I.I.D.

1982

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I.I.D.

Contents

Gerald L. Moore
President of the Board

President's Message

The District in 1982 completed the groundwork needed to make major changes in the direction both the Power and Water Departments will follow in the years ahead.

In years past, changes within the District have been gradual, evolutionary steps forward. The generating and distribution capabilities of the Power Department have been increased through a steady, well planned series of additions and improvements. The irrigation and drainage functions of the Water Department have been improved in a similar fashion. In 1982 the District faced the necessity of planning for changes of a much greater magnitude than have ever been made before; changes that require detailed and extensive research, long range planning and a massive effort to educate the public on the need for major shifts in direction and policy.

Power – The District has traditionally taken great pride in being self-sufficient in power generation. When additional power was needed, additional generating and distribution facilities were installed. This has resulted in a dependence on expensive fuel–oil and gas–which has required a rapid escalation in costs to the consumer in recent years. To prevent these costs from continuing their rapid climb it has become necessary to seek less expensive fuels, namely coal and some nuclear. Since neither of these fuels are available in our community, the Board has had to look beyond our borders, to plan the most cost effective methods to import new power to our system.

The detailed studies of the least expensive sources of power and the most cost effective way to improve that power have been completed. The plans have now been finalized. A massive public education program explaining the need to import power in the future has been undertaken.

The District is now ready to move forward to assure an ample and stable supply of electricity for the remainder of the century.

Water – Similar progress was also made in laying the groundwork for future changes in the Water Department. Our past efforts and emphasis has been on improving our system for delivering water to farms and cities and carrying off drainage water efficiently. A major change in methodology is now essential.

The District is justifiably proud of its irrigation and drainage system–the most efficient of its kind in the Western United States, according to numerous federal studies. But this effort is no longer enough. Now–a far heavier emphasis must be placed on the efficient use of water, as well as the efficient distribution and drainage of water. Water conservation is an idea whose time is now.

A water conservation program has been established, and accepted by water users. Research into ways to use water more efficiently and effectively is underway, using such modern tools as the neutron probe. Irrigation reservoirs, additional concrete lining of canals as well as selective new methods of irrigation deliveries are being tested.

The groundwork has been completed for a major change in emphasis as far as water use is concerned–from efficient delivery and discharge to a more beneficial utilization.

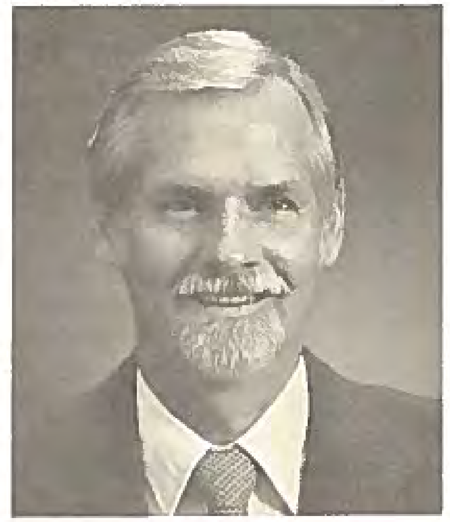
More rapid progress in water conservation is now virtually assured.

Gerald L. Moore

"In 1982 the District faced the necessity of planning for changes of a much greater magnitude than have ever been made before; changes that require detailed and extensive research, long range planning and a massive effort to educate the public on the need for major shifts in direction and policy."

Board of Directors

Gerald L. Moore
President of the Board
Division 2

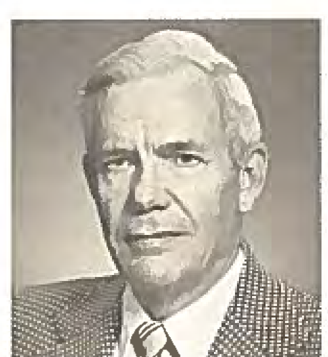


William R. Condit
Division 1

Anthony P. Gallegos
Division 3

John R. Benson
Division 4

Leroy E. Edwards
Division 5



Larry E. Beck
Secretary to the Board

Board of Directors

Newly elected director Lloyd W. Allen of Division 3 was seated on the Imperial Irrigation District Board of Directors just prior to the end of the year. Mr. Allen replaced Mr. Tony Gallegos who was active in the affairs of the District from a policymaking standpoint to and including December 31, 1982. Mr. Allen's broad experience in business administration and farming activities should further round out the makeup of the Board membership, thus affording this assembly an opportunity to create good sound policies as concerns water and power operations of the District, including administration, in the years ahead.

A chronicle of the major issues facing the Board of Directors include the following:

- Rate studies;
- Transmission line, including appurtenances, and the routing thereof, including financing policy;
- Construction of two hydroelectric power plants and their financing;
- Water conservation—obligation and effort;
- Budget review and instructions for change;
- Storm damages;
- Imperial Dam operation;
- Acquisition of liability insurance.

Rate studies, a never-ending task which necessitates review, was fairly well finalized following the receipt of a study prepared by R. W. Beck & Associates. This report and internal data reviewed placed a meaningful proposal before the Board of Directors for consideration. It was the Board's feeling that some action should be taken just after the first of 1983. The necessity for attempting to forecast the increase was to make certain that the budget under consideration, which had been submitted to the Board of Directors by Operations, could be fully funded.

Turning to the matter of the high voltage transmission line and ancillary equipment, and the financing thereof, this improvement received a great deal of attention, not only by the committee appointed by the Board to study this issue, but also from community leaders and residents who had differences of opinion, and those who supported the proposition that the Southern Route was the most practical, least expensive, and the area in which the line should be located, thus concluding the judgment that (1) the District would become involved as an owner in a portion of the line and (2) the Southern Route was "the way to go." One must recognize that the line, substation and equipment is the only alternative for Imperial Irrigation District to maintain its demand for capacity and energy at a level commensurate with that required to maintain the power system with sufficient capacity and energy with a degree of safety in the event failures within the system occur.

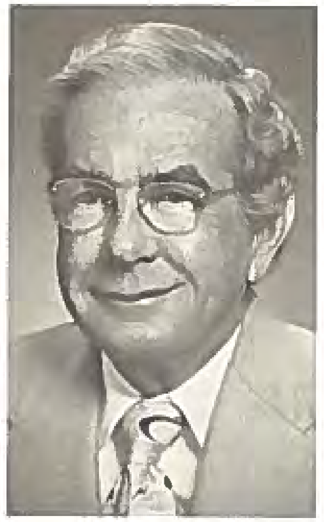
Hydroelectric generation was a theme given a great deal of consideration and the Board authorized the construction of a 6,000 KW plant at Drop No. 1 on the All-American Canal and a 1,600 KW plant at No. 1 Check on the East Highline Canal adjacent to the All-American Canal. These units were financed on a lease-purchase arrangement which will be absorbed, in due course, by an installment-purchase agreement required to offset the expenses of the high voltage line and at the same time reduce the interest requirement of the hydroelectric plants and lower the burden by maintaining the payment requirements over a longer period of time. The cost of these hydro plant electric units will approximate $20 million.

Water conservation has been under continuous review by the Board.

Budget review, as always, received a great deal of scrutiny by the Board of Directors. Some items were held in abeyance, some were programmed to be constructed at a later date, and the review processs carried with it a reduction in the purchase of field equipment and a delay in the construction of certain capital improvements which can be accomplished at a later date. Revenues for the ensuing year are anticipated to be much less; consequently, offsets in the budget demand systems were pared down by the Board to comply with the revenues expected to be received.

