

February 24, 1997  
**FOR IMMEDIATE RELEASE**

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

### **MID in Position to Provide Low-Cost Power to City, School Facilities on Cressey Road**

MERCED, Calif. – The Merced Irrigation District (MID) recently reached an agreement with Foster Farms that will allow the District to use the poultry processor's power distribution system to provide electricity to city and school facilities off Cressey Road.

With this agreement in place, MID has begun discussions with the Livingston Elementary School District and City of Livingston with hopes of soon providing lower-cost power to Yamoto Colony School and a city well. MID will also be exploring whether the Foster Farms distribution line can be used to serve any private parties in that area of town.

Once MID has its transmission system built for the Livingston area, the District will be able to provide retail electric power to all three elementary schools, the majority of the city's wells, other city and school facilities, as well as numerous businesses and residences.

"Our recent agreement with Foster Farms is just another step in turning into reality Merced Irrigation District's vision of providing the Livingston community with lower-cost power," said Garith Krause, MID Assistant General Manager for Finance and Electric Services. "By saving the local schools and city money they are now spending on electricity, funding will be available for other community needs."

MID will be able to sell retail electric power to the Livingston area at rates 20-30 percent lower than what customers currently pay. Even if the District serves only 20 percent of Livingston's electrical needs, the community could save more than \$200,000 a year, Krause said.

The District's plans call for building a transmission loop around the city. MID staff is currently working with city officials on a franchise agreement for the District's use of

public rights-of-way and payment of a franchise fee. Once an agreement is in place, MID will begin constructing its distribution system.

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, the District's revenue will be lower and the standard franchise fee total would also be less. However, Krause said MID has 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.

MID, which has been providing electricity to Foster Farms in Livingston since May 1996, and would like to begin serving other areas of the Livingston community within the next few months. Not only will the distribution loop reach many public facilities, but it is also adjacent to areas where future city growth is planned.

The District 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. The District will soon begin an extensive environmental review of its plans to provide a distribution system for the Atwater area.

Pointing to the County's high unemployment rate, Krause said that lower-cost power can be a significant incentive in recruiting business and maintaining the existing job base.

"We believe this can provide a much-needed boost to the local economy," he said.