

**MINUTES**  
**GLENDALE WATER & POWER COMMISSION – CITY OF GLENDALE**  
December 1, 2008

Present: Commissioners Chan, Ebrahimiyan, Foley, Miller, Yao

Staff: Henry Abrari, Principal Electrical Engineer  
Ramon Abueg, Assistant General Manager – Electric Services  
Ned Bassin, Assistant General Manager – Customer Services and Support Services  
Dave Davis, Executive Analyst  
Atineh Haroutunian, PBC Coordinator  
Peter Kavounas, Assistant General Manager – Water Services  
Sheila Martinez, Office Services Supervisor/Steno  
Erik Olsen, Electrical Engineer II  
Glenn Steiger, General Manager - GWP

The meeting was called to order by Commission President John Miller at 4:04 p.m.

**1. REGULAR AGENDA – 4:00 p.m.**

Roll Call – All present

**2. CONSENT ITEMS (INCLUDING MINUTES)**

*The following are routine and may be acted upon by one motion. Any member of the Commission or the audience requesting separate consideration may do so by making such request before motion is proposed.*

**a. Consider minutes of the November 3, 2008 meeting – Move to Approve**

Moved: Yao                      Seconded: Ebrahimiyan

Vote:

Ayes: Chan, Ebrahimiyan, Foley, Yao, Miller

Noes: None

**3. ACTION ITEMS**

**a. Report Providing Options Re: Formation of Glendale Water & Power Commission Standing Subcommittees**

Glenn Steiger stated that the reason for the proposed establishment of subcommittees was to give the Commission the opportunity to take specific issues and put them in perspective such as green house gas, water conservation, and long range planning issues, etc., and discuss these issues in a more in-depth and thorough manner as opposed to the monthly Commission forum. The proposal to establish standing committees, one for water and one for electric, would provide the Commission the ability to do this on an ongoing basis.

Following a lengthy discussion regarding subcommittees, the frequency of the standing meetings, Brown Act requirements, study sessions, and the need to repeat what was discussed in the subcommittee meetings in order to take action, the Commission concluded that meetings in the form of study sessions would be most suitable. A study session to discuss AB 32 was established.

It is moved that the GWP Commission hereby direct staff to establish a special study session regarding AB 32.

**1. Motion Establishing Standing Subcommittees of the GWP Commission - Motion Failed**

**2. Motion Providing Direction to Glendale Water & Power Staff**

Moved: Yao                      Seconded: Ebrahimiyan

Votes:

Ayes: Chan, Ebrahimiyan, Foley, Yao, Miller

Noes: None

#### 4. REPORTS – INFORMATION

##### 4a. The Bucket Campaign (water conservation efforts by Jeremiah Hovsepian, a 14-year old Glendale resident and student)

Jeremiah Hovsepian introduced his "Bucket Campaign" as a way to bring water conservation awareness to the community. His campaign is to use a bucket as a tool to save water by collecting residual running water from showers or sinks (from vegetable cleaning, etc.), and for watering indoor/outdoor plants and flushing toilets, etc.

The Commission members were very impressed by Jeremiah and highly praised him for his ingenuity in contributing to water conservation awareness.

##### 4b. General Manager, Glenn Steiger

###### 1. Fuel Adjustment Charge

General Manager Glenn Steiger led a discussion on the electric side of the fuel adjustment charge and stated that in July 2008, GWP increased the fuel adjustment charge fairly significantly from approximately 5.9¢ per kWh to 7.2¢ per kWh, driven mostly from the volatility seen in the energy, natural gas, and fossil fuel market at the time. Fortunately, there has been a dramatic drop in the cost of energy, natural gas and gasoline today. In January 2009, GWP will adjust the fuel adjustment charge to an expected decrease from the current adjustment charge of 7.2¢. GWP does not generate revenue from the fuel adjustment charge; rather it is a pass-through that is kept in reserve.

In response to a question raised regarding renewable costs, Mr. Steiger said that over the past few years, the renewable market has decreased somewhat and, concurrently, there has been an increase in the normal energy sources, such as natural gas and coal; the costs for both energy sources are expected to level off in the future.