Liability insurance with an aggregate single limit value of $15 million, with a $250,000 deductible, was obtained by the District through the Independent Insurance Agents of Imperial Valley to protect the District from high liability and property damage exposure. The high limits accorded the District an opportunity to purchase limits of this nature at a reasonable cost. This judgment was made after due consideration was given to the fact that the District is operating over 500 pieces of rolling stock (automobiles, trucks and trailers) each day over the highways in Imperial Valley.

We express our thanks to the management and employees of Imperial Irrigation District and to the customers we appreciate serving. All things considered, we believe we did well under the circumstances. We trust, however, that 1983 will be a more promising and less costly operational year.



Robert F. Carter
Executive Officer to the Board of Directors

Executive Officer's Report

1982 activities have, indeed, been most interesting during this operational year. While sales in water, as well as power, were less than anticipated with consequential reductions in estimated revenue, slow payments for services rendered, coupled with operating losses have been a challenge, to say the least, for the format to complete the 1982 operational year compelled the District to rely upon accrued revenues intended for other purposes to pay certain contracts and other obligations for everyday business transactions, thus developing a loss, for there were no immediate alternatives available to the District. Steps have been taken to prevent this undesirable chain of events from happening next year.

Water conservation continues to be a high priority issue and has received a great deal of attention not only by the Board of Directors and staff but also by the 15-member water conservation committee appointed by the Board of Directors for this purpose. The group has reviewed many different ways of determining the most efficient irrigation practices employing different techniques such as the neutron probe, installation of recorders and other means, and continuing its effort in the category of concrete lining the lateral and main canals where practicable, building of reservoirs and directing attention to the necessity of whether or not the All-American Canal and other main canals should be lined in part and/or in their entirety as a conservation effort.

The District, in response to the State of California Department of Water Resources and its "Investigation Under California Water Code Section 275 of Use of Water by Imperial Irrigation District," has complied with suggestions made by the Department and has responded to each and every question raised in its report submitted in 1981. The District, however, has disagreed with some of the conclusions reached by the State of California and has notified the Department accordingly.

Insurance coverage in the area of health, accident, hospitalization and life continues to be monitored in concert with continuous reviews in connection with all insurance; i.e., boiler breakdown, general comprehensive liability and property damage, as well as fire coverage for all District-owned properties and contents, including oil storage vessels and the oil therein. Bond coverage for crime is also maintained in each annual review.

Imperial Irrigation District received an adverse decision in the matter of Salton Bay Marina v. IID (flooding case - inverse condemnation, etc.), and the District is appealing this decision. In the interim and to save time, the District is in the process of reviewing the liability policies of each and every company involved so that policy obligation for each year between 1972 and 1980 can be ascertained in the event the same is required.

A great deal of time has been directed to power rate schedule changes and the Board of Directors, following the receipt of studies from outside consulting engineers, together with a recommendation of a local power corridor committee, acted to participate in a 500 KV transmission line and ancillary facilities, including a 230 KV transmission tie line which will be located between the 500 KV substation and the El Centro Steam Plant. In addition thereto, considerable time was directed in an effort to lower the interest rates on two hydroelectric power plants which will be constructed on (1) the All-American Canal at Drop No. 1 and (2) the No. 1 Check on the East Highline Canal. These power plants, when completed and on line, will assist in lowering the fuel energy factor charge. The 500 KV and 230 KV transmission lines will permit the District to bring power from El Paso and other locations into Imperial Valley, thus complementing the District's system with capacity and energy in the mid-1980s.

Inclement weather presented serious problems causing substantial damages to the water and power systems at various times during the year. Taking all things into consideration, the District faired as well as many other agencies of like kind in other localities who also had difficulty due to the economical and other problems throughout the nation.

The foregoing is a very small part of the continuing everyday problems which the District experienced, such as customer bankruptcies, payment problems experienced by customers, and the critical demand for immediate payment by others due to the credit crunch throughout the country. The District survived, but looks forward to a much better and prosperous year in 1983.

The most difficult but successful operation of the District during 1982 would have been impossible without the loyal dedication and cooperation of management and each and every employee. It goes without saying that it has been a privilege for the District to serve each and every customer and we sincerely hope that the service we rendered was satisfactory.

Donald A. Twogood
General Manager

L. R. McGlocklin
Assistant to the General Manager

General Manager's Report

Delivery and sales of both water and power during 1982 were lower by 10.1% and 7.4% respectively, due to conservation, economic conditions and mild weather. For example, there were only 86 days over 100° F. from May to September in 1982 in Imperial, compared to 116 days in 1981 and 113 days in 1980.

Expenditures were held within the budget allotted by the Board of Directors but the result was a decrease in reserve funds. Total District funds on January 1, 1982, amounted to $10,512,546 and at year-end were $9,198,674. There were no basic rate increases during the year in either water or power rates—the last water rate increase in July 1981, was solely for conservation programs. Similarly, the most recent increase in basic power rates occurred in October, 1981. Power rates during 1982 continued considerably below the national average and also were below most other utilities in Southern California. Water rates also compare favorably to other entities in the lower Colorado River region. The energy cost adjustment portion of the power rates increased approximately 20% during the year due to increases in fuel for generation and purchased energy. Natural gas prices increased during the year from $4.58 to $5.38 per decatherm, although oil prices remained approximately level at near $32 per barrel.

As the 1983 preliminary budget was being reviewed, public hearings on proposed moderate increases in both power and water rates were held during December. The Board deferred action on the budget and proposed rate increases until early 1983.

At midyear, following many months of planning by District staff and outside consultants, the Board approved major additions to the District's power system; namely purchase of a 22.5% interest in the 500-KV transmission project being constructed by Arizona Public Service Company and San Diego Gas & Electric Company. Known as the Southwest Powerlink, the line will run between the Palo Verde Nuclear Generating Station in Arizona and a substation in Imperial Valley. Necessary interconnection features including an 18-mile, 230-KV District transmission line, together with an Automatic Generation Control system (AGC) and Supervisory Control and Data Acquisition system (SCADA) are included.

A program to finance these projects plus refinancing of two hydroelectric plants being constructed on the All-American Canal at Drop No. 1 and East Highline Turnout by the sale of $94 million in revenue bonds was approved by an Advisory Committee, the Board of Directors, and the State Treasurer. However, at the November general election District voters soundly defeated the proposed District bond sale, together with numerous other propositions on the ballot. The Board decided to negotiate with SDG&E for a 6-month extension of an agreement which provided for one of two options; purchase of a reduced share—14.3% of the transmission line or long-term transmission service over the 500-KV line.

A contract was executed between the District and El Paso Electric Company for up to 100 MW of firm electrical energy, after availability of the 500-KV interconnection, until 1990 with the option for a 10-year extension.

Water delivery and sales aggregated 2,248,235 million acre-feet.

Considerable progress was made in the District's comprehensive water conservation program with completion in February of the Oscar Fudge Regulating Reservoir on the Central Main Canal. Construction was well under way at year-end on the District's fourth regulating reservoir designated the Herman "Red" Sperber Reservoir on the Rositas Canal.

Over 71,000 acre-feet of water was diverted into the three completed reservoirs in 1982.

A long-term contract between the District and USBR was executed at year-end providing for District operation and maintenance of Imperial Dam and all appurtenances on behalf of all the water users. No increase in River Division staff at Imperial Dam was necessary.

Within the Operations Services Department, the Buildings and Grounds Section, in addition to maintaining all District buildings and yards, provided invaluable support to the Water and Power Departments such as installing concrete foundations, maintenance and construction at substations, and repair work at generating stations. The Purchasing Section solicited bids and purchased $21,624,317 worth of material and equipment, including 437,899 barrels of fuel oil, 2 hydraulic excavators, 2 move trailers, and 53 vehicles, including 40 pickups—the mainstay for District operations. The Mechanical Section of this department very capably maintained the District's fleet of 557 vehicles and 73 pieces of heavy equipment.

