

Open Letter To All GWP Customers



**From Glenn Steiger
General Manager
Glendale Water & Power**

For the last 100 years, Glendale Water & Power (GWP) has provided our community with safe and reliable water and power. Nationally recognized with the Association of Metropolitan Water Agencies' prestigious Gold Award for management, your utility company is committed to providing low cost electricity and water in an environmentally sustainable manner. This is accomplished by increasing energy efficiency, supporting water conservation, and developing renewable energy resources, while operating and maintaining a 60 to 80 year old infrastructure.

Although Glendale Water & Power would prefer to reduce water rates, at this time we are proposing a small increase – an average of 3.8%. This equates to an average increase of \$2.33 per month for a homeowner, and less for those in apartments or condominiums.

This increase in water rates is necessary to ensure ongoing service delivery and will also allow Glendale Water & Power to make progress towards self-sufficiency through our ability to drill new water wells, maintain our core aging infrastructure, as well as continue delivering state-of-the-art tools like the new Smart Meter Project.

In response to the proposed rate increase, questions have arisen regarding the 15-20% rise in the cost of water purchased from the Metropolitan Water District (MWD) and whether this is a factor in the proposed water rate increase. Although costs associated with purchased water from MWD directly affect our customers' total water bills, the recent increase in MWD water rates has had a lessened impact on the proposed rate increase. Through our residents' water conservation efforts, the City has benefited by a reduction in the quantity and cost of water purchased from MWD, and has used reserve funding set aside for anticipated increased water costs. In the absence of this, GWP would have been required to recommend a substantially higher rate increase than the proposed 3.8%.

In comparison with other local municipal utilities, neighboring cities have recently experienced much larger increases in water rates than that proposed by the City of Glendale. For example, the City of Burbank recently increased rates by 12.9% and Pasadena adjusted their rates by 8.3%.

Similar in practice to other comparable municipal utilities, each year GWP transfers \$4.2 million from the water utility operations fund to the City's General Fund to provide vital services such as police, fire protection, libraries, parks, street maintenance and other vital services. Even with the transfer and approval of the proposed rate increase, Glendale Water & Power water rates will remain in the middle range of our neighboring cities and utilities. Additionally, even if part or all of the water utility operation funds are retained in the GWP water budget, there remains a need for the proposed rate increase to help maintain our current operations and level of service.

To ensure that the proposed rate increase is as low as possible, a number of cost cutting measures have been implemented throughout the utility. Several examples include the implementation of an employee hiring freeze, the delay of recommended repairs and maintenance activities, and deferral of replacement projects. In line with these belt tightening measures, GWP employees have had no salary increases in the last two fiscal years and are also paying a larger percentage of their retirement and medical benefits. Furthermore, GWP employee salaries and benefits typically comprise only a small portion of the water utility Operations and Maintenance (O&M) Budget - approximately 12% is spent on employee salaries and benefits. Due to our employees' dedication to serving the City of Glendale, GWP has been able to continue to provide safe and secure utility services to our residents.

Another example of GWP's dedication to providing the community with safe, reliable and affordable utilities is demonstrated by the 9% reduction in electric rates which were implemented in January of this year. This was accomplished after analyzing our operations and passing along savings in the form of a rate reduction to the residents and businesses we serve. Likewise, this same thoughtful consideration has taken place to minimize the amount of the proposed water rate increase.

The effect of the proposed rate increase impacts all customers and we recognize that even a small cost can pose a burden to some of the 18,000 low-income families residing within the City. Approximately 90% of these low income customers are not billed for their water usage because they reside in apartment buildings with one master meter serving the entire building. The remaining 10% live in residences where there is a separate water meter. While the first group of residents will not see a direct impact on their utility bill, the smaller group will experience an increase in their water bill by an average of \$1.68 per month.

In an effort to assure transparency throughout this review process, GWP provided all property owners and customers with a legal notice announcing the proposed water rate increase. Although not required, GWP also held five informational meetings on this issue, including three public meetings and two community group meetings. Additionally, our Customer Services Call Center fielded customer calls and questions and responded to these inquiries in a timely manner. Should you need additional information, please don't hesitate to contact us.

As always, our website contains useful information available at your convenience, including energy saving rebates, how to read your water meter, online billing, reporting a broken streetlight, and much more at: www.GlendaleWaterAndPower.com.

We take pride in serving you, your business and your family. We look forward to continuing our long tradition of excellence.