

GRAIL ANALYSIS

MSI:

DEPARTMENT: Transportation Department

	FY 2004 ACTUAL	FY 2005 ACTUAL	FY 2006 ADOPTED	FY 2006 REVISED	FY 2007 RECOMMENDED	\$ CHANGE	%
d							
6909 Photo Red Light Traffic Fines	420,217	407,230	586,118	586,119	600,000	13,881	2.3
6951 Plaza Las Fuentes Parking	1,959,504	2,136,963	2,972,344	2,972,344	3,047,746	75,402	2.5
6957 Parking Operations Fund	533,460	431,931	407,588	407,588	397,648	-9,940	-2.4
6963 Prking Mtr - Old Pasa	610,214	922,649	1,000,118	1,000,123	1,134,873	134,750	13.4
6964 Prking Mtr - Civic Ctr	229,782	245,659	293,696	293,696	310,240	16,544	5.6
6992 West Gateway Parking	240,361	217,696	250,143	250,142	250,147	5	0.0
6999 Playhouse Parking Fund	92,139	129,873	174,598	174,598	182,851	8,253	4.7
7064 ARTS Farebox	404,003	358,935	575,000	575,000	575,000	0	0.0
9165 General Fund-Unspecified	2,788,381	2,952,511	3,011,978	3,016,477	3,289,403	272,926	9.0
9320 Old Pas. Structure Parkin g Fund	3,218,700	3,511,620	3,947,292	3,832,344	3,902,217	69,873	1.8
9457 Sales Tax - Prop. A	1,881,247	2,235,087	2,332,594	2,341,860	2,396,017	54,157	2.3
9493 So. Lake Parking District	142,369	199,451	203,717	203,718	217,925	14,207	6.9
*** TOTAL FUNDING	20,229,392	23,027,907	25,385,047	25,335,971	26,419,150	1,083,179	4.2

14.8

GRAIL ANALYSIS

MSI:

FUND: Project Management Fund

DEPARTMENT: Transportation Department

	FY 2004 ACTUAL	FY 2005 ACTUAL	FY 2006 ADOPTED	FY 2006 REVISED	FY 2007 RECOMMENDED	\$ CHANGE	%
EMPLOYEES							
REGULAR	4.250	4.250	4.550	4.750	4.750	0.000	
NON-REGULAR	0.200	0.200	0.200	0.000	0.000	0.000	
TOTAL EMPLOYEES	4.450	4.450	4.750	4.750	4.750	0.000	
PERSONNEL							
8005 Regular Pay - PERS	0	0	353,786	363,792	378,678	14,886	4.0
8018 PST-Part Time Employees - PARS	0	0	10,087	0	0	0	0.0
8024 Personal Dvlpmt Allowance	0	0	1,925	1,925	1,925	0	0.0
8027 Workers' Compensation	0	0	6,699	6,698	2,011	-4,687	-69.9
8031 General Liability	0	0	2,556	2,555	3,417	862	33.7
8038 PERS-Employee Portion	0	0	24,765	25,465	26,507	1,042	4.0
8040 PERS-City Portion	0	0	18,786	18,786	27,795	9,009	47.9
8041 PARS-City Portion	0	0	757	0	0	0	0.0
8044 Life Insurance	0	0	354	364	379	15	4.1
8045 Dental Insurance	0	0	2,166	2,166	2,166	0	0.0
8046 Medicare-City Contributn	0	0	4,069	4,214	5,491	1,277	30.3
8047 Long Term Disability	0	0	1,734	1,749	568	-1,181	-67.5
8049 Emp Opt Ben Fd (EOBF)	0	0	40,850	40,850	38,475	-2,375	-5.8
*** TOTAL PERSONNEL	0	0	468,534	468,564	487,412	18,848	4.0
SERVICES AND SUPPLIES							
*** TOTAL SERVICES AND SUPPLIES	0	0	0	0	0	0	0.0
EQUIPMENT							
*** TOTAL EQUIPMENT	0	0	0	0	0	0	0.0
*** SUBTOTAL	0	0	468,534	468,564	487,412	18,848	4.0
INTERNAL SERVICE CHARGES							
8608 IS-Mail Services	0	0	654	654	0	-654	-100.0
8624 IS-Enterprise Network	0	0	5,368	5,368	0	-5,368	-100.0
8641 IS-MS Licensing	0	0	516	516	0	-516	-100.0
*** TOTAL INTERNAL SERVICE CHARGES	0	0	6,538	6,538	0	-6,538	-100.0
*** TOTAL BUDGET	0	0	475,072	475,102	487,412	12,310	2.5
REVENUE							
9073 Capital Projects Fund	0	0	475,072	475,102	487,412	12,310	2.5
*** TOTAL FUNDING	0	0	475,072	475,102	487,412	12,310	2.5

14.9

**DEPARTMENT
SUMMARY
Water and Power**

Mission Statement

As a community-owned utility, Pasadena Water and Power's (PWP) mission is to provide superior customer service, reliable electricity and quality water, at reasonable rates to its customers.

PWP will be an integral part of the City's resources and will improve the quality of life in Pasadena. PWP will be a valued community asset, and a partner in Pasadena's prosperous future.

