

MID E-Release

Date: 06-26-09
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Modesto Irrigation District (MID) Board Meeting of Tue., June 23, 2009

The next MID Board meetings will be Tues., July 14, 21 and 28; and Aug. 4, 11 and 18 at 9 a.m.

The MID Board Report is a summary of highlights of meetings of the MID Board of Directors and not a complete or official record of proceedings. Official records of proceedings of the MID Board of Directors are contained in the Minutes of meetings of the Board of Directors. For information about the Minutes, please contact the Office of the Board Secretary, 1231 Eleventh Street, Modesto, telephone 209 526-7360, 8 a.m. – 5 p.m., Monday – Friday, excluding holidays, or email Board@mid.org.

Staff Reports

- **Water Report** – Walt Ward, Assistant General Manager of Water Operations, reported that all Hetch Hetchy reservoirs have reached 100 percent capacity. Water elevation in Don Pedro Reservoir, which dipped as low as 730 feet earlier this year, reached 809 feet today. Don Pedro will probably reach peak elevation for 2009 sometime later this week. The City and County of San Francisco, the Turlock Irrigation District (TID) and MID are conducting a variable flow study in the Tuolumne River. The agencies are temporarily keeping river flows around 105 cubic feet per second (cfs), substantially higher than the 75 cfs required by the Federal Energy Regulatory Commission (FERC).
- **Don Pedro Board of Control Report** – Director Hensley reported that year-to-date revenues of \$545,000 still lag behind expenses of \$607,000. However, Memorial Day reservations were up 75 percent over 2008, and campgrounds are fully booked for the July 4 holiday. The fireworks display will begin at 9:30 p.m. on July 4. Parking is \$7 per vehicle, and early arrival is recommended.

Approved by unanimous vote – A resolution approving a multi-year agreement among MID, TID and HDR Engineering, Inc. for **consulting and project management services associated with FERC relicensing of the Don Pedro Project**.

Renewing FERC-issued licenses is costly and takes about seven years. Due to expire April 30, 2016, the Don Pedro Project license is jointly held by MID and TID. License renewal is currently estimated to cost roughly \$26 million, excluding legal expenses and internal costs such as labor. Most costs will be allocated: MID - 31.54 percent, TID - 68.46 percent. MID and TID will establish a two-person Relicensing Committee. The HDR project manager will report to this Committee. FERC relicensing procedures are process (study) oriented and involve wide stakeholder input. The relicensing process will examine numerous issues with a particular focus on factors affecting fishery management in the lower Tuolumne River downstream of La Grange Dam.

Approved by majority vote – A resolution approving and authorizing a **natural gas prepay transaction** by means of issuance of gas revenue bonds by the M-S-R Energy Authority, in an amount not to exceed \$1.2 billion, and execution of a gas supply agreement with the M-S-R Energy Authority.

This measure:

- **Will save MID ratepayers approximately \$1.5 million per year in fuel costs** for the next 30 years.
- Limits MID's share of this transaction to about one-half of our current annual fuel needs.
- Requires a minimum cost savings of \$0.75 per million BTU of natural gas acquired on a pre-paid basis.

This measure will not:

- **Increase the amount of MID debt** or M-S-R debt, or
- **Expose MID ratepayers to any liability** if counterparties to this transaction do not carry out their commitments.

Solar Photovoltaic Program

Energy Services Supervisor Bob Hondeville presented policy options for three questions related to MID's Solar Photovoltaic (PV) Incentive Program.

Should MID:

1. Allow leased solar PV systems to qualify for Senate Bill 1 incentives?
2. Consider allocating Renewable Energy Credits (RECs) to the owner of the solar PV system?
3. Update the dollar amount of MID incentives for solar PV systems beginning Aug. 1, 2009?

By majority vote, the Board acted on item 2 by continuing the present policy on RECs. MID will retain RECs for projects that receive incentives paid for by MID ratepayers.

Items 1 and 3 were continued to the July 14 Board meeting.