

## KIRKWOOD MEADOWS PUBLIC UTILITY DISTRICT

### NOTICE OF PUBLIC HEARING ON PROPOSED ADOPTION OF REVISED ELECTRICITY AND PROPANE GAS SERVICE CHARGES

NOTICE IS HEREBY GIVEN that on Thursday, February 9, 2012 at 6:30 p.m. (or as soon thereafter as the matter may be heard) at the Kirkwood Community Services Building, 33540 Loop Road, Kirkwood, California 95646, the Board of Directors of the Kirkwood Meadows Public Utility District will hold a public hearing to consider the adoption of a proposed ordinance revising electricity and propane gas service charges. All property owners, ratepayers and other interested persons are invited to attend the hearing and present written and/or oral comments on the proposed rate service charges.

#### Background and Reasons for Proposed New Charges

In 2007, the Alpine County Local Agency Formation Commission authorized the District to provide electricity and propane gas services. In 2009, the District adopted its Ordinance No. 09-02 authorizing the acquisition of the electricity and propane gas systems and assets from Mountain Utilities, LLC and approving an Asset Purchase Agreement with Mountain Utilities. Pursuant to the terms of the Asset Purchase Agreement, as amended, the District closed escrow in July 2011 on its acquisition of the systems and assets from Mountain Utilities. The District has assumed ownership, operation and maintenance of the electricity and propane gas system and assets and is providing electricity and propane gas services to the community.

On April 9, 2011 the District's Board of Directors approved Ordinance 11-01 Adopting Electric and Propane Gas Service Charges. Since then, the District has approved, prepared and revised a rate study to modify these electricity and propane gas service charges in order to include a Base Rate, a Usage Charge and a Remote Meter Charge.

The District also charges a Fuel Adjustment Charge (which may be positive or negative) which fluctuates monthly depending on the current cost of fuel in relation to the budgeted rate of \$3.21/gallon for diesel and \$.0546/cubic foot for propane already included in the Usage Rate. The variable rate will be based on the District's actual cost of fuel consumed per month as compared to the budgeted costs divided by the District's total production. For example, the actual cost of diesel in August was \$3.44/gallon and would have resulted in a Fuel Adjustment Charge of \$.0315 per kilowatt hour for electricity bring the total usage cost to \$.537 per kilowatt hour.

The proposed monthly charges reflect the costs to the District of providing the services, including the costs of the powerhouse replacement, Mountain Utilities acquisition, equipment and supplies, operation, maintenance, repair and replacement of facilities, and associated labor and administrative costs. If adopted, these revised service charges would be levied against and billed to the customers that use electricity and propane gas. The rate study and the proposed ordinance adopting the service charges are available for public review and/or copying during normal business hours at the District office at the above address.

#### Proposed Service Charges

##### Electricity Service Charges:

Usage	\$ .4743 per kilowatt hour
Base Rate	\$20.00 per month

Remote Meter Charge	\$3.08 per month
Fuel Adjustment Charge	(reflects cost and usage of fuel)

Propane Gas Service Charges:

Usage	\$.0840 per cubic foot
Base Rate	\$5.00 per month
Remote Meter Charge	\$3.36 per month
Fuel Adjustment Charge	(reflects cost and usage of fuel)

The District is now proposing to revise the Fuel Adjustment Charge. Currently, the Fuel Adjustment Charge allows for fluctuations in the usage rate depending on the current cost of fuel in relation to the budgeted rate. Due to issues related to the efficiency of the generators and unmetered usage, the budgeted rate for the usage of fuel is insufficient to meet the demand. If approved, the Fuel Adjustment rate would be modified to allow for a monthly adjustment based on cost and usage of fuel for both electric and diesel services.

A property owner or ratepayer may determine the estimated amount of the proposed monthly service charges on a particular parcel by applying the foregoing metered rate formula change to the parcel's historic or expected electricity and propane gas usage.

If adopted, these revised electricity and propane gas rates will be adjusted annually for five years based on the previous year's change in the Consumer Price Index (U.S. city average) as determined by the U.S. Department of Labor, Bureau of Labor Statistics.

Effective Date. The revised rates will take effect 30 days after approval by the Board of Directors.

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If you have any questions regarding the revised service charges, or if you would like to submit comments regarding the proposed charges before the public hearing, then please contact the District office at the below address, by calling 209-258-4444, extension 2, or by sending an e-mail to [kmpud@volcano.net](mailto:kmpud@volcano.net).

Kirkwood Meadows Public Utility District  
Electricity/Propane Gas Rates  
P.O. Box 247  
Kirkwood, CA 95646

Dated January 12, 2012

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Michael Sharp, General Manager