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MID Electric Services Receives \$19.2 Million Funding

Region's Low-Cost Power Provider Energized by Sale of Second Issue Financing Electric Distribution System

MERCED, Calif. – Merced Irrigation District Electric Services has received \$19.2 million in funding that will allow it to complete construction of its low-cost power transmission and distribution system serving eastern Merced County.

The \$19.2 million Certificate of Participation issue was sold this week to representatives of large mutual funds and private investor groups, according to Garith Krause, MID Assistant General Manager, Finance and Electric Services.

These funds will primarily be used to pay for the construction of the distribution system that will provide connections to customers, including approximately 66,000 feet of main distribution feeders that will be installed underground in the Merced Area, Krause said.

An earlier funding of \$18.4 million received by the District in June is being used primarily to finance ongoing construction of MID's 115-kilovolt transmission loop, designed to deliver reliable power to parts of Atwater, Winton, Merced and the entire Castle Airport Aviation and Development Center.

"We have obtained the funding for building our low-cost power system," said Krause. "Now we're focusing on the pay-off portion of this project, and that's delivering the benefits of reliable, competitively priced electricity to our customers and to local communities."

Krause said a key contribution to the successful sale of the Certificate of Participation issue this week was an investor tour sponsored by MID. Potential investors took a tour of MID Electric Services facilities and operations last month. Most of the \$19.2 million issue was sold to tour participants, who were also introduced to local business and community leaders.

"These investors gave us a real vote of confidence, after thoroughly examining our power system plans and experiencing our great community and customer support," said Krause.

This second financing package has similar advantages to the first financing package, explained Krause.

It allows the District to invest revenues to pay off the debt ahead of time. Scheduled for the year 2008, early retirement of the debt will save the District money and make MID Electric Services even more competitive as the state's deregulated energy market matures, said Krause.

Other advantages include a low average interest rate of 6.1 percent, and the fact the debt is secured wholly by MID Electric Services facilities and revenues, not those of the wider District.

Construction of substations at Castle and in Merced as well as improvements to the Pioneer Substation in Livingston are also part of MID's construction plans, which point toward completing the bulk of the work on the electric transmission and distribution system by late 1999 or early 2000.

The financing will support construction of the MID Electric Services distribution system. Revenues produced by this system will be used in part to finance the relicensing of New Exchequer dam by 2014. They will also be used to continue building an expanded local distribution system for the hydroelectric power generated by MID after the existing contract to sell that power to PG&E concludes in 2014.