



Alternative Governance and Electricity Services Study – Imperial Irrigation District

March 2023

PREPARED FOR:
RIVERSIDE AND IMPERIAL COUNTY
LOCAL AGENCY FORMATION COMMISSIONS



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LIST OF ABBREVIATIONS AND ACRONYMS

AB	ASSEMBLY BILL
ACT	LOCAL GOVERNMENT REORGANIZATION ACT
AD	ASSEMBLY DISTRICTS
APPA	AMERICAN PUBLIC POWER ASSOCIATION
BCPA	BOULDER CANYON PROJECT ACT
CAISO	CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CCA	COMMUNITY CHOICE AGGREGATORS
CCSC	COVE COMMUNITIES SERVICES COMMISSION
CEPC	CALIFORNIA ELECTRIC POWER COMPANY
CFC	COOPERATIVE FINANCE CORPORATION
CIP	CAPITAL IMPROVEMENT PROGRAM
CFD	COMMUNITY FINANCE DISTRICT
CO-OP	ELECTRIC COOPERATIVE
CPUC	CALIFORNIA PUBLIC UTILITIES COMMISSION
CV	COACHELLA VALLEY
CVAG	COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS
CVEC	COACHELLA VALLEY ENERGY COMMISSION
CVWD	COACHELLA VALLEY WATER DISTRICT

LIST OF ABBREVIATIONS AND ACRONYMS (CONT.)

CWC	CALIFORNIA WATER CODE
EPA	ENVIRONMENTAL PROTECTION AGENCY
ESP	ELECTRIC SERVICE PROVIDERS
IID	IMPERIAL IRRIGATION DISTRICT
IOU	INVESTOR-OWNED UTILITY
JFA	JOINT FINANCING AUTHORITY
JPA	JOINT POWERS AUTHORITY
LAFCO	LOCAL AGENCY FORMATION COMMISSION
MW	MEGAWATTS
NRECA	NATIONAL RURAL ELECTRIC CO-OP ASSOCIATION
O&M	OPERATION AND MAINTENANCE
PFA	PUBLIC FINANCING AUTHORITY
PUD	PUBLIC UTILITY DISTRICT
REA	RURAL ELECTRIFICATION ADMINISTRATION
REOZ	RENEWABLE ENERGY OVERLAY ZONE
RUS	RURAL UTILITY SERVICES
SB	SENATE BILL
SCAG	SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
STUDY	ALTERNATIVE GOVERNANCE STRUCTURES AND ALTERNATIVE ELECTRICITY SERVICE PROVISION STUDY
SWRCB	STATE WATER RESOURCE CONTROL BOARD
WECC	WESTERN ELECTRICITY COORDINATION COUNCIL

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SECTION 2

EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

The following effort was developed in accordance with the Riverside and Imperial Local Agency Formation Commissions special studies contract for the development of an "Alternative Governance Structures and Alternative Electricity Service Provisions: Imperial Irrigation District", sponsored by the California State Water Resources Control Board, Study Grant Agreement No. D2118003.

2.1 Introduction

Imperial Irrigation District (IID) was established in 1911 pursuant to the Irrigation District Law (California Water Code sections 20500 et. Seq.). Over the years, the district has expanded its services to become the primary electricity provider for Imperial County, as well as portions of Riverside and San Diego counties. The jurisdictional boundary, or legal boundary for IID encompasses all Imperial County. The District also provides electricity service to areas outside of their jurisdictional boundary to customers in the cities of Indio, Coachella, La Quinta, and portions of Palm Desert, Rancho Mirage, Indian Wells and several communities in unincorporated areas of the Coachella Valley, located in Riverside County.

Since 1943, IID has been providing electricity service to areas outside of its jurisdictional boundary. Today, IID is responsible for an annual operating budget of approximately \$520 million, managing and operating over 1.2 gigawatts of energy generation facilities and power purchases, 20 megawatts of energy storage facilities, 1,800 miles of energy transmission lines, over 125 substations, and approximately 6,150 miles of distribution lines across a 6,800 square mile service territory.

IID's Board of Directors is comprised of five officials who are elected by registered voters from geographic divisions within the district's jurisdiction boundary, which is limited to Imperial County. Since the IID's jurisdictional boundary does not extend into Riverside County, Riverside County registered voters are ineligible to serve on IID's Board of Directors, nor are they able to vote in IID elections. Over the years, conditions have changed, and the electrical service requirements have evolved for IID's Coachella Valley electrical service territory.

Increasing population, system reliability, aging infrastructure, capacity limitations, new development, frequent service outages, and questions regarding timely implementation of capital improvements are among the top concerns and has driven the desire for Coachella Valley stakeholders to obtain representation on IID's Board and provide oversight on electrical service matters.

With the expiration of the 1934 Agreement of Compromise nearing, local officials have begun to weigh options and discuss the outlook of electricity service and ability for the Coachella Valley to obtain local representation on electrical service matters. Today, the Coachella Valley service territory of IID represents over 60 percent of IID's ratepaying population.

2.2 Study Objective

The scope of the Study is to evaluate potential alternative electrical service governance structures for stakeholders' consideration, specifically concerning IID's extended electrical service territory in the Coachella Valley. The Study provides an analysis of alternative options for future governance, including proportional representation of Riverside County electricity customers being served by IID and options for future electrical service provision by alternative utility structures, in the case IID desires to terminate service pursuant to the conditions of the 1934 Agreement of Compromise.

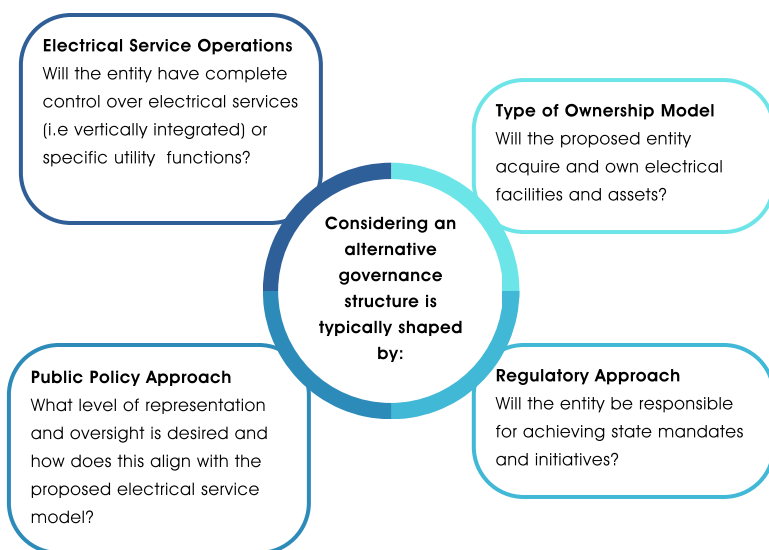
Goal and Objective: The Study is to review the current conditions relative to the electricity service provisions provided by the Imperial Irrigation District and address the following requirements:

- Options for providing continued publicly and/or independent system operator owned and managed electrical service in perpetuity to Imperial Irrigation District electrical service area customers both prior to and after, the expiration of the 99-year lease for power rights made between the Imperial Irrigation District and the Coachella Valley Water District in 1934.

EXECUTIVE SUMMARY

- Options for alternative governance structures that would extend voting rights to registered voters residing within the Imperial Irrigation District's electrical service area, allowing for proportional representation on a governing board that will have primary jurisdiction on all electrical service matters. Any findings will not affect the water service area boundaries or water rights management, which remain the sole responsibility of IID's current board of directors.

The Study focuses on identifying a variety of utility ownership and governance structures that policy makers and stakeholders can consider when evaluating the current IID electricity service structure and provisions for the Coachella Valley service territory. To ensure maximum benefit in both service territories, the Study established foundational objectives to aid in the review and consideration of alternative options.



2.3 Study Approach and Methodology

The Study is based on an extensive review of background documents, including IID's 2018 Integrated Resources Plan, Service Area Plan, and material presented at the Coachella Valley Energy Commission (CVEC). The primary source of information for the development of the Study and alternative options was obtained through discussions conducted with key stakeholders as part of the study's outreach effort.

Over the course of developing the Study, extensive stakeholder outreach was conducted and included individual discussions with IID staff, CVWD, Cities within the Coachella Valley, Tribal Nations, Riverside and Imperial Counties, and a general session with over ten different local government and special interest groups. Additional information about key stakeholders who played a vital role in the development of the evaluation criteria can be found in Section 5. As indicated, stakeholder discussions established foundational objectives that provide insight to how well each alternative option performs against the status quo and stakeholder interests. This approach defined criteria based on stakeholder input and provides for a locally calibrated set of criteria that can be used to evaluate and compare alternative options. More information on foundational objectives can be found in Section 8.

Several attempts over the years, including AB 854 introduced in 2019, have been unsuccessful in providing representation for Coachella Valley customers. In attempt to address this, the Study will:

- Identify practical alternatives to enable stakeholders to further develop and advance implementation.
- Determine foundational differences between service and governance structure options.
- Highlight the interaction between the level of utility responsibility and the corresponding degree of representation, i.e. the degree of representation would be equivalent to the amount of control and market risk of the proposed utility.
- Assess each alternative option against criteria that has been established by local stakeholders.

After stakeholders determine the appropriate service and governance approach, the next task is to determine roles, responsibilities, and rights for the alternative option under consideration. The scope of this Study is limited to only identifying alternative service and governance structures for the Coachella Valley service territory.

EXECUTIVE SUMMARY

2.4 Summary of Findings

Section 9 presents the findings of this Study. The conclusion as to whether IID should continue to serve as the electrical service provider for the Coachella Valley territory depends on the analysis of how well the proposed alternative options match the appropriate scale and ambitions within the service territory, stakeholder needs, and potential to improve the status quo.

To determine which alternative option best suits the needs of the Coachella Valley, stakeholders must first identify the desired roles, responsibilities, and rights for the potential service and governance option. The alternative option that aligns most effectively with the desired electrical service responsibilities could likely be selected and pursued. Since existing regulations and underlying objectives within the service territory may vary, stakeholders could likely have differing perspectives on which option is more suitable for implementation.

Based on the findings, there are several alternative service and governance options that support many of the foundational objectives. To further this finding, each stakeholder will need to determine which of the established foundational objectives are most important when deciding which alternative option to consider. For example, among the alternative options that support many of the foundational objectives, the following foundational objectives are supported to varying degrees.

- Structure Easy to Implement: Proposed structure should require a limited amount of coordination to implement the proposed service and/or governance structure, including legal, financial, and legislative complexity as compared to status quo.
- Ability to Achieve Vertically Integrated Utility Status: Structure that could allow for the complete oversight and governance of all electrical service provisions associated with generation, transmission, and distribution. A utility ownership structure that could be expanded to provide the greatest regulatory control

and monopoly over all aspects of electricity services provisions.

- Ability to Adapt to Future Changes and Responsibilities: Structure that can be modified to align with future changes in the members roles and responsibilities of utility ownership and/or governance.

If the desire among the Coachella Valley stakeholders is to pursue an alternative option which can be flexible and adapt going forward, then the alternative service and governance options which support the above foundational objectives should be further developed and pursued. Please refer to Figure 9-1 for the alternative options evaluation matrix which evaluates the proposed alternative options against each of the foundational objectives.



SECTION 3

ROLE OF THE LOCAL AGENCY FORMATION COMMISSION



ROLE OF THE LOCAL AGENCY FORMATION COMMISSION

The Riverside County Local Agency Formation Commission (Riverside LAFCO) and the Imperial County Local Agency Formation Commission (Imperial LAFCO) are jointly referred to as the Riverside and Imperial LAFCOs throughout this document. The Riverside and Imperial LAFCOs are responsible for conducting periodic reviews of public service providers per to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Act). Under the Act, each LAFCO is required to initiate and make studies of existing governmental agencies, including, but not limited to, studies to determine each local agency's maximum service area and service capacities.

In September 2021, Assembly Bill 1021 (AB 1021, Mayes. Imperial Irrigation District) was introduced and ultimately vetoed. However, because state funding was included as part of 2021 Budget Act, the study referenced in AB 1021 was allowed to proceed. Thus, the study parameters included in AB 1021 established the scope and basis of evaluation for the proposed study. In response, the Riverside and Imperial LAFCO's were selected to conduct and publish a joint study regarding options for providing continued publicly owned and managed electrical service to the Imperial Irrigation District's electrical service area. Further, this joint study is to evaluate existing electrical service provisions, and to evaluate alternative governance structures that would provide for proportional representation on a governing board with primary jurisdiction over electrical service matters for IID electricity customers located in the Coachella Valley. In response to this requirement, the Riverside and Imperial LAFCOs initiated the preparation of an "Alternative Governance Structures and Alternative Electricity Service Provision" study (Study).

The Riverside and Imperial LAFCOs are responsible for providing notice and distributing materials relating to this Study; interested parties can find more information at the respective LAFCO websites.

Public hearings will be held during review process and prior to the release of the final Study, and the public review period will allow all stakeholders, the Riverside and Imperial LAFCOs, and the general public to review and provide comments on the Public Draft Study. The public review period will commence when the Study is submitted by LAFCO, currently anticipated for March 31, 2023, and extend to August 30, 2023. A Final Study is expected to be completed by November 30, 2023.



SECTION 4

OVERVIEW OF ELECTRICAL SERVICE FOR THE COACHELLA VALLEY



OVERVIEW OF ELECTRICAL SERVICE FOR THE COACHELLA VALLEY

The Coachella Valley, situated in the Colorado Desert of California, spans from the Salton Sea to Riverside County in the northwest. It extends southeast from the San Geronio Pass to the northern shoreline of the Salton Sea, encompassing portions of Imperial County. It is bounded by the San Bernardino and Little San Bernardino Mountains on the northeast, and by the San Jacinto and Santa Rosa Mountains on the southwest. Within Coachella Valley, there are nine incorporated cities and several unincorporated communities. According to the 2020 Census, the total population for the Coachella Valley was 370,135 individuals. The population is summarized by incorporated area in Table 4-1 below. An overview of cities located in the Coachella Valley and incorporated areas is presented on Figure 4-1.

TABLE 4-1 – 2020 CENSUS POPULATION ESTIMATES FOR CITIES IN THE COACHELLA VALLEY

City	Population (2020 census)
Indio	89,137
La Quinta	37,558
Coachella	41,941
Rancho Mirage	16,999
Indian Wells	5,463
Palm Desert	51,163
Palm Springs(1)	44,575
Desert Hot Springs(1)	32,512
Cathedral City(1)	51,493

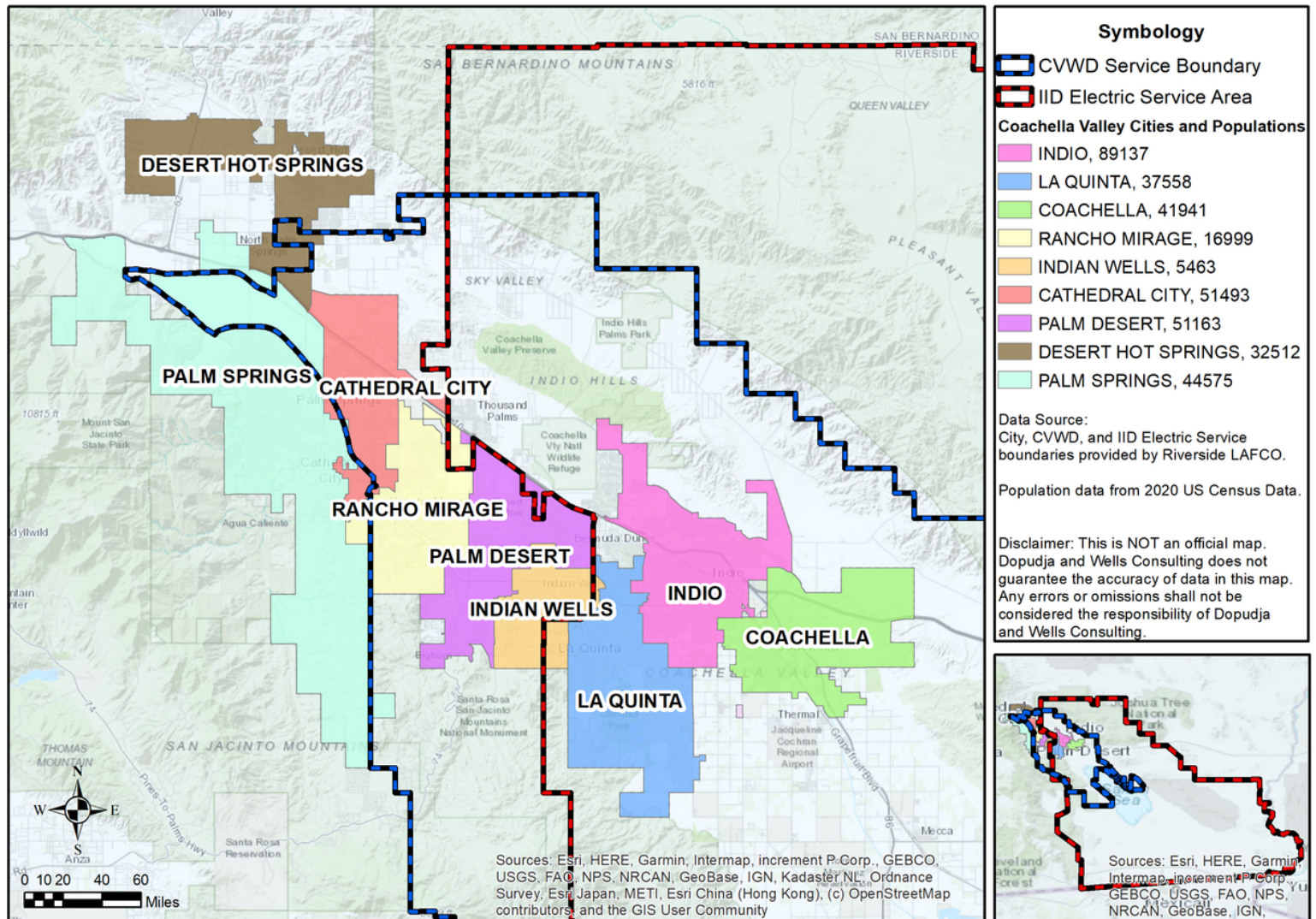
Notes:

(1) Located in Coachella Valley, but not within IID's extended electrical service territory.



OVERVIEW OF ELECTRICAL SERVICE FOR THE COACHELLA VALLEY

FIGURE 4-1: CITIES LOCATED IN THE COACHELLA VALLEY



OVERVIEW OF ELECTRICAL SERVICE FOR THE COACHELLA VALLEY

The Coachella Valley is also home to several unincorporated areas and towns including Cabazon, Bermuda Dunes, and Thousand Palms, which are located in the east end of the valley. The northern part of the valley includes Indio Hills, Sky Valley, North Palm Springs, and Garnet. In the southeast, there are Thermal, Vista Santa Rosa, Oasis, and Mecca. The native Cahuilla tribe is represented in the area by the Cabazon Band of Mission Indians, Twentynine Palms Band of Mission Indians, Augustine Band of Cahuilla Indians, and the Torres-Martinez Band of Cahuilla Indians, all of whom have reservations in the region.

The portion of IID's service territory in the Coachella Valley encompasses customers in several cities, as well as a number of communities located in unincorporated areas of Riverside County, also including Salton Sea, North Shores, Chiriaco Summit, and Joshua Tree National Park. A summary of communities located in Riverside County that receive electrical service from IID is provided in Table 4-2 below.

TABLE 4-2 – RIVERSIDE COUNTY COMMUNITIES THAT RECEIVE ELECTRICITY SERVICE FROM IID

Riverside County Communities that Receive Electricity Service from IID	
City of Indio	Indio Hills District Community
City of La Quinta	Mecca District Community
City of Coachella	Sky Valley District Community
City of Rancho Mirage	Thermal District Community
City of Indian Wells	Thousand Palms District Community
City of Palm Desert	Bermuda Dunes District Community
City of Desert Hot Springs	Cabazon Band of Mission Indians
Torres-Martinez Band of Cahuilla Indians	Twentynine Palms Band of Mission Indians
Augustine Band of Cahuilla Indians	

OVERVIEW OF ELECTRICAL SERVICE FOR THE COACHELLA VALLEY

4.1 History of IID's Extended Service Territory

IID was established in 1911 pursuant to the Irrigation District Law (California Water Code sections 20500 et seq.). Throughout the 1920's, the source of power to Imperial County was approximately 400 miles away at hydroelectric installations in Northern California. Due to the long distance from power sources and high line losses, the district faced high electric rates which made it less competitive compared to other areas in California. In response, IID investigated the potential for developing hydroelectric power.

In 1928, the U.S. Congress enacted the Boulder Canyon Project Act (BCPA), which authorized the construction of a dam on the Colorado River to control the river and preserve its waters. The Act also authorized the creation of the Hoover Dam and the construction of the All-American Canal, a canal system that would deliver Colorado River water to the Imperial and Coachella Valley areas. During this time, both the IID and the Coachella Valley Water District (CVWD) – described in more detail in the section that follows, were separately negotiating independent contracts with the United States for the construction of the canal and repayment of costs to bring water to the region. The BCPA was primarily related to water issues, but also allowed for the Department of Interior to contract for hydroelectric power generation opportunities on the canal.

The United States recognized the potential for hydroelectric power and that it could be used as a way to repay canal construction costs. Realizing the potential, the United States granted all hydroelectric generation opportunities on the canals to IID and CVWD, in exchange for a repayment agreement that would provide "net proceeds" received from power operations to the United States for the repayment of construction costs.

In 1936 the IID entered the electric power business for Imperial County during the construction of the All-American Canal. IID anticipated that hydroelectric power generated from the All-American Canal would

enable them to set power rates considerably lower than their competitors. During this time, Congress authorized construction of the All-American Canal to Coachella Valley. Negotiations with the United States for repayment contracts also required the determination of water and power rights for IID and CVWD. The terms of the 1934 Agreement of Compromise between IID and CVWD granted IID first rights to water delivered through the All-American Canal and a 99-year lease on all power rights CVWD had on the canal. To compensate CVWD for the power rights lease, IID agreed to pay a percentage of its power operation's "net proceeds" to CVWD. In return, the CVWD authorized IID to provide electricity service to the Coachella Valley. Section 4.3 provides a detailed overview of the 1934 Agreement of Compromise.

4.2 Average Electricity Rate Comparison by Utility Type

For reference and to establish a baseline electric rate for comparison, the following section compares average IID residential electricity rates to neighboring utilities. Rates are provided for IID, an Investor-owned Utility, and a Municipally Owned Utility. As shown, IID electricity rates for residential service are competitive and additional information on can be found on IID's website (www.iid.com/energy/rates-regulations/rates).

Based on a February 2023 billing, the average electric residential service cost is approximately \$0.1715 per Kilowatt-Hour and includes the following components:

- Customer Charge (Schedule D) = \$9.60 per month fixed charge
- Energy Cost Adjustment-NonRenewable (Schedule ECA) = \$0.0383 per Kilowatt-Hour
 - Based on the previous 12 months of actual costs
- Energy Cost Adjustment-Renewable (Schedule ECA-R) = \$0.0019 per Kilowatt-Hour
 - Based on the previous 12 months of actual costs
- Public Benefit Charge (Schedule PBC) = 2.85% surcharge based on total monthly charge
- California Energy Surcharge = \$0.00030 per Kilowatt-Hour

OVERVIEW OF ELECTRICAL SERVICE FOR THE COACHELLA VALLEY

The following provides a residential rate comparison based on 2020 average rates and charges for various energy providers and utility structures.

- Imperial Irrigation District: \$0.1616 per Kilowatt-Hour
- Investor-Owned Utility (Southern California Edison): \$0.2513 per Kilowatt-Hour
- Municipal Owned Utility (Riverside Public Utilities): \$0.1695 per Kilowatt-Hour

4.3 Agreement of Compromise and Hydroelectric Generation

To facilitate the construction of the All-American Canal and the repayment of associated construction costs, both IID and CVWD negotiated independent contracts with the United States. In 1932, the IID and the United States executed a contract for the construction of the canal. The agreement granted IID exclusive rights to all power generation opportunities created on the canal system, not reserved by the United States. The agreement also required the CVWD service territory to annex into IID, or the United States would forgo the development and construction of the canal system to the Coachella Valley area. However, CVWD contested the requirement by the United States and initiated a series of negotiations to finalize the contract. Eventually, the United States mandated that the parties resolve their differences to avoid impeding the construction and repayment of the proposed canal system.

On February 14, 1934, the IID and CVWD resolved their differences and signed an Agreement of Compromise, allowing the project to move forward and execute separate contracts with the United States. On October 15, 1934, CVWD executed a contract with the United States for the construction of the Coachella branch with similar conditions included in IID's contract for the All-American Canal.

In 1936, IID entered the power business in Imperial County and later expanded their service territory by purchasing electrical facility assets in the Coachella Valley from the California Electric Power Company (CEPC) in 1943.

The California Public Utilities Commission (CPUC) approved an adjustment to the service boundary between IID and CEPC as part of the acquisition.

According to California Water Code sections 22115 through 22124, irrigation districts may provide and sell electric power outside their boundaries. To facilitate the acquisition of CEPC facilities in Coachella Valley, CVWD agreed to deliver 80 percent of all electricity customers in Coachella Valley to IID.

Today, this area is known as IID's "District Coachella Service Territory". The areas serviced under service agreements include the cities of Indio, Coachella, La Quinta, and portions of Palm Desert, Rancho Mirage, Indian Wells, and several communities in unincorporated areas in the Coachella Valley, located in Riverside County. Today, approximately 60 percent of IID's electricity customers reside outside of IID's jurisdictional boundary and are located in the Coachella Valley service territory. Furthermore, growth in this area of Riverside County continues to outpace Imperial County. A map of IID's electrical service territory is shown on Figure 4-2.

All-American Canal construction, 1937



OVERVIEW OF ELECTRICAL SERVICE FOR THE COACHELLA VALLEY

4.3.1 Parties to the Agreement

Signed in 1934, the Agreement of Compromise was executed to ratify the allocation of water priorities between the IID and CVWD. The agreement stipulated that CVWD would lease its power generation opportunities to IID for a period of 99 years, ending on December 31, 2033, in exchange for certain conditions as specified in the agreement.

4.3.2 Summary of Conditions

The 1934 Agreement of Compromise provided that the CVWD would lease their power rights over the term of the agreement to IID, providing IID the exclusive right to operate, manage, develop, and control the use, sale, and generation of electricity as related to the All-American Canal. Below is a summary of conditions included as part of the agreement.

- Stipulated the term of the agreement to be 99 years, through December 31, 2033.
- Allowed IID to lease CVWD's power right opportunities along the canal over the term of the agreement.
- Authorized CVWD to execute an independent contract with the United States for the All-American Canal without being annexed by IID.
- Gave IID priority Colorado River rights over CVWD.
- Authorized IID to sell electricity in CVWD's territory.
- Restricted CVWD's ability to compete in power sales with IID.
- Called for IID to serve power in the Coachella Valley for 99 years and to administer electric rates no greater than those charged by IID to Imperial County customers.
- Required CVWD to provide signed contracts representing 80 percent of CVWD's water customers to IID.
- Granted IID control of all power opportunities along the All-American Canal.
- Required IID to pay eight percent of "net proceeds" annually from its power system to CVWD to settle water right disputes and combine and coordinate power rights for benefit of both service territories.

4.4 Imperial Irrigation District Energy Division

The IID headquarters is in the City of Imperial, approximately 120 miles east of San Diego and directly to the north of the United States and Mexico International border in Imperial County. IID is a public entity formed pursuant to the Irrigation District Law (California Water Code sections 20500 et. Seq.) and is responsible for providing irrigation water and energy services to customers within its district boundaries and, through service contracts, to customers outside of its district boundaries.

After discovering the potential from hydroelectric generation along the All-American Canal, IID entered the power industry in 1936. Today, IID serves electricity to more than 150,000 customers in Imperial County, as well as parts of Riverside and San Diego counties. Initially, IID's power customers were served electricity from a diesel generation plant in Brawley. Shortly after, with the purchase of the CEPC in 1943, IID expanded its electrical service area to include the Coachella Valley.

Today, IID manages an annual electric operating budget of approximately \$520 million and operates over 1.2 gigawatts of energy generation facilities and power purchases, 20 megawatts (MW) of energy storage facilities, 1,800 miles of energy transmission lines, over 125 Substations, and approximately 6,150 miles of distribution lines across a 6,800 square mile service territory.



OVERVIEW OF ELECTRICAL SERVICE FOR THE COACHELLA VALLEY

A summary of IID's operating budget for their energy division is provide in Table 4-3. IID is not a member of the California Independent System Operator (CAISO). As a separate Balancing Authority, it must be self-sufficient in providing reliable energy services under extreme events and is regulated by the Western Electricity Coordination Council (WECC). Below is an overview of the types of generation facilities constructed and managed by IID to deliver electricity to their customers.

- All-American Canal Hydroelectric Generation: 32 MW
- Palo Verde Nuclear Generating Station: 14 MW
- USBR Parker Davis Project: 32.6 MW
- Yucca Steam Plant: 70 MW
- IID Thermal Generation Plants: over 592 MW
- Power Purchases: approximately 460 MW

According to the 2018 Energy Integrated Resources Plan, electricity usage, or demand for IID's service territory in 2018 was recorded as 1,125 megawatts. Based on IID's latest projections, electricity usage is expected to increase by approximately 25 percent by 2035, with peak demand estimated to reach 1,395 megawatts. These estimates account for planned energy conservation programs and services that IID intends to implement, which will reduce the total demand required from generation facilities and power purchase contracts.

IID currently serves approximately 159,000 residential, commercial, and industrial customers. Of this, about 61,900 customers, or 39 percent, reside within IID's current jurisdictional boundary. The remaining customers, approximately 97,100 customers, or 61 percent, reside in the Coachella Valley, outside of IID's legal jurisdictional boundary and their political divisions for IID Board of Director elections. Population projections prepared by IID and the Southern California Association of Governments (SCAG) indicate that growth in the Coachella Valley service territory is expected to outpace population growth in Imperial County. Details regarding estimated service area population projections can be found in IID's 2020 Service Area Plan (Section III.B, Table G-4).

TABLE 4-3 – IMPERIAL IRRIGATION DISTRICT ENERGY DIVISION BUDGET SUMMARY BY MAJOR CATEGORY

IID Energy Division	2022 Projected Actual	2023 Budget	2024 Budget
Revenue and Funding			
Residential	\$300,393,800	\$310,940,200	\$312,089,900
Agricultural	\$11,222,500	\$11,650,900	\$11,701,400
Commercial	\$217,301,200	\$225,438,000	\$226,352,700
Industrial	\$3,157,200	\$3,279,100	\$3,332,900
Lights	\$2,486,500	\$2,566,400	\$2,582,900
Public Authorities	\$10,065,500	\$10,430,700	\$10,466,500
Interdepartmental	\$2,587,500	\$2,599,600	\$2,599,600
Public Benefit Charge	\$15,658,000	\$16,158,700	\$16,222,000
Interest Income	\$(2,971,703)	\$3,000,000	\$3,500,000
Public Benefit Fund	\$2,852,900	\$2,615,100	\$2,615,100
Capital Contributions	\$18,867,800	\$91,603,600	\$54,023,900
Capital Loans	\$8,357,103	\$9,893,700	\$32,184,200
Cert. Of Participation Proceeds	\$0	\$44,386,800	\$71,661,600
Other Income	\$49,345,600	\$40,894,000	\$46,261,500
Total Revenue and Funding	\$639,323,900	\$775,456,800	\$795,594,200
Expenditures			
Purchased Energy	\$334,689,300	\$339,668,400	\$338,837,900
Operations and Maintenance	\$148,086,000	\$165,778,100	\$168,409,600
General and Administration	\$19,315,300	\$19,639,400	\$20,021,200
Energy Capital Projects	\$81,925,855	\$181,859,200	\$171,595,600
Support Services Capital Projects	\$16,677,445	\$26,966,200	\$49,454,100
Transmission Rate Credits	\$1,600,000	\$1,873,200	\$1,800,000
Other Operating Expenses	\$(3,600,000)	\$(2,600,000)	\$(3,900,000)
Debt Service	\$40,630,000	\$42,272,300	\$49,375,800
Total Expenditures	\$639,323,900	\$775,456,800	\$795,594,200
Notes:			
1. Imperial Irrigation District 2023 Budget Plan, November 1, 2022.			
2. Public Benefit Charge is based on 2.85% surcharge per Schedule PBC			

OVERVIEW OF ELECTRICAL SERVICE FOR THE COACHELLA VALLEY

IID's Mission Statement

The Imperial Irrigation District is a fiscally responsible public agency whose mission is to provide reliable, efficient, and affordably priced water and energy service to the communities it serves.

IID's Vision Statement

The Imperial Irrigation District will protect the Imperial Valley's water rights and energy balancing authority, deliver the highest level of customer service and maintain system reliability for the sustained benefit of the regional economy, the environment and the communities it serves in a fiscally responsible manner.

4.4.1 Governance Structure

IID is governed by an elected five-member Board of Directors, who are responsible for overseeing the district's operations, policies, and finances. The members of the Board are elected by registered voters from the geographic divisions in which they reside with a general manager appointed by the Board to manage the day-to-day operations. All the district political divisions are located within Imperial County, but not coterminous with Imperial County. Customers in the Coachella Valley are currently unable to participate in IID Board elections.

