

Manteca, California  
June 6, 2005

The Board of Directors of the South San Joaquin Irrigation District met in Special Session in their chambers at the hour of 8:00 a.m.

Upon roll call the following members were noted present:

DIRECTORS:        KAMPER        ROOS        SCHULZ        KUIL

                  ABSENT:        DEGROOT

Also present were Secretary/Manager Stroud, District Counsel Emrick, and Utility Operations Director Shields.

President Roos called the meeting to order and asked the Board to go to closed session. General Counsel Emrick reported the Board would discuss one item in closed session.

Conference with legal Counsel, Anticipated Litigation, Gov. Code, S. 54956.9. One case.

Upon returning from closed session General Counsel Emrick reported there was no reportable action taken in closed session.

President Roos called a recess until 9:00 a.m.

President Roos called the meeting to order and due to the number of people in the audience asked for a motion to move the meeting to Crossroads Grace Community Church, located on the corner of Comconex Road & Highway 120, Manteca, approximately ¼ mile from the District offices. Motion by Kuil, seconded by Kamper, and unanimously carried to move the meeting to Crossroads Church.

President Roos called the meeting to order, and noted that the Public Hearing was now open. He told members of the audience that the meeting would be conducted in the following order: presentation by PG&E, report by District staff, then public comment. He said a sign up sheet will be passed around and anyone wishing to address the Board should sign it.

President Roos recognized Mr. David Rubin, Director of Services for PG&E. Mr. Rubin gave the Board a copy of his report. He said that PG&E estimates its cost of property by Replacement Cost less Depreciation. This he estimates at \$325,000,000. He said in addition to this, the District will have severance costs, equipment, and manpower costs, and this will all result in a 28% increase, not a 15% decrease as the District staff and consultants have stated. Rubin said the District has other choices, Line Item Credit, Community Choice Aggregation, and Direct Disbursement. Mr. Rubin asked if the Board had any questions. There were none. President Roos thanked Mr. Rubin.

President Roos recognized Jeff Shield, SSJID Utility Systems Director. Shields said SSJID will not try to compete with PG&E's public relations machine. He showed copies of several brochures PG&E have distributed. He said the District's Board would not buy the PG&E system if it would result in a rate increase. He introduced two young high school students who presented the Board 650 signed cards supporting the District's taking over of PG&E's system. He said today's meeting is simply to make application with LAFCO, not a final go ahead with condemnation. He said that under Water Code Section 22115 South San Joaquin Irrigation District, has authority for acquisition of the electric system within its boundaries. He stated that under 56700 of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 the District may apply to LAFCO for authority to provide retail electric service. He said he understands the current and former employees of PG&E get a 25% discount and are upset at losing this benefit. The District does not plan to offer the same discounts. He said that San Joaquin

County is the lead agency on the California Environmental Quality Act. He told the Board he recommends they approve Resolution 05-05-E as submitted.

President Roos said he has a list of names of individuals who want to address the Board. They will at this time have an opportunity to address the Board. Time will be limited to 3 minutes each.

Darrell Johnson, Escalon told the Board he worked for PG&E for 40 years. He said, he takes irrigation water from the District and today, he didn't get his water. If the District can't deliver irrigation water what makes them think they can deliver power?

Brad Clark, Stockton, Food 4 Less, told the Board 15% is nice, is this in writing. Asked why information was not available to the public? Said he felt the people should have a vote. Said if SSJID wants to enter the business they should compete with PG&E.

Helen Arnaudo, Manteca said the Board should go to the landowners to see if they want to do this.

Rosey Pitts, Escalon said she is happy with the status quos.

Hunter Stearn, IBEW Business Representative said the IBEW has a good relationship with both PG&E and SSJID, but has a policy of supporting the status quo. He is concerned that SSJID does not compare to MID or TID as far as salaries and benefits. He also said SSJID's pension is not as good as PG&E's.

Kasmer Baracosa, Manteca said he is a retired PG&E employee. He said this is a difficult area due to voltages. Also, equipment is hard to find. Additionally, what is going to happen to ag water rates?

Dave Cookson, Escalon, said he thinks the constituents should have a vote.

Raymond Bettis, Escalon, said MID and SMUD have over 100 years of experience in retail power, SSJID has none. Also he wants to have time of use, said it saves a lot of money.

Juanita Mueller, Manteca said it should go to a vote of the people.

Ken Wells, Director Operations, Maintenance and Construction for PG&E in this area said PG&E has operator's available 24/7/365. Said safety is first and foremost at PG&E. He said PG&E has 2,000 men to put in the field should there be a major problem. Said PG&E has reduced its outages by 13%. Said there are 325 ties, places that will require severance. Said PG&E has five substations serving the area, SSJID will only have two.

Jerry Haugg, Manteca said he is a farmer and he supports the Boards efforts to enter the retail power business.