At the year-end there were 1006 employees working for the District.

During the past 20 years District staff has varied only 3 percent from 978, although several new program responsibilities have been added in this period.

J. Penn Carter
Chief Legal Counsel

Legal Department

The Legal Department furnishes legal advice and counsel to the Board of Directors and to the officers and employees of the District acting in their official capacity.

All litigation involving the District, or in which the District may be interested, is handled by the Legal Department. This Department, with respect to the legal features involved, supervises the preparation and execution of contracts, bids, purchases, leases, rights-of-way, annexations, deposits of funds and other related District matters. With the exception of litigation, the activities of the Legal Department are largely reflected in the activities of the other departments of the District.

The Legal Department reviews state and federal legislative proposals which are of interest to the District and makes recommendations when necessary and as requested. The Legal Department handles all workers' compensation cases and participates in proceedings before state and federal administrative tribunals and agencies.

The Legal Department consists of the Chief Counsel, a Special Counsel, and four Assistant Counsels.

Major litigation pending during 1982 includes the following:

Flooding Cases – The litigation following Hurricane Kathleen (1976) and Tropical Storm Doreen (1977) has been concluded except for one case still on appeal. A final decision in this case is not expected until 1984.

In December, 1982, additional flooding was caused by a series of winter storms and additional damage claims for flooding are anticipated as a result of these occurrences.

During 1982, a jury returned verdicts against the District in favor of 37 property owners around Salton Sea which with accrued interest and attorney's fees total in excess of Thirteen Million Dollars. These judgments have been appealed and final decision is not expected until 1984. There are numerous other pending suits by owners of property adjacent to Salton Sea which will probably not be brought to trial until final decision in the cases now on appeal.

Arizona vs. California – This case, pending since 1952, determined that the District has present perfected rights to beneficially use up to 2.6 million acre feet of water per annum from the Colorado River.

During 1979, five Indian tribes, having rights to Colorado River water, filed application with the Supreme Court for increase in those rights by reason of additional land within the Reservation being suitable for irrigation. Hearings were concluded in 1981 before a Special Master appointed by the United States Supreme Court to hear the evidence. In February, 1982, the Special Master reported to the Court that the Indian tribes should be awarded additional water. The rights of the District will not be affected because the additional water will be taken from other users with a lower priority than the District. The Special Master's report has been challenged by the affected users including the State of Arizona, and the case was argued before the Supreme Court in December, 1982. A decision is anticipated in the Spring of 1983.

Miscellaneous Litigation – The Legal Department handled other litigation during the year, including actions filed against the District for personal injuries and wrongful death, actions filed on behalf of the District for collection of delinquent accounts, and actions filed on behalf of the District for recovery of damages for injuries sustained by District facilities.

Kristine K. Fontaine
Finance and Accounting Manager

Finance and Accounting

Financial Review – Even though the District's cash reserves decreased in 1982 due to reduced water sales and timing differences on the financing for the hydroelectric plants, there were sufficient reserves from prior years to fund all obligations on a timely basis.

Water revenues decreased in 1982 as a result of reduced demand due to milder weather and conservation efforts. Power revenues increased by approximately 18% over 1981 due primarily to increased energy costs which were recovered through an energy cost adjustment factor. MWH sales were actually down as a result of milder weather than in 1981 and conservation efforts by the customers.

Fuel and purchased power increased 15% overall in power due to cost and firm power purchase agreements with other utilities. Other operation and administrative expenses increased due to increased plant costs and inflation. Operation and administrative expense increased in water as a result of increased maintenance costs for the hydrilla problem and an emphasis away from capital projects to reduce spending.

Interest income decreased significantly due to reduced funds available for investment and prevailing interest rates. The increase in interest expense in power was due to the financing on the hydroelectric projects.

Computer Operations – The District's main frame 1,024K computer system was expanded by adding several programs.

In January 1982, a Financial Management System was implemented. The new system provides cost versus budget information on a monthly basis. A complete restructuring of the work order system was needed and employees throughout the District responded very well to make the conversion a success.

Two new software packages were acquired in addition to hardware to upgrade the computer system. Word 5, a word processor, was being utilized the latter part of the year. Plus 4/Look 4, a data base, was still being implemented at year end.

Accounting Procedures – During 1982, a feasibility study was made of electronic meter reading devices. As a result of this study, it was decided to consolidate the Coachella Meter Readers and Collectors with the Finance and Accounting Department. The transition was a smooth one, and the meter reading devices will be purchased in 1983.

A new accounting system was implemented in conjunction with the financial management system. The restructuring of the work orders provided a more detailed cost analysis by expense classification for budget purposes.

Peat, Marwick, Mitchell & Co.
Calderon, Jaham & Osborn
a joint venture
Certified Public Accountants
555 South Flower Street
Los Angeles, California 90071
(213) 972-4000

Board of Directors
Imperial Irrigation District

We have examined the combined balance sheet of the Imperial Irrigation District as of December 31, 1982 and the related combined statements of earnings, changes in District equity and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned combined financial statements present fairly the financial position of Imperial Irrigation District as of December 31, 1982 and the results of its operations and the changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, after the restatement as described in note 1.

March 11, 1983

Peat, Marwick, Mitchell & Co.
Calderon, Jaham & Osborn

IMPERIAL IRRIGATION DISTRICT

COMBINED BALANCE SHEET

December 31, 1982

ASSETS	*Water Department*	*Power Department*	*Combined*
CURRENT ASSETS			
Accounts receivable, net of allowance for doubtful accounts, (Water $201,000; Power $270,000)	2,225,716	5,971,539	8,197,255
Inventories:			
Fuel oil	-0-	4,553,009	4,553,009
Materials and supplies	799,947	1,605,601	2,405,548
Prepaid expenses & deferred charges	173,496	375,755	549,251
Total current assets	3,199,159	12,505,904	15,705,063
RESTRICTED ASSETS			
Debt service funds	-0-	1,178,020	1,178,020
Construction funds	1,290,711	2,402,103	3,692,814
Self-insurance funds	5,354,983	-0-	5,354,983
Other restricted funds	2,586,691	1,185,251	3,771,942
	9,232,385	4,765,374	13,997,759
UTILITY PLANT, at cost			
Plant in service	117,210,125	158,068,567	275,278,692
Less accumulated depreciation	23,452,923	76,625,687	100,078,610
	93,757,202	81,442,880	175,200,082
Construction in process	782,451	2,979,672	3,762,123
	94,539,653	84,422,552	178,962,205
OTHER ASSETS	253,154	-0-	253,154
	$107,224,351	$101,693,830	$208,918,181

See accompanying notes to combined financial statements.

