

CURRENT NEWS June 2010

PWP CUSTOMERS CAN COMMENT on proposed water rate adjustments during a Pasadena City Council public hearing set for Monday, June 14 at 7:30 p.m. in City Hall's Council Chambers, 100 N. Garfield Ave.

Since adopting a new rate structure in summer 2009 during a critical statewide water shortage, PWP has sold water to customers in five blocks, or tiers. Meant to encourage conservation, this structure has allowed PWP to charge higher rates from the city's largest water consumers to prepare for possible overuse penalties from the Metropolitan Water District (MWD). Pasadena imports about 65 percent of its water from MWD.

Since then, thanks to stellar efforts by PWP customers, Pasadena has cut its water use by 13 percent. With MWD penalties unlikely, PWP has proposed eliminating block 5 from the rate structure, and reducing block 4 rates by 25 percent. If approved by the city council, the changes would take effect July 1, 2010.

At the same time, PWP is proposing two "pass through" adjustments to cover impending MWD water-cost increases scheduled for January 2011 and 2012. Pasadena water costs would go up by 9.5 cents per billing unit (748 gallons) effective Oct. 1, 2010 and 12 cents per billing unit effective Oct. 1, 2011.

Customers who cannot attend the hearing may submit written comments by 5 p.m. Monday, June 7 to the Pasadena City Clerk's Office, 100 N. Garfield Ave., Rm. S228, Pasadena, CA 91101. For more details, visit www.www.cityofpasadena.net/waterandpower/yourwater or call (626) 744-6970.

LIVE WIRE DIALOGUE

THANKS TO EXCELLENT CONSERVATION,

nearly 5,400 PWP customers may see credits on their water bills this fall should the Pasadena City Council approve a new rate structure this month.

"Our highest rate tiers – blocks 4 and 5 – were meant solely to cover overuse penalties from MWD," explains Assistant General Manager Shari Thomas. "It's very likely Pasadena will remain within its wateruse limits, and our customers definitely deserve credit for their conservation efforts."

Provided Pasadena does not exceed its MWD water allocation as of June 30, and the city council approves the plan, about 5,400 PWP customers will receive a credit on their September or October bills for any amount paid this fiscal year over block 3 rates. The dollar amount will depend on how much a customer used and paid at those rates, Thomas said.

Going forward, block 5 would be eliminated and block 4 rates would be cut by 25 percent, generating just enough revenue to cover true water costs, conservation programs and possible future overuse penalties.

"It's very apparent that our customers got the message that conservation is vital," Thomas said, noting that Pasadena aims to cut its water use by 20 percent by 2020. "Together we've made lasting changes that will benefit our city for years to come."

For the latest on the city's water situation, visit www.PasadenaSavesWater.com





DEAR SCOTT



With an MBA from Loyola Marymount, PWP Customer Relations Manager Scott Ushijima has served the city of Pasadena since 1993.

How can I calculate what my water costs would look like with the new rates?

Visit www.PWPweb.com for an on-line calculator and answers to frequently asked questions. If approved, two separate changes will take place. Effective July 1, 2010, all block 5 customers would revert to lower block 4 rates, and block 4 rates would be cut by 25 percent. (All other rates, for blocks 1, 2 and 3, would remain unchanged.) On Oct. 1, 2010, all PWP customers would see a "pass through" increase of 9.5 cents per billing unit to cover higher costs for water imported from MWD. As always, any PWP customer can save money by saving water. Check the website for tips and rebates.

What is a pass-through increase?

As a non-profit utility, PWP has the long-standing practice of charging Pasadena customers only for the true cost of water imported from MWD. When MWD's rates go up, we must "pass through" this increase to consumers.

Why is PWP raising water costs in October if MWD is not raising rates until January?

The cost of MWD water will go up on Jan. 1, 2010. Just as you need cash when you go to the grocery store, PWP will need cash by December to buy water at these higher rates. PWP bills customers on a two-month cycle, so we will not begin actually collecting payments at the higher rates until November and December, even though the bills are mailed in October.

I had qualified for relief on my water bills. Will that help still be available?

With the new rate structure approved last summer, PWP created the Block 5 Relief Program. This was meant to provide financial assistance to our high-use water customers in block 5 who demonstrated that they are operating at maximum water efficiency, allowing them to pay block 4 rates. If the city council votes to eliminate block 5 this spring, the relief program would become obsolete.

How do we know we won't need to pay MWD penalties in the future?

PWP customers have resoundingly told us that they can and will conserve! They've shut off their sprinklers during rainy weather, applied for hundreds of water-saving rebates, curbed waste and cut usage by 13 percent over the past year. We are excited to see this trend continue. The new rates will allow us to invest in additional conservation programs to help ensure that our customers continue to conserve.