Program Description

PWP supplies electricity and water to residents and businesses in Pasadena. In addition, PWP supplies water to some residents and businesses outside the city limits. Maintaining high quality of service and reasonable rates is PWP's main purpose. One of the attractions of the City of Pasadena as a whole is that it has a community-owned, full-service utility that maintains competitive rates and provides a transfer to the General Fund.

Departmental Relationship to City Council Goals:

- **Assure a Safe and Secure Community**
 1. PWP will continue to ensure the delivery of high quality water by monitoring, sampling, and testing its water in accordance with all applicable laws and regulations. PWP has an ongoing program to maintain and improve the water system infrastructure to ensure the reliability of the distribution system and maintain high quality water. In addition, PWP has placed a greater emphasis on safety, power reliability, and its emergency response capabilities.
 2. **Assure Reliable Energy Delivery to the Community**

An Electric Distribution System Inspection Program has been implemented that is consistent with the California Public Utilities Commission's General Order 165. This inspection program has been implemented in order to ensure safety for employees and the public, enhance the reliability of the power distribution system, and to extend the useful life of the power distribution system assets. In addition, data collecting techniques have been implemented that will provide increased data quality and quantity.
- **Focus on Planning, Programming and Reinvesting in Pasadena's Parks and Open Spaces.**

PWP has assumed responsibility for the management of the spreading grounds within the Hahamongna Watershed Park, helping to enhance and improve the environment as well as making the best and most efficient use of the natural resources in Pasadena.
- **Operate A More Effective and Cost Efficient Government**

To become more efficient and be able to make appropriate management decisions related to costs, decision support systems have been developed and put into place to ensure the necessary information is available. Long term historical trends and future looking financial plans are being used to make strategic changes whenever necessary. A strategic marketing group has been created to improve customer service with a focus on customer satisfaction and retention. In addition, PWP continues to support the Fiber Optics Program, demonstrating the PWP's commitment to technology that will enable it to better serve the community's needs.

Major Accomplishments

Water and Power major accomplishments include the following:

Water and Power

- Finalized agreement with NASA/JPL for funding the water treatment of the four PWP groundwater wells contaminated by perchlorate
- Completed seismic analysis and evaluation of the structural integrity of 13 reservoirs
- Completed the building of the department's data center at the Dispatch Center
- Partnered with Metropolitan Water District and California Urban Water Conservation Council to secure funding of Prop 50 funds for technical resources, high efficiency washer, synthetic turf and cooling tower conductivity meters
- Created a strategic marketing plan and increased the residential Green Power Program initiative to over 1200 PWP participants
- Modified the Electric Utility Assistance Program (EUAP) and expanded the criterion of the low income and lifeline program to reflect changes in the economy
- Upgraded the Itron Multi Vendor Reading System (MV-RS) to v7.5.3 to accommodate the Automatic Meter Read (AMR). This upgrade will allow for the reading of Electric Optical Probe Meters that support the Load Research Program
- Upgraded the ECIS Billing System to incorporate changes associated with the AMR Water Meter Reading Program
- Completed the installation of selective catalytic reduction emissions controls for two local generation units
- Completed the CAISO energy and ancillary services scheduling and settlement system implementation
- Continued pursuing renewable energy sources by adding new geothermal energy plant near the Salton Sea increasing the fulfillment of the City's Renewable Portfolio Standard for PWP
- Completed the implementation and spending plan for the first five years of the Electric System Distribution Master Plan (EDSMP) detailing specific projects and resources
- Re-organized and created new units in the Power Delivery Business Unit to effectively implement the EDSMP
- Developed and completed the system requirement of the Project Job Order System Application Development
- Upgraded and developed application databases for Power Supply such as TradeManager and MarketPlatts applications
- Implemented and monitored the Taxpayer Protection Amendment of 2000 (Oaks Initiative)
- Completed the conversion and migration of electric and water meter inventory from HP 3000 to E-CIS Facility Data Management (FDM) module
- Continued the implementation of the Water Distribution System Master Plan
- Completed major water main replacement and/or rehabilitation program by replacing nearly eight miles of aging water mains annually
- Revised and updated the City of Pasadena Urban Water Management Plan.

Summary of Appropriations and Revenues

	FY2004 Actual	FY2005 Actual	FY2006 Adopted	FY 2006 Revised	FY 2007 Recommended
FTEs					
Operating	263.63	273.32	280.32	280.32	290.72
Capital (Memo)	99.37	109.68	121.68	121.68	122.28
Total FTEs	363.00	383.00	402.00	402.00	413.00
Appropriations					
Operating	204,643,872	134,543,759	187,148,166	187,800,942	198,260,717

Water and Power

Capital (Memo)*	7,499,818	9,279,222	11,314,855	11,236,051	12,264,465
Revenues by Fund					
Power Fund	144,705,207	159,937,549	159,937,549	159,937,549	167,689,771
Water Fund	39,322,428	40,657,313	40,657,313	40,657,313	42,279,875
Total Revenues	184,027,635	200,594,862	200,594,862	200,594,862	209,969,646

*This line item not included in total.

Departmental Results Statements

Result 1: The City-owned power utility will be competitive.