Exhibit A

LIABILITIES AND DISTRICT EQUITY	*Water Department*	*Power Department*	*Combined*
CURRENT LIABILITIES			
Operating funds deficit	$ 2,495,927	$ 1,623,285	$ 4,119,212
Current maturities of long-term debt	738,635	1,307,998	2,046,633
Accounts payable	984,171	5,293,245	6,277,416
Accrued interest payable	-0-	260,821	260,821
Accrued compensation and payroll taxes	914,185	-0-	914,185
Accrued vacation and sick leave	678,282	755,517	1,433,799
Advances and deposits from customers	27,979	473,888	501,867
Deferred revenues, current portion	1,114,314	-0-	1,114,314
Total current liabilities	6,953,493	9,714,754	16,668,247
LONG-TERM DEBT			
Electric revenue bonds	-0-	600,000	600,000
All-American Canal obligation	7,670,267	448,808	8,119,075
Obligations under capital leases	30,782	2,509,042	2,539,824
	7,701,049	3,557,850	11,258,899
DEFERRED CREDITS AND OTHER LIABILITIES			
Other accrued expenses, noncurrent portion	1,500,000	-0-	1,500,000
Deferred revenues, noncurrent portion	187,992	-0-	187,992
Advances for construction	-0-	2,608,862	2,608,862
Accrued sick leave, noncurrent portion	236,801	218,806	455,607
	1,924,793	2,827,668	4,752,461
DISTRICT EQUITY			
Contributions in aid of construction	4,551,963	-0-	4,551,963
RETAINED EARNINGS			
Undesignated	76,860,668	80,828,184	157,688,852
Designated retained earnings — restricted assets	9,232,385	4,765,374	13,997,759
	86,093,053	85,593,558	171,686,611
	90,645,016	85,593,558	176,238,574
COMMITMENTS AND CONTINGENCIES (Notes 7 and 10)			
	$107,224,351	$101,693,830	$208,918,181

IMPERIAL IRRIGATION DISTRICT — **Exhibit B**

COMBINED STATEMENT OF EARNINGS

Year Ended December 31, 1982

	Water Department	Power Department	Combined
OPERATING REVENUES			
Sales of:			
Power	$ -0-	$70,099,313	$70,099,313
Water	17,099,599	-0-	17,099,599
Water availability charge	1,008,107	-0-	1,008,107
Rentals	107,107	32,795	139,902
Interdepartmental charges:			
Use of All-American Canal	334,499	(334,499)	-0-
Power sales	(363,557)	363,557	-0-
Other	89,784	620,757	710,541
	18,275,539	70,781,923	89,057,462
OPERATING EXPENSES			
Cost of fuel	-0-	20,115,431	20,115,431
Purchased power	-0-	31,757,957	31,757,957
Other power expenses	-0-	8,837,150	8,837,150
Operation and maintenance of All-American Canal	1,233,137	-0-	1,233,137
Operation and maintenance of irrigation system and dams	11,351,853	-0-	11,351,853
General and administration expense	4,225,408	3,951,501	8,176,909
Provision for depreciation	1,479,594	4,702,955	6,182,549
Provision for loss on experimental farm	31,648	-0-	31,648
	18,321,640	69,364,994	87,686,634
Net operating earnings (loss)	(46,101)	1,416,929	1,370,828
NONOPERATING REVENUES (EXPENSES)			
Interest income	994,097	472,735	1,466,832
Interest expense	(5,855)	(357,917)	(363,772)
	988,242	114,818	1,103,060
Net earnings	$ 942,141	$ 1,531,747	$ 2,473,888

See accompanying notes to combined financial statements.

IMPERIAL IRRIGATION DISTRICT — **Exhibit C**

COMBINED STATEMENT OF CHANGES IN DISTRICT EQUITY

Year Ended December 31, 1982

	Water Department	Power Department	Combined
RETAINED EARNINGS			
Balance, beginning	$85,150,912	$84,061,811	$169,212,723
Net earnings	942,141	1,531,747	2,473,888
Balance, ending	$86,093,053	$85,593,558	$171,686,611
CONTRIBUTIONS IN AID OF CONSTRUCTION			
Balance, beginning	$8,522,235	$ -0-	$8,522,235
Less prior period adjustment (Note 1)	(4,179,953)	-0-	(4,179,953)
Balance, beginning, as restated	4,342,282	-0-	4,342,282
Contributions received in current year	469,079	-0-	469,079
Less current year amortization	(259,398)	-0-	(259,398)
Balance, ending	$4,551,963	$ -0-	$4,551,963
Total District equity	$90,645,016	$85,593,558	$176,238,574

See accompanying notes to combined financial statements.

IMPERIAL IRRIGATION DISTRICT — **Exhibit D**

COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended December 31, 1982

	Water Department	Power Department	Combined
FINANCIAL RESOURCES PROVIDED BY			
Operations:			
Net earnings	$ 942,141	$ 1,531,747	$ 2,473,888
Items which did not require outlay of working capital during the year:			
Depreciation and amortization	2,223,577	4,702,955	6,926,532
Increase in noncurrent portion of accrued sick leave	67,281	44,773	112,054
Total working capital provided by operations	3,232,999	6,279,475	9,512,474
Decrease in construction in process	-0-	1,085,496	1,085,496
Increase in noncurrent portion of other accrued expenses and deferred revenues	1,618,534	-0-	1,618,534
Contributions in aid of construction	469,079	-0-	469,079
Decrease in other assets	63,832	-0-	63,832
Decrease in restricted assets	-0-	5,157,571	5,157,571
Increase in advances for construction	-0-	2,250,389	2,250,389
	5,384,444	14,772,931	20,157,375
FINANCIAL RESOURCES APPLIED TO			
Acquisitions of long-term assets:			
Addition to utility plant in service, net	6,043,139	12,240,648	18,283,787
Addition to construction in process	716,646	-0-	716,646
Decrease in long-term debt	738,635	557,491	1,296,126
Transfers to restricted funds, net	825,738	-0-	825,738
	8,324,158	12,798,139	21,122,297
Increase (Decrease) in working capital	$(2,939,714)	$ 1,974,792	$ (964,922)
SUMMARY OF CHANGES IN WORKING CAPITAL COMPONENTS			
Increase (Decrease) in Current Assets:			
Accounts receivable	$ (403,292)	$1,598,557	$1,195,265
Inventories	116,403	(920,005)	(803,602)
Prepaid expenses	144,307	(137,972)	6,335
	(142,582)	540,580	397,998
DECREASE (INCREASE) IN CURRENT LIABILITIES:			
Operating funds deficit	$(2,486,351)	$1,241,822	$(1,244,529)
Current maturities on long-term debt	(1,823)	294,012	292,189
Accounts payable	(230,073)	153,328	(76,745)
Accrued interest payable	(74,884)	(70,912)	(145,796)
Accrued vacation and sick leave	(39,639)	(106,897)	(146,536)
Advances and deposits	36,900	(77,141)	(40,241)
Deferred revenue	(1,262)	-0-	(1,262)
	(2,797,132)	1,434,212	(1,362,920)
Increase (Decrease) in working capital	$(2,939,714)	$1,974,792	$ (964,922)

See accompanying notes to combined financial statements.

IMPERIAL IRRIGATION DISTRICT
NOTES TO COMBINING FINANCIAL STATEMENTS
December 31, 1982

Note 1 - Summary of Significant Accounting Policies
Basis of Presentation

Separate accounting records are maintained for the Water and Power Departments of the Imperial Irrigation District (the District). The account classifications used by the District for accounting and financial reporting purposes are comparable to those used by other irrigation districts and electric utility companies. With respect to the Power Department, the account classifications used are those specified by the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission, which system of accounts was adopted to facilitate computations required by a provision of the All-American Canal contract discussed in note 4. The effects of interdepartmental transactions have not been eliminated because it is the intention of the Board of Directors of the District that the operating results of such departments be segregated and because such segregation is required for compliance with covenants relating to the issuance of electric revenue bonds.

Utility plant

Utility plant is stated at cost, which includes labor, materials, purchased services and, in the case of the Water Department, certain overhead items. Such overhead related to construction activities of the Power Department is not charged to utility plant since such allocated amounts would not be significant. Both water and electric plant retirements are removed from the accounts at cost, together with the related accumulated depreciation balance, and any resultant gains or losses are recorded in other revenues.

