



KIRKWOOD MEADOWS
PUBLIC UTILITY DISTRICT

KMPUD ELECTRIC POWER UPDATE

JANUARY 2011

DISTRICT APPROVES FINAL ELECTRIC/PROPANE PLANS.

At a District meeting held on Saturday January 15th, the KMPUD Board of Directors approved final decisions for the in-valley powerhouse rebuild and the proposed out-valley Grid connection. These decisions included project descriptions with costs, projected utility rates, project funding, and firm timelines. **BOTTOM LINE IS GOOD NEWS.** The September 2010 consultant estimate for "all in" electric rates for the in-valley and out valley projects combined was \$.78 per kwh. District cost estimate is now \$.57 per kwh. Below is a very brief summary of the major points.

IN-VALLEY PROJECT. Of peak concern to the Board was how close (24- 36 hours) we came to totally freezing the community's water supply when the former powerhouse burned down last January and the estimated time that would be required to restore full water service (at least 30 days) under those conditions. Based in part on this and other information collected and reviewed over the last several months, the Board approved (**vote 5-0**) the purchase and installation of 3 Caterpillar 1,250 KW generators and 5 smaller 625 KW Volvo generators for a total of 5,090 (de-rated) KW, and a 3 three year operations agreement with Power Secure.

OUT-VALLEY PROJECT. The out-valley project is still on schedule and if all goes according to plan, initial construction on this project could start as early as this year subject to approval of the EIR/EIS, right of way acquisitions, agreements with PG&E, Cal Trans and the Counties, and CPUC approval. There has also been a general consensus by the Board since September 2010 that the out-valley interconnection project should take priority, that in-valley project costs should be minimized when possible, and that rising diesel prices for in-valley generation pose a risk.

PROJECT FUNDING. The Board has reviewed financing options and selected a funding alternative (Certificates of Participation) that will be paid for from property taxes received by KMPUD and customer rates. **Neither developed or undeveloped property will be assessed.**

The projects will be funded in two phases. The first funding will use the District's team of Bond Council and consultants to secure revenue bonds for the purchase of MU, construction of the powerhouse, engineering/ permitting of the out-valley project and retirement of existing loans. The second and much larger Bond issuance will most likely take place in the Spring of 2012 in conjunction with the out-valley construction. The Board also approved (**vote 5-0**) that the existing District financial committee invite specific interested homeowners to participate in the competitive selection of an underwriter and financial advisor and determine the feasibility of achieving an investment grade rating for the second issuance.

More project information will be forthcoming in your January billing or you may call Tom Henie at 258-4444.