IMPORTANT NUMBERS

Rebates & Conservation

Billing & Service

Water Emergencies

Power Emergencies

626.744.6970

626.744.4005

626.744.4138

626.744.4673





ON JUNE 8, CALIFORNIANS WILL GO to the polls to vote on Proposition 16 which, if passed, would amend the State Constitution and could have a substantial impact on local election procedures and the services provided by Pasadena Water and Power.

In an effort to bring unbiased information to our customers, PWP is providing the following synopsis of Proposition 16, which has been sourced or modified from text found on the California Secretary of State website.

Proposition Author and Sponsor:

 16 was authored by Pacific Gas & Electric (PG&E), an investor-owned utility and the largest for-profit electric utility service in California. PG&E is the sole sponsor of this ballot initiative.

Official Title:

 PG&E originally named the measure "The Taxpayers' Right to Vote Act." The California Attorney General renamed the initiative "The New Two-Thirds Requirement for Local Public Electricity Providers."

Summary:

- Prop. 16 would amend the California Constitution to require local governments to hold an election and obtain a two-thirds majority voter approval any time public funds are used to establish or expand electricity service or to implement a "community choice aggregation" (CCA).
- The two-thirds voter approval, or "super majority," would be required within the jurisdiction of the local government proposing to use those public funds, as well as within any territory where the public electric service would be expanded or established.

Exceptions to Prop. 16 Voting Requirement:

- If the use of public funds has been previously approved by the voters
- If the public funds would be used only to provide electric delivery service for the local government's own use.
- If the public funds would be used solely to purchase or provide specified types of electricity from renewable sources, such as wind or solar power.

Current Governance of Utilities:

- Publicly-Owned Utilities: Publicly-owned utilities like PWP are governed by locally elected boards which set electric rates and provide direction on how revenues should be spent on public services and projects. PWP is a city department, governed by Pasadena City Council, with oversight by the Municipal Services Committee.
- Investor-Owned Utilities: The IOUs are owned by private investors and provide electricity service for profit. The California Public Utilities Commission (CPUC) regulates the rates charged by IOUs and how they provide electricity service to their customers.

Community Choice Aggregators

- Current state law allows local governments to form a
 public electric service within a territory served by an
 IOU. A community choice aggregator procures and
 sells electricity directly to customers, and pays the IOU
 for use of its transmission and distribution network.
- Currently a CCA may be undertaken upon a vote of the local agency governing board (a city council, for example) and does not require local voter approval.
- Although only one CCA currently exists in California, several communities are exploring this option.

Potential Fiscal Impact:

- Because this measure requires voter approval for activities that don't currently require without voter approval, a "yes" on Prop. 16 would likely result in additional election costs.
- This measure could affect local government costs and revenues due to its potential effects on the operation of publicly-owned utilities such as PWP.
- Due to the measure's broad language, it is possible that governments and utilities could incur litigation costs to resolve conflicting legal interpretations.

For a more detailed analysis of Proposition 16 and how it could affect election procedures and electric service in Pasadena, visit the California Secretary of State website, www.sos.ca.gov



TIPS FOR BOTTOM-LINE SAVINGS

THE GREAT OUTDOORS is also a great place to tame your facility's water bill. Landscape irrigation accounts for half of most properties' water use, and most gardeners habitually use much more than necessary.

Learn how to stop waste and tame your water bills with three quick videos now available via YouTube on www.PWPweb.com. (Click on "Your Water" and scroll down to the how-to videos.)

Hosted by PWP irrigation specialist Laurence Budd, the six-minute video "How to Test for Landscape Water Waste" explains how to measure water use, check for leaks, improve the condition of your lawn, and prevent the single biggest source of waste: runoff. The video shows how

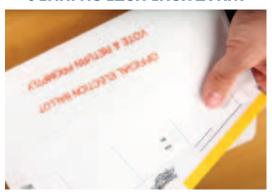
to recognize common signs of over-watering and how to maximize the efficiency of your irrigation system.

In "How to Install Drip Irrigation," Budd demonstrates quick, easy and affordable techniques for converting an aboveground sprinkler system into a water-wise drip irrigation system.

In the five-minute piece, "How to Program Your Irrigation Controller," Budd shows how to calculate the correct times and number of days to run your irrigation system. He explains how to adhere to Pasadena's Water Waste Ordinance while avoiding overwatering, underwatering and runoff.



WHAT YOUR VOTE ON JUNE 8
MEANS FOR ELECTION PROCEDURES
AND ELECTRIC SERVICE
IN PASADENA



June 2010

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