

Your Trusted Community Utility

A Trusted Community Resource

2013-2014 Annual Report

City Council

Mayor Zareh Sinanyan

Council Members

Paula Devine

Laura Friedman

Ara Najarian

Dave Weaver

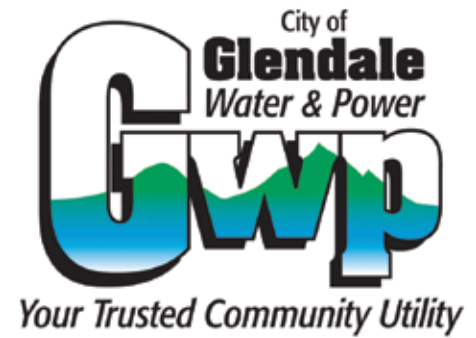
613 East Broadway, Suite 200

Glendale, CA 91206

(818) 548-4844



Table of Contents



2013-2014 Annual Report

General Manager's Message	1
Maintaining The System To Be Reliable and Ready.....	2
Sustainable Resources For The Future	4
Reaching Out To Our Customers	5
Financial Statements: Electric Utility	7
Operating Statistics: Electric Utility	45
Financial Statements: Water Utility	55
Operating Statistics: Water Utility	85



This Page Left Intentionally Blank

A Letter from GWP General Manager Stephen Zurn



As we work to provide safe, reliable and efficient service across Glendale, we recognize that our success as a community resource relies upon a strong partnership with our customers. Our efforts to conserve limited natural resources, protect the environment, and renew our power supplies rely upon the participation of those we serve.

Electricity and water are vital community resources. This past year we continued to position Glendale Water & Power to offer reliable service well into the future.

First, we must accommodate a long-term drought that threatens our water supply. I am heartened, however, by the degree to which our customers have embraced water conservation.

As we continue our aggressive efforts at conservation outreach, the public has responded – attending GWP events and adopting water-smart strategies. Our city is using the same amount of water today as we used eight years ago. Conservation is becoming a way of life – which it has to be.

We have already begun to aggressively invest the \$35 million in City approved water bond funds into our infrastructure and to make significant capital upgrades to our system. Previously our efforts focused on upgrading the pumping and storage components of our infrastructure, now we will turn our attention to the refurbishment of our water distribution system. We have begun a two year program to clean, line or replace aging pipes in order to improve the delivery and quality of our water for our customers. This effort began in the Adams Hill area and will continue throughout the City.

We have successfully completed the final phase of our research into Chromium 6 water testing and treatment. The findings of this leading edge research project by GWP will assist the State in setting a drinking water quality standard for Chromium 6 and benefit all residents in California.

Second, we must accommodate an evolving energy environment that is more environmentally conscious. In response to that effort GWP continues to seek out and transition our electric division to cleaner renewable energy sources. Currently more than 20% of our energy comes from renewable sources such as wind, hydro, geothermal and bio-fuel. We continue to look for opportunities to augment our renewable portfolio in order to meet State mandates and more importantly to continue to be good environmental shepherds. We are also focusing these efforts at the customer level as we work with and encourage our customers to look at alternatives such as electric vehicles and roof top solar units.

Finally, we have prepared ourselves for this transition to more renewable energy provision through the implementation of an innovative rate restructuring plan in 2013. This plan includes the “decoupling” of revenues from sales which encourages energy efficiency and the continued pursuit of renewable energy sources while ensuring the ongoing financial stability for GWP.

Our utility modernization program continues to advance as we add more and more functions and features to our system. This innovation allows us to be more efficient as a utility provider and also allows us to better inform and assist our customers in overseeing their own personal energy and water usage. The new GWP billing system is complete and operating very well thus allowing customers to actively monitor and manage their accounts through features such as real time consumption data and leak detection.

In 2013 the City approved the issuance of \$60 million in electric bonds, the proceeds of which are to be invested back into our overall electrical infrastructure including our distribution and power generation units. The upgrades and enhancements will allow us to modernize our operations and the addition of a new programs will assist us in operating more effectively and efficiently. As an example through these upgrades we will be able to better manage outages by improving notification and allowing us to remotely address the issues thus saving valuable time and restoring service more quickly. Automation also allows us to reduce distribution inefficiencies due to loss and theft.

As we navigate this time of transition, GWP starts with considerable strengths. Our dedicated employees continue to ensure that customers receive a service that is consistently outstanding and reliable. We are proud to maintain our distinction as an exemplary power provider by the American Public Power Association.

