


2009

Annual Report

Imperial Irrigation District

Table of Contents

Board of Directors

Michael Abatti
Vice President,
Division 1

Anthony Sanchez
President,
Division 5

Stella Mendoza
Division 4

John Pierre Menvielle
Division 2

James Hanks
Division 3

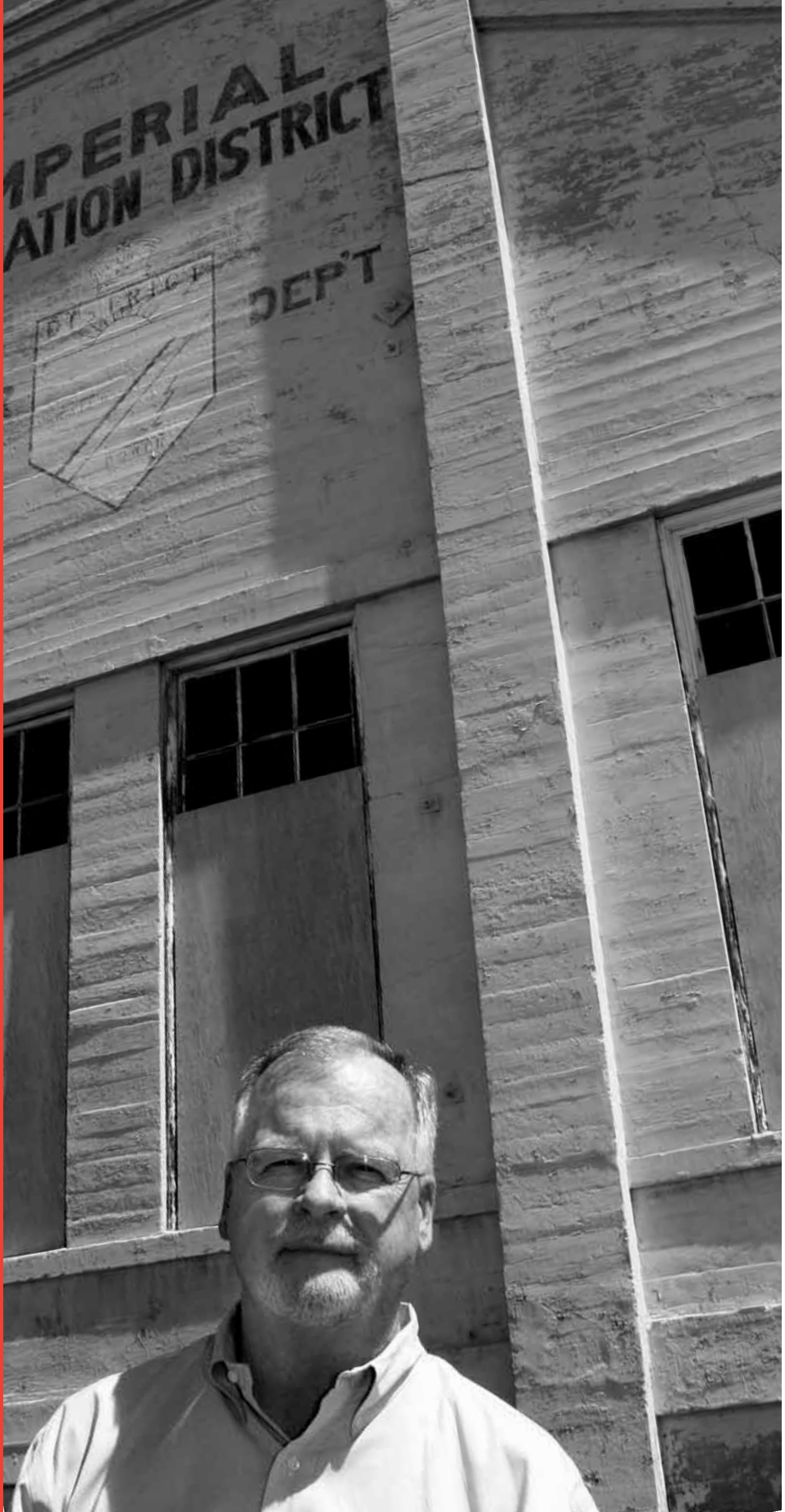
Vision and strategy

The Imperial Irrigation District began the 2009 budget year with energy and water rate increases in the offing. A proposed 6-percent increase to the energy base rate was rejected by the board; a staggered 18-percent increase to the agricultural water rate over three years was ultimately approved.

