

MID Board Report

Modesto Irrigation District (MID) Board Meeting of Tue., July 13, 2010

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Next MID Board meetings are scheduled July 27, August 10, 17 and 24.

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.

Water report

- The Hetch Hetchy system is at maximum capacity with Hetch Hetchy Reservoir at 361,944 acre feet.
- Don Pedro Reservoir is currently at 827 feet elevation.
- MID is at peak irrigation demand having delivered 17,000 acre feet of water in the last two weeks. Approximately 95,000 acre feet has been delivered to date this season.

Don Pedro Board of Control report

- A record number of visitors enjoyed the annual fireworks display on Saturday, July 3.
- June was a good month for visitors due to the reservoir's high elevation and warm summer weather.

MID's 2010 A/B Financing Overview

Assistant General Manager of Finance Lou Hampel provided an overview of MID's recent financing activity for Woodland 3 and Lodi Generation Stations. Of the \$100 million financing, approximately \$60 million was done via Build America Bonds and \$40 million through tax exempt bonds. MID received an overall 4.8 percent interest rate. This recent bond transaction was particularly difficult due to bond-rating agencies' criticism of MID not meeting its established financial policies, the Board's history of not implementing adopted rate increases and general difficulties in selling California credit at this time.

Action by unanimous vote

The Board unanimously approved a joint development agreement with Primus Power Corporation for a flow battery energy storage development project:

- Primus Power Corporation is developing a 25 MW flow battery which will store energy off peak and generate power for up to three hours.
- Over the next five years, MID will work with Primus Power to develop the flow battery product specifications, test and evaluate the technology. Upon the project's completion, MID will have the opportunity to decide whether or not to purchase a flow battery system.
- MID expenses for this project – including labor, travel and any outside services – will be reimbursed through Department of Energy and California Energy Commission grants awarded to Primus Power.

2011-2012 Budget Workshop

As part of the 2011-2012 MID budget public workshop series, review of MID's electric resource policy, energy efficiency policy and risk management and hedging was conducted. Discussion included the status and impacts of legislative mandates as well as MID's progress towards green energy, energy efficiency regulatory compliance and budgetary impacts, the state of the power and natural gas markets, MID's risk policy limits and stress testing. A review of MID's vehicle replacement policy was postponed to the July 27 Board meeting.

The 2011-2012 budget public workshop series continues through July and August.