers, whether past, present, or future, mature, or not yet mature, known or unknown, suspected or unsuspected, contingent or non-contingent, derivative or direct, asserted or unasserted, whether based on federal, state or local law, statute, ordinance, regulation, code, contract, common law, or any other source, or any claim of any kind related, arising from, connected with, and/or in any way involving the Litigation, that are, or could have been, defined, alleged or described in the Litigation, including, but not limited to, claims that the 2008 Rate Ordinance, the 2012 Rate Ordinance, and the 2016 Rate Ordinance violate Article XIII-C of the California Constitution (commonly known as Proposition 26) and claims that the City's transfer of funds from the LADWP to the City under Section 344 of the City Charter violates Article XIII-C of the California Constitution.

A copy of the Settlement Agreement containing the release is available at [www.LACityTransferSettlement.com](http://www.LACityTransferSettlement.com).

### **THE LAWYERS REPRESENTING PLAINTIFFS**

#### **10. Do I Have A Lawyer In This Case?**

Yes. The Court has appointed the following attorneys as Class Counsel to represent you and the other Settlement Class Members. If you want to be represented by your own lawyer, you may hire one at your own expense.

Christopher P. Ridout, Esq.  
**ZIMMERMAN REED, LLP**  
c/o Eck Settlement Administrator  
P.O. Box 404007  
Louisville, KY 40233-4007  
Phn: 1-877-306-5238  
admin@lacitytransfersettlement.com

Robert Ahdoot, Esq.  
Tina Wolfson, Esq.  
**AHDOOT & WOLFSON, PC**  
c/o Eck Settlement Administrator  
P.O. Box 404007  
Louisville, KY 40233-4007  
Phn: 1-877-306-5238  
admin@lacitytransfersettlement.com

Eric J. Benink, Esq.  
**KRAUSE KALFAYAN BENINK  
& SLAVENS, LLP**  
c/o Eck Settlement Administrator  
P.O. Box 404007  
Louisville, KY 40233-4007  
Phn: 1-877-306-5238  
admin@lacitytransfersettlement.com

#### **11. How Will The Lawyers Be Compensated?**

Class Counsel will ask the Court at the Fairness Hearing to award attorneys' fees and reimbursement of expenses incurred in litigating this case in an amount not to exceed twenty-nine percent (29%) of the Fifty-Two Million Dollar (\$52,000,000) Settlement Fund or Fifteen Million Eighty Thousand Dollars (\$15,080,000). The Court will determine the amount of the attorney's fees and reimbursed expenses awarded based on the work performed by attorneys for Plaintiffs who have participated in prosecuting this lawsuit, securing this settlement for the Class, and facilitating its implementation. The fees and reimbursement of expenses awarded will be paid out of the Fifty-Two Million Dollar (\$52,000,000) Settlement Fund. Class Counsel and their co-counsel have entered into a fee splitting agreement which will be described in the fee application. Defendants have agreed to not object to any fee and expense request that does not exceed Ten Million Dollars (\$10,000,000).

#### **12. Will The Class Representative Be Compensated?**

The class representatives, Tyler Chapman, Patrick Eck, Brendan Eisan, and Justin K. Le-Roy will ask the Court at the Fairness Hearing to award them a service award in an amount not to exceed Five Thousand Dollars (\$5,000) each for their efforts in initiating and prosecuting this case. The Court will determine the amount of each service award and such court awarded amounts will be paid out of the Fifty-Two Million Dollar (\$52,000,000) Settlement Fund.

#### **13. How Will The Settlement Administrator Be Compensated?**

The parties have retained a third-party settlement administrator to assist them with certain administrative functions associated with the implementation of this Settlement, including the mailing and publication of the Class Notices, responding to requests for information from Class Members, maintaining a website that publishes information about this Settlement, and managing opt-outs and objections from Class Members. The settlement administrator's fees and costs are presently estimated to be Seven Hundred Thirty-Four Thousand and Six Hundred Thirty-Nine Dollars (\$734,639) and will be paid out of the Fifty-Two Million Dollar (\$52,000,000) Settlement Fund.

## EXCLUDING YOURSELF FROM THE SETTLEMENT

### 14. What Do I Do If I Do Not Want To Be Included In The Settlement?

You have a right to exclude yourself or “Opt-Out” of the Settlement. If you Opt-Out of the Settlement you will not release your claims against the Defendants. To Opt-Out, you must submit your request in one of four ways: (i) online submission, (ii) U.S. Mail, (iii) e-mail, or (iv) facsimile.

The website where you may submit online is **www.LACityTransferSettlement.com**. You must fully complete the Opt-Out Form available.

Alternatively, you may mail, e-mail, or fax a request for exclusion to the Settlement Administrator to the following mailing address, e-mail address, or fax number:

**LADWP Electric Rate Case  
Settlement Administrator**  
P.O. Box 404007  
Louisville, KY 40233-4007  
1-877-306-5238  
admin@lacitytransfersettlement.com  
Fax: 866-715-4512

The request must: (i) clearly express your desire to be excluded from the Settlement Class, to not participate in the Settlement, and to not receive any Settlement benefits; (ii) include your name, address, telephone number, and LADWP electric account number; and (iii) reference *Eck et al. v. City of Los Angeles*, Case No. BC577028 on the envelope and written request.

