



SOUTH SAN JOAQUIN
IRRIGATION DISTRICT

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CPUC Issues Resolution Regarding South San Joaquin Irrigation District's LAFCo Application to Provide Electric Service

Finding states no significant negative impact on remaining PG&E ratepayers

Manteca, CA, December 21, 2009 – At the request of San Joaquin Local Agency Formation Commission (LAFCo), yesterday the California Public Utilities Commission (CPUC) unanimously approved a resolution finding that the proposed South San Joaquin Irrigation District (SSJID) plan to purchase PG&E's electric facilities in Manteca, Ripon, Escalon and surrounding farm land will not significantly impact the remaining PG&E electric ratepayers. The resolution is part of the SJ LAFCo review process required to be complete before LAFCo can move on with its analysis of SSJID's retail electric plan.

“This resolution determines that SSJID's proposed service could raise rates for PG&E's remaining ratepayers but the magnitude of the estimated increase is small relative to PG&E's current system average rates, and thus does not substantially impair PG&E's ability to provide adequate service at reasonable rates,” reads the CPUC resolution summary. The resolution states that possible higher rates of \$0.00032 per kilowatt-hour could result, and that the estimated costs and/or offsetting benefits that would affect remaining PG&E customers varies greatly depending on the assumptions used in the analysis.

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The CPUC used the worst possible case for the purchase price in their analysis, assuming that SSJID would only pay \$41 million and even with that low price, the Commission found the effect on rates was insignificant.

According to the CPUC resolution (E-4301) “It is reasonable to use the highest quantifiable estimate, based on the facts before the CPUC, when determining whether there is the possibility that the proposed service will substantially impair PG&E’s ability to provide adequate service at reasonable rates within the remainder of its service territory.” However, in testimony presented at the CPUC hearing, SSJID General Manager Jeff Shields pointed out that the District’s contract appraiser, R.W. Beck, has set the Fair Market Value at \$61 million and the District has made a good faith offer to pay PG&E \$79.5 million. “If the CPUC utilized either of these higher purchase values, PG&E’s remaining customers could actually see a slight reduction in their rates,” Shields noted.

In an unrelated action, the CPUC authorized PG&E to raise the rates for its Tier 1 and 2 residential class customers by three percent or \$.004545 starting January 1, 2010. PG&E had requested a five percent increase for its customers who have the lowest monthly usage.

“One of the significant aspects of this rate increase related to the CPUC’s ruling on SSJID’s electric plan is that the ‘worst case scenario’ considered by the CPUC is still minuscule compared to the impact of a normal annual PG&E rate increase,” said Shields.

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In 1909, the South San Joaquin Irrigation District was established to provide a reliable and economical source of irrigation water for approximately 72,000 acres of agriculture in, and surrounding, Escalon, Ripon and Manteca. SSJID’s historic water rights allow for several hydroelectric power plants on a series of dams and reservoirs on the Stanislaus River. SSJID and Oakdale Irrigation District completed the original Melones Reservoir in 1926, and have co-owned the Tri-Dam Project, consisting of Donnell, Beardsley and Tulloch reservoirs and powerhouses, since 1957. In 2005, as unprecedented urban growth replaced agricultural land, the district expanded into providing domestic water service to South San Joaquin County cities with its state-of-the-art membrane filtration water treatment plant. SSJID recently completed a 1.4 megawatt solar farm that provides nearly all the electricity to run its water treatment plant, saving the district over \$400,000 annually in power costs. The solar farm is thought to be the world’s first single-axis solar tracking system featuring thin-film photovoltaic cells. For several years, the district has been moving towards providing retail electric service as well, aiming to cut electricity bills of those in its service territory by 15% across the board.