A CENTURY OF SERVICE

Imperial Irrigation District

Annual Report 2010

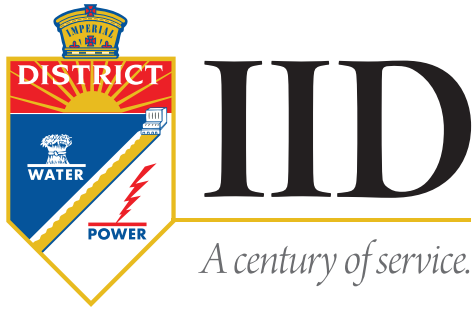

IMPERIAL
DISTRICT
WATER
POWER
IID
A century of service.

TABLE OF CONTENTS

BOARD OF DIRECTORS

Standing (from left): Matt Dessert, Division 1; Anthony Sanchez, Division 5; James Hanks, Division 3
Seated: John Pierre Menvielle, Vice President, Division 2; Stella Altamirano Mendoza, President, Division 4

The collective hard work and determination that has made Imperial Irrigation District the successful public agency it is today began more than 100 years ago when Imperial Valley pioneers tapped the mighty Colorado River to bring precious water — the substance of life itself — to a harsh, arid land.

IID's roots run deep in the fields of alfalfa, lettuce and nearly 100 other crops the valley's agricultural community produces to feed the world. Water irrigates our land, turns our fields green and quenches our thirst. Electricity, generated by a combination of methods (hydro, natural gas, fossil fuels, biomass, etc.), keeps us cool in the summer while providing an unquestionable measure of reliability to the homes and businesses in our service area.

Created by the people, IID has remained committed to being a steadfast public agency that protects is water rights and energy balancing authority for the shared good of the public it serves. In reflecting on the events of 2010, the district anticipated a number of opportunities where it continued surging ahead in the mission of serving its ratepayers. Among the more notable accomplishments:

- *The district negotiated a Quantification Settlement Agreement price reset with the San Diego County Water Authority that advanced the existing payment schedule, increased net water transfer revenue by $100 million to the IID and resulted in a bond rating upgrade.*
- *Through effective planning, the Energy Department's fuel and purchased power budget was reduced by $83 million over the previous year.*
- *Board approval was secured for the El Centro Unit 3 repowering project — a critical asset that will substantially reduce fuel consumption, greenhouse gas emissions and water use.*
- *IID initiated an open-season financing model for key transmission linkages, such as Path 42, that relies on public/private participation to enhance energy export capacity.*
- *The district kicked off the initial construction phase of the Midway-Bannister transmission line that will transport renewable energy (much of which is to be generated around the geothermal-rich Salton Sea) to the West.*
- *The first-ever transitional cluster study was conducted, calling for $507 million in systemwide upgrades to be paid for by generators already in the project queue.*
- *Innovative integrated resource plans for water and energy, aligned with the strategic plan, placed the district at the vanguard of change among public utilities in the state and throughout the West.*
- *Ongoing operational analyses instituted throughout the organization are expected to produce several millions in annual bottom-line savings when fully implemented.*

These are just a few examples that provide a glimpse of the type of work your public irrigation district and energy provider does to put customers first. IID is proud of its century of service and looks to the future with hope, promise and expectation. As the district stands at the forefront of change, we continue the pursuit of the common good and reaffirm where we have been, and what we can become tomorrow.

OF, BY AND FOR THE PEOPLE

A century ago, the people of the Imperial Valley formed the Imperial Irrigation District to help secure a foothold on the future with a public purpose.

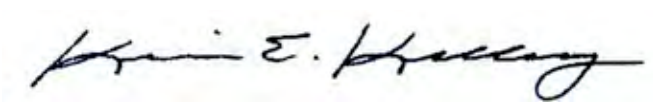
After tremendous Colorado River floods practically destroyed the area, early visionaries came together, voting for public ownership of water and the means to control their own destiny through representative government. Having reclaimed the desert frontier, they found themselves to be pioneers in an age of discovery with an unending quest for permanence.

Early visionaries, such as the legendary Phil Swing, a transformative figure in local history, would spend the bulk of their lives fighting for the Imperial Valley. Though divisions over water rights was commonplace, as were disputes over how to sustain the valley's long-term future, the determination and years of hard work eventually paid off in such monumental victories as Hoover Dam, Imperial Dam and the All-American Canal, critical assets that help make the valley a success.

