More than a drop in the bucket

Businesses and residents expected to conserve or bear burden of increasing water costs

By Joe Piasecki 06/18/2009

Facing drastic increases in the price of water, Pasadena City Council members are expected to decide Monday how much of those costs will be passed on to residents and businesses — the average household facing a hike of about $10 per month, and larger users tens or even hundreds of dollars more.

Shortages have compelled the Metropolitan Water District, the source of more than 60 percent of the water that Pasadena Water and Power provides for customers, to raise its prices this summer, meaning that current Pasadena rates (already inadequate to cover current costs) would fall vastly short of recovering PWP's increased supply costs.

"The whole paradigm has shifted in regard to water. We must confront it," PWP General Manager Phyllis Currie told council members and dozens of concerned residents and business owners at the June 8 council meeting.

Both PWP and MWD use a tiered rate structure, meaning those who use more water pay a higher rate for it. If Pasadena does not cut back its water use by at least 10 percent, PWP will be stuck with not only a 20 percent overall cost increase, but also penalty rates imposed by the MWD for excessive use.

The proposed new PWP rate structure would increase the price of water at higher tiers to cover costs or encourage conservation and, although rates for the lowest tiers would stay the same to reward those who already conserve, tier ceilings would be lowered, explained PWP Assistant General Manager Shari Thomas.

In addition to higher water rates, PWP is also looking to alleviate operational deficits by increasing its fixed Distribution and Customer Charge by 50 percent this year and 35 percent the next. That's $4.15 per month now and another $3.82 in July 2010 for most households, while small businesses would see overall increases of $73 per month or more.

Chamber of Commerce President Paul Little criticized the proposed rate hikes as an unnecessary burden on small business owners already facing other fee increases from City Hall on top of recession conditions.

"Clearly, this is not about conservation, it's about revenue protection," said Little, who has asked for delayed implementation of rate increases.

Council members are considering that idea and other alternatives to rate hikes, but each is problematic. Suspending the annual $2 million-plus transfer of water proceeds to the general fund would exacerbate the city's $6 million operating deficit, and eliminating the highest penalty rate tiers for large users would transfer more of a cost burden to average residential customers, many of whom are already conserving.

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