

## OUR MISSION: To be your trusted community utility

### HIGHLIGHTS OF GWP'S STRATEGIC PLAN FOR 2009 – 2014

#### Covering

- |                 |                      |
|-----------------|----------------------|
| Our marketplace | Our values           |
| Our mission     | Our key result areas |
| Our vision      | Our goals            |



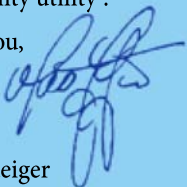
On Tuesday, March 3, 2009, the newly developed GWP Strategic Plan was presented to Glendale's City Council. The plan represents a total collaborative effort that involved GWP employees at every level within the organization, stakeholders and customer groups. It is truly our pathway to a new future for water and power customer service.

Our aim is to first stabilize rates and then bring our rates to the median of surrounding utilities. We will be developing and implementing new strategies to meet supply, infrastructure, system, personnel, and other business needs. This will require the identification and incorporation of new technologies and innovative work practices into our daily operations. The plan starts by laying the foundation for new and expanded initiatives such as our transition to the smart-grid, greater reliance on renewable energy, expanded water and energy conservation efforts, new high-tech water purification systems, more technologically advanced generation systems, and significant reductions in greenhouse gas emissions.

The GWP team worked tirelessly to assemble a true forward-looking plan that will be measurable, manageable, and durable and will withstand the changes in the business environment to which water and power utilities are exposed. We are committed to work the plan and report its progress to you, our stakeholders, on a regular basis. And, when course corrections are required, we will make them, and report those change to you as well.

As we move to put the plan in place, look for "Strategic Plan Updates" in our bi-monthly newsletter, *From The Source* as well as regular updates on our web site [www.GlendaleWaterAndPower.com](http://www.GlendaleWaterAndPower.com). I look forward to continuing to work with you and the GWP team in bringing this plan to fruition as we move to achieving our mission as Glendale's "trusted community utility".

Thank you,



Glenn Steiger  
General Manager, Glendale Water & Power

#### FUTURE TRENDS

Today's business environment is changing at a rapid pace. Planning for the next five years requires that we anticipate the emerging trends that will most affect our customers and their needs for service. We identified eight global trends that can dramatically impact our marketplace and our stakeholders. These trends helped us shape the programs and services that GWP will provide its customers and the City of Glendale.

- Increasing worldwide economic uncertainty
- Increasing growth in California and the world
- Higher standard of living and services
- Increasing concern for human health and the environment
- Increasing climate change
- Smaller workforce shifting to new economy
- Increasing safety and security
- Increasing maintenance, repair, or replacement of infrastructure

## ■ OUR VISION

To deliver reliable, high quality, environmentally sensitive, and sustainable water and power services to our customers in a caring and cost-competitive manner while creating a stimulating and rewarding work experience for our employees.



## ■ OUR VALUES

These principles and beliefs are the bedrock for our existence:

- Dedication to customer service
- Trustworthy and respectful
- Ownership
- Teamwork
- Do it right!
- Continuous improvement

## ■ OUR PRIORITIES

Our analysis of the business environment clarified that our strategic plan must address these priorities:

**WATER SUPPLY** Maximize the production of local water resources and the efficiency of water use.

**POWER SUPPLY** Ensure reliable power supply under severe legislative/regulatory controls and restrictions through a portfolio of resources that includes a reconfigured Grayson Power Plant.

**CUSTOMER SERVICE** Achieve high customer satisfaction level by increasing the value of all GWP programs and services.

**RATES** Achieve water and electric rates that are at the median of comparable utilities in Southern California.

**INFRASTRUCTURE** Assure the highest achievable service reliability by continuously improving and maintaining the GWP physical plant, electric and water facilities.

**WORK FORCE** Hire, develop, and retain a safe, highly skilled, dedicated, and customer-focused work force.

**SYSTEMS** Utilize new and existing information systems and technologies that reduce GWP's costs, enhance customer service, and increase operational effectiveness.

**CITY OF GLENDALE** Collaborate with the City to improve GWP's efficiency and public image.

**LEGISLATION AND REGULATION** Influence local, state, and federal legislation and regulations to benefit GWP's operations.

