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BOARD OF SUPERVISORS

June 2007

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CORRESPONDENCE 2  
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Dear Reader:

Please accept with my compliments the Modesto Irrigation District (MID) 2006 annual report, "Rising to the Challenge."

In completing this report, MID is much like the climber who, reaching the summit at last, takes but a moment to rest and enjoy the view. Immediately his eyes focus on a distant peak as he eagerly begins planning the next ascent.

MID accomplished much in 2006. Our electric system survived a record-setting heat wave. Every available worker toiled around the clock under harsh conditions to keep outages to a minimum. More than 3,000 new electric customers were connected last year. A fourth substation in north Modesto was finished, along with a new peaking power plant on the north edge of our service area. MID also made important gains in renewable wind energy.

The foundation was laid for the second phase expansion of the Modesto Regional Water Treatment Plant. This project ensures our community a safe, dependable water supply and protects MID's water rights by putting Tuolumne River water to work for the highest beneficial use. Our water rights are a priceless asset. Protecting those rights is one of MID's most important responsibilities.

In 2007 MID looks forward to advancing the last piece of our current electric resource plan, a 16-mile transmission line. We will tackle the new challenge of federal electric reliability standards. Our staff will develop exciting new incentives for solar photovoltaic systems and energy efficiency.

On the water side of our operation, MID will move the Water Treatment Plant into its construction phase in 2007. MID will stay closely engaged with legislative and environmental issues that impact the interests of our customers. These include the ailing ecosystems of the Bay-Delta estuary and restoration of the upper San Joaquin River.

Internally, MID will continue integrating new hires and newly promoted employees into our organization to replace retiring baby-boomers. As power supply costs escalate, we will look for every possible way to streamline operations and hold down other expenses, while keeping service at the level of excellence our customers expect.

It's a great time for an organization that loves to climb mountains.

Warmest regards,

A handwritten signature in cursive script that reads "Allen Short".

Allen Short  
General Manager  
Modesto Irrigation District

ATTACHMENTS AVAILABLE  
FROM YOUR CLERK