

EID rates surging again on January 1

Board refuses to order bottom line cost cuts

Rate hike weary EID ratepayers will dig further into their pockets January 1, 2013... to pay a \$107 annual rate hike facing the average residential water and sewer ratepayer¹. And for 2014-2015, another \$198 per ratepayer for two more water and sewer rate hikes already is Board approved.

In January 2015, EID's average annual water and sewer bill will total \$1,719...plus \$327 of property tax subsidies². From March 2010 to January 2015, the average residential water and sewer bill already has been Board-approved to surge \$727 annually.

While huge rate hikes keep coming, most EID employees will receive 6% wage hikes in 2013 and their employee benefits increase again to an "eye-popping" average of \$49,000 per employee. More than 30% of EID's rates now go just to pay employee benefits and paid time off.

Even worse is that unfunded, yet to be added into rates, pension and retiree medical costs surged to \$53 million in 2011. Although an extra \$6 million payment was paid without Board approval from capital reserves specified for other purposes, this unfunded \$53 million has grown several millions more in 2012. EID's General Manager and Board remain derelict in addressing this mushrooming unfunded liability that continues to grow faster than EID's rate hikes.

Also driving the rate spiral carnage for ratepayers are \$60 million of planned new debt in late 2013 to continue EID's \$15 million annual deficit spending for capital projects, and continue bloated headquarters administration spending that has surged \$10 million in the past ten years. The \$60 million new debt will add 8% to rates while \$2 million of bloated EID administration continues to add an excess 4% to rates.

Even though more than half the new \$60 million new debt is recorded as being for new customer capacity expansion and what EID financial reports label as "Hydroelectric" costs, EID has failed to collect these costs by increasing hook-up fees to developers and increasing hydroelectric charges to PG&E. Instead, EID's Board has granted new below cost discounts to developers and left hydroelectric fees unchanged, thereby forcing ratepayers to absorb \$4 million of annual costs that rightfully should be paid by developers and PG&E.

Until a forthright, cost prudent General Manager and Board-majority seize control from current incumbents, EID ratepayers will continue to be pummeled by excessive costs and runaway rate hikes.

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- 1 EID's average usage water and sewer customer uses 0.6 acre feet of water annually (4356cf bi-monthly) and has 1800cf winter sewer consumption.
 - 2 Adding a pro rata \$327 per ratepayer of rate subsidies from property taxes, EID's full rates are double those of neighboring Folsom and Sacramento.