There were several milestones reached in the course of the year in implementing the board's strategic vision for the organization. The most significant of these were the acceptance of a draft integrated water resource plan, including an interim industrial water supply policy, and the creation of an integrated energy resource plan. Both plans will go a long way in facilitating the growth of the renewable energy sector in the Imperial Valley, where geothermal, solar, wind and biomass opportunities abound and developer interest has reached critical mass.

In 2009, the IID Board of Directors vigorously pursued implementation of its 2008 strategic plan and the net result to the district's water users and energy ratepayers promises to be greater operating efficiencies and bottom-line savings in the decade ahead. The issues IID has dealt with in the past year have been difficult ones but this board has shown that it is willing and able to arrive at the best decision for the people it serves.

Anthony Sanchez



At the vanguard of change

While it is certainly true that the utility industry is undergoing a period of marked change, it is also the case that IID is in the midst of its own era of transformation. As public agencies go, the district is a mature organization that understands its historical mission of keeping the lights on and the water flowing in the communities it serves.

But the district can also function as a catalyst for change, delivering not only these essential services but assuming a leadership role in helping to shape the economic future we all share. On balance, I think that 2009 will be seen as a pivotal year in the nearly 100-year history of IID, a time when the future of the organization and the region came into sharper focus.

It was a year in which the IID strategic plan and targeted activities were brought into working alignment with operational analysis of the entire enterprise. Integrated water and energy resource plans were developed in close cooperation with the county of Imperial and community stakeholders, and the planning horizon extended to provide greater flexibility and certainty to energy ratepayers in the Imperial and Coachella valleys and to all water users within the district's irrigation service territory.

It was a year of placing the organization at the vanguard of change and of pursuing the common good, a reaffirmation of where we have been as an irrigation district and a public power provider, where we are headed in the years ahead and what we can become in the next century.

General Manager **Brian J. Brady** stands in front of IID's old power plant located east of the railroad tracks along W. Commercial Avenue in El Centro. Though no longer producing energy, the facility continues to be used by the Energy Department.

Resource planning work saves millions, staves off rate increase

IID's Resource Planning Section used a multipronged approach to reduce and stabilize IID's power supply budget. In the process, the team reduced power supply costs by more than $83 million in 2009 and averted the need for a 6 percent energy rate increase.

The springboard to this success began with the approval of a new risk management plan that enhanced and defined IID's hedging activities and directed the department to target options for lowering prices while reducing IID's exposure to market volatility. This, coupled with the financial downturn in the latter part of 2008 and early 2009 in which energy costs dropped sharply, allowed IID to lock in a series of energy contracts through 2012 at low costs.

In addition, the district renegotiated several of its old contracts in exchange for more favorable terms. One agreement was the renegotiation of IID's contract with El Paso Electric that cut $7.4 million off of the 2010 power supply budget and $14.2 million from 2011. The old agreement required IID to purchase 150 megawatts of energy from El Paso year-round, regardless of the cost of the power. The new agreement is a combination of six different contracts that allows IID to purchase energy to fit its needs.

"By creating a more sophisticated hedging approach and more purchasing resources more closely tied to monthly energy needs, we've been able to keep power supply costs down and insulate the organization from the ups and downs of the energy market," said Energy Manager Dave Kolk.

In addition to renegotiating its contracts, the section realized additional savings by creating sophisticated and accurate demand forecasts and increasing purchases in the short-term (day- and week-ahead) markets.

Director **Michael Abatti** walks the grounds of the district's generation station in El Centro.

Integration key to perfect mix in IID's renewable portfolio

Greenhouse gases and renewable portfolio mandates have some of the nation's utilities scrambling to add renewable resources to their portfolios, which sometimes come at exorbitant costs to the consumer. Not so for IID.

As outlined in its integrated resources plan, IID is taking a measured approach to meeting these goals and has outlined a plan to responsibly meet them while minimizing the rate impact on the consumer. The plan provides direction for the next 10 years and includes recommendations for conservation/demand-side management, meeting state and federal regulatory requirements, expansion of the district's transmission system, power purchases and investment in generation resources.

"Using sophisticated modeling techniques, IID can effectively evaluate how its decisions in different areas impact each other while creating a long-term plan for the district," said Kolk. "The IRP has to be updated annually to take into account changes in federal and state regulations, changing technologies and the success, or failure, of meeting resource acquisition and conservation targets."