Today, IID is arguably the largest irrigation district in North America and the third largest public power provider in the state of California. At its heart is a dedicated workforce whose mission is to provide affordable, reliable energy and water service. Expert workmanship, combined with a forward-looking public board of directors and leadership team, has allowed IID to become the lowest cost energy provider in Southern California. In fact, while some utilities were debating the need to raise electric prices in 2010, IID held rates steady and built up reserves, making progress in defining a roadmap that will lead to a greener future.

Actually, IID is more than an irrigation district and electric utility. It is a catalyst for change, delivering not only essential services, but assuming a leadership role in helping to shape the shared economic future of the valley. While its core responsibilities are to keep the lights on and the water flowing, its horizon has been extended to provide greater flexibility and certainty to energy customers and water users within the district's service territory.

IID works hard to uphold its founding principles and understands its historic mission to serve the public good. Since 1911, the district's history has been of public good over private gain, a chronicle of local control based on the consent of the governed — public stewardship of water and power for everyone's benefit. That was the intent back then, and even through our modern era, remains true today.



A CENTURY OF SERVICE

In the beginning, there was water.

The beginning, in this case, was 1901, which was the year that water from the Colorado River first flowed into what would become the Imperial Valley. The arrival of water to the townsite of Imperial — by means of a canal built expressly for that purpose — marked a new beginning for this harsh and arid land, and made possible its transformation into a desert heartland. This was the first time, after all, that water from the Colorado River had been conveyed in an orderly and systematic way — rather than on a rampage.

The visionaries behind its successful conveyance here were investors in a turn-of-the-century desert reclamation project and real estate development. Days after completing the long and arduous campaign to construct its canal across some of the most difficult terrain on the continent, crossing the border into a sovereign nation, Mexico, for 50 or so miles in the process, the California Development Company found itself in desperate financial straits. Besides being sued by the private syndicate's principal shareholder, the CDC was so cash-starved that it was unable to properly maintain its most important financial asset — the canal itself.

And that, more than anything else, led to its undoing when, in 1905, the floods came. It was, instead, the irresistible force of water that broke through the area's last remaining defense, the Rockwood Gate, spilling the river's entire contents into the Imperial Valley for the next 20 months and creating the Salton Sea.

This signaled the end of the CDC, which was quietly acquired by the Southern Pacific Railroad and then placed into receivership. It was the railroad that finally stopped the flooding. By this time there was a significant population here, and those early "settlements" had become full-blown communities. In addition, a quarter-million acres had been reclaimed from previously raw desert land and was now under intensive cultivation.

The desert was blooming, and the community life that had sprung up around it was thriving, too. This would have been in the spring of 1907, some months after the flooding but not long enough that anyone had quite forgotten about it — or completely rid themselves of the nagging suspicion that it could happen again.

What they did next was remarkable, considering the environmental catastrophe they had just endured, and the bleak future they still faced. They had an election to become

California's 58th and final county. That election, the so-called "division race" of a century ago, would lead, in 1911, to a different sort of vote, this time to form a countywide irrigation district under the state's Irrigation District Act. But the underlying goal was the same — to garner a measure of local control (and public accountability) through the democratic process. When the people responded by voting to approve the Imperial Irrigation District's formation by a nearly 4-1 margin, there was no doubt what they were voting for: public ownership of water, the means to control their own destiny at the ballot box, and, yes, a greater sense of permanence.

From 1915 to 1922, in four separate elections, bond issues totaling $16 million were voted on and overwhelmingly approved by the public. The first was for $3.5 million to acquire the waterworks of the bankrupt California Development Company from the railroad. In 1917, an additional $2.5 million was approved by voters for the purchase of the 13 water companies that acted as contractors for the failed CDC. With this purchase, the last remaining vestige of privately held water stock passed into the public domain.

It was then that the district and the people of the Imperial Valley turned their attention to building an All-American Canal, of which there is no greater symbol of the IID's dedication to the public good. Nothing was considered more important to the long-term prospects of the region.

