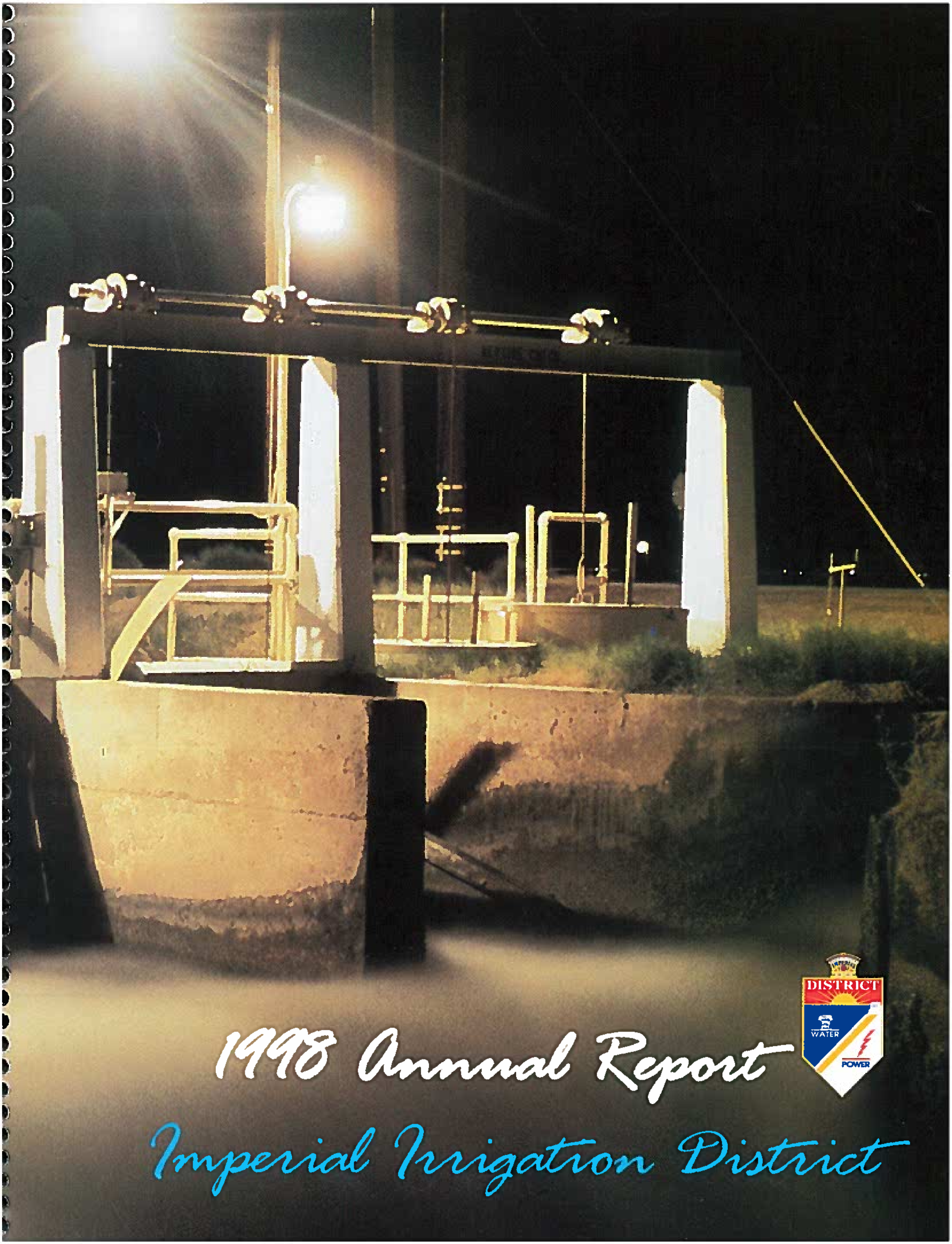


1998 Annual Report

Imperial Irrigation District

By just about any standard, the consumer-owned Imperial Irrigation District stands apart. It is the largest water district in the nation, supplying 3.01 million acre-feet of water to nearly 500,000 acres of Imperial Valley farmland. It is also the sixth largest electric utility in the state of California, based on power consumption, serving nearly 92,000 customers.

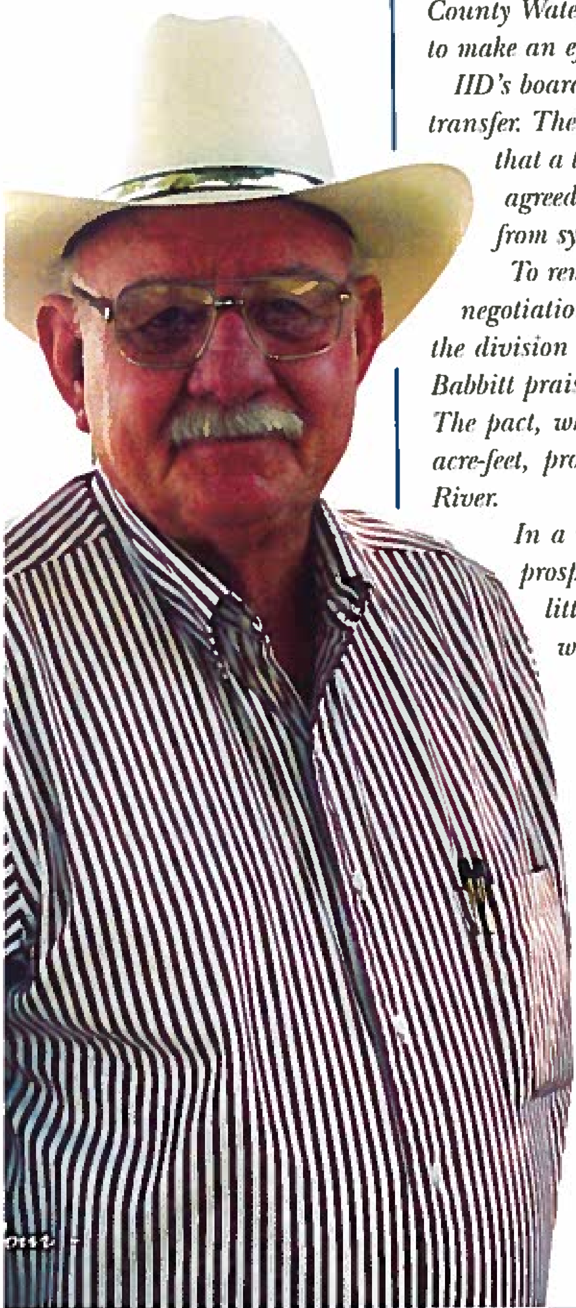
The numbers, however, barely scratch the surface of what makes this utility exceptional. IID shines because of its people: the members of its elected Board of Directors, the employees who carry out the district's mission of providing essential water and power services and the people the district serves throughout the Imperial and Coachella valleys.

The year was full of examples of people working together to make sure IID met community needs. It showed when the IID board signed the water conservation and transfer agreement with the San Diego County Water Authority in April to protect Imperial Valley's water rights. It showed when numerous district staff members worked fulltime to learn the SAP computer system to get IID Y2K-ready and to prepare for the challenges of power deregulation. It showed in community participation on advisory boards that look at issues affecting power, water conservation and the water transfer.

