



Valley Electric Association, Inc.

A Touchstone Energy® Cooperative 

March 15, 2013

Board of Governors
California Independent System Operator
250 Outcropping Way
Folsom, CA 95630

RE: Merced Transition Agreement

Dear Board of Governors:

Valley Electric Association, Inc. (VEA) supports the proposal for Merced Irrigation District (Merced) to join the California Independent System Operator Corporation (CAISO) as a Participating Transmission Owner, Utility Distribution Company and load-serving entity, as early as July 2015.

VEA joined the CAISO as a participating transmission owner on January 3, 2013, expanding California access to significant renewable resources in Southern Nevada. VEA is a strong supporter of regionalization of the transmission grid. Coordinated planning and operation of the grid will provide economic benefits and increase reliability. Adding Merced to the CAISO footprint will promote regionalization and benefit all CAISO market participants. In addition, the transition plan process outlined in the Memorandum of Understanding between the CAISO and Merced is similar to the process by which VEA joined the CAISO. It was an effective process for addressing the issues raised by joining an organized market.

VEA urges the Board to authorize the CAISO to enter into a transition agreement with Merced.

Sincerely,

A handwritten signature in blue ink, appearing to read "Thomas H. Husted".

Thomas H. Husted
Chief Executive Officer
Valley Electric Association, Inc.