The District has an undivided interest in power generation stations and transmission systems which are jointly owned with several utilities. Each participant provides its own construction financing. The District's proportionate share of construction and improvement cost is included in the appropriate category of utility plant. The District will incur certain minimum operating cost on jointly owned facilities, whether or not it is able to take delivery of its proportionate share of energy generated. The proportionate share of these expenses incurred is included in the appropriate categories of operating expenses.

Depreciation

Buildings, vehicles, equipment, drainage structures, canal linings, and canal structures owned by the Water Department are depreciated on a straight-line basis over their estimated useful lives. The provision for depreciation for 1982 was equivalent, in the aggregate, to an annual rate of approximately 1.9% of the average gross investment in all water plant in service, other than land and land rights. Electric plant is depreciated on the composite method using an overall rate of 3% per annum. The costs of repairs and replacements of minor items of utility plant are charged to maintenance expense.

In prior years, the portion of the utility plant acquired through contributions was not depreciated. As a result, the accompanying combined financial statements include a reduction of the beginning balance of contributions in aid of construction and utility plant of $4,179,953.

Inventories

Inventories of fuel oil and materials and supplies are recorded at cost, on a weighted average basis.

Revenues

The principal water customers of the Water Department are farmers and cities.

These customers are billed at the end of each month for sales made during the month. Each landowner pays an annual water availability fee which is based upon its acreage within the District. All customers of the Power Department are billed on a cycle basis. Water and power revenues are recorded when billed, except for the water availability fee which is billed in December but recorded as revenue when earned in the following year.

Restricted assets

Restricted funds represent allocations of cash balances pursuant to provisions of the All-American Canal contract and the covenants of the electric revenue bonds and for other purposes specified by the Board of Directors.

Note 2 - Interdepartmental Transactions

Although the Water and Power Departments of the District maintain separate accounting records, there are numerous interdepartmental transactions. The more significant of these transactions involve charges by the Water Department to the Power Department for the use of water to generate electricity on the canal system and for the use of buildings, vehicles and equipment.

The interdepartmental charge for use of water in the All-American Canal to generate electricity is based upon amounts authorized by the Board of Directors in 1976.

Charges for use of buildings, vehicles and equipment are based upon pro rata distribution of costs of related maintenance operation and depreciation. In accordance with covenants of electric revenue bonds, the Water Department is charged for electric service furnished by the Power Department.

General and administrative expenses by the District are allocated between departments, with the majority of the allocations being 50% to the Power Department and 50% to the Water Department. These allocations, including expenses for the All-American Canal, are not supported by a formal current study.

The combined accrued salaries, wages and payroll taxes of the District are reflected as a current liability of the Water Department in the accompanying financial statements because funds had previously been transferred to the Water Department by the Power Department to provide for its portion of these payments.

Note 3 - Long-Term Debt

Long-term debt consists of the following:

	Water Department Due Within One Year	Water Department Due After One Year	Power Department Due Within One Year	Power Department Due After One Year	Combined
Electric revenue bonds, secured by a pledge of the net revenues of the Power Department, with interest ranging from 2¾% to 3½%, maturing as follows:					
1982 and prior maturities not presented for payment	$ -0-	$ -0-	$ 90,000	$ -0-	$ 90,000
1983	-0-	-0-	475,000	-0-	475,000
1984	-0-	-0-	-0-	600,000	600,000
	$ -0-	$ -0-	$ 565,000	$ 600,000	$ 1,165,000
All-American Canal obligation (Note 4)	$ 709,799	$ 7,670,267	$ 40,801	$ 448,808	$ 8,869,675
Obligation under capital lease (Note 5)	28,836	30,782	702,197	2,509,042	3,270,857
	$ 738,635	$ 7,701,049	$ 1,307,998	$ 3,557,850	$ 13,305,532

Note 4 - All-American Canal Contract

Pursuant to the terms of the Boulder Canyon Project, All-American Canal contract dated December 1, 1932 and the amendment and supplement to that contract dated March 4, 1952, the District assumed an obligation of $25,020,000 to the United States. This amount represents the District's share of the cost of construction of the All-American Canal System, which obligation has been allocated to the Water and Power Departments based on the relative cost of their plant located on the All-American Canal system.

The District receives its entire water supply for its irrigation system from the United States under this contract. The deliveries of water and use in perpetuity of the All-American Canal are guaranteed to the District as long as the provisions of the contract are met. Except for the combined annual payments of $750,600 through 1994, no other amounts are due to the United States for water supplied to the District.

Under the All-American Canal contract and certain other agreements, the District has the right to avail itself of hydroelectric generation from the water flow through the Canal, subject to the sharing of certain derived revenues with another water district. The most significant of such sharing arrangements is with the Coachella Valley County Water District (Coachella). In 1934, Coachella leased its power rights on the Canal to the District for a period of 99 years. Expenses under this agreement are paid to the United States of America for the credit of Coachella and are regarded as payments made under the District's normal obligation under the All-American Canal contract.

Note 6 - Accrued Sick Leave

The District maintains a plan under which eligible employees are paid a portion of their accumulated sick leave upon termination. The total liability under the plan as of December 31, 1982 was $661,307 of which $205,700 has been classified as a current liability and $455,607 as a noncurrent liability.

Note 7 - Commitments and Contingencies

In December 1982, a rainstorm damaged portions of the District's utility plant. Substantially all known damage was to Water Department assets. Work on required repairs to Water Department was started in

IMPERIAL IRRIGATION DISTRICT
NOTES TO COMBINING FINANCIAL STATEMENTS
December 31, 1982

Note 5 - Capital Leases

The District entered into a lease for electronic data processing equipment in December 1979. A lease for the hydroelectric generators was entered into in December 1980. The leases, which are both for 5 years, have been classified as capital leases.

The following is a schedule by year of minimum lease payments under the capital lease commitments together with the present value of the net minimum lease payments as of December 31, 1982:

	Electronic Data Processing Equipment	Hydroelectric Generators Drop 5	Total
1983	$ 32,860	$ 991,209	$ 1,024,069
1984	32,860	991,209	1,024,069
1985	-0-	991,209	991,209
1986	-0-	991,209	991,209
Total minimum lease payments	65,720	3,964,836	4,030,556
Less amount representing interest	6,102	753,597	759,699
Present value of minimum lease payments	$ 59,618	$ 3,211,239	$ 3,270,857

1982. The total cost of these repairs was estimated to be $882,607. Of this amount, a total of $235,589 has not yet been charged against operations but is reflected in the accompanying combined balance sheet, under other assets as a deferred charge. The amount that will eventually be charged against operations, if any, is dependent upon the amount which will be recovered through a claim for aid, filed pursuant to the National Disaster Assistant Act, with the State of California, Office of Emergency Services.

The District is self-insured as to workers' compensation claims, employee medical care benefits and general liability. An accrual is made for the estimated liability on workers' compensation claims in progress. No liability is accrued in anticipation of future claims in any of the programs since the amounts of such future claims cannot be reasonably determined.

The District has commenced construction of hydroelectric generation equipment on the All-American Canal at Drop No. 1 and on East Highline Canal. Construction is estimated to be completed in 1984. The cost is estimated to be $12,600,000 and $8,110,000, respectively. Construction costs were financed by advances on long-term lease purchase agreements. It is anticipated that these projects will be financed by some means of long-term financing. (See note 11).

The District has entered into an energy and capacity contract which involves a substantial commitment with Southern California Public Power Authority (SCPPA), a public entity organized under the laws of the State of California. Under the contract, the District is to purchase 6.5% of the energy generated by SCPPA's 5.91% ownership in the Palo Verde Nuclear Project, a nuclear-fueled generating station scheduled to become initially operational in 1984. The agreement requires the District to make certain minimum payments as to whether or not it is able to take delivery. These payments will begin upon completion of the project, but no later than July 1987. Minimum payments are based upon debt service requirements and production cost and, therefore, could not be determined at December 31, 1982.