From its inception as a water district in 1911, IID's story has been one of people working together to breathe life into a barren desert. Over the years the faces have changed, but nothing has diminished the pioneering spirit. Today, IID's many faces prepare for a new millennium with the memory of a proud heritage of togetherness close at hand. ❖

Faces of ND

ontents



If there is a single lesson to be learned from 1997, it is that Imperial Irrigation District cannot survive in isolation. IID must be a key player on a bigger stage to protect the Imperial Valley's water rights and to get the best possible power rates and service for our customers.

IID's board and staff took that lesson to heart and made the district a leader in the effort to help California live within its 4.4 million acre-foot entitlement to the Colorado River. The district also worked to keep its power rates competitive and to get its computer systems ready for the challenges of the future.

Although IID had to take its message far afield, its commitment never strayed from home. The board and the more than 1,000 men and women who work for the district remain single-minded in their commitment to the customers we serve in the Imperial and Coachella valleys.

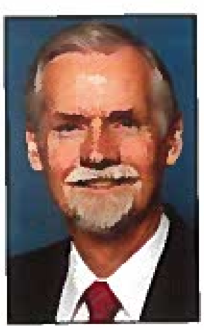
Throughout the year, water dominated the political scene in the West. In April, IID's Board of Directors took important steps to protect the Imperial Valley's water rights when it ratified an historic water conservation and transfer agreement with the San Diego County Water Authority. Having an urban partner provides IID with the money needed to make an efficient water system even more efficient.

IID's board argued at length over specific terms of the agreement and conditions of the transfer. There was, however, one issue on which directors were in unanimous agreement: that a transfer was important to protect Imperial Valley's water rights. Directors also agreed that water conserved on farms must not come from fallowing, but rather from systems that save water while growing crops.

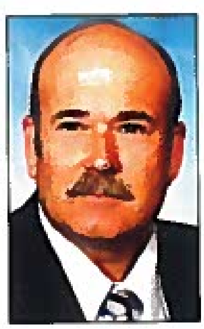
To remove roadblocks that threatened the transfer, IID embarked on unprecedented negotiations with the U.S. Secretary of Interior and Coachella Valley Water District over the division of Colorado River water. By the end of the year, Secretary of Interior Bruce Babbitt praised IID's initiative that lead to a tentative memorandum of understanding. The pact, which is still under negotiations, would cap IID's entitlement at 3.1 million acre-feet, provide Coachella with additional water and lead to peace on the Colorado River.

In a very real sense, IID's board and staff in 1998 carved a bold path toward a prosperous future for the communities we serve. In another sense, however, we did little but follow the bold footsteps left in the sand by the pioneers who brought water to a wasteland and created the communities we serve today.

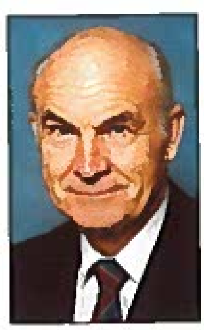
Lloyd Allen BOARD PRESIDENT



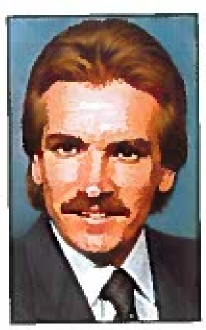
Bill Condit
Division 1



Bruce Kuhn
Division 2



Don Cox
Division 4



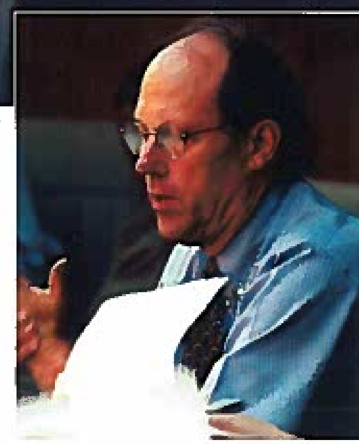
Ralph Menvielle
Division 5

"We keep everything communicating smoothly so we can make sure customers are taken care of. There is no margin for error and things change quickly. We are constantly learning and changing to keep up with technology."

Hector Garduño

Computer Systems Engineer,
Acting Superintendent of the Energy
Management System

The Community Advisory Commission was formed in 1998. John Anderson is chairman of that group.



Connected
to those we serve

As a consumer-owned utility, Imperial Irrigation District has a special responsibility to include those it serves in decisions it makes. The district takes this responsibility even further than by having a publicly-elected Board of Directors, holding public workshops and hearings of issues of particular concern and having the board make its decision in noticed, opened session meetings. IID created a special community connection by setting up citizen advisory boards.

"These folks are worth their weight in gold," said Division 2 Director Bruce Kuhn. "They devote huge numbers of hours, see things that we might overlook and they sometimes end up saving the district money."

District directors appointed a third community board in 1998, the Community Advisory Commission (CAC). The CAC, which includes representatives of community organizations, business groups and cities, will make recommendations to IID's board on what should be done for the community to benefit from the water conservation and transfer agreement between IID and the San Diego County Water Authority.

The volunteers on CAC joined those already working on IID's Water Conservation Advisory Board and the Power Consumers Advisory Committee.

David Bradshaw, IID supervisor of irrigation management and secretary to the Water Conservation Advisory Board, said, "Whenever there is a hot topic, there is a great turnout out at our meetings. The farm community uses the advisory board to take issues to the directors."

Shorty Hickingbottom of Brawley, president of IID's Power Consumers Advisory Committee, said, "The advisory committees help management become better managers. We ask tough questions and have time to investigate.

Also a member of the Community Advisory Commission, Hickingbottom added, "It also helps that we are asking the questions that are on the minds of consumers."

Innovations

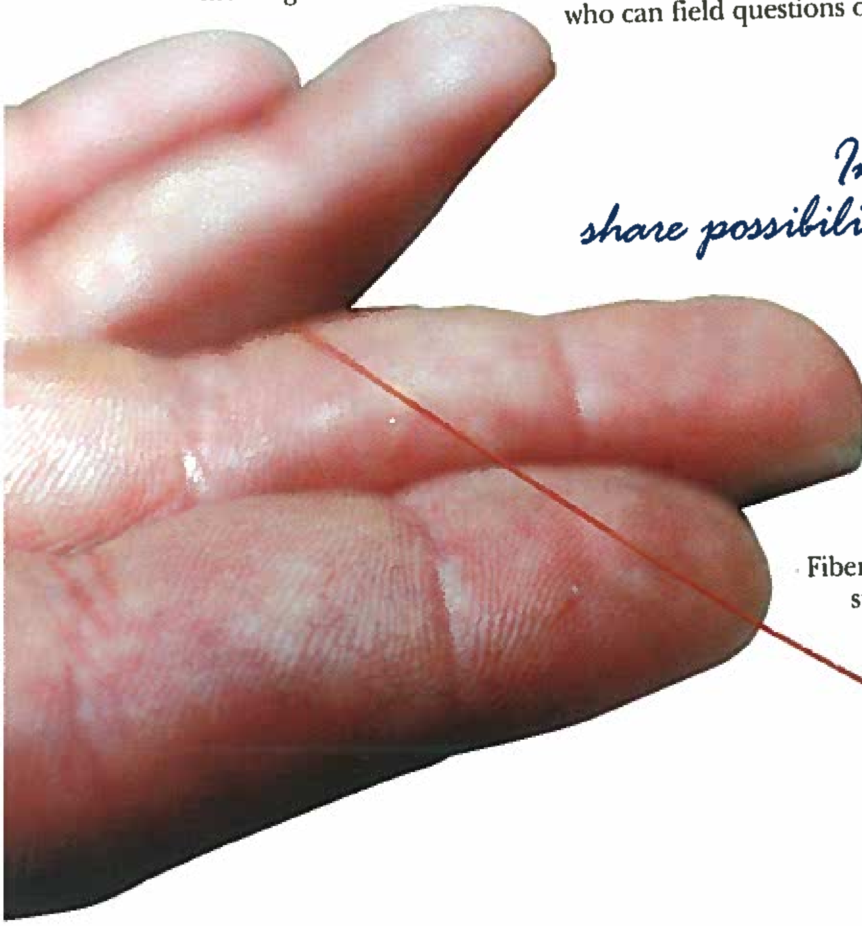
Imperial Irrigation District's team of employees and management spent much of 1998 turning problems into promise. Healthy doses of innovation and hard work provided the tonic needed to overcome a host of obstacles and unlock IID's dynamic potential.