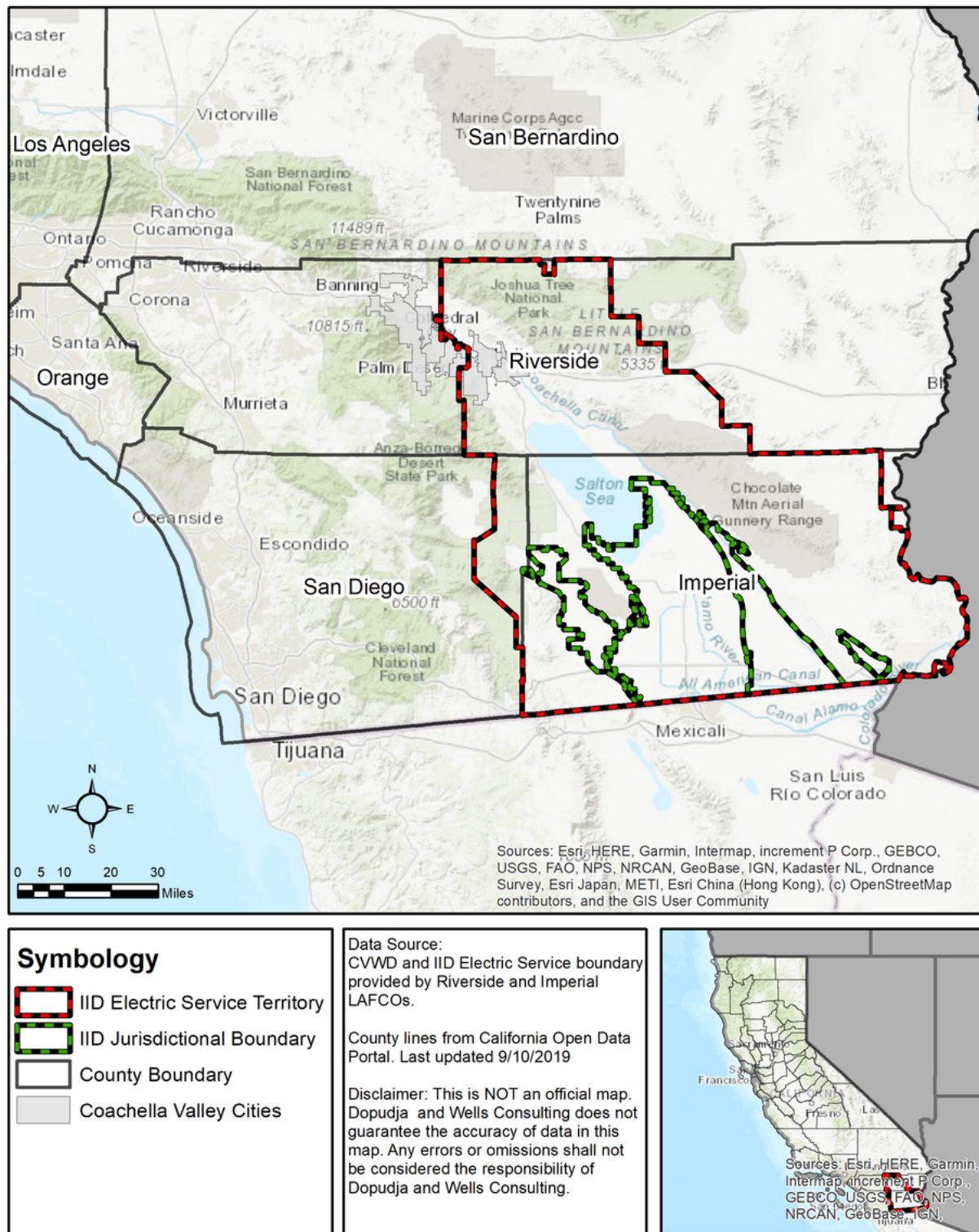
The IID has two primary operational departments, the Water Department and the Energy Department. Each department is overseen by the general manager's Executive Office and supported by four additional service departments: General Services, Information Technology, Finance and Human Resources. The IID Board of Directors is apprised and supported by the Executive Department, including Administration Services, which handles matters related to government affairs, real estate and risk management.

4.4.2 Jurisdictional Boundary and Extended Service Territory

IID's jurisdictional boundary was amended by the BCPA of 1928 and the BCPA Agreement of 1932. Their jurisdictional boundary, also known as legal boundary, is entirely contained in the Imperial County, but not coterminous with Imperial County. In 1943, IID executed a purchase and sales agreement with CEPC. After the sales agreement was approved by the CPUC, IID was allowed to provide energy service to areas outside of its legal boundary and into Riverside and San Diego counties. IID's jurisdictional boundary and extended electrical service territory is presented in Figure 4-2.



FIGURE 4-2: IID JURISDICTIONAL BOUNDARY AND EXTENDED ELECTRIC SERVICE TERRITORY



SECTION 5

ENERGY SERVICE STAKEHOLDERS



ENERGY SERVICE STAKEHOLDERS

This section will introduce key stakeholders involved in the development of the Study. Although there were additional stakeholders involved as part of the Study's outreach, the following stakeholders were identified by the Riverside and Imperial County LAFCOs and are members of the Coachella Valley Energy Commission (CVEC). Feedback and supplemental materials provided by stakeholders during outreach is further described in Section 8.1. This includes responses to the Study's electrical service questionnaire and input received during the individual stakeholder discussions.

The CVEC was created by IID in response to Assembly Bill 1021. The Commission is tasked with providing immediate and diverse local representation by Coachella Valley stakeholders in IID's extended electrical service territory. The Commission is tasked with developing a long-term strategic plan for continued energy service to the Coachella Valley following the 2033 expiration of the 99-year lease between the CVWD and IID.

5.1 Coachella Valley Water District

Established under the provisions of the California Water Code, Coachella Valley Water District (CVWD), previously known as Coachella Valley County Water District, was organized in 1918 as a County Water District. The district's jurisdiction now spans approximately 640,000 acres, primarily located in Riverside County, but also encompassing areas in northernly Imperial and northeastern San Diego Counties.

CVWD has evolved into a multi-faceted agency that delivers irrigation and domestic water, collects and recycles wastewater, provides regional storm water protection, replenishes the groundwater basin and promotes water conservation. CVWD does not provide electrical operations or service to its customers and is currently under a service agreement with IID per the 1934 Agreement of Compromise.

CVWD's primary fields of service include:

- Domestic/drinking water treatment and distribution
- Irrigation water importation and distribution
- Wastewater collection and treatment
- Recycled water distribution
- Groundwater management
- Regional stormwater and flood protection

Prior to 1943, the CEPC served as the primary electrical service provider for the Coachella Valley. Subsequently, CVWD entered into a partnership with IID to assume the responsibility of providing electrical services to the region, while acknowledging the advantages of securing hydroelectric power. According to the conditions of the 1934 Agreement of Compromise, CVWD is restricted from competing with IID on electrical service operations and sales through December 31, 2033. Although CVWD participates, the district is not a member of the CVEC.

CVWD Mission Statement

To meet the water-related needs of the people through dedicated employees, providing high quality water at a reasonable cost.

5.1.1 Governance

CVWD is a special district established by the state legislature and certified by the State on January 16, 1918. CVWD is governed by a five-member Board of Directors elected to 4-year terms by district voters. Each director represents one of five divisions of the district and are elected at-large by all voters. CVWD policies are regulated by several state and federal agencies, including the State Water Resources Control Board, California Department of Public Health, and the California and United States Environmental Protection Agencies.

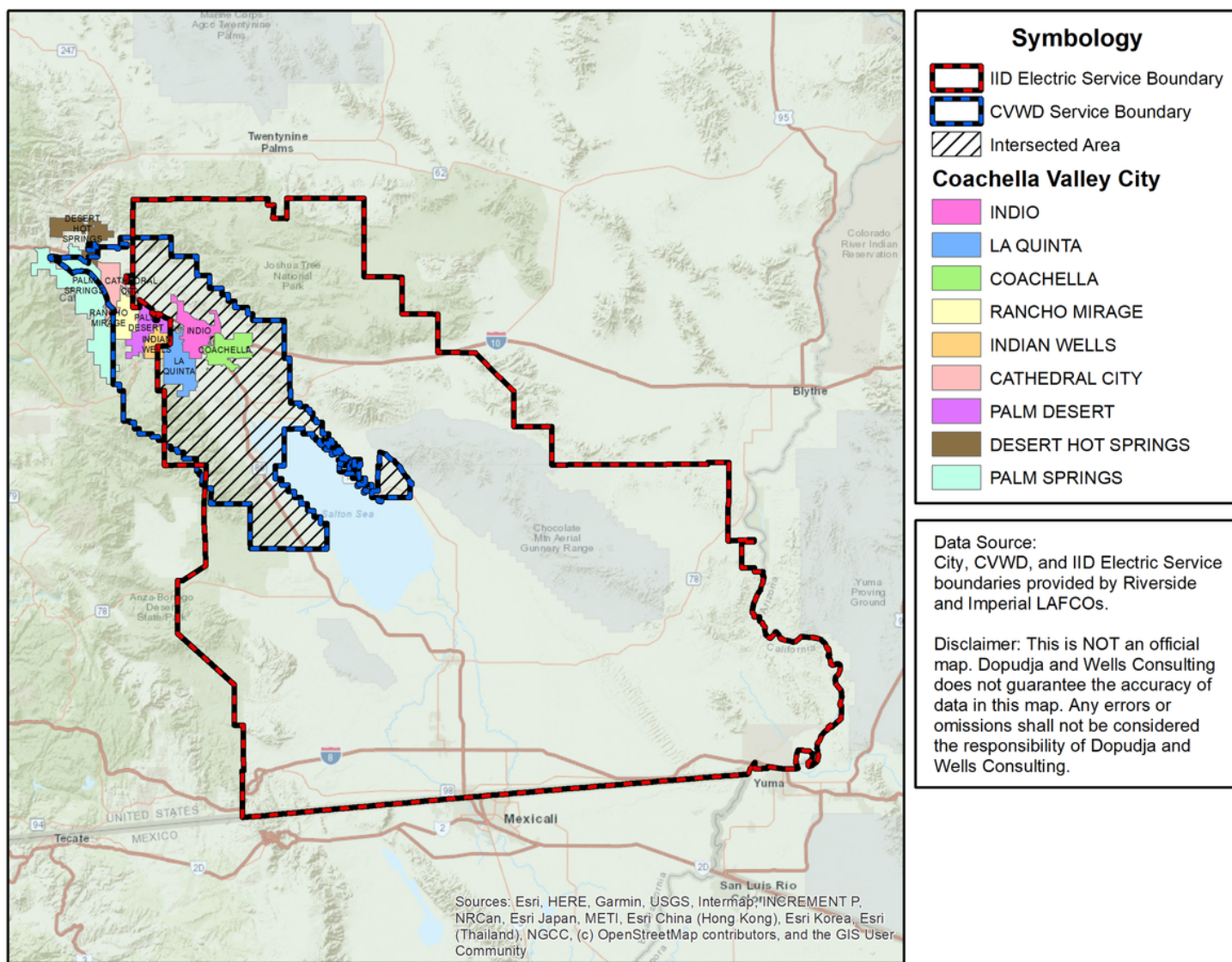
ENERGY SERVICE STAKEHOLDERS

Because the District is a government agency and not a private company, it is not regulated by the Public Utilities Commission.

5.1.2 Jurisdictional Boundary

CVWDs jurisdictional boundary encompasses the Coachella Valley and extends into Imperial County, southeast from the San Bernardino Mountains to the Salton Sea. The CVWD jurisdictional boundary and corresponding service area is shown in Figure 5-1.

FIGURE 5-1: COACHELLA VALLEY WATER DISTRICT JURISDICTIONAL BOUNDARY



ENERGY SERVICE STAKEHOLDERS

5.2 City of La Quinta

The City of La Quinta, situated in Riverside County, is a growing, premier desert resort destination recognized for its exceptional golf resorts. The governing body of the city, the La Quinta City Council, comprises five members and is led by Mayor Linda Evans. Mayor Evans is currently serving her third term in the position. The La Quinta City Council is responsible for formulating and implementing city legislation and policy-making. The City Council is responsible for appointment of the City Manager and the City Attorney. It serves as the Board of Directors for the Financing Authority. In addition, the Council serves as the legislative authority for the La Quinta Lighting and Landscaping District.

The City of La Quinta is the southern most city in the Coachella Valley. The city is bordered by the City of Indian Wells on the northwest and by the City of Indio on the northeast. It is surrounded by the Santa Rosa mountain range on all other sides. The location of the City of La Quinta within IID's electrical service boundary and their sphere of influence is shown in Figure 5-2. A sphere of influence is a planning boundary outside of an agency's legal boundary (such as the city limit line) that designates the agency's probable future boundary and service area. The estimated population, as of 2021, is 38,000 and the city is a member of the CVEC.

5.3 City of Indio

The City of Indio, situated in Riverside County, is the largest and fastest growing city in Coachella Valley best known for several large music festivals. The city was originally founded as a railroad outpost but transitioned into an agricultural hub and is now the sole producer of dates in the United States, yielding 41.4 million pounds of dates each year.

The governing body of the city includes an elected City Council and City Manager, consisting of five elected members and a Council appointed City Manager. Each year, a new Mayor is selected by the Council, currently the Council is led by Mayor Oscar Ortiz.

The Indio City Council is responsible for formulating and implementing city legislation, policy-making, and overseeing the City Budget. The City Council is the legislative body for the City, Public Financing Authority and Redevelopment Agency.

The City of Indio is located on the eastern side of Coachella Valley, bordered by the city of La Quinta on the southwest and the city of Coachella on the southeast. The location of the City of Indio within IID's electrical service boundary and their sphere of influence is shown in Figure 5-2. A sphere of influence is a planning boundary outside of an agency's legal boundary (such as the city limit line) that designates the agency's probable future boundary and service area. The estimated population, as of 2021, is 90,000 and the city is a member of the CVEC.

5.4 City of Coachella

The City of Coachella, situated in Riverside County, was first settled by J.L. Rector in 1989 when he came to the area to establish a mesquite terminal. Additional settlement in the area began after he and his brother L.B Rector tapped into an artesian water well in 1900.

The governing body of the city includes an elected City Council and City Manager, consisting of five elected members and a Council appointed City Manager. All five members of the City Council are elected by the residents, with general Council Members serving four-year terms and the mayor serving two-year terms. Currently the Council is led by Mayor Steve Hernandez. The Coachella City Council is responsible for formulating and implementing city legislation, conducting public hearings, analyzing public issues, and managing city finances as well as general city operations.

The City of Coachella is located on the most southeastern edge of Coachella Valley. The location of the City of Coachella within IID's electrical service boundary and their sphere of influence is shown in Figure 5-2.

ENERGY SERVICE STAKEHOLDERS

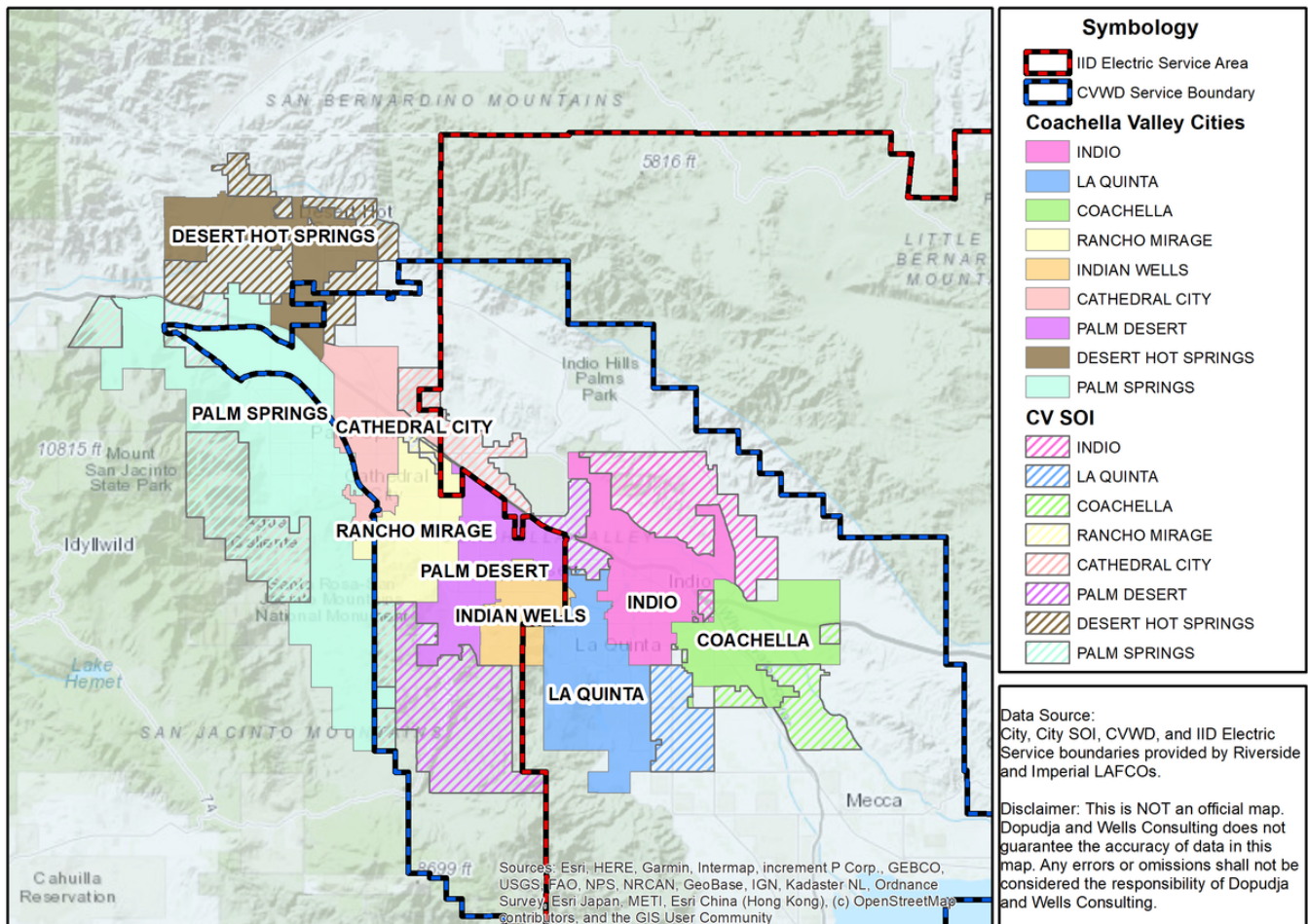
A sphere of influence is a planning boundary outside of an agency's legal boundary (such as the city limit line) that designates the agency's probable future boundary and service area. The estimated population, as of 2021, is 43,000 and the city is a member of the CVEC.

5.5 Cove Communities Services Commission

The Cove Communities Services Commission (CCSC) was established by City of Rancho Mirage, the City of Palm Desert and the City of Indian Wells to provide coordinated fire, police, and paramedic services. The Commission, comprised of six elected council members, two from each city, holds quarterly meetings. Hosting and administrative duties are annually rotated among the cities. Although each city now individually contracts for public safety services, the CCSC are actively engaged in regional programs and initiatives that affect all three cities.

The estimated population for the cities included under the CCSC, as of 2021, is approximately 74,500 and the CCSC is a member of the CVEC. Individual city population projections can be found in Table 4-1.

FIGURE 5-2: COACHELLA VALLEY CITIES AND CITY SPHERE OF INFLUENCE



ENERGY SERVICE STAKEHOLDERS

5.6 County of Riverside

Riverside County was formed in 1893 from parts of San Bernardino and San Diego Counties. These two territorial components comprise over 7,300 square miles. Its early years were tied to agriculture, but other industries soon took hold and contributed to the county's rapid growth. The governing body of the County is the Board of Supervisors. There are five separate districts based on population and other factors within the county. The Board of Supervisors is the governing body of the County, certain special districts and the Housing Authority. The Board enacts ordinances and resolutions, adopts the annual budget, approves contracts, appropriates funds, determines land use zoning for the unincorporated areas, as well as appoints certain County officers and members of various boards and commissions.

Riverside County is located north of San Diego and Imperial Counties and south of San Bernardino County. Riverside County's eastern neighbor is the State of Arizona, and its western neighbor is Orange County. The estimated population, as of 2021, is 2.5 million, making Riverside the fourth largest county in California by population. This population estimate is for the entire County, which extends beyond the boundary of the IID Coachella Valley electrical service territory. Individual population estimates for the cities located in Riverside County, which receive electrical service from IID are shown in Table 4-1. The County of Riverside is a member of the CVEC.

5.6.1 State Assembly Representation

Riverside County is represented by six Assembly Districts (AD), AD 36, AD 47, AD 58, AD 60, AD 63, and AD 71. The two AD's of interest for this study are AD 36 and AD 47. Eduardo Garcia (D) is the current Assembly member of AD 36, representing Riverside County cities, Imperial County communities, and San Bernardino communities. He is the chair of the Water, Parks, and Wildlife Committee and serves on several other committees such as Appropriations, Communications and

Conveyance, and Utilities and Energy. Greg Wallis (R) is the current Assembly member of AD 47, representing Riverside County cities, including the City of La Quinta. He assumed office in December 2022 and is currently serving his first term as Assemblyman

5.6.2 District Supervisor

The Riverside County Board of Supervisors consists of five separate districts. The district which oversees the Study area is the Fourth District. The Fourth District is the largest district in Riverside County by area. The Fourth District covers the eastern two-thirds of the County including the cities of Blythe, Cathedral City, Coachella, Desert Hot Springs, Indian Wells, Indio, La Quinta, Palm Desert, Palm Springs and Rancho Mirage. The current supervisor for the Fourth District is Supervisor V. Manuel Perez.

The Fourth District also includes a number of district communities, each with its own distinct assets and issues. Ten of these communities are sufficiently large and active that the Board of Supervisors has established a Community Council to advise the Board of a wide variety of concerns that arise within the community. While they are strictly advisory in nature, the voice of the councils is heard by both the Board and other important entities such as the County Planning Commission. The Fourth District includes Bermuda Dunes, Desert Edge, Indio Hills, Mecca-North Shore, Sky Valley, Thermal-Oasis, Thousand Palms, and Vista Santa Rosa district communities.

5.7 County of Imperial

Imperial County encompasses seven cities and eight unincorporated communities across 4,284 square miles. It was established in 1907 from portions of San Diego County. The county has a strong agricultural heritage, producing half of the nation's winter vegetables and abundant renewable resources such as geothermal, wind, and solar. It also offers various recreational activities including the Imperial Sand Dunes Recreation Area, the Sonny Bono Salton Sea National Wildlife Refuge, and frequent community events.

ENERGY SERVICE STAKEHOLDERS

Although geographically ninth largest county in California, Imperial County is the smallest of the nine counties in Southern California based on population estimates.

The governing body of the County is the Board of Supervisors. The Board of Supervisors is the governing body of the County, certain special districts and the Housing Authority. The Board enacts ordinances and resolutions, adopts the annual budget, approves contracts, appropriates funds, determines land use zoning for the unincorporated areas, as well as appoints certain County officers and members to various boards and commissions.

Imperial County is underway with establishing and implementing a renewable energy overlay zone. These are areas where the County's General Plan is encouraging renewable energy development. The renewable energy overlay zone is concentrated in areas that the County has determined to be the most suitable for developing renewable energy facilities while minimizing the impact to other established uses. The overlay zones cover approximately 201,000 acres and can accommodate a range of technologies. Figure 5-3 provides an overview of the proposed renewable energy overlay zone.

Imperial County is located on the most southeastern border of California. Imperial County's northern neighbor is Riverside County, its Western neighbor is San Diego County, its Eastern neighbor is the State of Arizona, and its southern neighbor is Mexico. The estimated population, as of 2021, is 180,000 and the majority of this area is within IID's jurisdictional boundary. The County of Imperial is a member of the CVEC.

5.7.1 State Assembly Representation

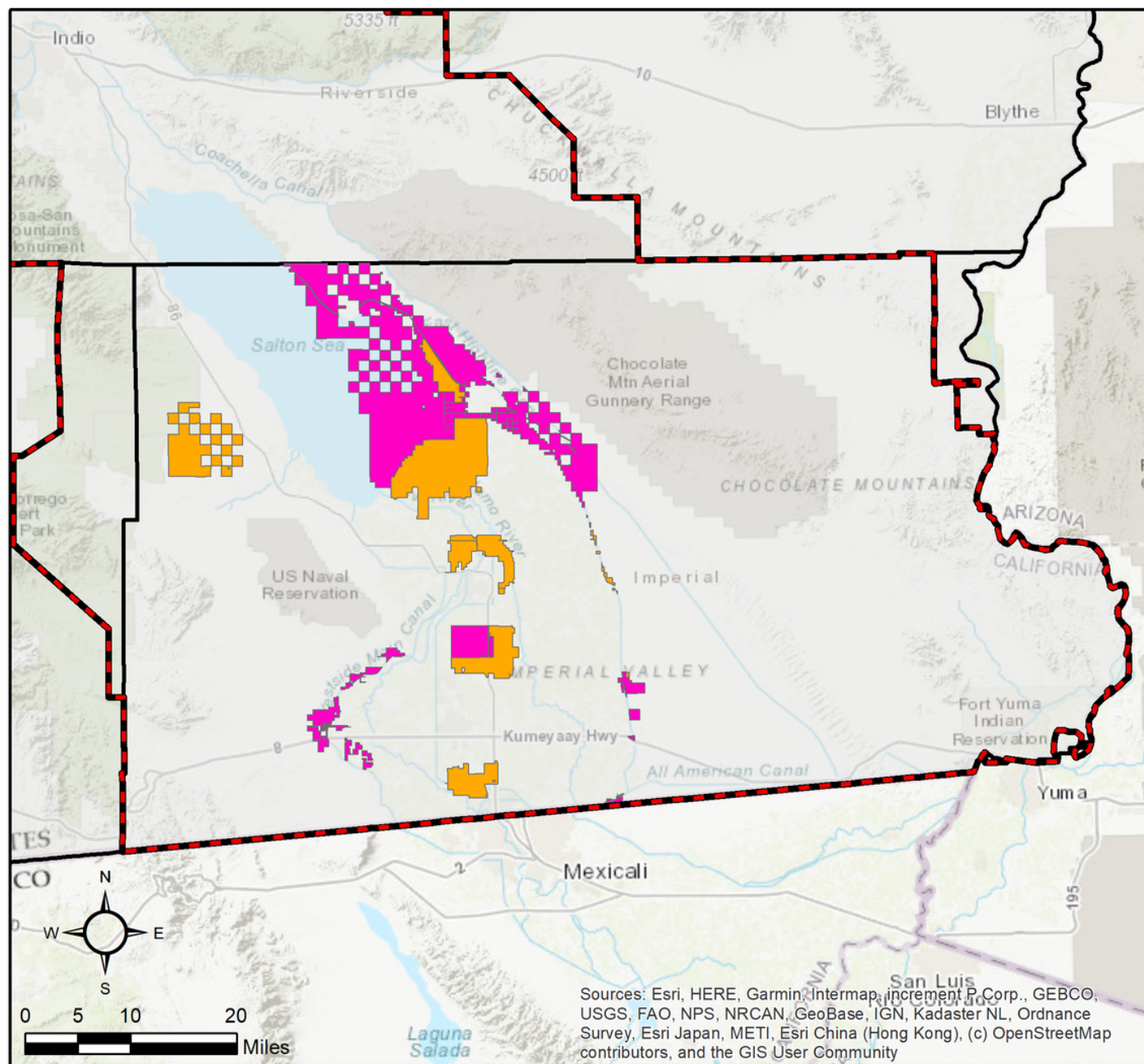
Imperial County is represented by AD 36. Eduardo Garcia (D) is the current Assembly member of AD 36, representing Riverside County cities, Imperial County communities, and San Bernardino communities.

5.7.2 District Supervisors

The Imperial County Board of Supervisors consists of five separate districts as shown on Figure 5-4. The Chairman of the Board is Supervisor Ryan E. Kelly of the Fourth District.



FIGURE 5-3: IMPERIAL COUNTY RENEWABLE ENERGY OVERLAY ZONE



Symbology

IID Electric Service Area

Renewable Energy Source

Geothermal

Renewable Energy/Geothermal

Data Source:
IID Service Boundary provided by
Riverside and Imperial LAFCOs.

Energy Overlay provided by
Imperial County.

Disclaimer: This is NOT an official
map. Dopudja and Wells Consulting
does not guarantee the accuracy
of data in this map. Any errors or
omissions shall not be considered
the responsibility of Dopudja and
Wells Consulting.

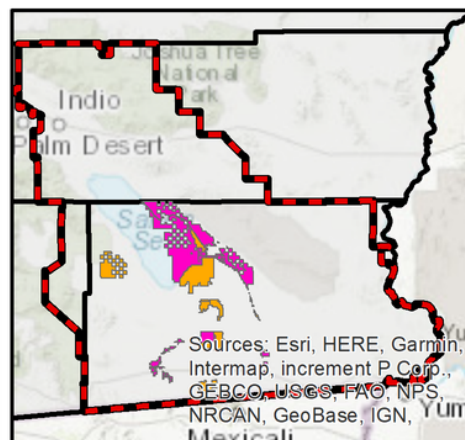
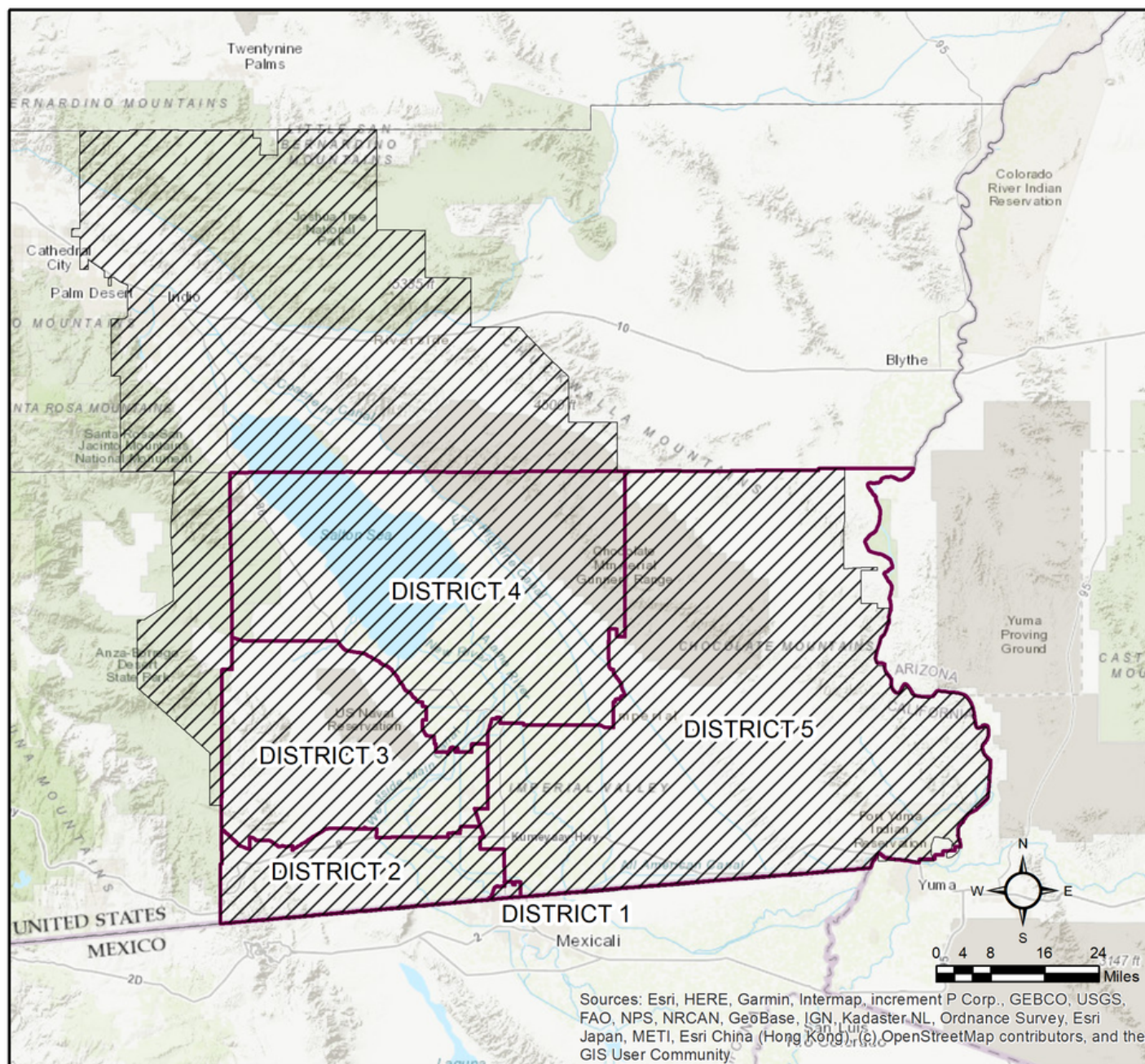





FIGURE 5-4: IMPERIAL COUNTY SUPERVISOR DISTRICTS



SYMBOLLOGY

-  IID Electric Service Boundary
-  Imperial County Supervisoral Districts
-  Imperial County

Data Source:

IID Service Boundary provided by Riverside and Imperial LAFCOs.

County lines from California Open Data Portal.
Last updated 9/10/2019

Supervisoral Districts provided by Imperial County

Disclaimer: This is NOT an official map. Dopudja and Wells Consulting does not guarantee the accuracy of data in this map. Any errors or omissions shall not be considered the responsibility of Dopudja and Wells Consulting.

ENERGY SERVICE STAKEHOLDERS

5.8 Twenty-Nine Palms Band of Mission Indians

The Twenty-Nine Palms Band of Mission Indians are a Chemehuevi people who are a federally recognized tribe whose reservation is located near the City of Twentynine Palms and the City of Coachella, California. In 1975, President Gerald Ford signed legislation recognizing the land and the tribe. The Twenty-Nine Palms Reservation was established by the Executive Order of 1895 in Twentynine Palms and was expanded in 1979 with an additional parcel in Coachella, California.

Today, the Tribe has established business enterprises and governmental operations on its sovereign lands, with Spotlight 29 Casino and the Tribal Government Offices near the City of Coachella, and Tortoise Rock Casino near the town of Twentynine Palms. The Tribe provides employment to over 700 people, contributes to the community through charitable contributions, and supports the Tribe's government operations and programs. The Tribe strives to ensure a solid economic foundation for future generations by investing diverse and strategic business ventures within its reservation boundaries and the neighboring regions for self-resiliency. The Tribe is a member of the CVEC and a general overview of where the Tribe is located is shown on Figure 5-5.

5.9 Augustine Band of Cahuilla Indians

The Cahuilla People are known to be the first known inhabitants of the Coachella Valley. They have lived in the Coachella Valley and surrounding mountains for over 3,000 years. The Cahuilla can be generally divided into three groups based on the geographical region in which they lived: Desert Cahuilla, Mountain Cahuilla and Western (San Geronio Pass) Cahuilla. The Augustine Band of Cahuilla Indians are Desert Cahuilla and are one of a total of nine Cahuilla Indian nations. The other eight are: Torres-Martinez Desert Cahuilla Indians, Cabazon Band of Mission Indians, Agua Caliente Band of Cahuilla Indians, Morongo Band of Mission Indians, Cahuilla Band

of Mission Indians, Ramona Band of Cahuilla Indians, Santa Rosa Band of Mission Indians and Los Coyotes Band of Cahuilla Indians.

The Tribe has established a successful business enterprise, with the opening of the Augustine Casino in the City of Coachella. Since its opening, Augustine Casino has been a growing business in the East Valley providing nearly \$200 million in total salaries and wages which have gone directly back into the local economy. The Tribe also has existing power purchase agreement with IID and considering expanding their current operations, to assist in the development of renewable energy or creation of micro-grids. The Augustine Band of Cahuilla Indians is dedicated to shaping a lasting legacy, today, and for many future generations. The Tribe is a member of the CVEC and a general overview of where the Tribe is located is shown on Figure 5-5.

