



STAKEHOLDER NOTICE

The Imperial Irrigation District (IID) desires to help create new jobs in its service area and increase the throughput on its transmission system for the benefit of its ratepayers. To accomplish this goal, IID is pleased to announce that it is considering adopting a new economic development rate and will hold a stakeholder meeting to solicit feedback on its economic development rate proposal.

Economic Development Rate Proposal

While the unemployment rate is extremely high in the District's service area, there is also a vast amount of renewable resources that could be developed to create new job opportunities. IID believes that more renewable generation facilities could achieve commercial operation and throughput on IID's transmission system could increase if IID were to offer an economic development rate that is based on the MWh of energy transmitted. Therefore, IID's management and staff have recommended that IID consider implementing the following changes to its Open Access Transmission Tariff (OATT) prospectively (after final approval is obtained from IID's Board of Directors):

- The economic development rate would be offered, on a non-discriminatory basis, to all eligible customers executing new Long-Term Firm Transmission Service Agreements.
- The economic development rate would be limited initially to a period of 15 years and would be subject to change, through an open and participatory stakeholder process governed by IID's Board of Directors, if IID's cost-of-service increases.
- In addition to the projected base transmission rate of approximately \$3.38/MWh, economic development rates potentially could also be offered for two mandatory ancillary services: (1) Scheduling, System Control & Dispatch Service at a projected rate of approximately \$0.43/MWh; and (2) Reactive Supply & Voltage Control Service at a projected rate of approximately

\$0.13/MWh. These rates likewise would be limited initially to a period of 15 years and would be subject to change if IID's cost-of-service increase.

- Thus, as proposed, the total projected charge for Long-Term Firm Transmission Service and these two ancillary services would be approximately \$3.94/MWh.

If IID implements this new economic development rate proposal, some corresponding OATT language changes may be necessary to ensure, for example, that the correct amount of transmission capacity (not too much and not too little) is committed to transmission customers taking service at a rate that is based on the MWh of energy transmitted rather than a traditional rate that is based on KWs of reserved capacity. Additionally, IID may need to examine its methodology for calculating Available Transmission Capability (ATC) and ensure that any new proposal comports with mandatory reliability standards of the North American Electric Reliability Corporation (NERC) and Western Electricity Coordinating Council (WECC) related to ATC calculations before proceeding to implement the new proposal.

IID further envisions that it may be necessary to make corresponding changes to IID's standard form Generator Interconnection Agreement (GIA) with respect to the transmission rate credits that IID voluntarily provides to interconnection customers which fund transmission network upgrades. Article 11.5 of the GIA currently indicates that IID will provide credits for the non-usage sensitive portion of IID's transmission charges (i.e., the demand charge for reserved capacity), as payments are made by an Interconnection Customer (or any qualified person to whom Interconnection Customer assigns its rights to transmission rate credits). To the extent that a customer pays an economic development rate for Long-Term Firm Transmission Service that is usage sensitive based on the MWh of energy transmitted, rather than a traditional rate that is based on KWs of reserved capacity, IID envisions that it will provide transmission rate credits for such base rate payments. IID is considering providing these rate credits for a period of 25 years or the duration of the interconnection customer's Power Purchase Agreement (PPA) with an offtaker, whichever is shorter.

Time and Location of Stakeholder Meeting

IID will hold a meeting to discuss this proposal and obtain feedback from stakeholders on Wednesday, March 7, 2012. This stakeholder meeting will take place from 1:00 pm PT to 3:00 pm PT in the William R. Condit Auditorium, located at 1285 Broadway, in El Centro, California.

For Audio Conference Participation

Please dial the phone number below at least five minutes prior to the start of the conference call and enter your passcode.

Dial – In:

1 (800) 697-5978 Audience US Toll Free

Passcode: 8396 000#

Opportunity to Submit Written Comments

IID also welcomes written comments from stakeholders on its proposal. Written comments may be submitted to IID at jasbury@iid.com at any time on or before the deadline of March 16th, 2012.

For more information about this IID stakeholder process, please contact Jamie Asbury, Inter-Connect Transmission Contracts Administrator, Imperial Irrigation District, at (760)482-3379 or via email jasbury@iid.com.