IID's decision to purchase a new information system is a poster child for the benefits of beyond problems to possibilities. IID initially looked at new systems as a way to make sure the millenium bug did not affect its operation. The solution, however, does far more than make IID Y2K ready.

New SAP software applications installed in July 1998 will dramatically improve the way IID processes and shares information. When fully operational, the new system will provide management reports to help in planning and better expenditure controls as well as an interactive system of customer information. The new system will also make the district better prepared to handle power deregulation.

Software is only a tool. It will become part of a solution thanks to the IID managers and employees who devoted much of their time learning and setting up the complicated new software to meet the district's specific needs when it goes on line in October 1999.

Realizing the future is upon us provided even more opportunities for IID during 1998. IID sped onto the Internet with the creation of its web site (www.iid.com). The site created another way to connect with our customers and meet their information needs. Included on the site are facts about IID's history, water and power operations, economic development activities as well as a community activity calendar. Visitors also can access daily and extended weather forecasts. The site provides agendas for IID meetings and news of recent district activities. It also provides visitors with easy access to IID personnel who can field questions or address concerns.



In 1998, IID also found ways to share possibilities by agreeing to make two strands of fiber optic communication lines available to schools and public agencies in the Imperial and Coachella valleys.

Fiber optic lines transmit enormous quantities of data at the speed of light. IID uses the lines for its power communication system. The district has two pairs of lines in excess of its needs. Making the strands available to schools will allow students to take advantage of a new world of educational opportunities.

SOC

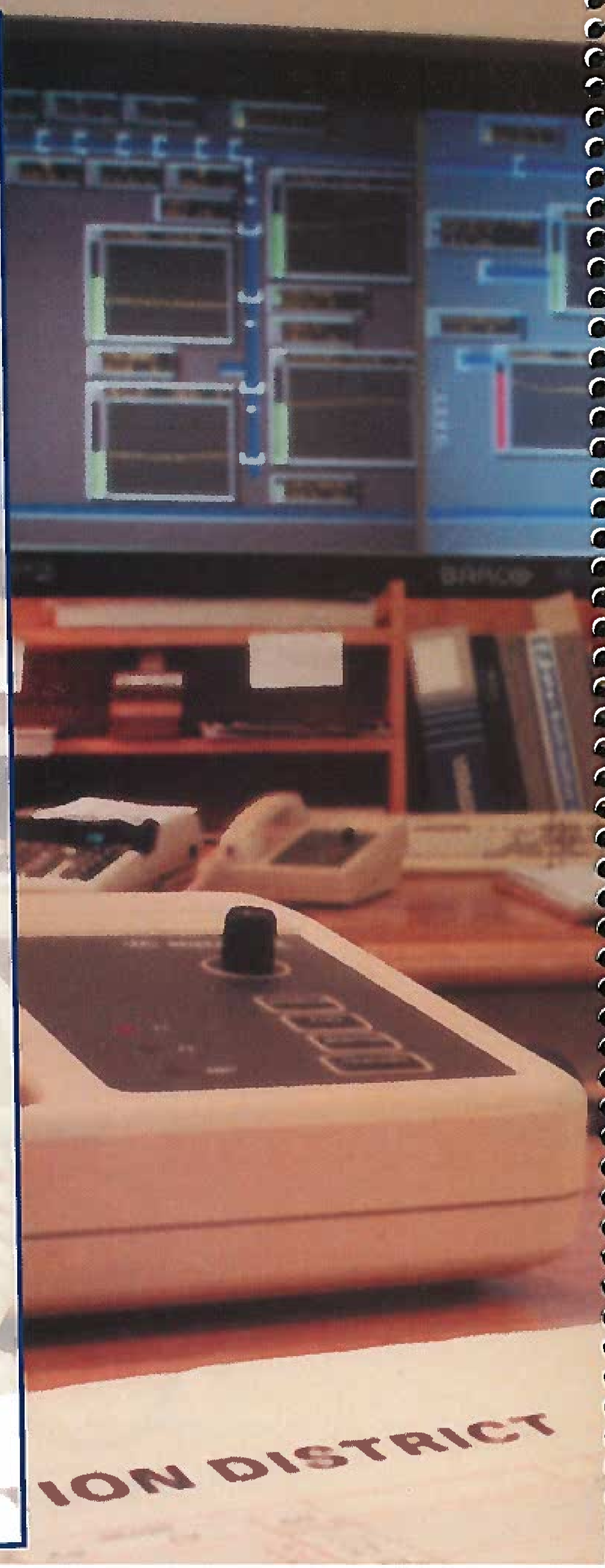
Innovation is old hat at IID's power system operating center (SOC). The SOC is the NASA-like center that operates the district's power transmission grid. Using data flowing at lightening speed across district fiber optic lines, dispatchers constantly monitor the entire transmission system, which is reflected in the map that fills an entire wall of the SOC.

Because much of the system is automated, dispatchers can reroute power around a problem area, often before customers sense a blip. Dispatchers also turn on or off district power plants from their computers, with the commands traveling to remote sites over the fiber optic lines.

SOC
SYSTEM OPERATING CENTER

Water

Pioneering solutions to big problems



It would be easy to drown in the challenges thrown at Imperial Irrigation District's Water Department during 1998. Instead, IID looked past problems to develop new, and sometimes unexpected, potential. As a result, IID took important and unprecedented steps to protect the Imperial Valley's water rights.

"IID was developed by pioneers and we're not afraid to pioneer new solutions today," said John Eckhardt, assistant Water Department manager. "We are not afraid to be on the cutting edge. It's just part of the way we do business."

IID's bold efforts in 1998 included the April 29 signing of an historic water conservation and transfer agreement with the San Diego County Water Authority. The agreement is part of IID's campaign to protect the Imperial Valley's water rights.

Believed to be the largest in U.S. history, the agreement allows IID to use urban capital to fund conservation efforts. The deal calls for the transfer of up to 200,000 acre-feet of water that will be conserved through district operations and on-farm. San Diego will pay about $249 per acre-foot for the water at the start of the transfer. The agreement, and IID board policy, prohibit the conservation of water through fallowing or not planting fields.

IID began environmental studies necessary before the agreement can go into effect and also funded 10 pilot projects during 1998 to test different farmer proposals for ways to conserve water.