	Actual	FY 2005 Target	% Target	FY 2006 Target	FY 2007 Target
Measure 1.1 Rates of the City-owned power utility compared with competitors (Annualized Average)					
A. Residential electric rates will be comparable with those of selected neighboring utilities.	\$62.17	\$63.26	98.3%	\$65.56	\$72.27

Result 2: Electrical power interruptions will be minimal.

Measure 2.1 System Average Interruption Duration Index (SAIDI)					
A. 120 minutes (SAIDI)	0.7966	120	100%	120	120
Measure 2.2 System Average Interruption Frequency Index (SAIFI)					
A. 1.5 service interruptions per year (SAIFI)	0.0363	1.5	100%	1.5	1.5

Result 3: The City's water utility will be competitive.

Measure 3.1 Rates of the City water customers compared with competitors. (Annualized Average)					
A. Residential water rates will be comparable with those of selected neighboring utilities.	\$34.53	\$30.45	113.4%	\$33.25	\$35.85

Result 4: The City's water supply will be safe and free of contamination.

	Actual	FY 2005 Target	% Target	FY 2006 Target	FY 2007 Target
Measure 4.1 Compliance with primary drinking water regulation					
A. 100% compliance	100%	100%	100%	100%	100%
Measure 4.2 Number of chemical and bacteriological analyses annually					
A. More than 32,000 per year	36,656	20,800	100%	20,800	32,000
Measure 4.3 Required certificates maintained					

Water and Power

A. 100% at all times	100%	100%	100%	100%	100%
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Result 5: Residential and commercial electric and water customers will receive excellent service.

Measure 5.1 Timeliness of plan checks					
A. Perform 90% of plan checks within 24 hours	89.5%	80%	100%	80%	90%
Measure 5.2 Accuracy of meter readings					
A. 99.95% of meter readings will be accurate	99.96%	99.95%	100%	99.95%	99.95%
Measure 5.3 Cycle time from meter reading to billing					
A. Average 5 working days turnaround time from meter reading to billing	5	5	100%	5	5
Measure 5.4 Cycle time for high-bill complaint investigation					
A. Average 5 working days turnaround time for high-bill complaint investigation	5	5	100%	5	5

Result 6: The City's water mains shall be upgraded on a continual basis.

Measure 6.1 Number of miles upgraded on an annual basis					
A. 8.0 miles per year beginning in FY05	7.5	11	69%	8	8
Measure 6.2 Number of valves exercised on annual basis					
A. 5,000 valves per year	3,034	3,000	100%	5,000	5,000
Measure 6.3 Number of water meters replaced on an annual basis					
A. 7,000 meters per year	3,437	2,400	100%	7,000	7,000

Result 7: The Electric Distribution Master Plan Goals shall be implemented.

Measure 7.1 Number of new Feeders and Communication Circuits installed.					
	Actual	FY 2005 Target	% Target	FY 2006 Target	FY 2007 Target
A. Feeders & Communication Circuits installed.	New for fiscal year 2006			2	4
Measure 7.2 Number of fault indicators installed.					
A. Fault indicators installed.	New for fiscal year 2006			40	60
Measure 7.3 Number of Switchgear Upgrades for Power System Facilities.					
A. 34kV Circuit Breakers to be replaced.	New for fiscal year 2006			6	14

Water and Power

B.4kV & 17kV Circuit Breakers to be replaced.	New for fiscal year 2006	18	28
Measure 7.4 Number of Wood Utility Pole Replacement/Reinforcement.			
A. Overhead Poles to be replaced.	New for fiscal year 2006	65	65
B. Number feet of overhead conductors to be replaced.	New for fiscal year 2006	64,000	58,000
Measure 7.5 Number of Oil Containment Facilities to Construct.			
A. Oil Containment Facility to be constructed.	New for fiscal year 2006	2	2
Measure 7.6 Number of miles of Cable Replacement and testing.			
A. Miles of cable replaced.	New for fiscal year 2006	2	10
Measure 7.7 Number of Time of Use (TOU) meters installed.			
A. Time Of Use meters installed.		50	50
Measure 7.8 Number of Capacity & Reliability Equipment installed.			
A. Substation Switches replaced.	New for fiscal year 2006	10	10
B. Miles of Underground Cables replaced.	New for fiscal year 2006	1.5	4
C. Underground Transformers replaced.	New for fiscal year 2006	25	30
D. Underground Switches replaced.	New for fiscal year 2006	10	14
Measure 7.9 Number of Electric Meters Installed/Replaced.			
A. Electric meters Installed.	New for fiscal year 2006	6,000	6,000
Measure 7.10 Number of Underground Vaults Replaced.			
A. Underground vaults replaced.	New for fiscal year 2006	20	20

Changes from Prior Year

- **Cost Changes:** The net increase from the Fiscal Year 2006 revised operating budget, \$9,374,784, is due to higher personnel costs as a result of anticipated salary rate and benefit adjustments, and an increase of 11.00 FTEs, an increase in service and supplies of \$7,902,842, an increase in equipment totaling \$125,702 and an increase in internal service charges of \$163,784.
- **FTE Changes:** There are 10.4 additional FTEs approved for the operating budget as well as 0.6 FTEs approved for the capital budget.

