

MID E-Release

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Modesto Irrigation District (MID) Board Meeting of Tues., Nov. 4, 2008

The next MID Board meetings will be Nov 18, Dec. 9 and Dec. 16 at 9 a.m.
There will be **no Board meetings on Nov. 11 or Nov. 25 due to holidays.**

The MID Board Report is a summary of highlights of meetings of the MID Board of Directors and not a complete or official record of proceedings. Official records of proceedings of the MID Board of Directors are contained in the Minutes of meetings of the Board of Directors. For information about the Minutes, please contact the Office of the Board Secretary, 1231 Eleventh Street, Modesto, telephone 209 526-7360, 8:00 a.m. – 5:00 p.m., Monday – Friday, excluding holidays, or email Board@mid.org.

Water Report

Walt Ward, Assistant General Manager for Water Operations, said that scientists who look to ocean temperatures for clues to weather forecasting have little to go on this fall. That's because there is neither a La Niña cooling trend nor an El Niño warming trend in the Pacific. The absence of either oceanic phenomenon is sometimes jokingly referred to as La Nada. Closer to home, the Old Farmer's Almanac accurately predicted the storm system of the last few days. Rainfall totals in downtown Modesto have now reached 0.91 inches, still lagging for this time of year. In other water news, the irrigation districts are meeting required flows on the Tuolumne River. About 600 returning salmon have been counted on the Stanislaus River, a poor return. Salmon numbers are also very low on the Tuolumne.

Public Hearing on Proposed 2009 Electric Rate Increase

Anticipated budget shortfall and revenue increase needed

Budget and Rates Administrator Jimi Netniss reviewed the need to increase revenues in 2009 by approximately 15 percent due to an anticipated budget shortfall of approximately \$49 million. The shortfall is driven by the increased cost of power supply, various state and federal mandates and increased operations and maintenance costs.

The increased revenues would close the budget gap and pay for:

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| • Higher power supply costs – | 8.6 % |
| • Higher operations and maintenance costs – | 3.9 % |
| • State and federally mandated programs – | <u>2.5 %</u> |
| Total | 15.0 % revenue increase |

Electric rate proposal

MID staff proposes 2009 electric rate increases ranging from 12.5 to 20 percent depending on rate class and including a residential rate increase of 15 percent. Staff outlined some of the options for structuring the residential rate increase:

- Changing residential rate structure by modifying tiers and/or adding one or two rate tiers
- Considering a fuel or power supply surcharge
- Adding one or more surcharges to clearly identify mandates, and/or
- Considering a two- or three-step rate increase, as follows:
 - Jan. 1, 2009 - 15.0 %
 - Jan. 1, 2009 - 9.0 % May 1, 2009 - 7.6 %
 - Jan. 1, 2009 - 7.0 % May 1, 2009 - 7.0 % Sep. 1, 2009 - 7.0 %

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