

EID Reports



Summary of the March 23, 2009 EID Board Meeting

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

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Board continues public hearing on proposed rate structure **Hearing will reconvene on Monday, March 30**

Placerville, CA . . . During their March 23 meeting, El Dorado Irrigation District (District) Board members agreed to wait until Monday, March 30 to make a decision on a proposed, new rate structure that contains drought rates as well as other changes in existing rates. Earlier in the meeting, the Board voted to declare a stage 1 drought across the District's service area.

Approximately 60 people attended the meeting, 21 of whom addressed the Board during the public comment session. Board president George Wheeldon told the group that the hearing would be continued because one batch of the Proposition 218 notices the District sent to all customers was posted three days late by the company in charge of the mailing. "We want to be sure everyone has at least the required 45 days to comment," Wheeldon said. "And continuing the hearing will also give us more time to consider what our customers have to say. There's a lot to think about here, including our obligation to meet federal and state requirements for conservation rates."

Wheeldon was referring to general manager Tom Gallier's reminder that under contracts with the U.S. Bureau of Reclamation and to comply with best practices as defined by the California Urban Water Conservation Council, EID must recover at least 70 percent of its water revenue from rates charged for the amount of water consumed—and not from the District's fixed, bi-monthly charges. "Right now, we receive about 54 percent of our water revenue from consumption rates, with the remainder coming from the fixed charges," Gallier said. "The existing higher fixed charges and the existing rates for consumption, especially in the second rate tier, do not give customers much incentive to conserve."

If the District fails to adopt a conservation rate structure, it "will affect our ability to secure grant monies from state and federal sources for needed projects. And it could negatively affect the District's Central Valley Project contract with the Bureau of Reclamation," said Board member George Osborne.

"I believe this is a positive change we're suggesting," Gallier explained. "The basic bi-monthly charge for 97 percent of our customers will drop considerably. We propose to change the break point between the second and third tiers to 4,500 cubic feet, rather than the existing breakpoint of 20,000 cubic feet. And we propose to do away with the existing pumped and gravity-fed rates in favor of one blended rate. The overall effect will be that customers have more control over the size of their bills. The more they conserve, the less they will pay."

Gallier provided examples of low-, medium-, and high-use bills under the current rates and the proposed rates (see attached). Overall, single-family residential customers who use 1,800 cubic feet of water every two months now pay \$44.40 if they are on gravity rates and \$46.14 if they are on pumped rates. Those bills include the existing \$30.74 fixed charge. Under the proposed blended rate, the bill would be \$37.03, which includes the proposed blended consumption rate and proposed smaller fixed charge of \$19.08. "In other words," Gallier said, "residential customers in the lower-use categories would all pay less under the blended rate and smaller fixed charge."

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He said that's also true for residential customers who use 3,000 cubic feet every two months, which is about average in the District's service area. Bills for this amount of use would drop \$3 to \$6 every two months.

The proposed structure also includes a drought surcharge and drought rates that would be in effect only when the District declares a drought and would be dropped when drought ends. "The drought rates will help keep us whole as consumption declines," Gallier said. "Even when we apply the drought rates, many customers will still see an overall drop in their bills if they conserve. In the stage 1 drought that the Board declared today, we are asking customers to voluntarily help us achieve a District-wide goal of 15 percent less consumption than the average of the past three years. Customers who can cut their use are likely going to receive a smaller bill."

To learn more about the declared drought and the voluntary steps customers can take, visit www.eid.org.

In other business, the Board—

- Authorized the purchase of a data storage system for the District that fills two critical needs: it replaces an aging system that is at capacity and greatly reduces the risk of a technology-related disruption in operations. "We're saving more than \$377,000 on the cost of this vital infrastructure because of our ability to piggyback on state contracts that have been competitively bid," said the District's information technology director Tim Ranstrom.
- Authorized \$80,000 in funding for the following, ongoing capital improvement projects in the regulatory and reliability categories:
 - o monitoring and reporting of water temperatures at 20 locations along the District's hydro-power generation system, as required by the Federal Energy Regulatory Commission (FERC);
 - o supplies and staff time to implement the Integrated Pest Management Program along the El Dorado Canal, as required by FERC; and
 - o staff and consultant time to prepare new information and additional model functionality—as requested by the U.S. Bureau of Reclamation—related to the Folsom Lake temperature control device.

