

the **switch**



MERCED IRRIGATION DISTRICT ELECTRIC SERVICES UPDATE | FALL 2008

Solar Incentive Program

Among the many programs MID offers its customers, the Solar Photovoltaic (PV) Buydown Program commenced this year. This program is a result of the California Solar Initiative which requires utility companies to ensure that 3,000 MW of solar generation is in place within 10 years. The Buydown Program offers incentives to both residential and commercial customers who install the PV equipment and turn solar energy into electricity.

This program offers an up-front, monetary incentive, known as an estimated performance-based buydown (EPBB). EPBB is based on an estimate of the system's future performance. The incen-

tives combine the benefits of rewarding performance of the PV system with the administrative simplicity of a one-time incentive paid when the system is installed. The program will offer incentives for systems up to the first 3 kW residential or 25 kW commercial of alternating current generated by the PV system

Any retail customer of MID is eligible to install the PV system by simply picking up the Application Information Packet from MID. MID will handle the application and rebate process. Any and all inspections will be performed by MID staff. For more information please call 209-722-5761 ext. 119.



Please visit the MID Web site to find out more information regarding MID'S electrical service growth at www.mercedid.org.

Notes from the General Manager

I feel very privileged to have been selected by the Board of Directors of the Merced Irrigation District to manage the day-to-day business operations of the District.

Benefits

Having extensive experience in the electric utility industry, I can attest firsthand that MID Electric Services is a first-class utility that delivers safe and reliable power at a very competitive price for the communities of Merced, Atwater and Livingston. Among the key benefits of having MID as your electric service provider is the superior electric system reliability compared with many other public and investor-owned utilities in California. MID also has much lower initial connection costs and provides notably better service installation support than our competitor (bringing projects online in weeks not months).

MID has a very customer friendly and easy-to-execute processes and applications under our public benefits programs. MID Electric Services keeps the financial benefits in our local communities and we actively contribute to and participate in community affairs. Most importantly, when you do business with MID you're dealing with the friendliness and responsiveness that only a local utility can provide.

As the 25th largest electric utility in the State of California, MID shares all the same issues as other electric utility providers: skyrocketing energy costs, difficult local economic conditions and uncertain times. But in the face of these challenges, MID Electric Services

continues to grow and to enhance our service to both our new and existing customers.

Environmental Efforts

MID contributes both environmentally and socially to the local communities we serve. In 2008 our public benefits program, through the participation of our industrial, commercial and residential customers, provided over 1,000 shade trees to homeowners, supplied thousands of compact florescent lights to local residents, given financial incentives for energy efficiency retrofits and solar installations to local businesses. We've also provided support to residents through low income and medical programs.

Despite all the current challenges – the unsettling economic environment, ongoing regulatory requirements, increased energy costs, and ever-present competition – the outlook is very bright. We are continually looking for ways to improve customer service, maintain excellent system performance, and be environmentally responsible. In 2009, we expect to expand our efforts in the energy efficiency and renewable energy areas to increase the overall value we offer our customers.

I am delighted to serve as the new General Manager of the District and with the guidance of the Board of Directors and MID's expert and friendly staff, we will continue to provide our local communities with outstanding and reliable local service while taking both the water and electric services departments to the next levels of success.





Garith Krause Retires

Garith Krause began his career at MID on November 13, 1990 as Controller of the District. He continued in various roles with increased responsibility serving his last four years as General Manager, retiring July 1, 2008.

On May 29, 1996, Garith became AGM Finance and Electric Services. He was a driving force in paving the way for MID's entrance into the retail electric industry. Garith continued to manage the District's Finance Department while also forging ahead with realizing the District's vision to provide retail electric services to customers in Eastern Merced County. During his tenure, the retail Electric Services Division grew to include approximately 22 employees, 7,500 customers and reached peak system load of 90 MW, becoming the 25th largest publicly owned utility in California.

Role as GM

As General Manager, Garith guided the District through some very challenging years. Some of these challenges included unfunded federal and state mandates

putting added financial pressure on the District's needs to continue to provide a competitive high level of service to its growers and electric customers. Through his leadership, and a fiscally conservative Board and staff, the District has been able to manage the impact of these mandates, resulting in minimal impacts to District customers. During his final years as General Manager, the District's electric utility met the challenges associated with an influx of rapid residential growth followed by a drastic decline and its water utility tightened its belt and increased efficiencies to meet grower needs through two consecutive dry years.

Garith's leadership has helped to place the District in position to protect its resources and continue to provide excellent service to its growers and electric customers.

Garith and his wife, Oretta continue to live in the Merced area at this time. He is also involved with his family's farming interests in eastern Washington as a part time "hobby."