5.10 Torres-Martinez Desert Cahuilla Indians

The Cahuilla People are known to have inhabited the Martinez Canyon since the early 1800's. In May of 1876, an Executive Order by Present Ulysses S. Grant created the Torres and Martinez reservations and combined them in 1891. The Tribe is governed by constitution and bylaws adopted by the general membership.

The Tribe also manages and operates Red Earth Casino and is considering to expand their current operations. The Tribe also has an existing power purchase contract with IID and is interested in expanding this part of their portfolio to assist in the development of renewable energy. Torres-Martinez Desert Cahuilla Indians' vision is to create opportunities in education, economic development, social services and other aspects of life for its tribal members and employees to become productive citizens and neighbors, thus creating a more harmonious community. The Tribe is a member of the CVEC and a general overview of where the Tribe is located is shown on Figure 5-5.

ENERGY SERVICE STAKEHOLDERS

5.11 Cabazon Band of Cahuilla Indians

Over three thousand years ago, long before the United States, the Cahuilla People called the Coachella Valley and surrounding areas their home. The Cabazon reservation was formally recognized in 1867 and gained national attention under the Supreme Court case *California v Cabazon*. The Cabazon Band of Cahuilla Indians, formerly known as the Cabazon Band of Mission Indians, is a federally recognized tribe of Cahuilla Indians, located in Riverside County, California. The tribe has a population of approximately 806 members and is located northwest of the Twenty-Nine Palms Reservation.

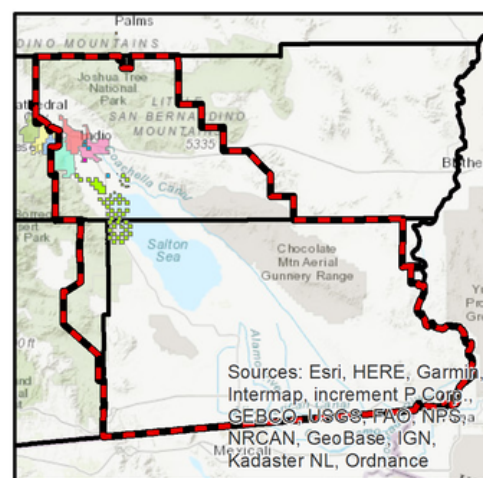
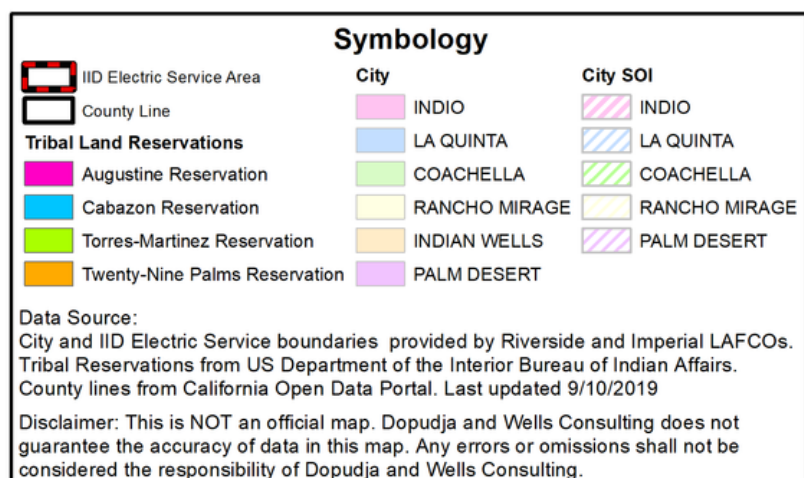
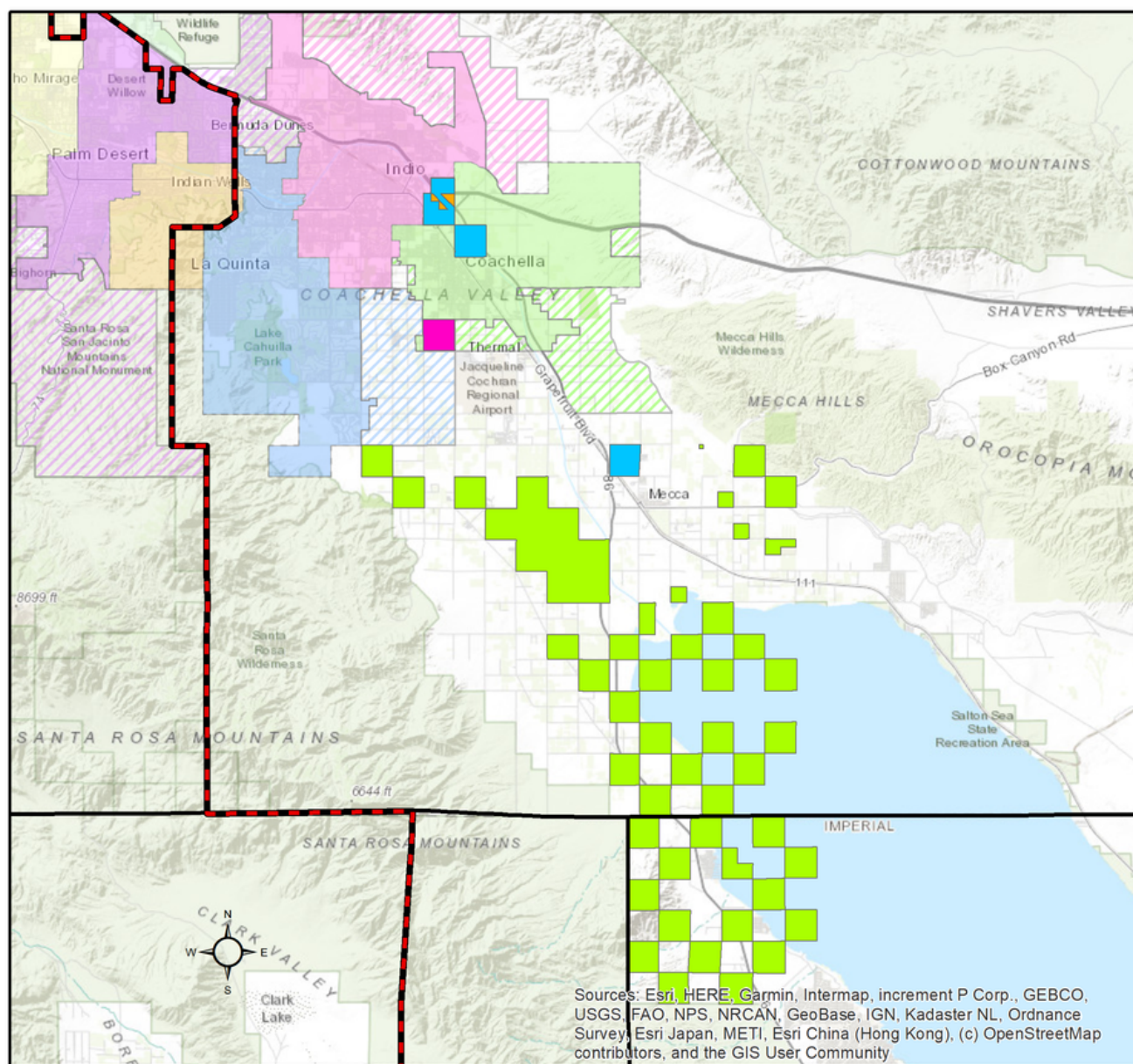
The Tribe has established a successful business enterprise by owning and managing the Fantasy Springs Resort Casino and several other dining venues throughout the city. The Tribe is a member of the CVEC and a general overview of where the tribe is located is shown on Figure 5-5.

5.12 Coachella Valley Association of Governments

The Coachella Valley Association of Governments (CVAG) is a regional planning agency which coordinates government services within the Coachella Valley. The three major planning departments within CVAG are: administration, energy and environmental, and transportation. The Administrative Department is responsible for overseeing administrative operations and managing the Coachella Valley Housing First program. The Energy & Environmental Department advocates for the sustainable use of natural resources and protecting the natural heritage in the Coachella Valley. The Transportation Department is responsible for the regional transportation program and the Coachella Valley Link and Coachella Valley Sync programs. CVAG currently has 15 members, including City of Coachella, Cathedral City, Desert Hot Springs, Indian Wells, Indio, La Quinta, Palm Desert, Palm Springs, Rancho Mirage, County of Riverside, and Tribal Nations.



FIGURE 5-5: TRIBAL NATIONS IN THE COACHELLA VALLEY



SECTION 6

UNCERTAIN ENERGY OUTLOOK FOR COACHELLA VALLEY



UNCERTAIN ENERGY OUTLOOK FOR COACHELLA VALLEY

Since executing the 1934 Agreement of Compromise, many electrical service requirements, community priorities, economic conditions and political interests have evolved. Over the years, IID's Coachella Valley electrical service territory has experienced a tremendous amount of growth and is projected to continue in the years ahead. Today, the majority of IID's electrical service customers are in the Coachella Valley and they have expressed concerns over the existing and future electrical service outlook for their communities.

6.1 Desire for Local Representation and Local Control

Increasing population, system reliability, aging infrastructure, capacity limitations, electrification, new development, frequent service outages, and questions regarding timely implementation of capital improvements are among the top concerns and has driven the desire for Coachella Valley stakeholders to obtain representation on IID's Board. With the end of the 99-year lease of power rights nearing, local officials have begin to weigh options and discuss the outlook of electrical service and ability for the Coachella Valley to obtain local representation and control over electrical service matters. The following section provides an overview of a variety of electrical service and governance structures that provide local representation and local control for Coachella Valley customers.

The following highlights the main concerns expressed by Coachella Valley customers receiving electrical service from IID:

- Concern with system reliability due to frequent and extended service outages in Eastern Coachella Valley.
- Concern as to how new developments will be accommodated, and what the corresponding impact would be to existing electric rates.
- Frustration with billing format and complex rate structure.
- Concern as to how overdue capital improvements will be funded, or if projects will even be implemented.



SECTION 7

UTILITY OWNERSHIP MODELS FOR ELECTRICAL SERVICE



UTILITY OWNERSHIP MODELS FOR ELECTRICAL SERVICE

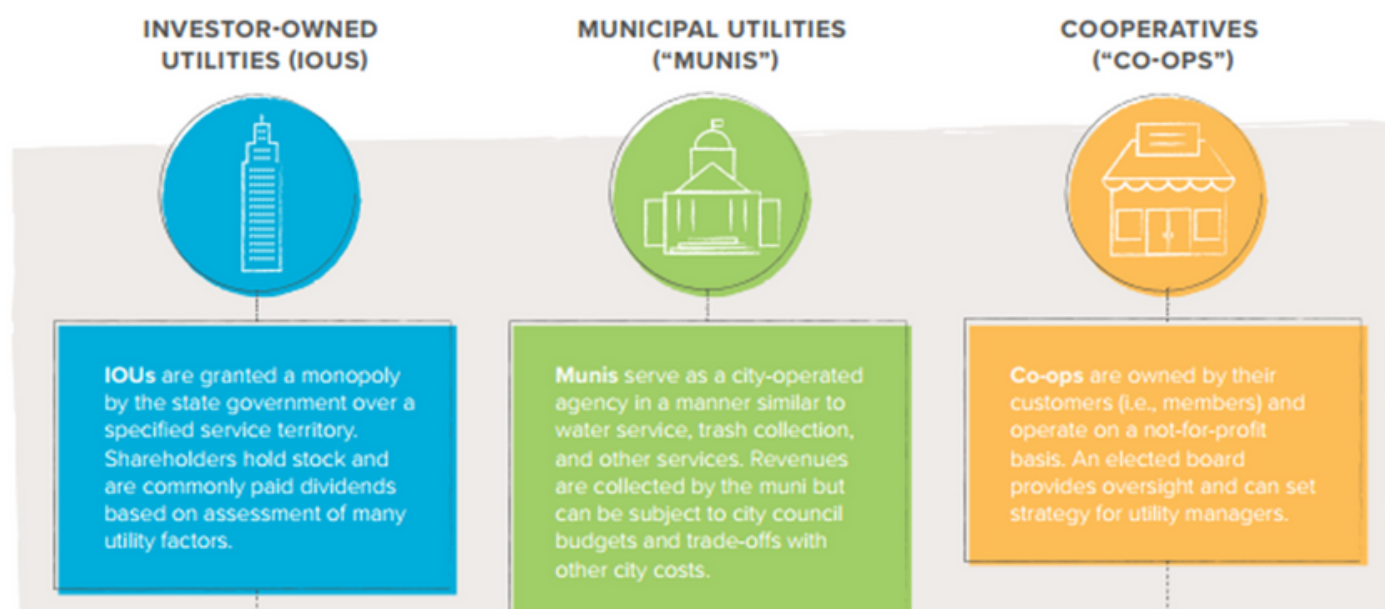
This section examines the most common types of utility ownership models, the regulatory and governance structures these utility structures operate in, and associated implications to the electrical utility business. The following section provides a general overview of the various ownership structures and should be used in conjunction with the findings of this Study. It should be noted that the majority of the following proposed alternative service options can be developed to “best fit” the desired level of service ownership and associated degree of governance responsibility. In summary, Figure 7-1 presents three major types of utility ownership structures.

Investor-owned utilities are granted service areas by the state government over a specified service territory. Shareholders hold stock and are commonly paid dividends based on assessment of many utility factors. Leading examples include Southern California Edison, Pacific Gas and Electric Company, San Diego Gas & Electric, and Arizona Public Service. This type of ownership structure is regulated within the state by the California Public Utilities Commission with limited opportunity for local representation and oversight.

Public Utility District, also defined as Public Power Utilities or Special Districts for the purpose of this Study, serve as a publicly operated agency similar to water service and other public services. These utility structures share similar characteristics and implementation actions, therefore considered as one alternative option in this Study. Revenues are collected by the utility and subject to oversight and governance by an elected or appointed Board of Directors. This type of ownership structure offers the greatest opportunity for local control and representation. Municipal utilities are publicly owned entities, which must be created by voter approval. The creation of a municipal utility can be proposed by a citizen initiative or by the legislative body.

Cooperatives, or also known as co-ops, are owned by their customers and operate on a not-for-profit basis. An elected Board of Directors provides oversight and can set policy and strategy over all business matters.

FIGURE 7-1 – OVERVIEW OF MAJOR TYPES OF UTILITY STRUCTURES



Source: Rocky Mountain Institute. 2018. Navigating Utility Business Model Reform

UTILITY OWNERSHIP MODELS FOR ELECTRICAL SERVICE

Other entity types exist and include structures such as Generation and Transmission Cooperatives, Community Choice Aggregators, and Joint Power Agencies. These generally provide a utility structure which has responsibility over specific electrical service functions. These types of structures work closely with the underlying utilities and are flexible when defining roles and responsibilities. Each of these structures are further described below.

7.1 Investor-Owned Utility


Majority of electricity customers in the United States are served by an Investor-owned Utility (IOU), which are private entities subject to state regulations and financed through a combination of shareholder equity and bond debt. IOU's operate as for-profit businesses and are the driving principle for this type of ownership structure. IOU's are corporate, for-profit companies that are either privately or publicly owned by shareholders. While some are owned by private equity, most IOU's are publicly owned and publicly traded. Figure 7-2 provides a summary of an IOU ownership model.

Because these entities are for-profit, they must be regulated to ensure that the interests of consumers are being preserved. Each IOU is assigned a specific franchise service territory by the regulator and is responsible for serving all consumers within that area. No other entity can provide electric distribution services in the IOU's service territory. The CPUC provides oversight and determines the rates the IOU can charge and sets the conditions under which the utility can earn a profit. Figure 7-3 provides an overview of an IOU's governance structure. These entities tend to be large organizations that take advantage of economies of scale. Example utility types include Southern California Edison, San Diego Gas & Electric, Pacific Gas and Electric, and Arizona Public Service. Neighboring IOU's to IID are shown in Figure 7-4.

An IOU operates to achieve balance between:

- Maximizing shareholder return
- Providing reliable service to the grid
- Maintaining affordable energy service to customers

FIGURE 7-2 – INVESTOR-OWNED UTILITY OWNERSHIP MODEL



INVESTOR-OWNED UTILITIES

IOUS OPERATE AS A FOR-PROFIT BUSINESS; REGULATIONS ATTEMPT TO MIMIC COMPETITIVE MARKET CONDITIONS FOR MONOPOLY FRANCHISES

Utility Structure	
Ownership	Publicly traded corporation; owned by shareholders
Revenues and Profit Interest	Revenue collected from rates resulting from utility costs that are passed through to customers; Utilities also include certain costs in their rate base on which they earn a return; return on equity (ROE) is set at approved rates and flows back to shareholders
Management and Governance	An executive leadership team responsible to a board of directors elected by the shareholders. Management often is diffused through business units
Regulation and Oversight	Public utility commission (PUC); shareholders; federal and state environmental regulators
Source of Capital	Private debt and equity investments
Other Key Business Relationships	Independent power producers and other generators; other owners of bulk system assets; regional transmission operators/independent system operators (RTOs/ISO); adjacent balancing authorities

Source: Rocky Mountain Institute. 2018. Navigating Utility Business Model Reform

7.1.1 Statutory Authority of an Investor-Owned Utility

Typically, electricity supplied by IOU's comes from a combination of self-generated power and power purchased from public and private markets. IOU's are considered monopolistic operations as they are protected from competition against other electric providers by state and federal legislation. Most IOU's sell power at retail rates to various classes of customers and at wholesale rates to other utilities, including federal, state, and local government utilities, public utility districts, rural electric cooperatives, and even other IOU's. Most IOU's follow a vertically integrated approach in delivering bundled generation, transmission, distribution and delivery services to retail customers.

UTILITY OWNERSHIP MODELS FOR ELECTRICAL SERVICE

Because this type of structure is privately owned and for profit, the CPUC has several programs to engage customers serviced by IOU's in CPUC proceeding and decision-making. The following programs are offered by the CPUC:

- Consumer Affairs Branch to help resolve disputes between customers and their utility provider
- Public Advisors Office to offer information on how to participate in CPUC proceedings
- Business and Community Outreach Office to work and inform local communities on how to get involved with CPUC programs and policy making
- Small Business Program to allow for business opportunities with state and local governments
- Supplier Diversity Program to administer programs encouraging utilities to spend more than 20 percent of contracts to businesses owned by women and minorities.
- Low Income Oversight Board to help ensure utility companies serve low-income customers with helpful programs and partnerships
- Disadvantaged Community Advisory Group to advise the California Energy Commission on issues related to environmental justice and social equity.

7.1.2 Funding for an Investor-Owned Utility

Revenue is collected from rates resulting from the utilities costs that are passed through to its customers, including additional costs to provide a return on equity back to shareholders. All functions of an IOU are regulated with oversight by the CPUC, including state and federal environmental regulations.

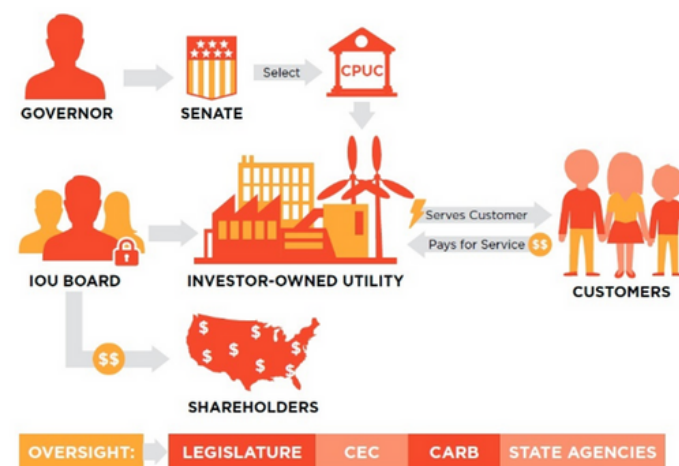
7.1.3 Role of the California Public Utilities Commission

The CPUC is a regulatory agency responsible for overseeing privately owned public utilities within the state of California. The CPUC regulates services and utilities, protects consumers, safeguards the environment, and assures Californians' access to safe and reliable utility infrastructure and services.

CPUC regulatory services include:

- Auditing, accounting, financial, advisory, and law and Commission directive compliance monitoring.
- Enforcement and Citation to ensure statutory mandates are carried out and that ratepayers and the public are protected from safety, reliability, service quality, and other violations.
- Energy Licensing to register Electric Service Providers (ESPs) and Community Choice Aggregators (CCAs).

FIGURE 7-3 – INVESTOR-OWNED UTILITY GOVERNANCE STRUCTURE



Source: California Municipal Utilities Association

7.1.4 Factors that Support the Formation of an Investor-Owned Utility

The CPUC, as the underlying regulatory agency for California, oversees all investments and costs expended by IOU's, including regulatory decisions over what is included in the utilities' rates and the allowable rate of return. With several industry trends challenging the traditional ownership structures, primarily the need to implement necessary upgrades to system infrastructure and operations, this is forcing regulators to reassess how IOU's can deliver sufficient shareholder profit and maintain adequate bond ratings, while meeting new policy and customer objectives.

UTILITY OWNERSHIP MODELS FOR ELECTRICAL SERVICE

Adding to those demands, community choice aggregation and municipalization trends are putting pressure on IOU's to better meet customer needs, or face the possibility of losing customers.

7.1.5 Factors that could Challenge the Formation of an Investor-Owned Utility

Revenue is collected from rates resulting from the utilities costs that are passed through to its customers, including additional costs to provide a return on equity back to shareholders. All functions of an IOU are regulated with oversight by the CPUC, including state and federal environmental regulations.

2022 California Code

Public Utilities Code - PUC

DIVISION 3 – Public Utility Franchises by Local Governments

DIVISION 5 – Utilities Owned by Municipal Corporations



7-4: LOCATION OF IOU'S IN CALIFORNIA



UTILITY OWNERSHIP MODELS FOR ELECTRICAL SERVICE

7.2 Municipal Utilities, Public Utility Districts, and Cooperatives

Municipalization, or public power ownership, is a way to offer an opportunity for greater local control and oversight for the community it serves. Specifically, Municipal Utilities, which may also be referred to as Publicly Owned Utilities or Special Districts in this study, operate as non-profit organizations subject to oversight by a City Council or an elected or appointed Board of Directors. In addition to compliance with state and local regulations, the creation and operation of Municipal Utility Districts are contingent on obtaining voter approval. Figure 7-5 provides a summary of a Municipal Utility District ownership model.

Public power utilities operate under the following principles: not for profit, community owned, and locally controlled.

Before a public utility can begin operations, they must comply with many state and local laws, which generally determine the types and the manner in which services could be provided. In California, state and local provisions authorize the creation of municipal utilities - specifically, the California Constitution (Article XI, Sections 5 and 9), Government Code Sections 6500 through 6599.2, and the Public Utilities Code (Division 6, Section 11501, et seq.) which applies exclusively to Municipal Utility Districts. The Public Utilities Code (Section 10002) separately addresses the acquisition of an IOU service territory in the event of acquisition by eminent domain.


Public power comes in a variety of structures, including:

- City-owned or municipal utilities, are governed by the local city council or another elected commission.
- Public utility districts or special districts, are utility-only governance agencies, governed by a board of directors elected by voters within its service territory.
- Cooperatives, or known as co-ops tend to be mostly in rural areas, which are private not-for-profit entities governed by a board elected by the customers within the co-op.

Public power also exists in a variety of other forms, including entities such as Native American tribes, irrigation districts, mutual power associations and other public formed entities which can also provide electricity service to customers. IID is a public entity providing electrical service pursuant to the Irrigation District Law (California Water Code sections 20500 et. Seq.).

2022 California Code
Public Utilities Code - PUC
DIVISION 6 – Municipal Utility District Act

FIGURE 7-5 – MUNICIPAL UTILITY DISTRICT OWNERSHIP MODEL

MUNICIPAL UTILITIES	
 MUNIS OPERATE AS NOT-FOR-PROFIT BUSINESSES, OWNED BY MUNICIPALITIES AND OVERSEEN BY CITY COUNCIL MEMBERS OR AN APPOINTED BOARD	
Utility Structure	
Ownership	Municipalities
Revenues and Profit Interest	Revenue collected from rates; no profit motivation, but surplus revenues can sometimes support other city costs; financial stability important for bond rating
Management and Governance	City management and utility staff. Management can be diffuse in larger munis
Regulation and Oversight	Oversight provided by boards or city council; regulated by PUCs in limited instances; federal and state environmental regulators
Source of Capital	Municipal bonds and other standard debt markets; cost of capital tied to city's debt rating
Other Key Business Relationships	Generation and transmission (G&T) co-ops and public power agencies to conduct bulk purchasing and own bulk system assets

Source: Rocky Mountain Institute. 2018. Navigating Utility Business Model Reform

UTILITY OWNERSHIP MODELS FOR ELECTRICAL SERVICE

7.3 Public Utility Districts

State law defines a public utility as any agency of the state for the local performance of governmental or proprietary functions within limited boundaries. A Public Utility District, or purposes for this Study, also a Special District, represents a distinct local government unit dedicated to delivering a specific range of public services within a geographically defined area.

Public utility districts have the following distinguishing characteristics:

- Constitute a form of local government
- Have a governing Boards of Directors
- Provides public services and facilities
- Have defined boundaries

Public Utility Districts have fundamental powers similar to counties and cities. Their legal jurisdiction allows them to sign contracts, engage in hiring practices, and procure real estate through either purchase or the power of eminent domain. Within the boundaries of existing legislation, they are also authorized to issue bonds, impose special taxes, levy benefit assessments, and impose service fees. The ability to finance capital improvements is a key element in determining if this alternative option would address stakeholder needs. In other words, if ownership of assets and facilities is a desired outcome, this alternative option should be considered.

Similar to other forms of governance, Public Utility Districts have the capacity to initiate legal proceedings as well as be subject to litigation. These local agencies function with the objective of delivering distinct services to designated communities. Although they function as self-governed entities, they are responsible to the electorate within their jurisdiction. A Public Utility District operates under the purview of state regulations subject to the oversight by state officials who, for example, require annual financial reports to be submitted to the State Controller's Office. Utility Districts are obliged to abide by state laws regarding special taxes, bonded debt, public hearings, public records, and elections.

7.3.1 Statutory Authority of a Public Utility District

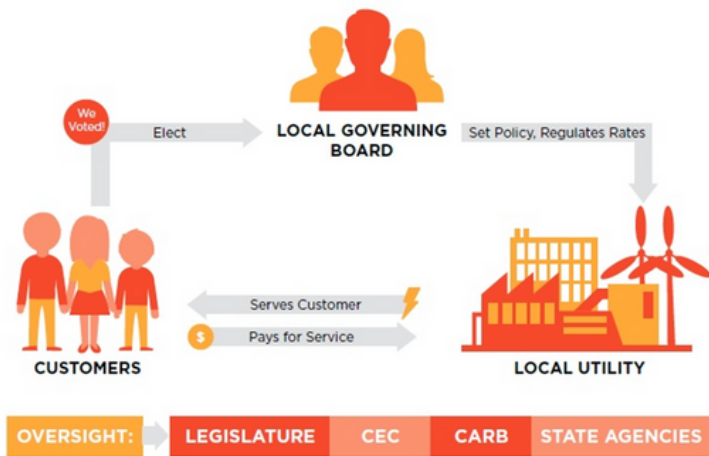
Public Utility Districts operate either under a principal act or a special act. A principal act is a generic statute which applies to all Public Utility Districts. Occasionally, local circumstances don't fit the general conditions anticipated by the principal acts and would require new legislation. In those cases, the Legislature can create a special act district that's tailored to the unique needs of a specific area. Public Utility Districts, which are regional in nature, collaborative among multiple parties, have unique governing board requirements, provide specific services, or need special financing are typically special act districts. All principal acts are state law in the California state codes, whereas most special acts are not codified - written laws passed by the legislative and administrative bodies. Public Utility Districts are locally controlled utilities, governed by either an independently elected Board or a Board appointed by registered voters within the utility's jurisdictional boundary. Figure 7-6 provides an overview of a Public Utility Districts governance structure.

Most Special Districts perform only a single function. The powers which state law authorizes, but a district does not currently provide, are called latent powers. Before a Special District can activate one of its latent powers, it needs approval by LAFCO. If the new service requires new revenues from special taxes or benefit assessments, the Special District must also get approvals from voters or property owners.

The structure of governing boards for a Special District can differ depending on the district's size and capacity. Typically, Boards are comprised of a five member governing Board, but can vary in size. Notably, the Metropolitan Water District of Southern California has special legislation that requires a 37-member board. While the governing boards establish the general policies that guide the managers' activities, in many larger districts, the daily operations are overseen by professional General Managers, similar to a City Manager or County Administrator.

UTILITY OWNERSHIP MODELS FOR ELECTRICAL SERVICE

FIGURE 7-6 – PUBLIC UTILITY DISTRICT GOVERNANCE STRUCTURE



Source: California Municipal Utilities Association

7.3.2 Funding for a Public Utility District

As with any government agency, a Public Utility District requires money to operate and to perform the following main functions: Administration, Operations and Maintenance, and Capital Improvements.

As Special Districts, Public Utility Districts operate autonomously compared to municipal utilities. Because these entities operate independently of municipal control, they can exercise more budgetary control. Regardless, any new utility district will face a significant financial challenge from start-up and operational costs. Given these circumstances, Public Utility Customer customers are not likely to benefit from low utility costs during the utility's early, and potentially future years of operation.

Because Public Utility Districts are public entities, they are subject to many regulations and processes involving state and local laws, as well as involvement by voters, who not only approve their formation, but also approve the utility's ability to provide service, make investments, and financing.

Public Utility Districts generate revenue from three basic sources: taxes, benefit assessments, and service charges.

General taxes: When the voters amended the California Constitution by passing Proposition 13 (1978), they stopped local officials from levying separate property tax rates. Instead, county officials collect a uniform 1% property tax rate and allocate the resulting revenues to other local governments, following complicated formulas in state law. Most Special Districts get a share of these general property taxes. Proposition 218 (1996) constitutionally prohibited Special Districts from levying their own general taxes.

Special taxes: Special Districts may levy special taxes with 2/3-voter approval. Often called "parcel taxes," these special taxes are usually a flat amount for each lot or each acre of ground. These are also known as Community Finance Districts (CFD), a method of financing public improvements and services when no other source of funding is available. A CFD may be established by any County, City, Special District or Joint Powers Authority, pursuant to California Government Code §53311-53368.3 (The Mello-Roos Community Facilities Act of 1982). The CFD special tax is assessed against the property, but is not based on the assessed value of the property. This makes it a viable option to secure funding despite the limitations imposed by Proposition 13. Utility officials will need to develop a comprehensive debt policy to establish financial policies and principles.

Benefit assessments: Many Special Districts can charge benefit assessments to pay for operating and maintaining public facilities and service programs that directly benefit property. Proposition 218 (1996) required assessment amounts to reflect the "proportionate special benefit" that the property receives. Benefit assessments are constitutionally distinct from taxes in several important ways. One key difference between assessments and taxes is that the affected property owners must give their approval for benefit assessments in a weighted-ballot election while special taxes require the voters' approval.

Service Charges: Special Districts that run enterprise activities or deliver specific services can pay for their activities through monthly rates and service charges.

UTILITY OWNERSHIP MODELS FOR ELECTRICAL SERVICE

Public Utility Districts create debt to borrow the money they need for capital projects and paying off their general obligation bonds with higher property tax rates that require 2/3-voter approval. More unique borrowing opportunities include certificates of participation, promissory notes, and loans from the state and federal governments. Over the years, legislators encouraged utility districts to raise revenues with user fees and service charges and to reduce their reliance on property tax revenues.

7.3.3 Oversight and Regulation of a Public Utility District

Public Utility Districts obtain authority directly from the community they serve through a governing body that serves independently from other government agencies. They are directly accountable to the community they serve. Many independent utility districts are governed by a constituent-elected Board of Directors. In some cases, the Board may be appointed by one or more other local elected officials, so long as the board members serve fixed-terms and none of the board members serve in an ex-officio capacity.

California Government Code

Section 1099 - Incompatible offices for publicly appointed or elected government officials.

7.3.4 Factors that Support the Formation of a Public Utility District

Public Utility Districts operate not-for-profit and are governed democratically by the local City Council (as Municipal Owned Utility) or by an elected/appointed Board of Directors. This structure allows public policy objectives and customer demands to have direct influence over the operations of the utility. The ownership structure of a Public Utility District allows for the entity to define its role and responsibilities pertaining to electrical service provisions.

7.3.5 Factors that could Challenge the Formation of a Public Utility District

With the creation of a new Public Utility District, this type of ownership model could be constrained by the need for additional staffing, financing, and technical resources. Despite being a not-for-profit entity, excess revenue is critical to allow for reinvestment in their assets, whether for growth or replacement of aging assets. Public Utility Districts often face the question of how to pay for investments if local policy or future assumptions are not realized. The possibility of these investments becoming stranded assets is a major concern, given that all risk falls on the utility and its ratepayers. Additionally, this structure could present challenges associated with existing elected officials and their ability to hold more than one public office under California Government Code 1099.

7.4 Electric Cooperatives

Electric Cooperatives (Co-op) emerged as a result of the Rural Electrification Administration (REA) established by President Franklin D. Roosevelt in 1935. The Executive Order establishing the REA and the passage of the REA Act, marked the first steps in a public-private partnership that helped bring electric power to businesses and communities willing to organize cooperatively and accept responsibility of providing safe, affordable and reliable electric power.

2021 California Code

Public Utilities Code - PUC

DIVISION 1 - REGULATION OF PUBLIC UTILITIES

PART 2 - SPECIFIC PUBLIC UTILITIES

CHAPTER 5 - Electrical Cooperatives

A Co-op refers to any private corporation or association organized for the sole purpose of transmitting or distributing electricity exclusively to its stockholders or members at cost. Figure 7-7 provides a summary of a Co-op ownership model.