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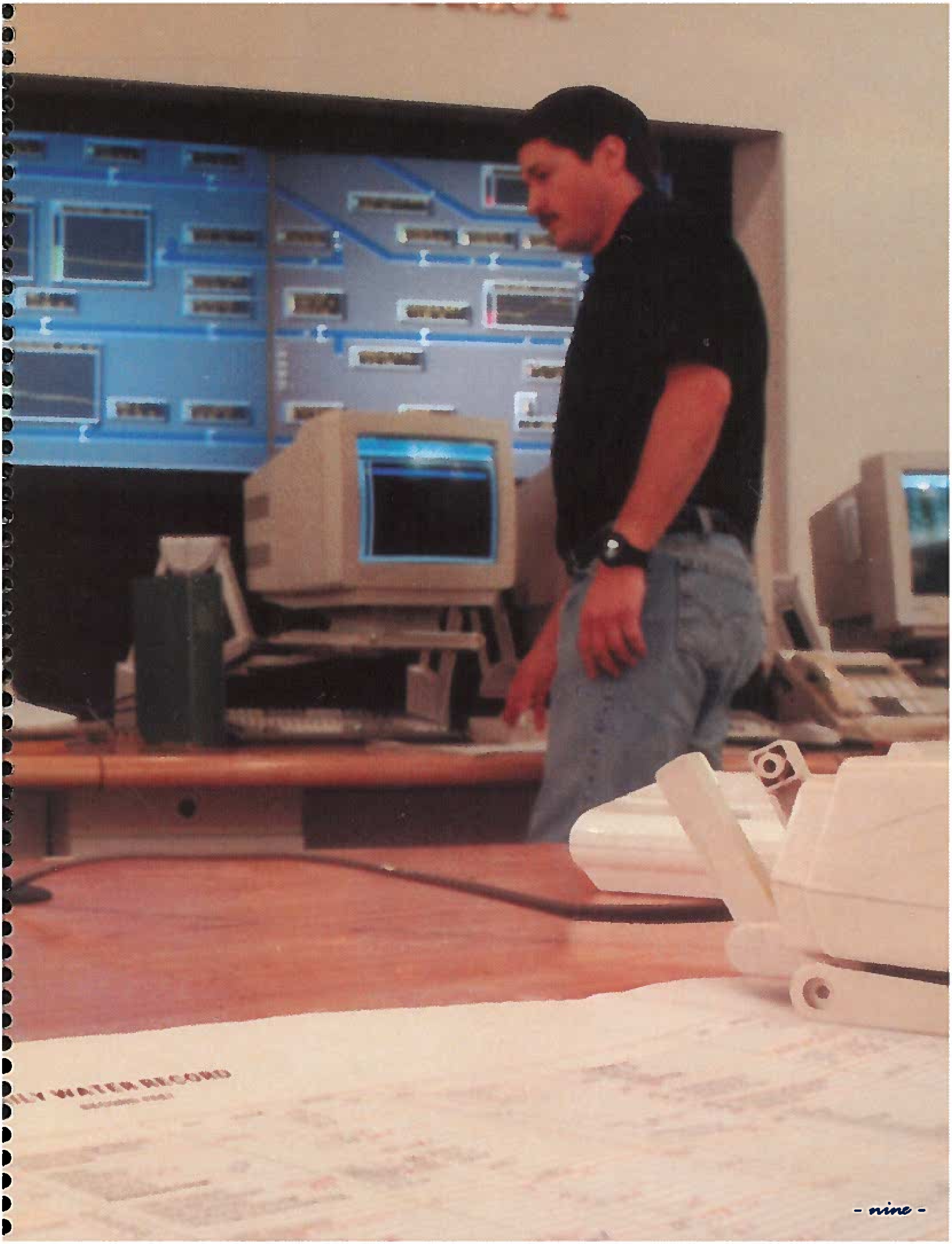
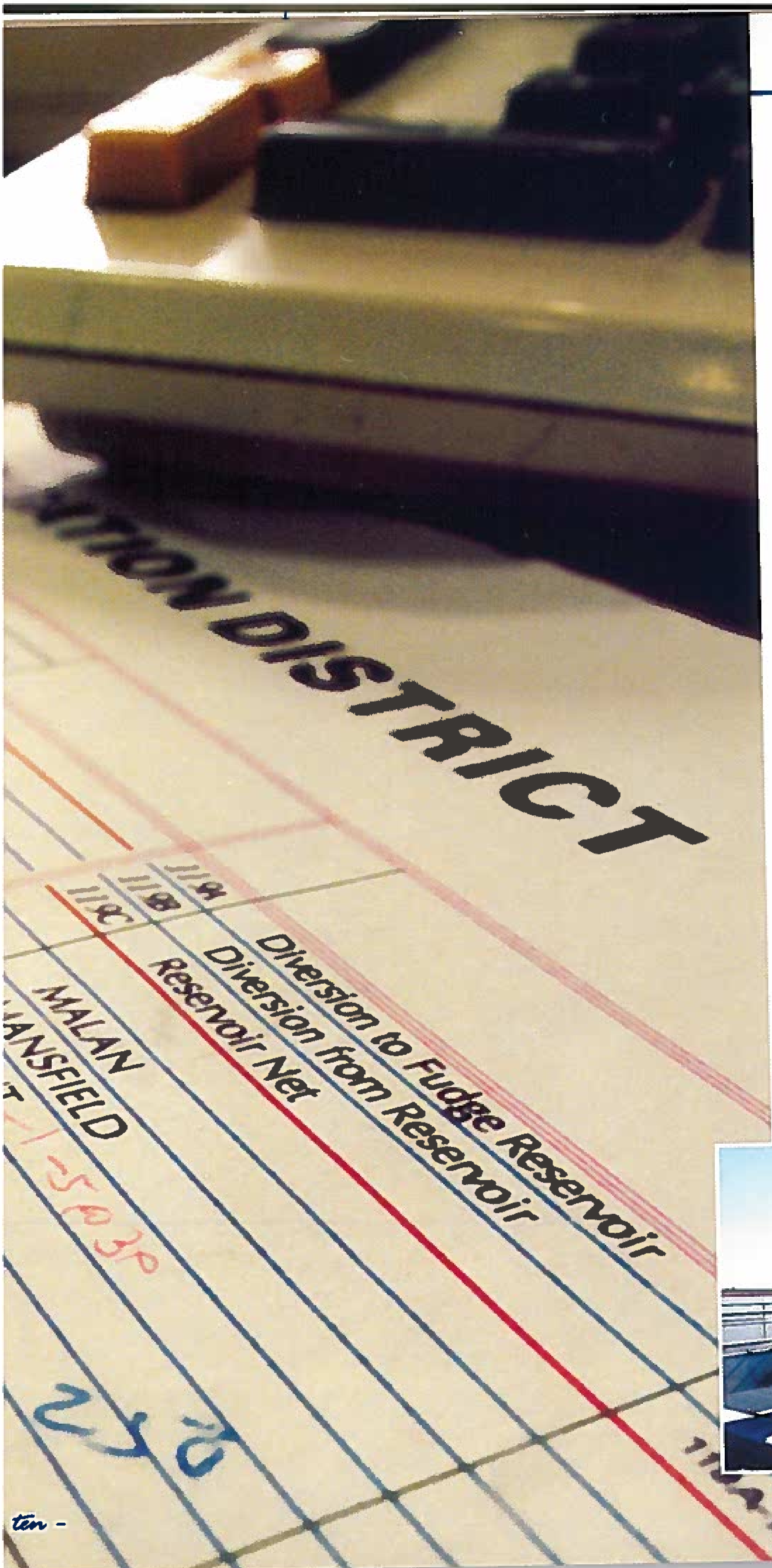