Future Outlook

Water and Power

As a partner in Pasadena's prosperous future, PWP will continue to focus on its financial health and stability by implementing the appropriate measurements, controls and procedures, and maintain a General Fund transfer that provides the City a reasonable return on capital. PWP will also continually conduct competitive analysis to position or reposition itself within the market.

The funding proposal for the Electric Distribution System Master Plan (EDSMP) was completed and the implementation and spending plan for specific projects are underway for the first five years. PWP will continue to invest in technology and its GIS and automated meter technology programs. PWP will continue to maintain an aggressive program of inspections and maintenance on distribution equipment in order to maintain a high level of reliability.

PWP will also continue to meet the goals of an aggressive Capital Improvement Program as outlined in the Water Distribution System Master Plan. Following the result of the seismic and structural study of the City's reservoirs, it is anticipated that major repairs and upgrades will be needed on nearly all of the City's 13 reservoirs. Substantial resources will be required in the next five years to upgrade the water storage facilities. In FY 2007, seismic retrofit work will continue on Windsor and Sunset reservoir. In FY 2007, the Water Delivery Business Unit will continue its 2nd year of the five-year replacement program on all old meters with new automatic meter read meters (AMR). AMR meters will provide an efficient method of meter reading and will be accurate than the old meters.

PROGRAM SUMMARY
General Manager's Office

Program Description

The General Management function of the utility provides general administration, guidance and oversight to the five operational business units of PWP and direct responsibility for the Customer Relations and Legislative/Regulatory Affairs affecting PWP. It also functions as the intermediary between PWP and the other departments of the City, the City Manager, and City Council, and external private and public agencies. The General Manager's Office is committed to ensuring that PWP succeeds in a competitive marketplace and has continually restructured PWP to effectively address core business concerns.

Major Accomplishments

PWP reorganized its top management in fiscal year 2006 to provide strong direction in major infrastructure upgrade endeavors, including both Water and Power Distribution master plans. Continued to modify PWP's business plan and manage PWP to improve internal communication, reduce costs, and maintain competitiveness in the ever-changing California energy market. For additional accomplishments, please refer to the Major Accomplishments under the Department Summary.

Summary of Appropriations and Revenues

	FY 2004 Actual	FY 2005 Actual	FY 2006 Adopted	FY 2006 Revised	FY 2007 Recommended
Operating FTEs	6.00	6.00	18.45	18.45	18.45
Appropriations	664,765	805,817	2,450,493	2,436,232	3,536,581

Changes from Prior Year

- *Cost Changes:* The net change from the fiscal year 2006 Revised Budget is due mainly to anticipated increases in salaries and benefits.

Future Outlook

Although recent legislative and regulatory developments have somewhat relaxed the immediate threat of direct competitive pressures and increased focus on reliability and environmental issues, PWP will continually conduct competitive analysis to appropriately position or reposition itself within the market while addressing these important issues. Potential alliances with companies specialized in certain aspects of utility operations will continue to be explored in order to ensure that the Utility will be able to take advantage of every opportunity that can result in better service and lower costs to the customers. For additional information, please refer to the Future Outlook section under the Department Summary.

PROGRAM SUMMARY
General Manager's Office
Customer Relations

Program Description

The Customer Relations section creates an "easy to do business with" atmosphere for Pasadena electric and water customers, providing value added customer service, effective communication, and products which meet customers' needs, while matching and exceeding offerings of other utility service providers. The Customer Relations section monitors market conditions in order to readily respond to the changing needs of customers. The Customer Relations section is also dedicated to the implementation and promotion of environmental products and services and the deployment of energy and water efficient technologies that improve the efficiency of our current electric and water systems. Using various media sources, the Customer Relations section will brand the utility through communication and community outreach programs that promote conservation, environmental programs, and assist in the economic growth of the City. The Customer Relations section includes the Public Benefits Program which provides various energy programs for all customer segments as well as assistance to low-income and senior customers.

Major Accomplishments

- Secured an extension of Proposition 13 grant funding contract for Zero Consumption Urinals (ZCU) through December 2005. From July–December 2005, this program resulted in savings of 420,000 gallons
- Installed zero consumption urinals, residential high efficiency clothes washers, and a commercial and residential weather based irrigation controller pilot program with Proposition 13 and Proposition 50 funds
- Partnered with Metropolitan Water District and California Urban Water Conservation Council to secure funding of Prop 50 funds for technical resources, high efficiency washer, synthetic turf and cooling tower conductivity meters
- Recognized an estimated lifetime savings of over 450 acre-feet in water consumption through the successful implementation of multiple water conservation programs in fiscal year 2006. Savings of 150 acre-feet is directly attributed to the dual flush toilet program
- Implemented a solar/PV (photovoltaic) program to provide monetary assistance to customers wanting to install solar panels on their residence. Since the inception of the solar program (in 2002), 33 residential customers have taken advantage of this program
- Continued use of the Customer Relationship Management Software (CRM) as an account management tool which is pivotal in scheduling, tracking, and the creation of customer contacts and management reports. The number of contacts made in fiscal year 2006 was 4,500
- Created a strategic marketing plan and increased the residential Green Power Program initiative to over 1200 PWP participants
- Customer Relations coordinated about 50 Community and Public events in Fiscal Year 2006. Major highlights included; Residential Landscaping Workshops, Black History Festival, Public Power Day, National Night Out Event, Greening the Earth Day, Centennial Planning, and Water Awareness Day
- Developed, printed and distributed about 200,000 bill stuffers including Green Power, updates on the CIC increase and Water Master Plan, and Power Content Labels to all PWP customers
- Coordinated the placement of bus shelter posters throughout the city promoting the Green Power Program, Rebate Programs, and PWP's 100 years in the community