When construction began, the district obtained a concession from the "new dealers" in the Franklin Roosevelt administration so that the first jobs went to unemployed local residents. It was in this same period of drought and depression that IID entered the public power business in the Imperial and Coachella valleys, a move that closely paralleled its canal-building initiative by placing the needs of the many ahead of the few.

And ensuring its and the surrounding area's economic survival.

A lot has happened in the intervening years, but it's fair to say that if the IID didn't already exist, the people would have to invent it. That's not to suggest the district couldn't benefit from a few select changes in its operations, starting with getting back to its roots as a public organization whose fundamental mission ought to be in delivering value and service to its customers and ratepayers.

Dealing with the effects of growth and the change they represent for the IID is a dynamic and ongoing process. What hasn't changed — and won't — is the district's trust relationship with its customers. While it is a public agency with its own duly constituted and popularly elected board of directors, it has been assigned a highly specific charge: to hold and manage the district's water entitlement in trust for the benefit of the public.

Much of today's Imperial Valley *exists because of the vision, dedication and hard work of early pioneers. Among the most notable is Phil Swing. Swing is largely responsible for helping man take control of the sometimes wild Colorado River through the development of Hoover Dam, which helped lend a crucial sense of protection to the Imperial Valley from raging flood waters.*

The forming of the IMPERIAL IRRIGATION DISTRICT

THE DISTRICT WAS FORMED PURSUANT TO THE CALIFORNIA IRRIGATION DISTRICT ACT, UNDER WHICH IID IS A STATE AGENCY FORMED AND EXISTING FOR GOVERNMENTAL PURPOSES.

The district's legal boundaries are in the county of Imperial. IID's powers and purposes are set forth in the Irrigation District Law found in Water Code Section 20500.

JUNE 5, 1911 — A petition for formation of an irrigation district, accompanied by a bond, affidavit of publication of petition, and notice of presentation of petition were presented to the Imperial County Board of Supervisors.

JUNE 12, 1911 — Imperial County Board of Supervisors order an election be held to determine if the district should be organized under the act.

JULY 14, 1911 — Voters approve formation of district and elect directors for each division.

JULY 24, 1911 — Supervisors order, adjudge and declare that the territory described in the petition, all situated in the county of Imperial, state of California, "is duly organized as hereinbefore set forth as an irrigation district under the name of Imperial Irrigation District."

JULY 25, 1911 — Order is recorded at 3 p.m. in Book 2, beginning with page 389 of the miscellaneous Imperial County Records. The official formation date for Imperial Irrigation District is, therefore, considered July 25, 1911.

Imperial Valley construction, circa 1912

POWER TO THE PEOPLE

At its core, the founding of the Imperial Irrigation District is a story about triumph for the public good.

It's about how generations of rugged individuals, a century ago, willingly braved the region's harsh conditions to, essentially, gamble at a chance to sustain life in the desert.

The biggest chance was none other than the attempt to tame the wild Colorado River, which practically destroyed the valley after the floods of 1905-1907.

Imperial Valley's life, not to mention IID's, could easily have ended there but, thankfully, the valley's pioneering forefathers held the belief that, if the independent water companies could unite, the valley could be saved.

The answer was the public's decision to form the Imperial Irrigation District, which would face many challenges — and numerous highlights — in the years ahead, including the milestone of marking a century of service.

IID's first power sales team, 1937

Swing is said to be responsible *for bringing "rivers, roads and rainbows" to the southwest. "The pots of gold on the Las Vegas strip, Imperial's winter garden land and Arizona's desert paradise are the rich footings of permanent rainbows that Phil D. Swing shouldered into the sky," according to the San Diego History Center.*

IID created to save THE IMPERIAL VALLEY

By the time the IID was formed by a vote of the people in 1911, the Imperial Valley was entering its second decade of existence, and the private concern responsible for bringing water to this arid region, the California Development Co., was practically out of business.

From its inception, the CDC was beset with money problems, and its principals found themselves scrambling for investors throughout the corporation's stormy history.

Men such as Charles Rockwood, C.N. Perry and Anthony Heber pursued a domestic and international money-chase for most of the 1890s, trying to secure the financial backing necessary to join the waters of the Colorado River with the Colorado Desert. Their plan was to construct a headworks on the river just below Yuma, connecting to a 54-mile-long canal that would deliver the water by force of gravity to its destination in what was variously called the "New River Country" or the "Imperial Settlement" or, finally, the "Imperial Valley."