WATER RECORD



Continued from page 8

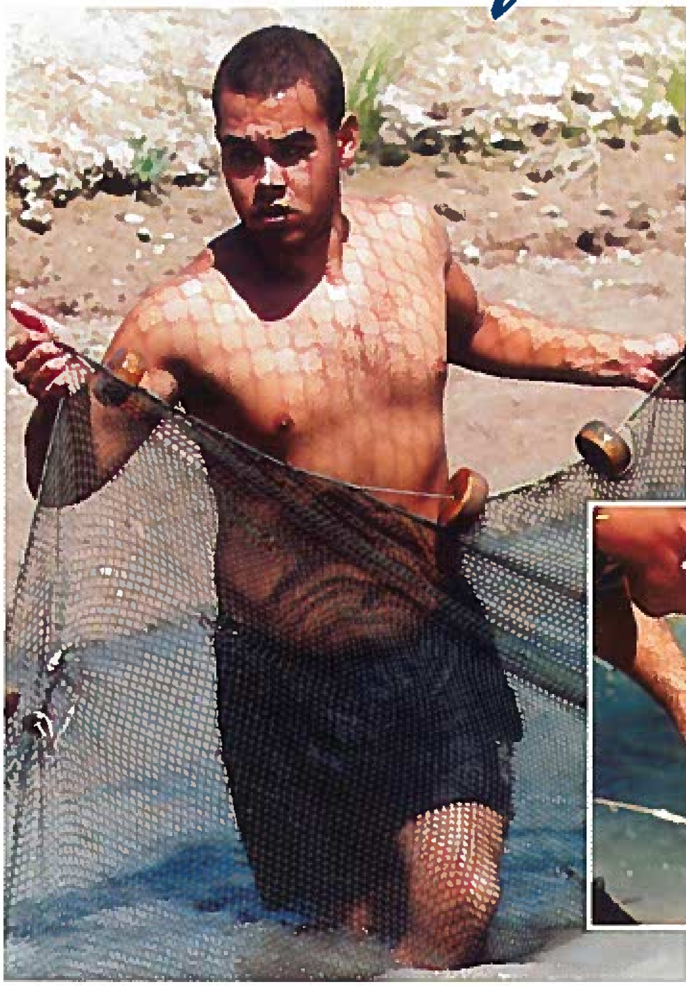
To remove Coachella Valley Water District's threat to block the transfer, IID entered into negotiations with Coachella and the U.S. Department of Interior. In December, U.S. Secretary Bruce Babbitt praised IID when he announced a Memorandum of Understanding had been signed providing a framework to allow the transfer and also to bring peace to the river.

The MOU, to be finalized in 1999, called for IID to cap its entitlement at 3.1 million acre-feet of water, providing a base against which conservation could be measured. Under the MOU, Coachella would get a base entitlement of 330,000 acre-feet and the ability to gain the additional water it needs through various means, including the purchase of conserved IID water. In exchange, Coachella would agree to stop challenging IID's beneficial use of water. Secretary Babbitt called the MOU an important part of the equation to get California to live within its 4.4 million acre-foot share of the river. For IID, continuing work on the MOU is just another part of the continuing work of pioneering solutions to big problems. ❖

"I read over 100,000 meters a year. When I go out to read a meter, I try to read it as if it were my own. We're talking about the public's money here. Yet, I understand people's concerns. I'll take the time to talk with them."

Darrin Marquez
Meter Reader

A farm for growing fish



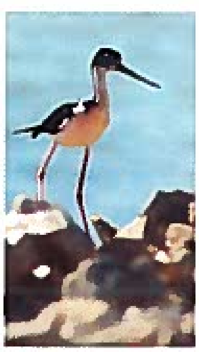
There's nothing fishy about Imperial Irrigation District's need to keep its 1,675 miles of canals free of aquatic weeds although it takes a fish, or more accurately several thousand of them, to keep the district's waterways clean.

After a lengthy study, the triploid grass carp was identified as the most effective and least environmentally harmful method of keeping canals free of hydrilla, a particularly fast growing and hard to control type of water weed, that was first found in Imperial Valley waterways in the 1970s. So IID went into the unusual business of breeding and raising triploid grass carp.

At the district's fish farm near El Centro, fertilized grass carp eggs go through a pressure treatment that forces them to retain an extra set of chromosomes, thus rendering the fish sterile. By releasing only sterile fish, the district insures its weed-eating wonders will not reproduce and threaten native fish species.

IID is now California's only breeder and producer of triploid grass carp to be licensed by the Department of Fish and Game. Under a state law that goes into effect on Jan. 1, 1999, IID will be able to sell the carp to others in Southern California looking for effective, environmentally friendly waterweed control.

Dedication of the Louise Willey Reservoir marked the final step in the conservation efforts taken to complete the 1988 water transfer agreement with the Metropolitan Water District of Southern California. The agreement, the largest ever conceived when it was signed, has resulted in the annual conservation of 107,000 acre-feet of water a year. Named after a longtime grower and cattlewoman, the reservoir is part of a system of lateral interceptor canals that capture and store unused water for reuse before it can flow into the Salton Sea.



The 300 acre-foot Willey Water Storage Reservoir was built as part of the Trifolium Lateral Interceptor Project. The interceptor project and reservoir capture and store operational discharge from the ends of 15 laterals serving 30,000 acres of farmland.

Water stored in the reservoir can later be pumped upstream for use as needed by surrounding farmland. The project will conserve about 14,700 acre-feet of water annually and also create greater operational flexibility for IID water users.

Naming the reservoir for a woman who epitomizes the spirit of Imperial Valley agriculture is a fitting reminder of IID's commitment to protect the community's rich heritage by pioneering solutions for tomorrow. ❖

and a reservoir named after Louise

"At IID, we wanted to get ahead of the curve and improve our service even before the board considers the issue of direct access."

Faced with challenges, not a blink

Power

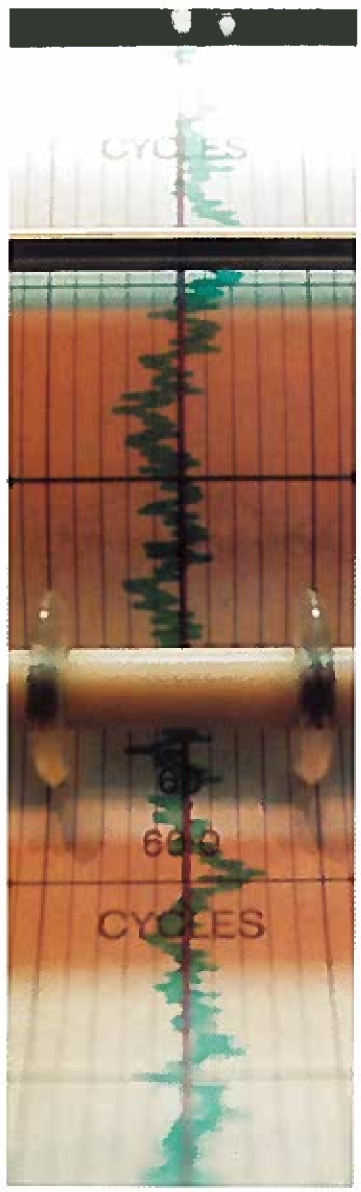
Imperial Irrigation District's Power Department faced the double challenge of getting ready for Y2K and impending power deregulation and did not blink. Instead, the Power Department decided to reorganize its operation to improve customer service and installed a new, more powerful computer system that is Y2K ready.

"Deregulation has changed the entire power industry," said Ron Cox, IID Assistant General Manager, Power. "At IID, we wanted to get ahead of the curve and improve our service even before the board considers the issue of direct access."

