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EID rates remodeling agitates a few

By Michael Raffety | Editor | March 25, 2009 16:15

A proposal by the El Dorado Irrigation District to remodel its rates drew an audience of about 60 March 23, according to a count announced by EID Board President George Wheeldon. Also received were 114 protest letters.

EID counted all the protest letters regardless whether the ratepayer had written his or her assessor's parcel number on the protest, said EID General Counsel Tom Cumpston.

Not all of the audience of 60 were there to protest. Retired private engineer and El Dorado Hills resident Albert Hazbun praised the board's rate restructuring plan.

"I looked at the proposed rates to residential (customers). I agree with what your staff has done," Hazbun said. "I compliment your consultant and staff. We are all on pumped water."

Hazbun, who designed the recycled water system used in Serrano, added that "sewer rates should be based on potable water use."

The basic 5/8-inch to 3/4-inch single-family water meter bimonthly charge will be reduced from \$30 to \$19. But the break points on water usage charges are changing, with Tier 3 starting at 4,500 cubic feet of water use instead of 20,000 cf.

"We have a legal and contractual obligation to encourage conservation," EID General Manager Tom Gallier told the audience Monday night.

"The way our rates are currently fixed two rates are in balance, roughly equal. The (U.S.) Bureau of Reclamation says its should be 30 percent," Gallier said. "More of the total rates should be pushed over onto the commodity charges and less on the fixed rates. The whole intent is to give the customers more control over the commodity charge.

"The thing that makes this difficult is to make it revenue neutral. That's what we hired the consultant for," Gallier said.

Under the existing rate structure the district takes in \$7.8 million from its basic charges and \$9 million from its commodity charges for the actual amount of water used, according to a report prepared by Lori Grace, EID customer and development services manager.

Under the proposed rates the district will take in \$5 million from basic charges and \$11.8 million from commodity charges. The total revenue under both the current and the proposed rates is \$16.9 million, with the new rates actually bringing in \$46,000 more annually than the current rates, a gain of 0.2 percent.

Though the consultant worked out an essentially revenue neutral remodeling of the district's rates,

Gallier announced that the rates as presented in the proposed resolution of the Board of Directors include an automatic annual escalator based on the Consumer Price Index up to a maximum of 4 percent.

Following the presentation by Gallier and information responses various speakers elicited from board directors, Cumpston and consultant Adam Lynch of Bartles Wells Associates a number of people who had filled out speaker cards passed when their names were called.

First to speak was Carol Louis, who had originally requested the hearing be scheduled in the evening.

Louis said she received the notice about that rate restructuring and “was disappointed EID did not make reference to the blended rates. I was disappointed we were not informed about current rates.”

The blended rates refer to the decision of the board to stop charging a separate and higher rate for El Dorado Hills customers because their water is pumped out of Folsom Lake. Instead the district is charging one basic rate for all residential customers in the proposed rate plan.

“If you’re not getting pumped water you shouldn’t have to pay for pumped water,” Louis said. “It was a business agreement and you breached it.”

Her husband Ernie Louis told the board, “I really think this proposal you were involved in is probably not only deceptive but illegal. I highly protest your techniques for advertising. It sounds like a rate increase to me. It’s not only deceptive but a lie.”

“Now it seems you guys are trying to make it easier (for yourselves),” said John Bowen who retired in 2005 after 37 years working for EID. “Why should I pay the same rates when I’m on gravity flow It’s just not fair.”

Michelle Bowen told the board the new blended rate plan “discriminates against the lower socio-economic class, seniors...”

“I consistently get called about lifeline rates,” responded Director George Osborne. “This is a low water use rate.”

Calculations by the rate consultant show bimonthly charges for low usage (1,800 cf) single-family residences would be \$37, average water use (3,000 cf bimonthly) would be \$51, high usage customers (8,500 cf bimonthly) would be \$123.

“Pollock Pines has lower water use than El Dorado Hills (because it’s shaded by trees and cooler),” said Director Harry Norris. “It’s drier and hotter in El Dorado Hills. El Dorado Hills will not like it; the rates they pay will likely go up.”

The rate remodeling did not include recycled water service charges. That will be reviewed at another time, the consultant noted.

District Counsel Tom Cumpston noted that there are 38,000 water customers and 30,905 are on 1/2- to 3/4-inch meters and 727 are on 2-inch or larger meters.

“Regardless what they’re telling you out there we are in a recession heading for a depression,” said Margaret Phillips. We should have a garden. You know what’s going to happen - they’re not going to flush the commode. I know. I’ve been in their houses.”

After two hours of testimony from the overflow crowd the board continued the hearing 6 p.m. March 30.

Board President George Wheeldon told the group that the hearing would be continued because a 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."

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 Director George Osborne.

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