UTILITY OWNERSHIP MODELS FOR ELECTRICAL SERVICE

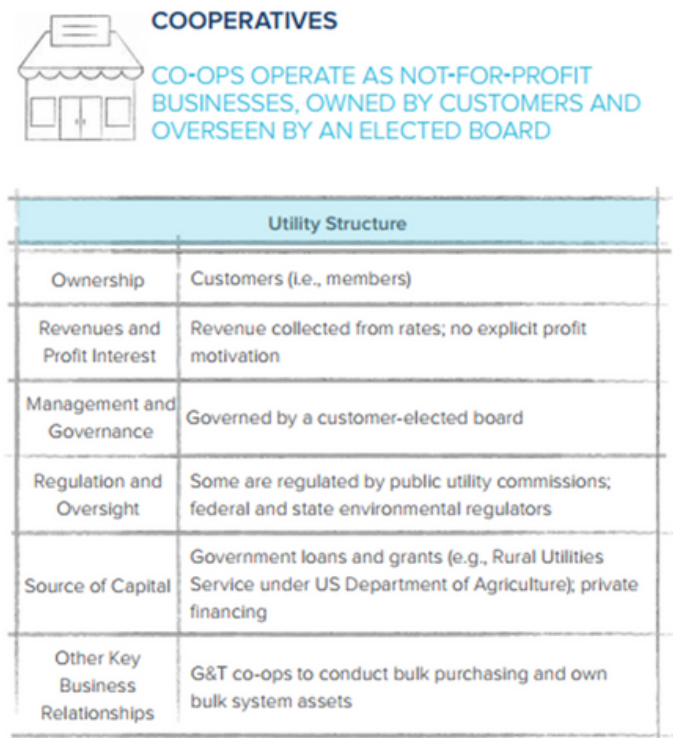
In most cases Co-op's are able to purchase their wholesale power from non-profit entities, their own generation and transmission Co-op's, or from other federal agencies. Electric Co-op's have access to competitive financing, either through their own Cooperative Finance Corporation (CFC), a Co-op owned and operated by and for the electric Co-op's of America, as well as access to more traditional forms of external funding. CFC's tend to have consistently high credit ratings, and therefore, they are able to borrow at lower rates.

For Co-op's that serve remote rural areas, there is potential access to alternative financing from the United States Department of Agriculture, now known as Rural Utility Services (RUS). This federal agency gives Co-op's additional access to low-cost financing to help build rural distribution and transmission lines, and new generation plants. In California, Co-op communities only have access to RUS loans and programs through the three distribution Co-op's, Anza, Plumas-Sierra and Surprise Valley, when combined, serve less than one percent of the electricity load in the state. Electric Co-op's collaborate closely through the National Rural Electric Co-op Association (NRECA) to take advantage of ways to reduce operating costs.

7.4.1 Oversight and Regulation of Cooperative

Co-op's function as non-profit entities that are customer-owned and governed by an elected or appointed Board of Directors. This type of structure anchors firmly in the communities they serve and allows its members to closely regulate all business functions. California's electric Co-op's are established for the purpose of transmitting or distributing electricity exclusively to its customers at cost and are regulated by the California Public Utilities Code, Section 2779.

FIGURE 7-7 – COOPERATIVE OWNERSHIP MODEL



Source: Rocky Mountain Institute. 2018. Navigating Utility Business Model Reform

7.4.2 Factors that would Support the Formation of a Cooperative

Similar to Municipal Utilities, Co-op's operate as not-for-profit entities and must have sufficient capital to support their operations, maintain infrastructure, and invest in new initiatives. Any net earnings are typically returned to the customers, who are also owners and members of the Co-op. As member owners, customers have the potential to be key drivers of change for the utility. Each member votes annually for members on its Board of Directors who have oversight and set policy for the utility. This ownership structure is less flexible compared to the other structures, as it is typically formed to provide specific services and must rely on the underlying utility for services not responsible of the Co-op.

UTILITY OWNERSHIP MODELS FOR ELECTRICAL SERVICE

7.4.3 Factors that could Challenge the Formation of a Cooperative

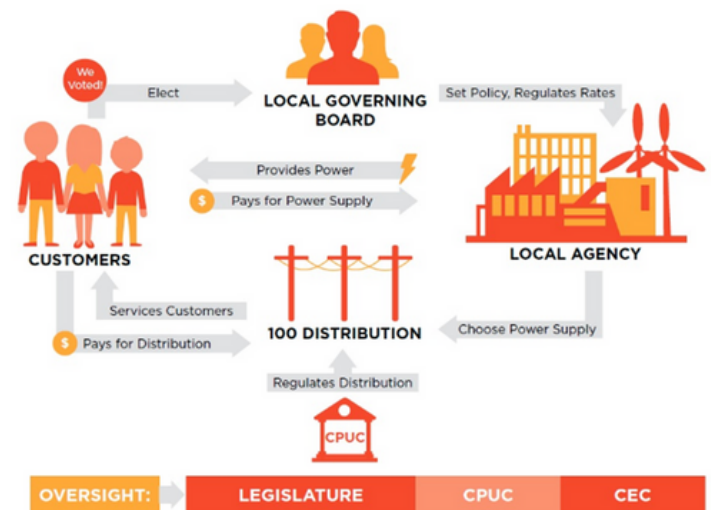
Lack of access to capital, need for short-term affordability, and staffing expertise are often challenges for newly formed Co-op's. Co-op's could also be dependent on other utilities depending on the Co-op's desire to be a vertically integrated utility or specific to either generation, transmission, and/or distribution services and assets. Depending on the desire and policy of the utility, Co-op's could be restricted in their ability to secure local low cost renewable energy, if contracts are secured with an outside utility for generation or transmission services.

7.5 Community Choice Aggregators

Community Choice Aggregators (CCA) are governmental entities, cities, counties, or other eligible organizations that have opted to assume responsibility for certain aspects of their electricity generation, procurement, distribution, and sales to local residents within the service area of an IOU. It is important to note that CCA's are not IOU's. CCA's are not-for-profit entities that rely on the IOU for several services, including the use of its transmission and distribution system to deliver electricity, as well as providing maintenance, meter reading, and billing services to CCA customers. Figure 7-8 provides an overview of a CCA's governance structure.

The term "aggregate" refers to the process of bringing together the electricity demand of multiple customers within a specific geographic area, such as a city or county, in order to purchase or generate electricity for those customers collectively. This aggregation allows local governments to leverage the collective buying power of their communities to negotiate better rates and procure clean energy sources for their customers. CCA's may be run directly by a city or county government, or by a third party through a contractual arrangement with a Joint Powers Agreement. Once a CCA program is established or implemented, state regulations require that customers located within the member jurisdiction of the CCA be automatically enrolled in the program, unless they opt-out. In some cases, a CCA may opt to gradually introduce its program, enrolling customers at different intervals.

FIGURE 7-8 – COMMUNITY CHOICE AGGREGATOR'S GOVERNANCE STRUCTURE



Source: California Municipal Utilities Association

- Enables local governments to aggregate electricity demand within their jurisdictions to procure electricity for its customers at cost.
- The IOU provides transmission and distribution services, and continues to provide all metering, billing, collection, and customer service to retail customers that participate in a CCA.
- Any city or county is eligible to form a CCA if located in an IOU territory. Cities and counties that are part of a Publicly Owned Utility or served by a Special District, such as Imperial Irrigation District, are not eligible to form a CCA, as they are already governed by a local board.

UTILITY OWNERSHIP MODELS FOR ELECTRICAL SERVICE

7.6 Joint Powers Authority

The term "joint powers" is used to refer to the collaboration between government agencies that have joined forces to solve common problems by pooling their resources and powers. Joint Powers Agreements (JPA's) provide an alternative method for governments to deliver services. The acronym JPA stands for Joint Powers Agreement, Joint Powers Agency, or Joint Powers Authority.

Municipal utilities and Public Utility Districts often partner together to establish a JPA. The agencies are legally distinct municipal corporations that allow for two or more public agencies to jointly exercise common powers in accordance with the Joint Exercise of Powers Act, California Govt. Code section 6500 and special legislation. Public officials of two or more public agencies are able to assert joint powers when forming a new legal entity and when establishing a joint approach in tackling a common issue, financing a project, or acting as a representative body for a particular activity, such as electrical provisions. In California, such powers can be exercised by federal agencies, state departments, counties, cities, Special Districts, school districts, redevelopment agencies, and other joint power organizations.

JPA's have separate Boards from their member utilities and can be granted any of the powers possessed by their participating agencies. The formation of a JPA not only provides a creative approach to public service, but also enables Public Agencies to provide services more efficiently and cost-effective.

7.6.1 Joint Powers Agreement

In a JPA, member agencies agree to work together to provide a service, and one agency may take the lead in delivering that service on behalf of the others. A JPA is designed to be flexible and highly customizable, such that it can be adapted to meet the specific requirements of each participating agency. The agreement can range from short-term, long-term, or perpetual-service agreements.

In situations where the agreement necessitates a significant allocation of resources from one agency, additional staff may be necessary to ensure effective delivery of the services provided by the JPA.

7.6.2 Joint Powers Agency and Authorities

An alternative way to exercise joint powers is to create a distinct entity separate from the member agencies by the use of a JPA. A JPA can create a new, and separate government organization created by the member agencies, but is legally independent from them. A Joint Powers Agency shares powers common to the member agencies, and those powers are outlined in the JPA. Sometimes public officials establish JPA's specifically to arrange capital financing by selling bonds. These bonds create the capital needed to finance construction of public facilities. Public officials sometimes call this type of JPA a Joint Powers Authority or a Public Financing Authority (PFA).

7.6.3. Statutory Authority of a Joint Powers Authority

A JPA obtains authority to work together from a state law called the Joint Exercise of Powers Act. JPA's can exercise only those powers that are common to their member agencies. JPA meetings are open to the public and subject to the Ralph M. Brown Act. Further, JPA's must follow the Public Records Act, the Political Reform Act, and other public interest laws to ensure political transparency.

The California Government Code Section 6502 provides that, if authorized by their legislative or other governing bodies, two or more public agencies by agreement may jointly exercise any power common to the contracting parties, including and not limited to, the authority to levy a fee, assessment, or tax, even though one or more of the contracting agencies may be located outside this state.

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The Joint Exercise of Powers Act authorizes two kinds of JPA arrangements:

- The first allows two or more public agencies to contract to jointly exercise common powers.
- The second allows two or more public agencies to form a separate legal entity. This new entity has independent legal rights, including the ability to enter into contracts, hold property and sue or be sued. Forming a separate entity can be beneficial because the debts, liabilities, and obligations of the JPA belong to that entity, not the contracting parties.

The formation of a JPA is relatively uncomplicated, requiring only the signing of a joint powers agreement by the member agencies. A JPA begins when public officials negotiate a formal agreement that spells out the member agencies' intentions, the powers they will share, and other mutually acceptable conditions that define the intergovernmental arrangement. Each member agency's governing body then approves the joint powers agreement. An agreement that creates a new joint powers agency describes the size, structure, and membership of the JPA's governing board and documents the JPA's powers and functions.

State law allows a JPA to issue revenue bonds without voter approval, provided that each of the JPA's member agencies adopts a separate local ordinance. A city, for example, needs majority-voter approval to finance the expansion of its sewer plant with revenue bonds. On the other hand, if the city and IID created a JPA, the JPA could issue the revenue bonds without voter approval if the City Council and the District's Board of Directors adopted authorizing ordinances.

7.6.4 Funding of a Joint Powers Authority

As with any government agency, a JPA needs money to operate and there are two popular funding methods: first is to create a revenue stream, and second would be to raise capital by issuing bonds or special tax by forming CFD's in partnership with its members. Although JPA's do not need voter approval before issuing bonds, each member agency must pass an ordinance.

Those ordinances face a 30-day period in which voters can object by signing referendum petitions that trigger an election. If there is no referendum petition or if the petition fails to qualify, the JPA can sell the bonds and use the proceeds to build improvements or buy equipment. JPA's that provide financing and sell bonds for multiple agencies pay for their operations by collecting fees from their member agencies.

A CFD is a method of financing public improvements and services when no other source of funding is available. A CFD may be established by any County, City, Special District or JPA, pursuant to California Government Code §53311-53368.3 (The Mello-Roos Community Facilities Act of 1982). The CFD special tax is assessed against the property but is not based on the assessed value of the property. This makes it a viable option to secure funding despite the limitations imposed by Proposition 13. Officials will need to develop a comprehensive debt policy to establish financial policies and principles. The process to administer a CFD shall be in accordance with applicable Government Codes.

7.6.5 Public Financing Authority

In addition to the financing options presented above, the JPA can also form a Public Financing Authority (PFA), established under the Joint Exercise of Powers Act for the purpose of issuing tax-exempt and taxable bonds for funding capital improvements. Bonds issued by this JPA provide the capital to build public facilities and the costs will be paid back over time by the Authority and from the revenue generated by the projects. The PFA may issue bonds and loan the proceeds to one or more of its member agencies who are responsible for the debt service.

7.6.6 Oversight and Regulation of a Joint Powers Authority

The formation of a JPA begins with a formal agreement that specifies the members' intentions, the powers that they will share, and other mutually acceptable conditions that define administration arrangements.

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JPA's can exercise only those powers that are common to their member agencies. A JPA's governance structure depends on what the members agree to. The legal authority for all JPA's comes from the Joint Exercise of Powers Act.

7.6.7 Factors that would Support the Formation of a Joint Powers Authority

Similar to Public Utility Districts and Co-op's, JPA's are also not-for-profit and must have enough capital to support operations, maintain infrastructure, and invest in new initiatives. JPA's are flexible and allows any government agency to participate, the Joint Powers Act permits its member agencies to negotiate their level of commitment and structure their own governing Boards. JPA's also allow for the ability to finance capital improvements and authorize purchase agreements.

7.6.8 Factors that could Challenge the Formation of Joint Powers Authority

JPA's require mutual trust to form. Getting separate public agencies to cooperate can be difficult because each organization has its own powers, purposes, and politics. If a member agency decides to terminate their agreement, the departure can harm the JPA's long-term financial strength and purchasing capabilities.

7.6.9 Comparison Between a Joint Powers Authority and Public Utility District

The comparison that follows summarizes the differences and similarities between a JPA and a Public Utility District.

	Joint Power Authority	Public Utility District
Purpose	Generate Saving to Customers Provide Reliable Service Provides Local Control and access to wholesale power	Generate Saving to Customers Provide Reliable Service Provides Local Control and access to wholesale power
Statutory Authority	California Constitution (Article XI, Sections 5 and 9) Public Utilities Code (Section 10002) regarding the acquisition of IOU service territory. Government Code (Sections 6500-6599.2)	Public Utilities Code (Sections 11501-14403.5), Public Utilities Code (Section 10002), and Public Utilities Code (Sections 15501-18055) Local Government Reorganization Act of 2000 (applies to electric Municipal Utility Districts). Government Code (Sections 6500-6599.2)
Governance	If the member is a city department, it can be governed by the city's legislative body or appointees of the legislative body (and City Mayor, in some cases), or governed by an elected or appointed board the JPA board either operates independently or with oversight by the legislative body.	Governed by an elected independent utility board serving in staggered terms and elected by district residents. Directors have decision-making authority over all major functions of the utility.

SECTION 8

STUDY APPROACH AND ANALYSIS



STUDY APPROACH AND ANALYSIS

To assist with the development and analysis of the alternative service and governance options, extensive stakeholder outreach was conducted. Stakeholder discussions established foundational objectives that provides insight to how well each alternative option performs against status quo and stakeholder interests. The following section overviews the outreach effort and feedback received for the development of the Study.

8.1 Stakeholder Outreach and Feedback Received

One of the most important aspects when identifying potential alternative service and governance options is to gain a clear understanding of the needs of the entire electrical service territory. In October 2022, the Study initiated a task to engage with an extensive roster of Coachella Valley stakeholders located in IID's extended electrical service territory. This list of stakeholders was provided by the Riverside and Imperial LAFCO's. To generate thorough feedback from the maximum number of stakeholders, the outreach effort involved a comprehensive electrical service questionnaire and a series of stakeholder discussions.

To allow for a successful stakeholder driven input process, outreach was designed to address the following key topics with each stakeholder group.

- Identify critical items and key topics.
- Understand concerns and drivers for electrical service.
- Discuss potential reorganizational structures compared to status quo.
- Explore strategies for future electrical service and governance structures in response to AB 1021.
- Discuss desired service roles and responsibilities.
- Identify level of ambition to pursue an alternative electrical service and governance option.

8.1.1 Electrical Service Questionnaire and Responses

To maximize feedback from as many stakeholders as possible, outreach consisted of an electrical service questionnaire and a series of stakeholder discussions.

The following section will provide an overview of the feedback received and how this information was used for analysis of the alternative options.

The electrical service questionnaire consisted of fourteen questions and was provided to approximately 55 stakeholders in October 2022. A total of twelve completed responses to the questionnaire were received. The primary purpose of the questionnaire was to:

- Understand the extent of knowledge and interest in considering potential alternative electrical service and governance options.
- Obtain preliminary feedback to help facilitate content and discussions with each stakeholder group.

Despite the small sample group of responses, in general, several underlying themes emerged from the feedback received by stakeholders and are summarized below:

- Little interest in pursuing a merger with an IOU.
- Preference for public power, assuming IID desires to maintain continuity of service.
- Preference for a special district, JPA or entity with more than one City and/or utility as partnering members, for concepts involving formation of a new public utility.
- Conviction that, regardless of alternative options, local representation is a must.
- Uncertainty as to whether IID's low and competitive rates are sustainable.
- Recognition that electric infrastructure upgrades and expansions are needed for Coachella Valley as existing capacity limitations are hampering economic development.

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- Uncertainty with the electrical service outlook due to aging facilities and capacity limitations.
- Concern regarding frequent and extended service outages in Eastern Coachella Valley.
- Uncertainty as to how new residential and commercial developments can be accommodated and their corresponding impact on existing electric rates.
- Frustration with billing format, complicated rate structures, and lack of transparency.
- Uncertainty if and how overdue capital improvements are to be funded.
- Recognizing that planning is a critical component in mitigating excessive financial risk.
- Mixed thoughts regarding the degree of electrical service role and responsibilities.

8.1.2 Individual Stakeholder Discussions

In addition to the electrical service questionnaire, the Study team conducted a number of individual stakeholder discussions to further obtain insight on matters related to both existing and future electrical service provisions, with an emphasis on services for the Coachella Valley. To facilitate these discussions, a presentation was prepared and distributed in advance, which included targeted objectives and goals for each discussion topic. A total number of nine discussions were conducted and consisted of both in-person and remote meeting formats.

The main goal of the discussions were twofold. The first goal was to obtain additional insight on items of interest, concerns, and perspectives related to current and future service and governance roles. The second goal was to understand the desired responsibilities from Coachella Valley stakeholders. The following section provides a summary of the discussions, feedback received, when the discussion occurred, who participated, and if supplementary information was provided.

Individual stakeholder discussions were conducted with the following stakeholders as follows:

- November 15, 2022: Sky Valley Community Council
- November 17, 2022: Imperial Irrigation District
- December 2, 2022: the Cities of La Quinta, Indio, Coachella, Cove Communities Services and Palm Desert
- December 6, 2022: Coachella Valley Water District
- December 8, 2022: Tribe of Torres-Martinez
- December 8, 2022: Tribe of Augustine
- December 15, 2022: General session with over ten different local community and special interest groups
- January 3, 2023: Imperial County
- January 17, 2023: Follow-up with Cities of La Quinta, Indio, Coachella, Cove Communities Services and Palm Desert
- January 24, 2023: Chair of the Coachella Valley Energy Commission
- February 24, 2023: Tribe of Twenty-Nine Palms

In addition to the discussions mentioned above, stakeholders also provided supplemental input in the form of historical documents, letters, and other Study related reports. A summary of these items is below:

- Leadership Counsel for Justice and Accountability:
 - Eastern Coachella Valley Input for the Alternative Governance Structure and Service Provisions, dated March 24, 2023.
 - Prior comment letter regarding East Coachella Valley representation, dated March – October 2021.
- Coachella Valley Energy Commission: letter regarding governance alternatives for consideration, dated February 2023.

In general, several of the interests, concerns, and underlying themes identified from the energy service questionnaire aligned and were reiterated during the individual stakeholder discussions. The feedback gathered during the discussions was consolidated and is summarized into the seven main topics below:

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Affordability

Existing rates are competitive and any proposed alternative service options should consider short and long-term rate implications.



Economic Development

Developments are being impacted and concerned about how these, and other new developments will be served, along with the associated impact to existing customer rates.



Financing

How will upgrades and expansions be funded, expenses should be equitable and based on benefits received.



Representation

Representation is top priority and required regardless of which alternative service option is considered.



Industry Trends

Concerned with increased electrification and the plan for achieving renewable energy goals.



Local Programs

Desire for IID to increase local programs and incentives, including power purchase programs with local communities for solar, geothermal, and other generation opportunities.



Local Control

Desired by stakeholders, but degree of role and responsibility was uncertain.



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In order to evaluate how each proposed option addresses the interests and concerns of stakeholders, foundational objectives were established. The following section describes how the feedback received was used to establish foundational objectives for performing analysis of the alternative service and governance options.

8.2 Analysis of Alternative Options

Although each alternative service and governance option may achieve different outcomes, the Study has established the following criteria to facilitate an assessment of the degree to which each alternative option addresses the desires of the stakeholders. These fundamental objectives were derived from stakeholder feedback and were utilized during the analysis phase to ascertain how each alternative option compares to the status quo.

8.2.1 Establishing Stakeholder-Driven Foundational Objectives

The following foundational objectives were established to aid in the review and assessment of each alternative option and derived from input received by all stakeholders. As each stakeholder may have different core objectives, stakeholders may assess the performance of each alternative option under a distinct subset of foundational objectives, leading to varying conclusions. To address this matter, the ensuing analysis was conducted to provide stakeholders and policymakers with a general indication of which alternative option may optimally cater to their needs based on the established foundational objectives. It's important to note that the findings of this analysis will need to be aligned with the desired level of responsibility each stakeholder is willing to undertake in providing electrical service provisions for the Coachella Valley service territory. The intersection of these two elements will be key in identifying the best fit alternative option for the Coachella Valley service territory.

- Services provided by a Public and Locally Governed Entity: Ability for all eligible, registered voters within the Coachella Valley electrical service territory to be an appointed or elected official for purposes of providing oversight and supervising activities of the underlying electrical service entity.
- Provides Representation for Coachella Valley Customers: The service and/or governance structure provides each appointed or elected official local oversight, supervision, and control of all functions of service (including assets) owned and managed by the proposed utility. Local control is provided for assets not owned and managed by IID. Provides the local official with authority to approve or oppose actions of the utility and the right to adopt sound and ethical governance and financial management policies in alignment with local policies.
- Maintain an Advisory Role for Non-Responsible Electrical Service Provisions: Provide an appointed or elected member of Coachella Valley the ability to provide impartial third-party advice to the IID Board of Directors on electrical service provisions which are not the responsibility of the newly formed entity. Ability for Coachella Valley members to provide the IID Board of Directors recommendations, guidance, and knowledge on matters related to these services through an advisory committee and/or commissions.
- Ownership Structure Must Provide Flexible Financing Opportunities: Ability to impose rate increases, secure external funding, issue municipal bonds, or form a financing authority to support a capital improvement program (CIP) and/or initial costs for acquiring existing electrical facilities.
- Structure that Can Own Electrical Assets: The alternative service option provides the ability to acquire and own underlying electrical assets for electrical generation, transmission, and/or distribution services.

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- Provides Coachella Valley with Oversight of Financial Policies: Governance structure that provides Coachella Valley customers oversight and supervision of financial policies, rates, and charges for electrical services. To endorse policies that administer equitable rates structured to support economic growth and ability to recover cost of service.
- Oversight of Capital Planning to Support Economic Development: Governance structure that permits local oversight of capital improvement planning and implementation. Supporting timely planning and capital investments to accommodate growth and development in the underlying community.
- Structure Easy to Implement: Proposed structure should require a limited amount of coordination to implement the proposed service and/or governance structure, including legal, financial, and legislative complexity as compared to status quo.
- Ability to Expand Public Benefits: Governance structure that permits Coachella Valley customers oversight and supervision of customer programs and incentives. To endorse policies that support state initiatives and local community interests.
- Achieve Industry Maintenance Standards: Governance structure that permits Coachella Valley customers oversight of operational and maintenance services. To support business practices that promote efficient and reliable service by endorsing policies that achieve industry standards for preventative maintenance and service.
- Use of Efficient Public Resources: Proposed structure should leverage existing resources to help minimize the need to recreate established policies and require additional financial resources. To endorse policies that support the ability to execute service agreements with IID, or other, for established electrical service provisions.
- Promote Local Renewable Energy Programs: Structure that provides Coachella Valley customers oversight and supervision of renewable energy opportunities and local generation programs; including solar, wind, geothermal and other eligible resources. Supporting partnerships with regional partners interested in local renewable generation opportunities.
- Ability to Achieve Vertically Integrated Utility Status: Structure that could allow for the complete oversight and governance of all electrical service provisions associated with generation, transmission, and distribution. A utility ownership structure that could be expanded to provide the greatest regulatory control and monopoly over all aspects of electricity services provisions.
- Ability to Adapt to Future Changes and Responsibilities: Structure that can be modified to align with future changes in the members roles and responsibilities of utility ownership and/or governance.
- Minimizes Risk to Rate Payers: Structure that has the potential to reduce or limit the amount of legal and/or financial risk to the members and community it serves regarding start-up, implementation, and ongoing operational costs.
- Provides Local Control for Distribution Assets: Structure that can provide Coachella Valley customers with oversight and supervision of capital planning, upgrades, and expansions related to local distribution facilities.
- Maximize Public Involvement: Governance structure that will endorse public policies to promote engagement and collaboration with the local community to obtain public input throughout the entire decision-making process.



SECTION 9

ALTERNATIVE ELECTRICAL SERVICE OPTIONS



ALTERNATIVE ELECTRICAL SERVICE OPTIONS

This section will present several alternative electrical service options for consideration. However, the question remains of how the service territory should proceed with any of these options. While these alternative options provide stakeholders and policy makers with a general indication of the best-suited alternatives, other conditions must also be considered when determining which options are pursued and timely to implement. In general, each alternative option should be aligned to match with the appropriate scale and ambition of the service territory. Depending on the existing regulations and underlying objectives within the service territory, stakeholders are likely to have varying perspectives on which option is more suitable for implementation.

This section focuses on two alternative electrical service options for providing continued publicly and/or independent system operator owned and managed electrical service in perpetuity to IID electrical service area customers prior to, and after, the expiration of the 99-year lease for power rights made between the IID and the CVWD. Both options include a number of alternative governance structures that can be considered for potential implementation. It should be noted that the following alternative options are not exclusive and therefore, a variety of combinations can exist, i.e. forming a new Public Utility District and joining with IID through a JPA.

To help stakeholders, regulators, and policy makers prioritize the potential alternative service options, this section of the Study identifies the following:

- A range of alternative options with different degrees of complexity such that stakeholders can determine their required level of effort in developing and advancing the implementation of the proposed alternative structure.
- Advantages and disadvantages of alternative options, including considerations regarding policy, service and financial implications.

9.1 Required Capital Investment Common to all Options

Many cities and utility districts administer Capital Investment Program (CIP) to assist with planning and identifying critical capital infrastructure projects to renovate, repair, or expand existing facilities. Projects could range from minor, low cost to multi-year program expansions. This effort is necessary in order to identify the extent of near and long-term capital improvements to sustain operations and assess funding needs to support implementation. Based on information shared by IID, there are several capital improvements needed to facilitate growth and development. Infrastructure upgrades and additional generation resources are necessary to serve additional growth in Imperial and Coachella Valley. The capital requirements to serve the additional growth is estimated to be \$800 million. This includes approximately \$500 million for additional infrastructure and substations, and \$300 million for additional generation resources to support the growth and development.

Although the capital investment indicated above is for Imperial and Coachella Valley, it would likely not go away under any of the options presented below. A capital investment would be required and common to all options. No further evaluation was performed on the capital investment provided by IID due to limited data received for this Study. The extent of capital investment would vary by option and must be a consideration when evaluating each alternative electrical governance option. After the parties determine which of the following alternative option(s) are to be considered, evaluations should be performed to determine anticipated cost-of-service and associated rate and operating expense for the desired role and responsibility of the proposed entity. Performing cost evaluations at this stage is difficult due to several unknown factors to adequately estimate valuation of the underlying electrical facility assets under consideration.

ALTERNATIVE ELECTRICAL SERVICE OPTIONS

9.2 OPTION 1: IID Continues to Provide Electrical Service to the Coachella Valley Territory

Under this option, the following alternative service and associated governance options are provided for stakeholder consideration. The reader can supplement the following section with details pertaining to each governance structure provided in Section 7.

Service Alternative Option No. 1 - Imperial Irrigation District continues to provide electrical service provisions for the Coachella Valley service territory. Under this service option, the following alternative governance structures can be considered.

9.2.1 Alternative Governance Structures for Service Alternative Option No. 1

The proposed alternative governance structures aim to ensure proportional representation on a governing board that will have primary jurisdiction over all electrical service matters by extending voting rights to eligible voters residing within the Imperial Irrigation District electrical service area. The following options do not affect the water service area boundaries of the Imperial Irrigation District, which will remain under the sole responsibility of the current IID Board of Directors, thereby isolating water rights and management from electrical service matters.

GOVERNANCE OPTION 1.A - Maintain status quo. Under this governance option, the following should be considered:

- This option would maintain the existing service and governance structure for IID and the Coachella Valley service territory.
- Would not address the concerns of the Coachella Valley stakeholders.
- No reorganization, proceedings, or special elections are required.
- Coachella Valley stakeholders would not have direct governance control or have representation over electrical service provisions.
- CVEC continues to provide advisement to IID Board of Directors.

- If additional funding is necessary, individual cities could adopt as needed charges for local upgrades and expansion of local distribution facilities. Per ongoing CVEC discussions.
- Can provide the opportunity to reform existing electrical service provisions/programs to align with Coachella Valley stakeholder and local community needs, i.e. local power purchase contracts and programs.
- A comprehensive debt policy should be established to define financial policies and principles to support economic development and additional growth in both service territories.
- Having the ability to administering potential change to Power Rates will be limited per Section 19 of the Agreement of Compromise.
- Does not mitigate the legal complexity or legislative challenge associated with the conditions of the 1934 Agreement of Compromise.
- Reduces or eliminates additional risk, as no additional start-up or reorganization debt is required.
- Eliminates the need for additional staff and related services by utilizing established IID business functions.
- No financial and/or operational impact likely to existing IID operations.
- To note, IID does not receive a portion of the one-percent tax levy from the Coachella Valley service territory located in Riverside County.

GOVERNANCE OPTION 1.B - Annex the Coachella Valley electrical service territory into IID. Under this governance option, the following should be considered:

- Would expand the jurisdictional boundary for IID and include the Coachella Valley service territory.
- Reorganization, proceedings, and/or special elections would be required.
- Allows eligible voters from Coachella Valley to participate in IID Board of Director elections.
- Coachella Valley stakeholders would have direct governance control and have representation on electrical service provisions.
- This option aligns with the recommendations from Riverside LAFCO Study 2006-61-4.

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- Division boundaries for the Board of Directors could be established in a similar approach per previously adopted IID Resolution No. 50-2021.
- New legislation would be required to authorize exclusive voting rights by elected officials from Imperial County on all water-related business functions and decisions.
- Management and ownership of electrical facilities and assets would remain under IID.
- The annexation would result in the termination of the 1934 Agreement of Compromise.
- A comprehensive debt policy should be established to define financial policies and principles to support economic development and additional growth.
- Potential to improve economic development by having the ability to adopt rates and charges based on cost-of-service.
- Opportunity to reform existing electrical service provisions to align with Coachella Valley stakeholder interest and their desire to implement energy programs for solar and other local generation opportunities.
- Policies should be established to administer a sustainable capital improvement plan to assist with additional growth and development requirements.
- This option limits the amount of risk by not requiring additional debt and long-term financial obligations from acquiring new assets and/or staffing requirements when forming a new entity.
- Reduced implementation complexity by utilizing existing business functions and processes established by IID.
- Potential for complex legal negotiations and/or legislative challenge associated with the conditions of the 1934 Agreement and annexation process.
- Minimizes financial and/or operational impact to the existing IID Energy Division.
- Could result in a financial impact to the CVWD and corresponding hydroelectric generation rights on the canal.
- To note, IID does not receive a portion of the one-percent tax levy for the Coachella Valley service territory located in Riverside County.

GOVERNANCE OPTION 1.C - Create a new sub-Board of Directors to provide oversight on all electrical service provisions related to Coachella Valley, and establish an electrical service jurisdictional boundary for IID's Coachella Valley service territory. Under this governance option, the following should be considered:

- Would create a new jurisdictional boundary for IID and include the Coachella Valley service territory.
- The existing IID jurisdictional boundary would remain and provide oversight of business functions not responsible of the sub-Board of Directors.
- Allows eligible voters from Coachella Valley to participate in IID sub-Board of Director elections.
- Coachella Valley stakeholders would have direct governance control and obtain representation on electrical service provisions for Coachella Valley.
- Reorganization, proceedings and/or special elections would be required.
- Sub-Board of Directors would provide oversight and governance on a portion, or all electrical service provisions for the Coachella Valley service territory. Exact roles and responsibilities could be established by the parties.
- New legislation would be required to authorize exclusive voting rights by elected officials from Imperial County on all water-related business functions and decisions.
- Management and ownership of electrical facilities and assets would remain under IID.
- Provides an opportunity for locally elected officials from the Coachella Valley to reform existing electrical service provisions to align with community needs, and the greater Coachella Valley service territory.
- A comprehensive debt policy should be established to define financial policies and principles to support economic development and additional growth.
- An Executive Director and/or additional staff could be required to administer the new subdivision.
- Provides a solution for the 1934 Agreement of Compromise and the ability to update existing financial policies to help establish equitable rates and charges for the service territories.

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- This option has the potential to mitigate and reduce the legal complexity and legislative challenge associated with the conditions of the 1934 Agreement of Compromise.
- This option limits the amount of financial risk by not requiring additional debt and long-term financial obligations from acquiring new assets and/or staffing requirements when forming a new entity.
- Reduced implementation complexity by utilizing existing business functions and processes already established by IID.
- Minimizes financial and/or operational impact to the existing IID Energy Division.
- Could result in a financial impact to the CVWD and corresponding hydroelectric generation rights on the canal.
- To note, IID does not receive a portion of the one-percent tax levy for the Coachella Valley service territory located in Riverside County.

