

## LA Reaches \$44M Deal In Suits Over PwC Billing System

By **Beth Winegarner**

*Law360, San Francisco (August 17, 2015, 9:03 PM EDT)* -- The city of Los Angeles has agreed to pay \$44 million to settle allegations that PricewaterhouseCoopers' 2010 overhaul of the city's billing system led thousands of electricity, water, garbage and sewer customers to be overbilled, according to a settlement filed in California court Monday.

The deal resolves allegations in a lawsuit filed by Antwon Jones on behalf of Los Angeles Department of Water and Power customers in April. Under the settlement, the city has agreed to invest \$20 million in rebuilding its billing system again, according to the filing.

Customers who were overcharged will either receive a full credit to their account or a refund if their account is closed, according to plaintiffs' counsel with Landskroner Grieco Merriman LLC.

"Families and small businesses have enough financial stress," said attorney Jack Landskroner. "We set out to make sure every customer would be made whole. Under this settlement agreement, every single customer who was overcharged will have their money returned."

LADWP hired PricewaterhouseCoopers to update the city's 40-year-old billing system. The new system, which went live in 2013, allegedly produced inaccurate bills, including many that overcharged customers, prompting lawsuits like Jones'.

In March, Los Angeles City Attorney Michael N. Feuer sued PricewaterhouseCoopers, claiming it fraudulently misrepresented its ability to pull off the new Oracle Corp. system in order to win a \$70 million contract. The firm's inexperience led to a broken system that caused more than 11 percent of LADWP's meters to fail and blocked the city from billing 180,000 customers, according to that suit.

Los Angeles has also agreed to audit the accounts of 1.6 million customers in the city, to fix 90 to 95 percent of all system errors and improve call times and customer service within 540 days of the settlement's final approval, according to the firm.

The majority of the city's ratepayers will not need to file a claim if they were overbilled and credits or refunds should be generated automatically. If the audit shows that customers owed money for services but didn't receive a timely bill, the LAWDP will only be able to bill them for charges incurred in the prior nine months, the firm said.

Representatives in the Los Angeles City Attorney's Office didn't respond to requests for comment on the settlement Monday.

The situation also prompted Los Angeles resident Patrick Eck to sue on behalf of city residents, claiming the city took more than \$1.3 billion from taxpayers without their permission, arguing that fees tacked onto electric bills constitute an unconstitutional tax on the putative class members.

Eck alleged that customers of Los Angeles' Department of Water and Power are overcharged 8 percent in taxes disguised as fees that are rerouted into the department's reserve fund and not used to provide the services customers are paying for, as required by the California Constitution. Eck's suit is not part of the settlement, attorneys with Landskroner Grieco Merriman LLC said.

The plaintiffs are represented by Jack Landskroner of Landskroner Grieco Merriman LLC and by Michael J. Libman of Law Offices of Michal J. Libman.

Los Angeles is represented by City Attorney Michael N. Feuer, General Counsel Richard M. Brown and Deputy City attorney Eskel H. Solomon and by Angela C. Agrusa and Maribeth Annaguey of Liner LLP.

The case is Antwon Jones v. City of Los Angeles, case number BC577267, in the Superior Court of California, County of Los Angeles.

--Additional reporting by Jessica Corso and Michael Lipkin. Editing by Kelly Duncan.