

December 11, 2015

Hon. Terry Tornek  
Mayor, City of Pasadena  
100 N. Garfield Avenue  
Pasadena, CA 91109

Dear Mayor Tornek,

This letter provides my comments on item 23: *Adopt "AN ORDINANCE OF THE CITY OF PASADENA AMENDING THE WATER RATE ORDINANCE, CHAPTER 13.20 OF THE PASADENA MUNICIPAL CODE" (Introduced by Councilmember Robinson on July 9, 2012)* that will be considered by the City Council (Council) on December 14, 2015.

**The date of the Agenda Report at the bottom of page requires correction.** The Agenda Report for the December 14, 2015 meeting is incorrectly dated "11/14/2015."

**The inside/outside differential used in the CIC calculation is wrong and should be corrected.** The CIC is calculated differently for those customers that live in the City of Pasadena than for customers that live outside the City. The 2008 RedOak Consulting study that was the basis for changing that rate differential beginning with FY 2010 billings recommended that the differential be revised to 25% and included the following recommended CIC schedule that shows a clear intent that the 25% ratio should be applied to the CIC:

**Table 6-3: Proposed Capital Improvement Charges**

Location	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Inside	\$0.63	\$0.63	\$1.06	\$1.06	\$1.06	\$1.32
Outside	0.84	0.84	1.33	1.33	1.33	1.65

The June 22, 2009 Agenda Report that was the basis for the City Council approving the revised differential proposed to:

- 6. Change the existing 35% rate differential between inside and outside city customers to 25% to reflect a rate of return comparable to that allowable for investor-owned utilities and the level of PWP's investments in its water system; and

The inside/outside CICs in the current ordinance reflect the use of a 35% differential which is wrong and should be corrected along with the correction proposed in the Agenda Report.

Ken Kules  
Pasadena Resident

cc: Michael Beck  
City Manager

Mark Jomsky  
City Clerk

(Transmitted by e-mail)