Note 10 - Litigation

A number of claims and legal actions have been filed against the District and are either pending or in process. One such action involves damage to property bordering the Salton Sea, which damage was due to rises in the water level. The District is alleged to have been a major contributor to these rises. A court has found the District liable in this action and has fixed damages at $7 million to which would be added approximately $3 million in pre-and-post-judgment interest as well as attorneys' fees. Counsel for the District, however, is of the opinion that there is substantial reason to believe the District will prevail in appeals of the court's decisions. In the event the court's decisions are upheld on appeal, a substantial portion of the liability would be offset by insurance proceeds. The amount the District would be ultimately liable for is not expected to be significant to its equity.

The District, in the ordinary course of business, may be liable on certain pending claims and litigation affecting the District's operations. After consultation with legal counsel, the District believes that these pending items will not have a material effect on the District's financial condition.

Note 11 - Subsequent Event

The District has commenced proceedings to obtain the proceeds from the sale of Certificates of Participation, aggregating $64,000,000. The proceeds will be used to acquire an ownership interest in a 500KV transmission line, to construct a 230KV transmission line and a control facility to dispatch the District's power resources and the refinancing and financing of two hydroelectric generating units currently under construction on the All-American Canal. It is anticipated that the Certificates of Participation will mature in equal amounts of principal and interest over 15 years.

Note 8 - Employee Pension Plan

The District has maintained a voluntary contributory retirement plan (the Plan) for its employees since 1947. Under the terms of the Plan, as modified in 1969, employees are eligible to participate in the Plan after completing six months of continuous service. Employee contributions to the Plan and retirement benefits vary depending upon the age of the employee at the date of entry into the Plan, the average basic monthly salary attained, and the employee's retirement age. Additional amounts required to fund the actuarially computed benefits ultimately payable to participating employees are paid by the District and amounted to $824,808 in 1982. The most recent actuarial information of the Plan is as of December 31, 1981 and is shown as follows:

Actuarial present value of accumulated Plan benefits:	
Vested	$7,795,878
Nonvested	1,390,730
Total	$9,186,608
Net assets available for benefits	$9,352,456

In determining the actuarial present value of accumulated Plan benefits, an assumed weighted average rate of return of 8% is used.

Note 9 - Utility Plant

Plant in service is comprised of the following:

	Water Department	Power Department	Combined
Land and land rights	$ 5,064,976	$ 1,363,279	$ 6,428,255
Structures and improvements	3,099,293	7,709,516	10,808,809
Canals	50,213,064	-0-	50,213,064
Drainage	22,489,415	-0-	22,489,415
All-American Canal	23,863,479	-0-	23,863,479
Dredges and field equipment	4,102,689	-0-	4,102,689
Autos and trucks	5,645,938	-0-	5,645,938
Other plant and equipment	2,731,271	9,706,867	12,438,138
Steam plant equipment	-0-	19,838,961	19,838,961
Hydroelectric generating equipment	-0-	13,431,205	13,431,205
Gas turbines	-0-	21,233,599	21,233,599
Transmission plant	-0-	23,706,522	23,706,522
Distribution plant	-0-	59,096,695	59,096,695
Reservoirs and dams	-0-	1,981,923	1,981,923
Plant in service	$ 117,210,125	$ 158,068,567	$ 275,278,692

Depreciation expense for 1982 was as follows:

	Water Department	Power Department	Combined
Included in operation and maintenance expenses	$ 743,983	-0-	$ 743,983
Provision for depreciation	1,479,594	4,702,955	6,182,549
	$ 2,223,577	$ 4,702,955	$ 6,926,532

J. Robert Wilson
Water Manager

Water

The District's gravity-flow canal and drainage system delivered 2,248,235 acre-feet of water to over 5,414 farm headgates, 9 cities and towns, and all other water users in its Imperial Valley service area in 1982.

This amount delivered and sold was 251,526 acre-feet below that in 1981 due in part to relatively mild summer temperatures.

Water is diverted from the Colorado River at Imperial Dam through the District's All-American Canal headworks and desilting basins, thence into the All-American Canal for transporting to Imperial, Yuma and Coachella Valleys.

The total diversion through the All-American Canal headworks in 1982, was 4,477,514 acre-feet (an acre-foot equals 326,000 gallons), including 165,228 acre-feet used in desilting operations and returned to the river.

Water diversions for all agencies served by the All-American Canal totaled 4,312,286 acre-feet, a decrease of 738,914 acre-feet from 1981.

Water Department's responsibilities include operation and maintenance of the All-American Canal headworks and desilting basins at Imperial Dam, 80 miles of All-American Canal, 3 miles of New Briar Canal, a 1,623 mile network of other main canals and laterals, 52 miles of drains in All-American Canal Section and 1,401 miles of main and lateral drains. Due to the concrete lining of the Coachella Branch of the All-American Canal in 1980, the Coachella Valley Water District now operates and maintains this 49 mile section.

The District's gravity-flow canal and drainage systems serve an area of 510,344 acres of irrigated farm land within the District's 1,042,290 acres.

For the 32nd straight year, a favorable salt balance was maintained in Imperial Valley soils as 23.63% more salt was discharged through the District's drainage system than was brought into the Valley by importation of Colorado River water for irrigation. This has resulted from installation of 28,508 miles of underground drain tile in individual fields since 1929, 632 miles of which were installed in 1982.

The continued rise in the surface elevation of the Salton Sea is causing serious drainage problems in the cultivated areas adjacent to the sea. The lowest water-surface elevation was -227.85 and occurred December 1, 1982, and the highest elevation was -226.65 and occurred April 30, 1982.

As part of the 21-point water conservation program, initiated July 1, 1980 the O. L. "Oscar" Fudge Reservoir on the Central Main Canal was completed and put into operation.

Water continued to be diverted to the regulating reservoirs; J. M. Sheldon, Kakoo Singh and Oscar Fudge Reservoirs.

Personnel checking surface field discharge checked a total of 40,994 heads of water. Of the 40,994 heads checked, there were 6,117 heads wasting 15%, or more, of the water delivered, and after the second check there were 1,670 of the orders assessed accordingly.

Deliveries were installed in "S," "T," "U," "W," Niland 1, Niland 3 and Niland 4 Drains for California State Department of Fish and Game to pond water for evaporation as a part of water conservation.

Neutron Probe — Irrigations are being scheduled on approximately 10,000 acres. There have been 106 recorders installed on deliveries and waste boxes. The average on-farm spill in the program is 14%. The District is now cooperating with the Soil Conservation Service in field irrigation evaluations. Irrigation efficiency, distribution uniformity and soil intake rates are being evaluated.

Hydrilla — Several patches of hydrilla were discovered in the Central Main Canal above the Double Weir August 30, 1982. The pond was dropped and hydrilla was removed by Bantam No. 8-41. Komeen was then sprayed in the area.

There has been accelerated growth of hydrilla in the Westside Main Canal and other laterals. Brockman 2 Drain has hydrilla at various locations.

The Oscar Fudge Reservoir was drained October 13, for repair of cracks in side wall. Spots infested with hydrilla were found.

The Oscar Fudge and J. M. Sheldon Reservoirs were lowered for hydrilla control.

The New River and Wistaria Ponds on the All-American Canal, the Westside Main Heading and the Foxglove Heading on the Westside Main Canal were lowered several times during the year for inspection and control.

Grass Carp — The three experimental ponds in Wormwood Lateral 3 Canal were divided into three sections each August 26, 1982. In one section of each of the ponds, approximately 73 grass carp were planted. In the second section, approximately the same number of hybrid grass carp were planted and in the third section of each pond, there were no fish planted. This was done in order to get a comparison of the fish control on hydrilla. Early results of the experiment are encouraging.