It was not until 1900, when George Chaffey became associated with the CDC, which was already in serious distress, that work began in earnest on the canal-building project that started at Pilot Knob, extended into and out of Mexico and eventually wended its way to Cameron Lake, the settlement that would later become Calexico.

The deal he struck with Rockwood and the other officers of the corporation gave Chaffey five years in which to finish the necessary infrastructure and divert water from the Colorado River to the Imperial Valley. Within two years, though, he had completed the task, delivering the first water to the fledgling community of Imperial on June 20, 1901.

With the means to deliver water from the Colorado now in place on both sides of the border, what followed should have been a period of relative calm for the development company.

Instead, everyone involved began to file lawsuits, mainly against Chaffey, who had sought to protect his investment by consolidating his position and influence in the corporation, much to the chagrin of his partners. He would sell his interest in the company to Rockwood and the others in 1902 for securities that were valued at $300,000 (but when redeemed netted him less than $100,000).

Even so, Chaffey, who reportedly lost millions in the exchange, must have considered himself fortunate to have gotten out when he did. If he needed any further proof, though, it came with the flood years of 1905-1907, when the swollen Colorado River suddenly changed course, sweeping away the original headworks at Hanlon Heading and sending its entire flow not to the Gulf of Mexico, but to the Imperial Valley.

Only the intervention of Southern Pacific Railroad, which had its own investment to protect in the valley's continued reclamation and settlement, staved off the inevitable

collapse of the CDC, and with it the hopes and dreams of several thousand new settlers. The dilemma facing the railroad was whether to abandon its existing lines in the Imperial and Mexicali valleys (which were now underwater) and build new ones, or to throw its considerable resources into stopping the break and saving both valleys.

Fortunately for the Imperial Valley, the railroad executives opted for the latter choice, spending $6 million during the next two years to close the break. Unfortunately for Southern Pacific, it was now the California Development Co.'s largest creditor, which meant its interests in the valley were secured by the continued viability of the CDC. This made SP executives nervous.

As a member of the U.S. House of Representatives, *Swing co-authored the famous Swing-Johnson bill that called for the creation of Boulder Dam and the All-American Canal — an 80-mile conduit that would become the backbone of the Imperial Valley's water delivery system. The 1928 passage of this legislation was also the springboard for hydroelectric power in the Coachella and Imperial valleys.*

The railroad, which was also the company's largest stockholder, assumed day-to-day management of the CDC in the midst of the flood years. At first, relations between the new and old regimes were cordial, but once the break in the river had been closed for good, and Southern Pacific had a chance to audit the company's books, the railroad sued the former officers of the CDC for restitution of assets totaling $900,000.

A compromise was brokered in which Rockwood, Heber, Heffernan and the rest gave up their shares in the doomed company, along with any outstanding water stock, and this marked the effective end of the California Development Co., whose tangled affairs were now in the hands of the courts and the Southern Pacific Railroad.

What this meant for the approximately 3,000 settlers who had come to the Imperial Valley to reclaim the desert was that the company responsible for bringing water to their burgeoning communities, and distributing it to the mutual water companies they had formed and to their own farms, was no more. The Southern Pacific Railroad had become their de facto landlord and the reluctant guarantor of their future.

But the railroad wanted out of the irrigation and land business in the Imperial Valley, hoping to cut its losses before it acquired any new ones. A group of disgruntled local investors had the same idea and called for the dissolution of the company, and the sale of its remaining assets. As a result, the CDC was placed into receivership, both in the United States, where it was incorporated, and in Mexico, where most of its assets were located.

It was against this backdrop of natural and man-made disaster that the first settlers of the Imperial Valley took a series of affirmative steps they hoped would ensure the valley's future.

AFFIRMATIVE STEPS

The 1907 vote designated El Centro (with its 41 registered voters) as the county seat over Imperial, the valley's oldest and most populous community (with 500 registered voters, or one-third of the total electorate).

There were five towns in the valley in 1907: Imperial, Calexico, Brawley, Holtville and El Centro, the first three having been developed by a syndicate of Los Angeles investors and the latter two by W.F. Holt, who underwrote much of the valley's early growth and development while shrewdly avoiding any attachment to the California Development Co.