GOVERNANCE OPTION 1.D - Coachella Valley Parties Establish a Joint Powers Authority with IID. Under this governance option, the following should be considered:

- No reorganization, proceedings or special elections are required and maintains IID's existing jurisdictional boundary and extended electrical service territory.
- Will not change the existing IID Board of Directors structure.
- Can establish a multiple party JPA with Cities, Tribal Nations, State, and Counties.
- IID to be a member of the JPA.
- Coachella Valley stakeholders would have direct governance control and obtain representation on electrical service provisions for Coachella Valley if desired by the JPA.
- To function successfully, would likely require all Coachella Valley parties to become members of the JPA.
- California Indian Tribal governments can join JPA's with legislative permission.
- Governance responsibility for the JPA can be exclusive to electrical service provisions for the Coachella Valley service territory, or can be modified based on the desire of the members.
- Offers the greatest amount of flexibility. The JPA structure is very flexible and allows members to define their own areas of authority and responsibilities pertaining to electrical service.
- Allows services exclusive to Imperial County and the greater region (i.e. regional generation and transmission) to continue to be governed by the existing IID Board of Directors.
- Board actions from the JPA can provide final approval and/or be coordinated with IID Board of Directors.
- JPA can administer its own programs and incentives to align with local community interests.
- No new legislation would be required and allows the JPA full right of predefining its power and rights.
- A comprehensive debt policy should be established to define financial policies and principles to memorialize guiding directives from members of the JPA.
- Management and ownership of electrical facilities and assets would remain under IID.
- Provides flexible financing opportunities, either by IID rates and charges and/or JPA financing authority.
- An Executive Director and/or additional staff could be required to administer the JPA.
- A JPA has the authority to enter into a power supply agreement with IID, if the JPA desires to control generation services.
- Accommodating additional growth and development can be improved depending on the financing policies imposed by IID and/or the JPA.
- This option increases the amount of risk by potentially requiring debt and long-term financial obligations from acquiring property, assets, staffing, and/or administering a CIP under the JPA, for electrical services independent of IID.
- Potential financial and/or operational impact to IID, and would be dependent based on the role and responsibility of the JPA.
- Ability to utilize Local Bond Act to assist in the financing of public capital improvements.
- Could potentially result in a financial impact to the CVWD and corresponding hydroelectric generation rights on the canal if they are non-member to the JPA.

ALTERNATIVE ELECTRICAL SERVICE OPTIONS

9.3 OPTION 2: IID Terminates Electrical Service to the Coachella Valley Territory

Under this option, the following alternative service and associated governance options are provided for stakeholder consideration. The reader can supplement the following section with details pertaining to each governance structure provided in Section 7.

Service Alternative Option No. 2 - Imperial Irrigation District terminates electrical service provisions for the Coachella Valley service territory. Under this service option, the following alternative governance structures can be considered.

9.3.1 Alternative Governance Structures for Service Alternative Option No. 2

The following alternative governance structures aim to ensure proportional representation on a governing board that will have primary jurisdiction over all electrical service matters by extending voting rights to eligible voters residing within the Imperial Irrigation District electrical service area. This will establish proportional representation on a governing board that will have primary jurisdiction on all matters related to electrical service. These proposals distinctly separate water rights and management, ensuring that the current Imperial Irrigation District Board of Directors retains exclusive authority over them, and that the water service area boundaries shall remain unaffected

GOVERNANCE OPTION 2.A - Dissolution and merger with an Investor-Owned Utility. Under this option the following should be considered:

- Reorganization, proceedings, and/or special elections would be required.
- Members could have the ability to secure a franchise fee in exchange for providing the IOU with the right to operate exclusively in their community.

- Local control and representation would be limited with local advisement provided by engaging with the CPUC.
- Would not allow eligible voters from Coachella Valley to participate in elections.
- Coachella Valley stakeholders would not have direct governance control or obtain representation on electrical service provisions.
- The IOU would acquire and purchase existing electrical infrastructure and assets.
- Regulation and oversight would be provided by the CPUC.
- Complex negotiations would be needed to transfer existing electrical assets.
- Potential for higher rates depending on the IOU's generation sources and portfolio.
- Funding provided by rates are set by the IOU and regulated by CPUC.
- Uncertain if implementation of timely capital investments would be improved by the IOU and limited improvement with accommodating additional growth and development could be experienced.
- Once IOU merger is complete, stakeholders would be eligible to form a CCA or similar. This would provide a small degree of local control and oversight for Coachella Valley stakeholders.
- Could potentially minimize the amount of initial risk by deferring the management and ownership to the IOU. Long-term financial impacts are uncertain, with the potential to be greater than other alternative options under consideration.
- Will impose a financial and operational impact on IID, and could ultimately cause IID to administer future rate increases despite a reduction in service responsibilities.

GOVERNANCE OPTION 2.B - Form a new Public Utility District, or Special District. Under this option the following should be considered:

- Reorganization, proceedings, and/or special elections would be required.
- Would create a new public utility to oversee and obtain responsibility over electrical service provisions for the entire Coachella Valley territory.

ALTERNATIVE ELECTRICAL SERVICE OPTIONS

- The roles and responsibilities for the utility would be specific and based on the member's interest.
 - Coachella Valley stakeholders would have direct governance control and obtain representation on electrical service provisions for Coachella Valley, if desired by the newly formed utility.
 - The new utility, or Special District would have the ability to finance and own electrical facilities and assets.
 - Financing for capital improvements could be provided by the utilities electric rates, charges, and/or ability to secure bonds for public improvements.
 - This structure would require funding resources in order to acquire and purchase underlying electrical assets from IID, or others. The specific amount to acquire such assets is uncertain and would need to be negotiated.
 - This option offers the greatest amount of flexibility in defining the utilities service responsibilities, such as forming a partially integrated utility or vertically integrated.
 - Additional staffing and resources would be required to administer business functions and associated services, such as an Executive Director and/or technical staff.
 - The existing IID Board of Directors structure and governance would remain unaltered.
 - With local control and oversight, local officials can administer programs and incentives that align with community needs.
 - New legislation would not be required and existing legislation allows for flexibility in defining the utility's powers and rights.
 - Could impose a financial and operational impact to the existing IID Energy Division.
 - The utility can have the authority to execute a power supply agreement with IID, if the utility desires to control generation services.
 - A comprehensive debt policy should be established to define financial policies and principles to memorialize guiding directives from local officials.
 - This structure provides Coachella Valley with local oversight and could offer the greatest level of control over all, or specific areas of electrical service provisions.
 - Due to potential start-up costs, having the ability to provide a competitive and affordable service rate could be challenging for the utility.
 - Accommodating additional growth and development can be improved depending on the financing policies selected by the utility and its officials.
 - The ability to adapt to new legislation, state initiatives, and local priorities will be dependent on the utilities policies and available funding resources.
 - This structure will require an extensive number of staffing resources and technical expertise for start-up and ongoing operations.
 - A public vote and adoption by LAFCO would be required.
 - This option increases the amount of risk by potentially requiring debt and long-term financial obligations from acquiring property, assets, staffing, and/or administering a CIP under the new utility, for electrical services independent of IID.
 - Potential financial and/or operational impact on IID, and would be dependent based on the role and responsibility of the utility.
 - The service structure can also be combined with a JPA, with the members of the JPA being IID and the new utility.
 - Under this option, CVWD could also be named as the public entity and successor to continue service for the Coachella Valley.
 - Could result in a financial impact to the CVWD and corresponding hydroelectric generation rights on the canal if the new utility district desires oversight over generation services.
- Governance Option 2.C: Create a Vertically Integrated Public Utility District, or Special District for each stakeholder in the Coachella Valley service territory. Under this option the following should be considered:**
- Similar to option 2.B, but with expanded oversight and local governance over all aspects of electrical service, including: generation, transmission, distribution and administration.
 - Each stakeholder would create their own utility district to oversee and obtain responsibility over electrical service provisions for their service area.

ALTERNATIVE ELECTRICAL SERVICE OPTIONS

- Offers the greatest level of local control and oversight by Coachella Valley stakeholders.
- Modifies the electrical service boundary for IID by removing the Coachella Valley service territory.
- This option could have the potential challenge of being able to administer competitive and equitable rates due to start-up costs and required capital investments.
- Under this option, CVWD could also be named as the public entity and successor to continue service for the Coachella Valley.
- This structure would have the highest amount of risk from requiring the greatest amount of debt and long-term financial obligations associated with the need to acquire property, assets, staffing, and funding capital improvements for each utility.
- Will impose a financial and/or operational impact to the IID Energy Division.
- A comprehensive debt policy will need to be established to define financial policies and principles to memorialize guiding directives from public officials.
- Will require complex legal negotiations and legislative challenges among the parties to potentially secure hydroelectric generation rights from CVWD.
- Could result in a financial impact to CVWD and corresponding hydroelectric generation rights on the canal.
- All electrical facilities and assets would be managed and owned by others, not the CCA.
- Financing programs for the CCA are potentially limited.
- This structure would provide a limited amount of local control and oversight to Coachella Valley stakeholders, as this structure would depend on other utilities for transmission and distribution services.
- Could require the need to retain additional staff, such as administration or operational managers, and technical.
- The existing IID Board of Directors would remain.
- No new legislation would be required.
- The CCA would be supported and managed by its members, residents within its service boundary.
- Uncertain if improvements can be achieved to accommodate additional growth and development, as this option is dependent on other utilities for providing transmission and distribution services.
- Could minimize the amount of initial risk by deferring the management and ownership of transmission and distribution services to other utilities. Although, due to changing state regulations and initiatives, the long-term financial impact of forming a CCA is uncertain and could have the potential to be greater than other alternative options under consideration.
- Would impose a financial and/or operational impact to the IID Energy Division.

Governance Option 2.D: Create a Community Choice Aggregation. Under this option the following should be considered:

- For Coachella Valley stakeholders interested in forming a CCA, they must terminate all electrical service provisions from IID and merge with an IOU to be eligible to form the CCA.
- The CCA can be operated under a JPA structure, or as a single jurisdiction.
- The parties to the CCA must issue a Declaration to Pursue to the service area IOU and the CPUC.
- No reorganization, proceedings or special elections are required.
- The CCA would create a new public entity to oversee and assume responsibility over electrical generation and/or purchases.

ALTERNATIVE ELECTRICAL SERVICE OPTIONS

9.4 Alternative Options Support Foundation Objectives to Varying Degrees

While each alternative service option achieves different outcomes, each stakeholder can review performance under varying subsets of foundational objectives. The resulting variability in the assessment of alternative option performance could potentially result in conflicting opinions. Therefore, it is critical for stakeholders in the Coachella Valley to identify the foundational objectives that are common and core, regardless of the alternative option under consideration. To address this issue, the following analysis was conducted to provide stakeholders and policymakers with a general indication of the alternative option that might best address their needs.

It is worth noting that the findings of this analysis will need to be aligned with the desired level of responsibility that each stakeholder is willing to commit to providing electrical service provisions for the Coachella Valley service territory. For instance, local representation can be provided under a variety of alternative options, but the degree of representation would be limited to the level of control of the proposed utility, or alternative ownership structure other than IID. Evaluating future alternative options based on these two critical elements will be crucial in identifying the best-fit alternative option for both of the electrical service territories.

The alternative options evaluation matrix is presented in Figure 9-1 and provides an overview of how each of the proposed alternative options supports the foundational objectives. The foundational objectives were derived from stakeholder feedback and used as a way to evaluate the performance of each alternative option against status quo.

To supplement this analysis and the overall effort, in April 2021, the American Public Power Association (APPA) conducted a Governance Survey to present information on the type of governing bodies responsible for overseeing public power systems.

The survey findings are summarized in Tables 9-1 and 9-2 and revealed that the type of governing body in charge of public power systems was evenly divided, with 54% of respondents indicating that the electrical system is governed by a City Council and the remaining 46% by an independent utility board. This was based on 295 responses, with 18 of those being completed by utilities with more than 50,000 customers. A summary of the survey results are provided below and additional information can be found at the APPA website (<https://www.publicpower.org/resource/public-power-governance-survey>).

This information serves as a valuable reference point for gaining insight into the current governance structures of Public Utilities and can further supplement the information presented in this Study. Depending on the decisions made by the Coachella Valley stakeholders, the following survey results are presented by the number of customers served. It should be noted that the governance structure and roles vary by the number of customers served. Depending on the outcome of IID and/or the parties within the Coachella Valley, the following survey results by customers count appear to align with the estimated number of customers to be served by the alternative service or governance options under consideration.



ALTERNATIVE ELECTRICAL SERVICE OPTIONS

TABLE 9-1 – AMERICAN PUBLIC POWER ASSOCIATION GOVERNANCE SURVEY: TYPE OF GOVERNING BODY

No. Of Customer Connections	No. Of Survey Responses	Primary Governing Body		
		Independent Elected	Independent Appointed	City Council
Less than 5,000	144	7%	26%	67%
5,000 to 20,000	94	20%	41%	38%
20,000 to 50,000	34	9%	41%	50%
More than 50,000	17	18%	53%	29%
Total	289	12%	34%	54%

Notes:

1. April 2021 survey results from the American Public Power Association – Public Power Governance Survey

ALTERNATIVE ELECTRICAL SERVICE OPTIONS

TABLE 9-2 – AMERICAN PUBLIC POWER ASSOCIATION GOVERNANCE SURVEY: AUTHORITY OF GOVERNING BODY

Authorities	Independent Utility Board	City Council	Other
Less than 5,000 Connections			
Set retail electric rates	85%	4%	11%
Approve Utility Budgets	85%	11%	4%
Issue Bonds	61%	28%	11%
Set Financial Policies	87%	7%	6%
Approve Power Purchase Contracts	74%	20%	6%
5,000 to 20,000 Connections			
Set retail electric rates	69%	14%	17%
Approve Utility Budgets	78%	11%	11%
Issue Bonds	46%	46%	8%
Set Financial Policies	74%	9%	17%
Approve Power Purchase Contracts	80%	5%	15%
20,000 to 50,000 Connections			
Set retail electric rates	69%	25%	6%
Approve Utility Budgets	87%	13%	0%
Issue Bonds	44%	38%	18%
Set Financial Policies	100%	0%	0%
Approve Power Purchase Contracts	94%	6%	0%
More than 50,000 Connections			
Set retail electric rates	62%	38%	0%
Approve Utility Budgets	69%	31%	0%
Issue Bonds	38%	38%	24%
Set Financial Policies	69%	8%	23%
Approve Power Purchase Contracts	77%	8%	15%

Notes:

1. April 2021 survey results from the American Public Power Association – Public Power Governance Survey
2. The term “other” includes structures where there is a Joint Powers Authority with the underlying independent utility or City Council.

ALTERNATIVE ELECTRICAL SERVICE OPTIONS

FIGURE 9-1: ALTERNATIVE GOVERNANCE EVALUATION MATRIX

(TABLE LOCATED ON NEXT PAGE)

FIGURE 9-1: ALTERNATIVE GOVERNANCE EVALUATION MATRIX

Foundational Objectives	Service Alternative Option No. 1 - IID continues to provide electrical service to Coachella Valley				Service Alternative Option No. 2 - IID terminates electrical service to Coachella Valley			
	Option 1.A: Status Quo	Option 1.B: Annex Coachella Valley into IID	Option 1.C: Sub-Board of Directors for IID	Option 1.D: Create a Joint Powers Authority	Option 2.A: Merge to Investor-Owned Utility	Option 2.B: Form a new Public Utility District	Option 2.C: Form Vertically Integrated Public Utility District	Option 2.D: Form a Community Choice Aggregation
<div><div><div></div><div>Objective Addressed</div></div><div><div></div><div>Potential to Address Objective Pending Role of the Proposed Utility</div></div><div><div></div><div>Objective Note Addressed</div></div></div>	Maintain status quo with no service or governance changes.	Annex Coachella Valley Service Territory to IID and adjust IID jurisdictional boundary.	Create IID Sub-Board of Directors for Coachella Valley electrical service provisio ⁿ .	Form a Joint Power Agreement or Agency with Coachella Valley Stakeholders and IID.	Dissolution and merger with an Investor-Owned Utility.	New Public Utility District for Coachella Valley electrical service provisions. Roles to be specific based on stakeholder desires, such as distribution only.	New Vertically Integrated Public Utility Districts for Coachella Valley electrical service provisions.	CCA to provide electrical generation and/or power purchases. Utility will be dependent on other utilities for transmission and distribution services.
Services Provided by a Public and Locally Controlled Entity Ability for all eligible, registered voters within the Coachella Valley electrical service territory to be an appointed or elected official for purposes of providing oversight and supervising activities of the underlying electrical service entity.								
Provides Representation for Coachella Valley Customers Provides each appointed or elected official local oversight, supervision, and control of all functions of service (including assets) owned and managed by the proposed utility.								
Maintain an Advisory Role for Non-Responsible Electrical Service Provisions Ability to provide impartial third-party advice to the IID Board of Directors on electrical service provisions which are not the responsibility of the newly formed entity.								
Ownership Structure Must Provide Flexible Financing Opportunities Ability to impose rate increases, secure external funding, issue municipal bonds, or form a financing authority to support a capital improvement program and/or initial costs for acquiring existing electrical facilities.								
Structure that Can Own Electrical Assets Alternative service option provides the ability to acquire and own underlying electrical assets for electrical generation, transmission, and/or distribution services.								
Provides Coachella Valley with Oversight of Financial Policies Provides oversight and supervision of financial policies, rates, and charges for electrical services. To endorse polices that administer equitable rates structured to support economic growth and ability to recover cost of service.								
Oversight of Capital Planning to Support Economic Development Permits local oversight of capital improvement planning and implementation. Supporting timely planning and capital investments to accommodate growth and development.								
Structure Easy to Implement Structure should require a limited amount of coordination to implement the proposed service and/or governance structure, including legal, financial, and legislative complexity as compared to status quo.								
Ability to Expand Public Benefits Provides oversight and supervision of customer programs and incentives. To endorse policies that support state initiatives and local community interests.								
Achieve Industry Maintenance Standards Provides oversight of operational and maintenance services. To support business practices that promote efficient and reliable service by endorsing policies that achieve industry standards for preventative maintenance and service.								
Use of Efficient Public Resources Structure should leverage existing resources to help minimize the need to recreate established policies and the need for additional public resources.								
Promote Local Renewable Energy Programs Oversight and supervision of renewable energy opportunities and local generation programs; including solar, wind, geothermal and other eligible resources. Supporting partnerships with regional partners interested in local renewable generation.								
Ability to Achieve Vertically Integrated Utility Status Structure that could allow for the complete oversight and governance of all electrical service provisions associated with generation, transmission, and distribution.								
Ability to Adapt to Future Changes and Responsibilities Structure that can be modified to align with future changes in the members roles and responsibilities of utility ownership and/or governance.								
Minimizes Risk to Rate Payers Structure that has the potential to reduce or limit the amount of legal and/or financial risk to the members and community it serves regarding start-up, implementation, and ongoing operational costs.								
Provides Local Control for Distribution Assets Oversight and supervision of capital planning, upgrades, and expansions related to local distribution facilities.								
Maximize Public Involvement Structure that will endorse public policies to promote engagement and collaboration with the local community to obtain public input throughout the entire decision-making process.								

ALTERNATIVE ELECTRICAL SERVICE OPTIONS

9.5 Suggested Actions Prior to the Expiration of the Agreement of Compromise

This section provides suggested actions to help assist with addressing outstanding questions regarding the existing and continued electrical service to the Coachella Valley. Coachella Valley stakeholders and IID can consider the following actions to support the ongoing collaboration toward developing a community-based solution for electrical service and governance for the Coachella Valley. The following considerations can be used to establish near-term priorities and help assist with addressing technical feasibility, legal requirements, and financial policies for the alternative service and governance options under consideration. Based on the CVEC 2021-22 Annual Report many of the following actions are identified as the near and long-term priorities of the Commission.

The following are suggested actions the parties can consider to assist with ongoing efforts associated with alternative service and governance options:

- The parties should acknowledge that the CVEC is likely the most effective entity at this time to assist through the details of determining a preferable solution and/or alternative option. The Study can aid ongoing discussion and engagements among the parties, which includes representation from majority of Coachella Valley customers.
- Stakeholders to establish desired rights, roles, and responsibilities for electrical service and governance. The guiding policies and principles should also examine if it will be desired to own electrical facilities, or secure service agreements with IID, or others.
- Develop policy principles that can provide a consistent basis for evaluating issues, making decisions, and setting policy.
- Perform technical feasibility studies to determine if the proposed entity is financially feasible, conducting valuations to estimate the value of associated electrical facilities and resources.
- Evaluate alternative financing mechanisms to support new growth and development, including rate and fee structures for enhancing service reliability for status quo, or for the alternative service and governance options under consideration.
- Continue to expand public engagement as the stakeholders advance discussions on potential alternative service and governance options.



APPENDICES

APPENDIX A: ASSEMBLY BILL 1021

ENROLLED SEPTEMBER 07, 2021
PASSED IN SENATE SEPTEMBER 01, 2021
PASSED IN ASSEMBLY SEPTEMBER 02, 2021
AMENDED IN SENATE AUGUST 19, 2021
AMENDED IN SENATE AUGUST 16, 2021
AMENDED IN SENATE JULY 01, 2021
AMENDED IN ASSEMBLY MAY 24, 2021
AMENDED IN ASSEMBLY APRIL 19, 2021
AMENDED IN ASSEMBLY MARCH 18, 2021

CALIFORNIA LEGISLATURE— 2021–2022 REGULAR SESSION

ASSEMBLY BILL

NO. 1021

Introduced by Assembly Member Mayes

February 18, 2021

An act to add Section 56378.2 to the Government Code, relating to irrigation districts, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1021, Mayes. Imperial Irrigation District.

(1) The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides the authority and procedure for the initiation, conduct, and completion of changes of organization, reorganization, and sphere of influence changes for cities and districts, as specified. Under the act, each local agency formation commission is required to initiate and make studies of existing governmental agencies, including, but not limited to, studies to determine each local agency's maximum service area and service capacities.

This bill would require the local agency formation commissions for the County of Imperial and the County of Riverside to conduct and publish on their internet websites a joint study of options for providing continued publicly owned and managed electrical service in perpetuity to the Imperial Irrigation District's electrical service area, as defined, customers and options for alternative governance structures that would extend voting rights to registered voters who reside within the Imperial Irrigation District electrical service area to provide for proportional representation on a governing board that will have primary jurisdiction on all electrical service matters, as specified. The bill would require the study to be published no later than July 1, 2022. By imposing new duties on the specified local agency formation commissions, the bill would impose a state-mandated local program.

(2) This bill would make legislative findings and declarations as to the necessity of a special statute for the Imperial Irrigation District.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

(4) This bill would declare that it is to take effect immediately as an urgency statute.

Digest Key

Vote: 2/3 Appropriation: no Fiscal Committee: yes Local Program: yes

Bill Text

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 56378.2 is added to the Government Code, to read:

56378.2. (a) Notwithstanding any other law, the commissions for the County of Imperial and the County of Riverside shall conduct and publish on their internet websites a joint study of both of the following:

(1) Options for providing continued publicly owned and managed electrical service in perpetuity to Imperial Irrigation District electrical service area customers prior to, and after, the expiration of the 99-year lease for power rights made between the Imperial Irrigation District and the Coachella Valley Water District in 1934.

(2) Options for alternative governance structures that would extend voting rights to registered voters who reside within the Imperial Irrigation District electrical service area to provide for proportional representation on a governing board that will have primary jurisdiction on all electrical service matters. Any findings shall isolate water rights and management as the sole responsibility of the current Imperial Irrigation District board of directors and shall not affect the water service area boundaries of the Imperial Irrigation District.

(b) The joint study described in subdivision (a) shall be published no later than July 1, 2022.

(c) For the purposes of this section, “electrical service area” means the area where the district provides retail electrical service that is outside of the district’s boundaries.

SEC. 2. The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the conditions unique to the Counties of Imperial and Riverside and the Imperial Irrigation District.

SEC. 3. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

SEC. 4. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts constituting the necessity are:

Due to the extreme conditions the state is facing regarding energy, it is necessary for the Imperial Irrigation District to address these issues affecting customers within their service area as soon as possible.

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 08/16/2021
POSITION: Oppose

BILL NUMBER: AB 1021
AUTHOR: Mayes, Chad

BILL SUMMARY: Imperial Irrigation District.

This bill requires the local agency formation commissions (LAFCOs) for Imperial County and Riverside County to conduct a joint study of options for providing electricity in the Imperial Irrigation District (District) and other affected service areas, and options for alternative governance structures that provide for proportional representation for the District's board of directors, as specified. The bill also requires the study be published on the LAFCOs' internet websites no later than July 1, 2022. Further, this bill increases the membership of the District's board of directors from five to six.

This bill requires a two-thirds vote to take effect immediately as an urgency statute.

FISCAL SUMMARY

Finance anticipates that this bill's requirement for the two LAFCOs to complete a joint study would not create a state-reimbursable mandate. LAFCOs are not eligible to file claims for reimbursement of mandated costs, because they do not have taxing authority. Only those local agencies subject to taxing and spending limitations are eligible to file a claim.

However, Finance anticipates this bill may create a state-reimbursable mandate by requiring the District to add a member to its board of directors, because this may represent a higher level of service to the public. The costs would include salary and benefits, access to technology, and other items. Based on publicly available 2019 pay data for the District, the salary for each board member is about \$50,000.

CHANGES SUMMARY

This bill was amended on August 16, 2021 and includes the following significant amendments, which do not change Finance's position:

- Specifies the joint study must include options to provide continued publicly owned and managed electrical service in perpetuity to the District's electrical service area.
- Specifies the joint study's options for alternative governance structures must extend voting rights to registered voters who reside within the District's electrical service area.
- Requires the District's governing board to increase to six members on January 1, 2023, and specifies the added member will be a nonvoting director solely for electrical issues presented before the board.
- Requires the General Counsel of the District to determine which issues before the board are electrical issues and permits the nonvoting director to request a written rationale from the

Analyst/Principal (712) Hill, Chris	Date	Program Budget Manager Calvert, Teresa	Date
Department Deputy Director			Date
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

BILL ANALYSIS--(CONTINUED)**Form DF-43****AUTHOR****AMENDMENT DATE****BILL NUMBER**

Mayes, Chad

08/16/2021

AB 1021

CHANGES SUMMARY (continued)

General Counsel when it determines the issue before the board is not an electrical issue.

- Specifies that if the District no longer serves electricity to 60 percent or more of its existing customers within the electrical service area before or on December 31, 2032, the nonvoting director's membership will terminate.

COMMENTS

Finance is opposed to this bill because it may create a state-reimbursable mandate of at least \$50,000 per year.

LAFCOs are quasi-judicial countywide commissions that oversee boundary changes of cities and special districts, the formation of new agencies including the incorporation of new cities and districts, and the consolidation or reorganization of special districts and cities. LAFCOs are funded by the cities, counties, and, special districts within each commission's jurisdiction.

The District supplies water and energy service to customers in Imperial County and Riverside County. The rights to provide electric service were granted to the District as part of a 99-year agreement reached between the District and the Coachella Valley Water District in 1934; the agreement expires in 2033. The Riverside County residents that receive electricity from the District have never been fully annexed into IID's boundaries, and as a result do not have the ability to vote for their representatives on the board of directors. This bill requires the LAFCOs for Imperial County and Riverside County to conduct a joint study that must include options for providing electricity in the District's jurisdiction and other affected service areas, in the circumstance that the District desires to no longer provide electrical service in its jurisdiction. The bill also requires development of options for alternative governance structures that provide for proportional representation for the District's board of directors. The bill requires the study to be published on the LAFCOs' internet websites no later than July 1, 2022.

This bill increases the membership of the District's board of directors from five to six and specifies the added director will be a non-voting director, with all of the other rights of existing directors. The bill also provides that if the District no longer serves electricity to 60 percent or more of its existing electric customers within the electrical service area before or on December 31, 2032, the non-voting director's membership will terminate and the board membership will decrease from six to five members.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)					
	LA	(Dollars in Thousands)					
	CO	PROP					Fund
	RV	98	FC	2021-2022	FC	2022-2023	2023-2024
							Code
8885/Comm St Mndt	LA	No	C	50-75	C	50-75	50-75 0001

APPENDICES

APPENDIX B: 1934 AGREEMENT OF COMPROMISE

AGREEMENT OF COMPROMISE

BETWEEN

IMPERIAL IRRIGATION DISTRICT

AND

COACHELLA VALLEY COUNTY WATER DISTRICT

Dated February 14, 1934

AGREEMENT OF COMPROMISE
BETWEEN
IMPERIAL IRRIGATION DISTRICT
AND
COACHELLA VALLEY COUNTY WATER DISTRICT

Sec. 1. THIS AGREEMENT, Made the 14th day of February, 1934, by and between IMPERIAL IRRIGATION DISTRICT, an irrigation district organized and existing under and by virtue of the California Irrigation District Act of the State of California and acts amendatory thereof or supplementary thereto, with its principal office at El Centro, Imperial County, California, said District being hereinafter sometimes styled "Imperial District", and COACHELLA VALLEY COUNTY WATER DISTRICT, a County Water District organized and existing under and by virtue of the County Water District Act of the State of California and acts amendatory thereof or supplementary thereto, and having its office at Coachella, Riverside County, California, said District being hereinafter sometimes styled "Coachella District",

W I T N E S S E T H :

RECITALS.

Sec. 2. THAT, WHEREAS, Pursuant to the terms of the Boulder Canyon Project Act, approved December 21, 1928 (45 Stat. 1057), the Secretary of the Interior is authorized to construct a main canal and appurtenant structures located entirely within the United States, connecting Laguna Dam or other suitable diversion dam, which said Secretary is authorized to construct, with Imperial and Coachella Valleys in California; and

Sec. 3. WHEREAS, The Secretary of the Interior has determined upon engineering and economic considerations to construct a new diversion dam on the Colorado River approximately four and one-half miles above Laguna Dam, which new diversion dam has

heretofore been and is designated Imperial Dam; and

Sec. 4. WHEREAS, Pursuant to the Boulder Canyon Project Act, a contract, dated December 1, 1932, hereinafter styled "Imperial Contract", has heretofore been executed between the United States and Imperial District for the construction of said Imperial Dam, main canal and appurtenant structures, which said main canal and appurtenant structures are hereinafter styled "All-American Canal", and for the repayment of the cost thereof as provided by law; and

Sec. 5. WHEREAS, By said Imperial Contract, certain lands in Coachella Valley, and within Coachella District and lands adjacent to said District may, by petition, be included within the boundaries of Imperial District, and if said lands are not so included, then the works and capacity to serve said lands shall not be constructed under said contract; and

Sec. 6. WHEREAS, Said Coachella District through its Board of Directors has determined that said lands will not become a part of Imperial District pursuant to said contract, and that Coachella District desires to obtain a contract, hereinafter styled "Coachella Contract", with the United States, separately from Imperial District, for capacity in said Imperial Dam and All-American Canal to be provided for the benefit of said Coachella District, in addition to the capacity therein provided for Imperial District, and to pay the proper cost of such capacity; and

Sec. 7. WHEREAS, Under date of August 18, 1931, an agreement was made between certain interested agencies in California, including the parties to this agreement, for the apportionment of the Colorado River water available for use within the State of California under the Colorado River Compact and the Boulder Canyon Project Act, a portion of which agreement is set out in Article 17 of said Imperial Contract as being a recommendation of the Chief of the Division of Water Resources of the State of California; and

Sec. 8. WHEREAS, Water for irrigation and domestic uses in the areas to be served under or from the All-American Canal in Imperial and Coachella Valleys will be supplied pursuant to the third and sixth priorities of said recommendation of the Chief of the Division of Water Resources of the State of California; and

Sec. 9. WHEREAS, Imperial District has certain prior rights to the use of the waters of the Colorado River, and the extent of said rights is in dispute as between the parties hereto, and each of said parties makes certain claims as to the use of said waters; and

Sec. 10. WHEREAS, The parties hereto, upon their respective contracts with the United States becoming effective and said All-American Canal being constructed, will respectively have certain power possibilities on the All-American Canal, which it is desired to have developed, operated and controlled as a unified project; and

Sec. 11. WHEREAS, Controversy has arisen and now exists between the parties hereto as to the extent and relation of their respective present and future rights to water and power on and from said All-American Canal, which controversy it is desired to have compromised and settled by this agreement;

NOW, THEREFORE, In consideration of the premises and the mutual obligations and covenants of the parties hereto and as a compromise and settlement of their said respective rights, privileges and claims respecting the matters herein contained, it is agreed:

COACHELLA CONTRACT

Sec. 12. Coachella District will forthwith apply to the proper governmental authorities for a contract between itself and the United States for the construction by the United States of the portion of the Imperial Dam and All-American Canal which will serve said District, and for the payment of its proper proportion of construction and other costs and for delivery of water; said contract to be in harmony with the provisions of the Imperial Contract and this agreement. The draft of said proposed Coachella Contract attached hereto and marked "Annex A" has been examined by

Imperial District and the substance of said draft is approved by the parties hereto. Imperial District agrees that said draft, or such other draft as may be acceptable to the United States and in harmony with the provisions of the Imperial Contract and of this agreement, may be executed between the Coachella District and the United States. Imperial District will actively assist Coachella District in obtaining execution of such contract by the United States.

VALIDATION ACTION

Sec. 13. That forthwith upon the execution of this agreement Coachella District will cause to be dismissed on behalf of itself and A. B. Cliff, John H. Colbert, R. C. Egnew, J. C. Jones and Washington McIntyre, with the stipulation that remittiture issue forthwith and that each party pay his or its own costs, their appeal now pending in the Supreme Court of California, in that certain action entitled: "In the Matter of the validation of a Contract Dated Dec. 1, 1932, Entitled 'Contract for Construction of Diversion Dam, Main Canal and Appurtenant Structures, and for Delivery of Water', between the United States of America and Imperial Irrigation District. John L. Dubois, et al., Plaintiffs and Respondents, vs. All Persons, Defendants; Coachella Valley County Water District et al., Defendants and Appellants", being L.A. No. 14487, and this agreement shall not become effective for any purpose unless and until said appeal is so dismissed on behalf of all of said parties within ten (10) days from the execution hereof. Coachella District will actively assist in bringing said action to an early and final conclusion to the end that the present judgment be sustained.

GENERAL PROVISIONS

Sec. 14. The provisions of this agreement hereinafter set forth shall be effective and binding upon the parties hereto only in the event that the Coachella contract above mentioned is executed by and between the United States and said Coachella District prior to the transfer of constructed works to Imperial District

for operation and maintenance, as provided by said Imperial Contract, and such Coachella Contract prior to such transfer or thereafter becomes binding upon the parties therto, pursuant to law. After this agreement becomes effective, it, together with the lease herein provided for, shall terminate in the event Coachella District shall be relieved of all obligations under the Coachella Contract, by reason of failure of the United States to complete the works to be constructed thereunder.

WATER

Sec. 15. As a full and complete compromise and settlement of the controversy existing between the parties hereto as to the extent and priority of their respective rights and claims to the use of the waters of the Colorado River, it is agreed, as between said parties, that:

Imperial Irrigation District shall have the prior right for irrigation and potable purposes only, and exclusively for use in the Imperial Service Area, as hereinafter defined, or hereunder modified, to all waters apportioned to said Imperial Irrigation District and other lands under or that will be served from the All-American Canal in Imperial and Coachella Valleys as provided in the third and sixth priorities set out in the recommendation of the Chief of the Division of Water Resources of the State of California, as contained in Article 17 of the Imperial Contract. Subject to said prior right of Imperial Irrigation District, Coachella Valley County Water District shall have the next right, for irrigation and potable purposes only and exclusively for use in the Coachella Service Area, as hereinafter defined, or hereunder modified, to all waters so apportioned to said Imperial Irrigation District and other lands under or that will be served from the All-American Canal in the Imperial and Coachella Valleys, as provided in said third and sixth priorities. The use of water for generation of electric energy shall be, in all respects, secondary and subservient to all requirements of said two districts for irrigation and potable purposes as above limited.

