



## Merced Irrigation District Discovers and Will Recover Nearly \$2 Million Due to Ratepayers

**For Immediate Release:** October 1, 2012

**MID Contact:** Mike Jensen

209-722-5761

[mjensen@mercedid.org](mailto:mjensen@mercedid.org)

MERCED, CA – Merced Irrigation District will receive nearly \$2 million in recovered costs from PG&E associated mainly with operations employment at the New Exchequer Hydroelectric Project.

The payments will be made to cover MID costs related to health care and retirement obligations for District employees operating the Project.

The New Exchequer Dam and Hydroelectric Project were built during the 1960s in cooperation between PG&E, MID and the U.S. Army Corps of Engineers. Under the contract, MID was to own and operate the hydroelectric project while PG&E received the benefit of the electricity. PG&E paid MID for operating expenses and for the District's employees to maintain and operate the Project. MID will begin receiving the benefit of the electricity produced at the hydroelectric project beginning on July 1, 2014 as the current 50 year Merced River Development Agreement expires.

“Over the past couple of years, the current management team has continued to review numerous records, agreements and financial management issues at MID,” said District General Manager John Sweigard, who was appointed by the Board of Directors in January of 2010. “We were surprised to learn that MID was not collecting additional expenses from PG&E related mainly to employment and unfunded liabilities for operations at the hydroelectric Project. We notified PG&E, conferred and they agreed that MID should receive the compensation to which we believed we are entitled. If this had not been identified and the current contract expired, MID water ratepayers would have been left holding the bag for these employee expenses.”

The near total of \$2 million in recovered costs consists of approximately \$1.4 million in unfunded CalPERS liability. The District will also recoup nearly \$406,000 in administrative costs and \$143,000 for retired employee medical benefits.

The funding will be paid in installments to MID as part of current operating expenses paid each month by PG&E. The payments will continue until 2014 when the Merced River Development Agreement ends.

Designation for the future of the funds will be determined by the MID Board of Directors in the near future.

###