

August 15, 1965

PRESIDENT JOHNSON

This Newsletter is addressed to you so that you will stop the terrible swindle being perpetrated upon the poor and the average citizens by the IMPERIAL IRRIGATION DISTRICT of Imperial County, Calif.

The Imperial Irrigation District consists of about 1/3 the area of Imperial County. This County with a \$214 millions annual agricultural production ranks 4th in the United States. There are only 75,000 residents here. The Imperial Irrigation District furnishes irrigation water to the farms and electricity to the town dwellers. All the towns use the amount of water that a 3,000 acres ranch would use.

For 25 years the Imperial Irrigation District only supplied water to the ranches. With the building of the Boulder Dam and the All-American Canal project, the Federal Government gave a steady supply of water from the Colorado River to the District. But it also put the Imperial Irrigation District into the business of making and selling electricity. THE BIG SWINDLE IS IN THE SALE OF ELECTRICITY TO THE PEOPLE.

The Interior Dept. at the present time is proceeding with the enforcement of the U.S. Reclamation Law under which the supply of water is limited to that amount needed by one person to farm 160 acres (for husband and wife it would be 320 acres). The farmland here is in constant cultivation winter and summer since the weather is always semi-tropical. The fertility here is very great so that in conjunction with the constant cultivation, 1 acre here equals in production 5 acres in the Midwest or SouthEast. Therefore, a husband and wife locally with 320 acres would have the equivalent production of a farm of 1,600 acres in the Midwest or SouthEast.

The only criticism that can be made of the enforcement by the Interior Dept. in regard to the water to the farmland is that so far it is not enforcing the other provision of the U.S. Reclamation Law which requires that the farmer live on the land or close by to the land he farms. Unless this restriction is also enforced, the U.S. Reclamation Act will be largely nullified because all the land will be in the hands of absentee landowners and thereby create a replica of the unhealthy economic conditions seen in many Latin-American countries.

Before the Imperial Irrigation District sold electricity here, there was an investor owned company called the Sierra Nevada California Electric Power Co. This company of course paid county property taxes, local franchise taxes for being permitted to put poles and wires in the towns, Federal income taxes, State Income taxes, and finally dividends to its stockholders. THE PROPER ELECTRICITY RATES WERE SET BY THE STATE OF CALIFORNIA PUBLIC UTILITIES COMMISSION. So there was no swindling. The electricity rates of course were set so that this private company could pay the various taxes and dividends out of earnings.

THE IMPERIAL IRRIGATION DISTRICT WHEN IT STARTED IN THE ELECTRICITY BUSINESS WAS BANKRUPT ABOUT 1937. This was so because there had never been a steady supply of farm water for the crops prior to the completion of the Boulder Dam in 1935. Crops would be planted and would wither for the lack of water particularly in the late Fall, Winter and early Spring. The farmers went broke and did not have the money to pay for the irrigation water even when the water was available.

The Imperial Irrigation District collected taxes on the value of the land both in towns and the farmland areas surrounding the towns. Still it remained in a very bad financial condition. In 1931, it began

to illegally charge the towns twice the water charge for water that the ranches paid. This did not help much for as shown before, all towns use the same amount of water as a 3,000 acres farm.

So about 1937, the District got loans of \$4.5 millions from the RURAL ELECTRIFICATION ADMINISTRATION & WORKS PROGRESS ADMIN. It put up lines and a Diesel electricity generating plant near Brawley. It went into competition with the investor owned electric power company. The District started a big propaganda campaign telling the people to buy their electricity from it and not from the private company. IT CHARGED ITS CUSTOMERS THE SAME RATES AS THE INVESTOR OWNED ELECTRIC COMPANY DESPITE THE FACT THAT IT DID NOT PAY COUNTY & CITY PROPERTY TAXES, FRANCHISE TAXES, FEDERAL & STATE INCOME TAXES, OR DIVIDENDS.

THIS WAS THE START OF THE GREAT ELECTRICITY SWINDLE WHICH IS NOW COSTING THE RESIDENTS \$14 MILLIONS YEARLY. This is all manipulated by stooges of the big outside ranch corporations which want their Imperial County farmland to get very cheap irrigation water while the poor and average citizens are forced to pay high prices for electricity to subsidize these large ranches. When there were protests as to why the prices of electricity were not lowered, the officials of the Imperial Irrigation Dist. said, "We have to get on our feet. Then we will lower the electricity prices". Later, people were intimidated and could not protest. The local newspapers were gagged by the big ranches.

BUT THE PRICES OF ELECTRICITY WERE NEVER LOWERED AND THE RATE SCHEDULES ARE PRACTICALLY THE SAME AS THOSE OF THE ADJOINING INVESTOR OWNED ELECTRIC POWER COMPANIES--the San Diego Gas and Electric Co., the Southern California Edison Co. and the Arizona Public Service Co. The I.I.D. electric rates should be at least $\frac{1}{2}$ of these companies.

In the years 1936 to 1940, the I.I.D. threatened the Sierra Nevada Electric Power Co. that unless this company sold out to the District, it would cut rates greatly to put the investor owned company out of business. The people were told not to buy their electricity from the Sierra Nevada outfit and as soon as this company was bought out, the electricity rates would be cut in half.

The Sierra Nevada was forced to sell to the Imperial Irrigation District because the District could sell electricity cheaper because it paid no taxes of any sort and because by this time the Federal Govt. was selling very cheap hydroelectricity from the Parker and Davis Dams complex to the District. Later, the I.I.D. was to be given cheap hydroelectricity by the Federal Govt. by use of the power possibilities at the Pilot Knob site on the All-American Canal.

When the I.I.D. took over the Sierra Nevada Co., it began full scale swindling of the people for the benefit of the large ranches. THE U.S. INTERIOR DEPT. DOES NOTHING TO STOP THE SWINDLING. The I.I.D. belongs to a lobbying organization called the IRRIGATION DISTRICTS ASSOCIATION OF CALIF. which had a law passed that prevents the PUBLIC UTILITIES COMMISSION from setting the electricity rates for the District and in this way prevent the swindling.

A comparison was made between the Imperial Irrigation District and the San Diego Gas & Electric Co. which is an investor owned corporation. If the District paid taxes and dividends like San Diego, it would have to pay \$14.4 millions yearly. Since the I.I.D. does not, it means that the \$14.4 millions is saved. This \$14.4 millions is used to subsidize the big ranches in getting cheap water. In addition, the people in the towns pay property taxes on their land to the I.I.D. SINCE THE DISTRICT DOES NOT PAY COUNTY, CITY, OR SCHOOL TAXES, IT MEANS THAT THE PEOPLE HAVE TO PAY MUCH HIGHER TAXES TO MAKE UP FOR THE DISTRICT. Because of fake low assessments on the farmland, the big ranches escape 66% of their County and 85% of their School taxes.

Palm Springs, Calif. with its rich, pays the same electricity rate to the Southern Calif. Edison Co. as average people pay to the I.I.D. which is adjacent to Palm Springs. President Johnson, please order the Secretary of the Interior and the FEDERAL POWER COMMISSION to investigate. Please give us average and poor citizens relief.