As hereinabove used, the term "Imperial Service Area" shall comprise all lands within the boundaries of Imperial Irrigation District as said District was constituted on June 23, 1931, and all lands in Imperial and San Diego Counties, California, shown on map marked Exhibit "A", attached to said Imperial contract, and included within hatched border lines indicated on said map by legend as "Boundary of Additional Areas in Proposed Enlarged Imperial Irrigation District", other than (a) such of said lands as are labeled "Dos Palmas Area" and (b) such of said lands as lie West of Salton Sea and North of the Northerly boundary line of Township 11, South of the San Bernardino Base Line. The term "Coachella Service Area" shall comprise all lands described on statements hereto attached and marked "Exhibits" "B", "C", "D" and "E", respectively, being approximately, but not exactly, the lands within said hatched border lines shown on said Exhibit "A", other than those included in said Imperial Service Area. Upon application of either district and with the written consent of the Secretary of the Interior, the boundaries of the service area which such district is entitled hereunder to serve may at any time or from time to time be changed, but may not be so changed as, in the aggregate, to add more than 5000 acres to, nor to subtract more than 5000 acres from such service area, as herein defined, without the written consent of the district entitled hereunder to serve the other service area. Coachella District shall not participate in any revenues received by Imperial District for diverting, carrying and delivering at or near Pilot Knob, water for irrigation or domestic use for any person or agency other than the parties hereto, and Coachella District shall perform no such service at or near Pilot Knob.

APPLICATIONS TO APPROPRIATE WATER

Sec. 16. The parties hereto agree that their respective applications to appropriate water from the Colorado River for irrigation and domestic purposes heretofore filed with the Division of Water Resources of the State of California be deemed amended to conform with the foregoing provisions of this agreement and stipulate

that permits be issued to them, respectively, in accordance herewith and agree to file with said Division all necessary papers and stipulations to that end. Except as between the parties hereto the provisions of this agreement shall not affect nor impair any rights of either party to the waters of the Colorado River.

LEASE OR POWER RIGHTS

Sec. 17. As a compromise and settlement of the controversy existing between the parties hereto as to all power possibilities, power rights, power resources and power privileges upon the whole of said All-American Canal in both Imperial and Riverside Counties, now or hereafter held, owned, or possessed by said parties, or either of them, including all those at or near Pilot Knob, which said power possibilities, power rights, power resources and power privileges are hereinafter styled "power rights", and to combine and co-ordinate all of said power rights as a unified project so as to produce the maximum benefits to the parties hereto and to the United States, it is agreed that the parties hereto will, within a reasonable time after the execution of said Coachella Contract, execute a good and sufficient lease agreement, wherein Coachella District shall demise to Imperial District all of said power rights which the Coachella District may now have or hereafter obtain. Said lease, among other reasonable provisions, shall provide:

(a) That the term of said lease shall commence with the date thereof and terminate on January 1, 2033; provided, that should the term herein or in said lease fixed exceed that permitted by law at the date of said lease, then said term shall be deemed reduced to the longest period permitted by law;

(b) That said lease shall vest in Imperial District the entire and exclusive operation, management, development and control of all said power rights and the use, sale and control of power produced therefrom;

(c) That subject to the conditions hereinafter contained, Imperial District shall pay, on March first of each year, as rental for said demised power rights, eight per cent of the net proceeds, as defined in sub-section (f) hereof, received by Imperial District during the preceding calendar year from all said power rights held, owned or possessed by both parties hereto and from all power works and power facilities by or in connection with which Imperial District utilizes said power rights;

(d) That said rentals shall be paid by Imperial District to the United States and credited on the Coachella Contract until Coachella District's obligations to the United States under said contract are fully paid, and thereafter Imperial District shall pay said rentals to Coachella District;

(e) That no rentals shall be due or payable unless and until capacity in the All-American Canal shall have been provided for Coachella District down to Pilot Knob;

(f) That in determining said net proceeds, as between the parties hereto, there shall be taken into consideration all items of cost of production and disposal of power, including, but not necessarily limited to amortization of and interest on capital investment for power purposes, improvements, operation and maintenance, and depreciation, and any other proper factor of cost not herein expressly enumerated;

(g) That the determination of said net proceeds for the purpose of ascertaining rentals payable under said lease shall be made without reference to the fact that as to Imperial District said rentals will constitute a part of the cost of doing business;

(h) That on March first of each year Imperial District shall furnish to Coachella District a statement of account showing the computation of said rental;

(i) That Coachella District shall not be required to contribute in any manner to the cost of construction, operation or maintenance of any power works or facilities on or in connection with the All-American Canal, except indirectly, as said

items may be taken into consideration in determining rentals to be paid under said lease;

(j) That said lease shall terminate upon Coachella District being relieved of obligations as provided in Section 14 hereof and/or at the option of Coachella District, in the event of default in any payment of rentals by Imperial District for a period of two years;

(k) That any overdue rental shall bear interest at the rate of one-half of one per cent per month until paid;

(l) That when Imperial District is ready to undertake construction of facilities to serve electrical energy (herein designed "power") in Coachella Valley, Coachella District shall obtain for Imperial District signed contracts or applications for power as provided in Section 18 hereof, and be otherwise subject to the provisions of said Section 18;

(m) That when Imperial District is ready to serve power from the All-American Canal in Coachella Valley, then, if and while said lease is in effect, Imperial District will furnish such power in Coachella District at the rates and upon the conditions provided in Section 19 hereof;

(n) That Coachella District shall, by its officials or designated representatives, have the right of ingress to and egress from all power works and facilities of Imperial District for the purpose of inspection thereof, and full and free access to and the right during office hours to inspect and copy all books and records of Imperial District relating to its power operations;

(o) That the interest of Imperial District under said lease shall not, nor shall any part thereof nor interest therein, be assigned, nor shall Imperial District sublet any part of nor interest in said demised power rights without the written consent of Coachella District;

(p) That at the termination of said lease the rights and privileges of the

parties thereto shall be segregated and/or adjusted as may be equitable and just, having in view the business, interests and investments of the parties and their respective legal and equitable rights in said power rights, works and facilities on or in connection with the All-American Canal;

(q) That in the event the parties cannot agree upon such segregation or adjustment, then the same shall be made by a board of arbitration, consisting of five persons, one to be selected by Imperial District, one by Coachella District, and three by the Secretary of the Interior and the decision of said board of arbitration shall be final and binding upon the parties to said lease;

(r) That nothing contained in said lease shall be construed as in any manner abridging, limiting, or depriving either of the parties thereto of any means of enforcing any remedy, either at law or in equity, for the breach of any of the provisions of said lease which it would otherwise have;

(s) That the waiver of a breach of any of the provisions of said lease shall not be deemed to be a waiver of any other provision thereof or of a subsequent breach of such provision.

POWER CONTRACTS

Sec. 18. When the lease provided for in Section 17 hereof has been executed and Imperial District is ready to undertake construction of facilities to serve electrical energy, (herein styled "power") in Coachella Valley it shall notify Coachella District of said fact in writing and it shall thereupon be the duty of Coachella District to obtain for Imperial District, within six months after service of such notice, contracts or applications for power signed by consumers using at the time of service of such notice not less than eighty per cent of the power load then being consumed in the Coachella Service Area. Such contracts or applications shall be in such form and substance as reasonably required by Imperial District and shall among other things bind the consumer to take from Imperial District all power that

he may require in Coachella District for a period of three years. In the event of disagreement between the parties as to whether or not Coachella District has complied with the foregoing provisions of this section on its part to be complied with, then the Secretary of the Interior may, at the written request of either party, determine said fact and notify the parties hereto of such determination in writing, and such determination shall be final and binding upon the parties hereto. Notwithstanding anything herein or in said lease contained, there shall be no obligation on the part of the Imperial District for rentals under said lease during the time, if any, after said six months period that said signed contracts or applications for said eighty per cent of power load have not been so delivered.

POWER RATES

Sec. 19. When the lease provided for in Section 17 hereof has been executed and Imperial District is ready to serve power from the All-American Canal in Coachella Valley then, and while said lease remains in effect, Imperial District will furnish such power in Coachella District upon the following terms:

A. To Coachella District, for use by itself for project purposes within said Coachella Service Area as such project purposes are hereinafter defined, at rates in no case exceeding the cost of power delivered in Coachella Valley, plus fifteen per cent, and in no event at rates higher than are charged by Imperial District to itself for like uses with such additional charges as may be necessary to offset difference in costs of transmitting power as between Imperial and Coachella Valleys. Subject to the foregoing provisions, Coachella District agrees that, for a period of five years from and after the service of the notice provided for in Section 18 hereof said Coachella District will purchase from Imperial District and pay for all power Coachella District may require for project purposes within the Coachella Service Area, and for which Imperial District has sufficient facilities and is prepared to serve. Imperial District shall not be required to furnish power to Coachella District for

project purposes at points where Imperial District does not then have sufficient facilities for such power service.

"Project Purposes" as used in this section shall be understood to mean construction, operation and maintenance of Coachella District's irrigation and drainage system within the Coachella Service Area, where such construction, operation, or maintenance is of a general public nature and not individual or private in character.

B. To all consumers within Coachella District, other than to Coachella District for project purposes, at no higher rates than those charged, and under the same conditions and regulations as those prescribed, by Imperial District for like service to consumers within Imperial District with such additional charges as may be necessary to offset difference in costs of transmitting power as between Imperial and Coachella Valleys. In no event shall such rates to such consumers exceed seventy-five per cent of the rates paid for like service by individual consumers in Coachella District on January 1, 1934, based upon the purchasing power of the dollar on said date. Imperial District shall make such further reduction in rates to such consumers as may be necessary to meet competitive rates for like service of any public utility, at the time authorized by the Railroad Commission of the State of California, or other authority succeeding to its functions, and able to serve such consumers, but in no event shall Imperial District be required to charge rates that will return less than the cost of service.

POWER PERMITS

Sec. 20. The parties hereto agree to cooperate to the end that all necessary and proper permits and licenses to appropriate water for power purposes and construct power facilities may be obtained from the Division of Water Resources of the State of California and/or Federal Power Commission as may be authorized by law and hereby stipulate that such permits and licenses issue to the parties hereto, as follows, to-wit:

1. To Imperial District, as to all such permits and licenses on the portion of the All-American Canal shown on said Exhibit "A" and marked "Main (All American) Canal to Imperial Valley" lying west of the southerly end of the "Main (All American) Canal to Coachella Valley" as same is shown on said Exhibit "A";
2. To Coachella District, as to all such permits and licenses on the portion of the All-American Canal shown on said Exhibit "A" and marked "Main (All American) Canal to Coachella Valley" lying North of the Northerly boundary line of Township 11, South of the San Bernardino Base Line;
3. To Imperial District and Coachella District, as their respective privileges to utilize power possibilities may appear from their said contracts with the United States, as to all such privileges on all portions of the Imperial Dam and All-American Canal, including Pilot Knob, not hereinabove specified.

AGREEMENT VOID IF CERTAIN LANDS INCLUDED
IN IMPERIAL DISTRICT

Sec. 21. In the event lawful petition or petitions sufficient in all respects for inclusion within Imperial District of ninety per cent (90%) of the lands shown on said Exhibit "A" lying north of the northerly boundary line of Township Eleven (11), South of the San Bernardino Base Line and bounded by the lines indicated on said Exhibit "A" as "Boundary of Additional Areas in Proposed Enlarged Imperial Irrigation District", exclusive of the Dos Palmas Area and exclusive of Indian lands and public lands of the United States, shall be filed pursuant to and within the time limited by said Imperial Contract, and said lands shall be thereafter included

within said Imperial District pursuant to such petition or petitions, then, as of the date of such inclusion, this agreement shall terminate and be at an end.

REMEDIES UNDER AGREEMENT NOT EXCLUSIVE

Sec. 22. Nothing contained in this agreement shall be construed as in any manner abridging, limiting, or depriving either of the parties hereto of any means of enforcing any remedy, either at law or in equity, for the breach of any of the provisions hereof which it would otherwise have. The waiver of a breach of any of the provisions of this agreement shall not be deemed to be a waiver of any other provision hereof or of a subsequent breach of such provision.

Sec. 23. This agreement shall not be interpreted nor construed so as to amend, modify or change said Imperial Contract in any particular, and no provision hereof in conflict with said Imperial Contract shall be of any force or effect. As to any provisions hereof in which the United States is interested this agreement shall be deemed to be made expressly for the benefit of the United States, as well as of the parties hereto.

Sec. 24. This agreement shall inure to and be binding upon the parties hereto, their and each of their respective successors and assigns.

IN WITNESS WHEREOF, Said parties have executed this agreement in triplicate original by their respective officers, thereunto duly authorized by resolutions of their respective Boards of Directors, the day and year first above written.

IMPERIAL IRRIGATION DISTRICT

(SEAL)

By Evan T. Hewes (Signed)
Its President.

ATTEST: W. W. Goodson (Signed)
Its Secretary.

COACHELLA VALLEY COUNTY WATER DISTRICT

By Harry W. Forbes (Signed)
Its President

(SEAL)

ATTEST: Helen F. Runyen (Signed)
Its Secretary

EXHIBIT "B"

DESCRIPTION OF LANDS WITHIN
COACHELLA VALLEY COUNTY WATER DISTRICT AND
ITS IMPROVEMENT DISTRICT NO. 1 AND
WITHIN THE COACHELLA SERVICE AREA.

All that certain tract of land situate in the County of Riverside, State of California, and in the Townships (designated "T") hereinafter mentioned South, and Ranges (designated "R") hereinafter mentioned East, of the San Bernardino Base Line and Meridian, particularly described as follows, to-wit:

Beginning at the S.W. corner of the S.E. $\frac{1}{4}$ of Section 31, Township 8 South, Range 9 East, which is a point in the South boundary line of said Coachella Valley County Water District and thence along straight lines

1. To the S.W. corner of Sec. 10, T. 8, R. 8, thence
2. To the S.W. corner of the S.E. $\frac{1}{4}$ of Sec. 33, T. 7, R. 8, thence
3. To the S.W. corner of the N.W. $\frac{1}{4}$ of said Sec. 33, thence
4. To the S.W. corner of the N.E. $\frac{1}{4}$ of Sec. 19, T. 7, R. 8, thence
5. To the S.W. corner of the N.W. $\frac{1}{4}$ of said Sec. 19, thence along the West line of said Sec. 19
6. To the N.W. corner of said Sec. 19, thence along the South line of Sec. 13, T. 7, R. 7.
7. To the S.W. corner of said Sec. 13, thence along the West line of said Sec. 13
8. To the N.W. corner of said Sec. 13, thence
9. To the S.W. corner of the N.E. $\frac{1}{4}$ of Sec. 11, T. 7, R. 7, thence
10. To the S.W. corner of the N.W. $\frac{1}{4}$ of said Sec. 11, thence along the West line of said Sec. 11
11. To the N.W. corner of said Sec. 11, thence along the South line of Sec. 3

in said Township and Range

12. To the S.W. corner of said Sec. 3, thence along the West line of said Sec. 3

13. To the N.W. corner of said Sec. 3, thence along the South line of Secs. 34 and 33, T. 6 South, R. 7 East

14. To the S.W. corner of the S.E. $\frac{1}{4}$ of Sec. 33, T. 6, R. 7, thence

15. To the S.W. corner of the N.E. $\frac{1}{4}$ of Sec. 28, T. 6, R. 7, thence

16. To the S.W. corner of the N.W. $\frac{1}{4}$ of said Sec. 28, thence

17. To the S.W. corner of the S.E. $\frac{1}{4}$ of Sec. 20, T. 6, R. 7, thence

18. To the S.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 20, thence

19. To the S.W. corner of the S.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 20, thence

20. To the N.W. corner of the N.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 20, thence

21. To the S.W. corner of the S.E. $\frac{1}{4}$ of Sec. 17, T. 6, R. 7, thence

22. To the S.W. corner of the N.E. $\frac{1}{4}$ of Sec. 8, T. 6, R. 7, thence

23. To the S.W. corner of the S.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 8, thence

24. To the S.W. corner of the N.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 8, thence

25. To the S.W. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 8, thence

26. To the N.W. corner of said Sec. 8, thence

27. To the N.W. corner of the N.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Sec. 7, T. 6, R. 7, thence

28. To the S.W. corner of the N.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of said Sec. 7, thence

29. To the S.W. corner of the N.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 7, thence

30. To the S.E. corner of the S.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 7, thence

31. To the S.W. corner of the N.W. $\frac{1}{4}$ of said Sec. 7, thence along the West line of said Sec. 7

32. To the S.E. corner of Sec. 1, T. 6, R. 6, thence along the South line of said Sec. 1

33. To the S.W. corner of the S.E. $\frac{1}{4}$ of said Sec. 1, thence

34. To the N.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 1, thence along the North line of said Sec. 1

35. To the S.W. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of Sec. 36, T. 5, R. 6, thence

36. To the N.W. corner of the N.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 36, thence

37. To the S.W. corner of the N.E. $\frac{1}{4}$ of Sec. 31, T. 5, R. 7, thence

38. To the S.W. corner of the N.E. $\frac{1}{4}$ of Sec. 19, T. 5, R. 7, thence

39. To the S.W. corner of the N.W. $\frac{1}{4}$ of said Sec. 19, thence

40. North along the West line of said T. 5, South to a point in the North-easterly line of the right-of-way of the State Highway commonly known as "U. S. Highway 99", thence

41. Northwesterly along said Northeasterly line of said right-of-way of said Highway to the intersection of said line with the Westerly line of the E. $\frac{1}{2}$ of Sec. 19, T. 4, R. 6, thence

42. To the N.W. corner of the S.E. $\frac{1}{4}$ of Sec. 18, T. 4, R. 6, thence

43. To the N.E. corner of the S.E. $\frac{1}{4}$ of Sec. 15, T. 4, R. 6, thence

44. To the S.W. corner of the N.W. $\frac{1}{4}$ of Sec. 23, T. 4, R. 6, thence

45. To the N.E. corner of the S.E. $\frac{1}{4}$ of Sec. 24, T. 4, R. 6, thence

46. To the S. W. corner of the S.E. $\frac{1}{4}$ of Sec. 34, T. 4, R. 7, thence

47. To the N.E. corner of Sec. 3, T. 5, R. 7, thence

48. To the S.W. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Sec. 2, T. 5, R. 7, thence

49. To the S.E. corner of the N.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 2, thence

50. To the S.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 2, thence

51. To the S.W. corner of the N.W. $\frac{1}{4}$ of Sec. 1, T. 5, R. 7, thence

52. To the S.W. corner of the S.E. $\frac{1}{4}$ of said Sec. 1, thence

53. To the S.W. corner of Sec. 6, T. 5, R. 8, thence

54. To the S.W. corner of Sec. 15, T. 5, R. 8, thence along the West line of Sec. 22, T. 5, R. 8

55. To the S.W. corner of said Sec. 22, thence

56. To the S.W. corner of the S.E. $\frac{1}{4}$ of Sec. 27, T. 5, R. 8, thence
57. To the S.W. corner of the N.W. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Sec. 34, T. 5, R. 8, thence
58. To the S.W. corner of the N.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of said Sec. 34, thence
59. To the S.W. corner of the N.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 34, thence
60. To the S.E. corner of the N.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of Sec. 34, T. 5, R. 8, thence
along the East line of said Sec. 34

61. To the S.E. corner of said Sec. 34, thence along the North line of Sec. 2,
T. 6, R. 8

62. To the N.E. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 2, thence
63. To the S.E. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 2, thence
64. To the S.E. corner of the N.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 2, thence
65. To the S.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 2, thence
66. To the N.E. corner of the N.W. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 2, thence
67. To the S.W. corner of the N.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 2, thence
68. To the S.E. corner of the N.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 2, thence along
the East line of said Sec. 2

69. To the S.E. corner of said Sec. 2, thence

70. To the S.E. corner of Sec. 13, T. 6, R. 8, thence

71. To the S.E. corner of Sec. 3, T. 7, R. 9, thence along the South lines of
Sections 2 and 1 in said Township and Range

72. To the N.E. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Sec. 12, T. 7, R. 9, thence
73. To the S.E. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 12, thence
74. To the N.E. corner of the S.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 12, thence
75. To the S.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 12, thence
76. To the N.E. corner of the S.E. $\frac{1}{4}$ of said Sec. 12, being a point on the East
boundary line of said Coachella Valley County Water District, thence

77. South along said boundary line to the S.E. corner of Sec. 25, T. 7, R. 9,

thence along the South lines of said Sec. 25 and of Sec. 26 in said Township and Range

78. To the S.W. corner of said Sec. 26, thence
79. To the N.E. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of Sec. 27, T. 7, R. 9, thence
80. To the N.W. corner of the S.W. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 27, thence
81. To the N.E. corner of the S.W. $\frac{1}{4}$ of said Sec. 27, thence
82. To the N.W. corner of the S.W. $\frac{1}{4}$ of said Sec. 27, thence
83. To the N.E. corner of the S.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Sec. 28, T. 7, R. 9, thence
84. To the N.W. corner of the S.W. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of said Sec. 28, thence
85. To the N.E. corner of the N.W. $\frac{1}{4}$ of said Sec. 28, T. 7, R. 9, thence along the North lines of said Sec. 28 and of Sec. 29 in said Township and Range
86. To the N.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 29, thence
87. To the S.W. corner of the N.W. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of said Sec. 29, thence
88. To the N.W. corner of the S.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 29, thence
89. To the S.E. corner of the S.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 29, thence
90. To the S.W. corner of the S.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Sec. 30, T. 7, R. 9, thence
91. To the S.E. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 30, thence
92. To the S.W. corner of the N.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Sec. 25, T. 7, R. 8, thence
93. To the S.W. corner of the S.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of said Sec. 25, thence
94. To the S.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 25, thence
95. To the S.E. corner of the N.E. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 25, thence
96. To the N.E. corner of the S.W. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 25, thence
97. To the S.E. corner of the S.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Sec. 36, T. 7, R. 8, thence
98. To the N.E. corner of the S.W. $\frac{1}{4}$ of said Sec. 36, thence
99. To the S.E. corner of the N.E. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 36, thence
100. To the N.E. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 36, thence along the East line of said Sec. 36

101. To the S.E. corner of said Sec. 36, thence
102. To the N.E. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Sec. 6, T. 8, R. 9, thence
103. To the N.E. corner of the S.W. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of Sec. 7, T. 8, R. 9, thence
104. To the N.W. corner of the S.W. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 7, thence along
the West lines of said Sec. 7 and of Sec. 18 in said Township and Range
105. To the S.W. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 18, thence
106. To the S.E. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 18, thence
107. To the S.E. corner of the S.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 18, thence
108. To the S.E. corner of the N.W. $\frac{1}{4}$ of said Sec. 18, thence
109. To the S.E. corner of the N.E. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 18, thence
110. To the N.E. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 18, thence along
the East lines of said Sec. 18 and of Sec. 19 in said Township and Range
111. To the S.W. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Sec. 20, T. 8, R. 9, .
thence
112. To the N.E. corner of the S.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 20, thence
113. To the S.E. corner of the S.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 20, thence
114. To the S.E. corner of the N.E. $\frac{1}{4}$ of said Sec. 20, thence
115. To the N.W. corner of the S.W. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of Sec. 21, T. 8, R. 9,
thence
116. To the N.E. corner of the S.W. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 21, thence
117. To the S.E. corner of the S.W. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 21, thence
118. To the N.E. corner of the N.W. $\frac{1}{4}$ of Sec. 28, T. 8, R. 9, thence
119. To the S.E. corner of the N.W. $\frac{1}{4}$ of said Sec. 28, thence
120. To the N.E. corner of the N.W. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 28, thence
121. To the N.W. corner of the N.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Sec. 33, T. 8, R. 9,
thence along the North line of said Sec. 33
122. To the N.E. corner of said Sec. 33, thence along the East line of said

Sec. 33

123. To the S.E. corner of said Sec. 33, being a point in the Southerly boundary line of said Coachella Valley County Water District and of said County of Riverside, thence

124. West along said District and County boundary lines to the point of beginning.

EXHIBIT "C"

DESCRIPTION OF

LANDS OUTSIDE COACHELLA VALLEY COUNTY WATER DISTRICT
AND WITHIN THE COACHELLA SERVICE AREA,
DESIGNATED THE SALTON AREA.

All that certain tract of land situate in the County of Riverside, State of California, and in the Townships (designated "T") hereinafter mentioned South, and Ranges (designated "R") hereinafter mentioned East, of the San Bernardino Base Line and Meridian, particularly described as follows, to-wit:

Beginning at the N.W. corner of Section 18, Township 7 South, Range 10 East, which is a point in the East boundary line of said Coachella Valley County Water District, and running thence along the Northerly boundary lines of said Section 18 and of Section 17 in said Township and Range:

1. To the N.E. corner of Sec. 17, T. 7, R. 10, thence
2. To the N.W. corner of Sec. 26, T. 7, R. 10, thence
3. To the S.W. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 26, thence
4. To the S.W. corner of the N.W. $\frac{1}{4}$ of Sec. 36, T. 7, R. 10, thence
5. To the S.E. corner of said Sec. 36, thence
6. To the S.E. corner of Sec. 6, T. 8, R. 11, thence
7. To the S.W. corner of the S.E. $\frac{1}{4}$ of said Sec. 6, thence
8. To the S.E. corner of the N.W. $\frac{1}{4}$ of Sec. 7, T. 8, R. 11, thence
9. To the S.W. corner of the S.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 7, thence
10. To the S.E. corner of the S.W. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 7, thence
11. To the N.E. corner of the N.W. $\frac{1}{4}$ of Sec. 18, T. 8, R. 11, thence
12. To the S.E. corner of the N.W. $\frac{1}{4}$ of said Sec. 18, thence
13. Along the Southerly line of the N.W. $\frac{1}{4}$ of said Sec. 18, and the Westerly

projection of said Southerly line to an intersection with the Northeasterly line of the Southern Pacific main line railroad right-of-way running through the N.E. $\frac{1}{4}$ of Sec. 13, T. 8, R. 10, thence

14. Northwesterly along said Northeasterly line of said railroad right-of-way to the intersection of said Northeasterly line with the South line of Sec. 28, T. 7, R. 10, or the Easterly projection thereof, thence along the Southerly lines of said Sec. 28 and of Sec. 29 and Sec. 30 in said Township and Range,

15. To the S.W. corner of said Sec. 30, being a point in the East boundary line of said Coachella Valley County Water District, thence

16. North along said District boundary line to the point of beginning.

EXHIBIT "D"

DESCRIPTION OF LANDS

OUTSIDE COACHELLA VALLEY COUNTY WATER DISTRICT AND
WITHIN THE COACHELLA SERVICE AREA,
DESIGNATED THE DOS PALMAS AREA.

All that certain tract of land situate in the Counties of Riverside and Imperial, State of California, and in the Townships (designated "T") hereinafter mentioned South, and Ranges (designated "R") hereinafter mentioned East, of the San Bernardino Base Line and Meridian, particularly described as follows, to-wit:

Beginning at the S.E. corner of Sec. 33, T. 8 South, R. 12 East, which is a point in the Southerly boundary line of said County of Riverside, and running thence along the Easterly boundary line of said Sec. 33:

1. To the N.E. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 33, thence
2. To the N.W. corner of the S.W. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 33, thence
3. To the N.E. corner of the S.W. $\frac{1}{4}$ of said Sec. 33, thence
4. To the S.W. corner of the S.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 33, thence
5. To the N.E. corner of the S.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 33, thence
6. To the S.W. corner of the N.W. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Sec. 32, T. 8, R. 12, thence
7. To the N.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 32, thence
8. Along the Northerly line of said Sec. 32 to the N.W. corner of the N.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 32, thence
9. To the N.E. corner of the S.W. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of Sec. 29, T. 8, R. 12, thence
10. To the N.W. corner of said S.W. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 29, thence
11. Along the Westerly boundary line of said Sec. 29 to the N.W. corner of the S.W. $\frac{1}{4}$ of said Sec. 29, thence
12. To the S.W. corner of the N.E. $\frac{1}{4}$ of Sec. 30, T. 8, R. 12, thence

13. To the N.E. corner of the N.W. $\frac{1}{4}$ of said Sec. 30, thence
14. Along the Northerly boundary line of said Sec. 30 to the N.W. corner of said Sec. 30, thence
15. Along the Westerly boundary line of Sec. 19, T. 8, R. 12, to the N.W. corner of said Sec. 19, thence
16. Along the Southerly boundary line of Sec. 13, T. 8, R. 11, to the S.W. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 13, thence
17. To the N.W. corner of the S.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Sec. 12, T. 8, R. 11, thence
18. To the N.E. corner of the S.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Sec. 7, T. 8, R. 12, thence
19. Along the Easterly boundary line of said Sec. 7 to the S.E. corner of said Sec. 7, thence
20. To the S.E. corner of Sec. 17, T. 8, R. 12, thence
21. Along the Westerly boundary line of Sec. 21, T. 8, R. 12, to the S.W. corner of the N.W. $\frac{1}{4}$ of said Section, thence
22. To the N.E. corner of the S.W. $\frac{1}{4}$ of said Sec. 21, thence
23. To the N.W. corner of the S.W. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 21, thence
24. To the N.E. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 21, thence
25. Along the Easterly boundary line of said Sec. 21 to the S.E. corner of said Sec. 21, thence
26. Along the Northerly boundary line of Sec. 27, T. 8, R. 12, to the N.E. corner of the N.W. $\frac{1}{4}$ of said Sec. 27, thence
27. To the S.E. corner of Sec. 26, T. 8, R. 12, thence.
28. Along a straight line between the N.W. corner and the S.E. corner of Sec. 36, T. 8, R. 12, to a point where said straight line intersects a projection Northerly of the East line of Sec. 2, T. 9, R. 12, thence
29. Along said last-named projected line and the East line of said Sec. 2 to

the S.E. corner of the N.E. $\frac{1}{4}$ of said Sec. 2, thence

30. To the S.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 2, thence

31. To the S.E. corner of the S.W. $\frac{1}{4}$ of said Sec. 2, thence

32. Along the Southerly boundary line of said Sec. 2 to the S.W. corner of the S.E. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 2, thence

33. To the S.E. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Sec. 11, T. 9, R. 12, thence

34. To the S.W. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Sec. 10, T. 9, R. 12, thence

35. Along the West line of Sec. 10 to the N.W. corner of said Sec. 10, thence

36. Along the South line of Sec. 4, T. 9, R. 12, to the S.W. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 4, thence

37. To the N.W. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 4, thence

38. To the S.W. corner of the N.W. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 4, thence

39. To the N.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 4, being a point in the Southerly boundary line of said County of Riverside, thence

40. Along said boundary line and the Northerly boundary line of said Sec. 4 to the point of beginning.

EXHIBIT "E"

DESCRIPTION OF LANDS

OUTSIDE COACHELLA VALLEY COUNTY WATER DISTRICT AND

WITHIN THE COACHELLA SERVICE AREA,

DESIGNATED THE FISH SPRINGS AREA

All that certain tract of land situate in the County of Imperial, State of California, and in the Townships (designated "T") hereinafter mentioned South, and Ranges (designated "R") hereinafter mentioned East, of the San Bernardino Base Line and Meridian, particularly described as follows, to-wit:

Beginning at the N.E. corner of the N.W. $\frac{1}{4}$ of Sec. 4, T. 9, R. 9, which is a point in the South boundary line of Coachella Valley County Water District and of the County of Riverside and the North Boundary line of the County of Imperial and running thence along said boundary lines and along the Northerly boundary lines of said Sec. 4 and of Sec. 5, T. 9, R. 9:

1. To the N.E. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 5, thence
2. To the S.E. corner of the S.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Sec. 8, T. 9, R. 9, thence
3. To the S.E. corner of the N.W. $\frac{1}{4}$ of said Sec. 8, thence
4. To the S.E. corner of the S.W. $\frac{1}{4}$ of said Sec. 8, thence
5. To the S.E. corner of Sec. 17, T. 9, R. 9, thence
6. To the S.E. corner of Sec. 21, T. 9, R. 9, thence
7. To the S.W. corner of Sec. 12, T. 10, R. 9, thence
8. Along the Southerly boundary line of said Sec. 12 to the S.E. corner of said Sec. 12, thence
9. To the S.E. corner of Sec. 6, T. 10, R. 10, thence
10. To the N.E. corner of the N.W. $\frac{1}{4}$ of said Sec. 6, thence
11. To the S.W. corner of the N.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Sec. 16, T. 9, R. 9, thence

12: To the N.E. corner of the N.W. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of Sec. 4, T. 9, R. 9, thence

13: To the S.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 4, thence to the point of beginning.

Annex "A"

UNITED STATES
DEPARTMENT OF THE INTERIOR
Bureau of Reclamation

BOULDER CANYON PROJECT
ALL-AMERICAN CANAL
COACHELLA VALLEY COUNTY WATER DISTRICT

Contract for Construction of Capacity in Diversion Dam,
Main Canal and Appurtenant Structures and for Delivery of Water.

