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EID rates changed

By Michael Raffety | Editor | April 02, 2009 08:58

New water rates for the El Dorado Irrigation District went into effect April 1. Bills going out April 13-14 will partially reflect the new rates, according to EID Communication Director Deanne Kloepfer.

Following a second hearing held in the evening March 30, the EID Board of Directors unanimously approved the restructured rates. The rates lower basic charges, increase consumption charges slightly and lower break point for the top tier of consumption charges from 20,000 cubic feet bimonthly to 4,501 cf.

The rates eliminate the distinction between pumped and gravity-fed water for single-family residential customers and all other rate classes.

The basic bimonthly charge is dropping from \$31 to \$19 for single-family customers with 5/8-3/4-inch meters for a 38 percent decrease. The cost per cubic foot of water is changing as well. Tier 1 rates go from 0.75 cent to 0.964 cent per cubic foot, a 28.5 percent increase. Original pumped rates were 0.844 cent per cubic foot.

Tier 2 rates go from 0.802 cent per cubic foot to 1.164 cents per cubic foot, a 45 percent increase. Original pumped rates were .912 cent per cf.

Tier 3 rates go from .938 cent per cubic foot to 1.364 cents per cubic foot, a 45 percent increase. Original pumped rates were 1.075 cents per cf.

Total water service revenues that came in under the old rates were collected 48 percent from the fixed bimonthly charge and 52 percent from consumption charges. Under the restructured rates adopted March 30 the district will get 30 percent of its water service revenue from the basic charge and 70 percent from the tiered consumption charges, according to an analysis prepared by district staff and its water rates consultant. Total income from single-family residences will remain unchanged at \$13 million.

“We need to do a backward looking analysis ... of what effect rates have on the various classes,” said Director John Fraser.

“I think that’s an excellent idea,” said Director Harry Norris. “Down in El Dorado Hills we have a much higher density and capital costs are much less per house.”

Fraser suggested reviewing the effect of the new rates in three months, while Norris suggested reviewing after a year.

“We’ve heard a lot about revenue neutrality. I’d like to know if we have revenue neutrality. If there is a substantial increase (in revenue) we want to look at it,” Fraser said.

“If a drought comes, it confounds it” Director George Osborne said about the prediction of revenue neutrality.

The March 30 hearing drew one-third as many people as the March 23 meeting. Between the meetings the district also received another 10 protest letters, though three of them were marked “yes.”

Two-time supervisorial candidate Carol Louis again spoke first. “If there is not that much difference (between pumped and gravity rates) why try to pass (the pumping expense) on to the rest of the district” Louis asked.

“We just finished the \$16 million Pleasant Oak Main (replacement). Do we charge them for that” Board President George Wheeldon responded. “We have an integrated district.”

Louis also pointed out that EID customers use about 5/8ths of an acre-foot of water annually while Sacramento area residents use 1 acre-foot a year.

“Why not notify the state of our conservation” Louis asked.

An acre-foot is equivalent of 1 acre of flat land covered by water a foot deep. It adds up to 325,851 gallons.

Osborne agreed with Louis’ comment about conservation. “We’re going to try to get some credit for what we’ve already done.”

Most of the criticism from the audience dealt with blending pumped rates and gravity service rates into one district-wide single-family rate.

Former EID director Dick Akin said EID took over water service from a little county water district in El Dorado Hills in the 1960s when the district needed to sell more water to maintain its agricultural wholesale rates from the U.S. Bureau of Reclamation after pear decline disease decimated Camino orchards and reduced water consumption.

“There’s no logical reason for us to go down and offer ourselves to be parasitized,” Akin said.

EID Operations Director Tom McKinney said El Dorado Hills is not the only area that receives pumped service. The district has 43 pump stations, serving large areas such as Pollock Pines, Sly Park, Sierra Springs, Rancho Del Sol, Outingdale and Swansboro year-round. Hilltop areas, some with as few as three customers, receive pumped water to maintain pressure. Other areas, such as Logtown receive seasonally pumped water. Additional areas receive pumped water when the flume is shut down for two months.

Altogether 38 percent of the district’s customers are on pumped water, McKinney said. He added that with the addition of water tanks in El Dorado Hills that area is receiving gravity fed water from the Gold Hill Intertie to supplement its pumped water supply.

Two Larsens who had served on the EID board in the past criticized the blended rates.

“I don’t know why a government entity has to repeat the same mistakes over and over again, Gene Larsen said. “No doubt when El Dorado Hills joined the district they knew they were going to have

to pay pumped rates. People working on these studies do not know the district.”

His son, dentist Ray Larsen said, “If we’re going to live in a socialist society why have a meter”

Rates consultant Doug Dove said his company has been doing rate studies for 20 years. Among the company’s clients are East Bay Municipal Utility District and the Nevada Irrigation District.

“Their (NID) rates are higher than yours. I think we understand it (EID), but we work with your staff to be sure,” Dove said.

Others, such as Martha Cunningham questioned the annual rate escalator pegged to the Consumer Price Index.

“I prefer as my elected representative to have that decided each year,” Cunningham said.

“I don’t have a problem about voting on a rate increase every year. When we propose that we get one or two people show up and object,” Osborne said.

By including the CPI language in the new rates resolution with a maximum increase of 4 percent regardless of whether the CPI would be higher, the district saves itself the expense of Proposition 218 procedures. The rate restructuring plan is being done under Prop 218 procedures that required a notice be sent to all the district’s customers informing them of the new rates, in this case a four-page notice. If 51 percent mail in objections within 45 days the new rates are defeated. That did not happen in this case.

“I have a philosophical agreement with the lady on the automatic increases,” Osborne said. He added that he would like to see some kind of announcement about the CPI and its consequent annual rate increase.

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