Water and Power

- Partnered with city departments and integrated energy and water efficiencies and conservation measures for design and construction stages of new building construction in Pasadena. The City of Pasadena is integrating sustainable practices and guidelines to building codes which reduce the impact of buildings to the environment. PWP continued its efforts to promote LEED (Leadership in Energy and Environmental Design)
- Signed more than 5 Interconnection Agreements with electric customers who have installed solar power at their homes and facilities

	FY 2004 Actual	FY 2005 Actual	FY 2006 Adopted	FY 2006 Revised	FY 2007 Recommended
Operating FTEs	0	0	0	0	0
Appropriations	0	0	0	0	0

Note: This is a new program fiscal year 2007. FTEs and appropriations currently shown in the program titled General Managers Office.

Future Outlook

The Customer Relations section has positioned itself into a resource of information and customer service to PWP customers. The myriad of programs and customer support mechanisms offered by the Customer Relations section are of high quality and of great benefit to the PWP community. The Customer Relations section continues to promote energy efficiency and water conservation through Public Benefits and other environmental programs. The Customer Relations section will continue to provide environmental products and efficient services and will demonstrate a commitment to showcase new products that will contribute to a clean and green environment. The Customer Relations section is a vital link between PWP and PWP customers.

PROGRAM SUMMARY
General Manager's Office
Public Benefit Charge Program

Program Description

In accordance with Assembly Bill 1890, the Public Benefit Charge Program was created in 1998 with an intended four-year duration. This initial time frame has now been extended until 2011. The purpose of the program is to improve upon the existing advances in the energy industry by funding programs aimed at improving energy efficiency, providing energy assistance to low-income households, investing in renewable energy technology, and research and development.

Major Accomplishments

- Provided a total annual savings of 8,000,000 KWh for fiscal year 2006 through Energy Partnering Programs (EPP)
- More than 25 PWP electric business customers participated in the EPP in 2006
- Managed residential customer rebate programs by distributing over 1,000 Energy Star Program rebates to customers who purchased Energy Star refrigerators, ceiling fans, and light fixtures; provided central air conditioning, whole house fans, windows, skylights, and programmable thermostat rebates from the Efficient Cooling Incentives Program; provided Cool Trees rebates to residents and the PUSD; distributed over 1,000 CFL's to new Green Power customers; and rebates to residential customers for photovoltaic (PV) installation
- Issued cash rebates of over \$300,000 to residential electric customers
- Provided residential and small business customers website access or a print version to perform energy use assessments under the NEXUS Energy Guide Program. Mid year fiscal year 2006, started a new contract with Apogee Interactive to replace the energy audit software offered by NEXUS. On-site energy and water use assessments were also performed.
- The Refrigerator Recycling Program assisted 300 PWP customers.
- Continued to provide Utility Assistance Rebate to about 2100 low-income and 1700 Lifeline residents with Utility Assistance rebates that offset the Public Benefit Charge in their electric bill. Initiated the process to update and modify the existing Utility Assistance and Lifeline program (into a new program called Electric Utility Assistance Program, EUAP) that provides enhanced benefits and changes the income level requirements to reflect changes in the economy. This program will be implemented in fiscal year 2007.
- Provided over 350 Low-Income customers a one-time emergency financial assistance of \$100 or less under the Project A.P.P.L.E. program.
- Provided thirteen (13) leased electric vehicles utilized by PWP, Public Works, Transportation Department, and the Rose Bowl to perform daily functions. PWP also partnered with SCPA on regional programs.
- Provided school program rebate funds to the Pasadena Unified School District for planting shade trees and for the installation of reflective window film; co-funded the Children Investigate the Environment Program provided by the Armory Center for the Arts, to fund an educational program on environment and conservation. Continued the Green Schools program, which helps educate students in energy conservation and train them to identify energy saving opportunities on their campus.
- Provided incentives for commercial customers who exceed California Title 24 Building Standards by at least 10%, under the "High Efficiency Building Program."
- Continued to provide incentives for the LEED (Leadership in Energy and Environmental Design) Program.

Water and Power

Summary of Appropriations and Revenues

	FY 2004 Actual	FY 2005 Actual	FY 2006 Adopted	FY 2006 Revised	FY 2007 Recommended
Operating FTEs	8.81	8.81	6.55	6.55	6.55
Appropriations	3,495,500	3,550,000	3,550,000	3,550,000	3,400,000

Changes from Prior Year

- *Cost Changes:* The net change from the fiscal year 2006 Revised Budget is due mainly to anticipated, negotiated increases in salaries and benefits.