From an energy efficiency standpoint, IID has pledged to reduce energy demand by 5 percent by 2015 and 10 percent by 2020. To this end, the department reorganized its Demand-Side Management Section and is revising and expanding the number of programs it offers customers.

IID's current power mix is comprised of approximately 8 percent renewable energy derived from small hydro generation. In 2009, IID took several steps to increase this, including the approval of a purchase power agreement with Greenhunter for biomass energy and the successful completion of a bio-diesel demonstration project that used tallow-based fuel in the Unit 2 generator. Additionally, work continues on several geothermal and solar options including private-public partnerships and joint venture options.

In addition to adding renewable resources, IID is also looking to make its internal generation resources more efficient. The repowering of El Centro Unit 3 will boost the existing generator's output from 44 megawatts to 144 megawatts. Besides using one-third less water, the plant will use 40 to 50 percent less fuel. Construction is expected to start in September 2010 with completion planned in May 2012.

District works out favorable revenue settlement

Millions of additional dollars are headed to the Imperial Valley for transferred water after IID successfully settled a nearly two-year price dispute in 2009 with the San Diego County Water Authority.

The prices that the district receives for conserved and transferred water pursuant to the 1998 IID/SDCWA transfer agreement and the Quantification Settlement Agreement and related agreements are specified in the agreements. For the water transferred to SDCWA, the prices were initially set by a deemed price schedule specified in the revised fourth amendment to the 1998 IID/SDCWA transfer agreement. After year 2007, either the district or SDCWA had the option to switch from the deemed price schedule to a base contract price formula that was dependent on the MWD full water rate, the cost of water to SDCWA from MWD and certain market conditions.

In 2007, the water authority elected to switch to the formula. IID and SDCWA disagreed over how the price was calculated and about the resulting amount.

Price Dispute Resolution

Year	Acre-Feet Transferred	Price per Acre-Foot	Annual Revenue
2007	50,000	$296	$14,800,000
2016	100,000	$624	$62,400,000

After many months of negotiation and with the issue headed to binding arbitration, General Manager Brian Brady stepped in and, working closely with SDCWA's general manager, engineered a solution agreeable to both parties.

"We got a better price for the water per acre-foot than we did with the original deal," explained IID Director

Director **John Pierre Menvielle** stands next to bales of straw near a wheat field east of Imperial.

John Pierre Menvielle. "It also includes an upfront payment, and we need to move forward with the San Diego County water deal."

Essentially, the agreement provides IID long-term certainty over price and quadruples its revenues from transferred water by 2016.

Under the new price structure, SDCWA will pay IID $405 per acre-foot in 2010. The per-acre-foot price will increase annually through 2016 when the water authority will be charged $624/AF. The price will then be adjusted annually through 2034 in line with the inflation index.

Those revenues notwithstanding, the settlement provided IID a $6 million payment for 2007 and 2008 deliveries of water, and an additional lump sum of $50 million to be received by IID in 2010. (The agreement includes a method for IID to repay some of the $50 million advance, under a steep 10-year declining schedule, if the water transfer to SDCWA is permanently halted.)

In 2016, the coastal water authority would pay IID $62 million for the use of 100,000 acre-feet of transferred conserved water.

Board assumes responsibility for Local Entity, distributes millions in mitigation effort

Sometimes when you want a job done right, you've got to take control and do it yourself. That was the sentiment behind the IID board's actions when it assumed the role of the Local Entity in early 2009.

After two inefficient versions of the entity were established and later disbanded, the IID board assumed the group's duties and distributed $4.08 million in compensation to 37 participating farm-service providers and job-training agencies in the Imperial Valley impacted by three years of land fallowing (2005-2008).

The Local Entity is responsible for soliciting claims and distributing mitigation funds to those in the Imperial Valley affected by the adverse socioeconomic impacts of temporarily taking land out of production (fallowing) to generate conserved water for transfer and environmental mitigation. Through the first 15 years of the water transfer agreement, fallowing is the chief means of generating conserved water in order to minimize environmental impacts to the Salton Sea and until system and on-farm conservation measures can be developed and implemented.

The agricultural-to-urban water transfer began in 2003, when IID and other Southern California water agencies became signatories to the QSA, a pact that enabled the state of California to live within its annual allotment of 4.4 million acre-feet of Colorado River water.

Westside Main Canal near Brawley.

