

STPUD board expected to increase sewer, water rates

By Kathryn Reed

With the percentage of protests to the proposed sewer and water hikes in single digits, the South Tahoe Public Utility District board can go forward with raising rates.



On the May 17 agenda is an item to raise sewer rates by 5 percent and water by 2 percent. At the May 10 budget hearing the board did not request staff to come up with another scenario. However, the board can vote for these rate increases, any lower percentage or for no increase.

About 15 people attended last week's budget session, with a handful of people speaking and others asking questions from their seats. Several people were concerned about the changes for metered water customers. The proposal is to increase the base rate and decrease the rate based on usage.

"It is still less than the flat rate. We have never argued at all that this law is equitable. It is not," South Tahoe PUD spokesman Dennis Cocking told *Lake Tahoe News*. "California is famous for the law of unintended consequences and this is one of them."

The state is mandating water districts have meters in by 2025, but did not provide a funding mechanism to purchase them or get them installed. That means districts throughout the state have people on meters and some who aren't. With this comes water rates that are not the same for all customers because the state mandates metered customers be billed with a usage component.

The entire 2012-13 STPUD budget, which takes effect July 1, is on Thursday's agenda. For now, employees are not getting a salary increase or having a change to health benefits. This is because negotiations are ongoing.

"Our goal is to have a new contract by July 1. I don't know at this time if we will be able to hit that deadline," CFO Paul Hughes told *Lake Tahoe News*.

The board will have to approve any contract. If monetary issues were part of the contract, an addendum to the budget would have to be made.

The main reason staff wants the 5 percent sewer increase is to move forward with the Diamond Valley Ranch Irrigation Project.

The estimated cost of the project is \$5.5 million. STPUD can secure a 2.7 percent loan through the state to pay for it. The rate increase would pay back the loan.

Treated wastewater in the Lake Tahoe Basin must be pumped off the hill per federal law. STPUD's goes to Alpine County where it irrigates hay and alfalfa fields.

With upgrades to Alpine County's electric grid in the past five years, it can now buy back power. South Tahoe PUD wants to create a hydroelectric facility that would be used to transport the water over Luther Pass and then be able to sell power to the grid.

Smaller sewer projects in the district's service area would also be funded by the rate increase.

The water rate increase – which is estimated to bring in an additional \$180,000 per year – will also be used to pay back debt, as well as installation of water meters. Three projects in the next three years should amount to 1,000 meters being installed.

STPUD wants to borrow another \$5 million for various water

line projects.

Cocking said, while water meters are important, the district's emphasis is on replacing old, small water lines that are not optimum for fire suppression.

"Our biggest threat is catastrophic wildfire," Cocking said.

If any rate increase were approved, July 1 would be the start date for the new rate.

People will have an opportunity to comment at this week's meeting as well as the ability to make a formal protest via Proposition 218 even though the mandated 45-day protest period is over. If 50 percent plus one ratepayers were to file a protest to the proposed rate increases, the district could not go forward no matter what the board wanted to do.

As of May 14, about 1,400 protests had been filed – or just more than 8 percent of ratepayers.

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Note: South Tahoe Public Utility District board meeting May 17 2pm, Meadow Crest Drive, South Lake Tahoe.