Future Outlook

Although significant increases in low income assistance expenditures are expected due to EUAP program changes approved in fiscal year 2006, it is anticipated that other programs will not be adversely impacted due to reductions in the City Hall Retrofit project funding commitment. PWP will continue to offer customers various programs and incentives such as, Energy Star, Energy Partnering, and Efficient School and Municipal Building rebates. Customers will continue to receive assistance with high bill investigations and energy and water use assessments. PWP will continue to team up with SCPPA for regional research and development projects which showcase the commitment of municipal utilities. PWP will continue to work with other City departments and community based organizations to increase awareness and provide outreach to customers for environmentally friendly programs, including Kidspace Children's Museum and Eaton Canyon Nature Center. Current and pending state legislation may result in additional funding for energy efficiency programs from non PBC sources, such as the Energy Charge Fund.

PROGRAM SUMMARY

Finance, Administration and Customer Service
Business Unit
Finance and Administration

Program Description

The Finance and Administration Section plans and oversees the finance, administrative support, and cross-functional operations and systems for PWP. The overall goal is to implement a fiscally responsible and cost-effective manner; gather, organize and process data in order to supply relevant information to be used in decision making; provide financial analysis support to other business units on an as-needed basis; develop and execute an overall financial strategy for PWP that supports its business strategies and captures maximum benefits for the City; and ensure PWP's financial integrity. The Business Unit also provides financial and technical assistance to the operational Business Units. Functions include budgeting, financial analysis and planning, rates, capital financing, risk management, information systems, warehousing and materials management, safety, training and management analysis.

Major Accomplishments

- Implemented water and electric rate increases to recover increasing operating cost
- Completed the conversion and migration of electric and water meter inventory from HP 3000 to E-CIS Facility Data Management (FDM) module
- Developed rate proposals for electric and water and completed the funding plans
- Completed a draft of energy and credit risk management procedure and control manual
- Developed and completed the system requirement of the Project Job Order System Application Development
- Continued monitoring the risk management procedure for mitigating exposure to fluctuating energy and natural gas prices
- Continued implementation of major modernization of PWP warehouse building including plans, seismic retrofit and space utilization study for effective warehouse operation
- Continued to update and revise Power Cost Adjustment Charge, Transmission Access Charge, Purchased Water Adjustment Charge and the Capital Improvement Charge to enable PWP to adjust to changes in energy and water prices
- Continued to implement a standard practice of cycle inventory count of fast moving, high cost material
- Purchased and installed various electronic and office equipment for the new Power Delivery Engineering offices at 1055 E Colorado Blvd
- Procured, configured and deployed security control and surveillance equipment at Santa Anita Substation, Windsor Reservoir and the Power Engineering offices
- Completed the construction of the department's data center located at the Dispatch Center
- Developed specification for the Water SCADA upgrade and procured servers, network switches and firewall
- Upgraded and developed application databases for Power Supply such as TradeManager and MarketPlatts applications
- Processed about 750 vendor purchase orders and contracts valued approximately \$39 million
- Implemented and monitored the Taxpayer Protection Amendment of 2000 (Oaks Initiative)

Water and Power

Summary of Appropriations and Revenues

	FY 2004 Actual	FY 2005 Actual	FY 2006 Adopted	FY 2006 Revised	FY 2007 Recommended
Operating FTEs	30.00	30.00	32.00	32.00	32.00
Appropriations	21,838,578	23,843,924	30,988,199	28,249,614	24,995,978

Changes from Prior Year

- *Cost Changes:* The net change from the fiscal year 2006 Revised Budget is due mainly to reductions in Services and Supplies in the General Fund transfer as a result of a large one-time transfer in fiscal year 2006.

Future Outlook

PWP continues to restructure its business systems and processes to effectively manage and comply with the ever-increasing business-critical legal, environmental, political requirements facing the utility. PWP also continues to update its business strategies, creating a more conducive environment for all its employees and stakeholders and seeking better ways to improve upon its services.

PWP continues to improve upon its financial decision-making system and financial and operations data integrity. This has resulted in increased monitoring and evaluation of expenses. In addition, PWP continues to update its financial plan to reflect adjustments to changing economy and department needs as necessary.

In fiscal year 2007 PWP will continue to monitor and recommend electric and water rates adjustment to support the rising cost of fuel, energy and the Capital Improvement Program for both water and electric. Water Capital Improvement Charge (CIC) rate increase will be needed to finance the aggressive Water Capital Improvement Program for the next five years as called for by the Water Master Plan. Electric rate will be scrutinized as higher operations and maintenance activities in the Power Delivery Business Unit are planned to bolster power distribution system safety and reliability, and to better serve current and new customers. A revenue bond issuance is also proposed to cover the shortfall in funds in implementing the Electric Distribution Master Plan (EDMP) projects and the Water master Plan.

PWP is continuing to work with the City staff and consultants in the implementation of a comprehensive plan detailing space usage and building seismic retrofitting of the warehouse. The Department will continue to pursue technological advances to aid PWP in work productivity, supply procurement, financial planning and security of electric and water infrastructures. The GIS project for both electric and water will continue to implement the 8 applications, GIS infrastructure, and data conversion which will be completed in the next two years.