The contest that ensued was bitterly fought and would generate lingering resentments for years to come. Holt was viciously attacked in the pro-Imperial newspapers, one of which belonged, in part, to his brother, Leroy.

But the man local historian Steve Bogdan has called the "Emperor of the Imperial Valley" personally directed every phase of the campaign waged by the El Centro loyalists, following a divide-and-conquer strategy that he admitted was his only hope. In the end, Brawley mounted its own late bid, which had the effect of handing the election to El Centro.

The Imperial Valley was now its own county and El Centro its geographic and governmental center. The first board of supervisors was elected on that same August day in 1907, as was the first district attorney, Phil Swing, and the first sheriff, Mobley Meadows.

More importantly, the valley had cut its political teeth and had the bite marks to prove it. This would be the first of many geo-political battles to be fought in Imperial County, where politics ever since has been as tribal as it is local. Now, duly constituted as an official body by the state, it was ready to take on its most pressing concern: What to do about the water situation and, with it, the future of the Imperial Valley.

For a time, a federal solution appeared to be in the offing, with Congress responding to pressure from the Southern California delegation and appropriating $1 million in 1910 to construct new gates and levees near the site of the former break. But an unexpected surge in the river washed away eight months of work and killed one of the workers. After that, the government, like the railroad before it, preferred to deal with the CDC problem from a safe distance.

But a nervous Imperial County would not wait.

Despite opposition from the mutual water companies, county officials began to circulate the idea of forming an irrigation district that would be owned by the people through the California Irrigation District Act. Phil Swing, the newly elected and politically astute county district attorney, who would later serve in Congress (where he became the motivating force behind the Boulder Canyon Project), furnished the legal analysis. He also knew a winning issue when he saw one, arguing that private ownership had been tried and failed, the federal government could not be counted on to fill the void left by the railroad and the mutual water companies could not be trusted to represent the people's best interests.

According to Swing, what the Imperial Valley needed was an irrigation system owned by the people it was meant to

serve, a public agency with municipal powers similar to a city, but one that was also autonomous from county government. This call for local control had immediate appeal in an Imperial Valley still recovering from the flood years, and captured the populist mood of the voters. An election was held in July 1911, and the vote in favor of establishing an Imperial Irrigation District was 1,304-360.

Members of the first board included: Division 1, Fritz Kloke, a farmer and banker in the Calexico area; Division 2, W. O. Hamilton, an El Centro farmer and merchant; Division 3, H.L. Peck, an Imperial farmer and merchant; Division 4, Earl C. Pound, a Brawley farmer and real estate broker; and, Division 5, Porter N. Ferguson, a Holtville farmer. At its first meeting, held July 25, 1911, Ferguson was named president of the board, and members were asked to contribute $150 toward the good of the cause, with the $750 going to help defray ongoing expenses.

Their cause was self-determination, which most people believed could only be realized through the eventual purchase of the water distribution system already in place, including the 52 miles of canals owned and operated by the Compania de Terrenos y Aguas de la Baja California, a Mexican subsidiary of the CDC. Both companies and their assets were tied up in the courts, but the IID intended to acquire these properties out of receivership. In the meantime, it would have to generate the capital needed to implement its ambitious acquisition plan.

Attorney Swing, on loan from Imperial County's district attorney's office, was authorized to defend the new irrigation district in court against several of the mutual water companies that had challenged the legality of the election, as well as the legitimacy of the IID. By 1912, with the Mexican Revolution going on just across the border in Mexicali, there was open discussion of the need for an "All-American Canal," the first recorded reference to the massive project that would be completed, along with Hoover Dam, some 30 years later.

Within a year, the IID's headquarters would be moved to the Masonic Building in El Centro, and its board meetings began to take on a rancorous tone, as Hamilton ascended to the presidency and a farmer named Mark Rose made his first appearance before the board, arguing that lands on the East Mesa should be included in the district's boundaries.

A split developed on the board after this, with 3-2 votes becoming the norm, no matter how trivial the issue. At the same time, IID was negotiating directly with the railroad and with the American and Mexican receivers in an effort to purchase the assets of the CDC, which it did in 1915 for the price of $3 million. A bond issue for $3.5 million was passed later that year, and condemnation of the defunct company was initiated. Both actions were popular with the people, if not with the mutual water companies, but individual board members did not enjoy the same level of support among water users, mainly due to water shortages on the river.