The entity was created by the revised fourth amendment to the IID/SDCWA water transfer. Through resolution of a long-standing dispute between IID and SDCWA over the true extent of socioeconomic impacts due to land fallowing in the Imperial Valley, a fallowing mitigation fund of $50 million was established to address third-party socioeconomic impacts. Approximately $41.7 million remains to be distributed through 2017.

By action of the IID Board of Directors, all funds awarded to qualified applicants adhere to the same ratio used by the entity in 2008—65 percent to affected farm-service providers and 35 percent for job-training services and programs that provide economic stimulus in Imperial County.

IID and Imperial County accentuate the positive

The cause of regional cooperation gained considerable traction in 2009, as elected officials and managers representing the Imperial Valley's two preeminent public agencies came together to identify and pursue their common goals.

The relationship between Imperial County and IID had shown signs of obvious strain in recent years, mainly due to litigation surrounding the QSA, and there was a need, according to the general manager, to establish a meaningful and ongoing dialogue at the elected board level.

"I think there was a mutual recognition that, while there are obviously policy issues that don't lend themselves to broad agreement, there is more that unites the district and the county than there is dividing us," Brady said.

Standing meetings between two members of each board and designated staff members were held on a monthly basis throughout the year. IID board members Hanks and Menvielle represent the district in these meetings; supervisors Gary Wyatt and Wally Leimgruber represent Imperial County.

Among the issues regularly discussed has been renewable energy development, as well as joint efforts to spur economic opportunity and job creation in the region and critical infrastructure needed to facilitate land-use planning. The most tangible—and far-reaching—example of what can be achieved through this continuing dialogue between the county and IID has been the initiation of an integrated regional water management plan.

Director **Stella Mendoza** visits IID's new natural-gas powered energy plant in Niland.

An outgrowth of the district's draft integrated water resource management plan and interim industrial water supply policy documents presented to the IID board in September, the regional plan is designed, in part, to ensure a sufficient supply of water among all user categories (agricultural, municipal and industrial). Acceptance of the draft IWRMP presented to the IID board was contingent on development of this regional plan through a collaborative process with Imperial County.

The regional plan seeks to establish local funding priorities and preference for regional projects with multiple public benefits. It encourages local agencies to work cooperatively to manage their available local and imported water supplies to improve the quality, quantity and reliability of those supplies. The regional plan seeks mutual solutions to water management issues, such as improving water quality, resource stewardship and improving flood management strategies.

"The regional planning model is based on arriving at a position of consensus," said Brady. "By forging a viable partnership with the county and including stakeholders in the vetting of projects, we are removing a major impediment to regional cooperation."

Strategic plan overview

Goals generated by IID's strategic plan, created anew in 2008, were in play and significantly moved forward this past year.

Chief among them was the creation, and action in support, of the district's new overall communications strategy, which was developed as one of seven keys to the comprehensive blueprint.

The general manager became chiefly involved in enhancing two-way communication with employees across the enterprise. In addition to implementing a second annual employee

survey to gauge concerns among those who know the district best and serve as its front line, the general manager directed one-on-one "brown bag" meetings with rank-and-file employees and middle managers during the year.

Brady shared specific goals and objectives intended to resolve major issues and drive the organization.

Not only was the interaction helpful for employees, the GM said he learned a lot about the organization's inner core.

"Our strategic plan is an ambitious program where we are working together on making steady progress in implementing," he said. "I am pleased with the level of cooperation. As we move closer to implementation, the tangible results of the process will make the district a stronger and more responsive public agency."

The GM reviewed quarterly updates with the board of directors, reporting that substantial progress has been made in moving toward implementing the strategic objectives in the planning document. For example, several of the so-called tier-one activities have been completed and were replaced with tier-two activities.

The district's new strategic plan goals—the actual goals of the organization—were also rolled into the GM's annual progress review and, in 2009, each strategy was assigned measurable objectives. The goals include specific activities in the water, energy and finance departments, as well as ways to improve internal organization.

The seven specific tenets of the strategic plan (in no particular order) are:

- Comprehensive financial strategy
- Integrated water resource plan
- Integrated energy resource plan
- Comprehensive infrastructure plan
- Resource management methodology
- Qualified and effective work force
- Comprehensive communication strategy

Water supply planning critical for area

In 2009, IID continued working to develop an integrated water resources management plan specifically oriented on developing "new" water supplies to meet future municipal, commercial, industrial and environmental needs through conservation projects, demand management strategies and policy development.