Introducing Kyle Ford

Kyle Ford is a longtime Merced area resident. After graduating from Merced College, he worked for Merced Union High School District for 8 years before coming to MID. He has been with the District for almost 8 years and in 2004 was MID Employee of the Year. Kyle joined the Marketing Team in August 2008 as the Business Development Representative. He is responsible for contacting, interacting and

providing assistance to developers and builders obtaining new electric contracts with the District. Kyle acts as a liaison for the activities performed between the commercial and residential developers and various District departments. When Kyle is not working he enjoys spending time with his family and friends. If you'd like to contact Kyle, he can be reached at **209.722.5761 ext 120.**

Public Benefits Programs Are A Go Green Harvest in 2008

Public benefit funds are collected across MID customer classes as 2.85% of your electricity bill and are mandated by the California Public Utilities Commission to be used to promote energy efficiency, renewable energy and other public benefit programs. It is your money, so why not participate?

Electric service customers who have taken advantage of MID's public benefits programs this year include: West-Mark, Mervyns, Administrative Office of the Courts, Merced Unified High School District, Greif Brothers, Atwater Valley Community School, Castle Air Museum, Foster Farms, Hughson Nut, Merced County Office of Education and the 99-cent Store. These customers, along with thousands of local residents, are local stewards of environmental action. Together these environmentally proactive MID customers have contributed to a reduction of approximately 2,400 tons of carbon dioxide from our environment. They have all made a highly commendable contribution to our local community and we thank them for their leadership.



Residential Programs

Very popular with local residents this year was our Free Shade Tree program. Over 1000 shade trees were given away

to participating MID residential customers on two consecutive Saturdays in October. Volunteers from the local community supported the tree distribution by donating their time and labor to move and load the trees into customer vehicles. Our residential compact florescent lighting program was also a tremendous success. Thus far in 2008 over 30,000 compact florescent bulbs are lighting up our MID customers' residences, saving many thousands of kWh and having a positive impact on the environment.



Industrial/Commercial

Fourteen industrial/commercial projects have been audited including the installation of energy retrofit projects (lighting, compressed air, variable frequency drives and HVAC). We anticipate that customer participation in our industrial/commercial retrofit program will likely double in 2009.

These public benefit programs are a win/win/win for the customer, for the community and for the environment. We encourage all of our customers to take advantage of these programs and to Go Green with MID. For more information please call 209-722-5761 ext. 119.



Introducing Marc Smith

Marc Smith joined the Marketing Team at MID in August 2008 as the Major Account Representative. Marc is a Merced native and holds a Bachelor of Science degree in agriculture from California State University Fresno. In addition to a ten-year career in the fresh market tomato business, primarily with Central California Tomato Growers, Marc also worked as an appraiser with the Merced

County Assessor's office. He is an avid golfer and snow skier, and enjoys many outdoor activities. Marc will market new and existing MID Electric services, administer contracts and agreements, and coordinate MID's Electric Service Division efforts to provide individualized, responsive service. If you'd like to contact Marc, he can be reached at 209-722-5761 extension 122.

NMDL Update For Our Valued Customers:



Starting in June of 2008, many Merced Irrigation District customers began receiving bills from PG&E. These monthly charges, authorized by the California Public Utilities Commission (CPUC), are so-called "New Municipal Departing Load Charges" (NMDL) or "Exit Fees" and are designed to help PG&E recover alleged costs relating to the state's power crisis and PG&E's bankruptcy. Even customers of MID who have never received electric service from PG&E at their present address are being charged. The Merced Irrigation District (MID) has opposed these charges for more than six years because its customers receive no benefit from them.

PG&E successfully argued to the CPUC that, although you are a new customer and have never been part of PG&E's existing electric system, it had incurred costs in anticipation of providing you electric service. Those costs, as well as certain fees associated with the energy crisis of 2001, are included in the NMDL charges. MID (and other public power providers) strongly object to this premise and argued against it in front of the CPUC. MID has tried to protect its customers by taking this to

the Supreme Court of California. Other public power providers joined in this effort. The California Supreme Court has recently denied our request for a hearing on this issue.

PG&E began billing NMDL charges in June of 2008. In addition to ongoing charges, PG&E will also be collecting charges retroactively to July 10, 2003, or the date that you began service with MID, whichever is later. The charges will be based on estimated electrical usage at your location. Customers should carefully review the charges for accuracy. The charges are described more fully in PG&E's schedule, which is available at PG&E's website: www.pge.com.

What You Can Do

Many of MID's customers have already contacted PG&E, the CPUC and their elected officials expressing their concerns regarding this issue. MID strongly recommends that its customers contact PG&E, the CPUC and their elected officials to object to these charges and or to get answers to any questions they may have. A listing of those contacts can be requested by contacting the **Marketing Department at MID 209-722-5761 ext. 113.**