Unsuccessful recall petitions were filed separately against Hamilton and his nemesis, J. Arthur McBride of Imperial, first in 1915 and again the following year. Finally, the entire board of directors resigned as a body, and the county board of supervisors had to appoint five new IID directors, naming Leroy Holt as president in 1916. It was the Hamilton-led board, however, that served during those first tumultuous years (1912-1916), which skillfully pursued the acquisition of the CDC's existing waterworks, placing it in the hands of the people.

Its reward for staying the course and acting in the common interest was public complacency and a power struggle with the mutual water companies who opposed the IID at virtually every turn until it purchased the last of the "mutuals" in 1922. It was during this period that the East Highline Canal was built, along with the Westside Main Canal and other important features of the canal network that are still in service today.

Born of necessity and tested by calamity, the IID's first four years in existence were a chronology of great accomplishments and clumsy politics, but its real achievement was in delivering to the people of the Imperial Valley some measure of certainty in the future and, with it, a reason for optimism. The flood years, and the period of receivership were behind it now, and the IID, on behalf of the people, picked up where the CDC left off.

There was only one difference, which was that the IID never let go.

The making of the ALL-AMERICAN CANAL

No issue was more important to the early IID or galvanized public sentiment more thoroughly than the fight to build the All-American Canal.

The decision by the California Development Company to convey water from the Colorado River through Mexico to the Imperial Valley was born of necessity, since it was far easier and cheaper to purchase options on Mexican lands and utilize the dry channel of the Alamo River than to construct an 80-mile-long canal entirely on the U.S. side of the border. It also turned out to be a big problem for the newly formed IID, especially when the Mexican Revolution occurred in 1911, and fighting in Mexicali made normal canal operations impossible. What the district needed was its own canal, a mighty waterway built of concrete and steel and dug deep into the desert, a wide ribbon of water through the shifting sands of a harsh land.

In 1917, supporters were more than ever convinced that the construction of a canal was both possible and realistic. Voters passed a bond for $2.5 million, and the IID board drafted and sent a letter to the Secretary of the Interior requesting "an immediate survey to determine the cost and feasibility of connecting the Imperial Valley with the Laguna Dam by construction of an All-American Canal." The All-American Canal was moving closer to reality and gained needed momentum when the Coachella Valley Water District joined a rapidly growing list of supporters that already included the state Farm Bureau and the American Legion (which had arranged a provision favoring returning World War I soldiers and veterans in opening any new lands on the East Mesa to irrigation).

In 1919, just as Phil Swing was leaving the IID to become a Superior Court judge and voters were about to approve a second bond issue of $2.5 million, Rep. William Kettner introduced legislation in the House of Representatives calling for a host of storage and flood-control measures on the Colorado River (including the construction of an All-American Canal. The bill found its way to the Arid Lands Committee, where it was stalled by a bill that authorized a comprehensive study of the entire region.

In 1920, the pace of activity on the All-American Canal front picked up considerably. Within two years, the IID would absorb all of the old mutual water companies and Phil Swing would be on the House floor as a member of Congress, where his H.R. 11449 would be introduced in 1922. Meanwhile, Reclamation had issued a report that recommended a dam be built at either Black or Boulder canyon in Nevada. By now, all of Southern California supported the Swing-Johnson bill, mainly because it had been expanded to include power generation, but also because it was beginning to look as if it might actually happen.

A Colorado River Commission had been established and the Colorado River Compact was reached among all of the affected states, with the exception of Arizona, whose obstinacy was the source of much frustration in the Imperial

Valley, as the original compact required all seven western states to reach consensus. But the state's congressional delegation was adamant in its opposition, making the prospect of consensus impossible. Finally, a legislative remedy was devised by the bill's sponsors in which the concurrence of only six states would suffice.

On the fourth attempt in six years, the Swing-Johnson bill passed the House and Senate on Dec. 21, 1928, and the longest, costliest and most divisive political fight in the valley's history had come to an end.

