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Castle JPA Cinches Agreement For Merced Irrigation District Power

MERCED, Calif. – The Castle Joint Powers Authority on Thursday made it official: Merced Irrigation District power will energize the Castle Airport Aviation and Development Center with reliable, low-cost power.

The decision confirms the JPA's initial vote last year to choose MID as the Castle power provider over Pacific Gas & Electric Co. Thursday's decision comes after the successful completion of negotiations on an agreement in which MID provides power to the Center and acquires its electrical distribution system. The system, including a substation, will be upgraded.

With MID Electric Services as the Castle electric provider, the economic benefits and competitive advantage of low-cost power are secured for this important Merced County center for business and employment, according to Garith Krause, MID Assistant General Manager of Finance and Electrical Services.

"We're excited to be teaming up with the Castle JPA on building a brighter future for Merced County," said Krause. "In Livingston, local businesses, schools and the City already receive the benefits of MID low-cost power. Now Castle businesses are on track to receive these same competitive advantages."

"Along with the recent start of construction on our 115-kilovolt power distribution loop, having this decision by the JPA behind us is another positive step forward," he said.

Construction activity on the first portion of MID's 115-kilovolt loop -- the section from Livingston to Castle -- is scheduled to increase in the spring and throughout the summer. MID expects to energize the 115-kv line to Castle by August, and to reach customers in the Merced area by December. Plans call for the entire loop to be completed within a year, connecting the Merced area back to Livingston.

Until MID's distribution system to Castle is completed, the District will continue to wheel WAPA power through PG&E lines. With MID, Castle businesses will be able to continue enjoying the low-cost power they are currently receiving from the federal government, because the District's rates will match WAPA's, Krause said.

"Businesses in the Castle Center have been concerned about losing the competitive advantage of low-cost power," Krause said. "With MID, they'll keep that advantage, plus get the benefits of teaming up with a reliable, responsive local provider."

In choosing MID, the Castle JPA pointed to a number of benefits in the District's proposal. These include:

- MID customers are exempt from paying Competition Transition Charges (CTCs) paid by most other California utility customers;
- MID will make capital improvements to the Castle distribution system;
- MID provides Castle with the opportunity to maintain WAPA low-cost power allocations until MID can provide electricity to Castle;
- MID's low-cost power will be a powerful incentive in attracting new business;
- Existing tenants will enjoy low-cost power provided by MID.

MID already has experience working at Castle. The District has provided electric system maintenance, operating and billing support for more than a year.

Castle businesses are currently using a peak load of about 3.8 megawatts. With more businesses expected to relocate to Castle, power demand is expected to more than double.

"Power costs can really affect the bottom line of many businesses," Krause explained. "Our rates are 20 percent to 30 percent lower than what many businesses are currently paying elsewhere in the state. This is a significant incentive for eastern Merced County to attract new businesses and the jobs that come with them."