**If you mail the exclusion request, it must be mailed to the address set forth above and postmarked no later than December 27, 2017 or it will not be accepted. If you submit online, e-mail or fax the exclusion request, you must transmit such on or before 11:59 p.m. Pacific Time on December 27, 2017 or it will not be accepted. If you do not specifically request to be excluded by following these directions, you will automatically be a member of the Settlement Class.**

If you Opt-Out of the Settlement Class, you will not release any claims against Defendants and will waive all rights to object to the Settlement. However, you will retain your right to sue the Defendants either by yourself or through counsel for the claims resolved in this Settlement. Additionally, if you file an objection to the Settlement, you will not be able to exclude yourself from the Settlement Class.

### 15. What Happens If I Don't Opt-Out Before December 27, 2017?

If the proposed Settlement is approved and you are a Settlement Class Member who does not properly and timely exclude yourself from the Settlement Class, all claims that you may have now against Defendants with respect to claims or allegations that Defendants have illegally included an eight percent (8%) surcharge in its electric rates in order to fund transfers to the City's Reserve Fund will be **WAIVED AND RELEASED**, and you will be prohibited from bringing any such claims in the future on your own behalf.

## OBJECTING TO THE SETTLEMENT

### 16. How Do I Tell The Court That I Don't Like The Settlement?

If you are a Settlement Class Member and do not exclude yourself from the Settlement, you can express your objection to the Settlement. The Court will consider your views. To object, on or before **December 27, 2017**, you must deliver, mail, e-mail or fax to the Settlement Administrator, a written statement stating: (1) your full name; (2) your address; (3) the specific reason(s), if any, for the objection, including any legal support you wish to bring to the Court's attention; (4) copies of any evidence or other information you wish to introduce in support of the objections; (5) a statement of whether you intend to appear and argue at the Fairness Hearing; (6) your written signature, with date; and (7) a reference to *Eck, et al. v. City of Los Angeles*, Case No. BC577028 on the envelope and on the written objection. You may personally object or object through an attorney retained at their own expense, however, you must personally sign the objection. You must include an explanation of why you fall within the definition of the Class, and list all other objections that you or your counsel have submitted in any class action settlement in any state or federal court in the United States in the previous five years. If you or your counsel have not objected to any other class action settlement in the United States in the previous five years, you must affirmatively so state in the objection.

**You must mail your objection postmarked no later than December 27, 2017 to the following or it will not be considered by the Court:**

**LADWP Electric Rate Case  
Settlement Administrator**  
P.O. Box 404007  
Louisville, KY 40233-4007  
1-877-306-5238  
admin@lacitytransfersettlement.com  
Fax: 866-715-4512

**17. When And Where Will The Court Decide Whether To Approve The Settlement?**

The Court will hold a Fairness Hearing before the Honorable Ann Jones at **9:00 a.m. on February 14, 2018** in Department 308 of the Superior Court of California, County of Los Angeles, Central Civil West, 600 South Commonwealth Avenue, Los Angeles, California 90005. At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. The Court also may decide how much to pay Class Counsel and to award the Plaintiffs. After the hearing, the Court will decide whether to grant Final Approval to the Settlement. We do not know how long these decisions will take.

**18. Do I Have To Attend The Hearing?**

No. Class Counsel will answer any questions that Judge Jones may have. However, you are welcome to attend the Fairness Hearing. You also may pay your own attorney to attend the Fairness Hearing on your behalf. If you make an objection, you do not have to come to Court to discuss it. As long as your written objection is received before the deadline, and you have followed the directions contained in the Answer to Question 16 above, the Court will consider the information provided in your written objection.

**19. How Do I Get More Information?**

If you think you may be a Settlement Class Member and would like more information about the lawsuit or the terms of the proposed Settlement, you may review the pleadings, records and other papers on file in this lawsuit, including the Court's Order granting Preliminary Approval and the proposed Settlement Agreement, which may be inspected on weekdays, during normal business hours, at the Clerk's Office of the Superior Court of California, County of Los Angeles, Central Civil West, 600 South Commonwealth Avenue, Los Angeles, California 90005. The Preliminary Approval Order and Settlement Agreement is also available on **www.LACityTransferSettlement.com**. For additional information on any matters contained in the Notice, visit the settlement website at **www.LACityTransferSettlement.com**, or call 1-877-306-5238 for assistance or you can write to Class Counsel:

**Class Counsel**

Christopher P. Ridout, Esq.  
**ZIMMERMAN REED, LLP**  
c/o Eck Settlement Administrator  
P.O. Box 404007  
Louisville, KY 40233-4007  
Phn: 1-877-306-5238  
admin@lacitytransfersettlement.com

Robert Ahdoot, Esq.  
Tina Wolfson, Esq.  
**AHDOOT & WOLFSON, PC**  
c/o Eck Settlement Administrator  
P.O. Box 404007  
Louisville, KY 40233-4007  
Phn: 1-877-306-5238  
admin@lacitytransfersettlement.com

Eric J. Benink, Esq.  
**KRAUSE KALFAYAN BENINK  
& SLAVENS, LLP**  
c/o Eck Settlement Administrator  
P.O. Box 404007  
Louisville, KY 40233-4007  
Phn: 1-877-306-5238  
admin@lacitytransfersettlement.com

**PLEASE DO NOT CONTACT THE COURT, THE CITY OR THE LADWP DIRECTLY WITH QUESTIONS ABOUT THE SETTLEMENT.**