

**Comments on the Pasadena Water & Power Water Integrated Resources Plan
submitted by Judy Wilson
January 27, 2011**

The Water Integrated Resource Plan for the City of Pasadena's mission statement is to "to provide an achievable long-term strategy to meet current and future water needs..." To determine the amount of local water supply that will be needed (as opposed to water purchased from MWD) the study rests on certain assumptions regarding the availability of MWD water.

The WIRP assumes that MWD forecasts regarding water reliability are accurate through 2035; however, there are significant problems with relying upon MWD forecasts. Three assumptions in the MWD IRP update are problematic:

- A comprehensive solution to the Sacramento-San Joaquin Delta is **implemented** (emphasis added) in the next 10 to 15 years.
- The court ruling on the Colorado River "Quantification Settlement Agreement" will not adversely impact MWD's ability to keep the Colorado River Aqueduct at nearly full most of the time.
- Significant increases in water conservation and local resource development by MWD's member agencies and local water providers.

To rely on the MWD reliability forecast, all of the assumptions noted above would have to come true. In my opinion, this is a stretch.

San Joaquin Delta

The Safe, Clean and Reliable Drinking water Supply Act of 2010, which would have provided \$2.25 billion to deal with the Delta issues through a \$11.14 billion water bond, never made it to the ballot. Given the frail fiscal condition of the State of California, it remains to be seen when a future water bond will be placed before the voters. Even if a bond issue is presented to the voters in 2012 and approved, actually implementing improvements to the Delta environment within the 10 to 15 year planning horizon assumed by the MWD IRP is a real push. Currently, the bond issue is scheduled to be on the 2012 ballot. Although the actual fix for the Delta is not entirely dependent upon the 2012 ballot, you can count on a lengthy EIR process and a series of legal challenges to slow the project down by at least five years.

Colorado River Aqueduct

On February 11, 2010 the Quantification Settlement Agreement was ruled invalid. MWD and others are appealing this decision. If the decision stands, the programs that were authorized as part of the QSA will be delayed, the costs will increase, and MWD's share of the 4.4 million acre feet of the California allotment may be diminished.

Conservation

MWD is relying on compliance with the new state-wide 20x2020 plan. Passed in 2009, the Water Conservation Act of 2009 (SB7) requires that per capita water use be reduced by 20% by the year 2020. With nine years remaining to reach the target, it remains to be seen if the local agencies will take meaningful steps to comply with this mandate.

Pasadena's WIRP, in my opinion, needs to be less optimistic regarding the availability of imported water to meet local demand. The WIRP has put together a group of water projects that provide the most benefits at the lowest cost (when compared to the projected cost of purchasing MWD water) in the near term. Given the potential for water shortages from MWD, which has historically provided 60% of Pasadena's water supply, I think the emphasis in Pasadena's WIRP should be on water reliability.

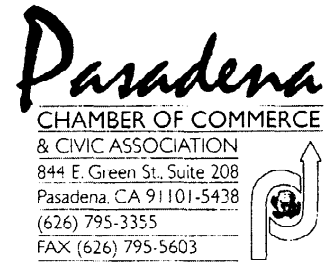
The study assumes that MWD water rates will rise faster than inflation. MWD's costs will increase due to rising energy costs, future capital improvements, and the enormous cost of a Delta solution (if and when there is one.) Given that Pasadena will also be facing a 20% reduction in groundwater supply from the Raymond Basin by 2014, it appears there should be a greater emphasis on expediting water projects that would result in greater local water independence. In the long run, I also believe local water production through reclamation, recycling and recharge will also be cheaper than MWD water.

The WIRP takes a cautious approach. The WIRP refers to an "Adaptive Implementation Strategy". A phased implementation strategy is outlined that is "adaptable to uncertain future conditions." The strategy prioritizes cost-effective elements (i.e. projects that are comparable or lower than the cost of MWD water rates) in the near-term and postpones other elements until they are "triggered". The "triggers" involve a periodic assessment of whether water demands are growing as projected; whether MWD's supply reliability is better or worse than anticipated; and whether water quality and environmental goals are being achieved.

I think we can take it as a given that MWD's supply reliability will be worse than expected. Accordingly, I think Pasadena should accelerate all of the projects in Hybrid I and not await a "trigger." By the time the "trigger" is pulled, it may be too late to deliver projects on-line to meet the City's water requirements. Never underestimate the time it takes to secure environmental clearances, design, engineer, and construct significant water projects.

The projects included in Hybrid I are appropriate; however, not including a concept for centralized storm water capture for groundwater recharge is shortsighted. It is my understanding that such a project was analyzed for the WIRP but not included in the portfolio analysis due to the low potential for supply credits from the Raymond Basin Management Board. Centralized storm water capture for groundwater recharge is an important and critically needed water strategy. If the current Raymond Basin spreading credit formula methodology is flawed, maybe it needs to be amended or re-adjudicated. Supply credits from the Raymond Basin should not become an artificial barrier to creating and managing our local water supply.

The rate structure will need to be aligned with an aggressive capital program and an aggressive conservation program. Currently, PWP relies on water sales to pay for its fixed costs. To the extent that significant water conservation goals are achieved, under the current rate structure, water rates will go up. Customers will basically be penalized for good behavior. The WIRP recommends that a comprehensive rate study be conducted. I would concur with this. A major public education campaign would also be in order. Water consumers in Pasadena need to understand the nature of their water supply and the potential jeopardy that it may be in. With an equitable rate structure and a program to amp up the local water supply, there should be public support for a bond measure to expedite the projects in Hybrid I.



January 31, 2011

Pasadena City Council
100 North Garfield Avenue
Pasadena, CA 91109
VIA E-MAIL

Dear Mayor Bogaard and Pasadena City Council Members:

The Pasadena Chamber of Commerce is pleased to have been asked to serve on the Water Integrated Resources Plan advisory group. I think we all had a lot of input and am pleased that many of our concerns were addressed through the process.

I am still concerned, however, that use projections for the next several years may be inaccurate, especially as regards commercial and industrial water usage. As we have experienced, even with the past decade of growth and development in Pasadena, water usage has remained relatively static. That is because the development that is going in replaces existing structures that are less water efficient. Also, our commercial sector is very cost conscious and have been implementing water saving measures throughout this period. There is no reason to expect those use patterns we have experienced in the past ten years to change in the future.

It has been clear throughout this process that the lion's share of water is used by your residential customers and they are your most wasteful, as well. Now that the drought is over, at least for the time being, it is important that your residential customers not forget the necessity of saving water into the future.

I am pleased that there is some flexibility in the plan as presented to you, especially with the periodic reviews recommended and consistent reassessment of the plan, its goals and objectives as well as the methods to achieve those goals.

Again, thank you for the opportunity to serve.

Paul Little
President and Chief Executive Officer