We are looking ahead and preparing for the future. Working in partnership with our customers, GWP remains a trusted community resource.

Stephen Zurn
GWP General Manager

A Trusted Community Resource

For more than a century, Glendale Water & Power has served the citizens and community of Glendale as a trusted community resource. Today we meet the needs of more than over 34,000 water and 85,000 electric customers, and thanks to prudent planning we will continue to offer safe and reliable service into the future.

Water Quality: Safety First

Our customers trust **GWP** to deliver more than 8.4 billion gallons of water annually. To ensure its safety, we test water weekly both internally and using outside experts. We perform more than 13,000 water quality tests in a year to ensure our city water meets or exceeds all federal and state drinking water standards.

As a leader in Chromium 6 research, GWP's findings were used by the state to define the standards for maximum contamination levels in California. We completed the Weak Base Anion Demonstration study for chromium removal technology.

Water Reliability: Service to Count On

We are using a city-issued \$35 million bond to replace, upgrade or clean and reline aging main pipelines to improve and ensure water pressure flow in order to meet our customers' needs. Each year we clean and reline over 40,000 linear feet of old pipes to improve our water quality.

To improve water production we:

- ◆ Cleaned five reservoirs.
- ◆ Completed pump efficiency testing for all pumps on the water system.
- ◆ Completed rehabilitation of two wells Glorietta #3 and #4.

To improve water distribution we:

- ◆ Completed the Diederich Reservoir Backup Pipeline Project, improving the reliability of the City's largest water storage reservoir

- ◆ Completed the Adams Hill potable water main replacement project.
- ◆ Designed and installed 7,220 linear feet of new 8" ductile iron water main installation.

Improving water engineering customer service

To streamline the project planning experience for customers, we improved water engineering customer service by implementing a Plan Check Review system in GWP Mapping. We provided timely review responses and a reliable centralized record keeping system for large project plan check reviews. These included commercial and residential developments such as Nordstrom at Americana, Bloomingdales, Legendary Towers and the Glendale Triangle Project.

Every Drop: Conserving a Precious Resource

The continuing California drought makes water an increasingly precious resource. About 67% of GWP water is imported from Metropolitan Water District and 33% from local sources such as groundwater. To increase supply:

- ◆ We continue to focus on developing new wells to reduce our reliance on imported water.
- ◆ We partner with our customers to increase conservation. We offered free Saturday landscaping classes and rebates for water efficient appliances and products.

Our recycled water system reduces the demand for fresh drinking water. As we expand our recycled water use, we separate and protect our drinking water pipelines through a Cross Connection Program. This ensures that non-potable water or chemicals used in a system or equipment do not mistakenly end up in our drinking water pipeline.

To improve and expand our recycled water system we:

- ◆ Completed installation of 3,500 linear feet of 8" PVC recycled water line the Bette Davis Recycled Water System Extension Project.



Nationally Recognized Electrical Service

Glendale Water & Power is proud to have earned the Diamond Reliable Public Power Provider award from the American Public Power Association, which recognizes our high degree of reliable and safe electric service that makes us a resource Glendale can trust.

Reliable Power Service

We continue to improve our distribution system. Converting from 4kV to 12kV increases the capacity of Glendale's power lines as we replace an aging 4,000 volt distribution system to allow more power to flow through it. We also work to increase the capacity of power lines located within our current substations.

Recent efforts saw the completion of the North Fiber Optics Extension project and interconnection of the fuel cell at Dreamworks. System-wide we:

- ❖ Replaced 43 deteriorated power poles
- ❖ Replaced nine damaged street light poles
- ❖ Converted a portion of No. 4 Rossmoyne feeder to 12kV
- ❖ Installed 427 electrical services

To increase power line capacity we:

- ❖ Installed seven overhead recloses and three capacitor banks
- ❖ Replaced the 4 kV transformer at Western with a new 12 kV transformer to support anticipated load growth
- ❖ Completed replacement of an old capacitor bank circuit breaker with a new circuit switcher at Rossmoyne Substation

Planning for a Long-Term Power Supply

GWP has grown from a utility that once served 200 to one that serves over 85,000 customers today. This past year we continued to explore energy storage options for Glendale to reduce peak loads and provide demand-side management options.

As a trusted utility, we partner with power customers by offering information about incentives for converting to solar systems and selling excess power to GWP. To date, residential and commercial customers have installed about 700 kW of grid-connected photovoltaic generation within the City -- including the Glendale Community College parking structure array.

