

Added rate hike woe for EID ratepayers?

From: Greg Prada
To: undisclosed recipients
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Subject: Added rate hike woe for EID ratepayers?

Proposed CALPERS accounting changes announced April 16th, if adopted, could add \$2.3 million of added expense annually to EID's 38,000 regular ratepayers. Added to EID's annual \$4.7 million pension costs (which already drive 9% of EID rates) this pension payment liability change could add an additional 5% to EID's already board-approved 11% water rate hike for 2014.

While EID likely will bemoan any CALPERS cost increase as "out of EID's control", the reality is that this added pension cost originally was triggered by an ill-considered 2004 EID Board decision to retroactively increase EID pension formulas. Subsequently, EID's unfunded pension and retiree medical liabilities have surged from zero in 2003 to \$53 million in 2012.

EID Directors George Wheeldon and John Fraser voted for the retroactive pension increases and are facing reelection bids this November.

Below are selected excerpts from two news articles posted on April 16th and 17th by the Sacramento Bee:

(Proposed) CalPERS' change to hike contributions for state, local governments

"The policy changes would require the nation's biggest public pension fund to spread its gains and losses over five years instead of its current 15-year "smoothing" period, and to figure its obligations on a fixed 30-year payoff schedule. For several years, CalPERS has rolled those liabilities forward instead of setting a date to pay them off"

<http://www.sacbee.com/2013/04/17/5347672/calpers-change-to-hike-contributions.html>

[CalPERS board OKs accounting changes hiking pension costs](#)

"...accounting change that will trigger higher contributions of up to 50 percent from taxpayer-funded state and local governments and school districts over the next few years."

http://blogs.sacbee.com/the_state_worker/2013/04/calpers-board-votes-for-accounting-changes-to-hike-pension-costs.html#storylink=misearch

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