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FOR IMMEDIATE RELEASE

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

Livingston City Council Gives MID Green Light to Build Power Distribution System

MERCED, Calif. – Competition in the retail electric power industry is coming to Livingston.

The Livingston City Council voted unanimously Tuesday night to approve a franchise agreement with the Merced Irrigation District (MID), paving the way for MID to begin providing an alternative source of retail electric power to area consumers.

Customers served by MID can expect to see a savings of 20-30 percent, said Garith Krause, MID Assistant General Manager for Finance and Electric Services.

"Our plan has turned from vision into reality," Krause said. "This is the dawning of a new era in Livingston. We're excited about serving the community."

With a franchise agreement now in place, MID will finalize engineering plans and then begin construction. The enter power distribution loop is expected to be completed by late summer, Krause said.

MID is investing approximately \$600,000 in the distribution system and the Pioneer Substation, which was completed last fall.

Due to a recent agreement with Foster Farms, the District can also begin rapidly serving some customers located in that area of town. The agreement will allow MID to use the poultry processor's power distribution system to provide electricity to city and school facilities off Cressey Road

Discussions with the Livingston Elementary School District are taking place on MID serving Yamoto Colony School, using the Foster Farms system.

"Competition is quickly coming to Livingston," Krause said. "Many areas of Livingston will now have a choice of electric power providers. This will mean lower costs and better service."

Due to concerns expressed by the City over duplicate power lines, MID will not be able to initially serve the entire community. The distribution system, though, will be able to serve many of the area's major users of electric power, including many school and city

facilities, industrial areas, and areas designed for future residential and commercial development.

"Even if we only serve 20 percent of Livingston's electrical needs, we believe the community would still save more than \$200,000 a year," Krause said.

The franchise agreement approved Tuesday calls for MID to pay the City of Livingston 1.5 percent of gross revenues, compared to 1 percent paid by PG&E. The difference is due to the fact that MID will be selling its power at lower costs. This means that revenues to MID will be lower and the standard franchise fee would be less. By paying a higher percentage, the City will be ensured of receiving the same amount of revenue, Krause said.

Like private businesses and residences, the City will be able to benefit from contracting with MID to provide electric power at lower rates. This can free up money to be used on city programs, Krause said.

"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. The District will soon begin an extensive environmental review of its plans to construction a transmission system for Atwater.