

January 21, 1997
FOR IMMEDIATE RELEASE

Contact: Garith Krause,
Assistant General Manager
Finance and Electric Services
(209) 722-3041

Directors OK Environmental Review of Distribution System

MERCED, Calif. – The Merced Irrigation District Board of Directors today approved the environmental review of the District's power distribution system for the Livingston area, bringing the concept of access to lower-cost power one step closer to reality.

In a related development, the Board also approved funding for the District to conduct an environmental review of its plans to extend power lines to Atwater and Castle Air Force Base.

MID, which has been providing electricity to Foster Farms in Livingston since May 1996, plans to begin serving other areas of the Livingston community within the next few months. Rates for electric power are expected to be 20-30 percent lower than what customers pay PG&E.

"We're excited about the prospect of serving the Livingston community," said Garith Krause, MID Assistant General Manager. "Even if we can only serve 20 percent of Livingston's electrical needs, we believe the community would still save more than \$200,000 a year."

Livingston schools, for example, have expressed interest in utilizing MID power, explained Krause. The high school's electric bill alone might be reduced by as much as \$30,000 to \$40,000 annually.

The next step is for MID to enter into a franchise agreement with the City of Livingston for the District's use of public rights-of-way and payment of a franchise fee.

MID is committed, as part of the franchise agreement, to making up any difference in franchise fees from what the City currently receives from PG&E, based on the utility provider's revenue from electric power sales, Krause said.

"Since MID will be selling power at lower rates, our revenue will be lower and the standard franchise fee total would also be less. However, we have assured the City that the amount they receive will not drop accordingly. In order to make up the difference, MID will in effect pay a higher percentage rate of franchise fee than does PG&E," Krause said. "We're confident that we can reach an agreement with the City in a timely fashion."

The distribution system will be approximately 6.5 miles in length. It will begin at MID's Pioneer Substation on Olive Avenue, loop around the City of Livingston along canal and public-road rights-of-way, and return to the same substation. Along the route, MID irrigation canals and laterals will be used for 3.3 miles, public roads for 3 miles and a private right-of-way for just under a quarter-mile. Over time, additional underground and overhead lines may be constructed to connect new customers.

MID may not initially be able to reach all of Livingston due to city concerns regarding double sets of overhead power lines in town. The distribution system, though, will be able to serve many of the area's major users of electric power, many of which are schools and city facilities.

"By saving the local schools and city money they are now spending on electricity, funding will be available for other community needs," Krause said.

The District's planned distribution system is also adjacent to areas where future city growth is planned.

"Lower-cost power can be a significant incentive in recruiting business and maintaining the existing job base. We believe that this can provide a boost to the local economy," said Krause, pointing to the County's high unemployment rate. "By being able to buy power for 20 to 30 percent less than current rates, customers will see significant savings."

MID is also planning to construct other transmission systems originating from the Pioneer Substation that can eventually serve additional areas of the County, including the cities of Atwater and Merced.