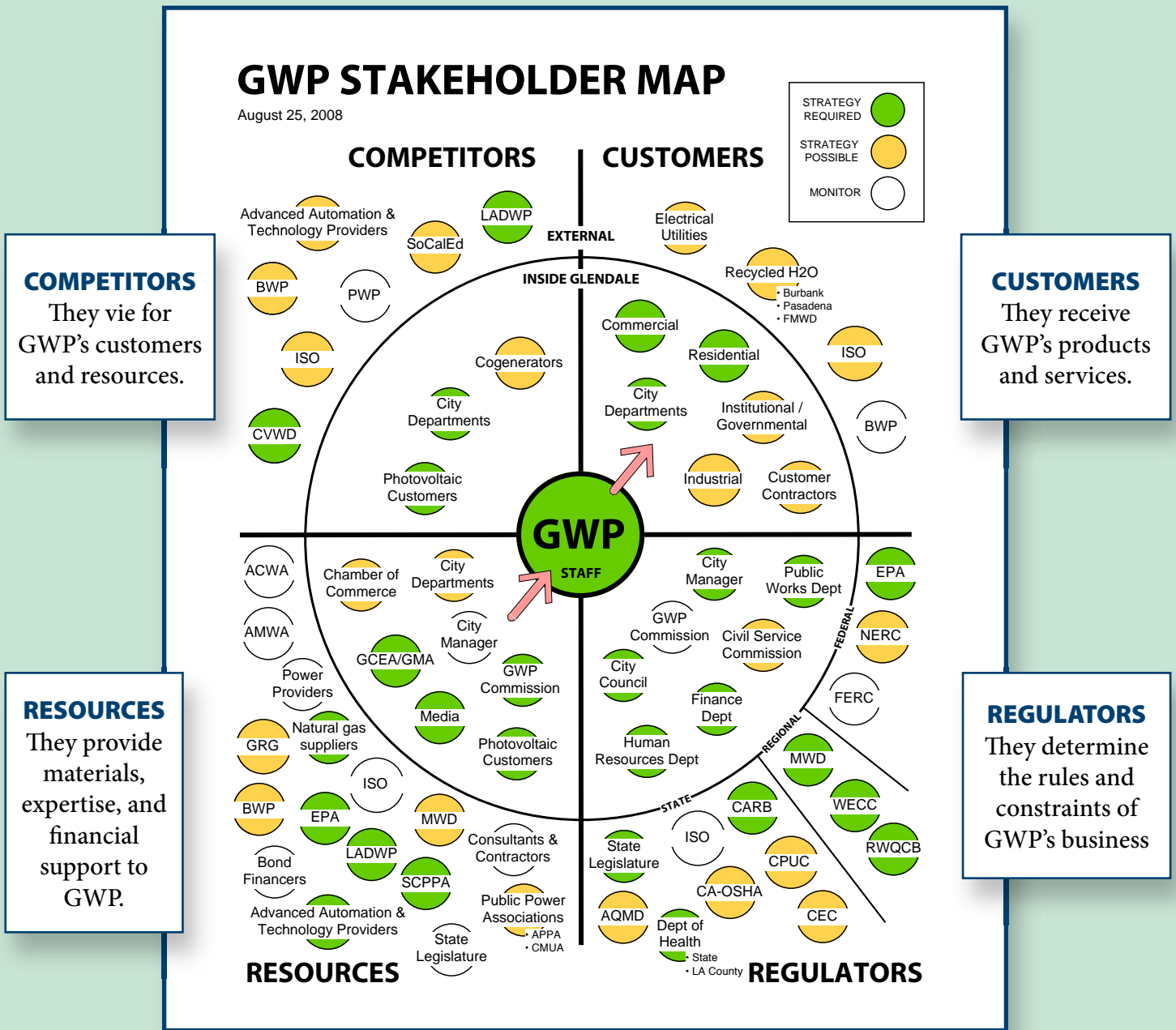
## ■ OUR KEY RESULT AREAS

These performance areas describe where we must achieve measurable success:

- Water Supply
- Power Supply
- Customer Service
- Rates
- Water Infrastructure
- Power Infrastructure
- Workforce
- Systems
- City of Glendale
- Legislation and Regulation

## OUR FUTURE MARKETPLACE

Our marketplace has many stakeholders who can impact GWP during the next five years. The chart below shows that they can be active in one or more quadrants. Some stakeholders are listed inside the City of Glendale and others are outside. GWP appears in the center. The interests of each stakeholder can create threats or opportunities for GWP. This strategic plan responds to these possible scenarios.