In 1982 water consumption dropped, water conservation increased. The hydrilla menace expanded, but new hope for control came from an experiment with carp. The Salton Sea is still rising. The salt balance in Imperial Valley soils continues to improve.

Henry Legaspi
Power Manager

Power

Pursuing the policy established by the Board of Directors relative to the development to the maximum extent practical of the District's canal hydro power, Drop No. 5 Hydro Plant was completed and generated 10,442,200 kilowatt-hours of energy, producing $614,000 in revenue. The construction of hydro plants to be installed at Drop No. 1 and at the East Highline Turnout commenced in 1982 and should be on the line in early 1984. With the completion of plants at Drop No. 1 and East Highline Turnout, along with Drop No. 5, the energy generated by this hydro should displace the burning of approximately 129,000 barrels of oil at the El Centro Steam Plant; representing an annual savings of about $3.6 million.

The District's hydro power, coupled with the ability to import limited amounts of lower cost resources, has resulted in the reduction of steam generation from 26.9% in 1981 to 23.8% in 1982.

The District is continuing negotiations with San Diego Gas and Electric Company and Southern California Edison Company in order to interconnect the respective systems for improved reliability and as a means of importing additional amounts of lower cost energy.

Negotiations were completed and an agreement was executed in 1982 between El Paso Electric Company and the District for the purchase by the District of up to 30 mw of capacity and energy from El Paso Electric Company commencing in 1984 to 100 mw in 1989.

In anticipation of interconnecting with the Southern California Edison Company and/or San Diego Gas and Electric Company systems, the District has replaced various equipment at the El Centro Switching Station, including 34.5-kv, 92-kv and 161-kv oil circuit breakers; as well as, replacing two 37.5-mva power transformers with one 83-mva transformer.

In order to enhance the reliability of the 34.5-kv grid in the south end of the Imperial Valley, a 17-mile 92-kv transmission line was constructed from Drop No. 4 Switching Station to the Perry Substation in Calexico. Plans are to continue this 92-kv transmission line from the Perry Substation to the El Centro Switching Station.

The transition from oil to other energy sources continues with more hydro, more agreements to import power from utilities burning coal, and more efforts to interconnect with other utilities enabling IID to import low cost power from a variety of sources.

CAPITAL EXPENDITURES ON CURRENT ADDITIONS AND IMPROVEMENTS

Production Plant	$ 2,611,956
Distribution Plant	3,472,531
Transmission Plant	1,729,802
Engineering and Supervision	876,792
General Plant	167,930
Hydro Drop #1	1,040,324
Hydro EHL Canal	1,262,031
Hydro Alamo/ North End Dam	11,959
TOTAL	$11,173,325

SOURCE OF POWER REQUIREMENTS -1982

Hydro	17%
Thermal	25%
USBR	12%
Axis	10%
AEPCO - Coal	32%
Geothermal	4%
	100%

MAJOR DISTRIBUTION PLANT EXPENDITURES

Transformers	$677,088
Poles and Fixtures	541,546
Conductors and Devices	567,894
Meters	282,569
Services	124,463
Station Equipment	638,140
Underground	24,606
Lighting	52,374
TOTAL	$2,908,680

AVERAGE NUMBER OF CUSTOMERS -1982

Residential	46,475
Commercial and Industrial	8,268
Agricultural	889
Other	944
TOTAL	56,576

An increase of 1,370 over 1981.

POWER SALES - 1982

Ultimate Consumers		Per-Cent 1982	Per-Cent 1981
Domestic	$30,918,554	43.7	43.9
Commercial and Industrial	33,469,250	47.3	47.9
Agricultural Pumps	3,607,608	5.1	4.6
Street and Rural Lighting	579,069	0.8	0.7
Public Authorities	1,421,692	2.0	1.9
Inter-Departmental	466,697	0.7	0.5
Total Ultimate Consumers	$70,462,870	99.6	99.5
Other Utilities	291,080	0.4	0.5
Total Revenue	$70,753,950	100.0	100.0

AVERAGE ANNUAL RESIDENTIAL KILOWATT-HOUR USAGE

Average 11,294

A decrease of 1,309 over 1981.

KILOWATT-HOUR SALES — 1982

Ultimate Consumers	1,232,432,300
Other Utilities	5,870,600
Total	1,238,302,900

A decrease of 92,789,000 over 1981.

SALES IN DOLLARS - 1982

Ultimate Consumers	$70,462,870
Other Utilities	291,080
Total	$70,753,950

A gain of $11,085,081 over 1981.

COST OF OPERATION AND MAINTENANCE

Steam Generation	$21,011,432
Hydro Generation	899,094
Other Generation	1,583,377
Purchased Power	31,756,518
Transmission	662,810
Distribution	2,829,921
Customer Accounting & Collecting	1,279,753
Consumer Services	959,966
Administrative and General	7,611,613
Total	$68,594,484

COMBINED STATISTICAL REVIEW
POWER AND WATER

	1982	1981	1980	1979	1972
Sales:					
Electric Sales					
Residential					
Revenue (000)	$30,918.6	$26,313.9	$23,864.5	$21,827.5	$ 6,898.8
MWH (000)	525.9	569.0	523.7	538.9	411.8
Number of Customers	46,475	45,269	43,214	41,098	33,303
Commercial & Industrial					
Revenue (000)	$33,469.2	$28,682.5	$27,624.8	$24,399.3	$ 7,480.8
MWH (000)	596.1	651.9	633.9	646.7	498.3
Number of Customers	8,268	8,164	8,017	7,848	7,233
Other					
Revenue (000)	$ 6,075.1	$ 4,672.5	$ 4,407.9	$ 3,806.7	$ 1,066.4
MWH (000)	110.4	110.2	105.8	105.2	75.3
Number of Customers	1,833	1,773	1,718	1,646	1,438
Total Electric Sales					
Revenue (000)	$70,462.9	$59,668.9	$55,897.2	$50,033.5	$15,446.0
MWH (000)	1,232.4	1,331.1	1,263.4	1,290.8	985.4
Number of Customers	56,576	55,206	52,949	50,592	41,974
Water Sales					
Revenue (000)	$17,099.6	$17,737.0	$15,243.8	$13,154.9	$ 5,780.6
Acre-Feet (000)	2,248.2	2,500	2,519.7	2,570.9	2,531.3
Total Sales (000)	$87,562.5	$77,405.9	$71,141.0	$63,188.4	$21,226.6
Operating Expenses: (000)					
Electric	$69,365.0	$61,266.1	$49,242.9	$45,232.7	$12,663.8
Irrigation	18,321.6	14,715.7	13,938.6	11,637.2	5,590.2
Other Electric	(433.8)	(2,134.6)	(1,768.4)	(1,376.9)	(174.3)
Other Irrigation	(2,164.2)	(2,917.9)	(2,269.0)	(1,928.0)	(1,310.3)
Total Expense (000)	$85,088.6	$70,929.3	$59,144.1	$53,565.0	$16,769.4
Net Earnings before Extraordinary Items	$ 2,473.9	$ 6,476.6	$11,996.9	$ 9,623.4	$ 4,457.2
Extraordinary Income (Loss)	$ -0-	$ 43.9	$ 290.3	(345.9)	$ -0-
Net Earnings	$ 2,473.9	$ 6,520.5	$12,287.2	$ 9,277.5	$ 4,457.2
Plant & Equipment Expenditures (000)					
Major Work Authorizations	$ 635.5	$ 347.5	$ 811.2	$ 8,953.3	$ 38.6
Hydro Plants	3,921.8	2,945.9	740.7	-0-	-0-
Electrical System	6,616.0	8,656.9	4,669.8	4,422.2	2,182.6
Irrigation System	6,043.1	6,326.7	3,508.3	3,653.9	2,508.7
Total	$17,216.4	$18,277.0	$ 9,730.0	$17,029.4	$ 4,729.9

Rosemary P. Henderson
Treasurer

Treasurer's Report

The District's 1982 cash receipts totaled $95,341,053, an increase of $8,322,871 over 1981. This additional revenue, resulting from a 20.43% increase in revenue from power sales, was required to offset expenditures for 1982 in the amount of $100,937,349, or an increase of $11,513,937 over 1981. These expenditures covered the payment of bond principal and interest, payrolls, the cost of purchased power, repairs of water and power systems, work performed by others including expenditures in connection with the completion of a hydroelectric generating plant on the All-American Canal at Drop 5.