Ted O'dell, Escalon said he is opposed to the takeover. He said PG&E did not go bankrupt because of their poor management and million dollar plus bonuses, but because of Governor Gray Davis who got a court order to stop them from getting rate increases and at the same time would not allow them to sign long term contracts.

Walter Brandhorst, Manteca said he has a lot of questions. Said he wants more information, and he wants a vote by the citizens on this.

Tony Hoekzema, Ripon, said the problem with SSJID taking over PG&E is PG&E pays \$1,000,000 in taxes, SSJID doesn't pay taxes, and the government needs these taxes to operate. Wants to know how SSJID would set rates?

Naomi Furrow, Escalon, said she gets no irrigation water, her husband was a PG&E employee, thinks eminent domain is stupid, and wants a vote.

When all those requesting to be heard had been provided the opportunity, President Roos thanked the members of the public for their comments and closed the public hearing. He asked the Directors if they had any comments.

Kamper and Kuil said they had no comments.

Schulz thanked the public for their comments. Said one thing he and the other members of the Board agree on is having time of use rates.

Roos said all the members of the Board are farmers and will do what is best for the citizens of the District. He said that there was no way the District would buy PG&E out just to raise rates. He then asked for a motion on Resolution No 05-05-E to apply to the Local Agency Formation Commission to Provide Retail Electric Service.

Motion by Kuil, seconded by Kamper, to adopt Resolution No 05-05-E.

#### RESOLUTION NO 05-05-E

#### RESOLUTION OF THE SOUTH SAN JOAQUIN IRRIGATION DISTRICT TO APPLY TO LOCAL AGENCY FORMATION COMMISSION TO PROVIDE RETAIL ELECTRIC SERVICE

WHEREAS, South San Joaquin Irrigation District (“District”) is authorized by Water Code section 22115 to provide for the acquisition, transmission and distribution of electric power, and

WHEREAS, the District anticipates receiving increased revenues beginning in 2005 from the Tri-Dam Project, a series of three hydroelectric generation plants on the Stanislaus River the District that it co-owns with Oakdale Irrigation District, and

WHEREAS, the Board finds that its nearly 100 years of experience in providing essential public services to its customers and its 50 years of experience in the generation and sale of hydroelectric power makes the District uniquely qualified to provide retail electric service within its service territory, and

WHEREAS, the Board is considering the feasibility of acquiring the electric distribution facilities currently owned, operated, and used by Pacific Gas and Electric Company to provide retail electric service in order to:

- Reduce electric rates by 15%.
- Improve the quality and reliability of electric service.
- Restore responsibility and accountability for electric resource policy and practice to locally elected officials who are accountable to voters in the communities served by the District.
- Provide a means of more equitably distributing the economic benefits of the District’s ownership of hydroelectric generating facilities, and

WHEREAS, the District may apply to the San Joaquin Local Agency Formation Commission (“LAFCO”) to provide retail electric service within its boundaries after approving a resolution of application pursuant to Article 1.5 of Government Code (section 56824.10 et seq.), and

WHEREAS, the District has held a public hearing before adopting this Resolution and provided notice of the hearing as required by Government Code section 56824.12, and

WHEREAS, the District has prepared an application to LAFCO that the Board finds includes all of the matters specified in Government Code section 56700, and a plan for services prepared pursuant to Government Code sections 56653 and 56824.12, and

WHEREAS, the Board finds that providing retail electric service will provide significant benefits to electric customers in its service territory,

NOW THEREFORE, BE IT RESOLVED that:

1. The District shall file an application to LAFCO to provide retail electric service, along with the plan for services heretofore submitted to the Board and the matters specified in Government Code sections 56824.12 and 56700, and
2. Its Director of Utility Services is authorized to execute and deliver these documents to LAFCO, an application for environmental review to the County of San Joaquin, such other documents as may be necessary, to make such changes as the District's Director of Utility Services finds to be necessary, and to pay the appropriate administrative fees to file and process the applications.

BE IT FURTHER RESOLVED, that this resolution shall take effect immediately.

PASSED AND ADOPTED this 6<sup>th</sup> day of June 2005 by the following roll call vote:

Ayes:

Noes:

The undersigned Secretary of South San Joaquin Irrigation District certifies that the foregoing Resolution was adopted by the Board of Directors at a special meeting held on June 6, 2005

Dated: June 6, 2005

By \_\_\_\_\_  
Stevan Stroud, Secretary

PASSED AND ADOPTED this 6<sup>th</sup> day of June 2005 by the following roll call vote:

Ayes: Kamper Roos Schulz Kuil

Noes: None

Absent: DeGroot

There being no further business to come before the Board it was moved by Kamper, seconded by Schulz, and unanimously carried to adjourn to June 14, 2005 at 9:00 a.m.