Article 1. THIS CONTRACT, made this _____ day of _____, nineteen hundred thirty-four, pursuant to the Act of Congress approved June 17, 1902 (32 Stat., 388), and acts amendatory thereof or supplementary thereto, all of which acts are commonly known and referred to as the Reclamation Law, and particularly pursuant to the Act of Congress approved December 21, 1928 (45 Stat., 1057), designated the Boulder Canyon Project Act, and the Act of Congress approved June 16, 1933 (48 Stat., 195), designated the National Industrial Recovery Act, between THE UNITED STATES OF AMERICA, hereinafter referred to as the United States, acting for this purpose by Harold L. Ickes, Federal Emergency Administrator of Public Works and Secretary of the Interior, hereinafter styled the Secretary, and COACHELLA VALLEY COUNTY WATER DISTRICT, a County Water District created, organized and existing under and by virtue of the County Water District Act of the State of California, and acts amendatory thereof or supplementary thereto, with its principal place of business at Coachella, Riverside County, California, hereinafter referred to as the District;

W I T N E S S E T H :

Explanatory Recitals

Article 2. WHEREAS, for the purpose of controlling the floods, improving navigation and regulating the flow of the Colorado River, providing for storage and for the delivery of the stored waters for reclamation of public lands and other beneficial uses exclusively within the United States, the Secretary, subject to the terms

of the Colorado River Compact, is authorized to construct, operate and maintain a dam and incidental works in the main stream of the Colorado River at Black Canyon or Boulder Canyon, adequate to create a storage reservoir of a capacity of not less than twenty-million acre-feet of water, and a main canal and appurtenant structures located entirely within the United States connecting the Laguna Dam, or other suitable diversion dam, which the Secretary is also authorized to construct if deemed necessary or advisable by him upon engineering or economic considerations, with the Imperial and Coachella Valleys in California, the expenditures for said main canal and appurtenant structures to be reimbursable as provided in the reclamation law; and

Article 3. WHEREAS, after full consideration of the advantages of both the Black Canyon and Boulder Canyon dam sites, the Secretary has determined upon Black Canyon as the site of the aforesaid dam, hereinafter styled the Boulder Dam, creating thereby a reservoir to be hereinafter styled the Boulder Canyon Reservoir; and

Article 4. WHEREAS, (a) there are included within the boundaries of the District areas of private and public lands and additional private and public lands will, by appropriate proceedings, be added to the District and to the Coachella Service Area, defined in Article 17 hereof; and

(b) There has been executed under date of December 1, 1932, a contract, herein styled Imperial Contract, between the United States and Imperial Irrigation District, an irrigation district created, organized and existing under and by virtue of the laws of the State of California, which contract provides for the construction of a suitable diversion dam and main canal and appurtenant structures, therein and hereinafter respectively styled "Imperial Dam" and "All-American Canal", located entirely within the United States, connecting with the Imperial and Coachella Valleys, and for the delivery to said Imperial Irrigation District of stored water from Boulder Canyon Reservoir; and

(c) Certain controversies between said two districts relating to their respective interests in water and power on said All-American Canal have been settled and

compromised by an agreement executed between said two districts, dated February 14th, 1934, a triplicate original of which said agreement was on _____, 1934, filed with the Secretary; and

(d) The District is desirous of entering into a contract for the construction of certain capacity for it in said Imperial Dam and All-American Canal and for the delivery to the District, for the benefit of the lands under or that will be served from the All-American Canal in Coachella Valley, now or hereafter within the District and lying within said Coachella Service Area, of stored water from Boulder Canyon Reservoir, such contract to be in harmony with the provisions of said Imperial Contract and those of said agreement dated February 14th, 1934; and

Article 5. WHEREAS, The Secretary has determined, upon engineering and economic considerations, that it is advisable to provide for the construction of such Imperial Dam and All-American Canal, and has determined that the revenues provided for by this contract are adequate in his judgment to insure payment of all expenses of construction, operation and maintenance of the capacity in said Imperial Dam and All-American Canal to be constructed hereunder, in the manner provided in the reclamation law;

Article 6. NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto agree as follows, to-wit:

Construction by United States

Article 7. The United States will construct the Imperial Dam in the main stream of the Colorado River at the approximate location indicated on the map marked Exhibit "A" attached hereto and by this reference made a part hereof, and will also construct the All-American Canal to the Imperial and Coachella Valleys, the approximate location of said canal to be as shown on the aforesaid Exhibit "A". Said canal shall be so constructed as to provide a designed capacity of one thousand five hundred (1500) cubic feet of water per second, to be used by the District for the benefit of

the lands now or hereafter within the District and lying within said Coachella Service Area, from and including the diversion and desilting works at said dam to the southerly end of that portion of the All-American Canal designated on said Exhibit "A" as "Main (All-American) Canal to Coachella Valley" (hereinafter styled "Coachella Main Canal"). Said Coachella Main Canal shall be constructed with such capacities as the Secretary may conclusively determine to be necessary or advisable upon engineering or economic considerations to accomplish the ends contemplated by this contract; provided, however, that changes in capacities, locations, lengths and alignments, may be made during the progress of the work as may, in the opinion of the Secretary, whose opinion shall be final and binding upon the parties hereto, be expedient, economical, necessary or advisable, except the capacity above indicated from and including the diversion and desilting works at Imperial Dam to the Southerly end of said Coachella Main Canal, which capacity may be changed only by mutual agreement between the Secretary and the District. The ultimate cost to said two districts of the Imperial Dam and All-American Canal shall in no event exceed the aggregate sum of thirty-eight million, five hundred thousand dollars (\$38,500,000.00). Such cost shall include all expenses of whatsoever kind heretofore or hereafter incurred by the United States from the Reclamation Fund or the Colorado River Dam fund in connection with, growing out of, or resulting from the construction of said Imperial Dam and All-American Canal, including but not limited to the cost of labor, materials, equipment, engineering, legal work, superintendence, administration, overhead, any and all costs arising from operation and maintenance of said Imperial Dam and All-American Canal prior to the time that said costs are assumed respectively by the said two districts, damage of all kinds and character and rights-of-way as herein-after provided. The District hereby agrees to re-pay to the United States its share of all expenditures incurred on account of any and all damages due to the existence, operation or maintenance of the diversion dam and main canal, the incurrence of which increases expenditures by the United States beyond said sum of \$38,500,000.00.

The District shall re-pay the same share of said expenditures as the share to be paid by the District under Article 10 (b) hereof of the capital cost of the particular part of said works causing such damage. The United States will invoke all legal and valid reservations of rights-of-way under acts of Congress, or otherwise reserved or held by it, without cost to the District, except that the United States reserves the right where rights-of-way are thus acquired to reimburse the owners of such lands for the value of improvements which may be destroyed, and the District agrees that the United States may include such disbursements in the cost of the Imperial Dam and All-American Canal. If rights-of-way are required over an existing project of the Bureau of Reclamation, such sum or sums as may be necessary to reimburse the United States on account of the construction charges allocated to irrigable areas absorbed in such rights-of-way shall also be considered as a part of and be included with other costs of the Imperial Dam and All-American Canal. The District agrees to convey to the United States without cost, unencumbered fee simple title to any and all lands now owned by it which, in the opinion of the Secretary, may be required for right-of-way purposes for the Imperial Dam and All-American Canal; and the District agrees that Imperial Irrigation District may convey to the United States, unencumbered fee simple title to any and all lands now owned by it which, in the opinion of the Secretary, may be required for right-of-way purposes for those portions of the Imperial Dam and All-American Canal to be used in common by said two districts, at the fair market value thereof, to be determined by the Secretary, such value to be considered (as to the District) as a part of and included with other costs of the Imperial Dam and All-American Canal. Where rights-of-way within the State of California are required for the construction of Imperial Dam and All-American Canal, and such rights of way are not reserved to the United States under Acts of Congress, or otherwise, or the lands over which such rights of way are required are not then owned by either of said two districts, then the District agrees,

(a) that it will, upon request of the Secretary, acquire title to such lands required for such purposes as lie north of the lowest turnout for East Mesa on said Coachella Main Canal, and in turn convey unencumbered fee simple title thereto to the United States at the actual cost thereof to the District, subject to the approval of such cost by the Secretary; and (b) agrees that Imperial Irrigation District, upon request of the Secretary, may acquire title to any such lands required for such purposes as lie south of the Northerly boundary line of Township Eleven (11), South of the San Bernardino Base Line, and likewise convey unencumbered fee simple title thereto to the United States at the actual cost thereof to the Imperial Irrigation District, subject to the approval of such cost by the Secretary.

Assumption of Operation and Maintenance
of Common and Separate Works.

Article 8. (a). Imperial Dam and All-American Canal and Laguna Dam except (i) that portion of said Coachella Main Canal lying North of the Lowest turnout for East Mesa and (ii) that portion of the All-American Canal lying West of the Southerly end of said Coachella Main Canal and designated on said Exhibit "A" as "Main (All American) Canal to Imperial Valley" are herein styled "common works". Upon sixty (60) days written notice from the Secretary of the completion of construction of the Imperial Dam and All-American Canal, or of any major unit thereof useful to said two districts or either of them, as determined by the Secretary, whose determination thereof shall be final and binding upon the parties hereto, said Imperial Irrigation District may assume the care, operation and maintenance of said common works, or major units thereof, and thereafter said Imperial Irrigation District may care for, operate and maintain the same in such manner that such works shall remain in as good and efficient condition and of equal capacity for the diversion, transportation and distribution of water as when received from the United States, reasonable wear and damage by the elements excepted. The United States may, from time to time, in the discretion of the Secretary, resume operation and maintenance of said Imperial Dam

upon not less than sixty (60) days written notice and require reassumption thereof by said Imperial Irrigation District on like notice. During such times, after completion, as the Imperial Dam is operated and maintained by the United States, the District shall on March first of each year advance to the United States its share of the estimated cost of operation and maintenance for the following twelve months, upon estimates furnished therefor on or before September first next preceding. Such share to be advanced by the District shall be in the proportion that the capacity provided for the District in common works above Syphon Drop bears to the total capacity thereof.

(b) From and after the assumption of operation and maintenance of said common works or any major unit thereof, by Imperial Irrigation District, the District shall bear such proportion of the cost of operation and maintenance (including repairs and replacements and any charges made by the United States under Article Nine (9) hereof) of each component part of said common works, as the capacity provided for the District in such component part bears to the total capacity thereof. The District agrees, expressly for the benefit of Imperial Irrigation District, to advance to Imperial Irrigation District on or before January first of each year its said proportionate share of the estimated cost for that year of such operation and maintenance in accordance with a written notice to be issued to it by Imperial Irrigation District, provided that payment shall in no event be due until thirty (30) days after receipt of such notice. Prior to March first of each year Imperial Irrigation District shall provide the District with a written statement showing in detail the cost for the previous year for operation and maintenance of the works on account of which the District has made advances. Differences between actual costs and estimated costs shall be adjusted in next succeeding notices. Upon request of the District, both the advance notice of estimated costs and the subsequent statement of actual costs for each year shall be reviewed by the Secretary and his determination of proper

charges shall be final. Such review shall not change the due date for advance payments as herein provided and the cost of such review shall be borne equally by said two districts. The Imperial Irrigation District may at its option withhold delivery of water from the District until its proportionate share of the costs of operation and maintenance has been advanced or paid, as in this article provided and until all sums due Imperial Irrigation District under Article 10 (c) hereof have been paid.

(c) Upon sixty (60) days written notice from the Secretary of the completion of construction of the Coachella Main Canal and appurtenant structures or of any major unit thereof useful to the District, as determined by the Secretary, whose determination thereof shall be final and binding on the parties hereto, the District shall assume the care, operation and maintenance of all such works north of the lowest turnout for East Mesa on said Coachella Main Canal, and thereafter the District shall, at its own cost and without expense to the United States, care for, operate and maintain the same in such manner that such works shall remain in as good and efficient condition and of equal capacity for the transportation and distribution of water as when received from the United States, reasonable wear and damage by the elements excepted.

Upon like notice Imperial Irrigation District may assume the care, operation and maintenance, at its own cost, of all works designated on said Exhibit "A" as "Main (All American) Canal to Imperial Valley", lying west of the southerly end of the Coachella Main Canal.

(d) After the care, operation and maintenance of any of the aforesaid works have been assumed by the District, the District shall save the United States, its officers, agents and employees harmless as to any and all injury and damage to persons and property which may arise out of the care, operation and maintenance thereof. In the event the United States fails to complete the works herein contemplated and the District fails to elect to make use of works theretofore partially or

wholly constructed, the District shall be fully relieved of any and all responsibility for any further operation and maintenance of any works theretofore taken over by the District for that purpose and thereupon the District shall no longer be responsible for said maintenance or operation or damage to person or property which may arise therefrom.

Keeping Diversion Dam, Main Canal and
Appurtenant Structures in Repair

Article 9. Except in case of emergency no substantial change in any of the works to be constructed by the United States and transferred to either of said two districts under the provisions hereof or under said Imperial Contract shall be made by such district, without first having had and obtained the written consent of the Secretary and the Secretary's opinion as to whether any change in any such works is or is not substantial shall be conclusive and binding upon the parties hereto. Such district shall promptly make any and all repairs to and replacements of all said works transferred to it under the terms and conditions hereof or under said Imperial Contract which, in the opinion of the Secretary, are deemed necessary for the proper operation and maintenance of such works. In case of neglect or failure of such district to make such repairs, the United States may, at its option, after reasonable notice to such district, cause such repairs to be made and charge the actual cost thereof, plus fifteen per centum (15%) to cover overhead and general expense to such district operating the works so repaired. On or before September first of each calendar year the United States shall give written notice to such district operating such works of the amount expended by the United States for repairs under this article during the twelve-month period immediately preceding. Such cost, plus overhead and general expense as stated above, shall be repaid by such district operating such works on March first immediately succeeding.

Agreement by District to pay for Works Constructed
by the United States

Article 10. (a) The District agrees to pay the United States its share, as defined in sub-article (b) of this Article, of the actual cost, not exceeding thirty-eight million five hundred thousand dollars (\$38,500,000.00), incurred by the United States on account of the Imperial Dam and All-American Canal, subject, however, to the provisions of Article seven (7) hereof; provided, that should Congress and other Governmental financing authorities fail to make necessary appropriations or allocations of money to complete the work herein provided for, then the Secretary may, at such reasonable time as he may consider advisable, after Congress and such other Governmental authorities shall have failed for five (5) consecutive years to make the necessary appropriations or allocations which shall have been annually requested by the Secretary, give the District notice of the termination of work by the United States and furnish a statement of the amount actually expended by the United States thereon. Upon the receipt of such notice by the District, the District shall be given two (2) years from and after such receipt of notice to elect whether it will utilize said works theretofore constructed hereunder, or some particular part thereof. Such election on the part of the District shall be expressed by resolution of the Board of Directors submitted to the electorate of the District for approval or rejection in the manner provided by law for submission of contracts with the United States. If the District elects not to utilize, or fails within said two-year period to elect to utilize said works constructed hereunder, or some portion thereof, then the District shall have no further rights therein and no obligations therefor. If the District elects to utilize said works or a portion thereof, then the reasonable value to the District of the works so utilized, not exceeding the actual cost thereof to the United States, shall be paid by the District under the terms of this contract; the first payment to be due and payable on the first day of March following the first day of August next succeeding the final determination of the reasonable

value to the District of such works, in case no further work is done by the District. Should the District elect to complete the work contemplated by this contract, or some portion thereof, the first payment shall be due and payable on the first day of March following the first day of August next succeeding the date of final completion of the work by the District as determined by the Secretary. In determining the value of such works to the District there shall be taken into account, among other things, the method of financing required and cost of money, so that in no event shall all of the works contemplated by this contract cost the District more than they would have cost the District had they all been constructed by the United States under the terms of this contract. In the event of failure of the parties to agree as to the reasonable value to the District of the works which the District elects to use, the same shall be determined as provided in Article twenty-six (26) hereof.

(b) The amounts herein agreed to be paid by the District to the United States shall be in accordance with the following proportions, which proportions the Secretary hereby determines to be equitable and just, to-wit:

i. That proportion of the total cost of that part of said common works above Syphon Drop, excepting Laguna Dam, that the capacity provided for the District therein bears to the total capacity thereof less the capacity to be provided without cost to and for the Yuma Project,

ii. That proportion of the total cost of each component part of all said common works, other than the part above Syphon Drop, that the capacity provided for the District in such part of said works bears to the total capacity thereof.

iii. The entire cost of all works North of the lowest turnout for East Mesa on the Coachella Main Canal.

(c) The District agrees to pay to the United States on the 31st day of December of each year commencing December 31, 1935, a portion (computed in the same manner as its share of costs of common works above Syphon Drop as agreed in Article 10 (b) i hereof) of each of the annual payments (together with interest required thereon,)

then or thereafter required to be made by Imperial Irrigation District to the United States for a connection with Laguna Dam, under its contract dated October 23, 1918, and under Article sixteen (16) of said Imperial Contract, or otherwise.

The Secretary hereby determines that it is equitable and just that the District pay, and the District agrees, expressly for the benefit of Imperial Irrigation District, to pay Imperial Irrigation District the same proportion of the aggregate sum which shall have been paid by Imperial Irrigation District to the United States prior to December 31, 1935, for a connection with Laguna Dam, as aforesaid, as the proportion herein agreed to be paid by the District to the United States of payments hereafter to be made for said connection with Laguna Dam. The aggregate sum to be paid by the District to Imperial Irrigation District shall be divided into ten equal installments, payable annually on March first of each year, commencing on or before the year 1939, with interest from date hereof on unpaid balances at the rate of six per centum (6%) per annum, payable March 1st, 1936, and annually thereafter. At its option, the District may at any time pay any amount on principal of said aggregate sum in advance of the due date and interest on the amount so paid shall thereupon cease,

(d) The lands now in the District, which are also situate in the Coachella Service Area, as defined in Article seventeen (17) hereof, are designated and described in statement hereto attached, marked Exhibit "B" and by this reference made a part hereof. The Board of Directors of the District does hereby declare, determine and find, and has by the ordinance by which it authorized the execution of this contract, declared, determined and found that only that portion of the District within said area described in said Exhibit "B" is susceptible for service with water from the waterworks contemplated under this contract and that said area shall be and constitute Improvement District No. 1 of the District. Said Board of Directors does further declare, determine and find and has, by said ordinance, declared, determined

and found that that portion of said Coachella Service Area not now in the District, of which description is hereto attached, marked Exhibit "C" and by this reference made a part hereof, (hereinafter styled "Salton Area"), is also susceptible of service from said water works, and that if and when said area described in Exhibit "C" is added to the District, said area shall also be added to, and entitled to the same benefits and subject to the same obligations as the lands in said Improvement District No. 1. Said Board of Directors does further declare, determine and find and has, by said ordinance, declared, determined and found, that those certain lands in said Coachella Service Area and not now in the District, (i) shown on said Exhibit "A" as enclosed within a hatched border line and marked "Dos Palmas Area", of which description is hereto attached, marked Exhibit "D" and by this reference made a part hereof, and (ii) shown on said Exhibit "A" as bounded on the East, South and West by a like hatched border line and on the North by the North boundary line of Imperial County and lying West of Salton Sea, (herein styled "Fish Springs Area") of which description is hereto attached, marked Exhibit "E" and by this reference made a part hereof, are also susceptible of service from said waterworks and that if and when said Dos Palmas Area, or any part thereof, is added to the District, it shall be and constitute Improvement District No. 2 of the District, and that if and when said Fish Springs Area, or any part thereof, is added to the District, it shall be and constitute Improvement District No. 3 of the District.

All lands now or hereafter situate both in said Coachella Service Area and in the District are, as a whole, obligated to pay to the United States the full amount herein agreed upon, regardless of the default or failure of any tract, or of any landowner, in the payment of the taxes levied by the District against such tract or landowner, and the District shall, when necessary, levy and collect appropriate taxes to make up for the default or delinquency of any such tract of land or of any such landowner in the payment of taxes, so that in any event, and regardless of any

defaults or delinquencies in the payment of any tax or taxes, the amounts due or to become due the United States shall be paid to the United States by the District when due. No lands in the District shall be charged with any taxes or assessments under this contract except those situate within said Coachella Service Area, as defined in Article seventeen (17) hereof, or as thereunder modified.

The Improvement Districts above mentioned are hereby required to be constituted and created as nearly as may be, in the manner prescribed in said County Water District Act for creation of Improvement Districts in County Water Districts in case of ordinary issuance of bonds.

Changes in Boundaries of Coachella Service Area

Article 11. After the date of this contract no change shall be made in the boundaries of the Coachella Service Area as defined in Article seventeen (17) hereof and the Board of Directors shall make no order changing the boundaries of said Coachella Service Area except as provided in said Article seventeen (17); provided, however, that the Secretary hereby consents to the inclusion in said Coachella Service Area of all of the lands described on Exhibits "B", "C", "D" and "E" hereto attached.

Terms of Payment

Article 12. The amount herein agreed to be paid to the United States shall be due and payable in not more than forty (40) annual installments commencing with the calendar year next succeeding the year when notice of completion of all work provided for herein is given to the District or under the provisions of Article 10 (a) hereof upon termination of work through failure of Congress and other Governmental authorities to make necessary appropriations or allocations therefor. The first five (5) of such annual installments shall each be one per centum (1%) of the amount herein agreed to be paid to the United States; the next ten (10) of such installments shall each be two per centum (2%) of the amount herein agreed to be paid to the United

states, and the remainder of such annual installments shall each be three per centum (3%) of the amount herein agreed to be paid to the United States. The sums payable annually as set forth above shall be divided into two (2) equal semi-annual payments, payable on March first and September first of each year; provided, however, that if notice of the completion of work is given to the District subsequent to August first of any year the first semi-annual installment of charges hereunder shall be due and payable on March first of the second succeeding year.

Operation and Maintenance Costs

Article 13. Each agency which hereafter contracts for capacity to be provided for it in Imperial Dam and All-American Canal and for which agency capacity is so provided shall bear such proportionate part of the cost of operation and maintenance (including repairs and replacements) of the component parts of Imperial Dam and All-American Canal and of the Laguna Dam as may be determined by the Secretary to be equitable and just, but not less than an amount in proportion to the total amount as are the relative capacities provided in each component part for such agency and for all other agencies, including the District. Each such agency shall advance to each district operating any works provided to be used in common by such district and such agency on or before January first of each year, its proportionate share of the estimated cost for that year of operation and maintenance in accordance with a notice to be issued by such district, provided that payment shall in no event be due until thirty (30) days after receipt of notice. Prior to March 1st of each year each such district shall provide each agency with a statement showing in detail the costs for the previous year for operation and maintenance of the works on account of which such agency has made advances. Differences between actual costs and estimated costs shall be adjusted in next succeeding notices. Upon request of any agency, both the advance notice of estimated costs and the subsequent statement of actual costs for each year shall be reviewed by the Secretary and his determination of proper charges

shall be final. Such review shall not change the due date for advance payments as herein provided, and the cost of such review shall be borne equally by the requesting agency and such district. Such district may, at its option, withhold the delivery of water from any agency until its proportionate share of the costs of operation and maintenance have been advanced or paid, as in this article provided.

Power Possibilities

Article 14. The power possibilities on the All-American Canal down to and including Syphon Drop with water carried for the benefit of the Yuma Project as provided for in Article fifteen (15) hereof, are hereby reserved to the United States. Subject to this reservation and the participation by other agencies as provided for in Article twenty-one (21) hereof, the District shall have the privilege of utilizing by contract or otherwise, by means of the capacity to be provided for the District hereunder, such power possibilities, including those at or near Pilot Knob, as may exist upon said canal at points where and to the extent that water diverted and/or carried for the District contributes to the development of power; provided, that such privilege shall not interfere with the utilizing by Imperial Irrigation District of such power possibilities at or near Pilot Knob, by means of the capacity to be provided for Imperial Irrigation District in the All-American Canal from Syphon Drop to Pilot Knob, in excess of 8,500 cubic feet of water per second. The net proceeds as hereinafter defined in Article thirty-one (31) hereof, and as determined by the Secretary for each calendar year, from any power development which the District is hereunder authorized to make, shall be paid into the Colorado River Dam fund on March first of the next succeeding calendar year and be credited to the District on this contract until the District shall have paid thereby and/or otherwise an amount of money equivalent to that herein agreed to be paid to the United States. Thereafter such net power proceeds shall belong to the District. It is agreed that in the event the net power proceeds in any calendar year,

creditable to the District, shall exceed the annual installment of charges payable under this contract during the then current calendar year, the excess of such net power proceeds shall be credited on the next succeeding unpaid installment to become due from the District under this contract.

Diversion and Delivery of Water for Yuma Project

Article 15. The District hereby consents that there be diverted at the Imperial Dam, and transported and delivered at Syphon Drop and/or such intermediate points as may be designated by the Secretary, the available water to which the Yuma Project (situated entirely within the United States and not exceeding in area 120,000 acres plus lands lying between the project levees and the Colorado River as such levees were located in 1931) is entitled, not exceeding two thousand (2,000) second-feet of water in the aggregate, or such part thereof as the Secretary may direct, for the use and benefit of said project, including the development of power at Syphon Drop, such water to be diverted, transported and delivered continuously in so far as reasonable diligence will permit; provided, however, that water shall not be diverted, transported or delivered for the Yuma Project when the Secretary notifies Imperial Irrigation District that said project for any reason may not be entitled thereto; provided, further, that there may be diverted, transported and delivered such water in excess of requirements for irrigation or potable purposes, as determined by the Secretary, on the Yuma Project as so limited, only when such water is not required by the District for irrigation or potable purposes. The diversion, transportation and delivery of water for the Yuma Project as aforesaid shall be without expense to the United States or its successors in control of said project, as to capital investment required to provide facilities for such diversion and transportation of water except such checks, turnouts and other structures required for delivery from said canal.

Contract of October 23, 1918

Article 16. That certain contract between the United States of America and Imperial Irrigation District, bearing date of October 23, 1918, providing for a connection with Laguna Dam, having been terminated, except as to the provisions of Article nine (9) thereof, by said Imperial Contract, the District hereby consents to such partial termination of said first mentioned contract. The District hereby consents that there be furnished to the United States or its successors in interest in the control, operation and maintenance of the Yuma Project, from any power development on the All-American Canal at or near Pilot Knob, up to but not to exceed four thousand horsepower of electrical energy for use by the agency in charge of project operations for irrigation and drainage pumping purposes and necessary incidental use on said Yuma Project, such power to be furnished at cost (including overhead and general expense) plus ten per cent; provided, however, that such power at or near Pilot Knob shall not be required to be furnished except at such times as all power feasible of development at Syphon Drop or developed elsewhere within a radius of 40 miles from the City of Yuma for the benefit of the Yuma Project is being used for project operations as in this article specified.

Delivery of Water by United States

Article 17. The United States shall, from storage available in the reservoir created by Boulder Dam, deliver to or for the District, for the benefit of the lands under or that will be served from the All-American Canal in Coachella Valley, now or hereafter within the District and lying within the Coachella Service Area, hereinafter defined, each year, at a point in the Colorado River immediately above Imperial Dam, so much water as may be necessary to supply the District a total quantity, including all other waters diverted for use within the District from the Colorado River, in the amounts and with priorities in accordance with the recommendation of the Chief of the Division of Water Resources of the State of California, as follows:

(Subject to availability thereof for use in California under the Colorado River Compact and the Boulder Canyon Project Act):

The waters of the Colorado River available for use within the State of California under the Colorado River Compact and the Boulder Canyon Project Act shall be apportioned to the respective interests below named and in amounts and with priorities therein named and set forth, as follows:

Section 1. A first priority to Palo Verde Irrigation District for beneficial use exclusively upon lands in said District as it now exists and upon lands between said District and the Colorado River, aggregating (within and without said District) a gross area of 104,500 acres, such waters as may be required by said lands.

Section 2. A second priority to Yuma Project of the United States Bureau of Reclamation for beneficial use upon not exceeding a gross area of 25,000 acres of land located in said project in California, such waters as may be required by said lands.

Section 3. A third priority (a) to Imperial Irrigation District and other lands under or that will be served from the All-American Canal in Imperial and Coachella Valleys, and (b) to Palo Verde Irrigation District for use exclusively on 16,000 acres in that area known as the "Lower Palo Verde Mesa," adjacent to Palo Verde Irrigation District, for beneficial consumptive use, 3,850,000 acre-feet of water per annum less the beneficial consumptive use under the priorities designated in Sections 1 and 2 above. The rights designated (a) and (b) in this section are equal in priority. The total beneficial consumptive use under priorities stated in Sections 1, 2 and 3 of this article shall not exceed 3,850,000 acre feet of water per annum.

Section 4. A fourth priority to the Metropolitan Water District of Southern California and/or the City of Los Angeles, for beneficial consumptive use, by themselves and/or others, on the Coastal Plain of Southern California, 550,000 acre-feet of water per annum.

Section 5. A fifth priority (a) to The Metropolitan Water District of Southern California and/or the City of Los Angeles, for beneficial consumptive use, by themselves and/or others, on the Coastal Plain of Southern California, 550,000 acre-feet of water per annum and (b) to the City of San Diego and/or County of San Diego, for beneficial consumptive use, 112,000 acre-feet of water per annum. The rights designated (a) and (b) in this section are equal in priority.

Section 6. A sixth priority (a) to Imperial Irrigation District and other land under or that will be served from the All-American Canal in Imperial and Coachella Valleys, and (b) to Palo Verde Irrigation District for use exclusively on 16,000 acres in that area known as the "Lower Palo Verde Mesa," adjacent to Palo Verde Irrigation District, for beneficial consumptive use, 300,000 acre-feet of water per annum. The rights designated (a) and (b) in this section are equal in priority.

Section 7. A seventh priority of all remaining water available for use within California, for agricultural use in the Colorado River Basin in California, as said basin is designated on Map No. 23000 of the Department of the Interior, Bureau of Reclamation.

Section 8. So far as the rights of the allottees named above are concerned, the Metropolitan Water District of Southern California and/or the City of Los Angeles shall have the exclusive right to withdraw and divert into its aqueduct any water in Boulder Canyon Reservoir accumulated to the individual credit of said District and/or said City (not exceeding at any one time 4,750,000 acre-feet in the aggregate) by reason of reduced diversions by said District and/or said City; provided, that accumulations shall be subject to such conditions as to accumulation, retention, release and withdrawal as the Secretary of the Interior may from time to time prescribe in his discretion, and his determination thereof shall be final; provided further, that the United States of America reserves the right to make similar arrangements with users in other States without distinction in priority, and to determine the correlative relations between said District and/or said City and such users resulting therefrom.

Section 9. In addition, so far as the rights of the allottees named above are concerned, the City of San Diego and/or County of San Diego shall have the exclusive right to withdraw and divert into an aqueduct any water in Boulder Canyon Reservoir accumulated to the individual credit of said City and/or said County (not exceeding at any one time 250,000 acre-feet in the aggregate) by reason of reduced diversions by said City and/or said County; provided, that accumulations shall be subject to such conditions as to accumulations, retention, release and withdrawal as the Secretary of the Interior may from time to time prescribe in his discretion, and his determination thereof shall be final; provided further, that the United States of America reserves the right to make similar arrangements with users in other States without distinction in priority, and to determine the correlative relations between the said City and/or said County and such users resulting therefrom.

Section 10. In no event shall the amounts allotted in this agreement to the Metropolitan Water District of Southern California and/or the City of Los Angeles be increased on account of inclusion of a supply for both said District and said City, and either or both may use said apportionments as may be agreed by and between said District and said City.

Section 11. In no event shall the amounts allotted in this agreement to the City of San Diego and/or to the County of San Diego be increased on account of inclusion of a supply for both said City and said County, and either or both may use said apportionments as may be agreed by and between said City and said County.

Section 12. The priorities hereinbefore set forth shall be in no wise affected by the relative dates of water contracts executed by the Secretary of the Interior with the various parties.

The Secretary reserves the right to, and the District agrees that he may, contract with any of the allottees above named in accordance with the above stated recommendation, or, in the event that such recommendation as to Palo Verde Irrigation

District is superseded by an agreement between all the above allottees or by a final judicial determination, to contract with the Palo Verde Irrigation District in accordance with such agreement or determination; Provided, that priorities numbered fourth and fifth shall not thereby be disturbed.

The use of water by the District shall be in conformity to the following provisions of that certain agreement executed between the District and Imperial Irrigation District dated February 14th, 1934, hereinabove in Article 4 (c) referred to to-wit:

"Imperial Irrigation District shall have the prior right for irrigation and potable purposes only, and exclusively for use in the Imperial Service Area, as hereinafter defined or hereunder modified, to all waters apportioned to said Imperial Irrigation District and other lands under or that will be served from the All-American Canal in Imperial and Coachella Valleys as provided in the third and sixth priorities set out in the recommendation of the Chief of the Division of Water Resources of the State of California, as contained in Article 17 of the Imperial Contract. Subject to said prior right of Imperial Irrigation District, Coachella Valley County Water District shall have the next right, for irrigation and potable purposes only and exclusively for use in the Coachella Service Area, as hereinafter defined or hereunder modified, to all waters so apportioned to said Imperial Irrigation District and other lands under or that will be served from the All-American Canal in the Imperial and Coachella Valleys, as provided in said third and sixth priorities. The use of water for generation of electric energy shall be, in all respects, secondary and subservient to all requirements of said two districts for irrigation and potable purposes as above limited.

As hereinabove used, the term 'Imperial Service Area' shall comprise all lands within the boundaries of Imperial Irrigation District as said District was constituted on June 25, 1931, and all lands in Imperial and San Diego Counties, California, shown on Map marked Exhibit 'A', attached to said Imperial Contract, and included within hatched border lines indicated on said map by legend as 'Boundary of Additional Areas in Proposed Enlarged Imperial Irrigation District', other than (a) such of said lands as are labeled 'Dos Palmas Area' and (b) such of said lands as lie West of Salton Sea and North of the Northerly boundary line of Township 11, South of the San Bernardino Base Line. The term 'Coachella Service Area' shall comprise all lands described on statements hereto attached and marked Exhibits 'B', 'C', 'D' and 'E', respectively,"

(said Exhibits "B", "C", "D" and "E" being identical with Exhibits "B", "C", "D" and "E" attached to this contract between the District and the United States),

"being approximately, but not exactly, the lands within said hatched border lines shown on said Exhibit 'A', other than those included in said Imperial Service Area. Upon application of either District and with the written consent of the Secretary of the Interior, the boundaries of the service area which such district is entitled hereunder to serve may at any time or from time to time be

changed, but may not be so changed as, in the aggregate, to add more than 5000 acres to, nor to subtract more than 5000 acres from such service area, as herein defined, without the written consent of the district entitled hereunder to serve the other service area."

As far as reasonable diligence will permit said water shall be delivered as ordered by the District, and as reasonably required for potable and irrigation purposes within said Coachella Service Area. This contract is for permanent water service but is subject to the condition that Boulder Dam and Boulder Canyon Reservoir shall be used; first, for river regulation, improvement of navigation, and flood control; second, for irrigation and domestic uses and satisfaction of perfected rights in pursuance of Article VIII of the Colorado River Compact; and third, for power. This contract is made upon the express condition and with the express covenant that the District and the United States shall observe and be subject to, and controlled by said Colorado River Compact, in the construction, management and operation of Boulder Dam, Imperial Dam, All-American Canal, and other works and the storage, diversion, delivery and use of water for the generation of power, irrigation, and other purposes. The United States reserves the right to temporarily discontinue or reduce the amount of water to be delivered for the purpose of investigation, inspection, maintenance, repairs, replacements or installation of equipment and/or machinery at Boulder Dam, but as far as feasible the United States will give the District reasonable notice in advance of such temporary discontinuance or reduction. The United States, its officers, agents and employees shall not be liable for damages when, for any reason whatsoever, suspension or reductions in delivery of water occur. This contract is without prejudice to any other or additional rights which the District may now have not inconsistent with the foregoing provisions of this article, or may hereafter acquire in or to the waters of the Colorado River. Subject to the provisions of Article fourteen (14) hereof, nothing in this contract shall be construed to prevent the diversion by or for the District of water to the full capacity herein provided for it in the All-American Canal if and when water over and above the

quantity apportioned to it hereunder is available, and no power development at Imperial and/or Laguna Dam shall be permitted to interfere with such diversion by or for said District, but, except as provided in Article twenty-one (21) hereof, water shall not be diverted, transported nor carried by or through Imperial Dam or All-American Canal for any agency other than the District or Imperial Irrigation District, except by written consent of the Secretary.