###### 2. Asset Management

Peter Kavounas briefed the Commission on GWP's efforts to improve asset management practices in the water distribution system. It's an important way of keeping the infrastructure sustainable at the lowest lifecycle cost and at a level of service that is acceptable to the customers. Asset management for the water distribution system covers all the components and assets such as MWD connections, wells, pumps, pipes, treatment plants and all their subcomponents and appurtenances for water storage tanks, reservoirs, etc. All of the components in the water distribution system have been put in place over different periods of time; some components were placed in the 1920s - some put in last year. All of those components have a physical life - an asset life, and needs to be managed to achieve its optimal lifecycle. GWP issued an RFP, received four proposals, and selected a firm. GWP proposes to recommend to City Council to hire the selected consultant, GEMS/Cardno to improve existing Asset Management Practices in GWP-Water. The contract is for a three-year period in the amount of \$500,000. A brief discussion followed regarding return on investment, the ten projects that have been identified for asset management improvement, and the consultant's involvement in training GWP personnel.

##### 4c. Customer and Support Services

###### 1. Water Conservation Update

Atineh Haroutunian reported that water production for the month of October was down 1.3% compared to the base year, and last year, it was down 2%. October was a very warm month with very little rainfall which accounted for high water usage. GWP continues to work on conservation outreach activities to inform customers to use less water for landscaping.

Commissioner Miller commented that after 18 months of conservation efforts, it has to be acknowledged that GWP is not meeting its goals. For the benefit of the audience, it would be helpful to talk about what the next step would be if the water crisis continues and mandatory water conservation is declared. GWP could implement mandatory conservation in concert with others, presumably through MWD. At this point, the real task before GWP is to determine what else GWP can do to make voluntary conservation more successful. Ms. Haroutunian responded

that in terms of conservation efforts in landscaping incentives, GWP is currently working with MWD in their Cash for Grass program that is currently being developed. GWP has also increased the incentive for the smart meter controllers for outdoor water usage, and GWP is taking direction from MWD in terms of providing rebates as well as providing GWP's rebate programs that offer incentives to promote conservation. The following number was provided so customers can report incidents where water is being wasted: 818-548-3300.

## 2. Tri-Cities Conservation Effort

Atineh Haroutunian reported that GWP held a meeting with Burbank and Pasadena two weeks ago and stated that they also are not reaching their 10% goal in voluntary water conservation reduction. Both utilities are looking at revising rate ordinances and conservation ordinances and will approach their City Council sometime in April and May 2009. GWP is currently revamping its water conservation ordinance with the possibility of going through Proposition 218. All cities agreed to make the ordinance as similar as possible, for example, use the same language and use the same provisions, such as the three-day watering schedule and set the same weekdays and hours for watering, and coordinate efforts for water conservation classes. The next tri-cities meeting will be in January. Subcommittees have been established within the tri-cities meeting to focus on rebate issues, outreach, advertising, public relations, rebate programs, etc.

In response to Commissioner Miller's question, Christine Godinez replied that Prop 218 allows that certain types of rates cannot exceed the cost of service and are subject to approval of the ratepayers.

## 3. Customer Services Status Report

Ned Bassin provided an update on the Customer Service Economic Effect on Credit and Collections. A few months ago, it was mentioned that GWP planned to increase its payment extension to make it easier and more agreeable to GWP customers. A review and discussion were provided regarding the following charts: Payment Extensions Granted – Monthly Average, Bankruptcies 2008, and Write-Off Cumulative for 2007-2008.

### 4d. Water

#### 1. MWD Update including Proposed Rate Increase

Information was provided by Peter Kavounas regarding the Metropolitan Water District (MWD) and their assessment of water supplies. A chart was distributed that showed precipitation levels in northern California where staff is monitoring hydrologic conditions and where the majority of the water in southern California originates. The Department of Water Resources has assessed water supply allocations from this information along with what is available in storage at 15% demand. Updates on the State Water Project allocations will be provided on a monthly basis by DWR until April when supplies are known.

Also distributed and discussed were copies of two memos that MWD presented to their Board of Directors regarding the overall water supply situation. Should MWD declare a regional shortage, then GWP along with other MWD member agencies will declare mandatory water conservation.