The reorganization included the creation of an Electric Services section that provides one-stop service for customers.

"Our primary objective is to please the customer, not do things just because they have always been done that way or because it is easier for the engineers," Cox said.

The Power Department also understands the importance of economic development in the communities IID serves. The new Electric Services section handles marketing and works to develop such things as new rates to entice new, large power using industries to locate in the Imperial and Coachella valleys.



Another major thrust of 1998 was making sure the Power Department's system operating center was free of the millenium bug. After a lengthy study, the Power Department determined that the best fix and future potential lay in a new computer system. New Advanced Control Systems (ACS) software run on HP Unix workstations was purchased to replace SOC's old Harris computer system.

The new system does a lot more than make SOC Y2K-ready. The new system is faster and can handle much more information. With the new system IID is primed to buy and sell power on the deregulated power market and also to handle increasing federal reporting demands. The new system offers another tool to help the Power Department provide better service to customers in the Imperial and Coachella valleys.

Jesse P. Silva
Deputy General Manager

Jim Flowers
Assistant General Manager, Water

Paul M. Cunningham
Manager, External Affairs

Michael J. Clinton
General Manager

At the top

Kristine K. Fontaine
Manager, Finance and Accounting

Ronald E. Cox
Assistant General Manager, Power

Darryl L. Croft
Manager, Human Resources

Financial Highlights

The following is a snapshot of the operating results of the Imperial Irrigation District for the fiscal year that ended December 31, 1998.

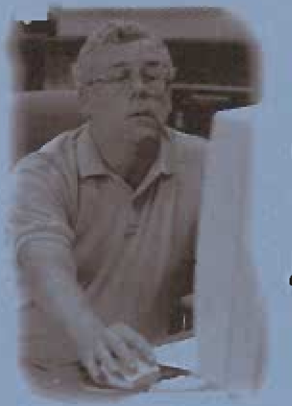
Copies of the complete audited financial statements for the IID are available by contacting the district's Public Affairs office at 333 E. Barioni Boulevard, Imperial, CA 92251 or calling (760) 339-9426.

IMPERIAL

DISTRICT

WATER

POWER



"It can get pretty tense. We have to make sure there is enough power to supply customers and we have to get the best price possible for the power we buy. It's pretty challenging."

William Adams
Power Dispatcher II

IMPERIAL IRRIGATION DISTRICT
Combined Balance Sheets
December 31, 1998 and 1997

	1998 Water Department	1998 Power Department	1998 Combined	1997 Water Department	1997 Power Department	1997 Combined
Assets						
Current assets:						
Cash and investments	$ 3,939,742	$ 8,011,127	$ 11,950,869	$ 5,070,099	$ 4,705,107	$ 9,775,206
Receivables:						
Trade	5,780,632	17,760,280	23,540,912	5,685,731	15,618,328	21,304,059
Interest	194,040	1,961,957	2,155,997	296,189	2,517,532	2,813,721
Other	1,271,621	1,374,546	2,646,167	1,480,906	2,119,968	3,600,874
	7,246,293	21,096,783	28,343,076	7,462,826	20,255,828	27,718,654
Less allowance for doubtful accounts	(305,250)	(3,405,036)	(3,710,286)	(108,278)	(3,627,719)	(3,735,997)
Net receivables	6,941,043	17,691,747	24,632,790	7,354,548	16,628,109	23,982,657
Inventories:						
Fuel oil	—	2,712,899	2,712,899	—	2,731,944	2,731,944
Materials and supplies	479,524	6,696,202	7,175,726	622,974	8,074,204	8,697,178
Total inventories	479,524	9,409,101	9,888,625	622,974	10,806,148	11,429,122
Prepaid expenses and deferred charges	822,560	2,824,132	3,646,692	625,480	2,287,707	2,913,187
Total current assets	12,182,869	37,936,107	50,118,976	13,673,101	34,427,071	48,100,172
Cash and investments, restricted as to use and allocated for:						
Debt service	2,485,500	16,643,684	19,129,184	2,485,456	24,851,546	27,337,002
Construction	8,414,891	51,800,839	60,215,730	17,408,671	55,240,174	72,648,845
Self-insurance	8,000,000	7,100,000	15,100,000	15,446,000	2,800,000	18,246,000
Other	18,715,000	7,193,521	25,908,521	3,191,554	7,145,114	10,336,668
	37,615,391	82,738,044	120,353,435	38,531,681	90,036,834	128,568,515
Other restricted assets – refundable to customers	—	2,495,242	2,495,242	—	—	—
Utility plant, at cost:						
Plant in service	328,776,435	831,004,901	1,159,781,336	316,985,518	782,480,528	1,099,466,046
Less accumulated depreciation	(78,284,530)	(275,980,837)	(354,265,367)	(71,639,724)	(253,552,090)	(325,191,814)
	250,491,905	555,024,064	805,515,969	245,345,794	528,928,438	774,274,232
Construction in process	450,816	2,677,916	3,128,732	464,043	6,794,405	7,258,448
	250,942,721	557,701,980	808,644,701	245,809,837	535,722,843	781,532,680
	$300,740,981	$680,871,373	$981,612,354	$298,014,619	$ 660,186,748	$ 958,201,367

IMPERIAL IRRIGATION DISTRICT
Combined Balance Sheets
December 31, 1998 and 1997

Liabilities and District Equity	1998 Water Department	1998 Power Department	1998 Combined	1997 Water Department	1997 Power Department	1997 Combined
Current liabilities:						
Current maturities of long-term debt	$ 1,305,684	$ 2,192,742	$ 3,498,426	$ 1,096,719	$ 1,015,374	$ 2,112,093
Accounts payable	1,866,750	11,996,560	13,863,310	1,864,574	11,216,299	13,080,873
Accrued interest payable	16,656	1,391,844	1,408,500	17,422	1,631,058	1,648,480
Accrued compensation and payroll taxes	1,733,918	1,733,918	3,467,836	2,814,671	3,074,190	5,888,861
Accrued compensated absences	339,074	607,475	946,549	389,934	516,392	906,326
Deferred revenue – water availability charges	2,099,126	—	2,099,126	3,087,786	—	3,087,786
Total current liabilities	7,361,208	17,922,539	25,283,747	9,271,106	17,453,313	26,724,419
Liabilities payable from restricted assets:						
Current maturities of long-term debt	560,000	7,000,000	7,560,000	540,000	12,510,636	13,050,636
Other accrued expenses, noncurrent portion	8,600,000	7,100,000	15,700,000	14,346,000	2,000,000	16,346,000
Advances and deposits from customers	463,639	2,352,809	2,816,448	218,476	2,280,336	2,498,812
Refundable to customers	—	—	—	—	3,139,653	3,139,653
	9,623,639	16,452,809	26,076,448	15,104,476	19,930,625	35,035,101
Long-term debt:						
Certificates of participation	15,386,285	129,613,593	144,999,878	15,938,644	133,463,262	149,401,906
Bonds payable	1,580,732	—	1,580,732	1,660,210	—	1,660,210
Capital leases	1,778,993	3,451,847	5,230,840	2,166,468	2,169,913	4,336,381
	18,746,010	133,065,440	151,811,450	19,765,322	135,633,175	155,398,497
Deferred credits and other liabilities:						
Advances for construction	—	7,370	7,370	—	7,370	7,370
Accrued vacation and sick leave, noncurrent portion	2,440,222	2,285,262	4,725,484	2,801,208	1,900,478	4,701,686
	2,440,222	2,292,632	4,732,854	2,801,208	1,907,848	4,709,056
Total liabilities	38,171,079	169,733,420	207,904,499	46,942,112	174,924,961	221,867,073
District equity:						
Contributions in aid of construction	108,220,565	25,523,093	133,743,658	110,801,883	25,347,967	136,149,850
Retained earnings	154,349,337	485,614,860	639,964,197	140,270,624	459,913,820	600,184,444
Total District equity	262,569,902	511,137,953	773,707,855	251,072,507	485,261,787	736,334,294
	$300,740,981	$680,871,373	$981,612,354	$298,014,619	$660,186,748	$958,201,367

"My duties include the installation, maintenance, testing and repairing of the district's generating controls, data communications, SCADA and remote electronic telemetry devices. I am working with the best there is."