Our Energy Portfolio

Currently, Glendale Water & Power's renewable energy portfolio is 20 percent of its retail sales. We have diversified our renewable energy sources to include small hydroelectric, solar, wind, landfill gas and geothermal facilities within and outside California. We are committed to reducing our carbon footprint and increasing our renewable energy supplies to meet the goal of 33% of sales by 2020. We:

- ❖ Continued to finalize shutdown of the San Juan coal-fired Unit 3 in New Mexico
- ❖ Continued to finalize plans to convert the Intermountain Power Project in Utah from coal to alternative sources

We are working diligently with state lawmakers and staff to meet mandates for renewable sources as well as greenhouse gas emissions reduction mandates -- while preserving the flexibility we need to minimize rate impacts to our customers. Our new electric rate plan will assist **GWP** in investing in new renewable resources.

We use methane gas produced at Scholl Canyon landfill to power steam boilers at the City's Grayson Power Plant. We have made these facilities compliant with state and regional environmental regulations. We developed an internal tracking system for emissions and RPS product trades.

A Trusted Community Resource

Partnership With Our Customers

Looking toward the future, we are modernizing our grid in ways that improve our partnership with consumers by making them more aware of their utility usage. As a set of technology, grid modernization will provide tools to reduce energy and water consumption and lower customer bills. With real-time information on their usage, customers can make more informed decisions.

Installing digital meters was the first step in a 10-year effort to modernize the electrical system. Customer Services began billing customers using this Automated Metering Infrastructure. At first, cycles were parallel read both manually and by the system in order to ensure accuracy. After positive results, we began full billing from the system in the spring of 2013.



Greater Efficiencies and Savings in Service

Customer Service Representatives were trained to use automated metering technology to analyze and assist customers with information about their electric and water consumption.

The remote connect and disconnect features within the automated meters allowed for 80% of customer service requests to be completed from the office, avoiding over 21,000 calls and reducing the **Customer Service** vehicle fleet by 36%.

Field employees were retrained to identify customer side water leaks through the system and to mitigate and reprogram malfunctioning meters in the field.

Through the continued use of these new modernization tools, **Customer service** has been able to notify more customers about potential side leaks. Over 484 large customer side leaks have been identified and resolved, with a combined water savings that averages 2,350 HCF per month.



Customer Services: Convenient and efficient

Customer Services added a new payment option, PayNearMe, which allows customer to conveniently pay their bills at 7-Eleven locations 24-7, 365 days a year with cash only payments.

- ❖ Customer Service has continued to expand the notification of potential customer side leaks. Over 883 customer side leaks have been identified and resolved, with a combined water savings averaging 7482 HCF per month.
- ❖ Customer Services also handled 99,713 telephone calls. 74.2% of these calls were answered within 30 seconds. An additional 87,670 contacts were handled through the Interactive Response system. Over 49.9% of all payments received from GWP customers were paid electronically through the website, automated telephone system, ACH, or home banking programs.
- ❖ Customer Services assisted 10,648 customers at the front counter and 79,993 customers were assisted at the payment counter.
- ❖ 3,499 customer inquiries and service requests were received online. 99% of these were completed the same day.

To help customers with financial needs:

- ❖ GWP's customer enrollment in eCARE increased from 29,199 to 31,957.
- ❖ GWP employees granted over 22,956 payment extensions to customers needing additional time to pay their bill.

Conservation: Using Resources Wisely

GWP staff continue to attend every community event to engage customers, help answer questions and educate customers about conservation, our services and our programs. Through our various programs and services we provide the tools that help customers view their usage, manage their energy and water costs. Our utility modernization efforts have led to the development of new programs that help our customers save money and be stewards for energy and water conservation.

Tree Power:

Provided 239 shade trees to support a cleaner, healthier, and more beautiful Glendale while helping residents save energy.

Rebates:

Provided 1,275 incentives to promote the purchase of approved energy and water saving appliances and devices.

Opower:

Mailed out 250,000 Home Energy Reports that include insightful messaging and information and targeted action steps for each household to help the customer reduce electricity consumption.

Livingwise:

Educated 954 sixth grade science students in the areas of energy and water conservation through a hands on curriculum.

Solar Schoolhouse:

Provided an array of photovoltaic training and activities for 80 teachers and 250 students at local public and private schools.

This Page Left Intentionally Blank