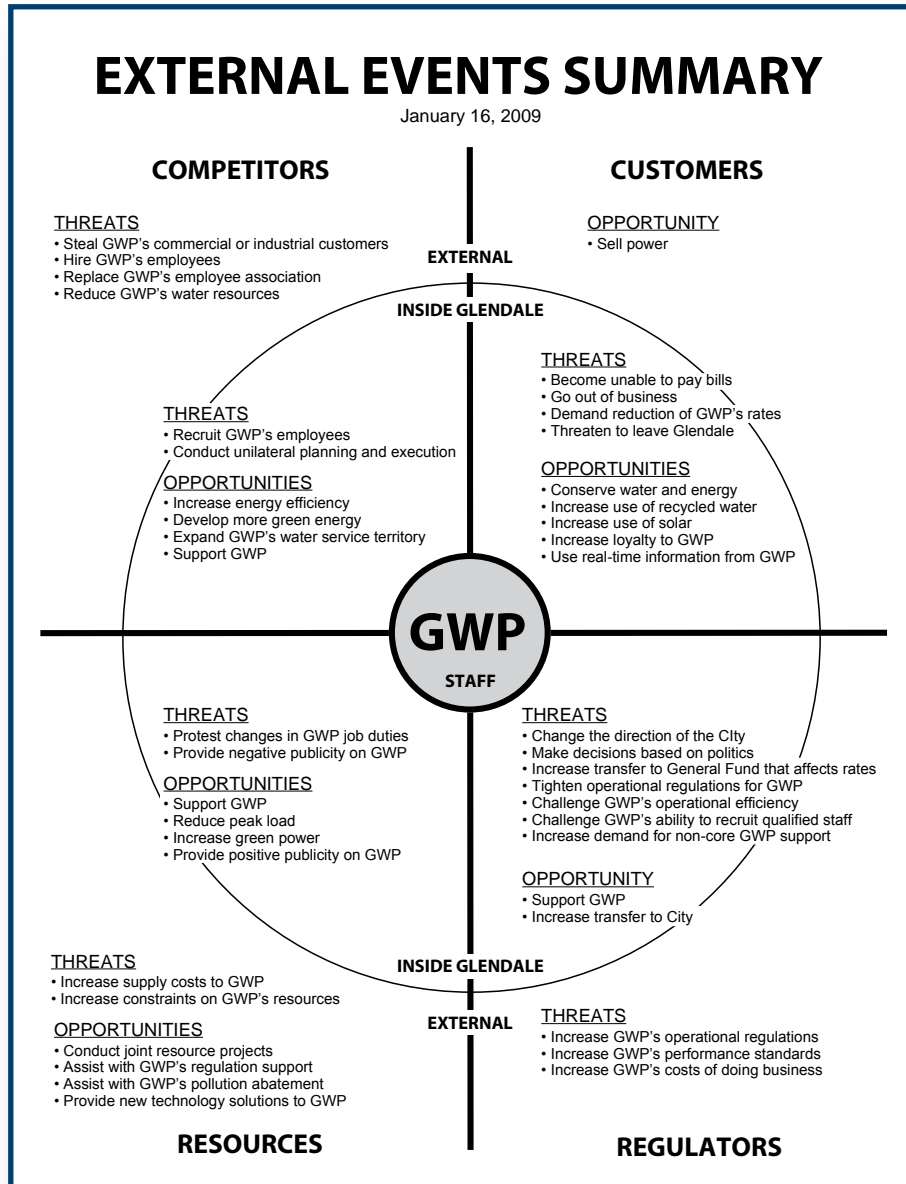
## MAJOR EXTERNAL THREATS

1. Customers experience extreme financial hardship causing GWP to lose revenues.
2. Lack of optimal value of transfer diminishes effectiveness for City and GWP.
3. The requirements of other City departments create challenges for GWP operations.
4. Elections and changes in City leadership shifts support for GWP.
5. GWP loses employees to other departments and other cities.
6. GWP receives negative publicity in the media.
7. Suppliers increase costs for water and power to GWP.
8. Federal and State regulators increase costs of GWP doing business.