Juan Medina Diaz
Communications & Controls Technician II

IMPERIAL IRRIGATION DISTRICT
Combined Statements of Income
Years ended December 31, 1998 and 1997

	1998 Water Department	1998 Power Department	1998 Combined	1997 Water Department	1997 Power Department	1997 Combined
Operating revenues:						
Power sales	$ —	$198,813,145	$198,813,145	$ —	$197,305,591	$197,305,591
Water sales	38,623,849	—	38,623,849	36,460,416	—	36,460,416
Water availability charge	2,969,222	—	2,969,222	2,959,731	—	2,959,731
Interdepartmental charges:						
Use of All-American Canal	3,784,000	(3,784,000)	—	3,759,000	(3,759,000)	—
Power sales	(741,740)	741,740	—	(572,175)	572,175	—
Heber-Mirage transmission credits	—	377,974	377,974	—	2,471,953	2,471,953
Wheeling charge	—	9,348,376	9,348,376	—	7,216,919	7,216,919
Other	—	613,620	613,620	—	625,499	625,499
	44,635,331	206,110,855	250,746,186	42,606,972	204,433,137	247,040,109
Operating expenses:						
Purchased power	—	103,375,551	103,375,551	—	96,799,856	96,799,856
Cost of fuel	—	10,756,560	10,756,560	—	12,440,992	12,440,992
Other power expenses	—	23,060,608	23,060,608	—	19,626,206	19,626,206
Operation and maintenance of All-American Canal	2,808,744	—	2,808,744	1,650,464	—	1,650,464
Operation and maintenance of irrigation system and dams	24,607,617	—	24,607,617	19,293,715	—	19,293,715
General and administration expense	10,705,645	15,905,823	26,611,468	19,713,281	19,376,448	39,089,729
Provision for depreciation	6,421,209	22,242,656	28,663,865	6,068,018	21,119,209	27,187,227
	44,543,215	175,341,198	219,884,413	46,725,478	169,362,711	216,088,189
Net operating income (loss)	92,116	30,769,657	30,861,773	(4,118,506)	35,070,426	30,951,920
Nonoperating revenues (expenses):						
Interest income	1,944,538	4,326,647	6,271,185	1,696,394	6,328,223	8,024,617
Increase in fair value of investments	331,978	727,680	1,059,658	364,640	795,165	1,159,805
Interest expense	(1,150,774)	(8,672,244)	(9,823,018)	(1,215,395)	(8,923,068)	(10,138,463)
Other income	8,772,480	2,344,727	11,117,207	3,050,188	1,957,654	5,007,842
Other expenses	(14,184)	(5,125,214)	(5,139,398)	(13,703)	(24,432)	(38,135)
	9,884,038	(6,398,404)	3,485,634	3,882,124	133,542	4,015,666
Net income (loss)	$9,976,154	$ 24,371,253	$ 34,347,407	$ (236,382)	$ 35,203,968	$ 34,967,586

COMPARATIVE STATISTICS
WATER DEPARTMENT

Revenues from Water Sales ($000)	1998	1997	1996	1995	1994	1993	1992
Agricultural	$ 36,699	$ 34,672	$ 34,855	$ 31,886	$ 30,336	$ 27,511	$ 24,715
Industrial	1,184	1,089	1,134	1,071	995	864	828
Municipal	416	398	430	412	370	354	338
Miscellaneous	492	444	499	291	567	575	482
	$ 38,791	$ 36,603	$ 36,918	$ 33,660	$ 32,268	$ 29,304	$ 26,363
Water Delivered (acre feet)							
Agricultural	2,740,661	2,803,640	2,821,987	2,678,768	2,674,282	2,414,113	2,192,316
Industrial	17,573	17,458	18,130	17,708	17,152	14,897	14,272
Municipal	30,858	31,734	34,267	34,052	31,439	30,513	29,137
	2,789,092	2,852,832	2,874,384	2,730,528	2,722,873	2,459,523	2,235,725
Historical Water Rates							
Water (per acre foot)	$ 13.56	$ 12.50	$ 12.50	$ 12.00	$ 11.50	$ 11.50	$ 11.50
Water Availability (per acre)	$ 5.70	$ 5.70	$ 5.70	$ 3.80	$ 3.80	$ 3.80	$ 3.80
Fund Balances (December 31)							
Water Operating Fund	$ 19,581	$ 22,889	$ 26,921	$ 11,701	$ 10,582	$ 10,105	$ 9,857
Capital Reserves	2,869	3,363	939	2,649	4,189	6,160	11,490
Indirect Reserve Fund	19,106	22,162	16,512	16,020	26,269	20,681	15,861
	$ 41,556	$ 48,414	$ 44,372	$ 30,370	$ 41,040	$ 36,946	$ 37,208

Ten Largest Water Customers (in alphabetical order)

Name	Type of Business
Alex Abatti, Jr.	Farming
Ben Abatti Farms	Farming
Tony Abatti	Farming
Black Dog Farms	Farming
Steve Dahm	Farming
John Grizzle	Farming
Fritz Kuhn/Kuhn Farms	Farming
Niaz Mohammad/Salico	Farming
Strahm Farms	Farming
Bill Wiest Ranches	Farming

"We're the bottom line. We deliver the water to the customer. With the water conservation program and the emphasis on customer service, there is a lot more chance for error. It's a big responsibility and it takes a lot of experience to do the job right."