Standing Committees

Engineering and Operations: During an information workshop, the committee discussed the District's five-year capital improvement plan (CIP). Staff emphasized the need to push some projects out a few years because of the difficult economic climate, but also to move ahead with critical projects related to service reliability and public health and safety.

"It's a delicate balance," said Brian Mueller, director of engineering at the District. "Many projects are tied to regulatory requirements, and we must comply with the regulations. Other projects are timed to match with growth in the service area. Because of the slowdown in development, we took a close look at those projects, and recommend holding off on some. In all, we reduced earlier estimated costs for the CIP by about \$20 million for 2009 and \$57 million through 2012."

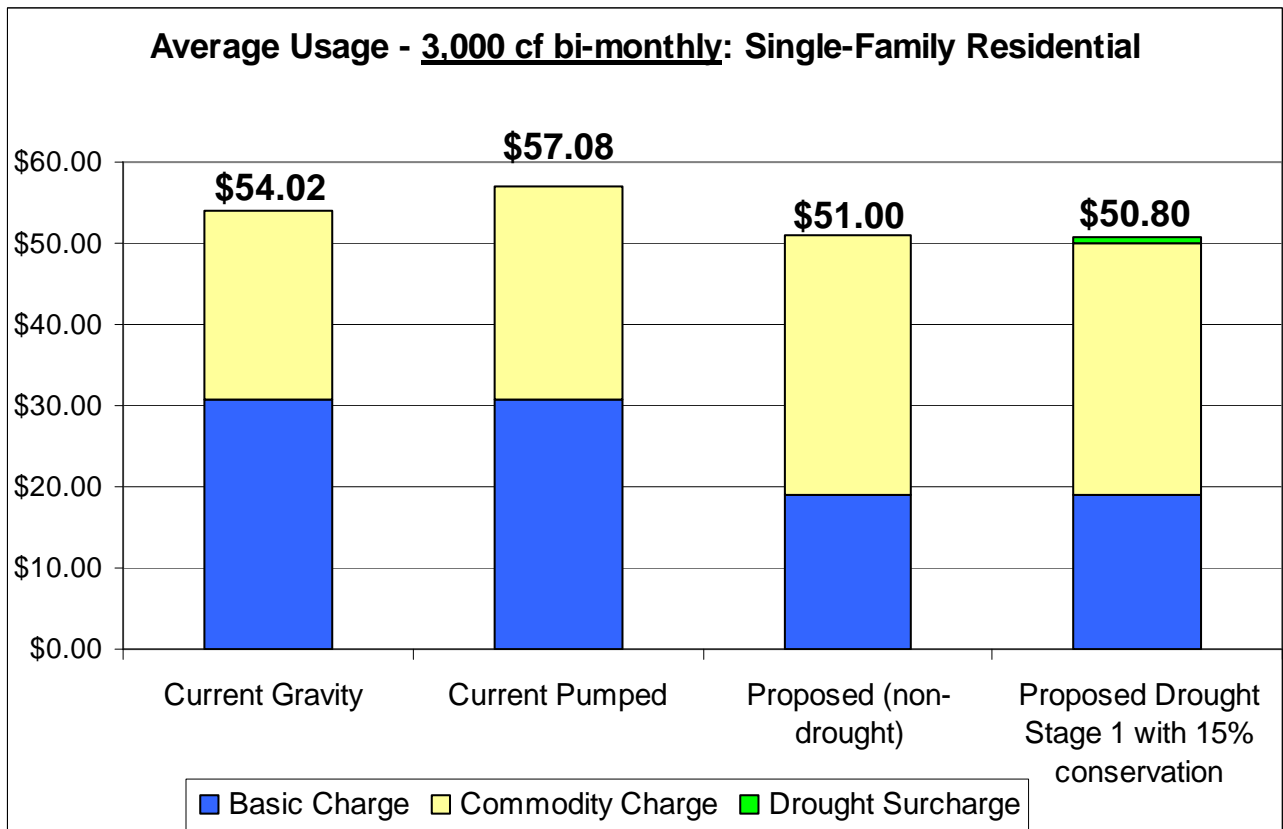
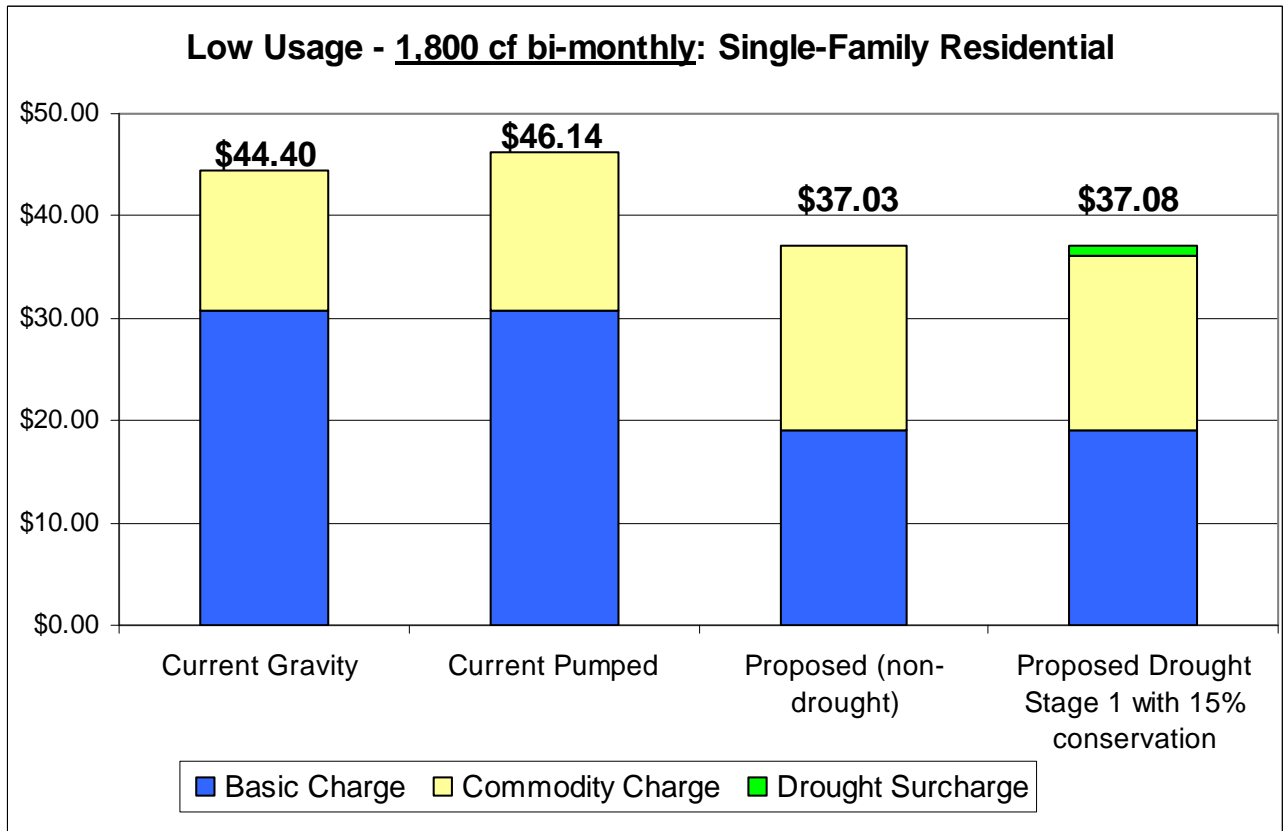
Mark Price, EID's finance director, indicated that the District's bonds are sufficient to cover the revised CIP through 2010, but that the District would likely have to borrow additional monies in 2011. "Generally, our debt is used to finance growth-related CIP projects, and the debt is paid back by hook-up fees. But we also have a need to repair or replace aging infrastructure that serves existing customers. The debt for those projects is paid back by rates."

Staff is expected to bring the CIP to the Board for approval in April.

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

Sample Water Bill Comparison



Sample Water Bill Comparison cont.