PROGRAM SUMMARY

**Finance, Administration and Customer Service
Customer Service**

Program Description

The Customer Services Group strives to provide value added customer services through automated phone service, web access at www.PWPWeb.com, allowing customers to access their accounts and make credit card payments 24/7. Customer Service benchmarks its meter reading, call center, billing, and credit operations to investor owned utilities across the country in an annual benchmarking survey with the objective of achieving 1st quartile performance results. A state-of-the-art Customer Information System is the backbone of the customer service operation. The CIS system holds customer accounts, billing, credit and payment history on each customer. The CIS system integrates with meter reading software and handheld devices to provide meter reads for billing customer accounts. Customer Service is dedicated to providing the highest level of service to water and power customers. Working with our internal partners from Customer Relations who provide customers with conservation and environmental solutions to reduce consumption, and the Water and Electric Meter Shops that install and maintain state of the art metering, our goal is to meet or exceed the customer's expectation in an accurate, timely, safe, reliable, and responsible manner, and facilitate the economic growth of the City.

Major Accomplishments

- Upgraded the Itron Multi Vendor Reading System (MV-RS) to v7.5.3 to accommodate the Automatic Meter Read (AMR). This upgrade will allow for the reading of Electric Optical Probe Meters that support the Load Research Program.
- Upgraded the ECIS Billing System to incorporate changes associated with the AMR Water Meter Reading Program download files to include the wake-up tone, reading frequency. This upgrade also allows the capture of AMR Meter Reads for Electric Optical Probe Meters and the upload of billing information and interval data used in the Load Research Program.
- Integrated the Facility Data Management Meter Inventory Module (FDM) with the ECIS Billing System to store both Electric and Water Meter Inventory. FDM replaces the HP3000 meter inventory system. This places all water and electric meter inventory in a module that integrates directly into the billing system and automating many of the manual process associated with meter changes.
- Implemented new written procedures to support changes associated with the conversion from HP3000 to FDM for customer service, water and electric meter shops.
- Attained high score of first quartile overall in the annual PA Consulting Benchmark survey done on municipalities and investor owned utilities (IOU).
- Issued 699,691 customer bills; answered more than 99,000 calls in the call center; completed 745,908 meter reads and completed 48,500 service orders during fiscal year 2006.
- Collected \$130 million revenue through bill remittance and \$13 million on credit card payments.

Water and Power

Summary of Appropriations and Revenues

	FY 2004 Actual	FY 2005 Actual	FY 2006 Adopted	FY 2006 Revised	FY 2007 Recommended
Operating FTEs	51.19	51.19	40.00	40.00	40.00
Appropriations	7,493,484	9,605,806	6,167,159	8,781,264	6,080,829

Changes from Prior Year

- *Cost Changes:* The net change from the fiscal year 2006 Revised Budget is due mainly to reductions in Services and Supplies – Utility rebates.

Future Outlook

Customer Service has positioned itself into an effective service provider. The combined thrust of top-flight call center, billing, credit, and field operations has resulted in PWP's ability to deliver high quality, cost-effective customer services. Future enhancements being evaluated to both the IVR and Web may include customers being able to sign up or disconnect service via the web along with upgrades to, or replacements to the system. Alternative payment methods are also being evaluated. Customer Service is a vital link between PWP and the customers of our community owned utility. Customer Service continues to administer the Lifeline and Low Income Programs. The Credit Group consistently promotes the A.P.P.L.E. program to customers needing help in paying their utility bill. Customer Service, in partnership with Customer Relations, will continue to process Green Power applications and promote energy and water conservation programs.

PROGRAM SUMMARY

Power Supply Business Unit

Program Description

The Power Supply Business Unit procures and produces electric energy for PWP's customers, sells excess resources in wholesale markets, verifies energy transactions, manages energy contracts, and plans for future energy needs. The business unit is comprised of four sections:

- 1) Power Production (Operations, Maintenance and Engineering)
- 2) Wholesale Energy Trading and Scheduling
- 3) Wholesale Energy Settlements and Performance Analysis
- 4) Strategic Planning

The Power Production section operates and maintains Pasadena's local generation resources located at the Broadway and Glenarm properties. By maintaining high availability of these resources, Power Production provides electric customers with access to a flexible and cost-effective source of electric power. When not used for Pasadena loads, these resources are sold into wholesale energy markets and the California ISO ancillary services markets, providing additional value to customers from wholesale revenues.

The Wholesale Energy Trading and Scheduling section is responsible for the procurement of power to serve customers and natural gas to use at the Broadway and Glenarm generation units. The section is also responsible for marketing excess energy effectively to optimize the assets owned by the City. PWP participates in the California Independent System Operator (CAISO) market as a Scheduling Coordinator and a Participating Transmission Owner. The Wholesale Energy Trading and Scheduling section is responsible for communicating with the CAISO to provide reliable and economical energy to Pasadena customers.

The Wholesale Energy Settlements and Performance Analysis section validates the multitude of energy transactions required to support effective wholesale operations. The section interacts with the CAISO and other energy partners to process the daily transactions and confirm the economic agreements made between the transacting parties. The section is also responsible for performing analysis on wholesale operations and providing reports to monitor and improve overall business unit performance.

