

“PERS – UAL Funding” of \$1.6 million is Not a Cost of Service

Vallecitos’ pension obligation is payable over the course of about 50 years (the life expectancy of the youngest employee minus that employee's age).

In November 2019, Vallecitos started making voluntary pension contributions, in addition to the required contribution that already included paydowns to the obligation. Vallecitos paid \$8 million of ratepayer money at one time, and another \$4 million another time.

Vallecitos did not dollar-cost average (make frequent small payments over time to avoid interest rate risk). They subjected our money to potential losses since the pension fund invests aggressively in equities.

The rate of return on pension funds for the year ended last June was a negative 6.1% - they lost money - our money.

The \$12 million could have been used to reduce our rates.

This rate increase includes another \$1.6 million in voluntary (not required) pension obligation paydown - that's 3.4% of what we will be paying starting in October and that's fiscally irresponsible. It is not a revenue requirement. It is not a cost of service. And it is not in compliance with Article XIII D Section 6(b)(1) of the California Constitution.