EID refinancing savings dealt to employees and financiers

EID's June 11th Board approval of General Manager Jim Abercrombie's proposed refinancing of Year 2003 bonds will move $16 million of debt principal repayments from the years 2013-2016 out to the years 2022-2029. Multiple ratepayers are calling this "kicking the can down the road".

Abercrombie's portrayal of the refinancing is *"This debt restructuring will have no adverse financial impact to the District, because the* ***present value*** *of the restructured payments is* ***almost identical*** *to those currently in place. It will have the beneficial impacts of reducing the District's short-term debt load and better equalizing debt payments over time,* ***averting rate increases otherwise required to meet bond covenants."***

But here is what is cunningly, deceptively, and non-transparently omitted from General Manager Abercrombie's portrayal of the financial impacts of the refinancing:

1) Even after EID's Board passed $15 million of annual rate increases from 2010 to 2015 (including 102% of water rate increases) EID additionally is resorting to **$16 million of accounting gimmicks** in order to make their debt ratios for the next four years 2013-2016.

2) General Manager Abercrombie omits stating that the refinancing will **add more than $10 million of additional interest and financing costs** that ratepayers ultimately will pay for by not paying off this debt by 2021 as previously committed.

3) General Manager Abercrombie omits disclosing the percentage future interest rates he presumed in his present value calculations….instead **contorting** his presumed future period **assumptions** to unrealistic levels **to deceptively assert an "almost identical" present value.**

4) The $16 million of deferred debt repayments largely is **to pay for surging employee benefits** (up $1.4 million annually since 2009), **unfunded retiree benefits** (up $53 million since 2003), **and for swollen headquarters overhead** (up more than $10 million annually since 2003).

Of further multi-million dollar detriment to ratepayers is that EID's Board passed the debt refinancing without knowing what interest rate would apply, how much fees would apply, and without competitive financing offers being secured to place the refinancing at interest rates and fees most in ratepayers' interests. Every quarter point difference in rates and half million dollars in fees should go to EID ratepayers…not to crony financiers that EID Management non-competitively and repeatedly use in their debt financings.

EID's more than $10 million of refinance savings opportunities belong to EID ratepayers…instead of continuing lavish employee benefits and excessive overhead, and enriching crony financiers.

Why doesn't EID's Board uphold their financial fiduciary responsibilities, challenge Management instead of "rubber stamping" their spending proposals, and stick up for regular ratepayers?