Construction of two hydro plants is scheduled for completion in 1984 and is currently being financed by a lease-purchase agreement.

Interest earned on the investment of funds from operations decreased 48% for a total of $1,688,334. Interest income was reduced primarily due to reduced funds available for investment and the prevailing interest rates.

Electric revenue bonds, issued from 1937 to 1954 to aid in financing the District's long-range power development program, including additions and improvements to its expanding power system amount to $37,963,000. The total remaining unpaid on December 31, 1982 was $1,165,000 (1) as shown in the following tabulation:

Year	Indebtedness Beginning of Year	Bonds Retired	Indebtedness End of Year
1979	$4,959,000	$1,393,000	$3,566,000
1980	3,566,000	961,000	2,605,000
1981	2,506,000	960,000	1,645,000
1982	1,645,000	480,000	1,165,000 (1)

(1) Includes $90,000 Matured Unpaid Bonds

A comparison of cash receipts and expenditures is tabulated below

Year	Receipts	Expenditures
1979	$66,882,853	$73,128,559
1980	77,816,934	72,896,968
1981	87,018,182	89,423,412
1982	95,341,053	100,937,349

Personnel

Bruce I. Penner
Personnel Manager

It was a harmonious year as far as labor relations were concerned. A relatively good employment stability was achieved resulting in a drop in the turnover rate from 5.6% last year to 4.3% this year. A major factor has been the unstable economic conditions in the Valley and elsewhere. Employees were just not in the mood to change jobs.

District Employment – District employment averaged 1006.2 employees throughout the year with a gross payroll of $22,031,736. Last year the figures were 990.3 and $19,490,573 respectively.

Affirmative Action – The average number of minority employment throughout the year was 48.7% compared to 47.8% in 1981. Also a training session for management and supervisory employees titled, "Discipline and Due Process" and "Improving Communications On The Job," was presented in December.

Classification and Compensation – 1982 was the second year of a two-year classification and compensation study conducted by Public Personnel Consultants which called for a 9.5% general wage increase. This increase was put into effect on July 1, 1982.

Benefits – Health insurance costs continued to rise with the District paying $1,091,947 or 81.4% of the total cost. This compares to $1,045,185 or 81.2% paid by the District in 1981.

The first full year of the vision service benefit with Vision Service Plan was $89,098 paid in premiums with $83,547 paid out in claims and fees.

Workers' Compensation – The District is self-insured for Workers' Compensation benefits under an Administrative Agreement with R. L. Kautz & Company. The total cost of claims, fees and miscellaneous items in 1982 amounted to $263,109 compared to $184,605 for 1981. This represents an increase of 42.5% as costs for medical services continue to rise.

Health & Safety – Safe driver awards were issued to 693 out of 728 eligible employees—95%. A total of 7,139,295 miles were driven by District employees.

Under a special driving award program which began in 1978, 180 employees drove in excess of 24,000 miles each in a 24-month period ending in 1982 without a preventable accident.

In a word the work force was stable in 1982. Turnover was low. (More than 4% of the employees have been with IID 25 years or more.) Increase in payroll was modest. Progress in minority hiring was gradual. The biggest change was in medical services costs — up 42.5%.

William R. Mordah
Operations Services Manager

Operations Services

The responsibility for providing the necessary "housekeeping" and logistics services to the operating departments is assigned to the Operations Services Department. The Department consists of four sections; namely, Buildings and Grounds, Mechanical, Purchasing, and Right of Way.

The following are some of the highlights of the services provided during 1982.

Buildings and Grounds Section – Direct dialing replaced switchboard operators at the District's Headquarters Yard by switching to a "Dimension" telephone system. The $33,000 change over allows conference calls, automatic transfers and other services that make the District's phone system more efficient.

The railroad spur track was removed, acknowledging the current use of trucks for hauling in supplies instead of rail cars. Two new metal storage buildings were erected to house the growing mounds of records.

New tools to increase or improve production were purchased: three self-dumping trash hoppers, a paint spray gun and a rotary hammer/drill.

Rockwood substation got two new sunshades for the water treatment system, as well as a new septic tank, toilet and leach lines. A fuel tank was sandblasted and painted for No. 4 cooling tower at the Steam Plant. At the El Centro Division Yard a 2,000 gallon capacity fuel tank was installed.

Concrete foundations for substations were built in Indio, Brawley and Calexico.

About 1,130 anchor cones, 250 gates, 470 pedestals and 870 marker posts were constructed for stock.

Mechanical Section – The District purchased two Caterpillar Model 225 hydraulic excavators for the heavy field equipment fleet. Also, 10-feet boom extensions were purchased for draglines No. 8-12 and No. 8-14.

Two heavy duty shop stands were purchased for the Heavy Equipment Shop. A valve seat grinder with accessories, digital volt-ohm meter and a 100 CFM air compressor were added to the Auto Shop's equipment. A drill press vise, power crimping machine and an arbor angle grinder were purchased for the Welding and Machine Shops.

The Heavy Equipment Shop completed 760 equipment repairs in the field, 398 hydraulic maintenance service jobs, and 528 equipment repairs in the shop. The Welding and Machine Shop completed 1,045 shop orders. The Automotive Shop and Service Station maintained 491 vehicles driven 7,132,787 miles and 68 vehicles which operated 51,421 hours. The Transportation Unit completed 1,780 heavy equipment moves for a total of 74,089 miles and 402 material moves for a total of 19,632 miles driven.

Purchasing and Stores Section – There were 87 bid invitations prepared and issued, ranging from a $10 million contract for hydroplants at Drop No. 1 and East Highline to an $1,800 contract for cleaning tile drains on the All-American Canal.

Two public auctions were held in 1982 with net proceeds of $80,550. Salvage equipment and materials sold at public auction, by sealed bid, or as a standard sale totaled $102,064.

Right of Way Section – The Right of Way Section obtained right of way for "F" Line from Niland to Blythe and for a power line to serve R.T.C. Broadcasting from the Bureau of Land Management. Right of way was obtained from Bureau of Reclamation for the East Highline Hydroelectric Plant.

New leases were negotiated with Delaware Orcal Cable Incorporated and Valley Telecasting Company to cover the joint use of poles. Another new lease completed was for the rental of a mobile home at Brawley Water Division Yard.

Property was purchased to expand the parking facilities at the Indio office and for the construction of new Sperber Reservoir.

There were 95 rights of way obtained for reservoirs, hydro plants, power lines and concrete lining. A total of 4,437 property transfers were posted to maintain up-to-date property ownership records within the District's boundaries.

A drive to increase efficiency was behind the purchase of a new phone system, new equipment such as 10 foot boom extensions for draglines to reach the center of wide canals and drains, and rights of way for new power lines, reservoirs, hydro plants and concrete lining.

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