

EID Reports



Summary of the January 25, 2010 EID Finance Standing Committee Meeting

El Dorado Irrigation District — serving people, agriculture, businesses, and the environment in El Dorado County since 1925

For immediate release: January 25, 2010

Board Hears Presentation on Alternative Rate Increase Proposals **2010 Rate Increases Would Be Cut in Half**

Placerville, CA . . . During the January 25 meeting of El Dorado Irrigation District's finance, rates and charges standing committee, staff presented the EID board with a new plan that would cut by at least half the rate increases proposed for 2010 in the budget adopted by the board two months ago. Rather than the 35 percent increase initially proposed, the new proposal envisions 2010 rate increases of 18 percent or less for water, wastewater, and recycled water services., 15 percent in 2011, and 5 percent in 2012. Proposed 5 percent increases for 2013 and 2014 could be provisionally adopted now, subject to further review in 2012 based on capital improvement expenditures.

The charts attached to this news release show what the rates proposed in this new "Plan B" would mean to average low, medium, and high use for residential customers on a monthly basis for both a 15 percent and 18 percent increase in 2010 and a cumulative basis through 2012.

"Customers have made it clear they won't tolerate 35 percent rate increases in 2010, and at our public workshops we've heard lots of constructive suggestions on how to ease that rate shock," said Jim Abercrombie, the district's general manager. "As we've been explaining at our workshops, for several months we've been looking at ways to increase the revenue we receive from selling the hydroelectric power we produce. Our talks with Pacific Gas and Electric Company are confidential, but we have made enough headway to now project greater revenues. And we went back to the drawing board to see if we could find ways to extend our debt payments, defer even more capital improvement projects, and reduce our operating costs yet again. We've identified changes we can make in these categories, and those changes would allow us to meet our financial obligations with lower rate increases."

"We can't meet our legal debt services requirements, put the district on a sound financial footing, and continue to provide safe, reliable services without increased rates," Abercrombie emphasized. "But the increases can be smaller than we proposed two months ago."

The debt restructuring "has additional long-term costs, but it should save approximately \$12 million in debt payments over the next three years," explained EID finance director Mark Price. "And our negotiations with PG&E to sell them power for higher prices than we currently get are paying off. We expect \$6 million to \$10 million a year in power generation revenues over the life of the contract. That's significantly more than the \$3.5 million we currently have budgeted for 2010 and the \$3.7 million we earned in 2009."

"We've also pushed more capital improvement projects out several years, which should allow us to delay the need to issue new debt until 2013," Abercrombie added. "The plan would be to ask our customers in 2012 through the Proposition 218 process if they are willing to pay higher rates to cover the costs of new debt so we can repair and replace critical infrastructure."

Abercrombie's statement prompted board director Harry Norris to request a briefing on the additional capital improvement projects that staff proposes to defer. "I think it's critical for the board to review the list," he said. "While we want to keep the rate increases as low as possible, I don't want to delay projects that could

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increase the risk of system failures.” **In response to Norris’s request, staff scheduled a meeting of the board’s engineering and operations standing committee for Friday, January 29, beginning at 9:00 am in the district’s customer service building, 2890 Mosquito Road, Placerville.**

“The fourth leg of the new plan is to reduce our operating budget even more than we have over the past two years,” Abercrombie said. “We are looking again at our already lean materials and services line items, but most of the reductions will have to come in personnel expenses. We continue our negotiations with the employees’ association, and I believe we will achieve savings through those negotiations.” He emphasized the process is confidential but that the results will be communicated to the public when negotiations are completed.

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For more information, contact Deanne Kloepfer at 530-642-4073.

**Plan B-1: Rate Increases of 15 Percent in 2010 and 2011, 5 Percent in 2012
For Water and Wastewater Services—Impacts on a Monthly Basis**

Note: EID bills once every two months. Therefore, the monthly amounts shown in these charts should be doubled to reflect the impact on bills.

Water	Monthly increase 2010	Monthly increase 2012 (cumulative)
Low use 1800 cubic feet	\$2.78	\$7.20
Medium use 2700 cubic feet	\$3.56	\$9.23
High use 8500 cubic feet	\$9.23	\$23.90

Wastewater	Monthly increase 2010	Monthly increase 2012 (cumulative)
Low use 1800 cubic feet	\$7.16	\$18.54
Medium use 2700 cubic feet	\$8.60	\$22.28
High use 8500 cubic feet	\$8.60	\$22.28

Water and Wastewater	Monthly increase 2010	Monthly increase 2012 (cumulative)
Low use 1800 cubic feet	\$9.94	\$25.74
Medium use 2700 cubic feet	\$12.16	\$31.51
High use 8500 cubic feet	\$17.83	\$46.18

**Plan B-2: Rate Increases of 18 Percent in 2010, 15 Percent in 2011, 5 Percent in 2012
For Water and Wastewater Services—Impacts on a Monthly Basis**

Note: EID bills once every two months. Therefore, the monthly amounts shown in these charts should be doubled to reflect the impact on bills.

Water	Monthly increase 2010	Monthly increase 2012 (cumulative)
Low use 1800 cubic feet	\$3.33	\$7.87
Medium use 2700 cubic feet	\$4.27	\$10.09
High use 8500 cubic feet	\$11.07	\$26.13

Wastewater	Monthly increase 2010	Monthly increase 2012 (cumulative)
Low use 1800 cubic feet	\$8.59	\$20.27
Medium use 2700 cubic feet	\$10.32	\$24.35
High use 8500 cubic feet	\$10.32	\$24.35

Water and Wastewater	Monthly increase 2010	Monthly increase 2012 (cumulative)
Low use 1800 cubic feet	\$11.92	\$28.14
Medium use 2700 cubic feet	\$14.59	\$34.44
High use 8500 cubic feet	\$21.39	\$50.48