Measurement of Water

Article 18. The water which the District receives under the apportionment as provided in Article seventeen (17) hereof shall be measured at such point or points on the canal as may be designated by the Secretary. Measuring and controlling devices shall be furnished and installed by the United States as a part of the work provided for herein, but shall be operated and maintained by and at the expense of the district, or districts, operating the works. They shall be and remain at all times under the complete control of the United States, whose authorized representatives may at all times have access to them over the lands and rights-of-way of the District.

Record of Water Diverted

Article 19. The District shall make full and complete written reports as directed by the Secretary, on forms to be supplied by the United States, of all water diverted from the Colorado River, and delivered to the District, and the disposition thereof. The records and data from which such reports are made shall be accessible to the United States on demand of the Secretary.

Refusal of Water in Case of Default

Article 20. The United States reserves the right to refuse to deliver water to the District in the event of default for a period of more than twelve (12) months in any payment due the United States under this contract, or in the discretion of the Secretary to reduce deliveries in such proportion as the amount in default by the

District bears to the total amount due. It is understood, however, that the provisions of this article shall not relieve the District of its obligation hereunder to divert, transport and deliver water for the use and benefit of other agencies with whom the United States may contract for the diversion, transportation and delivery of water through or by the works to be constructed under the terms hereof. The United States further reserves the right to forthwith assume control of all or any part of the works to be constructed hereunder and to care for, operate and maintain the same, so long as the Secretary deems necessary or advisable, if, in his opinion, which shall be final and binding upon the parties hereto, the District does not carry out the terms and conditions of this contract to their full extent and meaning. In such event, the District's pro rata share of the actual cost of such care, operation and maintenance by the United States shall be repaid to the United States, plus fifteen per centum (15%) to cover overhead and general expense, on March first of each year immediately succeeding the calendar year during which said works are operated and maintained by the United States. Nothing herein contained shall relieve the District of the obligation to pay in any event all installments and penalties provided in this contract.

Use of Works by the United States and Others

Article 21. The United States also reserves the right to, and the District agrees that it may, at any time prior to the transfer of constructed works to the District or Imperial Irrigation District for operation and maintenance, increase the capacity of such works and contract for such increased capacity with other agencies for the delivery of water for use in the United States; provided, however, that such other agencies shall not thereby be entitled to participate in power development on said All-American Canal, except at points where and to the extent that the water diverted and/or carried for them contributes to the development of power. In the event other agencies thus contract with the United States, each of such agencies shall

assume such proportion of the total cost of said works to be used jointly by such agency and the District, including Laguna Dam, as the Secretary may determine to be equitable and just but not less than the proportion that the capacity provided for such agency in such works bears to the total capacity thereof (except in that part thereof above Syphon Drop including Laguna Dam, in which part the proportion which such other agency shall assume shall be not less than the proportion that the capacity provided for such agency therein bears to the total capacity thereof less the capacity to be provided without cost to and for the Yuma Project) and the District's financial obligations under this contract shall be adjusted accordingly. In no event shall construction costs chargeable to the District be increased by reason of additional capacity being provided for any such agency or agencies or contract or contracts having been made with same. Any such agency thus contracting shall also be required to reimburse the District in such amounts and at such times as the Secretary may determine to be equitable and just for payments theretofore made by the District for the right to use Laguna Dam.

Title to Remain in the United States

Article 22. Title to the aforesaid Imperial Dam and All-American Canal shall be and remain in the United States notwithstanding transfer of the care, operation and maintenance thereof to said two districts, or either of them; provided, however, that the Secretary may, in his discretion, when repayment to the United States of all moneys advanced shall have been made, transfer the title to said main canal and appurtenant structures, except the diversion dam and the main canal and appurtenant structures down to and including Syphon Drop, to the districts or other agencies of the United States having a beneficial interest therein in proportion to their respective capital investments under such form of organization as may be acceptable to him.

Rules and Regulations

Article 23. There is reserved to the Secretary the right to prescribe and enforce rules and regulations not inconsistent with this contract governing the diversion and delivery of water hereunder to or for the District and to other contractors. Such rules and regulations may be modified, revised and/or extended from time to time after notice to the District and opportunity for it to be heard, as may be deemed proper, necessary or desirable by the Secretary to carry out the true intent and meaning of the law and of this contract, or amendments thereof, or to protect the interests of the United States. The District hereby agrees that in the operation and maintenance of the Imperial Dam and All-American Canal, all such rules and regulations will be fully adhered to by it.

Inspection by the United States

Article 24. The Secretary may cause to be made from time to time a reasonable inspection of the works constructed by the United States to the end that he may ascertain whether the terms of this contract are being satisfactorily executed by the District. Such proportion of the actual expense of such inspection in any calendar year, as shall be found by the Secretary to be equitable and just, shall be paid by the District to the United States on March first of each year immediately following the year in which such inspection is made, and upon statement to be furnished by the Secretary. The Secretary or his representative shall at all times have the right of ingress to and egress from all works of the District for the purpose of inspection, repairs and maintenance of works of the United States, and for all other purposes.

Access to Books and Records

Article 25. The officials or designated representatives of the District shall have full and free access to the books and records of the United States, so far as they relate to the matters covered by this contract, with the right at any time

during office hours to make copies of and from the same; and the Secretary shall have the same right in respect of the books and records of the District.

Disputes or Disagreements

Article 26. Disputes or disagreements as to the interpretation or performance of the provisions of this contract, except as otherwise provided herein, shall be determined either by arbitration or court proceedings, the Secretary being authorized to act for the United States in such proceedings. Whenever a controversy arises out of this contract, and the parties hereto agree to submit the matter to arbitration, the District shall name one arbitrator and the Secretary shall name one arbitrator, and the two arbitrators thus chosen shall elect three other arbitrators, but in the event of their failure to name all or any of the three arbitrators within thirty (30) days after their first meeting, such arbitrators not so elected, shall be named by the Senior Judge of the United States Circuit Court of Appeals for the Ninth Circuit. The decision of any three of such arbitrators shall be a valid and binding award of the arbitrators.

Interest and Penalties

Article 27. No interest shall be charged on any installments of charges due from the District hereunder except that on all such installments or any part thereof, which may remain unpaid by the District to the United States after the same become due, there shall be added to the amount unpaid a penalty of one-half of one per centum ($\frac{1}{2}\%$) and a like penalty of one-half of one per centum ($\frac{1}{2}\%$) of the amount unpaid shall be added on the first day of each month thereafter so long as such default shall continue.

Agreement Subject to Colorado River Compact

Article 28. This contract is made upon the express condition and with the express understanding that all rights based upon this contract shall be subject to and controlled by the Colorado River Compact, being the compact or agreement signed

at Santa Fe, New Mexico, November 24, 1922, pursuant to Act of Congress approved August 19, 1921, entitled "An Act to permit a compact or agreement between the States of Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming, respecting the disposition and apportionment of the waters of the Colorado River, and for other purposes," which compact was approved by the Boulder Canyon Project Act.

Application of Reclamation Law

Article 29. Except as provided by the Boulder Canyon Project Act, the reclamation law shall govern the construction, operation and maintenance of the works to be constructed hereunder.

Contract to be Authorized by Election and
Confirmed by Court

Article 30. The execution of this contract by the District shall be authorized by the qualified electors of the District at an election held for that purpose. Thereafter, without delay, the District shall prosecute to judgment proceedings in court for a judicial confirmation of the authorization and validity of this contract. The United States shall not be in any manner bound under the terms and conditions of this contract unless and until a confirmatory final judgment in such proceedings shall have been rendered, including final decision, or pending appellate action if ground for appeal be laid. The District shall without delay and at its own cost and expense furnish the United States for its files, copies of proceedings relating to the election upon this contract and the confirmation proceedings in connection therewith, which said copies shall be properly certified by the Clerk of the Court in which confirmatory judgment is obtained.

Method of Determining Net Power Proceeds

Article 31. In determining the net proceeds for each calendar year from any power development which the district is hereunder authorized to make, on the All-American Canal, to be paid into the Colorado River Dam fund as provided in Article

fourteen (14) hereof, there shall be taken into consideration all items of cost of production of power, including but not necessarily limited to amortization of and interest on capital investment in power development, replacements, improvements, and operation and maintenance, if any. Any other proper factor of cost not here expressly enumerated may be taken into account in determining the net proceeds.

Contingent upon Appropriations

Article 32. This contract is subject to appropriations or allocations being made by Congress or other Governmental financing authority from year to year of moneys sufficient to do the work provided for herein, and to there being sufficient moneys available in the Colorado River Dam fund to permit allotments to be made for the performance of such work. No liability shall accrue against the United States, its officers, agents or employees, by reason of sufficient moneys not being so appropriated nor on account of there not being sufficient moneys in the Colorado River Dam fund to permit of said allotments. If more than three years elapse after this contract becomes effective and before appropriations or allocations are available to permit the United States to make expenditures hereunder, the District may, at its option, upon giving sixty (60) days written notice to the Secretary, cancel this contract. Such option shall be expressed by vote of the electors of the District with the same formalities as required for the authorization of contracts with the United States.

Addition of Lands to District

Article 33. (a) The District agrees to change its boundaries, subject to presentation to its Board of Directors before January 1, 1940, of lawful and sufficient petition or petitions therefor and the approval of the electors, so as to add to the District and to its Improvement District No. 1 all lands lying within the Salton Area, referred to in Article 10 (d) hereof.

(b) Whenever any of said lands within the Coachella Service Area are added to the District, the Secretary, on behalf of the United States, hereby consents to

such addition. Nothing contained in this contract shall impair any right or remedy of any person entitled to object or protest against the addition to the District of any particular tract or tracts of land, nor impair the power of the Board to hear and determine any such objections or protests.

(c) Notwithstanding anything herein contained, the District may, at its option, change its boundaries to as to add to the District all or any part of the Dos Palmas Area, and/or of the Fish Springs Area, referred to in Article 10 (d) hereof. In the event any lands within said Dos Palmas Area or Fish Springs Area shall be added to the District such addition shall be made upon conditions substantially as herein-after contained and as and when authorized by law, and the Secretary on behalf of the United States hereby requires and consents to such conditions, to-wit:

CONDITION NO. 1

Contribution to Capital Costs

The lands within each Improvement District shall collectively bear that proportion of all costs of the Imperial Dam, and All-American Canal, including Laguna Dam, herein agreed to be borne by the District, which the area within such Improvement District bears to the total area of the Coachella Service Area from time to time within the District.

CONDITION NO. 2

Contribution to Costs Paid by District

Each Improvement District, other than Improvement District No. 1 shall bear, in the proportion set out in Condition No. 1, its share of all capital costs of the Imperial Dam and All-American Canal, including Laguna Dam, paid by the District prior to the first District tax collection from the lands within such Improvement District and shall pay such share to the District in such installments and at such times as shall be determined by resolution of the Board of Directors of the District to be just and equitable. Upon collection of said sums by the District, the

portions of the Coachella Service Area by which said sums were originally paid shall thereupon be entitled to reimbursement or credit in such manner as may be determined by said Board.

CONDITION NO. 3

Distribution System

Each improvement District shall bear the entire capital cost of any distribution system which may be constructed by or under the authority of the District to serve the lands within such Improvement District but shall not be required to bear any part of the capital cost of any distribution system to serve the lands within any other Improvement District.

CONDITION NO. 4

Taxation

All charges hereunder to be borne by each Improvement District unless otherwise collected from the lands therein, shall be a part of but in addition to the annual taxes upon said lands for other District purposes and shall constitute an additional annual charge upon said lands, to be levied upon an ad valorem or other basis as now or hereafter provided by law.

Rights Reserved under Section 3737 Revised Statutes

Article 34. All rights of action for breach of any of the provisions of this contract are reserved to the United States as provided in Section 3737 of the Revised Statutes of the United States.

Remedies Under Contract not Exclusive

Article 35. Nothing contained in this contract shall be construed as in any manner abridging, limiting or depriving the United States, the District or Imperial Irrigation District of any means of enforcing any remedy either at law or in equity for the breach of any of the provisions hereof which it would otherwise have. The waiver of a breach of any of the provisions of this contract shall not be deemed to

be a waiver of any other provision hereof or of a subsequent breach of such provision.

Interest in Contract not Transferable

Article 36. No interest in this contract is transferable by the District to any other party, and any such attempted transfer shall cause this contract to become subject to annulment at the option of the United States.

Member of Congress Clause

Article 37. No Member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of this contract, or to any benefit that may arise therefrom. Nothing, however, herein contained shall be construed to extend to this contract if made with a corporation for its general benefit.

Contract Void If Certain Lands Included in
Imperial Irrigation District

Article 38. In the event lawful petition or petitions sufficient in all respects for inclusion within Imperial Irrigation District of ninety per centum (90%) of the lands shown on said Exhibit "A" lying North of the Northerly boundary line of Township Eleven (11), South of the San Bernardino Base Line and bounded by the lines indicated on said Exhibit "A" as "Boundary of Additional Areas in Proposed Enlarged Imperial Irrigation District", exclusive of the Dos Palmas area and exclusive of Indian lands and public lands of the United States shall be filed pursuant to and within the time limited by said Imperial Contract, and said lands shall be thereafter included within said Imperial Irrigation District pursuant to such petition or petitions, then, as of the date of such inclusion, this contract shall terminate and be at an end.

IN WITNESS WHEREOF, the parties hereto have caused this contract to be executed the day and year first above written.

THE UNITED STATES OF AMERICA

By _____
Federal Emergency Administrator
of Public Works and Secretary of
the Interior.

COACHELLA VALLEY COUNTY WATER DISTRICT

By _____
President.

Attest:

Secretary.

EXHIBIT "B"

DESCRIPTION OF LANDS WITHIN
COACHELLA VALLEY COUNTY WATER DISTRICT AND
ITS IMPROVEMENT DISTRICT NO. 1 AND
WITHIN THE COACHELLA SERVICE AREA.

All that certain tract of land situate in the County of Riverside, State of California, and in the Townships (designated "T") hereinafter mentioned South, and Ranges (designated "R") hereinafter mentioned East, of the San Bernardino Base Line and Meridian, particularly described as follows, to-wit:

Beginning at the S.W. corner of the S.E. $\frac{1}{4}$ of Section 31, Township 8 South, Range 9 East, which is a point in the South boundary line of said Coachella Valley County Water District and thence along straight lines

1. To the S.W. corner of Sec. 10, T. 8, R. 8, thence
2. To the S.W. corner of the S.E. $\frac{1}{4}$ of Sec. 33, T. 7, R. 8, thence
3. To the S.W. corner of the N.W. $\frac{1}{4}$ of said Sec. 33, thence
4. To the S.W. corner of the N.E. $\frac{1}{4}$ of Sec. 19, T. 7, R. 8, thence
5. To the S.W. corner of the N.W. $\frac{1}{4}$ of said Sec. 19, thence along the West line of said Sec. 19
6. To the N.W. corner of said Sec. 19, thence along the South line of Sec. 13, T. 7, R. 7.
7. To the S.W. corner of said Sec. 13, thence along the West line of said Sec. 13
8. To the N.W. corner of said Sec. 13, thence
9. To the S.W. corner of the N.E. $\frac{1}{4}$ of Sec. 11, T. 7, R. 7, thence
10. To the S.W. corner of the N.W. $\frac{1}{4}$ of said Sec. 11, thence along the West line of said Sec. 11
11. To the N.W. corner of said Sec. 11, thence along the South line of Sec. 3

in said Township and Range

12. To the S.W. corner of said Sec. 3, thence along the West line of said Sec. 3

13. To the N.W. corner of said Sec. 3, thence along the South line of Secs. 34 and 33, T. 6 South, R. 7 East

14. To the S.W. corner of the S.E. $\frac{1}{4}$ of Sec. 33, T. 6, R. 7, thence

15. To the S.W. corner of the N.E. $\frac{1}{4}$ of Sec. 28, T. 6, R. 7, thence

16. To the S.W. corner of the N.W. $\frac{1}{4}$ of said Sec. 28, thence

17. To the S.W. corner of the S.E. $\frac{1}{4}$ of Sec. 20, T. 6, R. 7, thence

18. To the S.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 20, thence

19. To the S.W. corner of the S.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 20, thence

20. To the N.W. corner of the N.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 20, thence

21. To the S.W. corner of the S.E. $\frac{1}{4}$ of Sec. 17, T. 6, R. 7, thence

22. To the S.W. corner of the N.E. $\frac{1}{4}$ of Sec. 8, T. 6, R. 7, thence

23. To the S.W. corner of the S.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 8, thence

24. To the S.W. corner of the N.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 8, thence

25. To the S.W. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 8, thence

26. To the N.W. corner of said Sec. 8, thence

27. To the N.W. corner of the N.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Sec. 7, T. 6, R. 7, thence

28. To the S.W. corner of the N.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of said Sec. 7, thence

29. To the S.W. corner of the N.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 7, thence

30. To the S.E. corner of the S.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 7, thence

31. To the S.W. corner of the N.W. $\frac{1}{4}$ of said Sec. 7, thence along the West line of said Sec. 7

32. To the S.E. corner of Sec. 1, T. 6, R. 6, thence along the South line of said Sec. 1

33. To the S.W. corner of the S.E. $\frac{1}{4}$ of said Sec. 1, thence

34. To the N.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 1, thence along the North line of said Sec. 1

35. To the S.W. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of Sec. 36, T. 5, R. 6, thence

36. To the N.W. corner of the N.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 36, thence

37. To the S.W. corner of the N.E. $\frac{1}{4}$ of Sec. 31, T. 5, R. 7, thence

38. To the S.W. corner of the N.E. $\frac{1}{4}$ of Sec. 19, T. 5, R. 7, thence

39. To the S.W. corner of the N.W. $\frac{1}{4}$ of said Sec. 19, thence

40. North along the West line of said T. 5, South to a point in the North-easterly line of the right-of-way of the State Highway commonly known as "U. S. Highway 99", thence

41. Northwesterly along said Northeasterly line of said right-of-way of said Highway to the intersection of said line with the Westerly line of the E. $\frac{1}{2}$ of Sec. 19, T. 4, R. 6, thence

42. To the N.W. corner of the S.E. $\frac{1}{4}$ of Sec. 18, T. 4, R. 6, thence

43. To the N.E. corner of the S.E. $\frac{1}{4}$ of Sec. 15, T. 4, R. 6, thence

44. To the S.W. corner of the N.W. $\frac{1}{4}$ of Sec. 23, T. 4, R. 6, thence

45. To the N.E. corner of the S.E. $\frac{1}{4}$ of Sec. 24, T. 4, R. 6, thence

46. To the S. W. corner of the S.E. $\frac{1}{4}$ of Sec. 34, T. 4, R. 7, thence

47. To the N.E. corner of Sec. 3, T. 5, R. 7, thence

48. To the S.W. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Sec. 2, T. 5, R. 7, thence

49. To the S.E. corner of the N.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 2, thence

50. To the S.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 2, thence

51. To the S.W. corner of the N.W. $\frac{1}{4}$ of Sec. 1, T. 5, R. 7, thence

52. To the S.W. corner of the S.E. $\frac{1}{4}$ of said Sec. 1, thence

53. To the S.W. corner of Sec. 6, T. 5, R. 8, thence

54. To the S.W. corner of Sec. 15, T. 5, R. 8, thence along the West line of Sec. 22, T. 5, R. 8

55. To the S.W. corner of said Sec. 22, thence

56. To the S.W. corner of the S.E. $\frac{1}{4}$ of Sec. 27, T. 5, R. 8, thence
57. To the S.W. corner of the N.W. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Sec. 34, T. 5, R. 8, thence
58. To the S.W. corner of the N.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of said Sec. 34, thence
59. To the S.W. corner of the N.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 34, thence
60. To the S.E. corner of the N.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of Sec. 34, T. 5, R. 8, thence
along the East line of said Sec. 34

61. To the S.E. corner of said Sec. 34, thence along the North line of Sec. 2,
T. 6, R. 8

62. To the N.E. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 2, thence
63. To the S.E. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 2, thence
64. To the S.E. corner of the N.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 2, thence
65. To the S.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 2, thence
66. To the N.E. corner of the N.W. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 2, thence
67. To the S.W. corner of the N.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 2, thence
68. To the S.E. corner of the N.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 2, thence along
the East line of said Sec. 2

69. To the S.E. corner of said Sec. 2, thence

70. To the S.E. corner of Sec. 13, T. 6, R. 8, thence

71. To the S.E. corner of Sec. 3, T. 7, R. 9, thence along the South lines of
Sections 2 and 1 in said Township and Range

72. To the N.E. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Sec. 12, T. 7, R. 9, thence

73. To the S.E. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 12, thence

74. To the N.E. corner of the S.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 12, thence

75. To the S.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 12, thence

76. To the N.E. corner of the S.E. $\frac{1}{4}$ of said Sec. 12, being a point on the East
boundary line of said Coachella Valley County Water District, thence

77. South along said boundary line to the S.E. corner of Sec. 25, T. 7, R. 9,

thence along the South lines of said Sec. 25 and of Sec. 26 in said Township and Range

78. To the S.W. corner of said Sec. 26, thence
79. To the N.E. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of Sec. 27, T. 7, R. 9, thence
80. To the N.W. corner of the S.W. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 27, thence
81. To the N.E. corner of the S.W. $\frac{1}{4}$ of said Sec. 27, thence
82. To the N.W. corner of the S.W. $\frac{1}{4}$ of said Sec. 27, thence
83. To the N.E. corner of the S.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Sec. 28, T. 7, R. 9, thence
84. To the N.W. corner of the S.W. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of said Sec. 28, thence
85. To the N.E. corner of the N.W. $\frac{1}{4}$ of said Sec. 28, T. 7, R. 9, thence along the North lines of said Sec. 28 and of Sec. 29 in said Township and Range
86. To the N.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 29, thence
87. To the S.W. corner of the N.W. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of said Sec. 29, thence
88. To the N.W. corner of the S.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 29, thence
89. To the S.E. corner of the S.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 29, thence
90. To the S.W. corner of the S.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Sec. 30, T. 7, R. 9, thence
91. To the S.E. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 30, thence
92. To the S.W. corner of the N.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Sec. 25, T. 7, R. 8, thence
93. To the S.W. corner of the S.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of said Sec. 25, thence
94. To the S.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 25, thence
95. To the S.E. corner of the N.E. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 25, thence
96. To the N.E. corner of the S.W. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 25, thence
97. To the S.E. corner of the S.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Sec. 36, T. 7, R. 8, thence
98. To the N.E. corner of the S.W. $\frac{1}{4}$ of said Sec. 36, thence
99. To the S.E. corner of the N.E. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 36, thence
100. To the N.E. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 36, thence along the East line of said Sec. 36

101. To the S.E. corner of said Sec. 36, thence

102. To the N.E. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Sec. 6, T. 8, R. 9, thence

103. To the N.E. corner of the S.W. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of Sec. 7, T. 8, R. 9, thence

104. To the N.W. corner of the S.W. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 7, thence along the West lines of said Sec. 7 and of Sec. 18 in said Township and Range

105. To the S.W. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 18, thence

106. To the S.E. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 18, thence

107. To the S.E. corner of the S.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 18, thence

108. To the S.E. corner of the N.W. $\frac{1}{4}$ of said Sec. 18, thence

109. To the S.E. corner of the N.E. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 18, thence

110. To the N.E. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 18, thence along the East lines of said Sec. 18 and of Sec. 19 in said Township and Range

111. To the S.W. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Sec. 20, T. 8, R. 9, thence

112. To the N.E. corner of the S.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 20, thence

113. To the S.E. corner of the S.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 20, thence

114. To the S.E. corner of the N.E. $\frac{1}{4}$ of said Sec. 20, thence

115. To the N.W. corner of the S.W. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of Sec. 21, T. 8, R. 9, thence

116. To the N.E. corner of the S.W. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 21, thence

117. To the S.E. corner of the S.W. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 21, thence

118. To the N.E. corner of the N.W. $\frac{1}{4}$ of Sec. 28, T. 8, R. 9, thence

119. To the S.E. corner of the N.W. $\frac{1}{4}$ of said Sec. 28, thence

120. To the N.E. corner of the N.W. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 28, thence

121. To the N.W. corner of the N.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Sec. 33, T. 8, R. 9, thence along the North line of said Sec. 33

122. To the N.E. corner of said Sec. 33, thence along the East line of said

Sec. 33

123. To the S.E. corner of said Sec. 33, being a point in the Southerly boundary line of said Coachella Valley County Water District and of said County of Riverside, thence

124. West along said District and County boundary lines to the point of beginning.

EXHIBIT "C"

DESCRIPTION OF

LANDS OUTSIDE COACHELLA VALLEY COUNTY WATER DISTRICT
AND WITHIN THE COACHELLA SERVICE AREA,
DESIGNATED THE SALTON AREA.

All that certain tract of land situate in the County of Riverside, State of California, and in the Townships (designated "T") hereinafter mentioned South, and Ranges (designated "R") hereinafter mentioned East, of the San Bernardino Base Line and Meridian, particularly described as follows, to-wit:

Beginning at the N.W. corner of Section 18, Township 7 South, Range 10 East, which is a point in the East boundary line of said Coachella Valley County Water District, and running thence along the Northerly boundary lines of said Section 18 and of Section 17 in said Township and Range:

1. To the N.E. corner of Sec. 17, T. 7, R. 10, thence
2. To the N.W. corner of Sec. 26, T. 7, R. 10, thence
3. To the S.W. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 26, thence
4. To the S.W. corner of the N.W. $\frac{1}{4}$ of Sec. 36, T. 7, R. 10, thence
5. To the S.E. corner of said Sec. 36, thence
6. To the S.E. corner of Sec. 6, T. 8, R. 11, thence
7. To the S.W. corner of the S.E. $\frac{1}{4}$ of said Sec. 6, thence
8. To the S.E. corner of the N.W. $\frac{1}{4}$ of Sec. 7, T. 8, R. 11, thence
9. To the S.W. corner of the S.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 7, thence
10. To the S.E. corner of the S.W. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 7, thence
11. To the N.E. corner of the N.W. $\frac{1}{4}$ of Sec. 18, T. 8, R. 11, thence
12. To the S.E. corner of the N.W. $\frac{1}{4}$ of said Sec. 18, thence
13. Along the Southerly line of the N.W. $\frac{1}{4}$ of said Sec. 18, and the Westerly

projection of said Southerly line to an intersection with the Northeasterly line of the Southern Pacific main line railroad right-of-way running through the N.E. $\frac{1}{4}$ of Sec. 13, T. 8, R. 10, thence

14. Northwesterly along said Northeasterly line of said railroad right-of-way to the intersection of said Northeasterly line with the South line of Sec. 28, T. 7, R. 10, or the Easterly projection thereof, thence along the Southerly lines of said Sec. 28 and of Sec. 29 and Sec. 30 in said Township and Range,

15. To the S.W. corner of said Sec. 30, being a point in the East boundary line of said Coachella Valley County Water District, thence

16. North along said District boundary line to the point of beginning.

EXHIBIT "D"

DESCRIPTION OF LANDS

OUTSIDE COACHELLA VALLEY COUNTY WATER DISTRICT AND

WITHIN THE COACHELLA SERVICE AREA,

DESIGNATED THE DOS PALMAS AREA.

All that certain tract of land situate in the Counties of Riverside and Imperial, State of California, and in the Townships (designated "T") hereinafter mentioned South, and Ranges (designated "R") hereinafter mentioned East, of the San Bernardino Base Line and Meridian, particularly described as follows, to-wit:

Beginning at the S.E. corner of Sec. 33, T. 8 South, R. 12 East, which is a point in the Southerly boundary line of said County of Riverside, and running thence along the Easterly boundary line of said Sec. 33:

1. To the N.E. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 33, thence
2. To the N.W. corner of the S.W. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 33, thence
3. To the N.E. corner of the S.W. $\frac{1}{4}$ of said Sec. 33, thence
4. To the S.W. corner of the S.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 33, thence
5. To the N.E. corner of the S.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 33, thence
6. To the S.W. corner of the N.W. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Sec. 32, T. 8, R. 12, thence
7. To the N.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 32, thence
8. Along the Northerly line of said Sec. 32 to the N.W. corner of the N.E. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 32, thence
9. To the N.E. corner of the S.W. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of Sec. 29, T. 8, R. 12, thence
10. To the N.W. corner of said S.W. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 29, thence
11. Along the Westerly boundary line of said Sec. 29 to the N.W. corner of the S.W. $\frac{1}{4}$ of said Sec. 29, thence
12. To the S.W. corner of the N.E. $\frac{1}{4}$ of Sec. 30, T. 8, R. 12, thence

13. To the N.E. corner of the N.W. $\frac{1}{4}$ of said Sec. 30, thence
14. Along the Northerly boundary line of said Sec. 30 to the N.W. corner of said Sec. 30, thence
15. Along the Westerly boundary line of Sec. 19, T. 8, R. 12, to the N.W. corner of said Sec. 19, thence
16. Along the Southerly boundary line of Sec. 13, T. 8, R. 11, to the S.W. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 13, thence
17. To the N.W. corner of the S.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Sec. 12, T. 8, R. 11, thence
18. To the N.E. corner of the S.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Sec. 7, T. 8, R. 12, thence
19. Along the Easterly boundary line of said Sec. 7 to the S.E. corner of said Sec. 7, thence
20. To the S.E. corner of Sec. 17, T. 8, R. 12, thence
21. Along the Westerly boundary line of Sec. 21, T. 8, R. 12, to the S.W. corner of the N.W. $\frac{1}{4}$ of said Section, thence
22. To the N.E. corner of the S.W. $\frac{1}{4}$ of said Sec. 21, thence
23. To the N.W. corner of the S.W. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 21, thence
24. To the N.E. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 21, thence
25. Along the Easterly boundary line of said Sec. 21 to the S.E. corner of said Sec. 21, thence
26. Along the Northerly boundary line of Sec. 27, T. 8, R. 12, to the N.E. corner of the N.W. $\frac{1}{4}$ of said Sec. 27, thence
27. To the S.E. corner of Sec. 26, T. 8, R. 12, thence
28. Along a straight line between the N.W. corner and the S.E. corner of Sec. 36, T. 8, R. 12, to a point where said straight line intersects a projection Northerly of the East line of Sec. 2, T. 9, R. 12, thence
29. Along said last-named projected line and the East line of said Sec. 2 to

the S.E. corner of the N.E. $\frac{1}{4}$ of said Sec. 2, thence

30. To the S.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 2, thence

31. To the S.E. corner of the S.W. $\frac{1}{4}$ of said Sec. 2, thence

32. Along the Southerly boundary line of said Sec. 2 to the S.W. corner of the S.E. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Sec. 2, thence

33. To the S.E. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Sec. 11, T. 9, R. 12, thence

34. To the S.W. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Sec. 10, T. 9, R. 12, thence

35. Along the West line of Sec. 10 to the N.W. corner of said Sec. 10, thence

36. Along the South line of Sec. 4, T. 9, R. 12, to the S.W. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 4, thence

37. To the N.W. corner of the S.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 4, thence

38. To the S.W. corner of the N.W. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of said Sec. 4, thence

39. To the N.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 4, being a point in the Southerly boundary line of said County of Riverside, thence

40. Along said boundary line and the Northerly boundary line of said Sec. 4 to the point of beginning.

EXHIBIT "E"

DESCRIPTION OF LANDS

OUTSIDE COACHELLA VALLEY COUNTY WATER DISTRICT AND

WITHIN THE COACHELLA SERVICE AREA,

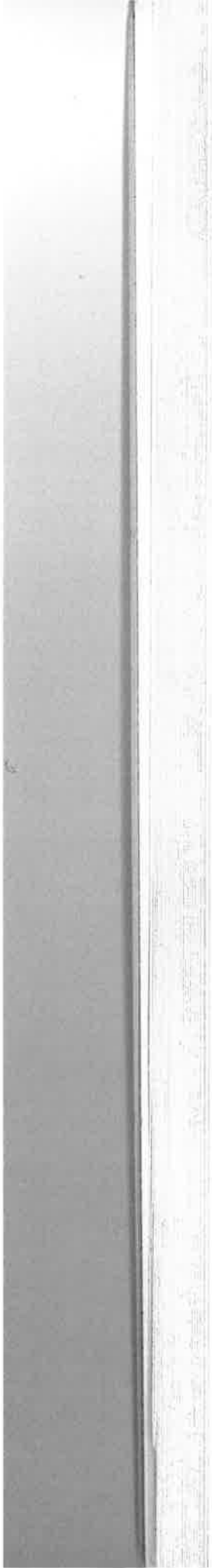
DESIGNATED THE FISH SPRINGS AREA

All that certain tract of land situate in the County of Imperial, State of California, and in the Townships (designated "T") hereinafter mentioned South, and Ranges (designated "R") hereinafter mentioned East, of the San Bernardino Base Line and Meridian, particularly described as follows, to-wit:

Beginning at the N.E. corner of the N.W. $\frac{1}{4}$ of Sec. 4, T. 9, R. 9, which is a point in the South boundary line of Coachella Valley County Water District and of the County of Riverside and the North Boundary line of the County of Imperial and running thence along said boundary lines and along the Northerly boundary lines of said Sec. 4 and of Sec. 5, T. 9, R. 9:

1. To the N.E. corner of the N.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of said Sec. 5, thence
2. To the S.E. corner of the S.W. $\frac{1}{4}$ of the N.W. $\frac{1}{4}$ of Sec. 8, T. 9, R. 9, thence
3. To the S.E. corner of the N.W. $\frac{1}{4}$ of said Sec. 8, thence
4. To the S.E. corner of the S.W. $\frac{1}{4}$ of said Sec. 8, thence
5. To the S.E. corner of Sec. 17, T. 9, R. 9, thence
6. To the S.E. corner of Sec. 21, T. 9, R. 9, thence
7. To the S.W. corner of Sec. 12, T. 10, R. 9, thence
8. Along the Southerly boundary line of said Sec. 12 to the S.E. corner of said Sec. 12, thence
9. To the S.E. corner of Sec. 6, T. 10, R. 10, thence
10. To the N.E. corner of the N.W. $\frac{1}{4}$ of said Sec. 6, thence
11. To the S.W. corner of the N.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Sec. 16, T. 9, R. 9, thence

12. To the N.E. corner of the N.W. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of Sec. 4, T. 9, R. 9, thence
13. To the S.W. corner of the N.E. $\frac{1}{4}$ of said Sec. 4, thence to the point of beginning.





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