## MAJOR EXTERNAL OPPORTUNITIES

1. Customers conserve more water and energy.
2. Customers utilize more recycled water and solar.
3. Customers use real-time information through AMI.
4. GWP gains more green energy to reduce carbon footprint.
5. GWP sells more power outside the City.
6. GWP reduces its peak loads.
7. GWP receives positive publicity and support.
8. Joint resource projects increase GWP's access to power supplies.
9. Advanced technologies provide new efficiencies and solutions to GWP.



## ■ OUR GOALS FOR 2009-2014

These targets describe our measures of excellence in each Key Result Area:

### WATER SUPPLY

- Produce 3,856 AFY from Verdugo Basin by 2014
- Serve 2,500 AFY recycled water by 2013
- Institute a 2.5% PBC-like charge to fund water conservation measures by 2010
- Reduce water usage by 7% over 2006 base year by 2014

### POWER SUPPLY

- Reduce electrical usage by 7% by 2014
- Increase GPP efficiency to <10,000 heat rate by 2015
- Reduce GHG emissions to 1990 levels by 2020
- Achieve a balanced energy portfolio by 2020
- Operate Energy Management Resources Group under defined metrics beginning 2010

### CUSTOMER SERVICE

- Consistently achieve above average customer satisfaction scores from the CMUA survey by 2010
- Ensure that all affected customers and public are consistently notified of all GWP activities by 2009
- Restore minor power outages within 10 minutes and major outages within 20 minutes by 2014

### RATES

- Establish water rates at or below 80% of the average rates in the area by 2014
- Reduce electric rates to 35% below SCE by 2014
- Increase annual electrical wholesale revenue to \$10M by 2014
- Reduce electrical system losses to <10% by 2014

### WATER INFRASTRUCTURE

- Reduce unaccounted-for water to 5% by 2011
- Replace all small meters installed before 2004 by 2011
- Replace/rehabilitate 25 miles of pipe by 2014
- Implement effective asset management by 2013

### POWER INFRASTRUCTURE

- Reduce number of outages to less than 25 per year by 2014
- Upgrade transmission system to 69 kV by 2014
- Convert distribution feeders from 4 kV to 12 kV by 2020
- Replace all electromechanical relays with state-of-the-art relays by 2018
- Implement effective asset management by 2013

### SYSTEMS

- Achieve 100% AMI meter saturation by 2013
- Operate GWP within a city-wide GIS by 2013
- Implement new Department of Finance processes for GWP transactions by 2010
- Create a GWP system integration that assures no redundant data entry by 2012
- Launch profitable new business ventures by 2012

### WORKFORCE

- Continually improve job satisfaction of our employees beginning 2009
- Increase annual workforce availability to 87% by 2014
- Have <5% vacancy rate beginning 2012
- Achieve annual utility average OSHA incident rate of 2.0 by 2014
- Have zero preventable vehicle accidents each year beginning June 2010

### CITY OF GLENDALE

- Improve communications with customers, City Council, and City Departments beginning 2009
- Develop optimum transfer level for mutual benefit by 2014
- Develop communications vehicles to improve GWP's public image by 2011
- Implement new collaborative ventures with City departments by 2011

### LEGISLATION & REGULATION

- Continue compliance with state and federal regulatory requirements by 2009
- Establish and continue on-going relationships with state and federal legislators and regulators by 2010
- Develop specific GWP legislative strategy and initiatives by 2010
- Provide quarterly report on compliance, strategies, relationships and major activities and successes by 2010



For more information about our strategic plan and the progress we are making, please visit [www.GlendaleWaterAndPower.com](http://www.GlendaleWaterAndPower.com)