Work would start nearly two years later on Boulder Dam, which, it was learned, would now be called Hoover Dam. It would take the next 12 years to complete, as would the All-American Canal, which broke ground in 1934, when the first 22 miles of the canal was begun under a "force account."

This system was meant to spread the economic benefits of the project among as many local residents as possible, which was a prime consideration during the height of the Great Depression. As many as 300 men were employed in this way, representing a total of 475,000 man hours and at a cost of roughly $600,000.

The first water was turned through the All-American Canal in February 1942, and the IID would assume operation of the structure a decade later.

For those pioneers who had been around long enough to see it become a reality, the completion of the All-American Canal

Swing was born in 1884 *in San Bernardino, Calif., and graduated from Stanford University in 1905. After he was admitted to the state bar in 1907, he was elected to serve as the acting district attorney for the newly formed Imperial County.*

was the realization of a dream. It might even have been the occasion for one or more to say, "I told you so." But no one ever did, mainly because it would have been impolite to do so, but also because few would have believed them.

Because of the collective ownership of water, more than 500,000 acres of America's most productive farmland is irrigated with Colorado River water.

Agricultural water grows thousands of acres of field, garden and permanent crops. Together, the valley's gross agriculture production value exceeds the $1 billion-mark each year. While about half of the acreage is devoted to producing hay crops, the valley is continually celebrated for producing two-thirds of the lettuce, carrots, broccoli, spinach, onions and other vegetables consumed in the US during the winter months.

Stewardship, innovation, conservation and expert maintenance of a reliable, yet century-old water delivery system, are the foundations upon which this agricultural, job-creating, economic engine runs.

Likewise, now 75 years in the public power business, IID's energy futures look strong, too. Having tapped into the production of hydroelectric energy via the All-American Canal in 1936, the Energy Department has since steadily, and strongly, grown to be the third largest public power provider in California.

Your IID OF TODAY

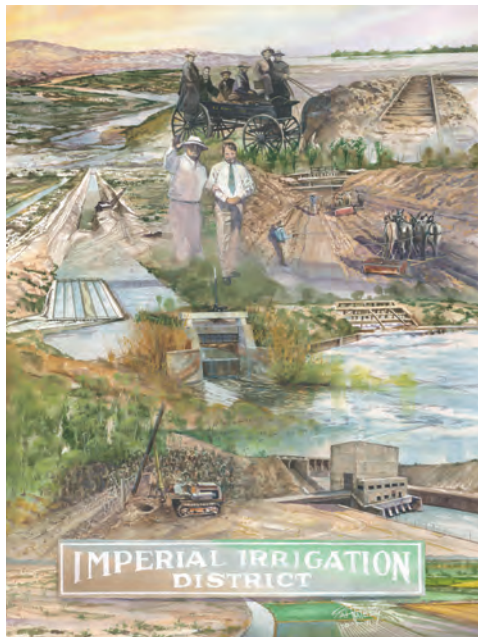
ESTABLISHED BY THE PEOPLE, IID'S TWOFOLD MISSION OF RELIABLY DELIVERING WATER AND ELECTRICITY IS ILLUSTRATED BY THE PUBLIC GOOD THAT IT DOES.

Today, IID delivers energy to more than 146,000 meters in the Imperial and Coachella valleys — two distinct areas in the west that have experienced rapid growth. And the district finds itself, much like Imperial County, uniquely positioned to play a key role as renewable energy is developed in the valley. The valley's abundant sunshine, geothermal activity, wind and biomass resources have a combined potential of generating more than 24,000 megawatts, earning Imperial Valley the title of "The Renewable Energy Capital of the World."

IID has been in step with this movement, having constructed a new natural gas energy plant to meet summer power demands, retrofitting steam generators to boost production and reduce emissions, building transmission lines to move renewable energy into the electric grid, leasing its land to develop the nation's first solar city and investigating Imperial Valley's known geothermal resource areas for energy-producing potential.

While all this is important to serving the public good, at the end of the day, what IID does best is provide reliability. Customers count on the district to deliver water when they need it and lights at the flick of a switch.

Our roots truly do run deep. Your IID was there a century ago during the valley's tenuous creation and we're here today, every step of the way. And for our tomorrows.



Operating Headquarters
333 East Barioni Blvd.
Imperial, CA 92251
Toll Free: 1.800.303.7756

www.iid.com