The goal of the integrated plan is to provide a strategic road map that identifies an additional water supply portfolio of up to 175,000 acre-feet per year for these uses over a 37-year planning horizon through such alternatives as:

- Groundwater banking and storage to make best use of the existing IID entitlement.
- Reusing existing supplies through recycling municipal wastewater, desalting drain water that would otherwise be discharged to the Salton Sea, desalting East Mesa groundwater, or by blending East Mesa groundwater with other Colorado River supplies.
- Demand management—efficiency/conservation.
- Management policies, such as land use and annual apportionment strategies to maximize IID's 3.1 million acre-foot entitlement.

With a number of new development and industrial projects already being considered by the county and cities in the valley, the district is intent on finding a firm and sustainable water supply for them. This new demand for water, coupled with the cap placed on IID's existing supply, has brought about the potential for conflicts among different water users.

The IID plan is structured to provide a framework to address and resolve conflicts, reduce competition and polarization, identify funding strategies to build projects and develop appropriate policies to ensure reasonable and beneficial use of the district's senior water entitlement.

Director **James Hanks** surveys the district's new managed marsh complex.

As part of the planning process, the IID Board of Directors adopted an interim water supply policy for new businesses in 2009, which, under unified guidelines, sets aside 25,000 acre-feet of water annually for non-agricultural projects. Fees associated with the new projects would fund future integrated regional water management planning or conservation efforts.

With the interim supply policy serving as a bridge between the IID plan and the implementation of longer-term alternatives, the district also kicked off the regional water planning process.

Having submitted its regional application, and received its approval from the state, the district began planning for a series of public workshops for local stakeholders to comprehensively work to determine an approximate mix of demand and supply management options that would provide a long-term, reliable water supply for the region in the future. The regional planning process, which could take several years, looks at what additional opportunities might be available given the existing agricultural water conservation commitments and supply constraints in order to accommodate future growth and benefit all users.

Desert oasis takes root to protect wildlife, environment

Mesquite, willow and cottonwood trees, coupled with cattail, bulrush, salt grass and other wetland vegetation are flourishing in IID's new managed marsh complex constructed near the Salton Sea. The marsh provides a critical stopover point along the Pacific Flyway for migratory and wintering shore birds, land birds and waterfowl. With more than 400 documented species, the area around the sea supports one of North America's most concentrated and diverse bird populations.

In support of this resource, IID and the QSA Joint Powers Authority reached an important milestone in 2009 with the completed construction of the first phase of the managed marsh complex. Located along Highway 111 immediately south of Niland, Calif., the marsh is part of the mitigation implementation effort for the draft Habitat Conservation Plan and proposed Natural Community Conservation Plan under the QSA and water transfer agreement.

Funded by QSA partners, IID is implementing the measure to mitigate impacts on several fronts: for impacts to wildlife and the environment affected by reduced flows as a result of the QSA water transfers and for related impacts caused by drain operation and maintenance.

"The marsh provides additional habitat for birds and other wildlife that could potentially be displaced due to drain impacts," said Bruce Wilcox, environmental project manager. "The completion of the first phase of the marsh demonstrates IID's commitment to fulfilling its requirements under the QSA and is evidence of the importance IID attaches to its responsibility to be good stewards of the environment."

Phase I consists of approximately 360 acres of emergent wetland and riparian vegetation to mimic drain and canal habitat. Water depth and vegetation vary across the marsh's cells to create a natural wetland. The habitat area includes areas of woody vegetation to provide bosque-like habitat for small mammals and upland birds. Scientists used various planting techniques in the initial phase.

All-American Canal lining operationally finished, district pursues safety measures

IID led the Bureau of Reclamation, state Department of Water Resources, San Diego County Water Authority and regional dignitaries in marking the completion of the All-American Canal lining project in late spring 2009.

One of the largest civil engineering efforts in the U.S., the project consisted of constructing a 23-mile concrete-lined canal parallel to the existing waterway in eastern Imperial County.

The lining prevents water loss via seepage, estimated to be 67,700 acre-feet a year. The conserved water is transferred to dry Southern California coastal areas.

Completion of the project is a major achievement in California's quest to live within its 4.4 million acre-foot entitlement of Colorado River water. As such, the project extends California's available water supply at a time when drought and regulatory restrictions on pumping water from Northern California are causing significant water shortages in many parts of the state.

