

July 11, 1997
FOR IMMEDIATE RELEASE

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

Castle JPA Selects Merced Irrigation District as New Power Provider

MERCED, Calif. – The Castle Joint Powers Authority on Thursday unanimously selected the Merced Irrigation District as the future power provider for the Castle Airport Aviation and Development Center – an area designated for significant industrial and business growth.

The Castle JPA and MID will now enter into negotiations to reach an agreement concerning the District providing power to the center and acquisition of the electrical distribution system.

"We are elated that the Castle JPA has chosen MID," said Garith Krause, MID Assistant General Manager of Finance and Electrical Services. "We want MID's low-cost, reliable power to be the energy that helps fuel competitive, job-producing growth at the Castle Center."

"Not only will this benefit the residents of Merced County, but it's another significant step in the District's goal of being the preeminent power provider in eastern Merced County," Krause said.

Both MID and Pacific Gas & Electric responded to the JPA's request for a proposal to operate the delivery system and provide electrical power to Castle.

After reviewing the proposals and extensive discussions, the JPA's Technical Review Committee – comprised of the city managers from Atwater and Merced, the county administrative officer and the JPA's executive director – recommended that its Board of Directors select MID.

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

- MID customers are exempt from paying Competition Transition Charges (CTCs);
- MID offered to make payments to acquire and 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.

"In our proposal, we were able to offer Castle a number of items that PG&E just couldn't match," Krause said. "These, and the fact that MID is a locally controlled power provider, play a key role in the JPA's decision."

MID already has experience working at Castle. For the past year, the District has provided maintenance, operating and billing support for the past year.

Krause said he expects negotiations between MID and the JPA will be concluded successfully, and anticipates an agreement can be finalized in the next few months.

Until MID's distribution system to Castle can be completed, the District will continue to wheel WAPA power through PG&E lines. MID is in the process of finalizing an environmental review of the proposed Atwater/Merced loop, and hopes to have this distribution system online and providing power to Castle by Spring 1998.

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."

Castle businesses are currently using a peak load of about 2-2.5 megawatts. With more businesses expected to relocate to Castle, power demand is expected to more than double.

"Power costs can be a significant expense to many businesses," Krause explained. "If we can provide rates to 20-30 percent lower than what many businesses are currently paying elsewhere in California, that's a significant incentive to relocate to eastern Merced County."