

MID Board Report

Modesto Irrigation District (MID) Board Meeting of Fri., Oct. 31, 2008

Media contact: MID Public Affairs Department, Melissa Williams, 209 526-7390

The next MID Board meetings will be Nov. 4 and 18 at 9 a.m.

*There will be **no Board meetings on Nov. 11 or Nov. 25 due to holidays.***

The MID Board of Directors will hold a Public Hearing on proposed changes to MID 2009 electric rates and service rules on Tuesday, Nov. 4 at 9 a.m. in the MID Board Room, 1231 11th Street. Modesto.

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

Bill Ketscher, Irrigation Engineering Manager, announced that irrigation season ended today. Drainage of the canal system will start over the weekend and staff will begin maintenance activities. Rain on Thursday yielded about 0.08 inches in Modesto and 2 to 2.5 inches in the upper watershed. A storm is forecast over the weekend. Based on such weather predictions, there is talk of starting the cloud seeding program earlier this year.

Don Pedro Board of Control Report

Director Cecil Hensley reported that reservations for September were at 360 and the Labor Day weekend holiday brought approximately 244,000 visitors to the reservoir.

Financial Report

Controller David Orth and Assistant Treasurer Don Dermond reviewed third quarter financials. Key points included:

- Overall, the District rebounded a bit in this quarter due to the switch to summer rates and the second part of the 2008 electric rate increase, both of which went into effect in May. However, the rebound was offset by market conditions.
- Year to date, customer equity dropped \$25 million.
- Operating revenue was down \$14.7 million when compared to the budget; \$11.8 million of this was retail revenue.
- Monthly retail consumption tracked close to last year.
- A \$4.4 million decline in the General Fund was attributed primarily to exposure to Lehman Brothers.
- The MID investment portfolio included 57.8 percent federal agency issues, 23.1 percent medium term notes and 19.1 percent managed pool accounts (LAIF).

2009 Electric Rates

Budget and Rates Administrator Jimi Netniss announced that, to account for a 2009 budget shortfall of approximately \$49 million, driven by the increased cost of power supply and various state and federal mandates, MID will need to increase revenues by approximately 15 percent. The various options for a rate increase in 2009 include:

- Changing the residential rate structure by modifying and/or adding tiers.
- Considering a fuel surcharge.
- Adding surcharges to clearly identify mandates.
- Considering a two-part rate increase.

Further discussion and analysis of 2009 electric rates is to take place at the public hearing on Tuesday, November 4.

Approved by unanimous vote

- A resolution approving and authorizing the General Manager to take all actions necessary to procure, replace, implement and maintain a Mobile Radio System including the execution of agreements for approved budgeted consulting services, training, software license, radio licenses, hardware, upgrades and support.