

**MERCED IRRIGATION DISTRICT
WORKSHOP
APPROVED MINUTES
July 17, 2018**

The Board of Directors of the Merced Irrigation District met on the above date, pursuant to notice, at 12:00 P.M. at Merced City Civic Center.

PLEDGE OF ALLEGIANCE

Roll call showed the following Board members present:

Directors:

Dave Long	<i>President – Division 3</i>
Suzy Hultgren	<i>Division 4</i>
Robert Weimer	<i>Division 5</i>

The following Board members were absent:

Directors:

Jeff Marchini	<i>Vice President – Division 1</i>
Scott Koehn	<i>Division 2</i>

The following MID employees were also present:

General Manager	John Sweigard
General Counsel	Phillip McMurray
Chief Financial Officer	Dipak Bhakta
Director of Administrative Services	Victor Moreno
Hydroelectric Project Manager	Peter Wade
Senior Engineer	Richard Dragonajtys
Business Development Program Manager	Chris Cuttone
Customer Programs Manager	Vanessa Lara
Executive Assistant to General Manager	Dominique Zuniga

CORRECTIONS AND/OR ADDITIONS TO AGENDA

None

PUBLIC COMMENT

None

PRESENTATION/ DISCUSSION ITEMS

Mr. Tony Georgis, a consultant aiding the District in developing its DRAFT cost of service rate study and provided an overview of the Cost of Service (COS) Process. Mr. Georgis presented the COS DRAFT results. Mr. Georgis led a discussion regarding the process evaluating rates based on the cost to serve each individual rate class. Throughout Mr. Georgis' presentation, a number of table charts were provided to ensure Board members could see how fixed and variable costs were a factor in evaluating various rate classes.

Following the discussion regarding the DRAFT cost of service study, Mr. Georgis stressed the importance of the District adopting a gradualism approach to rate design changes to ensure customers will understand how and why the District implements results from the DRAFT Cost of Service Study. Mr. Georgis proposed transitioning from seasonal rate changes to the one energy rate throughout the year. Mr. Georgis noted that any proposed rate changes will have different impacts depending on the

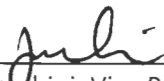
customer class and load profile. The discussion led into a table chart displaying the proposed rates within residential and non-residential classes with comparison to current rates based on rate units.

The District's Net Energy Metering (NEM) tariff was also evaluated as part of the DRAFT COS. Mr. Georgis discussed the transition to a successor tariff, NEM 2.0, to ensure the District is recovering the costs associated with providing service to the District's solar customers. Current NEM customers would be "grandfathered" under the current NEM tariff. NEM 2.0 customers would have a separate tariff. NEM 2.0 would become effective six months after Board approval to allow transition time.


A proposed timeline for any changes was provided to allow for customer feedback. Staff will provide updates to the Board at a future Board meeting.

ADJOURNMENT

President Long adjourned the Board Meeting at approximately 12:42 PM.



Jeff Marchini, Vice President



Dave Long, President