George Moses
Zanjero, Senior

COMPARATIVE STATISTICS
POWER DEPARTMENT

	1998	1997	1996	1995	1994	1993	1992
Revenues from Energy Sales ($000)							
Residential	$ 81,949	$ 80,210	$ 76,310	$ 68,637	$ 75,731	$ 69,424	$ 66,839
Commercial/Industrial	98,969	104,537	99,759	97,416	101,624	92,203	82,469
Other	13,872	13,304	13,157	12,221	12,937	11,672	10,646
	$ 194,790	$ 198,051	$ 189,226	$ 178,274	$ 190,292	$ 173,299	$ 159,954
Energy Sold (MWh)							
Residential	983,589	952,866	942,020	867,229	884,516	830,757	843,438
Commercial/Industrial	1,139,335	1,297,306	1,272,742	1,276,291	1,231,184	1,160,942	1,091,214
Other	230,935	162,161	167,684	157,593	154,823	144,261	137,715
	2,353,859	2,412,333	2,382,446	2,301,113	2,270,523	2,135,960	2,072,367
Electric Customers							
Residential	75,521	74,213	72,995	71,081	69,574	67,714	67,985
Commercial/Industrial	12,242	12,256	11,972	11,758	11,647	11,442	11,367
Other	2,889	2,634	2,598	2,549	2,501	2,478	1,451
	90,652	89,103	87,565	85,388	83,722	81,634	80,803
Electric Plant							
Net Utility Plant	$557,701,980	$535,722,843	$518,824,995	$500,447,215	$492,365,748	$483,346,485	$412,667,155
Miles of Lines:							
Transmission	1,543	1,643	1,648	1,637	1,632	1,503	1,266
Distribution	3,393	3,583	3,499	3,415	3,382	3,340	3,308
Bonded Indebtedness	$136,613,593	$145,973,898	$157,145,735	$167,704,643	$177,703,028	$127,071,555	$130,148,693
Power Supply (MWh)							
Purchases	1,493,146	1,869,842	1,945,076	2,192,687	2,780,027	1,979,081	1,735,682
Generation	1,025,792	943,125	806,068	756,462	671,643	910,151	514,664
Peak Demand (MW)	684	632	639	630	620	567	556
Historical Average Electric Rates (cents)							
Base Rate	$ 7.92	$ 8.44	$ 7.94	$ 7.40	$ 7.82	$ 8.01	$ 7.52
Energy Cost Adjustment	0.05	(0.23)	-	0.35	0.56	0.10	0.20
	$ 7.97	$ 8.21	$ 7.94	$ 7.75	$ 8.38	$ 8.11	$ 7.72

COMPARATIVE STATISTICS
POWER DEPARTMENT

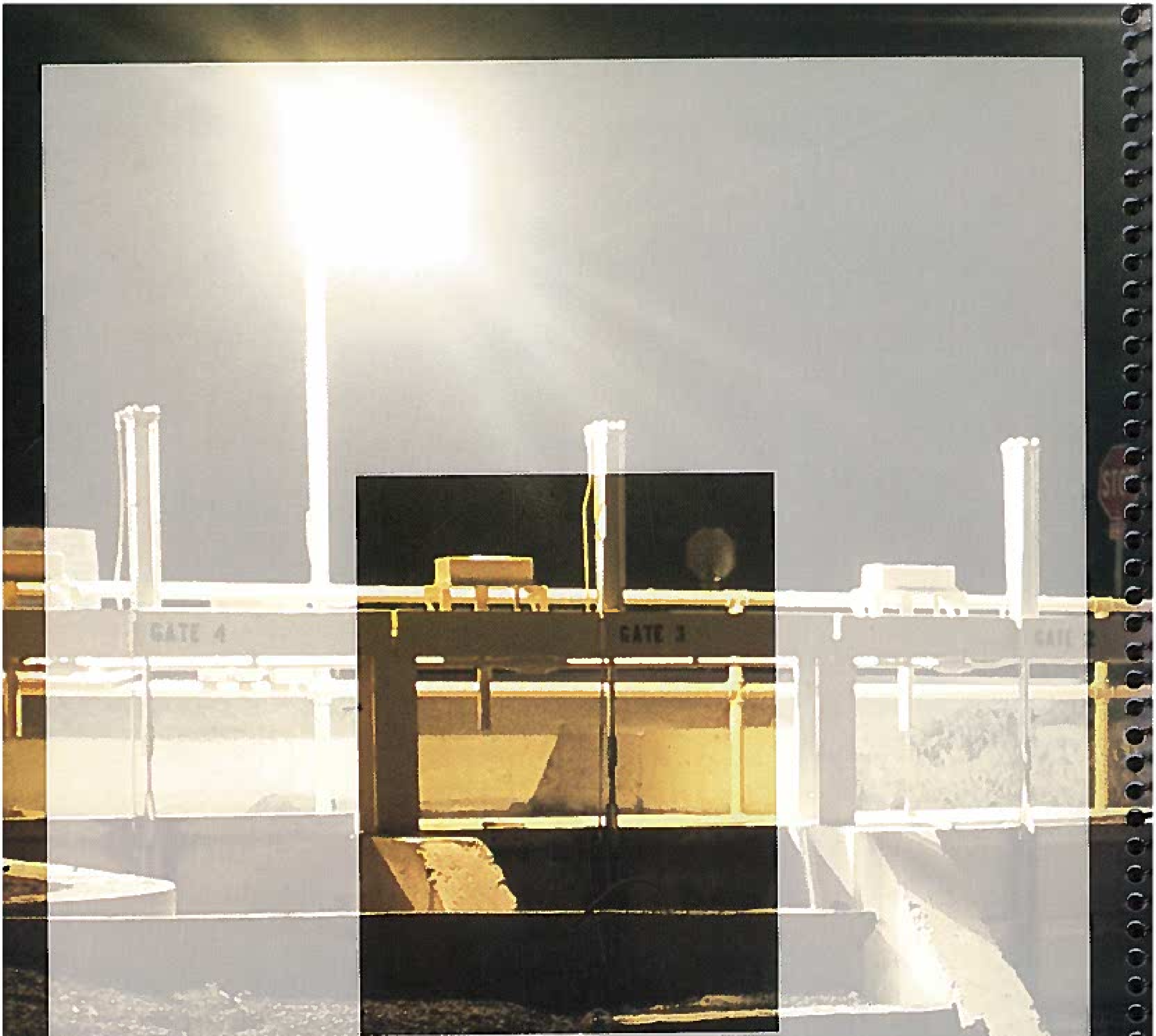
Reconciliation of Net Earnings to Balance Available for Debt Service ($000)	1998	1997	1996	1995	1994	1993	1992
Net Earnings	$ 24,371	$ 34,409	$ 33,169	$ 21,102	$ 31,345	$ 23,569	$ 32,427
Miscellaneous	(378)	(2,472)	(8,208)	(8,505)	(8,579)	(8,624)	(7,132)
Add Back:							
Depreciation	23,153	21,887	21,253	21,07	219,056	17,663	15,407
Interest Expense	8,672	8,923	9,696	10,539	10,285	7,053	6,723
Balance Available for Debt Service	$ 55,818	$ 62,747	$ 55,910	$ 44,208	$ 52,107	$ 39,661	$ 47,425
Debt Service	$ 20,467	$ 20,499	$ 20,512	$ 20,527	$ 19,326	$ 16,149	$ 16,794
Coverage on Debt Service	2.73	3.06	2.73	2.15	2.70	2.46	2.82
Add Back Obligation Service	$ 14,460	$ 14,460	$ 12,743	$ 11,651	$ 11,652	$ 8,596	$ 5,650
Balance Available for Debt and Obligation Services	$ 70,278	$ 77,207	$ 68,653	$ 55,859	$ 63,759	$ 48,257	$ 53,075
Coverage on Debt and Obligation Services	2.01	2.21	2.06	1.74	2.06	1.95	2.36

Ten Largest Power Customers (in alphabetical order)

Name	Type of Business
Coachella Valley Water District	Public Water System
Desert Sands School	Public School
East Mesa Partners	Geothermal Steam Production
Geo East Mesa Ltd. Partners	Geothermal Steam Production
Ormesa Geothermal	Geothermal Steam Production
Riverside County	Municipal Services
Second Imperial Geothermal	Geothermal Steam Production
State of California Corrections	Corrections Facility
U.S. Gypsum	Gypsum Products
U.S. Naval Air Facility	Naval Installation

"My job is to get the work in and out as quickly as possible to save the district and our customers money. NID is a unique business that requires expertise in many areas. The Mechanical Section maintains over 1,000 pieces of equipment. My ultimate goal is service to district employees, so they are able to do their job for the customers."

Jim Brownlee
Metalsmith III



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