The Strategic Planning section is responsible for developing the long term resource plan, negotiating long term energy contracts, and monitoring energy industry regulatory changes. The section provides the long term vision required to ensure adequate supply is available into the future to meet the energy requirements for Pasadena customers.

Major Accomplishments

- Completed the installation of selective catalytic reduction emissions controls for two local generation units as part of the approved Strategic Resource Plan. The generation units were made available during peak summer need.
- The Magnolia Power Project in Burbank, CA, which PWP is a part-owner through the Southern California Public Power Authority, was completed and operational.
- Continued pursuing renewable energy sources by adding new geothermal energy plant near the Salton Sea increasing the fulfillment of the City's Renewable Portfolio Standard for PWP.
- Completed the CAISO energy and ancillary services scheduling and settlement system implementation.

Water and Power

- Significant progress was done on the 2006 Resource Plan identifying future requirements, energy efficiency opportunities, and potential supply resources.

Summary of Appropriations and Revenues

	FY 2004 Actual	FY 2005 Actual	FY 2006 Adopted	FY 2006 Revised	FY 2007 Recommended
Operating FTEs	62.00	62.00	43.00	43.00	48.00
Appropriations	187,719,040	97,973,079	95,948,884	95,913,786	109,448,277

Changes from Prior Year

- *Cost Changes:* The net change from the fiscal year 2006 Revised Budget is due mainly to planned purchases of short-term power and additional staff.
- *FTE Changes:* There is an increase of 5.00 FTEs in fiscal year 2007.

Future Outlook

Energy, ancillary services, and natural gas markets continued to exhibit volatility particularly with the impact of the hurricanes on the gulf coast gas production system. This resulted in large swings in revenues and expenses related to purchased power costs and significant deviations from projected budget amounts. Natural gas prices hit historical highs in November and December but the combination of restoration to the production system and a mild winter, natural gas prices and consequently power prices leveled off and remained moderately stable.

The ongoing California market regulatory changes provide a reminder that local generation continues to be a valuable resource to maintain some independence from market dynamics. The high natural gas prices indicated an ongoing need to continue to improve and update the local generation units. Three of the five local natural gas units are over 40 years old and the Resource Plan should confirm the need to improve the efficiency of these units by replacement with newer generation technology.

PSBU continues to work on augmenting the renewable portfolio through evaluation of renewable projects including potential wind, solar, and geothermal projects

PROGRAM SUMMARY

**Power Delivery Field Services Business Unit
Power Delivery- Engineering and Construction Services Business Unit**

Program Description

The primary responsibility of the Power Delivery Business Unit is to deliver safe and reliable electric service to our customers; install, operate, and maintain overhead and underground lines, stations, customer meters, and associated equipment at the lowest possible cost and at the highest level of service, with minimal service interruptions.

Major Accomplishments

In fiscal year 2006, Power Delivery Business Unit was re-organized into two separate business units to effectively implement the Electric Distribution Master Plan. The two business units are Electric Distribution Field Services and Engineering and Construction Management .

Power Delivery Field Services (PDFS)

- Processed a total of 853 new customer generated work orders
- Completed 619 active customer work orders
- Added 1,179 new electric meters to accommodate system growth
- Received the Tree Line USA Award for power line clearance practices for the fourth consecutive year
- Completed the implementation and spending plan for the first five years of the Electric System Distribution Master Plan (EDSMP) detailing specific projects and resources
- Implemented a five-year planning and spending plan based on the adopted EDSMP recommendations that identifies specific capital projects, identifies the resource requirements, and costs

Power Delivery Engineering and Construction Management Services (PDECM)

- Established the PDECMBU and hired additional employees to implement the Master Plan.
- Began work on addition of substation unit IV at Glenarm and additional capacitor banks at Santa Anita.
- Initiated the development of new Distribution System Construction Standards
- Initiated a study and model of the entire distribution system to determine priorities and the state of the system.
- Initiated the development of an integrated master schedule of all Master Plan Projects
- Started an evaluation of entire underground equipment and prepared schedule for replacement/repair projects
- Negotiated lease for a new office space and relocated to 1055 E. Colorado Blvd.
- Began implementation of Enterprise Project Management System and initiated the training of the entire staff in Project Management and MS Project

Summary of Appropriations and Revenues

	FY2004 Actual	FY2005 Actual	FY 2006 Adopted	FY 2006 Revised	FY 2007 Recommended
Operating FTEs	61.52	71.21	94.21	94.21	97.61
Appropriations	13,687,926	24,590,075	21,420,476	22,178,835	23,776,702

Water and Power

Changes from Prior Year

- *Cost Changes:* The net change from the fiscal year 2006 Revised Budget is due mainly to anticipated increases in salaries and benefits and overtime and additional staff and planned increases in Services and Supplies.
- *FTE Changes:* There are 3.40 new FTEs added in fiscal year 2007.

Future Outlook

New capital construction has been projected to increase at an approximate rate of 2% to 3% per year during fiscal years 2006 and 2007 that will allow PDBU to concentrate on increasing maintenance and replacement programs. The Electric Distribution System Master plan has been completed and implementation and spending plans will begin in earnest. The implementation plan will identify a five-year capital improvement program including project identification, scope and resource requirements.