

FixEID Chronicles

From: Greg Prada
Sent: Friday, August 10, 2012 2:51 PM
To: Bill George; Alan Day
Subject: August 13th EID Board Meeting: Water Resources Report

President George and Director Day,

Regarding Agenda Item 5 for the August 13, 2012 board meeting, there are notable discrepancies in customer numbers and consumption per customer between the *2012 Water Resources and Service Reliability Report*, the data in EID's *Cost of Services Study* and EID's *Consolidated Annual Financial Reports (CAFR's)*.

Before accepting and filing the 2012 Water Resources Report, these discrepancies should be reconciled for the following reasons:

- 1) **There appear to be fewer numbers of customers being billed than the number reported as being served.** This suggests either: a) a "revenue leak" from some customers getting free water, and/or b) a cost assignment problem whereby certain customer classes are being assigned and paying more or less than their proportional costs (this would violate Proposition 218 proportional cost requirements).
- 2) **Assumed consumption per customer for each customer class is materially higher for water resource capacity planning than for current ratepayer cost assignments.** Since current ratepayers are financing EID's substantial excess capacity, over-stated consumption assumptions for available EDU's/capacity planning encourage further investments in excess capacity thereby further exacerbating current ratepayer financial costs and rates. To illustrate, note that over 50% of EID's 2012-2016 Capital Improvement Plan is for Project 184/FERC and 53% of those costs are assigned to capacity expansion but financed by current ratepayer rates.

Failing to reconcile different versions of what should be the same numbers is not good management and results in costly inefficiencies... if not also incomplete revenue capture. Different numbers further have impacts on cost and assignments between different customer classes.

Due to the huge financial impact of capacity planning, EID's Finance Director should be added to those reviewing and signing off on the Engineering Department's numbers before the Water Resources Report is submitted to the Board for its acceptance and approval.

On behalf of EID's 38,000 regular ratepayers who pay for any EID inefficiencies, non-captured revenue, and/or improper cost and rate assignments, thank you for your consideration.

Cordially,

Greg Prada
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