"The water that will be conserved as a result of this project will enable the water authority to meet its needs without impacting the available water supply in the Imperial Valley," Director Hanks said during completion ceremonies.

General Manager Brady added that the lining project's time had "clearly come," as the era of limits on the Colorado River imposes new expectations and responsibilities on all water users.

The project stands as a model as to what can be accomplished when water agencies and the state and federal government work in collaboration.

Initially approved by Congress in 1988, construction finally began in 2007 after the 2003 approval of the

Anthony Sanchez, 2010 board president, looks over Imperial Dam.

Quantification Settlement Agreement revived the project. Later legal attempts to stop the project were denied by the 9th Circuit U.S. Court of Appeals.

IID received approval from the Bureau of Reclamation to add safety features to the section shortly after the completion and immediately began working with the water authority to test various measures.

Backed by the IID board, the two entities also worked closely with the Mexican Consulate to create an educational campaign to raise the level of awareness, among migrants who cross the border, of the inherent dangers of the swift waters.

Uncertain times: Southern California's water future in limbo

The Quantification Settlement Agreement entered into by IID and other Southern California parties provided a sense of certainty to millions of Western water users.

That changed in late 2009, when a state Superior Court judge invalidated the pact after determining that one of 13 contracts violated the state constitution.

Under a stay of the judgment by the Third Appellate District Court of Appeal, the work of conserving and transferring water, and mitigating environmental impacts, continues. The appeals process could take two years.

The trial court ruled that the contact promise by California that it would pay for any environmental mitigation costs in excess of the $386 million paid by IID, CVWD and SDCWA was unconstitutional. Eleven of the agreements tied to it were invalidated.

For IID, the QSA provides certain protections and a source of revenue to fund system and on-farm water conservation practices. During the appeal, the district will look for remedies to fulfill its responsibilities to protect Imperial Valley's water rights and talk with the other water agencies and the state to address deficiencies in the Salton Sea mitigation funding mechanism.

> **"There are no winners in this situation…instead, there is only uncertainty surrounding the future of the nation's largest ag-to-urban water transfer."**
>
> — Brian Brady, IID General Manager

Under the QSA, the Salton Sea is provided mitigation water for the first 15 years of the pact. As part of its environmental mitigation efforts, the IID, through the QSA's Joint Powers Authority, also installed six air-monitoring stations near the sea shoreline in 2009 for baseline monitoring purposes.

Although the court invalidated the QSA, it did find support for the district. Specifically, the court found that IID had the authority to enter into the QSA, and, that the district did not have to allocate conserved water to landowners as part of the pact.

Should remedies remain undiscovered through the appeals process, serious economic consequences could be in store for all of Southern California.

Newly-lined section of All-American Canal east of El Centro.

Annual Statistics

	2009	2008	2007	2006	2005
REVENUES FROM WATER SALES ($000)					
Agricultural	$ 39,484	$ 42,039	$ 42,219	$ 42,411	$ 37,648
Industrial	1,563	1,569	1,337	1,491	1,517
Municipal	2,490	2,520	2,503	2,148	1,156
Miscellaneous	75	820	830	842	774
	$ 43,612	$ 46,948	$ 46,888	$ 46,892	$ 41,095
WATER DELIVERED (ACRE FEET)					
Agricultural	2,295,779	2,489,196	2,593,541	2,570,659	2,465,013
Industrial	17,902	17,633	15,727	17,612	19,078
Municipal	37,112	36,813	36,804	36,447	34,987
	2,350,793	2,543,642	2,646,072	2,624,717	2,519,078
HISTORICAL WATER RATES					
Water (per acre foot)	$ 18.00	$ 17.00	$ 17.00	$ 17.00	$ 16.00
Water Availability (per acre)	$ 3.80	$ 3.80	$ 3.80	$ 3.80	$ 3.80
FUND BALANCES ($000)					
Water Operating Fund	$ 126,886	$ 159,635	$ 115,529	$ 70,594	$36,243
Capital Reserves	8,000	8,437	6,320	6,033	5,286
Indirect Reserve Fund	28,906	29,167	29,274	28,806	30,365
	$ 163,793	$ 197,239	$ 151,123	$ 105,433	$ 71,894
RECONCILIATION OF NET EARNINGS TO BALANCE AVAILABLE FOR DEBT SERVICE ($000)					
Net Earnings	$ (14,807)	$ 1,985	$ 12,745	$ 25,463	$ (10,029)
Miscellaneous					
Add Back:					
Depreciation	21,415	12,944	12,836	12,268	11,472
Interest Expense	10,308	7,712	7,987	8,045	7,787
Unrealized Loss on Invest					
Balance Available for Debt Service	$ 16,916	$ 22,640	$ 33,567	$ 45,776	$ 9,230
Debt Service	10,290	9,409	15,880	10,847	8,780
Coverage on Debt Service	1.64	2.41	2.11	4.22	1.05
Obligation Service	1,940	2,477	2,274	1,819	2,238
Total Debt Service including Obligation Service	12,230	11,887	18,154	12,666	11,018
Balance Available for Debt and Obligation Services	16,916	22,640	33,567	45,776	9,230
Coverage on Debt and Obligation Services	1.38	1.90	1.85	3.61	0.84