#### 2. Water Supply Report

From the time MWD announces that there is a regional shortage to the time that it is actually implemented, there is approximately a two- to three-month window that will allow GWP to go through a billing cycle to prepare to get the message out to customers as quickly as possible. During this time, it is essential to get the conservation ordinance ready, revised and approved by City Council to implement the relevant stage of water conservation. GWP will also be working with other departments for their assistance in implementing provisions to the ordinance related to their departments such as Neighborhood Services, Parks & Recreation, and Fire. It is expected that by March or April, GWP will have a good indication about the probable implementation date of July 1, 2009.

Effective January 1, 2009, MWD rates will increase from \$508 to \$579 (a 14% increase) for an acre-foot of water that GWP purchases for the next fiscal year due to added demands and less water supplies. Although the water rate will increase for GWP next year, residents should not expect to see their monthly bills increase because GWP made cost adjustments for next year.

Commissioner Miller commented that the rate increases could have a negative impact on businesses within the City and said the public should be aware of the MWD rate increases since water purchased from MWD amounts to 64% of the City's imported water supplies.

### 3. Chevy Chase Update

Mr. Kavounas reported that the Chevy Chase Project is progressing very well and the contractor is doing a good job. There remains one change order that is outstanding, but negotiations have resulted in a resolution.

#### 4e. Electric

##### 1. Reliability Indices (ESRI)

Ramon Abueg reported on two major events that occurred on November 15<sup>th</sup> - one was the Sylmar Fire and the other was the Santa Ana winds in Glendale. Fortunately, there were no problems due to the windstorm, but there were potential issues that came up due to the Sylmar fire. The LADWP system suffered losses in their transmission lines where GWP is connected to the Sylmar Station which is a direct tie to the City's system. As a result, GWP lost the ability to import power to its system. GWP received short notice from LADWP regarding a potential disconnection between LADWP and GWP that could have initiated a rolling blackout to prevent a system-wide outage, but that was averted because of the Grayson Power Plant. LADWP implemented a rolling blackout on their system and again they notified GWP of potentially separating, but that did not occur. The Power Plant staff and the dispatchers worked diligently to preserve GWP's system. On the following Saturday, GWP was able to generate more power than needed and was able to assist LADWP with their load difficulties.

There were four major outages last month because of squirrels, a rodent, and by a contractor's equipment making contact with primary wires. These outages affected approximately 5,800 customers varying in length of time from 12 minutes affecting 253 customers to the shortest, for 7 minutes, that affected 4,400 customers. GWP remained below the CAIDI, SAIFI and SAIDI indices.

The Commissioners commended staff for maintaining the system under such challenging conditions.

##### 2. Glorietta Project

Erik Olsen gave a presentation regarding Glorietta Substation and communicated that GWP proposes to reconstruct Glorietta Substation to 69kV and 12kV distribution feeders, with 75 MW of load serving capacity. The benefit of this is that it will support Montrose Substation and increase capacity, as well as increase reliability in that area. The topics covered were Project Benefits, Station Capacity, the New Glorietta Construction, Project Cost and Schedule. The cost of the project is \$11,000,000, and construction starts in October 2009.

5. **ORAL COMMUNICATIONS** *Discussion is limited to items NOT a part of this agenda. Each speaker is allowed five (5) minutes – timer bell will sound indicating 1 minute left to speak. Commission may question or respond to the speaker, but there will be no debate or decision. The General Manager may refer the matter to appropriate staff for investigation and report.*

Herbert Molano spoke about the Quality of Life Report and commented that more quality of life indicators pertaining to water and electric are needed.

6. **OLD BUSINESS – None**

**7. NEW BUSINESS – None**

**8. AGENDA FORECAST**

Commissioner Miller said it would be timely to put the water rate increase on the agenda, particularly as it relates to inflation. Since the agenda forecast is for a 12-month running period, a report on each item should be provided once every 12 months, such as the CIP plan, O&M programs, budget report, and any measures pertinent to rate increases.

Commissioner Yao said that he would prefer to see contracts needing City Council approval beforehand, as much as possible, but may not be possible at times since the Commission only meets once a month. He stated that it would be more effective if these contracts are reviewed first by the Commission so that the Commission's recommendation can be documented for City Council approval. Commissioner Yao also stated that the results of City Council actions on these contracts should be briefly reviewed, as approved or rejected, and to be mentioned as part of the agenda item under "Reports from the General Manager."

**9. ADJOURNMENT: 6:22 pm**

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Secretary