	2009	2008	2007	2006	2005
REVENUES FROM ENERGY SALES ($000)					
Residential	$ 214,402	$ 216,327	$ 207,105	$ 196,318	$ 165,869
Commercial	206,406	221,521	199,458	197,312	176,844
Industrial	3,992	3,498	3,439	2,569	1,681
Deferred Revenue	(53,500)	-	-	-	-
Other	16,226	8,999	9,004	8,402	7,630
	$ 387,526	$ 450,344	$ 419,007	$ 404,600	$ 352,024
ENERGY SOLD (MWh)					
Residential	1,569,279	1,591,543	1,572,569	1,525,110	1,389,685
Commercial	1,592,950	1,715,529	1,692,260	1,643,897	1,634,669
Industrial	6,146	5,107	2,791	5,709	2,506
Other	147,746	89,950	90,567	87,643	81,888
	3,316,121	3,402,129	3,358,188	3,262,360	3,108,748
ELECTRIC CUSTOMERS					
Residential	124,586	123,529	120,101	115,770	109,279
Commercial	18,003	18,816	18,277	17,627	16,972
Industrial	19	18	18	16	14
Other	3,018	1,953	1,926	1,921	1,836
	145,626	144,317	140,321	135,334	128,101
ELECTRIC PLANT ($000)					
Net Utility Plant	$ 1,023,549	$ 1,021,962	$ 965,523	$ 837,605	$ 741,551
Miles of Lines:					
Transmission	1,672	1,675	1,675	1,670	1,676
Distribution	4,745	4,720	4,646	4,348	4,214
BONDED INDEBTEDNESS ($000)	$ 340,086	$ 355,086	$ 170,521	$ 184,225	$ 197,216
POWER SUPPLY (MWh)					
Purchases	2,798,244	2,572,823	2,725,698	2,785,205	2,407,099
Generation	885,979	1,134,953	992,757	988,223	1,043,055
PEAK DEMAND (MW)	988	979	996	993	898
HISTORICAL AVERAGE REVENUE- CENTS PER KWh					
Rate	8.39	8.38	8.09	8.32	8.44
Energy Cost Adjustment	4.91	4.85	4.38	4.08	2.89
	13.30	13.23	12.48	12.40	11.33
RECONCILIATION OF NET EARNINGS TO BALANCE AVAILABLE FOR DEBT SERVICE ($000)					
Net Earnings	$ 7,842	$ 9,239	$ 9,718	$ 22,167	$ 31,688
Miscellaneous					
Add Back:					
Depreciation	49,407	43,717	41,102	37,633	36,575
Unrealized Loss on Invest					
Interest Expense	16,903	9,897	7,740	8,590	9,103
Balance Available for Debt Service	$ 74,152	$ 62,854	$ 58,560	$ 68,390	$ 77,366
Debt Service*	30,560	20,604	22,914	20,973	20,703
Coverage on Debt Service	2.43	3.05	2.56	3.26	3.74
Obligation Service	12,079	13,442	14,178	13,693	19,965
Total Debt Service including Obligation Service	42,639	34,045	37,092	34,666	40,669
Add Back Obligation Service (SCPPA)**	9,659	10,626	10,510	10,529	14,459
Balance Available for Debt and Obligation Services	$ 83,812	$ 73,480	$ 69,070	$ 78,919	$ 91,825
Coverage on Debt and Obligation Services	1.97	2.16	1.86	2.28	2.26

*2008 Debt Service was revised due to Capitalized Interest of $2.4 million for Niland Project.
**SCPPA amount is based on 2009 actual payments. Prior years were based on forecast.

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